GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, MARCH 19, 2020

- **The ECB announces an unprecedented €750 bn-support package** (link)
- **European sovereign yields drop after ECB announcement but risk assets sell-off** (link)
- **US short-term treasury yields dip below zero** (link)
- **Chinese developer bonds plunge** (link)
- **Liquidity in the US commercial paper market remains impaired** (link)
- **Reserve Bank of Australia cuts rates and targets 3-year yield** (link)

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

Market volatility persists amid relief initiatives

Increasingly assertive interventions by policy makers on both sides of the Atlantic in response to the COVID-19 crisis help to ease investor sentiment, though risk assets remain under pressure. European sovereign and corporate bonds rallied sharply today following the ECB's announcement of a new €750 billion Pandemic Emergency Purchase Program (PEPP). The temporary program, which is scheduled to go on until end-2020, aims to purchase private and public sector securities to counter the impact of the epidemic on the euro area. The ECB's President further stressed that there were "no limits" to the institution's commitment to the euro. German 10-year sovereign yields dropped by 10 bps on the news, while French OAT yields declined by 26 bps. Periphery sovereign bonds were also trading higher, with Italian 10-year BTP yields at 1.66% (-77 bps), Spanish yields at 0.74% (-48 bps) and Greek bonds rallying spectacularly, taking the 10-year yield 176 bps lower to 2.05%. However, after initially trading up, European equities are currently down by about 1% on the day. **Meanwhile in the US**, Congress passed an economic relief package that would provide free COVID-19 testing and paid sick leave to affected individuals, and further announced that it has started working on a third relief bill for an additional $1.3 trillion in assistance, including $500 billion in direct payments to Americans. The Federal Reserve also announced the establishment of a liquidity facility that would make loans available to eligible financial institutions secured by high quality assets from money market funds. Nevertheless, these moves seem to have not been sufficient to boost market sentiment, with US equity futures trading about 2% lower so far this morning. **On the currency front**, the US dollar has continued to extend its lead after surging by close to 1.5% against major currencies yesterday, as investors flocked to the safety of the greenback. It is notable that the GBP has depreciated by a staggering 4% against the dollar over the past two days, hitting its lowest level in the past 30 years. It is also notable that dollar-funding pressures in the yen-dollar swaps market tightened somewhat today, while they seem to have eased a little for the euro-dollar and pound-dollar pairs. **In Emerging Markets**, the sell-off continued despite actions by policy makers to contain the impact of the epidemic. Risk assets across Asia have sold off sharply today. With equities trading in negative territory and weaker credits particularly hard hit. EM assets continue to be battered by the global risk-off sentiment and sharp decline in oil prices. The EMBIG sovereign spread index currently stands at about 670 bps, down by 130 bps over the past week.

Key Global Financial Indicators

Last updated: 3/19/20 8:41 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		2398	-5.2	-13	-29	-15	-26
Eurostoxx 50		2372	-0.6	-7	-39	-30	-37
Nikkei 225		16553	-1.0	-11	-29	-23	-30
MSCI EM		31	-0.4	-18	-30	-29	-31
Yields and Spreads					bps		
US 10y Yield		1.13	11.3	32	-44	-148	-79
Germany 10y Yield		-0.22	1.8	52	20	-31	-3
EMBIG Sovereign Spread		669	20	131	367	328	376
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		52.9	-0.3	-5	-11	-17	-14
Dollar index, (+) = $ appreciation		102.3	1.2	5	3	6	6
Brent Crude Oil ($/barrel)		25.7	3.3	-23	-57	-62	-61
VIX Index (%, change in pp)		82.2	5.7	7	68	69	68

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

United States back to top

Amid huge intra-day volatility, the S&P 500 fell as much as 9.8% yesterday (tripping a trading halt early afternoon), before paring losses and closing down 5.2%. The sell-off was led by the consumer discretionary and the oil & gas sectors- reflecting the twin shock from weakening economic prospects and collapsing oil prices. The risk-off rally is reflected in the dollar strengthening again by almost 1.5% against major currencies yesterday, as flows gravitated towards safe haven currencies. Policy officials, however, continued to roll out support measures with the Fed announcing the establishment of a Money Market Mutual Fund Liquidity Facility (details below). Fannie and Freddie also announced that they will temporarily suspend foreclosures. In response to the Covid-19 pandemic, the US Senate also cleared a second major bill that provides paid sick leave, food assistance for vulnerable populations and financial help for the Coronavirus testing. Reports highlighted that a third bill is in works and the White House scaled up its request to Congress for an additional $1.3 tn, including $500 bn in direct payments to Americans, $50 bn in loans to the distressed airline sector, and $150 bn to “severely distressed sectors” of the economy from the virus outbreak. S&P futures are trading negatively this morning. Amongst the key data releases**, initial jobless claims** for the week of March 14th, were reported at 281k vs consensus estimates of 220k and the previous print of 211k. This is the highest print since Sep-2017. Analyst expect these numbers to deteriorate further as the full economic impact of Covid-19 starts reflecting through.

USD and safe havens outperform current account deficit and oil exporter currencies

Note: CitiFX, Bloomberg; Note: Jan-12th is used for the start of the outbreak

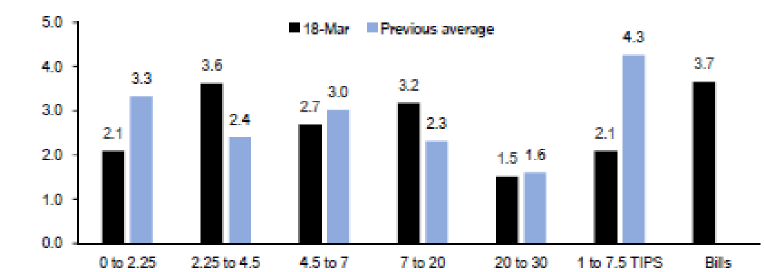
Selected Asset Moves, March 18, 2020

	Daily Move	Move since 2020 peak / trough
S&P 500	-5.2%	-29.2%
Stoxx 600 Europe	-3.9%	-35.5%
iShares EM ETF	-8.6%	-33.3%
VIX	+ 1 points to 76.5	From 12 to 76
MOVE	+14 points to 124.1	From 50 to 124
US Libor-OIS	+6 bps to 99 bps	From 12 bps to 99 bps
US FRA-OIS	+5 bps to 41 bps	From 11 bps to 41 bps
3-month euro-dollar basis swap	-4 bps to -46 bps	-59 bps (dollars more expensive)
3-month dollar-yen basis swap	+10 bps to -75 bps	-65 bps (dollars more expensive)

Source: Bloomberg

The Fed purchased $45bn Treasuries on Wednesday, adding the "20-30 year" sector to its originally released purchase schedule. However, the offer-to-accepted ratio has declined substantially in the "0 - 2.25 year" sector over the past number of days. Analysts highlighted that this is partly because the Fed has purchased $48bn of securities in that sector since just Friday, or almost 40% of all its purchases. There was also a large decrease in the ratio for front-end TIPS from the high level observed on Tuesday.

