



# Global Markets Monitor

Monetary and Capital Markets Department  
Global Markets Analysis Division

Thursday, January 17, 2019

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- **US equities gain as solid bank earnings dampen slowdown concerns** ([link](#))
- **Global economic policy uncertainty index reaches new high** ([link](#))
- **PM May survives confidence vote, but impasse remains** (see Brexit monitor update) ([link](#))
- **Greek government survives confidence vote by narrow margin** ([link](#))
- **Bank Indonesia leaves policy rate unchanged; remains vigilant toward external risks** ([link](#))
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## Risk assets drift moderately lower amid heightened policy uncertainty

**Risk appetite has been subdued this morning as investors await fresh developments on corporate earnings and policy-related tensions.** Asian equity markets were mixed overnight, European indexes and US equity futures are trending lower, and benchmark bond yields are little changed. Yesterday, US equities moved moderately higher as encouraging results from the banking sector have brightened the outlook for the Q4 earnings season. However, contacts note the overall tone of markets remains nervous as several moving parts are keeping participants on edge. In the UK, PM May survived the no confidence vote, but now must find an alternative plan of action by next Monday with the way forward still uncertain. Gilt yields have climbed and UK equities declined, while the reaction in the sterling has been fairly muted. Although FOMC members have been repeating more dovish guidance, headlines regarding the ongoing US government shutdown and US-China tensions have not eased policy-related concerns. In EM, investors remain highly attuned to news around further stimulus measures in China, while in Turkey, local assets outperformed and the lira appreciated close to 2% as the central bank remained on hold and signaled a tight policy stance would remain until inflation improves significantly.

### Key Global Financial Indicators

| Last updated:<br>1/17/19 8:03 AM     | Level    |        | Change from Market Close |        |         |      | YTD |
|--------------------------------------|----------|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |          |        | %                        |        |         |      | %   |
| S&P 500                              |          | 2616   | 0.2                      | 1      | 3       | -7   | 4   |
| Eurostoxx 50                         |          | 3065   | -0.4                     | 0      | 0       | -15  | 2   |
| Nikkei 225                           |          | 20402  | -0.2                     | 0      | -5      | -15  | 2   |
| MSCI EM                              |          | 41     | -0.6                     | 1      | 4       | -18  | 5   |
| <b>Yields and Spreads</b>            |          |        | bps                      |        |         |      |     |
| US 10y Yield                         |          | 2.71   | 1.1                      | -3     | -15     | 12   | 3   |
| Germany 10y Yield                    |          | 0.22   | -0.4                     | -4     | -4      | -34  | -2  |
| EMBIG Sovereign Spread               |          | 383    | -3                       | -3     | -10     | 116  | -31 |
| <b>FX / Commodities / Volatility</b> |          |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |          | 63.3   | -0.2                     | 0      | 2       | -10  | 2   |
| Dollar index, (+) = \$ appreciation  |          | 96.0   | 0.0                      | 1      | -1      | 0    | 0   |
| Brent Crude Oil (\$/barrel)          |          | 60.3   | -1.7                     | -2     | 1       | -13  | 12  |
| VIX Index (% change in pp)           |          | 19.4   | 0.4                      | 0      | -5      | 8    | -6  |

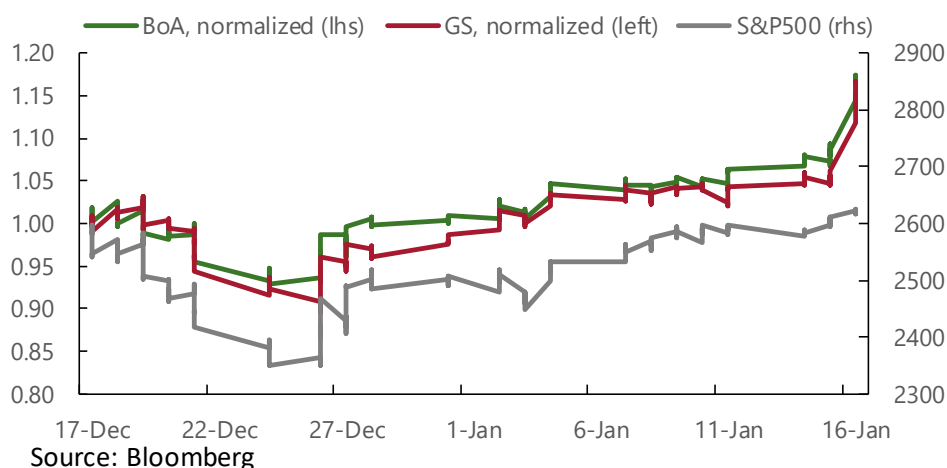
Colors denote **tightening**/easing financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## United States

