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WEEKLY INVESTOR RESEARCH

Ashmore

Stronger payrolls mean August CPI may swing upcoming US rate decision

By Gustavo Medeiros and Ben Underhill

- Economic activity surprised to the upside, with stronger US payroll data.
- War continues to drive energy prices higher.
- OpenAI's new frontier model hailed as the first example of 'AGI'.
- Korean exports continue to surpass expectations.
- Sri Lanka's government debt fell to 89% of GDP by July 2026 from around 95% at end-2025.
- President Lula da Silva statistically tied in election polls with Flavio Bolsonaro.
- National Bank of Kazakhstan cut its base rate by 50bps to 16.25%.
- IMF and Senegal reached agreement on a new 36-month Extended Credit Facility.
- Fitch affirmed Qatar's Long-Term Issuer Default Ratings at 'AA'.

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Last Week Performance and Comments

EM Debt	Yield	Change (bp)	Spread	5 day Change
GBI-EM GD	6.32%	4	–	0.5%
GBI-EM FX Spot	–	–	–	0.5%
ELMI+	5.49%	1	–	0.6%
EMBI GD	7.23%	6	244 bps	-0.1%
EMBI GD ex-default	6.72%	5	193 bps	-0.1%
EMBI GD IG	5.93%	8	105 bps	-0.3%
EMBI GD HY	8.63%	4	392 bps	0.1%
EMBI HY ex-default	7.42%	3	271 bps	0.1%
CEMBI BD	6.75%	7	208 bps	-0.1%
CEMBI BD IG	5.84%	8	117 bps	-0.2%
CEMBI BD HY	8.06%	11	338 bps	0.0%

EM Equity*	PE 1yr BF	5 day Change
MSCI EM	9.9	0.3%
MSCI EM ex-China	9.7	0.5%
MSCI EMEA	10.7	-0.6%
MSCI Latam	9.9	4.3%
MSCI EM Asia	10.1	0.1%
MSCI China	10.6	-0.8%
MSCI India	20.0	-0.3%
MSCI EM Growth	11.0	-0.9%
MSCI EM Value	9.0	1.4%
MSCI EM Small Cap	14.2	-0.3%
MSCI Frontier	11.2	0.8%

Comments

- EM local currency bonds rose 0.5%, driven by FX performance.
- EM USD sovereign bonds fell 0.1%, driven by rates and marginal spread widening.
- EM equities rose 0.3%, with LatAm outperforming.

Global Debt	Yield	Change (bp)	Spread	5 day Change
2yr UST	4.37%	2	–	0.0%
5yr UST	4.55%	4	–	-0.1%
10yr UST	4.78%	3	–	-0.3%
30yr UST	5.25%	0	–	-0.4%
10yr Germany	3.36%	3	–	-0.7%
10yr Japan	2.93%	-2	–	1.4%
Global Agg.***	4.09%	4	28 bps	0.1%
US Agg. IG***	5.54%	6	74 bps	-0.2%
EU Agg. IG***	3.91%	8	63 bps	-0.3%
US Corp HY***	7.37%	10	267 bps	-0.1%
EU Corp HY***	6.49%	10	285 bps	-0.3%

Global Backdrop*	PE 1yr BF	5 day Change
MSCI ACWI	16.7	0.1%
MSCI World (DM)	18.3	0.1%
S&P 500	19.4	0.1%
VIX Fut.**	16.3	-0.3%
DXY Index**	99.1	-0.3%
EUR*	1.161	-0.1%
JPY*	155.9	2.5%
CRY Index**	416.4	2.5%
Brent**	97.4	7.7%
Gold**	4,395	-0.9%
Bitcoin**	79,636	3.2%

Comments

- The UST curve continued to move wider.
- Brent crude rose back towards USD 100.
- US stocks were relatively flat on the week.

Source & Notations: See end of document.

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Global Macro

Last week's economic announcements surprised to the upside overall. On Friday, the US non-farm payrolls report delivered the second-largest upside surprise in three years, bringing the three-month and six-month moving averages to 71k and 107k, respectively. Both were significantly above the 20k–50k payroll levels required to keep the unemployment rate unchanged given the decline in immigration.

Usually, such strong data – alongside the more hawkish (albeit still ambiguous) tone from US Federal Reserve (Fed) Chair Kevin Warsh at August's Jackson Hole Economic Symposium – would have sealed the deal for a rate hike in September. But the market still prices only slightly over 50% odds of a hike. This is partially due to relatively stable Core CPI inflation (2.5% in July), which has fallen YTD and is around 40bp lower than May – showing limited pass through of higher energy costs to broader US prices. Also Fed Governor Christopher Waller struck a more neutral tone last week, having previously been interpreted as more hawkish. Waller explicitly said that his decision *"would be heavily influenced by August inflation"*, before adding *"if there is continued progress toward 2% goal, then I'm willing to support holding".* The Fed's more centrist Governor John C. Williams also struck a dovish tone.

