

ECB Asset Purchase Programme (APP) and Pandemic Emergency Purchase Programme (PEPP) Data

An ICMA Briefing Note

By Andy Hill, ICMA [July 2022]

Asset Purchase Programme (APP)

The ECB's asset purchase programme (APP) is part of a package of non-standard monetary policy measures that also includes targeted longer-term refinancing operations, and which was initiated in mid-2014 to support the monetary policy transmission mechanism and provide the amount of policy accommodation needed to ensure price stability. It consists of the following:

- Public Sector Purchase Programme (PSPP)
- Corporate Sector Purchase Programme (CSPP)
- Asset-Backed Securities Purchase Programme (ABSPP)
- Third Covered Bond Purchase Programme (CBPP3)

APP calibration and timeline

The Eurosystem started to purchase securities under the asset purchase programmes of its APP in October 2014. The Governing Council recalibrated the overall net purchases under these programmes from time to time as follows:

- €60bn of net purchases from March 2015 to March 2016
- €80bn of net purchases from April 2016 to March 2017
- €60bn of net purchases from April to December 2017
- €30bn of net purchases from January to September 2018
- €15bn of net purchases from October to December 2018
- No net purchases, only reinvestments of redemptions, from January to October 2019, as the Governing Council sought to maintain the size of its cumulative net purchases
- €20bn of net purchases from November 2019 to March 2022 (a temporary €120bn envelope of net asset purchases was added from March to December 2020)
- €40bn of net purchases in April 2022
- €30bn of net purchases in May 2022
- €20bn of net purchases in June 2022
- No net purchases, only reinvestments of redemptions, as of July 2022

Pandemic Emergency Purchase Programme (PEPP)

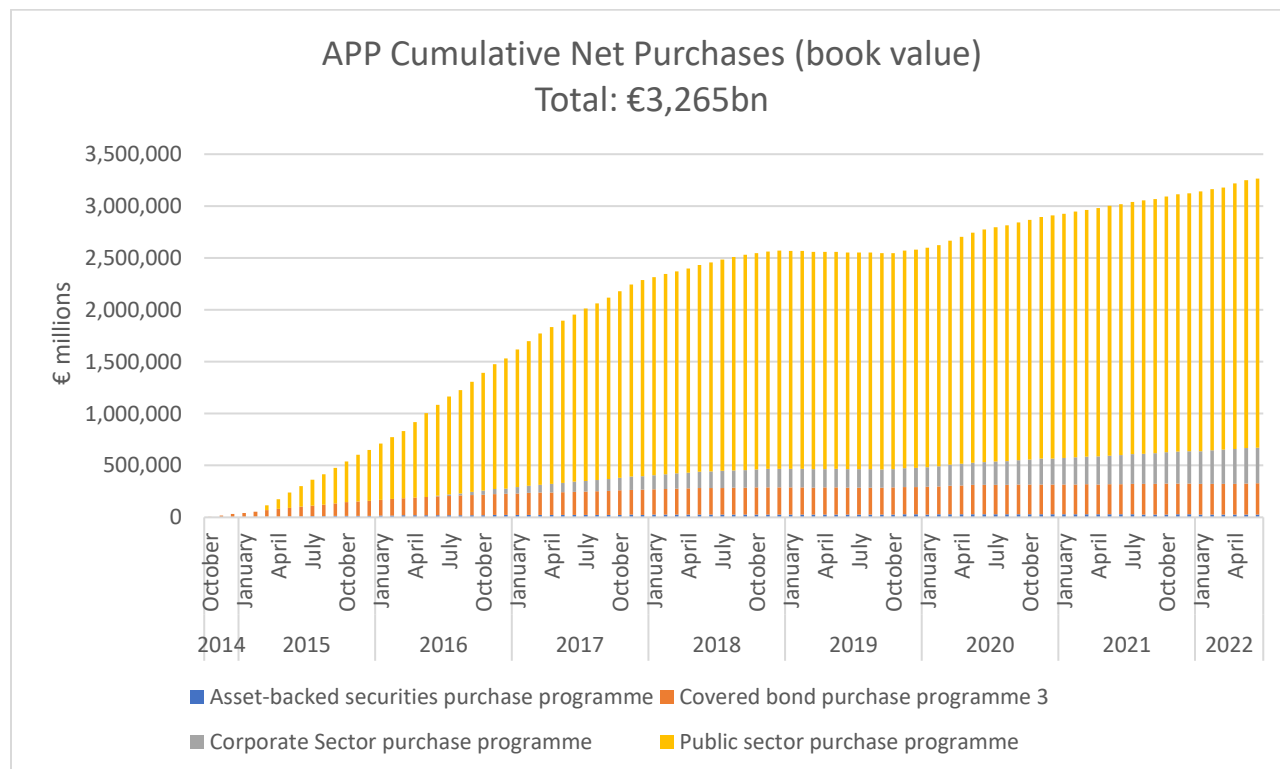
The ECB's pandemic emergency purchase programme (PEPP) is a non-standard monetary policy measure initiated in March 2020 to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the coronavirus (COVID-19) outbreak. The PEPP is a temporary asset purchase programme of private and public sector securities. All asset categories

eligible under the existing asset purchase programme (APP) are also eligible under the PEPP, as well as a waiver of the eligibility requirements has been granted for securities issued by the Greek Government.

