EMTA

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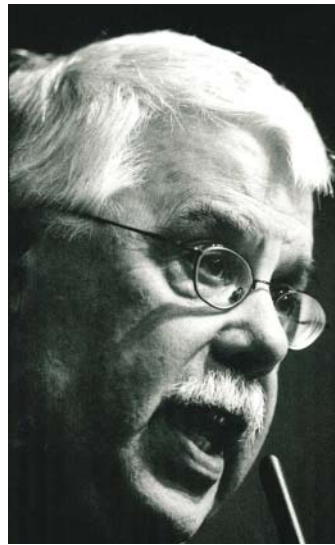
Former Brazilian Central Bank President Pastore Discusses Brazil's Future Growth at EMTA Annual Meeting



Former Brazilian Central Bank President Affonso Pastore delivered the keynote address at EMTA's Annual Meeting, held on Thursday, December 2, 2010. Citi hosted the event in downtown Manhattan, with approximately 300 members in attendance.

In his prepared remarks, Pastore discussed potential economic growth in Brazil. In 2010, Brazil grew approximately 7.7% as the country emerged out of a short recession, and, in 2011, Pastore expects the country to grow at 4.3%, below official government forecasts of 5.5% expansion.

Pastore discussed whether the government's more optimistic target was achievable. Low domestic savings limits the rate of economic growth, he argued, and only with a significant rise in domestic savings would the economy be able to meet the government's goal figure.

Pastore argued that an overheating Brazilian economy would need to be addressed by a rate-tightening cycle. While the base assumption was that the Central Bank's autonomy would continue, the risk of political interference remained.

Taking into account productivity and population growth, Pastore calculated that gross fixed capital formation (GFCF) would have to rise to 25% of GDP in order to reach the government's target growth rate. However, Brazil has not achieved that level of investment in the past 15 years. During the 1970s and 1980s, GCFC was higher, and the rate of domestic savings was also above current levels. However, since 1994's monetary reform, Brazil has become more dependent on foreign inflows. The decrease in domestic savings was caused by lower government savings and economic policies that have stimulated domestic consumption (and thus leaving less funds available to save).

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Trade Association for the Emerging Markets

EMTA's Annual Meeting (continued)

Assuming GDP growth of 4.3% in 2011, and the continued favorable terms of trade, Brazil's current account deficit would climb to approximately $75 -80 billion from $50 billion in 2010. As a result, the BRL should appreciate further. Pressure to prevent further appreciation is strengthening, and the government has imposed taxes on some capital inflows in an attempt to counteract the BRL's strength.

How could Brasilia's 5% growth targets be reached? The government could cut government expenditures, or adopt policies that favor more FDI and equity investments (ie more BRL-denominated liabilities) or improve the regulatory framework in order to attract more foreign participation in infrastructure projects. Pastore speculated, however, that the incoming administration would not follow such a course.

Pastore stressed that the government's goal of reducing the net debt to GDP ratio to 30% should only be achieved through larger primary surpluses. The 30% debt/GDP ratio is based not only on a higher-than-likely 5% growth rate but also on an assumption that real interest rates would decline to 3% in the near future, which he suggested was not a "realistic assumption." He also criticized "creative accounting."

The challenge for President Roussef is to stop the rising rate of government spending as a percentage of GDP. The signals being sent out regarding increased austerity were welcome, but not as significant as needed to lower the ratio to 30% of GDP.

Turning to a discussion of interest rates, Pastore noted that interest rates have declined in recent years. Aggregate demand has been boosted by both monetary and fiscal stimuli, and unemployment has reached historical lows. Economist consensus on inflation stood at 6% for the coming year, above the 4.5% target.

Pastore estimated that the Central Bank should start hiking rates with a 200 bps increase in the SELIC in early 2011. If so, inflation would still remain above targets in 2011 (at around 5.5%), but would reach 4.5% in 2012.

The Central Bank was in a classic conflict with the Finance Ministry, Pastore explained. The government would be concerned by additional fixed income flows and further appreciation of the BRL that would result from an increase in the SELIC, but was not willing or able to cut spending that would allow for less rate-tightening. Pastore admitted he was not sure "who would blink first."

Following his formal presentation, Pastore responded to questions on reserve requirements ("not a perfect substitute for a rise in interest rates to achieve target inflation") and the sophistication of the financial market in finding ways to avoid IOF taxes ("capital controls tend to work for a while, but there are many doctorates on how markets have devised ways to circumvent them").

EMTA's Annual Meeting (continued)

David Lubin (Citi) moderated the event's investor panel. Lubin initiated the session by polling speakers on whether the Eurozone or a Chinese slowdown was the greater concern for 2011. Eric Fine (Van Eck G-175) was most troubled regarding Eurozone issues. Bladex Asset Management's Tulio Vera specified that, in terms of asset pricing, Europe would be more problematic ("if Spain cracked, it would be...a Lehman II scenario"); however, on a global economic scale, China was potentially the greater threat (with a hard landing in China being transmitted to Latin America via commodity pricing).

Hari Hariharan (NWI) was puzzled by the unexpected rise of UST rates following the announcement of a second round of US quantitative easing (QE2). "Who is correct? Are nominal interest rates suggesting that policy is way behind, or are rates too bullish about growth which might not come to pass?" Both concerns over the Eurozone issues and a Chinese slowdown are integral to this question, he argued.

Is there a risk that Beijing would over-tighten? Dave Rolley (Loomis Sayles) agreed that Chinese authorities, being supersensitive to inflation, would ratchet up rates in the coming year. However, he concluded, the risk that this would destroy growth was minor.

Lubin also asked panelists about global "currency wars" and if speakers believed that China would continue to resist yuan appreciation, thus pressuring other countries to intervene in the FX market, impose capital controls and delay rate hikes. "Yes," was the simple response from Rolley. Hariharan agreed this would continue to be an "enduring problem, and I foresee no flexibility on the part of the Chinese."

What assets should investors own in 2011? Rolley expected most growth in 2011 to come from Asia, and was especially bullish on Asian corporates. He added, "you also have to think about Argentina…but have they ever paid anyone par?!"

Vera thought equities had the most upside potential of all asset classes, and Asian currencies were potentially a source of good returns in 2011 as well. Fine liked receiving rates from Mexico and Brazil, as well as Ukraine and Kazakh hard-currency debt.

Lubin concluded by asking what was the optimal level of foreign ownership. "You know it when you see it," stated Fine, who argued that it could be too high in Indonesia while high levels in Poland and South Africa were probably acceptable. Hariharan admitted he was impressed by many EM officials' knowledge of exactly how much foreign ownership there was of local debt issues. Rolley acknowledged that there were many "crowded trades" in local debt markets, while reasoning drolly "the alternative of holding cash is not good for long-term employment prospects."

EMTA's Annual Meeting (continued)

Joyce Chang (JPMorgan) moderated the event's sell side panel. Chang reviewed 2010, with the strong performance in both EM equity and debt. Looking forward to 2011, Chang asked speakers for their thoughts on the likely success of the US FOMC's quantitative easing (QE2) program.

"There seems to be consensus that the economic impact of QE2 is likely to be limited," opined Barclays Capital's Piero Ghezzi. More than anything else, it should reduce the tail risk of deflation, which was an important factor, but the cash injection would probably not have more than a minimal effect on growth. Ghezzi thought a third round was likely.

Danny Tenengauzer (Bank of America Merrill Lynch) agreed that a QE3 was likely, possibly of $400 billion. EM growth should drop about 100 basis points overall, to 6.4% from 7.4%, while US growth in 2011 would be 2.3% vs. 2.8% in 2010. Current account deficits would open in many EM countries, and increased FX volatility was also likely.

As for prospects for global growth, Kasper Bartholdy of Credit Suisse noted that growth in many EMs, especially non-China Asia, had been subdued in the recent months. However, signs of stronger growth in the US and China were welcome news. "QE is the lesser of two evils, it is worse if they don't do it, and it will avert some tail risk," argued Drausio Giacomelli (Deutsche Bank). The biggest risk to be wary of would be US deflation, he stated. He forecast 2.5% US growth, while acknowledging it could be seen as an aggressive forecast.

Goldman's Paulo Leme suggested that there would be more surprises on the upside to US growth in 2011, announcing an even more bullish house view of 2.7% US growth. "Things are likely to work out in Europe, but there is going to be a lot of excitement" along the way, he added. Chang revealed her own perspectives, with 5.9% EM growth, and 1.6% developed market (DM) growth; "a widening differential," she noted.

As for how European issues will affect investor impressions of EM risk, Ghezzi revealed that, in a survey of clients, a total of 65% cited concerns that DM fiscal issues would be the major theme of 2011, vs. 20% who cited bubbles and concerns over the results of loose monetary policy. He called on the ECB to take pre-emptive measures, rather than having emergency weekend crisis-solving sessions. He stressed that Spain does not have a solvency problem, rather any issue would be liquidity. Thus, the ECB could assist by providing liquidity and prompting the Spanish bank consolidation process. However, he had little faith that the ECB would actually take a pre-emptive stance.

Bartholdy stressed that those who feared the ECB did not have the resources to back Spain were wrong, while Ghezzi countered that the concerns were not for Spain but for additional EU sovereigns that would potentially follow any Spanish crisis.

EMTA's Annual Meeting (continued)

Leme praised the pre-emptive stance former Brazilian president Cardoso and former Central Bank president Fraga had taken in 2002/3 in a similar circumstance when a solvent Brazil was threatened by a crisis of confidence. "They announced a commitment to adjust, they got the financing from the IMF and what could have been a big problem was eliminated in a couple of weeks," he reminded attendees. Leme worried, however, about the painful political backlash that could divert policies.

Panelists discussed the potential for inflation to derail the EM success story. "There is no question that inflation has made a big comeback, it's a theme for all of us with clients," stated Bartholdy, expressing concerns over Central Bank dovish postures. At this stage, it is mostly a food price issue, which he attributed to weather phenomenons rather than loose monetary policy. In the future, food prices would stabilize at higher levels, assuming no further dramatic weather disturbances, he stated.

Tenengauzer was relatively dovish in his forecasts for EM Central Bank tightening. Everybody is expecting a return to rate-hiking mode, he observed, with Bank of America Merrill Lynch expecting 150 bps in Brazilian hikes and 75 bps in Chinese hikes over coming months. These were well below what has been priced into the market, he noted, and was based on a forecast that economic data in coming months would dampen pressure for Central Banks to take aggressive measures.

