

Through Korea Development Bank

Korean Government to Purchase 3 Tril. Won Worth of CP, ESTB and CB

By Jung Suk-yeon | 2020.03.31 12:00



The South Korean government announced on March 30 that it would purchase commercial papers, electronic short-term bonds and corporate bonds on March 30 and 31 via banks such as Korea Development Bank. The maximum purchase is fixed at three trillion won.

The Financial Services Commission explained that the measure is to help companies obtain short-term funds at the end of the quarter. When it comes to the government's bond market stabilization fund, it sent each financial institution a request for a payment of trillion won on March 24 and the payment is scheduled to start on April 1.

The bond market stabilization fund will become effective on April 2. The government explained that it would determine the size of purchase, targets and methods with flexibility depending on market conditions.

According to the government, markets such as the short-term money market and the corporate bond market have shown some signs of stabilization since last weekend. The yield of the 91-day A1 CP rose 7 basis points to 2.16 percent in the morning of March 30 whereas it jumped 22 basis points on March 25. Likewise, the yield of the three-year AA- corporate bond rose 0.7 basis point to 2.046 percent whereas it rose 6.5 basis points and 1.9 basis points on March 23 and 25, respectively.



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