GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

# Global Markets Monitor

**FRIDAY, MAY 8, 2020**

- **US unemployment report stronger than expected** (link)
- **Markets boosted by good news on China-US trade front** (link)
- **Fed Funds futures trade negative as two-year Treasury hits record low** (link)
- **Equity markets stage major rebound despite shock to global economy** (link)
- **Fed tapers bond purchases as markets normalize** (link)
- **ECB's Lagarde reiterates commitment to "whatever it takes"** (link)
- **EU Court of Justice asserts sole jurisdiction** (link)

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

## US unemployment report beats forecasts

Markets are mulling the implications of the historic US unemployment report as policy makers, analysts and market participants try to make sense the sheer magnitude of the job losses although the report was stronger than expected. Sentiment is more positive overall this morning as more countries and reopen from lockdown and the mortality and infection curves appear to be heading downwards in many countries hard hit by the disease. The news of the latest rapprochement between China and the US also bolstered sentiment, pushing European and emerging markets higher and propelling US equity futures towards another positive opening. The ECB's Lagarde reaffirmed the central bank's commitment to do what is needed to reach its inflation goals. There are some discordant notes, as Treasuries and bunds saw another rally on safe haven flows Fed Funds futures traded negative for the first time. Many think markets are too optimistic about the economic damage from COVID-19. The prospect of a second wave of infections later in the year is another major concern.

**Key Global Financial Indicators**

| Last updated: 5/8/20 8:18 AM | Level | | Change from Market Close | | | | |
|---|---|---|---|---|---|---|---|
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| **Equities** | | | | % | | | % |
| S&P 500 | | 2881 | 1.2 | -1 | 5 | 0 | -11 |
| Eurostoxx 50 | | 2900 | 0.7 | -1 | 2 | -15 | -23 |
| Nikkei 225 | | 20179 | 2.6 | 2 | 4 | -7 | -15 |
| MSCI EM | | 36 | 0.8 | -2 | 2 | -14 | -20 |
| **Yields and Spreads** | | | | bps | | | |
| US 10y Yield | | 0.63 | -1.2 | 2 | -14 | -185 | -129 |
| Germany 10y Yield | | -0.55 | -0.1 | 4 | -24 | -50 | -36 |
| EMBIG Sovereign Spread | | 591 | -1 | -15 | -26 | 252 | 298 |
| **FX / Commodities / Volatility** | | | | % | | | |
| EM FX vs. USD, (+) = appreciation | | 52.8 | 0.2 | 0 | -1 | -15 | -14 |
| Dollar index, (+) = $ appreciation | | 99.7 | -0.2 | 1 | 0 | 2 | 3 |
| Brent Crude Oil ($/barrel) | | 29.7 | 0.9 | 12 | -9 | -58 | -55 |
| VIX Index (%, change in pp) | | 30.2 | -1.2 | -7 | -13 | 11 | 16 |

## United States

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**The US non-farm payrolls report was better than expected although the numbers were unprecedently bad by historical standards.** Most job losses were lower than forecasts, and most notably the average hourly earnings print was much higher than consensus. Treasuries sold off and the dollar weakened on the news.

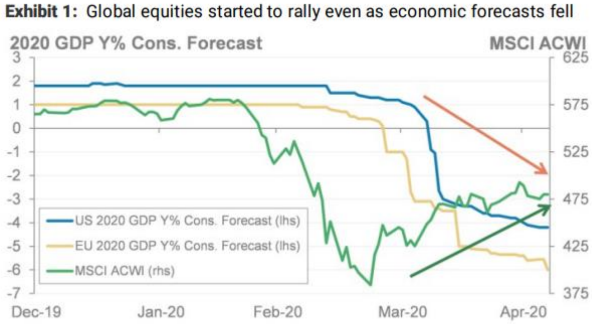
| | Friday Payrolls Data | Consensus Forecast |
|---|---|---|
| Non-farm Payrolls | -20.5 million | -22 million |
| Private Payrolls | -19.52 million | -22 million |
| Manufacturing Payrolls | -1.33 million | -2.5 million |
| Unemployment Rate | 14.7% | 16% |
| Average Hourly Earnings | +4.7% | 0.4% |

**Good news on the trade front boosted markets as China and the US agreed to cooperate on public health and economic matters and move forward on the phase one trade deal.** Earlier in the week, talk of renewed trade tensions had unsettled markets. The Chinese Vice Premier was reported to have spoken overnight with the US Treasury Secretary and Trade Negotiator. Press reports noted an emailed joint statement that “In spite of the global health emergency, both countries fully expect to meet their obligations under the agreement in a timely manner.”

