

Rates Overview

Contents

DM Headlines.....	2
EM Headlines	4
TD Rates Comment	6
Bloomberg UST Comment	6
Bloomberg Asia Comment	7
Bloomberg Europe Daybook	8
Bloomberg EM Daybook	10
Market Levels.....	11

DM Headlines

- NY Fed plans to purchase around \$40b in USTs as part of latest easing package via six operations on Tuesday during U.S. session
 - Manila Halts Trading, Hong Kong Extends Alerts: Virus Update
Asia markets were without one player Tuesday, as the Philippines took the rare step of stopping stock, bond and currency trading -- the first country to shut its markets in response to the widening coronavirus outbreak.
 - House Virus-Relief Bill Goes to Senate After Delays Over Fixes
 - Ohio to Order Polls Closed Tomorrow Despite Court Ruling
 - The U.S. Set to Join Unconventional-Policy Club, Nomura Says
 - Trump Shifts Tone on Virus, Warning Americans: 'It's Bad'
He says U.S. may be fighting outbreak until August or after
President advises against gatherings of more than 10 people
 - Recession Panel Could Make Its Official U.S. Call Within Months
NBER's Hall says a short but steep downturn can qualify
Trump says coronavirus may push America into recession
 - Trump, G7 Leaders Pledge 'Whatever Is Necessary' to Fight Virus
 - New York Fed Factory Index Plunged by Most Ever This Month
-
- Italy Clears 25 Billion-Euro Spending Plan to Fight Virus
New measures to boost health sector, help businesses, families
Finance minister sees leveraging 340 billion euros in funding
 - ECB's Company Bond-Buying Dash Fails to Halt Credit Market Slump
 - A busy week of corporate purchases for the European Central Bank failed to prevent the biggest jump in risk premiums of euro high-grade bonds in more than a decade.
 - Central bank bought ~EU1.9b of corporate bonds in the week to Mar. 16
 - Added 14 new securities to its portfolio of almost 1,330 corporate bonds
 - Weekly pace is the third-largest since the ECB restarted net asset purchases in Nov.
 - Italy's Fragile Finances Are Back to Haunt Europe Banks Again
 - France to Guarantee \$335 Billion of Bank Loans, Macron Says
'We are at war,' Macron repeated in an address to the nation
Macron puts on hold his flagship but unpopular pension reform
 - Macron Invokes War as Europe Goes Dark in Coronavirus Fight
Schools, restaurants - and borders close across the continent
All non-essential travel to the EU to be halted for 30 days
 - Sweden's Riksbank Escalates Crisis QE With Extra \$30 Billion

- Johnson Tells All U.K. Citizens to Stay Home in Virus Fight
Premier urges public to avoid theaters, pubs and restaurants
Treasury will announce plans to support businesses on Tuesday
 - BOE's Bailey Vows Quick Action When Needed on Virus Impact
Andrew Bailey starts at Bank of England Amid virus crisis
The central bank cut interest rates 50 basis points last week
 - Deutsche Bank Sees BOE Cutting Rates, Restarting QE This Month
 - U.K. Promises Extra Help for Business as Virus Triggers Shutdown
Finance Minister Sunak sets out plans for struggling companies
Johnson urges public to avoid work, pubs, and other people
-
- Australia Cut Rate as Virus's Disruptions Grow, RBA Minutes Show
Virus's spread raised prospect of extended global disruption
Announcing further policy steps Thursday after liquidity boost
 - Australia 4Q house price index +3.9% q/q vs est. +4.5%
 - Aussie 3-year note yield adds 2bps to 0.52%; yield on 10-year note up 10bps to 1.06% as curve steepens for a fourth day
 -
-
- Japanese banks take up \$32b in first new USD swap round, helping basis shift tighter
 - Japan Banks Tap Fed's Beefed-Up Swap Lines for \$32 Billion
That's the highest such take up since the 2008 crisis
Large take-up should help to calm U.S. dollar funding markets
 - JGB futures ended regular session down 32 ticks at 152.56
 - Cash bonds are mixed, with benchmark 10-year yield down 1bp at minus 0.005%; it reached to a two-month high of 0.01% on Monday
 - 20-year yield falls 2bps to 0.27%; 30-year rises 1.5bps to 0.355%
 - Kuroda Remains Wary Over Deeper Negative Rates Like Lagarde
BOJ opts instead to buy up to 12 trillion yen of ETFs
Offers new loan program, more J-REIT, corporate-bond purchases

