



- **US consumer confidence on employment at lowest since 2014** ([link](#))
- **Top US banks to delist structured products linked to China telecoms** ([link](#))
- **Sterling strengthens after BoE governor warns on negative rates** ([link](#))
- **Japanese funds load up on US bonds** ([link](#))
- **Latin American bond issuance projected to hit \$75 bn in 2021** ([link](#))
- **Indian central bank flags bad debt as threat to financial stability** ([link](#))
- **Saudi Arabia to launch \$5 bn in new bonds** ([link](#))

[US](#) | [Europe](#) | [Other Mature](#) | [Emerging Markets](#) | [Market Tables](#)

Global markets remain cautious

Monday's selloff is being followed by marginally more stable conditions today, as the dollar rally moderates, and US equity futures point to a modest positive opening. Oil prices are also higher. However, European equities are mixed, and investors are keeping a wary eye on the continued rise in US interest rates, which could jeopardize risk valuations across global markets. The launch of impeachment proceedings in the US, a warning from Chancellor Merkel about further lockdowns in Germany, the disappointingly slow rollout of the vaccine and relentlessly rising infections and deaths are just some of the challenges confronting global markets. Meanwhile, investors are preparing for a flood of new bond issuance from both sovereigns and corporations anxious to lock in cheap borrowing costs while interest rates are still low by historical standards.

Key Global Financial Indicators

| Last updated: 1/12/21 8:05 AM | Level | | Change from Market Close | | | | |
|--------------------------------------|----------|--------|--------------------------|--------|---------|------|-----|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| Equities | | | % | | | | % |
| S&P 500 | | 3800 | -0.7 | 3 | 4 | 16 | 1 |
| Eurostoxx 50 | | 3617 | -0.1 | 2 | 4 | -5 | 2 |
| Nikkei 225 | | 28164 | 0.1 | 3 | 6 | 18 | 3 |
| MSCI EM | | 54 | -1.4 | 4 | 6 | 18 | 4 |
| Yields and Spreads | | | bps | | | | |
| US 10y Yield | | 1.17 | 2.1 | 21 | 27 | -65 | 25 |
| Germany 10y Yield | | -0.47 | 2.1 | 10 | 16 | -28 | 9 |
| EMBIG Sovereign Spread | | 347 | 3 | -2 | -17 | 53 | -3 |
| FX / Commodities / Volatility | | | % | | | | |
| EM FX vs. USD, (+) = appreciation | | 57.3 | 0.4 | -1 | 0 | -6 | -1 |
| Dollar index, (+) = \$ appreciation | | 90.4 | 0.0 | 1 | -1 | -7 | 1 |
| Brent Crude Oil (\$/barrel) | | 56.5 | 1.5 | 5 | 13 | -13 | 9 |
| VIX Index (% change in pp) | | 23.3 | -0.9 | -2 | 0 | 11 | 0 |

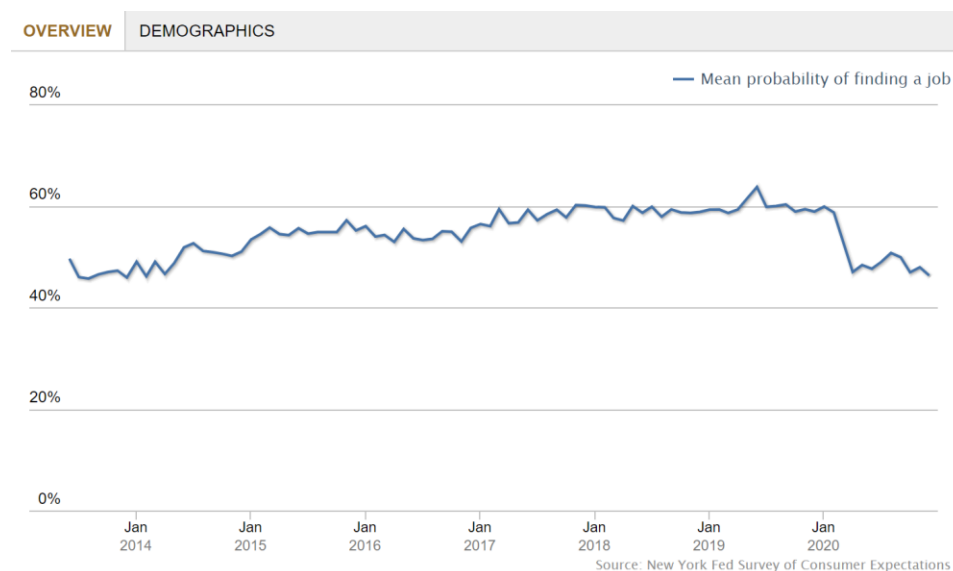
Colors denote **tightening**/**easing** financial conditions for observations greater than ± 1.5 standard deviations. Data source: Bloomberg.

United States

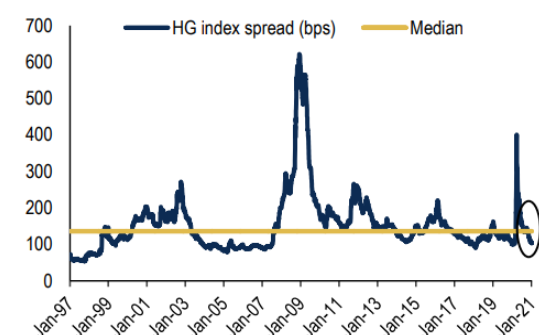
[back to top](#)

The four day rally finally came to an end yesterday and stocks pulled back from Friday's record close, although markets have stabilized somewhat in early trading today. Once again, the dollar strengthened on safe haven buying, but Treasury yields continued their push higher, with the benchmark 10-year yield at a new post-March high of 1.17% this morning. Its yield has risen 26 bps since January 4, while the long bond yield is up 24 bps over the same period. Measures of yield curve steepness are at multi-year highs and contacts report that more and more market participants are putting on curve steepening trades in the cash and Treasury futures markets. These trends indicate that investors are speculating that long term yields will continue their ascent at a pace faster than anticipated by most analysts last year, putting the rally at risk as rich valuations are challenged by higher interest rates. Most contacts were not worried by the Monday selloff, but they expressed the concern that a continued rise in interest rates could be problematic for risk assets.

