

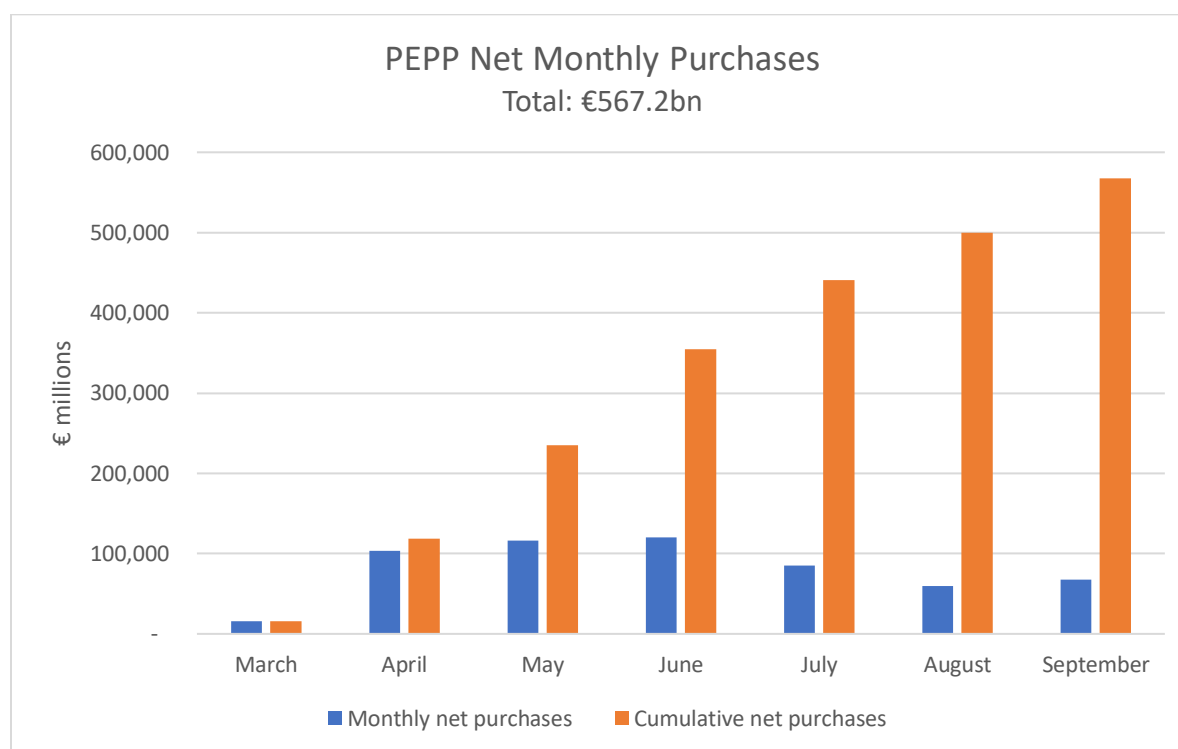
ECB publishes PEPP purchases data

By Andy Hill, ICMA

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

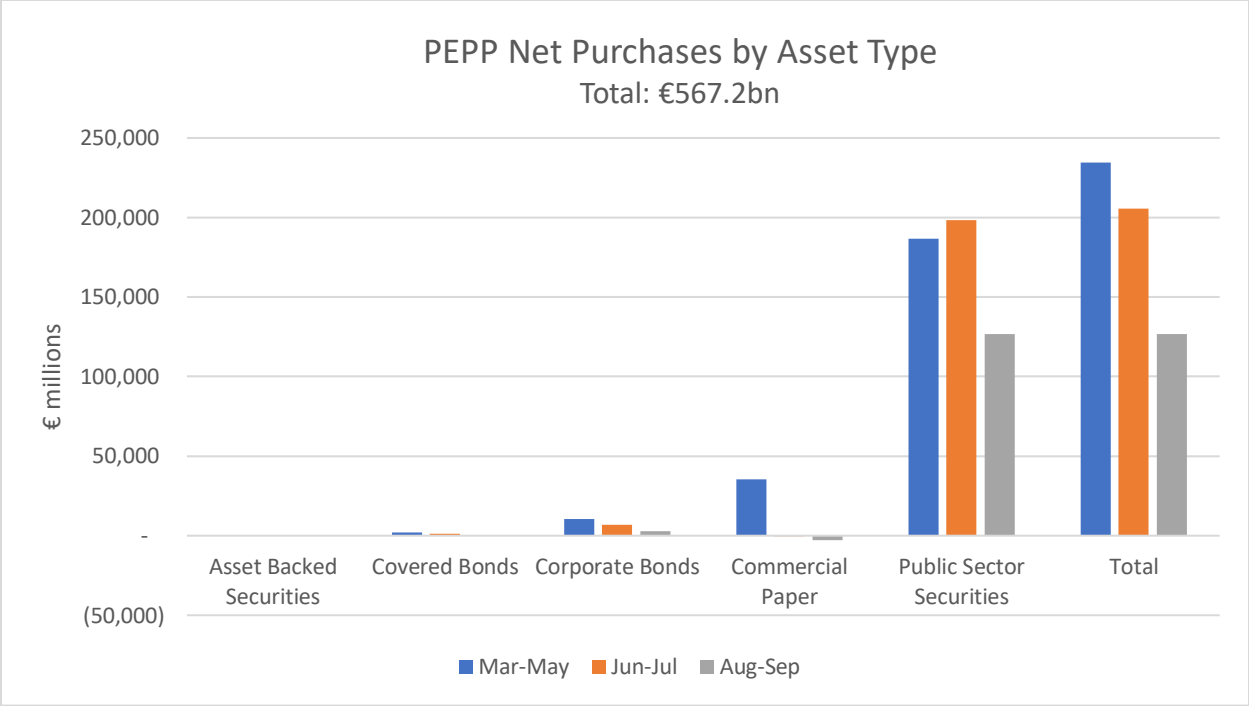
The data shows that the ECB made net purchases of €126.8bn (book value) of bonds under the PEPP, taking the total to-date to €567.2bn, which is 42% of the total €1,350bn of purchases targeted under the Programme. This is a much slower pace compared to the previous two months (€205.7bn).



