







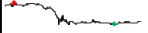





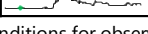
- **Brexit talks enter final stretch before Oct. 15th EU summit** ([link](#))
- **Options market price-in lower event risk around US election date** ([link](#))
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## Investors Seek Greater Certainty on Looming Risks

**Markets seem to lack clear momentum today despite a general improvement in risk sentiment over the week.** Investors seem to be torn between, on one hand, rising concerns over the worsening Covid-19 crisis and increasing health-related restrictions in a number of developed and emerging markets and, on the other hand, improving odds of a less contentious presidential election in the US and increasing signs of an economic rebound in Asia, especially China. This tension in investor sentiment is being reflected in a lack of clear direction in both risk and safe haven assets today. While European stocks are slightly up this morning (+0.5%) and US equity futures are pointing to a positive start, EM equities (ex-Asia) are trading on the weaker side. Treasury yields are steady this morning, while German and French 10-year sovereign yields are about 2 bps tighter. It is notable that as trading resumed following the long holiday, the Renminbi surged by close to 1.3% against the USD today – its biggest intraday increase in close to 4 years.

Key Global Financial Indicators

| Last updated:<br>10/9/20 7:46 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                              |  | 3447   | 0.8                      | 2      | 1       | 18   | 7        |
| Eurostoxx 50                         |  | 3260   | 0.1                      | 2      | -2      | -6   | -13      |
| Nikkei 225                           |  | 23620  | -0.1                     | 3      | 3       | 10   | 0        |
| MSCI EM                              |  | 46     | 0.8                      | 2      | 3       | 13   | 1        |
| <b>Yields and Spreads</b>            |   |        | <b>bps</b>               |        |         |      |          |
| US 10y Yield                         |  | 0.77   | -1.7                     | 7      | 7       | -81  | -115     |
| Germany 10y Yield                    |  | -0.54  | -1.8                     | -1     | -8      | 1    | -36      |
| EMBIG Sovereign Spread               |  | 409    | 0                        | -22    | -8      | 59   | 116      |
| <b>FX / Commodities / Volatility</b> |   |        | <b>%</b>                 |        |         |      |          |
| EM FX vs. USD, (+) = appreciation    |  | 54.9   | 0.2                      | 1      | -1      | -9   | -11      |
| Dollar index, (+) = \$ appreciation  |  | 93.3   | -0.3                     | -1     | 0       | -6   | -3       |
| Brent Crude Oil (\$/barrel)          |  | 43.0   | -0.7                     | 10     | 5       | -26  | -35      |
| VIX Index (% change in pp)           |  | 25.9   | -0.4                     | -2     | -3      | 7    | 12       |

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

## United States

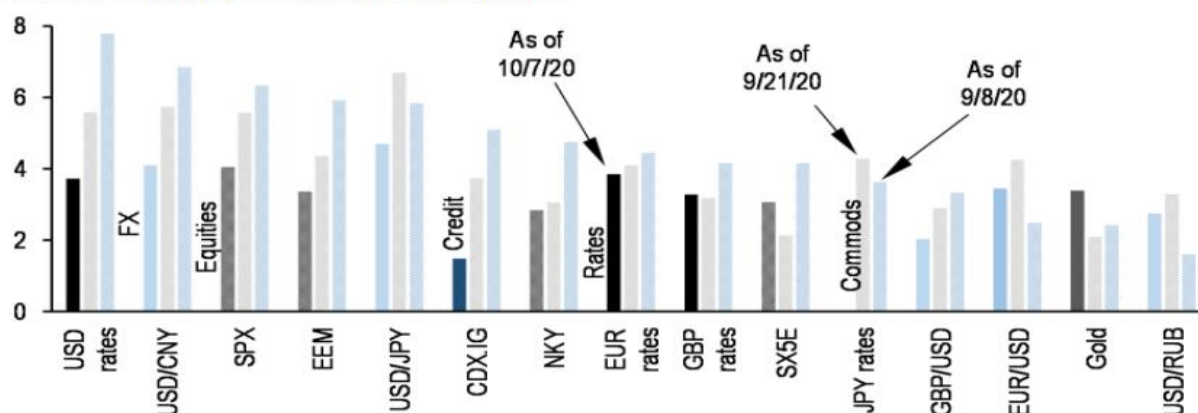
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**US stocks rose to a 5-week high in a choppy session as markets traded through conflicting comments on stimulus.** President Trump indicated earlier that talks on stimulus are “starting to work out”, while the House Speaker later rebuffed any calls for Congress to pass piecemeal relief legislation, stating that there would be no action on a stand-alone airline relief bill without an agreement on a broader stimulus package. The S&P 500 rose 0.7%, with energy (+3.7%) and utilities (+1.6%) gaining the most. Treasury yields dipped lower in a flattening move, with the dollar trading slightly weaker against major crosses. The \$23 bn 30-year bond auction was weaker than expected. The 1.578% award rate tailed the when-issued rate by 1.1 bps, and the 2.29x cover ratio and 73% investor take-up were both softer than recent averages. In addition, demand for the 4- and 8-week bills (\$70.2 bn in total), as well as Wednesday’s cash management bills (\$55 bn in total), was also below average. Contacts reported that uncertainty around additional fiscal stimulus was weighing on investor appetite. Moreover, there were rising expectations of an increase in bill supply in the near-term, especially given the rising odds of a Democratic sweep and a larger fiscal stimulus package down the road. This view could be further validated, according to contacts, by the jump in Treasury market volatility (see MOVE chart below) and the uptick in yields on Treasury bills maturing after November.



