



- **ECB raises policy rates 75 bps and sharply revises inflation and growth outlook** ([link](#))
- **UK Treasury and BoE to set up liquidity fund for energy companies** ([link](#))
- **Bank of Canada hikes 75 bps and signals more rate increases in coming months** ([link](#))
- **US prime money market fund AUMs grow as flows shift towards higher yields** ([link](#))
- **Australian central bank governor hints at slower pace of rate hikes going forward** ([link](#))
- **Malaysian central bank hikes 25 bps and indicates further gradual adjustments** ([link](#))
- **National Bank of Poland continues to slow its pace of tightening with 25 bp hike** ([link](#))

[Mature Markets](#)












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## Global markets mixed as investors digest ECB rate hike

Equity markets are range bound, the US dollar is weakening, and core sovereign bond yields are mixed as central banks, energy prices, and fiscal support remain top of mind. The ECB is the main focus this morning with the central bank raising rates by 75 bps, while also stressing that further normalization in policy is expected over the next several meetings. Investors are looking to the press conference later this morning for further signals on the ECB's projected path going forward. In other central bank news, the Bank of Canada moved in line with expectations by hiking its policy rate 75 bps while also providing a meeting statement that emphasized data dependence and a focus on broadening inflation pressures. In the US, market expectations are tipping in favor of a 75 bps FOMC policy rate hike later this month with 70 bps priced in, the highest level since the last FOMC meeting in July. Emerging market central banks continue to also add to the global monetary policy tightening cycle as the Malaysian and Polish central banks raised rates 25 bps, though the latter slowed its pace of tightening for the second consecutive meeting. In energy markets, oil prices remain close to multi-month lows as demand worries grow amid China's Covid-19 lockdowns, while in the UK, front-end gilt yields are sustaining the sharp moves lower over the last 2 days as news of proposed energy price caps for households and businesses have slightly reduced inflation and BoE policy tightening expectations in the near-term.

Key Global Financial Indicators

| Last updated:<br>9/8/22 8:04 AM     | Level   |        | Change from Market Close |        |         |      | YTD | Since<br>23-Feb-22 |
|-------------------------------------|---|--------|--------------------------|--------|---------|------|-----|--------------------|
|                                     | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |     |                    |
| Equities                            |   |        | %                        |        |         |      | %   |                    |
| S&P 500                             |  | 3980   | 1.8                      | 0      | -4      | -12  | -16 | -6                 |
| Eurostoxx 50                        |  | 3490   | -0.3                     | 1      | -7      | -16  | -19 | -12                |
| Nikkei 225                          |  | 28065  | 2.3                      | 1      | 0       | -6   | -3  | 6                  |
| MSCI EM                             |  | 39     | 0.9                      | -2     | -4      | -27  | -21 | -19                |
| Yields and Spreads                  |   |        | bps                      |        |         |      |     |                    |
| US 10y Yield                        |  | 3.22   | -4.0                     | -3     | 47      | 189  | 171 | 123                |
| Germany 10y Yield                   |  | 1.58   | 0.2                      | 2      | 68      | 190  | 176 | 135                |
| EMBIG Sovereign Spread              |  | 510    | 5                        | 9      | 7       | 174  | 143 | 97                 |
| FX / Commodities / Volatility       |   |        | %                        |        |         |      |     |                    |
| EM FX vs. USD, (+) = appreciation   |  | 50.1   | 0.3                      | 0      | -1      | -11  | -5  | -6                 |
| Dollar index, (+) = \$ appreciation |  | 109.3  | -0.4                     | 0      | 3       | 18   | 14  | 14                 |
| Brent Crude Oil (\$/barrel)         |  | 88.2   | 0.2                      | -5     | -9      | 21   | 13  | -9                 |
| VIX Index (% change in pp)          |  | 25.0   | 0.4                      | -1     | 4       | 7    | 8   | -6                 |

