Outlook on Emerging Markets

Equity

Like all equity markets, emerging markets equities entered 2020 off a very good run in the fourth quarter of 2019 and ended the first quarter significantly lower. Despite a recovery in the last week of March helped by unprecedented global central bank measures, the MSCI Emerging Markets Index ended 24% lower in the first quarter. Latin America was the hardest-hit region, with the MSCI Emerging Markets Latin America Index down 46% year to date. Even the best-performing country market, the MSCI China Index, was down 10%.

The reason, of course, was the spread of the novel coronavirus COVID-19. The MSCI EM Index peaked in late January, when it started to become clear that the virus was spreading beyond mainland China and the Chinese government implemented a strict lockdown in Wuhan, the origin of the outbreak. Since then, COVID-19 has swept around the world, forcing business closures and restrictions on public gatherings and movement in many major economies, threatening public health systems in some of the worst-hit regions, and triggering massive sell-offs in every imaginable risk asset.

The pandemic and the necessity of crude oil price reductions caused by lower demand expectations precipitated a disagreement between Russia and Saudi Arabia that in turn caused an oil price war in the first quarter. The price of Brent crude dropped below $23 as the three-year agreement to manage oil prices broke down. The race to the bottom began after Russia declined Saudi Arabia’s proposal to curb production in the hopes of propping up prices amid cratering global demand. Instead, both countries ramped up production, driving prices lower. Neither side has blinked, and they may not do so for some time, though new rumors of an agreed production cut remain unsubstantiated. That may be a good thing on the margin for oil importers in emerging markets, but it’s a clear negative for oil exporters in the Middle East, Latin America, and Malaysia.

The virus itself affected different corners of the emerging markets in remarkably different ways. In Asia, several places showed cautious signs of recovery as of the end of the first quarter. South Korea seemed to have contained its outbreak quickly and efficiently, a fact widely attributed to abundant testing. South Korea had tested 358,000 of its 51 million people as of 25 March. China implemented strict isolation protocols that seemed draconian early in the outbreak, but that many Western economies eventually mimicked. As of late March, the country was starting to relax those policies and allow its people to get back to work. However, many people question the data about new coronavirus infections coming out of the country, so we will be watching progress closely as restrictions loosen.

Other countries in the developing world have had very different approaches. Before reversing course, Mexican President Andrés Manuel López Obrador shrugged off the significance of the virus as late as mid-March, refusing to close businesses, implement travel restrictions, or mandate quarantines until long after many other countries had done so for weeks. Brazilian President Jair Bolsonaro was similarly dismissive, comparing the virus recently to a cold.

Though expected to significantly contract in the first quarter, the Chinese economy could begin to grow in the second quarter. Though not technically in recession (i.e., two consecutive quarters of negative growth), many other emerging markets are slipping into recession. Their governments are enacting fiscal and monetary stimulus to get growth back on track, even at the risk of further weakening their currencies.

Summary

• Despite a recovery in the last week of March helped by unprecedented global central bank measures, the MSCI Emerging Markets Index ended the quarter down 24%.

• An oil price war between Russia and Saudi Arabia exacerbated the pressure on emerging markets assets in the first quarter of 2020. Lower oil prices may be good on the margin for net oil importers, provided they have the portfolio inflows to cover their current account deficits, but they will be a clear negative for net exporters.

• Emerging markets equities valuations, particularly value stocks, have come down to extremely low levels and we believe pent-up demand could lead to a re-rating if the spread of the COVID-19 virus is contained relatively quickly.

• Emerging markets hard currency debt yields are around the 7% range as of 31 March, an attractive alternative to the near-zero rates in much of the rest of the world, and the market seems to be anticipating overly high default rates.
Looking ahead, the emerging markets face several key risks, any one of which could lead to even more volatility in the asset class.

- Investors could flee, reversing the $310 billion in inflows the asset class enjoyed in 2018.
- Global supply chains could collapse, leading to continued and more widespread trade uncertainty than that caused by the US-China trade war.
- The oil shock could continue for an extended period of time, putting a heavy fiscal strain on commodity exporters.
- Sharp currency depreciation could begin to weigh on countries with large amounts of debt denominated in US dollars.
- The virus could prove difficult to control and strain healthcare systems in some or all emerging markets countries, potentially leading to political consequences for incumbent governments.

However, there are also some reasons for tempered optimism at this point. And to understand them, we must first travel to China, the first country to suffer from the coronavirus and the first country that seems to be recovering.

