

# *Developments in Euro and USD money market conditions since COVID-19 emerged*

# Sars-CoV-2 Development



Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins Un...

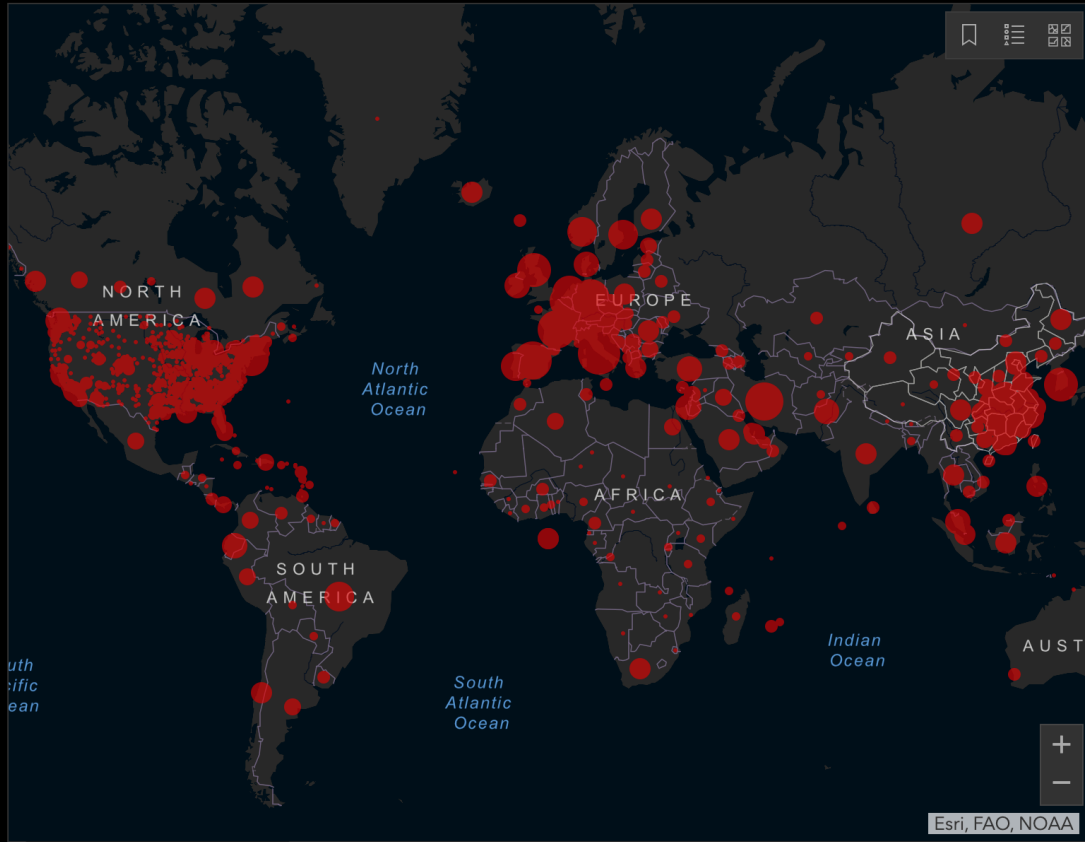


Total Confirmed

**372.563**

Confirmed Cases by Country/Region/Sovereignty

- 81.496 China
- 63.927 Italy
- 41.708 US
- 33.089 Spain
- 29.056 Germany
- 23.049 Iran
- 20.104 France
- 8.961 Korea, South
- 8.547 Switzerland
- 6.724 United Kingdom
- 4.764 Netherlands
- 4.306 Austria
- 3.743 Belgium
- 2.547 Norway