**Thursday saw two new records that underlined the fundamental fragility of the outlook – Fed Funds futures traded at negative rates for the first time ever and two-year Treasury yields hit a record low.** Few expect the Fed to move to negative rates, but the market price action shows that at least some investors are willing to test the waters for December 2020 and even more for 2021. The two-year note ended at a yield of 13 bps, a new record low, with the intra-day low set at 12.5 bps. The overall Treasury market also saw a major rally with a bull flattening of the yield curve as investors positioned for the upcoming jobs report. Stocks turned in another positive performance as several US companies announced results that were better than expected. The Nasdaq index wiped out its losses for the year as technology stocks led the rally, rebounding from a 2020 loss of 24% at the height of the market selloff to end up 0.8% for the year. Volatility remained subdued by recent standards and money markets were functioning smoothly.

**Equity markets have rallied despite the shock to the global economy, with April seeing one of the largest rallies in history even as global economic data plunged to historic lows.** Once again, US markets have led the way with the S&P 500 outperforming most other markets with a 22% rebound since the market lows of March. Even hard-hit emerging markets have rallied by roughly 16%. Many are puzzled by the apparent disconnect between markets and the real economy. Many investment managers and pension funds missed the rally due to their belief that the uncertainty around the true impact of the COVID-19 crisis makes the investment outlook too opaque for them to jump back into risk-on mode.

**Exhibit 1:** Global equities started to rally even as economic forecasts fell




Source: Bloomberg, Morgan Stanley Research

**Analysts at Morgan Stanley argue that the disconnect is not unexpected and is in fact quite common when the economy and the markets are at extremes.** Equity markets are forward looking and frequently run ahead of the economy both on the way down and on the way up. Looking back on recent market cycles, global stocks began to sell off about four months prior to the onset of the 2007-9 global financial crisis. At the time of the dotcom bubble, stocks began to fall in March 2000 even as the US economy grew by 7.5% in Q2 2000. The S&P 500 reached its nadir during the 1990-91 recession in October 1990 although the recession dragged on for another five months. The divergence tends to be largest when the economic cycle is at its most extreme. Looking back over the past 40 years, it is possible to observe how key US markets led the economy during peaks and troughs of economic data such as PMIs, industrial production, jobless claims and unemployment. The analysts believe that March marked the low in global markets for this cycle.

**Exhibit 2:** By how many months do markets lead the economic data? Experience since 1980

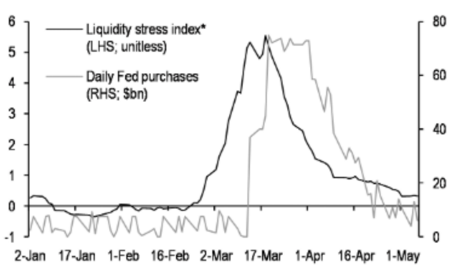
| | Markets Lead to Peak/Trough in Data by X Months | | | | | |
|---|---|---|---|---|---|---|
| Asset | Mfg. PMI Trough | IP YoY Trough | Jobless Claims Trough | Jobless Claims Peak | Unemployment Trough | Unemployment Peak |
| S&P 500 (Low) | 1 | 3 | -7 | 2 | -7 | 4 |
| Russell 2000 (Low) | 1 | 3 | -7 | 2 | -7 | 4 |
| UST 10Y (Low) | -2 | 1 | -9 | 0 | -9 | 2 |
| US 2s10s (Flat) | 8 | 10 | 0 | 9 | 0 | 11 |
| IG Credit (Wide) | 1 | 3 | -8 | 1 | -8 | 3 |
| HY Credit (Wide) | 1 | 4 | -8 | 2 | -8 | 4 |

Source: Bloomberg, Morgan Stanley Research; Note: We consider high/lows in market levels and economic data that occur within the recession period. We show the average lead during the past five US recessions. Positive number means the market leads the economic indicator while negative means the market lags.