The Black Swan Born in Emerging Markets

In many ways, we are in uncharted waters due to how extraordinarily infectious COVID-19 is and how long asymptomatic conditions can last. Businesses across the globe have never been forced to simultaneously shut their doors for weeks or months at a time as their customers were ordered to stay inside. While every country is approaching the crisis differently, we can look to China, the country that has been dealing with COVID-19 the longest, for some clues about what could lie ahead.

China: First to Succumb, First to Recover?

The immediate impacts of the COVID-19 virus were brutal. The Chinese government reported that some 5 million people lost their jobs in January and February, and retail sales dropped more than 20% in February. China’s manufacturing Purchasing Managers’ Index (PMI) reading dropped from 50 to 35.7 in February (Exhibit 1). As social isolation strategies became mandatory, the services PMI reading fell from 51.8 to 26.5 in February.

By late March, however, China’s manufacturing and consumer spending looked to be well on its way to full recovery. Domestic consumption, which now represents a larger component of the Chinese economy than it did during the Global Financial Crisis (GFC) in 2008 (Exhibit 2), continues to hover around 85% of normal levels, while online sales have normalized. However, travel and purchases of big-ticket items, such as cars and homes, remain well below normal levels. The $43 trillion property sector, which accounts for one-quarter of Chinese GDP, has not been quick to recover, either. The index for property sales volume contracted 11 points to -49 in March.

The outbreak gathered steam during Lunar New Year and stay-home orders trapped many workers who had returned for the holiday. However, some 82% of people have now returned to the manufacturing hubs where they work. In a few more weeks, we believe nearly everyone will return. The government is even expected to lift a citywide lockdown in Wuhan, the city where COVID-19 originated, on 8 April. Even if Chinese factories are restarting production, global demand for Chinese goods may remain weak as more countries focus their efforts on combating the spread of COVID-19.

Notwithstanding its partial recovery, however, China is an anomaly. Far from returning to work, most emerging markets economies are entering recession. Central bankers in the emerging world have followed their developed markets counterparts in introducing a host of liquidity measures to help support their economic and financial systems. In many cases, they are doing so at the expense of their currencies, which have weakened significantly (Exhibit 3). The consensus seems to be that encouraging growth is more important at this stage than satisfying budget hawks or external debt burdens.

Central and eastern Europe were the first to take action. Poland and Romania committed to quantitative easing and targeted financing operations. Hungary, Brazil, and South Africa, among others, have also announced large-scale liquidity measures.

If China can return to work without experiencing a major resurgence in cases, that will bode well for the state of the rest of the world in a few months’ time and will likely be positive for emerging markets equities. Investors should understand, however, that there may be a...
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Failure to act in a manner commensurate with the crisis at hand could
intensify protests against Modi’s government.

India took one of the strongest lines in fighting the coronavirus, with
Prime Minister Narendra Modi’s government ordering all citizens to
stay indoors for a period of three weeks. The country has a fiscal deficit
of 3.8% of GDP, leaving little room for a large fiscal stimulus package
to make up for the dramatic drop-off in economic activity the order
will entail. The government announced an aid package of $22 billion,
which, at 1% of its GDP, is much less than the 10% to 20% of GDP
that the US, UK, Spain, and Germany have committed. Thus far, the
government has focused on providing food and transferring cash to
individuals. Under its financial inclusion program where it pushed
people to open bank accounts, the government now has a list of
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On the positive side, as a net oil importer, India benefits from
lower oil prices. Falling inflation, due in part to cheaper oil, gives
the Reserve Bank of India (RBI) room to lower interest rates. The
government has also taken advantage of lower prices by increasing
the fuel tax, which could boost revenue by $5 billion this year.

The COVID-19 pandemic does raise concerns about the country’s
financial system, which has for years been working to clean up its
banking system and non-performing loans (NPLs). There has already
been an uptick in delays in loan repayments from small- to mid-size
businesses, and it is possible that NPLs could increase during the
quarantine period and thereafter. The Reserve Bank of India’s recent
move to take over the struggling Yes Bank indicates that the govern-
ment is not at this point willing to let banks fail, however.
current 11.2 million barrel-per-day production schedule. Brent and WTI prices have collapsed to levels not seen since 2014-2015.

