

EHSAN KHOMAN

Head of Commodities, ESG and
Emerging Markets Research –
EMEA

DIFC Branch – Dubai

T: +971 (4) 387 5033

E: ehsan.khoman@ae.mufg.jp

RAMYA RS

Analyst

DIFC Branch – Dubai

T: +971 (4) 387 5031

E: ramya.rs@ae.mufg.jp

LEE HARDMAN

Senior Currency Analyst

Global Markets Research

Global Markets Division for EMEA

T: +44(0)20 577 1968

E: lee.hardman@uk.mufg.jp

MUFG Bank, Ltd.

A member of MUFG, a global financial group

06 February 2023

A strong start to 2023 but near-term uncertainties abound for emerging markets

Macro focus: Whilst we maintain our EM annual outlook conviction that 2023 will be mired by a tale of two halves for EMs – headwinds in H1 2023 making way for tailwinds in H2 2023 (see [here](#)), we recognise that it has been solid start to the year for the complex. Whilst not much has changed since we laid out our annual thesis, core to the January outperformance has been the repricing lower of DM rate hikes and optimism on China's reopenings (although high frequency indicators have yet to fully validate this upbeat mood music). Yet, uncertainties linger.

FX views: USD rebounds after weak start to the year. Resilience of US economy casts some doubt on expectations for Fed rate pause and then cuts later this year. USD rebound is unlikely to be sustained. Also, weak commodity prices casts some doubt on the recent building-up of investor optimism over a softer global landing. However, CLP continues to outperform on the back of China reopening optimism.

Week in review: Saudi Arabia's real GDP expanded from 3.9% in 2021 to 8.7% in 2022. Czech Republic maintained rates at 7.00%, committing to continued FX interventions. In a surprise move, Egypt kept rates on hold at 16.25% and headline inflation in Turkey fell from 64.3% y/y in December 2022 to 57.7% y/y in January.

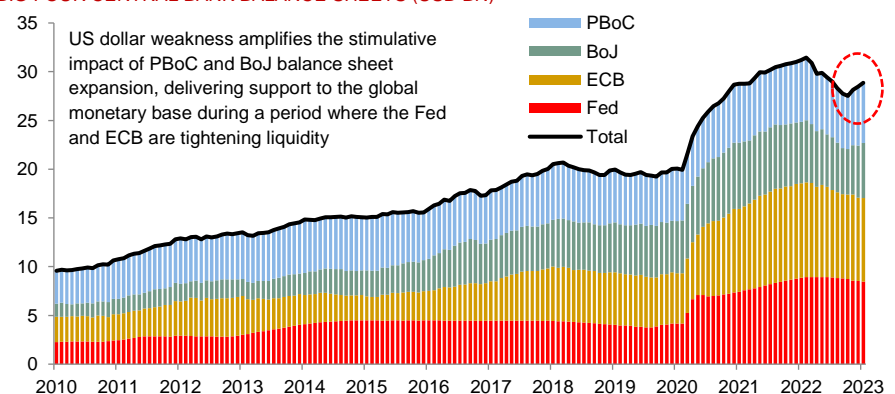
Week ahead: We get three rate decisions all of which we (and consensus) anticipate no changes – Poland (6.75%), Romania (7.00%) and Russia (7.50%). Inflation for January in the Czech to peak and Hungary to continue rising.

Forecasts at a glance: Fundamental obstacles facing the complex in H1 2023 are profound. This makes the EM space a difficult investment proposition until we see the end of the current rate hiking cycle, the US dollar weakening and the Chinese economy rebounding – all of which we anticipate by H2 2023 (see [here](#)).

Core indicators: EMs have witnessed three consecutive weeks of weekly capital inflows, thanks to the sharp improvement in risk sentiment led by the repricing of the monetary policy by core central banks, particularly the Fed.

CHART OF THE WEEK: CENTRAL BANK STIMULUS EMBOLDENS EM BULLS

BIG FOUR CENTRAL BANK BALANCE SHEETS (USD BN)



Source: Bloomberg, BoJ, ECB, Fed, PBoC, MUFG Research

Macro focus

A strong start to 2023 but near-term uncertainties abound for EMs

EM assets have started the year strongly but near-term risks are skewed to the downside

Whilst we maintain our EM annual outlook conviction that 2023 will be mired by a tale of two halves for EMs – headwinds in H1 2023 making way for tailwinds in H2 2023 (see [here](#)), we recognise that it has been solid start to the year for the complex. Whilst not much has changed since we laid out our annual thesis, core to the January outperformance has been the repricing lower of DM rate hikes and optimism on China’s reopenings (although high frequency indicators have yet to fully validate this upbeat mood music). Yet, uncertainties linger. Tighter financial conditions, the global manufacturing cycle downturn and geopolitics will likely temper near-term gains.

Sharp depreciation in the USD breeds caution

The USD broad (DXY) index has staged a sharp fall of ~10% since its peak in late September 2022. This last happened in late 2010 and when quantifying the pace of its decline in the same time frame since 1972, this happened only 1.2% of the time. This pace of USD weakness and hence EM buoyancy since the turn of the year makes for a cautious reading. Some “known unknowns” need more visibility, namely when does the Fed finish raising interest rates and reinforce a message that it is in no rush to cut anytime soon. Furthermore, the US economy is slowing, debt ceiling concerns are rising and a hard landing outcome cannot be completely ruled out. The near year long war in Ukraine is another source of ongoing uncertainty. These are just a few examples that could reign in the pace of USD weakness, if not see it temporarily strengthen.

The China reopening trade has also been a strong lever of EM support

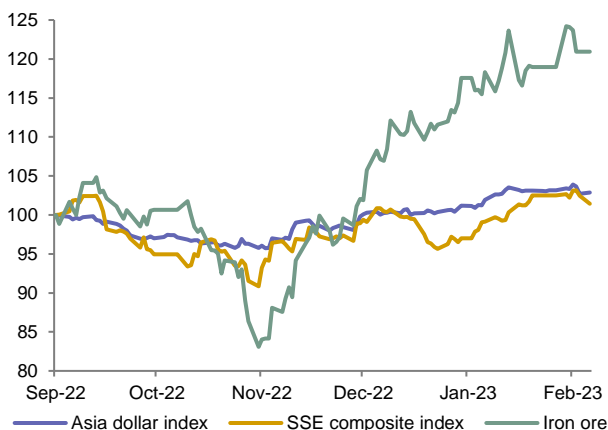
Beyond USD weakness, Chinese optimism on its reopenings has been another source of support. Recovery signs have been hopeful for some time when looking at how China’s credit impulse has been rising. Activity data have not responded positively yet, but the debate has still quieted given the sudden shift in COVID policies and proactive steps to support the property market. In other words, there has been a strong sense to look through the sluggish growth data and a belief that China’s negative output gap can narrow. Another common narrative is that more of China’s savings could be deployed domestically and abroad.

We may enter a brief period of consolidation until we get more clarity on some sources of uncertainty across the EM complex

Overall, EMs have outperformed strongly thus far in 2023, because of less fear of the Fed and more optimism about growth, especially regarding China’s recovery. Yet, the market cannot simply be trading on hope persistently, and the truth is that we need a dose of luck to get the reality we want – a soft landing for the US, and a goldilocks recovery for China. We could be heading into a brief period of consolidation until we get more clarity on some sources of uncertainty across the EM complex.

ASSET PRICES SENSITIVE TO CHINA'S GROWTH OUTLOOK HAVE BEEN STRENGTHENING

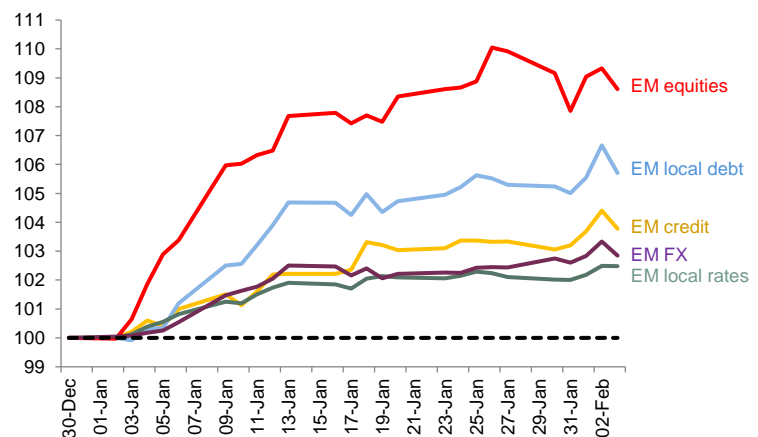
ASIA USD, SHANGHAI COMP. AND IRON ORE (REBASED SEP 2022 = 100)



Source: Bloomberg, MUFG Research

EM RISK ASSETS HAVE STARTED THE YEAR STRONG ON THE BACK OF A REPRICING LOWER OF DM RATE HIKES

EM EQUITIES, FX, RATES, CREDIT AND DEBT (1 JANUARY 2023 = 100)



Source: Bloomberg, MUFG Research

FX views

A temporary setback for EM FX after a strong start to the new year

USD rebounds after weak start to the year. CLP continues to outperform on the back of China reopening optimism.

