



- Treasury bill and currency markets begin to price in US debt ceiling stress ([link](#))
- Volatility in US equities expected to remain elevated as seasonal spikes loom ([link](#))
- Euro area inflation rises a touch above consensus ([link](#))
- Czech Republic hikes rates more than expected ([link](#))
- Polish zloty and forward rates trade higher on hawkish central bank minutes ([link](#))
- Mexico and Colombia's central banks increase rates ([link](#))

[Mature Markets](#)




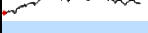
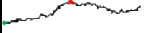





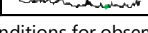
| [Emerging Markets](#)

| [Market Tables](#)

## Market sentiment remains fragile to start the quarter

Asian stocks fell and European bourses were mixed as investors remain concerned about the prospect of slowing economic growth, supply-chain bottlenecks and inflation risks as well as any setbacks for US President Biden big spending plans. Japanese stocks (-2.3%) underperformed despite an improvement in the BoJ's Tankan survey. The risk-off sentiment was reflected in lower advanced economy sovereign yields, with 10-year bunds dropping 4 bps this morning. Credit spreads, however, remained tight, with the iTraxx Crossover high yield CDS index slightly lower at 252 bps. In emerging markets, there was a flurry of central bank announcements, with the Czech central bank hiking rates more than expected while Mexico and Colombia's central banks also increased rates as inflationary pressures mount. Elsewhere, oil prices traded moderately lower this morning while bitcoin (+9%) rose closing another volatile week.

Key Global Financial Indicators

| Last updated:<br>10/1/21 8:05 AM     | Level   |        | Change from Market Close |        |         |      | YTD |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %   |
| S&P 500                              |  | 4308   | -1.2                     | -3     | -5      | 27   | 15  |
| Eurostoxx 50                         |  | 4049   | 0.0                      | -3     | -4      | 27   | 14  |
| Nikkei 225                           |  | 28771  | -2.3                     | -5     | -1      | 25   | 5   |
| MSCI EM                              |  | 50     | 0.8                      | -2     | -5      | 13   | -2  |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |     |
| US 10y Yield                         |  | 1.49   | 0.0                      | 4      | 19      | 81   | 57  |
| Germany 10y Yield                    |  | -0.24  | -3.6                     | -1     | 14      | 30   | 33  |
| EMBIG Sovereign Spread               |  | 355    | 2                        | 8      | 10      | -77  | 5   |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |  | 55.5   | 0.4                      | -1     | -3      | 2    | -4  |
| Dollar index, (+) = \$ appreciation  |  | 94.1   | -0.2                     | 1      | 2       | 0    | 5   |
| Brent Crude Oil (\$/barrel)          |  | 78.0   | -0.4                     | 0      | 9       | 91   | 51  |
| VIX Index (% change in pp)           |  | 22.5   | -0.6                     | 5      | 6       | -4   | 0   |

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

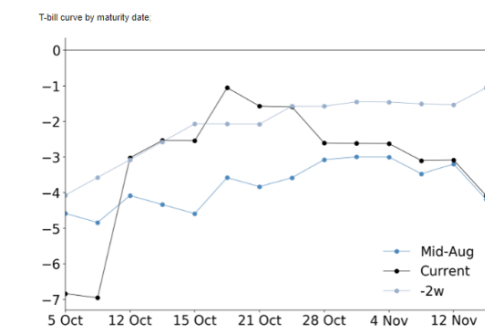
## Mature Markets

[back to top](#)

### United States

**Debt ceiling worries continued to feed through to financial markets, with sizeable, yet not dramatic impact.** Like in past episodes, an increasingly kinked T-bill curve reflects a visible discount on the sectors of the curve most at risk of a missed payment. The increase in yield for the affected maturities is notable given the amounts of excess liquidity and the limited bill supply. Not unlike the bill curve, derivative markets also start showing signs of hedging debt ceiling risks in the currency market, with participants using FX forward volatility agreements to position for a risk event around the dates concurrent with the possibility of a US technical default.