PEPP calibration and timeline

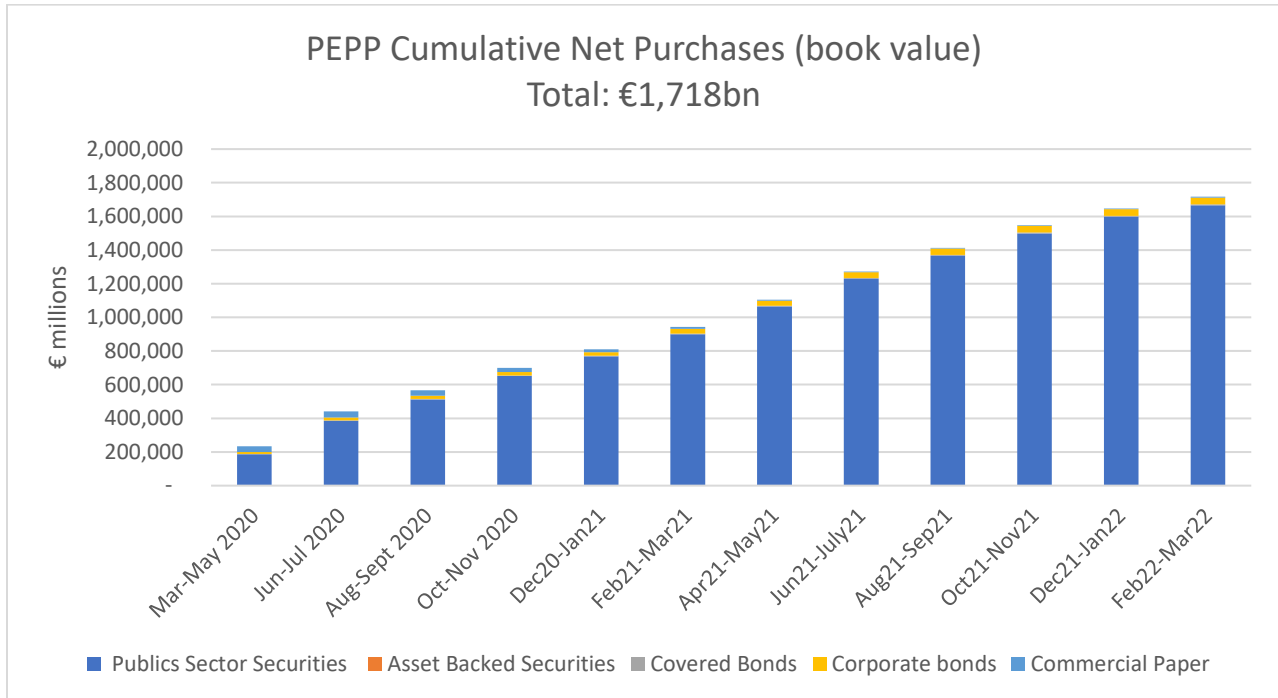
- In March 2020, the Governing Council set an envelope for net purchases under the PEPP of €750bn
- In June 2020 the Governing Council extend the PEPP by €600bn to a total of €1.35tn net purchases up to the end of 2021
- In December 2020 the ECB the Governing Council further extend the size of the PEPP by €500bn to a total of €1.85tn net purchases, with purchases extended to at least March 2022
- In December 2021, the Governing Council confirmed no net purchases, only reinvestments of redemptions, as of April 2022

