GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

# Global Markets Monitor

**FRIDAY, JUNE 26, 2020**

- **Markets confront growing COVID-19 crisis** (link)
- **Fed caps dividend payouts for banks in Q3 after stress tests** (link)
- **Euro area governments to cut VAT rates to boost recovery** (link)
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- **Key US economic indicator hits record high** (link)
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## Global markets confront growing COVID-19 crisis

**Most global markets followed the US higher overnight but US equity futures are lower across the board this morning after the country saw the highest daily increase in new COVID-19 cases in two months yesterday (+40K cases) and the death toll approached 127K.** Several US states are slowing down their reopenings and worries about the economic impact have reemerged. Brazil set a new daily record for infections with its total exceeding the US (nearly 41K). Geopolitical tensions remain in focus as India-China talks continue and the US Senate passed a China sanction bill. However, markets are rallying strongly in Europe on hopes of further fiscal spending and VAT rate cuts. Treasury and bund yields are lower for a third consecutive day, the dollar is holding steady and oil prices are slightly lower. With quarter end looming next week, the last few sessions of the month are expected to be fairly quiet, but markets remain hostage to the latest breaking news stories on the virus or geopolitical tensions.

**Key Global Financial Indicators**

| Last updated: 6/26/20 8:24 AM | Level | | Change from Market Close | | | | |
|---|---|---|---|---|---|---|---|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| **Equities** | | | % | | | | % |
| S&P 500 | | 3084 | 1.1 | -1 | 3 | 6 | -5 |
| Eurostoxx 50 | | 3256 | 1.1 | 0 | 9 | -5 | -13 |
| Nikkei 225 | | 22512 | 1.1 | 0 | 6 | 7 | -5 |
| MSCI EM | | 40 | 0.4 | 1 | 9 | -5 | -10 |
| **Yields and Spreads** | | | bps | | | | |
| US 10y Yield | | 0.67 | -2.0 | -3 | -3 | -138 | -125 |
| Germany 10y Yield | | -0.47 | -0.4 | -6 | -4 | -17 | -29 |
| EMBIG Sovereign Spread | | 471 | -1 | 2 | -50 | 127 | 178 |
| **FX / Commodities / Volatility** | | | % | | | | |
| EM FX vs. USD, (+) = appreciation | | 54.6 | -0.3 | 0 | 0 | -13 | -11 |
| Dollar index, (+) = $ appreciation | | 97.4 | 0.0 | 0 | -1 | 1 | 1 |
| Brent Crude Oil ($/barrel) | | 41.1 | 0.0 | -3 | 13 | -38 | -38 |
| VIX Index (%, change in pp) | | 32.2 | 0.0 | -3 | 4 | 16 | 18 |

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

## United States

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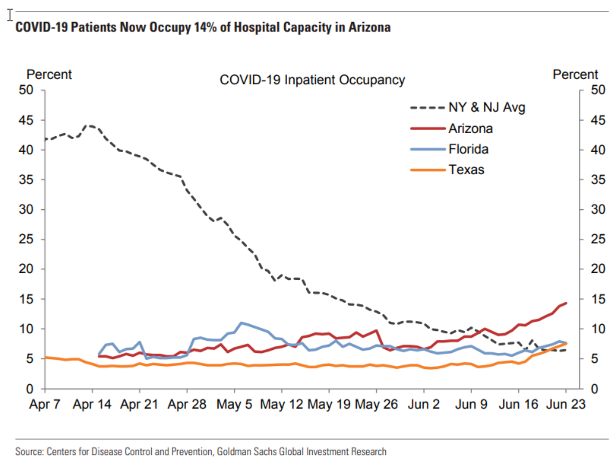
**The rise in new COVID-19 cases has rattled markets and raised fears about the potential economic impact of slower re openings and further lockdowns.** Stocks fell in and out of the red before a late day surge in bank stocks (+2.6%) buoyed by the partial rollback of Volcker reform measures pushed indexes to a strong positive close. With quarter-end looming next week and COVID-19 dominating the news flows, many chose to stay on the sidelines. Treasury yields were slightly lower and the dollar stronger versus most major currencies. According to Goldman, three states representing 7% of the population meet none of the four Federal criteria for reopening and just nine states representing 20% of the population meet all four criteria. A shrinkage in available hospital capacity may force some states to slow down their reopening plans. In Florida, Texas and Arizona, non-virus related hospitalizations are much higher than they were at the height of the crisis in New York and New Jersey, where bans on non-virus related procedures reserved hospital capacity for virus cases. As a result, these states could face a faster shrinkage in their hospital capacity. The Governor of Texas has ordered halting of further stages in the reopening and the postponement of elective surgeries in some cities to conserve capacity.

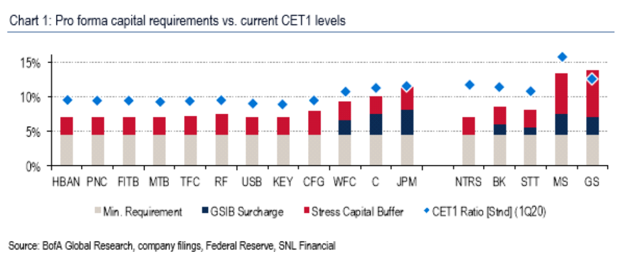


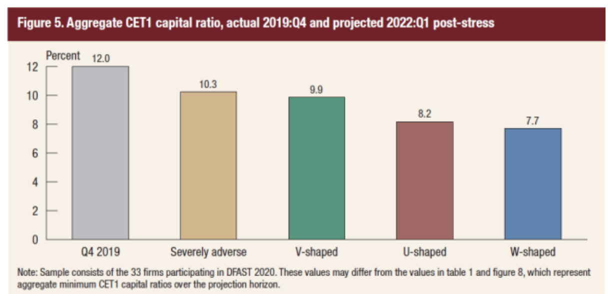

**The market received another flood of new US economic data this morning.** The core PCE Deflator is the Fed's favored indicator for inflation and was the most widely anticipated release, with the prints coming in slightly stronger than expected. Personal income declined less than expected while personal spending was slightly lower than forecasts. The market response was muted.

