



# Global Markets Monitor

Monetary and Capital Markets Department  
Global Markets Analysis Division

Wednesday, September 19, 2018










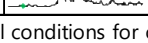
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- **Treasuries sell off sharply, with 10-year yield above 3% ([link](#))**
- **Equities continue to rally despite \$60 bn in Chinese retaliatory tariffs ([link](#))**
- **China says it will not devalue the RMB to support exports ([link](#))**
- **BoJ keeps monetary policy unchanged, as expected ([link](#))**
- **Indonesia announces an export proceed conversion requirement ([link](#))**
- **Bank of Thailand keeps policy rate unchanged, but hints at normalization ([link](#))**

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## Trade frictions continue to elicit market muted response

**Risk sentiment strengthened despite trade headlines.** Global equities rallied, largely dismissing the re-escalation in trade tensions, while the trade-weighted dollar modestly weakened. Chinese authorities announced the imposition of retaliatory tariffs on \$60 bn of US imports, but remain open to further trade talks and downplayed prospects of a currency devaluation. Core bond yield curves are little changed this morning after a pronounced steepening yesterday, driving 10-year treasury yields firmly above 3%. In Japan, the Bank of Japan left its policy settings unchanged, as expected, eliciting limited market response. In Europe, Danske Bank's shares sold off sharply on the continued money laundering scandal, but broader European bank shares and European equities were unaffected. Emerging markets traded with a stronger tone: most currencies registered gains against the US dollar, EMBIG spreads tightened a few basis points, and EM equities edged 1% higher on broad-based gains.

| Last updated:<br>9/19/18 7:57 AM     | Level                                                                               |       | Change from Market Close |        |         |      | YTD |
|--------------------------------------|-------------------------------------------------------------------------------------|-------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m                                                                            | Index | 1 Day                    | 7 Days | 30 Days | 12 M |     |
| <b>Equities</b>                      |                                                                                     |       | %                        |        |         |      | %   |
| S&P 500                              |  | 2904  | 0.5                      | 1      | 2       | 16   | 9   |
| Eurostoxx 50                         |  | 3354  | -0.1                     | 1      | -1      | -5   | -4  |
| Nikkei 225                           |  | 23673 | 1.1                      | 4      | 6       | 17   | 4   |
| MSCI EM                              |  | 42    | 1.0                      | 2      | -1      | -8   | -11 |
| <b>Interest Rates</b>                |                                                                                     |       | bps                      |        |         |      |     |
| US 10y Yield                         |  | 3.05  | -0.7                     | 9      | 19      | 80   | 64  |
| Germany 10y Yield                    |  | 0.47  | -0.7                     | 6      | 17      | 2    | 5   |
| Japan 10y Yield                      |  | 0.12  | 0.7                      | 1      | 3       | 9    | 8   |
| <b>FX / Commodities / Volatility</b> |                                                                                     |       | %                        |        |         |      |     |
| Dollar index, (+) = \$ appreciation  |  | 94.5  | -0.1                     | 0      | -2      | 3    | 3   |
| Brent Crude Oil (\$/barrel)          |  | 79.0  | -0.1                     | -1     | 10      | 43   | 18  |
| VIX Index (% change in pp)           |  | 12.6  | -0.2                     | -1     | 0       | 2    | 2   |

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

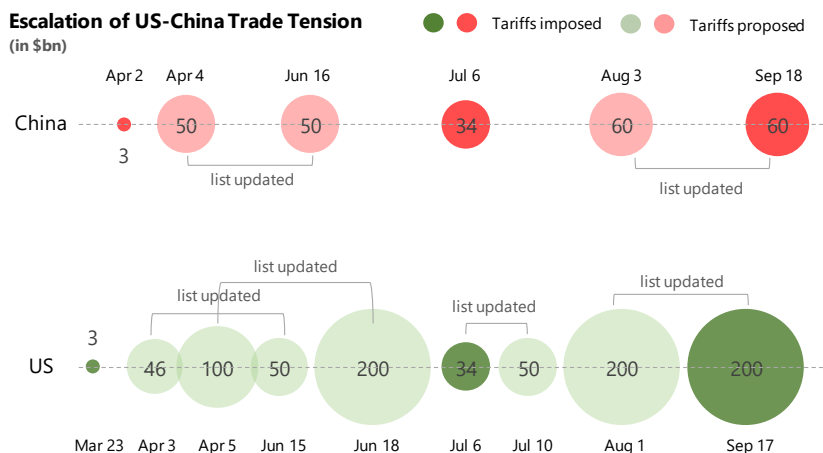
## United States

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**China announced the imposition of retaliatory tariff on \$60 bn of US imports, starting next Monday, but remains open to further trade talks.** An additional 5% to 10% duty will be charged on around 5000 tariff items. The range is lower than originally proposed in August. Shortly after the announcement, President Trump threatened “great and fast economic retaliation” if China targets US agricultural and industrial products.

