GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, SEPTEMBER 21, 2020

- **Flows to global equity funds rise as investors shift cash from money market funds** (link)
- **Global bank equities under pressure following reports of suspicious transactions** (link)
- **UK government expected to introduce new COVID-19 restrictions** (link)
- **HSBC's stock price plunges on possible addition to China's unreliable entity list** (link)
- **Brazilian USD corporate bond issuance accelerates amid strong investor demand** (link)
- **GMM Box: Capital flows update based on Q2 balance of payments data** (link)

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Risk aversion takes hold amid cloudy outlook

Markets are starting the week in risk-off mode driven by a combination of lingering uncertainties and some negative news flow. Market participants note the difficulty in pointing to a single cause for this morning's pullback as they have listed various trouble spots over the past week, including second infection waves, a highly uncertain US election, geopolitical tensions, and softening recoveries in some major economies. Stocks in Asia traded lower, led by 2% declines in Hong Kong, while major European equity indices are down over 3% with some attributing the sell-off to growing concerns about whether Europe can avoid another lockdown amid worrying virus statistics. Global bank stocks have led declines in most regions following headlines of a report that links major banks to suspicious transactions, and news from Chinese media that HSBC and Standard Chartered are possible candidates for China's unreliable entity list. US equities have not been spared with S&P 500 futures pointing to a 1.7% decline. US stocks ended last week lower posting the third consecutive week of declines, as tech sector losses accelerated, and leaving the S&P 500 at its lowest level in over a month. The de-risking momentum has sparked a stronger US dollar and declines in core government bond yields with 10-year US Treasury and German Bund yields down 4 bps. Volatility markets have also reflected the unease with the VIX moving back to 30. EM currencies are broadly weaker across regions while several EM central bank meetings will be in focus this week.

Key Global Financial Indicators

Last updated: 9/21/20 8:13 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		3319	-1.1	-1	-2	11	3
Eurostoxx 50		3189	-2.9	-4	-2	-11	-15
Nikkei 225		23360	0.2	0	2	6	-1
MSCI EM		45	-0.8	1	1	8	-1
Yields and Spreads				bps			
US 10y Yield		0.66	-3.4	-1	3	-106	-126
Germany 10y Yield		-0.52	-3.4	-4	-1	0	-33
EMBIG Sovereign Spread		418	11	1	-5	83	125
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		55.1	-0.9	-1	1	-9	-10
Dollar index, (+) = $ appreciation		93.2	0.3	0	0	-5	-3
Brent Crude Oil ($/barrel)		42.2	-2.1	7	-5	-34	-36
VIX Index (%, change in pp)		29.6	3.8	4	7	14	16

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

A slew of central bank decisions will be in focus this week: Sweden (Tuesday), Hungary (Tuesday), Turkey (Thursday), Thailand (Wednesday), Czech Republic (Wednesday), Norway (Thursday) and Egypt (Thursday) are likely to keep rates on hold. Mexico (Thursday) and Colombia (Friday) are expected to cut rates by 25 bps. Investor focus will also be on the commentary by Fed officials throughout the week. Preliminary PMI readings for September (Wednesday) and various confidence indicators will be released in Europe along with a special EU summit at the end of the week. In the US, initial jobless claims (Thursday) are expected to be reported at 840k, marginally declining from last week's 860k number. Continuing claims are also expected to decline from 12.6mn to 12.4mn. Housing activity for Aug is expected to be mixed. Durables goods orders for Aug (Friday) are expected to be reported at 1.1% mom normalizing from the 11.4% mom growth in July.

United States

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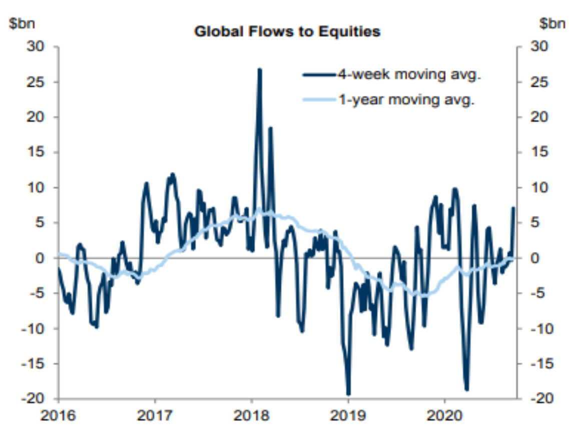
Markets sold off for a third consecutive day on Friday, with over 80% of the S&P 500 (-1.1%) posting losses. Tech underperformed alongside utilities and real estate, driving the Nasdaq 100 to a 1.3% loss. It was a fairly quiet day for headlines and data, but the University of Michigan consumer sentiment index beat expectations at 78.9 (vs 75) up from 74.1 last month. Treasuries also sold off, with yields up about 1 bp at longer maturities. The dollar index was little changed, and oil prices were down slightly. **This morning, S&P 500 futures point to a 1.7% decline at the open and the 10-year Treasury yield is down 4 bps amid the broader risk-off tone in markets.**

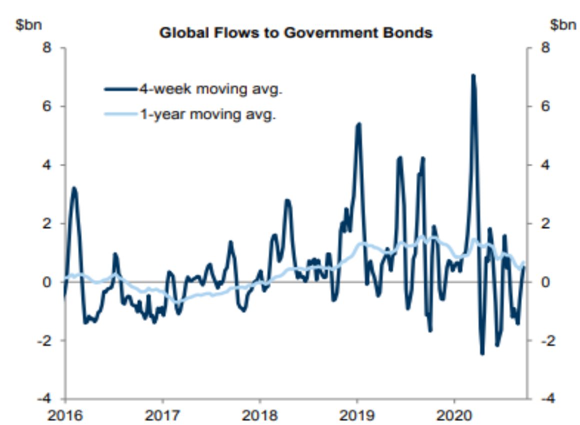
Flows into global equity funds surged last week in the wake of the recent drawdown, as reported by Goldman analysts. Global mutual fund investors purchased $26 bn in equity products, marking the largest weekly inflow since Q1 2018. Flows were concentrated in the US by region, and in technology by sector, suggesting the Nasdaq-led sell-off may have spurred the demand. Other regions generally experienced net outflows. In additional to tech, industrial- and health care-focused sector funds also saw net inflows on the week. By contrast, net global fixed income inflows slowed down. Investors net sold IG credit funds, and net purchases of EM fixed income funds slowed as well. **Money market fund assets declined by almost $60 bn, suggesting some of the net inflows into global equities may have come from idle cash.**

