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WEEKLY INVESTOR RESEARCH

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Bulls in control and Dollar downside asymmetry

By Gustavo Medeiros and Ben Underhill

- Bulls are in control of the trends as US policymakers' weigh in on several assets.
- The Dollar has clear catalysts for downside and clear asymmetry.
- Indonesia's president appointed a market-friendly central bank governor.
- Malaysia considers lifting rare earths export ban as Korea buys gold.
- Argentina's president proposes reforms to anchor inflation stabilisation and the fiscal balance.
- Colombia new finance minister pledges modest fiscal consolidation.
- Moody's upgraded Benin to 'Ba3' and kept Romania investment grade rating.
- Saudi Arabia, Pakistan, and Türkiye signed a security agreement in Mecca.
- The BOJ board is turning more hawkish after coordinated invervention.

Contents	Page

Last Week Performance and Comments

EM Debt	Yield	Change (bp)	Spread	5 day Change
GBI-EM GD	6.19%	-7	–	1.1%
GBI-EM FX Spot	–	–	–	0.5%
ELMI+	5.28%	-65	–	0.7%
EMBI GD	7.13%	-14	247	0.9%
EMBI GD ex-default	7.25%	-14	192	0.9%
EMBI GD IG	5.84%	-10	107	0.8%
EMBI GD HY	8.52%	-18	395	1.1%
EMBI HY ex-default	8.52%	-18	268	1.1%
CEMBI BD	6.67%	-7	214	0.5%
CEMBI BD IG	5.74%	-6	122	0.4%
CEMBI BD HY	7.95%	-8	341	0.5%

EM Equity*	PE 1yr BF	5 day Change
MSCI EM	9.9	-0.4%
MSCI EM ex-China	9.7	-0.8%
MSCI EMEA	10.6	5.0%
MSCI Latam	9.7	-1.5%
MSCI EM Asia	10.2	-0.9%
MSCI China	10.8	1.1%
MSCI India	20.3	1.0%
MSCI EM Growth	11.1	-0.3%
MSCI EM Value	9.0	-0.6%
MSCI EM Small Cap	13.2	5.6%
MSCI Frontier	11.5	1.6%

Comments

- EM local currency debt rose 1.1%, as EM FX rallied 0.5%.
- EM USD sovereign bonds rose 0.9% with small HY outperformance.
- EM equities fell 0.4%, as Asia ex-China and India declined.

Global Debt	Yield	Change (bp)	Spread	5 day Change
2yr UST	4.20%	-10	–	0.2%
5yr UST	4.35%	-10	–	0.4%
10yr UST	4.65%	-9	–	0.6%
30yr UST	5.20%	-7	–	1.0%
10yr Germany	3.13%	-7	–	0.8%
10yr Japan	2.79%	0	–	0.4%
Global Agg.***	3.95%	-5	28bps	0.7%
US Agg. IG***	5.38%	-8	72bps	0.6%
EU Agg. IG***	3.66%	-8	66bps	0.5%
US Corp HY***	7.18%	-23	264bps	0.7%
EU Corp HY***	6.32%	-6	286bps	0.3%

Global Backdrop*	PE 1yr BF	5 day Change
MSCI ACWI	17.3	2.9%
MSCI World (DM)	19.0	3.3%
S&P 500	20.1	3.6%
VIX Fut.**	16.99	-6.1%
DXY Index**	99.5	-0.4%
EUR*	1.156	0.3%
JPY*	157.8	-1.1%
CRY Index**	380.8	-1.1%
Brent**	83.6	-7.3%
Gold**	4,342	7.3%
Bitcoin**	64,763	3.1%

Comments

- UST curve steepened again with the front end rallying more than the long end.
- MSCI World rose 3.3% as inflows returned after position clearing.
- Oil dropped another 7.3% on hopes of de-escalation despite complex picture.

Source & Notations: See end of document.

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Global Macro

The bulls are in control of the narrative in August due to:

- Cleaner positioning after the unwind in institutional tech and Korean retail leverage.
- The strongest US earnings season since the 2021 post-pandemic rebound and strongest EM earnings growth since 2011.
- A view that marginal US Federal Reserve (Fed) moves of ±50 basis points (bps) will not derail the capex cycle.
- A conciliatory US posture towards Iran, with Washington content to let economic pressure work rather than resume major combat operations.

