FINANCIAL MARKETPLACES: CONVERGENCE AND DIVERGENCE STORIES

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"Honest to goodness, the tears have been falling
All over this country's face
It was better before, before they voted for What's-His-Name
This was supposed to be the new world…
All we need is money
Just give us what you can spare". X the Band's 1983 song, "The New World"

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OVERVIEW AND CONCLUSION

Financial observers often seek to ascertain a relationship between apparent trends involving stock, interest rate, currency, and commodity marketplaces. This involves subjective historical reviews as to the extent to which the price and time trends (patterns) of two or more marketplaces tend to converge or diverge. Some viewpoints may indicate that trends for a given marketplace tend to lead (or lag) those of another. For example, people investigate linkages between two United States technology stocks. Or, traders and analysts seek to establish the relationship (extent of convergence or divergence) between emerging marketplace stocks "in general" and the S+P 500.

The marketplace arenas studied are not necessarily the same. To what extent do significant increases in United States Treasury interest rates precede (lead to) eventual noteworthy declines in the S+P 500?

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Since cultural (subjective) perspectives, arguments, predictions, and actions regarding marketplace and other phenomena and their interrelations diverge (and converge) to various extents over time, emerging stock marketplaces "as a whole" and the S+P 500 do not necessarily trade identically or even very closely in price direction and timing terms. Of course marketplace history is not marketplace destiny, either completely or partially. Relationships within and between financial fields can shift or transform, sometimes dramatically. And these stock theaters have their own supply/demand situations and intertwine with other financial realms and assorted variables in diverse ways. However, over the past couple of decades, important price highs (and lows) and related trend shifts for the overall emerging stock marketplace and the S+P 500 have tended to occur at around the same time, sometimes within a few days, generally within a couple of months.

In first quarter 2020, prices for emerging stock marketplaces began to fall shortly before the S+P 500. They thereafter collapsed and reached a major bottom "together" in late March 2020. Over subsequent months, ferocious bull moves emerged in both districts.

However, since around early March 2021, prices for emerging stock marketplaces have diverged somewhat from the S+P 500. The emerging stock theater stands around seven percent beneath its mid-February 2021 top, whereas the S+P 500 has marched relentlessly to record heights. Will this divergence persist for an extended period?

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Perhaps "this time is different"; therefore the divergence between emerging stock marketplaces and the S+P 500 will remain for quite some time. But why is the situation nowadays different?

The colossal deficit spending (stimulus) legislation totaling several trillion dollars enacted by the United States in calendar 2020 and 2021 in response to the coronavirus disaster likely helps American stocks (and US corporate earnings) substantially more than it does emerging (and many other) marketplace equities. Also, the current United States Administration may enact a few more trillion dollars of deficit spending on infrastructure and other social projects. All else equal, this additional generous expenditure likewise probably will assist the American economy (and US corporate earnings) significantly more than foreign ones.

Most Main Street cash venturing into stocks comes from "investors" (or other buy-oriented speculators/traders). The flood of new money from Main Street fortune hunters into stock marketplaces over the past year probably has concentrated on the American frontier rather than foreign battlegrounds.

The majority of the substantial segment of the American public interested in owning equities (especially investment clans) has long embraced "buy and hold for the long run" viewpoints and methods. In recent years, American corporations have bought back substantial amounts of their shares. These two factors perhaps have reduced the "free supply" for American stocks relative to the situation in the emerging stock marketplace world.

Thus this near term divergence between the American and emerging marketplace stock trends will remain for quite a while longer.

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The "this time is different" argument relating to S+P 500 and emerging stock marketplace divergence nowadays has strength. Nevertheless, given the long run similarity in price patterns in recent years, and since economic realms and financial flows remain substantially globalized, the major price trends for emerging stocks and the S+P 500 probably will converge.

Is the S+P 500 leading emerging marketplace stocks higher, so that their short term trends will become more consistent? Perhaps the mammoth deficit spending, especially by the US, eventually will inspire a renewed upward move in emerging marketplace equities.

