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GLOBAL IDEA

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Global EM Strategist

Go With The (Lack Of) Flow

The rebound in risk markets last week stands in sharp contrast to the absence of vessels transiting SoH and the continued stress in energy markets. Our defensive trades were stopped out, but with pressure on the global economy building we don't think investors should chase the rally.

Key Takeaways

- Geopolitical tensions are escalating again, highlighting the risks of chasing last week's weakening of USD and EM rebound.
- The USD had retraced 80% of the oil-driven rally, even as the number of vessels transiting SoH remains a tiny fraction of the pre-war level.
- The lack of risk premia in FX markets, including EM, suggests room for the USD bear market to resume once the dust settles on the conflict. We look for the right entry point.
- Foreign outflows from EM local currency government bond markets have reduced the net YTD flow to almost zero, yet the outflows have not reached extreme levels.

Must reads from Global EM Strategy

Argentina: 2026 BOP/FX Cash Flows: Shifting to a Current Account Surplus | 09-Apr-2026

Argentina's external accounts are evolving faster than consensus expects and will likely post a current account surplus this year. Our differentiated analysis on agri, metals, and energy demonstrates how this is achieved. Argentina is a beneficiary in a multipolar world that demands energy security.

Hungary Economics, Equity & Macro Strategy & Banks: Opposition in the Lead | 12-Apr-2026

Preliminary results show Tisza winning supermajority. Fiscal policy is likely to remain supportive while unfreezing EU funds may lift potential growth by 1-1.5 pp. Stronger HUF can allow the NBH to tighten less than we currently expect.

Mexico Economics & Sovereign Credit Strategy: Preliminary Budget Guidelines: Fiscal Gradualism | 06-Apr-2026

After a softer than expected fiscal consolidation in 2025, authorities continue to hint fiscal gradualism going forward. They see the overall deficit at 4.1% and 3.5% of GDP, this year and in 2027, respectively. We find projections as slightly optimistic, unlikely to be rewarded by markets for now.

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Asia Macro Strategy: Our Take on the INR Measures | 30-Mar-2026

The RBI recently announced a US$100mn limit on banks' net open positions in the onshore INR market. While this may help INR in the near term, lower oil prices and a recovery in equity flows may be needed to change the medium-term trend for the currency.

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Lat week's risk on rally stopped us out of the defensive EM trades we had implemented. Yet as the weekend developments highlight, we are not in the clear, and the USD and oil futures are not priced for continued escalation. Meanwhile, the overall position reduction in EM since the outbreak of the conflict has been moderate.

Should the conflict escalate again near term, the USD will likely rally again. This could be the USD rally that we ultimately look to fade in order to position for the medium-term USD bear market that we expect. This view is in part anchored on the absence of any USD negative risk premia in EM currency markets, as well as on a DXY basis.

Foreign investor outflows from EM local currency government bond markets have almost reached the entirety of year-to-date inflows seen ahead of the conflict. Significant, but not suggestive of clean positioning given the large inflows seen in 2025. In FX, investors are now neutral USD.

Local markets trades overview

- **Rates: CEEMEA:** 1m3m EGP NDF FX Swap Payer; long NGOMOB 22-Sep-26 (FX-unhedged); **Asia:** 1s5s THB NDTHOR steepener; pay 5y INR NDOIS; **LatAm:** Receive Jan 29 DIs; Buy 2037 PeruGBs
- **FX: CEEMEA:** Short 3m USD/TRY forward. **Asia:** Long SGD/INR.

Stopped out of defensive trades, but we still suggest caution

Optimism over the ceasefire prompted a substantial weakening of USD and recovery in risk appetite. Our outright bearish EM FX trades were stopped out. Yet, as we can see from the weekend's developments, risk markets are not in the clear, and the overall positioning reduction in EM has so far been moderate.

The good news from the weekend's developments is the reporting that suggests efforts are under way to hold a second round of talks in coming days, with regional countries making efforts to secure an extension to the two-week ceasefire (see here). US media also report on the "measure of goodwill" that is believed to have been built up through the negotiations (see here). Yet, with the prospect that oil flows could dry up further with the announcement of the US blockade, the risks to the global economy are growing.

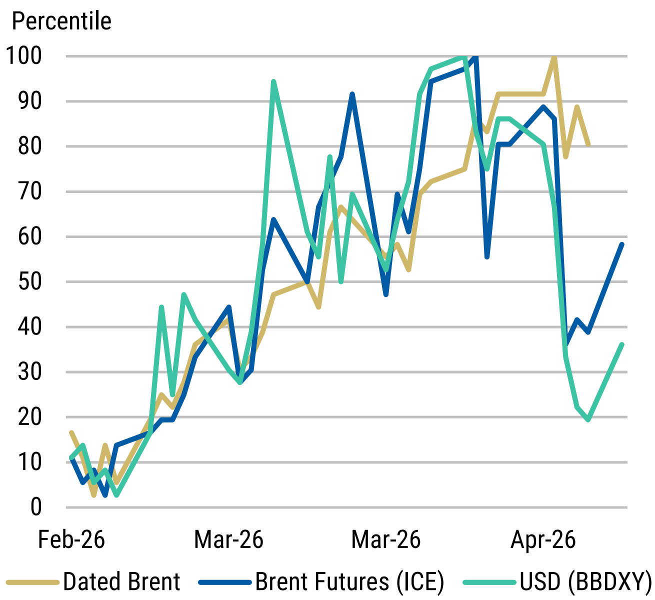
- **Global growth remains under significant pressure:** As oil futures and the USD fell and equity markets rallied last week, as optimism grew over the announced ceasefire, the oil did not flow. Nothing changed on that front, and Dated Brent remains exceptionally tight.
- **Blockade leads to even tighter markets:** A US blockade of all traffic through the SoH poses further risks to oil markets and global growth.

The USD has also retraced a significant proportion of the gains since the outbreak of the conflict. Exhibit 1 shows the range of BBDXY, Brent crude oil futures (CO1) and dated Brent contracts (i.e. the price to secure oil for near immediate delivery, or what is often referred to as the "physical" market).

A few points to note on this exhibit.

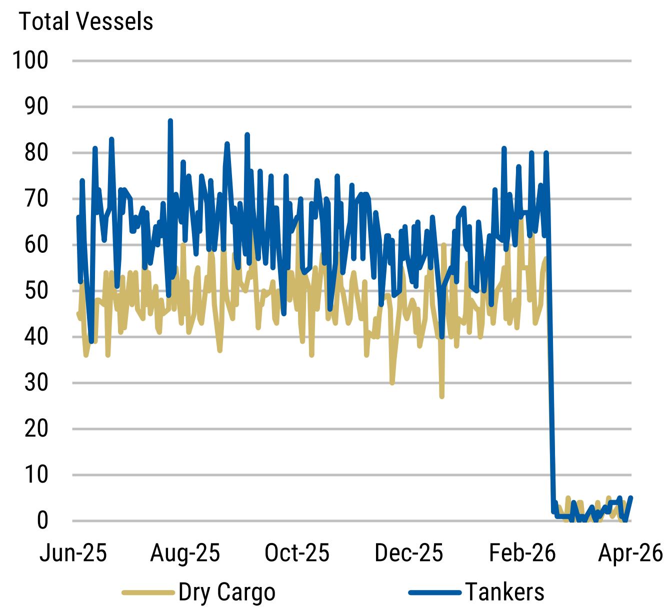
- As at Friday last week the USD had retraced 80% of the gains made since the Iran conflict started on February 28th, before rebounding this morning.
- The USD has been more correlated with CO1 than Dated Brent. This makes sense as both the USD and oil futures will reflect expectations of how the conflict will evolve, whereas the physical market will not.
- The continued elevated prices in the physical market demonstrate the high level of stress in the system and the risks posed to the global economy.
- The drop in the USD and oil futures relative to the lack of progress in freeing up oil flows highlights that some markets are pricing in at least some probability of a resolution to the conflict and greater oil flows.