Exhibit 3: Particularly following Treasury Secretary Yellen's comments about the drop-dead debt ceiling date, the bill curve unusually steepens around those maturities, before unwinding that risk premium into later (November) maturities



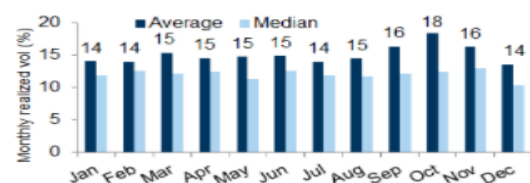
Source: JP Morgan

This morning, **US inflation accelerated in August, with PCE numbers this morning a bit stronger than expected.** The personal consumption expenditures (PCE) price gauge, which the Federal Reserve uses for its inflation target, climbed 0.4% from a month earlier (m/m), 0.1% above expectations, and 4.3% from August 2020 (y/y). Similarly, the core PCE price index, which excludes food and energy, rose 0.3% m/m (versus 0.2% expected) after an upwardly revised 0.5% gain in July. The measure was up 3.6% from a year earlier. The y/y prints for both numbers climbed further to levels not seen in the last 20 years. Markets were little changed following the release, with 10-year Treasury yields at 1.49%.

**Volatility in equity markets is likely to stay elevated given seasonal patterns.** Trading in the last couple of weeks in September set volatility on a higher foot at month end on the back of economic recovery uncertainties, inflation concerns, and related policy responses. Looking forward, analysts in JP Morgan point to broad-based historical patterns that drive October seasonal spikes in volatility. They identify performance pressures for company managements and investors in the critical October earnings season as a key factor that exacerbates shifts in investor sentiment by 25% on average at this time of the year.

### SPX average realized volatility by month

S&P 500 monthly realized volatility (1928-2020)

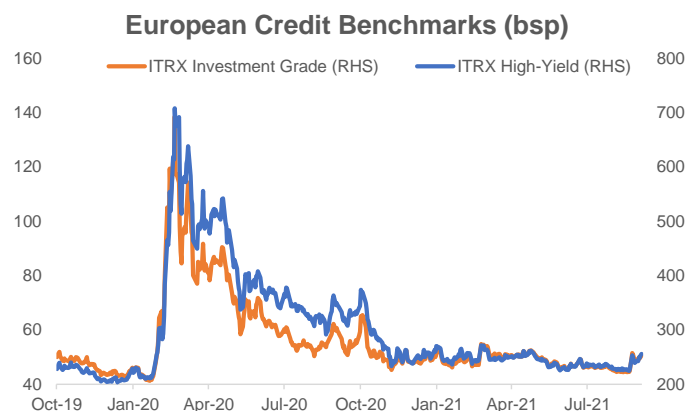


Source: Goldman Sachs Global Investment Research, Bloomberg

## Euro-area

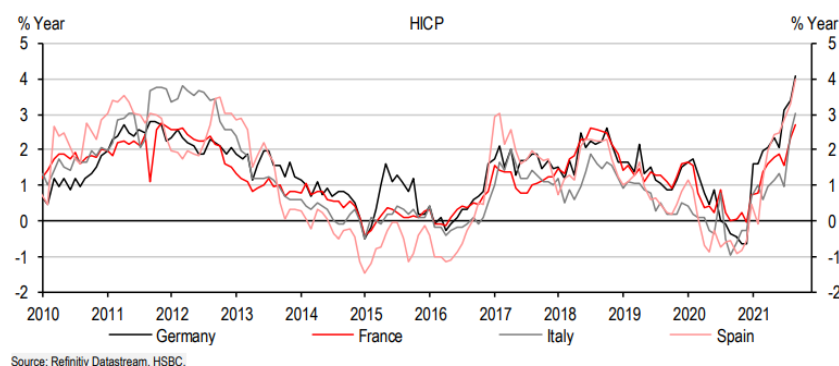
**Euro-area equities saw a volatile start to the quarter** with most indices dropping close to 2% on the open but managing to recover with the Euro Stoxx 50 flat in afternoon trading. Most sectors, apart from utilities (+0.8%) and real estate (+0.4%), traded in the red zone.