Cumulative Confirmed Cases    Active Cases

**168**  
countries/regions

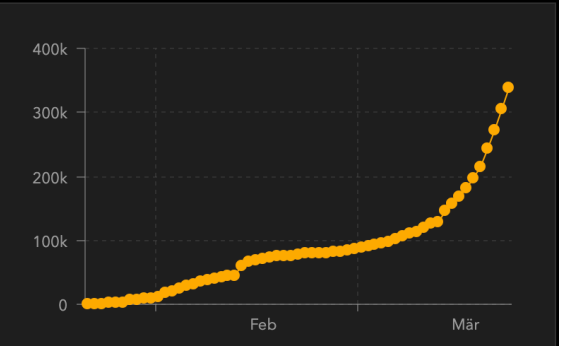
Lancet Inf Dis Article: [Here](#). Mobile Version: [Here](#). Visualization: JHU CSSE. Automation Support: [Esri Living Atlas team](#) and [JHU APL](#). [Contact US](#). [FAQ](#).  
Data sources: [WHO](#), [CDC](#), [ECDC](#), [NHC](#), [DXY](#), [1point3acres](#), [Worldometers.info](#), [BNO](#), state and national government health departments, and local media reports. Read more in this [blog](#).

Total Deaths  
**16.381**

- 6,077 deaths Italy
- 3,153 deaths Hubei China
- 2,207 deaths Spain
- 1,812 deaths Iran
- 860 deaths France
- 335 deaths United Kingdom
- 213 deaths Netherlands
- 118 deaths Germany

Total Recovered  
**100.885**

- 59,882 recovered Hubei China
- 8,376 recovered Iran
- 7,432 recovered Italy
- 3,355 recovered Spain
- 3,166 recovered Korea, South
- 2,200 recovered France
- 1,332 recovered Guangdong China
- 1,250 recovered Henan China



Confirmed    Daily Increase

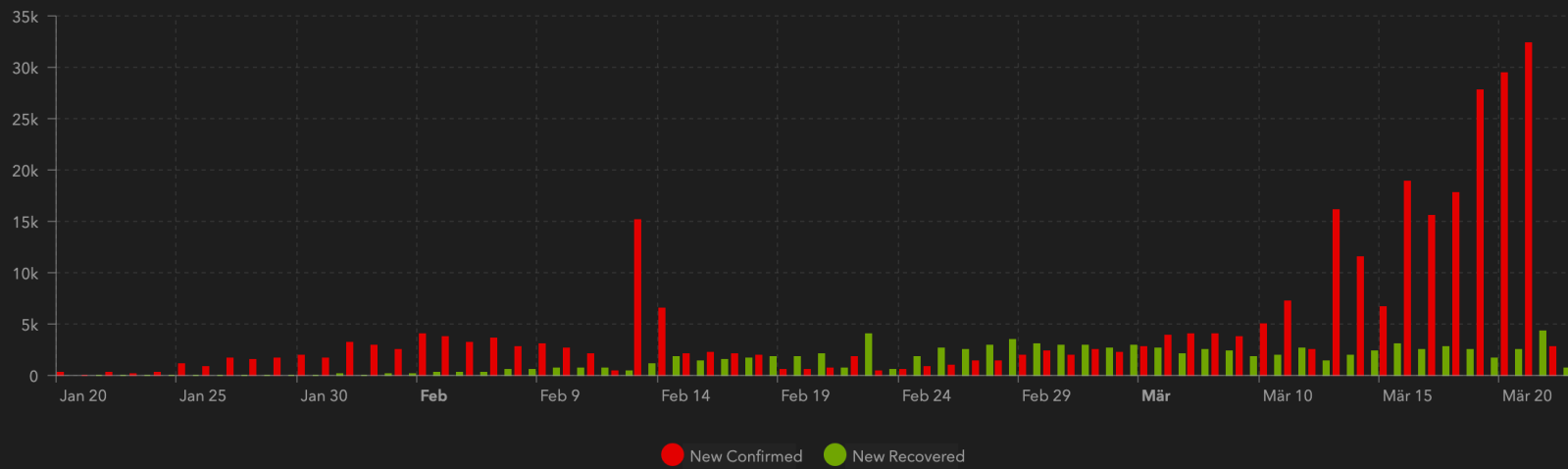
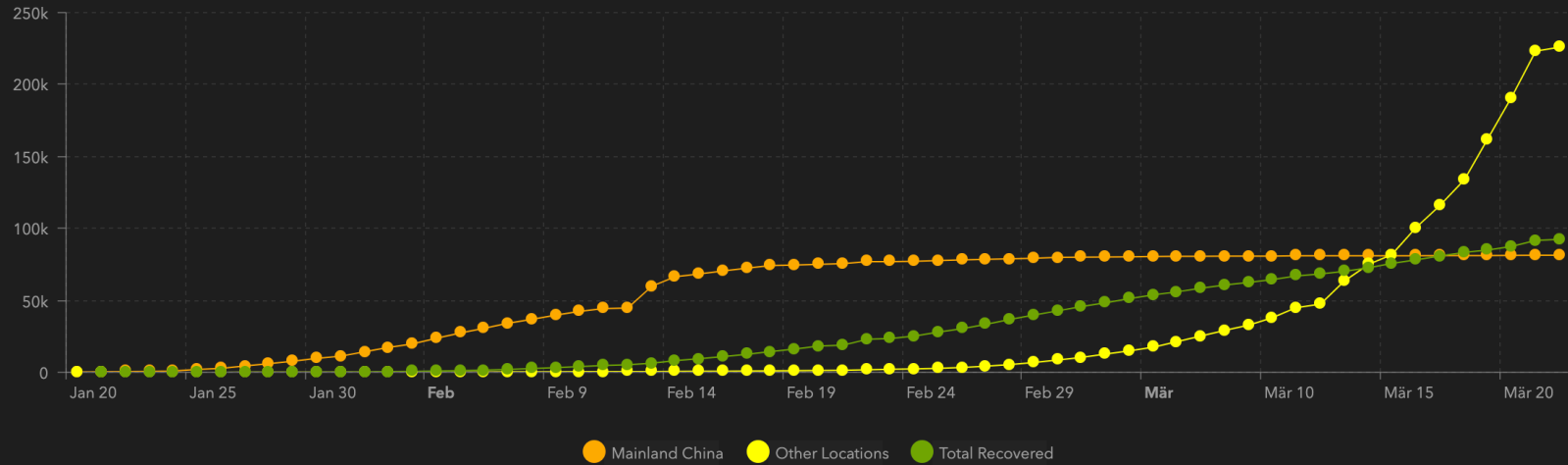


