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Higher carry creates better risk-return asymmetry across EMs

Macro focus: With the Fed now in the home stretch alongside US growth that remains low (but non-recessionary), interest in the EM carry is front and centre of attention. We recently catalogued that relatively high EM front end rates both in nominal and real terms compared to DMs argue for EM carry trades in high yielders in a foggy macro environment (see [here](#)). On net, higher coupon income reduces the downside risk, improves the total return asymmetry and enables creditors to better withstand unfavourable developments in both spread and duration.

FX views: Emerging market currencies have suffered a setback over the past week as the USD has staged a modest rebound, supported by a pick-up in US yields. The US rate market has moved to fully price in one final 25bps Fed hike next month and scaled back expectations for rate cuts later this year to just over 25bps.

Trading views: The last week has seen some good volatility come through on local themes but overall not too much change on the overall macro environment.

Week in review: South Africa's inflation edged higher to 7.1% y/y in March, reinforcing prospects for the SARB to deliver a rate hike next month. Saudi Arabia's trade balance gained in February despite lower oil revenues. Inflation in Dubai eased by 0.6ppts to 4.3% y/y in March due to a deceleration in core momentum.

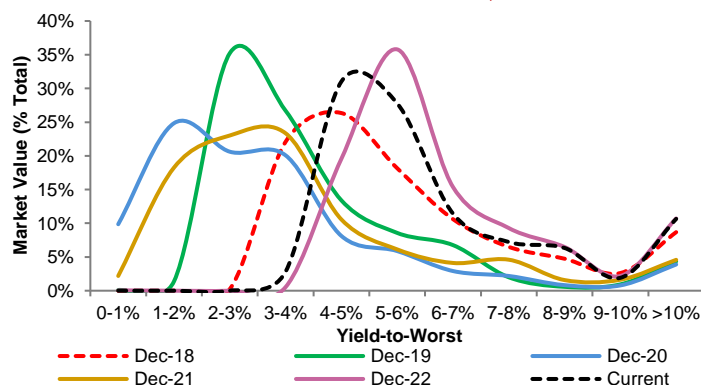
Week ahead: We will have rate meetings in Hungary (13.0%), Turkey (8.5%) and Russia (7.5%) – we are aligned with consensus in expecting all to be on hold.

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: EM RISK PREMIUMS EXPAND IN US DOLLAR CREDIT

EM US DOLLAR CREDIT – HISTORICAL YIELD RANGE (MARKET VALUE VS YIELD-TO-WORST)



Source: Bloomberg, MUFG Research

EM US dollar bond yields are higher today than at the close of the last Fed tightening cycle in December 2018 with the prospect to attract carry-focused creditors if inflation continues to ebb.

Macro focus

Higher carry creates better risk-return asymmetry across EMs

Rising carry cushions EM creditors

With the Fed now in the home stretch alongside US growth that remains low (but non-recessionary), interest in the EM carry is front and centre of attention. We recently catalogued that relatively high EM front end rates both in nominal and real terms compared to DMs argue for EM carry trades in high yielders in a foggy macro environment (see [here](#)). Given this backdrop, and our expectation for a shallow and bumpy US dollar outlook, demand for carry has emerged as the driving factor for EM investment in 2023, with the prospect to better protect creditors from adverse movements in domestic currencies, credit spreads and bond yields. The EM local currency liquid government bond index has already generated 166bps of coupon income in 2023, as contribution to return from carry is running ~2x as fast as the 10 year average. On net, higher coupon income reduces the downside risk, improves the total return asymmetry and enables creditors to better withstand unfavourable developments in both spread and duration.

Carry-to-volatility ratios are ebbing across EMs

Falling US rate differentials are weighing down carry-to-volatility ratios as EM rate tightening draws to an end. Of the 21 major EMs, only four have carry-to-volatility ratios above their one year average, with Turkey, Hungary, Colombia and Israel the outliers. Rolling 90 day z scores of three month volatility-adjusted carry are below zero in 14 of 21 EMs, with Chile and China standing out at ~2.5 standard deviations below average.

EM credit is enjoying a larger carry cushion

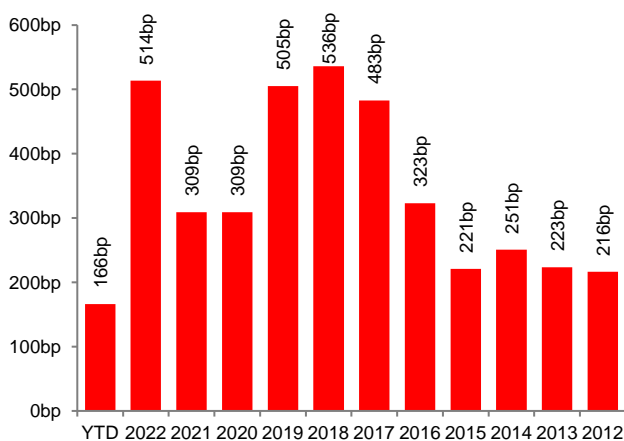
From an EM credit perspective, coupon income is rising in EM US dollar credit. The benchmark Bloomberg EM US dollar aggregate index has contributed 173bps of coupon income year-to-date, as rising rates increase the carry available to hard currency creditors. At the current pace, carry is set to deliver ~700bps of positive returns this year, ~200bps more than the last ten years average.

