

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...

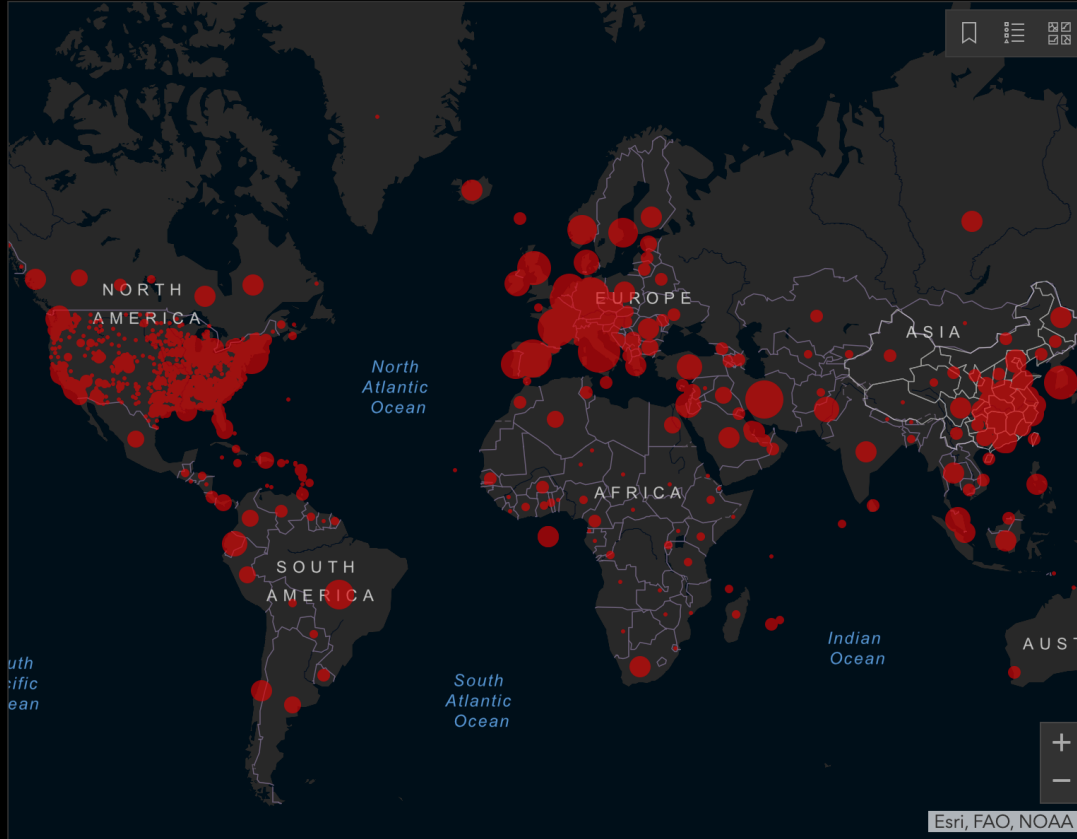


Total Confirmed

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

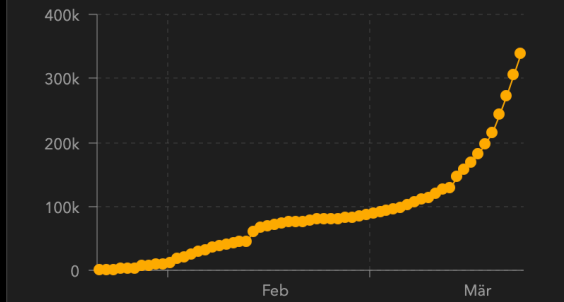
3.355 recovered