Exhibit 1: USD retraced a decent portion of initial gains without similar progress in energy



Source: Bloomberg, Morgan Stanley Research

Exhibit 2: Total Estimated Vessels Transiting SoH (both directions)



Source: Bloomberg,, Morgan Stanley Research Dry Cargo = Container, General Cargo and Bulk Carrier Ships; Tankers = LNG, LPG Crude Oil and Chemical Products tankers

Medium-term USD bears

Beyond the course of the Iran conflict though, we remain USD bears (see The Die is Cast | G10 FX Strategy). Our current forecasts suggest that the USD was likely to trough around the middle of the year, before rebounding on the back of an accelerating US economy. The conflict in Iran places uncertainty around the USD profile, with the global economy under pressure.

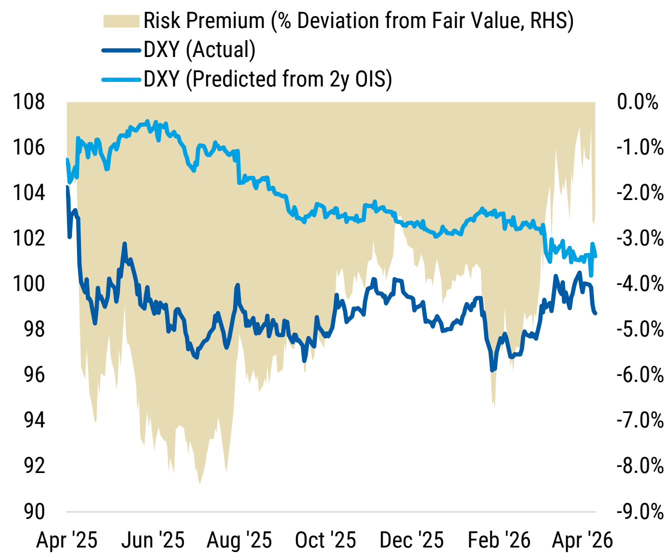
Yet, we continue to believe that risk premia will be a driver of USD weakness over time. Current levels of risk premia on USD leave scope for USD weakness to resume on both a DXY basis and versus EM.

On a DXY basis, we measure risk premia through deviations of the DXY from levels implied by 2y rate differentials. Rising risk premia in Q2 2025 drove the USD weaker to levels far beyond what rate differentials would suggest. Risk premia compressed in 2H 2025 but grew again early in 2026, before the Iran conflict pushed risk premia back to something approaching zero.

Against EM, we measure risk premia by deviations of EM currencies from levels implied by their historical relationships with global macro factors, such as risk appetite, the DXY and commodity prices. USD negative risk premia similarly grew post April 2025, pushing EM currencies stronger.

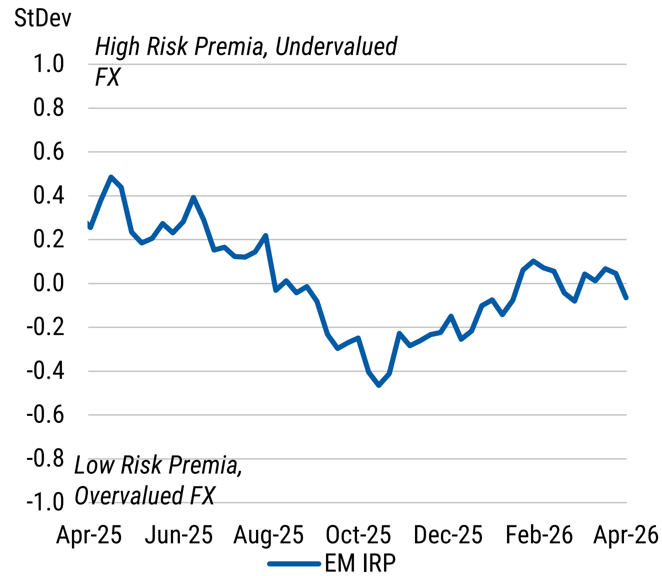
We have since seen risk premia converge back to zero. Notably, since the outbreak of the Iran conflict, EM currencies have weakened, but they have not weakened enough to introduce more risk premia into the asset class. In other words, they have weakened by what we would have expected based on the movements in the various global macro factors we use to compute EM risk premia.

Exhibit 3: DXY risk premia almost back to flat



Source: Bloomberg, Morgan Stanley Research

Exhibit 4: And also for USD vs EM



Source: Bloomberg, Morgan Stanley Research

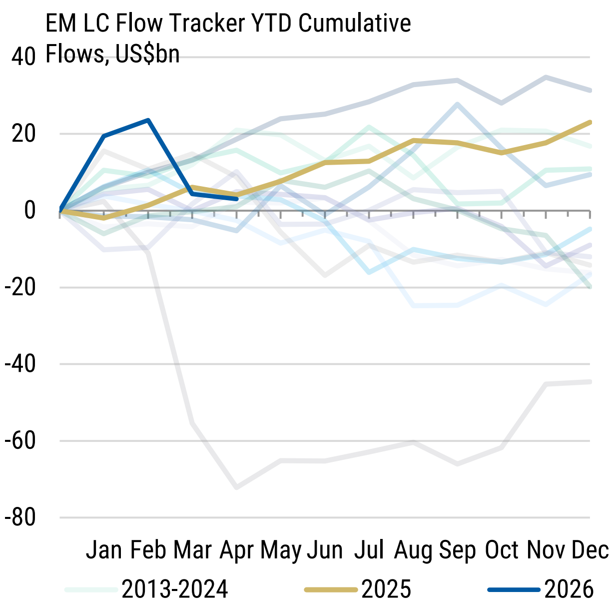
What can we say about positioning?

In EM local currency bond markets, our flow tracker covers 9 EM markets – all benchmark countries – that report data on foreign holdings of local currency government bonds on a reasonably high frequency basis. Some of the data are more timely than others, but overall we can get a reasonable sense of foreign flows by making valuation and exchange rate adjustments.

As of last Friday April 10th, we had data from 4 of the 9 countries and as of the Friday before (April 3rd) 7 of the 9 countries had reported. The data are a good approximation for trends in the overall market (see our primer here)

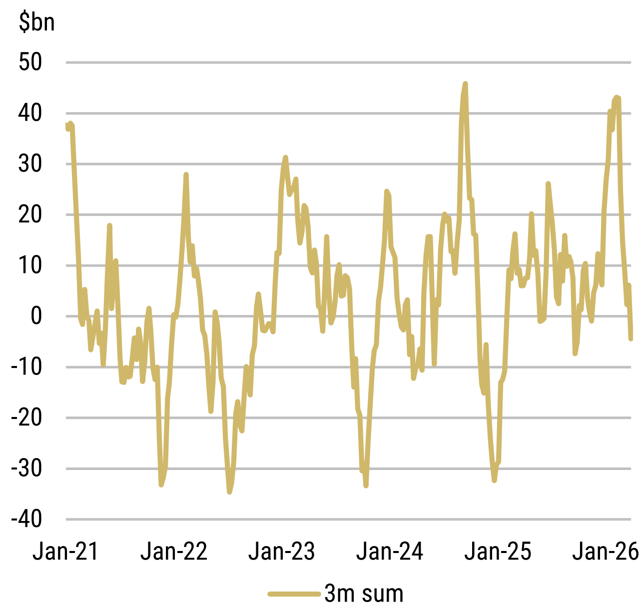
- **YTD flows unwound almost fully**. Cumulative inflows into our 9 countries reached $22bn and have fallen back to just a few billion so far in April. Hard to say positioning is light though, considering the inflows in 2025.
- **3m sum flows back to neutral zone:** Rolling 3m sum flows have dropped from $40bn in mid Feb to roughly flat – or slightly negative – by the week ending April 10th.
- **YTD returns are back to red:** Total returns for EM local markets peaked in 2H Feb and have now unwound all the gains for the year, and the index is now down around 2% for the year.