The USD has staged a rebound over the past week as it partially reverses losses recorded at the start of this year. The worst performing EM currencies over the past week have been the THB (-2.6% vs. USD), KRW (-2.1%), MXN (-1.6%), and INR (-1.4%). While only a handful of EM currencies have outperformed the USD; the CLP (+1.5% vs. USD), TWD (+0.5%), PEN (+0.3%) and PHP (+0.3%). It leaves the CLP as the best performing EM currency year to date (+6.9% vs. USD). At the other end of the spectrum, the ZAR (-30.0% vs. USD), PEN (-0.9%) and TRY (-0.%) are amongst the worst performing EM currencies this year.

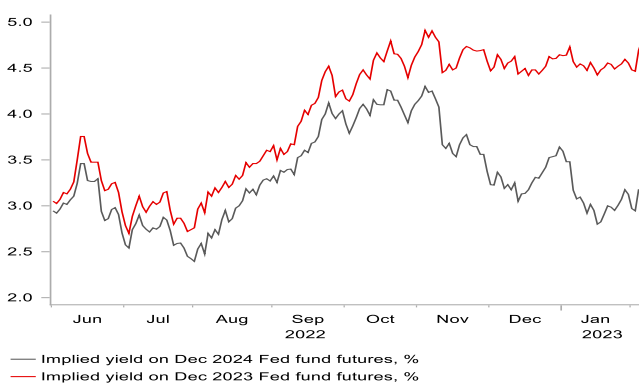
Resilience of US economy casts some doubt on expectations for Fed rate pause and then cuts later this year. USD rebound is unlikely to be sustained.

The USD rebound over the past week has been mainly triggered by the releases of the blow out NFP report and ISM services survey for January that have both showed a more resilient US economy than widely expected at the start of the new year. The NFP report in particular looked too good to be true revealing that the US economy added 517k jobs in January which compares to an upwardly revised average of 291k in Q4. We are more inclined to view the blow out January jobs number as an outlier at this stage similar to jobs gains of 568k in July. The underlying trend for job growth is still slowing but not fast enough to make the Fed comfortable over upside risks to inflation from the tight labour market. Those concerns were though partly offset by more evidence that wage growth is easing. Average hourly earnings slowed for the second consecutive month and increased by 0.3%M/M. We still believe slowing inflation and wage growth will encourage the Fed to pause their hiking cycle in Q2. In these circumstances, we do not expect the US dollar's rebound to be the start of a more sustained upward trend. Fed Chair Powell is expected to provide more insight into the policy outlook at a speaking event tomorrow.

Falling commodity prices also casts doubt on hopes for softer landing for global economy that have helped to support EM FX.

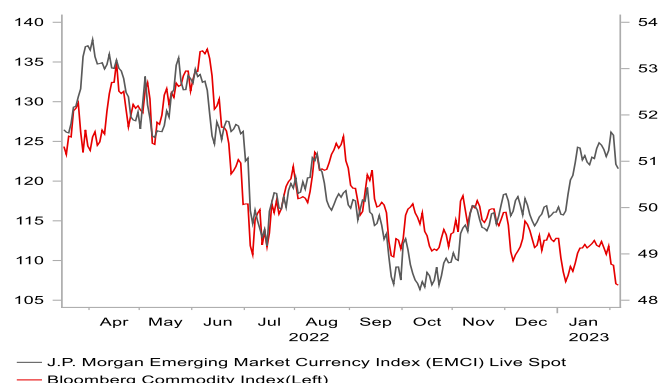
Another area for concern that has been challenging the bullish outlook for EM currencies over the past week has been continued weakness in commodity prices. Bloomberg's commodity price index has fallen to fresh year to date lows, and hit its lowest level since the start of 2022. The continued down trend for commodity prices since the middle last year suggests that global demand is still slowing and casts some doubt on the recent building-up of investor optimism over a softer global landing. It suggests that it is too early to completely rule out a sharper slowdown for the global economy even as the IMF upgraded their global outlook. Yet the continued outperformance of the CLP even as the price of copper has lost upward momentum over the past week highlights that negative spill-overs to EM FX remain limited so far.

STRONGER US DATA CHALLENGES DOVISH FED PRICING



Source: Bloomberg, Macrobond & MUFG Research

EM FX RALLY NOT BACKED UP BY COMMODITY PRICES



Source: Bloomberg, Macrobond & MUFG Research

Week in review

EM capital flows: Chinese rebound in focus

Few surprises from last week's DM central bank rate hikes

Last week's rate setting meetings by core central banks brought few surprises to the markets. Broadly in line with market expectations, the Fed slowed its hiking pace to 25bp, raising its federal funds target range to 4.50-4.75%, while the ECB raised its policy rates by 50bp taking the deposit rate to 2.50%. Even though both central banks sounded hawkish, underlining the need for further rate hikes, the market reaction was quite positive, and all risk assets including EMs ended the week in the positive territory. This upbeat reaction largely reflects the anticipated moderation in inflation amid a softer economic activity (but no contraction), in our view. This also explains the current dovish pricing for policy rates, particularly from the Fed (chart overleaf). The gap between the Fed's 2023 median projection and market pricing for the federal funds rate stands at ~70bp, suggesting that investors are factoring in some sizeable rate cuts some time in the remainder of the year.

Investors increased their exposures to EMs for the fourth consecutive week

According to IIF data, investors increased their EM exposure for the fourth consecutive week (USD2.2bn) as of 27 January, with equity inflows (USD2.3bn) offsetting negligible debt outflows (USD-0.1bn). To put this into context, whilst the market is squarely focused on DM central bank rate hikes, the ongoing tightening in global liquidity – which turned negative last year – is equally important for EMs. Less favourable liquidity conditions have had an impact on EM secondary markets, which has been clearly seen not only in EM fund outflows but also in balance of payments data. Yet, the eventual end of rate hikes and loosening in financial conditions, is beginning to show a rebound in EM flows.

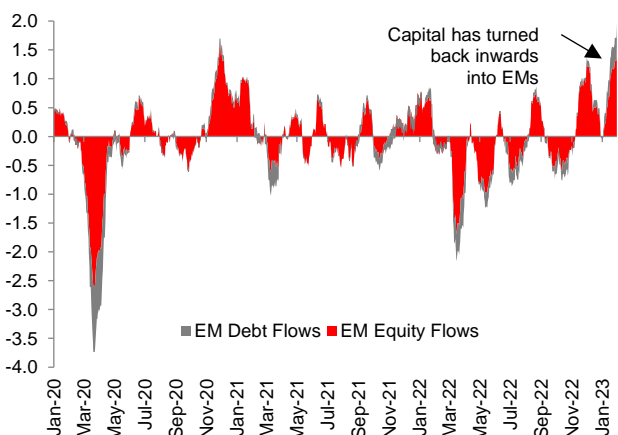
Czech Rep.: CNB keeps rates unchanged and likely to remain higher for longer

Czech Republic maintains rates at 7.00%, committed to continued FX interventions and Governor Michl pointed to keeping rates higher for longer

The Czech National Bank (CNB) kept policy rates unchanged at 7.00%, in line with our (and consensus) expectations. The committee reiterated that stabilising inflation at the 2% target will require rates to remain high for longer than usual but otherwise they see the current level of monetary tightening as sufficient. Critically, CNB Governor Michl added that he sees rates staying high also longer than currently priced by the market. Further, the CNB's forecast horizon for returning inflation to 2% is now back to the more standard 12-18 months from an extended 18-24 months.