The New York Fed's most recent survey shows that consumers have lost confidence in the outlook for employment. The survey found that consumers are at their most pessimistic since 2014. Respondents estimated their chance of finding a new job at just 46.2% in December, down from 47.9% in November. This compares quite unfavorably to the average level of 59.9% for all of 2020. The share of people who thought their jobs were at risk increased to 15%. Respondents thought there was a 38.9% chance that the unemployment rate would be higher one year from now. Analysts took the view that these numbers will improve in future months as the new stimulus package comes online. The bad winter phase of the virus is expected to give way to a more hopeful environment as the vaccine rollout continues and the economic recovery takes hold.

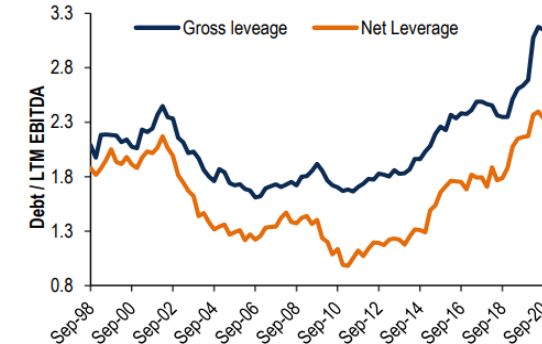


US investment grade (IG) corporate bond spreads are expensive, currently in the 24th percentile in terms of historical data, even as IG corporate leverage is close to all-time highs. According to Bank of America, the IG index spread is at 103 bps, at the tighter end of its projected 90-130 bps range for 2021. Although short term prospects are good with the revival of risk appetite in expectations of another large stimulus package from the incoming administration, investors could face tougher times in the months ahead. With 10-year Treasury yields having broken decisively above the 1% level, the possibility of even higher rates is a significant risk factor for corporate bonds. Over the past year, these bonds have been issued with the lowest average coupons in history, making them highly vulnerable to rate shocks as low coupon bonds are more sensitive to rate increases than bonds with higher coupons. A sustained rise in yields could trigger heavy mark-to-market losses and potential instability in the market in case of high volumes of fire sales.

Figure 2: IG spreads currently at the 24th percentile historically

Source: ICE Data Indices, LLC, BofA Global Research

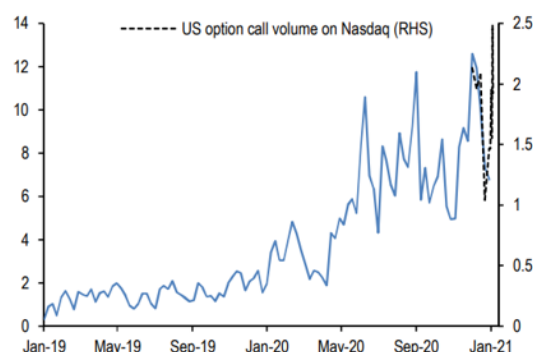
Figure 3: IG industrial leverage currently near record highs

Note: Medians based on industrial companies in the IG index (COAO), rebalanced each quarter
Source: BofA Global Research

Option and margin data suggest that retail investors played a major role in the significant market rally of the past few weeks. Data from the Option Clearing Corporation (OCC), the largest equity derivatives clearing entity in the world, small investors with less than 10 contracts for options on individual stocks accounted for a significant amount of recent option trading volume. Off exchange trading data from third-party venues such as Virtu Americas LLC and Citadel also corroborate this trend. Yet another proxy for retail investors is the volume of margin debt at the New York Stock Exchange, which allow up to two times leverage for individual investors. The latest data reveal significant retail inflows. JP Morgan speculates that the surge in upcoming cash from new stimulus payments could add to retail investments in equity markets. A significant rise in such volumes could push volatility higher as dealers delta hedge their short positions, leading to the potential for increased instability in the weeks ahead

Figure 2: Exchange-traded Call Option Buys at Open minus Sells at Open for Customers with less than 10 contracts for options on individual equities

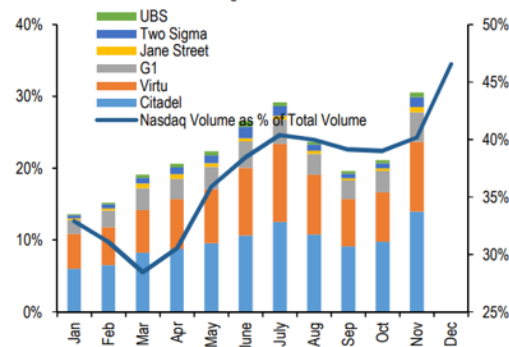
In mn contracts. Last obs is for the week ending 1st Jan 2021. RHS shows the US option call volume on Nasdaq in mn. Last obs. is for 7th Jan 2021.



Source: OCC, Bloomberg Finance L.P., J.P. Morgan.

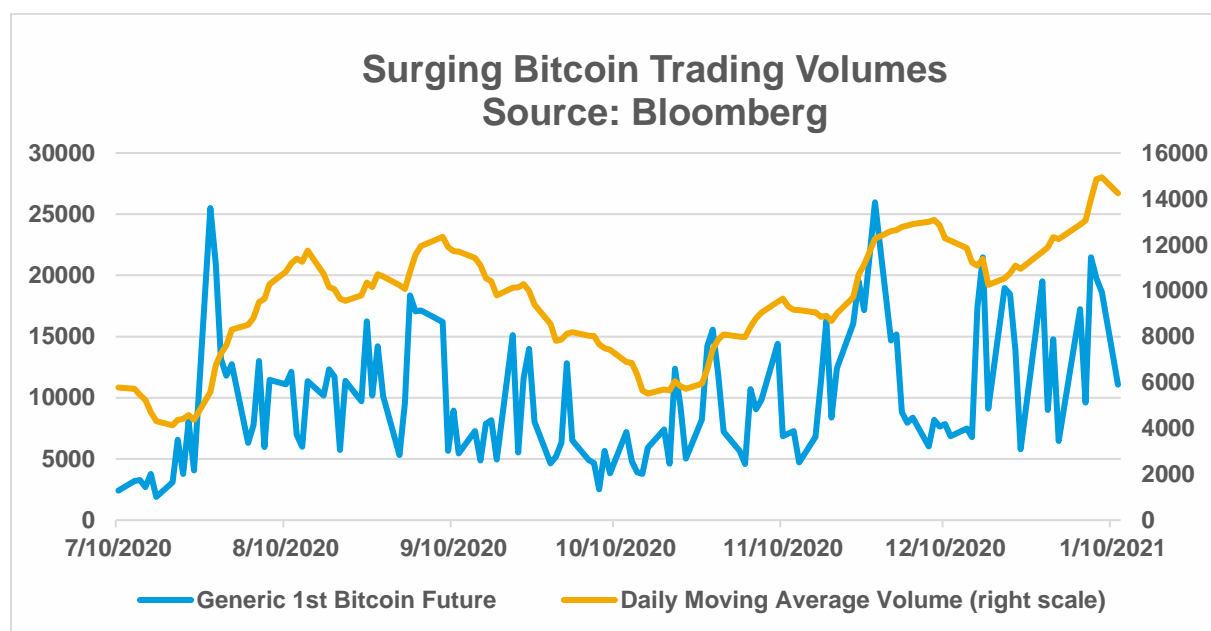
Figure 3: Off-exchange equity activity related to US retail investors