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

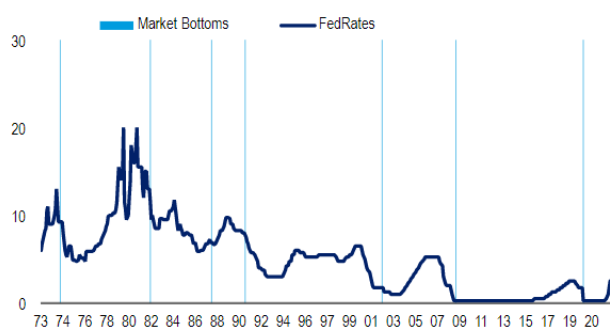
## Mature Markets

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### United States

**Stock market bottom so far remains elusive.** US stock markets have declined following the Jackson Hole remarks of Fed Chair Powell. According to some market analysis, this correction was long overdue, and the trough is yet to come. Looking at what typically occurred ahead of prior market bottoms, Bank of America analysts find that all seven of the last bear markets ended after a Fed rate cut and following a drop of 50 bps in the 2-year yields. Currently, markets expect the first rate cut in Q3 2023 and 2-year yields keep rising to cycle highs. Low valuations are also a necessary, though not sufficient condition for a market recovery and with current stock valuations remaining rich and economic growth to weaken further a market trough is likely not yet seen.

**Exhibit 11: Fed historically cut before each market bottom**  
Federal Funds Rate and prior seven market bottoms (1973-8/22)

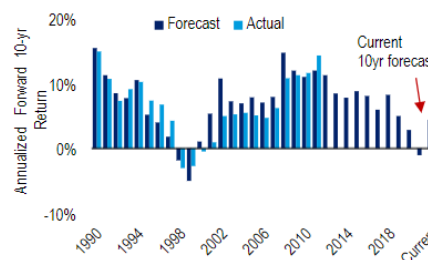


Source: Bloomberg, BofA US Equity & Quant Strategy

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**Exhibit 10: Valuation currently suggests 4 ppt p.a. price returns over the next decade**

S&P 500 normalized P/E vs. subsequent annualized returns (since 1987, as of 8/2022)

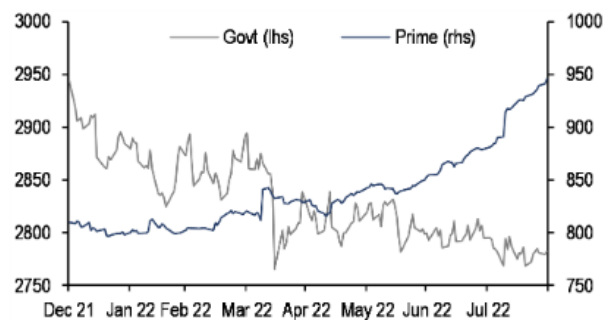


Source: FactSet, Haver Analytics, BofA US Equity & US Quant Strategy

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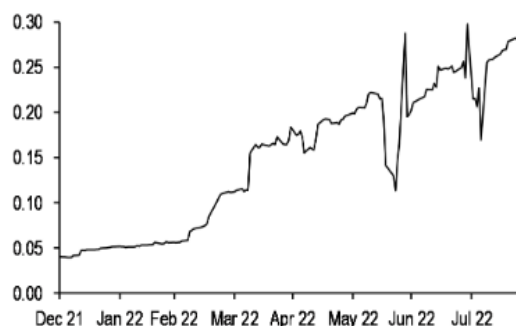
**US prime MMF AUMs grow as yields rise.** Unlike other corners of the market, the sharp rise in policy rates has favored prime MMFs, which were in the receiving end of a shift of fund flows away from government MMFs. Prime MMF AUMs have increased \$130 bn (or 13%) YTD, while government MMF AUMs have seen outflows of about 5% during the same period. The shift is likely driven by the higher yields prime funds offer relative to government funds, with the yield differential increasing considerably as the hiking cycle progressed. At the same time, prime MMFs have more aggressively increased their repo holdings with the Federal Reserve compared to government MMFs, but from a lower base. As a result of the heavy portfolio concentration in RRP, weighted average maturities (WAMs) declined for both types of MMFs.

Government versus prime MMF AUMs (\$bn)



Source: Crane Data, J.P. Morgan

Prime-to-government MMF net yield spread (bp)



Source: Crane Data, J.P. Morgan

## Canada

**The Bank of Canada (BoC) hiked by 75 bps, in line with expectations, taking the policy rate to 3.25%.**

The statement was interpreted as hawkish with a focus on broadening inflation pressures and strong domestic demand, while maintaining a constructive tone on the economy despite recent signs of softening. The statement also indicated data dependency in that the BoC "will be assessing how much higher interest rates need to go to return inflation to target" as the effects of tighter monetary policy work through the economy. Markets are pricing another 43 bps of rate increases for October and an additional 11 bps for December. Canadian government bonds yields were lower following the decision amid the broader move lower in core bond yields and the Canadian dollar was slightly stronger.

