GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, DECEMBER 11, 2025

LEAD EDITOR: ESTI KEMP

- **Equities gain and front-end Treasury yields ease after Fed decision** (link)
- **S&P 500 executives pivot to AI amid ongoing macroeconomic concerns** (link)
- **JGB yields decline across the curve after a strong 20-year bond sale** (link)
- **Swiss Franc steady as Switzerland keeps rate unchanged as expected** (link)
- **Yuan strengthens to a one-year high after strong RMB fixing** (link)

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Post-Fed rally stalls amid renewed AI concerns

AI concerns weighed on markets this morning, tempering the positive reaction to yesterday's Fed rate cut. Yesterday equities gained and Treasury yields eased after the FOMC delivered a 25 bps reduction that was interpreted as less hawkish than expected, with 2-year Treasury yields ending the day sharply lower and the S&P 500 closing just shy of a record high. However, US equity futures turned lower this morning after Oracle's shares fell more than 10% in pre-market trading following softer cloud revenues and an increase in 2026 capital-spending guidance. In Japan, JGB yields declined across the curve after a 20-year auction drew the strongest demand since 2020 in the final long-maturity sale of the year. Elsewhere on the central bank front, policy decisions were broadly in line with expectations: key rates were left unchanged in Canada, Switzerland, Brazil, Serbia and Ukraine, while Türkiye surprised some market participants with a 150 bps rate cut.

Key Global Financial Indicators

Last updated: 12/11/25 8:15 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6887	0.7	1	1	13	17
Eurostoxx 50		5739	0.5	0	0	16	17
Nikkei 225		50149	-0.9	-2	-2	26	26
MSCI EM		55	1.1	1	-1	25	32
Yields and Spreads					bps		
US 10y Yield		4.13	-1.6	3	2	-14	-44
Germany 10y Yield		2.85	0.0	8	19	72	48
EMBIG Sovereign Spread		263	2	0	-4	-62	-62
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.3	0.1	-1	0	6	8
Dollar index, (+) = $ appreciation		98.5	-0.3	-1	-1	-8	-9
Brent Crude Oil ($/barrel)		61.5	-1.2	-3	-6	-16	-18
VIX Index (%, change in pp)		15.8	0.1	0	-1	2	-2

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

Mature Markets

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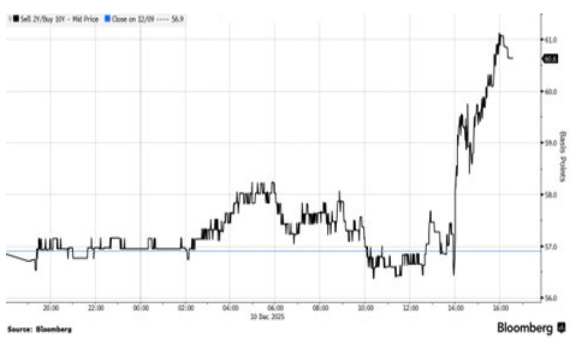
United States

Data released this morning showed jobless claims increasing above expectations (236k vs expected 220k) after a drop during the shortened Thanksgiving week—from revised 192k—likely distorted by holiday effects. However, continuing claims were 100k below expectations (1838k vs expected 1938k), slowing from 1937k. The USD, which was already below 0.5% after yesterday's close, wavered.

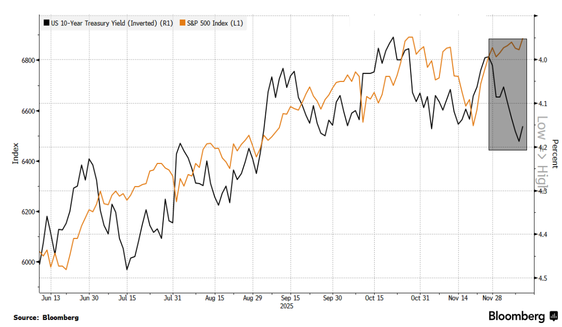
	Consensus	Actual	Prior	Revised
Initial Claims (Dec. 6)	220k	236k	191k	192k
Continuing claims	1938k	1838k	1939k	1937k

