



# Global Markets Monitor

Monetary and Capital Markets Department  
Global Markets Analysis Division

Monday, October 1, 2018

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- **Volatility in Italian sovereign bond yields climbs on budget concerns ([link](#))**
- **Canadian dollar and Mexican peso strengthen on new NAFTA deal ([link](#))**
- **Nikkei reaches post-bubble highs, while BoJ reduces purchases of ultra-long bonds ([link](#))**
- **Pressures in emerging markets abated somewhat in September, while uncertainty lingers ([link](#))**
- **Argentine peso weakened 10% last week, despite a new IMF program ([link](#))**
- **Colombia left rates unchanged, launched an FX-purchase program ([link](#))**
- **Special Feature: EM Capital Flows Monitor on recent outflow pressures ([attached](#))**

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## Markets open Q4 higher on NAFTA revamp, Italian sovereign bond yields remain volatile

**Markets opened the fourth quarter on a positive note as reports of a new NAFTA deal helped improve market sentiment.** S&P 500 futures are trading at record highs while the VIX is below 12 percentage points, with US corporate earnings expected to remain strong. This upbeat sentiment, however, is not reflected in Italian sovereign bond markets where spreads to Bunds are close to the highs in August and traders are positioning for more volatility. Rumors about a possible resignation of FM Tria have continued to feed market chatter and the EC will issue its final verdict on the Italian budget by end-October. In emerging markets, the Mexican peso benefited from the new U.S. Mexico Canada Agreement this morning while the Argentine peso remains under pressure despite a new IMF program.

**Data out this week should help provide evidence of how trade tensions are affecting economic activity worldwide. Investors will also be focusing on further developments on the Italian budget and Brexit will be in the news as the UK ruling Conservative Party's annual conference wraps up.**

The week kicks off with a rash of releases on manufacturing activity (PMIs) across Europe and the Americas, after early reads from China and Japan. Further evidence of trade spillovers into the real economy could come from trade balance reports out of Korea (Monday) and the US (Friday), US car sales (Tuesday), and German factory orders (Friday). The seminal US report out this week should be payrolls (Friday), with markets expecting the September read to slip below 200k, and with the headline unemployment rate forecast to dip to 3.8%. There will be central bank meetings in Australia, Brazil, India, Mexico, and Poland.

## Key Global Financial Indicators

Last updated: 10/1/18 8:16 AM	Level		Change from Market Close				YTD
	Last 12m	Index	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		2917	0.1	0	1	16	9
Eurostoxx 50		3413	0.4	0	1	-5	-3
Nikkei 225		24246	0.5	2	6	19	7
MSCI EM		43	-0.7	-1	-1	-4	-9
<b>Interest Rates</b>			bps				
US 10y Yield		3.09	2.4	0	23	75	68
Germany 10y Yield		0.50	3.1	-1	18	4	7
Japan 10y Yield		0.14	0.6	0	3	7	9
<b>FX / Commodities / Volatility</b>			%				
Dollar index, (+) = \$ appreciation		95.2	0.0	1	0	2	3
Brent Crude Oil (\$/barrel)		82.9	0.2	2	7	44	24
VIX Index (% change in pp)		11.9	-0.2	0	-1	2	1

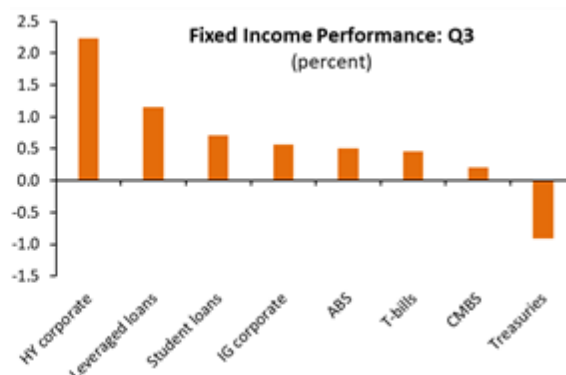
Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## United States

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**Stocks ended little changed overall Friday, after climbing in morning trade. Treasury yields dipped slightly in the session.** Core PCE was flat in August against expectations it would rise 0.1% mom (and remains at +2.0% yoy). This adds to a series of soft inflation reads on CPI, PPI, import prices, and survey data on long-run inflation expectations. Personal income and spending both rose 0.3% mom in August, although notably, wage and salary income growth increased to 0.5% from 0.3% in July. Consumer sentiment as measured by the University of Michigan slipped somewhat in September. But recent data releases are not expected to derail the Fed's normalization path.

**Major equity indices returned 7-9% in Q3.** Health care outperformed (+13.8%) while materials (-0.4%) was the only sector that declined. Treasuries (-0.9%) also fell in Q3, while high-yield corporate bonds returned 2.2%.



