Issued: 7 October 2024

WEEKLY INVESTOR RESEARCH

Ashmore

EM spreads tighten as yields and oil go higher

By Gustavo Medeiros and Ben Underhill

- Sharp increase in yields post strong labour market report and increase in oil prices.
- Chinese stocks outperform again ahead of end of Golden Week holiday.
- Iran missile strikes against Israel targeted civilian areas, further escalating the regional conflict.
- Soft manufacturing more than compensated by stronger service sector across G20.
- Brazil, Mongolia, and Serbia upgraded, Senegal downgraded last week.
- Ghana reached agreement on debt restructuring with 98% of creditors.
- EU announced tariffs of up to 45% on China's electric vehicles.

Last Week Performance and Comments

EM Debt	Yield	Change (bp)	Spread	5 day Change
GBI-EM GD	6.22%	11	–	-1.9%
GBI-EM FX Spot	–	–	–	-1.3%
ELMI+	6.97%	99	–	-1.0%
EMBI GD	7.58%	0	356 bps	-0.4%
EMBI GD ex-default	6.65%	10	263 bps	-0.4%
EMBI GD IG	5.25%	12	115 bps	-0.9%
EMBI GD HY	10.43%	1	649 bps	0.1%
EMBI HY ex-default	8.02%	7	407 bps	0.1%
CEMBI BD	6.41%	6	251 bps	-0.2%
CEMBI BD IG	5.33%	13	143 bps	-0.5%
CEMBI BD HY	79.6	-2	406 bps	0.0014

EM Equity*	PE 1yr BF	5 day Change
MSCI EM	12.6	0.4%
MSCI EM ex-China	13.2	-3.6%
MSCI EMEA	10.2	-4.1%
MSCI Latam	9.0	-0.4%
MSCI EM Asia	13.6	1.4%
MSCI China	11.6	11.4%
MSCI India	23.7	-4.6%
MSCI EM Growth	17.4	0.7%
MSCI EM Value	9.6	0.1%
MSCI EM Small Cap	14.1	-1.1%
MSCI Frontier	8.7	-1.4%

Comments

- EM local bonds and EM equities ex-China underperformed.
- Investment grade underperformed high yield debt.
- Sovereign spreads tightened. EMBI ex-default spreads tightened by 10bp, while HY ex-default tightened by around 20bp. Corporate spreads also compressed significantly.
- Chinese stocks bucked the trend, rising another 11.4%.

Global Debt	Yield	Change (bp)	Spread	5 day Change
2yr UST	3.97%	32	–	-0.6%
5yr UST	3.84%	28	–	-1.1%
10yr UST	3.98%	20	–	-1.7%
30yr UST	4.26%	13	–	-2.6%
10yr Germany	2.23%	10	–	-0.6%
10yr Japan	0.93%	7	–	0.0%
Global Agg.***	3.46%	16	37 bps	-1.8%
US Agg. IG***	4.88%	20	79 bps	-1.2%
EU Agg. IG***	3.27%	4	78 bps	-0.3%
US Corp HY***	7.10%	12	284 bps	-0.1%
EU Corp HY***	6.32%	4	350 bps	0.0%

Global Backdrop*	PE 1yr BF	5 day Change
MSCI ACWI	18.1	-0.6%
MSCI World (DM)	19.1	-0.7%
S&P 500	21.7%	0.3%
VIX Fut.**	0.2	1.6%
DXY Index**	102.5	1.7%
EUR*	1.1	-1.6%
JPY*	148.4	-3.6%
CRY Index**	291.7	2.0%
Brent**	78	8.4%
Gold**	2,643	0.2%
Bitcoin**	63,578	2.8%

Comments

- US Treasury bear flattened: 2yr +31bps to 3.96%, 10yr +20bps to 3.98%, 30yr +13bps to 4.25%.
- US Dollar rose 1.7%, retracing two-thirds of YTD losses.
- Commodity prices rose 2.0%, led by oil's 10% spike.

Source & Notations: See end of document.

Ashmore

Global Macro

September's US non-farm payrolls report exceeded expectations, with employers adding 254,000 jobs, reflecting strong labour market momentum. This robust data led US Treasury yields sharply higher, as markets anticipated fewer rate cuts from the Federal Reserve (Fed). US stocks remained relatively stable, as reduced expectations for a 50 basis points (bps) rate cut in November were offset by optimism about the job market and the economy.

Oil prices surged following Iran's attack on Israel. Chinese stocks extended their policy driven rally. These developments have led to speculation that the market could be entering the early stages of a broader reflation in the final quarter of 2024 or the first quarter of 2025. In global monetary policy, September marked the fourth-largest month in the number of central bank rate cuts since 2001, signalling a shift toward more accommodative stances in various regions.

