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MUFG Bank, Ltd.
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The start of EM rate cuts is being overshadowed by the sell-off in US rates

Macro focus: This year’s winning EM carry trade strategy may still have some room to run work given a peaking rate cycle (see [here](#) and [here](#)). Yet, apprehensions are rising. The easy part of disinflation is mostly over with the fall likely slower going forward given the lack of favourable base effects and quietly rising energy prices. Also, EM central banks have begun loosening monetary policy rather abruptly ahead of DMs, which may lower the yield on offer rapidly and weigh on currencies (see [here](#)).

FX views: The recent messaging from the Fed reinforces that it is soon to end raising rates, if not having done so already. This is encouraging for EM FX, but we would caution that this is insufficient for these currencies to strengthen with other

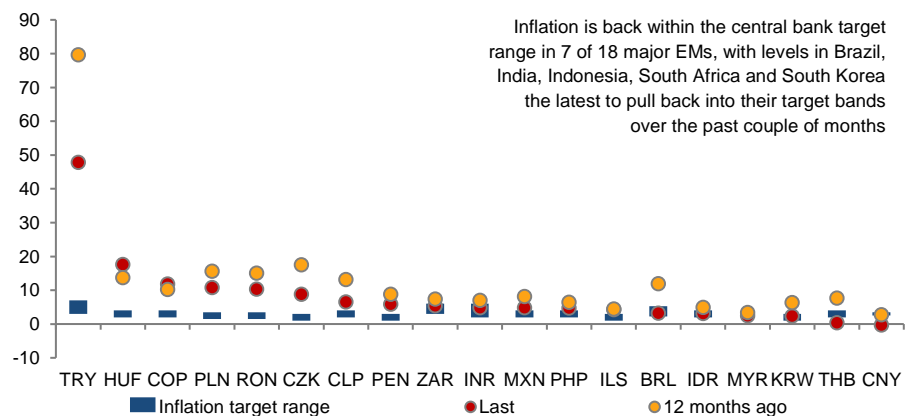
Week in review: July headline inflation eased in Czech Republic, Romania and Hungary, driven largely by base effects in food and energy prices. Core inflation fell in Czech Republic, however, remained sticky in the case of Romania.

Week ahead: In the week ahead, July inflation statistics will be released in Israel and the final print of Poland’s July inflation data will be released. Additionally, Q2 2023 GDP for Romania, Hungary, Poland and Israel are set to be released.

Forecasts at a glance: External funding requirements remain the central concern for the EM complex in H2 2023. We expect EM growth to trough this year but remain below potential in the 2024 recovery. The silver lining is that subdued growth should cap inflation, facilitating monetary policy easing where external balances allow.

Core indicators: According to data from the IIF, July recorded the second largest monthly inflows into EM funds this year – EM funds received USD32.8bn from foreign investors – USD17.6bn into EM equities and USD15.2bn into EM bonds.

CHART OF THE WEEK: INFLATION CONTINUES TO RECEDE ACROSS EM'S EM INFLATION VS CENTRAL BANKS' TARGET RANGE (% Y/Y)



Source: Bloomberg, MUFG Research

Macro focus

The start of EM rate cuts is being overshadowed by the sell-off in US rates

A breakout in US rates to new highs is putting additional pressure on EM rates

Markets have for some time priced a swift start to easing cycles in EMs, with a particular focus on LatAm, where ex-ante real rates are the highest, and inflation is coming off relatively quickly. At the end of July, Chile became the first major EM central bank to lower its official target rate, followed by Brazil (see [here](#) and [here](#)). While this is typically a good time for EM receivers, the bear steepening of the US curve is a headwind, at least for the backend of EM curves, and especially in countries where rate cuts are not imminent yet. Historical lessons of US late cycle bear steepening moves suggest that the current US bear steepening is already relatively extended, though curves were not as inverted in the past. As such, EM risks still abound.

US rates are creating hurdles for EMs

While the local stories are predominantly on track, EM rates have to contend with a sell-off in US rates, which appears to be driven by a combination of the US soft landing narrative gaining increasing traction, by the Bank of Japan (BoJ) policy change, and by supply fears. While it is unclear to know which driver is most important, the fact that the curve is bear steepening suggests that supply may be the core factor. In the broad context, supply rises during recessions, when demand for US rates is very high. This time around, supply is rising fast, even with a recession not yet in sight, potentially making supply harder to digest and a more important driver of rates.

Market is pricing in ample EM rate cuts but not countries are equal

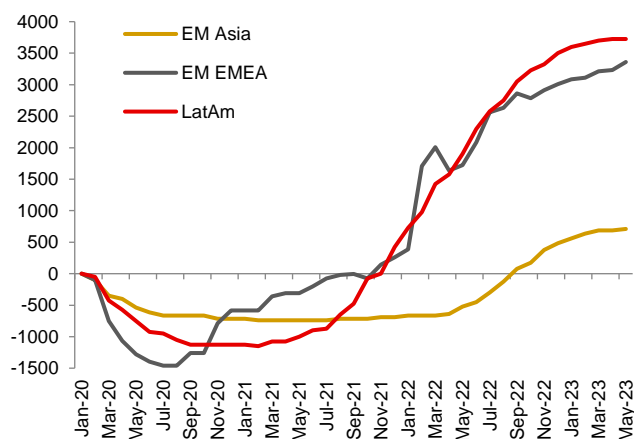
Given the headwind from US Treasuries, we view that the focus should be on EMs in which cuts are already imminent, and outright receivers should be geared towards the front-end. Given how much the market is already pricing for EM cuts, the key for us is to decipher which countries central banks are going to start on time, and where they cut fast enough versus what the market is pricing. As we recently catalogued, we forecast all nine early EM hikers to cut be the first to cut rates over the next three quarters (see [here](#)). This is reflecting progress on inflation, a greater stress by these central banks on neutral rates when evaluating the policy stance, as well as apprehensions about keeping their exchange rates high for an extended period.