It’s difficult to anticipate which country will give in and cut production first. Saudi Aramco has among the lowest production costs of any major global producer and can increase or decrease production quickly, but the Saudi government needs oil prices to be near $80 per barrel to balance its budget, while Russia’s government can do the same in the $40 per barrel range.

Oil and gas comprise most of Russia’s exports and account for one-third of GDP. Russia’s Finance Ministry believes the country can withstand oil prices in the $25–30 barrel-per-day range for six-to-10 years. Russia and most major corporations in Russia are in the strongest financial positions they have been in for many years. However, such prices could jeopardize President Vladimir Putin’s longer-term promises to invest in areas such as infrastructure and social spending. Interestingly, the Russian parliament voted to amend the constitution in a way that would allow Putin to stay in office until 2036.

As for Saudi Arabia, the Kingdom will not tap into its $500 billion pile of FX reserves or liquidate assets to fund the price war but is prepared to double its debt levels to support the economy in a lower price environment. The Kingdom’s debt currently stands in the mid-20% of GDP range, but lawmakers raised the debt ceiling from 30% to 50% just as the country released a $32 billion emergency support package for businesses. Clearly thinking about its fiscal health, the Kingdom also cut its budget by 5%, mostly in the areas of tourism and entertainment. Even with all those preparations, it’s important to keep in mind that Saudi Aramco has more than 50 years of reserves with lifting costs in the single digit-per-barrel range, with many Russian oil companies at comparable levels. Given the expense of shutting in oilfields, production may continue indefinitely so long as oil prices remain above lifting costs.

The emerging markets are home to both winners (importers) and losers (exporters) of an oil price war. A declining oil price would be challenging for Russia, Colombia, Mexico, and Brazil. Brazil’s 2020 budget assumed an oil price of $60 per barrel, and Mexico estimated $49, so those two countries are likely to have revenue shortfalls.

Smaller countries with unstable governments that are almost wholly dependent on oil revenue may be the most vulnerable. Their ranks include Nigeria (oil represents 90% of its exports and two-thirds of its government revenue), Iraq (90% of government revenue), and Iran. Iran exports approximately 300,000–400,000 barrels per day, primarily to China, at steep discounts. Oil exports are also a key source of Iran’s foreign exchange, which it uses to purchase intermediate industrial goods from China that are necessary to run its factories. The Iranian budget is designed around an estimate of 1 million barrels per day of exports at $50 per barrel, and neither the volume nor the price seem realistic at this point.

While lower oil prices could be more beneficial for importers such as India, Indonesia, the Philippines, South Korea, Turkey, and Central and Eastern Europe, portfolio inflows to plug current account deficits will be crucial to watch. Colombia, South Africa, Chile, and Indonesia seem to have the least supportive basic balances—current account balance plus net foreign direct investment—and rely most heavily on portfolio flows to fund themselves. We believe it will be most important to pay attention to a country’s ability to service its debts as the US dollar continues to strengthen.

And what about the ultimate target of this price war, the United States? All the extra pumping the Saudis and Russians are doing will have the desired effect of flattening future US shale growth. Many companies in the shale sector announced plans to idle rigs and cut budgets, cut dividends, and restructure debts. However, the majority of US shale producers are hedged around $58 per barrel, so production will continue this year and likely decline next year. Rystad Energy estimates that at current prices, capital spending would drop by 70% next year and that production would fall by 2 million barrels per day. Breakeven prices for shale range from $23 to $75, but lower prices are likely to result in consolidation in which some of the larger shale players may acquire smaller shale producers.

If the experience of shale producers in the low-price environment between 2014 and 2016 is any guide, rock-bottom prices may also have implications for North American exploration and production companies’ ability to pay the $86 billion in debt coming due between now and 2024. More than half of that debt was issued by speculative-grade companies, according to Moody’s.

It’s a COVID-19 World: Now What?

Heading into the second quarter and the rest of the year, we will be looking for several possible milestones as the world attempts to recover from the pandemic.

**Milestone 1:** A peak in Chinese COVID-19 cases seems to have already happened, but we are waiting to see if there is a second wave of cases once social isolation policies are lifted. Watching for similar peaks in the hardest-hit areas like Italy and the United States could give markets and investors a renewed sense of confidence. At quarter end, the United States had more cases than anywhere else in the world, including China.

