



Global Markets Monitor

Monetary and Capital Markets Department
Global Markets Analysis Division

Monday, February 11, 2019






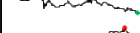
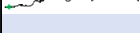

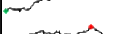

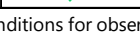
- **Analysts cut Q1 2019 US corporate earnings forecasts** ([link](#))
- **Falling bund yields drag Treasury yields lower** ([link](#))
- **France issues contingency plan for insurance contracts under no-deal Brexit** ([link](#))
- **EM fund flows surged last week with bond ETFs attracting record flows** ([link](#))
- **Ghana plans to issue \$3bn of Eurobonds before IMF's final review of its ECF** ([link](#))

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Markets rally on trade optimism as dollar strength continues

Equity markets in most major markets are moving higher this morning as the holiday week in China comes to a close and investors look toward this week's trade discussions between senior officials from the US and China. Chinese equity markets moved higher after being closed for a week. Investors are cautiously optimistic that some agreement can be reached before the March 1 deadline for higher tariffs to go into effect. Despite today's advance markets remain nervous about prospects for trade, the outcome for Brexit - with PM May expected to present a new deal on Thursday - as well as another potential shutdown of the US government. The dollar index is stronger this morning after advancing each of the past seven days, as both US and European sovereign bonds are edging higher. That is leading to weakness in EM currencies so far today despite the generally positive risk sentiment. Last week saw the first decline in major EM asset markets in seven weeks.

Key Global Financial Indicators

Last updated: 2/11/19 8:17 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		2732	0.1	2	7	2	9
Eurostoxx 50		3177	-1.1	1	5	-8	6
Nikkei 225		20751	-0.6	0	4	-4	4
MSCI EM		43	0.7	0	8	-10	10
Yields and Spreads			bps				
US 10y Yield		2.66	-2.3	4	-3	-17	-2
Germany 10y Yield		0.12	-4.1	-3	-10	-62	-12
EMBIG Sovereign Spread		351	24	-15	-52	61	-63
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		63.7	-0.2	-1	1	-10	2
Dollar index, (+) = \$ appreciation		96.5	0.1	1	1	7	0
Brent Crude Oil (\$/barrel)		62.2	-0.8	0	8	-5	16
VIX Index (% change in pp)		16.3	0.9	0	-5	-11	-9

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

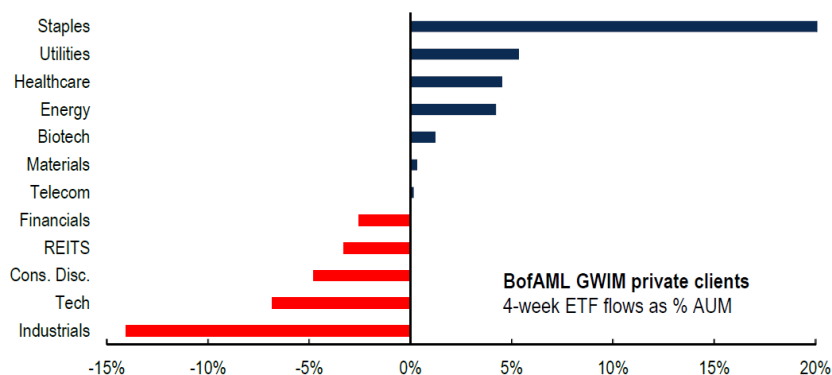
The coming week features a relatively light data calendar, but political risks lurk in the background as market participants keep a wary eye on the latest Brexit developments, US trade headlines and other potential market movers. UK PM May is scheduled to present a new proposal to Parliament on February 14. Key US data releases for the week are CPI on Wednesday and PPI along with retail sales on Thursday. The CPI print will attract particular attention as markets recalibrate their expectations of Fed policy after the surprisingly dovish FOMC meeting on January 30th. In the euro area, industrial production data comes out on Wednesday and the latest Q4 estimates of euro area and German GDP are due on Thursday. In the UK, inflation data will be reported on Wednesday and retail sales on Friday, while in Japan the schedule features the GDP report on Wednesday and industrial production on Thursday. Trade data are due from China at the end of the week and India reports CPI and industrial production tomorrow. The Swedish Riksbank meets this week and will make its policy announcement on Wednesday. Analysts expect the central bank to stay on hold at -25 bps after the surprise 25 bps hike at the December 20 meeting.

