GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, MARCH 10, 2020

- **Markets struggle with dual crisis** (link)
- **Asian assets reverse some of yesterday's risk-off moves on stimulus hopes** (link)
- **Saudi Aramco pledges production to 12.3 mn barrels/day** (link)
- **Fed increases liquidity for US money markets** (link)
- **EM bond issuance last week 4½ times lower compared to January** (link)
- **Yield curve in US flattens on rate cut expectations and recession fears** (link)

US | Europe | Other Mature | Emerging Markets | Market Tables

Relief Rally after a Stormy Monday

Concerns about the potential impact of the novel coronavirus and the looming oil price war sent risk assets tumbling to record lows on Monday. Global equities sold off heavily yesterday with record drops in a number of developed and emerging markets. The S&P 500 declined by 7% just a few minutes after the opening bell triggering a "circuit breaker" for the first time since it was instated in 2013. US markets eventually ended the day down by around 8%, as did European stock markets which saw similar aggressive selling. Moreover, the VIX index, Wall Streets "fear gauge", hit an intraday high of 62, a level not seen since the financial crisis. Emerging markets also took heavy losses (-7%) with oil-exporting countries particularly hit. The sharp reversal in risk sentiment also impacted credit markets as spreads on investment-grade and high-yield paper widened further; putting additional stress on weaker issuers. Meanwhile, as investors ran for cover, safe havens were well bid, sending the yield on 10-yield Treasuries to a record low of 0.32% intraday and propping up the Japanese Yen by about 2% against the USD. The state of panic that gripped financial markets brought on calls for coordinated and decisive intervention by the authorities to stabilize the situation, ease investor uncertainty and restore public confidence.

These calls seem to have been heeded by decisions makers, which has provided financial markets with some much-needed reprieve. A number of countries have announced, or are shortly expected to announce, measures to limit the carnage and contain the economic and financial impact of the COVID-19 epidemic and the oil price war. These include potential payroll tax cuts in the US, the release of a second set of emergency measures in Japan and more radical actions taken to contain the spread of the virus in Italy. The apparent slowdown in China of the spread of the virus (that has so far infected 113,000 individuals and killed 3,900 globally) was also a welcome development. Risk assets have rallied this morning, with European stocks up close to 3%, US S&P 500 futures surging by close to 5% (hitting the limit-up band in early trading), and stock markets in Asia and EMEA all posting positive gains. And as risk assets were being bid, safe havens were being sold off. In Europe, the yield on 10-year German Bunds rose by 13 bps **(**to -0.73%) and that on French OATs by 10 bps (to -29%). And in the US, 10-year Treasury yields have risen by about 10 bps this morning to about 0.65%. Moreover, the Japanese Yen has largely given back all of yesterday's gains against the greenback. Whether this relief rally is a true reflection of a fundamental reversal in risk sentiment will become clearer over the next few days and will very much be dependent on the action of policy makers in response to the root causes of the current market turbulence.

Key Global Financial Indicators

Last updated: 3/10/20 8:34 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		2747	-7.6	-11	-18	0	-15
Eurostoxx 50		3030	2.4	-10	-20	-8	-19
Nikkei 225		19867	0.9	-6	-16	-6	-16
MSCI EM		37	3.4	-10	-14	-10	-17
Yields and Spreads				bps			
US 10y Yield		0.64	-22.2	-36	-93	-199	-128
Germany 10y Yield		-0.76	9.4	-14	-35	-83	-58
EMBIG Sovereign Spread		455	-6	87	145	109	162
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		57.3	0.4	-2	-4	-9	-7
Dollar index, (+) = $ appreciation		95.7	0.9	-1	-3	-2	-1
Brent Crude Oil ($/barrel)		37.2	8.3	-28	-30	-43	-44
VIX Index (%, change in pp)		47.2	-7.3	10	32	31	33

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

United States

back to top

Exactly eleven years after the S&P 500 hit its financial crisis low on March 9, 2009, markets are experiencing another perfect storm as Covid-19 and the new oil price war send shockwaves through the globe. There are so many new market milestones that listing them would become tedious, but some highlights include new record low safe haven bond yields (0.31% intra-day for the US 10-year Treasury), the largest oil price collapse since the first Gulf War nearly thirty years ago and an 11% crash for the Milan stock exchange that pushed it into a bear market. The S&P 500 plunged at the 9.30 am New York open and the stock exchange was shut down at 9.34 am when the index fell 7%, the first implementation of the "circuit breaker" since it was introduced in 2013. The VIX flared up to a new post-crisis intra-day high of 62. The market damage has assumed historic proportions. Analysts are calling for the authorities to act quickly to address the situation in both markets and economies. In the US, the Fed is expected to deliver more rate cuts and some think it could restart quantitative easing. Press reports suggested that the US government is considering measures such as temporarily extending paid sick leave to workers and providing financial aid to affected companies.

