GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, MARCH 30, 2020

- **China's PBC cuts 7-day reverse repo rate by 20 bps, signaling stronger easing** (link)
- **Bank of Canada announced its first-ever large scale asset purchase program** (link)
- **Oil prices fall below $20 per barrel on demand outlook, continuation of price war** (link)
- **High grade corporate bond market sees issuance rush** (link)
- **South Africa's debt downgraded by Moodys** (link)
- **Basel, US delays implementation of bank accounting and capital rules** (link)
- **US Treasury market liquidity remains low with increasing delivery fails** (link)
- **Singapore eases policy by reducing slope of currency band to zero** (link)
- **Colombia cuts policy rates by 50 bps, in line with expectations** (link)

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Equities slip as oil prices fall further

Risk assets are weakening as last week's stimulus optimism gives way to economic uncertainty. Equities and credit have been edging lower since late in the Friday session while haven assets are strengthening, as investors struggle to predict the depth and duration of the global recession, and just how much stimulus measures can help. The drumbeat of grim virus news is continuing to weigh on sentiment, particularly the shocking death toll in southern Europe as well as Pres. Trump's abrupt abandonment of his idea to open the economy early. The price of oil is slumping once again, weighing heavily on global risk sentiment, on signs that Russia and Saudi Arabia are not yet seeking to end their price war. US equity futures however bounced off their overnight lows on hopes that China will soon be stepping up its stimulus. The PBOC its open market operation rate by 20 bps, a larger increment than it has used since 2015. Elsewhere in emerging markets, currencies are tumbling on Mexico and South Africa's ratings downgrades. Quarter-end technical factors are in focus as well as quarter-end re-balancing flows and money market liquidity pressures could be unusually large given the size of recent moves.

In the week ahead, US March payrolls are expected to fall for the first time in a decade, with expectations for -100k. However, it is unlikely to fully reflect the latest developments as the reference period was just before the coronavirus led to widespread layoffs. Market economists continue to mark down their global GDP forecasts as virus-related economic disruptions continue to increase. On the commodity front, Brent crude oil fell below $25/bbl, and analysts are not optimistic. Beginning on April 1, every OPEC+ member country is free to pump at will as the current deal expires, unless they agree on maintaining the existing output cuts until June as Russia proposed, or cutting deeper as the Saudis proposed. Over the weekend, President Trump warned residents of New York, New Jersey, and Connecticut against traveling outside their states and extended the social distancing guidelines until April 30.

Key Global Financial Indicators

Last updated: 3/30/20 8:10 AM	Level Last 12m	Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		2541	-3.4	10	-14	-10	-21
Eurostoxx 50		2704	-0.9	9	-19	-19	-28
Nikkei 225		19085	-1.6	13	-10	-10	-19
MSCI EM		33	-0.6	6	-18	-22	-26
Yields and Spreads			bps				
US 10y Yield		0.65	-17.0	-14	-50	-176	-127
Germany 10y Yield		-0.53	-5.6	-16	8	-46	-35
EMBIG Sovereign Spread		638	15	-67	267	287	345
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		53.6	-0.9	1	-8	-14	-13
Dollar index, (+) = $ appreciation		98.9	0.6	-3	1	2	3
Brent Crude Oil ($/barrel)		22.9	-8.1	-15	-55	-66	-65
VIX Index (%, change in pp)		64.1	-1.4	3	24	50	50

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

United States

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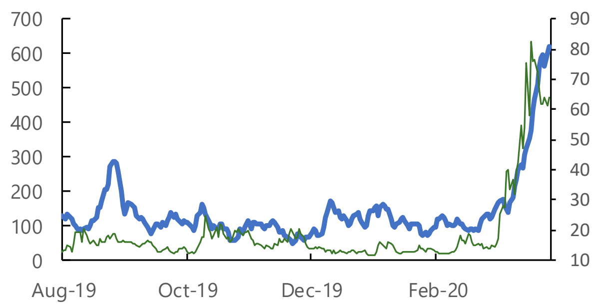
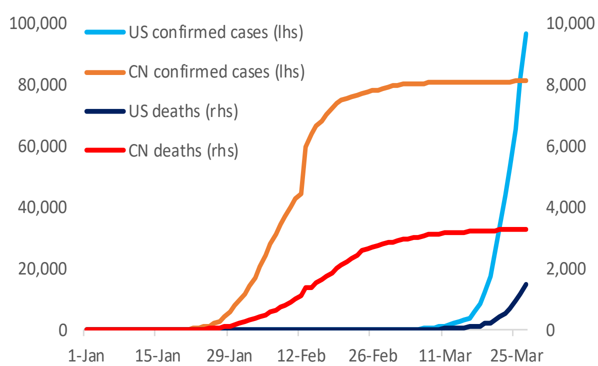
Equities slid lower Friday in a relatively quiet trading session, following an 18% rally in the past three days, with lower trading volume than the recent average. VIX remains at elevated levels along with the highest policy uncertainty index since 1985. Pres. Trump approved the $2 tn fiscal stimulus package in the afternoon, but the positive news failed to buoy the markets as negative headlines related to coronavirus weighed on sentiment. Confirmed cases in the US have continued to increase, exceeding cases in China and Italy. In New York, deaths spiked up by 35% in a day to more than 500, and Governor Cuomo told that he would seek federal assistance for four new emergency hospitals. President Trump suggested he would not respond to requests for aid. President Trump signed the package into law late afternoon, on which S&P 500 futures changed little. In credit markets, CDX IG 5-year spread widened by 15bps following 55bps tightening over the last four days. The Fed announced Friday that it would reduce the daily pace of Treasury purchases to $60 bn next Thursday and Friday from $75 bn, which market participants interpreted as suggesting the the Fed was scaling back its quantitative easing. The **Treasury yield curve bull-flattened with the ten-year tenor down by 17bps on the day as liquidity remains low** (see below). The US dollar index has weakened for four consecutive days, down 4.4% for the week.