United States

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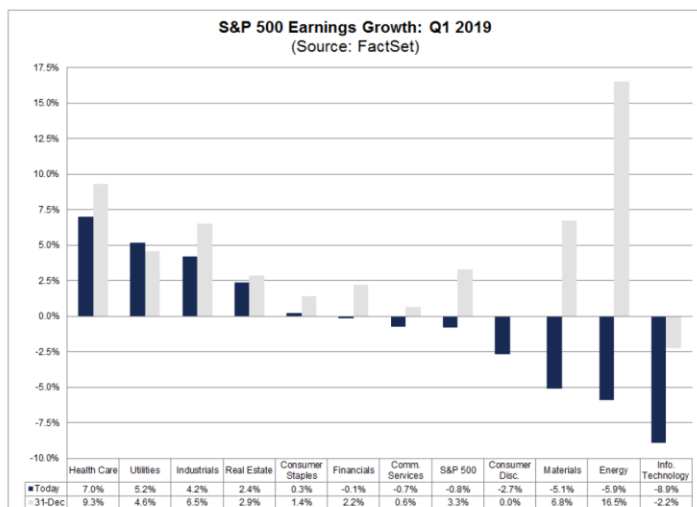
The S&P 500 eked out a net gain for last week, but Friday's advance was fractional after a volatile session when stocks spent most of the day underwater. Lowered growth forecasts from the Reserve Bank of Australia reinforced earlier downgrades from UK and euro area policy makers and set the negative tone early in the session, while the prospect of another US government shutdown also weighed on sentiment. However, the S&P 500 recovered from its worst levels of the day and managed a late-day rally, while technology stocks also turned in a slight gain on a strong earnings report from Motorola. Data from Bank of America show that the equity rally of the past month was led by defensive sectors as cyclicals such as industrials and technology remained out of favor.

Chart 4: BofAML GWIM private client ETF sector flows past 4 weeks



Source: BofA Merrill Lynch Global Investment Strategy, BAC internal data

US corporate earnings forecasts for Q1 2019 have followed a similar pattern favoring defensives over cyclicals as analysts assigned their largest downgrades for the technology, materials and energy sectors. For the S&P 500, the overall reduction in earnings forecasts was 4.1%, the largest January downgrade since Q1 2016. Analysts predict that companies with greater global exposure will do worse in Q1 than companies with a more domestic focus. This was true for Q4, based on the companies that have reported so far. The latest headlines on trade tensions last week highlighted the risk that the US will raise tariffs on March 1st on \$200 bn of Chinese goods to 25% from the current level of 10%.



Developed market (DM) government bonds have been driven in recent days by weakening growth prospects in Europe, as the relentless decline in bund yields drags global DM yields lower. Treasuries were no exception, catching a strong bid amid the weakness in equities. 10-year Treasury yields declined by nearly 10 bps over the past week. Some investors are moving into long Treasury-short bund positions on expectations that bunds have limited further upside while Treasuries could post major gains if the US economy begins to slow. The latest downgrade of growth forecasts from EC staff last week pulled the 10-year bund yield into single digits, while the Fed's volte face on its balance sheet and rate policy highlighted the risks to the US outlook. One popular trade over the past few weeks has seen significant success, as investors bet on widening five-year/five-year breakeven yields in the US relative to the euro area.

Chart 1: US 5y5y BE – EUR 5y5y BE (bp) has widened materially

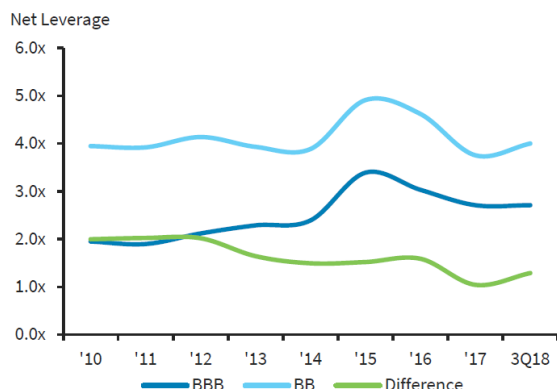


Source: BofA Merrill Lynch Global Research

Rising leverage in the BBB segment of the US corporate bond market has drawn increased scrutiny. Strong investor demand for investment grade bonds has led to a narrowing of the spread in net leverage between BBB and BB bonds. The search for yield has also allowed BBB issuers to issue in much larger volumes, to the point where the amount of highly leveraged debt outstanding has grown very large relative to the size of the US high yield (HY) market. Today, there are 13 US non-financial corporate issuers with market value of debt outstanding amounting to 2% of the US HY debt market, the most since 2002. The worry is that a series of downgrades of BBB bonds to HY status could destabilize the overall corporate bond market, as the HY market is too small to absorb such a large volume of new debt.

FIGURE 5

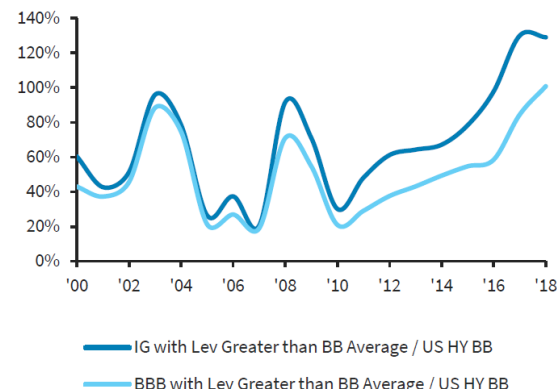
The Spread between BBB and BB Net Leverage Has Compressed



Source: Factset, Bloomberg, CapIQ, Barclays Research

FIGURE 6

Highly Leveraged Investment Grade and BBB Names Have Grown in Size Relative to the High Yield Market



Note: company-level financial data for 2018 is as of 3Q18.