Exhibit 5: Flows unwound



Source: Haver, National Sources, Bloomberg

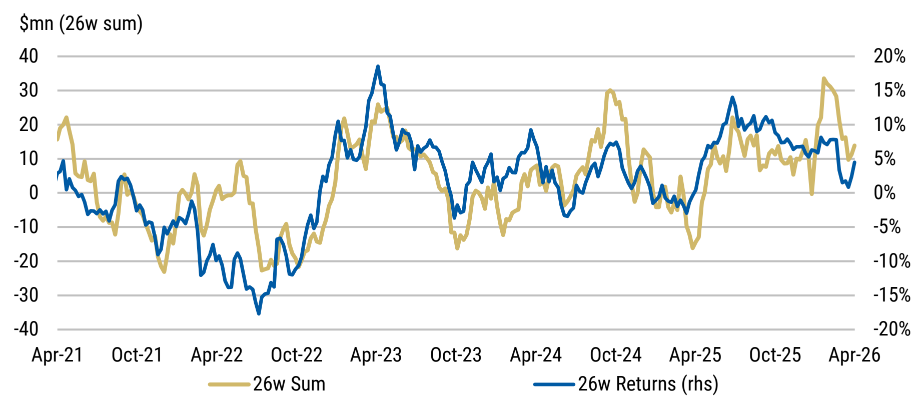
Exhibit 6: 3m flows momentum not yet flipped to negative



Source: Haver, National Sources, Bloomberg

Our flow tracker into 9 EM local markets is correlated with the returns of the overall local currency government bond market. This is not surprising, but confirms the validity of our tracker. Over the past 6m, returns and flows are very much in the neutral zone.

Exhibit 7: Inflows are correlated with returns. So if we hit extremes on outflows (not there yet) the risk/reward to enter the market could be strong



Source: Morgan Stanley Research, Bloomberg

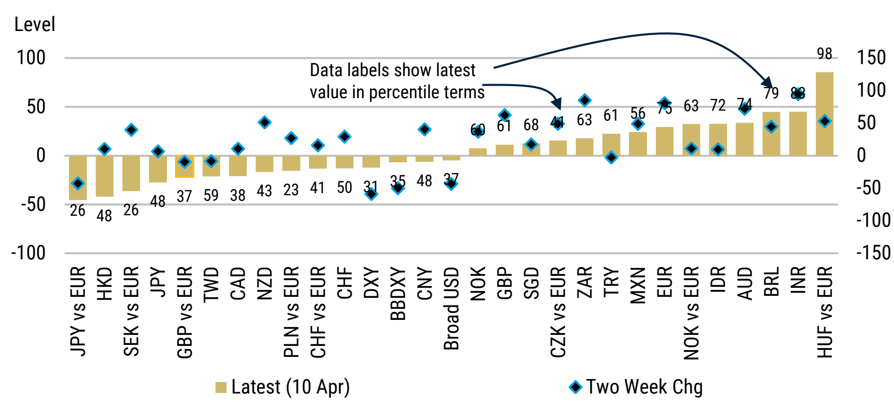
In FX markets, we use FX options data to gauge positioning, and these data continue to show a long USD bias for investors.

- **Unwinding long USD** positions: The DXY, BBDXY and are USD indices that investors track. Aggregating the individual currency pairs to reflect these indices shows that long USD has been unwound substantially over the two weeks to April 10th.

Investors are buying back USD this morning following the escalation over the weekend, but positioning in USD is now broadly neutral – reflecting the significant retracement of the USD over the previous two weeks.

Notably investors increased their long positions significantly in HUF vs EUR heading into the weekend's elections. The results have validated those bullish HUF expectations, and with the incoming government achieving a supermajority there is decent room for Hungarian assets to outperform. Even though the external backdrop is not supportive, these results could be quite positive to reduce the risk premium in the currency and the rates curve. We expect the long end of the curve to materially outperform and the whole curve could reprice lower by 100-150bps. We think currency can outperform by 5-7% in medium term (see Hungary Economics, Equity & Macro Strategy & Banks: Opposition in the Lead)

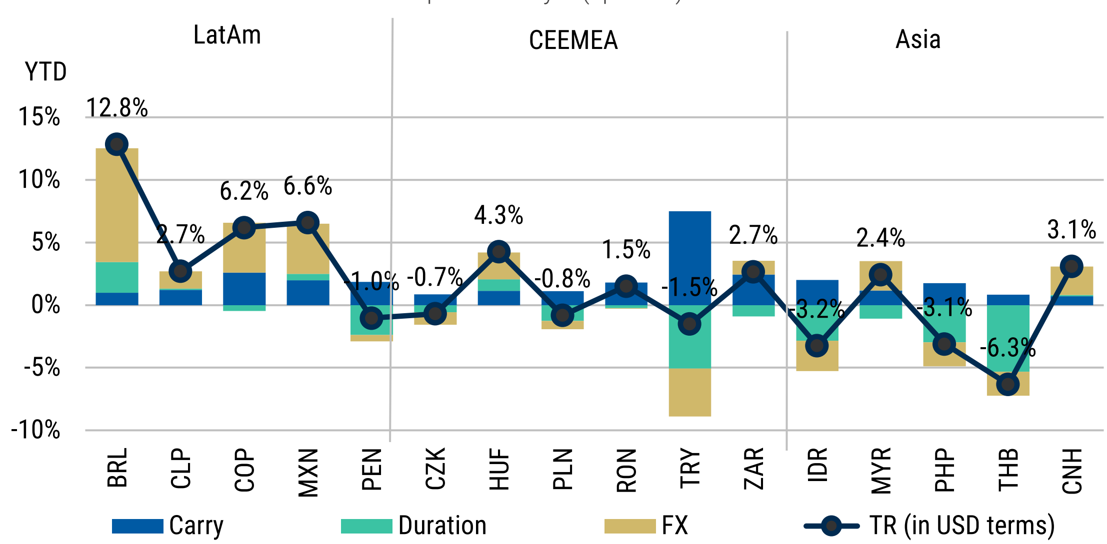
Exhibit 8: Positioning in the FX Options Market (updated)



Source: DTCC, Bloomberg, Morgan Stanley Research; Note: Using options that were traded in the past three months and expire in the coming one month. Notionals are delta-adjusted. Data as of Friday, March 27. See FX Trading Signals From Options Data and Assessing FX Positioning with Currency Options

Last week's rebound pushed EM total returns up for the year back to a positive 1.65% YTD, but this compares to the peak of the year pre conflict of around 3.6%. Latam continues to be the regional outperformer, with almost all market up for the year, with CEEMEA mixed and AXJ once again lagging.

Exhibit 9: CEEMEA and Asia have underperformed ytd (updated)



Source: Bloomberg, Morgan Stanley Research

Required reading

India Fixed Income Strategy: Bond Flows Tracker | 13-Apr-2026

Last week underscored the divide between domestic liquidity and foreign risk appetite: local conditions remain supportive but FPIs remain net sellers across debt and equities. Even as FAR flows stabilised at the margin, FX-hedged returns remain compressed.

Hungary Economics, Equity & Macro Strategy & Banks: Opposition in the Lead | 12-Apr-2026

Preliminary results show Tisza winning supermajority. Fiscal policy is likely to remain supportive while unfreezing EU funds may lift potential growth by 1-1.5 pp. Stronger HUF can allow the NBH to tighten less than we currently expect.

Argentina: 2026 BOP/FX Cash Flows: Shifting to a Current Account Surplus | 09-Apr-2026

Argentina's external accounts are evolving faster than consensus expects and will likely post a current account surplus this year. Our differentiated analysis on agri, metals, and energy demonstrates how this is achieved. Argentina is a beneficiary in a multipolar world that demands energy security.

EM Sovereign Credit Strategy: Fiscal Risk Premia Update | 09-Apr-2026

We provide a monthly update with EM sovereign recent fiscal results, fiscal scores, and the implied fiscal risk premia.

EM Sovereign Credit Strategy: Rich & Cheap Watch | 08-Apr-2026

EMBIG-D tightened by 5bp to 284bp in the past week (1W). Spreads tightened the most in B and tightened the least in A rating categories. Region-wise, spreads tightened the most in Asia and tightened the least in MENA.

EM Sovereign Credit Strategy: Where Supply Meets Demand | 06-Apr-2026

EM flows: Global-mandated EMDD funds saw outflows worth US$2.8bn last week, from US$1.1bn outflows from the prior week.

Mexico Economics & Sovereign Credit Strategy: Preliminary Budget Guidelines: Fiscal Gradualism | 06-Apr-2026

After a softer than expected fiscal consolidation in 2025, authorities continue to hint fiscal gradualism going forward. They see the overall deficit at 4.1% and 3.5% of GDP, this year and in 2027, respectively. We find projections as slightly optimistic, unlikely to be rewarded by markets for now.

Egypt Economics and Macro Strategy: CBE Review: A Hawkish Turn of Events | 02-Apr-2026

Amid a changing inflation outlook and regional uncertainties, the CBE kept its rates on hold, in line with our call. We maintain our base case for unchanged rates throughout 2Q26 and 3Q26, with risks of 200bp tightening in 2Q26. In strategy, we continue to like paying FX swaps in the front end.

