



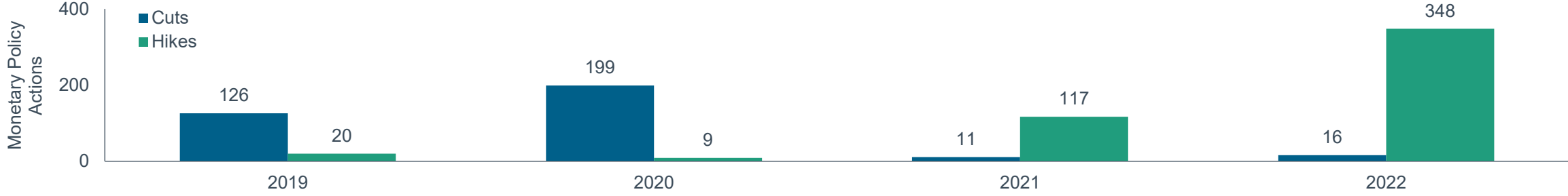
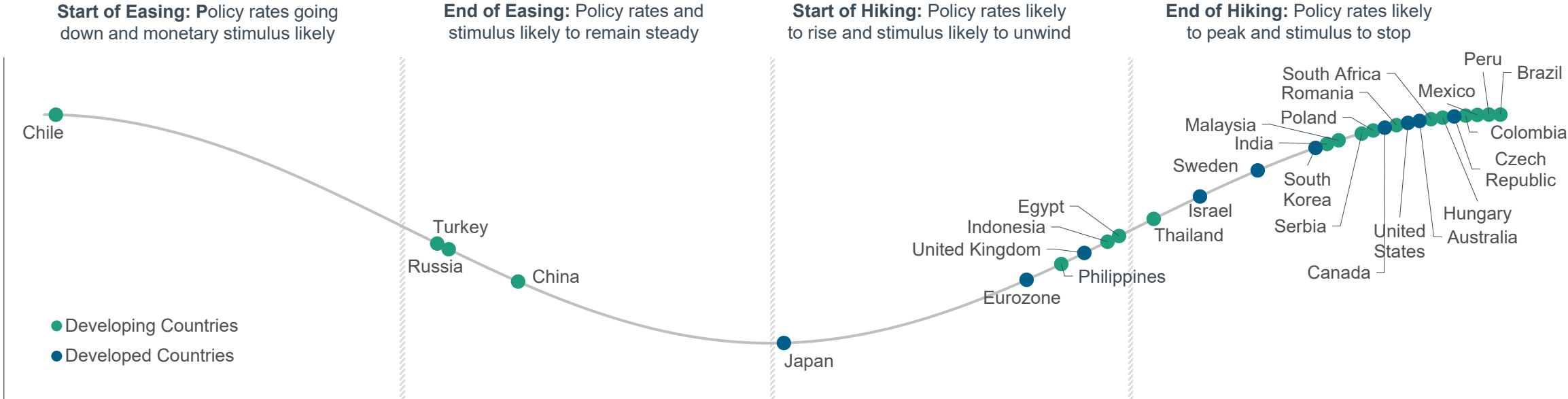
# Emerging Markets Local Bond Investing

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Portfolio Specialist  
March 2023

