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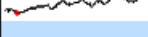


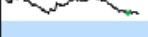
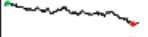


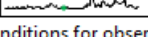
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Markets in wait and see mode ahead of ECB decision and US data

European equities are lower while US equity futures are little changed ahead of the ECB's decision on Thursday and key US inflation data set to be released tomorrow. The Reserve Bank of Australia kicked off what is set to be a busy week for major central banks by keeping its policy rate on hold as was widely expected. However, the central bank expressed a more dovish tone with respect to inflation dynamics, leading markets to price in a higher chance of interest rate cuts going forward. While markets expressed optimism regarding the "moderately loose" language that China's Politburo embraced for 2025 monetary policy, investors remain cautious on the actual implementation. Equities in China opened sharply higher this morning following yesterday's announcement but gave up much of the gains as the trading session wore on. The CSI 300 was up as much as 3% when the market opened, but closed only 0.7% higher on the day. Korea's equity market gained for the first time since last week's martial law declaration, with the Kospi rising 2.4% as authorized pledged support to stabilize markets.

Key Global Financial Indicators

| Last updated: 12/10/24 8:34 AM | Level | | Change from Market Close | | | | YTD |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|-----|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | |
| Equities | | | % | | | | % |
| S&P 500 |  | 6053 | -0.6 | 0 | 1 | 31 | 27 |
| Eurostoxx 50 |  | 4976 | -0.2 | 2 | 4 | 10 | 10 |
| Nikkei 225 |  | 39368 | 0.5 | 0 | 0 | 20 | 18 |
| MSCI EM |  | 45 | 2.1 | 3 | 0 | 15 | 11 |
| Yields and Spreads | | | bps | | | | |
| US 10y Yield |  | 4.22 | 2.3 | 0 | -8 | 0 | 35 |
| Germany 10y Yield |  | 2.11 | -1.2 | 6 | -26 | -17 | 9 |
| EMBIG Sovereign Spread |  | 325 | -5 | -10 | 0 | -71 | -58 |
| FX / Commodities / Volatility | | | % | | | | |
| EM FX vs. USD, (+) = appreciation |  | 43.9 | -0.1 | 1 | -2 | -8 | -9 |
| Dollar index, (+) = \$ appreciation |  | 106.4 | 0.3 | 0 | 1 | 2 | 5 |
| Brent Crude Oil (\$/barrel) |  | 71.8 | -0.4 | -2 | -3 | -5 | -7 |
| VIX Index (% change in pp) |  | 14.1 | -0.1 | 1 | -1 | 2 | 2 |

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

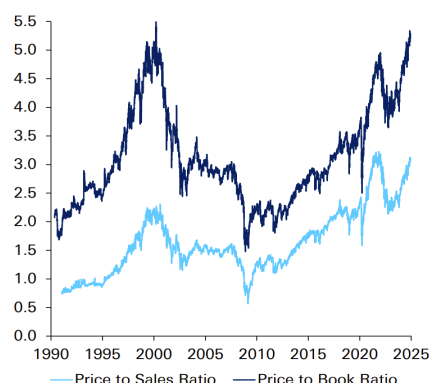
Mature Markets

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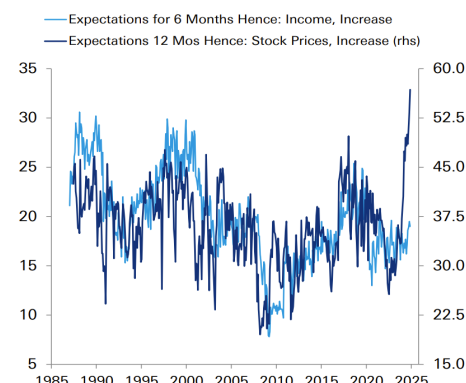
United States

Stock market valuations are at exceptionally high levels amid bullish sentiment. The S&P 500 cyclically-adjusted P/E ratio, currently at 38.9, has already surpassed its 2021 peak of 38.6 and is now second only to the all-time high of 44.2, reached during the 1998–2000 dot-com bubble. Both previous episodes were followed by a significant correction. Additionally, both the price-to-book and price-to-sales ratios of the S&P 500 are nearing their all-time highs, also set during the dot-com bubble (Left figure below). Despite this, bullish sentiment among retail investors has reached the highest level in decades, contrasting with their more subdued expectations for near-future income growth (Right figure below).

