








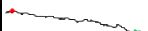





- ECB delivers expected 10 bps deposit rate cut, tiering for banks, more attractive TLTROs, and an open-ended bond purchase program of €20 bn per month ([link](#))
- US core CPI inflation rises to 2.4% y/y, slightly above expectations ([link](#))
- President Trump presses Fed for deeper rate cuts ([link](#))
- UK government releases its worst-case scenario Brexit outlook ([link](#))
- Non-mortgage troubled debt a growing problem for US households ([link](#))
- Chinese equities rise on Trump postponing next tariff hike ([link](#))
- Turkey's central bank slashes policy rate 325 bps, more than expected ([link](#))

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

## ECB delivers easing package, boosting investor sentiment

Financial markets welcomed news of the ECB's monetary easing measures just announced, adding to gains on the back of a de-escalation in US-China trade tensions. The ECB delivered the expected 10 bps cut in its deposit rate to -0.5% and altered its policy rate guidance to signal that low rates would persist for longer. The central bank also announced monthly asset purchases of €20 billion starting November 1 as well as lower rates and longer maturities on TLTROs. Equity markets gained on the news while the euro depreciated. **Before the ECB's announcement, sentiment was lifted by trade optimism on conciliatory signs between the US and China.** President Trump tweeted last night that he would postpone the imposition of 5% additional tariffs scheduled for October 1, while China is reportedly considering permitting renewed imports of American farm products. The President's tweet came after China announced yesterday that a range of U.S. goods would be exempted from their 25% tariffs for one year.

Key Global Financial Indicators

| Last updated:<br>9/12/19 8:48 AM     | Level   |        | Change from Market Close |        |         |      | YTD  |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|------|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %    |
| S&P 500                              |  | 3001   | 0.7                      | 2      | 4       | 4    | 20   |
| Eurostoxx 50                         |  | 3539   | 0.6                      | 2      | 6       | 6    | 18   |
| Nikkei 225                           |  | 21760  | 0.7                      | 3      | 5       | -4   | 9    |
| MSCI EM                              |  | 42     | -0.8                     | 3      | 6       | 1    | 7    |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |      |
| US 10y Yield                         |  | 1.67   | 0.7                      | 11     | 2       | -130 | -102 |
| Germany 10y Yield                    |  | -0.64  | -8.0                     | -5     | -5      | -106 | -89  |
| EMBIG Sovereign Spread               |  | 335    | 1                        | -3     | -18     | -37  | -79  |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |      |
| EM FX vs. USD, (+) = appreciation    |  | 61.1   | 0.4                      | 1      | 0       | 0    | -2   |
| Dollar index, (+) = \$ appreciation  |  | 99.0   | 0.3                      | 1      | 2       | 4    | 3    |
| Brent Crude Oil (\$/barrel)          |  | 59.7   | -1.8                     | -2     | 2       | -25  | 11   |
| VIX Index (% change in pp)           |  | 14.6   | 0.0                      | -2     | -7      | 1    | -11  |

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

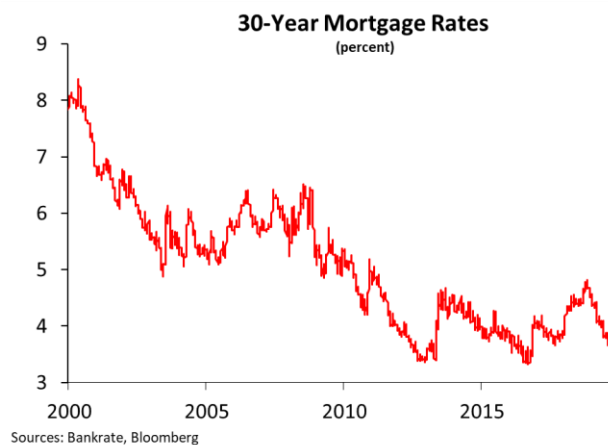
## United States

[back to top](#)

