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**MUFG Bank, Ltd.**

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## China's buoyant reopening is not yet spilling over into other EMs

**Macro focus:** Despite China's GDP topping 9.1% on a sequential basis in Q1 2023 on a robust reopening, EM ex-China as a whole remains lacklustre. We highlight two key factors. First, the Chinese reopening has been less about infrastructure spending that historically channels effectively into other EMs, and more domestically contained thus far. Second, EM outperformed markedly against its US dollar beta in 2022 (driven by earlier rate hikes and steep real rate differentials), but since the US dollar peaked in October 2022, EMs have given up this outperformance as it appears the US dollar is more expensive than EMs are cheap.

**FX views:** The upcoming FOMC decision this week could be pivotal for the US dollar (USD) and with it EM FX. Declining rate volatility has been helpful in keeping the USD at bay. We believe this is key, reflecting how the USD is not responding as much to renewed expectations for the Fed to raise rates nor elevated US recession probabilities. This highlights how there is less fear of the Fed or US hard landing risks – core sources of comfort for EM FX.

**Week in review:** Hungary initiated policy normalisation by lowering the top end of its interest rate corridor. Turkey and Russia both kept their policy rates unchanged at 8.50% and 7.50%, respectively. Qatar is expanding its LNG fleet on higher output.

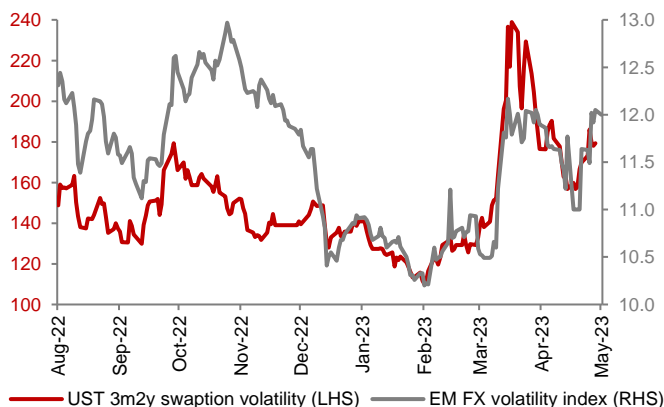
**Week ahead:** Czech Republic is set to hold rates at 7.00%, inflation in Turkey to ease by 5.9ppts to 44.6% y/y in April and EM EMEA PMI readings for April.

**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: FED YELLS "JUMP" AND EM'S ASKS "HOW HIGH"

EM CURRENCY VOLATILITY VS UST 3 MONTH 2 YEAR SWAPTION VOLATILITY



Uncertainty surrounding US Treasury yield expectations is causing EM currency volatility to rise, with the correlation between the two strengthening significantly over the past six months as soft currency stability remains inexorably linked to US monetary policy.

Source: Bloomberg, MUFG Research

## Macro focus

### China's buoyant reopening is not yet spillover over into other EMs

Two factors as to why higher Chinese growth is not spilling over into other EMs as of yet

Despite China's GDP topping 9.1% on a sequential basis in Q1 2023 on a robust reopening, EM ex-China as a whole remains lacklustre. We highlight two key factors. First, the Chinese reopening has been less about infrastructure spending that historically channels effectively into other EMs, and more domestically contained thus far. Second, EM outperformed markedly against its US dollar beta in 2022 (driven by earlier rate hikes and steep real rate differentials), but since the US dollar peaked in October 2022, EMs have given up this outperformance as it appears the US dollar is more expensive than EMs are cheap – put differently, starting points matter, with EM resiliency against a stronger US dollar in 2022 signalling less potential on a weaker US dollar in 2023.

China's growth is gaining momentum, investors' sentiment has improved significantly but scepticism across the EM space remains and conviction is low

What's happening now reminded us of what happened last October when the China reopening trade began in earnest following the 20<sup>th</sup> Party Congress, when China was reaching a watershed moment in its COVID policy. At that time, China's growth was weak, investors' sentiment was weak and positioning in Chinese assets was light. That's why a policy pivot caused strong performance of Chinese assets. Fast forward to today, China's growth is gaining momentum, investors' sentiment has improved significantly but scepticism across the EM space remains and conviction is low.

EM's recent dreary performance can be considered as giving back previous outperformance from last year

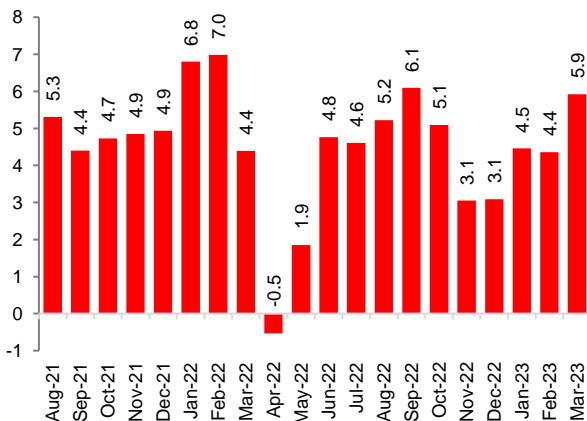
The positive implications of a weaker US dollar for EMs are well recognised and the recent track record is somewhat surprising – since the US dollar peak in mid-October (on a trade-weighted basis), the US dollar has depreciated 8%, yet the MSCI EM index has underperformed the MSCI World index by 3.2%. In this regard, EM's recent dreary performance can be considered as giving back previous outperformance from last year.

