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- **JP Morgan and Citi report strong 4Q19 results, while Well Fargo disappoints** ([link](#))
- **US removes China's currency manipulator designation** ([link](#))
- **Province of Buenos Aires bonds fall after federal government rule out bailout** ([link](#))
- **Indian bond yields rise as inflation spikes above RBI's target** ([link](#))

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## Markets tread water as earnings season begins

After setting new records on US stock exchanges yesterday, markets are taking pause ahead of tomorrow's signing of the phase one trade agreement between the US and China. Markets rallied in US hours following yesterday's announcement that the US treasury is removing China from its list of currency manipulators. Asian equities were not able to follow through overnight, instead gaining only marginally, with China shares slightly lower. The Chinese yuan was able to hold onto recent gains, remaining below 6.90 per dollar. Q4 earnings season began in earnest this morning with several major US financial institutions reporting. Before US markets opened, JP Morgan beat estimates as it reported 2019 earnings totaled \$36.4 bn, the highest annual earnings ever for any US bank.

Key Global Financial Indicators

| Last updated:<br>1/14/20 8:34 AM     | Level   |        | Change from Market Close |        |         |      | YTD |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %   |
| S&P 500                              |  | 3288   | 0.7                      | 1      | 4       | 27   | 2   |
| Eurostoxx 50                         |  | 3770   | -0.3                     | 0      | 1       | 23   | 1   |
| Nikkei 225                           |  | 24025  | 0.7                      | 4      | 0       | 18   | 2   |
| MSCI EM                              |  | 46     | -0.2                     | 3      | 5       | 15   | 3   |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |     |
| US 10y Yield                         |  | 1.83   | 2.6                      | 1      | 1       | -87  | -9  |
| Germany 10y Yield                    |  | -0.17  | -1.5                     | 11     | 12      | -41  | 1   |
| EMBIG Sovereign Spread               |  | 297    | 3                        | -10    | -11     | -91  | 4   |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |  | 61.1   | 0.0                      | 0      | 0       | -4   | 0   |
| Dollar index, (+) = \$ appreciation  |  | 97.5   | 0.2                      | 1      | 0       | 2    | 1   |
| Brent Crude Oil (\$/barrel)          |  | 64.9   | 1.2                      | -5     | 0       | 10   | -2  |
| VIX Index (% change in pp)           |  | 12.5   | 0.2                      | -1     | 0       | -7   | -1  |

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

## United States

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The stock market renewed a record high on the headline that the US would remove China from the currency manipulator list two days before trade negotiators sign a “Phase One” trade deal on Wednesday in Washington DC. The Treasury Department will make the change in their semi-annual report expected to be released soon, reportedly. The decision came five months after the Treasury’s move in August to call China a manipulator, which had raised tensions. Yesterday’s news fueled a mild risk-taking mood, with both the S&P 500 and Nasdaq reaching records with lower implied volatility.

### US Equity Indices

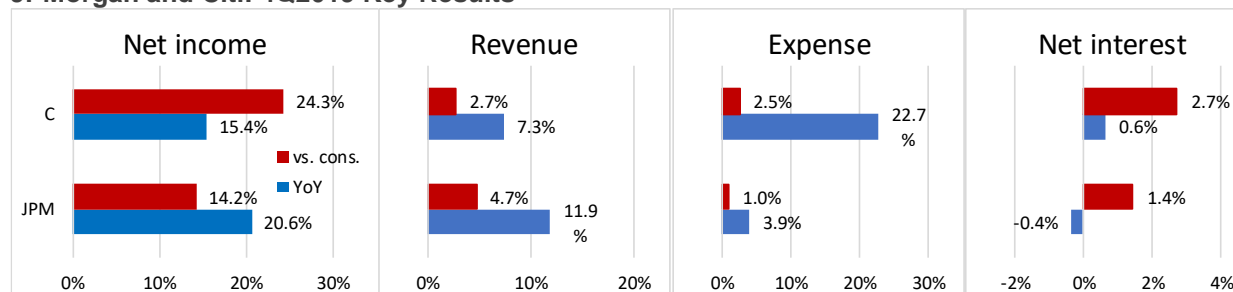


Source: Bloomberg

— S&amp;P 500 (lhs) — Nasdaq Composite (rhs)