Source: Bloomberg Barclays Indices

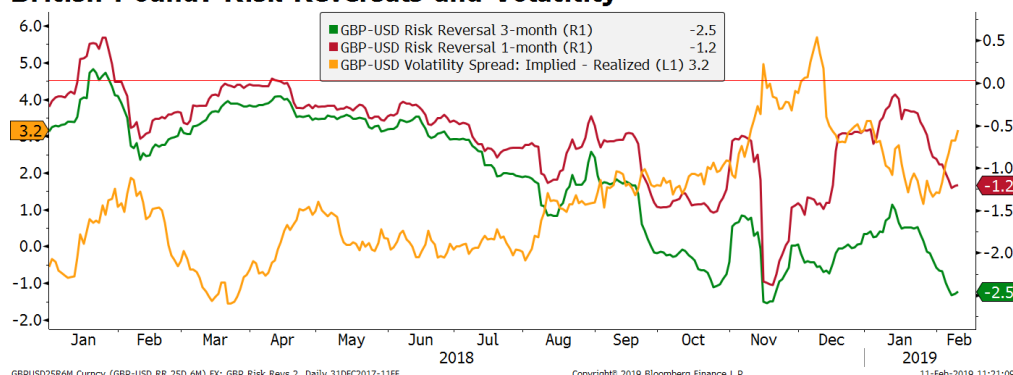
Europe

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European bourses are about 1% higher this morning. EuroStoxx 600 (+0.9%), DAX (+0.9%), and CAC 40 (1.0%). Italy's Titans 30 is outperforming at +1.6%. Bank stocks (+1.5%) are also ahead of the main indices.

Core Euro area sovereign bond markets are steady: German 10-year bonds at 0.10% (+2 bps); France at 0.55% (+2 bps). Italian 10-year yields dropped 7 bps to 2.89%. **UK gilt yields have climbed 3 bps**, taking the 10-year bond to 1.17% and the 2-year to 0.72%. While sterling is stable at \$1.29, dollar-pound risk reversals remain in bearish territory for the pound.

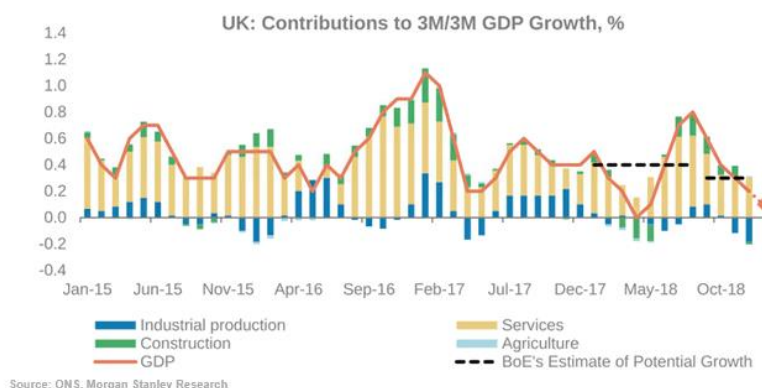
British Pound: Risk Reversals and Volatility



On **Brexit news**, PM May has signaled her government could agree to some of Labour's conditions to back the government's (amended) withdrawal agreement, although likely not that of a custom's union with the EU. The British parliament is set to vote again on the terms of the exit agreement by Feb. 27. Separately,

the **UK's 2018Q4 GDP growth came in at 1.3% year-on-year**, slightly below the 1.4% forecast. On a quarterly basis, GDP growth was 0.2% vs. 0.3% expected.

Falling below trend



The French government has issued contingency measures to ensure continuity of insurance contracts under a no-deal Brexit. The measures – which await parliamentary approval – would enable British insurers to honor existing contracts in the EU but prevent them from undertaking new business without the required financial passport. **The Dutch Central Bank has authorized Lloyds Banking Group a financial passport to operate in the Netherlands post-Brexit.** Lloyds has a mortgage portfolio of about €8 bn in Holland.

Various new reports estimate the cost of Brexit for the UK and Germany. The [Institute for Fiscal Studies](#) has found that a no-deal Brexit would leave the U.K. budget deficit £50 bn higher over 15 years than if Britain had stayed in the EU, necessitating two more years of 2010s-style austerity to plug the gap. The [Resolution Foundation](#) calculates average disposable incomes are £1,500/year (or 4.1%) lower now than official forecasts had predicted before the referendum. In the continent, a no-deal outcome would jeopardize 100,000 jobs in Germany, according to a study by [Halle IWH](#).

Senior members of the Italian government disagree publicly over the independence of the central bank. [Negative comments](#) from Messrs. Salvini and Di Maio were also aimed at the Italian financial regulator Consob, indicating their opposition to renewing the top posts at the Bank and Consob in coming months.