	Global Fund Flows Summary			
	Millions USD		% AUM	
	4wk sum	16-Sep	4wk avg	16-Sep
Equity	28,385	26,321	0.06	0.21
Fixed Income	60,641	9,068	0.23	0.14
of which: EM	7,789	409	0.36	0.07
Money Markets	-134,965	-58,933	-0.56	-0.98
FX Flows*	25,925	5,469	0.08	0.07

*Cross-border fund flows, excluding hard currency and FX-hedged funds

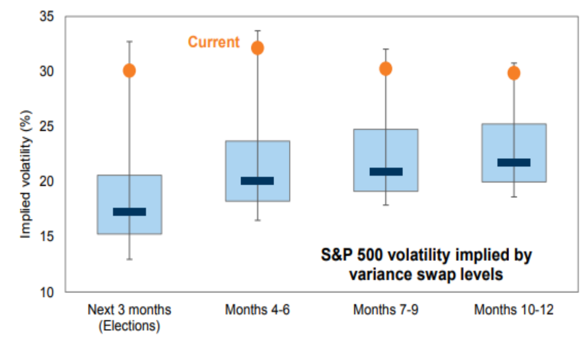
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research





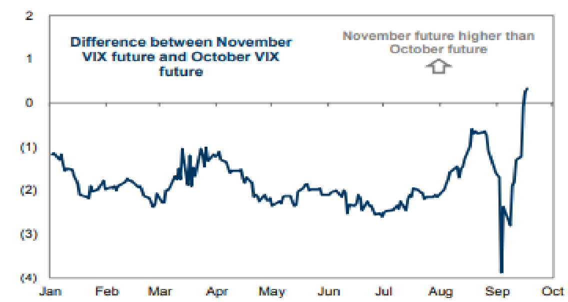
While there has been an increasing focus on the volatility priced in around the US elections, Goldman analysts highlight that implied volatility is at the top of its historical range throughout next year, not just around Election Day (LHS chart). Analysts highlighted that this partially reflects the convergence of the election with a critical phase for coronavirus vaccine development and a chase for upside in several large growth stocks. In fact, markets now expect higher volatility following the election than surrounding it as per Oct and Nov VIX futures (RHS). The market pricing of an extended period of high volatility beyond the US election day potentially reflects growing concerns that complications involved in tallying mail-in votes could result in delays in determining the election outcome, as per the analysts.

box plots show 5/25/50/75/95th percentiles vs. the last 10 years



Source: Goldman Sachs Group Inc., Goldman Sachs Global Investment Research

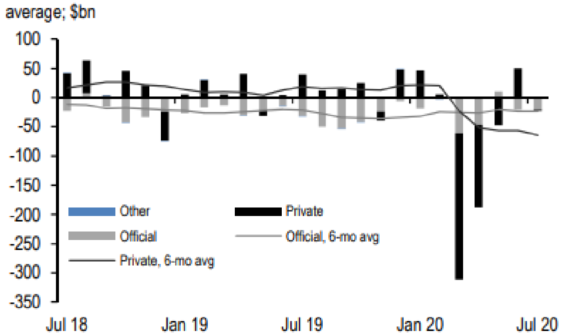
November VIX future (referencing volatility from 18-Nov to 18-Dec) less October future (referencing 21-Oct to 20-Nov)



Source: Bloomberg, Goldman Sachs Global Investment Research

TIC data on foreign transactions and holdings of US securities, showed foreign investors sold $22.8 bn long-term Treasuries in July. Official institutions drove this flow, shedding $20.7 bn long-term securities over the month, the largest since April. Regionally, the Euro Area drove most of this selling: Ireland represented a significant share and has sold Treasuries in 11 of the last 12 months. Conversely, demand emanated from the Cayman Islands, indicating renewed levered demand for Treasuries as market conditions have continued to normalize, per JPM analysts.

Total net foreign purchases of long-term Treasuries by sector and 6-mo. moving average; $bn



Source: Treasury International Capital System

Net purchases of long-term Treasuries from May 2020 through July 2020 and 2020 total by region; $bn

	Jul-20	Jun-20	May-20	2020
Cayman Islands	11.0	20.8	-11.0	-183.5
UK	0.5	7.3	-8.5	-30.5
Oil Exporters*	0.2	-2.3	-2.5	-37.5
Sweden	0.0	-0.4	0.1	-1.0
Ireland	-3.9	-8.4	-2.3	-38.2
Japan	-4.5	8.4	2.4	19.5
China	-4.7	-1.3	1.1	-45.9
Euro Area†	-17.1	-16.9	-14.7	-118.9

Source: Treasury International Capital System

Europe

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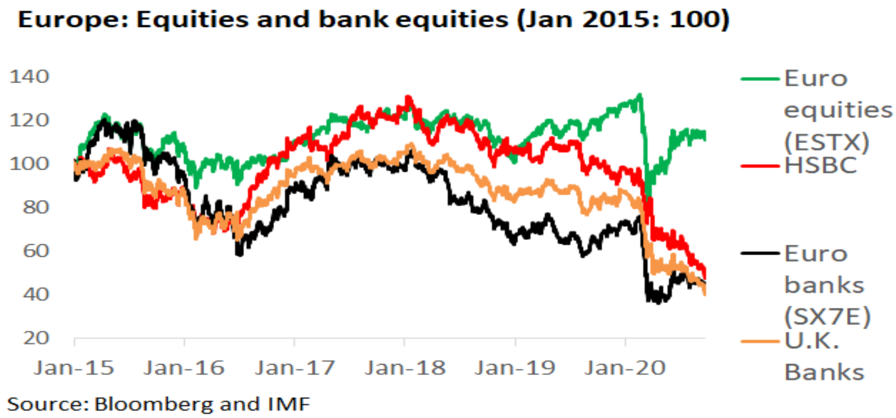
Global Banks

European and U.K. bank equities traded 6% lower after **a new investigation by the International Consortium of Investigative Journalists** (ICIJ) **finds that JPMorgan Chase, Deutsche Bank, and several global banks "kept profiting from powerful and dangerous players" in the past two decades.**

Transactions continued even after the U.S. imposed penalties on financial institutions. The ICIJ identified more than $2 tn of transactions between 1999 and 2017 that were flagged by financial institutions' internal compliance officers as possible money laundering or other criminal activity.

