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- Survey shows Swedish fixed-income investors expect May Riksbank rate cut ([link](#))
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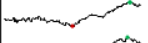
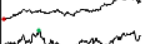






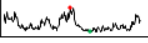
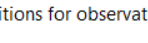
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US growth disappoints but yields move higher on inflation data

US GDP growth for the first quarter came in well below expectations at 1.6%, but yields are moving higher as core PCE rose more than analyst forecasts. While treasury yields initially dropped on the GDP data, they very quickly reversed on the inflation print. On net, the UST 10 yr rose 6 bp on the economic data. The combined print is weighing on risk appetite, sending stocks lower. Equity markets had already been weak, dragged down by tech stocks after Facebook's parent company, Meta, issued a depressed outlook for upcoming quarters. Shares in the company are down more than 15% in pre-market trading. Combined with the US data release this morning futures on the S&P 500 are pointing to losses near 1% once markets open. Elsewhere, weakness on the yen continues with the currency depreciating above 155 per dollar today, reaching as high as 155.74. Speculation continues on potential near-term intervention. With Monday a holiday in Japan, and the Bank of Japan meeting occurring today and tomorrow, some believe Friday is a potential candidate for when authorities may act.

Key Global Financial Indicators

Last updated: 4/25/24 8:32 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5072	0.0	1	-3	25	6
Eurostoxx 50		4956	-0.7	0	-2	13	10
Nikkei 225		37628	-2.2	-1	-7	32	12
MSCI EM		41	0.3	2	-1	6	1
Yields and Spreads			bps				
US 10y Yield		4.69	4.8	6	44	129	81
Germany 10y Yield		2.60	1.5	11	23	22	58
EMBIG Sovereign Spread		341	3	-5	-4	-155	-42
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.4	0.3	1	0	-8	-4
Dollar index, (+) = \$ appreciation		105.7	-0.2	0	1	4	4
Brent Crude Oil (\$/barrel)		88.5	0.5	2	2	10	15
VIX Index (% change in pp)		16.4	0.4	-2	3	-2	4

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

Mature Markets

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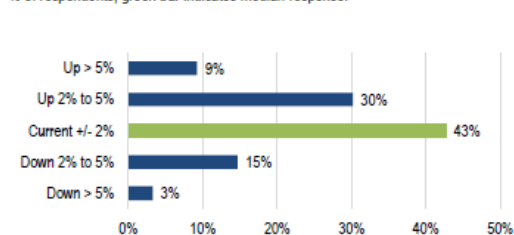
United States

This morning, it was reported that US GDP grew by a mere 1.6% q/q in the first quarter, significantly below expectations. (est. 2.5%, prior. 3.4%). Personal consumption was weak (2.5% vs. est. 3.0%). On the other hand, inflation came in strong at 3.7% q/q for Core PCE Price Index (est. 3.4%, prior 2.0%). Initial jobless claims of 207k also fell under market forecasts (est. 215k, prior 212k). Yields are higher across the curve by about 3–6bp.

Investor survey shows confidence US strength will continue. JPMorgan's investor survey during the 2024 IMF/WB Spring meetings has one clear conclusion: US exceptionalism is here to stay. Responses show 61% of investors are overweight US assets vs. rest of the world; 43% expect the dollar's rally to continue; only 16% expect the S&P 500 to end the year below 5,000; and as few as 10% are forecasting inflation to rise above 3% by year-end.

Figure 10: Where is the US Dollar (DXY) at end 2024?

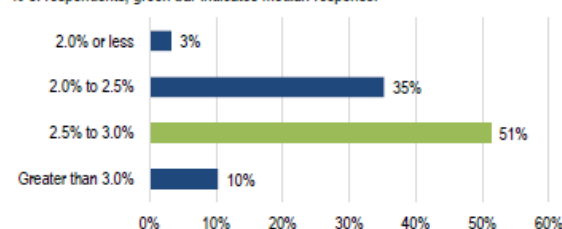
% of respondents, green bar indicates median response.



Source: J.P. Morgan Strategic Research.

Figure 3: Where is US core PCE at end of year (Dec '24/Dec '23)? (2.85% as of end Jan)

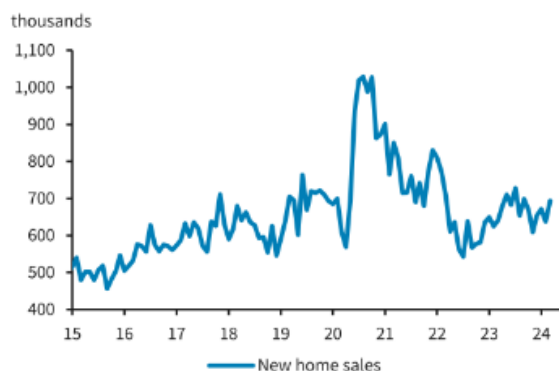
% of respondents, green bar indicates median response.