**Corporate earnings releases for Q3 won't really get into high gear for a week or so. But FactSet expects earnings to rise a solid 19.3% yoy for the S&P 500, which would mark the third best quarter since 2011.** Every sector is expected to report yoy earnings increases, with the strongest gains in energy, financials and materials. Revenues are expected to grow by 6.9%, with double-digit increases in energy,

communication services, and real estate. And net profit margins are forecast to increase yoy in 11 of the 12 sectors that FactSet covers, in a sign that the tax cuts from earlier this year have percolated into corporate financial statements.

The federal **government averted a partial shutdown** this week as stopgap spending legislation was passed before the September 30 deadline, with the next showdown over the budget expected in early December, which follows the critical mid-term November elections. Poll data currently indicate that control of the House of Representatives will shift to the opposition Democratic party.

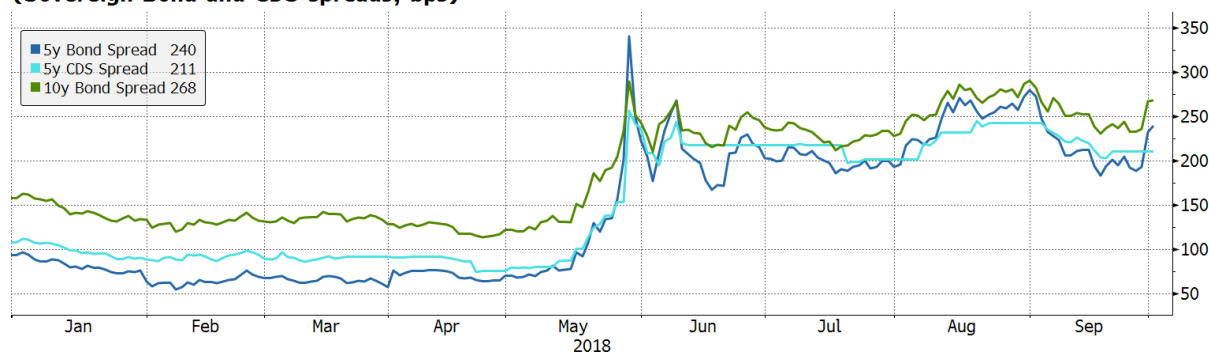
## Europe

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**Core sovereign debt yields inched higher today** – 10yr bunds at 0.49%, +3 bps; 10yr OTAs at 0.83%, +3 bps – **while Italian yields climbed up another 16 bps at 3yr maturities. The volatility of Italian sovereign bond yields continues to creep up while the 10yr spread between Italian and German sovereign paper is now at 268 bps, close to the highs in August.** Market contacts anticipate further volatility in Italian debt markets as the back-and-forth between the government and the EC will likely not be resolved before end-2018 (see 'Next Steps' below). Rumors about a possible resignation of FM Tria have continued to feed market chatter, even as Mr. Tria publicly denied any intentions to resign on Sunday.

### Italy-Germany Spreads

(Sovereign Bond and CDS spreads, bps)



### Italy: Volatility of Sovereign Bond Futures



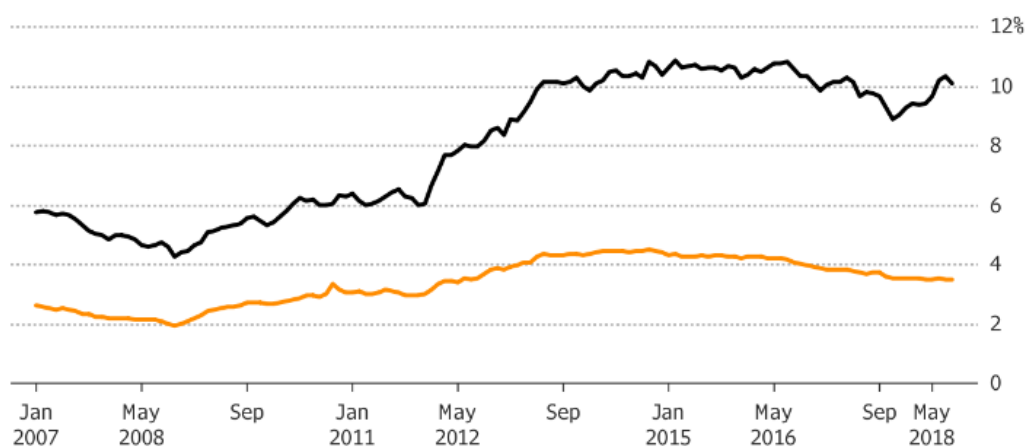
**Next Steps:** The Italian government will submit its draft budget to the European Commission by **Oct. 15**. By **Oct. 22**, the EC will issue its first assessment of the budget, and may require adjustments within a week.