EM Headlines

- PBOC Skips Reverse Repos in Longest Run Since 2018
 - China May Still Cut LPR After Leaving MLF Rate Unchanged: CSJ
 - Yuan Outshines EM Peers as Investors Look Past Poor China Data
 - China's Economy Suffers Historic Slump Due to Virus Shutdown
Industrial output drops 13.5% in Jan.-Feb. from 2019
Both retail sales and investment decline more than 20%
 - South Korea Stocks, Won Hit Lowest in Decade After Emergency Cut
 - Bank of Korea Slashes Rate in Emergency Move After Fed Cut
BOK's Lee says 2020 growth to be lower than earlier estimate
One board member called for smaller rate cut of 25 bps
 - S. Korea's Moon Says Economic Situation Worse Than 2008 Crisis
 - Philippine Central Bank Inclined to Cut by 50bps, Governor Says
 - Rupiah Drops to Weakest Level Since 2018 in Challenge to BI
Indonesian bonds saw over \$4 billion outflow so far this year
Rupiah may fall more if nation calls for full shut-down: Wu
 - Swift Foreign Outflows From India Weigh on Rate-Cut Outlook
 - India Bonds Pare Gains as RBI Desists Rate Cut, Plans Cash Boost
Reserve Bank will provide one trillion rupees of longer repos
The central bank to provide dollar liquidity via forex swap
-
- Coronavirus Propels Latin American Central Banks Into Action
Chile slashes benchmark rate; Brazil frees up money for credit
UBS says Brazil central bank may deliver 100bps emergency cut
 - Monetary council announced measure to boost liquidity of the banks in BRL56b; although it is not a direct intervention, it helps to free capital to be used on financial transactions
 - Brazil Trade Secretary Tests Positive for Coronavirus
 - Brazil's Bolsonaro Says Govt Preparing Measure to Hotel Sector
 - Mexico's Dilemma Mounts as Central Banks Slash Rates
 - Mexican Government Confirms 82 Cases of Coronavirus
 - Banxico is keeping a close eye on FX volatility as selloff tends to get worse in overnight session before Mexican trading hours start, Governor Alejandro Diaz de Leon said on Friday
 - AMLO Won't Stop Hugging Mexicans Amid Accelerating Pandemic
President says he will suspend travel, take test when told to
Health official says no reason to cancel flights, close ports
 - Latin American Airlines, Mexican Airports Downgraded at JPMorgan
 - Mexico to Respect Central Bank Autonomy, Manage Inflation: AMLO
 - Mexico Needs to Take Quick, Not Rash Action on Outbreak: Herrera

- Poland on Verge of Emergency Rate Cut as Virus Threatens Economy
Reduction of more than quarter-point possible, MPC member says
Analysts surveyed by Bloomberg predict cut of 50 or 100 points
- Polish Bazooka Heralds East Europe's Fiscal Response to Virus
Polish stimulus plan may boost budget gap to 4%/GDP, ING says
Romania's focus on SMEs; Hungary on liquidity, corporate debt
- Poland's Central Bank Plans 'Large-Scale' Govt Bond Buying
- Poland Holds First Repo in Decade as Money-Market Rates Jump
Central bank buys 7.3 billion zloty of bonds, accepts all bids
Small size of purchases shows financial system is stable: PKO
- Hungary Tells Banks to Offer Corporate Debt Moratorium
- Hungary's Debt Agency Vows Flexibility in 'Extreme' Volatility
- Czech Republic Posts CZK18.49Bn Current Account Surplus in Jan.
- Czech Republic Cuts Repo Rate to 1.75%;
- Virus Triggers Czech Rate Cut to Kick Off Easing in Eastern EU
Emergency cut reverses Czechs's February hike, first in 2020
Other central banks in EU's east explore easing measures
- South Africa's Government Yield Curve Just Keeps Getting Steeper
With the government's fiscal targets looking increasingly unattainable due to a constrained domestic budget and the knock-on effects from the coronavirus outbreak, the gap between 10-year yields and their two-year counterparts is the widest it has ever been.
- S. Africa Is Told to Use \$11 Billion Jobless Fund for Virus
Regulations on Unemployment Insurance Fund could be changed
Labor, business hold similar position on use of the fund

TD Rates Comment

US Rates Commentary:

- Markets slowed a touch today, with volumes very poor, all things considered, and I have no idea what this means. US10s 4bps cheaper, curve still a mess, with SPs limit up at one point, now +3.3% on session. Overall, still seeing selling, with some odd names, but I think yesterday's reaction scared, confused, and/or bewildered many folks. The Fed bazooka did not settle equities, and that is a worry. Lot of questions and lot of meetings. The QE and low rates will take some time to ease the liquidity and distortion issues in UST land. There is no quick fix. Never has been. However, seeing CP, repo, and xccy gyrations, will rattle your nerves. The tapping of credit lines reflects real pain now hitting the global economy. Talk of a \$50bil airline bailout in works, more action out of congress, helicopter cash, etc, but markets want to see some sort of CP facility at moment. Until all this shakes out though, we are seeing massive push into cash. The fed buybacks will work, and do not be shocked that repo facility taking back seat. Who wants to lend bonds to fed for 2 weeks, then be given them back when things could be worse. Sell into QE and keep cash. Capital preservation vs appreciation at moment. Sadly, none of this stops until virus slows, aka a cure. So hold tight. All actions taken are good, but it's a developing scenario. Everyone is trying, I can guarantee you that. Central banks continue to act but this is like no other time in our lives. All these actions not the beginning of the end, it's the end of the beginning. I heard that this weekend on CNBC. Not a bad quote, and very apropos. The QE and low rates will take some time to ease the liquidity and distortion issues in UST land. There is no quick fix. Never has been.

Bloomberg UST Comment

Treasuries Surge Following Latest Emergency Fed Measures

By Elizabeth Stanton

(Bloomberg) --

Treasuries soared Monday, with 10-year yield on pace for biggest decline this year on a closing basis, though well off lows reached during Asia session after the Fed on Sunday announced its latest set of measures. The steps included dropping the fed funds target back to 0% -- aimed at quelling financial market turmoil as the global economy grinds to a halt because of efforts to stop the spread of coronavirus. Yields largely tracked the S&P 500 Index, which was lower by 10% in late trading, and also retreated from highest levels of the session as the Fed completed six purchase operations, buying a combined \$40 billion of Treasuries from dealers.

- Yields were lower by 15bp-24bp shortly after 3pm ET, the 2- and 5-year at lowest levels since last Monday's YTD lows; 10-year lower by about 24bp to ~0.72% after declining as much as 34bp
- Extreme curve steepening over the past week has left 10- and 30-year yields further from last Monday's record lows
- So violent was the market reaction to the measures the Fed announced Sunday -- though violent re-pricings have become normal in the past week -- that reaction was minimal to the unexpected record decline in the New York Fed's general business conditions index to the lowest level since 2009

- For the second straight day, the Fed conducted six Treasury purchase operations aimed at supporting the smooth functioning of markets that last week broke down as virus containment measures disrupted work routines
 - Monday's five operations targeting nominal Treasuries (the sixth targeted TIPS) resulted in the Fed buying \$37b; dealers offered a combined \$91.7b in those operations, a 2.48 cover ratio
 - Friday, dealers offered a combined \$101.4b and the Fed took \$37b, a 2.74 cover ratio
- Liquidity in Treasuries other than new issues remained impaired during the session, traders said, particularly in TIPS, where bid-offer spreads were being quoted in points rather than ticks

Bloomberg Asia Comment

Treasuries Slide, Japan Banks Grab Dollars, N.Z. Curve Steepens

By Stephen Spratt

(Bloomberg) --

Treasuries drifted lower as S&P E-minis rallied to eventually hit upper limits and cool cross-asset moves. Japanese banks take up \$32b in first new USD swap round, helping basis shift tighter. N.Z. curve lurches steeper as fiscal package comes with NZ\$3b jump in issuance.

- Treasury volumes around 50% of average as traders continue to cite poor liquidity contributing to outsized moves. Yields higher by around 3-5bps across the curve
- No clear driver behind the risk-on moves, though they appear to be a pullback of Monday's moves in relatively poor volumes
 - NY Fed plans to purchase around \$40b in USTs as part of latest easing package via six operations on Tuesday during U.S. session, timings here
- BOJ's reduced rate 7-day and 84-day swap operation saw over \$32b allotted and skewed heavily to the new longer tenor
 - Yen 3-month basis continues to be choppy, though there has been steady tightening of around 17bps following the operation, as markets respond to less demand for USD funding via these channels
- N.Z. bond curve rocketed steeper with the 10-year yield climbing as much as 27bps after government raised bond issuance forecast by NZ\$3b to NZ\$13b as it released a broad fiscal package to offset the impact of the virus
- Aussie bonds showed little reaction to RBA minutes release. The curve gradually pulled steeper as weakness in Treasuries and bounce in risk assets weighed

Bloomberg Europe Daybook

FX/RATES DAYBOOK EUROPE: Yen Weakens as S&P Futures Bounce Back

By David Finnerty

(Bloomberg) --

Yen weakened versus all Group-of-10 currencies as U.S. stock futures bounced back in Asian trade after the S&P500 Index sank 12% on Monday, the most since 1987. New Zealand's dollar climbed as the government announced a stimulus package to counter the impact from the coronavirus, leading to a squeeze of short kiwi positions initiated post the central bank's emergency rate cut on Monday. Treasuries fell while a gauge of dollar strength edged lower after a five-day winning streak.

