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### **S. Korea to create massive bond market stabilization fund**

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# S. Korea to create massive bond market stabilization fund

11:42 March 20, 2020

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SEOUL, March 20 (Yonhap) — South Korea's financial authorities and local banks agreed Friday to set up a bond market stabilization fund worth more than 10 trillion won (US\$7.94 billion) as part of the country's efforts to calm financial markets roiled by the spread of the new coronavirus.

The banks agreed to contribute to the fund, the Financial Services Commission said. The financial regulator and the banks said they could expand the size of the fund, if necessary.

The South Korean bond market has been suffering a jolt as a rout on the local stock market has spilled over into the relatively safer debt market, with prices plunging, despite massive economic and financial support measures by major economies, including the United States, to minimize the economic fallout from the spread of COVID-19.

The U.S. Federal Reserve slashed its base rate by a whopping 1.5 percentage points in two emergency rate cuts, sending its rates to a target range of 0-0.25 percent.

The Bank of Korea followed suit, slashing its own rate by 0.5 percentage point to 0.75 percent this week in its first emergency rate cut in more than a decade.

Earlier this week, South Korea unveiled a bold support program worth 50 trillion won to help small and medium-sized firms and people with low credit ratings.

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