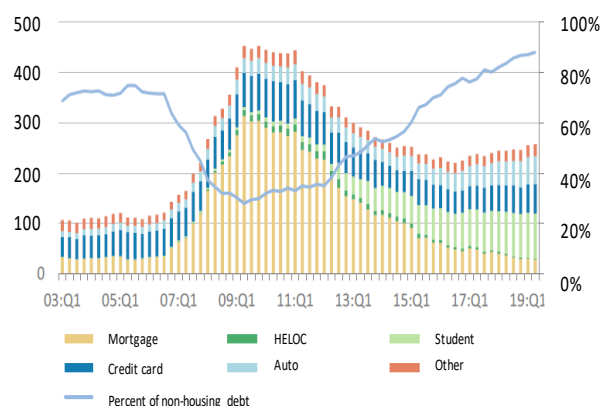
**In this morning's data, core inflation in August was released at 2.4% y/y (vs. 2.3% expected), while headline inflation came in at 1.7% (1.8% expected). US equity futures are up this morning, after stocks firmed yesterday led by a rebound in tech shares.** Treasuries ended the session little changed. On Wednesday, the headline August PPI release (+0.1% m/m, +1.8% y/y) and various core measures came in slightly higher than market forecasts. These were the last major inflation reports before next week's FOMC meeting. President Trump once again pressed for deeper rate cuts yesterday, tweeting the Fed should cut rates to "zero, or less, and we should then start to refinance our debt."

A recent Washington Post-ABC poll indicated six in 10 respondents were worried a recession was "very likely" or "somewhat likely" over the next year, even though 56% of them gauged the economy as "excellent" or "good." LendingTree compared the Philadelphia Fed's monthly economic index tracking current conditions to identify those states most at risk of a recession by the fourth quarter. It identified Michigan, Hawaii, Montana, Maryland, and Louisiana as being the most at risk, with Nebraska, Oregon, and Idaho as the most resilient.

**Refinancings constitute 60% of mortgage loan activity in the residential housing market.** Mortgage applications rose by 2% in the week ending September 6th after a string of declines. The 30-year mortgage rate has been trending higher this month, but rates are still very low by historical standards. Supply remains constrained, with home sales only at 70% of the record levels of 2005. CoreLogic advises that the mortgage 30 day+ delinquency rate was 4.0% overall in June—and has been declining for 18 months. The foreclosure inventory rate hit a 20-year low of 0.4%.



**Improving mortgage financial metrics stand in contrast to other forms of household debt.** Morgan Stanley finds that "almost 90% of severely derogatory debt" is now non-housing in nature. During the first half of 2019, credit cards saw the largest growth in outstanding debt. But over the past decade, student loans and auto loans have grown the most. The New York Fed estimates household debt stood at \$13.86 tn at the end of Q2, up 4.3% from a year earlier.

**Exhibit 6:** Composition of severely derogatory debt

Source: NY Fed, Morgan Stanley Research

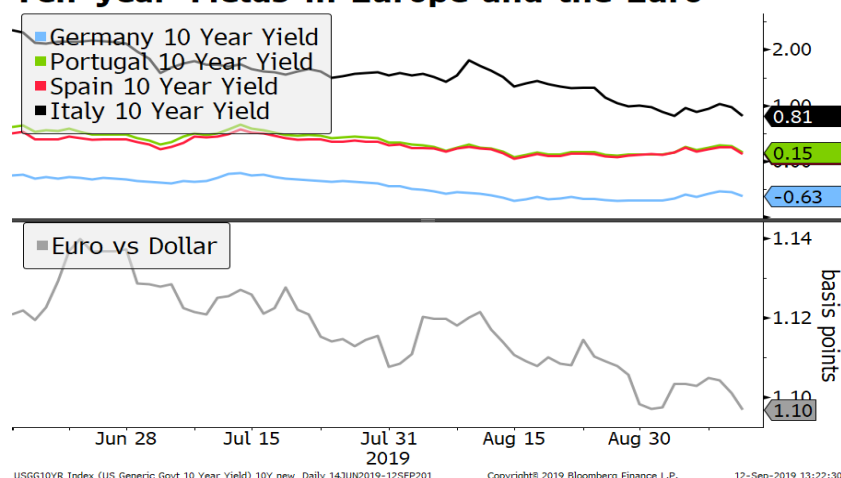
**The assets of passive US equity funds exceeded those of active funds for the first time in August.** Morningstar reported that mutual funds and exchanged-traded funds tracking equity indices had assets of \$4.271 tn in August, compared to more active styles with \$4.246 tn. Further, the firm reported passive funds have added \$88.9 bn in new money this year, while \$124.1 bn has been pulled from active managers.

## Europe

[back to top](#)

**The ECB cut its deposit rate by 10 bps to -0.50%, as most had expected, and announced a series of other policy changes.** The bank will deliver an additional €20 bn per month of purchases starting in November. Although the headline QE figure was lower than the average forecast, it came with an open-ended commitment. In addition, officials decided to lower interest rates on TLTROs and increase the maturity from two to three years. The ECB's forwards guidance now suggest that the key rates will "remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to" the target. Lastly, the ECB will start a tiering program to help soften the adverse effects of negative rates on banks, but details have not been announced yet. **Shortly after the release of the ECB's policy decisions, yields were down across the region with 10-year yields falling as much as 8 bps in Germany and 18 bps in Italy.** The EuroStoxx 600 index was up 0.5%, but bank stocks erased earlier gains and were down over 1%. The euro depreciated 0.4% against the dollar.