Spain

3.166 recovered
Korea, South

2.200 recovered
France

1.332 recovered
Guangdong China

1.250 recovered
Henan China



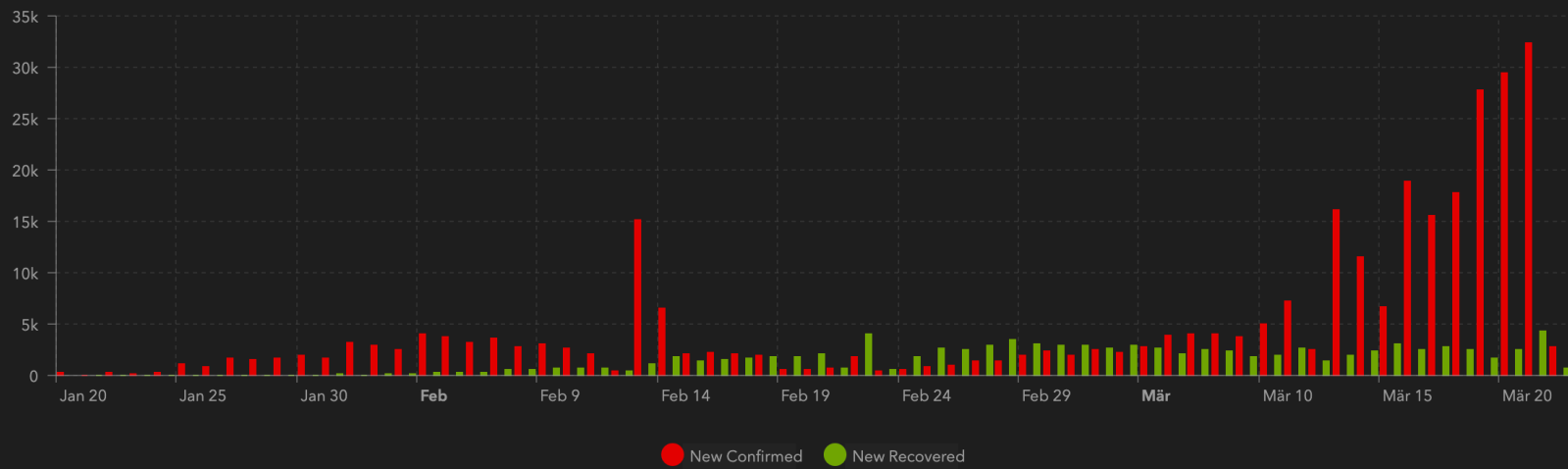
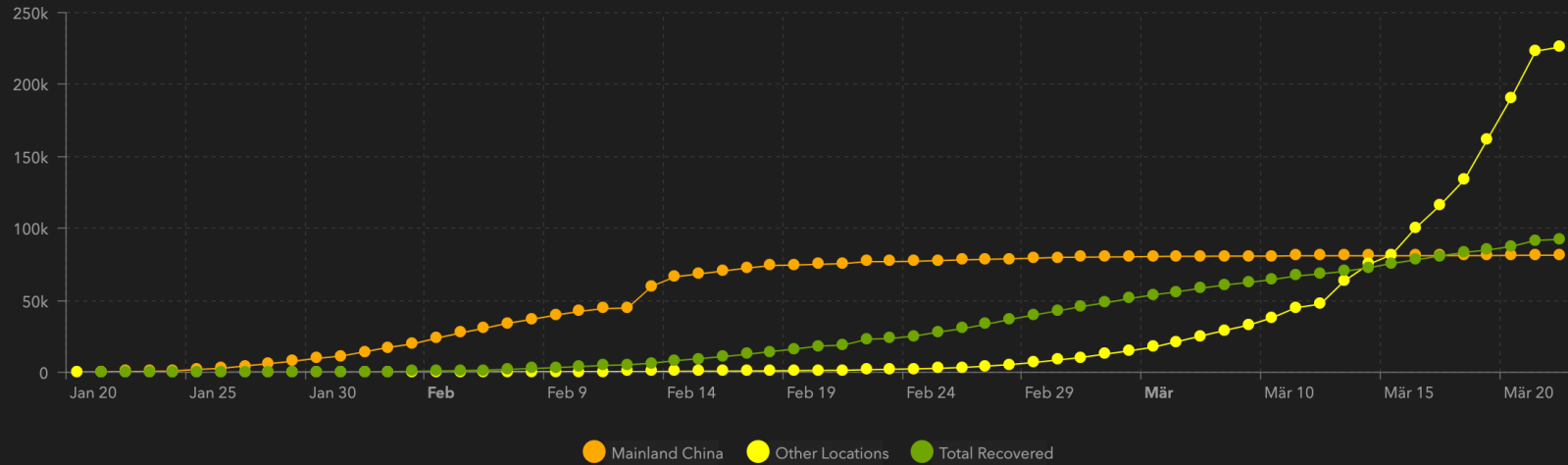
Confirmed

