FINANCIAL MARKET UPDATE December 2005

International Capital Markets Department
Global Markets Analysis Division

Data as of November 25, 2005, or as noted

This semiannual report, which is prepared between issues of the Global Financial Stability Report (GFSR), updates financial market developments since the release of the last GFSR in September 2005.

Since the release of the September 2005 *Global Financial Stability Report,* financial conditions in mature and emerging markets have remained favorable, supported by expectations for sustained and broadening global growth, still abundant liquidity, and a continuing investor search for yield.

- Energy price volatility from storm-related disruptions had limited spillover to other asset markets as United States monetary authorities quickly signaled that a firming monetary policy stance would be maintained, keeping market-based inflation expectations well anchored.

- Strong corporate profitability further enhanced corporate balance sheets globally. However, there are signs that the corporate credit cycle is turning, in part, because corporations are adopting strategies that will increase balance sheet leverage.

- The U.S. dollar appreciated as growth and interest rate differentials remained in favor of the United States and outweighed concerns over structural weaknesses, leading to robust investment inflows. Foreign demand for U.S. dollar financial assets, particularly bonds, remained in excess of amounts needed to finance the country's current account deficit. Also, large parts of oil exporter surpluses appear to have been placed in dollar deposits in offshore banks, thus supporting the dollar.

- Emerging market bond spreads tightened to record low levels on improving fundamentals and the search for yield. The market has also been supported by emerging economies' active debt management, taking advantage of the favorable external environment: sovereign external financing needs are virtually covered for 2005 and prefinancing is well advanced for 2006. Ongoing secular demand for emerging market external and local currency bonds continues to support the asset class. Nevertheless, with spreads at historically low levels, some emerging market countries with weak fundamentals are susceptible to an increase in international investor risk aversion.

The following risks to financial stability remain, notwithstanding benign financial conditions:

- A turn in the interest rate and credit cycle could lead to distress for specific companies. Such disturbances in specific credits could be amplified through the credit derivative markets, including through collateralized debt obligations (CDOs).

- Mortgage markets (sub-prime) are an area of concern as evidence builds that monetary tightening is finally slowing the U.S. housing market. The proliferation of riskier mortgage lending to

The Financial Market Update is an online bulletin that covers developments in both mature and emerging markets. It complements the IMF's *Global Financial Stability Report* (GFSR), a print publication that is published twice a year. This update covers developments through November 25, 2005.

marginal borrowers will, in particular, make this market segment vulnerable to rising interest rates and a cooling of the housing market. Moreover, the increasing inclusion of mortgage-related products in relatively untested CDOs may expose vulnerabilities in these instruments and lead to unexpected investor losses.

- Structural imbalances could trigger or amplify a systemic repricing of risk. Financial stability risks to the global system are present in view of the ongoing reliance on large foreign inflows to finance the U.S. current account deficit, raising the risk of a rapid and disorderly adjustment. However, such a risk seems to be of low probability at present, given continued international investor appetite for U.S. dollar assets.

- Emerging markets remain resilient. Systemic risks in emerging markets have been reduced given improvements in fundamentals, prefinancing and active debt management that has led to improved debt structures, as well as ongoing secular demand for the asset class. However, a number of emerging market countries still have high debt stocks, and high levels of fiscal and/or current account deficits. Such emerging market countries with fundamental vulnerabilities will increasingly be exposed to a repricing of risk as global liquidity is withdrawn.

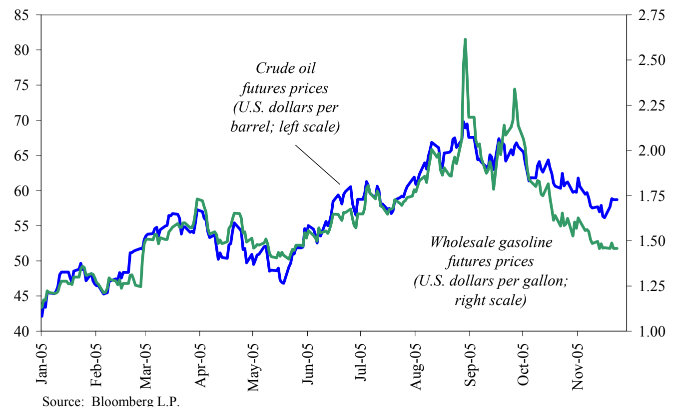
Energy market volatility had limited spillover to other asset markets . . .

Energy prices have been volatile, rising to an all-time high above $70/bbl (WTI) in late August, at the time of Hurricane Katrina. However, spillovers to other asset markets were quite limited and oil prices have since fallen, completely retracing the rise that began in mid-July. Nevertheless, market participants expect oil prices to stay high as reflected in speculative positioning and futures prices (see Figure 1).

. . . partly because of the quick response by monetary authorities.

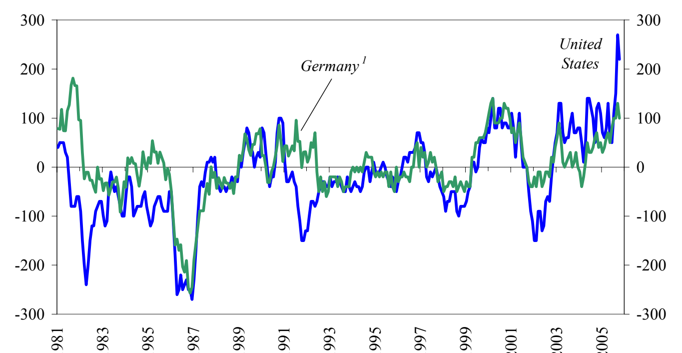
Policymakers signaled a firm monetary policy stance in the face of higher "headline" inflation figures. Market participants and policymakers have generally regarded the economic effects of higher energy prices as a tax on growth rather than an accelerant for inflation. However, as the gap between headline and core inflation rates widened this year in both the United States and the euro area, concerns that higher energy costs will pass through to other sectors of the economy have increased (see Figure 2).

