Covid-19 Forces Reevaluation of EM Forecasts, Note Winter Forum Speakers

"How short-lived all of our 'year-ahead outlook' pieces can be when new factors emerge," observed Luis Oganes (JPMorgan) at the outset of EMTA's Annual Winter Forum in London. The event was hosted by JPMorgan at its historic Great Hall building on Tuesday, February 18, 2020, with 150 market participants attending.

In introductory remarks, Oganes noted that, following the Fed’s dovish turn in 2019, his and other firms had adopted a constructive outlook on growth. “Then, all of a sudden, a huge cloud of uncertainty related to the coronavirus has all of us cutting our estimates on Chinese growth, with assumptions still based on a V-shaped 2Q recovery,” posing (continued on page 12)

EMTA’s 30th Year - A Look Back to:

EMTA’s Beginnings
by Bruce Wolfson,
General Counsel of Jaguar Growth Partners and Former EMTA Director

[EMTA was formally incorporated in December 1990. To help mark EMTA’s 30th anniversary, EMTA’s Bulletin is featuring a series reprinting articles on the early periods of EMTA’s history. This issue contains Bruce Wolfson’s nearly ‘prehistoric’ recollections of the informal meetings in the late 1980’s that eventually led a group of leading Emerging Markets (then LDC!) debt traders to establish an industry trade association. (continued on page 5)
FX & Currency Derivatives

Update on EC Public Consultation on Benchmarks

On October 19, 2019, the European Commission issued its “Public Consultation Review [of the] EU Benchmark Regulation” (the “Consultation”), requesting input from the market in connection with its required review of the Regulation to be submitted to the European Parliament and Council. A copy of the Consultation can be found in the New Developments area of the EMTA website. In particular, Section 9 of the Consultation Document (“Non-EEA Benchmarks”) requested input on the provisions of the Regulation treating Third Country benchmarks and administrators.

EMTA Members supported the submission of a response to the Consultation and a response was prepared with the input of the EMTA Membership. In response to the Consultation, EMTA suggested that an exception be considered such that administrators of benchmarks for currencies that trade at “de minimis” levels in the global FX markets would not have to comply with the Regulation in connection with the administration of those specific benchmarks. Most EM currencies trade at levels that could be considered “de minimis” relative to other currencies. This suggestion is designed to benefit Third Country administrators of certain benchmarks used in NDF trading that do not otherwise benefit from an exemption (e.g., benchmark rates for ARS, NGN, INR, KRW, KZT, RUB, TWD and PHP) but without posing any significant risk to the EU public.

ESMA's response to the Commission’s Consultation can be viewed here: https://www.esma.europa.eu/sites/default/files/library/esma70-156-1778_esma_response_on_the_bmr_review.pdf

Latin America

Significant Changes for Brazil, Chile, Colombia and Peru?

EMTA Member experience in the fall with the Argentine Exchange Rate Divergence has prompted the examination by an EMTA Working Group of a similar provision contained in the EMTA Template Terms for BRL/USD Non-Deliverable FX Forward and Currency Option Definitions. The Working Group is considering whether to retain or remove the Exchange Rate Divergence provision and whether to amend the Maximum Days of Postponement period of 30 calendar days to a 14-day period. This change to 14 calendar days is also being considered for the CLP, COP and PEN markets to bring all Latin American markets to a similar standard. If this step is determined to be in the best interest of the market and approved by the EMTA Working Group, documentation will be prepared for its implementation and the EMTA Membership notified in a timely fashion.

New Terms: Uruguay

Preparation of non-deliverable FX documentation for the Uruguayan Peso is proceeding. The documentation package for the standardization of the Uruguayan Peso includes an updated rate source definition (for inclusion in Annex A), new Template Terms for NDFs and NDOs, a market practice statement and a form of bilateral agreement that EMTA Members can use to amend outstanding bespoke transactions to incorporate the new UYU/USD Template Terms.

The fixing proposed to be included in the standard documentation is a fixing sponsored by the Central Bank of Uruguay. From an EU regulatory perspective, administrator status appears to present no complications for EU-based supervised entities, but EMTA Members are advised to consult their counsel on the specifics of their situations and the application of the legislation to their transactions.
Middle East / Africa

Addition of Terms for Angola, Uganda

Preparation of non-deliverable FX documentation for the Angolan Kwanza and the Ugandan Shilling is proceeding. This documentation package includes new rate source definitions (for inclusion in Annex A) for the Angolan Kwanza and the Ugandan Shilling rates and new Template Terms for NDFs and NDOs for both currencies.

For both currencies, the fixing proposed to be included in the standard documentation is a fixing sponsored by the Central Bank of the respective country. Accordingly, from an EU regulatory perspective, administrator status appears to present no complications for EU-based supervised entities, but EMTA Members are advised to consult their counsel on the specifics of their situations and the application of the legislation to their transactions.

Monitoring ECO

EMTA is currently monitoring the development of the ECO currency union and, at an appropriate time, will consider the need to amend Annex A to add the ECO as a currency and its financial center(s) to Annex A. Further market developments such as potential standardized documentation could be considered in the future. EMTA Members are invited to comment on this development and the need for EMTA attention to it.

Fixings to Shift for Ghana, Kenya and Zambia

For many years, EMTA documentation and market practices for NDF trading of the Ghanaian Cedi, Kenyan Shilling and Zambian Kwacha have referenced settlement rate options provided by Thomson Reuters that were based on a polling methodology involving onshore banks in each country. While previously IOSCO compliant (to the extent possible), Thomson Reuters (now Refinitiv) determined that these three rates needed to be strengthened as a regulatory matter to ensure, among other things, compliance with the EU Benchmarks Regulations. As a result, it is proposed that these three fixings be replaced with new rates based upon the WMR Methodology. The EMTA African Currency Working Group has worked closely with Refinitiv personnel on this proposed shift in the fixings and preparations are being made for a cessation of the three polling based rates and a transition to the new rates based on the WMR Methodology, which are administered by Refinitiv Benchmarks Limited, the EU-approved administrator of the Refinitiv family. EMTA staff and the Working Group are currently planning the necessary transition documentation and will inform the EMTA Membership of the needed steps to implement these changes which will include new rate source definitions, updated Template Terms and market practice statements, and possibly, documentation to update changes to outstanding trades for these three currencies.

Turkish Lira?

Economic conditions in Turkey over recent months have prompted inquiries from some EMTA Members regarding a possible need for non-deliverable FX documentation in the future. EMTA is monitoring this and invites input from its Members on the issue.
Annex A Amendment

In addition to the many planned updates to Annex A noted above, EMTA and ISDA are working to update references to several benchmark administrators to reflect the various adjustments made by these entities to align with current regulatory requirements, particularly in the EU. Thus, previous references in Annex A to “Thomson Reuters” will be replaced with references to “Refinitiv” and to its EU-approved benchmark administrator, Refinitiv Benchmark Services Limited, in connection with certain rate source definitions and references to the Bloomberg family rates will be updated as needed to reflect its new EU-approved administrator, Bloomberg Index Services Limited.

EMTA does not currently anticipate the need to prepare additional or amending documentation to implement the above changes and suggests that market participants may rely on the existing provisions in Annex A to address them. EMTA Members are advised to consult with their counsel on the appropriate course of action for their specific institutions.

EMTA Members are reminded that the inclusion in Annex A of a rate source definition for any currency spot rate should not be construed as an endorsement by either EMTA or ISDA (as Sponsoring Organizations) of any rate as described by any rate source definition in Annex A or any implication that any currency spot rate referred to in Annex A qualifies or otherwise meets the legal or regulatory requirements of any particular jurisdiction. EMTA Members are advised to consult their counsel in respect of their legal or regulatory requirements in these matters.

Draft Documentation for the above projects can be found, on an ongoing basis on the EMTA FX Draft Documentation Bulletin Board (Click Here). Please direct comments and questions on all FX and Currency Derivatives matters to Leslie Payton Jacobs (lpjacobs@emta.org).
EMTA's 30th Year (continued)

Bruce has been a leading EM lawyer and aficionado since the early 1980’s, chaired EMTA’s first Documentation Committee and has served as an EMTA Director on behalf of several firms off and on since 1994. These recollections of EMTA’s beginnings were first published in 2000, when Bruce was a Senior Managing Director at Bear Stearns.

Not long after the first restructurings for Latin American debt were agreed in December 1982, the first loan trades were consummated. At first, the trades were for the limited purpose of allowing lenders to reallocate their portfolios of sovereign credits. Trades (called ‘ratio’ or ‘cocktail’ swaps) were structured as exchanges of assets, avoiding any mention of prices that might force the parties to adjust the value of billions of dollars of similar credits still on their books.

A few years later, provisions allowing creditors to exchange sovereign debt for equity or other assets were introduced into the new restructuring agreements. This brought added impetus to the trading markets, as prospective investors became purchasers of restructured debt. Financial institutions representing such investors often accumulated debt to be used in debt/equity and other swaps.

