GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

# Global Markets Monitor

**MONDAY, NOVEMBER 4, 2019**

- **Fed rate cuts reduce hedging costs for foreign investors** (link)
- **Manufacturing in the US continues to weaken** (link)
- **Most major banks have reported Q3 earnings above expectations** (link)
- **EM bond and equity funds experience robust inflows** (link)
- **Asian equities rise on positive US-China trade developments** (link)
- **South African rand rallies after Moody's maintains investment-grade rating** (link)

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

## Positive trade news sends markets higher

**Markets continue to be whipsawed by news on the trade front with the latest move pushing equities higher.** While investors remain worried about longer term prospects, reports of positive developments during a Friday call between senior officials from the US and China sent Asian markets higher overnight, feeding into morning moves in Europe and the US. Sovereign bond yields are also moving higher on the positive risk sentiment. The rally continues despite a swirl of political uncertainty in the US, Europe and several emerging markets. This morning, most emerging market currencies are rallying, led by South Africa after Friday's announcement that Moody's maintained its investment grade rating, while lowering its outlook. Elsewhere in emerging markets, Saudi Arabia has reportedly approved the IPO of Aramco with an implied valuation of $1.6-1.8 trillion, while Brazil is reportedly mulling an invitation to join OPEC.

**Key Global Financial Indicators**

| Last updated: 11/4/19 8:21 AM | Level: Last 12m | Level: Latest | Change from Market Close: 1 Day | 7 Days | 30 Days | 12 M | YTD |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | % | | % |
| S&P 500 | | 3067 | 1.0 | 1 | 4 | 13 | 22 |
| Eurostoxx 50 | | 3661 | 1.0 | 1 | 6 | 14 | 22 |
| Nikkei 225 | | 22851 | -0.3 | 0 | 7 | 3 | 14 |
| MSCI EM | | 43 | 1.5 | 1 | 5 | 6 | 11 |
| **Yields and Spreads** | | | | | bps | | |
| US 10y Yield | | 1.75 | 1.9 | -9 | 22 | -147 | -94 |
| Germany 10y Yield | | -0.37 | 1.2 | -4 | 22 | -80 | -61 |
| EMBIG Sovereign Spread | | 320 | -4 | -5 | -28 | -38 | -94 |
| **FX / Commodities / Volatility** | | | | | % | | |
| EM FX vs. USD, (+) = appreciation | | 61.3 | 0.2 | 0 | 1 | -2 | -1 |
| Dollar index, (+) = $ appreciation | | 97.3 | 0.1 | 0 | -1 | 1 | 1 |
| Brent Crude Oil ($/barrel) | | 62.5 | 1.2 | 1 | 7 | -14 | 16 |
| VIX Index (%, change in pp) | | 12.7 | 0.4 | 0 | -4 | -7 | -13 |

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

Global markets remain fixated on political developments as the US-China trade conflict continues to simmer, the US Congress moves closer to impeachment and geopolitical tensions threaten to flare up at any moment. Investors seem to be taking little solace from record high US stock markets and a decent third quarter of earnings from many global companies. The US data calendar features durables goods later today and PMI data tomorrow, followed by the University of Michigan consumer survey on Friday. In the euro area, this morning's manufacturing data PMI will be followed by the closely watched German factory orders report on Wednesday which will be scrutinized for further weakness in the German industrial sector. Euro area and German services PMI data also come out on the same day. The European Commission will release its latest economic forecasts on Thursday and the ECB's latest economic bulletin will also be released. The Bank of England meets on Thursday and China reports trade data on Thursday and Friday.

## United States

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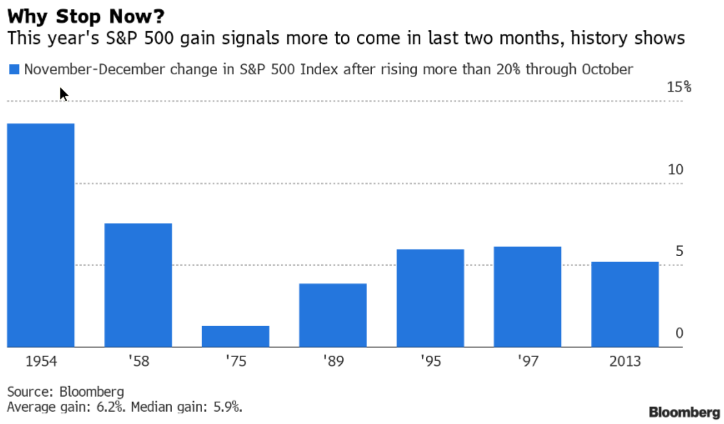
**Stocks hit a new record Friday on news of progress in US-China trade talks.** Earlier, a strong jobs report and generally positive Q3 earnings from US companies had already set a positive tone for the day. Exxon and Chevron were among the companies reporting stronger than expected results. Year to date, the S&P 500 has gained 22%, and history suggests that the rally will continue through November and December. However, sentiment remains subdued as many investors remain worried about the trade war, weak manufacturing and the deepening partisan divide in Washington. Skeptics point out that despite the string of record closes in October, the market remains just 4% higher than its 2018 peak on September 27 when last year's Q4 selloff began.