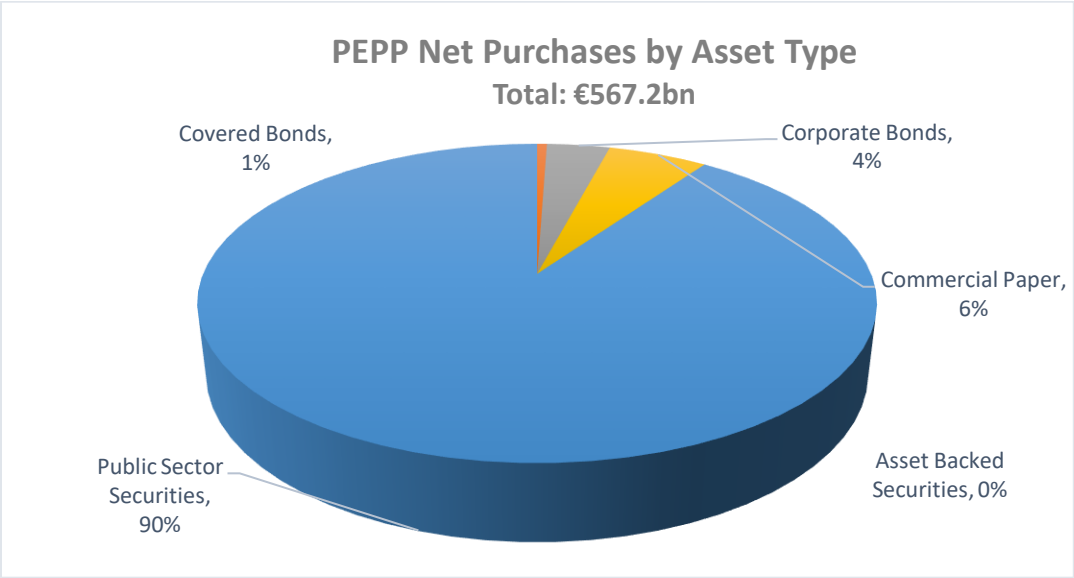
Source: ICMA analysis using ECB data

Breakdown of cumulative net purchases

The purchases remain heavily concentrated in public bonds, with cumulative purchases increasing to 90% of total net purchases, compared with 87% at the end of July and 79% at the end of May. Net purchases of commercial paper were negative (-€2.8bn), reducing the overall net purchases of CP to 6%, down from 8% at the end of July. Corporate bond purchases, as a percentage of overall purchases, remained steady at 4%. Covered bond purchases picked-up slightly (€3.1bn), but as an overall percentage of purchases remain negligible. There have yet to be any purchases of asset backed securities under the PEPP.