Alternatively, the S+P 500's movement may lag that of emerging marketplace stocks. Does the current short term downward price trend for emerging stock marketplaces, if it continues, warn that prices for the "overall" United States equity playground eventually will slump?

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Moreover, several other financial marketplaces "outside" of the stock landscape indicate that the convergence between the S+P 500 and emerging marketplace stocks probably will return. Moreover, those other marketplaces collectively suggest that this linkage probably will involve the S+P 500 and emerging marketplace equities retreating in a bearish price move "together". This is true even if the emerging market stock sphere first manages to make an important (and perhaps new) high (converge) alongside a top in the S+P 500).

"History on Stage: Marketplace Scenes" (8/9/17) and subsequent essays updating it (such as 3/9/21's "Truth and Consequences: Rising American Interest Rates") emphasized: "Marketplace history need not repeat itself, either entirely or even partly. Yet many times over the past century, significantly increasing United States interest rates have preceded a noteworthy peak in key stock marketplace benchmarks such as the Dow Jones Industrial Average and S+P 500. The yield climb sometimes has occurred over a rather extended time span, and the arithmetical (basis point) change has not always been large." The US Treasury marketplace has been an important yield indicator for this analysis. The 10 year UST note is a key signpost. The UST 10 year note's impressive yield climb, which began with 3/9/20's .31 percent major bottom, probably is leading to a peak in the S+P 500.

The UST 10 year note yardstick's yield has climbed since its March 2020 low, significantly since early August 2020, and sharply since late January 2021. The significant yield rise in the UST 10 year note since March 2020's bottom probably signals that a S+P 500 top is fairly near in time.

Ardent yield repression by the Federal Reserve and its illuminated central banking allies in recent years encouraged enthusiastic quests for adequate "yield" and bullish moves, not only in stocks, but also in dollar-denominated sovereign emerging marketplace debt (and US corporate interest rate) territories. In first quarter 2020, price declines in emerging marketplace sovereign dollar-denominated debt instruments and high-yield US corporate securities accompanied the terrifying crash in emerging stock marketplace stocks and the S+P 500. These assorted stock and debt battlefields attained price lows around the same time in March 2020.

Their confidence bolstered by continued yield repression alongside renewed money printing (and other easy money programs) by the Fed and its friends, as well as by gigantic deficit spending (led in scope and size by America), marketplace pilgrims resumed their eager hunt for yield not only in stocks, but also in the emerging marketplace dollar-denominated sovereign debt and US corporate interest rate playgrounds.

However, over the past few months, prices in the emerging marketplace dollar-denominated sovereign debt dominion have fallen (yields have risen). The eroding price trend in that debt pasture preceded the mid-February 2021 price decline in emerging stock marketplaces. Keep in mind that these rate and stock trends interconnected in early 2020 (price peaks) and March 2020 (price valleys). Thus the declining prices for the emerging marketplace sovereign debt field probably nowadays interconnects with the decline since mid-February 2021 in emerging stock marketplaces. If so, that warns of eventual weakness in the S+P 500. Admittedly, the decline in US high-yield corporate debt prices in recent months has been less significant in percentage terms than in the dollar-denominated sovereign debt sphere.

Many gurus label commodities "in general" as an "asset class". For a given time horizon, trends for commodities in general (and obviously for particular landscapes such as the petroleum one) do not always closely resemble those in stocks and lower-grade debt instruments. For example, July 2008's pinnacle in the petroleum complex occurred several months beyond the S+P 500's October 2007 peak (although not long after the S+P 500's important mid-May 2008 lower interim high). However, in the hunt for adequate return era of the past few years (as well as previously), price trends for commodities in general often have intertwined closely with those in stocks and low-quality debt elsewhere. Consequently, the downward price move in commodities marketplaces in recent weeks, if it continues, and as to date it has occurred alongside price declines in emerging marketplace stocks and dollar-denominated sovereign debt, hints that the S+P 500 will decline.

