

ECB publishes PEPP purchases bi-monthly data

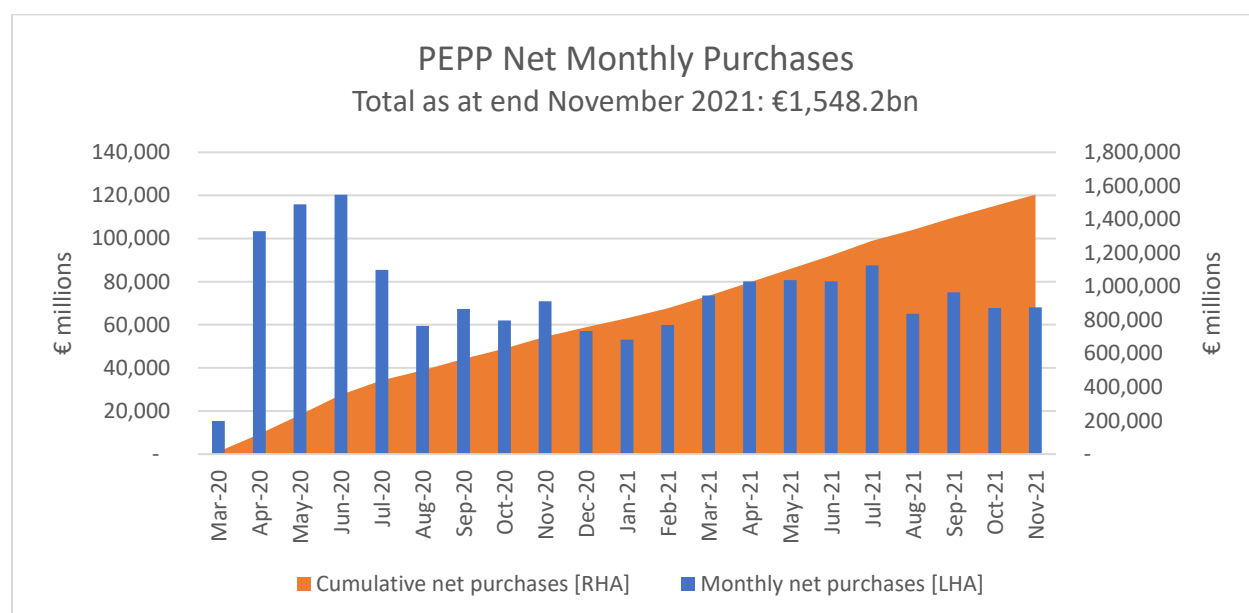
November 2021

By Andy Hill, ICMA [December 17, 2021]

The ECB has [published](#) its tenth bi-monthly breakdown of holdings under its Pandemic Emergency Purchase Programme (PEPP), covering the period from October through November 2021.

The data shows that the ECB made net purchases of €135.9bn (book value) of bonds under the PEPP in October and November, taking total net purchases to-date to €1,548.2bn, which is 84% of the total €1,850bn of purchases targeted under the Programme. This is a slower pace than purchases between March-September 2021, where average monthly purchases were €77.5bn, compared with €68.0bn for October-November.

At its meeting on December 16 2021, the ECB confirmed that it will discontinue purchases under the PEPP at the end of March 2022. It also indicated that it expected the pace of purchases to be slower in Q1 of 2022, suggesting that it may not reach its full target. Reinvestments under the PEPP will continue until at least the end of 2024.