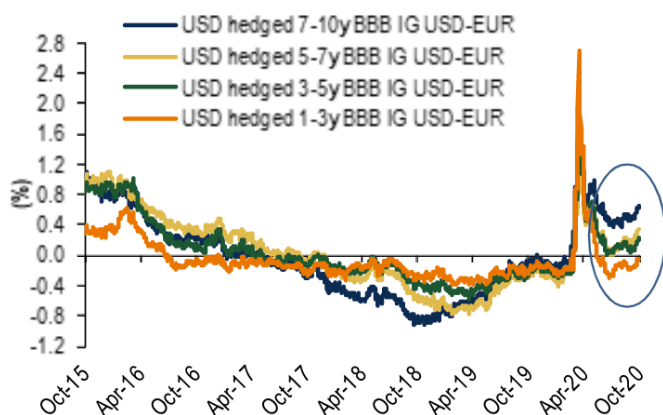
**Option markets show a significant reduction in risk premia around US election.** While the mechanical decay of event risk is at play as we get closer to the election date, the sizable compression of risk premia across many asset classes indicates that investors are increasingly pricing in a lower probability of contested or delayed results as polls continue to consolidate around a Biden advantage.

Event risk on election day expressed as multiples of the background volatility, estimated from 1- and 2-month ATM(F) options for 9/8 and 9/21/20 and 2-week versus 1-month options as of 10/7/20 in various markets; unitless



Source: J.P. Morgan

**US IG credit is becoming more favorable to foreign investors, as primary market activities remain buoyant.** After touching a recent low in early August, the 2-10 spread of the Treasury yield curve has risen 22 bps to 63 bps. In contrast, the same spread on the bund yield curve remains range bound at 18 bps. This decoupling in risk-free rates has further increased the attractiveness of the US IG credit, as the currency hedged yields continue to rise to a multi-year high (outside of the COVID market rout) versus their euro-denominated counterparts (see chart below). Indeed, US IG primary market remains very active, with \$25.4 bn issued this week, bringing the year-to-date total to \$1.66 tn.



Note: USD hedge used is a 12-month forward FX contract on USD/EUR

Source: ICE Data Indices, LLC, Bloomberg, BofA Global Research

## Europe

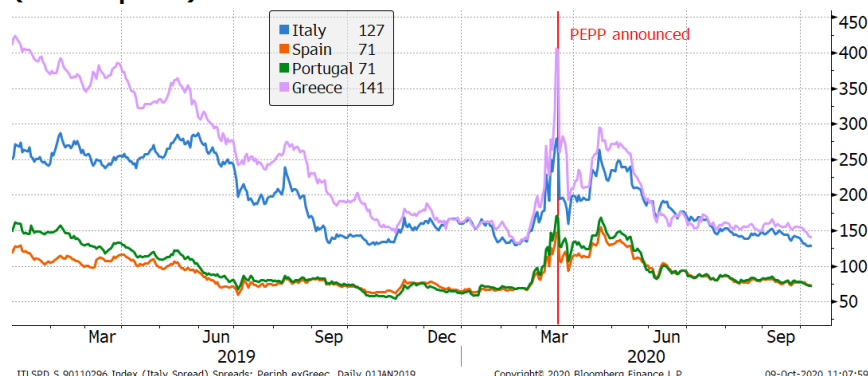
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**Equities traded mixed in Europe amid a dearth of relevant news:** DAX (flat), CAC 40 (+0.4%), EuroStoxx 600 (+0.3%), Italy's Titans 30 (-0.2%), and Spanish Ibex (-0.4%). Bank stocks (+0.1%) posted small gains.

**UBS (+1.2%) chairman Axel Weber ruled out a possible merger between his institution and any other large European bank**, adducing that such a transaction would absorb management's capacities "for years" and would not be advisable in the current uncertain environment.

**Sovereign yields:** German 10-year yields at -0.54% (-2 bps); French OATs are at -0.28% (-2 bps); Italian at 0.73% (-3 bps); and Spanish at 0.17% (-3 bps). The yield on 10-year gilt dropped 2 bps to 0.26%, in line with European peers. In recent weeks, however, **the spread between gilts and bunds has steadily increased to reach 81 bps**, from around 60 bps this summer.