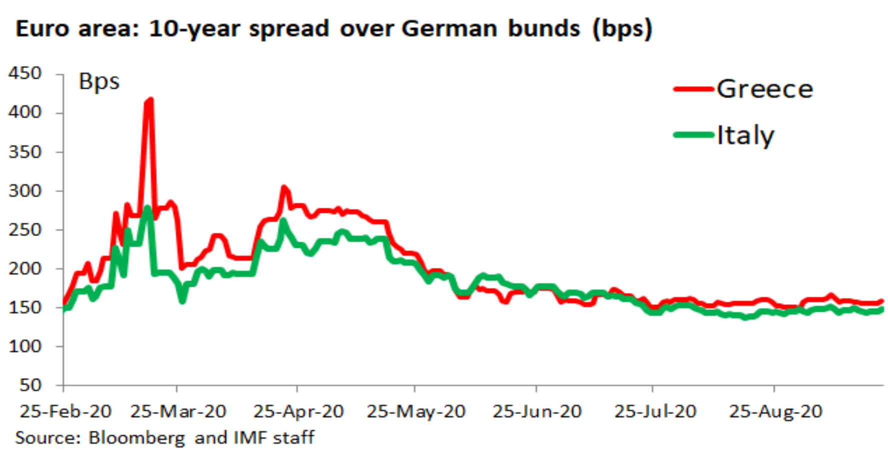


According to Bloomberg, **the ICIJ files disclosed $1.3 tn of suspicious transactions at Deutsche Bank and $514 bn at JPMorgan over the period**. Other lenders include HSBC, Standard Chartered and Bank of New York Mellon.

Stocks in Deutsche Bank (-7%), HSBC (-6%) and Standard Chartered (-6%) are trading lower. Over the weekend, Chinese media also reported that HSBC and Standard Chartered are possible candidates for China's "unreliable entity list" that aims to punish firms, organizations or individuals that damage national security.

Bank stocks (-6.0%) dragged down European stocks (-3.0%). 10-yr bund yields fell 4 bps to -0.54% as the euro depreciated 0.4% against the U.S. dollar.

Southern European spreads widened following news that **the ECB is planning to review its QE programs**. The ECB reportedly wants to study how long its Pandemic Emergency Purchase Program should continue and whether some of the PEPP's extra flexibility should be transferred to the regular APP QE program. 10-yr Italian spreads rose 5 bps to 150 bps. Greek 10-yr spreads also traded 5 bps higher whereas the Spanish 10-yr spread widened 3 bps. **Analysts have lauded the PEPP program for its flexibility**, with perceptions that it allows the ECB to deviate from its own capital-key guidelines for longer compared to the APP program.



Italian FM Gualtieri said that furlough programs for all workers will not be extended into 2021. The Italian government reportedly expects GDP to drop 9% this year (instead of -8%). Italians will continue voting today in a referendum to cut to the number of MPs as well as 7 regional elections.

Shares in Caixa (-4.6%) and Bankia (-3.9%) traded lower as analysts continue to digest the news that both banks plan to create Spain's largest domestic bank, with assets of more than €664 bn.

United Kingdom

The British pound (-0.5% to $1.286) fell as the U.K. government is expected to introduce new covid-19 restrictions soon. The warning comes amid expectations that restrictions in place in the north and midlands could soon be extended to London. Health Minister Hancock once again refused to dismiss reports that ministers are considering a 2-week national lockdown in October as a virus "circuit breaker."

Chancellor of the Exchequer Sunak is expected to extend four loan programs that have so far provided £53 bn pounds of credit for companies through state guarantees.

Oil prices

Brent oil prices fell 2%, giving up some of last weeks' gains, on news Libya is expected to restart production in the coming days.

Other Mature Markets

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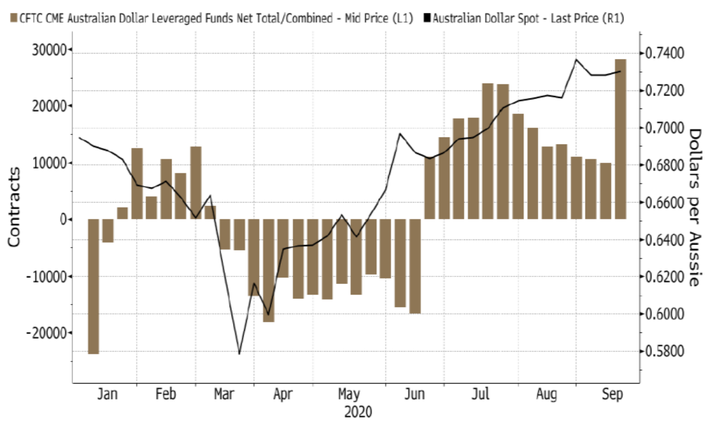
Australia

Market participants boosted net long bets on the Australian dollar as a proxy-trade for a China-led economic recovery. Net futures and options positions held by leveraged fund increased recently, to the highest level since March 2018. One market analyst noted that markets are betting on a China-led economic recovery and the Australian dollar is one way of expressing that view. The currency also benefits from the improving COVID-19 situation. **Markets also expect the Reserve Bank of Australia (RBA) to lower policy rates.** Overnight swap markets have shifted in recent weeks to price the RBA cutting its cash rate to 0.1% from 0.25%. The 3-month bank bill swap fixing rate—a proxy for bank borrowing costs—has already declined to 0.09%, below the cash rate. The Australian dollar depreciated 0.3% today after appreciating about 6% so far in 2020Q3; equities fell (-0.7%); long-term government bond yields declined (10-year: -3.5 bps).