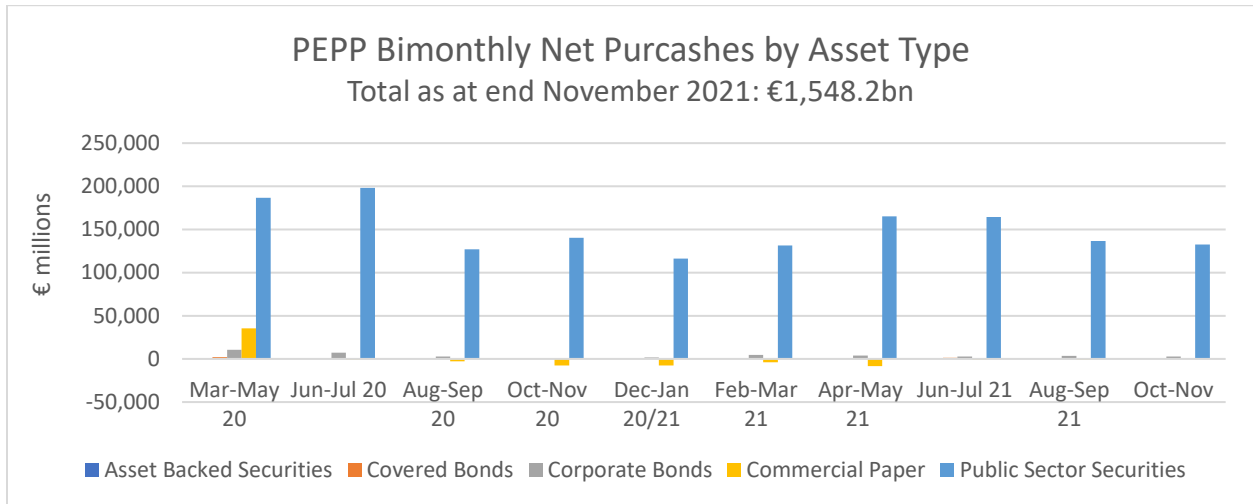


Source: ICMA analysis using ECB data

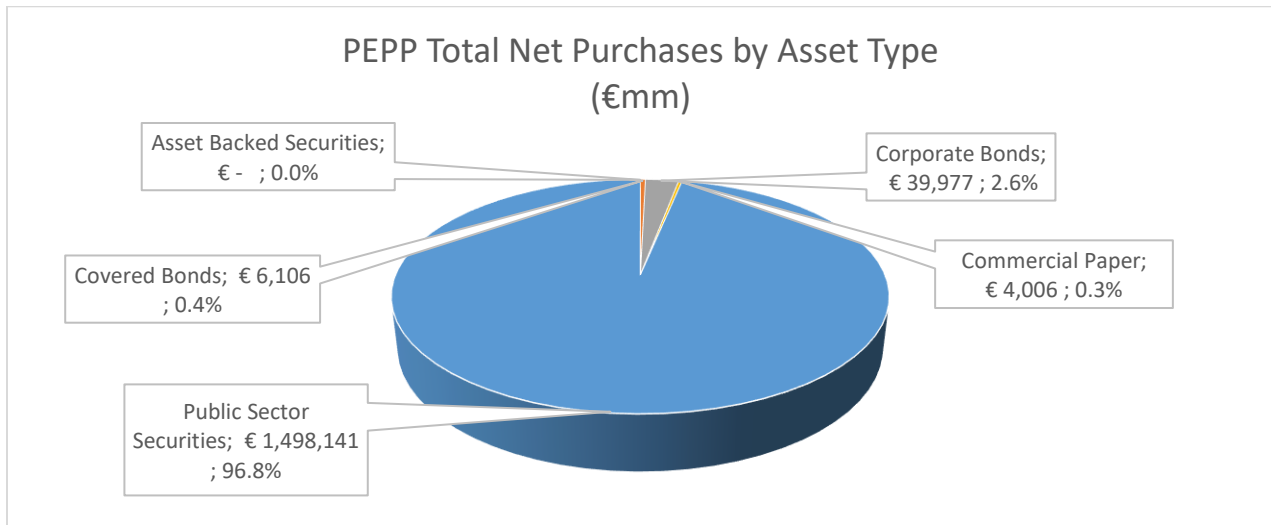
Breakdown of cumulative net purchases

As usual, purchases remain heavily concentrated in public sector bonds, totaling €132.5bn, or 97.5% of all purchases for October-November 2021. Corporate bond purchases were slightly lower than in the previous two months (€2.7bn versus €3.5bn). There were some small net purchases of commercial paper (€0.7bn).

As of the end of November 2021, 96.8% of total holdings are in public sector bonds, with 2.6% in corporate bonds, 0.4% in covered bonds, and 0.3% in commercial paper. Holdings of asset backed securities under the PEPP remain at zero.