Disinflation is most evident in Brazil whilst external balances look healthiest in EM Asia

Among domestic fundamentals, monitoring external balances and progress on reducing inflation are key metrics to differentiate the extent to which carry is backed by strong domestic fundamentals across EMs, in our view. On disinflation, inflation rates have generally fallen across the board, yet Brazil clearly stands out as the country where inflation has fallen the most from its peak, and its inflation rate over the last 3 months is also among the lowest. On the external balances front, Colombia has one of the largest current account deficits in EMs driven by an increasing factor income deficit and in spite of favourable terms of trade. Otherwise, external balances look the healthiest in EM Asia, especially Indonesia and the Philippines.

EM DEBT COUPON INCOME ON PACE FOR ITS BEST YEAR ON RECORD, WITH 166BP OF CARRY ALREADY

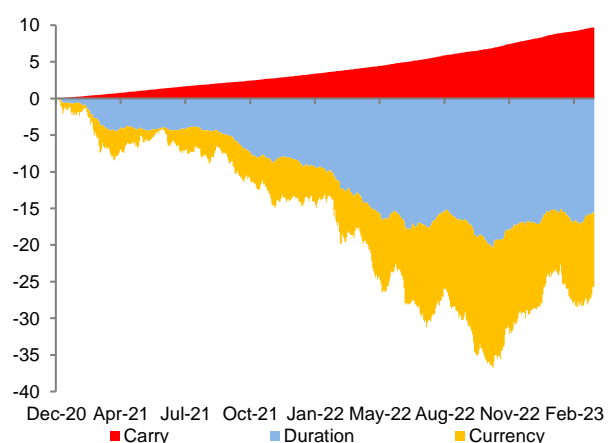
EM LOCAL GOVERNMENT CARRY CONTRIBUTION-TO-RETURN (%)



Source: Bloomberg, MUFG Research

EM DEBT IS UP ROBUSTLY THIS YEAR AS ACTIVE RISK FACTORS (DURATION, CURRENCY) DELIVER SUPPORT

EM LOCAL GOVERNMENT DEBT CONTRIBUTION-TO-RETURN (%)



Source: Bloomberg, MUFG Research

FX views

A setback for EM FX as stronger China data offers limited support

EM FX corrects lowers vs. USD

Emerging market currencies have suffered a setback over the past week as the USD has staged a modest rebound. Only the PLN (+0.5%), the ZAR (+0.3%) and the RON (+0.2%) have not weakened against the USD over the past week while the worst performing EM currencies have been the BRL (-2.9%), the KRW (-2.6%), the COP (-2.5%). For the BRL and COP it marks a reversal of recent strong gains after USD/BRL and USD/COP briefly fell towards the 4.9000-level and 4,400.0 levels respectively. In contrast, it marked a continuation of this year's weakening trend for the KRW as USD/KRW is attempting to break back above resistance from the 200-day moving average that comes in around 1,325.0 for the first time since late last year.

Asia FX fails to strengthen on back of stronger China activity data. Geopolitical tensions between China and US remain in focus

The disappointing price action for the KRW provides further evidence that China reopening trades are struggling to regain upward momentum this year. Asian currencies have on the whole failed to strengthen further against the USD even as it weakened more broadly. Even the release last week of the stronger activity data from China failed to provide a fresh catalyst for Asian currency strength. It was revealed that China's economy rebounded more strongly than expected at the start of this year boosted by the release of pent up demand as COVID restrictions were eased. In response our research colleagues from Asia have revised higher their forecast for GDP growth in China this year ([click here](#)). Recent weakness in Asian currencies and the KRW could reflect in part geopolitical tensions between China and the US. According to the FT, the US has asked South Korea to urge domestic chipmakers not to fill gaps in the market in China if Beijing bans Idaho-based Micron from selling chips.