Figure 1. Energy Market Developments



Source: Bloomberg L.P.

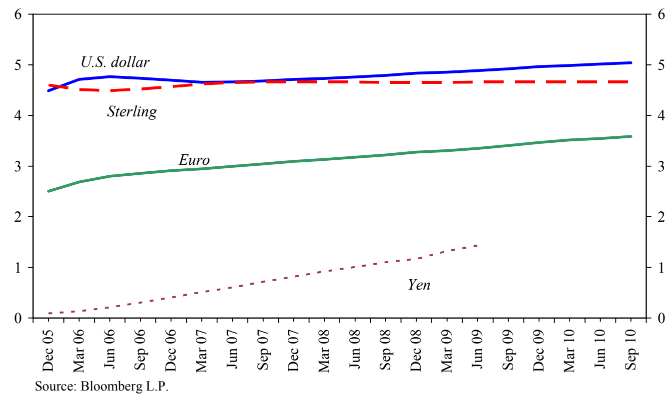
Figure 2. Inflation Gap: Headline CPI Rate Less Core CPI Rate
(In basis points)



Sources: Bloomberg L.P.; EconData Pty Ltd.; CEIC Database; and IMF staff estimates.
[1] Core inflation is defined as CPI ex-energy components; Prior to January, 1992, the series reflects only data from West Germany.

Although facing similar inflationary impulses from energy products, market expectations about monetary tightening across mature market economies differ, reflecting that each is at a different point in the monetary policy cycle (see Figure 3). In the United States, investors have increased their expectations for the end point of Fed tightening to 4.75 percent in the first half of 2006, after evidence emerged that the devastation wrought by hurricanes would have little lasting effect on the U.S. economy. In the euro area, the ECB raised its policy rate by 0.25 percent to 2.25 percent, and expectations are for a steady pace of moderate tightening, with rates to reach about 3 percent by end-2006. In Japan, markets have started to anticipate that deflation will recede far enough next year for the Bank of Japan to end its zero interest rate policy.

Figure 3. Three-Month LIBOR Futures Strip Curves
(In percent, as of November 25, 2005)

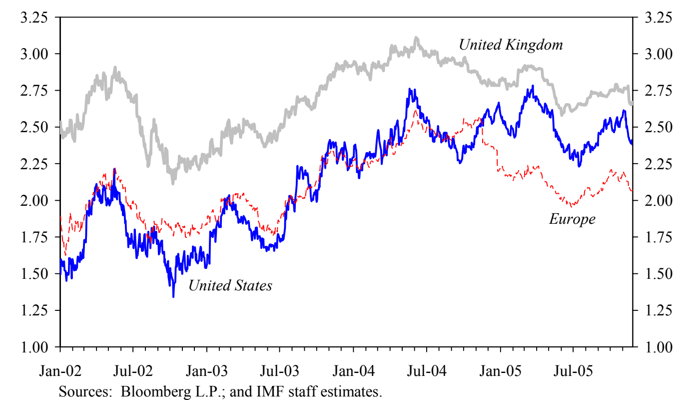


Source: Bloomberg L.P.

Inflation expectations appear contained, but markets remain vulnerable to any upward shift.

To date, inflation expectations have been well anchored in mature markets. Although market-derived expectations for inflation have risen since the summer, they remain below the levels seen earlier in the year (see Figure 4). As a result, longer-term bond yields have remained low, even as the short ends of yield curves have risen, reflecting actual or expected policy tightening. Coupled with ongoing institutional demand for long-term bonds, this has led to a marked flattening of yield curves in the United States and, to a lesser extent, in the euro area.

Figure 4. Break-Even Inflation Rates
(In percent; nominal yields less inflation-indexed yields on 10-year benchmarks)



Sources: Bloomberg L.P.; and IMF staff estimates.

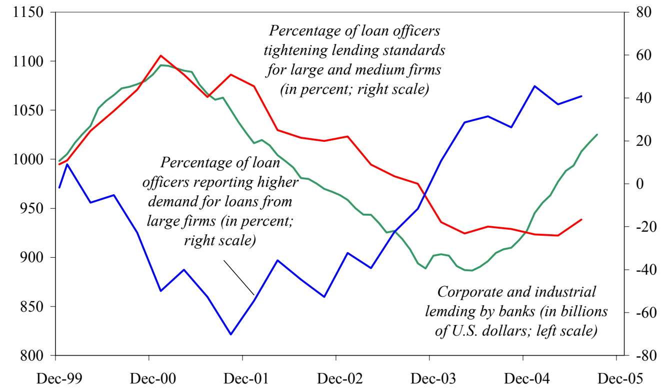
Corporate profits were robust . . .

Corporate earnings were strong in the third quarter for Europe, Japan, and the United States. Despite profitability concerns in specific sectors, earnings have been strong for banks, while oil companies witnessed record earnings. Earnings estimates for the S&P 500 are on track for a 15.9 percent year-on-year increase in the third quarter, with double-digit growth expected to continue going forward. Japanese company earnings are also expected to rise at double-digit rates and European earnings at a slightly slower pace, leading to a general increase in profitability that continues to improve corporate balance sheets globally.

