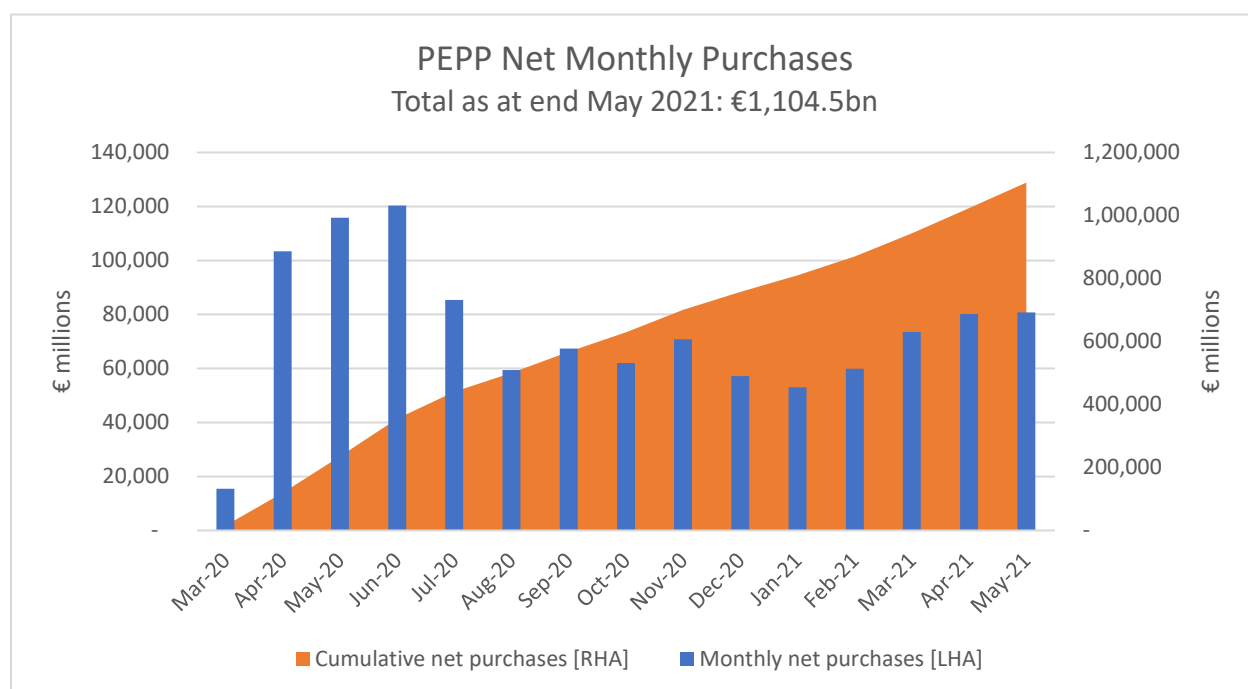


ECB publishes PEPP purchases bimonthly data May 2021

By Andy Hill, ICMA [June 7, 2021]

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

The data shows that the ECB made net purchases of €160.8bn (book value) of bonds under the PEPP, taking total net purchases to-date to €1,104.5bn which is 60% of the total €1,850bn of purchases targeted under the Programme. This is a step-up in the bi-monthly rate of purchases (with March-April 2021 net purchases totaling €133.4bn).