Left axis shows the Destination Retail Flow Routed to OTC Venues as % of total US equity market volume. Right axis shows the share of Nasdaq volume as % of total US exchange volume.



Source: Company filing - SEC 606 disclosure, J.P. Morgan.

Bitcoin fell 14% yesterday and is up 4% today, highlighting the unstable and volatile nature of the asset. Trading volumes have surged into the end of last year and early this year as bitcoin became a key vehicle for speculators amidst the broader market rally. Although bitcoin trading is not large enough to pose systemic threats to the financial system, it is emblematic of the speculative excesses that have emerged as both retail and institutional investors rush to join the party as risk assets rebounded from the lows of March. Bitcoin highlights the worries of many analysts that markets are getting ahead of themselves, with too much optimism setting up the prospect of a nasty reversal if bad news on the virus, disappointing corporate earnings or weak economic data threaten a reversal of the ongoing economic recovery.



Europe

[back to top](#)

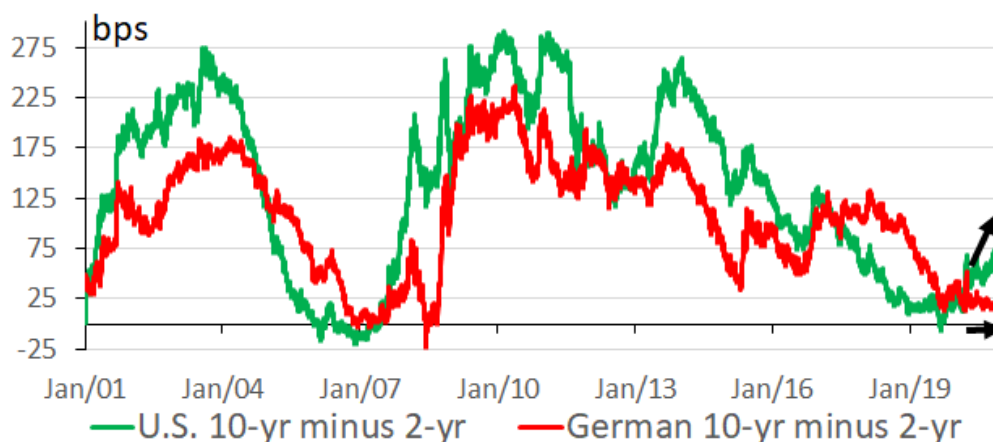
Euro area

Equities and the euro are little changed with no key data releases. Bank stocks gained 1% for a total gain of 6.5% YTD (compared to 2% YTD for the broad market).

10-yr bund yields rose 2 bps to -0.48% even after Chancellor Merkel warned that Germany may need strict curbs for 10 more weeks, firming expectations of another prolonged lockdown. **ECB member Schnabel warned that the biggest economic policy mistake would be to tighten monetary and fiscal policy too early.**

So far, the German yield curve has remained relatively flat as the U.S. yield curve has steepened 25 bps since early December 2020 (in the two-year/10-year sector). Fixed income investors often consider steeper curves as more attractive opportunities. All else equal, steeper curves can also support the outlook for bank profitability.

U.S. and Euro area: 10-yr rates minus 2-yr rates (steepness)



Source: Bloomberg and IMF staff

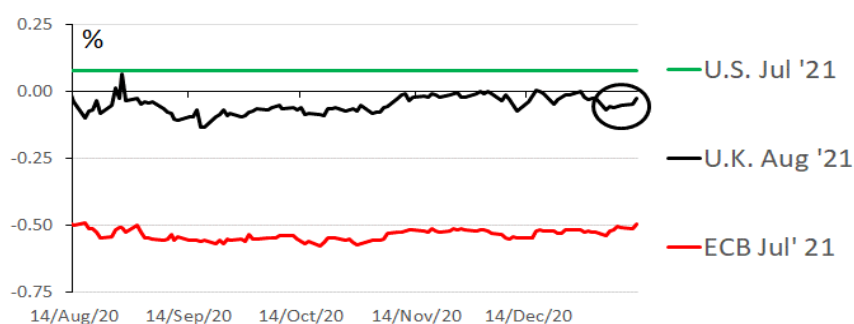
Italian 10-yr spreads are up 3 bps (at 109 bps) ahead of a cabinet meeting today. Press reports suggest that former PM Renzi may ask PM Conte and FM Gualtieri to be replaced but contacts expect that this is an attempt to get more influential ministers for his party. The consensus is that the likelihood of new elections remains very low. **Greek and Spanish 10-yr spreads rose 1 bps.**

Bloomberg reports that Unicredit is seeking incentives of up to €6 bn to buy Monte Paschi bank. Shares in Unicredit are up 5% YTD (compared to 3% for the Italian bank index)

United Kingdom

The British pound (+0.5%) rose after BoE governor Bailey said that there were "lots of issues" with negative rates, adding that such a move could hurt banks. Negative rates are the subject of a feasibility review by the BoE to be released at the policy meeting in February. Swaps have delayed a move to negative rates but continue to price in a negative policy rate later in 2021.