Source: Center for Systems Science and Engineering (CSSE) at John Hopkins University, Update from 23<sup>rd</sup> March 2020 07:55 pm

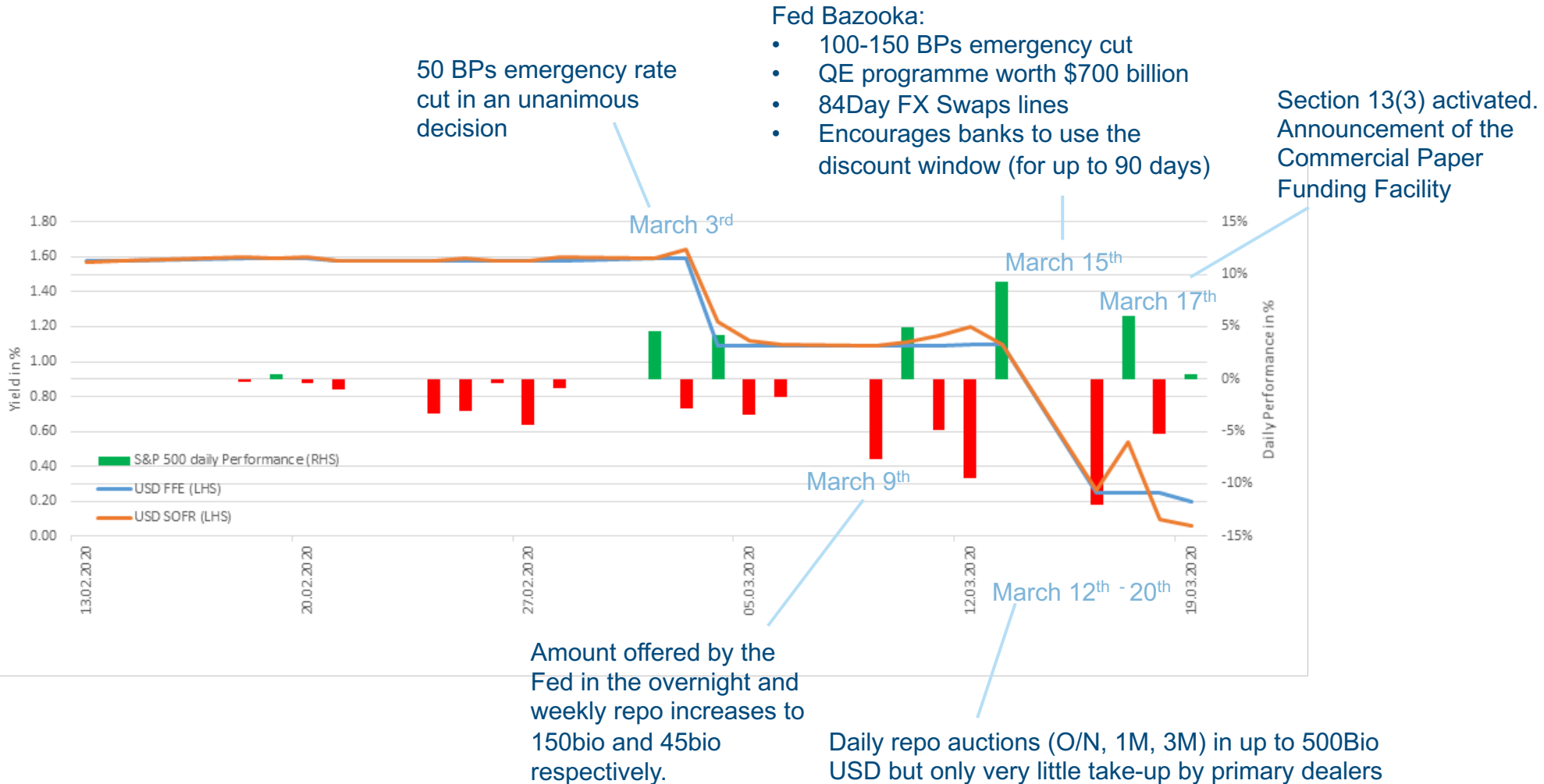
# Sars-CoV-2 Development



Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (C...