**European sovereign bond yields traded 3-5 bps lower** with Southern European and corporate credit spreads largely unchanged. Some **analysts have turned more bullish on investment grade credit in Europe** given the recent yield rise has lifted absolute entry-point levels. Issuance in corporate credit has remained robust despite the risk-off and yield rise.



**September Euro area inflation came a touch above consensus at 3.4% y/y** (3.3% estimate) with core inflation hitting the consensus estimate at 1.9%. This follows yesterday's release in Germany, where CPI reached 4.1% y/y as expected, the highest pace since 1992. Despite looking optically bad from a news headline perspective, **analysts noted that the release contained no major surprises with one-off factors remaining the main drivers**. However, given the rapid rise in energy prices with natural gas up another 30% on the week, analysts are somewhat uncertain around the inflation peak but also the extent to which this shock may feed into wage negotiations next year.

**Chart 2: Germany and Spain lead the way but inflation is high across the board**

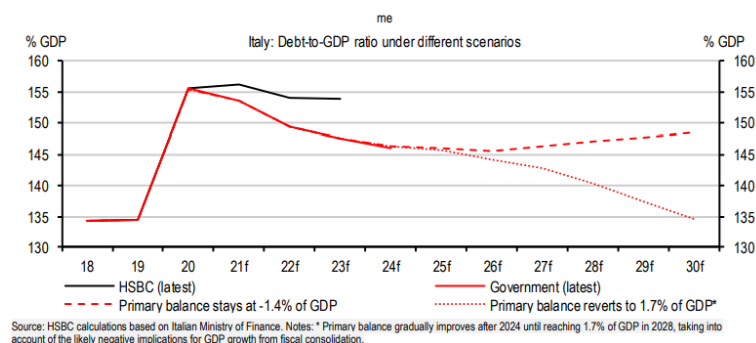


Further on data, **the manufacturing PMIs were broadline in line with consensus** this morning confirming a small loss in recovery momentum in September.

**Analysts noted that the Italian budget plan brings no major surprises although sends a signal that the Prime Minister Draghi will focus on growth rather than fiscal tightening to keep the debt on a sustainable path.** The deficit figures for 2021 were reduced to 9.4% from 11.8% in spring with only a

marginal decline in 2022 to 2024 deficit forecast. The debt trajectory was reduced by just above 6%. Despite the positive revision, analysts at HSBC noted that the government could have used more of the growth windfall to reduce the deficit further but has chosen to focus on the generation of growth. However, this could be seen also positive from the political stability angle as PM Draghi will have resources to maintain his government backing.

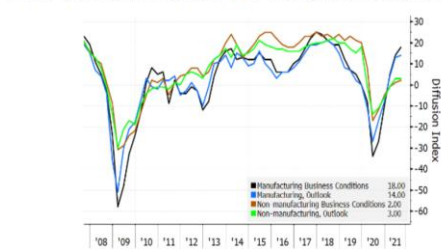
## 2. Restoring the pre-crisis primary-surplus is key to keep debt on a downward trajectory and hit the government's objective of bringing debt-to-GDP to pre-crisis level by 2030



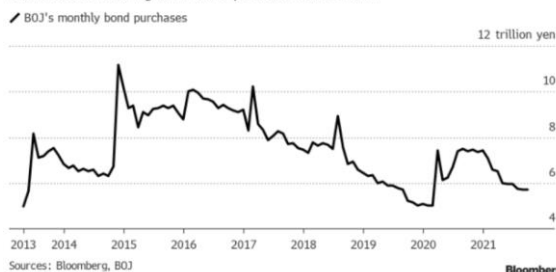
## Japan

**Japan equities fell -2.3% with the Topix sliding the most over the week since mid-2020.** Incoming Japanese Prime Minister Fumio Kishida named new top ruling party officials. Former Olympics minister Shunichi Suzuki will reportedly be appointed as finance minister replacing Taro Aso. Separately, the Bank of Japan (BoJ) stated on Thursday it will maintain the pace and amount of bond purchases for the October-December period in line with the previous quarter. In June the BoJ moved to a quarterly plan and cut some bond buying amounts. On **data releases**, business sentiment among Japanese manufacturers has risen to 18 from 14, based on **BoJ's Tankan survey**. This is its highest level since late 2018. Japan's jobless rate stood at 2.8% in August, unchanged from July and slightly better than expected. **The yen gained +0.2%, and the 10-year JGB yield fell -0.8 bps.**