Betting on China

Leveraged funds go long on the Aussie in China risk-proxy bet



Source: Bloomberg

Emerging Markets

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Latin American assets were mixed on Friday with currencies mostly depreciating against the dollar. Stocks in Argentina (+4%) and Colombia (+1%) outperformed in the region, while stocks in Brazil (-2%) experienced losses. Amongst regional currencies, the Brazilian real (-2.8%), Mexican peso (-1.3%) and Colombian peso (-0.6%) depreciated the most against the dollar. **Asian stock markets retreated today,** led by Hong Kong (-2.1%), Indian (-1.9%), and Indonesian (-1.2%). The decline in share prices in Hong Kong SAR was heavily driven by HSBC (-5.3%) (see below). **Asian currencies did not have a clear direction.** Indonesia rupiah appreciated (+0.2%), while Thai baht depreciated (-0.4%). **Thai markets underperformed** on concerns about political stability even though the parliament approved a budget of 3.28 tn baht ($105bn) for the next fiscal year late last Friday. **EMEA equities are under pressure** with stock markets down in South Africa (-2.4%), UAE (-2.2%) and Poland (-2%). **EMEA currencies are depreciating with the South African rand (-2%)** the biggest underperformer. The Turkish lira (-0.6%) is trading above the 7.60 mark against the dollar.

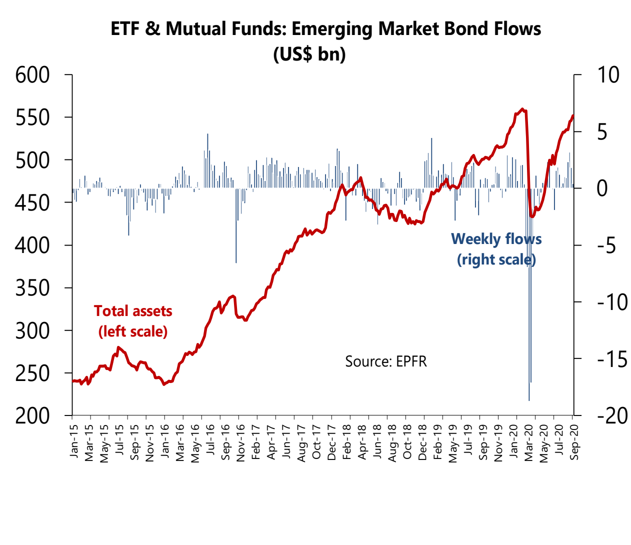
Key Emerging Market Financial Indicators

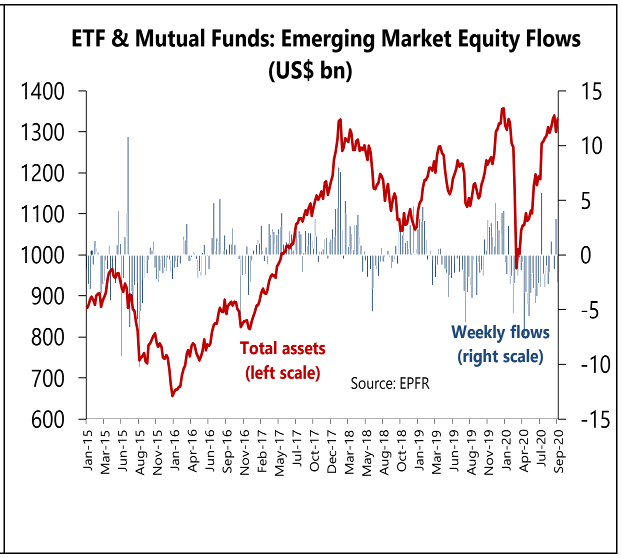
Last updated:	Level		Change				
9/21/20 8:16 AM	Last 12m	index	1 Day	7 Days	30 Days	12 M	YTD
Major EM Benchmarks			%				%
MSCI EM Equities		44.52	-1.3	1	1	8	-1
MSCI Frontier Equities		25.65	-1.0	1	4	-8	-15
EMBIG Sovereign Spread (in bps)		418	11	1	-5	83	125
EM FX vs. USD		55.11	-0.9	-1	1	-9	-10
Major EM FX vs. USD			%, (+) = EM currency appreciation				
China Renminbi		6.79	-0.3	0	2	5	3
Indonesian Rupiah		14700	0.2	1	0	-4	-6
Indian Rupee		73.40	0.1	0	2	-3	-3
Argentine Peso		75.38	-0.1	-1	-3	-25	-21
Brazil Real		5.45	-1.1	-3	3	-24	-26
Mexican Peso		21.48	-1.6	-2	2	-9	-12
Russian Ruble		76.34	-0.8	-1	-2	-16	-19
South African Rand		16.75	-2.5	-1	2	-11	-16
Turkish Lira		7.61	-0.7	-2	-4	-25	-22
EM FX volatility		11.30	0.0	0.2	0.1	3.1	4.7

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

Emerging Market Fund Flows

After notable inflows, EM bond fund inflows (+$0.4 bn) slowed in the past week, while equity funds (-$2.5 bn) recorded outflows, according to the EPFR data. YTD flows to EM bonds and equities are now at -$24 bn and -$52 bn respectively. Both hard-currency and local-currency EM funds saw flat flows though inflows to hard currency bond funds were exceeded by inflows to local currency bond funds, according to JP Morgan analysts.





