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EM outlook

When the New Normal meets rising political risk



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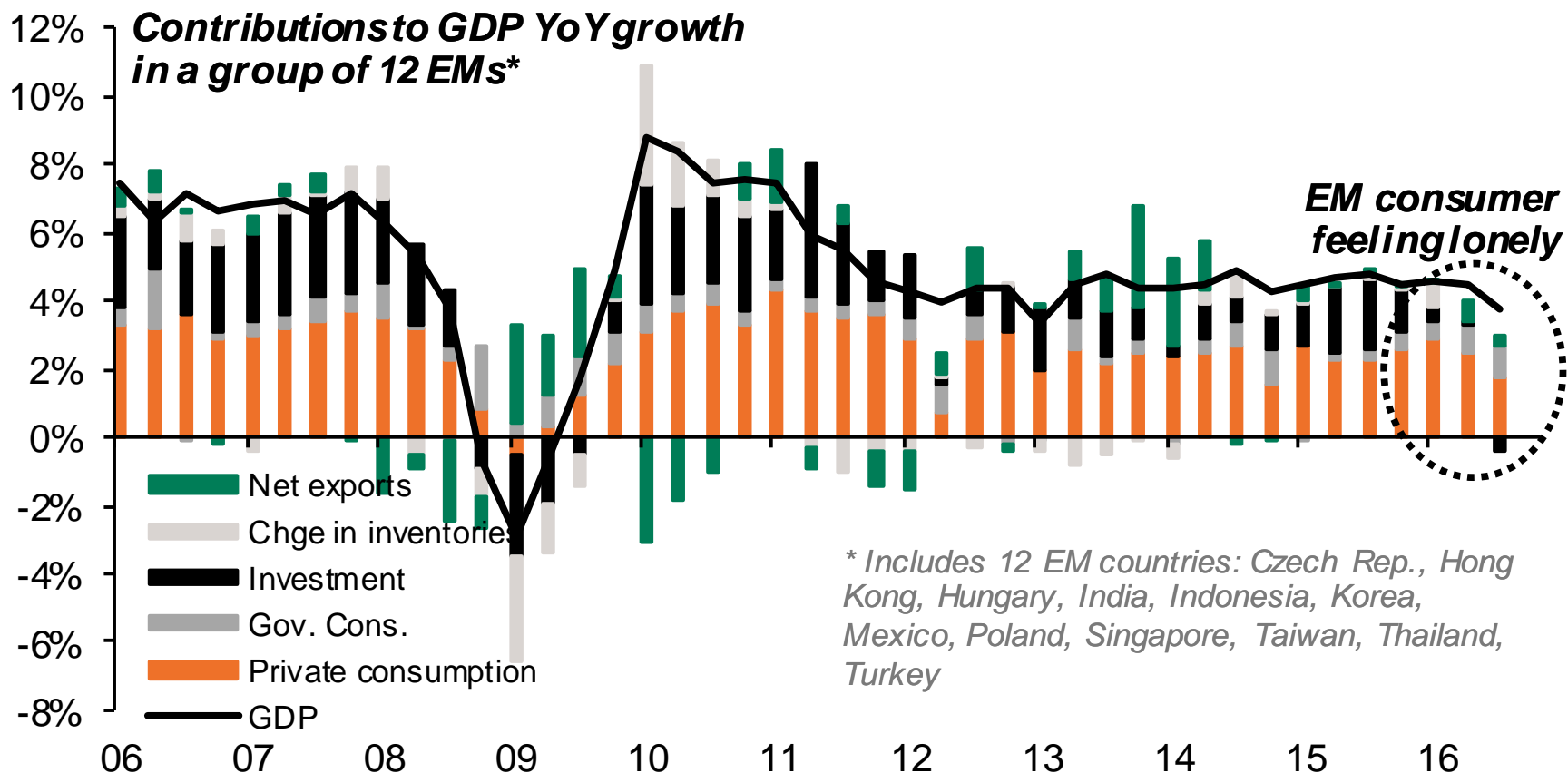


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Inside EM growth: a weak profile

- Looking inside growth: private consumption remains decent, but investment is weak

