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. On 4 June 2020 the Governing Council decided to increase the €750 billion envelope for the PEPP by €600 billion to a total of €1,350 billion. All asset categories eligible under the existing asset purchase programme (APP) are also eligible under the new programme. Under the PEPP, a waiver of the eligibility requirements will be granted for securities issued by the Greek Government. In addition, non-financial commercial paper is now eligible for purchases both under the PEPP and the corporate sector purchase programme (CSPP). The residual maturity of public sector securities eligible for purchase under the PEPP ranges from 70 days up to a maximum of 30 years and 364 days.

For the purchases of public sector securities under the PEPP, the benchmark allocation across jurisdictions will be the capital key of the national central banks. At the same time, purchases will be conducted in a flexible manner. This allows for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.

The Governing Council will terminate net asset purchases under the PEPP once it judges that the COVID-19 crisis phase is over, but in any case not before the end of June 2021. The maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2022. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary stance.
Weekly changes are reported below and in the **Eurosystem weekly financial statement**. Full historical data are available in the Statistics section under **Data on daily liquidity conditions**.
Securities purchased under the monetary policy portfolios are made available for securities lending to support market liquidity and collateral availability in the market.

- **Press release: Monetary policy decisions on 4 June 2020**
- **Decision ECB/2020/17 of 24 March 2020**
- **Press release: ECB announces €750 billion pandemic emergency purchase programme (PEPP)**
- **The ECB Blog - Christine Lagarde: Our Response to the Coronavirus**

- **PEPP - Questions & Answers**

PEPP holdings*	
EUR millions	696,575
Date	27 November 2020

* Updated weekly, at amortised cost

Monthly and cumulative net purchases of debt securities under the PEPP

	Book value as at end-October 2020 (EUR millions)	Cumulative net purchases as at end-September 2020 (EUR millions)	Monthly net purchases in October 2020 (EUR millions)	Cumulative net purchases*
PEPP		567,183	61,985	629,169

* Cumulative monthly net purchases figures represent the difference between the acquisition cost of all purchase operations and the redeemed nominal amounts.

Note: Figures may not add up due to rounding. Figures are preliminary and may be subject to revision. The monthly purchase volumes are reported on a settlement basis and net of redemptions.

History of monthly net purchase under the PEPP

The table presents the Eurosystem holdings at the end of the bimonthly period and a breakdown of the change in Eurosystem holdings.

Eurosystem holdings under the pandemic emergency purchase programme

Changes in holdings in EUR millions	Asset-backed securities	Covered bonds	Corporate bonds	Commercial paper	Public sector securities	Total
Holdings* as at end-July 2020	0	3,128	17,621	34,845	384,464	440,057
Net purchases August-September 2020	0	0	2,707	-2,765	126,832	126,774
Quarter-end amortisation adjustment and redemptions of coupon STRIPS	0	-5	90	-92	-1,184	-1,190
Holdings as at end-September 2020*	0	3,123	20,418	31,988	510,112	565,641

*End-of-period book value at amortised cost.

Figures may not add up due to rounding. Figures are preliminary and may be subject to revision.

Amortisation adjustments are made at the end of each quarter. The amortisation results from an accounting principle that implies that securities purchased at prices below face value have to be revalued upwards over time towards maturity, and revalued downwards over time if purchased at prices above face value. STRIPS are accounted for at the end of each month.

History of PEPP purchases broken down by asset category

Bimonthly breakdown of public sector securities under the PEPP

Book value as at end-September 2020 (EUR millions)	Net purchases August-September 2020	Cumulative net purchases as at end-September 2020*	Current WAM of public sector securities holdings under the PEPP**	WAM of eligible universe of public sector securities under the PEPP as at end-September 2020**
Austria	3,558	13,614	10.93	7.16
Belgium	4,426	17,279	5.93	9.44
Cyprus	257	1,194	11.66	8.10
Germany	32,033	125,048	4.51	6.63
Estonia	29	192	9.22	7.67
Spain	14,918	61,030	8.37	7.44
Finland	2,232	8,688	7.34	7.01
France	24,817	84,237	9.04	7.37
Greece	3,020	12,966	8.32	9.13
Ireland	2,057	8,028	8.34	9.63
Italy	21,811	95,243	6.96	6.80
Lithuania	395	1,988	12.01	10.61
Luxembourg	187	994	6.37	6.36
Latvia	50	837	9.72	8.89
Malta	114	238	7.56	7.91
Netherlands	7,121	27,795	3.92	7.23
Portugal	2,844	11,649	7.04	6.63
Slovenia	585	2,481	7.03	8.56
Slovakia	547	4,338	6.80	8.07
Supranationals	5,831	33,811	8.06	7.23
Total	126,832	511,650	6.89	7.20

* Cumulative net purchase figures represent the difference between the acquisition cost of all purchase operations and the redeemed nominal amounts.