APP monthly and cumulative net purchases



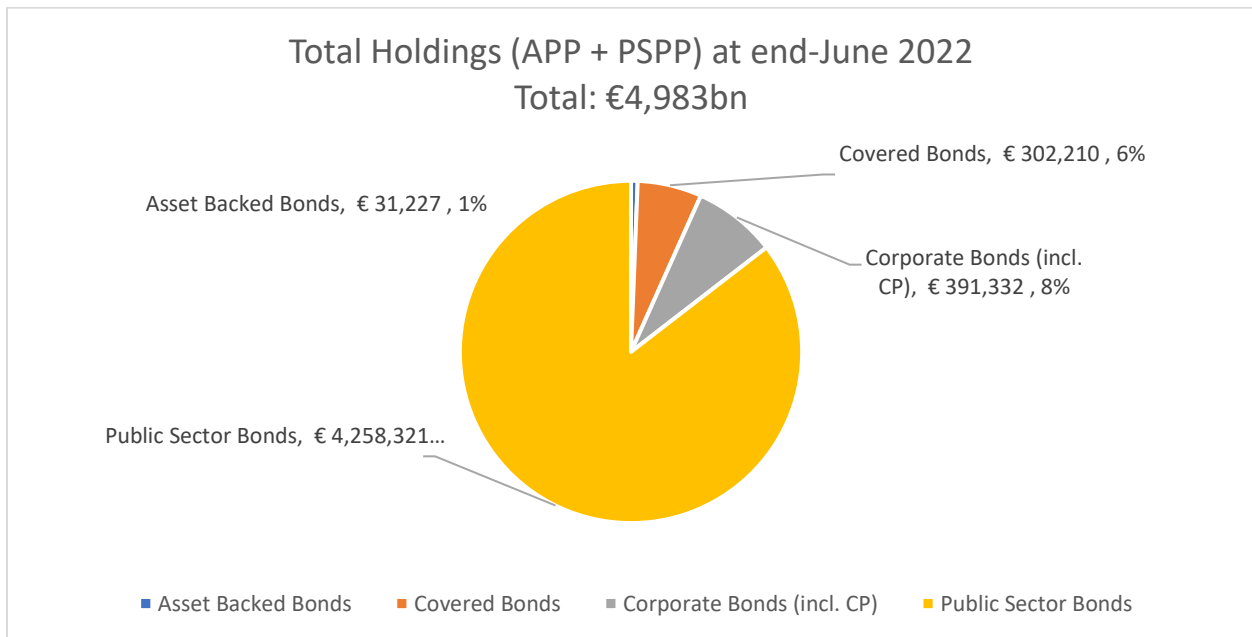
Source: ICMA analysis using ECB data

PEPP cumulative net purchases



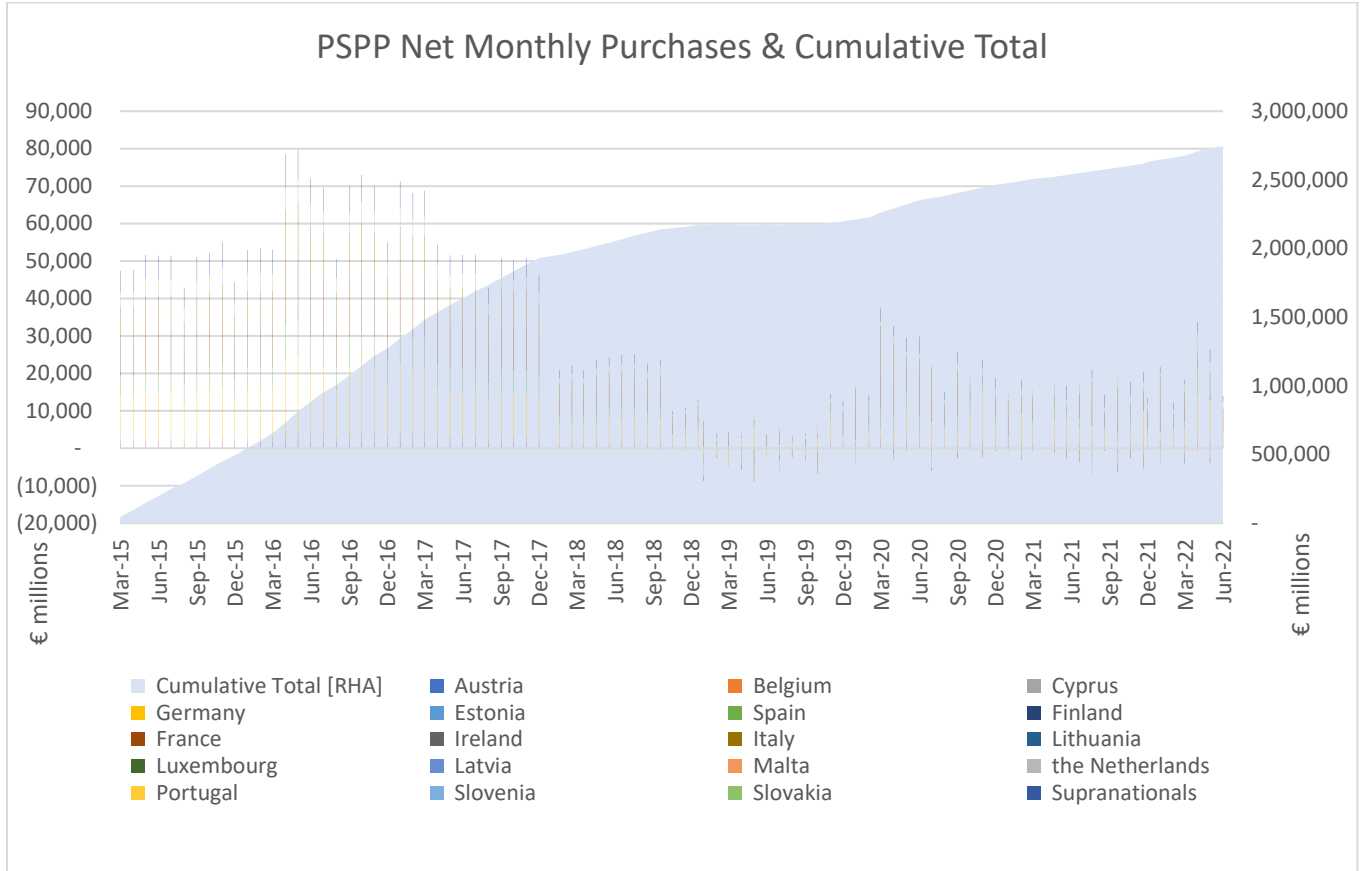
Source: ICMA analysis using ECB data