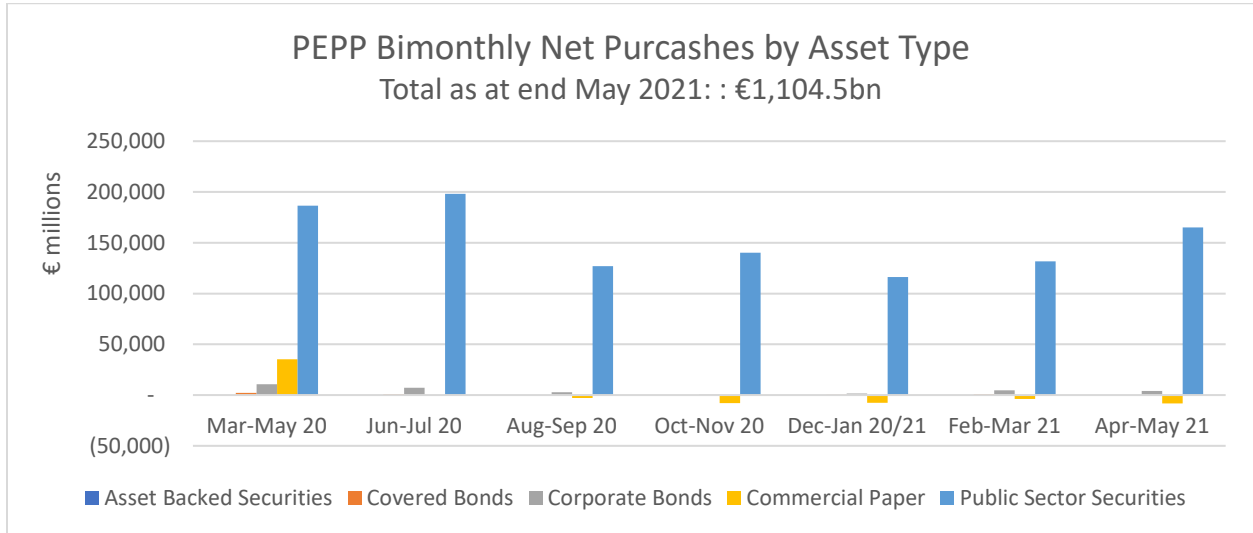


Source: ICMA analysis using ECB data

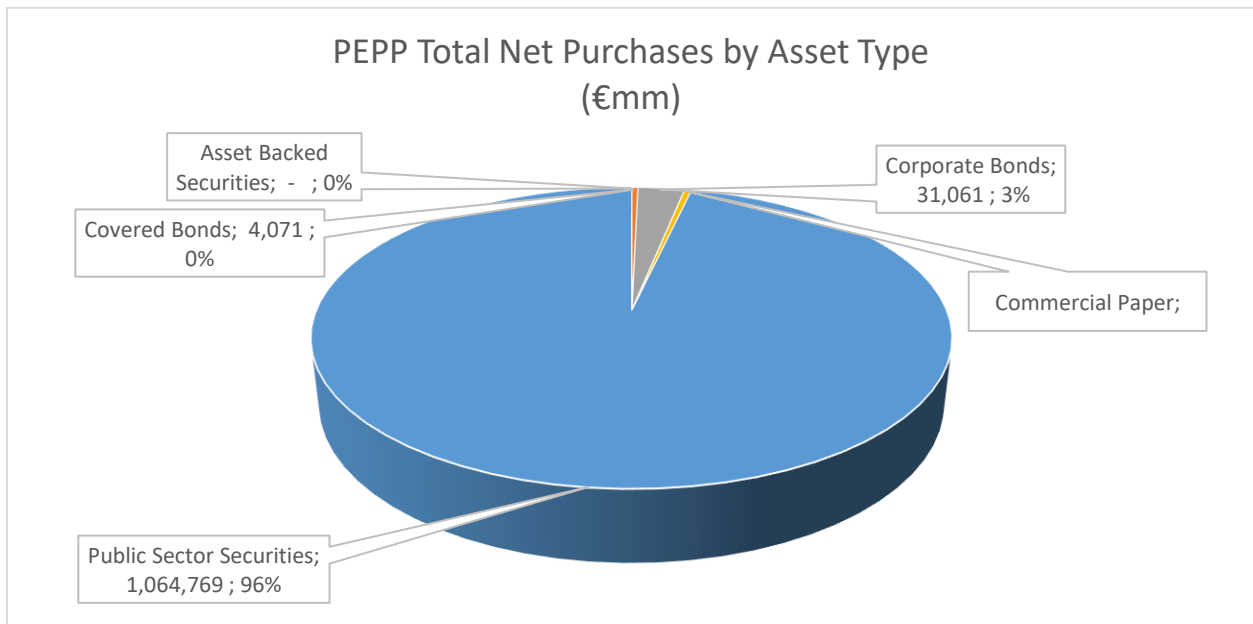
Breakdown of cumulative net purchases

Purchases remained heavily skewed to public sector bonds in the April-May period (€165.0bn), making up 103% of total net bond purchases. Net purchases of corporate bonds remained relatively steady (€4.0bn vs €4.7bn in the previous two months). There were no purchases in covered bonds this time round. Meanwhile, net purchases of commercial paper were yet again negative (-€8.2bn) as previous purchases continue to roll-off.