Economic Policy Uncertainty Index vs. VIX



Source: Bloomberg

Coronavirus Update

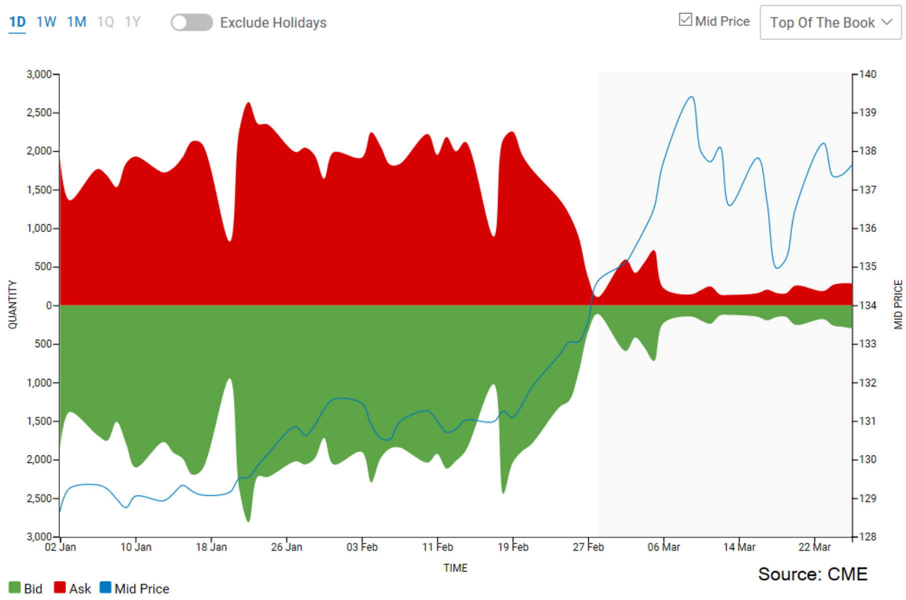


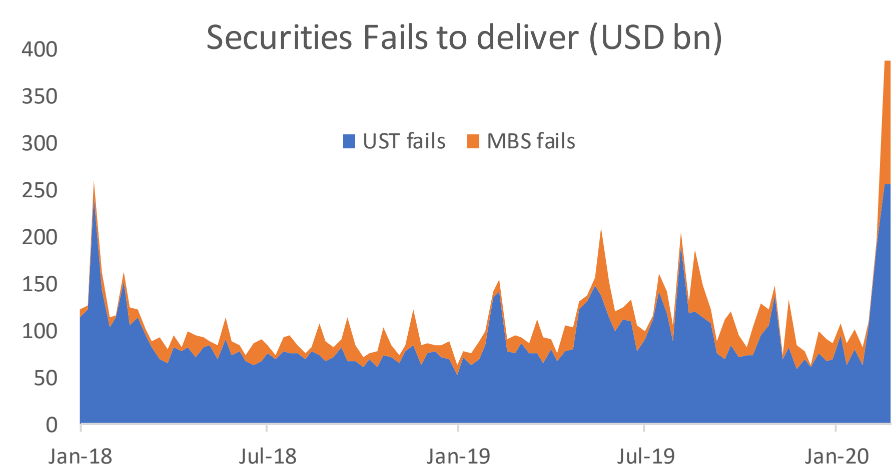
Souce: Bloomberg

Treasury market liquidity is gradually improving but remains very poor. According to CME's data, market depth has deteriorated even for the most liquid 10-year Treasury futures, with the number of orders at the top of the book decreasing sharply since the end of February. The quantity is gradually recovering thanks for a large amount of Treasury purchases by the Fed, $631 bn over the past two weeks, assisting dealers in off-loading illiquid off-the-run securities in their inventories. Yet, market depth is just about 20% of the level seen early this year. Lower liquidity conditions are partly due to operational frictions, with many traders still working from home. The dollar amount of Treasury repo fails shot up in March, reflecting lower operating capacity with many staff at broker-dealers working from home or at off-site offices.

US 10y Treasury Futures (TY) Market Depth

(number of orders at highest bid and lowest offer)



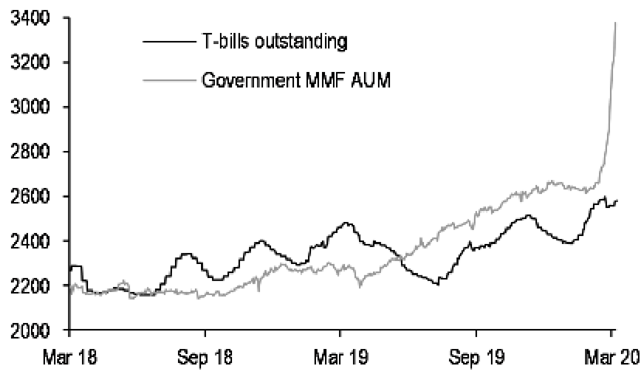


Source: Bloomberg

Repo market stress eased late last week as the Fed's interventions began to be effective. On Friday, the 84-day repo operation by the Fed in the morning saw no-bid, suggesting lower dealer balance sheets or greater availability for repo intermediation by dealers. Government MMFs saw more than $300 bn of inflows last week, which typically invest their cash in reverse repos and T-bills.T-bills carried sub-zero yields recently.

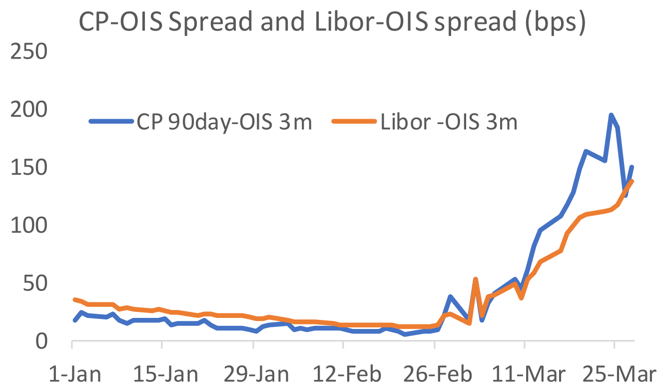
Exhibit 3: …as a historic increase in Government MMF AUM has outstripped T-bill supply

T-bills outstanding versus Government MMF AUM; $bn



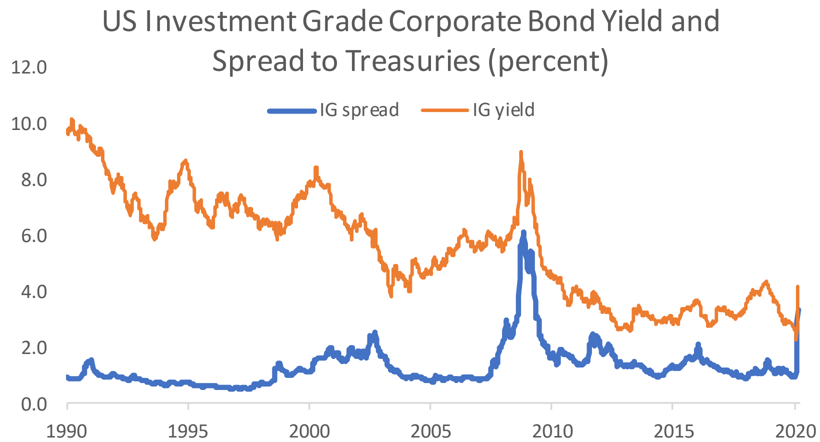
Source: J.P. Morgan, iMoneyNet

On the other hand, the demand for uncollateralized funding remains high. Prime MMFs, the main buyers of CPs, continued to see outflows, resulting in both CP rates and Libor being at elevated levels. While the MMLF launched last Monday and helped to provide much-needed liquidity to domestic prime funds, there wasn't much help for off-shore funds. CPFF, announced on March 17, will not be available until the first half of April, putting issuers to face with rollover risks. Based on Fed data, as of March 20, roughly $500 bn of CP or about 45% of the market is expected to mature between now and April 17. As the term CP market is effectively closed, issuers are likely to be forced to issue in short dates at high yields, increasing rollover risks. However, some issuers may choose to tap other funding sources such as the primary corporate bond markets or bank loans.



Source: Bloomberg

The investment grade corporate bond market has seen a surge in issuance. Through late February and the first half of March, the investment grade (IG) primary market was largely closed. However, with the Fed stepping in to support market functioning, and Congress agreeing on a $2 tn fiscal stimulus package, the market revived over the past week. US corporates borrowed $74 bn in the IG bond market last week, the most since records began in 1972, according to Bloomberg. At least another $50 bn is expected for the rest of the month. Analysts see that this is a great time for companies to refinance as issuance costs remain near all-time lows thanks for lower risk-free rate despite wider credit spreads. IG debt outstanding was $5.8 tn in total as of March 25, double the level ten years ago.