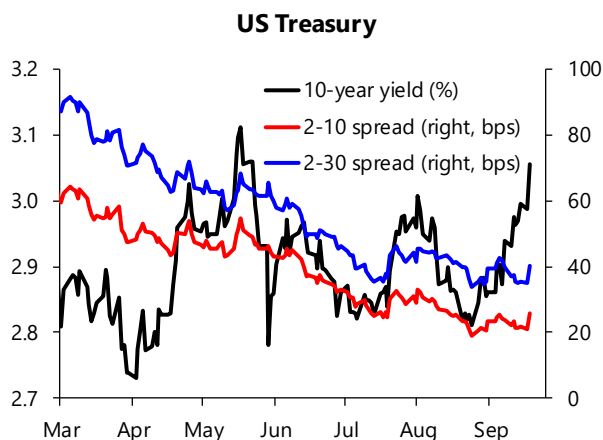
**Escalation of US-China Trade Tension**

(in \$bn)



**US stocks staged a relief rally as tariff plans from both sides were milder than expected.** Investors took comfort in that further negotiation is still on the table and the announcement lifted an overhang of uncertainty. Consumer and industrial sectors outperformed (+1%), with the S&P 500 up 0.5% and NASDAQ up 0.8%. The technology sector reversed earlier gains to close marginally lower, weighed by the late selloff of few large cap firms on idiosyncratic risks.

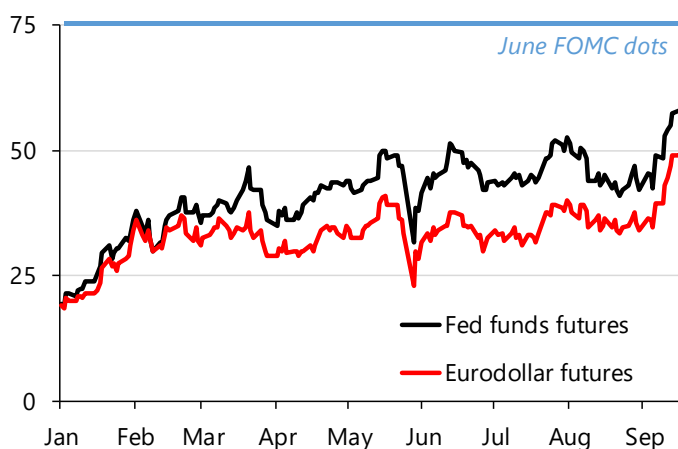
**Treasuries sold off sharply and the curve steepened, sending the 7- and 10-year yields firmly above the 3% level.** The 2-year yield rose 2 bps to 2.79%, while the 7-, 10- and 30-year yields each jumped 7 bps to 3.02%, 3.05% and 3.2%, respectively. The curve steepened by 5 bps for the 2-10 and 2-30 spreads. While higher yields were expected on the back of the stock market rally, the outsized move nonetheless caught many investors by surprise, especially on a day without major data catalyst. A few factors were cited for the price actions, including the inflationary implications of tariffs and the potential for the FOMC to remove the word “accommodative” from its policy statement next week. In addition, Treasuries have been taking cues from the higher Bund yields in recent sessions in response to the progress on Italian budget. TIC data released at 4pm showing China’s Treasury holdings at 6-month low was attributed for the persistent rise in yields into the market close even as stock markets came off from the session highs.



Source: Bloomberg

**Investors are pricing in a faster pace of rate hike in 2019, converging to FOMC projections.** The spread between the Dec-2018 and Dec-2019 Fed funds futures yields has been on the rise this month, now pricing at least 2 full rate hikes in 2019, up from 1.6 at the end of August, compared to 3 hikes implied by the FOMC June dot plot. A similar trend is seen in the eurodollar futures market. The stronger than expected average hourly wages data released on Sept 7 seems to have kickstarted the uptick in expectations for a hike, accelerating following a speech from Fed's Brainard last week in which she warned of financial imbalances, and was unabated by the softer than expected CPI data last week. The FOMC is widely expected to raise the policy rate by 25 bps next week, with one more rate hike priced in for 2018.