Duration is caught between dovish EM central banks and the US rates sell-off

Overall, EM rates may still work better than US rates, at least where easing cycles are ongoing or imminent, but US rates are a clearly major headwind, and, partly there is a question of whether US rates hedges are required.

EM POLICY RATES HAVE RISEN PRECIPITOUSLY OVER THE LAST TWO YEARS BUT HAVE ALMOST PEAKED

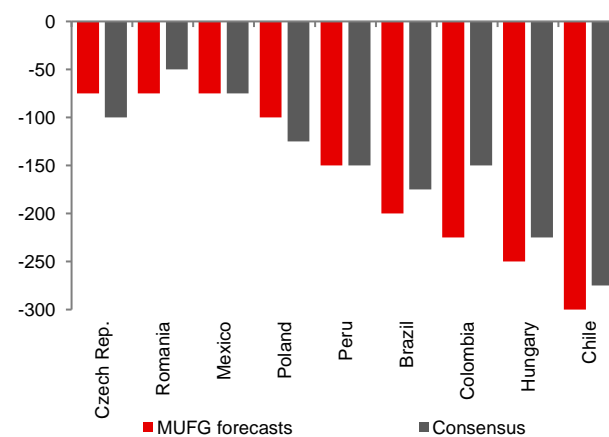
CUMULATIVE POLICY RATE CHANGES ACROSS EM EMEA, EM ASIA AND LATAM (BASIS POINTS), JANUARY 2020 = 100



Source: Bloomberg, EM Central Banks, MUFG Research

EM POLICY RATES HAVE RISEN PRECIPITOUSLY OVER THE LAST TWO YEARS BUT HAVE ALMOST PEAKED

EM EARLY HIKERS – EXPECTED CHANGE IN BENCHMARK POLICY RATES BY END Q1 2024 (%)



Source: Bloomberg, EM Central Banks, MUFG Research

FX views

Contextualising the scale of inflation relief for EM FX

Similar monthly US inflation print but different market reaction

Although the latest US CPI report was almost a carbon copy of last month's print, the market reaction was entirely different. To put this into context, while the data did not change, the market environment did. First, last month there was still some cynicism that inflation would actually come down after months of upside surprises. Markets appear at face value to not encounter any of that same cynicism now (at least regarding the next few months). Second, US activity has continued to be remarkably resilient, raising some questions whether this will prove to be only a temporary reprieve. Third, the foreign policy response has revealed less of a USD-negative environment than might have been expected a month ago – the ECB signalled that their hiking cycle is coming closer to the end. Meanwhile, EM central banks took a relatively aggressive approach to the start of the cutting cycle. In addition, the Bank of England (BoE) and Bank of Japan (BoJ) each made less dynamic adjustments than FX markets might have hoped. To put this into context, the market's attention has turned once again to US resilience – manifested in part in rising back-end yields.

EM FX outperformance faded post-US inflation reading for three reasons in our view

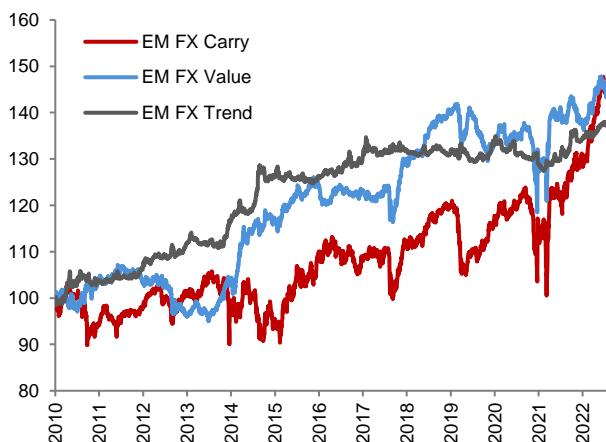
While EM FX had been resilient to the initial rebound in the USD following the last US CPI print, this has been less true more recently with USD strength more concentrated against EM FX. Also, even if EM FX outperformed following last week's CPI print, a considerable part of the rally faded as US rates moved higher post-reading. We believe this has likely been driven by a confluence of (i) concerns of faster-than-expected EM carry erosion, (ii) downside risks to the global growth outlook driven by a tepid China and (iii) upside risks to global inflation from higher commodity prices.

BRL and COP appear favourable in the current environment

On net, we think that a differentiated approach across these three axes makes the most sense – with the BRL and COP potential favourable expressions on these factors. Firstly, as we have documented recently, we do not believe all EM cutting cycles will be the same and given the growth and inflation data mix (see [here](#)), we expect the central banks of Brazil and Colombia to be among the most cautious in cutting rates – activity has been resilient in both and inflation in Colombia is stickier, whereas in Brazil the annualised inflation rate will accelerate slightly as base effects on energy drop off. Secondly, a potential US soft landing scenario should benefit pro-cyclical EM currencies that have relatively lower exposures to Europe and China (such as BRL and COP, with higher commodity prices as an additional tailwind for both currencies).