Contributions to GDP growth

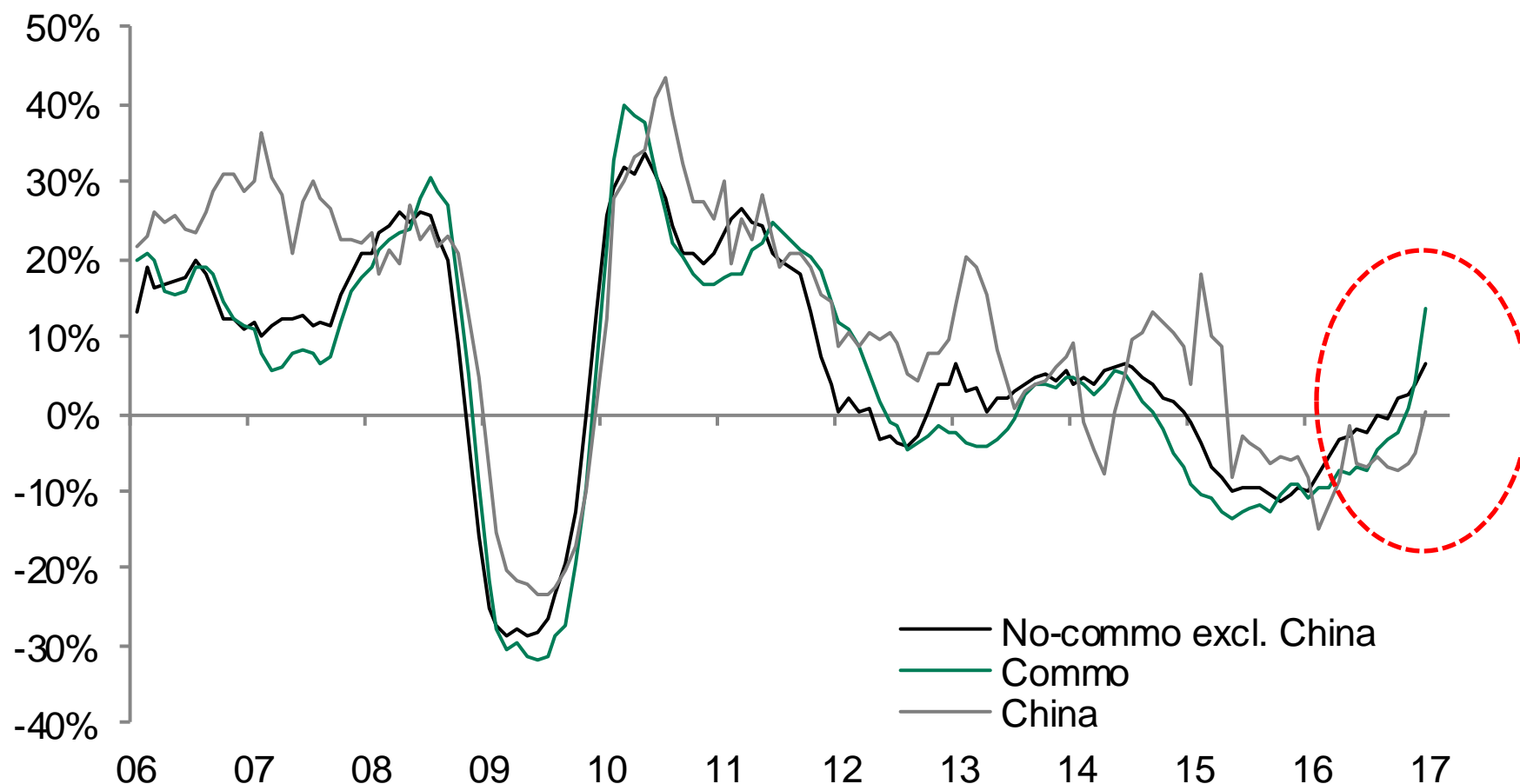


Source all charts: Bloomberg, Datastream, Crédit Agricole CIB

But exports: improving (light at the end of the tunnel?)

