



- **US housing market continues to show signs of weakening** ([link](#))
- **Oil prices could plunge dramatically in the event of a global recession** ([link](#))
- **Japanese funds scaled back on foreign bond sales** ([link](#))
- **Chinese equities likely benefitted from state support over the past few trading sessions** ([link](#))
- **Türkiye central bank unexpectedly hikes rates** ([link](#))

[Mature Markets](#)


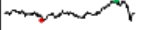
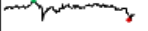






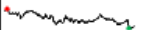

| [Emerging Markets](#)

| [Market Tables](#)

Markets take day to rest after stressful few weeks

Most major equity and bond markets are closed for the day. While currency markets are generally open, liquidity appears modest. Japanese equity markets, one of the few major exchanges open on the day, rose about 1% as optimism about trade negotiations with the US continues to drive sentiment. Analysts believe however that markets will need to see some tangible progress soon in order for gains to continue. Chinese equities finished the day little changed after falling modestly in early trading on news that the US would charge fees on Chinese ships docking at US ports.

Key Global Financial Indicators

Last updated: 4/18/25 7:58 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		5283	0.1	0	-7	6	-10
Eurostoxx 50		4935	-0.6	2	-9	0	1
Nikkei 225		34730	1.0	3	-8	-6	-13
MSCI EM		42	0.8	4	-7	5	0
Yields and Spreads			bps				
US 10y Yield		4.32	0.0	-16	4	-31	-24
Germany 10y Yield		2.47	-3.7	-11	-35	1	11
EMBIG Sovereign Spread		367	-8	-11	36	21	42
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		44.9	0.0	1	0	-3	5
Dollar index, (+) = \$ appreciation		99.4	0.0	-1	-4	-6	-8
Brent Crude Oil (\$/barrel)		68.0	3.2	7	-4	-22	-9
VIX Index (% change in pp)		29.7	-3.0	-11	10	11	12

Colors denote **tightening**/**easing** financial conditions for observations greater than ± 1.5 standard deviations. Data source: Bloomberg.

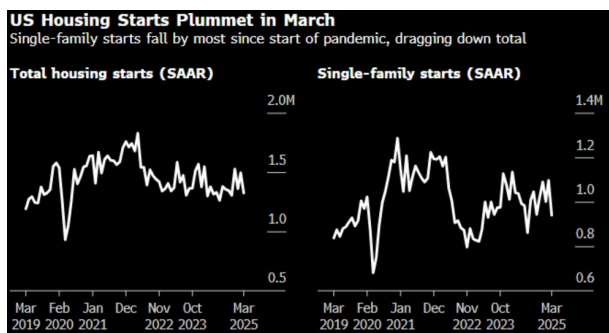
Mature Markets

[back to top](#)

United States

The U.S. housing market continues to show signs of weakening as it confronts both supply and demand challenges. U.S. housing starts dropped in March by the most in a year, plunging 11.4% to an annual rate of 1.324 million units. Single-family housing starts led the decline, falling 14.2% to an annualized 940,000 units, the steepest drop since the onset of the pandemic and is now 9.7% lower than a year ago. Multi-family housing starts also declined.

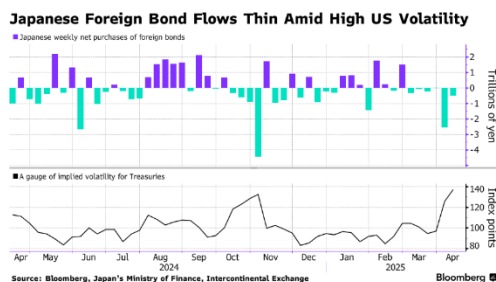
Climbing mortgage rates and high home prices remain major obstacles for the housing market. The 30-year mortgage rate surged 21bp to 6.83% this week, driven by a rise in Treasury yields. This, combined with consumer pessimism about the economy, has further dampened housing demand. At the same time, house prices remain elevated and may rise even higher as homebuilders grapple with substantial cost increases from higher tariffs. These challenges have kept industry sentiment subdued, as homebuilders' expectations for sales in the next six months fell to its lowest level since November 2023.