**As conditions normalized in the US Treasury market after the market shocks in March, the Fed has gradually reduced the volume of its daily purchases of coupon bearing Treasuries.** The authorities appear to be comfortable in scaling back their interventions despite continued stress at the longer end of the yield curve where liquidity remains impaired compared to pre-crisis levels. The Fed has stressed that its purchases were designed to stabilize financial markets and were not a return to its previous quantitative easing policies, so it will probably continue to taper even if the Treasury markets see further volatility unless the moves are very exaggerated as they were in March. Some analysts are worried that the large volume of new Treasury issuance due in the weeks ahead could lead to a selloff in the Treasury market, and bond traders were surprised earlier in the week when the Treasury announced that its sales of longer maturity bonds would be larger than expected.

**Exhibit 5: The Fed has tapered their purchase as Treasury market conditions have improved …**

Treasury market liquidity stress index* (LHS; unitless) and daily Fed purchases of coupon securities (RHS; $bn)

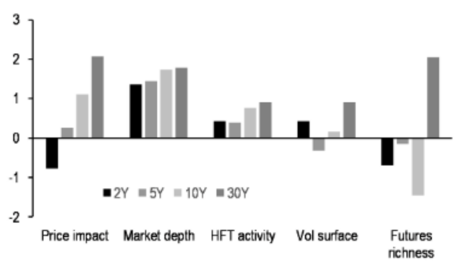



* For details, see *Almost back to "normal"*, J. Younger & H. St John, 4/14/20.

Source: J.P. Morgan, BrokerTec, NYFRB

**Exhibit 6: … but the long end still looks stressed in absolute and relative terms across a range of metrics**

5-year Z-score of various liquidity indicators* as of 5/6/20, positive means poor liquidity; unitless




* For details, see *Almost back to "normal"*, J. Younger & H. St John, 4/14/20..

Source: J.P. Morgan, BrokerTec

## Europe

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Local equities are higher on the trade news and bunds are finding a strong bid, while the euro is weaker against the dollar.

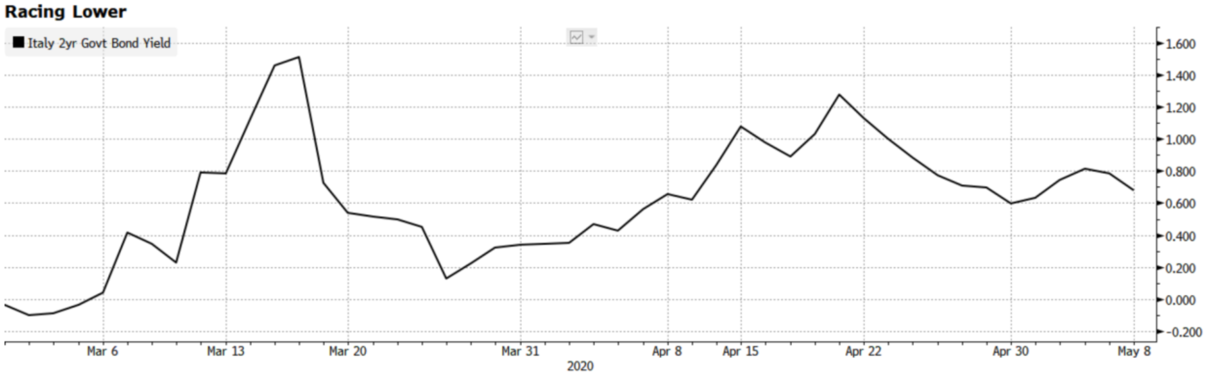
### Euro Area

**ECB President Lagarde reiterated the ECB's commitment to a whatever-it-takes approach** today in an interview with Bloomberg. She said the ECB is committed within in its mandate to ensure that inflation rises to levels consistent with its medium-term aim and that the monetary policy action taken in pursuit of the objective of maintaining price stability is transmitted to all parts of the eurozone. The comments come after the German Constitutional Court (GCC) on Wednesday asked the ECB to demonstrate that monetary policy objectives pursued by the sovereign PSPP program are not disproportionate. Former German Finance Minister and current president of the German parliament **Schäuble said that the GCC's decision puts the existence of the euro into question**. He also remarked that it is "difficult" if the GCC can't accept a decision by the EU Court of Justice.