### 2019 rate hike expectations



Source: Bloomberg

### Europe

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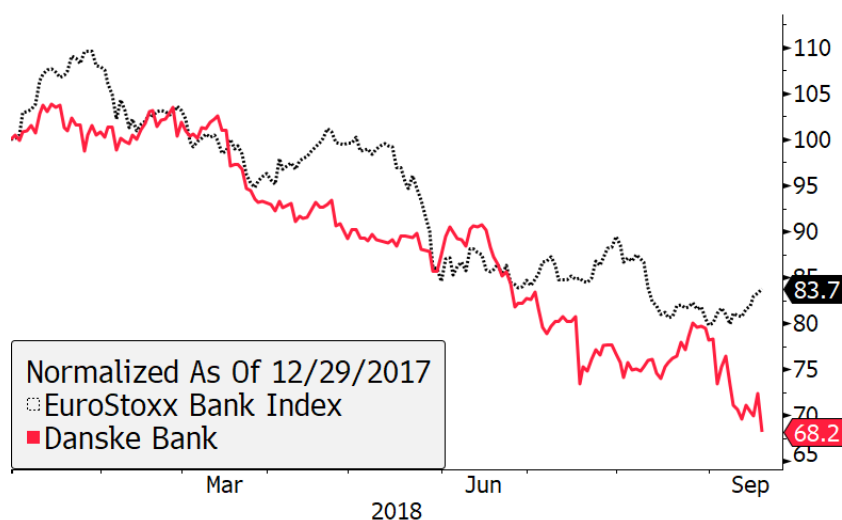
**The EuroStoxx index is up marginally, while its banking sub-index is outperforming (+0.6%).** The broad measure of European banks continues to follow the shape of the yield curve. For example, the German 2- to 10-year yield curve spread is up 10 bps after bottoming out at the start of the month. Since then, the EuroStoxx 600 is down 0.5% but its banking sub-index has gained over 4%.

## Yield Curve and EU Banks



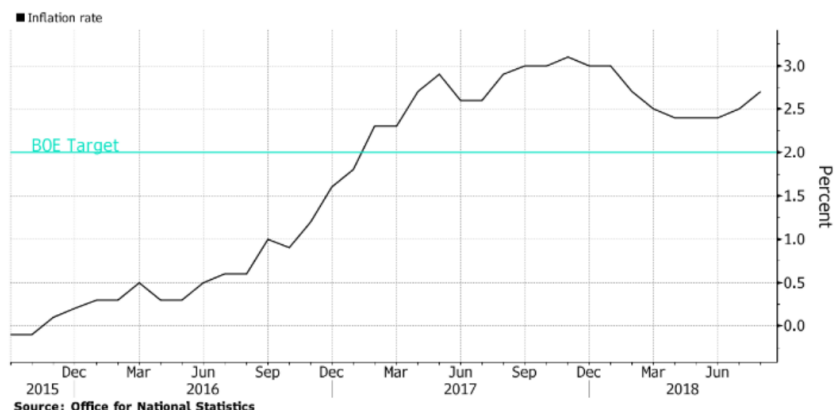
**The big story in European markets this morning is the continued decline of Danske Bank (-5.0%), Denmark's largest bank, as its money laundering investigation develops.** The scandal revolves around "a series of major deficiencies" in the firm's control and governance system of its Estonian branch and Eastern European clients, especially Russians. The bank's CEO has just resigned.

## Danske Bank YTD



## United Kingdom

**A considerable upside surprise in UK inflation propelled sterling back above \$1.32 for the first time since July.** August CPI came in at 2.7% yoy compared with expectations for 2.4% yoy. Rates are up about 3 bps across the curve. There has been no significant change in implied rates or BOE hike expectations as a result.

**U.K. inflation unexpectedly accelerated in August****Other Mature Markets** [back to top](#)**Japan**

**Ten-year bond yields and the yen were little changed after the Bank of Japan kept its policy stance unchanged, as widely expected.** The BoJ maintained its ten-year bond yield target at 0% and kept the short-term interest rate unchanged at -0.1%. Asset purchases of JGBs, ETFs, and J-REITs were also maintained. Two out of nine board members were dissenters in a vote to keep the yield curve settings and forward guidance unchanged. According to a Bloomberg survey, the central bank is expected to maintain the current settings until 2020, as inflation is still far from the 2% target, and a consumption tax hike scheduled for H2 2019 could crimp growth. **Equities rallied on heavy volumes, as investors looked past an escalation of trade tensions.** The Topix index closed 1.5% higher, while the Nikkei index rose 1.1%, led by the energy and tech sectors.

**Lagging Behind**

**For the BOJ, 2% inflation is still a long distance away**



## Emerging Markets

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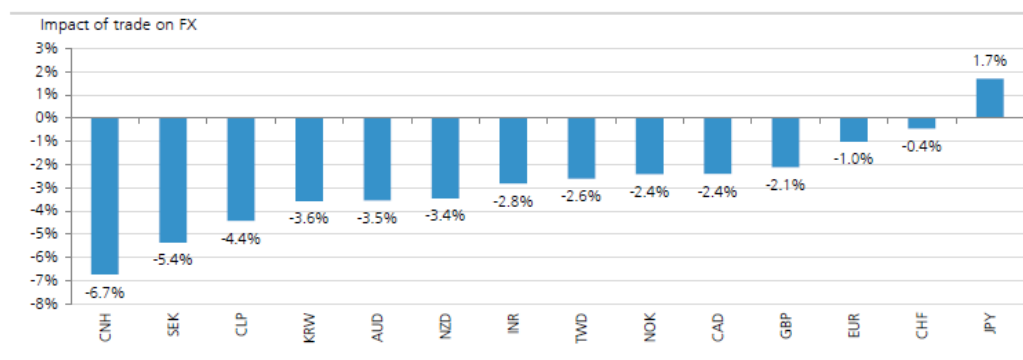
## Key Emerging Market Financial Indicators

