






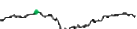







- UN Security Council to hold emergency meeting on Nagorno-Karabakh ([link](#))
- France's 2021 budget confirms its continued expansionary fiscal stance ([link](#))
- Leverage at US high yield firms hits record high in Q2 ([link](#))
- Evergrande, one of China's largest property companies, in race to raise cash ([link](#))
- Weekly pace of EM debt issuance declines slightly but remains robust ([link](#))
- **GMM Special Feature: G-SIB Monitor** (attached)

[US](#) | [Europe](#) | [Other Mature](#) | [Emerging Markets](#) | [Market Tables](#)

## Looming risks are back at the forefront

After starting the week off on a positive note, risk assets are again trading on the weaker side today, weighed down by heightened investor uncertainty. Following a rally of about 1.6% yesterday, global equities are lower this morning, with European stocks down by about 0.5%, US equities pointing to a negative start, and EM stocks generally flat. This seems like a continuation of the general risk-off mode that has prevailed during much of the month of September as a number of near-term risks continue to dampen investor sentiment. These include the potential impact of increasing Covid-19 infection rates, protracted negotiations on the US stimulus package, the outcome of the US elections and Brexit negotiations, rising US-China trade tensions and, more recently, the prospect of escalating military conflict in the Caucasus region. US and German sovereign bonds have remained relatively quite, with yields close to historically low levels. Lastly, we are happy to present to you a special feature in today's edition. The G-SIB monitor aims to provide a global overview of the current state of play for systemically important financial institutions.

Key Global Financial Indicators

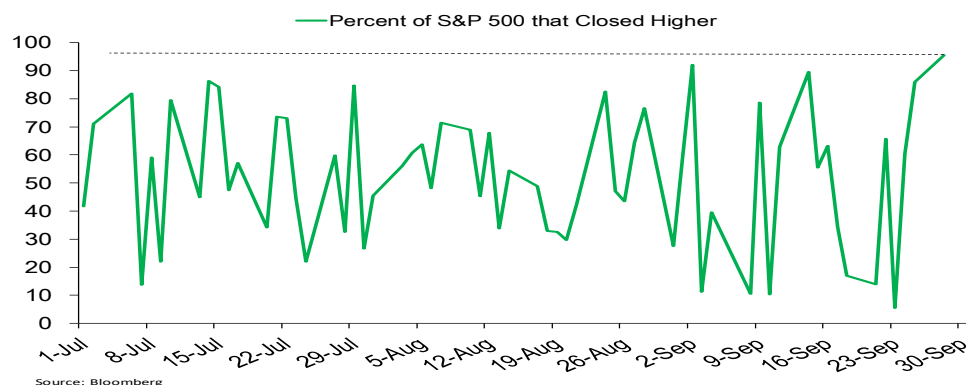
| Last updated:<br>9/29/20 8:25 AM     | Level   |        | Change from Market Close |        |         |      |      |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|------|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD  |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %    |
| S&P 500                              |  | 3352   | 1.6                      | 2      | -4      | 13   | 4    |
| Eurostoxx 50                         |  | 3214   | -0.3                     | 2      | -3      | -9   | -14  |
| Nikkei 225                           |  | 23539  | 0.1                      | 1      | 3       | 8    | 0    |
| MSCI EM                              |  | 43     | 1.1                      | -2     | -5      | 7    | -3   |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |      |
| US 10y Yield                         |  | 0.65   | -0.3                     | -2     | -7      | -103 | -127 |
| Germany 10y Yield                    |  | -0.54  | -1.3                     | -4     | -13     | 3    | -36  |
| EMBIG Sovereign Spread               |  | 437    | 1                        | 10     | 17      | 89   | 144  |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |      |
| EM FX vs. USD, (+) = appreciation    |  | 54.2   | 0.3                      | -1     | -2      | -10  | -12  |
| Dollar index, (+) = \$ appreciation  |  | 94.1   | -0.2                     | 0      | 2       | -5   | -2   |
| Brent Crude Oil (\$/barrel)          |  | 42.2   | -0.7                     | 1      | -6      | -32  | -36  |
| VIX Index (% change in pp)           |  | 26.9   | 0.8                      | 0      | 4       | 10   | 13   |

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

## United States

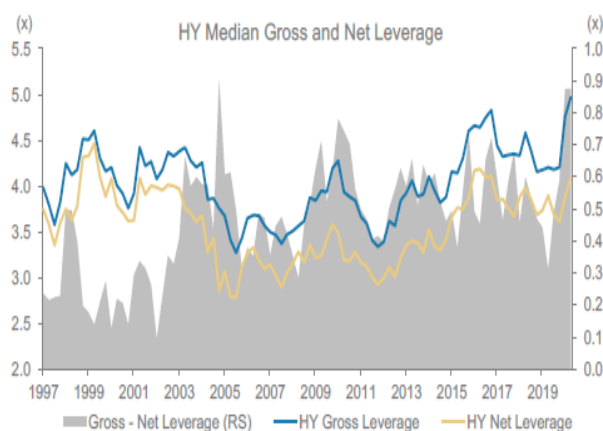
[back to top](#)

**Markets staged a broad-based rally yesterday, with the S&P 500 rising by 1.6% on Monday.** Financials outperformed, with JPMorgan (+2.9%), PNC (+3.0%), and Citi (2.8%) leading the charge, but **95% of the S&P500 ended the day in the green** as well. 10-Year Treasury yields were little changed on the day, while the 30-year yields closed 2 bps higher. On a slow day for high frequency data, the Dallas Fed's manufacturing activity index beat expectations and rose to 13.6 (vs 9.5) from 8.0 last month for a post-crisis high. Political headlines about additional fiscal stimulus continued, though investors have likely begun ignoring the constant stream of rumors. The dollar index slid lower, down 0.4%, giving back some gains after last week's strong showing.