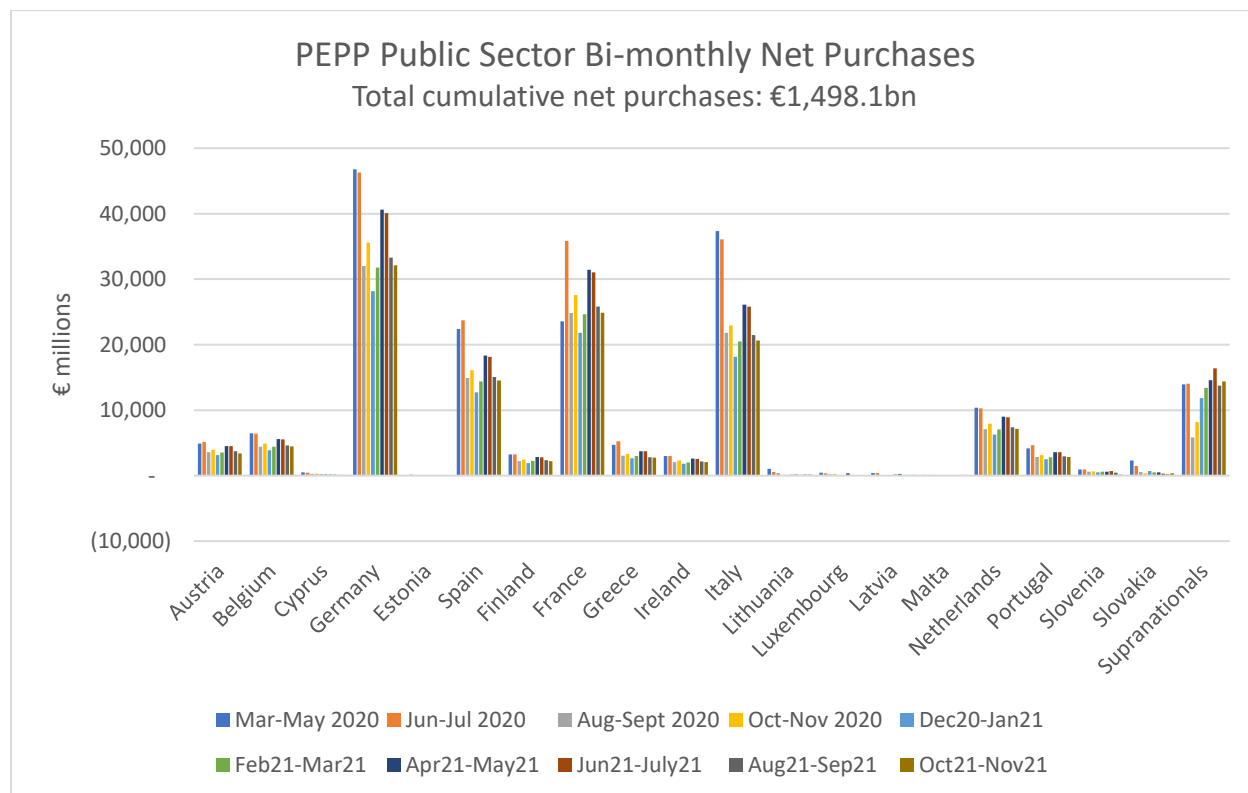
Source: ICMA analysis using ECB data



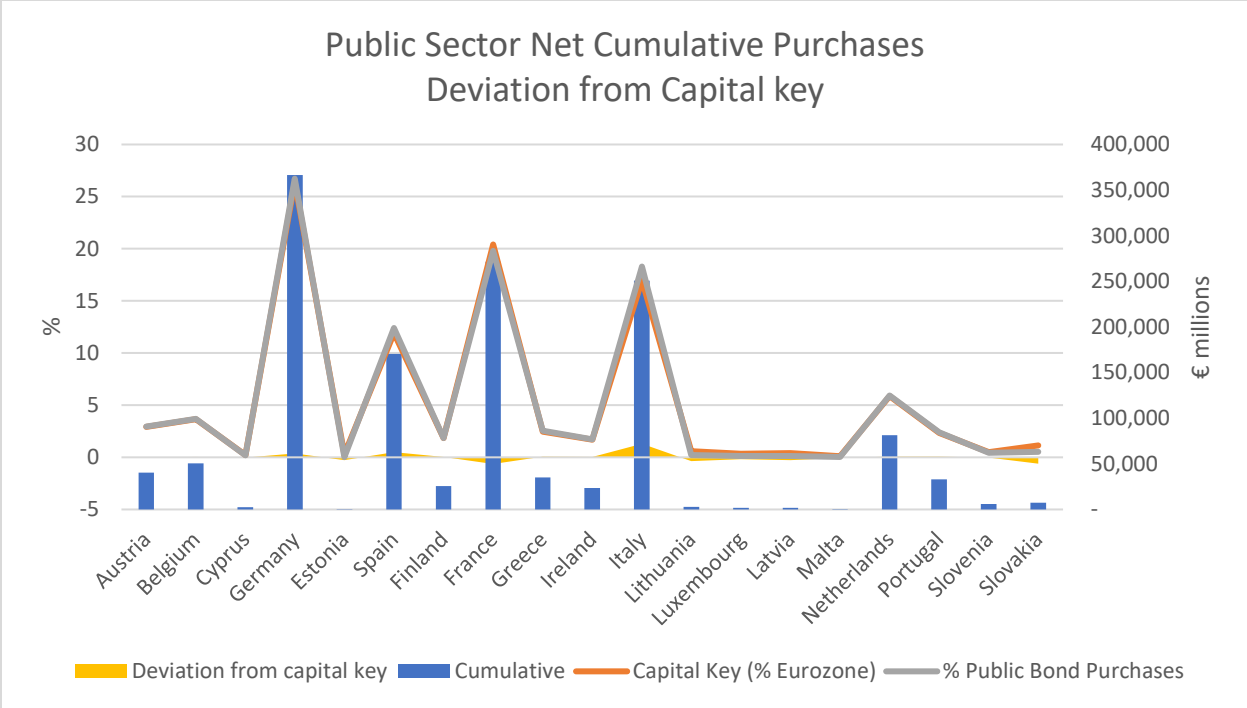
Source: ICMA analysis using ECB data

PEPP Public Bond Purchases

Purchases of public sector bonds were €132.5bn for the period, which is lower than the August-September period (€136.5bn), taking total cumulative net purchases to €1,498.1bn. In line with the respective country capital keys, purchases remained heavily concentrated in bonds issued by Germany (€32.1bn), France (€24.9bn), and Italy (€20.7bn), followed by Spain (€14.5bn) and supranationals (€14.4bn).