Price-to-Book and Price-to-Sales Ratio for S&P 500



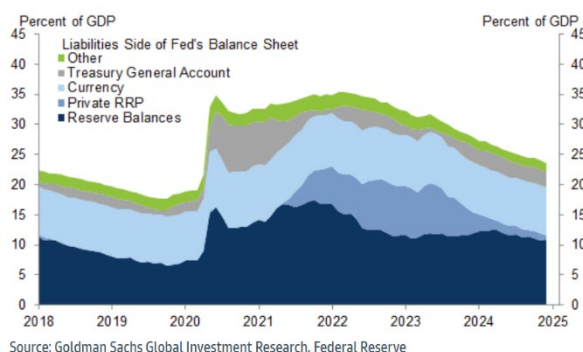
Conference Board Expectations for Equity Market and Income Gains



The Fed may continue its Quantitative Tightening (QT) throughout the first half of 2025.

Since June 2024, the Fed's balance sheet has shrunk by \$400 billion, after the FOMC halved the run-off pace. Key indicators of money market conditions suggest that bank reserves, currently at \$3.23 trillion or 13.7% of total bank assets, remain "abundant." However, temporary spikes in the secured overnight financing rate (SOFR) to above the top of the Fed's target range that occurred in late September, the first time since March 2020, along with other signs of money market tightness in recent weeks, suggest that QT is gradually bringing reserve levels towards the "ample" region targeted by the FOMC. Goldman Sachs is now predicting that the FOMC may slow the run-off pace again at its January meeting and could completely stop QT by the end of Q2 2025, when reserve balances are projected to drop to around 13% of total bank assets and the Fed's balance sheet size to around 22% of the U.S. GDP.

Exhibit 1: The Fed's Balance Sheet Has Continued to Shrink Over the Last Year



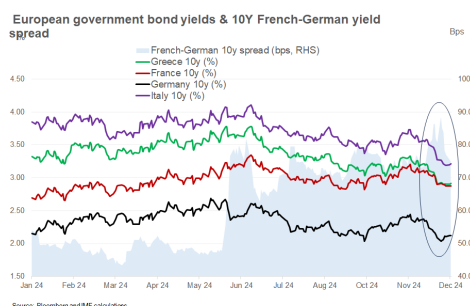
Europe

European equities as measured by the Stoxx 600, were trading marginally lower (-0.2%) as optimism over China's latest stimulus announcement appears to have fizzled, geopolitical developments in Asia and the Middle East weigh on sentiment and attention turns to tomorrow's US CPI data and Thursday's ECB meeting. On the data front, this morning's final German harmonized CPI reading for November was unchanged at 2.2%/y/y, in line with the earlier flash estimate. Elsewhere, October industrial production data for Italy was unchanged at 0.0% m/m, in line with consensus expectations. The euro was trading marginally weaker (-0.3%) against the dollar and is now almost 5% weaker against the greenback YTD.

The 10Y French-German yield spread is steady ahead of a possible replacement PM announcement.

According to media reports, a replacement PM in France could be named as early as Wednesday. This morning, European government bond yields were mostly lower with the 10Y French OAT yield around 2bp lower at 2.84%, and the 10Y French-German yield spread trading broadly steady at 74bp, around 12bp tighter relative to last Tuesday. President Macron will be meeting with all political parties later today, except the National Rally (RN) and RN and La France Insoumise (LFI). The outgoing administration is also expected to present a stopgap budget at the cabinet meeting later today, which will effectively allow the outgoing government to carry over the 2024 budget into 2025. The expectation is that all political parties will vote in favor of this.

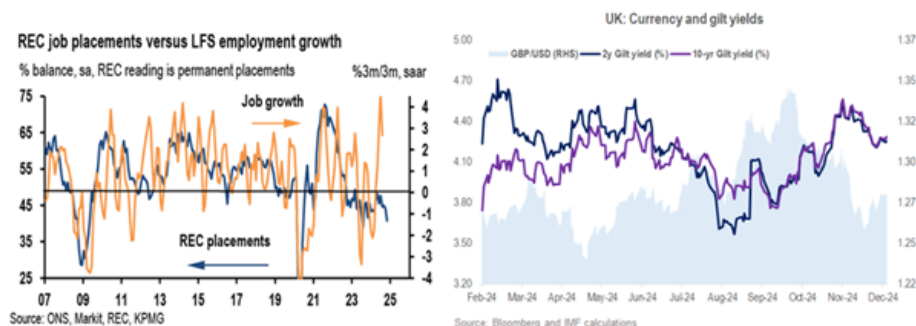
Ahead of Thursday's ECB meeting, market expectations for ECB rate cuts in 2025 have been scaled back over the past week with around 150bp of easing expected by October 2025, down from around 160bp priced in last week. Pricing for a rate cut at Thursday's meeting remains broadly steady with around 27bp of easing expected (compared to 28bp last Tuesday). Elsewhere, the 10Y BTP-Bund yield spread was stable at 107bp.