Geopolitics

Iran retaliated against the killing of Hezbollah's leader Nasrallah in Beirut by firing hundreds of missiles, including ballistic warheads, at targets across Israel. According to Israeli sources, the strikes targeted both civilian and military infrastructure. Unlike the events in April, the Iranians did not give any warning to either Israel or the United States before launching this attack.

Despite the large-scale missile barrage, US and Israeli intelligence detected the plans in time to move Israeli civilians into bunkers, preventing any casualties. US President Joe Biden described the attack as "ineffective", although its nature suggests a higher likelihood of a strong Israeli response this time, potentially with direct strikes on Iranian targets. The US has signalled it will not prevent Israel from taking such actions.

Throughout the week, Israel increased its bombardment of targets in Beirut and launched targeted raids on Hezbollah infrastructure in southern Lebanon. This marks the first time Israeli ground forces have been deployed in Lebanon since 2006. President Biden also referenced ongoing discussions between US and Israeli military officials regarding potential strikes on Iranian oil infrastructure, indicating tensions could escalate even further, and leading to a second sharp increase in oil prices.

Commodities

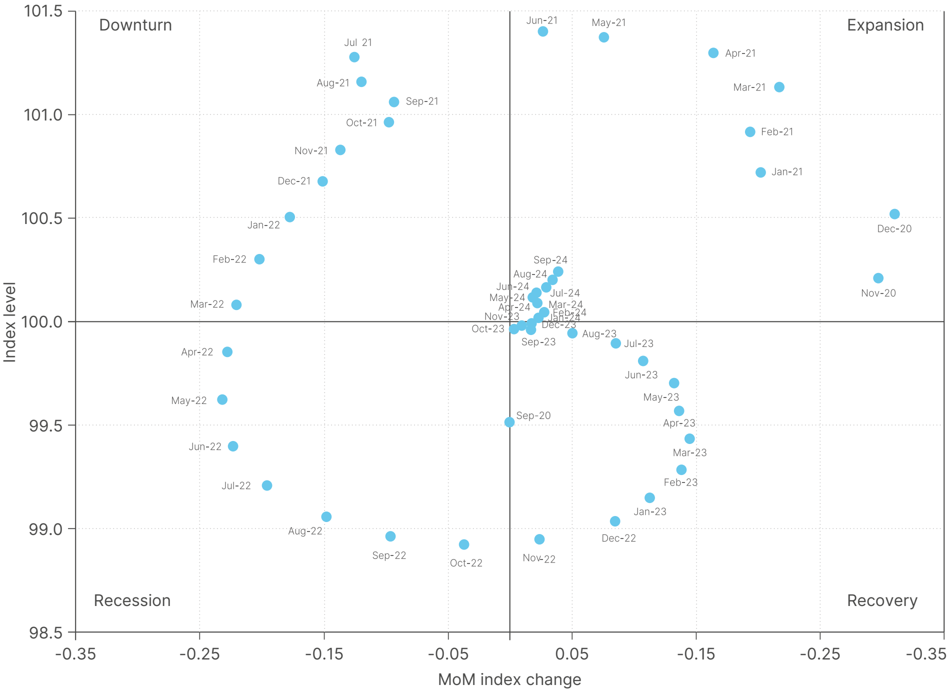
Brent crude surged by 10% last week, nearing USD 79 per barrel, fuelled by escalating tensions in the Middle East, and in particular, comments from Biden that Israel is considering attacks on Iranian oil infrastructure. The stock market rebound from fresh stimulus measures in China supported the rally, as investors began to anticipate a pickup in demand from the world's second-largest economy, while solid US jobs data on Friday prompted traders to increasingly rule out the likelihood of a near-term economic downturn in the US, extending the oil market's upward momentum into the weekend.

Leading Indicators

The G20 OECD leading indicator, comprising both services and manufacturing sectors, moved further into expansion territory in September. The positive surprise came after revisions to Q2 data led to a sharp negative surprise in economic activity until June. Since then, economic activity has recovered.

Global Macro (continued)

Fig 1: **OECD G-20 leading indicator**



Source: Bloomberg, S&P Global PMI, Ashmore. Data as at 7 October 2024.

Ashmore

Global Macro (continued)

The Manufacturing Purchasing Manager's Index (PMI) receded further in Developed Markets (DM) and declined below 50 in Emerging Markets (EM), driven by declines in South Korea, Vietnam and Türkiye.