Waller is likely to be the key swing voter. Former Fed Chair Jerome Powell tended to align his vote with Waller and the former still holds a strong gravitas over the Fed Board. Much then rides on the August consumer price index (CPI) inflation print this Friday, the highlight of the upcoming week, alongside auctions for three-year, 10-year, and 30-year US Treasuries on Tuesday, Wednesday, and Thursday, respectively. The European Central Bank (ECB) will meet and likely to hike as fully priced, while its guidance is likely to be data dependent. Economic activity, underlying inflation, and wages would suggest central banks to be on hold.

The uncertainty on energy prices following the six-month-long closure of the Strait of Hormuz, plus the recent intensification of the destruction of infrastructure targets, particularly refineries in the Russian-Ukraine conflict has added to upward price pressures. In normal times, supply-driven energy price inflation should have been looked-through. However, after five years of being behind the curve, developed market (DM) central banks are feeling the urge to hike against the risk of meaningfully higher inflation expectations setting in – which is still yet to happen. The exception may be the Bank of England (BoE), where policy rates are much higher than the ECB and underlying inflation and activity dynamics are softer than both the EU and the US.

OpenAI's release of its new frontier model GPT-6 Astra last Thursday prompted NVIDIA CEO Jensen Huang to declare that *"AGI [artificial general intelligence] has arrived".* OpenAI President Greg Brockman suggested this "could mark the beginning of the AGI era". AGI has long been seen as the defining milestone in AI development, although the term has grown more nebulous the closer we appear to get to it. Broadly, it describes the point at which a model can perform almost any cognitive task as well as, or better than, most humans.

Whether we are there yet will continue to be debated. It is worth noting that the two loudest voices making the claim are also the two with most to gain from it. The evidence is strong, but not a clean sweep: OpenAI's Astra outperforms Anthropic's Fable 5.1 on computer use (OSWorld 2.0, ScreenSpot-Pro, AutomationBench), maths and science (FrontierMath, GPQA Diamond) and software engineering, while Fable retains the lead on Artificial Analysis's composite intelligence index and its coding agent index. The direction of travel is clear regardless, and continued gains on agentic, computer-based work should keep broadening adoption and use cases.

For investors, the more telling detail is the compute behind it. OpenAI's Vice-President of Research, Aidan Clark, said Astra was pre-trained on more than 100k graphics processing units (GPUs) in what the company describes as by far its largest training run to date. That matters, because it indicates the relationship at the heart of the past four years of progress – that more training compute yields a more capable model – has not yet broken down, and that the frontier race will continue to be defined by which model can consume the most compute in training. The industry is committing capital accordingly. So long as each successive frontier model demands a larger cluster than the last, demand growth for AI infrastructure can continue to boom.

Rising energy prices are the main candidate for spoiling an otherwise stellar cycle in terms of earnings per share and anecdotal productivity growth.

On the geopolitical front, both the US and Iran attacked oil tankers over the weekend, pushing crude oil prices close to USD 100 a barrel. US special envoys Jared Kushner and Steve Witkoff held meetings in Moscow and Kyiv but failed to deliver a breakthrough. The reality is that there is little chance of a ceasefire unless the US stops squeezing Ukraine on funding and adds pressure on Russia, in our view.