RISK-ON SENTIMENT ON THE REPRICING OF DM RATES LOWER AND CHINA OPTIMISM IS SPURRING EM FLOWS

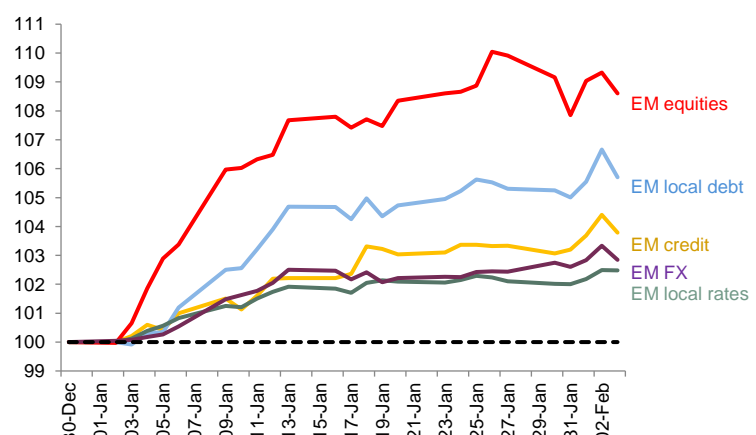
EM CAPITAL AND DEBT FLOWS, 28 DAY ROLLING AVERAGE (USD BN)



Source: Bloomberg, IIF, MUFG Research

EM RISK ASSETS HAVE STARTED THE YEAR STRONG ON THE BACK OF A REPRICING LOWER OF DM RATE HIKES

EM EQUITIES, FX, RATES, CREDIT AND DEBT (1 JANUARY 2023 = 100)



Source: Bloomberg, MUFG Research

In a surprise move, Egypt kept rates on hold at 16.25%, to assess the impact of its “frontloaded” tightening measures

Egypt: CBE keeps rates on hold, against our (and consensus) expectations

The Central Bank of Egypt kept rates on hold (deposit rate 16.25%) contrary to our (and consensus) expectations for a 200bp hike. The decision came against the backdrop of recent EGP weakening and continued demand side pressures. Whilst we catalogued last week that the CBE may keep on hold to assess the impact of previous rate hikes on the economy (see [here](#)), we had thought that tighter monetary policy may be required to manage inflation expectations following the most recent depreciation of the EGP earlier this month. However, the CBE opted for a “wait and see” approach to assess the impact of its “frontloaded” tightening after delivering 800bp of cumulative rate hikes and a 400bp hike to the required reserve ratio in 2022. Granted, monetary policy transmission has improved over the past year and since the CBE started tightening but the recent sharp increase perhaps warrant yet higher level of interest rates than is currently prevalent. As such, we believe the CBE’s pause likely will be short-lived.

Saudi Arabia’s real GDP expanded from 3.9% in 2021 to 8.7% in 2022 – the strongest level since 2011

Saudi Arabia: real GDP expanded at its strongest level in a decade

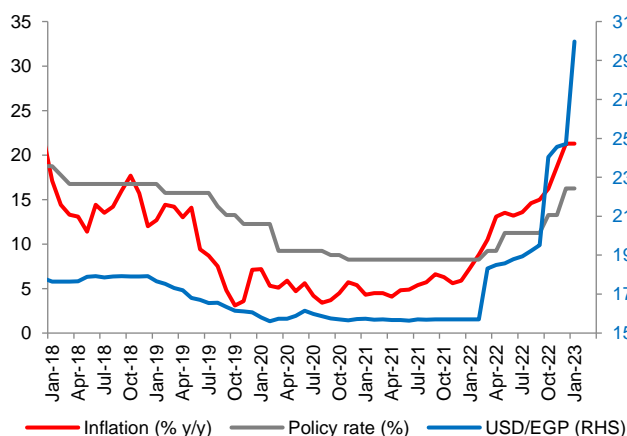
Saudi Arabia’s real GDP expanded from 3.9% in 2021 to 8.7% in 2022 – the strongest level since 2011. Oil GDP was the biggest driver with growth at 15.4%, thanks to a large increase in oil production in the year after the phasing out of OPEC+ curbs. Meanwhile, non-oil GDP was also strong expanding by 5.4% with government services following at a more moderate pace at 2.2%. Looking ahead, we expect the economy to grow by 4.4% in 2023 (MoF expectations at 3.1%) thanks to non-oil economy which is still expected to perform well despite a deceleration from 2022 as the pandemic catch-up has been more than completed (see [here](#)).

Headline inflation in Turkey fell from 64.3% y/y in December 2022 to 57.7% y/y in January

Turkey: headline inflation in January declined less than expected

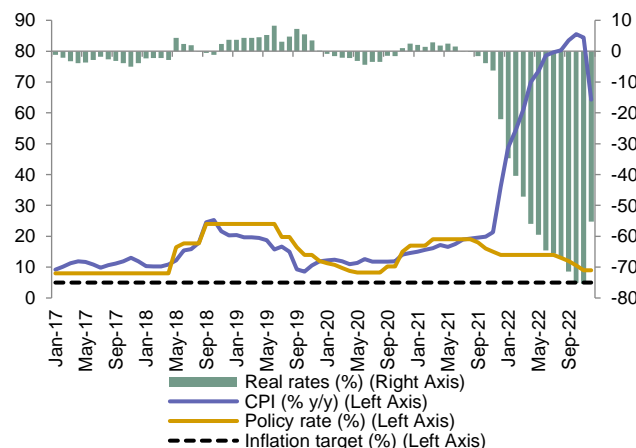
Headline inflation in Turkey fell from 64.3% y/y in December 2022 to 57.7% y/y in January, surprising expectations to the upside (MUFG: 52.8% y/y; consensus: 53.8% y/y). Of concern was the core inflation reading, rising from 51.9% y/y to 53.0% y/y in January, despite last year’s strong high base and a stable TRY in recent months. Looking ahead, we look for energy prices and base effects to drive inflation lower. However, the pace of this decline will be more clear next month given that January’s CPI data is likely to be impacted by one-off factors, such as a change in the composition of goods in the CPI basket.

EGYPT SURPRISES AND KEEPS RATES ON HOLD – INFLATIONARY PRESSURES CONTINUES TO BUILD
EGYPT INFLATION (% Y/Y), DEPOSIT RATE (%) AND USD/EGP



Source: Bloomberg, SARB, MUFG Research

TURKEY’S INFLATION RATE FALLS LESS THAN EXPECTED – REAL RATES STILL SHARPLY NEGATIVE
TURKEY INFLATION (% Y/Y) AND POLICY RATES (%)



Source: Bloomberg, MNB, MUFG Research

Week ahead

Poland to keep rates on hold with guidance key

Poland: NBP to keep rates on hold at 6.75% but we are hawkish on inflation

The National Bank of Poland (NBP) will meet on 8 February and we are in line with consensus wherein we forecast rates to remain unchanged at 6.75%. The NBP has been primarily focused on guiding that no further tightening is necessary and that rates can be left unchanged at 6.75%, given that inflation is by and large driven by external and supply side shocks that exogenous to the control of monetary policy, and that domestic economic activity was already weakening. On the inflation front, we are more hawkish than NBP's stance, and anticipate headline CPI to rise in January given the reversal of energy VAT cuts. Although headline inflation will afterwards embark on an easing path through H1 2023, this would be primarily on the back of easing non-core pressures. Instead, focusing on underlying inflation, we envisage disconcerting developments, with broad-based price increases, high wage growth and high inflation expectations, and thus we take a more hawkish view on rates.

Romania to keep rates on hold with the disinflationary trajectory likely to be slow and long

Romania: NBR keep on hold at 7.00% given heightened inflationary pressures

We (and consensus) expect the National Bank of Romania (NBR) is set to keep rates on hold at 7.00% when it meets on 9 February. The expected disinflation in the coming months will be accompanied by stern and broad core inflation that has recently increased to double digits. High wage growth and de-anchored inflation expectations in Romania appear likely to maintain upward pressure on price inflation going forward. We view that such price dynamics support monetary policy remaining tight in Romania for a prolonged period, but with no additional tightening necessary.

Russia to keep rates on hold at 7.50%

Russia: CBR to hold rates at 7.50% for the third consecutive time















The Central Bank of Russia (CBR) is set to keep rates on hold at 7.50% when it meets on 10 February. In total, the CBR has rates by a total of 12.5pp since March 2022, more than reversing the sharp tightening earlier last year. Headline inflation decreased from 12.0% y/y in November to 11.9% y/y in December, falling slightly below the CBR's forecast for the end of 2022. We forecast that inflation will fall further owing to strong base effects in H1 2023, but then rebound towards ~6.5% by year-end. Critically, the authorities announced during the first week of January that the fiscal rule – suspended in March 2022 – has now been brought back, with EUR and USD replaced by RMB. Unlike under the previous rule, the CBR's FX operations are made a function of a monthly series of base values for the government's oil and gas revenue in RUB rather than a threshold oil price. Given the officially announced Urals price of USD45/b and the current exchange rate, the government's hydrocarbon revenue forecast for January stands below the base value of RUB585bn for the month, requiring the CBR to sell RMB into the market as per the rule.