We are convinced that the 2009 and 2016 China recovery playbook is on, but more a H2 2023 story

Looking ahead, we acknowledge that the initial phase of the Chinese recovery is driven by consumption and the services sectors, and thus not benefitting EMs through the export angle (just yet), but we are convinced that the 2009 and 2016 China recovery playbook is on, but more a H2 2023 story (see [here](#)). What is clear is that, four months into 2023, the mood music across global markets is one of apprehension and persistent caution regarding stagflation trepidation. Beyond this, investors are concerned about a further spillover of US banking issues as well as the spillover effects of tightening credit and lending conditions that could lead to weak data and slower growth, which justifies the rate cut in the price.

### CHINA'S GROWTH DATA IS STARTING TO PICKUP SIX MONTHS SINCE THE START OF THE REOPENING TRADE

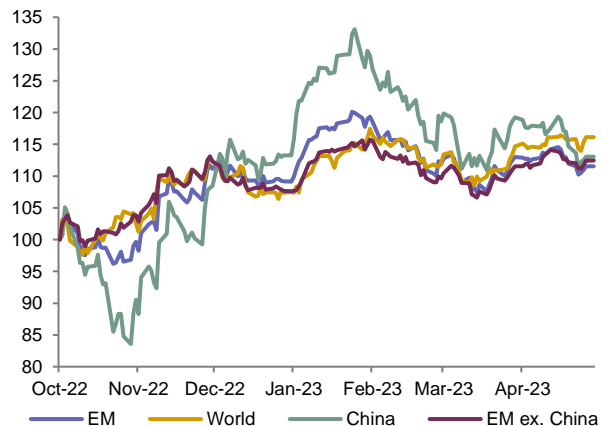
CHINA BLOOMBERG MONTHLY GDP ESTIMATE (% Y/Y)



Source: Bloomberg, MUFG Research

### CHINA'S REBOUND HAS BEEN SIGNIFICANT SINCE THE 20<sup>TH</sup> PARTY CONGRESS BUT EM EX. CHINA IS LAGGING

MSCI EM, CHINA, EM EX. CHINA AND WORLD (REBASED OCT 22 = 100)



Source: Bloomberg, MUFG Research

## FX views

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

All eyes on the FOMC for the next directional move for the USD

The upcoming FOMC decision this week could be pivotal for the US dollar (USD) and with it EM FX. Some officials, like Presidents Goolsbee and Bostic, have said that they do not expect a recession, and need to stay focused on inflation, but still want to take a more “prudent” approach. In their view, this means likely pausing rate hikes for some time after this meeting to assess whether credit tightening and the lagged effect of prior rate hikes are sufficient to bring inflation down. If the FOMC guides strongly in this direction, it could have a meaningful impact on the USD. It would suggest that Fed officials are still working through the events of March and have turned more cautious in their inflation fight. Whether a sign of increased inflation tolerance or a greater substitution from rate hikes to credit tightening, either are negative for the currency.

Less fear of the Fed or US hard landing risks is supportive for EM FX

From an EM FX perspective, many have had a better performance against the USD since the tightening of US financial conditions peaked in mid-March. Declining rate volatility has also been helpful in keeping the USD at bay. We believe this is key, reflecting how the USD is not responding as much to renewed expectations for the Fed to raise rates nor elevated US recession probabilities. This highlights how there is less fear of the Fed or US hard landing risks – core sources of comfort for EM FX.

Lower volatility has been a prominent driver in seeing the resilience of EM FX carry performing

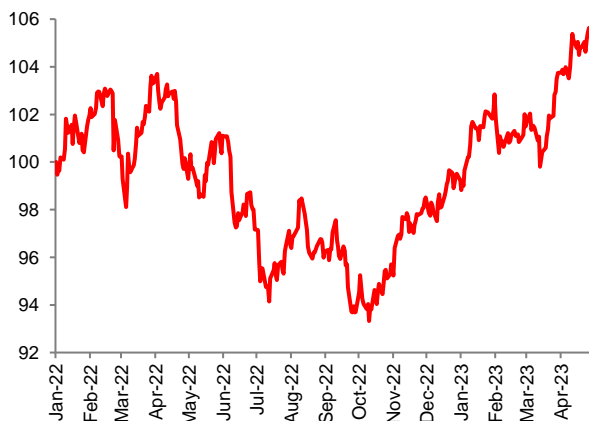
Meanwhile, lower volatility has been a prominent driver in seeing the resilience of EM FX carry performing. This is not exactly a new phenomenon with volatility subsiding following the US banking pressures in March. Instead, this has endured throughout the first quarter, especially with many currencies having high nominal yields in the EM EMEA and LatAm regions. Asia FX carry has not witnessed the same positive returns, even though some carry-to-volatility ratios are comparatively high this year.

Headwinds still persist across the EM FX space

However, it is not all constructive for the EM FX complex. First, there is more divergence between major and EM currency performance versus the USD. The former is performing better more recently than the latter, which is likely a function of a hawkish ECB and a resilient flow backdrop for the EUR. Second, the global growth cycle may not be strong enough. The USD is a countercyclical currency and strengthens when the global economy is slowing quickly, and the opposite also holds true. A bottoming out of the global economy should lend support to EM FX from a top down perspective but this is not as positive as if there was a synchronous upturn.

