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**MUFG Bank, Ltd.**

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28 November 2022

## Economic slowdown across EM EMEA taking hold

**Macro focus:** Despite being at the centre of global volatility owing to the geographic proximity to the war in Ukraine, growth across the EM EMEA region held up surprisingly well in the first six months following Russia's invasion of Ukraine. Yet, activity is beginning to slow. This weakness is particularly marked in the Central and Eastern European (CEE) economies, due to their greater exposure to the effects of the conflict (see [here](#)). While global financial conditions and commodity prices have both eased recently, we expect the lagged effects of policy tightening and the squeeze on household incomes to continue to weigh on growth as we enter 2023.

**FX views:** Emerging market currencies have on the whole continued to trade on a stronger footing over the past week against the USD which continues to weaken more broadly. CZK, HUF and PLN are all benefitting from the tailwind provided by the EUR's rebound. The other key focus for EM FX performance are the latest COVID developments in China that have increased downside risks in the near-term.

**Week in review:** South Africa delivered a second consecutive 75bp rate hike to a 7.00% policy rate. Turkey delivered a well-articulated fourth consecutive rate cut, taking the key rate from 10.50% to 9.00%. Hungary left the base rate unchanged at 13.00% last week. S&P upgraded Oman's rating from BB- (stable) to BB (stable), as well as revising up Bahrain's sovereign outlook to positive from stable.

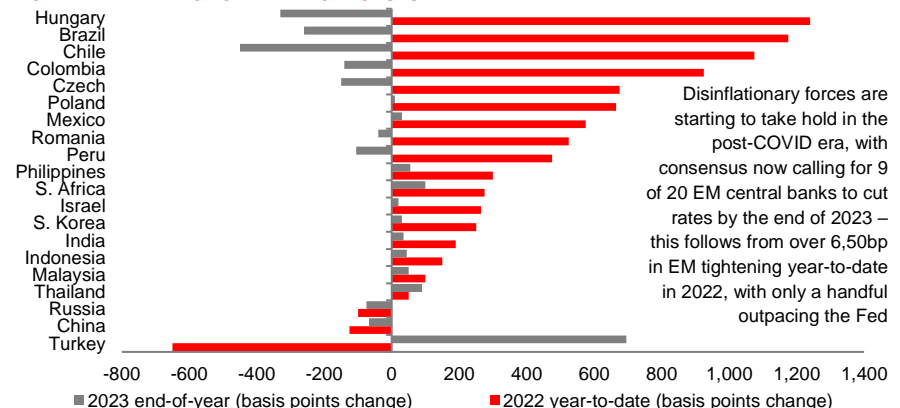
**Week ahead:** This week inflation data in Poland for November (MUFG and consensus: 18.0% y/y) and Q3 2022 GDP reading in Turkey (MUFG: 4.8%; consensus: 4.5%). Beyond EMs, markets will focus on US non-farm payrolls data, whilst Fed Chair Powell will speak at the Brookings Institution to discuss the outlook for the US economy and the changing labour market.

**Forecasts at a glance:** Headwinds facing EMs are getting stronger as persistently high inflation prompts more hawkish monetary policy responses leading to further tightening of financial conditions and more sacrifices from growth.

**Core indicators:** Investors increased their weekly exposures to EM equities once again (USD7.2bn), whilst reducing their EM bonds (USD-0.1bn) exposures.

### CHART OF THE WEEK: PREPARE FOR A DISORDERLY SHIFT IN EM RATES

#### EM CENTRAL BANK POLICY RATE FORECASTS



Source: Bloomberg, MUFG Research

# Macro focus

## Economic slowdown across EM EMEA taking hold

The slowdown across the EM EMEA region finally takes hold

Despite being at the centre of global volatility owing to the geographic proximity to the war in Ukraine, economic growth across the EM EMEA region held up surprisingly well in the first six months following Russia's invasion of Ukraine. Yet, activity is beginning to slow. This weakness is particularly marked in the Central and Eastern European (CEE) economies, due to their greater exposure to the effects of the conflict (see [here](#)). While global financial conditions and commodity prices have both eased recently, we expect the lagged effects of policy tightening and the squeeze on household incomes to continue to weigh on growth as we enter 2023.

Two key channels from the war in Ukraine

The economic effects of the war in Ukraine on neighbouring economies operate through various channels, including the impact of higher commodity prices, supply-chain disruptions, direct trade effects and confidence effects. The net effect on the global economy has been to reduce growth and drive inflation higher, but the distribution of these effects across economies is highly uneven. In practice, the severity of these effects has mainly depended on two factors:

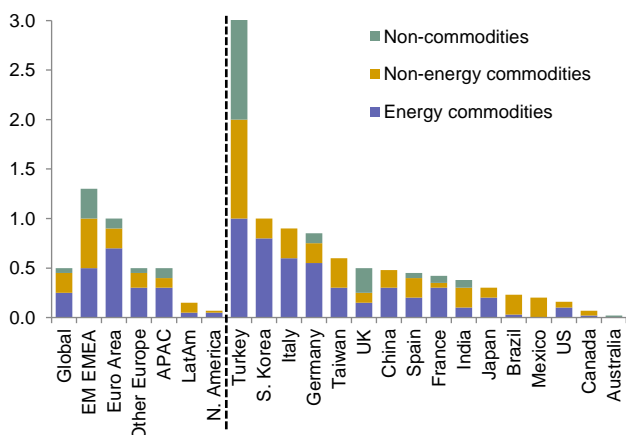
1. **Energy dependency.** The war has reduced the supply of goods and services that Russia and Ukraine export (mainly commodities, driving prices for these higher) and a reduction in demand for the goods and services that Russia and Ukraine import (mainly tourism and capital goods). This combination hampers trading patterns for those that are different from that of Russia and Ukraine – such as, importing commodities, while exporting tourism/capital goods – but it is relatively positive for those that traditionally compete directly with them.
2. **Geographic proximity to the conflict.** The importance of direct trade with Russia and Ukraine is closely related to proximity, which also plays a role in determining the size of sentiment reverberations.

