CITY OF LONDON
Investment Management Company Limited

Frontier Markets Semi-Annual Outlook

August 2023*

Overview

Cautious Optimism but Challenges Abound

Resilient global growth and the approaching pause in the Fed's tightening cycle suggest a more supportive outlook for frontier markets (FM). Nonetheless, downside risks, such as an El Niño event or a global slowdown, leave us cautious. Our allocations seek exposure to the nearshoring trend and constructive commodity outlook.

Following a challenging backdrop of rising commodity prices and tighter monetary policy, the outlook appears to be improving. Global growth has been better than initially feared, with the global composite PMI index above the 50-mark in July. Economic activity has proven most resilient in the US, where forecasters have pushed back or softened recession projections. While China's post-lockdown recovery has disappointed, policymakers acknowledged this when unveiling support measures at the July Politburo meeting. The announced stimulus measures should support steady but softer growth in China, which has positive spillover effects on FM. Meanwhile, with disinflation firmly underway in the US, the Fed is widely expected to reach peak rates this year. As such, the USD should soften, providing some respite for emerging markets (EM) and FM.

There are still a few challenges clouding the horizon. Aggressive monetary tightening suggests a slowdown in developed markets (DM) seems likely. The eurozone has narrowly avoided a recession, and a continued downturn seems likely. In the US, leading indicators point to a softening in activity, albeit milder than expected six months ago. More specifically for FM, the US Climate Prediction Center indicates a greater than 95% chance of an El Niño weather event over the coming months. El Niño tends to lead to drought and dry conditions in parts of Asia and more rainfall in parts of South America. On the former, Vietnam has already started to feel the impact of reduced hydropower generation, and its rice and coffee output is at risk. Conversely, Argentina's agricultural production could receive a boost from greater precipitation following droughts at the start of the year. More generally, lower agricultural output and higher food prices would hit countries that are net food importers and have a large weight to food in their CPI basket. Nigeria, Bangladesh and Morocco appear vulnerable on this front.

Market Strategy

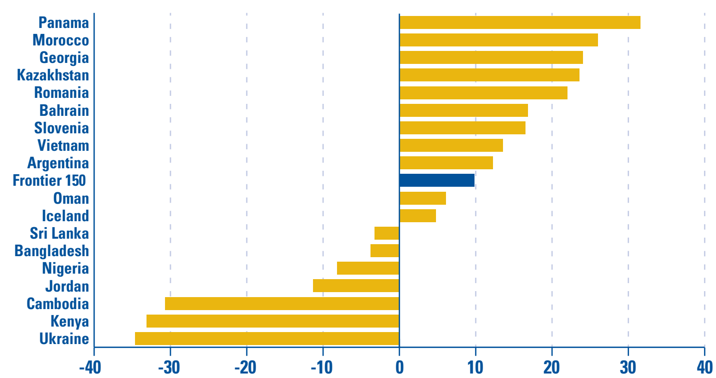
FM equities, as measured by the MSCI FM 100 Net TR Index, outperformed EM equities (MSCI EM Net TR Index) by 3.8% points over February-July. It underperformed DM equities (MSCI World Net TR Index) by 4.0%pts, but this reflects the AI-driven technology stock rally in DM. Valuations for the MSCI FM100 Index have become more attractive, as its 12M forward P/E is at a near 40% discount to EM, much wider than its five-year average.

For our country allocation, we favour markets that benefit from nearshoring trends (Vietnam) and our constructive near-term commodity view (Kazakhstan). We stay underweight in Argentina and Nigeria due to election uncertainty and volatile swings in the naira, respectively.

We only make one change to our allocation:

- **Downgrade Romania to *neutral*.** Neutral valuations, a twin deficit problem and proximity to the eurozone slowdown mean that we take profit from our outperformance and close our overweight allocation.

Chart 1: S&P Extended Frontier 150 Net Total Return USD, Feb 23-Jul 23



Source: S&P

Allocation Breakdown

	Chg	-2	-1	0	+1	+2
Latin America						
Argentina	-		■			
Middle East and North Africa						
Morocco	-			■		
Sub-Saharan Africa						
Nigeria	-		■			
Asia						
Vietnam	-					■
Bangladesh	-			■		
Kazakhstan	-				■	
Europe						
Romania	↓			■		

Note: Up/down arrows indicate a positive/negative change in our asset allocation compared to the previous outlook. A dash indicates no change.

