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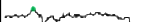







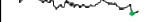
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Global Stocks Surge Amid Hopes of Tariff De-escalation

The S&P 500 index advanced by 2.5% yesterday after US officials' statements on tariffs, and President Trump's reassurance that he has no intention to fire the Fed chair. After trading hours, Tesla presented disappointing earnings, yet market sentiment was boosted as the company announced that a more affordable electric vehicle would be launched in 2025H1, and Elon Musk stated his intention to refocus on Tesla. Regarding trade, US Treasury Secretary Scott Bessent said yesterday that the tariff standoff with China is "unsustainable," and President Trump also said that he expects that eventually tariffs will "come down substantially." Tariff news flows boosted the US dollar; oil prices increased, and very long-end (30y) US Treasury yields declined. Having said that, no concrete negotiations between the US and China appear to be ongoing. Scott Bessent will speak at an event in Washington later today, where the 2025 World Bank Group/IMF Spring Meetings are held as well. Yesterday, the IMF released its [April 2025 Global Financial Stability Report](#) and [World Economic Outlook](#).

Key Global Financial Indicators

Last updated: 4/23/25 8:14 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5288	2.5	-2	-7	4	-10
Eurostoxx 50		5077	2.3	3	-6	1	4
Nikkei 225		34869	1.9	3	-7	-9	-13
MSCI EM		43	1.5	1	-5	5	2
Yields and Spreads			bps				
US 10y Yield		4.29	-10.7	2	5	-31	-28
Germany 10y Yield		2.46	2.1	-5	-30	-4	10
EMBIG Sovereign Spread		364	-2	-7	31	24	39
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.2	0.0	1	1	-2	5
Dollar index, (+) = \$ appreciation		99.0	0.1	-1	-5	-6	-9
Brent Crude Oil (\$/barrel)		67.2	-0.3	4	-7	-24	-10
VIX Index (% change in pp)		28.2	-2.4	-2	9	12	11

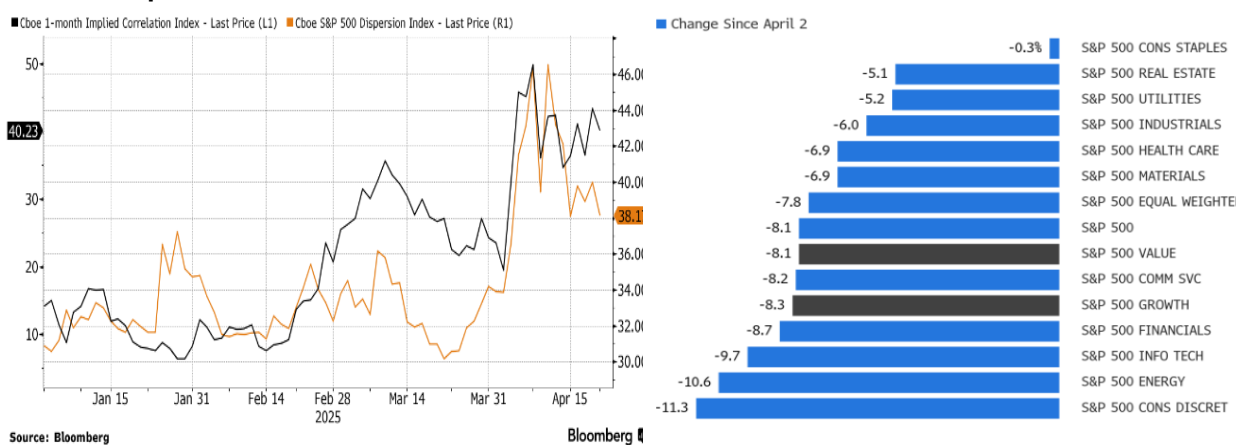
Colors denote **tightening**/**easing** financial conditions for observations greater than ± 1.5 standard deviations. Data source: Bloomberg.