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Watch credit spread relationships, such as that between the UST 10 year note and lower-grade debt obligations. Significantly widening credit spreads probably will foretell (confirm) notable declines in the S+P 500 and related stock (and other lower-quality interest rate) marketplaces as well as economic weakness.

ON THE TABLE

In the following table, "EEM" is the iShares MSCI Emerging Stock Markets ETF. It covers over 800 large and mid-size companies. Despite Mainland China's global economic power, most classify it as an emerging market nation from the economic perspective. It possesses a 38.2 percent portion of the EEM (see BlackRock's iShares website, 4/1/21 and 12/31/20). The table below also includes China's Shanghai Composite Index.

EMB is the iShares J.P. Morgan US Dollar Emerging Markets Sovereign Bond ETF. The EMB includes over thirty emerging marketplace countries (website, 4/1/21 and 12/31/20). Mexico represents the largest share (5.6 percent); China is eighth in size (about 3.7pc). The EMB's weighted average maturity is about 13.9 years, with BBB/BB/B grades combining for about 73.3 percent of the ETF's portfolio.

HYG is the iShares iBoxx US Dollar High Yield Corporate Bond ETF. Its weighted average maturity of roughly 3.3 years is much shorter than the EMB's. However, the HYG contains a greater share of lower-quality instruments than the EMB; the BB/B/CCC grades comprise 98.1 percent of the HYG.

Rising prices for the EMB and HYG debt ETFs indicate falling yields for the underlying debt instruments, retreating prices in the EMB and HYG reflect rising yields.

Many pundits label commodities as an asset class. For commodities "in general", the table enlists the S&P broad GSCI index, although it is heavily petroleum-weighted. ICE Brent/North Sea and NYMEX crude oil are the nearest futures continuation contracts. "LMEX" is the London Metal Exchange's base metals index.

Connections and patterns, including convergence and divergence (lead/lag) relationships between financial domains as well as those involving other marketplace variables, are complex, not necessarily precise, and can change over time.

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.	**1Q 2020 High (date)**	**1Q 2020 Low (date)**	**Take-Off Low (date)**	**Subsequent High (to date)**
S+P 500	3394 (2/19/20)	2192 (3/23/20)	3209 (9/24/20); 3234 (10/30/20)	4086 (4/6/21)

[The S+P 500's interim high on 2/16/21 at 3950 occurred the same day as the EEM's high to date. The S+P 500 fell to 3723 on 3/4/21. However, it thereafter rallied, climbing sharply from 3/25/21's 3854 low.

The S+P 500's largest slump since its March 2020 trough is the 10.6 percent decline from 9/2/20's 3588 to 9/24/20's 3209. The fall from 2/16/21's 3950 high to 3/4/21's 3723 low was about 5.7 percent.]

.	1Q 2020 High (date)	1Q 2020 Low (date)	Take-Off Low (date)	Subsequent High (to date)
EEM	46.32 (1/13/20)	30.10 (3/23/20)	42.29; (9/25/20); 44.41 (10/30/20)	58.29 (2/16/21)

[In its 1Q20 crash, the EEM built an interim high on 2/12/20 at 4484, neighboring the date of the S+P 500's major high. The EEM fell beneath its 3/8/21 minor low at 52.25 to 3/25/21's 51.52, an 11.6 percent correction from its February 2021 high. Its rally since 3/25/21's low has been modest.

The widely-watched Nasdaq Composite Index generally has moved alongside the S+P 500 since first quarter 2020 (and before). However, like the EEM, the Nasdaq Composite has not surpassed its mid-February top, 2/16/21's 14175.]

