GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, APRIL 28, 2025
LEAD EDITOR: JOHANNES S. KRAMER

- **Goldman Sachs estimates that foreigners sold US$60bn worth of US stocks since March** (link)
- **Spreads and primary market activity points at a recovery in US credit markets** (link)
- **Japanese lifers stay cautious on JGBs as timing of next BOJ hike remains uncertain** (link)
- **Coffee and cocoa futures rose sharply on supply worries, with demand staying firm** (link)
- **Chinese authorities announced new steps to support economy against trade war risks** (link)
- **National Bank of Hungary expected to deliver a rate hold at the meeting tomorrow** (link)

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Treasury Supply Plans in Focus This Week

Markets ended last week on a strong note, with the S&P 500 and Nasdaq both rising. Treasury yields fell as traders priced in a high chance of a first Fed cut in June. Early Monday, Treasury yields edged lower with a flatter curve, supported by recession concerns and month-end index extension flows. Auction supply remains is limited to bills ahead of today's Treasury borrowing estimates. In Europe, ECB officials leaned dovish. At the Spring meetings, President Lagarde warned tariffs could hurt near-term growth but may not cause lasting inflation pressures. Subsequently, more ECB governors backed a June cut, with overnight forwards pricing a 25 bp move, though some officials urged caution given global risks. In China, signs of trade pressure became visible, with cargo traffic to the US down sharply since early April. Tensions rose after China's Foreign Ministry denied President Trump's claim of a recent call with President Xi. Following Friday's Politburo meeting, authorities announced fresh stimulus focused on jobs and support for companies hit by tariffs, helping calm Chinese markets. Other political developments include Trump suggesting Ukraine and Russia are "close to a deal" and Canada's parliamentary elections today.

Key Global Financial Indicators

Last updated: 4/28/25 8:31 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		5525	0.7	5	-1	8	-6
Eurostoxx 50		5187	0.6	5	-3	4	6
Nikkei 225		35840	0.4	5	1	-7	-10
MSCI EM		43	-0.2	4	-1	6	4
Yields and Spreads					bps		
US 10y Yield		4.28	4.1	-13	3	-39	-29
Germany 10y Yield		2.51	4.3	4	-22	-6	15
EMBIG Sovereign Spread		355	-2	-12	26	13	31
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.2	0.2	0	2	-2	6
Dollar index, (+) = $ appreciation		99.5	0.0	1	-4	-6	-8
Brent Crude Oil ($/barrel)		66.8	-0.1	1	-9	-25	-10
VIX Index (%, change in pp)		25.5	0.7	-8	4	10	8

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

In the week ahead, key data in the US include Q1 GDP and March PCE inflation on Wednesday, the April ISM manufacturing index on Thursday, and the April jobs report on Friday. In the Euro Area, the release of Q1 GDP data is due on Wednesday and preliminary CPIs on Friday. In Asia, focus will be on the BoJ meeting and China's April PMIs, both on Tuesday. On the fiscal side, key releases include the US Treasury's borrowing estimates on Monday followed by the quarterly refunding announcement on Wednesday. In earnings, Amazon and Apple will report on Thursday.

Mature Markets

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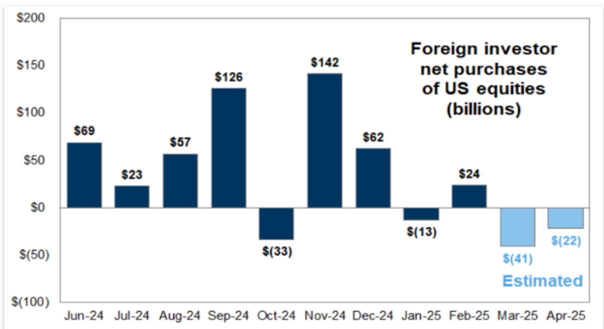
United States

Foreign investors are estimated to have sold about $60 bn of US stocks since the start of March. According to Goldman Sachs analysts, high-frequency fund flow data suggest that European investors led the selling, while buyers from other regions kept adding to US stocks. Data from the Fed show that foreign investors owned 18%, or about $17tn, of public and private US corporate equities at the start of 2025, pointing to the risk of more selling. However, Goldman Sachs analysts do not expect a sudden drop in foreign ownership, as many of the drivers of "US exceptionalism" are still in place, including strong corporate profits, long-term earnings growth, and the comparatively large size and liquidity of the US market.