United Kingdom

November labor market survey data suggests slowing in UK job placements and vacancies.

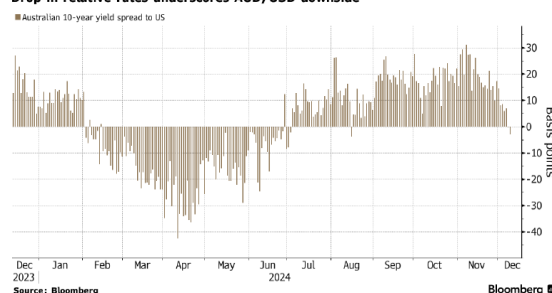
Yesterday's REC jobs survey for November showed a large decline in permanent job placements to 40.7 from 44.1 in the prior month. Job vacancies fell to 43.8 from 46.1, registering the weakest reading since August 2020. According to JP Morgan analysts, the latest REC report follows several other business surveys which have shown a notable weakening in employment intentions since the October budget, with respondents to the REC singling out the budget as "prompting a reassessment of staffing needs". The analysts note that while Bank of England policymakers have signaled that the pace of policy easing is likely to be gradual, signs of a faster weakening in the labor market, particularly if sustained may pressure the MPC to change its messaging. For now, analysts expect the BoE to keep rates on hold at next Thursday's meeting, although note that other labor market data will be closely watched for signs of further deterioration. Current market pricing is for around 80bp of easing from the BoE by November next year, broadly unchanged from last week. This morning, pound sterling was trading flat against the dollar at 1.2762, although is around 0.7% higher since last week, and is relatively unchanged YTD.



Australia

The Reserve Bank of Australia left its cash rate unchanged at 4.35%, in line with expectations. BA indicated that it is “gaining some confidence” that inflation is moving sustainably toward target. Moreover, in the press conference following the policy meeting, Governor Bullock noted that the decision to drop the reference to inflation vigilance in the policy statement was deliberate, given the substantial softening in some important data points. These comments reportedly spurred rate cut expectations. Swaps traders boosted bets on a rate cut in February to almost 70% from 50% from the previous day. Moreover, two rate reductions by May are fully priced in. Meanwhile, the Australian dollar fell as much as 0.9% (-0.7% at close of session) and the 3-year government bond yield fell by 8 bp following the statement, with benchmark yields now below those of US Treasuries. Traders noted that the collapse in yield differential between the 10-year Australian note and the US Treasury suggests that the Australian dollar could extend its depreciation in the months ahead. Since the end of September, the Australian dollar has fallen by 7.5% against the dollar.

There Goes the Aussie Yield Premium
Drop in relative rates underscores AUD/USD downside



Korea

The Korean won and equities gained as the authorities pledged support to stabilize market sentiment. The gains marked the first advance since the installation of last week's short-lived martial law. The won edged higher (+0.1%) against the dollar while the Kospi Index gained 2.4%, and the small-cap Kosdaq index jumped 5.5% as officials reiterated support to help stabilize market sentiment. Still, Meritz Securities expect political uncertainties to last until the end of January and continue to exert downward pressure on the won. Meanwhile, Korea's ruling People Power Party is discussing a road map for an “orderly exit” for President Yoon. At the same time, Korea's main opposition Democratic Party (“DP”) is seeking to pass next year's budget during a plenary session on Tuesday. DP proposed a downsizing of the budget by KRW 4.1 tn (\$2.9 bn), with cuts on funding to President Yoon's office as well as budget earmarked for prosecutors and the police in an earlier proposal.

