



- Oil prices swing on oil production speculation ([link](#))
- Wall Street analysts split on forecasts of the Fed policy path in 2023 ([link](#))
- US consumer demand for credit cards remains robust ([link](#))
- European ESG funds downgraded after change in EU regulatory guidelines ([link](#))
- Brazilian markets sensitive to fiscal developments ([link](#))
- Central bank of Israel hikes less than expected ([link](#))
- Monetary policy tightening continues in SSA, with exception of Angola ([link](#))

[Mature Markets](#)








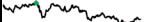


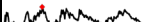
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## No news is good news

European equities and US equity futures are higher in relatively quiet trading. Oil prices rose after a sharp drop yesterday on reports—later denied—that OPEC+ was considering increasing oil production. **Contacts believe that comments by recent Fed speakers signal that the Fed will hike its policy rate 50 bps in December.** Wall Street analysts are split on how far the Fed will go, with forecasts for the peak rate in 2023 ranging between 4.75% and 5.75%. Traders continue to focus on comments from ECB officials to decide whether the ECB could still hike 75 bps next month. Chinese equities were flat as covid-19 infections rise. **The Bank of Israel hiked less than expected yesterday.**

Key Global Financial Indicators

Last updated: 11/22/22 1:16 PM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		3950	-0.4	0	5	-16	-17
Eurostoxx 50		3916	0.2	0	13	-10	-9
Nikkei 225		28116	0.6	0	5	-6	-2
MSCI EM		38	-1.3	-1	6	-26	-23
<b>Yields and Spreads</b>			bps				
US 10y Yield		3.80	-2.8	3	-42	218	229
Germany 10y Yield		2.01	2.0	-9	-40	232	219
EMBIG Sovereign Spread		489	2	4	-89	130	122
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		49.5	0.1	-1	2	-7	-6
Dollar index, (+) = \$ appreciation		107.4	-0.4	1	-4	11	12
Brent Crude Oil (\$/barrel)		88.8	1.6	-5	-5	11	14
VIX Index (% change in pp)		22.2	-0.1	-2	-7	3	5

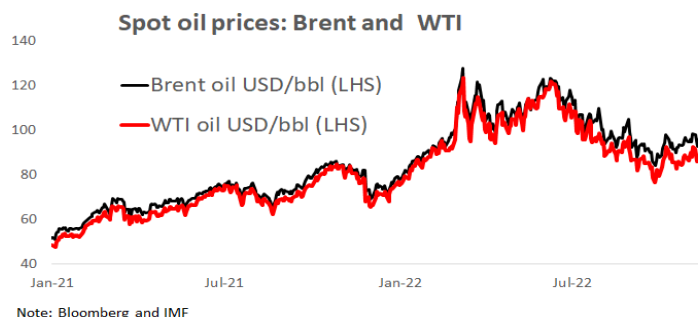
Colors denote **tightening**/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

## Mature Markets

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### Commodity Markets

Oil prices are up 0.7% today (\$88.1 /bbl Brent) after briefly dropping past \$83/bbl yesterday afternoon on media reports that were later denied saying that OPEC+ was considering increasing oil production by up to 0.5 mn bbl/day at its next meeting in Vienna on 4 December. Saudi Arabia's energy minister Prince Abdulaziz bin Salman denied these reports and said that Saudi Arabia will stand by OPEC+'s plan to cap oil output as previously decided until the end of 2023. Kuwait also denied reports of production increases this morning. At its last meeting in early October, OPEC + decided to cut production by 2mn/bbl per day, sending oil prices 11% higher in one day.



### United States

**Treasury yields were little changed, with the curve continuing to flatten.** With broader skepticism in crypto markets triggered by FTX bankruptcy, **crypto assets broadly declined**, with bitcoin falling as much as 4%. Share of Coinbase, the largest US crypto asset exchange, hit an all-time low, dropping as much as 10% before closing down 9%.