APP and PEPP total holdings at end of June 2022



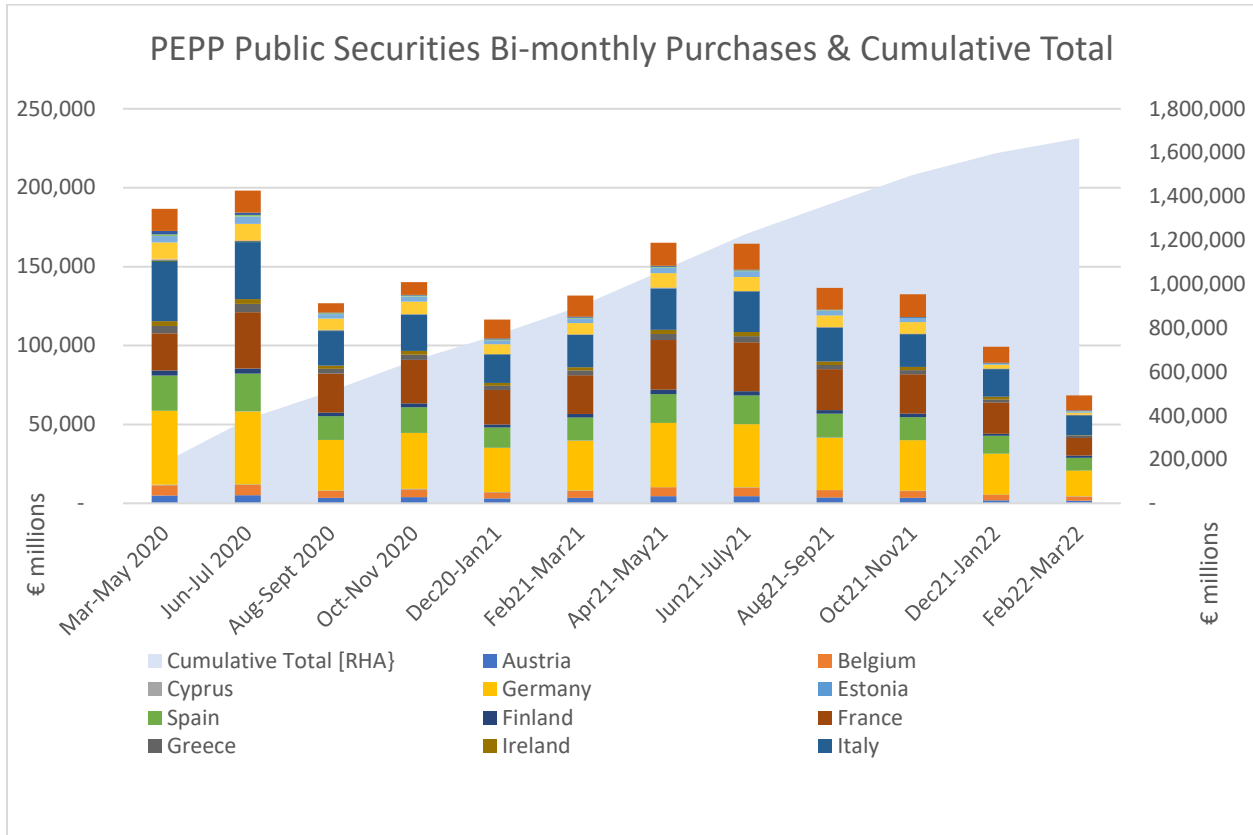
Source: ICMA analysis using ECB data

PSPP monthly and cumulative net purchases



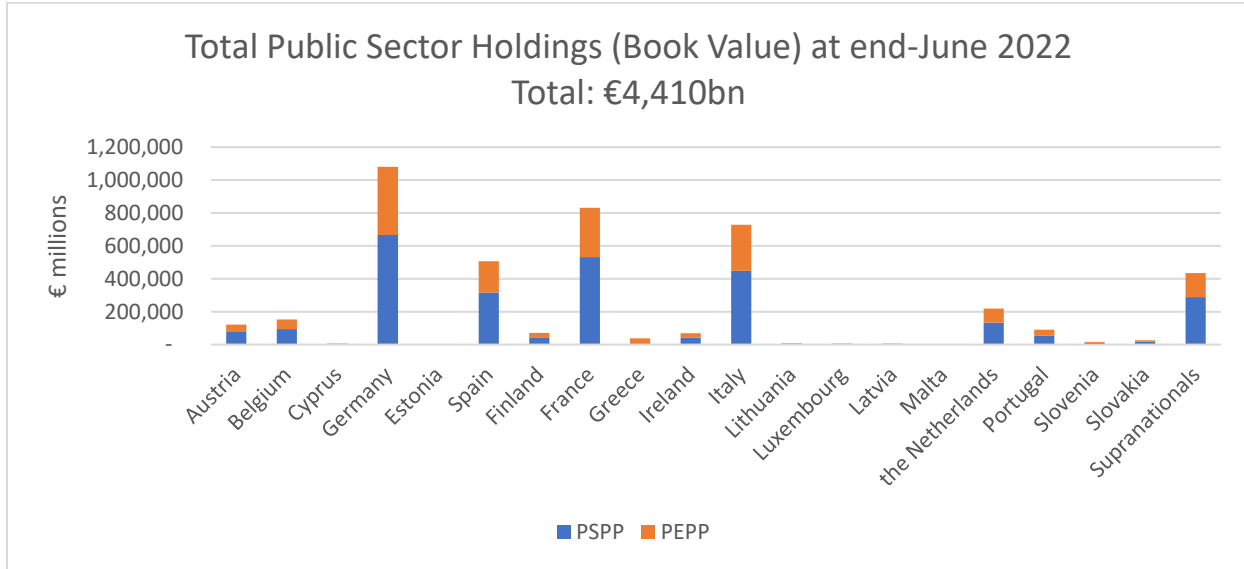