**The EU Court of Justice said that it alone has the power to rule whether EU bodies breach the bloc's rules in a statement issued today**. The Court of Justice of the European Union declined to comment specifically on the GCC ruling. It said the court's entire purpose is to make sure EU law is properly applied across the EU. "Divergences between courts of the member states as to the validity of such acts would indeed be liable to place in jeopardy the unity of the EU legal order and to detract from legal certainty," the Court of Justice of the EU said.

**Italian 10-yr yields dropped 8 bps.** Later today Moody's will publish its Italian sovereign rating. Moody's rates Italy at the lowest investment grade level. It said last month that Italy's creditworthiness should remain broadly unaffected "given the temporary nature of the downturn and continuing low funding costs", but "credit pressures could intensify if Italy's economic recovery were to be delayed until 2021". **Spanish and Portuguese 10-year yields fell around 3 bps**.

**Racing Lower**




Source: Bloomberg

**In Germany new covid-19 cases rose the most in a week (+1,268) over the past 24 hours.** Yesterday the federal government and state leaders agreed that states can decide on easing of the remaining lockdown measures, if daily new Covid-19 infections do not exceed 50 per 100k. Today data showed that a first county exceeded the infection limit.

**German exports plummeted in March by 11.8% m/m**, more than expected and the steepest ever recorded since data collection started in 1990. Imports were down 5.1%, the most since the global financial crisis.

**United Kingdom**

The UK is closed today for the spring Bank Holiday.

**The government is expected to outline a gradual easing of lockdown measures on Sunday.** A government minister warned the public not to expect big changes. The Bank of England will delay incentives to encourage banks to replace Libor from October this year to April 2021. The incentives involve extra haircuts to Libor-linked collateral for access to BoE liquidity.

## Other Mature Markets

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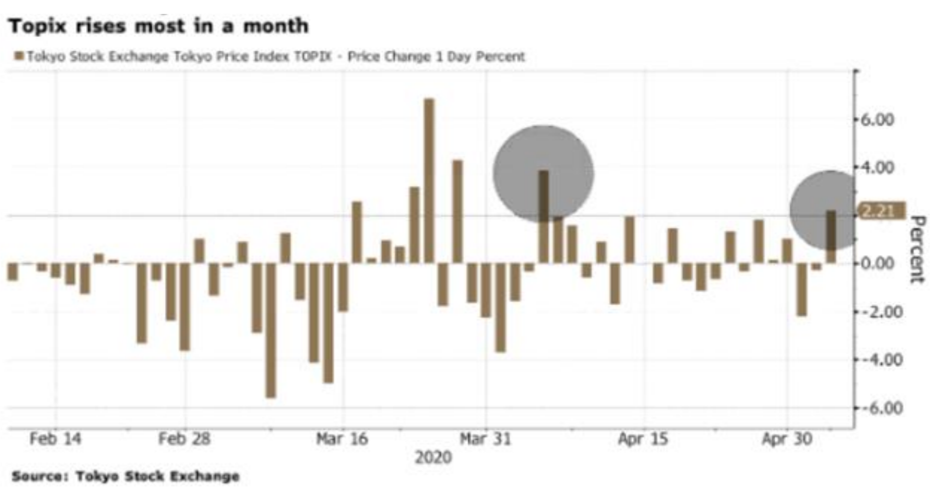
**Australia**

**The government announced a three-phase plan to reopen by July.** Prime Minister Morrison said that the government aims to incrementally reopen cafes, restaurants, gyms, cinemas, allow gatherings of up to 100 people and permit interstate travel. It will be down to the eight state and territory governments to implement the guidelines. Australia has flattened the daily increase in infections to less than 0.5% from around 20% a month ago. **Separately, the Reserve Bank of Australia (RBA) said in its quarterly update that the economy is expected to contract the most since the 1930s.** Output is expected to contract significantly in the first half of 2020 before recovering in the second half. A peak to trough decline of 10% is expected. The central bank projects most restrictions to be lifted by the end of Q3 other than limits on very large public gatherings and international travel. Consumption is likely to drive second half growth with full year GDP forecasted to contract -6%. **Equities rose (+0.5%) and the Australian dollar appreciated +0.4%.**

