






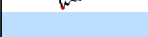


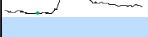



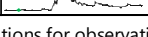
- **Brexit negotiations to extend past EC summit** ([link](#))
- **European government bond yields hit new record lows** ([link](#))
- **Investor survey shows sharply fewer investors see global economy in recession** ([link](#))
- **Bank of Korea held the policy rate unchanged at 0.5% as expected** ([link](#))
- **Monetary Authority of Singapore left monetary policy unchanged as expected** ([link](#))

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## Risk asset momentum wanes on vaccine, stimulus setbacks

**Early October's "Blue Wave" rally has lost its momentum.** Recent risk asset gains linked to prospects of a Democratic sweep in the upcoming US election have foundered in recent days. Equities are almost a percentage point off their recent highs and Treasury yields have retraced nearly half of their 10 bps increase in early October. Vaccine setbacks have dulled the investor mood, with two major drug companies announcing halts to their trials due to safety concerns. Big banks' earnings guidance has also been sobering, highlighting a long and uncertain path back to economic normalcy in the US, while hopes for pre-election stimulus in the US continue to founder. In Europe, Brexit negotiations appear likely to be extended past the EC summit deadline, but virus-related drags on activity loom. Travel shares weakened for a third day in a row and the UK PM faced growing calls for a "circuit breaker" national shutdown of several weeks. In EMs, beleaguered Chinese property giant Evergrande's attempt to raise equity flopped, heightening concerns about its \$120 bn debt load.

Key Global Financial Indicators

| Last updated:<br>10/14/20 8:05 AM    | Level   |        | Change from Market Close |        |         |      | YTD      |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|----------|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |          |
| <b>Equities</b>                      |   |        | <b>%</b>                 |        |         |      | <b>%</b> |
| S&P 500                              |  | 3512   | -0.6                     | 4      | 4       | 18   | 9        |
| Eurostoxx 50                         |  | 3267   | -0.4                     | 1      | -2      | -8   | -13      |
| Nikkei 225                           |  | 23627  | 0.1                      | 1      | 0       | 8    | 0        |
| MSCI EM                              |  | 46     | -0.4                     | 3      | 3       | 11   | 3        |
| <b>Yields and Spreads</b>            |   |        | <b>bps</b>               |        |         |      |          |
| US 10y Yield                         |  | 0.72   | -1.2                     | -7     | 4       | -101 | -120     |
| Germany 10y Yield                    |  | -0.58  | -2.7                     | -9     | -10     | -13  | -40      |
| EMBIG Sovereign Spread               |  | 404    | 0                        | -16    | -13     | 68   | 111      |
| <b>FX / Commodities / Volatility</b> |   |        | <b>%</b>                 |        |         |      |          |
| EM FX vs. USD, (+) = appreciation    |  | 54.7   | -0.1                     | 0      | -2      | -10  | -11      |
| Dollar index, (+) = \$ appreciation  |  | 93.5   | -0.1                     | 0      | 0       | -5   | -3       |
| Brent Crude Oil (\$/barrel)          |  | 42.3   | -0.3                     | 1      | 7       | -29  | -36      |
| VIX Index (% change in pp)           |  | 26.4   | 0.3                      | -3     | 1       | 11   | 13       |

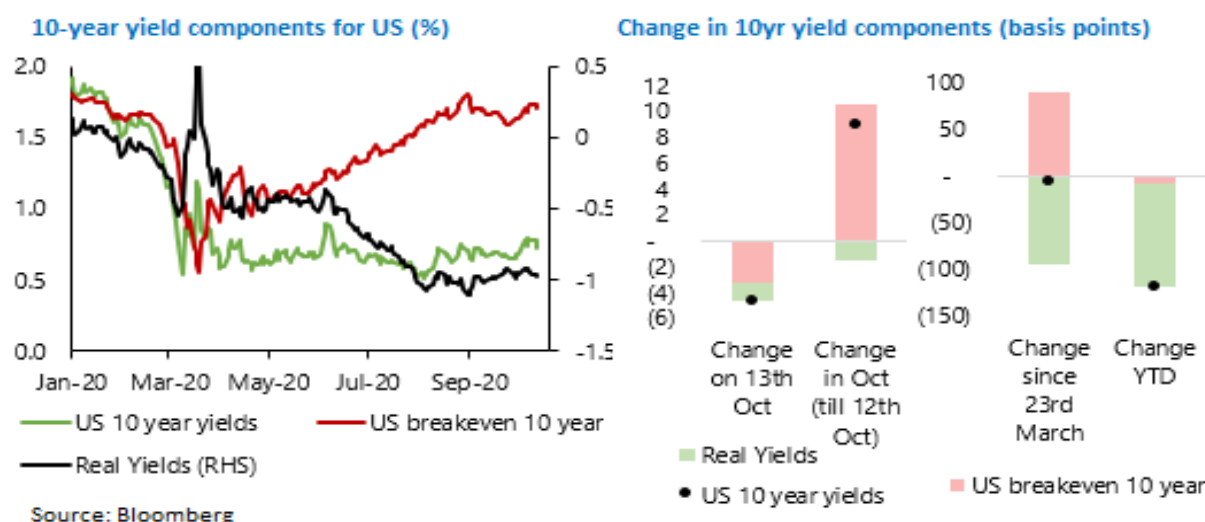
Colors denote **lightening**/easing financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## United States

