







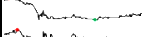


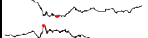


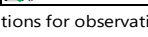
- US long-term rates move higher, yield curve steepens on COVID bill hopes ([link](#))
- US equities hit record high for second day in a row ([link](#))
- Japanese life insurers reduce FX hedging of their USD assets ([link](#))
- US steps closer to law that could ultimately delist US-listed Chinese firms ([link](#))
- Korean FX reserves rise nearly \$10 bn in November, most since 2010 ([link](#))
- EM issuance remains strong in first days of December ([link](#))
- France warns of veto of Brexit deal ([link](#))
- **GMM Special Feature: Emerging and Frontier Markets Issuance** (see attached email)

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## Stocks hover near all-time highs

**Equities are holding near record levels and the dollar is falling further as investors process better than expected data.** Equities are little changed this morning after a new US record high yesterday, with a familiar tension between vaccine-driven optimism for late-2021 and a grim winter of COVID-related disruption ahead. The mayor of Los Angeles ordered residents to stay home amid resurgent virus cases, while Germany extended virus curbs. Better than expected European PMIs and US jobless claims data have met with limited market reactions so far this morning. Investor focus has been on COVID stimulus prospects in the US, which were seen as improving as Democrats' congressional leadership got behind a scaled-back bipartisan proposal totaling \$908 bn. The move has helped keep 10-year yields near recent highs, but expectations for further Fed action are seen as limiting further gains. The dollar is softening further, adding to its declines this week, on bets on an improving global growth outlook and persistently low US policy rates. The euro, Aussie dollar and won have hit their highest levels against the dollar in two years, while the Swiss franc reached its strongest level versus the greenback in five years.

Key Global Financial Indicators

| Last updated:<br>12/3/20 8:05 AM     | Level   |        | Change from Market Close |        |         |      | YTD |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %   |
| S&P 500                              |  | 3669   | 0.2                      | 1      | 9       | 19   | 14  |
| Eurostoxx 50                         |  | 3517   | -0.1                     | 0      | 13      | -3   | -6  |
| Nikkei 225                           |  | 26809  | 0.0                      | 1      | 15      | 15   | 13  |
| MSCI EM                              |  | 50     | 0.1                      | 0      | 9       | 18   | 11  |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |     |
| US 10y Yield                         |  | 0.94   | 0.2                      | 6      | 4       | -78  | -98 |
| Germany 10y Yield                    |  | -0.55  | -2.6                     | 4      | 8       | -20  | -36 |
| EMBIG Sovereign Spread               |  | 366    | -3                       | -8     | -55     | 42   | 77  |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |  | 57.0   | 0.4                      | 1      | 5       | -5   | -7  |
| Dollar index, (+) = \$ appreciation  |  | 90.8   | -0.4                     | -1     | -3      | -7   | -6  |
| Brent Crude Oil (\$/barrel)          |  | 48.0   | -0.6                     | 0      | 21      | -21  | -27 |
| VIX Index (% change in pp)           |  | 20.9   | -0.3                     | 0      | -15     | 5    | 7   |

Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

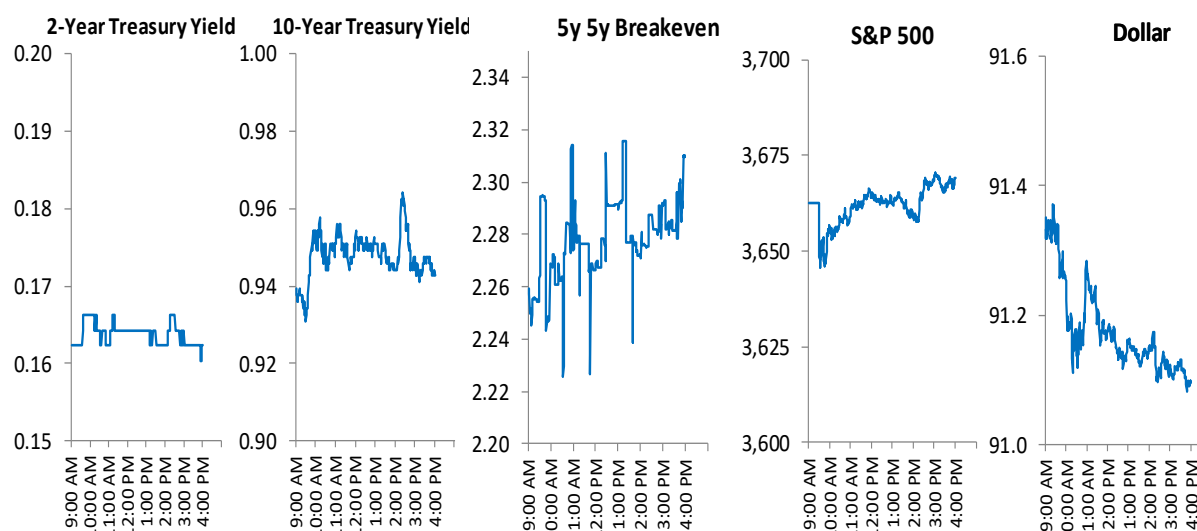
## United States

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**Long term rates continued to rise on renewed optimism over stimulus.** Treasury 10-year yields hit 0.96% after House Speaker Pelosi and Senate Democratic leader Schumer Wednesday said a bipartisan \$908 bn COVID aid proposal should be the foundation for a new round of negotiations with congressional Republicans and the White House. Fed Chair Powell indicated no rift between the central bank and Treasury Secretary Mnuchin over the move to wind down emergency lending programs and emphasized the need for more stimulus before a Congressional committee. The yield curve steepened: the 2-to-10-year spreads widened to 78bps, the highest in three years. Market-based expected inflations, 5-year 5-year breakeven, also went up to 2.31%, hitting a 2-year high. The move higher in long-term rates has spurred speculation about the potential impact on corporate debt and stocks, but so far the market reaction has been muted. Corporate bond spreads were slightly narrower on the day.

