



**Today's Economic Releases & Events**

- **Peru:** Consumer Price Index (Sep)
- **US:** Unemployment Report (Sep)

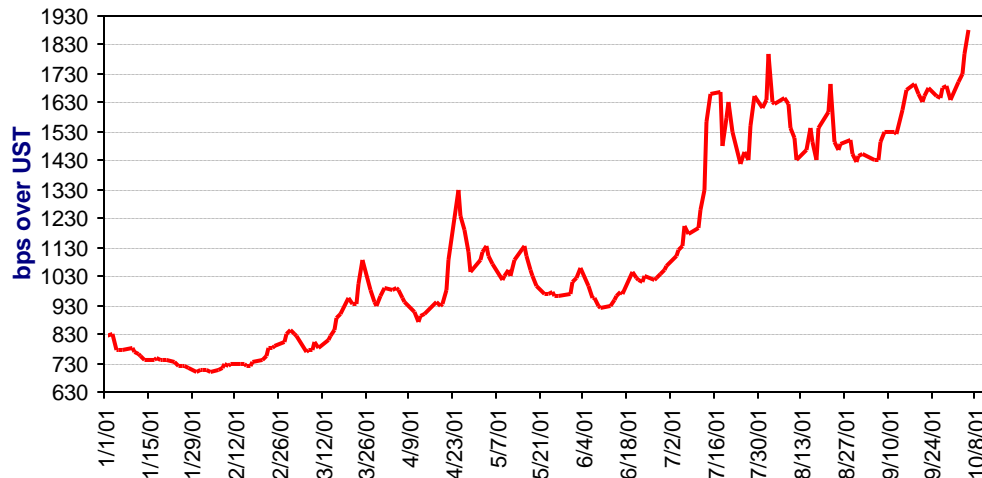
**Key Indicators**

<b>Dow Jones (% change)</b>	<b>-0.69</b>
<b>NASDAQ (% change)</b>	<b>1.04</b>
<b>UST 10 yr Yield (%)</b>	<b>4.51</b>
<b>6 month LIBOR (%)</b>	<b>2.42</b>
<b>EMBI+ Stripped Spread</b>	<b>1064</b>

**Market Overview**

Emerging Market debt suffered substantial losses again yesterday, mostly due to Argentina's debt performance. The EMBI+ stripped spread widened 19 bps to close at 1064 bps over US Treasuries. Argentina's debt continued to be affected by the negative tax receipts of September and the political noise stemming from the October 14 congressional elections. In particular, the release of an opinion poll indicating that about half of the population wanted Economy Minister Cavallo to resign has increased investor concerns that he will not remain in his post after the elections, which could pave the way for a default and/or devaluation of the peso. The Argentine EMBI+ stripped spread widened 88 bps to close at 1842 bps over US Treasuries, reaching a record high. *In the coming days, investors will follow the deposit levels to measure the domestic reaction to this record level of "country risk."* In the US, initial jobless claims rose by 71,000 to 528,000 last week, reaching a nine-year high as companies continue to adjust to the economic impact of the Sept. 11 terrorist attacks. *Today, the September unemployment rate is expected to reach 5%, a four-year high. However, the full impact of the job loss in the wake of the attacks may not yet be fully reflected in today's employment report.*

**Argentina EMBI+ Stripped Spread**



**Pricing and Analytics**

4-Oct-01							4-Oct-01						
	Close	Daily Chng		Strpd.	Mod	Sov.		Close	Daily Chng		Strpd.	Mod	Sov.
	Offer	Net	Dir	YTM	Dur	Spread		Offer	Net	Dir	YTM	Dur	Spread
<b>ARGENTINA</b>							<b>ECUADOR</b>						
FRB	62.250	-3.409	↓	33.46	1.41	3023	Ecu 30	38.000	0.000	→	20.99	5.55	1570
Arg 08	53.750	10.291	↑	24.66	4.13	2054	<b>MEXICO</b>						
Par	60.500	-0.624	↘	22.63	8.94	577	Par	91.845	-0.197	↘	9.77	10.41	221
Arg 27	48.250	-1.437	↘	19.36	5.09	1467	UMS 26	118.501	0.000	↗	9.52	8.84	442
<b>BRAZIL</b>							<b>PERU</b>						
EI	81.250	-1.317	↘	15.20	1.76	1162	PDI	69.370	-0.369	↘	11.39	5.75	666
C	64.810	-1.390	↘	16.91	4.15	1230	<b>RUSSIA</b>						
Par	62.500	-0.975	↘	19.54	9.15	531	Rus 30	44.907	-0.173	↘	15.73	7.01	1050
Braz 08	77.2913	-0.692	↘	14.96	4.43	1095	<b>VENEZUELA</b>						
Braz 27	60.800	-0.569	↘	16.49	5.72	1150	DCB	77.910	-0.878	↘	14.45	2.43	1053
<b>COLOMBIA</b>							Par	75.935	-0.526	↘	18.39	8.85	470
Col 27	69.911	-0.130	↘	12.25	7.98	710	Ven 27	66.020	-0.020	↘	14.11	7.05	900

Source: Bloomberg

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