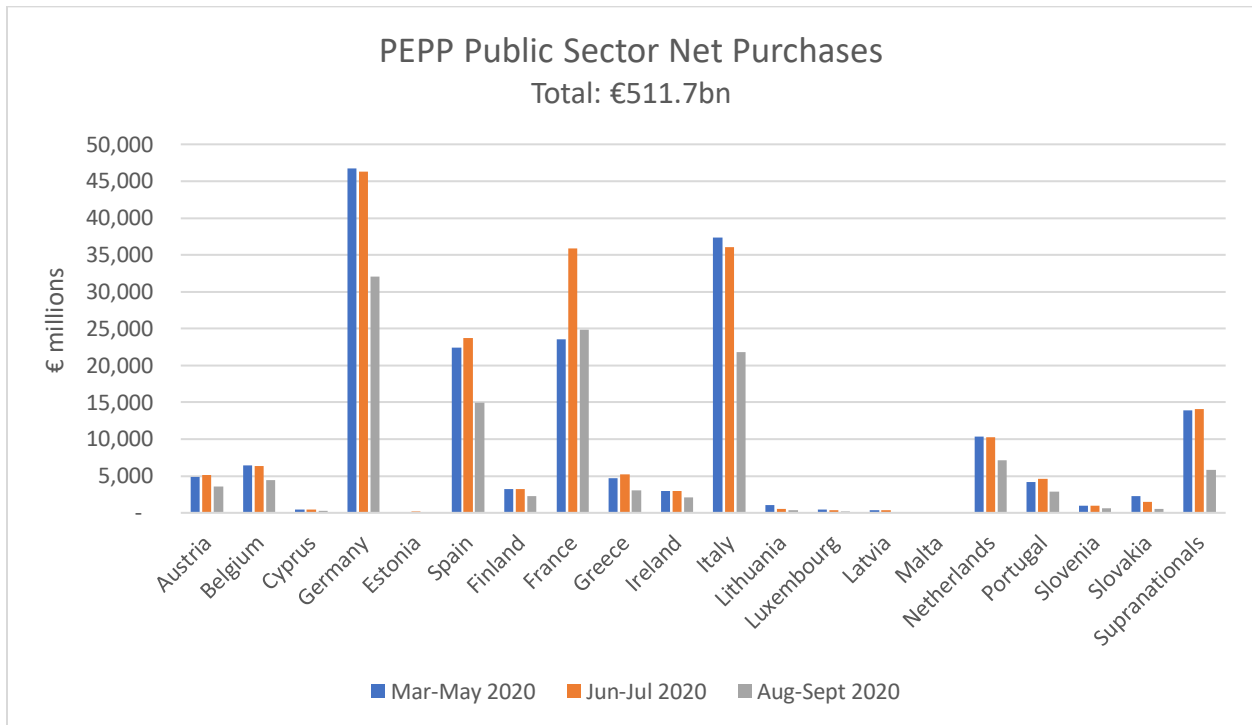
Source: ICMA analysis using ECB data



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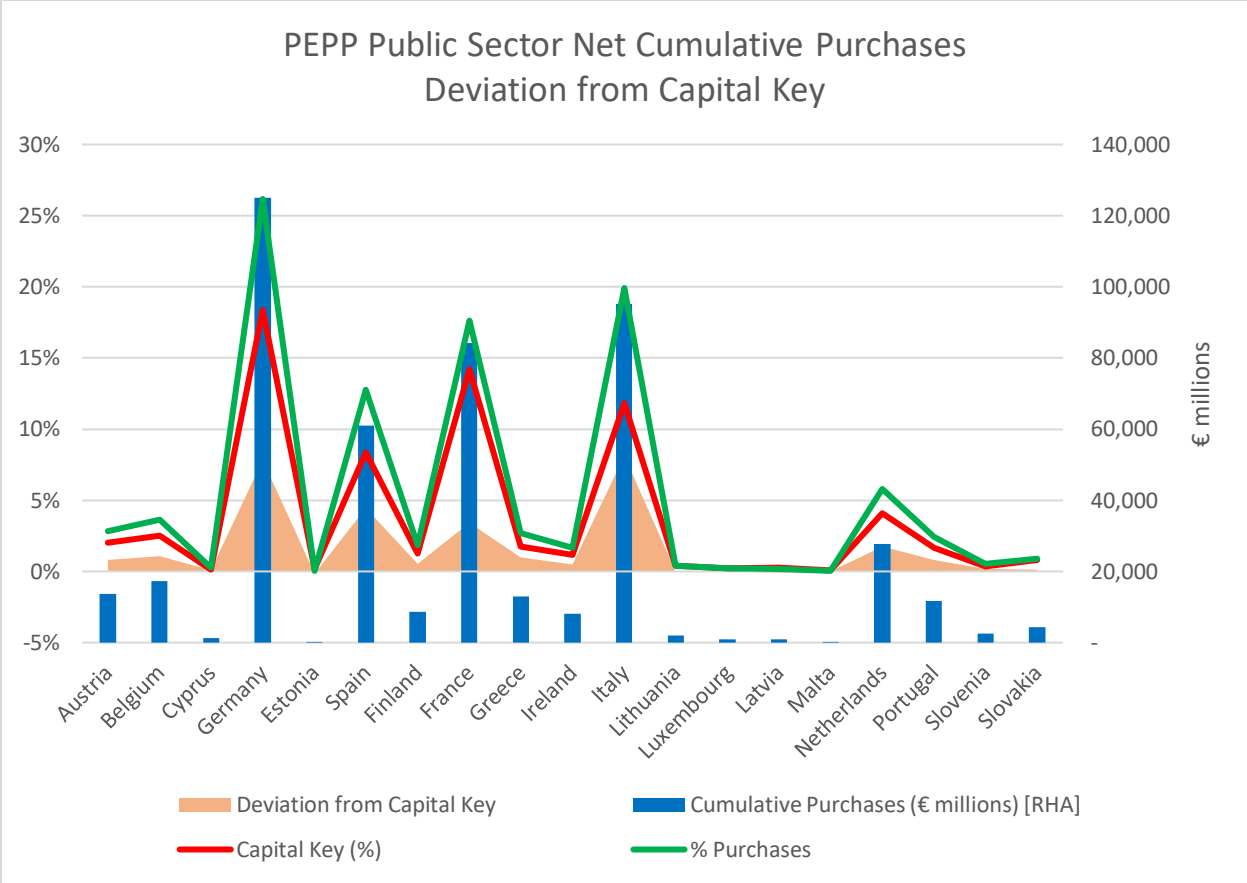
PEPP Public Bond Purchases

Purchases of sovereign bonds were €126.8bn for the period August-September, compared with €198.2bn for June-July and €186.6bn for March-May, taking total cumulative net purchases to €511.7bn. Purchases remained heavily concentrated in bonds issued by Germany (€32bn), France (€24.8bn), and Italy (€21.8bn).