Fig 2: **Global Manufacturing PMI data**

DM Manuf.	-0.8	-0.8	-0.8	-0.9	-0.5	-0.5	-0.5	-0.6	-0.3	-0.4	-0.5	-0.6	-0.8	-0.2
EM Manuf.	0.1	-0.0	0.1	0.1	0.2	0.3	0.4	0.4	0.4	0.4	0.1	0.1	-0.1	-0.2

Country	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	1m chg
China	0.2	-0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.4	0.4	-0.0	0.1	-0.1	-0.2
China Official	0.3	0.2	0.2	0.1	0.1	0.1	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.1
South Korea	0.1	0.1	0.1	0.1	0.4	0.3	0.1	-0.0	0.5	0.5	0.4	0.5	-0.2	-0.8
Taiwan	-0.8	-0.6	-0.4	-0.6	-0.4	-0.4	-0.3	-0.1	0.0	0.4	0.3	0.1	-0.0	-0.1
India	0.9	0.5	0.6	0.4	0.7	0.8	1.2	1.1	0.9	1.0	1.0	0.9	0.7	-0.2
Indonesia	0.5	0.3	0.3	0.5	0.6	0.6	0.9	0.6	0.4	0.1	-0.2	-0.3	-0.2	0.1
Philippines	-0.2	0.1	0.2	-0.1	-0.2	-0.1	-0.2	0.1	0.0	-0.1	-0.1	-0.1	0.4	0.5
Thailand	-0.4	-0.4	-0.4	-0.8	-0.6	-0.8	-0.1	-0.2	0.1	0.3	0.5	0.4	0.1	-0.3
Malaysia	-0.4	-0.4	-0.2	-0.2	0.1	0.2	-0.1	0.1	0.3	0.3	0.2	0.2	0.2	-0.0
Vietnam	-0.2	-0.2	-0.6	-0.3	-0.0	-0.0	-0.1	-0.0	-0.0	0.8	0.8	0.4	-0.6	-1.0
Brazil	-0.2	-0.3	-0.1	-0.3	0.5	0.7	0.6	1.0	0.3	0.4	0.7	0.0	0.5	0.5
Mexico	-0.2	0.3	0.4	0.3	-0.1	0.3	0.3	0.1	0.1	0.1	-0.2	-0.4	-0.6	-0.2
Colombia	-0.6	-0.5	-0.2	0.3	0.9	0.1	0.0	-0.3	-0.2	-0.2	-0.1	-0.2	-0.5	-0.4
South Africa	-0.7	-0.9	-0.3	0.2	-1.3	0.4	-0.1	0.9	-1.2	-0.8	0.6	-1.3	0.6	1.9
Türkiye	-0.0	-0.3	-0.5	-0.5	-0.1	0.1	0.0	-0.1	-0.3	-0.4	-0.5	-0.4	-1.1	-0.7
Hungary	-1.1	-0.2	-0.2	-0.4	-0.6	-0.2	-0.2	-0.3	-0.3	-0.8	-0.8	-1.0	-0.6	0.4
Poland	-1.2	-1.1	-0.3	-0.5	-0.6	-0.4	-0.4	-0.8	-1.0	-1.0	-0.5	-0.4	-0.3	0.1
Czechia	-1.4	-1.3	-1.2	-1.4	-1.2	-1.0	-0.7	-1.0	-0.8	-0.9	-1.1	-0.7	-0.8	-0.1
Russia	0.9	0.7	0.7	0.9	0.4	0.9	1.1	0.8	0.8	0.9	0.7	0.4	-0.2	-0.5

Mnf PMI Z-score	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	1m chg
United States	-0.6	-0.5	-0.6	-0.9	-0.4	-0.1	-0.2	-0.5	-0.3	-0.2	-0.6	-0.9	-1.0	-0.1
US ISM	-0.7	-1.0	-1.0	-1.0	-0.6	-0.8	-0.4	-0.6	-0.7	-0.7	-1.0	-0.9	-0.9	0.0
Canada	0.0	0.1	0.0	-0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.0	0.2	0.3	0.1
Europe	-0.1	-0.1	-0.0	0.0	0.2	0.2	0.2	0.1	0.3	0.2	0.2	0.2	0.1	-0.1
Germany	-0.3	-0.2	0.0	0.1	0.4	0.0	-0.0	0.0	0.4	0.1	0.1	0.0	-0.2	-0.2
France	-0.0	-0.2	-0.2	-0.3	-0.2	0.3	0.2	0.1	0.2	0.1	-0.1	-0.1	0.0	0.1
UK	-0.2	-0.1	0.1	0.0	0.1	0.1	0.4	0.3	0.5	0.5	0.6	0.7	0.6	-0.1
Italy	0.1	-0.1	-0.1	-0.0	0.3	0.3	0.5	0.2	-0.0	-0.0	0.2	0.4	0.3	-0.1
Norway	0.3	-0.1	0.1	0.3	0.2	0.3	0.1	0.3	0.3	-0.1	0.8	0.3	0.3	-0.0
Sweden	-0.2	-0.0	0.3	0.3	0.1	0.3	0.4	0.5	0.8	0.7	0.3	0.6	0.5	-0.1
Japan	0.1	0.1	0.1	0.0	0.0	-0.0	0.1	0.2	0.3	0.3	0.2	0.2	0.2	-0.0