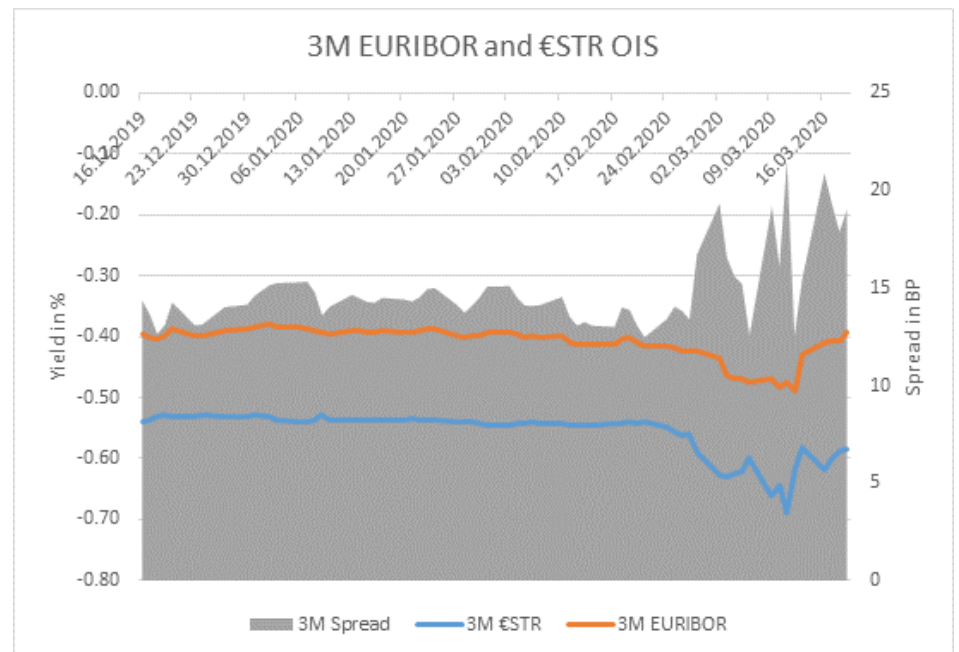
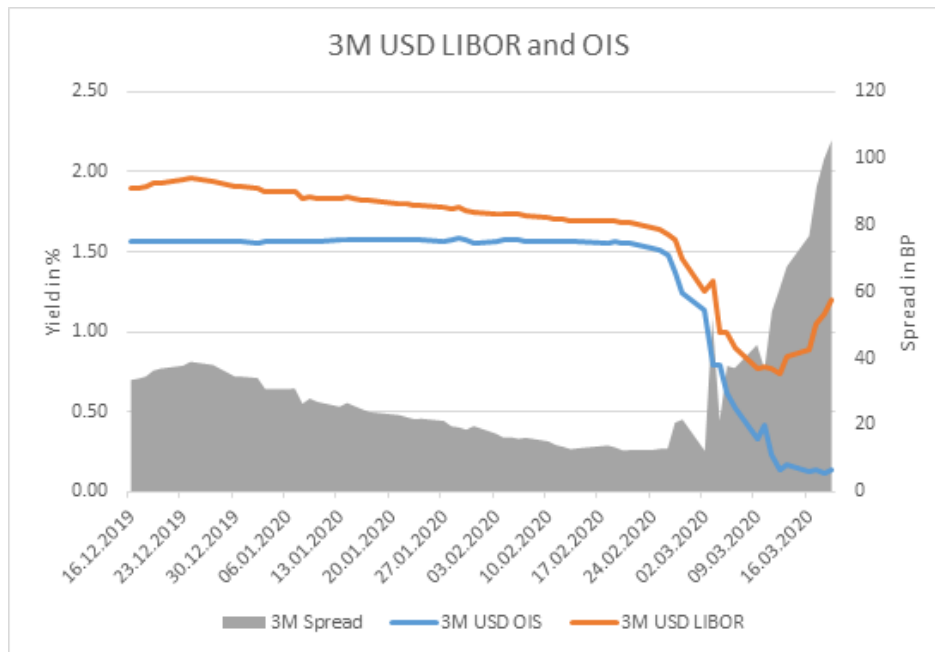
# US Markets