# EM continue to lead the hiking cycle

As of 31 December 2022

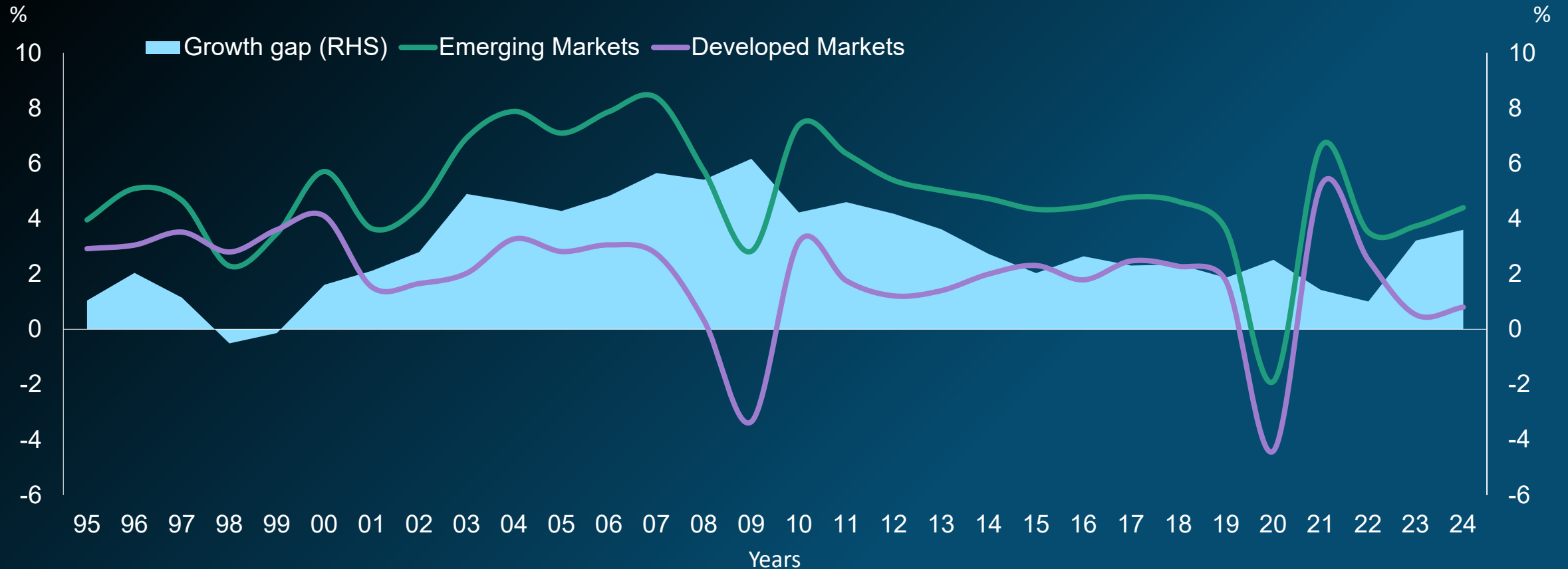
## Illustrative Interest Rate Cycle



Sources: IMF, CB Rates and T. Rowe Price.  
The "Monetary Policy Actions" charts show the number of rate cuts and rate hikes made by all central banks globally. Country classifications in the chart are in line with IMF groupings as of reporting date.