Figure 2. Market expectations of hikes in the US and Canada move closely



We show Q1 2023 pricing for the Fed and the BoC.

Source: [What's Priced In](#), September 7, 2022, Barclays Research

## Euro area

**Interest rates were little changed and the euro ticked lower after the ECB hiked its policy rates 75 bps, for the first time ever. The majority of analysts called for a 75 bps hike but investors await the press conference for further details on the likely size of future hikes and other policy decisions.**

The ECB statement specified that today's hike "frontloads the transition from the prevailing highly accommodative level of policy rates towards levels that will ensure the timely return of inflation to the ECB's 2% medium-term target." The Governing Council expects to raise interest rates further, because inflation remains far too high and is likely to stay above target for an extended period. ECB staff also significantly revised up their inflation projections and is now expected to average 8.1% in 2022, 5.5% in 2023 and 2.3% in 2024. Staff now expect the economy to grow by 3.1% in 2022, 0.9% in 2023 and 1.9% in 2024.

**Short-term measures for euro area inflation from swaps have shifted sharply lower (around 192 bps) in the past week, prompting some analyst to warn of an overshoot whereas others warn clients that inflation swaps will remain unusually volatile.** In any case, economist will struggle to predict the near-term impact of lower prices and government interventions on inflation. Disinflationary news in the past week includes: the drop in natural gas prices (-13% mtd) and Brent oil prices (-9% mtd), a new fiscal support package in Germany, and proposals of a price cap on "inframarginal" (non-gas) electricity producers.

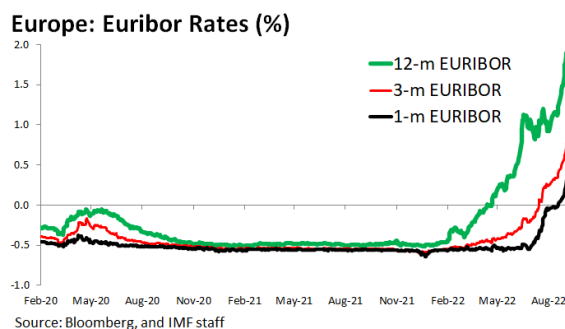
Euro inflation projections from swaps and expectations of Citi economists



Source: Citi

**Investor focus is also on the EU energy ministers' meeting tomorrow.** More details are expected on electricity savings, the ex-post levy on infra-marginal power production (non-gas fueled) and, liquidity support to energy providers.

**Euro area swap spreads, the difference between a swap rate and a German bond yield, remain wide but have edged somewhat lower in past days.** Some contacts argue that the ECB should start communicating on how it plans to reduce the excess reserves in the euro area and readjust the balance between reserves and collateral to reinforce the control of short rates in the current hiking cycle, as demand for high-grade collateral such as German bunds remains very strong. **Euribor rates, at which banks borrow funds from one another, have risen sharply in the past month.**

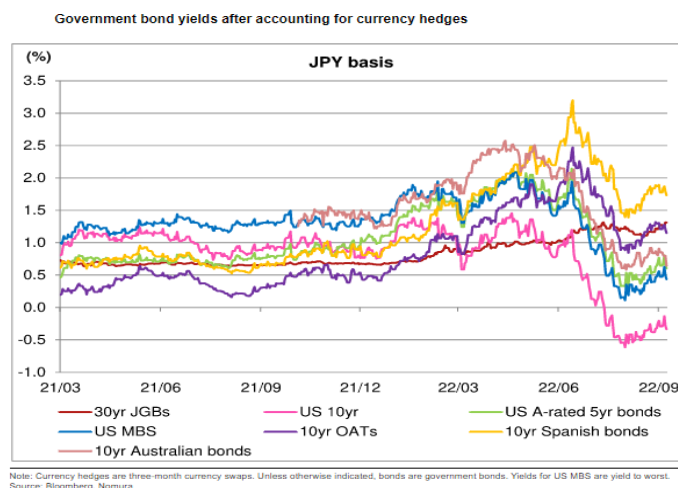


## United Kingdom

**The pound (+0.2%) edged higher and gilt yields are lower as PM Truss unveiled her energy plan,** including a cap of a limit to typical household energy bills to 2.5k/yr for a period of two years and a 6-month plan to contain energy bills for business. **The UK Treasury is reportedly also setting up a £40 bn fund with the Bank of England to help energy companies access extra liquidity.**