Modest rebound for USD more broadly as US yields adjust higher. NBH policy meeting a key event for HUF after Deputy Governor opens door to policy normalisation

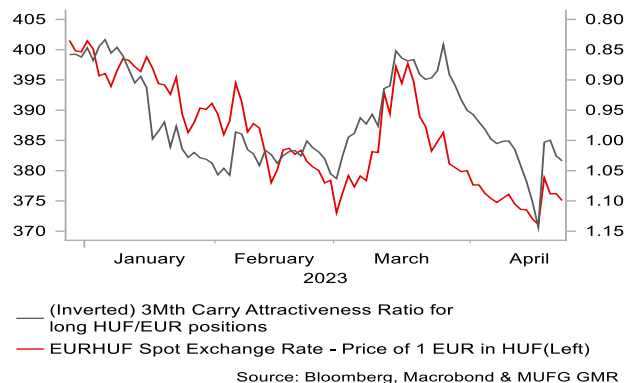
The USD has staged a modest rebound over the past week supported by a pick-up in US yields. The US rate market has moved to fully price in one final 25bps Fed hike next month and scaled back expectations for rate cuts later this year to just over 25bps. It reflects some easing of fears over the negative fallout to the US economy from the loss of confidence in regional banks. However, we still see building evidence of slowing growth and inflation going forward that should remain a weight on the USD. While risk assets are still holding up relatively well, safe haven demand is not sufficient yet to support a stronger USD. In the week ahead, one of the key events for EMEA EM FX will be the NBH's latest policy meeting. The carry attractiveness of the HUF took a hit last week after Governor Deputy Governor Virag signalled that the NBH may start a "multi-step" normalization of monetary policy in the week ahead. It is too early though to expect rates cuts this week so downside risks should remain contained for now.

USD/KRW IS THREATENING TO BREAK HIGHER



Source: Bloomberg, Macrobond & MUFG GMR

CARRY ATTRACTIVENESS OF HUF



Source: Bloomberg, Macrobond & MUFG GMR

Trading views

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Trading views: Pockets of volatility but overall themes seem in tact

While there were bouts of intraday vol last week overall not much changed – a lot of people continue to sound contrarian on carry unwind – it seems the contrarian move is actually to think the trends keep going.

The last week has seen some good volatility come through on local themes but overall not too much change on the overall macro environment. Risk indicators continue to flash complacency warnings and positioning in USD is becoming stretched. However this "contrarian" concern seems commonplace and equities continue to hum along. Current pricing for the US seems benign enough that we can have a bit of time before deciding one way or the other. With the number of rate cuts significantly reduced we can wait a bit of time before deciding if it is the Fed or the market that is more prescient in its forecasts.

Where EM has moved the most has been on local factors

Where EM has weakened mostly it has been due to local factors. After touching 370, EUR/HUF rallied nearly 3% in a straight line on hints that a rate cut could be seen this week. We have liked the received CEE story for a while and feel this is the start of a trend. It may be that tomorrow if NBH moves, it will likely be more a symbolic move. This is as it will most likely just be the ceiling rate for the top of the corridor which is rarely used given the large excess HUF balances in the system. However the closer the rate cuts brings the current ceiling rate of 25% to the one day depo rate the stronger the signal will be. Anything north of a 300bp cut should have a ok move. Meanwhile we feel this can spread to other regions encouraging more bond inflows. Note today Poland CB were slightly dovish.

On a medium term perspective, the one region that continues to underperform in EMFX is Asia. Poor export figures, equity outflows and a significant carry disadvantage are all contributing to the underperformance. Alongside a new concern is emerging with China/ US relations starting to be the focus again and talk of export bans. Macron's visit to China had a bit of optimism but that seems to be unravelling a little bit. Today's news that US is warning Korea not to export any chip shortfalls to China may just be part of usual sabre rattling or could be the start of something bigger.

A case could be made either for EMFX were the BOJ to signal a move on rates this week, but we would favour currency strength as a result once the vol had subsided.

With little on the agenda this week we are focussed on hypotheticals on potential BOJ moving. We don't expect any changes an defer to our rates /economists on this. However the question is how would EMFX perform if we were to get a surprise here. On the one hand correlations should suggest some outperformance vs USD based on JPY moves. With the likes of CNY trading more in a basket fashion this makes sense. Furthermore if it helps put a lid on the overall USD that is quite a positive for EM. On the other hand having the third largest CB in developed work embark on monetary tightening should be negative for risk assets. The key though is how much of this is priced in and expected by the market. It is clear to us that while the market doesn't know "when" it does know "what". A move by BOJ seems to have been digested by the market and as a result we would expect EMFX to perform well if the BOJ were to take any actions. We would wait a day or two for the vol to die down but our bias especially in Asian we go up considerably if BOJ were to act. For us it would make the upcoming rate cuts priced in by the fed curve even more at odds with most other places.

Week in review

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

Capital flows: contextualising drivers of EM local currency debt

Despite the intermittent episodes of volatility, EM asset performance has been fairly solid so far this year, with positive returns across all asset classes. Having said that, local currency debt seems to have done relatively better compared to others, with total returns in USD terms reaching ~5% so far this year. A closer look at the country specific performance, however, reveals some interesting trends. For starters, EMs that have started the monetary policy tightening earlier than others, appear to be leading the returns, with double digit gains in some markets. These are mainly Latin America and EM EMEA economies, where central banks have pre-emptively started hiking rates, well before inflationary pressures were not that severe. Secondly, it seems that more than half of the performance is attributed to stronger currencies, which have contributed robustly in many markets. This is in line with our view that the EM carry trade is a sound strategy (see *macro focus* above), in an environment of low visibility and high macro volatility. We like this EM carry idea more in positive real rate stories that also act as a buffer with an extra risk premium, coupled with cheap valuations. These are mostly found in Latin America, notably Brazil, Mexico and Colombia but also in South Africa, India and Indonesia based on our forecasts for policy rates and end-year inflation.

