








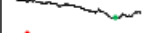



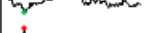
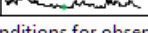
- FOMC cuts rates by 25 bps as expected ([link](#))
- Bank of Japan keeps monetary policy on hold but tweaks forward guidance ([link](#))
- Bank of Canada kept rates on hold as expected ([link](#))
- Brazil's central bank cut its benchmark Selic policy rate by 50 bps ([link](#))
- Mexican GDP contracts for the second consecutive quarter on an annual basis ([link](#))
- Advance estimates show that Hong Kong is entering recession ([link](#))
- South African budget disappoints ([link](#))

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## Risks rise on increased trade worries

**Sovereign bond yields are extending their decline this morning as trade worries have risen once again.** Reports that Chinese authorities are skeptical a trade deal can be reached with the current US administration has caused risk aversion to rise modestly. European equities and US index futures are both lower this morning. These latest reports build on the news that Chile is canceling its APEC summit due to domestic unrest. It had been hoped that a planned Trump/Xi meeting there would build progress toward a near term trade deal. US equities had rallied yesterday on a dovish reception to yesterday's FOMC decision. While the initial reaction to the statement was hawkish based on changes in the text, Chair Powell's comments at the press conference were seen as indicating a more dovish stance. Markets largely expect the Fed to remain on hold for the new future, with the implied probability of a cut at the next meeting of just 25%.

Key Global Financial Indicators

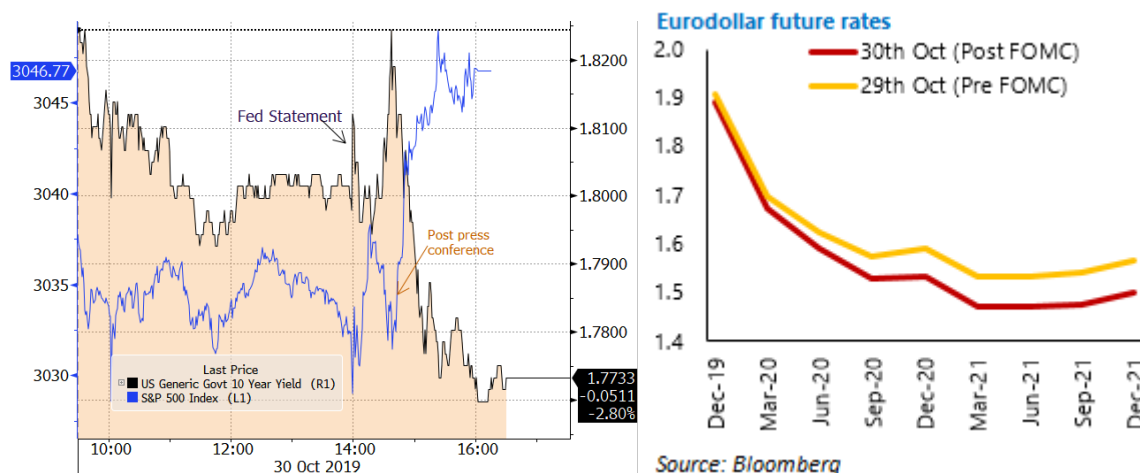
| Last updated:<br>10/31/19 8:30 AM    | Level                                                                               |        | Change from Market Close |        |         |      | YTD |
|--------------------------------------|-------------------------------------------------------------------------------------|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m                                                                            | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |                                                                                     |        | %                        |        |         |      | %   |
| S&P 500                              |  | 3047   | 0.3                      | 1      | 2       | 12   | 22  |
| Eurostoxx 50                         |  | 3617   | -0.1                     | 0      | 1       | 13   | 21  |
| Nikkei 225                           |  | 22927  | 0.4                      | 1      | 5       | 5    | 15  |
| MSCI EM                              |  | 43     | -0.1                     | 1      | 5       | 10   | 10  |
| <b>Yields and Spreads</b>            |                                                                                     |        | bps                      |        |         |      |     |
| US 10y Yield                         |  | 1.73   | -6.7                     | -3     | 7       | -141 | -95 |
| Germany 10y Yield                    |  | -0.40  | -5.0                     | 0      | 17      | -79  | -65 |
| EMBIG Sovereign Spread               |  | 328    | -7                       | -5     | -10     | -37  | -86 |
| <b>FX / Commodities / Volatility</b> |                                                                                     |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |  | 61.1   | -0.1                     | 0      | 1       | -1   | -2  |
| Dollar index, (+) = \$ appreciation  |  | 97.3   | -0.4                     | 0      | -2      | 0    | 1   |
| Brent Crude Oil (\$/barrel)          |  | 60.4   | -0.4                     | -2     | -1      | -20  | 12  |
| VIX Index (% change in pp)           |  | 12.9   | 0.6                      | -1     | -3      | -8   | -13 |

