

India: liquidity - 3 emerging themes

Preview

Markets fluctuated on Wednesday (S&P +0.1%) as consumer demand for technology products weakened and two FED officials expressed concerns about the amount of stimulus being applied. UST rallied again, with the 10y falling 6bp to 2.15%. Crude oil futures edged 1% higher despite a US government report showing a surprise increase in inventories. In EM, currencies strengthened across the board, with the ZAR (+0.9%) and MXN (+0.7%) leading the way. Today, all eyes will be on the US CPI release (BofA +0.4%, consensus +0.2%).

India in Focus: liquidity - 3 emerging themes

We expect three themes to play out in the money market as inflation peaks. First, the RBI should pause after a 25bp September 16 rate hike. At the same time, it should keep liquidity in repo mode for now unless the US double-dips. Second, softer agflation should cut the preference for cash over bank balances to ease seasonal tightness. Finally, the RBI will likely OMO to fund the fiscal overrun of 1.2% of GDP. *(I. Sen Gupta; page 2)*

News and Views

Malaysia's CPI inflation grew less than expected, easing to 3.4% in July from 3.5% a month ago. We are revised down our end-2011 **Korean** interest rate forecast to 3.25% from 3.75%, and end-2012 forecast to 3.75% from 4.25% previously. **Malaysian** second quarter GDP came in above expectations, expanding 4.6% yoy. Non oil domestic exports contracted 2.8% from a year ago in **Singapore**, coming in below expectations. *(page 4)*

LatAm and EEMEA in Focus

In LatAm, we believe there is value at the long end of the **Mexico** and **Colombia** EXD curves. In **Turkey**, although domestic demand is strong enough to stage a rebound in Q411, the sticky CAD deficit in the ST leaves Turkey more vulnerable than 2008, in our view. *(page 6, page 8)*

Today's Market Movers

Highlight for today will be Japan's trade data for July. We expect trade balance to come in at 85.4bn JPY. The downturn in the external economy should hold down exports.

Data releases, key events

EST	Country	Data/Event	For	BofAMLe	Cons.	Previous
-	Japan	Trade balance (JPY bil, nsa)	Jul	85.4	69.3	68.6
1:30	Japan	Department store sales (yoy)	Jul	n.a.	n.a.	0.3%
2:00	Taiwan	GDP (yoy)	Q2 F	4.9%	4.9%	4.9%
4:30	Hong Kong	Unemployment rate (sa)	Jul	n.a.	3.5%	3.5%

Source: BofA Merrill Lynch Global Research, Bloomberg

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In Focus

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India: Liquidity: 3 emerging themes

We expect three themes to play out in the money market as inflation peaks. First, the RBI should pause after a 25bp September 16 rate hike. At the same time, it should keep liquidity in repo mode¹ for now unless the US double-dips. Second, softer agflation should cut the preference for cash over bank balances to ease seasonal tightness. Finally, the RBI will likely OMO to fund the fiscal overrun of 1.2% of GDP.

Inflation peaking off

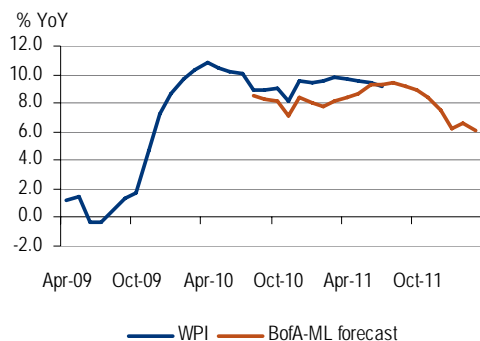
Incoming data supports our view that inflation is peaking off at elevated levels (Chart 1). We expect inflation, which posted 9.2% in July, to persist at 9-10% until October and then to ease to 6.5-7% in the March 2012 quarter. Core inflation, currently around 6%, should also peak at 8% by end-2011. Do read our latest inflation report [here](#).

Why? Because the recent pick-up in sowing should reap a good autumn harvest and contain agflation. Note that a 5% swing in agflation impacts WPI inflation by 175bp. Second, slackening global growth should contain commodity price inflation. Finally, domestic monetary conditions are already tight.

Theme 1: Inflation peak off = RBI rate peak off

A peak off in interest rates is obviously a natural corollary of a top off in inflation. We expect the RBI to pause after a final 25bp policy rate hike on September 16. This, in turn, should put an end to upside pressures at the short end of the rate curve due to consistent RBI tightening since January 2010. In our view, the RBI should begin to cut policy rates by 75bp from July 2012, with inflation abating to 6.5-7% by March and growth slipping below 7.5% in 2H11. Do read our RBI rate peak off report [here](#).

Chart 1: Inflation peaking ...



Source: Ministry of Industry, BofA Merrill Lynch Global Research estimates.

Table 1: ...but money markets in repo mode for now

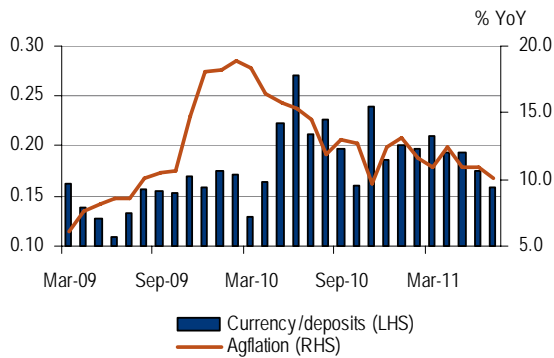
	Aug-11	Sep-11
1. Opening balance	-486	-360
2. Net flows (4-3)	125	-79
3. Outflows (= a+b+c+d)	722	430
a. Currency in circulation	-17	50
b. CRR	64	60
c. Gross Central issuance including T- bills and cash management bills	575	220
d. States (net borrowing)	100	100
4. Inflows (=a+b+c+d)	847	351
a. Gilt coupon payments	262	115
b. Gilt redemptions including T-bills	89	60
c. Net public expenditure	497	176
5. Closing balance (1+2)	-360	-440

Source: Ministry of Industry, BofA Merrill Lynch Global Research estimates.

¹ In repo mode, the RBI generates a deficit in the money market to force banks to borrow from its repo window at the 8% repo rate. In reverse repo mode, the reverse obtains. The reverse repo rate is 100bp lower than the repo rate.

18 August 2011

Chart 2: Lower agflation reducing cash demand



Source: RBI, BofA Merrill Lynch Global Research estimates.

Table 2: RBI OMO to fund fiscal overrun

Item/INR bn	FY12E
1. Borrowing (a+b)	5380
a Center	4180
b States	1200
2. Total demand (c+d)	3800
c. Bank demand	2000
d. Others (Including FII)	1800
3. RBI's OMO (liquidity support) (1-2)	1580

Source: RBI, BofA Merrill Lynch Global Research estimates.

That said, we think the money market should remain in repo mode for now. Table 1 presents our forecasts for August and September. Advance tax outflows will, as usual, put pressure on liquidity in mid-September. Although a clearer picture will emerge only after the Government announces its 2HFY12 borrowing program, *Dussehra* (on October 6) and *Diwali* (on October 26) should keep liquidity tight in October.

Could the RBI cut rates in 2011, clients ask? Not unless the US double-dips. We estimate that this would pull FY12 growth down to 6.5% from our base-case 7.6%. In response, we would expect the RBI to cut policy rates rapidly – and even ease the money market into reverse repo mode – especially if commodity prices came off as well. As of now, our US economist, Ethan Harris, sees a 35% probability of a recession. Please find our US-recession-scenario report [here](#).

Theme 2: Lower inflation = lower cash demand

Bank liquidity should also improve as agflation tails off. This should help moderate seasonal tightness during advance tax payments in mid-September or festival demand in October. After all, the public's need to hold pocket money to fund day-to-day transactions should diminish. This should push up bank balances. In fact, the incremental ratio of cash to deposits has begun to slip as agflation has abated (Chart 2). For details, do read our cash demand report [here](#).