Selected Markets 4pm March 9, 2020

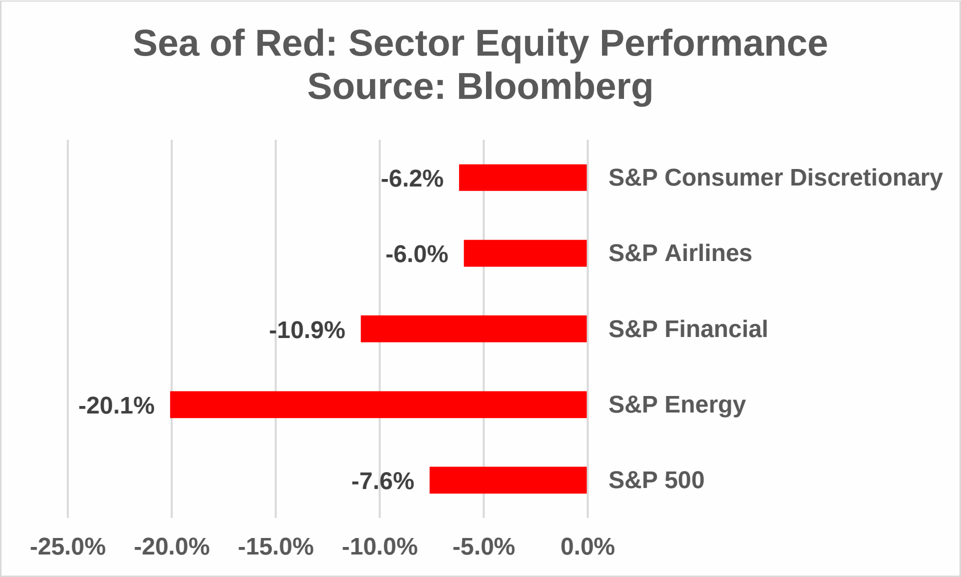
Source: Bloomberg

	Market Close	Comments
10-year US Treasury	0.56%	Record low of 0.31% intra-day
10-year Bund	-0.86%	Record low of -0.91% intra-day
Oil (Brent)	$34.56	Worst one-day decline since 1991
Gold	$1675	Highest Since 2011
Yen	102.30	Strongest vs. $ since 2016
Euro	1.1453	Strongest vs. $ in two years
JP Morgan Emerging Market (EM) FX Index	56.75	Weakest vs. $ since inception

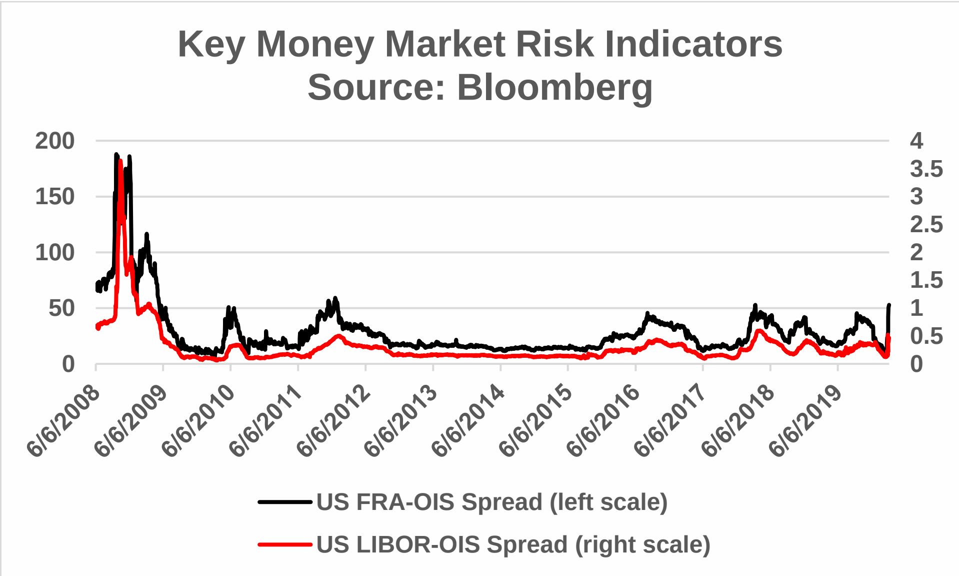
S&P 500	2746.56	-19% since February 19 record close
Euro Stoxx 600	339.50	-21% since February 19 record close
iShares EM ETF	$37.39	-19% since January 17, 2020*
EMBI+ EM Sovereign Bond Spread	+89 bps	Since January 17, 2020*

*Last trading day before Covid-19 hit the headlines

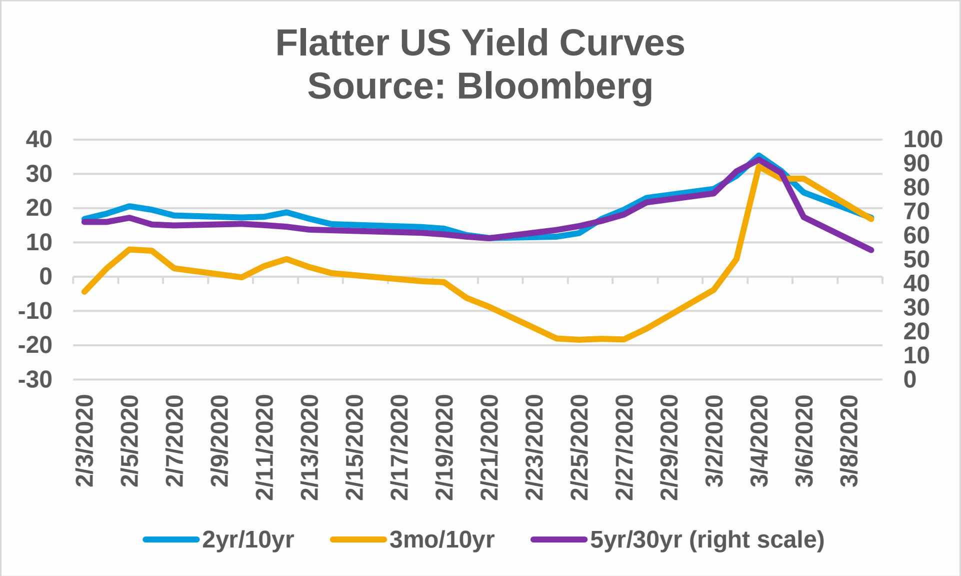
The selloff exposed important weaknesses in parts of the market. The energy sector was an obvious casualty but the extent of the initial collapse in prices surprised many contacts. The shares of some energy companies were down 30-40% in panicked conditions early in the session. Banks also took heavy losses due to fears of higher credit losses and lower profits caused by a flatter yield curve and even the risk of negative rates. The financial sector overall saw double digit declines but the big names did worse than the sector average. JP Morgan lost 14%, Bank of America 15% and Citi 16%. Airlines did not do as badly as the rest of the market but that was because they had already taken a beating in previous days, and because of speculation that lower fuel costs might mitigate some of the impact of the virus. Airline stocks are down 33% since the news of the virus hit the headlines. Meanwhile, the CDX investment grade (IG) credit default swap (CDS) spread widened 9 bps to 83 bps, the highest level since January 2019. Senior bank debt performed in line or modestly worse than the index, trading 30-35bp wider. Subordinated debt was 50-70 bp wider with demand reportedly quite weak. CDX high yield (HY) CDS spreads were 31 bps wider to 440 bps. Dealers reported that HY bonds sold off sharply at the open but seemed to find a bottom about midday. Energy sector names underperformed on lower crude prices, with some frequently traded names down as much as 20 points. JPM suggests that an extended period of low oil prices will result in sizeable defaults. In their base case (oil returns to $40/barrel in 2H20 and rises to $50 in 2021-22), defaults approach 24%. The bulk of defaults in that scenario would occur in 2021 (in the Offshore Services and Exploration & Production sectors). Under a more draconian scenario (prices remain at $25 in 2020 and only rise to $40 in 2021-22) cumulative sector defaults approach 43%.