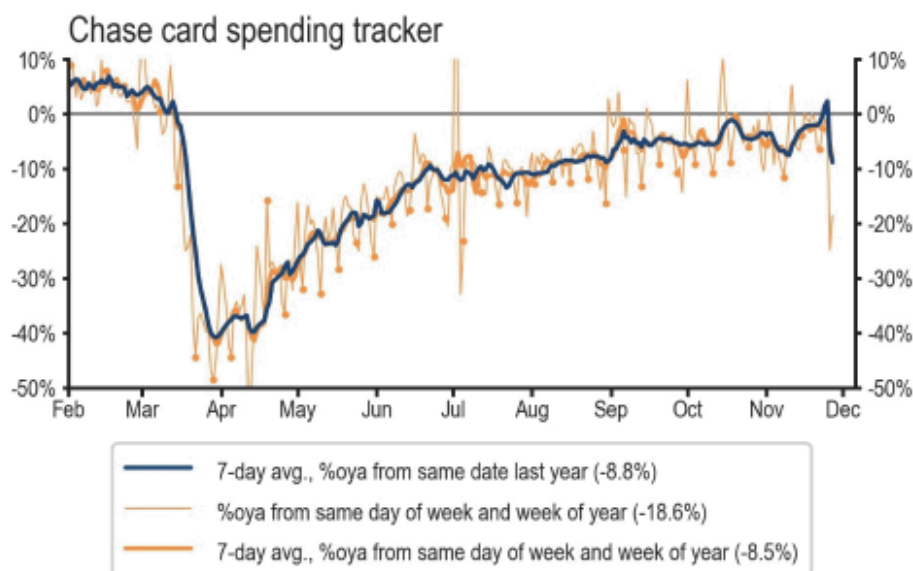
**US equities closed at a record high for the second day in a row.** The overall hit to corporate profits from the COVID-19 crisis has been severe but less than expected earlier in the year, reflecting better margin defense and stronger rebound. US National Income and Product Accounts data shows profits in Q3 were reported up 27.1% q/q sa not annualized, and up 3.3% oya (nominal GDP was down 1.8% oya in 3Q2020). Rotation to cyclical shares, such as industrial and materials, continued, as iron ore traded at a 7-year high after Brazilian miner Vale, the most prominent global producer, lowered its output forecasts. The company blamed heavy rains and a delay in obtaining a regional license. The energy sector outperformed the most, up 3% for the day, on the back of a rebound in oil prices. Risk-on sentiment sent the dollar weaker.

### Intraday Moves



Source: Bloomberg

**Black Friday consumption fell sharply.** Spending data by 30 mn Chase debit and credit cardholders declined by 19% on Black Friday relative to last year. Online shopping increased by 8%, but it was not enough to make up for a decline of 33% in in-person spending as many consumers keep away from physical stores. According to analysts, the Black Friday decline reflected weaker spending by consumers in the older cohort, Baby Boomers, relative to 'Millennials' and 'Generation Z.' Nevertheless, it is too early to assess the entire holiday shopping season as the strongest online spending day was on so-called "Cyber Monday." The card spending data for the day will be released on Friday, with a 4-day lag. The S&P 500 consumer discretionary sector index underperformed the whole index by 0.5% Wednesday.



Source: J.P. Morgan. Total spending in nonrecurring categories. Orange dots are Sundays.

**Bitcoin fell 4% after failing to reach 20,000.** Volatility remains very high; annual price volatility is higher than 60%. Some positive developments drove the rally: PayPal and BlackRock executives said that digital assets could have a much more significant role in the global financial system. PayPal CEO Schulman noted that digital currencies are heading for the mainstream, even becoming a daily payments technology, and the coronavirus pandemic has pulled these trends forward. PayPal decided to allow customers to use cryptocurrencies on its e-commerce platform since October. BlackRock CEO Fink said crypto could evolve into a global market asset, despite its small market cap. He also added that digital assets are having a real impact on the US dollar, making it less relevant on a global scale for international holders of dollar-based assets. On the dark side, Microsoft found 'cryptojacking' to be a credible risk for nation-states. Cryptojacking, or malicious cryptomining, is an emerging online threat that hides on a computer device and uses the machine's resources to "mine" cryptocurrencies.



## Europe

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**Equity markets slipped as investors reassess prospects for quick rollouts of vaccines.** DAX (-0.5%), CAC 40 (-0.4%), EuroStoxx 600 (-0.2%), Italy's Titans 30 (unch), and Spanish Ibex (-0.5%). Bank stocks (-0.5%) traded in line with the main indices.

**Sovereign yields shed 2-3 bps across tenors and countries ahead of the ECB's meeting next week.** German 10-year yields at -0.54% (-3 bps); French OATs are at -0.31% (-3 bps); Italian at 0.61% (-2 bps); and Spanish at 0.07% (-3 bps).