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

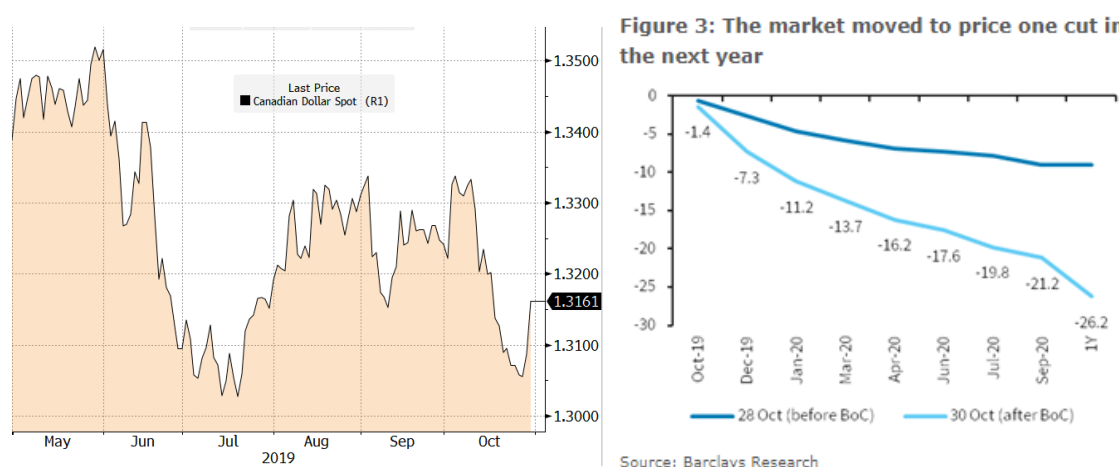
## United States

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**The FOMC lowered the funds rate target range to 1.5-1.75%, as widely expected.** Eight of ten officials voted to lower the rate, while two officials preferred to hold the rate steady. Changes to the post-meeting statement were perceived as hawkish, with the 'act as appropriate' guidance replaced by the more balanced 'as it assesses the appropriate path'. However, Chair Powell's press conference comment that 'serious' inflation is required to push them to raise rates was perceived highly dovish by the market. 10-year yields closed down 7 bps, and 2-year yields declined by 4 bps, although most of the decline occurred earlier in the day on Wednesday. **The market implied policy curve also repriced down, with the Eurodollar rates lowering by a few bps over the next few quarters.** The statement's growth and inflation characterizations were essentially unchanged. Chair Powell also noted that the risks associated with trade tensions and Brexit show signs of improving.

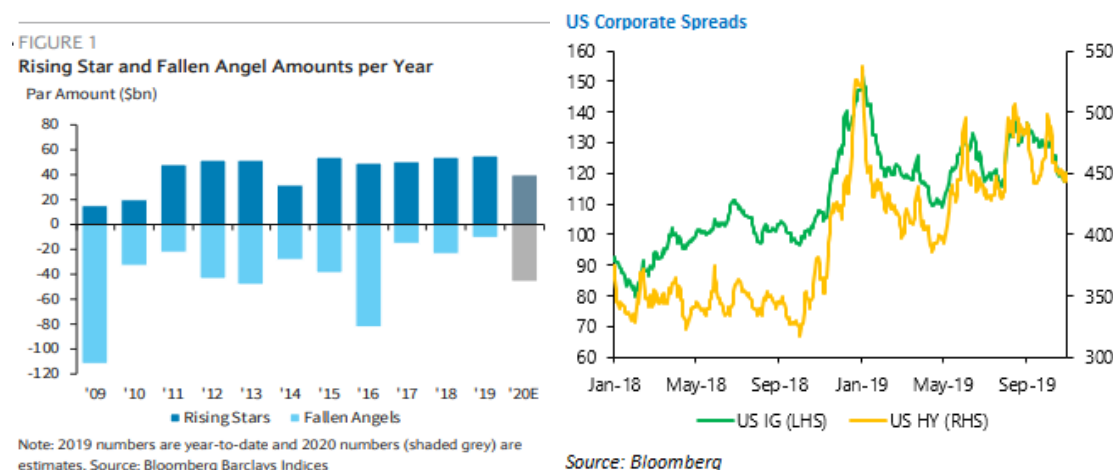


**Chair Powell recapitulated his guidance on Fed reserve management policy,** stressing that the recently announced \$60 billion / month of T-bill purchases do not represent QE, but that together with temporary open market operations the increased supply of reserves should stabilize funding markets.