Source: City of London Investment Management

**The publication reflects asset performance up to 31 July, 2023, and macro events and data releases up to 8 August, 2023, unless indicated otherwise.*

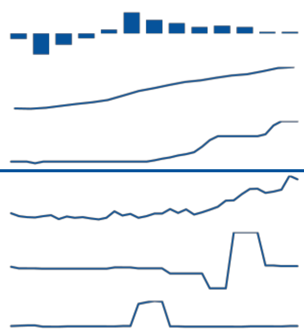
Latin America

Argentina

Underweight

Upcoming elections could result in a turnaround in economic mismanagement, but uncertainty is high.

	3Y history	Latest	
GDP, % yoy		1.3	Q1
CPI, % yoy		115.6	Jun
Policy rate, %		97.00	Jun
MSCI Argentina*		19.0%	Jul
EPS, % yoy		36.4	Jul
Trailing P/E		8.1	Jul



**US$ total return relative to MSCI FM 100. Latest is six-month return.*

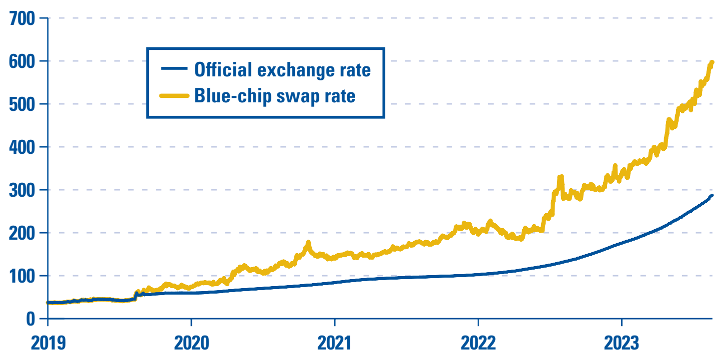
Source: Bloomberg

The outlook for equities rests heavily on the outcome of the upcoming general election. A change in power seems likely, with the opposition coalition (Juntos por el Cambio) polling marginally higher than the ruling coalition (Union por la Patria). Additionally, the Trust in Government Index, a monthly public survey measure compiled by the Torcuato di Tella University, is at a level which usually corresponds to a low vote for the incumbent. However, the fact that the gap between the two coalitions has narrowed over the past month highlights the elevated degree of uncertainty surrounding the election. The PASO primaries in early August will indicate voting intentions ahead of the October vote.

The possibility of a repeat of the 2015 election result, when the more economically orthodox Macri administration took power, has led to a continuation of MSCI Argentina's outperformance of MSCI FM100 in US dollar terms. We think the upside for equities is limited in the event of an opposition win. For a start, valuations are similar to levels following Macri's victory: 8.1x P/E at end-July vs 8.9x P/E in November 2015. Secondly, the country's macro imbalances are more significant this time, requiring more painful adjustments. Adjustments would likely take the form of a sharp peso devaluation, a narrowing of the fiscal deficit and a lifting of capital controls, among others, weighing on earnings. Indeed, MXAR earnings fell by 63% yoy in US dollar terms in 2016. As such, we think it is too early to position ahead of a potential opposition win.

The current administration's attempts to 'muddle through' before the elections have only exacerbated macro imbalances. Inflationary pressures continue to build on the back of import controls, with headline inflation increasing to 115.6% yoy in June. Negative net FX reserves at the central bank (BCRA) and lower agricultural exports due to droughts could lead the BCRA to tighten import controls, pushing up inflation. Other sources of price pressures are the BCRA's financing of the fiscal deficit and the wide gap between the official and parallel exchange rates (see Chart 2).

Chart 2: Argentine Peso Exchange Rate vs USD



Source: Bloomberg

The government's 'muddle through' strategy has come at the expense of the economy. The monthly economic activity index fell by 5.5% yoy in May, driven by a collapse in agriculture. A recession this year seems likely.