Poland Economics and Macro Strategy: NBP Preview: In Observation Mode | 01-Apr-

2026

Having cut by 25bp in March, we expect the NBP to remain on hold as inflation has risen above the target. We see the NBP hiking twice in 2H26, following the ECB, with risks skewed to less tightening. In strategy, we think wider fiscal deficits could push the curve steeper.

Venezuela Sovereign Credit Strategy: Switch Out of Venezuela into PdVSA | 01-Apr-2026

With relative price differentials at YTD wides, including as a share of claim, we suggest investors rotate some exposure from VENZ bonds into PDVSA. In particular, we suggest switching out of VENZ 2027 into PDVSA 2021 where we view the specific bond characteristics as being overpriced.

EM Sovereign Credit Strategy: EM Technical Watch: Slow to Pivot: De-Risking Still Incomplete | 31-Mar-2026

EM sovereign credit supply stands at US$113.7bn YTD, the highest level seen in history at this point in the year, US$23.4bn above that from this point last year, and 43% of the way through our full-year issuance expectation. This month, there were only five issuers, four of which were HY-rated, Mongolia, Angola, Egypt, and Srpska. Potential issuers in the coming

Colombia Economics & Strategy: Central Bank Review: A Foggy Rates Path | 31-Mar-2026

- BanRep hiked the policy rate by 100bp to 11.25%, in line with consensus. The decision came with a split of 4 x 100bp, 1 x 0bp and 2 x -50bp.
- The Finance Minister exited the meeting, with public dissent signaling political resistance to further hikes, adding uncertainty around future Board decisions.
- Governor Villar reaffirmed institutional independence, emphasizing the constitutional mandate.
- Absent further escalation, we continue to expect a 50bp hike at the April 30 meeting, though the balance of risks has shifted toward greater policy uncertainty.
- Local curves might initially flatten on the back of de-anchoring CPI expectations risks, but subsequently steepen if institutional independence concerns persist.

Asia Macro Strategy: Our Take on the INR Measures | 30-Mar-2026

The RBI recently announced a US$100mn limit on banks' net open positions in the onshore INR market. While this may help INR in the near term, lower oil prices and a recovery in equity flows may be needed to change the medium-term trend for the currency.

Trade Table

Exhibit 10: Trades overview

			Entry Date	Entry Level	Current	Target	Stop	Notional ($m or k DV01*)	Gross P&L bp	Gross P&L US$k
SOVEREIGN CREDIT										
Curve RV	Buy MEX 47 vs MEX 37 (g-spread)		02-Mar-26	-2	-6	-15	8	8.8x10	4	39
Country RV	Buy CHILE 04/31 vs PERU 31 (g-spread)		16-Mar-26	-3	-2	-35	7	9.2x10	(1)	(11)
	Buy COLOM 51 vs ELSALV 50 (g-spread)		23-Mar-26	-96	-88	-150	-75	11.5x10	(8)	(103)
	Buy ZAMBIN 33 vs GHANA 35 (g-spread)		30-Mar-26	4	-7	-40	35	10x9	11	(170)
	Switch out of VENZ'27 into PDVSA'21		01-Apr-26	8.5	8.3	6.5	9.5	10x10	0.2	50
LOCAL RATES										
Directional	1m3m FX Swap Pay Egypt		12-Mar-26	19.31	18.86	25.00	18.00	1	(45)	(45)
	Buy NGOMOB 22/09/2026		23-Mar-26	18.33	16.80	17.00	19.20	10	2	15
	Pay 5y INR NDOIS (limit order)		16-Jan-26	6.20	6.35	6.65	5.97	10	-	-
RV	Buy 2037 PeruGBs	**New**	10-Apr-26	6.80	6.42	6.40	7.00	10	0	4
	DI Steepener (Jan 29 versus Jan 31)	**New**	24-Mar-26	12	0	45	-10	10	(12)	(115)
	1s5s THB NDTHOR steepener		25-Feb-26	33	44	63	17	10	11	112
CURRENCIES										
Directional	Short USD/TRY 3m FX Forward		15-Jan-26	46.17	44.79	44.60	47.20	10		300
Relative Value	Long SGD/INR		27-Mar-26	73.5	73.2	77.5	71.5	10		(35)
Closed Trades										
Closed Long USD/MXN on 13-Apr-2026										
Closed Buy 2037 PeruGBs versus Sell 2032 Peru GBs (flattener) on 10-Apr-2026										
Closed Buy BRAZIL 36 vs DOMREP 36 on 09-Apr-26										
Closed Sell EM CDX S45 on 07-Apr-26										
Closed Long EUR/CZK, long USD/ZAR, long EUR/HUF on 07-Apr-2026										
Closed Pay TRY 1Y OIS on 07-Apr-2026										
Closed Long 6m EGP T-Bills (FX-Unhedged) on 30-Mar-2026										
Closed Long 6m 23.5 digi put EUR/CZK on 20-Mar-2026										
Closed receive Pay TRY 6m3m xccy on 12-Mar-26.										
Closed long POLGB 6 10/25/2033 ASW on 12-Mar-26										
Closed receive 2y2y ZAR on 04-Mar-26										
Closed long HGB 3 08/21/2030 on 04-Mar-26										
Closed receive 5-year CNY NDIRS on 2-Mar-26, 2s10s KTB steepener on 10-Mar-26, and short TWD/KRW on 27-Mar-26.										
Closed receive 5-year THB NDTHOR on 25-Feb-26.										

Source: Morgan Stanley Research; Note: Hold to Maturity (HTM).

Local Markets Snapshots

Ioana Zamfir, Sofia Palacios, Gek Teng Khoo, Nimish Prabhune, Arnav Gupta

LatAm Local Markets		
	FX	Rates
BRL	To the extent that the ceasefire in the Middle East proves durable, BRL should consolidate below 5.00 given favorable terms of trade dynamics, a more cautious BCB and still contained elections noise. Our analysis shows that typically election-related risk premium tends to increase three months ahead of the event (ie., in July), implying that for the next couple of months BRL could still trade on the stronger side, especially to the extent that polls continue to show non-negligible odds of a fiscally orthodox outcome in the upcoming election.	**Jan 29 DIs vs Jan 31 DIs steepener:** Recent government measures to cushion the oil shock have reduced near-term inflation risks and supported a rally in DIs, alongside external factors. However, the use of subsidies and credit lines, even if fiscally offset by higher oil revenues, reinforces medium-term fiscal uncertainty heading into the election cycle. Alongside a tightening presidential race, additional risk premium could flow into the long end of the curve.
CLP	CLP remains primarily driven by global risk sentiment (and oil prices, implicitly). To the extent that the ceasefire in the Middle East proves durable, we would expect CLP to continue retracing its recent losses and approach 850, but we prefer to stay neutral for now.	We remain neutral on CAM in the near term. The ceasefire-driven risk-on tone and lower oil prices have eased medium-term inflation risks, supporting a rally in rates, but headline inflation remains sensitive to fuel and transport costs. With core dynamics still contained, the BCCh is likely to stay cautious in both directions, limiting immediate tightening premia.
COP	We continue to expect COP to remain relatively resilient, supported by higher oil prices, a still-hawkish BanRep, and very favorable April seasonality (given tax season). Recent polls have remained mixed, though COP has also remained largely immune to headline noise.	We remain neutral on TES and IBR. Sticky inflation keeps BanRep hawkish, while the S&P downgrade and institutional noise raise election-related risk premia. Risk-on dynamics may offer short-term relief, but domestic fundamentals argue for elevated volatility.
MXN	MXN still screens as a high-beta global growth currency, but recent de-escalation has reduced near-term downside risks. Softer inflation prints and a cautiously dovish Banxico support a pause in May and a final 25bp cut in June, limiting further USD/MXN upside. Slowing growth, gradual fiscal consolidation, and lingering USMCA uncertainty should also pose headwinds for the currency, at least relative to regional peers, but we prefer to close our short MXN exposure versus the USD for now.	We stay neutral on TIIE for now, though we expect the remaining hikes priced into the 12-18 month horizon to continue to be removed from the curve, to the extent that the ceasefire agreement proves durable. We note that although Banxico has officially committed to one final cut, we see a non-negligible chance that the board could ultimately attempt to deliver additional easing if the external conditions continue to improve (which should become a relevant tailwind for MXN).
PEN	PEN has weakened due to its status as a net oil importer, but volatility remains contained through ongoing BCRP FX intervention. The more cautious policy stance offers some marginal support, though PEN remains vulnerable to renewed oil price spikes. Around the election, risks remain asymmetric, with outcomes indicating unorthodox policies likely carrying greater FX impact than outcomes that imply policy continuity.	**Buy 2037 PeruGBs:** Following Friday's decision to keep policy on hold and the first-round election held over the weekend, we continue to see attractive opportunities in long-end bonds. The recent ceasefire points to some de-escalation in Middle East risks, reducing upside pressure on inflation. As Peru appears effectively at the end of its easing cycle, our analysis suggests investors typically prefer to extend duration at this stage.