. . . but the corporate credit cycle is turning as liquidity is further withdrawn.

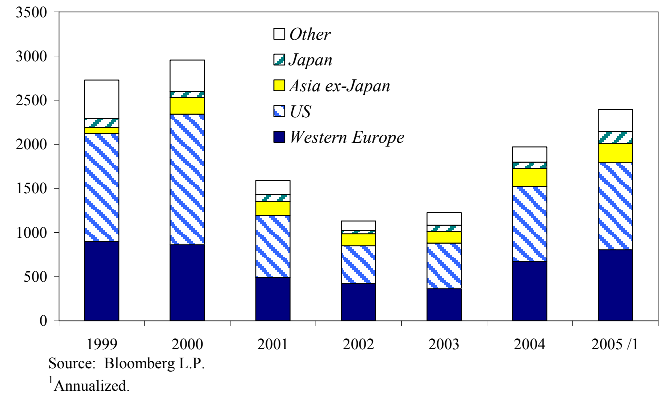
The tightening of monetary policy in mature markets is likely to lead to a repricing of risk. Already there are early signs to suggest that the corporate credit cycle is turning in the United States The proportion of banks surveyed by the Federal Reserve in October who reported they are tightening their lending criteria for business loans rose, and the ratio of credit ratings upgrades to downgrades dropped to its lowest in two years in the third quarter of this year (see Figure 5). Corporations are adopting strategies that will releverage balance sheets and, over time, benefit equity holders more than the holders of their bonds. Share buyback schemes have grown, and the average level of dividends paid by U.S. and Japanese firms is increasing. Also, global mergers and acquisitions activity has been on the increase (see Figure 6). Some of these deals were leveraged buyouts, in many cases organized by private equity firms. Reflecting these activities and some pickup in investment spending, the corporate funding gap has risen in the United States, Europe, and Japan, from a surplus position recently (see Figure 7).

Figure 5. United States: Bank Lending



Source: Board of Governors of the Federal Reserve System.

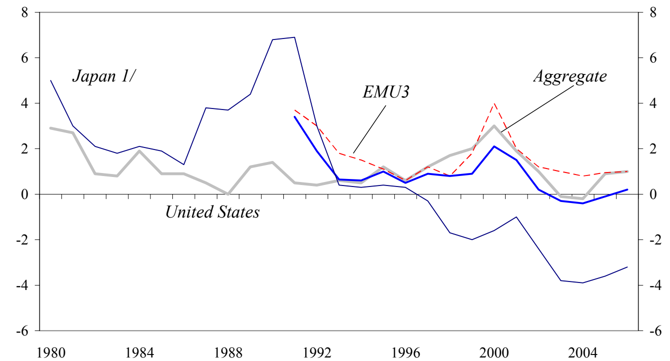
Figure 6. Global Merger Activity
(In billions of U.S. dollars)



Source: Bloomberg L.P.
[1]Annualized.

Credit events have led to some losses in credit derivative markets, which can act as amplifiers of market disturbances.

Figure 7. Nonfinancial Corporate Financing Gap
(In percent of GDP)

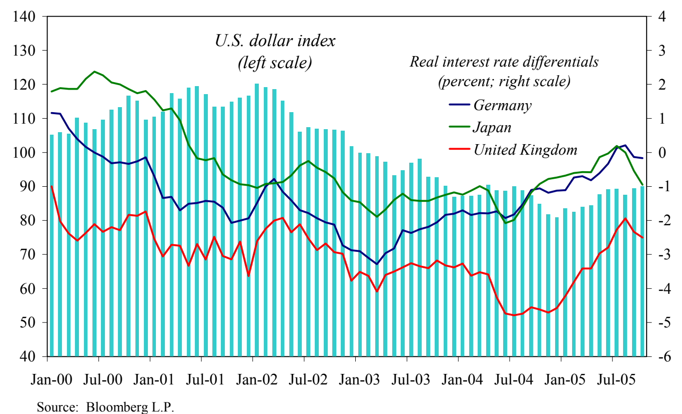


Source: Goldman Sachs.
[1]Fiscal year.

In the last few months, a number of credit events have disturbed corporate bond markets, including some high-profile bankruptcies. These idiosyncratic events have caused losses in the credit derivatives market, including for many CDO instruments that reference the bonds of these newly bankrupt companies, notably Delphi. Given the leveraged nature of CDOs, these disturbances have caused abrupt losses to funds active in these markets. Initial portfolio losses forced some investors to liquidate their portfolios to meet redemption needs, affecting other assets and causing a liquidity disturbance as many market participants tried to exit the market at the same time. While contained in recent episodes, this process illustrated how the credit derivatives market could act as an amplifier of initial market corrections, at least until other market participants provide liquidity to the market.

Consequently, if a series of idiosyncratic risks materialized simultaneously, even in the context of still strong balance sheets of the corporate sector as a whole, substantial corrections could take place in the credit derivatives market, possibly amplified by liquidity disturbances. This risk potential, however, needs to be balanced against the fact that credit derivatives have shown a remarkable degree of flexibility and resilience so far and, in general, are beneficial in spreading credit risk to those investors most able to take on such risk, as opposed to concentrating risks in a small number of banks.