**Japan**

**Equities rose +2.2% on easing virus concerns.** Japan's Economy Minister said that more prefectures were reporting zero cases daily and lifting the state of emergency for these regions is within sight. Japan approved Gilead's antiviral drug remdesivir for use against COVID-19 yesterday. Separately, **Nomura posted its first loss in five quarters driven by surprise losses in asset management and derivatives.** The net loss was JPY34.5 bn ($324 mn) in the 3 months ending March 31, compared with a profit of JPY844 mn a year earlier. Its CFO described the result as 'severe'. **The yen and JGB yields were stable.**




## Emerging Markets

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**Most Asian markets rose on positive US-China trade news.** Currencies appreciated on net, led by the Indonesia rupiah (+0.5%). Indonesian officials have begun discussions to reopen the economy in phases starting from June. Indonesian foreign reserves rose to $127.9 bn from $121 bn in March, boosted by the global bond sale of $4.3bn. For the Philippines, Fitch lowered its rating outlook to stable from positive (after affirming its BBB rating) following the poor Q1 GDP release. GDP shrank -0.2% y/y in Q1, the first contraction since the Asian Financial Crisis. Turkey and most eastern European markets were higher, although Russia lost ground. Latin America followed US markets higher but Brazil had another negative day as political tensions continued to weigh on markets.

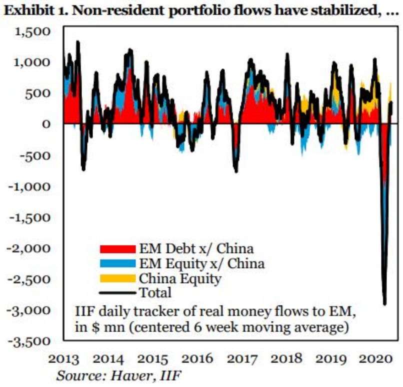
**Key Emerging Market Financial Indicators**

| Last updated: 8/12/19 10:35 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 | | 39.39 | -0.1 | 1 | -8 | -9 | 1 |
| MSCI Frontier Equities | | 28.94 | -1.5 | -1 | -5 | 0 | 11 |
| EMBIG Sovereign Spread (in bps) | | 350 | 11 | -9 | 15 | -5 | -64 |
| EM FX vs. USD | | 60.92 | -0.6 | 0 | -4 | -2 | -2 |
| **Major EM FX vs. USD** | | | %, (+) = EM currency appreciation | | | | |
| China Renminbi | | 7.06 | 0.1 | 0 | -3 | -2 | -3 |
| Indonesian Rupiah | | 14250 | -0.4 | 0 | -2 | 2 | 1 |
| Indian Rupee | | 70.79 | -0.1 | -2 | -3 | -3 | -1 |
| Argentine Peso | | 58.50 | -22.5 | -22 | -29 | -49 | -36 |
| Brazil Real | | 4.00 | -1.5 | -1 | -7 | -3 | -3 |
| Mexican Peso | | 19.64 | -1.2 | 0 | -3 | -3 | 0 |
| Russian Ruble | | 65.62 | -0.5 | 0 | -4 | 3 | 6 |
| South African Rand | | 15.37 | -0.8 | -3 | -9 | -6 | -7 |
| Turkish Lira | | 5.56 | -1.1 | 0 | 3 | 24 | -5 |
| EM FX volatility | | 8.43 | 0.6 | -0.9 | 1.3 | -3.7 | -1.3 |

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

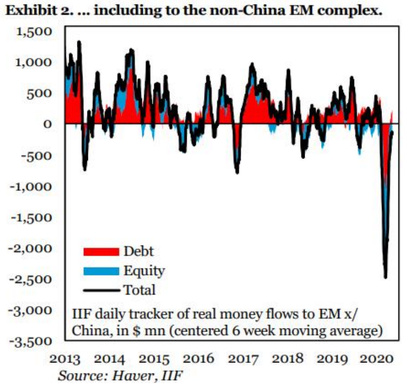
**The US Fed's unprecedented easing measures are finally having an impact on emerging markets (EMs), leading to a stabilization of financial markets and a partial reversal in fund flows.** The market shock of March led to a "sudden stop" and what the IIF has called a five sigma move of outflows from emerging markets. The gradual normalization of global financial conditions has improved sentiment and brought global investors back to these markets, leading analysts to hope that bar is now much higher for another negative shock. Fund flows for Q2 are back in positive territory and emerging market equities are up roughly 16% since the market lows of March. However, many EM currencies which depreciated sharply at the height of the market shock have yet to recover, highlighting the risks that may still lie ahead. While downside risks may be lower, upside potential could also be more limited.