TODAY

- U.K. employment data
- Eurozone and Germany ZEW survey data
- Eurozone 4Q labor costs

OVERNIGHT TRADING SESSIONS

- USD/JPY rose as much as 1.3% before paring its advance as spot witnessed selling pressure from macro funds and Japan exporters near the 107 level, according to an Asia-based FX trader. NZD/USD jumped as much as 0.8%, pulling the Aussie higher with it before giving up majority of the gains. EUR/USD was steady, holding under 1.12. Cable fell for a sixth day ahead of U.K. employment data. Bloomberg Dollar Spot Index slipped 0.1%
- U.S. 2-year yield climbed 3bps in Asian session while 10-year yield jumped 5bps. Treasury yields fell across the curve in New York as stocks tumbled lower, with the 10-year yield ending 24bps lower at 0.72%

TOP OVERNIGHT NEWS

- Dallas became the latest U.S. city to take action, closing down gyms and bars and banning dine-in eating. The San Francisco Bay Area went further, requiring people to stay home except for essential needs
- The House passed technical fixes and sent the Senate its bill to alleviate some of the economic consequences of the coronavirus outbreak after delays Monday that Treasury Secretary Steven Mnuchin resolved in talks with congressional leaders
- Australia's central bank cut its benchmark interest rate and said it was ready to do so again as it became "increasingly clear" the coronavirus would cause major disruption to economic activity worldwide, according to minutes of its March 3 meeting.
- Italy's government approved a 25 billion-euro (\$28 billion) package to support its strained health system while helping businesses and families counter the economic impact of Europe's worst coronavirus outbreak.
- Prime Minister Boris Johnson urged the U.K. public to avoid all "non-essential" contact with other people in an effort to fight the fast-spreading coronavirus pandemic, as experts warned the country could see hundreds of thousands die.
- Oil clawed back some losses after collapsing below \$30 a barrel as the shut down of swathes of the world's economy triggers a meltdown in global fuel demand and the most volatile market on record

- The state of Ohio will order polls closed tomorrow as a health emergency precaution, Republican Gov. Mike DeWine said in a statement, upending the status of the pivotal Democratic presidential primary despite a judge denying a request to delay the vote earlier today.

KEY VIEWS

- The U.S. Set to Join Unconventional-Policy Club, Nomura Says
- Rebound in Some Risk Assets a Bear-Market Rally: INTL FCStone

ECONOMIC DATA RELEASED

- New Zealand 1Q Westpac consumer confidence 104.2 vs 109.9 prior
- Australia 4Q house price index +3.9% q/q vs est. +4.5%

ECONOMIC DATA (All times CET):

- 9am: (SP) 4Q Labour Costs YoY, prior 2.2%
- 9:35am: (SZ) Bloomberg March Switzerland Economic Survey
- 10:30am: (UK) Feb. Claimant Count Rate, prior 3.4%
- 10:30am: (UK) Feb. Jobless Claims Change, prior 5,500
- 10:30am: (UK) Jan. Average Weekly Earnings 3M/YoY, est. 3.0%, prior 2.9%
- 10:30am: (UK) Jan. Weekly Earnings ex Bonus 3M/YoY, est. 3.2%, prior 3.2%
- 10:30am: (UK) Jan. ILO Unemployment Rate 3Mths, est. 3.8%, prior 3.8%
- 10:30am: (UK) Jan. Employment Change 3M/3M, est. 140,000, prior 180,000
- 11am: (EC) 4Q Labour Costs YoY, prior 2.6%
- 11am: (GE) March ZEW Survey Expectations, est. -30, prior 8.7
- 11am: (GE) March ZEW Survey Current Situation, est. -30, prior -15.7
- 11am: (EC) March ZEW Survey Expectations, prior 10.4

GOVERNMENT:

- 11am: (FI) ECB's Rehn in Finnish Parliament Hearing on Strategy Review
- 1pm: (FI) Finnish Government Responds to No-Confidence Motion

CENTRAL BANKS (All times CET):

