

EHSAN KHOMAN

Head of Emerging Markets Research
– EMEA

DIFC Branch – Dubai
T: +971 (4)387 5033
E: ehsan.khoman@ae.mufg.jp

LEE HARDMAN

Currency Analyst

Global Markets Research
Global Markets Division for EMEA
T: +44 (0)20 7577 1968
E: lee.hardman@uk.mufg.jp

PAUL FAWDRY

Head of Emerging Markets FX Desk

Emerging Markets Trading Desk
T: +44(0)20 577 1968
E: paul.fawdry@uk.mufg.jp

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Spring accelerated recovery across emerging markets

Macro focus: Notwithstanding an ongoing new wave of the pandemic that for many EM economies is turning out to be more challenging than previous waves, our modelling estimates point to a spring accelerated, sharp rebound in GDP growth across the majority of EMs in Q2 2021 with markets gradually begin to form new contours of normality towards a post-virus equilibrium.

FX views: It has been a better week for EM FX over the Easter break as strong US data fails to lift USD – somewhat surprising as this would normally help lift US yields and the greenback.

Trading views: In spite of the fundamental picture broadly unchanged, the same price action is starting to get more encouraging. We recommend being short INR vs longs in North Asian equity plays such as TWD and KRW, whilst ZAR continues to be a shining star with us (and many) perplexed by the strength of the rally.

Week in review: Over the previous week, encouraging PMI data for March, a new corporate investment programme in Saudi Arabia, a better-than-expected GDP print in Russia, and higher dollarisation as well as acute portfolio outflows in Turkey, dominated the EM space.

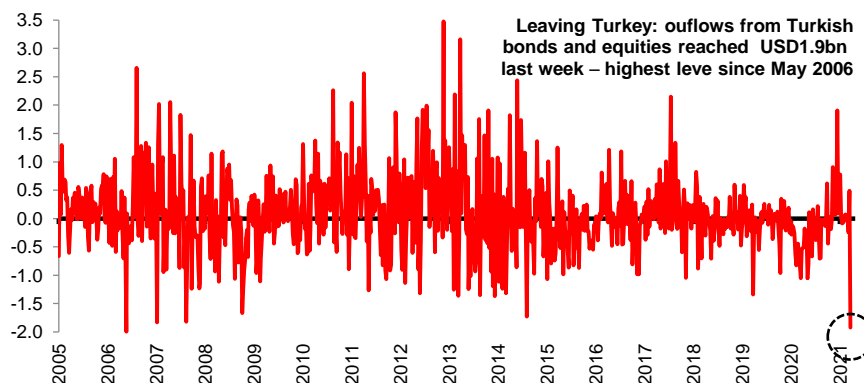
Week ahead and calendar: This week's focus will be on a host of regional inflation readings for March as well as Poland's policy rate decision.

Forecasts at a glance: We remain resolutely bullish on the EM EMEA region, albeit with considerable heterogeneity. We provide our real GDP, fiscal and current account balance, inflation, rates and FX forecasts for this year and 2022.

Core indicators: EM cross-assets were muted – investors EM equity and debt exposures were broadly flat.

CHART OF THE WEEK: FOREIGN INVESTORS SOLD TURKISH EQUITIES AND BONDS AT THE FASTEST PACE IN 15 YEARS LAST WEEK

TURKEY EQUITY AND BOND FLOWS, WEEKLY (USD BN)



Source: Bloomberg, MUFG Research

Macro focus

Spring accelerated recovery across emerging markets

Economic output in Q1 2021 has been impressive despite rising virus cases

The first quarter of the year wasn't a one-way street for EMs, as risk appetite has witnessed a bumpy ride on the back of ongoing COVID-19 headwinds and the recent bond market turmoil that was largely driven by the increase influence of "relation" and "US exceptionalism" themes. Having said that, economic output across EMs has been resilient. Two factors help to explain this strength. First, despite the severity of the latest pandemic wave, the tightening in lockdown measures has been more limited in most EMs than during previous waves – a testament of "lockdown fatigue". Second, even in EM economies where stringent lockdown measures have been re-imposed, the relationship between economic activity and lockdown measures is weakening, as compared with previous virus waves – i.e. economies have bolstered their adaptation of living and embracing the limitations imposed by the virus.

Promising data outturns

On the data front, the solid performance in activity has been marked in both GDP and high frequency activity readings. Strong GDP growth has been recorded in Brazil, China, Czech Republic, Hungary Poland, Mexico, Qatar, Saudi Arabia and Thailand. Taken as a whole, PMIs, industrial production and retail sales indicators have also been resilient in recent months despite the winter speed bump caused by the virus.

Spring accelerated recovery according to our modelling estimates

With the pace of vaccinations increasingly taking hold across EMs, albeit with considerable heterogeneity, we expect that a further easing of lockdown measures will contribute to a robust sequential recovery in Q2 2021 across the majority of EMs. Our modelling estimates assess the impact of COVID-19 effects through a bottom up country-by-country modelling approach by tracking high frequency data and calibrating the effects on output to cross-country differences in the strictness of lockdowns. We then combine these estimates to gauge the ramification on core macro variables, foremost of which is GDP growth and inflation.

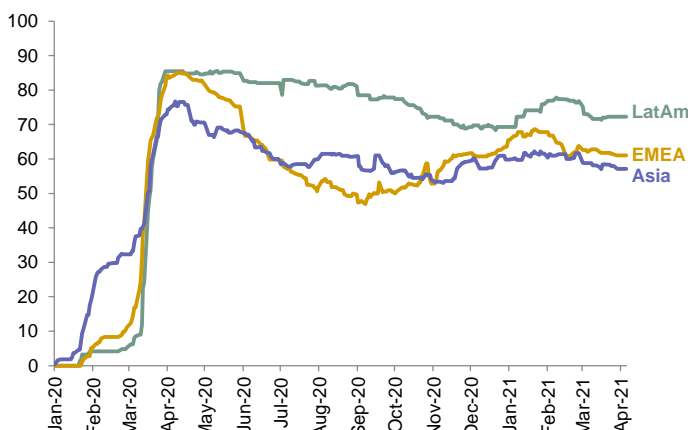
GDP growth will be sharp in Asia and EM EMEA but laboured in LatAm in Q2 2021

From a GDP growth perspective, the latest results suggest that (i) China continues to dominate economic growth across Asia; (ii) the rebound in growth across EM EMEA is particularly sharp, led by core oil exporting countries (notably Saudi Arabia); whilst; (iii) LatAm economies are muddling through:

1. **Asia.** Robust momentum across China in Q1 2021 has been evident

RISING VIRUS CASES PROMPTING RESTRICTIONS BUT NOT DRACONIAN LEVELS GIVEN "LOCKDOWN FATIGUE"

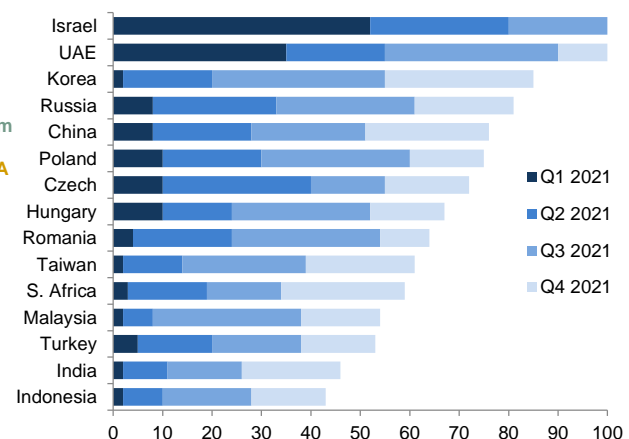
OXFORD UNIVERSITY STRINGENCY INDEX (0-100, 100 = MOST STRINGENT)