**Manufacturing data continued their weakening trend as the ISM manufacturing index was weaker than expected (48.3 versus 48.9) as it fell further into contractionary territory.** 50 is considered to be the dividing line between expansion and contraction. Trade concerns continue to be the main drag on the US manufacturing sector, although there are signs that new orders and exports could be improving. On the brighter side, Friday's employment report was much stronger than it appeared at first glance. Not only was the headline jobs gain above forecasts (125K versus 85K), but Morgan Stanley estimates that the number was suppressed by 70K jobs due to the GM strike and changes in census hiring. Moreover, the numbers from the two previous months saw significant upward revisions. The labor force participation rate was up to 63.3%, the highest since August 2013. Contacts expect these numbers to reinforce the Fed's confidence that a pause in rate cuts was the right call, and remarks from Fed Vice Chair Clarida's appeared to underline Fed Chair Powell's comments that the Fed will be on hold for some time to come. Both equity futures and Treasuries rallied on the news.

**Figure 1. Data surprise relative to history**

| Indicator | NFP | AHE MoM | AHE YoY | Unemp. Rate |
|---|---|---|---|---|
| Actual | 128k | 0.2% | 3.0% | 3.6% |
| Median | 85k | 0.3% | 3.0% | 3.6% |
| Citi | 70k | 0.2% | 2.9% | 3.6% |
| Surprise | 43k | -0.1% | 0% | 0% |
| Z Score of Surprise | 0.7 | -0.4 | 0.1 | 0.3 |
| Scale for Z Score Surprise | | | | |
| -3.0 | -1.5 | 0.0 | 1.5 | 3.0 |

Source: Citi Research

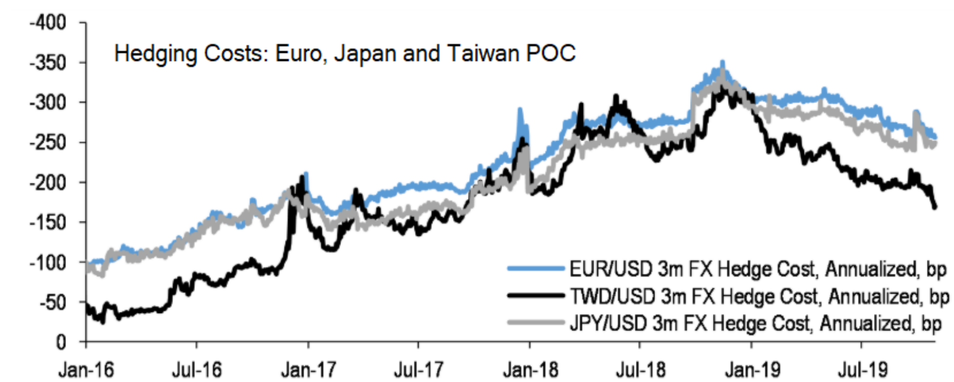
**Figure 2. Marker reaction post data release**

| Market Data | 5 mins | 10 min | 15 min |
|---|---|---|---|
| S&P 500 Mini (%) | 0.22% | 0.25% | 0.25% |
| EUR/USD (%) | -0.15% | -0.14% | -0.13% |
| UST 10y Yields (bps) | 5.06 | 4.71 | 4.01 |
| UST 2y Yields (bps) | 5.80 | 5.60 | 5.00 |
| Relative to Standard Dev. of past 1 year daily change (Opposite for Tsy Yields) | | | |

| | | | | |
|---|---|---|---|---|
| -3.0 | -1.5 | 0.0 | 1.5 | 3.0 |

Source: Citi Research

**The three 25 bps rate cuts by the Fed this year have reduced the dollar hedging costs of foreign investors.** JP Morgan estimates that FX hedging costs are down by 69 bps to 2.60% for euro-based investors and by 66 bps to 2.50% for yen-based investors. Taiwan POC investors have seen an even greater reduction of 123 bps over the past year. Some analysts predict that lower costs will boost foreign demand for corporate bonds, Treasuries and other US assets. On the other hand, JP Morgan points out that US yields and credit spreads have fallen so much over the same period that the gains from lower hedging costs could nearly be wiped out. The long end of the curve has been the most affected, as 10-year Treasury yields are down 128 bps, 10-year investment grade yields have fallen by 142 bps and even 30-year junk bond yields are down by 117 bps.




Source: J.P. Morgan

## Europe back to top

**Core sovereign debt yields are mostly unchanged** at -0.36% (+1 bp) for Germany's 10-year bond and at -0.05% (+1 bp) for France's. Spanish bonds have traded largely in line with peers as the country heads to the polls this Sunday (see below). The 10-year yield is at 0.29% (+3 bps) and the 2-year is flat at -0.42%. Italy's 10-year is at 1.00% (+1 bp).

**Equity markets posted clear gains on Monday** as the DAX and CAC 40 advanced 1.2% and Italy's Titan's 30 1.5%. Spanish stocks are 0.9% higher.