**JPM and Citi report strong 4Q19 results, with robust markets and good consumer outlooks; Wells Fargo disappointed.** JPMorgan kicked off the US banks’ 4Q19 results reporting season with net income of \$8.5bn, 14% above consensus and +20% YoY on revenue of \$29.2bn. 4.7% above market expectation and +12% YoY. Return on equity came in at 14%. Excluding the impact of loan sales, average loans and deposits grew 3% and 6% YoY despite low rates. Strong results in markets businesses drove out-performance, with FICC sales and trading revenues of \$3.45bn against market expected \$2.44bn. Net interest income was down modestly on margin pressure, mainly on deposits (retail banking deposit spreads of 2.28%, from 2.47% in 3Q19), but still beat consensus. Credit costs were benign. The bank’s CEO commented that the growth outlook appears to have stabilized and that US consumer activity volumes and credit quality remain robust. Citigroup also posted strong results, with revenue 3% and pretax profit 2% above consensus. The reflected solid results across both institutional and consumer banking, with particular strength in fixed income markets. Wells Fargo’s 4Q results disappointed, however, with large litigation charges and weak underlying growth, JPMorgan and Citi shares rose 1.7% and 1%, respectively, and Wells Fargo fell 4% on announcement of the results.

### JPMorgan and Citi: 4Q2019 Key Results



Source: Companies, Bloomberg.

**This morning, Dec CPI inflation was reported at 2.3%/y/y, slightly lower than the consensus** forecast of 2.4%. The monthly number was also lower than expected (+0.2%m/m vs. +0.3% cons.). Meanwhile, CPI excluding food and energy came in on target at 2.3%/y/y. Treasury 10-year yield traded down by 1bp, and the dollar strengthened by 0.2% against euro.

**Banks earnings expectations for 2020 are rising.** Earnings season by some large banks began this morning. Although analysts expect the overall corporate profit for Q4 will show the smallest growth in three years, they are becoming optimistic about earnings in 2020. In particular, the rise in forward EPS growth estimate for banks is relatively high despite the low yield environment, which rose to 4.4% from 3.6% two months earlier, with robust labor market performance and corporate profits holding up on top of multi-decade low delinquencies on commercial & industrial and consumer loans.

### Banking on Earnings Growth

**Lenders' 12-month forward EPS growth has outpaced SPX**

Normalized As Of 10/14/2019 ■ S&P 500 Banks Industry Group GICS Level 2 Index ■ S&P 500 Index

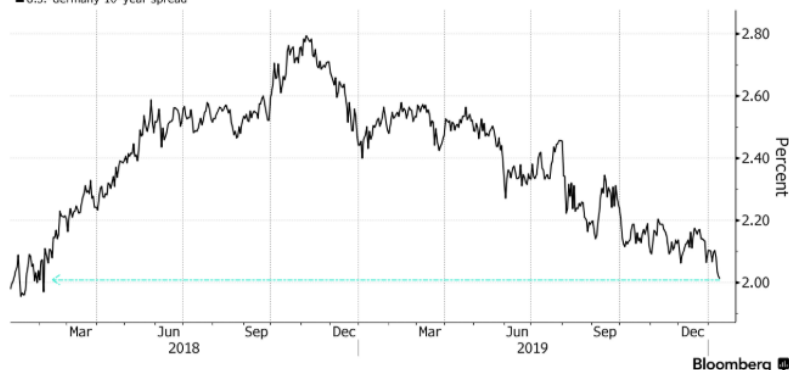


**US-Germany yield spread narrowed to the lowest levels in two years.** The spread between the 10-year Treasury and German Bunds has reached 200bps, as institutional investors have increased their exposures to duration risks in the US market amid macro-economic and geopolitical uncertainties over the last several months.

### Tumbling Tighter

**U.S. and Germany 10-Year yield spread approaches 2%**

■ U.S.-Germany 10-year spread



**Risky debt markets are strengthening.** The high yield corporate bond market has strengthened to near all-time highs both in terms of yield and spread on the back of the lower for longer rate expectations, while CLO markets have lagged behind high yield corporate bonds. For instance, the CLO AAA tranche has underperformed high yield corporate bonds, partly because CLO tranches typically offer floating rate indexed coupons in their cashflows. The prospect of corporate fundamentals has improved, as the average

proportion of CLO portfolios that is trading below 80 has dropped by 1.5% over the past three months, according to Morgan Stanley, possibly reflecting the expectation for lower default rates.