- After a soft patch in 2014-16, exports have improved in recent months

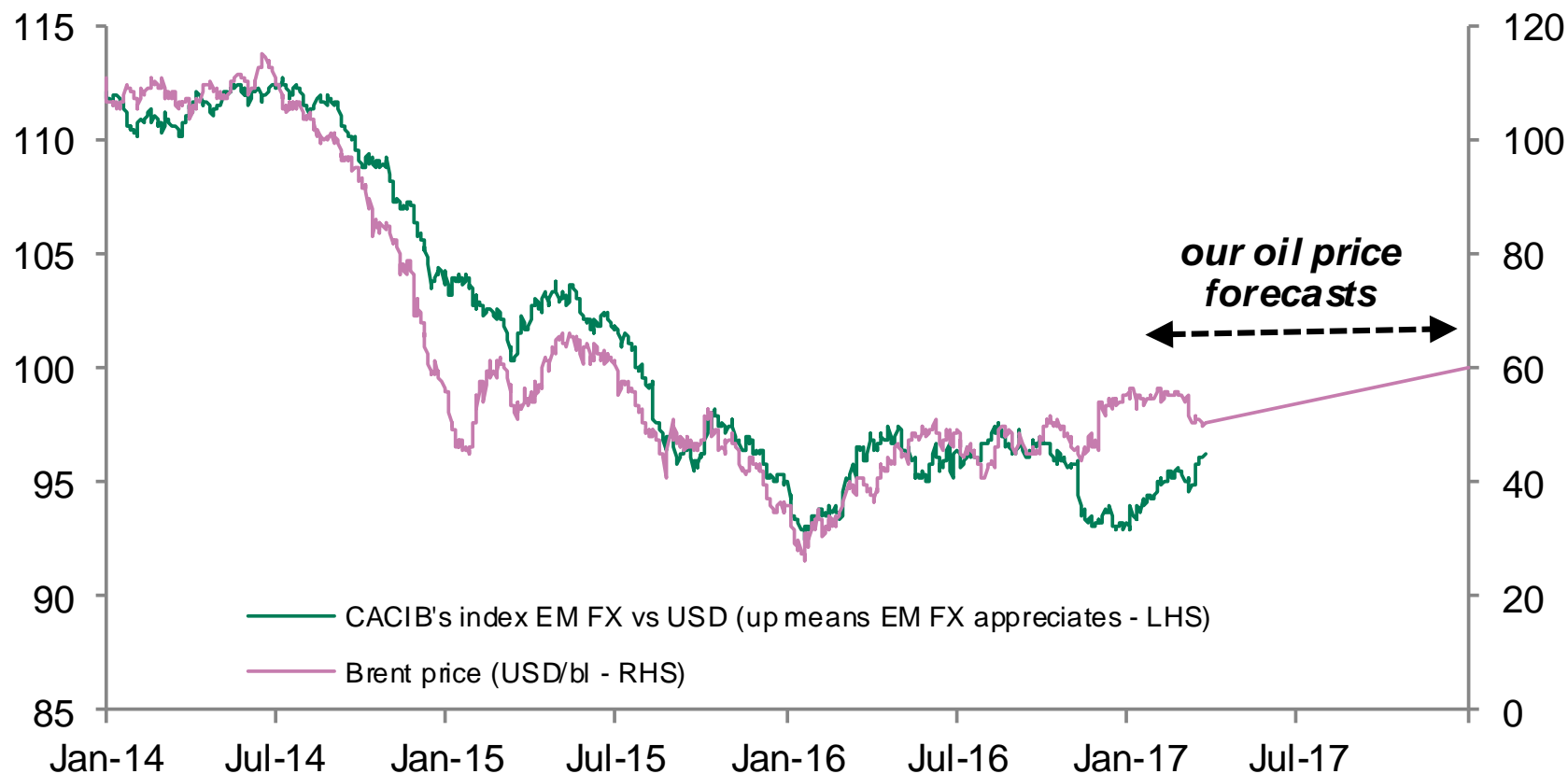
EM exports (YoY change – USD – 3 groups of EM)