The Federal Reserve stepped in yesterday morning to increase the amount of liquidity it offers to markets. The overnight repo facility was increased to $150 bn per day from $100 bn and the two-week term repo facility was increased to $45 bn from $20 bn. The Fed is expected to announce an extension to these programs on Thursday afternoon and Barclays expects these to be extended to Q3 2020. The analysts think these confidence building measures enable the Fed to boost market liquidity without increasing its T-Bill purchases. The repo market was calm as the benchmark overnight general collateral (GC) rate was slightly higher in the 1.15-1.20% range compared to 1.15% on Friday and longer maturity repo rates were also marginally higher. During the market dislocation back on September 17, overnight GC went as high as 6%. However, other closely monitored money market risk indicators such as the FRA-OIS and LIBOR-OIS spreads were showing signs of volatility, reaching levels seen during the market collapse of Q4 2018. However, they remain below the levels of the euro area crisis of 2011 and well under those seen during the global financial crisis. There are also early signs of pressure in the dollar funding market as cross-currency basis swap spreads begin to widen. Again, the moves are smaller than they were in 2016, 2017 and 2018 but it these are early days in the current market crisis.



The US yield curve has experienced a rapid flattening as recession fears are mounting and the Fed is expected to deliver more rate cuts. The process reverses a steepening trend that lasted for most of the year until the Fed came in with its 50 bps inter-meeting cut last Tuesday. The two-year/10-year yield spread hit 37 bps before falling to 16 bps and the three-month/10-year rose to 38 bps before falling to 17 bps. The five-year/30-year spread went as high as 92 bps before falling to 52 bps. The Fed Funds futures market is now pricing nearly 75 bps of rate cuts at the FOMC meeting on March 18. So far, the flattening has been driven by the short end of the curve driven by expectations of rate cuts. That could change if the Fed engages in more asset purchases or decides on an “Operation Twist” in which it buys longer maturity bonds and sells shorter maturity bonds to lower long term interest rates as it did in 2011-12. Some analysts expect the yield curve to invert again as it did last year if the Fed takes such aggressive action once rate cuts are exhausted.



Europe

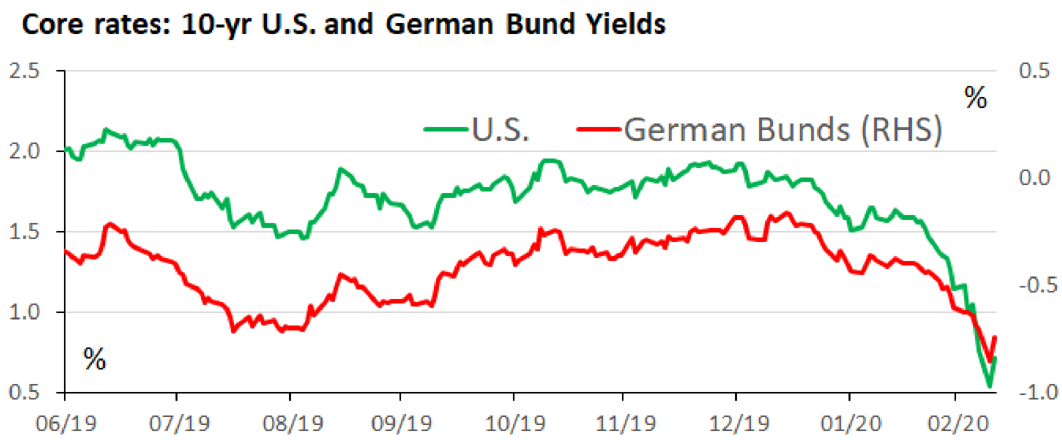
back to top

Euro area

European governments have announced further measures to respond to the impact of COVID-19 as analysts await a monetary response from the ECB on Thursday. Italy became the first country to attempt a nationwide lockdown (a “soft” quarantine) and the Madrid region has closed schools and universities to halt the COVID-19 spread. Ireland pledged €3 bn for health services, workers’ sick pay and liquidity assistance to affected businesses. Italian PM Conte also suggested that the €7.5 bn package recently announced may be increased to have “safety margins” in case of need.

Equities (+3.6%) traded higher. Bank stocks (+6%) outperformed. Shares in Italy (+3.1%) and Greece equities (+6.7%) were also up. The euro (-0.8% to $1.135) fell.

10-yr German yields rose 13 bps to -0.73%. **10-yr French yields** are up 10 bps at -29 bps. 30-yr German yields (+15 bps) trade at -0.34%.

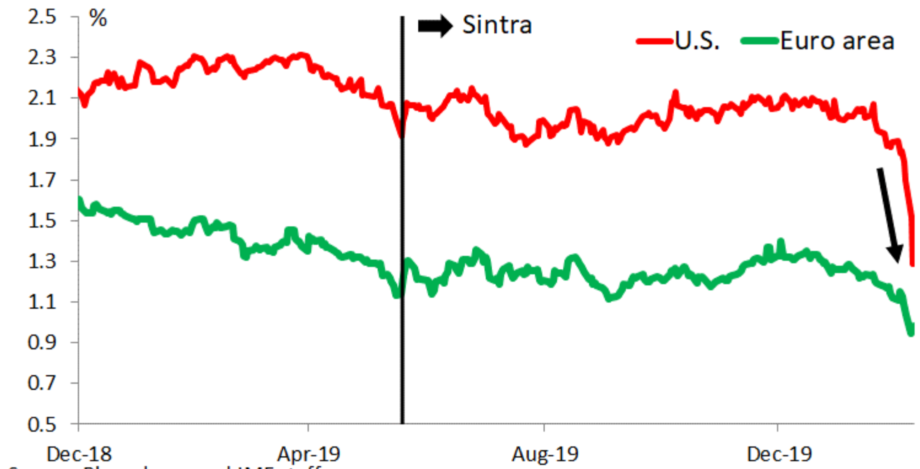


Source: Bloomberg and IMF staff

Southern European 10-yr spreads fell. Italian 10-yr spreads tightened 27 bps to 200 bps. Greek 10-yr spreads fell 31 bps to 240 bps.