Source: Bloomberg

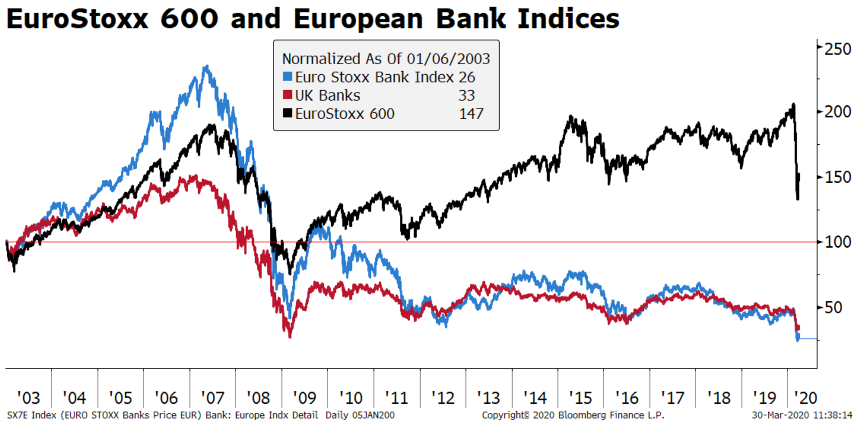
Issuing activity is spilling over to lower grade corporates. While the majority of the new debt has come with an A-rating, BBB issuers have done well, according to Credit Sights. Subscription levels have averaged 4-6x across the curve. The activities are gradually spilling over to sub-investment grade bonds and leveraged loans. For example, in the leveraged loan market, 17 deals totaling more than $16 bn launched last week.

US regulators agreed to delay the implementation of CECL, under which banks need to write down losses when they make loans, as opposed to the current practice where losses are acknowledged when there are clear signs of stress. Separately, banks can immediately start using the SA-CCR approach for derivative contracts for the reporting period ending March 31, which would address the deficiencies of the existing approaches.

Banks are informally guiding borrowers to refrain from drawing down revolving credit lines. A note from Goldman Sachs indicates that over 200 US companies have drawn about $180bn from their revolving facilities since March 5th, compared with the estimated $3.2 trillion of irrevocable commitments on the balance sheets of US banks. Much of this initially came from travel, leisure and gaming industries, but large industrials have also started to draw down in size – for example, General Motors and Ford have drawn $16bn and 15.4bn, respectively. A Bloomberg article suggests that banks are attempting quietly to persuade borrowers to slow the pace of drawdowns. This is reportedly not motivated mainly by liquidity concerns – monetary policy easing has created ample liquidity, and US banks have sold over $50bn of bonds over the past two weeks to build liquidity buffers. (In addition, US banks' December 31, 2019, disclosure suggests that their capital buffers suffice to absorb complete draw-down of all irrevocable commitments.) Rather, industry observers believe, banks are reluctant to commit such large amounts of capital to a low-margin activity that they extend mainly to maintain corporate relationships that generate profits in other ways.

Europe back to top

Equities open the week lower, as the Covid-19 death toll continues to rise: DAX (-0.3%), CAC 40 (-1.0%), EuroStoxx 600 (-0.7%), Italy's Titans 30 (-0.9%), and Spanish Ibex (-1.5%).



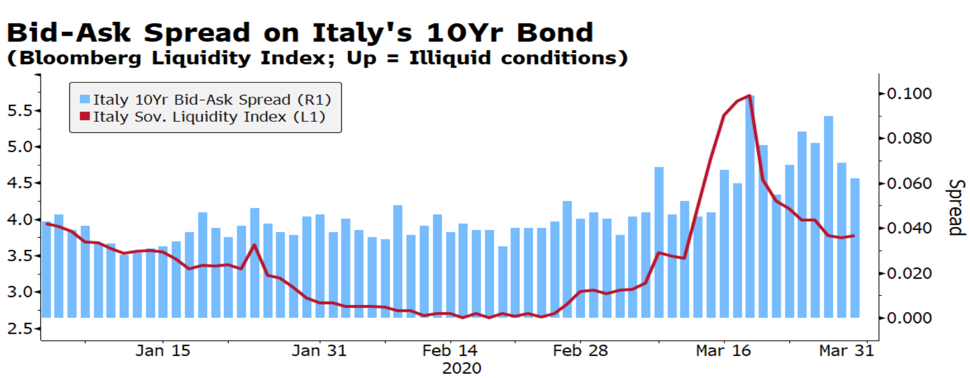
Bank stocks (-4.5%) severely underperformed as **an increasing number of entities have already announces dividend cutbacks and/or postponements**. The list of those suspending dividends include ABN Amro (-9.7%), ING (-8.6%), and Unicredit (-6.2%), among others. The announcements follow the ECB's call to freeze dividends and share buybacks until at least Oct 1, 2020. Separately, the **Basel Committee has postponed the full implementation of Basel 3 capital requirements to January 2023.**

Annex - summary of revised implementation timeline

Standard	Original implementation date	Revised implementation date
Revised leverage ratio framework and G-SIB buffer	1 January 2022	1 January 2023
Revised standardised approach for credit risk	1 January 2022	1 January 2023
Revised IRB approach for credit risk	1 January 2022	1 January 2023
Revised operational risk framework	1 January 2022	1 January 2023
Revised CVA framework	1 January 2022	1 January 2023
Revised market risk framework	1 January 2022	1 January 2023
Output floor	1 January 2022; transitional arrangements to 1 January 2027	1 January 2023; transitional arrangements to 1 January 2028
Revised Pillar 3 disclosure framework	1 January 2022	1 January 2023

IRB = internal ratings-based approach; CVA = credit valuation adjustment.

Sovereign debt markets traded again in risk-off mode. German 10-year yields at -0.53% (-6 bps); French OATs are at -0.09% (-4 bps); Italian at 1.40% (+7 bps); and Spanish at -0.52% (-1 bp). Liquidity conditions in some sovereign debt markets have improved slightly, thanks largely to massive support measures announced throughout last week.

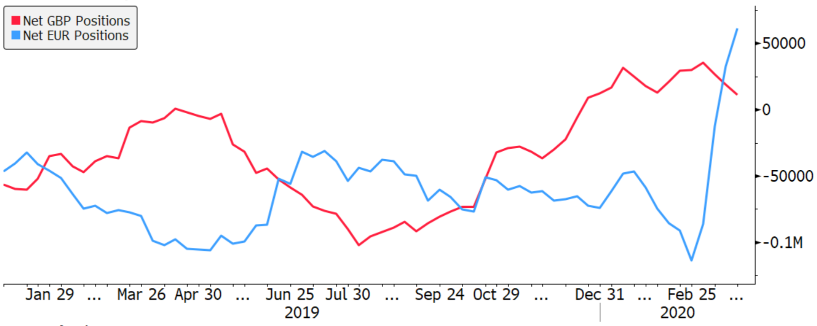


Source: Bloomberg

Gilts are 9 and 5 bps lower for the 10- and the 2-year bonds, respectively. The 10-year is at 0.28% and the 2-year at 0.09%. **Fitch cut the UK's sovereign rating last Friday one notch to AA- 'negative outlook'**, citing the impact of the coronavirus and lingering Brexit uncertainties.