Financial conditions, commodity prices and fiscal policy will all critically drive the trajectory of future EM EMEA GDP growth

In order to gauge the trajectory of future GDP growth across EM EMEA, we combine estimates of the impact of three factors on growth: (i) financial conditions; (ii) commodity prices, and (iii) fiscal policy. Our estimates imply that the drag on growth from the combination of tighter financial conditions and higher commodity prices will be at its greatest in the current quarter as well as in Q1 2023, and will thereafter begin to ease. The relative winners will remain the region's hydrocarbon exporters (the GCC region, Nigeria and South Africa). LatAm economies also screen relatively well where the mix of goods and services that are exported and imported are similar to Russia and Ukraine's but their direct trade exposure is relatively limited.

## COMMODITY IMPORTS FROM RUSSIA AND UKRAINE ARE LARGEST FOR EM EMEA ACROSS THE EM SPACE

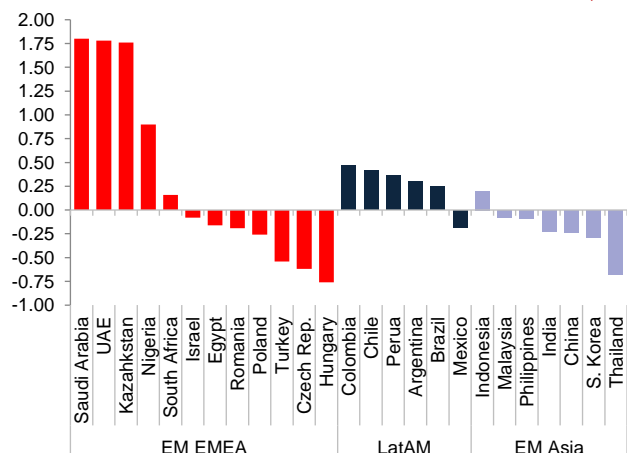
COMMODITY IMPORTS FROM RUSSIA AND UKRAINE, 2019 (% OF GDP)



Source: Bloomberg, IMF, UN Comtrade, MUFG Research

## EM WINNERS ARE MAINLY COMMODITY EXPORTERS WHILST MOST COMMODITY IMPORTERS LOSERS

EM COMPARATIVE TRADE ADVANTAGES WITH RUSSIA-UKRAINE (UNITS)



Source: Bloomberg, UN Comtrade, MUFG Research

## FX views

### Limited negative spill-overs so far latest China COVID developments

EM FX continues to trade on stronger footing vs. USD but weakness in CNY highlights one downside risk

Central European currencies are benefitting from EUR rebound vs. USD. USD continues to correct lower on relief US inflation and Fed rate hike cycle peaking. Hungary's ongoing access to EU funding is an important country-specific risk heading into year-end for HUF

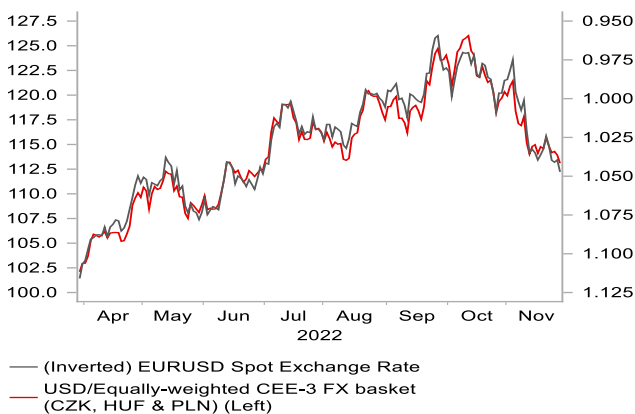
Record COVID cases places pressure on Chinese policymakers to tighten restrictions. While social unrest casts further doubt on sustainability of zero-COVID policies. Tighter restrictions pose downside risks for EM FX

Emerging market currencies have on the whole continued to trade on a stronger footing over the past week against the USD which continues to weaken more broadly. The best performing emerging market currencies have been the Central European currencies of the PLN (+2.7% vs. USD), HUF (2.7%), and CZK (2.4%). In contrast, the BRL (-1.7%), CNY (-0.4%) and IDR (-0.1%) have been amongst a handful of currencies that have weakened against the USD.

The Central European currencies of the CZK, HUF and PLN are all benefitting from the tailwind provided by the EUR's rebound. EUR/USD has closed above technical resistance from the 200-day moving average close to 1.0380 for the first time since June 2021. It has provided a further bullish signal for European currencies against the USD. Seasonal factors are expected to prove supportive as well given that there is strong tendency for the EUR to strengthen against the USD in December. The reversal of USD strength continues to reflect more investor confidence that US inflation and the Fed's hawkish policy stance have already peaked although we are expecting some pushback from Fed Chair Powell in the week ahead against the easing of financial conditions. Market participants will likely put more weight on the latest US economic data releases including the NFP report for November, ISM manufacturing survey for November and PCE deflator report for October. The USD is vulnerable to a deeper sell-off if evidence emerges of a sharper slowdown for the US economy and labour market. Beyond the more favourable external environment for Central European currencies in the near-term market participants have been focusing upon the ongoing dispute between the EU and Hungary over the rule of law. Hungary is still expected to strike a last-minute deal for funding by 6<sup>th</sup> December EU finance ministers meeting. A failure to reach a deal would weigh more heavily on the HUF heading into year end.

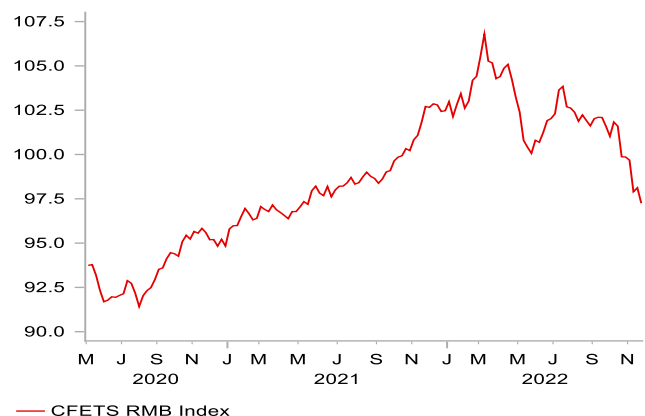
The other key focus for emerging market currency performance are the latest COVID developments in China that have increased downside risks in the near-term. The recent surge in new COVID cases to fresh record highs is placing more pressure on Chinese policymakers to re-tighten restrictions which will result in weaker growth momentum. At the same time, social unrest in China has cast further doubt over the sustainability of zero-COVID policies. The CNY and Chinese assets have weakened over the past week but there has been limited negative spill-overs so far. Emerging market currencies are vulnerable to a correction lower if lockdown fears intensify.