By **Oct. 29**, the EC will issue its final assessment of the Italian budget. If the budget is rejected by the EC and not amended by the Italian government, the EU will put it motion its machinery to levy **sanctions of up to 0.2% of GDP** on Italy for non-compliance with European fiscal guidelines. Sanctions could thus be in place by **early 2019**. This would be the first time such measures are implemented in the EU (Spain and Portugal having gotten symbolic sanctions of 0% of GDP in 2016).

**European bourses opened the week higher**, with gains in the 0.3-0.6% range across most of Europe and the UK. **Italian equities advanced by a notable 1.6%**, partially correcting the 3.7% drop on Friday. Italian bank stocks (+1.3%) also recovered recent losses, led by Intesa (+1.5%) and Unicredit (+1.5%). Contacts remain worried, however, about the relatively large exposure of Italian banks to local sovereign debt.

Italian banks have an above-average exposure to government debt

Public bonds as percentage of total assets: Italy Euro area



Source: Bloomberg calculation based on ECB data

Bloomberg

Figure 5. Italian Banks – Sovereign Exposure, 2Q18

	ISP	ISP Ex-Insurance	*** UCI	BAMI	UBI	BPER	MDBI	Total
Total Sovereign Exposure (€bn)	105.5	57.1	107.0	30.4	15.7	6.2	5.4	270.3
Total Italian Sovereign Exposure (€bn)	75.2	29.9	55.0	18.9	9.9	5.5	2.7	167.2
o/w FVTOCI (€bn)	18.6	20.3	44.6	****8.4	6.8	1.6	na	*****80.1
o/w FVTOCI (%)	25%	68%	81%	****44%	69%	29%	na	*****50%
<b>Italian Sovereign Exposure as a % of</b>								
Tangible Equity	193%	77%	116%	198%	137%	147%	30%	144%
Total Assets	9.5%	3.8%	6.7%	11.3%	7.8%	7.9%	3.7%	8.1%
Italian Sovereign FVOCI Exposure % TBV	48%	52%	94%	88%	94%	43%	na	*****78%
Total Sovereign Exposure (%) YoY*	-8%	-14%	2%	6%	-13%	-11%	-3%	-3%
Total Sovereign Exposure (€bn) YoY*	-9.3	-9.0	2.1	1.8	-2.3	-0.8	-0.2	-8.7
Total Italian Sovereign Exposure (%) YoY*	-11%	-17%	3%	-27%	-17%	2%	-19%	-9%
Total Italian Sovereign Exposure (€bn) YoY*	-9.3	-5.9	1.4	-7.1	-2.0	0.1	-0.6	-17.5
Avg. Duration for Italian Govt. Bonds, 2Q18	na	**4.8	*** na	**** 1.9	1.7	*****2.8	2.6	na

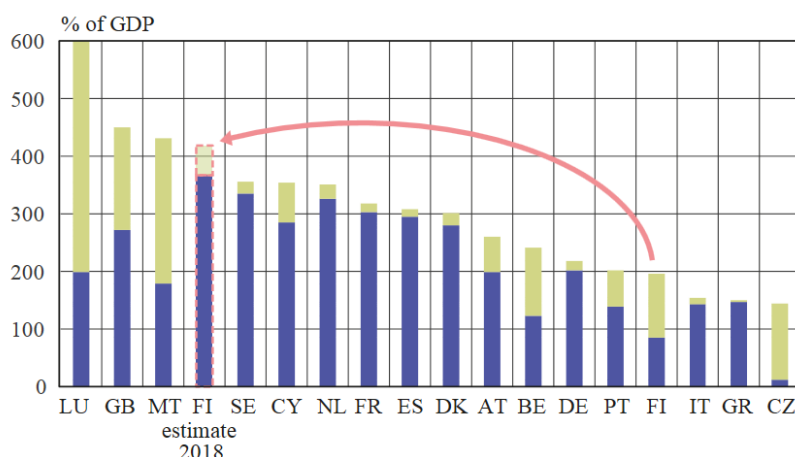
Source: Company data and Citi Research; \* YoY evolution may be impacted by M&A; \*\* c0.3 years adjusted duration due to hedging; \*\*\* As of 4Q17 duration of Italian sovereign bonds in the banking book was 2.5 years; \*\*\*\* Classified as "Held to collect and sell" (HTCS) as per company definition. Modified duration for HTCS; \*\*\*\*\* Taking into account hedging; \*\*\*\*\* Excludes Mediobanca.

**European banks are considering relocating most of their derivatives business away from London in coming months**, the FT reports. According to the news outlet, executives at top EU banks – which account for 15% of the \$332 tn in interest rate swaps cleared by LCH in London – are considering starting the migration of their business by Nov.-Dec. this year if a deal between the EU and the UK is not in sight by then. Thus they would not wait for the official Brexit date of end-March 2019.