The **pound dropped 0.7% to $1.24**, slightly retracing some of last week's 7% gain. **The euro (-0.5%) also fell to $1.11**. Recent CFTC data reveal that net long futures positions in sterling decreased in the week ended Mar. 24, whereas long euro positions increased. FX traders warn, however, that given volatile and illiquid markets, CFTC data may not be as indicative of real market positioning as usual.

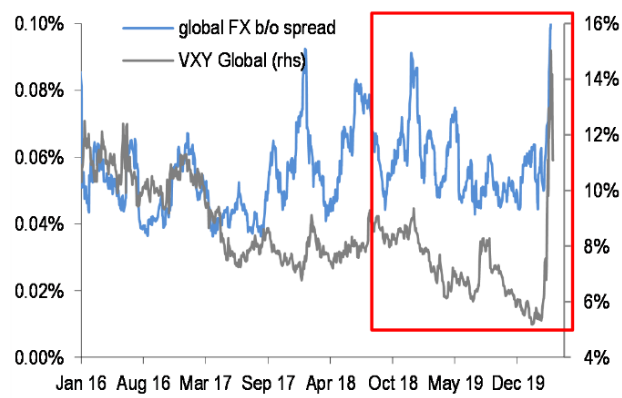
FX Positions in CME Futures Market
(CFTC Data, no. of contracts)



Source: Bloomberg
IMMSPNCS Index (CFTC CME British Pound Sterling Non-Commercial Short Contracts/F Copyright© 2020 Bloomberg Finance L.P. 30-Mar-2020 09:56:51

Exhibit 1: Bid/offer spreads widened further as vol spiked last week…

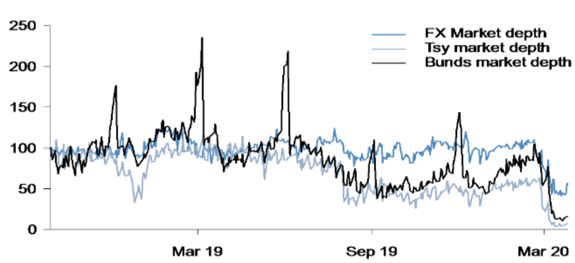
Average bid/offer spreads for select G10 and EM pairs vs. USD (%) vs. J.P. Morgan FX volatility index



Source: J.P. Morgan, Bloomberg

Exhibit 3: FX market depth plummeted 50% in even the most liquid pairs although the deterioration was larger in bonds; this is starting to improve this week but is still low…

Market depth in FX* for USD/JPY and EUR/USD vs. Bunds and Treasuries+; Starting value indexed to 100



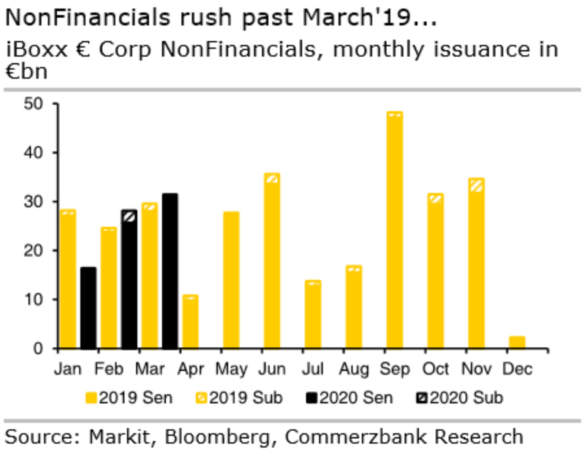
* Size of the top 5 bid and offer levels of the order book; averaged for 5 minute snapshots for a 2-hour liquid window by pair.

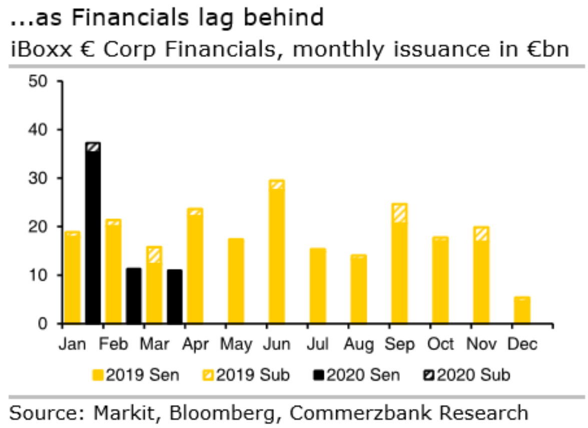
+ Market depth is the sum of the three bids and offers by queue position, averaged between 8:30 and 10:30am daily

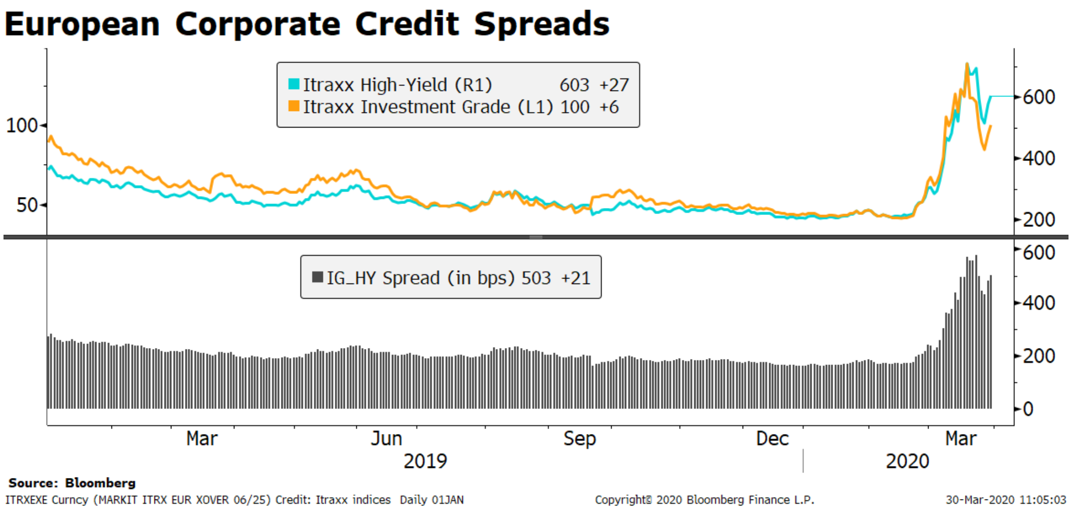
Source: J.P. Morgan, External venues

Reportedly, over 200,000 French companies have already applied for state support in order to keep 2.2 million employees on their payroll.