### CEE-3 SUPPORTED BY EUR REBOUND



Source: Bloomberg, Macrobond & MUFG Research

### 2<sup>ND</sup> SHARP CORRECTION LOWER FOR CNY THIS YEAR



Source: Bloomberg, Macrobond & MUFG Research

## Week in review

### EM capital flows: EM equities continue to attract capital with bonds seeing outflows

Fed minutes in line with Chair Powell's comments that a slowdown from the 75bp rate hikes "may soon be appropriate"

Last week's November FOMC meeting minutes brought no major surprises to EM risk assets. The minutes were broadly in line with Fed Chair Powell's earlier comments that a slowdown from the 75bp rate hikes "may soon be appropriate". We had previously highlighted the likelihood of tactical bounces in EM assets (see [here](#)), and the recent sharp rebound should be perceived as one of these, given the attractive valuations, low positioning and very high cash levels. For us to turn more constructive on EM, we would need to see an improvement in the fundamental macro backdrop, which seems unlikely for now amid a slowing global activity, a less supportive global liquidity backdrop, higher core rates, and ongoing geopolitical risks. Moreover, the global liquidity backdrop continues to deteriorate, which implies less inflows into EM. As a result, we do not see any reason to change our cautious EM stance (see [here](#)).

Last week, investors increased their exposures to EM equities once again on attractive valuations, whilst reducing their EM bonds exposures

According to IIF data, investors increased their EM exposure for the fourth consecutive (USD7.0bn), with equity inflows (USD7.2bn) offsetting debt outflows (USD-0.1bn) funds. As we have regularly documented, the overarching bleak prospects of EMs remains undeterred – the upward repricing of Fed policy has led to an upward adjustment in expectations for EM policy rates, with investors on edge surrounding the Fed pivot, the speed at which global supply-disruptions improve and the Chinese economy rebounds. Mounting global recession risk is weighing on EM flows as anxiety builds over geopolitical events, realised inflation and uncertainty about the capacity of policymakers to weather the current context. The continued volatility in equity markets has spilled over debt flows, worsening the outlook.

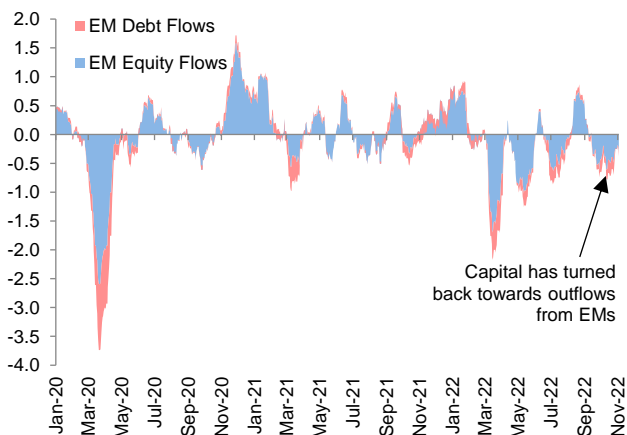
### South Africa: SARB hikes by 75bp to 7.00% on upside risks to inflation

South Africa hikes by 75bp to 7.00%, in line with our (and consensus) expectations

The South African Reserve Bank (SARB) delivered a second consecutive 75bp rate hike to a 7.00% policy rate, in line with our (and consensus) expectations. The decision came as upside risks continue on the CPI outlook, with the Monetary Policy Committee (MPC) focused on anchoring inflation expectations more firmly around the 4.5% midpoint of the target band. Three of the five MPC members preferred 75bp, while two favoured a 50bp increase, suggesting a less hawkish hike. There were relatively few changes to the SARB's inflation and growth projections. The SARB raised its near-

### CAPITAL HAS RETURNED BACK TO INFLOWS INTO EM'S ON A 28 DAY ROLLING BASIS GIVEN THE RISK-ON MOOD

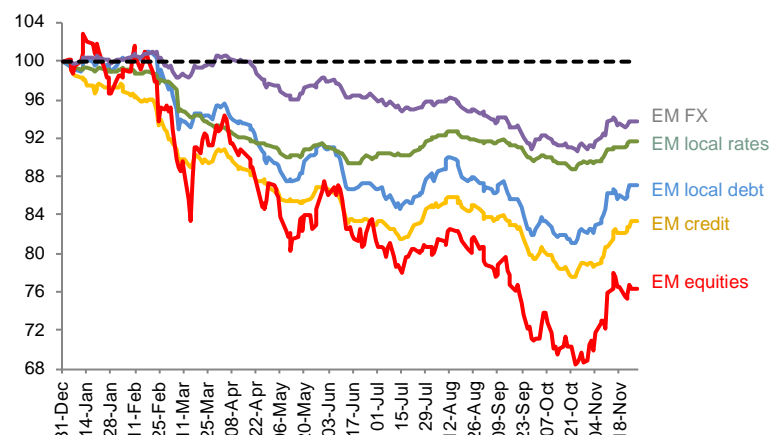
EM EQUITY AND DEBT FLOWS (USD BN), 28 DAY ROLLING AVERAGE



Source: IIF, MUFG Research

### EM RISK ASSETS HAVE WITNESSED A REBOUND SINCE THE SOFTER US OCTOBER CPI READING

EM EQUITIES, FX, RATES, CREDIT AND DEBT (1 JANUARY 2022 = 100)



Source: Bloomberg, MUFG Research

term inflation estimates slightly, with the headline CPI forecast increased to 6.7% in 2022 (6.5% previously) before moderating to 5.4% in 2023 (5.3% previously), 4.5% in 2024 (4.6%) and 4.5% in 2025 (a new forecast). The core forecast was unchanged at 4.3% y-o-y in 2022, accelerating to 5.5% in 2023 (5.4%) before moderating to 4.8% in 2024 (unchanged) and 4.5% in 2025. Our inflation forecast is higher than the SARB's in the near term (on supply factors), but lower in the medium term (on demand factors), with the main differences being a higher food inflation assumption. We maintain our forecast for a further 50bp of rate hikes in Q1 2023 to a 7.50% terminal rate, and for rate cuts beginning in H2 2023 down to a 5.25% policy rate by 2024.