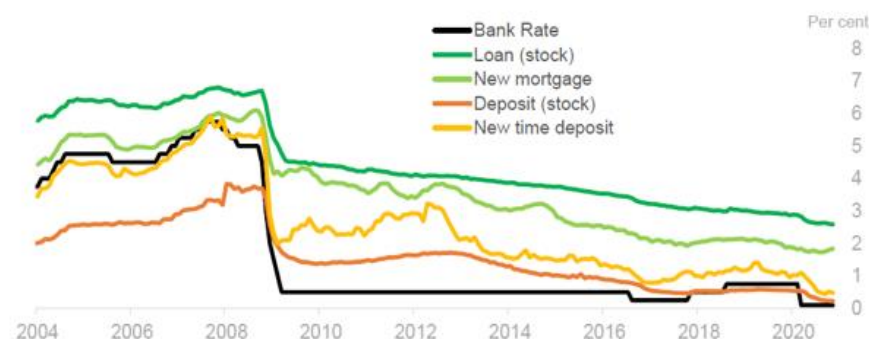
G-3 Policy Rates at mid 2021 (from swaps, %)



Source: Bloomberg WIRP and IMF staff

Yesterday, external MPC member Tenreyro reiterated that negative rates could have expansionary effects on the UK economy. In the Q&A, Tenreyro noted that the lower bound could be as low as -0.75 bps. **She argues that the financial-market channels of policy appear to be operating normally with a significant pass-through to a range of commercial bank interest rates following the last cut.** The rates on new mortgages ended 2020 flat but this could reflect strong demand for new mortgages and difficulties processing high volumes of business after lockdown.

UK: Bank Rate and effective interest rates on household loans and deposits



Source: Bank of England and Bank calculations
Notes: Stock loan rates include both secured and unsecured lending.

Other Mature Markets

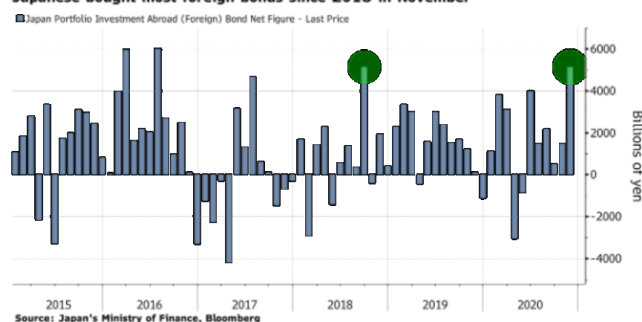
[back to top](#)

Japan

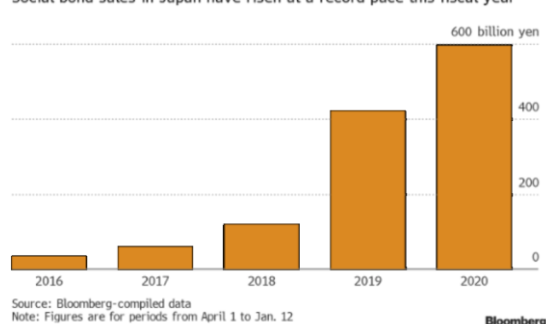
Local funds poured ¥3.7tn (\$35.9 bn) into long-term U.S. federal and local government and agency bonds in November. This is more than ten times the October total. Overall, Japanese investors spent

¥5.1tn on foreign debt in November, including ¥3tn foreign-bond purchases (the most since 2005) by trusted banks, which are considered a proxy for pension funds such as the Government Pension Investment Fund. At the same time, trusted banks offloaded ¥2.5tn of stocks and investment-fund shares, also a record. Separately, **Japanese issuers are rushing to sell social bonds as regulators plan the nation's own guidelines for sale of the debt**, Japanese issuers have offered a record ¥595 bn (\$5.7 bn) of social bonds so far in the fiscal year ending March 31, a 41% surge from the same period a year earlier. Japan's Financial Services Agency has set up an experts' panel to discuss the country's own guidelines for selling social bonds, according to a statement last month. Separately, bank lending remained high at 5.9% y/y in December, same as November. **Equities rose +0.2%, the fourth straight increase. Japanese yen was little changed while 10-year JGB yield fell -0.5bps.**

Japanese bought most foreign bonds since 2018 in November



Social bond sales in Japan have risen at a record pace this fiscal year



Emerging Markets

[back to top](#)

EMEA equities showed mixed dynamics **with indices up in Israel (+1.2%), Czech Republic (+0.8%) but down in Poland (-0.5%)**. EMEA currencies mostly appreciated against the dollar with the Russian ruble (+0.8%) and the South African rand (+0.8%) leading the recovery. **Asian equities rose +0.3% on net**. China (Shanghai +2.2%; Shenzhen +1.9%) outperformed, reaching 13-year highs after two days of losses. Other regional currencies were little changed. **Latin American markets were also mixed**. Sovereign debt yields followed an upward shift and a steepening of the US yield curve, with yields of Peru's, Brazil's and Mexico's 10Y sovereign USD debt increasing by 11 bps, 8 bps and 7 bps respectively, compared to a 2.4 bps increase in 10Y US Treasury yields.

Key Emerging Market Financial Indicators

| Last updated: 1/12/21 8:08 AM | Level | | Change | | | | |
|----------------------------------|----------|-------|-----------------------------------|--------|---------|------|-----|
| | Last 12m | index | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| Major EM Benchmarks | | | % | | | | % |
| MSCI EM Equities | | 53.97 | 0.4 | 4 | 6 | 18 | 4 |
| MSCI Frontier Equities | | 29.44 | 0.4 | 3 | 6 | -4 | 4 |
| EMBIG Sovereign Spread (in bps) | | 347 | 3 | -2 | -17 | 53 | -3 |
| EM FX vs. USD | | 57.23 | 0.3 | -1 | 0 | -6 | -1 |
| Major EM FX vs. USD | | | %, (+) = EM currency appreciation | | | | |
| China Renminbi | | 6.46 | 0.3 | 0 | 1 | 7 | 1 |
| Indonesian Rupiah | | 14130 | 0.0 | -2 | 0 | -3 | -1 |
| Indian Rupee | | 73.25 | 0.2 | 0 | 0 | -3 | 0 |
| Argentine Peso | | 85.47 | -0.1 | -1 | -4 | -30 | -2 |
| Brazil Real | | 5.47 | 0.6 | -4 | -7 | -24 | -5 |
| Mexican Peso | | 19.97 | 0.5 | 0 | 1 | -6 | 0 |
| Russian Ruble | | 74.04 | 0.8 | 0 | 0 | -17 | 0 |
| South African Rand | | 15.39 | 0.9 | -3 | -2 | -6 | -5 |
| Turkish Lira | | 7.49 | -0.2 | -1 | 5 | -22 | -1 |
| EM FX volatility | | 10.76 | 0.0 | 0.0 | 0.5 | 4.4 | 0.0 |