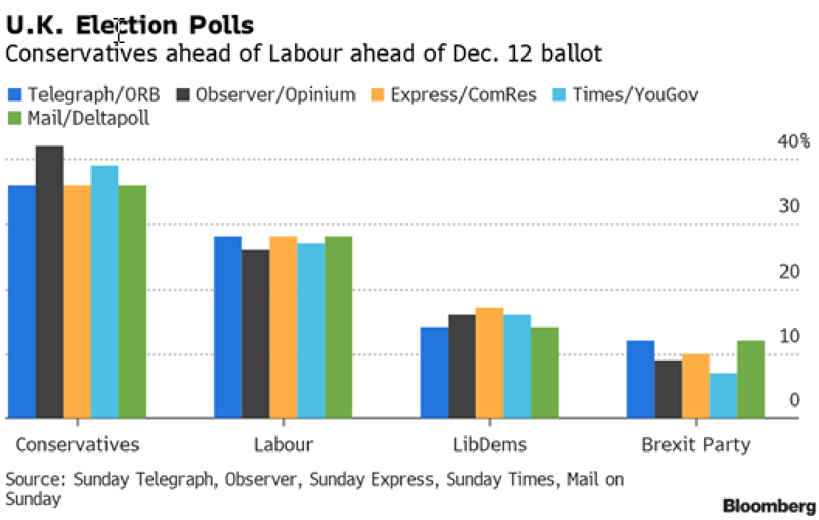
**Banks' results in Q3 have beaten expectations so far.** According to data compiled by Societe Generale, about 16 lenders have published pre-tax profits in Q3 well-above expectations, while 9 banks performed according to forecasts, and only 5 disappointed. The good results have come largely on the back of stronger revenues and net interest income. **Bank stocks (+1.9%) are outperforming main indices this morning.**

## 3Q RESULTS HEATMAP – AS IT HAPPENED

| Banks | Result dates | NII | Revenue | Costs | Loan Losses | Adjusted PBT | Capital Build QoQ | 3Q19 CET 1 FL | Perf. vs Market | 19e EPS Cons. Chg | 20e EPS Cons. Chg | 19e DPS Cons. Chg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CITI | 15-Oct-19 | Miss | In-line | In-line | In-line | In-line | -30 | 11.6% | Market perform | 1.3% | -0.1% | 0.3% |
| JPM | 15-Oct-19 | Beat | Beat | In-line | Miss | Big Beat | 10 | 13.1% | Outperform | 2.5% | 0.8% | 0.3% |
| GS | 15-Oct-19 | | In-line | In-line | | Miss | -10 | 13.4% | Underperform | -5.3% | -5.1% | 0.0% |
| BAC | 16-Oct-19 | Beat | In-line | Miss | Big Beat | In-line | -30 | 11.7% | Outperform | -3.8% | -1.5% | -0.5% |
| MS | 17-Oct-19 | | Beat | Miss | | Beat | -10 | 16.2% | Outperform | 1.6% | -0.9% | 0.1% |
| UBS | 22-Oct-19 | | In-line | In-line | | Big Beat | -20 | 13.1% | Market perform | -0.9% | -3.2% | 0.4% |
| SEB | 23-Oct-19 | Beat | In-line | In-line | Big Miss | In-line | -20 | 16.4% | Market perform | 0.4% | 0.4% | 0.3% |
| SHB | 23-Oct-19 | In-line | In-line | In-line | Big Beat | Beat | 30 | 17.4% | Underperform | -0.7% | 0.6% | -0.4% |
| SWED | 23-Oct-19 | In-line | In-line | In-line | Big Beat | In-line | 20 | 16.3% | Large Underperform | -1.4% | -1.6% | -1.2% |
| NDA | 24-Oct-19 | In-line | In-line | Beat | Miss | Beat | 60 | 15.4% | Market perform | -4.9% | 0.3% | -9.1% |
| DNB | 24-Oct-19 | In-line | In-line | In-line | Pre-announced | Beat | 100 | 18.3% | Large Outperform | 0.7% | 0.4% | 0.3% |
| RBS | 24-Oct-19 | In-line | Miss | Miss | Big Miss | Big Miss | -30 | 15.7% | Underperform | -1.6% | -0.4% | -2.1% |
| SAB | 25-Oct-19 | In-line | Beat | In-line | Beat | Beat | 20 | 11.4% | Market perform | -0.7% | -2.9% | 12.0% |
| BARC | 25-Oct-19 | | Beat | In-line | Big Beat | Big Beat | 0 | 13.4% | Outperform | -1.4% | 1.8% | 0.4% |
| SAB | 25-Oct-19 | In-line | Beat | In-line | Beat | Big Beat | 21 | 11.4% | Market perform | -0.7% | -2.9% | 12.0% |
| HSBC | 28-Oct-19 | In-line | Miss | Beat | Big Miss | Miss | 0 | 14.3% | Underperform | -1.0% | -0.6% | 0.2% |
| BKIA | 28-Oct-19 | In-line | Beat | In-line | Big Miss | Beat | 10 | 13.0% | Underperform | -1.0% | -3.8% | -2.3% |
| LBK | 29-Oct-19 | In-line | In-line | In-line | Beat | In-line | 22 | 13.0% | Large Underperform | 0.0% | -4.3% | 0.0% |
| STAN | 30-Oct-19 | | Beat | Beat | Big Miss | Big Beat | 6 | 13.5% | Large Outperform | -0.1% | 0.1% | 0.0% |
| CS | 30-Oct-19 | | In-line | In-line | | Beat | -10 | 12.4% | Market perform | -0.3% | -0.3% | 0.0% |
| DBK | 30-Oct-19 | | Miss | In-line | | Miss | 0 | 13.4% | Large Underperform | -370.4% | -23.4% | 0.0% |
| SAN | 30-Oct-19 | In-line | In-line | In-line | In-line | In-line | 0 | 11.1% | Large Underperform | -1.1% | -0.4% | -3.6% |
| BKT | 30-Oct-19 | Beat | In-line | In-line | Big Miss | In-line | 7 | 11.6% | Market perform | 0.0% | -0.2% | 0.0% |
| EBS | 30-Oct-19 | In-line | In-line | In-line | Big Beat | Beat | 0 | 13.5% | Market perform | 1.3% | -0.3% | 0.1% |
| ING | 31-Oct-19 | Beat | In-line | In-line | Big Miss | In-line | 10 | 14.6% | Market perform | -0.2% | -0.5% | -0.1% |
| BNP | 31-Oct-19 | | In-line | In-line | Miss | Beat | 10 | 12.0% | Market perform | 0.5% | 0.4% | -0.2% |
| LLOY | 31-Oct-19 | In-line | In-line | In-line | Big Miss | Miss | -50 | 13.5% | Market perform | -1.5% | -1.6% | 0.0% |
| BBVA | 31-Oct-19 | In-line | In-line | In-line | Miss | Beat | 5 | 11.6% | Market perform | -0.1% | 0.0% | 0.8% |
| CABK | 31-Oct-19 | In-line | In-line | In-line | Miss | Beat | 10 | 11.7% | Outperform | -1.0% | 0.3% | 0.0% |
| DNKE | 1-Nov-19 | Beat | In-line | In-line | Big Miss | In-line | -20 | 16.3% | Underperform | | | |
| Better | | 6 | 7 | 3 | 8 | 16 | 16 | | 7 | 7 | 9 | 12 |
| In-line | | 15 | 20 | 24 | 2 | 9 | 5 | | 13 | 2 | 1 | 7 |
| Worse | | 1 | 3 | 3 | 15 | 5 | 10 | | 10 | 20 | 19 | 10 |