### BOJ Tankan Indexes for Business Conditions.

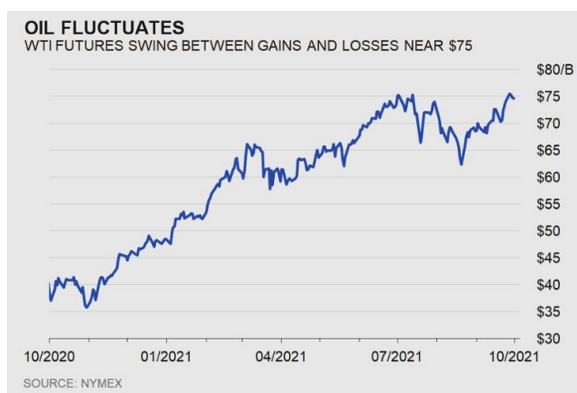


### BOJ has been slowing down bond purchases since 2014



## Commodities

**US oil futures fluctuated near \$75 a barrel on the back of strong demand pressures, but strong dollar pairs gains in futures.** Heading towards the year-end and beyond, demand for oil is expected to be robust, well supported by a faster than expected recovery from the Delta variant, and with winter demand risks squarely skewed to the upside on the back of a global energy crunch. Recent developments in China, where officials ordered energy firms to secure supplies for the winter at all costs, strengthen the bullish case for oil. However, the strong dollar makes commodities priced in the currency less attractive. Oil futures pared earlier gains yesterday as the dollar erased losses in early morning trading. In this context, markets eye the OPEC+ meeting next week to see whether and how production will respond.



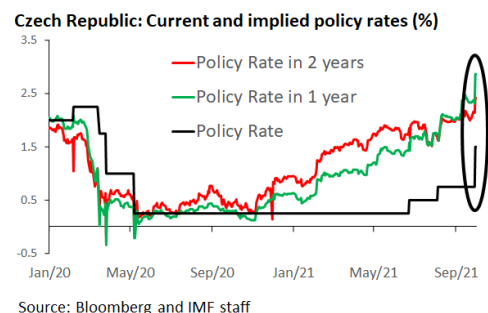
## Emerging Markets

[back to top](#)

**Asian equity markets ended the week with losses (-0.8%).** China and Hong Kong markets were closed. Taiwan POC stocks lost -2.2% followed by Korea (-1.6%). Asia's coal producers extended recent gains as China has ordered the country's top state-owned energy companies to secure supplies at all costs, according to Bloomberg. The aggregate **Emerging Asia PMI** rebounded to 51.0 in September from 50.1 in August supported by the easing of virus containment measures in Southeast Asia. **Regional currencies were mixed.** The Thai baht outperformed (+0.6%), the Korean won weakened (-0.4%). **Emerging Asia bond yields were mixed.** In India, FTSE Russell said it will continue to keep Indian government bonds on its watch list given the "the ongoing market structure reforms intended to enhance accessibility for foreign investors and the progress made to date". In **EMEA, equities and currencies were mixed this morning.** The Russian ruble (-0.6%) fell in line with oil prices (-0.6%) with equities little changed in Moscow. The South African rand and Turkish lira traded 0.3% higher as equities fell in Johannesburg (-0.8%) and Istanbul (-0.6%). The Czech koruna, Hungarian forint, and Polish zloty all gained as markets expect further monetary policy tightening, with equities edging 0.2% higher in the three countries. **Latam equity markets were mixed yesterday,** with Argentina (+1%) outperforming while Peru (-1%) saw another day of small losses. After the announcement of rate hikes in **Mexico and Colombia,** the Mexican peso weakened, trading at 20.6/USD this morning, while the Colombian peso (+ 0.7%) outperformed. The Chilean peso continued to depreciate, having weakened 3% against the dollar for the week.