AXJ Local Markets		
	FX	Rates
CNY	We see CNH outperforming relatively in the current uncertain environment as it is less exposed to energy and food disruptions, has a low beta, and the USD/CNY fixings signal a preference for currency stability. The positive correlation between CFETS RMB basket and USD also points to relative CNH outperformance.	We see China rates trading in a range, but relative to its peers it could outperform. While the rally in oil prices may put upward pressure on inflation, the soft domestic demand backdrop and equity market uncertainty put downward pressure on yields. Markets are not pricing in rate cuts for the next year.
INR	**Long SGD/INR:** INR is one of the most exposed to energy and food disruptions within Asia. While the RBI's recent FX measures may help the currency in the near term, higher-for-longer oil prices, rising inflation, and a lack of foreign portfolio inflows may still put downward pressure on the currency over the medium term.	**Pay 5-year INR NDOIS:** We view dips in India rates as opportunities to pay. Rates could be helped in the near term by an easing of liquidity conditions with the turn of the fiscal year. In the medium term, though, higher inflation, INR weakness, and risks of a larger fiscal deficit from higher-for-longer oil prices could continue to put upward pressure on yields.
IDR	We see USD/IDR grinding higher. Portfolio outflows continue to be a headwind for IDR and stable coal prices provide limited support. The break above 17,000 also opens room for more upside in the pair. It may be a gradual grind higher though amid BI's FX stabilisation efforts.	IndoGBs are exposed to higher oil prices. Indonesia is one of the few economies in Asia where inflation was already hovering around/above the central bank target (albeit due to base effects) ahead of the oil price rally. Higher-for-longer oil prices raise upside risks for inflation and the fiscal deficit, and reduce the scope for BI rate cuts, putting upside pressure on yields.
KRW	The outlook for KRW is binary. We see KRW outperforming peers in a de-escalation scenario and underperforming if markets price in more growth concerns. KRW faces downside risks from seasonal dividend outflows in April, though this could be offset by bond inflows from KTBs' WGBI inclusion and reduced retail investor outflows. Changes in the NPS's new FX-hedging framework could be the next catalyst to watch.	We are neutral on Korea rates at current levels. Markets are pricing in ~55bp of BoK rate hikes for this year, which is more than what we think will materialise but may be fair given the upside risks to inflation and continued robustness in exports. WGBI inclusion could also help to put some downward pressure on yields.
MYR	MYR is better positioned to weather the energy and food disruptions given it is one of the few oil and gas exporters in the region, is highly correlated with CNH, and has relatively better carry in the Asia context with a strong fundamental story. However, in a risk-off environment, MYR may not perform in line with its fundamentals.	We see Malaysia rates underperforming as we believe that BNM is in a better position to tighten policy compared to most other central banks in the region considering the growth and inflation implications of the oil price rally. Market pricing for BNM rate hikes is not stretched.
SGD	**Long SGD/INR:** We see SGD as a favourable defensive play in the current environment. In a de-escalation scenario, SGD could benefit from USD weakness. In the scenario that risk sells off alongside higher oil prices, SGD could weaken against USD but outperform relatively given its safe-haven quality. The MAS's likely slope steepening move in April should also aid SGD relative outperformance over the medium term.	We see room for SGD yields to decline. Our US rates team has turned bullish on US rates, which should help SGD yields to fall. SGD rates also stand to gain from safe-haven inflows and FX appreciation from MAS policy tightening. In the event of a de-escalation, lower oil prices and FX appreciation could also push SGD yields lower.
TWD	We are neutral on TWD. TWD sits in the middle of the pack in our assessment of Asia FX exposure to energy and food disruptions. The outlook is binary depending on the geopolitical developments as it will determine how foreign equity flows develop. With high foreign ownership of Taiwan equities and potential for lifers to reduce their FX hedge ratio though, risks may be skewed to the downside.	
THB	We are neutral on THB. THB screens as one of the most exposed to energy and food disruptions in Asia given its large energy imports and the authorities' receptiveness to THB weakness. However, should markets start to price in growth downside risks, gold prices could recover, helping to put some upside pressure on THB.	**1s5s THB NDTHOR steepener:** We believe that front-end yields will be anchored by the higher bar for a policy rate change from the BoT compared with peers, given soft growth and a sufficiently low policy rate. Meanwhile, yields in the belly and long end of the curve could rise from higher inflation or more active fiscal policy to support growth.
PHP	PHP screens as one of the most exposed to energy and food disruptions within Asia, and also faces downward pressure from it running the largest current account deficit in the region. The BSP recognising that PHP weakness is "not necessarily a bad thing" is also conducive for the currency to act as an automatic stabiliser to the economy.	We continue to see upside risks for yields. The passthrough of oil to domestic gasoline prices has been the highest in the Philippines. While the BSP is focusing on core inflation and raised the bar for rate hikes to $200/barrel oil, we think markets could price in higher chances of rate hikes if oil prices stay higher-for-longer or PHP depreciates significantly.

CEEMEA Local Markets

	FX	Rates
ZAR	We expect ZAR to be driven mainly by external factors in the absence of strong local catalysts. In the current geopolitical environment, we think ZAR could remain vulnerable, especially if the situation escalates	We remain neutral on rates as we think markets are pricing in more rate hikes than we expect. The curve has continued to flatten, reflecting elevated uncertainty. In a more extreme risk-off scenario, however, we could also see renewed pressure at the long end of the curve.
PLN	We expect FX to trade largely range-bound, as ongoing conversions of EU funds continue to cap further upside in EUR/PLN. In this environment, we do not see scope for a material appreciation of the currency.	We expect the curve to steepen as the central bank continues to remain on hold in the current scenario, while fiscal probably will put more pressure on long end of the curve.
HUF	We think that in a scenario of EU fund flows coming into the economy the currency could appreciate by 7.5-10%, as mentioned in our recent note about elections. At the same time oil prices could put pressure on the currency.	We think the curve could rally materially if the currency appreciates further, with markets looking to price rate cuts if the prospect of EU fund flows increases. The long end of the curve could rally more as risk premium could reduce on the curve.
CZK	We think EUR/CZK could move higher as CNB would delay rate hikes in this environment and let FX absorb the global shock.	We think CNB will delay rate hikes for a longer period of time as it views this as a supply shock. In this environment CNB will be more tolerant of FX depreciation than other episodes.
TRY	**Short 3m USD/TRY:** We think that the CBT could keep real rates higher for longer and allow managed depreciation of the currency. The CBT might reduce the pace of TRY depreciation to support the disinflation process.	We think the rates curve is pricing a fair amount of rate cuts in line with recent inflation expectations and the geopolitical conflict. We could see the curve rally further if oil prices come lower.
EGP	**Pay 1m3m NDF FX Swap**: We think the currency could come under pressure amid the ongoing conflict, as renewed outflows weigh on performance. In this environment, we prefer to pay rates via FX swaps. For our more detailed view, see here.	While EGP bills can perform well in more stable periods, the current volatile environment increases the risk of further FX depreciation. However, if the situation stabilizes, holding T-bills could offer an attractive risk-reward at this stage.
NGN	We expect the currency to remain anchored given the higher oil prices and limited local currency portfolio outflows.	**Buy NGOMOB 22/09/2026**: We think in the face of decent carry limited FX pressure and CBN on hold, the risk-reward remains attractive.