As of the end of March 2021, 96% of total net purchases are in public sector bonds, with 3% in corporate bonds, and 1% in commercial paper. Holdings of covered bonds are relatively negligible, while asset backed securities remain at zero.



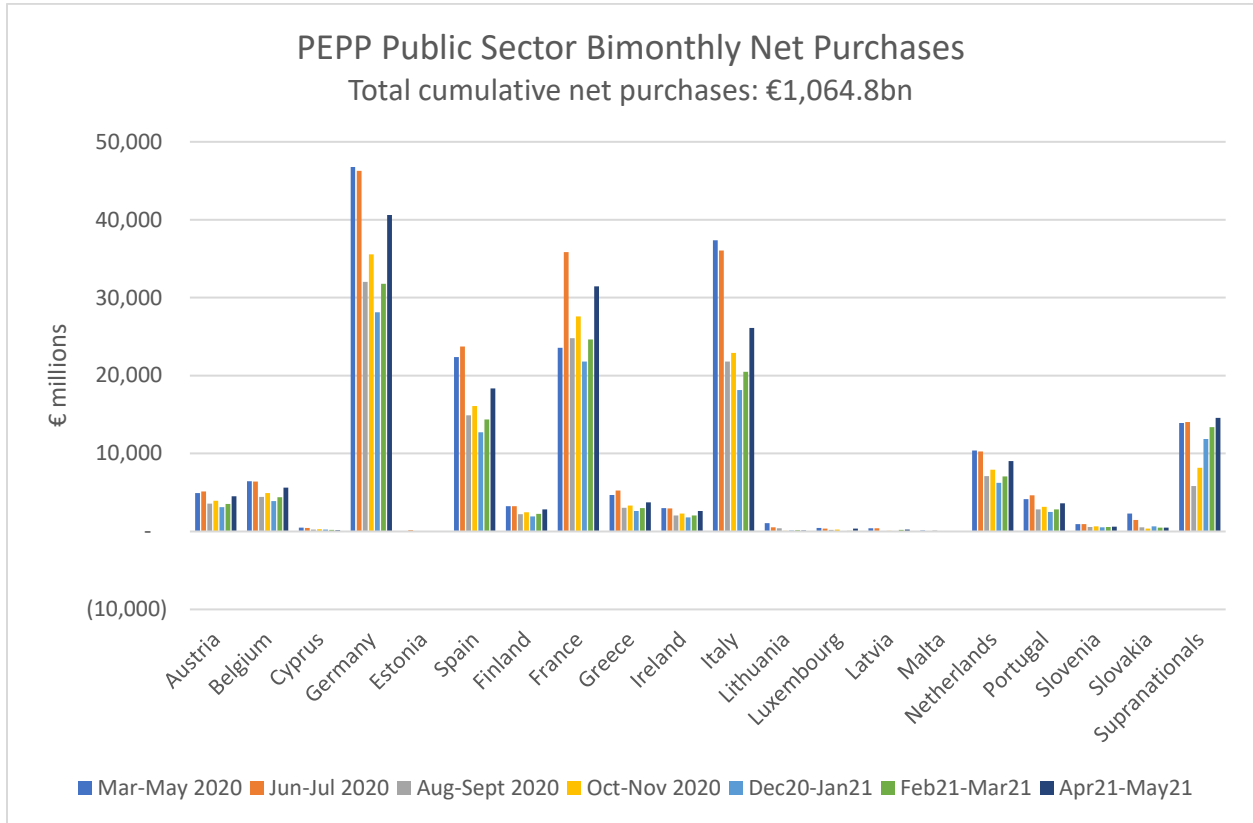
Source: ICMA analysis using ECB data



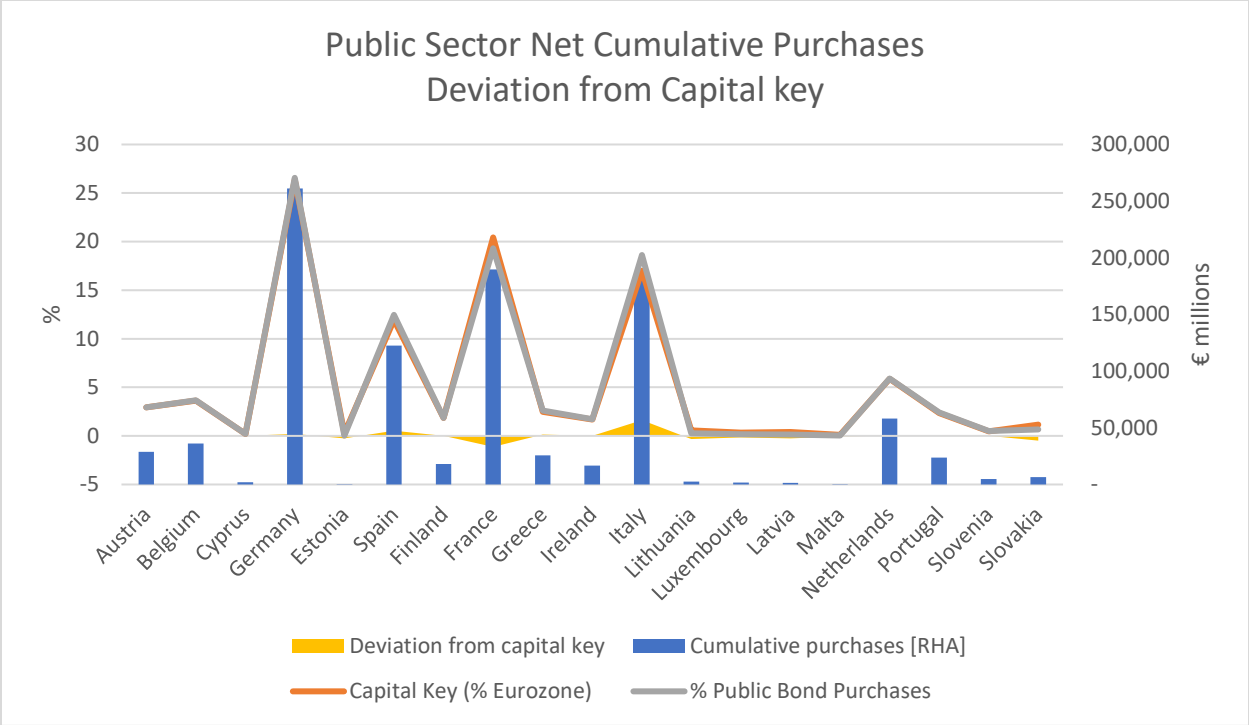
Source: ICMA analysis using ECB data

PEPP Public Bond Purchases

Purchases of public sector bonds were €165.0bn for the period, notably up from February-March 2021 (€131.6bn), taking total cumulative net purchases to €1,064.8bn. Purchases remained heavily concentrated in bonds issued by Germany (€40.6bn), France (€31.4bn), and Italy (€26.1bn).