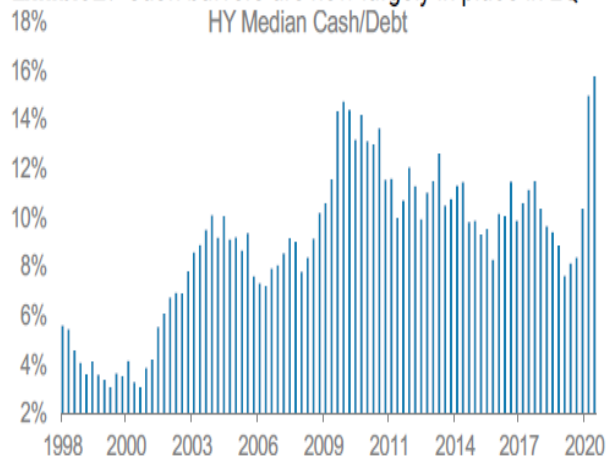


**Leverage at high yield issuers hit a record high in Q2.** Gross leverage at the median high yield firm jumped to nearly 5x in Q2, while 36% of issuers reported leverage over 6x. Consumer and industrial segments account for close to half of the weakest tail. Notably, earnings have fallen sharply, down 16% y/y (last 12 months EBITDA) and -20% y/y in the quarter. **On the positive side, cash buffers remain healthy**, as cash-to-debt ratios rose to 15.8% in Q2 (up 7.6 pp y/y), mostly due to heavy issuance amid record low financing rates, where reports suggest nearly 70% has been earmarked for refinancing. Nevertheless, interest coverage ratios dropped sharply in Q2 to 4.02 (down from 4.51), and the lower tail includes 14% of firms with an ICR below 1.5x, up from 10% a year ago. Morgan Stanley analysts noted that most HY firms regained market access relatively quickly, potentially forestalling any restructuring for the weakest firms, and kicking the can down the road.

**Exhibit 3:** Gross leverage now tracking 5x...pushing above the previous peak

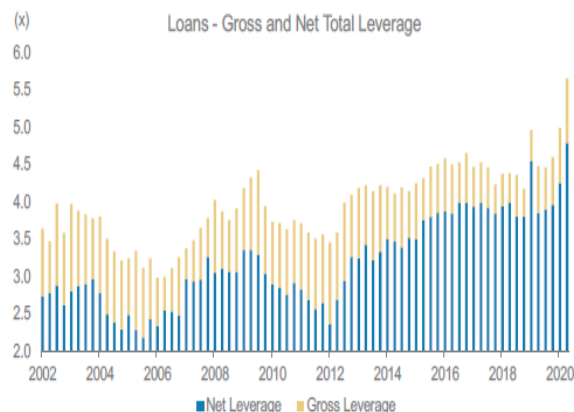


**Exhibit 2:** Cash buffers are now largely in place in 2Q  
HY Median Cash/Debt



**Leveraged loan issuers have seen a sharper deterioration in fundamentals than HY issuers.** Earnings for the median firm in the leveraged loan market fell 26% y/y in Q2 (though only 7% on an LTM EBITDA basis). Moreover, the weakest tail struggled mightily, with a record 23% reporting negative EBITDA. Similar to high yield, gross leverage for the median firm rose to a record high of 5.7x in Q2, up 0.65 from Q1 and 1.05 from a year ago. Across most metrics, loan issuers have seen a sharper deterioration than HY, which may be the result of the rating migration in the underlying sample, as well as the possibility that the smaller average size of loan issuers may have exacerbated their struggles given the particularities of the Covid-19 economic downturn.

**Exhibit 20:** Gross leverage rose to an all-time high of 5.7x in 2Q20



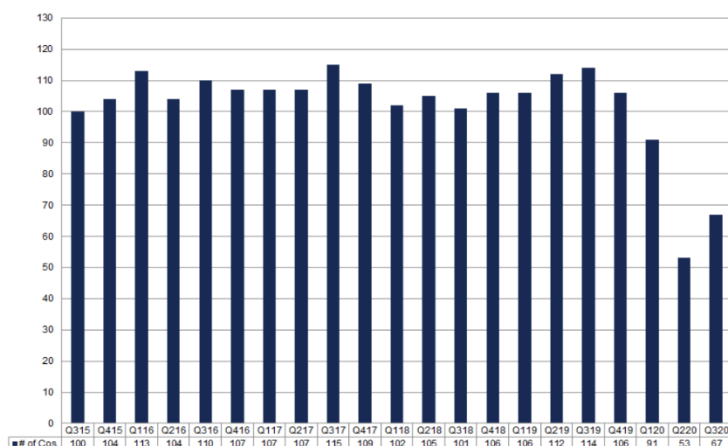
**Exhibit 24:** Loan versus HY performance divergence at the median level is increasing...

|                             | 2Q20  |       | Y/Y Change |        |
|-----------------------------|-------|-------|------------|--------|
|                             | HY    | Loans | HY         | Loans  |
| Y/Y Quarterly EBITDA Growth | -20%  | -26%  |            |        |
| Y/Y Debt Growth             | 1.5%  | 3.6%  |            |        |
| Gross Leverage              | 4.97  | 5.65  | +0.77      | +1.18  |
| Net Leverage                | 4.09  | 4.79  | +0.20      | +0.94  |
| Interest Coverage           | 4.02  | 3.28  | (0.49)     | (1.05) |
| Cash/Debt                   | 15.8% | 16.6% | +7.6%      | +8.4%  |

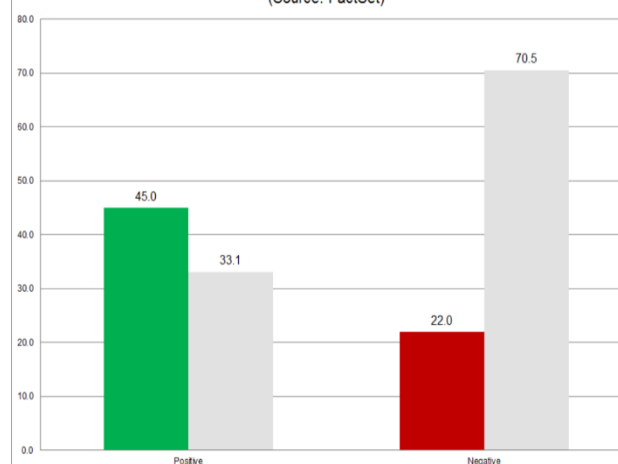
Source: Bloomberg, S&P Capital IQ, S&P LCD, ICE, Morgan Stanley Research