Source: Bloomberg, Oxford University, MUFG Research

EM VACCINATIONS ARE ONGOING WITH AN EXPECTED ROBUST PICK-UP IN Q2 2021

% POPULATION VACCINATED IN 2021



Source: Bloomberg, ourworldindata.org, MUFG Research

particularly in exports and the industrial sector and the second quarter should witness more of the same. A strong rebound in corporate profits, rising capacity utilisation rate, and the country's new policy measures to rev up manufacturing all point to a strong manufacturing investment upturn. The lockdown index is now at the lowest levels since the first Wuhan outbreak and the rollback of policy stimulus has been encouragingly moderate. Asia ex. China also continues to recover though the region is not homogeneous. Vaccine rollouts have got off to a slow start but will reverse with inoculations speeding up irrespective of negative headlines surrounding safety.

2. **EMEA.** Across EM EMEA, our forecasts evidence growing conviction that recovery is not only in sight but the recovery commencing from Q2 2021 will be more robust than we previously hoped. Granted, virus cases and fatalities have both risen sharply, especially in Central and Eastern countries (CEE), Russia, Saudi Arabia and the UAE, we expect the timeline of vaccine availability to be similar to the developed markets (DM) average. This rapid vaccine rollout is at the heart of the rapid GDP expansion across the region this quarter, led by private consumption and investment.
3. **LatAm.** The real business cycle recovery in LatAm has softened on the back of rising virus cases, leading several countries to reimpose mobility restrictions. Granted, LatAm – as with elsewhere in EMs – will benefit from a significant statistical base effect carry-over in this quarter (as last years' collapse in consumption in Q1 2021 falls out of the annual comparison), the relatively slow progress on vaccinations will stymie the recovery in Q2 2021.

Inflation to remain in-check with higher commodity prices offset weak core prices

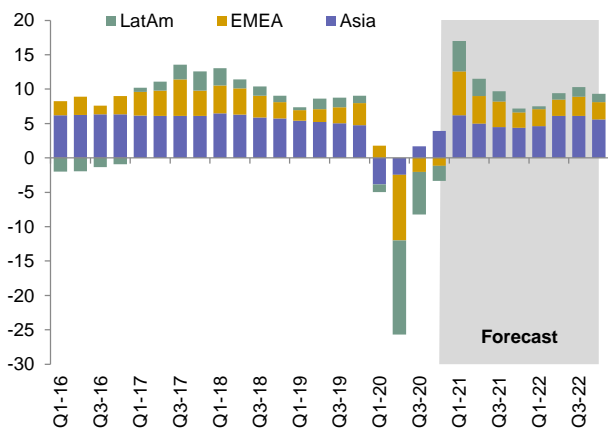
In contrast to previous crises, inflation rates across most EMs have in fact declined since the onset of COVID-19. This is primarily owing to (i) limited EM FX weakness; (ii) inflation expectation remain well anchored given credible EM policymaking; and (iii) ample spare capacity across EMs, weighing on underlying inflationary pressures. In Q2 2021, underlying inflation will likely remain muted across most EMs with higher commodity prices offsetting core underlying inflationary pressures.

IMF's ARA is a useful measure in determining EM debt thresholds

In sum, we remain constructive on EM prospects in Q2 2021. Our modelling estimates point to a spring accelerated, sharp rebound in GDP growth across the majority of EMs in Q2 2021 with markets gradually begin to form new contours of normality towards a post-virus equilibrium. Looking ahead beyond Q2 2021, we expect more conventional economic dynamics, such as the magnitude of monetary and fiscal easing, in conjunction with rising external demand, to play an increasingly factor in driving the speed of EM recoveries.

SHARP GROWTH EXPECTED ACROSS EM'S IN Q2 2021 LED BY ASIA AND EM EMEA

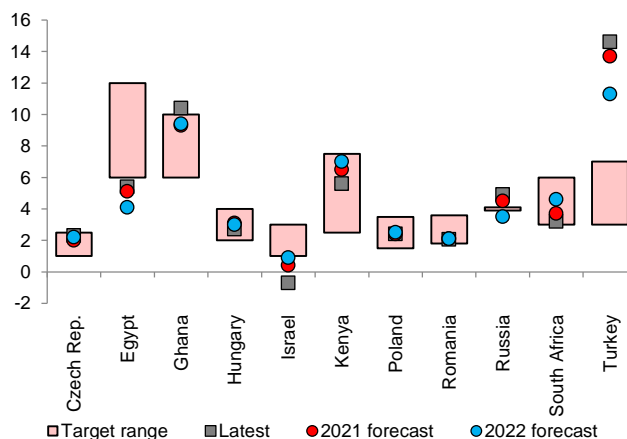
REAL GDP GROWTH (% Y/Y)



Source: Bloomberg, IMF, MUFG Research

EM INFLATION TO REMAIN IN-CHECK AND WELL WITHIN EM CENTRAL BANK TARGETS

INFLATION (% Y/Y) AND EM CENTRAL BANK INFLATION TARGET RANGES



Source: Bloomberg, EM Statistical Offices, MUFG Research

FX views

EM FX: Temporary relief for EM FX as strong US data fails to lift USD

Some temporary relief for EM FX.

It has been a better week for emerging market currencies over the Easter holiday period. The ZAR (+2.5% vs USD), TRY (+2.2%), PLN (2.1%) and BRL (+1.9%) have all recorded strong gains. The ZAR has been the stand out performer not just over the past week but year to date. It is the only emerging market currency that has strengthened against the USD this year. In contrast, only a handful of emerging market currencies continued to weaken against the USD over the past week including the RUB (-0.7%), THB (-0.5%), and IDR (-0.2%). Emerging market currencies have been helped by the correction lower for the USD at the start of April.

Strong US data fails to lift US yields and USD. Market's better priced now for stronger US growth.

Recent USD weakness has been somewhat surprising as it has coincided with very strong US economic data releases which would normally help to lift US yields and the USD. Business confidence in the US is buoyant right now as the economy re-opens and COVID restrictions are eased back. The ISM Services index has risen to a record high (63.7 in March) and the ISM manufacturing index is at its highest level since 1983. The surveys strongly point to a robust recovery in the coming months. The US economy has already added just over 1.6 million jobs in Q1. The failure of long-term US yields and the USD to rise to fresh highs over the past week tentatively suggests that financial markets are better priced now for the improving US growth outlook. It offers at least some temporary relief for emerging market currencies.

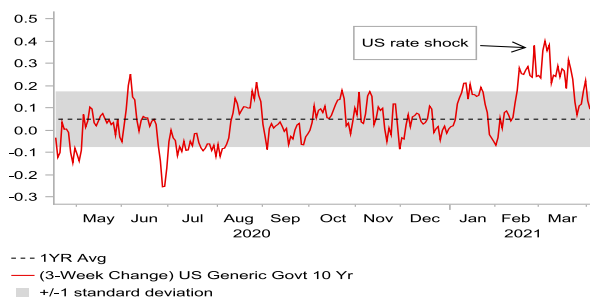
Risk of CBRT rate cut as soon as this month has reduced.

