



# Global Markets Monitor

Monetary and Capital Markets Department  
Global Markets Analysis Division

Tuesday, September 18, 2018










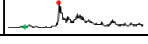
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- **UK and EU officials agree with IMF warning on risks of Brexit no-deal** ([link](#))
- **US imposes additional tariffs on \$200 bn of Chinese imports** ([link](#))
- **Asian equities shrug off new tariffs** ([link](#))
- **Lira weaker following rise in interest rates on lira reserve requirements** ([link](#))

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## Imposition of new set of trade tariffs elicits muted market response

**Markets traded with a neutral tone after president Trump formally announced 10% tariffs on \$200 bn of Chinese imports.** S&P futures initially sold off 0.3%, but quickly retraced, the trade-weighted dollar and core bond yields were slightly higher, EM bond spreads and currencies mostly traded in a tight range, and Chinese equities were higher (up 1.8%) on speculation that further stimulus measures may be forthcoming. The Turkish lira was an outlier amid the broadly benign price action, losing another 1.5%, as market participants continue to be skeptical about the authorities' policy response.

| Last updated:<br>9/18/18 7:49 AM     | Level   |       | Change from Market Close |        |         |      | YTD |
|--------------------------------------|---|-------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m  | Index | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |   |       | %                        |        |         |      | %   |
| S&P 500                              |  | 2889  | -0.6                     | 0      | 1       | 15   | 8   |
| Eurostoxx 50                         |  | 3349  | 0.1                      | 1      | -1      | -5   | -4  |
| Nikkei 225                           |  | 23421 | 1.4                      | 5      | 5       | 18   | 3   |
| MSCI EM                              |  | 42    | -0.9                     | 1      | -1      | -9   | -12 |
| <b>Interest Rates</b>                |   |       | bps                      |        |         |      |     |
| US 10y Yield                         |  | 3.00  | 0.9                      | 2      | 14      | 77   | 59  |
| Germany 10y Yield                    |  | 0.45  | -0.4                     | 2      | 15      | 0    | 3   |
| Japan 10y Yield                      |  | 0.12  | -0.1                     | 0      | 2       | 9    | 7   |
| <b>FX / Commodities / Volatility</b> |   |       | %                        |        |         |      |     |
| Dollar index, (+) = \$ appreciation  |  | 94.6  | 0.1                      | -1     | -2      | 3    | 3   |
| Brent Crude Oil (\$/barrel)          |  | 79.0  | 1.2                      | 0      | 10      | 42   | 18  |
| VIX Index (% change in pp)           |  | 13.2  | -0.5                     | 0      | 1       | 3    | 2   |