CARRY HAS BEEN 2023'S BEST PERFORMING EM FX STRATEGY – VALUE AND TREND ALSO IN THE BLACK

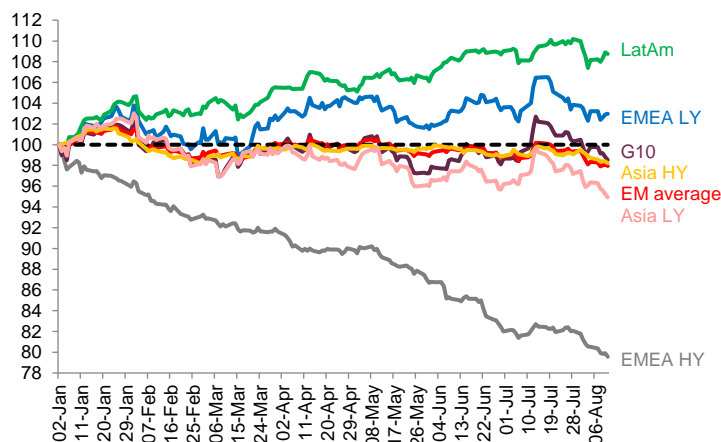
EM FX CARRY, VALUE AND TREND (REBASED 100 = 2010)



Source: Bloomberg, MUFG Research

LATAM FX, NOTABLY BRL AND COP, CONTINUE TO APPEAR FAVOURABLE IN THE CURRENT ENVIRONMENT

EM REGIONAL FX VERSUS THE USD (REBASED 1 JAN 2023 = 100)



Source: Bloomberg, MUFG Research

Week in review

Capital flows: EM assets drifted lower on the back of increased global risks

Rising in non-core CPI components and a worsening in the Chinese property crisis led to choppy EM equities performance

The rise in global energy and food prices coupled with missed debt payments by Country Gardens (one of China's largest property developers) led to increased concerns over EM economic growth, which resulted in a fall in EM asset prices over the last week. This was countered by US inflation which continued to show evidence of being on the path of moderation, which is set to bolster prospects of an US economic soft landing and a positive outlook for EM assets.

Another huge developer in China risks default; misses bond payments

The Chinese property developer's liquidity crunch is adding to concerns about the potential drag the industry will have on China's growth, and the cascading effects to the rest of EMs. This reveals that China's property sector requires more tangible and timely policy support to enable stabilisation.

High food and energy prices remain upside risks to EM disinflation phase

Additionally, the commodity price increases threaten to interrupt a disinflation phase and reduce any impact from the US Fed pause. While tight supplies in the oil market have led to oil price spikes, tensions in the Black Sea and unfavourable weather conditions have sent food prices soaring. As a result of which, concerns are looming regarding resurgent inflation forcing further interest rate hikes by central banks.

July flows to EM assets is the second largest this year

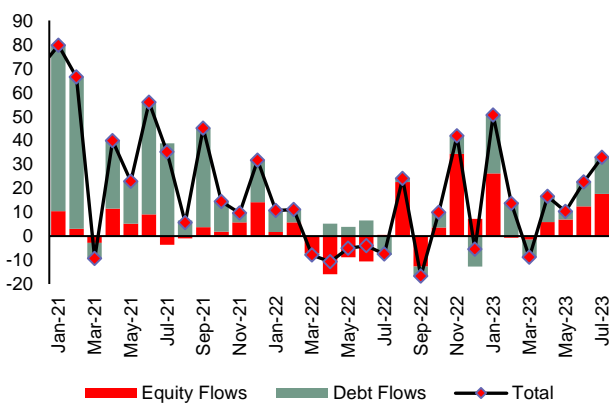
Meanwhile, data from IIF showed that July recorded the second largest monthly inflows into EM funds this year. EM funds received USD32.8bn from foreign investors – USD17.6bn into EM equities and USD15.2bn into EM bonds. Strong inflows into EM Asia and Latin America were seen, totalling around USD19bn and USD7.8bn, respectively. The positive momentum in equity markets in July combined with a perspective of lower inflation in the coming months for the US benefited EM flows.

China's debt capital flows recovers with over USD3bn inflows in July

Chinese debt saw a net inflow of funds from foreign investors for the first time this year in July as optimism grew on the wider emerging market assets. Diminished currency volatility enhanced the allure of carrying offshore, and is encouraging foreign creditors to benefit across EM local yield curves, making debt assets more attractive to foreign investors. We have recently seen how EM bond yields diverge from US treasury yields and the disinflation in EM allowing earlier rate cuts should favour positive dynamics for the EM complex. Hence, we expect further inflows into EM assets in the coming months.

EM EQUITY FUNDS LED JULY INFLOWS INTO EM, LED BY INFLOWS INTO EM ASIA

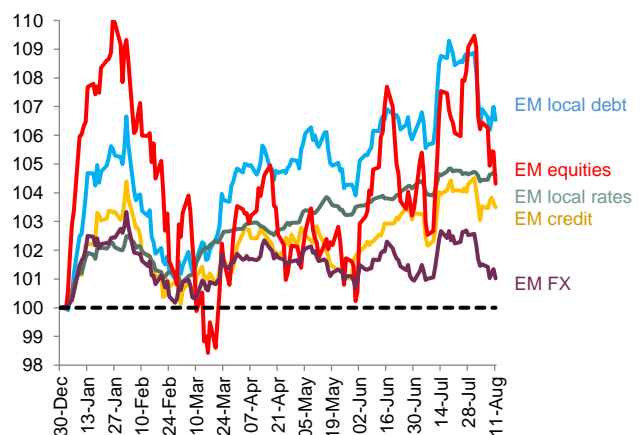
MONTHLY EM TOTAL (EQUITY & DEBT) FLOWS, (USD BN)



Source: IIF, MUFG Research

EM EQUITIES POSTED WEEKLY LOSSES, DRAGGED DOWN BY CHINESE SHARES

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



Source: Bloomberg, MUFG Research

Lower headline inflation across Czech, Romania and Hungary

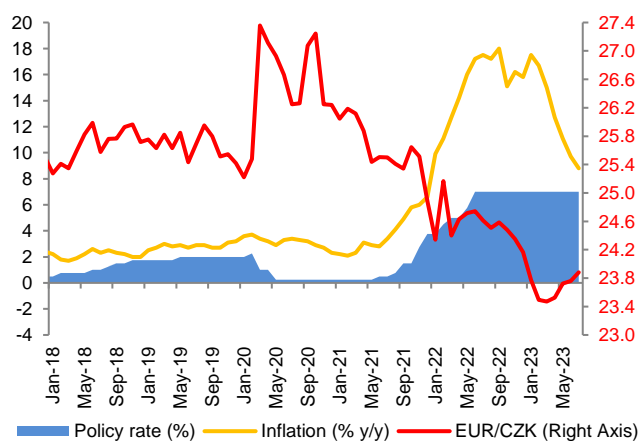
CEE inflation: July headline CPI slows further as markets expect rate cuts

Inflation data for July for Czech Republic, Romania and Hungary continued on the disinflationary trend and decreased further on both base effects and lower sequential price growth, with the fuel costs being the largest contributions to these declines whilst food prices continued to remain high.

