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Latest From the Markets

19 March 2020

Yesterday ended on a negative note for most financial assets, once again.

The European Central Bank, meeting in an extraordinary session, decided to increase its purchase of government and corporate securities programme by as much as €750 billion, bringing the Quantitative Easing manoeuvre to a total of over €1 trillion expected in 2020.

These new developments also include Greece's government bonds, which until now had been excluded and, in line with what was announced by the Federal Reserve, includes the so-called "trade card" (a promissory note against which companies receive money from banks to finance short-term treasury needs).

For now, the "capital key rule" has not been modified, i.e. the rule under which purchases are distributed between Eurozone countries, i.e. proportionate to their participation in ECB capital, nor has there been any change to the 33% limit on debt holding. However, Christine Lagarde hinted that both rules could be reconsidered, if necessary.

This decision became necessary as stock markets remained under pressure and corporate & government bond markets in the peripheral Eurozone countries corrected.

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