











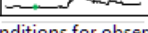


- US stocks post best August since 1986, with most concentrated rally since 2002 ([link](#))
- Fed's MBS purchase since March topped \$1 tn, holding 30% of the MBS market ([link](#))
- ECB easing expectations rise as chief economist draws attention to strong euro ([link](#))
- Australia entered its first recession in nearly three decades ([link](#))
- Nigerian central bank to resume FX sales ([link](#))
- Romanian minority government survives attempted no-confidence vote ([link](#))
- **SPECIAL FEATURE: Introducing the Emerging and Frontier Markets Issuance Monitor** (see attached email)

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## Markets cling to summer as the rally marches on

Building off the strength of yesterday's ISM release in the US and continued accommodative statements from advanced central banks, the rally in equity markets is continuing in earnest so far today. Following what was the strongest August for US stocks since 1986, September has begun on a similar note. After a positive performance yesterday, markets are once again pointing higher, with European equities over 2% higher so far and US equity futures indicating a 1% gain. The dollar ended its weakening trend yesterday, and is advancing once again today after the ECB's chief economist called attention to concerns about a stronger euro. Most emerging market currencies are depreciating on the dollar move despite the risk-on sentiment. European sovereign bond yields are lower this morning while US treasuries are essentially unchanged.

| Key Global Financial Indicators      |   |        |                          |        |         |      |      |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|------|
| Last updated:<br>9/2/20 8:04 AM      | Level   |        | Change from Market Close |        |         |      |      |
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD  |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %    |
| S&P 500                              |  | 3527   | 0.8                      | 2      | 8       | 21   | 9    |
| Eurostoxx 50                         |  | 3352   | 2.3                      | 0      | 6       | -2   | -10  |
| Nikkei 225                           |  | 23247  | 0.5                      | 0      | 7       | 13   | -2   |
| MSCI EM                              |  | 45     | 1.7                      | 0      | 5       | 13   | 1    |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |      |
| US 10y Yield                         |  | 0.68   | 0.8                      | -1     | 15      | -82  | -124 |
| Germany 10y Yield                    |  | -0.45  | -3.4                     | -4     | 7       | 25   | -27  |
| EMBIG Sovereign Spread               |  | 410    | -9                       | -11    | -30     | 57   | 117  |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |      |
| EM FX vs. USD, (+) = appreciation    |  | 55.4   | -0.3                     | 1      | 0       | -8   | -10  |
| Dollar index, (+) = \$ appreciation  |  | 92.7   | 0.4                      | 0      | -1      | -6   | -4   |
| Brent Crude Oil (\$/barrel)          |  | 45.9   | 0.7                      | 1      | 6       | -22  | -30  |
| VIX Index (% change in pp)           |  | 25.9   | -0.3                     | 3      | 1       | 7    | 12   |

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

## United States

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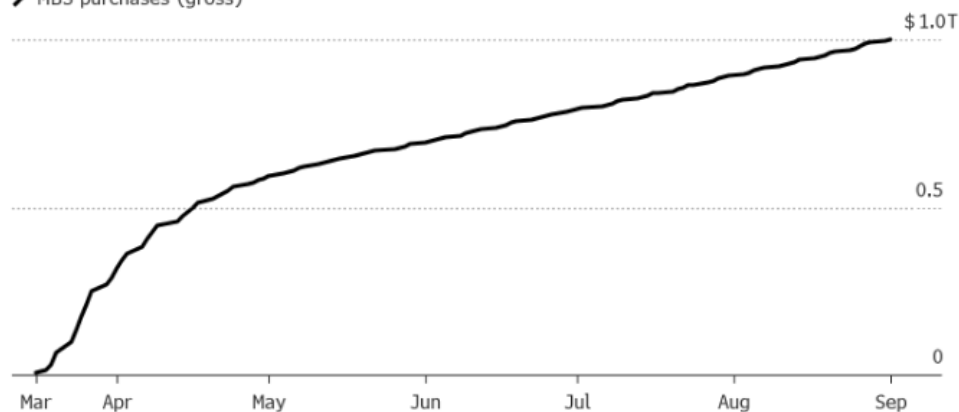
### United States

**US stocks continued to rally yesterday on the strong ISM report and tech rally.** The ISM manufacturing index rose more than expected to 56 in August, the highest print since Nov 2018, with the new order component jumping to 67.6, the highest since 2004. The S&P 500 gained 0.75% with the NASDAQ up 1.4%, both at fresh record highs. Over August, the S&P 500 gained 7.2% in total returns, the best August since 1986. BAML analysts highlighted that **the August rally is the most concentrated one since 2002.** The FAANG gained 13% on average and the top 50 firms by market cap rose nearly 10%, far outpacing the 3.8% from the other 450 firms. In the Treasury market, the long-rate led curve flattening extended for a second day, with the 10-year yield down 3 bps to 0.67% and 30-year yield down 5 bps to 1.42%. The fairly strong move was attributed to the Fed's Treasury purchase operation (which targeted 20- and 30-year Treasury coupon for \$1.75 bn), as well as Governor Brainard's speech which was seen as more dovish than expected. She reiterated that fiscal policy is key to sustain the recovery, and "it will be important for monetary policy to pivot from stabilization to accommodation" in the coming months.