Theme 3: Fiscal overrun = RBI OMO

We expect Delhi to step up government borrowing, as inflation subsides by end-2011, to fund the fiscal overrun of 1.2% of GDP that we expect. This will likely be calibrated with RBI Governor Subbarao announcing OMO auctions to buy gilts to defuse the rate impact of higher government borrowing. It is on this expectation that we project the 10y will trade in an 8-8.5% range despite fiscal pressures.

Our BofAML liquidity model anticipates excess gilt supply of Rs1580bn in Table 2 assuming additional Central borrowing of about Rs600bn. In our view, this will all be picked up by the RBI. How much can the RBI OMO? Our estimates suggest that it will need to inject about Rs1500bn to generate monetary growth of 16.8% to fund 7.6% growth. This could be raised by cutting the cash reserve ratio (difficult given high inflation), buying FX (difficult given a current account deficit of 2.7% of GDP) or buying gilts. Given the substantial excess supply of gilts, it would be only natural for the RBI to OMO in view of a parallel need to provide liquidity. For details, see our liquidity model [here](#).

News and Views

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Asia

Korea: monetary policy in the time of uncertainty

Given the unpalatable combination of a weaker expected growth and higher uncertainty, we believe the BoK's interest rate policy will follow a more gradual path than we had earlier anticipated. We are revising down our end-2011 interest rate forecast to 3.25% (from 3.75% previously) and end-2012 forecast to 3.75% (from 4.25% previously).

- **Mixed:** We expect that the BoK will keep the rate on hold through end-2011, with the next rate hike to occur in early 2012 when clarity and strength returns to global economy and markets. Were the global uncertainty to subside earlier, however, the next rate hike would be brought forward into 2011. Tightening bias is maintained because of persistent inflation pressure, but at a pace that depends on the resolution of global uncertainty. Major revisions to the underlying outlook-weak but positive growth, and protracted debate on fiscal challenges in advanced economies-would warrant revisiting this forecast. Do read our full report [here](#).

Malaysia: inflation eases, lowering odds of Sep rate hike

CPI inflation was less than expected, easing to +3.4% in July from +3.5% a month ago. CPI advanced by +0.2% from June (vs. +0.3% last month). High mom increases were seen in furnishings/households (+0.5%), restaurants/hotels (+0.5%), food/beverages (+0.4%) and recreation (+0.4%). Falls were seen in transport (-0.1%).

- **Mixed:** Bank Negara faces a tough decision at the 8 Sep meeting, given slowing growth and elevated inflation pressures. Inflation, at 3.4%, has slipped slightly below BNM's 2.5% to 3.5% forecast range. We believe the odds are still slightly in favor of a +25bps rate hike to 3.25% at the Sep meeting, unless growth readings deteriorate sharply in the coming weeks. But this will probably be the final hike for the year.

Malaysia: 2Q GDP +4%, Govt. upbeat on second half growth

Second quarter GDP came in above expectations, expanding +4.6% yoy (versus +4.8% in Q4 10). Growth was led by agriculture (+6.9% vs. -0.2% in 1Q) and services (+6.3% vs. +6.4% in 1Q). Mining contracted (-9.2% vs. -4.2% in 1Q), while manufacturing (+2.1% vs. +5.4% in 1Q) and construction (+0.6% vs. +3.8% in 1Q) slowed. The government is reiterating its GDP growth forecast of 5% to 6% for 2011, although full year growth will likely come in at the lower end. GDP growth expanded about +4.5% in the first half.

- **Positive:** Growth may pick up some momentum in the second half, as investment projects are gradually rolled out. This will help offset weakening global external demand. Our GDP growth forecast stands at a more conservative +4.3% for the full year, given a slowing global economy with risks of a double-dip US recession and an EU sovereign debt crisis.

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Singapore: NODX contracts, raises odds of technical recession

Non oil domestic exports contracted 2.8% from a year ago, coming in below expectations. On a mom seasonally adjusted basis, NODX contracted 2.3% from June. Electronics exports contracted for a 6th consecutive month, falling 16.9%. Pharma expanded a strong +48.5% (vs. +1.1% in Jun), while petrochemicals contracted 14.3% (vs. -1.3% in Jun). On a country basis, exports going to EU27 (-11.4%) and US (-3.2%) contracted, while to China (+10.2%) grew.

- **Negative:** Poor export showing raises the odds of a technical recession. Non-oil re-exports - a proxy for trade-related services - also contracted 9.7% in July (vs. -3.8% in June), suggesting falling overall trade volumes. This suggests wholesale trade services (a sizable 13% of GDP) may also slip into negative territory in 3Q. Our Tech Leading Index points to further softness ahead.

EEMEA

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South Africa: retail sales flat-line in Q2

Despite a rebound in June retail sales of 2.2% yoy from 0.2% in May, spending saw almost no growth in Q2, rising by a meagre 0.1% compared with 1.4% in Q1.

- **Negative:** Weakness in household spending last quarter is consistent with broader economic weakness, after a -2.0 qoq decline in manufacturing output last quarter. Our tracking of Q2 GDP based on incoming indicators suggests a very sharp slowdown from 4.8% in Q1 annualized to 2.0% in Q2. There is a risk of an even lower reading if broader service sector spending also slowed sharply, in our view. In the face of this soft patch, which should extend at least into Q3 because of the trade union strike action, the SARB is likely to remain on hold at 5.5% into next year. We look for a first 50bp hike in March.

Latin America

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Brazil: economic activity declined in June

The Brazilian Central Bank's (BCB) index of economic activity (IBC-Br) declined 0.3% mom in June, down from a flat result (downwardly revised) in the previous month. Trend growth (as measured by the 3mma) is now flat, down from 0.3% in May, while annual growth declined to 2.9% yoy, down from 4.2% yoy previously. Growth over the past 12 months continued to decelerate (it has been decelerating since January), and is now at 4.9%.

- **Expected:** Economic activity continues to slow down in Brazil. June's industrial production (IP) numbers were much lower than consensus forecasts. Moreover, we believe that the monetary tightening implemented so far combined with the macro-prudential measures enacted since late 2010 should ease credit growth and labor markets ahead.

LatAm in Focus

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This piece was originally published in the latest GEMs Daily - US Edition.

LatAm: Mexico & Colombia curves too steep 30y-10y US Treasuries near their steepest level ever

There is value at the long end of the curve. From the end of March, Treasuries have rallied the most sharply since the flight to quality at the end of 2008. In the last two weeks, as it became clear that US growth has slowed, consumer confidence has plummeted and risk aversion has increased, the flight to quality trade has been concentrated in the belly of the Treasury curve more than the long end.

The spread between the 30y Treasury and the 10y Treasury has risen to 143bp, only 16bp from the peak. In the last 20 years the Treasury curve has only been steeper than this for two weeks, in November 2010 when the spread peaked at 159bp. The average spread over the last two years is 106bp (37bp lower than today) and 70bp over the last five years (73bp lower than today). Despite this, our rates team expects the curve to remain steep, with execution of QE3 the unknown wild card.

Mexico & Colombia EXD have led EM steepening since Q1

Not only among LatAm countries, but among all EM countries globally as well, the 30y-10y curves are steepest in Colombia and Mexico at 196bp and 178bp, respectively. Also, with Colombia steepening 37bp and Mexico 46bp since 31 March, they have steepened more than any other curve. This compares to a 40bp steeper US Treasury curve. When the US Treasury curve flattens again, we expect Mexico and Colombia to flatten with Treasuries and more than any other EM country. Brazil, for example has steepened less and is much flatter.

