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MUFG Bank, Ltd.
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IMF praises EMs amidst a cautious global outlook with rising debt levels a risk

Macro focus: The IMF's latest bi-annual World Economic Outlook (WEO) released last week emphasised areas of caution for the global economy, with the attention on risks stemming from developed markets (DM) banking sector instability and sticky core inflation. For emerging markets (EM), the IMF was more upbeat, stating that sovereigns remain resilient with areas of growth outperformance, ebbing strains on commodity importers and fiscal reform momentum. Yet, as we catalogued last summer, rising debt servicing costs and refinancing risks leave the prospects for debt distress among speculative-grade issuers (see here).

FX views: EM FX have regained upward momentum against the USD over the past week, continuing to benefit broadly from the ongoing weakening of the USD due to weak US data. China's Q1 2023 GDP print this week will be in focus for EM FX.

Trading views: Our cautious stance on EM was a bit of an opportunity cost with falling US price pressures and better ex-US growth. This is helping set up an environment for carry trades, with bond volatility now back to the lows catching up to equity and FX.

Week in review: A host of inflation prints for March – Saudi Arabia, Russia and the CEE region – signalled an easing in readings though CPI in Egypt continues to rise.

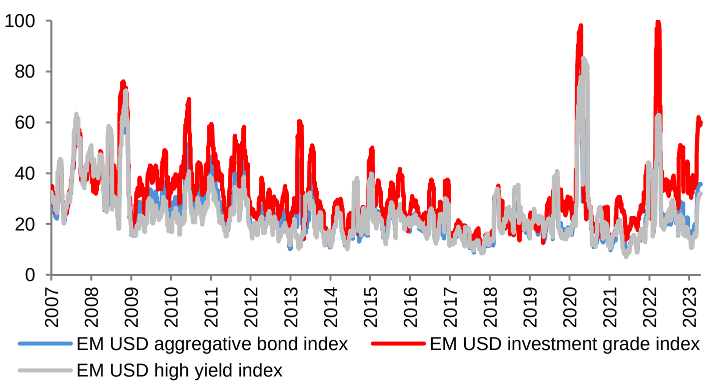
Week ahead: In a thin week ahead, headline inflation in South Africa is set to ebb lower by 0.2ppts to 6.8% y/y in March.

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: EM investors turned net sellers of EM equities (USD1.2bn) while turning net buyers of EM bonds (USD0.1bn) in the last week.

CHART OF THE WEEK: FUNDING RISK STOKES EM SPREAD VOLATILITY

EM CREDIT SPREAD VOLATILITY (30 DAY REALISED)



Spread volatility is on the rise in EM credit as tighter external funding conditions stoke concerns about debt sustainability. Spread volatility in EM credit is now 1.75.2.0σ above its long-term average.

Source: Bloomberg, MUFG Research

Macro focus

IMF praises EMs amidst a cautious global outlook though rising debt a risk

Subdued assessment by the IMF on the global outlook

The IMF's latest bi-annual World Economic Outlook (WEO) released last week emphasised areas of caution for the global economy, with the attention on risks stemming from developed markets (DM) banking sector instability and sticky core inflation. Global GDP growth is now forecast to slow from 3.4% in 2022 to 2.8% in 2023, before ticking up slightly to 3.0% in 2024. The global slowdown expected in 2023 relative to 2022 is primarily driven lower DM profile, especially in Europe.

EMs remain resilient thought the IMF flagged risks, particularly on a tightening in global financing conditions

For emerging markets (EM), the IMF was more upbeat, stating that sovereigns remain resilient with areas of growth outperformance, ebbing strains on commodity importers and fiscal reform momentum. The IMF slightly lowered its EM growth forecast for 2023 by 0.1ppt to 3.9% and kept its 2024 estimate unchanged at 4.2%. As a downside scenario, the IMF sees a 15% probability of a tightening in global financial conditions, which would hit EMs hardest through capital outflows, US dollar appreciation and worsening credit conditions – even if the crisis emanated from the US or Europe.

Public debt levels remain increasingly of a concern

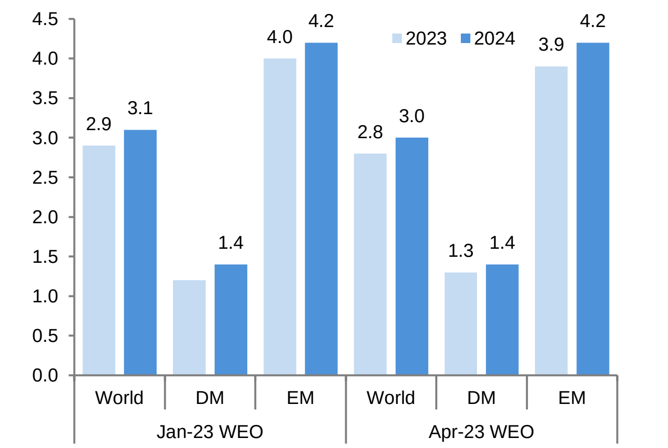
Beyond the WEO, a clear focus of last week's Spring Meetings was on elevated public debt levels as authorities attempt to normalise fiscal policy. Despite fewer signs of large-scale growth in EM public debt levels, the IMF continued to signal concerns about the risk of further debt crises in lower-income countries. Government debt levels are likely to remain above pre-pandemic averages, while debt servicing costs are projected to rise in the environment of higher interest rates. At the same time, pandemic-era support measures such as the Debt Service Suspension Initiative (DSSI) have ended. The IMF estimates 56% of frontier EMs are already in debt distress or at high risk of it, while 25% of the EM basket are estimated to be at high risk.