The TRY has also benefitted in part from the reduced likelihood of the CBRT lowering rates as soon as at their next meeting on 15th April. It follows reassuring comments from new Governor Kavcioglu to domestic investors in which he told them that inflation targeting remains intact and expectations of high inflation require tight policy. The annual rates of headline inflation and producer price inflation have since both accelerated to 16.9% and 31.2% in March which further reduces room for maneuver in lowering rates. President Erdogan's decision to sack former Governor Agbal strongly suggests though that the CBRT is under more pressure loosen policy sooner. It leads us to believe that recent TRY gains are built on shaky foundations.

Rising geopolitical tensions between Russia and US continue to weigh on RUB.

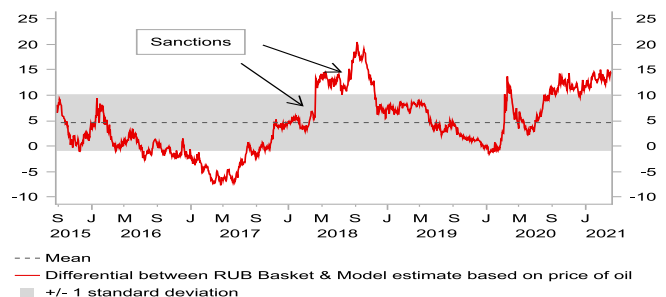
The worst performing emerging market currency recently has been the RUB reflecting heightened geopolitical tensions between Russia and the US. Those tensions have been stoked further by the Russian military build-up at the northern border between the Ukraine and Russia, along the eastern border and also in Crimea. In a phone call with Ukraine's President Zelensky, US President Biden affirmed the United states unwavering support for Ukraine's sovereignty and territorial integrity in the face of Russia's ongoing aggression in the Donbas and Crimea. The developments have raised downside risks for the RUB in the near-term.

US RATE SHOCK HAS EASED RECENTLY



Source: Bloomberg, Macrobond & MUFG Research

HEIGHTENED GEOPOLITICAL RISKS PRICED INTO RUB



Source: Bloomberg, Macrobond & MUFG Research

Trading views

Disclaimer: "Trading views" offers an overview of what our professional traders and desk analysts are watching in the markets, their commentary and views are theirs alone and are not intended to be construed as investment advice. This material is intended to be of general interest only and should not be considered a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market.

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Trading: Starting to get more positive on EM

In spite of fundamental picture staying the same price action is starting to get more encouraging

We have been defensive on EM over the last two weeks based on US exceptionalism and the fund flow picture. However we are starting to get back to neutral as we become encourage by recent price action showing signs of USD stalling in spite of better data. This may be premature but it feels to us that many have now turned defensive on EM while the market is starting to get less concerned about US yield picture. While we are struggling to see any of the positive catalysts needed to get back to being bullish on EM there is a case to be made that the bad news is now becoming more priced in with positioning now working in EM's favour. Last week once again saw US outperform the ROW both on the data front and COVID-19 story yet a lot of currencies rallied against the USD with EMFX as a whole slightly up.

Rising COVID-19 situation in some countries is becoming a worry even though market is more relaxed for now

Where we are concerned is the rising COVID-19 case count in certain parts of EM. While likes of China, Taiwan and Singapore continue to report their case count in low double digits, Asia as a whole has hit a fresh peak for new cases particularly due to the alarming situation in India. While CEE rising COVID-19, while off worst levels seems to be rather bleak. The market seems to have COVID-19 fatigue with these things but then suddenly decides it matters and quickly reassesses. We feel India may be in this camp soon and will look to play more from the short side in INR with carry a lot less punitive now that Indian Fiscal year end has passed. Being short INR vs longs in North Asian equity plays like TWD and KRW makes some sense.

A lack of alternatives is helping ZAR to be the shining star of high beta FX

Out of the high yielders ZAR continues to be a shining star with us (and many) perplexed by the strength of the rally. In part this is due to the positive terms-fo-trade story for South Africa and in part we feel it is down to the lack of alternatives. Turkey's risk premium has shot up while geopolitical concerns in Russia seem to go from bad to worse, with the situation in Crimea a worry. Mexico is a strong story but already was well owned thus ZAR seems to have benefitted almost by default. We are definitely not on board here and will go look at opportunities to get bearish again. However patience is needed given the strength of the rally.

Week in review

EM capital flows: preference for EM equities over debt continues

Flat week for EM capital flows

In a respite week owing to the surge in volatility, EM capital flows into equities and bonds were muted. According to IIF data, whilst inflows into EM equities were flat last week, equity outflows totalled USD504m from China which was part offset by USD369m of equity inflows into Taiwan. Meanwhile, EM debt flows were broadly stable. Going forward, capital flows into EMs are seldom uniform in nature. A gravitational pull has seen foreign investors flock into a few low-yielding EM government bond markets such as China and South Korea that offer superior diversification benefits and/or exhibit safe-haven characteristics within EM. This inflow, though has been met elsewhere by tidal outflows of EM high yielders and the external environment is likely see this bond flow patterns persist.

PMIs: stronger March readings despite winter lockdowns

Stronger PMI month in March

Having been broadly flat in aggregate for February, the Purchasing Managers Indices (PMI) generally rose in March, pointing to continued strength in growth across the region. The aggregate EM EMEA PMI increased from 52.2 in February to 52.6 in March (on a PPP-weighted basis). Although somewhat stronger on the month in aggregate, at an individual country level the data were mixed. The largest gain was seen in South Africa (from 53.0 to 57.4), continuing its strong momentum since the beginning of the year. The second-largest gain was in the Czech Republic (from 56.5 to 58.0, the highest reading in three years), Poland (from 53.4 to 54.3), and Turkey (from 51.7 to 52.6). By contrast, PMIs decreased slightly on the month in Russia (from 51.5 to 51.1) and Hungary (from 49.0 to 48.7).

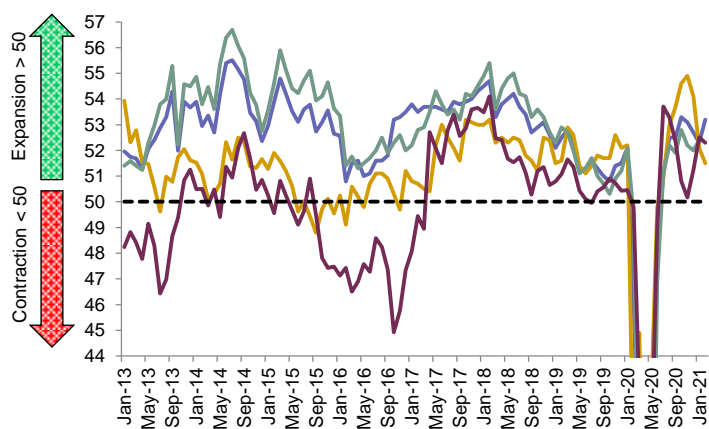
Saudi Arabia: new corporate investment programme