Source: ICMA analysis using ECB data

PEPP public sector securities bi-monthly and cumulative net purchases



Source: ICMA analysis using ECB data

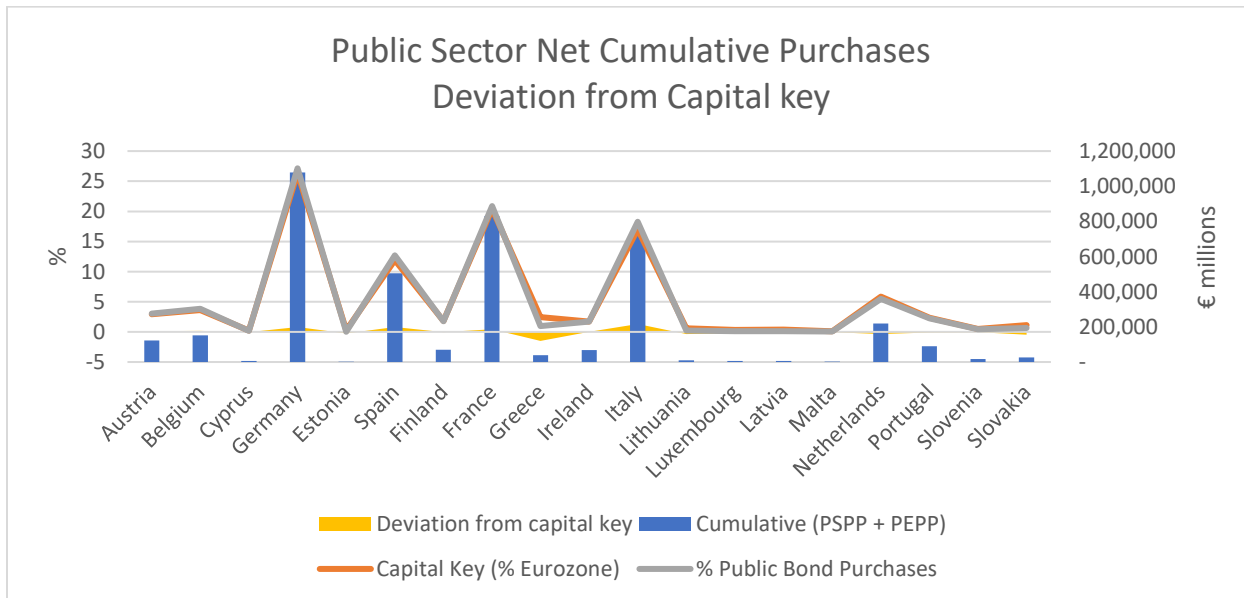
Total public sector holdings at end of June 2022