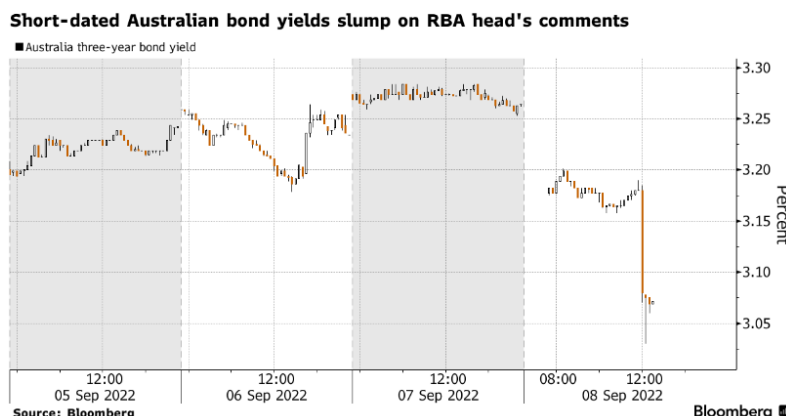
## Japan

**Japanese authorities reiterate concerns over FX market moves.** Vice Finance Minister Kanda said no options will be ruled out if yen drop worsens. Fundamentals alone cannot justify recent yen weakness, Kanda stated following the meeting on financial markets between the Ministry of Finance, the Bank of Japan, and the Financial Services Agency, Bloomberg reports. Separately, **Final Q2 GDP estimates were upgraded to +0.9% q/q** (preliminary: +0.5%), lifted by non-residential investment and private consumption. **Equities rallied +2.2%. Japanese yen and 10-year yields were little changed.**



## Australia

**Central bank Governor Lowe signaled a slower pace of rate hikes going forward.** Lowe stated that monetary policy tightened very quickly and acknowledged operational lags in monetary policy. He also said that rates are now closer to the estimated neutral setting and warned of difficult times ahead for households. **10-year yields slumped -13.8 bps, equities rallied +1.8%, Australian dollar was little changed.**



## Emerging Markets

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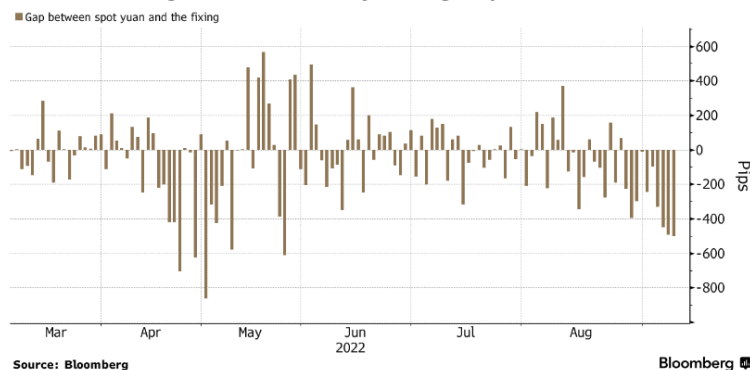
**Latin American markets closed mixed yesterday.** Equities retreated in Colombia (-1.4%) and Chile (-1.2%) but gained in Argentina (+2.7%) and Peru (+0.8%). Colombian equities presumably declined amid lower commodity prices for major exports (oil -5.9%, coffee -3%) and from continuing negotiations around a proposed tax bill. Currencies appreciated across the region (Colombia +1.7%, Chile and Mexico +0.8%, and Peru +0.3%). **Asian equities rebounded, +0.4%.** Singapore climbed +0.8%, Hong Kong SAR lost -1%. **Asian currencies mostly appreciated,** led by Thai baht (+0.7%). **10-year yields declined.** India slipped -11.1 bps; Singapore declined -8.1 bps. **Malaysia's central bank expectedly raised its benchmark rate by 25 bps** to 2.5%, citing intact economic growth prospects. The bank also reiterated its accommodative monetary policy stance, while again committing to measured and gradual policy adjustments. **EMEA equities and currencies were mixed ahead of the ECB decision later this morning.** Equities in Turkey (+2.8%) and the Czech Republic (+1.6%) outperformed, while equities in Saudi Arabia (-0.8%) underperformed. The Hungarian forint weakened (-0.1% against the euro) with August inflation data released this morning showing a smaller-than-expected acceleration but still increasing to a level last seen in the late 1990s (15.6% y/y vs expected 15.9% from 13.7%). The South African rand underperformed (-0.6% against the dollar) after data showed the current account unexpectedly swinging into a deficit in Q2. The Serbian dinar was little changed after Serbia increased the repurchase rate by 50 bps to 3.5% (consensus expected a 25 bps hike). Elsewhere on the monetary policy front, the central bank of Ukraine left its key rate unchanged at 25%, as expected.