### LOWER VOLATILITY HAS BEEN A KEY DRIVER IN SEEING THE RESILIENCE OF EM FX CARRY PERFORMING

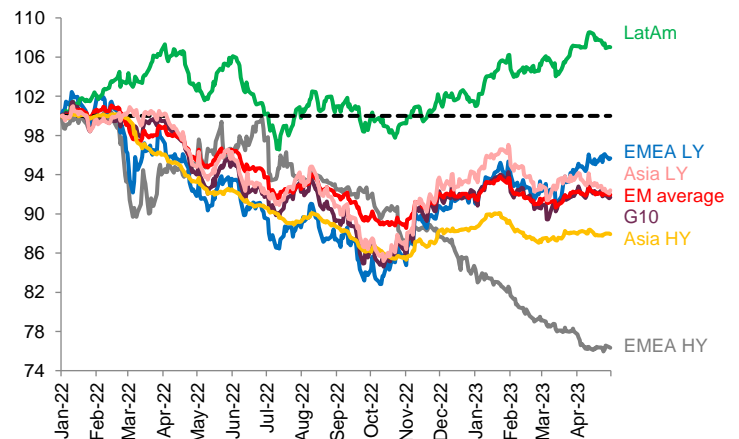
EM FX CARRY (REBASED 1 JAN 2022 = 100)



Source: Bloomberg, MUFG Research

### RECENT BOUT OF RISK AVERSION HAS NOT PUT MUCH STRESS ON EM FX GIVEN COMPETING FORCES

EM REGIONAL FX VERSUS THE USD (REBASED 1 JAN 2022 = 100)



Source: Bloomberg, MUFG Research

## Week in review

The easing of financial conditions has also led to a recovery in many EM currencies

Last week, investors decreased their exposures to EMs

Hungary commences policy normalisation with an interest rate corridor adjustment, but maintains that policy easing will be cautious and gradual in tone

Turkey keeps rates on hold with all eyes on the election this month

### Capital flows: outflows from EM bonds, passive-led inflows into EM equities

Following a sharp tightening, on the back of banking sector strains, US financial conditions have seen a marked improvement since mid-March. The easing of financial conditions has also led to a recovery in many EM currencies, particularly those with relatively better carry prospects such as HUF, PLN, BRL and CLP. Turning to EM fund flows,

According to IIF data, investors decreased their EM exposure last week (USD-1.6bn), with equity outflows driving almost all the bearish sentiment (USD-1.6bn), with debt flows broadly flat. Less favourable liquidity conditions continue to have 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, has yet to convincingly show a rebound in EM flows.

### Hungary: MNB starts policy normalisation with rate corridor adjustment

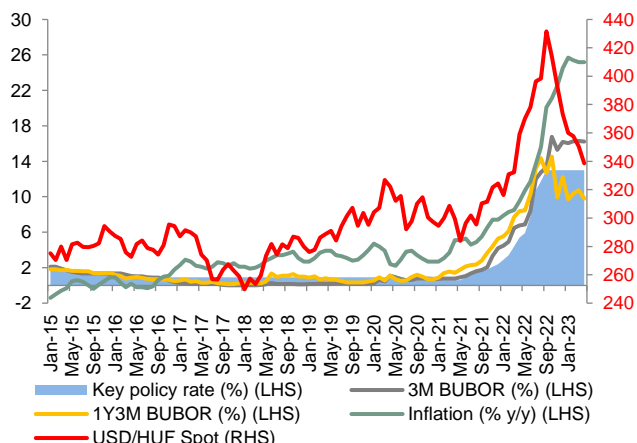
The National Bank of Hungary (MNB) left the base rate unchanged at 13.00% in line with our (and consensus) expectations. Consistent with the communication it provided recently, the MNB initiated policy normalisation by lowering the top end of its interest rate corridor – the overnight lending rate – by 450bp to 20.50%. Granted, this rate is seldom used in practice and is not binding on market rates, and instead serves as an upper bound for the one day deposit rate (currently at 18.00%, and which anchors short-term market rates), but the symbolism that such easing has on markets is significant, in our view. In explaining the decision, the MNB stated that it reduced this rate on the back of an improvement in Hungary's risk perception and a reduced risk of severe downside scenarios. Moreover, Deputy Governor Virag noted that he could see the convergence of the one day deposit rate (18.00%) with the base rate (13.00%) taking place by some time in Q3 2023.

### Turkey: CBRT keeps the repo rate unchanged at 8.50% as expected

The Central Bank of Turkey (CBRT) kept its policy rate unchanged at 8.50%, in line

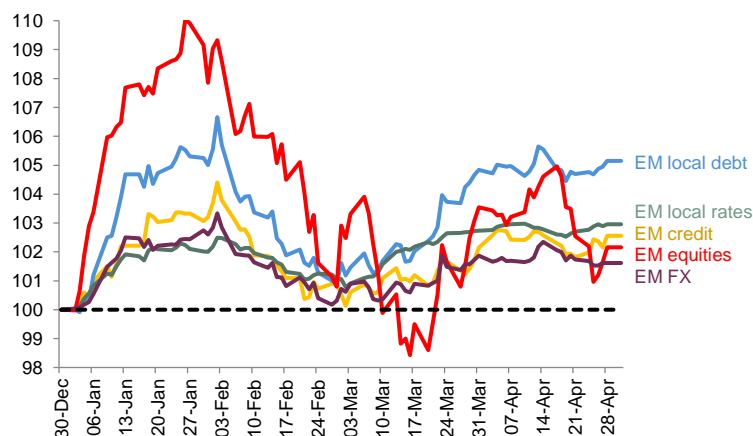
### HUNGARY STARTS INTS POLICY NORMALISATION WITH AN ADJUSTMENT IN THE INTEREST RATE CORRIDOR

HUNGARY CPI (%Y/Y), POLICY RATE (%) AND USD/HUF



### 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)



with our (and consensus) expectations. The Monetary Policy Committee (MPC) cited the sufficiency of the current monetary policy stance to support the necessary recovery in the aftermath of the earthquake. Having said that, under the current heterodox monetary policy framework, the policy rate continues to not anchor prevailing banking rates in the wider system. Indeed, rates on TRY-deposits reached ~28%, whilst consumer loan rates are slightly higher. Given the recent depreciation pressures on the Turkish Lira (TRY), we believe the CBRT's primary focus at the current juncture is to keep the TRY stable, until post-elections. Speculation that there will be a sharp devaluation following the elections appears to have led some locals to dollarise and accumulate gold holdings at rates that are similar to previous periods prior to heightened currency volatility.