The first two are facts; the last two remain to be confirmed. Last week's price action was damaging for the bears, whose case rests on:

- Higher long-end rates and wider credit spreads challenging the capex cycle.
- Growing and opaque off-balance-sheet hyperscaler leverage – Nikkei puts the five largest US tech groups' off-balance-sheet obligations at c. USD 1.65trn, up eightfold in four years, as hyperscaler bond order coverage has fallen from c. 5x in February to below 2x by July.
- AI capex, not the consumer, supplying the marginal growth impulse in the US.
- An energy and food price shock ahead, given Iran and a developing El Niño.

The bears took a blow from a soft July labour report, which followed a weak June consumer price index (CPI) inflation print and raised the bar for a September Fed hike. Meanwhile, the monetisation path for data centre debt has improved on the cost side: OpenAI's 30 July price cuts of 20% on Terra and 80% on Luna were funded by a 20% reduction in serving cost, and shorter inference payback matters more for the capex cycle than benchmark leadership. Chinese open-weight models are now setting the price floor: Kimi K3 ranks third on the Artificial Analysis Intelligence Index and DeepSeek V4 Flash sits close to GPT-5.6 Luna at materially lower cost per task.

The K-shaped growth argument is legitimate. Growth is narrowing in composition and in who is doing the spending as AI large investment benefits Korean and Taiwanese workers more than Americans. With average hourly earnings at 3.2% against headline CPI inflation of 3.5%, real wages are now negative, suggesting a thinner buffer than the equity market implies, but for now the labour market is softening, not collapsing.

The main risk remains the Strait of Hormuz, which remains restricted rather than prospectively closed. About 8 million barrels a day still exit the Gulf via the southern lane under US naval coordination, against a pre-crisis flow representing about a quarter of seaborne oil and a fifth of global liquified natural gas (LNG). The Oman-brokered reopening agreement has stalled, with Tehran layering on preconditions – an end to the war, removal of the blockade, sanctions relief and compensation which was previously reserved for a nuclear deal.

Against this background, both the US Treasury and the Fed are showing more interest in the price action across key assets. On 31 July, the Treasury joined Japan's Ministry of Finance (MoF) in the first coordinated Yen-buying operation since 1998, taking USDJPY from a 40-year low of 163.7 to 157.6. The stated aim was to correct the Yen's undervaluation, but the emphasis on the Fed's Foreign and International Monetary Authorities (FIMA) repo facility, which lets Japan raise dollars without liquidating US Treasuries shows willingness to break the channel running from Yen weakness to higher Japanese Government Bond (JGB) yields to core rates, as the 30-year US yield trades at post-2007 highs. On 5 August, the US Treasury left all coupon and floating rate note (FRN) sizes unchanged for at least several quarters but added language on monitoring System Open Market Account (SOMA) bill purchases and growing private bill demand, and on evaluating the costs and risks of alternative issuance profiles – a hint of a structural tilt towards issuing less long dated bonds and more bills. The following day the FT reported, citing people close to him, that Fed Chair Kevin Warsh is prepared to back a September rate hike if inflation surprises to the upside.

The key signal for us remains the Dollar. Washington is explicit on its intention of the Dollar to weaken against Asia. There is also the risk that the market asks the Fed to hike, and the curve steepens if it doesn't, weakening the Greenback. The main tail risk, however, is a scenario were the US loses control of the flows within the Strait of Hormuz. If that happens, the challenge to US military primacy, alongside the USD's reserve-currency status, would become explicit. The Mecca Agreement, whereby Saudi Arabia, Türkiye, and Pakistan agreed on a security agreement suggests that the US is no longer trusted as a security guarantor in the region. All of this suggests the asymmetry in currency markets favours a weaker dollar, in our view.