## China

**Yuan corporate bond sales exceeded US dollar issuances in July and August.** Yuan note sales totaled 2.04 tn yuan (\$306 bn) for April through August while US dollar note sales stood at \$283 bn, an 11-year low. Separately, **China's foreign exchange reserves fell to \$3.1 tn in August, the lowest since October 2018.** The reduction was due to asset price declines as the US dollar appreciated, with reserves expected to stay stable as China implements economic support policies, China's State Administration of Foreign Exchange said. **Equities slipped (CSI 300: -0.4%).** Shares of natural gas-linked companies tumbled following reports of a new China-Russia natural gas deal. **Onshore yuan mildly strengthened +0.1%** but traded at its largest discount to the fixing rate since May, with the central bank having again fixed the currency stronger than expected. **10-year yields were little changed.**



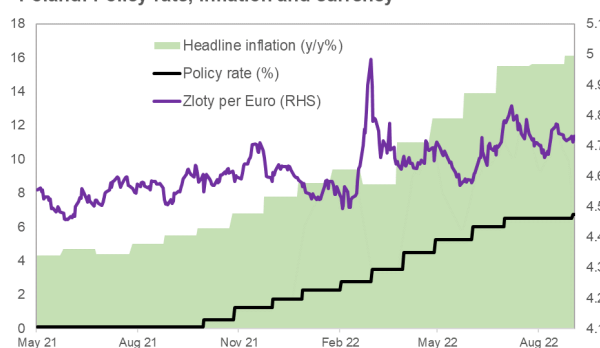
Yuan trades at largest discount since May to fixing in spot market



## Poland

**Polish equities continue to trade higher this morning (+0.9%) after the central bank hiked the key rate by 25 bps to 6.75% yesterday.** The 25 bps hike was in line with consensus and recent comments from the central officials hinting at the possibility of smaller interest rate hikes. Some officials had also previously hinted that the end of the hiking cycle was approaching. The central bank had gradually decreased its tightening steps from 100 bps to 75 bps in May and 50 bps in July. However, some contacts had expected a larger hike yesterday after an upside surprise in August preliminary inflation (16.1% y/y vs the expected slowdown to 15.4% from 15.6%). The press release highlighted a slowdown in economic growth, but noted that inflationary pressures are likely to persist in the coming quarters. **While analysts generally expect further tightening, there are divergent views on the terminal rate.** JPMorgan analysts, for example, argue that the slower pace of tightening is indicative that the end of the rate hiking cycle is approaching and see a final 25 bps hike in October to reach the expected terminal rate of 7%. Other analysts argue that broadening inflationary pressures will require more tightening and analysts from both BNP Paribas and Goldman Sachs see the terminal rate at 8%. The polish zloty appreciated against the euro yesterday (+0.3%)—a move that ING analysts argue is likely attributable to lower gas prices—but weakened (-0.2%) this morning. The governor's press conference related to yesterday's decision will take place later today.

















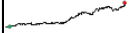






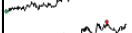
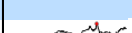



Poland: Policy rate, inflation and currency



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## Global Financial Indicators