EM debt distress levels amongst frontier markets are rising

This year has seen significant volatility for the US dollar denominated bonds of Tunisia, Pakistan, Ecuador, Bolivia and Egypt in particular. Despite some reduction in the number of distressed sovereigns (with credit spreads over 1000bp) since last summer, around 40% of EM sovereign Eurobond issuers still have spreads over 600bp, meaning refinancing in the market would be challenging. On net, as we catalogued last summer, rising debt servicing costs and refinancing risks leave the prospects for debt distress among speculative-grade issuers (see here). While more systemically important EMs are well insulated by healthier balance sheets, sizable reserve buffers and less overvalued currencies, in a cascade of EM credit events, the negative impact of the whole could be larger than the sum of the parts.

IMF DOWNGRADES GLOBAL GROWTH BUT EM'S – LED BY CHINA AND INDIA – IS SET TO REMAIN RESILIENT

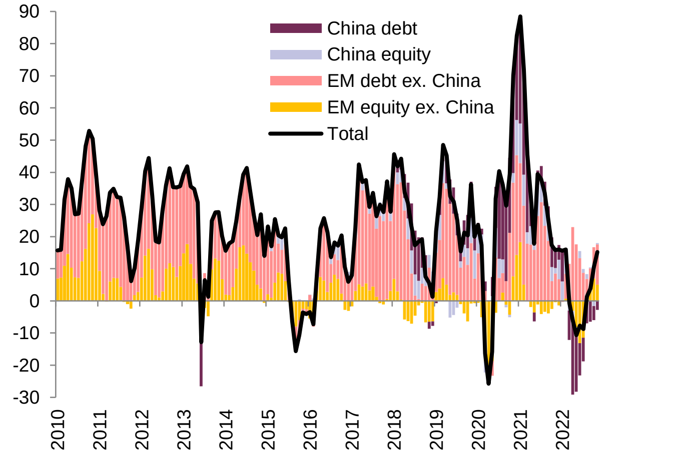
IMF WEO REAL GDP GROWTH (%)



Source: Bloomberg, IMF, MUFG Research

WE ESTIMATE FOR EVERY 1PPT WIDENING IN THE EM – DM GROWTH GAP, SPURS ~USD500BN IN EM INFLOWS

MONTHLY CAPITAL FLOWS TO EMS, 3 MONTH AVERAGE (USD BN)



Source: Bloomberg, IIF, MUFG Research

FX views

Broad-based USD sell-off helps to support EM FX

EM FX extends rebound back towards year to date highs. LatAm FX & Central European FX outperform.

Emerging market currencies have regained upward momentum against the USD over the past week. It has lifted our EM FX index back to within touching distance of the year to date high from the start of February. The LatAm currencies of the BRL (+3.2% vs. USD), COP (+3.2%) and CLP (+2.8%) have again been amongst the best performers alongside the PLN (+2.1%), ZAR (+1.9%) and HUF (+1.6%). It has resulted in USD/BRL breaking to the downside out of the trading range between 5.0000 and 5.4000 that has been in place since the middle of last year. The Central European crosses of USD/HUF and USD/PLN have moved closer to fully retracing losses in response to last year's Ukraine conflict shock.

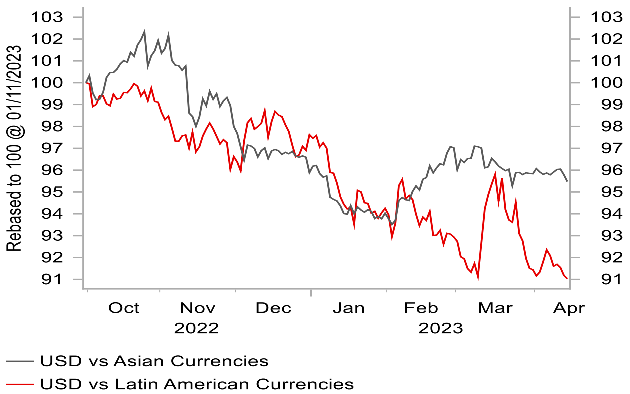
Weaker outlook for US growth & inflation continue to weigh on USD. Case for Fed to pause hiking cycle is now more compelling. US growth fears not yet acute enough to trigger safe haven demand for USD.

Emerging market currencies are continuing to benefit broadly from the ongoing weakening of the USD. The USD's bearish momentum has been reinforced over the past week by economic data releases that have supported expectations for a sharper slowdown in both US growth and inflation. The latest NFIB small business survey signalled that credit conditions are tightening with the sub-component for the availability of loans falling sharply to its lowest level since 2012. The release of the minutes from the last FOMC meeting on 22nd March revealed the Fed staff were already anticipating a mild US recession later this year triggered by the tightening in credit conditions. At the same there has been further encouragement that inflation pressures continue to ease (click here). The developments give us more confidence that inflation will fall back towards 3.0% by year end. With the Fed's policy rate already close to 5.0%, a further sharp fall in inflation would lift the real policy rate into more restrictive territory just when the economy is expected to be slowing more sharply. The real policy rate has only been briefly risen above 2.0% over the last twenty years and that was just before the Global Financial Crisis. It should encourage the Fed to pause their hiking cycle. The combination of lower US yields and improving global investor risk sentiment is a favourable development for EM FX in the near-term.

Asia FX has struggled to regain upward momentum even as cyclical momentum in China is improving.

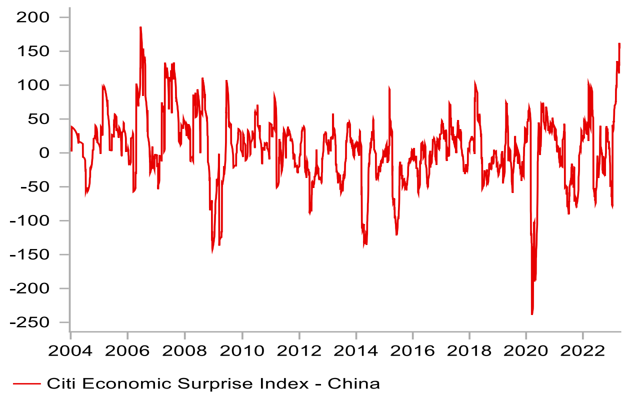
A further supportive factor for emerging market currencies this year has been the improving cyclical momentum for China's economy. The release tomorrow of the latest GDP report for Q1 is expected to confirm that China's economy started to bounce back strongly after the removal of COVID restrictions late last year. Positive economic surprises are currently running at the highest level since just before the Global Financial Crisis. Despite the favourable developments the CNY and other Asian currencies have struggled to regain upward momentum against the USD.