**Key US Data 8.30am June 26, 2020**
**Source: Bloomberg**

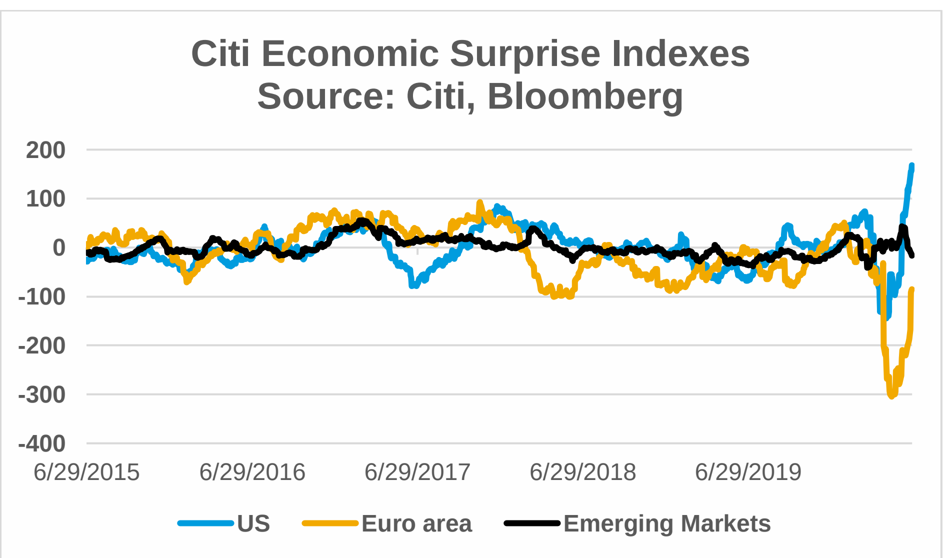
| | | Consensus Forecast |
|---|---|---|
| PCE Deflator (monthly) | 0.1% | 0% |
| PCE Deflator (annualized) | 0.5% | 0.5% |
| Core PCE Deflator (m) | 0.1% | 0% |
| Core PCE Deflator (a) | 1% | 0.9% |
| Personal Income | -4.2% | -6.0% |
| Personal Spending | 8.2% | +9.0% |

**Based on its latest bank stress tests, the Fed decided, for 3Q20, to suspend share repurchases, cap dividends to recent net income levels and limit dividend growth**. These measures probably will not significantly alter banks' payouts, but the Fed's expressed option to extend them beyond 3Q20 may concern investors. In addition, the Fed will require banks to re-assess capital needs and re-submit capital plans later this year. Most large-cap US bank shares traded down in the evening (GS -3.7, WFC -3.1%, JPM -1.6%, BAC -1.9%) but better performers were stable (C -0.3%). Bank stocks fell further in today's pre-market trading. Capital outcomes on the severely adverse scenario announced in February were reasonably stable – for example, a 2.1 ppts start-to-trough decline in the average Core Tier 1 equity ratio (CET1), compared with a 3.1 ppts reduction in 2019. **However, on Monday night, the Fed will announce an entirely new set of 'stress capital buffers' (SCB) based on the test results, which will determine capital requirements over 4Q20 to 3Q21.** Analyst estimates suggest that banks' 1Q20 CET1 ratios are virtually all above required levels for the SCB (chart, left) Some banks' stress scenario trough CET1 positions will likely fall temporarily below SCB-adjusted capital requirements, but this is largely in line with forecasts and with the Fed's guidance to utilize capital buffers if needed. The Fed has also reported sector-level capital deterioration on downside post-shock scenarios and will announce bank results on Monday night. (chart, right)



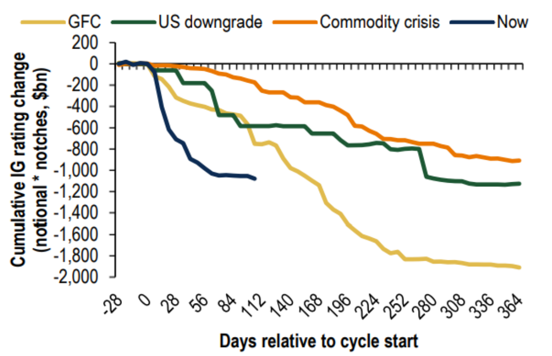




**The Citi Economic Surprise Index, which is very widely followed in the markets, reached a new record high for the US following a string of very strong data releases.** This is in stark contrast with the rest of the world. The euro area index remains deeply negative although it has recovered from its worst levels, while the emerging markets index is also in negative territory. US markets are in a tug of war between hopes for a strong rebound and fears of the growing COVID-19 crisis. The upcoming earnings season will be a key test for markets as investors grapple with the impact of the crisis on corporate profit margins. A disappointing earnings season in the light of very low analyst expectations could trigger another selloff.