**Turkey cuts by 150bp to 9.00% as widely articulated**

**Turkey: CBRT cuts by 150bp to 9.00%, concentrating on macroprudential measures**

The Central Bank of Turkey (CBRT) delivered a well-articulated fourth consecutive rate cut last week, taking the key rate from 10.50% to 9.00% – a total of 500bp in cuts has now been delivered this year. This latest 150bp in cuts was in line with our (and consensus) expectations after the Monetary Policy Committee (MPC) had signalled this move in October. The last time the policy rate was in single-digits was in Q1 2020, wherein consumer inflation stood at 12% y/y, compared with 86% y/y at the current juncture. The CBRT evaluated the current rate as satisfactory, restating that the cutting cycle that started in August has now ended. In its accompanying press release, the MPC added that it will introduce additional macroprudential measures to support the effectiveness of the monetary transmission mechanism and that a wide-reaching set of policies will be implemented in 2023 – to be announced in the 2023 Monetary and Exchange Rate report next month. Whilst no details were offered at this stage, we view that the emphasis will be on lowering the Treasury's domestic borrowing costs ahead of the elections in June 2023, in addition to the further reduction of commercial loan rates as well as dissuading FX deposits. Looking ahead, from a monetary policy perspective, we view that the CBRT will now be on hold at 9.00% until after the elections in June 2023 with the focus geared on the macroprudential policy framework. With the de-anchoring of inflation expectations, fiscal policy appears to be the preferred lever to bolster economic activity.

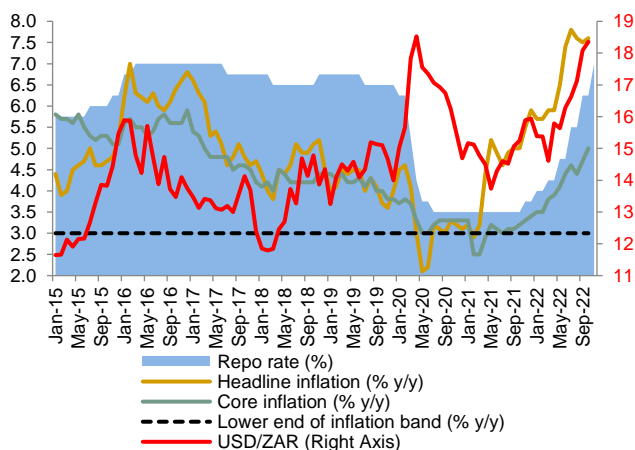
**Hungary keeps rates on hold at 13.00% but a reversal needs better sentiment**

**Hungary: MNB on hold at 13.00% as anticipated – reversal requires better sentiment**

The National Bank of Hungary (MNB) left the base rate unchanged at 13.00% last week, in line with our (and consensus) expectations. Having said that, this rate has

**CEE GDP IN Q3 2022 SIGNALS SLOWING MOMENTUM AFTER HOLDING UP WELL POST-WAR IN UKRAINE**

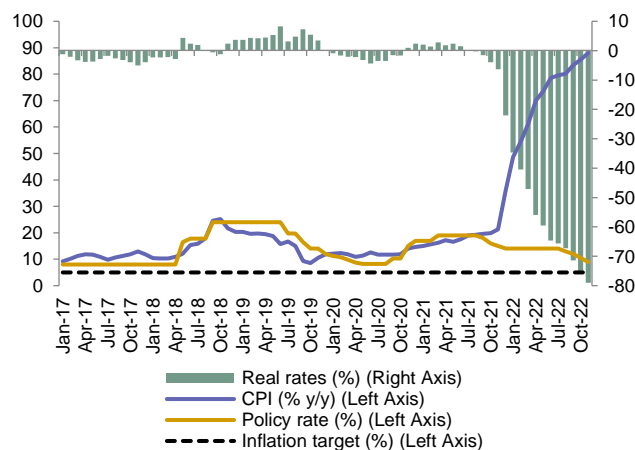
SOUTH AFRICA INFLATION (% Y/Y), RATES (%) AND USD/ZAR



Source: Bloomberg, SARB, MUFG Research

**TURKEY CUTS RATES BY 150BPS TO 9.00% – ENDING ITS (500BP YEAR-TO-DATE) EASING CYCLE**

TURKEY INFLATION (% Y/Y), NOMINAL AND REAL RATES (%)



Source: Bloomberg, CBRT, MUFG Research

little effective role at the current juncture as the one day deposit facility and the FX swap facility – introduced in October amid marked depreciation pressures on the Hungarian Forint (HUF) – currently anchor short-term market rates. While the guidance surrounding the inflation and policy outlook was left unchanged, the MNB added that the new measures will stay in place until there is a trend improvement in risk sentiment. While the main near-term policy challenge for the MNB is to stabilise the HUF, news on the inflation front continue to be challenging, with headline and core inflation rising in October by 1ppts to 21.1% y/y and 1.6ppts to 22.3% y/y, respectively. With robust underlying inflation dynamics likely to remain for some time, rates will need to stay higher for longer, in our view.

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**S&P upgrades Oman's rating by one notch to BB (stable) on its sound fiscal reform programme**

**Oman: S&P upgrades the sovereign to BB (stable) from BB- (stable)**

In a second time this year, S&P upgraded Oman's credit rating from BB- (stable) to BB (stable) owing to the government's sound fiscal reform programme to 2025, alongside favourable oil prices (S&P's Brent oil forecasts to average USD90/b and USD80/b in 2023 and 2024, respectively) which is strengthening fiscal and external metrics. S&P expects fiscal reforms to continue, including the possible introduction of personal income tax on high earners and measures to increase value-added tax (VAT) receipts. Moreover the credit rating agency expects a significant improvement in the economy's external balance sheet this year and for the government to return to a small net asset position in 2023.

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**S&P upgrades Bahrain's outlook to positive from stable on the prudent implementation of fiscal reforms**

**Bahrain: S&P revises the sovereign's outlook to positive from stable; affirmed at B+**

S&P has revised the outlook on Bahrain's sovereign to positive from stable, affirming the rating at B+. The positive outlook reflects the government's ongoing implementation of the updated Fiscal Balance Programme (FBP) via expenditure rationalisation and revenue enhancing initiatives, including the doubling of the value-added tax (VAT) rate to 10% from 5% in January 2022. Preliminary fiscal data point to a minor balanced-budget position underpinned by an 120% increase in nominal tax revenue year on year, surpassing projected annual inflation of ~4%. In tandem, Bahrain's economy is benefiting from the surge in regional activity tied to elevated oil prices. According to S&P, the government's willingness and ability to pursue budgetary reforms under the FBP has strengthened fiscal policymaking in recent years.