1. **Czech Republic:** Headline inflation eased further in July and came in at 8.8% y/y, the lowest in the last 19 months and in line with the market expectations. This inflation print came in slightly below the central bank’s projection for the month and has boosted fresh hopes for the central bank to start discussions about the timing as well as the pace of monetary easing. The market has currently price in about 100bps cuts this year, starting as soon as September, although the recent central bank meeting notes that it does not have room for policy easing in 3Q 2023 amid persistent inflation risks. The CZK gained 0.4% against the euro on the back of the release of this August meeting minutes.
2. **Romania:** Romania’s July inflation rate eased for the fifth consecutive month, to 9.4% y/y, from 10.3% y/y in June, below market and our expectations. This marks the return of inflation to single digits after seventeen months, however risks from Russia-Ukraine war makes this reading not significant enough to trigger rate cuts before next year. Meanwhile, Romania’s central bank kept its monetary policy rate unchanged at 7.00% for a fifth time since January. The central bank increased its inflation forecast to 7.5% y/y in 2023 from a previous estimate of 7.1% y/y and sees the rate falling to 4.4% at the end of 2024.
3. **Hungary:** The July headline inflation came in at 17.6% y/y, falling from 20.1% y/y in June – below market and our expectations. This is the first time in eleven months that the inflation growth rate has come in below 20% y/y mark. Household energy costs, food prices, and fuel costs continued to boost inflation in July, rising an annual 36%, 23% and 22%, respectively.

CZECH INFLATION EASED BUT CENTRAL BANK NOTES NO ROOM FOR POLICY EASING THIS YEAR

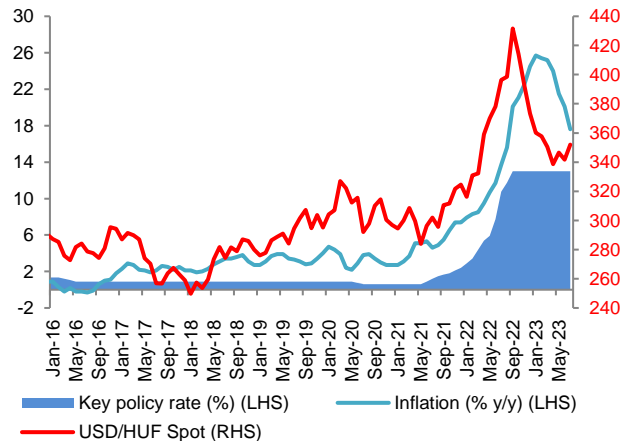
CZECH POLICY RATE (%Y/Y), INFLATION (%), FX (USD/CZK)



Source: Bloomberg, MUFG Research

HUNGARY JULY INFLATION BELOW 20% Y/Y MARK FOR THE FIRST TIME IN 2023

HUNGARY POLICY RATE (%Y/Y), INFLATION (%), FX (USD/HUF)



Source: Bloomberg, MUFG Research

Week ahead

CEE Q2 2023 GDP: mixed readings expected on economic growth

Poland 2Q 2023 GDP set to contract again on the back of weak consumer demand

A host of Q2 2023 GDP data is set to be released for the CE region:


















- 1. Poland:** We expect Poland's GDP data to come in at -0.3% y/y, with a sequential shrinking of 1.7% q/q in 2Q 2023. The slowdown in the economy is expected to reflect the reduction in the government consumption and softer household consumption demand. We see the volume of retail and industrial sales declined in June by 4.7% y/y and 1.4% y/y respectively. We expect positive contribution from net exports higher than the drag from a change in inventories. Improvement in economic activity is expected only in Q4 2023. The expected fall in 2Q 2023 GDP, coupled with July's decline in headline inflation have raised expectations for monetary policy easing in the upcoming September meeting.
- 2. Romania:** We foresee 2Q 2023 GDP to be supported by services for businesses, while large trade deficit, although narrowing, continues to impact the overall GDP. The National Bank of Romania (NBH) had earlier noted in its latest inflation report that the output gap is narrowing faster than expected and the latest data point to subdued growth in 2Q 2023. Against this backdrop, we see the GDP growth on a yearly basis in 2Q 2023 to come in at 2.5% y/y.
- 3. Hungary:** We expect Hungary's annual GDP growth in 2Q 2023 to come in at -1.3% y/y, with the main drivers being agriculture and the services sector. Agricultural sector, with the help of exceptionally favourable weather conditions, along with weak 2022 agricultural year is expected to result in record high contribution of agriculture to the y/y growth. However, domestic demand is expected to drag contributions from construction and industry. With this print, we expect Hungary to end its technical recession streak with a sequential growth of 0.2% q/q.