**Markets continue to parse comments from Fed officials** ahead of November FOMC meeting minutes released on Wednesday. With some divergence among members, **recent Fed speakers have generally said: i) the Fed will continue tightening, and it is premature to discuss pause or cut ii) the terminal rate would be around or above 5%, iii) slow down the pace of hike in December is likely, with a full range of options on the table.** San Francisco Fed President Daly and Cleveland Fed President Mester repeated these points on Monday. Meanwhile, **Wall Street analysts agree the Fed will hike the policy rate further into next year but split on how far the Fed will go and when it will start rate cut.** According to Bloomberg, Nomura analysts have the most hawkish forecast for the peak rate, reaching 5.75% in May before cutting by 75 bps to 5% by the end of 2023. UBS analysts expect 175 bps cuts next year as they anticipate a hard landing of the US economy, with the unemployment rate rising to nearly 5.5% in 2024.

	Peak	End of 2023
Nomura Holdings	5.75%	5.00%
Citi	5.50%	5.50%
Goldman Sachs	5.25%	5.25%
Wells Fargo	5.25%	5.25%
Bank of America	5.25%	5.00%
Barclays	5.25%	4.50%
JPMorgan Chase	5.00%	5.00%
Bloomberg Economics	5.00%	5.00%
Deutsche Bank	5.00%	4.00%
UBS	5.00%	3.25%
Morgan Stanley	4.75%	4.50%

Source: Bloomberg

**Despite the Fed aggressively lifting the policy rate, US consumers' demand for credit cards remains robust, according to the latest NY Fed Credit Access Survey, reflecting solid consumer demand for goods and services.** Overall, consumer credit demand has declined in 2022, with most credit application rates stable or weakening, except for a rise in credit card applications, reaching 27.1% in October 2022, above its October 2021 level of 26.5%. Current application rates for any type of credit remain below pre-pandemic levels for consumers with credit scores below 680 while being higher for those with over 760. As for the next 12 months, consumers anticipate they will be less likely to apply for an auto loan, mortgage, or mortgage refinance loan, but there was increasing in the share of consumers who expect to apply for a credit card or a higher credit card limit. **This finding is consistent with the latest Quarterly Report on Household Debt and Credit released by the NY Fed last week: credit card debt saw its biggest annual increase in more than 20 years in Q3 2022, with balances rising by 15% from a year earlier.**

## Europe

**European markets are back in risk-on mode this morning.** Equity markets are up, with the Stoxx Europe 600 gaining 0.4% and the UK FTSE 100 is up 0.7%. The euro and the British pound are appreciating slightly vs. the dollar (+0.4% to 1.03/\$ and +0.5% to 1.19 £/\$ respectively). Bond yields are broadly flat in Germany (2%) and in the UK (to 3.18%) and Italian spreads are broadly unchanged at 193 bps. The Bank of England conducted the fourth bond sale of its QT program yesterday (bid/cover ratio 2.02).

**Traders continue to focus on comments from ECB officials to decide whether the ECB could still hike 75 bps at its December meeting.** Yesterday, ECB officials continued to strike a hawkish tone, in line with their colleagues last week (President Lagarde, Bundesbank President Joachim Nagel, and Dutch governor Klaas Knot). **Yesterday and this morning, Austrian Central bank governor Holzman argued for another 75 bps hike unless inflation for November show a major reduction and Slovenian governor Vasle argued in favor of taking the deposit rate past neutral and into restrictive territory.** Bundesbank president Nagel said that the ECB would deliver another “robust” hike next month, but that it was premature to settle on its size just yet. In contrast, statements from ECB Chief Economist Philip Lane yesterday were seen as more dovish, as he wondered about the appropriate time to move to smaller hikes. Yesterday, Portuguese central bank governor Mario Centeno also argued in favor of milder increases. The next ECB meeting is on December 15. The ECB will have an additional inflation data point, with the November data due to be released on November 30.

**Bloomberg reports that Amundi SA, Europe's largest asset manager, is removing the EU's highest ESG designation from virtually all funds that once carried it, following a change in EU regulatory guidelines.** According to Bloomberg, Amundi is reclassifying almost all of its range of funds listed under the EU's top ESG category (amounting to \$39 bn), known as Article 9, and reclassifying them as Article 8, which carries a less stringent ESG definition. BlackRock had said earlier this month it will downgrade 17 exchange-traded funds classified as Article 9, which will affect \$26 bn in assets under management. Morningstar expects that at least \$85 bn in industry-wide Article 9 funds will be downgraded within the coming weeks and months.