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Russia keeps rates on hold but we expected higher rates in the months ahead to ease the inflation overshoot

**Russia: CBR keeps rates on hold at 7.50% with updated medium-term forecasts**

The Central Bank of Russia (CBR) left its key rate unchanged at 7.50%, in line with our (and consensus) expectations, but kept its hiking bias intact, reiterating that "forthcoming Board meetings will consider the necessity of a key rate increase". It also published its quarterly update of its medium-term forecasts which comprised a revision of the forecast for year-end inflation for 2023, down from 5.0%-7.0% to 4.5%-6.5% and the range for the 2023 average key rate forecast was narrowed from between 7.0% and 9.0% to between 7.3% and 8.2%. In the press release, the CBR guided that it projects inflation to remain below the 4% target in the coming months on base effects but start to gradually increase in H2 2023. The CBR noted that inflation expectations have fallen slightly but remain high and could rise once again given the weakening of the Russian Rouble (RUB). Going forward, we forecast headline inflation to trough near 2.5% y/y in April and climb towards above-target levels by mid-year driven both by less supportive base effects and rising sequential inflation. From a monetary policy perspective, we continue to forecast that the CBR will commence increasing rates by Q3 2023 to limit the inflation overshoot.

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Inflation in Poland declined in April

**Poland: significant expansion of LNG fleet to accommodate future production**

Inflation in Poland decreased from 16.1% y/y in March to 14.7% y/y in April. Food inflation was considerably weak, due to strong base effects and sequential weakness. Other non-core components in energy were also softer. Set against this, core inflation continued to track higher, increasing by 0.1pp to 12.4% y/y, on our estimates. Looking ahead, we continue to expect a sharp slowdown in headline inflation, potentially at a faster pace than our current baseline expectations if there is momentum in the weaker food inflation dynamics. Set against this, we view that sticky core, especially in services, will limit the extent and speed at which inflation will return to the National Bank of Poland's (NBP) 2.5% ± 1ppt target, and we continue to project a prolonged inflation target overshoot in Poland.

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Qatar is expanding its liquefied natural gas (LNG) fleet

**Qatar: significant expansion of LNG fleet to accommodate future production**

Qatar is expanding its LNG carrier fleet according to reports, booking slots for the next five years at major South Korean shipbuilding yards for a total order of 100 new carriers. This is part of the effort linked to the North Field project expansion. This is expected to increase gas production capacity by more than 40% by 2027 and by more than 60% in total by 2028.

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## Week ahead

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### Czech Republic to keep rates on hold at 7.00%

#### **Czech Rep.:** CNB to keep rates on hold at 7.00%

The Board of the Czech National Bank (CNB) is scheduled to meet on 3 May and we, alongside consensus, expect the CNB to keep its policy rate on hold at 7.00%. While the CNB Board appeared incrementally more hawkish after the March meeting in stating that the next MPC decision will likely be between stable rates and a hike, the Board generally views the current monetary policy stance as sufficiently restrictive. The CNB has repeatedly stated that inflation is declining along the path expected by its winter forecast including the March CPI print, which showed headline inflation falling by 1.7pp to 15.0% y/y. The CNB therefore continues to see headline inflation returning to the 2% target in H1 2024. However, we remain more concerned about unanchored inflation expectations and wage pressures in the Czech Republic and view that, in the absence of further rate hikes, a higher-for-longer period for rates will be necessary to bring inflation back to the target.

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### Inflation in Turkey is set to fall sharply in April

#### **Turkey:** inflation to decline in April on base effects and tariff cuts on utilities

Inflation in Turkey will be released on 3 May, and we expect it to ease from 50.5% y/y in March to 44.6% y/y in April (consensus 44.3% y/y), primarily on base effects and the recent tariff cuts to electricity and gas prices. We expect core inflation to decline as well, but by a smaller quantum, from 47.4% y/y in March to 45.0% y/y (consensus 45.4% y/y). Although global oil prices rose on the month, electricity tariffs and the price cap on the free market in Turkey were both cut by 15%, while gas prices for industrial users and power plants were cut by close to 20%. Looking ahead, while we expect headline inflation to average 42.0% in 2023, there is more uncertainty around the disinflation path after April, reflecting possible FX volatility post-elections.












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### EM EMEA PMI for April to print higher

#### **EM EMEA PMI for April:** rebound following the March banking turmoil uncertainty

The EM EMEA aggregate PMI fell marginally in March by 0.2ppts to 51.2, broadly in line with the region's long-term average (51.0). Across the CEE-3, the aggregate PMI fell from 48.9 to 48.6 driven by declines in Hungary (from 56.5 to 55.3) and Poland (from 48.5 to 48.3), while the Czech PMI stayed constant at 44.3. Elsewhere in the EM EMEA region, the PMI improved in Turkey (from 50.1 to 50.9), whereas it fell in Russia (from 53.6 to 53.2) and in South Africa (from 48.8 to 48.1). In the rest of Sub-Saharan Africa, the PMI rose notably in Kenya (from 46.6 to 49.2) and to a lesser extent in Ghana (from 50.2 to 50.9). By contrast, the Nigerian PMI registered the largest deterioration across CEEMEA, from 44.7 to 42.3. In MENA, the PMI continued to rise in Qatar (from 51.9 to 53.8) and in UAE (from 54.3 to 55.9) against losses in Saudi Arabia (from 59.8 to 58.7) and Egypt (from 46.9 to 46.7).

## Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Russia	02/05/2022	07:00	PMI manufacturing	Apr	---	---	53.2	!!!
	Poland	02/05/2022	08:00	PMI manufacturing	Apr	---	---	48.3	!!!
	Hungary	02/05/2022	08:00	PMI manufacturing	Apr	---	---	55.3	!!!
	Turkey	02/05/2022	08:00	PMI manufacturing	Apr	---	---	50.9	!!!
	Czech Rep.	02/05/2022	08:30	PMI manufacturing	Apr	---	---	44.3	!!!
	Nigeria	02/05/2022	09:45	PMI manufacturing	Apr	---	---	54.8	!!!
	S. Africa	02/05/2022	10:00	PMI manufacturing	Apr	---	---	48.1	!!!
	Egypt	03/05/2022	05:15	PMI manufacturing	Apr	---	---	46.7	!!!
	Saudi Arabia	03/05/2022	05:15	PMI manufacturing	Apr	---	---	58.7	!!!
	Turkey	03/05/2022	08:00	CPI (% y/y)	Apr	44.6%	44.3%	50.5%	!!!
	Turkey	03/05/2022	08:00	Core CPI (% y/y)	Apr	45.0%	45.4%	47.4%	!!!

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	-11.56	0.20	-0.40	6.62	5.40	3.90
Czech Rep.	0.30	0.46	2.48	-5.10	-3.90	-2.80	-0.84	-3.00	-2.20
Egypt	1.08	4.27	5.00	-5.78	-6.70	-6.20	-3.48	-3.40	-3.00
Greece	9.70	0.80	1.91	-7.98	-1.88	-1.26	-7.10	-6.33	-6.11
Hungary	0.40	0.40	2.50	-7.14	-3.90	-3.20	-4.18	-5.10	-3.60
Iraq	4.43	3.96	2.48	-0.37	9.17	6.95	7.76	12.96	9.28
Israel	2.70	4.00	4.50	-10.76	0.90	-0.20	4.30	3.00	3.90
Jordan	2.10	2.60	2.54	-7.77	-6.55	-5.90	-8.17	-4.75	-3.99
Kenya	0.90	5.00	5.00	-6.05	-5.80	-5.20	-5.21	-4.90	-4.20
Kuwait	-8.86	2.20	2.50	2.34	3.40	1.90	3.99	26.70	19.20
Lebanon	-25.91	-	-	-3.53	-	-	-15.10	-	-
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	-5.48	-5.30	-5.40	-0.42	0.30	0.70
Oman	3.09	2.80	2.70	6.32	2.40	1.80	-4.86	4.20	2.70
Poland	2.00	0.80	2.90	-1.84	-5.20	-3.70	-1.40	-3.30	-2.20
Romania	4.55	2.40	3.50	-5.77	-5.10	-4.40	-9.28	-7.80	-6.70
Qatar	8.00	2.80	2.10	4.35	10.20	8.90	14.72	19.60	11.90
Russia	-2.28	-3.30	1.40	0.77	-2.50	-1.90	6.66	5.80	4.20
Saudi Arabia	5.52	4.40	3.24	-2.26	3.50	3.10	5.10	11.80	10.20
South Africa	0.90	1.49	1.41	-4.49	-5.30	-4.90	-0.48	-1.40	-1.90
Turkey	3.50	2.93	3.12	-1.64	-4.00	-3.90	-5.38	-4.20	-3.40
Ukraine	-31.40	2.00	6.00	-16.68	-	-	-1.62	-	-
UAE	3.90	3.78	4.50	4.03	6.00	4.30	11.55	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	-0.10	2.30	2.10	6.75	5.75	5.25	0.38	0.38	--
Czech Rep.	15.00	9.20	3.40	7.00	8.00	6.00	23.55	20.98	--
Egypt	32.70	22.40	13.50	18.25	19.25	19.25	30.86	34.50	--
Greece	4.57	3.20	1.62	3.50	3.55	2.65	1.10	1.12	--
Hungary	25.20	15.20	4.60	13.00	11.50	7.50	338.96	366.10	--
Iraq	6.40	4.52	2.97	4.00	4.00	4.00	1310.00	1460.00	--
Israel	5.00	3.60	2.10	4.50	4.00	3.00	3.62	3.10	--
Jordan	3.91	2.99	2.49	7.75	6.40	6.40	0.71	0.71	--
Kenya	7.90	8.30	6.70	9.50	9.50	9.50	135.39	113.14	--
Kuwait	3.70	2.80	2.00	4.00	4.00	3.50	0.31	0.30	--
Lebanon	263.84	-	-	2.75	-	-	15050.00	1512.33	--
Morocco	8.20	3.80	3.20	3.00	2.00	2.00	10.05	9.25	--
Nigeria	22.00	18.90	14.20	18.00	17.50	16.00	462.28	--	--
Oman	1.58	2.60	2.10	4.73	5.50	5.00	0.38	0.39	--
Poland	14.70	13.10	8.20	6.75	8.00	6.00	4.19	4.15	--
Romania	14.53	11.30	5.60	7.00	8.00	6.00	4.48	4.48	--
Qatar	4.01	3.20	2.50	5.50	5.75	5.25	3.64	3.64	--
Russia	3.51	6.10	4.20	7.50	8.75	9.00	118.69	70.21	--
Saudi Arabia	2.74	2.90	2.60	5.00	5.00	4.50	3.75	3.75	--
South Africa	7.10	5.50	4.30	7.75	7.25	5.75	18.37	16.25	--
Turkey	50.51	45.10	32.60	8.50	30.00	18.50	0.05	23.00	--
Ukraine	21.30	-	-	25.00	25.00	22.50	36.92	--	--
UAE	5.59	3.20	2.10	4.94	4.90	4.40	3.67	3.67	--


