The drought meant the government failed to meet its IMF targets (FX reserve accumulation, fiscal balance and monetary deficit financing) in Q2. The IMF recently agreed to disburse an additional $7.5 billion of the loan programme to prevent Argentina from entering arrears. But the relaxation of some measures as per the latest deal, such as a lower FX reserve target, not only runs counter to the IMF's program goal but also adds to existing problems. In the absence of cash and a delayed release of IMF funds, Argentina has relied on its yuan swap line with China for its IMF repayments.

A silver lining in the outlook is a recovery in the harvest following this year's drought. The likelihood of an El Niño weather event, which tends to result in more rainfall in Argentina, would help at the margin by boosting wheat output. In the medium term, the country's lithium and natural gas reserves leave it well-placed in the green transition. The government aims to become a net energy exporter again by 2030.

Market Strategy: The MSCI Argentina trades at a premium to MSCI FM100, in line with its five-year average. While a change in leadership and subsequent efforts to address the country's growing imbalances is positive, the uncertainty is too high for us to position ahead of the October election. As such, we stay *underweight*.

For reference, the S&P Argentina BMI has a large weighting to Mercado Libre.

Middle East and North Africa

Morocco

Neutral

Boost from agricultural sector recovery serves as a reminder of Morocco's vulnerability to climate change.

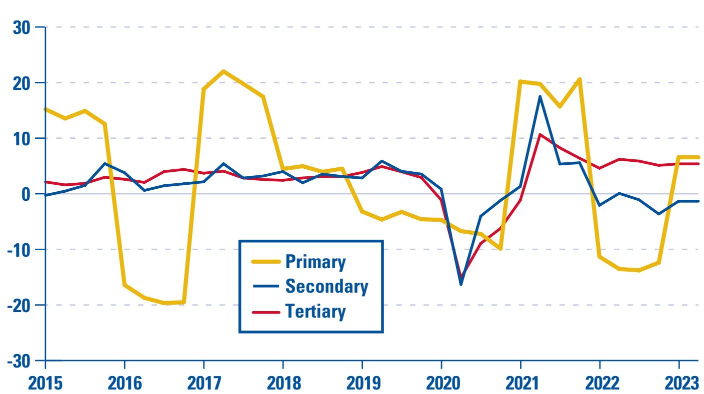
	3Y history	Latest	
GDP, % yoy		3.5	Q1
CPI, % yoy		5.5	Jun
Policy rate, %		3.00	Jun
MSCI Morocco*		18.5%	Jul
EPS, % yoy		-5.4	Jul
Trailing P/E		20.8	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

The rebound in the agricultural sector following last year's drought will be the key driver of growth in 2023. The return of rainfall meant that agricultural activity grew by 6.9% yoy in Q1, making it a significant contributor to overall GDP growth (see Chart 3). Growth in the primary sector, which includes agriculture, tends to be quite volatile due to its sensitivity to weather patterns. Also, a third of those employed in Morocco are in agriculture. As such, climate change is a growing threat to Morocco's economic outlook. 2022 marked the fourth year in a row of below-average rainfall, and climate change is set to intensify the volatility of weather patterns.

Chart 3: GVA* by Sector, % yoy



*Source: Bloomberg, *GVA=Gross Value Added*

Supported by multilateral funding, the government is focusing on improving and strengthening water and energy resources and boosting the non-agricultural sector. On the former, the government has an ambitious target to generate 52% of its electricity needs from renewable sources by 2030, hoping to also export to Europe. However, there is still a significant gap in the infrastructure required to meet these goals. Morocco has also made headway in improving vital public services under the New Model of Development programme. Also, the new Investment Charter should help boost investment. All these efforts paint a positive medium-term picture for Morocco and suggest that public spending will remain high, keeping the budget balance in a deficit. However, with the impact of such reforms likely to take time, the economy is still very exposed to weather events.

Other areas of the economy should hold up well from the positive spillovers from the agriculture sector. Business expectations are bright, while tourism receipts for the first six months surpassed the same period in 2019. Meanwhile, exports of phosphates and auto parts have been robust, while remittances rose by 13.9% yoy in H1 in dirham terms. As such, the current account deficit is set to narrow, however the slowdown in Morocco's biggest trading partner, the eurozone, is a downside risk.