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## Week ahead

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### Poland inflation to hit 18.0% y/y in November

#### **Poland:** inflation set to continue increase in November

Preliminary inflation data for November in Poland is set to edge up by 0.1ppts to 18.0% y/y (consensus also expects 18.0% y/y). We anticipate that the rise will be relatively broad-based, with food prices in particular rising. We expect that this will only be partly offset by favourable base effects in household energy and easing transport fuel inflation. Looking ahead, we consider that a disconcerting development relates to underlying and core inflation, where we are yet to see any signs of improvement, and instead the sequential momentum of most core categories remains uncomfortably high. Despite this, the National Bank of Poland (NBP) has doubled down on its more dovish assessment of inflation developments, and has maintained its guidance for unchanged policy rates. While we continue to think that further monetary tightening is warranted, it appears unlikely that incoming data will cause any changes in the NBP's stance in the near term.
















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### Economic growth in Turkey to demonstrate a strong reading in Q3 2022

#### **Turkey:** Q3 2022 GDP to demonstrate robust growth on higher tourism flows

Real GDP growth in Turkey for Q3 2022 is set to grow to 4.8% y/y (consensus: 4.5% y/y) from 7.6% y/y in Q2 2022. The monthly indicators have demonstrated a weaker pace of economic activity in the third quarter as European economies in particular slowed. The loss of growth momentum in industrial production was also cited by the CBRT as the reason behind its decision to deliver a total of 500bp in cuts to its policy rate since August, from 14.00% to 9.00%.

## Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Bahrain	28/11/2022	---	CPI (% y/y)	Oct	--	--	4.00%	!!
	Turkey	29/11/2022	07:00	Trade Balance (USD)	Oct	--	-8.00bn	-9.60bn	!!!
	Turkey	30/11/2022	07:00	GDP (% y/y)	3Q F	4.8%	4.5%	7.6%	!!!
	Poland	30/11/2022	09:00	CPI (% y/y)	Nov P	18.00%	18.00%	17.90%	!!!
	Poland	30/11/2022	09:00	GDP (% y/y)	3Q F	--	--	3.50%	!!!
	South Africa	30/11/2022	12:00	Trade Balance (ZAR)	Oct	--	12.4bn	19.7bn	!!!
	Russia	01/12/2022	06:00	PMI Manufacturing	Nov	--	--	50.70	!!!
	Turkey	01/12/2022	07:00	PMI Manufacturing	Nov	--	--	46.40	!!!
	Poland	01/12/2022	08:00	PMI Manufacturing	Nov	--	43.10	42.00	!!!
	Hungary	01/12/2022	08:00	GDP (% y/y)	3Q F	--	4.00%	4.00%	!!!
	Hungary	01/12/2022	08:00	PMI Manufacturing	Nov	--	49.90	56.40	!!!
	Czech Republic	01/12/2022	08:30	PMI Manufacturing	Nov	--	42.60	41.70	!!!
	South Africa	01/12/2022	09:00	PMI Manufacturing	Nov	--	49.80	50.00	!!!
	Ukraine	01/12/2022	---	GDP (% y/y)	3Q	--	--	-37.20%	!!
	Czech Republic	02/12/2022	08:00	GDP (% y/y)	3Q P	1.60%	1.60%	1.60%	!!!

Source: Bloomberg, 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	2021	2022	Latest	2021	2022	Latest	2021	2022
Bahrain	22.87	6.00	3.50	-17.86	-11.10	-4.66	-9.34	6.70	8.57
Czech Rep.	1.60	2.90	3.00	-5.77	-5.88	-4.01	1.99	-0.93	-4.30
Egypt	5.80	3.30	5.50	-6.96	-6.96	-6.22	-4.36	-4.36	-3.63
Greece	16.80	6.50	4.30	-7.95	-7.95	-4.41	-6.49	-6.49	-6.72
Hungary	4.00	7.30	4.30	-7.79	-6.77	-4.89	-1.14	-3.17	-6.70
Iraq	4.43	3.60	6.70	-12.82	-0.85	11.06	-10.82	7.83	16.30
Israel	7.60	7.00	5.00	-10.66	-3.81	0.09	4.19	4.19	2.49
Jordan	2.95	2.00	2.20	-8.59	-8.05	-5.86	-5.73	-8.79	-6.72
Kenya	5.49	5.50	5.60	-8.13	-8.02	-6.96	-4.75	-5.20	-5.93
Kuwait	-8.86	4.50	6.40	-12.86	-0.35	14.11	3.21	16.31	29.05
Lebanon	-25.91	-5.20	2.00	-3.53	-	-	-28.22	-	-
Morocco	2.00	5.70	3.10	-7.15	-5.94	-5.32	-1.17	-2.27	-4.33
Nigeria	2.25	2.50	5.60	-5.58	-6.05	-6.24	-3.95	-0.42	-0.19
Oman	3.09	2.70	0.90	-3.24	-3.24	5.50	-16.99	-6.07	6.17
Poland	3.50	5.00	4.50	-6.91	-1.87	-4.12	-0.67	-0.67	-4.02
Romania	4.00	7.60	3.00	-9.81	-6.86	-6.42	-4.99	-6.98	-8.44
Qatar	6.30	2.90	6.00	1.33	4.39	12.52	-1.98	14.71	21.17
Russia	-2.29	4.40	-7.00	0.80	0.80	-2.30	6.88	6.88	12.16
Saudi Arabia	8.57	4.50	11.20	-2.35	-2.35	5.49	-3.24	5.32	15.98
South Africa	0.20	5.10	1.60	-6.04	-6.04	-4.90	3.68	3.68	1.20
Turkey	7.58	9.80	1.60	-3.86	-3.86	-4.19	-1.66	-1.66	-5.66
Ukraine	-37.20	4.00	-28.00	-3.33	-3.33	-	3.31	-1.63	-
UAE	3.90	5.00	5.00	-5.19	2.14	7.66	5.88	11.42	14.72
