Exhibit 3: We estimate moderate selling of US equities by foreign investors across March and April
as of April 24, 2025



Source: TIC, Goldman Sachs Global Investment Research

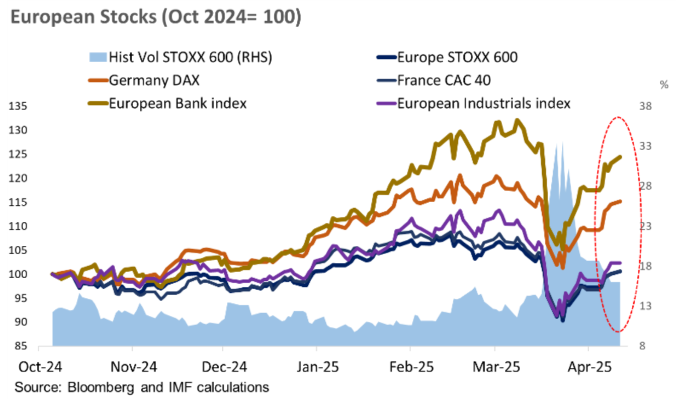
The credit market is showing signs of recovery. High-yield corporate bond spreads have narrowed by -43bps since last Monday, and investment-grade spreads by -6bps. In the primary market, American Express sold $5 bn of new debt on Monday, attracting more than $20bn in demand. By Friday, spreads on these bonds were -20bps tighter, encouraging other issuers to come to market. Analysts expect $35bn in new investment-grade bonds this week, compared with $25bn last week. Bank of America analysts say the credit market tends to stay steady during mild stagflation, with investment-grade bonds usually doing better than high-yield ones. Private credit is also picking up: Boeing announced Tuesday that it would sell parts of its digital aviation solutions business, with a $4bn loan backed by a group of private equity firms. At the same time, banks seem less active in the leveraged loan market with weaker lending demand.

Europe

European equities traded higher this morning. The Stoxx 600 index rose by 0.5%, led by information technology (+1.1%), banking (+1.0%), and consumer discretionary (+0.6%) sectors, with all major European bourses in the green.

In currency markets, the euro edged slightly lower. Against the dollar, the euro fractionally depreciated (-0.1%) to $1.1347/€. European government bond yields rose, with 2-year Bund yields rising (+2bps) to 1.74% and 10-year Bunds climbing (+5bps) to 2.51%, continuing a bear-steepening trend while sovereign spreads remained flat. According to the ECB's monthly bulletin published today, staff projections from March forecast inflation averaging 2.3% in 2025 before easing to 1.9% in 2026 and 2.0% in 2027, supported by post-Covid fiscal spending. Without this extra expenditure, inflation would have stayed below target in all three years.

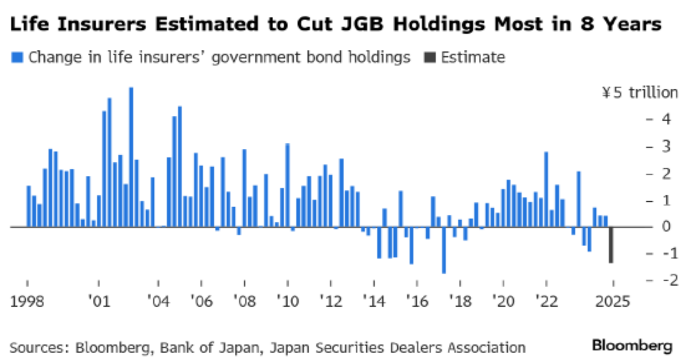
Ahead of this week's Q1 2025 earnings releases, the European banking sector continues to outperform the broader market. Consolidation momentum picked up in Italy, with Mediobanca announcing a surprise €6.3bn offer for Banca Generali, the wealth management arm of Assicurazioni Generali. Market contacts see the move as a potential defense against the takeover bid for Mediobanca launched by Monte dei Paschi di Siena (MPS).



Separately, the ECB published a blog on Friday offering an early assessment of its new operational framework. The blog noted that about 20% of euro area banks already have reserve holdings near their preferred targets, while another 40%—with still-abundant reserves—are starting to face liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) constraints.