Giacomelli expected 125 bps in Brazilian rate hikes, although he expected the market to price in 250 bps in hikes. "We are not that hawkish, you have to differentiate between headline and core inflation." Leme expressed a more hawkish forecast of 250 bps in SELIC rate hikes, adding "I see no reason for them to wait."

"China is clearly not a country that is willing to tolerate a big slowdown in economic activity," concluded Ghezzi, who derided 25 bp rate hikes and increased reserve requirements as "a joke."

The outlook for Latin American countries generally looked good next year, benefiting from factors such as commodity pricing, FX realignments, etc., according to speakers. Leme believed commodities could outperform again in 2011, and would support Argentina (soy) and oil-exporting Venezuela and Mexico. Giacomelli expressed some skepticism whether Argentina would continue to be a good buy throughout 2011, although he was still recommending it. Chang noted that the majority of the EMBI's high-yielders remained Latin American credits ("my view on Venezuela has always been 'don't over-analyze it!").

Turning to China, and a discussion of whether investors had become too sanguine in their views on Chinese growth and potential China-related risks, Tenengauzer noted that his firm actually disagreed with the US Treasury stance that China's current account surplus is too large, pointing out that the current account surplus as a percentage of GDP is declining rapidly. As a result, fair value for the CNY should be 6.50, which he recognized was out of consensus.

EMTA's Annual Meeting (continued)

China would continue to be a strong driver of growth, according to Leme, and officials are able to keep it in the neighborhood of 10.5% annual growth. Tenengauzer forecast an 8.5% to 8.7% growth in China, and suggested India might take the lead from China.

"It is always fairly easy to see potential disaster scenarios in China, they just tend to not materialize," stated Bartholdy. Complacency has occurred because the government has proven itself able to recapitalize banks in times of concern; the other potential issue is wage inflation contributing to higher CPI inflation.

The panel concluded with top trade ideas for 2011. Leme recommended equities and commodities for 2011, with fixed income less compelling next year. Chang agreed that equities would outperform and among her favored trades were currencies such as PHP, CHP, PLZ and MXP. Bartholdy liked high-yielders Argentina and Venezuela (the latter seconded by Tenengauzer), as well as the BRL, ZAR, PLZ and KRW.

In Memoriam

Peter R. Geraghty
Forum Advisors
An EMTA Founder and Former Co-Chair
Long-Time EMTA Director on behalf of
NMB, ING, Darby and Dresdner Kleinwort

Peter Geraghty was among EM debt trading's pioneers, one of EMTA's founding fathers and a former EMTA Co-Chair. A close personal friend of many in the markets and well respected by all as a trader and a visionary, Peter was a consistent advocate of the high road and coined the memorable phrase that the Emerging Markets are a "state of mind". Peter's memorial mass was celebrated in Hanover, NH on Friday, January 21, 2011, and we extend our deepest sympathy to his wife Norah, their six sons and other family members. To know Peter was to love him.

EMTA Board Meeting

EMTA's first Board Meeting for 2011 was held on February 8, 2011.

The meeting opened with a moment of silence in honor of Peter Geraghty.

With the election of Board officers, EMTA's Board of Directors for 2011 is as follows:

Co-Chairs

Martin G. Marron (J.P. Morgan Chase)
Matthew Clinton (Barclays Capital)
Mark L. Coombs (Ashmore Investment Management)

Vice Chairs

Brian Weinstein (Bank of America/Merrill Lynch)
Alberto Agrest (Citigroup)
Igor Arsenin (Credit Suisse)
Karan Madan (Deutsche Bank)
Dean Menegas (Spinnaker Capital)

Other Board Members

Alex Garrard (BTG Pactual Asset Management)
Tung Siew Hoong (Gov't of Singapore Investment Corp.)
Bert van Keulen (HSBC Bank)
Rodolfo Fischer (Itaú BBA)
Igor Mansour (Morgan Stanley)
Peter Urbanczyk (Royal Bank of Scotland)
Keith J. Gardner (Western Asset Management)
Alejandro Vollbrechthausen (Goldman Sachs)
Peter Marber (Halbis Asset Management (USA), Inc.)
David Spegel (ING Financial Markets)
Sandy White (MarketAxess)
Bruce A. Wolfson (Rohatyn Group)
Ritesh Dutta (UBS)

Board Meeting (continued)

Michael Chamberlin, EMTA's Executive Director, explained that EMTA's 2010 results came out somewhat ahead of Budget. Against a budgeted Shortfall of $(-173,492), EMTA's Shortfall for 2010 amounted to $(-39,701), or about $134,000 better than expected. Membership revenues met our target, Board Assessments and Investment Income fell a bit short and Event Revenue was higher then expected. Operating expenses came in considerably lower than expected, consistent with our long-time operating philosophy. Significantly, EMTA caught up, and is now current in all of its accounting records and tax filings, and 2009's changes in office space and IT platform continue to work well.

EMTA seems to have emerged from several years of difficult administrative issues that began with the merger that formed SIFMA and ultimately forced the office move and change of IT platform and bookkeepers. Despite market stress that caused some Membership loss two years ago, EMTA was able to achieve its main goal for 2010 by rebuilding Membership Revenues to the point where a return to modest profitability could be seen in 2011.

During 2010, EMTA's strategy and direction in three key areas (FX, Events and London) were reviewed by EMTA's Co-Chairs. As a result, several things became clear and have been, or are in the process of being, implemented. First, EMTA's FX work should focus more on developing market practices and standard documentation, and somewhat less on the administrative tasks relating to rate determination. Second, EMTA's aggressive Events agenda needs to be handled carefully to ensure that neither EMTA's staff, nor its audience, are over-stressed. Third, particularly with the recent departure of Starla Griffin (see page 31), EMTA's London agenda needs to be very tightly focused on specific market needs.

EMTA's activities for 2011 will be focused in these three areas, together with a careful monitoring of the implementation of the Dodd-Frank Act, which is likely to have a very significant effect on the EM debt trading business.

EMTA Survey: Full Year 2010 Emerging Markets Debt Trading Reaches Highest Level Ever at US$6.765 Trillion

Emerging Markets debt trading volumes reached its highest level ever in 2010, according to the annual Volume Survey released by EMTA on March 22, 2011. Participants reported US$6.765 in overall EM debt trading for 2010, a 52% increase on the US$4.45 trillion reported for 2009. EMTA began publishing the report in 1992.

"Investors appeared largely undeterred by the events that roiled credit markets in Europe. Instead, developed market uncertainties appeared to cement investors' opinions that EM provided better allure," noted H. David Spegel, Global Head of Emerging Markets Strategy at ING Financial Markets LLC.

Participants in the Survey also reported volumes of US$1.86 trillion in the fourth quarter of 2010. This represents an increase of 31% over fourth quarter 2009 volumes of US$1.42 trillion, and a 5% decrease from the US$1.95 trillion reported to EMTA in the third quarter of 2010[1].

Local Market Instruments at 70% of Volume

Turnover in local market instruments stood at US$1.30 trillion in the fourth quarter, representing 70% of total reported volume. This represents a 35% increase compared to trading of US$965 billion in the fourth quarter of 2009, and a 7% decrease from third quarter 2010 volume of US$1.40 trillion.

Hong Kong instruments were the most frequently traded local markets debt, at US$229 billion for the fourth quarter. Other frequently-traded local instruments were those from Mexico (US$145 billion), South Africa (US$129 billion), Brazil (US$119 billion) and Poland (US$108 billion).

On an annual basis, local markets volumes reached US$4.743 trillion (or 70% of overall 2010 trading volumes). For 2009, participants reported to EMTA US$2.87 trillion in local markets trades (64%).

Eurobond Volumes at US$545 Billion in Fourth Quarter

Eurobond trading stood at US$545 billion in the fourth quarter. This compares to US$428 billion in the fourth quarter of 2009 (up 27%) and US$531 billion in the third quarter of 2010 (a 3% increase).

Eurobond volumes reached US$1.96 trillion in 2010 according to Survey participants, compared to US$1.51 trillion reported in 2009. Spegel noted that "strong 2010 demand for EM debt allowed issuers to place a record US$300bn worth of new Eurobonds over the course of the year, so it comes as no surprise that we also saw record trading volumes."

For the fourth quarter, 52% of Eurobond activity involved sovereign debt issues, with Survey participants reporting US$287 billion in sovereign Eurobond turnover. This compares with US$267 billion in the fourth quarter of 2009, representing a 7% increase.

Corporate Eurobond trading stood at US$242 billion for the fourth quarter of 2010, compared to US$153 billion in the fourth quarter of 2009, or a 58% increase. Sovereign Eurobond activity accounted for 16% of overall Survey volumes, with corporate trading at 13% of total turnover.

[1] EMTA noted that a major dealer which had traditionally participated in the Survey had informed EMTA that it was unable to participate in the 4Q 2010 survey, and thus survey volumes are likely to be understated for both the quarterly and annual surveys.

2010 Volume Survey (continued)

The most frequently traded individual EM Eurobonds in the quarter included Russia's 2030 bond (US$19 billion in turnover), Brazil's 2040 bond (US$9 billion), Venezuela's 2022 bonds (US$6 billion), Brazil's 2028 bond (US$6 billion) and Venezuela's 2027 bond (US$5 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options, loans and Brady bonds. Survey participants reported US$12 billion in fourth quarter warrant and option trades, US$2 billion in loan assignments and US$140 million in Brady trades, although these categories each represented less than one percent of volume.

Hong Kong, Brazil, Mexico Instruments Most Frequently Traded

Hong Kong instruments were the most frequently traded instruments overall according to Survey participants, with US$247 billion in turnover. This compares with US$333 billion in the fourth quarter of 2009 (a 25% decrease). Hong Kong volumes accounted for 13% of total Survey trading.

Brazilian instruments were the second most frequently traded instruments in the EMTA report, at US$185 billion, according to Survey participants. This represents a 19% decrease on the US$228 billion reported in the fourth quarter of 2009. Brazilian volumes accounted for 10% of total reported volume.

Third were Mexican assets, at US$183 billion in turnover. This compares to US$100 billion in the fourth quarter of 2009, an 81% increase. Mexican instrument trading accounted for 10% of Survey volume.

Other frequently traded instruments were securities from South Africa (US$141 billion) and Russia (US$123 billion).

However, on an annual basis, Brazil remained the most frequently traded country at US$958 billion.

EMTA's Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by more than 50 leading investment and commercial banks, asset management firms and hedge funds.