**The Fed's MBS purchases since March topped \$1 tn, and it now holds 30% of the MBS market.** Analysts have generally raised the MBS net supply forecast this year to around \$400 bn, which would be the highest since 2009. If the Fed continues the current purchase pace at \$100 bn per month, by year end, the Fed is expected to hold 34% of the total market, matching the peak during QE3. In comparison, the Fed's total Treasury purchases since March reached \$1.8 tn, and total holding is just shy of 1/5 of the Treasury market.

#### Federal Reserve mortgage-bond purchases reach \$1 trillion in under six months

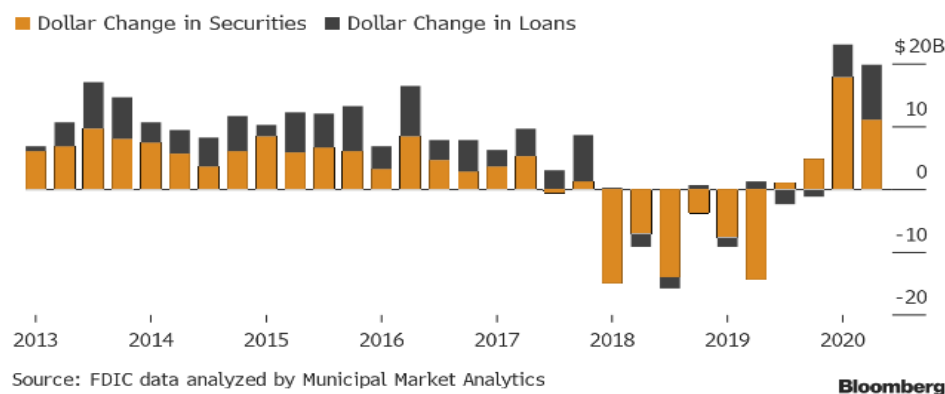
✓ MBS purchases (gross)



Source: Federal Reserve Bank of New York

Bloomberg

**US banks loaded up on municipal debt amid record market volatility.** In contrast to the previous two years when US banks were shedding muni debt due to the 2017 tax changes, bank holdings of muni debt grew \$42 bn in the first half of this year, of which \$13.8 bn was through direct loans. During the March rout, municipal debt market saw extreme price swings, leaving many securities at deep discounts. The MBS index yield is now trading back at the February level of around 1.3%, down from the peak of 3.5% during March. The Fed's Municipal Liquidity Facility holds \$16.5 bn of muni debt as of last week.



## Europe

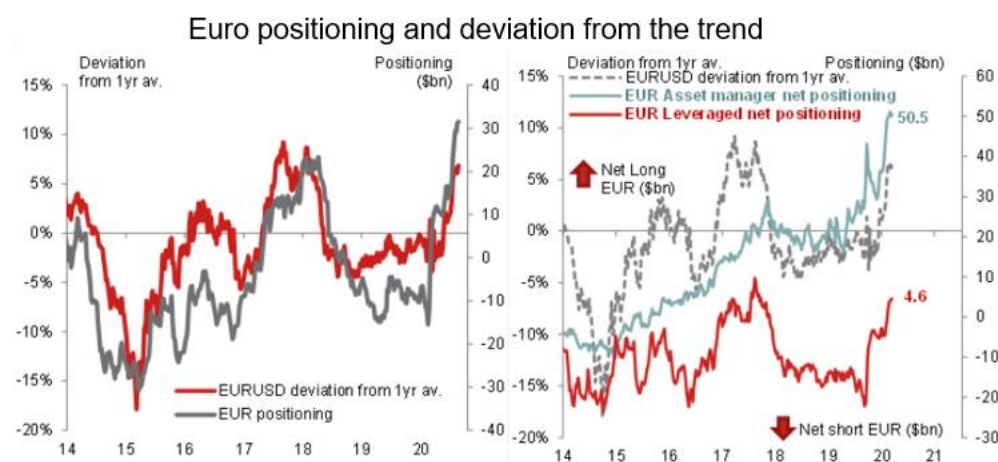
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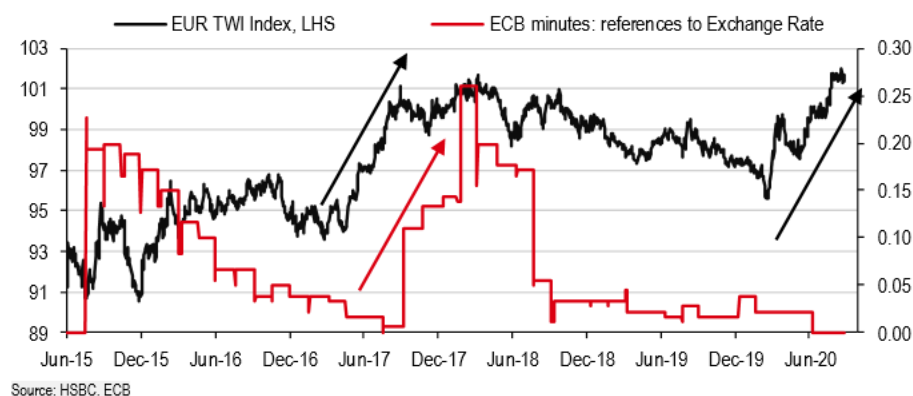
**Equities in Europe are trading higher** with stock indices outperforming in Germany (+2.3%) and Italy (+2.3%).