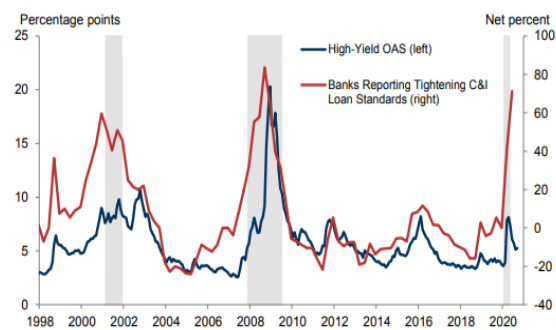
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**US equities declined by 0.6% on Tuesday amid dimming prospects for U.S. fiscal stimulus before Election Day.** House Speaker Pelosi demanded that the Trump administration revamp its latest offer and Senate Majority leader McConnell pushed a smaller-scale plan that Democrats have repeatedly rejected. **Vaccine setbacks also weighed.** Eli Lilly, a biotech firm, declined by 3% after putting its government-sponsored antibody test on hold due to potential safety concerns, hours after J&J (down 2%) did the same for its Covid-19 vaccine trial. **Bank stocks also declined**, with JPM and Citi declining as investors worried that better than expected Q3 earnings signaled just a pause in pressures from soured loans. Tech shares outperformed with Nasdaq up 0.3% led by Amazon. **The broader risk-off mode led to US treasury yields declining 5-6 bps at the long end (details below),** and VIX rising by almost 1 ppt to 26 pts. Oil advanced by almost 2%, after data showing a rise in China crude imports signaled strengthening demand, even as uncertainty over U.S. fiscal stimulus kept price gains in check.

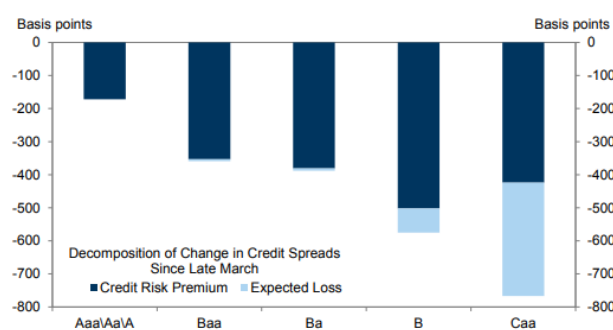
**US 10-year yields declined by 5 bps on Tuesday partially offsetting the 10 bps increase seen earlier this month.** The decline today was mainly led by a decline in inflation expectations though real yields also declined marginally. This is a sharp contrast to the previous trend in Oct when inflation expectations rose over 10 bps. Considering the full year, 10-yr inflation expectations are broadly similar to the year beginning levels (down by just 6 bps) recovering sharply by almost 90 bps after 23<sup>rd</sup> March. In contrast, real yields have remained weak declining almost 111 bps for the year (as also discussed in [GFSR Oct 2020, Online Annex](#)).



**Credit conditions are diverging between corporate bonds and bank loans.** Credit spreads in bond markets have largely reversed their sharp widening at the initial stages of the virus outbreak, even for high-yield bonds. Meanwhile, according to the Fed's SLOOS, banks have reported a significant tightening in lending conditions to businesses in Q2. Goldman analysts highlight that a significant share of the reversal in credit spreads seen in the bond market has come from a decline in credit risk premiums (CRPs). Analysts note that Fed-driven liquidity, "searching-for-yield" in a low interest rate environment, and overall risk appetite in financial markets have all likely played a role in the decline of CRPs, but these factors are less relevant for banks, who are likely much more focused on expected losses given that loan loss reserves are building rapidly and capital is being carefully managed.



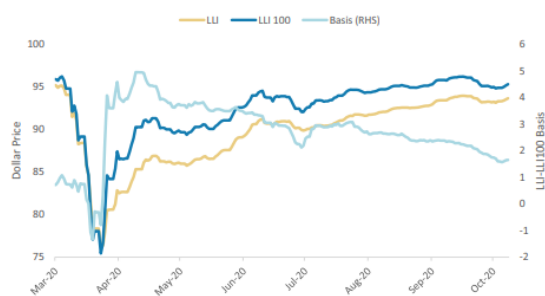
Source: Federal Reserve Board, ICE-BAML, Goldman Sachs Global Investment Research



Source: BAML, iBoxx, Moody's, Goldman Sachs Global Investment Research

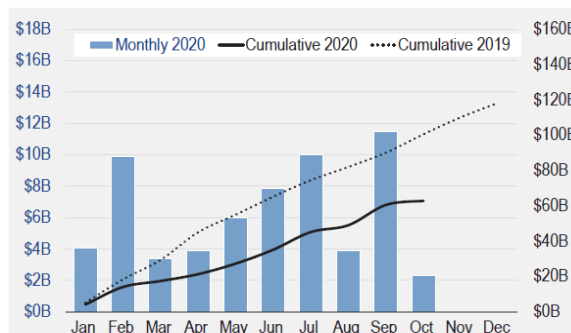
**New issue volumes in CLOs hit the highest monthly total in September since April 2019 (RHS chart), pointing to rising loan demand**, as per Morgan Stanley analysts. At the same time, however, significant outflows from leveraged loan mutual funds and ETFs have continued. Because the latter two tend to participate in the more liquid loan names, the net effect of these two phenomena has been a rally in the broad loan price index (yellow line) and underperformance in the most liquid 100 names (blue line), compressing the spread between the two.