EM Asia

Economic data

Korean exports still surprising to the upside; Chinese economy remains subdued.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
South Korea	Industrial Production (YoY)	Jul	3.6%	4.7%	6.0%	
	Exports (YoY)	Aug	68.7%	63.0%	63.0%	Korea exports +68.7% yoy (Aug), semis/AI-led, above ~63% consensus; trade surplus a record USD 34.7bn.
	Trade Balance (USD)	Aug	34,748m	30,100m	30,392m	
	Imports (YoY)	Aug	22.5%	25.0%	26.5%	Imports +22.5%, lagging exports.
	CPI (YoY)	Aug	3.1%	3.2%	2.8%	Korea CPI +3.1% yoy, core +3.4% – sticky, keeps BOK cautious on cuts.
	CPI Ex Food and Energy (YoY)	Aug	3.4%	3.4%	2.6%	
	Foreign Reserves (USD)	Aug	442.28bn	–	427.95bn	
	BoP Current Account Balance (USD)	Jul	42,078.0m	–	49,730.4m	
China	Manufacturing PMI	Aug	49.8	49.5	49.2	China official mfg PMI 49.8, up from 49.2 but still sub-50; non-mfg eased to 49.0 – soft domestic demand.
	Non-manufacturing PMI (USD)	Aug	49	49.4	49.0%	
Thailand	BoP Current Account Balance (USD)	Jul	-1,559m	-1,700m	-3,474m	
	Exports (YoY)	Jul	22.3%	–	21.1%	
	Imports (YoY)	Jul	35.5%	–	48.9%	
	Trade Balance (USD)	Jul	-47m	–	-2,674m	
	Gross International Reserves (USD)	28-Aug	283.2bn	–	284.7bn	
India	GDP (YoY)	2Q	7.8%	7.3%	8.6%	India 2Q GDP +7.8% (beat 7.3%), GVA +8.2% – momentum resilient.
	Foreign Exchange Reserves (USD)	28-Aug	740.8bn	–	729.3bn	FX reserves up to a record USD 740.8bn.
Indonesia	Exports (YoY)	Jul	6.1%	3.1%	8.8%	Exports +6.1%, imports +27.0%; trade surplus narrowed to USD 122m.
	Imports (YoY)	Jul	27.0%	23.4%	34.3%	
	Trade Balance (USD)	Jul	122m	0m	-451m	
	CPI (YoY)	Aug	3.2%	3.1%	2.9%	Indonesia CPI +3.19%, core +2.92% – comfortably inside BI band.
	CPI Core (YoY)	Aug	2.9%	2.9%	2.8%	
Kazakhstan	CPI (YoY)	Aug	9.8%	10.0%	10.2%	
	Key Rate	4-Sep	16.3%	16.5%	16.8%	
Vietnam	CPI (YoY)	Aug	4.9%	4.7%	4.5%	
	Exports (YoY)	Aug	26.0%	27.0%	25.0%	
	Imports (YoY)	Aug	37.9%	41.5%	41.4%	
	Trade Balance (USD)	Aug	-1,13m	-1,100m	-3,587m	
	Industrial Production (YoY)	Aug	14.4%	–	14.5%	
	Retail Sales (YoY)	Aug	14.9%	–	14.5%	
Philippines	CPI (YoY) 2018=100	Aug	6.1%	6.1%	6.2%	
Taiwan	Foreign Reserves (USD)	Aug	601.90bn	–	594.27bn	Taiwan reserves at record USD 601.9bn on export/AI inflows.

Source information is at the end of the document.

EM Asia (continued)

Commentary

India: Moody's expects the direct contribution of data centre investment to the country's GDP growth to be c. 0.10% of 2025 nominal GDP and power investment a further 0.03%, rising to about 0.13% of GDP once operational through 2030. The pipeline is large in absolute terms but small for the economy, with the macro effect far greater in Malaysia. India is also constrained by high import intensity for servers and semiconductors and limited employment gains. Data centres should account for less than 5% of electricity consumption by 2030, leaving India better placed than smaller markets to absorb the load, though the wider payoff depends on localising more of the supply chain.

Malaysia: Prime Minister Anwar Ibrahim said he would consider dissolving parliament for early elections before putting the matter to the King, while insisting his focus remained on the economy, welfare and fighting corruption, after coalition partner BN's leader Ahmad Zahid Hamidi reaffirmed a push for an early 16th General Election. A Bloomberg report said ties between the two had deteriorated sharply over election timing, shortening cabinet meetings and dimming cooperation for the Melaka state polls. Anwar keeps the initiative, as his PH coalition can command a majority with 120 seats against the 110 needed even without BN, and is reported to be aiming for elections in the second half of 2027.

Pakistan: The country raised a USD 3bn dual-tranche Eurobond sale, with USD 1.75bn of 5.5-year notes at 7.5% and USD 1.25bn over 10 years at 7.9%, with c. USD 6bn in orders. The proceeds will be used to repay a USD 3.0bn Saudi loan maturing in October, part of USD 8bn of Saudi deposits of which USD 5bn was extended for three years in April. Finance Minister Muhammad Aurangzeb framed the issuance as a deliberate move to replace costly short-term debt with longer maturities and to cut rollover risks. He also said Sukuk, rupee-denominated dollar-settled bonds and further Panda bonds were also under consideration, with the sale exceeding the estimated USD 2bn originally planned for FY27.

South Korea: The Finance Ministry said a plan to cut public institutions by 109, or about 20% of the total, was aimed not at reducing costs, but at pre-empting structural changes from AI, denying it would cut hiring or worsen pay, though more than 80% of the reforms need legislation.

A Blue House official confirmed the government was reviewing possible troop deployment to help secure the Strait of Hormuz, stressing no decision had been taken and that parliamentary approval would be required, while broader Korea-US security and trade talks again faced delays.

Separately, President Lee Jae-myung reshuffled six cabinet posts, naming retired general Kang Shin-chul as Defence Minister, former judge Kim Seung-won as Justice Minister and Lee Hyoung-il as Deputy Prime Minister and Finance Minister, in a move analysts read as reinforcing continuity and policy execution rather than changing direction.

Sri Lanka: Total government debt fell to 89% of GDP by end-June 2026, from around 95% at end-2025, Deputy Minister Anil Jayantha Fernando said, rejecting claims of a rising burden and citing a revised 2026 nominal GDP of LKR 36.4trn and dollar-term debt down to USD 95.0bn from USD 100.3bn. The decline came earlier than the 2032 originally envisaged for a 95% ratio, reflecting restructuring and post-crisis recovery, though sustaining it will depend on fiscal discipline, nominal GDP growth and managing borrowing costs as external debt-service obligations rise later in the decade.