**Most market contacts anticipate the ECB to announce next week an expansion of its PEPP program and lengthen the term of the TLTRO from 3-years to 5-years.** No rate cut is expected. Analysts see the potential ECB measures as a way to ease financial conditions without necessarily targeting the level of the euro (-0.1%), which has recently strengthened past the \$1.21 mark. Separately [news outlets](#) reported that **the ECB could be considering lifting the ban on dividend payments and allow payouts of about 15% to 25% of profits.** Dividends could be considered on a case-by-case basis after conversations with regulators, unnamed sources said.

## Financial Conditions Indices



**The European Banking Authority has reactivated its [guidelines](#) on repayment moratoria in view of Covid's second wave.** The EBA wants to ensure that loans that had previously not benefitted from payment moratoria would now be covered by them. In a recent report, the EBA noted that, as of June 2020, a nominal loan volume of €871 bn had been granted EBA-compliant moratoria on loan repayments—**equivalent to around 6% of EU banks' total loans, but with a wide dispersion across countries.** In its statement, the EBA emphasized the critical role of banks ensuring the continued flow of lending for the recovery.

Figure 1: Number of institutions reporting the use of moratoria and PGSS by country

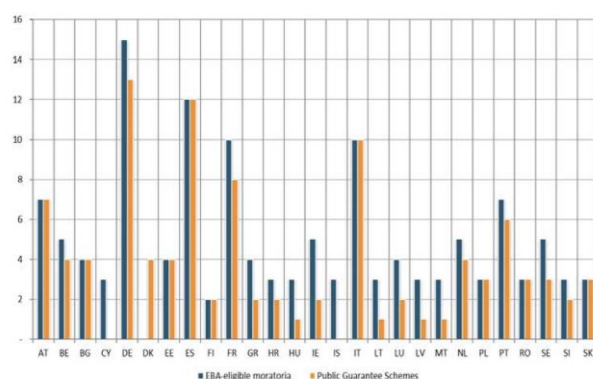
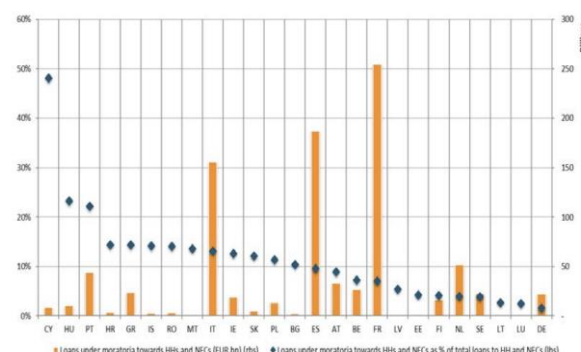


Figure 2: Volumes of loans to HHs and NFCs granted moratoria (EUR billion) and loans to HHs and NFCs granted moratoria as a percentage of total loans to HHs and NFCs by country – June 2020



Source: EBA supervisory reporting

On the Brexit front, French diplomats have reportedly warned EU peers that they could veto a Brexit deal if the EU's negotiation team makes too many concessions to the UK. Bloomberg reported that at a meeting of EU27 ambassadors, chief negotiator Barnier refused to share details of the unfinished agreement with the UK. The refusal was met with the ambassadors' warning that EU nations would need enough time to scrutinize any agreement before approving it.

Analysts at Deutsche Bank forecast a continued weakening trend for the US dollar, with FX rates even reaching \$1.30 for the euro and almost \$1.50 for sterling within a year.

Table 1: G10 Currency Forecasts

| USD-crosses | Spot | Mid-21 | end-2021 | end-2022 | end-2023 | end-2024 |
|-------------|------|--------|----------|----------|----------|----------|
| EUR/USD     | 1.20 | 1.25   | 1.30     | 1.30     | 1.25     | 1.25     |
| USD/JPY     | 104  | 100    | 95       | 95       | 100      | 100      |
| GBP/USD     | 1.34 | 1.37   | 1.46     | 1.49     | 1.39     | 1.36     |
| USD/CHF     | 0.90 | 0.88   | 0.86     | 0.85     | 0.84     | 0.84     |
| AUD/USD     | 0.74 | 0.80   | 0.78     | 0.76     | 0.75     | 0.75     |
| NZD/USD     | 0.71 | 0.73   | 0.72     | 0.69     | 0.68     | 0.67     |
| USD/CAD     | 1.30 | 1.25   | 1.22     | 1.15     | 1.18     | 1.18     |
| USD/SEK     | 8.50 | 8.00   | 7.50     | 7.50     | 8.00     | 8.00     |
| USD/NOK     | 8.82 | 8.20   | 7.50     | 7.31     | 7.80     | 7.80     |



**European Union leaders are reportedly readying an alternative plan to approve the pan-European Covid recovery fund.** The approval of the €750 bn rescue fund has been stalled by the veto by Poland and Hungary, who want the delivery of the aid package to be separate from the EU 2021-27 budget and a controversial clause on the rule of law. Given the gridlock in negotiation, EU ministers are considering an alternative way to have the funding approved while maintaining the rule of law clause. Poland and Hungary are risking losing a combined €180 bn in funding. Hungarian and Polish stocks were laggards in today's trading session.