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**US equity indexes extended gains following solid bank earnings.** Both Goldman Sachs (GS) and Bank of America (BoA) beat analysts' estimate (Q4 adjusted EPS \$4.83 vs. \$4.52 and \$0.70 vs. \$0.63) and their shares were up 9.6% and 7.2%, respectively, following the reports. The financial sector outperformance was enough to keep the S&P 500 (+0.2%) above 2600 for the second consecutive day. The KBW bank index was up 2.5% on the day. While the banks' earnings prospects were not that optimistic, as Goldman's fixed-income trading revenue was the lowest in a decade, investors noted their otherwise solid earnings results suggested a healthy economy, as BoA's CFO Donofrio said there is "nothing in our business to suggest that a slowdown is imminent" on their earnings call. Recently dovish communication from FOMC members, the PBoC signaling more policy easing, and ECB chief Draghi sounding dovish overnight, have also contributed to the gains. The VIX edged lower to 18.4. **This morning, S&P 500 futures are pointing to a 0.4% decline at the open** following some increase in tensions between the US and China over an investigation into Huawei Technologies and weaker-than-expected earnings reported by Morgan Stanley.

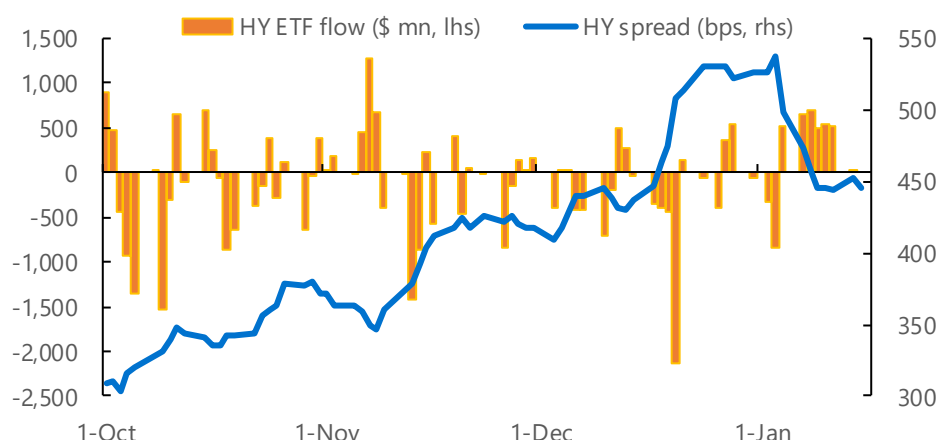
### US Bank shares outperformed



**Ten-year Treasury yields were up marginally to 2.71%.** Rates markets look to have recovered its composure, as swaption implied interest rate volatility declined to a 6-month low of 4 bps. In addition, Eurodollar futures have risen since the beginning of the year, and no longer discount a full rate 'cut' for the coming year. **The Fed's January Beige Book portrayed that the economy remains on solid footing despite signs of cooling**, even with concerns over financial market volatility and political uncertainty. Eight of the 12 Fed districts reported growth as modest or moderate. Market reaction was limited.

**Flows into high yield corporate bonds have recovered gradually.** According to Bloomberg, flows into high yield corporate bond ETFs has been net-positive for seven consecutive days. Market participants note investors have been attracted by the relatively higher spread level, above 500 bps, that prevailed at the end of last year and that overall market conditions have more recently become less tight.

### HY ETF flows versus HY spread



Source: Bloomberg

**The global economic policy uncertainty index reached its historical high** amid concerns over Brexit and US-China trade tensions. In the US, the government shutdown has affected the index as it did in the previous episode in 2013. The index is on a monthly basis, and the latest update was as of December 31. The next release will be at the end of January.

### Global Economic Policy Uncertainty Index



Source: Bloomberg

## Europe

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**Equities were moderately lower this morning.** National indices shed 0.2-0.5% while the Euro Stoxx 600 was down by 0.3%. Banks underperformed, shedding 0.7% despite solid earnings reports from their US counterparts yesterday. German banks reversed yesterday's gains as merger speculation cooled (see below). **Sovereign yields were little changed across the continent.** BTP yields stabilized after dropping by 10-12 bps yesterday following the Italian government's successful auction.

**PM May survived yesterday's confidence vote but looks unable to break the deadlock in parliament over Brexit.** The confidence vote went along party lines with 325 expressing support in the government and 306 against. Following the vote, PM May invited opposition leaders for talks on how a Brexit deal could reach a parliamentary majority. Opposition leader Corbyn said that he would not attend unless PM May took no deal off the table, which she refused to do. The impasse complicates the path ahead further with PM May having to come back with her "plan B" by Monday at the latest.