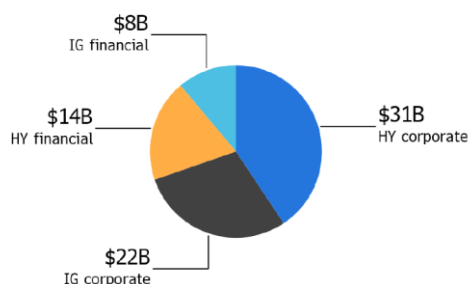
Colors denote **tightening/easing** financial conditions for observations greater than ± 1.5 standard deviations. Data source: Bloomberg.

Latin American Corporates

Bond issuance by Latin American corporates is projected to hit \$75 bn in 2021. J.P. Morgan analysts expect that the low interest rate environment and ample liquidity will attract a slightly higher volume of corporate issuance than in the previous year (\$74 bn). Brisk issuance expected in the HY segment in particular. Recent reflationary tendencies and continuing expectations for additional fiscal stimulus in the US, however, may slow down corporates' incentives to engage in issuance, in particular if growth prospects continue to be dimmed by a further intensification in the spread of the COVID-19 pandemic in the first quarter. With yields on the region's EMBIG index increasing by 26 bps YTD, initial expectations for corporate issuance may err on the optimistic side or issuance may be front-loaded.

Junk Dominance

JPMorgan expects \$75 billion of LatAm corporate bonds this year



Source: JPMorgan Chase & Co. research

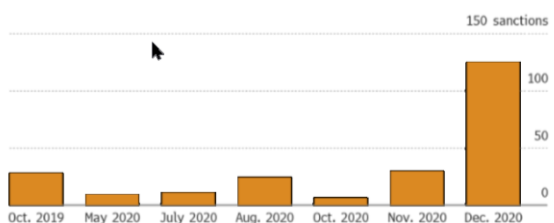
Source: Bloomberg

Bloomberg

China

Top US banks will delist almost 500 structured products linked to three Chinese telecom operators from the Hong Kong stock exchange. The US executive order that banned investment in designated Chinese companies with military ties came into effect on Monday. The New York Stock Exchange announced last week that it will delist the shares of China Mobile, China Telecom and China Unicom in order to comply with the executive order after several earlier changes in its delisting decisions. The carriers were also removed from indexes compiled by MSCI Inc., S&P Dow Jones Indices and FTSE Russell. This was followed by Goldman Sachs Group Inc., JPMorgan Chase & Co. and Morgan Stanley delisting hundreds of derivatives traded in Hong Kong. Many of the products were linked to the three telecom operators; others were tied to Hang Seng Index and its sister Hang Seng China Enterprises index, both of which include China Mobile and China Unicom. The three investment banks said in separate filings to the Hong Kong stock exchange late Sunday that the instruments, known as warrants and callable bull/bear contracts, will be suspended from trading on Jan. 25. From Tuesday to Jan. 22, investors will be able to sell the products back to the banks but won't be able to buy them. In addition, on Monday, the \$13.5bn Tracker Fund managed by State Street Global Advisors Asia Ltd. said it wouldn't make any new investments in blacklisted securities. Should the US decide that more Chinese companies are to be blacklisted due to their military ties, investors will be given 60 days from the announcement to divest their positions.

The Trump administration has sanctioned over 200 Chinese entities, municipal governments, and universities since 2019



Source: U.S. Department of Commerce as of Dec. 21, 2020.
NOTE: Compiled list includes subsidiaries of the same company.

Bloomberg

U.S. trading of three Chinese telecom stocks a fraction of Asia volume



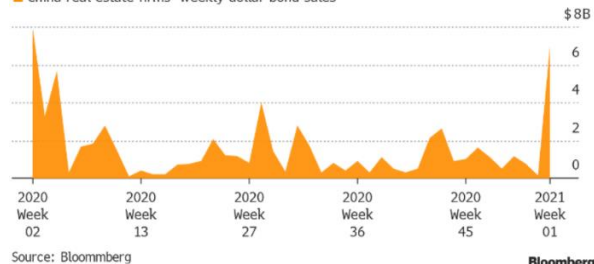
Source: Bloomberg

Bloomberg

China's real estate developers issued significant amount of dollar bonds at the start of 2021. They sold nearly \$7bn of dollar bonds in the first week of 2021, the highest weekly sales volume since early 2020, according to Bloomberg. The issuances came amid plans that the central bank would include around eight more companies to a 'third red lines' pilot program to control financial risks in the property sector. Under the program, developers will have to meet three metrics regarding debt if they intend to borrow more. Separately, the dollar bonds of a mid-sized Chinese developer, China Fortune Land Development Co. Ltd. fell to record lows, amid increasing concerns over its debt repayment capability. **Equities (Shanghai +2.2%; Shenzhen +1.9%) rose and reached a 13-year high while the RMB appreciated.**

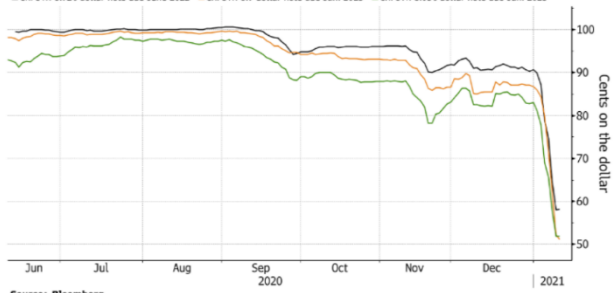
Chinese developers rush to sell \$7 billion dollar bonds in first week of 2021