## Other Mature Markets

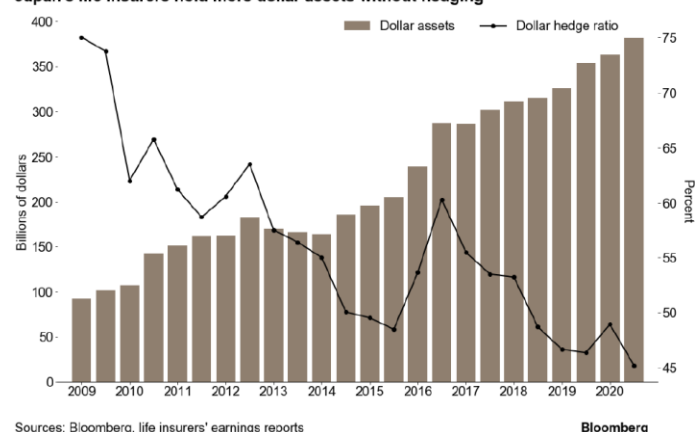
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### Japan

**Japanese life insurers reduced FX hedging of their USD assets.** Only 45% of the \$381 bn investment in USD assets is protected against FX risk relative to yen; the FX-hedged proportion used to be as high as 75% in 2009. The current trend put Japanese life insurers at risk of a potential multi-year decline in USD. Analysts noted that Japanese life insurers had to change their investment strategy because hedged investments currently do not offer sufficient return. The shift in the investment strategy could be supported by a marked decline in the volatility of the dollar-yen exchange rate and a reallocation of assets from debt to equity.

### Lower Protection

Japan's life insurers hold more dollar assets without hedging



**The Composite PMI improved in November but remained in contractionary territory.** The diffusion index increased to 48.1 in November from 47.0 in October, with services PMI rising to 47.8 (from 46.7) and manufacturing PMI rising to 49.0 (from 48.3). **Equities were little changed; the Japanese yen appreciated (+0.1%). Super-long government bond yields dropped** (30-year: -0.9 bp) on a solid bond auction.

### Korea

**Foreign reserves surged \$9.9 bn in November, reaching \$436 bn.** The increase was the largest since July 2010. The won has rapidly appreciated in recent months (3-month: +8.6%) amid a weaker USD and increased global risk appetite. Korean assets became more attractive given the relative strength of Korea's economy. Authorities said that they would take steps to smooth FX volatility. **The parliament approved a bigger-than-expected budget for 2021.** The parliament approved 558 tn won (\$511 bn) in spending, 2.2 tn won larger than the government's proposal to provide more support for the economy. Additional funds were earmarked for handouts to businesses affected by the pandemic and for vaccine preparation. **Equities gained (+0.8%); the won appreciated (+0.3%).**



## Sharp Jump in FX Reserves amid Won Strength



Source: Bloomberg.

## Emerging Markets [back to top](#)

In **Asia**, **stock markets broadly gained**, led by Malaysia (+1.9%) and Thai (+1.4%) equities. Share prices declined in China (CSI 300: -0.2%). **Asian currencies were mixed**. The Korean won (+0.3%) and Thai baht (+0.2%) appreciated, while the Indian rupee (-0.2%) depreciated. In **Thailand**, markets outperformed on strong consumer confidence data.

**Central and Eastern European bourses traded mixed while African and GCC equities mostly gained**. By country, the largest gains were in Kuwait (+1.9%), South Africa (+1.2%), Romania (+0.8%), and Turkey (+0.6%). Hungary (-0.7%), Russia (-0.7%), and Poland (-0.4%) lost the most. Currencies across the region gained to the US dollar albeit within a range of +0.1% to +0.3%.

In **Latin America**, currency performance was mixed. The **Colombian peso** led the region, appreciating 1.1% against the dollar in line with global factors such as higher oil prices and a weaker dollar. The **Chilean peso** followed, ending the session 0.6% stronger, amid a continued rally in copper prices and a recommendation from a widely followed pension adviser to shift domestic pension portfolios towards local assets. The **Brazilian real** underperformed declining by 0.3% following its very strong performance on Tuesday (+2.7%). The real remains the best performing EM currency over the last month (+10%).

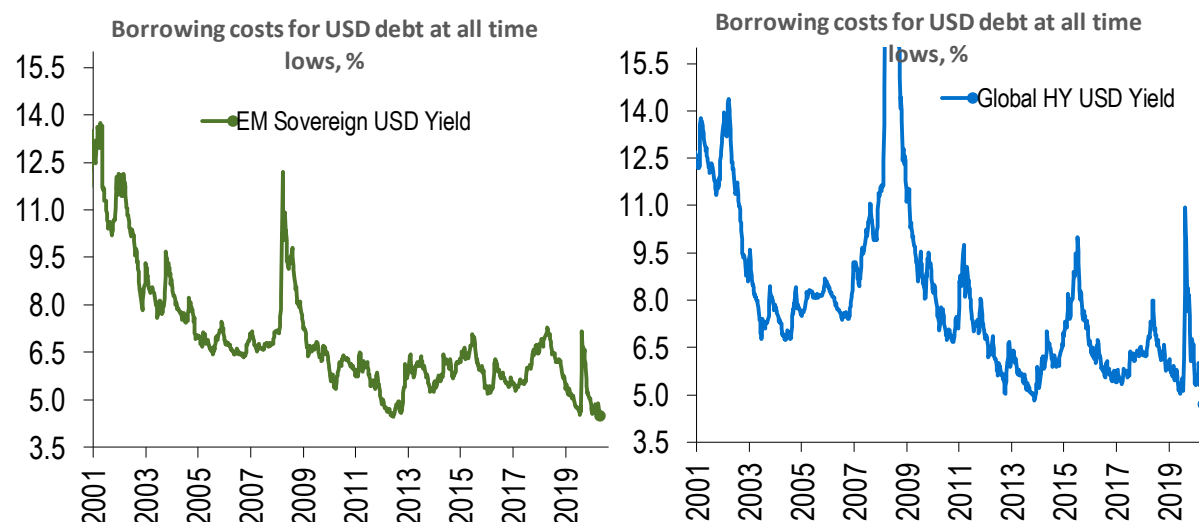
Key Emerging Market Financial Indicators