**We provide an update to our Brexit monitor below that was introduced in our special feature recently ([link](#)).** Overall, markets have showed limited reaction to the heightening political tensions in recent weeks. Sterling appreciated somewhat after May's deal was rejected while it held steady following yesterday's confidence vote. Equities have for the most part tracked their European counterparts while Gilt yields have risen somewhat on reduced fear of a no deal Brexit, as implied by betting odds.

## Brexit Monitor

|                | Indicator   | Latest reading | 1W Change | 1M Change | 2018 Change |
|----------------|---|----------------|-----------|-----------|-------------|
| FX markets     | 1 Sterling spot price   | 1.29           | 1%        | 2%        | -6%         |
|                | 2 GBP CFTC net long   | -60,723        | -         | -         | -74         |
|                | 3 GBPUSD risk reversal  | -1.7           | -0.1      | 0.4       | -1.2        |
|                | 4 GBPUSD 1M implied vol                                       | 12             | 0         | 1         | 6           |
| Equity markets | 5 FTSE 250 vs FTSE 100  | -12%/-12%      | -2 ppts   | -3 ppts   | -3 ppts     |
|                | 6 FTSE All-Share Banks  | 3,724          | 1%        | 2%        | -20%        |
|                | 7 CBOE Brexit High 50 excess return                           | -12%/-12%      | +1 ppt    | +3 ppt    | -2 ppts     |
|                | 8 FTSE Volatility Index                                       | 16             | -1        | -3        | 13          |
| Bond markets   | 9 UK 10-Year yield  | 1.33%          | +7 bps    | +6 bps    | +9 bps      |
|                | 10 UK-US yield curve slope differential                       | 31 bps         | -3 bps    | -5 bps    | +10 bps     |
|                | 11 Sterling IG Spreads  | 177 bps        | -3 bps    | -1 bps    | +58 bps     |
| Clearing       | 12 LCH equity clearing data                                   | 84 mn          | -         | -21%      | 3%          |
|                | 13 LCH repo clear data  | €6.6 tn        | -         | -14%      | 12%         |
| Other          | 14 Implied probability of a no deal Brexit from bookmakers    | 12%            | -8 ppts   | -18 ppts  | -8 ppts     |
|                | 15 Consumer confidence for financial situation (12M ahead)    | 1.2            | -         | -4        | -1.9        |
|                | 16 Implied probability of a second referendum from bookmakers | 42%            | +2 ppts   | -2 ppts   | +22 ppts    |

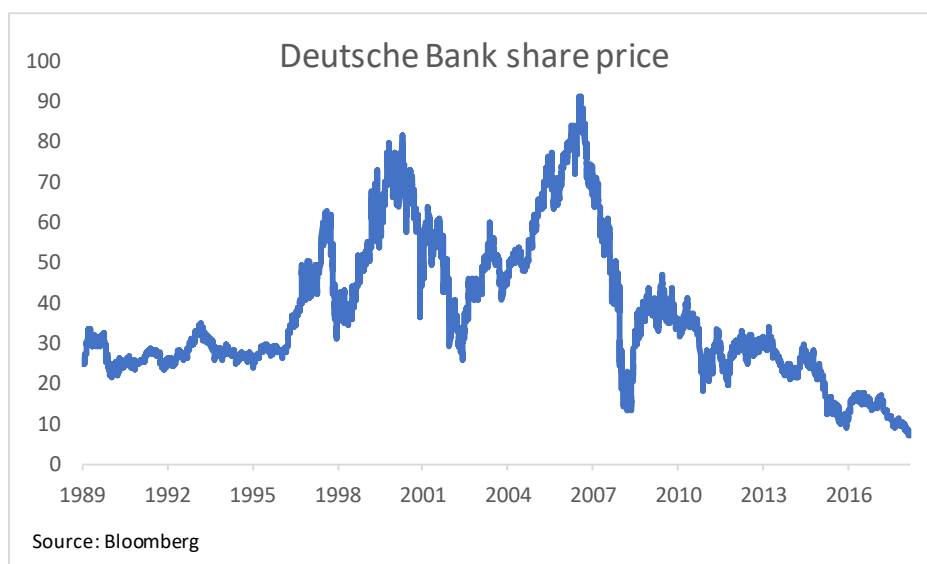
Sources: Bloomberg L.P.; LCH; and IMF staff. Changes are points unless otherwise indicated. LCH data changes represent m-o-m and annualized changes. Recent CFTC data for indicator 2 is unavailable due to the US government shutdown.

**The Greek government survived a confidence vote yesterday evening by the slimmest of margins.**

The final tally was 151 to 149 in favor of the government, in the fourth confidence vote of PM Tsipras's term in office. The vote was called after a coalition partner pulled out of the government over the accord with Macedonia. Greek assets showed little response to the vote, with yields continuing their steady downward drift. The 10-year is now trading at 4.22%.