Headline inflation eased to 5.5% in June following 150bps of hikes from the Bank Al-Maghrib (BAM) so far during its tightening cycle. The BAM has likely come to an end of its tightening cycle, especially given that the pass-through of interest rates is more limited in Morocco due to the dirham peg to the USD and euro and widespread use of cash. The IMF continues to support the BAM's efforts to transition to an inflation targeting regime and encourages a dirham float once the global backdrop improves.

Morocco has arguably one of the more stable macroeconomic outlooks among its FM peers, however risks remain. The IMF approved a two-year Flexible Credit Line with Morocco worth $5 billion in April as a precautionary arrangement upon Morocco's request. The IMF, while complimenting the country's "very strong policies, institutional policy frameworks and economic fundamentals", noted that the risks to the outlook were skewed to the downside.

Market Strategy: Valuations for Morocco's equity market were largely unchanged over the past six months, with the 12M forward P/E premium at an 80% premium to MSCI FM100. This is a touch higher than its five-year average. The IMF's recent assessment of the pace of Morocco's reform process is encouraging, but with economic activity still vulnerable to weather shocks, we are cautious in making any changes. As a result, we keep our *neutral* allocation.

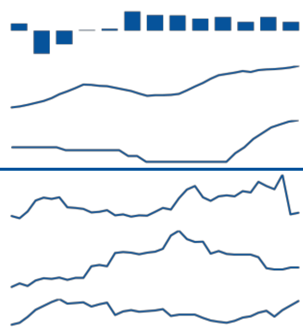
Sub-Saharan Africa

Nigeria

Underweight

The change to fuel subsidy and exchange rate policy is a positive, but sharp swings in the naira are a risk.

3Y history



	Latest	
GDP, % yoy	2.3	Q1
CPI, % yoy	22.8	Jun
Policy rate, %	18.75	Jun
MSCI Nigeria*	-21.0%	Jul
EPS, % yoy	-8.6	Jul
Trailing P/E	10.2	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

The speed of reforms undertaken by new President Bola Tinubu has taken most Nigeria-watchers by surprise. Generous fuel subsidies were removed and the exchange rate policy has been overhauled, potentially heralding a move to more orthodox economic policymaking. As such, the MSCI Nigeria returned 38% in local terms over the past six months. However, the sharp depreciation in the naira meant that this amounted to -14% in US dollar terms.

In theory, a rehaul of Nigeria's multiple exchange rate system should relieve pressure on foreign reserves and attract foreign investment. The Central Bank of Nigeria (CBN) will need a credible plan to deal with liquidity as there is a foreign exchange backlog, while committing to a floating exchange rate policy to shore up market confidence. One way of increasing liquidity would be via higher oil production, which has been rising but is likely to remain below its pre-pandemic levels. Therefore, further depreciation in the naira is expected. 12M forward contracts imply further depreciation.

The inflationary impact of the naira devaluation will be limited because most companies in Nigeria were already operating on a blended exchange rate. Nonetheless, food prices, a major component of Nigeria's CPI basket, are vulnerable to El Niño shocks. Combined with the fuel price hike, inflation will likely stay in the double digits.

Market Strategy: Recent reforms in Nigeria are promising and could unlock medium-term growth if enacted carefully and fully. Nigeria's stock market valuations reflect this sentiment and look expensive, trading above its five-year average. With the likelihood of further naira depreciation eating into USD returns, this is not an opportune time to change our allocation. We keep our *underweight*.

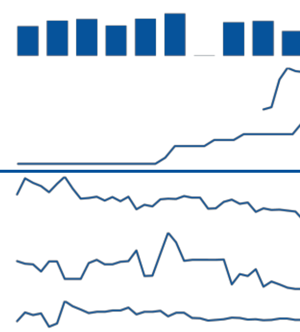
Asia

Bangladesh

Neutral

IMF-approved reforms are welcome, but valuations and near-term outlook don't support an upgrade.