** Remaining weighted average maturity (WAM) in years.

Notes: Figures may not add up due to rounding. Figures are preliminary and may be subject to revision. The purchase volumes are reported on a settlement basis and net of redemptions.

History of public sector securities cumulative purchase breakdowns under the PEPP

Bimonthly breakdown of private sector securities under the PEPP

Asset class	Asset-backed securities		Covered bonds		Corporate bonds		Commercial paper	
Market	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
EUR millions *	0	0	557	2,566	8,735	11,683	27,281	4,707
Share *	0.00%	0.00%	17.84%	82.16%	42.78%	57.22%	85.29%	14.71%
Date	30-Sep-2020							

* End of month, at amortised cost

History of private sector primary/secondary market breakdown

ECB announces €750 billion Pandemic Emergency Purchase Programme (PEPP)

18 March 2020

The Governing Council decided the following:

(1) To launch a new temporary asset purchase programme of private and public sector securities to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the outbreak and escalating diffusion of the coronavirus, COVID-19.
This new Pandemic Emergency Purchase Programme (PEPP) will have an overall envelope of €750 billion. Purchases will be conducted until the end of 2020 and will include all the asset categories eligible under the existing asset purchase programme (APP).

For the purchases of public sector securities, the benchmark allocation across jurisdictions will continue to be the capital key of the national central banks. At the same time, purchases under the new PEPP will be conducted in a flexible manner. This allows for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.

A waiver of the eligibility requirements for securities issued by the Greek government will be granted for purchases under PEPP.

The Governing Council will terminate net asset purchases under PEPP once it judges that the coronavirus Covid-19 crisis phase is over, but in any case not before the end of the year.

(2) To expand the range of eligible assets under the corporate sector purchase programme (CSPP) to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP.

(3) To ease the collateral standards by adjusting the main risk parameters of the collateral framework. In particular, we will expand the scope of Additional Credit Claims (ACC) to include claims related to the financing of the corporate sector. This will ensure that counterparties can continue to make full use of the Eurosystem's refinancing operations.

The Governing Council of the ECB is committed to playing its role in supporting all citizens of the euro area through this extremely challenging time. To that end, the ECB will ensure that all sectors of the economy can benefit from supportive financing conditions that enable them to absorb this shock. This applies equally to families, firms, banks and governments.

The Governing Council will do everything necessary within its mandate. The Governing Council is fully prepared to increase the size of its asset purchase programmes and adjust their composition, by as much as necessary and for as long as needed. It will explore all options and all contingencies to support the economy through this shock.

To the extent that some self-imposed limits might hamper action that the ECB is required to take in order to fulfil its mandate, the Governing Council will consider revising them to the extent necessary to make its action proportionate to the risks that we face. The ECB will not tolerate any risks to the smooth transmission of its monetary policy in all jurisdictions of the euro area.

Our response to the coronavirus emergency

by Christine Lagarde, President of the ECB

19 March 2020

The coronavirus pandemic is a collective public health emergency unprecedented in recent history. It is an unbearable human tragedy played out across the world and our thanks go to the dedicated health workers on the frontline of our health systems. It is also an extreme economic shock that requires an ambitious, coordinated and urgent policy reaction on all fronts to support people and firms at risk.

Unlike in 2008-9, the shock we are facing is universal: it is common both across countries and across all sections of society. Everyone has to scale back their daily activities, and therefore their spending, for as long as the containment measures last. Essentially, for a temporary period, a large part of the economy is being switched off.

As a result, economic activity across the euro area will decline considerably. Public policies cannot prevent this. What they can do is ensure that the downturn is no longer and deeper than it needs to be. The current situation creates acute strains on the cash flows of companies and employees, putting the survival of firms and jobs at risk. Public policies must help them.

Health and fiscal policies must be front and centre in this response. Monetary policy has a vital role to play in tandem. Monetary policy has to keep the financial sector liquid and ensure supportive financing conditions for all sectors in the economy. This applies equally to individuals, families, firms, banks and governments.

Any tightening in financing conditions would amplify the harm of the coronavirus shock at a time when the economy needs more support. When private spending is heavily constrained, worsening financing conditions for the public sector – which in the euro area amounts to broadly half of the economy – can be a threat to price stability.