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

## United States

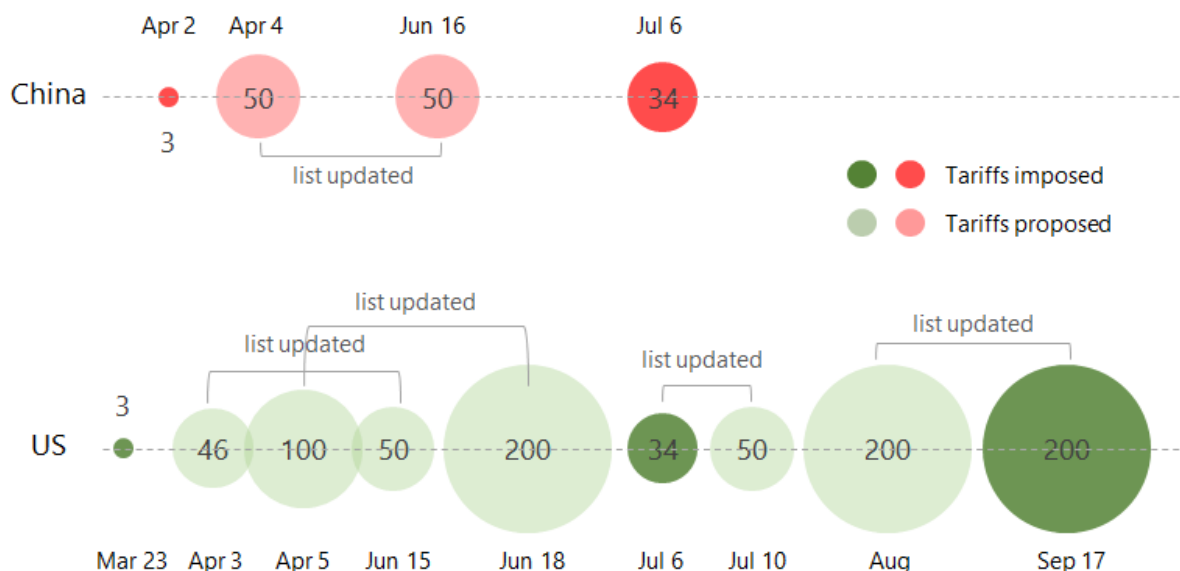
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**US authorities announced additional tariffs on \$200 bn of Chinese goods.** After markets closed on Monday, president Trump announced plans to impose a 10% tariff on \$200 bn of Chinese imports, starting next Monday and will raise the tariff to 25% in 2019 if no deal is reached. The phased tariff hike is meant to give US firms a chance to adjust their supply chains until next year. While the \$200 bn target was unchanged, there were over 300 tariff lines removed from the preliminary target list released in July,

including smart watches, Bluetooth devices, and certain industrial chemicals. China has vowed to retaliate by imposing duties on \$60 bn of US imports ranging from liquefied natural gas to aircrafts, and by refusing to engage in further trade negotiations. The \$200 bn tariff round brings all Chinese imports subject to added duties to \$250 bn, around half of China's total exports to the US last year. Meanwhile, President Trump said earlier this month he is prepared to target an additional \$267 bn in Chinese imports. Following the announcement, the S&P 500 e-mini futures fell 0.3%, but are up marginally this morning, while treasury yields and the trade-weighted dollar index rose modestly.

### Escalation of US-China Trade Tension

(in \$bn)



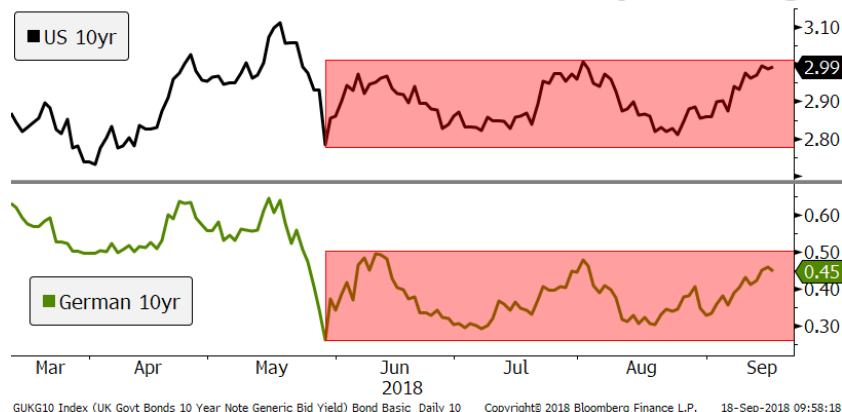
**Prior to the announcement, stocks closed lower on Monday after five consecutive gains as investors awaited clarity on tariffs on China.** The losses were concentrated in the technology sector, shedding 1.4% in the Nasdaq and 0.6% in the S&P 500. The VIX index rose 1.6 pts to 13.7. Treasury yields ended marginally lower across the curve (within 1 bp) in an otherwise quiet day. The New York Fed's **Empire Manufacturing Survey fell by a larger-than-expected 6.6 pts to 19** in September. The underlying details were mixed, with deterioration in new orders, shipments, unfilled orders and delivery times, while inventories and employment improved. The price measures continued to move higher, especially price expectations.