Source: Bloomberg, S&P Global PMI, Ashmore. Data as at 7 October 2024.

Ashmore

EM Asia

Economic data

Tech exports still a strong point across the region.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
China	BoP Current Account Balance (USD)	2Q F	54.5bn	–	54.9bn	
Indonesia	CPI (YoY)	Sep	1.8%	2.0%	2.1%	• Prices fell mom, driven by energy.
South Korea	Industrial Production (YoY)	Aug	3.8%	1.9%	5.2%	• Semiconductor inventories fell at fastest pace since 2009, dropping 43% yoy. Strong demand for high performance memory chips reflected on exports and trade surplus.
	Industrial Production SA (MoM)	Aug	4.1%	2.8%	-3.9%	
	Exports (YoY)	Sep	7.5%	6.4%	11.2%	
	Trade Balance (USD)	Sep	6,658m	5,000m	3,770m	
	Imports (YoY)	Sep	2.2%	5.0%	6.0%	
	CPI (MoM)	Sep	0.1%	0.4%	0.4%	• Inflation significantly lower than expected, supporting demand with cuts now important.
	CPI (YoY)	Sep	1.6%	1.9%	2.0%	
Thailand	BoP Current Account Balance (USD)	Aug	1,362m	1,013m	120m	• Exports stay strong as with Asian peers, driving very strong trade surplus.
	Exports (YoY)	Aug	11.4%	–	15.3%	
	Trade Balance (USD)	Aug	2,442m	–	861m	

Source information is at the end of the document.

Commentary

China: The Hang Seng China Enterprises Index (HSCEI) has risen 37% year-to-date, making it the best-performing market in the world in 2024. Chinese assets have surged on the back of a classic '3Ps' combination: bearish positioning, as China reached a 50-year low compared to US stocks; bearish profit expectations, with fears of a deflationary hard landing; and a major policy shock, with a USD 560bn fiscal and monetary stimulus announced, accounting for over 3% of gross domestic product (GDP). While large investors remain sceptical due to US-China relations, and China's traditional aversion to economic booms, structural bears are likely to be forced back into the market. This shift will be driven by a rise in China's bond yields from a 2% floor and a recovery in house prices, currently down 6% yoy, mirroring past post-stimulus recoveries in 2008, 2016, and 2020.

On Tuesday, China's chief economic planner, the National Development and Reform Commission (NDRC), will discuss policies to raise economic growth. Traders are closely watching additional policy measures, after the government announced rate cuts, banking liquidity support and stock market support just before last week's national holiday. Expectations are that Beijing will expand public spending as part of this week's package to stimulate demand. The country has the space to increase fiscal spending to around 10 trillion yuan (USD 1.4tn) according to economists. This is very unlikely to be announced at one time however, and most analysts expect a fiscal package of 2-3 trillion yuan to be announced at Tuesday's NDRC.

India: Between April and August, India's central government fiscal deficit fell 32% yoy. This improvement was fuelled by better revenue collection and lower capital spending during the election period. Total receipts rose 18% compared to the previous year, with personal income tax revenues up 25%. In other news, Hyundai is reportedly seeking a USD 19bn valuation for its India unit in what would be India's largest-ever IPO.

Mongolia: S&P upgraded Mongolia's credit rating to B+, reflecting improving economic conditions. This brings it in line with Fitch's upgrade in September.

Thailand: The current account surplus increased by 71% year-on-year in August, reaching USD 1.4bn. Exports rose 11% to USD 26bn. From January to August, the current account surplus expanded sixfold yoy to USD 4.7bn, primarily driven by a shrinking deficit in the net services balance. However, a stronger baht could weigh on both manufacturing exports and tourism inflows going forward.