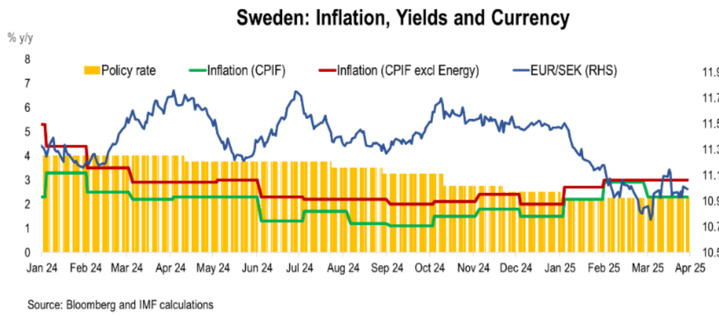
Japan

Life insurers are re-evaluating their allocations to Japanese government bonds as the timing of the next Bank of Japan rate hike remains uncertain. Nine life insurers shared their investment plans for the new fiscal year starting April 1. Of these, only four indicated plans to increase their allocations to yen-denominated bonds. According to Bloomberg, the biggest insurers are mostly rolling over maturing Japanese government bonds (JGBs), while others, including Nippon Life, Meiji Yasuda, and Japan Post, flagged plans to cut holdings. JGB selling had already picked up before April. Data from the Japan Securities Dealers Association and Bloomberg show that life insurers cut their JGB holdings by ¥1.35tn ($9.4bn) in the three months through March, the third-largest drop on record and the biggest since 2017. While gains from a stronger yen and higher domestic yields have helped, many investors are waiting for calmer markets and a clearer view of the Bank of Japan's (BOJ) rate path before making new investment decisions. The 10-year JGB yield, now at 1.31%, is little changed over the past week but remains about 20 bps higher than at the start of the year. Meanwhile, BOJ watchers are less certain about the timing of the next rate hike. The share expecting a hike in September fell from 89% to 45% in a recent Bloomberg survey. The yen is little changed today, trading at ¥144.67/$.



Sweden

A weakening outlook fuels survey expectations for further Riksbank cuts. March producer prices fell to 0.3% y/y (from 3.4%), while today's Bloomberg survey shows the median market participant expecting one more Riksbank cut this year, taking the policy rate to 2.0%. Meanwhile, a 25bps cut by August remains firmly priced in overnight forwards. The krona gained slightly against the euro, trading at SEK10.97/€, as market pricing for ECB rate cuts turned marginally more dovish compared to the Riksbank.



Emerging Markets back to top

EMEA equities rose while currencies remained broadly steady. Equity markets in CEE were higher, with Poland outperforming (+0.7%), while CEE currencies were little changed against the euro. The South African rand advanced against the dollar (+0.2%) to 18.66/$, while the Turkish lira remained at 38.44/$ after S&P affirmed Türkiye's foreign currency credit rating at BB- with a stable outlook.

Asian shares and currencies were mostly stable. Investors await progress in US trade talks and more details on China's next stimulus steps. Japan's stock markets stood out (Topix: +0.9%), extending gains since the second week of April. At its current level, it has erased all losses from April 2, when new US tariffs were announced. Progress in Asia-Pacific trade talks and a slightly weaker yen helped boost risk appetite.

Latin American assets performed mixed last Friday. Stocks gained in Mexico (+0.6%) and Colombia (+0.4%), while Peru's equity market declined by 0.7%. Currencies appreciated in Mexico (+0.4%) and Colombia (+1.2%) against the US dollar.

Emerging Market Bond and Equity Flows

Flows into emerging markets improved slightly last week. Bond and non-ETF equity funds kept seeing outflows, but equity ETFs turned positive, helped by inflows into Asia ex-Japan and Latin America. Emerging markets bond fund outflows eased (-$313mn, from -$3.4bn). Hard currency bond funds saw smaller outflows (-$263mn, from -$2.7bn), as did local currency bond funds (-$50mn, from -$712mn). Bond ETF outflows fell (-$196mn, from -$938mn), while non-ETF outflows dropped sharply (-$117mn, from -$2.4bn). Emerging markets equity funds posted inflows (+$1.0bn, from -$6.3bn). Equity ETFs saw inflows (+$1.5bn, from -$5.3bn), while non-ETFs had smaller outflows (-$441mn, from -$1.0bn). Across regional equity funds, Asia ex-Japan saw inflows (+$758mn), followed by Latin America (+$169mn) and EMEA (+$66mn). Year-to-date, bond funds have seen -$11.6bn of outflows, and equity funds -$18.1bn.