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EM Asia

Economic data

China's trade surplus increased further. Taiwan exports moderate.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
China	Exports YoY	Jul	23.9%	23.0%	27.0%	AI supply chain lifting both sides of the ledger, with chip and equipment demand the swing factor.
	Imports YoY	Jul	27.5%	29.7%	36.0%	
	Trade Balance	Jul	112.50bn	107.10bn	125.62bn	
	Foreign Reserves	Jul	3,418.78bn	3,426.00bn	3,416.26bn	
India	RBI Repurchase Rate	05-Aug	5.25%	5.25%	5.25%	Hold squares with Malhotra: current stance right.
Indonesia	Exports YoY	Jun	8.8%	-1.2%	-5.7%	External swing turned supportive into H2, and soft CPI gives BI cover if growth wobbles.
	CPI YoY	Jul	2.9%	3.2%	3.3%	
	GDP YoY	2Q	5.3%	5.1%	5.6%	
	Foreign Reserves	Jul	145.3bn	–	145.6bn	
Malaysia	Foreign Reserves	31-Jul	132.1bn	–	131.8bn	
South Korea	CPI MoM	Jul	-0.2%	-0.1%	0.1%	First soft print since the BOK turned hawkish; guidance still points to further hikes.
	CPI YoY	Jul	2.8%	3.0%	3.2%	
	Foreign Reserves	Jul	427.95bn	–	427.36bn	
	BoP Current Account Balance	Jun	49,730.4m	–	38,607.4m	Semis exports at records (USD 22bn in 20 days).
Taiwan	CPI YoY	Jul	2.5%	2.5%	2.6%	
	Exports YoY	Jul	32.9%	40.6%	40.3%	Cooling from H1's record pace, AI lines still lead.
Thailand	CPI YoY	Jul	2.0%	2.4%	2.4%	
	CPI NSA MoM	Jul	-0.7%	-0.2%	-0.3%	Softer CPI on lower fuel and contained food prices.
	CPI Core YoY	Jul	1.3%	1.4%	1.2%	
	Gross International Reserves	31-Jul	275.4bn	–	272.6bn	

Source information is at the end of the document.

Commentary

Asia FX: The Reuters Positioning Poll (24 July-6 August) points to improving Asian FX sentiment, supported by post-FOMC USD selling, weaker US data, and JPY intervention. KRW saw the strongest rise in bullishness, although extreme positioning momentum and reliance on the KOSPI's path warrant caution. TWD also improved on firmer equity sentiment and fading dividend pressure.

China: Trade surplus beat expectations again. The Asian capex cycle seems to be broadening. Beyond sustained AI-related investment supporting electronics, a broader Asian capex cycle spilling into machinery and industrial materials, and resilience in prices. China's continued supply-chain upgrading and deep integration into electronics should also support market share gains in non-energy trade.

Indonesia: President Prabowo Subianto nominated Acting Governor Destry Damayanti as the sole candidate to head the central bank. This is good news, in our view, as Damayanti has been a credible interlocutor with both local and foreign investors alike.

Malaysia: Malaysia is considering lifting its 2023 ban on exports of unprocessed rare earths, with Deputy Minister Syed Ibrahim Syed Noh citing pressure from state governments and investors but offering no timeframe. Malaysia holds an estimated 16.1 million tonnes of reserves worth around MYR 970bn. Lynas, which runs a processing plant in Pahang using Australian feedstock, is not subject to the ban.

EM Asia (continued)

South Korea: The Bank of Korea (BOK) has resumed gold buying for the first time in 13 years, purchasing gold ETFs in Q2 and planning to source domestically produced gold from LS MnM, which yields gold as a by-product of copper smelting. The move diversifies procurement away from overseas physical purchases and Bank of England storage. The BOK holds 104.4 tonnes, about 1.1% of reserves. It had shunned gold since a loss-making 2011-2013 episode and will buy only when domestic exporters request it.

Taiwan: TSMC reported a 45% rise in its monthly sales in July, a sign of sustained demand for AI hardware in the face of market volatility.