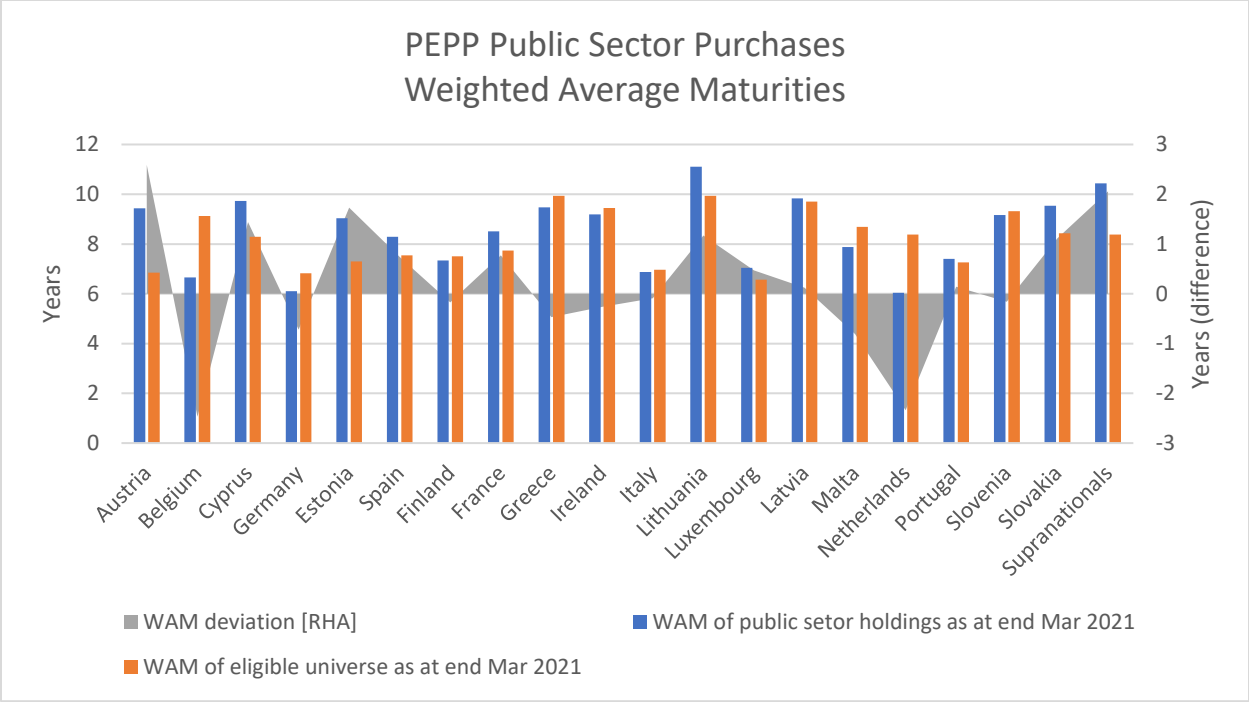


Source: ICMA analysis using ECB data



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 while outright net purchases are heavily skewed to Germany, France, and Italy, total net purchases of German bonds remain flat relative to its capital key, while total net purchases of French bonds remain slightly underweight (-1.1%), and that of Italian bonds marginally overweight (+1.6%).