# Relative EM/DM Growth based on Country Classification

As of 31 December 2022

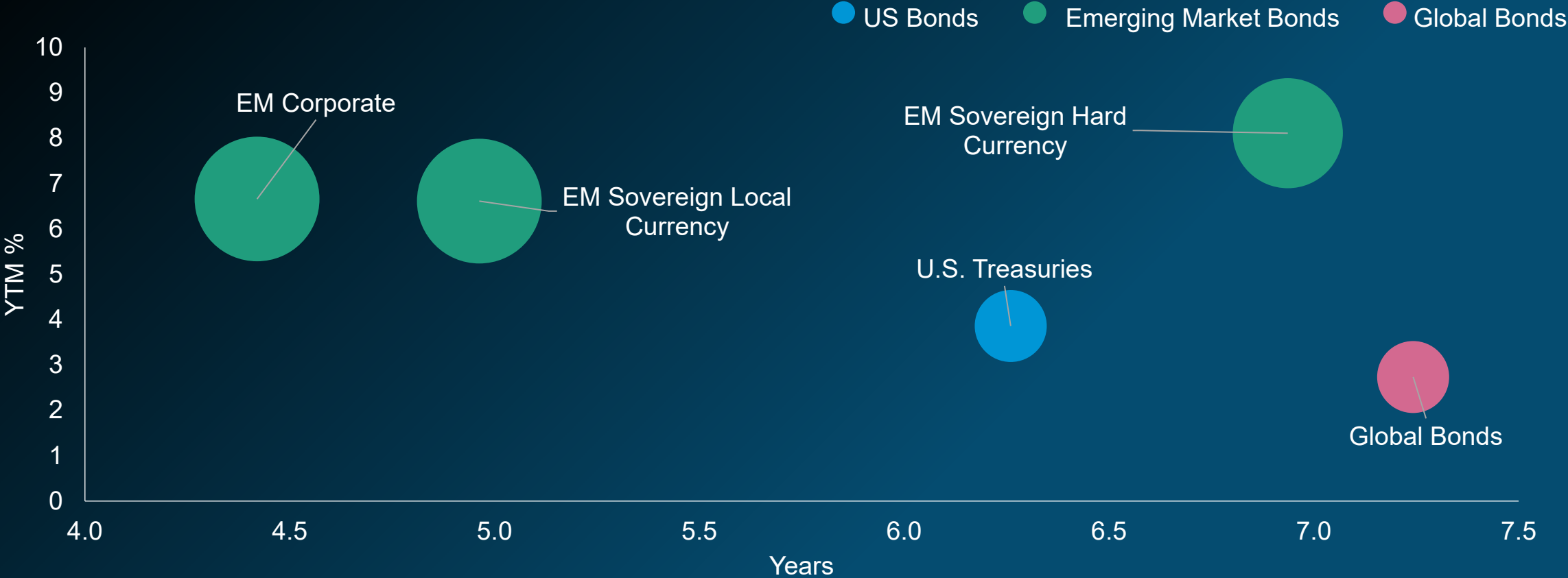


Source: HSBC. Figures beyond 2022 are IMF estimates.  
There is no guarantee that any forecasts made will come to pass.

# EM Local Bonds = Low duration + High yielding

As of 31 January 2023

## Yield and duration profile<sup>1</sup>



**Past performance is not a reliable indicator of future performance.**

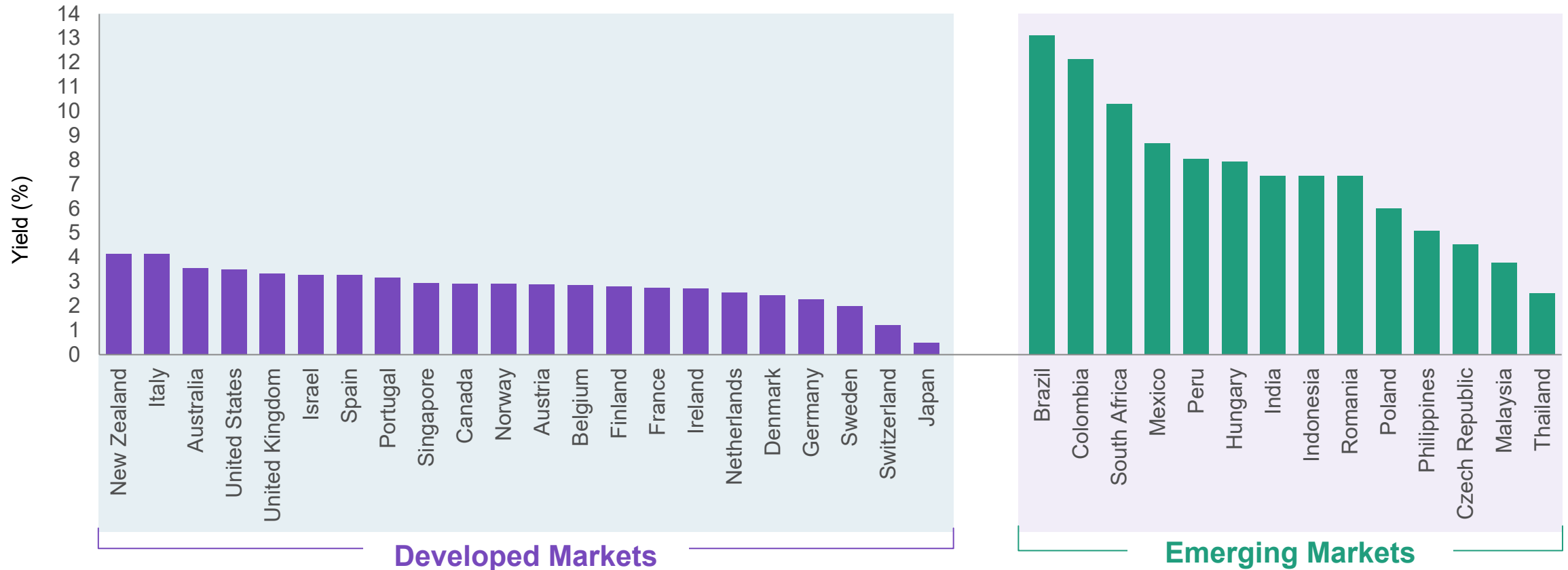
<sup>1</sup> Size of bubble denotes the attractiveness of the asset class - the larger the bubble, the more attractive it is, based on T. Rowe Price analysis. Indices used, from left to right above, beginning with J.P. Morgan – Corporate EMBI Broad Diversified, J.P. Morgan GBI-EM Global Diversified Index, Bloomberg US Agg Treasury, J.P. Morgan Emerging Markets Bond Index Global Diversified, Bloomberg GlobalAgg ex US. Source for Bloomberg index data: Bloomberg Index Services Limited. Analysis by T. Rowe Price. Please see additional disclosures for further source information.

