GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, MAY 28, 2020

- **S&P 500 closes above 3000 for the first time since March** (link)
- **European Commission proposes €750 bn EU recovery fund** (link)
- **Oil prices fall as doubts rise over Russia's commitment to production curbs** (link)
- **China passes Hong Kong SAR national security bill** (link)
- **Korea cuts policy rate to record low and opens the door to unconventional policy** (link)
- **GMM Box: Emerging Market Credit Rating Downgrades** (link)

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

Optimism around reopening keeps risk assets buoyant

Investors have remained focused on continued good news on the path of the virus as economies reopen, while tensions between the US, China, and Hong Kong SAR have so far generated limited knock-on effects in asset prices. Markets have continued to trade on the same optimistic themes and trends that have prevailed in recent weeks: the global economy is shifting to a reopening phase, economic activity is improving from the trough of early April, stimulus measures are being bolstered, and vaccine hopes remain alive. The S&P 500 gapped higher yesterday, with futures little changed this morning, closing above the 3000 level for the first time since early March and now down only 6% year-to-date. Risk appetite has also been sustained in Europe as investors have welcomed the EC's recovery fund proposal from yesterday. Major equity indexes have marched higher across most of the region and sovereign spreads in southern Europe are steady after tightening yesterday. Meanwhile, US-China political tensions have overshadowed market sentiment with US officials reportedly considering a range of potential sanctions on Chinese entities in relation to the Hong Kong SAR security proposal by the end of the week. This has maintained some demand for safe haven assets with US Treasury yields edging slightly lower over the past day. In addition, Asian equities traded mixed overnight, while Hong Kong SAR stocks declined close to 1% and forwards on the Hong Kong dollar imply sizable depreciation over the next 12-months. Oil prices also fell between 5-6% yesterday on speculation that Russia may want to ease production cuts starting in July.

Key Global Financial Indicators

Last updated: 5/28/20 8:02 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		3036	1.5	4	6	8	-6
Eurostoxx 50		3076	0.8	6	5	-8	-18
Nikkei 225		21916	2.3	7	11	3	-7
MSCI EM		37	0.2	1	3	-6	-17
Yields and Spreads					bps		
US 10y Yield		0.68	-1.5	1	7	-159	-124
Germany 10y Yield		-0.43	-1.7	6	4	-27	-25
EMBIG Sovereign Spread		521	0	-7	-113	155	228
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		54.5	0.0	1	3	-11	-11
Dollar index, (+) = $ appreciation		98.9	-0.1	0	-1	1	3
Brent Crude Oil ($/barrel)		35.0	0.8	-3	71	-50	-47
VIX Index (%, change in pp)		28.1	0.4	0	-6	11	14

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

United States

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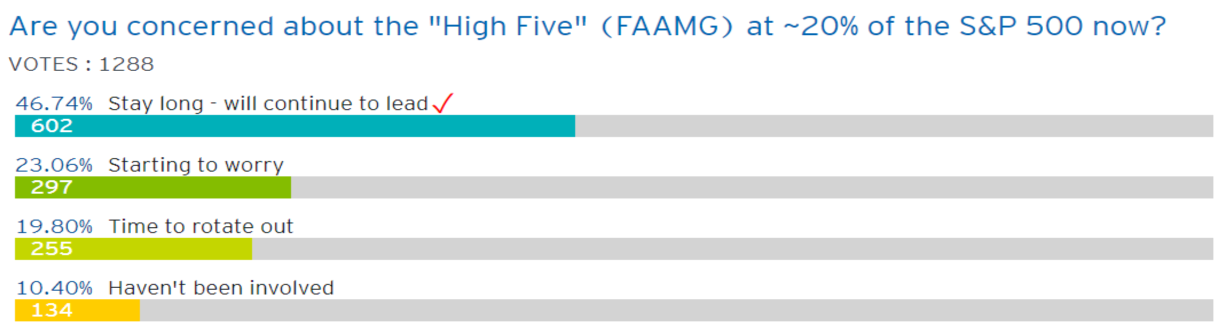
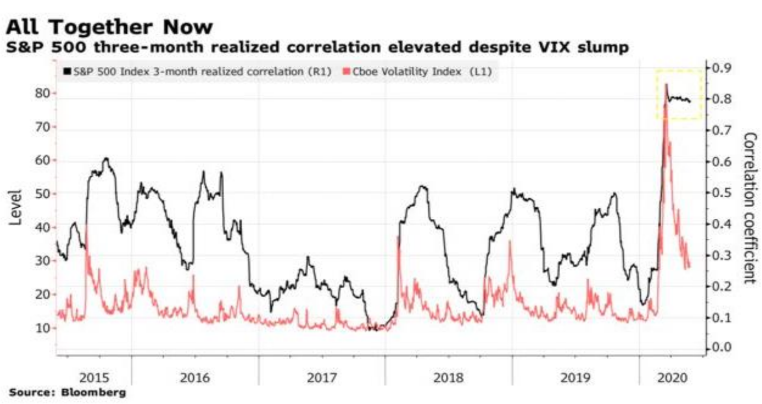
Markets continued to rally despite revived US-China tensions. Treasury yields were slightly lower as the political headlines revived some limited safe-haven buying. Multinational companies and the technology sector lost ground against other sectors. US markets appeared to regard Hong Kong as a regional problem as the overall indexes posted strong gains and the S&P 500 finally managed to close above the psychologically important 3000 level for the first time since early March. Airlines and cruise companies, which were among the most heavily hit during the market selloff, led markets for a second day. Analysts interpret this trend as a sign of optimism that the economy will recover from the crisis more rapidly than originally expected. Markets were also encouraged by the Richmond Fed manufacturing survey which was not as weak as expected (-27 versus the consensus forecast of -40, and much stronger than the -53 seen in April). The Fed's Beige Book economic report showed the expected amount of weakness in the economy but there were some green shoots here as well as the report showed that companies expect conditions to improve as the lockdowns end. Meanwhile, the latest investor poll from Citi shows that sentiment remains broadly negative with regard to the technology sector, with a majority of those polled lacking confidence that it can continue to lead the market.



