

Confidence  
must be earned

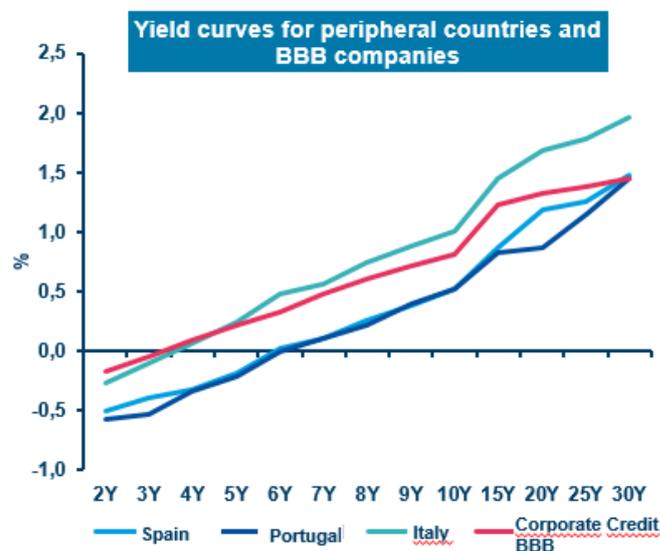
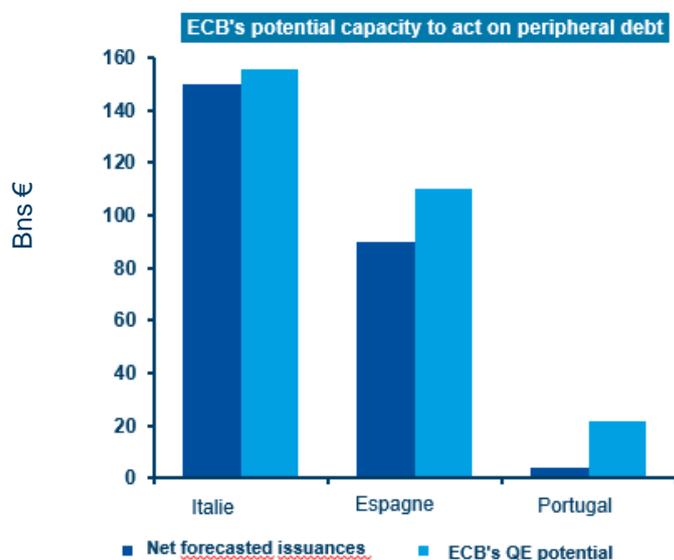
**Amundi**  
ASSET MANAGEMENT

# WEEKLY LIQUIDITY & TREASURY

June 10th 2021

## Overview of peripheral countries debt

Peripheral countries' debt continue to be supported by the ECB, particularly Italian debt, which offers the most attractive yields in the Eurozone. If necessary, the central bank has the capacity to purchase more than the forecasted net issuance volumes through the PEPP.



## Focus : ECB press conference on June 10, 2021

As expected, the European Central Bank kept its monetary policy unchanged.

Christine Lagarde confirmed the very accommodative stance of monetary policy and reiterated the positions already taken during her previous press conference.

### MONETARY POLICY DECISIONS:

**ECB key rates unchanged** : The refinancing, marginal and deposit facility rates will remain unchanged at 0.00%, 0.25% and -0.50%, respectively.

**PEPP** : Continuation of the purchases under the pandemic emergency purchase program with a total envelope of **€ 1,850 billion** until at least at the end of March 2022, and in any case until the ECB judges the crisis phase of the coronavirus is over. Principal payments from maturing securities will be reinvested until at least 2023.

**Acceleration & Flexibility** : Purchases of securities under the PEPP will continue at a much higher pace than in the early part of the year. The amount is expected to stay around EUR 80 billion per month.

Nevertheless, the ECB will carry out its purchases in a flexible way according to market conditions, in order to avoid a tightening of financing conditions that would be incompatible with the fight against the pandemic, while keeping the inflation target at 2%.

*« If favourable financing conditions can be maintained with asset purchase flows that do not exhaust the envelope over the net purchase horizon of the PEPP, the envelope need not be used in full. Equally, the envelope can be recalibrated if required to maintain favourable financing conditions to help counter the negative pandemic shock to the path of inflation » Christine Lagarde*

**APP** : Purchases under the asset purchase program (APP) will continue at a monthly pace of €20 billion. This program will end shortly before the decision to raise policy rates

**TLTRO III** : Continued operations to provide abundant liquidity to banks that play a major role in providing financing to companies and households.

**ECONOMIC ANALYSIS:**

« We expect growth to continue to improve strongly in the second half of 2021 as progress in vaccination campaigns allows a further relaxation of containment measures. Over the medium term, the recovery in the euro area economy is expected to be buoyed by stronger global and domestic demand, as well as by continued support from both monetary policy and fiscal policy »  
Christine Lagarde

The ECB has upgraded its growth expectations to 4.6% from 4% for 2021 and to 4.7% from 4.1% for 2022.