### US High Yield Corporate Bond Yields vs. CLO AAA Tranche Yields, %



Source: Bloomberg, Palmer Square Index

Exhibit 6: Market average pct of CLO-held loans trading < 80



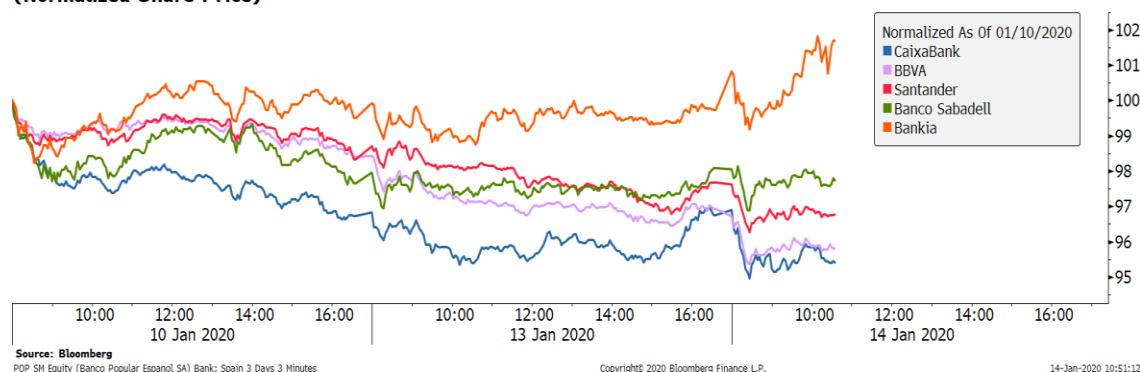
Source: Morgan Stanley Research, Intex, Markit

## Europe

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**Equities are marginally higher again today:** DAX (+0.2%), CAC 40 (unchanged), EuroStoxx 600 (+0.2%). Bank stocks (-0.2%) underperformed, dragged down by Spanish lenders – CaixaBank (-1.4%), BBVA (-1.3%), and Santander (-1.0%) – following unconfirmed reports that the Spanish government is interested in pushing for a merger of BBVA and Bankia. Bankia stocks gained 2.0% today, while Spain's main index Ibex 35 is down 0.4%.

### Selected Spanish Bank Equities (Normalized Share Price)



Source: Bloomberg

PDP SM Equity (Banco Popular Español SA) Bank: Spain 3 Days 3 Minutes

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**Sovereign debt traded steadily through the day, with very small moves across countries and maturities.** German 10-year yields at -0.16% (-1 bp); French OATs are at 0.08% (-1 bp); and Italian at 1.38% (+1 bp). Spanish 10-year yields traded at 0.46% (-1 bp), in line with peers, even after the newly-minded government of Pedro Sánchez announced an increase of 0.9% in public pensions.

**French financial assets have performed in line with continental peers, even as public opposition to planned pension reforms remains fierce.** President Macron's and PM Philippe's government are seeking a number of reforms to financially balance France's pension systems. Part of their proposal was to raise the full-benefits retirement age to 64 years, from 62. In recent days, PM Philippe has signaled a "provisional" withdrawal of such plan if various stakeholders return to negotiations.

Exhibit 2: Popularity of the French Executives Further Lower but Still Above the Trough of 2018