China and Hong Kong SAR

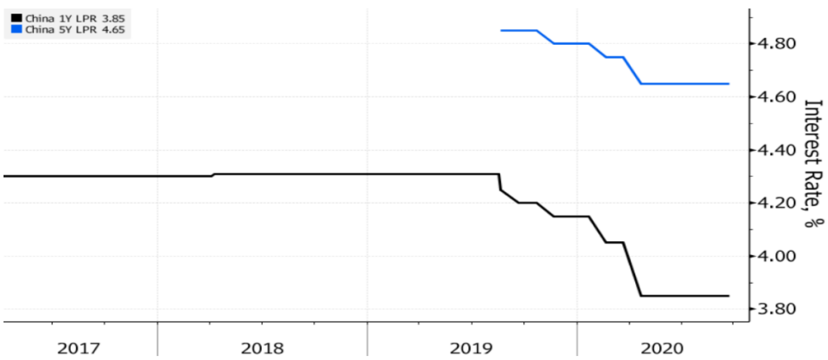
HSBC's share price dropped 5.3% today on the news that the bank could be on China's 'unreliable entity list'. The Communist Party's Global Times newspaper reported on Saturday that HSBC is a possible candidate for the list, which aims to punish firms, organizations and individuals that damage national security. If being listed as an unreliable entity, the bank will face a lot of difficulties of doing business in China, potentially due to restrictions on trade and investment. HSBC has come under fire both in the West and in China as it attempts to steer through political tension. According to Bloomberg, the bank irritated China over its participation in the U.S.'s investigation of Huawei and was criticized in the U.S. and the U.K. for its support of the national security law in Hong Kong. HSBC has been facing challenges in recent years, including low interest rates, political unrest in Hong Kong SAR (its largest market), and the global economic slump triggered by the pandemic. Standard Chartered, which was also mentioned, saw its share price falling as well. HSBC's share priced dropped (-5.3%); equities fell in Hong Kong SAR (-2.1%) and in China (CSI 300: -1.0%). RMB depreciated (-0.2%).

Keep Falling
HSBC shares trade below financial crisis low on China woes

Source: Bloomberg

China's loan prime rates (LPRs) remained unchanged in September. The 1-year and 5-year LPRs were set at 3.85% and 4.65%, respectively, in line with expectations. The stable LPRs reflect the interest rate on the People's Bank of China (PBOC)'s 1-year medium-term lending facility, which has been kept steady since May. While market participants no longer expect additional policy rate cuts from the PBOC this year, some market analysts still see a possibility of some reduction in LPRs through authorities' guidance.

China's Loan Prime Rates



Source: Bloomberg.

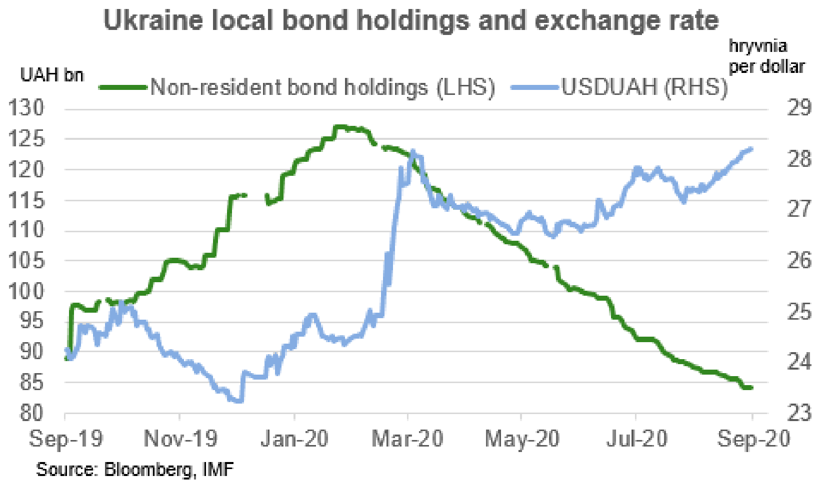
EMEA Central Banks

In the coming week multiple EMEA central banks are expected to keep their policy rates unchanged. Market contacts suggest that investors will be primarily focused on Central Bank of Turkey and Central Bank of Egypt meetings on Thursday as there is increased uncertainty around the policy outcome**. In Turkey, some contacts expect further guidance on policy tightening as well as a hike to the late liquidity window rate from 11.25% to 12.0% as the lira has been under continued pressure**. In Egypt some analysts now see the risk of a rate cut already occurring at the upcoming meeting or dovish forward guidance with a rate cut in the December meeting.

Date	Central Bank	Consensus Expectation	What investors watch out for
Tuesday, September 22	Nigeria	On-hold at 12.5%	Comments around FX rate
	Hungary	On-hold at 0.6%	Increase in FX-swap auctions / Asset Purchase Programs
Wednesday, September 23	Czech Republic	On-hold at 0.25%	Extension of rate forward guidance into H2 2021
Thursday, September 24	Turkey	On-hold at 8.25%	Hike of the Late Liquidity Window from 11.25% to 12%
	Egypt	On-hold at 9.25%	Signal of furher policy easing

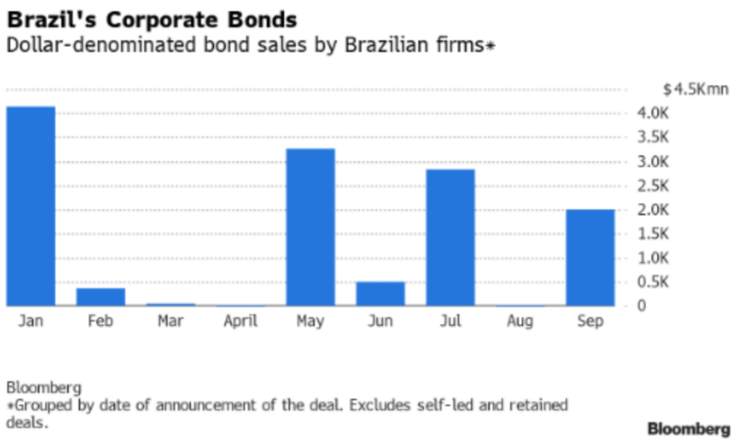
Ukraine

The National Bank of Ukraine switches to dollar selling to support the exchange rate as the hryvnia remains under pressure. The currency has depreciated by 3% in September and traded around 28.25 hryvnias per dollar this morning, close to the weakest levels since the on-set of the COVID-19 pandemic. Market contacts suggest that **the weakness is somewhat puzzling given that the central bank has surprised the market in two consecutive meetings by keeping its policy rate unchanged at 6%**. Inflation is running at 2.5% y/y against the 5% inflation target. Some traders point out that **the onshore dollar buying is seasonal and likely to be driven by the agricultural corporates after the recent VAT refunds**. That said, foreign investors have also continued to reduce the local government bond holdings.