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Latin America

Economic data

Chilean activity slowed faster than expected in July; Brazil trade remains solid.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Chile	Retail Sales (YoY)	Jul	2.2%	4.3%	5.2%	
	Industrial Production (YoY)	Jul	-5.1%	-1.9%	1.4%	Chile sharp miss.
	Economic Activity (YoY)	Jul	-1.5%	-0.7%	2.0%	IMACEC -1.5% yoy (Jul) – surprise contraction, dovish for BCCh.
Colombia	National Unemployment Rate	Jul	8.1%	–	8.0%	
	Current Account Balance (USD)	2Q	-4,702m	-3,500m	-1,278m	Colombia 2Q CA deficit widened to USD 4.7bn (vs USD 3.5bn exp).
	Exports FOB (USD)	Jul	4,690.7m	4,750.0m	4,237.5m	
Brazil	GDP (QoQ)	2Q	0.5%	0.4%	1.1%	
	GDP (YoY)	2Q	2.0%	1.9%	1.8%	Brazil 2Q GDP +2.0% yoy, +0.5% qoq – cooling from +1.1% qoq prior.
	Industrial Production (YoY)	Jul	-0.5%	-0.3%	1.7%	
	Trade Balance Monthly (USD)	Aug	7,394m	7,071m	6,565m	Trade surplus USD 7.4bn, above consensus.
	Exports Total (USD)	Aug	33,158m	33,800m	33,723m	
	Imports Total (USD)	Aug	25,764m	26,533m	27,158m	
Peru	Lima CPI (YoY)	Aug	4.4%	4.4%	4.1%	Peru CPI +4.44% yoy (Aug), ticking up toward BCRP ceiling.
Mexico	International Reserves Weekly (USD)	28-Aug	258,564m	–	258,609m	
	Gross Fixed Investment NSA (YoY)	Jun	7.7%	5.7%	1.0%	Mexico fixed investment +7.7% yoy – strong rebound.
	Private Consumption (YoY)	Jun	2.8%	3.1%	1.4%	

Source information is at the end of the document.

Commentary

Brazil: Brazilian assets outperformed last week as election runoff polling closed to a tie. On 3 September, PoderData put Senator Flávio Bolsonaro ahead of President Lula da Silva by 45% to 44%, his first lead. In other polls, Lula's runoff lead over Bolsonaro narrowed sharply about a month before the 4 October first round, to 2pps in Datafolha (46% to 44%) and just 1pp in Quaest (42% to 41%), a technical tie, while Avante's Augusto Cury rose to third at 8-10% in the first round after the 23 August debate. The race is being shaken by parallel Federal Police investigations, one into Lula's son and another into ties between Banco Master's former owner Daniel Vorcaro and STF Justice Alexandre de Moraes, whose case was unsealed by Justice Andre Mendonca after messages showed Vorcaro sought Moraes's counsel before his November 2025 arrest. The Vorcaro-Bolsonaro film financing hurts Flavio, but Lula has been a stealthy defender of Moraes, leaving him more exposed at the margin. Key to monitor will be the intensity of (pro-Flavio Bolsonaro) protests during today's Independence Day holiday.

Fundamentals are still deteriorating: The government tabled a 2027 effective primary surplus of BRL 18.6bn, 0.13% of GDP, far from the c. 3%-3.5% needed to stabilise debt/GDP. Gross government debt rose to 82.5% of GDP in July from 81.9%. Finally, the Independent Fiscal Institution put the structural primary deficit at 1.4% of GDP against 0.7% a year earlier.

Chile: Financial firm LarrainVial said the final investment regime for generational pension funds should reshape AFP portfolios without significantly moving local asset prices, the exchange rate or interest rates, projecting USD 5.0bn of buying pressure in local corporate bonds against selling pressure of USD 2.9bn in government debt and USD 1.3bn in equities. It argued the reallocation could be done gradually, as the system's roughly USD 9.0bn in annual contributions can be directed to target portfolios rather than forcing large sales, though the estimates assume full use of alternative-asset limits that may not materialise in the short term.

Latin America (continued)

Ecuador: President Daniel Noboa issued Decree 485 on 31 August, declaring El Niño prevention and preparation a national priority, after the secretariat for risk management (SNGR) recommended a nationwide red alert on 28 August, directing the Economy Ministry to allocate emergency resources and subnational governments to strengthen action plans. The move caps a series of alert upgrades, with the latest technical report recording sea surface temperature anomalies of about +4C in the Niño 1+2 region, and authorities expect El Niño conditions to persist into early 2027.