Source: Kantar TNS, Goldman Sachs Global Investment Research

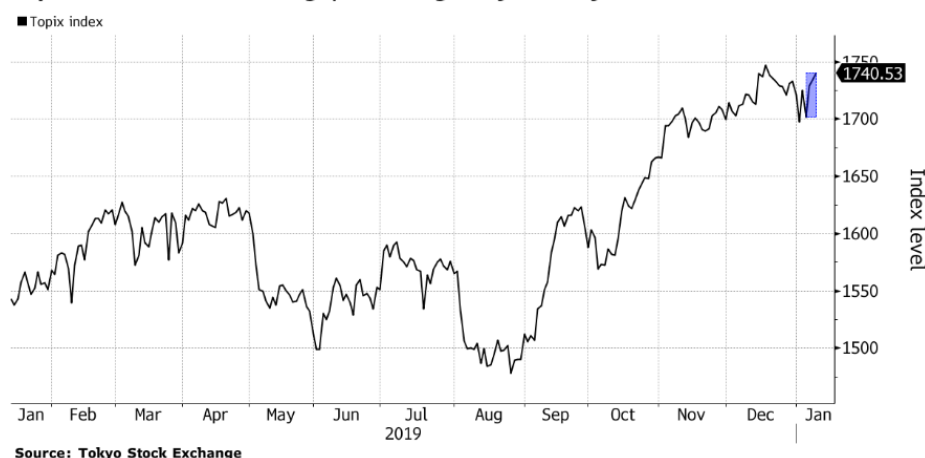
## Other Mature Markets

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### Japan

**Equities (+0.3%) rose to a four-week high on positive investor sentiment surrounding easing US-China tensions.** Electronics outperformed while the yen was stable. JGB 10-year yields rose 1.3 bps to 0.004%.

### Topix rises to four-week high, reversing early January losses














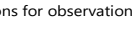


## Emerging Markets

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**Asian equities (+0.2%) rose marginally on net.** Taiwan Province of China (+0.5%) and Indonesia (+0.5%) led gains, while China (-0.3%) and Hong Kong (-0.2%) fell despite further easing of US-China tensions and better-than-expected Chinese trade data. Regional currencies were mixed with strength in the Philippine peso (+0.3%), while the Thai baht and Malaysian ringgit depreciated (both -0.2%). **In EMEA,** Kuwait (+2.0%), Bahrain (+1.1%), and UAE (+0.9%) led equity gains. Other bourses in the region also advanced, except for Poland (-0.4%) and Hungary (-0.3%) which led losses. In FX, the Russian ruble (-0.5%) and the Turkish lira (-0.3%) weakened to the dollar. Other currencies were stable. **In Latin America,** the Brazilian real underperformed, depreciating by 1.2% against the dollar without any notable domestic news flow. The Chilean peso extended its losses (-0.4% on Monday and -3.1% year to date) as markets try to find a new equilibrium following the recent unexpected pause in FX spot interventions by the central bank.

Key Emerging Market Financial Indicators

| Last updated:<br>1/14/20 8:34 AM | Level   |       | Change                           |        |         |      | YTD  |
|----------------------------------|---|-------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m  | index | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Major EM Benchmarks</b>       |   |       | %                                |        |         |      | %    |
| MSCI EM Equities                 |  | 46.30 | -0.2                             | 3      | 5       | 15   | 3    |
| MSCI Frontier Equities           |  | 30.75 | 0.0                              | 2      | 3       | 12   | 1    |
| EMBIG Sovereign Spread (in bps)  |  | 297   | 3                                | -10    | -11     | -91  | 4    |
| EM FX vs. USD                    |  | 61.14 | 0.0                              | 0      | 0       | -4   | 0    |
| <b>Major EM FX vs. USD</b>       |   |       | % (+) = EM currency appreciation |        |         |      |      |
| China Renminbi                   |  | 6.89  | 0.1                              | 1      | 2       | -2   | 1    |
| Indonesian Rupiah                |  | 13680 | -0.1                             | 1      | 2       | 3    | 1    |
| Indian Rupee                     |  | 70.88 | 0.0                              | 1      | 0       | 0    | 1    |
| Argentina Peso                   |  | 59.99 | -0.1                             | 0      | 0       | -38  | 0    |
| Brazil Real                      |  | 4.14  | 0.1                              | -2     | -2      | -11  | -3   |
| Mexican Peso                     |  | 18.80 | 0.0                              | 0      | 1       | 1    | 1    |
| Russian Ruble                    |  | 61.37 | -0.3                             | 1      | 2       | 9    | 1    |
| South African Rand               |  | 14.39 | 0.1                              | -1     | 0       | -4   | -3   |
| Turkish Lira                     |  | 5.88  | -0.3                             | 2      | -1      | -7   | 1    |
| EM FX volatility                 |  | 6.40  | 0.0                              | -0.3   | -0.3    | -3.0 | -0.2 |