Ashmore

Latin America

Economic data

Lower unemployment in Chile and Colombia, higher in Mexico.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Brazil	Net Debt % GDP	Aug	62.0%	62.1%	0.4%	• Inflation readings 0.6% higher mom, justifying rate hikes however, industrial production growth moderating, with imports also lower this month reflecting some softening in consumer demand.
	FGV CPI IPC-S	Sep-30	0.6%	–	0.4%	
	Industrial Production (MoM)	Aug	0.1%	0.1%	6.1%	
	Industrial Production (YoY)	Aug	2.2%	2.2%	2.8%	
	Imports Total (USD)	Sep	23,426m	23,729m	24,229m	
	Exports Total (USD)	Sep	28,789m	28,678m	28,746m	
	Trade Balance Monthly (USD)	Sep	5,363m	4,700m	4,517m	
Chile	Retail Sales (YoY)	Aug	6.8%	5.0%	4.2%	• Activity improving in Chile, with retail sales higher than expected and the unemployment rate down considerably in August.
	Unemployment Rate	Aug	8.9%	8.9%	10.2%	
	Manufacturing Production (YoY)	Aug	3.4%	0.5%	9.9%	
	Copper Production Total	Aug	470,478	–	443,633	
	Economic Activity (MoM)	Aug	-0.2%	0.3%	-1.1%	
	Economic Activity (YoY)	Aug	2.30%	2.50%	4.2%	
Colombia	Urban Unemployment Rate	Aug	10.0%	10.0%	10.2%	• Unemployment rate continues to moderate 50bp rate cut now brings total cuts to 300bp.
	National Unemployment Rate	Aug	9.7%	–	9.9%	
	Overnight Lending Rate	Sep-30	10.3%	10.3%	10.8%	
Mexico	Remittances Total (USD)	Aug	6,087m	5,713m	24,251m	• Remittances strong. Unemployment ticks up as activity continues to slow in country, still very low however.
	International Reserves Weekly (USD)	Sep-27	226,846m	–	290,790m	
	Unemployment Rate NSA	Aug	3.0%	2.9%	2.9%	

Source information is at the end of the document.

Commentary

Brazil: Municipal elections for mayors and city assemblies took place yesterday as Brazilians elected 5,518 mayors, while in another 51 cities no candidate received more than 50% of votes and will have a run-off in three weeks. Centre-right parties won most votes. Candidates supported by former president Jair Bolsonaro won four elections across the country's 27 state capitals and 14 others will face a run-off. On the other hand, only two candidates supported by President Luiz Inácio Lula da Silva (Lula) won in the first round and only four will face the run-off. The biggest winner was the Governor of the Sao Paulo state Tarcísio de Freitas. He supported incumbent Ricardo Nunes in the race for Mayor of Sao Paulo city, who will face a run-off against Guilherme Boulos, supported by Lula. Pablo Marcal, the candidate supported by Bolsonaro, did not qualify for the run-off.

Finance Minister Fernando Haddad emphasised that adhering to Brazil's fiscal framework is crucial for aiding the central bank in lowering interest rates. Haddad noted that if Congress had approved all proposed measures, such as ending payroll tax exemptions, the government could achieve its zero-deficit target this year. While Haddad remains the main advocate for fiscal adjustment within the government, President Lula's reluctance toward strict austerity measures raises concerns about the future of fiscal policy. Moody's recently upgraded Brazil's credit rating to one notch below investment grade, citing better economic growth prospects that could further enhance the country's credit profile if fiscal targets are met.

Latin America (continued)

Colombia: The Central Bank board reappointed Governor Leonardo Villar for his second four-year term. This will reassure investors for whom the potential for political interference in monetary policy had become a concern. Villar has resisted pressure from the President and Finance Ministry in the past to cut interest rates faster.

Mexico: President Andrés Manuel López Obrador (AMLO) left office with a strong approval rating of 68%, according to a poll by El Financiero. This high approval contrasts with lower ratings on individual social and economic issues, underscoring AMLO's enduring influence over the incoming Claudia Sheinbaum administration.

Ashmore

Central and Eastern Europe

Economic data

Poland and Romania hold rates.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Czech Republic	GDP (QoQ)	2Q F	0.4%	0.3%	0.3%	
	GDP (YoY)	2Q F	0.6%	0.6%	0.6%	• GDP growth service led.
Hungary	PPI (YoY)	Aug	3.0%	–	2.5%	
	Trade Balance (USD)	Jul F	167m	–	203m	
	Industrial Production WDA	Aug	-4.10%	-2.80%	-6.4%	
Poland	CPI (MoM)	Sep P	0.1%	0.1%	0.1%	• High inflation likely to keep National Bank of Poland policy rate unchanged into 2025.
	CPI (YoY)	Sep P	4.9%	4.9%	4.3%	
	Poland Base Rate Announcement	Oct-02	5.75%	5.75%	5.75%	
Romania	Interest Rate Announcement	Oct-04	6.50%	6.50%	6.50%	

Source information is at the end of the document.