**Milestone 2:** Chinese companies experience a full restart, returning to 100% capacity within the next quarter.

**Milestone 3:** A future OPEC+ meeting to discuss growing production levels in a world of lower demand.
We expect trade to reappear as an issue in the coming quarters as well. COVID-19 made painfully explicit just how dependent global supply chains are on China for critical items such as medicines and face masks. This may exacerbate anti-globalization sentiment in both Europe and the US with renewed calls for reshoring factories and the localization of supply chains. However, it is also possible that trade talks will reopen, as US President Donald Trump looks for an accomplishment to add to his resume in an election year. Whether he gets his wish remains to be seen, as his Chinese counterparts may prefer to strike a deal after the election. We would not be surprised to see countries beyond the United States thinking about their reliance on China, however. In India, for example, the electronics and pharmaceutical industries are under government pressure to onshore production to reduce the country’s dependence on India’s northern neighbor.

As for coronavirus, it is all but impossible to predict how far along the world or any individual country will be in taming it by this time next quarter or the quarter after that. So much depends on how strictly governments enforce isolation policies, whether case loads resurge when isolation measures end or the weather turns cold, and how quickly effective antivirals, vaccines, or both can be brought to market.

But this is a crisis we know will pass at some point, if only because the virus will spread widely enough that new cases will plateau on their own. We have already seen governments and central banks in emerging markets taking serious steps to fight the economic impact. If the spread of the virus is contained in relatively short order, a credible recovery is possible. Valuations have come down to 11x one-year forward price-to-earnings, and even lower in the value segment of the equities market. It’s entirely possible that pent-up demand leads to a re-rating in these undervalued segments. When markets do get themselves on firmer ground, we expect that the long era of US leadership in equity markets could be over, particularly if earnings growth and economic growth in the developing world recovers faster than that of the developed world.

One thing is clear. In the midst of incredibly high volatility, it’s more important now than ever to focus on healthy, high-quality companies with strong balance sheets. Companies with weak balance sheets—and particularly those with an immediate need for financing—are unlikely to fare well in the current environment, which we expect to be uncertain for some time yet.

Debt
Emerging markets debt suffered its worst quarterly return on record in the first quarter of 2020, a 14% loss that fully erased the strong gains earned in 2019. Every part of the asset class was down significantly. As is typically the case in a risk-off environment, local debt, which is the riskiest part of the asset class, was the laggard, down around 15%. Local currencies, which are highly sensitive to growth and the direction of the US dollar, were down more than 14%. In hard currency debt, sovereigns were down 13%, while corporates fared slightly better with a decline of “only” 10%.

The peak-to-trough drawdowns during the quarter were even more severe, with hard currency debt faring worse than local. Hard currency sovereign emerging markets debt experienced a drawdown of nearly 21% during the quarter compared to 20% for local debt. To put this in perspective, each sector was down around 28% during the GFC in 2008 (Exhibit 5).

The spread of COVID-19 and the extreme efforts to mitigate it, which will cause a sharp decline in growth, drove the drawdown. The oil price war between Saudi Arabia and Russia, which increased the supply of oil supply at a time when demand was already suffering, exacerbated it. Rounding out the list of investors’ concerns, liquidity across global credit markets, including in emerging markets debt, has been extremely challenging in recent weeks.

No two crises are identical, but looking to the past can be instructive. In exhibits 6 and 7, we mapped the current sell-off against that of the GFC to show not only how they compare so far, but also what might happen if the market followed the same path as in 2008–2009. It’s immediately clear that risk repriced much more quickly in this year’s sell-off than during the GFC. Moreover, the chart suggests that external debt purchased today could fall another 15% from here. More importantly, however, the charts indicate that investors would still gain around 20% by the end of the year if the trajectory of this crisis mirrors that of the GFC.
The sheer amount of value destruction that occurs in a crisis is vast, but with crisis comes opportunity and investors should keep in mind how attractive recoveries can be.

The shock to the system from the sell-off caused spreads on the JPM EMBI Global Diversified to widen 450 basis points (bps) and reach levels not seen since the GFC, as much as 750 bps. Thus, spreads have already reached levels associated with a deep recession. Spreads in the high yield portion of the index, in particular, have suffered and are currently near 1,100 bps, a level that would normally imply significant default risk (Exhibit 8). Another sign of the extreme levels of valuations: Some 15% of the index (a higher proportion than in 2008) reached distressed levels (i.e., a spread in excess of 1,000 bps) during the quarter. Although this dropped to around 8% by the end of the period, it is a clear indication of the levels of stress currently priced into the market (Exhibit 9). The proportion of the index currently trading at distressed levels is still far from the peaks of 1998–2002, which occurred prior to the structural re-rating of the asset class and at a time when the index was much more concentrated.

