OFAC Extends Deadline for Settlements/Background on Venezuela and Russia Sanctions and Status Discussed at NYC Venue

After careful consideration (which included input from EMTA 3 days before the extension), OFAC extended the deadline to May 10, 2019 (from March 11) for winding down transactions in relation to PDVSA and Venezuela bond trades entered into prior to January 28 and February 1, respectively (the effective dates of the sanctions). Clearing system settlement delays due to compliance with the sanctions and extra time for US Persons to divest their holdings were among the factors for the extension. The EMTA Working Group on this topic shared information and discussed how best to approach OFAC, and EMTA is thankful for its Members’ input into the process.

(continued on page 5)

EMTA NYC Panelists Hopeful for Brazilian Pension Reform Prospects

The prospects for Brazil under President Bolsonaro were debated at an EMTA Special Seminar held in New York City on Thursday, January 10, 2019. The event drew a standing-room-only crowd of 150, and was sponsored by Barclays and XP Investments.

(continued on page 14)
FX & Currency Derivatives

Benchmarks, Benchmarks – No Rest for the Weary

EMTA continues to work with its Members to respond to the requirements of the European Benchmarks Regulation, which came into force on January 1, 2018.

This work includes (i) disseminating information to EMTA Members about regulatory developments and their potential consequences for and effects on existing standard documentation and market practices, (ii) making needed changes to standard documentation, (iii) working with EMTA Members to adjust market practices that might be affected by the new regulatory requirements and (iv) coordinating with other industry associations (including ISDA, GFMA, AFME, ASIFMA and the SFEMC), benchmark providers and vendors in developing appropriate responses to the new requirements.

An EMTA Lawyers Working Group began working in the late spring to review and comment on the then-developing ISDA Benchmark Supplement with a view to minimizing potential incompatibilities between that Supplement and the published EMTA documentation architecture for NDFs and NDOs. The Supplement, finally published in September 2018, includes several product-specific annexes with language that can be incorporated into transactions to ensure that those transactions are “BMR-compliant” to the greatest extent possible. One such annex is intended to be used in connection with FX (as opposed to commodities, equity or interest rate) transactions. In early December, ISDA published a Protocol to assist its members and the market in adopting the terms of the Supplement. Once both the Supplement AND the Protocol were published, the EMTA Working Group could work to complete its analysis of whether any adjustments would be needed to EMTA’s NDF and NDO Template Terms (i) to support the incorporation of the Supplement into their transactions by supervised entities in the European Union but also (ii) to maintain (or consider changing) the underlying commercial aspects of the NDF and NDO product. This work is ongoing.

In addition, this Working Group is closely monitoring developments in certain currency markets where the status in the EU of the benchmark administrator for the EMTA-recommended primary exchange rate fixing for that currency is unclear (and possibly non-compliant) from an EU regulatory perspective. These currencies have been identified as the Argentine Peso, Indian Rupee, Kazakhstani Tenge, Korean Won, Nigerian Naira, Philippine Peso, Russian Ruble and Taiwanese Dollar. Discussions and advocacy efforts are ongoing as to prospects for achieving compliance of such benchmarks with the European Benchmark Regulations and/or necessary next steps in managing the trading of these currencies.
FX & Currency Derivatives (continued)

A Tale of Two Templates – The Nigeria Naira

EMTA updated its *Recommended FX and Currency Derivatives Market Practice No. 79 on Primary Settlement Rate Options for Nigerian Naira / US Dollar Non-Deliverable FX and Currency Option Transactions* on December 10, 2018 to reflect a change in its recommendation for documenting NGN/USD non-deliverable FX and currency derivatives transactions.

Updated Market Practice No. 79 recommends the use of the *EMTA Template Terms for NGN/USD Non-Deliverable FX and Currency Derivatives Transactions* that reflect a primary settlement rate option of the NGN NAFEX (NGN03) rate. Previously, and, in a response to the introduction in April 2017 by the FMDQ OTC Securities Exchange (“FMDQ”) of a second FX fixing which was to be published alongside of the existing NiFEX rate, EMTA had recommended the use of two sets of its Template Terms for Naira NDFs and NDOs, one set referencing the NiFEX rate and one set referencing the NAFEX rate. This (unique for EMTA) response of supporting two sets of documentation for a single currency pair was intended to facilitate a gradual phase-in of the NAFEX rate by the market. The FMDQ officially ceased publishing the NiFEX rate on December 31, 2018 and EMTA removed from its website the Template Terms reflecting the NiFEX rate and then updated Annex A to remove any reference to the terminated rate.

This documentation is published on the EMTA website in the FX and Currency Derivatives Standard Documentation area of the EMTA website.

Up to Date and Up to Snuff --- Annex A

On January 3, 2019, EMTA and ISDA updated and published Annex A to the 1998 FX and Currency Option Definitions to remove references to the NGN NiFEX rate (NGN01). See information on updated Market Practice No. 79 (above).

Market participants report that the 2017 overhaul of Annex A has, indeed, made it substantially easier to use, more compatible with current market infrastructure for confirming and settling trades and more useful generally, particularly in light of the inclusion of definitions for hard currency foreign exchange rates. The year 2000 was the last time Annex A had been overhauled before its substantial restructuring in 2017. Certainly, the co-sponsors of Annex A now find it easier to update. Input is always welcome in this regard.
Can We Help You Find Something….?

There are many resources on the EMTA website for practitioners in the FX industry. If you are new to the industry, or just need a refresher, below is a quick summary.

Are you looking for…

The EMTA Bulletin? Find it in About EMTA. It is published quarterly, and almost always has a section on current EMTA activities in the FX area, so read and keep up to date.

Articles on FX and Currency Derivatives? Find them in Key Industry Views which section features articles published by industry practitioners.

Something country-specific? Find it in the Markets area; this includes (or has links to) all entries for a specific market and not just those with an FX focus --- everything EMTA has on Mexico, for example.

New things happening in FX? Find them in the FX and Currency Derivatives subsection in the general New Developments area.

Working group information? See Working and Interest Groups in the Activities and Services area for a description of the FX Working Group model.

Documentation? In the Documentation area, you will find a section for Standard Documentation and a section for Market Practices. Each of these sections has a subsection for FX and Currency Derivatives. The FX Market Practices area is organized chronologically, and the FX Standard Documentation area is divided into a Current Templates section (organized by currency pair and publicly accessible) and a (general) Documentation area (includes all other EMTA FX documentation and is restricted to EMTA Member use). There is also a section in the Standard Documentation area entitled Industry Principles and Guidelines and EMTA’s Antitrust / Competition Guidelines, which are important for all EMTA Members, are published there.

Need to contact us? Try Contact at the top of the homepage or direct comments and questions on any FX and Currency Derivatives matter to Leslie Payton Jacobs (lpjacobs@emta.org).

EMTA Antitrust / Competition Guidelines

EMTA Members are advised of the EMTA Antitrust / Competition Guidelines, which can be found in the Industry Principles and Guidelines area of the EMTA website (https://www.emta.org/template.aspx?id=3107).

Members are encouraged to review the Guidelines from time to time, share them with their colleagues and be mindful of them in their conduct of EMTA’s business.
EMTA Monitors Venezuela Sanctions

In light of the escalation of sanctions against both Venezuela and PDVSA, EMTA's Special Seminar: Venezuela and Russia Sanctions: An Update was held on February 28 in NYC (see below for more information), and the event may also be scheduled in London at a later time.

Such increased activity in the sanctions area has engendered various OFAC-related material (including FAQs), as well as law firm summaries, which are all available in the Venezuela area of EMTA's website (https://www.emta.org/template.aspx?id=5019) and which EMTA Members are encouraged to visit frequently as EMTA monitors events in Venezuela.

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EMTA Monitors Russia Sanctions

EMTA's Special Seminar: Venezuela and Russia Sanctions: An Update was held on February 28 in NYC (see below for more information), and the event may also be scheduled in London at a later time.

A number of extensions of General Licenses and designation removals are available in the Russia area of EMTA's website (https://www.emta.org/template.aspx?id=5021), which EMTA Members are encouraged to visit frequently as EMTA monitors events in Russia.

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EMTA's Special Seminar “Venezuela and Russia Sanctions: An Update” was held on February 28, 2019 at Allen & Overy’s NYC offices. Ken Rivlin (Allen & Overy) moderated the panel, with Jeanine McGuinness (Davis Polk & Wardwell), Fulvio Italiani (D’Empaire), AJ Mediratta (Greylock Capital Management) and Peter Harrell (Prospect Global Strategies) as panelists. BancTrust & Co. was the lead sponsor, with additional support from Davis Polk & Wardwell. PowerPoint Presentations by Ms. Brank and Messrs. Rivlin and Harrell, together with relevant documents, can be found in the Special Events section of EMTA's website under February 28, 2019 (https://www.emta.org/template.aspx?id=4934).

This exciting, well-attended and off-the-record meeting gave attendees a unique opportunity to hear our very experienced speakers (from government and several leading law firms) debate key aspects of the Russia and Venezuela sanctions, including their purpose, practical impact and likely future trajectory. Following the presentation portion of the program, attendees had an opportunity to ask questions during lunch. In response to recently heightened interest in sanctions issues among EMTA Members, EMTA plans to hold a similar program in London later this year.

Because panelists are often sensitive about having their views put into writing, our panel summaries often do not do full justice to the substance of the matters discussed, and, therefore, EMTA Members are encouraged to attend EMTA events in person.

**Fourth Quarter Volume at US$1.067 Trillion**

Emerging Markets debt trading volumes stood at US$4.879 trillion in 2018, according to a report released on March 27, 2019 by EMTA. This was slightly less than the US$4.901 trillion reported in 2017.

Emerging Markets debt trading volumes stood at US$1.067 trillion in the fourth quarter of 2018. This compares with US$1.147 trillion reported for the fourth quarter of 2017, a 7% decrease, while down 11% from US$1.205 trillion reported in the third quarter of 2018.

Jeff Grills, Senior EMD Portfolio Manager at Gramercy Funds Management noted that, “overall, 2018 EM debt was pressured due to the rise in US Treasury rates, and from specific EM credit events which curtailed issuance, namely, Russian sanctions in April, as well as difficulties in Argentina and Turkey in the second half of the year. This led to declines in EMD returns and impacted the demand for primary issuance as a result.”