The restructuring process continued in Latin America throughout the 1980’s and then spread to other Emerging Markets around the world. The first round of restructuring was succeeded by others, vastly increasing the supply of tradable loans. When Citibank established a significant reserve against its LDC debt in the spring of 1987, most other major lenders followed. Sales for cash by some lenders to generate tax losses occurred in late 1987, and throughout 1988 the cash market further developed. Loan trading volumes soared, heralding the creation of a new trading asset class and bringing considerable attention to this young industry.

Unfortunately, not all of the attention was favorable. Press coverage of the trading industry (as well as coverage of bank debt negotiations) was somewhat hostile, and market rumors abounded. Banking regulators had begun to express their concerns that sovereign loan trading resembled a ‘Wild West Show’.

As book values of loans became more realistic, it became harder to get commercial banks to make the new money loans required under the Baker Plan. At the same time, public concerns were growing about the ability of sovereign borrowers to repay loans, and about the cost to the countries of doing so. Mexico’s Aztec Bonds in 1988 represented one of the early efforts by a debtor country to ‘capture the discount’ that the trading markets had made plain to all.

Against this backdrop, U.S. Treasury Secretary Nicholas Brady delivered an address at Bretton Woods in March 1989 proposing partial forgiveness of LDC debt in exchange for collateralized instruments that would be easier to trade. Mexico’s negotiations began the next month, resulting in a deal by July and a term sheet in September. The deal was set to close in March 1990.

There were many significant aspects of the so-called “Brady Plan”. Principal maturities were to be extended to thirty years. Debt relief was provided by means of a reduction in principal (in the case of Mexico, by 35%) or interest (in Mexico’s case, to 6.25% fixed). The U.S. Treasury sold borrowers zero-coupon bonds to be used as principal collateral. Interest was to be partially collateralized as well. Oil warrants, called Value Recovery Rights, were issued to Mexico’s creditors, and Venezuela, Uruguay, Nigeria and Costa Rica issued similar instruments. Perhaps most importantly for purposes of this article, loans were to be exchanged for bonds in a variety of series and currencies, all of which were designed to be instruments capable of trading freely in the secondary markets.
EMTA's 30th Year (continued)

From the term sheet, Brady Bonds looked like they would be complicated trading instruments, and the trading community pondered the approaching deadline for their creation. For years, Emerging Markets trading desks had devoted enormous amounts of time and money to preparing, negotiating and executing loan trading documentation on a trade-by-trade basis. Although a small group of commercial banks had worked out confirmation forms for the Aztec Bonds, there were no other standard documents or market practices, and loan trades routinely took weeks to settle. Most of the major players were commercial banks or former commercial bankers with just enough experience in bond trading to know that individually negotiated documentation and delayed settlements would not work for Brady Bonds.

A few traders had long harbored hopes of creating a trade association to bring greater efficiency and transparency to the markets. The advent of the Brady Plan, along with the added regulatory focus on the growing loan trading business, made the moment ripe. One afternoon in late 1989, Peter Geraghty, then head of the LDC debt trading business at NMB, invited a few of his colleagues around the Street to discuss procedures for trading Brady Bonds.

The urgent need to develop standard documents for trading Brady Bonds was recognized by all, but most firms were hesitant to confer any authority to enforce their use or define market practices. As the meeting adjourned, a small group of lawyers was formed to prepare draft confirmations, but no decision to form a trade association was taken.

In the weeks and months that followed, Peter Geraghty continued to lobby his colleagues to form a trade association to bring greater order and efficiency to the markets. Nick Rohatyn of JP Morgan argued that industry standards had to be above reproach and that such an association could address concerns of regulators that LDC loan trading was in need of increased regulation. As the effort to create standard bond confirmations proceeded, the firms seemed to grow more comfortable with the idea of working together under the auspices of a trade association. In due course, trade confirmation forms for Mexico’s Brady Bonds were completed and put into use.

The first issuance of Brady Bonds [March 1990] gave further fuel to the market’s growth and development. Before long, the first broker’s screens were introduced. If LDC debt trading was still a club, its membership was growing.

As interest in a trade association grew, many of the fears remained. There was widespread agreement on the wisdom of developing standard documentation that counterparties could use to facilitate settlement. There was also significant support for publishing standard market practices that would govern all trades unless the parties otherwise agreed. On the other hand, there was no appetite for a self-regulatory organization. Participation in the new trade group, provisionally called the LDC Debt Traders Association, was to be wholly voluntary. There was to be no authority to require members to use standard documents or to follow published market practices. The Association was to act only on matters as to which a broad consensus could be reached.

Thus, the decision was made to form the association that is today the Emerging Markets Traders Association. The eleven original Directors, which included a number of the traders who had attended the early Aztec and Brady Bond meetings, were Rick Haller of Morgan Grenfell, Kathy Galbraith of The Chase Manhattan Bank, Nick
EMTA's 30th Year (continued)

Rohatyn of JP Morgan, Peter Geraghty of NMB, Alex Rodzianko of Manufacturers Hanover, Peter Drittel of Bear, Stearns, Manuel Mejia-Aoun of Merrill Lynch, Steve Dizard of Salomon Brothers, Hugo Verdegaal of Citibank, Neil Allen of Bankers Trust, and Robert Trisciuzzi of Bank of Tokyo. Nick Rohatyn served as the first Chair and later contributed EMTA's first offices and Executive Director — Tom Winslade, a JP Morgan attorney, who was seconded to EMTA full-time from June 1992 through 1993. Following a 'beauty contest', Michael Chamberlin of Shearman & Sterling was named outside legal counsel in late 1990 and was charged with incorporating the Association.

In December 1990, the LDC Debt Traders Association was formally incorporated. What began the 1980's as a few heavily negotiated asset swaps greeted the 1990's as a major industry. The subsequent years have been challenging for EMTA, and for the business it represents. But through the many highs and lows, there can be little doubt that the efforts of those who met in that conference room at NMB just over a decade ago have contributed more to the stability and transparency of the Emerging Markets than even they could have imagined.

A postscript: Sadly, Peter Geraghty passed away in 2011, but he is fondly remembered by everyone in EM trading and investment who knew him. Please see his EMTA memorial here.
Province of Buenos Aires Makes Payment During Grace Period on 2021 Bond

The Province of Buenos Aires bondholders formed in December 2019 and announced the Principles for Stable Capital Flows and Fair Debt Restructuring. Click Here for information on the bondholders’ formation and Click Here for the Principles. In January 2020, the bondholders retained counsel (Click Here for the Press Release), and later that month (Click Here) they noted the consent solicitation challenges to a fair deal.

On February 4, the Province announced its intention to pay the full principal and interest amounts due (which they did), and two days later S&P stated that its ratings remained unaffected after such payment of principal and interest within the grace period. Click Here for the S&P Statement.

Court Decision on OFAC Sanctions Preventing PdVSA Payments

Click Here for the Cleary Gottlieb Memorandum on how the District Court decision incorrectly held that OFAC sanctions barred PdVSA from making payment on its pre-sanctions debts and Click Here for the U.S. District Court Opinion.

EMTA Monitors Venezuela Sanctions

Increased activity in the sanctions area has engendered various OFAC-related materials (including FAQs), 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.

EMTA Monitors Iran, North Korea, Cuba, South Sudan and Nicaragua Sanctions


EMTA Monitors Russia Sanctions

Various OFAC-related material is 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.

EMTA Notifies Members of Warrant Payments

EMTA has routinely monitored information on various warrants issued in Brady bond exchanges. During the fourth quarter of 2019, EMTA notified its Members of the zero payment amount in respect of Uruguay 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 Survey: Third Quarter Emerging Markets Debt Trading at US$1.416 Trillion

**Volumes Up 18% on Year-on-Year Basis**
Emerging Markets debt trading volumes stood at US$1.416 trillion in the third quarter of 2019, according to a report released on December 20, 2019 by EMTA. This compares with US$1.205 trillion reported for third quarter of 2018, an 18% increase, and up 17% from the US$1.211 trillion reported in the second quarter of 2019.

**Local Markets Instruments at 57% of Volume**
Turnover in local markets instruments stood at US$803 billion in the third quarter, accounting for 57% of total reported volume. This compares to US$791 billion in the third quarter of 2018, a 2% increase, and to US$663 billion in the second quarter of 2019, a 21% increase.

Mexican instruments remained the most frequently traded local markets debt in the third quarter of 2019, at US$205 billion. Other frequently-traded local instruments were those from Brazil (US$144 billion), India (US$135 billion), China (US$35 billion) and South Africa (US$27 billion).

**Eurobond Volumes at US$610 Billion**
Eurobond trading stood at US$610 billion in the third quarter of 2019, up 49% from the US$409 billion reported in the third quarter of 2018, and a 12% increase on the US$547 billion reported in the second quarter of 2019.