■ China real estate firms' weekly dollar bond sales



Some of China Fortune Land's dollar bonds sank to record lows

■ CHFOTN 6.92% dollar note due June 2022 ■ CHFOTN 6.9 dollar note due Jan. 2023 ■ CHFOTN 8.05% dollar note due Jan. 2025

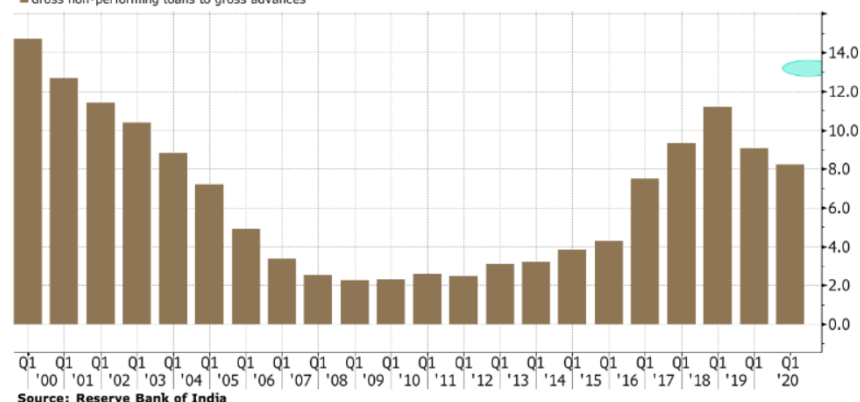


India

The central bank warns that rising bad debt could threaten financial stability. The Reserve Bank of India (RBI) expects non-performing assets (NPA) to rise to 13.5% of total advances by end-September from 7.5% a year ago, according to its semiannual Financial Stability Report. This would mark the highest since 1999. It also expects banks' capital ratios to fall to 14% in September from 15.6% a year ago. The ratio could decline to 12.5% in a very severe stress scenario, where nine banks may fall short of the minimum capital requirement of 9%. The RBI also mentioned a 'disconnect' between certain sections of the financial markets and the real economy and warned that stretched financial assets valuations pose risks to financial stability. It stated that "banks and financial intermediaries need to be cognizant of these risks and spillovers in an interconnected financial system." **Equities rose +0.6% and the Indian rupee was little changed.**

Indian banks' soured debt ratio is set to rise to 13.5% by September 2021

■ Gross non-performing loans to gross advances

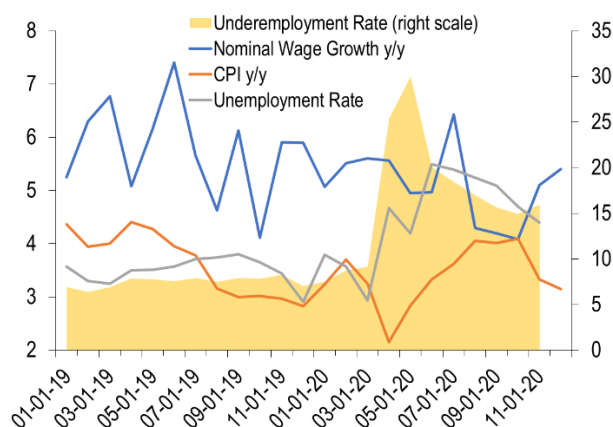


Mexico

Mexican markets retreated on mixed macroeconomic signals and global risk-off sentiment. Mexico's industrial production for November came yesterday in at 1.1% m/m sa, above the 0.8% expected and 0.8 ppt lower than in October. However, manufacturing remained flat compared to the previous month. The increased activity spanned a broad set of sectors and signaled potential positive upside risk to GDP growth.

On the other hand, December's 5.4% y/y print in nominal wages met a labor market displaying considerably higher slack, while daily new COVID-19 infections are on the rise. Both trends may imply demand constraints on economic growth ahead. In this context, and against risk-off sentiment in international markets, Mexican equities retreated over the day, while the peso was relatively stable (-0.3%) and benchmark debt yields rose.

Slack in labor markets remains elevated



Saudi Arabia

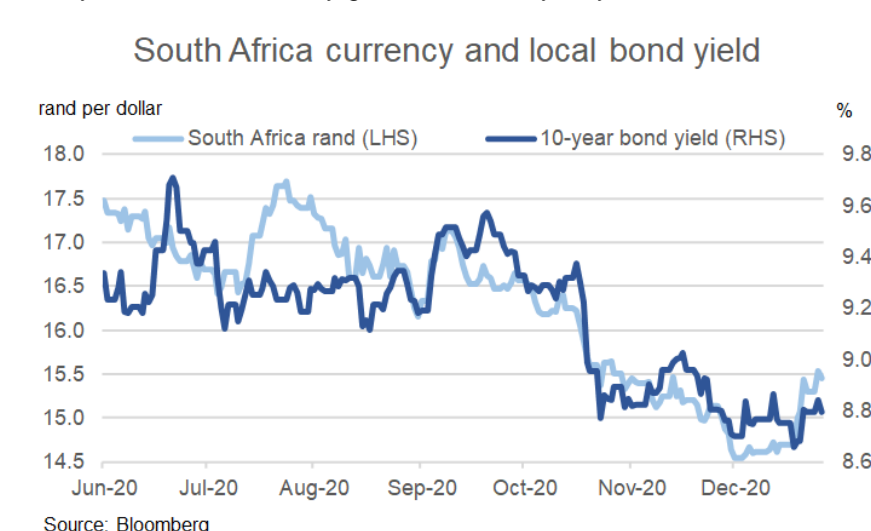
According to media reports, Saudi Arabia may return to the international bond market with a \$5 bn bond sale as early as January. In contrast to its regional peers, the Kingdom stayed away from the eurobond market in the second half of 2020 after placing \$24 bn of bonds in February and April. The credit spreads on Saudi Arabia eurobonds have tightened to pre-Covid-19 levels, aided by recovering oil prices as well as rising investor confidence due to broader 2021 fiscal consolidation measures.