He added that, “by the fourth quarter we saw a further drop in issuance, primarily by EM corporate issuers, as the uncertainty about the future FOMC rate path caused increased volatility across the globe.”

**Local Markets Instruments at 61% of Volume**

Turnover in local markets instruments stood at US$2.987 trillion in 2018, accounting for 61% of total reported volume. This compares to US$2.747 trillion in 2017, a 9% increase.

Mexican instruments were the most frequently traded local markets debt in 2018, at US$626 billion. Other frequently-traded local instruments were those from Brazil (US$451 billion), India (US$341 billion), South Africa (US$301 billion) and China (US$196 billion).

**Eurobond Volumes at US$1.871 Trillion**

Eurobond trading stood at US$1.871 trillion in 2018, down 12% compared with 2017’s US$2.120 trillion.

59% of Eurobond activity involved sovereign debt issues in 2018, with Survey participants reporting US$1.099 trillion in sovereign Eurobond turnover. This compared to a 54% share of Eurobond activity in the previous year, when such volumes stood at US$1.163 trillion.

Corporate Eurobond trading stood at US$733 billion in 2018, accounting for 39% of total Eurobond activity (vs. a 38% share in 2017). Sovereign Eurobond activity accounted for 23% of overall Survey volumes, with corporate trading at 15% of total turnover.

The three most frequently traded Eurobonds in 2018, according to Survey participants, were Argentina’s 2028, 2048 and 2026 issue (with volumes of US$19 billion, US$18 billion and US$16 billion respectively.) Other frequently traded bonds include Mexico’s 2028 bond (US$15 billion) and Brazil’s 2028 bond (US$14 billion). Petrobras’ 2027 bond (US$7 billion) was the most frequently traded corporate bond in the Survey.

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US$21 billion in warrant and option trades during the year and US$750 million in loan assignments.
Mexican, Brazilian and Indian Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded instruments overall, according to Survey participants, with US$826 billion in turnover. This compared to US$700 billion reported in 2017 (up 18%). Mexican volumes represented 17% of overall volumes.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$621 billion, according to Survey participants. This represents a 5% decrease on the US$651 billion reported in 2017. Brazilian volumes accounted for 13% of total reported volumes.

Third were Indian assets, whose volume stood at US$365 billion. This compares to US$382 billion in 2017. Indian instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$357 billion) and China (US$343 billion).

EMTA’s Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 45 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA’s Fourth Quarter 2018 or 2018 Annual Debt Trading Volume Surveys, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 676-4293.
EMTA Survey: Emerging Markets CDS Trades at US$1.822 Trillion in 2018

Reported Volume Up 40% vs. 2017

Emerging Markets CDS trading stood at US$1.822 trillion in 2018, according to a Survey of 12 major dealers released on March 22, 2019 by EMTA. This was 40% higher than the US$1.298 trillion reported in 2017, as investors speculated about the health of the Turkish and Argentine economies, as well as elections in countries such as Brazil and Mexico.

Fourth quarter 2018 Emerging Markets CDS trading stood at US$357 billion, according to the report. This was 30% higher than the US$275 billion reported in the fourth quarter of 2017, and 30% below the US$509 billion in reported transactions in the third quarter of 2018.

Mexican CDS slightly surpassed Brazilian contracts in terms of volume in the fourth quarter, with both at approximately US$34 billion. EMTA Survey participants also reported US$25 billion in Turkish CDS (significantly dropping from US$73 billion in the third quarter).

The EMTA 4Q Survey also included volumes on nine corporate CDS contracts, with the highest reported quarterly volume in Pemex (at US$1.8 billion).

For a copy of EMTA's Fourth Quarter 2018 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.
Nigerian Elections, South African Economy Dominate Agenda at EMTA SSA Seminar in NYC

After years of holding Seminars on Sub-Saharan Africa in London, EMTA held an inaugural panel discussion on the region in New York City on Tuesday, February 26, 2019. Exotix hosted the event, with additional support provided by Rand Merchant Bank.

The Seminar’s discussion was moderated by Exotix’s Stuart Culverhouse. He started the event by asking Neville Mandimika of Rand Merchant Bank to identify the major themes for the region. Mandimika suggested that key issues for investors to monitor in 2019 included elections, which could lead to political violence, as well as economic growth (while he maintained a 3.4% GDP growth forecast for the region in 2019, he underscored the distinction between fast-growing economies such as Ivory Coast and Ghana, and those that are contracting). Ratings outlooks were tilted to the positive side, he added, “so I advise caution, but I’m relatively upbeat.”

Culverhouse highlighted South Africa as a focus of EM investor attention, with upcoming elections, the release of the annual budget and concerns over Eskom. Unoma Okolo (Fidelity Investments) expressed concern that, despite a generally positive market reaction to the government budget, “we aren’t seeing underlying structural issues on Eskom being addressed…looking at South Africa warrants caution.” Public sector headcount remained a huge issue for the country, she warned, and the need for government support for Eskom “bodes negatively for South African fiscal strength.” In her view, South Africa no longer merited its remaining IG rating, although she didn’t anticipate a Moody’s downgrade of the sovereign.

Eaton Vance’s Mike Cirami seconded Okolo’s concern. In his analysis, the loosening of the South African budget during the global financial crisis hadn’t been corrected during the economic rebound, and remained loose due to corruption under President Zuma. “Anyone who now expects a miracle of macro-stability over social issues is wrong, I think,” he affirmed.

Just hours before the release of official results, Shanker Singham (Centre for Economic and Business Research) accurately predicted that President Buhari would be re-elected in Nigeria. However, he argued that, no matter the victor, the president would face the same structural challenges, with significant risks including trade policy, and rule of law issues (including the “troubling” suspension of the Supreme Court’s chief justice, and the insufficient acceptance of the sanctity of contracts). The large fine against MTN, and the government’s breach of contract with P&ID, “will have a chilling effect on investment in Nigeria.”
Africa (NY) (continued)

Culverhouse turned to smaller African credits. On Ghana, Okolo declared that, based on the “ok shape” of its balance of payments, another Fund program was not necessary, as long as Accra was able to maintain credibility with investors. This would be important as the country heads into the 2020 elections, she added.

“Kenya is a good story, with an asterisk net to it,” responded Mandimika, in response to Culverhouse’s question if the country was losing its shine. Mandimika cited progress on fiscal consolidation. He conceded that the shilling was overvalued, “but with high Central Bank reserves and high import cover, you can keep that party going on for a while.”

Cirami was not tempted by the wide spreads on Zambian debt, which he emphasized were justified based on the risk. “Their financial numbers are bad, and there is no indication that they will be improving,” he stated. Risks included the unknown treatment of Eurobond holders in any IMF deal, and, as always, the price of copper. Cirami clarified that, “I’m not going to say that Zambia will default next week, especially when China is investing in Africa, but it’s not a comforting situation.” He attributed the financial situation to “mismanagement for the past half-decade or so,” while stressing the country’s potential.

Culverhouse followed up on the role of Chinese investment in Africa, and whether its effects were beneficial or harmful. In Singham’s view, Chinese financing of Africa was ambiguous. “Funding from the US and UK attempts to promote ‘good’ economic policy choices, but China will often offer funds with less strings attached, and it tends to be agnostic about economic policy choices.” Furthermore, in his analysis, Chinese inflows were focused predominantly on short-term natural resource projects, and don’t move African countries up the value chain.

Cirami reasoned that, when Chinese inflows were an important part of an African country’s budget, additional compensation was warranted if the money was misused or misallocated. “However, every situation is different, and you need to look at the details,” he concluded.

Okolo offered Ethiopia as an example of Chinese capital potentially boosting the country’s manufacturing effort. On the other hand, she conceded that, “there is a high correlation between a lot of Chinese funding and governance issues.” Mandimika pointed out that securing Chinese financing was often the result of being unable to secure other funding sources.
EMTA Bulletin

EMD Market’s Turnaround Reviewed at EMTA Winter Forum in London

Moderator Luis Oganes (JPMorgan) highlighted the “total turnaround” in market sentiment as he welcomed attendees to EMTA’s Winter Forum. The event, held on Tuesday, February 19, 2019 in London, attracted 150 market participants. Oganes attributed the rebound to a more dovish outlook on US rates, and an improved tone in US-China relations, suggesting a trade war could be avoided. JPMorgan hosted the event, with additional support provided by Tradeweb.

Concurring, Andreas Kolbe (Barclays) espoused a bullish view on the US economy, and did not expect a US recession either this year or next. The Fed will keep rates flat until September 2019, with an additional hike expected in 2020, he predicted. Generally, the EM credit outlook was “good enough,” although a global growth slowdown could eventually pose issues. “2019 will not be a disastrous year for EM, and we believe that we can hold on to the gains made year-to-date,” he stated.

Deutsche Bank’s Christian Wietoska maintained a similar US rate outlook, while cautioning that weaker European growth could create a headwind for EM. Oganes noted that JPMorgan had revised its FOMC forecast from a previous call for 4 hikes in 2019 to just 1 (in December). “We are not expecting a US recession as such, but that discussion may be revisited in 2020,” he advised.

Oganes steered speakers through a discussion of key EM sovereigns. “Turkey is clearly not out of the woods,” affirmed Wietoska. The risk of a 600 bp reversal in the 2H, and the need to rollover $80 bn in debt, could cause downward pressure on the lira, he commented. Oganes reasoned that, should the AKP do well in the upcoming regional elections, a period of political stability could prompt economic reforms.

Wietoska warned his firm had a “very negative” view on the South African economic outlook, stressing the difficulty of enacting necessary economic reforms. Large outflows could follow a Moody’s downgrade to below IG, as could any negative surprises in the annual budget. In addition, the Finance Ministry has the difficult task of detailing a clear solution on the Eskom issue, “and cost-cutting must happen without additional labor issues.”