53% of Eurobond activity involved sovereign debt issues in the third quarter, with Survey participants reporting US$326 billion in sovereign Eurobond turnover. This compares to a 60% share of Eurobond activity in the previous quarter, when such volumes stood at US$330 billion.

Corporate Eurobond trading stood at US$263 billion in the third quarter of 2019, accounting for 43% of total Eurobond activity (vs. a 37% share in the prior quarter). Sovereign Eurobond activity accounted for 23% of overall Survey volumes, with corporate trading at 19% of total turnover.

The most frequently traded Eurobonds in the quarter, according to Survey participants, were Mexico’s 2029 bond, at US$4.5 billion in turnover. Other frequently traded bonds include Argentina’s 2021 bond (US$4.4 billion), Petrobras’ 2049 bond (at US$4.3 billion), and Argentina’s 2028 and USD-par bonds (US$4 billion and US$3.9 billion, respectively).

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$2.9 billion in warrant and option trades and under US$100 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$301 billion in turnover. This compared to US$223 billion reported in the third quarter of 2018 (up 35%), and up 46% vs. US$206 billion reported in the second quarter. Mexican volumes represented 21% of overall volumes.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$216 billion, according to Survey participants. This represents a 32% increase on third quarter 2018 volume of US$163 billion and up 23% compared to the US$176 billion reported in the second quarter. Brazilian volumes accounted for 15% of total reported volumes.

Third were Indian assets, whose volume stood at US$149 billion. This compares to US$99 billion in the third quarter of 2018 (up 50%), while up 87% on the US$79 billion reported in the second quarter. Indian instrument trading accounted for 10% of Survey volume.

Other frequently traded instruments were securities from China (US$86 billion) and Argentina (US$66 billion).

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by 43 leading investment and commercial banks, asset management firms and hedge funds.

For a copy of EMTA's Third Quarter 2019 Emerging Markets Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.
EMTA Survey: Emerging Markets CDS Trades at US$486 Billion in Third Quarter

*Volumes Down 4% vs. Third Quarter 2018*

Emerging Markets CDS trading stood at US$486 billion in the third quarter of 2019, according to a Survey of 12 major dealers released by EMTA on December 11, 2019. This was 4% below the US$509 billion reported in the third quarter of 2018, while a 34% increase on the US$364 billion in reported transactions in the second quarter of 2019.

The largest CDS volumes in the Survey during the quarter were those on China, at US$50 billion. EMTA Survey participants also reported US$44 billion in Turkish volumes, and US$40 billion on Brazil.

The EMTA Survey also included volumes on nine corporate CDS contracts, with the highest reported quarterly volume on Pemex (at approximately US$2.3 billion).

For a copy of EMTA’s Third Quarter 2019 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org.
Winter Forum (continued)

further downside risk. He added that, while economists were comparing the current outbreak to the SARS pandemic, “we need to revise our thinking, because, at the time of SARS, China was only 10% of global manufacturing, but now it constitutes one-third of it.”

Bhanu Baweja (UBS) emphasized that, “growth revisions have to be massive,” and predicted Chinese growth could drop to the 4% range on an annual basis. According to Baweja, the market was correct in treating the outbreak as a Q1-concentrated shock, and buying on dips could prove lucrative.

Baweja believed that “EM rates need to come down,” with inflation well below nominal rates, and thus increasing real rates. Agreeing, Goldman Sachs’ Andrew Matheny identified Russia and South Africa as two countries where Central Banks have been reluctant to cut rates, despite inflation surprises to the downside.

Razia Khan (Standard Chartered) reviewed the outlook for African markets. Despite concern over the steep oil price drop since the coronavirus outbreak, she saw potential grounds for optimism that Nigeria’s non-oil sector may be growing, and for a more concerted effort on fiscal reform. She suggested investors seek credits that were caught up in the net of newly reduced global projections, but which had more limited exposure.

On the other hand, Khan conceded that, “it is very difficult to have a positive outlook on South Africa, and the bearish outlook is such a consensus view.” With such low expectations, any increase in private sector investment or reform progress at Eskom would be a welcome development. “The near-term is hugely dependent on politics; we have a reformist president who may or may not be in charge of his party, and may be vulnerable… keep on the lookout for signs of whether reformers are in charge of the agenda, because things could turn around quickly if South Africa embraces reform,” she advised.

Luis Costa (Citi Research) expressed skepticism that South Africa could present a credible debt stabilization plan, and forecast the loss of the country’s remaining IG rating. “There is a continued need for the government to support its SOES, and we don’t foresee an end to that near-term,” he commented, acknowledging the political challenge of reducing the public sector labor force in a sluggish environment. “We have no doubt there is an intention to make changes, but we think it will be almost impossible to exceed market expectations. We expect disappointing growth and power shortages to continue,” he concluded.

Turning to Ukraine, Matheny ventured that, “all of us would agree that Ukraine has been a beneficiary of the global liquidity story, but it’s also a story of a reformist new president.” The government is taking ownership of reform, he stressed, rather than merely accepting an externally imposed IMF plan. He remained encouraged at Ukraine’s direction, and considered further spread compression possible.

Concluding the event’s sell side panel, Baweja highlighted Russian debt as one of the most consensus trades in EM. “The debt/GDP ratio is collapsing, they have an amazing Central Bank, and the ruble’s link to oil is declining,” he argued.

Kevin Daly (Aberdeen Standard Investments) at the event’s second panel polled his fellow investors on how they think the spread of Covid-19 had affected their decision-making. “It’s certainly not helping the case for growth,” replied JPMorgan Asset Management’s Pierre-Yves Bareau, who had previously hoped for EM growth to surpass that in the US.

Bareau cited the depth of rate-cutting by almost 50 Central Banks globally, which demonstrate “a massive accommodation in the face of slow growth...we don’t see this stopping, which should help us in fixed income.” He raised a concern that the market may need to adjust to a U-shaped recovery from the outbreak; “there may be some legacy complacency in the market.”
Winter Forum (continued)

Richard Segal (Manulife Investment Management) offered a bottoms-up assessment that significant effects would be felt by firms such as International airlines and commodity producers. A top-down assessment was more nuanced, with a generalized slowdown effect that would likely prove a short-lived shock. Uncertainty would likely prevail for another month, and, while the infection rate may be slowing down, the veracity of Chinese growth statistics might prove questionable. “It seems like a huge percentage of Chinese are not back at their jobs,” he cautioned.

Spinnaker Capital Group’s Justin Teutsch reasoned that, while it was not clear if the effects would prove transitory, one thing that was certain was that “all Chinese GDP growth estimates are way off.” The oil and coal markets were, in particular, suffering from decreased Chinese demand. Finally, Rob Drijkoningen (Neuberger Berman) seconded concerns of a U-shaped recovery. “Fiscal stimulus is not possible yet in China because people are not back to work, and we don’t believe the recovery will start until the 2H of 2020.” Drijkoningen urged attendees not to misunderstand the “significant setback” this was causing EM.

Daly asked for views on US elections-related risks. Teutsch described a market that has become complacent in assuming Trump’s re-election, and may be in for a shock when spring polls show a Democratic victory. This created risks for extractive sectors such as shale, he added. Drijkoningen saw a victory by the extreme left as less than likely, but agreed such a scenario could lead to a market sell-off. Segal countered that a Sanders presidency would be constrained, even by a Democratic-controlled legislature, from moving far-left.

Addressing speculation over Argentina, Teutsch declared that the key to a solution, “is not the amount of the haircut, it’s the policy path for the Fernandez administration.” A plan which focuses, among other factors, on wealth redistribution and increasing taxes was, in his view, “certain to fail…and should be a greater concern than debt renegotiation issues.”

Segal reminded the audience that, with a much smaller amount of involved parties, any new Argentine restructuring “would be a walk in the park compared to the last one.” Upside of as much as 12 points was possible on any deal conclusion, although with a history of being a serial defaulter, “will we be looking at this all again in five to ten years?” he questioned. Drijkoningen added that the IMF’s role would be complicated by its own heavy exposure to Argentina.

Panelists also voiced strong concerns on Lebanon. “It’s very hard to see any growth potential, or how the country can adopt a reform agenda, given the political situation,” feared Drijkoningen, who anticipated a large haircut. Lebanon had no clear options for a cash infusion, including from IMF or GCC sources. Blunter was Teutsch: “Lebanon is in disarray with a severe lack of any coherent economic program. They are in urgent need of IMF support and a comprehensive reform plan, but they don’t have a lot of time.” Dollarization might be part of the solution to the country’s messy FX exchange system, in his view, while a devaluation could make the situation worse.