## Core indicators

EM EMEA sovereign bond yields (%)									
	Maturity	31-Mar	07-Apr	14-Apr	21-Apr	28-Apr	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	5.66	6.04	5.75	5.92	5.89	-3.20	-0.31	-26.86
Czech Rep.	10 years	4.79	4.69	5.04	4.94	4.66	-27.40	0.10	-53.17
Egypt	9 years	15.24	#N/A N/A	16.18	18.00	18.12	11.80	0.36	601.36
Greece	8 years	3.88	3.71	3.91	3.98	3.82	-15.50	0.01	-21.35
Hungary	8 years	9.39	9.26	9.66	9.12	8.69	-43.40	0.08	-116.46
Israel	8 years	3.84	#N/A N/A	3.83	3.89	3.76	-13.20	0.10	39.83
Jordan	5 years	6.81	6.96	6.97	7.21	6.71	-49.50	8.43	31.41
Kenya	7 years	12.14	12.41	12.59	14.25	13.84	-41.20	5.70	358.53
Kuwait	6 years	3.83	3.81	3.74	3.92	3.87	-4.60	2.70	29.29
Lebanon	9 years	86.19	86.04	87.96	91.21	92.55	133.80	27.49	-869.20
Morocco	11 years	5.09	#N/A N/A	5.04	5.19	5.18	-0.30	0.11	-4.40
Nigeria	9 years	12.20	12.60	12.82	13.27	12.72	-54.60	6.01	75.03
Oman	9 years	5.82	5.67	5.69	5.73	5.51	-22.00	6.88	-32.74
Poland	8 years	3.81	3.63	3.73	3.78	3.63	-15.80	0.12	13.63
Romania	7 years	5.63	5.54	5.62	5.63	5.45	-18.00	0.15	-39.64
Qatar	9 years	4.14	3.84	3.97	4.13	4.00	-12.70	0.80	-36.17
Russia	5 years	35.53	#N/A N/A	36.09	36.34	36.62	28.00	8.31	384.30
Saudi Arabia	8 years	3.70	0.03	3.74	4.18	3.58	-59.50	-46.04	-149.32
South Africa	9 years	6.93	#N/A N/A	6.92	7.12	6.96	-16.20	0.07	-7.45
Turkey	7 years	8.22	8.43	8.28	8.79	8.39	-39.80	0.33	6.78
Ukraine	8 years	47.49	#N/A N/A	48.26	48.74	49.81	107.00	7.34	876.74
Abu Dhabi	6 years	4.04	3.80	3.89	4.09	3.98	-11.30	-10.86	-29.54
Dubai	8 years	4.45	4.37	4.37	4.31	4.35	4.00	-3.55	-29.95




















EM EMEA equity market (index)									
	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	28-Apr	Change (%)		
							Week	MTD	YTD
Bahrain	1,899	1,887	1,886	1,882	1,887	1,895	0.38	0.00	0.48
Czech Rep.	1,291	1,352	1,381	1,418	1,417	1,378	-2.75	0.00	14.67
Egypt	15,625	16,419	16,709	17,671	17,516	17,797	1.60	-2.02	18.58
Greece	1,021	1,055	1,074	1,103	1,111	1,085	-2.36	0.00	16.70
Hungary	41,819	42,318	44,218	43,285	44,101	44,822	1.64	0.00	2.35
Israel	1,779	1,739	1,742	1,740	1,712	1,751	2.26	0.10	-1.57
Jordan	2,581	2,601	2,505	2,470	2,476	2,461	-0.60	-0.49	-2.08
Kenya	111	113	114	112	108	108	-0.19	0.00	-15.56
Kuwait	7,051	7,051	6,969	6,990	7,156	7,163	0.10	-0.39	-2.44
Lebanon	1,800	1,840	1,881	1,879	1,914	1,880	-1.79	0.00	33.29
Morocco	10,405	10,391	10,461	10,470	10,495	10,525	0.29	0.00	-1.82
Nigeria	54,893	54,858	52,994	51,904	51,356	52,404	2.04	0.00	2.25
Oman	4,871	4,863	4,756	4,811	4,743	4,735	-0.19	0.72	-2.17
Poland	1,670	1,759	1,754	1,854	1,901	1,923	1.18	0.00	7.31
Romania	11,990	12,112	12,363	12,460	12,397	12,268	-1.04	0.00	5.18
Qatar	10,006	10,213	10,342	10,090	9,930	10,145	2.17	0.89	-3.83
Russia	2,392	2,451	2,508	2,555	2,640	2,635	-0.19	0.00	22.32
Saudi Arabia	10,446	10,590	10,906	10,965	11,164	11,271	0.96	-0.20	7.70
South Africa	69,181	70,498	71,379	73,134	72,345	72,583	0.33	0.00	8.40
Turkey	5,032	4,813	4,925	5,093	5,012	4,618	-7.87	0.00	-16.18
Ukraine	507	507	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	9,503	9,430	9,462	9,623	9,634	9,789	1.61	-0.87	-4.96
Dubai	3,349	3,407	3,411	3,492	3,471	3,545	2.13	-0.19	6.05