Daily Increase

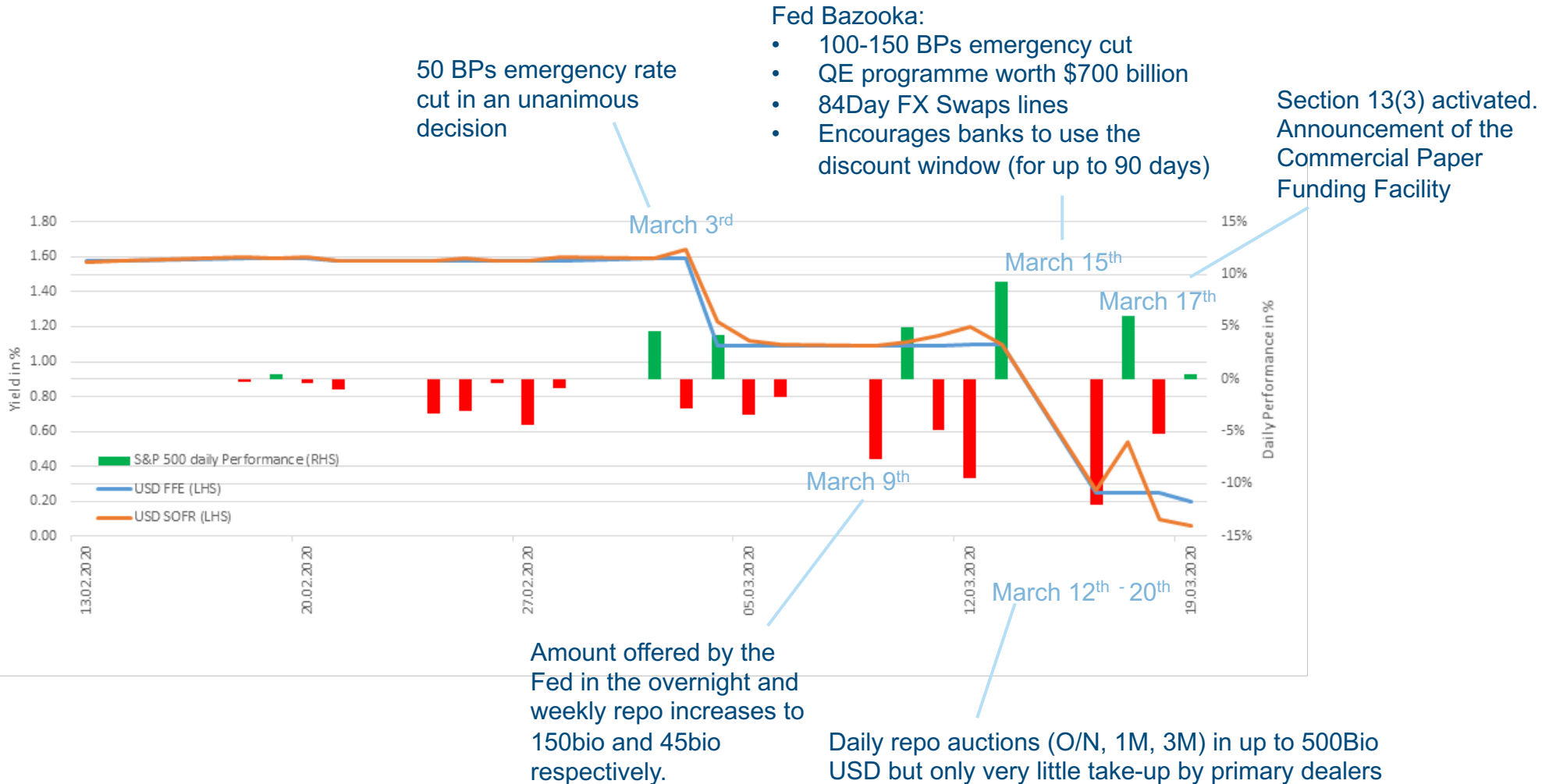
Sars-CoV-2 Development



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