Table 3: 30y vs 10y yield slope changes month-to-date and since 31 March 2011

	Today			MTD change			Since 31 Mar change
	10y yld	30y yld	slope	10y yld	30y yld	slope	
US Treasury	2.23	3.66	1.43	-57	-46	11	40
US Swap	2.43	3.37	0.94	-50	-44	6	21
Brazil	3.58	4.94	1.36	-11	-15	-5	24
Colombia	3.35	5.31	1.96	5	5	0	37
Mexico	3.52	5.30	1.78	-12	3	15	46
Indonesia	4.10	5.54	1.44	28	9	-19	13
Philippines	3.84	5.48	1.64	8	24	16	14
Turkey	4.96	6.13	1.16	6	2	-4	1
South Africa	3.68	5.32	1.64	-26	-16	9	16
Hungary	5.76	7.21	1.45	20	14	-6	-11
Russia*	4.98	6.51	1.53	12	18	6	34

Note: Russia does not have a 30y bond so we use Gazprom as a surrogate

Source: BofA Merrill Lynch Global Research

Buyers should buy half as many long bonds as intermediates

Investors may be cautious about buying a long bond and may want to sell long duration. However, the duration is about 2:1 for the 30y vs 10y. As a result, investors can buy half as many long bonds for the same risk and retain the cash for a rainy day, should there be redemptions. The flattener has only 1bp negative carry per month, which is more than offset by the likely flattening, in our view.

Sellers should sell twice as many 10y and raise some cash

For investors looking to reduce risk, we recommend selling twice as many intermediate bonds as long bonds to reduce the same amount of risk, raising cash in the event of a liquidation.

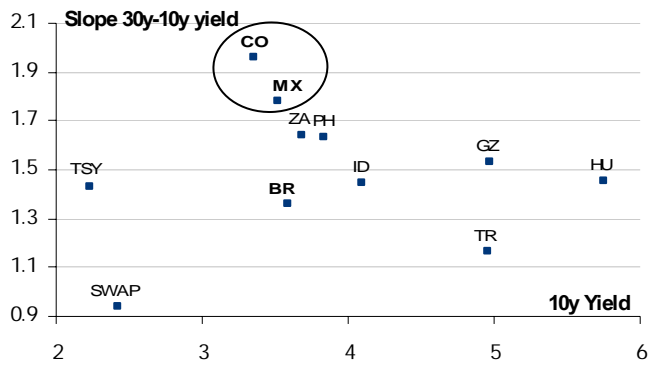
Trading volume: twice as many 10y bonds as 30y bonds

We believe that the market has sold a similar amount of risk in the intermediates versus the long end recently. We estimate that about twice as many 10y bonds have been traded as 30y bonds. Given that the duration of a 10y bond is about half that of a 30y bond, the amount of risk traded in the intermediates has been about the same as that traded at the long end.

Issuance not a key steepening player, in our view

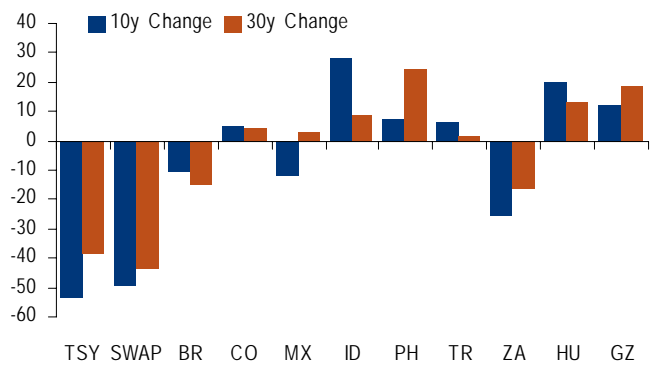
We do not think Issuance has played a major role in the steepening of the Mexico and Colombia curves. Mexico reopened the 100y bond for US\$1bn last week, while Colombia issued US\$2bn 10y bond just a month ago. Mexico is currently involved in a local debt liability extension plan, and we do not expect more EXD issuance this year from either Colombia or Mexico.

Chart 3: Yield steepness – 30y-10y yield



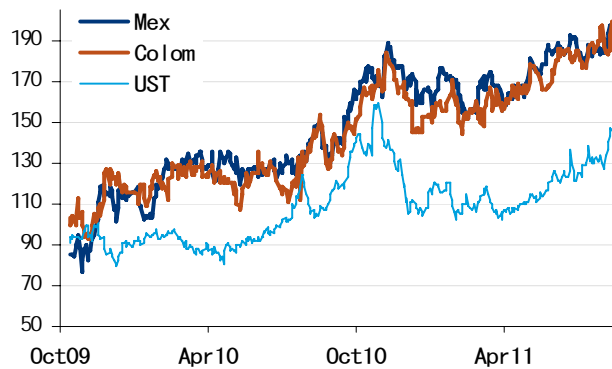
Source: BofA Merrill Lynch Global Research

Chart 4: Month-to-date change in yield



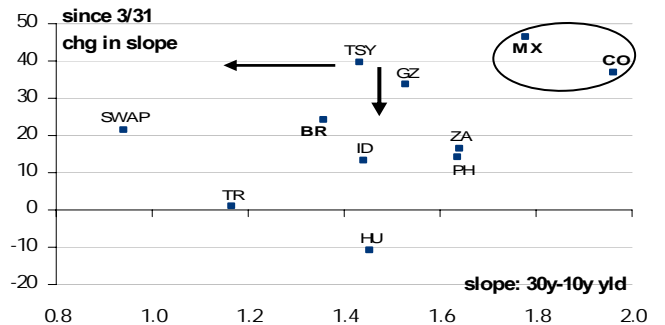
Source: BofA Merrill Lynch Global Research

Chart 5: Yield differentials Colom '41 - '19; Mexico '40-'20; UST 30y-10y



Source: BofA Merrill Lynch Global Research

Chart 6: Change in slope since 31 March of EM countries compared to US Treasury and US swaps; Mexico and Colombia steepened the most (y-axis) and are now among the steepest in EM



Source: BofA Merrill Lynch Global Research

EEMEA in Focus

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This piece was originally published in the latest GEMs Daily - London Edition.

Turkey: at the mercy of the global backdrop

Back from a two-week holiday and it feels like waking up to a completely different world: CBT is now busy convincing the markets that it is doing enough to prevent a looming recession in an orthodox way by cutting policy rates rather than cooling down the economy with macroprudentials; the “all important” 25% credit growth target seems to be off the table; and CBT tries to attract capital inflows and reduce volatility by narrowing the ON corridor rather than discouraging “hot money”, and it is no longer buying FX but introduced FX sales auctions.

Supporting the change in CBT’s policy stance, global markets sold off on double dip concerns and deteriorating European debt crisis. Growth forecasts have been trimmed down and monetary policy is expected to stay accommodative even longer in the developed world. Our US economists now see 35% chance that US will enter a recession and 50% chance that FED will resort to QE3.

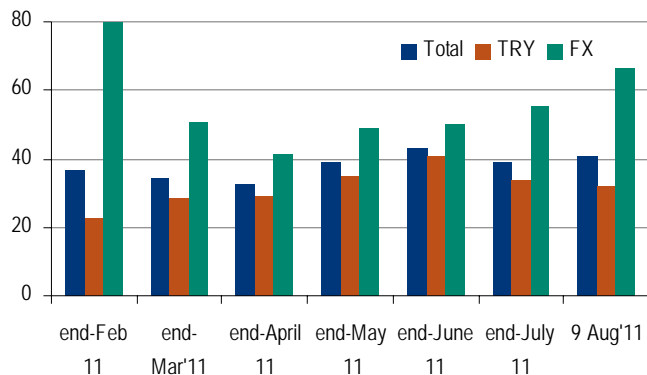
We still think that Turkish domestic demand is strong enough to stage a rebound in Q411 in a global muddle-through scenario, where US averts a recession and European leaders do not let the debt crisis evolve into a full blown financial crisis reminiscent of 2008. However, we still believe that the tail risk of European debt crisis getting out of hand presents an ugly scenario for Turkey. Since the high CAD deficit is likely to prove sticky in the ST despite weaker TRY, it leaves Turkey more vulnerable than 2008, in our view.