**EM EMEA FX against USD\***

		24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	28-Apr	Change (%)		
								Week	MTD	YTD
	USD Index	103.12	102.51	102.09	101.55	101.82	101.66	0.16	0.36	-1.45
	Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	0.01	-0.01	0.00
	Czech Rep.	22.01	21.65	21.44	21.21	21.40	21.35	0.22	-0.37	5.28
	Egypt	0.03	0.03	0.03	0.03	0.03	0.03	0.00	0.00	24.69
	Greece***	1.08	1.08	1.09	1.10	1.10	1.10	-0.30	-0.28	2.64
	Hungary	357.57	350.56	343.85	339.82	342.20	338.62	1.05	-0.10	10.14
	Israel	3.58	3.60	3.61	3.67	3.65	3.63	0.70	0.20	-2.99
	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	9.46
	Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	0.00	0.26	0.00
	Lebanon	15023.50	15032.50	15138.00	15050.50	15051.00	15038.38	0.08	-0.08	-89.90
	Morocco	10.28	10.24	10.19	10.13	10.12	10.05	0.71	0.00	3.86
	Nigeria	461.39	460.75	461.75	461.58	461.63	461.59	0.01	-0.15	-0.32
	Oman**	0.39	0.39	0.39	0.39	0.39	0.39	-0.05	-2.89	-3.12
	Poland	3.76	3.76	3.76	3.76	3.76	3.76	0.00	0.01	0.24
	Romania	4.58	4.56	4.52	4.50	4.49	4.47	0.40	-0.24	3.01
	Qatar**	3.64	3.64	3.64	3.64	3.64	3.64	-0.06	0.01	-0.06
	Russia	77.28	77.72	81.19	82.28	81.57	79.88	2.07	-0.57	-7.65
	Saudi Arabia**	3.76	3.76	3.76	3.76	3.76	3.76	0.00	0.01	0.24
	South Africa	18.16	17.80	18.19	18.09	18.11	18.29	-1.01	-0.43	-7.25
	Turkey	19.07	19.18	19.25	19.36	19.40	19.45	-0.27	-0.06	-3.87
	Ukraine	36.93	36.94	36.78	36.95	36.93	36.92	0.03	0.01	0.01
	UAE**	3.67	3.67	3.67	3.67	3.67	3.68	-0.02	-0.01	-0.04

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)**

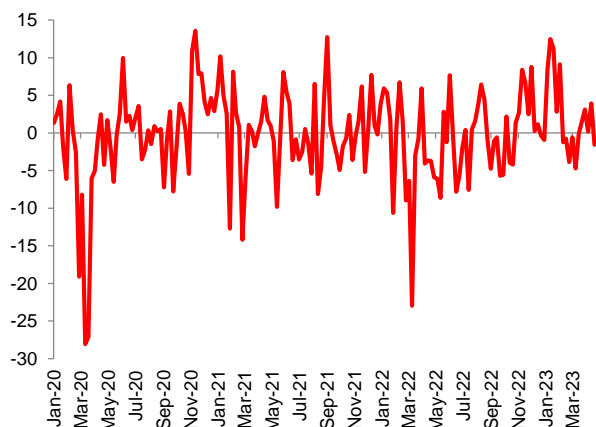
		24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	28-Apr	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	252.28	243.42	253.46	249.97	255.59	257.17	1.58	13.75	30.90
	Czech Rep.	38.31	35.34	35.26	35.08	35.21	35.37	0.16	0.03	-10.01
	Egypt	1407.73	1311.46	1369.33	1473.03	1625.64	1722.45	96.81	410.99	855.20
	Greece	124.01	119.74	119.74	119.74	119.74	119.74	0.00	0.00	-12.31
	Hungary	172.92	168.97	169.06	171.74	174.07	171.91	-2.16	2.94	-30.04
	Israel	60.22	60.24	59.68	59.57	62.65	63.71	1.06	3.47	20.57
	Kenya	820.50	734.50	758.00	725.00	713.00	731.00	18.00	-3.50	284.50
	Kuwait	55.27	55.29	55.22	52.11	52.21	52.30	0.09	-2.99	2.12
	Morocco	180.62	158.98	159.06	156.27	159.12	163.88	4.76	4.90	4.53
	Nigeria	1377.00	1233.00	1273.00	1217.00	1197.00	1227.50	30.50	-5.50	850.50
	Oman	169.00	155.33	157.04	158.00	159.69	161.16	1.46	5.82	-20.80
	Poland	102.97	101.98	100.00	95.02	95.03	91.08	-3.95	-10.90	-23.84
	Romania	214.90	207.95	204.20	200.56	203.31	201.15	-2.16	-6.80	-81.33
	Qatar	50.29	44.09	44.09	44.09	44.09	44.09	0.00	0.00	-5.06
	Saudi Arabia	69.17	62.72	64.16	61.06	62.14	62.48	0.34	-0.24	0.37
	South Africa	298.52	269.98	285.65	271.76	283.15	275.60	-7.55	5.62	25.09
	Turkey	535.52	514.40	514.40	514.40	514.40	514.40	0.00	0.00	7.59
	Abu Dhabi	49.29	42.34	42.52	40.60	41.71	42.85	1.14	0.51	-2.31
	Dubai	90.09	82.17	81.15	79.11	80.64	81.68	1.04	-0.49	-2.44