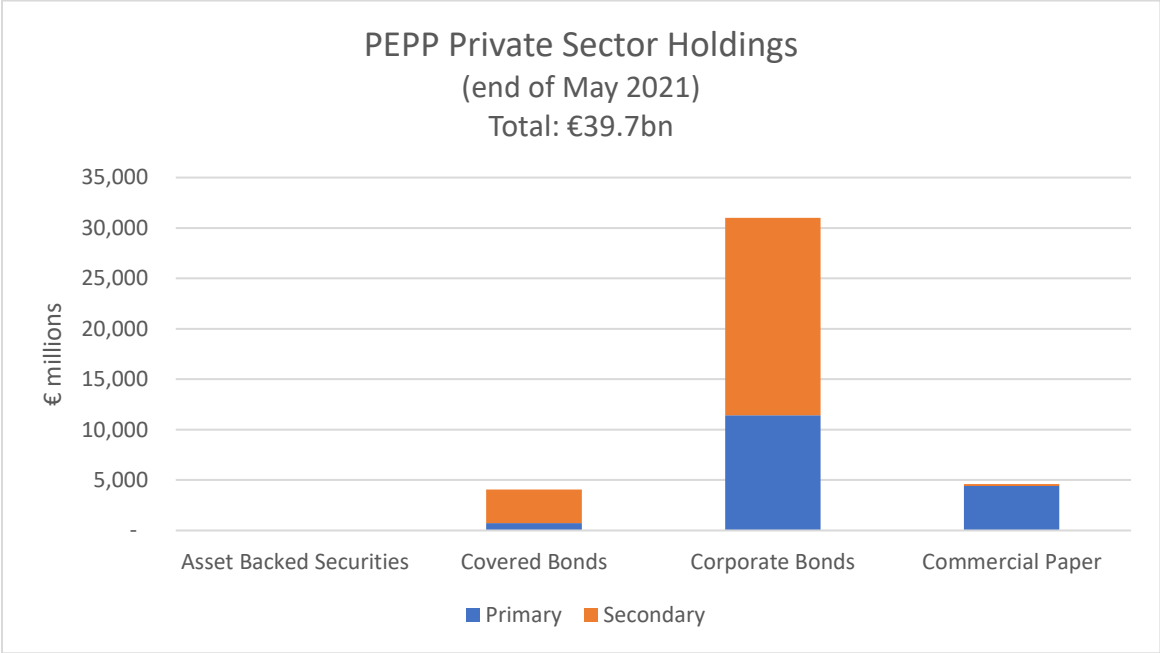


Source: ICMA analysis using ECB data

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 May 2021. The WAM of total holdings continues to extend (to 7.6 years from 7.3 years at the end of March), and is now marginally longer than the WAM of all eligible bonds (7.5 years). Purchases are 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 negative (-€4.2bn), having been small positive for the previous period (+€1.9bn) This mainly due to the continued rolling-off of commercial paper (-€8.2bn). Net purchases of corporate bonds were €4.0bn, while there were no purchases of covered bonds. There still has not been a single purchase of asset backed securities since the PEPP was launched. As at the end of May 2021, private sector securities form 4% of total PEPP holdings, down from 5% at the end-of March 2021.