| Last updated:<br>12/3/20 8:06 AM | Level    |       | Change                            |        |         |      | YTD |
|----------------------------------|----------|-------|-----------------------------------|--------|---------|------|-----|
|                                  | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Major EM Benchmarks</b>       |          |       | %                                 |        |         |      | %   |
| MSCI EM Equities                 |          | 49.76 | 0.6                               | 0      | 9       | 18   | 11  |
| MSCI Frontier Equities           |          | 27.60 | 0.1                               | -1     | 5       | -6   | -9  |
| EMBIG Sovereign Spread (in bps)  |          | 366   | -3                                | -8     | -55     | 42   | 77  |
| EM FX vs. USD                    |          | 56.97 | 0.4                               | 1      | 5       | -5   | -7  |
| <b>Major EM FX vs. USD</b>       |          |       | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                   |          | 6.55  | 0.2                               | 0      | 2       | 8    | 6   |
| Indonesian Rupiah                |          | 14140 | -0.1                              | 0      | 3       | 0    | -2  |
| Indian Rupee                     |          | 73.93 | -0.2                              | 0      | 1       | -3   | -3  |
| Argentine Peso                   |          | 81.40 | 0.1                               | -1     | -3      | -26  | -26 |
| Brazil Real                      |          | 5.21  | 0.4                               | 2      | 10      | -19  | -23 |
| Mexican Peso                     |          | 19.88 | 0.4                               | 1      | 6       | -2   | -5  |
| Russian Ruble                    |          | 74.87 | 0.3                               | 1      | 6       | -14  | -17 |
| South African Rand               |          | 15.27 | 0.3                               | -1     | 5       | -4   | -8  |
| Turkish Lira                     |          | 7.82  | 0.5                               | 1      | 7       | -27  | -24 |
| EM FX volatility                 |          | 10.07 | 0.0                               | 0.0    | -1.3    | 3.1  | 3.5 |

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

## EM Bond Issuance

**Following strong issuance in November, EM issuers in December continue to take advantage of the favorable external environment and the historically low borrowing costs.** Brazil tapped \$2.5 bn of its existing bonds maturing in 2025/2030/2050. Bahamas tapped its 2032 8.95% coupon bonds for \$225 mn at an 8% yield. Philippines priced \$2.75 bn of 10.5-year and 25-year bonds. Istanbul municipality made a debut issuance, issuing \$580 mn 2027 bonds with 6.375% coupon. Finally, Ukraine announced they may tap international markets by mid-December for \$1 bn for a short maturity deal.



Source: Bloomberg

## China

**The U.S. Congress passed a bill that could ultimately lead to the delisting of Chinese firms.** The legislation would require firms listed on U.S. exchanges to allow the Public Company Accounting Oversight Board (PCAOB) to examine their financial audits; otherwise, they would be delisted after a period of three years of non-compliance. The U.S. House of Representative approved the legislation yesterday after it was passed by the Senate in May. President Trump is expected to sign the bill into law. While the legislation would apply to all listed firms, the measure effectively targets Chinese firms as Chinese authorities still do not allow foreign regulators to review firms' financial audits. The Trump administration also took steps to tighten visa policies for Chinese Communist Party officials. **The RMB appreciated onshore (+0.1%) but depreciated offshore (-0.1%). Stress in interbank repo markets eased,** with the spread between the rate for all transactions (including nonbanks) and the rate among banks narrowing to 5 bps from 77 bps a week ago.

**The Caixin services PMI improved in November, beating expectations.** Caixin services PMI increased to 57.8 in November from 56.8 in October, pointing to a rebound in domestic demand. **The framework for domestic systemically important banks (D-SIBs) was issued, effective January 1, 2021.** Based on the rules, the 30 largest banks, measured by total assets on- and off-balance sheets, will be initially included for assessment. The Financial Stability and Development Committee will determine D-SIBs, with decisions reflecting interconnectedness and complexity in addition to size.