**German bund yields fell 3bps and Southern European spreads tightened 2-3bps with the exception of Greece, where spreads are unchanged.** The euro (-0.5%) extended yesterday's slide against the dollar and the sterling is unchanged on better housing market data.

**The ECB chief economist Philip Lane poured water on the euro rally as the currency traded above the 1.20 mark against the dollar.** While speaking at an online conference, the ECB chief economist stated that "the euro-dollar rate does matter" and suggested that a stronger euro will lead to response by the ECB. The market saw those remarks as a verbal intervention and after trading briefly above the 1.20 mark against the dollar, the euro fell back to as low as 1.1850 (-1.20%) this morning.

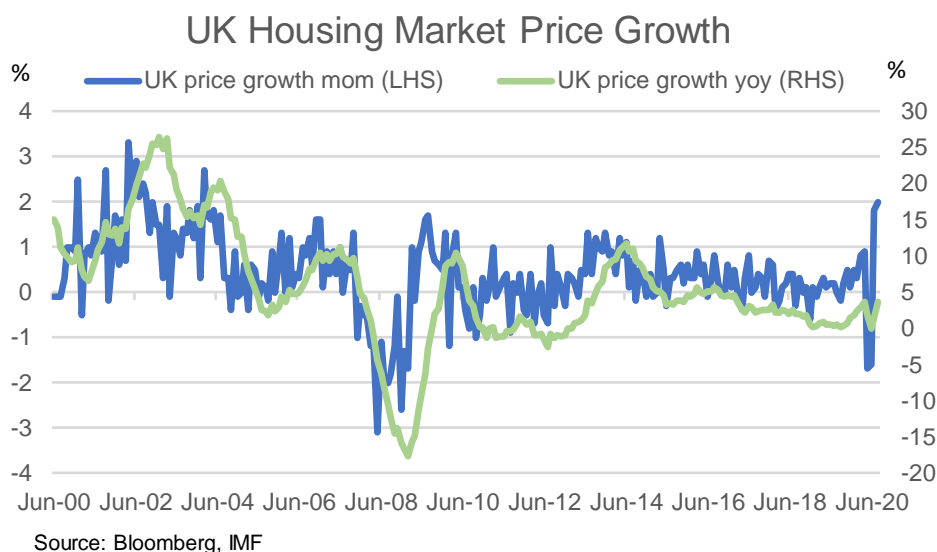
Market contact opinions vary with regards to medium-term implication of ECB's comments. Some traders suggest that a short-term correction is just normal profit taking given the extent of current positioning and the move is likely to continue due to the broader dollar strength, at least until ECB eases policy by the year-end. Others point out that this could mark the shift in the rhetoric and together with the narrowing gap between the U.S. and the Eurozone data surprises, could put a cap on further appreciation of the euro. **Contacts agree that comments further increase the uncertainty around ECB policy action during its next meeting on the 10th September.**





**The U.K. housing prices grew at the strongest pace in 16 years at 2% mom in August (3.7% yoy).**

The price increase reversed the May-June losses and pushed the average prices to all-time high. The recovery in the housing market comes amid the stamp duty holiday that began in July and will last until March 2021. Mortgage approvals also recovered to the pre-Covid levels in July at 66k per month. Market analyst suggest that these dynamics are unlikely to last as the pent-up demand dissipates and the government support measures, including wage support and mortgage repayment holidays, are set to expire on the 31st of October.



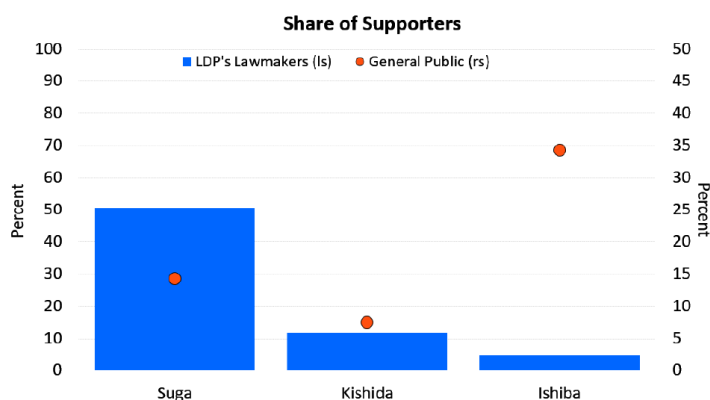
## Other Mature Markets

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### Japan

**Economic policies are expected to remain broadly similar in the post-Abe era.** The ruling Liberal Democratic Party's leadership race is heating up, although no one has yet officially thrown their hat into the ring. Market analysts see that none of the likely main contenders will significantly change the direction of economic policies as the immediate objective is to steer Japan out of the crisis. Market movements became more stabilized in recent trading sessions as market participants expect no major shifts in fiscal and monetary policies. Traders initially unwound their long yen position following the news of Prime Minister Abe's plan to resign. Equities gained (+0.5%) today and the yen depreciated (-0.2%).

## LDP Lawmaker Support Vs Popularity



Source: Bloomberg based on Local Media Reports and Bloomberg Economics.