# Wide opportunity to find attractive yields

As of 31 January 2023

Emerging markets may offer higher yields and diversification potential

## 10-year Local Bond Yields

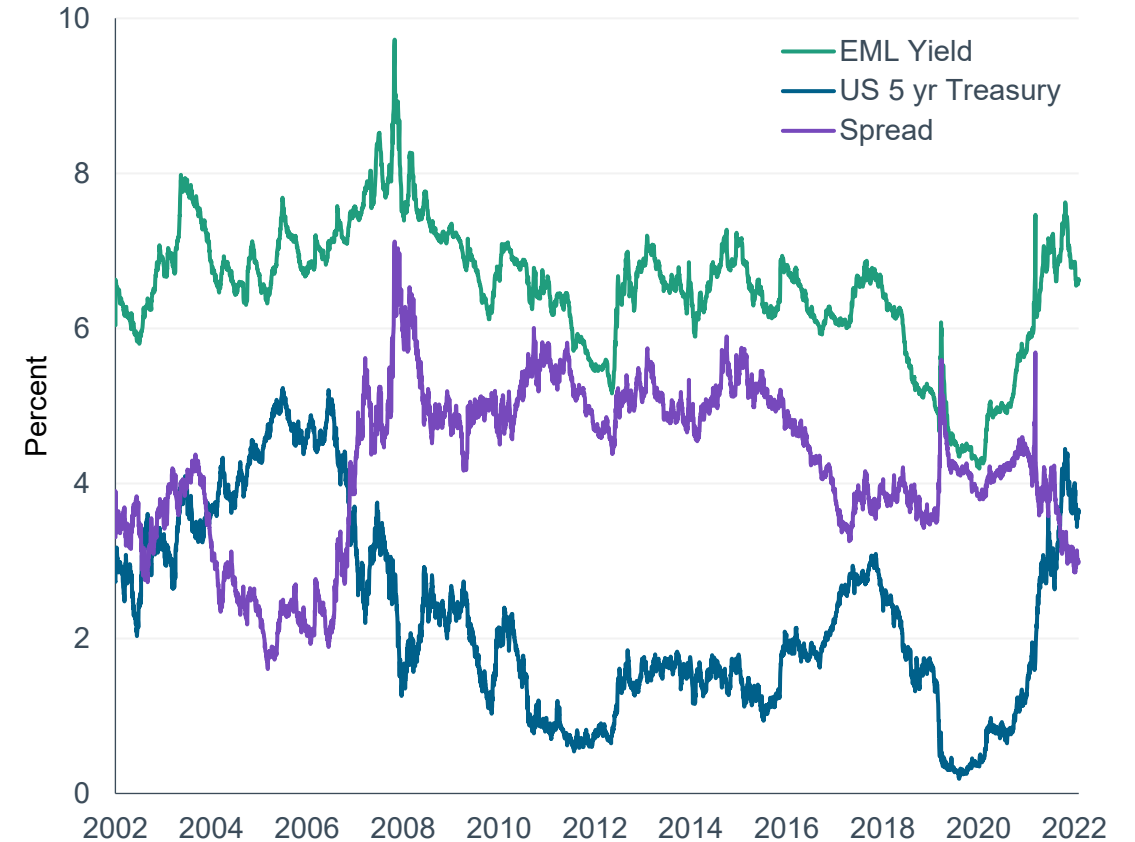
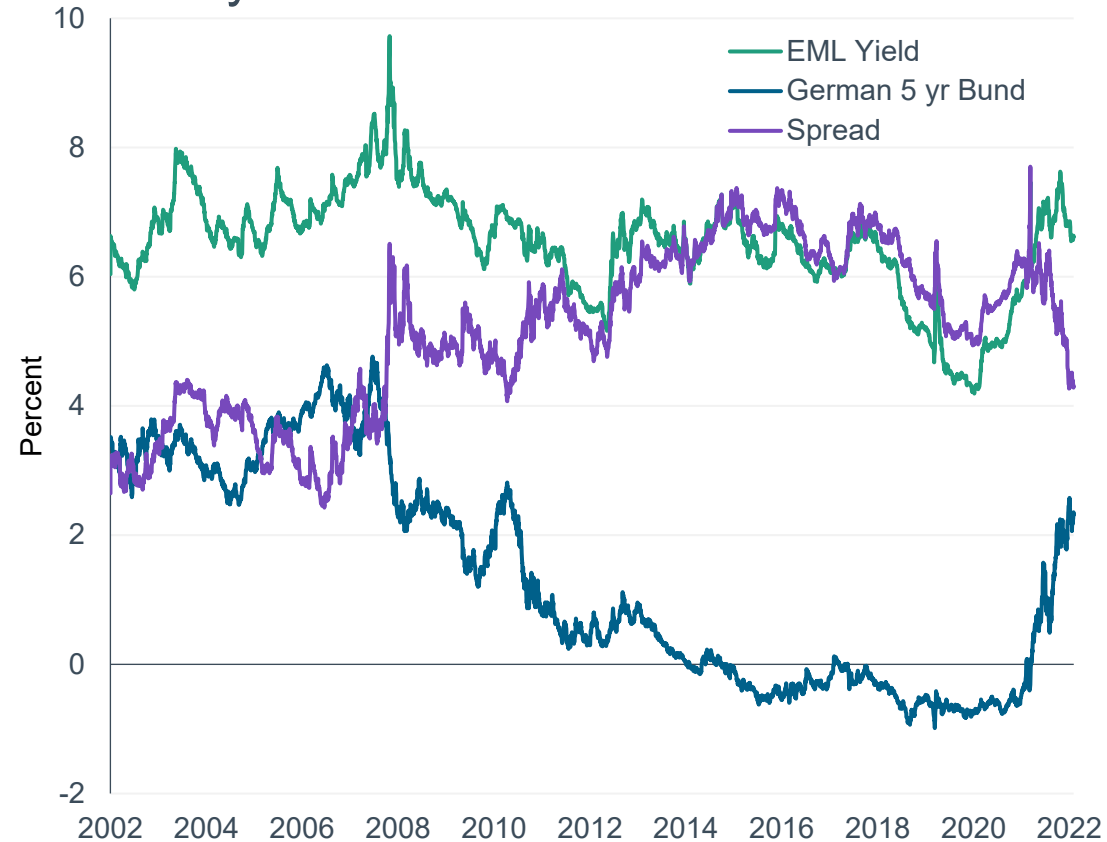


