



## World Heat Map: Turmoil and Opportunities

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We've created a heat map of political uncertainty to highlight some emerging risks and opportunities across the globe. This map illustrates a notable trend: Developed markets are experiencing increasing political turmoil while emerging markets are seeing, broadly speaking, a more favorable political environment.

As you take a tour around the world below (red is negative, green is positive, and yellow is a warning sign), here are a few key insights:

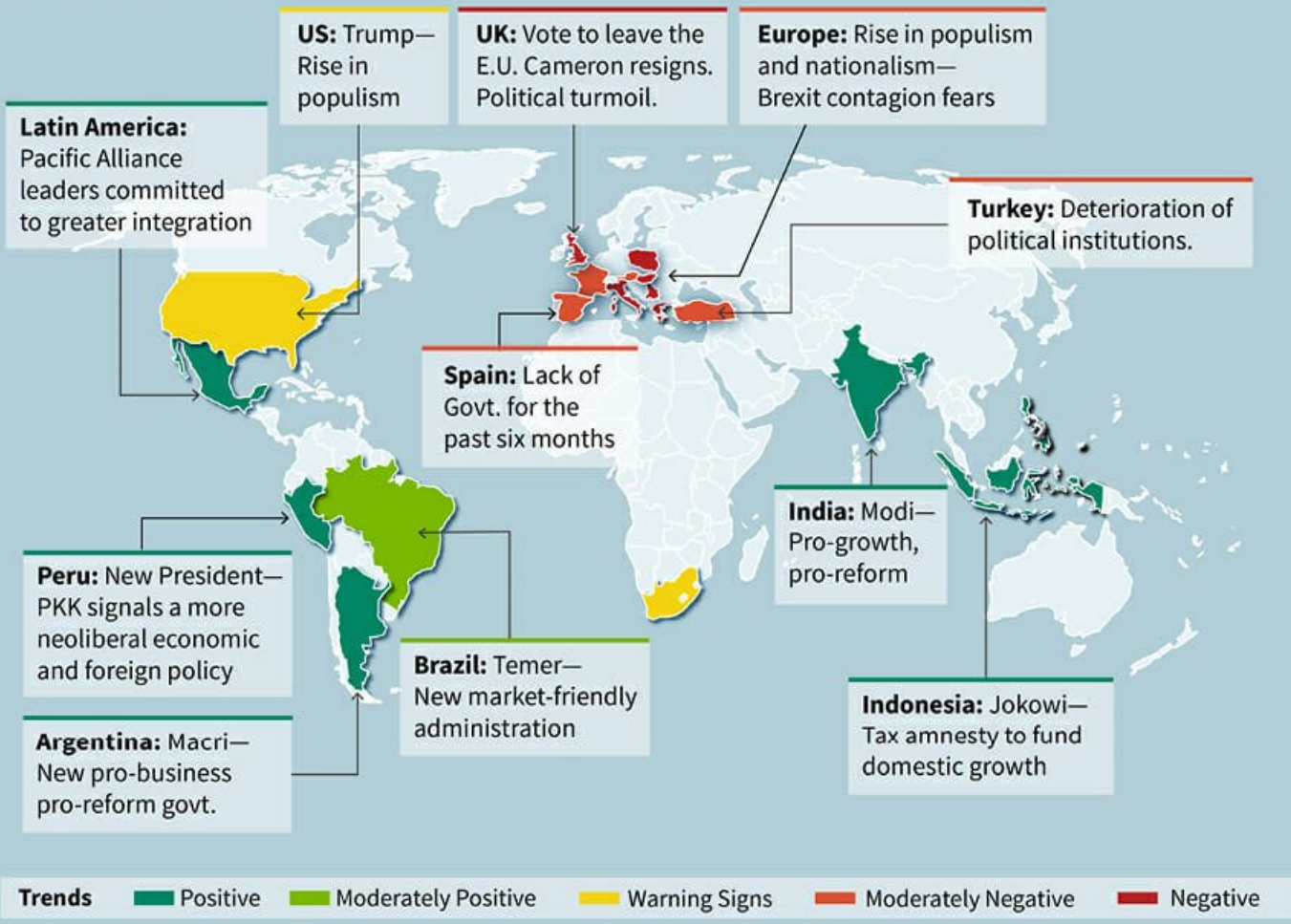
- Rising populism in developed markets has created varying degrees of political pressures and increased uncertainty in the U.K., Europe, and U.S. The U.K.'s vote to leave the European Union (Brexit) is a good example of the trend that is affecting developed markets.
- Latin America is increasingly "green," as we find that most of the region's past decade's populist governments are out of office and replaced by more business-friendly leaders. Brazil is the best example, with the downfall of President Dilma Rousseff, who is under corruption investigation and suspended from the presidency pending formal impeachment proceedings—replaced by a market-friendly administration under Vice President Michel Temer. There are also new administrations in Argentina and Peru that are pro-reform.
- Asia has also seen a trend toward more pro-reform, pro-business political leadership, with India and Indonesia standing out.

One emerging market outlier—Turkey—is red given the recent deterioration of political institutions, which we expect will have a negative impact on the Turkish economy and weigh on the currency as well. However, we

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believe Turkey is a manageable risk as it accounts for less than 1.5% of the broad MSCI Emerging Markets Index.

### World Heat Map: Political Turmoil in Developed Markets and Improving Opportunities in Emerging Markets



Source: William Blair

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