New corporate investment programme in Saudi Arabia

A new corporate investment programme, called Shareek, has been announced in Saudi Arabia. It is to be operated as a cooperative agreement between the government and the private sector. Details are limited, but Saudi Arabia's largest companies have agreed (reportedly 24 so far have signed up) to fund an increase in domestic investment with the aim of boosting growth. The government is likely to offer investment subsidies, but dividends arising from these new undertakings will be curtailed. The aim of the plan is to increase domestic capital spending by SAR5tn

EM EMEA PMI'S OUTPERFORMED EM'S FOR THE THIRD CONSECUTIVE MONTH IN MARCH

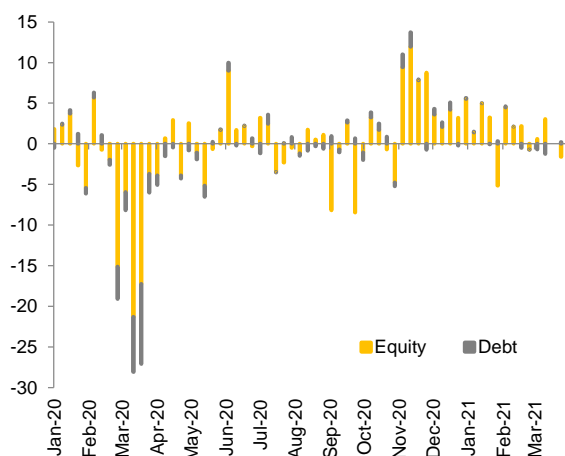
EM AND EM EMEA PMI (0-100; 100 HIGHEST)



Source: Bloomberg, Markit, MUFG Research

RESPIRE WEEK FOR EM CAPITAL FLOWS WITH MUTED LEVELS FOR BOTH EQUITIES AND DEBT

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



Source: Bloomberg, CBE, MUFG Research

(USD1.3tn) over the next decade which is in line with Vision 2030. The initial market response to the plan has been positive with more granular details to follow.

Russia: better-than-expected Q4 2020 GDP print

Russian GDP surprises to the upside

Russian Q4 2020 GDP ease from -3.5% y/y in Q3 2020 to -1.8% y/y in Q4 2020, beating our (and consensus) expectations of -2.2% y/y. The breakdown signalled a large level of revisions to the first three quarters of last year, albeit in all these were of a negligible magnitude. The largest adjustment was recorded in government consumption levels where the average growth rate came in at 4% y/y (instead of 1.5% y/y). For 2020 as a whole, annual GDP growth was revised slightly down to 3.0% y/y (from 3.1% y/y previously). For Q4 2020, the recovery in activity was mostly driven by an increase in household consumption and higher capital formation. Higher frequency indicators for January and February still suggest that the economy is operating below potential but with most the virus-related restrictions now eased, our expectations is for the economy to rise in sequential terms in Q1 2021. We still forecast real GDP growth of 4.8% for 2021 which compares with the Central Bank of Russia's (CBR) estimated of 3-4% - our estimates accounts for a strong contribution from oil production in line with the latest OPEC+ strategy to ease production in the months ahead.

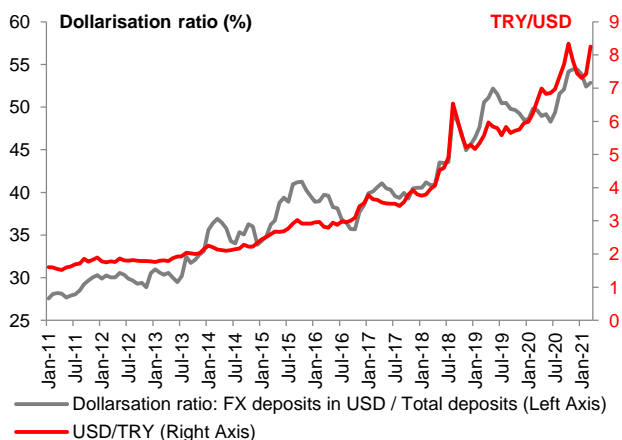
Turkey: dollarisation rises and portfolio (equity and debt) outflows increase

Dollarisation and portfolio outflows in focus

The latest available weekly data from the Central Bank of Turkey (CBRT), signal the scale of the apprehensions surrounding the current pulse in the country. Turkish households reduced their FX deposits by USD4.5bn during the week ending 26 March, on the back of the precipitous decline in the Turkish Lira (TRY) that followed the removal of CBRT governor Agbal (see [here](#)). Since the start of this year, households' FX savings have fallen by USD5.5bn to stand at USD108bn, after a rise of USD5.9bn in 2020. Meanwhile, corporates' FX deposits also fell during the week to 26 March, by USD1.5bn. Year-to-date, corporate FX deposits are down by USD2.6bn to USD81bn. This follows a gain of USD11.0bn last year. To put this into context, the combined USD6.0bn drop in residents' FX deposits was the largest week-on-week decline in recent years. With the long-term trend clearly been towards higher dollarisation, rate cuts and/or high inflation could trigger fresh dollar demand by Turkish households. Switching gears, the CBRT weekly data also signalled USD1.9bn of capital outflows (equities USD0.8bn and debt USD1.1bn) – largest since May 2006. During Q1 2021, equity outflows totalled USD1.6bn, while debt

DOLLARISATION RATIO AND TRY ARE KEY INDICATORS TO MONITOR WITH THE CHANGE IN CBRT'S LEADERSHIP

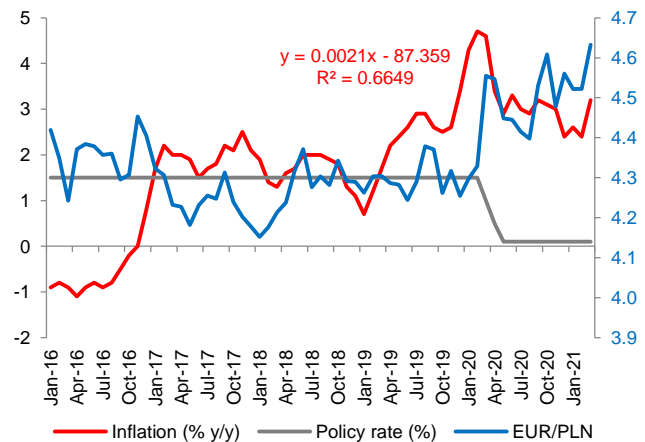
TURKEY DOLLARISATION RATIO AND USD/TRY SPOT



Source: Bloomberg, CBRT, MUFG Research

POLISH INFLATION SPIKES IN MARCH BUT WILL UNLIKELY TRIGGER A RATE REACTION BY NBP

POLAND HEADLINE INFLATION (5 Y/Y) AND POLAND POLICY RATES (%)



Source: Bloomberg, NBP, MUFG Research

inflows reached USD0.8bn. In 12 month cumulative terms, total outflows have now reached USD3.9bn.

Poland: inflation rises markedly but NBP to look through non-core overshoot

Inflation in Poland rises in March but NBP will unlikely react

Headline inflation in Poland rose sharply, from 2.4% y/y in February to 3.2% y/y in March, significantly above our (2.7% y/y) and consensus (2.8% y/y) expectations. Most of the increase was driven by higher fuel inflation, reflecting higher oil prices. On net, we view that the National Bank of Poland (NBP) will look through this inflation overshoot and not react by raising rates, though materially higher inflation, albeit temporary may have a more considerable impact on market pricing in the months ahead.