Bareau maintained that South Africa had at least an even chance to preserve its last IG rating, while conceding long-term the country’s direction was concerning. Segal characterized the South African government as acting “like a deer in the headlights,” which may “only get serious” if the credit is downgraded to junk. “It’s only a matter of time, their debt/GDP ratio is being dragged down to unsustainable levels,” judged Drijkoningen. Teutsch asserted that focus on Eskom’s debt troubles was misplaced, as the company would be better served to focus on renewables and allowing new entrants onto the power grid.
Speakers at EMTA Seminar on Argentina Question
Government’s Strategy and Lament Missed Opportunities

Argentina’s anticipated restructuring was the focus of a special EMTA Seminar held on Monday, February 10, 2020 in New York. The event was sponsored by TPCG and DCI, with the additional support of Amherst Pierpont. 150 market participants attended.

Juan Manuel Pazos (TPCG) moderated the event’s panel discussion, and began by inviting speakers to summarize their views on the direction under its new administration. Siobhan Morden (Amherst Pierpont) opined that, thus far, the Fernandez government appears to be “trying to avoid the worst mistakes of the Cristina regime…but they are still interventionist, still focusing on wealth distribution, and its plans will likely lead to slow growth and high inflation.” In her view, a debt deal would likely include high exit yields.

Kevin Ivers (DCI Group) recalled that Fernandez had been saying since the campaign that the debt was not payable, and insisted creditors would have to provide relief, but still has not produced an economic plan that lays out what he would do with that breathing room. He stressed that this government’s main priority is about power—getting it and retaining it—and everything else is defined through that filter. This means, the unifying objective for all the elements of the governing coalition is to ensure there are the most resources available for the 2021 midterm election. “I don’t think they will pay the debt—whether the creditors give them a deal or not—because they need resources for the midterms,” he argued. Ivers added that the various Peronist factions will be jockeying for position, each using the midterms to try to increase their power within the coalition.

Attempting to strike a more upbeat tone, GMO’s Carl Ross reasoned that the Argentine government would need positive economic results to get re-elected, “and they can’t blame everything on Macri.” That “they haven’t come in with a scorched-earth approach” could be mildly encouraging, while the rush by Argentines to convert pesos to dollars was a clear vote by the populace on their level of confidence. Ross also saw as a decent signal that the government had “some recognition that fiscal deficits can’t be financed by monetary expansion.”

The Fernandez government missed opportunities during the long period between the primary elections and its final victory, according to Gramercy’s Robert Koenigsberger (“they knew they were going to win, but Fernandez didn’t act like a President-elect”). He expressed concern at signs of unilateral behavior that mirrors the 2005 Lock Law. “Negotiations should start with a blank piece of paper,” he declared.
Argentina (continued)

Pazos referred to recent ad-hoc exchanges and new issues to rollover local debt. Morden was not sure if there was a clear strategy, but noted the local market was the country’s first recourse to funding. On external bonds, she believed the goal was to seek liquidity relief immediately, “and worry about who will pay it later.” She described the administration’s approach as mostly time-buying, and a suboptimal approach; “a political solution, not an economic one.” She predicted an offer above market prices, in order to conclude a deal, but which would aim for 75% debt relief. Ivers noted, that once the government reveals its economic plan, investors will have a better idea of Argentina’s resource needs.

“Argentina is in a deep credibility hole…and they will need to rebuild credibility with us, and with their own population,” commented Ross. He alluded to Ukraine’s 2015 restructuring, which was initially controversial but eventually successful, while acknowledging the number of creditors involved in Argentina is much larger.

Koenigsberger also remained concerned at the lack of co-ordination and a clear strategy, “they seem committed to a fragmented approach.” Investors want to get an idea of what an exchange would look like. He specified that, “we want to be part of a simultaneous plan—we are looking for public sector involvement, we won’t go first.”

While Ross anticipated requests for a haircut on principal and interest, as well as a maturity extension, he predicted that investors will push for a return of some capital soon – “a payment of some sort will have to be made.” This was due to Argentina’s poor credit history. Creditors have leverage because, “Fernandez needs to do something fast if the wants to make Argentina sound again; the IMF, creditors and the country all have to find a common destiny.” Ross envisioned a deal where both bonds issued by the Macri administration and exchange bonds all became part of a global restructuring, with the same indentures, with possibly a more favorable exchange rate to lure the exchange bondholders.

Ivers stated that a global restructuring would be the easiest politically, and would have the easiest chance of legislative approval. “That way there is something for everyone to grab on to; everyone can claim that they changed the direction of the country.” Koenigsberger suggested that Argentina may have an incentive to push prices down, and thus have more latitude to offer a premium on current levels, and that decreased liquidity was also a factor. (Morden opined that there was strong market support for Argentine debt at 40, and much lower prices would require a large haircut on capital.)

Pazos polled speakers for views on Argentine corporates. “You need to do a bottoms-up analysis; some corporates did better than the sovereign in 2005,” replied Koenigsberger. The behavior of the Fernandez administration will affect the cost of capital for both the sovereign and corporate issuers for a long time, added Ross. Ivers urged the passage of reforms to promote the private sector as an engine of growth; “soy is not the answer; China is not a miracle solution anymore.”
AMLO’s Popularity Despite Economic Stagnation Explored at EMTA Seminar

Mexican President AMLO has to date not fulfilled his key campaign promises, yet remains widely popular, noted Alberto Ramos (Goldman Sachs) in introductory remarks at an EMTA Special Seminar on the Mexican Economic Outlook. The event, held in New York on Tuesday, February 4, 2020, was sponsored by Goldman Sachs. Citi, Mizuho Securities USA LLC and MarketAxess provided additional support for the event, which drew an audience of 100 market participants.

Ramos observed that growth has been far from the promised 4%, security has not improved despite the “hugs not bullets” approach, and “the jury is still out on the eradication of corruption.” Ramos led speakers through a discussion of the outlook for Mexico, including prospects for the troubled national oil company Pemex.

Gerardo Rodriguez (BlackRock, and former Undersecretary of Finance and Public Credit at Mexico’s Finance Ministry) pointed out that his early skepticism towards the AMLO administration had proven justified. Mexico’s institutions are being destroyed, and government actions have stymied growth, in his assessment. Rodriguez described energy sector management as “incompetent,” while warning that the fiscal situation is deteriorating. On the other hand, Mexico was not a victim of external forces; the widely-popular AMLO “has the key; he could turn things around.”

Mizuho Securities USA LLC’s Jeff Norton (speaking in a personal capacity) concurred that the president would have to change his ideology to achieve growth. The risk of a restless populace remained, and Mexicans could tire of disappointing economic growth, with Norton agreeing that generally AMLO has escaped blame from Mexico’s problems.

Martin Soler (HSBC Asset Management) expected that Banxico would continue its gradual rate cuts, as long as inflation remains near target. He noted that real wages have increased 4% in a flat economy, a possible cause of concern. Rodriguez criticized previous rate hikes during the election period as “the wrong medicine, and they are in the process of undoing that mistake, especially as Central Banks globally have now entered a dovish phase.” Moderator Ramos underscored that, “we are still far away from rate neutrality; there is a lot of room to cut.”
Mexico (continued)

Eric Ollom (Citi Research) delivered an analysis of Pemex. “The ratings agencies have been very specific on what they need to see to avoid further downgrades, but we don’t see it politically possible for Pemex to get a $15 billion cash injection or a reduction on its taxes,” he stated. While the liability management exercise last year was successful in “kicking the can down the road,” Ollom remained troubled by Pemex’s declining production and the lack of investment. In his view, both the AMLO government and its predecessors had offered the least possible assistance for over a decade. Finally, the coronavirus’ effect on oil pricing, if sustained, added a new potential downgrade trigger.

Ollom estimated only a 20% chance Pemex could avoid a downgrade, and would not rule out a downgrade combined with a negative outlook, which could signal further downgrades. He offered one possible solution of an explicit government guarantee as each bond issue matured, although to return to financial health, the company needed foreign investment. Norton added a criticism of the administration’s decision to create new refineries when current facilities are operating at such low levels, and its neglect of CAPX.

Despite the generally negative tone of the panel, Rodriguez sounded a note of caution for bears—or hope for bulls. “You have to be careful about being too negative on Mexico…AMLO is a professional politician, he is pragmatic and not a 100% ideologue, and could adjust his policies if it was in his interest.” To date, AMLO has abided by two important rules of fiscal conservatism and avoiding a clash with the US; “this has kept things anchored.” Rodriguez reasoned that, with his legislative majorities, AMLO would be able to pass laws that could earn market credibility, if he so desired.

Rodriguez credited AMLO as being a “master strategist,” remaining the focus of attention with his extreme rhetoric and bold actions (such as the presidential plane raffle). His popular daily show has diverted attention from “usually unforgivable” fuel shortages, or the botched arrest of El Chapo’s son. Norton concurred, and believed that greater emphasis was needed on law enforcement if the security situation were to improve.