**Public companies remain reluctant to issue guidance amid ongoing uncertainty.** S&P 500 firms still have little conviction about what's going on in the economy, with less than 70 issuing earnings guidance for Q3, up a bit from 53 in Q2, but nearly 40% lower than the 5-year average of 104, according to FactSet. Over 100 S&P500 firms have withdrawn or not released annual guidance for FY20 or FY21 as well. Notably, positive and negative EPS guidance—defined as the company guidance compared to the existing mean EPS estimate-- have diverged compared to past trends due to the severity and uniqueness of this shock. Only 22 firms reported negative guidance (below mean estimates), which would be the lowest since 2006 when FactSet began tracking it.

**# of S&P 500 Companies Issuing Quarterly EPS Guidance: 5-Year**  
(Source: FactSet)



**# of S&P 500 Companies Issuing EPS Guidance: Q320 vs. 5-Yr Average**  
(Source: FactSet)



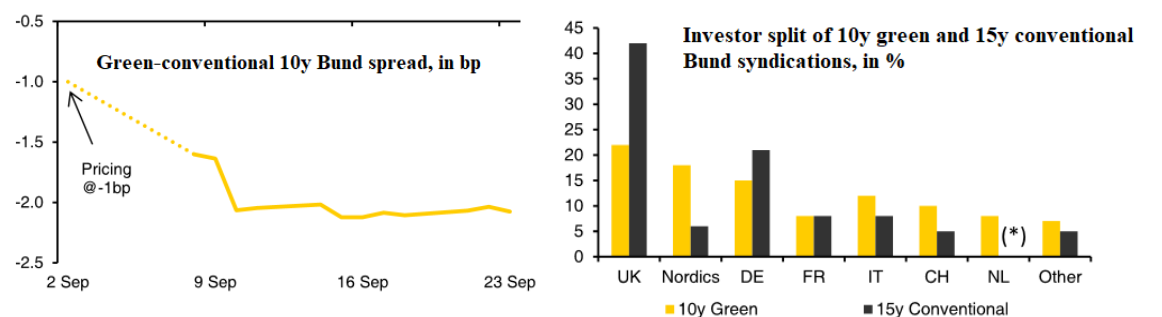
## Europe

[back to top](#)

**Equities in Europe are giving up some of the yesterday gains** with stock markets down in Germany (-0.4%), the UK (-0.4%) and Spain (-0.2%). Financials (-1.2%) and the energy sector (-0.8%) are underperforming the broader index.

**German bund yields are 1 bps lower and Southern European spreads are mostly unchanged.** The euro (+0.2%) and the sterling (+0.2%) continue to recover against the dollar.

**The green bond market develops further with greater participation by liquid and high-frequency issuers, which allows for more accurate pricing of the green issuance premium.** The recent 10-year green bund issue has stabilized at around 2 bps below the conventional curve. This is roughly in line with average spreads seen for the curves in France and Belgium. Market contacts highlight that current valuations remain impacted by both liquidity and scarcity effects. Recent bund issuance has been especially well-received by Nordic asset managers who are more likely to be long-term holders of the securities as part of their green investment mandates.

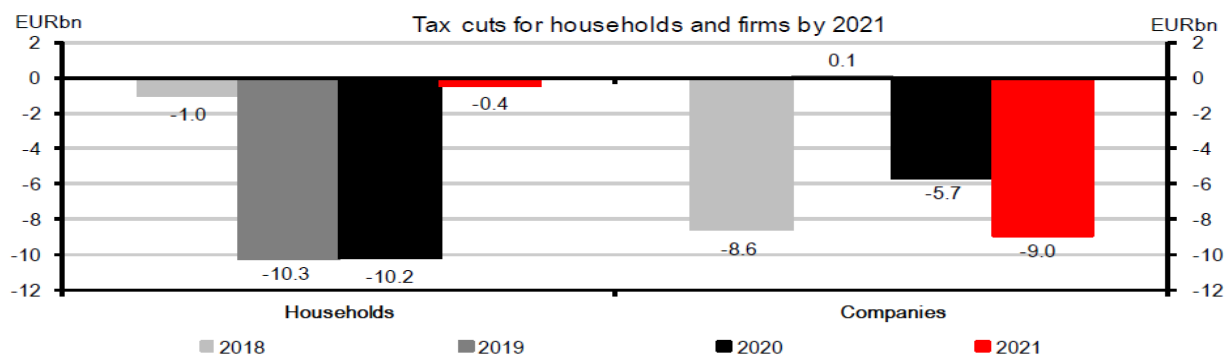


Source: Bloomberg, Commerzbank Research

Source: Bloomberg, Commerzbank Research, (\*) 5% for BeNeL

**France's 2021 budget offers confirmation of a continued expansionary fiscal stance.** While the fiscal deficit is expected to decline to 6.7% of GDP from 10.2% in 2020 – through the phasing out of the one-off support measures as well as a bounce in the GDP growth – structural fiscal expansion is set to continue. In contrast to previous years, tax cuts will be shifted towards the corporate sector, which may help raise overall competitiveness. Given the ECB stimulus program, market contacts do not foresee problems in financing the projected EUR 150 bn of net issuance. Contacts highlight that consolidation may also be difficult in 2022 given the presidential election in April 2022. This is in stark contrast with the German fiscal stance where a balanced budget is projected by 2022.