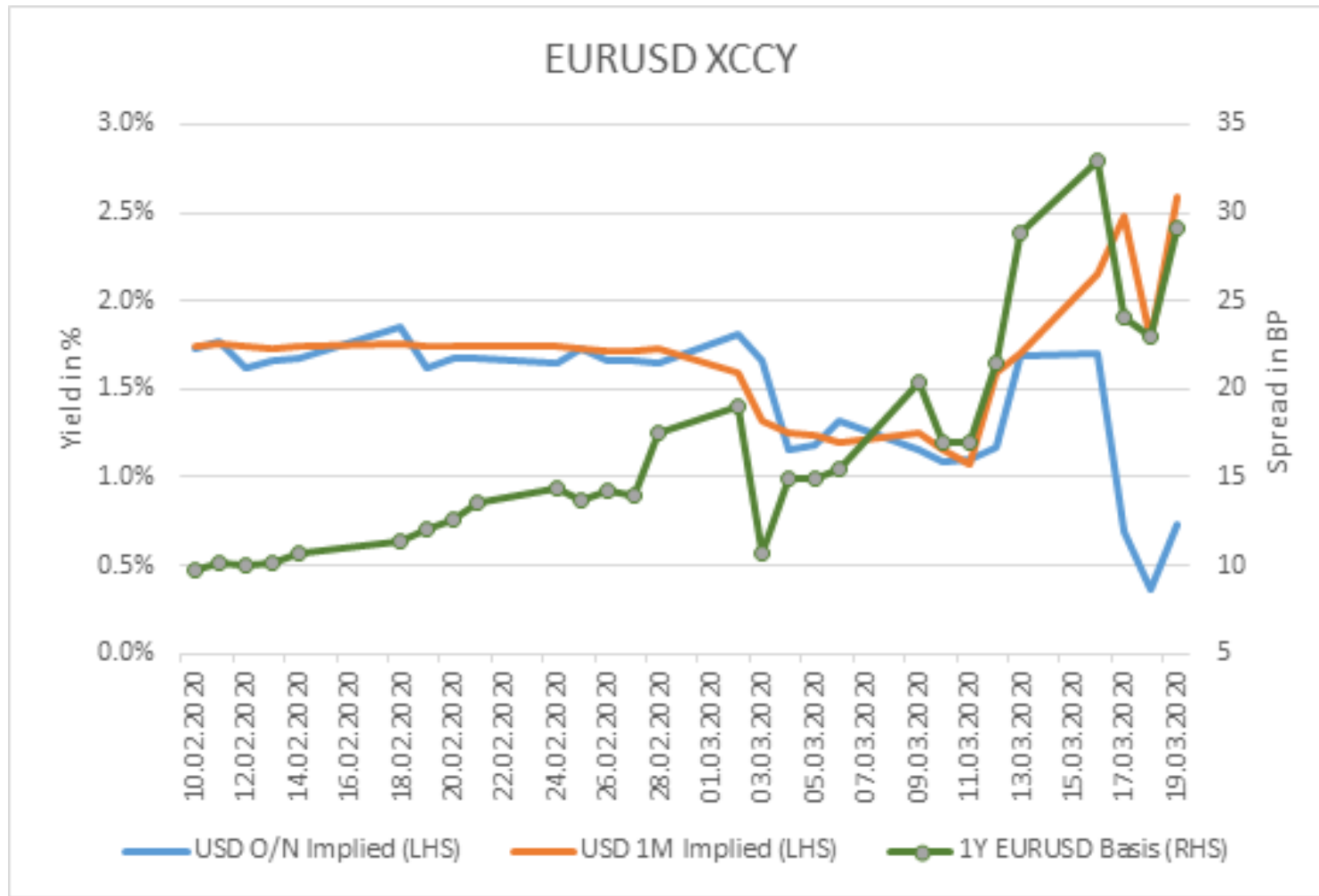
# Funding Squeeze // IBOR - OIS Spread

In USD LOIS spread widened significantly showing the stress in the market and difficulties to fund on term;

In EUR this widening so far is only marginal; it seems that additional ECB injections help although it need to be mentioned that term funding nearly stopped