Mature Markets

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US equity indices advance cautiously on trade talk hopes. On Tuesday, major US indices recorded gains following remarks on tariffs and US Treasury Secretary Scott Bessent's remarks regarding de-escalating trade tensions with China. Stock trading volumes remained thin, with the volume in the S&P 500 Index falling over 25% below the 10-day average. Leading technology stocks also moved higher, as market participants awaited Q1 earnings reports from Tesla. The CBOE 1-Month Implied Correlation Index, which measures the average expected correlation among the top 50 stocks in the S&P 500 Index, continued to exhibit historically high levels, suggesting that broader market factors might be driving the S&P500 rather than individual, company-specific factors. Bloomberg analysts have noted that since April 2, the decline in valuations within the value index has been nearly as pronounced as that within the growth index.

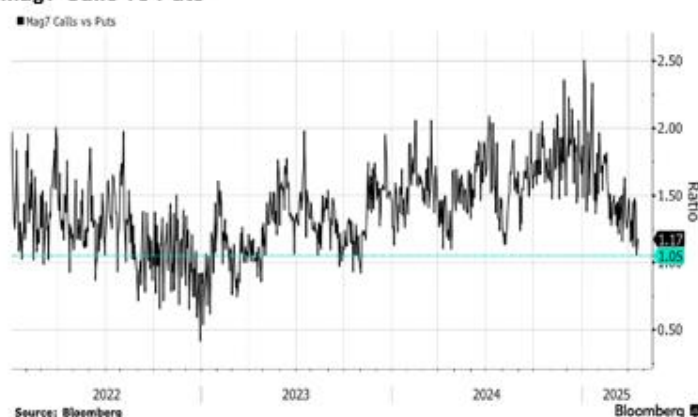
CBOE 1-month implied correlation index and S&P500 dispersion index



Options traders hedge bets as Mag7 earnings season kicks off.

As Tuesday's Tesla earnings report marks the start of the Mag7 earnings season, options traders are increasingly cautious about the potential for further volatility in major US tech stocks. A notable indicator of this trend is the ratio of call options to put options. Typically, a ratio above 1 suggests bullish sentiment, as more investors are buying calls to bet on rising share prices. However, this ratio is currently near its lowest level since late 2023, according to data compiled by Bloomberg. The prevalence of defensive options strategies underscores the complexity added by earnings season in the current market environment. Analysts warn that markets remain cautious about potential negative outlooks from leading technology firms, which may still be vulnerable to global trade uncertainties.

Mag7 Calls vs Puts

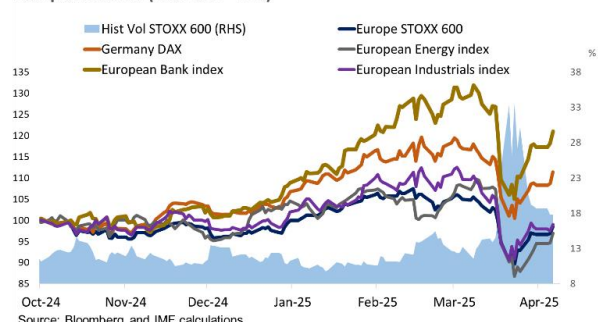


Europe

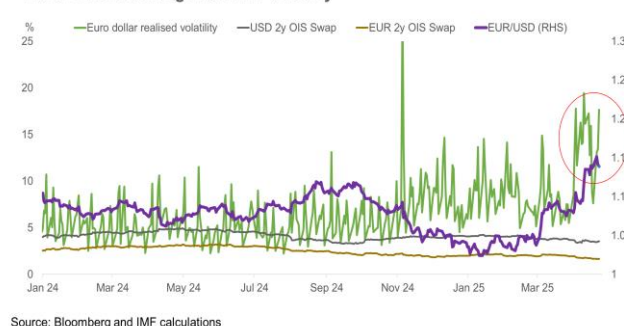
European equities rebounded higher this morning, amid renewed optimism on possible US tariffs agreements with India and Japan and de-escalation of trade tensions with China. European markets followed Asian stocks, which gained overnight. The Stoxx 600 index gained +1.7%. The euro lost ground yesterday, amidst broader dollar strength, and continued to edge lower (-0.1%) today, trading at \$1.1409/€.

Commerzbank continues to have a constructive view on the euro, seeing no reason at this stage for the allegedly broad rotation out of US assets to fade given persistent uncertainty.