Finally, discussing trade, the conclusion of the USMCA trade pact was “not necessarily a better deal for Mexico, as it drives up the cost for autos and other exports, but it does underscore the importance of avoiding a fight with the US,” noted Soler. Trump’s anti-Mexico rhetoric seems to have receded since the USMCA accord was reached, although it remained a potential risk.
Miami Panel Expresses Disappointment with Argentina Progress, Sees Brazil as Possible Bright Spot

Moderator Alberto Bernal (XP investments), in opening remarks at EMTA’s Annual Forum in Miami, credited his panel last year with correctly forecasting a resolution to the US-China trade war, while conceding that predicted dollar weakness and CNY strength did not happen, as the US FOMC began its unexpected rate-cutting cycle. The event took place on Tuesday, January 21, 2020 with 75 market participants in attendance. EMTA’s Miami Forum was made possible with the support of AdCap, Fitch Ratings, Mizuho Securities USA LLC and XP Investments.

Shelly Shetty (Fitch Ratings) reviewed the negative ratings trend for Latin American sovereigns, specifying that 6 countries had negative outlooks. “That means 30% of our LatAm sovereign portfolio has a negative outlook on their rating, including some IG-rated counties,” she confirmed, adding that even sovereigns with stable outlooks were not immune to possible downgrades should surprises occur.

Factors which contributed to Fitch’s negative outlooks include a sluggish growth pace across LatAm countries, which she pointed out averaged less than 1% over the last 5 years; political risk, including governability, the failure to implement economic reforms and social unrest (“we don’t think this will just blow over…the middles classes are asking for more when the governments are giving them less”); and finally the difficulty in achieving fiscal consolidation and debt stabilization.

The panel turned to the outlooks for individual LatAm sovereigns. Jeff Norton of Mizuho Securities USA LLC, speaking in a personal capacity, addressed the continued downward revisions in Mexican growth forecasts since President AMLO took office, with 2019 growth likely to be unchanged from the previous year. He pointed out that AMLO remains popular, but speculated that there may be a time when Mexicans could voice their disappointment that the promised 4% GDP growth hasn’t materialized. The lack of investment and policy uncertainty remained concerns, while AMLO’s relative non-meddling in fiscal policy was one of the few bright spots. AdCap’s Daniel Canel added that, “there is a clear difference between AMLO and [Brazilian President] Bolsonaro; while Bolsonaro is trying to reduce the role of the public sector in the economy, AMLO is doing exactly the opposite and, therefore, there is a lack of trust in the market.”

Norton expressed more optimism on Brazil, following the adoption of pension reform in line with market expectations. “We are starting to see traction in the Brazilian economy, with increased business confidence, and formal job creation starting to outpace that in the informal sector,” he stated. Next, the market awaited progress in tax and labor reforms.
Miami (continued)

Canel lamented the destruction (“urban terrorism”) caused in Chile following the recent popular unrest. “Look at the number of jobs that have been lost in three months; this has been a very dramatic contraction in the Chilean economy,” he underscored. Norton attributed the fact that Chilean spreads have almost returned to pre-crisis levels to the demand for EM credit.

“It’s still too early to tell if Argentine paper will hit bottom in 2020; I have no idea how negotiations will go,” advised Canel. The country’s GDP per capita had returned to 2007 levels, large numbers of citizens were now living in poverty, and Argentina was quickly becoming “a country without a currency.” President-elect Fernandez’s goals included a social pact, fiscal reform, tightened monetary policy, increased reserves and international political support, and so far some progress has been made via emergency legislation limiting dollar withdrawals, increasing taxes on the wealthy and tax credits for the poor, while also the declaration of a March 31 deadline for a debt renegotiation. However, Canel stressed that the country has still failed to produce an economic plan, a government budget or a proposal to achieve fiscal adjustment.

Veteran debt negotiation specialist AJ Mediratta (Greylock Capital Management) compared Argentina’s “scorched earth, unilateral” approach to debt negotiations following its 2001 default, when it hid its IMF’s DSA from creditors, to the current situation. Differences now include the preponderance of domestic-law debt vis-à-vis external-law paper; a narrower financing gap as a percentage of GDP; a stronger international bank sector; and the massive amount of debt owed to the IMF this go-around, which gave the Fund strong incentives, “not to allow their bondholders being brutalized again.” Mediratta envisioned potential upside for Argentine paper if a deal could be accomplished.

Mediratta characterized the renegotiation process as not well-organized; “they need to hire a financial advisor, and who they appoint will have a huge impact.” Canel called attention to the need for creditor approval of the Province of Buenos Aires’ payment extension request as an immediate concern at the time of the Forum, with acceleration possible.

Norton emphasized that the Fernandez team had disappointed investors because, “they have essentially known that they were going to win the election since August,” and seconded the concern of a lack of a financial advisor. Shetty followed up that, the more comprehensive Argentina’s restructuring is, the stronger the case for a higher post-restructuring rating. In her view, the steps to date, “will not solve the problem, and haircuts should not be discounted from the discussion. In addition, the IMF cannot be just a sideshow in the negotiation.”

Audience at EMTA’s EM Corporate Bond Forum in London Reveal Fairly Optimistic Forecasts for 2020 Returns

Even after 2019’s strong performance, 71% participants at EMTA’s Annual Corporate Bond Forum in London believed low single-digit returns were still possible for the EM corporate asset class in 2020, according to an informal poll conducted at the event, held Tuesday, January 14, 2020. ING sponsored the Forum, which drew over 100 market participants.

Moderator Trieu Pham (ING) also surveyed the audience for their expectations of the UST 10-year, as well as asset class risks. More than half of respondents (56%) expected UST 10 year yields to remain in the 1.5% to 2% range, while attendees were almost evenly divided in citing geopolitics, a global economic slowdown or an uptick in defaults as the greatest threat to the asset class, with trade tensions in fourth place.

In opening comments, Pham noted that, “macro conditions continue to look supportive, with a US-China trade deal, a stabilization in growth, and a low-profile EM election calendar; yet monetary policy is likely to be less supportive and valuations appear less attractive than at the start of 2019.” He asked speakers if they were more likely to focus on chasing returns, or avoiding pitfalls in 2020.

For Kay Hope (Bank of America Merrill Lynch), “last year was mostly determined by rates, but this year you have to focus more on fundamentals.” In contrast, Barclays’ Badr El Moutawakil stressed that, “inflows are dwarfing fundamentals, and putting them on the back seat…even Argentine corporates are trading up.” He agreed with Hope that, “we want to do a lot more credit selection…but the shorts are not working.” While the chemical and pulp and paper sectors should be avoided, he remained generally bullish because of technicals, at least in Q1.

AllianceBernstein’s Okan Akin warned that the market might be approaching “exuberance levels, but you cannot fight technicals.” Finally, Kofi Bentse (PIMCO) argued that that the problem is that EM corporates still look fairly cheap when compared to other asset classes, even while conceding that it would be hard to repeat 2019 returns. “Most of our inflows into EM corporates are institutional, and not split 50/50 with retail as you see in the EM sovereign market, so we have much more room to grow,” he concluded.

Pham prompted a discussion of risks. Hope noted that, in 2019, many risks were political in nature, listing among other factors the protest movements in Hong Kong and LatAm countries, and the Argentine election. With a US-China trade deal calming market jitters, the next foreseeable political risk was the US election, she believed.
Corporate Bond Forum in London (continued)

The US-Iran conflict had returned to a level of “rational reactions,” according to Akin, with, at the time of the Forum, “no one wanting to further rock the boat.” He cautioned, however, that the huge new supply of MENA paper is owned mostly by risk-averse Asian life insurance accounts. Thus, the potential for “indiscriminate selling” in the case of an unexpected event continued to overhang the market.

Most speakers eschewed concerns of increased defaults. “As long as global monetary policies remain in place, I don’t expect a default cycle,” stated El Moutawakil. He believed that the recovery on Argentina’s sovereign debt would surpass market expectations, while conceding that, if he was wrong, there were implications for Argentine corporates. Hope forecast there would be 22 defaults in 2020, the majority from Argentina. “Our number is higher than last year, but we expect there will be more issues,” she explained.

The panel also addressed sovereign vs corporate comparisons. El Moutawakil highlighted that, while 30% of sovereign paper is in ETF-managed accounts, almost no corporate debt is. Thus, ETF outflows remain a risk for sovereign paper that does not occur in the corporate world.

While Bentsi argued that, “there can be too much focus on comparing sovereigns to corporates at the index level, while ignoring the fact that the composition of these indices can be completely different and lead to the wrong conclusions.” He also pointed out one major distinction between the debt that can determine their performance in a downside scenario. “In the event of a corporate default, you have a court-oriented process to address your legal claim on an asset—even if you are subject to local courts. In the case of a sovereign default, you have an invite to a potentially unstructured negotiation…this can lead to a very different price performance.”
EMTA Annual Meeting Speakers Discuss Outlook for Global Growth and Populism

Over 200 market participants attended EMTA's Annual Meeting in New York City on Wednesday, December 4, 2019. The event was hosted by Citi, and featured two panel discussions addressing the 2020 outlook, views that were in many cases revised after the outbreak of the coronavirus in early 2020.