Inflation for January in the Czech Republic to peak and rise further in Hungary

Czech Rep. and Hungary: inflation to rise in January

We expect Czech headline CPI will rise from 15.8% y/y in December to 16.9% y/y (consensus 17.1% y/y) in January, marking the peak in inflation in the Czech Republic. Meanwhile, we forecast Hungary headline inflation rising from 24.5% y/y in December to 25.0% y/y in January (consensus 25.2% y/y).

Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Poland	08/02/2022	--	Policy rate decision (%)	Feb	6.75%	6.75%	6.75%	!!!
	Romania	09/02/2022	--	Policy rate decision (%)	Feb	7.00%	7.00%	7.00%	!!!
	Ukraine	09/02/2022	13:30	CPI (% y/y)	Jan	--	26.6%	26.6%	!!
	Russia	10/02/2022	10:30	Policy rate decision (%)	Feb	7.50%	7.50%	7.50%	!!!
	Czech Republic	10/02/2022	08:00	CPI (% y/y)	Jan	16.9%	17.1%	15.8%	!!!
	Russia	10/02/2022	16:00	CPI (% y/y)	Jan	--	11.6%	11.9%	!!!
	Hungary	10/02/2022	07:30	CPI (% y/y)	Jan	25.0%	25.2%	24.5%	!!!
	Ukraine	06/02/2022	13:30	GDP (% y/y)	4Q P	--	-35.0%	-30.8%	!!
	Egypt	09/02/2022	--	Urban CPI (% y/y)	Jan	--	--	21.3%	!!
	Jordan	08/02/2022	--	CPI (% y/y)	Jan	--	--	4.4%	!!
	Egypt	09/02/2022	--	Core CPI (% y/y)	Jan	--	--	24.4%	!!
	UAE	09/02/2022	04:15	PMI Composite	Jan	--	--	55.20	!!!
	Russia	10/02/2022	16:00	Core CPI (% y/y)	Jan	--	--	14.3%	!!!
	UAE	09/02/2022	--	CPI (% y/y)	Jan	--	--	5.2%	!!!

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	2023	2024	Latest	2023	2024	Latest	2023	2024
Bahrain	10.87	2.93	3.20	-17.86	0.20	-0.40	-9.34	5.40	3.90
Czech Rep.	1.50	0.46	2.48	-5.88	-3.90	-2.80	-0.93	-3.00	-2.20
Egypt	74.71	4.27	5.00	-6.96	-6.70	-6.20	-4.36	-3.40	-3.00
Greece	9.63	0.80	1.91	-7.95	-1.88	-1.26	-6.49	-6.33	-6.11
Hungary	4.00	0.40	2.50	-6.77	-3.90	-3.20	-3.17	-5.10	-3.60
Iraq	4.43	3.96	2.48	-0.85	9.17	6.95	7.83	12.96	9.28
Israel	-100.00	4.00	4.50	-10.66	0.90	-0.20	4.19	3.00	3.90
Jordan	2.56	2.60	2.54	-8.59	-6.55	-5.90	-5.73	-4.75	-3.99
Kenya	5.18	5.00	5.00	-8.02	-5.80	-5.20	-5.20	-4.90	-4.20
Kuwait	-8.86	2.20	2.50	-12.86	3.40	1.90	3.21	26.70	19.20
Lebanon	-25.91	-	-	-3.53	-	-	-15.83	-	-
Morocco	1.60	3.10	3.00	-5.94	-4.90	-4.80	-2.27	-5.10	-4.20
Nigeria	2.25	2.50	3.00	-5.58	-5.30	-5.40	-3.95	0.30	0.70
Oman	3.09	2.80	2.70	-3.24	2.40	1.80	-6.07	4.20	2.70
Poland	3.60	0.80	2.90	-1.87	-5.20	-3.70	-0.67	-3.30	-2.20
Romania	3.75	2.40	3.50	-6.86	-5.10	-4.40	-6.98	-7.80	-6.70
Qatar	4.30	2.80	2.10	4.39	10.20	8.90	-1.98	19.60	11.90
Russia	-2.46	-3.30	1.40	0.80	-2.50	-1.90	6.88	5.80	4.20
Saudi Arabia	8.78	4.40	3.24	-2.35	3.50	3.10	5.32	11.80	10.20
South Africa	4.10	1.49	1.41	-6.04	-5.30	-4.90	3.68	-1.40	-1.90
Turkey	3.85	2.93	3.12	-3.86	-4.00	-3.90	-1.66	-4.20	-3.40
Ukraine	-30.80	2.00	6.00	-3.33	-	-	3.31	-	-
UAE	3.90	3.78	4.50	2.14	6.00	4.30	5.88	12.90	11.70
























EM EMEA inflation, interest rates and FX									
	Inflation (% y/y, average)			Policy interest rates (%)			FX (against USD)		
	Latest	2023	2024	Latest	End-2023	End-2024	Latest	End-2023	End-2024
Bahrain	3.60	2.30	2.10	6.50	5.75	5.25	0.38	0.38	--
Czech Rep.	15.80	9.20	3.40	7.00	8.00	6.00	23.79	20.98	--
Egypt	21.30	22.40	13.50	16.25	19.25	19.25	30.30	34.50	--
Greece	7.22	3.20	1.62	2.50	3.55	2.65	1.08	1.12	--
Hungary	24.50	15.20	4.60	13.00	11.50	7.50	360.15	366.10	--
Iraq	4.20	4.52	2.97	4.00	4.00	4.00	1460.00	1460.00	--
Israel	5.30	3.60	2.10	3.75	4.00	3.00	3.44	3.10	--
Jordan	4.36	2.99	2.49	7.25	6.40	6.40	0.71	0.71	--
Kenya	9.10	8.30	6.70	8.75	9.50	9.50	124.71	113.14	--
Kuwait	3.15	2.80	2.00	4.00	4.00	3.50	0.31	0.30	--
Lebanon	121.99	-	-	2.75	-	-	15033.75	1512.33	--
Morocco	8.30	3.80	3.20	2.00	2.00	2.00	10.22	9.25	--
Nigeria	21.30	18.90	14.20	17.50	17.50	16.00	461.38	--	--
Oman	1.98	2.60	2.10	3.94	5.50	5.00	0.38	0.39	--
Poland	16.60	13.10	8.20	6.75	8.00	6.00	4.37	4.15	--
Romania	16.37	11.30	5.60	7.00	8.00	6.00	4.54	4.48	--
Qatar	5.93	3.20	2.50	5.25	5.75	5.25	3.64	3.64	--
Russia	11.94	6.10	4.20	7.50	8.75	9.00	118.69	70.21	--
Saudi Arabia	3.30	2.90	2.60	4.50	5.00	4.50	3.75	3.75	--
South Africa	7.20	5.50	4.30	7.25	7.25	5.75	17.49	16.25	--
Turkey	64.27	45.10	32.60	9.00	30.00	18.50	0.05	23.00	--
Ukraine	26.60	-	-	25.00	25.00	22.50	36.84	--	--
UAE	6.77	3.20	2.10	4.41	4.90	4.40	3.67	3.67	--

Core indicators

EM EMEA sovereign bond yields (%)									
	Maturity	06-Jan	13-Jan	20-Jan	27-Jan	03-Feb	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	5.99	5.97	5.89	5.89	5.76	-13.60	-13.04	-40.42
Czech Rep.	10 years	4.64	4.40	4.49	4.70	4.52	-17.30	-23.88	-67.20
Egypt	9 years	11.55	11.27	11.00	11.41	11.40	-1.00	-48.65	-71.76
Greece	8 years	3.78	3.54	3.49	3.50	3.40	-9.50	-14.49	-63.20
Hungary	8 years	8.63	7.90	8.13	8.41	8.40	-0.60	-26.75	-144.96
Israel	8 years	3.40	3.39	3.29	3.32	3.36	3.20	-3.91	-1.73
Jordan	5 years	6.34	6.27	6.01	5.98	6.09	11.20	-9.59	-39.15
Kenya	7 years	10.22	10.00	9.62	9.69	10.04	35.70	-12.90	-26.83
Kuwait	6 years	4.04	3.97	2.48	3.70	3.65	-5.00	-4.79	4.13
Lebanon	9 years	101.52	101.92	104.01	98.49	93.45	-504.00	-458.74	-790.37
Morocco	11 years	5.37	5.27	5.00	5.02	4.84	-17.50	-20.20	-38.48
Nigeria	9 years	11.63	10.50	10.50	10.98	12.30	132.10	12.10	26.87
Oman	9 years	5.80	5.75	5.57	5.46	5.38	-7.50	-12.69	-52.60
Poland	8 years	3.45	3.44	3.40	3.38	3.27	-11.00	-15.15	-22.33
Romania	7 years	5.78	5.49	5.48	5.26	5.06	-19.80	-29.33	-78.69
Qatar	9 years	4.31	4.21	4.12	4.10	4.06	-3.70	-5.57	-31.35
Russia	5 years	33.07	33.29	33.50	33.68	33.62	-6.70	-9.99	78.49
Saudi Arabia	8 years	4.51	4.46	4.28	4.31	4.27	-4.10	-4.27	-34.80
South Africa	9 years	6.68	6.50	6.58	6.45	6.41	-3.90	-17.51	-62.48
Turkey	7 years	8.37	8.55	8.69	8.62	8.39	-23.30	-24.09	6.60
Ukraine	8 years	41.73	41.62	41.56	41.38	41.87	48.50	15.02	77.87
Abu Dhabi	6 years	4.18	4.08	3.90	3.93	3.84	-8.70	-7.82	-31.86
Dubai	8 years	4.55	4.42	4.10	4.05	4.03	-1.60	0.55	-58.84




