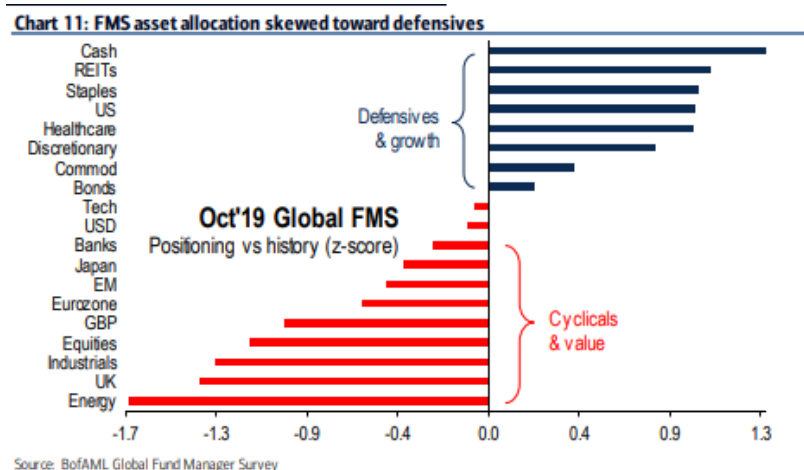


**Fallen angel volumes in the US have remained low at \$10bn ytd,** the lowest absolute level in the post-crisis era and a record low in terms of the percent of the overall investment grade universe they represent (less than 0.2% of all IG debt has been downgraded to high yield). At the same time, \$56bn of rising stars so far this year have helped keep the size of the BB universe effectively flat with last year, despite elevated

BB supply and net upgrades from the B-rated cohort. The credit optimism is also reflected in the market pricing with IG and HY spreads down 16 and 36 bps respectively, ytd.



**BAML fund manager survey highlights that investors are positioned highly defensive** in global assets. Investors are overweight assets that perform well in a recession (cash, staples, bonds) and underweight assets that perform well when growth & interest rates rise (energy, equities, Eurozone). This could create conditions for a bullish overshoot in equities and credit over the next few months, per the analysts.



## Europe [back to top](#)

**Euro area bonds rallied in line with U.S. treasuries as macro data was mixed.** German 10-yr bunds fell 6 bps to -0.41%. French 10-yr OAT yields were 6 bps lower at -0.11%, and Italian 10-yr BTP yield fell 7 bps to at 0.92%. The euro traded 0.2% higher to 1.117, in line with broader USD weakness. **European equities (-0.6%) fell in line with broader weakness. Bank stock (-1.6%) underperformed.** Deutsche Bank stocks fell 2.2% (down 7.2% in past 5 days).

**Euro area headline inflation fell to 0.7%yoy in October, as expected.** Core inflation rose to 1.1% yoy (1.0% expected). **Yesterday, German inflation data was slightly better than expected.** Headline inflation fell to 1.1% yoy (1.0% expected). Germany's harmonized HICP inflation rate was unchanged at 0.9% (0.8% expected). **In contrast, French inflation was weaker than expected today, with the**

**harmonized HICP rate at 0.9% yoy (1.1% expected). Euro area GDP increased 0.2% qoq in Q3 (0.1% expected).**

Incoming ECB President Lagarde said that the negative interest rate policy has been introduced to stimulate activity and investment but that there will be a moment when the positive and negative effects will be assessed. Yesterday, she described euro area growth as fragile and called on Germany and the Netherlands to use fiscal space to support growth.

### United Kingdom

In line with other markets, **10-yr gilt yield fell 6 bps and the pound edged higher against the USD** (at \$1.295 per pound). U.K. equities fell 1%.

Polls put support for the Conservatives around 38%, Labour gets 24%, the Lib Dems 17%, the Brexit Party 12% and Greens 4%. These numbers suggest a Conservative majority, but analysts continue to point to the volatility of the electoral base and the historical importance of these elections as complicating factors in any forecast.