EMTA recently reported that participants in a similar survey--albeit more limited in scope--had reported US$1.452 trillion in EM CDS volumes in 2010. This represented a 22% increase on 2009 EM CDS trades of US$1.190 trillion.

For a copy of EMTA's Fourth Quarter or 2010 Annual Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

EMTA Volume Survey: 3Q 2010 EM Debt Trading Reaches US$1.95 Trillion

Emerging Markets debt trading volumes increased to US$1.95 trillion in the third quarter of 2010, according to a report release by EMTA on December 8, 2010. This represents an increase of 74% compared to third quarter 2009 volumes of US$1.129 billion, and a 26% increase over the US$1.551 trillion reported to EMTA in the second quarter of this year.

This was the largest quarterly volume reported since it began tracking quarterly volumes in 1997. Most of the spike in volume was due to increased turnover in local instruments.

The Survey includes trading volumes in debt instruments from over 90 Emerging Market countries, as reported by more than 50 leading investment and commercial banks, asset management firms and hedge funds.

Local Market Instruments at 72% of Volume

Turnover in local market instruments stood at US$1.404 trillion in the third quarter, representing 72% of total reported volume. This represents a 116% increase compared to trading of US$650 billion in the same quarter last year, and a 30% increase over second quarter 2010 volume of US$1.076 trillion.

South African instruments were the most frequently traded local markets debt, at US$250 billion. Other frequently traded local instruments were those from Brazil (US$201 billion), Hong Kong (US$188 billion), Turkey (US$108 billion) and Mexico (US$97 billion).

Eurobond Volumes at US$531 Billion

Eurobond trading stood at US$531 billion in the third quarter. This compares to US$458 billion in the third quarter of 2009 (up 16%) and US$465 billion in the second quarter of 2010 (a 14% increase).

56% of Eurobond activity involved sovereign debt issues, with Survey participants reporting US$300 billion in sovereign Eurobond turnover. This compares with US$251 billion in the third quarter of 2009, representing a 20% increase.

Corporate Eurobond trading stood at US$203 billion, compared to US$175 billion in the third quarter of 2009, or a 16% increase. Sovereign Eurobond activity accounted for 15% of overall Survey volumes, with corporate trading at 10% of total turnover.

The most frequently traded individual EM Eurobonds in the quarter included Russia's 2030 bond (US$14 billion in turnover), Brazil's 2040 bond (US$8 billion), Poland's new 2015 bond (US$7.5 billion), Argentina's Discount bond (US$5.5 billion) and Venezuela's 2027 bond (US$5 billion).

In addition to local markets bonds, and sovereign and corporate Eurobonds, the Survey also includes turnover in warrants, options, loans and Brady bonds. Survey participants reported US$12 billion in warrant and option trades, US$1 billion in loan assignments and US$700 million in Brady trades, although these categories each represented less than one percent of volume.

3Q Volume Survey (continued)

Brazil, South Africa and Hong Kong Instruments Most Frequently Traded

Brazilian instruments were the most frequently traded instruments overall according to Survey participants, with US$277 billion in turnover. This compares with US$155 billion in the third quarter of 2009 (a 78% increase). Brazilian volumes accounted for 14% of total Survey trading.

South African instruments were the second most frequently traded instruments in the report, at US$271 billion, according to Survey participants. This represents a 633% increase on the US$37 billion reported in the third quarter of 2009. South African volumes accounted for 14% of total reported volume.

Third were Hong Kong assets, at US$201 billion in turnover. This compares to US$158 billion in the third quarter of 2009, a 27% increase. Hong Kong instrument trading accounted for 10% of Survey volume.

Other frequently traded instruments were securities from Mexico (US$136 billion) and Turkey (US$126 billion).

For a copy of EMTA's Third Quarter 2010 Debt Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

EMTA Survey: Emerging Markets CDS Trading at US$394 Billion in Third Quarter

Trading in Emerging Markets Credit Default Swaps (CDS) stood at US$394 billion in the third quarter of 2010, according to a report released on January 12, 2011 by EMTA.

This compares to US$247 billion in Emerging Markets CDS contract volume in the third quarter of 2009 (representing a 60% increase), and a revised US$453 billion in second quarter 2010 volumes (a 13% decrease).*

The most frequently traded sovereign contract in the Survey was Brazilian CDS, at $53 billion. Survey participants also reported trading US$44 billion in Turkish sovereign CDS contracts and US$36 billion in Mexican sovereign CDS.

The most frequently traded corporate CDS contracts included in the Survey were those on Gazprom (US$17 billion). Participants also reported volumes of US$9 billion in Pemex CDS and US$2 billion in Petrobras CDS trades.

For a copy of EMTA's CDS Third Quarter 2010 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

*In reliance upon information received from one Survey participant, EMTA also revised its Survey's reported first quarter 2010 CDS volume downward to US$397 billion from an originally reported US$487 billion and second quarter 2010 CDS volume downward to US$453 billion from the originally reported US$658 billion.

EMTA CDS Survey: Emerging Markets CDS Trading at US$208 Billion in Fourth Quarter, 2010 Volumes Up 22% Versus 2009 Trading

Trading in Emerging Markets Credit Default Swaps (CDS) stood at US$208 billion in the fourth quarter of 2010, according to a report released on March 1, 2011 by EMTA.

This compares to US$349 billion in Emerging Markets CDS contract volume in the fourth quarter of 2009 (representing a 41% decrease), and US$394 billion in third quarter 2010 volumes (a 47% decrease).

However, on an annual basis, EM CDS trades rose 22%, with US$1.452 trillion in Emerging Markets CDS trades reported to EMTA in 2010. This compares to $1.190 trillion reported to EMTA in EM CDS trades in 2009.

"Although volumes dipped in the fourth quarter of 2010, the increase in annual volume over the previous year shows the market for Emerging Markets CDS continues to be vibrant. The volumes rebounded from 2009 as EM CDS remains a useful and liquid trading instrument," stated Marc Appel, Managing Director in EM Credit Derivatives at HSBC Bank USA, N.A.

The most frequently traded sovereign contract in the Survey was Brazilian CDS, at US$43 billion. Survey participants also reported trading US$22 billion in Turkish sovereign CDS contracts and US$17 billion in Mexican sovereign CDS.

The most frequently traded corporate CDS contracts included in the Survey were those on Gazprom (US$7 billion). Participants also reported volumes of US$3 billion in Pemex CDS and US$1 billion in America Movil CDS trades.

For the Survey, EMTA collected data from 12 major international banks and broker-dealers on Emerging Market CDS contracts. Participants were asked to report their CDS volumes on 19 Emerging Markets countries and 10 EM corporate issuers. The survey is based on notional value of CDS trades and includes rollovers while excluding netting trades and internal transfers.

For a copy of EMTA's Fourth Quarter 2010 CDS Trading Volume Survey, please contact Jonathan Murno at jmurno@emta.org or +1 (646) 289-5413.

EMTA Forums

Speakers Debate Effectiveness of Capital Controls, and Discuss Eurozone Issues at London Winter Forum

EMTA's Eighth Annual Winter Forum was held in London on Tuesday, February 22, 2011. JPMorgan hosted the event at the historic Great Hall, with 150 EM professionals in attendance.

JPMorgan's Joyce Chang began the event's first panel session by reviewing forecasts on key economic variables provided by her co-panelists. Chang noted that all participants expected further commodity price rallying and forecast a slight tightening of the EMBI in 2011, but differed on their SELIC rate opinions.

Chang then noted that EM policymakers have become increasingly reliant on "macroprudential" measures such as credit targeting and capital controls, rather than traditional monetary tightening, to manage their economies. She asked panelists to assess the effectiveness and sustainability of such measures, particularly in the face of rising inflation, and an obvious consensus soon emerged. David Lubin (Citi) noted that the approaches taken by Brazil and Turkey represented the two opposite ends of the spectrum in the use of macro-prudential measures: Brazil has combined them with rate hikes and controls on capital inflows, while Turkey has combined them with rate cuts. Lubin cautioned that Turkey's choices were "unwise" and were "likely to prove less effective." In addition, the market was clearly pleased with the Brazil's conventional measures, he stated, a further incentive for their adoption.

Credit Suisse's Kasper Bartholdy concurred in criticizing Turkish policy; "they will discover that they will have to reverse course and raise rates." Guilherme da Nobrega of Itaú BBA contributed to the praise of Brazilian Central Bank actions. It has proven effective, he stressed, and he expected additional SELIC hikes in coming months.

Turning to inflation, speakers discussed the causes of EM inflation. Lubin described it as a result of three main forces -- disappearing output gaps, loose monetary conditions and rising food prices (part of a vicious cycle of food and energy prices feeding on each other). Inflation-targeting as a strategy for Central Banks was "dying a slow death," as in the post-Lehman crisis officials had moved away from an exclusive focus on inflation rates. Now that this Rubicon has been crossed, even with inflation pressures rising, the genie will not be put back in the bottle, Lubin surmised.

Chang observed that there appeared to be greater market complacency regarding the Eurozone crisis in recent weeks and asked if decreased concerns were justified. Arnab Das (Roubini Global Economics) stated that Eurozone officials had talked up expectations while ultimately disappointing the market after their most recent meeting. "They are doing the absolute minimum politically…they need to wake up," he argued. While the problem could remain limited to Portugal, Ireland and Greece, Das cautioned that investors should remain on their toes in their assessment of Spain.

Although capital inflows to EM have been modest in comparison to 2010 (and could even turn negative in 1H 2011), Bartholdy viewed this as a temporary, rather than long-term, phenomenon, based largely on fears of EM inflation and increased valuations. Chang noted that JPMorgan still has optimistic views on capital inflows, although their composition would change as strategic investors possibly replaced retail accounts.

London Winter Forum (continued)

As for Brazil, da Nobrega believed that the market has not given the new administration sufficient credit for its actions. He expressed optimism and saw increased determination by officials in slowing the economy down. At the same time, with inflation possibly 200 bps above target, the Central Bank faces a struggle to regain credibility and "we will have to expect higher inflation in Brazil than in the recent past." Economic policy in Brazil evolves on a daily basis rather than being set in stone, and Da Nobrega expected budget cuts to exceed the BRL50 billion initially announced. On the other hand, he expressed disappointment in the greater lending that has been conducted via the BNDES.