## Selected European Sovereign Spreads to 10yr Bunds (in basis points)

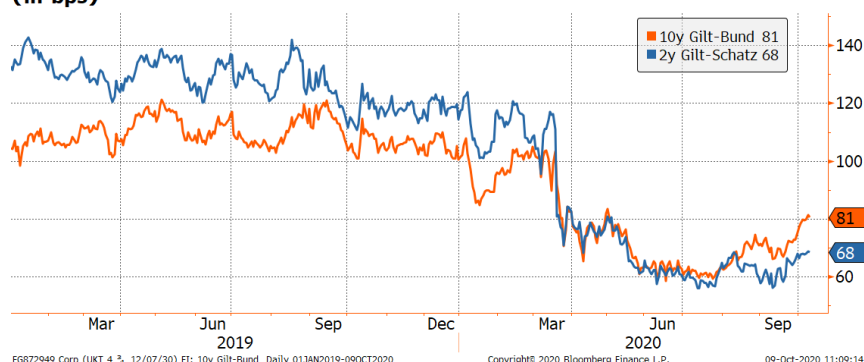


.ITLSPD S 90110296 Index (Italy Spread) Spreads: Periph exGreece Daily 01JAN2019

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## Gilt-Bund Spreads (in bps)

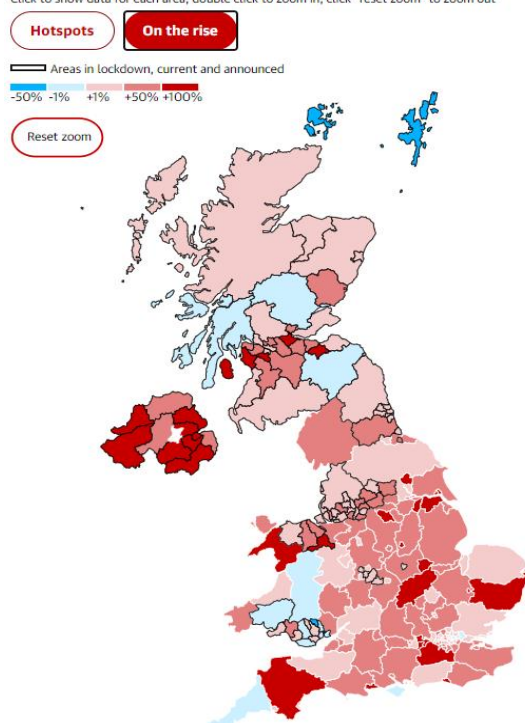


As Brexit talks enter the final stretch before the Oct. 15<sup>th</sup> EU summit, **EU's chief negotiator Barnier has reportedly urged EU members to moderate their demands on fishing access to UK waters.** EU nations have warned, in turn, that coastal communities would be disproportionately harmed by loss of access to catching grounds. Some analysts have pointed out the almost exclusively political charge of the issue, as the fishing industry accounts for less than 1% of the EU's GDP and employs less than 180k people. The [FT](#) reports that between 2012-2016, the EU27 fleet captured fish worth £521 mn per year on UK waters and the UK fleet landed £106mn/year from EU27 waters.

**UK chancellor of the exchequer Sunak is expected to announce an extension of the government's furlough scheme for those areas expected to face new restrictions.** The UK is experiencing a surge in Covid-19 cases, with over 17,000 new infections reported yesterday. **Economic data for August reported today showed a worse-than-expected contraction in activity.** Industrial production shrank at a 6.4% y/y clip vs -4.7% expected, while manufacturing production came in at -8.4% y/y vs -5.9% expected. Construction output contracted 13.0% y/y vs -9.2% consensus.

### UK: New cases in the last week

Click to show data for each area, double click to zoom in, click "reset zoom" to zoom out



**Chancellor Sunak is also reportedly planning the introduction of a UK-wide carbon tax to replace the existing EU carbon-reduction scheme after Brexit.** The new tax could have a broad base and include domestic gas and agriculture. It is estimated that the levy could bring about £25 bn by 2030 to the public coffers.

**The London Stock Exchange (LSE) has agreed the sale of Borsa Italiana to Euronext for \$5 bn**, as had been rumored this week.

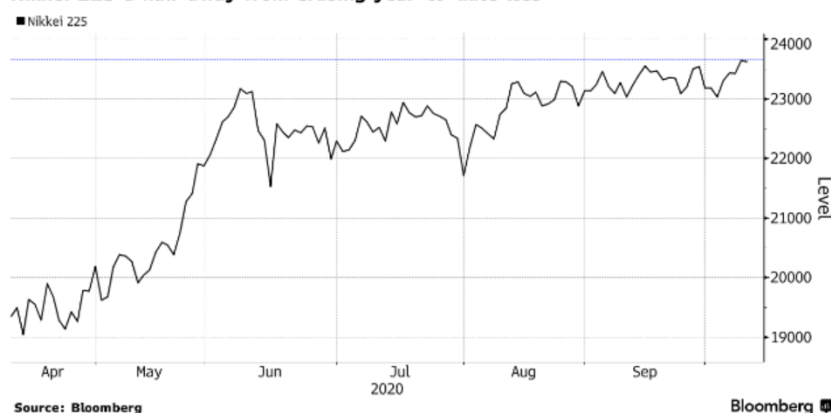
## Other Mature Markets

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### Japan

**Equities fell (-0.5%) for the first time in five days but still capped their best weekly performance since mid-August.** In its quarterly Sakura report, the Bank of Japan (BOJ) upgraded its outlook on eight of Japan's nine regions by the most in seven years, but from a very low base. In addition, BoJ governor Kuroda said that the Japanese economy is starting to pick up. However, he added that corporate funding conditions remain tight despite the central bank's support measures. Separately, household spending fell for the 11<sup>th</sup> consecutive month by -6.9% y/y in August, driven by cutbacks in transportation, lodging and travel packages. **The yen and JGBs were stable.**

**Nikkei 225 a hair away from erasing year-to-date loss**



## Emerging Markets




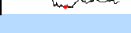








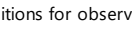

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**In Asia, equities** rose +0.6% on net. China outperformed (Shanghai +1.7%; Shenzhen +3.1%) on the first trading session after an eight-day holiday. Sri Lanka gained +1.5% despite orders by the health authorities to close bars, restaurants, casinos, nightclubs and spas to curb the spread of COVID-19. **Regional currencies** were little changed except for the RMB (onshore +1.2%; offshore +0.5%).