South Africa

South Africa sees strong demand in its first 2021 local bond auction. The government placed a total of 6.6 bn rand of long-end bonds with healthy bid-to-cover ratios of around 2.8. Contacts point out that the demand came predominantly from local real money investors who took advantage of improved valuations following the price correction over the last few days. South African fixed income markets started the year on the back foot through a combination of elevated positioning, broader dollar pressure as well as a spike in Covid-19 infections including a new and potentially more potent virus strain. **The local bond market saw \$450 mn of foreign outflows in the first week of January** with 10-year bond yields rising 20 bps and the

South African rand depreciating by 7% against the dollar. On the other hand, South African equities are up 7.4% year-to-date, aided by global commodity rally as well as weaker currency.




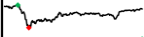
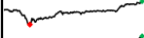





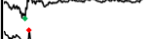



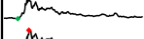







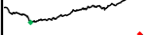




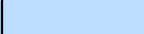



List of GMM Contributors

Global Markets Analysis Division, MCM Department

| | | |
|--|--|--|
| Nassira Abbas <i>Deputy Division Chief</i> | Dimitris Drakopoulos <i>Financial Sector Expert</i> | Dmitri Petrov <i>Financial Sector Expert</i> |
| Antonio Garcia-Pascual <i>Deputy Division Chief</i> | Deepali Gautam <i>Research Officer</i> | Thomas Piontek <i>Financial Sector Expert</i> |
| Evan Papageorgiou <i>Deputy Division Chief</i> | Rohit Goel <i>Financial Sector Expert</i> | Patrick Schneider <i>Research Officer</i> |
| Jose Abad <i>Financial Sector Expert</i> | Sanjay Hazarika <i>Senior Financial Sector Expert</i> | Can Sever <i>Economist</i> |
| Sergei Antoshin <i>Senior Economist</i> | Frank Hespeler <i>Senior Financial Sector Expert</i> | Juan Solé <i>Senior Economist</i> |
| John Caparusso <i>Senior Financial Sector Expert</i> | Henry Hoyle <i>Financial Sector Expert</i> | Jeffrey Williams <i>Senior Financial Sector Expert</i> |
| Yingyuan Chen <i>Financial Sector Expert</i> | Mohamed Jaber <i>Senior Financial Sector Expert</i> | Dmitry Yakovlev <i>Senior Research Officer</i> |
| Han Teng Chua <i>Economic Analyst</i> | Phakawa Jeasakul <i>Senior Economist</i> | Akihiko Yokoyama <i>Senior Financial Sector Expert</i> |
| Fabio Cortés <i>Senior Economist</i> | Sonia Meskin <i>Financial Sector Expert</i> | Xingmi Zheng <i>Research Assistant</i> |
| Reinout De Bock <i>Economist</i> | Natalia Novikova <i>IMF Resident Representative in Singapore</i> | |

Disclaimer: This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.

Global Financial Indicators

| Last updated: 1/12/21 8:06 AM | Level | | Change | | | | YTD |
|----------------------------------|---|--------|----------------------------------|--------|---------|------|------|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | |
| Equities | | | % | | | | % |
| United States |  | 3805 | -0.7 | 2 | 4 | 17 | 1 |
| Europe |  | 3617 | -0.1 | 2 | 4 | -5 | 2 |
| Japan |  | 28164 | 0.1 | 3 | 6 | 18 | 3 |
| China |  | 3608 | 2.2 | 2 | 8 | 17 | 4 |
| Asia Ex Japan |  | 94 | -1.2 | 4 | 7 | 25 | 5 |
| Emerging Markets |  | 54 | -1.4 | 4 | 6 | 18 | 4 |
| Interest Rates | | | basis points | | | | |
| US 10y Yield |  | 1.17 | 2.1 | 21 | 27 | -65 | 25 |
| Germany 10y Yield |  | -0.47 | 2.1 | 10 | 16 | -28 | 9 |
| Japan 10y Yield |  | 0.04 | 0.6 | 3 | 3 | 4 | 2 |
| UK 10y Yield |  | 0.34 | 3.2 | 13 | 17 | -43 | 14 |
| Credit Spreads | | | basis points | | | | |
| US Investment Grade |  | 96 | 0.7 | -2 | -10 | -7 | 1 |
| US High Yield |  | 374 | 2.7 | -9 | -30 | -22 | -5 |
| Europe IG |  | 50 | 0.9 | 1 | 0 | 6 | 2 |
| Europe HY |  | 260 | 7.0 | 6 | -1 | 53 | 19 |
| EMBIG Sovereign Spread |  | 347 | 3.2 | -2 | -17 | 53 | -3 |
| Exchange Rates | | | % | | | | |
| USD/Majors |  | 90.45 | 0.0 | 1 | -1 | -7 | 1 |
| EUR/USD |  | 1.22 | 0.0 | -1 | 0 | 9 | 0 |
| USD/JPY |  | 104.2 | 0.0 | -1 | 0 | 5 | -1 |
| EM/USD |  | 57.3 | 0.4 | -1 | 0 | -6 | -1 |
| Commodities | | | % | | | | |
| Brent Crude Oil (\$/barrel) |  | 56 | 1.5 | 5 | 13 | -13 | 9 |
| Industrials Metals (index) |  | 137 | 1.7 | 0 | 1 | 18 | 3 |
| Agriculture (index) |  | 49 | 0.4 | 0 | 12 | 19 | 2 |
| Implied Volatility | | | % | | | | |
| VIX Index (%, change in pp) |  | 23.3 | -0.9 | -2.1 | -0.1 | 10.7 | 0.5 |
| US 10y Swaption Volatility |  | 62.2 | 1.3 | -1.7 | -0.2 | 3.2 | 2.0 |
| Global FX Volatility |  | 8.0 | 0.0 | 0.0 | -0.3 | 2.6 | -0.1 |
| EA Sovereign Spreads | | | 10-Year spread vs. Germany (bps) | | | | |
| Greece |  | 116 | 1.8 | -4 | -8 | -40 | -4 |
| Italy |  | 111 | 4.8 | -4 | -9 | -41 | 0 |
| Portugal |  | 50 | 1.2 | -8 | -10 | -9 | -10 |
| Spain |  | 57 | 1.7 | -4 | -7 | -7 | -4 |

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

[back to top](#)