Week ahead

Inflation for March: Egypt, Hungary Russia, Turkey and Ukraine in focus

Inflation for March will dominate the data calendar this week

A host of inflation readings for March are due this week:














1. **Egypt.** We forecast inflation to rise from 4.5% y/y in February to 4.8% y/y in March (consensus 4.7% y/y). Elevated food prices will be the main driver upwards and with the start of the holy month of Ramadan next week, our expectations is that seasonal factors will lead to even higher demand for food and with it higher food prices over the coming two months. However, we note that there remain extensive food subsidies in place, particularly in relation to domestic bread supply, and thus we see inflation averaging 4.3% y/y in 2021, below the Central Bank of Egypt's (CBE) target band (7% \pm 2pp). According to our estimates, this will provide the basis for 100bp in cumulative cuts to the policy rate in 2021. We do not have a strong conviction on the timing which will be contingent on global uncertainties receding from current levels.
2. **Hungary.** The pass-through of higher oil prices will feed into a stronger inflation print in Hungary. We expect inflation to rise from 3.1% y/y in February to 3.8% y/y in March, with the expectations of even higher readings in April and May due to base effects from last year's consumption collapse due to the initial draconian lockdowns. However, underlying inflation dynamics are relatively benign and we view that the Central Bank of Hungary (MNB) will refrain from tightening its policy rate, particularly given the delicate economic situation as we are on the cusp of reopenings.
3. **Russia.** Our estimates suggest that Russian inflation peaked in February at 5.7% y/y and will begin to gradually climb down. We price in a decline to 5.5% y/y in March (consensus 5.8% y/y) owing to lower goods prices. The exchange rate pass-through is likely to be more supportive of declining inflation in the next two months which will be spurred by base effects. From a monetary policy perspective, the Central Bank of Russia (CBR) raised its key rate from 4.25% to 4.50% against our (and consensus) expectations.
4. **Ukraine.** Inflation is likely to rise from 7.5% y/y in February to 8.1% y/y in March, with a confluence of higher energy and food prices offset by base effects in core inflation following the Ukrainian Hryvnia (UAH) depreciation in March 2020. Against this backdrop, in tandem with recent hawkish rhetoric by the National Bank of Ukraine (NBU), we expect the NBU to hike policy rates by another 50bp to 7.0% on 15 April.

Poland: NBP to leave rates on hold with the attention of the communication

Rates on hold in Poland

Poland is likely to maintain rates on hold at 0.1% with the National Bank of Poland (NBP) likely to reinstate its dovish stance, emphasising the downside risks to the economy following the reimposition of lockdowns. A core area will be the NBP's guidance on FX policy, given that the Polish Zloty (PLN) has deviated from peers – both the Czech Koruna (CZK) and Hungarian Forint (HUF) – depreciating ~3% against the Euro since February. The NBP has been vocal that PLN weakness during the virus is a key concern spurring FX interventions. Looking ahead, absent any sharp spikes in inflation, we view that the NBP will keep rates unchanged through the end of the Council's term in office at the end of H1 2022.

Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Egypt	05/04/2021	05:15	PMI	Mar	--	---	49.3	!!!
	S. Arabia	05/04/2021	05:15	PMI	Mar	---	---	53.9	!!!
	Turkey	05/04/2021	08:00	CPI, % y/y	Mar	16.6%	16.4%	15.7%	!!!
	Russia	06/04/2021	---	CPI, % y/y	Feb	---	4.7%	4.3%	!!
	Poland	07/04/2021	---	Interest rate announcement, %	Mar	0.10%	0.10%	0.10%	!!!
	Kenya	07/04/2021	08:30	PMI	Mar	---	---	50.9	!!!
	Nigeria	07/04/2021	09:45	PMI	Mar	--	---	52.0	!!!
	Ghana	07/04/2021	10:00	PMI	Mar	---	---	52.5	!!!
	Egypt	08/04/2021	---	PMI manufacturing	Mar	---	---	51.5	!!
	Romania	08/04/2021	07:00	GDP, % y/y	Q4 2020	---	---	4.8% y/y	!!
	South Africa	08/04/2021	12:00	Manufacturing production, % y/y	Feb	---	0.3% y/y	-3.4% y/y	!!
	Hungary	09/04/2021	08:00	CPI, % y/y	Mar	---	3.6% y/y	3.1% y/y	!!
	Ukraine	09/04/2021	13:00	CPI, % y/y	Mar	---	---	7.5% y/y	!!

Source: Bloomberg and MUFG Research

Forecasts at a glance

EM EMEA economic growth, fiscal balance and current account balance										
		Real GDP (% y/y)			Fiscal balance (% of GDP)			Current account (% of GDP)		
		Latest	2020	2021	Latest	2020	2021	Latest	2020	2021
	Bahrain	-9.24	-3.82	3.51	-10.61	-13.72	-8.54	-2.06	-9.18	-6.73
	Czech Rep.	-4.70	-6.50	5.12	0.27	-7.30	-4.29	4.91	-0.68	-0.53
	Egypt	-4.26	2.84	3.51	-7.41	-6.90	-6.38	-4.17	-3.82	-3.40
	Greece	-6.98	-9.50	4.12	0.57	-8.99	-3.01	-2.73	-7.74	-4.47
	Hungary	-3.60	-6.10	3.90	-2.05	-8.28	-3.86	-2.08	-1.57	-0.85
	Iraq	4.43	-12.06	2.53	0.86	-17.53	-13.06	1.12	-12.65	-12.06
	Israel	-1.50	-5.89	4.87	-3.91	-12.94	-7.05	5.41	3.55	3.50
	Jordan	1.96	-5.00	3.40	-5.98	-9.14	-7.37	-8.50	-6.80	-5.68
	Kenya	5.37	1.05	4.67	-7.73	-8.39	-8.53	-5.82	-4.90	-5.39
	Kuwait	0.43	-5.92	3.74	5.38	-23.20	-15.83	0.08	-2.81	-1.31
	Lebanon	-6.90	-25.00	-9.20	-10.50	-16.53	---	-27.45	-16.33	-9.60
	Libya	9.89	-66.65	76.02	2.19	-102.94	-43.22	-0.30	-59.76	-22.44
	Morocco	-7.20	-6.97	4.92	-4.13	-7.79	-6.02	11.66	-7.28	-5.22
	Nigeria	0.11	-4.28	1.70	-4.76	-6.74	-4.97	-3.45	-3.65	-2.02
	Oman	-0.83	-10.00	-0.55	-7.06	-18.71	-16.82	-4.94	-14.57	-12.90
	Poland	-2.80	-3.56	4.60	-0.74	-10.46	-4.34	1.16	3.03	1.77
	Romania	-1.42	-4.80	4.57	-4.56	-9.59	-8.08	-10.15	-5.27	-4.51
	Qatar	-4.50	-4.48	2.52	4.93	3.03	3.33	-27.37	-0.60	2.57
	Russia	-2.93	-4.12	2.82	1.92	-5.29	-2.57	0.88	1.17	1.83
	Saudi Arabia	-3.80	-4.80	3.40	-4.45	-10.56	-7.75	1.30	-4.80	4.57
	South Africa	-4.10	-8.00	3.00	-2.27	-9.32	-6.09	1.40	-1.62	-1.79
	Turkey	5.87	-0.90	4.80	-5.65	-7.88	-7.93	0.00	-3.66	-0.89
	Ukraine	-0.70	-7.20	3.00	-2.04	-7.81	-5.25	1.76	4.32	-3.02
	UAE	1.70	-5.20	4.50	-0.76	-9.90	-5.05	1.92	3.55	7.49
