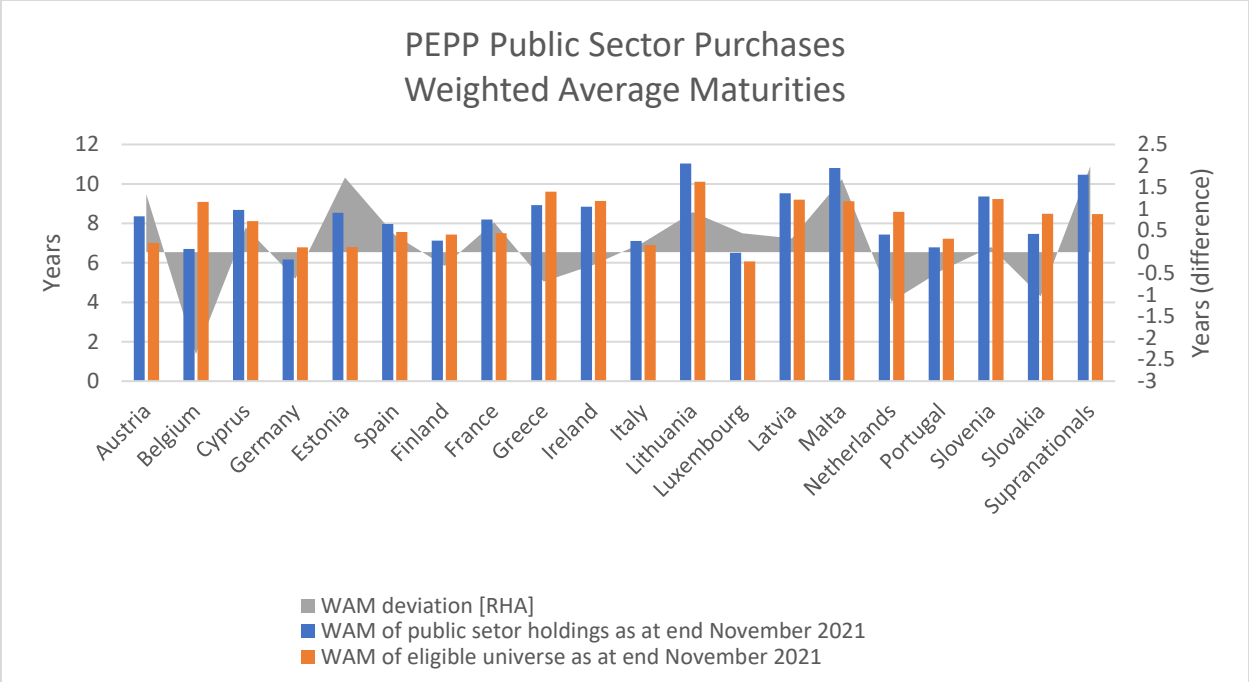


Source: ICMA analysis using ECB data



Source: ICMA analysis using ECB data

The above chart shows the cumulative total purchases by sovereign issuer, while also comparing the percentage of purchases with the respective capital key (weighted as a share of the Eurozone total sovereign capital key). What we observe is that total net purchases of French bonds remain slightly underweight (-0.7%), with those of Italy (+1.3%), Spain (+0.5%), and Germany (0.4%) marginally overweight (+1.3%).

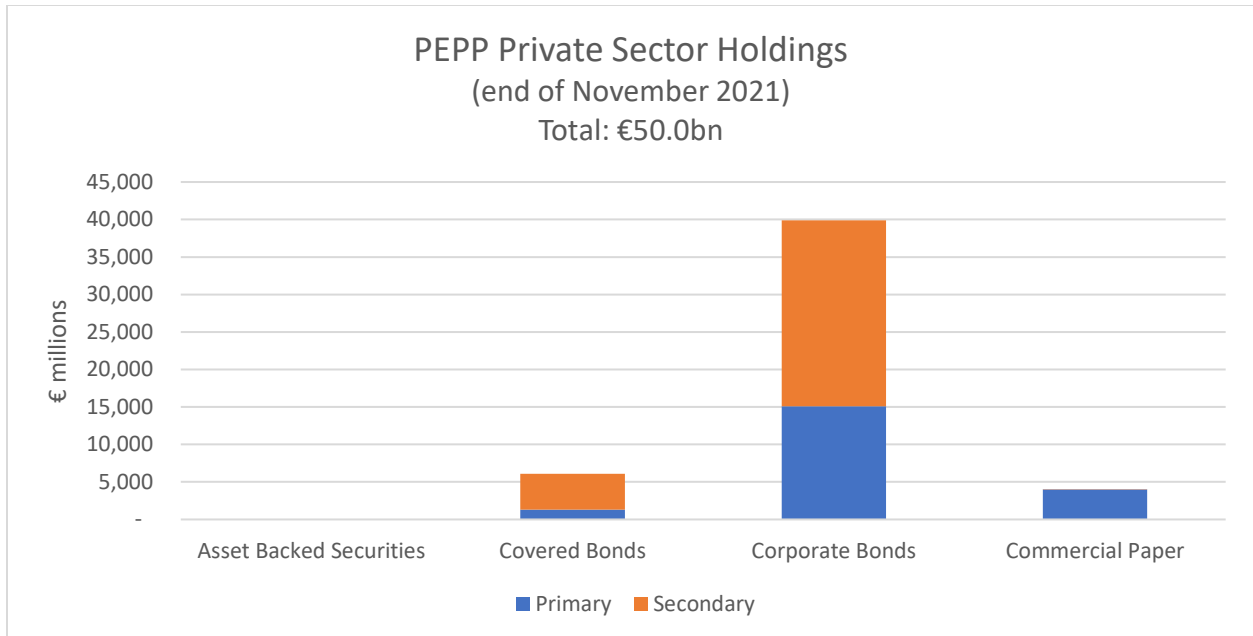


Source: ICMA analysis using ECB data

The above chart shows the weighted average maturities (WAM) of public sector debt holdings, compared with the WAM of the PEPP eligible universe of public securities, as at the end of November 2021. The WAM of total holdings has decreased slightly to 7.6 years which is only marginally longer than the WAM of all eligible bonds (7.5 years). Purchases remain skewed to shorter maturities for Belgium and Netherlands, and to longer maturities for Austria and supranationals.

