



EUROPEAN CENTRAL BANK
EUROSYSTEM

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Mario DRAGHI
President

Mr Jonás Fernández
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt, 31 May 2016

L/MD/16/263

Re: Your letter (QZ-059)

Honourable Member of the European Parliament, dear Mr Fernández,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 11 May 2016.

Regarding your question about the overall size of the ECB's expanded asset purchase programme (APP), I can share the following details with you.

On 10 March 2016 the Governing Council decided to expand the monthly purchases under the APP from EUR 60 billion to EUR 80 billion. The monthly EUR 80 billion purchase target applies to the average purchase volume as of April 2016. At the same time the Eurosystem will continue to allow the actual monthly purchase volumes under the APP to reflect seasonal fluctuations in market liquidity, as was the case in 2015. This means that the Eurosystem engages in moderate front and back-loading of aggregate purchases in months with sufficient market liquidity and allows the purchases to fall below the monthly average in periods of relatively low market activity, notably during the summer and just prior to year-end.

Overall, purchases are intended to run until the end of March 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its aim of achieving inflation rates below, but close to, 2% over the medium term. It is therefore not possible to specify the overall volume, as it is determined by the end date of the programme. However, one can expect an

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overall purchase volume of the APP of around EUR 1.74 trillion by the end of March 2017. This figure is calculated based on the targeted average purchase amount of EUR 60 billion per month for the first 13 months of the APP (from March 2015 until March 2016) and an average targeted purchase volume of EUR 80 billion per month until March 2017.

Regarding the breakdown between the individual constituent programmes of the APP, the ECB publishes both the monthly net purchases and the total holdings for the asset-backed securities purchase programme (ABSPP), the third covered bond purchase programme (CBPP3), the upcoming corporate sector purchase programme (CSPP) and the public sector purchase programme (PSPP) on the ECB's website, which enables the public to follow the overall volume of the APP as well as the volume of each constituent programme.¹ In April, purchases under the PSPP accounted for 92% of the monthly net purchases under the APP (compared with 87% in March). As the monthly purchase volumes of the different programmes under the APP are flexible and take into account prevailing market liquidity, it is not possible to make an extrapolation into the future.

Yours sincerely,

[signed]

Mario Draghi

¹ <https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html>

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