Shanghai Composite	3127 (1/14/20)	2647 (3/19/20)	3202 (9/30/20); 3210 (11/2/20)	3732 (2/18/21)
EMB	117.20 (2/21/20)	85.00 (3/18/20)	109.20 (9/24/20); 109.75 (11/2/20)	116.09 (1/4/21)
HYG	88.53 (1/16/20); 88.49 (2/14/20)	67.52 (3/23/20)	82.56 (9/24/20); 8327 (10/29/20)	87.79 (2/12/21)

[The EMB's recent trough is 3/8/21's 106.70, about an 8.1 percent fall from its January 2021 plateau. The HYG low since its mid-February high is 3/19/21's 85.65, only about a 2.4 percent drop. Renewed falls in the EMB and HYG prices probably will intertwine with price declines in the EEM and the S+P 500]

Broad S&P GSCI	453.2 (1/8/20)	218.0 (4/21/20)	333.1 (11/2/20)	500.9 (3/8/21)

[In first quarter 2020, the broad GSCI peaked about the same time as the EEM. The GSCI cratered from 2/20/20's 406.6; compare the time of the S+P 500's peak. The GSCI's spring 2020 trough, like that of the petroleum complex, occurred about a month after those in the S+P 500 and the EEM.

Note the timing coincidence of the important late October/early November 2020 price lows for the S+P 500, EEM, Shanghai Composite Index, EMB, HYG, broad GSCI, and petroleum.]

ICE Brent/ North Sea	7175 (1/8/20); 6000 (2/20/20)	1598 (4/22/20)	3574 (11/2/20)	7138 (3/8/21)

[Note the timing of Brent/North Sea and NYMEX crude oil's first quarter 2020 tops in relation to that in the EEM. Petroleum's crash helped to lead (entwined with) the S+P 500's sharp bear move during 1Q20. During its bloody first quarter 2020 collapse, Brent/North Sea crude oil had a lower interim high following 1/8/20's peak. That interim top occurred on 2/20/20 at 6000, almost the same day as the S+P 500's 1Q20 summit. The petroleum complex's April 2020 major low occurred fairly close in time to those in the S+P 500 and EEM. Brent crude oil rapid decline from 3/8/21's 7138 to its subsequent trough on 3/23/21 at 60.27 was about 15.6 percent (recall the time of the EEM's neighboring low, 3/25/21).

NYMEX crude oil's pattern paralleled Brent's from the trend and timing vantage point. It peaked on 1/8/20 at 6565, with 2/20/20's 5450 the drop-off point. NYMEX crude collapsed to -4032 (negative price) on 4/20/20. NYMEX crude oil thereafter embarked on a substantial bull campaign. It established a key interim low on 11/2/20 at 3364, with its plateau thereafter 3/8/21's 6798.]

LMEX (base metals)	2894 (1/20/20); 2699 (2/13/20)	2232 (3/23/20)	2873 (10/1/20)	4027 (2/25/21)

MARKETPLACE CULTURE AND DEBT CRISES

The Federal Reserve currently yearns for higher inflation; it will permit some overshooting of its beloved two percent target. Not only do the Fed's inflation aims and economic recovery encourage higher interest rate yields. Substantial United States (and global) deficit spending (credit demand) and debt burdens also risk notable rises in US (and other) interest rates.

America's federal deficit spending has propelled the national debt to arguably dangerous levels. In recent times, think not only of the coronavirus stimulus (rescue measures). Recall the tax "reform" legislation enacted in December 2017. And underlying long run financing difficulties facing the country (picture obligations to an aging population) preceded these monumental budget deficits. Further huge debt increases pursuant to the current Administration's infrastructure plans loom.

Over the long run for the United States, the combination of sustained higher inflation and rising government debt probably points to higher US Treasury yields than many wizards anticipate.

For the global scene as a whole, note the overall trend toward higher government indebtedness. Moreover, many nations confront significant corporate debt challenges. Don't overlook household debt. For example, America's household debt is very substantial in arithmetic terms.