**Exhibit 1: Basis between the S&P LCD Leveraged Loan 100 and the S&P LCD Leveraged Loans Indices**



Source: S&P LCD, Morgan Stanley Research

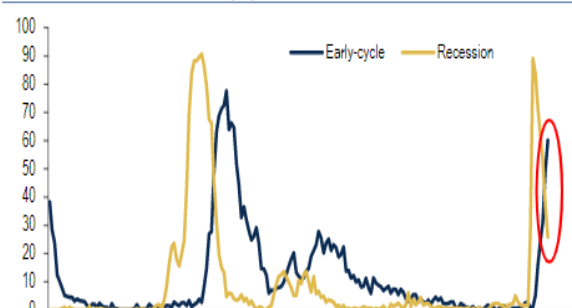
**US CLO issuance**



Source: LCD, an offering of S&P Global Market Intelligence

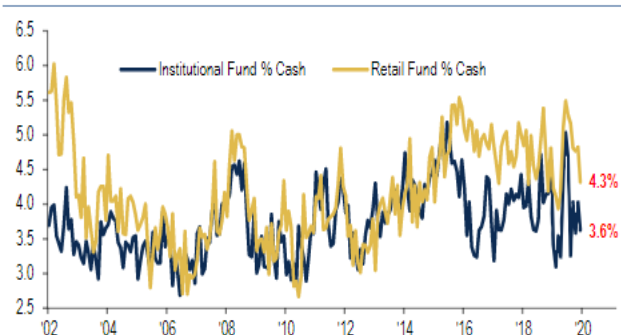
**BofA's latest fund manager survey highlighted that many more investors say that the global economy is in an early cycle (60%), as opposed to a recession (26%).** However, majority of investors expect the recovery to be bumpy (30%) or slow (29%), while only a minority (19%) see a V shaped recovery. Fund managers correspondingly continued to reduce their cash levels, which declined to 4.4% in the latest survey vs 4.8% last time. Retail funds reduced elevated cash levels this month to 4.3% while institutional funds reduced cash levels to 3.6%.

**Exhibit 3: FMS investors think early-cycle rather than recession**



Source: BofA Global Fund Manager Survey

**Exhibit 6: Retail investors reduced cash levels this month**



Source: BofA Global Fund Manager Survey

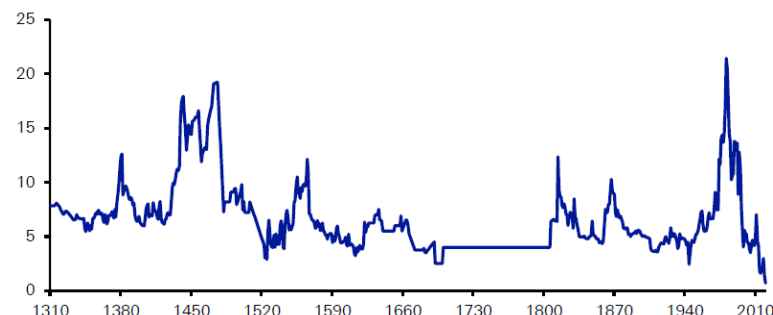
## Europe

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**Equity markets in Europe lacked clear direction** after closing 0.5% lower yesterday.

**European yields continue to drift lower with German 10-year bunds hitting -0.57%**, the lowest level since May. While Southern European spreads remained mostly unchanged, **the ongoing yield compression has pushed the Italian 10-year yield to a record low of 0.65%**. According to analysts at Deutsche Bank, this is the lowest level of interest rates since at least the 14<sup>th</sup> century. The **Italian bond curve up to 5-years is now in negative territory**.

Figure 1: Italian 10yr yield since 1310 (%)



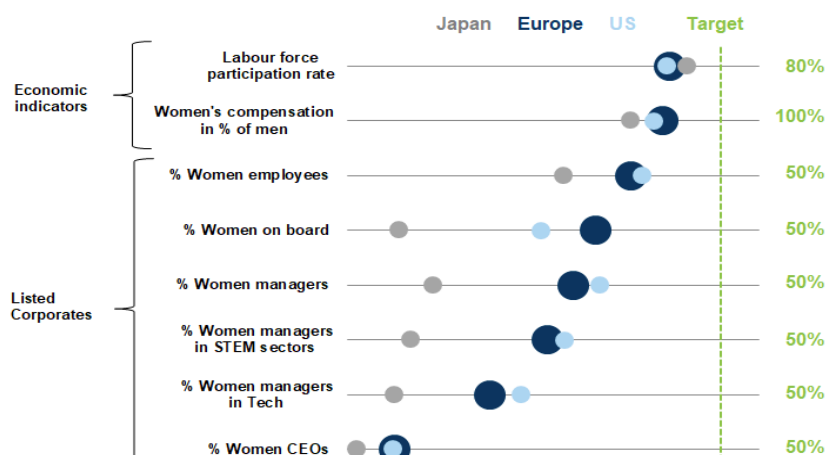
Source : GFD, Bloomberg Finance LP, Deutsche Bank

**The euro (-0.2%) continued to slide lower** as pandemic concerns weigh on the single currency. **Sterling (+0.1%) remains rather volatile** due to Brexit-related headlines. Having lost around 1.5% in the last 24-hours with Brexit negotiations remaining in deadlock, sterling managed to recoup some losses this morning after the UK confirmed that negotiations will continue beyond the EC summit.

**Europe has overtaken the U.S. in closing the gender inequality in the labor market.** According a report published by Goldman Sachs, over the last two decades Europe has managed to boost female labor participation and narrow the gender pay gap. There has been also a visible increase in women on STOXX 600 management boards from 9% in 2005 to 31% currently. That said, analysts point out that more progress needs to be done as gender pay gap remains relatively large (12-18%). There has been also limited progress in promotion of women to CEO/CFO positions. Interestingly, the report concludes that companies with higher proportion of women employees and especially in management tend to outperform the market.