Source: Citi

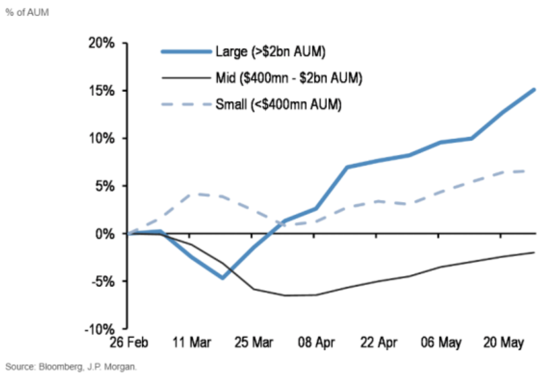
In data releases this morning, US jobless claims came in at 2123K versus the 2100K consensus forecast. Continuing claims were much lower than expected at 21.052 mn versus 25.680 mn. Durable goods orders were also stronger than expected, down 17.2% (versus -19%) and the ex-transportation number greatly exceeded expectations (-7.4% versus -15%). The latest estimate of Q1 GDP printed at -5% (versus -4.8%). The initial market response was muted although Treasury yields were slightly higher.

Equity correlation within the S&P 500 spiked from 0.19 at the beginning of 2020 to 0.85 at the height of the market selloff in March and remains very high at 0.80 despite the subsequent market recovery and the decline in the VIX. Due to the speed of both the collapse and the recovery, investors have been selling and buying stocks across the board as the market focused solely on the COVID-19 crisis without discriminating across sectors. This is a change from the previous year when investors favored "new economy" sectors such as technology, medical stocks and media companies such as Netflix over the more traditional sectors such as energy and industrials. In addition, the more traditional sectors have done quite well in recent trading sessions, outpacing technology, media and medical stocks. The optimists among analysts see this as yet another positive sign.



Large US corporate bond ETFs were the biggest beneficiaries of the recent revival in risk appetite for US corporate bonds and Fed ETF purchases. Credit spreads have narrowed significantly since March and Fed corporate bond ETF purchases reached $1.5 bn as of May 20. In terms of unit creation, large bond ETFs, which include both investment grade and high yield saw the largest cumulative increases. In contrast, the market selloff saw the large bond ETFs suffer the most both in assets under management as well as in terms of absolute dollars. As expected, a variety of analytical liquidity measures of volume and market breadth agree that larger ETFs enjoy much better liquidity than small or medium ETFs, and although liquidity has not fully rebounded to pre-COVID-19 levels, the large ETFs have recovered the most. Some analysts were worried that liquidity mismatches in bond ETFs would lead to a breakdown of liquidity for the entire corporate bond market, but this did not occur despite the intensity of the March selloff.

Figure 10: Cumulative weekly net creation of corporate bond ETF units by size



Source: Bloomberg, J.P. Morgan.

Europe

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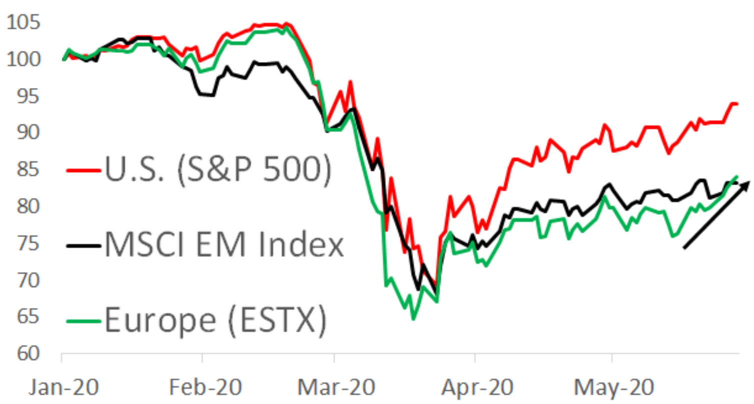
European equities (+1%) gained further after the European Commission (EC) unveiled its own proposal for a Recovery Fund of up to €750 bn (around 5.25% of annual EU27 GDP). 10-yr German bund yields fell 2 bps. The euro (at $1.10) was little changed.

Global Equity Markets in 2020 (1 Jan 2020: 100)



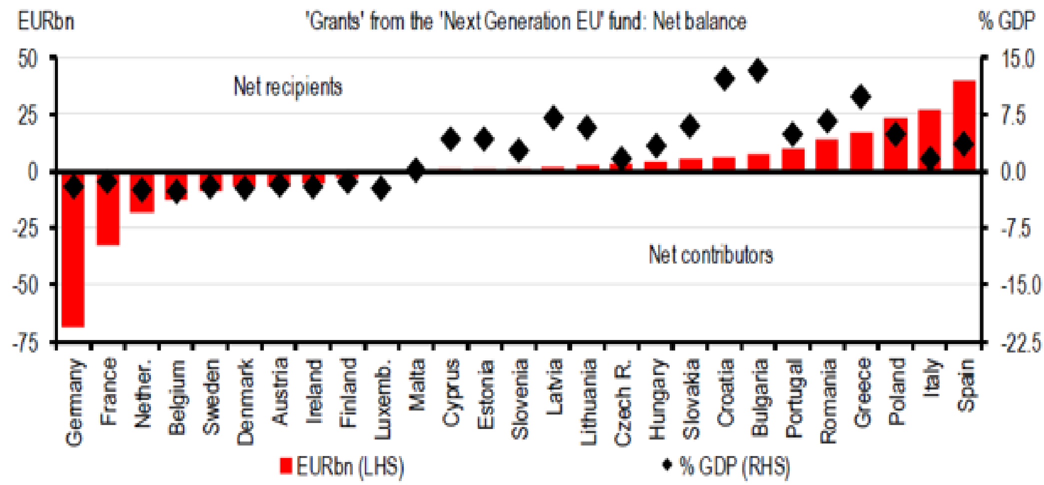
Source: Bloomberg and IMF

The European Commission (EC) labeled its proposal "Next Generation EU" and proposes up to €250 bn of loans and €500 bn of "grants" (or rather, frontloaded net transfers from the EU budget) to support regions most affected by the crisis and support investments and reforms. The fund would be evenly allocated across four years (so 25% per year from 2021 to 2024), corresponding to about 1.4% of 2019 EU