**In EMEA, equities** are trading mixed with indices up in South Africa (+0.75%) and Turkey (+0.65%) but down in Poland (-1.6%) and Russia (-0.5%). EMEA **currencies** are supported by the broader dollar weakness with most exchange rates strengthening by around 0.25%.

**In Latin America**, regional stocks rallied with **Brazil** and **Mexico** indices outperforming – rising by 2.5%. Most currencies were little changed, though the **Mexican** Peso continued its recent strong performance – appreciating by another 0.7%. The **Chilean peso** was the main underperformer, depreciating by 0.4%.

## Key Emerging Market Financial Indicators

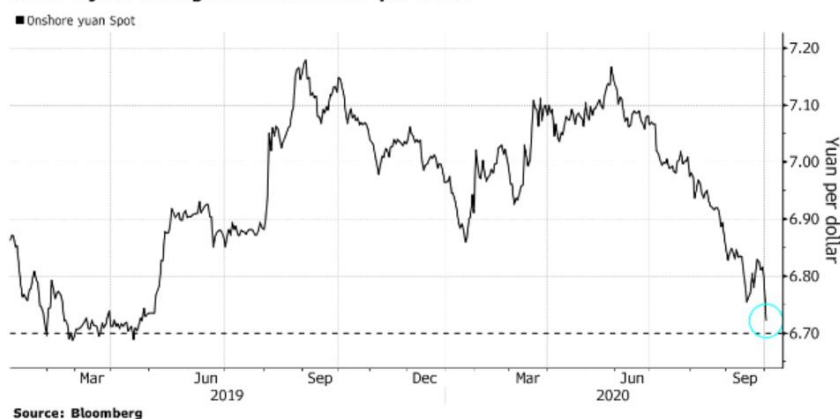
| Last updated:<br>10/9/20 7:47 AM | Level   |       | Change                            |        |         |      | YTD |
|----------------------------------|---|-------|-----------------------------------|--------|---------|------|-----|
|                                  | Last 12m  | index | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Major EM Benchmarks</b>       |   |       | %                                 |        |         |      | %   |
| MSCI EM Equities                 |  | 45.52 | 0.3                               | 2      | 3       | 13   | 1   |
| MSCI Frontier Equities           |  | 26.60 | 0.0                               | 3      | 5       | -5   | -12 |
| EMBIG Sovereign Spread (in bps)  |  | 409   | 0                                 | -22    | -8      | 59   | 116 |
| EM FX vs. USD                    |  | 54.89 | 0.2                               | 1      | -1      | -9   | -11 |
| <b>Major EM FX vs. USD</b>       |   |       | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                   |  | 6.70  | 1.3                               | 1      | 2       | 6    | 4   |
| Indonesian Rupiah                |  | 14700 | 0.1                               | 1      | 1       | -4   | -6  |
| Indian Rupee                     |  | 73.13 | 0.2                               | 0      | 1       | -3   | -2  |
| Argentine Peso                   |  | 77.12 | 0.0                               | -1     | -3      | -25  | -22 |
| Brazil Real                      |  | 5.60  | 0.2                               | 1      | -4      | -27  | -28 |
| Mexican Peso                     |  | 21.31 | 0.4                               | 1      | 0       | -8   | -11 |
| Russian Ruble                    |  | 77.13 | 0.3                               | 1      | -2      | -16  | -20 |
| South African Rand               |  | 16.49 | 0.6                               | 0      | 1       | -8   | -15 |
| Turkish Lira                     |  | 7.94  | 0.1                               | -2     | -6      | -26  | -25 |
| EM FX volatility                 |  | 11.64 | 0.0                               | 0.0    | 0.2     | 3.4  | 5.0 |

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

## China

**Equities rose (Shanghai +1.7%; Shenzhen +3.1%) and the onshore RMB strengthened (+1.2%; offshore +0.6%) in the first trading day after the national golden week holidays.** The Caixin services purchasing managers' index (PMI) rose to its highest level in three months and beat expectations, climbing to 54.8 in September (consensus: 54.3) from August's 54. Separately, domestic travel for the eight-day holiday came in at 637 million trips according to the government, beating expectations of 550-600 million, despite travel restrictions for students. The number of trips was 81% of that in the same period in 2019. Domestic tourist income this year was RMB466.6 bn down 28.2% from the seven-day holidays last year, according to Bloomberg.