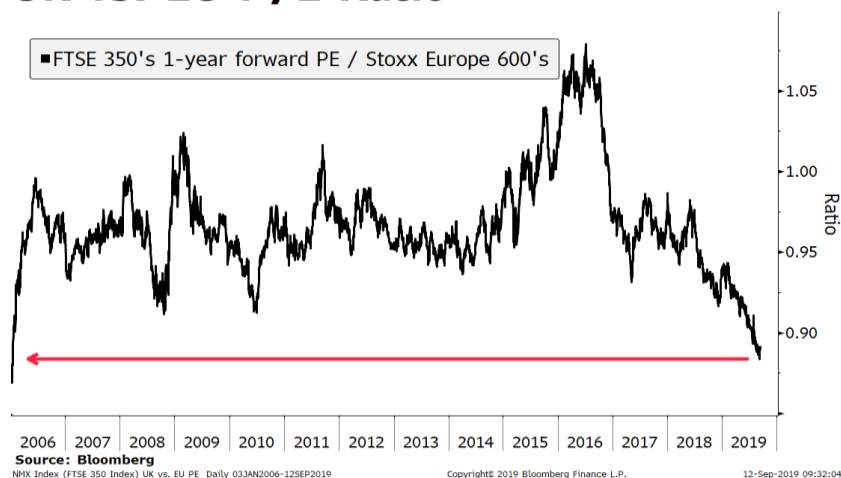
## Ten-year Yields in Europe and the Euro



## United Kingdom

The UK government was forced to release controversial documents it produced about the worst-case Brexit scenario. The document, called “Operation Yellowhammer,” warns of severe disruptions to cross-channel routes (Dover) of up to six months, negative impacts on the supply of medicines and fresh foods, protests and a possible rise in public disorder (full document [here](#)). A comparison between P/E metrics shows that UK stocks are at their deepest discount against their European counterparts since 2006.

## UK vs. EU P/E Ratio



## Other Mature Markets

[back to top](#)

### Japan

**Equities gained 0.7% on trade optimism.** All major sectors advanced with industrials and materials outperforming. Stronger-than-expected machine orders for July also supported sentiment. According to Bloomberg, **BoJ officials are uncomfortable with 10-year JGB yields falling below -0.3%**, a level almost reached a week ago. Some BoJ officials reportedly see the need for action should yields fall again. The BoJ has pledged to target 10-year yields around zero. It also stated that a yield curve that is too flat could harm the economy. **JGB yields declined 1 bp to -0.22% on the day. The yen was stable.**

### A Source of Concern for BOJ

A drop of 10-year yields to a three-year low has deepened concerns at BOJ


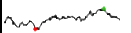








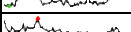





## Emerging Markets

[back to top](#)

**Emerging market assets generally gained today, helped by trade optimism ahead of the resumption of US-China trade talks. Asian equities gained on net (+0.4%) but performance was mixed across countries.** China (+0.7%) and Vietnam (+0.7%) led gains, while most South East Asian bourses declined. Regional currencies strengthened across the board. In **EMEA**, South African stocks gained 0.9% while Hungarian lost 0.3%; other bourses saw smaller moves. Currencies broadly strengthened versus the dollar by about 0.2-0.3%, with bigger gains for the Russian ruble (+0.7%). **Latin American equity markets** were mostly higher on Wednesday. Chile saw the largest gains at 1.6%, followed by Argentina (+0.7%). Regional currencies were mostly lower except for the Brazilian real (+0.3%). 10-year government bond yields rose 9 bps in Mexico and were mixed in other countries. The Central Bank of Peru is expected to leave the policy rate unchanged at 2.5%.