Dirk Willer (Citi) moderated the meeting's panel of investor speakers. Willer sketched both a “glass half empty” scenario of the US remaining the only locomotive for EM growth with a slowing China, and a “glass half full” assessment that Central Bank rate-cutting in 2019 would stimulate global growth. He opened the floor for panelist predictions.

AllianceBernstein’s Shamaila Khan apologized for starting off on a negative note, but anticipated reduced DM growth, including in the US. China was addressing moral hazard issues, and its move to allow defaults would constrict lending. Beijing could use infrastructure projects to boost the economy, although this would serve merely to stabilize the economy, not accelerate it. BlackRock’s Pablo Goldberg adopted a more positive stance on global growth, arguing that trade wars were unlikely to escalate. A “not too hot, not too cold” EM environment was possible.

Hari Hariharan (NWI Management) credited US Treasuries for EM performance in 2019, while expressing grave concerns at the “huge macro political risks” suggested by recent popular uprisings, and which could gain momentum if sluggish growth continued. Jim Barrineau (Schroders Investment Management) discussed the possibilities that the thus-far fiscally conservative presidents of Mexico and Brazil could adopt more populist measures if growth disappointed. He added that Colombia and South Africa were also vulnerable to popular protests, and deemed that market pricing might not be factoring this in.

Willer followed up on trade wars as a panel theme. Khan believed a Trump re-election could embolden the US president to “ratchet it up,” although it could be a game with no clear winners. She speculated that the dramatic growth in Vietnam as a result of diverted trade from China could eventually lead to accusations of currency manipulation by Hanoi.

“I don’t think there is a serious argument that trade wars don’t reduce global growth, so we will remain below potential growth,” lamented Barrineau. Trade patterns were adjusting to new realities, notably the acceleration of the Chinese-Russian energy relationship, and reduced Chinese import tariffs to some countries, while tariffs on some imports from the US have been hiked.

“This is really a technology war masquerading as a trade war,” declared Hariharan. The Belt and Road initiative should provoke concern that Chinese protocols and standards would be adopted, rather than American ones.
Annual Meeting (continued)

Investors also discussed US election risk. Khan anticipated a “risk-off” market response if Senator Warren led in the primaries. Barrineau predicted the election would be “nasty and loud.” Hariharan foresaw “fabulous liquidity until the elections, and 0% chance of the US FOMC raising rates before December 2020,” with panelists agreeing US rates would not be going up in 2020.

Returning as Sell-side panel moderator for the 24th consecutive year, Joyce Chang (JPMorgan) pointed out that 2019 EMD had outperformed almost all forecasts. “Who would have thought we’d have double-digit returns, even with the Argentina, Venezuela and other surprises,” she stated.

Barclay’s Christian Keller viewed the US, EU and Chinese economies as all slowing down in 2020, and agreed that US rate increases were unlikely. Bank of America Merrill Lynch’s Claudio Irigoyen saw most of the upside from countries such as Brazil and India (a point made earlier by Hariharan). Alberto Ramos of Goldman Sachs espoused a more bullish DM stance, and thought that the market was overestimating the chances of a recession, as Brexit- and global trade war-related risks appeared to be ebbing. Chang noted that street estimates for Chinese growth, all subsequently adjusted as a result of Covid-19, were mostly in the 5.8 to 5.9% range for 2020, with no firm forecasting 6% growth.

The Sell-side panel also addressed populism. Drausio Giacomelli (Deutsche Bank) argued that Chilean unrest had been brewing for years, and should serve as a wake-up call for others. Similarly, the Argentine election results should remind Brazilian President Bolsonaro of the importance of economic expansion. However, populism in the US could prove the most damaging of all, he added. Inadequate safety nets, corruption and low growth all cause frustrations for EM country citizens, according to Ramos. “Expectations are low, and people feel stuck,” he reasoned.

Investors have shied away from Turkey and South Africa in recent client surveys, Keller observed. Rate cuts by the Turkish Central Bank was leading to less attractive real rates, and growth upticks would be from recessionary bases. The missile issue remained a serious concern, as “so far the US has been very lenient on this.” Keller concluded that, if the lira collapsed, it was unclear if the Central Bank would again be willing to repeat the dramatic rate hikes of 2018.

Pre-election market consensus on Argentina had been that the country was illiquid, not insolvent, noted Ramos. The lack of growth and a weaker peso were among the factors that were moving Argentina to insolvency. “Argentina never misses an opportunity to miss an opportunity,” cautioned Irigoyen, with the Macri government failing to take advantage of “its golden chance to turn the page.” Giacomelli conceded that his firm might have the most negative outlook on Argentina, while pointing out that as of the EMTA meeting, there was still a lack of a designated team to address the debt issue; “we need to see prices in the 30s to be interesting.”
Election of EMTA’s Board of Directors

In addition to the topics discussed at the Annual Meeting on December 4, 2019, in accordance with EMTA’s By-Laws, Directors to EMTA’s Board were also elected by vote of the Full, Associate and Buy-Side Members. As required by the By-Laws, the Directors are divided into two classes (whose terms expire in alternate years).

The following Directors (listed with respective firms) were elected at the Annual Meeting to serve for two years (2020 and 2021):

Peter Marber
Aperture Investors
Brian Weinstein
Bank of America Merrill Lynch
Peter Feola
Barclays
Sergio Trigo Paz
Blackrock
Renato Chaladovsky
Citi
Kasper Bartholdy
Credit Suisse
Manuel Maximino
Deutsche Bank
Michael Cirami
Eaton Vance Management
Charles-Antoine Wauters
EMSO
Ricardo Mora
Goldman Sachs
James Banghart
JP Morgan Chase
David Rolley
Loomis Sayles
Herbert Filho
Morgan Stanley
Dean Menegas
Spinnaker Capital Limited
Scott Francoeur
UBS

The following Directors (listed with respective firms) are continuing to serve in 2020 (the second year of their two-year term):

Mark L. Coombs
Ashmore Investment Management Limited
Shiva Subramaniam
BNP Paribas
Tim Gill
Fidelity Investments
Tina Vandersteel
GMO
Mitesh Gupta
HSBC Bank
Filipe Ferreira
Itau Unibanco
Sandy White
MarketAxess
Christopher Kelly
OppenheimerFunds
Gordon Daley
Standard Chartered Bank
Loss of IG Rating and Troubles at Eskom Dominate Discussion at EMTA’s Forums in South Africa

EMTA held its inaugural events on the African continent with Forums in Johannesburg and Cape Town, South Africa. The events were held on Tuesday, November 19, 2019 and Wednesday, November 20, 2019, respectively, with each drawing a crowd of approximately 100 market participants. Standard Bank hosted both gatherings, with the additional support of Goldman Sachs in Cape Town.

Panelists focused on the outlook for the South African economy at both meetings. A wide variety of subjects were discussed, including the potential effects of the country losing its last IG-rating, the prospects for the troubled Eskom utility corporation, the inflation outlook and SARB interest rate policy.

Elna Moolman (Standard Bank) moderated panels in both cities. She initiated each session with a discussion of the country’s 2020 budget and fiscal policy. In Johannesburg, Adriaan Du Toit (Alliance Bernstein) observed that, historically, it has proven difficult to make meaningful inroads into reducing the country’s bloated public sector wages, and “my expectations for the budget are relatively low…I don’t think it will be enough to stabilize the markets or the country’s ratings.” Zeyn Ismail (Stanlib) did not anticipate any major tax policy changes to be announced, and speculated that any move to raise taxes would merely lead to increased tax avoidance and evasion. Carmen Nel (Matrix Fund Managers) warned that, should debt/GDP ratios continue to rise, South Africa would either become more vulnerable to foreign inflows, or would need to pay a higher cost for domestic funding.

In Cape Town, Nishan Maharaj (Coronation Fund Managers) argued that it was now up to politicians to make the hard choices in reducing expenditures. Mokgatla Madisha (Sanlam Investments) maintained that a VAT hike was possible to address the revenue side.

Moolman brought up on-going speculation that South Africa could lose its last-remaining IG rating in early 2020. At the Johannesburg event, James Turp (Absa Asset Management) commented that, while the market “widely expects” a downgrade by Moody’s to junk level, investors should also remember that Fitch Ratings has the credit on “negative outlook” and may downgrade the credit one additional notch further into junk territory. He concluded that, once the IG rating is lost, “it will be difficult to get it back for the next 10-12 years.”

