

Global Risk Watch Newsletter

Government's Governance is Tested in the Emerging Economies, etc.

Global Risk Watch Vol.6
30 September 2015

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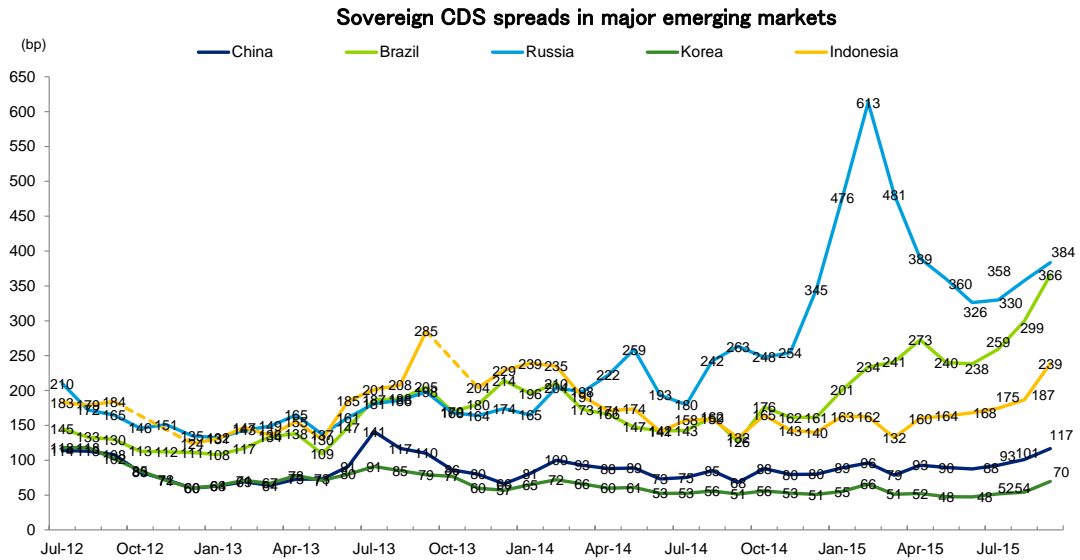
3.Highlight of Indicator for this Month

A Strong Headwind Facing the Emerging Economies (Yasuhiro Sobue, Manager, Center for Risk Management Strategy at Deloitte Touche Tohmatsu LLC)

Emerging countries are facing significant pressures on both the real economy and the financial area as a result of severe cash outflows caused by the rapid deceleration in the Chinese economy as well as the decrease in global stock prices.

The adjustments in the emerging economies can be confirmed in various indicators. For example, in the sovereign CDS split (exhibition), the split has significantly widened in emerging countries since August 2015, and clearly reflects investors' concerns. Particularly, Brazil and Indonesia's split has substantially widen, while the trend is expanding among other emerging economies. This also suggests that changes in the external environment originating from

China and the financial markets have a stronger impact than the individual factors of each country.



* Beginning of a month data is used. Latest data as of September 1st, 2015.

Source: Data quotes from Bloomberg

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