**Shares in Deutsche Bank moderated this morning after renewed merger rumors triggered a rally yesterday.**

Unconfirmed reports suggest that BaFin, Deutsche's regulator, would favor a cross-border merger for the troubled bank as opposed to a merger with domestic rival Commerzbank. That view is said to align with that of the bank's CEO, Christian Sewing, with UBS recently mentioned as a potential merger candidate. Shares in the bank jumped 8.4% yesterday on the news but declined by 3.4% this morning to €7.9. Commerzbank shares rose by 7.4% on the speculation but was down 3% this morning.



**A new government is set to take power in Sweden after record-long coalition talks.** The Social Democratic party is expected to take the reins for another four years along with three coalition parties after the Left Party was persuaded to abstain in order to keep the nationalist Sweden Democrats at bay. Stefan Lofven, leader of the social democrats, will thus remain prime minister with his government expected to aim for tax cuts over the next two years. The deal ends four months of talks after September's elections produced a fractured parliament where no party gained more than 100 seats out of a total of 349.

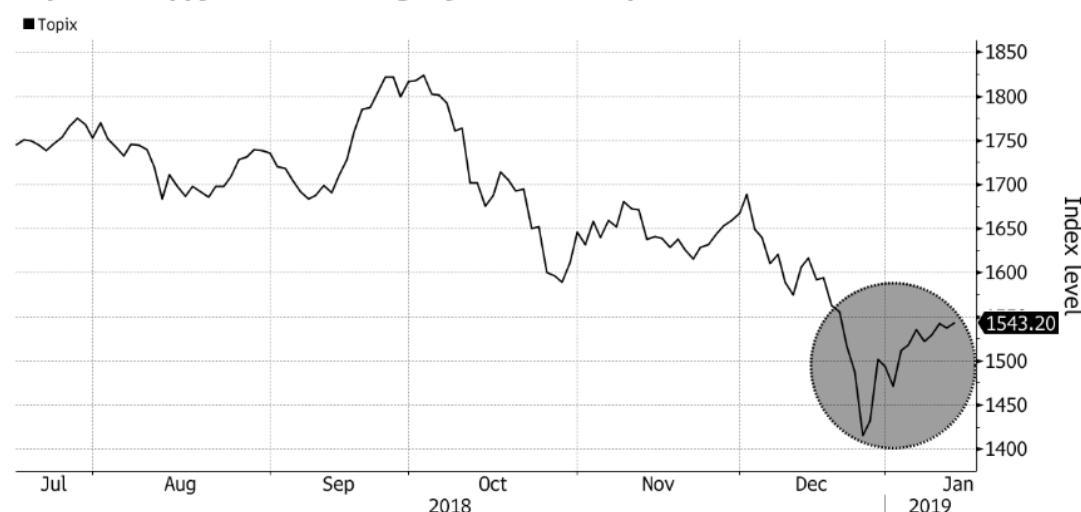
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### Japan

**Equities were mixed with the Topix advancing 0.4% while the Nikkei declined 0.2%.** On a sectoral basis, financials outperformed overnight tracing gains the in US banks yesterday. Retail stocks underperformed on weaker spending by Chinese tourists. **Yields on 10-year JGBs declined 0.3 bps to -0.005%. The yen appreciated 0.3%.**

### 'Wait-And-See' Mode

**Topix in choppy trade following a year-end slump**



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

### Key Emerging Market Financial Indicators

| Last updated:<br>1/17/19 8:09 AM | Level    |       | Change                            |        |         |      | YTD  |
|----------------------------------|----------|-------|-----------------------------------|--------|---------|------|------|
|                                  | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |      |
| <b>Major EM Benchmarks</b>       |          |       | %                                 |        |         |      | %    |
| MSCI EM Equities                 |          | 41.17 | -0.5                              | 1      | 4       | -18  | 5    |
| MSCI Frontier Equities           |          | 27.70 | 0.2                               | 2      | 2       | -23  | 6    |
| EMBIG Sovereign Spread (in bps)  |          | 383   | -3                                | -3     | -10     | 116  | -31  |
| EM FX vs. USD                    |          | 63.37 | -0.1                              | 0      | 2       | -10  | 2    |
| <b>Major EM FX vs. USD</b>       |          |       | %, (+) = EM currency appreciation |        |         |      |      |
| China Renminbi                   |          | 6.77  | -0.2                              | 0      | 2       | -5   | 2    |
| Indonesian Rupiah                |          | 14192 | -0.5                              | -1     | 3       | -6   | 1    |
| Indian Rupee                     |          | 71.04 | 0.3                               | -1     | 1       | -10  | -2   |
| Argentine Peso                   |          | 37.48 | 0.0                               | -1     | 2       | -50  | 1    |
| Brazil Real                      |          | 3.76  | -0.6                              | -1     | 4       | -14  | 3    |
| Mexican Peso                     |          | 18.96 | -0.4                              | 1      | 6       | -1   | 4    |
| Russian Ruble                    |          | 66.54 | -0.3                              | 1      | 0       | -15  | 5    |
| South African Rand               |          | 13.75 | -0.4                              | 1      | 5       | -11  | 4    |
| Turkish Lira                     |          | 5.37  | -0.6                              | 1      | 0       | -29  | -1   |
| EM FX volatility                 |          | 9.36  | 0.0                               | -0.2   | -0.4    | 1.5  | -0.4 |