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

## China

**The US Treasury removed China's label as a currency manipulator in its semi-annual foreign exchange report to Congress.** The report said that China has made "enforcement commitments" not to devalue its currency for competitive purposes as part of the phase-one trade deal. China also agreed to publish exchange rate information. China moves to the monitoring list, joining Japan, Korea, Singapore, Malaysia and Vietnam. The Treasury continued to encourage expansionary fiscal policy for Korea and reforms to help Japan and Singapore rebalance. It suggested Malaysia and Vietnam increase their transparency of foreign exchange intervention. It also plans to carefully track the foreign exchange and macroeconomic policies of Taiwan Province of China and Thailand, which are close to triggering key thresholds.

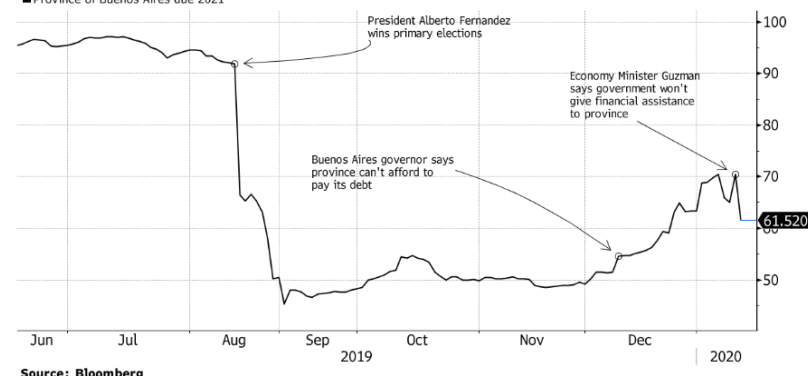
## Argentina

**The price Buenos Aires provincial bonds dropped sharply after authorities dismissed bailout talks ahead of the January 26 amortization and interest payments.** The 2021 note fell 9 points to 61 percent. Last week the bonds rallied after local press reported that the national government would grant assistance to the province, citing an unidentified person close to the administration. Minister Guzman repudiated the report, saying the government would not help, adding that he expected "good faith" negotiations between creditors and provincial officials. The Province of Buenos Aires owes investors a total of \$571 mn in January according to Bloomberg data.

## Yo-yo Bonds

**Buenos Aires notes experience price whiplash during debt negotiations**

■ Province of Buenos Aires due 2021



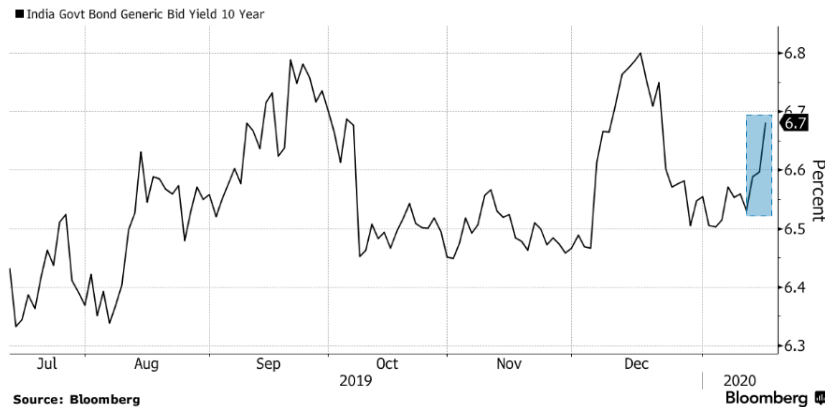
Source: Bloomberg



## India

**India's headline CPI breached the upper end of the Reserve Bank of India (RBI)'s 4±2% inflation target in December.** CPI rose to a five-year high of 7.35% y/y from 5.5% in November due to supply-side pressures from food prices. While analysts view the inflation spike as transitory, they see limited policy space for the RBI to cut interest rates to support slowing growth and expect an extended pause. **10-year bond yields rose 6.5 bps to 6.66%. Equities and the rupee were little changed.**