ASIA FX HAS UNDERPERFORMED RECENTLY



Source: Bloomberg, Macrobond & MUFG GMR

IMPROVING CYCLICAL MOMENTUM IN CHINA



Source: Bloomberg, Macrobond & MUFG GMR

Trading views

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

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Trading views: EM trend looks intact, wait for catalysts but don't pre-empt them.

Our cautious stance on EM was a bit of an opportunity cost with falling US price pressures and better ex-US growth

Last week we stated caution on EMFX however for the most part this was a touch too early with falling price pressures in US and better than expected growth in EU & China helping most currencies to rally against the USD. Last Friday saw a wobble which continues today however for the most part the themes seem intact. The market can view the US recession (which it is pricing in) as US centric while rest of world goes along ok.

This is helping set up an environment for carry trades, with bond vol now back to the lows catching up to equity and FX

This environment has helped fuel the notion of carry trades coming back into fashion. This is even harder to escape when you throw in the cycle flows (and continued falling) vol picture. While financial credit spreads remain elevated, bond vol has now joined equity and FX vol in making fresh cycle lows. Like always when you hear the term carry trades, the key risks seem to be complacency and positioning.

On the latter we are not too worried. Yes short term positioning is a bit stretched but given the under investment in EM as an asset class, we do not think that this is a particular barrier. We're seeing evidence of real inflows coming back to certain currencies whether it is Brazilian flows or stocks into Korea. We are certainly getting a feeling that there may be a bit more durability to these flows. If inflation has peaked in the developed world (and it's a big if), it would certainly be enough reason for us to focus on secular rather than cyclical inflows to EM.

It is hard to go against complacency without a catalyst as these trends can go for much longer than one expects – wait for the catalyst to come, but in the meantime go with trends where rates are high, and/or CBs on your side

The next question is then whether the market has become too complacent and risks underpriced, much like our commentary last week alluded to. Even though the price action over the last two trading sessions gives some credence to the argument actually our conviction on this has lessened. It is always the case that a podcast stating "equities to crash" gets a lot more newswires than one that simply states "equities to drift gently upwards". It is this same psyche that sees so many investors try to bet on a turning point before it actually occurs and why options are priced the way they are. We say this as we have paid our dues several times hoping for something to crack when it never did and looking for more momentum than quiet markets were prepared to give us.

Now however we are a bit more patient in our approach and will look to act only when we see clear catalysts even if that means we miss a bit of the turning point. Our experience tells us that these carry type environments can continue for a lot longer than one initially expects and the trend can go longer. As such we are looking to participate here in those currencies where real rates are high and/or CBs are actively on the side of the currency. This for the most part means being long some of latam (MXN, BRL) alongside ZAR and KRW. Against this China and Sgd look good RV shorts as you get paid to hold them and have a CB which is either easing or has slowed its hiking cycle.

As for clear catalysts that would make us change our mind. There are several we could point to but ultimately they all lead to the same thing. That is an increase in implied vols. Another way of saying vol markets expecting (or being prepared to pay) for higher vol going forward.

Week in review

When visibility is low and volatility is high, EM carry prevails

Capital flows: low visibility and high volatility keeps investors cautious

The external picture continues to be uncertain with DMs struggling to balance disinflation and financial stability – keeping global macro visibility low and volatility high (see here). For EMs, the complex is set to benefit from the pivot of relative growth momentum with a rebounding China and surprisingly resilient Europe. As EM central banks generally are not constrained by financial stability concerns and the focus is still on inflation, we believe a similar disappointment on the monetary policy front is also a risk, with so many rate cuts already priced in across EM yield curves. Thus, relatively high front end rates both in nominal and real terms compared to DM as well as a benign US dollar outlook argue for EM carry trade in high-yielders in a foggy macro environment.

When visibility is low and volatility is high, EM carry prevails

Even though rate cuts cannot fully be ruled out given the increasing downside risks to economic activity, it's still inflation that remains the bigger challenge in central banks' perspective. Granted, base effects, easing of supply chain pressures, and benign commodity prices should all lead to some significant declines in headline inflation (both in DM and EM) over the next couple of months. Though, core inflation will likely remain elevated in the foreseeable future, which implies that rates could still disappoint.

Inflation in Saudi Arabia edges lower

Saudi Arabia: inflation slowed by 0.3ppts to 2.7% y/y in March

Inflation in Saudi Arabia slowed from 3.0% y/y in February to 2.7% y/y in March. In March, food and vehicles were the main drags for overall inflation. At the same time, housing continued pressing higher, and, given its more inertial nature, this component may remain problematic in the near-term. Momentum in our measure of core inflation – CPI ex. food, energy and utilities – remained elevated, mainly due to strong growth in heavy-weight rent component. Looking ahead, the higher base effect of last year, especially in food, is set to pull the annualised inflation rate further down.