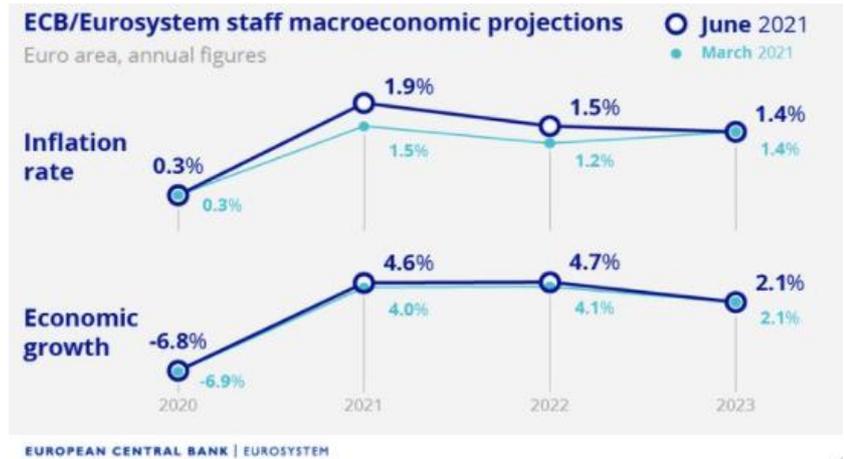
Inflation forecasts have also been revised upwards to 1.9% from 1.5% for 2021 but Christine Lagarde insisted on the temporary aspect of this increase by anticipating a decrease to 1.5% by 2022, and to 1.4% in 2023.

**MACROECONOMIC FORECASTS :**

According to Eurostat, the annual inflation rate in the euro area rose by 1.6% in April and by 2% in May 2021. This increase is mainly caused by the rise in energy prices.

Prices pressures are expected to increase slightly this year due to temporary supply constraints and the recovery in domestic demand.

However, prices are expected to rise moderately overall, partly due to weak wages pressures in a still uncertain economic environment.



MONEY MARKET																
	Spot	Median	Low	High	Δ YTD	Δ 1W	1Y Histo		Spot	Median	Low	High	Δ YTD	Δ 1W	1Y Histo	
<b>EURO</b>	<b>bp</b>								<b>US</b>	<b>bp</b>						
€ONIA*	-48	-48	-50	-47	+2	0		FedFunds*	6	7	5	9	-3	0		
€ESTER*	-56	-56	-58	-56	-	-		OIS 1 M	7	7	6	9	-1	-0		
OIS 1 M*	-48	-48	-48	-47	-1	0		OIS 3 M	8	8	6	9	-0	-0		
OIS 3 M*	-49	-48	-49	-47	-1	0		OIS 6 M	8	8	7	9	+0	-0		
OIS 6 M*	-48	-49	-50	-47	+1	0		OIS 12 M	8	8	7	9	+0	-0		
OIS 12 M*	-48	-49	-52	-47	+2	0		ICE LIBOR USD 3M	0,13	0,19	0,12	0,24	-0	-0		
EURIBOR 3M	-54	-54	-56	-53	+0	0										
GOV RELATED BONDS																
	Spot	Median	Low	High	Δ YTD	Δ 1W	1Y Histo		Spot	Median	Low	High	Δ YTD	Δ 1W	1Y Histo	
<b>Bunds</b>	<b>bp</b>								<b>US Govt. Bonds</b>	<b>bp</b>						
2 Y	-68	-69	-75	-64	+2	-1		2 Y	15	14	10	19	+3	+0		
5 Y	-62	-63	-76	-50	+12	-4		5 Y	75	79	35	98	+38	-9		
10 Y	-24	-30	-60	-10	+33	-6		10 Y	148	157	91	174	+57	-14		
30 Y	31	23	-20	46	+47	-7		30 Y	216	226	164	245	+51	-14		
<b>Bunds Curve</b>	<b>bp</b>								<b>US Curve</b>	<b>bp</b>						
2-5 Y	6	7	-4	15	+10	-3		2-5 Y	59	65	24	79	+35	-9		
5-10 Y	37	33	16	40	+20	-2		5-10 Y	74	76	55	84	+18	-5		
2-10 Y	43	39	12	54	+30	-5		2-10 Y	133	142	79	158	+53	-14		
10-30 Y	56	54	38	58	+15	-1		10-30 Y	68	72	63	86	-6	+0		
<b>SWAPS Spreads EUR</b>	<b>bp</b>								<b>(Semi Annual)</b>	<b>bp</b>						
2 Y	20	20	18	22	+1	+0		2 Y	7	10	7	14	-1	-1		
5 Y	32	30	26	34	+4	+1		5 Y	7	9	6	13	+0	-1		
10 Y	32	33	27	38	+1	+1		10 Y	-3	1	-5	9	-4	0		
<b>Futures 10 Y</b>	<b>Price</b>								<b>Futures 10 Y</b>	<b>Price</b>						
Ger. Govt. Bonds	172,63	171,83	168,82	178,12	-5	+3		US Treasuries	133,69	132,97	130,94	138,13	-4	+1		

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