- 11am: (FI) ECB's Rehn in Finnish Parliament Hearing on Strategy Review

BOND SALES/PURCHASES (All times CET):

- For corporate bonds, see New Issue Monitor
- 11:15am: Switzerland to Sell 91-day Bills
- 11:30am: U.K. to Sell 2 Billion Pounds of 1.75% 2049 Bonds
- 12:30pm: ESM to Sell Up to 3 Billion Euros of 189-day Bills

Bloomberg EM Daybook

EM Day Ahead: Russia Output; Mexico Reserves; Brazil Inflation

By Marcus Wong and Bloomberg Automation

(Bloomberg) --

Trading screens are seeing more green than red early on Tuesday as risk assets take a breather following the worst U.S. stock rout since 1987 the previous day. The sell-off was caused by concern the coronavirus is spurring more countries to restrict movement. The Philippines shut down all stock, bond and currency trading on Tuesday.

Investors will be wary about further weakness in oil with Brent crude flirting around 30 dollars a barrel. The ruble is particularly at risk, and the worst performing EMEA currency this year is likely to gain little support from a forecast easing in February's factory output. Elsewhere, weekly inflation in Brazil is expected to pick up, while Croatia will release CPI data. Mexico's weekly foreign-reserve figures will come under scrutiny given the peso's weakness.

NOTE: All events for Tuesday, March 17 local time, unless stated otherwise.

KEY DATA IN EMERGING MARKETS:

Data	Period	Estimate	Prior
Croatia CPI YoY	Feb	no est.	2.0%
Russia Industrial Production YoY	Feb	1.0%	1.1%
Nigeria CPI YoY	Feb	12.3%	12.1%
Brazil FIPE CPI - Weekly	Mar 15	0.19%	0.15%
Mexico International Reserves Weekly	Mar 13	no est.	\$186b

STORIES ON EM:

- Won Leads FX Losses as Virus Impact Seen Extending: Inside Asia
- What Asian Exchanges Are Doing as Virus-Induced Sell-Off Deepens
- Philippine Central Bank Inclined to Cut by 50bps, Governor Says
- Rupiah Drops to Weakest Level Since 2018 Rout in Challenge to BI
- When Pondering How Much Worse, Asia Stock Traders Think 2008 (1)
- Poland on Verge of Emergency Rate Cut as Virus Threatens Economy
- What Analysts Are Saying About Emerging Markets: Research Digest
- How Coronavirus Will Dominate African Interest-Rate Decisions

Market Levels

Yield Curves

	Level	COD
US 2Y	0.3887	+0.0288
US 5Y	0.5453	+0.0548
US 10Y	0.8192	+0.1010
US 30Y	1.4236	+0.1395
GER 2Y	-0.8400	+0.0450
GER 5Y	-0.6560	+0.0370
GER 10Y	-0.4060	+0.0550
GER 30Y	-0.1220	+0.0380
UK 2Y	0.3210	+0.0520
UK 5Y	0.4090	+0.0600
UK 10Y	0.5150	+0.0770
UK 30Y	1.0110	+0.0810

10Y Bond Yields

	Level	COD
Australia	1.0342	+0.1237
China	2.7100	+0.0432
Japan	0.0080	-0.0010
Indonesia	7.4901	+0.1375
India	6.2229	+0.0817
Russia	7.7600	-0.2750
South Afri	10.6000	-0.0790
Turkey	#N/A	N/A
Czech	1.6016	-0.0019
Hungary	2.9965	-0.0760
Poland	2.2046	-0.0484
Brazil	8.4980	+0.7155
Mexico	7.6499	-0.0689
Colombia	8.1465	-0.0010

Currencies

	Level	COD
EUR	1.1134	-0.44%
GBP	1.222	-0.42%
JPY	106.81	-0.92%
DXY	98.371	+0.31%
JPM EM	55.146	-0.05%
CNH	7.0205	-0.11%
AUD	0.6087	-0.49%
NZD	0.6041	-0.07%
BRL	5.0004	-3.32%
MXN	22.6339	+1.09%
ARS	63.039	-0.22%
COP	4090	-2.66%
RUB	73.9608	+0.94%
ZAR	16.4874	+1.32%
TRY	6.438	-0.11%
IDR	15202	-1.44%
INR	74.0165	+0.33%
KRW	1238.92	-0.49%
SGD	1.4218	-0.06%
HUF	309.94	-0.61%
CZK	24.518	-0.11%
PLN	4.0168	-0.95%
RON	4.3481	-0.47%