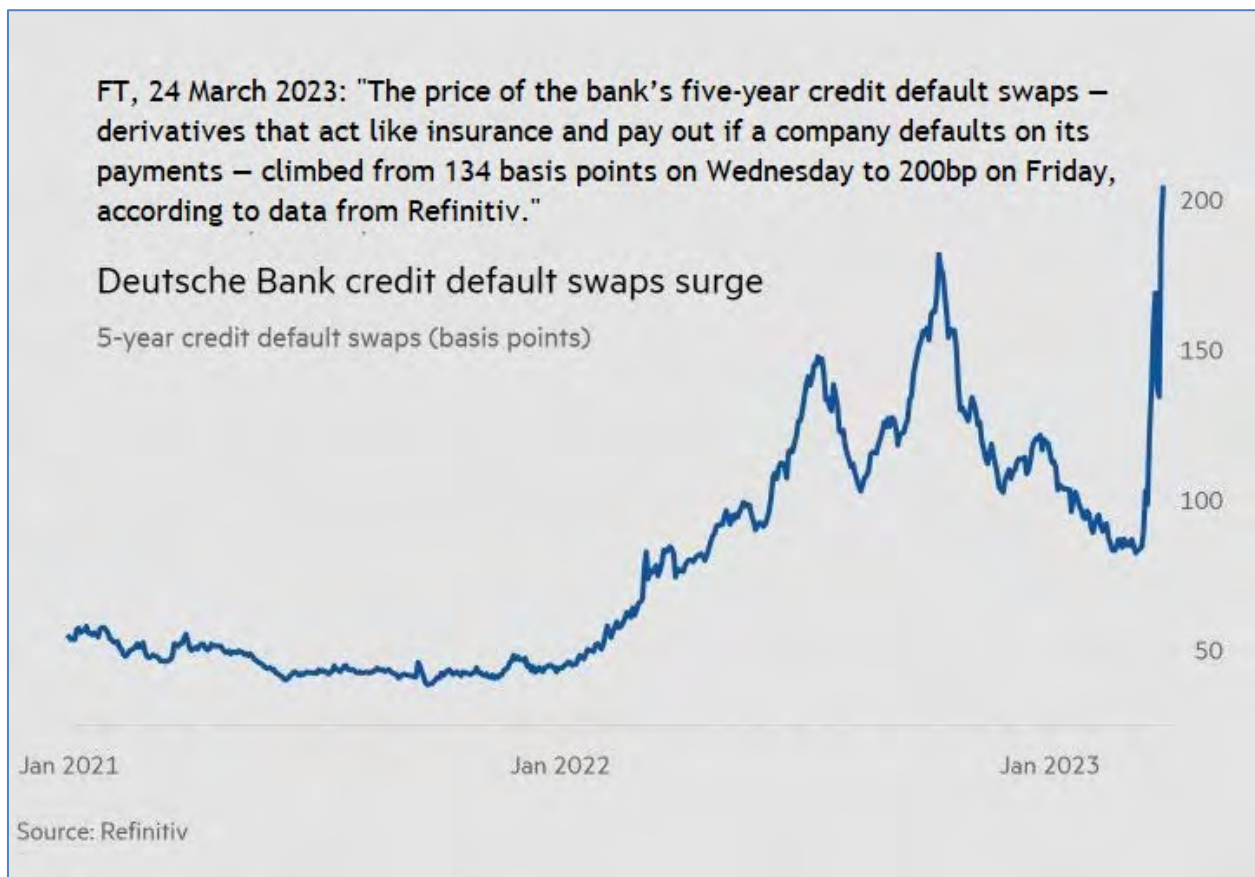


Will ECB create one-year interest free loans to all troubled EU banks?
When pigs fly.

FT, 24 March 2023: "The price of the bank's five-year credit default swaps — derivatives that act like insurance and pay out if a company defaults on its payments — climbed from 134 basis points on Wednesday to 200bp on Friday, according to data from Refinitiv."