Figure 8. Trade-Weighted Dollar and Real Interest Rate Differentials

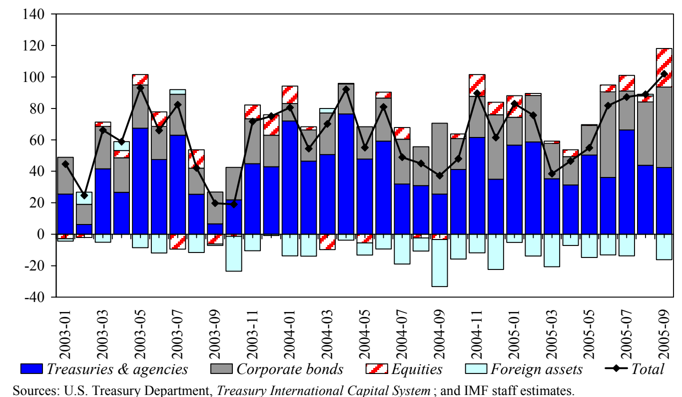


Source: Bloomberg L.P.

The U.S. dollar appreciated as robust inflows outweighed concerns over structural weaknesses.

The dollar has appreciated against world currencies since August, supported by growth and interest rate differentials in favor of the United States and receding concerns over still-rising external financing requirements (see Figure 8). With the rise in short-term rates, the U.S. dollar is no longer the natural source of funding for global carry trades, supporting the dollar as the funding obligations are repaid.

Figure 9. U.S. Transactions with Foreigners in Long-Term Securities
(By asset class, in billions of U.S. dollars)

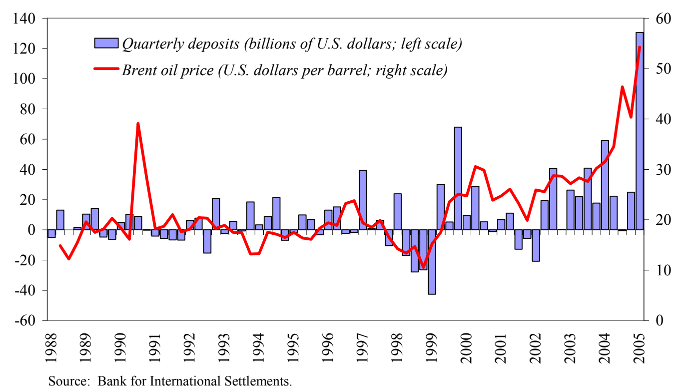


Sources: U.S. Treasury Department, *Treasury International Capital System*; and IMF staff estimates.

Strong demand for U.S. dollar financial assets in excess of current account deficits, as well as temporary factors, have supported the dollar over the past months (see Figure 9). Important sources of demand include

- foreign private purchases of U.S. fixed-income instruments, which have been rising steadily;
- Asian central banks' investment flows into U.S. markets, which have continued in 2005, albeit to a smaller extent than last year. China's reserve accumulation has remained substantial, despite the adoption of more flexible exchange arrangements in July. Other Pacific Rim central banks have reported slower reserve gains, but the region as a whole has accumulated reserves amounting to $210 billion in the first three quarters of this year;
- oil exporter windfalls from higher oil prices, which are substantial, with estimates of about $20 billion in additional surpluses accumulating each month. While the ways in which the oil surplus is being deployed are difficult to ascertain, data suggest that much of the surplus oil revenue may be accumulating in offshore dollar bank deposits, thus tending to support the dollar, at least initially (see Figure 10); and

Figure 10. Total Official Offshore Bank Deposits
(In billions of U.S. dollars per quarter; exchange rate adjusted)



Source: Bank for International Settlements.

- repatriation of corporate profits, which has accelerated as a result of the Homeland Investment Act (HIA). Estimates of the earnings to be repatriated range from $350 billion to $500 billion, but because many of these earnings may already be held abroad in dollars, the foreign exchange impact is more difficult to estimate. However, market analysts generally believe there has been at least some moderate impact.

Mortgage markets (sub-prime), particularly in the United States, are an area of concern.

Monetary tightening appears, finally, to be slowing the U.S. housing market. Optimism among homebuilders fell to its lowest level in 18 months in November, and some large builders forecast declining sales (see Figure 11). Mortgage applications have also fallen as benchmark mortgage rates rose to their highest levels since June 2004. To compensate, lenders have developed innovative mortgage terms so that marginal borrowers could access credit.

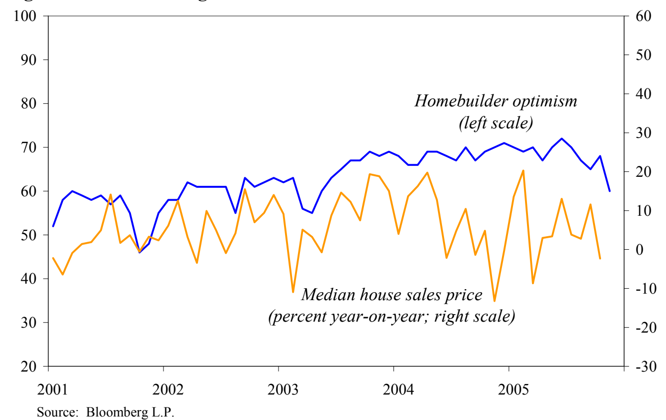
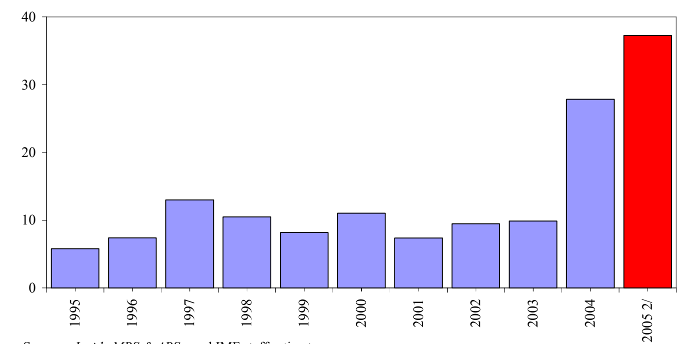


Figure 11. U.S. Housing Market Indicators

Source: Bloomberg L.P.