### Europe

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**Equity markets are broadly but modestly higher, dismissing the escalation of the US-China trade war overnight.** The German Dax and the Spanish Ibex are outperforming, up 0.5%. **Yields are unchanged across the region, with the German 10-year bund trading at 0.44%.** Akin to US yields, German bunds are trading near the top of the range established in late-May after having risen by about 15 bps since mid-August.

## US and German Yields Near Top of Range



GUKG10 Index (UK Govt Bonds 10 Year Note Generic Bid Yield) Bond Basic Daily 10 Copyright© 2018 Bloomberg Finance L.P. 18-Sep-2018 09:58:18

### United Kingdom

**Officials in the UK and EU welcomed the IMF's warning on the risks of a no-deal Brexit.** UK

Chancellor Hammond said this scenario out "would put at risk the substantial progress the British people have made over the past 10 years." Senior EU diplomats echoed the message. **Separately, a survey of 102 academics found that 88% of respondents believe May will still be prime minister on March 29**, the day Britain is scheduled to leave the bloc. It also found that 85% of respondents believe that Brexit will happen on the scheduled date, and that there will not be a second referendum.

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

#### Japan

**Equities advanced while the yen fell, as investors shrugged off trade war concerns.** The Topix rallied 1.8%, its biggest daily gain in six months, while the Nikkei rose 1.4% reaching its highest level since Feb 1. Gains were led by insurance stocks on higher US treasury yields, while shares of electronics suppliers underperformed. Expectations of prime minister Shinzo Abe winning the Liberal Democratic Party's leadership election held on Thursday fueled gains in equities. Meanwhile, the BoJ is expected to keep its policy settings unchanged at its meeting tomorrow. Governor Kuroda recently indicated that the central bank is unlikely to raise interest rates for "quite a long time". Ten-year yields were little changed.

### Nikkei Breakout

#### Tariff-defying rally







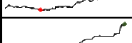


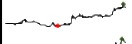
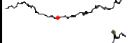

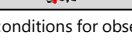



Source: Bloomberg

## Emerging Markets

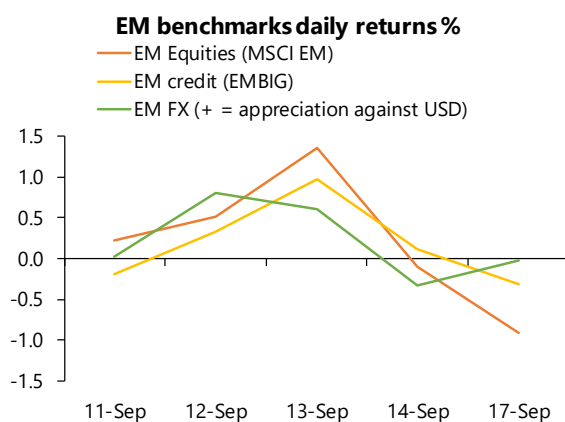
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## Key Emerging Market Financial Indicators

