

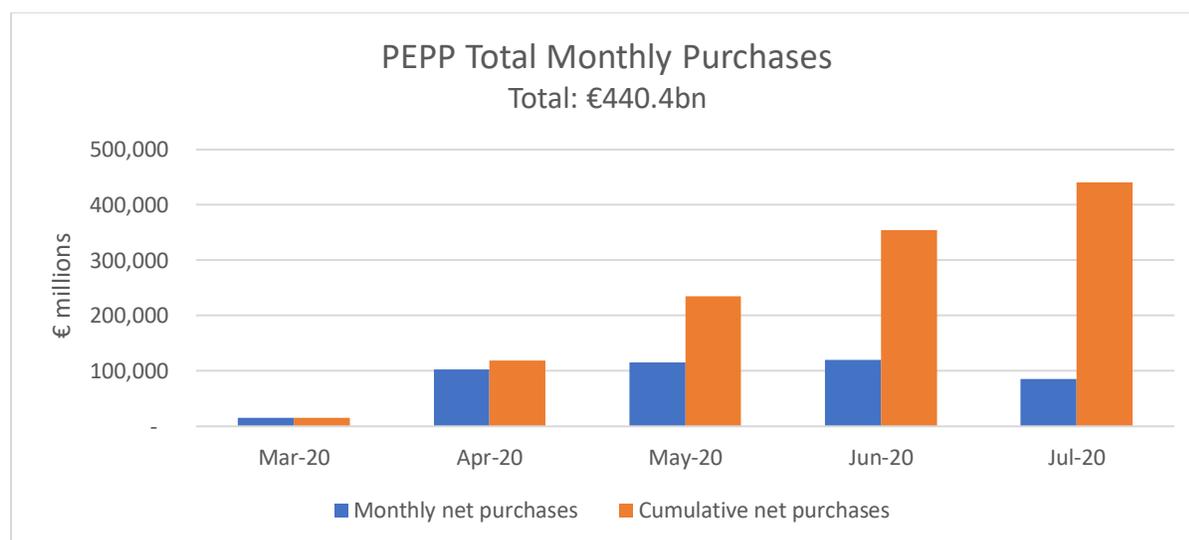
ECB publishes PEPP purchases data

By Andy Hill, ICMA

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The ECB has published the second bi-monthly breakdown of holdings under its Pandemic Emergency Purchase Programme (PEPP), covering the period from June through July 2020.

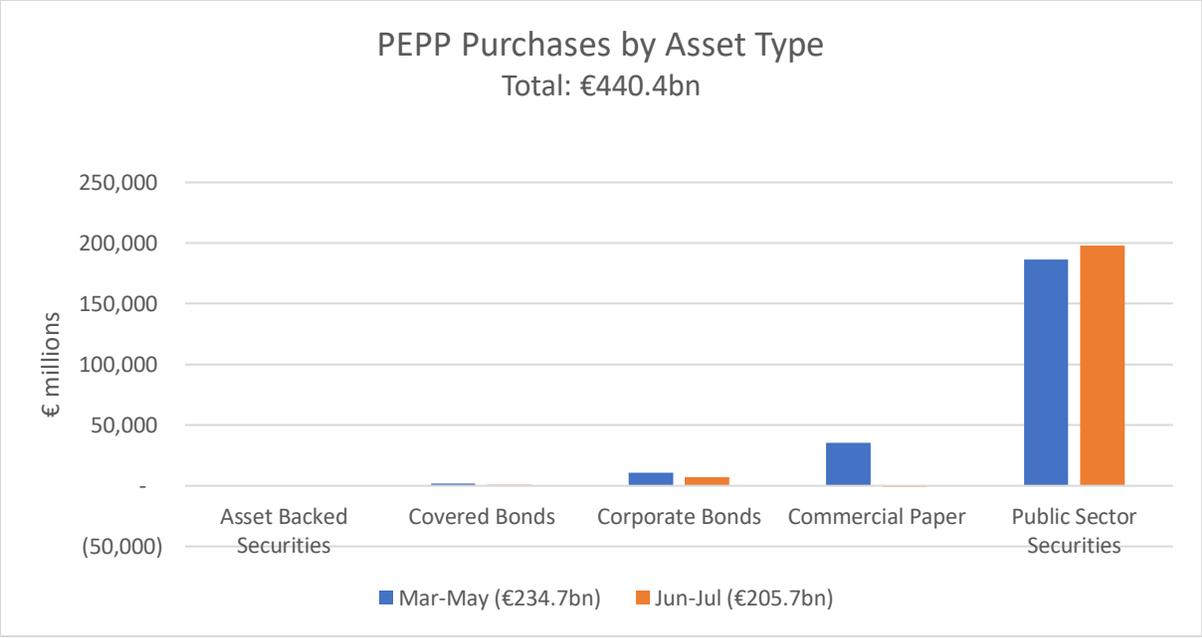
The data shows that the ECB purchased a total of €205.7bn (book value) of bonds under the PEPP, taking the total to-date to €440.4bn, which is approximately one-third of the total €1,350bn of purchases targeted under the Programme.