## India

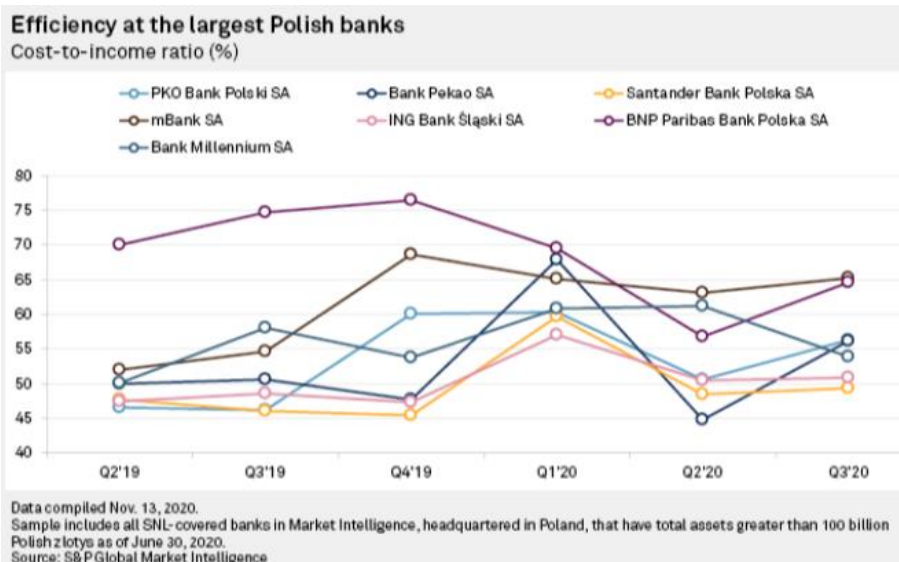
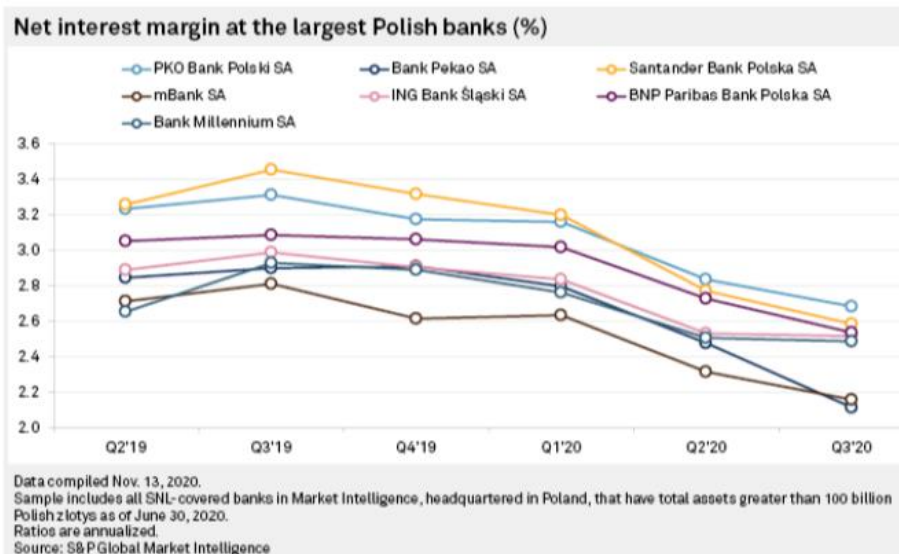
**The composite PMI softened in November.** The index declined to 53.7 in November from 54.1 in October, with services PMI also dropping to 56.3 (from 58.0). Some analysts noted that the strong recovery in



September and October was driven by temporary pent-up and holiday demand. Growth momentum will likely weaken in the absence of additional policy support. Market participants expect the Reserve Bank of India to keep the policy rate unchanged this week amid stubbornly high inflation (above the target). **Equities gained (+0.1%); Indian rupee depreciated (-0.2%).**

## Poland

**Polish banks face lackluster prospects on the back of Covid's impact on the economy**, analysts warn. New research by S&P Global Market Intelligence analysts highlights the need for Polish banks to reduce costs and increase fees as they face a steady compression of interest rate margins. Their report emphasizes the upsides of adopting more digitalization of financial services, and notes that Poland is already strong in digital banking, ranking fourth globally according to consultancy Deloitte.



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## Global Financial Indicators





