GDP in each year. The "Next Generation EU" proposal is on top of the already announced package of €540 bn of ESM, EIB guarantees and unemployment support, and adjacent to the EU's 7-yr MFF 2021-27 budget.

The EC has provided a cross-country allocation key, but contacts point out that the allocation may be a starting point for further discussions. Main beneficiaries of "Next Generation EU" would be Croatia, Bulgaria, Greece, Portugal and, to a lesser extent, Italy and Spain. For instance, Italy's and Spain's net gains (grants minus contributions) are estimated around 2.1% and 4.4% of GDP (or €37.8 bn and €54.8 bn) respectively.

Estimates of net contributors and recipients of EU Next Generation Fund (%GDP, HSBC)



Source: HSBC calculations based on European Commission data. Model available upon request.

If "Next Generation EU" is adopted, the EC would borrow from markets backed by the EU budget. Analysts point out that the EU would then very likely become the largest net issuer in euro area bond markets over 2020-2024, where the bulk of the funding shall be raised, with annual issuance of around €150 bn. Repayment would only start in 2027 at the earliest and 2058 at the latest. **In terms of funding, the EC also wants to raise the size of its own resources** (so an increase in EU-level taxes).

The Eurogroup will study the EC proposal on 11 June before the discussion on the Recovery Fund moves to the EU leaders' summit on 18 June. Analysts expect that disagreements on the allocation key, the size of the Recovery Fund and the presence of grants could still be substantial. The Recovery Fund is also part of the EU's 7-yr budget and will require an absolute majority in the European Parliament and a unanimous vote in the European Council (EU leaders).

Southern European spreads are trading steady after a strong rally. 10-yr Greek spreads trade at 201 bps, Spanish spreads at 104 bps, and 10-yr Italian spreads at 192 bps. **Crossover high-yield spreads are little changed at 431 bps today** (after falling 42 bps in past 5 trading days)**.** Investment-grade CDS spreads were little changed at 71 bps.

Other Mature Markets

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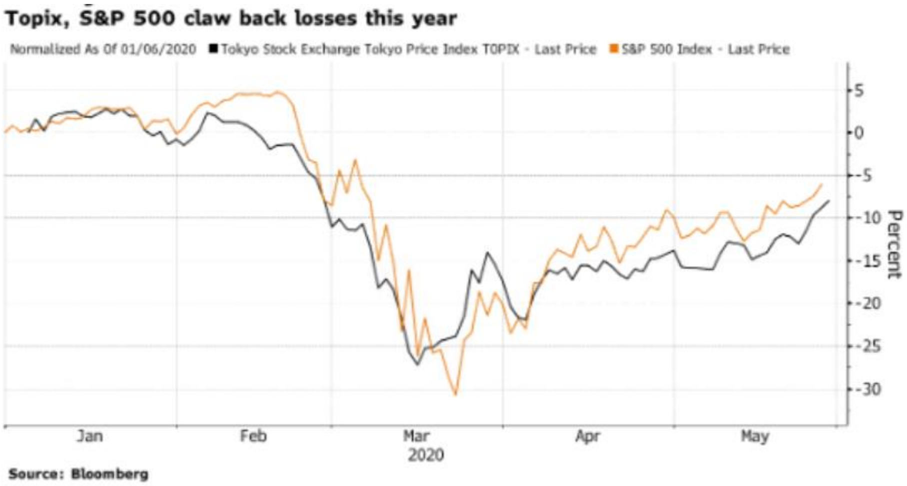
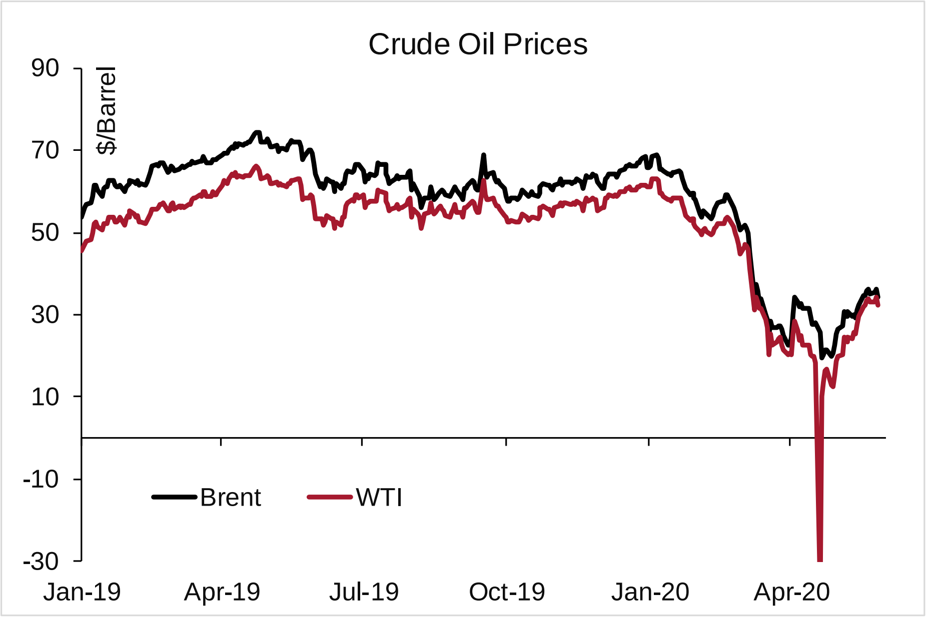
Japan