Source: ICMA analysis using ECB data

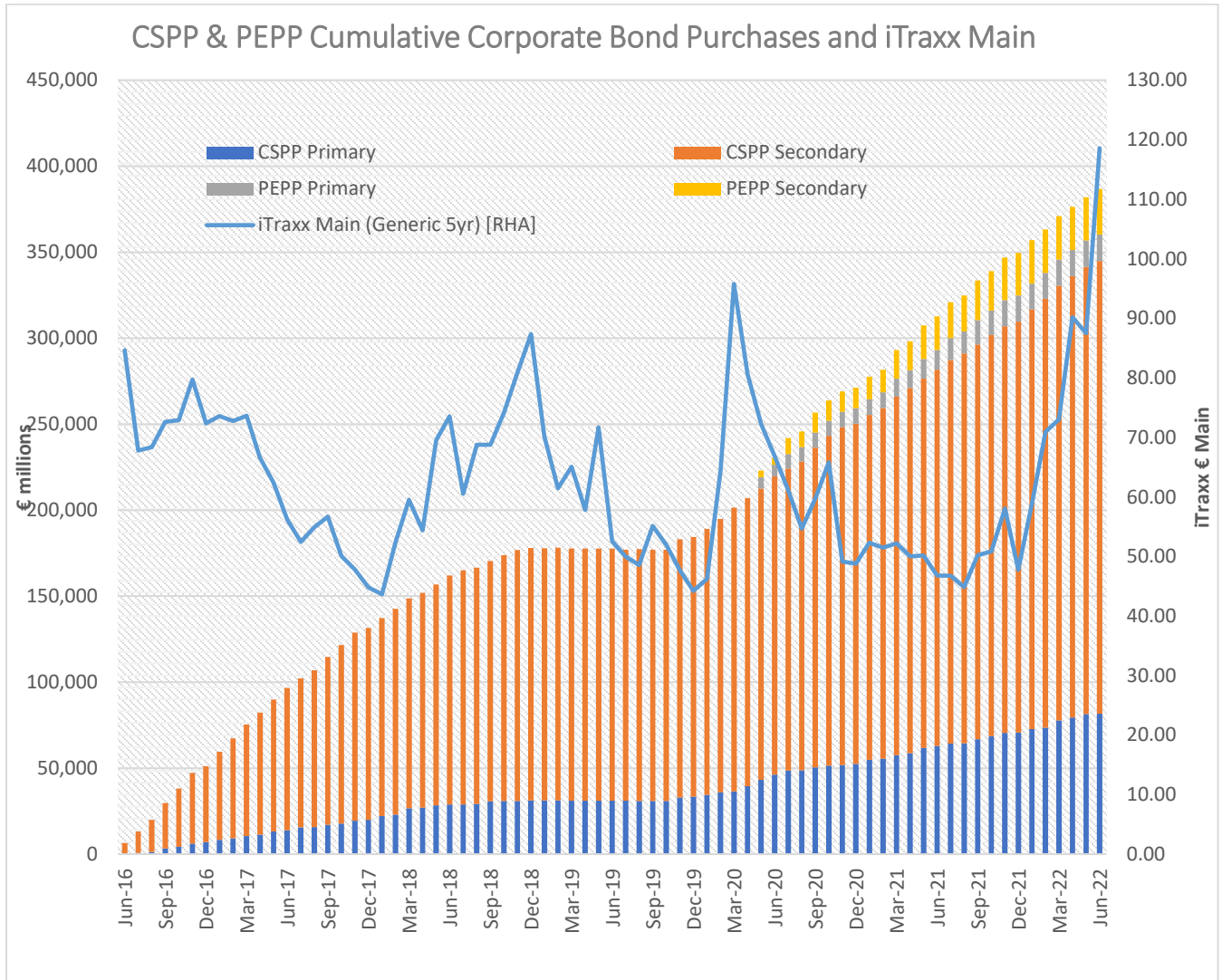
Total public sector net cumulative purchases vs capital key

The below chart shows the distribution of public sector purchases by country relative the respective capital key weightings. This suggests that purchases were overweight with respect to Italy, Spain, and Germany, and underweight with respect to Greece (which was not eligible under the PSPP).



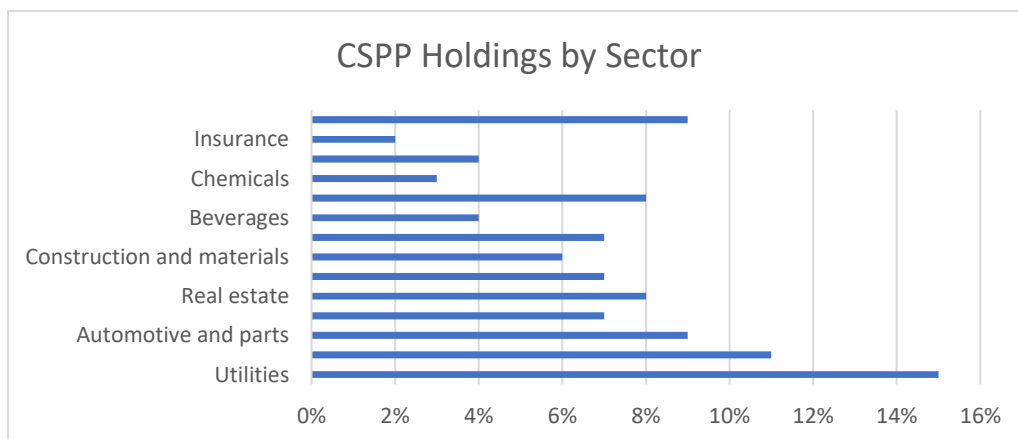
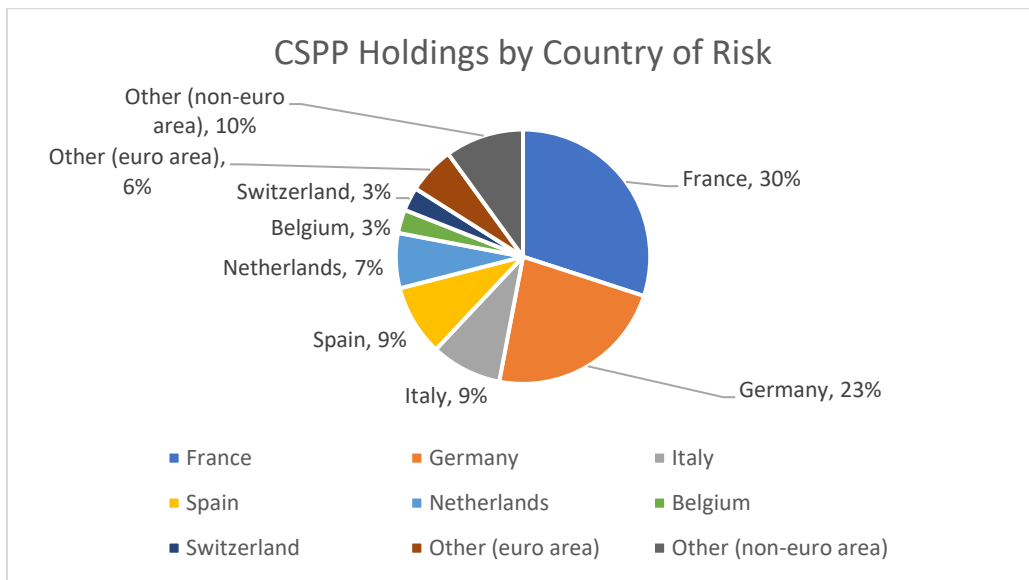
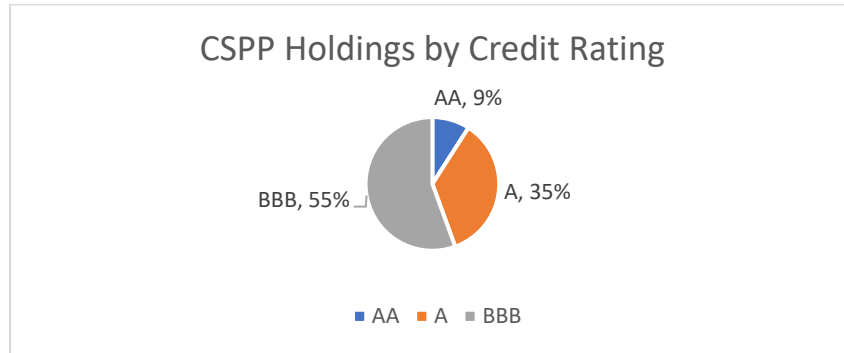
Source: ICMA analysis using ECB data