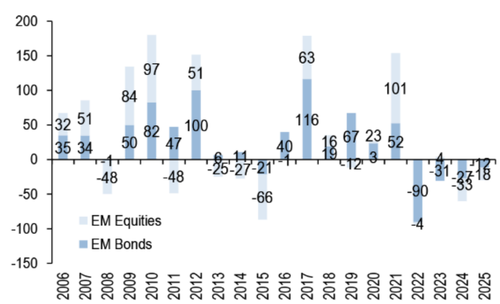
Figure 1: Weekly cross-asset flows

USD billion

	Asset	8w flows (8w ago → current)	This wk	YTD
Fund Flows	**EM Bonds and Equities**		0.7	-29.7
	EM Bonds		-0.3	-11.6
	Hard Ccy		-0.3	-10.5
	Local Ccy^		-0.1	-1.1
	o.w. EM ex-China		0.0	-2.6
	o.w. China		0.0	-0.6
	EM Equities		1.0	-18.1
	US HG		-6.8	29.6
	US HY		-1.2	-3.3
	Global Equities		-3.2	23.4
	EM Bond and Equity ETFs		1.3	-1.5
	EM Bond ETFs		-0.2	-5.2
	EM Equity ETFs		1.5	3.7
	Non-resident EM flows*		1.5	-59.5

Figure 2: EM bond and equity fund flows

USD billion

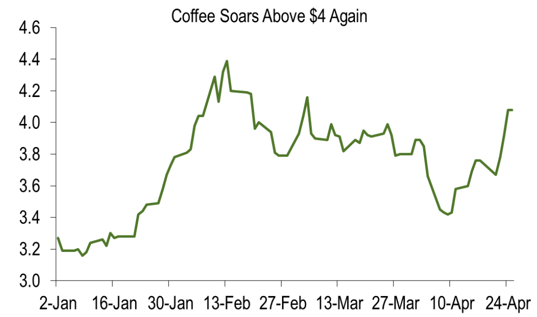


*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.

Source for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

Brazil

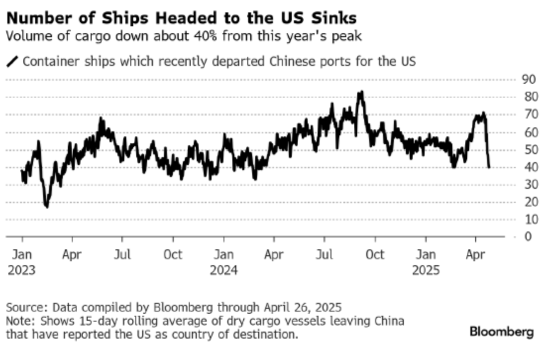
Last week, coffee and cocoa futures rose sharply on supply worries, with demand staying firm. Because of low rainfall during crop growth, Hedgepoint Global Markets cut their forecast for Brazil's 2025-26 arabica crop to 39.6mn bags, down -8.4% from last season. Central America is also facing problems at ports and with shipping space. Arabica coffee futures climbed last Friday (+2.9%) to $4.11/pound. Cocoa futures also had their biggest weekly gain (+14%) since mid-December. Despite earlier worries that new US tariffs could hurt sales, demand stayed strong, shown by Nestlé reporting higher sales after raising prices.



Source: Bloomberg and IMF staff

China

Early signs of strain from trade tensions are starting to show. By Bloomberg's estimate, the number of cargo ships from China to the US has dropped by -40% since early April. Despite growing concerns around exports, Chinese markets stayed calm. The CSI 300 index erased earlier losses to finish little changed, the yield on the 10-year CGB held steady at 1.65%, and the RMB softened slightly (-0.15%) both onshore and offshore.

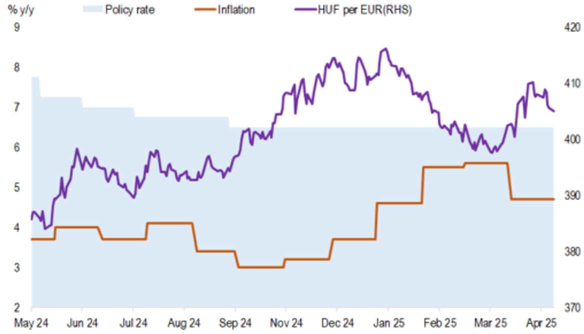


Chinese authorities announced new steps on Monday to support the economy against trade war risks. After Friday's Politburo meeting, deputy head of the National Development and Reform Commission Chenxin stated at a press conference that the government will roll out measures to boost jobs. These include expanding public works programs, improving public employment services, helping companies keep workers, and strengthening vocational training programs. Officials also plan to speed up earlier policies aimed at boosting consumption, including the launch of a venture capital fund, with full effects expected in Q2. Fiscal support and easier funding will target companies hit by US tariffs.