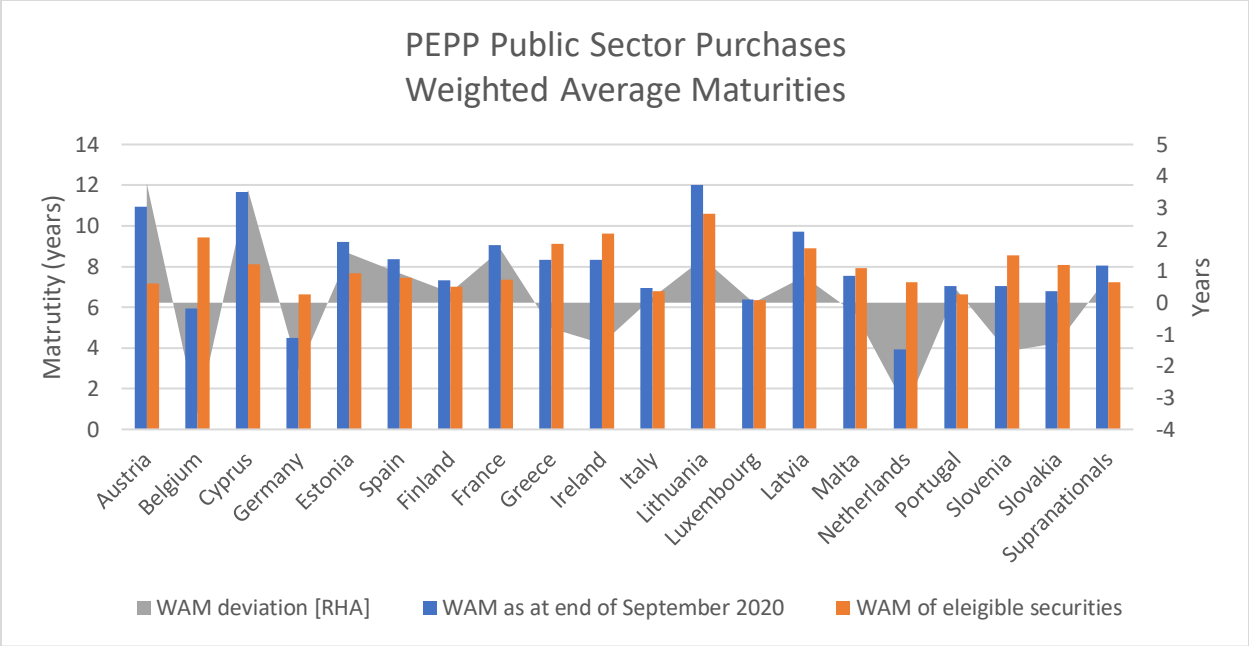
Source: ICMA analysis using ECB data

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). What we observe is a small overweight bias in total net purchases with respect to Germany, Spain, France, Italy, and the Netherlands.



Source: ICMA analysis using ECB data

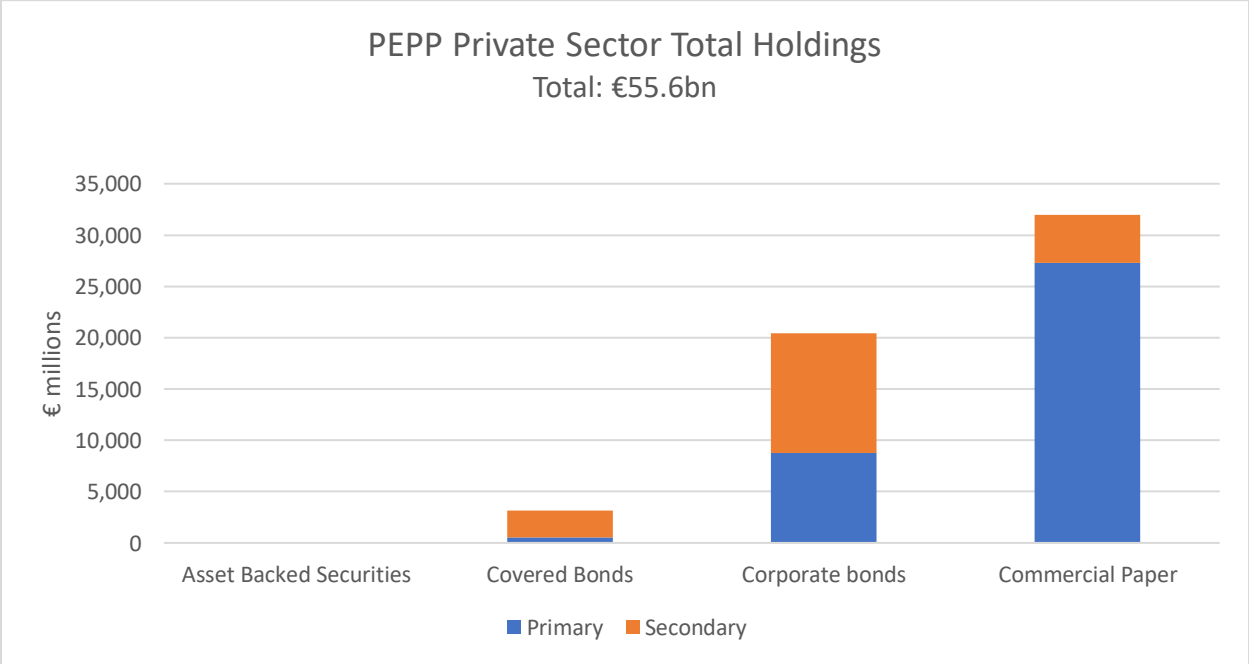
The following chart shows the weighted average maturities (WAM) of public sector debt, compared with the WAM of the PEPP eligible universe of public securities. While the overall WAM of purchases has extended slightly from 6.7 years at the end of July to 6.9 years at the end of September, purchases remain relatively biased to shorter maturities with respect to Belgium, Germany, and the Netherlands, and longer maturities in the case of Austria, Spain, and France.