PEPP Private Sector Purchases

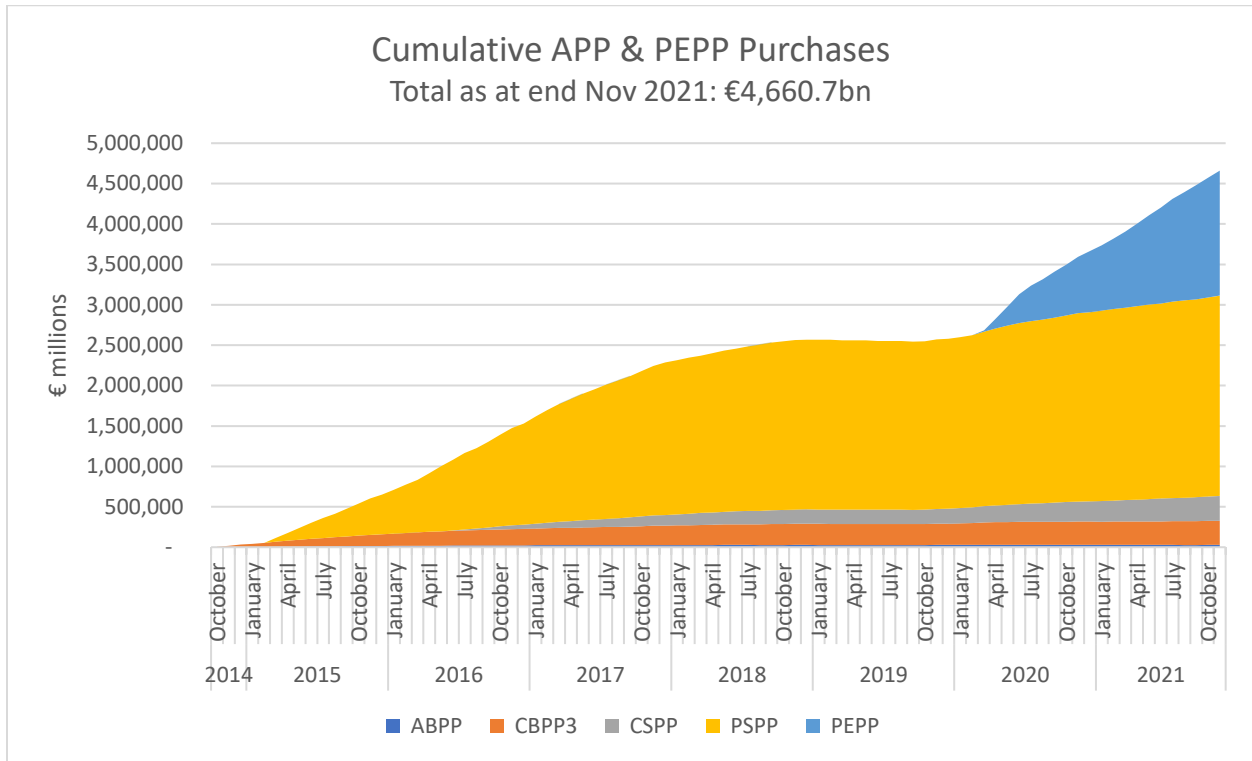
Purchases of private sector securities were €3.5bn, largely similar to the previous two months (€3.6bn). Net purchases of corporate bonds were €2.7bn (down from €3.5bn in the previous period). Net purchases of commercial paper were positive for the first time since the March-May 2020 period (+€0.7bn). There were no purchases of covered bonds, and there still has not been a single purchase of asset backed securities since the PEPP was launched. As at the end of November 2021, private sector securities form 3.2% of total PEPP holdings, down from 3.3% at the end-of September 2021.



Source: ICMA analysis using ECB data

Total Asset Purchases

As at the end of November 2021, the total net book value of cumulative purchases under the Asset Purchases Programme and the Pandemic Emergency Purchases Programme is €4,660.7bn (consisting of €3,112.5bn under the APP and €1,548.2bn under the PEPP).