Source all charts: Bloomberg, Datastream, Crédit Agricole CIB

Oil prices: more supportive looking forward

EM FX and the oil price

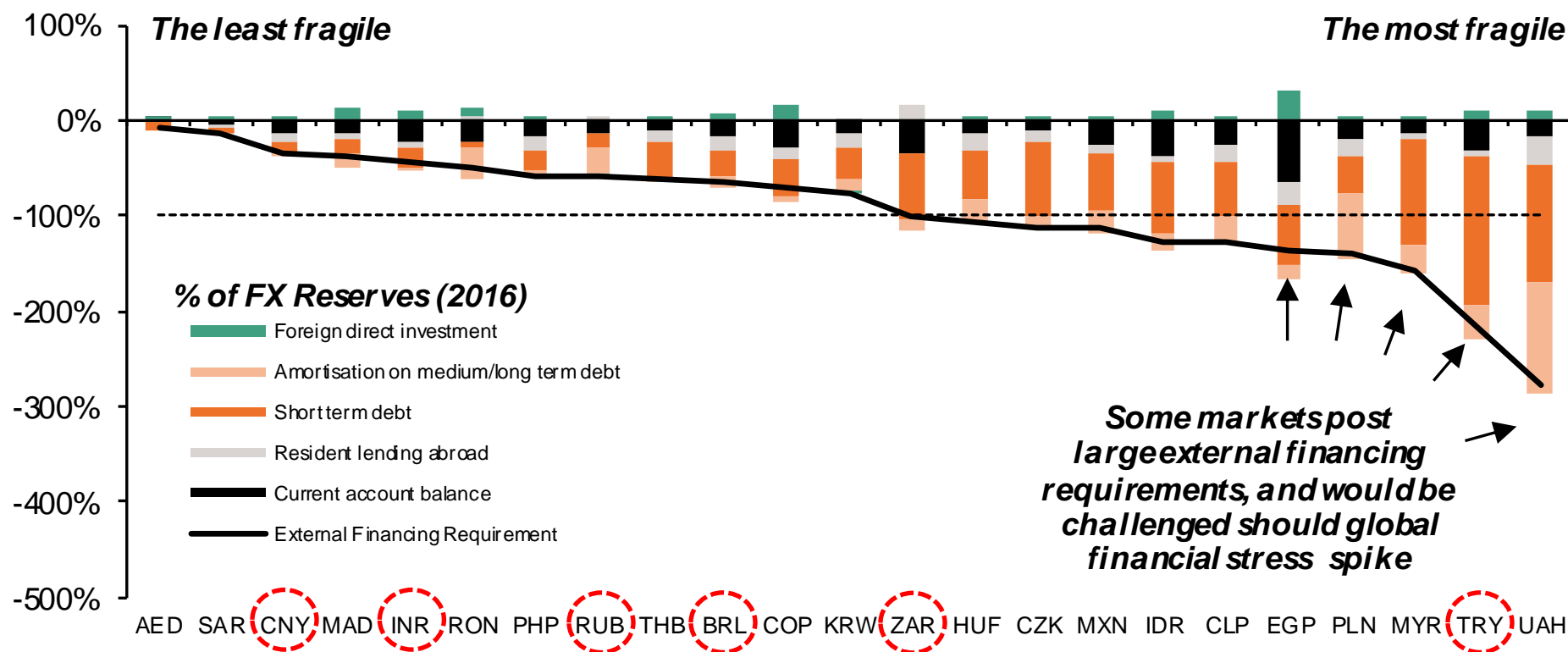


Source all charts: Bloomberg, Datastream, Cr dit Agricole CIB

Financial risk: some are more equal than others

- Balance of payment's strengths may help to withstanding financial pressure coming from higher US rates, oil- and China-related stress
- BRICs are not the most fragile markets.
- Weaker links include the TRY, IDR, MXN and ZAR

Differentiated vulnerabilities

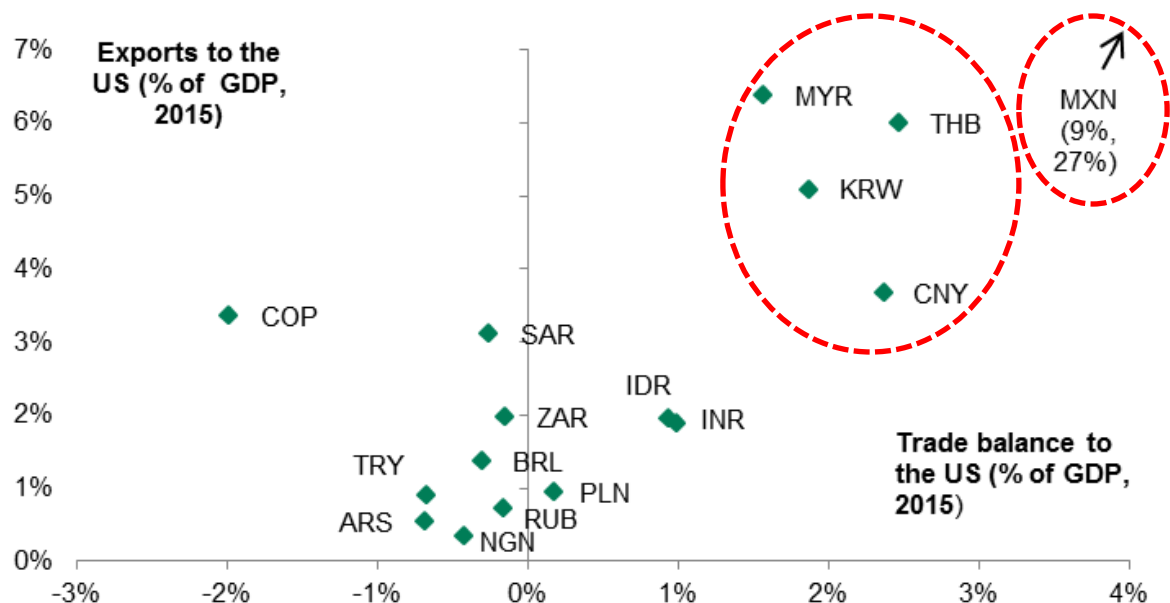


Source all charts: Bloomberg, Datastream, Crédit Agricole CIB

Trade integration (and remittances)