## China's yuan strengthens toward 6.7 per dollar



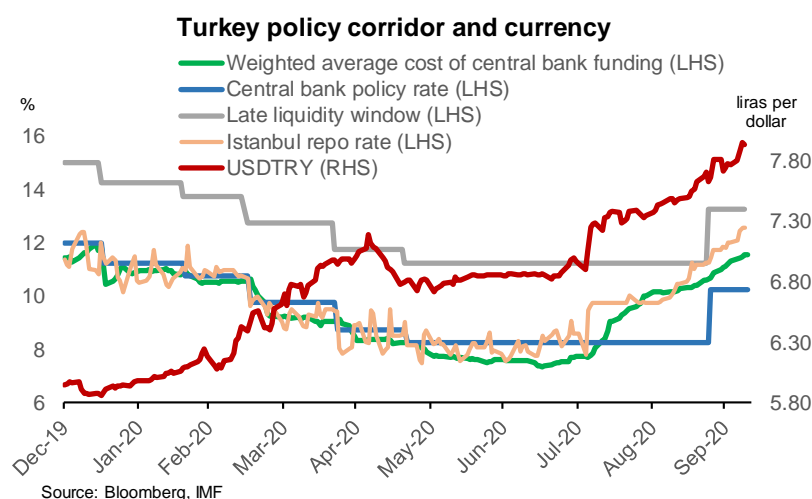
## India

**The Reserve Bank of India (RBI) kept its repurchase rate unchanged at 4% as expected and announced measures to support liquidity.** The measures include: (1) conducting INR1 tn (\$13.7 bn) of targeted long-term refinancing operations (TLTRO) for tenors up to three years. Banks are to deploy the liquidity to corporate bonds, commercial papers, and non-convertible debentures issued by entities in specific sectors; (2) allowing banks to hold part of their government bonds without marking to market for an

extended time until March 31, 2022; (3) purchasing state government bonds as part of open market operations. **On the policy stance, the RBI said it will “continue with the accommodative stance as long as necessary”.** The RBI is expecting growth to return to positive territory in Q4FY2020/21, but for the full year the economy is projected to contract -9.5%, with risks to the downside. Inflation is projected to ease to 4.5% in H2FY2020/21 as supply shocks dissipate. **10-year bond yields fell 8bps, the rupee was little changed, and equities rose 0.6%.**

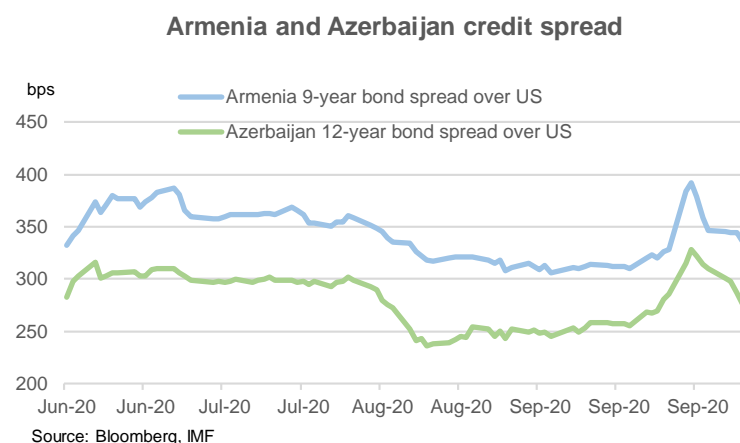
## Turkey

**The Central Bank of Turkey tightened policy further.** The CBT hiked the FX-swap rate by 150 bps to 11.75% this morning. The facility is used to provide lira liquidity against dollar collateral. **Contacts suggest that the move will likely push the weighted average cost of funding (11.56%) above 12% next week.** The interbank money market rates are already at 12.50%. While the lira has continued to weaken despite the policy tightening, contacts point out that recent steps may start to have a strengthening impact as **the bond market has started to attract non-residents with close to \$600 mn of inflows in the last two weeks.**



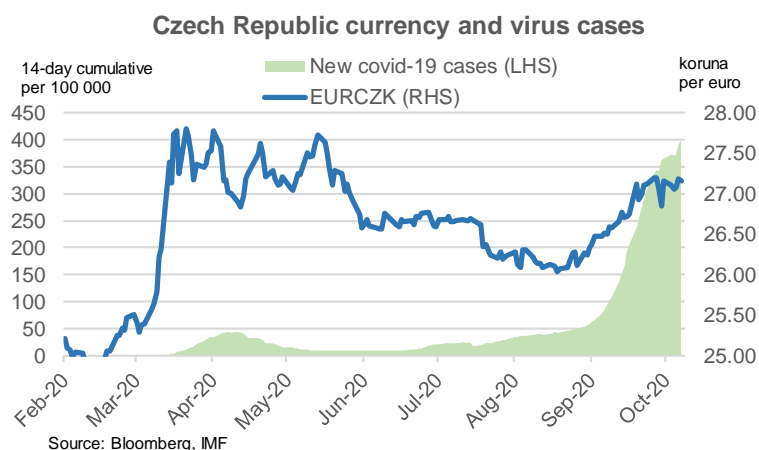
## Nagorno-Karabakh

**The foreign ministers of Armenia and Azerbaijan agreed to meet for intermediation talks in Russia.** The diplomats are set to meet in Moscow today together with Russian foreign minister Lavrov. At this stage, the primary objective of the talks is to achieve a cease-fire. The reaction in financial markets was fairly muted with credit spreads for Armenia and Azerbaijan tightening by no more than 10-25 bps. The Russian ruble and the Turkish lira initially strengthened by 0.5% following the confirmation of the talks but gave up these gains soon after.