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

**Latin American** equities rose 0.3% yesterday and remained near eight-month highs, helped by gains in the US markets and a substantial liquidity injection in China. Brazilian and Mexican stocks climbed 0.4% and 0.5% higher, respectively. Regional currencies were mixed, with the Brazilian real down 0.5% and the Mexican peso up 0.6%. Government bond yields were mostly little changed. **Asia ex-Japan equities were mixed.** The Philippines (+0.8%) outperformed reversing some of yesterday's losses. China (Shenzhen -0.9%, Shanghai -0.4%), Singapore (-0.6%), and Hong Kong (-0.5%) underperformed. Asian currencies depreciated against the dollar, with the Philippine peso and the Indonesian rupiah weakening the most (-0.5%). Bond yields across Asia were little changed. **EMEA equity markets are mixed**, rising 0.5% in Turkey but falling slightly in several other regional bourses. FX markets are little changed, with the Turkish lira the most notable move, depreciating 0.5% after having gained 2.0% yesterday against the dollar. Yields are a few basis points higher, but moves have been modest.

## China

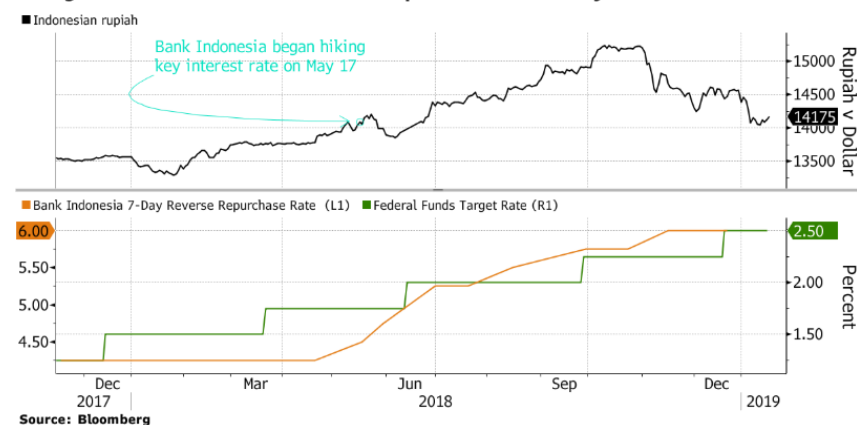
**Equities underperformed (Shenzhen -0.9%, Shanghai -0.4%) other Asian markets despite continued positive policy rhetoric.** Premier Li Keqiang pledged increased infrastructure investment, while a state council commission said that China will double down on efforts to close "zombie" SOEs. Meanwhile, the WSJ reported that **US federal persecutors are pursuing a criminal case against Huawei Technologies** involving alleged theft of trade secrets from US companies. Bond yields were little changed and the offshore/onshore RMB depreciated 0.3%.

## Indonesia

**Bank Indonesia kept its policy rate unchanged at 6%, as expected.** After hiking 175 bps since May, reduced external pressures have allowed Bank Indonesia (BI) to remain on hold. The rupiah has rebounded almost 7% in the last 3 months and 10-year sovereign bond yields have declined 56 bps. Inflation is running at 3.1% well within the central bank's 2.5% to 4.5% target band. Nonetheless, Governor Warjiyo said that BI will remain vigilant and take steps to guard the currency if needed. The rupiah depreciated 0.5%, while equities and bonds were little changed.