Monthly and accumulative net corporate bond purchases under the CSPP and PEPP



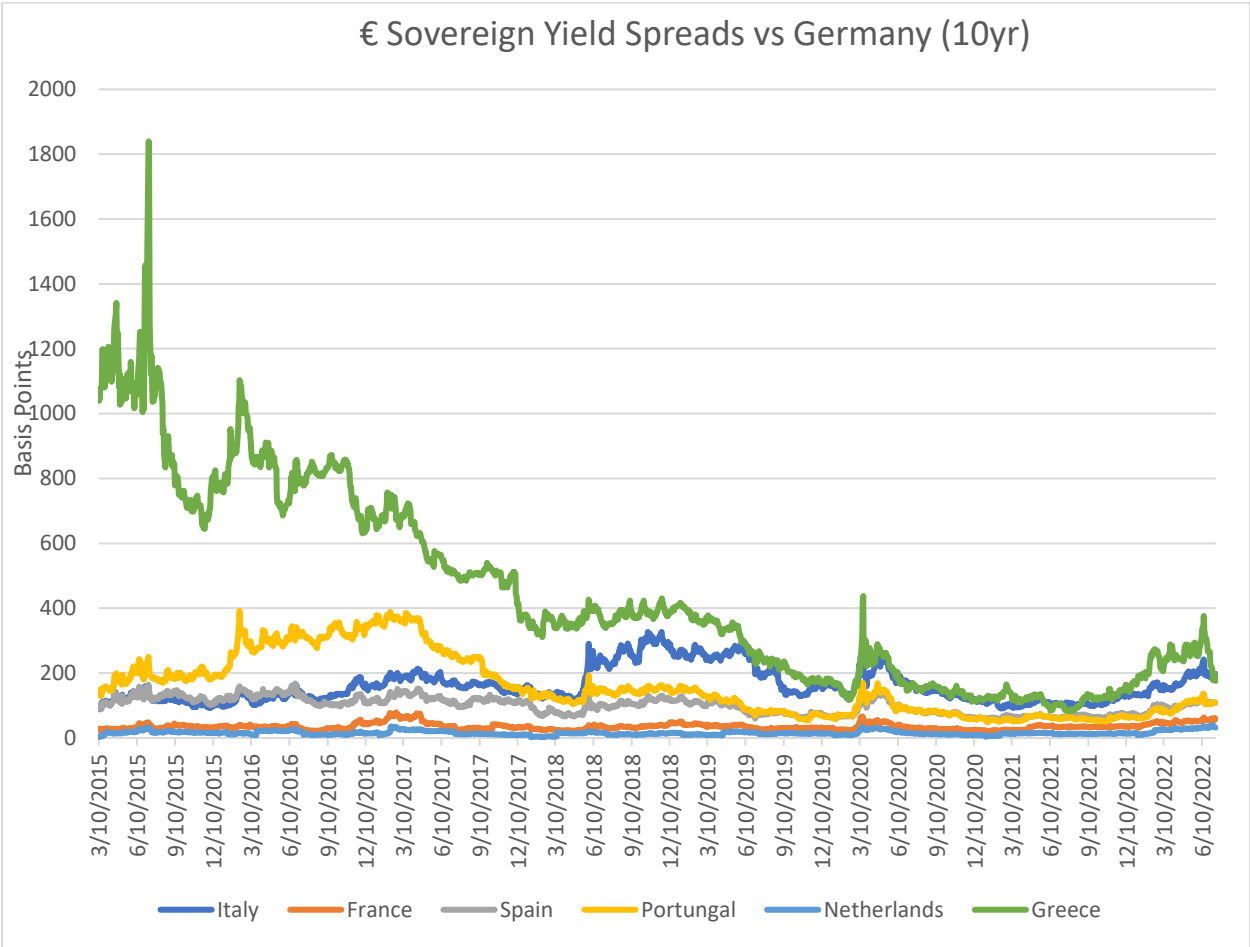
Source: ICMA analysis using ECB and Bloomberg data