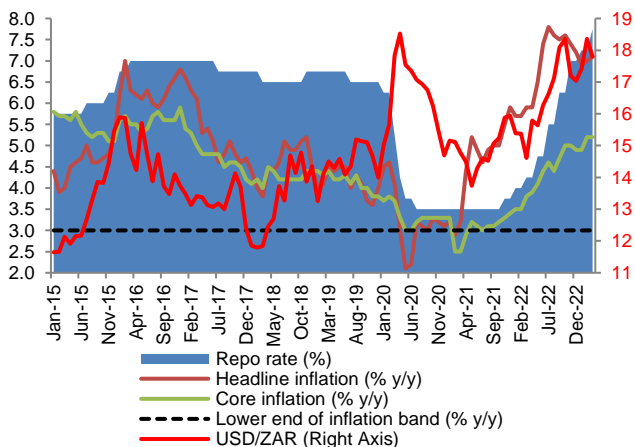
Inflation in South Africa edged higher from 7.0% y/y in February to 7.1% y/y in March

South Africa: upside inflation surprise keeps the pressure on SARB to hike further

March headline inflation in South Africa accelerated at a faster pace than expected, with the print reading 7.1% y/y versus 6.9% y/y in February. The core CPI, however, rose at the same level as in February at 5.2% y/y. Food inflation continues to remain as the key concern. Prices of food and non-alcoholic beverages rose by 14.4% y/y in March from 14.0% in February, making it the largest increase since 2009 global financial crisis. In March, the central bank surprised the market with a 50bps rate hike, following February's higher than expected inflation figure. At the next South African Reserve Bank's (SARB) meeting scheduled in May, we expect the Monetary Policy Committee (MPC) to remain under pressure to take additional monetary policy action as inflation continues to remain outside the SARB's target range. We base case a 25bp hike to a terminal rate of 8.00%, with risks skewed towards more persistent price pressures and a higher policy rate.

SOUTH AFRICA INFLATION CONTINUES TO RISE, WITH RATES SET TO INCREASE FURTHER NEXT MONTH

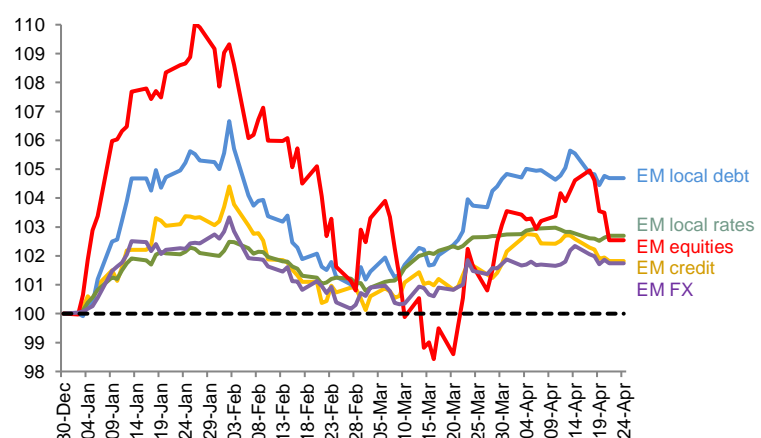
SOUTH AFRICA CPI (%Y/Y), POLICY RATE (%) AND USD/ZAR



Source: Bloomberg, SARB, 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

Saudi Arabia's trade balance improved in February despite lower oil receipts – the outlook remains promising

Saudi Arabia: trade balance gains in February despite lower oil revenues

Saudi Arabia's monthly trade balance picked up in February to USD11.9bn, ~USD1.7bn higher than in January. Oil exports were down 11.6% y/y due to lower prices with petrochemicals also down. Despite the smaller push from exports, the balance benefitted from a monthly import slowdown contracting 3% m/m on seasonally adjusted basis also correcting from some large one-off seen in January. Looking ahead, we expect trade balance to be supported by recovering oil prices despite lower volumes due to the cut in production agreed in the last OPEC+ meeting.

Inflation in Dubai eases in March

Dubai: inflation eases in March to 4.3% y/y – further improvements likely

Inflation in Dubai edged down from 4.9% y/y in February to 4.3% y/y in March, thanks to a deceleration in core momentum and to a sizable base effect. The latter is expected to have an even stronger effect in coming months which will allow inflation to moderate in annual terms.