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The UST 10 year note yield established a major trough at .31 percent on 3/9/20. In the UST yield's rising arc, note its low around .50pc on 8/6/20 and the acceleration above one percent beginning around 1/28/21. The UST 10 note yield has jumped over the major bottoms in yield at 1.32pc on 7/6/16 and 1.38 pc on 7/25/12. The UST 10 year note's high to date since its March 2020 low is 1.78 percent (4/2/21).

The current UST 10 year note yield remains beneath the Fed's two percent inflation equilibrium goal. To provide a real return to savers of half a percentage point relative to two percent, the UST 10 year yield at that inflation level should climb to 2.50 percent. A one percent return carries the UST 10 year yield up to three percent. Though the Fed's view as to what constitutes acceptable inflationary overshooting of the two percent inflation goal is unclear, suppose it is only 50 basis points. Giving creditors a 50 basis point return relative to 2.50pc portends a UST 10 year yield of

3.0 percent, a fair amount above the present-day elevation. One notable objective for the UST 10 year is the 3.26 percent top attained on 10/9/18. For the near term, recall the UST's 2.04pc 12/18/08 worldwide financial crisis yield low.

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Underscore the continuing climb in the US federal debt held by the public as a percentage of nominal GDP. According to the Congressional Budget Office, it touches 102.3 percent by end 2021 (compare around 79 percent at end 2019). Though federal debt as a percent of GDP dips slightly in subsequent years (2026 at 100.9pc of GDP, it then expands. By 2031, debt as a percent of GDP grows to 107.2 percent of GDP, the highest in US history. The previous peak, in 1946, followed sizable World War II deficits. The CBO warns in "The 2021 Long-Term Budget Outlook" (3/4/21; Table 1) that by 2051 federal debt as a percent of GDP will reach a celestial 202 percent.

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Most marketplace players are complacent regarding the potential for an American federal debt crisis and the related probability for higher interest rates. After all, America is not an emerging marketplace nation or a small and enormously indebted advanced country (recall Greece during the Eurozone financial crisis several years ago).

The CBO offers opinions on interest rates and fiscal risks in that early March 2021 Long-Term Budget Outlook (p12). The CBO declares: "The risk of a fiscal crisis appears to be low in the short run despite the higher deficits and debt stemming from the pandemic." However, underscore the reference to "the short run". This guru also states: "High and rising federal debt increases the likelihood of a fiscal crisis."

These CBO's budget projections included the effects of federal legislation enacted through 1/12/21. These CBO prophecies therefore did not include the federal stimulus/rescue package (deficit spending) of around $1.9 trillion enacted in March 2021. Thus the budget deficits and debt held by the public likely have increased quite a bit relative to the CBO's forecast, even though incremental economic expansion also will result. Moreover, the risk of an American federal fiscal crisis probably has grown, although competing pundits will debate how much as well as when it might emerge.

Combine the headline numbers for America's various rescue (stimulus) spending schemes enacted during the coronavirus pandemic era. March 2020's CARES legislation totals about $2.2 trillion). End December 2020's program equals $900 billion. March 2021's American Rescue Plan added $1.9 trillion. Though the ultimate US federal budget deficit total arising from these various measures may vary somewhat from these figures, they add up to $5.0 trillion dollars. The tremendous spending (borrowing) total of $5.0 trillion represents a massive 23.9 percent of America's calendar 2020 nominal GDP of $20.9 trillion (GDP from the Bureau of Economic Analysis, 3/25/21, Table 3).

Moreover, the CBO's current baseline budget projections also do not incorporate the cost of much-desired but not yet legislated government infrastructure projects, which some estimate will be another $2.0 trillion or more. If substantial infrastructure proposals become law, they likely will magnify the deficits and debt burdens further, even if Congress attempts to cover the spending via tax increases.

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American federal government deficit spending legislation enacted over the past twelve months or so of course did not stand alone. The International Monetary Fund's Managing Director said governments around the globe have taken "about $16 trillion in fiscal action" to secure the recovery. See her speech, "Giving People a Fair Shot—Policies to Secure the Recovery" (3/30/21).

