

Euro zone yields reduce fall as rush into safe-haven slows

March 20 (Reuters) - Euro zone government bond yields reversed some of their earlier falls on Monday as a rush into safe-haven assets slowed down, with investors warming up to the idea that the latest measures might have reduced the risks of a banking crisis in Europe.

UBS (UBSG.S) will pay 3 billion Swiss francs (\$3.2 billion) for Credit Suisse, and the Swiss central bank (SNB) said it would supply substantial liquidity to the merged bank.

Top central banks joined for-

ces in a coordinated action to enhance the provision of liquidity through their standing U.S. dollar swap line arrangements.

The bloc's banks borrowed just \$5 billion from the ECB on Monday via an enhanced dollar swap facility.

German government bond yields hit their lowest since mid-December, with the 10-year yield, the bloc's benchmark, down 7 basis points to 2.06% after reaching 1.923%.

"Investors' flight to quality might continue but more moder-

ately after recent developments," said Massimiliano Maxia, a senior fixed-income strategist at Allianz Global Investors.

"The market will soon shift focus to the U.S. banking system ahead of this week's Fed policy meeting," he added.

The spread between Italian and German 10-year yields was last at 193 bps after hitting its widest level since early January at 205.6 bps.

Italy's 10-year yield dropped 5.5 bps to 4.00%. Bond yields move inversely..... [SOURCE](#)



ECB hikes interest rates to highest level since financial crisis, ignoring market turmoil centred on Credit Suisse and European banks

The European Central Bank (ECB) today hiked interest rates 50 basis points despite concerns about Credit Suisse's finances sparking turmoil in the bloc's banking market.

President Christine Lagarde and co's move was in line with -

expectations and takes Euro borrowing costs to three per cent, the highest level since the financial crisis in 2008.

Markets had been mulling whether the central bank of the 20 countries using the euro would climb down..... [SOURCE](#)

Asia Better Placed Than Developed Economies, Morgan Stanley Says

Asian economies are in a better position than their developed-world counterparts to absorb shocks from a banking crisis that has roiled global financial markets, according to analysts at Morgan Stanley.

"We saw a number of factors which would keep Asia's domestic demand robust, hence helping in its growth outperformance," analysts led by Chetan Ahya wrote in a research note. They highlighted strong liquidity coverage ratios at Asian banks and "relatively stable" debt-to-GDP ratios.

On top of that, monetary policy is not as restrictive yet as it is in.....

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