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## BRICS summit preview – will a “BRICS+” bloc accelerate de-dollarisation?

**Macro focus:** The BRICS grouping of major emerging markets – Brazil, Russia, India, China and South Africa – is holding its fifteenth summit between 22-24 August. The top of the summit’s agenda will be anchored on (i) an expansion of the blocs members (23 countries are interested in joining according to South African officials); (ii) greater use of local currencies to settle trade between each other; and (iii) prospects of a BRICS currency which may have the potential to challenge the dominance of the US dollar (see [here](#)).

**FX views:** EM FX gives back most of year to date gains against the USD owing to two main drivers. Firstly, investors are concerned over the slowdown in China. Second, has the adjustment higher in US yields at the long-end of the curve.

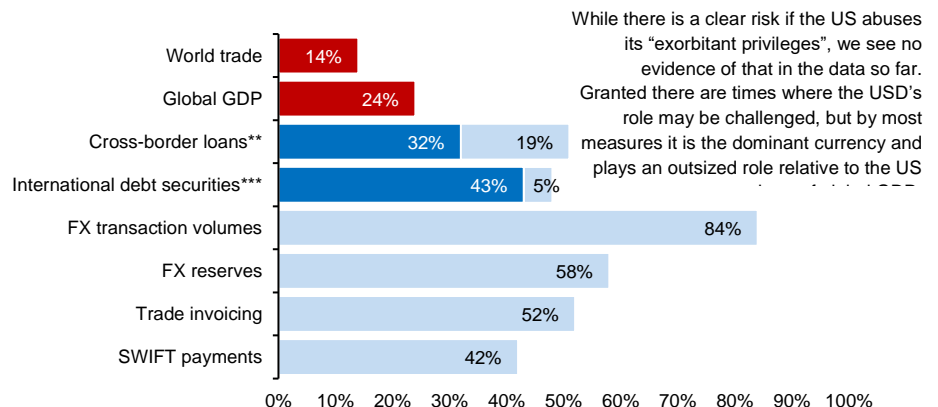
**Week in review:** Unexpected rate cut in China and emergency rate hike in Russia made headlines last week. Meanwhile, economic growth in Q2 2023 for Romania, Hungary, Poland came in lower than expectations.

**Week ahead:** In the week ahead, a rates meeting is scheduled in Turkey on Thursday – where we expect the CBRT to raise its repo rate by 250bp to 20.0% (consensus 20.0%). Also, headline and core CPI will be released in South Africa – we expect a decline in in the former to 5.1% y/y (consensus 5.1% y/y) and a flat reader in the latter at 5.0% y/y (consensus 4.9% y/y).

**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, EM funds recorded three straight weekly net outflows with an outflow of USD7.1bn in the latest week, led by equities (USD6.6bn), with the outflows from Chinese equity funds hitting a record USD4.0bn.

CHART OF THE WEEK: **DESPITE BRIC’S PRESSURE, USD DOMINANCE IS RIFE**  
 INTERNATIONAL ROLE OF THE US DOLLAR (% OF TOTAL)



While there is a clear risk if the US abuses its “exorbitant privileges”, we see no evidence of that in the data so far. Granted there are times where the USD’s role may be challenged, but by most measures it is the dominant currency and plays an outsized role relative to the US

Source: Bloomberg, BIS, CPB World Trade Monitor, IMF, SWIFT, MUFG Research

## Macro focus

### BRICS summit preview – will a “BRICS+” bloc accelerate de-dollarisation?

Three key agenda items at this week's BRICS summit

The BRICS grouping of major emerging markets – Brazil, Russia, India, China and South Africa – is holding its fifteenth summit between 22-24 August. The agenda will include (i) an expansion of the blocs members (23 countries are interested in joining according to South African officials); (ii) greater use of local currencies to settle trade between each other; and (iii) prospects of a BRICS currency which may have the potential to challenge the dominance of the US dollar.

The “weaponisation” of the US dollar and its dominant role being debated

A combination of the US's leverage of financial sanctions to shut adversaries' economies out of the US dollar payments system, China's burgeoning clout and the splintering of geopolitical blocs as a competitor to US international supremacy, has prompted much discussion on the “weaponisation” of the US dollar. A core part of the debate will be whether other currencies can challenge the US dollar's international role – to date, no currency has made any inroad to the US dollar's pre-eminent status. Within BRICS, China's amplification of renminbi swap lines have helped promote the use of its currency in trade and FX reserves, but its capital controls and low issuance remain a hurdles.