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Will an economic crisis break out in emerging (developing) marketplaces in general, or in specific emerging (developing nations)? Significant sustained falls in prices for emerging marketplace stocks and dollar-denominated emerging marketplace sovereign debt (higher yields) may be omens of (confirm) a crisis.

The IMF Managing Director's recent speech alerted audiences regarding significant risks to "vulnerable emerging market, low-income and fragile states" as well as "middle income countries with large external financing needs". A Financial Times article (3/31/21, p3) attempted to summarize some of her remarks via its headline "Expect emerging markets debt crisis, IMF head warns".

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Buried within the "Giving People a Fair Shot" speech is a comment worth highlighting: "Given diverging recoveries, it is prudent to keep a close eye on financial risk—including stretched asset valuations." The IMF Director admittedly does not point to the S+P 500 and other important related stock marketplace benchmarks in this sentence, but that may be her intent. Many stock marketplace analysts believe that valuation measures relating to the US stock marketplace currently are high by historical standards.

Perhaps she also implicitly refers to commercial real estate. See the IMF's Global Financial Stability Report's Chapter 3 (April 2021; "signs of overvaluation have now emerged in some economies as actual prices have not fallen as prices implied by fundamentals").

US DOLLAR: TRENDS AND ENTANGLEMENTS

The Federal Reserve (H.10) releases a real as well as a nominal "Broad Dollar Index" (including both goods and services). The US real "Broad Dollar Index" is a monthly average (January 2006=100; 4/1/21 latest release). The Fed's nominal Broad Dollar Index release provides daily data (4/5/21 latest release, 4/2/21 most recent data point).

The real Broad Dollar Index established an important interim high at 110.1 in December 2016. After its decline to 100.2 in February 2018, its bull move resumed. The real Broad Dollar Index travelled above the December 2016 high from February 2020's 107.8 (monthly average) to March 2020's 111.9, with April 2020's peak 113.7. Perhaps the US dollar sometime in early 2020 became "too strong" for many emerging marketplace sovereign (and perhaps also emerging marketplace corporate) dollar-denominated debtors needing to repay their dollar obligations. Price declines in emerging marketplace debt intertwined with falls in emerging marketplace stocks, which thereby helped to induce (interrelated with) the fall in the S+P 500 (and other advanced nation) stocks and various other marketplaces in which investors had ravenously searched for yield (adequate returns).

.	First Quarter 2020 Key High (date)	Recent Low Level (date)	Percentage Fall from 1Q20 High
Nominal Broad Dollar Index	126.5 (3/23/20)	111.1 (1/6/21)	Nominal Dollar Index depreciation 12.2pc

Note also the timing of the nominal Broad Dollar Index's peak on 3/23/20 in relation to (alongside) the price lows in the S+P 500, emerging marketplace stocks (EEM), the EMB and HYG interest rate ETFs, and commodities in general.

A five percent decline in the real Broad Dollar Index from April 2020's 113.7 summit is 108.0. A ten percent dive equals 102.3. The real Broad Dollar Index fell to 103.3 in January 2021, about a 9.1 percent tumble. Did this decline in the real Broad Dollar Index after April 2020 lead to (encourage; confirm) price rallies in the S+P 500, emerging marketplace equities (EEM), the EMB, HYG, and various commodities playgrounds?

The nominal Broad Dollar Index's 1/6/21 low coincided with the EMB's January 2021 top and preceded that in the EEM (2/16/21) and the HYG (2/12/21). Remember the S+P 500's interim high on 2/16/21.