| Last updated:<br>9/19/18 7:57 AM             | Level    |        | Change                            |        |         |      | YTD |
|----------------------------------------------|----------|--------|-----------------------------------|--------|---------|------|-----|
|                                              | Last 12m | index  | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Prices/Returns of Major EM Benchmarks</b> |          |        | %                                 |        |         |      | %   |
| MSCI EM Equities                             |          | 41.98  | 1.0                               | 2      | -1      | -8   | -11 |
| MSCI Frontier Equities                       |          | 27.92  | 1.1                               | 1      | -3      | -11  | -16 |
| Hard Currency Sovereign Debt                 |          | 820.36 | 0.0                               | 1      | 0       | -4   | -4  |
| Local Currency Sovereign Debt                |          | 16.08  | 0.2                               | 1      | -2      | -17  | -15 |
| <b>Major EM FX vs. USD</b>                   |          |        | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                               |          | 6.85   | 0.1                               | 0      | 0       | -4   | -5  |
| Indonesian Rupiah                            |          | 14847  | 0.1                               | 0      | -2      | -11  | -8  |
| Indian Rupee                                 |          | 72.37  | 0.5                               | -1     | -4      | -11  | -12 |
| Argentine Peso                               |          | 39.77  | 0.0                               | -4     | -25     | -57  | -53 |
| Brazil Real                                  |          | 4.16   | 0.1                               | 0      | -5      | -25  | -20 |
| Mexican Peso                                 |          | 18.73  | 0.4                               | 2      | 1       | -5   | 5   |
| Russian Ruble                                |          | 66.92  | 0.6                               | 3      | 0       | -13  | -14 |
| South African Rand                           |          | 14.64  | 1.8                               | 2      | -1      | -9   | -15 |
| Turkish Lira                                 |          | 6.28   | 1.7                               | 1      | -3      | -44  | -40 |
| Dollar vs. Mature FX (DXY index)             |          | 94.54  | -0.1                              | 0      | -2      | 3    | 3   |

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

**EM asset prices bounced back (MSCI EM: 1%, EMBIG spread: -3bps) on Tuesday despite the escalation of trade tensions.** Analysts highlight that the market response to the announced trade tariffs, and threats of additional action, suggests that markets had already largely discounted a lot of the negative news on trade issues over the last months and there are expectations of a de-escalation between the US and China over the coming months. European markets were little changed this morning, with most EM currencies slightly stronger against the dollar. The Turkish lira rebounded by 1.5% against the dollar after significant losses in the last two days while the South African rand was also amongst the strongest performers. It gained 1.3% as inflation data for August came in at 4.9% yoy ( versus 5.2% expected).

Figure 1: Impact of trade tensions across global FX

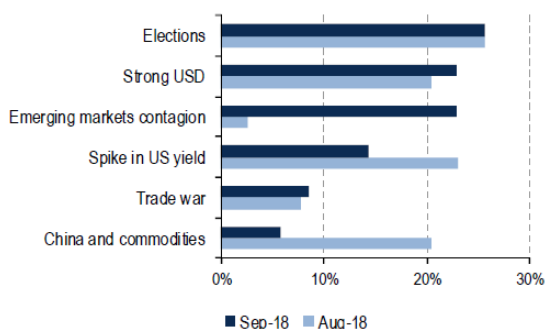


Source: Bloomberg, UBS Calculations. Note: All currencies versus USD.

**In BAML's latest monthly investor survey, elections and a strong USD are still perceived as the biggest tail risks for Latin America.** Compared to last month, there was also a sharp rise of concern about EM contagion (selected by 23% of participants vs. only 3% in August), while concerns over China and commodities subsided. One month away from the **Brazilian** elections, only 23% of participants see more than a 50% chance of a center-right candidate winning the elections in Brazil, and no respondents see

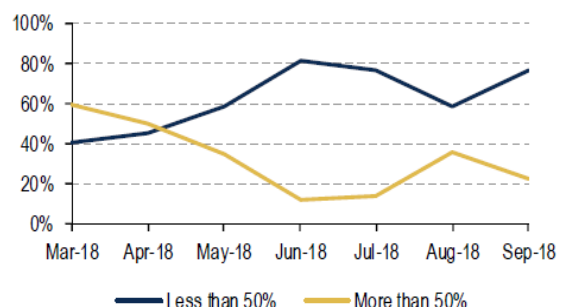
more than a 70% chance. Optimism on social security reform deteriorated: 60% see it approved in 2019 (down from 75% last month) and 26% expect reforms to be approved in 2020 (up from 13% last month). In **Argentina**, 46% of participants plan on maintaining their allocation to Argentina while 14% plan on increasing somewhat. No respondents in the survey are planning to reduce allocations.