Emerging Market Financial Indicators

| Last updated: 1/12/2021 8:09 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 | | 6.46 | 0.3 | -0.1 | 1 | 7 | 1 | | 3.3 | 1.1 | -3 | -10 | 15 | 0 |
| Indonesia | | 14130 | 0.0 | -1.5 | 0 | -3 | -1 | | 6.3 | 2.3 | 26 | 15 | -75 | 20 |
| India | | 73 | 0.2 | -0.1 | 0 | -3 | 0 | | 6.0 | 4.8 | 6 | 1 | -90 | 3 |
| Philippines | | 48 | 0.1 | 0.0 | 0 | 5 | 0 | | 3.7 | -0.6 | 1 | 0 | -66 | 0 |
| Thailand | | 30 | 0.1 | -0.7 | 0 | 0 | -1 | | 1.3 | 0.5 | 6 | -11 | -19 | 3 |
| Malaysia | | 4.06 | -0.1 | -1.0 | 0 | 0 | -1 | | 2.6 | 2.4 | 9 | -1 | -68 | 5 |
| Argentina | | 85 | -0.1 | -0.8 | -4 | -30 | -2 | | 52.7 | 16.1 | -345 | -267 | 261 | -345 |
| Brazil | | 5.47 | 0.6 | -3.6 | -7 | -24 | -5 | | 6.3 | 22.1 | 78 | 55 | 17 | 77 |
| Chile | | 724 | -0.3 | -3.4 | 1 | 7 | -2 | | 2.9 | 7.6 | 12 | -3 | -64 | 9 |
| Colombia | | 3485 | 0.7 | -1.2 | -2 | -6 | -2 | | 5.1 | 0.0 | 5 | -13 | -69 | -1 |
| Mexico | | 19.97 | 0.5 | -0.4 | 1 | -6 | 0 | | 5.7 | 4.2 | 11 | -8 | -122 | 10 |
| Peru | | 3.6 | -0.1 | 0.4 | -1 | -8 | 0 | | 3.8 | 5.3 | 23 | 7 | -64 | 19 |
| Uruguay | | 43 | -0.5 | -1.0 | 0 | -12 | -1 | | 7.2 | 0.8 | -3 | -15 | -354 | -1 |
| Hungary | | 296 | 0.5 | -1.1 | -1 | 1 | 0 | | 1.7 | 6.5 | 17 | 5 | 49 | 13 |
| Poland | | 3.72 | 0.2 | -0.9 | -2 | 2 | 0 | | 0.6 | -0.1 | -1 | -9 | -141 | -3 |
| Romania | | 4.0 | 0.1 | -1.1 | 0 | 7 | -1 | | 2.6 | -1.0 | -7 | -24 | -130 | -14 |
| Russia | | 74.0 | 0.8 | 0.2 | 0 | -17 | 0 | | 5.7 | 1.5 | 1 | 14 | -26 | 1 |
| South Africa | | 15.4 | 0.9 | -2.6 | -2 | -6 | -5 | | 9.7 | 3.0 | 16 | 3 | 23 | 10 |
| Turkey | | 7.49 | -0.2 | -1.3 | 5 | -22 | -1 | | 13.4 | 11.5 | 26 | -3 | 240 | 29 |
| US (DXY; 5y UST) | | 90 | 0.0 | 1.1 | -1 | -7 | 1 | | 0.52 | 1.6 | 15 | 16 | -111 | 16 |

| | 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 | | 5596 | 2.9 | 4 | 14 | 34 | 7 | | 210 | 1 | -2 | 4 | 34 | 2 |
| Indonesia | | 6396 | 0.2 | 4 | 8 | 2 | 7 | | 182 | 4 | 0 | -11 | 18 | -5 |
| India | | 49517 | 0.5 | 2 | 7 | 19 | 4 | | 156 | 2 | 5 | 4 | 29 | 5 |
| Philippines | | 7258 | -0.6 | 2 | 0 | -7 | 2 | | 104 | 7 | 7 | -12 | 28 | -1 |
| Malaysia | | 1612 | -0.3 | 0 | -4 | 1 | -1 | | 122 | 1 | 8 | 5 | 16 | 12 |
| Argentina | | 50967 | -1.4 | 0 | -5 | 19 | -1 | | 1398 | 4 | -14 | 5 | -420 | 30 |
| Brazil | | 123255 | -1.5 | 3 | 7 | 7 | 4 | | 262 | 3 | 8 | 1 | 49 | 12 |
| Chile | | 4562 | -0.2 | 4 | 12 | -9 | 9 | | 138 | 1 | -4 | -14 | -3 | -6 |
| Colombia | | 1453 | 0.0 | 2 | 5 | -12 | 1 | | 212 | 2 | 3 | -3 | 42 | 7 |
| Mexico | | 46395 | -0.7 | 4 | 6 | 4 | 5 | | 371 | 3 | 3 | -33 | 74 | 11 |
| Peru | | 21655 | 0.1 | 3 | 6 | 6 | 4 | | 130 | 2 | 1 | -25 | 18 | -2 |
| Hungary | | 44594 | -0.3 | 5 | 8 | -2 | 6 | | 76 | -1 | -16 | -24 | -16 | -20 |
| Poland | | 59316 | -0.8 | 2 | 7 | 1 | 4 | | -13 | -1 | -11 | -18 | -34 | -12 |
| Romania | | 10163 | 0.9 | 3 | 7 | 2 | 4 | | 197 | 1 | -4 | -16 | 24 | -5 |
| Russia | | 3491 | 0.2 | 4 | 7 | 12 | 6 | | 161 | 4 | -5 | -10 | 18 | -5 |
| South Africa | | 63536 | -0.4 | 4 | 7 | 11 | 7 | | 381 | 2 | -7 | -3 | 57 | 1 |
| Turkey | | 1548 | 0.8 | 4 | 13 | 30 | 5 | | 454 | 7 | 3 | -43 | 57 | 9 |
| Ukraine | | 499 | 0.0 | 0 | -2 | -3 | 0 | | 499 | 17 | 12 | 7 | 119 | 8 |
| EM total | | 54 | 0.4 | 4 | 6 | 18 | 4 | | 421 | 0 | 17 | -10 | 97 | 128 |

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