The role of the New Development Bank (NDB) will be critical to monitor

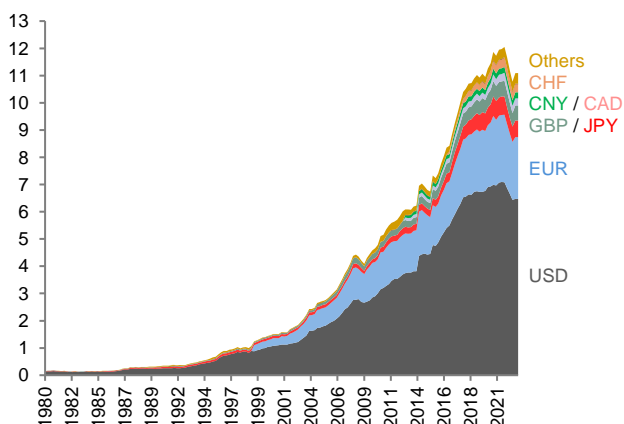
Anchoring these themes at the summit will be the potential feasible expansion of the New Development Bank (NDB) – the Chinese-based lender founded by the BRICS in 2014 that has become symptomatic of the global pivot towards a multipolar world. The NDB's aims is to become the leading development bank for EMs, but also controlled by EM governments. To date, have only been only three additional members that have begun to help capitalise the bank, Bangladesh, the UAE, and Egypt. Currently, Algeria, Argentina, Ethiopia, Honduras, Iran, Morocco, Saudi Arabia, Uruguay and Zimbabwe are all in talks to become members and should become eligible to receive loans in the months following their admission, although dispersions to new members have been slow. Being centered in EMs, one of its core goals is to promote lending in local currencies, bringing the arrival of a common currency onto the agenda.

We hold conviction that being fed up with the US dollars dominance is old hat, and it will remain the world's currency of first resort

Overall, whilst any “BRICS+” grouping could bring into question the speed and scale with which member countries adopt commercial and financial systems outside of the US dollars domain, we hold conviction in our previous examination that being fed up with the US dollars dominance is old hat, and it will remain the world's currency of first resort, in our view (see [here](#)).

### KIND DOLLAR SITS SERENELY ON ITS THRONE AS THE DOMINANT GLOBAL RESERVE CURRENCY

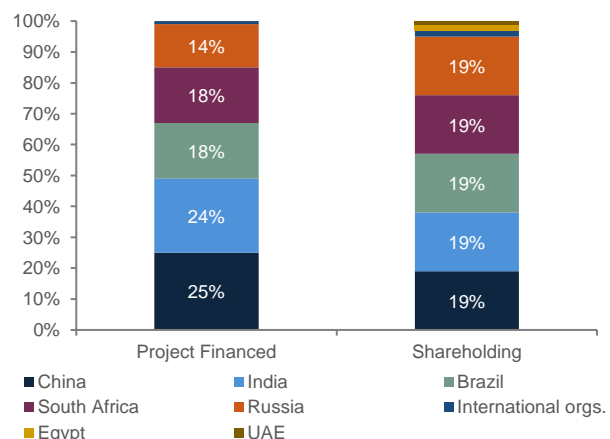
GLOBAL FX RESERVES BY CURRENCY COMPOSITIONS (USD TN)



Source: Bloomberg, EM Central Banks, MUFG Research

### AN UNEVEN AMOUNT OF NDB LOANS HAVE GONE TO CHINA AND INDIA – NOT WIDELY ACROSS BRICS

NEW DEVELOPMENT BANK (NDB) TOTAL CAPITAL (% OF TOTAL)



Source: Bloomberg, New Development Bank, MUFG Research

## FX views

### EM FX suffers a setback over the summer

#### EM FX gives back most of year to date gains vs. USD

Emerging market currencies have continued to weaken against the USD over the past week. It has resulted in our MUFG EM FX index giving back all of the year to date gains against the USD. It has been a bad month for emerging currencies. The worst performing EM currencies so far in August have been the ZAR (-6.0% vs. USD), COP (-5.8%), KRW (-5.1%), RUB (-3.1%), MYR (-3.1%) and CLP (-3.0%). While the HUF is the only EM currency to strengthen against the USD which marks a partial reversal of the losses sustained in July.

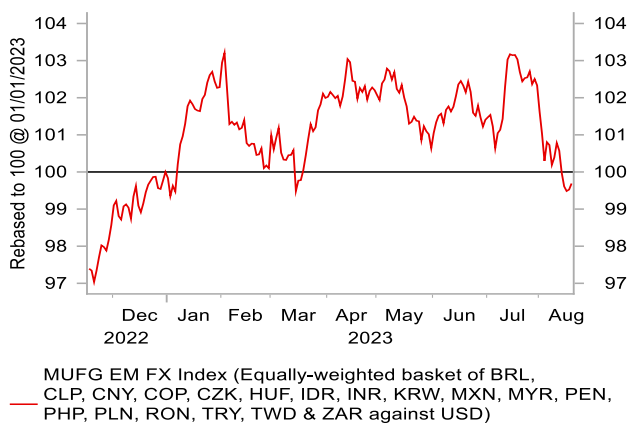
#### China growth concerns driving EM FX weakness

There have been two main drivers of the recent sell-off for emerging market currencies. Firstly, market participants are becoming more concerned over the economic slowdown in China. Economic growth continued to disappoint at the start of Q3 after disappointing expectations in Q2 which is challenging consensus expectations for a pick-up in growth in the 2H of this year. Domestic policymakers have responded by announcing further rate cuts over the past week but stimulus measures have not proven sufficient so far to stabilize investor confidence in the CNY and Chinese assets. The PBoC has also been setting the daily USD/CNY fix well below spot to help slow the pace of CNY weakness in the near-term. In the week ahead, market participants will be watching closely for further measures to support the domestic housing market and/or fiscal stimulus announcements. Without more meaningful stimulus, the more tightly-linked commodity and Asian currencies remain vulnerable to further weakness.