Concluding with trade recommendations, Bartholdy saw value in sovereign CDS, preferred to receive rates in Brazil and Malaysia, and favored currencies such as the renminbi, zloty, shekel, Turkish lira, Mexican peso and Indian rupee. Lubin would buy Israeli CDS as a hedge on Middle East uncertainty. Das would underweight equities and believed there were opportunities in peripheral Europe. Chang forecast a tougher year, but underscored that "returns of five to eight per cent will still outperform alternative asset classes."

Following the first session, Kevin Daly of Aberdeen Asset Management moderated the event's panel of investment specialists.

Daly noted that the revolutions in Tunisia and Egypt had served to remind investors that many EM countries remain exposed to political risk. In the aftermath of these dramatic events, what new risks should investors consider? Mohammed Hanif, whose fund (Insparo Asset Management) specializes in the MENA region, pointed out that the different demands by protestors and the varied types of regimes make it hard to find common threads and explain contagion effects. However, investors should focus on increased political risks in the region, with an upheaval in Saudi Arabia as the greatest potential issue. "Protests in Saudi Arabia could only be resolved by regime change or liberalization…what would Saudi do?" he pondered. Moore Capital's Gene Frieda largely concurred, while adding that upheaval in Iran would also be a major concern.

John Carlson (Fidelity Investment Management) expressed surprise that spreads have not widened more dramatically on MENA debt. "I don't think we have stepped back enough to analyze the situation….the changes in geopolitics could take years to resolve," he stated. Helene Williamson (F&C Investment Management) added that the fiscal consequences of the political unrest in Egypt (e.g. higher food subsidies) are clearly not priced in either. Other fat-tail risks mentioned were Pakistan and potential social unrest in the Euro-periphery given that real wages need to adjust downwards substantially.

Discussing inflation concerns and fears that Central Banks might be acting too slowly to counteract it, Carlson believed officials could gain the upper hand in battling price increases. "It is clear that monetary policy is still loose in EMs whereas it should be tightened," stated Frieda, who underscored that "a major structural change is China's moving from an exporter of deflation to an exporter of inflation." Moves to address inflation via reserve requirement hikes don't work, Frieda argued, creating "an accident waiting to happen."

London Winter Forum (continued)

Several speakers addressed flows into the asset class. Williamson noted that the market had priced in a lot of good news in 2010, and was probably undergoing a "health correction." Carlson noted that there have been outflows from the asset class in recent weeks, but believed that these were by accounts that did not have a thorough understanding of the asset class. Daly expected institutional investors to eventually increase their allocations to EM debt despite the current outflows from retail investors.

The panel also discussed their macro calls on China, and FX rates. Carlson spoke positively on the US$ on a long-term basis, citing the US government being able to eventually "put the fiscal house in order, which it will."

Were speakers tempted by Eurozone peripherals? Frieda noted that there could be opportunities for investors, although Daly had avoided them thus far. "Greece is a difficult call, but Ireland –with elections coming up - are likely to seek a haircut on senior bank debt, which reduces the risk of a sovereign debt restructuring," Daly stated.

Attendance at EM Corporate Bond Conference Suggests Interest in Asset Class Remains at High Levels

Attendance at EMTA's Corporate Bond Forum in London, held on Tuesday, January 25, 2011, hit a new record with market professionals spilling out from the main auditorium into several adjoining rooms. ING hosted the event, which suggested interest in the EM corporate arena remains strong.

David Spegel, ING's Global Head of EM Strategy, moderated the event's panel discussion. Spegel polled panelists for their views on current pricing levels, as well as their expectations on inflows. Polina Kurdyavko (BlueBay Asset Management) still saw value in the asset class from both a technical and fundamental stance. "It is probably the best return you are going to see in the fixed income space—a BBB average-rated asset, with potentially a seven percent return--and that is in addition to the diversification argument," she stated. In contrast, Kurdyavko believed developed country corporates would return two to four percent, and US high yield six to nine percent (the latter of which has twice the volatility of EM, she underscored). JPMorgan's Warren Mar agreed noting, however, that the JPM CEMBI index is only 5-10 bps wide of his firm's official year-end forecast, and that 2011 performance would depend much more on asset selection rather than general market moves.

Esther Chan (Aberdeen Asset Management) argued that fundamentals and debt servicing abilities support current EM corporate pricing. However, she continued, "We think that it is important to be selective on credits, understand the credit risks and be disciplined about pricing those risks."

Would corporates still receive the lion's share of EM inflows? "Looking at the fact that today's conference is so wildly overbooked, it is obvious that there is still a lot of interest in EM corporates," observed Mar. He added that the sell-side firm analysts continue to "hit the road" to meet potential investors. While retail has dominated recent inflows, crossover and institutional money would likely comprise a large portion of future new money.

VTB Capital's Nikolay Podguzov stressed that high growth rates in EM economies generally continue to support the asset class. He believed that moderate spread tightening would continue, with increasing focus on second-tier bonds.

Corporate Forum (continued)

Several speakers expressed concern that protectionism might be a risk. As for commodity price risk, Chan reminded participants that, while a sharp spike in oil pricing could have harmful effects to importing sovereigns, some corporates (e.g. those in Russia) could actually benefit. She predicted 2011 would prove a volatile year. Mar noted that the benign credit environment had allowed for easy refinancing, while cautioning that this could change and cause refinancing concerns. Kurdyavko remarked that she had noticed Street research not pricing in a Eurozone default, which the market appears to be assuming a "muddle through" scenario, and this might not be the case.

Discussing potential restructurings, Kurdyavko noted that recent restructurings have been more investor-friendly, aided by new bankruptcy laws. "I am impressed with the speed of deals and recovery rates; haircuts have not been as punitive as one could expect," she stated. She reminded investors that, in some defaults, EM bondholders could be not as well positioned as their developed market counterparts, specifically citing the better treatment of shareholders under Mexican bankruptcy laws compared to Chapter 11 filing. Mar added that recent restructurings have moved quickly as shareholders had incentives to get deals done and avoid going through the courts.

Podguzov pointed out that, unlike the recent developments in Latin America, Russian laws do little to protect bondholders. He and Kurdyavko agreed that recoveries in local Russian corporate defaults could be five cents on the dollar, and suggested that investors look elsewhere.

On issuance, panelists concurred that the amount of new paper entering the market was likely to remain at high levels. Chan commented that even firms that have been repeat defaulters in the past decade have attempted to tap the market again. Mar observed that already $30 billion in corporate paper has been issued vs. a JPM full-year forecast of US$166 billion. "Asian retail provided key support for deals in 2010; we could potentially lose some of that to Asian equities in 2011," he commented.

Kurdyavko expressed concern that "there are too many deals compared to the number of dedicated analysts covering the EM corporate space," with at least one-third of new deals from new issuers. Both she and Chan stressed the importance of bond covenants (Kurdyavko acknowledging she speaks on them each year at the EMTA event), and also advised investors to look at the structure of the bonds.

Spegel also solicited feedback on the nascent "dim sum" market. Chan offered that the recent issuance in CNH bonds, "while interesting is essentially an RMB trade, which could face liquidity issues and the lack of a backstop bid when sentiment towards the RMB turns around."

Before adjourning to a cocktail reception, Spegel requested the speakers' investment recommendations. Podguzov favored Russian second-tier metal and mining issues. Chan would "play the range" on some Chinese property firms, would buy some upcoming Philippine deals "at the right price," but would avoid Latin airlines.

Mar commented that 2011 will be more a year of "carry" with the focus for outperformance around HY and event-driven situations such as Dubai Holdings, BTAS, and Bakrie Telkom. He said that the rally in EM had left investment-grade debt looking relatively expensive and that JPMorgan had recently moved to an underweight recommendation in a number of Asian investment-grade corporates. Kurdyavko viewed telephone and mining companies key overweights, with banks (on a technical basis) and real estate underweights. Sberbank was on Spegel's recommended list.

Speakers Discuss Middle East Turmoil and Impacts on MENA at EMTA Dubai Forum

EMTA's Dubai Forum, held last year after the collapse of Dubai World, proved timely once again as uprisings in several MENA countries continued as the event took place. Standard Chartered Bank sponsored the event, which drew 175 registered attendees.

Moderator Marios Maratheftis (Standard Chartered) began by polling speakers for their economic assessments of MENA countries. Alia Moubayed (Barclays Capital) noted that Egyptians were hoarding cash during the on-going turmoil, which would result in lower-than-forecast growth, "probably not to exceed 2 or 3%," she believed. "The bigger risk though is on the fiscal side, as officials are raising subsidies and wages," she reasoned, in an attempt to meet protestor demands. Moubayed wasn't sure that Egyptian debt prices had correctly factored in all risks.

Farouk Soussa (Citi) spoke more positively about Jordan. The Hashemite Kingdom "has been the star of fiscal consolidation," he declared, praising Amman for its clever removal of oil subsidies-- executed in tandem with raising wages for the poor, and thereby avoiding street protests. He viewed the continued appointment of Finance Minister Mohammad Abu Hammour during the recent cabinet shuffle as a positive sign. According to Soussa, King Abdullah II has reacted well to recent unrest, and Jordan was likely to carry out reforms that would surpass Tunisia and Egypt.

Simon Williams of HSBC was less optimistic on Bahrain. The problems that have suddenly been highlighted in Bahrain were not in fact unknown to MENA experts. "Foreign investors have often seen Bahrain as just another GCC state…but it has a history of weak finances and a troubled political situation," he stressed. Despite this, however, the political situation is "resolvable" although Williams agreed that Jordan's fiscal issues were less of a concern than those in Bahrain.

Panelists eventually discussed the "elephant in the room," Saudi Arabia. Soussa highlighted the importance of high oil prices for Kingdom growth. "But growth in Saudi Arabia means almost nothing, its just turning on another spigot…more importantly, is growth delivering jobs for Saudis?" Soussa noted that there are two positions per Saudi citizen in the Kingdom, but education has been largely in religious studies and not the vocational or professional skills training needed to fill available jobs.

Soussa and Williams debated on whether the recent surge in oil pricing was warranted. Soussa argued that the oil markets are over-reacting, and pricing in the worst possible political outcome as "no leader of any major oil producer could possibly cut off oil supplies without destroying the local economy." Williams countered that, on the contrary, the markets were correctly pricing in the possibility that there could indeed be major and sudden disruptions to oil supplies. "When we have been so blindsided--not having expected the events of the past few months-- it is not impossible that the unforeseeable could also happen elsewhere," he commented, adding that oil prices reflect only "the beginning of fear, not a major fear."

Speakers called Abu Dhabi "relatively boring" in the current climate. Not much growth in private sector jobs was likely, predicted Moubayed, although the country does not face the demographic challenge of a country such as Egypt.