Kospi Set for First Daily Rise Since Martial Law



Emerging Markets

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Asian markets were mixed with Chinese and Korean assets outperforming on the back of expectations of official support. Chinese shares gained modestly after the Politburo's signal for bolder stimulus next year, with the benchmark equity index rising more than 3% at the open before paring its advance to end the session 0.7% higher. Stocks in South Korea also gained with the Kospi leading its regional peers (+2.4%) as the authorities reiterated support to help stabilize market sentiment. **EMEA equities and currencies were mixed this morning.** In CEE, equities traded mostly sideways but edged lower in Poland (-0.6%). Following today's November inflation data in Hungary and Czechia, the forint regained (0.2%) some ground against the euro, and the koruna was little changed. This morning, equities lost (-0.7%) in Türkiye where data released today showed industrial production declining by 3.1%/y/y in October, from -2.4%/y/y in the previous month, with the lira little changed. Elsewhere, the ruble weakened (-1.4%) against the dollar, amid declining oil prices. **Latin American currencies were mixed, and equities gained to start the week.** Currencies outperformed in Colombia (+0.8%) and Chile (+0.6%) but underperformed in Mexico (-0.3%). Equities rallied across the region, led by Mexico (+1.6%) and Argentina (+1.2%).

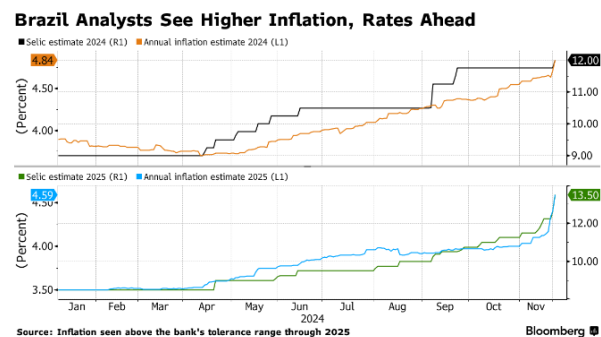
China

China's government bond yields reached record low levels on growth outlook, policy easing and strong investor interest. The yield on the 10-year note fell 7 bp to 1.84%, extending the 5 bp decline following the conclusion of the Politburo meeting yesterday. Although an expected increase in bond issuance could raise yields, traders have reportedly begun building long bond positions since late November, fueled by a weak growth outlook, increased liquidity injections and policy easing from the PBOC. Bloomberg highlighted that China's sovereign bond yields have fallen below several key levels in the past two weeks: the 30-year yield is now below their Japanese counterparts for the first time in about two decades; and the 10-year yield is below the key psychological level of 2%. Citigroup and Goldman Sachs are recommending long positions on Chinese government bonds amid the current rally. Meanwhile, **expectations for fiscal support increased** following the Politburo's decision to embrace supportive monetary policy in 2025. In a Bloomberg survey, at least seven Chinese brokerages expect next year's fiscal deficit target to reach 4% of GDP, the widest since a major tax reform in 1994. By comparison, the budget deficit ratio has historically been held at or below 3% of GDP.



Brazil

Brazilian economists lift inflation and interest rate estimates ahead of policy meeting. According to the central bank's weekly economist survey, year-end inflation and Selic rate estimates increased for 2024 through 2027. Policy makers are expected to raise rates to 12% (currently 11.25%) on Wednesday, up from the previous expectation of 11.75%. Nominal yields increased across the curve in a range of 21 to 37 bp following the release of the survey, which were mostly driven by a rise in breakeven inflation rates.

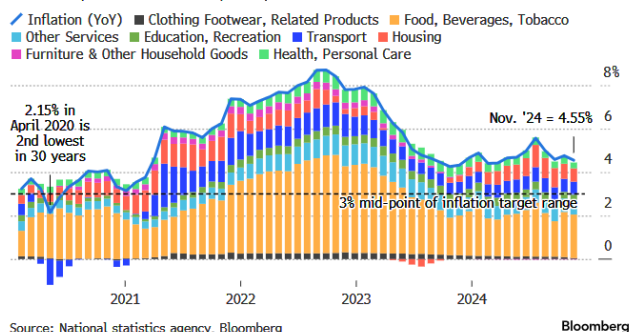


Mexico

Cooler-than-expected Mexico inflation supports rate cut this month. November headline and core CPI fell to 4.55% y/y (expected 4.6%) and 3.58% y/y (expected 3.6%), respectively, continuing its trend towards the central bank's target of 3% plus or minus 1 percentage point. Policy makers are expected to cut their key rate by 25 bp at the next monetary policy meeting on December 19, which would mark the fourth consecutive rate cut by Banxico. Mexican equities (+1.6%) outperformed the region and the peso (-0.3%) depreciated following the print.

