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BNP Paribas Investment Partners' update on Emerging Markets Issue #11 – July 27th, 2016

BREXIT DOESN'T MEAN AN EM-EXIT!

Following the UK's decision to leave the European Union, **Patrick Mange**, Head of APAC & EM Strategy and **Clement Niel**, Investment Strategist at BNP Paribas Investment Partners provide their **insights on post – Brexit Emerging Markets**:

- **The trade exposure in goods and services** of most emerging economies to the UK and the European Union (EU) **is relatively small**, except for Eastern Europe and to a far lesser extent Turkey and Russia
- **The increased risk** to global growth will likely lead to a **postponement of policy tightening in the US** and to **additional monetary easing** and **fiscal support** almost everywhere else in the world
- **Funding costs** will not **meaningfully tighten** from here for EM, and may even **recede in some emerging economies**
- As hinted at above, the bias for **the growth differential between EM and DM** to widen further **has strengthened**, which argues in favour of EM financial assets
- If the global growth and the USD stabilise roughly at current levels, then **the risk of a sudden fall in commodities**, notably crude oil, **looks relatively remote**

Please [click here](#) to read the full analysis

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