Chart 10: What do you consider the biggest tail risk for LatAm markets?



Source: BofA Merrill Lynch LatAm Fund Manager Survey

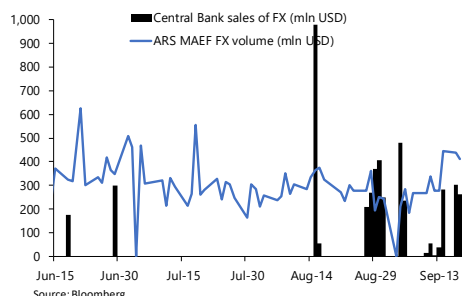
Chart 12: What are the chances of a center-right candidate winning the elections in Brazil?



Source: BofA Merrill Lynch LatAm Fund Manager Survey

## Argentina

**Five-year CDS spreads widened 7 bps and the peso was modestly weaker (-0.6% to 39.76 per dollar) despite continued dollar sales** (\$261 mn on Tuesday and \$301 mn on Monday). Underscoring still thin FX liquidity, central bank dollar sales have accounted for ~40-50% of daily spot volumes over the last few days. Accounts note that the lack FX liquidity is becoming self-reinforcing and is one of the main reasons that offshore accounts are reluctant to participate.



Source: Bloomberg

## China

**Premier Li Keqiang said that China would not devalue the RMB to make its exports more competitive.** The onshore and offshore RMB appreciated 0.2% following the statement and after China announced retaliatory tariffs on \$60 bn of US imports, starting next Monday. **Chinese equities rallied for a second day** (Shenzhen +1.4%, Shanghai +1.1%). Deutsche Bank argues that the so-called national team, a collection of state-backed institutional investors, has been supporting equities after the Shanghai index hit its lowest level since 2014 on Monday.

## Verbal Support

**Premier Li Keqiang says China will never use devaluation to support exports**



## Indonesia

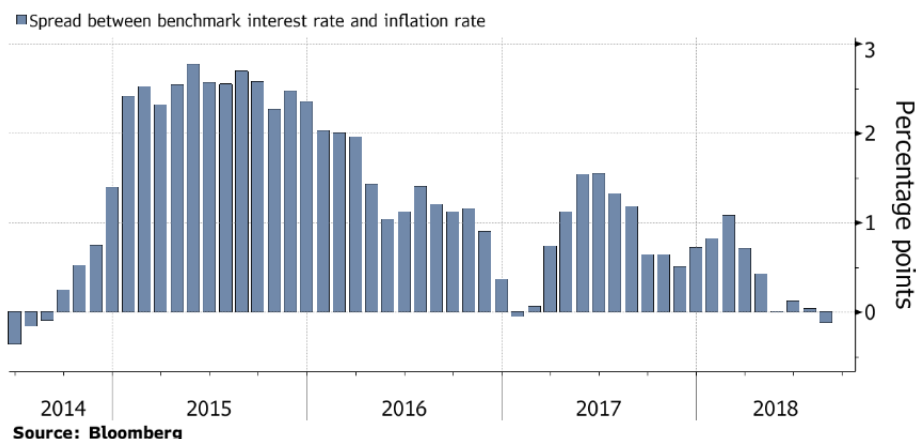
**The ministry of trade stipulated that commodity exporters must convert half of their export earnings into IDaR and retain it onshore for at least six months.** Proceeds from conversion of exporters' dollar earnings into rupiah are required to be deposited at local banks or offshore branches of Indonesian banks. According to the central bank, while exporters repatriated over 90% of earnings in Q2, only 14% were converted into rupiah. The conversion measure is viewed as an attempt by the authorities to counter depreciation pressures on the rupiah, which has been trading at a two-decade low. Analysts stated that while mandatory conversion could counter further depreciation pressures and support the central bank's foreign reserves, the issue of the current account deficit remains. The rupiah depreciated by 0.1%, paring intra-day losses. **IDR bonds rallied, with 10-year yields down 15 bps to 8.2%.** Equities rose 0.8%.

## Thailand

**The Bank of Thailand kept its policy rate unchanged at 1.5%, as expected.** In a departure from the past several meetings, two of the seven monetary policy committee members voted for a 25 bps hike in the policy rate. The policy statement emphasized that the need to maintain an accommodative policy will gradually decrease and that a prolonged period of low rates raises the risk of financial instability. **The Thai baht appreciated 0.4% and equities rose 0.8%.** Bond yields were little changed.