Commentary

Czechia: The Czech Fiscal Council, an independent body overseeing the country's budget and fiscal policy, raised concerns about a potential deviation from the fiscal target of CZK 28.5-30.5bn (0.3-0.4% of GDP) in 2025. According to the Council's latest budget report, several revenue projections seem overly optimistic, including proceeds from carbon emission allowance sales, which could fall short by CZK 10bn, and lower-than-expected dividend payouts from state-owned companies, which may result in a shortfall of CZK 5bn. The government is also counting on savings from renewable energy subsidies, though the legislation for this has yet to be passed, and pension spending could exceed the planned budget by CZK 5-7bn.

Serbia: The rating agency S&P upgraded the sovereign rating to BBB-, granting the country its first investment grade rating. "The upgrade reflects Serbia's improved economic resilience against shocks on the back of strong macroeconomic management, which we expect to persist in the coming years", S&P said. Resilient domestic demand, bigger fiscal and external buffers and International Monetary Fund (IMF)-led fiscal and monetary policy derisks Serbia's credit from ongoing weakness in the eurozone.

Central Asia, Middle East & Africa

Economic data

Inflation accelerates in Türkiye, may push back rate cut.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Nigeria	Current Account Balance (USD)	2Q	5.1bn	–	3.4bn	• Surplus rises from 7% to 11% of GDP.
Saudi Arabia	SAMA Net Foreign Assets (SAR)	Aug	1,674.8bn	–	1,612.7bn	
South Africa	Money Supply M3 (YoY)	Aug	6.1%	–	5.9%	
	Trade Balance Rand	Aug	5.6bn	19.1bn	17.1bn	
Türkiye	CPI (MoM)	Sep	3.0%	2.2%	2.5%	• Surprise inflation acceleration on monthly terms may push back yardstick for expected rate cut in November. Biggest contributor to inflation was education.
	CPI (YoY)	Sep	49.4%	48.3%	52.0%	
	CPI Core Index (YoY)	Sep	49.1%	48.0%	51.6%	
	PPI (MoM)	Sep	1.4%	–	1.7%	
	PPI (YoY)	Sep	33.1%	–	35.8%	

Source information is at the end of the document.

Commentary

Ghana: Ghana received the approval of more than 90% of bondholders to restructure and exchange USD 13bn of international debt, it said on Thursday, clearing the last hurdle in its protracted debt rework. Finance Minister Mohammed Amin Adam announced that by the final deadline in September, 98% of bondholders had agreed to a 37% haircut on the USD 13bn eurobond. This is the biggest haircut in the history of African debt and a crucial step in Ghana's broader economic recovery efforts after its December 2022 default.

Senegal: Moody's downgraded the sovereign rating to B1 from Ba3 and kept a negative outlook. The main reasons cited were weaker fiscal and debt positions than expected, after an audit ordered by the new president revealed the 2023 budget deficit was over 10% of GDP, compared to the 5% figure reported by previous government. The country is in talks now with the IMF for corrective measures.

Türkiye: Türkiye's macroeconomic indicators are aligning with projected goals, signalling a positive outlook for the country's economy, according to Central Bank Governor Fatih Karahan. In a presentation to the Plan and Budget Commission in Parliament, Karahan noted that tight monetary policy is helping to rebalance domestic demand, with the output gap expected to turn negative in the coming months—a key factor in achieving disinflation. The Central Bank anticipates monetary tightening will continue to improve the current account balance. Monthly inflation in services is beginning to decline, although it remains a challenging area. Meanwhile, the Ministry of Treasury and Finance plans to borrow TRY 510bn from the local market between October and December to meet a domestic debt service requirement of TRY 329.4bn. Borrowing targets for October were revised downward, while November's target saw a significant increase.