EM EMEA inflation, interest rates and FX										
		Inflation (% y/y, average)			Policy interest rates (%)			FX (against USD)		
		Latest	2020	2021	Latest	End-2021	End-2022	Latest	End-2021	End-2022
	Bahrain	-2.70	2.80	2.30	2.25	2.25	2.25	0.377	0.377	0.377
	Czech Rep.	2.10	2.40	2.20	0.25	0.25	0.25	26.186	19.840	20.100
	Egypt	4.50	6.18	7.89	8.25	8.25	8.25	0.064	15.590	16.520
	Greece	-1.27	0.69	0.88	0.00	0.00	0.00	1.195	1.280	1.2600
	Hungary	3.10	3.39	3.04	0.60	0.60	0.60	307.090	277.300	285.70
	Iraq	3.20	1.00	1.50	4.00	4.00	4.00	1460.000	1460.000	1460.000
	Israel	0.00	0.17	0.50	0.10	0.10	0.50	3.321	3.240	3.200
	Jordan	0.38	1.41	6.50	3.25	3.25	3.25	0.709	0.709	0.709
	Kenya	5.80	5.00	5.00	7.00	7.00	7.00	109.650	116.330	115.400
	Kuwait	2.95	2.30	2.50	1.50	1.50	1.50	0.302	0.303	0.302
	Lebanon	145.84	85.45	32.30	2.75	2.75	2.75	1519.500	1512.000	1520.000
	Libya	4.56	15.12	15.12	3.00	3.00	3.00	4.495	4.472	4.434
	Morocco	0.00	0.80	1.20	1.50	1.50	1.50	8.993	8.700	8.800
	Nigeria	17.30	12.69	11.15	11.50	11.50	11.50	408.290	398.000	405.200
	Oman	-1.57	3.40	3.00	0.95	0.95	0.95	0.385	0.385	0.385
	Poland	2.40	2.27	1.91	0.10	0.10	0.10	3.834	3.461	3.4900
	Romania	3.16	2.50	2.67	1.25	1.25	1.25	4.086	3.992	4.0700
	Qatar	-1.37	1.81	2.88	1.00	1.00	1.00	3.642	3.641	3.642
	Russia	5.67	3.25	3.20	4.25	4.25	4.25	73.326	68.830	68.000
	Saudi Arabia	5.25	3.70	2.01	0.50	0.50	0.50	3.751	3.751	3.752
	South Africa	3.20	3.88	4.30	3.50	3.50	3.50	14.951	14.800	15.800
	Turkey	15.61	11.93	11.37	19.00	17.00	18.00	0.132	7.400	8.2000
	Ukraine	7.50	5.98	5.70	6.50	7.00	7.00	27.669	29.950	28.900
	UAE	-2.09	1.50	2.00	0.60	0.60	0.60	3.673	3.673	3.673

Core indicators

EM EMEA sovereign bond yields (%)									
	Maturity	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	2.64	2.62	2.61	2.57	2.56	-1.46	-0.73	-41.35
Czech Rep.	10 years	1.51	1.66	1.70	1.70	1.68	-1.16	-0.96	66.10
Egypt	9 years	5.50	5.55	5.46	5.53	5.61	8.27	-3.70	66.37
Greece	8 years	0.75	0.60	0.70	0.64	0.58	-6.04	-3.54	6.58
Hungary	8 years	2.16	2.19	2.17	2.11	2.18	6.88	0.33	50.94
Israel	8 years	0.25	0.27	0.27	0.25	0.24	-1.12	-0.86	10.31
Jordan	5 years	4.11	4.13	4.45	4.39	4.47	7.86	-3.17	84.54
Kenya	7 years	5.35	5.59	5.69	5.94	6.21	26.54	-2.22	106.64
Kuwait	6 years	1.56	1.60	1.63	1.61	1.61	0.93	-0.69	48.13
Lebanon	9 years	48.47	49.10	50.32	51.30	53.58	227.33	48.82	376.92
Morocco	11 years	1.96	2.05	2.07	2.08	2.03	-4.89	-5.47	29.77
Nigeria	9 years	6.29	6.33	6.34	6.52	6.77	24.53	-3.76	79.69
Oman	9 years	5.20	5.24	5.17	5.16	5.31	14.81	-5.80	-16.63
Poland	8 years	-0.02	-0.01	-0.00	-0.01	-0.00	1.29	0.18	13.40
Romania	7 years	1.26	1.24	1.29	1.28	1.28	-0.38	-2.30	16.34
Qatar	9 years	2.42	2.42	2.50	2.45	2.45	-0.80	-0.29	80.91
Russia	5 years	1.91	2.02	2.12	2.19	2.22	3.55	0.58	-3.48
Saudi Arabia	8 years	2.36	2.48	2.40	2.38	2.42	4.05	-0.04	51.51
South Africa	9 years	4.83	4.88	4.80	4.80	4.83	3.01	-5.63	69.01
Turkey	7 years	5.50	5.43	5.28	6.76	6.54	-22.05	-32.51	166.79
Ukraine	8 years	6.96	6.73	6.71	6.71	7.06	35.69	18.37	111.09
Abu Dhabi	7 years	1.65	1.70	1.73	1.67	1.68	0.61	-0.51	43.81
Dubai	8 years	2.84	2.86	2.81	2.81	2.80	-1.37	-1.04	20.49






















EM EMEA equity market (index)									
	26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	Change (%)		
							Week	MTD	YTD
Bahrain	1,465	1,473	1,469	1,461	1,464	1,458	-0.41	0.02	-2.11
Czech Rep.	112,256	112,690	114,984	114,835	112,064	115,253	2.85	-1.18	-3.16
Egypt	11,618	11,334	11,261	10,918	10,702	10,417	-2.66	-1.43	-3.95
Greece	787	817	850	845	837	875	4.56	1.18	8.19
Hungary	43,999	42,933	43,785	44,466	44,290	44,243	-0.11	-0.19	5.22
Israel	1,550	1,539	1,597	1,587	1,603	1,630	1.69	1.59	8.75
Jordan	1,746	1,764	1,751	1,753	1,753	1,779	1.52	0.39	7.36
Kenya	166	163	163	165	169	161	-4.90	1.30	5.63
Kuwait	5,649	5,653	5,741	5,797	5,782	5,836	0.93	1.04	5.23
Lebanon	658	658	658	658	658	658	0.00	1.17	33.76
Morocco	9,244	9,239	9,237	9,355	9,299	9,409	1.18	0.78	2.38
Nigeria	40,095	39,365	38,708	38,915	39,086	38,931	-0.40	-0.29	-3.33
Oman	3,602	3,653	3,702	3,753	3,713	3,662	-1.36	-1.25	0.10
Poland	1,936	1,945	1,994	1,961	1,900	1,954	2.86	0.80	-1.49
Romania	10,280	10,341	10,723	10,847	10,852	11,302	4.15	1.01	15.26
Qatar	10,121	10,004	10,225	10,305	10,213	10,441	2.23	0.37	0.04
Russia	3,410	3,398	3,509	3,505	3,485	3,558	2.09	0.47	8.18
Saudi Arabia	9,195	9,242	9,588	9,486	9,464	9,963	5.27	0.55	14.65
South Africa	62,063	62,250	63,188	61,050	59,769	61,590	3.05	1.16	13.26
Turkey	1,488	1,538	1,556	1,551	1,414	1,430	1.15	2.76	-3.15
Ukraine	521	525	517	517	517	517	0.03	0.03	3.51
Abu Dhabi	5,628	5,693	5,637	5,736	5,745	5,953	3.62	0.69	17.99
Dubai	2,527	2,569	2,573	2,604	2,515	2,550	1.38	-0.01	2.33