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Latin America

Economic data

Brazil cut its policy rate by 25bps to 14% as expected.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Argentina	Government Tax Revenue	Jul	22,965bn	–	20,017.1bn	
	Vehicle Domestic Sales Adefa	Jul	34,178	–	44,096	
Brazil	FGV CPI IPC-S	31-Jul	-0.1%	–	0.1%	
	Industrial Production MoM	Jun	-1.8%	-0.9%	-0.9%	Tight policy biting, activity clearly moderating.
	Industrial Production YoY	Jun	1.7%	3.0%	0.2%	
	Selic Rate	05-Aug	14.00%	14.00%	14.25%	Fourth straight 25bp cut, unanimous; Copom sees 3.2% CPI at the Q1-28 horizon, one more cut then a pause looks likely.
	Trade Balance Monthly	Jul	7,067m	8,400m	9,395m	
	FGV Inflation IGP-DI MoM	Jul	-0.9%	-1.0%	-0.8%	
Chile	Economic Activity MoM	Jun	0.6%	0.3%	-0.1%	Activity swinging back as inflation eases: space for cuts building into H2.
	Economic Activity YoY	Jun	2.4%	1.8%	-0.9%	
	CPI YoY Chained	Jul	3.5%	3.6%	4.3%	
	CPI MoM	Jul	0.1%	0.1%	0.0%	
	Trade Balance	Jul	1,990m	2,500m	3,318m	
Mexico	Remittances Total	Jun	5,471.8m	5,440.0m	5,611.0m	
	Gross Fixed Investment NSA YoY	May	1.1%	-0.5%	6.0%	
	Overnight Rate	06-Aug	6.5%	6.5%	6.5%	Hold as flagged; mid-band CPI keeps the option to resume easing open.
	CPI YoY	Jul	3.1%	3.1%	3.4%	
	CPI Core MoM	Jul	0.2%	0.2%	0.2%	
	Bi-Weekly Core CPI	31-Jul	0.1%	0.1%	0.2%	
	Bi-Weekly CPI	31-Jul	0.1%	0.1%	0.1%	
	Bi-Weekly CPI YoY	31-Jul	3.1%	3.1%	3.1%	

Source information is at the end of the document.

Commentary

Argentina: President Javier Milei proposed reforms to provide institutional support to the inflation stabilisation plan and the fiscal balance. The most important one is a new charter for the central bank (BCRA) that bans monetary financing of the Treasury. This mirrors a fiscal law that triggers a shutdown if a fiscal deficit persists.

The BCRA's quarterly monetary policy report argued that transactional money demand started to recover in May, that disinflation has resumed, and that conditions support further reserve accumulation. Notably, it clarified that FX purchases are no longer "automatic remonetisation" and that it will sterilise excess ARS creation, though in practice, the Treasury has done the sterilising. Private transactional M2 rose 1.7% mom on average in real seasonally-adjusted terms from May to July. Headline inflation averaged 2.2% mom in Q2 and fell to 1.9% in June, with the Middle East conflict flagged as the main external risk. Gross reserves reached USD 44.9bn at end-June, and spot purchases of USD 13.3bn through end-July already exceed the USD 10bn referenced by the International Monetary Fund (IMF) for all of 2026. In other news, the term of the BCRA swap with the People's Bank of China (PBOC) was extended from three to five years, maintaining the size at RMB 130bn.

Brazil: The central bank (BCB) cut the Selic by 25bps to 14.00% on 5 August, in a unanimous fourth consecutive move, taking cumulative easing since March to 100bps. The BCB also kept its guidance open amid elevated uncertainty and de-anchored expectations. It trimmed the 2026 inflation outlook to 5.1%, kept the risk balance tilted to the upside, and

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Latin America (continued)

signalled a still-restrictive stance. Separately, the Workers' Party confirmed President Lula as its candidate for a fourth term, with Geraldo Alckmin again his running mate. Lula leads polling against Senator Flávio Bolsonaro and hinted at former Finance Minister Fernando Haddad as an eventual successor, though the campaign only formally begins on 16 August.

Chile: Central bank meeting minutes showed all five board members agreed holding rates at 4.50% was the only plausible option, framing risks as two-sided.

Colombia: Incoming Finance Minister Miguel Gomez signalled an orthodox, market-oriented stance, pledging a fiscal adjustment of at least 1% of GDP (about COP 20trn) on taking office. He said the "real" central government deficit stood at 7.8% versus the official 5.5%. He flagged the stamp tax, the ICA and the 4×1000 levy for review, backed thermal-plant funding to curb blackout risk, and ruled out an Ecopetrol sale on valuation grounds. His claim of hidden liabilities, made before any official transition report, and his call to review major revenue sources sit awkwardly with the (slow) speed of the adjustment he promises.

On the monetary policy front, the Q3 2026 report revises growth and inflation higher and pushes target convergence out to 2028.

Peru: President Keiko Fujimori appointed Ines Choy, Luis Miguel Palomino and Gustavo Yamada to the central bank board, a market-friendly and orthodox slate. Choy has served since late 2021, while Palomino and Yamada return after board terms ending in 2020. The three complete the four executive-appointed board seats, alongside reappointed President Julio Velarde.