Brazil

Brazilian companies have sold more than $4.8 bn in corporate USD bonds in Q3 as firms tap the market amid a wave of debt buyback deals. Though there were no sales in August, sales since the beginning of July surpassed the $4.6 bn and $3.8 bn in the first and second quarters respectively, according to data compiled by Bloomberg. The bond rush came as the Latin American economies tried catching up with other EMs that have already taken advantage of global liquidity while central banks try to offset the impact of the pandemic. Food processor BRF SA and Pulp maker Suzano SA tendered notes while Petrobras bought back bonds. Lender Banco do Brasil SA also announced that it will redeem 100% of its perpetual bonds that pay an 8.5% coupon on Oct. 20. Market analysts report that the investors are fighting for investment opportunities with more yield and in some cases the demand for the Brazilian corporate bonds was more than 10 times higher than the amount offered.



2020 Capital Flow Tracker: Q2 Capital Flows Tank, Notwithstanding Portfolio Flows Recovery

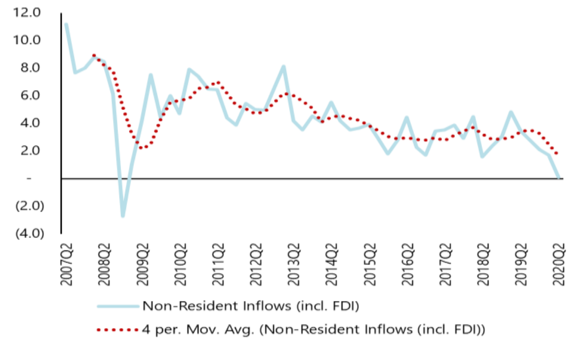
- Non-resident capital flows to EMs declined sharply in Q2 2020 to 0.1% of GDP, vs 1.7% in Q1 2020, based on around 60% of the data reported for Q2 balance of payments. While portfolio flows recovered from Q1 levels, other categories of capital flows showed significant pressures.

- Portfolio flows improved to 0.1% of GDP (vs -1.6% in Q1), driven primarily by debt flows. This is likely driven by record hard currency bond issuance (see the inaugural [EM & Frontier Issuance Monitor]). FDI flows declined to 1.4% of GDP, which is lower than even GFC levels (see [Q1 Capital Flows Monitor]), partially reflecting declining EM growth prospects as well. Other investment flows (comprising of banking flows) also declined sharply to -1.4% of GDP in Q2 (vs 0.96% in Q1), though compare favorably vs the decline of -3.2% in 2008 Q4. This likely reflects the relative resilience of the global banking sector, which is a lot better capitalized (see [April 2020 GFSR]).

Capital Flow Trends from Q2 BoP Data (60% of the data reported)

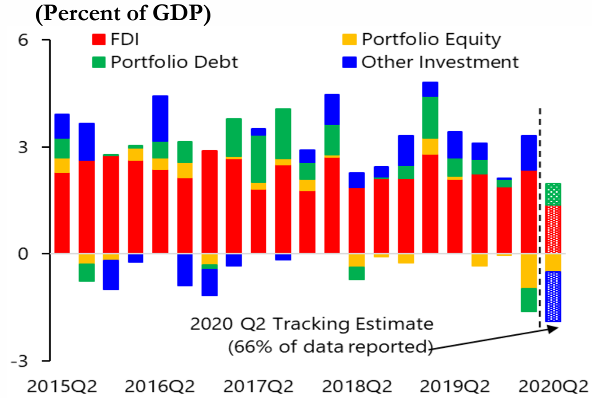
Non-resident flows declined sharply in Q2, to 0.1% of GDP, vs 1.7% in Q1 and average 4% in the last decade.

1. Non-resident Flows to EMs
(Percent of GDP)



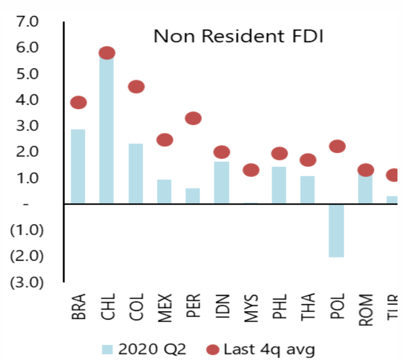
While portfolio flows improved from Q1 levels driven by debt flows, FDI flows declined to historical lows, and other investment flows declined sharply as well.

2. Components of the Non-resident Flows
(Percent of GDP)



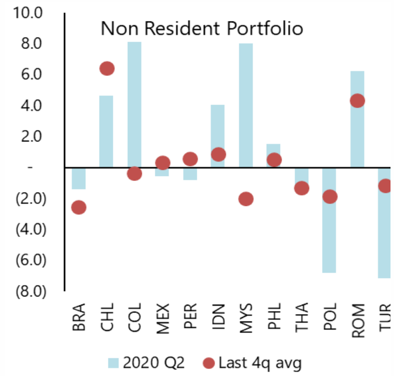
Most countries witnessed a sharp reduction in FDI flows …

3. Non-resident FDI Flows, by country **(Percent of GDP: 2020 Q2, and last 4q average)**



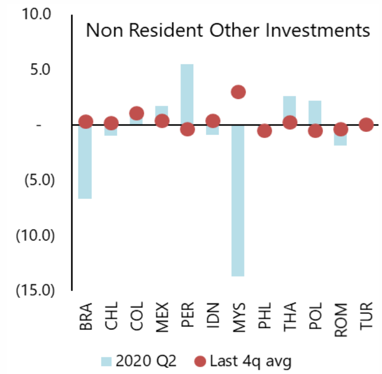
… while portfolio flows have improved for many economies.