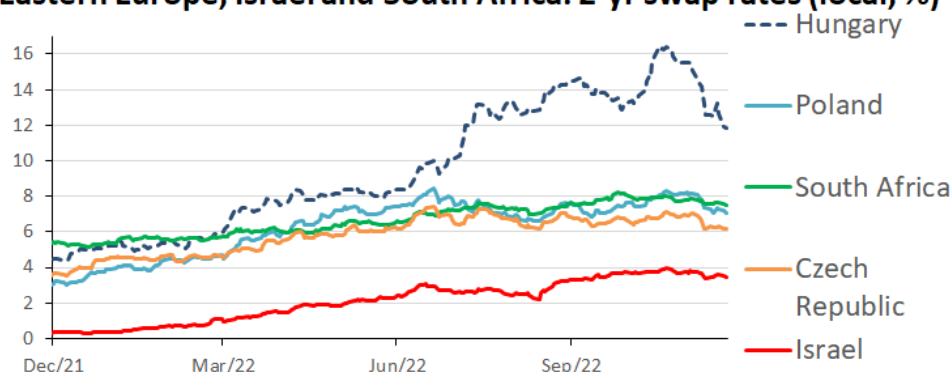
## Emerging Markets

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**Asia equities were mixed.** Chinese equities were flat as Chinese health officials vowed to stick with zero-covid policy during a briefing. **According to analysts, a total of 48 Chinese cities are subject to some form of district-level or widespread restrictions on movements.** EMEA equities were mostly trading higher with equities in Turkey (+2.5%) outperforming, while currencies were mixed against the dollar and CEE currencies were mostly weaker against the euro. Polish equities gained (+1.3%) while the polish zloty underperformed (-0.2%) against the euro and local bond yields fell following disappointing industrial production data for October, while wages increased by less than expected and PPI data came in

below expectations. **Equities in Hungary gained (+1%) while the Hungarian forint was little changed against the euro and local bond yields fell sharply on news of a cap of a 12% interest rate on commercial bank deposits of institutional and some retail investors.** The central bank of Hungary is expected to leave its policy rate unchanged at 13% later today. **Latin American currencies retreated and equities advanced. Colombian stocks fell by 4%, while Chilean (+2.2%) and Argentine (+1.3%) equities gained.** A failed takeover bid for Grupo Nutresa, the national champion in the consumer staple segment, and prospects for higher gasoline prices weighed on the Colombian stock index. In contrast, the Chilean index profited from a recovery in the share price of the world's second largest Lithium producer. In currencies, the real (+1.3%) and the Colombian peso (+0.8%) appreciated, while the region's other currencies gave up some ground. **Hard and local currency treasury yield curves shifted mostly lower, the most pronounced in Brazil's market for local currency treasuries, where the yield on the 10-year bond fell 15 bps to 13.3%.**

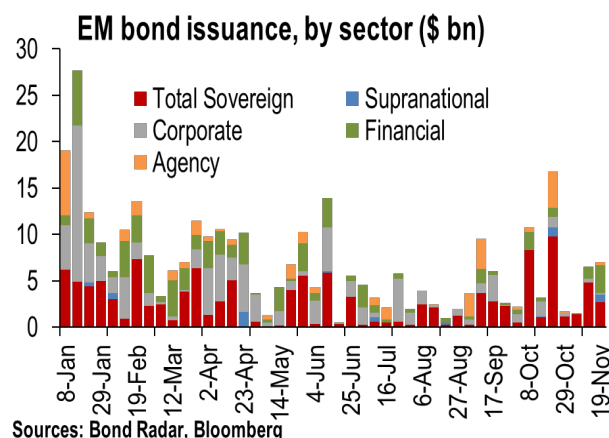
### Eastern Europe, Israel and South Africa: 2-yr swap rates (local, %)



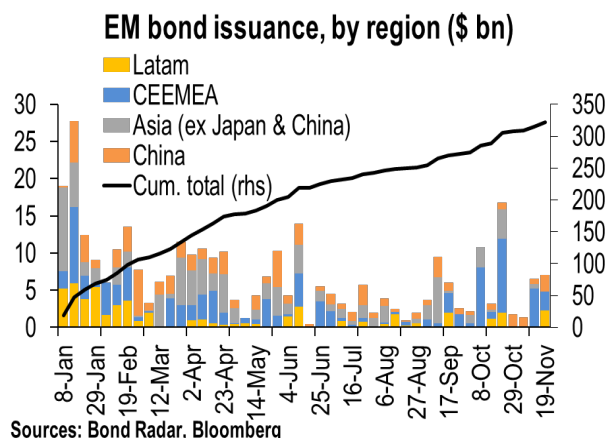
Source: Bloomberg and IMF staff.