Source: Bloomberg Finance L.P.

# Yields matter

As of 31 January 2023

## Nominal yields: EM VS DM



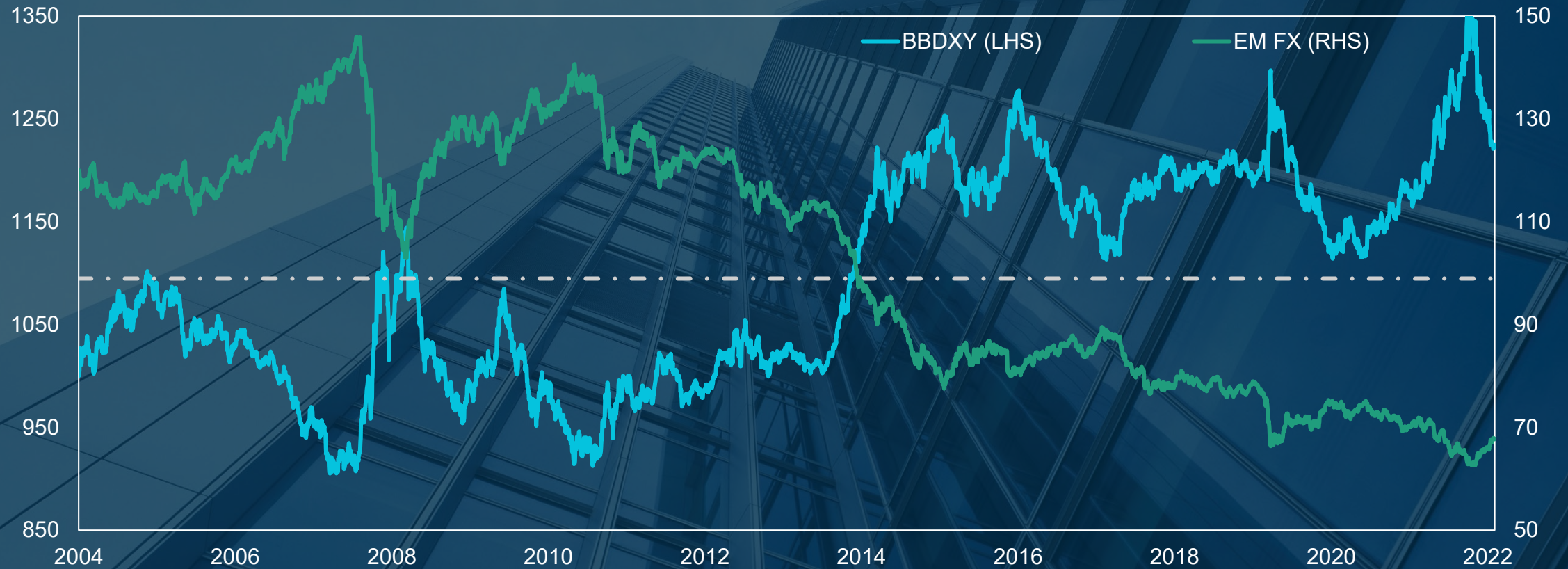
EM yields remain relatively attractive vs developed markets.