Equities rose (+1.8%) rose for a fourth consecutive day. Electronics and autos outperformed. On COVID-19, small clusters of virus cases have emerged in several locations, including Tokyo, in the first week since the state of emergency was lifted nationwide. Tokyo confirmed 15 new cases on Thursday, a third straight day of double-digit infections and there has been an uptick in new cases in the southwestern city of Kitakyushu. Japan has more than 16,000 total infections nationwide. **The yen and 10-year JGB yields were little changed.**



Crude Oil

Oil prices fell on Wednesday amid concerns around Russia's willingness to commit to an extended output cut ahead of the June OPEC meeting. Front-month Brent oil prices fell 5.5% yesterday to $34 per barrel, and WTI contracted 6.2% to $32 per barrel. Recall during the last OPEC meeting, Russia and Saudi Arabia struggled to reach an agreement on output reduction, triggering an oil price war that drove oil prices to record lows. Though oil prices rebounded in May due to OPEC+'s commitment to output curbs (nearly 10 mn barrels per day), analysts point out markets remain fragile and further price gains could require deeper cooperation among nations.



Source: Bloomberg

Emerging Markets

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Asian equities were little changed on net with wide dispersion across countries. Hong Kong SAR (-0.7%) underperformed but erased earlier losses of as much as -2.2%. Currencies were mixed with the Korean won depreciating -0.4% following the central bank's rate cut while the onshore RMB strengthened +0.2% (offshore unchanged). On COVID-19, **Korea will re-impose social distancing measures**, closing museums, parks and art galleries in the Seoul metropolitan area starting from Friday for two weeks. Citizens were also advised to refrain from social gatherings or going to crowded places including restaurants and bars. The daily increase in virus cases in Korea rose to 79, the largest increase since early April. **EMEA equity moves were mixed today with bourses trading without a common theme.** The largest gains were in Poland (+1.5%), Russia (+0.9%), Bahrain (+0.5%), and South Africa (+0.5%). The largest losses took place in the Czech Republic (-1.2%), UAE (-1.2%), and Egypt (-0.9%). Currencies were fairly stable across the region, with the largest move being the Turkish lira weakening 0.5% to the US dollar. **Later today, the central banks of Poland and Nigeria are expected to leave policy rates unchanged. Latin American equity markets were mostly higher on Wednesday**. Brazil outperformed as the equity index rose 2.9%, followed by Mexico (+1.9%) and Colombia (+1.5%). Local currencies were mostly lower yesterday but mainly traded in narrow ranges, except for the Brazilian real (+1.5%). 10-year government bond yields rose 31 bps in Chile and were mixed in other countries.

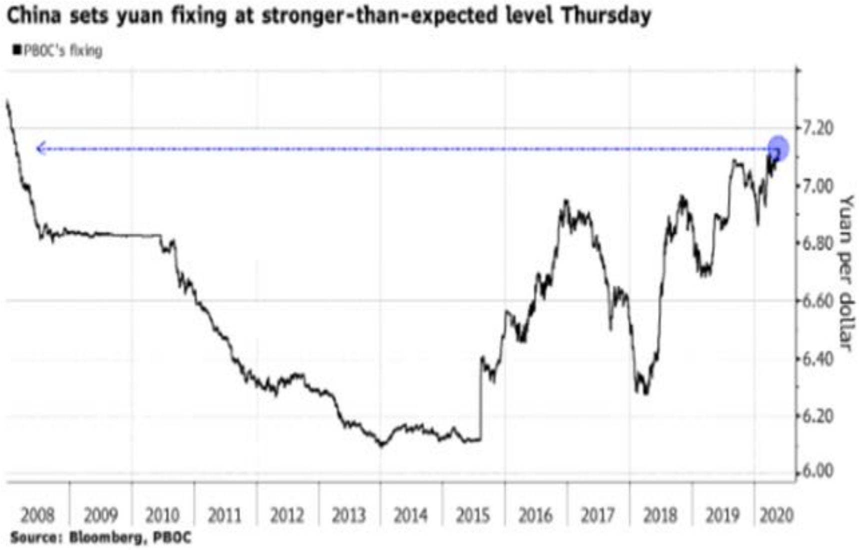
Key Emerging Market Financial Indicators

Last updated: 5/28/20 8:06 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		37.35	0.3	1	3	-6	-17
MSCI Frontier Equities		23.61	0.8	4	6	-17	-22
EMBIG Sovereign Spread (in bps)		521	0	-7	-113	155	228
EM FX vs. USD		54.45	-0.1	1	3	-11	-11
Major EM FX vs. USD					%, (+) = EM currency appreciation		
China Renminbi		7.15	0.2	-1	-1	-3	-3
Indonesian Rupiah		14715	0.0	0	5	-2	-6
Indian Rupee		75.76	-0.1	0	1	-8	-6
Argentine Peso		68.36	-0.1	-1	-3	-34	-12
Brazil Real		5.32	-0.9	4	3	-24	-24
Mexican Peso		22.33	0.0	2	9	-14	-15
Russian Ruble		70.77	0.3	0	5	-9	-12
South African Rand		17.44	-0.3	1	7	-16	-20
Turkish Lira		6.82	-0.6	0	3	-12	-13
EM FX volatility		10.83	0.0	0.2	-1.0	2.5	4.2