Slightly more positive was Kolbe, who expected the country to maintain its IG rating by Moody’s. Cost reductions at Eskom are “not realistic before the elections, but it is not an imminent liquidity issue.” He argued that structural issues could be fixed once following the presidential vote. Gregory Smith (Renaissance Capital) described Eskom as the heart of the South African economy, while also voicing concern over the fate of South African Airways. He added that analysts are being increasingly aware, with new information, “how bad things got under the Zuma administration.”
Winter (UK) (continued)

Nomura’s Siobhan Morden focused on LatAm economies. She was hopeful that Brazilian Finance Minister Guedes (whose appointment “added credibility” to the administration) would introduce “meaningful” pension reform and, most likely with a strategy of “starting at the higher end and then watering it down.” Investors should understand that the savings will be gradual and phased in over the medium-term. Bolsonaro will need to make some progress on reducing crime in order to use political capital to push through reforms, she added. Oganes expressed a personal view that Brazilian spreads could continue to narrow, despite a house view that Bolsonaro remains untested in his legislation-passing skills.

Morden feared that Mexican President AMLO’s popular support “encourages more bad behavior.” She voiced long-term concerns over Pemex, with its IG rating important to monitor, although in her view Pemex had explicit government support. “I’m resisting turning more negative on Mexico, but the facts are making that harder,” confided Oganes, “the economic team remains in fire-fighting mode because of their boss, and they are not calling the shots.” He calculated that a one-notch downgrade of the sovereign (resulting from any official aid to the troubled state oil company) would prove less dramatic than Pemex losing its IG status.

Morden believed that the formula for President Macri to be re-elected in Argentina would be low inflation + low fx volatility + the final ballot being between Macri and former president Cristina Fernandez de Kirchner. Oganes’ base case was for Macri to win re-election and that IMF funding would continue with most other candidates, although “all bets are off if CFK wins.”

Russia’s fundamentals remain positive, according to Smith, and there was still a case to be long Russian debt. Outflows are likely if additional sanctions are enacted, with the ruble vulnerable. There was currently no market consensus on what additional sanctions would be imposed, he noted.

Running through frontier markets, Smith noted the recent Uzbek deal was motivated by a desire to encourage FDI and set a benchmark for corporate issuers rather than a sovereign need for funding. He offered a neutral stance on Nigeria, following the one-week delay of the presidential vote. Ghana may be over-sold despite valid concerns over its fiscal deficit once the current IMF program expires, while talks with officials in Cairo “reinforces my confidence that Egyptian reforms will continue when their IMF program is completed.”

The program’s investor panel was moderated by Aberdeen Standard Investment’s Kevin Daly, who asked speakers for their views of current market valuations. Ben Sarano (EMSO) and Pierre-Yves Bareau (JPMorgan Asset Management) agreed that valuations were “not bad, broadly speaking,” and “fair, not too hot, not too cold,” respectively, while Richard Segal (Manulife Asset Management) ventured that 5 to 7% returns were possible. Sarano judged EM FX as potentially a bargain from a multi-year time horizon, although he emphasized that a European bounce-back was necessary for a new stage of the EM debt rally. Bareau characterized the market as being “in the middle of a pendulum swing,” with technical support from those who had missed the rally, and who will provide future inflows.

Risks to market performance included geopolitics, sanctions on Russian assets and weakness in the German economy, according to Segal. In his view, the potential US-China trade war’s greatest impact was not its actual macro effect, but rather its continued domination of all discussion at EM corporate planning meetings; “they talk about this non-stop, even if it has no finite economic impact [for their firm].” Sarano suggested that occasional mini-shocks could be used as buying opportunities by investors. Bareau observed there was occasional “noise” from EM countries, such as actions by AMLO or the delayed Nigerian vote. He followed up that, on the positive side, the market could tighten on additional good news from China, which he deemed as “not really priced in yet.” Finally, Daly added that the risk for EM at this stage would be a downturn in growth, which would weigh on EMFX in particular.
Winter (UK) (continued)

Investors also concluded that further spread compression would still be possible in Brazil despite the recent rally. “This is a very transformational government which will make a big dent in the long-standing pension issue,” Sarano asserted. He predicted that the COPOM would move slowly, tolerating high real rates for a while before it moves to an easing cycle, and privatization opportunities could arise in 2020. In Bareau’s opinion, more value was likely in Petrobras debt rather than in sovereign issues. While wary of past overenthusiasm about reform fever (he reminded attendees of ‘Ramaphoria’ in South Africa and similar enthusiasm after the last Argentine presidential election), Segal remained optimistic on Brazil, although he encouraged colleagues to wait for better entry levels.

Segal concurred with sell-side panelists that Mexican officials are, “drip feed by drip feed, telling the markets they won’t let [a downgrade of Pemex to junk] happen; they will do all they can to keep it investment grade.” Bareau was sanguine about US-Mexican trade, reasoning that the worst case for a revised trade agreement vote would be a re-establishment of NAFTA. Sarano opined that Mexican debt was “a cheap credit,” but “one that is moving in the wrong direction; I don’t see Mexico as compelling in the credit or FX asset classes.”

Recent Turkish economic history included a series of “unforced errors, such as the President’s speech in London last year,” according to Segal, who seconded Oganes’ expectation that structural reforms could follow the April elections. Bareau feared “we are heading into a more difficult period for Turkey, as the CBT will be pressured to cut rates after the elections, and this won’t be good for the currency.”

On sanctions, “anything can happen, so I don’t know what the outlook is,” admitted Segal. He speculated that the Rusal episode might have been a lesson to Washington DC on the collateral damage of sanctions. Bareau viewed the rewards not worthy of the risk. Disagreeing, Sarano declared that Russian default risk was “zero,” because of the low hard-currency debt to GDP ratio. The extremely hawkish Central Bank (“real rates are high and will go higher”) make Russia “a highlight on the local markets space.”

South Africa was a “sad story; in some ways, it has finally gotten a backdrop where it can do better by removing corruption, and their terms of trade may be improving,” lamented Sarano. However, the Eskom problem was “a major deal; the infrastructure is breaking down and they don’t have the capacity to fix it. As a result, companies can’t go there because they can’t operate,” he concluded, adding his vote to those predicting an across-the-board junk rating by year-end (with Segal expecting the last downgrade to occur possibly in early 2020).

Venezuelan bonds were likely to rally in a regime change, Sarano affirmed. Segal conceded that his firm had “thrown in the towel” on Venezuela, as any restructuring was likely to be long and drawn-out.

Daly acknowledged his firm maintained a long position on Argentina (which he conceded was a real-money consensus trade) as he introduced a discussion of the country’s upcoming election. Segal expressed confidence that Argentines realized they couldn’t go back to old ways, and that the IMF anchor was necessary “even if the word is poisonous.” The bad news was that the market would have to wait until October to know the election results. Bareau saw the elections as binary, and declared he was not tempted at current prices.

Finally, Segal urged “brave” investors to consider Oman in the GCC credit arena. He questioned whether investors had fully adjusted their portfolios for the recent inclusion of Oman’s GCC neighbors into the EMBI index, observing that some may still be underweight.
Brazil (NY) (continued)

In opening remarks, XP’s Daniel Cunha likened Brazil’s past few months to the ascent of a mountain. “Yes, we have reason to celebrate getting to the top, but now starts the downclimb, and how can we avoid accidents or pitfalls?”

Roberto Secemski (Barclays) expressed a constructive stance. He cautioned, however, that while the much-discussed pension reform is “necessary, it alone is insufficient; it’s just the first step” in restoring the country’s economic health. The appointment of a cabinet that is largely without political affiliation is in line with Bolsonaro’s promise of a new approach. “Unknowns” worthy of investor focus are the extent of the president’s support of the new economic team, Bolsonaro’s relations with congress, and what coalitions will form.

Kevin Ivers of DCI Group provided a political overview. “The country was ready for a major change, and while Bolsonaro didn’t create the wave, he surfed it,” he stated. Thus, many officials owe their success to the wave, rather than to Bolsonaro personally. Middle-class supporters of the president voted for change, and they, “will not be patient; they live month-to-month and will feel a big impact from any minor change in the economy.” To retain their support, the president will need to transform their aspirations into reality. The new congress’ leaders will determine whether the president can carry out reforms, and if Calheiros returns as senate president, Bolsonaro’s job will become more difficult.

During a recent trip to Brazil, Carla Buffulin (EMSO) observed a palpable optimism, and she believed the construction, retail and consumer product sector should benefit. The rally in Brazilian assets has thus far been largely confined to sovereign debt and FX, while corporates have lagged. Buffulin ventured that equities could return up to 15% with the passage of a partial pension reform bill, and as much as 35% under a full reform law. Buffulin argued the case for Brazilian corporates on a relative value basis, seeing more upside vs. their counterparts in Argentina, Russia, Ukraine or “the super-tight GCC.” She estimated a 50% probability that pension reform would be advanced in the 1H of 2019.

“I want to believe in the story,” confessed Matthew Duda (PGIM Fixed Income), who maintained an overweight in Brazilian dollar bonds. Duda stressed the complexities of Brazilian politics, while assessing that much of the potential progress has already been priced in relative to several other Latin American credits. He believed that the BCB was more likely to maintain current rates, if not hike, a stance he acknowledged was a contrarian view.

On growth, Barclays had recently revised its forecast to 2.5% (from 2%, which Secemski agreed had been below consensus). The recovery would be gradual and not V-shaped. The new 2.5% forecast was based on assumptions that include the passage of a pension reform bill similar to the previous Temer proposal. Duda announced his growth estimate at a more conservative 2.3%.

As for privatizations, Ivers noted that states such as Sao Paulo and Minas Gerais had elected “change” governors, meaning some state-owned firms could be put on the block. Buffulin underscored a change in the lexicon, and that officials have taken to employing new terminology such as “sales of assets” in order to avoid using the word “privatization.”
Brazil (NY) (continued)

Buffulin was encouraged by the country’s new economic team. She added, however, that execution—and the defection of key players—remained a risk. On the other hand, Justice Minister Moro was “in it for the long term,” according to Ivers. His appointment was well-received in Brazil, and any progress he can make to increase “ordem” in Brazil would be “blockbuster.”

Ivers reminded attendees that congressional leaders are powerful and can obstruct legislation, or can extract concessions. This posed a risk for Bolsonaro, and in fact could be “a disaster.” On the other hand, Cunha argued that even Calheiros would be “open to discussion,” as he is a classic political operative. He added that, despite Bolsonaro’s previous denunciation of the Temer proposal on pension reform, his own eventual proposal may incorporate much of the Temer bill.
First 100 Days of Bolsonaro Administration Also Discussed in Boston

Due to the success of EMTA’s sold-out New York City Seminar on the First 100 Days of the Bolsonaro Administration in Brazil, EMTA held a similar event in Boston on February 12, 2019. 50 market participants attended, with the program sponsored by MarketAxess, Societe Generale and XP Securities.