**U.K. GfK consumer confidence fell to a six-year low.**

### Other Mature Markets

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#### Japan

**The Bank of Japan (BoJ) kept monetary policy steady as expected but offered a stronger signal that it may cut interest rates in the future.** The BoJ kept interest rates steady at -0.1%, 10-year bond yields were capped at about 0% and purchases of government bonds remained at a theoretical pace of ¥80tn (\$736bn) a year. At the same time, the BoJ tweaked its forward guidance with an explicit hint that it is willing to cut interest rates further into negative territory as part of a new effort to achieve its 2% inflation target. **Equities recovered earlier losses after the BoJ announcement closing 0.1% higher. The yen appreciated 0.5% and 10-year JGB yields fell 2bps to -0.15%.**



**Bank of Canada kept rates on hold at 1.75%, inline with consensus expectations.** However, the growth outlook was downgraded on lower exports and investment, along with an emphasis on the risks from global trade conflicts and uncertainty. Analyst reports highlighted that the changes to the statement suggested officials have become less confident in their holding pattern, amid a weakening global economy. These include removing explicit references to Canadian rates being stimulative and to the nation's economy

operating close to potential. Wednesday's statement also referred to the recent gain in the country's dollar. The market increased its pricing of BoC easing and now expects a 25bp cut in one year, from only 9 bps before the October meeting. **The Canadian dollar depreciated by 0.6% against the US Dollar.**

### Global Banks

**Global USD credit growth rebounded, driven by bank lending.** US dollar credit to non- bank borrowers outside the United States grew 4% yoy to \$11.9 trillion at end-June 2019, according to the most recent BIS 'global liquidity indicators' statistical release. USD credit continues to dominate global foreign currency intermediation – euro-denominated credit outside the euro area is equivalent to USD 3.8 trillion, and yen-denominated credit outside Japan amounts to USD 0.5 trillion --, though it has recently grown more slowly than credit in other major currencies. Significantly, the growth of dollar credit is driven by a rebound in bank lending (to +5% yoy, from +1% yoy in 3Q18), which has outpaced debt securities for the second straight quarter. By borrower region, USD credit is growing fastest in Africa (+9% yoy, to USD0.9 trillion) and has been decelerating (to -1% yoy) in emerging Asia, driven by a -6% yoy contraction in China (from +8% yoy at end-2018).

### Emerging Markets [back to top](#)

**Asian equities were mixed with a slight net gain for the region.** Malaysia (+1.1%) and Hong Kong (+0.9%) outperformed, while Indonesia (-1.1%) and China led losses. Asian currencies broadly strengthened against the dollar with the Korean won leading the pack (+0.4%). **In EMEA, investors focus on South Africa after the budget announcement disappointed and ahead of tomorrow's ratings review by Moody's.** The rand is 1% weaker today even though equities gained. Eastern European equities fell. **Latin American markets were mixed, with Brazilian equities and the real outperforming alongside the widely expected central bank rate cut on Wednesday.** Chilean assets continued to sell off, after Chile opted to cancel its hosting of the APEC summit on November 16-17 due to domestic unrest. The Chilean peso was down 1.6% on the day and equities fell 2.8%, though long-dated bond yields ended the day little changed after initially rising around 5 bps. Argentine equities jumped 4.1%, while other regional markets were fairly quiet.

Key Emerging Market Financial Indicators

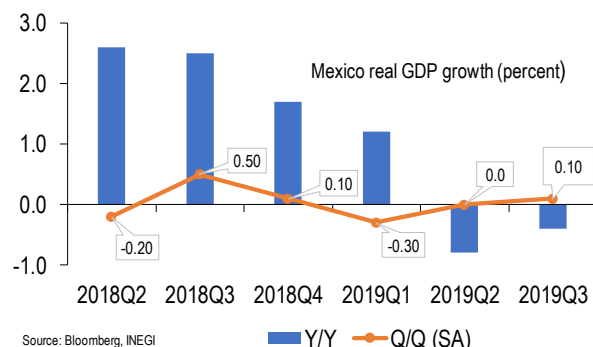
| Last updated:<br>10/31/19 8:32 AM | Level    |       | Change                            |        |         |      | YTD  |
|-----------------------------------|----------|-------|-----------------------------------|--------|---------|------|------|
|                                   | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |      |
| <b>Major EM Benchmarks</b>        |          |       | %                                 |        |         |      | %    |
| MSCI EM Equities                  |          | 42.92 | -0.1                              | 1      | 5       | 10   | 10   |
| MSCI Frontier Equities            |          | 28.38 | 0.7                               | 1      | 1       | 5    | 9    |
| EMBIG Sovereign Spread (in bps)   |          | 328   | -7                                | -5     | -10     | -37  | -86  |
| EM FX vs. USD                     |          | 61.08 | -0.2                              | 0      | 1       | -1   | -2   |
| <b>Major EM FX vs. USD</b>        |          |       | %, (+) = EM currency appreciation |        |         |      |      |
| China Renminbi                    |          | 7.04  | 0.2                               | 0      | 2       | -1   | -2   |
| Indonesian Rupiah                 |          | 14043 | -0.1                              | 0      | 1       | 8    | 2    |
| Indian Rupee                      |          | 70.93 | 0.0                               | 0      | 0       | 4    | -2   |
| Argentine Peso                    |          | 59.70 | -0.4                              | -1     | -4      | -38  | -37  |
| Brazil Real                       |          | 3.98  | 0.3                               | 2      | 4       | -6   | -2   |
| Mexican Peso                      |          | 19.12 | -0.2                              | 0      | 3       | 6    | 3    |
| Russian Ruble                     |          | 64.06 | -0.4                              | 0      | 1       | 3    | 8    |
| South African Rand                |          | 15.16 | -1.0                              | -3     | 0       | -2   | -5   |
| Turkish Lira                      |          | 5.72  | -0.2                              | 1      | -1      | -2   | -7   |
| EM FX volatility                  |          | 7.16  | 0.0                               | -0.2   | -1.0    | -3.1 | -2.6 |