Mexico Inflation Slows More Than Expected in November

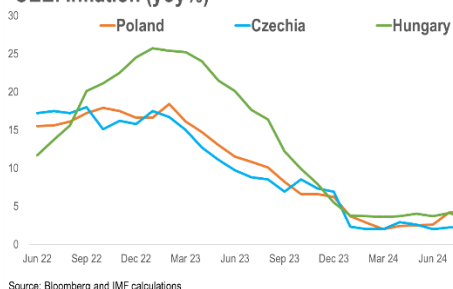
Consumer prices ease to 4.55%, core print slows for 22nd month



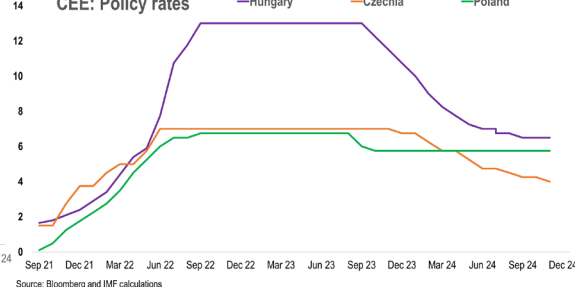
CEE3

Inflation continues to rebound broadly in line with expectations in CEE. Today's data showed headline inflation increasing in Hungary November to 3.7%/y/y (0.5%/m/m) as expected from 3.2%/y/y (0.1%/m/m) in October, while printing slightly below expectations at 2.8%/y/y (vs est. 3%/y/y) in Czechia, unchanged from October and close to the upper bound of the central bank's tolerance band (2% +/-1%). The Hungarian forint regained (0.2%) some ground against the euro this morning, while the Czech koruna was little changed. Analysts at ING expect the Czech National Bank (CNB) to pause its easing cycle in December and February 2025 keeping its policy rate at 4%, and the National Bank of Hungary to cut three times more through 2025. **Preliminary data released on November 29 showed that headline inflation softened in Poland** in line with expectations to 4.6%/y/y in November from 5% in October. The National Bank of Poland (NBP) left its policy rate unchanged at 5.75% on December 4 amid persisting concerns on the inflation outlook as core inflation was still at 4.1%/y/y in October, although analysts at Bloomberg expect core inflation to cool down in the coming months in Poland and the NBP to start an easing cycle from March 2025 to take the policy rate down to 5% (-75bp) by the end of 2025.

CEE: Inflation (yoy%)













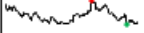

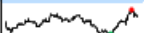
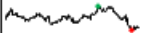

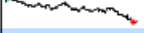








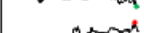
CEE: Policy rates



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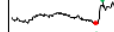
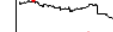


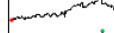
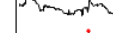





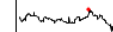
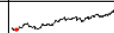