EM EMEA equity market (index)									
	30-Dec	06-Jan	13-Jan	20-Jan	27-Jan	03-Feb	Change (%)		
							Week	MTD	YTD
Bahrain	1,895	1,893	1,890	1,927	1,928	1,921	-0.33	0.40	2.15
Czech Rep.	1,202	1,249	1,270	1,281	1,331	1,355	1.81	1.91	12.76
Egypt	14,599	16,002	15,551	16,066	16,791	16,256	-3.19	-1.10	11.42
Greece	930	951	968	979	1,015	1,033	1.77	1.04	11.15
Hungary	43,794	45,420	46,098	46,440	46,645	45,396	-2.68	0.13	3.66
Israel	1,797	1,790	1,820	1,831	1,782	1,834	2.90	1.15	1.16
Jordan	2,502	2,584	2,624	2,656	2,680	2,710	1.13	1.19	8.27
Kenya	127	127	123	124	126	129	2.51	2.64	1.39
Kuwait	7,292	7,122	7,131	7,257	7,311	7,330	0.26	0.82	0.61
Lebanon	1,410	1,395	1,419	1,423	1,448	1,465	1.22	0.39	3.91
Morocco	10,720	9,718	10,325	10,213	10,070	10,335	2.63	0.58	-3.59
Nigeria	51,251	51,222	52,512	52,595	52,658	54,213	2.95	1.83	5.78
Oman	4,857	4,868	4,879	4,798	4,751	4,720	-0.67	0.80	-2.40
Poland	1,792	1,856	1,923	1,892	1,912	1,906	-0.28	0.20	6.37
Romania	11,664	12,135	12,227	12,076	12,186	12,276	0.74	1.12	5.25
Qatar	10,681	11,145	10,990	10,811	11,110	10,698	-3.71	-2.54	-0.25
Russia	2,154	2,156	2,200	2,167	2,189	2,248	2.69	1.02	4.37
Saudi Arabia	10,478	10,532	10,744	10,682	10,822	10,702	-1.11	-2.17	0.76
South Africa	66,955	70,810	73,193	73,193	74,766	74,082	-0.91	0.89	10.64
Turkey	5,509	5,342	4,985	5,490	5,192	4,998	-3.74	0.42	-9.29
Ukraine	519	514	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	10,211	10,198	10,211	10,187	9,738	9,931	1.99	1.22	-2.74
Dubai	3,336	3,302	3,324	3,353	3,329	3,383	1.61	2.41	1.40

EM EMEA FX against USD*

		30-Dec	06-Jan	13-Jan	20-Jan	27-Jan	03-Feb	Change (%)		
								Week	MTD	YTD
	USD Index	103.52	103.88	102.20	102.01	101.93	102.92	-0.97	0.91	-0.47
	Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	-0.05	-0.05	-0.03
	Czech Rep.	22.56	22.57	22.15	22.03	21.91	22.02	-0.53	-0.58	2.49
	Egypt	0.04	0.04	0.03	0.03	0.03	0.03	1.49	0.30	22.42
	Greece***	1.07	1.06	1.08	1.09	1.09	1.08	0.67	-0.61	0.86
	Hungary	373.34	370.72	366.13	361.56	359.15	359.73	-0.16	0.13	3.82
	Israel	3.51	3.50	3.41	3.40	3.44	3.43	0.10	0.55	2.35
	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	1.25
	Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	0.00	0.00	0.33
	Lebanon	1519.75	1518.95	1516.59	1519.75	1514.73	15033.75	-892.50	-89.91	-89.89
	Morocco	10.44	10.33	10.08	10.20	10.18	10.24	-0.58	-0.21	1.99
	Nigeria	460.82	461.11	461.21	461.23	461.36	460.86	0.11	0.07	-0.03
	Oman**	0.39	0.39	0.39	0.39	0.39	0.39	-0.03	-0.03	-0.05
	Poland	3.77	3.77	3.77	3.77	3.77	3.76	0.05	0.02	0.07
	Romania	4.62	4.63	4.57	4.53	4.51	4.53	-0.61	-0.16	1.85
	Qatar**	3.66	3.66	3.67	3.68	3.68	3.67	0.22	0.11	-0.33
	Russia	74.19	72.47	68.99	69.12	69.76	71.14	-1.98	-0.98	4.66
	Saudi Arabia**	3.77	3.77	3.77	3.77	3.77	3.76	0.05	0.02	0.07
	South Africa	17.04	17.11	16.83	17.13	17.19	17.48	-1.68	-0.38	-2.50
	Turkey	18.71	18.72	18.79	18.77	18.81	18.83	-0.12	-0.07	-0.63
	Ukraine	36.92	36.75	36.88	36.92	36.93	36.93	-0.01	-0.02	-0.05
	UAE**	3.67	3.67	3.67	3.67	3.67	3.67	0.01	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)

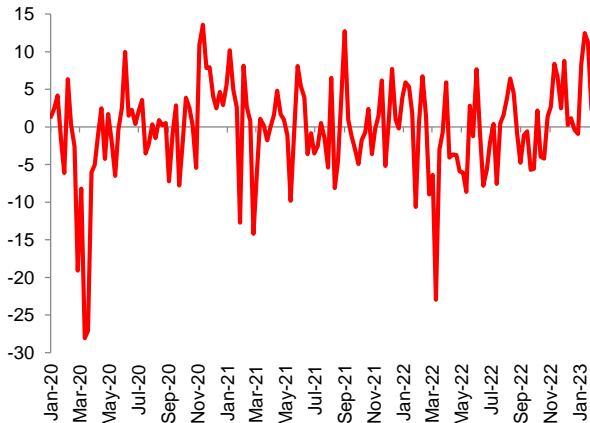
		30-Dec	06-Jan	13-Jan	20-Jan	27-Jan	03-Feb	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	233.06	230.83	243.49	237.41	228.30	221.22	-7.08	-9.61	-9.61
	Czech Rep.	48.68	46.28	45.06	45.91	46.12	38.09	-8.03	-8.19	-8.19
	Egypt	792.66	877.06	832.55	764.92	818.56	830.01	11.46	-47.05	-47.05
	Greece	129.44	138.00	129.26	112.33	108.63	97.38	-11.25	-40.62	-40.62
	Hungary	196.79	197.80	212.36	202.80	196.31	171.46	-24.85	-26.34	-26.34
	Israel	40.94	45.67	46.05	46.24	45.34	52.41	7.07	6.75	6.75
	Kenya	716.98	757.75	758.07	582.21	583.73	640.60	56.88	-117.15	-117.15
	Kuwait	49.97	50.03	50.00	50.02	50.01	48.10	-1.91	-1.93	-1.93
	Morocco	230.03	161.96	161.04	171.53	172.66	160.93	-11.73	-1.03	-1.03
	Nigeria	795.95	794.37	775.96	631.74	645.31	645.03	-0.28	-149.34	-149.34
	Oman	166.51	187.60	182.77	170.37	159.44	161.08	1.65	-26.52	-26.52
	Poland	118.81	114.95	120.39	117.83	107.61	110.50	2.89	-4.46	-4.46
	Romania	265.00	267.25	283.96	284.15	273.27	275.98	2.71	8.73	8.73
	Qatar	47.30	47.90	47.84	47.57	45.41	45.98	0.57	-1.93	-1.93
	Saudi Arabia	60.11	61.05	62.75	63.66	62.23	62.93	0.70	1.88	1.88
	South Africa	265.53	250.13	251.11	261.07	252.07	255.62	3.55	5.49	5.49
	Turkey	524.66	510.18	526.90	561.27	554.43	551.22	-3.21	41.04	41.04
	Abu Dhabi	46.50	44.19	43.03	44.08	43.10	42.87	-0.23	-1.32	-1.32
	Dubai	87.27	84.04	84.38	81.72	74.34	79.76	5.42	-4.28	-4.28