4. Non-resident Portfolio Flows, by country (Percent of GDP: 2020 Q2, and last 4q average)



Other flows were relatively steady, except in Brazil and Malaysia.

5. Non-resident Other investment Flows, by country (**Percent of GDP: 2020 Q2, and last 4q average)**



Sources: Country Authorities, Haver Analytics, IMF staff calculations.

2020 Q2 Capital Flow Tracker: Capital Flows Tank, even though Portfolio Flows Recover

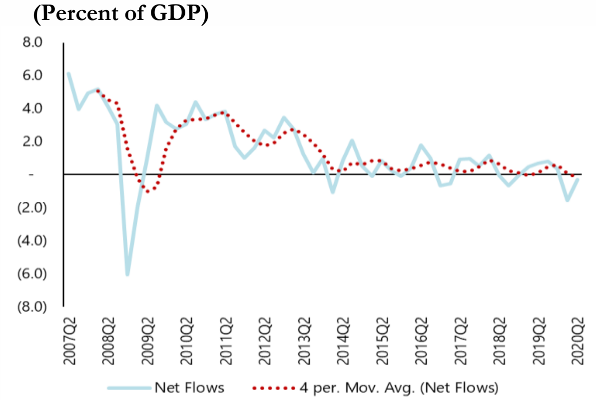
- Despite the sharp decline in the non-resident flows, net flows to EMs have improved sequentially from -1.6% of GDP in Q1, to -0.3% of GDP in Q2. This was driven primarily by the extremely sharp recovery in the resident outflows. This partially reflects the repatriation of foreign assets by private sector institutions, amid strong currency depreciation and in some cases, other regulations. The sharpest improvement in the resident outflows was noticed in Brazil, Peru, Thailand and Turkey. Chile and Malaysia on the other hand saw a massive rise in the resident outflows

- Looking at resident outflows in detail, outward direct investment (ODI) rose from 0.6% of GDP in Q1, to 0.9% in Q2. However, there was a significant decline in the non-ODI resident outflows to -0.5% of GDP (vs 2.7% in Q1). Current account turned marginally into deficit at 0.2% of GDP, vs a 0.1% surplus in Q1. EMs also accumulated reserves of upto 0.7% of GDP, in contrast with the sharp reserve depletion of 1.7% of GDP in Q1 (refer MCM note on EM reserve operations).

Capital Flow Trends from Q2 BoP Data (continued)

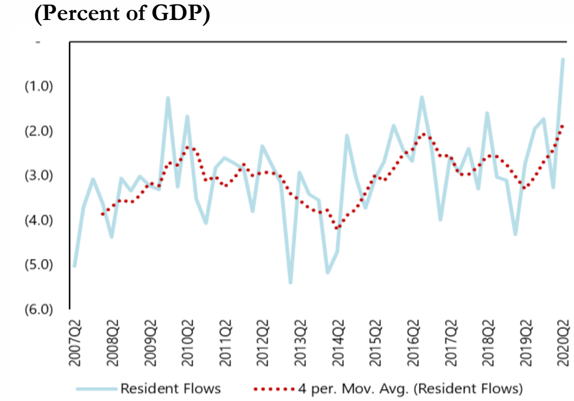
Despite the sharp decline in non-resident flows, net flows improved sequentially from -1.6% in Q1 to -0.3% now ...

6. Net Flows to EMs (Percent of GDP)



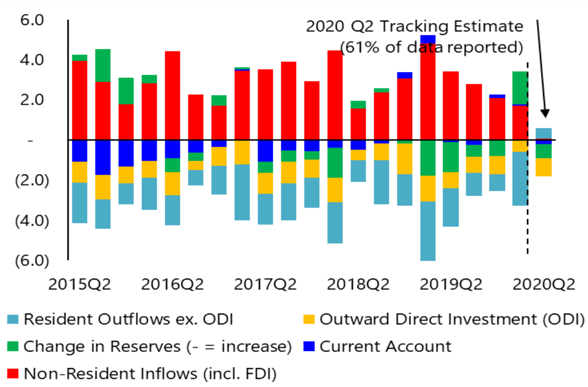
... driven by the extremely sharp recovery in the resident outflows.

7. Resident Flows to EMs (Percent of GDP)



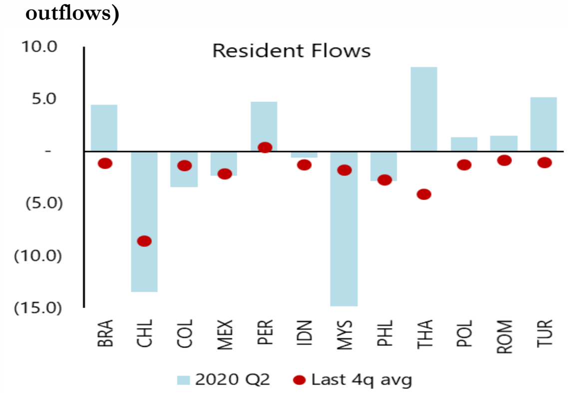
While outward direct investment rose in Q2, the non-ODI resident outflows declined materially. Current account turned marginally negative and reserves accumulated by 0.7% of GDP, as compared to a 1.6% decline in Q1.

8. Components of the Net Flows to EMs (Percent of GDP)



The sharpest improvement in the resident outflows was noticed in Brazil, Peru, Thailand and Turkey. Chile and Malaysia on the other hand saw a massive rise in the resident outflows.

9. Resident Flows, by country (Percent of GDP: 2020 Q2, and last 4q average; Negative value implies outflows)



The note is prepared by Rohit Goel (MCMGA).