Source: ICMA analysis using ECB data

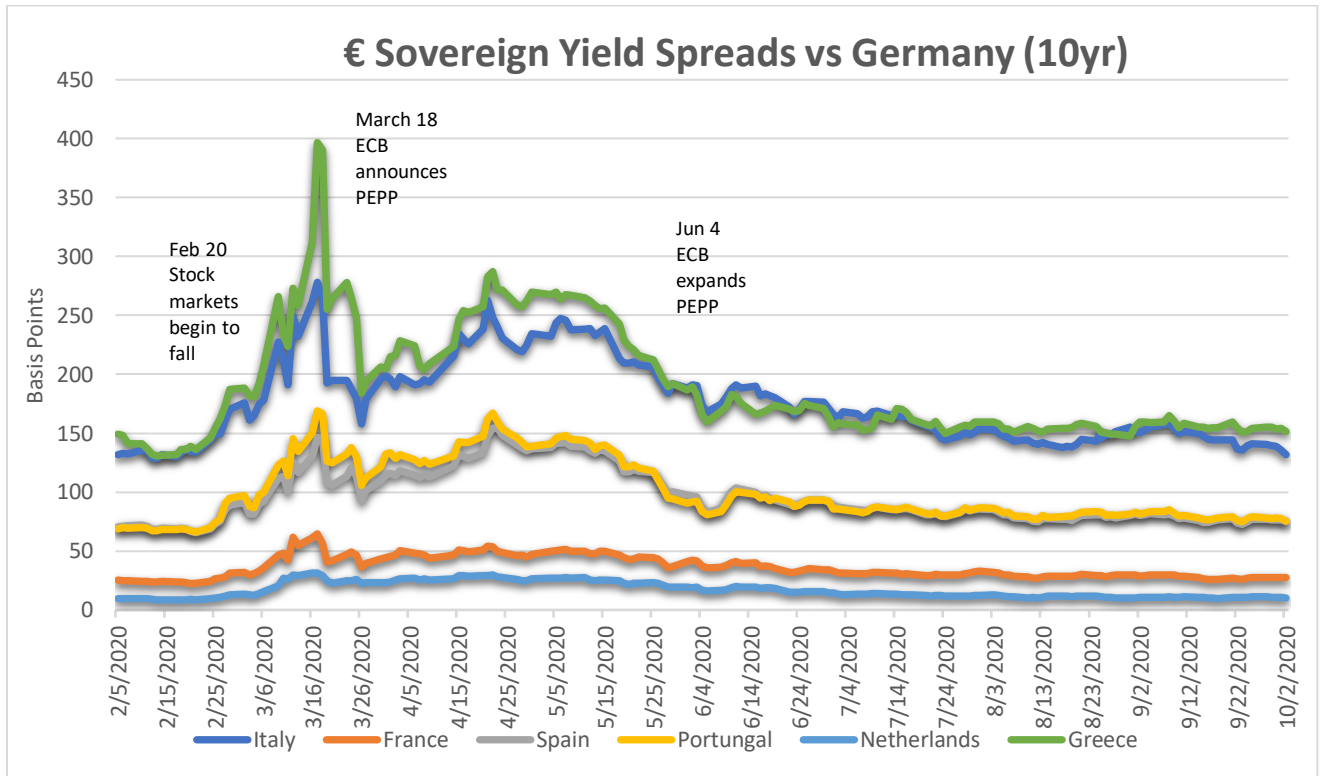
PEPP Private Sector Purchases

Secondary market purchases of corporate bonds relative to primary increased in the period of August-September, taking the overall share of secondary purchases up from 51.8% at the end of July to 57.2% at the end of