#### Higher US yields encouraging stronger USD ahead of Jackson Hole

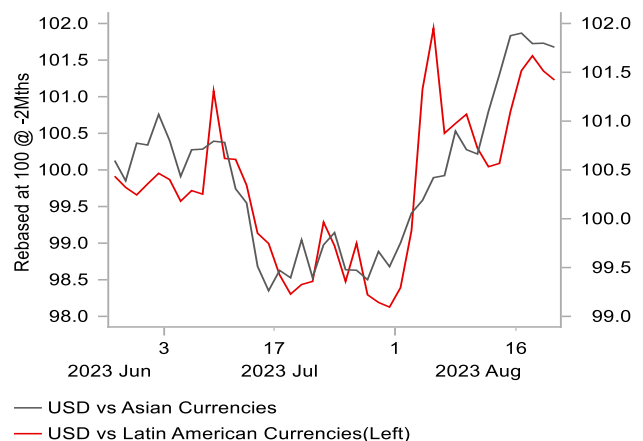
The second driver of emerging market currency weakness has been the recent adjustment higher in US yields at the long-end of the curve that has helped to encourage a stronger USD. Incoming activity data has revealed that the US economy is proving more resilient than expected to higher rates which is encouraging market participants to scale back expectations for Fed rate cuts next year. Slowing US inflation has though made the US rate market reluctant to price in further rate hikes. The main event in the week ahead for assessing the outlook for Fed policy will be the keynote speech from Chair Powell on Friday at the Jackson Hole symposium. Without clearer evidence of slower US growth, the Fed is likely to be reluctant to signal an end to their rate hike cycle. We still expect the Fed to leave rates on hold in September but it will depend on the incoming economic data in the month ahead. The main upside risk for the USD would be if Chair Powell pushes back more strongly against rate cut expectations for next year.

### EM FX SUFFERS SETBACK IN AUGUST



Source: Bloomberg, MUFG Research

### SPILOVER IMPACT FROM CHINA GROWTH FEARS



Source: Bloomberg, MUFG Research

## Week in review

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

#### EM equities recorded losses led by Chinese stocks

The increased focus on China and the potential fallout from a continued weakening of growth and missed payments linked to property market losses played a key role in driving markets last week. China's woes appear to be compounding – rather than ebbing – adding heightened concern from the central bank and financial regulators about the deteriorating economic outlook. Bank lending has fallen to the lowest since 2009, in yet another sign of weak demand in the economy that raises the risk of prolonged deflationary pressures. EM assets extended losses in the bygone week, marking the longest streak of daily losses since May 2022. The biggest contribution to the losses came from Chinese equities, which led the declines, that have led to cascading effects on investor sentiment on EM ex-China assets as well.

#### China engages in a shock cut to the PBOC's MLR in a bid to revive lending

The People's Bank of China (PBoC) engaged in a surprise rate cut on 15 August, in a clear shift to give the economy a stronger push. The 15bps rate cut was one of the largest since the PBoC began to use the medium-term lending facility rate (MLF) and loan prime rates as economy-wide borrowing costs. Additionally, more urgency seen in shoring up growth as financial conditions struggles to recover.

#### Third consecutive week of outflows from EM funds

According to the data from IIF, with the week ending 18 August, EM funds recorded three straight weekly net outflows with an outflow of USD7.1bn in the latest week. The outflows were led by equities (USD6.6bn), with the outflows from Chinese equity funds hitting a record USD4.0bn.

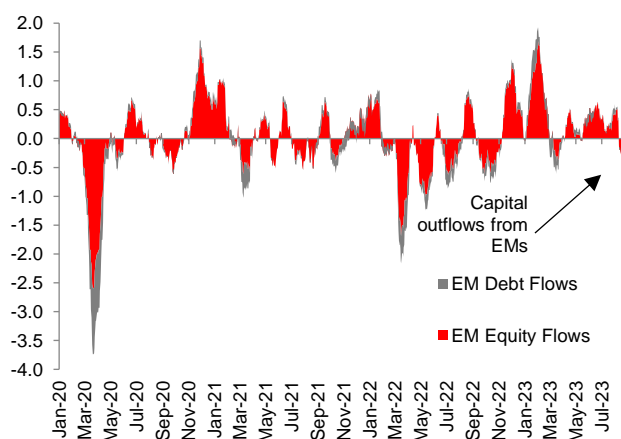
### Russia: CBR raised rates by 350bps in an emergency meeting

#### Russian Central Bank hike interest rate to 12.00% after RUB decline

The Central Bank of Russia (CBR) called an extraordinary meeting last week after the RUB briefly broke through 100 to the US dollar for the first time since March last year. It decided to increase the key policy rate by 350bps to 12.00%, second straight increase and sharpest since the conflict with Ukraine. The RUB appreciated after the rate announcement before reversing gains. The currency is still among the three worst performers in developing economies this year with a loss of about 25%. With much of the central bank's reserves already frozen by sanctions, policymakers will be reluctant to wade into the currency market with direct interventions should the RUB come under pressure again.