Lower oil prices have added to concerns about disinflation. Euro area 5-yr/5-yr inflation swaps have continued to trade under 1%. Analysts expect the ECB to cut its deposit rate 10 bps and announce other measures at Thursday's meeting.

Inflation Expectations: Five-year Forward Five-year Inflation Swaps (%)

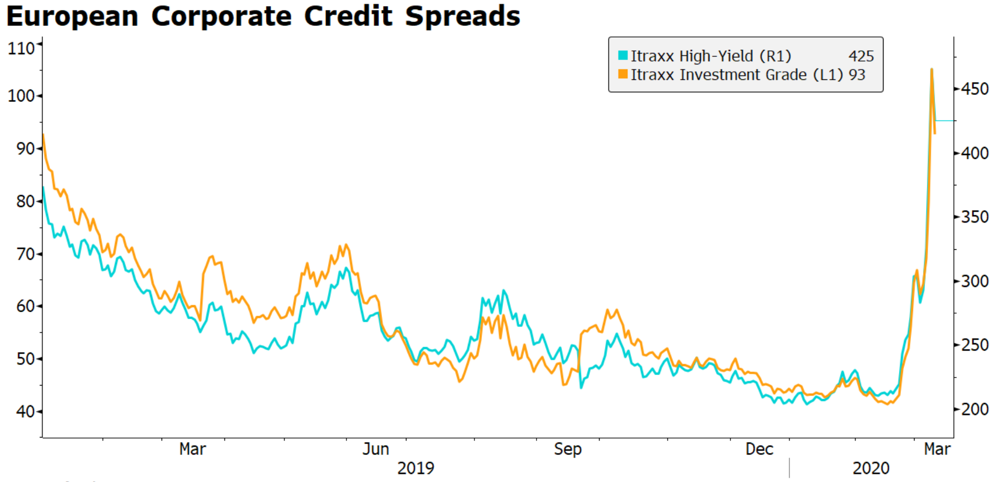


Source: Bloomberg, and IMF staff

Industrial production was better than expected in Italy in January (+ 3.7% mom compared to 1.6% expected) and disappointed slightly in France (+1.2% mom compared to 1.8% expected). Of course, this data does not reflect the impact of COVID-19.

European Credit Markets
Credit markets spreads fell but continue to indicate stress. The Itraxx high-yield spread trades at 425 from 383 bps on Friday. Investment-grade credit spreads trade at 93bps from 80 bps last week.

European Corporate Credit Spreads



Source: Bloomberg
ITRXEXE Curncy (MARKIT ITRX EUR XOVER 12/24) Credit: Itraxx indices Daily 03JAN Copyright© 2020 Bloomberg Finance L.P. 10-Mar-2020 06:38:19

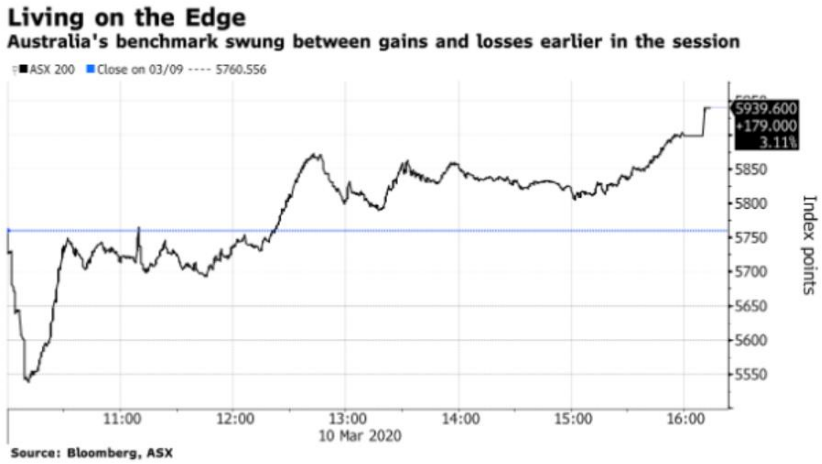
Primary markets have been closed for two days. Bloomberg points out that if no deals are priced today, it would be the longest period without a transaction since December 2018 (excluding Christmas holidays).

Other Mature Markets

back to top

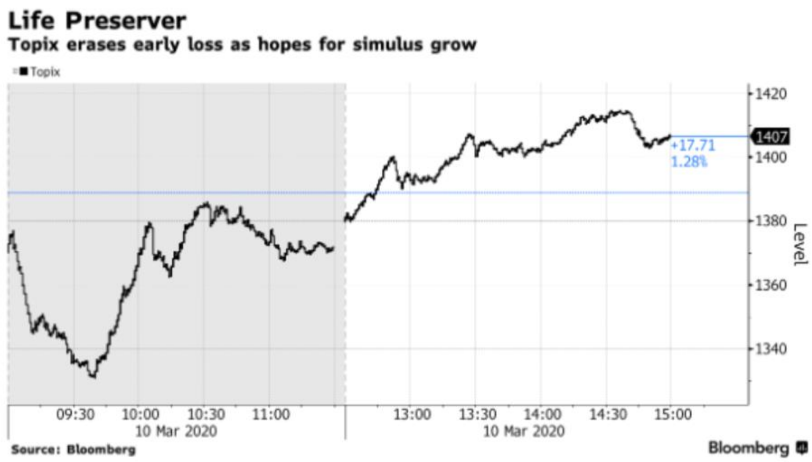
Australia

Australian equities gained (+3.1%) on stimulus hopes. Intraday volatility was high with equities declining as much as 3.9% early in the trading session. Yesterday equities plunged 7.3%. The Australian government is preparing a stimulus package with details pending. PM Morrison said that the impact of covid-19 on the Australian economy could be larger than the GFC. **The Australian dollar depreciated 0.2%.**