Peru: President Keiko Fujimori said the government was preparing new supplementary budget credits to strengthen its El Niño response and reinforce public order, with the resources to be announced in coming weeks. She also floated financing prevention works in Piura, such as the Chutuque drainage project, through the Services for Taxes scheme. The comments point to increased prevention spending ahead of a potentially stronger event, though its size and financing remain unclear. The government kept its consolidation path in last week's Multiannual Macroeconomic Framework, with the deficit seen falling to 1.0% of GDP from 2028, but a severe El Niño could slow 2027 growth to 2.8% and make the targets harder to meet.

Venezuela: The interim government of acting-President Delcy Rodriguez signed eight oil and energy agreements on 2 September at Miraflores, in a ceremony with US Energy Secretary Chris Wright. Chevron will invest USD 7bn over five years, ENI taking a 25-year Junin 5 contract, and GE Vernova repairing the grid, alongside a separate 28 August deal giving US-aligned firms majority control over 65bn barrels of reserves. Opposition leader Maria Corina Machado, who has over 70% approval, said the unelected government lacked legitimacy to sign the deals and warned foreign investors that any agreement could later be deemed illegitimate. Rodriguez said elections would happen, but the country was not ready, echoing US President Donald Trump, while US Secretary of State Marco Rubio said government-opposition talks would resume within about 10 days. We believe the reform overhauls the system, but grid and infrastructure decay will likely limit near-term operation, with reconstruction likely to take at least two years.

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Central and Eastern Europe

Economic data

Poland CPI inflation higher.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Poland	CPI (YoY)	Aug P	3.4%	3.1%	3.0%	Poland CPI reaccelerated to +3.4% yoy (Aug P, vs 3.1% exp) NBP to stay put.
	GDP SA (QoQ)	2Q F	1.0%	0.9%	0.9%	
	GDP (YoY)	2Q F	3.9%	3.8%	3.8%	GDP +3.9% yoy – growth robust.
Romania	ILO Unemployment Rate	Jul	6.4%	–	6.8%	
	Retail Sales (YoY)	Jul	-6.1%	–	-7.4%	Romania retail sales -6.1% yoy – consumer demand soft.
	International Reserves (EUR)	Aug	77.6bn	–	75.0bn	
Hungary	GDP SA (QoQ)	2Q F	0.5%	0.4%	0.4%	
	GDP NSA (YoY)	2Q F	1.7%	1.7%	1.7%	Hungary 2Q GDP +1.7% yoy (final); consumer resilient.
	Retail Sales (YoY)	Jul	4.9%	4.0%	3.0%	
Czech Republic	CPI (YoY)	Aug P	1.9%	1.9%	1.7%	Czech CPI +1.9% yoy, still below CNB 2% target.

Source information is at the end of the document.

Commentary

Czech Republic: The five opposition parties, the ODS, STAN, the Pirates, the KDU-CSL and TOP 09, challenged the late-August overhaul of the budget rules before the Constitutional Court, targeting only the provisions that disrupt the distribution of powers, chief among them one allowing the government to raise spending in an economic emergency without a budget revision bill. Other challenged texts cover exceptions to the spending ceiling, including repayable subsidies and defence spending above 2% of GDP, with no independent body to verify such claims. We expect the Constitutional Court to strike down the grossest violations while keeping the shift to a net primary expenditure rule, with a ruling unlikely before the 2027 budget but probable in the first half of 2027.

Hungary: The National Bank of Hungary (NBH) is not considering buying more gold for now, the daily *Vilaggazdasag* reported, citing the NBH press department, with the central bank calling its current reserves adequate for its strategic goals while reserving the right to change course. The stance follows a reserve policy review launched in 2025 after Governor Mihaly Varga took office, on which Varga had appeared ambiguous. Hungary's gold stock stands at 110 tonnes, built up gradually from 2018, with the latest purchase in 2024.

Kazakhstan: The National Bank of Kazakhstan cut its base rate by 50 basis points (bps) to 16.25%, a steeper move than the expected 25bps, which we read as a deliberate front-loading of the easing cycle given the bank's signal of limited scope for further cuts. The caution reflects domestic demand amid fiscal stimulus, unanchored inflation expectations and fuel and tariff pressures, and the bank raised its end-2027 inflation forecast to 6.5-8.5% from 5.5-7.5% while keeping 2026 at 9-11% after annual inflation slowed to 9.8% in August. Growth is projected at 4.5-5.5% in 2026 and 3.5-4.5% in 2027, with the next decision due on 23 October.

Ukraine: President Volodymyr Zelenskyy spoke to reporters in Kyiv after talks with Jared Kushner and Steve Witkoff, later joined by the national security chiefs from the UK, France, and Germany. Parties resolved to meet again at a time and place to be determined, Zelenskyy said. *"We had progress in Moscow".* At the press briefing, Witkoff said: *"We have new ideas, and we brought them to Kyiv".* Zelenskyy declined to comment on the 'new ideas' for bringing the conflict, now well into its fifth year, to an end, but said Sunday's talks also touched on a post-war 'prosperity plan' for Ukraine.