## Czech Republic

**The Czech koruna (+1%) appreciated after the Czech National Bank (CNB) unexpectedly hiked rates 75 bps to 1.5%** (compared to 50 bps expected). This hike marks the biggest increase in almost 25 years. **CNB Governor Rusnok emphasized that the CNB wanted to send a strong signal that it will not allow inflation expectations to become detached from target.** FM Schillerova, on the other hand, argued that a spike in inflation is caused by supply-chain bottlenecks and warned that CNB policy will make loans and mortgages more expensive. **A measure of monetary policy relevant inflation rose to 3.9% yoy in August.**

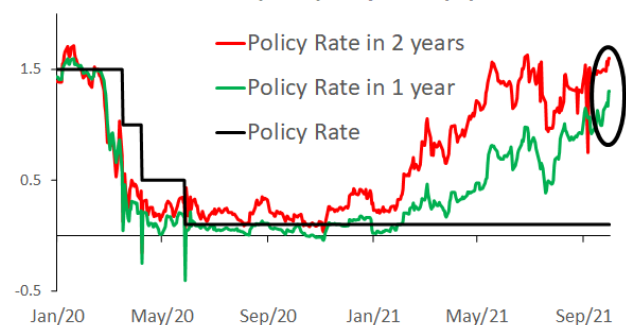




## Poland

The zloty (+1%) strengthened and forward rates rose after central bank minutes indicated that a majority of MPC members would consider adjusting policy if pandemic uncertainty drops, forecasts present continued favorable conditions and inflation risks continue to run above the central bank's target of 2.5%. Bank of America expects Polish inflation to peak around 6% y/y and average 4.6% in 2021 and 4.3% y/y in 2022. **Higher-than-expected inflation data released this morning add to concerns about upside risks.** Headline inflation was higher than expected in September at 5.8% y/y (5.5% expected) or 0.6% mom (0.3% expected). **Contacts now expect the central bank to start giving tightening signals at its November meeting, with a hiking cycle likely to start in 2022Q1.**

Poland: Current and implied policy rates (%)



Source: Bloomberg and IMF staff



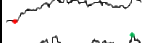







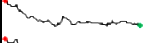

















## Latam Monetary Policy Announcements

**Mexico and Colombia boosted interest rates on Thursday, with further increases likely this year as all the major economies in Latin America struggle to contain surging prices.** Banxico increased its key rate by 25 bps to 4.75%, in a 4-1 vote. Colombia's central bank started withdrawing monetary stimulus with a 25 bps hike to 2.0%, but a split decision signals hikes of a larger magnitude are likely in coming months as the economic recovery advances and inflationary pressures rise. Latin American countries including Brazil, Chile and Peru, as well as Mexico and Colombia, have begun to withdraw stimulus for fear that temporary price rises could become more permanent as businesses incorporate expectations of faster inflation into price-setting decisions. The 10-year yield in Mexico was little changed at 7.4% (+0.4 bps), while 10-year yield for Colombia fell 2.3 bps to 7.7%.

*This monitor is prepared under the guidance of Nassira Abbas (Deputy Division Chief), Antonio Garcia-Pascual (Deputy Division Chief) and Evan Papageorgiou (Deputy Division Chief). Fabio Cortes (Senior Economist), Reinout De Bock (Economist-London representative), Sanjay Hazarika (Senior Financial Sector Expert), Henry Hoyle (Financial Sector Expert), Tom Piontek (Financial Sector Expert) and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Sergei Antoshin (Senior Economist), Liumin Chen (Research Assistant), Yingyuan Chen (Financial Sector Expert), Mohamed Diaby (Economist, EP), Dimitris Drakopoulos (Senior Financial Sector Expert), Torsten Ehlers (Senior Financial Sector Expert), Deepali Gautam (Research Officer), Rohit Goel (Financial Sector Expert), Frank Hespeler (Senior Financial Sector Expert), Shoko Ikarashi (Externally Financed Appointee), Phakawa Jeasakul (IMF Resident Representative in Hong Kong SAR), Esti Kemp (London Representative), Sonia Meskin (Financial Sector Expert), Kleopatra Nikolaou (Senior Financial Sector Expert), Natalia Novikova (IMF Resident Representative in Singapore), Dmitry Petrov (Financial Sector Expert), Patrick Schneider (Research Officer), Juan Solé (Senior London Representative), Dmitry Yakovlev (Senior Research Officer), Akihiko Yokoyama (Senior Financial Sector Expert), and Xingmi Zheng (Research Assistant). Magally Bernal (Senior Administrative Assistant) and Andre Vasquez (Staff Assistant) are responsible for word processing and production of this monitor.*