Sovereign Credit Snapshots

Credit	Commentary and curve preference	Curve
Latin America		
Argentina	**Like:** Argentina ticks many boxes for a bullish outlook, including a positive fiscal, reform, growth and investment outlook. The strong support of the US is key as well, as it bolsters the investment outlook in addition to providing a financial backstop. Importantly, December's changes to the FX bands and focus on FX reserve accumulation partially address key investor concerns. Bonds retain upside, and we prefer ARGENT 38 among the USD bonds, and also see good risk/reward in the GDP warrants.	USD 38
Brazil	Brazil has already started to trade better, and we think this can extend if the market focus remains on the impact of higher energy prices, where Brazil net benefits, and the potential for policy change in the upcoming elections towards a more fiscally orthodox policy that will stand a better chance at stabilizing debt in the coming years.	10y bonds
Chile	**Like: Buy CHILE 03/42 versus PERU 41:** We see the new administration's reform agenda as increasing the chance of a medium-term bull case scenario. Announcements of fiscal consolidation plans should also help. Strong fundamentals warrant the recent outperformance. Its curve remains flat, and we see value in front-end bonds on its USD curve.	10y EUR, front-end USD bonds
Colombia	**Buy COLOM 51 vs ELSALV 50:** The credit is now only pricing 1.5 downgrades, having performed well after the legislative and primary elections and being a net oil exporter. We expect better performance to extend into the first-round election, also being helped by higher oil prices. With a flat curve, we prefer the belly, particularly COLOM 37.	10y bonds
Costa Rica	**Like:** We see Costa Rica's election results as supportive of macro policy continuity and expect it to outperform. We think that it will allow for improved legislative execution of its fiscal reform agenda, which we expect to allow for rating upgrades over the coming year. Its strong fundamental and technical trajectory should help it to perform well despite being an oil importer, in our view. Its curve is steep within EM, so we have a preference for the long end, where the 54 looks cheapest to us.	30y bonds
Dominican Republic	The Dominican Republic is pricing 0.6 upgrades, having outperformed post ceasefire versus BB average spreads. Without further constitutional or tax reforms, we see potential for near-term upgrades as limited. Its high exposure to high oil prices and a higher beta should help it to underperform, in our view. We prefer its 60 bond as it has the most spread across the curve and trades 10pt below par. We expect the long end to hold in best in any decompression due to demand from locals.	35y bonds
Ecuador	**Like:** Strong external balances, aided by a sizeable current account surplus, support reserve accumulation, while fiscal prospects improve as fuel subsidy cuts boost net oil revenues and activity lifts tax receipts. IMF and US backing remain firm. Political risks have eased post-referendum repricing, and we see scope for continued reform progress. Upside is now much less post the successful market access, yet there is still room to tighten versus peers in Africa.	40s
El Salvador	**Dislike: Sell ELSALV 50 vs COLOM 51:** El Salvador has so far outperformed the single B average since the middle of February, thanks to its lower beta. However, as energy prices remain higher for longer, we see El Salvador as among the more vulnerable in the region given its significant energy importer status. Additionally, progress with the IMF is slow and the upcoming IMF meetings might not yield significant progress. Also, while the programme does not factor in eurobonds until US$600m in 2027, it is our sense that earlier issuances may happen, including a liability-management operation, in a scenario of lower yields.	50s
Guatemala	**Like:** We think that Guatemala's fundamental trajectory is positive. Improvements in its governance indicators are key, with judicial elections in May an opportunity for improvements. With a steep curve relative to the rest of EM, we prefer the belly of the curve, particularly its 37 bond.	7y bonds
Mexico	**Buy MEX 47 versus MEX 37:** While still cheap valuations leave ample room to rally from here, we see few positive catalysts near term. Additionally, there is a risk that fiscals end wider than government targets, and USMCA negotiations are dragging on. We still see room for Pemex spreads to compress and suggest staying long, yet switch our preference from PEMEX 32 to a mix of PEMEX Jun'29 and PEMEX 50.	20y bonds
Panama	We remain neutral on Panama and expect technical support to continue in the near term, helped by higher shipping costs. The credit has outperformed, now pricing in 0.1 upgrades, which we do not expect. We continue to see risks in the medium term, expecting continued debt accumulation, and see insufficient fiscal progress resulting in a downgrade to HY. We prefer its 01/31/36 bond, which has underperformed and trades flat to many long-end bonds.	10y bonds
Peru	**Dislike: Sell PERU 31 versus CHILE 04/31:** We think that credit markets will focus more on the political backdrop with congressional changes and the credit's fiscal trajectory. In our base case, we expect continued political divisions and fiscals to widen, missing fiscal targets this and next year. We think this could open the door to potential rating downgrades, which are not currently priced in the credit.	USD 30y bonds
Uruguay	Uruguay remains relatively wide versus peers as we have seen fiscals underperform history on the back of an uptick in spending that has pushed debt stocks upwards. While we expect policy continuity from the current administration, we see uncertainty around the impact of the spending plan. We prefer its 60 bond.	35y bonds

Venezuela	**Switch out of VENZ'27 into PDVSA'21:** Given strong near-term momentum on US-Venezuela co-operation, we think markets can price a faster oil production recovery and thus see attractive risk-reward. Among permitted bonds, we thus favour PDVSA over VENZ, with PDVSA 6% 2022 looking most undervalued, but PDVSA 21, 12.75% 22 and 35 are also attractive. On the other hand it makes VENZ 27, VENZ 34 and VENZ 38 look rich.	PDVSA over VENZ

Credit	Commentary and curve preference	Curve
Europe, Middle East and North Africa		
Turkey	Turkey has underperformed other BB names as a major net oil importer, with higher oil prices likely to pressure external accounts. Its proximity to the conflict adds a layer of risk versus peers. After issuing ahead of Middle East tensions, we would expect Turkey to return to the market once conditions stabilise and risk sentiment improves.	Belly
Ukraine	Ukraine bonds have moved higher in line with the improved prospects of a successful ceasefire, with markets currently implying a pricing of around 67%, now higher than back in February 2025. To break out from this range would require an actual ceasefire, which we assume would require credible security guarantees, which to date have proved challenging for all sides to agree on.	A29s
Egypt	Given the ongoing geopolitical tensions, spillovers to Egypt run mainly through oil, tourism, and the Suez Canal, as direct trade with Iran is negligible. We see the long end being the most vulnerable, and we think the belly offers better protection. The authorities in the recent investor relations email communique note that they still intend to access the international market as well as raise concessional debt to address external payments due this year.	Belly
Jordan	Spreads have remained relatively contained, with no upgrades now priced in. Risks tilt toward wider spreads given its proximity to the conflict. Last year's issuance and tender suggest limited appetite for near-term issuance.	30s
Morocco	Following the upgrade to IG by S&P, the near-term ratings catalyst has largely played out, and spreads now trade tight versus BB peers. While January fiscal data showed some revenue softness and front-loaded investment spending, the 2026 deficit target of 3% of GDP remains intact and financing risks are manageable, with no large hard-currency maturities until late 2027. Energy import exposure is a risk with an oil price surge, but external buffers (tourism, remittances, FDI, IMF FCL) remain supportive. Valuations look richer at the long end, and we prefer the belly of the curve, particularly EUR 31-33s, where risk/reward appears more balanced.	EUR 31s
Tunisia	The 2026 budget points to a modest worsening in the fiscal position. Revenues rise to TND52.6bn on higher taxes, but faster spending growth lifts the deficit to TND11.0bn or 5.7% of GDP. Gross financing needs ease slightly, though reliance on central bank financing increases. Recent rating upgrades support our expectation of around €400m in eurobond issuance in 2026 to partially refinance the July maturity.	JPY 27s