Japan

The yen depreciated 1.7% against the dollar reversing some of yesterday's sharp gains. With Asian markets stabilizing, some risk-off trades that had pushed the yen stronger were unwound. The 1-year yen-dollar cross currency basis which indicates demand for synthetic USD funding narrowed slightly by 2 bps to -50 bps after widening 20 bps in the last two weeks. **Equities gained 1.3% led by financials and health care stocks**. Early in the trading session stocks had plunged as much as 4.8%. The rebound was helped by Finance Minister Aso saying that a second round of stimulus measures is in the making. **JGBs sold off with the 10-year yield rising 9 bps to -0.08%.**



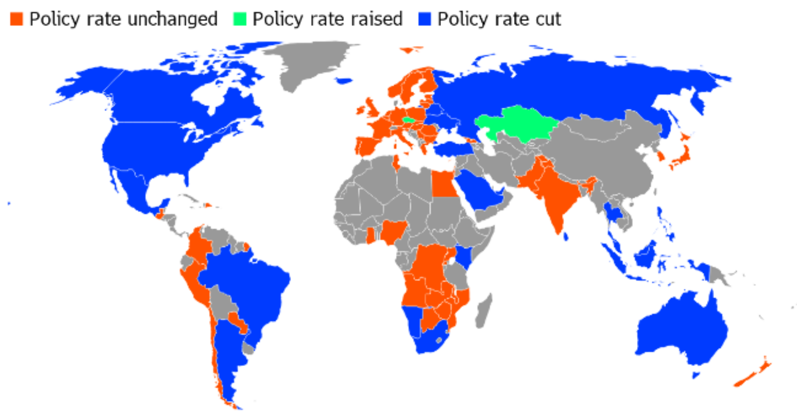
Emerging Markets

back to top

Asian equities (+1.2%) rose, partly erasing earlier losses on stimulus hopes and various announcements to stabilize markets. China (Shanghai +1.8%; Shenzhen +2.4%) outperformed amid a further slowing of new virus cases. Despite today's stabilization in Asian equity markets, the increased volatility in recent days has raised the costs of hedging against declines. Regional currencies were mixed, with the Korean won (+0.9%) appreciating while the Malaysian ringgit depreciated 0.5%. Sovereign yields rose across Asia with the exception of Indonesia which saw some of yesterday surge in yields reversed. In EMEA, market sentiment followed the Asian session, with equities posting gains in most bourses: Bulgaria (+3.3%), the Czech Republic (+3.1%), and Morocco (+3.9%). UAE (+7.3%). posted the largest gains in the region. Russian stocks (-4.9%), on the other hand, plummeted on continued concerns over oil prospects. The ruble (-5.0%) weakened further to major currencies. **The Kazakh central bank surprised with a 275 bps rate hike to 12% in support of the tenge**. Kazakhstan is now one of the few countries that has raised rates this year (see map below). **Latin American** markets suffered heavy losses Monday. Equities plummeted following the US markets and oil prices, notably in Brazil (-12.1%), Colombia (-10.5%) and Mexico (-6.3%). Oil producer Petrobras (-29.7%) saw the largest decline on record. Regional currencies weakened, including in Colombia (-5.9%), Mexico (-2.6%), Brazil (-1.8%), and Chile (-1.8%). 10-year bond spreads widened sharply in Brazil (+62 bps), Mexico (+52 bps), and Colombia (20 bps).

Monetary Policy in 2020

Kazakhstan defies the global easing trend and raises rates



Source: Bloomberg
Note: Map shows rate decisions since the start of the year

Bloomberg

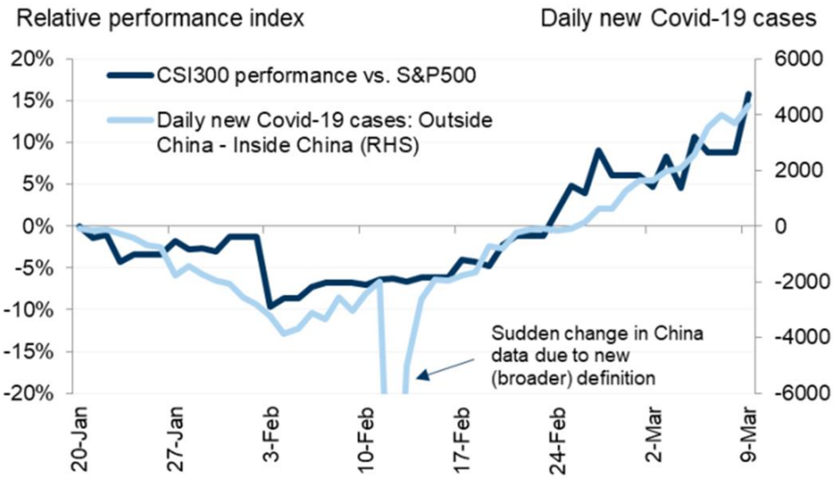
Key Emerging Market Financial Indicators

Last updated: 3/10/20 8:40 AM	Level: Last 12m	Level: index	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Major EM Benchmarks			%				%
MSCI EM Equities		37.39	2.9	-10	-14	-10	-17
MSCI Frontier Equities		23.89	-12.9	-14	-20	-15	-21
EMBIG Sovereign Spread (in bps)		455	-6	87	145	109	162
EM FX vs. USD		57.25	0.4	-2	-4	-9	-7
Major EM FX vs. USD			%, (+) = EM currency appreciation				
China Renminbi		6.96	-0.2	0	0	-3	0
Indonesian Rupiah		14352	0.3	0	-4	0	-3
Indian Rupee		74.09	-0.4	-2	-4	-6	-4
Argentine Peso		62.53	-0.1	0	-2	-34	-4
Brazil Real		4.68	0.9	-4	-8	-18	-14
Mexican Peso		20.86	-0.4	-7	-10	-7	-9
Russian Ruble		71.50	-4.1	-8	-10	-8	-13
South African Rand		15.92	1.1	-3	-6	-10	-12
Turkish Lira		6.13	0.3	0	-2	-11	-3
EM FX volatility		10.63	0.0	2.6	3.8	2.4	4.0