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## Global Financial Indicators

| Last updated:<br>10/1/21 8:03 AM | Level   |        | Change                           |        |         |      | YTD  |
|----------------------------------|---|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m  | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |   |        | %                                |        |         |      | %    |
| United States                    |    | 4310   | -1.2                             | -3     | -5      | 27   | 15   |
| Europe                           |    | 4049   | 0.0                              | -3     | -4      | 27   | 14   |
| Japan                            |    | 28771  | -2.3                             | -5     | -1      | 25   | 5    |
| China                            |    | 3568   | 0.9                              | -2     | 0       | 11   | 3    |
| Asia Ex Japan                    |    | 85     | 0.7                              | -2     | -6      | 9    | -5   |
| Emerging Markets                 |    | 50     | 0.8                              | -2     | -5      | 13   | -2   |
| <b>Interest Rates</b>            |   |        | basis points                     |        |         |      |      |
| US 10y Yield                     |    | 1.49   | 0.0                              | 4      | 19      | 81   | 57   |
| Germany 10y Yield                |    | -0.24  | -3.6                             | -1     | 14      | 30   | 33   |
| Japan 10y Yield                  |    | 0.06   | -1.0                             | 0      | 3       | 5    | 4    |
| UK 10y Yield                     |    | 1.01   | -1.7                             | 8      | 31      | 77   | 81   |
| <b>Credit Spreads</b>            |   |        | basis points                     |        |         |      |      |
| US Investment Grade              |    | 84     | -2.6                             | -8     | -7      | -51  | -11  |
| US High Yield                    |    | 319    | 3.9                              | 7      | -2      | -221 | -61  |
| Europe IG                        |    | 50     | -0.4                             | 1      | 5       | -9   | 2    |
| Europe HY                        |    | 252    | -1.8                             | 9      | 26      | -91  | 9    |
| <b>Exchange Rates</b>            |   |        | %                                |        |         |      |      |
| USD/Majors                       |  | 94.09  | -0.2                             | 1      | 2       | 0    | 5    |
| EUR/USD                          |  | 1.16   | 0.2                              | -1     | -2      | -1   | -5   |
| USD/JPY                          |  | 111.2  | -0.1                             | 0      | 1       | 5    | 8    |
| EM/USD                           |  | 55.5   | 0.4                              | -1     | -3      | 2    | -4   |
| <b>Commodities</b>               |   |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |  | 78     | -0.4                             | 0      | 9       | 91   | 51   |
| Industrials Metals (index)       |  | 161    | 1.3                              | -3     | 1       | 44   | 22   |
| Agriculture (index)              |  | 57     | 0.2                              | 1      | 1       | 45   | 19   |
| <b>Implied Volatility</b>        |   |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |  | 22.5   | -0.6                             | 4.8    | 6.4     | -4.2 | -0.2 |
| US 10y Swaption Volatility       |  | 71.3   | -2.3                             | 1.0    | -0.3    | 24.0 | 11.2 |
| Global FX Volatility             |  | 6.7    | 0.0                              | 0.1    | 0.1     | -2.3 | -1.3 |
| <b>EA Sovereign Spreads</b>      |   |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |  | 109    | 0.9                              | 2      | -7      | -47  | -11  |
| Italy                            |  | 104    | -2.1                             | 3      | -3      | -32  | -8   |
| Portugal                         |  | 55     | -0.9                             | 0      | -4      | -24  | -5   |
| Spain                            |  | 65     | -1.3                             | 1      | -7      | -12  | 3    |

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

Data source: Bloomberg.