Source: J.P. Morgan Strategic Research.

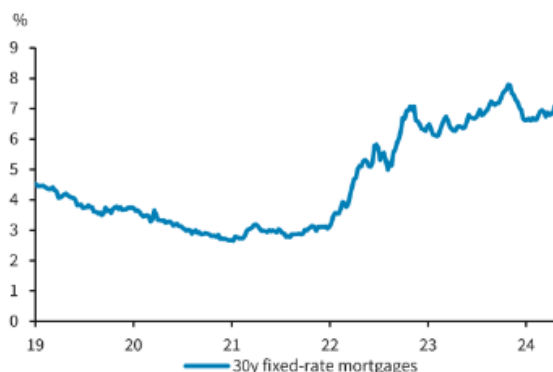
Positive momentum for US home sales and Q1 GDP. New home sales increased by almost 9% in March to 693k units (consensus 668k) driven by sales in the South and West of the country. Mortgage rates remained elevated throughout the month but below the key 7% level. Median price for a new home increased 7.4% m/m to \$430,7000 and is now only 2% below prices experienced a year ago. On the back of this data, Barclays analysts increased their GDP tracker estimate by 0.1pp to 2.6% growth for 1Q24.

Figure 1. New home sales increased in March, after declining in February



Source: Census Bureau, Haver Analytics

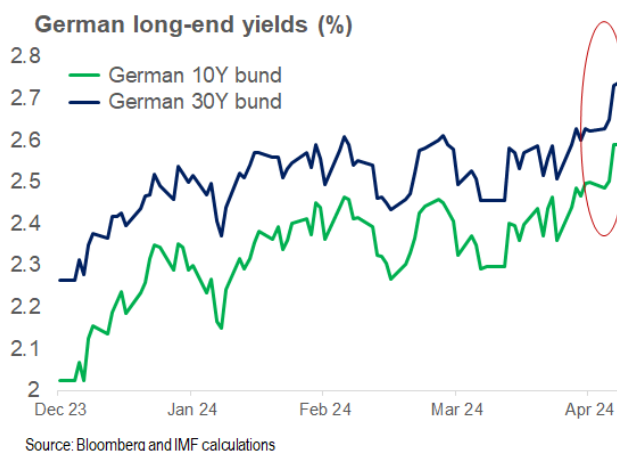
Figure 2. Mortgage rates were relatively constant in March compared with February



Source: Federal Home Loan Mortgage Corporation, Haver Analytics

Euro Area

The STOXX 600 index was lower (-0.3%) in early morning trading. 10Y and 30Y bund yields sold off sharply yesterday, reaching the highest levels year-to-date at 2.60% and 2.75% respectively. Contacts note that there was no clear driver for yesterday's sell off, although point to the market getting wary about how far interest rate expectations for the Fed and the ECB can diverge. **This morning, 10y bund yields were lower (-2bp)**, while 10Y Italian BTP spreads over 10y German bunds were broadly unchanged to trade at 139bp. The euro was marginally stronger against the dollar (+0.2%). Today is a relatively quiet day on the data front with investor attention squarely focused on US Q1 GDP data. Instead, we have several ECB members speaking at the inaugural ChaMP (Challenges for Monetary Policy Transmission in a Changing World) conference including Schnabel, Vujcic, Lagarde, Nagel and Panetta.

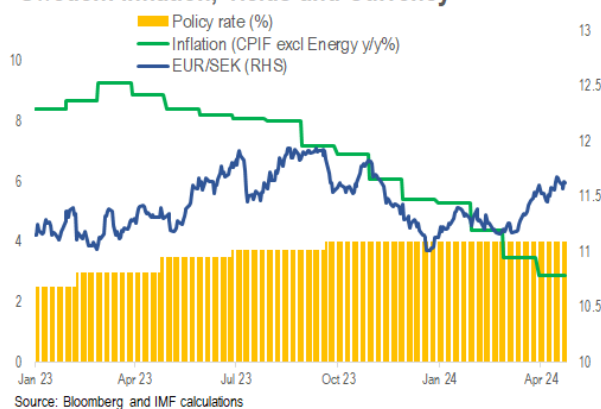


Elsewhere, **a new 30Y bond sale from Greece yesterday drew significant investor demand.** According to Bloomberg, investor bids for the sovereign's €3bn sale of a June 2054 bond were more than €33bn as investors look to lock in yield before central banks begin cutting rates. Last week, S&P ratings raised the outlook for Greece to positive from stable, citing tight fiscal policy and positive growth that is expected to outperform peers. Yesterday's debt sale brings Greece close to meeting its €10bn annual financing target. According to Bloomberg data, the bond priced at mid-swaps + 165bp.