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	4.00	3.90	1.90	6.00	6.00	3.00	0.38	0.38	0.38
Czech Rep.	15.10	3.90	11.30	7.00	3.75	5.50	24.35	24.89	21.38
Egypt	16.20	5.40	7.90	13.25	7.75	11.50	0.04	15.72	15.42
Greece	9.07	-0.10	0.40	2.00	2.00	0.40	1.04	1.14	1.13
Hungary	21.10	4.90	7.80	13.00	2.40	5.50	395.17	324.46	314.70
Iraq	5.30	6.40	5.00	4.00	4.00	5.00	1460.00	1460.00	1460.00
Israel	5.10	1.50	2.80	3.25	3.25	0.50	3.43	3.10	3.10
Jordan	5.23	1.60	2.00	6.75	6.75	2.00	0.71	0.71	0.71
Kenya	9.60	6.00	5.90	8.75	8.75	9.50	122.44	113.14	113.04
Kuwait	3.27	2.90	3.40	3.00	3.00	3.00	0.31	0.30	0.30
Lebanon	158.46	124.10	85.00	2.75	2.75	7.75	1514.48	1512.33	1512.33
Morocco	8.10	1.40	1.20	2.00	2.00	2.00	10.69	9.25	9.25
Nigeria	21.10	17.30	12.00	16.50	16.50	14.00	444.10	424.83	440.50
Oman	2.39	1.30	2.00	3.15	3.15	14.00	0.38	0.39	0.39
Poland	17.90	4.90	10.00	6.75	1.75	5.50	4.53	4.04	3.95
Romania	15.32	5.30	11.90	6.75	6.75	5.50	4.75	4.35	4.39
Qatar	6.03	1.60	4.00	4.75	4.75	2.50	3.64	3.64	3.64
Russia	12.63	6.60	16.60	7.50	5.75	15.00	118.69	74.68	71.13
Saudi Arabia	3.01	3.10	2.20	4.00	4.00	2.50	3.76	3.76	3.76
South Africa	7.60	4.50	6.20	7.00	3.50	4.75	17.13	15.94	15.80
Turkey	85.51	17.90	62.00	9.00	14.00	20.00	0.05	13.32	14.25
Ukraine	26.60	9.40	15.30	25.00	25.00	14.00	36.97	27.29	29.80
UAE	2.50	0.10	1.20	3.90	0.65	2.00	3.67	3.67	3.67

## Core indicators

EM EMEA sovereign bond yields (%)										
		Maturity	28-Oct	04-Nov	11-Nov	18-Nov	25-Nov	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	10 years	5.35	5.50	5.28	5.73	5.81	8.30	30.77	327.27
	Czech Rep.	10 years	5.90	5.94	5.04	5.07	4.80	-27.60	-114.75	171.59
	Egypt	9 years	14.57	14.56	13.19	12.39	11.97	-41.60	-264.40	481.35
	Greece	8 years	4.14	4.30	4.05	3.85	3.76	-8.90	-48.64	265.55
	Hungary	8 years	11.10	11.19	9.27	8.73	8.38	-35.50	-274.76	391.23
	Israel	8 years	3.98	4.02	3.90	3.53	3.18	-34.40	-81.06	296.96
	Jordan	5 years	7.60	7.04	6.04	6.66	6.40	-26.30	-114.13	212.46
	Kenya	7 years	13.73	13.04	10.44	10.42	10.17	-24.60	-352.71	446.52
	Kuwait	6 years	4.58	4.58	4.40	4.54	4.63	9.30	4.07	293.76
	Lebanon	9 years	89.79	90.25	91.69	92.68	93.20	52.50	322.53	2934.26
	Morocco	11 years	6.42	6.35	5.72	5.60	5.43	-17.70	-98.56	302.85
	Nigeria	9 years	14.96	14.41	12.03	12.36	11.82	-54.40	-329.20	442.86
	Oman	9 years	6.98	6.78	6.10	6.19	6.14	-5.60	-74.28	138.46
	Poland	8 years	4.10	4.11	3.83	3.71	3.58	-13.10	-48.81	340.94
	Romania	7 years	7.31	7.29	6.31	6.21	6.01	-19.70	-127.38	446.25
	Qatar	9 years	4.98	5.09	4.68	4.61	4.40	-21.80	-66.05	214.73
	Russia	5 years	29.33	30.44	30.56	30.72	29.57	-115.00	26.64	2730.98
	Saudi Arabia	8 years	5.10	5.25	4.83	4.74	4.64	-9.30	-51.52	249.89
	South Africa	9 years	7.76	7.75	6.88	7.20	6.73	-47.10	-107.30	254.35
	Turkey	7 years	9.73	9.35	8.58	9.12	8.46	-66.00	-131.38	124.25
	Ukraine	8 years	42.69	43.76	39.64	37.67	37.45	-22.50	-588.23	3324.85
	Abu Dhabi	6 years	4.64	4.70	4.28	4.14	3.95	-18.50	-69.48	219.96
	Dubai	8 years	4.77	4.88	4.56	4.89	4.52	-37.40	-25.25	193.77




















EM EMEA equity market (index)										
		21-Oct	28-Oct	04-Nov	11-Nov	18-Nov	25-Nov	Change (%)		
								Week	MTD	YTD
	Bahrain	1,867	1,864	1,862	1,866	1,865	1,863	-0.11	0.06	3.81
	Czech Rep.	1,164	1,184	1,222	1,259	1,244	1,243	-0.04	4.99	-12.82
	Egypt	10,274	11,072	11,262	11,757	12,516	12,779	2.11	14.39	8.87
	Greece	855	861	879	898	890	918	3.12	4.96	2.72
	Hungary	40,432	41,054	42,630	43,698	44,495	45,715	2.74	11.35	-9.87
	Israel	1,888	1,934	1,914	1,981	1,885	1,879	-0.31	-4.26	-5.92
	Jordan	2,504	2,479	2,422	2,437	2,465	2,464	-0.06	1.21	16.65
	Kenya	128	128	128	128	129	128	-1.17	-1.00	-23.40
	Kuwait	7,247	7,231	7,365	7,542	7,610	7,587	-0.31	3.41	7.45
	Lebanon	1,267	1,298	1,339	1,337	1,354	1,328	-1.96	1.79	28.99
	Morocco	10,955	10,851	10,741	10,355	10,822	10,835	0.12	0.12	-18.89
	Nigeria	44,397	43,913	44,269	43,969	44,493	47,554	6.88	8.47	11.33
	Oman	4,453	4,401	4,402	4,428	4,486	4,555	1.54	5.86	11.93
	Poland	1,412	1,509	1,601	1,690	1,707	1,756	2.84	14.28	-22.55
	Romania	10,876	10,836	10,890	11,509	11,681	11,570	-0.95	7.10	-11.42
	Qatar	12,657	12,262	12,306	12,557	12,213	11,867	-2.83	-6.25	0.11
	Russia	2,044	2,168	2,156	2,217	2,206	2,195	-0.51	1.32	-42.04
	Saudi Arabia	11,964	11,710	11,439	11,212	11,142	10,939	-1.82	-7.47	-4.30
	South Africa	59,091	59,687	62,769	66,453	66,227	66,753	0.79	11.20	-0.45
	Turkey	3,935	3,879	4,217	4,456	4,527	4,874	7.68	22.50	162.39
	Ukraine	519	519	519	519	519	519	0.00	0.00	-0.68
	Abu Dhabi	10,114	10,287	10,482	10,630	10,466	10,528	0.60	0.73	23.56
	Dubai	3,399	3,349	3,350	3,407	3,352	3,305	-1.40	-0.76	3.46