## Negative Real Rate

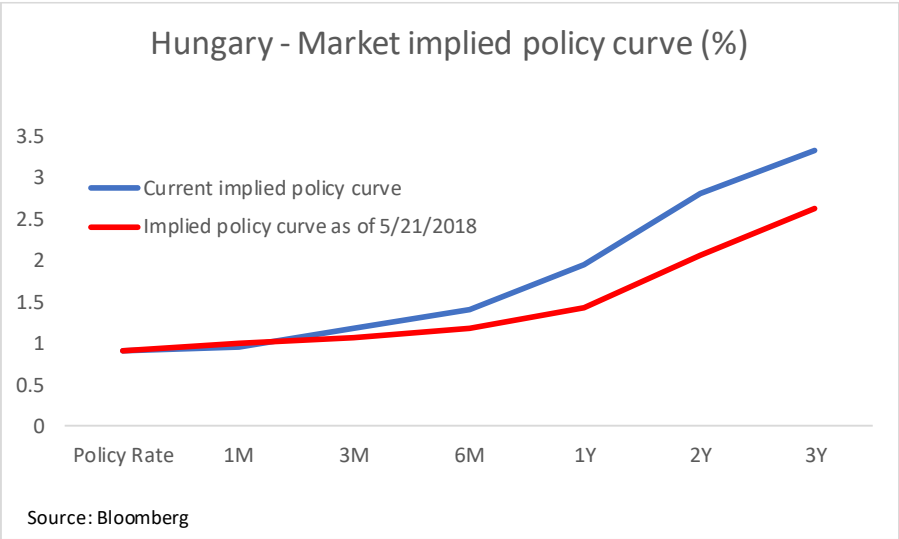
**Thailand's policy rate is now lower than its inflation**



## Hungary



**The central bank kept interest rates unchanged yesterday, as expected.** The three-month and overnight deposit rates thus stay at 0.9% and -0.15%, respectively, for the time being. However, the bank announced a change to its framework, which is expected to lay the foundation for monetary policy tightening in the coming months. The move comes as inflation reached 3.4% yoy in August, above the bank's target of 3%, while wage growth is soaring at over 11% yoy. The revamp of its framework includes a phasing out of the bank's interest rate swap programs and mortgage bond purchases, as well as a close to the benchmark three-month deposit facility by the end of the year. According to analysts, FX swaps and the interest rate corridor are expected to be more prominent instruments while interest rates themselves are expected to rise by approximately 100 bps over the next twelve months. The market reaction was fairly limited. The forint strengthened by 0.3% against the euro yesterday and a further 0.2% this morning as market participants saw the statement as slightly hawkish.






























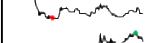

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## Global Financial Indicators