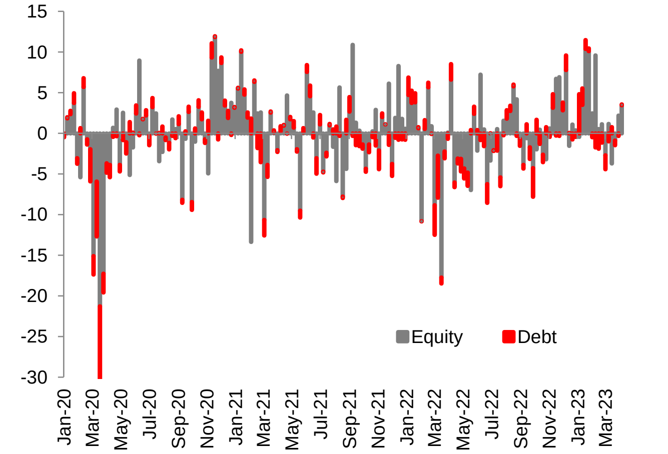
March inflation in Egypt is the highest since the 2016 currency crisis

Egypt: inflation rises by 0.6ppt 32.6% y/y in March on EGP devaluation and food

Headline inflation rose from 32.0% y/y in February to 32.6% y/y in March. A lower than

WEEKLY EM OUTFLOWS FROM EQUITY (USD-1.2BN) AND DEBT INFLOWS (USD0.1BN) – 07 APRIL

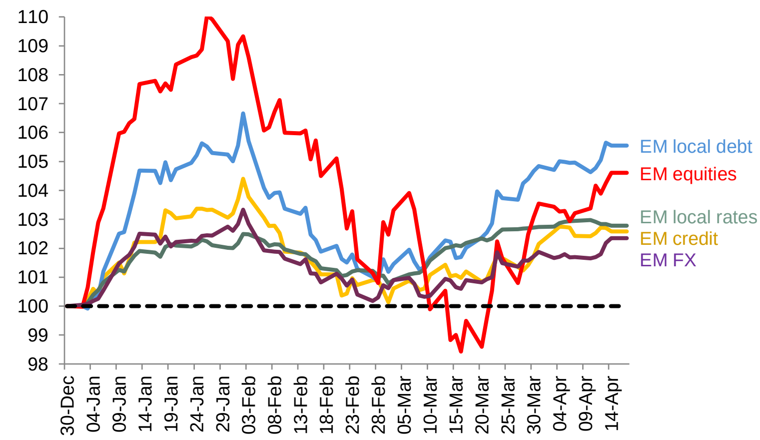
EM DEBT MONTHLY FLOWS BY REGION (USD BN)



Source: Bloomberg, IIF, MUFG Research

EM RISK ASSETS GAINED MOMENTUM IN RECENT WEEKS WITH THE END OF RATE HIKES NEARING

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



Source: Bloomberg, MUFG Research

expected rise in food prices primarily drove the downside surprise, rising 4.9% m/m. At the core inflation level, the rise in March came in at 39.5%, down from 40.3% in February. Going forward, given ongoing FX liquidity constraints and uncertainty regarding the trajectory of the Egyptian Pound (EGP), we expect inflationary pressures to remain elevated and the risk of a reacceleration of headline inflation is high, in our view.

Bahrain returns to the market with a USD2bn Eurobond – first since 2021

Bahrain: USD2bn Eurobond – first market issuance since 2021

Bahrain returned to the market issuing a USD1bn 7 year sukuk and a USD1bn 12 year bond at 6.25% and 7.75%, respectively. This was the first market issuance since 2021 following two private placements for a total of USD850m in 2022. Authorities have also presented a first budget draft for 2023-24. The first news about the draft report a deficit target at 2.9% of GDP in 2023 and 0.4% in 2024 compared to the 1.1% deficit reported in 2022. These figures are for the non-consolidated fiscal balance. Our estimate on this front was for about 7% of GDP in 2022 while the recent IMF WEO report suggests a lower deficit at 5.6%.

Russia CPI falls below the target range in March; to 3.5% y/y

Russia: inflation falls in March – below the CBR's target – to 3.5% y/y

Russia's headline inflation eased to 3.5% y/y in March from 11.0% y/y in February, on the back of strong base effects, mainly resulting from an exceptionally large jump in the CPI base following the post-invasion price shock in March 2022. With this decline, inflation has fallen below the CBR's long-run target of 4.00% already in March, one month earlier than April. The fall was broad-based within the basket as expected given the price overshoot last March was also broadly reflected across all components. Despite the recent depreciation of the Russian Rouble (RUB), inflation fell the most in the currency-sensitive non-food goods sector excluding gas and tobacco, from 12.9% y/y to -0.3% y/y given the sharp depreciation last year.

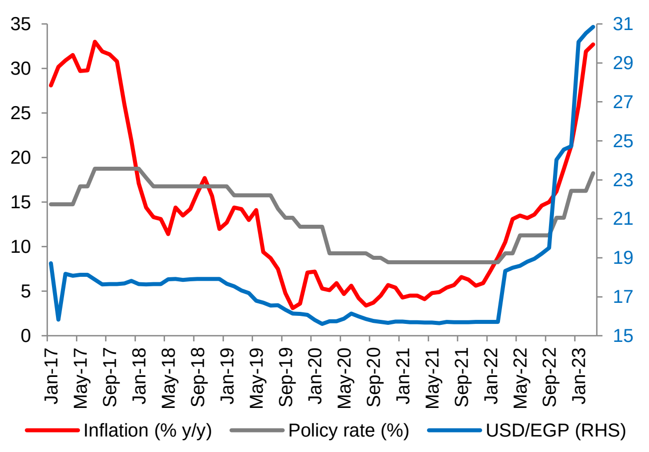
Inflation rates in the Czech Republic, Hungary and Romania slowdown in March

CEE: inflation readings for March decline across the CEE region

Inflation data for March will be published in Hungary, the Czech Republic and Romania as well as the final print in Poland. Across the region, we expect headline inflation to fall, driven base effects and lower energy prices although