# Funding Squeeze – XCCY funding

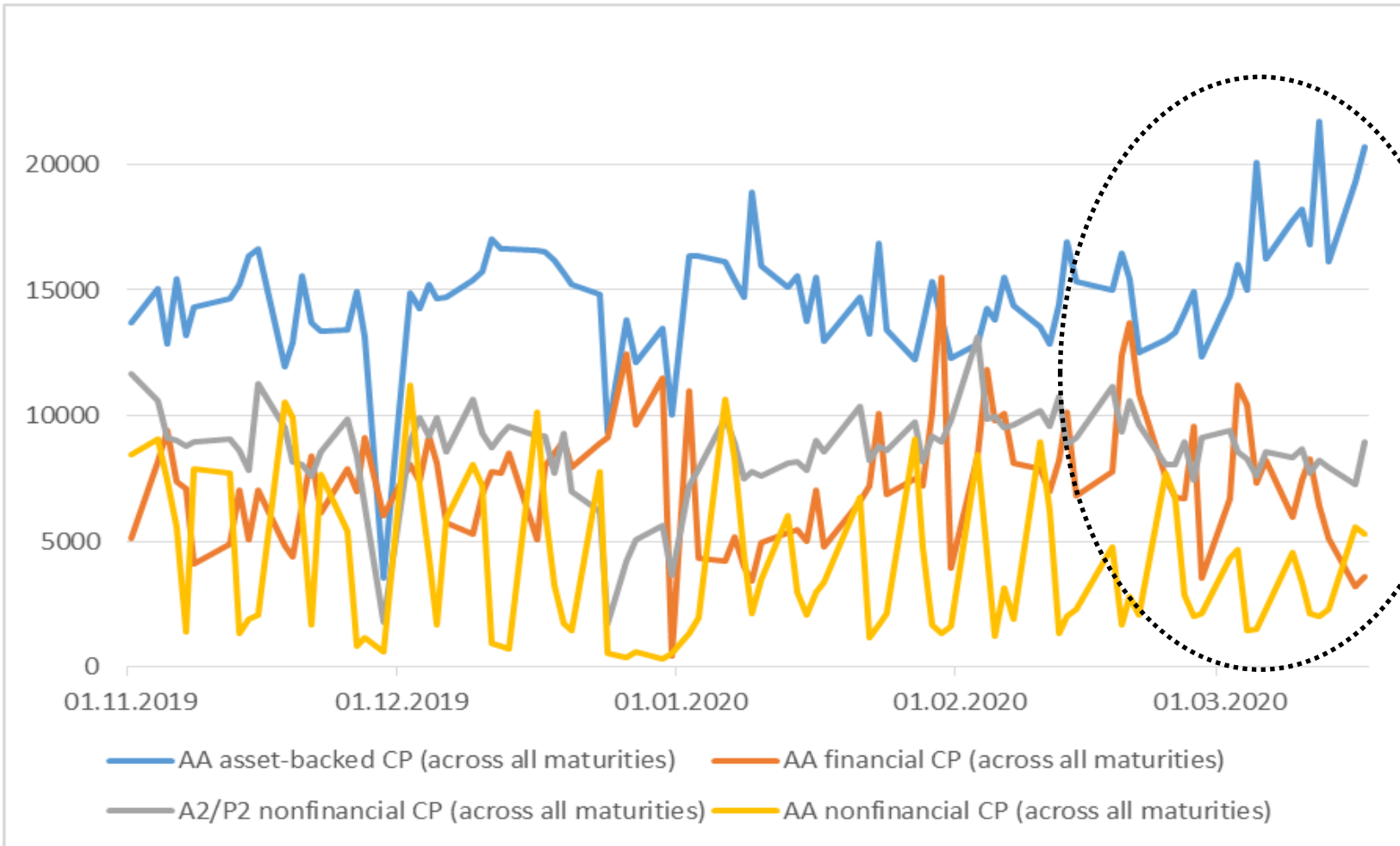


USD funding via swaps also showed significant stress levels

Coordinated announcement of central banks to support market via USD tenders show already positive effects on very short end