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



## Mexico

**Mexican GDP disappointed at 0.1% q/q; contracts for the second consecutive quarter on an annual basis at -0.4% y/y**, according to preliminary estimates. While industrial sectors continued to struggle (-1.8% y/y, -0.1% q/q), analysts highlighted the slowdown in services growth (-0.1% y/y, 0.0% q/q), which had been a bright spot in previous quarters. The 0.1% q/q figure was below the median estimate of 0.2%. Consensus forecasts estimates economic growth at 0.5% in 2019, before an acceleration to 1.3% and 2.0% in 2021. The Mexican central bank has appeared reluctant to pursue more aggressive policy easing—in part due to sticky core inflation that remains above target around 3.7%—though markets are pricing in 75 bps of cuts over the next 3 months after the weak GDP report.



## Brazil

**Brazil's central bank cut its benchmark Selic policy rate by 50 bps for the third straight meeting.** Consumer price inflation slowed to 2.9% y/y in September—in context of the 3.5% inflation target—and the central bank survey puts inflation expectations at 3.3% and 3.6% in 2019-2020 respectively. Following the unanimous decision, the monetary policy committee highlighted its view of a gradual recovery that justifies an accommodative policy framework given ongoing slack. In comparison to its September statement, the committee appeared more cautious with regards to further stimulus. Markets currently price in just under 100 basis points in additional cuts over the next 6 months.

## China

**Chinese equities slid for the third consecutive day, as weaker-than-expected PMI readings pointed to still fragile business activities.** The official manufacturing PMI fell from 49.8 in September to 49.3 in October, the lowest since February this year, driven by a marked slowdown in output and contraction in new orders. The non-manufacturing PMI also declined, from 53.7 to 52.8. **The Shanghai and Shenzhen Composite dipped 0.4% and 0.8% respectively, with the technology segment underperforming.** In the currency market, CNY strengthened by 0.2% against the US dollar in the onshore market, while CNH was little changed in the offshore market.

## Hong Kong SAR

**Advance estimates show that the Hong Kong economy is technically entering recession.** On a q/q basis, real GDP declined by 3.2% in Q3 after shrinking 0.5% in Q2, as the economy is double hit by prolonged social unrest and US-China trade tensions. On a y/y comparison, GDP growth turned negative to -2.9% in Q3 from 0.4% in Q2, the worst since Q2 2009 during the midst of global financial crisis. The sharp economic downturn is mainly driven by marked decline in private consumption and business investment. Exports of goods and services shrank 7% and 14% from a year ago, respectively, reflecting a slowdown in shipments to the US and China and a sharp decline in inbound tourists. **Nonetheless, equities advanced 0.9% on the day.**

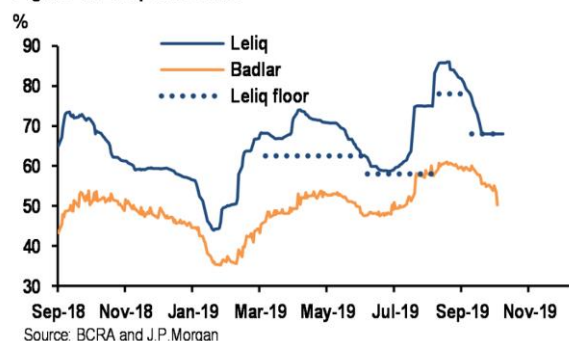
## South Africa

The rand (-1.1%) underperformed today and closed 2.6% lower yesterday after **FM Mboweni presented a significantly-worse-than-expected Medium-Term Budget**. The budget deficit will rise from 4.2%GDP to 5.9% this fiscal year and then 6.5%GDP next year. **Debt service is expected to continue growing sharply**, from an estimated 3.9%GDP to 4.8%GDP in FY22/23, absorbing 18% of estimated gross tax revenues. **South Africa's 5-yr CDS swap rose 14 bps on the budget announcement and 6 bps today** (currently at 188 bps). Equities are up 1%. Investors have been relatively cautious on South Africa this year, selling \$2 bn of local bonds ytd (compared to inflows of e.g. \$12 bn ytd in local Russian bonds).