EGYOT INFLATION CONTINUES TO RISE ON EGP DEVALUATION AND HIGHER FOOD PRICES

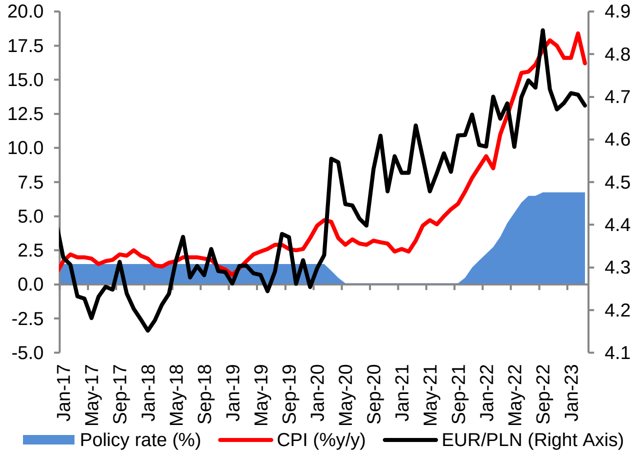
EGYPT CPI (%Y/Y), POLICY RATE (%) AND USD/EGP



Source: Bloomberg, CBE, MUFG Research

ROMANIA CPI EASES, BUT REMAINS ELEVATED FROM COMFORT LEVELS; NO ROOM FOR EASING SOON

ROMANIA CPI (%Y/Y), POLICY RATE (%) AND FX (EUR/PLN)



Source: Bloomberg, NBR, MUFG Research

with differing degrees of speed. Yet, we anticipate core inflation to remain high:

- Czech Republic. The headline inflation falls to 15.0% y/y in March from 16.7% y/y in February, in line with our expectations. The deceleration was driven by high base effects and lower energy prices. We don't see the Czech National Bank (CNB) shift from its current stance. Core inflation easing is a prerequisite for rate cuts, and we don't see the Czech National Bank (CNB) shift from this stance.
- Hungary. March inflation declines to 25.2% y/y compared with 25.4% y/y in February, slightly above expectations. The price rise was driven by stronger prices in food and services categories while prices of energy as well as consumer durables continued to slow down, indicative of weak consumer demand. As with Czech Republic, we see this print supportive of a policy rate hold until the end of the year.
  Romania. CPI growth in Romania slows down to 14.5% y/y in March from 15.5% y/y in February, largely driven by food inflation, base effects and
- marginal rise in demand. We see the National Bank of Romania (NBR)'s call for sharply declining inflation in the coming months and reaching single-digits by the last quarter of this year, consistent with our view and we do not expect the NBR to consider monetary loosening through the policy rate until 2024.

Inflation in Israel slows down to 5.0% y/y in March; ILS in focus

Israel: inflation rise 5.0% y/y in March; lower than expectations – ILS in focus

Inflation in Israel edged down slightly from 5.2% y/y in February to 5.0% y/y in March, in line with consensus. The declaration was broad based and the largest easing was seen in transport and communication prices. The only inflationary push came from food prices as well as prices of healthcare services. Going forward, we view that in the absent of support from the Israeli Shekel (ILS), it will be challenging for the Bank of Israel (BoI) to bring inflation back to its 1.0-3.0% target range.

Week ahead

Headline inflation in South Africa to fall slightly but core to rise

South Africa: inflation to ebb by 0.2ppt to 6.8% y/y; core to rise 0.2ppt to 5.4% y/y

Headline inflation in South Africa is set to recede slightly from 7.0% y/y in February to 6.8% y/y in March, in line with consensus. However, it is core inflation that is the cause of apprehensions, with expectation that it will rise from 5.2% y/y in February to 5.4% y/y in March. On our estimates, lower petrol and food prices offset higher housing costs last month.

Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Poland	17/04/2022	16:00	Core CPI (% y/y)	Mar	--	12.2%	12.0%	!!
	Lebanon	18/04/2022	--	CPI (% y/y)	Jan	--	--	189.7%	!!
	Morocco	19/04/2022	--	CPI (% y/y)	Mar	--	--	10.1%	!!
	South Africa	19/04/2022	12:00	CPI (% y/y)	Mar	6.8%	6.9%	7.0%	!!!
	South Africa	19/04/2022	12:00	Core CPI (% y/y)	Mar	5.4%	5.2%	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	2.44	2.93	3.20	-17.86	0.20	-0.40	-9.34	5.40	3.90
Czech Rep.	0.30	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	9.70	0.80	1.91	-7.95	-1.88	-1.26	-6.49	-6.33	-6.11
Hungary	0.40	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	2.80	4.00	4.50	-10.66	0.90	-0.20	4.19	3.00	3.90
Jordan	2.10	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	0.50	3.10	3.00	-5.94	-4.90	-4.80	-2.27	-5.10	-4.20
Nigeria	3.52	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	2.00	0.80	2.90	-1.87	-5.20	-3.70	-0.67	-3.30	-2.20
Romania	4.58	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	5.52	4.40	3.24	-2.35	3.50	3.10	5.32	11.80	10.20
South Africa	0.90	1.49	1.41	-6.04	-5.30	-4.90	3.68	-1.40	-1.90
Turkey	3.50	2.93	3.12	-3.86	-4.00	-3.90	-1.66	-4.20	-3.40
Ukraine	-31.40	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	0.80	2.30	2.10	6.75	5.75	5.25	0.38	0.38	--
Czech Rep.	16.70	9.20	3.40	7.00	8.00	6.00	23.48	20.98	--
Egypt	31.90	22.40	13.50	18.25	19.25	19.25	30.77	34.50	--
Greece	6.13	3.20	1.62	3.50	3.55	2.65	1.08	1.12	--
Hungary	25.40	15.20	4.60	13.00	11.50	7.50	352.87	366.10	--
Iraq	7.20	4.52	2.97	4.00	4.00	4.00	1310.00	1460.00	--
Israel	5.20	3.60	2.10	4.25	4.00	3.00	3.61	3.10	--
Jordan	4.25	2.99	2.49	7.75	6.40	6.40	0.71	0.71	--
Kenya	9.20	8.30	6.70	9.50	9.50	9.50	132.59	113.14	--
Kuwait	3.22	2.80	2.00	4.00	4.00	3.50	0.31	0.30	--
Lebanon	189.67	-	-	2.75	-	-	15032.50	1512.33	--
Morocco	10.10	3.80	3.20	3.00	2.00	2.00	10.24	9.25	--
Nigeria	21.90	18.90	14.20	18.00	17.50	16.00	461.30	--	--
Oman	1.93	2.60	2.10	4.36	5.50	5.00	0.38	0.39	--
Poland	16.20	13.10	8.20	6.75	8.00	6.00	4.33	4.15	--
Romania	15.52	11.30	5.60	7.00	8.00	6.00	4.58	4.48	--
Qatar	4.41	3.20	2.50	5.50	5.75	5.25	3.64	3.64	--
Russia	10.99	6.10	4.20	7.50	8.75	9.00	118.69	70.21	--
Saudi Arabia	2.96	2.90	2.60	5.00	5.00	4.50	3.75	3.75	--
South Africa	7.00	5.50	4.30	7.75	7.25	5.75	17.92	16.25	--
Turkey	55.18	45.10	32.60	8.50	30.00	18.50	0.05	23.00	--
Ukraine	24.90	-	-	25.00	25.00	22.50	36.75	--	--
UAE	6.77	3.20	2.10	4.86	4.90	4.40	3.67	3.67	--