**Nordea Bank has completed its re-domiciliation to Finland, more than doubling the size of the local financial sector, and raising the country's domestic systemic risk profile.** The bank's \$670 bn balance sheet is more than double Finland's GDP and will increase the size of the country's banking sector from about 200% to over 400% of GDP. Some analysts have noted the notable increase systemic risk that this move represents for Finland and the EU. Nordea's decision has been motivated by management's desire to have its headquarters within the EU, and is part of a larger strategy to revamp the bank's business model.

Nordea's relocation will increase size of Finnish banking sector

1. Total assets of foreign branches and subsidiaries
2. Total consolidated assets of domestic banking groups



LU = 1520%, chart cut for presentational reasons.

Sources: European Central Bank and calculations by the Bank of Finland, 2017/III.

## Other Mature Markets [back to top](#)

### Canada

**The Canadian dollar strengthened this morning, alongside US stock futures and the Mexican peso, on news of a new NAFTA deal.** The deal- rebranded as the U.S. Mexico Canada Agreement "USMCA"- involves improved access to Canada's dairy market for US farmers, strong intellectual property provisions, and tighter rules of origin for auto production, according to press reports. The news drove the Canadian dollar to appreciate 0.9% this morning to C\$1.28 per dollar, its strongest level since May. The last-minute agreement on Sunday allows the countries to sign the deal with Mexico's outgoing president Pena Nieto, before he leaves office on Dec 1.

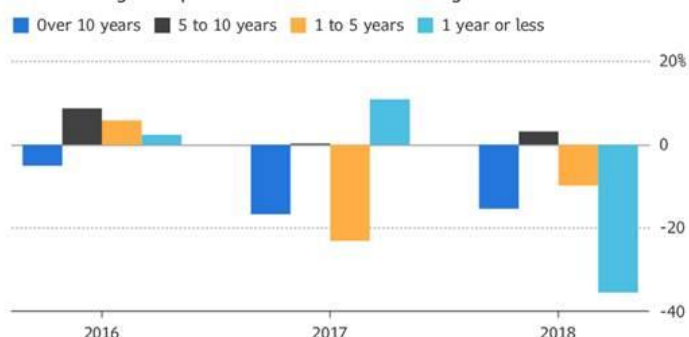
### Japan

**Equities rose, as the yen weakened to its lowest level since November.** While the Topix closed flat, the Nikkei appreciated 0.5%, as a weaker yen fueled expectations of improved exporter earnings. However, the latest Tankan Business Conditions showed an unexpected deterioration in confidence among Japan's large manufacturers, possibly signaling that concerns over trade tensions and natural disasters have taken a toll. The yen fell 0.2% against the dollar, underperforming regional currencies, as sentiment improved after Canada joined the US and Mexico in a tentative trade deal. **The Bank of Japan announced plans to reduce its purchases of super-long debt in its October plan.** Specifically, the central bank stated that

they would cut purchases of bonds due in more than 25 years to a range of ¥10bn to ¥100bn per operation, from the September range of ¥50bn to ¥150bn. The annual pace of increase in the BOJ's debt holdings has fallen to almost half of its \$706bn guideline, with the decline set to accelerate in October. Ten-year bond yields rose 1bp.

### Tapering Underway

BOJ is cutting bond purchases both in short and long ends of the curve



Note: The figure shows % change in BOJ's bond purchases. The 2018 numbers are annualized. Irregular fixed-rate operations are excluded.  
Sources: Bloomberg, Bank of Japan

Bloomberg

## Emerging Markets

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### Key Emerging Market Financial Indicators

Last updated: 10/1/18 8:22 AM	Level		Change				YTD
	Last 12m	index	1 Day	7 Days	30 Days	12 M	
<b>Prices/Returns of Major EM Benchmarks</b>			<b>%</b>				<b>%</b>
MSCI EM Equities		42.92	-0.7	-1	-1	-4	-9
MSCI Frontier Equities		28.44	-0.8	-1	2	-9	-14
Hard Currency Sovereign Debt		831.23	0.5	1	1	-2	-3
Local Currency Sovereign Debt		16.46	-0.3	0	2	-14	-13
<b>Major EM FX vs. USD</b>			<b>%, (+) = EM currency appreciation</b>				
China Renminbi		6.87	0.0	0	-1	-3	-5
Indonesian Rupiah		14904	0.0	0	0	-9	-9
Indian Rupee		72.97	-0.6	0	-2	-10	-13
Argentine Peso		41.33	-0.1	-10	-8	-58	-55
Brazil Real		4.05	-0.1	1	3	-22	-18
Mexican Peso		18.60	0.6	2	3	-2	6
Russian Ruble		65.60	0.0	0	4	-12	-12
South African Rand		14.16	-0.1	2	5	-4	-13
Turkish Lira		5.95	1.8	3	11	-40	-36
Dollar vs. Mature FX (DXY index)		95.14	0.0	1	0	2	3