Israeli inflation to come in softer at 3.5% y/y in June

Israel CPI: July headline CPI is expected to ease to 3.5% y/y v/s 4.2% y/y June

We expect Israel headline inflation to come in at 3.5% y/y for the month of July, easing down from 4.2% y/y in the previous month. A recent report from the Central Bureau of Statistics mentioned that the average salary growth in Israel in June 2023 was 6.3% up from June 2022, which meant that the salaries are growing at a faster pace than inflation, thanks to tight job market conditions. While the fight against inflation is going on in full force worldwide, there is a significant factor that refuses to surrender to interest rate hikes. This increased demand may fuel inflation and could result in more Bank of Israel interest rate hikes.

Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Bahrain	14/08/2022	--	GDP (% y/y)	1Q 2023	--	--	4.1%	!!!
	Qatar	14/08/2022	--	GDP (% y/y)	1Q 2023	--	--	8.0%	!!!
	UAE	14/08/2022	--	CPI (% y/y)	Jul	--	--	2.1%	!!!
	Poland	14/08/2022	12:00	CPI (% y/y)	Jul	--	--	10.8%	!!!
	Nigeria	15/08/2022	--	CPI (% y/y)	Jul	--	23.5%	22.8%	!!
	Oman	15/08/2022	--	CPI (% y/y)	Jul	--	--	0.7%	!!!
	Qatar	15/08/2022	--	CPI (% y/y)	Jul	--	--	2.5%	!!!
	Saudi Arabia	15/08/2022	10:00	CPI (% y/y)	Jul	--	--	2.7%	!!!
	Israel	15/08/2022	19:30	CPI (% y/y)	Jul	3.5%	3.5%	4.2%	!!!
	Romania	16/08/2022	10:00	GDP (% y/y)	2Q 23A	2.5%	2.5%	2.4%	!!!
	Hungary	16/08/2022	10:30	GDP (% y/y)	2Q 23P	-1.3%	-1.3%	-0.9%	!!!
	Poland	16/08/2022	12:00	GDP (% y/y)	2Q 23P	-0.3%	-0.3%	-0.3%	!!!
	Israel	16/08/2022	14:00	GDP Annualized (% y/y)	2Q 23A	--	2.4%	3.2%	!!!
	Poland	16/08/2022	16:00	Core CPI (% y/y)	Jul	--	10.7%	11.1%	!!!
	Morocco	17/08/2022	--	CPI (% y/y)	Jul	--	--	5.5%	!!
	Lebanon	18/08/2022	--	CPI (% y/y)	Jul	--	--	253.6%	!!
	Kuwait	20/08/2022	--	CPI (% y/y)	Jul	--	--	3.8%	!!!

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	2.90	-11.56	0.20	-0.40	6.62	5.40	3.90
Czech Rep.	-0.50	0.30	2.48	-5.10	-4.80	-4.00	-0.84	-1.80	-1.20
Egypt	-7.60	3.80	4.00	-5.78	-5.80	-5.90	-3.48	-3.40	-3.00
Greece	6.66	1.40	1.50	-7.98	-1.88	-1.26	-7.10	-6.80	-5.20
Hungary	-0.90	0.40	3.00	-7.14	-3.90	-3.20	-4.18	-3.80	-3.20
Iraq	4.43	3.80	4.00	-0.37	9.17	6.95	7.76	12.96	9.28
Israel	3.80	3.00	3.50	-10.76	0.90	-0.20	4.30	3.80	3.60
Jordan	2.03	2.80	2.70	-7.77	-6.55	-5.90	-8.17	-6.50	-5.20
Kenya	0.90	5.00	5.00	-6.05	-5.80	-5.20	-5.21	-4.90	-4.20
Kuwait	-8.86	1.20	2.50	2.34	3.40	1.90	3.99	26.70	19.20
Lebanon	-25.91	-	-	-3.53	-	-	-15.10	-	-
Morocco	3.50	3.10	3.00	-5.94	-4.90	-4.80	-2.27	-3.50	-3.00
Nigeria	2.31	2.50	3.00	-5.48	-5.30	-5.40	-0.42	0.60	0.90
Oman	3.09	1.80	2.70	6.32	2.40	1.80	-4.86	2.20	1.90
Poland	-0.30	0.80	2.90	-1.84	-5.20	-3.70	-1.40	-1.80	-1.30
Romania	2.31	2.40	3.50	-5.77	-5.10	-4.40	-9.28	-7.80	-6.70
Qatar	8.00	2.80	2.50	4.35	10.20	8.90	14.72	17.00	14.70
Russia	-2.28	0.20	1.40	0.77	-2.50	-1.90	6.66	4.50	3.70
Saudi Arabia	3.78	2.30	3.20	-2.26	3.50	3.10	5.10	9.80	7.90
South Africa	0.20	1.50	1.60	-4.49	-5.30	-4.90	-0.48	-2.30	-2.80
Turkey	4.00	2.93	3.12	-1.64	-4.00	-3.90	-5.38	-4.60	-3.50
Ukraine	-10.50	2.00	8.00	-16.68	-	-	-1.62	-0.50	-3.80
UAE	3.90	3.20	3.80	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	0.70	2.30	2.10	7.00	5.75	5.25	0.38	0.38	--
Czech Rep.	11.10	11.80	3.70	7.00	7.00	4.50	23.73	21.07	--
Egypt	32.70	27.40	16.50	18.25	19.25	13.25	30.96	32.50	--
Greece	2.78	4.10	2.10	4.00	3.55	2.65	1.09	1.27	--
Hungary	21.50	19.00	5.60	13.00	11.00	6.50	343.77	339.30	--
Iraq	5.30	4.52	2.97	4.00	4.00	4.00	1310.00	1460.00	--
Israel	4.60	4.20	2.70	4.75	4.75	3.50	3.69	3.10	--
Jordan	1.96	2.99	2.49	8.00	6.40	6.40	0.71	0.71	--
Kenya	7.90	7.50	5.50	10.50	9.90	9.00	140.63	113.14	--
Kuwait	3.69	2.60	2.00	4.00	4.00	3.50	0.31	0.30	--
Lebanon	260.21	-	-	2.75	-	-	15047.00	--	--
Morocco	7.10	5.50	2.90	3.00	2.00	2.00	9.82	9.25	--
Nigeria	22.40	18.70	16.00	18.50	18.75	16.50	749.97	--	--
Oman	0.91	1.80	2.00	5.15	5.50	5.00	0.38	0.39	--
Poland	11.50	13.10	5.70	6.75	6.75	5.25	4.07	4.06	--
Romania	10.64	11.30	5.60	7.00	7.00	5.00	4.54	4.46	--
Qatar	2.61	2.80	2.50	5.75	5.75	5.25	3.64	3.64	--
Russia	2.51	5.50	5.00	7.50	8.75	8.00	118.69	94.85	--
Saudi Arabia	2.77	2.50	2.10	5.25	5.25	4.50	3.75	3.75	--
South Africa	6.30	6.10	4.70	8.25	8.25	7.25	18.78	19.50	--
Turkey	39.59	45.10	29.40	15.00	32.00	18.50	0.04	28.00	--
Ukraine	15.30	18.00	12.40	25.00	25.00	18.00	36.97	--	--
UAE	5.59	2.50	2.30	5.10	4.90	4.40	3.67	3.67	--