Source: Bloomberg, MUFG Research

EM capital flows

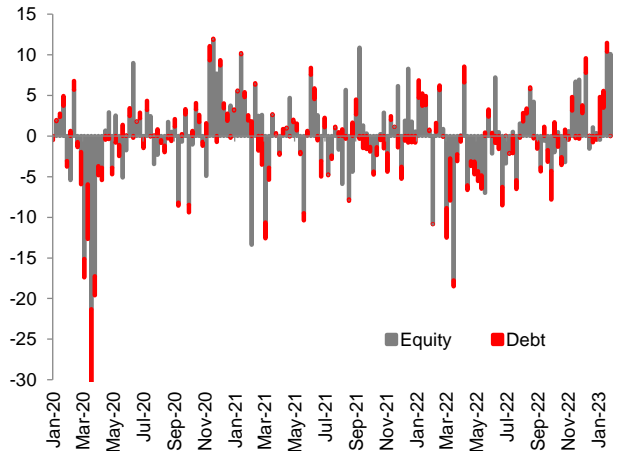
WEEKLY TOTAL EM INFLOWS OF USD2.2BN – 27 JANUARY

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



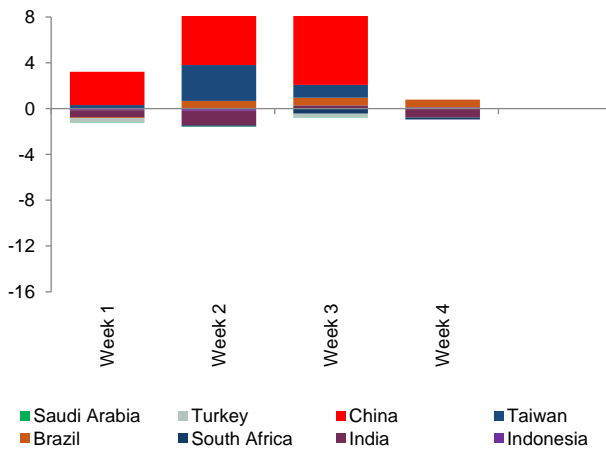
WEEKLY EM INFLOWS FROM EQUITY (USD2.3BN) AND DEBT OUTFLOWS (USD-0.03BN) – 27 JANUARY

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



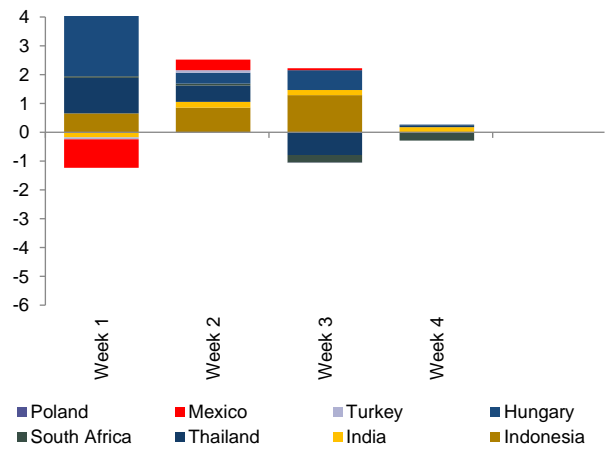
BRAZIL (USD0.6BN) AND INDONESIA(USD0.1BN) LED WEEKLY EM EQUITY INFLOWS – 27 JANUARY

WEEKLY PORTFOLIO FLOWS BY COUNTRY, WEEK 1 = JANUARY 2023 (EQUITY) (USD BN)



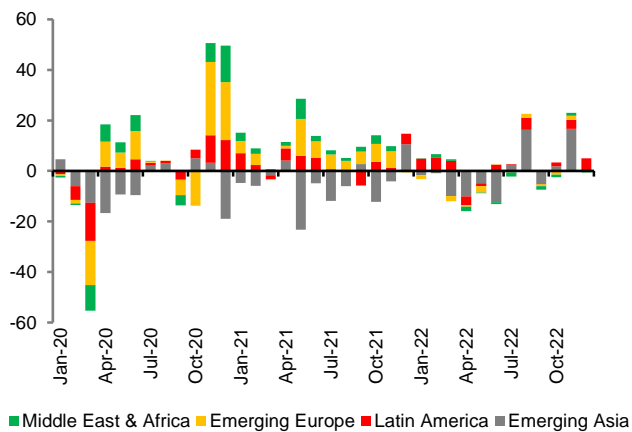
SOUTH AFRICA(USD0.3BN) LED EM DEBT INFLOWS LAST WEEK – 27 JANUARY

WEEKLY PORTFOLIO FLOWS BY COUNTRY, WEEK 1 = JANUARY 2023 (DEBT) (USD BN)



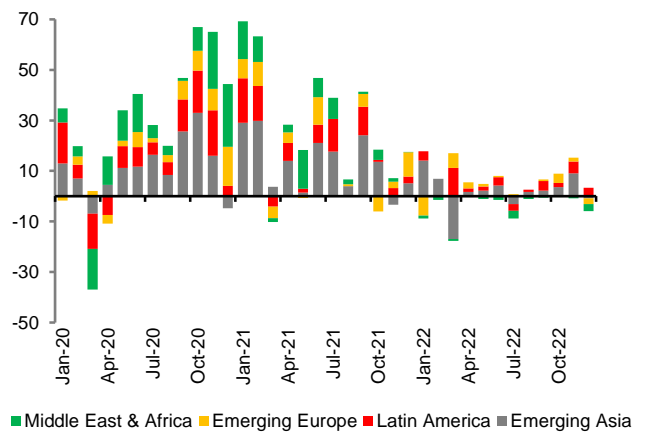
EM EQUITY INFLOWS TOTALLED USD4.3BN IN DECEMBER, LED BY LATAM (USD5.0BN)

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



EM DEBT OUTFLOWS TOTALLED USD-2.6BN IN DECEMBER, LED BY MIDDLE EAST & AFRICA(USD9.0BN)

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



Source: Bloomberg, IIF, MUFG Research

Research

London:

MR DEREK HALPENNY

Head of Research, Global Markets EMEA

& International Securities

T: +44 (0)20 7577 1887

MR LEE HARDMAN

Senior Currency Analyst

T: +44 (0)20 7577 1968

MS MOMOKO MIYACHI

Research Assistant

T: +44 (0)20 7577 1886

Shanghai:

MR MARCO SUN

Chief Financial Markets Analyst

T: +86 21 2063 5485

Hong Kong:

MS LIN LI

Head of Global Markets Research Asia

T: +852 2862 7005

New York:

MR GEORGE GONCALVES

Head of US Macro Strategy

T: +1-212- 405-6687

Dubai:

MR EHSAN KHOMAN

Head of Commodities, ESG and Emerging Markets Research – EMEA

T: +971 (0)4 387 5033

Tokyo

MR TEPPEI INO

Tokyo Head of Global Markets Research

T: +81 (0) 3 6214 4185

MS SUMINO KAMEI

Senior Analyst

T: +81 (0) 3 6214 4179

MR TOMOKI HIRAMATASU

Analyst

T: +81 (0) 3 6214 4152

MR TAKAHIRO SEKIDO

Chief Japan Strategist

T: +81 (0) 3 6214 4150

MR KENTO SAITO

Research Assistant

T: +81 (0) 3 6214 4149

MR TOSHIYUKI SUZUKI

Global Market Economist

T: +81 (0) 3 6214 4148

Singapore:

MR JEFF NG

Senior Currency Analyst

T: +65 6918 5536

MS SOPHIA NG

Currency Analyst

T: +65 6918 5537

Sao Paulo:

MR CARLOS PEDROSO

Chief Economist

T: +55-11-3268-0245

MR MAURICIO NAKAHODO

Senior Economist

T: +55-11-3268-0420

Disclaimer

This document has been prepared by MUFG Bank, Ltd. (the "Bank") for general distribution. It is only available for distribution under such circumstances as may be permitted by applicable law and is not intended for use by any person in any jurisdiction which restricts the distribution of this document. The Bank and/or any person connected with it may make use of or may act upon the information contained in this document prior to the publication of this document to its customers.