## Australia

**Australia entered its first recession in nearly three decades.** Real GDP dropped 7.0% q/q in 2020Q2, following a 0.3% q/q decline in Q1. The contraction was larger than expected (-6% q/q), affected by Victoria state's renewed COVID-19 outbreak and lockdown. Australia's early lifting of restrictions and reopening of its economy is now being offset by an almost two-month lockdown in Melbourne, the nation's second-largest city. This significantly delays the economy's recovery. The Reserve Bank of Australia continues maintaining an accommodative monetary stance (see monetary policy decision in GMM yesterday), while the government extended the labor market assistance scheme. Equities gained (+1.8%); Australia dollar depreciated (-0.4%).

## Recession Hits

**Australian economy in first technical recession since 1991**



Source: Bloomberg.

## Emerging Markets

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**Asian stock markets were mixed today**, with Malaysian (+1.0%) and Korean (+0.6%) leading the gains, while Philippine equities underperformed (-1.1%). **In the Philippines**, the decline in share prices was driven by property developers (including commercial real estate) amid fear of a weak economic recovery. **Most currencies were little changed, except the Indonesian rupiah and Thai baht that depreciated** (see below). **In Hong Kong SAR**, the Hong Kong Monetary Authority continues intervening to prevent the Hong Kong dollar (HKD) from strengthening beyond the permitted band, adding 12.1 billion HKD (\$1.57 billion) into the banking system. Total intervention amounted to \$26.6 billion. **EMEA equities gained** but posted smaller gains than euro area stocks. Stocks traded 0.5-1% higher in Poland, South Africa, Hungary, the

Czech Republic and Russia. The Russian ruble and South African rand weakened 0.5% against the U.S. dollar whereas the Hungarian forint and Polish zloty fell 0.5% against the euro. **Latin American markets** were mixed on Tuesday. Colombia and Brazil outperformed as the equity index rose 3.3% and 2.8%, respectively, followed by Mexico (+1.8%), while Argentina and Chile saw losses. Local currencies were mostly stronger. The Brazilian real was the best performer, appreciating 1.8% against the dollar, followed by the Colombian peso (+1.7%) and the Chilean peso. 10-year government bond yields dropped 26 bps in Colombia and were mostly lower in other countries.

Key Emerging Market Financial Indicators

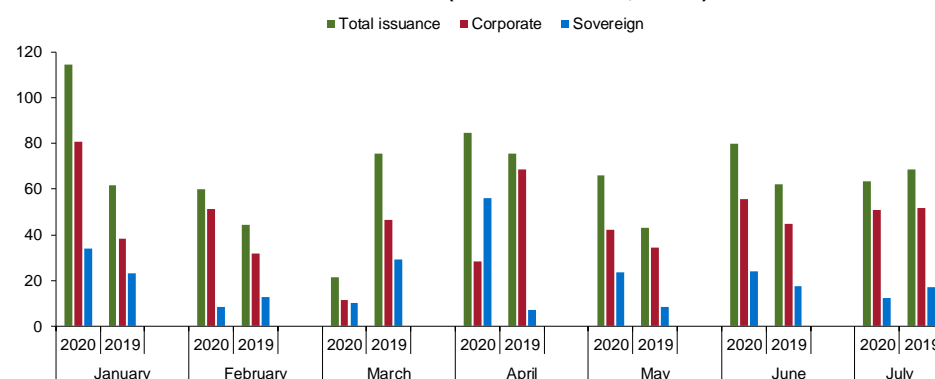
| Last updated:<br>9/2/20 8:07 AM | Level    |       | Change                            |        |         |      | YTD |
|---------------------------------|----------|-------|-----------------------------------|--------|---------|------|-----|
|                                 | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Major EM Benchmarks</b>      |          |       | %                                 |        |         |      | %   |
| MSCI EM Equities                |          | 45.30 | 1.0                               | 0      | 5       | 13   | 1   |
| MSCI Frontier Equities          |          | 25.84 | 1.2                               | 3      | 8       | -10  | -15 |
| EMBIG Sovereign Spread (in bps) |          | 410   | -9                                | -11    | -30     | 57   | 117 |
| EM FX vs. USD                   |          | 55.39 | -0.3                              | 1      | 0       | -8   | -10 |
| <b>Major EM FX vs. USD</b>      |          |       | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                  |          | 6.83  | 0.0                               | 1      | 2       | 5    | 2   |
| Indonesian Rupiah               |          | 14745 | -1.2                              | 0      | -1      | -4   | -6  |
| Indian Rupee                    |          | 73.03 | -0.2                              | 2      | 3       | -2   | -2  |
| Argentine Peso                  |          | 74.25 | -0.1                              | -1     | -2      | -25  | -19 |
| Brazil Real                     |          | 5.42  | -0.4                              | 4      | -2      | -23  | -26 |
| Mexican Peso                    |          | 21.84 | -0.3                              | 0      | 4       | -8   | -13 |
| Russian Ruble                   |          | 74.15 | -0.7                              | 2      | -1      | -10  | -16 |
| South African Rand              |          | 16.79 | -0.8                              | 1      | 2       | -9   | -17 |
| Turkish Lira                    |          | 7.38  | -0.2                              | 0      | -6      | -21  | -19 |
| EM FX volatility                |          | 11.25 | 0.0                               | 0.1    | 1.0     | 2.4  | 4.7 |

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

## EM Bond Issuance

**EM corporate issuance for last week declined to \$6.3 bn, from \$7.6 bn the week before, and EM sovereign issuance edged up to \$5.0 bn last week while there was no sovereign issuance the week before.** The combined year to date total issuance of \$525.7 bn was around 19% higher than the 2019 issuance over the same period (\$440.5 bn). From a regional perspective, China was the largest EM corporate debt issuer last week, accounting for 41% (\$2.5 bn) of the total, followed by Qatar (\$1.5 bn) and Hong Kong (\$0.8 bn). Last week's sovereign issuance was placed by the UAE (\$5.0 bn).