## Czech Republic

**The rapid escalation in the second wave of Covid-19 brings along a new round of restrictions.** The Czech Republic has now the highest relative number of cases in Europe with cumulative 14-day total at 375 per 100'000 inhabitants. The test infection rate has approached 20% and hospital capacity already at 60%. The government adopted a new set of restrictions in an emergency meeting on Thursday, further reducing restaurant opening hours as well as limiting the maximum group size to 4 people. Educational establishments will switch back to distance learning. That said, the Prime Minister Andrej Babis has stressed that he wants to avoid a full lock-down of the economy. **The Czech koruna has managed to stabilize around 27.15 koruna per euro, depreciating about 2-3% against its CEE peers since August.** While the interest rate market continues to price policy tightening for next year, several contacts suggest that further policy easing seems now more likely.



## Mexico

**There is lack of consensus among policymakers and analysts for the terminal policy rate in this cutting cycle.** Banxico latest minutes showed that two of the five board members believed that, at 4.25%, any room for further rate cuts “has probably been exhausted”, while two others seem to agree that there may still be some room. In Banamex’s latest survey of 30 participants, 14 expected a 25bps rate cut in November while the median estimate for year end is right in the middle, at 4.13%. Swap rates are in line with analyst forecasts (see chart on left below) giving a 50/50 chance on another cut by Q3 2021. **The currency has continued to recover strongly from its selloff in mid to late September.** According to Barcap analysts, the peso has been one of the most reactive markets to the Biden-Trump betting probabilities (see chart on right below). Since the first US presidential debate the peso has strengthened by 5%, outpacing all other EM currencies.

Figure 1. We expect the market to gradually price out rate hikes

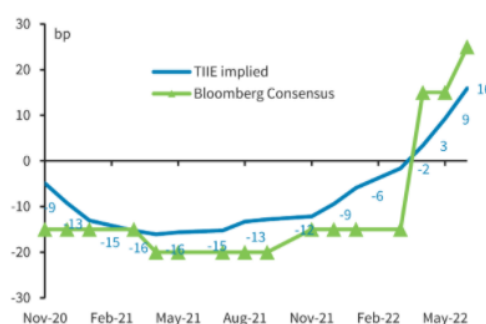


Figure 4. Correlation between FX returns and changes in Biden-Trump win probability spread



## Argentina

The central bank continued its harmonization efforts by raising its repo rate by 300bps to 27% and lowering the Leliq rate by 100bps to 37%. This followed a 500bps increase in the repo rate from last week. According to BCRA these decisions aim to lower the quasi fiscal cost of sterilization. Analysts highlight that the objective is to create incentives for banks to unwind their holdings in Leliq and invest instead in treasury debt. In turn this will allow the government to reduce its reliance on monetary issuance to finance its deficit. The treasury on Thursday also issued short term bills at 28.5% yield (31 days) and 33.5% (108 days). In comparison the Leliq rate is at 37% while the longer-term fixed rate bonds (Bote) are trading at low to mid 40% yields. Inflation linked bonds (Boncer) price-in breakeven inflation at around 40%. **Peso spot was close to unchanged for a fourth day in a row while the parallel FX rate depreciated by another 1.9% taking the parallel FX gap to a new high.** Since the announcement of the FX restrictions in mid-September the parallel FX rate has depreciated by 17%.

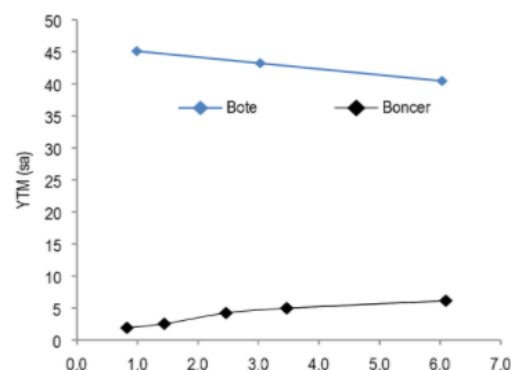
**Exhibit 6: Official vs unofficial USD/ARS FX rates at their wides**



Source: J.P. Morgan

**Exhibit 2: BOTE nominal curve and CER real yield curve**

Referential yield levels based on mid-market prices as of t-1 closing; in %



Source: J.P. Morgan

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## Global Financial Indicators