Source: U.S. Census Bureau and Bloomberg.

Japan

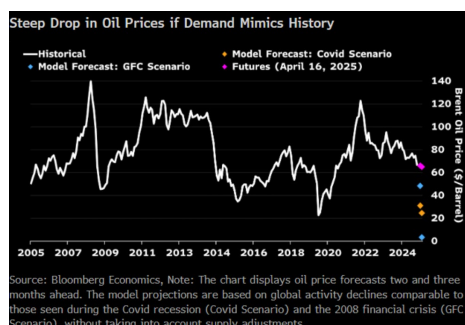
Japanese investors reduced their foreign bond sales last week. Net foreign bond sales fell to ¥512 billion (\$3.6 billion) for the week ending April 11. The figures were much lower compared to the previous week (April 4), which recorded the largest foreign bond sales (¥2.5 trillion) since November 2024, according to data from Japan's Ministry of Finance, released on April 17. This weekly decline in foreign bond sales also coincided with significant volatility in the US Treasury market, which some Japanese investors have described as challenging amid the "chaotic and unclear" market conditions. Despite the decline in volume, the past week of foreign bond sales marks the sixth consecutive week that Japanese investors have withdrawn from foreign debt.



Source: Bloomberg, Japan's Ministry of Finance, Intercontinental Exchange

Commodities

Oil prices could plunge by more than 70% in the event of a severe global recession according to Bloomberg analysts. Over the past two weeks, Brent oil prices have fallen nearly \$10 per barrel to \$65, primarily due to concerns over U.S. tariffs and unexpected OPEC+ supply increases. Bloomberg analysts warned that if President Trump's tariff threats are fully implemented, the global economy could face a sharp downturn, potentially reducing US GDP by up to 5 percentage points. In such an extreme scenario—comparable to the 2008 Global Financial Crisis (GFC) or the 2020 Covid-19 recession—oil prices could plunge by over 70% to around \$25 per barrel, or even below \$10 if oil supply does not adjust accordingly. However, analysts also note that such a drastic outcome is unlikely, as OPEC+ is expected to cut oil supply in response. In addition, geopolitical uncertainty, a downward trend in the U.S. dollar, and potential sanctions on Iran, Russia, and Venezuela could also help counter these downward pressures.



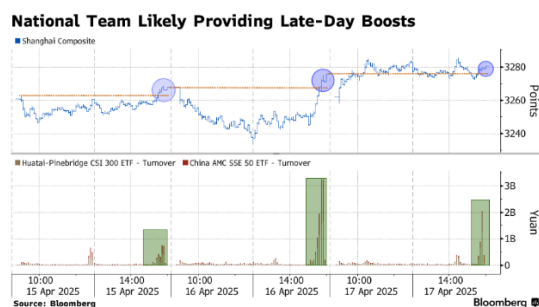
Emerging Markets

[back to top](#)

Asian stocks were little changed in Friday trading. The Shanghai composite declined 0.1% while stock exchanges in most other countries in the region are closed for Good Friday. Despite the holiday, currencies in the region mostly depreciated against the dollar with the Thai baht (-0.5%) leading declines. The onshore renminbi (-0.1%) was slightly lower. **Equities in CEEMEA are mostly closed today.** Currency markets are mixed with the Turkish lira (-0.5%) giving up yesterday's gains following the central bank's surprise interest rate hike. **Latin American currencies appreciated against the dollar on Thursday and equities gained.** The Mexican peso (+1.1%) and Brazilian real (+1%) outperformed. Equities rallied in Chile (+1.4%), Brazil (+1%), while markets in Argentina, Colombia, Mexico, and Peru were closed for the Easter Holiday.