Over the last week, we have seen conditions in the euro area deteriorate considerably. Our evaluation of the economic situation has darkened. The depth of uncertainty over the economic fallout is now visible across all asset classes, both in the euro area and globally.

This has led to a tightening in financing conditions, in particular at the longer-end of the maturity spectrum. The risk-free curve has moved up and the sovereign curves – which are key to the pricing of all assets – have increased everywhere and become more dispersed. These developments impair the smooth transmission of our monetary policy across all euro area jurisdictions and put price stability at risk.

As a result, the ECB's Governing Council announced on Wednesday a new Pandemic Emergency Purchase Programme with an envelope of €750 billion until the end of the year, in addition to the €120 billion we decided on 12 March. Together this amounts to 7.3% of euro area GDP. The programme is temporary and designed to address the unprecedented situation our monetary union is facing. It is available to all jurisdictions and will remain in place until we assess that the coronavirus crisis phase is over.

The new instrument has three main advantages. First, it fits the type of shock we are facing: exogenous, detached from economic fundamentals and affecting all countries in the euro area. Second, it allows us to intervene in the entire yield curve, preventing financial fragmentation and distortions in credit pricing. Third, it is tailored to manage the staggered progression of the virus and the uncertainty about when and where the fallout will be worst.

This is reflected in the terms and conditions of the new programme. While the benchmark allocation across jurisdictions will continue to be the capital key of the national central banks, purchases will be conducted in a flexible manner. This allows for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.

Moreover, to the extent that some self-imposed limits might hamper action that the ECB is required to take in order to fulfil its mandate, the Governing Council will consider revising them to the extent necessary to make its action proportionate to the risks that we face.

We are fully prepared to increase the size of our asset purchase programmes and adjust their composition, by as much as necessary and for as long as needed. We will explore all options and all contingencies to support the economy through this shock.

We have also decided to purchase commercial papers of sufficient credit quality and to expand the eligible collateral in our refinancing operations. The aim is to reinforce the actions that we took last week to protect the flow of credit to companies and people.

We are making available up to €3 trillion in liquidity through our refinancing operations, including at the lowest interest rate we have ever offered, -0.75%. Offering funds below our deposit facility rate allows us to amplify the stimulus from negative rates and channel it directly to those who can benefit most. European banking supervisors have also freed up an estimated €120 billion of extra bank capital, which can support considerable lending capacity by euro area banks.

All this underlines the ECB’s commitment to play its role in supporting every citizen of the euro area through this extremely challenging time. The ECB will ensure that all sectors of the economy can benefit from supportive financing conditions that enable them to absorb this shock. We will do everything necessary within our mandate to help the euro area through this crisis, because the ECB is at the service of the European people.

Monetary policy decisions

4 June 2020

At today's meeting the Governing Council of the ECB took the following monetary policy decisions:

(1) The envelope for the pandemic emergency purchase programme (PEPP) will be increased by €600 billion to a total of €1,350 billion. In response to the pandemic-related downward revision to inflation over the projection horizon, the PEPP expansion will further ease the general monetary policy stance, supporting funding conditions in the real economy, especially for businesses and households. The purchases will continue to be conducted in a flexible manner over time, across asset classes and among jurisdictions. This allows the Governing Council to effectively stave off risks to the smooth transmission of monetary policy.
(2) The horizon for net purchases under the PEPP will be extended to at least the end of June 2021. In any case, the Governing Council will conduct net asset purchases under the PEPP until it judges that the coronavirus crisis phase is over.

(3) The maturing principal payments from securities purchased under the PEPP will be reinvested until at least the end of 2022. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary stance.

(4) Net purchases under the asset purchase programme (APP) will continue at a monthly pace of €20 billion, together with the purchases under the additional €120 billion temporary envelope until the end of the year. The Governing Council continues to expect monthly net asset purchases under the APP to run for as long as necessary to reinforce the accommodative impact of its policy rates, and to end shortly before it starts raising the key ECB interest rates.

(5) Reinvestments of the principal payments from maturing securities purchased under the APP will continue, in full, for an extended period of time past the date when the Governing Council starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

(6) The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.50% respectively. The Governing Council expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics.

The Governing Council continues to stand ready to adjust all of its instruments, as appropriate, to ensure that inflation moves towards its aim in a sustained manner, in line with its commitment to symmetry.

The President of the ECB will comment on the considerations underlying these decisions at a press conference starting at 14:30 CET today.