All in, Turkey has entered this recent turbulence with an economic activity close to potential, high credit growth and a large CAD. As the uncertainty remains high, the degree of the hit it will take is largely at the mercy of the global backdrop, in our view.

How much of a slow down?

We have been arguing for some time that the soft patch in Q311 would be followed by a relatively strong rebound in Q411 ([Turkey: how much of a slow down?](#)). Given the strong job market, real increase in wages, low interest rates in historical context, and easing monetary policy, domestic demand is likely to remain strong unless we head into a confidence crisis (possibly triggered by the Europe) that will be accompanied by a disorderly weakening in TRY.

Chart 7: TRY credit growth slows down (year-to-date, annualized, %)



Source: Turkstat, CBT, Bofa Merrill Lynch Global Research

Chart 8: Unemployment rate ticked up, but still at pre-crisis lows



Source: Turkstat, CBT, Bofa Merrill Lynch Global Research

Downside to soft patch

We suggested [earlier](#) that if the global slowdown would prove worse than just a soft patch, lower exports and less available foreign funding would pull down EEMEA GDP growth roughly by 0.5ppt in 2012. Considering that in that downside scenario we assumed 2% GDP growth in the US, 1.2% in Eurozone, 7% in China in 2012, and oil prices going down to \$90 per barrel, we are not far away from adopting it as a base case. While we suggested that Turkish GDP growth may slow down to 3% in 2012 in this scenario with TRY at 2.15 against the basket in H211, note that the backbone of our view was that the risk appetite would hold up.

As one of the least open countries in EEMEA, Turkey is relatively immune to a global slowdown and even benefits via lower oil prices and lower global rates. However, if the downside in global activity comes with major risk events, Turkey could slow down sharply as the adjustment in TRY and rates would likely be rapid.

Europe makes the difference

We examined four channels of contagion from a deteriorating Eurozone crisis to EEMEA in our [Peripheral fallout](#) piece in mid July: funding, positioning, balance sheets, and trade. While Turkey is relatively safer in terms of balance sheet impact of FX depreciation and economic slowdown, and direct trade channels, funding remains as the soft belly. While (most of) CEE remains vulnerable through strong links to the Eurozone banks, current account balances are greatly improved relative to 3 years ago. In contrast, Turkey is more vulnerable now than it was then, due to its worst-ever basic balance (CAD + FDI).

CAD remains large in the short-term

The year-to-June current account deficit reached US\$45bn, while the 12m rolling deficit is at US\$73bn (9.3% of GDP). While TRY lost some 30% against the basket since end 2010, the impact on the CAD will be lagged (usually some 9 months the earliest) and depend on how much of the increase in import prices would be reflected on domestic prices. Note that it took almost a good year and a half to get the CAD down to 2.3% of GDP in 2009 from 6% in mid 2008, despite four consecutive quarters of contracting GDP, collapsed commodity prices and a full blown confidence crisis. We forecast CAD at 10.3% of GDP in 2011.

Despite the large CAD, the BoP remained in the black on the back of large capital inflows, and official reserves reached to \$94bn as of early July, before coming down to US\$92bn as of early August. Almost 85% of the CAD was funded by short-term inflows including portfolio investments and the volatile net errors and omissions have reached some \$10bn in H111. This may change in H211 if we have another leg down in the European debt crisis.

Even if we stick to CBT's CAD forecast of US\$25bn in H211 (our house forecast is US\$35bn), this would still mean some monthly CAD deficit of US\$4bn. For the sake of simplicity, if we assume that there will not be any further capital outflows and CBT would continue selling roughly US\$2bn monthly, still the market will demand another US\$2bn. In a scenario in which European problems increase the \$-funding need of the European banks *a la* 2010 or 2008, then TRY is likely to come under further pressure given the already evident pressure from the CAD.

Data Preview

Thursday, 18 August

	NYT	Country	Data/Event	For	BofAMLe	Cons.†	Previous	Comments
⊕⊕	1:30	Japan	Department store sales (yoy)	Jul	n.a.	n.a.	0.3%	
⊕	2:00	Taiwan	GDP (yoy)	Q2 F	4.9%	4.9%	4.9%	
⊕	4:30	Hong Kong	Unemployment rate (sa)	Jul	n.a.	3.5%	3.5%	
⊕⊕	7:00	Brazil	FGV Inflation IGP-10 (mom)	Aug	0.22%	0.19%	-0.12%	We expect the August IGP-10 to gain 0.22% mom, up significantly from -0.12% mom in July. Wholesale agricultural inflation should impact the headline result, as signaled by the group's sharp rise in the first preview of the IGP-M.
⊕⊕	8:00	Poland	Industrial production (yoy)	Jul	4.0%	3.4%	2.0%	IP growth should recover from an abnormal low in June, but stays weak due to reducing inventories and easing export demand.
⊕⊕	8:30	Chile	Current Account	Q2	490mn	n.a.	722mn	We are currently forecasting a surplus around US\$490 mn (-9% yoy), in the back of the weakening of current transfers in annual terms, in spite of a trade surplus increasing almost 32% yoy, but getting eroded in a quarterly basis.
⊕⊕	8:30	Chile	Gross Domestic Product (yoy)	Q2	6.5%	6.50%	9.8%	GDP is expected to grow 6.5%, according to already released monthly figures of activity (IMACEC). This translates into a qoq sa growth of 1.2%.
⊕⊕⊕	18:00	Chile	Nominal Overnight Rate Target	18-Aug	5.25%	5.25%	5.25%	Recently the BCCCh Survey of Economists moved from a 25 bp hike expectation to a pause. July's CPI print at 0.1% mom and below consensus, supports this view, as the current international scenario, that could impact domestic activity as well.

Friday, 19 August

	NYT	Country	Data/Event	For	BofAMLe	Cons.†	Previous	Comments
⊕	0:30	Japan	All industry index (sa, mom)	Jun	n.a.	2.2%	2.0%	
⊕⊕⊕	4:00	Taiwan	Export orders (yoy)	Jul	9.0%	11.0%	9.2%	We expect the export orders to moderate at 9.0% in July, reflecting the uncertainties posed by the worsening global growth outlook in the next 1-3 months. The latest ministry of economic affairs survey data also showed that firms are getting more pessimistic about their July orders.
⊕⊕	8:00	Poland	Core CPI (yoy)	Jul	2.4%	2.5%	2.4%	Core inflation remains close to the 2.5% target, a touch too strong for the MPC's likings, but growing evidence of weaker global growth has pushed the possibility of rate hikes off the table.
⊕⊕⊕	8:00	Brazil	IBGE CPI IPCA-15 (mom)	Aug	0.08%	0.20%	0.10%	We expect the headline to gain 0.08% mom, virtually the same result as in July. While food inflation should accelerate at the margin, we expect transportation inflation to be lower in comparison to the last IPCA. Market participants should focus on core readings and services inflation, which remain above the target's ceiling in the annual figures.
⊕⊕⊕	9:00	Mexico	Global Economic Indicator IGAE	Jun	3.83%	n.a.	4.55%	Following industrial activity moderation, we expect IGAE to slow down, posting a 3.83% yoy growth in June.
⊕⊕	9:00	Mexico	GDP Constant \$ (yoy)	Q2	3.55%	3.80%	4.60%	While activity rebounded in May after Japan's earthquake disruptions were left behind, the weaker than expected industrial production in the US led activity to moderate in June. Thus, we expect a 3.55% GDP growth in Q2. Although we continue to expect a 4.0% GDP growth in 2011, downside risks for our forecasts remain.
⊕⊕⊕	15:00	Argentina	Economic Activity Indx (yoy; nsa)	Jun	7.6%	n.a.	8.1%	Weaker industrial production (8.2% in June vs 9.1% in May) and a lower increase in real consumer goods imports, supports our forecast. However, private estimates of activity, as OJF, show a milder moderation, from 5.8% yoy in May to 5.7% in June.
⊕⊕	15:00	Argentina	Industrial Production (yoy; nsa)	Jul	n.a.	n.a.	8.20%	
⊕⊕	17:00	Colombia	Industrial Production (yoy)	Jun	n.a.	n.a.	4.40%	
⊕⊕	17:00	Colombia	Retail Sales (yoy)	Jun	n.a.	n.a.	11.50%	
⊕⊕⊕	—	Colombia	Overnight Lending Rate	19-Aug	4.75%	4.75%	4.50%	Strength in activity and credit indicators along with core inflation measures slightly trending up should lead the Bank to raise rates one additional time. However, given recent external macro uncertainties, we recognize risks for a pause have significantly increased.