In credit markets, the hunting and hoarding of cash (notably US dollar) is set to continue in earnest, as widespread lockdowns throughout the world continue. Analysts expect primary issuance to be dominated by non-financial firms, as banks have access to generous TLTRO funding. **Corporate credit spreads are gapping higher again today, both for investment grade (+6 bps) and high yield (+27 bps).**







Other Mature Markets

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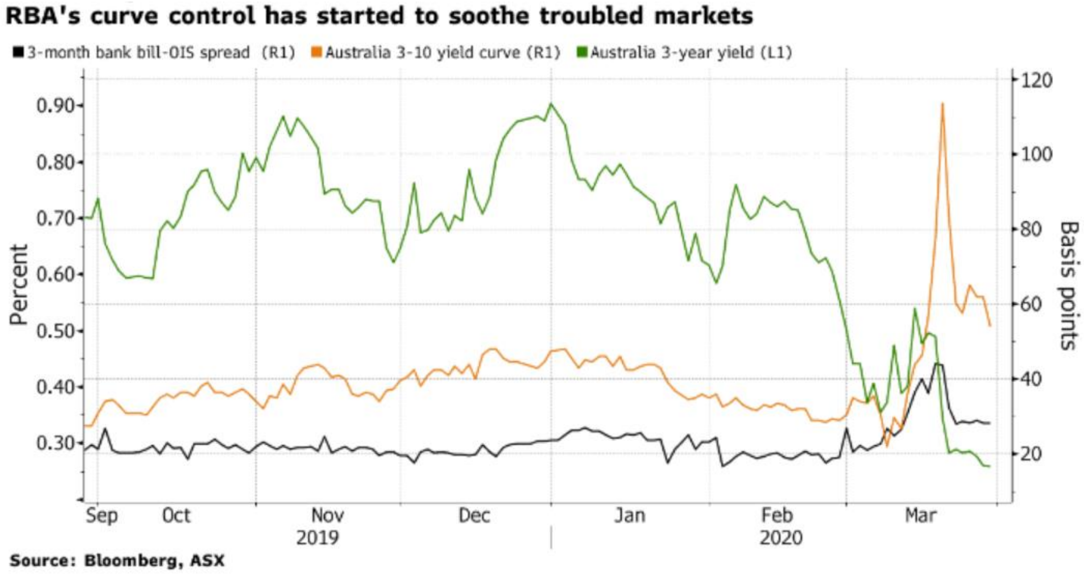
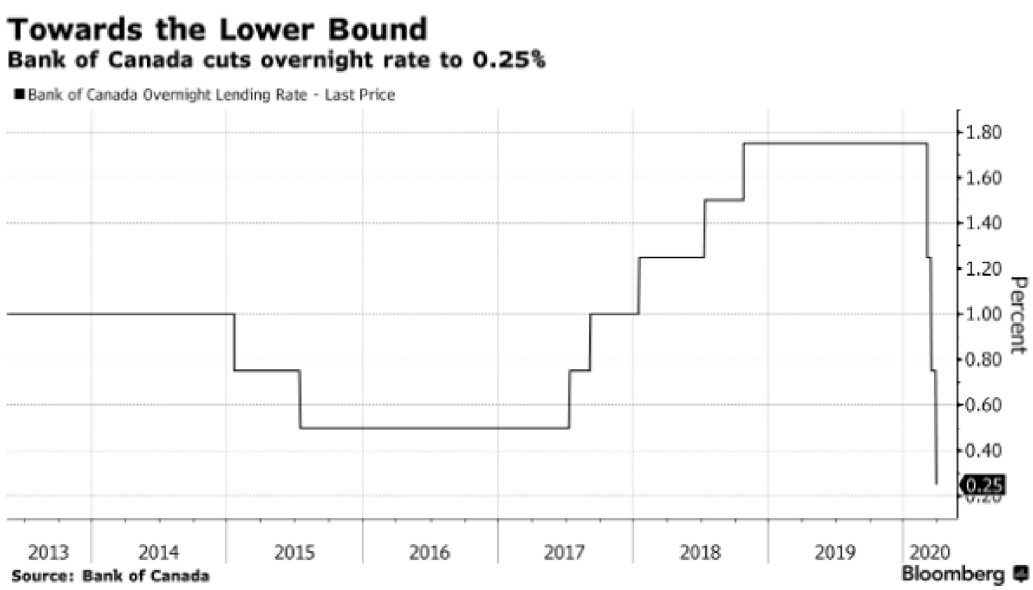
Australia

The Reserve Bank of Australia under its new QE program has purchased AUD24 bn of bonds, summing to 2.5% of the bond market in its first six days of purchases. The 3-year government bond yield is at the RBA's 0.25% target and the bank bill-OIS spread is at the narrowest since March 10. Federal and state governments such as New South Wales, Victoria, West Australia and Queensland have resumed borrowing. The federal government's auction of AUD1 bn of notes due 2022 received strong demand. The bid-to-cover ratio of 4.17 was the highest since a January sale of AUD400 mn in April 2024 securities, according to Bloomberg. **Separately, the government released a AUD130 bn (around 0.7% of GDP) jobs plan.** The package will pay wage subsidies of AUD1,500 every two weeks per employee. The subsidy is equivalent to approximately 70% of the median wage and will be paid to employers for six months. Other measures include: (1) banks extending a six-month deferral of loan repayments to 98% of companies (initially for small companies), (2) tighter restrictions on foreign takeovers, with all deals requiring government approval. There are 4,093 confirmed covid-19 cases and public gatherings have been limited to just two people. **Equities surged 7%, its largest one-day gain on record.**



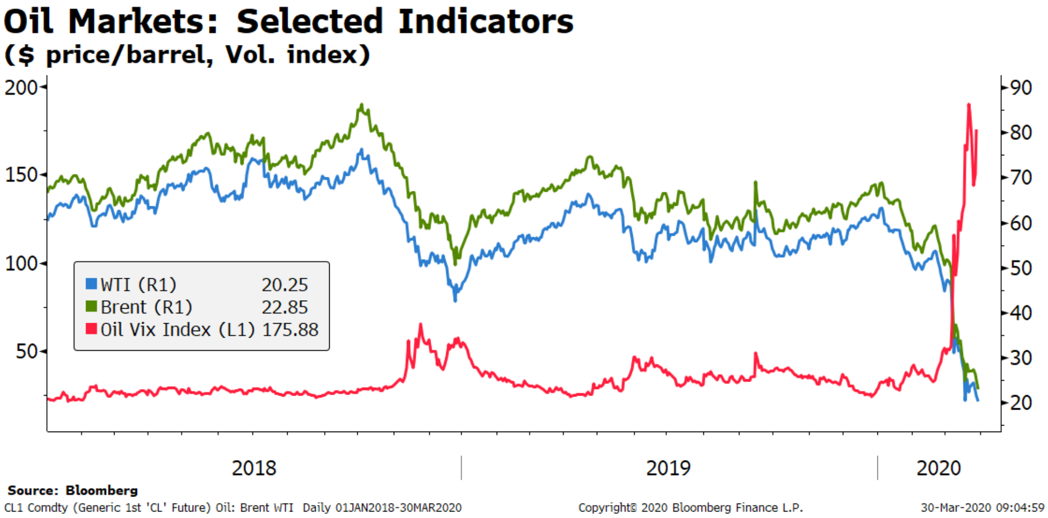
Canada

Bank of Canada announced a first-ever large scale asset purchase program and cut the policy rate by 50 bps to 0.25%. The central bank launched QE to buy at least CAD 5 bn a week in government securities and introduced a commercial paper purchase program. The government also unveiled various measures to bring the total fiscal stimulus package to CAD 202 bn.