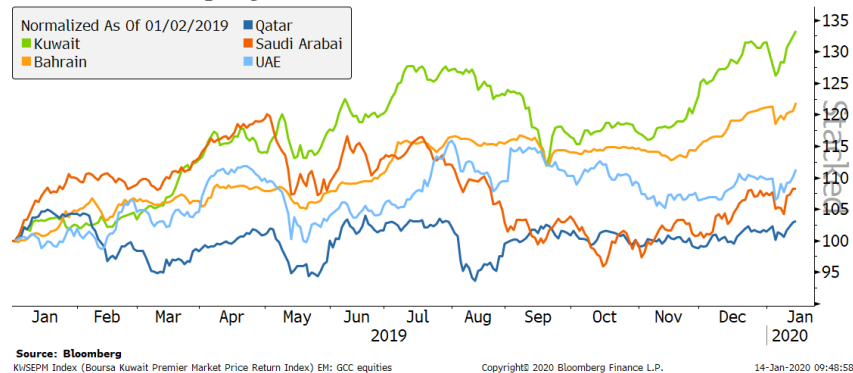
### 10-year yields surged after retail inflation hit a 5-year high



## Kuwait

**Equities in Kuwait City's stock exchange surged to a historical high on prospects of MSCI inclusion.** Stocks gained 2.0% this morning spurred by news of the inclusion of Kuwait in the MSCI index in May 2020. Analysts expect strong inflows into the GCC country in the order of \$2.5 bn to \$3 bn, from both active and passive investors. Other bourses in the GCC also gained, except for Saudi stocks which traded sideways.

### GCC: Main Equity Indices



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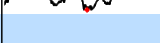


















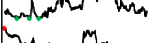
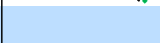


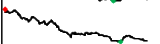
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## Global Financial Indicators

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|----------------------------------|---|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m  | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |   |        | %                                |        |         |      | %    |
| United States                    |    | 3288   | 0.7                              | 1      | 4       | 27   | 2    |
| Europe                           |    | 3770   | -0.3                             | 0      | 1       | 23   | 1    |
| Japan                            |    | 24025  | 0.7                              | 4      | 0       | 18   | 2    |
| China                            |    | 3107   | -0.3                             | 0      | 5       | 23   | 2    |
| Asia Ex Japan                    |    | 76     | 1.7                              | 4      | 5       | 18   | 4    |
| Emerging Markets                 |    | 46     | -0.2                             | 3      | 5       | 15   | 3    |
| <b>Interest Rates</b>            |   |        | basis points                     |        |         |      |      |
| US 10y Yield                     |    | 1.83   | 2.6                              | 1      | 1       | -87  | -9   |
| Germany 10y Yield                |    | -0.17  | -1.5                             | 11     | 12      | -41  | 1    |
| Japan 10y Yield                  |    | 0.02   | 1.6                              | 2      | 3       | 0    | 3    |
| UK 10y Yield                     |    | 0.73   | -2.5                             | -7     | -7      | -57  | -10  |
| <b>Credit Spreads</b>            |   |        | basis points                     |        |         |      |      |
| US Investment Grade              |    | 103    | 0.7                              | -3     | -5      | -39  | 6    |
| US High Yield                    |    | 392    | 0.3                              | -7     | -32     | -64  | -1   |
| Europe IG                        |    | 44     | 0.4                              | -1     | -1      | -39  | -1   |
| Europe HY                        |    | 209    | 2.0                              | -4     | 0       | -133 | 2    |
| EMBIG Sovereign Spread           |    | 297    | 3.0                              | -10    | -11     | -91  | 4    |
| <b>Exchange Rates</b>            |   |        | %                                |        |         |      |      |
| USD/Majors                       |  | 97.55  | 0.2                              | 1      | 0       | 2    | 1    |
| EUR/USD                          |  | 1.11   | -0.2                             | 0      | 0       | -3   | -1   |
| USD/JPY                          |  | 110.0  | 0.0                              | -1     | 0       | -2   | -1   |
| EM/USD                           |  | 61.1   | 0.0                              | 0      | 0       | -4   | 0    |
| <b>Commodities</b>               |   |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |  | 65     | 1.2                              | -5     | 0       | 10   | -2   |
| Industrials Metals (index)       |  | 116    | -0.3                             | 1      | 2       | 5    | 1    |
| Agriculture (index)              |  | 41     | 0.4                              | 1      | 2       | -2   | 0    |
| <b>Implied Volatility</b>        |   |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |  | 12.5   | 0.2                              | -1.3   | -0.1    | -6.5 | -1.3 |
| 10y Treasury Volatility Index    |  | 3.7    | 0.1                              | -0.6   | -0.4    | -0.3 | -0.4 |
| Global FX Volatility             |  | 5.5    | 0.0                              | -0.4   | -0.4    | -3.0 | -0.5 |
| <b>EA Sovereign Spreads</b>      |   |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |  | 157    | 1.6                              | -12    | -8      | -250 | -9   |
| Italy                            |  | 155    | 1.5                              | -11    | 0       | -106 | -5   |
| Portugal                         |  | 60     | 0.8                              | -5     | -6      | -86  | -3   |
| Spain                            |  | 64     | 0.6                              | -4     | -6      | -54  | -1   |