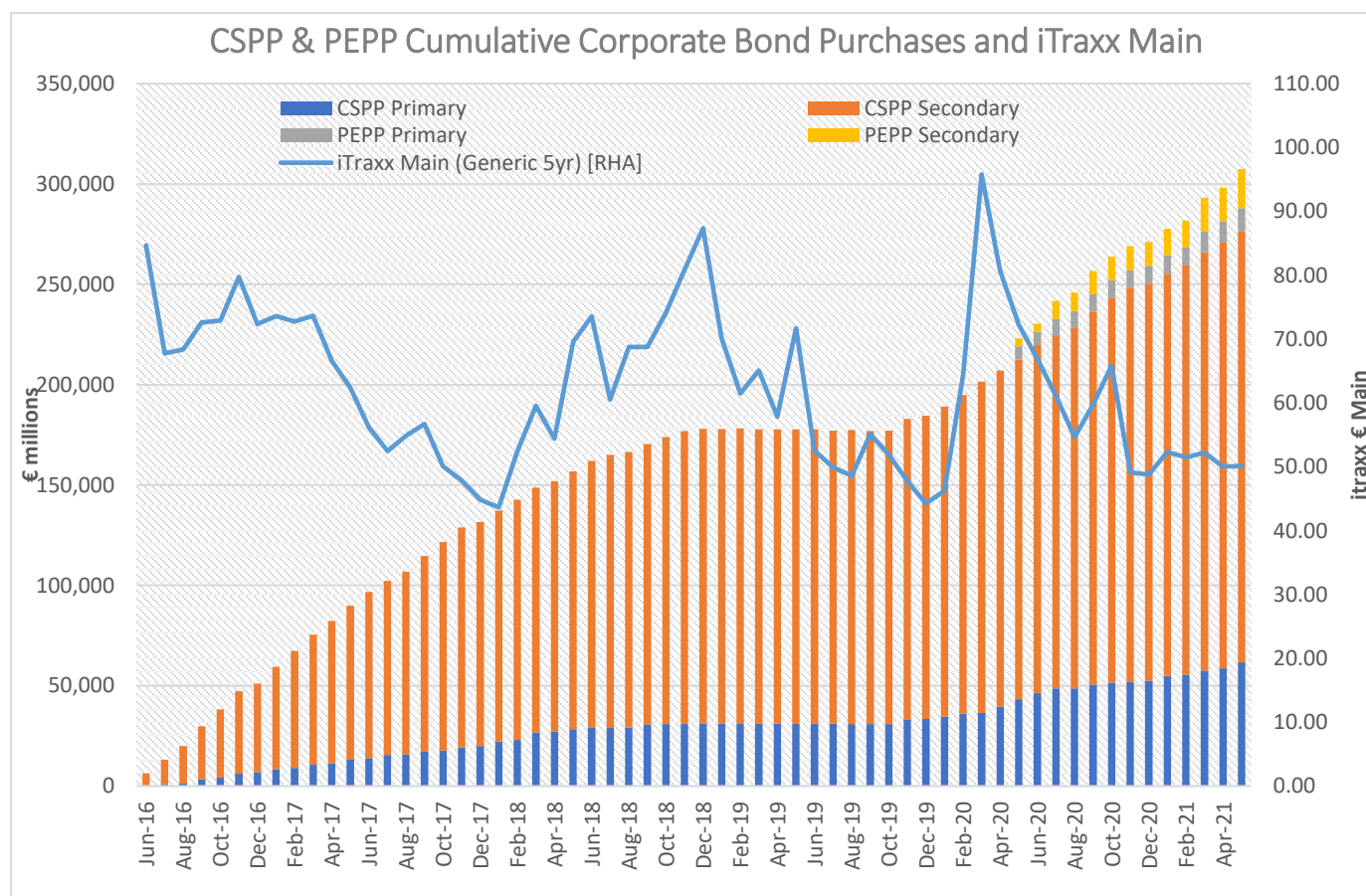


Source: ICMA analysis using ECB data

Corporate Sector Purchase Programme

Purchases under the CSPP remained steady during April and May 2021, with €5.0bn and €5.4bn net purchases respectively (versus an average monthly rate of €5.4bn since March 2020). This takes total net cumulative purchases under the CSPP to €276.5bn (of which €61.7bn, or 22%, are primary market purchases, and €214.8bn, or 78%, are secondary). Including the €31.0bn purchases of corporate bonds under the PEPP (of which €4.0bn were made during April-May 2021), this takes the total net cumulative purchases of corporate bonds under both programmes to €307.5bn

Based on Bloomberg data, ICMA estimates a universe of CSPP eligible bonds at the end of May 2021 with a nominal value of €1,126bn. This suggests that 26% 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 37% of capacity, leaving an estimated available pool of around €480bn for further purchases. This further suggests that purchases in the past two months have remained level with net issuance of eligible bonds.