## Argentina

**Analysts highlight changing Argentina monetary policy landscape** even as broader government policy remains unclear following the Presidential election. Since Sunday night, the central bank (BCRA) has announced **three policy changes**, including limiting the monthly retail dollar limit to \$200 (from \$10,000) for individuals and only \$100 if the transaction is cash. The BCRA then announced regulatory changes to allow banks to double their exposure to all levels of government credit, provided it relates to wage payments, which JP Morgan analysts note will allow public banks to extend credit lines for end of year worker compensation. The third regulatory change, effective November 1, banks will no longer be allowed to use Leliqs (short-term central bank peso notes) to meet reserve requirements, which coincides with the decline in the stock of Leliqs back down to levels seen in January 2019. JPM analysts noted further policy changes are likely, with a drive towards reducing real interest rates. Following the election on Sunday (10/27), official foreign reserves data remains limited, but Bloomberg reports that reserve holdings slipped to \$43.3 billion on October 29, down about \$200 million compared to Friday. In the week leading up to the election, central bank foreign purchases picked up to an average of around \$500 million per day.

Figure 4: Leliq and Badlar



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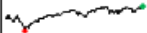
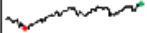



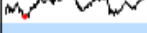

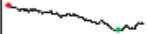
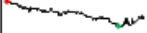





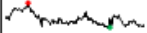







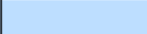
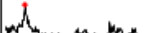


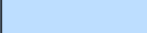
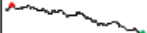
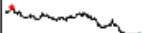
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## Global Financial Indicators

| Last updated:<br>10/31/19 8:30 AM | Level                                                                               |        | Change                           |        |         |      | YTD   |
|-----------------------------------|-------------------------------------------------------------------------------------|--------|----------------------------------|--------|---------|------|-------|
|                                   | Last 12m                                                                            | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |       |
| <b>Equities</b>                   |                                                                                     |        | %                                |        |         |      | %     |
| United States                     |    | 3047   | 0.3                              | 1      | 2       | 12   | 22    |
| Europe                            |    | 3617   | -0.1                             | 0      | 1       | 13   | 21    |
| Japan                             |    | 22927  | 0.4                              | 1      | 5       | 5    | 15    |
| China                             |    | 2929   | -0.3                             | 0      | 1       | 13   | 17    |
| Asia Ex Japan                     |    | 70     | 0.3                              | 1      | 5       | 10   | 9     |
| Emerging Markets                  |    | 43     | -0.1                             | 1      | 5       | 10   | 10    |
| <b>Interest Rates</b>             |                                                                                     |        | basis points                     |        |         |      |       |
| US 10y Yield                      |    | 1.73   | -6.7                             | -3     | 7       | -141 | -95   |
| Germany 10y Yield                 |    | -0.40  | -5.0                             | 0      | 17      | -79  | -65   |
| Japan 10y Yield                   |    | -0.13  | -2.4                             | 1      | 8       | -26  | -14   |
| UK 10y Yield                      |    | 0.64   | -4.7                             | 1      | 15      | -80  | -64   |
| <b>Credit Spreads</b>             |                                                                                     |        | basis points                     |        |         |      |       |
| US Investment Grade               |    | 120    | 0.2                              | 1      | -8      | 13   | -27   |
| US High Yield                     |    | 454    | 3.3                              | 2      | -9      | 79   | -67   |
| Europe IG                         |    | 51     | 0.0                              | 0      | -4      | -23  | -36   |
| Europe HY                         |    | 239    | 2.0                              | 7      | 7       | -59  | -114  |
| EMBIG Sovereign Spread            |   | 328    | -7.0                             | -5     | -10     | -37  | -86   |
| <b>Exchange Rates</b>             |                                                                                     |        | %                                |        |         |      |       |
| USD/Majors                        |  | 97.28  | -0.4                             | 0      | -2      | 0    | 1     |
| EUR/USD                           |  | 1.12   | 0.1                              | 1      | 2       | -1   | -3    |
| USD/JPY                           |  | 108.2  | 0.6                              | 0      | 0       | 4    | 1     |
| EM/USD                            |  | 61.1   | -0.1                             | 0      | 1       | -1   | -2    |
| <b>Commodities</b>                |                                                                                     |        | %                                |        |         |      |       |
| Brent Crude Oil (\$/barrel)       |  | 60     | -0.4                             | -2     | -1      | -20  | 12    |
| Industrials Metals (index)        |  | 118    | -0.8                             | 0      | 2       | 4    | 8     |
| Agriculture (index)               |  | 39     | -0.1                             | 0      | 1       | -8   | -5    |
| <b>Implied Volatility</b>         |                                                                                     |        | %                                |        |         |      |       |
| VIX Index (% change in pp)        |  | 12.9   | 0.6                              | -0.8   | -3.3    | -8.3 | -12.5 |
| 10y Treasury Volatility Index     |  | 4.3    | 0.0                              | -0.4   | -0.9    | -0.1 | -0.2  |
| Global FX Volatility              |  | 6.3    | 0.0                              | 0.0    | -0.9    | -2.1 | -2.7  |
| <b>EA Sovereign Spreads</b>       |                                                                                     |        | 10-Year spread vs. Germany (bps) |        |         |      |       |
| Greece                            |  | 157    | 1.3                              | -8     | -35     | -229 | -259  |
| Italy                             |  | 133    | -1.4                             | 2      | -6      | -171 | -117  |
| Portugal                          |  | 57     | -0.1                             | -2     | -17     | -92  | -91   |
| Spain                             |  | 63     | -0.3                             | -1     | -8      | -53  | -54   |