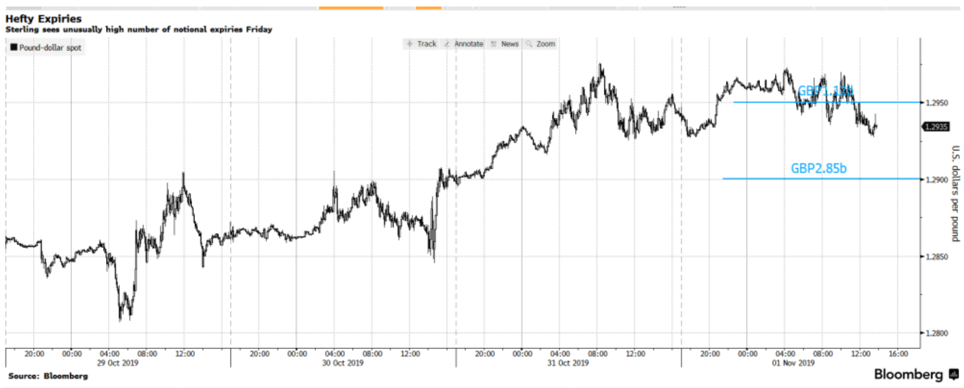
Source: Societe Generale

**The latest polls in the UK continue to give the Conservative party an ample majority.** The Tories seem set to reap about 36% to 42% of voters' support on Dec. 12th, while Labour would obtain 26% to 28% and the Liberal Democrats would come third with around 16%. Support for Nigel Farage's Brexit Party has nearly halved, from 13% to 7%, since the campaign began.

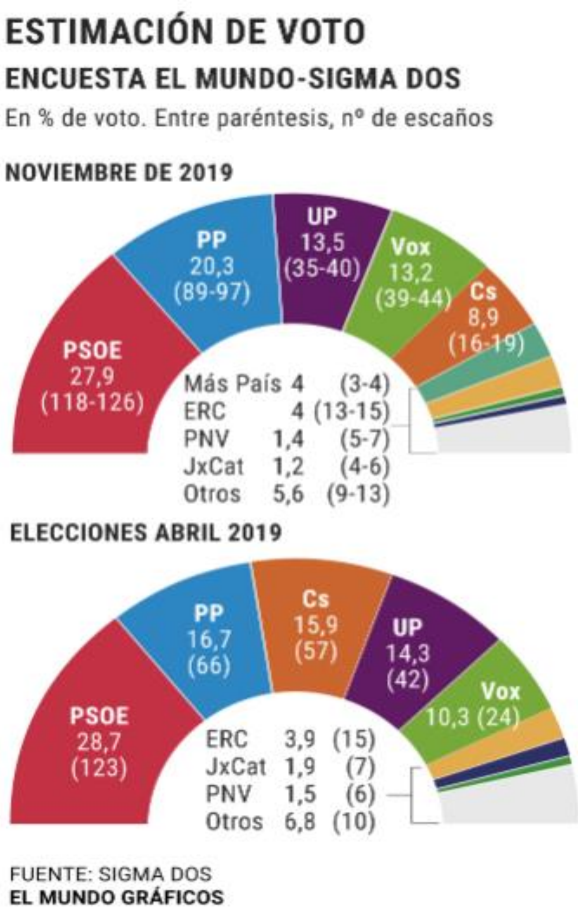



**The euro and the pound traded steadily through the morning; euro at $1.12 (unch.) and sterling at $1.29 (-0.1%). Multi-billion pound bets on a volatile Brexit on October 31 "expired worthless" as the European Union extended the deadline to January 31, Bloomberg reports.** Many investors and traders took large FX option positions that would have profited from a large move in the currency in the case of a hard Brexit, but in the end the volatility of the pound turned out to be quite law and the sterling-dollar rate traded in a narrow range. One of the trades was reported to be a $10 bn notional trade that would have paid off if the currency had moved above 1.30 or below 1.28. According to data from the Depositary Trust

Clearing Corporation (DTCC), £ 20 bn notional of sterling-dollar options expired at 2pm local time on Friday in London, a much higher amount than usual. Buyers of the options lost the value of the premiums they paid to enter the positions, with potentially large losses depending on the nature of the positions taken.