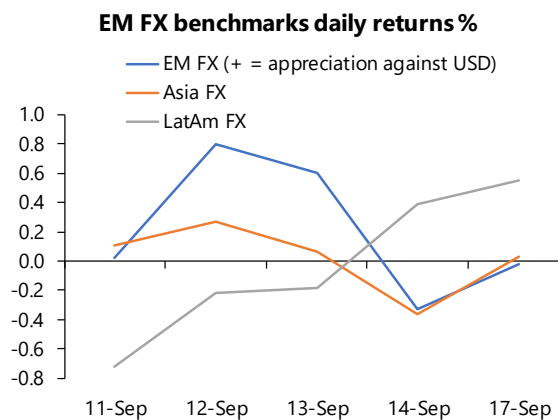
| Last updated:<br>9/18/18 7:49 AM             | Level   |        | Change                                   |        |         |      | YTD      |
|--|---|--------|--|--------|---------|------|----------|
|  | Last 12m  | index  | 1 Day                                    | 7 Days | 30 Days | 12 M |          |
| <b>Prices/Returns of Major EM Benchmarks</b> |   |        | <b>%</b>                                 |        |         |      | <b>%</b> |
| MSCI EM Equities                             |  | 41.58  | -0.9                                     | 1      | -1      | -9   | -12      |
| MSCI Frontier Equities                       |  | 27.65  | -0.2                                     | 0      | -4      | -12  | -17      |
| Hard Currency Sovereign Debt                 |  | 822.27 | 0.1                                      | 1      | 0       | -4   | -4       |
| Local Currency Sovereign Debt                |  | 16.04  | -0.2                                     | 1      | -2      | -18  | -15      |
| <b>Major EM FX vs. USD</b>                   |   |        | <b>%, (+) = EM currency appreciation</b> |        |         |      |          |
| China Renminbi                               |  | 6.87   | 0.0                                      | 0      | 0       | -4   | -5       |
| Indonesian Rupiah                            |  | 14890  | -0.6                                     | 0      | -2      | -11  | -9       |
| Indian Rupee                                 |  | 72.42  | -0.4                                     | 0      | -4      | -11  | -12      |
| Argentine Peso                               |  | 39.94  | 0.0                                      | -6     | -25     | -57  | -53      |
| Brazil Real                                  |  | 4.17   | 0.0                                      | -2     | -6      | -25  | -21      |
| Mexican Peso                                 |  | 18.86  | 0.2                                      | 2      | 0       | -6   | 4        |
| Russian Ruble                                |  | 68.15  | -0.2                                     | 4      | -2      | -15  | -15      |
| South African Rand                           |  | 14.99  | -0.4                                     | 1      | -2      | -11  | -17      |
| Turkish Lira                                 |  | 6.24   | -1.2                                     | 4      | -4      | -44  | -39      |
| Dollar vs. Mature FX (DXY index)             |  | 94.56  | 0.1                                      | -1     | -2      | 3    | 3        |

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

**EM asset prices hit a speed bump on Monday as trade war risks re-emerged.** (MSCI EM: -0.9%, EMBIG spread: unchanged, EM FX vs USD: unchanged). Latin America currencies led gains among EM currencies, with the Brazilian *real* gaining by more than 1%. A new poll released on Monday showed that far right candidate Jair Bolsonaro would narrowly defeat (39% vs 35.7%) his rival from the Workers Party, Haddad, in the presidential election's second round. This poll was one of the first to show Haddad breaking away from a crowded pack of candidates and placing firmly in second (17.6% vs 10.8% for Ciro Gomes). The Argentine peso also appreciated by 1% as the central bank continued its FX interventions, selling \$301 mn on Monday. Moves in EMEA were limited this morning. The Turkish lira was an outlier again, declining a further 1.5% as market participants continue to be skeptical about the authorities' policy response (see below).