3Y history



	Latest	
GDP, % yoy	6.0	FY22
CPI, % yoy	9.7	Jul
Policy rate, %	6.50	Jul
MSCI Bangladesh*	-8.1%	Jul
EPS, % yoy	-24.9	Jul
Trailing P/E	11.0	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

Bangladesh took an important step in meeting the conditions of its $4.7bn IMF loan by allowing the taka to float freely in July. The new market-determined exchange rate should provide more transparency and efficiency and curtail foreign reserve drawdowns. Since February 2020, Bangladesh has had a de-facto managed floating exchange rate system. The taka has depreciated by 5.3% year-to-date, and Bangladesh Bank (BB) doesn't anticipate a material depreciation given that the current rate is consistent with the real effective exchange rate.

BB also introduced a new monetary policy framework in July in response to the IMF's suggestion. Swapping the 9% lending rate cap with a market-driven reference rate should keep a lid on cheap credit and inflationary pressures. The BB also hiked the repo and reverse repo rates by 50bps and 25bps respectively, as it pursues a tight monetary policy stance. As such, private sector credit growth will likely continue easing, weighing on investment.

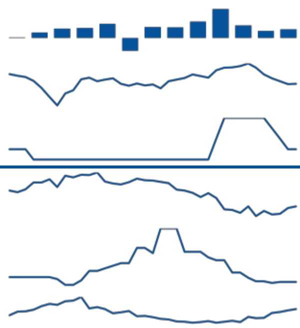
The reforms underway in Bangladesh will make the economy more resilient and should contribute to medium-term growth. However, in the near term, the external backdrop is not supportive. A European slowdown, Bangladesh's largest trading partner, will drag on exports. Annual growth in remittances has been lacklustre, although there has been a pick-up in June ahead of the Eid al-Adha festival. Widening the fiscal space through raising the tax-to-GDP ratio, an IMF requirement, could be delayed before the 2024 general election.

Market Strategy: MSCI Bangladesh's 12M forward P/E premium to FM is close to its five-year average. Recent reforms are a step in the right direction, and the country is at low risk of debt distress. Nonetheless, a challenging external environment suggests little scope for rerating. Therefore, we stay *neutral*.

Vietnam

Overweight

While a DM slowdown will weigh on exports, nearshoring trends will support earnings.



	3Y history	Latest	
GDP, % yoy		4.1	Q2
CPI, % yoy		2.1	Jul
Policy rate, %		4.50	Jul
MSCI Vietnam*		0.0%	Jul
EPS, % yoy		-30.4	Jul
Trailing P/E		29.8	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

The slowdown in external demand is the biggest headwind for Vietnam's near-term economic prospects. Indeed, exports fell by 14.2% yoy in Q2, while imports dropped by 22.3% yoy, indicating weak industrial production ahead as businesses cut back on raw materials and equipment. The below-50 manufacturing PMI reading in July supports the view of deteriorating business conditions.

The ongoing recovery in tourism should provide some offset, as recent changes to visa policy for international visitors boost inbound arrivals. The return of tourists from China is a key support to the sector, and there is still scope for a catch-up, as arrivals were only 32.7% of their 2019 levels in H1.

There are some bright spots, with tentative signs that the property sector may be reaching a trough. Construction activity grew by 2.5% yoy in Q2 due to increased funding, relaxation of laws and infrastructure projects. While the data on the property sector is encouraging, the environment for more cyclical submarkets, such as hospitality and luxury residential, could still prove challenging amid a global slowdown. Accounting for 33.7% of the MSCI Vietnam Index, the health of the real estate sector matters for equity performance.

The strength in the construction and the services sector helped GDP to expand by 4.1% yoy in Q2. Fiscal stimulus so far this year has focused mainly on real estate and consumers to offset the weakness in exports. An extension to the VAT cut until the end of the year should support households.