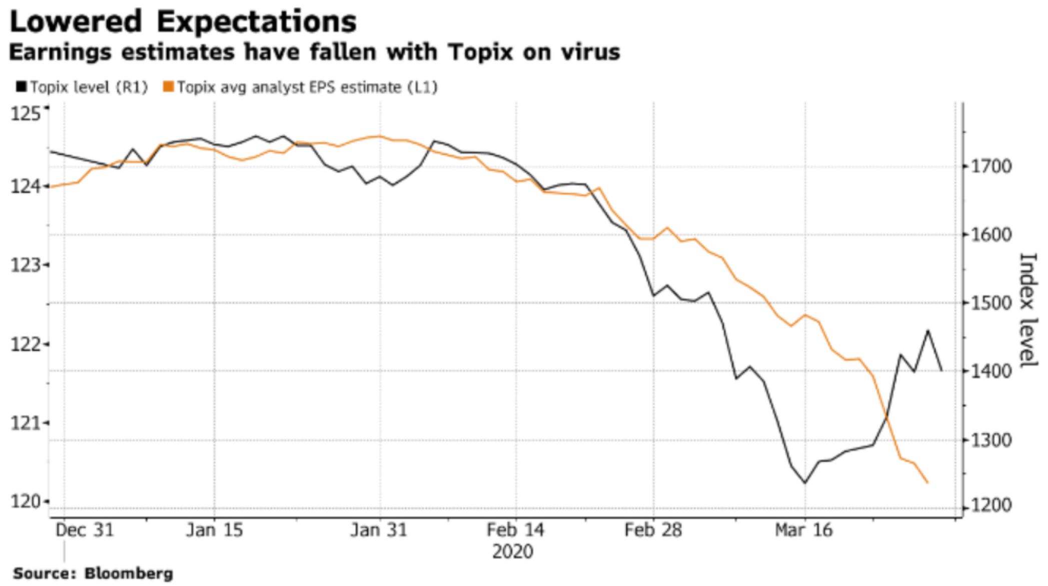
Commodities

Crude prices have slumped another 6% to 9% today, as forecasts of a prolonged global recession hit demand prospects. Brent (-8.6%) traded at $23/barrel and WTI (-6.0%) at $20/barrel. As production continues unrelentingly even as demand plummets, storage capacity is being driven to the limit. Estimates of global crude consumption in normal times are about 100 mn barrels/day; currently about 75 mn barrels/day are being used, according to some analysts. As oil trading houses rush to fill storage facilities on land and ships at sea, some fear the **increased risk of an environmental catastrophe from an oil spill.**



Japan

Equities fell 1.6% after pairing sharp intraday losses. A large number of stocks going ex-dividend weight on the indices. Equities have been supported by the BoJ's record equity ETF purchases, including an additional $1.9bn today. Separately, Tokyo reported 68 new covid-19 cases on Sunday, the highest daily count so far. Investors have been speculating that tighter containment measures could be announced soon. The yen appreciated 0.3% and JGB yields declined slightly.



Singapore

The Monetary Authority of Singapore (MAS) loosened its exchange rate policy, in line with expectations. It flattened the slope of the currency's appreciation to zero and also recentered its band lower (prviate sector estimates range from 50bps to 100bps). This marked the first recentering of the band since the global financial crisis in April 2009. The statement mentioned that the monetary policy will complement the supplementary budget that was announced last week. **The first USD auction drawing on the MAS-Fed swap line alloted $4.3 bn out of the auctioned $10 bn.** The Singapore dollar was stable while equities dropped -4.6%.

Emerging Markets

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In Asia declined with the biggest losses in Vietnam (-4.9%), India (-4.7%), and Singapore (-4.3%). Most other markets kept losses in the 0% to -2% range. Currencies were mostly weaker against the dollar. Sovereign bond yields fell for the better credits, but rose for the lower-rated sovereigns. In **Latin America,** currencies appreciated strongly against the dollar last week but gave back some of their gains on Friday as market optimism on US stimulus faded. The mexican peso was the main mover, appreciating by 10% between Tuesday and Thursday. The peso depreciated by 1.7% on Friday following S&P rating actions (see below) and has continued to weaken (-2%) before the market open given the weakness in oil prices.

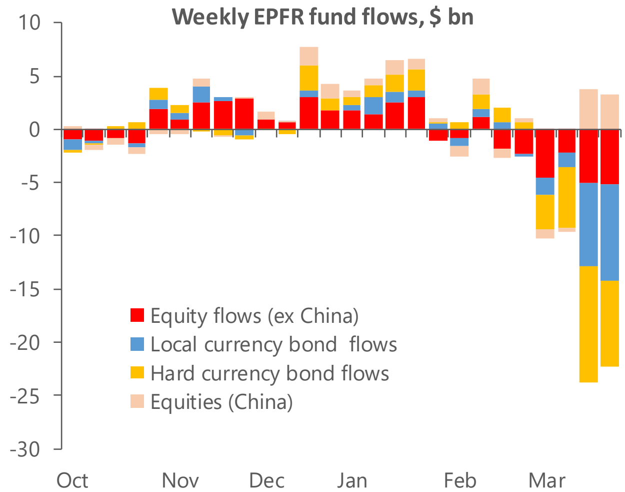
Key Emerging Market Financial Indicators

Last updated:	Level		Change				
3/30/20 8:17 AM	Last 12m	index	1 Day	7 Days	30 Days	12 M	YTD
Major EM Benchmarks					%		%
MSCI EM Equities		33.35	-0.7	6	-18	-22	-26
MSCI Frontier Equities		21.57	-1.5	6	-21	-24	-29
EMBIG Sovereign Spread (in bps)		638	15	-67	267	287	345
EM FX vs. USD		53.58	-0.9	1	-8	-14	-13
Major EM FX vs. USD			%, (+) = EM currency appreciation				
China Renminbi		7.10	0.0	0	-2	-5	-2
Indonesian Rupiah		16338	-1.0	1	-13	-13	-15
Indian Rupee		75.59	-1.0	1	-4	-9	-6
Argentine Peso		64.41	-0.3	-1	-4	-32	-7
Brazil Real		5.12	-0.4	0	-13	-25	-21
Mexican Peso		23.79	-1.9	7	-18	-20	-20
Russian Ruble		79.87	-1.2	0	-17	-18	-22
South African Rand		17.88	-1.4	0	-14	-21	-22
Turkish Lira		6.57	-1.7	0	-6	-16	-9
EM FX volatility		12.46	-1.7	-2.1	4.3	3.2	5.9

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

EM fund flows

Large outflows from EM debt-dedicated funds continued but decelerated between March 18-25. Debt funds had outflows of $17 bn (4% of Assets under Management-AUM) slightly lower than the $18.8 bn (4.1%) of the week before. The last four weeks amounted to $47.7 bn of outflows (10.2% of AuM) of outflows. Local currency debt overtook hard currency in weekly outflows with $9.1 bn (5% of AuM), bringing the cumulative outflows of the past four weeks to 10.5% of AuM. **Equity outflows (Ex-China) continued at a similar pace with the previous week** declining by $5 bn while Asian focused funds (especially China) continued to see inflows for a second week in a row.



Source: EPFR

China

The People's Bank of China (PBC) lowered its 7-day reverse repo rate by 20bps to 2.2% and injected RMB50 bn. This marked the first injection via open market operations since February 17. The move came after the Politburo's meeting on March 27, which called for stronger counter-cyclical policies including lower loan rates, sufficient liquidity, a higher fiscal deficit, and special government bonds issuance. Analysts expect cuts to the medium-term lending facility rate and consequently the loan prime rate. **Equities (Shanghai -0.9%; Shenzhen -2.1%) fell, the onshore RMB was stable while the offshore counterpart depreciated -0.2%, and 10-year bond yields rose +1.6bps.**

Early indicators show that overdue consumer debt surged in China. According to Bloomberg, overdue credit card debt rose 50% y/y in February, while China Merchants Bank, one of the country's biggest provider of credit card, said that it saw a "significant" increase in past-due loans on its credit card business. Consumer default rates at some banks have already risen to as high as 4% from around 1% before the virus outbreak. China's household debt – including mortgages – has nearly doubled since 2015 to RMB55 tn to 2019.