**Past performance is not a reliable indicator of future performance.**

Source: Bloomberg Finance L.P.; analysis by T. Rowe Price. The index is JP Morgan Government Bond GBI-EM Global Diversified Index. Please see additional disclosures for further source information.

# Cheap EM FX Valuations

As of 31 January 2023. Figures are Calculate in U.S. Dollars



An elongated dollar bull market has led to a cheap EM FX valuation.

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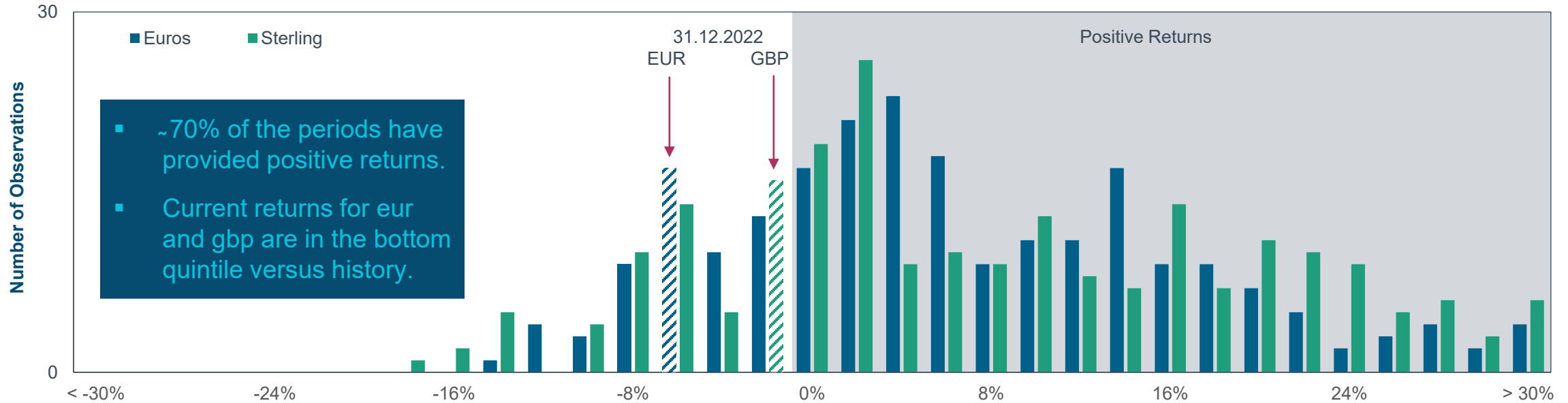
Source: Bloomberg Finance L.P.

BBDXY is the Bloomberg dollar spot index. EM FX Index is the J.P. Morgan GBI-EM Global Diversified FX component return relative to the USD.

# Enticing return profile in EUR and GBP

As of 31 December 2022

## 12-month rolling returns (since 31 January 2003)



## Risk and return statistics

Figures are calculated using monthly data.	Performance Return Cumulative	Performance Return Annualized	Volatility	Return / Volatility
Euro	155.44%	4.80%	8.95%	0.54
Sterling	247.70%	6.43%	11.07%	0.58

**Past performance is not a reliable indicator of future performance.**

J.P. Morgan Government Bond Index-Emerging Markets Global Diversified.

Source: J.P. Morgan. Please see additional disclosures for further source information.

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