## Pressure Eases

**String of Bank Indonesia rate hikes helped stem a currency rout**

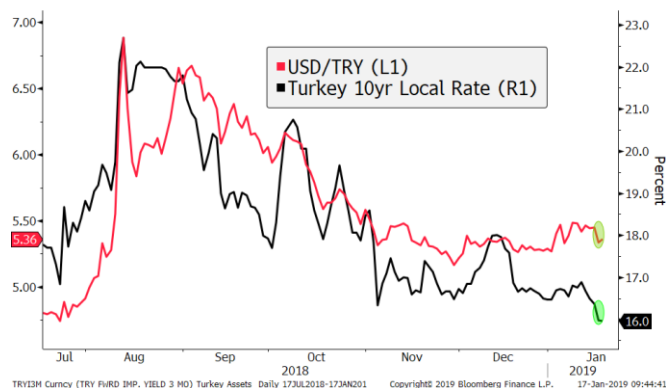


## Turkey

**The central bank left its policy rate unchanged at 24% at yesterday's meeting, as expected, but the language surprised some analysts expecting a dovish tilt.** The bank maintained its hawkish policy guidance around delivering further tightening if needed, suggesting that near-term cuts are unlikely. Some were concerned that political pressure ahead of the March 31 local elections would lead to premature easing and further erosion of the central bank's credibility. The lira appreciated 2.0% yesterday following

the decision but remains within the recent trading ranges. The benchmark local 10-year yield fell below 16% for the first time since mid-June 2018.

## Turkish Lira and 10-Year Rates



**Separately, the Turkish parliament granted President Erdogan emergency powers to be used if the country's financial stability comes under threat.** The vote also created a Financial Stability and development Committee. The bill also included measures to reduce rent inflation and some changes in tax regulation.

## Argentina

**CPI inflation slowed in December.** Inflation was 2.6% mom (47.6% yoy) in December, slightly below the expected 2.7% and down from 3.2% the prior month. Core inflation was 2.7% mom, the slowest pace since May (first figure). Analysts expect that announced tariff increases and potential currency depreciation will curb a further deceleration in inflation. Commentators noted that inflation expectations suggest a slowdown in inflation, but they have not come down since the implementation of the new monetary and FX framework in late September (second figure).

Figure 1: Core inflation continues to fall

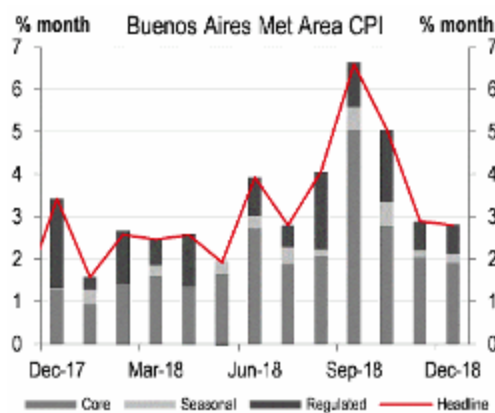
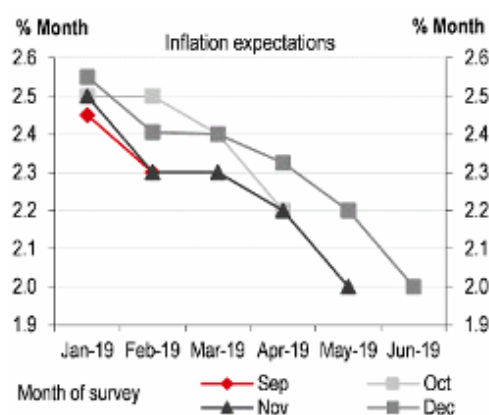


Figure 2: Inflation expectations for 1H-2019 not coming down
















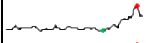
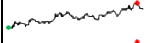



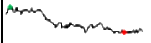






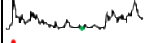





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## Global Financial Indicators