Week ahead

Hungary to remain on hold at 13.00% but the focus is on the adjustment towards normalising policy

Hungary: MNB to remain on hold but speed/scale of adjustment to normal policy key

The National Bank of Hungary (MNB) will meet on 25 April, and we (and consensus) expecting the Monetary Policy Committee (MPC) to leave its base rate on hold at 13.00%. We believe the key focus is on the timing and speed of the adjustment in the one-day deposit rate – currently 18.00% – towards the base rate. Last week, Deputy Governor Virag indicated that the MNB will take the first step towards easing at this week's meeting. Specifically, Deputy Governor Virag signalled that the collateralised loan rate, which currently sets the upper bound of the interest rate corridor, will be lowered from its current level of 25.0%. Whilst this rate does not anchor short-term market rates, it would affect the interest rate corridor in which the one-day deposit rate – the de facto anchor – can effectively be set. Looking ahead, our current read of the MNB's reaction function is that the path of converging the one-day deposit rate (18.00%) towards the Base Rate (13.00%) depends primarily on FX developments. The MNB has welcomed the strong performance of the Hungarian Forint (HUF), and we thought that before the banking sector turmoil in early March, the MNB would already consider adjusting the one-day deposit rate at the March MPC meeting. The fallout and the weakness of the HUF on the back of banking sector developments has delayed this and the FX depreciation last week does call for a prudent approach.

Turkey to keep rates on hold at 8.5% with the focus to keep the TRY stable amid mounting depreciation pressures, until after the elections

Turkey: CBRT to remain on hold at 8.5% with the focus on keeping the TRY stable








The Central Bank of Turkey (CBRT) will meet on 27 April, and we (and consensus) expect the Monetary Policy Committee (MPC) keep the repo rate on hold at 8.50%. With the elections less than a month away, we view that the CBRT's focus is to keep the Turkish Lira (TRY) stable amid mounting depreciation pressures, at least until after the elections. Speculation that there will be a sharp devaluation following the elections has led locals to dollarise and accumulate gold holdings at rates that are similar to previous periods prior to heightened currency volatility.

Russian to keep rates on hold at 7.50% with rate hikes on the table

Russia: CBR to maintain rates at 7.50% as inflation accelerates above target

The Central Bank of Russia (CBR) will announce rates on 28 April, and we (and consensus) expect rates to remain on hold at 7.50%. Inflation registered a large decline by 7.5ppts to 3.5% y/y in March, below the CBR's target of 4.0%, primarily driven by the expected robust base effects from the price overshoot post the invasion of Ukraine last year. The CBR has expressed a hiking bias, and we view this will be maintained in the communication despite the recent inflation dynamics. Growth continues to be supported by an expansion of fiscal spending that is running above the plans in the budget in seasonally adjusted terms, and will remain one of the key factors determining the future path of monetary policy. With the presidential election ahead in 2024 and the military conflict ongoing, we think fiscal policy will remain expansionary and the CBR will raise rates to balance the fiscal loosening.

Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Hungary	25/04/2022	16:00	Policy rate decision (%)	April	--	13.00%	13.00%	!!!
	Bahrain	26/04/2022	--	CPI (% y/y)	Mar	--	--	1.1%	!!!
	Turkey	27/04/2022	15:00	Policy rate decision (%)	April	--	8.50%	8.50%	!!!
	Ukraine	27/04/2022	15:00	Policy rate decision (%)	April	--	25.00%	25.00%	!!
	Poland	28/04/2022	12:00	CPI (% y/y)	Apr P	--	15.0%	16.1%	!!!
	Russia	28/04/2022	14:30	Policy rate decision (%)	April	--	7.50%	7.50%	!!!
	Saudi Arabia	30/04/2022	--	SAMA Net Foreign Assets (SAR)	Mar	--	--	1625.1b	!!!

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	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	5.67	5.66	6.04	5.75	5.92	17.40	26.19	-23.37
Czech Rep.	10 years	4.64	4.79	4.69	5.04	4.94	-10.50	14.53	-25.82
Egypt	9 years	15.84	15.23	15.23	16.19	17.99	180.40	276.43	587.48
Greece	8 years	3.68	3.88	3.71	3.91	3.98	6.80	9.90	-5.86
Hungary	8 years	9.05	9.39	9.26	9.66	9.12	-54.00	-27.24	-73.02
Israel	8 years	3.86	3.87	3.87	3.83	3.89	5.80	2.21	51.91
Jordan	5 years	6.59	6.81	6.96	6.97	7.21	24.10	39.40	72.66
Kenya	7 years	12.94	12.14	12.41	12.59	14.25	166.50	211.28	394.32
Kuwait	6 years	3.95	3.83	3.81	3.74	3.92	17.30	8.33	31.21
Lebanon	9 years	83.65	86.19	86.04	87.96	91.21	325.00	514.56	-1018.03
Morocco	11 years	5.09	5.09	5.09	5.04	5.19	14.70	10.05	-4.08
Nigeria	9 years	13.48	12.20	12.60	12.82	13.27	44.60	107.19	123.74
Oman	9 years	5.86	5.82	5.67	5.69	5.73	4.30	-8.38	-17.67
Poland	8 years	3.69	3.81	3.63	3.73	3.78	5.60	-2.38	29.41
Romania	7 years	5.59	5.63	5.54	5.62	5.63	0.60	-0.57	-21.61
Qatar	9 years	4.15	4.14	3.84	3.97	4.13	16.00	-1.60	-24.44
Russia	5 years	35.32	35.53	35.53	36.09	36.34	25.70	85.77	351.93
Saudi Arabia	8 years	4.25	3.70	0.03	3.74	4.18	43.50	47.96	-43.72
South Africa	9 years	7.06	6.93	6.93	6.92	7.12	19.60	18.64	8.71
Turkey	7 years	8.00	8.22	8.43	8.28	8.79	51.10	57.28	46.44
Ukraine	8 years	46.83	47.49	47.49	48.26	48.74	48.00	128.21	765.93
Abu Dhabi	6 years	3.96	4.04	3.80	3.89	4.09	19.70	4.89	-7.25
Dubai	8 years	4.38	4.45	4.37	4.37	4.31	-5.50	-14.03	-30.47




