### INFLOWS INTO EM FUNDS DECLINE AGAIN; MOMENTUM TURNS TO OUTFLOWS IN THE LAST 3 WEEKS

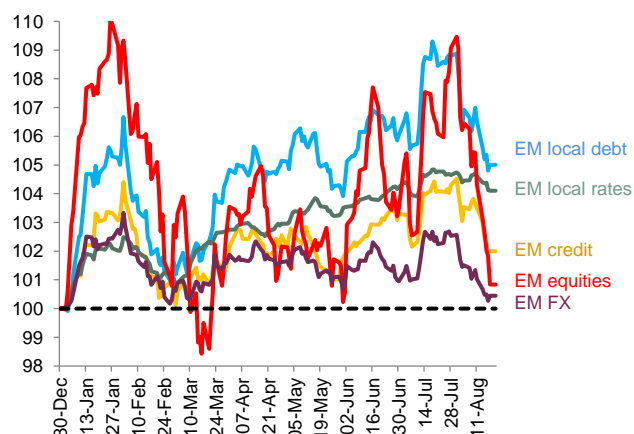
28-DAY MOVING AVERAGE OF TOTAL FLOWS, (USD BN)



Source: IIF, MUFG Research

### EM EQUITIES END WINNING STREAK AS CHINA BEARS PULL OUT CASH

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



Source: Bloomberg, MUFG Research

2023 GDP growth lower than expectations raising hopes for the doves

### CEE Q2 2023 GDP: lower than expected readings on economic growth

A host of Q2 2023 GDP data was released for the CEE region:

- Poland:** Poland's Q2 2023 GDP data came in at -0.5% y/y, with a sequential shrinking of 3.7% q/q against Q1 2023. The reading was a deeper contraction than market and our expectations. The slowdown in the economy reflects the reduction in the government consumption and softer household consumption demand. The public spending boost seen in Q1 2023 was short-lived and was the lack of which, was the strong head wind, contributing negatively to the GDP print. The more than expected fall in 2Q 2023 GDP, coupled with July's decline in headline inflation has raised expectations for monetary policy easing in the upcoming September meeting.
- Romania:** 2Q 2023 GDP increased by 1.1% y/y, slowing down from 2.5% y/y in the previous quarter, to the weakest annual increase since Q1 2021. The support came in from services for businesses, while large trade deficit, although narrowing, continues to impact the overall GDP. Coming in lower than market expectations, this print complicates the government's fiscal consolidation efforts. The National Bank of Romania (NBH) had earlier noted in its latest inflation report that the output gap is narrowing faster than expected and we expect positive momentum in agricultural output. Against this backdrop, we see the full year GDP growth in 2023 to reach 2.4% y/y.
- Hungary:** Hungary's annual GDP growth in 2Q 2023 came in at -2.4% y/y. The largest contributors to this disappointing economic performance were industry and market services, mainly transportation and storage as well as wholesale and retail trade. On the other hand, the good performance of the agricultural sector offset some reduction, as expected. With this print, Hungary economic output fell on a sequential basis, for the fourth quarter in a row.

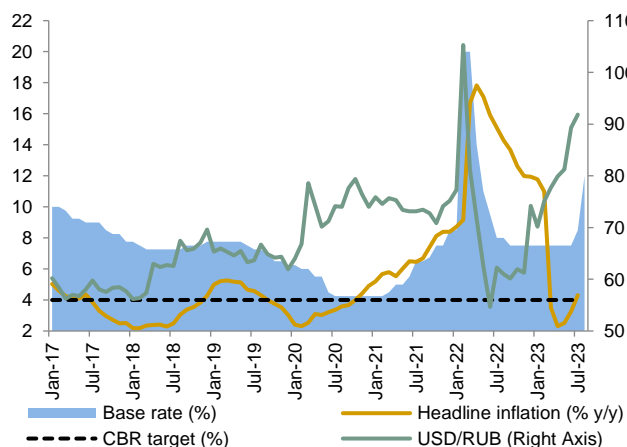
Israeli inflation eases higher than expected; approaching the target range

### Israel CPI: July headline CPI slowed more than forecast to near target range

Israel headline inflation came in at 3.3% y/y for the month of July, easing down more than expectations, from 4.2% y/y in the previous month. The price rise is approaching the target range of 3% y/y. This print opens up room for dovish policy, however, political uncertainty and ILS weakness may force more tightening and we expect the central bank to continue maintaining relatively hawkish stance at the moment.