| Last updated:<br>10/9/20 7:46 AM | Level    |        | Change                           |        |         |      | YTD  |
|----------------------------------|----------|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |          |        | %                                |        |         |      | %    |
| United States                    |          | 3447   | 0.8                              | 2      | 1       | 18   | 7    |
| Europe                           |          | 3260   | 0.1                              | 2      | -2      | -6   | -13  |
| Japan                            |          | 23620  | -0.1                             | 3      | 3       | 10   | 0    |
| China                            |          | 3272   | 1.7                              | 2      | -4      | 13   | 7    |
| Asia Ex Japan                    |          | 80     | 0.5                              | 2      | 3       | 21   | 8    |
| Emerging Markets                 |          | 46     | 0.8                              | 2      | 3       | 13   | 1    |
| <b>Interest Rates</b>            |          |        | basis points                     |        |         |      |      |
| US 10y Yield                     |          | 0.77   | -1.7                             | 7      | 7       | -81  | -115 |
| Germany 10y Yield                |          | -0.54  | -1.8                             | -1     | -8      | 1    | -36  |
| Japan 10y Yield                  |          | 0.04   | -0.2                             | 1      | 1       | 24   | 5    |
| UK 10y Yield                     |          | 0.27   | -2.2                             | 2      | 3       | -19  | -56  |
| <b>Credit Spreads</b>            |          |        | basis points                     |        |         |      |      |
| US Investment Grade              |          | 128    | -1.2                             | -5     | -3      | -4   | 31   |
| US High Yield                    |          | 508    | -5.8                             | -31    | -12     | 20   | 115  |
| Europe IG                        |          | 53     | -1.5                             | -6     | -1      | -5   | 8    |
| Europe HY                        |          | 321    | -1.3                             | -20    | 8       | 69   | 114  |
| EMBIG Sovereign Spread           |          | 409    | 0.0                              | -22    | -8      | 59   | 116  |
| <b>Exchange Rates</b>            |          |        | %                                |        |         |      |      |
| USD/Majors                       |          | 93.31  | -0.3                             | -1     | 0       | -6   | -3   |
| EUR/USD                          |          | 1.18   | 0.4                              | 1      | 0       | 8    | 5    |
| USD/JPY                          |          | 105.9  | 0.2                              | -1     | 0       | 2    | 3    |
| EM/USD                           |          | 54.9   | 0.2                              | 1      | -1      | -9   | -11  |
| <b>Commodities</b>               |          |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |          | 43     | -0.7                             | 10     | 5       | -26  | -35  |
| Industrials Metals (index)       |          | 119    | 1.6                              | 4      | 1       | 3    | 4    |
| Agriculture (index)              |          | 41     | 0.9                              | 4      | 7       | 5    | -1   |
| <b>Implied Volatility</b>        |          |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |          | 25.9   | -0.4                             | -1.7   | -2.9    | 7.3  | 12.1 |
| US 10y Swaption Volatility       |          | 68.0   | 0.0                              | 19.9   | 9.9     | -8.6 | 6.0  |
| Global FX Volatility             |          | 8.8    | 0.0                              | -0.3   | -0.7    | 1.7  | 2.8  |
| <b>EA Sovereign Spreads</b>      |          |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |          | 141    | -0.3                             | -11    | -20     | -56  | -24  |
| Italy                            |          | 126    | -1.8                             | -6     | -22     | -15  | -33  |
| Portugal                         |          | 71     | -1.3                             | -5     | -11     | 3    | 8    |
| Spain                            |          | 71     | -1.5                             | -5     | -9      | 1    | 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>10/9/2020<br>7:48 AM | Exchange Rates |        |                       |        |         |      |     | Local Currency Bond Yields (GBI EM) |        |                          |        |         |       |       |
|---------------------------------------|----------------|--------|-----------------------|--------|---------|------|-----|-------------------------------------|--------|--------------------------|--------|---------|-------|-------|
|                                       | 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  |       |
|                                       | vs. USD        |        | (+) = EM appreciation |        |         |      |     | % p.a.                              |        |                          |        |         |       |       |
| China                                 |                | 6.70   | 1.3                   | 1.3    | 2       | 6    | 4   |                                     | 3.3    | 0.0                      | 0      | -4      | 8     | 13    |
| Indonesia                             |                | 14700  | 0.1                   | 1.1    | 1       | -4   | -6  |                                     | 6.8    | 0.1                      | -1     | 8       | -50   | -29   |
| India                                 |                | 73     | 0.2                   | 0.0    | 1       | -3   | -2  |                                     | 6.1    | -0.5                     | -1     | -3      | -63   | -73   |
| Philippines                           |                | 48     | 0.1                   | 0.3    | 1       | 7    | 5   |                                     | 3.6    | 0.0                      | 4      | -3      | -71   | -69   |
| Thailand                              |                | 31     | 0.4                   | 1.7    | 1       | -2   | -4  |                                     | 1.5    | 0.1                      | 0      | -5      | -4    | -14   |
| Malaysia                              |                | 4.13   | 0.4                   | 0.7    | 1       | 1    | -1  |                                     | 2.5    | 1.9                      | -5     | 4       | -89   | -84   |
| Argentina                             |                | 77     | 0.0                   | -1.1   | -3      | -25  | -22 |                                     | 41.5   | 9.3                      | 80     | -304    | -1757 | -2106 |
| Brazil                                |                | 5.60   | 0.2                   | 0.8    | -4      | -27  | -28 |                                     | 6.3    | -6.0                     | 15     | 77      | -4    | 2     |