EM EMEA equity market (index)									
	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	Change (%)		
							Week	MTD	YTD
Bahrain	1,897	1,899	1,887	1,886	1,882	1,887	0.31	0.04	-0.42
Czech Rep.	1,318	1,291	1,352	1,381	1,418	1,417	-0.09	4.78	17.92
Egypt	14,704	15,625	16,419	16,709	17,671	17,516	-0.88	6.68	19.98
Greece	1,020	1,021	1,055	1,074	1,103	1,111	0.77	5.38	19.52
Hungary	40,771	41,819	42,318	44,218	43,285	44,101	1.88	4.21	0.70
Israel	1,726	1,779	1,739	1,742	1,740	1,712	-1.58	-0.91	-4.09
Jordan	2,645	2,581	2,601	2,505	2,470	2,476	0.26	-4.80	-1.01
Kenya	103	111	113	114	112	108	-3.33	-4.36	-15.40
Kuwait	7,046	7,051	7,051	6,969	6,990	7,156	2.37	1.49	-1.87
Lebanon	2,017	1,800	1,840	1,881	1,879	1,914	1.87	4.00	35.72
Morocco	10,416	10,405	10,391	10,461	10,470	10,495	0.23	0.99	-2.10
Nigeria	54,935	54,893	54,858	52,994	51,904	51,356	-1.06	-6.38	0.20
Oman	4,888	4,871	4,863	4,756	4,811	4,743	-1.41	-2.46	-2.35
Poland	1,678	1,670	1,759	1,754	1,854	1,901	2.50	8.08	6.06
Romania	12,227	11,990	12,112	12,363	12,460	12,397	-0.51	2.35	6.29
Qatar	9,910	10,006	10,213	10,342	10,090	9,930	-1.58	-2.76	-7.03
Russia	2,323	2,392	2,451	2,508	2,555	2,640	3.33	7.72	22.55
Saudi Arabia	9,977	10,446	10,590	10,906	10,965	11,164	1.81	5.42	6.54
South Africa	67,001	69,181	70,498	71,379	73,134	72,345	-1.08	2.62	8.05
Turkey	5,136	5,032	4,813	4,925	5,093	5,012	-1.58	4.14	-9.02
Ukraine	507	507	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	9,650	9,503	9,430	9,462	9,623	9,634	0.11	2.16	-5.65
Dubai	3,349	3,349	3,407	3,411	3,492	3,471	-0.60	1.89	4.04

EM EMEA FX against USD*

		17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	Change (%)		
								Week	MTD	YTD
 USD Index		103.71	103.12	102.51	102.09	101.55	101.82	-0.27	-0.62	-1.60
 Bahrain**		0.38	0.38	0.38	0.38	0.38	0.38	-0.01	0.01	0.00
 Czech Rep.		22.48	22.01	21.65	21.44	21.21	21.40	-0.88	1.22	5.48
 Egypt		0.03	0.03	0.03	0.03	0.03	0.03	0.00	0.31	24.69
 Greece***		1.07	1.08	1.08	1.09	1.10	1.10	0.05	1.28	2.55
 Hungary		372.87	357.57	350.56	343.85	339.82	342.20	-0.70	2.24	8.88
 Israel		3.67	3.58	3.60	3.61	3.67	3.65	0.50	-1.90	-4.14
 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	1.35	9.46
 Kuwait		0.31	0.31	0.31	0.31	0.31	0.31	0.00	0.00	-0.26
 Lebanon		15012.00	15023.50	15032.50	15138.00	15050.50	15051.00	0.00	-0.12	-89.90
 Morocco		10.37	10.28	10.24	10.19	10.13	10.12	0.09	1.17	3.12
 Nigeria		460.74	461.39	460.75	461.75	461.58	461.63	-0.01	-0.21	-0.20
 Oman**		0.39	0.39	0.39	0.39	0.39	0.39	0.05	0.00	-0.21
 Poland		3.77	3.76	3.76	3.76	3.76	3.76	0.02	0.11	0.23
 Romania		4.61	4.58	4.56	4.52	4.50	4.49	0.15	1.51	2.73
 Qatar**		3.64	3.64	3.64	3.64	3.64	3.64	-0.01	0.01	0.00
 Russia		77.01	77.28	77.72	81.19	82.28	81.57	0.86	-4.71	-9.05
 Saudi Arabia**		3.77	3.76	3.76	3.76	3.76	3.76	0.02	0.11	0.23
 South Africa		18.47	18.16	17.80	18.19	18.09	18.11	-0.12	-1.85	-6.04
 Turkey		19.01	19.07	19.18	19.25	19.36	19.40	-0.18	-1.17	-3.59
 Ukraine		36.92	36.93	36.94	36.78	36.95	36.93	0.05	0.52	0.47
 UAE**		3.67	3.67	3.67	3.67	3.67	3.67	0.01	-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)