The average credit quality of mortgages has therefore declined (see Figure 12). Regulators in the United States have warned borrowers of the potential risks they are assuming, and have also cautioned lenders to avoid excess. Partly because not all lenders or securitizers are banks, the degree of regulatory suasion available to curtail nonbank activity in this area is limited. So far, the riskier subprime mortgages have experienced an unusually low default rate, but they may become more risky as home prices cool and as interest rates rise further. In the United Kingdom, some mortgage lenders have already reported a sharp rise in the number of houses repossessed as borrowers get into difficulties, although they remain low by historical standards. In continental Europe, the pace of home mortgage borrowing has picked up strongly in response to the accommodative interest rates still prevailing. Japanese home mortgage lending remains stagnant as land prices have only gradually halted their decline or started to rise.

Figure 12. U.S. Mortgage Market: Low-Quality Mortgages[1]
(In percent of total originations)



Sources: *Inside MBS & ABS*; and IMF staff estimates.
[1]Defined as nonagency subprime and alt-A mortgages.
[2]Estimated.

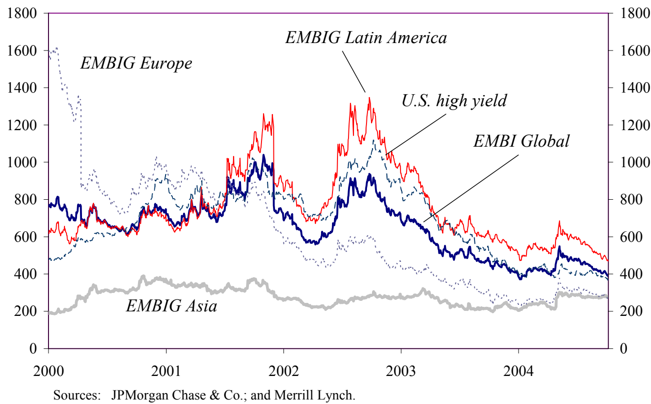
The impact of a housing slowdown on financial markets may be cushioned by securitization, which has acted to disperse risks to a wider range of investors, including international investors seeking portfolio diversification. Thus, the impact of a moderate house price softening on financial markets may be limited. However, potential price corrections in new and complex mortgage-related products such as low-quality mortgage-backed securities, synthetic asset-backed securities, and CDO products could be more severe, especially if liquidity disturbances occur in such markets. In particular, the ability of CDOs to absorb a potential deterioration in credit quality for the riskiest segments of

mortgage lending has yet to be tested. Such a deterioration could expose vulnerabilities in these instruments and lead to unexpected losses for those that invest in them.

Improving fundamentals and the search for yield have made emerging markets more resilient . . .

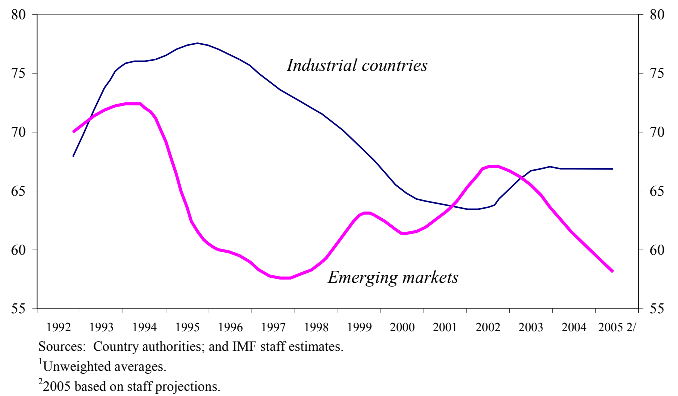
Despite the rise in short-term rates in the United States, emerging markets have proven remarkably resilient to a variety of shocks, with emerging market external bond spreads falling to all-time lows (see Figure 13). This resilience has been fostered by significant improvements in fundamentals, with emerging market countries having significantly reduced public debt-to-GDP ratios since 2002 due to strong economic growth, appreciating currencies and, in many cases, strong primary fiscal surpluses (see Figure 14). Furthermore, external financing requirements for emerging market sovereigns and corporates have continued to decline as commodity prices rise and global growth boosts remittances from overseas workers.

Figure 13. Emerging Market and High-Yield Spreads
(In basis points)



Sources: JPMorgan Chase & Co.; and Merrill Lynch.

Figure 14. Public Debt[1]
(In percent of GDP)

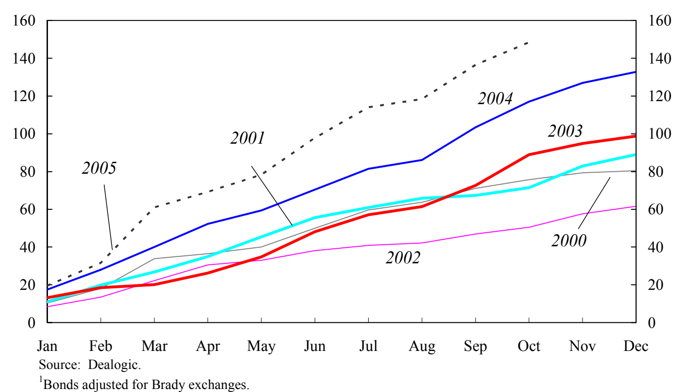


Sources: Country authorities; and IMF staff estimates.
[1]Unweighted averages.
[2]2005 based on staff projections.