## Emerging Market Financial Indicators

| Last updated:<br>10/1/2021<br>8:00 AM | Exchange Rates |        |                       |        |         |      |     | Local Currency Bond Yields (GBI EM) |        |                          |         |      |      |  |
|---------------------------------------|----------------|--------|-----------------------|--------|---------|------|-----|-------------------------------------|--------|--------------------------|---------|------|------|--|
|                                       | Level          |        | Change (in %)         |        |         |      | YTD | Level                               |        | Change (in basis points) |         |      |      |  |
|                                       | Last 12m       | Latest | 1 Day                 | 7 Days | 30 Days | 12 M |     | Last 12m                            | Latest | 7 Days                   | 30 Days | 12 M | YTD  |  |
|                                       | vs. USD        |        | (+) = EM appreciation |        |         |      |     | % p.a.                              |        |                          |         |      |      |  |
| China                                 |                | 6.44   | 0.4                   | 0.2    | 0       | 5    | 1   |                                     | 3.0    | 0                        | 0       | -26  | -26  |  |
| Indonesia                             |                | 14308  | 0.0                   | -0.3   | 0       | 4    | -2  |                                     | 6.3    | 12                       | 13      | -64  | 18   |  |
| India                                 |                | 74     | 0.2                   | -0.6   | -1      | -1   | -1  |                                     | 6.3    | 7                        | -5      | 16   | 40   |  |
| Philippines                           |                | 51     | 0.4                   | -0.4   | -1      | -5   | -5  |                                     | 4.3    | 8                        | 1       | 75   | 69   |  |
| Thailand                              |                | 34     | 0.2                   | -0.6   | -4      | -6   | -11 |                                     | 1.9    | 7                        | 23      | 40   | 56   |  |
| Malaysia                              |                | 4.18   | 0.2                   | 0.2    | -1      | -1   | -4  |                                     | 3.5    | 10                       | 20      | 93   | 94   |  |
| Argentina                             |                | 99     | 0.0                   | -0.2   | -1      | -23  | -15 |                                     | 49.7   | 93                       | 359     | 924  | -647 |  |
| Brazil                                |                | 5.44   | -0.5                  | -2.6   | -5      | 3    | -5  |                                     | 10.4   | 28                       | 84      | 431  | 479  |  |
| Chile                                 |                | 807    | 0.3                   | -1.8   | -4      | -3   | -12 |                                     | 5.6    | 50                       | 85      | 278  | 279  |  |
| Colombia                              |                | 3809   | 0.8                   | 0.7    | -1      | 1    | -10 |                                     | 7.3    | 1                        | 48      | 210  | 224  |  |
| Mexico                                |                | 20.55  | 0.4                   | -2.4   | -3      | 6    | -3  |                                     | 7.4    | 16                       | 36      | 130  | 176  |  |
| Peru                                  |                | 4.1    | -0.1                  | -0.7   | -1      | -13  | -12 |                                     | 6.5    | 12                       | 31      | 225  | 287  |  |
| Uruguay                               |                | 43     | -0.2                  | -0.8   | -1      | -1   | -2  |                                     | 7.9    | -3                       | -2      | 44   | 63   |  |
| Hungary                               |                | 309    | 0.5                   | -1.4   | -5      | -1   | -4  |                                     | 2.9    | 14                       | 36      | 105  | 133  |  |
| Poland                                |                | 3.95   | 0.7                   | -0.6   | -4      | -3   | -6  |                                     | 1.5    | 14                       | 37      | 76   | 87   |  |
| Romania                               |                | 4.3    | 0.2                   | -1.0   | -2      | -3   | -7  |                                     | 3.8    | 26                       | 45      | 50   | 103  |  |
| Russia                                |                | 73.1   | -0.4                  | -0.2   | 0       | 6    | 1   |                                     | 7.2    | 12                       | 33      | 138  | 152  |  |
| South Africa                          |                | 15.0   | 0.7                   | -0.1   | -4      | 11   | -2  |                                     | 10.0   | 9                        | 46      | -24  | 36   |  |
| Turkey                                |                | 8.84   | 0.6                   | 0.5    | -6      | -12  | -16 |                                     | 17.8   | 19                       | 59      | 492  | 464  |  |
| US (DXY; 5y UST)                      |                | 94     | -0.2                  | 0.8    | 2       | 0    | 5   |                                     | 0.96   | 2                        | 19      | 69   | 60   |  |