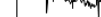



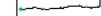
















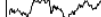


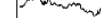

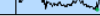
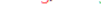



Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations.

Data source: Bloomberg.

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## Emerging Market Financial Indicators

| Last updated:<br>10/31/2019<br>8:32 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                                  |                | 7.04   | 0.2                   | 0.4    | 2       | -1   | -2  |                                     | 3.3    | 2.9                      | 7      | 13      | -17  | 13   |  |
| Indonesia                              |                | 14043  | -0.1                  | 0.1    | 1       | 8    | 2   |                                     | 7.1    | -3.1                     | -6     | -27     | -157 | -105 |  |
| India                                  |                | 71     | 0.0                   | 0.1    | 0       | 4    | -2  |                                     | 6.8    | -0.9                     | 0      | -4      | -114 | -62  |  |
| Philippines                            |                | 51     | 0.4                   | 1.2    | 2       | 5    | 4   |                                     | 4.3    | 0.4                      | 0      | -4      | -228 | -198 |  |
| Thailand                               |                | 30     | 0.2                   | 0.3    | 1       | 10   | 7   |                                     | 1.6    | -1.2                     | 1      | 8       | -133 | -104 |  |
| Malaysia                               |                | 4.18   | 0.1                   | 0.2    | 0       | 0    | -1  |                                     | 3.5    | 2.5                      | 7      | 9       | -66  | -61  |  |
| Argentina                              |                | 60     | -0.4                  | -1.2   | -4      | -38  | -37 |                                     | 57.2   | -440.9                   | 103    | -897    | 3645 | 3418 |  |
| Brazil                                 |                | 3.98   | 0.3                   | 1.5    | 4       | -6   | -2  |                                     | 5.7    | -2.9                     | -9     | -60     | -287 | -240 |  |
| Chile                                  |                | 740    | -0.2                  | -2.2   | -2      | -6   | -6  |                                     | 3.4    | 7.0                      | 27     | 55      | -145 | -108 |  |
| Colombia                               |                | 3389   | -0.3                  | 0.1    | 3       | -5   | -4  |                                     | 5.8    | 0.7                      | 1      | 11      | -108 | -74  |  |
| Mexico                                 |                | 19.12  | -0.2                  | 0.1    | 3       | 6    | 3   |                                     | 6.9    | -5.5                     | -5     | -11     | -183 | -183 |  |
| Peru                                   |                | 3.3    | -0.2                  | 0.0    | 1       | 1    | 1   |                                     | 4.5    | 3.4                      | 14     | 6       | -149 | -127 |  |
| Uruguay                                |                | 37     | 0.0                   | -0.3   | -1      | -12  | -14 |                                     | 11.1   | -5.9                     | 3      | 51      | 32   | 42   |  |
| Hungary                                |                | 295    | 0.2                   | 0.6    | 4       | -3   | -5  |                                     | 1.1    | 0.9                      | 0      | -1      | -153 | -113 |  |
| Poland                                 |                | 3.82   | 0.1                   | 1.0    | 5       | 1    | -2  |                                     | 1.8    | 1.0                      | 4      | 1       | -73  | -47  |  |
| Romania                                |                | 4.3    | 0.1                   | 0.5    | 2       | -3   | -5  |                                     | 3.8    | 0.0                      | 2      | 8       | -74  | -41  |  |