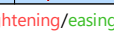
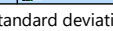
| Last updated:<br>12/3/20 8:05 AM | Level    |        | Change                           |        |         |       |      |
|----------------------------------|----------|--------|----------------------------------|--------|---------|-------|------|
|                                  | Last 12m | Latest | 1 Day                            | 7 Days | 30 Days | 12 M  | YTD  |
| Equities                         |          |        | %                                |        |         |       | %    |
| United States                    |          | 3671   | 0.2                              | 1      | 9       | 19    | 14   |
| Europe                           |          | 3517   | -0.1                             | 0      | 13      | -3    | -6   |
| Japan                            |          | 26809  | 0.0                              | 1      | 15      | 15    | 13   |
| China                            |          | 3442   | -0.2                             | 2      | 5       | 19    | 13   |
| Asia Ex Japan                    |          | 86     | 0.2                              | -1     | 8       | 25    | 17   |
| Emerging Markets                 |          | 50     | 0.1                              | 0      | 9       | 18    | 11   |
| Interest Rates                   |          |        | basis points                     |        |         |       |      |
| US 10y Yield                     |          | 0.94   | 0.2                              | 6      | 4       | -78   | -98  |
| Germany 10y Yield                |          | -0.55  | -2.6                             | 4      | 8       | -20   | -36  |
| Japan 10y Yield                  |          | 0.03   | 0.0                              | 0      | -2      | 5     | 4    |
| UK 10y Yield                     |          | 0.34   | -1.6                             | 6      | 7       | -33   | -48  |
| Credit Spreads                   |          |        | basis points                     |        |         |       |      |
| US Investment Grade              |          | 102    | -0.7                             | -5     | -25     | -13   | 5    |
| US High Yield                    |          | 419    | -1.3                             | -14    | -98     | -58   | 26   |
| Europe IG                        |          | 47     | 0.1                              | -2     | -14     | -3    | 3    |
| Europe HY                        |          | 248    | -3.3                             | -21    | -101    | 18    | 41   |
| EMBIG Sovereign Spread           |          | 366    | -2.7                             | -8     | -55     | 42    | 77   |
| Exchange Rates                   |          |        | %                                |        |         |       |      |
| USD/Majors                       |          | 90.78  | -0.4                             | -1     | -3      | -7    | -6   |
| EUR/USD                          |          | 1.21   | 0.3                              | 2      | 4       | 10    | 8    |
| USD/JPY                          |          | 104.1  | 0.3                              | 0      | 0       | 4     | 4    |
| EM/USD                           |          | 57.0   | 0.4                              | 1      | 5       | -5    | -7   |
| Commodities                      |          |        | %                                |        |         |       |      |
| Brent Crude Oil (\$/barrel)      |          | 48     | -0.6                             | 0      | 21      | -21   | -27  |
| Industrials Metals (index)       |          | 133    | 0.1                              | 3      | 9       | 21    | 16   |
| Agriculture (index)              |          | 43     | 0.8                              | -1     | 5       | 11    | 5    |
| Implied Volatility               |          |        | %                                |        |         |       |      |
| VIX Index (%, change in pp)      |          | 20.9   | -0.3                             | -0.4   | -14.7   | 4.9   | 7.1  |
| US 10y Swaption Volatility       |          | 56.0   | 0.1                              | 1.5    | -24.0   | -11.7 | -6.0 |
| Global FX Volatility             |          | 7.8    | 0.0                              | 0.2    | -0.8    | 1.7   | 1.9  |
| EA Sovereign Spreads             |          |        | 10-Year spread vs. Germany (bps) |        |         |       |      |
| Greece                           |          | 120    | -1.7                             | -6     | -32     | -71   | -46  |
| Italy                            |          | 116    | 1.0                              | -3     | -19     | -47   | -44  |
| Portugal                         |          | 59     | 0.3                              | -1     | -11     | -12   | -4   |
| Spain                            |          | 62     | 0.2                              | -2     | -11     | -13   | -3   |

Colors denote **tightening**/**easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

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## Emerging Market Financial Indicators

| Last updated:<br>12/3/2020<br>8:06 AM | Exchange Rates |        |                       |        |         |      |          | Local Currency Bond Yields (GBI EM) |        |       |                          |         |       |      |     |
|---------------------------------------|----------------|--------|-----------------------|--------|---------|------|----------|-------------------------------------|--------|-------|--------------------------|---------|-------|------|-----|
|                                       | Level          |        | Change (in %)         |        |         |      |          | YTD                                 | Level  |       | Change (in basis points) |         |       |      | YTD |
|                                       | Last 12m       | Latest | 1 Day                 | 7 Days | 30 Days | 12 M | Last 12m |                                     | Latest | 1 Day | 7 Days                   | 30 Days | 12 M  |      |     |
|                                       | vs. USD        |        | (+) = EM appreciation |        |         |      |          |                                     | % p.a. |       |                          |         |       |      |     |
| China                                 |                | 6.55   | 0.2                   | 0.4    | 2       | 8    | 6        |                                     | 3.4    | 1.7   | -2                       | 8       | 17    | 26   |     |
| Indonesia                             |                | 14140  | -0.1                  | -0.3   | 3       | 0    | -2       |                                     | 6.2    | -0.8  | -5                       | -43     | -107  | -94  |     |
| India                                 |                | 74     | -0.2                  | -0.1   | 1       | -3   | -3       |                                     | 6.0    | 0.3   | 2                        | -5      | -83   | -90  |     |
| Philippines                           |                | 48     | 0.0                   | 0.1    | 1       | 6    | 5        |                                     | 3.7    | 1.7   | -1                       | 8       | -64   | -64  |     |
| Thailand                              |                | 30     | 0.1                   | 0.4    | 3       | 0    | -2       |                                     | 1.5    | 0.1   | -1                       | -2      | -26   | -16  |     |
| Malaysia                              |                | 4.07   | 0.1                   | -0.1   | 2       | 3    | 0        |                                     | 2.6    | -4.0  | 7                        | 17      | -76   | -72  |     |
| Argentina                             |                | 81     | 0.1                   | -0.6   | -3      | -26  | -26      |                                     | 53.8   | 7.0   | 65                       | 326     | -3684 | -880 |     |
| Brazil                                |                | 5.21   | 0.4                   | 2.3    | 10      | -19  | -23      |                                     | 6.2    | -14.7 | -45                      | -31     | -10   | -7   |     |
| Chile                                 |                | 752    | 0.5                   | 1.9    | 0       | 7    | 0        |                                     | 2.9    | 4.5   | 13                       | 20      | -59   | -37  |     |
| Colombia                              |                | 3500   | 0.7                   | 3.4    | 9       | 0    | -6       |                                     | 5.2    | 1.3   | 5                        | -19     | -92   | -75  |     |
| Mexico                                |                | 19.88  | 0.4                   | 0.8    | 6       | -2   | -5       |                                     | 5.8    | -0.7  | -8                       | -37     | -135  | -111 |     |
| Peru                                  |                | 3.6    | 0.0                   | -0.2   | 0       | -6   | -8       |                                     | 3.9    | -1.5  | -2                       | -20     | -70   | -63  |     |
| Uruguay                               |                | 43     | -0.6                  | 0.0    | 1       | -12  | -12      |                                     | 7.5    | 0.6   | 13                       | -7      | -380  | -337 |     |
| Hungary                               |                | 294    | 0.8                   | 2.9    | 5       | 2    | 0        |                                     | 1.6    | 1.6   | 2                        | -12     | 43    | 45   |     |
| Poland                                |                | 3.68   | 0.4                   | 2.1    | 6       | 5    | 3        |                                     | 0.7    | 0.1   | 1                        | 4       | -117  | -123 |     |
| Romania                               |                | 4.0    | 0.3                   | 2.0    | 4       | 7    | 6        |                                     | 2.9    | -3.0  | -1                       | -18     | -127  | -112 |     |
| Russia                                |                | 74.9   | 0.3                   | 1.1    | 6       | -14  | -17      |                                     | 5.6    | 0.7   | 4                        | -30     | -72   | -54  |     |
| South Africa                          |                | 15.3   | 0.3                   | -0.6   | 5       | -4   | -8       |                                     | 9.9    | 2.0   | 15                       | -37     | 23    | 40   |     |
| Turkey                                |                | 7.82   | 0.5                   | 0.7    | 7       | -27  | -24      |                                     | 12.8   | 21.6  | 33                       | -157    | 79    | 106  |     |
| US (DXY; 5y UST)                      |                | 91     | -0.4                  | -1.3   | -3      | -7   | -6       |                                     | 0.42   | 0.2   | 2                        | 2       | -113  | -127 |     |