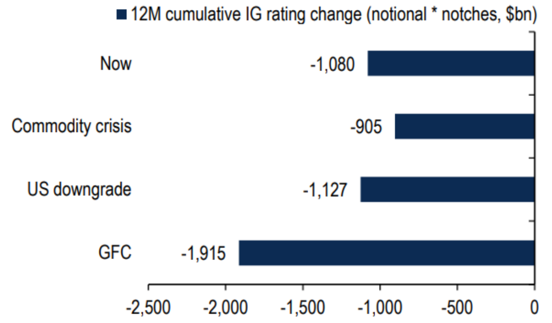
**Ratings for US investment grade (IG) corporate bond issuers have stabilized, while the total number of IG downgrades remain well below those seen in previous crisis periods.** This trend has been accompanied by record issuance volume of new bonds and rapidly tightening spreads after the March selloff. Contacts are less worried about the risk of fallen angels (FAs) or IG companies downgraded to junk status. The most vulnerable companies such as Ford, Macys and Occidental Petroleum have already been downgraded, and the large volume of downgrades this year ($100 bn according to Bloomberg estimates) have been absorbed relatively smoothly by markets. In addition, the volume of issuance by companies rated A-/A3 or above has been so high that the proportion of BBB rated issuers in the overall IG market has shrunk (see yesterday's GMM for more details). Bank of America thinks the market is nearing the end of the current downgrade cycle, projecting just $175 bn of total FA volume in 2020.

**Figure 3: Ratings for IG issuers are stable at the moment**




Note: net rating change equals upgrades less downgrades. Based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index C0A0.
Source: BofA Global Research

**Figure 4: Total net downgrades remain below prior cycle totals**




Note: net rating change equals upgrades less downgrades. Based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to bonds in ICE BofA IG corporate index C0A0.
Source: BofA Global Research

## Europe

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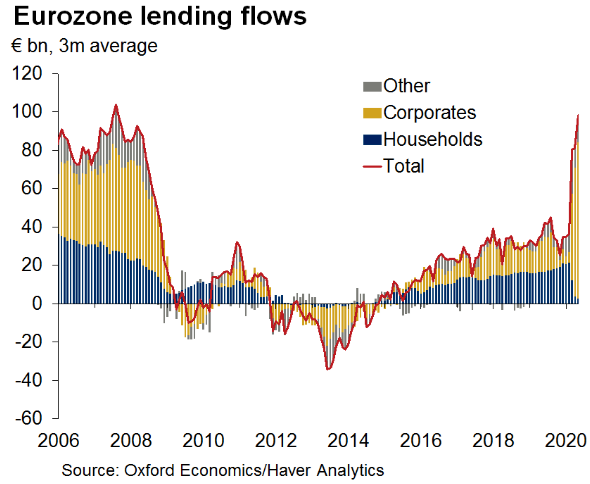
**European equities (+1.2%) are higher as French consumer confidence was better than expected and analysts expect euro area governments to further support their economies with further fiscal spending and VAT rate cuts.** Citi, for example, expect that the EU Recovery and Resilience Fund could herald a third wave of fiscal packages in the EU. Bank stocks were little changed. **The euro (+0.1% to $1.12) was little changed.**

Analysts point out that **euro area governments are turning to the idea of a temporary VAT rate cut to bolster the recovery**. Germany will cut its standard VAT rate from 19% to 16% and its reduced rate from 7% to 5% on 1 July for six months, and the VAT rate on restaurants by 14 ppt (to 5%) for 12 months. Cyprus will cut the standard rate by 2 ppt (to 17%) and the reduced rate on tourism services from 9% to 5% from 1 July 2020 until January 2021. Italy is reportedly considering a large (up to 10 ppt), but targeted, VAT rate cut for two years on the hardest hit sectors such as restaurants, hotels, clothing and cars. France and the Netherlands are said to have agreed to an €3.4 bn aid package for KLM.

**Contacts also expect that the U.K. may cut VAT taxes temporarily later in 2020**.

**Euro area lending data shows that banks have maintained credit to the economy.** M3 grew 8.9% yoy in May (vs. 8.2% in April), the fastest rate of growth since August 2008. Credit to the private sector rose 5.3% yoy (4.8% in April), with loans to firms rising 7.3% yoy and loan to households rising 3.0% yoy.

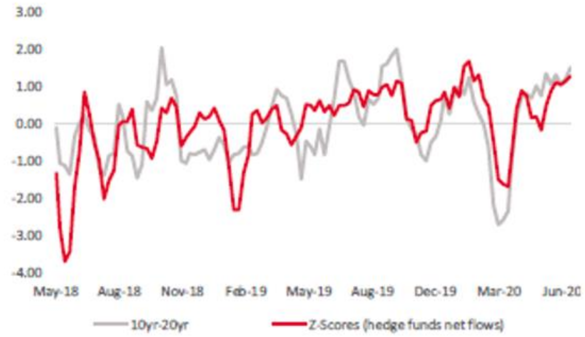



**Ernst & Young, auditors of German payments firm Wirecard, have accused their client of "an elaborate and sophisticated fraud"** that allowed more than $2 bn to go missing. Wirecard has entered insolvency and its creditors may face write-downs on much of 3.5 bn it owes. German FM Scholz called for a rethink of supervisory structures.