Core indicators

EM EMEA sovereign bond yields (%)									
	Maturity	14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	7.03	6.82	6.80	6.91	6.91	0.60	17.45	-35.78
Czech Rep.	10 years	4.29	4.24	4.26	4.31	4.34	2.20	5.67	-85.97
Egypt	9 years	15.07	15.48	15.50	16.41	16.56	14.20	106.59	443.69
Greece	8 years	3.57	3.51	3.50	3.50	3.58	7.50	14.47	-45.77
Hungary	8 years	7.59	7.58	7.60	7.79	7.72	-6.60	10.93	-212.89
Israel	8 years	3.73	3.73	3.73	3.71	3.69	-2.50	-1.74	31.24
Jordan	5 years	6.74	6.55	6.53	6.53	6.59	5.70	10.62	10.65
Kenya	7 years	11.32	11.28	10.80	11.10	11.00	-10.90	38.53	68.32
Kuwait	6 years	4.52	4.54	4.56	4.65	4.68	2.90	15.37	107.85
Lebanon	9 years	95.83	99.11	93.19	86.83	89.16	233.60	-336.85	-1234.85
Morocco	11 years	5.30	5.26	5.16	5.24	5.17	-6.30	2.25	-5.78
Nigeria	9 years	10.16	10.37	9.87	10.10	10.59	49.60	91.07	-143.83
Oman	9 years	5.96	5.83	5.79	5.92	5.88	-3.80	9.57	-3.06
Poland	8 years	3.41	3.38	3.39	3.46	3.43	-3.00	6.38	-5.63
Romania	7 years	5.12	5.03	5.02	5.06	5.05	-1.40	5.99	-79.84
Qatar	9 years	4.40	4.39	4.39	4.52	4.54	2.10	14.52	16.53
Russia	5 years	33.29	32.71	29.16	27.54	27.78	24.60	-131.60	-507.94
Saudi Arabia	8 years	4.73	4.73	4.75	4.82	4.87	4.50	9.31	25.51
South Africa	9 years	7.17	7.10	7.05	7.19	7.29	10.30	29.83	25.79
Turkey	7 years	8.05	7.87	7.59	7.67	7.78	10.60	31.16	-54.65
Ukraine	8 years	38.08	39.34	36.90	39.20	36.41	-279.70	-66.90	-470.83
Abu Dhabi	6 years	4.46	4.44	4.50	4.59	4.54	-4.40	4.58	37.88
Dubai	8 years	4.57	4.56	4.80	5.04	4.99	-4.50	14.31	37.24




















EM EMEA equity market (index)									
	07-Jul	14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	Change (%)		
							Week	MTD	YTD
Bahrain	1,959	1,975	1,977	1,992	1,982	1,972	-0.51	-0.98	4.09
Czech Rep.	1,284	1,311	1,335	1,354	1,366	1,360	-0.46	-0.07	13.13
Egypt	17,102	17,342	17,579	17,339	17,451	17,710	1.48	1.48	22.31
Greece	1,278	1,326	1,339	1,334	1,320	1,287	-2.48	-3.64	38.40
Hungary	49,892	51,855	53,404	53,340	54,012	56,114	3.89	5.13	28.13
Israel	1,763	1,812	1,884	1,855	1,851	1,888	2.02	-0.13	4.00
Jordan	2,471	2,456	2,484	2,435	2,437	2,443	0.25	-0.55	-2.77
Kenya	111	114	111	105	106	104	-2.04	-1.41	-18.41
Kuwait	7,182	7,314	7,320	7,263	7,145	7,148	0.04	-1.17	-1.69
Lebanon	1,718	1,658	1,691	1,786	1,751	1,831	4.56	2.15	29.83
Morocco	11,576	11,547	11,794	12,059	12,106	12,017	-0.74	-0.55	12.10
Nigeria	63,041	62,570	65,003	65,056	65,198	65,325	0.20	1.54	27.46
Oman	4,790	4,797	4,805	4,780	4,783	4,757	-0.55	-0.15	-1.82
Poland	2,036	2,127	2,156	2,189	2,170	2,105	-2.97	-4.02	17.48
Romania	12,640	13,061	13,230	13,244	13,111	13,072	-0.30	-1.17	12.08
Qatar	10,246	10,217	10,446	10,895	10,799	10,736	-0.59	-1.69	0.91
Russia	2,833	2,903	2,924	3,009	3,092	3,156	2.04	2.67	46.49
Saudi Arabia	11,598	11,708	11,756	11,848	11,376	11,424	0.42	-1.25	10.19
South Africa	69,510	72,480	71,579	73,120	71,604	71,434	-0.24	-2.99	6.69
Turkey	6,187	6,438	6,688	7,067	7,401	7,714	4.24	6.89	40.03
Ukraine	507	507	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	9,604	9,672	9,629	9,761	9,786	9,880	0.95	0.95	-3.25
Dubai	3,962	4,010	3,986	4,037	4,083	4,064	-0.46	0.12	21.83