Equities gain and Treasury yields ease after the Federal Reserve lowered the funds rate by 25 bps to 3.5%–3.75%, as widely anticipated. Policymakers were divided, with regional Fed presidents Schmid and Goolsbee favoring no change, while Governor Miran advocated a deeper cut. The latest Summary of Economic Projections (SEP) now projects 2026 real GDP growth of 2.3% (vs. 1.8% in September), while PCE inflation was revised lower to 2.4% and unemployment is projected to remain steady at 4.4%. Following the decision, UST yields fell 2–7 bps with larger moves at the front-end, resulting in the 2s10s curve steepening to its highest level since September (left panel), while the S&P 500 (+0.7%) closed near a record high as the stock-bond correlation weakened (right panel). **The Fed also announced that it will restart reserve-management purchases of Treasury bills to support liquidity and money-market functioning**, a move that likely contributed to the rally in the front end of the UST curve. Despite the broadly dovish reaction—reflecting concerns over labor-market risks—markets saw some volatility after Chair Powell's press conference. Powell said recent easing leaves the Fed "well-positioned to wait," while stressing the temporary nature of the impact of tariffs on inflation. The median FOMC projection signals just one cut in 2026, while markets continue to price in two additional cuts. The dollar closed 0.4% weaker.

2s10s yield curve

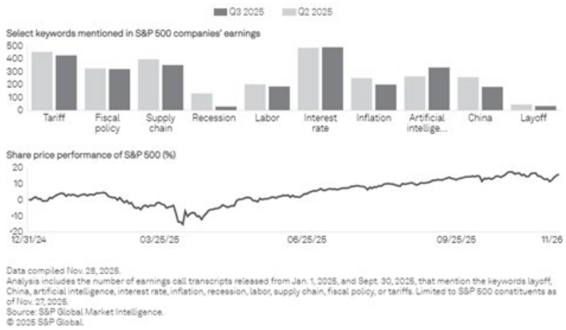


Stock-bond co-movement

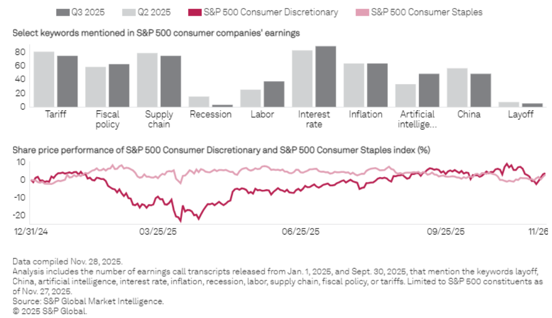


S&P 500 executives pivot to AI amid ongoing macroeconomic concerns. Mentions of "AI" in third-quarter earnings calls rose about 26% (left panel)—appearing in seven of the eight sectors analyzed—according to S&P Global Market Intelligence, underscoring the technology's growing prominence across corporate discussions. In contrast, mentions of "recession" fell nearly 80%, while references to layoffs and inflation declined 27% and 20%, respectively; tariff mentions slipped 6%. Interest-rate references also edged higher, rising to 488 from 484 amid the Fed's rate-cutting cycle. Despite fewer recession comments, market contacts noted persistent concerns around living costs, affordability, and job security heading into year-end. Consumer-sector calls (right panel) showed minimal recession mentions, though inflation references held steady and tariff-related pressures continued to feature.

Keywords comparative analysis by sectors: S&P 500

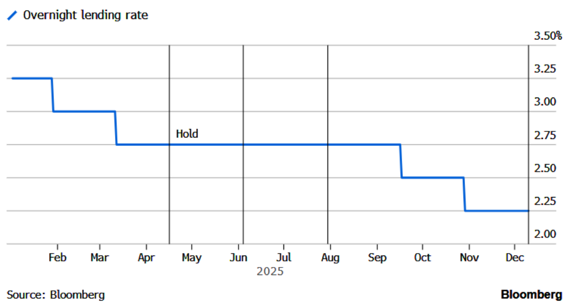


Keywords comparative analysis by sectors: Consumer



Bank of Canada keeps policy rate unchanged at 2.25%, as expected. The Bank of Canada (BoC) held rates steady, with Governor Macklem noting the economy is "proving resilient overall," supported by firmer GDP and recent labor-market gains. Policymakers also pointed to lingering economic slack that is helping keep inflation near the 2% target. The BoC reiterated it stands ready to respond if conditions shift but for now sees rates at "about the right level" amid trade-related headwinds and elevated uncertainty. CORRA futures rallied modestly, reinforcing expectations that the policy rate will stay on hold until mid-2026. The Canadian dollar dipped initially but closed 0.4% stronger against the USD following the Fed's decision.