| Last updated:<br>9/8/22 8:04 AM | Level   |        | Change                           |        |         |      | YTD  | Since<br>23-Feb-22 |
|---------------------------------|---|--------|----------------------------------|--------|---------|------|------|--------------------|
|                                 | Last 12m  | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |                    |
| <b>Equities</b>                 |   |        | %                                |        |         |      | %    | %                  |
| United States                   |    | 3979   | 1.8                              | 1      | -4      | -12  | -17  | -6                 |
| Europe                          |    | 3490   | -0.3                             | 1      | -7      | -16  | -19  | -12                |
| Japan                           |    | 28065  | 2.3                              | 1      | 0       | -6   | -3   | 6                  |
| China                           |    | 4038   | -0.4                             | 0      | -3      | -19  | -18  | -13                |
| Asia Ex Japan                   |    | 65     | 0.9                              | -1     | -4      | -27  | -21  | -17                |
| Emerging Markets                |    | 39     | 0.9                              | -2     | -4      | -27  | -21  | -19                |
| <b>Interest Rates</b>           |   |        | basis points                     |        |         |      |      |                    |
| US 10y Yield                    |    | 3.22   | -4.0                             | -3     | 47      | 189  | 171  | 123                |
| Germany 10y Yield               |    | 1.58   | 0.2                              | 2      | 68      | 190  | 176  | 135                |
| Japan 10y Yield                 |    | 0.25   | -0.1                             | 1      | 8       | 21   | 18   | 6                  |
| UK 10y Yield                    |    | 3.03   | -0.9                             | 15     | 107     | 228  | 205  | 155                |
| <b>Credit Spreads</b>           |   |        | basis points                     |        |         |      |      |                    |
| US Investment Grade             |    | 168    | -0.3                             | 5      | 3       | 77   | 56   | 25                 |
| US High Yield                   |    | 502    | 0.8                              | -8     | 34      | 185  | 165  | 96                 |
| Europe IG                       |    | 112    | -2.4                             | -8     | 12      | 67   | 64   | 40                 |
| Europe HY                       |    | 548    | -9.5                             | -38    | 43      | 319  | 307  | 196                |
| <b>Exchange Rates</b>           |   |        | %                                |        |         |      |      |                    |
| USD/Majors                      |    | 109.35 | -0.4                             | 0      | 3       | 18   | 14   | 14                 |
| EUR/USD                         |    | 1.00   | 0.1                              | 1      | -2      | -15  | -12  | -11                |
| USD/JPY                         |    | 143.5  | -0.2                             | 2      | 6       | 30   | 25   | 25                 |
| EM/USD                          |   | 50.1   | 0.3                              | 0      | -1      | -11  | -5   | -6                 |
| <b>Commodities</b>              |   |        | %                                |        |         |      |      |                    |
| Brent Crude Oil (\$/barrel)     |  | 88     | 0.2                              | -5     | -7      | 31   | 19   | -3                 |
| Industrials Metals (index)      |  | 149    | 1.2                              | -3     | -5      | -9   | -14  | -21                |
| Agriculture (index)             |  | 68     | -0.1                             | -2     | 4       | 21   | 11   | -4                 |
| <b>Implied Volatility</b>       |   |        | %                                |        |         |      |      |                    |
| VIX Index (% change in pp)      |  | 25.0   | 0.4                              | -0.9   | 3.7     | 7.1  | 7.8  | -6.0               |
| US 10y Swaption Volatility      |  | 129.4  | -6.4                             | 1.2    | 10.0    | 59.0 | 50.4 | 35.1               |
| Global FX Volatility            |  | 11.6   | 0.0                              | 0.3    | 1.0     | 5.0  | 4.2  | 4.2                |
| <b>EA Sovereign Spreads</b>     |   |        | 10-Year spread vs. Germany (bps) |        |         |      |      |                    |
| Greece                          |  | 260    | 1.8                              | -5     | 41      | 139  | 108  | 20                 |
| Italy                           |  | 227    | -1.8                             | -9     | 13      | 120  | 92   | 56                 |
| Portugal                        |  | 104    | -1.1                             | -5     | 2       | 46   | 40   | 12                 |
| Spain                           |  | 115    | -1.5                             | -6     | 4       | 46   | 40   | 11                 |