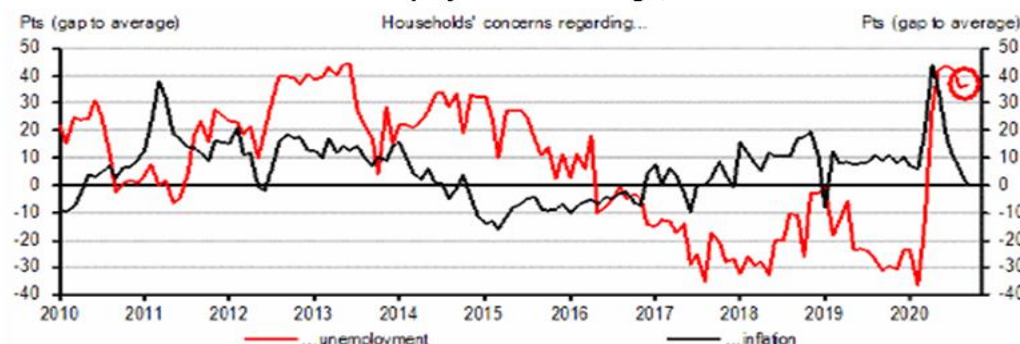
**Chart 3. Tax cuts in 2021 will be geared towards firms**



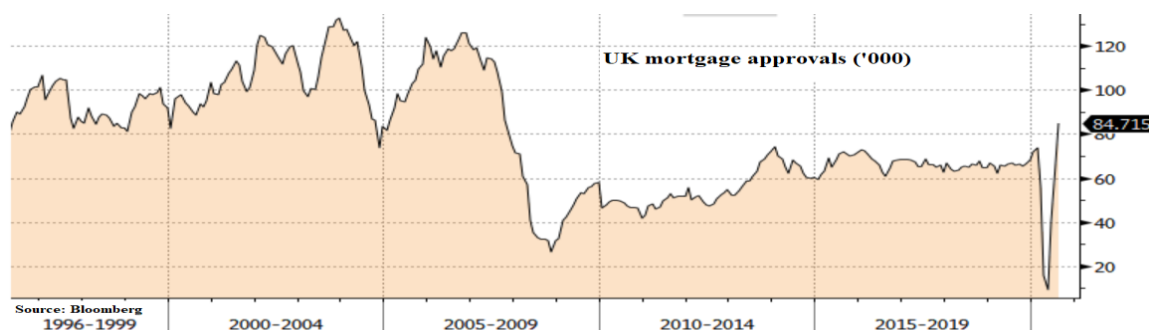
Source: French 2021 draft budget, HSBC

**The recovery in French consumer confidence stagnated in September** at the August levels (95 reading) and 5 points below the historical average. Households remained primarily concerned with prospects of unemployment, despite the fact that new hiring has recently returned to pre-Covid levels. Analysts argue that weaker consumer confidence, along with the fact that corporate confidence and composite PMI's have also retraced in September, pose a growing risk to the recovery momentum.

**Chart 3: Households' fears of unemployment remain high, while those on inflation have receded**



**UK mortgage approvals jumped to their highest level since 2007** as households rushed to benefit from Stamp Duty waivers. However, some analysts seem skeptical about the strength of the recovery given the dissipation of pent-up demand and the expected rise in unemployment.



## Other Mature Markets

[back to top](#)

### Japan

The Japanese yen depreciated slightly (-0.1%) against the US dollar today, while equities were little changed (NIKKEI: +0.1%; TOPIX: -0.2%).

## Emerging Markets

[back to top](#)

**In Asia**, stock markets did not have clear direction today. Share prices increased in Korea (+0.9%) and China (CSI 300: +0.2%) but fell in Hong Kong SAR (-0.9%) and Indonesia (-0.6%). Currencies were also mixed. The Malaysian ringgit (+0.5%) and Korean won (+0.3%) appreciated, while the Chinese yuan (-0.1%) and Indian rupee (-0.1%) depreciated. In Indonesia, parliament approved a state budget for 2021, with spending set at a record high \$185 bn. The budget forecasts growth at 5% and the deficit at 5.7% of GDP. **In EMEA**, bourses were mixed on Tuesday, reflecting the lack of trading direction in Asian markets earlier in the day. The largest gains took place in the Czech Republic (+0.5%), Turkey (+0.5%), and Qatar (+0.5%), while the largest losses were seen in Kuwait (-2.2%), Bahrain (-1.3%), and Hungary (-0.8%). FX markets mostly gained to the dollar, by about 0.2% to 0.5% for most currencies. The Turkish lira and

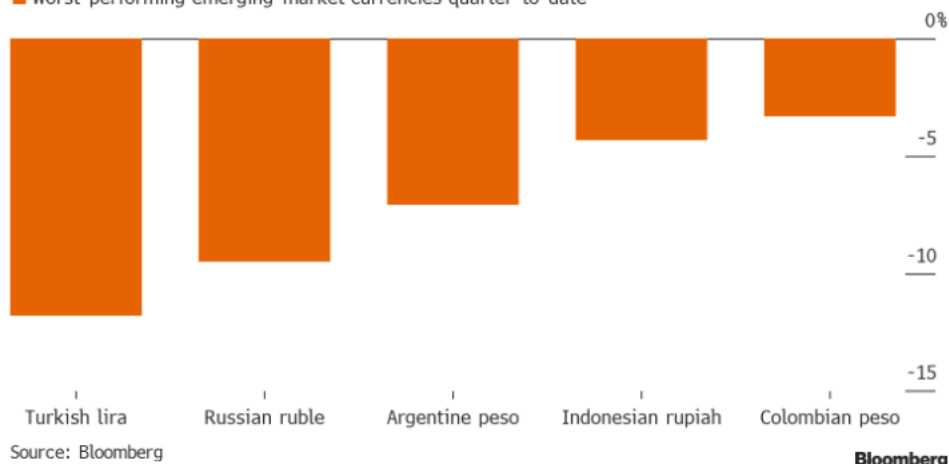


Russian ruble, however, lost another 0.5% and 0.4%, respectively, adding to their relatively poor performance among EM peers since June. Both the lira and the ruble have come under slight pressure as hostilities flared up in the Nagorno-Karabakh region of the Caucasus. **In Latin America**, equity markets were mostly up on Monday. Mexico's stock market outperformed (+1.8%), followed by Colombia (+0.5%) and Chile (0.2%), while Brazil saw losses (-2.4%). Local currencies were mixed but mainly traded in a narrow range, except for the Brazilian real (-1.8%). 10-year government bond yields were mixed as well.