Even as we look to historical comparisons for some sense of what may lie ahead, the fact is that the current crisis differs significantly from past crises, including the GFC. First, instead of a gradual slowdown in growth, the economy essentially ground to a complete halt almost overnight. Social distancing measures have shut down normal life across much of the Western world, and unemployment is expected to surge. These circumstances are without precedent in postwar history. We believe the drop in growth will be steep, but precisely predicting the depth and duration of a recession is extremely difficult at this stage.

Another key difference with this crisis is market liquidity, or the lack thereof. Credit markets have not been functioning properly. Liquidity essentially dried up in March, and markets atrophied. Bid-ask spreads have widened to around two-to-three times their normal levels, and the levels at which trades are actually taking place can be three, five, or even 10 points wide of those levels. It’s certainly not uncommon to see markets seize up during a crisis, but there are a few dynamics that are unique in this instance. First, since the GFC, the sell side is less willing and less able to take risk on their balance sheets as a result of regulatory changes and decreased risk appetite. Meanwhile, emerging markets debt has continued to grow, making the transfer of risk more challenging. Second, traders are working remotely either from disaster recovery sites or from home. This presents challenges in navigating the markets for dealers and has further suppressed their appetite to warehouse risk. Finally, the size of the exchange-traded fund (ETF) market has grown exponentially since

![Exhibit 6 and 7](image1)


**Emerging Markets Bond Global Diversified Index**

<table>
<thead>
<tr>
<th>Index (100 = Day 0 of Crisis)</th>
<th>2008 GFC</th>
<th>2020 GHC</th>
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<tbody>
<tr>
<td>110</td>
<td></td>
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<td>100</td>
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<td>Lehman</td>
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<td>Emergency Economic Stabilization Act</td>
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<td>90</td>
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<tr>
<td>Global Central Banks Action</td>
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<td>80</td>
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<tr>
<td>QE1 Announcement</td>
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<tr>
<td>70</td>
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<tr>
<td>Fed Bails Money Market Fund</td>
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<tr>
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<tr>
<td>0</td>
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<td>40</td>
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**JP Morgan Government Bond Index—Emerging Markets**

<table>
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<tr>
<th>Index (100 = Day 0 of Crisis)</th>
<th>2008 GFC</th>
<th>2020 GHC</th>
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<td>120</td>
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<tr>
<td>100</td>
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<td>Lehman</td>
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<tr>
<td>Fed Bails Money Market Fund</td>
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<tr>
<td>60</td>
<td>0</td>
<td>20</td>
</tr>
</tbody>
</table>

As of 31 March 2020

Note: Charts use 21 February 2020 as Day 0 of the Coronavirus Pandemic and 3 September 2008 as Day 0 of the Global Financial Crisis

Source: Lazard, JP Morgan

![Exhibit 8](image2)

**Spreads on High Yield EMD Have Widened Dramatically**

**EMBIGD External HY Index Spreads (bps)**

As of 31 March 2020

Source: JPMorgan

![Exhibit 9](image3)

**The Proportion of EMD Trading at Distressed Levels Is Higher than during the GFC**

**Distressed Portion of the EMBIGD External Index (%)**

As of 31 March 2020

Source: JPMorgan
the GFC. The largest emerging markets debt ETFs saw significant outflows, which may have further contributed to pricing anomalies and a lack of liquidity.

Central banks and governments in both developed and emerging markets have stepped in with interest rate cuts, asset purchase programs, emergency lending facilities, and fiscal stimulus to counter the financial and economic toll of the pandemic. The market’s initial response to the US Federal Reserve’s corporate bond-buying program has generally been positive and has marginally helped improve liquidity, although the investment grade segment has experienced the most profound impact.

These orthodox and unorthodox moves have sought to ensure that a health crisis does not morph into a credit crisis, but they do not solve the underlying health crisis. The focus of the market, and rightly so, will continue to be the spread of COVID-19 and the health and economic impact of that spread. It remains our view that risk markets cannot touch bottom until major Western countries experience a “flattening of the curve” in their infection and death rates. We don’t know when that will occur, but we are encouraged that curves seem to have flattened in countries that were among the first impacted by the outbreak, including China, South Korea, and possibly even Iran.