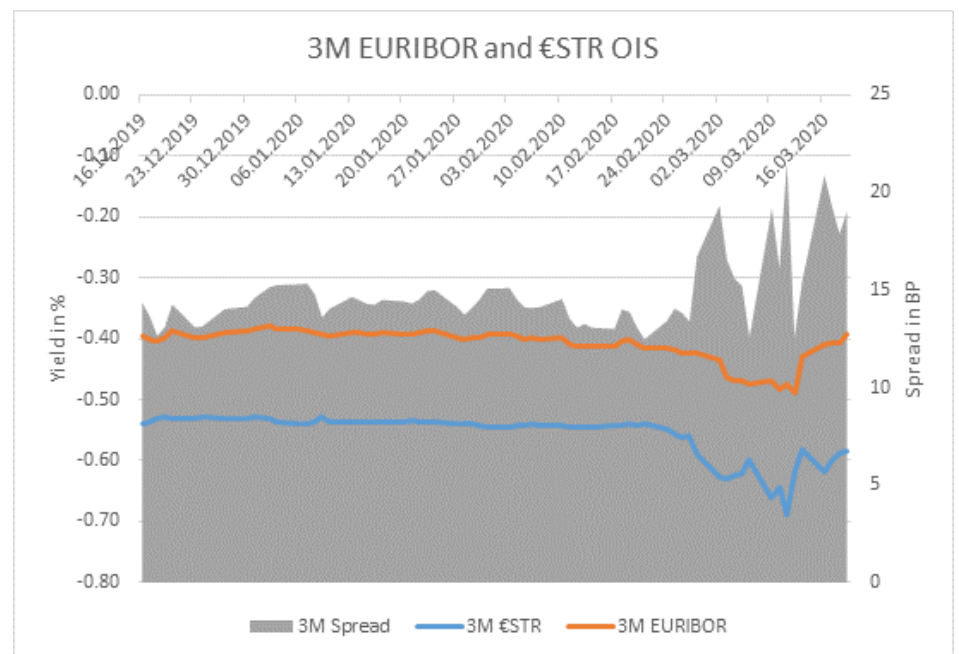
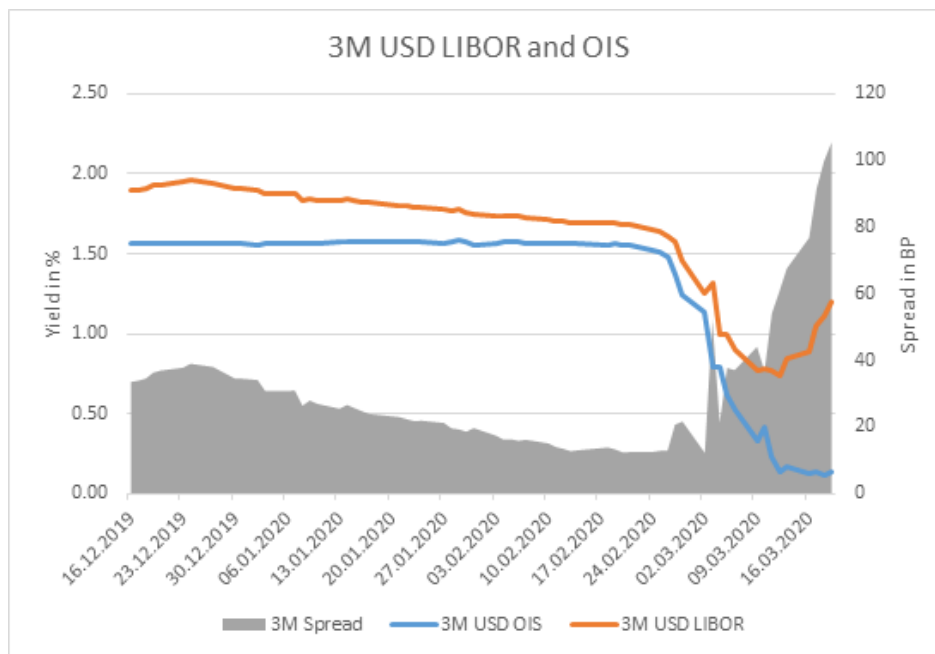
US Markets