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Central and Eastern Europe

Economic data

Benign inflation across CEE.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Czech Republic	CPI MoM	Jul P	0.6%	0.6%	-0.3%	
	CPI YoY	Jul P	1.7%	1.7%	1.5%	
	Industrial Output NSA YoY	Jun	7.2%	2.6%	-1.0%	
	Repurchase Rate	06-Aug	3.75%	3.75%	3.75%	Hold; energy pass-through the main risk ahead.
Hungary	Industrial Production WDA YoY	Jun	4.1%	5.1%	5.4%	
	Retail Sales YoY	Jun	3.0%	5.1%	4.8%	
	CPI YoY	Jul	1.2%	1.6%	1.7%	Margin caps still shaving ~1.5pp off headline; MNB cutting into it, third cut likely 25 Aug
	CPI MoM	Jul	-0.1%	0.2%	0.0%	
Romania	PPI YoY	Jun	12.7%	–	11.9%	
	Retail Sales YoY	Jun	-7.3%	–	-5.1%	
Russia	CPI WoW	03-Aug	0.0%	–	0.0%	Weekly prints now negative, well below the 4% path that justified the cut to 14.0%.
	CPI Weekly YTD	03-Aug	4.8%	–	4.9%	
	Gold and Forex Reserve	31-Jul	720.3bn	–	732.1bn	

Source information is at the end of the document.

Commentary

Romania: Moody's affirmed Romania at Baa3 with a negative outlook on 7 August, leaving all three agencies at the lowest investment-grade notch with a negative outlook. This came as a relief after last Fitch affirmed BBB- on 31 July only after Bucharest appealed and submitted additional information, prompting the agency to revise its initial committee decision, which it declined to specify. Both agencies now frame political consensus on consolidation beyond 2026. Romania is delivering a tough fiscal consolidation. Moody's expects the headline deficit at 5.8% of GDP this year, more than two points below 2025, but debt is still projected to reach 64.5% of GDP by 2028 versus a peer median of 57.9%, interest costs rise to 3.3% of GDP, and average financing needs run near 12% of GDP over 2026-28. Moody's wants to see a deficit-reducing 2027 budget passed before year-end and an adequate public wage law. The four-party coalition collapsed post successful no-confidence motion against Bolojan and no government has yet been formed. Nevertheless, we believe there are no incentives for the Socialist Party to knock down any future governments attempt at fiscal consolidation. The next rating agency scheduled to review Romania's rating is S&P on 2 October.

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Central Asia, Middle East & Africa

Economic data

Inflation in line with consensus in Türkiye.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Qatar	CPI YoY	Jun	2.2%	–	2.2%	
	GDP Constant Prices YoY	1Q	–	–	2.0%	
Türkiye	CPI YoY	Jul	31.8%	31.9%	32.1%	Lira crawl (17% y/y vs 32% CPI) doing the work through the cost channel; CBT report due 13 Aug.
	CPI MoM	Jul	1.8%	2.0%	1.0%	
	CPI Core Index YoY	Jul	29.9%	30.5%	29.8%	Services near 40% keeping the core sticky.
	PPI MoM	Jul	1.5%	–	1.8%	Over half the monthly rise from power and gas; pipeline pressure at a five-month low.
	PPI YoY	Jul	27.8%	–	28.1%	

Source information is at the end of the document.

Commentary

Benin: Moody's upgraded Benin by one notch to 'Ba3' on 7 August, moving the outlook to stable from positive. Moody's has now caught up with S&P at 'BB-' with a positive outlook since 2024 – and leaves Fitch as the laggard at 'B+ positive' since January. Benin therefore becomes the third sub-Saharan EMBI issuer rated BB- or better by two agencies, after South Africa and Côte d'Ivoire. S&P has once again led the EM upgrade cycle, moving on Benin roughly two and a half years before Moody's and on South Africa six months before Fitch. A Fitch upgrade to BB- the more likely near-term action. The fundamentals are supportive with GDP growth of 8.1% in 2025, the highest since 1990, with Moody's projecting 6.5-7.0% annually to 2030, a deficit back at the 3% WAEMU ceiling and debt falling from 59% to 56% of GDP.