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

China

China's National People Congress (NPC) approved the bill for new national security legislation in Hong Kong SAR. The law will be implemented in Hong Kong without going through the SAR's legislative council. **US Secretary of State Michael Pompeo said yesterday that the US could no longer ascertain Hong Kong's autonomy from China.** A change of the assessment would affect trade privileges that Hong Kong SAR currently enjoys. Meanwhile, China blocked the US administration's efforts to hold a United Nations Security Council meeting on the national security law. **Separately, tensions at the border between China and India have increased in recent weeks with skirmishes taking place.** China's Foreign Ministry said that the incidents were discussed via diplomatic channels while India said that both sides are 'attaching utmost importance to the maintenance of peace and tranquility.' **Equities (Shanghai +0.3%; Shenzhen -0.3%) were mixed while the onshore RMB strengthened +0.2% (offshore unchanged).**



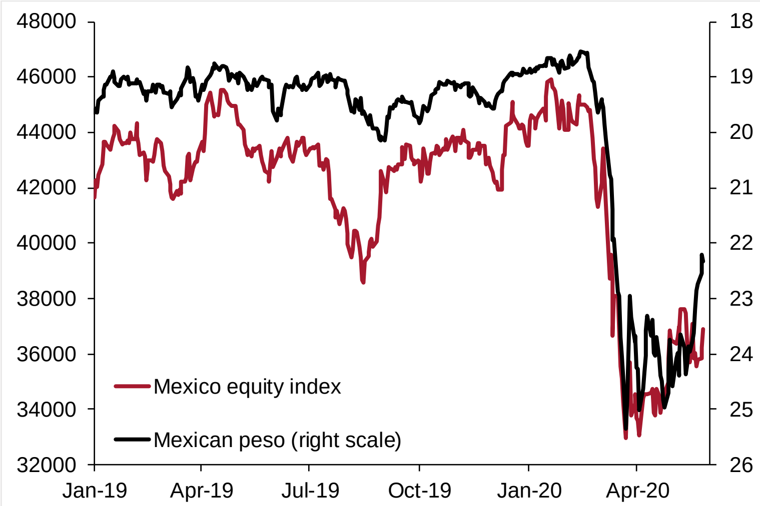
The State Council's office of financial stability and development committee said that it will introduce 11 financial reforms. According to Xinhua, reforming medium and small-sized banks through accelerating capital replenishment via raising funds through multiple channels was among the measures. Other measures include further opening the credit-rating industry to qualified overseas and private rating companies and regulating the initial public offering registration process of stocks on Chinext.

Korea

The Bank of Korea (BOK) cut the policy rate by 25 bps to a record-low of 0.5% as expected. Governor Lee said that the central bank is considering using unconventional tools to support growth but did not provide details. He added that the policy rate is now 'very close to the effective lower bound' and that the BOK will actively purchase government bonds to stabilize the market if needed. The BOK expects the economy to shrink -0.2% in 2020, the first contraction since the Asian Financial Crisis, marking a sharp downgrade from +2.1% previously. The forecast assumes that the global COVID-19 pandemic peaks this quarter and it does not account for a potential flare up in US-China trade tensions. **The won weakened -0.4% while equities fell and government bond yields were little changed.**

Mexico

The central bank published the Quarterly Inflation Report for Q1 2020 yesterday, emphasizing the increasing uncertainty around Mexico's economic growth and inflation outlook, and proposing three scenarios regarding the COVID-19 pandemic. In a V-type scenario, the coronavirus shock would end soon, and the economy would be recovering in H2 2020, with 2020 GDP contracting 4.6% y/y. In a deep V-type scenario, the shock would continue to the third quarter, and the economy would show signs of recovery by the end of 2020, implying an 8.3% y/y 2020 GDP contraction. In a U-type scenario, the pandemic would persist throughout 2020, and the economy would recover in 2021. Thus, 2020 GDP would contract 8.8% y/y in 2020 and fall another 0.5% in 2021. In the report, the central bank downgraded its 2020 GDP forecast to -4.6% (0.5%-1.5% before), in line with the V-type scenario. Barclay's analysts expect Banxico to cut its benchmark rate only one more time and leave the rate at 5% going forward. Domestic equities rose nearly 2% yesterday, and the peso was little changed amid the broader rally in risk assets.

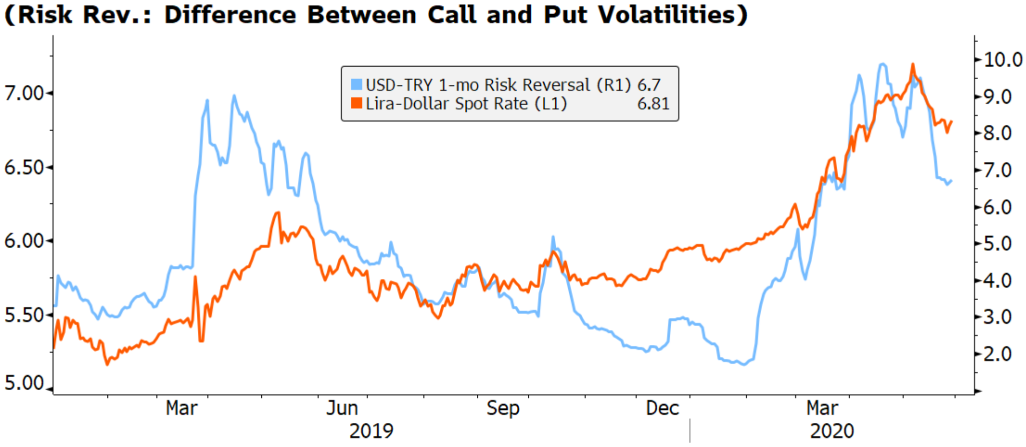


Source: Bloomberg

Turkey

The Turkish Treasury announced the successful sale of one-year euro- and dollar-denominated bonds and sukuk in the local market. The issue was for €1.14 bn bonds, €232 mn sukuk, $683 mn bonds, and $666 mn sukuk. Despite increased scrutiny by international and domestic investors on economic developments in Turkey, yields across the curve remained steady at 4.42% for the 1-year tenor and 7.18% for 10-year bonds. Separately, new data show that **the central bank boosted its borrowing of one-year FX from local lenders via swap operations to $35.5 bn in April** – an increase of about $5.9 bn. Analysts have noted the large size of the swap line, which is equivalent to 40% of the countries estimated $86.3 bn in gross currency and gold reserves. Pressure on the lira has abated somewhat in recent weeks. **Equities in Istanbul were 0.3% higher on the day, while the lira weakened 0.5% to the dollar.**