### RUB WEAKNESS PROMPTS EMERGENCY RATE HIKE OF 300BPS IN RUSSIA

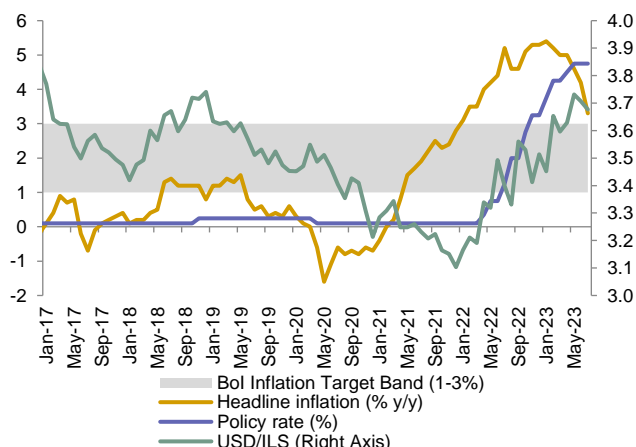
RUSSIA POLICY RATE (%Y/Y), INFLATION (%), FX (USD/RUB)



Source: Bloomberg, MUFG Research

### ISRAEL INFLATION COOLS DOWN FURTHER THAN EXPECTED TO 3.3% Y/Y

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



Source: Bloomberg, MUFG Research

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## Week ahead

### **Turkey:** A hike of 250bps expected at its next Monetary Policy Committee

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Turkish central bank will likely increase its benchmark rate of one-week repo by 200bps to 19.50%

We expect the Central Bank of Turkey (CBRT) to raise the policy rate (one-week repo rate) by 250bps to 20.00% in the upcoming meeting. Since the start of the ongoing policy shift to a more orthodox stance, as announced by the new Governor, the CBRT has hiked by 900bp from 8.50% and taken initial steps to ease “liratisation” targets and security maintenance requirements, but the macro-prudential policy framework is still largely in place. Further, we now expect a pick up the pace of targeted changes in the central bank’s complex set of alternative tools and the upcoming monetary policy committee meeting will likely have messages on the risks to the economic outlook for Turkey and also reinforce monetary tightening with macroprudential measures, such as changes to reserve rules or caps on credit growth.











### **South Africa:** July headline inflation is expected to come in at 4.9% y/y

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We expect July inflation growth to come in lower than previous month

We expect the July headline consumer price growth is expected to slowdown from 5.4% y/y in June to 4.9% y/y. We expect a large part of contribution to come in food prices. The Bloomberg’s Shisa Nyama Index that is designed to show the price of a traditional South African backyard barbecue in townships and rural areas, rose 10% in July from a year earlier, which is the slowest pace in at least nine months as the cost of cooking oil plunged. If the market expectations are met, inflation would turn out to be within the South African Reserve Bank’s 3%-6% target range for a second straight month. This should give some comfort to South Africa’s central bank, who paused in the latest meeting and mentioned that this is not the end to the hiking cycle.

## Weekly calendar

	Country	Day	GMT	Indicator/Event	Period	MUFG Forecast	Consensus	Previous	Market Moving
	Oman	21/08/2023	--	CPI (% y/y)	Jul	--	--	0.7%	!!!
	Lebanon	21/08/2023	--	CPI (% y/y)	Jul	--	--	253.6%	!!
	Qatar	21/08/2023	--	GDP (% y/y)	1Q	--	--	8.0%	!!!
	Kuwait	21/08/2023	--	CPI (% y/y)	Jul	--	--	3.8%	!!
	Morocco	22/08/2022	--	CPI (% y/y)	Jul	--	--	5.5%	!!
	Bahrain	22/08/2022	--	CPI (% y/y)	Jul	--	--	0.4%	!!
	South Africa	23/08/2022	12:00	CPI (% y/y)	Jul	--	4.9%	5.4%	!!!
	South Africa	23/08/2022	12:00	Core CPI (% y/y)	Jul	--	4.9%	5.0%	!!!
	Turkey	24/08/2022	15:00	Policy rate decision (%)	Aug	--	20.00%	17.50%	!!!
	Nigeria	25/08/2022	--	GDP (% y/y)	2Q	--	2.8%	2.3%	!!!