**EM EMEA FX against USD\***

		21-Oct	28-Oct	04-Nov	11-Nov	18-Nov	25-Nov	Change (%)		
								Week	MTD	YTD
	USD Index	112.01	110.75	110.88	106.29	106.93	105.96	-0.91	-4.74	11.05
	Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	-0.05	-0.77	0.11
	Czech Rep.	24.83	24.59	24.50	23.46	23.58	23.42	-0.68	5.54	-6.76
	Egypt	0.05	0.04	0.04	0.04	0.04	0.04	-0.25	1.72	56.27
	Greece***	0.99	1.00	1.00	1.03	1.03	1.04	0.68	4.98	-8.76
	Hungary	416.81	413.63	404.06	391.49	393.70	392.95	-0.19	5.19	-17.58
	Israel	3.53	3.53	3.54	3.42	3.47	3.42	-1.35	2.63	-9.76
	Jordan**	0.71	0.71	0.71	0.71	0.71	0.71	0.00	0.00	0.00
	Kenya	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	7.32
	Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	-0.13	0.63	-1.59
	Lebanon	1511.00	1511.71	1515.70	1518.63	1515.97	1514.48	-0.10	0.27	-0.14
	Morocco	10.97	10.90	10.93	10.70	10.71	10.69	-0.19	2.51	-13.44
	Nigeria	440.50	441.42	443.02	443.38	443.82	444.63	0.18	-0.25	-4.35
	Oman**	0.39	0.39	0.39	0.39	0.39	0.39	-0.03	-0.05	0.29
	Poland	3.76	3.76	3.76	3.76	3.76	3.76	0.00	-0.03	-0.22
	Romania	4.98	4.94	4.91	4.73	4.78	4.73	-1.06	4.73	-8.21
	Qatar**	3.66	3.66	3.65	3.66	3.66	3.66	0.02	-0.03	0.40
	Russia	61.59	61.52	61.95	60.72	60.66	60.48	-0.29	1.87	23.66
	Saudi Arabia**	3.76	3.76	3.76	3.76	3.76	3.76	0.00	-0.03	-0.22
	South Africa	18.09	18.13	17.90	17.24	17.26	17.08	-1.01	7.09	-7.01
	Turkey	18.59	18.59	18.57	18.58	18.62	18.60	-0.12	-0.06	-28.57
	Ukraine	36.72	36.72	36.82	36.76	36.93	36.97	0.09	0.27	-25.69
	UAE**	3.67	3.67	3.67	3.67	3.67	3.67	0.00	-0.01	0.01

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)**

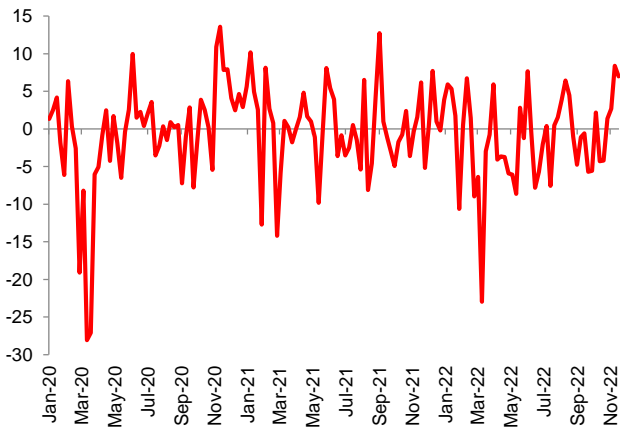
		07-Oct	14-Oct	21-Oct	28-Oct	04-Nov	25-Nov	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	323.59	316.00	284.87	268.09	243.26	233.57	-9.69	-51.30	-60.27
	Czech Rep.	60.52	57.26	54.90	52.60	50.77	46.45	-4.32	-8.45	10.83
	Egypt	1356.33	1307.80	1048.56	1175.73	898.68	831.42	-67.26	-217.14	333.39
	Greece	199.60	195.19	173.44	169.11	152.53	141.22	-11.31	-32.22	29.23
	Hungary	281.24	283.08	258.62	253.22	221.12	224.77	3.65	-33.85	180.05
	Israel	39.64	39.44	36.84	37.74	38.18	39.88	1.70	3.04	-0.33
	Kenya	1165.28	1227.64	1108.08	976.55	754.99	761.40	6.40	-346.69	354.51
	Kuwait	71.70	70.00	70.00	68.67	51.88	50.16	-1.72	-19.84	5.45
	Morocco	303.29	297.32	295.16	308.24	274.44	263.79	-10.65	-31.37	168.40
	Nigeria	1011.37	1137.54	1045.50	1159.35	947.58	905.26	-42.32	-140.25	450.19
	Oman	272.42	268.77	240.61	229.48	180.45	158.46	-21.99	-82.15	-97.35
	Poland	165.79	159.23	153.14	149.44	134.57	121.61	-12.96	-31.53	82.03
	Romania	401.03	414.28	379.86	367.62	314.18	286.21	-27.97	-93.65	211.39
	Qatar	65.91	66.56	59.09	57.81	48.09	44.39	-3.71	-14.71	0.63
	Saudi Arabia	74.87	77.72	68.70	68.24	61.82	57.68	-4.14	-11.02	8.31
	South Africa	350.87	347.94	298.46	296.91	260.99	240.14	-20.85	-58.33	37.12
	Turkey	769.01	738.22	657.89	633.87	588.74	534.40	-54.35	-123.49	-28.36
	Abu Dhabi	66.93	66.70	59.09	58.67	48.05	44.39	-3.67	-14.71	1.49
	Dubai	129.13	128.18	122.73	113.59	100.40	95.40	-5.01	-27.33	1.33