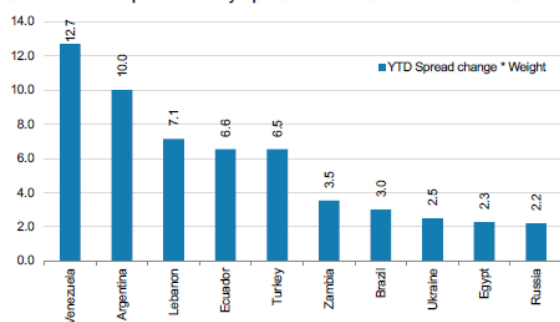
Source: Bloomberg



Source: Bloomberg

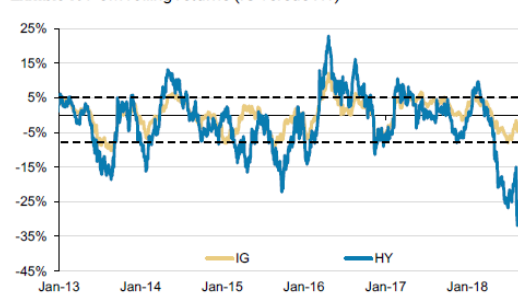
**Morgan Stanley analysts highlight that most of the recent spread widening is driven by a small set of countries, and there has been a large dispersion among issuers.** High yield issuers are responsible for 73% and 60% of the year to date total return drawdown in hard and local currency EM bond indices, respectively. In particular, just six issuers are responsible for 61% of the total index spread widening while in local rates only four countries have contributed to 60% of the sell-off in the benchmark index. Looking ahead, they believe this divergence can continue as investor positioning in HY issuers remains overweight relative to the index. This suggests that investors were positioned “incorrectly” and may – as a first step – need to get back to neutral weights relative to the benchmark, which would benefit IG countries and continue to adversely impact HY countries. Additionally, this divergence suggests overall valuations in EM credit are not as cheap as they may at first seem, given that most of the recent widening is driven by countries with weaker fundamentals (e.g. Argentina, Turkey, Lebanon and Ecuador) that could continue to underperform for idiosyncratic reasons.

**Exhibit 13: Top 10 country spread contributions to YTD index change**



Source: Datastream, Bloomberg, Morgan Stanley Research

**Exhibit 19: 3M rolling returns (IG versus HY)**



Source: Datastream, Morgan Stanley Research; Note: IG bucket includes the constituents in the GBIEM Broad (equal weighted) with credit ratings higher than BBB; HY includes GBIEM countries lower than or equal to BBB; dashed lines represent typical market cycle highs and lows of IG 3M rolling returns

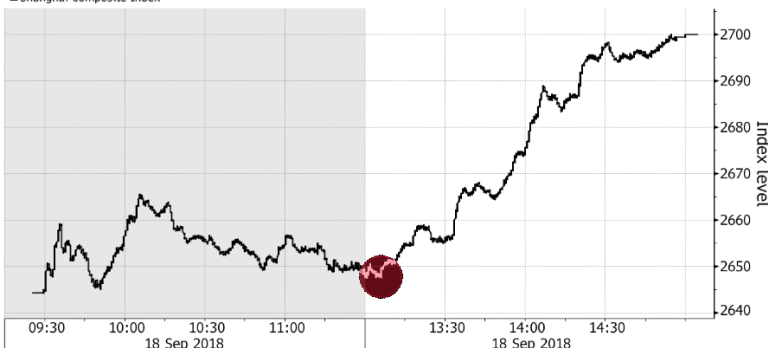
## China

**Equities rose, while movements in the RMB were muted, despite newly imposed tariffs by the Trump administration on an additional \$200 bn of Chinese imports.** The Shanghai Composite index closed 1.8% higher, while the Shenzhen Composite index rose 1.7%, reversing losses earlier in the day. According to Bloomberg, comments by a senior Chinese government official that China was ready for ‘the worst’ fueled speculation that further stimulus measures will be forthcoming. Both the offshore and onshore RMB were little changed. Nonetheless, 1-month USD/CNH risk reversals rose as investors hedged against a possible escalation of trade tensions. Meanwhile, a PBoC adviser stated that China’s growth would have slowed even without a trade war, and that monetary policy should not be overly loose as that would impede deleveraging. Bond yields were little changed.