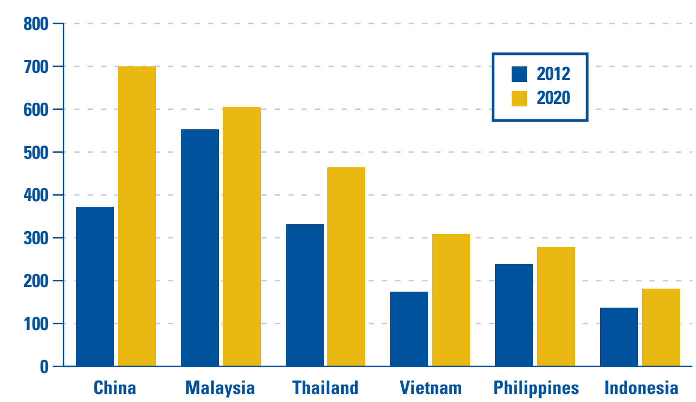
The government kept last year's growth target of 6.5% yoy for this year, but performance so far means that Vietnam is at risk of missing it. In addition to a sharp DM slowdown, weather-related power outages are another downside risk to Vietnam's economy. Droughts have curtailed hydropower production, while hot weather has pushed up cooling demand. Under pressure, the national grid introduced rolling blackouts in May. These power outages have since eased, a development which was noted by firms in the July PMI report. The high likelihood of an El Niño event in 2023/24, which tends to result in dry weather in Southeast Asia, could prolong energy issues whilst also hitting rice and coffee output.

On the monetary policy front, inflation is comfortably below the State Bank of Vietnam's (SBV) target of 4.5%, affording the SBV policy space to cut rates. The SBV started cutting rates in March and has made clear its growth-supportive bias. Pressure from political leaders to meet this year's growth target means that more rate cuts are likely; however, concerns over financial stability will likely limit the amount of easing.

The current account is expected to tip back into a surplus this year on easing import prices. However, rising coal imports in response to falling hydropower generation threatens this projection.

Medium-term, we still view Vietnam as a key beneficiary of supply chain readjustment away from China. The country boasts relative geopolitical stability, competitive labour costs and an educated workforce (see Chart 4). Indeed, FDI reached a decade high in 2022, and while year-to-date inflows have been soft, foreign interest in the country is still strong.

Chart 4: Average Monthly Earnings of Manufacturing Employees, USD



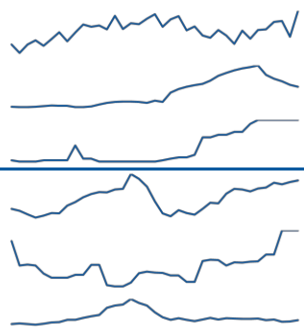
Source: International Labour Organization

Market Strategy: Vietnam's stock market has rallied in recent months as retail investors make a tentative return to the market. The 12M forward P/E premium to MSCI FM100 is two standard deviations above its five-year average. While the market now screens expensive, we are still optimistic about the nearshoring trend and view Vietnam as a way of gaining exposure to this trend. Therefore, we stay *overweight*.

Kazakhstan

Overweight

Stable oil prices and a recovery in oil output point to an economy more resilient than most FM peers.



	3Y history	Latest	
IP, % yoy		10.5	Jun
CPI, % yoy		14.0	Jul
Policy rate, %		16.75	Jul
MSCI Kazakhstan*		16.1%	Jul
EPS, % yoy		48.4	Jul
Trailing P/E		7.2	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

Kazakhstan's economic activity proved to be much more resilient than anticipated, with GDP growing by 5% yoy in Q1. The strength can be attributed to industrial production and mining output, as oil production has increased following disruptions along the Caspian Pipeline Consortium. Higher oil output should offset some of the year-to-date softness in oil prices. Kazakhstan continues to reduce its dependency on Russia to transport its oil exports by using alternative routes. Oil accounts for 13% of GDP, so diversifying and de-risking export routes is crucial for Kazakhstan's growth outlook. Meanwhile, Kazakhstan could become attractive for firms seeking to move away from Russia.

The non-oil economy is likely to lose momentum as the impact of prior monetary tightening feeds through. However, it will remain strong, as evidenced by the above-50 services PMI reading in July. Also, the government plans to rein in household support measures by raising utility tariffs. As such, inflation should remain high and above the 5% target. Yet the National Bank of Kazakhstan (NBK) has made clear its dovish stance and is expected to embark on an easing cycle in the coming months.

The current account should post a small surplus this year, but a drop in oil prices or surprise import strength could tip it into a deficit. Nonetheless, the NBK's robust FX reserves should support the tenge.