Neither the information nor the opinions expressed in this document constitute or are to be construed as, an offer, solicitation or recommendation to buy, sell or hold deposits, securities, futures, options or any other derivative products or any other financial products. This document has been prepared solely for informational purposes and does not attempt to address the specific needs, financial situation or investment objectives of any specific recipient. This document is based on information from sources deemed to be reliable but is not guaranteed to be accurate and should not be regarded as a substitute for the exercise of the recipient's own judgment. Historical performance does not guarantee future performance. The Bank may have or has had a relationship with or may provide or has provided financial services to any company mentioned in this document. Our group affiliates, from time to time, may have interests and/or underwriting commitments in the relevant securities mentioned in this document or related instruments and/or may have positions or holdings in such securities or related instruments.

All views in this document (including any statements and forecasts) are subject to change without notice and none of the Bank, its head office, branches, subsidiaries and affiliates is under any obligation to update this document. The information contained in this document has been obtained from sources the Bank believed to be reliable but the Bank does not make any representation or warranty nor accepts any responsibility or liability as to its accuracy, timeliness, suitability, completeness or correctness. The Bank, its head office, branches, subsidiaries and affiliates and the information providers accept no liability whatsoever for any loss or damage of any kind arising out of the use of or reliance upon all or any part of this document.

The Bank retains copyright to this document and no part of this document may be reproduced or re-distributed without the written permission of the Bank. The Bank expressly prohibits the distribution or re-distribution of this document to private or retail clients, via the Internet or otherwise, and the Bank, its head office, branches, subsidiaries and affiliates accept no liability whatsoever to any third parties resulting from such distribution or re-distribution.

MUFG Bank, Ltd. ("MUFG Bank") is a limited liability stock company incorporated in Japan and registered in the Tokyo Legal Affairs Bureau (company no. 0100-01-008846). MUFG Bank's head office is at 7-1 Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-8388, Japan. MUFG Bank's London branch is registered as a UK establishment in the UK register of companies (registered no. BR002013). MUFG Bank is authorised and regulated by the Japanese Financial Services Agency. MUFG Bank's London branch is authorised by the Prudential Regulation Authority (FCA/PRA no. 139189) and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of MUFG Bank London branch's regulation by the Prudential Regulation Authority are available from us on request.

This Presentation has been prepared by MUFG Bank. This Presentation is not intended for Retail Clients within the meaning of the United Kingdom PRA/FCA rules and should not be distributed to Retail Clients. This Presentation has been prepared for information purposes only and for the avoidance of doubt, nothing express or implied in this Presentation constitutes any commitment by MUFG Bank or any of its subsidiaries or affiliates to arrange and/or provide any party with any services and/or financing. This Presentation does not constitute legal, tax, accounting or investment advice.

MUFG Bank retains copyright to this Presentation and no part of this Presentation may be reproduced or redistributed without the prior written permission of MUFG Bank. MUFG Bank and its subsidiaries and affiliates accept no liability whatsoever to any third parties resulting from any unauthorised distribution. MUFG Bank and its subsidiaries, affiliates, directors and employees accept no liability whatsoever for any reliance on the information contained in the Presentation and make no representation or warranty as to its accuracy and completeness. This Presentation is based on information from sources deemed by MUFG Bank to be reliable but is not guaranteed to be accurate and should not be regarded as a substitute for the exercise of the recipient's own judgement.

The views contained in this Presentation (including any statements and forecasts) are solely those of MUFG Bank and are subject to change without notice. MUFG Bank is under no obligation to correct any inaccuracies in the Presentation or update the information contained therein. The provision of the service described in this Presentation is or will be subject to an agreement constituting terms of business ("the Agreement"). In the event of a conflict between information in this Presentation and the Agreement, the latter shall prevail.

The MUFG Bank Presentation and all claims arising in connection with it are governed by, and to be construed in accordance with, English law. The Bank's DIFC Branch - Dubai is part of the Mitsubishi UFJ Financial Group and is located at Level 3, East Wing, The Gate, Dubai International Financial Centre, Dubai, UAE. The Bank's Dubai branch is regulated by the Dubai Financial Services Authority (DFSA) (License number: F00470) and the Japanese Financial Services Agency.

The Bank's Doha office is part of the Mitsubishi UFJ Financial Group and is located at Suite A3, Mezzanine floor, Tomado Tower, West Bay, Doha, Qatar. The Bank's Doha branch is regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) (License number: 00103) and the Japanese Financial Services Agency.

The Bank's Abu Dhabi branch is part of the Mitsubishi UFJ Financial Group and is located at 1st Floor, IPIC Square, Muror Street, PO Box 2174, Abu Dhabi, UAE. The Bank's Abu Dhabi branch is regulated by the Central Bank of the U.A.E (CBAUE) (License number: CN-1002032) and the Japanese Financial Services Agency.

The Bank's Bahrain branch is part of the Mitsubishi UFJ Financial Group and is located at 12th Floor, West Tower, Bahrain Financial Harbor, Bahrain. The Bank's Bahrain branch is regulated Bahrain by the Central Bank of Bahrain (CBB) (License number WB/020) and the Japanese Financial Services Agency.

This presentation has been prepared by the Bank and is not intended for Retail Clients within the meaning of the PRA/FCA, the DFSA, QFCRA, CBB and CBAUE rules and should not be distributed to Retail Clients. This presentation has been prepared for information purposes only and, for the avoidance of doubt, nothing express or implied in this presentation constitutes any commitment by the Bank, its subsidiaries or affiliates to arrange and/or provide any party with any services and/or financing. This presentation does not constitute legal, tax, accounting or investment advice. The Bank retains copyright to this presentation and no part of this presentation may be reproduced or redistributed without the prior written consent of the Bank. The Bank and its subsidiaries and affiliates accept no liability whatsoever to any third party resulting from any unauthorised distribution. The Bank, its subsidiaries, affiliates and each of their respective directors and employees accept no liability whatsoever for any reliance on the information contained in the presentation and make no representation or warranty as to its accuracy and completeness. This presentation is based on information from sources considered by the Bank to be reliable but is not guaranteed to be accurate and should not be regarded as a substitute for the exercise of the recipient's own judgement. The views, opinions and other information contained in this presentation (including, without limitation, any statements or forecasts) are solely those of the Bank and are subject to change without notice.

Notwithstanding the foregoing, nothing contained herein shall be deemed to limit or exclude liability on the part of the Bank to the extent it is not permitted to exclude in accordance with the laws administered by the Dubai Financial Services Authority (DFSA). The Bank is under no obligation to correct any inaccuracies or update the information contained in this presentation. The provision of the service described in this presentation is, or will be, subject to an agreement constituting terms of business. In the event of a conflict between information contained in this presentation and such terms of business, the latter shall prevail. This disclaimer is governed by English law.

This report shall not be construed as solicitation to take any action such as purchasing/selling/investing in financial market products. In taking any action, the reader is requested to act on the basis of his or her own judgment. This report is based on information believed to be reliable, but the Bank does not guarantee or accept any liability whatsoever for, its accuracy. The Bank, its affiliates and subsidiaries and each of their respective officers, directors and employees accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report. The contents of the report may be revised without advance notice. The Bank retains copyright to this report and no part of this report may be reproduced or re-distributed without the Bank's written consent. The Bank expressly prohibits the re-distribution of this report to Retail Customers (within the meaning of the PRA/FCA, the DFSA, QFCRA, CBB, CBAUE rules), via the internet or otherwise and the Bank, its subsidiaries and affiliates accept no liability whatsoever to any third parties resulting from such re-distribution. The author(s) mentioned on the cover of this report hereby certify(ies) (or, where multiple authors are responsible, individually certify with respect to each security that the author covers in this report) that the views expressed in this report accurately reflect their personal views about the subject company(ies) and its (their) securities, and also certify(ies) that they have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing any specific recommendation(s) or view(s) in this report.

"Trading view" 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.

Scenarios and/or case studies referenced herein are used solely for illustrative purposes; through its trading desk, MUFG may or may not currently hold positions in the jurisdictions outlined in the content, and as commentary from an active trading desk the information provided is not considered to be "investment research" for any particular strategy, investment product or indication of trading intent of MUFG or any MUFG client, but solely the views of the author.

This report has been prepared by the Global Markets Research, US Rates and Credit Strategy desks within MUFG Bank, Ltd. ("MUBK") and MUFG Securities EMEA plc ("MUS/EMEA") and may be distributed to you either by MUBK, MUS/EMEA) or by another subsidiary of the Mitsubishi UFJ Financial Group ("MUFG").