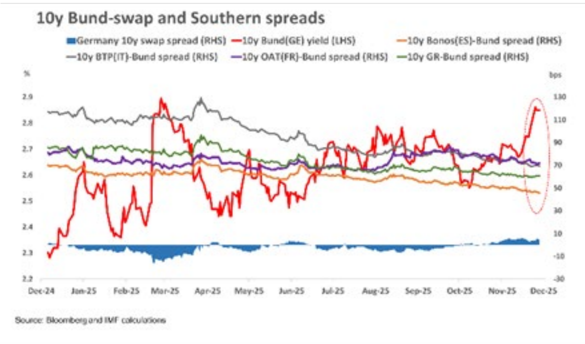
Bank of Canada Policy Rate

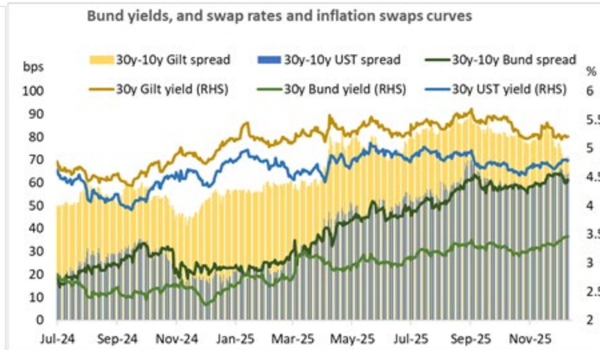


Euro Area

European equities returned to trade in the green this morning, with risk sentiment revived after yesterday's rate cut by the Fed. The Stoxx 600 index was up by 0.2%, led by gains in the materials (0.6%) and industrials (0.5%) sectors, while tech stocks remained under pressure (-0.8%) on disappointing results from Oracle. All European bourses advanced save for Germany where the DAX index was flat. The euro was trading around $1.17/€ this morning, holding only yesterday's gains after the FOMC meeting and after the ECB President Lagarde hinted at a more optimistic Eurozone growth in 2025.

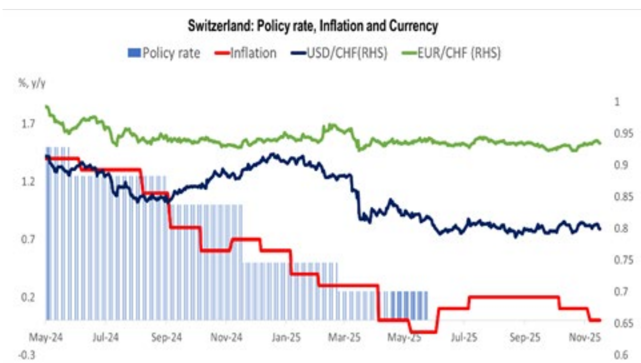
European government bond (EGB) front-end yields marginally lower. This morning the Bund curve twist-steepened slightly as ultra long yields continued to edge fractionally higher, with the 2-year and 5-year Bund yields down by about -1bp to 2.16% and 2.46% respectively, the 10-year little changed at 2.85% and the 30-year 1bp higher at 3.46%. French OATs slightly underperformed other EGBs, with the 10y OAT-Bund spread little changed at 72 bps. Bloomberg analysts note that the current spread reflects expectations for at least limited fiscal consolidation in 2026—targeting a deficit of 5% of GDP, down from 5.8% in 2024—but cautioned that political fragmentation keeps French bonds vulnerable to renewed volatility. The analysts see the narrow passage of the social-security bill as underscoring the government's fragile position, and note that reliance on special laws to roll over 2025 taxation and spending remains possible if no agreement on the 2026 budget is reached next week.