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

China

Equities (Shanghai +1.8%; Shenzhen +2.4%) rose alongside continued moderation in new virus cases. The authorities reported 19 new covid-19 cases as of March 9, less than half compared to the previous day. Two of the new cases were imported and the remaining were from Wuhan, the origin of the outbreak. Wuhan is planning to close all 14 makeshift hospitals in the next couple of days. There have been no new confirmed cases in Hubei province outside of Wuhan for five successive days and no new local transmissions outside Hubei for three consecutive days. The Hubei government will issue "green codes" to those who are free from the virus and allow those from lower risk areas to travel within the province. Chinese equities have outperformed US stocks since mid-February and their relative returns have correlated with the difference in newly confirmed cases in China versus outside China. Separately, CNBC noted that American companies in China are resuming business, but are in various stages, with most above 50% in capacity and some as high as 80%. **Onshore and offshore RMB (+0.1%) appreciated slightly.**



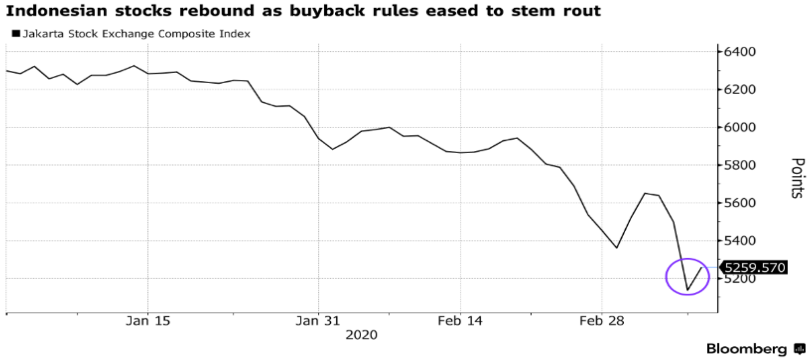
Source: Goldman Sachs Research

Korea

The Korean won (+0.9%) outperformed regional peers and equities (+0.4%) recovered from earlier losses following announcements to stabilize financial markets. The Finance Ministry said that it will strengthen stock short-selling rules, effective from March 11. According to Bloomberg, Bank of Korea Governor Lee Ju-yeol said that financial stability risks are increasing as volatility rises in Korea's financial and currency markets. He called for possible open market operations and loan policy measures should money supply for small and medium enterprises and financial stability worsen. **Separately, new virus cases in Korea tapered for the fourth straight day, with new cases rising by 131 (to 7513 in total), the lowest increase since February 25.** The majority of new cases remained centred around the city of Daegu, the heart of the country's outbreak. Korea will start asking countries for special visa clearances for business travellers who can prove that they have been tested negative for the virus.

Indonesia

Equities (+1.6%) gained after the authorities eased stock buyback rules. OJK, the financial services authority, announced that firms listed on the Indonesian stock exchange can purchase as much as 20% of their paid-up capital without the prior approval of shareholders but must ensure 7.5% free float. 12 state firms will be allowed to spend IDR10 tn ($695 mn) to repuchase shares and the companies will decide the timing and quantum of shares to be bought back, according to Deputy State-owned Enterprises Minister Kartika Wirjoatmodjo. Finance Minister Sri Mulyani said that bond buybacks under a stabilization framework are tools that the authorities can deploy to stabilize markets. **The rupiah appreciated +0.3%.**



India

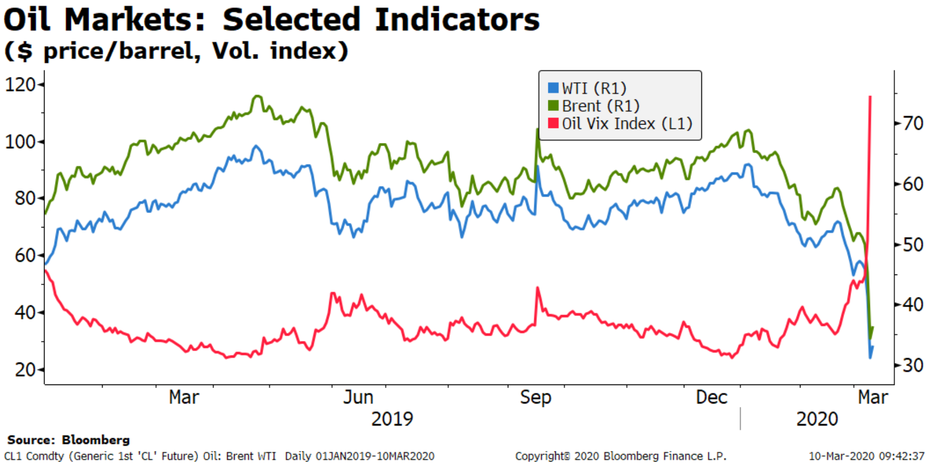
State Bank of India (SBI), the nation's largest lender, will submit its rescue plan for Yes Bank to the Reserve Bank of India (RBI) in a week. According to the Economic Times, the plan would likely entail a maximum investment of INR60 bn for a 26% stake and a similar amount from a group of global investors. The RBI is also planning to provide liquidity support of at least INR80 bn – 100 bn to stem any deposit flight once the 30-day moratorium on Yes Bank is lifted. Separately, Yes Bank's additional tier-1 bond holders such as Nippon India Mutual Fund and Axis Trustee have filed petitions in the Bombay High Court against the RBI's decision to write off the bonds**,** according to Bloomberg. **Indian markets were closed for a holiday.**

EM Bond Issuance

EM bond issuance continued to fall amid the market turmoil. EM bond issuance amounted to only $5.7 billion last week, compared to the weekly averages of $14.5 billion in February and $26 billion in January. Corporates and financials in Asia, EMEA, and Latam issued in the IG and HY segments. There was no sovereign issuance last week.