|              | Equity Markets |        |               |        |         |      |     | Bond Spreads on USD Debt (EMBIG) |        |                          |         |      |     |
|--------------|----------------|--------|---------------|--------|---------|------|-----|----------------------------------|--------|--------------------------|---------|------|-----|
|              | Level          |        | Change (in %) |        |         |      | YTD | Level                            |        | Change (in basis points) |         |      |     |
|              | Last 12m       | Latest | 1 Day         | 7 Days | 30 Days | 12 M |     | Last 12m                         | Latest | 7 Days                   | 30 Days | 12 M | YTD |
|              |                |        |               |        |         |      |     | basis points                     |        |                          |         |      |     |
| China        |                | 4866   | 0.0           | 0      | 0       | 6    | -7  |                                  | 211    | 3                        | -7      | -30  | -18 |
| Indonesia    |                | 6229   | -0.9          | 1      | 2       | 26   | 4   |                                  | 177    | 3                        | -6      | -69  | -23 |
| India        |                | 58766  | -0.6          | -2     | 1       | 52   | 23  |                                  | 146    | 0                        | -2      | -88  | -5  |
| Philippines  |                | 6924   | -0.4          | 0      | 0       | 15   | -3  |                                  | 117    | 11                       | 5       | -29  | 5   |
| Malaysia     |                | 1524   | -0.9          | 0      | -4      | 2    | -6  |                                  | 132    | 5                        | -3      | -51  | -3  |
| Argentina    |                | 77364  | 1.0           | 4      | 3       | 80   | 51  |                                  | 1589   | 6                        | 95      | 296  | 233 |
| Brazil       |                | 110979 | -0.1          | -3     | -7      | 16   | -7  |                                  | 304    | 9                        | 18      | -40  | 45  |
| Chile        |                | 4363   | 0.0           | 0      | -2      | 20   | 4   |                                  | 154    | 8                        | 11      | -40  | -2  |
| Colombia     |                | 1362   | 0.1           | 4      | 3       | 17   | -5  |                                  | 302    | 15                       | 29      | 30   | 87  |
| Mexico       |                | 51386  | 0.6           | 0      | -2      | 40   | 17  |                                  | 354    | 9                        | 7       | -141 | -3  |
| Peru         |                | 18279  | -1.0          | 0      | 4       | 2    | -12 |                                  | 176    | 10                       | 3       | -4   | 47  |
| Hungary      |                | 53255  | 0.8           | 4      | 3       | 58   | 27  |                                  | 112    | -17                      | -22     | -45  | -37 |
| Poland       |                | 70838  | 0.7           | 1      | 0       | 44   | 24  |                                  | 27     | 5                        | -11     | -5   | -1  |
| Romania      |                | 12554  | -0.7          | 1      | 2       | 39   | 28  |                                  | 197    | 8                        | 11      | -58  | -6  |
| Russia       |                | 4093   | 0.3           | 1      | 3       | 42   | 24  |                                  | 159    | 5                        | -11     | -69  | -20 |
| South Africa |                | 64021  | -0.4          | 0      | -4      | 18   | 8   |                                  | 360    | 12                       | 9       | -181 | -24 |
| Turkey       |                | 1403   | -0.2          | 1      | -5      | 23   | -5  |                                  | 498    | 4                        | 38      | -134 | 51  |
| Ukraine      |                | 526    | 0.0           | 0      | 0       | 5    | 5   |                                  | 514    | 30                       | 21      | -226 | 21  |
| EM total     |                | 50     | -0.6          | -2     | -5      | 13   | -2  |                                  | 373    | 11                       | 20      | -39  | 35  |

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

[back to top](#)