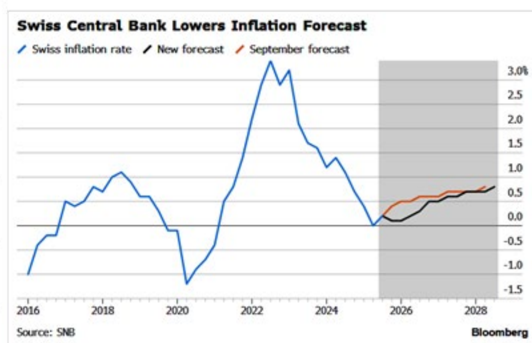




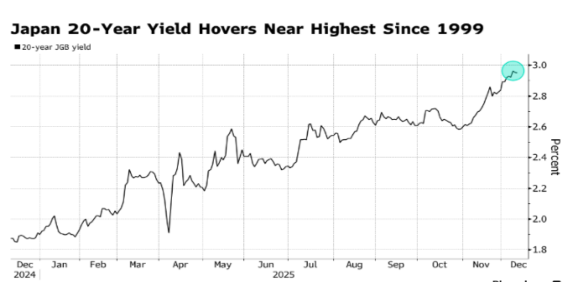
Switzerland

The central bank of Switzerland (SNB) kept its policy rate unchanged at 0%, in line with expectations. SNB President Schlegel said that inflation in recent months has been "slightly lower than expected." November CPI was flat on a yearly basis, with momentum at -0.2% m/m. The SNB revised its inflation forecasts down to 0.3% next year and 0.6% in 2027, from 0.5% and 0.7% previously. The Swiss franc strengthened roughly 0.2% against the euro and the dollar, and is now about 14% stronger against the dollar YTD. Analysts at Bloomberg expect possible targeted FX interventions in coming months, especially if the franc fails to depreciate materially. The analysts also noted that a more hawkish ECB could alleviate pressure on the franc, although this is not yet reflected in FX forwards. ING analysts expect the SNB to continue to hold rates despite weak Swiss GDP performance in 3Q (-0.5% q/q, +0.5% y/y) and also cite progress towards a ceasefire in Ukraine as another factor that could alleviate pressure on the franc.





Japan



JGB yields declined across the curve after the 20y bond auction drew the strongest demand since 2020, according to Bloomberg. Benchmark yields fell across the curve (1-year -3bps to 0.81%; 10-year -3bps to 1.93%; 20-year: -3bps to 2.92%; 30y: -1bps to 3.39%). The bid-to-cover ratio rose to 4.1 (vs. 3.28 previously), and the tail was the narrowest since 2023, signaling firm demand. Nomura emerged as the largest buyer, and strategists from SMBC Nikko cited historically high yields, expectations of reduced issuance next fiscal year, and lower US yields as key drivers for strong demand. This was the Ministry of Finance's final long-maturity sale of the year, following robust demand for 30-year bonds last week. Japanese equities declined (Nikkei 225: -0.9%) following renewed AI caution after Oracle's earnings, with SoftBank Group sharply lower (-7.7%). Regulators' efforts to curb cross-shareholdings have driven a record ¥1.3 tn ($8.3 bn) in block trades this year, the most since 2002, according to Bloomberg. The yen held steady around ¥156 per dollar, but fell to a record low against the yuan (about ¥22.1 per yuan), close to levels last seen in 1992.

Emerging Markets

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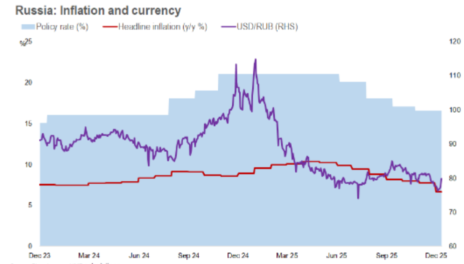
EMEA equities and currencies were trading mixed. Equities were mostly higher in CEE, with Hungary (+0.7%) outperforming, led by gains in the financial sector, while the forint was trading weaker (-0.4%) against the euro at 384.18/ €, reversing earlier gains. The Turkish lira was broadly steady against the dollar, trading at 42.61/$ after the central bank of Türkiye cut its policy rate by 150bps to 38.0%, at the top end of consensus estimates. Meanwhile, in Serbia the central bank held rates unchanged at 5.75% and the Central Bank of Ukraine left rates unchanged at 15.5%. **EM Asian stocks were mixed while currencies were mostly steady**. Equities were lower in China (CSI 300: -0.9%) and Indonesia (JCI: -0.9%), while those in India (SENSEX: +0.5%) and Malaysia (FTSE: +0.9%) gained. EM Asian currencies were mostly steady against the dollar, but the Indian rupee weakened (-0.5%), pressured by portfolio outflows and trade concerns. **Latin American currencies were mostly stronger while equity markets were mixed.** Most currencies in the region appreciated against the US dollar, while the Brazilian real closed weaker (-0.6%).

China

Yuan strengthens to a one-year high after the PBOC strengthened the fixing by the most since September. The yuan appreciated +0.1% to 7.0581/$ after the PBOC set the fixing at 7.0686/$, the largest upward adjustment since September. ANZ analysts noted that fixing beyond 7.07/$ signals comfort with further appreciation, though the use of the counter-cyclical factor—setting the fix weaker than estimates—suggests policymakers still wish to manage the pace. The broad REER remains at its weakest since 2012. Goldman Sachs analysts estimate that the yuan is roughly 25% undervalued on a trade-weighted, price-adjusted basis, with appreciation expected to exceed what forward markets imply for 2026. Separately, Securities Times reported a surge in FX hedging among A-share firms with overseas exposure, with more than 30 companies announcing plans in December to protect margins against currency volatility.