Notes: †Bloomberg consensus; ⊕ = level of importance; A = advanced; F = final; P = preliminary; sa = seasonally adjusted; saar = seasonally adjusted annualized rate; nsa = not seasonally adjusted; wda = working-day adjusted; n.a. = not available; mom = month-on-month; qoq = quarter-on-quarter; yoy = year-on-year.

Source: BofA Merrill Lynch Global Research, Bloomberg, Central banks * denotes previous month

Data Review

Wednesday, 17 August

NYT	Country	Data/Event	For	Actual	BofAMLe	Cons.†	Previous	Comments
⊕⊕	5:00 Malaysia	CPI (yoy)	Jul	3.4%	3.6%	3.5%	3.5%	CPI inflation was less than expected, easing to +3.4% in July from +3.5% a month ago. CPI advanced by +0.2% from June (vs. +0.3% last month). High m-o-m increases were seen in furnishings/households (+0.5%), restaurants/hotels (+0.5%), food/beverages (+0.4%) and recreation (+0.4%). Falls were seen in transport (-0.1%).

Tuesday, 16 August

NYT	Country	Data/Event	For	Actual	BofAMLe	Cons.†	Previous	Comments
⊕⊕	2:30 India	WPI (yoy)	Jul	9.2%	9.3%	9.2%	9.4%	The data confirms the weak growth environment depicted by the most recent indicators and strongly suggests that the CNB is likely to keep rates on hold for a prolonged period.
⊕⊕⊕	3:00 Czech Rep.	GDP (yoy, P)	Q2	2.4%	2.4%	2.4%	2.8%	
⊕⊕⊕	3:00 Hungary	GDP (yoy, P)	Q2	1.5%	2.4%	2.5%	2.5%	The macro environment continues to support the case for rate cuts and we still envisage the need for policy loosening in 2012. In the near term, the behaviour of the HUF remains key, with European issues still likely to weigh on sentiment.
⊕⊕	10:00 Brazil	CAGED Formal Job Creation	Jul	140,563	180,000	n.a.	215,393	Labor market conditions have been showing signs of moderation at the margin. We expect this movement to continue going forward as the effects of the recently introduced tightening in monetary conditions should impact economic activity.
⊕⊕⊕	20:30 Singapore	Non-oil domestic exports (yoy)	Jul	-2.8%	1.6%	4.6%	1.0%	

Monday, 15 August

NYT	Country	Data/Event	For	Actual	BofAMLe	Cons.†	Previous	Comments
⊕	1:00 Singapore	Retail sales (yoy)	Jun	10.9	n.a.	11.0%	10.0%	Much of the headline improvement in this employment report, a lagging indicator especially at this juncture in the business cycle, is explained by seasonality. The surprising figure now is close to the upper end of the target range (3%).
⊕⊕	3:00 Turkey	Unemployment rate	May	9.4%	n.a.	n.a.	9.9%	
⊕⊕⊕	11:30 Israel	CPI (yoy)	Jul	3.4%	4.0%	4.0%	4.2%	Overseas remittances rose 7.0% yoy in June (vs. 6.9% in May). Growth was boosted by increased fund transfers from sea-based (15%) and land-based (4.2%) workers in June. Total remittances grew 6.3% in the first half of this year to reach US\$9.6bn. June's GDP expansion was the slowest since January 2010 when the Peruvian economy posted a 3.9% annual growth rate. Notably, mining activity retreated again (-6.17% yoy) after briefly recovering 2.3% yoy in May.
⊕	11:30 Peru	Unemployment	Jul	7.0%	n.a.	n.a.	7.3%	
⊕	- Philippines	Overseas remittances (yoy)	Jun	7.0%	n.a.	n.a.	6.9%	
⊕⊕⊕	10:00 Peru	GDP (yoy; nsa)	Jun	5.3%	5.2%	5.8%	7.1%	INDEC reported July's CER inflation at 0.8% mom, with an annual increase of 9.7%, slightly above June's monthly print of 0.7% mom and repeating the annual increase. In fact, it is the fifth consecutive month with a yoy CER inflation at 9.7%.. Recently, opposition members in Congress began to publish an alternative index, a simple average of private estimates, which was up by 1.62% mom in July (above previous print of 1.5% in June).
⊕⊕⊕	15:00 Argentina	CER Inflation (mom)	Jul	0.8%	0.7%	0.8%	0.7%	

Notes: †Bloomberg consensus; ⊕ = level of importance; A = advanced; F = final; P = preliminary; sa = seasonally adjusted; saar = seasonally adjusted annualized rate; nsa = not seasonally adjusted; wda = working-day adjusted; n.a. = not available; mom = month-on-month; qoq = quarter-on-quarter; yoy = year-on-year.

Source: BofA Merrill Lynch Global Research, Bloomberg, Central banks * denotes previous month

Portfolios Update

Trade	Open Date	Expiry Date	Open Price	Target	Stop	Equity (US\$ mn)	Notional (US\$ mn)	Leverage ratio	Current level	ROE (%)
EM FX discretionary portfolio										
Long 1m ARS/CLP	19-Jul-11		111.25	120.00	109.58	3.00	12.00	4.0	112.16	1.6
LDM discretionary portfolio										
Brazil: receive Jan-14 DI vs pay Jan-17 DI	29-Nov-10		-17	50	-20	2.00	16.00 x 10.00	8.00	3	0.4
Buy 6m2y ATM Korea Swaption Payer	31-May-11					0.06	20.00	312.50		0.0
Mexico: long 2038 Mbono with FX hedge	20-Jun-11		8.15%	7.00%	8.40%	2.00	5.50	2.75	7.31%	17.3
Chile 1y receiver	8-Aug-11		5.20%	4.50%	5.40%	2.00	25.99	13.00	5.10%	-0.1
Chile 5y receiver	8-Aug-11		5.15%	4.70%	5.40%	2.00	10.00	5.00	5.03%	4.0
Pay 2y HUF IRS	12-Aug-11		6.10%	6.50%	5.85%	2.18	50.00	22.94	5.90%	-8.6
EXD discretionary portfolio										
Colombia 5s10s CDS steepener	29-Nov-10		27	50	35	4.00	50.00 x 29.08	12.5	38	13.2
Buy Latvia 5y CDS vs Sell Lithun 5y CDS	20-Jun-11		5	35	(15)	0.75	10.00 x 10.00	13.3	13	4.3
Buy Mex 5y CDS vs Sell Brazil 5y CDS	4-Aug-11		(2)	17	(12)	2.00	60.00 x 60.00	30.0	0	2.9