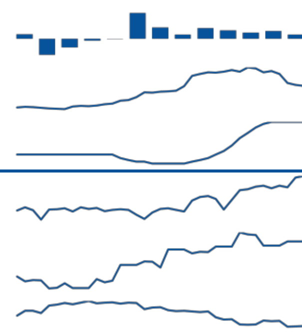
Market Strategy: The MSCI Kazakhstan Index continued to outperform on the resurgence of oil prices. This strength has left Kazakh stocks looking expensive, as the discount to MSCI FM100 in the 12M forward P/E has narrowed. The economic backdrop is relatively robust, and we have a cautiously optimistic view on oil prices in the near term given the tightness in the global oil balance. We stay *overweight*.

Europe

Romania

Neutral (↓)

The large twin deficit is a thorn in the side of Romania's otherwise stable outlook.



	3Y history	Latest	
GDP, % yoy		2.4	Q1
CPI, % yoy		10.3	Jun
Policy rate, %		7.00	Jun
MSCI Romania*		9.3%	Jul
EPS, % yoy		58.4	Jul
Trailing P/E		2.8	Jul

**US$ total return relative to MSCI FM 100. Latest is six-month return.*

Source: Bloomberg

Economic activity in Romania continued to ease in Q1, and stable retail sales growth and further falls in industrial output suggest this momentum continued in Q2. Government price caps have protected households and businesses from the volatility in energy prices, supporting private consumption.

The biggest challenge for Romania is its large twin deficit. Plans by the new prime minister, (who came to power in June under the planned rotation within the ruling coalition), to end the energy price cap early suggests fiscal consolidation is being prioritised. Reducing the budget deficit will require structural reforms, such as improving tax collection and increasing labour participation. On the external front, the current account deficit is set to narrow on the back of lower food and energy imports. Nonetheless, the budget and current account deficits, at 6.2% and 9.3% of GDP respectively in 2022, are significantly wider than Romania's CE4 peers. EU fund inflows, which should support economic activity in the medium term, will limit the decline in the current account deficit.

Inflation is falling, but will continue overshooting the National Bank of Romania's (NBR) target (1.5%-3.5%). The NBR is widely expected to start cutting rates from next year, likely waiting for others in the region (namely Poland) to kickstart their easing cycles first.

Market Strategy: MSCI Romania's 12M forward P/E is at a discount to MSCI FM100, similar to its five-year average. With Romania's equity market performance closely linked to the eurozone's, the expected eurozone slowdown suggests limited upside for MSCI Romania. Combined with Romania's large twin deficit, we take profit and downgrade our allocation to *neutral*.