In his introductory remarks, moderator Alberto Bernal (XP Securities) reviewed the results of a recent client survey, which revealed that 75% of respondents expected at least minimal progress on Brazilian pension reform. If the Temer proposal was finally enacted, the BRL would rally to 3.6, according to the local clients in the survey, while the absence of any movement would result in a decline of 4.2 reais per dollar.

Kevin Ivers (DCI Group) analyzed the recent elections of the Brazilian House and Senate leaders. The victory of Rodrigo Maia in the House was a positive development; he will serve “as an honest partner for the President…and I believe he is in line with the need for reforms.” Ivers expected the House generally to be “somewhat, if not very, helpful” in this regard. On the Senate side, the surprise defeat of front-runner Renan Calheiros (whom Ivers had warned at the NYC seminar could pose a serious obstacle to reform) still leaves prospects in the Upper House unclear. As a result of his loss, Calheiros “is out for vengeance, and the question is ‘what damage can he do’ to the pension and judicial reform debates –I’m sure he will want to sabotage [re-forms].” Ivers stressed how complicated passing legislation is in Brazil, while also pointing out that President Bolsonaro is still recovering and has yet to clarify his stance on reforms. “Once he stops being just an apparition, that’s when you might have an idea where we are going,” he summarized.

Fidelity Investment’s Palak Patel acknowledged he was “fairly pessimistic” in his personal view about the chances that pension reform would be approved, noting the fragmentation of Brazil’s Congress, while there remains no clear commitment by the administration to the reform agenda. This could be tied to the fact that Bolsonaro was elected on an anti-establishment mandate, not a reform push. Patel argued that investors were not positioned for what he considered his base case of “highly diluted reform…with retirement at 57 for women and 62 for men…and where the economic benefits won’t be felt until the mid 2020s.”
Brazil (Boston) (continued)

In concurrence was Tina Vandersteel, Head of GMO’s EM debt team and EMTA Board Mem-ber. Vandersteel noted that these discussions have been on-going for decades, and the lack of progress has continued while the debt/GDP ratio worsens. “My pessimism on pension reform is based not only on the difficulty in passing it, but also the ease of reversing it,” she cautioned, specifying that any measures that don’t immediately come into effect could be undone before they are enacted.

Societe Generale’s Bertrand Delgado envisioned a “watered-down” reform bill being passed. Investment decisions will be delayed and won’t happen before the 3Q as businesses seek great-er clarity. Delgado predicted economic growth of 2 to 2.5% in 2019 and possibly similar levels in 2020. Inflation continues to be tame, with even speculation of COPOM cuts in 2H. Delgado be-lieved that, if the cyclical recovery continues, inflation could pick up, but would still likely stay below the target cap.

Looking forward to opportunities, Ivers described potential “asset sales” (formerly known as “pri-vatiza-tions”) by states such as Sao Paulo and Minas Gerais. Vandersteel and Patel suggested that Brazil sovereign debt might be tighter than fundamentals warrant, though Patel added that EM is generally undervalued on long-term metrics. Delgado noted that the Chinese economic deceleration and a pos-sible US recession in 2020 give him reason to avoid being over-bullish on Brazil, and his stance on the BRL was neutral. Panelists concurred that the US-China trade war stood as a key risk on all Brazil bets.

Speakers agreed on the important role of Finance Minister Guedes. Ivers expressed optimism that Guedes would persevere despite the potential for government fractionalization. “From the market per-spective, Guedes is the anchor of the economic reform process, so, if he is out, as-sets will re-price,” counselled Delgado.
Inclusion of GCC Credits Focus at EMTA Seminar in London

The expansion of the JPM EMBI indices to include GCC credits was a main focus of EMTA’s Third Annual MENA/GCC Seminar in London, held on February 5, 2019. The event drew a crowd of 100 market participants and was held in partnership with the Gulf Bond and Sukuk Association (GBSA). MarketAxess sponsored the event, with additional support provided by Goldman Sachs, JPMorgan and Standard Chartered.

Standard Chartered’s Gordian Kemen served as the event’s moderator. He opened the session by asking speakers if index inclusion had already been priced into GCC debt, and what opportunities still existed. Marcel Kfoury (Blue Crest Capital Management) affirmed that, “investors would have to have a good story to miss Bahrain in their portfolios.” Kfoury reasoned that financial support from the GCC to Bahrain was such that the country would only need to access the capital markets when necessary. On the other hand, the Saudi budget continues have a wide deficit, even with optimistic oil projections at $80 per barrel. With potential international funding needs of $30 billion (assuming $60 per barrel and 50% local funding), “Saudi debt should not be trading where it is and the front-end of the KSA curve may be completely mispriced.”

In the view of Finisterre Capital’s Christopher Watson, the Qatari spread was “fundamentally wide” to other GCC credits. In contrast to Kfoury, he admitted being “torn” on Bahrain. “Last year, it wasn’t priced for the bail-out, and now it is back to the tights…basically on an index inclusion-bid. There is a scarcity of detail on the financing plan, and the debt to GDP ratio is going up,” he stated.

Goldman Sachs’ Farouk Soussa believed that the Bahraini program was credible, although “the question remains will they increase spending; there is no IMF program from doing so, and the ‘flimsy’ GCC stick is not much of a deterrent.”

Soussa expressed discomfort at Riyadh’s direction. With oil below budget assumptions, “they will need to get serious at the end of the year once they realize they won’t meet their goals. Maybe the $100 billion raised from the Ritz Carlton episode could help, and maybe they have other ways they can pull a rabbit out the hat, but the track they are on is not sustainable.”

One clear loser from GCC inclusion, in panelist views, was Oman, which Soussa noted can no longer be held by IG-only portfolios. “Oman has NO plan, unlike Bahrain; when it comes to the market—and it must—we will see the reaction,” he concluded. Kfoury concurred in his pessimism on Oman. “They don’t seem to be addressing the lower oil price and just assume more external bond funding,” he stated, underscoring that the Sultan may not wish to have austerity measures as part of his legacy. Gokkent reminded attendees that Oman’s index weighting will now be reduced as its neighbors are added. However, he noted that Oman’s tourism potential and increased gas production could help the credit.

The most bullish oil view was espoused by JPMorgan’s Giyas Gokkent, who maintained a $73 per barrel forecast. “Regional oil producers will do what they need to in order to keep oil at prices they want,” he affirmed. Gokkent noted that, “the reality in Saudi Arabia is that whenever oil goes up, government spending seems to go up; it doesn’t seem to be a priority to get to a fiscal surplus.” He saw a better path forward for Oman if the VAT was enacted.
GCC (UK) (continued)

Kfoury reviewed the Saudi Vision 2030 program. The privatization goal thus far has “clearly been a complete fiasco, specifically the Aramco deal.” Instead of growing the non-oil sector, the government increased spending, with the Ritz Carlton episode hurting private sector growth, he stated. Despite the VAT adoption, “the Saudi economy remains a bet on oil.”

Kfoury refused to rule out a devaluation of the riyal as well. “We have someone in Riyadh who is testing all the boundaries; it wouldn’t shock me if they devalued,” he concluded. Soussa disagreed, arguing that one thing the government would avoid would be a “traumatic” reduction of the purchasing power of Saudi citizens. More likely were increased taxes such as a customs tax hike. Gokkent suggested the government could cut CAPX should the oil price crash.

On Lebanon, the creation of a new government “means that the catastrophic scenario is out of the way,” according to Kfoury, who expressed a skeptical but ‘wait-and-see’ view. If reforms are enacted, the country can “turn the ship around.” Beirut’s role as a regional financial center was its saving grace in Gokkent’s opinion.

Watson considered Egypt as a potential near-term structural reform story, with the improvement of the fiscal account “meaningful, but not meaningful enough.” The current account has been aided by strong remittances, tourism receipts and gas. Gokkent saw reason for optimism on Egypt. He expected the pound to remain flat as the government kept its eye on inflation, providing support for local t-bills. Soussa expressed at the “lopsided growth” in Egypt’s real estate and oil and gas sectors, though he agreed with other panelists at the attractiveness of Egyptian t-bills.
NYC Panel Speakers Debate Prospects for Mexico Under AMLO

Attendees at EMTA’s Special Seminar on Mexico: AMLO’s First 100 Days enjoyed a spirited discussion of the opportunities and challenges facing Mexico. The event was held on Monday, January 28, 2019 in New York City, with 130 market participants in attendance. MarketAxess sponsored the event, with additional support provided by BBVA, Citi and Goldman Sachs.

Moderator Alberto Ramos (Goldman Sachs) opened the session by reminding attendees that, 58 days into the AMLO’s administration, the president had inherited a “decent macro reality.” Investors, however, are fearful that the new administration could, “mess it up!” According to Ramos, AMLO has both business-friendly and ideological/dogmatic advisors, “and I’m not sure which group he is listening to.”

Carlos Serrano (BBVA Bancomer) expressed a cautiously optimistic view on Mexican economic prospects. “AMLO has populist yearnings in his micro views, but he believes in fiscal prudence, ultimately,” he stated. Serrano reasoned that the new economic team would “more or less” adhere to the budget. Furthermore, AMLO accepts the independence of the Central Bank and Serrano judged that his recent Banxico appointments, “have been good ones; I’d even argue that they are better nominees than some of the previous ones [made under the last administration].”

More serious concern over the economy was voiced by Gerardo Rodriguez (BlackRock and former Mexican Undersecretary of Finance and Public Credit). Rodriguez described Mexican economic risks as structural rather than cyclical, given the new president’s discussion of a “fourth transformation,” which has as its true aim a new Constitution, in his opinion. He warned that AMLO’s current actions should be interpreted as a “move to consolidate power and undermine institutions.” Adding a “lack of competence” in its handling of matters such as the gasoline issue to the ideological bent of the Morena constituents, “and you have a much deeper problem than a cyclical challenge,” he stressed, with “the bumpy road of the underlying deterioration of the last 58 days,” indicating what is likely to follow.