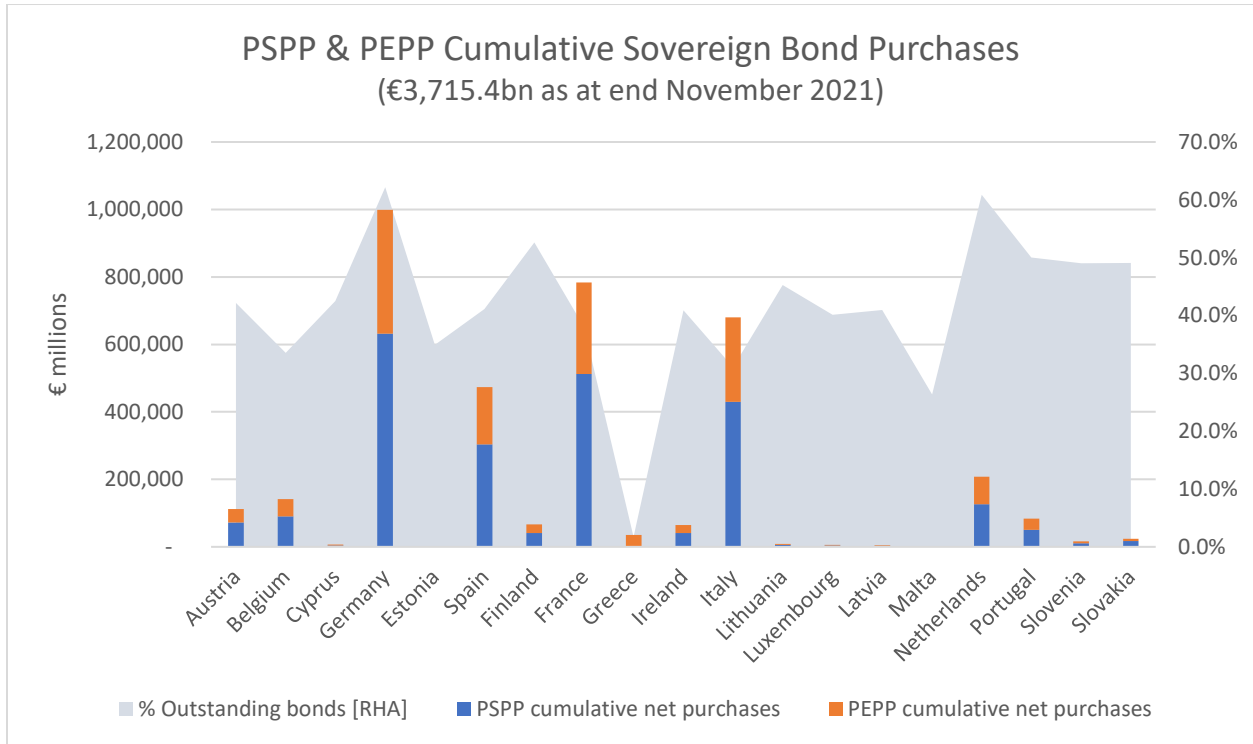


Source: ICMA analysis using ECB data

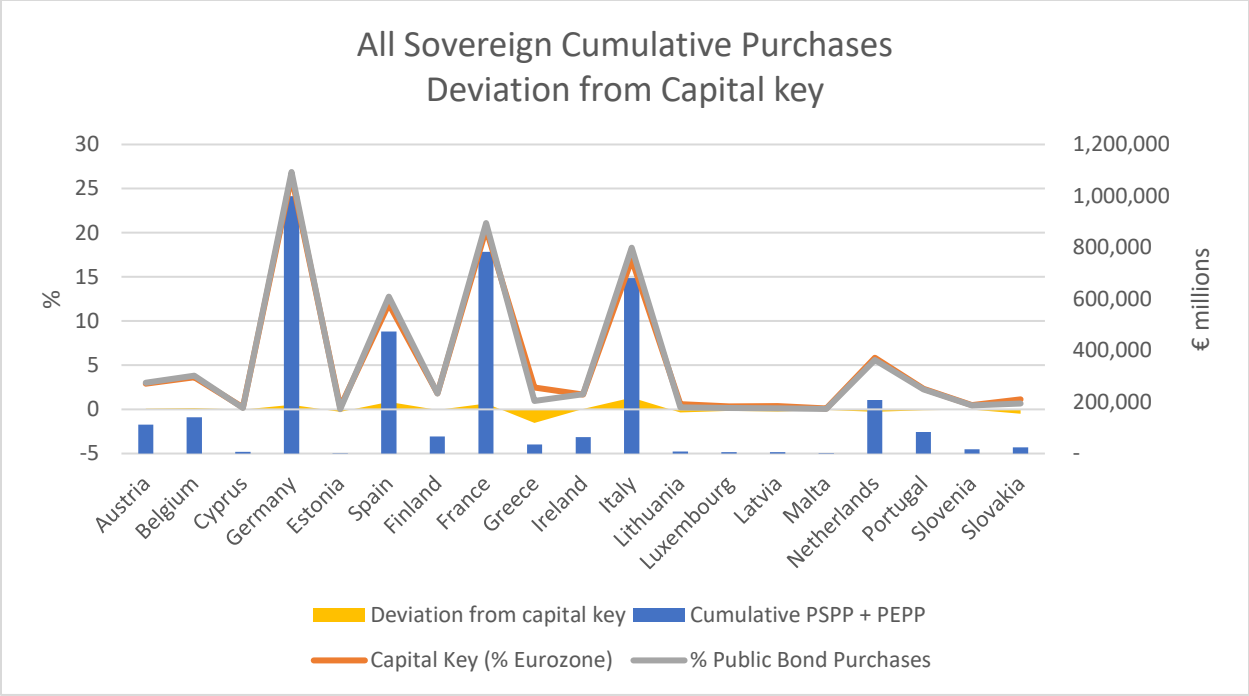
At its meeting on December 16, the ECB announced that it would increase its target for monthly net purchases under the APP in Q2 2022 to €40bn (from the current €20bn level), taking this to €30bn in Q3 2022, and €20bn in Q4. This is intended to smooth the transition of total purchases following the cessation of the PEPP at the end of Q1 2022. Currently the total combined monthly purchases under both the APP and PEPP are around €90bn.

Sovereign bond purchases

The total book value of net cumulative purchases of sovereign bonds under both the PSPP and PEPP is €3,715.4bn as at the end of November 2021. Based on Bloomberg data, ICMA estimates this to be around 35% of the outstanding stock of eligible sovereign bonds. The overall percentage of outstanding eligible issuance is notably higher in the case of a number of sovereign issuers, in particular Germany (62%), Finland (53%), the Netherlands (61%), and Portugal (50%).