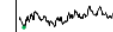

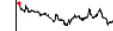


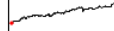






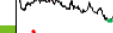


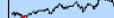

Global Financial Indicators

| 12/10/24 8:34 AM | Level | | Change | | | | YTD |
|-----------------------------|---|--------|----------------------------------|--------|---------|------|-----|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | |
| Equities | | | % | | | | % |
| United States |  | 6,063 | -0.6 | 0.2 | 1.1 | 31.7 | 27 |
| Europe |  | 4,976 | -0.2 | 2.0 | 3.6 | 10.0 | 10 |
| Japan |  | 39,368 | 0.5 | 0.3 | -0.4 | 20.1 | 18 |
| China |  | 3,996 | 0.7 | 1.1 | -3.3 | 16.8 | 16 |
| Asia Ex Japan |  | 77 | 2.3 | 3.2 | 0.4 | 19.4 | 15 |
| Emerging Markets |  | 45 | 2.1 | 3.0 | 0.2 | 14.7 | 11 |
| Interest Rates | | | basis points | | | | |
| US 10y Yield |  | 4.2 | 2 | 0 | -8 | 0 | 35 |
| Germany 10y Yield |  | 2.1 | -1 | 6 | -26 | -17 | 9 |
| Japan 10y Yield |  | 1.1 | 2 | -1 | 6 | 31 | 46 |
| UK 10y Yield |  | 4.3 | 3 | 6 | -13 | 26 | 77 |
| Credit Spreads | | | basis points | | | | |
| US Investment Grade |  | 118 | 0 | 2 | 4 | -21 | -16 |
| US High Yield |  | 308 | -2 | 0 | 6 | -103 | -77 |
| Exchange Rates | | | % | | | | |
| USD/Majors |  | 106.4 | 0.3 | 0.0 | 1.4 | 2.3 | 5 |
| EUR/USD |  | 1.1 | -0.3 | 0.2 | -1.2 | -2.2 | -5 |
| USD/JPY |  | 151.6 | 0.2 | 1.3 | -1.4 | 3.7 | 7 |
| EM/USD |  | 43.9 | -0.1 | 0.6 | -1.8 | -7.8 | -9 |
| Commodities | | | % | | | | |
| Brent Crude Oil (\$/barrel) |  | 71.8 | -0.4 | -2.4 | -2.4 | -3.4 | -3 |
| Industrials Metals (index) |  | 145.9 | -0.4 | -0.2 | -1.2 | 7.9 | 2 |
| Agriculture (index) |  | 57.7 | 0.4 | 3.2 | 1.2 | -9.8 | -8 |
| Implied Volatility | | | % | | | | |
| VIX Index (% change in pp) |  | 14.1 | -0.1 | 0.8 | -0.8 | 1.8 | 1.7 |
| Global FX Volatility |  | 8.5 | 0.0 | -0.5 | 0.4 | 0.6 | 0.4 |
| EA Sovereign Spreads | | | 10-Year spread vs. Germany (bps) | | | | |
| Greece |  | 79 | 0 | -8 | -11 | -40 | -25 |
| Italy |  | 108 | 0 | -11 | -21 | -72 | -59 |
| France |  | 75 | -1 | -10 | -1 | 20 | 21 |
| Spain |  | 64 | 0 | -7 | -10 | -38 | -33 |

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

Emerging Market Financial Indicators

| Last updated: 12/10/2024 8:35 AM | Exchange Rates | | | | | | | Local Currency Bond Yields (GBI EM) | | | | | | |
|--|----------------|--------|----------------------|--------|---------|-------|-------|-------------------------------------|--------|--------------------------|--------|---------|-------|-------|
| | Level | | Change (in %) | | | | | Level | | Change (in basis points) | | | | |
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| | vs. USD | | (+)= EM appreciation | | | | | % p.a. | | | | | | |
| China | | 7.25 | 0.1 | 0.4 | -0.5 | -1.1 | -2.1 | | 1.9 | -2 | -3 | -14 | -84 | -71 |
| Indonesia | | 15871 | 0.0 | 0.5 | -1.1 | -1.6 | -3.0 | | 7.0 | 1 | 5 | 20 | 27 | 40 |
| India | | 85 | -0.1 | -0.2 | -0.5 | -1.7 | -1.9 | | 7.0 | -4 | -1 | -19 | -36 | -20 |
| Thailand | | 34 | 0.0 | 1.7 | 2.2 | 5.7 | 1.4 | | 2.3 | -2 | -4 | -17 | -58 | -45 |
| Malaysia | | 4.43 | 0.0 | 1.0 | -0.4 | 5.8 | 3.8 | | 3.8 | 0 | -2 | -10 | 4 | 5 |
| Argentina | | 1017 | -0.1 | -0.5 | -1.8 | -64.0 | -20.5 | | 29.8 | 31 | 46 | -130 | -7079 | -5655 |
| Brazil | | 6.04 | 0.7 | 0.1 | -4.7 | -18.3 | -19.7 | | 14.8 | 23 | 81 | 179 | 429 | 476 |
| Chile | | 971 | -0.2 | 0.1 | 0.9 | -9.1 | -9.3 | | 5.3 | 0 | -4 | -11 | -23 | -3 |
| Colombia | | 4371 | 0.0 | 1.6 | -0.2 | -8.9 | -11.3 | | 10.9 | 11 | 7 | 32 | 37 | 102 |
| Mexico | | 20.16 | 0.4 | 0.8 | 0.9 | -13.8 | -15.8 | | 10.0 | -5 | 0 | -3 | 61 | 88 |
| Uruguay | | 44 | 0.0 | -1.1 | -3.2 | -9.8 | -11.0 | | 9.5 | -2 | -4 | 10 | -13 | 1 |
| Hungary | | 390 | 0.0 | 1.0 | -1.3 | -8.8 | -11.1 | | 6.2 | -6 | 5 | -32 | -19 | 33 |
| Poland | | 4.05 | -0.5 | 0.9 | 1.0 | -0.7 | -2.9 | | 5.4 | 1 | 13 | 4 | 30 | 37 |
| Romania | | 4.7 | -0.3 | 0.3 | -1.1 | -2.2 | -4.6 | | 6.9 | -12 | -26 | 18 | 38 | 73 |
| Russia | | 102.4 | -2.4 | 2.6 | -6.1 | -11.1 | -12.6 | | | | | | | |
| South Africa | | 17.9 | -0.5 | 1.4 | 0.4 | 6.8 | 2.8 | | 10.3 | -5 | -3 | -20 | -116 | -97 |
| Türkiye | | 34.84 | 0.0 | -0.3 | -1.4 | -16.8 | -15.3 | | 30.3 | 17 | 36 | -24 | 355 | 413 |
| US (DXY; 5y UST) | | 106 | 0.3 | 0.0 | 1.3 | 2.3 | 5.0 | | 4.09 | 2 | -2 | -10 | -15 | 24 |