Bank 'CoCo' bonds

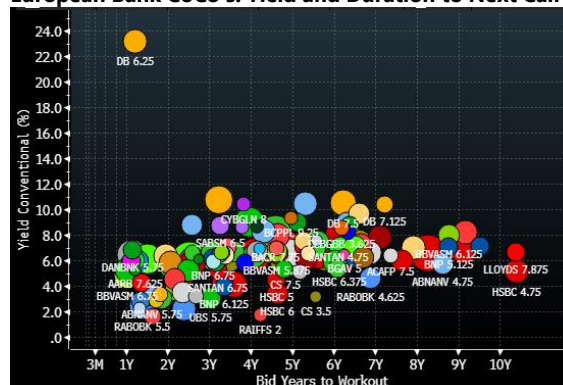
Santander's €1.5bn CoCo call deadline approaches; management has not announced conversion. Bank AT1 contingent-convertible debt (CoCo) is a \$340bn market, and such 'bail-in-able' bonds are expected to increase in banks' capital structures as regulators phase in MREL/TLAC regimes. This year will see ten banks announce call decisions, the initial wave in a market launched only in 2014. In this context, Banco Santander's call decision relating to its €1.5bn 6 ¼% perpetual AT1 notes is a matter of broad market interest. Management has yet to announce a decision on conversion of these bonds, though the deadline is tomorrow (February 12th). At current refinancing costs, it appears to be in the bank's interest to defer calling the bond, but market participants opine that this could undermine the appeal of these instruments, which rests in part on their being called at the first available date. After hitting a trough of 95 as concerns over the bank's intentions surfaced in December, the price has rebounded, reportedly on the presumption that Santander will not risk alienating this investor base.

Santander 6 ¼ Perpetual Coco Price



Source: Bloomberg

European Bank CoCo's: Yield and Duration to Next Call



Banks' results for Q4 have underwhelmed thus far. With half of the reporting season now elapsed, the number of banks missing profit expectations has been 13, compared to only 5 lenders meeting forecast and 8 doing better than anticipated. The disappointing results stem from large misses in loan loss provisioning, while net interest income and costs came in largely in line for most banks.

4Q RESULTS HEATMAP – AS IT HAPPENED

Banks	Result dates	NII	Revenue	Costs	Loan Losses	Adjusted PBT	Capital Build QoQ	4Q 18 CET 1 FL	Perf. vs Market	19e EPS Cons. Chg	20e EPS Cons. Chg	19e DPS Cons. Chg
CITI	14-Jan-19	In-line	In-line	In-line	Beat	In-line	20	11.9%	Outperform	-0.9%	-1.9%	-1.1%
JPM	15-Jan-19	Beat	In-line	In-line	Big Miss	Miss	0	12.0%	Market perform	-1.9%	-2.7%	-0.6%
BAC	16-Jan-19	In-line	In-line	In-line	Beat	Beat	20	11.6%	Large Outperform	1.1%	-0.2%	0.0%
GS	16-Jan-19	In-line	Beat	In-line	Beat	Big Beat	70	13.1%	Large Outperform	-3.3%	-2.0%	-0.7%
MS	17-Jan-19	Miss	Beat	Beat	Big Miss	Big Miss	10	16.8%	Large Underperform	-4.0%	-2.9%	-0.2%
UBS	22-Jan-19	Miss	Miss	In-line	Big Miss	Big Miss	-40	13.1%	Underperform	-5.9%	-6.1%	0.3%
BKT	24-Jan-19	In-line	In-line	In-line	Big Beat	Beat	5	11.8%	Outperform	-1.3%	-3.4%	-1.6%
BKA	28-Jan-19	In-line	Miss	Beat	Big Miss	Big Miss	-7	12.4%	Market perform	-4.6%	-6.8%	-1.4%
SVED	29-Jan-19	In-line	In-line	In-line	Big Miss	Miss	-20	16.3%	Underperform	-1.1%	-1.8%	-1.6%
SAN	30-Jan-19	In-line	In-line	In-line	Miss	In-line	20	11.0%	Underperform	-1.1%	-1.6%	-1.7%
SEB	30-Jan-19	In-line	In-line	In-line	Big Miss	Beat	0	17.6%	Large Outperform	0.8%	0.8%	1.0%
LBK	31-Jan-19	In-line	Miss	In-line	Beat	Big Miss	0	12.1%	Market perform	-2.0%	-6.7%	10.0%
DBK	1-Feb-19	In-line	In-line	In-line	Big Miss	Big Miss	-40	13.6%	Market perform	-13.7%	-12.3%	-26.4%
DNKE	1-Feb-19	In-line	In-line	In-line	Big Beat	Beat	60	17.0%	Large Outperform	-6.3%	-3.2%	-8.9%
SAB	1-Feb-19	In-line	In-line	Miss	In-line	Big Miss	10	11.1%	Large Underperform	-5.6%	-5.8%	-12.5%
CABK	1-Feb-19	In-line	In-line	In-line	Big Beat	In-line	10	11.5%	Large Underperform	-4.1%	-4.7%	-6.7%
BEVA	1-Feb-19	Beat	Beat	In-line	Big Miss	In-line	4	11.3%	Market perform	-1.0%	-1.3%	-1.7%
BAER	4-Feb-19	In-line	Miss	In-line	Miss	Miss	-90 (HoH)	12.8%	Underperform	-5.4%	-3.6%	-2.4%
ISP	5-Feb-19	Miss	In-line	In-line	Beat	Big Beat	-10	13.6%	Market perform	-1.3%	-1.5%	-2.2%
NDA	6-Feb-19	Beat	In-line	In-line	Big Beat	Beat	10	15.5%	Market perform	-1.1%	-0.5%	-1.5%
BNP	6-Feb-19	In-line	In-line	In-line	In-line	Big Miss	10	11.8%	Market perform	0.2%	-1.3%	0.1%
SHB	6-Feb-19	In-line	In-line	In-line	Big Beat	In-line	10	16.8%	Underperform	-0.2%	-0.3%	-2.7%
RBI	6-Feb-19	In-line	In-line	Miss	Big Beat	Big Miss	60	13.4%	Market perform	-0.6%	-1.2%	-3.0%
ING	6-Feb-19	In-line	In-line	In-line	Beat	Beat	50	14.5%	Large Outperform	-0.6%	-1.5%	0.0%
DNB	7-Feb-19	In-line	Beat	Miss	Big Beat	Beat	-10	16.4%	Outperform	0.0%	-0.1%	-0.2%
UCC	7-Feb-19	In-line	In-line	In-line	Beat	Miss	0	12.1%	Market perform	-0.7%	-2.1%	-0.9%
BAMI	7-Feb-19	In-line	Miss	In-line	Miss	Big Miss	30	11.5%	Outperform	3.1%	1.0%	15.2%
Better		3	3	2	11	8	14		9	5	2	5
In-line		17	19	22	2	5	3		10	0	0	2
Worse		1	5	3	9	13	6		8	22	25	20