**The ECB accounts signaled broad-based support for a large expansion of the pandemic PEPP QE program and a long reinvestment period.** As expected, the accounts contained a lot of evidence on the "proportionality" of the PSPP QE program to help relieve tensions caused by the ruling of the German Constitutional Court. **JP Morgan sees two surprises on the policy side. First, on the hawkish side, the accounts suggested that the PEPP envelope of €1350 bn could be a ceiling.** Nevertheless, the ECB's 2022 inflation forecast is relatively low and suggests QE purchases will remain steady. **Second, on the dovish side, the accounts suggested that the alignment of PEPP purchases with the capital key may only be achieved at the end of the reinvestment horizon (currently set for end-2022).** This would allow PEPP to overweight purchases of, for example, Italian bonds for longer.

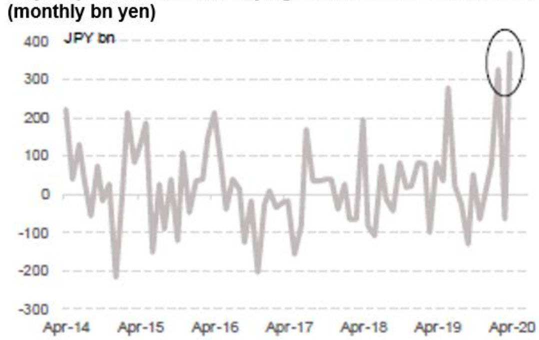
**10-yr bund yields are little changed** at -0.47% as are French yields at -0.12%. Greek and Italian 10-yr spreads are tighter today as contacts point out that demand for Southern European bonds has remained strong. Greek 10-yr spreads fell 5 bps to and German 10-yr spreads fell 3 bps to 174 bps. SocGen reports that investors began building long positions in IK futures (Italian bond contracts) the week of 18 May, following the announcement of the Macron/Merkel plan, a trend which has largely continued since. Also, Japanese investors bought Italian sovereign debt worth ¥369 bn in April, the largest amount since January 2005.

**Italy: Hedge fund purchases of BTPs (Italian bonds) (z-scores for 4-week net inflows and 10-20 yr maturities)**




Source: SocGen

**Italy: Japanese investors buying record net amounts of Italian bonds (monthly bn yen)**




Source: Bloomberg, Japanese MoF, and SocGen

The EU want to agree on a set of criteria for lifting a curb on non-essential travel to the region as of July 1 amid differences among governments over how much weight to put on reciprocity and the number of cases.

**Crossover high-yield spreads fell 4 bps to 393 bps**. Investment-grade CDS spreads are little changed at 69 bps.

## Other Mature Markets back to top

**Japan**

**Tokyo inflation failed to gain momentum in June as the COVID-19 crisis continued to weigh on consumers even after a nationwide state of emergency was lifted.** Tokyo's consumer prices excluding food, a leading indicator of national inflation, rose 0.2% y/y in May, in line with consensus surveys. The prices of daily necessaries are slowing, with the 7-day average Nikkei CPI Now T-index up just 0.8% y/y as of June 23, down from 1.6% y/y as of May 25 when the state of emergency was completely lifted nationwide. Aggregate demand is still running behind supply, weighing on inflation. Market participants expect the Bank of Japan (BOJ) to lower its growth projections. **BOJ governor Kuroda said that it will take a considerable time for the BOJ to hit its 2% inflation target.** The BOJ "will not hesitate to do whatever it takes as a central bank if necessary"; however, market participants consider further easing actions from the BOJ unlikely. Equities gained (NIKKEI: +1.1%) following the rally in the US; Japanese yen (+0.3%).

Daily CPI Slows after State of Emergency Ended


Source: Bloomberg, with data sourced from Ministry of Internal Affairs and Communications and Nikkei CPI Nowcast.

## Emerging Markets back to top

**EMEA equities recovered in line with the global indices.** Turkey (+1.0%) and Russia (+0.7%) were outperforming in the region. **EMEA currencies were little changed apart from** the South African rand (-0.4%) and the Russian ruble (-0.4%). **Asian equities mostly gained today**, led by the Philippines (+1.2%) and Korea (+1.1). The advance in share prices followed the rally in US equities on optimism over additional fiscal stimulus despite rising COVID-19 cases in the US. **Currencies were mixed**, with Korean won appreciating (+0.3%) while Indonesian rupiah (-0.3%) and Malaysian ringgit (-0.2%) depreciating. The rupiah and the ringgit outperformed this week amid sustained outflows from the countries' stock markets. Markets were closed in China for holidays. **Most Latin American markets** followed US markets higher on Thursday. Stocks in Argentina (+4%) gained the most as an understanding was reached with one group of creditors to restructure $65 bn in overseas debt, followed by stocks in Brazil (+2%) as approval of a bill to privatize water and sewage treatment revived hopes for a government reform agenda, while stocks in Mexico (-0.5%) experienced losses. Amongst regional currencies, the Chilean peso (+1%) appreciated the most against the dollar as copper prices advanced. Moody's downgraded the Bahamas' credit rating by two notches to junk (Ba2) from IG (Baa3) and changed the outlook to negative due to the economic and funding challenges presented by COVID-19.