Key Emerging Market Financial Indicators

| Last updated:<br>9/12/19 7:46 AM | Level   |       | Change                            |        |         |      |      |
|----------------------------------|---|-------|-----------------------------------|--------|---------|------|------|
|                                  | Last 12m  | index | 1 Day                             | 7 Days | 30 Days | 12 M | YTD  |
| <b>Major EM Benchmarks</b>       |   |       | %                                 |        |         |      | %    |
| MSCI EM Equities                 |    | 41.70 | -0.5                              | 3      | 6       | 1    | 7    |
| MSCI Frontier Equities           |    | 28.06 | -0.7                              | -2     | -3      | 2    | 7    |
| EMBIG Sovereign Spread (in bps)  |    | 334   | 0                                 | -4     | -19     | -38  | -80  |
| EM FX vs. USD                    |    | 60.97 | 0.3                               | 1      | 0       | 0    | -2   |
| <b>Major EM FX vs. USD</b>       |   |       | %, (+) = EM currency appreciation |        |         |      |      |
| China Renminbi                   |    | 7.09  | 0.4                               | 1      | 0       | -3   | -3   |
| Indonesian Rupiah                |    | 13994 | 0.5                               | 1      | 2       | 6    | 3    |
| Indian Rupee                     |   | 71.14 | 0.7                               | 1      | 0       | 1    | -2   |
| Argentina Peso                   |  | 56.17 | -0.3                              | 0      | -6      | -32  | -33  |
| Brazil Real                      |  | 4.07  | 0.3                               | 1      | -2      | 2    | -5   |
| Mexican Peso                     |  | 19.48 | 0.1                               | 1      | 1       | -2   | 1    |
| Russian Ruble                    |  | 65.03 | 0.7                               | 2      | 1       | 6    | 7    |
| South African Rand               |  | 14.65 | 0.2                               | 2      | 4       | 2    | -2   |
| Turkish Lira                     |  | 5.69  | 1.0                               | 0      | -2      | 12   | -7   |
| EM FX volatility                 |  | 8.27  | 0.0                               | -0.3   | -0.4    | -4.1 | -1.5 |

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

**Fitch Ratings believes that EMs are more likely to be downgraded than upgraded in the next 12 to 24 months.** The rating agency has noted that it had 13 sovereigns with a negative outlook and only 7 with a positive one. Fitch views the slowdown of global growth and weakening demand prospects for commodities as key drivers behind the current rating trends.

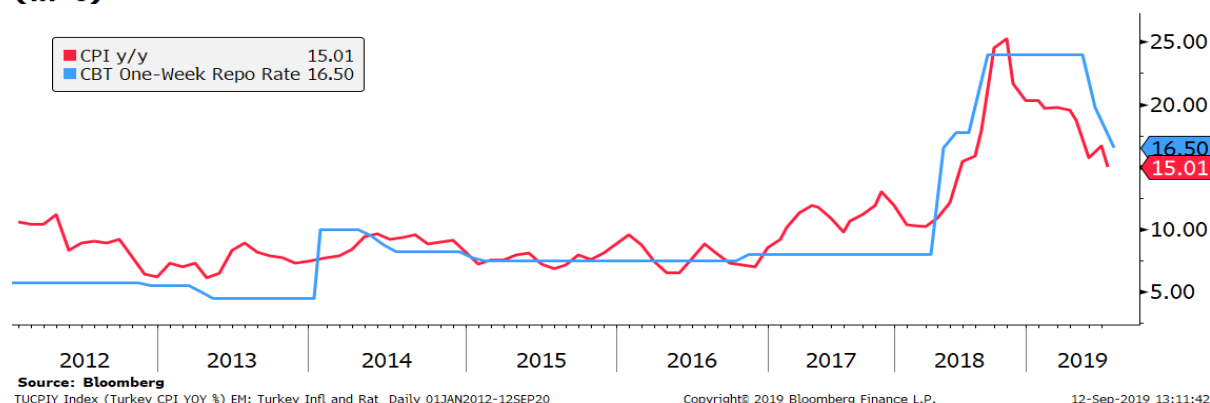
| Region                 | Negative Outlooks   | Positive Outlooks   |
|------------------------|---|---|
| Emerging Asia          |   | Thailand (BBB+)<br>Vietnam (BB)                                 |
| Emerging Europe        | Turkey (BB-)  | Armenia (B+)<br>Bulgaria (BBB)<br>Croatia (BBB-)<br>Ukraine (B) |
| Latin America          | Aruba (BBB-)<br>Bolivia (BB-)<br>Colombia (BBB)<br>Costa Rica (B+)<br>Guatemala (BB)<br>Nicaragua (B-)<br>Suriname (B-)<br>Uruguay (BBB-) |   |
| Middle East and Africa | Angola (B)<br>Namibia (BB+)<br>South Africa (BB+)<br>Tunisia (B+)   | Benin (B)   |

Source: Fitch Ratings

## Turkey

**The Central Bank of Turkey cut its main policy rate by 325 bps to 16.50%.** Although a cut had been anticipated by most analysts, the size of the interest rate reduction was larger than expected (275 bps). The CBT argued that inflation is likely to end the year below previous forecasts. **The Turkish lira jumped following the announcement and is now trading at 5.67/dollar; +1.34% stronger to the dollar.** Stocks in Istanbul are 0.7% higher.