September. Covered bond purchases remain predominantly secondary (82.2%), while purchases of CP, expectedly, are predominantly primary (85.3%).

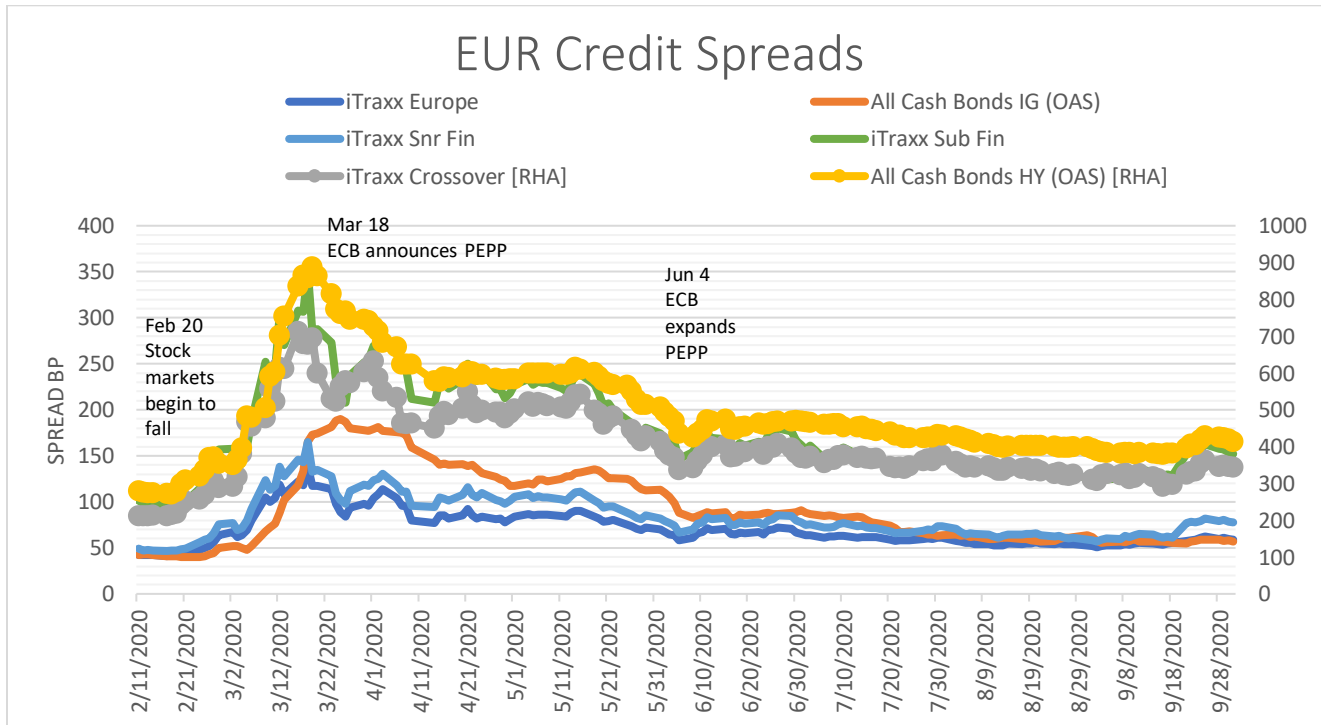


Source: ICMA analysis using ECB data

Annex



Source: ICMA analysis using Bloomberg data



Source: ICMA analysis using Bloomberg data