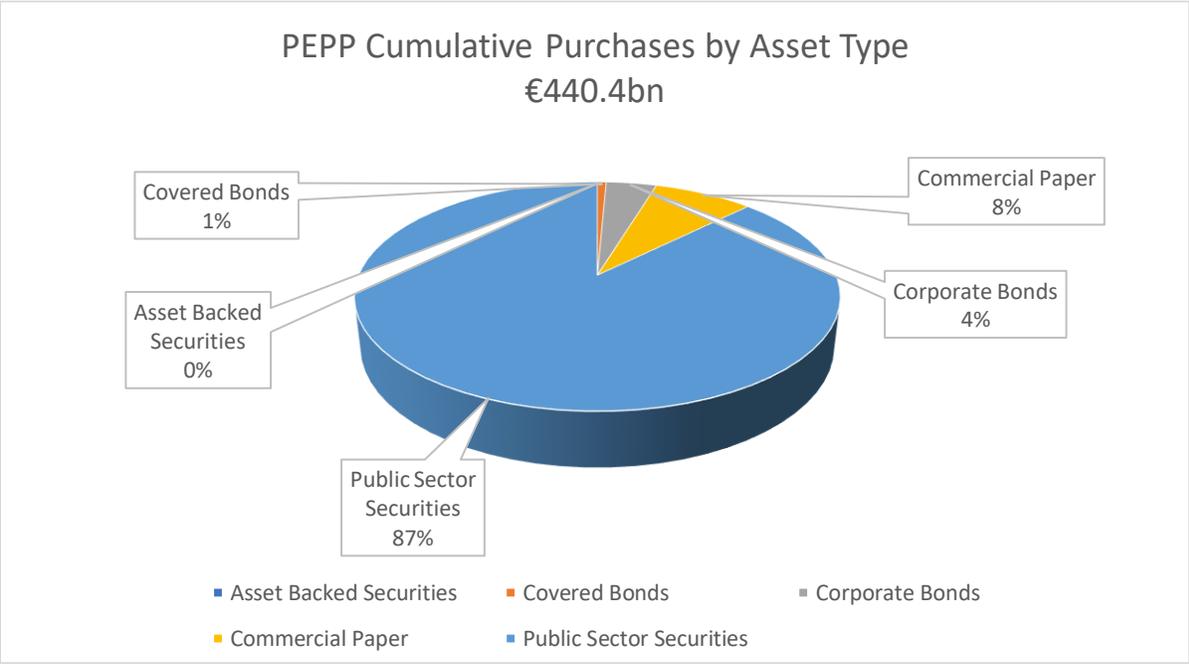
Source: ICMA analysis using ECB data

Breakdown of cumulative net purchases

The purchases remain heavily concentrated in public bonds, with cumulative purchases increasing to 87% of total purchases, compared with 79% at the end of May. The rate of corporate bond purchases was slower in the period June-July (€7.0bn compared with €10.6bn in the period March-May), reducing the overall percentage of cumulative purchases from 5% to 4%. Net purchases of commercial paper for June-July were negative (-€0.5bn), reducing the overall percentage of cumulative purchases from 15% to 8%. Purchases of covered bonds remain light (€1.0bn for June-July, compared with €2.1bn for March-May), and there have still been no purchases of asset backed securities under the PEPP.