## Turkey: Inflation and Policy Rate (in %)



## China

**Equities gained 0.7% on trade optimism ahead of the resumption of bilateral negotiations.** Yesterday, President Trump tweeted that he would postpone the imposition of 5% extra tariffs scheduled for October 1 by two weeks as a gesture of goodwill. Meanwhile, China is reportedly considering exempting agricultural imports such as soy and pork from tariffs. **The onshore and offshore RMB appreciated 0.4% vs. the dollar.**

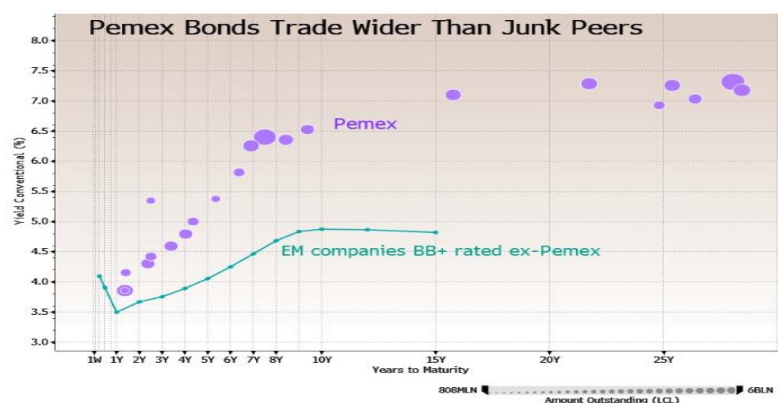
## Malaysia

**Bank Negara Malaysia (BNM) left its overnight policy rate unchanged at 3%, in line with consensus expectations.** BNM acknowledged in its statement that the global economic outlook had darkened further, particularly as “the recent escalation of trade tensions point to weaker global trade going forward, with increasing signs of spillovers to domestic economic activity in a number of countries.” On the domestic front, while the 2019 GDP growth forecast range of 4.3-4.8% was maintained, BNM stated that its baseline projection was subject to further downside risks from trade tensions, policy uncertainties and commodity-related shocks. Equities and the exchange rate were little changed on the day, while 10-year yields dropped 3 bps to 3.3%.

## Mexico

**The Mexican government announced a \$5 billion capital injection into Pemex, the heavily indebted petroleum company.** The \$5 billion will be used to improve Pemex’s credit profile by prepaying short-term debt and issuing long-term debt. Analysts at Fitch noted that Pemex still faces downgrade risk on unsolved issues such as high taxes, production decline and lack of investments. Moody’s rated Pemex’s new global notes Baa3 and S&P rated them BBB+. The market reaction to the news was muted, with domestic equities finishing slightly higher and the peso flat on the day.

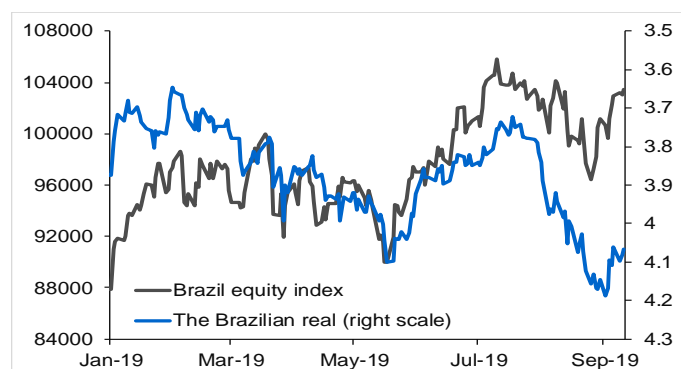




Source: Bloomberg

## Brazil

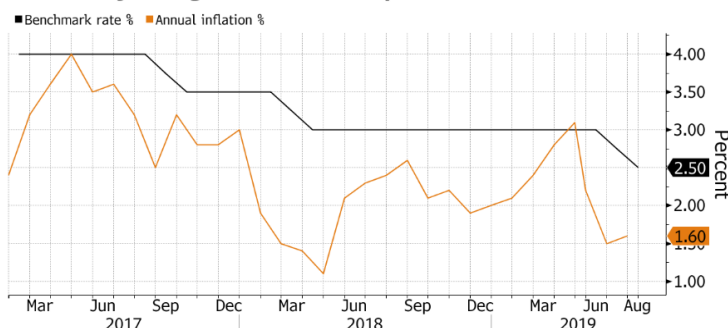
**Brazil's core retail sales expanded 1% m/m in August, beating analyst expectations (+0.2% m/m) and recording a third straight month of gains.** Equities and the real gained modestly on the news. The release points to a less weak growth path than seemed likely until a few weeks ago, when Q2 GDP growth also surprised on the upside. The Bloomberg consensus forecast for 2019 now is for growth of 0.9% y/y this year.