### Worst Performers

Russia's ruble and Turkey's lira have fallen the most since June

Worst-performing emerging-market currencies quarter-to-date



### Key Emerging Market Financial Indicators

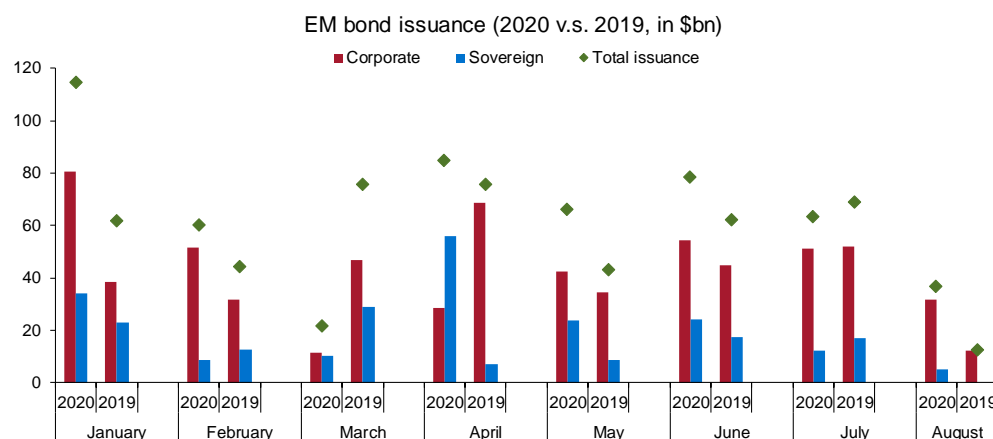
| Last updated:<br>9/29/20 8:26 AM | Level    |       | Change                            |        |         |      | YTD |
|----------------------------------|----------|-------|-----------------------------------|--------|---------|------|-----|
|                                  | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |     |
| <b>Major EM Benchmarks</b>       |          |       | %                                 |        |         |      | %   |
| MSCI EM Equities                 |          | 43.42 | -0.2                              | -2     | -5      | 7    | -3  |
| MSCI Frontier Equities           |          | 25.82 | -0.3                              | 1      | 2       | -8   | -15 |
| EMBIG Sovereign Spread (in bps)  |          | 437   | 1                                 | 10     | 17      | 89   | 144 |
| EM FX vs. USD                    |          | 54.19 | 0.3                               | -1     | -2      | -10  | -12 |
| <b>Major EM FX vs. USD</b>       |          |       | %, (+) = EM currency appreciation |        |         |      |     |
| China Renminbi                   |          | 6.82  | -0.1                              | -1     | 0       | 5    | 2   |
| Indonesian Rupiah                |          | 14895 | 0.0                               | -1     | -2      | -5   | -7  |
| Indian Rupee                     |          | 73.86 | -0.1                              | 0      | 0       | -4   | -3  |
| Argentine Peso                   |          | 76.06 | -0.3                              | -1     | -3      | -24  | -21 |
| Brazil Real                      |          | 5.61  | 0.8                               | -3     | -2      | -26  | -28 |
| Mexican Peso                     |          | 22.19 | 1.0                               | -2     | -1      | -11  | -15 |
| Russian Ruble                    |          | 78.68 | 0.5                               | -3     | -6      | -18  | -21 |
| South African Rand               |          | 16.93 | 0.7                               | -1     | 0       | -11  | -17 |
| Turkish Lira                     |          | 7.82  | -0.2                              | -2     | -6      | -28  | -24 |
| EM FX volatility                 |          | 12.11 | 0.0                               | 0.4    | 1.1     | 4.0  | 5.5 |

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 \$10.3 bn, from \$25.1 bn the week before, and EM sovereign issuance fell to \$3.5 bn last week, from \$7.5 bn the week before.** The year-to-date total EM issuance (sovereign and corporate) of \$601.7 bn was around 14% higher than the 2019 issuance over the same period (\$526.0 bn). From a regional perspective, China was the largest EM corporate debt issuer last

week, accounting for 74% (\$7.6 bn) of the total, followed by Czech Republic (\$1.3 bn) and Korea (\$1.0 bn). Last week's sovereign issuance was placed by Morocco (\$2.4 bn) and Panama (\$1.2 bn). The month-to-date corporate issuance and sovereign issuance were \$59.4 bn and \$17.1 bn, respectively.



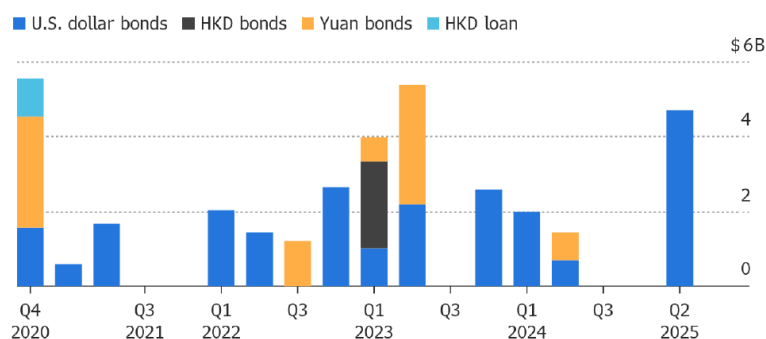
Source: Bond Radar, Bloomberg

## China

**Evergrande, one of the largest and most indebted property developers, looked to raise cash to avoid a market-destabilizing cash crunch.** Shares and bonds related to the group plummeted last Friday following a warning from S&P and unverified market reports that the company was seeking government support for a restructuring plan. The company is expected to repay \$19 bn to its strategic investors in January 2021 if its listing on the Shenzhen stock exchange does not materialize. Market analysts noted that the company owns a variety of assets that could be sold to raise cash in addition to pursuing an IPO of its services business in Hong Kong SAR and completing a secondary share sale in Hong Kong SAR. Refinancing is expected to be tight given Beijing's recent plan to curb new financing to highly leveraged property developers. Reportedly, several banks have not allowed the company to draw on credit lines. Share prices of the company listed in Hong Kong SAR recovered this week.