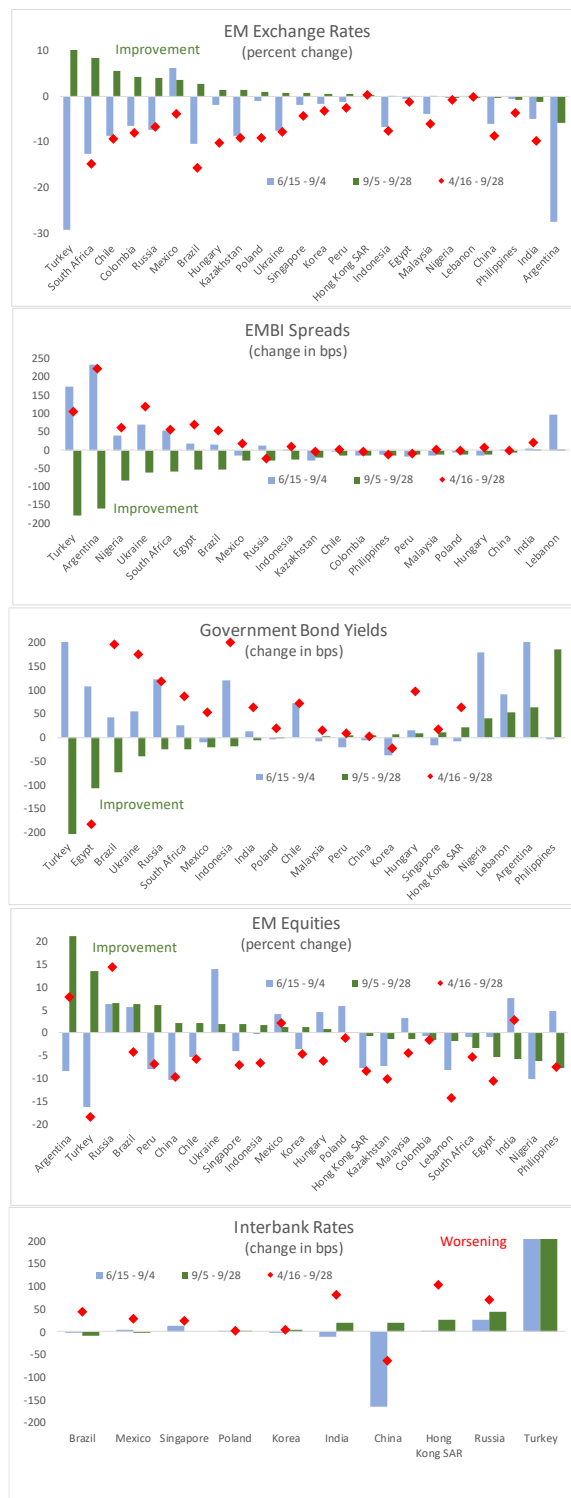
Colors denote **tightening**/easing financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

**Pressures in emerging markets abated somewhat in September, while uncertainty lingers.** Analysts increasingly point to attractive valuations in emerging markets. Investors have become more upbeat on the asset class, partly because of a weaker dollar. Several EMs, including Turkey, Russia, Indonesia, and the Philippines, hiked policy rates last month, while Argentina is still viewed as the weakest link.