**Spaniards will go to the polls on Sunday to elect a new government.** Although all surveys point to a Socialist victory with about 28% of votes, popular support will likely not be enough to form a stable government. Of note also in most surveys is the rise of the right-wing party Vox, which could obtain 44 seats in parliament from the current 24. The mainstream conservative party PP also seems poised to improve its performance and garner over 20% of votes, raising its number of MPs from 66 to possibly over 90.



## Other Mature Markets

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### Japan

Japanese markets were closed for a holiday and the yen was little changed.

## Emerging Markets

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**Asian equities (+1.2%) rallied on US-China trade optimism.** Thailand (+1.9%). Hong Kong (+1.6%), Korea and Taiwan Province of China (both +1.4%) outperformed, while Indonesia (-0.2%) was the only market that fell. Regional currencies appreciated, led by the Korean won and the Philippine peso (both +0.5%). **In EMEA, equities generally firmed, with shares in Russia, Turkey and Poland outperforming.** The South African rand (+1.4%) outperformed. **Latin American assets closed mixed on Friday.** Argentine equities (+2.1%) continued the rally that began in early September, while civic unrest continued to plague Chilean stocks (-2.8%). The Colombian peso appreciated over 1.7% to the dollar after the central bank announced the end of the reserves accumulation program, while the Chilean peso was little changed despite continued social upheaval. The Ecuador EMBI Global spread fell 32 bps on the strength of a new budget that aims to slightly reduce overall spending and sustain a $6 mn budget surplus (before interest payments) in 2020.

**Key Emerging Market Financial Indicators**

| Last updated: | Level | | Change | | | | |
|---|---|---|---|---|---|---|---|
| 11/4/19 8:24 AM | Last 12m | index | 1 Day | 7 Days | 30 Days | 12 M | YTD |
| **Major EM Benchmarks** | | | | | % | | % |
| MSCI EM Equities | | 43.22 | 1.5 | 1 | 5 | 6 | 11 |
| MSCI Frontier Equities | | 28.62 | 1.2 | 1 | 2 | 4 | 9 |
| EMBIG Sovereign Spread (in bps) | | 320 | -4 | -5 | -28 | -38 | -94 |
| EM FX vs. USD | | 61.35 | 0.2 | 0 | 1 | -2 | -1 |
| **Major EM FX vs. USD** | | | %, (+) = EM currency appreciation | | | | |
| China Renminbi | | 7.03 | 0.1 | 1 | 2 | -1 | -2 |
| Indonesian Rupiah | | 14014 | 0.2 | 0 | 1 | 7 | 3 |
| Indian Rupee | | 70.77 | 0.1 | 0 | 0 | 3 | -1 |
| Argentine Peso | | 59.74 | 0.0 | 0 | -3 | -40 | -37 |
| Brazil Real | | 4.00 | -0.2 | 0 | 1 | -7 | -3 |
| Mexican Peso | | 19.10 | 0.1 | 0 | 2 | 4 | 3 |
| Russian Ruble | | 63.28 | 0.3 | 1 | 2 | 4 | 10 |
| South African Rand | | 14.81 | 1.5 | -2 | 2 | -4 | -3 |
| Turkish Lira | | 5.69 | 0.4 | 1 | 0 | -7 | -7 |
| EM FX volatility | | 7.27 | 1.1 | 0.1 | -0.7 | -2.9 | -2.5 |

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

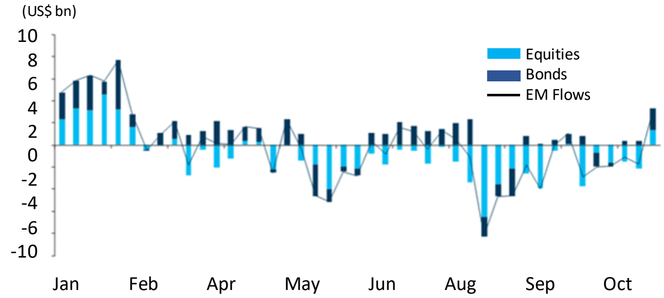
### China

Equities (+0.6%) rose following positive developments surrounding US-China trade talks. Both countries cited positive progress after a call between Chinese Vice-Premier Liu He and US Trade Representative Robert Lighthizer and US Treasury Secretary Steven Mnuchin on Friday. According to Bloomberg, US Commerce Secretary Wilbur Ross also said that ‘Phase One’ of the trade deal is on track to be signed this month. Iowa, Alaska, Hawaii or somewhere in China are possible locations for Trump and Xi to sign the deal following the cancellation of the Asia-Pacific Economic Cooperation summit in Chile this month. Ross mentioned that licenses for US firms to sell components to Huawei Technologies Co would be granted ‘very shortly’, with the government receiving more applications than expected. The onshore and offshore RMB strengthened 0.2%.