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

## Emerging Market Financial Indicators

| Last updated:<br>9/8/2022<br>8:11 AM | Exchange Rates |        |                       |        |         |      |     | Local Currency Bond Yields (GBI EM) |          |        |                          |        |         |      |       |           |
|--------------------------------------|----------------|--------|-----------------------|--------|---------|------|-----|-------------------------------------|----------|--------|--------------------------|--------|---------|------|-------|-----------|
|                                      | Level          |        | Change (in %)         |        |         |      |     | Since                               | Level    |        | Change (in basis points) |        |         |      | YTD   | Since     |
|                                      | Last 12m       | Latest | 1 Day                 | 7 Days | 30 Days | 12 M | YTD | 23-Feb-22                           | Last 12m | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD   | 23-Feb-22 |
|                                      | vs. USD        |        | (+) = EM appreciation |        |         |      |     |                                     | % p.a.   |        |                          |        |         |      |       |           |
| China                                |                | 6.95   | 0.2                   | -0.6   | -3      | -7   | -9  | -9                                  |          | 2.7    | 0.2                      | 0      | -10     | -28  | -14   | -15       |
| Indonesia                            |                | 14898  | 0.1                   | -0.1   | 0       | -4   | -4  | -4                                  |          | 7.2    | -3.3                     | 4      | 3       | 101  | 79    | 68        |
| India                                |                | 80     | 0.2                   | -0.2   | 0       | -8   | -7  | -6                                  |          | 7.4    | -7.0                     | -12    | 10      | 94   | 113   | 74        |
| Philippines                          |                | 57     | 0.0                   | -1.2   | -3      | -12  | -11 | -11                                 |          | 5.7    | 0.0                      | 20     | 38      | 188  | 120   | 70        |
| Thailand                             |                | 36     | 0.7                   | 0.7    | -2      | -10  | -8  | -11                                 |          | 2.7    | -8.5                     | -13    | 32      | 108  | 85    | 48        |
| Malaysia                             |                | 4.50   | 0.0                   | -0.4   | -1      | -8   | -7  | -7                                  |          | 4.0    | -5.1                     | 5      | 9       | 82   | 46    | 38        |
| Argentina                            |                | 141    | -0.2                  | -1.5   | -5      | -30  | -27 | -24                                 |          | 79.2   | 19.7                     | 192    | 1234    | 3227 | 2861  | 3122      |
| Brazil                               |                | 5.20   | 1.1                   | 0.9    | -2      | 2    | 7   | -4                                  |          | 11.6   | -22.0                    | -32    | -37     | 43   | 90    | 7         |
| Chile                                |                | 886    | 0.8                   | 1.2    | 2       | -12  | -4  | -11                                 |          | 6.7    | 0.0                      | 12     | 7       | 164  | 123   | 74        |
| Colombia                             |                | 4404   | 1.7                   | 0.6    | -2      | -13  | -7  | -11                                 |          | 9.7    | 0.0                      | 12     | 79      | 363  | 329   | 183       |
| Mexico                               |                | 20.00  | -0.1                  | 1.0    | 1       | 0    | 3   | 1                                   |          | 8.8    | 0.5                      | -2     | 67      | 177  | 126   | 94        |
| Peru                                 |                | 3.9    | 0.3                   | -0.9   | 1       | 5    | 3   | -4                                  |          | 8.3    | -0.1                     | 15     | 35      | 188  | 236   | 226       |
| Uruguay                              |                | 41     | -0.2                  | 0.0    | -2      | 4    | 9   | 3                                   |          | 11.3   | 0.0                      | 10     | 33      | 338  | 258   | 315       |
| Hungary                              |                | 395    | 0.2                   | 2.4    | -2      | -25  | -18 | -19                                 |          | 9.8    | -10.0                    | 29     | 155     | 682  | 525   | 495       |
| Poland                               |                | 4.70   | 0.3                   | 0.9    | -2      | -19  | -14 | -14                                 |          | 6.1    | -4.3                     | -19    | 88      | 410  | 254   | 217       |
| Romania                              |                | 4.9    | -0.2                  | 0.0    | -1      | -14  | -11 | -10                                 |          | 8.0    | 14.8                     | 35     | -3      | 445  | 321   | 288       |
| Russia                               |                | 60.9   | 1.3                   | -1.2   | 2       | 20   | 23  | 34                                  |          | 8.3    | -30.0                    | 0      | 3       | 90   | -52   | -293      |
| South Africa                         |                | 17.4   | -0.6                  | -0.5   | -4      | -18  | -8  | -13                                 |          | 9.0    | -2.0                     | -11    | 31      | 178  | 158   | 142       |
| Turkey                               |                | 18.24  | -0.1                  | -0.2   | -2      | -54  | -27 | -24                                 |          | 11.4   | -6.0                     | -162   | -557    | -594 | -1295 | -1105     |
| US (DXY; 5y UST)                     |                | 109    | -0.4                  | -0.3   | 3       | 18   | 14  | 14                                  |          | 3.31   | -4.8                     | -9     | 40      | 250  | 205   | 141       |