| | 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 | 7 Days | 30 Days | 12 M | | |
| | | | | | | | | | basis points | | | | | |
| China |  | 3,996 | 0.7 | 1.1 | -3.3 | 16.8 | 16.5 |  | 100 | 2 | -1 | -51 | -58 | |
| Indonesia |  | 7,453 | 0.2 | 3.6 | 2.6 | 5.1 | 2.5 |  | 95 | -6 | 8 | -9 | -1 | |
| India |  | 81,510 | 0.0 | 0.8 | 2.5 | 16.6 | 12.8 |  | 86 | 1 | 5 | -25 | -30 | |
| Philippines |  | 6,725 | 0.7 | -0.1 | -3.1 | 8.0 | 4.3 |  | 82 | -6 | 8 | -4 | 2 | |
| Thailand |  | 1,448 | 0.0 | 1.4 | -0.6 | 4.8 | 2.2 |  | 0 | 0 | 0 | 0 | 0 | |
| Malaysia |  | 1,609 | -0.2 | 0.1 | 0.0 | 11.2 | 10.6 |  | 74 | 6 | 15 | -11 | -11 | |
| Argentina |  | 2,228,859 | 1.2 | -3.1 | 13.5 | 136.7 | 139.7 |  | 735 | -21 | -116 | -1192 | -1178 | |
| Brazil |  | 127,969 | 1.0 | 1.5 | 0.1 | 0.7 | -4.6 |  | 225 | -3 | 21 | 11 | 10 | |
| Chile |  | 6,714 | 1.0 | 1.3 | 3.0 | 12.4 | 8.3 |  | 116 | -6 | 3 | -9 | -9 | |
| Colombia |  | 1,379 | 0.2 | -0.9 | 3.3 | 20.4 | 15.4 |  | 321 | -8 | 4 | 22 | 50 | |
| Mexico |  | 52,191 | 1.6 | 3.5 | 0.7 | -4.0 | -9.1 |  | 303 | -8 | 13 | -56 | -31 | |
| Peru |  | 29,468 | -0.5 | -0.7 | -2.7 | 33.8 | 13.5 |  | 136 | -9 | -1 | -12 | -8 | |
| Hungary |  | 80,183 | 0.5 | 3.2 | 5.2 | 36.7 | 32.3 |  | 152 | -13 | 4 | -3 | 3 | |
| Poland |  | 82,430 | -0.6 | 1.9 | 0.2 | 6.9 | 5.1 |  | 110 | -6 | -1 | 11 | 13 | |
| Romania |  | 17,106 | 0.6 | 6.5 | -1.5 | 13.8 | 11.3 |  | 215 | -12 | 16 | 18 | 14 | |
| South Africa |  | 87,104 | -0.6 | 1.5 | 2.3 | 18.0 | 13.3 |  | 276 | -14 | 9 | -62 | -32 | |
| Türkiye |  | 10,123 | -1.3 | 3.0 | 10.2 | 27.9 | 35.5 |  | 256 | -6 | 6 | -88 | -58 | |
| EM total |  | 45 | -1.2 | 3.0 | 0.2 | 14.7 | 11.3 |  | 360 | -11 | -5 | 5 | 15 | |

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

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