. . . as have substanial prefinancing cushions and active debt management operations . . .

Sovereign debt external financing needs are virtually covered for 2005 and prefinancing is well advanced for 2006, when global market conditions might prove less supportive (see Figure 15, and Tables 1 and 2). Sovereigns in Latin America—which face a heavy electoral cycle next year—are estimated to have already met more than three quarters of their 2006 external debt financing needs.

Figure 15. Cumulative Gross Annual Issuance of Bonds[1]
(In billions of U.S. dollars)



Source: Dealogic.
[1]Bonds adjusted for Brady exchanges.

Active debt management operations by several emerging market sovereigns in Latin America have helped reduce the following debt-related vulnerabilities:

- Brazil issued its first local-currency global bond, further alleviating concerns regarding the currency composition of its debt.

- Mexico bought back $1.4 billion of external bonds, reducing the cost of its debt and reducing near-term amortizations. In addition, it launched warrants offering investors the right to receive peso-denominated bonds in exchange for dollar-denominated bonds in one year, reducing the government's stock of dollar debt and the associated currency risk.

- Panama and Peru exchanged outstanding debt to lengthen maturity profiles.

- Colombia and Mexico have increasingly relied on domestic debt in order to reduce currency mismatches.

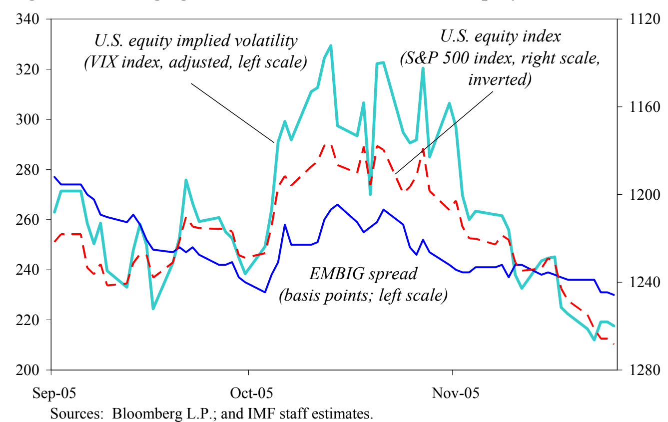
. . . leading to continued expansion of the investor base.

As a result of these improvements, strategic long-term investment in emerging markets, notably from pension funds, has increased significantly over the last few years. Survey evidence suggests it is on track in 2005 to exceed amounts invested last year. These may help further stabilize the emerging market investor base over the longer term.

Nevertheless, some emerging market countries are likely to be susceptible to increased risk aversion in external markets.

External financing conditions have continued to be remarkably accommodative during the recent Fed tightening cycle. However, with spreads historically tight, some emerging markets may become more exposed to global factors. Indeed, recent market developments illustrate a sensitivity to risk aversion. In the first weeks of October, as inflationary expectations in the United States picked up and greater uncertainty about growth prospects emerged, emerging market debt spreads showed a stronger positive correlation with mature markets (see Figure 16). However, more recently, flows into the asset class have become positive and emerging market external debt spreads have begun to tighten again. More generally, the improvements in emerging market fundamentals and more resilient debt structures may help prevent the kinds of systemic contagion crises that have afflicted emerging markets in the past. But individual emerging market countries that have poorer fundamentals, including high debt ratios and weak current account or fiscal positions, may be vulnerable to the ongoing withdrawal of global liquidity and the possibility of an accompanying rise in risk aversion.

Figure 16. Emerging Market External Debt and U.S. Equity Performance

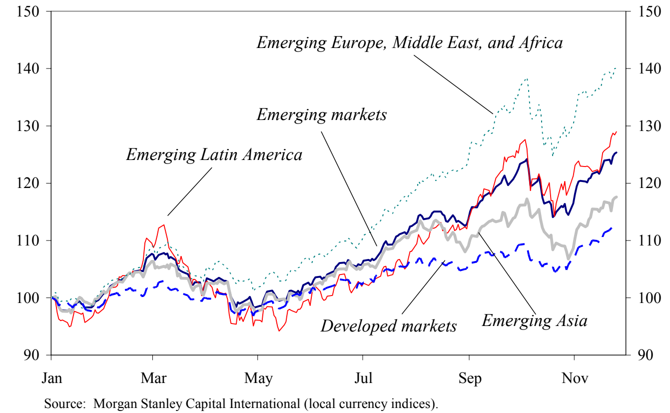


Sources: Bloomberg L.P.; and IMF staff estimates.

Foreign investment into local emerging equity markets pushed up prices.

Emerging equity markets have outperformed their mature market counterparts throughout the year (see Figure 17). While U.S. markets have been flat on the year and European markets have risen less than 5 percent, each major emerging market region (East Asia, Latin America, and Emerging Europe and the Middle East) has registered double-digit or near double-digit gains (all measured in dollar terms). At the same time, there are some indications that emerging equity markets have become more independent as the proportion of returns that is correlated with the U.S. market has declined while the uncorrelated share has risen.

Figure 17. Emerging Market Equity Performance



Source: Morgan Stanley Capital International (local currency indices).

Local-currency debt has turned in a mixed performance.

Investing in local-currency debt markets has had mixed results. In Latin America, the combination of high nominal returns, stable or appreciating currencies versus the dollar, and, in some cases, an easing of policy rates resulted in very strong returns for Latin American bonds. However, the depreciation of emerging European currencies against the dollar and rising local rates kept returns on emerging European bonds negative.