Legal entities and branches
The securities related businesses within MUFG (together referred to in this presentation as "MUFG Securities") are: (1) MUFG SECURITIES EMEA PLC ("MUS/EMEA") which is authorised in the United Kingdom by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA (FS Registration Number 124512). MUS/EMEA has a branch office that is registered at Level 3, East Wing, The Gate, Dubai International Financial Centre, PO Box 506894, Dubai, UAE ("Dubai Branch"). The Dubai Branch is authorised to operate in the Dubai International Financial Centre ("DIFC") as a Non-DIFC Entity (Commercial License Number CL1656) and is regulated by the Dubai Financial Services Authority (Reference Number F002623); (2) MUFG Securities (Europe) N.V. ("MUS (EU)") which is authorised and regulated in the Netherlands by the Dutch Authority for the Financial Markets (AFM) and also regulated by De Nederlandsche Bank (DNB). MUS (EU) Paris Branch is regulated in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and the Autorité des marchés financiers (AMF); (3) MUFG SECURITIES AMERICAS INC. ("MUS(USA)") which is registered in the United States with the Securities and Exchange Commission ("SEC") and regulated by the Financial Industry Regulatory Authority ("FINRA") (SEC# 8-43026; CRD# 19688); (4) MUFG SECURITIES (CANADA), LTD. ("MUS(CAN)") which is registered in Canada with the Ontario Securities Commission ("OSC") and regulated by the Investment Industry Regulatory Organization of Canada ("IIROC"); (5) MUFG SECURITIES ASIA LIMITED ("MUS(ASIA)") which is incorporated in Hong Kong, licensed under the Hong Kong Securities and Futures Ordinance and regulated by the Hong Kong Securities and Futures Commission (Central Entity Number AAA689). MUS(ASIA) is registered as a foreign company under the Corporations Act 2001 of Australia ARBN No. 169 329 453; and (6) MUFG Securities Asia (Singapore) Limited ("MUS(SPR)") which is licensed as an approved merchant bank by the Monetary Authority of Singapore. In respect of the financial services provided to wholesale clients in Australia, MUS(ASIA), MUS(EMEA), MUS(USA) and MUS(SPR) are each exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 of Australia under the Australian Securities and Investments Commission Class Order Exemption CO 03/1099, CO 03/1103, CO 03/1100, and CO 03/1102, respectively. Each of MUS(ASIA), MUS(EMEA), MUS(USA), MUS(CAN), and MUS(SPR) are regulated under the laws of Hong Kong, the United Kingdom, the United States, Canada and Singapore respectively, which differ from Australian laws.

MUFG Bank Ltd ("MUBK") is a limited liability stock company incorporated in Japan and registered in the Tokyo Legal Affairs Bureau (company no. 0100-01-008846). MUBK's head office is at 7-1 Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-8388, Japan. MUBK's London branch is at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN, and is registered as a UK establishment in the UK register of companies (registered no. BR002013). MUBK is authorised and regulated by the Japanese Financial Services Agency. MUBK's London branch is authorised by the UK Prudential Regulation Authority ("PRA") and regulated by the UK Financial Conduct Authority ("FCA") with limited regulation by the PRA.

General disclosures
This report is for information purposes only and should not be construed as investment research as defined by MFIF 2 or a solicitation of any offer to buy or sell any security, commodity, futures contract or related derivative (hereafter "instrument") or to participate in any trading strategy. This report does not constitute a personal recommendation and does not take into account the individual financial circumstances, needs or objectives of the recipients. Recipients should therefore seek their own financial, legal, tax or other advice before deciding to invest in any of the instruments mentioned in this report.

Certain information contained in this report has been obtained or derived from third party sources and such information is believed to be correct and reliable but has not been independently verified. MUFG Securities does not make any guarantee, representation, warranty or undertaking, express or implied, as to the fairness, accuracy, reliability, completeness, adequacy or appropriateness of any information or comments contained in this report. Furthermore the information may not be current due to, among other things, changes in the financial markets or economic environment. MUFG Securities has no obligation to update any such information contained in this report.

This report is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Any prices provided herein (other than those identified as being historical) are indicative only and do not represent firm quotes as to either price or size. This report is proprietary to MUFG Securities and may not be copied, circulated or otherwise referred to without our prior written consent. Notwithstanding this, MUFG Securities shall not be liable in any manner whatsoever for any consequences or loss (including but not limited to any direct, indirect or consequential loss, loss of profits and damages) arising from any reliance on or usage of this report and accepts no legal responsibility to any investor who directly or indirectly receives this material.

Country and region specific disclosures
This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or is located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation or rule. In this regard, please note the following in relation to the jurisdictions in which MUFG Securities has a local presence:

- United Kingdom / European Economic Area (EEA): This report is intended for distribution to a "professional client" or "eligible counterparty" as those terms are defined in the rules of the FCA and PRA. In other EEA countries, this report is intended only for persons regarded as professional investors (or equivalent) in their home jurisdiction.
- United States of America: This report, when distributed by MUS(USA), is intended for Institutional Investors ("Institutional Accounts" as defined by FINRA Rule 4512(c)). When distributed by a non-US affiliate of MUS(USA), this report is intended for distribution solely to "major U.S. institutional investors" or "U.S. institutional investors" pursuant to Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended. Securities referenced in this report may have been underwritten by MUS(USA) and/or its affiliates. Nothing in this report should be considered an offer or solicitation of an offer to buy or sell securities or any other financial product or a commitment of any kind with respect to any transaction.
- IRS Circular 230 Disclosure: MUFG Securities does not provide tax advice. Accordingly, any discussion of U.S. tax matters included herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone not affiliated with MUS(USA) of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.
- Hong Kong: This report is only intended for distribution to a "professional investor" as that term is defined in the Securities and Futures Ordinance and should not be passed onto any other person.
- Singapore: This report is only intended for distribution to an "institutional investor", "accredited investor" or "expert investor" as those terms are defined under regulation 2 of the Financial Advisers Regulation. It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. Investors should note that, as a result of exemptions that apply when this report is distributed to "accredited investors" and "expert investors", MUSS is exempt from complying with certain requirements under the Financial Advisers Act, including section 25 of the Financial Advisers Act (which requires a financial adviser to disclose all material information on certain investment products), section 27 (which requires a financial adviser to have a reasonable basis for making recommendations on investments) and section 36 (which requires a financial adviser to disclose any interests that it holds in securities that it recommends).
- Canada: When distributed in Canada, this report is distributed by MUS(EMEA) or MUSA. MUS(EMEA) operates under an International Dealer Exemption from registration with the securities regulators in Alberta, British Columbia, Manitoba, Ontario and Québec. MUSA operates under an International Dealer Exemption from registration with the securities regulators in all Canadian Provinces and Territories. This report is only intended for a "permitted client" as that term is defined under the National Instrument 31-103 in Canada and is not intended for re-distribution to any other person. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Under no circumstance is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient.
- Japan: This Note, when distributed by MUFG Securities affiliates located outside of Japan, is intended for distribution in accordance with Article 58-2 of the Financial Instruments Exchange Act 1948 ("FIEA") to a "Financial Instruments Business Operator" engaged in "Securities-Related Business" as defined in the FIEA or to the government, the Bank of Japan, a qualified financial institution defined in Article 209 of the Cabinet Office Ordinance Concerning Financial Instruments Business, etc., or an Investment Manager.
- United Arab Emirates: This report is only intended for distribution to a "Professional Client" or "Market Counterparty" as those terms are defined under the rules of the Dubai Financial Services Authority and only a person meeting the criteria for these terms should act upon this report.
- Australia: This Note is only intended for distribution to persons in Australia who are sophisticated or professional investors for the purposes of section 708 of the Corporations Act of Australia, and are wholesale clients for the purposes of section 761G of the Corporations Act of Australia. This Note is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

Other jurisdictions
MUFG Securities also relies on local registrations or regulatory exemptions in order to undertake certain securities business in other countries. In Thailand, MUS(EMEA) has a derivatives dealer registration with the Securities and Exchange Commission, Thailand. In Canada, MUS(EMEA) and MUS(USA) each operate under an international dealer exemption registered with the securities regulators. MUS(EMEA) operates under the exemption in Alberta, Quebec, Ontario, British Columbia and Manitoba. MUS(USA) operates under the exemption in all Canadian Provinces and Territories.

"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/market. Scenarios and/or case studies referenced herein are used solely for illustrative purposes; through its trading desk, MUFG may or may not currently hold positions in the jurisdictions outlined in the content, and as commentary from an active trading desk the information provided is not considered to be "investment research" for any particular strategy, investment product or indication of trading intent of MUFG or any MUFG client, but solely the views of the author.