Dollar-Lira Exchange Rate and Risk Reversals
(Risk Rev.: Difference Between Call and Put Volatilities)



Source: Bloomberg
USDTRY25R1W Curncy (USD-TRY RR 25D 1W) EM FX: TRY Risk Revs Daily 01JAN2019-28M Copyright© 2020 Bloomberg Finance L.P. 28-May-2020 11:48:45

South Africa

The South African government is seeking to attract $20.5 bn in funds to invest in infrastructure projects. South African authorities announced they will market the projects to potential funders, including multilateral organizations and private investors. The planned investments range from telecommunications to water treatment to rail networks. The central bank is forecasting a contraction of GDP of around 7% in 2020 due to the impact of the pandemic.

GMM Box: Update on EM Rating Downgrades[1]

- ***A quarter of emerging markets (EMs) and low-income developing countries (LIDCs) have been downgraded.*** *24 emerging markets and 6 low-income developing countries were downgraded by at least one credit rating agency, so far this year (as of May 22). This further exacerbates the modestly downward trend of the last few years. Within EMs, downgrades have happened across the entire range of ratings.*

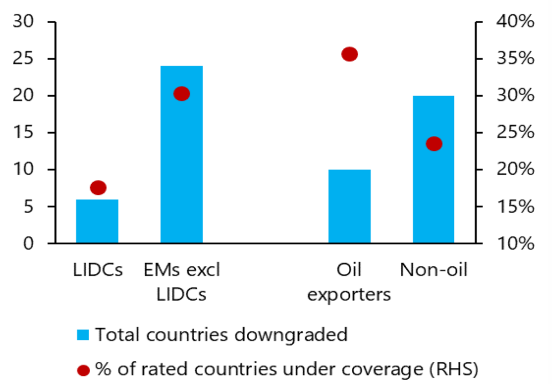
- ***Latin America and Africa had the largest number of downgrades.*** *The average rating of WHD (Western Hemisphere) and AFR (Africa) is now approximately BB- and B+/B respectively. Around a third of countries for APD (Asia-Pacific), EUR (European) and WHD are in the "BBB+ to BBB-" bucket, which implies downgrades could move select countries from IG to HY. Oil exporters were also heavily impacted with one in three oil-producing economies downgraded, by at least one rating agency.*

- ***S&P and Fitch downgraded almost 20 percent of the rated countries****, while Moody's had fewer downgrades (this does not include changes in outlook).*

Trends in Credit Ratings of Emerging Markets and LIDCs

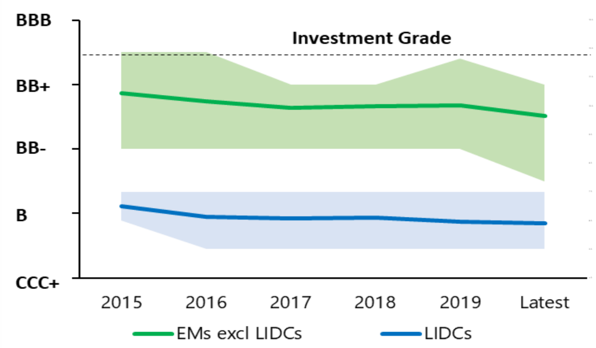
One in three oil-producing economies were downgraded following the collapse in oil prices

1. Downgrades by EM categories and exposure to oil
(Number on LHS; as a percent of total rated countries in our sample on RHS)



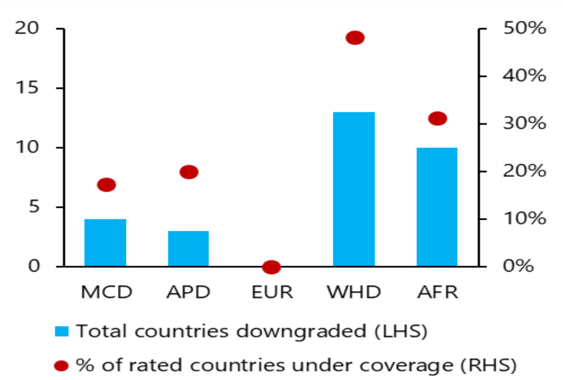
Average ratings have been on a deteriorating path in the last few years

2. Average Rating for EMs and LIDCs
(Number; Green area is 40-60th percentile for EMs ex LIDCs; Blue area is 25-75th percentile for LIDCs)



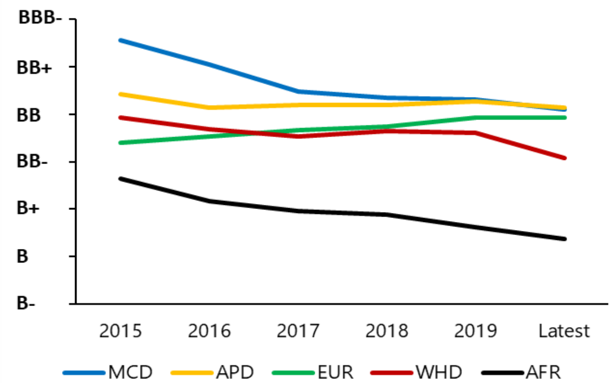
Nearly half of the rated countries in WHD and 1 in 3 countries in AFR were downgraded this year