Ashmore

Developed Markets

Economic data

Inflation below target in EU, jobs growth spikes in US.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Eurozone	CPI Estimate (YoY)	Sep	1.8%	1.8%	2.2%	• Inflation below the central bank's target for the first time since 2021, increasing bets for faster rate cuts.
	CPI (MoM)	Sep P	-0.1%	0.0%	0.1%	
	CPI Core (YoY)	Sep P	2.7%	2.7%	2.8%	
	Unemployment Rate	Aug	6.4%	6.4%	6.4%	
Japan	Industrial Production (MoM)	Aug P	-3.3%	-0.5%	3.1%	• Lower factory output adds to concerns that GDP growth may falter, despite unemployment remaining very low.
	Retail Sales (YoY)	Aug	2.8%	2.6%	2.7%	
	Jobless Rate	Aug	2.5%	2.6%	2.7%	
	Job-To-Applicant Ratio	Aug	1.23	1.24	1.24	
	Tankan Large Mfg Index	3Q	13	12	13	
	Monetary Base (YoY)	Sep	-0.10%	–	0.6%	
UK	Nationwide House PX (MoM)	Sep	0.7%	0.2%	-0.2%	• Housing market continues recovery, with lower rates expectations encouraging buyers.
	Nationwide House Px NSA (YoY)	Sep	3.2%	2.7%	2.4%	
	GDP QoQ	2Q F	0.5%	0.6%	0.6%	
	GDP (YoY)	2Q F	0.7%	0.9%	0.9%	
	Mortgage Approvals	Aug	64.9k	63.9k	62.5k	
United States	Dallas Fed Manf. Activity	Sep	-9.0	-10.8	-9.7	
	Construction Spending (MoM)	Aug	-0.1%	0.2%	-0.5%	
	ISM Manufacturing	Sep	47.2	47.5	47.2	• Weak manufacturing activity and employment still contrasting with more resilient service sector of the economy. Housing still soft.
	ISM Employment	Sep	43.9	47.1	46.0	
	ISM Prices Paid	Sep	48.3	53.5	54.0	
	ISM Services Index	Sep	54.9	51.7	51.5	
	MBA Mortgage Applications	Sep-27	-1.30%	–	0.11	
	ADP Employment Change	Sep	143k	125k	103k	
	Initial Jobless Claims	Sep-28	225k	221k	219k	• Initial and continuing claims remain stable.
	Continuing Claims	Sep-21	1,826k	1,830k	1,827k	
	Factory Orders	Aug	-0.2%	0.1%	4.9%	
	Durable Goods Orders	Aug F	0.0%	0.0%	0.0%	
	Change in Nonfarm Payrolls	Sep	254k	150k	142k	• Jump in nonfarm payrolls was not expected and all but nails a 25bps cut in November.
	Change in Manufact. Payrolls	Sep	-8k	-8k	-27k	
	Unemployment Rate	Sep	4.1%	4.2%	4.2%	
	Average Hourly Earnings (YoY)	Sep	4.0%	3.8%	3.8%	

Source information is at the end of the document.

Developed Markets (continued)

Commentary

European Union: The EU announced tariffs of up to 45% on Chinese electric vehicles (EVs). The levies varied according to the degree of subsidy received from the government, ranging from 8% for Tesla to 35% for SAIC. China's Commerce Ministry strongly opposed the tariffs, calling them "unfair, non-compliant, and unreasonable" and asserting that they violate World Trade Organization rules, though no specific countermeasures have been announced yet. Retaliation is expected, as BMW and Volkswagen condemned the tariffs, describing the EU's move as a "fatal signal for the European automotive industry." EU carmakers still have large sales in China and have been forging alliances with Chinese peers to improve their competitiveness, both in Europe and in China.

United States: Recent developments have brought relief to concerns over the economic impact of potential port strikes in the US. After tense negotiations, the strike involving 47,000 port workers across major US ports was called off following a deal between union representatives and employers. Workers had been pushing for significant pay increases, with demands for a 10% annual raise over the next six years. The ports affected handle about 25% of US goods imports and 27% of exports, representing approximately 2.8% and 1.9% of US GDP, respectively. Economists had warned the strikes could have resulted in weekly economic losses of around USD 4.5bn and exacerbated supply chain disruptions, driving up inflation, particularly in food prices. With the strike averted, concerns over prolonged economic disruption have eased after the International Longshoremen's Association agreed on a 62% wage increase over six years.

Japan: The yen weakened after Japan elected a more dovish Prime Minister, Shigeru Ishiba. Traders 'forgot' that monetary policy is decided by the Bank of Japan and unwound expectations of another interest rate hike in the near future. Prime Minister Ishiba stated he does not believe the current economic environment warrants additional rate increases. This more lenient stance on monetary policy has led to renewed momentum in the yen carry trade, which could potentially provide an upside for Japanese stocks.