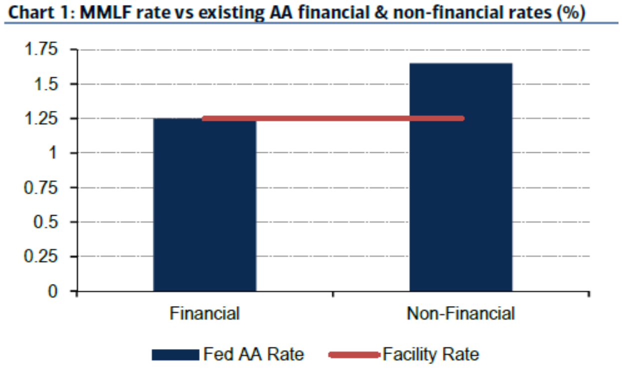
Exhibit 7: The offer-to-accepted ratios declined substantially at the very front end and in TIPS
Offer to accepted ratios for Fed secondary purchase operations on 3/13, 3/16, 3/17 versus 3/18



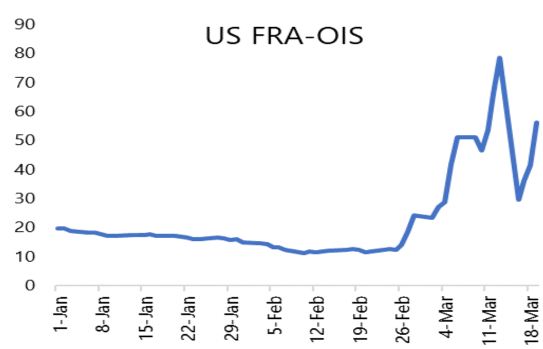
Source: Federal Reserve Bank of New York

The Federal Reserve announced the establishment of the Money Market Mutual Fund Liquidity Facility (MMLF), through which the Federal Reserve Bank of Boston will make loans available to eligible financial institutions secured by high quality assets from MMFs. Analysts highlight that this should help arrest the running risks of a run on prime MMF (see the chart below). Furthermore, the facility is offered at 125 bps that will stabilize or narrow existing CP outstanding. Banks & dealers will also receive regulatory capital impunity in participation.

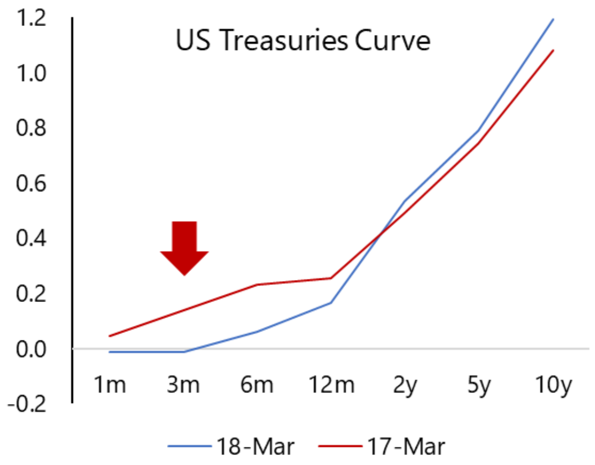
Chart 1: MMLF rate vs existing AA financial & non-financial rates (%)

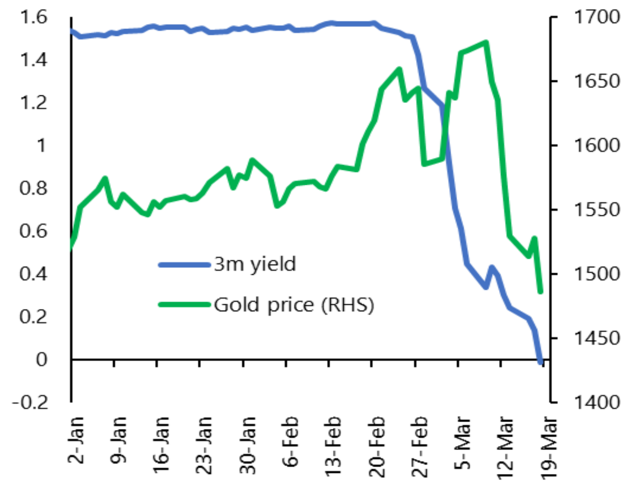


Source: BofA Global Research, Bloomberg



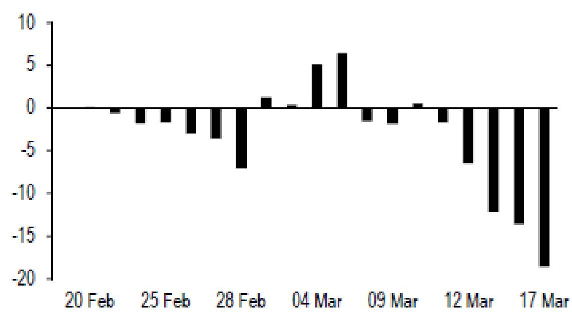
Analysts have highlighted that **there is a strong rush to sell-even the highest-quality assets and raise cash**. This is reflected in: i) the more than 2% decline in the price of gold (down 11% in the last seven sessions); ii) the 10 bps rise in the 10-year UST yields (up 80 bps above last week's record low) despite a risk-off rally; and iii) a sharp decline in US treasury yields at the short end. US 3m yields declined by 15 bps today to -0.0127%, resulting in a sharp steepening of the curve (3m10y slope rose by 26 bps today; 130 bps in March). Market contacts highlighted that the dollar-funding markets remained strained, although they have improved from the extreme levels in recent days.





JPM analysts highlighted that the liquidity in the CP market remained impaired in spite of the CPFF and PDCF announcements yesterday – which is partly expected given the programs are yet to be launched and a few details are still unknown. Meanwhile, the redemptions have continued from the money markets, with prime institutional MMFs losing $51bn in assets or 16% of the portfolio since March 12th. JPM analysis also highlighted that the past few days of redemptions have already pushed some funds to be within 2-3%-pts of the 30% threshold. Once breached, SEC Rule 2a-7 rules require the fund's board to decide whether to impose a liquidity fee (up to 2%) on all redemptions and/or suspend redemptions for up to 10 days. Analyst focus remains on the PDCF facility which is expected to open this Friday.