Consensus RoTE estimated as EPS/TB. Source: Datastream I/B/E/S, SG Cross Asset Research/Equity













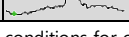
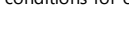
Emerging Markets

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The main benchmarks of EM stocks and currencies saw their first weekly decline in seven weeks.

MSCI EM declined by 0.5% on Friday and ended -1.4% lower on the week while JPM's benchmark of EM currencies declined by 0.7% against the dollar on a weekly basis. In **Latin America**, the Brazilian real depreciated by over 2% against the dollar last week. Market participants are becoming more concerned about the progress of the pension reform and the health of President Bolsonaro following his latest hospital exams. The Chilean peso was the main underperformer on Friday depreciating by 0.5% against the dollar. **Asian currencies mostly weakened against the USD ahead of key U.S.-China trade talks scheduled in Beijing this week.** The Indonesian rupiah and the onshore RMB outpaced losses as China returns from its week-long Lunar New Year holiday. The rupiah depreciated 0.5% following the release of Q4 current account deficit, which totaled 3.6% of GDP, a 4-year high. Meanwhile, the offshore RMB also weakened by 0.5%. News reports indicated that Vice Premier Liu He will join U.S. Trade Representative Lighthizer and Treasury Secretary Mnuchin for further trade negotiations later in the week. **Equities were also mixed, though Chinese bourses rose following the week-long hiatus** (Shanghai: +1.4%; Shenzhen: +2.9%). In **EMEA**, equity markets are highly following the global trend, with Turkey (+2.0%) outperforming). Currencies are mixed, but the only notable moves were the Turkish lira (-0.5%) and the Ukrainian hryvnia (+0.6%).

Key Emerging Market Financial Indicators

Last updated: 2/11/19 8:18 AM	Level		Change				YTD
	Last 12m	index	1 Day	7 Days	30 Days	12 M	
Major EM Benchmarks			%				%
MSCI EM Equities		42.83	0.7	0	8	-10	10
MSCI Frontier Equities		28.32	-0.9	0	5	-16	8
EMBIG Sovereign Spread (in bps)		350	23	-16	-53	60	-64
EM FX vs. USD		63.69	-0.2	-1	1	-10	2
Major EM FX vs. USD			%, (+) = EM currency appreciation				
China Renminbi		6.75	0.0	-1	2	-7	2
Indonesian Rupiah		13973	-0.4	0	1	-3	3
Indian Rupee		71.46	0.2	-1	-2	-10	-2
Argentine Peso		37.73	-0.5	-1	-1	-48	0
Brazil Real		3.72	-0.5	-2	0	-12	4
Mexican Peso		19.17	-0.3	0	1	-2	3
Russian Ruble		66.05	-0.3	-1	1	-12	5
South African Rand		13.63	-0.7	-3	2	-11	5
Turkish Lira		5.26	-0.9	-2	2	-28	0
EM FX volatility		8.90	0.0	0.1	-0.5	0.0	-0.9

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

EM Dedicated Fund Flows

EM retail bond and equity fund inflows surged last week following Fed's dovish shift. For EM bonds, weekly EM inflows reached their second highest ever level as ETFs had their largest ever subscription. For EM equity, inflows remain elevated and once again ETF focused. EM bond fund flows were **+\$4.4bn** (from +\$1.9bn the week before) and EM equity fund flows were **+\$3.3bn** (from +\$4.2bn). Following the improvement in risk sentiment, JP Morgan increased its forecast for 2019 fund flows to flat from outflows of \$30-40bn. Year to date flows for EM bonds and equities stand at +\$14.6bn and +\$16.4bn, respectively.