## Coming Due

Evergrande's upcoming debt maturities are attracting investor attention



Source: Bloomberg

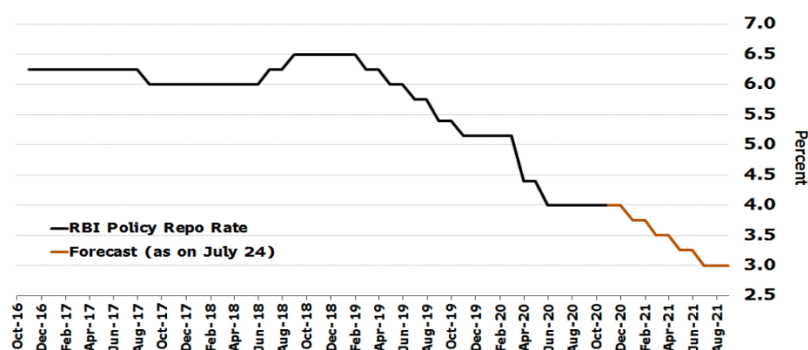
Note: Totals for HKD and yuan-denominated debt converted into U.S. dollars. Totals represent bond and loan principals.

Bloomberg

**The People's Bank of China (PBOC) said that it will make monetary policy more precise and targeted after its quarterly policy meeting.** Market participants interpreted this as a sign that the PBOC may be seeking to normalize monetary policy as the economy steadily recovers. Financing support to manufacturing and small firms was expected to continue. The PBOC also reiterated its commitment to maintaining sufficient liquidity.

## India

**Market uncertainty rose after the government did not reach a decision to appoint new members to the Reserve Bank of India (RBI)'s monetary policy committee.** The RBI had to postpone its monetary policy meeting scheduled this week. While the RBI did not give a specific reason, market analysts noted that the postponement was probably because the policymaking panel did not have enough people to convene. The meeting requires four members to proceed, but the term of three members had expired. The government has not appointed new members. Some market analysts questioned whether this was a manifestation of the government potentially undermining the RBI's autonomy. Market participants still expect the RBI to keep the policy rate unchanged in order to keep inflation under control. The Indian rupee depreciated by -0.1% against the US dollar and equities rose by 0.4%. Government bond yields were little changed.



Source: Bloomberg.

## Sri Lanka

**Moody's downgraded Sri Lanka to Caa1.** Yesterday, Moody's downgraded the government of Sri Lanka's long-term foreign-currency issuer rating to Caa1 from B2 and changed its outlook to stable. Moody's justified the downgrade by arguing that the pandemic will significantly weaken the country's already fragile funding and external positions. Sri Lanka has limited funding sources to meet its material external debt service payments over the coming years.

## Argentina

**Argentina's economy recovered at a slower pace in July**, as the government re-imposed stricter lockdown measures. Economic activity expanded by 1.1% m/m in July but contracted by 13.2% y/y (vs. 11.5% consensus). **Moody's has affirmed Argentina's Ca rating and changed its outlook to stable from negative.** According to reports, the stable outlook reflected Moody's view on Argentina's improved debt profile after restructuring as it now expects losses resulting from any future restructuring to remain under 65%, a level consistent with Ca rating. Argentine markets were quiet yesterday, with domestic equities closing 0.1% higher and the peso 0.3% weaker against the dollar.

### Losing Momentum

Argentina's economic recovery slowed in July amid a stricter lockdown





### Armenia-Azerbaijan

**The UN Security Council will hold a behind-doors emergency meeting today to discuss the escalation of hostilities in Nagorno-Karabakh.** Fighting continued overnight with an uncertain number of casualties. At least 95 people have died thus far in the conflict, including 11 civilians. Analysts are concerned that the conflict could reach Azerbaijan's natural gas pipelines running just 10 miles from the Armenian border and which pump 600k barrels per day. A statement by the UN Security Council is expected later today.

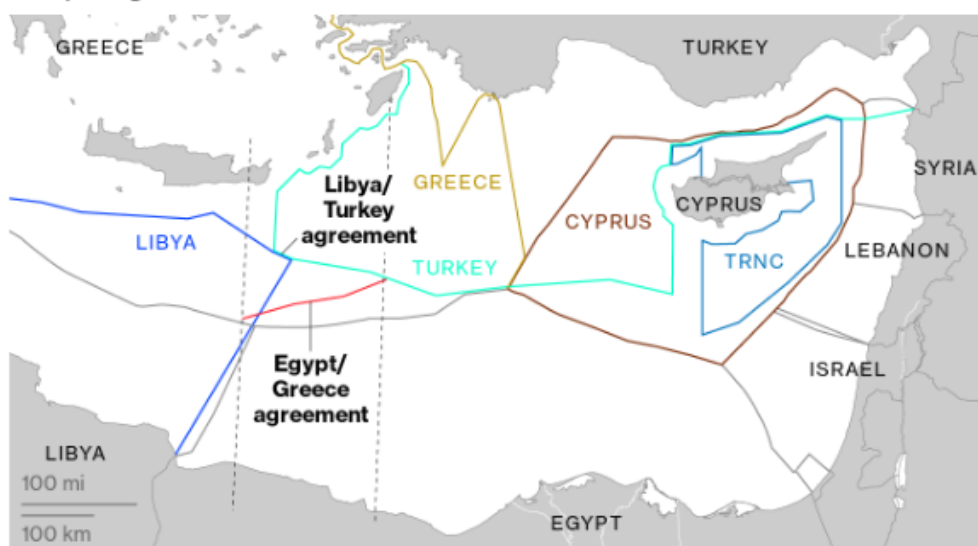


### Turkey

**Amid growing geopolitical tensions, the Turkish lira remained under pressure today, dropping 0.5% to the US dollar.** Reportedly, the Turkish navy carried out new drills near Greek waters ahead of the forthcoming EU talks this week. EU ministers will discuss on Thursday the bloc's engagement with Turkey regarding its energy exploration activities in the eastern Mediterranean. The lira traded today at 7.85 per dollar, from 7.80 yesterday. Equities in Istanbul gained 0.3%, however. Separately, and in a bid to slow down credit growth, **the Turkish banking regulator (BDDK) reduced yesterday the asset ratio for commercial banks by 5 pp to 90%, and to 70% for Islamic banks.** The asset ratio—computed with loans, bonds, and swaps over deposits—was first introduced last April as an incentive for banks to increase lending.