The real Broad Dollar Index rallied to 105.2 in March 2021, appreciating 1.8 percent from its January 2021 valley. Using the nominal Broad Dollar Index as a guideline, the dollar appreciated about 3.2 percent from its 1/6/21 trough at 111.1 to its high since then, 3/8/21's 114.6 (114.5 on 3/30/21). Note that its 2/12/21 low at 111.8 (near 1/6/21's depth) occurred shortly before the S+P 500's initial top on 2/16/21. Perhaps the strengthening US dollar indicated by the real and nominal Broad Dollar Indices since around January 2021 has encouraged the establishment of significant summits in emerging marketplace stocks, emerging marketplace sovereign dollar-denominated debt, American high-yield corporate debt, and commodities in general.

Using the real Broad Dollar Index as the benchmark, even if the price rally in that Dollar Index which began in January 2021 does not approach or surpass April 2020's 113.7 summit, might that appreciation nevertheless help to lead to a peak in the S+P 500, especially as the dollar strength interrelates with the sustained ascent (since March 2020) in the US Treasury 10 year note yield?

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January 2021's real Broad Dollar Index at 103.3 approached a critical support level, March 2009's 101.6 peak, which was achieved during the 2007-09 worldwide economic disaster. Recall also that the S+P 500's major bottom on 3/6/09 at 667 occurred alongside that real Broad Dollar Index high.

US dollar levels and trends in relation to those of stocks and other marketplaces are complex and sometimes change dramatically. All else equal, a weaker US dollar tends to boost dollar-denominated asset prices, including US stocks. However, this theoretical rule of thumb is not necessarily or always realized in marketplace practice (history).

Picture an environment of rising US Treasury interest rates (and increasing yields in US corporate and important foreign sovereign and corporate debt domains). Suppose sustained substantial fears regarding global economic strength and recovery reappeared. In such a world, a move by the real Dollar Index underneath its March 2009 international economic disaster high might help to precipitate a "weak US dollar equals weak US stocks" scenario.

EMERGING MARKETPLACE CURRENCIES: A DETOUR

The Bank for International Settlements publishes real Effective Exchange Rates indices ("EER"; 2010=100; CPI based; monthly average; manufacturing trade only, not trade in commercial services; 3/17/21). The most recent BIS EER statistics are for February 2021.

Economic crises in emerging marketplace nations often are reflected by massive depreciation in their home currency (and their real Effective Exchange Rate). These emerging marketplace troubles sometimes have spread to (sparked) global economic crises. Remember past global emerging marketplace crises involving large depreciation of the troubled nation's EER (or the region's EER). Mexico (peso crisis emerged around November/December 1994, Asia ("the Asian financial crisis" appearing in mid-1997), and Russia (starting around July/August 1998) provide historical examples.

Significant global economic problems can result from notable economic weakness in the "overall" emerging marketplace realm. However, as in the past, economic feebleness within a particular emerging/developing nation, probably reflected in (confirmed by) significant depreciation in its effective exchange rate, can help to ignite "surprising" global marketplace disasters.

Survey the real effective exchange rate for Brazil and Turkey over the past several years up to the present. Brazil made an important real EER high about four years ago, in February 2017 at 90.7. Its EER cratered 39.9 percent to its October 2020 low at 54.5. February 2021's 56.5 hovers slightly above the October 2020 trough. Turkey's EER attained an important high five years ago at 84.2. Its subsequent EER low is October 2020's 49.6; this represents 41.1 percent depreciation. The 56.8 level for February 2021 indicates that Turkey's EER feebleness persists. These two countries are not the only emerging/developing nations to monitor.

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For detailed further discussion of stock, interest rate, currency, and commodity marketplaces and the political scene, see essays such as "Truth and Consequences: Rising American Interest Rates (3/9/21); "GameStop and Game Spots: Marketplace and Other Cultural Backgrounds" (2/13/21); "The Fear Factor: Financial Battlefields" (1/5/21); "Games People Play: Financial Arenas" (12/1/20); "Born to Be Wild: American Economic and Political Battlefields" (11/2/20); "Adventures in Marketland: Hunting for Return" (10/6/20); "Marketplace Maneuvers: Searching for Yield, Running for Cover" (9/7/20); "Dollar Depreciation and the American Dream" (8/11/20).

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