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	21-Jul	28-Jul	04-Aug	11-Aug	18-Aug	Change in yield (basis points)		
							Week	MTD	YTD
Bahrain	10 years	6.82	6.80	6.91	6.91	7.22	30.40	47.85	-5.38
Czech Rep.	10 years	4.24	4.26	4.31	4.34	4.57	23.60	29.32	-62.33
Egypt	9 years	15.48	15.50	16.41	16.56	17.65	109.80	216.72	553.82
Greece	8 years	3.51	3.50	3.50	3.58	3.60	1.70	16.17	-44.07
Hungary	8 years	7.58	7.60	7.79	7.72	7.86	13.70	24.67	-199.15
Israel	8 years	3.73	3.73	3.71	3.69	3.81	12.40	10.74	43.72
Jordan	5 years	6.55	6.53	6.53	6.59	6.67	8.10	18.85	18.87
Kenya	7 years	11.28	10.80	11.10	11.00	11.57	57.40	96.13	125.92
Kuwait	6 years	4.54	4.56	4.65	4.68	4.81	12.40	27.93	120.40
Lebanon	9 years	99.11	93.19	86.83	89.16	89.47	30.20	-292.74	-1190.74
Morocco	11 years	5.26	5.16	5.24	5.17	5.31	13.80	16.19	8.17
Nigeria	9 years	10.37	9.87	10.10	10.59	11.20	61.10	152.34	-82.56
Oman	9 years	5.83	5.79	5.92	5.88	6.21	33.70	43.33	30.70
Poland	8 years	3.38	3.39	3.46	3.43	3.55	12.00	18.42	6.41
Romania	7 years	5.03	5.02	5.06	5.05	5.31	25.90	31.94	-53.89
Qatar	9 years	4.39	4.39	4.52	4.54	4.73	19.00	33.32	35.34
Russia	5 years	32.71	29.16	27.54	27.78	27.73	-5.50	-134.07	-510.41
Saudi Arabia	8 years	4.73	4.75	4.82	4.87	5.08	21.40	30.65	46.85
South Africa	9 years	7.10	7.05	7.19	7.29	7.70	41.20	71.06	67.02
Turkey	7 years	7.87	7.59	7.67	7.78	8.18	40.10	71.40	-14.40
Ukraine	8 years	39.34	36.90	39.20	36.41	38.05	164.70	100.49	-303.44
Abu Dhabi	6 years	4.44	4.50	4.59	4.54	4.76	21.50	26.21	59.52
Dubai	8 years	4.56	4.80	5.04	4.99	5.05	5.90	20.22	43.15

EM EMEA equity market (index)									
	14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	18-Aug	Change (%)		
							Week	MTD	YTD
Bahrain	1,975	1,977	1,992	1,982	1,972	1,953	-1.00	-1.54	3.51
Czech Rep.	1,311	1,335	1,354	1,366	1,360	1,350	-0.67	-0.74	12.38
Egypt	17,342	17,579	17,339	17,451	17,710	17,969	1.46	2.49	23.53
Greece	1,326	1,339	1,334	1,320	1,287	1,263	-1.83	-5.40	35.87
Hungary	51,855	53,404	53,340	54,012	56,114	56,232	0.21	5.35	28.40
Israel	1,812	1,884	1,855	1,851	1,888	1,829	-3.16	-1.99	2.07
Jordan	2,456	2,484	2,435	2,437	2,443	2,387	-2.30	-3.16	-5.31
Kenya	114	111	105	106	104	101	-2.55	-3.92	-20.49
Kuwait	7,314	7,320	7,263	7,145	7,148	7,124	-0.33	-2.12	-2.64
Lebanon	1,658	1,691	1,786	1,751	1,831	1,813	-0.98	1.15	28.55
Morocco	11,547	11,794	12,059	12,106	12,017	11,972	-0.37	-0.92	11.68
Nigeria	62,570	65,003	65,056	65,198	65,325	64,744	-0.89	0.63	26.33
Oman	4,797	4,805	4,780	4,783	4,757	4,785	0.59	-0.07	-1.74
Poland	2,127	2,156	2,189	2,170	2,105	2,015	-4.31	-8.16	12.42
Romania	13,061	13,230	13,244	13,111	13,072	12,716	-2.72	-3.86	9.03
Qatar	10,217	10,446	10,895	10,799	10,736	10,572	-1.53	-3.52	-0.98
Russia	2,903	2,924	3,009	3,092	3,156	3,111	-1.40	1.23	44.43
Saudi Arabia	11,708	11,756	11,848	11,376	11,424	11,451	0.24	-1.63	9.76
South Africa	72,480	71,579	73,120	71,604	71,434	67,621	-5.34	-8.17	0.99
Turkey	6,438	6,688	7,067	7,401	7,714	7,513	-2.61	4.11	36.38
Ukraine	507	507	507	507	507	507	0.00	0.00	-2.34
Abu Dhabi	9,672	9,629	9,761	9,786	9,880	9,801	-0.80	0.14	-4.02
Dubai	4,010	3,986	4,037	4,083	4,064	4,051	-0.34	-0.21	21.42