### Quick Turnaround

**The Shanghai Composite Index surged in afternoon trading**

■ Shanghai Composite Index

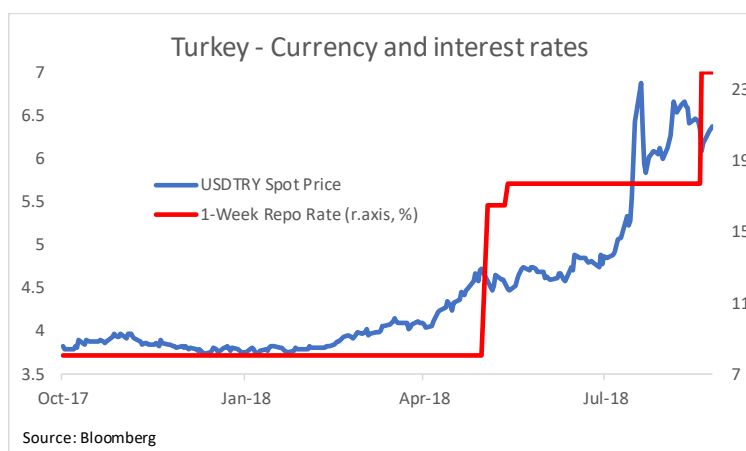


Source: Bloomberg

## Turkey

### The lira declined a further 1.5% following increased speculation over the authorities' policy response.

The central bank announced this morning that the interest rate for lira denominated reserve requirements would be increased from 7% to 13%, effective next Friday. The move came after several reports of potential measures that the authorities could take to help companies deal with FX losses. Among these was a measure that will prevent companies from counting FX losses when assessing whether they have to file for bankruptcy. Separately, banking regulators have relaxed the recently instated cap on banks' swap transactions. The cap, which was set to 25% of bank equity, was relaxed to 50-75%, depending on the maturity of the instrument. The lira was 1.5% weaker this morning after losing 2% yesterday. It is now 7% away from the all-time weakest close, reached last month.



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## Global Financial Indicators

| Last updated:<br>9/18/18 7:49 AM | Level    |        | Change                           |        |         |      | YTD  |
|----------------------------------|----------|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |          |        | %                                |        |         |      | %    |
| United States                    |          | 2889   | -0.6                             | 0      | 1       | 15   | 8    |
| Europe                           |          | 3349   | 0.1                              | 1      | -1      | -5   | -4   |
| Japan                            |          | 23421  | 1.4                              | 5      | 5       | 18   | 3    |
| China                            |          | 2700   | 1.8                              | 1      | 1       | -20  | -18  |
| Asia Ex Japan                    |          | 69     | -1.3                             | 1      | -2      | -7   | -10  |
| Emerging Markets                 |          | 42     | -0.9                             | 1      | -1      | -9   | -12  |
| <b>Interest Rates</b>            |          |        | basis points                     |        |         |      |      |
| US 10y Yield                     |          | 3.00   | 0.9                              | 2      | 14      | 77   | 59   |
| Germany 10y Yield                |          | 0.45   | -0.4                             | 2      | 15      | 0    | 3    |
| Japan 10y Yield                  |          | 0.12   | -0.1                             | 0      | 2       | 9    | 7    |
| UK 10y Yield                     |          | 1.54   | 0.0                              | 4      | 30      | 23   | 35   |
| <b>Credit Spreads</b>            |          |        | basis points                     |        |         |      |      |
| US Investment Grade              |          | 101    | 0.2                              | -3     | 0       | -7   | 9    |
| US High Yield                    |          | 333    | 1.4                              | -11    | -16     | -54  | -42  |
| Europe IG                        |          | 60     | 0.5                              | -1     | -11     | 10   | 16   |
| Europe HY                        |          | 281    | 0.1                              | 1      | -24     | 60   | 48   |
| EMBIG Sovereign Spread           |          | 359    | 1.0                              | -13    | -6      | 73   | 74   |
| <b>Exchange Rates</b>            |          |        | %                                |        |         |      |      |
| Dollar Index (DXY)               |          | 94.56  | 0.1                              | -1     | -2      | 3    | 3    |
| USDEUR                           |          | 1.17   | 0.3                              | 1      | 2       | -2   | -3   |
| USDJPY                           |          | 112.1  | -0.2                             | 0      | -2      | 0    | 1    |
| EM FX vs. USD                    |          | 60.9   | -0.1                             | 1      | -2      | -14  | -12  |
| <b>Commodities</b>               |          |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |          | 79     | 1.2                              | 0      | 10      | 42   | 18   |
| Industrials Metals (index)       |          | 114    | -1.1                             | -1     | -3      | -9   | -18  |
| Agriculture (index)              |          | 42     | -0.3                             | -3     | -6      | -16  | -12  |
| <b>Implied Volatility</b>        |          |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |          | 13.2   | -0.5                             | 0.0    | 0.5     | 3.0  | 2.2  |
| 10y Treasury Volatility Index    |          | 3.2    | -0.2                             | -0.4   | -0.7    | -0.6 | -0.4 |
| Global FX Volatility             |          | 8.7    | 0.0                              | -0.4   | -0.3    | 0.2  | 1.3  |
| <b>EA Sovereign Spreads</b>      |          |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |          | 411    | 7.5                              | 2      | -23     | -137 | -1   |
| Italy                            |          | 284    | -0.7                             | -10    | -28     | 77   | 82   |
| Portugal                         |          | 184    | 0.5                              | -6     | -2      | -60  | -11  |
| Spain                            |          | 148    | -0.4                             | 2      | 4       | -10  | -8   |