EM bond issuance (2020 versus 2019, in \$bn)



Source: Bond Radar, Bloomberg



## Indonesia

**Pressures on government bonds and the currency continued due to concerns about the draft bill that could weaken Bank Indonesia's autonomy.** The draft bill, which was prepared by a panel of experts and will now be discussed by various parliamentary committees, recommends several sweeping changes to the 1999 Central Bank Act. Key changes include: (i) widening the central bank's mandate to include supporting economic growth and jobs; (ii) creating a new monetary council led by the finance minister to coordinate policy with the government; and (iii) adding ministers to the bank's interest rate-setting board. To provide support to the economy, the government earlier this year scrapped a budget deficit ceiling of 3% of GDP; meanwhile, Bank Indonesia agreed to buy bonds directly from the government. The 10-year government bond yield increased 7 bps; the rupiah depreciated (-1.2%); equities were little changed.

### Under Pressure

**Indonesia's rupiah, bonds have come under selling pressure as the pandemic raged**

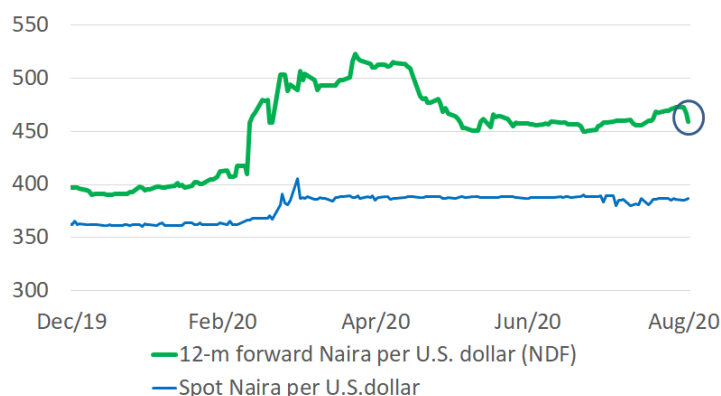


Source: Bloomberg

## Nigeria

**The naira has strengthened almost 3% in forward markets after the central bank of Nigeria (CBN) announced that it plans to resume sales of foreign currency to traders from 7 September.** The CBN had suspended dollar sales to bureau de change operators in March. Nigeria is also expected to ease lockdown measures as international flights resume. The central bank plans to sell at 384 naira per U.S. dollar to dealers, who will then sell at 386 naira to end users. The naira also appreciated in street trading, appreciating 8% to 440 naira per dollar on Tuesday from a peak of 477 naira last week.

### Nigeria: Spot currency and 12-months forwards

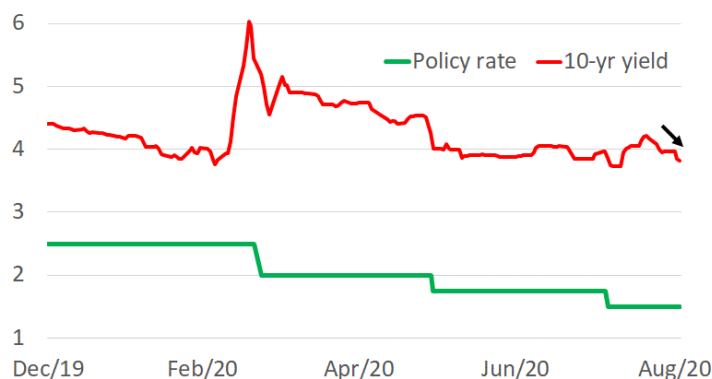


Source: Bloomberg

## Romania

The minority government of PM Orban survived an attempted no-confidence vote after only 226 legislators out of minimum 233 required for a quorum showed up in parliament yesterday. Romania's two-house parliament has 465 legislators. The opposition Social Democrats claimed last week to have the support necessary to pass the motion. In the past 5 days, equities have gained 2.3% as the leu was little changed against the euro. **10-yr yields are trading 40 bps below their summer high of 4.21%.** The central bank cut its policy rate 25 bps to 1.5% on 6 August citing extremely high uncertainty. Headline inflation was 2.8% yoy in July.

Romania: Local currency bond yield and policy rate



Source: Bloomberg

## Chile

**Chile's central bank kept its policy rate unchanged at 0.50% in a unanimous vote, in line with market expectations.** The central bank expected to hold the benchmark rate for most of two years but saying further actions would be considered if needed. Also, the central bank pointed out that the economy began to pick up, while emphasizing concerns on labor-market deteriorations. Chilean risky assets were quiet on Tuesday, as the equity index fell 0.4% on the day, and the peso appreciated 0.7% against the dollar.