EM EMEA FX against USD*

		07-Jul	14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	Change (%)		
								Week	MTD	YTD
	USD Index	102.27	99.91	101.07	101.62	102.02	102.84	-0.81	0.97	-0.66
	Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	0.01	0.00	0.01
	Czech Rep.	21.75	21.17	21.60	21.76	22.02	21.98	0.19	-1.16	2.67
	Egypt	0.03	0.03	0.03	0.03	0.03	0.03	-0.31	-0.31	24.69
	Greece***	1.10	1.12	1.11	1.10	1.10	1.09	0.52	-0.44	2.28
	Hungary	350.82	333.23	340.98	348.87	354.03	349.84	1.18	0.60	6.72
	Israel	3.69	3.60	3.63	3.69	3.66	3.74	-2.16	-1.65	-6.00
	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	15.71
	Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	0.00	-0.10	-0.26
	Lebanon	15038.00	15025.06	15028.88	15063.00	15032.51	15013.38	0.13	0.26	-89.88
	Morocco	9.78	9.69	9.75	9.77	9.75	9.88	-1.32	-0.33	5.66
	Nigeria	769.50	772.71	772.53	770.00	765.00	765.00	0.00	-0.65	-40.16
	Oman**	0.39	0.39	0.39	0.39	0.39	0.39	-0.03	-0.03	-0.05
	Poland	4.06	3.97	4.01	4.01	4.03	4.05	-0.55	-1.14	8.02
	Romania	4.51	4.40	4.44	4.48	4.49	4.51	-0.39	-0.58	2.39
	Qatar**	3.64	3.64	3.64	3.64	3.64	3.64	-0.01	0.00	-0.01
	Russia	91.37	90.33	90.67	91.87	95.61	98.94	-3.48	-7.21	-25.02
	Saudi Arabia**	3.76	3.76	3.76	3.76	3.76	3.76	0.00	0.01	0.25
	South Africa	18.87	18.11	17.96	17.63	18.46	18.95	-2.67	-5.82	-10.10
	Turkey	26.07	26.17	26.98	26.92	26.96	27.02	-0.21	-0.33	-30.76
	Ukraine	36.96	36.97	36.79	36.93	36.93	36.87	0.15	0.16	0.12
	UAE**	3.67	3.67	3.67	3.67	3.67	3.67	0.02	0.02	0.05

Note: * Exchange rate quoted as amount of USD per currency in line with market convention, other exchange rates are amount per USD; ** 12 month forward given pegged against USD; *** EUR per USD

EM EMEA 5 year CDS spreads (basis points)

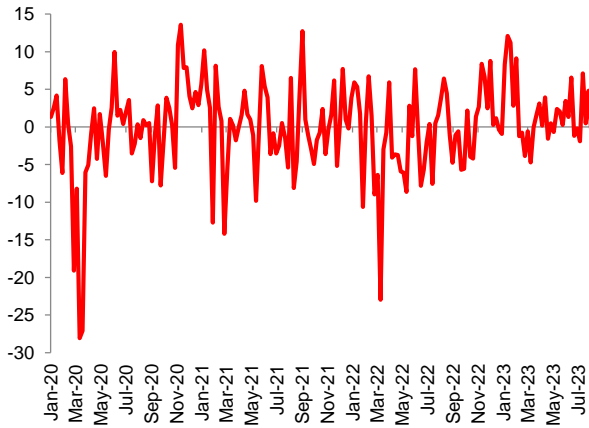
		07-Jul	14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	260.55	240.35	240.01	232.96	233.67	234.24	0.57	7.09	7.97
	Czech Rep.	33.27	33.04	33.21	33.30	33.44	33.16	-0.28	-0.07	-12.22
	Egypt	1579.53	1258.01	1289.03	1318.17	1356.86	1386.94	30.08	67.05	519.69
	Greece	119.74	119.74	119.74	119.74	119.74	119.74	0.00	0.00	-12.31
	Hungary	159.26	156.49	156.36	156.29	156.17	156.42	0.25	0.08	-45.53
	Israel	57.68	54.54	54.66	54.71	54.81	54.62	-0.19	-0.05	11.48
	Kenya	856.50	796.00	802.50	787.50	789.50	784.50	-5.00	7.50	338.00
	Kuwait	39.50	37.00	37.00	35.00	36.00	36.00	0.00	1.00	-38.00
	Morocco	139.41	136.60	136.58	131.59	131.52	129.68	-1.84	-1.94	-29.67
	Nigeria	806.00	748.50	755.00	740.50	742.50	738.00	-4.50	7.50	361.00
	Oman	143.98	135.43	125.71	116.92	120.27	118.32	-1.95	5.98	-63.64
	Poland	74.19	69.62	69.70	69.74	68.31	68.18	-0.13	-0.04	-46.74
	Romania	178.77	170.14	169.97	149.24	149.14	164.17	15.03	14.89	-118.31
	Qatar	39.76	37.06	37.22	36.30	36.43	34.18	-2.26	-2.08	-14.98
	Saudi Arabia	58.20	53.56	54.17	51.24	49.37	48.17	-1.20	-1.06	-13.94
	South Africa	269.21	248.51	245.19	226.94	238.02	238.63	0.61	11.14	-11.88
	Turkey	491.58	438.41	434.45	384.48	384.82	387.07	2.25	9.20	-119.74
	Abu Dhabi	39.73	36.78	36.94	36.07	36.40	36.15	-0.25	1.92	-9.01
	Dubai	78.66	74.11	74.18	74.21	73.27	72.17	-1.10	-1.02	-11.95