Table 1. Emerging Market External Financing

						2004				2005						
	2000	2001	2002	2003	2004	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	Aug.	Sep.	Oct.	Year-to-date [1]
								(In billions of U.S. dollars)								
GROSS ISSUANCE BY ASSET	**216.4**	**162.1**	**135.6**	**199.8**	**285.7**	**71.6**	**63.4**	**69.2**	**81.6**	**94.9**	**87.0**	**102.7**	**31.0**	**33.8**	**37.3**	**322.0**
Bonds	80.5	89.0	61.6	99.9	134.4	40.9	29.1	33.4	30.9	61.0	36.8	38.6	4.4	18.0	12.0	148.5
Equities	41.8	11.2	16.4	27.7	45.1	13.9	10.2	5.6	15.4	10.5	17.4	22.7	9.1	6.9	14.3	64.9
Loans	94.2	61.9	57.6	72.2	106.2	16.8	24.0	30.1	35.3	23.4	32.8	41.4	17.6	8.8	11.1	108.6
GROSS ISSUANCE BY REGION	**216.4**	**162.1**	**135.6**	**199.8**	**285.7**	**71.6**	**63.4**	**69.2**	**81.6**	**94.9**	**87.0**	**102.7**	**31.0**	**33.8**	**37.3**	**322.0**
Asia	85.9	67.5	53.9	88.8	123.7	34.1	28.5	25.8	35.4	25.9	33.3	39.5	15.1	11.6	21.2	119.9
Latin America	69.1	53.9	33.4	43.4	54.1	14.4	9.7	16.2	13.7	35.8	13.0	21.5	3.3	8.4	4.2	74.5
Europe, Middle East, Africa	61.4	40.8	48.3	67.7	107.9	23.1	25.2	27.2	32.5	33.2	40.7	41.7	12.6	13.7	11.9	127.5
AMORTIZATION BY ASSET	**113.9**	**147.1**	**128.5**	**119.5**	**128.0**	**35.0**	**32.8**	**30.6**	**29.5**	**21.7**	**26.2**	**32.6**	**7.6**	**9.1**	**7.6**	**88.0**
Bonds	51.8	59.2	59.0	57.1	69.5	21.5	17.5	15.9	14.5	13.4	14.6	21.6	5.1	5.0	4.8	54.4
Equities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	62.1	88.0	69.5	62.4	58.5	13.5	15.3	14.7	15.0	8.3	11.6	11.0	2.5	4.1	2.8	33.6
AMORTIZATION BY REGION	**113.9**	**147.1**	**128.5**	**119.5**	**128.0**	**35.0**	**32.8**	**30.6**	**29.5**	**21.7**	**26.2**	**32.6**	**7.6**	**9.1**	**7.6**	**88.0**
Asia	56.6	66.2	55.7	45.5	49.8	13.2	12.9	11.8	11.8	8.1	5.9	11.4	3.0	4.8	4.6	29.9
Latin America	32.3	45.6	40.8	40.4	46.5	12.3	13.4	10.2	10.7	7.7	10.4	11.1	2.3	2.8	2.0	31.2
Europe, Middle East, Africa	24.9	35.3	32.0	33.6	31.6	9.5	6.6	8.6	7.0	5.9	9.9	10.1	2.2	1.5	1.1	27.0
NET ISSUANCE BY ASSET	**102.5**	**15.0**	**7.2**	**80.3**	**157.7**	**36.6**	**30.6**	**38.5**	**52.1**	**73.2**	**60.8**	**70.1**	**23.4**	**24.7**	**29.7**	**233.9**
Bonds	28.7	29.9	2.6	42.8	65.0	19.4	11.6	17.6	16.4	47.7	22.2	17.0	-0.7	13.0	7.2	94.1
Equities	41.8	11.2	16.4	27.7	45.1	13.9	10.2	5.6	15.4	10.5	17.4	22.7	9.1	6.9	14.3	64.9
Loans	32.1	-26.1	-11.8	9.8	47.7	3.3	8.7	15.4	20.3	15.0	21.2	30.5	15.1	4.7	8.3	75.0
NET ISSUANCE BY REGION	**102.5**	**15.0**	**7.2**	**80.3**	**157.7**	**36.6**	**30.6**	**38.5**	**52.1**	**73.2**	**60.8**	**70.1**	**23.4**	**24.7**	**29.7**	**233.9**
Asia	29.2	1.3	-1.8	43.3	73.9	20.8	15.6	13.9	23.6	17.8	27.4	28.1	12.0	6.8	16.7	90.0
Latin America	36.8	8.3	-7.4	3.0	7.6	2.1	-3.6	6.0	3.0	28.1	2.6	10.4	1.0	5.7	2.2	43.4
Europe, Middle East, Africa	36.5	5.5	16.3	34.0	76.3	13.6	18.6	18.6	25.5	27.3	30.8	31.6	10.4	12.2	10.8	100.5
SECONDARY MARKETS																
Bonds:																
EMBI Global (spread in bps)	735	728	725	403	347	414	482	409	347	382	373	235	281	235	242	230
Merrill Lynch High Yield (spread in bps)	890	795	871	418	310	438	404	384	310	352	385	354	366	354	361	372
Merrill Lynch High Grade (spread in bps)	200	162	184	93	83	94	97	91	83	93	95	89	88	89	92	95
US 10 yr. Treasury Yield (yield in %)	5.12	5.05	3.82	4.25	4.22	3.84	4.58	4.12	4.22	4.60	4.48	3.92	4.33	4.02	4.33	4.55
Equity:								*(In percent)*								
DOW	-6.2	-7.1	-16.8	25.0	3.1	-0.9	0.8	-3.4	-1.9	-2.6	-2.2	2.9	-1.5	0.8	-1.2	1.4
NASDAQ	-39.3	-21.1	-31.5	50.5	8.6	-0.5	2.7	-7.4	1.9	-8.1	2.9	4.6	-1.5	0.0	-1.5	4.0
MSCI Emerging Market Free	-31.8	-4.9	-8.0	51.2	22.4	8.9	-10.3	7.4	-0.2	1.2	3.0	17.0	0.6	9.1	-6.6	23.1
Asia	-42.5	4.2	-6.2	46.1	12.2	7.6	-12.2	4.2	-0.5	2.1	2.8	8.5	-3.6	6.2	-6.9	14.4
Latin America	-18.4	-4.3	-24.8	66.7	34.8	6.2	-9.2	16.6	-1.1	1.8	7.1	29.5	5.5	15.5	-5.5	44.0
EMEA	-22.3	-20.9	4.7	51.9	35.8	13.2	-7.4	7.8	1.0	-1.0	0.5	27.1	6.2	10.3	-7.1	27.3