Source: ICMA analysis using ECB and Bloomberg data



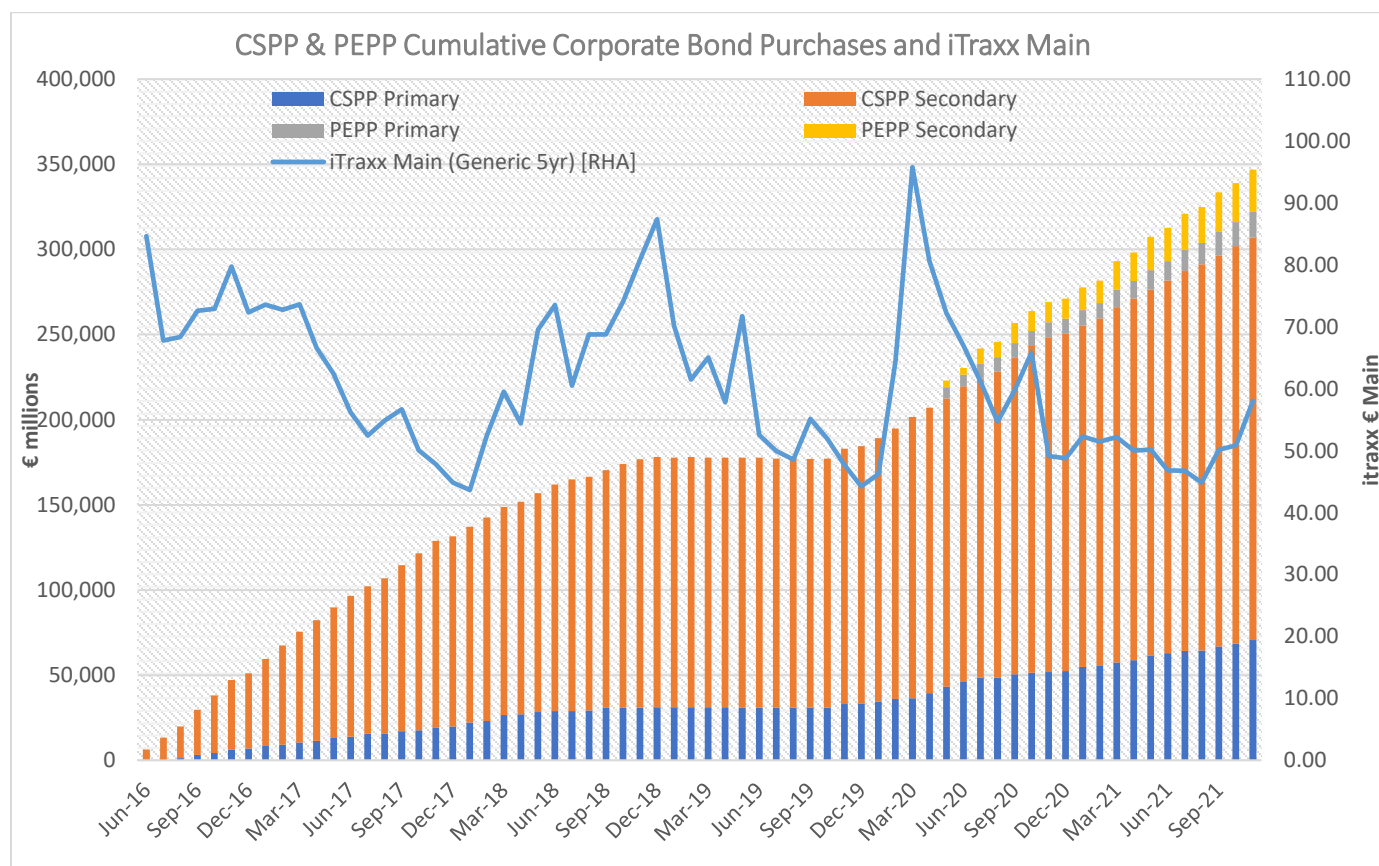
Source: ICMA analysis using ECB data

The above chart shows the combined cumulative net purchases under both the PSPP and PEPP by sovereign issuer, while also comparing the percentage of purchases with the respective capital key (weighted as a share of the Eurozone total sovereign capital key). This highlights a bias in purchases of the bonds of Italy (by a 1.3% differential relative to the capital key weighting), Spain (0.8%), France (0.7%), and Germany (0.5%). Greece is notably underweight (-1.5%), which is the result of Greek government bonds being ineligible for PSPP purchases.

Corporate Sector Purchase Programme

The pace of purchases under the CSPP held steady in October and November, at €5.5bn and €5.1bn respectively (the average monthly purchase for 2021 so far is €5.1bn). This takes total net cumulative purchases under the CSPP to €307bn (of which €70.6bn, or 23%, are primary market purchases, and €236.5bn, or 77%, are secondary). Including the €39.9bn purchases of corporate bonds under the PEPP (of which €2.7bn were made during October-November 2021), this takes the total net cumulative purchases of corporate bonds under both programmes to €346.9bn

Based on Bloomberg data, ICMA estimates a universe of CSPP eligible bonds at the end of November 2021 with a nominal value of €1,211bn. This suggests that 29% of all eligible bonds are being held under the purchase programmes. Based on the 70% upper limit for purchases of individual ISINs, this implies that purchases are at 41% of capacity, leaving an estimated available pool of around €501bn for further purchases. This further suggests that purchases continue to remain level with net eligible issuance.