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Global Financial Indicators

Last updated: 9/21/20 8:14 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		3300	-1.1	-2	-3	10	2
Europe		3189	-2.9	-4	-2	-11	-15
Japan		23360	0.2	0	2	6	-1
China		3317	-0.6	1	-2	10	9
Asia Ex Japan		78	-0.4	1	1	15	6
Emerging Markets		45	-0.8	1	1	8	-1
Interest Rates					basis points		
US 10y Yield		0.66	-3.4	-1	3	-106	-126
Germany 10y Yield		-0.52	-3.4	-4	-1	0	-33
Japan 10y Yield		0.02	0.0	-1	-2	22	3
UK 10y Yield		0.17	-1.8	-3	-4	-46	-66
Credit Spreads					basis points		
US Investment Grade		129	1.1	-1	-1	0	31
US High Yield		520	3.2	0	-9	73	127
Europe IG		57	1.5	2	2	2	13
Europe HY		320	22.9	2	-13	97	113
EMBIG Sovereign Spread		418	11.0	1	-5	83	125
Exchange Rates					%		
USD/Majors		93.25	0.3	0	0	-5	-3
EUR/USD		1.18	-0.4	-1	0	7	5
USD/JPY		104.1	0.5	2	2	3	4
EM/USD		55.1	-0.9	-1	1	-9	-10
Commodities					%		
Brent Crude Oil ($/barrel)		42	-2.2	7	-5	-34	-36
Industrials Metals (index)		119	-0.6	0	3	2	4
Agriculture (index)		40	-0.4	3	8	5	-4
Implied Volatility					%		
VIX Index (%, change in pp)		29.6	3.8	3.8	7.1	14.3	15.8
US 10y Swaption Volatility		45.3	1.0	-7.0	-9.6	-36.9	-16.7
Global FX Volatility		9.4	0.0	0.0	0.3	2.2	3.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		161	4.6	4	1	-26	-4
Italy		149	4.5	-1	4	5	-11
Portugal		81	2.8	3	-2	4	19
Spain		80	2.5	3	-1	4	14

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

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Emerging Market Financial Indicators

Last updated: 9/21/2020 8:18 AM	Exchange Rates Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM) Level Last 12m	Latest	Change (in basis points) 1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.79	-0.3	0.3	2	5	3		3.3	0.4	0	14	15	13
Indonesia		14700	0.2	1.2	0	-4	-6		6.8	-2.6	-6	9	-57	-37
India		73	0.1	0.1	2	-3	-3		6.2	-1.6	-2	12	-59	-70
Philippines		48	0.0	0.3	1	8	5		3.6	-0.1	2	0	-73	-66
Thailand		31	-0.4	0.3	1	-2	-4		1.5	-1.3	0	3	-10	-15
Malaysia		4.12	-0.2	0.5	1	1	-1		2.6	-1.3	3	13	-83	-79
Argentina		75	-0.1	-0.6	-3	-25	-21		40.9	-69.1	-200	-357	-3095	-2169
Brazil		5.45	-1.1	-3.3	3	-24	-26		5.9	23.7	26	55	-62	-34
Chile		772	-1.1	-1.0	3	-6	-3		2.6	0.0	0	5	-21	-70
Colombia		3737	-0.6	-0.8	1	-10	-12		5.0	5.8	-1	-24	-71	-98
Mexico		21.48	-1.6	-1.7	2	-9	-12		5.9	2.9	-4	-4	-132	-105
Peru		3.5	0.0	1.5	1	-5	-6		4.1	-0.1	-3	-1	-30	-41
Uruguay		42	0.1	0.1	1	-13	-12		7.5	-1.7	-28	-74	-319	-339
Hungary		308	-1.2	-2.2	-3	-1	-4		1.7	-1.5	-1	5	64	51
Poland		3.80	-1.0	-1.5	-2	5	0		0.8	-1.1	-3	-7	-108	-111
Romania		4.1	-0.5	-0.7	0	5	4		3.2	-1.0	-14	-51	-48	-76
Russia		76.3	-0.8	-1.4	-2	-16	-19		5.8	-0.1	0	2	-112	-35
South Africa		16.8	-2.5	-0.5	2	-11	-16		10.0	1.4	-13	-10	70	49
Turkey		7.61	-0.7	-1.6	-4	-25	-22		13.3	15.6	37	-60	-107	165
US (DXY; 5y UST)		93	0.4	0.2	0	-5	-3		0.26	-1.9	0	0	-134	-143

	Equity Markets Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG) Level Last 12m	Latest	Change (in basis points) 1 Day	7 Days	30 Days	12 M	YTD
									basis points					
China		4691	-1.0	1	-1	19	15		217	1	3	9	34	41
Indonesia		4999	-1.2	-3	-5	-20	-21		234	7	16	14	64	78
India		38034	-2.1	-2	-1	0	-8		221	1	2	6	90	96
Philippines		5909	0.0	-1	-2	-25	-24		139	5	8	11	69	73
Malaysia		1499	-0.5	0	-5	-6	-6		153	0	6	5	33	41
Argentina		41484	4.2	-10	-13	38	0		1299	41	-848	-846	-799	-470
Brazil		98290	-1.8	0	-3	-6	-15		318	12	14	-8	90	103
Chile		3730	0.0	0	-7	-26	-20		177	6	9	0	46	44
Colombia		1207	1.2	1	2	-24	-27		260	13	13	12	85	97
Mexico		36017	-0.3	0	-5	-17	-17		494	15	28	19	184	202
Peru		17907	-0.6	-1	-2	-8	-13		167	9	19	14	50	60
Hungary		32571	-3.0	-7	-10	-21	-29		121	3	3	-8	29	35
Poland		48858	-1.9	-3	-6	-15	-16		28	1	2	-2	2	10
Romania		8932	-2.0	-5	2	-5	-10		250	-1	-5	-12	67	76
Russia		2894	-2.0	-1	-3	3	-5		213	9	7	14	31	82
South Africa		53659	-1.9	-5	-4	-5	-6		508	17	13	6	197	188
Turkey		1105	-0.6	0	0	10	-3		638	24	33	12	155	237
Ukraine		500	0.0	0	0	-4	-2		672	24	41	47	198	252
EM total		45	-1.3	1	1	8	-1		418	11	1	-5	83	125

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

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