### Exhibit 16: Europe is moving in the right direction

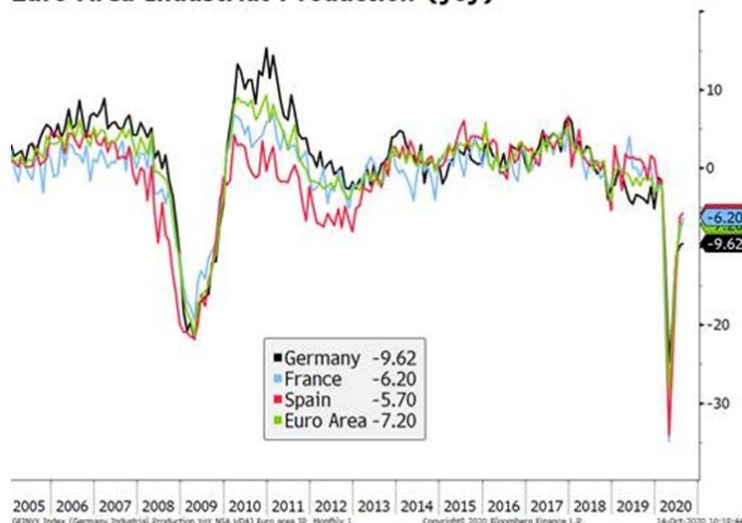
All based on latest available data; usually 2019. Target for labour force participation is based on male participation



Source: OECD, Datastream, Haver Analytics, Goldman Sachs Global Investment Research

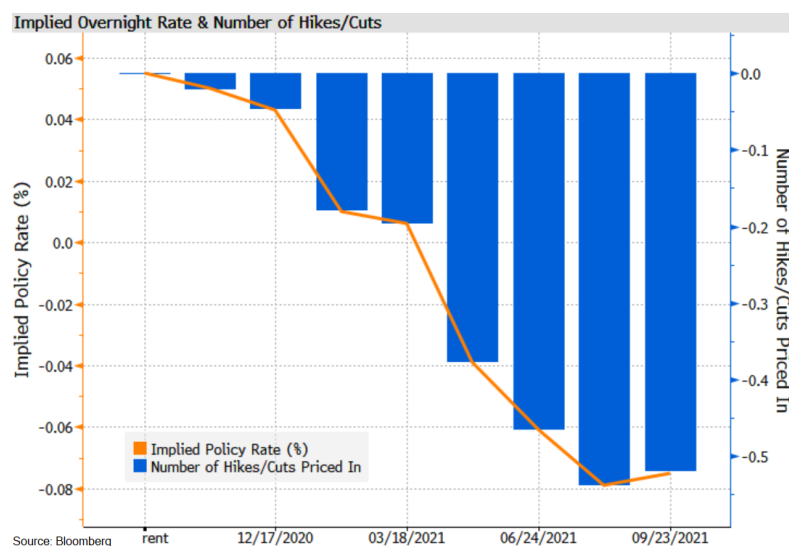
**Industrial production data for Europe came slightly softer than expected at 0.7% mom (0.8% consensus).** That said, July number were slightly revised upwards to 5% mom from 4.1% previously. Overall, the industrial output recovery has been somewhat uneven, with Germany seeing slower momentum.

**Euro Area Industrial Production (yoy)**



**Bank of England (BOE) Governor Bailey clarified that the BOE is not yet ready to implement negative rates despite increasing study of the issue.** According to media reports, the central bank sent a letter to the UK banking sector this week, inquiring about operational readiness to deal with negative rates; Gov. Bailey subsequently clarified that this was an operational readiness question and that policymakers are not currently addressing whether to introduce them.

**Weaker than expected GDP growth in the UK and a more rapid deterioration in the labor market in August as well as increasing risks of a second lockdown have renewed analyst calls for further monetary stimulus.** At this stage, a growing number of analysts expect the asset purchase program to be expanded by around £75-100 bn in the upcoming meeting on the 5th of November. The market has also priced in 3 bps of further policy easing by Q2 2021.



## Other Mature Markets

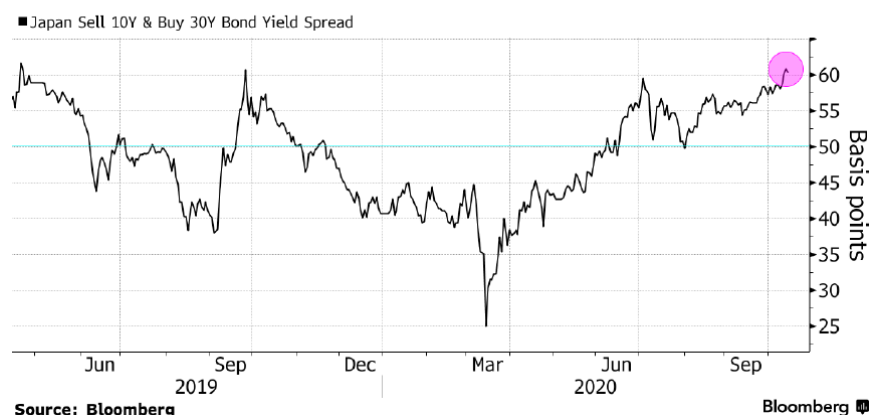
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### Japan

**Japan's yield curve has steepened due to supply pressures.** The spread between 30-year and 10-year government bond yields widened to 61.1 bps, the largest gap since April 2019. Market analysts noted that the yield curve is set to steepen further as super-long bonds remain under pressure amid speculation that Prime Minister Yoshihide Suga may boost spending ahead of elections, with more long-dated issuance expected. **There was no demand for 3-month U.S. dollar swap operation**, the first auction that covers the year-end turn. Market participants focused on this operation as funding access typically gets more difficulty towards the year end. The lack of take-up may signal ample U.S. dollar liquidity. The yen appreciated (+0.1%); equities (NIKKEI: +0.1%).