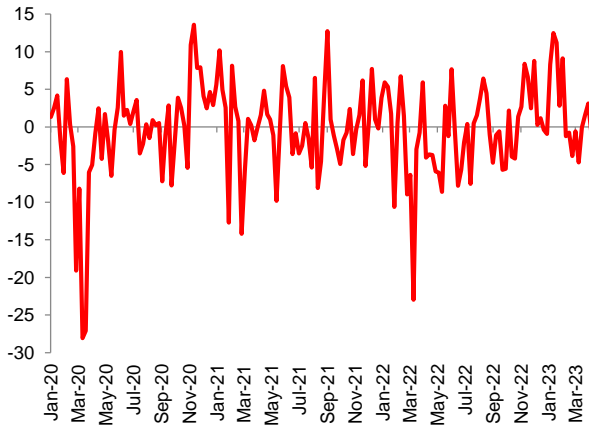
		17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	Change in yield (basis points)		
								Week	MTD	YTD
 Bahrain		245.42	252.28	243.42	253.46	249.97	255.59	5.62	12.17	29.32
 Czech Rep.		37.47	38.31	35.34	35.26	35.08	35.21	0.13	-0.13	-10.17
 Egypt		1491.59	1407.73	1311.46	1369.33	1473.03	1625.64	152.61	314.18	758.39
 Greece		116.20	124.01	119.74	119.74	119.74	119.74	0.00	0.00	-12.31
 Hungary		166.00	172.92	168.97	169.06	171.74	174.07	2.33	5.10	-27.88
 Israel		57.35	60.22	60.24	59.68	59.57	62.65	3.08	2.41	19.51
 Kenya		811.50	820.50	734.50	758.00	725.00	713.00	-12.00	-21.50	266.50
 Kuwait		48.46	55.27	55.29	55.22	52.11	52.21	0.10	-3.08	2.03
 Morocco		164.86	180.62	158.98	159.06	156.27	159.12	2.85	0.14	-0.23
 Nigeria		1362.00	1377.00	1233.00	1273.00	1217.00	1197.00	-20.00	-36.00	820.00
 Oman		159.75	169.00	155.33	157.04	158.00	159.69	1.69	4.36	-22.26
 Poland		100.00	102.97	101.98	100.00	95.02	95.03	0.01	-6.95	-19.89
 Romania		200.07	214.90	207.95	204.20	200.56	203.31	2.75	-4.64	-79.17
 Qatar		46.91	50.29	44.09	44.09	44.09	44.09	0.00	0.00	-5.06
 Saudi Arabia		67.03	69.17	62.72	64.16	61.06	62.14	1.08	-0.58	0.03
 South Africa		284.55	298.52	269.98	285.65	271.76	283.15	11.39	13.17	32.64
 Turkey		531.76	535.52	514.40	514.40	514.40	514.40	0.00	0.00	7.59
 Abu Dhabi		44.43	49.29	42.34	42.52	40.60	41.71	1.11	-0.63	-3.45
 Dubai		81.70	90.09	82.17	81.15	79.11	80.64	1.53	-1.53	-3.48

Source: Bloomberg, MUFG Research

EM capital flows

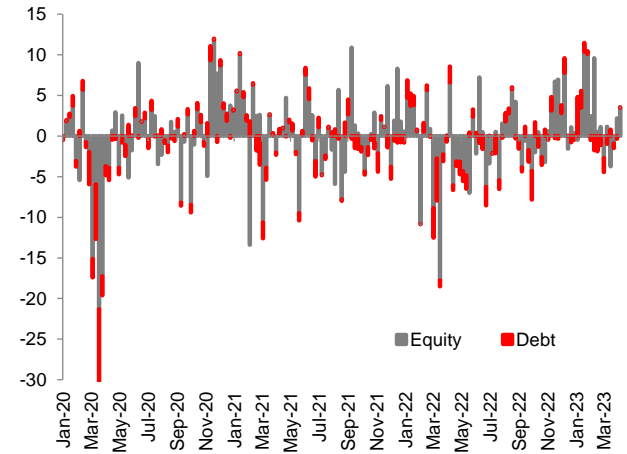
WEEKLY TOTAL EM OUTFLOWS OF USD-1.1BN – 07 APRIL