Core indicators

EM EMEA sovereign bond yields (%)

	Maturity	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	Change in yield (basis points) Week	MTD	YTD
Bahrain	10 years	5.47	5.67	5.66	6.04	5.75	-29.50	8.20	-41.35
Czech Rep.	10 years	4.47	4.64	4.79	4.69	5.04	35.10	25.09	-15.26
Egypt	9 years	15.82	15.84	15.23	15.13	16.19	105.80	95.87	406.92
Greece	8 years	3.70	3.68	3.88	3.71	3.91	20.30	3.08	-12.67
Hungary	8 years	9.59	9.05	9.39	9.26	9.66	40.10	26.76	-19.02
Israel	8 years	4.00	3.86	3.87	3.78	3.83	5.00	-3.58	46.12
Jordan	5 years	6.75	6.59	6.81	6.96	6.97	1.10	15.19	48.45
Kenya	7 years	12.78	12.94	12.14	12.41	12.59	18.10	44.74	227.79
Kuwait	6 years	4.12	3.95	3.83	3.81	3.74	-6.20	-8.98	13.91
Lebanon	9 years	81.37	83.65	86.19	86.04	87.96	191.90	188.58	-1344.01
Morocco	11 years	5.27	5.09	5.09	5.01	5.04	2.60	-4.72	-18.85
Nigeria	9 years	13.67	13.48	12.20	12.60	12.82	21.90	62.56	79.11
Oman	9 years	6.01	5.86	5.82	5.67	5.69	1.40	-12.65	-21.93
Poland	8 years	3.80	3.69	3.81	3.63	3.73	9.50	-7.91	23.88
Romania	7 years	5.77	5.59	5.63	5.54	5.62	8.50	-1.22	-22.27
Qatar	9 years	4.33	4.15	4.14	3.84	3.97	13.00	-17.64	-40.48
Russia	5 years	34.89	35.32	35.53	35.82	36.09	26.60	59.99	326.15
Saudi Arabia	8 years	4.39	4.25	3.70	0.03	3.74	371.40	4.43	-87.25
South Africa	9 years	7.24	7.06	6.93	6.99	6.92	-6.60	-0.98	-10.92
Turkey	7 years	8.27	8.00	8.22	8.43	8.28	-15.60	6.17	-4.67
Ukraine	8 years	47.88	46.83	47.49	47.91	48.26	35.30	80.17	717.89
Abu Dhabi	6 years	4.09	3.96	4.04	3.80	3.89	9.60	-14.89	-27.03
Dubai	8 years	4.41	4.38	4.45	4.37	4.37	-0.20	-8.48	-24.91

EM EMEA equity market (index)

	10-Mar	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	Change (%) Week	MTD	YTD
Bahrain	1,912	1,897	1,899	1,887	1,886	1,882	-0.23	-0.09	-0.55
Czech Rep.	1,376	1,318	1,291	1,352	1,381	1,418	2.68	4.87	18.03
Egypt	16,454	14,704	15,625	16,419	16,709	17,671	5.76	7.63	21.05
Greece	1,056	1,020	1,021	1,055	1,074	1,103	2.68	4.57	18.61
Hungary	43,078	40,771	41,819	42,318	44,218	43,285	-2.11	2.28	-1.16
Israel	1,799	1,726	1,779	1,739	1,742	1,740	-0.11	-0.10	-3.32
Jordan	2,703	2,645	2,581	2,601	2,505	2,470	-1.42	-5.64	-1.88
Kenya	118	103	111	113	114	112	-2.36	-1.06	-12.48
Kuwait	7,283	7,046	7,051	7,051	6,969	6,990	0.30	-0.32	-3.62
Lebanon	1,730	2,017	1,800	1,840	1,881	1,879	-0.10	2.09	33.23
Morocco	10,558	10,416	10,405	10,391	10,461	10,470	0.09	0.76	-2.33
Nigeria	55,795	54,935	54,893	54,858	52,994	51,904	-2.06	-5.39	1.27
Oman	4,850	4,888	4,871	4,863	4,756	4,811	1.15	-2.13	-2.01
Poland	1,800	1,678	1,670	1,759	1,754	1,854	5.70	5.44	3.47
Romania	12,355	12,227	11,990	12,112	12,363	12,460	0.78	2.88	6.83
Qatar	10,737	9,910	10,006	10,213	10,342	10,090	-2.44	-1.54	-5.86
Russia	2,276	2,323	2,392	2,451	2,508	2,555	1.85	4.25	18.60
Saudi Arabia	10,463	9,977	10,446	10,590	10,906	10,965	0.54	4.18	5.29
South Africa	70,693	67,001	69,181	70,498	71,379	73,134	2.46	3.74	9.23
Turkey	5,385	5,136	5,032	4,813	4,925	5,093	3.42	5.82	-7.56
Ukraine	507	507	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	9,828	9,650	9,503	9,430	9,462	9,623	1.71	2.04	-5.76
Dubai	3,386	3,349	3,349	3,407	3,411	3,492	2.39	2.50	4.67