### Steepening Bias

#### Japan 10- and 30-year yield spread widens on supply pressure



### Korea

**The Bank of Korea (BOK) held the policy rate unchanged at 0.5% as expected.** While the BOK remains committed to maintain its easing policy stance to support the economy, Governor Lee Ju-yeol said that full-scale quantitative easing is not needed at the moment. The BOK does not have a plan to further expand debt buying beyond the KRW 5 tn (\$44 bn) announcement in September; about KRW 2 tn of bonds have been bought. The BOK still expected real GDP to shrink 1.3% this year, in line with its projection in August, despite a resurgence in COVID-19 cases in recent months. The BOK also raised concerns about financial imbalanced associated with high household debt and rising property prices. Korean won and government bond yields were little changed; equities fell (-0.9%).

#### Bank of Korea Policy Rate, Bond Yields



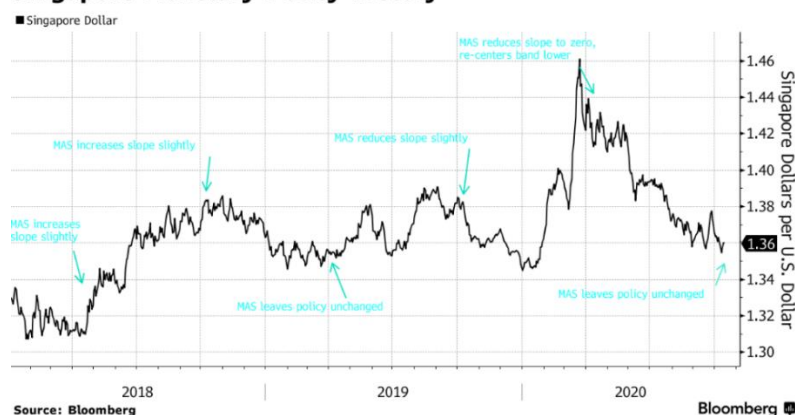
Source: Bloomberg, with data from Bank of Korea.

## Singapore

**The Monetary Authority of Singapore (MAS) made no change to its monetary policy, as expected.**

The policy setting which is based on the exchange rate (i.e., slope, width and center of the currency band) was kept unchanged. With the slope of the currency band set at zero, the MAS therefore seeks neither appreciation nor depreciation in the currency. The MAS said that its accommodative policy stance remains appropriate as it sees the economy recovering in 2021 alongside receding disinflation risk. **Real GDP declined 7% y/y in 2020Q3**, slightly worse than an expected decline of 6.8% y/y. Private consumption fell 28.2% y/y, while investment dropped 27.2% y/y. The Singapore dollar appreciated (+0.2%); equities fell (-0.5%).

### Singapore Monetary Policy History



## Emerging Markets

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**Latin American equity markets** were mixed on Tuesday. Brazil's equity market outperformed as equity index rose 1.0%, while Colombia (-1.6%) and Chile (-0.6%) saw losses. Local currencies were broadly weaker. The Colombian peso was the worst performer, depreciating 0.9% against the dollar, followed by the Brazilian real (-0.7%) and the Mexican peso (-0.7%). Yields on 10-year government bonds dropped 16 bps in Brazil and were mixed in other countries.

**Asian stock markets broadly retreated today**, led by Korean (-0.9%) and Thai (-0.8%) equities. Indonesian share prices rose (0.9%). **Asian currencies were mixed.** Malaysian ringgit (-0.2%) and Philippine peso (-0.2%) depreciated. RMB continued appreciating (+0.2%) after the short-lived depreciation on Monday following the People's Bank of China's efforts to moderate currency appreciation over the weekend. **In Thailand**, concern about political instability weighed on stock market performance; equities fell (-0.8%). The Bank of Thailand announced its plan to further ease overseas investment rules by early next year, allowing more capital outflows to moderate exchange rate appreciation. Thai baht appreciated (+0.1%), with cumulative appreciation of 0.6% in the past month.

**Central and Eastern European and African equities gained in unison while Middle Eastern bourses traded mixed.** By country: Russia (+0.6%); Turkey (+0.7%); Poland (+0.9%); Czech Republic (+0.8%) led the gainers. UAE (-0.9%), Qatar (-0.3%) saw the largest losses. Currencies across the region weakened to the dollar within a 0.1% to 0.3% range. Largest losses were seen for the Turkish lira (-0.4%).

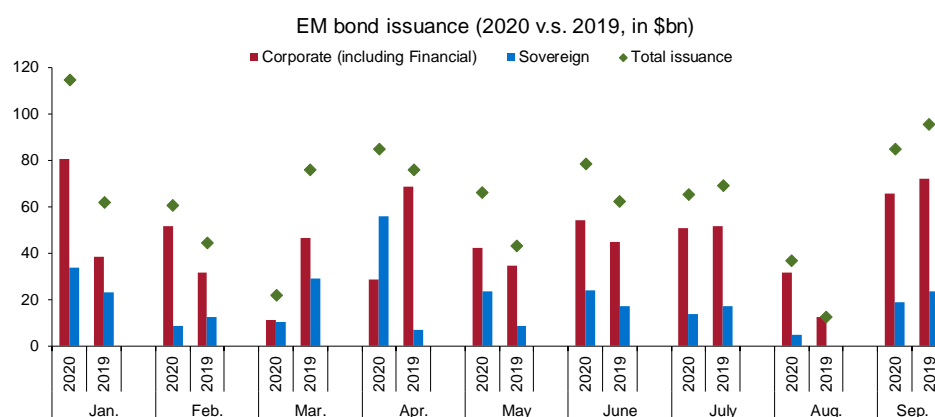
## Key Emerging Market Financial Indicators