3. Downgrades by region (Number on LHS; as a percent of total rated countries on RHS)



Average ratings have declined sharply for WHD and AFR, but relatively marginally for the rest

4. Average Rating for EMs, by region over time
(Number)



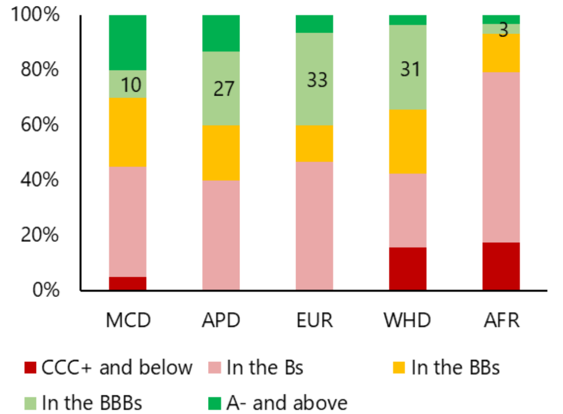
Sources: Bloomberg Finance L.P.; IMF staff calculations.

GMM Box: Update on EM Rating downgrades (continued)

Trends in Credit Ratings of Emerging Markets and LIDCs (continued)

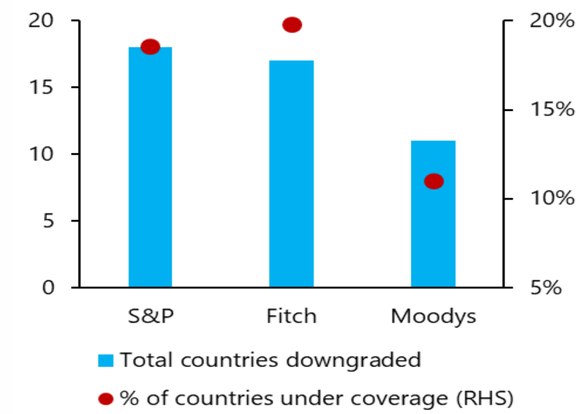
APD, EUR and WHD have a significant number of countries in the BBB region, which might be at the risk of falling to a HY category

5. Distribution of ratings within the regions
(Percent of total countries rated in the region)



Downgrades were led by the S&P and Fitch rating agencies

6. Downgrades by the different rating providers (Number on LHS; as a percent of total countries rated on RHS)



7. List of Emerging Markets and LIDCs downgrades so far in 2020
(Shaded areas correspond to a rating downgrade)

		Ratings on Dec 31, 2019			Latest Ratings		
Region	**Country Name**	**S&P**	**Fitch**	**Moody's**	**S&P**	**Fitch**	**Moody's**
AFR	Angola	B-	B	B3	CCC+	B-	B3 *-
AFR	Botswana	A-		A2	BBB+		A2
AFR	Cameroon	B	B	B2u	B-	B	B2u
AFR	Cape Verde	B	B		B	B-	
AFR	Ethiopia	B	B	B1	B	B	B2 *-
AFR	Gabon	NR	B	Caa1	NR	CCC	Caa1
AFR	Nigeria	B	B+	B2	B-	B	B2
AFR	Seychelles	NR	BB		NR	B+	
AFR	South Africa	BB	BB+	Baa3	BB-	BB	Ba1
AFR	Zambia	CCC+	CCC	Caa2	CCC	CC	Ca
APD	Maldives		B+	B2		B	B3
APD	Papua N.Guinea	B	NR	B2	B-	NR	B2
APD	Sri Lanka	B	B	B2	B-	B-	B2 *-
MCD	Kuwait	AA	AA	Aa2	AA-	AA	Aa2 *-
MCD	Lebanon	CCC	CC	Caa2 *-	SD	RD	Ca
MCD	Oman	BB	BB+	Ba1	BB-	BB	Ba2 *-
MCD	Tunisia	NR	B+	B2	NR	B	B2 *-
WHD	Argentina	CC	CC	Caa2 *-	SD	C	Ca
WHD	Aruba	BBB+	BBB-		BBB+	BB	
WHD	Bahamas	BB+		Baa3	BB		Baa3 *-
WHD	Belize	B-		B3	CCC		Caa1
WHD	Bolivia	BB-	B+	Ba3 *-	B+	B+	B1
WHD	Colombia	BBB-	BBB	Baa2	BBB-	BBB-	Baa2
WHD	Costa Rica	B+	B+	B1	B+	B	B2
WHD	Ecuador	B-	B-	B3	SD	RD	Caa3
WHD	Guatemala	BB-	BB	Ba1	BB-	BB-	Ba1
WHD	Mexico	BBB+	BBB	A3	BBB	BBB-	Baa1
WHD	Nicaragua	B-	B-	B2	B-	B-	B3
WHD	Suriname	B	B-	B2	CCC+	CCC	B3
WHD	Trinidad And Tobago	BBB		Ba1	BBB-		Ba1

Sources: Bloomberg Finance L.P.; and IMF staff calculations.
Note: In Figures 1-7, the sample consists of 156 countries (out of which 113 are rated), including both Emerging Markets (EMs) and Low-income and developing countries (LIDCs). A downgrade is defined as a rating downgrade at least one rating agency (S&P, Fitch, Moody's). Changes in outlook are not considered. The latest ratings are considered as of May 22, 2020.

[1] This GMM Box was prepared by Rohit Goel.