European Stocks (Oct 2024= 100)



Euro-Dollar exchange rate and Volatility

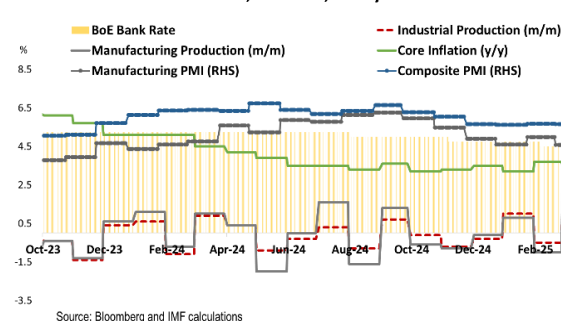
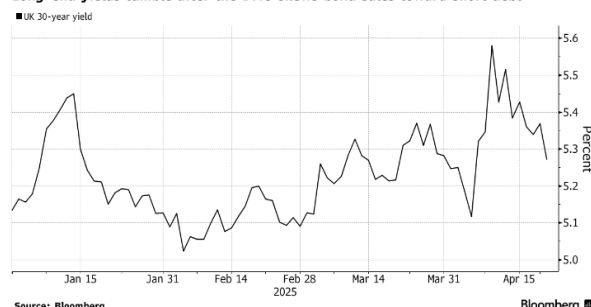


Money markets partly pared bets of further easing from the ECB in 2025 after today's April PMIs came a touch below expectations in the Eurozone. Markets moved to price-in today -65 bps of rate cuts by December, against -70bps priced-in yesterday, taking the policy rate to an implied level of 1.51%. In parallel, the 2y Bund yield moved up by +6bps to 1.72%, with the yield curve bear flattening as the 10y Bund yield rose by +3bps to 2.47%. The spread of the 10y French OAT vs the Bund declined (-2bps) to 75bps after it peaked to 79bps yesterday amid news of France's President Macron considering the possibility of dissolving the parliament and holding snap elections as soon as this fall.

United Kingdom

The pound weakened (-0.2%) against the dollar this morning, and akin to moves in the US curve, very long-end (30y) gilt yields declined (-12 bps). The gilt yield curve bull flattened as the 2y yields were little changed at to 3.82% while the 10y yields edged -6bps lower to 4.47% and the 30y yields were down by -12bps to 5.23%. Long-term gilts rallied after UK's Debt Management Office (DMO) said today that it would cut long-dated bond issuances to £29.8bn in April, from £40bn previously announced, reducing the share of these notes in total sales to just 10%, the lowest in the history of the DMO, from 13.4% in March and 18% a year ago. Today's UK April preliminary PMI figures printed below expectations, with the composite PMI dropping below the contractionary mark to 48.2pts (vs. est. 50.4pts) from 51.5pts in March, dragged by the decline of the services PMI to 48.9pts (vs. est. 51.5pts, from prior 52.5pts) while the manufacturing PMI printed at 44pts (prior 44.9pts).

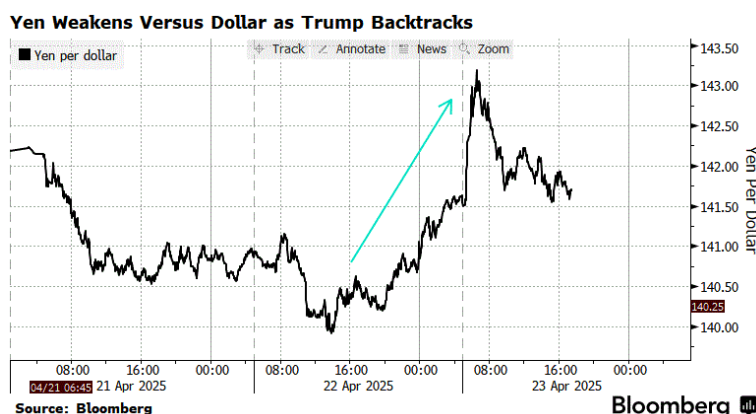
UK Production, Inflation, Policy Rate and PMI

DMO Eases Pressure on UK Long-End Bond Yields
Long-end yields tumble after the DMO skews bond sales toward short debt