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

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## Emerging Market Financial Indicators

| Last updated:<br>1/14/2020<br>8:34 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                                 |                | 6.89   | 0.1                  | 0.9    | 2       | -2   | 1   |                                     | 3.1    | -0.5                     | -3     | -11     | 3    | -3    |
| Indonesia                             |                | 13680  | -0.1                 | 1.4    | 2       | 3    | 1   |                                     | 7.0    | -1.4                     | -17    | -32     | -121 | -14   |
| India                                 |                | 71     | 0.0                  | 1.3    | 0       | 0    | 1   |                                     | 6.9    | 1.7                      | 4      | -16     | -61  | 2     |
| Philippines                           |                | 51     | -0.4                 | 0.4    | 0       | 3    | 0   |                                     | 4.3    | -1.3                     | 2      | 4       | -188 | 0     |
| Thailand                              |                | 30     | -0.2                 | 0.3    | 0       | 6    | -2  |                                     | 1.5    | 0.6                      | 3      | -15     | -112 | -7    |
| Malaysia                              |                | 4.07   | -0.2                 | 0.5    | 2       | 1    | 0   |                                     | 3.3    | -0.4                     | 0      | -12     | -75  | -6    |
| Argentina                             |                | 60     | -0.1                 | -0.3   | 0       | -38  | 0   |                                     | 50.7   | 58.3                     | -949   | -3824   | 2853 | -1194 |
| Brazil                                |                | 4.14   | 0.1                  | -1.7   | -2      | -11  | -3  |                                     | 6.2    | 4.9                      | -4     | 11      | -186 | -2    |
| Chile                                 |                | 770    | 0.7                  | -0.1   | -1      | -13  | -2  |                                     | 3.5    | -2.3                     | 18     | 3       | -101 | 18    |
| Colombia                              |                | 3260   | 0.3                  | 0.4    | 3       | -4   | 1   |                                     | 5.8    | 4.6                      | -19    | -14     | -70  | -16   |
| Mexico                                |                | 18.80  | 0.0                  | 0.5    | 1       | 1    | 1   |                                     | 6.9    | 2.2                      | 3      | 4       | -178 | -1    |
| Peru                                  |                | 3.3    | 0.0                  | -0.2   | 1       | 0    | -1  |                                     | 4.4    | 1.9                      | 1      | -1      | -124 | -7    |
| Uruguay                               |                | 37     | -0.5                 | -0.2   | 1       | -13  | 0   |                                     | 10.8   | 0.0                      | -4     | -27     | 20   | -8    |
| Hungary                               |                | 300    | 0.0                  | -0.8   | -2      | -6   | -1  |                                     | 1.2    | 6.5                      | 12     | 18      | -86  | 5     |
| Poland                                |                | 3.80   | 0.0                  | 0.1    | 0       | -2   | 0   |                                     | 2.1    | 6.5                      | 23     | 27      | -16  | 19    |
| Romania                               |                | 4.3    | -0.3                 | -0.4   | 0       | -5   | -1  |                                     | 3.9    | 0.0                      | -5     | -28     | -27  | -10   |
| Russia                                |                | 61.4   | -0.3                 | 1.0    | 2       | 9    | 1   |                                     | 6.0    | -2.3                     | -16    | -25     | -218 | -16   |
| South Africa                          |                | 14.4   | 0.1                  | -0.6   | 0       | -4   | -3  |                                     | 9.6    | 5.5                      | 7      | -3      | 10   | 6     |
| Turkey                                |                | 5.88   | -0.3                 | 1.5    | -1      | -7   | 1   |                                     | 10.8   | -19.7                    | -115   | -102    | -628 | -90   |
| US (DXY; 5y UST)                      |                | 98     | 0.2                  | 0.6    | 0       | 2    | 1   |                                     | 1.64   | -1.3                     | 2      | -2      | -89  | -5    |