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Global Financial Indicators

Last updated: 5/28/20 8:03 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		3036	1.5	4	6	8	-6
Europe		3076	0.8	6	5	-8	-18
Japan		21916	2.3	7	11	3	-7
China		2846	0.3	-1	1	-2	-7
Asia Ex Japan		64	-0.3	-2	0	-3	-13
Emerging Markets		37	0.2	1	3	-6	-17
Interest Rates					basis points		
US 10y Yield		0.68	-1.5	1	7	-159	-124
Germany 10y Yield		-0.43	-1.7	6	4	-27	-25
Japan 10y Yield		0.00	-0.2	0	4	7	1
UK 10y Yield		0.20	0.6	3	-9	-72	-62
Credit Spreads					basis points		
US Investment Grade		177	-1.7	-9	-20	51	80
US High Yield		654	-9.6	-42	-119	210	261
Europe IG		71	-0.1	-8	-11	2	27
Europe HY		430	1.0	-46	-64	133	223
EMBIG Sovereign Spread		521	0.0	-7	-113	155	228
Exchange Rates					%		
USD/Majors		98.92	-0.1	0	-1	1	3
EUR/USD		1.10	0.0	1	2	-1	-2
USD/JPY		107.7	0.0	0	-1	2	1
EM/USD		54.5	0.0	1	3	-11	-11
Commodities					%		
Brent Crude Oil ($/barrel)		35	0.8	-3	71	-50	-47
Industrials Metals (index)		96	0.2	-3	1	-15	-16
Agriculture (index)		35	-0.3	-1	1	-15	-16
Implied Volatility					%		
VIX Index (%, change in pp)		28.1	0.4	0.1	-5.5	10.6	14.3
10y Treasury Volatility Index		4.7	-0.3	0.0	-0.8	-0.1	0.6
Global FX Volatility		7.9	0.0	-0.3	-1.6	1.2	1.9
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		197	-2.9	-28	-70	-138	31
Italy		191	-0.9	-20	-29	-94	31
Portugal		103	-1.5	-22	-40	-5	40
Spain		104	-1.8	-9	-27	9	39

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)						
5/28/2020	Level		Change (in %)					Level		Change (in basis points)				
8:08 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		7.15	0.2	-0.5	-1	-3	-3		2.7	3.8	7	29	-65	-46
Indonesia		14715	0.0	0.0	5	-2	-6		7.4	7.0	-13	-57	-66	27
India		76	-0.1	-0.2	1	-8	-6		6.1	-0.3	-9	-19	-120	-80
Philippines		51	-0.1	-0.2	0	3	0		4.4	2.1	-8	-49	-67	11
Thailand		32	0.0	-0.1	2	0	-6		1.4	4.9	3	-3	-118	-23
Malaysia		4.35	-0.1	-0.2	0	-4	-6		2.8	-0.7	-4	-7	-104	-58
Argentina		68	-0.1	-0.5	-3	-34	-12		45.9	-35.2	25	-119	1240	-1666
Brazil		5.32	-0.9	4.4	3	-24	-24		5.5	-2.3	-42	-141	-247	-78
Chile		822	-1.9	-2.3	5	-15	-8		2.5	7.7	18	-23	-154	-76
Colombia		3734	-0.2	2.2	9	-10	-12		5.2	-2.5	-17	-127	-109	-77
Mexico		22.33	0.0	2.4	9	-14	-15		6.3	9.2	10	-54	-178	-62
Peru		3.4	-0.4	-1.4	-1	-3	-4		4.3	6.5	-2	-45	-95	-26
Uruguay		43	-0.5	-0.1	0	-19	-14		10.4	-12.9	-39	-166	-81	-46
Hungary		318	-0.2	0.1	4	-8	-7		1.7	4.8	15	-4	-23	55
Poland		4.02	0.2	2.6	5	-4	-6		1.0	-3.7	-1	-2	-129	-90
Romania		4.4	0.0	0.5	2	-3	-3		4.0	-5.0	-7	-22	-33	-2
Russia		70.8	0.3	0.3	5	-9	-12		5.3	3.5	7	-55	-241	-82
South Africa		17.4	-0.3	0.9	7	-16	-20		9.8	-4.6	-15	-147	43	26
Turkey		6.82	-0.6	-0.3	3	-12	-13		11.1	-21.3	-15	46	-1009	-60
US (DXY; 5y UST)		99	-0.1	-0.4	-1	1	3		0.33	-1.6	-1	-4	-174	-136

	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		2846	0.3	-1	1	-2	-7		241	0	2	-5	66	65
Indonesia		4716	1.6	5	4	-22	-25		278	-3	-14	-73	77	122
India		32201	1.9	4	0	-19	-22		257	-14	-32	-74	104	132
Philippines		5570	0.8	0	0	-28	-29		164	0	-5	-31	78	98
Malaysia		1458	0.4	2	6	-10	-8		220	-2	-16	-64	96	108
Argentina		40432	-1.5	3	22	17	-3		2681	5	-108	-1314	1761	912
Brazil		87946	2.9	8	8	-9	-24		378	0	-21	-82	119	163
Chile		3769	1.0	0	-3	-21	-19		221	-1	-10	-78	86	88
Colombia		1088	1.5	2	-5	-26	-35		284	-1	-24	-145	85	121
Mexico		36890	1.9	2	3	-13	-15		537	-1	-6	-184	222	245
Peru		15726	1.5	2	9	-20	-23		193	0	-7	-80	51	86
Hungary		36340	0.0	2	7	-10	-21		201	-8	-12	-12	100	115
Poland		48558	1.4	5	8	-15	-16		80	-6	-10	-49	32	62
Romania		8743	0.1	2	7	3	-12		336	-1	2	-25	130	162
Russia		2775	1.3	2	6	6	-9		203	-2	-7	-79	-7	72
South Africa		51062	1.1	0	2	-6	-11		565	6	11	-128	257	245
Turkey		105315	0.3	3	5	21	-8		632	4	19	-53	80	231
Ukraine		500	0.0	0	0	-13	-2		730	0	23	-174	76	310
EM total		37	0.3	1	3	-6	-17		521	0	-7	-113	155	228

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