| Last updated:<br>9/19/18 7:57 AM | Level                                                                               |        | Change                           |        |         |      | YTD  |
|----------------------------------|-------------------------------------------------------------------------------------|--------|----------------------------------|--------|---------|------|------|
|                                  | Last 12m                                                                            | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                  |                                                                                     |        | %                                |        |         |      | %    |
| United States                    |    | 2904   | 0.5                              | 1      | 2       | 16   | 9    |
| Europe                           |    | 3354   | -0.1                             | 1      | -1      | -5   | -4   |
| Japan                            |    | 23673  | 1.1                              | 4      | 6       | 17   | 4    |
| China                            |    | 2731   | 1.1                              | 3      | 2       | -19  | -17  |
| Asia Ex Japan                    |    | 69     | 0.9                              | 2      | -1      | -6   | -9   |
| Emerging Markets                 |    | 42     | 1.0                              | 2      | -1      | -8   | -11  |
| <b>Interest Rates</b>            |                                                                                     |        | basis points                     |        |         |      |      |
| US 10y Yield                     |    | 3.05   | -0.7                             | 9      | 19      | 80   | 64   |
| Germany 10y Yield                |    | 0.47   | -0.7                             | 6      | 17      | 2    | 5    |
| Japan 10y Yield                  |    | 0.12   | 0.7                              | 1      | 3       | 9    | 8    |
| UK 10y Yield                     |    | 1.59   | 1.8                              | 10     | 35      | 26   | 40   |
| <b>Credit Spreads</b>            |                                                                                     |        | basis points                     |        |         |      |      |
| US Investment Grade              |    | 101    | -0.2                             | -2     | 0       | -6   | 9    |
| US High Yield                    |    | 327    | -5.5                             | -12    | -22     | -56  | -48  |
| Europe IG                        |    | 60     | -0.1                             | -2     | -11     | 10   | 15   |
| Europe HY                        |    | 279    | -0.6                             | -4     | -25     | 60   | 46   |
| EMBIG Sovereign Spread           |   | 355    | 0.0                              | -17    | -10     | 68   | 70   |
| <b>Exchange Rates</b>            |                                                                                     |        | %                                |        |         |      |      |
| Dollar Index (DXY)               |  | 94.54  | -0.1                             | 0      | -2      | 3    | 3    |
| USDEUR                           |  | 1.17   | 0.1                              | 0      | 2       | -3   | -3   |
| USDJPY                           |  | 112.3  | 0.0                              | -1     | -2      | -1   | 0    |
| EM FX vs. USD                    |  | 61.3   | 0.4                              | 1      | -1      | -13  | -12  |
| <b>Commodities</b>               |                                                                                     |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)      |  | 79     | -0.1                             | -1     | 10      | 43   | 18   |
| Industrials Metals (index)       |  | 117    | 0.5                              | 0      | 0       | -8   | -16  |
| Agriculture (index)              |  | 41     | 0.5                              | -3     | -7      | -16  | -14  |
| <b>Implied Volatility</b>        |                                                                                     |        | %                                |        |         |      |      |
| VIX Index (% change in pp)       |  | 12.6   | -0.2                             | -0.5   | 0.0     | 2.5  | 1.6  |
| 10y Treasury Volatility Index    |  | 3.4    | 0.1                              | -0.2   | -0.5    | -0.7 | -0.2 |
| Global FX Volatility             |  | 8.6    | 0.0                              | -0.4   | -0.4    | -0.1 | 1.2  |
| <b>EA Sovereign Spreads</b>      |                                                                                     |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                           |  | 410    | 1.9                              | 1      | -24     | -144 | -2   |
| Italy                            |  | 283    | 3.8                              | -12    | -29     | 78   | 81   |
| Portugal                         |  | 187    | 1.7                              | 1      | 2       | -55  | -7   |
| Spain                            |  | 151    | 0.6                              | 5      | 6       | -5   | -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>9/19/2018<br>7:57 AM | Exchange Rates |        |                        |        |         |      |     | Local Currency Bond Yields (GBI EM) |        |                          |        |         |      |     |
|---------------------------------------|----------------|--------|------------------------|--------|---------|------|-----|-------------------------------------|--------|--------------------------|--------|---------|------|-----|
|                                       | Level          |        | Change (in %)          |        |         |      |     | Level                               |        | Change (in basis points) |        |         |      |     |
|                                       | Last 12m       | Latest | 1 Day                  | 7 Days | 30 Days | 12 M | YTD | Last 12m                            | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD |
|                                       | vs. USD        |        | (+ ) = EM appreciation |        |         |      |     | % p.a.                              |        |                          |        |         |      |     |
| China                                 |                | 6.85   | 0.1                    | 0.1    | 0       | -4   | -5  |                                     | 3.6    | -0.6                     | 5      | 14      | -8   | -33 |
| Indonesia                             |                | 14847  | 0.1                    | -0.4   | -2      | -11  | -8  |                                     | 8.7    | -4.6                     | 0      | 63      | 193  | 205 |
| India                                 |                | 72     | 0.5                    | -0.6   | -4      | -11  | -12 |                                     | 8.3    | 0.0                      | 7      | 29      | 134  | 82  |
| Philippines                           |                | 54     | 0.0                    | -0.3   | -1      | -6   | -7  |                                     | 6.2    | 1.8                      | 21     | 22      | 137  | 138 |
| Thailand                              |                | 32     | 0.4                    | 0.8    | 2       | 2    | 0   |                                     | 2.9    | 2.9                      | 8      | 14      | 66   | 61  |
| Malaysia                              |                | 4.14   | -0.1                   | 0.0    | -1      | 1    | -2  |                                     | 4.1    | -1.1                     | -2     | 5       | 29   | 22  |
| Argentina                             |                | 40     | 0.0                    | -3.6   | -25     | -57  | -53 |                                     | 24.9   | 0.9                      | 31     | 237     | 982  | 890 |