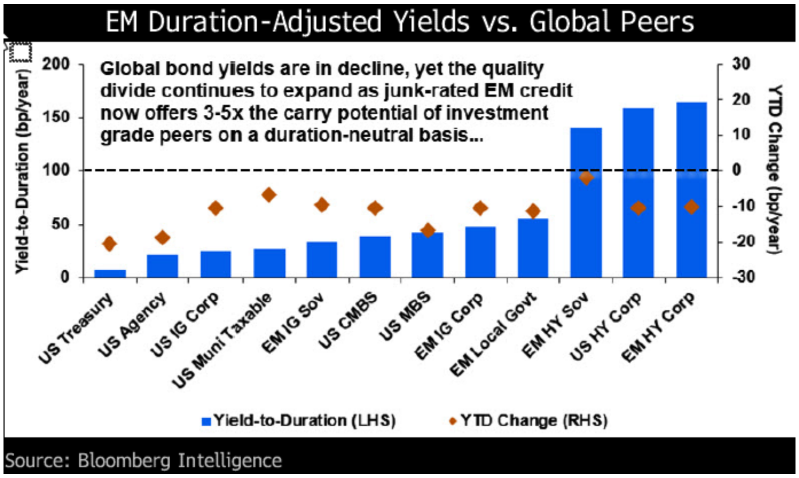
**Key Emerging Market Financial Indicators**

| Last updated: | Level | | Change | | | | |
|---|---|---|---|---|---|---|---|
| 6/26/20 8:43 AM | Last 12m | index | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| **Major EM Benchmarks** | | | | | % | | % |
| MSCI EM Equities | | 40.43 | 0.2 | 1 | 9 | -5 | -10 |
| MSCI Frontier Equities | | 24.18 | 0.0 | 1 | 3 | -18 | -20 |
| EMBIG Sovereign Spread (in bps) | | 472 | 0 | 3 | -49 | 128 | 179 |
| EM FX vs. USD | | 54.55 | -0.4 | 0 | 0 | -13 | -11 |
| **Major EM FX vs. USD** | | | | %, (+) = EM currency appreciation | | | |
| China Renminbi | | 7.08 | -0.3 | 0 | 1 | -3 | -2 |
| Indonesian Rupiah | | 14220 | -0.3 | -1 | 4 | 0 | -2 |
| Indian Rupee | | 75.64 | 0.0 | 1 | 0 | -9 | -6 |
| Argentine Peso | | 70.15 | -0.1 | -1 | -3 | -40 | -15 |
| Brazil Real | | 5.42 | -1.1 | -2 | -1 | -29 | -26 |
| Mexican Peso | | 22.82 | -0.7 | -1 | -3 | -16 | -17 |
| Russian Ruble | | 69.49 | -0.6 | 0 | 2 | -9 | -11 |
| South African Rand | | 17.27 | -0.7 | 0 | 1 | -18 | -19 |
| Turkish Lira | | 6.86 | 0.0 | 0 | -2 | -16 | -13 |
| EM FX volatility | | 10.58 | 0.0 | -0.1 | 0.0 | 2.3 | 4.0 |

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

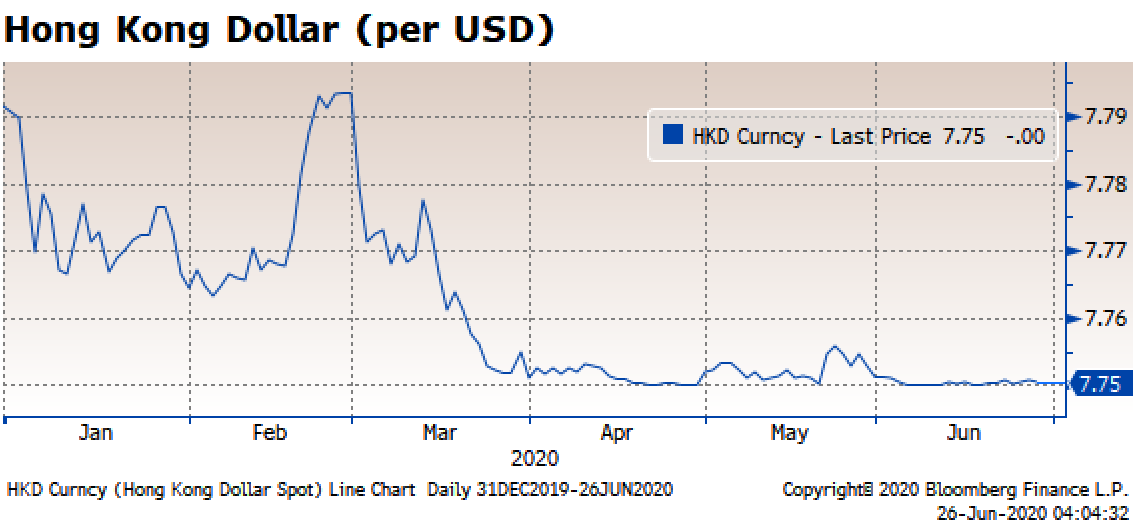
### Emerging Market Bonds

**Declining bond yields have reduced the carry potential on offer across all of global fixed income, yet the quality divide between speculative and IG EM credit continues to widen.** On a duration neutral basis, junk-rated EM sovereign bonds now yield 4.2x that of high-grade peers, up from 3.3x at year-end. Similarly, the duration-adjusted yield for speculative grade EM corporate debt is now 3.4x that of IG peers, up from 3x at year-end. Distressed issuance is inflating the carry potential of EM high yield sovereign debt, as the duration adjusted yield shrinks to just 2x that of high-grade peers after Argentina, Lebanon and Venezuela are excluded. Central bank stimulus has driven down the yield on EM local-currency debt to just 56 bps a year, the lowest on record.