Sweden

The Swedish krona has been one of the worst performing G10 currencies in recent weeks, with some analysts pointing to 'resurfacing concerns over a Swedish hard landing'. While the krona had gained since the start of the year, in recent weeks it has depreciated by 1.1% against the euro. ING analysts interpret recent commentary from Riksbank officials as indicative that a May cut remains at least partly a function of the krona's underperformance. Markets are currently pricing in roughly -19bp for May. Almost two thirds of Swedish fixed-income investors expect the Riksbank to cut rates by 25bp at the upcoming policy meeting on May 7, according to a recent poll conducted by Skandinaviska Enskilda Banken AB. The remainder of the participants expect the bank to keep rates on hold, with roughly 75% of participants expecting a 25bp rate cut by June. Contacts think the recent EUR/SEK rally has probably a bit more to run given the volatile geopolitical scene and higher USD rates point to material risks of a break higher.

Sweden: Inflation, Yields and Currency



Emerging Markets

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EMEA equities were mixed today, while currencies were higher. In CEE, the stocks are in the green in Hungary (+0.5%) but lower in Czech Republic (-0.4) and in Poland (-0.1%). CEE currencies are stronger against the euro, in particular the Polish zloty (+0.4%), and the Hungarian forint (+0.3). In South Africa, the rand appreciated (+1.0%) against the dollar. In Türkiye, equities rose (+0.8%), while the lira was stable against the dollar. **Latin American stocks and currencies closed in the red.** Equities retreated across the region, with Argentina (-3.5%) and Chile (-1.6%) underperforming. Besides the Chilean peso (+0.4%), currencies depreciated against the dollar, led by Colombia (-0.8%), Mexico (-0.7%), Peru (-0.6%), and Brazil (-0.5%). On the monetary policy front, **Guatemala's central bank kept its leading interest rate unchanged at 5%.**

China

China's longer-term corporate yields declined to record low levels.

Initiatives such as injecting more long-term liquidity into banks have fueled an unusually strong bond rally, pushing yields on China's 30-year government bonds to a 19-year low. This has created challenges for fixed-income investors who now turn to corporate bonds for relatively higher returns in a liquidity-rich financial system. The average

Low Borrowing Costs Drive Ultralong Bond Boom

Yields have hit record lows as companies seek to lock in low costs



yield on China's onshore three-year AAA-rated corporate notes reached a record low of 2.25% in April. Longer-tenor bonds, including 10-year and 20-year notes, followed a similar downward trend. Meanwhile, Chinese corporate borrowers are capitalizing on the low borrowing costs, shifting their financing to longer duration bonds which allows them to manage costs without immediate debt repayment pressure. So far this month, a record 317.2 billion yuan (\$43.8 billion) of ultralong bonds with a tenor of at least 10 years have been sold, according to Bloomberg data.

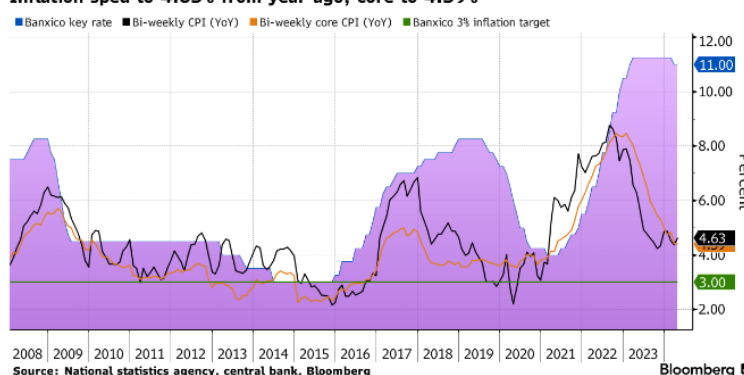
Mexico

Mexican assets stumble after hotter-than-expected inflation print.

Bi-weekly inflation for the first half of April accelerated to 4.63% y/y, from 4.37%, higher than the expected 4.51%. Core inflation continued its descent to 4.39% y/y. Stocks (-0.3%) and the peso (-0.64%) declined and Mexican government bond yields increased across the tenor following the release. The hotter-than-expected print comes after Banxico cut interest rates by 25 bp last month. Bloomberg analysts don't expect the central bank to cut rates at its next meeting in May.