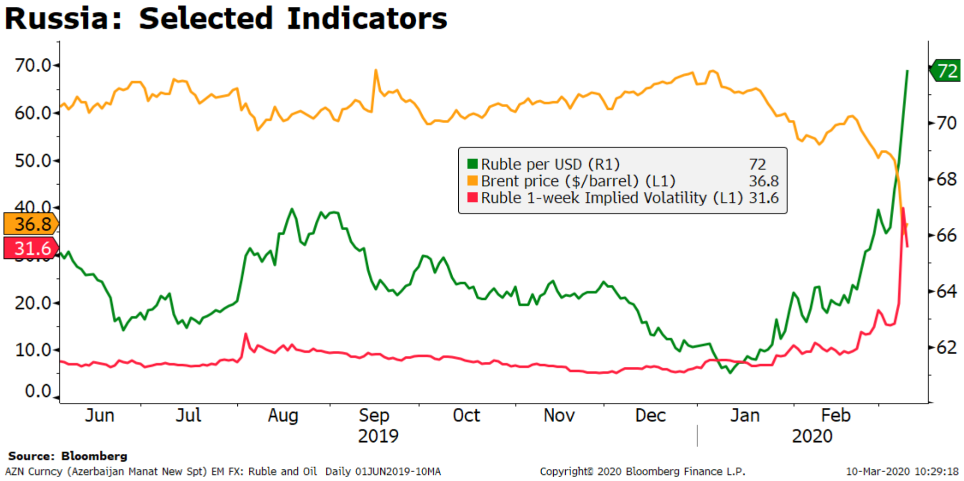
Saudi Arabia

Saudi oil giant Aramco has pledged to boost production to 12.3 mn barrels per day starting next month. The production hike amounts to a 25% increase in Aramco's daily output and analysts fear it will flood the market and prolong the price war among oil producers. **Russia's energy minister responded to the announcement saying that Russia can boost production by a further half-million barrels a day**, bringing the nation's output to 11.8 mn barrels/day. Despite the announcements, crude was trading about 5% higher on Tuesday morning: **Brent (+6.7%) at $37/barrel and WTI (+7.4%) at $33/barrel**.



Russia

The ruble plummeted 5% as trading re-starts after holiday. The Russian currency caught up with yesterday's market rout as it started trading again today. The drop in the currency to 72 ruble/dollar prompted the central bank of Russia to begin selling foreign-currency reserves in order to "reduce volatility in financial markets." According to the Finance Ministry's fiscal rule, Russian authorities will continue selling FX if crude prices remain below $42.4/barrel. The ruble's one-week implied volatility has skyrocketed in recent days, signaling that markets expect further turmoil in the FX market.



Brazil

Brazilian central bank intervened in the FX market twice Monday to support the currency. The central bank sold $3 billion in the spot market in the morning—three times the amount announced Friday—and then $465 million. Policy makers pledged to intervene as long as needed and to use all tools available. Before Monday, the central bank had intervened in the FX swap market this year (figure). Last week, the currency depreciated partly because of an expected interest rate cut that the central bank signaled Tuesday. Analysts suggested that interest rate cuts appear to be less likely in an environment of quickly depreciating EM currencies.

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

Han Teng Chua
Economic Analyst

Fabio Cortés
Senior Economist

Reinout De Bock
Economist

Dimitris Drakopoulos
Financial Sector Expert

Mohamed Jaber
Senior Financial Sector Expert

David Jones
Senior Financial Sector Expert

Sanjay Hazarika
Senior Financial Sector Expert

Frank Hespeler
Senior Financial Sector Expert

Rohit Goel
Financial Sector Expert

Henry Hoyle
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

Yingyuan Chen
Senior Research Officer

Piyusha Khot
Research Assistant

Xingmi Zheng
Research Assistant

Global Financial Indicators

Last updated: 3/10/20 8:38 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		2747	-7.6	-11	-18	0	-15
Europe		3030	2.4	-10	-20	-8	-19
Japan		19867	0.9	-6	-16	-6	-16
China		2997	1.8	0	4	1	-2
Asia Ex Japan		65	-4.8	-7	-10	-5	-12
Emerging Markets		37	3.4	-10	-14	-10	-17
Interest Rates					basis points		
US 10y Yield		0.64	-22.2	-36	-93	-199	-128
Germany 10y Yield		-0.76	9.4	-14	-35	-83	-58
Japan 10y Yield		-0.05	11.5	6	1	-2	-4
UK 10y Yield		0.27	10.6	-13	-29	-92	-56
Credit Spreads					basis points		
US Investment Grade		161	4.1	27	54	41	63
US High Yield		654	20.4	117	224	232	260
Europe IG		94	-10.9	32	51	32	50
Europe HY		431	-34.1	148	218	148	224
EMBIG Sovereign Spread		455	-6.0	87	145	109	162
Exchange Rates					%		
USD/Majors		95.73	0.9	-1	-3	-2	-1
EUR/USD		1.14	-0.6	2	4	1	2
USD/JPY		104.3	-1.8	3	5	7	4
EM/USD		57.3	0.4	-2	-4	-9	-7
Commodities					%		
Brent Crude Oil ($/barrel)		37	8.3	-28	-30	-43	-44
Industrials Metals (index)		104	1.5	0	-1	-13	-9
Agriculture (index)		38	1.2	-3	-4	-5	-8
Implied Volatility					%		
VIX Index (%, change in pp)		47.2	-7.3	10.4	32.2	31.2	33.4
10y Treasury Volatility Index		12.4	-1.8	5.6	7.7	8.8	8.2
Global FX Volatility		11.1	0.0	4.1	5.6	3.8	5.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		213	0.0	28	70	-158	48
Italy		208	-19.7	47	72	-35	49
Portugal		118	-6.5	29	47	-10	55
Spain		105	-6.7	24	38	7	40

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

back to top

Emerging Market Financial Indicators

Last updated:	Exchange Rates							Local Currency Bond Yields (GBI EM)						
3/10/2020	Level		Change (in %)					Level		Change (in basis points)				
8:40 AM	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		6.96	-0.2	0.2	0	-3	0		2.7	-9.4	-16	-23	-49	-48
Indonesia		14352	0.3	-0.5	-4	0	-3		7.3	32.5	24	49	-80	12
India		74	-0.4	-1.8	-4	-6	-4		6.3	-8.2	-20	-33	-117	-55
Philippines		51	0.1	0.4	1	3	0		4.0	-6.9	-4	-17	-144	-27
Thailand		31	0.2	0.3	0	1	-5		1.0	-12.9	-25	-42	-164	-63
Malaysia		4.24	-0.5	-0.8	-2	-3	-3		2.8	5.9	3	-25	-108	-51
Argentina		63	-0.1	-0.4	-2	-34	-4		49.7	186.1	-158	-905	2788	-1293
Brazil		4.68	0.9	-3.7	-8	-18	-14		6.1	32.3	42	7	-210	-16
Chile		834	1.0	-3.2	-5	-20	-10		3.1	-17.2	-57	-39	-125	-24
Colombia		3793	-5.4	-7.8	-9	-16	-14		6.2	56.1	50	59	-16	22
Mexico		20.86	-0.4	-6.7	-10	-7	-9		6.7	26.7	6	3	-151	-22
Peru		3.5	-1.1	-1.9	-3	-6	-6		4.3	21.2	1	3	-125	-22
Uruguay		43	-4.8	-8.6	-12	-23	-13		10.3	-0.1	-8	13	-10	-53
Hungary		295	-0.6	1.9	5	-5	0		1.2	-13.8	-27	-10	-86	2
Poland		3.80	-0.6	1.5	3	1	0		1.3	-14.9	-15	-53	-95	-57
Romania		4.2	-0.5	1.7	3	0	1		3.7	10.0	-5	-7	-36	-35
Russia		71.5	-4.1	-7.6	-10	-8	-13		6.3	0.0	4	33	-184	13
South Africa		15.9	1.1	-3.2	-6	-10	-12		9.7	13.8	6	24	29	18
Turkey		6.13	0.3	-0.3	-2	-11	-3		11.6	33.1	-75	97	-457	-11
US (DXY; 5y UST)		96	0.8	-1.5	-3	-2	-1		0.54	6.7	-20	-84	-189	-115