KEY ECONOMIC AND FINANCIAL INDICATORS

	Frontier Market	Annual GDP Growth YoY	Quarterly GDP Growth QoQ*	Industrial Production Growth YoY	Consumer Price Index YoY	Trade Balance	Current Account	Foreign Reserves 2023 Latest	Foreign Reserves 2022 Year Ago	Currency vs $ 2023 Latest	Currency vs $ 2022 Year ago	Sovereign Rating S&P	Budget Balance % of GDP 2023F	Short-Term Interest Rates	% S&P Frontier 150 Index**	Stock Market Index (S&P Frontier 150 Index) US$	Change since 12/31/22 US$	Change since 12/31/22 Local	Trailing P/E	6 month Currency vs $ +/-
		Macroeconomic Data													Market Performance					Forecast (Bloomberg)†
		% change on year ago				Latest 12 months														
		%	%	%	%	$ Bns	$ Bns	$ Bns	$ Bns					%	Jul. 31, 2023	Jul. 31, 2023	%	%		
Overweight	VIETNAM	4.1	n.a.	3.7	2.1	22.2	6.5	88.1	105.4	23773.0	23398.0	BB+	-4.1	5.4	16.8	520.6	27.2	27.8	29.8	+
Overweight	KAZAKHSTAN	5.0	n.a.	10.5	14.0	24.9	-2.4	13.0	7.4	450.2	476.4	BBB-	-2.6	n.a.	9.5	251.4	26.4	21.5	7.2	n.a.
Neutral	BAHRAIN	4.1	n.a.	n.a.	0.4	8.2	n.a.	4.4	4.3	0.4	0.4	B+	-2.6	6.3	0.9	5442.6	19.2	19.2	9.1	uc
Neutral	BANGLADESH	6.0	n.a.	n.a.	9.7	-38.8	-5.1	28.4	41.7	109.1	95.2	BB-	N.A.	6.5	1.8	1391.2	-7.4	-2.1	11.0	n.a.
Neutral	CAMBODIA	5.3	n.a.	n.a.	0.5	n.a.	-5.8	15.4	16.6	4131.5	4102.0	NR	n.a.	1.5	1.5	1086.7	-28.3	-28.2	n.a.	n.a.
Neutral	GEORGIA	6.8	n.a.	n.a.	0.3	-8.1	-0.6	5.0	3.7	2.6	2.8	BB	-2.4	10.6	3.1	2316.4	31.6	27.8	19.3	n.a.
Neutral	ICELAND	6.1	1.2	n.a.	7.6	-17.1	-2.2	4.9	5.8	132.5	137.9	A	n.a.	8.8	10.6	807.6	10.0	1.4	37.6	n.a.
Neutral	JORDAN	2.8	n.a.	-4.6	0.9	n.a.	-5.4	12.7	13.0	0.7	0.7	B+	-4.9	7.3	1.0	910.7	-6.7	-5.5	5.9	n.a.
Neutral	MOROCCO	3.5	n.a.	0.8	5.5	-16.8	-3.1	31.5	29.0	9.9	10.2	BB+	-5.0	2.9	11.4	1268.1	23.1	15.8	20.8	n.a.
Neutral	OMAN	2.9	n.a.	n.a.	0.7	n.a.	-4.3	15.8	15.7	0.4	0.4	BB	1.2	5.8	3.9	4431.1	6.5	6.5	20.8	uc
Neutral	PANAMA	9.5	n.a.	n.a.	-0.6	-9.0	-3.0	5.8	8.2	1.0	1.0	BBB	-3.5	1.5	4.5	6974.4	44.8	44.8	7.7	uc
Neutral	ROMANIA	2.4	4.0	-5.2	9.4	-33.3	-25.5	54.3	40.2	4.5	4.8	BBB-	-4.7	6.3	6.1	2780.9	28.7	24.2	2.8	+
Neutral	SLOVENIA	0.7	2.4	-2.3	6.1	-1.3	1.8	0.9	0.8	1.1	1.0	AA-	-4.1	1.4	3.1	2072.4	32.1	27.8	7.6	+
Underweight	NIGERIA	2.3	-15.7	n.a.	22.8	5.6	5.1	34.0	39.0	766.1	427.9	B-	-4.3	9.0	8.9	1083.9	-2.2	57.0	10.2	n.a.
Underweight	KENYA	5.3	3.8	n.a.	7.3	-13.3	n.a.	7.5	7.9	143.3	119.4	B	-5.8	7.7	1.3	1892.6	-35.7	-25.7	6.3	-
Underweight	ARGENTINA	1.3	2.8	-13.3	115.6	-0.4	-8.5	25.4	39.7	318.7	134.6	CCC-	-4.0	91.9	14.8	5841.2	48.4	130.7	8.1	-
Underweight	UKRAINE	-10.5	9.6	51.2	11.3	-21.3	3.7	35.8	19.4	36.9	36.6	CCC	-16.8	14.0	0.5	193.4	-32.1	-32.0	1.5	n.a.
Underweight	SRI LANKA	-11.5	n.a.	-3.1	6.3	-4.0	n.a.	1.7	2.1	320.8	362.2	SD	-9.0	19.7	0.2	1272.8	-2.6	-13.2	26.8	n.a.

*Note: All data shown are as at August 14, 2023 unless otherwise stated. S&P credit rating shown is long-term foreign currency rating. * % change in GDP on previous quarter, annual rate.*
***S&P/IFCG Extended Frontier 150 Net Total Return Index. Data are the latest available, but in certain cases relate to periods more than one year ago.*
†Any forecasts are based on Bloomberg consensus forecasts, where available, and assumptions. Actual results may vary from any such statements or forecasts. Past performance is no guarantee of future results.

Source: Bloomberg, City of London Investment Management

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