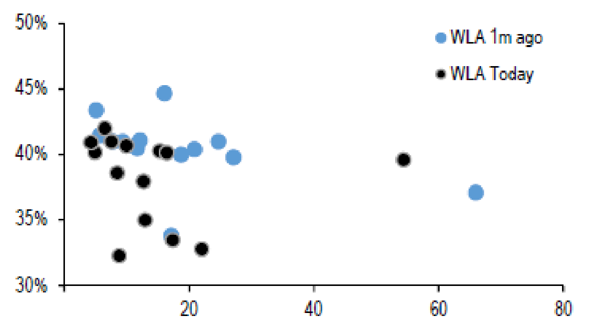
Exhibit 1: Daily change in prime institutional MMF balances ($bn)



Source: iMoneyNet, data as of 3/17/2020

Exhibit 2: Some funds are close to breaching their 30% threshold

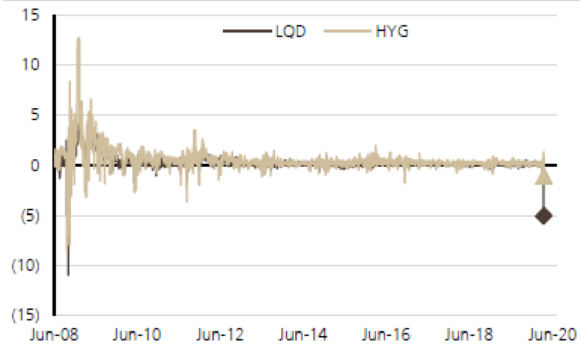
Prime fund weekly liquid assets (%) vs total net assets ($bn) by fund, 1m ago and current



Source: MMF websites, J.P. Morgan as of 3/17/2020; includes prime funds with > $5bn in AUM as of 2/14/20 and WLAs of <45%

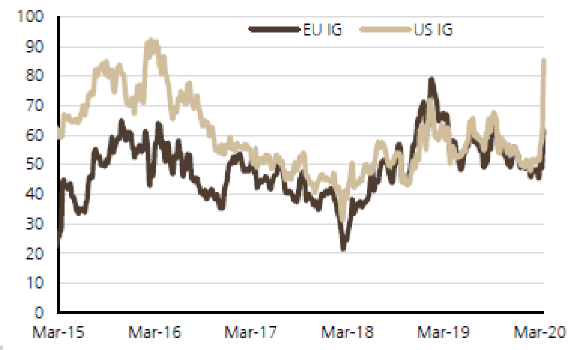
US credit sector remains under pressure with US IG and HY spreads rising by 30bps and 64 bps respectively yesterday. UBS analysts highlighted that US HY funding costs have now hit thresholds that imply refinancing at current yields will take coverage ratios to less than 1x. The underlying credit moves are further exacerbated by a lack of secondary market liquidity, as evidenced by US credit ETFs trading at massive discounts to NAVs. Analysts also highlighted that a high retail ownership and a greater tendency for these funds to exacerbate one-way selling pressure when spreads widen, remains a challenge. This stress is reflected in a sharp widening of the cash-CDS spreads, driven in part by the sharp outflows recently. While overall spreads have risen, GS analysts highlight that stocks with relatively stronger balance sheets have generally outperformed in the recent weeks.

Figure 3: US credit ETFs trading at massive discounts to NAV point to credit market liquidity at 2008 levels.



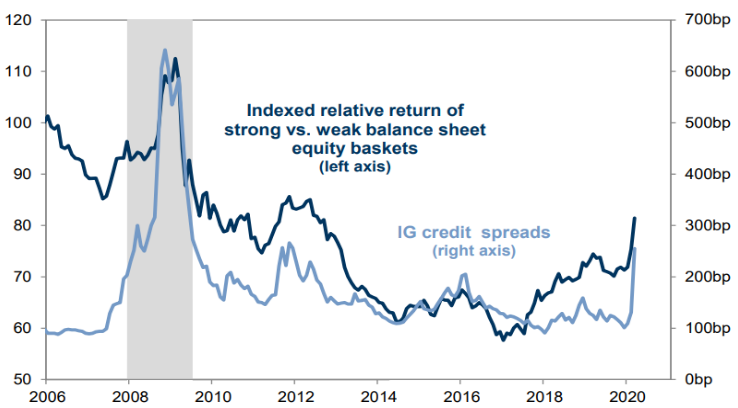
Source: UBS, Bloomberg

Figure 8: Retail outflows and manager cash-raising is starting: IG Cash-CDS spreads are widening



Source: UBS, Bloomberg

Strong balance sheet stocks have outperformed sharply in recent weeks

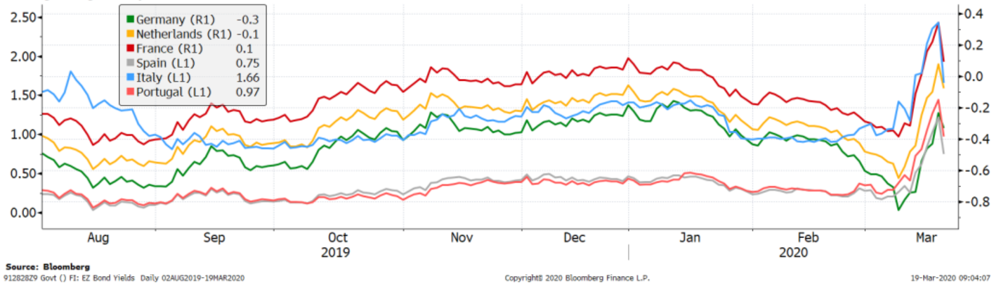


Europe

back to top

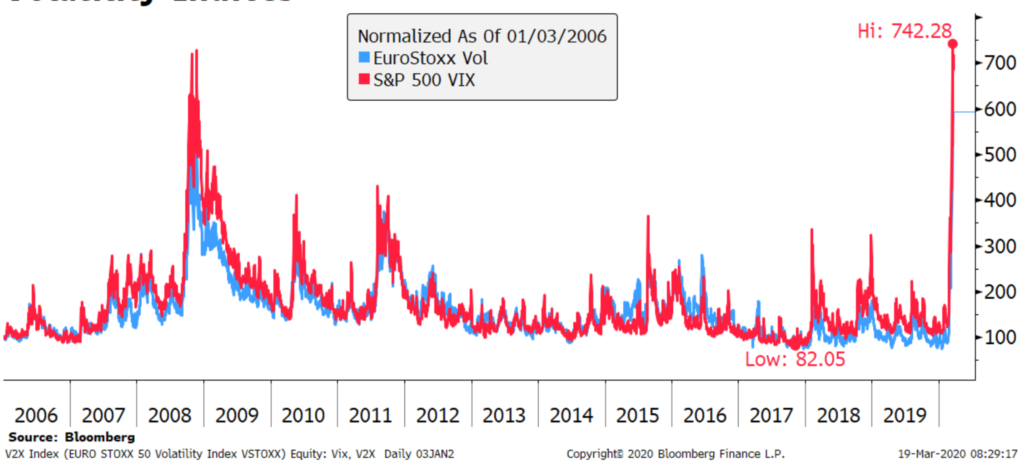
European sovereign yields made a U-turn after the ECB announced massive bond purchases (see below). Yields dropped massively across countries and maturities: German 10-year yields at -0.33% (-10 bps); French OATs are at 0.09% (-26 bps); Italian at 1.66% (-77 bps); and Spanish at 0.74% (-48 bps). Greek bonds, which will receive a waiver to be included in central bank purchases, rallied spectacularly, taking the 10-year yield 176 bps lower to 2.05%

Government Bond Yields
(10-year yields, in %)



European equities retraced gains from the earlier part of the session and are mixed across the continent. DAX (-1.3%), CAC 40 (+0.3%), EuroStoxx 600 (-0.5%), Italy's Titans 30 (+2.2%), and Spanish Ibex (+0.6%). Bank stocks (+2%) outperformed, with the strongest gains in Greek lenders (about +% for most entities) and Italian (in the +2% to 3% range). Equity volatility indices have surpassed the highs of the 2007-08 financial crisis.