Hungary

Consensus expects the National Bank of Hungary to maintain a rate hold at tomorrow's meeting. Market participants expect the central bank to keep its policy rate at 6.5% following last month's hold and hawkish guidance. Policymakers have stressed that tight monetary conditions remain warranted given global uncertainty, elevated inflation expectations, and the need to safeguard financial stability. Deutsche Bank analysts project -100bps of easing this year, taking the base rate to 5.5% by year-end, with further cuts in early 2026 and a terminal rate near 5%. However, they note that among CEE peers, Hungary remains the most exposed to global trade shocks, making further FX weakness an upside risk to rates, while sharper-than-expected growth weakness could become a downside risk. In early morning trading, the forint remained flat at 405.01/€.

Hungary: Policy rate, Inflation and Currency

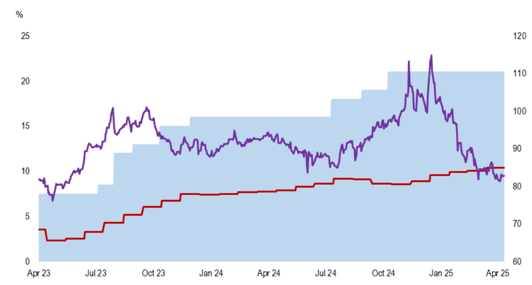


Source: Bloomberg and IMF calculations

Russia

As expected, the Central Bank of Russia kept its policy rate unchanged. On Friday, the Central Bank of Russia (CBR) held the policy rate unchanged at 21%. Policymakers acknowledged slowing inflation momentum but flagged uncertainty about its durability. JP Morgan analysts expect the CBR to begin easing in June with a -100bp cut but highlights that the updated forecasts and risk assessments remain broadly pro-inflationary, posing upside risks to their view. Inflation data and business surveys in the coming weeks will be key in shaping market expectations for easing. By end-2025, the analysts expect CBR to bring the policy rate to 15% while cautioning that the central bank could keep rates restrictive through the July meeting if inflation risks persist.

Russia: Inflation and currency



Source: Bloomberg and IMF calculations

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.

Global Financial Indicators

4/28/25 8:34 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		5,523	0.7	7.1	-1.0	8.3	-6
Europe		5,187	0.6	5.1	-2.7	3.6	6
Japan		35,840	0.4	4.6	0.6	-6.7	-10
China		3,782	-0.1	-0.1	-3.4	4.4	-4
Asia Ex Japan		73	-0.3	3.6	-1.4	7.0	1
Emerging Markets		43	-0.2	3.6	-0.7	5.5	4
Interest Rates					basis points		
US 10y Yield		4.3	4	-13	3	-39	-29
Germany 10y Yield		2.5	4	4	-22	-6	15
Japan 10y Yield		1.3	-2	3	-22	43	22
UK 10y Yield		4.5	3	-5	-18	19	-6
Credit Spreads					basis points		
US Investment Grade		145	-1	-15	14	27	25
US High Yield		412	-3	-49	28	64	84
Exchange Rates					%		
USD/Majors		99.5	0.0	1.3	-4.4	-6.1	-8
EUR/USD		1.14	0.0	-1.3	5.0	6.0	10
USD/JPY		143.2	-0.3	1.6	-4.5	-8.4	-9
EM/USD		45.2	0.2	0.5	1.5	-2.4	6
Commodities					%		
Brent Crude Oil ($/barrel)		66.8	-0.1	0.8	-8.2	-17.5	-9
Industrials Metals (index)		144.7	0.4	2.3	-5.4	-8.0	3
Agriculture (index)		58.5	-1.1	0.5	1.7	-2.3	3
Gold ($/ounce)		3300.7	-0.6	-3.6	7.0	41.3	26
Bitcoin ($/coin)		95299.3	1.1	1.7	13.8	49.7	2
Implied Volatility					%		
VIX Index (%, change in pp)		25.5	0.7	-8.3	3.9	10.5	8.2
Global FX Volatility		9.4	0.0	-0.8	1.2	2.0	0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		84	0	-7	1	-18	-2
Italy		111	0	-7	-1	-24	-5
France		72	0	-5	2	23	-11
Spain		66	0	-4	2	-13	-4