## Disputed Waters

Competing claims over the Eastern Mediterranean



Sources: Turkey's Ministry of Foreign Affairs; Anadolu Agency; Greek government; Flanders Marine Institute

Note: Some Exclusive Economic Zones are disputed

**Bloomberg**

## South Africa

**South African authorities plan to tap global appetite for green investments to help fund \$135 bn of infrastructure projects.** The investment program will take place in various phases and comprise projects ranging from energy generation, transport, and clean water utilities. The first 62 projects were already announced this summer, some of which obtained the backing of the AfDB and the World Bank. President Ramaphosa announced yesterday that the bidding period for some of the renewable energy projects would open 'soon'.

**In macro data, unemployment fell from 30.1% in Q1 to 23.3% in Q2.** The drop, however, is largely due to the decline of the labor force, as the number of non-economically active people rose by 5.2 mn to 20.6 mn during the pandemic's restrictions. Meanwhile, in financial markets, **equities dropped 0.3% in Johannesburg** while the rand (-0.1%) weakened slightly to the dollar.

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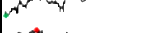
















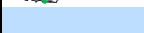



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## Global Financial Indicators

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| Europe                           |    | 3214   | -0.3                             | 2      | -3      | -9    | -14   |
| Japan                            |    | 23539  | 0.1                              | 1      | 3       | 8     | 0     |
| China                            |    | 3224   | 0.2                              | -2     | -5      | 10    | 6     |
| Asia Ex Japan                    |    | 76     | 1.5                              | -1     | -4      | 15    | 3     |
| Emerging Markets                 |    | 43     | 1.1                              | -2     | -5      | 7     | -3    |
| <b>Interest Rates</b>            |   |        | basis points                     |        |         |       |       |
| US 10y Yield                     |    | 0.65   | -0.3                             | -2     | -7      | -103  | -127  |
| Germany 10y Yield                |    | -0.54  | -1.3                             | -4     | -13     | 3     | -36   |
| Japan 10y Yield                  |    | 0.02   | -0.6                             | 0      | -4      | 25    | 3     |
| UK 10y Yield                     |    | 0.19   | -1.0                             | -1     | -12     | -31   | -63   |
| <b>Credit Spreads</b>            |   |        | basis points                     |        |         |       |       |
| US Investment Grade              |    | 135    | -0.1                             | 5      | 6       | 6     | 38    |
| US High Yield                    |    | 557    | -0.6                             | 13     | 51      | 95    | 163   |
| Europe IG                        |    | 61     | 0.8                              | 3      | 6       | 5     | 16    |
| Europe HY                        |    | 347    | 1.1                              | 16     | 22      | 115   | 139   |
| EMBIG Sovereign Spread           |   | 437    | 1.0                              | 10     | 17      | 89    | 144   |
| <b>Exchange Rates</b>            |   |        | %                                |        |         |       |       |
| USD/Majors                       |  | 94.07  | -0.2                             | 0      | 2       | -5    | -2    |
| EUR/USD                          |  | 1.17   | 0.3                              | 0      | -2      | 7     | 4     |
| USD/JPY                          |  | 105.6  | -0.1                             | -1     | 0       | 2     | 3     |
| EM/USD                           |  | 54.2   | 0.3                              | -1     | -2      | -10   | -12   |
| <b>Commodities</b>               |   |        | %                                |        |         |       |       |
| Brent Crude Oil (\$/barrel)      |  | 42     | -0.7                             | 1      | -6      | -32   | -36   |
| Industrials Metals (index)       |  | 116    | -0.3                             | -2     | -3      | 0     | 1     |
| Agriculture (index)              |  | 38     | -0.3                             | -2     | 1       | 1     | -7    |
| <b>Implied Volatility</b>        |   |        | %                                |        |         |       |       |
| VIX Index (% change in pp)       |  | 26.9   | 0.8                              | 0.1    | 4.0     | 9.7   | 13.2  |
| US 10y Swaption Volatility       |  | 44.3   | 0.1                              | -2.1   | -12.7   | -36.0 | -17.7 |
| Global FX Volatility             |  | 9.5    | 0.0                              | -0.1   | 0.4     | 2.4   | 3.6   |
| <b>EA Sovereign Spreads</b>      |   |        | 10-Year spread vs. Germany (bps) |        |         |       |       |
| Greece                           |  | 157    | 0.1                              | 0      | 6       | -34   | -9    |
| Italy                            |  | 138    | -2.4                             | 1      | -7      | -1    | -21   |
| Portugal                         |  | 78     | -1.0                             | 2      | -3      | 4     | 15    |
| Spain                            |  | 76     | -1.6                             | 2      | -3      | 3     | 10    |

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

Data source: Bloomberg.

[back to top](#)

