

**Monthly Client Memo**

25 November 2021

Dear Clients and Partners,

Your Monthly Client Memo for November 2021 is available below. If you have missed any of the previous Memos, you can access them via this link: [symbioticsgroup.com/covid-19/](https://symbioticsgroup.com/covid-19/).

Unusually high inflation triggered by unprecedented post-pandemic economic recovery has dominated the headlines, with the US annual consumer prices index (CPI) surging at the highest levels since 1990, driven by rising costs of energy, fuel and food. Across emerging markets, some central banks responded to the evolving landscape by marginally increasing interest rates (Romania, Georgia, Armenia, Kazakhstan, Mexico, Peru, Colombia, Paraguay, Sri Lanka, Pakistan) whilst others sustained their accommodative policy to support growth (Thailand, Malaysia, Indonesia, India, China, Kenya, Costa Rica).

Nevertheless, global growth projected by the IMF exceeded expectations by having jumped from forecasted c. 4% a year ago to 5.9% in October 2021, having slightly declined from its 6% July projection – ahead of accelerating Covid-19 infections.

- **Microfinance institutions' portfolio quality:** We are seeing growth steadily picking up across the globe, causing loans under moratorium to decline in the Middle East, North Africa, Afghanistan, and Pakistan (MENAP) markets. Provisioning charges arising from continuing forbearance measures could emerge in India, Mongolia, Myanmar, Sri Lanka and Cambodia although their levels are expected to remain under control. High levels of Portfolio-at-Risk (PAR) in Africa and Asia arose from stricter lockdown measures in Asia, low moratorium levels in Africa and political and social crisis in both regions (e.g. Myanmar and Lebanon). Provisioning for PAR resulted in fluctuations of Return-on-Equity (ROE) nonetheless, leaving all regions in positive territory.
- **Currencies & interest rates:** Thailand's central bank held its benchmark interest rate at a record 0.5% low delivering on its commitment to accommodative policies to support growth. Romania's central bank hiked interest rates by another 25 basis points (bps) in order to anchor inflation expectations and bring down inflation in the long term. Mexico's central bank raised interest rates by 25 bps for the fourth consecutive time, sticking to a steady adjustment pace despite a faster than expected inflation rise. Myanmar continues to face a deepening economic and political crisis, with ongoing devaluation pressure on the local currency, disruptions in the banking sector and shortages of foreign currency. Moldova's inflation increased to 8.8% Year-on-Year (YOY) in October from 6.75% in the previous month. The country's central bank doubled its inflation forecast for 2022 from 7% to 14%.
- **Liquidity & solvency cases:** Latin America, liquidity also trended upwards across regions in the month of October 2021, supported by increased collections and, for some countries such as India, access to government-backed funding programs. Bank Indonesia disclosed that foreign reserves increased to a new record of USD 146.9 billion which is equivalent to about 8.9 months of imports.
- **Demand:** Symbiotics disbursed USD 105.5 million to 28 institutions in October 2021, bringing the total for 2021 to USD 889.1 million, compared to USD 625 million in 2020. We witnessed the strongest origination in Latin America (40% of all loans), Asia (c. 26%), followed by Europe and Central Asia (c. 26%) and Africa (c. 8%).
- **Fundraising:** In October, we received subscriptions in excess of USD 20 million, from clients from France, Switzerland and the Nordics.

Should you have any questions, please contact your relationship manager.

Sincerely,  
Symbiotics