### Key Rate Unchanged

MPR stays at 'technical low' even as inflation bets recover



Source: Bloomberg

## Thailand

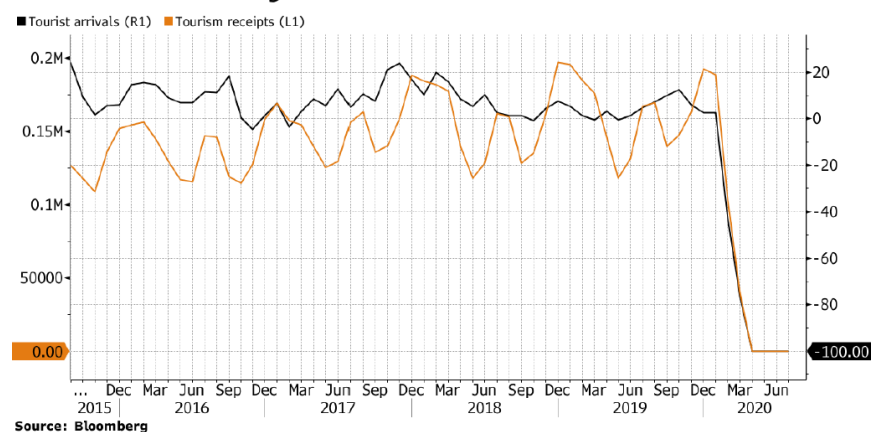
**Finance Minister Predee Daochai resigned yesterday, injecting more uncertainty to the economy that has faced a significant blow from the coronavirus.** Finance Minister Predee resigned unexpectedly, citing health reasons, less than one month after taking the office. Prime Minister Prayuth Chan-Ocha said that the Finance Minister's departure will not affect economic policy. However, market analysts were



concerned as the departure could delay implementation of government spending that is critically needed to support economic activity at the moment. Political risk has also increased, with large demonstrations in recent weeks. Meanwhile, the economy, which significantly relies on tourism, has suffered from zero tourists since May. The Thai baht depreciated (-0.6%); equities gained (+0.6%).

### Zero Arrivals

Thailand has had no foreign tourists for 4 months



## List of GMM Contributors

*Global Markets Analysis Division, MCM Department*

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|  |   |  |
|--|---|--|
| <b>Anna Ilyina</b><br><i>Division Chief</i>                    | <b>Dimitris Drakopoulos</b><br><i>Financial Sector Expert</i>   | <b>Patrick Schneider</b><br><i>Research Officer</i>              |
| <b>Will Kerry</b><br><i>Deputy Division Chief</i>              | <b>Rohit Goel</b><br><i>Financial Sector Expert</i>             | <b>Jochen Schmittmann</b><br><i>Senior Economist</i>             |
| <b>Evan Papageorgiou</b><br><i>Deputy Division Chief</i>       | <b>Sanjay Hazarika</b><br><i>Senior Financial Sector Expert</i> | <b>Can Sever</b><br><i>Economist (Economist Program)</i>         |
| <b>Sergei Antoshin</b><br><i>Senior Economist</i>              | <b>Frank Hespeler</b><br><i>Senior Financial Sector Expert</i>  | <b>Juan Solé</b><br><i>Senior Economist</i>                      |
| <b>John Caparusso</b><br><i>Senior Financial Sector Expert</i> | <b>Henry Hoyle</b><br><i>Financial Sector Expert</i>            | <b>Jeffrey Williams</b><br><i>Senior Financial Sector Expert</i> |
| <b>Yingyuan Chen</b><br><i>Financial Sector Expert</i>         | <b>Mohamed Jaber</b><br><i>Senior Financial Sector Expert</i>   | <b>Akihiko Yokoyama</b><br><i>Senior Financial Sector Expert</i> |
| <b>Han Teng Chua</b><br><i>Economic Analyst</i>                | <b>Phakawa Jeasakul</b><br><i>Senior Economist</i>              | <b>Piyusha Khot</b><br><i>Research Assistant</i>                 |
| <b>Fabio Cortés</b><br><i>Senior Economist</i>                 | <b>Dmitri Petrov</b><br><i>Financial Sector Expert</i>          | <b>Xingmi Zheng</b><br><i>Research Assistant</i>                 |
| <b>Reinout De Bock</b><br><i>Economist</i>                     | <b>Thomas Piontek</b><br><i>Financial Sector Expert</i>         |  |