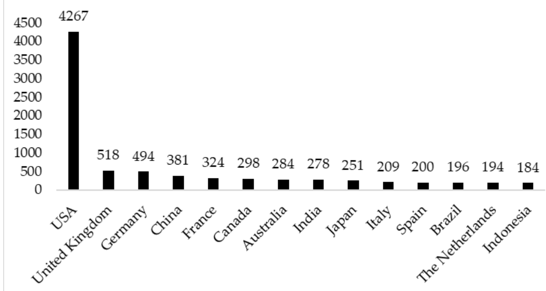
Russia

Headline inflation eases by more than expected in November, driven by lower food prices. Data released yesterday showed headline inflation slowed to 6.6% y/y in November, below consensus expectations of 6.8% y/y and down from 7.8% y/y in October. Goldman Sachs analysts note that the decline was largely driven by food prices which fell from 9.1%y/y to 7.4%y/y in November. Despite the fall in inflation, the analysts do not expect the Central Bank of Russia (CBR) to accelerate its easing cycle and continue to forecast a 50 bps rate cut at next Friday's policy meeting, which would bring the key rate to 16.0%. The analysts also noted that tight labor market conditions, alongside elevated inflation expectations will lead the CBR to adopt a cautious approach to monetary policy easing.



Brazil

Omnia secures approval to take control of the data center hosting TikTok. Omnia, a data-center operator owned by Patria Investimentos, received approval from Brazil's antitrust regulator to purchase a stake in Casa dos Ventos' data center, which will host TikTok in Brazil. The project involves an investment of R$200 billion (US$37 billion), funded jointly by Omnia, Casa dos Ventos, and the client. Brazil continues to attract significant data-center investment, supported by abundant renewable energy, a highly interconnected national grid, and strong fiber-optic infrastructure. According to Data Center Map, the country hosts 196 data centers, ranking among the world's top 20. Separately, **the Central Bank of Brazil also kept its policy rate unchanged at 15% on Wednesday, as expected,** citing inflation expectations that remain above the 3% target through 2028.



Source: Data Center Map

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), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector Expert), 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 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), Silvia Ramirez (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). Jeremie Benzaken (Administrative Coordinator), Javier Chang (Senior Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

Global Financial Indicators

	Level		Change				
12/11/25 8:16 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,867	0.7	0.1	0.3	12.9	17
Europe		5,740	0.6	0.4	0.2	15.7	17
Japan		50,149	-0.9	-1.7	-1.8	25.8	26
China		4,552	-0.9	0.1	-2.0	13.0	16
Asia Ex Japan		94	1.0	1.4	-1.3	24.1	30
Emerging Markets		55	1.1	1.5	-0.8	24.7	32
Interest Rates					basis points		
US 10y Yield		4.1	-2	3	2	-14	-44
Germany 10y Yield		2.9	0	8	19	72	48
Japan 10y Yield		1.9	-3	-1	24	85	83
UK 10y Yield		4.5	-2	5	10	17	-8
Credit Spreads					basis points		
US Investment Grade		110	0	-3	-7	-6	-10
US High Yield		342	1	0	-2	37	14
Exchange Rates					%		
USD/Majors		98.5	-0.3	-0.5	-1.0	-7.7	-9
EUR/USD		1.17	0.2	0.6	1.1	11.6	13
USD/JPY		155.6	-0.3	0.3	0.9	2.0	-1
EM/USD		46.3	0.1	-0.6	0.3	5.6	8
Commodities					%		
Brent Crude Oil ($/barrel)		61.5	-1.1	-2.8	-5.2	-13.1	-14
Industrials Metals (index)		156.2	1.0	0.1	1.9	6.8	11
Agriculture (index)		55.5	0.4	-1.3	-2.1	-3.3	-3
Gold ($/ounce)		4210.1	-0.4	0.1	2.0	54.9	60
Bitcoin ($/coin)		90021.7	-2.6	0.6	-12.3	-11.4	-4
Implied Volatility					%		
VIX Index (%, change in pp)		15.8	0.1	0.0	-1.5	2.2	-1.5
Global FX Volatility		6.7	0.0	0.0	-0.2	-1.9	-2.5
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		61	0	1	-1	-17	-24
Italy		69	-1	-1	-5	-37	-46
France		72	0	-4	-5	-5	-11
Spain		45	-1	-2	-5	-18	-24