### EM Flows

**EM funds recorded strong inflows last week.** Bond funds had their biggest inflows (+$1.9 bn) since July according to EPFR data, while equity funds had their first inflows (+$1.5 bn) since mid-April. JPMorgan advises that local currency bond funds had their highest inflows in half a year. Bank of America gauges that local debt investors still favor Russian bonds but are also overweight Brazil and Indonesia—and now even South Africa after months of decline. The spread on the EMBI Global aggregate fell 4 bps to 316 bps, while sovereign emerging market CDS fell 8 bps to 191 bps.

Flows into EM Bond and Equity Funds




Source: EPFR Global, Barclays Research

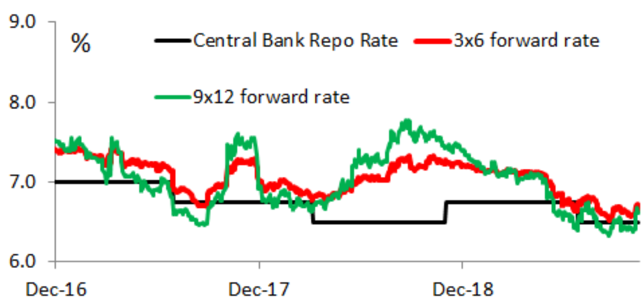
### Saudi Arabia

**Saudi Arabia approved the IPO of Aramco, with shares expecting to trade on the Saudi stock exchange in December**. Crown Prince Salman has reportedly accepted valuations of $1.6-1.8 tn, with plans of dividend payments of $75 bn next year. Analysts point out that a dividend payment of $75 bn/yr with a valuation of $1.8 tn implies a dividend yield of 4.4% (compared to 6.4% for Shell and 5% for Exxon). Saudi stocks are little changed today and fell 2% yesterday.

### South Africa

**The rand is up 1.4% today** and swap yields fell 6-8 bps today after **Moody's lowered the country's investment-grade outlook to negative but did not downgrade.** BoA-ML estimates that only $1.5 bn of IG benchmarked holdings is left and expects South Africa to benefit from a stabilization in global activity. South Africa's 5-yr CDS fell 12 bps to 178 bps (compared to a 2019 low of 157 bps). Stocks are up +0.4%. Short-term forward rates fell 8 bps and have remained relatively close to the central bank's repo rate of 6.50% compared to recent years (Figure).

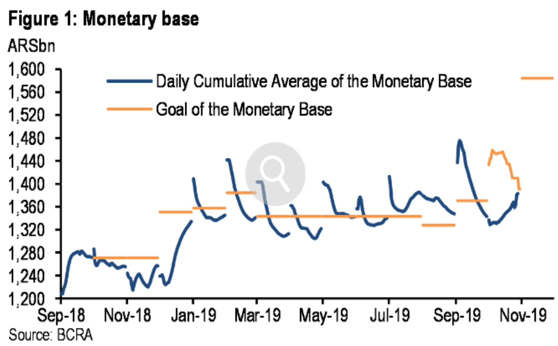
South Africa: central bank and forward rates

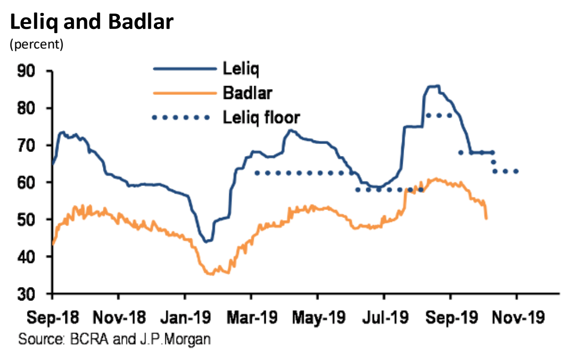



Note: A 3x6 forward contract fixes a forward rate for the period starting at the end of month 3 and ending at month 6.
Source: Bloomberg and IMF staff

### Argentina

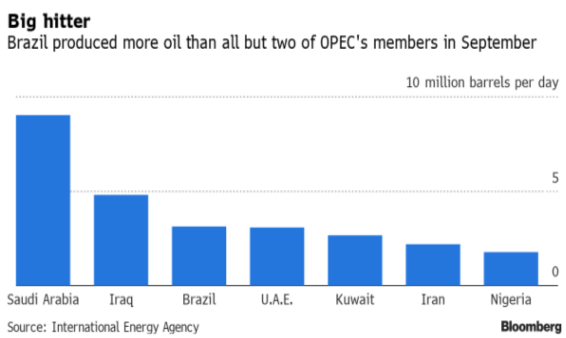
**Last week, the central bank announced an expanding the monetary base and lowering the benchmark Leliq floor for November**. The monetary base will be allowed to grow 2.5% in November, and the Leliq floor will go down to 63% for November from 68% in October. JPMorgan gauges that this will allow expected returns of local currency time deposits to remain in positive territory, but still very low. Back in August 2018, the seven-day 'Liquidity Notes' or Leliq replaced the yield on the 35-day Lebac bonds introduced in December of 2015 as the benchmark policy rate. On September 28th last year, the central bank implemented a new monetary policy framework with a goal of zero growth of the monetary base from October 2018 until June 2019, as part of the $57 billion financing deal with the Fund. At the beginning of last week, authorities limited the amount of dollars Argentines can purchase to $200/month, down sharply from the previous limit of $10,000/month. The central bank advised dollar demand increased substantially in the run-up to the October 27th presidential election.