### China

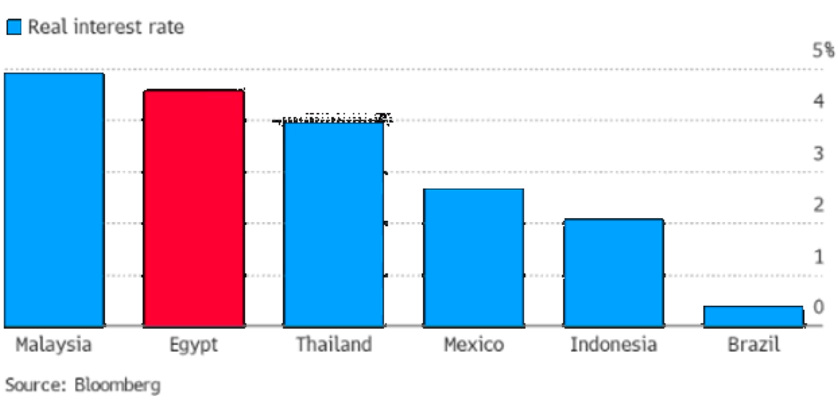
**The US Senate passed a China sanctions bill.** The Senate approved a measure that would penalize banks doing business with Chinese officials involved in the national security law that China is seeking to impose on Hong Kong. The bill is similar to the Hong Kong Human Rights and Democracy Act passed by Congress last year. However, it goes a step further, by applying the same sanctions to financial institutions that work with Chinese officials found to be interfering in Hong Kong affairs. Companion legislation has been introduced in the House with bipartisan support. Hong Kong equities fell (-0.9%); Hong Kong dollar remained on the strong side of the peg's band.




Source: Bloomberg.

### Egypt

**The Central Bank of Egypt kept its policy rate unchanged at 9.25%, in line with expectations**. Market contacts suggested that investors view the cautious monetary stance positively as it helps to rebuild confidence in the local bond market. Egypt saw about $12 bn of outflows in March-April with non-resident ownership of outstanding bills dropping to 7%. The combination of the IMF program, ability to tap external markets and high real interest rates have helped to shift investors sentiment in June. Market contacts suggest that they see an emergence of investors' interest to re-enter the local bond market. Nonetheless, most fund managers remain cautious of further gradual currency depreciation as the local financial sector rebuilds its FX-buffers.



### Hungary

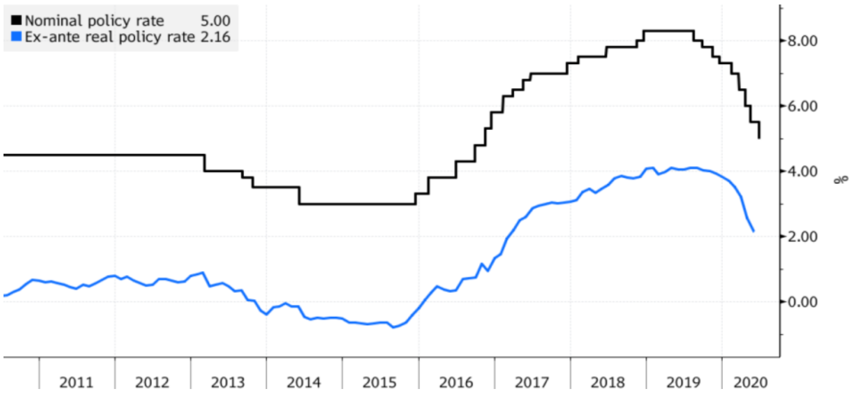
**The National Bank of Hungary (NBH) deputy governor Virag suggested there is room for another 15 bps cut at the upcoming July meeting**. The NBH delivered a surprise 15 bps rate cut on Monday and possible further easing in July amounted today to another dovish surprise for the market. The Hungarian forint has come under pressure after the surprise cut this week, depreciating 2.3% against the euro. Market contacts suggest that investors are expecting the forint to weaken by another 5% over the coming months.


### India

**The Reserve Bank of India (RBI) reportedly considered a one-time restructuring scheme to help firms affected by the pandemic.** Based on unofficial conversation between the RBI and banks, the scheme would help firms extend their repayment schedule and reduce interest rates, without resulting in an asset classification downgrade that is required currently. The measure would likely cover lending to SMEs. If adopted, the restructuring scheme would be a move back to the pre-2013 days when the RBI allowed corporate debt restructuring in a similar fashion. Bank shares fell (-0.1%), while total equities gained (+0.9%).

### Mexico

**The central bank voted unanimously to cut rates by 50 bps to 5% as expected, but Mexico still has among the highest real rates in the world**. The statement was balanced, leaving the door open for further rate cuts in the future while highlighting risks from inflation. Policy makers acknowledged a sharp decline in domestic economic activity in the first quarter and signs that it accelerated its downtrend in April. They expect activity to recover partially in May and June, but said the outlook is still unclear and risks are biased to the downside. The peso remained little changed after the decision and ended the day strengthening 0.5% against the dollar and local yields were little changed as the move was priced in.