Kazakhstan: The Caspian Pipeline Consortium (CPC) has resumed oil intake after the 30 July drone attacks on tankers, filling terminal tanks at 100k tonnes per day, and the energy ministry rejected talk of a permanent suspension while cautioning that loading depends on tanker arrivals. The CPC carries about 80% of Kazakh oil exports with few viable alternatives.

Iran: Nearly six months into the US-Israel war that began on 28 February, Iran faces severe strain but not collapse, with disrupted oil exports, weak investment and damaged infrastructure. The IMF forecasts a 5.4% GDP contraction and 69% average inflation in 2026, a modest upward growth revision on stronger March to April oil exports, while the World Bank estimates a 2.7% contraction in the Iranian year to 20 March. Gulf crude and condensate exports ran near 10.7mbpd in July, around 40% below pre-war levels. Continued exports and sanctions experience provide a lifeline, leaving prolonged deterioration rather than an immediate crisis.

Kenya: Kenya is seeking about USD 450m in World Bank emergency financing to cushion against the Iran war and weather shocks, via a Contingent Emergency Response Project, with funds potentially available by October, as reported by Bloomberg on 5 August. Both the amount and timing remain uncertain, with earlier estimates ranging between USD 300m and USD 600m since the country first disclosed the plan in April.

Pakistan, Saudi Arabia, and Türkiye: Saudi Arabia, Türkiye and Pakistan signed a joint defence agreement at a Jeddah summit on Friday, uniting Crown Prince Mohammed bin Salman, President Recep Erdogan and Prime Minister Shehbaz Sharif. It builds on the 2025 bilateral Saudi-Pakistan mutual defence pact, following the reported deployment of 8,000 Pakistani troops and assets to the Kingdom amid regional tension. The Sunni agreement has a Nato Article V like provision whereby an attacked country can request support from its allies. It's another step towards rebalancing the balance of power as the US is no longer perceived as a trustworthy guarantor of peace in the region.

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Developed Markets

Economic data

Strong ISM surveys, but soft labour market data.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Japan	Monetary Base YoY	Jul	-13.8%	–	-13.7%	
United States	ISM Manufacturing	Jul	55.6	53.9	53.3	Goods economy re-accelerating – construction and durables hiring up even as services stall.
	ISM Prices Paid	Jul	71.1	71.0	73.0	
	Construction Spending MoM	Jun	-0.1%	0.2%	0.0%	
	Trade Balance	Jun	-73.3bn	-73.0bn	-77.6bn	
	JOLTS Job Openings	Jun	7,359k	7,454k	7,537k	'Slow hire, slow fire' – openings grind lower.
	Factory Orders	Jun	-0.3%	0.2%	-1.1%	
	Durable Goods Orders	Jun F	0.5%	0.3%	0.3%	
	Durables Ex Transportation	Jun F	0.7%	0.6%	0.6%	
	MBA Mortgage Applications	31-Jul	-2.9%	–	-6.4%	
	ADP Employment Change	Jul	44k	65k	95k	Private hiring stalling; switcher pay still firm.
	ISM Services Index	Jul	54.1	54.5	54.0	
	Initial Jobless Claims	01-Aug	199k	205k	198k	
	Continuing Claims	25-Jul	1,801k	1,789k	1,777k	
	Wholesale Inventories MoM	Jun F	0.2%	0.3%	0.3%	
	Change in Nonfarm Payrolls	Jul	-23k	80k	20k	Led by local govt education (-50k) and retail; World Cup unwind in retail; September hike odds 55→40%.
	Change in Manufact. Payrolls	Jul	5k	4k	11k	
	Unemployment Rate	Jul	4.1%	4.2%	4.2%	Fall driven by participation at 61.4%, 5yr low.

Source information is at the end of the document.

Commentary

Japan: The Bank of Japan's Summary of Opinions from its July meeting, when the key policy rate was held at 1%, showed one of nine board members said it may be appropriate to consider a pace of rate hikes that is faster than market expectations. One member said underlying CPI inflation has been nearing 2% and greater consideration should be given to upside price risks, while another said it is appropriate to continue raising interest rates in response to economic activity and prices. One member also said the policy rate remains below the lower bound of the broadly estimated neutral range and should be raised. Although the official 8-1 vote noted Takata Hajime as the sole dissenter for a 25bps hike to 1.25%, the Summary of Opinions suggests two to three members held distinctly hawkish views. The change in stance comes after the coordinated intervention between US and Japan when Treasury Secretary Scott Bessent said he believed BOJ policy changes were forthcoming.