Japan

The yen weakened after Trump's softer tone on the Fed and China tariffs. The yen depreciated (-0.1%) to \$/141.62 after having weakened to as much as \$/143.22 during Asian hours. The 10y Japanese government bond yield rose by 2.4 bps to 1.34%, while 30-year benchmark yield fell by 4.3 bps to 2.70%. Japanese equities rebounded (Nikkei: +1.9%), supported by modest Flash April PMI composite index (51.1

vs 48.9 in March), signaling expansion driven by strong services sector and stabilizing manufacturing sector. Exporters like carmakers (Toyota) and tech firms (Sony) lifted the equity index the most. On Tuesday Nomura announced its \$1.8 bn acquisition of Macquarie's US and European asset management, which Fitch says will not affect Nomura's ratings as capitalization remains adequate relative to its risk profile. According to Bloomberg data, the volume of Japanese mergers and acquisitions has climbed 70% to about \$28 bn year-to-date from the same period in 2024, indicating companies are looking overseas for expansion given Japan's aging population, slower growth and stronger yen this year.



Emerging Markets

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EMEA equities were mostly higher as risk sentiment was buoyed by headlines of a possible de-escalation in US-China trade tensions. CEE equity markets were outperforming, led by Poland (+1.6%) and Czechia (+1.3%), while currencies were mixed against the euro. Separately, Poland sold a record 12b zloty of local currency bonds at an auction today as expectations of rate cuts build following weaker-than-expected March retail sales data. Meanwhile, March headline inflation slowed to an almost five-year low in South Africa printing at 2.7%/y/y (3% exp, 3.2% prior). The South African rand was firmer against the dollar (+0.6%) to trade at 18.51/\$, while the 10Y government bond yield was around 7bps lower at 10.85%.

Asian currencies were mostly stable (EM Asia: +0.1%), while the Indian rupee (-0.4%) and Malaysian ringgit (-0.2%) depreciated. EM Asian equities rebounded sharply (EM Asia: +3.5%), led by Taiwan POC (TAIEX: +4.5%) and Hong Kong SAR (Hang Seng: +2.4%), on the back of softer stance by US administration on Fed chair Powell and China trade talks.

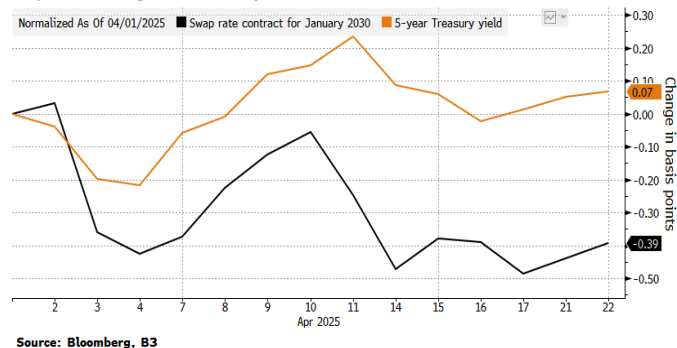
LatAm regional markets mostly rallied amidst signs of thawing trade tensions and a recovery in commodity prices. Currencies gained against the US dollar, led by the Chilean Peso (+2.0%) and Brazilian Real (+1.4%). Local equities also rallied, with the broader MSCI EM Latin America index gaining +1.8%. However, local bonds traded mix, with 10-year Colombia's yield declining -14 bps while 10-year Brazil's yield rose +14 bps.

Brazil

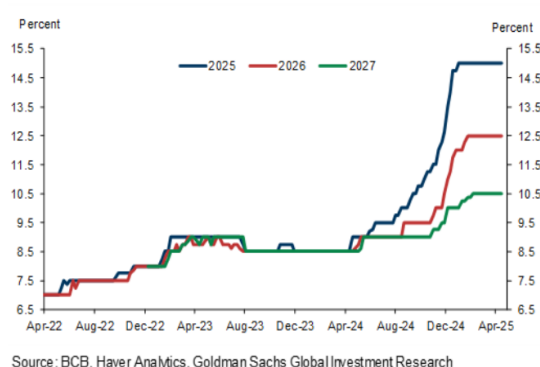
Local hedge funds pivot for lower local rates. Various local hedge funds in Brazil are positioning for lower interest rates amidst concerns over weaker global growth. Legacy Capital, in its monthly update, mentioned that it is positioning for falling rates in emerging markets, including Brazil, while Ibiuna Investimentos reported a reduction in positions that benefited from an increase in local swap rates. Verde Asset Management anticipate a decrease in real rates, and correspondingly increased its position in local inflation-linked securities. Genoa Capital highlighted that the central bank is likely to view recent tariff

developments as deflationary, affecting either economic growth or imported inflation. Additionally, Bloomberg analysts observed that since April 2, the 5-year local BRL swap rate has declined, and diverged from the 5-year US treasury yield (*left chart*). Separately, the central bank's weekly survey of market analysts also reveals that the benchmark policy rate is expected decline over the medium term (*right chart*).