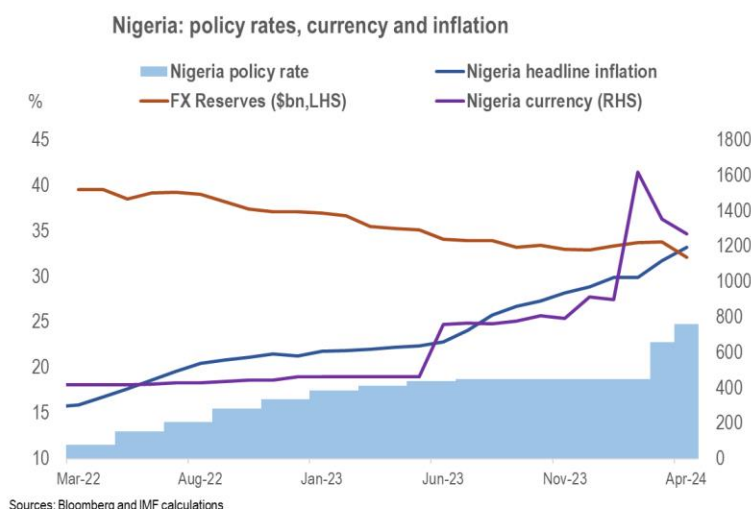
Mexico CPI Advances in Early April After Key Rate Cut

Inflation sped to 4.63% from year ago, core to 4.39%



Nigeria



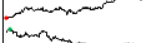


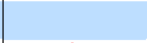



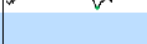






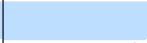

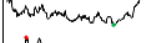





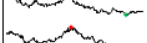
The Nigerian Naira has weakened by roughly 2.8% so far this week amid a lack of domestic dollar liquidity, according to Bloomberg. The currency is set for its worst weekly performance since it was devalued in January. Bloomberg also cites analysts who noted that the currency had also weakened by roughly 17% on the unofficial markets between Monday and Thursday this week. Deutsche Bank analysts have recently kept their forecast for the currency at year-end unchanged at 1450/\$. The analysts expect the flow picture to continue improving in the coming months with the Nigerian government expected to unlock multilateral funding and also the current account flows leaning positive. Additionally, the currency could also be supported by investments into domestic FX-denominated bonds. Nevertheless, the analysts expect that the currency would be vulnerable to higher seasonal FX demand in H2. Moreover, the analysts note that Nigeria could lack sufficient support from foreign portfolio investors, and also highlight uncertainty with regards to a potential eurobond issuance. The Naira is now roughly 43% weaker YTD.



This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Nassira Abbas (Deputy Division Chief), 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-New York Representative), Benjamin Mosk (Senior Financial Sector Expert), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Mustafa Oguz Caylan (Research Officer), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Assistant), Deepali Gautam (Senior Research Officer), Phakawa Jeasakul (IMF Resident Representative in Hong Kong SAR), Harrison Kraus (Research Assistant), Yiran Li (Research Assistant), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Natalia Novikova (IMF Resident Representative in Singapore), Sonal Patel (Senior Financial Sector Expert-London Representative), Silvia Ramirez (Senior Financial Sector Expert), Ying Xu (Economist), Dmitry Yakovlev (Senior Research Officer), and Akihiko Yokoyama (Senior Financial Sector Expert). Javier Chang (Senior Administrative Coordinator), Lauren Kao (Administrative Coordinator), and Srujana Sammeta (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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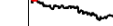


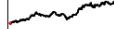





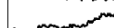

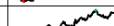











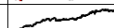





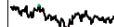

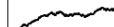



Global Financial Indicators

4/25/24 8:32 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5028	0.0	0	-4	23	5
Europe		4956	-0.7	0	-2	13	10
Japan		37628	-2.2	-1	-7	32	12
China		3530	0.2	-1	0	-11	3
Asia Ex Japan		67	0.7	3	0	4	1
Emerging Markets		41	0.3	2	-1	6	1
Interest Rates			basis points				
US 10y Yield		4.69	4.8	6	44	129	81
Germany 10y Yield		2.60	1.5	11	23	22	58
Japan 10y Yield		0.90	-0.6	3	17	42	29
UK 10y Yield		4.35	1.5	8	36	65	81
Credit Spreads			basis points				
US Investment Grade		121	-0.3	-3	2	-41	-13
US High Yield		353	-0.2	-17	6	-140	-32
Exchange Rates			%				
USD/Majors		105.66	-0.2	0	1	4	4
EUR/USD		1.07	0.0	1	-1	-2	-3
USD/JPY		155.6	0.2	1	3	16	10
EM/USD		46.4	0.3	1	0	-8	-4
Commodities			%				
Brent Crude Oil (\$/barrel)		88.5	0.5	2	3	16	15
Industrials Metals (index)		158	1.1	2	13	4	11
Agriculture (index)		60	-0.2	3	0	-11	-4
Implied Volatility			%				
VIX Index (% change in pp)		16.4	0.4	-1.6	3.2	-2.4	3.9
Global FX Volatility		7.2	0.0	-0.2	0.7	-2.0	-0.9
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		105	-2.3	-1	1	-78	2
Italy		141	0.5	-2	8	-49	-27
Portugal		66	0.3	-2	0	-17	3
Spain		81	0.9	-1	-3	-24	-16