Exhibit 1: Weekly Cross-Asset Flows

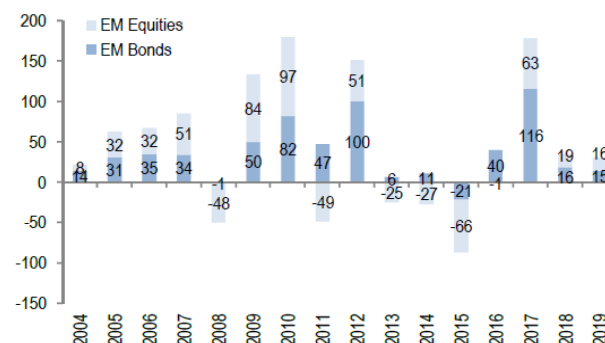
USD billion

Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		7.7	31.0
EM Bonds		4.4	14.6
Hard Ccy		2.9	10.9
Local Ccy		1.5	3.7
EM Equities		3.3	16.4
US HG		2.9	5.7
US HY		3.5	8.9
Global Equities		-1.8	-18.7
EM Bond and Equity ETFs		5.8	20.0
EM Bond ETFs		2.6	6.5
EM Equity ETFs		3.2	13.5
Non-resident EM flows*		2.6	15.3
EM Local Bonds		1.4	6.4
EM Equities		1.1	8.9

* Using high-frequency non-resident EM portfolio flow data where available. Source – All charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg.

Exhibit 2: Annual EM bond and equity fund flows

USD billion



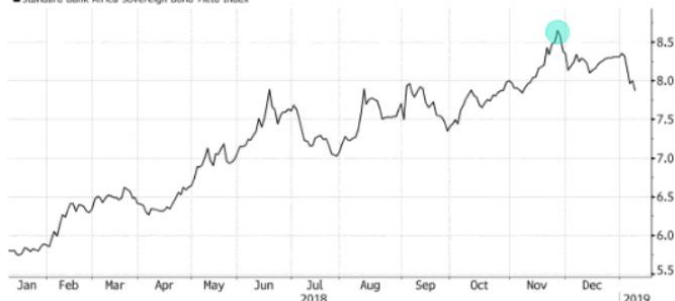
Ghana

Ghana plans to issue \$3bn of Eurobonds before the IMF's final review of its ECF. The finance ministry is expected this week to name transaction advisers for a planned issuance of as much as \$3bn. The Finance minister stated that "after the market sounding, we can go with or without the outcome of the IMF review...our fundamentals are good enough". Ghana's Eurobonds have lost 1.1% since the start of the month, the biggest decline after Ukraine, according to Bloomberg indexes. The currency has depreciated by more than 3% since the central bank unexpectedly cut interest rates by 100bps on January 25.

Turning Point

Yields on African dollar debt have fallen since a November high

■ Standard Bank Africa Sovereign Bond Yield Index



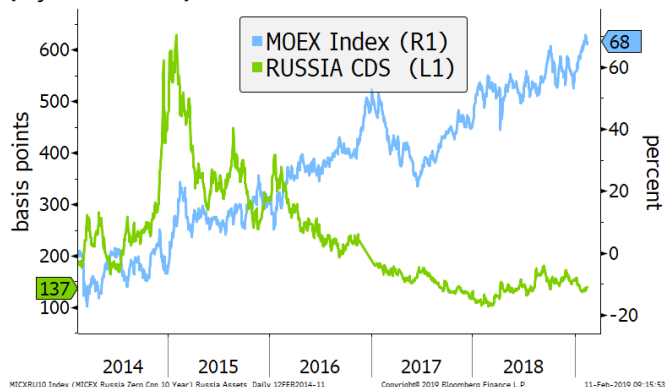
Source: Bloomberg

Russia

Moody's has upgraded Russia back to investment grade. It increased the rating to Baa3 from Ba1, changing the outlook from stable to positive. The move reflects the policies enacted in recent years to improve the country's public finances and external debt metrics, leaving it less vulnerable to external shocks. In particular, they highlighted the new fiscal rule that limits the amount of oil revenues that can be spent in the budget. The agency judged that officials have successfully contained the dual shocks of lower oil prices and sanctions. However, it noted that there is a "reasonably high likelihood" of further sanctions by the US.