### EM hard currency bond issuance

**Issuance stood firm over the last week, as EMBI and CEMBI spreads trended down since late October.** EM issuers emitted last week \$7 bn of hard currency debt. Sovereigns and financial corporates issued \$2.7 bn and \$3.1 bn, respectively. China dominated the issuance in the financial sector, while sovereign issuance came mainly from Hungary and Panama. **Cumulative total issuance stands YTD at \$322 bn, equivalent to less than 50% of the respective volume observed in November 2021.**



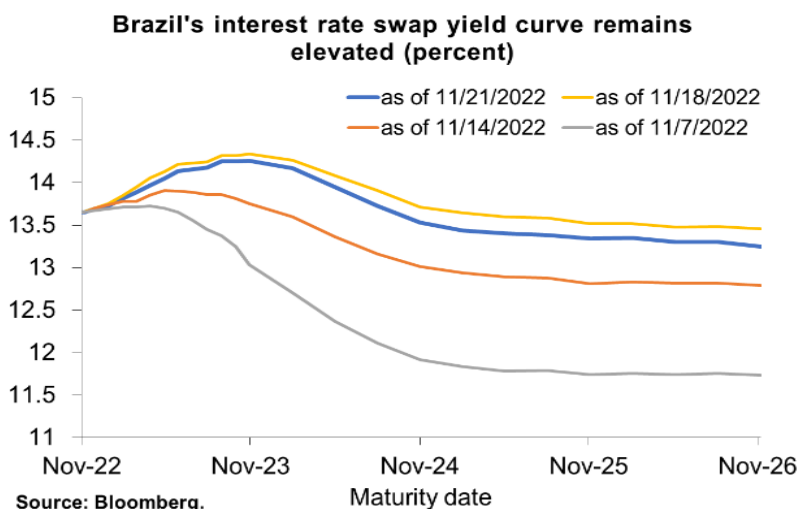
Sources: Bond Radar, Bloomberg



Sources: Bond Radar, Bloomberg

## Brazil

**Markets remain sensitive to fiscal developments.** Despite yesterday's gains in local assets' (swap rates were down by up to 20 bps, equities gained 0.8%, and the real appreciated by 1.3%, all on back of an almost doubled weekly trade surplus of \$1.8 bn), yield curves still highlight concerns over a potentially looser medium-term fiscal stance as well as rumors about candidates for the position of the finance minister. **Congress is currently discussing plans to increase the spending cap up to 2% of GDP. Market-implied terminal rates for the current monetary hiking cycle peak now at 14.6% in May 2023, 28 bps higher than a week ago.** Morgan Stanley, for example, modified its previous overweight recommendation for client's exposure to Brazilian equities to a neutral recommendation.



## Israel

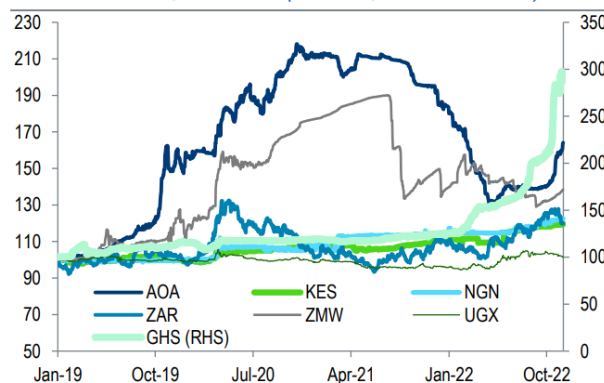
**Swap rates are 3–8 bps lower and the shekel was little changed today after the Bank of Israel raised its policy rate 25 bps to 3.25% yesterday, compared to consensus of a 50 bps hike to 3.50%.** Officials said that inflation is unlikely to slow before 2023Q1 and signaled further tightening above 3.5%. The central bank expects inflation to slow to the [1-3%] target range in 2023H2.