| Chile                                 |                | 796    | 0.3                   | -0.9   | -4      | -9   | -6  |                                     | 2.8    | 1.6                      | 4      | 21      | 4     | -52   |
| Colombia                              |                | 3839   | 0.0                   | 0.1    | -3      | -10  | -15 |                                     | 5.2    | -6.7                     | -3     | 22      | -40   | -73   |
| Mexico                                |                | 21.31  | 0.4                   | 1.4    | 0       | -8   | -11 |                                     | 6.1    | -1.2                     | 5      | 13      | -77   | -84   |
| Peru                                  |                | 3.6    | -0.3                  | 0.7    | -1      | -6   | -7  |                                     | 4.1    | -6.9                     | -16    | -6      | -24   | -46   |
| Uruguay                               |                | 43     | -0.1                  | -0.1   | 0       | -13  | -12 |                                     | 7.3    | 1.3                      | -4     | -50     | -348  | -353  |
| Hungary                               |                | 302    | 0.7                   | 1.4    | 0       | 1    | -2  |                                     | 1.7    | -9.9                     | -9     | -4      | 67    | 50    |
| Poland                                |                | 3.79   | 0.8                   | 1.5    | -1      | 4    | 0   |                                     | 0.7    | -1.7                     | -3     | -12     | -99   | -118  |
| Romania                               |                | 4.1    | 0.4                   | 0.7    | 0       | 5    | 3   |                                     | 3.3    | 1.0                      | 0      | -7      | -53   | -73   |
| Russia                                |                | 77.1   | 0.3                   | 1.4    | -2      | -16  | -20 |                                     | 5.6    | -7.6                     | -15    | -17     | -107  | -47   |
| South Africa                          |                | 16.5   | 0.6                   | 0.3    | 1       | -8   | -15 |                                     | 10.4   | -5.2                     | 9      | 28      | 96    | 84    |
| Turkey                                |                | 7.94   | 0.1                   | -2.0   | -6      | -26  | -25 |                                     | 13.2   | 25.4                     | 60     | -10     | -43   | 155   |
| US (DXY; 5y UST)                      |                | 93     | -0.3                  | -0.6   | 0       | -6   | -3  |                                     | 0.33   | -0.9                     | 4      | 5       | -108  | -136  |
|                                       | 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                                 |                | 4681   | 2.0                   | 3      | -3      | 23   | 14  |                                     | 217    | 1                        | -1     | 3       | 23    | 41    |
| Indonesia                             |                | 5054   | 0.3                   | 3      | -2      | -16  | -20 |                                     | 219    | 7                        | -16    | 1       | 30    | 63    |
| India                                 |                | 40509  | 0.8                   | 5      | 6       | 6    | -2  |                                     | 207    | -10                      | -26    | -8      | 72    | 82    |
| Philippines                           |                | 5932   | -0.2                  | -1     | 0       | -23  | -24 |                                     | 131    | 7                        | -12    | 0       | 47    | 65    |
| Malaysia                              |                | 1530   | 0.7                   | 2      | 2       | -1   | -4  |                                     | 154    | -1                       | -14    | 7       | 23    | 42    |
| Argentina                             |                | 45482  | 1.7                   | 6      | -2      | 50   | 9   |                                     | 1357   | 0                        | 0      | -790    | -655  | -412  |
| Brazil                                |                | 97920  | 2.5                   | 3      | -3      | -3   | -15 |                                     | 303    | 0                        | -30    | -1      | 56    | 88    |
| Chile                                 |                | 3650   | 1.7                   | 0      | -3      | -27  | -22 |                                     | 166    | 2                        | -13    | -2      | 27    | 33    |
| Colombia                              |                | 1186   | 1.0                   | 2      | -4      | -25  | -29 |                                     | 237    | 1                        | -25    | -10     | 52    | 74    |
| Mexico                                |                | 38404  | 2.6                   | 5      | 6       | -10  | -12 |                                     | 471    | 0                        | -36    | 5       | 149   | 179   |
| Peru                                  |                | 18032  | 0.4                   | 1      | -1      | -5   | -12 |                                     | 149    | 1                        | -20    | 1       | 18    | 42    |
| Hungary                               |                | 33534  | -0.5                  | 0      | -5      | -15  | -27 |                                     | 119    | 2                        | -2     | 1       | 16    | 33    |
| Poland                                |                | 48942  | -1.6                  | 0      | -4      | -13  | -15 |                                     | 21     | -1                       | -4     | -5      | -18   | 3     |
| Romania                               |                | 8895   | 0.2                   | 0      | -2      | -7   | -11 |                                     | 242    | -1                       | -11    | -9      | 40    | 69    |
| Russia                                |                | 2837   | -0.4                  | -1     | -1      | 5    | -7  |                                     | 198    | -1                       | -10    | -8      | -2    | 67    |
| South Africa                          |                | 54918  | 0.7                   | 1      | -1      | 1    | -4  |                                     | 490    | -5                       | -39    | -5      | 151   | 170   |
| Turkey                                |                | 1158   | 0.7                   | 1      | 5       | 16   | 1   |                                     | 618    | -4                       | 1      | 13      | 123   | 217   |
| Ukraine                               |                | 500    | 0.0                   | 0      | 0       | -5   | -2  |                                     | 679    | -7                       | -45    | 48      | 167   | 259   |
| EM total                              |                | 46     | 0.3                   | 2      | 3       | 13   | 1   |                                     | 409    | 0                        | -22    | -8      | 59    | 116   |

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

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