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

Emerging Market Financial Indicators

Last updated: 4/28/2025 8:37 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		7.30	-0.1	-0.1	-0.5	-0.9	0.0		1.7	-1	2	-16	-53	5
Indonesia		16855	-0.1	-0.3	-1.8	-3.6	-4.5		6.8	-4	-10	-27	-22	-18
India		85	0.5	0.1	0.5	-1.8	0.7		6.7	2	13	-14	-82	-62
Philippines		56	-0.3	0.3	1.7	2.2	2.5		5.0	3	-1	-16	-76	14
Thailand		34	-0.3	-1.7	0.9	10.0	1.3		2.0	-2	1	-17	-85	-34
Malaysia		4.36	0.2	0.1	1.7	9.2	2.5		3.7	0	1	-11	-34	-15
Argentina		1169	0.6	-2.6	-8.4	-25.2	-11.8		32.8	-67	-208	-297	-768	365
Brazil		5.69	-0.1	2.1	1.3	-10.0	8.6		14.2	9	-32	-96	299	-173
Chile		933	0.2	3.1	2.0	1.0	6.7		5.5	1	3	-13	-48	-17
Colombia		4218	1.2	2.1	-2.6	-6.2	4.5		11.9	2	-28	-3	114	5
Mexico		19.50	0.0	1.2	4.5	-12.8	6.8		9.3	-4	-14	-18	-78	-104
Peru		3.7	0.1	1.6	-1.0	2.3	1.9		6.6	0	-2	-6	-74	1
Uruguay		42	-0.3	0.7	0.3	-8.4	4.6		9.6	-1	0	13	58	-1
Hungary		356	0.1	-0.7	4.2	2.4	11.5		6.6	-5	-18	-28	-62	15
Poland		3.77	-0.2	-1.5	2.6	6.9	9.7		4.8	-3	2	-66	-79	-78
Romania		4.4	0.0	-1.4	4.9	6.0	9.7		7.3	1	1	1	68	2
Russia		82.4	0.2	-1.4	3.1	13.2	37.7							
South Africa		18.6	0.6	0.8	-0.9	0.1	1.3		10.9	0	-22	-2	-142	37
Türkiye		38.44	0.0	-0.6	-1.2	-15.4	-8.0		34.9	26	-13	236	505	521
US (DXY; 5y UST)		99	0.0	1.2	-4.4	-6.1	-8.3		3.90	4	-8	-8	-79	-49

	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		3,782	-0.1	-0.1	-3.4	4.4	-3.9		124	0	19	-18	28
Indonesia		6,723	0.7	4.3	3.3	-6.0	-5.0		121	-10	1	22	30
India		80,218	1.3	1.0	3.6	7.4	2.7		126	-5	19	25	40
Philippines		6,250	-0.3	1.8	1.7	-7.7	-4.3		98	-7	3	13	19
Thailand		1,160	0.0	2.2	-1.4	-14.9	-17.2						
Malaysia		1,522	0.8	1.5	0.5	-3.9	-7.4		93	-5	11	9	23
Argentina		2,225,243	-0.3	2.2	-6.4	73.9	-12.2		692	-40	-69	-544	55
Brazil		134,739	0.1	5.0	2.2	6.5	12.0		226	-20	-1	11	-21
Chile		7,992	-0.1	3.1	3.9	25.0	19.1		131	-5	9	12	18
Colombia		1,642	0.4	1.4	2.4	20.1	19.0		377	-13	44	76	51
Mexico		56,720	0.6	7.0	6.7	-1.9	14.6		333	-11	28	24	21
Peru		30,130	-0.7	1.7	0.0	4.2	4.0		147	-7	5	1	6
Hungary		92,812	-0.2	6.6	1.5	38.4	17.0		181	-4	24	32	26
Poland		100,646	0.5	5.8	2.9	19.2	26.5		116	4	6	23	4
Romania		17,384	-0.3	1.8	-1.1	2.3	4.0		279	1	34	95	44
South Africa		90,720	0.0	1.1	1.3	18.7	7.9		347	-18	38	-3	54
Türkiye		9,372	-0.6	0.6	-3.0	-5.5	-4.7		339	13	38	58	80
EM total		43	0.7	3.6	-0.7	5.5	3.9		389	-11	15	101	25

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

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