| Brazil                                |                | 4.16   | 0.1                    | 0.0    | -5      | -25  | -20 |                                     | 10.6   | 17.3                     | 4      | 53      | 184  | 158 |
| Chile                                 |                | 683    | 0.1                    | 0.8    | -2      | -9   | -10 |                                     | 4.8    | -1.6                     | -2     | -1      | 39   | -1  |
| Colombia                              |                | 3014   | 0.0                    | 1.0    | 1       | -4   | -1  |                                     | 6.6    | -3.2                     | -2     | 2       | 25   | 34  |
| Mexico                                |                | 18.73  | 0.4                    | 1.5    | 1       | -5   | 5   |                                     | 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     | -0.1                   | -0.9   | -4      | -13  | -13 |                                     | 11.4   | -5.1                     | -37    | 98      |      | 280 |
| Hungary                               |                | 277    | 0.2                    | 1.0    | 2       | -7   | -6  |                                     | 2.6    | -0.1                     | 5      | -2      | 94   | 134 |
| Poland                                |                | 3.68   | 0.0                    | 0.8    | 2       | -3   | -5  |                                     | 2.6    | -1.0                     | -4     | 4       | -2   | -9  |
| Romania                               |                | 4.0    | 0.1                    | 0.1    | 2       | -4   | -2  |                                     | 4.3    | 0.0                      | -3     | -12     | 152  | 49  |
| Russia                                |                | 66.9   | 0.6                    | 3.0    | 0       | -13  | -14 |                                     | 8.5    | -2.8                     | -28    | 32      | 99   | 120 |
| South Africa                          |                | 14.6   | 1.8                    | 2.2    | -1      | -9   | -15 |                                     | 9.7    | -4.1                     | -5     | 9       | 49   | 38  |
| Turkey                                |                | 6.28   | 1.7                    | 1.1    | -3      | -44  | -40 |                                     | 21.6   | -116.5                   | -104   | -167    | 1098 | 962 |
| US (DXY; 5y UST)                      |                | 95     | -0.1                   | -0.3   | -2      | 3    | 3   |                                     | 2.89   | 2.1                      | 7      | 12      | 112  | 69  |
|                                       | Equity Markets |        |                        |        |         |      |     | Bond Spreads on USD Debt (EMBIG)    |        |                          |        |         |      |     |
|                                       | Level          |        | Change (in %)          |        |         |      |     | Level                               |        | Change (in basis points) |        |         |      |     |
|                                       | Last 12m       | Latest | 1 Day                  | 7 Days | 30 Days | 12 M | YTD | Last 12m                            | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD |
|                                       |                |        |                        |        |         |      |     | basis points                        |        |                          |        |         |      |     |
| China                                 |                | 2731   | 1.1                    | 3      | 2       | -19  | -17 |                                     | 184    | 2                        | -4     | -1      | 35   | 32  |
| Indonesia                             |                | 5874   | 1.1                    | 1      | 2       | 0    | -8  |                                     | 195    | 1                        | -14    | 0       | 27   | 29  |
| India                                 |                | 37121  | -0.5                   | -1     | -2      | 15   | 9   |                                     | 163    | -4                       | -11    | 7       | 34   | 53  |
| Philippines                           |                | 7221   | -0.9                   | -3     | -5      | -12  | -16 |                                     | 95     | -1                       | -10    | -14     | 6    | 0   |
| Malaysia                              |                | 1801   | 0.4                    | 1      | 1       | 1    | 0   |                                     | 130    | 3                        | -6     | -5      | 0    | 20  |
| Argentina                             |                | 32106  | 3.0                    | 10     | 22      | 33   | 7   |                                     | 654    | -1                       | -44    | -19     | 273  | 304 |
| Brazil                                |                | 78314  | 2.0                    | 5      | 3       | 3    | 3   |                                     | 327    | 0                        | 0      | 27      | 81   | 93  |
| Chile                                 |                | 5354   | -0.2                   | 3      | 2       | 3    | -4  |                                     | 130    | 0                        | -11    | -13     | 3    | 11  |
| Colombia                              |                | 1510   | 1.0                    | 2      | -1      | 1    | 0   |                                     | 175    | 0                        | -9     | -8      | -13  | 1   |
| Mexico                                |                | 49662  | 0.5                    | 2      | 3       | -1   | 1   |                                     | 266    | 1                        | -13    | -13     | 26   | 21  |
| Peru                                  |                | 18885  | 0.6                    | 1      | -3      | 4    | -5  |                                     | 136    | -1                       | -9     | -19     | -3   | -1  |
| Hungary                               |                | 36016  | -0.3                   | 0      | -1      | -6   | -9  |                                     | 108    | -1                       | -7     | -25     | 16   | 20  |
| Poland                                |                | 57735  | 0.4                    | 2      | -1      | -11  | -9  |                                     | 42     | -4                       | -12    | -29     | -8   | -5  |
| Romania                               |                | 8302   | 0.2                    | 0      | 1       | 4    | 7   |                                     | 174    | -4                       | -12    | -10     | 51   | 60  |
| Russia                                |                | 2407   | 0.2                    | 3      | 7       | 17   | 14  |                                     | 231    | 1                        | -16    | -11     | 58   | 53  |
| South Africa                          |                | 56179  | -0.4                   | 0      | -1      | 0    | -6  |                                     | 327    | 0                        | -30    | -3      | 64   | 73  |
| Turkey                                |                | 95461  | 0.6                    | 4      | 8       | -9   | -17 |                                     | 470    | 0                        | -77    | -70     | 188  | 181 |
| Ukraine                               |                | 538    | -0.3                   | 2      | 4       | 85   | 71  |                                     | 550    | -1                       | -35    | -34     | 106  | 95  |
| EM total                              |                | 25     | 1.0                    | 2      | 0       | -4   | -5  |                                     | 355    | 0                        | -17    | -10     | 68   | 70  |

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