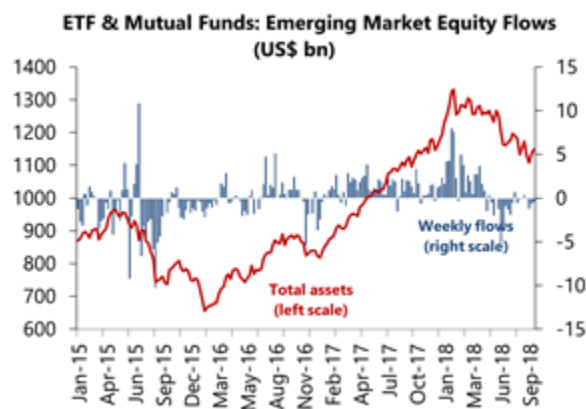
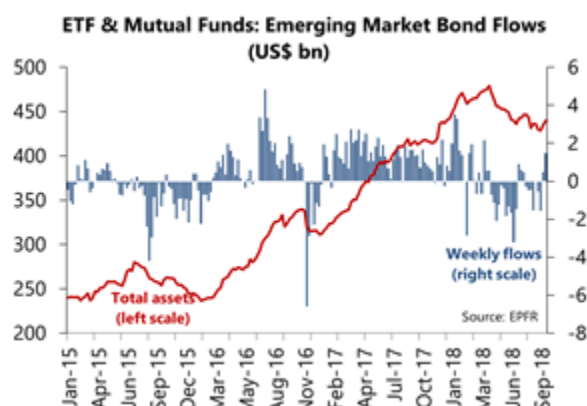
- **Exchange rates appreciated in most EMs**, including Turkey, where confidence was boosted by a major refinancing deal and reduced political tensions with the US, as well as in South Africa and Brazil (first panel). Conversely, the currencies of Argentina and India continued to weaken. Investors expect a further devaluation in China as a response to the US tariffs, which could reportedly prompt beggar-thy-neighbor policies in some other EMs.
- **Spreads on external public debt tightened across the board** last month (second panel).
- Changes in local **currency government bond yields were mixed**, with a significant improvement in Turkey and a continued worsening in Argentina (third panel).
- **Developments in equity markets were mixed** as well, with a notable **reversal of a negative trend in China** (a key underperformer), despite an intensification in trade tensions, and with a substantial downward correction in India, an important outperformer this year (fourth panel). Some analysts estimate that EM stocks on aggregate are 30% cheaper than AE stocks, relative to the historical discount of 20-25%, which could pave the way for a recovery.
- In contrast with other markets, **interbank funding costs rose in most major EMs** (fifth panel), including Turkey, Russia, China, and India, signaling domestic pressures at smaller banks with implications for future credit growth.

**A recovery in EMs could be hijacked by a strong performance of US markets, as global funds boost US stock holdings.** Reuters' poll on asset allocation showed that global investors reportedly increased their exposures to US equities in September to the highest level since 2015. The monthly poll is conducted among wealth managers and CIOs in major advanced economy markets. Asset managers raised their holdings of US stocks to 42.7%, up 2 ppts from a month ago. Investors cited strong economic growth, robust corporate earnings, high levels of sentiment indicators, and easy financing. Investors also increased their holdings of European equities by 1.5 ppts to 19.5%. In contrast, investors remained cautious about EMs and trimmed their exposures to EM equities by 0.5 ppt to 10.5% and to EM debt by 0.8 ppt to 9.4%. About 59% of poll participants said EMs were only at the mid-point of a downward adjustment, while 32% said EMs were close to the end of the turbulence.

**EM bond funds recorded \$1.5 bn in weekly inflows last week according to EPFR, the most since February.** Equity funds saw outflows (-478 mn) for a fourth straight week. For the quarter, bond funds have shed \$2.4 bn and equity funds \$7.4 bn. The picture is much different year to date, whereby bond funds have sustained \$1.5 bn in outflows, while equity funds still have had large positive inflows (+\$33.7 bn)





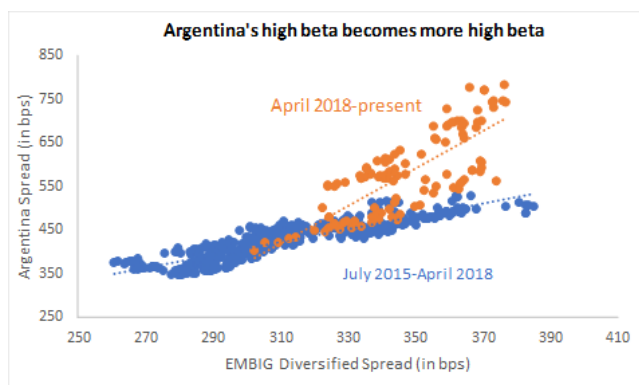


## Argentina

**The peso weakened on Friday, despite a new IMF program.** The rally in Argentine dollar bonds sparked by the new IMF credit line was fully erased Friday. The peso also remained under pressure, closing 4% weaker to 41.22 per dollar. On the week, the peso is nearly 10% weaker. The 'no-intervention zone' of 33-44 per dollar will kick in starting today. There are outstanding questions on whether it applies only to the spot market or also futures.

**The central bank began on Friday to apply its new monetary policy goal of targeting zero growth on the average monthly growth of the monetary base.** Going forward, the monetary policy rate will largely be exogenous and set by the supply and demand of liquidity. However, the

BCRA has committed to not letting the rate fall below 60% until at least December 2018, when seasonal holiday demand for cash necessitates a modest growth in the monetary base. BCRA was reported to have sold Leliqs in the secondary market at 65% today amid FX pressure, and will start Leliq auctions today. The new monetary policy rate will be based on an average rate of 7-day Leliqs at daily auctions. Reserve requirements may also reportedly be hiked to sterilize Lebac maturities in October and November.