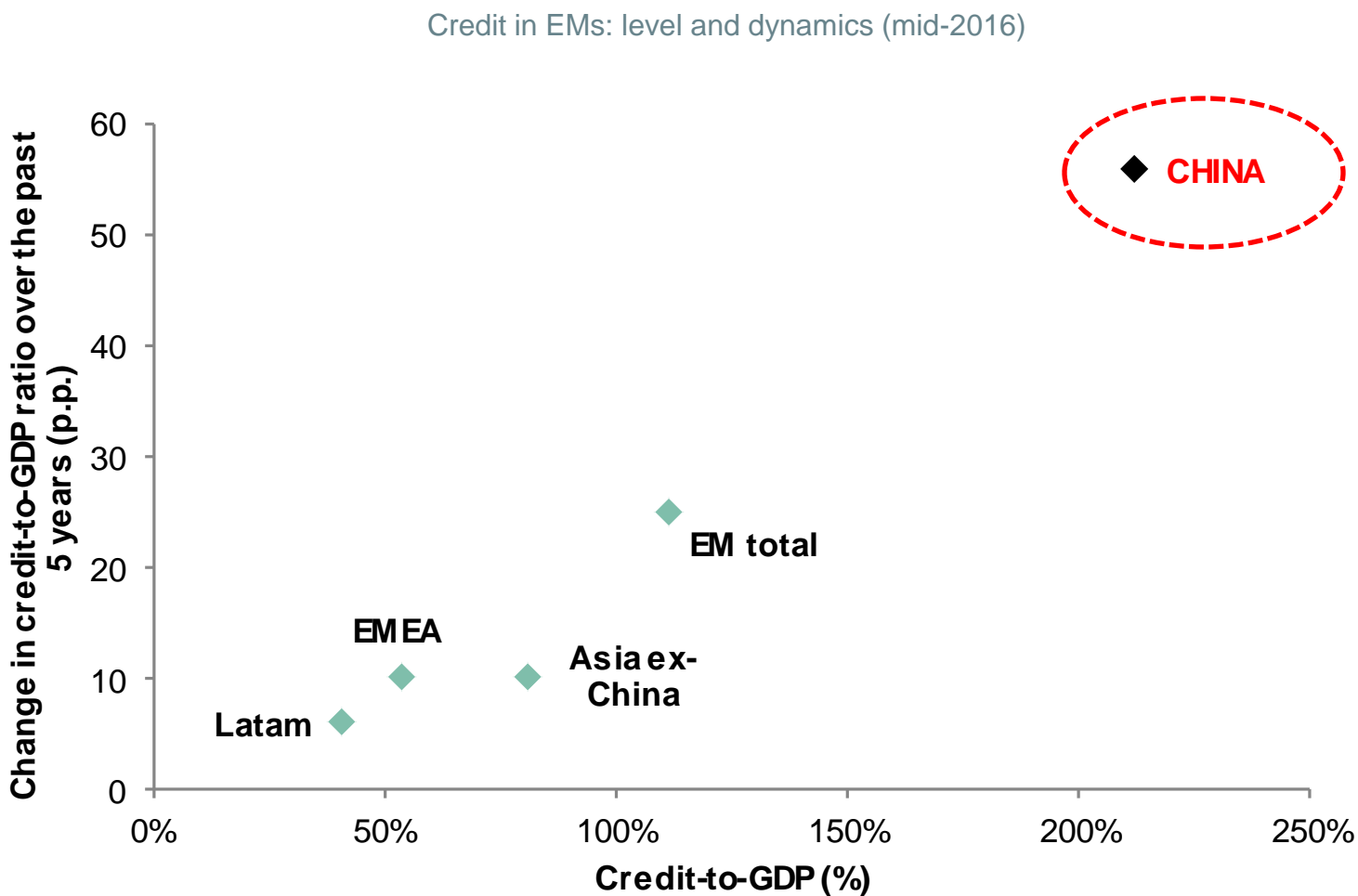
- Trade integration with the US: Mexico is far ahead, then Asia:
- One of the main worries of the market regarding the victory of Donald Trump is that the new administration could challenge free trade agreements in a way that would negatively affect those countries that are open to trade and that are strongly integrated with the US from a trade perspective.
- Remittances from the US: very significant for Philippines and Mexico (resp. 3% and 2% of GDP). Much more manageable for the other markets (0,5% of GDP or less).

Export exposure to the US and trade balance of EMs vis-à-vis the US



Source: IMF, Crédit Agricole CIB (2015 data)

China growth: still on steroids?



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