China

Equities likely benefitted from state support in the final 20 minutes of the past few trading sessions. Bloomberg analysts observed increased trading activity in the final 20 minutes of the last three sessions in certain Chinese equity ETFs, contributing to the Shanghai Stock Exchange Composite Index's eight-day gain, its longest streak since October 2024. However, these gains were relatively modest, and the analysts opined that the support was merely aimed to ensure the index would not close at a loss. Despite these purchases, more than half of the onshore stocks recorded losses this week, with purchases primarily focused on large-cap stocks. Earlier, the analysts also highlighted record inflows into China's mainland equity ETFs, with nearly \$24 billion in net inflows last week, surpassing the previous record of approximately \$23 billion set in October last year.



Türkiye

Türkiye's central bank's (CBRT) decision to hike its one-week repo rate is not thought to immediately drive-up money market rates but may boost the lira. Yesterday, the CBRT unexpectedly hiked its one-week repo rate to 46%, up from 42.5%, while a "hold" was expected. However, the CBRT had paused its weekly auctions previously, and interbank rates already traded around the 46% level. As a result, the resumption of the weekly operations will be in the range at which current money market rates already trade. The overnight lending rate was also hiked, from 46% to 49%. JP Morgan analysts believe that this gives the CBRT the flexibility to exert control over liquidity conditions and money market rates to counter

any significant pressures on the lira, should they arise. JP Morgan argues the decision is favorable for the lira as it creates a buffer against potential future shocks. The lira strengthened after the central bank's announcements, ending the day 0.5% stronger versus the US dollar.

Figure 1: Policy rate corridor

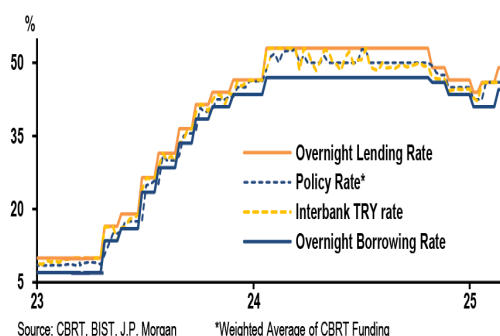
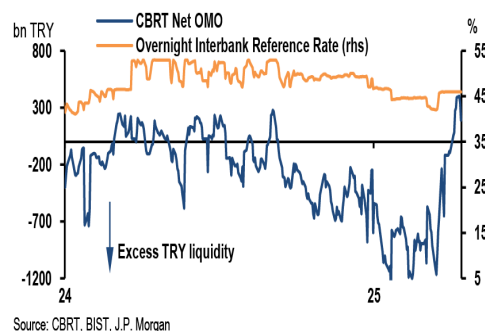
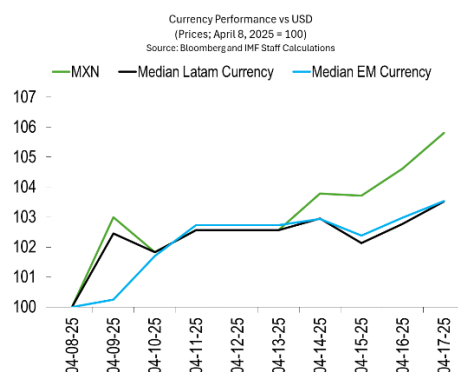


Figure 2: Lira liquidity deficit sets the interbank lira rate at 46%



Mexico

The Mexican peso outperformed EM currencies following Trump/Sheinbaum call. The Mexican peso (+1.1%) was the best performing EM currency yesterday after President Trump described the call as “very productive” on Truth Social. Shortly after, President Sheinbaum posted on X “We will continue our dialogue to reach good agreements that benefit our countries and our people.” The peso has appreciated to levels last seen in mid-October after bottoming out on April 8, the day before Trump issued a 90 day pause on reciprocal tariffs. Despite not being directly impacted by that announcement, the peso has also outperformed EM currencies since then, appreciating 5.8% against the dollar.