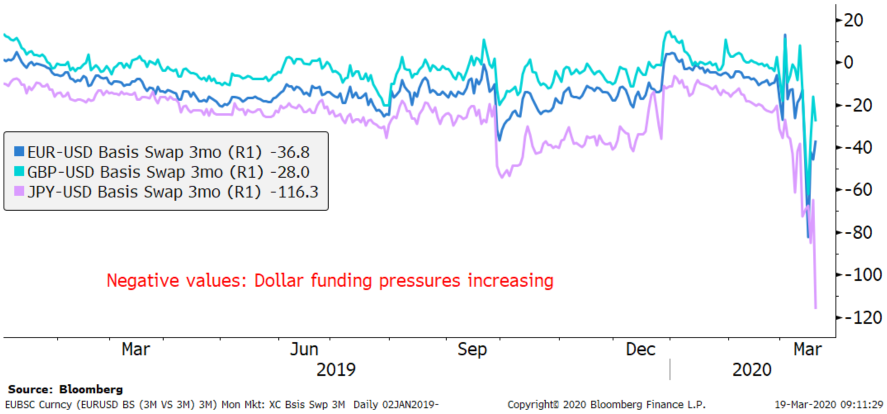
Volatility Indices



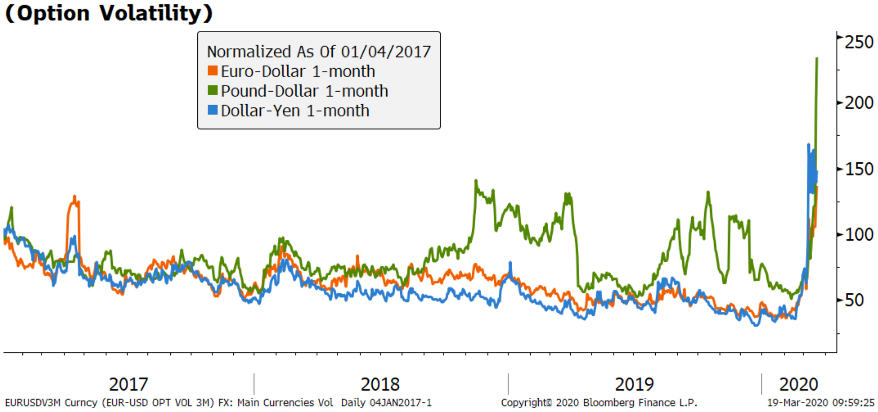
The ECB announced an unprecedented €750 bn-support package. A new open-ended bond-buying program has been launched under the name **Pandemic Emergency Purchase Program (PEPP)** and it'll include all asset categories already included under the Asset Purchase Program as well as Greek securities (which will receive a waiver from eligibility requirements). The ECB also said that "For the purchases of public sector securities, the benchmark allocation across jurisdictions will continue to be the capital key of the national central banks. At the same time, **purchases under the new PEPP will be conducted in a flexible manner**," allowing for fluctuations in purchases over time, across asset classes and jurisdictions. In addition, the ECB will support commercial debt markets by **expanding the range of eligible assets under the corporate sector purchase program (CSPP) to non-financial commercial paper of sufficient credit quality**, and by "easing collateral standards by expanding the scope of Additional Credit Claims (ACC) to include claims related to the financing of the corporate sector. This will ensure that counterparties can continue to make full use of the Eurosystem's refinancing operations."

In FX, dollar demand is very strong, pushing the dollar index 0.4% today to 102. Sterling (-0.6%) has plummeted to $1.16 and the euro (-0.8%) to $1.08. Contacts expect dollar pressures to continue, as non-US positions (EMs and other developed economies) are being liquidated. The yen (-1%) is at ¥109.2. **Dollar-funding pressures in the yen-dollar swaps market increased while they abated somewhat for the euro-dollar and pound-dollar pairs.** The 3-month yen-usd cross currency basis swap reached -116 bps – a record low in the last decade.

Cross-Currency Basis Swaps (3 mo)

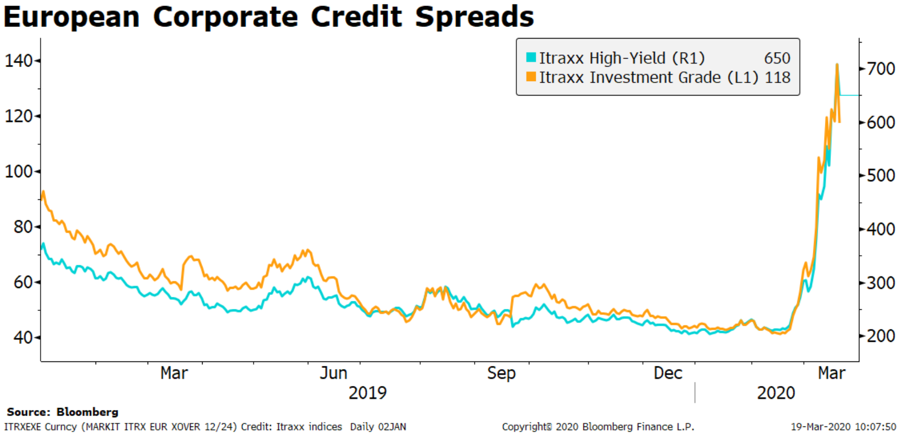


FX Volatility: Major Crosses
(Option Volatility)



European corporate credit spreads came down following the ECB announcement. The HY index dropped from 708 to 650 bps and the IG went from 139 to 117 bps today.