Given the extreme valuation levels in emerging markets debt, many investors want to know whether now is the time to capitalize on this opportunity. Admittedly, we have no edge in predicting a bottom to the market or forecasting the development of a viral disease. Uncertainty is extremely high, as there are far too many possible permutations to determine with any certainty how the virus will spread and how capital markets will react in the weeks ahead.

What we know with certainty is that over the medium term, an issuer’s ability and willingness to pay drives returns in hard currency emerging market debt. The willingness side has not changed significantly with the spread of the virus and the drop in growth; however, clearly the ability to service debt will be impaired in fundamentally weaker countries. The current level of impairment that is implied by the market doesn’t seem justified. Exhibit 10 shows the breakeven default rate implied by current spread levels for each ratings bucket at different assumed recovery levels. For example, assuming a 40% recovery rate, the current 370-bp spread on BBB credits means that an investor would break even if the cumulative default rate over the next five years is 27%. The average realized 5-year cumulative default rate for BBB credits is 1%, and the worst it has ever been is 5%. We acknowledge that spread levels also reflect a certain degree of compensation for liquidity risk. Nevertheless, even assuming a significant growth recession, default rates are unlikely to reach the levels currently implied by the market.

The degree of differentiation between individual credits is likely to increase, and some countries are clearly more vulnerable. In an effort to distinguish between countries that are in a position to weather the current crisis and those that will suffer most, we have analyzed sovereign balance sheets assuming a severe growth slowdown and depressed oil prices. Broadly speaking, fiscal balances will deteriorate and higher debt ratios will increase from what was expected at the start of the year. However, we have identified a number of countries that we believe are in a comfortable position. In hard currency debt, we are targeting solid investment grade credits that came into the crisis with stronger balance sheets and have access to the capital markets. Countries such as Panama, Peru, and the Philippines can withstand a potentially steep and prolonged period of slower growth. We are generally avoiding high yield credits, especially oil exporters and smaller issuers such as those in sub-Saharan Africa. In local debt, we see opportunities in duration in a number of countries where real yields and local premiums are attractive, including Russia, Peru, and Indonesia.

To summarize, there is a great deal of uncertainty as to how the COVID-19 crisis will evolve and the severity and length of the impending recession. Interest rates across the developed world are effectively zero (and in many cases negative) and are likely to remain so for the foreseeable future. In this environment, we believe emerging markets debt should provide attractive returns over the medium term relative to other fixed income alternatives. This is especially true for hard currency debt, where yields were around 7% as of 31 March and the degree of realized credit impairment is likely to be well below the draconian levels implied by the market. We see the best opportunities in higher quality credits with solid underlying balance sheets, access to capital markets, and spreads that provide a significant cushion against a recession that could be deep and prolonged. We are closely monitoring how the crisis unfolds, as well as the fiscal and monetary actions from policymakers in both developed and emerging markets. While it is hard to predict when the market will stabilize, we see attractive opportunities in emerging markets debt. However, security selection will be the key to capitalizing on this opportunity.

Exhibit 10
Current Implied Default Rates Seem Overly Pessimistic

<table>
<thead>
<tr>
<th>Spread Level</th>
<th>Implied 5yr Cumulative Default Rate</th>
<th>Actual 5yr Default Rate</th>
</tr>
</thead>
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<tr>
<td></td>
<td>0%</td>
<td>20%</td>
</tr>
<tr>
<td>CDX EM</td>
<td>378</td>
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<td>EMBI GD</td>
<td>626</td>
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<td>EMBI IG</td>
<td>329</td>
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<td>EMBI - BB</td>
<td>596</td>
<td>25.78</td>
</tr>
<tr>
<td>EMBI - B</td>
<td>1,097</td>
<td>42.22</td>
</tr>
<tr>
<td>EMBI - C</td>
<td>3,640</td>
<td>83.80</td>
</tr>
<tr>
<td>CDX - US IG</td>
<td>119</td>
<td>5.78</td>
</tr>
<tr>
<td>CDX - US HY</td>
<td>695</td>
<td>29.36</td>
</tr>
</tbody>
</table>

As of 31 March 2020
Source: Bloomberg, JP Morgan, Markit
Outlook on Emerging Markets

Notes
1 Source: China Federation of Logistics & Planning, Haver Analytics. As of 28 February 2020.
3 Source: Eurasia Group

Important Information
Published on 7 April 2020.

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