## Sub-Saharan Africa

**Monetary policy tightening in Sub-Saharan Africa (SSA) is generally expected to continue in November**, with the exception of Angola. There are several central bank meetings taking place in the region in the coming days where further tightening is expected. **In Nigeria consensus expects a 75 bps hike** when the central bank monetary policy meeting concludes today, to take the central bank interest rate to 16.25%. Standard Chartered (SC) analysts expect a 150 bps hike today as the central bank is seen to be preparing for a more liberalized FX regime. Elsewhere, consensus expects **50 bps hikes in both Zambia and Kenya** tomorrow, with a **75 bps hike anticipated in South Africa** on Thursday. The central bank of Ghana is set to announce its policy rate decision next Monday, and while consensus expects a 50bps hike SC analysts highlight that the magnitude of the hike is uncertain given local currency debt restructuring risks. In contrast, SC analysts expect **Angola to keep its benchmark interest rate unchanged at 19.5%** this Friday, following an unanticipated 50 bps cut in September.

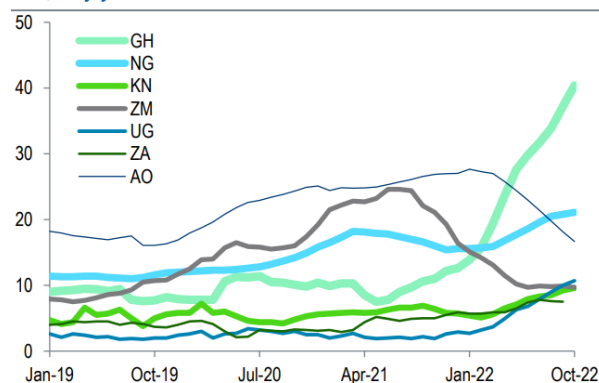


**Figure 2: SSA FX remains under pressure, mostly**  
**FX rates vs USD, USD-LCY (rebased, Jan 2019 = 100)**



Source: Bloomberg, Standard Chartered Research

**Figure 3: For much of the region, inflation is still pressured**  
**CPI, % y/y**



Source: Bloomberg, Standard Chartered Research

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## Global Financial Indicators

Last updated: 11/22/22 1:18 PM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
United States		3954	-0.4	-1	5	-16	-17
Europe		3916	0.2	0	13	-10	-9
Japan		28116	0.6	0	5	-6	-2
China		3089	0.1	-1	2	-14	-15
Asia Ex Japan		63	-1.6	-1	9	-27	-24
Emerging Markets		38	-1.3	-1	6	-26	-23
<b>Interest Rates</b>			basis points				
US 10y Yield		3.80	-2.8	3	-42	218	229
Germany 10y Yield		2.01	2.0	-9	-40	232	219
Japan 10y Yield		0.25	0.2	0	-1	17	18
UK 10y Yield		3.20	1.2	-10	-86	227	223
<b>Credit Spreads</b>			basis points				
US Investment Grade		161	0.7	-7	-31	47	49
US High Yield		474	2.8	-2	-32	123	136
Europe IG		94	-1.7	1	-28	43	46
Europe HY		468	-8.2	5	-117	214	226
<b>Exchange Rates</b>			%				
USD/Majors		107.40	-0.4	1	-4	11	12
EUR/USD		1.03	0.3	-1	4	-9	-10
USD/JPY		141.3	-0.6	1	-5	23	23
EM/USD		49.5	0.1	-1	2	-7	-6
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		89	1.6	-5	-5	11	14
Industrials Metals (index)		158	2.3	-6	8	-6	-9
Agriculture (index)		68	0.4	-2	-1	10	11
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		22.2	-0.1	-2.3	-7.5	3.1	5.0
US 10y Swaption Volatility		134.1	-0.2	0.5	-25.8	52.3	55.1
Global FX Volatility		11.4	0.0	0.0	-1.5	3.6	4.0
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		226	-2.0	9	-39	73	74
Italy		192	-2.5	-3	-41	66	57
Portugal		92	-0.7	-2	-12	27	28
Spain		99	-1.1	-3	-13	27	24