### Brazil

The country has received an **informal invitation by Saudi Arabia to join OPEC**, and President Bolsonaro is reportedly receptive to the idea. President Lula flirted with the idea of joining OPEC in 2008, but his finance minister rejected the offer at the time advising that Brazil had other priorities. In joining, Brazil would likely become the third biggest producer in the cartel. In September Brazil pumped more oil than every other OPEC member save Saudi Arabia and Iraq. And it produced 2.71 mn barrels/day in 2018, with output expected to rise to 2.9 mn this year, and 3.22 mn in 2020 according to the IEA. These production increases are seemingly at odds with OPEC's current posture of trimming output. The news comes ahead of Wednesday's mega deep-sea oil lease auction.




**Turkey inflation was slightly lower than expected in October at** 8.55% yoy (compared to 8.60% expected). This week, we will also see inflation data out of Russia and Hungary. **Analysts expect central banks to leave rates unchanged** in Poland (at 1.5% on Wed), Romania (at 2.5% on Wed), Czech Republic (at 2% on Thu) and Serbia (at 2.5% on Thu),

### Poland

The currency and rates were little changed **after manufacturing fell to 45.6** in October (48.1 expected), the lowest level since June 2009. Equities gained +1.6%. Analysts expected the central bank to remain in wait-and-see mode on Wednesday as economic data has been disappointing.

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## Global Financial Indicators

| Last updated: 11/4/19 8:21 AM | Level: Last 12m | Level: Latest | Change: 1 Day | Change: 7 Days | Change: 30 Days | Change: 12 M | YTD |
|---|---|---|---|---|---|---|---|
| **Equities** | | | | | % | | % |
| United States | | 3067 | 1.0 | 1 | 4 | 13 | 22 |
| Europe | | 3661 | 1.0 | 1 | 6 | 14 | 22 |
| Japan | | 22851 | -0.3 | 0 | 7 | 3 | 14 |
| China | | 2975 | 0.6 | 0 | 2 | 11 | 19 |
| Asia Ex Japan | | 70 | 1.4 | 2 | 6 | 7 | 11 |
| Emerging Markets | | 43 | 1.5 | 1 | 5 | 6 | 11 |
| **Interest Rates** | | | | | basis points | | |
| US 10y Yield | | 1.75 | 1.9 | -9 | 22 | -147 | -94 |
| Germany 10y Yield | | -0.37 | 1.2 | -4 | 22 | -80 | -61 |
| Japan 10y Yield | | -0.18 | 0.0 | -5 | 4 | -31 | -18 |
| UK 10y Yield | | 0.68 | 1.6 | -4 | 24 | -82 | -60 |
| **Credit Spreads** | | | | | basis points | | |
| US Investment Grade | | 120 | -0.5 | 3 | -9 | 12 | -27 |
| US High Yield | | 459 | -2.9 | 15 | -34 | 95 | -62 |
| Europe IG | | 49 | -1.4 | -1 | -9 | -21 | -38 |
| Europe HY | | 228 | -5.0 | 0 | -21 | -60 | -125 |
| EMBIG Sovereign Spread | | 320 | -4.0 | -5 | -28 | -38 | -94 |
| **Exchange Rates** | | | | | % | | |
| USD/Majors | | 97.34 | 0.1 | 0 | -1 | 1 | 1 |
| EUR/USD | | 1.12 | -0.1 | 1 | 2 | -2 | -3 |
| USD/JPY | | 108.4 | -0.2 | 1 | -1 | 4 | 1 |
| EM/USD | | 61.3 | 0.2 | 0 | 1 | -2 | -1 |
| **Commodities** | | | | | % | | |
| Brent Crude Oil ($/barrel) | | 62 | 1.2 | 1 | 7 | -14 | 16 |
| Industrials Metals (index) | | 118 | -0.1 | 0 | 3 | 1 | 8 |
| Agriculture (index) | | 40 | -0.1 | 1 | 2 | -9 | -5 |
| **Implied Volatility** | | | | | % | | |
| VIX Index (%, change in pp) | | 12.7 | 0.4 | -0.4 | -4.4 | -6.8 | -12.7 |
| 10y Treasury Volatility Index | | 4.2 | 0.1 | -0.7 | -1.0 | -0.4 | -0.4 |
| Global FX Volatility | | 6.5 | 0.1 | 0.2 | -0.6 | -1.8 | -2.5 |
| **EA Sovereign Spreads** | | | | | 10-Year spread vs. Germany (bps) | | |
| Greece | | 156 | -0.8 | 0 | -38 | -231 | -259 |
| Italy | | 136 | -1.3 | 3 | -6 | -153 | -114 |
| Portugal | | 60 | 1.0 | 1 | -13 | -86 | -89 |
| Spain | | 67 | 1.4 | 3 | -5 | -48 | -50 |