Performance summary of discretionary portfolios

	EMFX discretionary portfolio			LDM discretionary portfolio			EXD discretionary portfolio		
	Since inception	Last 12mo	YtD	Last 5yrs	Last 12mo	YtD	Since inception	Last 12mo	YtD
Annual rate of returns	7.5%	5.0%	0.4%	13.4%	0.8%	-1.7%	7.0%	4.1%	-0.1%
Annual volatility of returns	6.7%	3.5%	4.2%	2.5%	1.6%	2.5%	7.0%	2.8%	3.4%
Sharpe ratio	1.12	1.42	0.09	4.58	0.39	-0.79	1.00	1.46	-0.03
Total number of trades (a)	91	45	24	357	55	36	154	19	4
Trades with +ve return (b)	43	39	11	198	25	12	85	11	1
Trades with -ve return	48	6	13	159	30	24	69	8	3
Success rate (b/a)	47%	87%	46%	55%	45%	33%	55%	58%	25%

Note: The equity allocation is set such that a 6-sigma movement in the trade against our recommendation (ie, six times the standard deviation of the total returns of the trade) would not wipe out more than 20% of the equity. The correlation between our trades is assumed to become one under stress condition. This assumption makes the value-at-risk (VAR) of the portfolio more conservative. The total VAR amounts to 20% of the equity allocated to trade recommendations. The leverage is calculated by the ratio between notional and equity. The Sharpe ratio is calculated as excess return of portfolio vs. US money market rates divided by the volatility of returns. All quotes in the Asian time zone are at close on the open day, for the other time zones the quotes are at 11am NY Time (4pm London). For portfolio methodology and details of the performance calculations refer to [EXD discretionary portfolio: year two report, 01 April 2010](#), ["LDM portfolio is four", EM Spotlight, 02 November 2009](#), [EM FX discretionary portfolio returns 12.9% in first year, 01 October 2010](#). The inception date of LDM, EXD and EMFX portfolios are 10/01/05, 03/14/08 and 09/24/09, respectively. A complete EXD portfolio and LDM portfolio performance record is available upon request. The performance does not reflect tax withholdings and investors should note that their costs may vary. Past performance does not guarantee future returns.
Source: Bloomberg, BofA Merrill Lynch Global Research

EXD Country Views

	Weight (%)	Our view	Dur. (yrs)	Yield (%)	Swap spread (bp)					Total return (%)				Bond recommendations (FAB model)
					Last	Δ1W	Δ1M	Δ3M	YtD	Δ1W	Δ1M	Δ3M	YtD	
Total	100.0		7.20	5.33	333	5	47	67	68	0.2	1.0	2.8	6.1	
Asia	17.1		7.59	4.53	253	18	50	47	67	-0.9	1.2	4.0	5.9	
Indonesia	5.8	UW	7.23	4.10	225	20	42	38	54	-1.0	1.4	4.0	6.3	'14Ss, '14s
Korea	1.7		4.17	2.46	153	6	14	17	7	0.0	1.5	3.4	6.0	'14Ns, '14s
Malaysia	0.8		5.07	2.80	167	13	11	64	39	0.2	2.4	2.5	5.7	
Pakistan	0.3		4.83	11.33	1001	29	94	200	282	-0.6	-1.0	-2.2	-1.5	
Philippines	7.3	MW	8.39	4.36	210	12	46	39	60	-0.6	1.5	5.0	6.4	'14s, '15s
Sri Lanka	0.8		5.39	5.48	401	37	66	84	103	-2.1	-0.9	0.2	1.8	
Vietnam	0.4		5.35	6.00	462	45	88	133	89	-1.7	-1.1	-0.5	5.4	
EEMEA	42.6		6.26	5.21	347	7	51	88	100	0.2	0.6	1.5	4.4	
Abu Dhabi	1.1	MW	3.55	1.98	93	2	12	10	-3	0.6	1.1	2.2	1.7	
Bahrain	0.5	MW	5.12	4.63	333	11	51	66	150	-0.2	0.2	1.6	0.2	
Belarus	0.4	MW	3.71	12.62	1173	97	65	287	533	-3.1	-1.0	-5.4	-10.1	
Bulgaria	0.3	UW	3.02	3.40	292	-2	54	90	81	0.4	-0.1	0.4	2.9	
Croatia	1.0	UW	6.70	6.62	467	62	134	183	165	-3.2	-3.8	-3.8	1.0	
Gabon	0.3		5.05	5.11	381	14	57	95	109	-0.1	0.3	1.3	3.9	
Ghana	0.2		4.78	6.03	479	19	55	99	100	-0.3	0.4	1.4	5.0	
Egypt	0.4	UW	8.44	6.18	381	14	59	28	159	-0.5	0.7	6.3	-1.2	
Hungary	2.0	UW	7.02	5.88	394	0	81	137	23	0.9	-1.2	-2.0	9.4	'14s, '14N€s, '16€s
Iraq	0.6	MW	8.62	7.42	516	67	167	198	210	-4.4	-5.8	-6.1	-3.1	
Jordan	0.2	OW	3.83	5.27	454	24	52	76	148	-0.4	0.1	2.1	1.9	
Lebanon	3.5	MW	4.61	5.02	384	9	34	33	86	0.1	1.0	3.3	4.1	
Lithuania	1.1	UW	3.26	3.72	240	23	54	107	7	-	2.4	3.0	11.8	
Morocco	0.5	MW	6.49	5.69	339	24	54	74	150	0.9	1.7	3.0	4.8	
Nigeria	0.1	OW	7.16	6.11	405	21	83	93	-	-0.6	-0.7	1.8	-	
Poland	2.4	UW	5.51	3.85	246	6	72	107	76	0.4	0.3	0.7	4.3	'15\$S, '19\$S, '21\$S
Qatar	3.3	OW	6.45	3.19	164	-15	5	24	11	1.3	3.2	4.9	7.9	
Romania	2.4	MW	3.07	4.76	348	7	20	114	16	1.8	3.5	3.2	12.7	
Russia	9.2	OW	6.11	4.39	244	7	45	59	49	0.2	1.2	2.8	6.8	'15s, '28s
South Africa	1.9	MW	7.14	3.70	183	4	21	45	41	0.5	3.0	4.2	8.2	'14s, '41s
Turkey	9.4	MW	7.47	4.76	280	-7	58	81	104	1.1	0.5	1.6	3.2	'15s, '17s
Ukraine	1.9	UW	4.85	6.71	542	6	43	131	96	0.6	1.1	0.5	5.2	'12s, '13s
LatAm	40.2		7.87	5.73	351	-2	43	58	46	0.6	1.4	3.5	7.7	
Argentina	1.8	MW	9.12	9.69	723	-34	89	142	204	3.4	-1.4	-2.6	-4.2	Par€s, Disc€s
Brazil	10.6	MW	7.99	3.87	143	-5	25	38	16	0.8	2.8	4.8	8.9	'27s, '30s, '34s
Chile	0.5		4.54	2.13	102	-12	10	12	29	1.0	1.9	3.8	5.3	
Colombia	3.9	MW	7.64	3.78	180	-3	31	31	2	0.4	2.1	4.5	9.4	'13s, '33s
Costa Rica	0.2		3.66	3.07	220	-11	40	50	69	0.6	0.2	1.4	3.0	
Dominican Rep	0.6		5.74	7.03	504	26	71	146	146	-0.6	-0.4	-1.1	1.8	
El Salvador	1.1	MW	8.67	6.90	418	30	70	98	101	-2.0	0.0	0.5	4.0	
Jamaica	0.7		6.68	7.39	546	22	97	115	60	-0.7	-1.7	0.1	8.0	
Mexico	8.9	MW	8.09	3.66	164	9	35	42	29	-0.5	1.9	3.7	8.2	'34s, '40s
Panama	2.2	MW	9.12	4.28	187	2	48	60	26	0.3	1.7	3.4	9.2	
Peru	2.7	MW	10.34	4.74	204	-9	28	32	45	1.3	3.8	6.2	8.5	'15s, '33s, '50s
Uruguay	1.8	OW	9.30	4.90	227	16	61	55	38	-0.9	0.6	3.8	8.8	
Venezuela	5.2	MW	5.34	13.70	1189	-41	114	107	87	2.3	-2.0	3.0	8.6	'22s, '23s, '31s

Note: For FAB model details, please see [Introducing FAB](#), 24 September 2010.