Source: Bloomberg

**The National Bank of Serbia is expected to leave rates unchanged at 2.5%.** The NBS recently surprised analysts with two cuts in 2019. Some argue that the NBS still has room to cut given that inflation is currently at 1.6% y/y—very close to the bottom of the central bank's 1.5%-4.0% target corridor. The NBS will also have to factor in the impact of the government's plans to raise public pensions and wages ahead of the 2020 national elections.

### Serbia may act again after two surprise interest-rate cuts



Source: Serbian central bank and statistics office

## List of GMM Contributors

*Global Markets Analysis Division, MCM Department*

---

|   |  |   |
|---|--|---|
| <b>Anna Ilyina</b><br><i>Division Chief</i>                   | <b>David Jones</b><br><i>Senior Financial Sector Expert</i>      | <b>Robin Koepke</b><br><i>Economist</i>                 |
| <b>Peter Breuer</b><br><i>Deputy Division Chief</i>           | <b>Sanjay Hazarika</b><br><i>Senior Financial Sector Expert</i>  | <b>Thomas Piontek</b><br><i>Financial Sector Expert</i> |
| <b>Will Kerry</b><br><i>Deputy Division Chief</i>             | <b>Juan Solé</b><br><i>Senior Economist</i>                      | <b>Jochen Schmittmann</b><br><i>Economist</i>           |
| <b>Evan Papageorgiou</b><br><i>Deputy Division Chief</i>      | <b>Jeffrey Williams</b><br><i>Senior Financial Sector Expert</i> | <b>Ilan Solot</b><br><i>Financial Sector Expert</i>     |
| <b>Sergei Antoshin</b><br><i>Senior Economist</i>             | <b>Akihiko Yokoyama</b><br><i>Senior Financial Sector Expert</i> | <b>Martin Edmonds</b><br><i>Senior Data Mgt Officer</i> |
| <b>John Caparuso</b><br><i>Senior Financial Sector Expert</i> | <b>Dimitris Drakopoulos</b><br><i>Financial Sector Expert</i>    | <b>Yingyuan Chen</b><br><i>Senior Research Officer</i>  |
| <b>Sally Chen</b><br><i>Senior Economist</i>                  | <b>Rohit Goel</b><br><i>Financial Sector Expert</i>              | <b>Piyusha Khot</b><br><i>Research Assistant</i>        |
| <b>Fabio Cortés</b><br><i>Senior Economist</i>                | <b>Tryggvi Gudmundsson</b><br><i>Economist</i>                   | <b>Xingmi Zheng</b><br><i>Research Assistant</i>        |
| <b>Mohamed Jaber</b><br><i>Senior Financial Sector Expert</i> | <b>Henry Hoyle</b><br><i>Financial Sector Expert</i>             |   |