European Corporate Credit Spreads

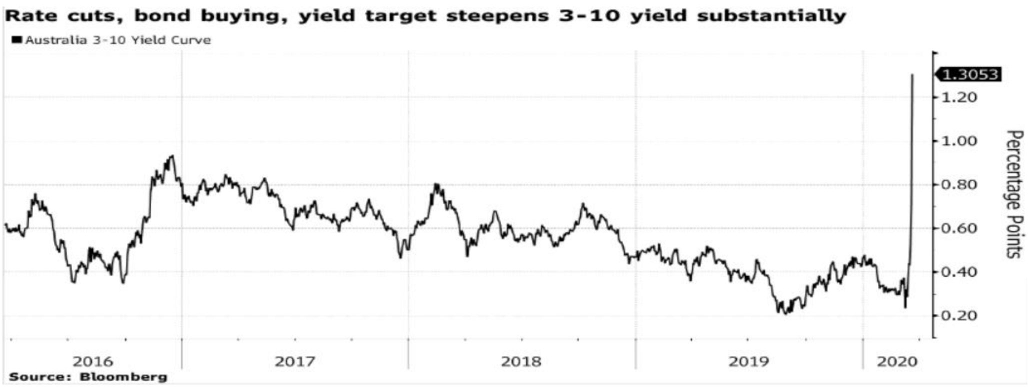


Other Mature Markets

back to top

Australia

The Reserve Bank of Australia (RBA) delivered an inter-meeting rate cut of 25bps to a record low of 0.25% and introduced a series of measures: (1) targeting the 3-year government bond yield at 0.25% via purchases in the secondary market, (2) providing a three-year term funding facility for the banking system worth at least AUD90 bn at a fixed rate of 0.25%, aiming to support credit to small and mediumsized enterprises, (3) fixing the exchange settle balances at the central bank at 10bps. The RBA will also continue to provide liquidity by conducting one-month and three-month repo operations until further notice. Longer-term repo operations of six-month maturity or longer would be undertaken at least weekly. The central bank also set out forward guidance, saying that it will not increase the cash rate until progress is made towards full employment and confident that inflation is sustainably within its target band. **Following the RBA announcement, 10-year yields spiked as much as 128bps and the Australian dollar plunged more than 4%. The extreme moves were mostly reversed later with the 10-year closing up 23 bps and the Australian dollar depreciating only 0.8%**. Market commentary suggested that the RBA will need to control yields at the longer end. **Equities fell by 3.4%. On covid-19 containment, Australia and New Zealand closed their borders for nonresidents.**



Japan

Stepped-up BoJ purchases helped stabilize rising JGB yields. JGB yields were relatively stable across the curve today after rising sharply in the last two weeks. **Japanese equities defied gravity as the BoJ purchased a record $1.9bn equity ETFs today.** The Topix index gained 1%, while the Nikkei index declined 1%. BoJ purchases are focused on Topix index ETFs. The JPYUSD cross currency basis was slightly wider after tightening the last couple of days following the injection of $32bn through the Fed-BoJ swap line.

Emerging Markets

back to top

Sovereign bonds sold off across Asia with the weaker credits particularly hard hit. Yields on Indonesian USD bonds rose by 43 bps and on Philippine USD bonds by 67bps. Regional currencies were also depreciating against the dollar with wild swings intraday. At end day, the Indonesian rupiah depreciated 4.3% and the Korean won 3.1%. Equities were a sea of red. The Philippine stock markets plunged more than 13% as it reopened after a 2-day shutdown. **Latin American equity markets** suffered another selloff on Wednesday. Argentina underperformed as the Merval index fell 14%, followed by Chile (-12%) and Brazil (-10%). Local currencies broadly weakened. The Mexican peso was the worst performer depreciating 3% against the dollar, followed by the Chilean peso (-2.2%) and the Brazilian real (-2%). 10-year government bond yields rose 74 bps in Brazil and 43 bps in Mexico, while dropping 65 bps in Colombia.

Key Emerging Market Financial Indicators

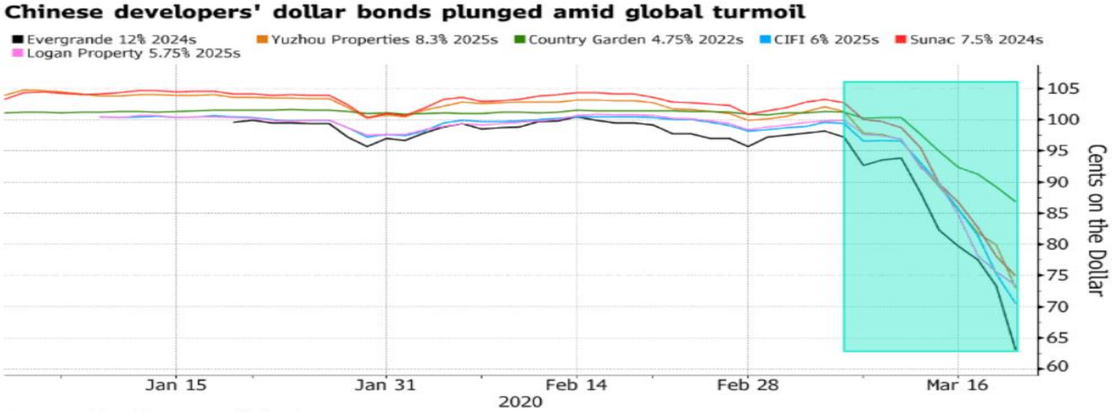
Last updated:	Level		Change				
3/19/20 8:44 AM	Last 12m	index	1 Day	7 Days	30 Days	12 M	YTD
Major EM Benchmarks			%				%
MSCI EM Equities		30.89	-0.4	-18	-30	-29	-31
MSCI Frontier Equities		19.93	-7.1	-17	-33	-30	-34
EMBIG Sovereign Spread (in bps)		669	20	131	367	328	376
EM FX vs. USD		52.95	-0.2	-5	-11	-17	-14
Major EM FX vs. USD			%, (+) = EM currency appreciation				
China Renminbi		7.12	-1.0	-1	-2	-6	-2
Indonesian Rupiah		15913	-4.3	-9	-14	-11	-13
Indian Rupee		75.03	-1.0	-1	-5	-8	-5
Argentine Peso		63.33	-0.2	-1	-3	-37	-5
Brazil Real		5.20	-1.7	-8	-16	-27	-22
Mexican Peso		24.35	-2.7	-10	-24	-22	-22
Russian Ruble		81.08	-0.2	-8	-22	-21	-24
South African Rand		17.30	-1.2	-4	-13	-16	-19
Turkish Lira		6.54	-0.9	-3	-7	-16	-9
EM FX volatility		13.70	0.0	1.2	7.3	6.0	7.1

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

China

Chinese offshore dollar bond yields continued to widen. The sell-off has been driven by heavily indebted property developers, which account for the largest share of USD issuance in Asia. They raised a record $76.8 bn of dollar-denominated bonds last year, according to Bloomberg. Sharp losses have resulted in margin calls on some of these notes. PricewaterhouseCoopers said in a report that developers are facing a growing default risk. They often use proceeds from pre-sales of one development to finance other projects and any disruption could lead to a breakdown of their financing cycles. **Regarding the virus situation, China reported 34 new cases and all were imported.** Hubei province did not report any new infections, the first since the virus broke out. China now accounts for less than 50% of the total number of cases globally. **Equities (Shanghai -1.0%; Shenzhen +0.3%) outperformed, the onshore and offshore RMB depreciated (-0.7%) and 10-year bond yields rose slightly (+1.4bps).**