Source: BofA Merrill Lynch Global Research

18 August 2011

Selected Market Indicators

EM DEBT (TRR)	1D %	1W %	MTD %	1M %	YTD %	1Y %	
EM	0.2	0.9	-0.9	1.2	6.3	6.5	
LATAM	0.2	1.0	-1.0	1.6	7.9	7.7	
Argentina	-0.3	3.6	-6.1	-1.7	-4.4	11.3	
Brazil	0.2	1.0	0.5	3.0	9.1	6.6	
Colombia	0.3	0.5	-0.3	2.4	9.7	6.3	
Mexico	0.4	-0.3	-0.3	2.2	8.5	5.0	
Panama	0.6	1.2	0.1	2.3	9.8	5.9	
Peru	0.5	1.8	0.0	4.3	9.0	3.4	
Venezuela	-0.2	3.3	-4.1	-2.1	8.4	20.6	
EMEA	-0.1	0.8	-0.8	0.5	4.3	5.5	
Lebanon	0.1	0.4	0.3	1.1	4.2	7.8	
Russia	-0.3	0.6	-0.8	0.9	6.5	6.8	
South Africa	0.2	0.7	0.8	3.3	8.4	7.8	
Turkey	-0.2	1.7	-0.6	0.3	3.0	5.5	
Ukraine	0.1	1.3	-1.8	1.2	5.3	7.8	
ASIA	0.7	1.0	-0.8	1.9	6.6	5.3	
Indonesia	0.6	0.8	-0.7	2.0	6.9	4.9	
Philippines	0.8	1.4	-0.5	2.3	7.3	6.4	
EM DEBT (IGOV Sprds)	Last	1D Δ	1W Δ	MTD Δ	1M Δ	YTD Δ	1Y
EM	338	5	-11	62	51	75	52
LATAM	356	5	-11	60	48	56	45
Argentina	732	6	-40	129	98	320	114
Brazil	149	6	-11	39	34	22	7
Colombia	181	1	-9	52	33	3	13
Mexico	167	3	1	49	36	32	26
Panama	188	1	-15	51	49	27	23
Peru	206	2	-19	54	37	47	55
Venezuela	1201	12	-65	138	119	99	-37
EMEA	354	7	-10	64	56	106	70
Lebanon	384	0	-7	34	38	86	10
Russia	255	11	-9	65	55	60	22
South Africa	187	4	-8	41	25	45	17
Turkey	289	9	-22	61	64	113	42
Ukraine	546	4	-15	90	40	100	55
ASIA	250	-3	-13	59	47	64	35
Indonesia	223	-2	-11	57	42	52	29
Philippines	207	-3	-17	56	44	57	18
EM 5y CDS (Sprd)	Last	1D Δ	1W Δ	MTD Δ	1M Δ	YTD Δ	1Y
CDX.EM	262	0	-27	50	36	62	38
Argentina	744	11	-47	150	110	142	-76
Brazil	141	1	-22	27	21	30	25
Mexico	141	2	-25	30	23	27	24
Venezuela	1,099	-15	-57	138	98	83	-89
Russia	187	1	-16	45	33	41	27
Turkey	235	-1	-19	42	40	94	72
Philippines	162	-1	9	30	21	35	16
Indonesia	165	1	8	32	21	37	18
EM Debt by Rating (Sprd)	Last	1D Δ	1W Δ	MTD Δ	1M Δ	YTD Δ	1Y
EM BBB	213	5	-8	53	39	49	34
EM BB	267	2	-14	60	62	74	39
EM B	759	7	-22	94	41	105	-8
EM vs HY Sprd Diff.	Last	1D	1W	MTD	1M	YTD	1Y
EM BBB - US Corps BBB	-35	-39	-15	-44	-33	-47	-64
EM BB - US Corps BB	-273	-274	-264	-211	-210	-215	-280
EM B - US Corps B	15	8	25	72	139	109	86
US Corps (TRR)	1D%	1W%	MTD %	1M%	YTD %	1Y%	
US High Yield (HOAO TRR)	0.2	0.5	-3.8	-3.3	2.2	8.6	
US High Grade (COAO TRR)	0.5	-0.8	0.3	1.6	6.3	5.7	
US Treasury Master (GOQ0)	0.4	0.0	2.4	0.4	4.6	4.6	
US Corps (Sprd)	Last	1D Δ	1W Δ	MTD Δ	1M Δ	YTD Δ	1Y
US High Yield (HOAO Sprd)	711	1	-8	148	157	170	20
US High Grade (COAO Sprd)	209	0	13	43	41	43	19
Commodities	Last	1D%	1W%	MTD%	1M%	YTD%	1Y%
Crude Oil (\$/Bbl)	87.6	1.1	5.6	-8.5	-10.0	-4.2	15.6
Copper	402.9	0.9	3.7	-9.9	-8.5	-9.2	20.7
UST Yields	Last	1D	1W	MTD	1M	YTD	1Y
10Y	2.16	2.22	2.11	2.80	2.91	3.29	2.63
2Y	0.19	0.18	0.18	0.36	0.35	0.59	0.50
10Y - 2Y	1.97	2.04	1.93	2.44	2.55	2.70	2.14
Global Yields	Last	1D	1W	MTD	1M	YTD	1Y
Japan Global '10	1.03	1.04	1.04	1.08	1.09	1.13	0.95
Germany Bund '10	2.20	2.32	2.19	2.54	2.70	2.96	2.36
Risk Aversion (Levels)	Last	1D	1W	MTD	1M	YTD	1Y
Risk Aversion S&P (VIX)	31.94	32.85	42.99	25.25	19.53	17.75	24.33