Issues with Mexico’s crown jewel, Pemex, were discussed by Eric Ollom (Citi). The main concern for investors remained whether the state oil company would retain its IG rating, and its current investor base. “Normally, an IG-rated oil and gas company should not be 4x leveraged, but investors see it as a sovereign credit,” he opined. The market is adopting a more skeptical viewpoint, especially after a poorly-received road show in New York, and seeks assurance of official support, such as a small recapitalization, or an Eskom-style partial guarantee. Ultimately, Ollom believed the administration would reassure investors, though it could take a number of iterations if “the government does not get it right the first time.” He recommended the debt on a tactical basis, and assumed that some erratic government policies would be employed.
Mexico (NY) (continued)

GMO’s Eamon Aghdasi confirmed that, as a long-term investor, he was waiting for a signal of public support. “However, it’s hard to believe that the government would not step in if needed…and we believe it is reasonable to see Pemex debt as ‘pretty close’ to sovereign debt.” Rodriguez repeated concerns over structural deterioration of Pemex, despite the possibility of an official support package. Serrano highlighted the degree of damage that a Pemex downgrade would cause to the entire Mexican financial system in arguing there was little alternative to official support. “AMLO is concerned that oil production is falling, and at some point he will realize Pemex cannot do it alone,” with the re-opening of “farm-outs” possible, he stated.

Rodriguez acknowledged that the issues of poverty and inequality in Mexico are serious concerns, but rather than being the cause, they are a symptoms of structural problems related to supply side problems: economic concentration, corruption, lack of transparency, weak rule of law, lack of contract enforceability, etc. By misdiagnosing the situation, AMLO’s government is applying the wrong medicine and thus exacerbating the problem. Serrano concurred. “There is nothing on AMLO’s agenda to improve the rule of law,” he lamented, and suggested that the failure to reduce corruption would hinder Mexican growth.

Returning to Central Bank policy, Serrano predicted inflation would fall under 4% in 2019, allowing Banxico to adopt an easing cycle by year-end. He pointed out that two Board members have characterized current policy as restrictive, and Serrano believed that the bank may have been a bit overzealous in recent hikes, although “the hike around the Mexcat decision was wise, to calm the markets.” Rodriguez largely concurred, while noting potential wage pressure on inflation.

Aghdasi made the case that there is value in Mexican rates and fx. “The current account is more than manageable. Growth is facing headwinds, but we haven’t seen the economy fall off a cliff, and it’s hard to see a scenario which leads to a massive outflow of capital,” he stated.

Ollom quickly summarized the Mexcat episode, which he saw as an indication of how AMLO will deal with foreign investors. On proposed new banking regulations, Ollom suggested the threat of changes might be enough to achieve the goal of increased lending. Serrano didn’t believe over-regulation was likely and highlighted AMLO’s quick action to spike the fee hike proposal. On lending, “demand is the issue for credit in Mexico, not the supply side, because most of the economy is informal and doesn’t seek credit,” he reasoned.

Ramos asked how local investors viewed AMLO. A nadir was reached with the unexpected Mexcat decision, in Serrano’s estimation, but recently a sense of cautious optimism seems to be emerging. In contrast, Rodriguez characterized local stakeholders as confused and fearful, and seeing a government that is “figuring things out as they go along.”

Concluding the discussion, Ramos asked whether the market would be positively surprised with Mexico by year-end. Aghdasi, Serrano and Ollom thought this was possible. Rodriguez thought there was greater likelihood of a negative surprise, “but I would not go short.” Serrano highlighted the risk of a US withdrawal from NAFTA occurring without the subsequent approval of the new treaty, because of US domestic political tensions.
EMTA Miami Forum Reviews LatAm Economic Prospects

“2018 was a very difficult year for us, not because we didn’t do our homework, but because it was a year that included things that were impossible to predict, like the trade war,” summarized Alberto Bernal of XP Securities in introductory remarks at EMTA’s Forum in Miami. The event was held on Tuesday, January 22, 2019 and sponsored by MarketAxess. Additional support was provided by AdCap, Exotix, Mizuho Securities USA LLC, and XP Securities.

Bernal speculated that a “Goldilocks” scenario could re-emerge in global finance. In his view, there would be no further US FOMC rate hikes, a de-escalation of the trade war (due to domestic US pressures), a strong Chinese stimulus package, and a decline in the US dollar.

Jeff Norton (Mizuho Securities USA LLC) noted that in his view the US rate-hiking cycle was reaching its final stage, with a further increase only in the second half of 2019, and with the US 10-year treasury bond yielding close to 3% at year-end. Additionally, he expressed concern at downside risks to European growth, and saw the dollar index not far from current levels at end of 2019.

Bernal next steered speakers through the major LatAm economies. “It’s hard for me to be positive on Mexico in the long-run,” rued Rafael Elias (Exotix), while, in the short-term, lauding the country’s current budget, which he specified had been, “prepared by the outgoing administrative team, which was quite capable.” Elias believed that, eventually, the lack of funds to finance President AMLO’s ambitious social spending goals will become obvious. “For now, ride the wave as long as it lasts,” he recommended, while warning investors that 2020 was likely to be “dire.”

AdCap’s Gustavo Dominguez reviewed Argentina’s prospects. On the positive side, he noted that, “the peso is no longer expensive, a good part of the crisis has passed, and the country now has a war chest to pay its debts.” On the other hand, the 2019 elections and the global environment pose serious risks. He warned that there was a “clear path” for a moderate Peronist to beat President Macri in the upcoming vote, which would likely lead to a sell-off. Norton pointed out that Macri’s approval ratings are now above 50%, and if the economy were to bottom out, but then start to rebound before the vote, the president’s chances for re-election would be boosted.
Miami (continued)

Norton commented that, “a lot of good news has been priced into Brazilian bond prices.” He cautioned that the country “still has a lot of work to do,” after the failure to address fiscal problems during the Temer administration, and he didn’t foresee a rating upgrade. Norton estimated Brazilian growth at 2% in 2019, with the Central Bank remaining accommodative through mid-year.

AJ Mediratta (Greylock Capital Management) pointed out that thus far, four legal cases have been filed against the sovereign. Most of the legal actions so far appear to be exploratory in his view, testing potential jurisdiction venues. The bondholder committee that his firm was co-leading (along with T. Rowe Price) had not taken legal action because of the practical issues of attaching Venezuelan assets held abroad, he stated. “Eventually, this will be resolved,” as he highlighted the country’s huge potential, due to its vast oil reserves – which exceed the rest of Latin America combined. Mediratta confirmed that the bondholder group owns at least a 25% “blocking stake” in most of the bond issues. Bondholders remain sympathetic to the plight of the Venezuelan people, but he stressed that a future administration will need to work with creditors, not “steamroll them” if they wish to regain access to foreign capital. Finally, he highlighted the innovative debt recovery instrument attached to the proposed Mozambique restructuring, and suggested it could be a precedent for a future deal with Venezuela.

Looking forward, Elias expected a resumption of the primary market in 2019, as “interest rates are conducive to new prints,” as well as with lower inflation in LatAm generally. Corporates such as Petrobras, Pemex, CVRD and YPF were all likely to issue new debt, although several speakers, including himself, Bernal and Mediratta, expected Pemex to underperform.
Cautious Optimism Revealed at EMTA Corporate Bond Forum

71% of attendees at EMTA’s Annual Corporate Bond Forum in London expected fundamentals to deteriorate in 2019, according to an informal survey conducted at the meeting’s outset. The event, which was hosted by ING, was held on Wednesday, January 16, 2019 and attracted a capacity crowd of over 100 market participants.

Moderator Nick Smallwood (ING) also polled attendees for their views on US rates, the main drivers of performance and corporate spreads in 2019. 55% expected US rates to remain relatively unchanged, while a plurality (41%) expected corporate spreads to widen by 50 bps or less. The poll also showed that China was viewed by 49% of attendees as the main driver of performance.

Siddharth Dahiya (Aberdeen Standard Investments) reviewed the factors influencing the corporate market in 2018, which he listed as higher US rates and the stronger US dollar, trade tensions and slowing Chinese growth. Dahiya saw reason for a more optimistic outlook to 2019, as “trade tensions might be moving in the right direction, the rate outlook might be better, and the Chinese economy may be stimulated.” He expressed surprised at the results of the attendee poll on returns, “I thought we were all feeling bullish year-to-date.” Dahiya believed that, barring unexpected idiosyncratic factors, “high single digit returns [in EM corporates] this year wouldn’t surprise me.”

Kay Hope (Bank of America Merrill Lynch) expressed a similar outlook, albeit with a more conservative return forecast of 4.4%. Her team saw the greatest potential in corporate issues from Argentina, Colombia, the UAE and Ukraine, while noting a recent change on Brazil from overweight to marketweight after issues were bid up.

An even more cautious outlook was voiced by Barclays’ Bade El Moutakawil, whose firm saw 1.5% to 2% potential returns. He warned investors of commodity price weakness resulting from a continuing Chinese slowdown, which could be exacerbated if the US-China trade truce expired without a resolution, and of expensive EM valuations relative to DM credits. Barclays predicted a flattening of the US yield curve and weakening dollar, which would reduce the cost of funding for EM corporates. In contrast to Hope, he believed EMEA corporates would outperform LatAm issues, a view he noted was driven largely by a negative view on Mexico. His firm’s default forecast in 2019 was 2 to 2.5%, weighted towards Asia.

Finally, JPMorgan Asset Management’s Eduardo Alhadeff observed that he was, “not bullish… but it’s hard to be bearish.” He agreed with the poll results showing China as having the largest influence on EM corporate performance, and agreed that the asset class could benefit from both stable US rates and a weaker dollar. The outlook for Mexican corporates was not clear to him, although he anticipated volatility in that sector.

Smallwood pressed speakers on their concerns over China. Alhadeff noted that the US-China tensions were multifaceted and included intellectual property issues and military dominance among other factors. He believed, however, that there were opportunities for investors, and saw value in Chinese property at current levels.
Corporate (UK) (continued)

El Moutakawil saw an agreement avoiding an escalation of US-China tariffs as more likely than not, commenting that the US administration will want to avoid damage to the American economy one year before the 2020 elections. However, if the threatened 25% tariffs do go into effect, he expected market sentiment to suffer, with China, South Korea and Mexico being hurt the most initially (with secondary effects on other economies if the Chinese economy subsequently slows down).