EM EMEA FX against USD*										
		14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	18-Aug	Change (%)		
								Week	MTD	YTD
	USD Index	99.91	101.07	101.62	102.02	102.84	103.38	-0.52	1.50	-0.14
	Bahrain**	0.38	0.38	0.38	0.38	0.38	0.38	-0.01	-0.01	0.00
	Czech Rep.	21.17	21.60	21.76	22.02	21.98	22.09	-0.52	-1.64	2.17
	Egypt	0.03	0.03	0.03	0.03	0.03	0.03	0.31	-0.31	24.69
	Greece***	1.12	1.11	1.10	1.10	1.09	1.09	0.69	-1.05	1.64
	Hungary	333.23	340.98	348.87	354.03	349.84	351.67	-0.52	0.20	6.30
	Israel	3.60	3.63	3.69	3.66	3.74	3.80	-1.58	-3.06	-7.35
	Jordan**	0.71	0.71	0.71	0.71	0.71	0.71	0.00	0.00	0.00
	Kenya	0.01	0.01	0.01	0.01	0.01	0.01	1.43	1.45	17.39
	Kuwait	0.31	0.31	0.31	0.31	0.31	0.31	-0.26	-0.32	-0.49
	Lebanon	15025.06	15028.88	15063.00	15032.51	15013.38	15025.50	-0.08	0.18	-89.89
	Morocco	9.69	9.75	9.77	9.75	9.88	9.99	-1.09	-1.40	4.52
	Nigeria	772.71	772.53	770.00	765.00	765.00	757.96	0.92	2.12	-38.49
	Oman**	0.39	0.39	0.39	0.39	0.39	0.39	0.00	-0.03	-0.05
	Poland	3.97	4.01	4.01	4.03	4.05	4.10	-1.29	-2.29	6.75
	Romania	4.40	4.44	4.48	4.49	4.51	4.55	-0.79	-1.32	1.63
	Qatar**	3.64	3.64	3.64	3.64	3.64	3.64	0.00	0.00	-0.01
	Russia	90.33	90.67	91.87	95.61	98.94	94.01	4.99	-2.34	-21.09
	Saudi Arabia**	3.76	3.76	3.76	3.76	3.76	3.76	-0.01	0.01	0.24
	South Africa	18.11	17.96	17.63	18.46	18.95	19.00	-0.25	-6.13	-10.39
	Turkey	26.17	26.98	26.92	26.96	27.02	27.12	-0.37	-0.85	-31.12
	Ukraine	36.97	36.79	36.93	36.93	36.87	36.87	0.02	0.18	0.14
	UAE**	3.67	3.67	3.67	3.67	3.67	3.67	0.03	0.05	0.08

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

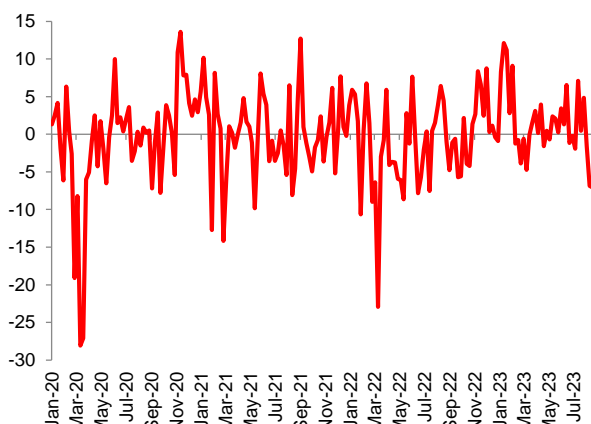
EM EMEA 5 year CDS spreads (basis points)										
		14-Jul	21-Jul	28-Jul	04-Aug	11-Aug	18-Aug	Change in yield (basis points)		
								Week	MTD	YTD
	Bahrain	240.35	240.01	232.96	233.67	234.30	238.02	3.72	10.87	11.75
	Czech Rep.	33.04	33.21	33.30	33.44	33.13	33.24	0.11	0.01	-12.14
	Egypt	1258.01	1289.03	1318.17	1356.86	1377.80	1562.28	184.48	242.39	695.03
	Greece	119.74	119.74	119.74	119.74	119.74	119.74	0.00	0.00	-12.31
	Hungary	156.49	156.36	156.29	156.17	156.44	157.33	0.89	0.99	-44.62
	Israel	54.54	54.66	54.71	54.81	54.60	54.67	0.07	0.00	11.53
	Kenya	796.00	802.50	787.50	789.50	784.50	808.00	23.50	31.00	361.50
	Kuwait	37.00	37.00	35.00	36.00	36.00	38.00	2.00	3.00	-36.00
	Morocco	136.60	136.58	131.59	131.52	129.69	132.61	2.92	0.99	-26.74
	Nigeria	748.50	755.00	740.50	742.50	738.00	760.00	22.00	29.50	383.00
	Oman	135.43	125.71	116.92	120.27	118.32	120.99	2.67	8.65	-60.97
	Poland	69.62	69.70	69.74	68.31	68.17	68.22	0.05	0.00	-46.70
	Romania	170.14	169.97	149.24	149.14	164.18	166.06	1.88	16.78	-116.42
	Qatar	37.06	37.22	36.30	36.43	34.14	36.75	2.61	0.50	-12.40
	Saudi Arabia	53.56	54.17	51.24	49.37	48.14	49.23	1.09	0.00	-12.88
	South Africa	248.51	245.19	226.94	238.02	243.60	261.05	17.45	33.56	10.54
	Turkey	438.41	434.45	384.48	384.82	395.06	417.19	22.13	39.32	-89.62
	Abu Dhabi	36.78	36.94	36.07	36.40	36.11	37.22	1.11	2.99	-7.94
	Dubai	74.11	74.18	74.21	73.27	72.15	74.19	2.04	1.00	-9.93