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: 11/4/2019 8:24 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 | | 7.03 | 0.1 | 0.6 | 2 | -1 | -2 | | 3.3 | -1.2 | 6 | 12 | -17 | 12 |
| Indonesia | | 14014 | 0.2 | 0.1 | 1 | 7 | 3 | | 7.1 | 1.8 | -8 | -27 | -145 | -105 |
| India | | 71 | 0.1 | 0.2 | 0 | 3 | -1 | | 6.8 | -0.9 | -2 | -2 | -114 | -65 |
| Philippines | | 51 | 0.2 | 1.2 | 3 | 5 | 4 | | 4.3 | 0.0 | -1 | -3 | -231 | -199 |
| Thailand | | 30 | 0.0 | 0.1 | 1 | 9 | 7 | | 1.6 | -1.7 | 2 | 5 | -133 | -106 |
| Malaysia | | 4.15 | 0.4 | 0.8 | 1 | 1 | 0 | | 3.4 | -2.3 | -3 | 2 | -71 | -68 |
| Argentina | | 60 | 0.0 | -0.4 | -3 | -40 | -37 | | 56.8 | 7.3 | 8 | -930 | 3467 | 3384 |
| Brazil | | 4.00 | -0.2 | -0.1 | 1 | -7 | -3 | | 5.8 | -4.8 | -9 | -60 | -287 | -240 |
| Chile | | 737 | 0.6 | -1.7 | -3 | -8 | -6 | | 3.4 | 0.0 | 28 | 53 | -142 | -108 |
| Colombia | | 3320 | 0.1 | 1.9 | 3 | -4 | -2 | | 5.7 | 1.8 | 1 | 6 | -113 | -80 |
| Mexico | | 19.10 | 0.1 | 0.1 | 2 | 4 | 3 | | 6.9 | -0.1 | -7 | -17 | -191 | -186 |
| Peru | | 3.3 | 0.0 | 0.1 | 1 | 1 | 1 | | 4.5 | 0.0 | 8 | 2 | -151 | -127 |
| Uruguay | | 37 | 0.0 | 0.0 | -1 | -12 | -13 | | 10.9 | -6.9 | -27 | 18 | 5 | 18 |
| Hungary | | 295 | -0.3 | 0.3 | 3 | -4 | -5 | | 1.1 | 0.0 | 9 | 2 | -159 | -106 |
| Poland | | 3.82 | -0.2 | 0.8 | 3 | -1 | -2 | | 1.8 | 0.0 | -1 | -4 | -82 | -50 |
| Romania | | 4.3 | -0.1 | 0.6 | 1 | -4 | -5 | | 3.8 | 1.0 | 1 | 7 | -71 | -40 |
| Russia | | 63.3 | 0.3 | 0.8 | 2 | 4 | 10 | | 6.3 | -5.1 | -2 | -61 | -211 | -216 |
| South Africa | | 14.8 | 1.5 | -1.7 | 2 | -4 | -3 | | 9.6 | 4.4 | 37 | 20 | -22 | 4 |
| Turkey | | 5.69 | 0.4 | 0.7 | 0 | -7 | -7 | | 12.2 | -16.3 | -56 | -129 | -704 | -465 |
| US (DXY; 5y UST) | | 97 | 0.1 | -0.5 | -2 | 1 | 1 | | 1.58 | 3.6 | -8 | 23 | -145 | -93 |

| | 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 | | 2975 | 0.6 | 0 | 2 | 11 | 19 | | 177 | 0 | -8 | -13 | 0 | -17 |
| Indonesia | | 6180 | -0.4 | -1 | 2 | 5 | 0 | | 180 | -2 | 10 | -10 | -32 | -56 |
| India | | 40302 | 0.3 | 3 | 7 | 15 | 12 | | 128 | -3 | -2 | -7 | -46 | -68 |
| Philippines | | 8060 | 1.0 | 2 | 4 | 13 | 8 | | 82 | 0 | 8 | -2 | -23 | -39 |
| Malaysia | | 1604 | 0.6 | 2 | 3 | -6 | -5 | | 120 | 0 | -1 | -7 | -9 | -42 |
| Argentina | | 35743 | 2.1 | 4 | 12 | 14 | 18 | | 2289 | -3 | 28 | 126 | 1680 | 1474 |
| Brazil | | 108358 | 0.9 | 0 | 6 | 23 | 23 | | 224 | -3 | 2 | -30 | -21 | -49 |
| Chile | | 4806 | 0.0 | -4 | -5 | -6 | -6 | | 141 | -1 | 10 | -1 | 8 | -25 |
| Colombia | | 1646 | 0.8 | 1 | 3 | 18 | 24 | | 179 | -2 | 7 | -9 | -3 | -49 |
| Mexico | | 43815 | 1.1 | 1 | 1 | -4 | 5 | | 312 | -3 | 25 | -12 | 15 | -42 |
| Peru | | 19905 | 0.0 | 2 | 3 | 4 | 3 | | 128 | -2 | 8 | -2 | -20 | -40 |
| Hungary | | 42430 | 0.6 | 1 | 6 | 14 | 8 | | 99 | -1 | 9 | -16 | -18 | -49 |
| Poland | | 59077 | 2.2 | 3 | 4 | 7 | 2 | | 31 | 1 | 4 | -15 | -24 | -54 |
| Romania | | 9608 | 0.0 | -1 | 2 | 12 | 30 | | 193 | 0 | 11 | -6 | 0 | -28 |
| Russia | | 2930 | 0.0 | 2 | 9 | 23 | 24 | | 175 | -2 | 0 | -31 | -39 | -77 |
| South Africa | | 56895 | 0.4 | 2 | 5 | 5 | 8 | | 330 | -14 | 27 | -13 | -4 | -35 |
| Turkey | | 100162 | 1.7 | 0 | -3 | 6 | 10 | | 452 | -4 | 13 | -25 | 11 | 23 |
| Ukraine | | 521 | -0.2 | 0 | -1 | -9 | -7 | | 460 | 1 | 14 | -65 | -138 | -327 |
| EM total | | 43 | 1.5 | 1 | 5 | 6 | 11 | | 320 | -4 | -5 | -28 | -38 | -94 |

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

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