## Colombia

**The central bank kept its policy steady and announced a reserve-accumulation program.** Colombia left its policy rate unchanged at 4.25% for a fifth month, after a unanimous vote. The decision was widely expected, as analysts point to several positive factors: a strengthening in growth, steady inflation close to its target, a recent rebound in the exchange rate, a rise in the price of oil—Colombia's largest export, and the new government's pledge to control the budget deficit. Some commentators suggested that Colombia could even reduce rates to support the recovery if the EM turbulence were to subside. Separately, the central bank announced a program to purchase FX as it plans for a possible reduction in the IMF's credit line from 2020. The central bank will initiate a program of monthly auctions of put options to buy dollars when the dollar is cheaper than its 20-day moving average. The central bank said it was comfortable with the current level of the peso and would not target any particular exchange rate. The first auction will take place today, while the options could be exercised before the end of this month.

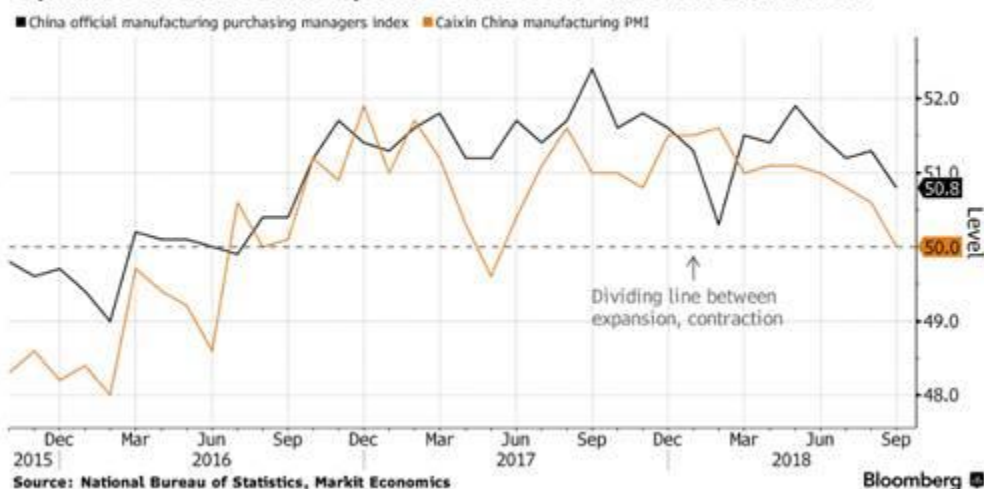


## China

The credit market recorded seven corporate bond defaults last week, bringing the total default amount to **\$8.2bn this year**. According to Bloomberg, 13 private and 37 public bonds were among those that defaulted this year. Meanwhile, **China's official manufacturing PMI surprised on the downside**, falling to 50.8 in September from 51.3 in August (consensus: 51.2). The Caixin manufacturing PMI, which reflects sentiment among smaller private firms fell to 50 from 50.6, reaching its lowest since May 2017. According to analysts, while China's policymakers are set to ease policy in the coming months, a massive stimulus package is unlikely. Markets in China were closed today.

### Chinese Manufacturing Slows

September was worse than expected for the sector amid trade-war fallout



## Brazil

The latest poll numbers for the two top candidates are converging, underscoring lingering political uncertainty. The latest poll (September 24-26) showed that in the first round, the conservative candidate Bolsonaro would get 28% of votes (unchanged from September 21<sup>st</sup>) and the leftist candidate Haddad would receive 21%, up from a prior 16%. In a runoff, Haddad would have 43% and Bolsonaro would get 39%. **Brazilian markets weakened notably on Friday:** the real weakened 1.0%, CEMBI spread widened 17 bps, equities fell -0.8%, and the 5yr govt bond yield rose 10 bps.





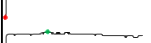











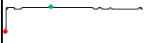












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Europe		3413	0.4	0	1	-5	-3
Japan		24246	0.5	2	6	19	7
China		2821	1.1	3	4	-16	-15
Asia Ex Japan		71	-0.6	-1	-1	-2	-7
Emerging Markets		43	-0.7	-1	-1	-4	-9
<b>Interest Rates</b>			basis points				
US 10y Yield		3.09	2.4	0	23	75	68
Germany 10y Yield		0.50	3.1	-1	18	4	7
Japan 10y Yield		0.14	0.6	0	3	7	9
UK 10y Yield		1.59	1.8	-2	16	23	40
<b>Credit Spreads</b>			basis points				
US Investment Grade		98	0.1	-1	-6	-3	6
US High Yield		326	-1.8	-2	-18	-44	-49
Europe IG		67	-1.8	-3	-1	12	22
Europe HY		271	-3.6	0	-27	22	38
EMBIG Sovereign Spread		335	-8.0	-10	-33	49	50
<b>Exchange Rates</b>			%				
Dollar Index (DXY)		95.17	0.0	1	0	2	3
USDEUR		1.16	0.0	-1	0	-1	-3
USDJPY		114.0	-0.2	-1	-3	-1	-1
EM FX vs. USD		62.2	0.2	1	2	-10	-11
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		83	0.2	2	7	44	24
Industrials Metals (index)		119	-1.0	-1	1	-5	-14
Agriculture (index)		42	0.0	-1	-2	-14	-12
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		11.9	-0.2	-0.3	-0.9	2.4	0.9
10y Treasury Volatility Index		3.3	0.0	-0.1	-0.3	-0.9	-0.2
Global FX Volatility		8.3	0.0	-0.4	-0.6	0.0	0.9
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		419	0.7	8	-21	-147	8
Italy		319	3.9	24	-5	108	117
Portugal		189	1.1	-1	-4	-50	-5
Spain		152	1.7	-1	4	-9	-5