|              | Equity Markets  |        |               |        |         |      |          | Bond Spreads on USD Debt (EMBIG)  |              |       |                          |         |      |      |     |
|--------------|---|--------|---------------|--------|---------|------|----------|---|--------------|-------|--------------------------|---------|------|------|-----|
|              | Level   |        | Change (in %) |        |         |      |          | YTD   | Level        |       | Change (in basis points) |         |      |      | YTD |
|              | Last 12m  | Latest | 1 Day         | 7 Days | 30 Days | 12 M | Last 12m |   | Latest       | 1 Day | 7 Days                   | 30 Days | 12 M |      |     |
|              |   |        |               |        |         |      |          |   | basis points |       |                          |         |      |      |     |
| China        |  | 5057   | -0.2          | 3      | 6       | 31   | 23       |  | 207          | 0     | -6                       | -4      | 24   | 31   |     |
| Indonesia    |  | 5823   | 0.2           | 1      | 13      | -5   | -8       |  | 182          | 0     | -8                       | -27     | -1   | 26   |     |
| India        |  | 44633  | 0.0           | 2      | 11      | 10   | 8        |  | 159          | -5    | -9                       | -50     | 29   | 34   |     |
| Philippines  |  | 7194   | 1.6           | 3      | 14      | -8   | -8       |  | 109          | 0     | -2                       | -10     | 21   | 43   |     |
| Malaysia     |  | 1628   | 1.8           | 1      | 11      | 4    | 2        |  | 117          | 0     | -6                       | -34     | -4   | 5    |     |
| Argentina    |  | 55269  | 0.6           | 2      | 15      | 69   | 33       |  | 1414         | 1     | 35                       | -19     | -989 | -355 |     |
| Brazil       |  | 111879 | 0.4           | 1      | 17      | 3    | -3       |  | 260          | 0     | -4                       | -34     | 14   | 45   |     |
| Chile        |  | 4160   | 1.1           | 1      | 18      | -7   | -11      |  | 146          | -1    | -6                       | -20     | -7   | 13   |     |
| Colombia     |  | 1288   | 0.3           | 2      | 12      | -19  | -22      |  | 215          | -1    | -7                       | -21     | 20   | 52   |     |
| Mexico       |  | 43675  | 1.8           | 3      | 17      | 3    | 0        |  | 415          | -2    | -9                       | -53     | 82   | 123  |     |
| Peru         |  | 20314  | 0.8           | 3      | 14      | 3    | -1       |  | 150          | 0     | -3                       | 8       | 17   | 43   |     |
| Hungary      |  | 38949  | -0.6          | 0      | 15      | -10  | -15      |  | 97           | 0     | -5                       | -4      | -7   | 11   |     |
| Poland       |  | 53734  | -0.5          | 1      | 14      | -4   | -7       |  | 4            | -1    | -3                       | -10     | -28  | -14  |     |
| Romania      |  | 9450   | 0.8           | 1      | 9       | -4   | -5       |  | 204          | 0     | -3                       | -40     | 12   | 30   |     |
| Russia       |  | 3166   | -0.7          | 1      | 14      | 10   | 4        |  | 171          | -1    | -7                       | -26     | 7    | 40   |     |
| South Africa |  | 58911  | 1.1           | 2      | 11      | 8    | 3        |  | 393          | -12   | -25                      | -75     | 30   | 73   |     |
| Turkey       |  | 1330   | 0.3           | -1     | 16      | 25   | 16       |  | 488          | 0     | -23                      | -158    | 38   | 87   |     |
| Ukraine      |  | 508    | 0.0           | 1      | 1       | -1   | 0        |  | 505          | 1     | -27                      | -147    | -16  | 85   |     |
| EM total     |  | 50     | 0.6           | 0      | 9       | 18   | 11       |  | 421          | 0     | 17                       | -10     | 97   | 128  |     |

Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

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