Addressing other risks to the market, Hope believed that “known” geopolitical risks were priced into the market. However, she wasn’t convinced that potential additional sanctions on Russian debt (which she believed would be targeted on sovereign, not corporate, issuances) were reflected in current spreads. She held a market weight recommendation on Russian issues. Alhadeff described it as “dangerous” to be long Russian debt, “because single name sanctions, Rusal style, can wipe out everything…and valuations aren’t extremely cheap, with Russian corporate spread over the CEMBI not being too far from historical averages.”

Dahiya called attention to upcoming elections in Argentina, India, Indonesia, Nigeria and Ukraine in 2019. “Generally, it works out if you reduce an overweight before any election that is not a slam-dunk because of election-related volatility,” he summarized. The Argentine election was of greatest concern to EM investors; “the chance that former president CFK will win is probably only 20%, but it would have a big impact on the market if that’s what happens.” A market-unfriendly victor in Ukraine would have more limited effect because of its narrower investor base, he reasoned. Dahiya argued that the market is currently underestimating the potential for political noise in India. Hope added that there was reason for optimism that Nigeria’s democratic platform may be strengthening following the last transfer of power, and if the 2019 vote is relatively smooth.

Speakers offered views on Turkish issues in the aftermath of the CBT’s decision earlier in the day to maintain current interest rates. Alhadeff advised attendees to “stay market weight and trade on any extreme prices.” He compared the Turkish administration to the Dilma government in Brazil, and didn’t see Ankara having a realistic plan to address its fiscal issues. El Moutakawil concurred on Turkish corporates being a tactical trade, while seeing a shift in momentum in Turkey’s favor. Dahiya said that actions taken last year to contain the crisis were necessary, but will weaken the banking sector as NPLs will inevitably rise (“that’s not a surprise to anyone”). On the other hand, he believed there was still room for spread compression in Turkish bank issues, a view seconded by Hope.
At Annual Meeting in NYC, Analysts Ponder EM Patch in 2019

EMTA’s Annual Meeting drew a crowd of over 250 market participants, and featured discussions on the outlook for EM in 2019, as well as reviews of specific economies. The event took place on December 6, 2018 and was once again hosted by Citi in its New York City headquarters.

David Lubin (Citi) kicked off the event by leading a panel of EM investors, asking for views on likely US monetary policy and its effects on EM debt. Jim Barrineau (Schroders Investment Management) reviewed the “crushing” of EM during the dollar’s ascent, but reasoned that the risk of US fiscal stimulus had declined, and would act as a headwind to further dollar strength. Then, “once the market feels more comfortable with a lower probability of a rising dollar, we will see more inflows into EM,” he concluded.

NWI’s Hari Hariharan argued that the “peak in Quantitative Tightening” was over, that the previously-expected US FOMC December hike was not a done deal, and that hikes by the European Central Bank were unlikely in the foreseeable future. Hariharan expressed bullishness on EM debt, while cautioning that, “we need the non-dedicated investor to come back. If they don’t return, we will just be playing marbles in a confined space.”

Shamaila Khan (AllianceBernstein) observed that an EU slow-down and faster-than-expected US growth had resulted in capital outflows into the US. With the yield curve suggesting a US recession, “I think it’s important that the Fed needs to blink,” she commented. Finally, Pablo Goldberg (BlackRock) noted that “the things that have no tickers and are hard to measure,” such as protectionism, trade wars and sanctions, would have a major influence on EM direction.

Lubin directed the panel to a discussion of China’s economy. In Barrineau’s analysis, Beijing was wrestling over the amount of economic stimulus needed to counteract US trade wars. He expressed cautious optimism, despite the lack of clarity on how nasty the tariff battle would get. A hard landing was not his base case, although he equally did not foresee Chinese stimulus acting as a growth-engine for other countries.

More bullish was Hariharan, who believed that more progress could be made during the 90-day tariff “truce” than the market expected. EM could suffer, however, as China will need more external capital to finance current account deficits, diverting funds from other EM issuers. In order to attract such FDI and portfolio inflows, Chinese leaders will avoid wild gyrations in the RMB, which would be positive for EM overall. President Xi’s attacks on the private sector are likely to be redressed in 2019, in Hariharan’s view.
Khan did not expect a trade war to be a major issue for China in 2019, and was “encouraged” by the restraint on leverage demonstrated by China in 2018. She believed Xi would revisit policies on SOEs at some point, and noted the large number of zombie companies in the commodity sector.

Lubin prompted further thoughts on capital flows. Goldberg noted that expectations of inflows into EMD in 2018 had proven wrong, disappointing investors. Barrineau commented that inflows into passive EM investing had been notable in 2018, “but it doesn’t feel like it is going into bonds.”

The panel concluded with a discussion on Brazil. Khan reasoned that, with the country having a new post-PT regime, political negotiation has entered a new chapter and bills will be passed in a new way. In addition, the role of the public sector in the economy will shrink. She concluded that, “the honeymoon [of a new government being elected] may end, but the marriage may last.” Goldberg observed that real rates have contracted, and the Central Bank is entering an era of high credibility.

Hariharan disagreed, anticipating a “classic pump and dump” situation, with locals holding Brazilian assets waiting to sell to more gullible foreigners who expect more improvements than are possible. Barrineau believed there were “better places to invest in…and the story doesn’t make my pulse race [at current prices.]” There was a significant risk that pension reform could be watered down, and spreads may be pricing in a more positive outcome.

Moderating the event’s sell-side panel for the 23rd consecutive year, Joyce Chang (JPMorgan) rued that “cash is king in 2018 and has so far outperformed every other asset class.” Noting that the consensus view called for a further US rate hike the following week, Chang asked speakers to identify their greatest concerns for 2019 EM debt performance.

Christian Keller (Barclays) noted that the major stumbling blocks in 2018 for EM had been concerns over Chinese growth, trade tensions, a strong dollar and the oil markets, along with several country-specific factors. In his view, the US rate outlook was the factor which was most visibly changing, possibly reducing some pressure on the asset class.

Bank of America Merrill Lynch’s David Woo anticipated gridlock in the US government following the 2018 Congressional elections. In his view, the biggest takeaway from the highly-anticipated Trump-Xi talks during the Buenos Aires G-20 submit was that “China gave nothing; and all Chinese ‘concessions’ were meaningless.” Woo did not expect future Chinese concessions either, and “wouldn’t buy EM with a ten-foot pole until there is a resolution of the US-China trade war.”
Annual Meeting (NY) (continued)

Pressed further, Woo opined that the US-China trade tensions are really about intellectual property theft, which could be costing the US as much as $400 billion a year. The enormity of this cost makes it extremely difficult for Xi to make changes, in Woo’s view.

“We are hopeful pessimists,” declared Alberto Ramos of Goldman Sachs, who saw a narrow path for performance in EM in 2019, in the “very low single digits.” He saw modest growth in EM (ex-China), with the US economy decelerating and China “moderately decelerating.”

In contrast, Drausio Giacomelli (Deutsche Bank) declared that, given the low bar set by other speakers, “I might be the most bullish person here!” EM had held up relatively well despite US rate hikes, he reasoned, and would be bolstered by synchronized growth (albeit at lower levels). Giacomelli believed that the dollar had peaked, and saw the US as avoiding a recession in 2021, unlike some other economists.

Addressing individual countries, Keller expected the contraction in Turkey to peak in Q1, with the country benefiting from lower oil prices. Keller saw inflation stabilizing at 20%, with a premature rate cut by the CBT as a major risk. Additional pain would be felt by Turkish banks as NPLs rise, although some issues may be attractive at current levels. Volatility was possible in the run-up to local elections in March.

Ramos was “inspired” by policy direction in Brazil, while “quite concerned” about decisions being made by the new Mexican administration, which has a lot of power because of its congressional support.

These views were seconded by Giacomelli, who stated that, “the conditions in Brazil are the best they have had in a decade.” He believed capital would likely flow in during the 1Q. Mexico, on the other hand, lacked a fiscal responsibility law, and president AMLO will be able to change the Banxico board, although it will remain independent, unlike in Turkey.

Overall, Keller viewed EM FX as likely to outperform in 2019, and sovereign dollar bonds were likely to demonstrate better returns than their corporate counterparts. Oil-exporter credits could be hurt by continued weakness in the oil markets, he added. Ramos favored EM equities hedged against US equities, followed by local currency debt.

Woo noted that the widening US budget deficit will be financed less by short-term bills and more by bonds. “I don’t know where that $1 trillion is coming from, but a lot of that may come out of EM, so that should worry you,” he cautioned.

Photography by Chuck Fishman
Annual Emerging Market Charity Benefit Raises over $350,000 for EM Health and Education Projects

Over $350,000 was raised at the latest EM debt industry’s Annual Emerging Market Charity Benefit (EMCB) in New York City. The event was held at the Chelsea nightclub Avenue on Thursday, December 6, 2018. Over 250 EM professionals attended. Since its establishment in 2003, EMCB has distributed over US$6.6 million to EM charities.

For the fifteenth consecutive year, MarketAxess sponsored the event with proceeds from its Annual Charity Trading Day held on October 24, 2018. MarketAxess’ Annual Charity Trading Day has raised over $1 million for the annual New York (and previously London) Charity Balls since its inception in 2004.

The EMCB Planning Committee held several meetings to review a list of charities nominated by members of the EM debt trading community. The Committee selected five organizations as the 2018 event’s beneficiaries, who will be receiving disbursements shortly:

- **African Dream Academy Foundation** makes grants to the African Dream Academy in Liberia to reduce poverty and foster sustainable development by educating children and providing healthcare, while also teaching vocational skills to their parents. [www.africandreamacademy.org](http://www.africandreamacademy.org)

- **Care 2 Communities** is creating a model for sustainable, community-based healthcare in Haiti that transforms the status quo, meets the needs of poor and low-income people, and empowers families to lead healthier lives. [www.care2communities.org](http://www.care2communities.org)

- **The Orphaned Starfish Foundation** is dedicated to helping orphans and at-risk youth break their cycles of abuse and poverty through computer-based education, job training and job placement assistance throughout the world. [www.orphanedstarfish.org](http://www.orphanedstarfish.org)

- **Shared Interest** provides marginalized Southern African entrepreneurs, small business owners and farmers of color with access to the financing they need to create sustainable livelihoods for themselves and their families. [www.sharedinterest.org](http://www.sharedinterest.org)

- **World Connect** makes authentic global connections to the most under-resourced areas of the world by investing in social entrepreneurs who locally drive their own transformative, self-sustaining development. [www.worldconnect-us.org](http://www.worldconnect-us.org)
EMTA Seminar on Turkish Economic Outlook Set for March 6, 2019 in London

Standard Chartered will once again host an EMTA Special Seminar on the Economic and Political Outlook for Turkey. The event is slated for Wednesday, March 6, 2019 at 1 Basinghall Avenue in London. Additional support for the program is being provided by Bank of America Merrill Lynch, Barclays and MarketAxess.