This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief) and Sheheryar Malik (Deputy Division Chief). Fabio Cortes (Senior Economist), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Financial Sector Expert-London Representative), Johannes S. Kramer (Senior Financial Sector Expert), Benjamin Mosk (Senior Financial Sector Expert), Sonal Patel (Senior Financial Sector Expert-London Representative), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are John Caparusso (Senior Financial Sector Expert), Mustafa Oguz Caylan (Research Officer), Sally Chen (IMF Resident Representative in Hong Kong), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Analyst), Deepali Gautam (Senior Research Officer), Zixuan Huang (Economist – EP), Harrison Kraus (Research Analyst), Yiran Li (Senior Research Analyst), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Francesco de Rossi (Senior Financial Sector Expert-London Representative), Lawrence Tang (Senior Economist), Dmitry Yakovlev (Senior Research Officer), Akihiko Yokoyama (Senior Financial Sector Expert), and Jing Zhao (Economic Analyst). Javier Chang (Senior Administrative Coordinator), Lauren Kao (Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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Global Financial Indicators

4/18/25 7:58 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,283	0.1	0.3	-6.8	6.4	-10
Europe		4,935	-0.6	2.4	-9.0	0.0	1
Japan		34,730	1.0	3.4	-7.8	-6.3	-13
China		3,773	0.0	0.6	-3.6	6.5	-4
Asia Ex Japan		71	0.9	3.7	-8.0	7.1	-2
Emerging Markets		42	0.8	3.6	-7.1	5.1	0
Interest Rates			basis points				
US 10y Yield		4.3	0	-16	4	-31	-24
Germany 10y Yield		2.5	-4	-11	-35	1	11
Japan 10y Yield		1.3	-2	-3	-21	42	19
UK 10y Yield		4.6	-4	-8	-7	31	0
Credit Spreads			basis points				
US Investment Grade		155	-3	-8	28	30	35
US High Yield		444	-12	-32	88	71	116
Exchange Rates			%				
USD/Majors		99.4	0.0	-0.7	-3.8	-6.4	-8
EUR/USD		1.14	0.1	0.2	4.0	6.9	10
USD/JPY		142.3	-0.1	-0.9	-4.7	-8.0	-9
EM/USD		44.9	0.0	0.9	0.0	-2.7	5
Commodities			%				
Brent Crude Oil (\$/barrel)		68.0	3.2	7.3	-3.7	-15.2	-8
Industrials Metals (index)		141.5	0.2	4.1	-8.1	-10.9	1
Agriculture (index)		58.7	0.0	1.6	0.9	-0.5	3
Gold (\$/ounce)		3326.9	-0.5	4.7	10.9	40.9	27
Bitcoin (\$/coin)		84613.5	-0.6	1.4	3.1	33.2	-10
Implied Volatility			%				
VIX Index (% change in pp)		29.7	-3.0	-11.1	10.4	10.9	12.3
Global FX Volatility		9.7	0.0	-1.3	1.5	2.3	0.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		91	-2	-5	12	-15	6
Italy		117	-1	-7	6	-26	2
France		77	1	-1	9	26	-6
Spain		70	0	-3	7	-12	1

Colors denote **tightening/easing** financial conditions for observations greater than ± 1.5 standard deviations.
Data source: Bloomberg.