Source: Bloomberg, MUFG Research

## EM capital flows

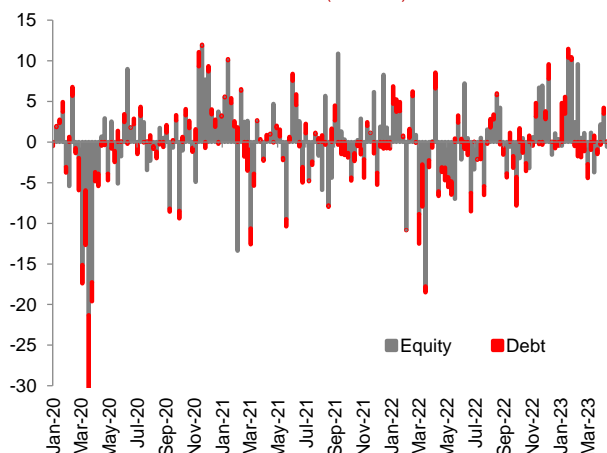
WEEKLY TOTAL EM OUTFLOWS OF USD-1.6BN – 21 APRIL

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



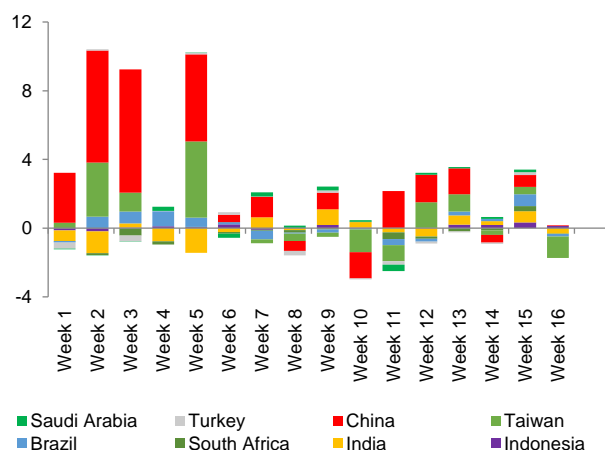
WEEKLY EM OUTFLOWS FROM EQUITY (USD-1.6BN) AND DEBT OUTFLOWS (USD-0.03BN) – 21 APRIL

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



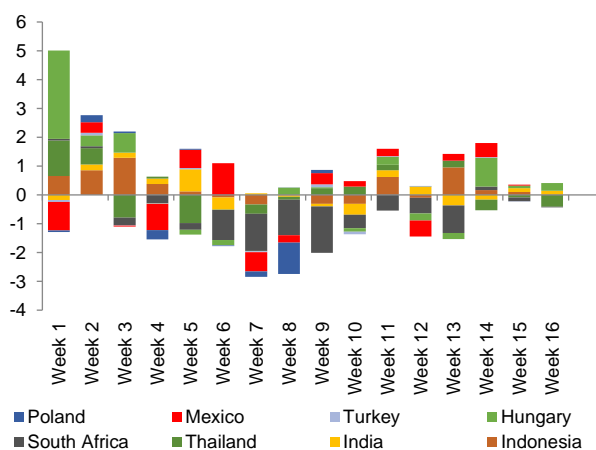
TAIWAN (USD-1.3BN) AND INDIA (USD-0.3BN) LED WEEKLY EM EQUITY OUTFLOWS – 21 APRIL

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



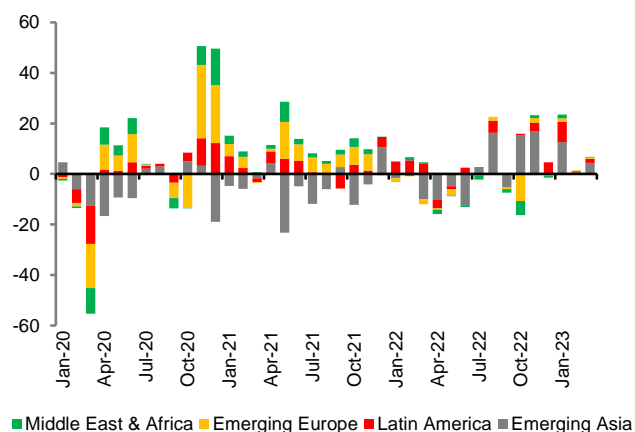
THAILAND (USD0.4BN) LED WEEKLY EM DEBT INFLOWS – 21 APRIL

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



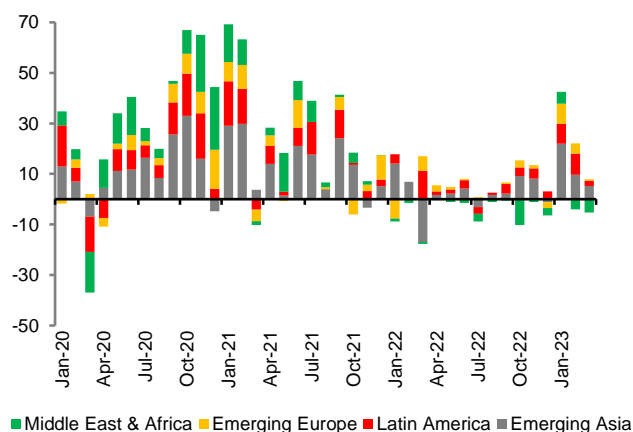
EM EQUITY INFLOWS TOTALLED USD6.8BN IN MARCH, LED BY EM ASIA (USD4.4BN)

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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