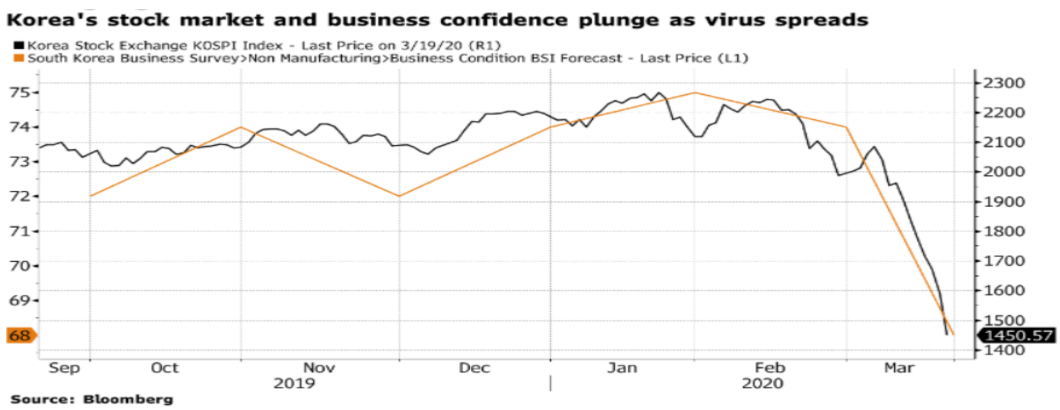
Chinese developers' dollar bonds plunged amid global turmoil



Source: Bloomberg-compiled prices

Korea

The Bank of Korea will purchase $1.2bn government bonds to stabilize the market. Also, the authorities will create bond and stock market stabilization funds. Details will be announced next week, but early indication are that the size of the bond market stabilization fund will be close to $8bn. The stock stabilization fund will invest in indices, rather than individual stocks and will be operated until the equity market stabilizes. **President Moon introduced a KRW50 tn aid for small businesses and self-employed people.** Some highlights of the package include: (1) KRW12 tn in low-interest financing for small firms at 1.5%, (2) KRW5.5 tn in loan gurantees. Financial firms will also ease loan terms and suspend interest payments for small businesses, according to Bloomberg. The finance ministry said that the Bank of Korea will actively provide liquidity support for around half of the new package. **To help with corporate funding, the Korean Development Bank will actively underwrite corporate bonds for companies emergency funding needs.** The government will also provide liquidity for enterprises with lower ratings by raising the issuance of primary-collaterlized bond obligations to KRW6.7 tn over the next three years. **Equities (-8.4%) plunged, trigging the circuit breaker for the second time this week while the won weakened -3.1%.**



Philippines

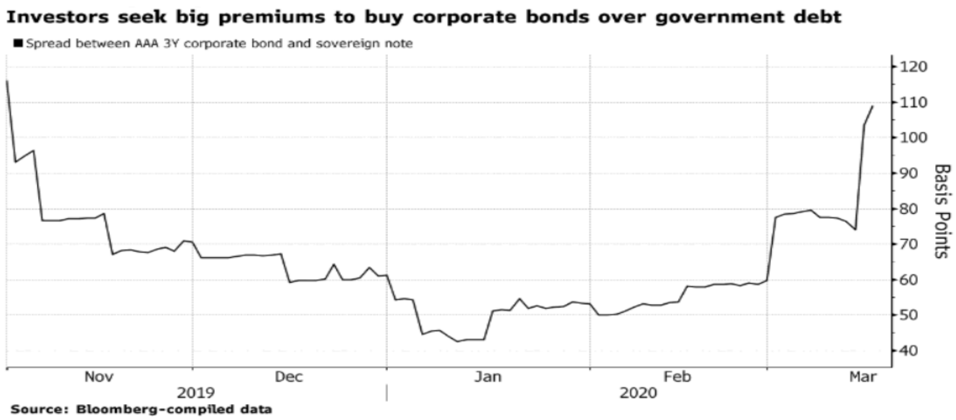
The Bangko Sentral ng Pilipinas (BSP) lowered interest rates and eased banking restrictions. The central bank cut the overnight reverse repurchase rate by 50bps to 3.25% as expected. This marked the second successive reduction and the cut was the biggest since the central bank moved to a interest rate corridor system in 2016. On banking regulations, the BSP authorized a temporary relaxation of regulations on compliance reporting by banks, calculations of penalties on required reserves and single borrower limits. It also approved a temporary reduction to zero of the term spread on rediscounting loans relative to the overnight lending rate. The authorities said that the virus outbreak could see the economy slow by as much as 1 percentage point this year. **Equities (-13.3%) plunged after reopening from a two-day closure while USD-denominated 10-year bond yield rose 67bps.** The peso was stable.

Indonesia

Bank Indonesia (BI) cut its 7-day reverse repo rate by 25bps to 4.5% as expected. This marked the second straight reduction, with Governor Warjiyo saying that the rate reduction was part of a pre-emptive measure to support economic growth. BI sees room to cut the benchmark rate further and also trimed its 2020 growth forecast to 4.2-4.6% from 5-5.4%. The central bank also said that it will intensify intervention to ensure market confidence and liquidity. BI bought IDR6 tn of sovereign bonds today, exceeding its IDR2 tn target. **Indonesia asset were in free fall: the rupiah depreciated -4.3%, local and USD-denomianted bond yields rose 41bps and 43bps, respectively, while equities tumbled -5.2%.**

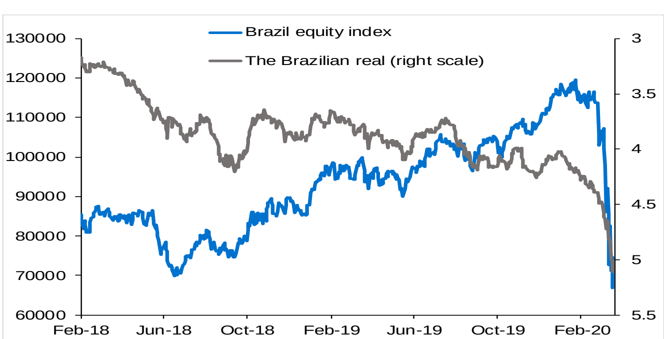
India

The Reserve Bank of India said that it is conducting INR100 bn of open market operations. It is purchasing bonds with three to five-year maturities (maturing by 2025). The decision was driven by tightening financial conditions in certain market segments and the authorities aim to ensure all segments remain liquid and stable. **5-year bond yields rose 12.2bps while the Indian rupee weakened -1.1% to a record-low while equities dropped -2.7%.**