Source: Bloomberg, MUFG Research

# EM capital flows

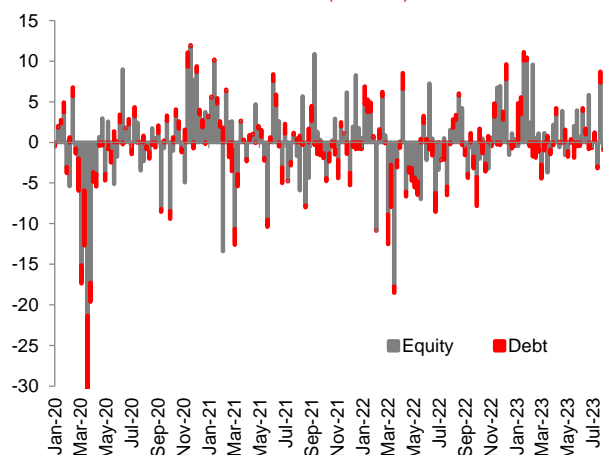
## WEEKLY TOTAL EM FLOWS OF USD-7.1BN – 18 AUG

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



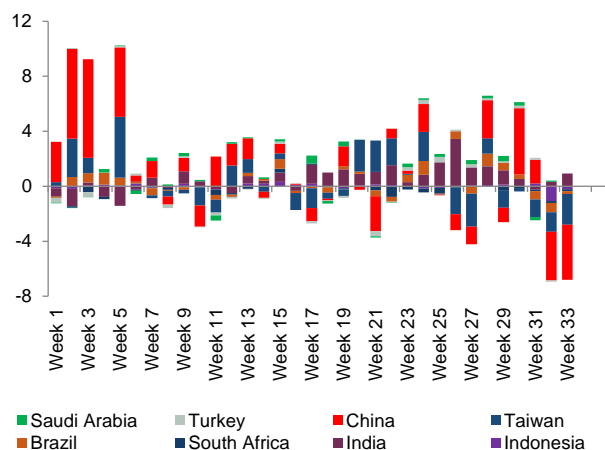
## WEEKLY EM FLOWS FROM EQUITY (USD-6.7BN) AND DEBT FLOWS (USD-0.5BN) – 18 AUG

WEEKLY DEBT AND EQUITY FLOWS (USD BN)



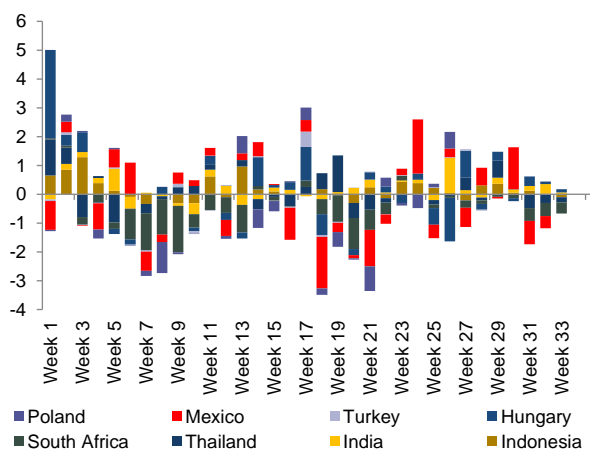
## CHINA (USD-4.0BN) LED WEEKLY EM EQUITY OUTFLOWS – 18 AUG

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



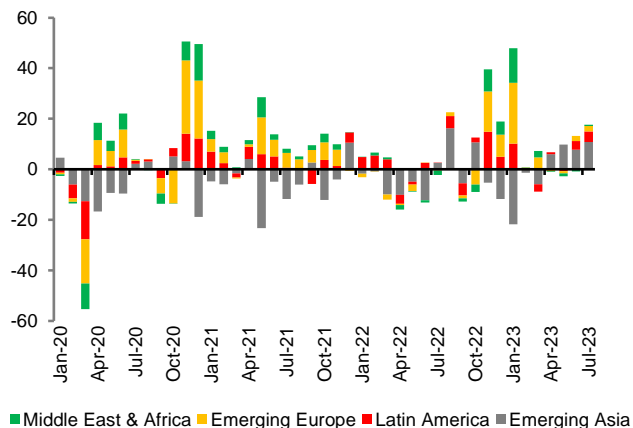
## SOUTH AFRICA (USD-0.4BN) LED WEEKLY EM DEBT OUTFLOWS – 18 AUG

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



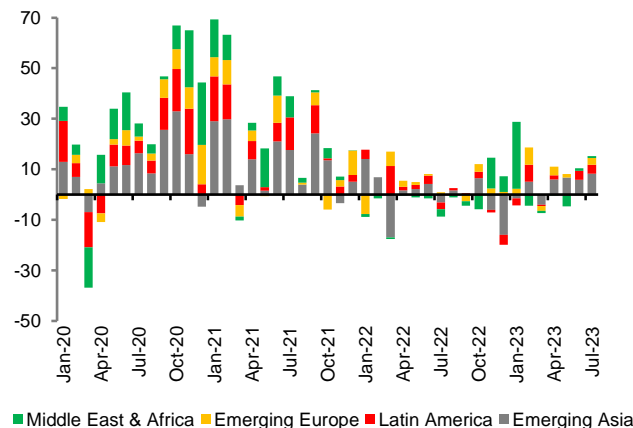
## EM EQUITY INFLOWS TOTALLED USD17.6BN IN JULY, LED BY EM ASIA (USD10.8BN)

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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