RBS' Okan Akin noted that local buyers have provided much of the support for UAE and Qatari issues, and suggested investors might wish to consider Qatar deals (especially on panic selling). Refinancing for quasi-sovereign issues in the region was manageable, Akin judged. Dubai would likely generate more FDI in the future, he predicted, and investors are being paid for the risk in Dubai issues.

The panel's CIS expert Mikhail Galkin (VTB Capital) pointed at an FX regime shift – from a peg to a semi-float – as a major policy improvement in Russia, which anchored local Russian interest rates, allowed better control over inflation and provided stability of exporters' earnings. Galkin believed that Russian companies learned a few lessons from the crisis, which include better FX risk management, more concise M&A policy and more conservative approach to leverage. He conceded the Russian ruble was unlikely to perform in 2011, and was currently close to his year-end forecast of 29.3 per USD.

Dubai (continued)

Looking to 2011, Akin described three main themes for the year (US growth, oil price fears and Ems going from growth-mode to inflation-fighting cycles), and stressed each would produce winners and losers. He liked the MXP as a stable oil exporter "with a kicker on US growth."

Galkin saw most CIS debt at or approaching fair value. However Belarus was a contrarian suggestion with an almost double-digit yield on the recently placed 7-year paper. Williams suggested foreign investors be prepared to consider paper that has been panic-sold but has not been picked up by locals.

Soussa saw the recent clerical condemnation of protests in Saudi Arabia as a major development, pointing to stability in the Kingdom, although he acknowledged Saudi exposure was not easy to find. Egypt, however, was undersold. Moubayed would also avoid Egypt and Cote d'Ivoire in favor of Russian/CIS oil exporters.

Abdul Kadir Hussain of Mashreq Capital led the event's investor session of both locally-based and foreign investors. How did the portfolio managers assess the region and how was if affecting their selection process? Dino Kronfol of Algebra Capital has been encouraged that local investors were not selling the region's debt. "However, if both foreigners and locals sell, you pretty much have to go to cash." He argued that opportunities to make money would continue even though fundamentals were in many cases deteriorating.

Other panelists largely concurred. Tony Hchaime (DE Shaw) noted that there was "a lot of money on the sidelines, waiting for good opportunities," which may offset any refinancing risks due to regional developments. Ashmore's Robin Forrest also continued to see value in MENA assets. The Emirates Investment Authority's (EIA) Paul Oliver suggested one becomes more conservative in their investment view.

Panel speakers also discussed the sukuk market. Kronfol noted that portfolios are clearly going to be diversifying out of the Middle East, into issues such as Malaysian sukuks. Oliver noted the EIA considers such bonds exclusively on an economic basis.

Contrasting the developed markets (DM) to EM, Forrest noted the accepted wisdom accepted a scenario of US growth, a troubled euro and resurgent EM inflation. He challenged all three assumptions and specified that 22 EM banks have already begun tightening measures. "Inflation might even have peaked," he ventured. The 2008 crisis should demonstrate for all that the vast amount of wealth invested in DMs is risky, and that EM assets should have increased allocations in a balanced portfolio.

As for distressed debt, Kronfol argued that it investing in such assets was often rewarding despite legal and other issues. Moderator Hussain suggested that a lot of the portfolio manager's job in this case would be to knowing the policy-maker, and recognizing that MENA rules are different from those in other markets.

Kronfol noted that defaults were minimal in the MENA region. He did praise policy markers for an improved handling of default situations while acknowledging an occasional mishandling still occurred. He added "the Dubai situation was handled relatively well…but it was not communicated well, and there wasn't a road map for what would happen next time."

Transparency in sovereign wealth funds is improving, several speakers suggested. "It is an evolving process, but will be accelerated as they use the capital markets to find private partners to achieve their economic goals," stated Oliver.

As for investment recommendations, Kronfol liked high yielders from the UAE and Saudi Arabia ("some compelling stories out there with BB and higher ratings with 9% yields"). Tunisia and Egypt were not sovereign buys yet, but would be later this year.

Forrest saw the best opportunities in mobile phone companies and government-supported home builders, as well as protein producers (ranging from Brazilian beef to Ukrainian chickens) but would avoid 2nd tier Chinese real estate. Hchaime looked for oversold sectors. He suggested that oversold and liquid consumer and retail equities might be of interest to investors. Hussain agreed with earlier comments on Egypt, and thought such issues had more downside risk.

EMTA Spring Forum Set for April 4 in New York City

EMTA's Spring Forum will be held on Monday, April 4, 2011. HSBC Securities (USA) Inc. will host the event in its midtown Manhattan headquarters.

The event will include a panel discussion of current themes in the Emerging Markets and how investors can profit from recent events. The panel will be moderated by Pablo Goldberg (HSBC), with additional speakers including Paul DeNoon (AllianceBernstein), Alberto Bernal (Bulltick Capital), Denise Simon (Lazard Asset Management), and Siobhan Morden (RBS).

The event will conclude with a cocktail reception. Complimentary invitations were sent to EMTA members on March 3; the fee for non-members is US$495.

For further information, please contact Jonathan Murno of EMTA at jmurno@emta.org.

EMTA to Host Special Seminar in London on April 20 on Hong Kong's New "Dim Sum" Market

Responding to the growing and intense interest in the nascent "Dim Sum," or offshore renminbi market (also referred to as the "CNH" market), EMTA will hold a special seminar in London on Wednesday, April 20, 2011 focusing on recent developments in this new offshore market and the implications for the global currency markets. RBS will sponsor the event.

The seminar is expected to cover recent developments in the offshore renminbi market and its implications for global currency markets; the "Dim Sum" bond market; authorization and regulatory infrastructure; account and settlement structure; prospects for investors; future steps toward renminbi convertibility; liquidity constraints and parallel pricing risk; potential trading opportunities between the offshore and onshore market; risks for the offshore investor; Hong Kong renminbi-denominated capital raising; and other related topics.

The event will include a keynote presentation by Robert McCauley, Senior Advisor at the Bank for International Settlements followed by a panel discussion moderated by RBS' Woon Khien Chia and features several Asian-based experts. She will be joined on the dais by Kieran Curtis (Aviva Investors), Emil Nguy (Income Partners), Tim Condon (ING) and Callum Henderson (Standard Chartered).

Invitations will be sent to EMTA members shortly. For further information, please contact Leslie Payton Jacobs (lpjacobs@emta.org) or Jonathan Murno (jmurno@emta.org).

Brazilian Central Bankers Headline EMTA Event in São Paulo

Aldo Mendes, the Director of Monetary Policy at the Brazilian Central Bank, will deliver the keynote address at EMTA's Fourth Annual São Paulo Forum, to be held on Tuesday, May 10, 2011. Once again, the event will be hosted by Itaú BBA.

EMTA's São Paulo Forum also features its now-traditional panel discussion of former Central Bank Directors. Itaú BBA's Guilerme da Nobrega will lead a spirited discussion among Affonso Pastore (A.C. Pastore & Associados), Alexandre Schwartsman (Banco Santander), Mario Mesquita (Brevan Howard) and Luiz Fernando Figueiredo (Maua Investimentos). Only at a COPOM meeting will the SELIC debates be more intense!

Admission for EMTA members is complimentary; the fee for non-members is $495. Please contact Jonathan Murno (jmurno@emta.org) or Leslie Payton Jacobs (lpjacobs@emta.org) for more information.

Argentine Finance Under Secretary Cosentino to Address EMTA Forum in Buenos Aires

Argentina's Finance Under Secretary, Adrián E. Cosentino, will deliver the keynote address at EMTA's Fourth Annual Forum in Buenos Aires to be held on Thursday, May 12, 2011. The event will also be hosted by Itaú BBA.

Cosentino assumed his current position in November 2008. Previously, he held the vice presidency of FOGABA (Guaranty Fund of the Province of Buenos Aires). He also served as a Portfolio Manager of Foncap SA (Social Capital Fund) and as Coordinator of the Global Program of Credit of the Inter-American Development Bank. He spoke at EMTA's Fall Forum in 2010 in New York.

EMTA's Buenos Aires Forum will also include a panel discussion. Fernando Ferrari of Itaú will moderate the discussion, which will also feature Ricardo Maxit (Galileo Argentina), Javier Finkman (HSBC), Juan Veron (HSBC Global Asset Management) and Claudio Achaerandio (TPCG).

Admission for EMTA members is complimentary; the fee for non-members is US$495. Please contact Jonathan Murno (jmurno@emta.org) or Leslie Payton Jacobs (lpjacobs@emta.org) for more information.

Emerging Market Benefit NYC Raises $500,000 for EM Charities

Organizers of the Emerging Markets Charity Benefit (EMCB) Planning Committee announced that the 2010 gala raised $500,000 for five beneficiary charities working to improve health and education in emerging countries. EMCB organizers noted that the 2010 event raised nearly $100,000 more than the 2009 event, while still maintaining an exceptionally low expense ratio of approximately 20%.

The event was held on Thursday, December 2, 2010 immediately following EMTA's Annual Meeting, and was held at the Marriott Marquis Hotel in Times Square. Over 550 EM industry professionals attended.

Silent auction prizes included use of holiday homes in Argentina, Belize, Sun Valley and Maine. Golf outings, theatre, opera and concert tickets, fine wine, jewelry, designer fashions, and a private air tour were also auctioned off to raise funds for our very deserving beneficiary charities.

The event also included a raffle with the top prize of a week's stay in a condo in Playa del Carmen, Mexico. Finally, EMCB gratefully received almost $40,000 as its share of the Charity Trading Day, held in September 2010, generously donated by MarketAxess.

The five beneficiaries receiving funds from the 2010 event are:

- **Empower**, which connects the Emerging Markets community with local organizations providing tools and resources to enable at-risk young people to lead healthy and productive lives www.empowerweb.org;
- **Fonkoze**, which offers micro-finance services aimed at improving the economic and social conditions in Haiti www.fonkoze.org;
- **NESST**, which provides financial and capacity-building support to social enterprises in Central Europe and Latin America www.nesst.org;
- **Orphaned Starfish Foundation**, which works with orphans and disadvantaged children throughout Latin America www.orphanedstarfish.org; and
- **WorldFund**, which promotes education in Latin America www.worldfund.org.

The EMCB Planning Committee continues to welcome new committee members, and will soon begin work on the 2011 event (scheduled for December 1, 2011). Nominations for 2011 beneficiaries may also be made at this time. Please contact Jonathan Murno of EMTA at jmurno@emta.org for more information.