Emerging Market Financial Indicators

Last updated: 4/18/2025 7:58 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)				YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
	vs. USD		(+)= EM appreciation					% p.a.						
China		7.30	-0.1	-0.2	-1.1	-0.9	-0.1		1.7	1	1	-24	-57	4
Indonesia		16877	-0.3	-0.5	-2.7	-4.1	-4.4		6.9	-1	-9	7	-1	-8
India		85	0.4	1.5	1.7	-2.2	0.3		6.6	-1	-20	-10	-83	-70
Philippines		57	-0.2	0.5	1.0	0.8	2.2		5.0	0	-7	-15	-65	12
Thailand		33	-0.2	0.3	0.6	10.1	2.8		2.0	-2	-3	-21	-83	-33
Malaysia		4.41	-0.1	0.2	0.8	8.4	1.3		3.7	-1	-5	-5	-26	-11
Argentina		1138	5.3	-5.4	-6.2	-23.7	-9.4		34.9	0	-898	388	-833	573
Brazil		5.81	1.0	1.4	-2.1	-9.7	6.3		14.5	-6	-37	-20	338	-142
Chile		965	0.4	2.2	-4.7	1.3	3.2		5.5	0	2	-17	-56	-19
Colombia		4310	-0.1	0.6	-5.5	-9.5	2.2		12.2	0	-3	50	115	33
Mexico		19.71	-0.1	3.1	1.0	-13.4	5.7		9.4	0	-5	-5	-60	-90
Uruguay		42	0.2	1.7	0.0	-8.4	3.4		9.6	0	2	0	70	-1
Hungary		358	0.2	0.7	1.4	3.4	10.9		6.7	-3	-4	-10	-41	33
Poland		3.76	0.1	0.4	1.7	8.4	9.9		4.8	-4	-10	-72	-77	-79
Romania		4.4	0.1	0.2	4.0	6.9	9.8		7.3	1	0	4	73	1
Russia		81.8	0.4	1.9	0.0	14.9	38.8							
South Africa		18.8	-0.1	1.8	-3.7	1.7	0.1		11.1	2	-1	30	-111	59
Türkiye		38.18	-0.5	-0.7	-3.9	-14.8	-7.4		35.0	-80	60	627	517	531
US (DXY; 5y UST)		99	0.0	-0.7	-3.8	-6.4	-8.4		3.94	0	-22	-14	-74	-44

	Equity Markets							Bond Spreads on USD Debt (EMBIG)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		YTD	Last 12m	Latest	7 Days	30 Days		12 M
								basis points						
China		3,773	0.0	0.6	-3.6	6.5	-4.1		124	7	22	-20	28	
Indonesia		6,438	0.0	2.9	2.9	-9.2	-9.1		131	-1	20	29	40	
India		78,553	0.0	5.8	2.1	7.5	0.5		131	-5	24	29	45	
Philippines		6,135	0.0	2.1	-2.1	-4.8	-6.0		105	1	6	15	26	
Thailand		1,151	0.8	5.8	-3.0	-13.6	-17.8							
Malaysia		1,499	1.1	3.1	-0.4	-3.1	-8.7		98	-5	17	16	28	
Argentina		2,177,975	-4.7	-0.3	-10.5	83.1	-14.0		732	-177	-20	-543	95	
Brazil		129,650	1.0	2.6	-2.0	3.2	7.8		246	14	14	26	-1	
Chile		7,815	1.4	6.0	3.0	22.8	16.5		136	6	9	19	23	
Colombia		1,627	1.4	1.6	1.1	22.1	17.9		390	12	59	88	64	
Mexico		53,019	0.7	0.9	0.7	-5.1	7.1		344	0	26	20	32	
Peru		29,635	-0.3	4.0	-1.0	7.0	2.3		154	2	2	7	13	
Hungary		87,062	0.0	0.9	-3.2	33.7	9.8		185	6	28	35	30	
Poland		95,165	0.0	3.8	-1.8	12.7	19.6		112	-4	-3	19	0	
Romania		17,072	0.0	0.6	-1.3	1.1	2.1		278	2	27	92	43	
South Africa		89,487	0.0	4.0	0.0	21.7	6.4		365	-5	47	15	72	
Türkiye		9,319	-0.8	-0.7	-13.7	-2.2	-5.2		326	0	50	38	67	
EM total		42	0.1	3.6	-7.1	5.1	0.2		399	-23	27	107	35	

Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

[back to top](#)