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Central Asia, Middle East & Africa

Economic data

Türkiye's inflation in line. Nigeria GDP strong.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Türkiye	Unemployment Rate	Jul	8.1%	–	7.6%	
	GDP (YoY)	2Q	2.3%	2.5%	2.6%	2Q GDP +2.3% yoy, slight miss; tight policy weighing on activity.
	CPI (YoY)	Aug	31.5%	31.6%	31.8%	Türkiye CPI eased to +31.5% yoy (Aug), core +30.1%. Disinflation grinding slowly.
	CPI Core Index (YoY)	Aug	30.1%	30.1%	29.9%	
South Africa	Trade Balance (ZAR)	Jul	20.1bn	15.0bn	17.2bn	SA trade surplus R20.1bn, above consensus.
Nigeria	GDP (YoY)	2Q	4.4%	4.2%	3.9%	Nigeria 2Q GDP +4.4% yoy, accelerating from +3.9%.
	Trade Balance (NGN)	2Q	–	–	7,549.9bn	Broad-based recovery.
Egypt	Net Reserves	Aug	–	–	56.3bn	
Saudi Arabia	Saudi Official Reserve Assets (SAR)	Aug	–	–	1,832.4bn	

Source information is at the end of the document.

Commentary

GCC: Fitch Ratings warned that risks to some issuer ratings across the six Gulf Cooperation Council states could rise under a hypothetical scenario of Strait of Hormuz disruption through most of 2027, as the US-Iran conflict persists and shifts towards economic containment. Very large buffers in Kuwait, the United Arab Emirates (UAE), Abu Dhabi and Qatar have limited the impact so far, with negative actions confined to Rating Watch Negative placements for Ras al Khaimah, Qatar, linked entities and some UAE developers, but a prolonged disruption could weigh on states lacking alternative export routes and raise risks for corporates.

Egypt: Egypt plans to raise around USD 3bn through international bond issuances in FY 2026/27, a more selective approach than the USD 4bn raised the prior year. It plans to use conventional bonds and credit-guaranteed Panda bonds while cutting foreign-currency exposure, with budget-sector external debt down USD 6.5bn over three years and Prime Minister Mostafa Madbouly targeting further annual reductions of USD 1.5bn to USD 2bn. Separately, China's President Xi Jinping's first visit to Egypt since 2016, arriving on 1 September for the 70th anniversary of diplomatic ties, gave fresh momentum to trade, manufacturing and infrastructure links, with bilateral trade at USD 20.8bn in 2025 but still heavily tilted towards China. The Suez Canal Economic Zone is central to Egypt's push to attract Chinese investment that lifts local production and exports rather than imports.

Ghana: The 2027-2030 Budget Preparation Guidelines point to a real GDP growth target of at least 6.0% from 2027, more ambitious than the International Monetary Fund (IMF)'s 4.9% baseline, and plans to lower the primary surplus to 0.5% of GDP from 1.5% in 2026 to free space for development and capital spending. The IMF endorsed the lower floor as consistent with debt sustainability, but conditioned it on stronger revenue mobilisation and tighter control of state-enterprise risks in energy and cocoa. The guidelines also adopt a +7% or -2% inflation band, a point below the Bank of Ghana's stated target, though Governor Johnson Asiama said in August it was too early to lower it.

Nigeria: The initial public offering of the Dangote Refinery will open in mid-September, potentially the continent's largest, as the group aims to double capacity to 1.4 million barrels per day (bpd) from the 650k bpd reached in February, with a Dangote Cement secondary listing in London likely in October and a new Kenyan coastal refinery due to launch on 30 September. Separately, Uber shut its Nigerian ride-hailing operations on 2 September after 12 years, despite its USD 100m investment in Moove, citing a business review that reflects the difficulty of profitability amid high costs, commissions of up to 25-30% and regulatory hurdles, leaving Bolt as the leading platform.

Central Asia, Middle East & Africa (continued)

Qatar: Fitch affirmed Qatar's Long-Term Issuer Default Ratings at 'AA' and removed it from negative watch while adding a negative outlook: *"The removal from watch negative reflects that while the geographic concentration and high complexity of Qatar's LNG [liquified natural gas] facilities is a vulnerability, the risks of further severe damage have reduced since March and the impact of the war on the credit profile will take longer to discern. The AA rating reflects GDP per capita among the world's highest, large sovereign assets, our expectation that additional gas production will further strengthen public finances and a relatively flexible public finance structure. Rating weaknesses include heavy hydrocarbon dependence with a significant vulnerability to geopolitical risks, below-average scores on some measures of governance, higher government debt/GDP than oil-dependent highly rated peers and substantial contingent liabilities."*

Senegal: The IMF and Senegal reached a staff-level agreement on a new 36-month Extended Credit Facility (ECF) worth about USD 2.2bn, equivalent to 475% of quota, a breakthrough after the previous programme was derailed by undisclosed debt, though it remains subject to board approval, a misreporting waiver and financing assurances. The authorities also launched a Debt Treatment Plan to restore sustainability, shielding CFA franc-denominated debt to preserve West African Economic and Monetary Union (WAEMU) market access while treating official external debt through an enhanced G20 Common Framework. The IMF put 2025 growth at 6.7% with oil, though the finance ministry projected just 2.7% in 2026 on tighter fiscal space and higher energy-related spending.