While panelists in both cities largely concurred that the downgrade appeared to be largely priced in, Turp predicted a possible knee-jerk sell off, which could be used as an opportunistic buy. In Cape Town, Madisha ventured that as much as $5 billion in outflows could occur should South Africa lose its rating and be removed from the WGBI, while pointing out that this could be offset by new buyers attracted by increased yields.
South Africa Forums (continued)

Brian Kahn (Investec Asset Management and former SARB official) underscored that, although Moody’s downgraded the outlook to negative, the report read more like a change to a 3-month “negative watch,” not a longer term 12-18 month negative outlook, meaning that a downgrade was likely by March 2020. “The best case is that we are able to claw back some budget credibility in February, and I’m not so confident we can,” he stated. Kahn stressed that, the loss of the IG rating could further stymie progress—“once a downgrade occurs, the sword overhanging politicians is gone, and it will take pressure off.”

Moolman asked speakers how they would turn Eskom around if given the opportunity. “The fact they have a new CEO is a positive because it adds direction, even if the particular CEO isn’t,” argued Ismail. While recognizing it may be “easier to say than do,” Nel pondered whether defaulting on unguaranteed debt might add more security to guaranteed debt, and a “shock factor allowing for more relevant bond prices.” She followed up with possible alternatives including a bail-in, or possible debt/equity swaps. Ismail saw possible infrastructure improvements if a clear policy framework were provided. Turp emphasized that a reprofiling of Eskom debt was essential to “bring to heel” those who bought the utility’s debt on the expectation of a sovereign guarantee. Moderator Moolman herself mused whether some power stations could be sold.

At the Cape Town panel, Maharaj proposed reorganizing Eskom’s debt, creating three different entities, reallocating its workforce, and listing a minority stake in the company, while he acknowledged that a wage freeze would not be enough. Madisha discussed the need to improve collection in a country “with a culture of non-payment for services…and I don’t see that being changed in the next 3 to 5 years.”

Turning the effects of global factors on the South African economy, Turp envisioned a reduction in US-China trade tensions, which he saw as being of mutual interest. Du Toit saw the situation as ebbing and flowing, but that, “populism will hurt the global economy.” Popular protests in South Africa along the lines of what had occurred in Hong Kong, Chile, etc. could not be ruled out, in his view.

Addressing the disappointment with “Ramaphoria,” Nel stated that, “the best case last year was for incremental moves by the President, but, even if that was your view, you would be disappointed…it’s not quite clear if Ramaphosa has the political capital, and thus far, in negotiations, he has only given.” She added that regulations in South Africa benefitted large businesses, and that small and medium enterprises had to encouraged, in order to generate greater competition. Turp, when asked if he could add an optimistic note to the panel, compared the greater attention paid to negative stories, such as the disappointing budget, to the gradual reform progress. “Once there is traction on the road to recovery, that’s the time to go in,” he advised.

Speaking a day before an anticipated SARB rate decision, most speakers believed the Bank should, and would, cut rates. “They have no strong argument not to cut rates,” affirmed Kahn, who cited “constant” surprises to inflation on the downside…as well as growth that also didn’t meet expectations. Still, he estimated the odds of a rate cut as only 50/50. [The SARB did not cut rates at its meeting shortly after the Forum, but subsequently cut rates in January 2020.]
South Africa Forums (continued)

An additional panel took place in Cape Town moderated by Andrew Matheny (Goldman Sachs), who began by polling his speakers on growth. “The business sector is exceptionally gloomy in its growth prospects…there is no demand at all,” lamented Allan Gray’s Sandy McGregor. Increased tourism and a revived platinum industry could be positive factors, while a weaker rand alone would not drive growth, in his assessment. Du Toit called attention to a GDP per capita ratio that has been contracting for years, with unemployment and unequal income distribution greater than in countries where popular protests had recently occurred. Protectionism was harming the global economy, and that wouldn’t help South Africa’s growth, he added.

“We need some bold measures to bring back business confidence,” declared Rashaad Tayob (Abax Investments), who specified that liquidating South African Airways should be considered. Tayob expressed concern that the government still didn’t recognize the private, not public, sector as the driver of growth, and didn’t understand the sense of urgency. “The government may not even need to add gas to the development of new sectors, it may just need to stop putting the brakes on them,” he concluded.

While most panelists concurred in the benefits of rate cuts, Jean-Pierre du Plessis (Laurium Capital) reminded speakers that, “the SARB has been quite clear; they said structural reforms were needed, and that they couldn’t do all the heaving lifting themselves.” Du Toit referenced the SARB’s credibility in international markets, and highlighted that there was a “cost to sitting on the sidelines…when the economy is weak. There is a lot of room for cuts.”

Du Plessis referred to the loss of government credibility with its most recent budget, and expected the next one would be more aggressive. In his analysis, President Ramaphosa and Finance Minister Mboweni “have great ideas, but the question is implementation; the elephant in the room is the wage bill; is there the political will to address that?”

Matheny also led a discussion of Eskom’s troubles. McGregor stressed the importance of bondholder confidence in management. Reducing “grossly overstaffed” labor rolls was a political decision, and he feared the government was in a state of drifting, with politicians thinking a muddle through scenario was possible, and avoiding drastic action. As a result, “we will continue to fund Eskom, and there will continue to be issues for the South African budget.” In his view, a default would be a “total disaster,” which would dry up funding for quasi-sovereigns, with international default lawyers “all jumping on planes.”

Tayob agreed that strong management was more important than a corporate reorganization. He advised management to focus on a single goal, rather than numerous goals which often translated into nothing being accomplished. Du Toit wasn’t sure of the solution to Eskom, “…but management also doesn’t know at this point in time.” He cautioned that, “bondholders will be quite demanding if it gets to potential restructuring discussions.”

The panel concluded with Matheny asking speakers whether the global backdrop was a tailwind or a headwind for South Africa. Tayob warned that, “the market is giving us room to entrap ourselves in a bond problem…there is zero discipline in the market, look at the Argentina century-bond.” DuPlessis saw the backdrop as benign; “a lot of our problems have been of our own making, and we have been allowed to get into these problems because of foreigners buying our bonds.” Du Toit characterized South Africa as a highly unique country, with which it was hard to find comps; “we are sort of in a no-man’s land.”
Lebanon, Effects of Lower Oil Pricing on MENA Economies Among Topics to Feature at EMTA Dubai Forum

EMTA will hold its Annual Forum in Dubai on Monday, March 9, 2020. The event will be held at the Capital Club, Building 3 at the Gate Village at the DIFC. Support for the program is being provided by Fitch Ratings, HSBC, S&P Global Ratings, Sberbank CIB and Standard Chartered.

Confirmed speakers will include Kathy Collins (Aberdeen Standard Investments), Zeina Rizk (Arqaam Capital Limited), Tim Ash (BlueBay Asset Management), Angad Rajpal (Emirates NBD Asset Management), Bashar Al Natoor (Fitch Ratings), Sharif Eid (Franklin Templeton Investments), Simon Williams (HSBC), Zahabia Gupta (S&P Global Ratings), Alexey Bulgakov (Sberbank CIB) and Carla Slim (Standard Chartered).

The event is expected to cover both sovereign and corporate issuers, including the outlook for Lebanon; the effects of the Covid-19 virus on oil pricing; progress in MENA/GCC economic reforms, and Islamic finance.

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.

EMTA Seminar on Brazilian Economic Outlook Set for March 16 in NYC

The economic outlook for Brazil will be discussed at an EMTA Special Seminar to be held on Monday, March 16, 2020 in New York City. The event will be held at the ISDA Conference Center at 10 East 53rd Street and will be sponsored by MarketAxess.

The panel will be moderated by Alberto Bernal (XP Investments), with confirmed speakers Roberto Secemski (Barclays), Olga Yangol (HSBC Asset Management), Claudia Castro (Invesco) and Lisa Schineller (S&P Global Ratings).

EMTA Members may attend at the special registration fee of US$95. The fee for Non-members is US$695.

Additional support for the program has been provided by Barclays, S&P Global Ratings and XP Investments.

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

EMTA Returns to Boston on April 2

EMTA will hold its first event of the year in Boston on Thursday, April 2, 2020. The event will review opportunities and challenges in the EM debt markets.

Eaton Vance will host the event at 2 International Place in Boston. Additional support for the program is being provided by Oppenheimer & Co. and Standard Chartered.

Standard Chartered’s Gordian Kemen will moderate a panel including Mike Cirami (Eaton Vance and EMTA Board Director), Heather Hagerty (Fidelity Investments), Tina Vandersteel (GMO and EMTA Board Director) and Fernando Losada (Oppenheimer & Co.)

Discounted attendance for EMTA Members is US$95; 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 Seminar to Review Sub-Saharan Africa Outlook in NYC on April 6, 2020

Sub-Saharan Africa will be the focus of a Second Annual EMTA Seminar in New York on Monday, April 6, 2020. The event will be sponsored by Rand Merchant Bank. EMTA also hosts annual events focusing on Sub-Saharan Africa in London, Cape Town and Johannesburg.