| Last updated:<br>10/14/20 8:08 AM | Level    |       | Change                            |        |         |      | YTD |
|-----------------------------------|----------|-------|-----------------------------------|--------|---------|------|-----|
|                                   | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Major EM Benchmarks</b>        |          |       | %                                 |        |         |      | %   |
| MSCI EM Equities                  |          | 46.04 | 0.3                               | 3      | 3       | 11   | 3   |
| MSCI Frontier Equities            |          | 26.74 | -0.6                              | 1      | 4       | -5   | -12 |
| EMBIG Sovereign Spread (in bps)   |          | 404   | 0                                 | -16    | -13     | 68   | 111 |
| EM FX vs. USD                     |          | 54.69 | -0.1                              | 0      | -2      | -10  | -11 |
| <b>Major EM FX vs. USD</b>        |          |       | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                    |          | 6.73  | 0.2                               | 1      | 1       | 5    | 3   |
| Indonesian Rupiah                 |          | 14718 | 0.0                               | 0      | 1       | -4   | -6  |
| Indian Rupee                      |          | 73.30 | 0.1                               | 0      | 0       | -3   | -3  |
| Argentine Peso                    |          | 77.41 | -0.3                              | 0      | -3      | -25  | -23 |
| Brazil Real                       |          | 5.57  | 0.0                               | 1      | -5      | -26  | -28 |
| Mexican Peso                      |          | 21.36 | -0.1                              | 1      | -1      | -10  | -11 |
| Russian Ruble                     |          | 77.42 | -0.5                              | 1      | -3      | -17  | -20 |
| South African Rand                |          | 16.51 | -0.2                              | 1      | 1       | -10  | -15 |
| Turkish Lira                      |          | 7.94  | -0.3                              | -1     | -6      | -25  | -25 |
| EM FX volatility                  |          | 11.34 | 0.0                               | -0.3   | 0.2     | 3.3  | 4.7 |

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

## EM Bond Issuance

**EM corporate issuance (including financial issuance) for last week slightly declined to \$6.9 bn, from \$7.3 bn the week before, and EM sovereign issuance was little changed (\$3.1 bn last week, vs. \$3.2 bn the week before).** The year-to-date total issuance of \$625.8 bn was around 12% higher than the 2019 issuance over the same period (\$560.3 bn). From a regional perspective, Mexico was the largest EM corporate debt issuer last week, accounting for 22% (\$1.5 bn) of the total, followed by China (\$1.2 bn) and Indonesia (\$1.1 bn). Last week's sovereign issuance was placed by Turkey (\$2.5 bn) and Bahamas (\$0.6 bn). The month-to-date corporate issuance and sovereign issuance were \$9.2 bn and \$5.0 bn, respectively.



Source: Bond Radar, Bloomberg

## China

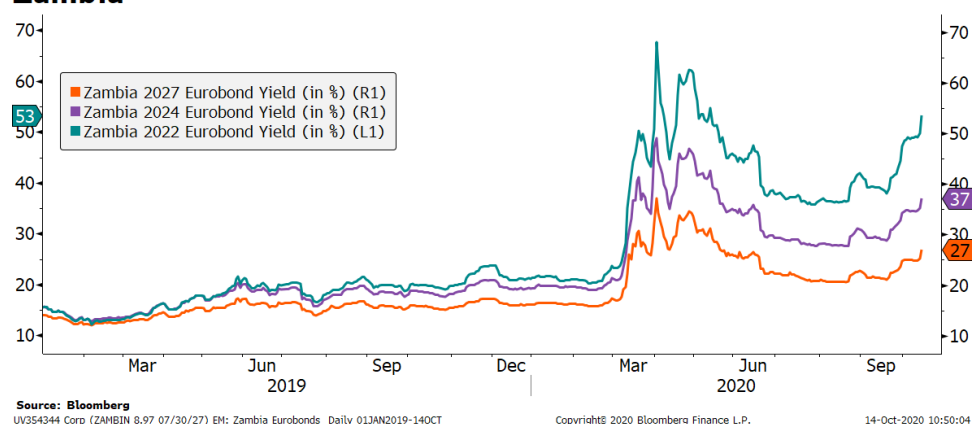
**President Xi said that China is committed to opening up and supply-side reform.** In his speech that marked the 40<sup>th</sup> anniversary of Shenzhen's establishment as a special economic zone, he said that China needs an innovation-driven development strategy to foster new engines of growth. His speech was viewed as a high-profile backing of development in the Greater Bay Area, which also includes Hong Kong SAR and Macau SAR with the mainland. **New RMB loan growth increased 1.9 tn yuan (\$280 bn) in September,**

larger than an expected increase of 1.7 tn yuan. Aggregate financing increased 3.48 tn yuan (\$520 bn), exceeding an expected increase of 3 tn yuan. The RMB appreciated (+0.1%) while equities fell (CSI 300: -0.7%).

## Zambia

**Yields on Zambian Eurobonds continued to climb on growing concerns about the nation's debt sustainability.** Although \$43 mn of debt becomes due to international creditors today, Zambia will enjoy a 30-day grace period before it is deemed to be technically in default. International lenders are scheduled to meet on Oct. 20<sup>th</sup> to discuss whether they accept the government's latest proposal of a debt moratorium. Most analyst expect the request for payment deferral to be rejected. Separately, Bloomberg reports that over 12 African nations are in talks with Chinese authorities to obtain payments moratoria on their debt on their loans from China.