Sources: Bloomberg L.P.; Capital Data; J.P. Morgan Chase; Morgan Stanley Capital International; and IMF staff estimates.

[1] Issuance data are as of end-October, 2005, close-of-business London. Secondary markets data are as of November 25, 2005, close-of-business New York.

Table 2. Sovereign External Issuance Estimates
(In millions of U.S. dollars)

	2005							
	Planned (US$ mn)	Actual (US$ mn)	Remaining (US$ mn)	Actual to Planned (percent)	Planned (US$ mn)	Actual (US$ mn)	Remaining (US$ mn)	Actual to Planned (percent)
Argentina	-	-	-	-	-	-	-	-
Bahrain	-	-	-	-	-	-	-	-
Belize	-	-	-	-	-	-	-	-
Brazil	6,000	6,198	(198)	103%	4,500	2,979	1,521	66%
Bulgaria	-	-	-	-	650	-	650	0%
Chile	600	-	600	0%	-	-	-	-
China	-	-	-	-	-	-	-	-
Colombia	1,500	2,060	(560)	137%	2,000	2,000	-	100%
Costa Rica		-	-	-	-	-	-	-
Croatia	850	-	850	0%	850	-	850	0%
Czech Republic	1,500	1,331	169	89%	1,000	-	1,000	0%
Dominican Republic	-	-	-	-	-	-	-	-
Ecuador	500	-	500	0%	500	-	500	0%
Egypt	1,000	-	1,000	0%	1,000	-	1,000	0%
El Salvador	225	375	(150)	167%	225	-	225	0%
Estonia	-	-	-	-	-	-	-	-
Guatemala	-	-	-	-	-	-	-	-
Hungary	4,800	4,799	1	100%	4,500	340	4,160	8%
Iran	750	-	750	0%	750	-	750	0%
Indonesia	1,500	1,500	-	100%	3,000	1,000	2,000	33%
Israel	1,500	900	600	60%	1,500	-	1,500	0%
Jamaica	-	550	(550)	-	-	-	-	-
Jordan	-	-	-	-	-	-	-	-
Latvia	-	-	-	-	-	-	-	-
Lebanon	3,000	2,000	1,000	67%	3,000	-	3,000	0%
Lithuania	-	780	(780)	-	-	-	-	-
Malaysia	500	-	500	0%	500	-	500	0%
Mexico	2,000	2,000	-	100%	3,100	3,100	0	100%
Morocco	500	-	500	0%	500	-	500	0%
Pakistan	500	600	(100)	120%	500	-	500	0%
Panama	600	600	-	100%	640	250	390	39%
Peru	1,950	1,943	7	100%	-	-	-	-
Philippines	3,350	3,350	-	100%	3,500	150	3,350	4%
Poland	12,000	11,138	862	93%	4,000	-	4,000	0%
Qatar	-	-	-	-	-	-	-	-
Romania	600	-	600	0%	650	-	650	0%
Russia	-	-	-	-	-	-	-	-
Slovak Republic	650	-	650	0%	650	-	650	0%
Slovenia	-	-	-	-	-	-	-	-
South Africa	1,000	-	1,000	0%	1,000	-	1,000	0%
South Korea	1,000	1,000	-	100%	500	-	500	0%
Sri Lanka	-	-	-	-	-	-	-	-
Thailand	500	442	58	88%	500	-	500	0%
Trinidad & Tobago	-	-	-	-	-	-	-	-
Turkey	6,000	5,576	424	93%	5,500	-	5,500	0%
Tunisia	650	-	650	0%	650	-	650	0%
Ukraine	1,200	731	469	61%	600	-	600	0%
Uruguay	500	500	-	100%	500	360	140	72%
Venezuela	3,000	3,000	(0)	100%	1,215	1,215	-	100%
Vietnam	250	750	(500)	300%	250	-	250	0%
Asia	7,600	7,642	(42)	101%	8,750	1,150	7,600	13%
Emerging Europe	26,400	23,625	2,775	89%	17,800	340	17,460	2%
Latin America	16,875	17,226	(351)	102%	12,680	9,904	2,776	78%
Middle East & Africa	9,600	3,631	5,969	38%	9,000	-	9,000	0%
Total	60,475	52,123	8,352	86%	48,230	11,394	36,836	24%

Source: JPMorgan Chase & Co.

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