The international dimension of the ECB’s asset purchase programme: an update

Paris,
26 October 2018
APP led to notable net capital outflows and a compression of global term premia

**Breakdown of euro area net portfolio investment flows**

*(EUR billions; twelve-month moving sums)*

<table>
<thead>
<tr>
<th>Year</th>
<th>APP</th>
<th>Bonds</th>
<th>Equities</th>
<th>MM</th>
<th>Total</th>
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<td>2012</td>
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<td>2018</td>
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Source: ECB. Last observation: August 2018. Notes: A positive (negative) number indicates net outflows (inflows) from (into) the euro area. Equity includes investment fund shares. APP stands for Asset Purchase Programme and MM for Money Market instruments.

**10-year term premia estimates**

*(%)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Euro area</th>
<th>US</th>
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www.ecb.europa.eu
Euro area bond investors largely unreactive to reduction in net APP purchase pace

**Breakdown of euro area net portfolio investment flows**
*(EUR billions; twelve-month moving sums)*

**Non-euro area investors**

- **Bonds**
- **Equities**
- **Money Market (MM)**

**Euro area investors**

- **Bonds**
- **Equities**
- **Money Market (MM)**

*Source: ECB. Last observation: August 2018. Notes: A positive (negative) number indicates net purchases (sales) of non-euro area securities by euro area investors. Equity includes investment fund shares. APP stands for Asset Purchase Programme and MM for Money Market instruments.*
Euro area investors remain important buyers of US debt securities

**Foreign net purchases of US portfolio debt securities**
*(USD billions; four-quarter moving sums)*

Source: Haver Analytics.

Notes: A positive (negative) number indicates net purchases (sales) of US debt securities by foreign investors.

**10-year Bund and FX-hedged Treasury yields**
*(%)*

Source: Bloomberg. Notes: The 10-year US FX hedged rate is calculated using the yield of 10-year US Treasuries adjusted by a hedging factor based on 3-month EUR-USD basis swap rates on 3-month EURIBOR and 3-month LIBOR.
Forward guidance may have helped reduce foreign spillovers

**Estimated spillovers on long-term bond yields**
(% contribution to variance of other economy’s bond yield)

Sources: Federal Reserve Bank of New York, ECB and ECB calculations.