Exhibit 1. Non-resident portfolio flows have stabilized, ...




Source: Haver, IIF

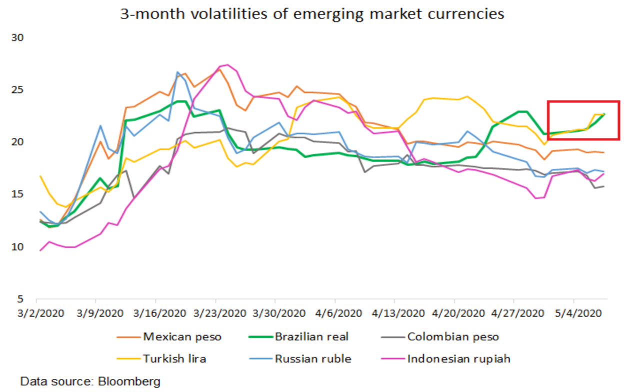
Exhibit 2. ... including to the non-China EM complex.




Source: Haver, IIF

## Brazil

**The volatilities of currencies of major Latin American economies have stabilized recently, with the exception of the real.** However, volatility still remains high relative to the beginning of March. Volatilities of the Mexican peso (-0.5%) and Colombian peso (-7.7%) have declined since the beginning of May, whereas the volatility of the Brazilian real has increased by 8.6%, close to that of the Turkish lira. Growing political unrest and a number of scandals have unsettled markets in recent weeks, and the challenge of COVID-19 in Brazil is becoming increasingly acute.




### China

**Chinese regulators improved access to onshore capital markets by removing quota restrictions on qualified foreign institutional investor (QFII) and RMB QFII (RQFII).** Investors with QFII and RQFII status can choose the currency and timing of fund remittance without many restrictions and are allowed to hire multiple domestic trustees. The procedures of investment income repatriation have also been largely simplified. Analysts welcomed the measures as giving foreign institutional investors more convenient access to Chinese capital markets. Equities (Shanghai +0.8%; Shenzhen +1.2%) rose and the onshore and offshore RMB were stable.

### Turkey

**Turkey's banking regulator blocked three international banks from trading the lira on Thursday.** The regulator, known as BDDK, issued the ban on Citigroup, BNP Paribas and UBS after state media blamed unidentified foreign financial institutions for FX market manipulation. Earlier in the week, the regulator had limited the amount of lira local banks could lend to foreign investors and banks, in a bid to discourage bets against the lira. It also expanded the definition of manipulative trades to include those that generate "misleading pricing" or maintaining prices at "abnormal or artificial" levels. Meanwhile, the lira's sharp depreciation – it has lost about 16 percent of its value against the dollar on a year-to-date basis – has raised concerns over maturing foreign-debt obligations. Data from the central bank indicated that local banks have $79 bn of short-term FX debt coming due by next February and a total of more than $168 bn of such debt maturing over the next 12 months. At the same time, the central bank's reserves have fallen by $20 bn since the start of the year to around $86 bn by the end of April. After reaching a historically-weak level against the dollar earlier in the day, the lira bounced back slightly (+0.3%) and is currently at TRY 7.097/dollar.

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## Global Financial Indicators