South Africa

Moody's downgraded South Africa to below investment grade late Friday evening, raising the prospect of $4-10 bn of forced liquidation by index-tracking funds. Moody's downgraded South Africa's long-term foreign-currency and local-currency ratings from Baa3 to Ba1, one level below investment grade, citing "continuing deterioration in fiscal strength and structurally very weak growth." The ratings outlook remains negative. In its statement, Moody's estimated that South Africa's fiscal deficit will widen to around 8.5% of GDP in fiscal 2020 and expect the debt burden to increase from 69% at the end of fiscal year 2019 to 91% of GDP by fiscal year 2023, including guarantees to SOEs. Meanwhile, SARB forecast suggests that growth could contract for the first time since 2009. The downgrade leaves South Africa without an investment-grade rating for the first time in 25 years as S&P and Fitch both lowered South Africa to junk in 2017. As a result, the downgrade, which takes South Africa's debt rating below the level required for the FTSE World Government Bond Index, raises the possibility of forced liquidation of USD 4-10 bn of index and index tracked funds from South Africa. The rand lost 1.7% in early Asian trading, taking it to a historically-weak level of ZAR 17.93/dollar.

EM rating downgrades

Last week, S&P reviewed its ratings for several oil-exporting EM sovereigns following its new oil forecasts of $30/bbl in 2020, $50/bbl in 2021 which led to multiple downgrades (see table). Morgan Stanley highlights that oil exporters make up nearly 40% of EMBI and the negative rating action's last week covered 16.5%. Looking ahead Moody's and Fitch still have oil forecasts well above current levels and analysts expects more rating actions will likely follow. Morgan Stanley highlights that the key rating to watch is Moody's Mexico rating, which they expect to be downgraded in Q2 2020, which would in turn push Pemex below investment grade (IG). They also think that it is unlikely for Colombia to lose its IG rating this year given it would take one downgrade from S&P and two downgrades from Fitch for this to happen (both are already on negative outlooks).

Exhibit 1: S&P rating action summary

Region	Country	S&P	Moody's	Fitch
ASIA	Malaysia	Rating affirmed at A-/Sta	A3/Sta	A-/Sta
CEEMEA	Abu Dhabi	Rating affirmed at AA/Sta	Aa2/Sta	AA/Sta
	Angola	Downgraded to CCC+/Sta	B3/Sta	B-/Sta
	Azerbaijan	Rating affirmed at BB+/Sta	Ba2/Sta	BB+/Sta
	Bahrain	Outlook to Stable from Positive	B2/Sta	BB-/Sta
	Iraq	Rating affirmed at B-/Sta	Caa1/Sta	B-/Sta
	Kazakhstan	Rating affirmed at BBB-/Sta	Baa3/Pos	BBB/Sta
	Kuwait	Downgraded to AA-/Sta	Aa2/Sta	AA/Sta
	Nigeria	Downgraded to B-/Sta	B2/Neg	B+/Neg
	Oman	Downgraded to BB-/Sta	Ba2/Sta	BB/Neg
	Qatar	Rating affirmed at AA-/Sta	Aa3/Sta	AA-/Sta
	Russia	Rating affirmed at BBB/Sta	Baa3/Sta	BBB/Sta
	Saudi Arabia	Rating affirmed at A-/Sta	A1/Sta	A/Sta
LATAM	Colombia	Rating affirmed at BBB-/Neg	Baa2/Sta	BBB/Neg
	Mexico	Downgraded to BBB/Neg	A3/Neg	BBB/Sta
	Trinidad & Tobago	Downgraded to BBB-/Sta	Ba1/Sta	NR

Source: Morgan Stanley

Colombia

Banrep cut its policy rate by 50bps, to 3.75%, in line with expectations, and left the door open for more cuts. During the press conference Governor Echaverria highlighted that concerns about FX pass-through and the current account deficit have become a second priority. Analysts interpreted the governor statements as willingness to take real rates below zero. Alongside the rate move, BanRep further extended programs aimed at providing liquidity to the market in USD and pesos: i) $1 bn of NDFs and $400 mn in FX swaps in addition to the program unveiled in recent weeks; ii) Extending access to liquidity facilities for severance funds and National Savings Fund.

Selected Measures by Banrep during Covid-19 Crisis

Date	Description
12-Mar-20	Liquidity measures: 1) in pesos: increasing size of repos auctions to COP17trn, opening access to more institutions, and broadening eligible collateral, including COP5trn for private debt; 2) auctions of 30-day NDFs up to $1 bn
16-Mar-20	Increase amount of private debt as eligible collateral for repos to up to COP8trn and extend maturity dates to up to 30 days
18-Mar-20	1) Increased size of repos to 23.5 trn (public and private debt); access to repo auctions for pension funds; extend repo maturities to up to 60 days (TES) and 90 days (private). 2) auctions of 60-day FX sw aps for $400 mn
23-Mar-20	1) Pesos: Announcement of auctions for secondary market purchase from financial institutions up to COP10 trn total of private debt maturing in the next 3 years. 2) TES market: Commitment to buy COP2 trn of TES in secondary market by end March
27-Mar-20	1) 50 basis points cut to 3.75 percent; 2) new auctions of dollar futures by $ 1,000 mn and sw aps by $400 mn 3)Access to severence funds and National Savings Fund to liquidity facilities

Source: JP Morgan

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Global Financial Indicators

Last updated: 3/30/20 8:10 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		2541	-3.4	10	-14	-10	-21
Europe		2704	-0.9	9	-19	-19	-28
Japan		19085	-1.6	13	-10	-10	-19
China		2747	-0.9	3	-5	-11	-10
Asia Ex Japan		58	-5.0	6	-15	-18	-21
Emerging Markets		33	-0.6	6	-18	-22	-26
Interest Rates					basis points		
US 10y Yield		0.65	-17.0	-14	-50	-176	-127
Germany 10y Yield		-0.53	-5.6	-16	8	-46	-35
Japan 10y Yield		0.02	0.2	-5	17	10	3
UK 10y Yield		0.31	-5.5	-11	-13	-69	-51
Credit Spreads					basis points		
US Investment Grade		292	-0.5	-65	164	174	195
US High Yield		923	-4.6	-168	390	504	530
Europe IG		101	6.2	-14	34	38	56
Europe HY		600	24.3	-91	296	342	393
EMBIG Sovereign Spread		638	15.0	-67	267	287	345
Exchange Rates					%		
USD/Majors		98.92	0.6	-3	1	2	3
EUR/USD		1.10	-0.9	3	-1	-1	-1
USD/JPY		108.1	-0.1	3	0	3	0
EM/USD		53.6	-0.9	1	-8	-14	-13
Commodities					%		
Brent Crude Oil ($/barrel)		23	-8.1	-15	-55	-66	-65
Industrials Metals (index)		91	-0.7	2	-11	-25	-20
Agriculture (index)		38	0.7	0	-2	-6	-9
Implied Volatility					%		
VIX Index (%, change in pp)		64.1	-1.4	2.5	24.0	50.4	50.3
10y Treasury Volatility Index		8.3	-1.3	-4.9	0.7	3.9	4.1
Global FX Volatility		11.7	-0.2	-2.5	4.2	4.2	5.7
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		218	11.4	-68	24	-163	52
Italy		194	13.5	-2	23	-62	34
Portugal		120	6.0	-14	24	-12	57
Spain		107	5.7	-6	18	-10	42