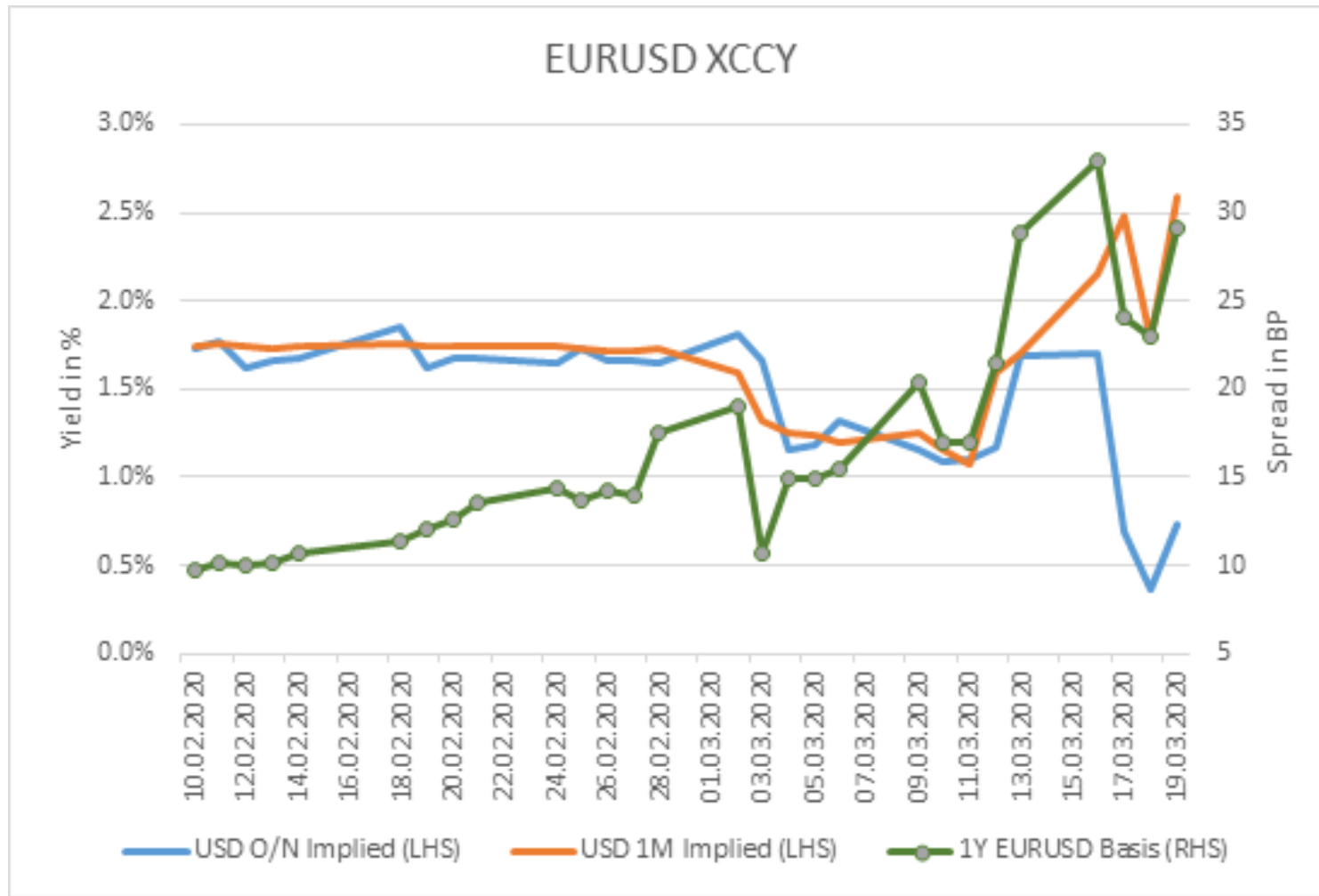
Funding Squeeze // IBOR - OIS Spread

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

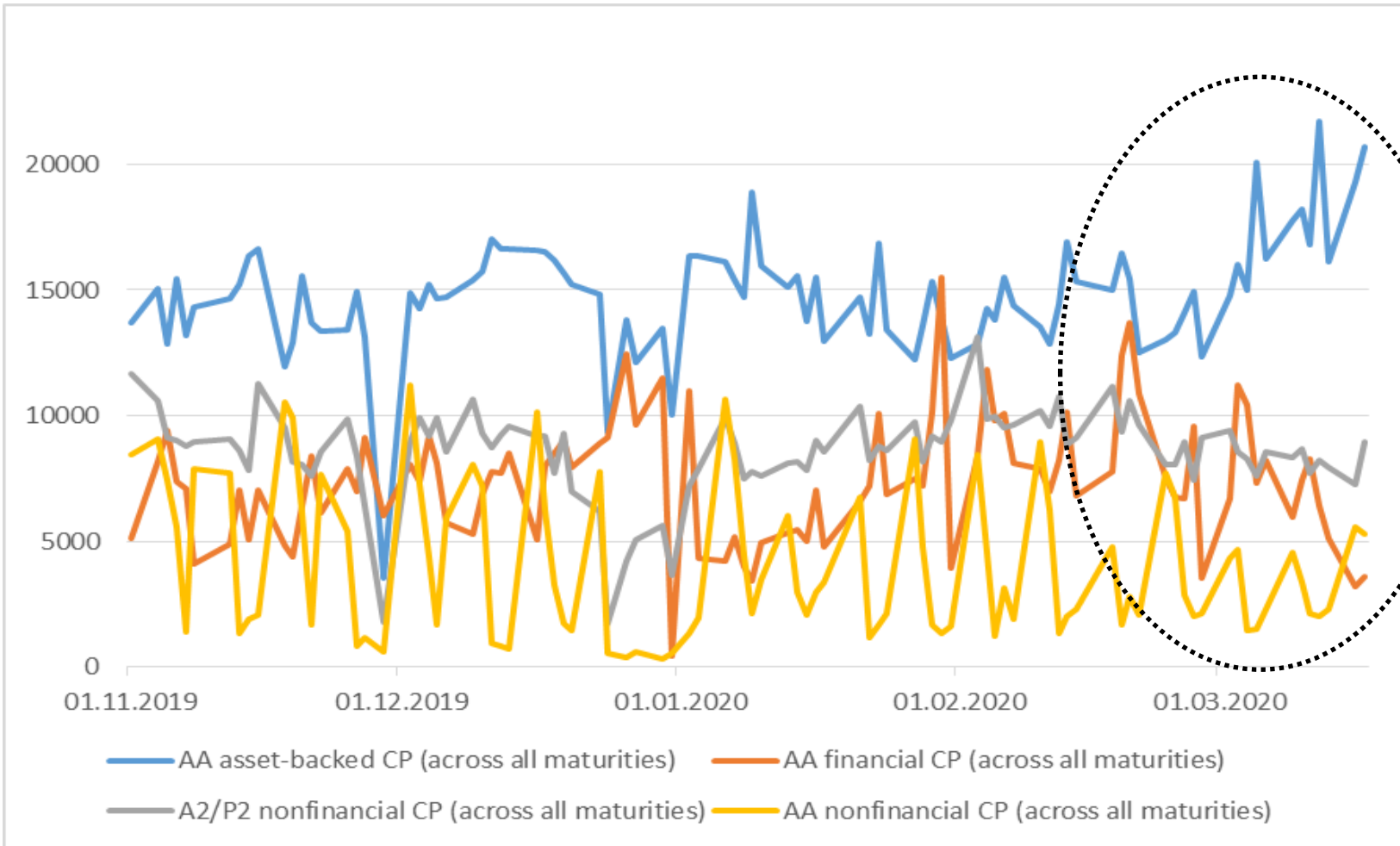


USD funding via swaps also showed significant stress levels