Ashmore

Benchmark Performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	0.7%	0.7%	17.7%	30.4%	1.1%	6.0%
MSCI EM ex-China	-1.8%	-1.8%	10.7%	28.0%	3.0%	8.1%
MSCI EMEA	-2.6%	-2.6%	7.2%	18.8%	-6.8%	0.2%
MSCI Latam	0.6%	0.6%	-12.0%	9.1%	7.6%	2.0%
MSCI Asia	1.4%	1.4%	22.8%	33.8%	1.6%	7.0%
MSCI China	7.1%	7.1%	38.6%	37.4%	-2.6%	2.2%
MSCI India	-3.3%	-3.3%	21.2%	37.5%	10.2%	16.2%
MSCI EM Growth	1.2%	1.2%	19.9%	32.4%	-1.4%	5.7%
MSCI EM Value	0.2%	0.2%	15.4%	28.2%	3.8%	6.1%
MSCI EM Small Cap	-1.3%	-1.3%	11.4%	23.9%	5.0%	11.9%
MSCI Frontier	-1.3%	-1.3%	9.3%	15.6%	-3.4%	3.2%
GBI-EM-GD	-1.7%	-1.7%	3.2%	14.1%	0.0%	0.0%
GBI-EM China	0.0%	0.0%	5.7%	10.3%	1.5%	4.5%
EM FX spot	-1.1%	-1.1%	-1.9%	3.0%	-2.5%	-2.9%
ELMI+ (1-3m NDF)	-0.9%	-0.9%	2.8%	9.5%	0.8%	1.0%
EMBI GD	-0.4%	-0.4%	8.2%	20.4%	-0.5%	0.7%
EMBI GD IG	-0.8%	-0.8%	4.3%	14.7%	-3.2%	-0.8%
EMBI GD HY	0.0%	0.0%	12.2%	26.5%	2.4%	2.1%
CEMBI BD	-0.2%	-0.2%	8.2%	15.2%	1.0%	2.7%
CEMBI BD IG	-0.5%	-0.5%	6.1%	12.9%	-0.8%	1.2%
CEMBI BD HY	0.1%	0.1%	11.4%	18.5%	3.4%	4.7%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	-0.5%	-0.5%	18.1%	33.2%	8.1%	12.3%
MSCI World (DM)	-0.6%	-0.6%	18.1%	33.5%	9.0%	13.2%
S&P 500	-0.2%	-0.2%	21.9%	36.9%	11.9%	16.1%
DXY Index**	1.7%	1.7%	1.2%	-3.3%	8.8%	3.6%
EUR*	-1.6%	-1.6%	-2.1%	2.5%	-3.2%	-1.4%
JPY*	-3.6%	-3.6%	-8.9%	-5.1%	-11.1%	-7.4%
CRY Index**	2.4%	2.4%	10.5%	5.3%	8.2%	13.7%
Brent**	8.4%	8.4%	1.0%	-8.0%	-1.7%	6.7%
Gold**	0.2%	0.2%	28.1%	42.9%	16.8%	15.2%
Bitcoin**	0.2%	0.2%	49.2%	127%	5.8%	134%
1-3yr UST	-0.5%	-0.5%	3.6%	6.3%	1.1%	1.3%
3-5yr UST	-0.9%	-0.9%	3.3%	7.9%	-0.6%	0.5%
7-10yr UST	-1.4%	-1.4%	2.6%	10.5%	-3.3%	-1.2%
10yr+ UST	-2.2%	-2.2%	0.2%	15.5%	-9.2%	-5.1%
10yr+ Germany	-0.8%	-0.8%	-1.6%	13.6%	-10.3%	-7.3%
10yr+ Japan	0.1%	0.1%	-3.9%	-1.6%	-5.3%	-3.8%
Global Agg.***	-1.6%	-1.6%	2.0%	11.4%	-3.7%	-1.3%
US Agg. IG***	-1.0%	-1.0%	3.4%	11.4%	-1.8%	0.0%
EU Agg. IG***	-0.4%	-0.4%	2.1%	9.6%	-3.4%	-2.2%
US Corp HY***	-0.2%	-0.2%	7.8%	17.1%	3.1%	4.8%
EU Corp HY***	0.0%	0.0%	7.0%	13.7%	2.4%	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.

Ashmore

Explore Further Insights

Subscribe to our Insights

At Ashmore we want to keep you well informed and engaged on both the local and global macro events shaping our investments in Emerging Markets. By subscribing, you get notified as soon as we publish our content. **Find out more →**

Head office

Ashmore Investment Management Limited, 61 Aldwych, London, WC2B 4AE T: +44 (0)20 3077 6000

Local offices

Bogota
T: +57 1 316 2070

Dubai
T: +971 440 195 86

Dublin
T: +353 1588 1300

Jakarta
T: +6221 2953 9000

Mumbai
T: +9122 6269 0000

New York
T: +1 212 661 0061

Riyadh
T: +966 11 483 9100

Singapore
T: +65 6580 8288

Tokyo
T: +81 03 6860 3777

Other locations
Lima

Fund prices
www.ashmoregroup.com
Bloomberg
FT.com
Reuters
S&P
Lipper

www.ashmoregroup.com @AshmoreEM