Credit	Commentary and curve preference	Curve
Sub-Saharan Africa		
South Africa	**Like:** South Africa's 2026 budget adopts a deliberately conservative macro and fiscal framework. National Treasury builds in little commodity upside, keeps growth around 1.6-2.0%Y, and anchors spending near 3%, delivering sustained primary surpluses. Debt is set to peak near 79% of GDP and then decline gradually. We think this leaves room for revenue and deficit outcomes to outperform, supporting continued fiscal consolidation. This, alongside still cheap valuations, supports our like stance on SOAF. As with most oil importers, the risk is tilted toward wider spreads, but the counterbalance of ongoing credible reforms suggests that substantial spread underperformance to ratings peers is unlikely.	48
Ghana	**Buy ZAMBIN 33 vs GHANA 35:** Spreads have held up well in this selloff with 1.4 rating upgrades priced in. The combination of strong fiscal improvement and rebuilding of external buffers means spreads will likely remain resilient in this environment. We do not expect eurobond issuance in 2026, though buybacks, potentially for the 30 bond, remain a possibility.	Belly
Kenya	Kenya continues to underperform as an oil importer, with higher oil prices likely to erode external buffers. The IMF expects fiscal deficits to remain near 6% in 2025 to 2026. We think an IMF programme is possible, although the 2027 elections complicate timing. If oil prices stay high, this could increase the chances of an earlier programme.	Belly
Angola	Higher oil prices and tighter spreads mean Angola no longer prices any downgrades, versus 1.7 before the recent surge in Brent. We think Angola will benefit the most in this environment, with fiscals likely outperforming the IMF's 3% deficit forecast for 2026. We also expect a stronger current account than the IMF's 0.5% of GDP surplus as export revenues rise.	Belly
Zambia	**Buy ZAMBIN 33 vs GHANA 35:** We close our Sell Zambia 53 recommendation as it has reached our 70 target. We think the risk-off backdrop could push prices lower in the absence of CI score updates. Heading into the April IMF meetings, focus will likely return to the details of the score.	33
Nigeria	**Like:** Nigeria's fiscal outlook points to gradual consolidation into 2026, supported by stronger non-oil taxes, though downside risks remain from lower oil prices. The deficit target narrows to 3.6% of GDP, but assumes US$64/bbl, which is much lower than current oil price levels. This suggests that spreads will remain anchored and should outperform other B rated credits with the credit now pricing 1.5 upgrades.	Belly
Mozambique	**Dislike:** Revenue growth in 2026 is driven by higher taxes, narrowing the fiscal deficit to 6.8% of GDP, though subsidy cuts face risks after recent protests. Financing shifts towards concessional external sources as market access remains closed, with the 31 bond trading above 1,000bp. A report by the IMF articulates the near-term challenges the sovereign faces that require near-term adjustments to avoid debt distress.	
Senegal	After initiating a like stance in November 2025, we now close it for two reasons. Bullish trades, especially in oil importers, have underperformed in a high oil price environment and could weaken further if prices rise. In the absence of a near-term catalyst, we think the credit remains vulnerable into the IMF Spring Meetings, where focus will return to programme progress. We expect volatile price action and would look to re-enter in a more stable macro backdrop.	USD 31 & EUR 28
Ivory Coast	**Like:** With two downgrades still priced in despite strong fiscal consolidation over the past three years, we think the credit offers value. Higher oil prices challenge this view, but we expect external and fiscal buffers to remain sufficient to support the BB rating in 2026.	10y

Valuation Methodology and Risks

Exhibit 11: Rates trades

Trade	Date	Entry Level	Target	Stop	Rationale	Risks
Buy 2037 PERUGBs	09-Apr-26	At Market Open	6.40	7.00	With policy on hold and elections approaching this weekend, we continue to see attractive opportunities in long-end bonds. While we have recently flagged a preference for long-end bonds relative to the belly, given higher global commodity prices, we do think that the recent announcement of a ceasefire suggests some de-escalation in the Middle East conflict. We believe Peru is effectively at the end of its easing cycle, and our analysis suggests that investors typically prefer to extend duration at this stage.	An unorthodox election outcome and continued appreciation of oil prices
DI Steepener (Jan 29 versus Jan 31)	24-Mar-26	12.00	45.00	-10.00	In a de-escalation scenario, the repricing lower of terminal rate expectations should trigger bull steepening. In the remaining scenarios, additional risk premium could flow into the long end of the curve, as investors are likely to contemplate potential fiscal implications of very restrictive interest rates and the upcoming elections (with campaigning likely to pick up more meaningfully after the April 4 deadline).	Faster disinflation or renewed growth weakness re-anchors the curve.
Buy NGOMOB 22/09/2026	23-Mar-26	18.33	17.00	19.20	A stronger trade balance should offset portfolio outflows, with oil above the US$40/bbl breakeven. We expect inflation to rise, likely halting CBN cuts. We initiate coverage on Nigeria macro strategy and prefer OMO bills for higher carry and resilience. Short duration offers protection in weaker FX and higher yield scenarios, while high oil prices favour local assets	Substantial decline in oil prices.
1s5s THB NDTHOR steepener	25-Feb-26	33	63	17	We like positioning for steepeners in Thailand. Front-end rates should be anchored by monetary policy staying on hold, as inflation was low heading into the oil price rally and the BoT has said it may look through short-term supply shocks. Oil-drive inflation should thus drive yields in the belly and long-end of the curve higher. Prospects of more active fiscal policy could also help the curve to steepen.	A lack of monetary and fiscal easing to support growth.
1m3m FX Swap Pay Egypt	12-Mar-26	19.31%	25%	18%	We think any further deterioration in market sentiment could lead to higher FX implieds once the spot stops absorbing appropriate risks which will get implied in the forwards	Lower inflation and oil prices with a reduction in geopolitical risks.
Pay 5-year INR NDOIS (limit order)	16-Jan-26	6.20	6.80	5.97	We see room for India yields to rise as higher oil prices puts further upward pressure on inflation, which was already normalising ahead of the oil move, and may also increase the fiscal burden. FX smoothing operations by the central bank may also tighten liquidity. Should yields fall after the fiscal year turn, we would look for opportunities to pay.	RBI sending a dovish signal or lower oil prices.

Source: Morgan Stanley Research

Exhibit 12: Credit trades

Stance/Trade	Date	Entry Level	Target	Stop	Rationale	Risks
Switch out of VENZ'27 into PDVSA'21	01-Apr-26	8.5	6.5	9.5	With relative price differentials at YTD wides, including as a share of claim, we suggest investors rotate some exposure from VENZ bonds into PDVSA. In particular, we suggest switching out of VENZ 2027 into PDVSA 2021 where we view the specific bond characteristics as being overpriced.	A scenario where assets are stripped from PDVSA leaving only the liabilities
Buy ZAMBIN 2033 vs GHANA 2035	30-Mar-26	4	-40	35	We think Zambia 2033 offers a more defensive play versus Ghana 2035, as it has lower duration for the same spread and yield. Zambia returns 24% of face value within 12 months, while Ghana only starts to amortise in 2030.	A risk on environment that makes higher duration strategies more attractive.
Buy COLOM 51 vs ELSALV 50	23-Mar-26	-96	-150	-75	Colombia has already outperformed El Salvador in recent weeks, due to both elections and it benefiting from higher oil prices. El Salvador is among the more vulnerable in the region given its significant energy importer status.	Polls in Colombia suggesting candidates with no fiscal consolidation agenda gaining.
Buy CHILE 04/31 vs PERU 31	16-Mar-26	-3	-35	7	Chile is a credit that we like and think should outperform under the new administration. Peru is a credit we dislike and expect to underperform in the coming months ahead of an uncertain presidential election.	A market friendly election outcome in Peru.
Buy MEX 47 vs. MEX 37	02-Mar-26	-2	-15	8	With the curve steepening we now suggest moving into the longer-end bonds. Both the 20y and 30y sector look cheaper now than the 10y, yet we find the older 20y bonds slightly cheaper.	A new issuance solely in the long end.