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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%	-3.5%	19.5%	33.9%	20.3%	7.7%
MSCI EM ex-China	-0.8%	-6.7%	29.5%	48.9%	24.9%	11.8%
MSCI EMEA	5.0%	6.5%	9.0%	17.8%	16.1%	3.5%
MSCI Latam	-1.5%	3.3%	14.1%	37.3%	13.2%	10.7%
MSCI Asia	-0.9%	-4.1%	21.0%	34.7%	21.3%	7.8%
MSCI China	1.1%	10.2%	-6.3%	-1.7%	8.6%	-1.9%
MSCI India	1.0%	2.7%	-7.4%	-4.7%	6.1%	4.9%
MSCI EM Growth	-0.3%	-5.6%	17.7%	31.6%	20.2%	5.9%
MSCI EM Value	-0.6%	-1.3%	21.5%	36.5%	20.4%	9.6%
MSCI EM Small Cap	5.6%	-1.5%	11.2%	17.2%	14.2%	7.0%
MSCI Frontier	1.6%	2.0%	12.4%	24.4%	21.1%	8.9%
GBI-EM-GD	1.1%	1.4%	2.9%	8.5%	7.5%	2.7%
GBI-EM China	0.1%	1.1%	5.9%	8.3%	6.1%	2.9%
EM FX spot	0.5%	1.0%	0.1%	2.3%	0.2%	-1.2%
ELMI+ (1-3m NDF)	0.7%	2.1%	3.3%	6.1%	6.3%	2.7%
EMBI GD	0.9%	-0.5%	2.8%	9.0%	9.9%	2.4%
EMBI GD IG	0.8%	-1.2%	-0.1%	3.5%	5.0%	-1.0%
EMBI GD HY	1.1%	0.2%	5.6%	14.6%	15.0%	5.9%
CEMBI BD	0.5%	0.0%	2.2%	5.3%	7.7%	2.6%
CEMBI BD IG	0.4%	-0.4%	0.6%	3.5%	6.1%	1.0%
CEMBI BD HY	0.5%	0.5%	4.5%	8.0%	10.2%	4.8%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	2.9%	3.0%	14.5%	24.8%	20.3%	11.3%
MSCI World (DM)	3.3%	3.8%	13.9%	23.7%	20.2%	11.7%
S&P 500	3.6%	3.5%	14.1%	23.8%	21.4%	13.4%
DXY Index**	-0.4%	-1.6%	1.2%	1.2%	-0.8%	1.4%
EUR*	0.3%	1.1%	-2.5%	-2.4%	-0.1%	-2.5%
JPY*	-1.1%	-2.9%	2.2%	10.4%	8.0%	-10.5%
CRY Index**	-1.1%	7.7%	27.5%	29.6%	10.9%	12.2%
Brent**	-7.3%	14.6%	37.3%	25.8%	-0.7%	3.4%
Gold**	7.3%	7.8%	0.5%	28.1%	30.9%	19.8%
Bitcoin**	3.1%	10.9%	-26.0%	-44%	30.9%	8.2%
1-3yr UST	0.2%	0.4%	1.0%	2.9%	4.3%	2.0%
3-5yr UST	0.4%	0.0%	-0.1%	1.9%	4.0%	0.7%
7-10yr UST	0.6%	-0.8%	-1.0%	1.4%	3.3%	-1.5%
10yr+ UST	1.0%	-3.1%	-2.6%	-0.6%	0.5%	-6.7%
10yr+ Germany	0.8%	-2.9%	-0.7%	-4.3%	-1.3%	-9.0%
10yr+ Japan	0.4%	-1.0%	-8.2%	-13.2%	-9.5%	-8.1%
Global Agg.***	0.7%	0.1%	-0.1%	1.0%	3.5%	-1.7%
US Agg. IG***	0.6%	-0.7%	-0.1%	2.5%	4.2%	-0.2%
EU Agg. IG***	0.5%	-1.0%	0.3%	0.4%	3.1%	-2.0%
US Corp HY***	0.7%	0.5%	2.4%	5.6%	8.7%	4.2%
EU Corp HY***	0.3%	0.1%	2.0%	3.3%	7.5%	3.2%

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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31 July 2026
By Gustavo Medeiros and Ben Underhill

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