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## Global Financial Indicators

| Last updated:<br>9/2/20 8:05 AM | Level    |        | Change                           |        |         |       | YTD  |
|---------------------------------|----------|--------|----------------------------------|--------|---------|-------|------|
|                                 | Last 12m | Latest | 1 Day                            | 7 Days | 30 Days | 12 M  |      |
| Equities                        |          |        |                                  |        |         |       |      |
|                                 |          |        | %                                |        |         |       | %    |
| United States                   |          | 3540   | 0.8                              | 2      | 8       | 21    | 10   |
| Europe                          |          | 3352   | 2.3                              | 0      | 6       | -2    | -10  |
| Japan                           |          | 23247  | 0.5                              | 0      | 7       | 13    | -2   |
| China                           |          | 3405   | -0.2                             | 2      | 3       | 16    | 12   |
| Asia Ex Japan                   |          | 79     | 1.7                              | 0      | 6       | 21    | 8    |
| Emerging Markets                |          | 45     | 1.7                              | 0      | 5       | 13    | 1    |
| Interest Rates                  |          |        |                                  |        |         |       |      |
|                                 |          |        | basis points                     |        |         |       |      |
| US 10y Yield                    |          | 0.68   | 0.8                              | -1     | 15      | -82   | -124 |
| Germany 10y Yield               |          | -0.45  | -3.4                             | -4     | 7       | 25    | -27  |
| Japan 10y Yield                 |          | 0.04   | -0.4                             | 0      | 2       | 31    | 5    |
| UK 10y Yield                    |          | 0.26   | -4.0                             | -5     | 15      | -16   | -57  |
| Credit Spreads                  |          |        |                                  |        |         |       |      |
|                                 |          |        | basis points                     |        |         |       |      |
| US Investment Grade             |          | 126    | -2.2                             | -4     | -6      | -8    | 28   |
| US High Yield                   |          | 504    | -0.9                             | -10    | -29     | 22    | 111  |
| Europe IG                       |          | 50     | -1.8                             | -4     | -8      | 1     | 6    |
| Europe HY                       |          | 303    | -8.6                             | -21    | -56     | 50    | 95   |
| EMBIG Sovereign Spread          |          | 410    | -9.0                             | -11    | -30     | 57    | 117  |
| Exchange Rates                  |          |        |                                  |        |         |       |      |
|                                 |          |        | %                                |        |         |       |      |
| USD/Majors                      |          | 92.71  | 0.4                              | 0      | -1      | -6    | -4   |
| EUR/USD                         |          | 1.19   | -0.5                             | 0      | 1       | 8     | 6    |
| USD/JPY                         |          | 106.3  | -0.3                             | 0      | 0       | 0     | 2    |
| EM/USD                          |          | 55.4   | -0.3                             | 1      | 0       | -8    | -10  |
| Commodities                     |          |        |                                  |        |         |       |      |
|                                 |          |        | %                                |        |         |       |      |
| Brent Crude Oil (\$/barrel)     |          | 46     | 0.7                              | 1      | 6       | -22   | -30  |
| Industrials Metals (index)      |          | 120    | 0.4                              | 3      | 8       | 5     | 5    |
| Agriculture (index)             |          | 38     | -0.9                             | 2      | 5       | 2     | -8   |
| Implied Volatility              |          |        |                                  |        |         |       |      |
|                                 |          |        | %                                |        |         |       |      |
| VIX Index (% change in pp)      |          | 25.9   | -0.3                             | 2.6    | 1.4     | 6.9   | 12.1 |
| US 10y Swaption Volatility      |          | 53.6   | -1.6                             | -3.1   | 2.5     | -32.4 | -8.4 |
| Global FX Volatility            |          | 9.2    | 0.0                              | 0.2    | 0.8     | 1.0   | 3.2  |
| EA Sovereign Spreads            |          |        |                                  |        |         |       |      |
|                                 |          |        | 10-Year spread vs. Germany (bps) |        |         |       |      |
| Greece                          |          | 159    | 1.6                              | 7      | -2      | -73   | -6   |
| Italy                           |          | 142    | -3.2                             | -1     | -11     | -25   | -17  |
| Portugal                        |          | 81     | -2.6                             | 0      | -7      | -3    | 18   |
| Spain                           |          | 79     | -2.6                             | 0      | -7      | -4    | 14   |