Brazil Rates Fall Amid Trump's Tariff Uncertainty
Swap contracts diverge from rise in US yields



Median Selic Policy Rate Expectations



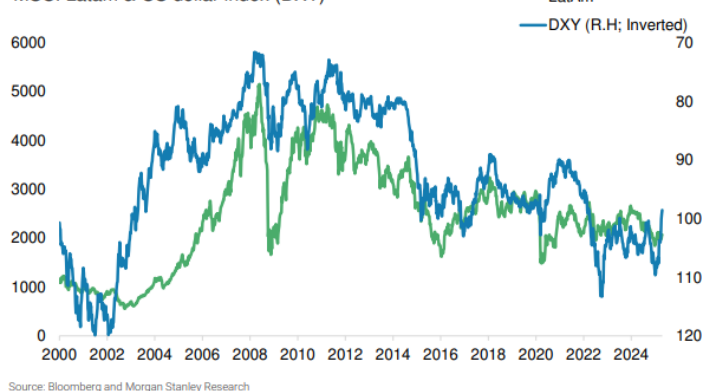
Latin America equities

A weaker US dollar could support LatAm equities.

Morgan Stanley analysts have noted signs of foreign investors selling US equities, while fixed income holdings remain stable. This ongoing trend of divesting equity positions and foreign investors potentially repatriating capital to their home countries could bolster returns on local equity benchmarks, particularly in Latin America. Historically, a strong DXY index has negatively impacted LatAm equity returns, making it challenging for this asset class to outperform and presenting significant headwinds for foreign capital flows. Although LatAm equities have not consistently outperformed the broader global equity indices, the analysis reveals that annual returns for the broader index have been positive in 9 out of the 10 years since 2003, when DXY index declined.

A strong US dollar has been historically bad for returns of LatAm equities

MSCI Latam & US dollar index (DXY)



China

Chinese stocks rose on optimism that trade tensions with the US may soften.

Both onshore equities (CSI300: +0.1%) and offshore equities (Hang Seng Index: +2.4%) advanced amid a positive global backdrop, after remarks from the Trump administration indicated expectations of a de-escalation and lower tariffs between the US and China. Advances were led by robotic stocks, rare earth material makers, and Apple's China suppliers such as Goertek and Lens Technology. Yuan was fixed weaker at

Chinese Stocks Gain on Tariff Easing Hopes



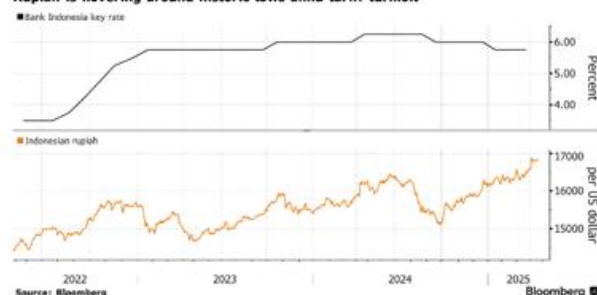
\$/7.2116, 1301 pips below consensus. Onshore CNY (+0.3%) and offshore CNH (+0.3%) both appreciated, while one-month CNH HIBOR rebounded 11 bps to 1.57% today. 10-yr CGB yield rose 1 bp to 1.66%, while 7-day repo rate dropped 6 bps to 1.65%. According to local newspapers, multiple Chinese provincial and municipal governments are considering new round of stimulus measures to boost consumption.