## Zambia



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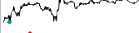











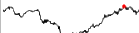

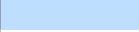






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## Global Financial Indicators










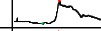











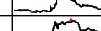















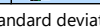
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| United States                     |    | 3517   | -0.6                             | 3      | 4       | 19    | 9    |
| Europe                            |    | 3267   | -0.4                             | 1      | -2      | -8    | -13  |
| Japan                             |    | 23627  | 0.1                              | 1      | 0       | 8     | 0    |
| China                             |    | 3341   | -0.6                             | 4      | 2       | 11    | 10   |
| Asia Ex Japan                     |    | 81     | -0.3                             | 3      | 4       | 19    | 10   |
| Emerging Markets                  |    | 46     | -0.4                             | 3      | 3       | 11    | 3    |
| Interest Rates                    |   |        | basis points                     |        |         |       |      |
| US 10y Yield                      |    | 0.72   | -1.2                             | -7     | 4       | -101  | -120 |
| Germany 10y Yield                 |    | -0.58  | -2.7                             | -9     | -10     | -13   | -40  |
| Japan 10y Yield                   |    | 0.03   | 0.2                              | -1     | 1       | 21    | 4    |
| UK 10y Yield                      |    | 0.21   | -2.5                             | -9     | 2       | -42   | -61  |
| Credit Spreads                    |   |        | basis points                     |        |         |       |      |
| US Investment Grade               |    | 125    | -1.2                             | -6     | -5      | 0     | 28   |
| US High Yield                     |    | 502    | 0.3                              | -12    | -19     | 43    | 109  |
| Europe IG                         |    | 53     | 1.4                              | 0      | -1      | -2    | 9    |
| Europe HY                         |    | 327    | 9.5                              | 10     | 8       | 81    | 119  |
| EMBIG Sovereign Spread            |    | 404    | 0.0                              | -16    | -13     | 68    | 111  |
| Exchange Rates                    |   |        | %                                |        |         |       |      |
| USD/Majors                        |  | 93.47  | -0.1                             | 0      | 0       | -5    | -3   |
| EUR/USD                           |  | 1.17   | 0.0                              | 0      | -1      | 7     | 5    |
| USD/JPY                           |  | 105.3  | 0.1                              | 1      | 0       | 3     | 3    |
| EM/USD                            |  | 54.7   | -0.1                             | 0      | -2      | -10   | -11  |
| Commodities                       |   |        | %                                |        |         |       |      |
| Brent Crude Oil (\$/barrel)       |  | 42     | -0.3                             | 1      | 7       | -29   | -36  |
| Industrials Metals (index)        |  | 119    | 0.3                              | 2      | 0       | 3     | 4    |
| Agriculture (index)               |  | 41     | 0.0                              | 0      | 5       | 3     | -2   |
| Implied Volatility                |   |        | %                                |        |         |       |      |
| VIX Index (%, change in pp)       |  | 26.4   | 0.3                              | -3.1   | 0.5     | 10.8  | 12.6 |
| US 10y Swaption Volatility        |  | 67.9   | 1.0                              | -0.7   | 15.7    | -13.3 | 5.9  |
| Global FX Volatility              |  | 8.6    | 0.0                              | -0.4   | -0.8    | 1.7   | 2.6  |
| EA Sovereign Spreads              |   |        | 10-Year spread vs. Germany (bps) |        |         |       |      |
| Greece                            |  | 136    | 2.1                              | -7     | -21     | -53   | -29  |
| Italy                             |  | 122    | 0.7                              | -6     | -28     | -15   | -38  |
| Portugal                          |  | 71     | 0.3                              | -2     | -8      | 7     | 8    |
| Spain                             |  | 71     | 1.0                              | -3     | -5      | 4     | 6    |

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:<br>10/14/2020<br>8:10 AM | Exchange Rates |        |                       |        |         |      | YTD | 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 |     | Last 12m                            | Latest | 1 Day                    | 7 Days | 30 Days | 12 M  | YTD   |
|  | vs. USD        |        | (+) = EM appreciation |        |         |      |     | % p.a.                              |        |                          |        |         |       |       |
| China                                  |                | 6.73   | 0.2                   | 0.9    | 1       | 5    | 3   |                                     | 3.3    | -0.4                     | 7      | 7       | 15    | 20    |
| Indonesia                              |                | 14718  | 0.0                   | -0.1   | 1       | -4   | -6  |                                     | 6.8    | -1.8                     | -3     | -2      | -52   | -33   |
| India                                  |                | 73     | 0.1                   | 0.0    | 0       | -3   | -3  |                                     | 6.1    | -0.1                     | -11    | -15     | -78   | -82   |
| Philippines                            |                | 49     | -0.2                  | -0.5   | 0       | 6    | 4   |                                     | 3.6    | -0.4                     | -3     | -4      | -72   | -71   |
| Thailand                               |                | 31     | 0.2                   | 0.2    | 0       | -3   | -5  |                                     | 1.5    | 0.0                      | 2      | 2       | -6    | -13   |
| Malaysia                               |                | 4.15   | -0.2                  | 0.2    | 0       | 1    | -1  |                                     | 2.5    | -1.5                     | -1     | -4      | -91   | -86   |
| Argentina                              |                | 77     | -0.3                  | -0.5   | -3      | -25  | -23 |                                     | 42.4   | 69.9                     | 99     | -47     | -1514 | -2016 |
| Brazil                                 |                | 5.58   | -0.1                  | 0.6    | -5      | -26  | -28 |                                     | 6.1    | -10.6                    | -17    | 49      | 18    | -10   |
| Chile                                  |                | 798    | 0.0                   | -0.3   | -4      | -11  | -6  |                                     | 2.8    | -0.3                     | 2      | 17      | -6    | -54   |
| Colombia                               |                | 3862   | -0.8                  | -0.8   | -4      | -11  | -15 |                                     | 5.2    | -1.2                     | -10    | 20      | -52   | -77   |
| Mexico                                 |                | 21.37  | -0.1                  | 0.8    | -1      | -10  | -11 |                                     | 6.0    | 2.8                      | -8     | 10      | -83   | -90   |
| Peru                                   |                | 3.6    | -0.1                  | -0.2   | -1      | -6   | -8  |                                     | 4.1    | 11.1                     | -5     | -2      | -9    | -39   |
| Uruguay                                |                | 43     | -0.1                  | -0.2   | 0       | -13  | -12 |                                     | 7.4    | 1.8                      | 2      | -40     | -345  | -351  |
| Hungary                                |                | 309    | -0.5                  | -1.4   | -3      | -3   | -5  |                                     | 1.7    | 1.1                      | -10    | -5      | 54    | 48    |
| Poland                                 |                | 3.84   | -0.3                  | -0.6   | -2      | 2    | -1  |                                     | 0.7    | -2.2                     | -8     | -14     | -113  | -122  |
| Romania                                |                | 4.1    | 0.1                   | -0.1   | -1      | 4    | 3   |                                     | 3.3    | -1.0                     | 0      | -13     | -53   | -75   |
| Russia                                 |                | 77.4   | -0.5                  | 0.8    | -3      | -17  | -20 |                                     | 5.6    | -1.5                     | -11    | -14     | -93   | -49   |
| South Africa                           |                | 16.5   | -0.2                  | 0.8    | 1       | -10  | -15 |                                     | 10.3   | -1.7                     | -14    | 12      | 92    | 75    |
| Turkey                                 |                | 7.94   | -0.3                  | -0.7   | -6      | -25  | -25 |                                     | 13.2   | 5.9                      | 51     | 23      | -118  | 151   |
| US (DXY; 5y UST)                       |                | 93     | -0.1                  | -0.2   | 0       | -5   | -3  |                                     | 0.30   | -0.5                     | -4     | 3       | -126  | -139  |