S&P lowered its long-term foreign currency sovereign credit rating on Senegal to 'CC' from 'CCC+' with a negative outlook. S&P said: *"there is a high likelihood of a distressed exchange or default on Senegal's foreign currency commercial debt following the authorities' announcement of their intention to pursue a debt restructuring with external creditors... Local currency debt could be drawn into the restructuring process, because some creditors may challenge the proposed restructuring perimeter".*

Türkiye: President Recep Erdoğan said talks with the US over returning to the F-35 programme were continuing, and that Ankara expected them to conclude soon, while pledging to keep developing the domestic KAAN fighter regardless. More striking was his refusal to deny that transferring the Russian S-400s to a third country had come up in conversation with President Vladimir Putin. This absence of a denial matters, given the S-400 remains the principal obstacle to F-35 access, even as President Trump has floated selling F-35s and lifting sanctions and Turkish officials have discussed an initial six aircraft against a request for more than 40. We read it as a sign the issue has moved beyond rhetoric without a completed deal, fitting Türkiye's pattern of courting Washington while keeping ties with Russia and the Shanghai Cooperation Organisation.

Zambia: Government investment arm ZCCM Investments Holdings is targeting more than USD 1.8bn in potential value from Zambia's small-scale gold sector by formalising informal production and improving traceability, CEO Kakenenwa Muyangwa said, citing a gap between the nearly USD 1.8bn of Zambian gold the UAE imported in 2023 and official Zambian exports of less than USD 128m. It plans to expand formal purchasing from artisanal miners through partnerships and a trading unit, believing annual production could rise substantially from 127k ounces in 2025, drawing on Ghana's state-backed gold-buying model.

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Developed Markets

Economic data

US payrolls stronger than expected.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Japan	Retail Sales (YoY)	Jul	4.0%	3.3%	0.6%	Japan retail sales +4.0% yoy (beat) – consumption holding up
	Industrial Production (YoY)	Jul P	4.1%	3.3%	4.9%	
Eurozone	CPI (YoY)	Aug P	3.3%	3.3%	2.9%	Eurozone CPI firmed to +3.3% yoy (Aug P, vs 2.9% prior), core +2.4%.
	CPI Core (YoY)	Aug P	2.4%	2.5%	2.5%	
	Unemployment Rate	Jul	6.4%	6.3%	6.4%	Jobless rate ticked up to 6.4%.
	Retail Sales (YoY)	Jul	0.6%	1.1%	1.4%	
UK	Official Reserves Changes (USD)	Aug	5,328m	–	-281m	
United States	ISM Manufacturing	Aug	54.6	55.2	55.6	ISM mfg 54.6, softer than 55.2 exp but still expanding.
	JOLTS Job Openings	Jul	7,271k	7,313k	7,182k	JOLTS openings fell to 7.27m – labour demand cooling.
	Trade Balance (USD)	Jul	-88.6bn	-90.2bn	-71.2bn	Trade deficit widened to USD 88.6bn on tariff front-running.
	ISM Services Index	Aug	55.4	54.1	54.1	ISM services beat; prices paid 72.6. Services inflation still hot.
	Change in Nonfarm Payrolls	Aug	162k	55k	21k	US payrolls well above 55k consensus; prior revised up to +21k; private +127k – firmer after a soft summer.
	Change in Private Payrolls	Aug	127k	50k	71k	
	Average Hourly Earnings (YoY)	Aug	3.1%	3.1%	3.2%	
	Unemployment Rate	Aug	4.1%	4.1%	4.1%	Jobless rate steady at 4.1%, participation up to 61.6%.

Source information is at the end of the document.

Commentary

Germany: The AfD (Alternative for Germany) party received 44.5% of the votes in the eastern state of Saxony-Anhalt, just short of an outright majority, and well ahead of the governing Christian Democratic Union with 18.5%, as per early projections. The anti-capitalist Left party had 9.4%, while the Social Democrats and Greens won 8.2% and 8.9%, respectively. Chancellor Friedrich Merz will grapple with the fallout, as the AfD has capitalised on frustration with its call to halt migration, end efforts to tackle climate change, and restore relations with Russia.