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:	Exchange Rates							Local Currency Bond Yields (GBI EM)						
3/30/2020	Level		Change (in %)					Level		Change (in basis points)				
8:13 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		7.10	-0.1	-0.1	-2	-5	-2		2.7	-1.9	-11	-18	-42	-46
Indonesia		16338	-1.0	1.5	-13	-13	-15		7.9	-27.1	-12	100	18	78
India		76	-1.0	0.9	-4	-9	-6		6.5	-17.8	-13	-5	-93	-39
Philippines		51	0.1	0.8	0	3	-1		4.9	-1.2	2	77	-49	59
Thailand		33	-0.4	0.4	-4	-3	-9		1.6	0.3	-15	42	-90	2
Malaysia		4.33	0.2	2.8	-3	-6	-5		3.3	-14.8	-30	44	-55	-5
Argentina		64	-0.3	-1.0	-4	-32	-7		62.3	-341.7	-687	1023	3530	-28
Brazil		5.12	-0.4	0.4	-13	-25	-21		6.6	-4.9	-127	74	-172	37
Chile		840	-0.6	2.5	-3	-20	-10		3.7	-0.4	3	0	-49	39
Colombia		3973	0.3	3.7	-12	-20	-17		6.8	18.3	-164	116	61	82
Mexico		23.80	-1.9	6.6	-18	-20	-20		7.2	-18.9	-36	44	-88	27
Peru		3.4	-0.3	3.2	0	-3	-3		4.8	2.2	-69	55	-57	30
Uruguay		43	-0.7	3.6	-10	-22	-14		13.5	-18.4	244	354	305	259
Hungary		325	-1.6	1.3	-7	-12	-9		1.6	0.1	-56	-1	-17	40
Poland		4.12	-1.3	4.2	-6	-7	-8		1.4	8.1	-14	-19	-84	-48
Romania		4.4	-0.7	3.4	-1	-3	-2		4.1	5.0	-86	55	5	9
Russia		79.9	-1.2	-0.3	-17	-18	-22		6.8	-5.0	-66	84	-115	70
South Africa		17.9	-1.4	-0.3	-14	-21	-22		11.9	27.2	-13	249	233	233
Turkey		6.56	-1.7	0.0	-6	-16	-9		12.5	4.6	-20	13	-736	80
US (DXY; 5y UST)		99	0.6	-3.5	1	2	3		0.38	-1.9	-4	-56	-186	-132

	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		2747	-0.9	3	-5	-11	-10		248	3	-23	69	72	72
Indonesia		4415	-2.9	5	-19	-32	-30		367	16	-52	156	171	211
India		28440	-4.6	9	-26	-26	-31		379	-38	-33	241	219	254
Philippines		5131	-2.6	8	-24	-35	-34		234	10	-67	126	143	168
Malaysia		1329	-1.1	5	-10	-19	-16		298	-3	-40	173	169	186
Argentina		24059	-5.6	9	-31	-28	-42		4105	-28	-407	1840	3333	2336
Brazil		73429	-5.5	9	-30	-23	-37		393	7	-85	147	144	178
Chile		3228	0.4	11	-22	-39	-31		319	2	-69	142	187	186
Colombia		1148	-1.7	25	-26	-28	-31		397	6	-90	189	213	234
Mexico		33799	-5.3	-1	-18	-22	-22		657	6	-75	291	348	365
Peru		13893	-4.1	-3	-24	-34	-32		291	31	-70	150	152	184
Hungary		32059	0.0	4	-20	-23	-30		212	-1	6	49	94	126
Poland		40476	-1.0	3	-18	-32	-30		133	9	9	71	75	115
Romania		7481	-0.6	6	-18	-7	-25		380	-6	0	172	172	206
Russia		2398	-0.1	6	-14	-4	-21		315	25	-25	123	88	184
South Africa		43110	0.4	13	-16	-24	-24		735	35	-43	333	421	415
Turkey		88096	0.0	5	-17	-6	-23		727	29	-48	214	233	326
Ukraine		513	0.0	-2	-4	-11	1		1043	85	-169	556	411	623
EM total		33	-0.7	6	-18	-22	-26		638	15	-67	267	287	345

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

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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)	3674	-1.0	4.1	-10.3	-9.3	-12.2
CSI 500 (Mid-Cap Index)	5027	-2.1	0.6	-4.6	-10.3	-10.0
CSI 1000 (Small-Cap Index)	5415	-2.5	0.0	-2.7	-10.0	-9.1
Japan (Nikkei)	19085	-1.6	13.0	-19.3	-18.4	-20.8
Korea (Kospi)	1717	0.0	15.8	-21.9	-22.3	-24.1
United States (S&P 500)	2541	-3.4	10.3	-21.3	-24.9	-23.7
Europe (Eurostoxx 600)	309	-0.7	10.1	-25.8	-28.9	-27.2
MSCI Global	437	-2.4	13.7	-22.8	-24.7	-24.6
MSCI Asia ex. Japan	557	0.3	11.3	-19.0	-19.0	-21.7
Asia Pacific Airlines	102	-3.1	6.3	-33.5	-25.4	-31.7
Luxury Goods	580	-3.9	17.7	-25.0	-23.1	-26.9
Hotels Restaurants & Leisure	252	-4.8	16.2	-34.7	-34.9	-36.9
Volatility Index (VIX, change in pp)	64	-1.3	2.7	50.5	49.9	52.2
Interest Rates	**Percent**	**Change (in basis points)**				
US 10y Yield	0.65	-2	-13	-127	-91	-117
Germany 10y Yield	-0.53	-6	-16	-35	-11	-31
Eurodollar - April 2020	1.17	5	-26	54	-46	-55
Eurodollar - June 2020	0.59	3	-9	110	-95	-110
Eurodollar - December 2020	0.36	1	0	126	-107	-125
Exchange Rates	**Level**	**Relative change (in %) (+) = Appreciation**				
Chinese Renminbi (per USD)	7.10	-0.1	-0.2	-2.0	-1.5	-3.4
Japanese Yen (per USD)	108.2	-0.2	2.8	0.4	2.8	1.8
Euro (in USD)	1.10	-1.0	2.8	-1.6	-2.1	0.6
Dollar Index	99.0	0.7	-3.4	2.7	-0.7	1.5
EM FX index	53.6	-0.9	1.0	-12.8	-9.8	-12.1
EM Bond Spreads on USD Debt	**Basis points**	**Change (in basis points)**				
EMBI Global Diversified	624	20	-49	334	322	334
EMBI Asia	414	10	-25	237	241	239
EMBI Latam	658	37	-60	350	335	348
China	248	3	-23	72	80	75
Local Currency Bond Yields (GBI EM)	**Percent**	**Change (in basis points)**				
China	2.69	-2	-11	-46	-23	-41
Mexico	7.21	-19	-36	27	61	30
Brazil	6.62	-5	-127	37	86	45
South Africa	11.85	27	-13	233	241	238
Turkey	12.49	5	-20	80	110	198
Commodities	**Dollars**	**Relative change (in %)**				
Brent Crude Oil (per ton)	22.8	-8.7	-15.8	-65.5	-61.5	-65.1
Gold (per troy ounce)	1618.4	-0.6	4.2	6.7	0.4	3.7