Source: BofA Merrill Lynch Global Research

EM FX	Last	1D%	1W%	MTD%	1M%	YTD%	1Y%
EUR (\$)	1.444	0.2	1.8	0.3	2.3	7.9	12.1
Japanese Yen USDJPY	76.50	0.4	0.5	0.3	3.2	5.7	10.6
Argentinean Peso USDARS	4.166	-0.1	-0.2	-0.6	-0.9	-4.7	-5.9
Brazilian Real USDBRL	1.584	0.4	2.5	-2.2	-0.6	4.6	9.7
Chilean Peso USDCPL	467	1.1	1.4	-1.9	-0.7	0.3	7.1
China Renminbi USDCNY	6.387	-0.1	0.5	0.8	1.3	3.3	6.0
Colombian Peso USDCOP	1,766	0.5	1.7	0.7	-0.5	7.4	2.3
Czech Koruna EURCZK	24.42	0.0	-0.8	-1.0	0.3	2.4	1.5
Egyptian Pound USDEGP	5,971	0.0	-0.2	-0.2	-0.3	-2.9	-5.2
Hungarian Forint EURHUF	270	0.1	2.8	0.0	1.1	3.3	3.1
Indian Rupee USDINR	45.41	-0.1	-0.3	-2.8	-1.9	-1.6	2.7
Indonesian Rupiah USDIDR	8,526	0.1	0.1	-0.3	0.4	5.2	4.8
Korean Won USDKRW	1,072	-0.1	0.8	-1.7	-1.0	4.8	8.9
Mexican Peso USDMXN	12.17	0.7	3.1	-3.7	-3.8	1.4	3.4
Polish Zloty EURPLN	4,137	0.2	2.0	-3.5	-2.6	-4.4	-4.9
Russian Ruble USDRUB	28.79	-0.4	3.5	-4.3	-2.1	5.7	5.2
S. African Rand USDZAR	7,087	0.9	2.4	-5.9	-1.6	-6.9	2.5
Taiwanese Dollar USDTWD	28.92	0.1	0.1	-0.2	0.1	1.3	9.4
Thai Baht USDTHB	29.85	0.0	0.1	-0.3	0.5	0.7	6.0
Turkish Lira USDTRY	1,768	0.5	0.5	-4.7	-6.6	-14.5	-18.0
EM 2y Rates (Δ in bp)	Last	1D Δ	1W Δ	MTD Δ	1M Δ	YTD Δ	1Y Δ
Brazil (DI Futures)	11.67	-17	-23	-110	-101	-60	21
Chile	4.98	2	16	-59	-65	26	75
China (onshore)	3.79	6	2	-34	-10	43	156
Czech	1.48	-4	1	-19	-25	-55	-17
Hong Kong	0.39	0	0	-17	-19	-40	-24
Hungary	5.80	-7	-45	-45	-51	-77	-18
India (onshore)	7.32	4	28	-57	-28	11	89
Israel	3.08	8	-10	-77	-78	3	48
Korea (onshore0)	3.54	3	14	-39	-27	2	10
Malaysia (onshore)	3.20	-2	-6	-35	-33	-18	1
Mexico (THIE)	4.87	1	0	-29	-48	-59	-42
Poland	4.51	2	-10	-50	-49	-36	-5
Russia	5.56	-4	-31	14	8	-64	6
Singapore	-0.37	-18	-32	-68	-74	-96	-100
South Africa	5.80	1	-1	-45	-60	-10	-69
Taiwan (onshore)	0.91	-1	-2	-14	-12	-9	3
Turkey	5.85	-2	-6	-197	-189	-39	-157
EM EQUITY (USD)	P/E	1D%	1W%	MTD%	1M%	YTD%	1Y%
EM	10.6	0.5	5.3	-10.5	-10.3	-11.5	2.5
LATAM	10.3	-0.2	8.2	-9.5	-9.3	-15.5	-5.0
Argentina	8.8	-0.7	3.4	-10.0	-11.5	-23.6	7.1
Brazil	8.4	-0.1	9.8	-10.3	-9.5	-17.2	-9.7
Chile	16.6	-1.1	4.6	-8.0	-13.0	-14.4	0.1
Mexico	21.5	0.1	6.1	-9.2	-9.4	-10.7	8.5
EMEA	5.8	-1.0	2.5	-16.5	-15.8	-11.5	1.6
Russia	4.9	-1.9	2.9	-15.2	-14.3	-6.6	11.2
South Africa	14.9	-0.7	7.8	-7.2	-8.0	-12.8	10.3
Turkey	NA	1.0	0.9	-17.5	-18.9	-29.8	-24.6
ASIA	12.0	1.2	4.4	-10.2	-10.0	-9.6	5.2
China	NA	0.1	5.7	-9.7	-9.0	-11.2	-5.4
India	14.3	-1.0	-1.0	-10.5	-12.1	-20.8	-7.5
Korea	10.9	6.1	5.6	-13.7	-14.3	-5.8	15.9
Taiwan	NA	-0.5	4.4	-10.3	-9.9	-14.4	7.1
Thailand	11.5	-1.0	3.3	-5.9	-0.2	5.3	34.3
EM EQUITY (Sectors)	P/E	1D%	1W%	MTD%	1M%	YTD%	1Y%
Energy	7.2	-0.5	5.9	-13.8	-13.2	-11.8	3.0
Material	8.3	1.0	6.6	-11.4	-12.5	-13.0	5.0
Industrials	11.5	1.7	4.9	-12.2	-15.0	-17.5	-1.5
Consumer Discretionary	13.5	1.8	5.9	-8.7	-8.4	0.1	21.3
Consumer Staples	19.9	0.5	6.6	-4.2	-3.8	0.3	16.4
Health Care	13.6	-0.6	2.1	-10.2	-9.9	-13.3	3.9
Financials	11.1	0.2	4.6	-10.4	-9.5	-13.8	-3.1
Information Technology	12.1	1.1	4.2	-11.6	-10.8	-18.1	-0.9
Telecom Services	13.6	-0.4	5.7	-6.3	-4.5	-4.1	1.8
Utilities	12.8	0.4	3.8	-10.7	-11.8	-10.7	5.9
Global Equities	Last	1D%	1W%	MTD%	1M%	YTD%	1Y%
Dow Jones (INDU)	11,410	-0.7	1.6	-6.1	-8.6	-1.5	9.6
Nasdaq (CCMP)	2,511	-1.2	1.7	-9.0	-10.1	-5.4	13.6
S&P 500 (SPX)	1,194	-1.0	1.8	-7.7	-9.3	-5.1	9.2
Small Cap (RTY)	704	-1.9	1.3	-11.7	-15.1	-10.2	12.3
DJ Stoxx € 50 (SX5P)	2,259	0.5	1.8	-9.9	-10.1	-10.0	-6.2
Nikkei 225 (NKY)	9,057	-0.5	0.2	-7.9	-9.2	-10.5	0.8
Deutsche Borse AG (DAX)	5,949	-0.5	1.3	-16.3	-17.0	-13.3	-1.9

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Date	Publication	Headline	Authors
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16-Aug-11	Asia Strategy Viewpoint	Asia Fixed Income and FX Markets Guide 2011	Piron, Claudio; Bhundia, Ashok; Gao, Bin; Tan, Christy
16-Aug-11	GEMs Trade Note	Asia: close long CNH, SGD, MYR basket	Tan, Christy; GEMs FI Strategy & Economics
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12-Aug-11	Asia Macro Weekly	India: How bad can it get?	Bond, TJ; Chow, Marcella; Chua, Hak Bin; Hu, Weijun; Lee, Jaewoo; Lu, Ting; Sen Gupta, Indranil; Zhi, Xiaojia; Piron, Claudio; Bhundia, Ashok; Tan, Christy
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08-Aug-11	GEMs Daily - Asia Edition	China: trade growth moderated further in 2H11	GEMs FI Strategy & Economics
05-Aug-11	Chile Macro Viewpoint	We expect BCCh to cut rates in 2012	LatAm FI Strategy & Economics; Buscaglia, Marcos
05-Aug-11	GEMs Trade Note	KRW payer hits target, open SGD receiver	Piron, Claudio; GEMs FI Strategy & Economics
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05-Aug-11	Asia Macro Weekly	Asia: decoupling redux	Bond, TJ; Chow, Marcella; Chua, Hak Bin; Hu, Weijun; Lee, Jaewoo; Lu, Ting; Sen Gupta, Indranil; Zhi, Xiaojia; Piron, Claudio; Bhundia, Ashok; Tan, Christy
04-Aug-11	GEMs Trade Note	RV Trade: Buy Mexico vs sell Brazil CDS	Beker, David; Brauer, Jane; Aguirre, Ezequiel; Buscaglia, Marcos; GEMs FI Strategy & Economics
04-Aug-11	GEMs Daily - US Edition	Mexico: lower growth prospects ahead	GEMs FI Strategy & Economics
04-Aug-11	GEMs Strategy Weekly	Vertigo	Ades, Alberto; Aguirre, Ezequiel; Beker, David; Bhundia, Ashok; Brauer, Jane; Gao, Bin; Hauner, David; Piron, Claudio; Sen, Arko; Tan, Christy
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29-Jul-11	EEMEA Macro Weekly	Turkey: CBT says all is well	Hauner, David; Hamzaoglu, Turker; Osakovskiy, Vladimir; Saliba, Jean-Michel; Sen, Arko; Sharratt, Matthew; Tenconi, Raffaella; EEMEA FI Strategy & Economics; GEMs FI Strategy & Economics
29-Jul-11	Asia Macro Weekly	China: Trade growth moderated in 1H11	Bond, TJ; Chow, Marcella; Chua, Hak Bin; Hu, Weijun; Lu, Ting; Sen Gupta, Indranil; Zhi, Xiaojia; Piron, Claudio; Bhundia, Ashok; Tan, Christy
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