| 5/8/20 8:19 AM | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | % | | % |
| United States | | 2881 | 1.2 | -1 | 5 | 0 | -11 |
| Europe | | 2900 | 0.7 | -1 | 2 | -15 | -23 |
| Japan | | 20179 | 2.6 | 2 | 4 | -7 | -15 |
| China | | 2895 | 0.8 | 3 | 3 | 0 | -5 |
| Asia Ex Japan | | 63 | 0.9 | -1 | 3 | -9 | -14 |
| Emerging Markets | | 36 | 0.8 | -2 | 2 | -14 | -20 |
| **Interest Rates** | | | | | basis points | | |
| US 10y Yield | | 0.63 | -1.2 | 2 | -14 | -185 | -129 |
| Germany 10y Yield | | -0.55 | -0.1 | 4 | -24 | -50 | -36 |
| Japan 10y Yield | | 0.00 | -0.6 | 2 | -3 | 5 | 1 |
| UK 10y Yield | | 0.24 | 0.4 | 0 | -18 | -92 | -59 |
| **Credit Spreads** | | | | | basis points | | |
| US Investment Grade | | 205 | 0.7 | 7 | -26 | 90 | 108 |
| US High Yield | | 755 | 0.6 | -8 | -70 | 348 | 362 |
| Europe IG | | 85 | -0.9 | 3 | -10 | 23 | 41 |
| Europe HY | | 511 | -4.8 | 10 | -21 | 244 | 305 |
| EMBIG Sovereign Spread | | 591 | -1.0 | -15 | -26 | 252 | 298 |
| **Exchange Rates** | | | | | % | | |
| USD/Majors | | 99.72 | -0.2 | 1 | 0 | 2 | 3 |
| EUR/USD | | 1.08 | 0.1 | -1 | 0 | -3 | -3 |
| USD/JPY | | 106.4 | -0.1 | 0 | 2 | 3 | 2 |
| EM/USD | | 52.8 | 0.2 | 0 | -1 | -15 | -14 |
| **Commodities** | | | | | % | | |
| Brent Crude Oil ($/barrel) | | 30 | 0.9 | 12 | -9 | -58 | -55 |
| Industrials Metals (index) | | 97 | 0.6 | 3 | 5 | -15 | -15 |
| Agriculture (index) | | 35 | 0.6 | 0 | -3 | -7 | -16 |
| **Implied Volatility** | | | | | % | | |
| VIX Index (%, change in pp) | | 30.2 | -1.2 | -7.0 | -13.2 | 10.8 | 16.4 |
| 10y Treasury Volatility Index | | 5.3 | 0.1 | 0.6 | -1.5 | 1.1 | 1.2 |
| Global FX Volatility | | 9.4 | 0.0 | 0.2 | -0.5 | 2.3 | 3.4 |
| **EA Sovereign Spreads** | | | | | 10-Year spread vs. Germany (bps) | | |
| Greece | | 274 | -1.1 | -1 | 59 | -74 | 109 |
| Italy | | 235 | 0.0 | 0 | 39 | -31 | 75 |
| Portugal | | 140 | 0.0 | 0 | 12 | 27 | 78 |
| Spain | | 133 | -4.1 | 2 | 18 | 32 | 67 |

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: 5/8/2020 8:22 AM | Exchange Rates | | | | | | | Local Currency Bond Yields (GBI EM) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level | | Change (in %) | | | | | Level | | Change (in basis points) | | | | |
| | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD | Last 12m | Latest | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| | | vs. USD | (+) = EM appreciation | | | | | | % p.a. | | | | | |
| China | | 7.08 | 0.1 | -0.2 | 0 | -4 | -2 | | 2.5 | 4.7 | 7 | -4 | -88 | -67 |
| Indonesia | | 14920 | 0.5 | -0.3 | 9 | -4 | -7 | | 8.1 | 0.0 | 27 | -10 | 4 | 99 |
| India | | 76 | 0.3 | -0.6 | 1 | -8 | -6 | | 6.2 | 0.0 | -13 | -49 | -135 | -72 |
| Philippines | | 50 | 0.3 | 0.3 | 0 | 3 | 0 | | 4.8 | 0.0 | -9 | -29 | -35 | 50 |
| Thailand | | 32 | 0.4 | 0.7 | 1 | -1 | -8 | | 1.3 | -0.1 | -4 | -31 | -126 | -27 |
| Malaysia | | 4.33 | -0.2 | -0.7 | 0 | -4 | -6 | | 2.8 | 0.0 | -6 | -50 | -107 | -60 |
| Argentina | | 67 | -0.1 | -0.5 | -3 | -33 | -11 | | 42.7 | 133.9 | 376 | -1675 | 1574 | -1990 |
| Brazil | | 5.79 | 0.8 | -5.3 | -12 | -32 | -31 | | 5.9 | 3.1 | -4 | -57 | -224 | -33 |
| Chile | | 835 | 0.5 | 0.1 | 2 | -18 | -10 | | 2.8 | 1.6 | 1 | -78 | -136 | -54 |
| Colombia | | 3924 | 1.0 | 1.0 | 0 | -16 | -16 | | 5.8 | -15.7 | -55 | -138 | -53 | -13 |
| Mexico | | 23.85 | 0.9 | 3.1 | 1 | -20 | -21 | | 6.2 | -18.6 | -45 | -102 | -205 | -75 |
| Peru | | 3.4 | 0.3 | -0.8 | -1 | -3 | -3 | | 4.6 | -7.7 | -11 | -57 | -78 | 9 |
| Uruguay | | 44 | -1.3 | -2.2 | -1 | -20 | -14 | | 11.6 | -10.9 | -40 | -146 | 84 | 75 |
| Hungary | | 322 | 0.4 | -0.1 | 3 | -10 | -8 | | 1.8 | 1.8 | 1 | -15 | -41 | 56 |
| Poland | | 4.20 | 0.2 | -0.9 | 0 | -9 | -10 | | 1.1 | 0.9 | 8 | -18 | -129 | -78 |
| Romania | | 4.5 | 0.0 | -1.1 | 0 | -5 | -4 | | 4.1 | -1.0 | -8 | -21 | -13 | 9 |
| Russia | | 73.5 | 0.7 | 2.5 | 2 | -11 | -16 | | 5.8 | 0.4 | -2 | -71 | -210 | -29 |
| South Africa | | 18.4 | 0.9 | 2.1 | -1 | -22 | -24 | | 10.1 | -24.0 | -63 | -114 | 66 | 59 |
| Turkey | | 7.12 | 0.0 | -1.5 | -5 | -13 | -16 | | 11.8 | 39.5 | 103 | -179 | -1035 | 11 |
| US (DXY; 5y UST) | | 100 | -0.2 | 0.6 | 0 | 2 | 3 | | 0.29 | -1.1 | -6 | -18 | -199 | -140 |

