



11:16 08/20 US MKTS/FED: FT is reporting that **Deutsche Bank** tapped the Fed discount window on Friday.

10:51 08/20 **EGB CLOSING SUMMARY:** EGBs traded mixed on Monday afternoon with the belly of the curve outperforming. Late flight-to-quality buying in short-dated US T Bills was noted, which also underpinned and reversed earlier Bund curve flattening. The ECB called for bids on new 7-day main refinancing operation due on Tuesday and in a subsequent statement, said it intended "to gradually reduce the large reserve surplus" that has accumulated in the first weeks of the current reserve maintenance period resulting from its massive injection of liquidity. Bunds opened lower on safe haven unwinding after global stocks surged following the Federal Reserve's decision to cut its rate on primary credit by 50bps on Friday. The FOMC also noted that "downside risks to growth have increased appreciably," reinforcing expectations of a near term cut in the Fed Funds rate. European equity bourses opened on a stronger footing taking cue from rallying stock markets overnight, which further weighed on sentiment. Volumes were light given a dearth of Eurozone economic data.

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European equities were stronger in afternoon trade. The DAX was trading +0.41%, CAC 40 +1.26% and the FTSE +0.67% on the day. US stocks were also stronger with the S&P 500 +0.02% and the Nasdaq +0.34%.

Sep-07 Bunds were 3 ticks higher at 113.36. In cash, German government benchmark yields were 1bp to 3bps higher with 10s outperforming. The 2s/10s spread was 31bps vs. 33bps and the 10s/30s spread was 23bps vs. 21bps.

Gilts trade mixed on Monday afternoon with short dated issued underperforming. The Gilt market underperformed trade in Europe earlier on Monday after BBA UK mortgage lending data rose sharply in July.

Jun-07 Gilts were unchanged at 106.74. In cash, UK government benchmark yields were 1bp lower to 3bps higher with the short end of the curve underperforming. The 2s/10s spread was -28bps vs. -25bps and the 10s/30s spread was -57bps vs. -55bps.