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

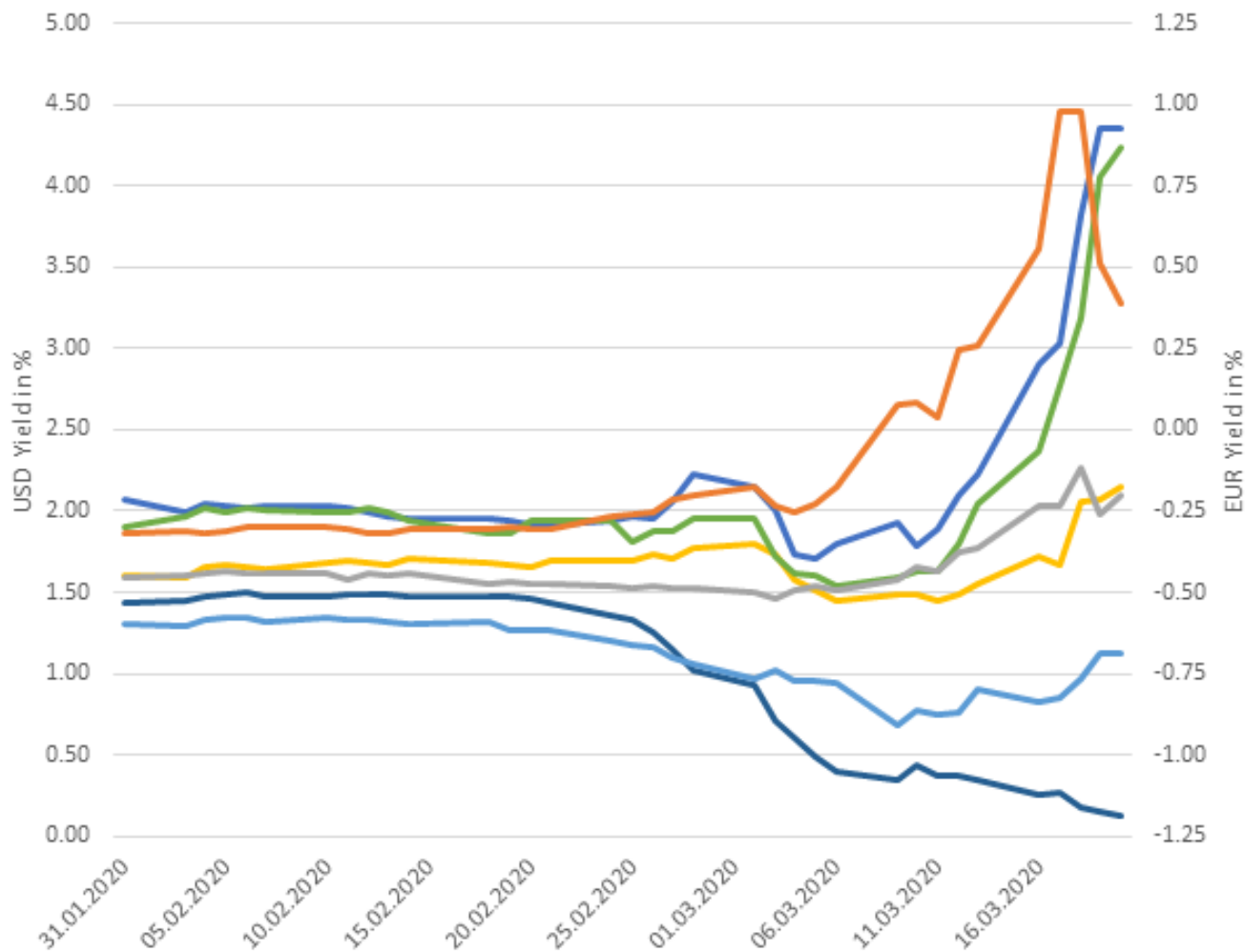
1-3Month still at elevated levels but off the highs

USD CP Issuance



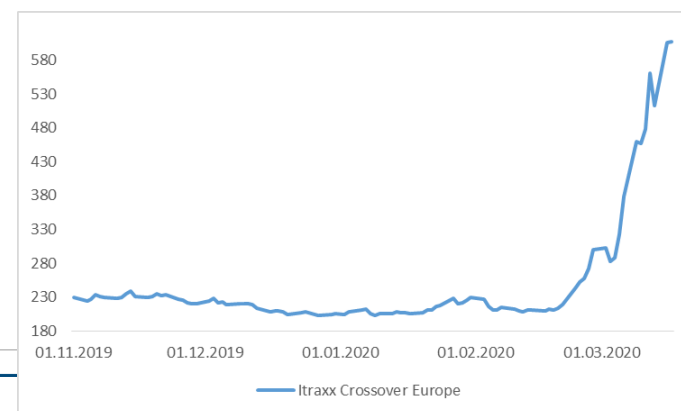
Overall volumes in USD CP issues are relatively constant but yields have increased and a shift from financial CPs into asset-backed CPs can be seen

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