London Charity Ball Committee Start Planning for 2011 Gala

Organizing for the 2011 Emerging Markets Benefit ball, to be held in London, has already begun. The gala event will be held on Friday, September 30, 2011, subject to final confirmations.

Tables will go on sale in the Summer, and, due to historical demand, are expected to sell out almost immediately.

Firms interested in sponsoring the ball, or donating auction items, should contact committee members Clare Turnbull (RBS) at clare.turnbull@rbs.com, Elaine Skinner-Reid (RBC) at elaine.skinner-reid@rbccm.com or Jonathan Murno (EMTA) at jmurno@emta.org. In addition, anyone wishing to contribute to the event planning should also contact the event organizers.

Organizers wish to thank retiring committee members Emma McClintock (Barclays Capital) and Judith Wheelan for their brilliant years of dedicated service.

Bond & Warrant Trading & Settlement

Ivory Coast

Despite the Ivory Coast's Ministry of Finance's Press Release that it would take "all necessary measures" to make the interest payment on its 2032 Bonds, no such payment was made. Accordingly, upon the expiration of the 30-day grace period following the non-payment of interest on December 31, 2010, EMTA recommended flat trading, beginning on February 1, 2011, for Ivory Coast's 2032 Bonds. Click Here for the full text of this Market Practice recommendation and Click Here for the Press Release.

Venezuela Oil Obligations Payment

The October 15, 2010 Oil Obligations payment was made to holders of record as of September 30, 2010, and EMTA recommended that trades be "ex-dividend" on September 28. Click Here for the Fiscal Agent notice regarding the calculation of payment.

Nigeria Payment Adjustment Rights Payment

Click Here for the Fiscal Agent notice regarding the calculation of the November 15, 2010 payment.

Uruguay VRR Payment

Click Here for the Fiscal Agent's notice regarding the January 2, 2011 VRR payment's calculation of zero. To date, no payments have ever become due on these VRRs.

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Please note that all EMTA Documents may be found in the Documentation area of EMTA's website (http://www.emta.org/doc.aspx), including EMTA Primers for Warrants and Market Practices. For further information, please visit the New Developments area of EMTA's website or contact Aviva Werner at awerner@emta.org.

FX & Currency Derivatives

Political Events in Egypt Affect the EGP NDF Market

The closure of the financial markets in Cairo in early to mid-February affected valuation of Egyptian Pound / US Dollar non-deliverable forward FX and currency option contracts. This represented the first experience by EMTA with the potential for a long-term market closure (meaning more than an unexpected day or two) since the closure of the Argentine market in late 2001, and was an important test of the mechanisms that were built into the EMTA contracts to address this risk.

Following the first day on which contract valuations were affected, EMTA convened a group of Egyptian Pound FX traders to monitor the situation and took steps to organize the group of survey participant banks in the event that the EMTA Indicative Survey needed to be activated. This group carefully monitored events in Cairo, prepared itself for participation in the back-up survey and was instrumental in ensuring that the EMTA membership received important information about the situation.

Importantly, the mechanisms for initiating and activating the EMTA Indicative Survey were reviewed and necessary preparations were made. If the Indicative Survey had been activated, it would have been the first such time since the original mechanism was designed in 2002.

EMTA published an "Egypt Update" on February 4, outlining for the market what had happened and what the implications were for the contracts. This update is located in the New Developments area of the EMTA website. In it, EMTA clarified the status of the contracts following the occurrence of the "Unscheduled Holiday" in Cairo and informed its membership of its preparations in respect of the EMTA Indicative Survey.

The Central Bank of Egypt opened several days following its first closure, however, it resumed quotation of the EGP/USD rate quote, which the market relies on for NDF and NDO contract valuations, at non-conforming times. In response, EMTA issued its FX and Currency Derivatives Market Practice No. 55, recommending that the market "fix" contracts at a particular one of the non-conforming times in order to reduce basis risk and market disputes. This Market Practice may be found in the Documentation area of EMTA's website. After several days, the Central Bank of Egypt resumed publishing at the standard times. The market in Cairo closed for a second time the next week and contract valuations were again deferred by several days until the Central Bank once again re-opened.

This series of events presented a challenging and informative "walk-through" of the Disruption Fallback mechanisms and other contract provisions included in the standard EMTA templates.

User's Guide to Cross-Currency NDF Documentation – Draft Now Available

The EMTA Cross Currency NDF Working Group, constituted at the request of the FXC, has been meeting since Spring 2010 for the purpose of standardizing market practices for cross-currency non-deliverable FX transactions with a view toward eliminating market disagreements over basic contractual terms and increasing efficiency and transparency in settlements and trade processing with increased automation as an important goal.

A draft of the proposed User's Guide to Documenting Cross Currency NDFs has been circulated to the EMTA membership for comment, as well as to other industry groups, including ISDA and various FX committees in other regions.

The User's Guide includes several market practices which describe and recommend particular approaches to various aspects of cross currency NDF documentation. In addition, the User's Guide includes a standard form template for a cross currency transaction, an illustration of how to apply the template terms to any currency pair and an extensive list of new rate source definitions for Settlement Currency Settlement Rate Options, as well as many other definitions needed to support the cross currency product within the framework of the 1998 FX and Currency Option Definitions.

FX & Currency Derivatives (continued)

Importantly, however, the User's Guide does not issue recommendations on specific rate sources to be used in connection with the Settlement Currency Settlement Rate. The industry failed to converge on this issue for several reasons and as a result a "menu of options" approach was determined to be the preferred route, leaving open the possibility of industry convergence over time. In addition, the User's Guide is an overall guide to the process of documenting cross currency transactions with the necessary tools included to document any chosen currency pair. It leverages and is compatible with the existing documentation and market practice architecture produced by EMTA for US-Dollar settled transactions. The User's Guide is the baseline architecture critically needed by the industry before the next step of automation and a master confirmation structure can be introduced.

The draft User's Guide is available on the EMTA website for member download and comment. EMTA members are encouraged to review the draft and submit comments or questions.

Dodd Frank Legislation and the NDF Market

In July, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was signed into law. Following is a rough orientation to the Dodd Frank provisions that may affect or determine conduct in the NDF sector, as well as a summary description of some of the industry actions taken.

Title VII of Dodd Frank provides that "swaps" will be subject to a new and robust regulatory scheme. "Swaps" are very broadly defined in Dodd Frank and include almost all OTC derivatives (including foreign exchange products). Depending upon the nature of the swap, either the Commodities and Futures Trading Commission or the Securities and Exchange Commission will be the primary regulator, and in some cases, both regulators will share jurisdiction. Importantly, Dodd Frank provides for mandatory clearing and trading of swaps on exchanges or other sanctioned facilities and imposes a series of new regulations in an area where trading was previously over-the-counter and largely unregulated.

However, Dodd Frank also gives the Secretary of the Treasury the authority to exempt FX forwards and FX swaps from the purview of the legislation provided that certain conditions are met. These conditions address issues such as preventing an evasion of the purposes of the Act, ascertaining that such exemption will not create systemic risk or create system-wide problems, ascertaining that the products have alternate adequate regulation, confirming that adequate payment and settlement systems exist, and ascertaining that there is an adequate level of supervision. In the fall of 2010, the Treasury Secretary issued a Notice and Request for Comment on the topic of whether FX swaps and FX forwards should be exempted from the definition of "swap" under the Commodities Exchange Act, as amended by Dodd Frank. There have been several responses to this Request for Comment. Both SIFMA and ISDA have responded, in each case arguing for the exemption, and in each case, discussing the FX industry as a whole, implicitly including (but not specifically mentioning) NDFs. In addition, the Investment Company Institute responded to the Request for Comment, arguing two, more narrow, points: that FX spot transactions should not be treated as "swaps" under Dodd Frank and that NDFs should properly be treated as FX forward transactions. SIFMA also directed a letter to the CFTC and the SEC, also advocating that FX spot transactions be carved out of "swaps" as described under the law and that NDFs be treated as FX forwards. Copies of these comment letters may be found on the websites of the authors and also on the websites of the agencies to whom they were directed.

Language in the Dodd Frank legislation on what an "FX forward" is, or is not, has left open the possibility that NDFs could be left within the purview of the legislation to come even if FX forwards are exempted from it. The definitions of "FX swap" and "FX forward" in Article VII of Dodd Frank reference transactions …."that solely involve an exchange of 2 different currencies…" implying, in the view of some, physically settled transactions. On the contrary, NDF transactions are not physically settled in the traditional sense --- they are commonly described as "cash-settled", involving only a single currency payment. As a result, arguments could be made that they are not FX forwards and/or are not susceptible to inclusion in an exemption, if any is given by the Secretary of the Treasury.

FX & Currency Derivatives (continued)

Expiry Times for RUB, MYR and IDR NDOs?

Certain EMTA members have identified "mismatch" issues surround Expiry Times for Ruble, Malaysian Ringgit and Indonesian Rupiah non-deliverable option contracts. The mismatch problems for Russian Ruble NDOs appear to relate to differences with managing risk between the deliverable and non-deliverable Ruble markets, and the mismatch problems for Malaysian Ringgit and Indonesian Rupiah NDOs appear to relate to the way the rate source definitions were drafted for Annex A. Steps are being taken to address these issues within the context of an Operations Managers Working Group.

BRL PTAX Rate Developments

In the summer of 2010, the Central Bank of Brazil announced an intention to make some changes to the methodology underlying the production of the PTAX rate. In the months since then, these proposed changes have been examined in detail and commented on by the Brazilian financial market. Members of the Brazilian financial market reached out to EMTA and EMTA staff have been monitoring the developments since then with periodic updates from the Brazilian trading community. The various proposals of the Central Bank have been posted on EMTA's website in the New Developments area. Following the December publication by the Central Bank of the modified methodology, a small group of EMTA members met by conference call to discuss the possible implication for the offshore market of the amendments and the local market responses to them, which may include a possible new market-based BRL rate source produced by the BVMF. Importantly, this group will be assessing how these developments in Brazil might affect offshore contracts and whether any changes will need to be made as a result to primary rate source recommendations, fallback recommendations and, possibly, in the area of BRL barrier options practices.

Input Needed To Advance Latam Inflation Index NDS Efforts

This working group, comprising representatives from EMTA and ISDA member organizations, was organized to introduce some standardization for Latin American inflation-indexed non-deliverable swaps. The inflation indices targeted by this group include ARS-CER, CLP-UF, COP-UVR, PEN-VACU and MXN-UDI.