| | 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 | | 2895 | 0.8 | 3 | 3 | 0 | -5 | | 255 | -2 | 0 | 9 | 86 | 79 |
| Indonesia | | 4597 | -0.2 | 1 | -4 | -27 | -27 | | 335 | -4 | -9 | -39 | 158 | 179 |
| India | | 31643 | 0.6 | -6 | 6 | -16 | -23 | | 334 | 4 | 3 | -21 | 185 | 209 |
| Philippines | | 5622 | -0.6 | -1 | 2 | -29 | -28 | | 181 | -2 | -6 | -5 | 118 | 115 |
| Malaysia | | 1382 | 0.4 | 0 | 1 | -16 | -13 | | 256 | -14 | -29 | -41 | 137 | 144 |
| Argentina | | 35850 | 5.0 | 8 | 28 | 6 | -14 | | 3312 | -12 | -252 | -608 | 2429 | 1543 |
| Brazil | | 78119 | -1.2 | -6 | -1 | -18 | -32 | | 427 | -1 | 11 | 17 | 195 | 212 |
| Chile | | 4000 | 0.9 | 1 | 6 | -21 | -14 | | 277 | 1 | -5 | -35 | 161 | 144 |
| Colombia | | 1113 | 2.1 | -3 | -6 | -28 | -33 | | 365 | -2 | -24 | -11 | 192 | 202 |
| Mexico | | 36792 | -0.5 | 0 | 6 | -15 | -15 | | 625 | -4 | -37 | -54 | 333 | 333 |
| Peru | | 15095 | 0.9 | 2 | 9 | -26 | -26 | | 242 | 0 | -11 | -39 | 127 | 135 |
| Hungary | | 34849 | 0.7 | -1 | 6 | -16 | -24 | | 224 | 2 | 12 | 22 | 135 | 138 |
| Poland | | 45319 | 1.2 | -2 | 4 | -21 | -22 | | 99 | 1 | -40 | -26 | 60 | 81 |
| Romania | | 8340 | 1.8 | 5 | 4 | 0 | -16 | | 354 | 6 | -8 | -29 | 165 | 180 |
| Russia | | 2620 | -0.5 | -1 | -2 | 3 | -14 | | 264 | 1 | -10 | -4 | 65 | 133 |
| South Africa | | 50815 | 1.6 | 1 | 9 | -12 | -11 | | 677 | 1 | -8 | -5 | 378 | 357 |
| Turkey | | 98590 | 0.2 | -2 | 6 | 9 | -14 | | 718 | 1 | 32 | -59 | 213 | 317 |
| Ukraine | | 500 | 0.0 | 0 | -1 | -12 | -2 | | 775 | 1 | -98 | -90 | 137 | 355 |
| EM total | | 36 | 0.2 | -2 | 2 | -14 | -20 | | 591 | -1 | -15 | -26 | 252 | 298 |

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

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