Source: Morgan Stanley Research

Exhibit 13: Credit stances

Stance/Trade	Date	Entry Level	Target	Stop	Rationale	Risks
Dislike El Salvador Hard Currency Bonds	23-Mar-26	NA	NA	NA	As energy prices remain higher for longer, we see El Salvador as among the more vulnerable in the region given its significant energy importer status. Additionally, progress with the IMF is slow and the upcoming IMF meetings may not yield much positive.	Rapid fall in the oil price or strong endorsement by the IMF on program progress
Like Costa Rica Hard Currency Bonds	02-Feb-26	NA	NA	NA	We see Costa Rica's election results as positive and move to a like stance. A continuation of the strong fiscal reform agenda and more support in Congress should allow for rating upgrades.	A lack of improvement in legislative execution.
Like Nigeria Hard Currency Bonds	20-Jan-26	NA	NA	NA	Nigeria has cheapened modestly relative to peers since the start of the year. We think the current account is in a much stronger position to absorb any downside shock, while fiscal metrics remain manageable for now despite emerging risks.	A much sharper move lower in oil prices.
Like Ivory Coast Hard Currency Bonds	21-Nov-25	NA	NA	NA	We like Ivory Coast sovereign credit because it offers value and improving fundamentals. The 10y trades about 138bp wide to BB peers due mainly to Senegal spillover. We think this gap should narrow as regional risks ease. Ivory Coast looks set to reach its 3% deficit target in 2025, supported by tax reforms, stronger exports and better external buffers.	A substantial drop in gold and cocoa prices which impacts the terms of trade.
Like Chile Hard Currency Bonds	17-Nov-25	NA	NA	NA	Chile has shown signs of entering our bull case scenario with a shift to the right in Congress and the presidential election result.	Much lower copper prices and difficulties in implementing policies to consolidate fiscals
Like Argentina Hard Currency Bonds	16-Nov-25	NA	NA	NA	Argentina's bull case is currently playing out, where strong governability comes together with US support to open up the path towards market access, including potential buybacks. Valuations wise there is also still further upside versus other large African single B issuers.	A wider-than-anticipated current account deficit in addition to lack of demand of local currency due to perceived FX overvaluation.
Like Ecuador Hard Currency Bonds	16-Nov-25	NA	NA	NA	Ecuador remains an improving credit story that now also sees reforms as possible due to the stronger governability of the president. A significant current account surplus also provides a supportive FX flows backdrop. Valuation wise there is also still further upside versus other large African single B issuers.	Fall in oil price that impacts fiscals negatively.
Dislike Mozambique Hard Currency Bonds	22-Oct-25	NA	NA	NA	While Mozambique is poised to benefit from an LNG-led economic boom, near-term financing pressures are increasing amid ongoing IMF programme negotiations. Bonds have already repriced, but further downside could materialise if the negotiations continue to drag on.	A sooner-than-expected signing of an IMF programme.
Like South Africa Hard Currency Bonds	12-Aug-25	NA	NA	NA	SOAF spreads have underperformed peers recently. Combined with waning fiscal risks, we now see risk/reward as positive.	A resurgence of risks related to the Government of National Unity.
Like Guatemala Hard Currency Bonds	21-Mar-25	NA	NA	NA	We see scope for continued rating upgrades as Guatemala sees improved legislative execution, fiscal strength, and public investment. It is still cheap compared with peers and we see its outlook as positive.	US policies on remittances and FDI. Weaker support for the executive in Congress.
Dislike Peru Hard Currency Bonds	31-May-24	NA	NA	NA	We see risks of a eurobond issuance and further downgrades in the second half of this year, which we do not see as priced in. Wider deficit expectations, growth underperforming and risks associated with Petroperú raise financing needs.	Announcement of no hard currency issuance this year.

Source: Morgan Stanley Research

Exhibit 14: FX trades

Trade	Date	Entry Level	Target	Stop	Rationale	Risks
Long SGD/INR	27-Mar-26	73.5	77.5	71.5	SGD could outperform relatively if oil prices continue rising given its safe-haven characteristics and potential for monetary policy tightening expectations to build. In a de-escalation scenario, SGD could also gain from USD weakness. Meanwhile, INR is more exposed to energy and food disruptions. While INR may see a relief rally in a de-escalation scenario, the sustainability could be challenged by high inflation and a lack of meaningful foreign equity inflows.	Lower oil prices.
Short 3m USD/TRY forward	15-Jan-26	46.17	44.60	47.20	With the CBT keeping real rates high, the economic programme remaining solid and local political developments becoming less significant for market participants, we continue to like the carry trade in Turkey.	The CBT cutting rates too quickly.

Source: Morgan Stanley Research

Exhibit 15: History of recommendations for stances

Trade	Entry Date	Exit Date
Dislike El Salvador Hard Currency Bonds		
Dislike El Salvador Hard Currency Bonds	23-Mar-2026	
Like Costa Rica Hard Currency Bonds		
Like Costa Rica Hard Currency Bonds	02-Feb-2026	
Like Nigeria Hard Currency Bonds		
Like Nigeria Hard Currency Bonds	20-Jan-2026	
Like Ivory Coast Hard Currency Bonds		
Like Ivory Coast Hard Currency Bonds	03-Sep-2024	12-Aug-2025
Like Ivory Coast Hard Currency Bonds	21-Nov-2025	
Like Chile Hard Currency Bonds		
Like Chile Hard Currency Bonds	10-Feb-2025	02-Sep-2025
Like Chile Hard Currency Bonds	17-Nov-2025	
Like Argentina Hard Currency Bonds		
Like Argentina Hard Currency Bonds	02-Sep-2025	08-Sep-2025
Like Argentina Hard Currency Bonds	16-Nov-2025	
Like Ecuador Hard Currency Bonds		
Like Ecuador Hard Currency Bonds	16-Nov-2025	
Dislike Mozambique Hard Currency Bonds		
Dislike Mozambique Hard Currency Bonds	22-Oct-2025	
Like South Africa Hard Currency Bonds		
Dislike South Africa Hard Currency Bonds	10-Feb-2025	22-Apr-2025
Like South Africa Hard Currency Bonds	12-Aug-2025	

Source: Morgan Stanley Research

Exhibit 16: History of recommendations for trades

Buy ZAMBIN 2033 vs GHANA 2035

Instrument	Identifier	Maturity	Trade	Entry Date	Entry Level	Exit Date	Exit Level	Target/ Objective	Stop/Re-assess	Size of Trade or Unit/Notional
ZAMBIN 5.750 20330630 REGS Variable/step	XS2837240261	30-Jun-2033	Buy ZAMBIN 33 vs. KENINT 32	30-May-2025	-20	20-Jun-2025	-70	-70	20	10x11
KENINT 8.000 20320522 REGS Fixed	XS1843435766	22-May-2032	Buy ZAMBIN 33 vs. KENINT 32	30-May-2025	-20	20-Jun-2025	-70	-70	20	10x11
ZAMBIN 5.750 20330630 REGS Variable/step	XS2837240261	30-Jun-2033	Buy ZAMBIN 2033 vs GHANA 2035	30-Mar-2026	4			-40	35	10x9
GHANA 5.000 20350703 REGS Variable/step	XS2893151287	03-Jul-2035	Buy ZAMBIN 2033 vs GHANA 2035	30-Mar-2026	4			-40	35	10x9

Buy NGOMOB 22/09/2026

Instrument	Identifier	Maturity	Trade	Entry Date	Entry Level	Exit Date	Exit Level	Target/ Objective	Stop/Re-assess	Size of Trade or Unit/Notional
NGOMOB 20260922 245D Zero coupon	NGO3G2209267	22-Sep-2026	Buy NGOMOB 22/09/2026	23-Mar-2026	18.33			17	19.2	10

Egypt 1m3m FX Swap

Instrument	Identifier	Maturity	Trade	Entry Date	Entry Level	Exit Date	Exit Level	Target/ Objective	Stop/Re-assess	Size of Trade or Unit/Notional
USD/EGP		3M	Short 3-month USDEGP NDF	31-Jul-2025	51.05	06-Oct-2025	48.5	48.5	52	
EGP/USD		3M	Egypt 1m3m FX Swap	12-Mar-2026	19.31%			25%	18%	1

Short 3m USD/TRY FX Forward

Instrument	Identifier	Maturity	Trade	Entry Date	Entry Level	Exit Date	Exit Level	Target/ Objective	Stop/Re-assess	Size of Trade or Unit/Notional
USD/TRY		3M	Short USD/TRY 3month	20-May-2025	42.66	20-Aug-2025	40.89	39.50	44.0	
USD/TRY		3M	Short 3m USD/TRY FX Forward	24-Sep-2025	44.75	26-Dec-2025	42.8475	43.20	45.5	10
USD/TRY		3M	Short 3m USD/TRY FX Forward	15-Jan-2026	46.17			44.6	47.2	10

Source: Morgan Stanley Research

Definition of terms

Buy/Long: The analyst expects the total or excess return (depending on the nature of the recommendation) of the instrument or issuer that is the subject of the investment recommendation to be positive over the relevant time period.

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(as of March 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1534	42%	461	50%	30%	698	43%
Equal-weight/Hold	1573	43%	372	40%	24%	716	44%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	568	15%	89	10%	16%	209	13%
Total	3,679		923			1624	

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