EM EMEA FX against USD*

		26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	Change (%)		
								Week	MTD	YTD
	USD Index	90.879	91.977	91.679	91.862	92.766	93.021	0.27	-0.23	3.43
	Bahrain**	0.378	0.378	0.378	0.378	0.378	0.378	0.00	-0.03	0.11
	Czech Rep.	21.672	22.102	21.915	21.899	22.106	22.186	0.36	0.38	-3.20
	Egypt	15.699	15.699	15.699	15.674	15.699	15.674	-0.16	-0.31	-0.47
	Greece***	1.208	1.192	1.195	1.190	1.179	1.176	-0.30	0.25	-3.74
	Hungary	299.930	308.240	307.090	308.740	307.470	307.500	0.01	0.37	-3.43
	Israel	3.308	3.328	3.323	3.299	3.332	3.325	-0.21	0.57	-3.36
	Jordan**	0.710	0.710	0.710	0.710	0.710	0.709	-0.06	0.06	-0.06
	Kenya	109.890	109.890	0.009	0.009	0.009	0.009	1.10	-1.09	0.00
	Kuwait	0.302	0.302	0.302	0.302	0.302	0.302	0.08	0.00	0.35
	Lebanon	1,510.50	1,507.00	1,516.50	1,515.50	1,513.50	1,510.00	-0.23	0.10	0.33
	Morocco	8.935	9.018	8.993	8.982	9.048	9.037	-0.12	0.30	-1.41
	Nigeria	408.860	410.150	408.290	406.770	406.860	408.790	0.47	-0.28	-2.69
	Oman**	0.388	0.387	0.387	0.387	0.387	0.387	-0.05	0.00	0.36
	Poland	3.752	3.753	3.752	3.753	3.753	3.752	-0.01	0.01	0.05
	Romania	4.038	4.097	4.086	4.103	4.144	4.172	0.70	0.53	-4.66
	Qatar**	3.680	3.681	3.685	3.690	3.697	3.700	0.08	0.04	-0.08
	Russia	74.625	74.214	73.326	74.098	75.676	76.534	1.13	-1.11	-2.77
	Saudi Arabia**	3.752	3.753	3.752	3.753	3.753	3.752	-0.01	0.01	0.05
	South Africa	15.120	15.358	14.951	14.712	14.984	14.654	2.26	0.83	0.28
	Turkey	7.427	7.533	7.560	7.219	8.108	8.183	-0.92	0.84	-9.07
	Ukraine	3.751	3.752	3.751	3.751	3.750	3.750	0.00	0.00	0.03
	UAE**	3.675	3.675	3.675	3.675	3.675	3.675	0.00	0.00	0.03

Note: * Exchange rate quoted as amount of USD per currency in line with market convention, other exchange rates are amount per USD; ** 12 month forward given pegged against USD; *** EUR per USD

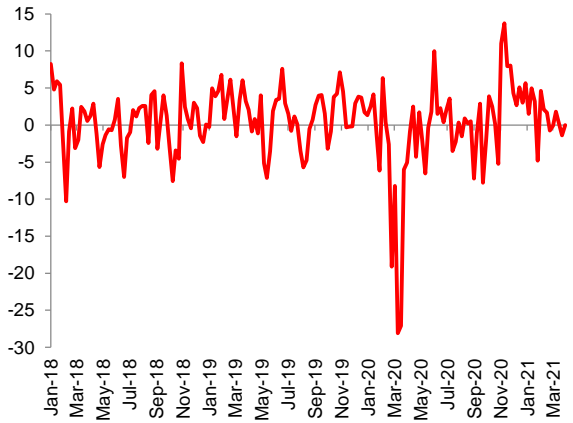
EM EMEA 5 year CDS spreads (basis points)

		26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	238.26	219.59	204.27	198.56	203.54	203.86	0.32	-0.70	-36.96
	Czech Rep.	35.15	34.65	34.64	34.62	37.09	37.10	0.01	0.02	1.36
	Egypt	311.09	305.26	301.92	205.42	308.43	295.42	-13.01	-0.01	-8.23
	Greece	76.90	77.05	73.58	74.37	79.45	75.82	-3.64	-0.77	-25.60
	Hungary	60.19	58.75	59.45	59.27	62.59	62.60	0.01	0.02	2.39
	Israel	41.69	40.85	41.86	40.51	45.78	45.77	-0.01	3.36	-0.45
	Kenya	307.11	288.12	260.26	259.72	272.05	295.42	23.37	7.73	-45.86
	Kuwait	45.22	47.40	47.44	45.91	51.64	51.19	-0.45	0.17	6.96
	Morocco	109.45	105.26	101.84	98.45	103.06	102.60	-0.46	-3.13	-9.72
	Nigeria	329.57	340.83	318.26	305.50	312.17	338.27	26.10	30.61	2.13
	Oman	336.98	325.30	320.32	288.69	291.28	295.96	4.68	3.02	-65.65
	Poland	48.45	48.68	49.00	48.67	50.69	51.11	0.42	0.27	-6.78
	Romania	82.90	86.47	87.15	87.14	91.65	91.64	0.00	0.00	6.76
	Qatar	42.20	50.99	45.79	43.07	50.66	48.58	-2.08	-1.12	10.17
	Russia	83.16	99.72	91.39	99.10	112.01	112.70	0.68	2.26	26.78
	Saudi Arabia	61.22	70.89	63.70	62.56	70.84	68.50	-2.34	-1.84	3.10
	South Africa	215.25	232.45	215.62	211.14	235.77	238.47	2.70	1.88	34.30
	Turkey	284.48	332.31	325.39	308.61	464.10	452.03	-12.07	-23.48	147.65
	Ukraine	388.85	434.63	421.17	404.19	424.53	434.16	9.63	0.00	45.53
	Abu Dhabi	41.84	50.91	45.78	43.15	51.03	48.28	-2.75	-1.42	9.91
	Dubai	107.08	107.96	100.18	98.37	105.68	105.02	-0.67	0.20	-7.05