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Benchmark Performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	0.4%	0.6%	24.6%	39.5%	22.8%	8.1%
MSCI EM ex-China	0.7%	-1.1%	37.3%	59.9%	27.8%	12.5%
MSCI EMEA	0.6%	8.4%	10.9%	22.5%	17.7%	3.1%
MSCI Latam	3.5%	7.9%	19.2%	37.1%	15.6%	11.8%
MSCI Asia	0.2%	0.1%	26.4%	40.3%	23.9%	8.4%
MSCI China	-0.7%	7.8%	-8.3%	-6.9%	9.0%	-2.5%
MSCI India	-0.3%	1.1%	-8.9%	-5.7%	5.2%	2.7%
MSCI EM Growth	-0.4%	-2.5%	21.5%	35.0%	22.4%	6.0%
MSCI EM Value	1.3%	4.0%	27.9%	44.2%	23.0%	10.4%
MSCI EM Small Cap	0.1%	2.2%	15.4%	20.1%	15.0%	7.5%
MSCI Frontier	1.6%	5.8%	16.6%	25.1%	23.4%	9.3%
GBI-EM-GD	0.7%	1.9%	3.5%	8.5%	8.1%	2.4%
GBI-EM China	0.1%	1.8%	6.6%	8.9%	6.6%	3.0%
EM FX spot	0.6%	1.7%	0.8%	2.9%	0.8%	-1.4%
ELMI+ (1-3m NDF)	0.6%	3.6%	4.8%	7.5%	6.9%	2.8%
EMBI GD	0.1%	-0.5%	2.8%	7.8%	10.0%	2.2%
EMBI GD IG	-0.1%	-1.4%	-0.3%	2.5%	5.0%	-1.2%
EMBI GD HY	0.2%	0.4%	5.8%	13.0%	15.2%	5.6%
CEMBI BD	0.0%	0.1%	2.3%	4.4%	7.8%	2.5%
CEMBI BD IG	-0.1%	-0.4%	0.6%	2.6%	6.1%	0.9%
CEMBI BD HY	0.0%	0.8%	4.9%	7.2%	10.3%	4.7%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	0.4%	3.2%	14.8%	22.5%	20.5%	10.8%
MSCI World (DM)	0.4%	3.5%	13.6%	20.5%	20.2%	11.1%
S&P 500	0.5%	3.1%	13.7%	20.1%	21.1%	12.8%
DXY Index**	-0.3%	-2.1%	0.8%	1.4%	-1.9%	1.4%
EUR*	-0.1%	1.5%	-2.1%	-2.7%	1.0%	-2.1%
JPY*	2.5%	3.9%	-1.3%	-8.1%	-6.0%	-10.2%
CRY Index**	1.4%	17.8%	39.4%	39.1%	13.5%	13.7%
Brent**	7.7%	33.6%	60.1%	48.7%	2.7%	6.3%
Gold**	-0.9%	9.2%	1.7%	20.7%	31.8%	19.6%
Bitcoin**	1.3%	36.3%	-9.0%	-28%	45.6%	10.9%
1-3yr UST	0.0%	0.4%	1.0%	2.4%	4.2%	1.9%
3-5yr UST	-0.1%	-0.4%	-0.4%	0.7%	4.0%	0.6%
7-10yr UST	-0.2%	-1.4%	-1.6%	-0.3%	3.2%	-1.6%
10yr+ UST	0.0%	-3.2%	-2.8%	-0.8%	0.6%	-6.8%
10yr+ Germany	-0.1%	-5.1%	-3.0%	-4.2%	-2.2%	-9.1%
10yr+ Japan	1.5%	-1.4%	-8.6%	-12.0%	-9.5%	-8.2%
Global Agg.***	0.2%	0.1%	-0.1%	0.9%	3.9%	-1.8%
US Agg. IG***	-0.1%	-1.0%	-0.4%	1.3%	4.2%	-0.3%
EU Agg. IG***	-0.1%	-2.0%	-0.7%	-0.1%	2.7%	-2.0%
US Corp HY***	-0.1%	0.6%	2.6%	4.7%	8.4%	4.1%
EU Corp HY***	-0.3%	-0.1%	1.8%	3.1%	7.2%	3.1%

Source and notations for all tables in this document: Source: Bloomberg, JP Morgan, Barclays, Merrill Lynch, Chicago Board Options Exchange, Thomson Reuters, MSCI.
As at latest data available on publication date. *EMBI GD and EMBI GD HY Yield/Spread ex-default yields and spreads calculated by Ashmore. Defaulted EMBI securities includes: Ethiopia, Ghana, Lebanon, Sri Lanka, and Venezuela. **Price only. Does not include carry. ***Global Indices from Bloomberg. Price to Earnings: 12 months blended-forward.
Index Definitions: VIX Index: Chicago Board Options Exchange SPX Volatility Index. DXY Index: The Dollar Index. CRY Index: Thomson Reuters/CoreCommodity CRM Commodity Index.
Figures for more than one year are annualised other than in the case of currencies, commodities and the VIX, DXY and CRY which are shown as percentage change.

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Emerging View

Generating impact and returns through EM public debt markets

4 September 2026
By Gustavo Medeiros, Ben Underhill and Simon Cooke

Global sustainability funding needs are overwhelmingly concentrated in emerging markets, yet impact capital still skews to developed markets. The September Emerging View sets out why EM public debt is the most scalable way to close the gap.

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