---

**Disclaimer:** This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.



## Global Financial Indicators

| Last updated:<br>9/12/19 8:48 AM | Level    |        | Change                           |        |         |      | YTD   |
|----------------------------------|----------|--------|----------------------------------|--------|---------|------|-------|
|                                  | Last 12m | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |       |
| <b>Equities</b>                  |          |        | %                                |        |         |      | %     |
| United States                    |          | 3001   | 0.7                              | 2      | 4       | 4    | 20    |
| Europe                           |          | 3539   | 0.6                              | 2      | 6       | 6    | 18    |
| Japan                            |          | 21760  | 0.7                              | 3      | 5       | -4   | 9     |
| China                            |          | 3031   | 0.7                              | 2      | 8       | 14   | 22    |
| Asia Ex Japan                    |          | 68     | 0.7                              | 3      | 7       | -1   | 7     |
| Emerging Markets                 |          | 42     | -0.8                             | 3      | 6       | 1    | 7     |
| <b>Interest Rates</b>            |          |        | basis points                     |        |         |      |       |
| US 10y Yield                     |          | 1.67   | 0.7                              | 11     | 2       | -130 | -102  |
| Germany 10y Yield                |          | -0.64  | -8.0                             | -5     | -5      | -106 | -89   |
| Japan 10y Yield                  |          | -0.21  | -1.3                             | 5      | 1       | -33  | -22   |
| UK 10y Yield                     |          | 0.57   | -6.3                             | -3     | 8       | -91  | -70   |
| <b>Credit Spreads</b>            |          |        | basis points                     |        |         |      |       |
| US Investment Grade              |          | 134    | 0.4                              | -1     | 0       | 32   | -13   |
| US High Yield                    |          | 457    | 4.0                              | -18    | -36     | 119  | -64   |
| Europe IG                        |          | 45     | -3.8                             | -3     | -13     | -16  | -42   |
| Europe HY                        |          | 233    | -14.3                            | -11    | -55     | -50  | -119  |
| EMBIG Sovereign Spread           |          | 335    | 1.0                              | -3     | -18     | -37  | -79   |
| <b>Exchange Rates</b>            |          |        | %                                |        |         |      |       |
| USD/Majors                       |          | 98.97  | 0.3                              | 1      | 2       | 4    | 3     |
| EUR/USD                          |          | 1.10   | -0.4                             | -1     | -2      | -6   | -4    |
| USD/JPY                          |          | 107.6  | 0.2                              | -1     | -2      | 3    | 2     |
| EM/USD                           |          | 61.1   | 0.4                              | 1      | 0       | 0    | -2    |
| <b>Commodities</b>               |          |        | %                                |        |         |      |       |
| Brent Crude Oil (\$/barrel)      |          | 60     | -1.8                             | -2     | 2       | -25  | 11    |
| Industrials Metals (index)       |          | 119    | 0.4                              | 1      | 5       | 2    | 9     |
| Agriculture (index)              |          | 37     | 0.4                              | 2      | -2      | -11  | -10   |
| <b>Implied Volatility</b>        |          |        | %                                |        |         |      |       |
| VIX Index (% change in pp)       |          | 14.6   | 0.0                              | -1.7   | -6.5    | 1.4  | -10.9 |
| 10y Treasury Volatility Index    |          | 5.1    | 0.0                              | -0.1   | -0.6    | 1.7  | 0.6   |
| Global FX Volatility             |          | 7.1    | 0.0                              | -0.4   | -1.2    | -1.8 | -1.9  |
| <b>EA Sovereign Spreads</b>      |          |        | 10-Year spread vs. Germany (bps) |        |         |      |       |
| Greece                           |          | 226    | 4.0                              | 8      | -49     | -142 | -189  |
| Italy                            |          | 143    | -10.5                            | -11    | -87     | -111 | -107  |
| Portugal                         |          | 83     | 0.3                              | -1     | 0       | -62  | -65   |
| Spain                            |          | 82     | -0.2                             | -1     | -1      | -24  | -36   |

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>9/12/2019<br>7:49 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                                 |                | 7.09   | 0.4                  | 0.9    | 0       | -3   | -3  |                                     | 3.1    | 0.7                      | -2     | -1      | -54  | -10  |
| Indonesia                             |                | 13994  | 0.5                  | 1.2    | 2       | 6    | 3   |                                     | 7.4    | 2.5                      | -6     | 3       | -130 | -76  |
| India                                 |                | 71     | 0.7                  | 1.0    | 0       | 1    | -2  |                                     | 6.7    | 4.1                      | 6      | 7       | -156 | -71  |
| Philippines                           |                | 52     | 0.4                  | 0.1    | 0       | 4    | 1   |                                     | 4.4    | 0.6                      | 0      | -24     | -182 | -193 |
| Thailand                              |                | 30     | 0.4                  | 0.3    | 1       | 8    | 7   |                                     | 1.7    | -1.3                     | 16     | 4       | -119 | -97  |
| Malaysia                              |                | 4.17   | 0.3                  | 0.5    | 0       | 0    | -1  |                                     | 3.4    | 0.1                      | 4      | -8      | -76  | -73  |
| Argentina                             |                | 56     | -0.3                 | -0.3   | -6      | -32  | -33 |                                     | 70.0   | 7.2                      | 282    | 3722    | 4519 | 4699 |
| Brazil                                |                | 4.07   | 0.3                  | 0.7    | -2      | 2    | -5  |                                     | 6.7    | -0.7                     | 0      | 9       | -383 | -146 |
| Chile                                 |                | 713    | 0.3                  | 0.3    | 0       | -3   | -3  |                                     | 2.7    | 4.8                      | 14     | -2      | -209 | -175 |
| Colombia                              |                | 3375   | -0.4                 | 0.7    | 2       | -9   | -4  |                                     | 5.7    | -4.6                     | 1      | 1       | -94  | -80  |
| Mexico                                |                | 19.48  | 0.1                  | 1.3    | 1       | -2   | 1   |                                     | 7.3    | 7.4                      | 24     | 2       | -77  | -139 |
| Peru                                  |                | 3.3    | 0.1                  | 1.2    | 1       | 0    | 1   |                                     | 4.3    | 0.5                      | 2      | -7      | -130 | -141 |
| Uruguay                               |                | 37     | 0.2                  | 0.5    | -2      | -10  | -11 |                                     | 10.8   | -7.0                     | -28    | 95      |      | 13   |
| Hungary                               |                | 301    | 0.4                  | -0.6   | -4      | -7   | -7  |                                     | 1.2    | -6.1                     | 10     | 16      | -142 | -102 |
| Poland                                |                | 3.94   | 0.1                  | -0.1   | -2      | -6   | -5  |                                     | 1.9    | -7.2                     | 14     | 11      | -77  | -40  |
| Romania                               |                | 4.3    | 0.1                  | -0.2   | -2      | -7   | -5  |                                     | 3.7    | -1.0                     | 8      | 4       | -60  | -51  |
| Russia                                |                | 65.0   | 0.7                  | 1.8    | 1       | 6    | 7   |                                     | 6.9    | -0.7                     | 2      | -25     | -179 | -154 |
| South Africa                          |                | 14.6   | 0.2                  | 1.6    | 4       | 2    | -2  |                                     | 9.3    | 0.8                      | 6      | -16     | -49  | -30  |
| Turkey                                |                | 5.69   | 1.0                  | 0.0    | -2      | 12   | -7  |                                     | 15.0   | -30.5                    | 13     | 28      | -796 | -184 |
| US (DXY; 5y UST)                      |                | 99     | -0.1                 | 0.1    | 1       | 4    | 2   |                                     | 1.59   | -0.8                     | 16     | 9       | -128 | -93  |