| Last updated:<br>1/17/19 8:05 AM | Level   |        | Change                           |        |         |      | YTD  |
|----------------------------------|---|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m  | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |   |        | %                                |        |         |      | %    |
| United States                    |    | 2616   | 0.2                              | 1      | 3       | -7   | 4    |
| Europe                           |    | 3065   | -0.4                             | 0      | 0       | -15  | 2    |
| Japan                            |    | 20402  | -0.2                             | 0      | -5      | -15  | 2    |
| China                            |    | 2560   | -0.4                             | 1      | -1      | -26  | 3    |
| Asia Ex Japan                    |    | 66     | 1.3                              | 1      | 3       | -18  | 4    |
| Emerging Markets                 |    | 41     | -0.6                             | 1      | 4       | -18  | 5    |
| <b>Interest Rates</b>            |   |        | basis points                     |        |         |      |      |
| US 10y Yield                     |    | 2.71   | 1.1                              | -3     | -15     | 12   | 3    |
| Germany 10y Yield                |    | 0.22   | -0.4                             | -4     | -4      | -34  | -2   |
| Japan 10y Yield                  |    | 0.01   | -0.4                             | -2     | -4      | -8   | 0    |
| UK 10y Yield                     |    | 1.31   | -0.5                             | 3      | 4       | 0    | 3    |
| <b>Credit Spreads</b>            |   |        | basis points                     |        |         |      |      |
| US Investment Grade              |    | 140    | -2.4                             | -3     | 5       | 53   | -7   |
| US High Yield                    |    | 444    | -7.6                             | -8     | 4       | 104  | -77  |
| Europe IG                        |    | 79     | 0.4                              | -4     | -3      | 34   | -9   |
| Europe HY                        |    | 328    | 1.8                              | -9     | -14     | 96   | -24  |
| EMBIG Sovereign Spread           |   | 383    | -3.0                             | -3     | -10     | 116  | -31  |
| <b>Exchange Rates</b>            |   |        | %                                |        |         |      |      |
| Dollar Index (DXY)               |  | 96.03  | 0.0                              | 1      | -1      | 6    | 0    |
| USDEUR                           |  | 1.14   | 0.1                              | -1     | 0       | -6   | -1   |
| USDJPY                           |  | 108.8  | 0.3                              | 0      | 4       | 2    | 1    |
| EM FX vs. USD                    |  | 63.3   | -0.2                             | 0      | 2       | -10  | 2    |
| <b>Commodities</b>               |   |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |  | 60     | -1.7                             | -2     | 1       | -13  | 12   |
| Industrials Metals (index)       |  | 111    | -0.8                             | 0      | -2      | -18  | 2    |
| Agriculture (index)              |  | 42     | 0.2                              | 0      | -2      | -10  | 2    |
| <b>Implied Volatility</b>        |   |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |  | 19.4   | 0.4                              | -0.1   | -5.1    | 7.5  | -6.0 |
| 10y Treasury Volatility Index    |  | 3.9    | -0.1                             | -0.4   | -0.1    | 0.2  | -0.7 |
| Global FX Volatility             |  | 8.4    | 0.0                              | -0.3   | 0.1     | 1.0  | -0.6 |
| <b>EA Sovereign Spreads</b>      |   |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |  | 400    | -1.3                             | -7     | -8      | 80   | -15  |
| Italy                            |  | 251    | -1.9                             | -12    | -19     | 107  | 1    |
| Portugal                         |  | 154    | -2.2                             | 8      | 15      | 7    | 6    |
| Spain                            |  | 113    | -2.1                             | -7     | -1      | 19   | -4   |

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>1/17/2019<br>8:10 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                                 |                | 6.77   | -0.2                  | 0.3    | 2       | -5   | 2        |                                     | 3.1    | 0.8   | 2                        | -14     | -88  | -9   |  |     |
| Indonesia                             |                | 14192  | -0.5                  | -1.0   | 3       | -6   | 1        |                                     | 8.3    | 0.4   | 10                       | -3      | 188  | 11   |  |     |
| India                                 |                | 71     | 0.3                   | -0.9   | 1       | -10  | -2       |                                     | 7.5    | 5.1   | 3                        | 1       | -10  | 9    |  |     |
| Philippines                           |                | 52     | -0.5                  | -0.4   | 1       | -3   | 0        |                                     | 6.0    | -4.8  | -23                      | -30     | 118  | -33  |  |     |
| Thailand                              |                | 32     | -0.1                  | 0.6    | 3       | 1    | 3        |                                     | 2.6    | -0.6  | -6                       | -12     | 39   | -1   |  |     |
| Malaysia                              |                | 4.11   | -0.1                  | -0.4   | 2       | -4   | 0        |                                     | 4.0    | -0.4  | -3                       | -9      | 15   | -6   |  |     |
| Argentina                             |                | 37     | 0.0                   | -1.0   | 2       | -50  | 1        |                                     | 21.4   | -2.7  | -86                      | -194    | 527  | -159 |  |     |
| Brazil                                |                | 3.76   | -0.6                  | -1.2   | 4       | -14  | 3        |                                     | 8.1    | 1.6   | 10                       | -11     | -67  | -3   |  |     |
| Chile                                 |                | 672    | -0.1                  | 0.6    | 2       | -10  | 3        |                                     | 4.5    | 1.0   | 1                        | -11     | -31  | 2    |  |     |
| Colombia                              |                | 3129   | -0.4                  | 0.2    | 2       | -9   | 4        |                                     | 6.5    | 0.3   | 6                        | -9      | 28   | 2    |  |     |
| Mexico                                |                | 18.96  | -0.4                  | 0.9    | 6       | -1   | 4        |                                     | 8.7    | -1.7  | -8                       | -38     | 102  | -7   |  |     |
| Peru                                  |                | 3.3    | 0.1                   | 0.2    | 0       | -4   | 1        |                                     | 5.7    | 2.6   | 5                        | -17     | 86   | 0    |  |     |
| Uruguay                               |                | 33     | 0.0                   | 0.4    | -1      | -13  | -1       |                                     | 10.4   | -3.6  | -29                      | -55     |      | -33  |  |     |
| Hungary                               |                | 281    | 0.4                   | -0.5   | 1       | -10  | 0        |                                     | 2.1    | 7.0   | -7                       | -30     | 89   | -13  |  |     |
| Poland                                |                | 3.76   | 0.0                   | -0.6   | 0       | -9   | -1       |                                     | 2.2    | 3.0   | -7                       | -12     | -40  | -3   |  |     |
| Romania                               |                | 4.1    | 0.1                   | -1.1   | 0       | -7   | -1       |                                     | 4.5    | 14.0  | 35                       | 45      | 71   | 24   |  |     |
| Russia                                |                | 66.5   | -0.3                  | 0.5    | 0       | -15  | 5        |                                     | 8.0    | -2.7  | -16                      | -42     | 88   | -37  |  |     |
| South Africa                          |                | 13.7   | -0.4                  | 0.8    | 5       | -11  | 4        |                                     | 9.5    | -1.9  | 1                        | -45     | 30   | -12  |  |     |
| Turkey                                |                | 5.37   | -0.6                  | 0.9    | 0       | -29  | -1       |                                     | 16.5   | -36.4 | -77                      | -193    | 440  | -36  |  |     |
| US (DXY; 5y UST)                      |                | 96     | 0.0                   | 0.5    | -1      | 6    | 0        |                                     | 2.53   | -0.7  | -4                       | -16     | 13   | 2    |  |     |