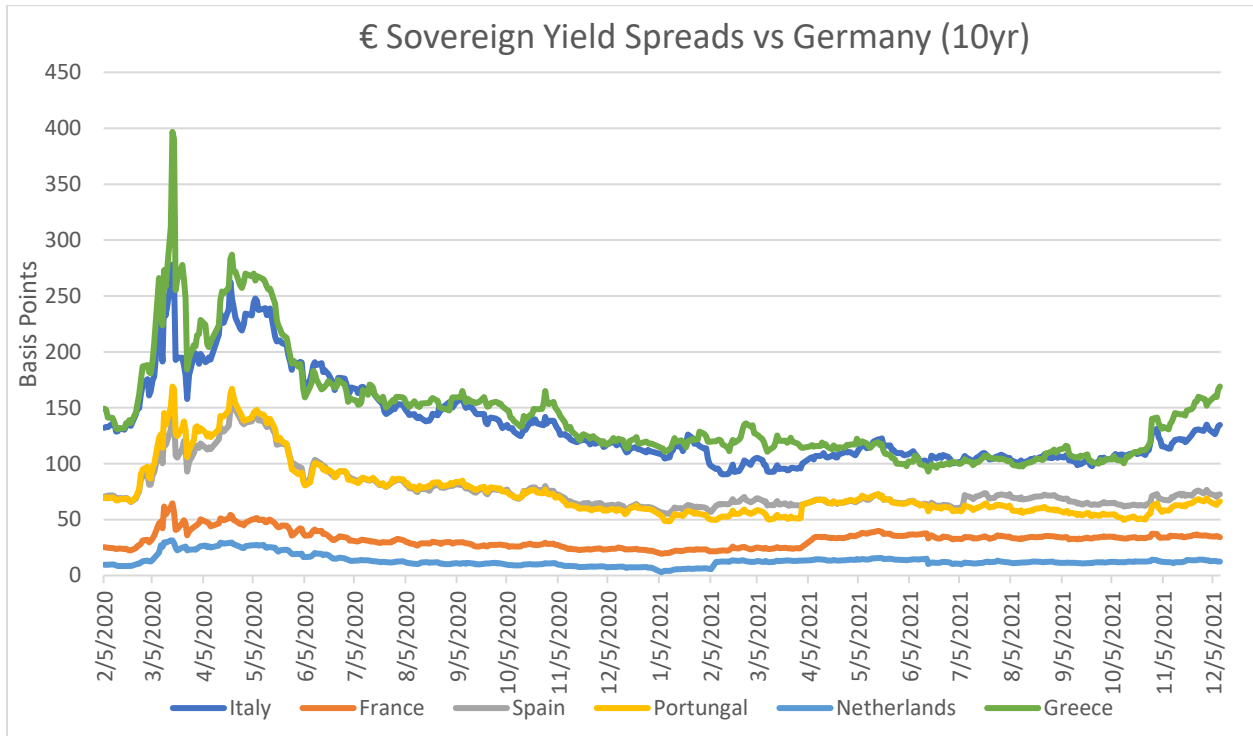


Source: ICMA analysis using ECB and Bloomberg data

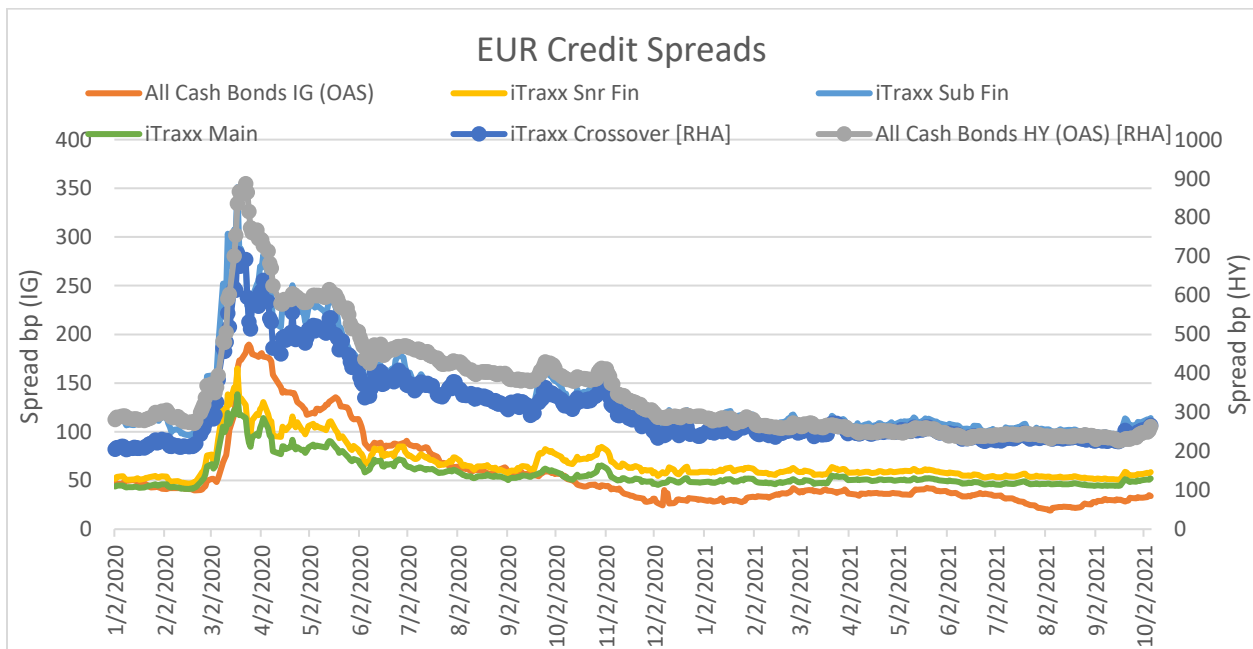
More details of the ECB's Asset Purchase Programmes can be found on its [website](#).

Historical updates and relevant resources can be found on ICMA's [Central bank corporate purchases webpage](#).

Annex



Source: ICMA analysis using Bloomberg data



Source: ICMA analysis using Bloomberg data