|              | Equity Markets  |        |               |        |         |      |     | Bond Spreads on USD Debt (EMBIG)  |        |                          |        |         |      |      |
|--------------|---|--------|---------------|--------|---------|------|-----|---|--------|--------------------------|--------|---------|------|------|
|              | Level   |        | Change (in %) |        |         |      | YTD | Level   |        | Change (in basis points) |        |         |      | YTD  |
|              | Last 12m  | Latest | 1 Day         | 7 Days | 30 Days | 12 M |     | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |      |
|              |   |        |               |        |         |      |     | basis points  |        |                          |        |         |      |      |
| China        |  | 4807   | -0.7          | 5      | 3       | 22   | 17  |  | 215    | 1                        | -2     | 1       | 29   | 39   |
| Indonesia    |  | 5176   | 0.8           | 3      | 0       | -16  | -18 |  | 213    | 0                        | -1     | -5      | 32   | 57   |
| India        |  | 40795  | 0.4           | 2      | 5       | 7    | -1  |  | 204    | -5                       | -19    | -15     | 71   | 79   |
| Philippines  |  | 5925   | 0.0           | 1      | -1      | -25  | -24 |  | 125    | 1                        | 0      | -6      | 48   | 59   |
| Malaysia     |  | 1523   | -0.1          | 2      | 1       | -3   | -4  |  | 144    | 1                        | -11    | -3      | 20   | 32   |
| Argentina    |  | 45995  | 0.3           | 4      | 3       | 45   | 10  |  | 1370   | 2                        | -5     | -777    | -518 | -399 |
| Brazil       |  | 98503  | 1.0           | 3      | -2      | -6   | -15 |  | 304    | 2                        | -6     | 0       | 71   | 89   |
| Chile        |  | 3655   | -0.6          | 1      | -1      | -29  | -22 |  | 167    | 1                        | 0      | -1      | 31   | 34   |
| Colombia     |  | 1171   | -1.6          | 0      | -2      | -26  | -30 |  | 237    | 4                        | -10    | -10     | 59   | 74   |
| Mexico       |  | 38132  | -0.5          | 3      | 3       | -12  | -12 |  | 477    | 3                        | -7     | 11      | 166  | 185  |
| Peru         |  | 17821  | -1.1          | -1     | -2      | -8   | -13 |  | 148    | 1                        | -8     | 0       | 23   | 41   |
| Hungary      |  | 33504  | 0.5           | 0      | -4      | -18  | -27 |  | 118    | -4                       | 1      | 0       | 23   | 32   |
| Poland       |  | 48559  | 0.2           | -3     | -4      | -14  | -16 |  | 23     | 5                        | 4      | -3      | -5   | 5    |
| Romania      |  | 8893   | 0.2           | 0      | -5      | -7   | -11 |  | 236    | -1                       | -11    | -19     | 51   | 62   |
| Russia       |  | 2844   | 0.5           | 0      | -3      | 5    | -7  |  | 202    | 2                        | 2      | -4      | 13   | 71   |
| South Africa |  | 55326  | 0.5           | 1      | -2      | 0    | -3  |  | 492    | 4                        | -9     | -3      | 168  | 172  |
| Turkey       |  | 1180   | 0.5           | 2      | 7       | 26   | 3   |  | 617    | 5                        | 8      | 12      | 127  | 216  |
| Ukraine      |  | 510    | 0.0           | 2      | 2       | -3   | 0   |  | 693    | 15                       | -9     | 62      | 199  | 273  |
| EM total     |  | 46     | 0.4           | 3      | 3       | 11   | 3   |  | 404    | 0                        | -16    | -13     | 68   | 111  |

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

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