Indonesia

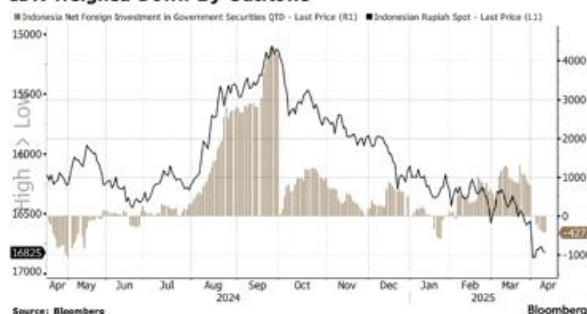
Bank Indonesia kept the benchmark 7-day reverse repurchase rate steady at 5.75% as expected.

The Bank also vowed to strengthen its currency stabilization measures and continue with intervention in the offshore non-deliverable forwards market. Indonesian rupiah erased some of its losses and closed down (-0.1%) to 16,872 but remained -1.8% in April and -4.6% in 2025, the biggest losses among major Asian currencies. Analysts expect a further 50 bps of cuts in 2025, with timing depending on both the rupiah's stability and signs of a sharper global slowdown. External headwinds and homegrown concerns have weighed on Indonesian assets, with foreign investors having pulled IDR 50 trn (\$3 bn) from Indonesian equities this year, on top of roughly \$2 bn of withdrawals in 2024 Q4. Multiple firms have also downgraded Indonesia's 2025 GDP forecast.

Bank Indonesia Set to Hold Key Rate for Third Meeting
Rupiah is hovering around historic lows amid tariff turmoil



IDR Weighed Down By Outflows



Türkiye

Domestic political uncertainty could disrupt rating momentum for Turkish banks. Fitch Ratings noted yesterday that the increase in political uncertainty in Türkiye, which resulted in an increase in government bond yields and lira-depreciation, could affect the positive ratings trajectory of some Turkish financial institutions. Fitch's central case assumes the continuation of Türkiye's economic program. However, should financial market volatility persist, or policy change direction, this may result in Fitch revising the outlook on Turkish banks from positive to stable.

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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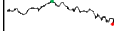





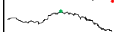









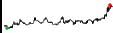




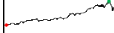

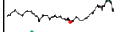









Global Financial Indicators

4/23/25 8:14 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,363	2.5	-0.6	-5.4	5.8	-9
Europe		5,077	2.3	3.4	-6.4	1.4	4
Japan		34,869	1.9	2.8	-7.3	-9.3	-13
China		3,787	0.1	0.4	-3.8	7.5	-4
Asia Ex Japan		72	1.6	0.8	-5.4	7.0	-1
Emerging Markets		43	1.5	1.0	-4.6	5.1	2
Interest Rates			basis points				
US 10y Yield		4.3	-11	2	5	-31	-28
Germany 10y Yield		2.5	2	-5	-30	-4	10
Japan 10y Yield		1.3	2	7	-19	45	24
UK 10y Yield		4.5	-6	-12	-23	25	-8
Credit Spreads			basis points				
US Investment Grade		152	-5	-5	25	31	32
US High Yield		427	-13	-29	65	74	99
Exchange Rates			%				
USD/Majors		99.0	0.1	-1.2	-4.8	-6.3	-9
EUR/USD		1.14	-0.1	0.1	5.6	6.6	10
USD/JPY		141.7	0.1	-0.1	-6.0	-8.5	-10
EM/USD		45.2	0.0	1.4	0.6	-2.4	5
Commodities			%				
Brent Crude Oil (\$/barrel)		67.2	-0.3	3.9	-6.1	-16.2	-9
Industrials Metals (index)		145.0	1.0	3.2	-5.8	-6.7	3
Agriculture (index)		58.4	0.3	0.4	0.4	-2.3	2
Gold (\$/ounce)		3318.8	-1.8	-0.7	10.2	42.9	26
Bitcoin (\$/coin)		93822.5	2.9	11.0	10.2	41.4	0
Implied Volatility			%				
VIX Index (%, change in pp)		28.2	-2.4	-2.0	8.9	12.5	10.8
Global FX Volatility		10.0	0.0	0.0	1.7	2.8	0.8
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		87	-3	-5	5	-18	2
Italy		114	-3	-5	2	-21	-2
France		75	-2	-1	5	26	-8
Spain		68	-2	-2	4	-9	-1