EM capital flows

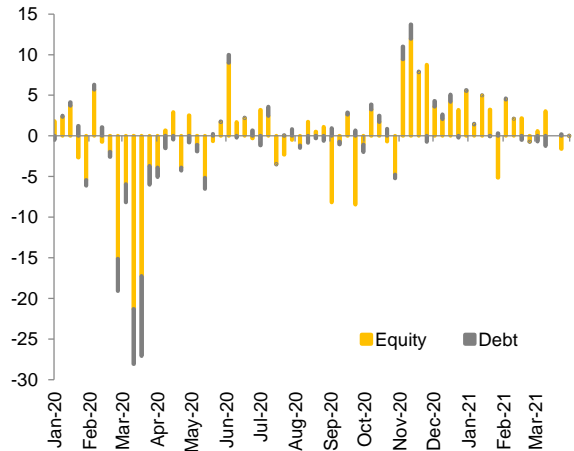
WEEKLY TOTAL EM OUTFLOWS OF -USD1.0BN – 02 APRIL

TOTAL WEEKLY PORTFOLIO FLOWS (DEBT AND EQUITY) (USD BN)



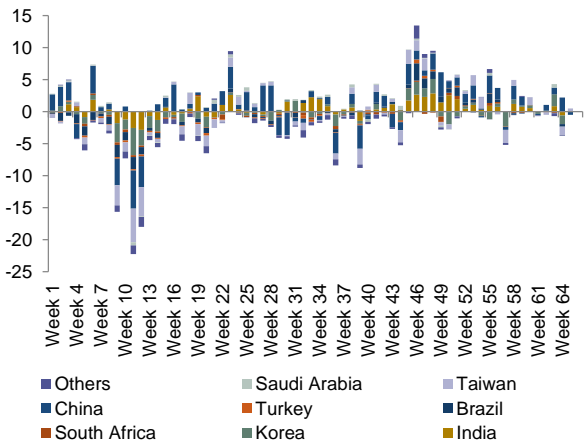
WEEKLY EM OUTFLOWS FROM EQUITY (USD1.3BN) AND DEBT INFLOWS (USD0.3BN) – 02 APRIL

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



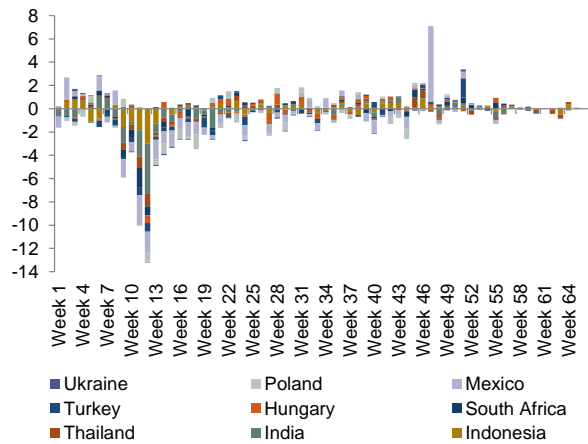
CHINA (-USD2.2BN) AND KOREA (USD-1.4BN) LED WEEKLY EQUITY OUTFLOWS – 02 APRIL

WEEKLY PORTFOLIO FLOWS BY COUNTRY SINCE JANUARY 2020 (EQUITY) (USD BN)



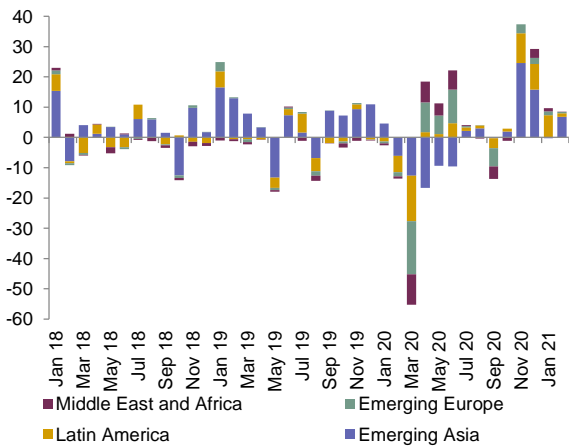
INDONESIA (USD0.31BN) LED WEEKLY DEBT INFLOWS – 02 APRIL

WEEKLY PORTFOLIO FLOWS BY COUNTRY SINCE JANUARY 2020 (DEBT) (USD BN)



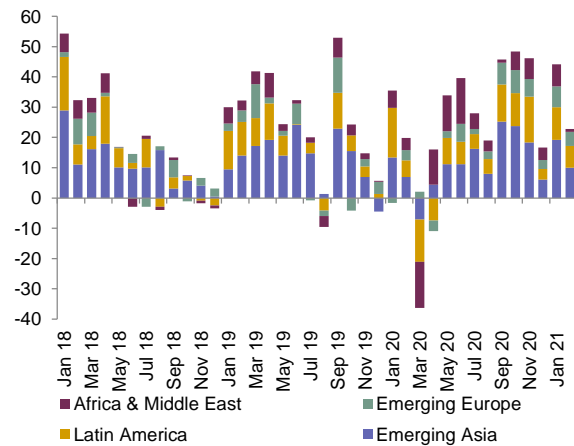
EMERGING ASIA LED (USD6.8BN) EQUITY FLOWS FOLLOWED BY LATAM (USD1.2BN) – FEBRUARY

MONTHLY PORTFOLIO FLOWS BY COUNTRY (EQUITY) (USD BN)



EMERGING ASIA LED (USD10.0BN) DEBT FLOWS FOLLOWED BY LATAM (USD7.1BN) – FEBRUARY

MONTHLY PORTFOLIO FLOWS BY COUNTRY (DEBT) (USD BN)



Source: Bloomberg, IIF, MUFG Research

Research

London:

MR DEREK HALPENNY

Head of Research, Global Markets EMEA
& International Securities

E: derek.halpenny@uk.mufg.jp

MR LEE HARDMAN

Currency Analyst

E: lee.hardman@uk.mufg.jp

MS MOMOKO MIYACHI

Research Assistant

E: momoko.miyachi@uk.mufg.jp

Shanghai:

MR MARCO SUN

Chief Financial Markets Analyst

E: wu_wun@cn.mufg.jp

Hong Kong:

MS LIN LI

Head of Global Markets Research Asia

E: lin_li@hk.mufg.jp

Dubai:

MR EHSAN KHOMAN

Head of Emerging Markets Research – EMEA

E: ehsan.khoman@ae.mufg.jp

Tokyo

MR MINORI UCHIDA

Tokyo Head of Global Markets Research

E: minori_uchida@mufg.jp

MR TOSHIYUKI SUZUKI

Senior Market Economist

E: toshiyuki_4_suzuki@mufg.jp

MR TAKAHIRO SEKIDO

Chief Japan Strategist

E: takahiro_sekido@mufg.jp

MS SUMINO KAMEI

Senior Analyst

E: sumino_kamei@mufg.jp

MR TEPPEI INO

Senior Analyst

E: teppei_ino@mufg.jp

MR TOMOKI HIRAMATSU

Research Assistant

E: tomoki_hiramatsu@mufg.jp

Singapore:

MS SOOK MEI LEONG

Asean Head of Global Markets Research

E: leongsm@sg.mufg.jp

MS SOPHIA NG

Analyst

E: sophia_ng@sg.mufg.jp

Sao Paulo:

MR CARLOS PEDROSO

Senior Economist

E: cpedroso@br.mufg.jp

MR MAURICIO NAKAHODO

Economist

E: mnakahodo@br.mufg.jp

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