Brazil

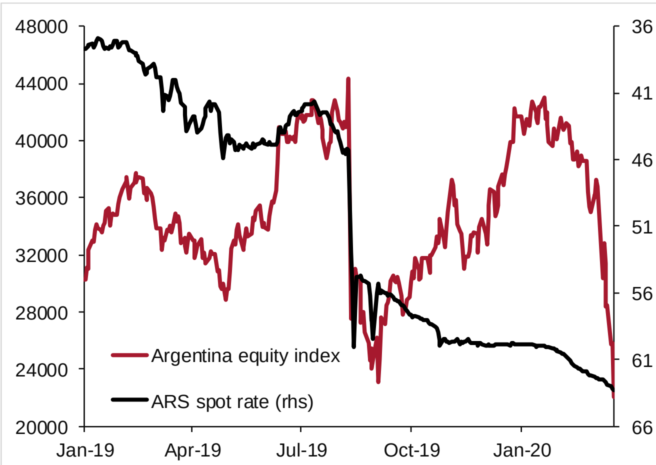
Brazil's central bank cut its Selic rate by 50 bps to 3.75%, a new record low, to mitigate the negative economic impact of the coronavirus and prevent the nation's economic outlook from further deteriorating**.** In the statement, the central bank pointed out that it's appropriate to keep the benchmark rate at this new level, and they will incorporate further economic data to decide the next steps. Analysts forecasted the country's GDP to contract 1% in 2020, and economists expected the inflation would remain below target through 2021. Brazil's markets suffered notable losses on Wednesday, with domestic equities falling by 10% and the peso depreciating by close to 2% against the dollar.



Source: Bloomberg

Argentina

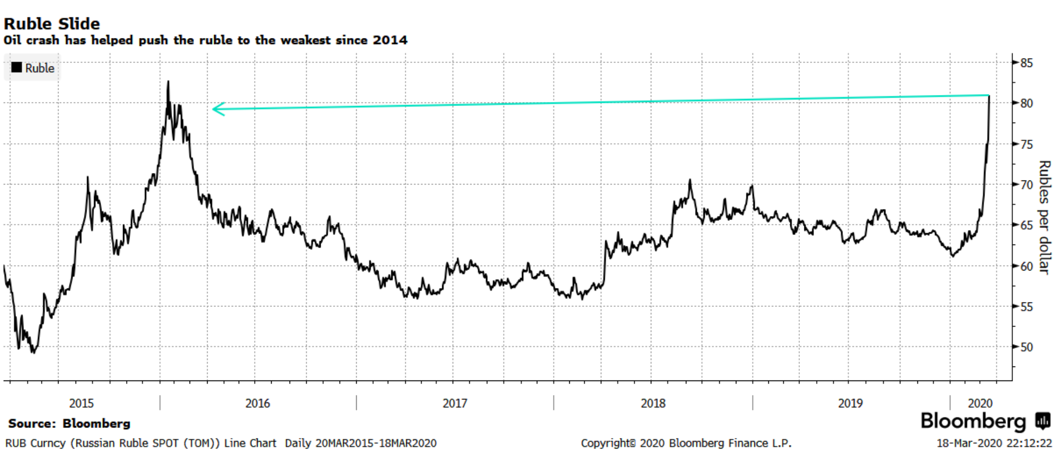
The government announced a fiscal stimulus package of ARS700bn (c. 2% of GDP, US$11.3 bn) to mitigate the impact of the COVID-19 and support the economy. The main measures include providing credit to productive activities (ARS350bn), increasing public investments (ARS100bn), and waiving payroll taxes for firms affected by the coronavirus. Analysts expected the maximum impact of this packages amounts to 0.5% of GDP, given Argentina's weak economy and limited fiscal space. Argentina's risky assets sold off yesterday, with domestic equities down as much as 14% and the peso little changed.



Source: Bloomberg

Russia

The Russian ruble's sharp depreciation is raising expectations that the central bank would leave its policy rate unchanged in its upcoming meeting. The ruble has weakened by about 23% YTD, with much of its loss sustained in early March, after the price of Brent crude sank below $50/barrel. At around 80 per USD, the RUB has underperformed other EM currencies and reached its weakest level since early 2016. The ruble's sharp depreciation, and the prospect of oil prices lingering near or even below current low levels, have focused attention on the Central Bank of Russia's policy response in its upcoming meeting. Although many central banks have offered emergency rate cuts to offset the impact of the virus outbreak, most economists surveyed by Bloomberg expect Governor Nabiullina to hold the policy rate unchanged at 6% on Friday, ending a string of 6 cuts since early 2019 to avoid further weakening the currency. The ruble has traded slightly stronger on the day.



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: 3/19/20 8:42 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		2398	-5.2	-13	-29	-15	-26
Europe		2372	-0.6	-7	-39	-30	-37
Japan		16553	-1.0	-11	-29	-23	-30
China		2702	-1.0	-8	-9	-13	-11
Asia Ex Japan		55	-6.8	-16	-25	-23	-26
Emerging Markets		31	-0.4	-18	-30	-29	-31
Interest Rates					basis points		
US 10y Yield		1.13	11.3	32	-44	-148	-79
Germany 10y Yield		-0.22	1.8	52	20	-31	-3
Japan 10y Yield		0.08	0.2	14	13	12	9
UK 10y Yield		0.99	19.8	73	40	-19	17
Credit Spreads					basis points		
US Investment Grade		297	10.0	82	191	176	200
US High Yield		936	15.0	195	521	526	543
Europe IG		127	-11.8	7	85	70	83
Europe HY		698	-9.4	144	486	439	491
EMBIG Sovereign Spread		669	20.0	131	367	328	376
Exchange Rates					%		
USD/Majors		102.34	1.2	5	3	6	6
EUR/USD		1.08	-1.5	-4	0	-5	-4
USD/JPY		109.7	-1.5	-5	1	2	-1
EM/USD		52.9	-0.3	-5	-11	-17	-14
Commodities					%		
Brent Crude Oil ($/barrel)		26	3.3	-23	-57	-62	-61
Industrials Metals (index)		92	-1.1	-8	-13	-25	-19
Agriculture (index)		36	1.6	-2	-10	-12	-13
Implied Volatility					%		
VIX Index (%, change in pp)		82.2	5.7	6.7	67.8	68.6	68.4
10y Treasury Volatility Index		17.0	1.6	3.4	12.5	13.5	12.8
Global FX Volatility		13.4	0.0	0.5	8.0	6.8	7.5
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		259	-158.3	-23	120	-107	94
Italy		211	-56.2	-39	74	-29	51
Portugal		131	-37.7	-16	61	10	68
Spain		111	-34.9	-15	42	3	45