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

Emerging Market Financial Indicators

Last updated: 4/25/2024 8:34 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
	vs. USD		(+)= EM appreciation					% p.a.						
China		7.25	0.0	-0.1	0	-4	-2		2.3	-1.0	0	-5	-82	-23
Indonesia		16188	-0.2	-0.1	-2	-8	-5		7.1	3.6	16	43	42	62
India		83	0.0	0.3	0	-2	0		7.5	-0.9	7	31	30.6	33
Philippines		58	-0.4	-1.0	-2	-4	-4		5.7	1.4	6	27	-28	7
Thailand		37	0.0	-0.7	-2	-7	-8		2.9	-0.3	3	32	30	17
Malaysia		4.78	0.0	0.2	-1	-7	-4		4.0	-0.4	1	13	22	24
Argentina		873	-0.1	-0.5	-2	-75	-7		42.7	-67.7	-54	-1562	-4720	-4370
Brazil		5.14	0.1	2.0	-3	-2	-6		11.7	-0.5	2	68	-89	127
Chile		946	0.5	2.1	3	-14	-7		5.4	-0.3	-4	28	28	49
Colombia		3939	-0.7	-0.9	-1	13	-2		8.5	0.0	-27	72	-9	85
Mexico		17.13	-0.4	-0.4	-3	5	-1		9.5	0.5	5	70	111	101
Peru		3.7	-0.6	0.4	-1	1	-1		7.3	0.0	-25	34	-11	66
Uruguay		38	0.0	0.8	-2	1	1		9.0	1.6	9	5	-115	-50
Hungary		368	0.2	0.8	0	-6	-6		6.9	1.0	-14	53	-97	117
Poland		4.04	0.3	0.9	-2	4	-3		5.4	1.5	-3	23	-6	90
Romania		4.6	0.1	0.6	-1	-3	-3		6.5	0.6	-1	15	-68	34
Russia		92.0	0.4	2.2	1	-12	-3							
South Africa		19.0	1.0	0.6	-1	-4	-4		10.2	1.5	9	53	75	108
Türkiye		32.52	0.1	0.0	-1	-40	-9		28.0	-85.0	-30	147	1587	126
US (DXY; 5y UST)		106	-0.2	-0.5	1	4	4		4.70	4.0	2	47	125	85

	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	YTD
									basis points					
China		3530	0.2	-1	0	-11	3		144	0	-6	-51	-14	
Indonesia		7155	-0.3	0	-3	4	-2		99	-3	-2	-55	3	
India		74339	0.7	3	3	23	3		102	0	-5	-56	-14	
Philippines		6575	0.0	1	-5	1	2		85	-5	-2	-43	5	
Thailand		1364	0.2	0	-1	-12	-4		0	0	0	0	0	
Malaysia		1569	-0.1	2	2	11	8		83	1	-2	-18	-2	
Argentina		1202669	-3.5	3	-1	297	29		1208	-67	-230	-1424	-705	
Brazil		124741	-0.3	0	-2	21	-7		215	-5	5	-61	0	
Chile		6363	-1.6	-1	-2	20	3		117	0	-7	-25	-8	
Colombia		1343	-0.3	2	1	12	12		298	-4	10	-107	27	
Mexico		56464	-0.3	2	0	4	-2		308	-16	-6	-81	-26	
Peru		28123	0.8	2	-5	27	8		145	-2	8	-41	1	
Hungary		66518	0.2	1	2	53	10		148	-2	-3	-85	-1	
Poland		84002	-0.2	1	5	35	7		93	0	-4	6	-4	
Romania		17057	0.6	1	2	37	11		181	-6	-5	-80	-20	
South Africa		74497	0.0	2	2	-4	-3		350	0	1	-80	42	
Türkiye		9812	0.9	3	9	101	31		285	-3	-20	-253	-29	
EM total		41	-0.2	2	-1	6	1		287	-5	-11	-140	-59	

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

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