The Seminar will include a panel of speakers moderated by Standard Chartered’s Kaushik Rudra. Confirmed speakers include Ali Dhaloomal (Bank of America Merrill Lynch), Christian Keller (Barclays), Tim Ash (BlueBay Asset Management) and John Carlson (Fidelity Investments).

Invitations have been sent to all EMTA Members. There is an attendance fee of $695 for employees of Non-member firms.

For more information, please contact Jonathan Murno at jmurno@emta.org.

EMTA Dubai Forum Follows Announcement of GCC Index Inclusion

EMTA will hold its Annual Forum in Dubai on Wednesday, March 20, 2019, which will take place at the Capital Club at the DIFC. The event will be sponsored by MarketAxess. Additional support is being provided by Bank of America Merrill Lynch, BNP Paribas, Fitch Ratings, Goldman Sachs and HSBC.

The event will again be international in scope, with speakers attending from Beirut, Boston, and London, in addition to locally-based participants.

Confirmed panelists include Markus Schneider (AllianceBernstein), Jean-Michel Saliba (Bank of America Merrill Lynch), Mohamed Abdelmeguid (BNP Paribas), Tim Gill (Fidelity Investments), Jan Friederich (Fitch Ratings), Dino Kronfol (Franklin Templeton Investments), Farouk Soussa (Goldman Sachs), Razan Nasser (HSBC), Jamil Koudim (LF Funds) and Mohamed El Jawal (Waha Capital).

The event is expected to cover the inclusion of GCC credits into industry indices, the continued surge in issuance by Gulf States, the outlook for oil pricing, and progress in MENA/GCC economic reforms.

Registration is complimentary for EMTA Members; there is a US$695 attendance fee for Non-members. Please contact Jonathan Murno at jmurno@emta.org for more information.

Outlook for Argentina Elections Featured at EMTA Seminar in New York

The outlook for Argentina as it heads into presidential elections will be reviewed at a Special Seminar in New York on April 4, 2019. The event will be sponsored by Puente, with additional support provided by BBVA, Fitch Ratings and MarketAxess.

Confirmed speakers include Alejandro Cuadrado (BBVA), Pablo Goldberg (BlackRock), Kevin Ivers (DCI Group) Patrick Esteruelas (EMSO) and Todd Martinez (Fitch Ratings).

EMTA Members can register for the event at www.emta.org. Non-members may attend with a $695 registration fee. The event will be held at the ISDA Conference Center at 10 East 53rd Street (between Madison and Fifth Avenue).

A similar event is planned for London in October 2019.

For more information, please contact Jonathan Murno at jmurno@emta.org.
EMTA Returns to Boston on April 25

EMTA will hold its second event of the year in Boston on Thursday, April 25, 2019. The event will review opportunities and challenges in the EM debt markets.

Eaton Vance will host the event at 2 International Place in Boston. MarketAxess will sponsor the event, with additional support from Oppenheimer & Co. and TPCG.

Confirmed speakers include Mike Cirami (Eaton Vance and EMTA Board Director), Jonathan Kelly (Fidelity Investments), David Rolley (Loomis Sayles) and Juan Manuel Pazos (TPCG). The panel will be moderated by Nathalie Marshik (Oppenheimer & Co.)

Discounted attendance for EMTA Members is US$75; a registration fee of US$695 applies to Non-members who wish to attend the event.

For more information, please contact Jonathan Murno at jmurno@emta.org.

HSBC Will Host the EMTA Spring Forum in NYC on May 8

HSBC Securities USA Inc. will host EMTA’s Annual Spring Forum on Wednesday, May 8, 2019 in New York City. The event will review opportunities and challenges in the EM debt markets.

John H. Welch (HSBC Securities USA Inc.) will moderate the panel. Additional speakers will be announced shortly.

Attendance is complimentary to all EMTA Members; a registration fee of US$695 applies to Non-members who wish to attend the event.

For more information, please contact Jonathan Murno at jmurno@emta.org.

EMTA Forums in Latin America Scheduled for 2019

EMTA’s Annual Forum in Buenos Aires is scheduled for Tuesday, May 14, 2019. Sponsored by Refinitiv, the Forum will be held at the Hilton Hotel in Puerto Madero, Buenos Aires (Macacha Guemes 351).

EMTA’s 2019 Forum in Sao Paulo, sponsored by Market Axess, will be held on Thursday, May 16, 2019 at the Blue Tree Premium Hotel in Faria Lima, Sao Paulo (Avenida Brigadeiro Faria Lima 3989).

Please look for Invitations and event details which will be available in April and mark your calendars.
EMTA Bulletin

Membership Update

EMTA warmly welcomed 3 new Members during the First quarter of 2019. Our most recent new Members include:

- Canaccord Genuity
- Liquidnet
- Sandglass Capital Management Limited

EMTA’s Members include over 170 banks, broker-dealers, money management firms, hedge firms, law firms, other service providers and others.

EMTA membership benefits include access to the EMTA website and to EMTA’s staff, invitations to EMTA’s many events around the globe at no cost, eligibility to participate in working groups or other EMTA initiatives, and much more.

If you are interested in EMTA membership, or if you know of prospective members, please contact Jonathan Murno at jmurno@emta.org or (646) 676-4293 or Suzette Ortiz at sortiz@emta.org or (646) 676-4294.

Information on the different categories of membership and annual dues may also be found on the EMTA website at www.emta.org.

EMTA Notifies Members of Warrant Payments

EMTA has routinely monitored information on various warrants issued in Brady bond exchanges. During the fourth quarter of 2018 and the first quarter of 2019, EMTA notified its Members of the zero payment amount in respect of Uruguay warrants, and the record and payment dates in respect of Venezuela warrants.

This information can be found on EMTA’s website in the New Developments area (http://www.emta.org/newdev.aspx), as well as in the individual relevant countries’ Market pages (http://www.emta.org/markets.aspx).

For further information, please contact Aviva Werner at awerner@emta.org.

EMTA is Your Forum

Questions arise from time to time about EMTA’s policies regarding views expressed in items posted on its website or by speakers or panelists at EMTA events.

For the record, EMTA, by long-standing custom, does not necessarily endorse such views. Items posted on EMTA’s website and speakers and panelists at EMTA events are selected because EMTA believes that they will be of topical interest to our Members and to the broader market and will contribute to the free exchange of views and information in the marketplace.

EMTA is always interested in getting market feedback on the effectiveness of our website, events and activities generally. Please take the time to let us know whether or not you agree with what you see on our website or hear at one of our events and, most importantly, whether there is something that EMTA should be doing, or doing differently, to better serve the EM marketplace.
Website Updates

EMTA publishes a wide range of materials relevant to participants in the Emerging Markets industry.

Please take time to visit these areas on our website:

- **New Developments** (information about EMTA projects and other industry developments).
- **Upcoming Events** (the registration site for EMTA seminars and conferences).
- **Membership** (information on membership and EMTA Member Institutions).
- **Documentation** (standard documentation and market practices for fixed income and FX products).
- **Key Industry Views** (key industry perspectives and market commentary).
- **From the Market** (items submitted to EMTA that may be of interest to the Emerging Markets industry participants).
- **Litigation** (court decisions and related litigation materials (including amicus briefs)).
- **Employment** (industry positions currently available for Members of the Emerging Markets industry).

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Stay Current to Stay in Touch!

EMTA Survey: Third Quarter Emerging Markets Debt Trading at US$1.205 Trillion

**Volumes Down 7% on Year-on-Year Basis**

Emerging Markets debt trading volumes stood at US$1.205 trillion in the third quarter of 2018, according to a report released on December 19, 2018 today by EMTA. This compares with US$1.299 trillion reported for the third quarter of 2017, a 7% decrease, while also down 9% from US$1.327 trillion reported in the second quarter of 2018.

“The aggregate volume drop is far from dramatic, and is consistent with the performance of assets and some outflows during the quarter,” according to Alejandro Cuadrado, Managing Director and LatAm Strategist at BBVA, who noted that, “the most recent EM sell-offs have tended to be moderate compared to previous corrections, as real money investors generally do not head for the exit in times of stress.”

**Local Markets Instruments at 66% of Volume**

Turnover in local markets instruments stood at US$791 billion in the third quarter of 2018, accounting for 66% of total reported volume. This compares to US$736 billion in the third quarter of 2017, a 7% increase, and to US$821 billion in the second quarter of 2018, a 4% decrease.

Mexican instruments were the most frequently traded local markets debt in the third quarter of 2018, at US$185 billion. Other frequently-traded local instruments were those from Brazil (US$123 billion), India (US$94 billion), South Africa (US$85 billion), and China (US$49 billion).

**Eurobond Volumes at US$409 Billion**

Eurobond trading stood at US$409 billion in the third quarter of 2018, a 26% decrease on the US$553 billion reported in the third quarter of 2017, while an 18% decrease on the US$497 billion reported in the second quarter of 2018.

61% of Eurobond activity involved sovereign debt issues in the third quarter, with Survey participants reporting US$230 billion in sovereign Eurobond turnover. This compares with the same share of Eurobond activity in the previous quarter, when such volumes stood at US$302 billion.

Corporate Eurobond trading stood at US$172 billion in the third quarter of 2018, accounting for 38% of total Eurobond activity (vs. a comparable share in the prior quarter). Sovereign Eurobond activity accounted for 19% of overall Survey volumes, with corporate trading at 14% of total turnover.

The five most frequently traded Eurobonds in the third quarter were all Argentine issues, according to Survey participants. Argentina’s bond due in 2026 was the most frequently traded instrument (with US$5 billion in turnover), followed by Argentine bonds due in 2048, 2028, 2021, and the country’s US-dollar Par bond.