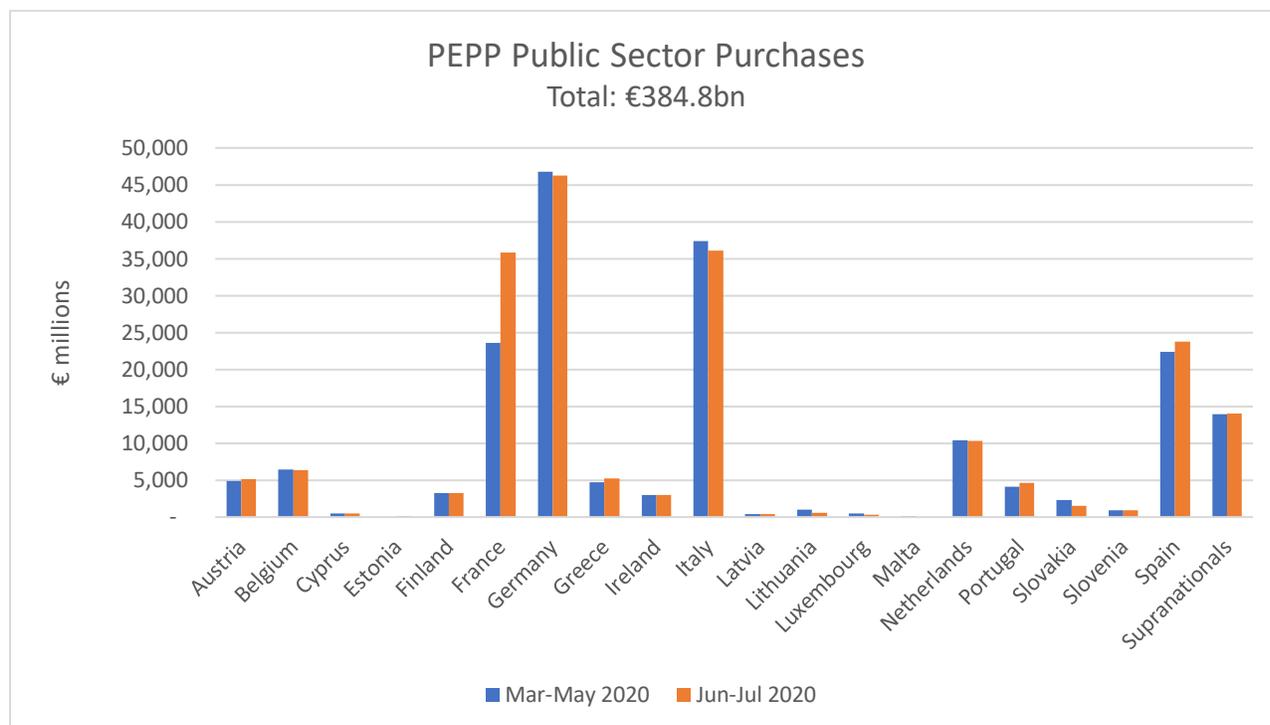
Source: ICMA analysis using ECB data



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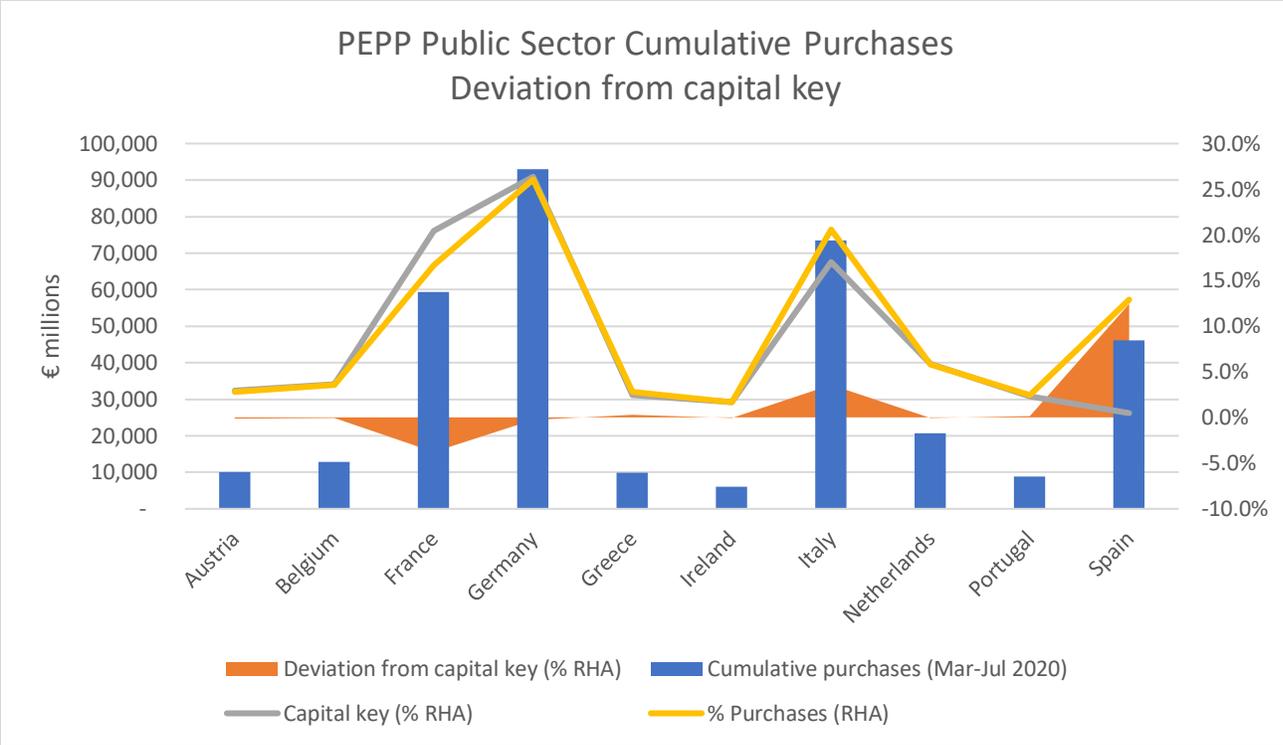
PEPP Public Bond Purchases

Purchases of sovereign bonds were €198.2bn for the period June-July, compared with €186.6bn for March-May, taking total cumulative purchases to €384.8bn. In absolute terms, there was a notable increase in the purchase of French sovereign bonds compared with the previous period (€35.8bn, up from €23.6bn).