	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		2997	1.8	0	4	1	-2		200	7	18	31	30	24
Indonesia		5221	1.6	-5	-12	-18	-17		260	-6	43	91	69	104
India		35635	0.0	-7	-13	-3	-14		212	34	48	76	48	87
Philippines		6318	0.1	-7	-15	-19	-19		156	-6	35	83	69	90
Malaysia		1430	0.4	-3	-7	-15	-10		157	10	29	50	34	45
Argentina		30380	-13.7	-16	-26	-8	-27		2744	-45	509	857	1990	975
Brazil		86067	-12.2	-19	-24	-10	-26		287	-16	47	73	51	72
Chile		4036	-4.6	-6	-13	-23	-14		229	3	48	86	104	96
Colombia		1345	-10.5	-11	-18	-11	-19		267	-7	68	98	83	104
Mexico		38731	-6.4	-8	-13	-7	-11		480	-25	116	177	170	188
Peru		17323	-5.3	-7	-13	-16	-16		190	-8	41	72	59	83
Hungary		39315	3.3	-9	-12	-2	-15		210	-6	31	101	103	124
Poland		46009	0.8	-12	-20	-23	-20		119	-4	20	83	74	101
Romania		8952	2.5	-8	-11	14	-10		290	31	51	106	91	117
Russia		2587	-5.0	-6	-16	4	-15		252	-10	65	104	45	121
South Africa		50066	2.6	-5	-12	-10	-12		482	-8	80	146	187	162
Turkey		104409	0.9	-6	-12	3	-9		515	-44	32	114	88	114
Ukraine		533	-0.7	0	3	-4	5		719	8	240	332	55	299
EM total		37	2.9	-10	-14	-10	-17		455	-6	87	145	109	162

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

back to top

Coronavirus (Covid-19) Dashboard						
		Change or relative change				
	Latest	1 Day	7 Days	YTD	Since global intensification (Feb 19)	Since Chinese intensification (Jan 20)
Equity Markets	**Index**	**Relative change (in %) except VIX**				
China						
CSI 300 (Large Cap/Main Equity Index)	4083	2.1	-0.2	-0.3	0.8	-2.5
CSI 500 (Mid-Cap Index)	5675	2.7	-0.6	7.7	1.3	1.6
CSI 1000 (Small-Cap Index)	6206	2.6	0.2	11.5	3.1	4.2
Japan (Nikkei)	19867	0.9	-5.8	-16.0	-15.1	-17.5
Korea (Kospi)	1963	0.4	-2.5	-10.7	-11.2	-13.2
United States (S&P 500)	2747	-7.6	-11.1	-15.0	-18.9	-17.5
Europe (Eurostoxx 600)	347	2.3	-8.9	-16.5	-20.0	-18.1
MSCI Global	479	-7.1	-8.4	-15.3	-17.5	-17.4
MSCI Asia ex. Japan	616	-4.8	-5.0	-10.5	-10.5	-13.5
Asia Pacific Airlines	125	1.1	-0.5	-18.5	-8.7	-16.3
Luxury Goods	620	-5.7	-8.7	-19.8	-17.8	-21.9
Hotels Restaurants & Leisure	298	-7.0	-10.4	-22.7	-23.0	-25.3
Volatility Index (VIX, change in pp)	47	-7.1	10.5	33.6	33.0	35.2
Interest Rates	**Percent**	**Change (in basis points)**				
US 10y Yield	0.64	10	-36	-128	-93	-118
Germany 10y Yield	-0.74	12	-11	-55	-32	-52
Eurodollar - March 2020	0.77	-2	25	97	-90	-98
Eurodollar - June 2020	0.47	-3	31	122	-108	-122
Eurodollar - December 2020	0.46	-3	26	116	-97	-115
Exchange Rates	**Level**	**Relative change (in %) (+) = Appreciation**				
Chinese Renminbi (per USD)	6.96	-0.2	0.2	0.1	0.6	-1.3
Japanese Yen (per USD)	104.2	-1.8	2.8	4.2	6.4	5.4
Euro (in USD)	1.14	-0.6	1.8	1.5	-5.3	-2.6
Dollar Index	95.7	0.8	-1.5	-0.7	-4.0	-2.0
EM FX index	57.3	0.4	-2.3	-6.8	-3.5	-6.0
EM Bond Spreads on USD Debt	**Basis points**	**Change (in basis points)**				
EMBI Global Diversified	471	69	102	180	169	181
EMBI Asia	275	36	58	98	102	100
EMBI Latam	498	76	111	190	175	188
China	200	7	18	24	32	27
Local Currency Bond Yields (GBI EM)	**Percent**	**Change (in basis points)**				
China	2.67	-9	-16	-48	-24	-43
Mexico	6.72	27	6	-22	12	-19
Brazil	6.09	32	42	-16	33	-7
South Africa	9.70	14	6	18	25	22
Turkey	11.58	33	-75	-11	19	107
Commodities	**Dollars**	**Relative change (in %)**				
Brent Crude Oil (per ton)	37.4	8.8	-27.9	-43.4	-36.8	-42.7
Gold (per troy ounce)	1662.4	-1.1	1.3	9.6	3.1	6.5