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>9/2/2020<br>8:06 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                                |                | 6.83   | 0.0                  | 0.9    | 2       | 5    | 2   |                                     | 3.2    | -1.6                     | 3      | 15      | 14    | 9     |
| Indonesia                            |                | 14745  | -1.2                 | -0.5   | -1      | -4   | -6  |                                     | 6.8    | 2.1                      | 14     | -7      | -69   | -37   |
| India                                |                | 73     | -0.2                 | 1.7    | 3       | -2   | -2  |                                     | 6.1    | -16.5                    | -11    | 15      | -62   | -78   |
| Philippines                          |                | 49     | -0.1                 | 0.0    | 1       | 7    | 4   |                                     | 3.6    | 0.3                      | -3     | -7      | -77   | -69   |
| Thailand                             |                | 31     | -0.3                 | 0.0    | 0       | -2   | -5  |                                     | 1.5    | 0.1                      | 8      | 16      | 3     | -7    |
| Malaysia                             |                | 4.14   | 0.0                  | 0.6    | 2       | 1    | -1  |                                     | 2.5    | -4.1                     | 3      | 1       | -89   | -90   |
| Argentina                            |                | 74     | -0.1                 | -0.6   | -2      | -25  | -19 |                                     | 44.4   | -71.2                    | 24     | 134     | -1411 | -1817 |
| Brazil                               |                | 5.42   | -0.4                 | 3.5    | -2      | -23  | -26 |                                     | 5.4    | -10.2                    | 0      | 46      | -139  | -83   |
| Chile                                |                | 771    | 0.7                  | 1.9    | -1      | -6   | -2  |                                     | 2.4    | -2.0                     | -8     | -1      | -29   | -86   |
| Colombia                             |                | 3679   | 1.7                  | 5.1    | 2       | -6   | -11 |                                     | 5.0    | -20.4                    | -27    | -18     | -73   | 95    |
| Mexico                               |                | 21.84  | -0.3                 | 0.4    | 4       | -8   | -13 |                                     | 6.0    | -1.3                     | -1     | 10      | -113  | -94   |
| Peru                                 |                | 3.5    | 0.4                  | 1.7    | 0       | -3   | -6  |                                     | 4.0    | 2.2                      | -16    | 10      | -36   | -48   |
| Uruguay                              |                | 43     | 0.0                  | 0.5    | 0       | -13  | -12 |                                     | 8.1    | 0.2                      | -15    | -57     | -307  | -274  |
| Hungary                              |                | 303    | -1.2                 | -0.6   | -3      | 0    | -2  |                                     | 1.7    | -1.6                     | 0      | 20      | 66    | 50    |
| Poland                               |                | 3.73   | -1.1                 | 0.1    | 1       | 7    | 2   |                                     | 0.8    | -0.6                     | -2     | 9       | -87   | -106  |
| Romania                              |                | 4.1    | -0.5                 | 0.2    | 1       | 5    | 5   |                                     | 3.4    | -12.0                    | -17    | -35     | -27   | -60   |
| Russia                               |                | 74.1   | -0.7                 | 1.7    | -1      | -10  | -16 |                                     | 5.7    | -3.7                     | -13    | 12      | -128  | -46   |
| South Africa                         |                | 16.8   | -0.8                 | 0.5    | 2       | -9   | -17 |                                     | 10.0   | -13.2                    | -13    | -14     | 59    | 46    |
| Turkey                               |                | 7.38   | -0.2                 | -0.2   | -6      | -21  | -19 |                                     | 13.0   | -43.1                    | -95    | 84      | -283  | 128   |
| US (DXY; 5y UST)                     |                | 93     | 0.4                  | -0.3   | -1      | -6   | -4  |                                     | 0.26   | 0.5                      | -3     | 5       | -113  | -143  |

|              | 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        |                | 4844   | 0.0           | 3      | 3       | 26   | 18  |                                  | 211    | -1                       | 4      | -2      | 25   | 35  |
| Indonesia    |                | 5312   | 0.0           | -1     | 3       | -16  | -16 |                                  | 217    | -3                       | 0      | -16     | 36   | 61  |
| India        |                | 39086  | 0.5           | 0      | 4       | 5    | -5  |                                  | 217    | 0                        | 0      | -18     | 78   | 92  |
| Philippines  |                | 5738   | -1.0          | -4     | -3      | -28  | -27 |                                  | 136    | -5                       | 6      | 5       | 55   | 70  |
| Malaysia     |                | 1538   | 1.1           | -1     | -4      | -5   | -3  |                                  | 145    | -3                       | -3     | -13     | 22   | 33  |
| Argentina    |                | 46546  | -0.6          | 0      | -5      | 78   | 12  |                                  | 2154   | 0                        | 10     | -115    | -379 | 385 |
| Brazil       |                | 102168 | 2.8           | 0      | -1      | 2    | -12 |                                  | 302    | -4                       | -24    | -25     | 61   | 87  |
| Chile        |                | 3753   | -0.4          | -3     | -7      | -21  | -20 |                                  | 173    | -2                       | -1     | -11     | 39   | 40  |
| Colombia     |                | 1256   | 3.3           | 2      | 11      | -20  | -24 |                                  | 239    | -2                       | -16    | -14     | 60   | 76  |
| Mexico       |                | 37488  | 1.8           | -2     | 1       | -11  | -14 |                                  | 448    | -3                       | -23    | -48     | 115  | 156 |
| Peru         |                | 18675  | 0.5           | 2      | 7       | -3   | -9  |                                  | 148    | -2                       | -1     | -3      | 26   | 41  |
| Hungary      |                | 34532  | 0.1           | -4     | 0       | -13  | -25 |                                  | 126    | -4                       | 2      | -29     | 21   | 40  |
| Poland       |                | 51470  | 1.0           | -2     | 2       | -10  | -11 |                                  | 25     | -6                       | -1     | -9      | -13  | 7   |
| Romania      |                | 9022   | 0.1           | 2      | 8       | -3   | -10 |                                  | 266    | -3                       | 4      | -2      | 53   | 92  |
| Russia       |                | 2997   | 0.7           | -2     | 3       | 8    | -2  |                                  | 193    | -5                       | -10    | -24     | -15  | 62  |
| South Africa |                | 56393  | 0.8           | 0      | 1       | 3    | -1  |                                  | 486    | -9                       | -5     | -40     | 167  | 166 |
| Turkey       |                | 1089   | 0.4           | -1     | -3      | 11   | -5  |                                  | 586    | -13                      | -26    | -73     | 59   | 185 |
| Ukraine      |                | 500    | 0.0           | 0      | 0       | -5   | -2  |                                  | 603    | -12                      | -27    | -79     | 99   | 183 |
| EM total     |                | 45     | 1.0           | 0      | 5       | 13   | 1   |                                  | 410    | -9                       | -11    | -30     | 57   | 117 |

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

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