At press time, confirmed speakers included Neville Mandimika (Rand Merchant Bank), who will moderate the event’s panel discussion, as well as Unoma Okolo (Fidelity Investments) and Kathryn Exum (Gramercy). Additional speakers will be announced shortly.

EMTA Members can register for the event at www.emta.org. Non-members may also attend with a $695 registration fee.

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

HSBC Will Host the EMTA Spring Forum in NYC on May 7, 2020

HSBC Securities USA Inc. will host EMTA’s Annual Spring Forum on Thursday, May 7, 2020 in New York City. The event will review opportunities and challenges in the EM debt markets.

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 Forum in Frankfurt to Take Place on Monday, May 11, 2020

EMTA’s Seventh Annual Forum in Frankfurt will be held on Monday, May 11, 2020. This year, the event will be hosted by Union Investment at Weissfrauenstrasse 7 in Frankfurt am Main, Germany. The event is being sponsored by Bank of America Merrill Lynch and Standard Chartered.

The event will include a panel discussion moderated by David Hauner (Bank of America Merrill Lynch). At press time, confirmed speakers also include Andreas Hahner (Allianz Global Investors), Philippe Dauba-Pantanacce (Standard Chartered) and Christian Wildmann (Union Investment).

EMTA Members may attend the event on a complimentary basis. There is a registration fee of US$695 for Non-members. Please contact Jonathan Murno at jmurno@emta.org for more information.
EMTA Panel in Zurich Scheduled for Wednesday, May 13, 2020

EMTA’s Seventh Annual Forum in Zurich is scheduled for Wednesday, May 13, 2020. The event will be held at Zunfthaus zur Waag, at Münsterhof 8 in Zurich’s Old City. The event is being made possible by the support of BNPParibas, MarketAxess and Sberbank.

At press time, confirmed panelists included Marcelo Carvalho (BNPParibas) and Alexey Bulgakov (Sberbank). Additional speakers are expected to be announced shortly.

The event is complimentary to EMTA Members; Non-members may attend at a fee of US$695.

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

The Fernandez Administration and Argentina’s Debt Negotiations to Be Examined at EMTA Seminar in London

EMTA’s series of Special Seminars on Argentina continues with an event on the country’s economic outlook to be held in London on Tuesday, May 19, 2020. The event will be sponsored by the TPCG Group, with additional support from XP Investments.

Moderator Juan Manuel Pazos (TPCG Group) will lead a discussion featuring Edwin Gutierrez (Aberdeen Standard Investments), Graham Stock (BlueBay Asset Management), and Alberto Bernal (XP Investments). It will be held at the IISS at 6 Temple Place.

EMTA Members can register for the event at www.emta.org. Non-members may also attend with a $695 registration fee.

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

EMTA to Hold MENA/GCC Seminar in London on June 2, 2020

EMTA will be holding a MENA/GCC Seminar in London on Tuesday, June 2, 2020. This will be EMTA’s Fourth MENA/GCC Seminar in London, and follows MENA events EMTA has held in Dubai since 2010, as well as in New York City.

The Seminar will include a discussion on the economic and political outlook for the MENA region, including progress on reforms and the outlook for oil.

Bank of America Merrill Lynch’s Jean-Michel Saliba will moderate the panel. At press time, confirmed speakers also include Marcel Kfouri (Bluecrest Capital) and Ed Parker (Fitch Ratings). Additional speakers will be announced shortly.

Support for the event is being provided by Bank of America Merrill Lynch and Fitch Ratings.

For more information, please contact Jonathan Murno at jmurno@emta.org.
EMTA warmly welcomed 4 new Members during the First quarter of 2020. Our most recent new Members include:

- Eurex Clearing AG
- Newfleet Asset Management
- PP Inversiones SA
- The PRS Group Inc.

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 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 its 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 market feedback on the effectiveness of its 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 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>
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<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/</td>
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<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>
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<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>
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<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>
</tr>
<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
Leo Hsu            lhsu@emta.org
Jonathan Murno     jmurno@emta.org
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


Tues., Jan. 14  EMTA Corporate Bond Forum (London)
Hosted by ING
8-10 Moorgate

Mon., Jan. 20  Recommended Market Close (NYC/London) Martin Luther King, Jr. Day

Tues., Jan. 21  EMTA Forum in Miami
InterContinental Hotel
100 Chopin Plaza

Tues., Feb. 4  EMTA Special Seminar: Economic Outlook for Mexico (NYC)
ISDA Conference Center
10 East 53rd Street
(between Madison and Fifth Avenues)

Mon., Feb. 10  EMTA Special Seminar: Argentina’s Economic Outlook (NYC)
ISDA Conference Center
10 East 53rd Street
(between Madison and Fifth Avenues)

Mon., Feb. 17  Recommended Market Close (NYC/London) Presidents’ Day

Tues., Feb. 18  Winter Forum (London)
Hosted by JPMorgan
The Great Wall
60 Victoria Embankment

Mon., Mar. 9  EMTA Forum in Dubai
The Capital Club Dubai
The Dubai Room
Gate Village, Building 3
Dubai International Finance Centre (DIFC)

Mon., Mar. 16  EMTA Special Seminar on Brazil (NYC)
Sponsored by MarketAxess
ISDA Conference Center
10 East 53rd Street
(between Madison and Fifth Avenues)

Thurs., Apr. 2  EMTA Forum in Boston
Hosted by Eaton Vance
2 International Place, 13th Floor

Mon., Apr. 6  EMTA Forum on Sub-Saharan Africa (NYC)
ISDA Conference Center
10 East 53rd Street
(between Madison and Fifth Avenues)

Fri., April 10  Recommended Market Close (NYC/London) Good Friday

Mon., April 13  Recommended Market Close (London) Easter Monday

Thurs., May 7  Spring Forum (NYC)
Hosted by HSBC Securities (USA) Inc.
452 Fifth Avenue at 40th Street
Americas Room - 11th Floor

Fri., May 8  Recommended Market Close (London) May Day
## Calendar (cont)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Location</th>
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<tbody>
<tr>
<td><strong>Mon., May 11</strong></td>
<td>EMTA Forum in Frankfurt&lt;br&gt;Union Investment&lt;br&gt;Weissfrauenstrasse 7</td>
<td></td>
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<tr>
<td><strong>Wed., May 13</strong></td>
<td>EMTA Forum in Zurich&lt;br&gt;Zunfthaus zur Waag&lt;br&gt;Münsterhof 8</td>
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<tr>
<td><strong>Tues., May 19</strong></td>
<td>EMTA Special Seminar: Argentina’s Economic Outlook (London)&lt;br&gt;IISS&lt;br&gt;Arundel House&lt;br&gt;6 Temple Place - Lee Kuan Yew Room</td>
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<tr>
<td>Fri., May 22</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<tr>
<td>Mon., May 25</td>
<td>Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday</td>
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<tr>
<td><strong>Tues., June 2</strong></td>
<td>EMTA Special Seminar on the MENA/GCC Markets (London)&lt;br&gt;IISS&lt;br&gt;6 Temple Place</td>
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<tr>
<td><strong>Tues., June 23</strong></td>
<td>Summer Forum (London)*&lt;br&gt;Hosted by Bank of America Merrill Lynch</td>
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<td>Thurs., July 2</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td>Fri., July 3 (observed)</td>
<td>Recommended Market Close (NYC) Independence Day</td>
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<td>Mon., August 31</td>
<td>Recommended Market Close (London) Summer Bank Holiday</td>
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<td>Mon., Sept. 7</td>
<td>Recommended Market Close (NYC/London) Labor Day</td>
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<td><strong>Tues., Sept. 15</strong></td>
<td>Fall Forum (NYC)*&lt;br&gt;Hosted by UBS</td>
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<td><strong>Tues., Oct. 7</strong></td>
<td>EMTA Corporate Bond Forum (Boston)*&lt;br&gt;Hosted by Bank of America Merrill Lynch</td>
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<td>Mon., Oct. 12</td>
<td>Recommended Market Close (NYC/London) Columbus Day</td>
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<td>Wed., Nov. 11</td>
<td>Recommended Market Close (NYC/London) Veterans Day</td>
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<td>Wed., Nov. 25</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td>Thurs., Nov. 26</td>
<td>Recommended Market Close (NYC/London) Thanksgiving Day</td>
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<td>Fri., Nov. 27</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td><strong>Thurs., Dec. 5</strong></td>
<td>EMTA Annual Meeting (NYC)&lt;br&gt;Hosted by Citi&lt;br&gt;388 Greenwich Street</td>
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<tr>
<td>Thurs., Dec. 24</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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<td>Fri., Dec. 25</td>
<td>Recommended Market Close (NYC/London) Christmas Day</td>
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<td>Mon., Dec. 28</td>
<td>Recommended Market Close (London) Boxing Day</td>
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<tr>
<td>Thurs., Dec. 31</td>
<td>Recommended 2:00 p.m. (NYC) Early Market Close</td>
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*Details TBA