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options and loans. Survey participants reported US$4 billion in warrant and option trades and minimal (US$208 million) loan assignments.
Mexican, Brazilian and Indian Instruments Most Frequently Traded Overall

Mexican instruments were the most frequently traded local markets debt in the third quarter of 2018, at US$185 billion. Other frequently-traded local instruments were those from Brazil (US$123 billion), India (US$94 billion), South Africa (US$85 billion), and China (US$49 billion).

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$163 billion, according to Survey participants. This represents a 14% increase on third quarter 2017 volume of US$143 billion and unchanged from second quarter trading. Brazilian volumes accounted for 14% of total reported volumes. “Brazil’s underinvestment following years of outflows has led to some upside, and we’d expect volumes to continue to pick up into 2019 with more policy delivery,” commented Cuadrado.

Third were Indian assets, whose volume stood at US$99 billion. This compares to US$138 billion in the third quarter of 2017 (down 28%) and US$92 billion in the second quarter (up 8%). Indian instrument trading accounted for 8% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$98 billion) and China (US$89 billion).

The Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 44 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA’s Third Quarter 2018 Emerging Markets Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.

Figures in Billions of US Dollars
EMTA Hotlines

<table>
<thead>
<tr>
<th>Topic</th>
<th>Contact</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>Jonathan Murno/Leslie Payton Jacobs</td>
<td>(646) 676-4293/(301) 838-4552</td>
</tr>
<tr>
<td>Asia</td>
<td>Jonathan Murno/Leslie Payton Jacobs</td>
<td>(646) 676-4293/(301) 838-4552</td>
</tr>
<tr>
<td>Bond/Loan Trading</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
</tr>
<tr>
<td>CNH</td>
<td>Leslie Payton Jacobs</td>
<td>(301) 838-4552</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>Jonathan Murno/Leslie Payton Jacobs/Aviva Werner</td>
<td>(646) 676-4293/(301) 838-4552/(646) 676-4292</td>
</tr>
<tr>
<td>Credit Derivatives</td>
<td>Leslie Payton Jacobs/Aviva Werner</td>
<td>(301) 838-4552/(646) 676-4292</td>
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<tr>
<td>EM Charity Benefits</td>
<td>Jonathan Murno</td>
<td>(646) 676-4293</td>
</tr>
<tr>
<td>EM Litigation</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
</tr>
<tr>
<td>EMTA Annual Meeting/Forums</td>
<td>Jonathan Murno</td>
<td>(646) 676-4293</td>
</tr>
<tr>
<td>EMTA Governance/Board/Policy</td>
<td>Michael Chamberlin</td>
<td>(646) 676-4290</td>
</tr>
<tr>
<td>EMTA Membership</td>
<td>Jonathan Murno/Suzette Ortiz</td>
<td>(646) 676-4293/4294</td>
</tr>
<tr>
<td>FX Derivatives</td>
<td>Leslie Payton Jacobs</td>
<td>(301) 838-4552</td>
</tr>
<tr>
<td>International Financial Architecture</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<td>Investor Rights</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Legal/Compliance</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Library and Archive Requests</td>
<td>Evelyn Ramirez</td>
<td>(646) 676-4290</td>
</tr>
<tr>
<td>Local Markets</td>
<td>Aviva Werner/Leslie Payton Jacobs</td>
<td>(646) 676-4292/(301) 838-4552</td>
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<tr>
<td>Market Information/Research</td>
<td>Jonathan Murno</td>
<td>(646) 676-4293</td>
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<td>Netting Facilities</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>OFAC Sanctions</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Paris Club</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Repos/Securities Lending</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Volume Surveys</td>
<td>Jonathan Murno</td>
<td>(646) 676-4293</td>
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<tr>
<td>Warrants/VRR’s</td>
<td>Aviva Werner</td>
<td>(646) 676-4292</td>
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<tr>
<td>Website</td>
<td>Suzette Ortiz</td>
<td>(646) 676-4294</td>
</tr>
</tbody>
</table>

EMTA staff can also be reached through the general telephone number (646) 676-4290, at the following email addresses or through EMTA’s website (www.emta.org).

Michael Chamberlin mchamberlin@emta.org
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Suzette Ortiz sortiz@emta.org
Leslie Payton Jacobs lpijacobs@emta.org
Evelyn Ramirez eramirez@emta.org
Nadine Simonelli nsimonelli@emta.org
Aviva Werner awerner@emta.org
EMTA Calendar


Thurs., Jan. 10  EMTA Special Seminar: Brazil: Bolsonaro’s First 100 Days (NYC)
10 East 53rd Street, 8th Floor
(between Madison and Fifth Avenues)

Wed., Jan. 16  EMTA Corporate Bond Forum (London)
Hosted by ING
8-10 Moorgate

Mon., Jan. 21  Recommended Market Close (NYC/London) Martin Luther King, Jr. Day

Tues., Jan. 22  EMTA Forum in Miami
InterContinental Hotel
100 Chopin Plaza

Tues., Feb. 5  EMTA Special Seminar on the MENA/GCC Markets (London)
In Partnership with GBSA
Sponsored by MarketAxess
International Institute for Strategic Studies
6 Temple Place

Tues., Feb. 12  EMTA Special Seminar: Brazil: Bolsonaro’s First 100 Days (Boston)
The Langham Hotel - Madison Room
250 Franklin Street

Mon., Feb. 18  Recommended Market Close (NYC/London) Presidents’ Day

Tues., Feb. 19  EMTA Winter Forum (London)
Hosted by JPMorgan
60 Victoria Embankment

Tues., Feb. 26  EMTA Forum on Sub-Saharan Africa (NYC)
Sponsored by Exotix Capital
ISDA Conference Center
10 East 53rd Street, 8th Floor
(between Madison and Fifth Avenues)

Thurs., Feb. 28  EMTA Special Seminar on Russian and Venezuela Sanctions (NYC)
Sponsored by BancTrust & Co.
Hosted by Allen & Overy
1221 Avenue of the Americas
(between 48th and 49th Streets)

Wed., Mar. 6  EMTA Special Seminar on Turkey (London)
Sponsored by Standard Chartered
1 Basinghall Avenue

Wed., Mar. 20  EMTA Forum in Dubai
Sponsored by MarketAxess
The Capital Club Dubai
Gate Village, Building 3,
Dubai International Finance Centre (DIFC)
# Calendar (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>Thurs., April 4</td>
<td>EMTA Special Seminar on Argentina (NYC)</td>
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<td>3:30 p.m.</td>
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<td></td>
<td>ISDA Conference Center</td>
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<td>10 East 53rd Street, 8th Floor</td>
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<td>(between Madison and Fifth Avenues)</td>
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<td>Thurs., April 18</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td>Fri., April 19</td>
<td>Recommended Market Close (NYC/London) Good Friday</td>
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<td>Mon., April 22</td>
<td>Recommended Market Close (London) Easter Monday</td>
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<td>Thurs., April 25</td>
<td>EMTA Forum in Boston</td>
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<td>2 International Place</td>
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<td>Thurs., May 2</td>
<td>EMTA Forum in Los Angeles</td>
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<td>Wiltshire Loft</td>
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<td>700 Wiltshire Blvd.</td>
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<td>Mon., May 6</td>
<td>Recommended Market Close (London) May Day</td>
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<td>Wed., May 8</td>
<td>EMTA Spring Forum (NYC)</td>
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<td>Hosted by HSBC Securities USA Inc.</td>
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<td>452 Fifth Avenue (at 40th Street)</td>
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<td>Tues., May 14</td>
<td>EMTA Forum in Buenos Aires</td>
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<td>Sponsored by Refinitiv</td>
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<td>Hilton Hotel</td>
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<td>Macacha Guemes 351</td>
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<td>Puerto Madero</td>
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<td>Thurs., May 16</td>
<td>EMTA Forum in Sao Paulo</td>
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<td>Sponsored by MarketAxess</td>
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<td>Blue Tree Premium Hotel</td>
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<td>Avenida Brigadeiro</td>
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<td>Faria Lima</td>
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<td>Fri., May 24</td>
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<td>Mon., May 27</td>
<td>Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday</td>
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<td>Tues., June 25</td>
<td>Summer Forum (London)</td>
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<td>Hosted by Bank of America Merrill Lynch</td>
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<td>Wed., July 3</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td>Thurs., July 4</td>
<td>Recommended Market Close (NYC/London) Independence Day</td>
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<td>Mon., August 26</td>
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<td>Mon., Sept. 2</td>
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### Calendar (continued)

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<tr>
<td>Mon., Sept. 16</td>
<td><strong>EMTA Corporate Bond Forum (NYC)</strong></td>
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<td>Tues., Sept. 24</td>
<td><strong>EMTA Forum on Sub-Saharan Africa (London)</strong> Hosted by ICBC Standard</td>
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<td><strong>1285 Avenue of the Americas, 14th Fl. (at 51st Street)</strong></td>
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<tr>
<td>Oct./Nov*</td>
<td><strong>EMTA Corporate Bond Forum (Boston)</strong></td>
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<td>Mon., Oct. 21*</td>
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<td>Wed., Oct. 23*</td>
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<td>Mon., Oct. 14</td>
<td><strong>Recommended Market Close (NYC/London) Columbus Day</strong></td>
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<td>Mon., Nov. 11</td>
<td><strong>Recommended Market Close (NYC/London) Veterans' Day</strong></td>
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<td>Wed., Nov. 27</td>
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<td>Thurs., Nov. 28</td>
<td><strong>Recommended Market Close (NYC/London) Thanksgiving Day</strong></td>
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<td>Fri., Nov. 29</td>
<td><strong>Recommended 2:00 p.m. (NYC) Early Market Close</strong></td>
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<td>Thurs., Dec. 5</td>
<td><strong>EMTA Annual Meeting (NYC)</strong> Hosted by Citi</td>
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<td><strong>388 Greenwich Street</strong></td>
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<td>Tues., Dec. 24</td>
<td><strong>Recommended 2:00 p.m. (NYC) Early Market Close</strong></td>
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<td>Thurs., Dec. 26</td>
<td><strong>Recommended Market Close (London) Boxing Day</strong></td>
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<td>Tues., Dec. 31</td>
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*Details TBA*