The group currently is focusing on the development of standard definitions for the inflation indices mentioned above; however, input is very much needed to develop this standardized language. EMTA members with suggestions are encouraged to share them, and those with greater interest in this topic are urged to join this working group.

Nigerian Naira NDF Documentation Finalized and Published

The EMTA African Currency Working Group finalized standardized market practices and documentation for non-deliverable forward FX transactions for the Nigerian Naira. These were approved by the EMTA membership and published with an effective date of December 27, 2010. The main terms include a recommended primary rate source produced by the FMDA (Financial Markets Dealers Association) in Nigeria (the so-called "NAIFIX" rate). In addition, the proposal outlines both Disruption Events and Fallbacks, a Deferral Period of 14 days, and largely follows the models previously set forth by EMTA for other currencies

Topical Issues Pipeline……

KFTC30 and KFTC18? Is there a different practice in the NDF and the NDO KRW markets and what should be done to clarify…..?

Should Relevant Cities for Business Days for Valuation in Latin American NDFs continue to include New York….?

* *

For further information regarding the above, as well as FX & Currency Derivatives matters generally, please contact Leslie Payton Jacobs at lpjacobs@emta.org or (301) 838-4552.

EMTA Members:
To obtain a password for the Members Only area, please CLICK HERE

Website Updates and Additions

Key Industry Views

EMTA continues to recognize publications by leading research analysts and others that highlight noteworthy industry topics. In recent weeks, EMTA has made the following additions to the Key Industry Views area of EMTA's website:

To submit materials for posting to this area, please contact EMTA by email at jmurno@emta.org.

- "The Road from Tahrir Square to Democracy." February 14, 2011 – Mohamed El-Erian (PIMCO).
- "Euro Zone Clarity on Debt Resolution Key to Confidence." February 28, 2011 – Fergus McCormick and Alan G. Reid (DBRS).
- "Latin American and Caribbean Sovereign Outlook." January 20, 2011 – Moody's Investor Service.
- "Latin America Outlook for 2011." December 22, 2010 – Global EM Research Team (HSBC).
- "EM Biweekly Report." December 17, 2010 – ING EM Research Team.
- "2011: What Lies Ahead." December 16, 2010 – Walter Molano (BCP Securities).
- "Another Year in the 'New Normal': 2011 Preview." December 13, 2010 (Morgan Stanley CEEMEA Economics Team).
- "Mexico: Best Deal in Town." December 13, 2010 – Walter Molano (BCP Securities).
- "Latin America – A Positive Macroeconomic Outlook for 2011-12." December 10, 2010 – Paulo Leme and Team (Goldman Sachs).
- "Latin America in 2011: Risks to Abundance, Risks of Abundance." December 6, 2010 – Gray Newman, Luis Arecntlates and Daniel Volberg (Morgan Stanley).
- "LatAm Economics: Outlook 2011." December 1, 2010 – Javier Kulesz, Andre Carvalho and Rafael De La Fuente (UBS).
- "America's Global Fight Against AIDS." December 1, 2010 - George W. Bush (The Washington Post).
- "Ireland's Reparations Burden." December 1, 2010 – Barry Eichengreen (University of California).
- "2011: The Year Ahead." December 2010 – Standard Chartered EM Team.
- "Prospects for 2011." November 30, 2010 – David Lubin, Johanna Chua and Marcelo Kfoury (Citi).
- "EM Outlook for 2011." November 29, 2010 – Global EM Strategy Team (Societe Generale).
- "A Claims Market Emerges in Iceland." November 29, 2010 - Richards Kibbe & Orbe.

New Developments

These and other recent news items can be found in the New Developments area of EMTA's website.

- March 29, 2011 – Robert McCauley, Senior Advisor, Bank for International Settlements, to Deliver Keynote Address at EMTA Special Seminar on the Offshore Renminbi ("Dim Sum") Market in London on April 20, 2011.
- March 29, 2011 – Moody's Downgrades Belarus' Foreign-Currency Government Bond Rating from B1 to B2.
- March 24, 2011 – Moody's Downgrades El Salvador's Government Bond Rating from Ba1 to Ba2.
- March 22, 2011 – EMTA Announces Annual Emerging Markets Debt Trading Stood at US$6.765 Trillion.
- March 18, 2011 – Standard & Poor's Downgrades Bahrain's Long-Term Foreign Currency Sovereign Credit Rating from A- to BBB.
- March 16, 2011 – Standard & Poor's Upgrades Colombia's Long-Term Foreign Currency Sovereign Credit Rating from BB+ to BBB- (Investment Grade).
- March 16, 2011 – Standard & Poor's Downgrades Tunisia's Long-Term Foreign Currency Sovereign Credit Rating from BBB to BBB-.

- March 16, 2011 – Standard & Poor's Upgrades Serbia's Long-Term Foreign Currency Sovereign Credit Rating from BB- to BB.
- March 16, 2011 – Moodys Downgrades Egypt's Foreign-Currency Government Bond Rating from Ba2 to Ba3.
- March 15, 2011 – Fitch Downgrades Bahrain's Long-Term Foreign Currency Issuer Default Rating from A- to BBB.
- March 15, 2011 – Fitch Upgrades Latvia's Long-Term Foreign Currency Issuer Default Rating from BB+ to BBB- (Investment Grade).
- March 15, 2011 – Standard & Poor's Downgrades Belarus' Long-Term Foreign Currency Sovereign Credit Rating from B+ to B.
- March 15, 2011 – Moody's Downgrades Portugal's Long-Term Government Bond Rating from A1 to A3.
- March 10, 2011 – Moody's Downgrades Spain's Government Bond Rating from Aa1 to Aa2.
- March 10, 2011 – ICMA-ERC Survey on Repo Activity.
- March 7, 2011 – Moody's Downgrades Greece's Government Bond Rating from Ba1 to B1 (Three Notches).
- March 6, 2011 – Standard Chartered Press Release on EMTA Forum in Dubai.
- March 4, 2011 – EMTA Spring Forum in NYC to be Held on April 4, 2011.
- March 4, 2011 – Fitch Upgrades Costa Rica Foreign-Currency Issuer Default Rating from BB to BB+.
- March 4, 2011 – EMTA Spring Forum in NYC to be Held on April 4, 2011.
- March 2, 2011 – Fitch Downgrades Tunisia's Long-Term Foreign Currency Issuer Default Rating from BBB to BBB-.
- March 1, 2011 – EMTA Announces 4Q 2010 EM CDS Volume Stood at US$208 Billion.
- March 1, 2011 – EMTA Forum in Dubai to be Held on March 8, 2011.
- February 24, 2011 – Moody's Downgrades Cyprus's Government Bond Ratings from Aa3 to A2 (Two Notches).
- February 22, 2011 – EMTA Winter Forum - Sell-Slide Panel Slide on Key Economic Variables.
- February 11, 2011 – Holiday Schedule for EM Bond Trades for US Presidents' Day Holiday.
- February 7, 2011 – Recommended FX and Currency Derivatives Market Practice on Settlement of EGP/USD Non-Deliverable Forward FX and Currency Option Transactions dated February 7, 2011.
- February 4, 2011 – Egypt Update.
- February 3, 2011 – Fitch Downgrades Egypt's Long-Term Foreign Currency Issuer Default Rating from BB+ to BB.
- February 1, 2011 – Moody's Upgrades Ecuador's Government Bond Rating from Caa3 to Caa2.
- January 31, 2011 – Moody's Downgrades Egypt's Government Bond Rating from Ba1 to Ba2.
- January 31, 2011 – Market Practice Recommendation for Ivory Coast 2032 Bonds.
- January 28, 2011 – EMTA Winter Forum in London to be Held on February 22, 2011.
- January 21, 2011 – In Memoriam Peter R. Geraghty, EMTA Founder and Former Co-Chair, Long-Time EMTA Director.
- January 19, 2011 – Moody's Downgrades Tunisia's Foreign Currency Government Bond Rating from Baa2 to Baa3.
- January 17, 2011 – Moody's Upgrades Indonesia's Foreign-Currency Sovereign Bond Rating from Ba2 to Ba1.
- January 12, 2011 – EMTA Announces 3Q 2010 CDS Volume Stood at US$394 Billion (Revises 1Q 2010 and 2Q 2010 CDS Volumes).
- January 12, 2011 – Bank of China Q&A on Renminbi Trading by US Persons.
- January 10, 2011 – Press Release from the Cote d'Ivoire Ministry of Finance on Interest Payment on Bonds Due 2032.
- January 10, 2011 – IMF Board Approves $72 Bio Credit Line Facility for Mexico.
- January 5, 2011 – Holiday Schedule for EM Bond Trades for Martin Luther King, Jr. Holiday.
- January 4, 2011 – EMTA Corporate Bond Forum, Sponsored by ING, to be Held on January 25, 2011 in London.
- December 30, 2010 – Calculations for Payments on Uruguay VRR's Announced.

Website (continued)

Reminders: Visit the *New Developments, Key Industry Views, Employment, Litigation, Responses to Market Conditions, Documentation* and *From the Market* areas

EMTA would like to remind its Members to visit the following areas of its website, which are updated frequently: New Developments, Key Industry Views, Employment, Litigation in the EM Background area, Responses to Market Conditions in the New Developments area, Documentation and From the Market in the Activities & Services area.

In the New Developments area, EMTA posts current information regarding EMTA projects and other matters deemed of interest to participants in the Emerging Markets trading and investment community. To submit materials for posting to this area, please contact EMTA by e-mail at sortiz@emta.org. EMTA generally disclaims responsibility for the content of materials received for posting from outside sources.

The Key Industry Views area contains key industry perspectives and market commentary deemed to be of particular importance or relevance in understanding today's Emerging Markets. EMTA has obtained the information posted in this area from sources it believes to be reliable and credible, but EMTA disclaims any and all responsibility for the content of materials received for posting from outside sources. Neither EMTA nor the author of any publication posted in this area has assumed any obligation to update any materials posted herein, and each item is deemed to be dated the date of its publication as stated therein or, in the absence of a date, the date of its posting. To submit materials for posting to this area, please contact EMTA by email at jmurno@emta.org.

The Employment area includes industry positions currently available around the globe for members of the EM trading and investment community. Because of the difficult employment environment resulting from the credit crunch, EMTA has revised the Employment area to include both:

- listings of employment opportunities posted (for a fee) by prospective employers (CLICK HERE for Job Opportunities); and
- summary resumes posted (free of charge) by individuals seeking employment positions (CLICK HERE for Jobs Wanted).

