

Financial Stability Group Meeting No. 31

Financial Stability Group Meeting No. 31 28 May 2020 Conference Call

Attendance:

Department of Finance

Derek Moran
Emma Cunningham
Des Carville
Michael McGrath
Eoin Dorgan (Sec)

Central Bank

Sharon Donnery
Ed Sibley
Vasileios Madouros
Domhnall Cullinan
Mícheál O'Keeffe

NTMA

Conor O'Kelly
Frank O'Connor

The FSG agreed to take the documents circulated as read and noted the extensive work required to regularly produce the Situation Reports.

1. Account of previous Financial Stability Group meeting

The account of the previous meeting was agreed.

2. Covid-19 Update – D/Finance

D/Finance updated on Government policy matters, including:

- The Government will await health data from the current phase of reopening to make a final decision on the next phase of reopening. There is currently no indication of changes to the Government plans set out in *Roadmap for Reopening Society and Business*.
- The key issues for this week's Government meeting include (i) Brexit, in terms of an Omnibus Bill for contingency planning; and (ii) further consideration of the Pandemic Unemployment Payment (PUP) and the Temporary Wage Subsidy Scheme (TWSS).
- A supplementary estimate is being taken in the Dáil to increase the DEASP vote, which will allow the PUP and TWSS schemes to be extended till end of August with some revisions of the PUP.
- Government formation talks are ongoing with briefing documents being supplied to the negotiating teams.
- May Exchequer figures will be published next week and the emerging tax returns illustrate a mixed picture with relatively strong income and corporation taxes but weak consumption taxes. Public expenditure is €4.5 billion above profile.
- The Minister had an investor conference call with approximately 100 participants, of which half were international. The issues covered included the balance between public health and the economy, consumer confidence, FDI, and Government banking policy.
- Drafting on the Credit Guarantee Scheme is ongoing involving further consideration of the portfolio cap.

3. Covid-19 – NTMA

The NTMA updated on the Ireland Strategic Investment Fund (ISIF) and sovereign bond market developments, including:

- The NTMA issued another 100 Year note through private placement bringing year to date total to €400 million. The recent Treasury Bill auction saw strong demand with €750 million issued.
- Sovereign bond markets have been relatively calm with an expectation of an expansion of ECB measures next week.

4. Covid-19 Update – Central Bank

The Central Bank updated on regulatory policy matters, including:

- Engagement is ongoing with the BPF on payment breaks with “Dear CEO” letters and public information campaign planned for June.
- There is an increased focus on Brexit preparations within the Central Bank.
- The Central Bank Financial Stability Review will be published in mid-June and the Central Bank will present an outline at the next FSG meeting.
- The Central Bank Quarterly Bulletin will be published in early July.
- The FSG discussed the likely development of public health measures and their interconnectedness with economic activity. D/Finance outlined that the recommendations of the National Emergency Public Health Taskforce (NPHE) are made in real time so advance planning is difficult but the *Roadmap for Reopening Society and Business* remains the best guide.

5. Medium Term Issues Note – Part 2

The FSG discussion on Covid-19 Medium Term Issues for the financial sector has been divided into two Parts: (i) Part 1 (discussed at the previous meeting) dealt with the resilience of the banking system and the connections to the real economy; and (ii) Part 2 (discussed at today’s meeting) deals with the resilience of the non-bank sector, including funds and insurance.

The Part 2 Note was presented by the Central Bank, with the presentation setting out the Note’s key issues. This presentation was followed by a discussion.

6. AOB

- The Crisis Coordination Group will develop a proposal for future deep-dive topics, for approval at the next FSG meeting. This will include some immediate COVID-19 issues, and some medium-term issues highlighted in the last 2 papers.

7. Next meeting

- The next meeting may take place on Friday 12 June at 11:00.