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>9/18/2018<br>7:49 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                                 |                | 6.87   | 0.0                   | -0.2   | 0       | -4   | -5  |                                     | 3.6    | -0.6                     | 5      | 14      | -8   | -33 |  |
| Indonesia                             |                | 14890  | -0.6                  | -0.3   | -2      | -11  | -9  |                                     | 8.7    | -4.6                     | 0      | 63      | 193  | 205 |  |
| India                                 |                | 72     | -0.4                  | 0.2    | -4      | -11  | -12 |                                     | 8.3    | 0.0                      | 7      | 29      | 134  | 82  |  |
| Philippines                           |                | 54     | 0.0                   | -0.6   | -2      | -5   | -8  |                                     | 6.2    | 1.8                      | 21     | 22      | 137  | 138 |  |
| Thailand                              |                | 33     | 0.1                   | 0.5    | 2       | 1    | 0   |                                     | 2.9    | 2.9                      | 8      | 14      | 66   | 61  |  |
| Malaysia                              |                | 4.14   | 0.0                   | 0.3    | -1      | 1    | -2  |                                     | 4.1    | -1.1                     | -2     | 5       | 29   | 22  |  |
| Argentina                             |                | 40     | 0.0                   | -6.2   | -25     | -57  | -53 |                                     | 24.9   | 0.9                      | 31     | 237     | 982  | 890 |  |
| Brazil                                |                | 4.17   | 0.0                   | -2.1   | -6      | -25  | -21 |                                     | 10.6   | 17.3                     | 4      | 53      | 184  | 158 |  |
| Chile                                 |                | 687    | 0.0                   | 1.3    | -3      | -9   | -10 |                                     | 4.8    | -1.6                     | -2     | -1      | 39   | -1  |  |
| Colombia                              |                | 3023   | 0.0                   | 2.0    | 0       | -4   | -1  |                                     | 6.6    | -3.2                     | -2     | 2       | 25   | 34  |  |
| Mexico                                |                | 18.86  | 0.2                   | 2.2    | 0       | -6   | 4   |                                     | 8.0    | -6.5                     | -1     | 16      | 107  | 32  |  |
| Peru                                  |                | 3.3    | 0.0                   | 0.7    | 0       | -2   | -2  |                                     | 5.6    | 0.6                      | 6      | 9       | 19   | 38  |  |
| Uruguay                               |                | 33     | 0.5                   | -1.2   | -4      | -12  | -13 |                                     | 11.4   | -5.1                     | -37    | 98      |      | 280 |  |
| Hungary                               |                | 279    | 0.3                   | 0.6    | 1       | -7   | -7  |                                     | 2.6    | -0.1                     | 5      | -2      | 94   | 134 |  |
| Poland                                |                | 3.69   | 0.4                   | 0.9    | 2       | -3   | -6  |                                     | 2.6    | -1.0                     | -4     | 4       | -2   | -9  |  |
| Romania                               |                | 4.0    | 0.2                   | 0.3    | 2       | -3   | -2  |                                     | 4.3    | 0.0                      | -3     | -12     | 152  | 49  |  |
| Russia                                |                | 68.2   | -0.2                  | 3.5    | -2      | -15  | -15 |                                     | 8.5    | -2.8                     | -28    | 32      | 99   | 120 |  |
| South Africa                          |                | 15.0   | -0.4                  | 1.4    | -2      | -11  | -17 |                                     | 9.7    | -4.1                     | -5     | 9       | 49   | 38  |  |
| Turkey                                |                | 6.24   | -1.2                  | 3.5    | -4      | -44  | -39 |                                     | 21.6   | -116.5                   | -104   | -167    | 1098 | 962 |  |
| US (DXY; 5y UST)                      |                | 95     | 0.1                   | -0.7   | -2      | 3    | 3   |                                     | 2.89   | 2.1                      | 7      | 12      | 112  | 69  |  |