Postings may contain as much, or as little, detail as desired, and initial contact between prospective employers and employees may be arranged through EMTA. To post an employment opportunity, please contact EMTA by email at jmurno@emta.org. To post a summary resume, please contact EMTA by email at sortiz@emta.org.

The Litigation area contains various court decisions and related litigation materials (including amicus briefs) that may be of interest to the EM trading and investment community. Cases can be viewed alphabetically in the more comprehensive List of Cases, as well as by specific subject matter category, in reverse chronological order. A specific attempt has been made to collect as many cases as possible in the on-going litigation against Argentina so creditors are aware of the enforcement and collection challenges facing them. If you are aware of any pertinent information which would be useful to post here, please contact EMTA by email at awerner@emta.org.

Website (continued)

In an inter-connected global economy, the various regulatory proposals to address the market turmoil of 2008/2009 provide important context to the activities of the EM trading and investment community. Because of the diversity of these proposals, and their sheer volume and complexity, EMTA has tried to maintain an area of its website Responses to Market Conditions that tracks regulatory developments. Included in this area are various items of interest generated by regulatory agencies, law firms and other trade associations, etc. This area will be updated from time to time as new information becomes available, and contains, among other sections, the sub-categories of Regulation of the Financial Sector, Europe, IMF and CDS so Members can access those topics more directly. To submit materials for posting to this Responses area, please contact EMTA by e-mail at awerner@emta.org.

EMTA offers Market Practice recommendations and documentation relating to a range of EM activities as well as to EM generally. In the Documentation area, EMTA Members have access to EMTA Standard Documentation (including Bonds and Loans Documentation (which include Primers, When-Issued and Bond Confirmations, Standard Terms for Assignments and Participations and Bilateral Netting Agreements), FX and Currency Derivatives Documentation (which include Master Confirmation Agreements and Practice Notes, Template Terms for Non-Deliverable Forward FX Transactions, Template Terms for Non-Deliverable Options, Standard Definitions, Survey Methodologies, User's Guides and Multilateral Amendments and Documentation Protocols), Bond and Loan Market Practices, FX and Currency Derivatives Market Practices, Credit Derivatives and Swaps Market Practices, Industry Principles and Guidelines and EM Sovereign Bond Documentation Charts). Please contact Aviva Werner (awerner@emta.org) or Leslie Payton Jacobs (lpjacobs@emta.org) for any questions you may have regarding the documents in this Documentation area.

From the Market contains items submitted to EMTA that are deemed of general interest to the Emerging Markets trading and investment community. Decisions to post items are at EMTA's discretion, and the responsibility for content of each posted item lies solely with its author. Items in a variety of formats such as articles, opinions, transcriptions, and graphics, among others, are appropriate for this area. To submit postings to this area, please contact EMTA by email at sortiz@emta.org.

Miscellaneous

EMTA Membership Update

EMTA's newest members include:

- **Banca IMI**
- **Banco Mariva**
- **Bradesco Securities**
- **Cbonds**
- **DBRS**
- **GE Asset Management**
- **HBK Investments**
- **Jefferies & Company, Inc.**
- **Van Eck**
- **White & Case**

If you are interested in EMTA Membership, or if you know of prospective Members, please contact Jonathan Murno at jmurno@emta.org or (646) 289-5413 or Suzette Ortiz at sortiz@emta.org or (646) 289-5414.

Also, in the Membership area of EMTA's website, we offer information about our various Membership categories and benefits and about how to join the Association.

Information for Volume Survey Participants

As a reminder, EMTA collects volume data from market participants for its Trading Volume Surveys for EM Debt and CDS on a quarterly schedule. EMTA contacts its survey participants approximately one week before the end of each quarter. Look for the EMTA Volume Survey e-mails!

If you are not currently a participant in the EMTA Volume Survey and believe you can contribute data for this purpose, or wish to find out more about being a survey participant, please contact Jonathan Murno at jmurno@emta.org or (646) 289-5413. Individual Survey responses are kept strictly confidential.

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 expression and 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.

EMTA Staff Departure

As previously reported, Starla Griffin (EMTA's former Managing Director in Europe) left EMTA effective November 30, 2010, and has joined Slaney Advisors in London as Managing Director. At Slaney (a consultancy that specializes in EM investments), Starla will continue to focus on Africa as an advocate for private investors. After she settles in at Slaney, EMTA hopes to engage Starla from time to time to consult on various EMTA projects within her considerable areas of expertise. Starla can be reached at starla.griffin@slaneyadvisors.com. Best wishes!

EMTA Hotlines

Topic	Contact	Telephone
Asia	Jonathan Murno/Leslie Payton Jacobs	(646) 289-5413/(301) 838-4552
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Clearing Corp.	Michael Chamberlin	(646) 289-5410
Corporate Bonds	Jonathan Murno/Leslie Payton Jacobs/ Aviva Werner	(646) 289-5413/(301) 838-4552/ (646) 289-5412
Credit Derivatives	Leslie Payton Jacobs/Aviva Werner	(301) 838-4552/(646) 289-5412
EM Bond Charts	Aviva Werner	(646) 289-5412
EM Charity Benefits	Jonathan Murno	(646) 289-5413
EM Litigation	Aviva Werner	(646) 289-5412
EMTA Annual Meeting/Forums	Jonathan Murno	(646) 289-5413
EMTA Governance	Michael Chamberlin	(646) 289-5410
FX and Currency Derivatives	Leslie Payton Jacobs	(301) 838-4552
International Financial Architecture	Michael Chamberlin	(646) 289-5410
Investor Rights	Michael Chamberlin/Aviva Werner	(646) 289-5410/5412
Legal/Compliance	Aviva Werner	(646) 289-5412
Library and Archive Requests	Evelyn Ramirez	(646) 289-5415
Local Markets	Aviva Werner/Leslie Payton Jacobs	(646) 289-5412/(301) 838-4552
Market Information/Research	Jonathan Murno	(646) 289-5413
Membership	Jonathan Murno/Suzette Ortiz	(646) 289-5413/5414
Netting Facilities	Aviva Werner	(646) 289-5412
Paris Club	Michael Chamberlin	(646) 289-5410
Repos/Securities Lending	Aviva Werner	(646) 289-5412
Volume Surveys	Jonathan Murno	(646) 289-5413
Warrants/VRR's	Aviva Werner	(646) 289-5412
Website	Suzette Ortiz	(646) 289-5414

EMTA staff can also be reached through the general telephone number (646) 289-5410, at the following e-mail addresses or through EMTA's website (www.emta.org).

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Evelyn Ramirez	eramirez@emta.org
Aviva Werner	awerner@emta.org

EMTA Calendar - 1st Quarter 2011

Mon., Jan. 3, 2011	Recommended Market Close (London) New Year's Day (2011)
Mon., Jan. 17	Recommended Market Close (NYC) Martin Luther King Jr. Day Recommended 12:00 Noon (London) Early Market Close
Tues., Jan. 25	**Corporate Bond Forum (London) Hosted by ING Bank NV 60 London Wall London**
Tues., Feb. 8	**Board Meeting (NYC/London)**
Mon., Feb. 21	Recommended Market Close (NYC) Presidents' Day Recommended 12:00 Noon (London) Early Market Close
Tues., Feb. 22	**Winter Forum (London) Hosted by JPMorgan The Great Wall, 60 Victoria Embankment London**
Tues., March 8	**EMTA Forum in Dubai Hosted by Standard Chartered The Ritz Carlton Gate Village, Dubai International Financial Centre United Arab Emirates**
Mon., April 4	**Spring Forum (NYC) Hosted by HSBC Securities (USA) Inc. 452 Fifth Avenue between 39th and 40th Streets Americas Room - 11th Floor NYC**
Wed., April 20	**EMTA Special Seminar on Offshore Renminbi Market (London) Hosted by RBS 280 Bishopsgate London**
Thurs., April 21	Recommended 2:00 p.m. (NYC) Early Market Close
Fri., April 22	Recommended Market Close (NYC/London) Good Friday
Mon., April 25	Recommended Market Close (London) Easter Monday
Fri., April 29	Recommended Market Close (London) Bank Holiday
Mon., May 2	Recommended Market Close (London) May Day Bank Holiday
Tues., May 10	**EMTA Forum in São Paulo Hosted by Itaú BBA Avenida Paulista 149 São Paulo, Brazil**
Thurs., May 12	**EMTA Forum in Buenos Aires Hosted by Itaú BBA Cerrito 149, 18˚ Piso Buenos Aires, Argentina**

Fri., May 27	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., May 30	Recommended Market Close (NYC/London) Memorial Day/Spring Bank Holiday
Tues., June 28	**Summer Forum (London)** **Hosted by Bank of America Merrill Lynch** **2 King Edward Street** **London**
Fri., July 1	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., July 4	Recommended Market Close (NYC) Independence Day Recommended 12:00 Noon (London) Early Market Close
Mon., August 29	Recommended Market Close (London) Summer Bank Holiday
September/October*	**Corporate Bond Forum (NYC)**
September/October*	**Fall Forum (NYC)**
Fri., Sept. 2	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Sept. 5	Recommended Market Close (NYC) Labor Day Recommended 12:00 Noon (London) Early Market Close
Fri., Sept. 30	**Emerging Markets Benefit London***
October*	**EMTA Forum in Singapore**
October*	**EMTA Forum in Hong Kong**
Mon., Oct. 10	Recommended Market Close (NYC) Columbus Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 11	Recommended Market Close (NYC) Veterans' Day Recommended 12:00 Noon (London) Early Market Close
Wed., Nov. 23	Recommended 2:00 p.m. (NYC) Early Market Close
Thurs., Nov. 24	Recommended Market Close (NYC) Thanksgiving Day Recommended 12:00 Noon (London) Early Market Close
Fri., Nov. 25	Recommended Market Close (NYC) Thanksgiving Recommended 12:00 Noon (London) Early Market Close
Thurs., Dec. 1	**EMTA Annual Meeting (NYC)** **2011 Emerging Markets Benefit (NYC)**
Fri., Dec. 23	Recommended 2:00 p.m. (NYC) Early Market Close
Mon., Dec. 26	Recommended Market Close (NYC/London) Christmas Day (observed)
Tues., Dec. 27	Recommended Market Close (London) Boxing Day (observed)
Mon., Jan. 2, 2012	Recommended Market Close (NYC/London) New Year's Day (2012)

*Details TBA