## Emerging Market Financial Indicators

| Last updated:<br>9/29/2020<br>8:27 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                                 |                | 6.82   | -0.1                 | -0.6   | 0       | 5    | 2   |                                     | 3.3    | 1.8                      | 1      | 2       | 12    | 12    |
| Indonesia                             |                | 14895  | 0.0                  | -0.7   | -2      | -5   | -7  |                                     | 6.8    | 0.5                      | 7      | 3       | -55   | -31   |
| India                                 |                | 74     | -0.1                 | -0.4   | 0       | -4   | -3  |                                     | 6.2    | 3.4                      | 2      | -8      | -68   | -67   |
| Philippines                           |                | 49     | 0.0                  | -0.1   | 0       | 7    | 4   |                                     | 3.6    | 0.1                      | -1     | 3       | -72   | -66   |
| Thailand                              |                | 32     | 0.3                  | -0.8   | -2      | -3   | -5  |                                     | 1.5    | 0.2                      | 1      | -9      | -8    | -16   |
| Malaysia                              |                | 4.16   | 0.4                  | -0.6   | 0       | 1    | -2  |                                     | 2.6    | -0.3                     | 4      | 10      | -81   | -75   |
| Argentina                             |                | 76     | -0.3                 | -0.6   | -3      | -24  | -21 |                                     | 41.6   | -34.5                    | 175    | -345    | -2352 | -2097 |
| Brazil                                |                | 5.61   | 0.8                  | -2.5   | -2      | -26  | -28 |                                     | 6.1    | 31.1                     | 14     | 63      | -25   | -15   |
| Chile                                 |                | 782    | 0.5                  | -0.7   | -1      | -7   | -4  |                                     | 2.8    | 3.6                      | 19     | 26      | -8    | -53   |
| Colombia                              |                | 3872   | 0.4                  | -2.1   | -3      | -10  | -15 |                                     | 5.1    | -6.1                     | 1      | -23     | -58   | -88   |
| Mexico                                |                | 22.19  | 1.0                  | -2.2   | -1      | -11  | -15 |                                     | 6.0    | 2.7                      | 2      | -8      | -105  | -99   |
| Peru                                  |                | 3.6    | -0.1                 | -1.1   | -2      | -6   | -8  |                                     | 4.2    | -1.0                     | 3      | 11      | -27   | -35   |
| Uruguay                               |                | 42     | 0.1                  | -0.1   | 0       | -13  | -12 |                                     | 7.4    | -16.8                    | -8     | -77     | -326  | -347  |
| Hungary                               |                | 312    | 0.6                  | -0.7   | -5      | -2   | -5  |                                     | 1.8    | 0.6                      | 4      | 6       | 71    | 59    |
| Poland                                |                | 3.87   | 1.5                  | -1.0   | -5      | 4    | -2  |                                     | 0.7    | -1.0                     | -1     | -13     | -106  | -115  |
| Romania                               |                | 4.2    | 0.3                  | -0.3   | -3      | 5    | 3   |                                     | 3.3    | -5.0                     | -1     | -25     | -41   | -73   |
| Russia                                |                | 78.7   | 0.5                  | -3.3   | -6      | -18  | -21 |                                     | 5.9    | 4.1                      | 8      | 19      | -95   | -22   |
| South Africa                          |                | 16.9   | 0.7                  | -0.8   | 0       | -11  | -17 |                                     | 10.3   | -1.1                     | 13     | 16      | 87    | 76    |
| Turkey                                |                | 7.82   | -0.2                 | -2.0   | -6      | -28  | -24 |                                     | 13.0   | 36.4                     | -58    | -41     | -38   | 128   |
| US (DXY; 5y UST)                      |                | 94     | -0.2                 | 0.1    | 2       | -5   | -2  |                                     | 0.26   | 0.0                      | -1     | -1      | -130  | -143  |

|              | 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        |                | 4592   | 0.2           | -1     | -5      | 19   | 12  |                                  | 219    | 0                        | 2      | 11      | 34   | 43   |
| Indonesia    |                | 4879   | -0.6          | -1     | -9      | -21  | -23 |                                  | 240    | 2                        | 4      | 22      | 56   | 84   |
| India        |                | 37973  | 0.0           | 1      | -4      | -2   | -8  |                                  | 233    | -1                       | 10     | 14      | 99   | 108  |
| Philippines  |                | 5842   | -0.3          | -1     | -1      | -25  | -25 |                                  | 147    | 0                        | 6      | 10      | 69   | 81   |
| Malaysia     |                | 1504   | -0.5          | 0      | -1      | -5   | -5  |                                  | 166    | 0                        | 9      | 18      | 40   | 54   |
| Argentina    |                | 42078  | 0.1           | 3      | -9      | 46   | 1   |                                  | 1341   | -3                       | -14    | -807    | -816 | -428 |
| Brazil       |                | 94666  | -2.4          | -2     | -7      | -10  | -18 |                                  | 345    | 5                        | 20     | 31      | 106  | 130  |
| Chile        |                | 3595   | 0.2           | -1     | -7      | -29  | -23 |                                  | 187    | 0                        | 6      | 15      | 48   | 54   |
| Colombia     |                | 1177   | 0.5           | -1     | -4      | -26  | -29 |                                  | 267    | 0                        | 7      | 17      | 82   | 104  |
| Mexico       |                | 37232  | 1.8           | 5      | -1      | -13  | -14 |                                  | 512    | 1                        | 5      | 50      | 194  | 220  |
| Peru         |                | 17875  | 0.7           | 1      | -3      | -9   | -13 |                                  | 174    | 1                        | 3      | 25      | 41   | 67   |
| Hungary      |                | 32929  | -0.7          | 2      | -5      | -19  | -29 |                                  | 126    | -2                       | 5      | -1      | 31   | 40   |
| Poland       |                | 49636  | -0.4          | 2      | -5      | -14  | -14 |                                  | 28     | -2                       | 3      | 4       | -4   | 10   |
| Romania      |                | 9007   | 0.0           | 0      | 2       | -6   | -10 |                                  | 256    | -7                       | -2     | -9      | 62   | 82   |
| Russia       |                | 2916   | -0.4          | 1      | -2      | 6    | -4  |                                  | 218    | -1                       | 5      | 21      | 28   | 87   |
| South Africa |                | 54469  | -0.5          | 2      | -3      | -1   | -5  |                                  | 538    | -1                       | 18     | 44      | 210  | 218  |
| Turkey       |                | 1126   | 0.4           | 3      | 2       | 7    | -2  |                                  | 644    | -1                       | -7     | 42      | 179  | 243  |
| Ukraine      |                | 500    | 0.0           | 0      | 0       | -5   | -2  |                                  | 727    | 8                        | 39     | 105     | 225  | 307  |
| EM total     |                | 43     | -0.2          | -2     | -5      | 7    | -3  |                                  | 437    | 1                        | 10     | 17      | 89   | 144  |

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

[back to top](#)