Source: Bloomberg

## List of GMM Contributors

*Global Markets Analysis Division, MCM Department*

**Anna Ilyina**
*Division Chief*

**Will Kerry**
*Deputy Division Chief*

**Evan Papageorgiou**
*Deputy Division Chief*

**Sergei Antoshin**
*Senior Economist*

**John Caparusso**
*Senior Financial Sector Expert*

**Sally Chen**
*Senior Economist*

**Yingyuan Chen**
*Financial Sector Expert*

**Han Teng Chua**
*Economic Analyst*

**Fabio Cortés**
*Senior Economist*

**Reinout De Bock**
*Economist*

**Dimitris Drakopoulos**
*Financial Sector Expert*

**Mohamed Jaber**
*Senior Financial Sector Expert*

**Phakawa Jeasakul**
*Senior Economist*

**Sanjay Hazarika**
*Senior Financial Sector Expert*

**Frank Hespeler**
*Senior Financial Sector Expert*

**Rohit Goel**
*Financial Sector Expert*

**Henry Hoyle**
*Financial Sector Expert*

**Dmitri Petrov**
*Financial Sector Expert*

**Thomas Piontek**
*Financial Sector Expert*

**Patrick Schneider**
Research Officer

**Jochen Schmittmann**
*Senior Economist*

**Can Sever**
*Economist (Economist Program)*

**Juan Solé**
*Senior Economist*

**Jeffrey Williams**
*Senior Financial Sector Expert*

**Akihiko Yokoyama**
*Senior Financial Sector Expert*

**Piyusha Khot**
*Research Assistant*

**Xingmi Zheng**
*Research Assistant*

## Global Financial Indicators

| Last updated: 6/26/20 8:27 AM | Level: Last 12m | Level: Latest | Change: 1 Day | Change: 7 Days | Change: 30 Days | Change: 12 M | YTD |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | % | | % |
| United States | | 3084 | 1.1 | -1 | 3 | 6 | -5 |
| Europe | | 3256 | 1.1 | 0 | 9 | -5 | -13 |
| Japan | | 22512 | 1.1 | 0 | 6 | 7 | -5 |
| China | | 2980 | 0.3 | 1 | 6 | 0 | -2 |
| Asia Ex Japan | | 70 | 0.2 | 1 | 9 | 1 | -5 |
| Emerging Markets | | 40 | 0.4 | 1 | 9 | -5 | -10 |
| **Interest Rates** | | | | | basis points | | |
| US 10y Yield | | 0.67 | -2.0 | -3 | -3 | -138 | -125 |
| Germany 10y Yield | | -0.47 | -0.4 | -6 | -4 | -17 | -29 |
| Japan 10y Yield | | 0.01 | -0.3 | -1 | 0 | 15 | 2 |
| UK 10y Yield | | 0.18 | 2.1 | -6 | -4 | -66 | -65 |
| **Credit Spreads** | | | | | basis points | | |
| US Investment Grade | | 152 | 0.3 | 5 | -26 | 27 | 55 |
| US High Yield | | 624 | 3.1 | 28 | -39 | 184 | 231 |
| Europe IG | | 69 | -0.3 | 3 | -4 | 14 | 25 |
| Europe HY | | 395 | -2.7 | 11 | -53 | 132 | 189 |
| EMBIG Sovereign Spread | | 471 | -1.0 | 2 | -50 | 127 | 178 |
| **Exchange Rates** | | | | | % | | |
| USD/Majors | | 97.44 | 0.0 | 0 | -1 | 1 | 1 |
| EUR/USD | | 1.12 | 0.0 | 0 | 2 | -1 | 0 |
| USD/JPY | | 107.0 | 0.2 | 0 | 1 | 1 | 2 |
| EM/USD | | 54.6 | -0.3 | 0 | 0 | -13 | -11 |
| **Commodities** | | | | | % | | |
| Brent Crude Oil ($/barrel) | | 41 | 0.0 | -3 | 13 | -38 | -38 |
| Industrials Metals (index) | | 104 | 1.5 | 1 | 7 | -8 | -9 |
| Agriculture (index) | | 34 | -0.5 | -2 | -1 | -18 | -17 |
| **Implied Volatility** | | | | | % | | |
| VIX Index (%, change in pp) | | 32.2 | 0.0 | -2.9 | 4.2 | 16.0 | 18.5 |
| 10y Treasury Volatility Index | | 4.7 | -0.3 | 0.0 | 0.0 | 0.0 | 0.6 |
| Global FX Volatility | | 8.5 | 0.0 | -0.1 | 0.5 | 1.7 | 2.5 |
| **EA Sovereign Spreads** | | | | | 10-Year spread vs. Germany (bps) | | |
| Greece | | 174 | -3.1 | 4 | -35 | -101 | 9 |
| Italy | | 175 | -2.8 | -3 | -23 | -70 | 15 |
| Portugal | | 91 | -2.3 | -1 | -21 | 13 | 28 |
| Spain | | 91 | -1.9 | 0 | -15 | 21 | 25 |

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

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# Emerging Market Financial Indicators