Source: Bloomberg, MUFG Research

EM capital flows

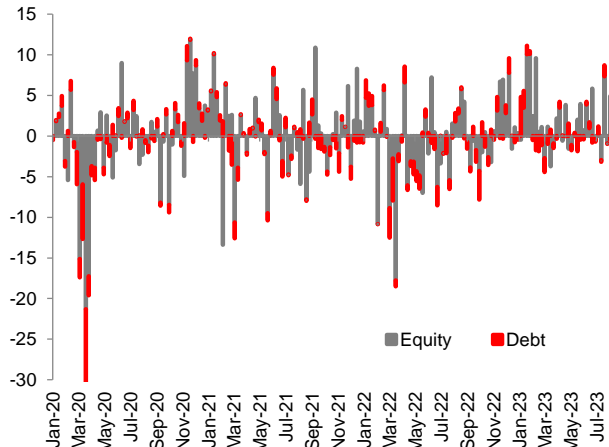
WEEKLY TOTAL EM FLOWS OF USD-1.2BN – 04 AUG

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



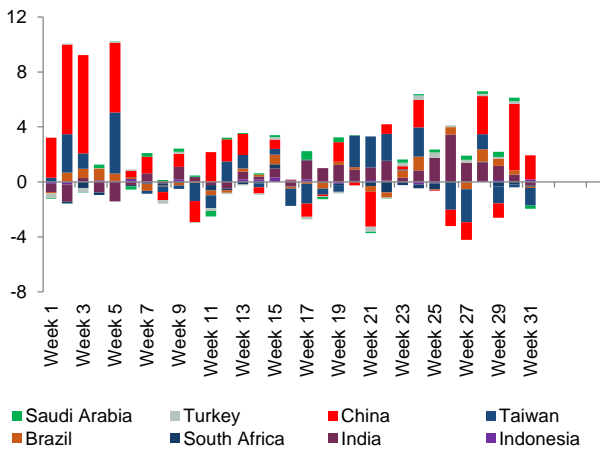
WEEKLY EM FLOWS FROM EQUITY (USD-0.7BN) AND DEBT FLOWS (USD-0.5BN) – 04 AUG

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



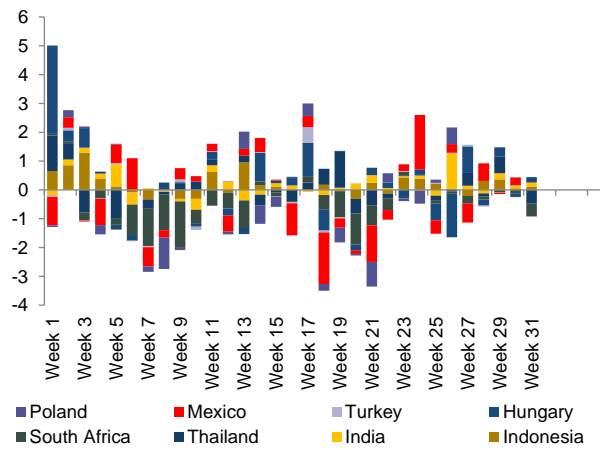
CHINA (USD1.7BN) LED WEEKLY EM EQUITY INFLOWS – 04 AUG

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



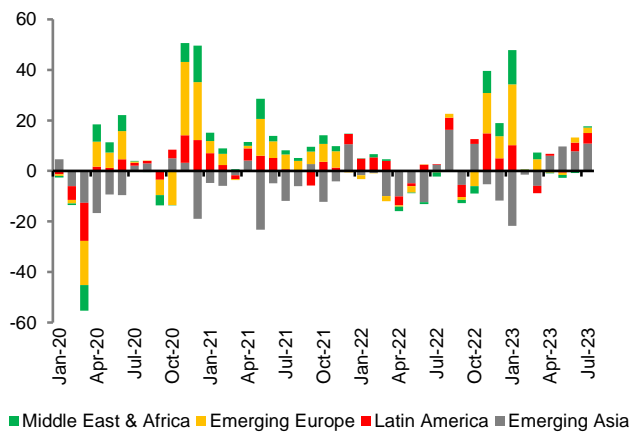
THAILAND (USD-0.5BN) LED WEEKLY EM DEBT OUTFLOWS – 04 AUG

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



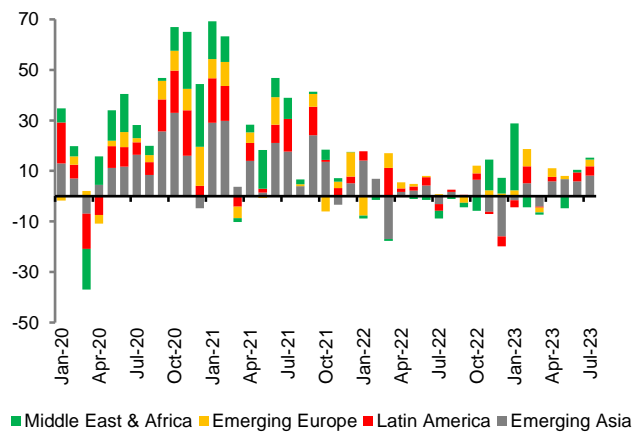
EM EQUITY INFLOWS TOTALLED USD17.6BN IN JULY, LED BY EM ASIA (USD10.8BN)

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



EM DEBT INFLOWS TOTALLED USD15.2BN IN JULY, LED BY EM ASIA (USD8.2BN)

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



Source: Bloomberg, IIF, MUFG Research

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