| Russia                                 |                | 64.1   | -0.4                  | 0.0    | 1       | 3    | 8   |                                     | 6.3    | 1.7                      | -5     | -58     | -208 | -213 |  |
| South Africa                           |                | 15.2   | -1.0                  | -3.0   | 0       | -2   | -5  |                                     | 9.5    | 20.8                     | 21     | 12      | -33  | -6   |  |
| Turkey                                 |                | 5.72   | -0.2                  | 0.9    | -1      | -2   | -7  |                                     | 12.7   | 3.0                      | -47    | -49     | -626 | -414 |  |
| US (DXY; 5y UST)                       |                | 97     | -0.4                  | -0.4   | -2      | 0    | 1   |                                     | 1.58   | -2.9                     | -1     | 3       | -140 | -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 |  |
|              |                                                                                     |        |               |        |         |      |     |                                                                                     | basis points |        |                          |        |         |      |  |
| China        |  | 2929   | -0.3          | 0      | 1       | 13   | 17  |  | 177          | -8     | -10                      | -9     | -4      | -17  |  |
| Indonesia    |  | 6228   | -1.1          | -2     | 1       | 7    | 1   |  | 182          | 3      | 4                        | -5     | -33     | -54  |  |
| India        |  | 40129  | 0.2           | 3      | 4       | 17   | 11  |  | 129          | 2      | -3                       | -2     | -43     | -67  |  |
| Philippines  |  | 7977   | -0.5          | 0      | 3       | 12   | 7   |  | 85           | 1      | 5                        | 5      | -28     | -36  |  |
| Malaysia     |  | 1598   | 1.1           | 2      | 1       | -7   | -5  |  | 121          | 1      | -41                      | -2     | -11     | -41  |  |
| Argentina    |  | 33889  | 4.1           | 3      | 17      | 15   | 12  |  | 2274         | 21     | 159                      | 143    | 1624    | 1459 |  |
| Brazil       |  | 108408 | 0.8           | 1      | 3       | 24   | 23  |  | 232          | 3      | 3                        | -10    | -25     | -41  |  |
| Chile        |  | 4744   | -2.8          | -3     | -6      | -7   | -7  |  | 140          | 4      | 5                        | 0      | 1       | -26  |  |
| Colombia     |  | 1634   | 0.0           | 1      | 4       | 17   | 23  |  | 182          | 2      | 8                        | -4     | -3      | -46  |  |
| Mexico       |  | 43742  | -0.2          | 0      | 2       | 0    | 5   |  | 320          | 26     | 20                       | 2      | 13      | -34  |  |
| Peru         |  | 19691  | -0.1          | 1      | 0       | 4    | 2   |  | 132          | 3      | 7                        | -3     | -22     | -36  |  |
| Hungary      |  | 42476  | -0.7          | 0      | 5       | 14   | 9   |  | 100          | 2      | 4                        | 1      | -23     | -48  |  |
| Poland       |  | 57972  | -0.8          | 0      | 1       | 5    | 0   |  | 33           | 2      | 0                        | 0      | -28     | -52  |  |
| Romania      |  | 9588   | -0.6          | 0      | 0       | 13   | 30  |  | 187          | 7      | 1                        | -7     | -11     | -34  |  |
| Russia       |  | 2912   | 0.0           | 1      | 6       | 24   | 23  |  | 181          | 0      | -1                       | -12    | -40     | -71  |  |
| South Africa |  | 56677  | 1.4           | 2      | 3       | 8    | 7   |  | 346          | 19     | 29                       | 16     | 11      | -19  |  |
| Turkey       |  | 98633  | -0.1          | -1     | -6      | 9    | 8   |  | 454          | 0      | -6                       | -12    | 17      | 25   |  |
| Ukraine      |  | 522    | 0.0           | 0      | -1      | -8   | -7  |  | 464          | -1     | 3                        | -47    | -139    | -323 |  |
| EM total     |  | 43     | -0.1          | 1      | 5       | 10   | 10  |  | 328          | -7     | -5                       | -10    | -37     | -86  |  |

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

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