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

Emerging Market Financial Indicators

12/11/2025 8:19 AM	Exchange Rates: Level		Change (in %)					Local Currency Bond Yields (GBI EM): 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		7.06	0.1	0.2	0.8	2.9	3.4		1.9	-1	0	6	8	22
Indonesia		16675	0.1	-0.1	0.1	-4.6	-3.4		6.1	-1	-1	8	-86	-91
India		90	-0.4	-0.4	-2.0	-6.1	-5.3		7.3	0	14	39	27	-4
Philippines		59	0.4	0.1	0.0	-1.2	-2.0		4.6	0	0	1	-32	-23
Thailand		32	0.2	0.9	2.0	6.7	7.4		1.8	0	3	-8	-53	-53
Malaysia		4.11	0.2	0.1	0.8	7.9	8.9		3.5	-1	6		-25	-27
Argentina		1438	0.0	0.6	-1.7	-29.3	-28.3		30.6	-29	41	50	13	144
Brazil		5.43	0.7	-2.2	-3.0	9.8	13.7		13.6	8	52	2	-82	-229
Chile		919	0.5	-0.1	1.7	6.2	8.3		5.3	1	2	-7	-4	-41
Colombia		3818	0.6	-0.5	-2.1	13.8	15.4		12.5	25	25	86	154	71
Mexico		18.17	0.0	0.4	0.8	10.8	14.6		9.0	2	30	14	-95	-133
Peru		3.4	-0.3	-0.3	-0.2	10.0	10.9		5.8	0	-2		-69	-79
Uruguay		39	0.0	-0.4	1.4	13.3	12.1		7.7	-9	-10	-12	-187	-197
Hungary		328	-0.2	0.4	1.5	19.2	21.3		6.7	3	5	12	53	23
Poland		3.61	0.1	0.8	1.2	12.8	14.5		4.7	4	9	-8	-68	-90
Romania		4.3	0.2	0.6	1.0	8.9	10.6		6.8	-1	-3	-2	-12	-45
Russia		79.4	-1.4	-4.0	2.0	33.1	42.9							
South Africa		16.9	0.0	0.4	1.3	4.5	11.3		8.9	1	17	-26	-146	-158
Türkiye		42.62	0.0	-0.4	-0.9	-18.2	-17.0		31.0	12	24	-153	27	132
US (DXY; 5y UST)		98	-0.3	-0.5	-1.0	-7.7	-9.2		3.71	-2	4	0	-42	-67

	Equity Markets: Level		Change (in %)					Bond Spreads on USD Debt (EMBIG): 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		4,552	-0.9	0.1	-2.0	13.0	15.7		75	-3	-15	-24	-21
Indonesia		8,620	-0.9	-0.2	2.8	16.6	21.8		90	-4	3	-5	-1
India		84,818	0.5	-0.5	0.4	4.3	8.5		92	-2	3	7	6
Philippines		5,990	0.5	1.4	4.8	-9.8	-8.3		79	-2	6	-5	0
Thailand		1,254	-1.3	-1.9	-2.4	-12.9	-10.5						
Malaysia		1,625	0.9	0.3	-0.4	1.5	-1.0		59	-2	0	-13	-11
Argentina		3,013,647	0.9	-3.7	1.9	31.5	18.9		632	-15	25	-108	-5
Brazil		158,920	0.7	-3.4	0.7	22.6	32.1		205	5	8	-16	-42
Chile		10,201	-0.1	0.2	5.1	51.5	52.0		93	-3	-7	-22	-20
Colombia		2,120	-0.2	0.7	1.8	53.2	53.6		288	17	43	-32	-38
Mexico		63,409	-0.4	-0.3	-1.4	23.6	28.1		224	9	9	-80	-88
Peru		2,538	1.7	7.7	8.1	36.2	49.8		99	2	-2	-36	-42
Hungary		109,543	0.9	0.1	2.2	36.0	38.1		143	-1	12	-5	-12
Poland		113,229	0.8	2.9	0.5	37.5	42.3		89	-5	1	-19	-23
Romania		23,884	-0.1	1.5	3.4	37.3	42.8		192	1	0	-20	-43
South Africa		111,704	0.6	0.7	0.5	28.2	32.8		226	0	-14	-53	-67
Türkiye		11,239	0.4	2.9	6.3	11.7	14.3		246	1	-9	-11	-13
EM total		55	-0.8	1.5	-0.8	24.7	31.9		277	3	-3	-82	-87

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

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