Source: Bloomberg, MUFG Research

# EM capital flows

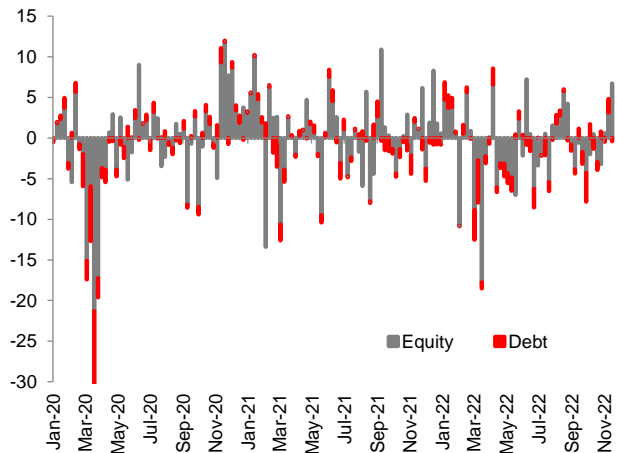
## WEEKLY TOTAL EM INFLOWS OF USD7.0BN – 18 NOVEMBER

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



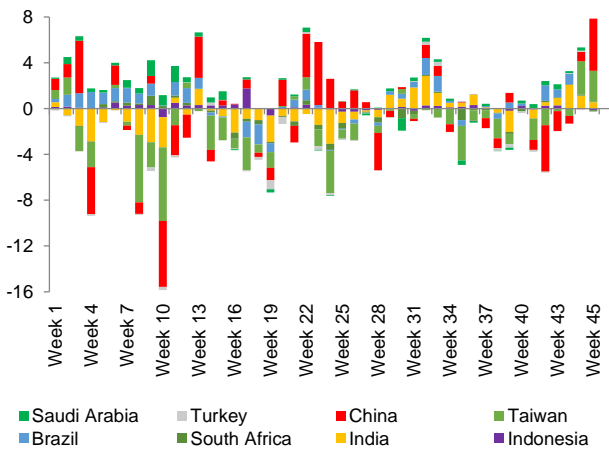
## WEEKLY EM INFLOWS FROM EQUITY (USD7.2BN) AND DEBT OUTFLOWS (USD-0.1BN) – 18 NOVEMBER

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



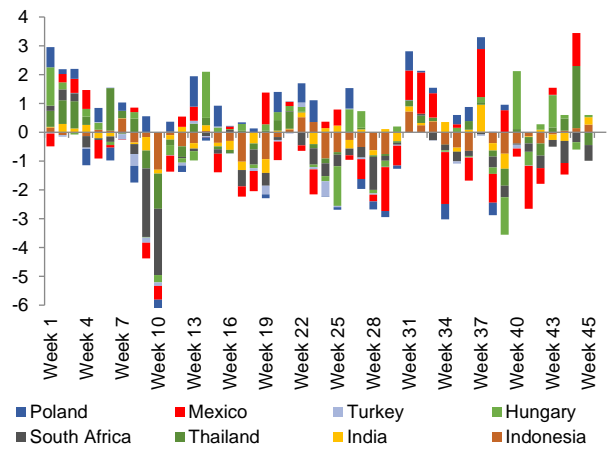
## CHINA (USD4.6BN) AND TAIWAN (USD2.7BN) LED WEEKLY EM EQUITY INFLOWS – 18 NOVEMBER

WEEKLY PORTFOLIO FLOWS BY COUNTRY, WEEK 1 = JANUARY 2022 (EQUITY) (USD BN)



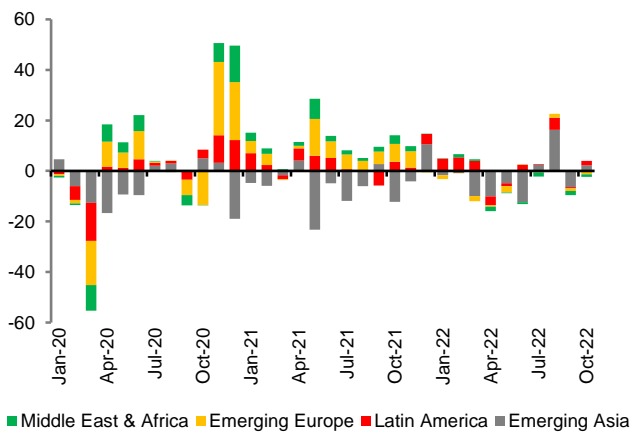
## SOUTH AFRICA (USD-0.5BN) LED EM DEBT OUTFLOWS LAST WEEK – 18 NOVEMBER

WEEKLY PORTFOLIO FLOWS BY COUNTRY, WEEK 1 = JANUARY 2021 (DEBT) (USD BN)



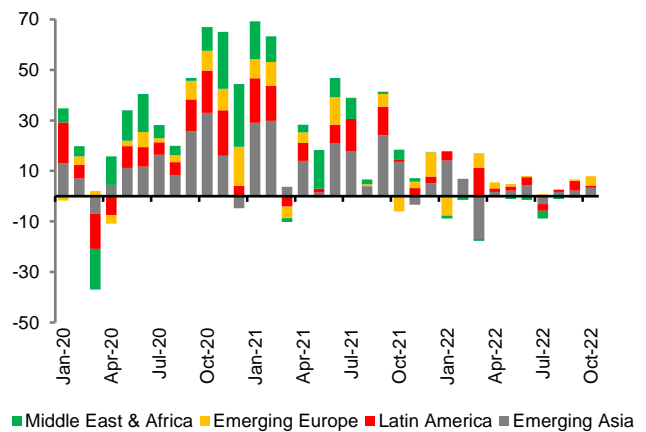
## EM EQUITY INFLOWS TOTALLED USD1.7BN IN OCTOBER, LED BY EM ASIA (USD2.2BN)

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



## EM DEBT INFLOWS TOTALLED USD7.6BN IN OCTOBER, LED BY EMERGING EUROPE (USD3.7BN)

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



Source: Bloomberg, IIF, MUFG Research

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