|                                       | 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                                 |                | 2700   | 1.8                   | 1      | 1       | -20  | -18 |                                     | 186    | -1                       | 1      | 1       | 38   | 34  |  |
| Indonesia                             |                | 5812   | -0.2                  | 0      | 0       | -1   | -9  |                                     | 200    | 2                        | -9     | 5       | 32   | 34  |  |
| India                                 |                | 37291  | -0.8                  | -2     | -2      | 15   | 9   |                                     | 167    | 0                        | -3     | 11      | 36   | 57  |  |
| Philippines                           |                | 7286   | -1.7                  | -3     | -4      | -12  | -15 |                                     | 102    | -7                       | -5     | -7      | 12   | 7   |  |
| Malaysia                              |                | 1793   | -0.6                  | 0      | 1       | 1    | 0   |                                     | 133    | -2                       | -1     | -2      | 2    | 23  |  |
| Argentina                             |                | 31157  | 3.2                   | 6      | 19      | 30   | 4   |                                     | 649    | -2                       | -93    | -24     | 269  | 299 |  |
| Brazil                                |                | 76789  | 1.8                   | 0      | 1       | 1    | 1   |                                     | 331    | -2                       | 2      | 31      | 84   | 97  |  |
| Chile                                 |                | 5354   | -0.2                  | 3      | 2       | 3    | -4  |                                     | 134    | 0                        | -4     | -9      | 8    | 15  |  |
| Colombia                              |                | 1495   | -0.2                  | 2      | -2      | 0    | -1  |                                     | 177    | -1                       | -8     | -6      | -10  | 3   |  |
| Mexico                                |                | 49399  | -0.4                  | 1      | 2       | -2   | 0   |                                     | 269    | -1                       | -12    | -10     | 30   | 24  |  |
| Peru                                  |                | 18778  | 0.0                   | 0      | -4      | 3    | -6  |                                     | 140    | -1                       | -6     | -15     | 1    | 3   |  |
| Hungary                               |                | 35826  | 0.0                   | -2     | -2      | -7   | -9  |                                     | 114    | 0                        | 1      | -19     | 22   | 26  |  |
| Poland                                |                | 57746  | 1.2                   | 0      | -1      | -11  | -9  |                                     | 51     | 0                        | -1     | -20     | 2    | 4   |  |
| Romania                               |                | 8200   | 0.4                   | -1     | 0       | 3    | 6   |                                     | 178    | 1                        | -8     | -6      | 53   | 65  |  |
| Russia                                |                | 2390   | 0.7                   | 2      | 6       | 16   | 13  |                                     | 239    | 2                        | -9     | -3      | 72   | 61  |  |
| South Africa                          |                | 56183  | -0.2                  | 0      | -1      | 0    | -6  |                                     | 334    | 5                        | -18    | 4       | 73   | 80  |  |
| Turkey                                |                | 94755  | 0.4                   | 3      | 7       | -11  | -18 |                                     | 478    | 10                       | -68    | -62     | 202  | 189 |  |
| Ukraine                               |                | 538    | -0.2                  | 1      | 4       | 86   | 71  |                                     | 559    | 14                       | -36    | -25     | 123  | 104 |  |
| EM total                              |                | 25     | -1.0                  | 0      | -1      | -5   | -6  |                                     | 359    | 1                        | -13    | -6      | 73   | 74  |  |

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