## IFF Suggests the EM Outlook is Still Deteriorating

Here are a couple of charts courtesy of the International Institute of Financeâ??s Twitter feed (@IFF).

Despite all the pain weâ??ve seen since 2011, the outlook for emerging markets is still deteriorating as capital outflows continue.

## chart2

## ytd

Not only is China slowing (triggering a fall in already oversupplied commodity markets) & the Fed tightening (driving a rise in the USD & reversal of carry trades); domestic financial, economic, and political conditions are deteriorating fast in a number of countries like Brazil, Malaysia, Russia, Indonesia, Turkey, South Africa, Nigeria, etc.

S&Pâ??s decision yesterday to downgrade Brazilâ??s government debt to junk with a negative outlook is just the latest in a steady string of bad news with a lot more likely on the way.

As Iâ??ve warned for a couple of years, the 2013 â??Taper Tantrumâ?• may prove to be little more than a dress rehearsal for a â??Great Unraveling.â?• Itâ??s a growing risk not just for emerging markets, but also for the developed world & our highly levered, highly interconnected global financial system. [And also an enormous opportunity for patient investors.]

If youâ??re interested in exploring further, here are a few of my reports & interviews warning of this dynamic over the last year or soâ?!

- VIDEO: â??The New Era of Volatile FX Flowsâ?• (May 2014): https://www.youtube.com/watch?v=3kxgl5RRa04&feature=youtu.be
- REPORT: â??A Scary Story for Emerging Marketsâ?• (October 2014): http://www.businessinsider.com/scary-story-for-emerging-markets-2014-10
- REPORT: â??On the Verge of a Disasterâ?i or a Miracleâ?• (January 2015): <a href="http://www.mauldineconomics.com/frontlinethoughts/why-the-world-needs-the-us-economy-to-struggle">http://www.mauldineconomics.com/frontlinethoughts/why-the-world-needs-the-us-economy-to-struggle</a>
- REPORT: â??Here We Go (Down) Againâ?• (July 2015): https://blog.evergreengavekal.com/evergreen-exchange-6/
- VIDEO: **â??The True Cost of Capital Outflows on Emerging Marketsâ?•** (September 2015): https://www.youtube.com/watch?v=s68C3qvSIJE