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



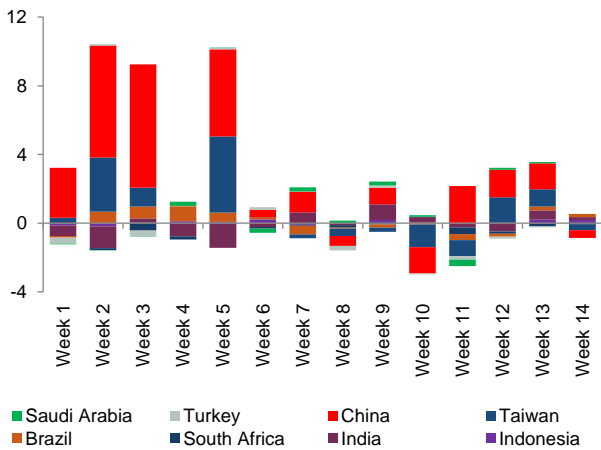
WEEKLY EM OUTFLOWS FROM EQUITY (USD-1.2BN) AND DEBT INFLOWS (USD0.1BN) – 07 APRIL

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



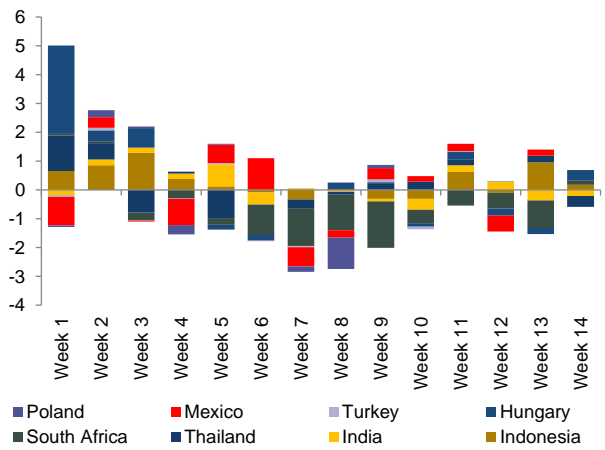
CHINA (USD-0.4BN) AND TAIWAN (USD-0.3BN) LED WEEKLY EM EQUITY OUTFLOWS – 07 APRIL

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



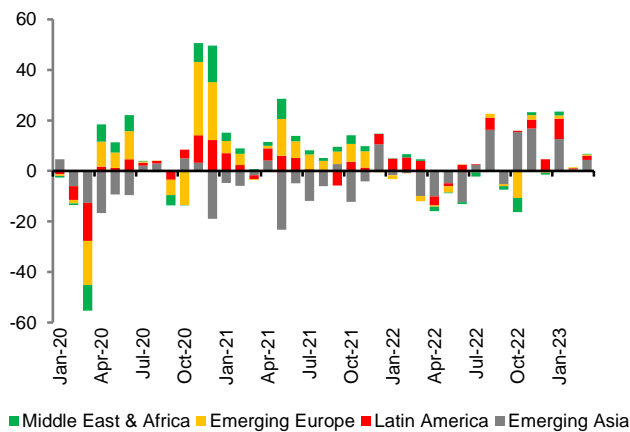
HUNGARY (USD0.4BN) LED WEEKLY EM DEBT INFLOWS – 07 APRIL

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



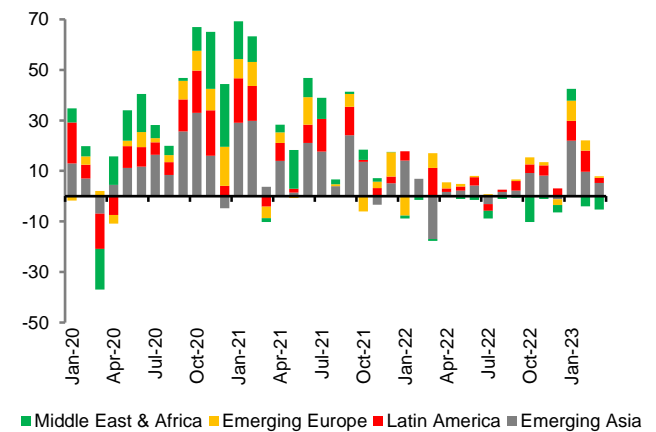
EM EQUITY INFLOWS TOTALLED USD6.8BN IN MARCH, LED BY EM ASIA (USD4.4BN)

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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