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

Data source: Bloomberg.

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## Emerging Market Financial Indicators

Last updated: 10/1/2018 8:19 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		6.87	0.0	0.2	-1	-3	-5		3.6	-0.1	-3	4	-11	-34
Indonesia		14904	0.0	0.1	0	-9	-9		8.2	-14.6	-14	16	129	154
India		73	-0.6	0.0	-2	-10	-13		8.2	-0.3	-6	9	112	69
Philippines		54	-0.1	0.4	-1	-5	-8		6.4	-0.8	17	52	161	159
Thailand		32	0.3	0.6	1	4	1		2.9	-0.7	-5	7	59	54
Malaysia		4.14	-0.1	-0.2	0	2	-2		4.1	-0.2	-1	2	20	17
Argentina		41	-0.1	-9.7	-8	-58	-55		23.8	11.4	42	38	865	778
Brazil		4.05	-0.1	0.9	3	-22	-18		10.1	12.0	-3	-14	149	106
Chile		658	0.0	2.2	4	-3	-6		4.8	-1.3	6	8	41	3
Colombia		2963	0.1	1.3	3	0	1		6.6	0.8	-1	9	19	33
Mexico		18.60	0.6	2.0	3	-2	6		7.9	2.0	-12	8	98	27
Peru		3.3	0.0	-0.1	0	-1	-2		5.7	-2.0	5	13	31	45
Uruguay		33	0.0	-1.5	-2	-13	-14		10.5	-4.5	-33	-8		188
Hungary		279	0.1	-1.1	1	-4	-7		2.6	-1.3	-3	18	114	136
Poland		3.69	0.1	-0.8	0	0	-6		2.6	1.1	3	6	-12	-8
Romania		4.0	-0.3	-1.3	-1	-3	-3		4.3	1.0	4	2	125	51
Russia		65.6	0.0	0.5	4	-12	-12		8.3	-2.2	-11	-11	69	96
South Africa		14.2	-0.1	1.5	5	-4	-13		9.6	1.7	-8	16	27	29
Turkey		5.95	1.8	3.3	11	-40	-36		20.0	-1.8	-113	-401	915	809
US (DXY; 5y UST)		95	0.0	1.0	0	2	3		2.97	1.9	0	23	104	77
	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		2821	1.1	3	4	-16	-15		178	-5	-6	-9	34	26
Indonesia		5945	-0.5	1	-1	1	-6		179	-6	-8	-9	11	13
India		36526	0.8	1	-5	17	7		161	-1	-3	7	31	51
Philippines		7222	-0.8	-3	-8	-12	-16		91	-5	-3	-17	1	-4
Malaysia		1792	0.0	0	-1	2	0		128	-1	0	-9	4	18
Argentina		33462	-0.6	-3	14	28	11		619	-2	6	-152	244	269
Brazil		79342	-0.8	0	3	7	4		289	3	-1	-49	48	55
Chile		5284	0.0	-2	0	-1	-5		121	-3	-10	-19	-7	2
Colombia		1506	0.5	2	-2	1	-1		167	0	-4	-16	-13	-7
Mexico		49504	-0.3	0	0	-2	0		254	-3	-7	-28	22	9
Peru		19564	0.1	0	1	6	-2		131	-1	-1	-17	-8	-6
Hungary		36963	-0.6	3	-1	-1	-6		109	-1	-1	-17	19	21
Poland		59172	0.3	0	-2	-8	-7		45	-2	3	-21	-4	-2
Romania		8433	0.2	1	2	7	9		169	-2	0	-11	36	55
Russia		2482	0.3	2	6	19	18		209	-22	-19	-25	24	31
South Africa		55847	0.2	-2	-5	0	-6		296	-25	-24	-31	32	42
Turkey		100259	0.3	1	8	-3	-13		431	-22	-20	-149	146	142
Ukraine		538	0.0	0	2	83	71		553	4	5	-33	82	98
EM total		25	-1.0	-1	-1	-2	-4		335	-8	-10	-33	49	50

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