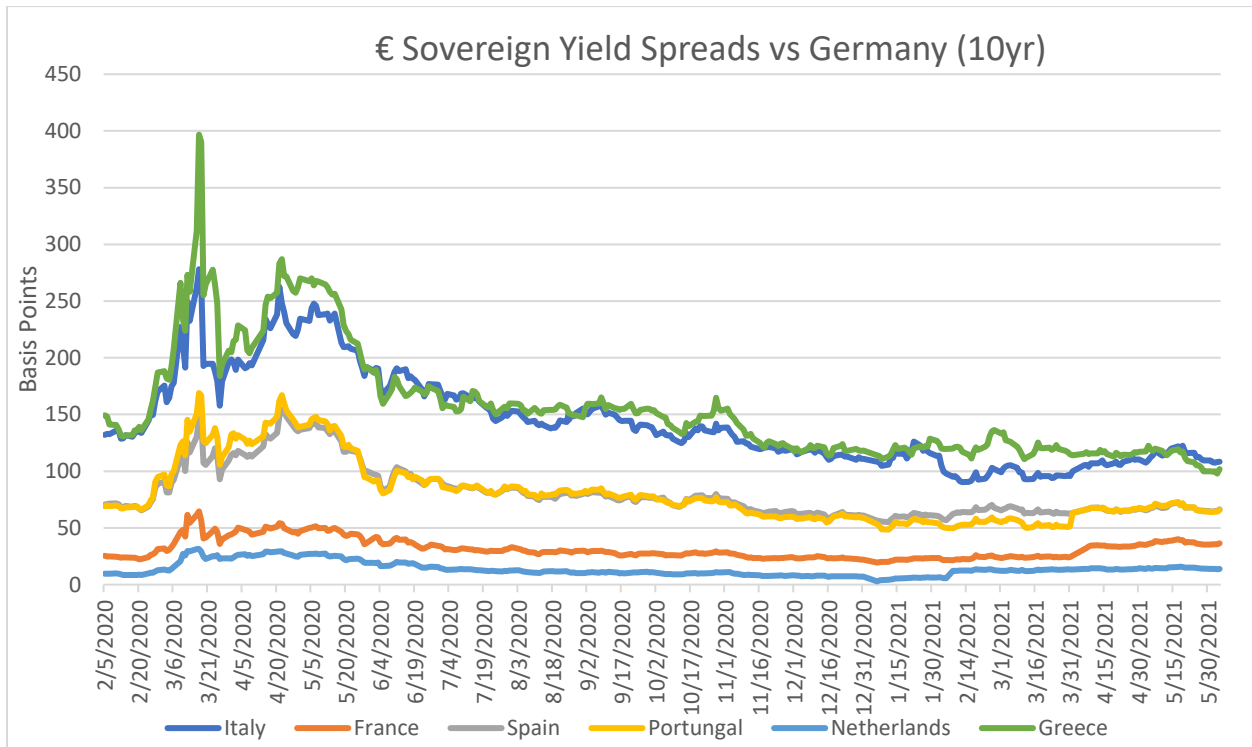


Source: ICMA analysis using ECB and Bloomberg data

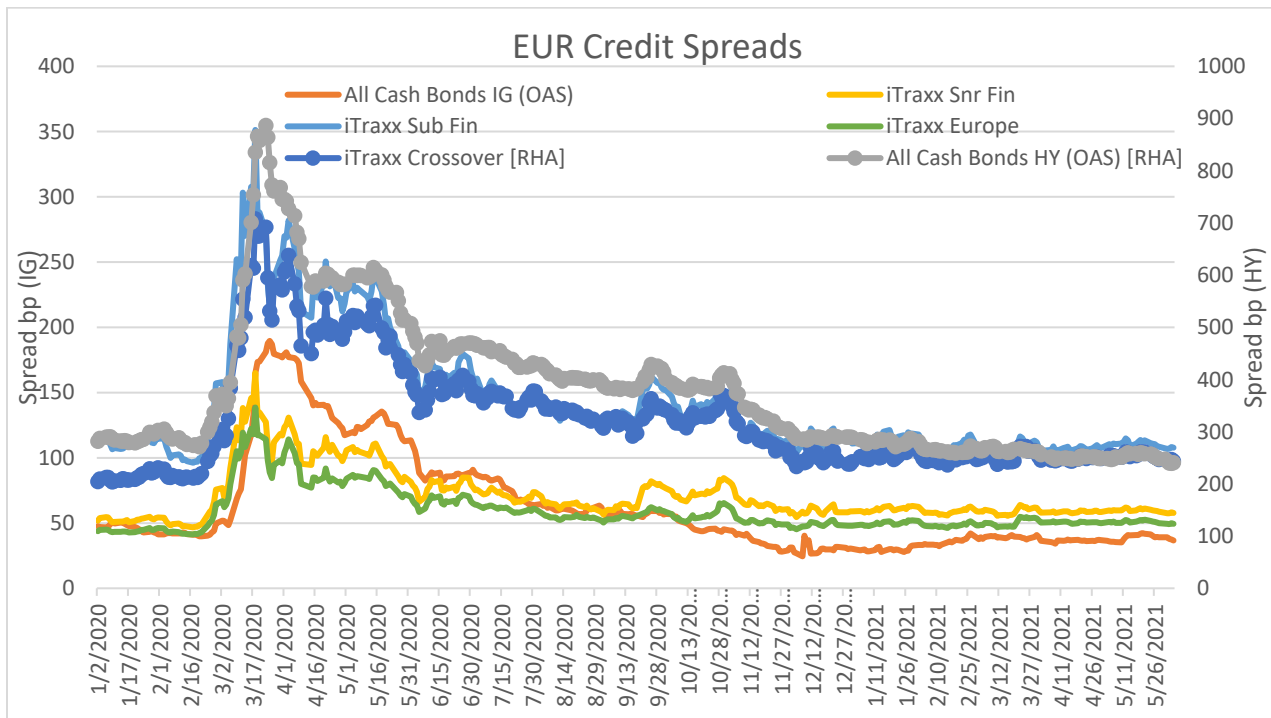
More details of the ECB's Asset Purchase Programmes can be found on its [website](#).

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