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

Emerging Market Financial Indicators

Last updated: 4/23/2025 8:12 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		7.29	0.3	0.2	-0.4	-0.6	0.2		1.7	-1	1	-19	-52	4
Indonesia		16865	-0.1	-0.2	-1.8	-3.8	-4.5		6.9	-1	-5	-7	-10	-8
India		85	-0.3	0.3	0.3	-2.4	0.2		6.6	4	-9	-16	-90	-70
Philippines		57	0.2	0.3	1.3	1.7	2.3		5.0	-1	4	-11	-61	16
Thailand		33	-0.6	-0.5	1.3	10.9	2.0		2.0	3	-6	-14	-82	-34
Malaysia		4.39	0.1	0.5	1.1	8.9	1.9		3.7	-1	-6	-7	-30	-15
Argentina		1103	-0.6	8.7	-3.1	-20.9	-6.5		33.7	-14	-75	-85	-1168	451
Brazil		5.70	0.4	2.9	1.1	-10.1	8.3		14.6	5	-4	-38	348	-137
Chile		943	2.0	3.1	-1.6	1.2	5.6		5.5	2	5	-9	-48	-16
Colombia		4295	-0.3	1.4	-3.5	-8.8	2.6		11.9	-21	-23	8	139	13
Mexico		19.56	0.3	1.9	2.4	-13.3	6.5		9.5	-4	2	0	-52	-86
Peru		3.7	0.3	1.2	-1.3	0.0	1.1		6.7	-1	6	26	-61	6
Uruguay		42	0.4	0.2	0.4	-8.2	4.7		9.6	-1	0	12	66	0
Hungary		359	-0.2	-0.3	3.0	2.4	10.8		6.7	-7	-15	-25	-43	26
Poland		3.76	-0.3	-0.2	2.8	7.0	9.8		4.7	-5	-9	-74	-77	-84
Romania		4.4	-0.1	0.1	5.6	6.6	10.1		7.3	3	2	7	77	4
Russia		82.5	-1.2	0.6	2.0	13.0	37.6							
South Africa		18.6	0.1	1.3	-1.9	2.8	1.3		11.1	2	1	35	-110	61
Türkiye		38.29	-0.1	-0.4	-0.8	-15.0	-7.7		34.6	-42	-111	3	459	491
US (DXY; 5y UST)		99	0.1	-1.2	-4.9	-6.3	-8.7		3.94	-5	4	-6	-69	-44

	Equity Markets							Bond Spreads on USD Debt (EMBIG)					
	Level		Change (in %)				YTD	Level		Change (in basis points)			YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M	
								basis points					
China		3,787	0.1	0.4	-3.8	7.5	-3.8		122	1	18	-21	26
Indonesia		6,634	1.5	3.0	7.7	-7.5	-6.3		126	-10	13	25	35
India		80,116	0.7	4.4	2.7	8.5	2.5		129	0	26	26	43
Philippines		6,168	0.4	0.4	-0.4	-6.2	-5.5		103	-6	9	15	24
Thailand		1,154	0.8	1.3	-3.0	-15.2	-17.6						
Malaysia		1,501	1.0	1.6	-0.2	-4.5	-8.6		97	-3	18	14	27
Argentina		2,163,891	5.8	-3.8	-11.1	73.7	-14.6		710	-27	-61	-437	73
Brazil		130,464	0.6	2.2	-1.4	4.2	8.5		238	0	10	23	-9
Chile		7,814	0.8	1.6	3.0	20.8	16.5		131	-5	6	15	18
Colombia		1,631	0.7	3.1	1.4	21.0	18.2		390	5	54	90	64
Mexico		54,778	1.9	6.4	4.0	-3.3	10.6		343	-3	28	30	31
Peru		29,718	1.0	0.0	-2.1	6.5	2.6		150	-5	5	5	9
Hungary		89,894	1.4	4.6	-0.1	36.3	13.3		179	-11	20	30	24
Poland		98,442	1.4	5.0	1.6	16.0	23.7		110	-10	-3	17	-2
Romania		17,351	1.1	1.7	0.3	2.9	3.8		276	-5	27	94	41
South Africa		90,179	0.3	1.6	0.7	21.8	7.2		361	-10	40	16	68
Türkiye		9,312	0.0	-0.9	0.1	-4.2	-5.3		322	-7	-2	40	63
EM total		43	1.8	1.0	-4.6	5.1	1.7		396	-8	18	112	32

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

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