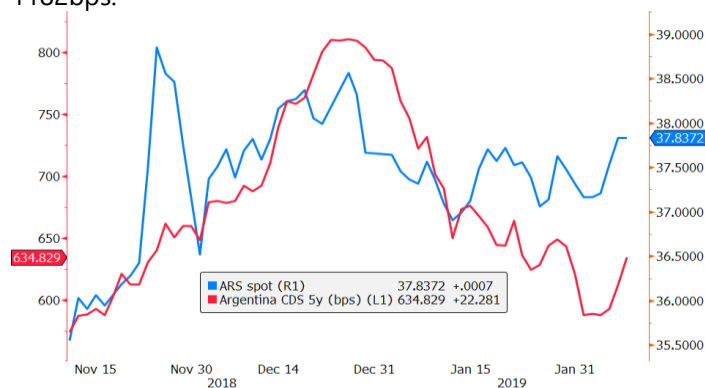
Russian Assets

(5-year Performance)



Argentina

The re-election probability of President Macri's coalition is 57% according to a poll of 51 investors conducted by Elypsis. The end-2019 market pricing scenarios in case President Macri's Cambiemos wins the election in October 2019 are: exchange rate at 45 pesos per USD and 5-year CDS at 499bps. In a scenario of a Kirchner victory investors see the exchange rate at 59 pesos per USD and 5-year CDS at 1182bps.

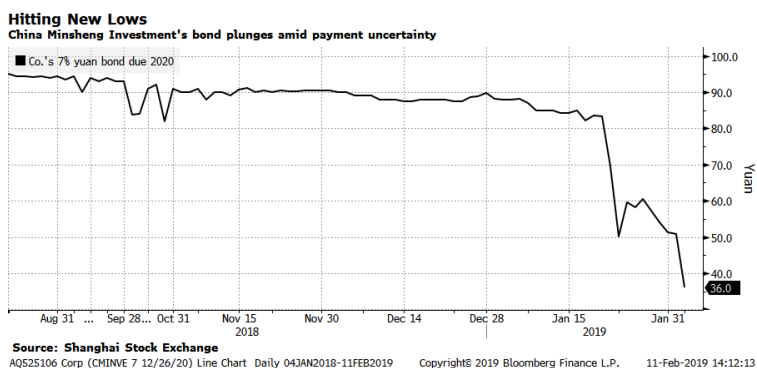


Source: Bloomberg

China

The RMB depreciated amid renewed uncertainty regarding the outcome of the US-China trade negotiation. The onshore CNY weakened to 6.78/USD (-0.53%) while the offshore CNH shed 0.1% to 6.79/USD. President Trump indicated that a trade deal is unlikely before the March 1st deadline, though negotiations have continued apace. Deputy-level negotiations have started this week, followed by high-level negotiations in Beijing from February 14 through February 15th, attended by Trade Representative Lighthizer, Treasury Secretary Mnuchin and Vice Premier Liu He.



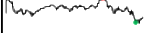

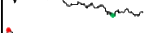






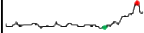
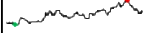










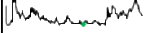





One of China's largest private investment firms failed to repay some of its creditors on the due date, underscoring the stress facing corporate borrowers. Bloomberg reported that China Minsheng Investment Group, one of the largest private investment groups in China with interests in renewable energy and real estate, has missed a principal repayment to some bond holders. Bonds outstanding for the firm totaled RMB 53.3 bn (\$7.9 bn) at end of 2018, of which RMB 3 bn (\$443 mn) was due on February 1st. Moreover, a majority of these securities are maturing this year, raising concerns for additional credit events to come. Following news of Minsheng's missed payments due in early February, its 7% 2020 note fell to a low of 36 cents on the dollar.



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Global Financial Indicators

Last updated: 2/11/19 8:19 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		2732	0.1	2	7	2	9
Europe		3177	-1.1	1	5	-8	6
Japan		20751	-0.6	0	4	-4	4
China		2618	1.3	1	4	-24	5
Asia Ex Japan		69	-0.9	1	8	-9	9
Emerging Markets		43	0.7	0	8	-10	10
Interest Rates			basis points				
US 10y Yield		2.66	-2.3	4	-3	-17	-2
Germany 10y Yield		0.12	-4.1	-3	-10	-62	-12
Japan 10y Yield		-0.01	0.5	-1	0	-8	-1
UK 10y Yield		1.18	-3.3	-4	-7	-37	-9
Credit Spreads			basis points				
US Investment Grade		119	0.0	-5	-30	37	-28
US High Yield		423	3.9	-15	-55	79	-98
Europe IG		73	2.8	2	-13	25	-15
Europe HY		316	9.0	8	-29	66	-37
EMBIG Sovereign Spread		351	24.0	-15	-52	61	-63
Exchange Rates			%				
Dollar Index (DXY)		96.51	0.1	1	1	7	0
USDEUR		1.13	-0.2	-1	-1	-8	-1
USDJPY		109.7	0.3	-1	-1	0	0
EM FX vs. USD		63.7	-0.2	-1	1	-10	2
Commodities			%				
Brent Crude Oil (\$/barrel)		62	-0.8	0	8	-5	16
Industrials Metals (index)		119	-0.2	1	7	-11	9
Agriculture (index)		43	-0.4	1	1	-11	3
Implied Volatility			%				
VIX Index (% change in pp)		16.3	0.9	-0.3	-5.1	-11.4	-9.1
10y Treasury Volatility Index		3.7	0.1	-0.1	-0.8	-1.5	-0.9
Global FX Volatility		7.8	0.0	0.0	-0.9	-0.8	-1.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		384	10.2	12	-32	90	-32
Italy		281	10.8	37	13	160	31
Portugal		154	3.8	7	-6	27	6
Spain		112	2.4	7	-16	45	-6