|              | 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        |                | 3031   | 0.7           | 2      | 8       | 14   | 22  |                                  | 186    | 1                        | -1     | 2       | -2   | -8   |
| Indonesia    |                | 6342   | -0.6          | 1      | 1       | 9    | 2   |                                  | 171    | -2                       | -2     | -27     | -38  | -65  |
| India        |                | 37104  | -0.4          | 1      | -1      | -2   | 3   |                                  | 136    | 3                        | -5     | -5      | -38  | -60  |
| Philippines  |                | 7944   | -0.3          | 1      | 1       | 7    | 6   |                                  | 67     | -1                       | -6     | -23     | -38  | -54  |
| Malaysia     |                | 1601   | -0.1          | 0      | -1      | -10  | -5  |                                  | 122    | 0                        | 0      | -2      | -14  | -40  |
| Argentina    |                | 28618  | 0.7           | 16     | 4       | -4   | -6  |                                  | 2079   | 3                        | -95    | 1203    | 1381 | 1264 |
| Brazil       |                | 103446 | 0.4           | 2      | 2       | 38   | 18  |                                  | 224    | 2                        | -9     | -8      | -103 | -49  |
| Chile        |                | 4957   | 1.6           | 3      | 3       | -6   | -3  |                                  | 129    | 1                        | -2     | -7      | -12  | -37  |
| Colombia     |                | 1586   | 0.8           | 1      | 4       | 5    | 20  |                                  | 176    | 2                        | 2      | -13     | -8   | -52  |
| Mexico       |                | 42749  | 0.4           | 1      | 7       | -13  | 3   |                                  | 324    | 2                        | -7     | -21     | 45   | -30  |
| Peru         |                | 19329  | 0.6           | 0      | 1       | 2    | 0   |                                  | 113    | 2                        | -1     | -18     | -32  | -55  |
| Hungary      |                | 40083  | -0.3          | 0      | -2      | 11   | 2   |                                  | 90     | 4                        | -5     | -18     | -25  | -58  |
| Poland       |                | 57965  | 0.0           | 3      | 4       | 2    | 0   |                                  | 23     | 3                        | -7     | -14     | -31  | -62  |
| Romania      |                | 9222   | -0.1          | 0      | 1       | 12   | 25  |                                  | 186    | 1                        | -21    | -4      | -1   | -35  |
| Russia       |                | 2805   | -0.4          | 0      | 4       | 20   | 18  |                                  | 185    | -2                       | -8     | -30     | -62  | -67  |
| South Africa |                | 57032  | 1.4           | 3      | 3       | 2    | 8   |                                  | 308    | 2                        | 5      | -24     | -49  | -57  |
| Turkey       |                | 102386 | 0.5           | 2      | 3       | 11   | 12  |                                  | 497    | -11                      | 2      | -5      | -50  | 68   |
| Ukraine      |                | 522    | 0.0           | -1     | -3      | -1   | -7  |                                  | 451    | -5                       | -14    | -83     | -134 | -336 |
| EM total     |                | 42     | -0.5          | 3      | 6       | 1    | 7   |                                  | 334    | 0                        | -4     | -19     | -38  | -80  |

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

[back to top](#)