<https://www.reuters.com/markets/europe/financial-stocks-drag-european-markets-lower-2023-03-24/>

Deutsche Bank slumped 11.1%, becoming the top loser on STOXX 600, after a sharp jump in the cost of insuring against the risk of default. The German heavyweight said that it would redeem \$1.5 billion Tier 2 notes **due in 2028** (sounds familiar - D.C.)

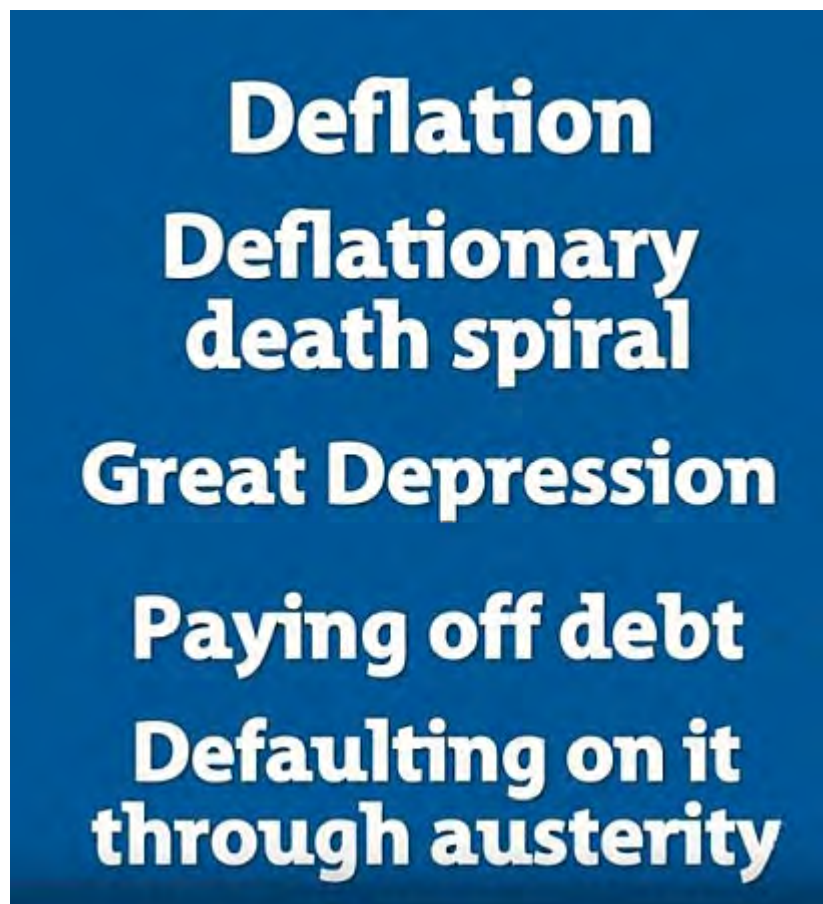
"We are still on edge waiting for another domino to fall, and Deutsche is clearly the next one on everyone's minds (fairly or unfairly). Looks like the banking crisis hasn't been entirely put to bed," said Chris Beauchamp, market analyst at IG.

<https://www.cnn.com/2023/03/24/european-markets-live-updates-investors-digest-latest-rate-hikes.html>

Deutsche Bank pared earlier losses to close 8.6% lower, extending a 3.2% fall on Thursday after its credit default swaps, a form of insurance for bondholders, pushed higher. UBS, Societe Generale, Barclays and BNP Paribas were among the banks to fall sharply.

<https://apnews.com/article/deutsche-bank-svb-credit-suisse-bank-collapse-8a9a9b107638cf4c8872ea8772a70ed5>

Like Credit Suisse, Deutsche Bank is one of 30 globally significant financial institutions, with international rules requiring it to hold higher levels of capital reserves because its failure could cause widespread losses. Other major European banks also fell Friday, with Germany's Commerzbank closing down 5.45%, France's Societe Generale off 6%, and Austria's Raiffeisen down 7.9%.



Send your comments to dchakalov@gmail.com.

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