EM EMEA FX against USD*									
							Change (%)		
	10-Mar	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	Week	MTD	YTD
USD Index	104.58	103.71	103.12	102.51	102.09	101.55	0.53	-0.90	-1.87
Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	0.00	0.01	0.01
Czech Rep.	22.22	22.48	22.01	21.65	21.44	21.21	1.08	2.07	6.37
Egypt	0.03	0.03	0.03	0.03	0.03	0.03	0.00	0.31	24.69
Greece***	1.06	1.07	1.08	1.08	1.09	1.10	-0.80	1.39	2.66
Hungary	359.96	372.87	357.57	350.56	343.85	339.82	1.17	3.08	9.78
Israel	3.61	3.67	3.58	3.60	3.61	3.67	-1.64	-1.76	-4.01
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	1.33	1.35	9.46
Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	0.00	0.00	-0.26
Lebanon	15010.63	15012.00	15023.50	15032.50	15138.00	15050.50	0.58	-0.12	-89.90
Morocco	10.42	10.37	10.28	10.24	10.19	10.13	0.55	1.08	3.03
Nigeria	461.42	460.74	461.39	460.75	461.75	461.58	0.04	-0.23	-0.21
Oman**	0.39	0.39	0.39	0.39	0.39	0.39	0.00	-0.05	-0.26
Poland	3.76	3.77	3.76	3.76	3.76	3.76	0.01	0.10	0.22
Romania	4.62	4.61	4.58	4.56	4.52	4.50	0.56	1.47	2.68
Qatar**	3.64	3.64	3.64	3.64	3.64	3.64	0.00	0.01	0.00
Russia	76.13	77.01	77.28	77.72	81.19	82.28	-1.33	-5.53	-9.83
Saudi Arabia**	3.76	3.77	3.76	3.76	3.76	3.76	0.01	0.10	0.22
South Africa	18.32	18.47	18.16	17.80	18.19	18.09	0.60	-1.47	-5.67
Turkey	18.97	19.01	19.07	19.18	19.25	19.36	-0.58	-1.00	-3.42
Ukraine	36.93	36.92	36.93	36.94	36.78	36.95	-0.46	0.02	-0.02
UAE**	3.67	3.67	3.67	3.67	3.67	3.67	0.00	-0.01	-0.02

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

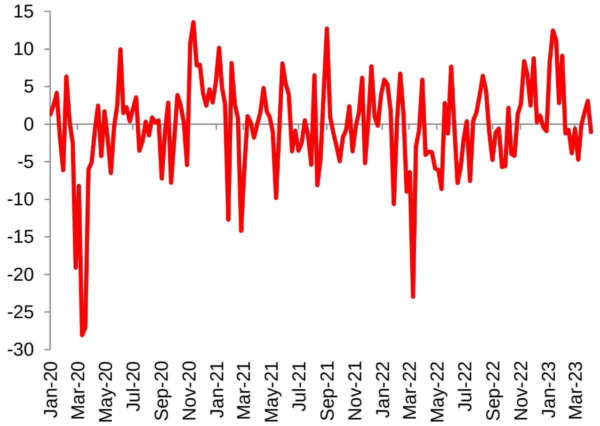
EM EMEA 5 year CDS spreads (basis points)									
							Change in yield (basis points)		
	10-Mar	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	Week	MTD	YTD
Bahrain	222.65	245.42	252.28	243.42	253.46	249.97	-3.49	6.55	23.70
Czech Rep.	37.59	37.47	38.31	35.34	35.26	35.08	-0.18	-0.26	-10.30
Egypt	1233.09	1491.59	1407.73	1311.46	1369.33	1473.03	103.70	161.57	605.78
Greece	102.90	116.20	124.01	119.74	119.74	119.74	0.00	0.00	-12.31
Hungary	163.93	166.00	172.92	168.97	169.06	171.74	2.68	2.77	-30.21
Israel	52.96	57.35	60.22	60.24	59.68	59.57	-0.11	-0.67	16.43
Kenya	735.50	811.50	820.50	734.50	758.00	725.00	-33.00	-9.50	278.50
Kuwait	48.55	48.46	55.27	55.29	55.22	52.11	-3.11	-3.18	1.93
Morocco	144.15	164.86	180.62	158.98	159.06	156.27	-2.79	-2.71	-3.08
Nigeria	1243.00	1362.00	1377.00	1233.00	1273.00	1217.00	-56.00	-16.00	840.00
Oman	132.08	159.75	169.00	155.33	157.04	158.00	0.96	2.67	-23.96
Poland	89.14	100.00	102.97	101.98	100.00	95.02	-4.98	-6.96	-19.90
Romania	202.76	200.07	214.90	207.95	204.20	200.56	-3.64	-7.39	-81.92
Qatar	44.55	46.91	50.29	44.09	44.09	44.09	0.00	0.00	-5.06
Saudi Arabia	60.38	67.03	69.17	62.72	64.16	61.06	-3.10	-1.66	-1.05
South Africa	259.12	284.55	298.52	269.98	285.65	271.76	-13.89	1.78	21.25
Turkey	517.91	531.76	535.52	514.40	514.40	514.40	0.00	0.00	7.59
Abu Dhabi	40.09	44.43	49.29	42.34	42.52	40.60	-1.92	-1.74	-4.56
Dubai	70.39	81.70	90.09	82.17	81.15	79.11	-2.04	-3.06	-5.01