Colors denote **tightening**/**easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## Emerging Market Financial Indicators

Last updated: 22/11/2022 1:19 PM	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		7.14	0.4	-1.3	2	-11	-11		3.1	0.5	1	26	7	22		
Indonesia		15697	0.1	-1.0	-1	-9	-9		7.0	-3.2	-1	-61	101	66		
India		82	0.2	-0.7	1	-9	-9		6.3	0.0	0	9		0		
Philippines		57	-0.1	-0.3	3	-12	-11		6.1	0.0	0	33	155	165		
Thailand		36	0.5	-1.5	6	-9	-8		2.7	-7.0	9	-56	91	90		
Malaysia		4.58	0.0	-0.8	3	-9	-9		4.4	-1.5	1	-20	81	77		
Argentina		163	0.0	-0.6	-5	-38	-37		92.8	0.0	-252	354	4215	4224		
Brazil		5.32	-0.2	0.1	0	5	5		13.2	-7.8	32	118	133	246		
Chile		939	0.3	-5.6	5	-14	-9		5.3	-5.5	6	-135	11	-14		
Colombia		4937	0.3	-1.8	1	-21	-18		10.5	0.0	37	-118	373	408		
Mexico		19.56	-0.1	-1.0	2	7	5		8.8	0.5	6	-53	134	126		
Peru		3.8	-0.3	0.2	4	4	4		8.0	0.0	24	-66	210	209		
Uruguay		40	-0.2	0.3	4	11	12		10.9	-5.1	-23	-64	223	216		
Hungary		397	0.5	-0.2	6	-17	-18		8.1	-7.0	-37	-304	384	362		
Poland		4.59	0.0	-0.3	6	-9	-12		6.1	-20.0	11	-143	300	259		
Romania		4.8	0.6	-0.8	4	-8	-9		7.9	-2.0	-25	-164	305	309		
Russia		60.7	0.9	0.8	2	24	24		10.9	-30.0	17	38	179	215		
South Africa		17.3	0.3	0.2	7	-8	-8		9.0	-8.0	-12	-89	141	155		
Turkey		18.61	0.0	0.0	0	-39	-29		11.3	-24.0	-61	61	-891	-1299		
US (DXY; 5y UST)		107	-0.4	0.9	-4	11	12		3.95	-6.8	6	-39	264	269		

	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	7 Days	30 Days	12 M	YTD	
									basis points						
China		3770	0.0	-2	1	-23	-24		203	-6	-9	5	0		
Indonesia		7031	-0.5	0	0	5	7		179	6	-33	14	14		
India		61419	0.4	-1	4	5	5		147	-11	-72	15	15		
Philippines		6430	0.4	0	7	-13	-10		140	2	-38	31	39		
Malaysia		1441	-0.5	-2	0	-5	-8		101	-6	-23	-9	-16		
Argentina		157254	1.3	5	13	84	88		2439	11	-216	700	759		
Brazil		109766	0.0	-3	-8	7	5		283	-10	0	-38	-28		
Chile		5325	0.2	2	3	11	24		151	1	-40	10	11		
Colombia		1232	-4.0	-4	0	-6	-13		402	1	-112	92	54		
Mexico		51570	0.4	-1	9	1	-3		382	3	-56	46	50		
Peru		21888	0.0	-2	7	10	4		180	6	-48	23	30		
Hungary		45323	1.6	2	12	-10	-11		228	1	-96	111	104		
Poland		55184	1.7	-2	18	-20	-20		44	-16	-43	0	12		
Romania		11588	-0.9	-1	7	-8	-11		293	19	-95	99	100		
Russia		2185	0.8	-2	7	-44	-42		3411	-577	938	3228	3234		
South Africa		72383	0.6	-1	10	2	-2		384	29	-105	29	29		
Turkey		4749	3.9	2	21	170	156		516	31	-79	11	-62		
Ukraine		519	0.0	0	0	-1	-1		3707	-79	-499	3140	2948		
EM total		38	0.2	-1	6	-26	-23		406	1	-70	26	20		

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

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