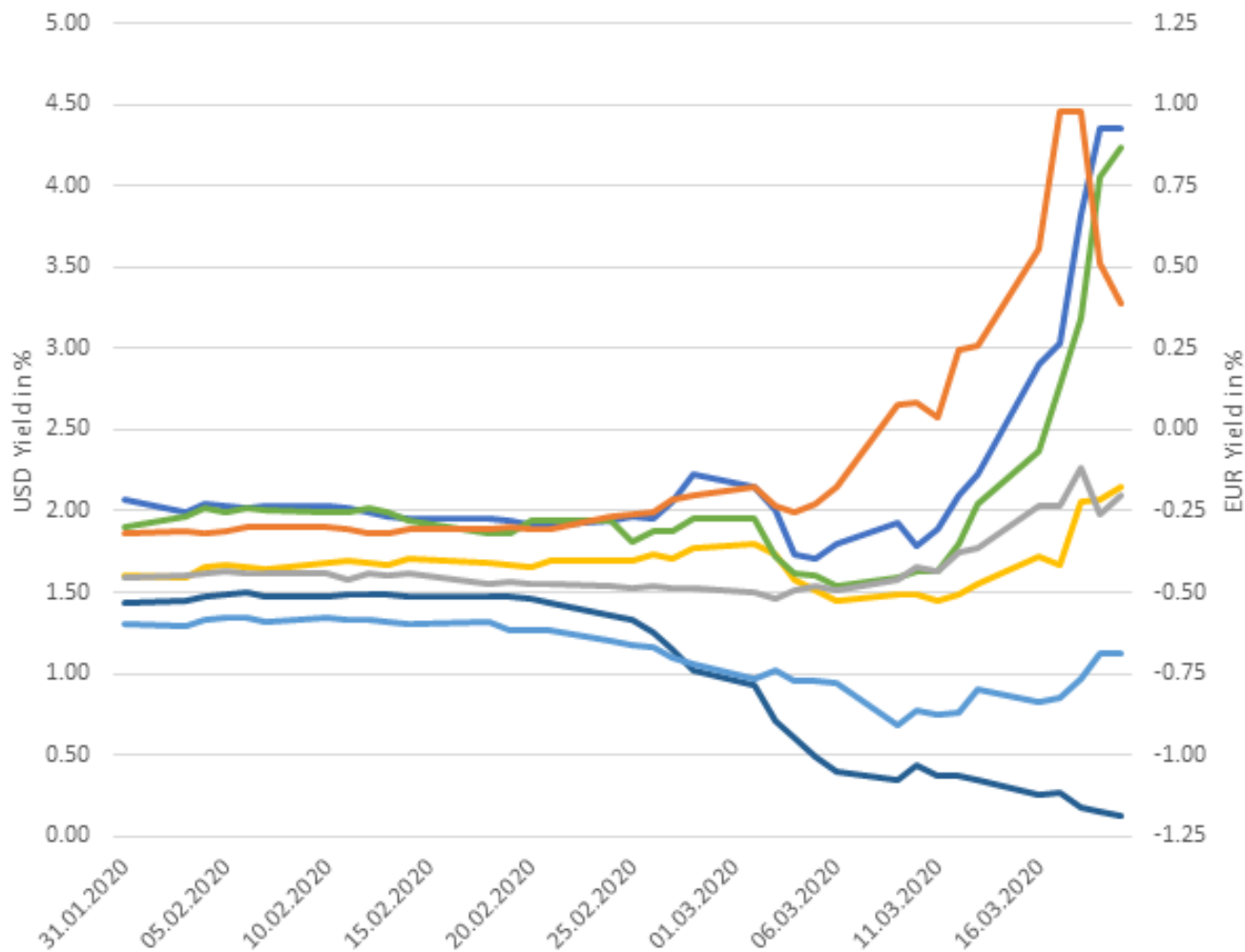
1-3Month still at elevated levels but off the highs

# USD CP Issuance



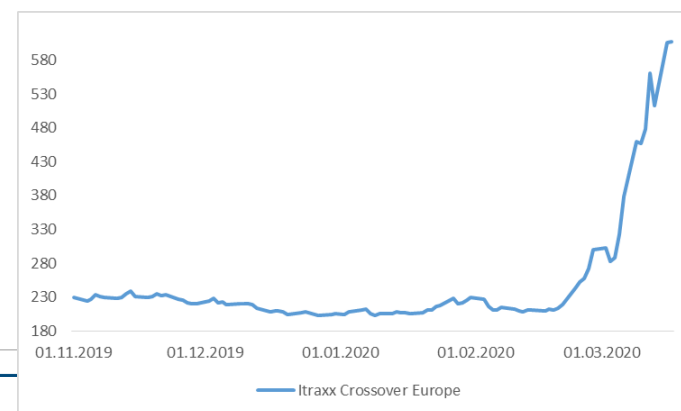
Overall volumes in USD CP issues are relatively constant but yields have increased and a shift from financial CPs into asset-backed CPs can be seen

# Funding and Credit Spreads



While US and German Bills are lower in yields or at least unchanged, spread to periphery widened significantly;  
Even in longer dated UST selling pressure was seen

- HU 1Y USD (LHS)
- RO 2Y USD (LHS)
- CRO 1Y USD (LHS)
- US 1Y USD (LHS)
- GE 1Y (RHS)
- IT 1Y (RHS)
- SP 1Y (RHS)





# SUMMARY

- Market impact started with the spread of the virus outside China, especially once the first cases in Italy were spotted
- First reaction by central banks were rate cuts, but they seemed to create more panic than calming down the markets
- Worries on corporate funding caused a huge USD funding squeeze which could be halted by combined central bank action
- In EUR such a funding squeeze was not seen so far in the interbank market although term funding seems to be everywhere on hold
- Significant credit spread widening between different EU member states but especially in the lower rated corporate sector