Source: Bloomberg, MUFG Research

EM capital flows

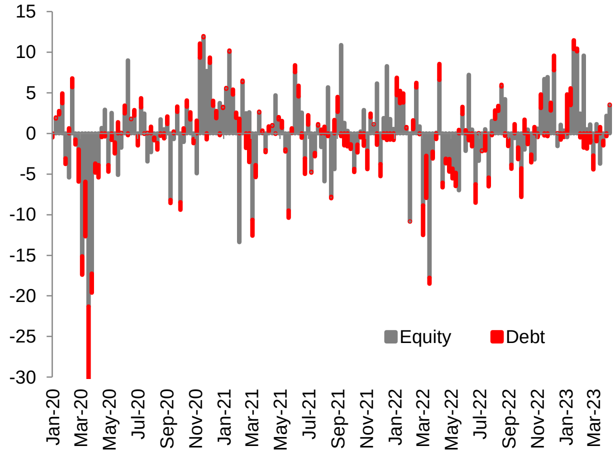
WEEKLY TOTAL EM OUTFLOWS OF USD-1.1BN – 07 APRIL

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



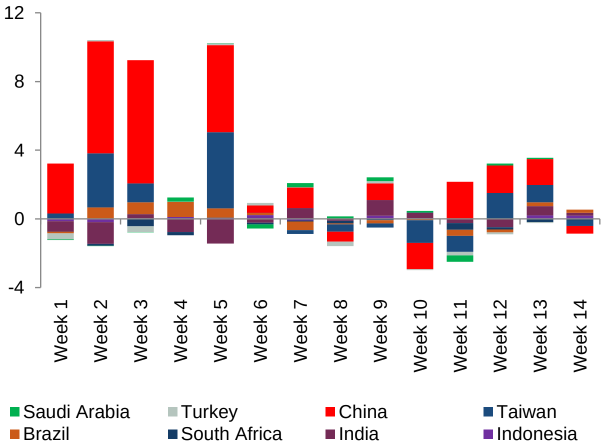
WEEKLY EM OUTFLOWS FROM EQUITY (USD-1.2BN) AND DEBT INFLOWS (USD0.1BN) – 07 APRIL

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



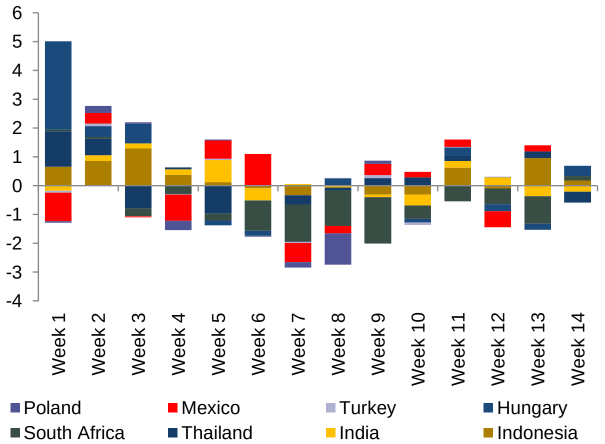
CHINA (USD-0.4BN) AND TAIWAN (USD-0.3BN) LED WEEKLY EM EQUITY OUTFLOWS – 07 APRIL

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



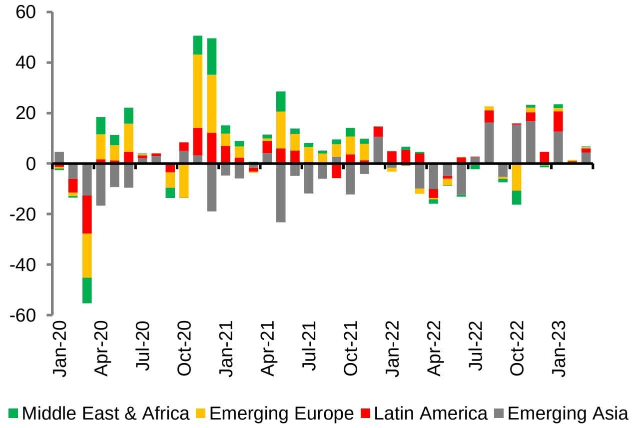
HUNGARY (USD0.4BN) LED WEEKLY EM DEBT INFLOWS– 07 APRIL

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



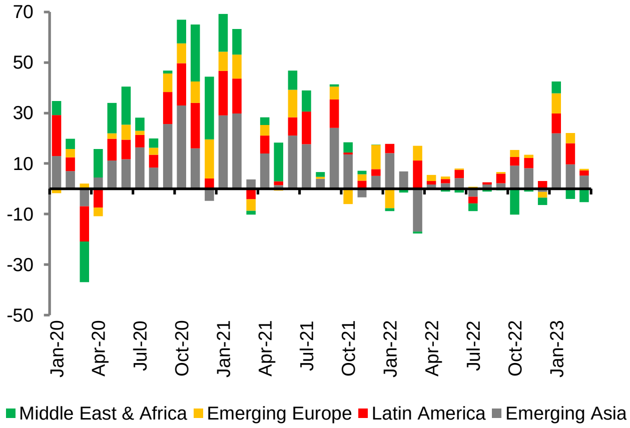
EM EQUITY INFLOWS TOTALLED USD6.8BN IN MARCH, LED BY EM ASIA (USD4.4BN)

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



EM DEBT INFLOWS TOTALLED USD2.6BN IN MARCH, LED BY EM ASIA (USD5.2BN)

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



Source: Bloomberg, IIF, MUFG Research

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