|              | 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        |                | 2560   | -0.4          | 1      | -1      | -26  | 3   |                                  | 187    | 2                        | 1      | -6      | 40   | -7   |
| Indonesia    |                | 6424   | 0.2           | 2      | 5       | 0    | 4   |                                  | 210    | -2                       | 2      | -12     | 56   | -26  |
| India        |                | 36374  | 0.1           | 1      | 0       | 4    | 1   |                                  | 191    | 1                        | -2     | 3       | 88   | -5   |
| Philippines  |                | 7927   | 0.8           | -1     | 5       | -10  | 6   |                                  | 105    | -1                       | 4      | -7      | 25   | -16  |
| Malaysia     |                | 1683   | 1             | 0      | 3       | -8   | 0   |                                  | 155    | 2                        | -3     | 1       | 53   | -7   |
| Argentina    |                | 34048  | 1.4           | 1      | 14      | 1    | 12  |                                  | 698    | 4                        | -10    | -84     | 339  | -117 |
| Brazil       |                | 94027  | 0.4           | 0      | 9       | 16   | 7   |                                  | 253    | -1                       | 1      | -4      | 35   | -20  |
| Chile        |                | 5412   | 0.8           | 2      | 6       | -6   | 6   |                                  | 149    | 0                        | 1      | -10     | 40   | -17  |
| Colombia     |                | 1391   | -0.1          | 1      | 4       | -10  | 5   |                                  | 199    | 1                        | 4      | -1      | 43   | -29  |
| Mexico       |                | 43820  | 0.5           | 0      | 9       | -12  | 5   |                                  | 330    | -5                       | -9     | 7       | 94   | -24  |
| Peru         |                | 19582  | 0             | 0      | 2       | -6   | 1   |                                  | 153    | 1                        | 1      | -1      | 32   | -15  |
| Hungary      |                | 40895  | -0.1          | 0      | 3       | 3    | 4   |                                  | 136    | 0                        | 2      | -2      | 50   | -12  |
| Poland       |                | 60059  | 0.1           | 1      | 3       | -10  | 4   |                                  | 64     | 1                        | 0      | -14     | 14   | -21  |
| Romania      |                | 7153   | 1.1           | -3     | -16     | -14  | -3  |                                  | 211    | 1                        | 5      | 3       | 88   | -10  |
| Russia       |                | 2432   | -0.1          | 0      | 3       | 7    | 3   |                                  | 221    | -2                       | -1     | -23     | 59   | -31  |
| South Africa |                | 53365  | -0.8          | 0      | 3       | -12  | 1   |                                  | 325    | -1                       | 1      | -30     | 97   | -40  |
| Turkey       |                | 96950  | 1.6           | 6      | 8       | -17  | 6   |                                  | 437    | -14                      | -7     | -15     | 157  | 8    |
| Ukraine      |                | 556    | -0.1          | -1     | -2      | 66   | -1  |                                  | 690    | -17                      | -57    | -34     | 300  | -97  |
| EM total     |                | 24     | 0.0           | 1      | 3       | -13  | 5   |                                  | 383    | -3                       | -3     | -10     | 116  | -31  |

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