| Last updated: 6/26/2020 8:29 AM | Exchange Rates | | | | | | | Local Currency Bond Yields (GBI EM) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level | | Change (in %) | | | | | Level | | Change (in basis points) | | | | |
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| | | vs. USD | (+) = EM appreciation | | | | | | % p.a. | | | | | |
| China | | 7.08 | -0.3 | 0.1 | 1 | -3 | -2 | | 3.0 | 0.0 | 3 | 41 | -27 | -16 |
| Indonesia | | 14220 | -0.3 | -0.8 | 4 | 0 | -2 | | 7.3 | -0.1 | -5 | -27 | -28 | 13 |
| India | | 76 | 0.0 | 0.7 | 0 | -9 | -6 | | 6.1 | -2.6 | -1 | -3 | -90 | -81 |
| Philippines | | 50 | 0.2 | 0.3 | 1 | 3 | 1 | | 4.1 | 0.8 | -1 | -29 | -82 | -18 |
| Thailand | | 31 | 0.0 | 0.4 | 3 | -1 | -4 | | 1.4 | 0.2 | -4 | 13 | -81 | -17 |
| Malaysia | | 4.29 | -0.3 | -0.5 | 2 | -3 | -5 | | 2.8 | -0.4 | -3 | 5 | -81 | -52 |
| Argentina | | 70 | -0.1 | -0.6 | -3 | -40 | -15 | | 45.2 | 13.2 | -253 | -149 | 1670 | -1741 |
| Brazil | | 5.42 | -1.1 | -2.0 | -1 | -29 | -26 | | 5.3 | -14.2 | -8 | -25 | -168 | -97 |
| Chile | | 812 | 0.9 | 0.5 | -1 | -16 | -7 | | 2.5 | 3.2 | 1 | 19 | -95 | -83 |
| Colombia | | 3733 | -0.1 | 0.6 | 1 | -15 | -12 | | 5.6 | 4.6 | -1 | 31 | -13 | -34 |
| Mexico | | 22.79 | -0.6 | -0.7 | -3 | -16 | -17 | | 6.1 | -5.0 | -4 | -21 | -162 | -84 |
| Peru | | 3.5 | 0.2 | 0.6 | -2 | -6 | -5 | | 4.3 | -1.2 | -1 | 11 | -47 | -19 |
| Uruguay | | 42 | 0.2 | 1.5 | 3 | -16 | -11 | | 10.1 | -0.1 | -8 | -49 | -36 | -77 |
| Hungary | | 316 | -0.3 | -2.2 | 0 | -10 | -7 | | 1.5 | 5.1 | -18 | -10 | -6 | 33 |
| Poland | | 3.98 | -0.3 | 0.4 | 2 | -6 | -5 | | 0.9 | 0.9 | -7 | -19 | -114 | -103 |
| Romania | | 4.3 | 0.0 | 0.4 | 2 | -4 | -1 | | 3.7 | -2.0 | -6 | -38 | -30 | -33 |
| Russia | | 69.4 | -0.5 | 0.2 | 2 | -9 | -11 | | 5.4 | 6.4 | 9 | 11 | -191 | -75 |
| South Africa | | 17.3 | -0.7 | 0.4 | 1 | -18 | -19 | | 10.1 | -3.3 | -15 | 17 | 67 | 55 |
| Turkey | | 6.86 | 0.0 | 0.0 | -2 | -16 | -13 | | 10.3 | -9.3 | -22 | -96 | -644 | -135 |
| US (DXY; 5y UST) | | 97 | 0.0 | -0.2 | -1 | 1 | 1 | | 0.32 | -1.6 | -1 | -3 | -148 | -137 |

| | 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 | | 2980 | 0.0 | 1 | 6 | 0 | -2 | | 228 | 0 | 1 | -14 | 52 | 52 |
| Indonesia | | 4904 | 0.2 | -1 | 6 | -22 | -22 | | 260 | 2 | 3 | -25 | 79 | 104 |
| India | | 35171 | 0.9 | 1 | 15 | -11 | -15 | | 238 | 0 | -1 | -34 | 87 | 113 |
| Philippines | | 6192 | 1.2 | -2 | 13 | -23 | -21 | | 162 | 0 | 3 | -6 | 91 | 96 |
| Malaysia | | 1488 | -0.1 | -1 | 4 | -11 | -6 | | 185 | -1 | 0 | -49 | 61 | 73 |
| Argentina | | 41997 | 3.9 | 11 | 2 | 5 | 1 | | 2510 | 16 | -28 | -12 | 1632 | 741 |
| Brazil | | 95983 | 1.7 | 0 | 12 | -5 | -17 | | 374 | 1 | 3 | -7 | 140 | 159 |
| Chile | | 4038 | 0.1 | 0 | 8 | -21 | -14 | | 211 | 2 | 1 | -12 | 80 | 78 |
| Colombia | | 1125 | 0.0 | -1 | 5 | -27 | -32 | | 300 | 2 | 9 | 15 | 118 | 137 |
| Mexico | | 37735 | -0.5 | 0 | 4 | -14 | -13 | | 523 | 0 | 14 | -14 | 187 | 231 |
| Peru | | 16632 | -0.7 | -2 | 7 | -19 | -19 | | 178 | 1 | -5 | -15 | 55 | 71 |
| Hungary | | 36845 | -0.4 | -1 | 2 | -8 | -20 | | 169 | 0 | 2 | -41 | 98 | 83 |
| Poland | | 50430 | -0.5 | 0 | 5 | -16 | -13 | | 49 | 0 | -2 | -39 | 23 | 31 |
| Romania | | 8621 | 0.7 | -1 | -1 | 0 | -14 | | 288 | 2 | 0 | -52 | 107 | 114 |
| Russia | | 2773 | 0.5 | 2 | 1 | 0 | -9 | | 205 | -1 | 0 | -2 | 2 | 74 |
| South Africa | | 54160 | 0.5 | 0 | 7 | -7 | -5 | | 519 | -4 | 23 | -34 | 233 | 199 |
| Turkey | | 115001 | 0.8 | 1 | 12 | 21 | 1 | | 588 | -11 | 18 | -33 | 103 | 187 |
| Ukraine | | 499 | 0.0 | 0 | 0 | -9 | -2 | | 649 | 0 | 27 | -72 | 132 | 229 |
| EM total | | 40 | 0.3 | 1 | 9 | -5 | -10 | | 471 | -1 | 2 | -50 | 127 | 178 |

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

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