|              | Equity Markets |        |               |        |         |      |       |           | Bond Spreads on USD Debt (EMBIG) |        |                          |         |      |      |           |  |
|--------------|----------------|--------|---------------|--------|---------|------|-------|-----------|----------------------------------|--------|--------------------------|---------|------|------|-----------|--|
|              | Level          |        | Change (in %) |        |         |      | Since |           | Level                            |        | Change (in basis points) |         |      |      | Since     |  |
|              | Last 12m       | Latest | 1 Day         | 7 Days | 30 Days | 12 M | YTD   | 23-Feb-22 | Last 12m                         | Latest | 7 Days                   | 30 Days | 12 M | YTD  | 23-Feb-22 |  |
|              |                |        |               |        |         |      |       |           | basis points                     |        |                          |         |      |      |           |  |
| China        |                | 4038   | -0.4          | 0      | -3      | -19  | -18   | -13       |                                  | 206    | 3                        | -11     | -8   | 3    | -2        |  |
| Indonesia    |                | 7232   | 0.6           | 1      | 2       | 19   | 10    | 5         |                                  | 187    | 11                       | 3       | 17   | 22   | 2         |  |
| India        |                | 59688  | 1.1           | 2      | 1       | 2    | 2     | 4         |                                  | 164    | 11                       | -18     | 19   | 32   | 10        |  |
| Philippines  |                | 6594   | 0.6           | 0      | 2       | -5   | -7    | -10       |                                  | 139    | 17                       | 12      | 34   | 38   | 2         |  |
| Thailand     |                | 1640   | 0.0           | 1      | 1       | 1    | -1    | -3        |                                  |        |                          |         |      |      |           |  |
| Malaysia     |                | 1495   | 0.2           | 0      | 0       | -5   | -5    | -6        |                                  | 98     | 7                        | -30     | -31  | -19  | -35       |  |
| Argentina    |                | 141002 | 2.7           | 0      | 14      | 82   | 69    | 54        |                                  | 2357   | -37                      | -90     | 896  | 677  | 620       |  |
| Brazil       |                | 109764 | -2.2          | -1     | 3       | -7   | 5     | -2        |                                  | 302    | -9                       | -17     | 17   | -9   | -29       |  |
| Chile        |                | 5541   | -1.2          | 2      | 5       | 27   | 29    | 27        |                                  | 180    | -5                       | 13      | 41   | 40   | 6         |  |
| Colombia     |                | 1210   | -1.4          | -1     | -9      | -8   | -14   | -20       |                                  | 424    | -1                       | 22      | 151  | 76   | 32        |  |
| Mexico       |                | 46057  | 0.3           | 3      | -3      | -11  | -14   | -10       |                                  | 420    | 0                        | 19      | 85   | 88   | 50        |  |
| Peru         |                | 19004  | 0.8           | 1      | -5      | 9    | -10   | -19       |                                  | 199    | 5                        | 15      | 32   | 49   | 9         |  |
| Hungary      |                | 40932  | -0.9          | -1     | -7      | -22  | -19   | -14       |                                  | 251    | -10                      | 49      | 118  | 127  | 98        |  |
| Poland       |                | 49379  | 1.0           | 2      | -10     | -30  | -29   | -21       |                                  | 42     | 22                       | 67      | 16   | 10   | 26        |  |
| Romania      |                | 11957  | 0.2           | 1      | -5      | -3   | -8    | -9        |                                  | 311    | 22                       | 22      | 120  | 118  | 79        |  |
| Russia       |                | 2399   | -0.1          | -2     | 15      | -40  | -37   | -22       |                                  | 3411   | -577                     | 938     | 3228 | 3234 | 2897      |  |
| South Africa |                | 67302  | 0.9           | 2      | -4      | 3    | -9    | -10       |                                  | 448    | 7                        | 26      | 112  | 93   | 59        |  |
| Turkey       |                | 3497   | 2.8           | 11     | 25      | 144  | 88    | 73        |                                  | 641    | -16                      | 0       | 188  | 63   | 78        |  |
| Ukraine      |                | 519    | 0.0           | 0      | 0       | -1   | -1    | 0         |                                  | 3916   | 102                      | -3265   | 3441 | 3157 | 2443      |  |
| EM total     |                | 39     | -0.3          | -2     | -4      | -27  | -21   | -19       |                                  | 439    | 6                        | 15      | 93   | 53   | -19       |  |

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

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