Breakdown of CSPP holdings as at end of June 2022



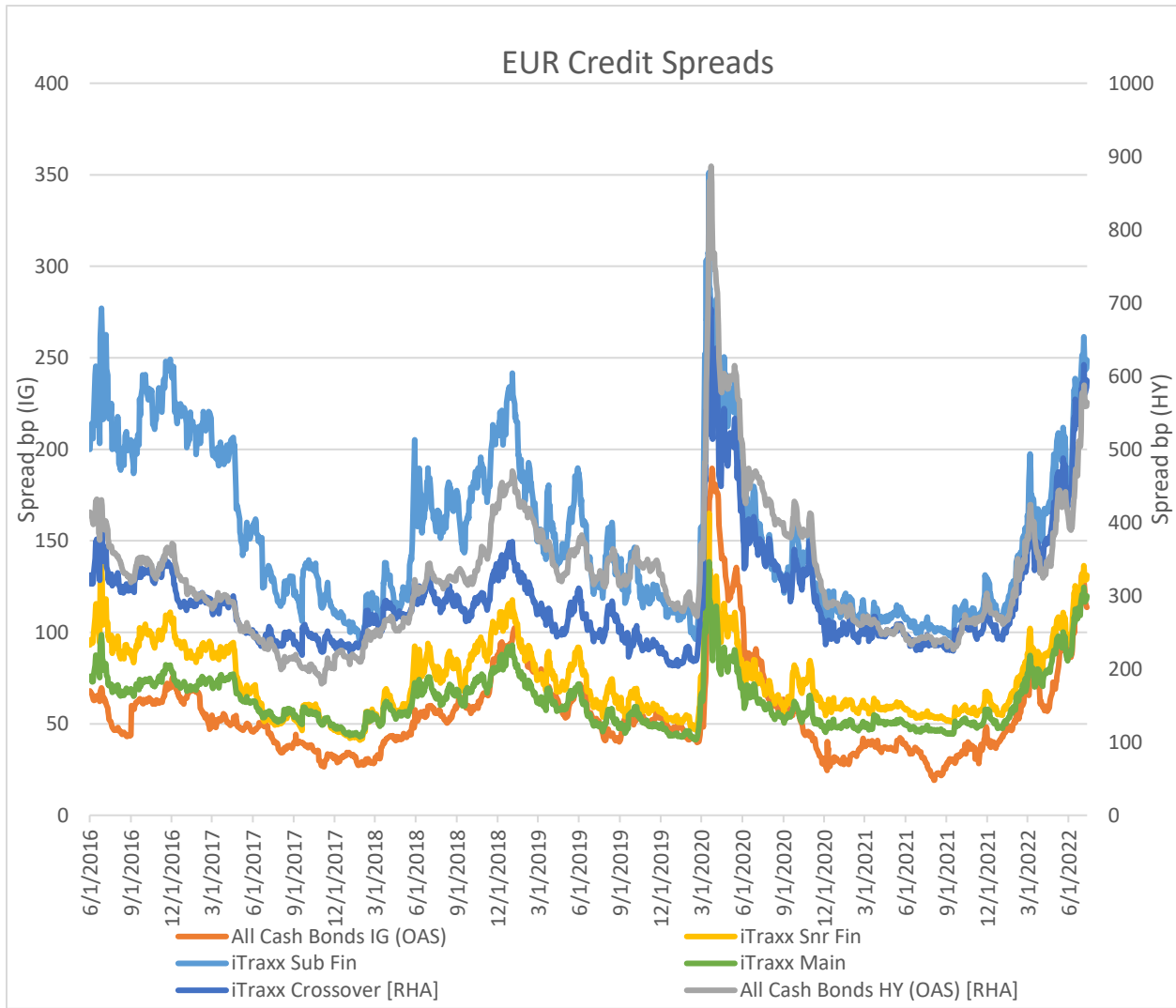
Source: ICMA analysis using ECB data

Eurozone sovereign spreads since launch of PSPP



Source: ICMA analysis using Bloomberg data

EUR credit spreads since launch of CSPP



Source: ICMA analysis using Bloomberg data

Contact: Andy Hill
andy.hill@icmagroup.org

This briefing note is provided for information purposes only and should not be relied upon as legal, financial, or other professional advice. While the information contained herein is taken from sources believed to be reliable, ICMA does not represent or warrant that it is accurate or complete and neither ICMA nor its employees shall have any liability arising from or relating to the use of this publication or its contents.

© International Capital Market Association (ICMA), Zurich, 2022. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission from ICMA.