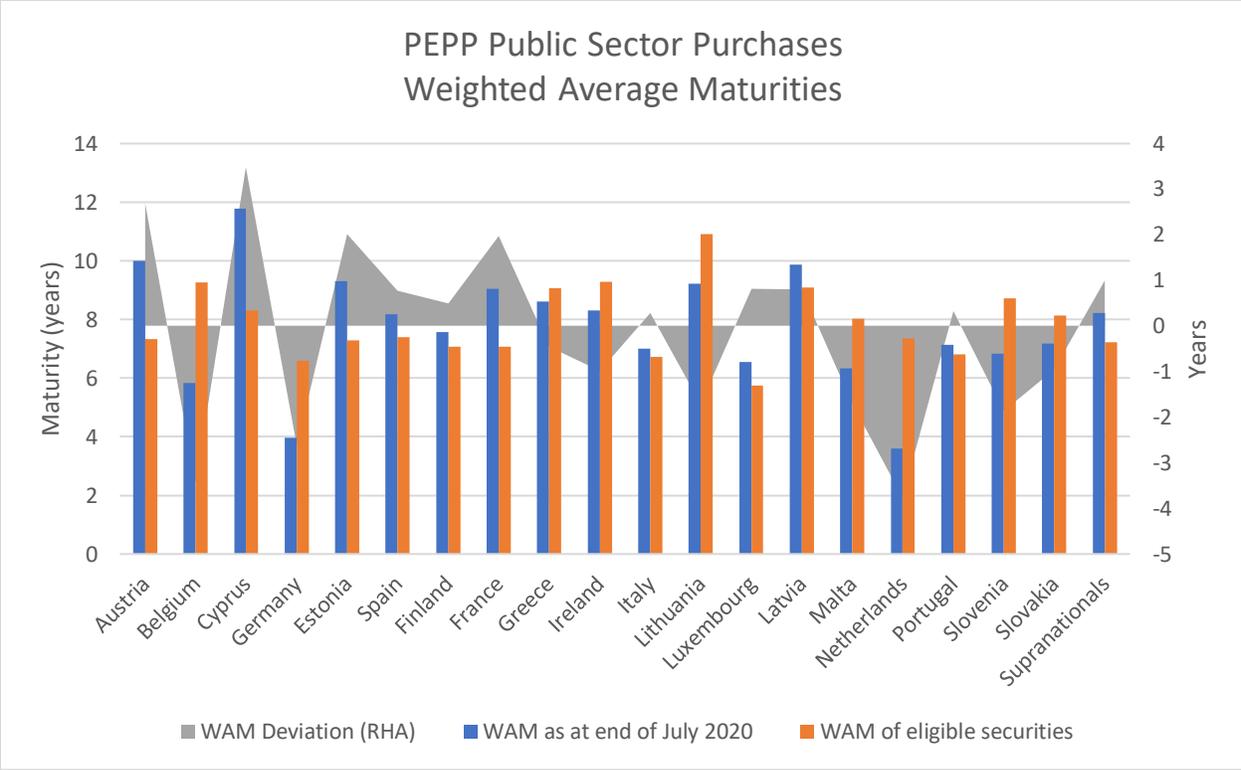
Source: ICMA analysis using ECB data

The below chart shows the cumulative total purchases by sovereign issuer, while also comparing the percentage of purchases with the respective capital key (right hand axis). The data shows that following a skew toward purchases of German, Italian, and Spanish debt in the period March-May, largely at the expense of French debt, purchases have been more balancing in Jun-July. As at the end of July, relative to their respective capital keys, cumulative purchases are neutral with respect to Germany, slightly underweight in France, and overweight in Italy and Spain.



Source: ICMA analysis using ECB data

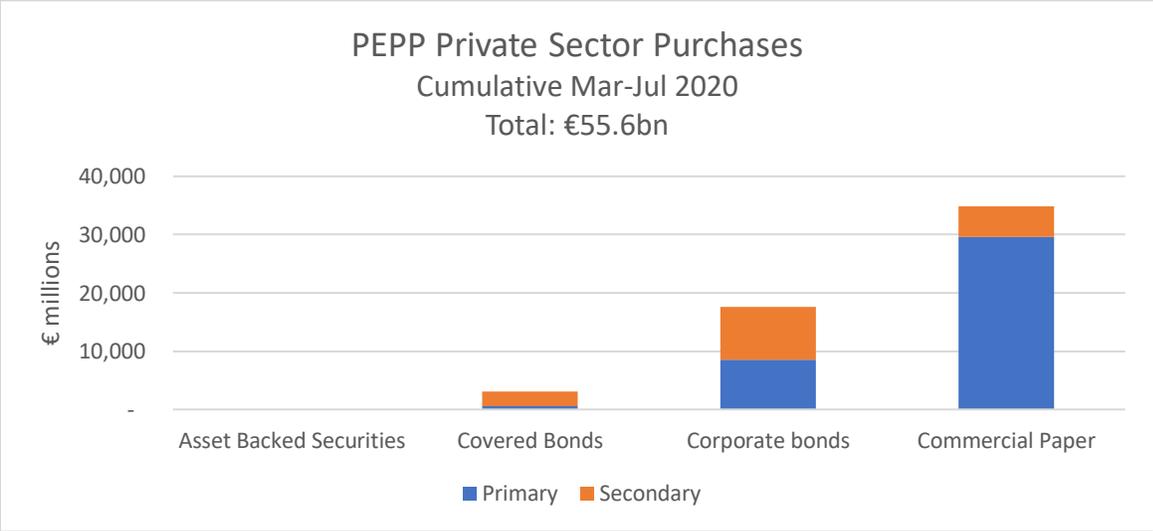
The following chart shows the weighted average maturities (WAM) of public sector debt, compared with the WAM of the PEPP eligible universe of public securities. Similar to the period March-May, purchases continue to show a strong preference for shorter maturities with respect to Germany and the Netherlands. Meanwhile, recent purchases of French bonds have been skewed to longer maturities.



Source: ICMA analysis using ECB data

PEPP Private Sector Purchases

As would be expected, purchases of ECP have predominantly been conducted in the primary market, while purchases of corporate bonds are more evenly split between primary and secondary.



Source: ICMA analysis using ECB data