|              | Equity Markets |        |               |        |         |      |     | Bond Spreads on USD Debt (EMBIG) |        |                          |        |         |      |     |
|--------------|----------------|--------|---------------|--------|---------|------|-----|----------------------------------|--------|--------------------------|--------|---------|------|-----|
|              | 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 |
|              |                |        |               |        |         |      |     | basis points                     |        |                          |        |         |      |     |
| China        |                | 3107   | -0.3          | 0      | 5       | 23   | 2   |                                  | 175    | 1                        | -1     | -4      | -12  | -1  |
| Indonesia    |                | 6325   | 0.5           | 1      | 2       | 0    | 0   |                                  | 162    | 3                        | -5     | -7      | -48  | 6   |
| India        |                | 41953  | 0.2           | 3      | 2       | 17   | 2   |                                  | 124    | -3                       | -1     | -6      | -68  | -1  |
| Philippines  |                | 7793   | 0.2           | 0      | -1      | -1   | 0   |                                  | 73     | 2                        | -6     | -4      | -33  | 7   |
| Malaysia     |                | 1581   | -0.3          | -2     | 1       | -6   | -1  |                                  | 106    | 1                        | -3     | -9      | -49  | -6  |
| Argentina    |                | 42018  | -1.7          | 1      | 14      | 24   | 1   |                                  | 1880   | 53                       | -41    | -234    | 1181 | 111 |
| Brazil       |                | 117093 | 1.6           | 0      | 4       | 24   | 1   |                                  | 212    | 2                        | -15    | -7      | -43  | -3  |
| Chile        |                | 4962   | -0.7          | 1      | 2       | -7   | 6   |                                  | 142    | 3                        | -7     | -3      | -7   | 9   |
| Colombia     |                | 1652   | -0.2          | -1     | 1       | 19   | -1  |                                  | 168    | 1                        | -11    | -1      | -29  | 5   |
| Mexico       |                | 44847  | 0.4           | 1      | 1       | 3    | 3   |                                  | 297    | 2                        | -8     | -11     | -39  | 5   |
| Peru         |                | 20476  | 0.1           | 0      | 2       | 4    | 0   |                                  | 112    | 2                        | -9     | -5      | -41  | 5   |
| Hungary      |                | 45213  | -0.5          | 2      | -1      | 11   | -2  |                                  | 90     | 2                        | -8     | -5      | -48  | 4   |
| Poland       |                | 58931  | -0.6          | 1      | 4       | 0    | 2   |                                  | 19     | 1                        | -9     | -4      | -45  | 1   |
| Romania      |                | 10044  | 0.2           | 2      | 2       | 45   | 1   |                                  | 175    | 1                        | 0      | -19     | -35  | 1   |
| Russia       |                | 3134   | -0.6          | 2      | 5       | 28   | 3   |                                  | 140    | 1                        | -15    | -1      | -89  | 9   |
| South Africa |                | 57634  | 0.1           | 0      | 2       | 8    | 1   |                                  | 328    | 3                        | 0      | -22     | -4   | 8   |
| Turkey       |                | 120963 | 0.6           | 7      | 9       | 31   | 6   |                                  | 388    | -3                       | -23    | -29     | -60  | -13 |
| Ukraine      |                | 505    | -0.4          | -1     | -1      | -10  | -1  |                                  | 375    | 6                        | -27    | -58     | -376 | -45 |
| EM total     |                | 46     | -0.2          | 3      | 5       | 15   | 3   |                                  | 297    | 3                        | -10    | -11     | -91  | 4   |

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

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