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: 3/19/2020 8:45 AM	Exchange Rates: Level		Exchange Rates: Change (in %)					Local Currency Bond Yields (GBI EM): 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		7.12	-1.0	-1.3	-2	-6	-2		2.8	1.4	8	-11	-36	-35
Indonesia		15913	-4.3	-8.7	-14	-11	-13		7.7	10.3	64	111	-10	60
India		75	-1.0	-1.1	-5	-8	-5		6.6	4.6	22	4	-83	-27
Philippines		51	0.1	-0.5	-1	3	-1		4.1	-0.2	0	-1	-130	-18
Thailand		33	-0.3	-3.1	-4	-3	-8		1.7	19.8	57	39	-97	5
Malaysia		4.41	-0.9	-3.4	-6	-8	-7		3.4	15.8	53	50	-50	5
Argentina		63	-0.2	-1.0	-3	-37	-5		59.4	291.5	967	148	3609	-323
Brazil		5.20	-1.7	-7.7	-16	-27	-22		7.6	133.7	101	184	-32	140
Chile		877	-1.1	-2.7	-9	-24	-14		3.3	26.8	26	-32	-99	0
Colombia		4101	-1.9	-6.1	-17	-24	-20		8.4	48.7	157	290	216	245
Mexico		24.35	-2.7	-9.9	-24	-22	-22		8.2	42.8	91	161	4	129
Peru		3.6	-0.8	-1.6	-5	-8	-7		6.0	47.8	149	185	64	152
Uruguay		46	-1.3	-5.5	-17	-28	-19		10.8	4.1	36	105	27	-7
Hungary		332	-2.3	-8.8	-6	-17	-11		2.5	48.6	113	83	44	129
Poland		4.26	-3.2	-8.1	-7	-11	-11		1.7	27.6	19	-19	-57	-17
Romania		4.5	-1.1	-4.2	-2	-7	-5		5.4	22.0	161	184	137	142
Russia		81.1	-0.2	-7.7	-22	-21	-24		8.2	34.9	116	234	17	203
South Africa		17.3	-1.2	-4.4	-13	-16	-19		11.8	67.4	199	226	230	224
Turkey		6.54	-0.9	-3.4	-7	-16	-9		12.3	26.8	97	114	-429	64
US (DXY; 5y UST)		102	1.1	5.0	3	6	6		0.72	-6.4	12	-68	-170	-97

	Equity Markets: Level		Equity Markets: Change (in %)					Bond Spreads on USD Debt (EMBIG): 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		2702	-1.0	-8	-9	-13	-11		257	11	47	89	81	81
Indonesia		4105	-5.2	-16	-31	-37	-35		378	39	100	220	189	222
India		28288	-2.0	-14	-32	-26	-31		335	44	122	204	179	210
Philippines		4623	-13.3	-27	-37	-41	-41		268	31	93	201	176	202
Malaysia		1220	-1.6	-14	-20	-28	-23		317	51	134	214	189	205
Argentina		22087	-14.5	-30	-42	-36	-47		4081	48	856	2007	3355	2312
Brazil		66895	-10.3	-21	-43	-33	-42		452	-1	94	265	218	237
Chile		2876	-12.1	-23	-36	-46	-38		382	7	84	244	253	249
Colombia		894	-10.6	-24	-47	-45	-46		504	18	148	344	320	341
Mexico		35533	-3.6	-10	-21	-16	-18		714	7	143	425	412	422
Peru		14524	-5.7	-15	-26	-31	-29		345	19	114	236	214	238
Hungary		29566	0.3	-9	-36	-30	-36		171	1	-21	63	52	85
Poland		39989	1.7	8	-31	-34	-31		101	-2	-10	69	47	83
Romania		7289	-0.1	-8	-29	-8	-27		384	82	127	209	186	211
Russia		2190	3.7	-4	-30	-12	-28		335	-19	46	196	127	204
South Africa		37453	-3.0	-15	-35	-34	-34		698	29	161	370	397	378
Turkey		84512	-1.2	-10	-29	-19	-26		753	12	147	361	334	352
Ukraine		524	0.0	-1	-1	-7	3		1170	26	259	815	558	750
EM total		31	-0.4	-18	-30	-29	-31		669	20	131	367	328	376

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)	3589	-1.3	-9.2	-12.4	-11.4	-14.3
CSI 500 (Mid-Cap Index)	5158	0.7	-6.1	-2.1	-7.9	-7.7
CSI 1000 (Small-Cap Index)	5617	1.1	-6.4	0.9	-6.7	-5.7
Japan (Nikkei)	16553	-1.0	-10.8	-30.0	-29.3	-31.3
Korea (Kospi)	1458	-8.4	-20.5	-33.7	-34.1	-35.6
United States (S&P 500)	2398	-5.2	-12.5	-25.8	-29.2	-28.0
Europe (Eurostoxx 600)	277	-0.8	-5.9	-33.3	-36.1	-34.6
MSCI Global	403	-5.1	-6.0	-28.8	-30.5	-30.5
MSCI Asia ex. Japan	524	-3.8	-10.4	-23.8	-23.8	-26.3
Asia Pacific Airlines	101	-3.6	-14.3	-34.1	-26.1	-32.3
Luxury Goods	485	-5.0	-7.3	-37.3	-35.7	-38.9
Hotels Restaurants & Leisure	209	-7.9	-19.7	-45.8	-46.0	-47.6
Volatility Index (VIX, change in pp)	82	5.6	6.6	68.3	67.7	70.0
Interest Rates	**Percent**	**Change (in basis points)**				
US 10y Yield	1.12	-7	32	-79	-44	-70
Germany 10y Yield	-0.21	2	53	-3	21	1
Eurodollar - April 2020	1.03	-21	-46	69	-60	-69
Eurodollar - June 2020	0.69	-15	-22	101	-86	-100
Eurodollar - December 2020	0.51	-3	-10	111	-92	-110
Exchange Rates	**Level**	**Relative change (in %) (+) = Appreciation**				
Chinese Renminbi (per USD)	7.12	-1.0	-1.3	-2.2	-1.7	-3.7
Japanese Yen (per USD)	109.6	-1.3	-4.5	-0.9	1.6	0.6
Euro (in USD)	1.08	-1.4	-3.7	-4.0	0.4	3.0
Dollar Index	102.2	1.1	4.9	6.1	2.5	4.7
EM FX index	52.9	-0.3	-5.0	-13.8	-10.8	-13.1
EM Bond Spreads on USD Debt	**Basis points**	**Change (in basis points)**				
EMBI Global Diversified	634	57	159	344	332	344
EMBI Asia	368	24	110	191	195	193
EMBI Latam	695	81	183	387	372	385
China	257	11	47	81	89	84
Local Currency Bond Yields (GBI EM)	**Percent**	**Change (in basis points)**				
China	2.80	1	8	-35	-11	-30
Mexico	8.23	43	91	129	163	132
Brazil	7.65	134	101	140	189	148
South Africa	11.76	67	199	224	232	228
Turkey	12.33	27	97	64	94	182
Commodities	**Dollars**	**Relative change (in %)**				
Brent Crude Oil (per ton)	25.8	3.5	-22.5	-61.0	-56.4	-60.5
Gold (per troy ounce)	1472.1	-0.9	-6.6	-3.0	-8.7	-5.7