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

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Emerging Market Financial Indicators

Last updated: 2/11/2019 8:19 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		6.75	0.0	-0.7	2	-7	2		3.1	0.0	-2	-4	-91	-13	
Indonesia		13973	-0.4	0.0	1	-3	3		7.9	-7.2	-41	-30	127	-26	
India		71	0.2	-0.5	-2	-10	-2		7.6	-3.7	3	7	-20	13	
Philippines		52	0.2	-0.1	0	-2	1		5.7	-0.9	-4	-60	97	-59	
Thailand		31	0.1	0.0	2	1	4		2.6	-0.3	-3	1	24	-6	
Malaysia		4.07	0.5	0.6	1	-4	2		4.0	0.0	-2	-4	2	-7	
Argentina		38	-0.5	-1.1	-1	-48	0		20.8	30.2	-46	-141	537	-222	
Brazil		3.72	-0.5	-1.9	0	-12	4		7.8	4.6	-14	-21	-102	-36	
Chile		655	0.0	0.0	4	-9	6		4.4	-0.2	-8	-2	-45	-8	
Colombia		3114	-0.3	-0.2	2	-9	5		6.4	-1.0	-12	-17	9	-12	
Mexico		19.17	-0.3	-0.3	1	-2	3		8.4	0.3	-12	-4	76	-29	
Peru		3.3	0.0	0.9	1	-2	1		5.6	1.1	-15	-13	78	-13	
Uruguay		32	0.0	0.2	0	-12	0		10.3	1.5	-12	-43		-46	
Hungary		281	-0.4	-2.0	-1	-10	-1		2.0	-3.1	-14	-15	25	-23	
Poland		3.79	-0.3	-1.8	-1	-10	-1		2.2	-0.4	-1	-7	-52	-4	
Romania		4.2	-0.2	-1.0	-3	-9	-3		4.3	-5.0	-13	18	29	4	
Russia		66.0	-0.3	-1.0	1	-12	5		7.9	1.7	-12	-47	94	-46	
South Africa		13.6	-0.7	-2.8	2	-11	5		9.4	3.8	-8	-7	23	-23	
Turkey		5.26	-0.9	-1.9	2	-28	0		15.2	13.3	-26	-192	337	-165	
US (DXY; 5y UST)		97	0.1	1.0	1	7	0		2.47	-3.7	3	-7	-9	-4	

	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		2618	1.4	1	4	-24	5		184	11	-3	-1	18	-10	
Indonesia		6536	-0.4	1	4	0	6		192	22	-5	-35	21	-44	
India		36971	-0.4	2	3	8	3		174	0	-12	-20	70	-22	
Philippines		8100	-0.1	2	4	-7	8		89	39	-9	-21	-29	-32	
Malaysia		1693	0	0	1	-9	0		132	7	-8	-24	23	-30	
Argentina		36732	2.0	2	11	16	21		669	36	-2	-48	252	-146	
Brazil		95389	1.0	-2	4	15	9		241	26	6	-13	-5	-32	
Chile		5432	-0.9	0	5	-6	6		139	19	-8	-15	19	-27	
Colombia		1489	-0.2	3	10	-2	12		192	28	2	-12	7	-36	
Mexico		43856	-1.0	0	2	-10	5		315	25	-15	-17	71	-39	
Peru		20533	0	2	5	0	6		141	28	-3	-18	-9	-27	
Hungary		40113	0.3	-2	-1	1	2		111	15	-27	-26	14	-37	
Poland		60425	0.4	0	2	-4	5		54	2	-16	-14	-1	-31	
Romania		7557	-2.3	9	-2	-6	2		192	-1	-28	-22	78	-29	
Russia		2511	0.5	0	4	11	6		220	20	-4	-20	53	-32	
South Africa		53705	0.7	-1	3	-6	2		288	26	-22	-63	50	-77	
Turkey		102303	1.9	-2	14	-11	12		394	35	-18	-48	92	-35	
Ukraine		557	-0.1	1	1	67	0		685	38	-12	-127	268	-102	
EM total		43	0.7	0	8	-10	10		350	23	-16	-53	60	-64	

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