- **US nonfarm payrolls modestly stronger-than-expected in November** (link)
- **The dollar faces pressure amid perceived Fed dovishness and G10 rate repricing** (link)
- **Recent US corporate layoffs have been met with a negative market reaction** (link)
- **Euro area government bond yields fall modestly on weak PMI data** (link)
- **China Vanke -a government-backed real estate developer- faces rising default risks** (link)
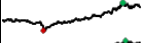- **Argentine bonds rally on reserve accumulation plans** (link)

Mature Markets | Emerging Markets | Market Tables

Markets steady post US nonfarm payrolls

Treasury yields fell marginally immediately after the release of a modestly stronger-than-expected US nonfarm payroll report. US equity futures climbed into the green, the dollar weakened a bit further and traders kept bets of two Fed rate cuts in 2026. Prior to the release, markets traded cautiously with European and Asian bourses mostly down. Korean equities (-2.5%) underperformed and the won traded clo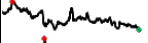se to its weakest level since 2009. The won has weakened 8% in the second half of the year amid persistent local investor outflows. Advanced economy sovereign bond yields traded in relatively narrow ranges, with euro-area sovereign bond yields lower earlier this morning after preliminary December PMI data surprised to the downside. Elsewhere, the dollar was modestly weaker, brent crude prices dropped below $60 a barrel and gold pulled back after 5 days of gains.

Key Global Financial Indicators

Last updated: 12/16/25 8:12 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			**%**				**%**
S&P 500		6817	-0.2	0	1	12	16
Eurostoxx 50		5737	-0.3	0	1	16	17
Nikkei 225		49383	-1.6	-3	-2	25	24
MSCI EM		54	-0.3	-1	-2	23	29
Yields and Spreads			**bps**				
US 10y Yield		4.17	0.4	-2	2	-23	-40
Germany 10y Yield		2.85	0.1	0	13	60	48
EMBIG Sovereign Spread		253	-2	-6	-12	-68	-72
FX / Commodities / Volatility			**%**				
EM FX vs. USD, (+) = appreciation		46.4	0.1	0	0	6	8
Dollar index, (+) = $ appreciation		98.1	-0.2	-1	-1	-8	-10
Brent Crude Oil ($/barrel)		59.7	-1.5	-4	-7	-19	-20
VIX Index (%, change in pp)		16.7	0.5	0	-3	2	-1

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

Mature Markets   back to top
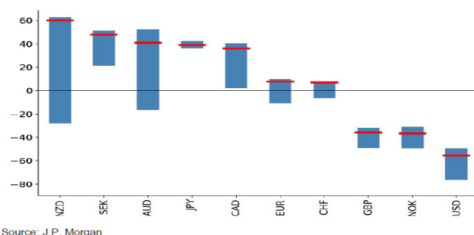
United States

This morning, **nonfarm payrolls rose by 64K in November, above expectations (+50K) and following a drop in October (-105K) after a September reading of +108K**. The unemployment rate edged up to 4.6% from 4.4% (in September) and came in above the anticipated 4.5%. Wage growth also softened, with average hourly earnings rising by 0.1% m/m (vs. +0.3% expected and +0.4% prior). Treasury yields fell marginally, US equity futures climbed into the green and the dollar weakened a bit further immediately after the release.
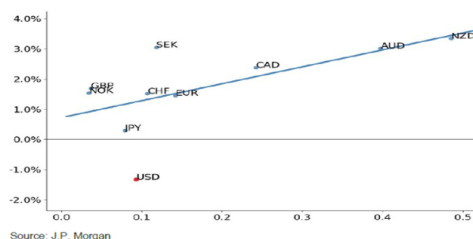
The dollar index (DXY) is trading below its 100-day moving average for the first time since early October. JP Morgan analysts expect more dollar weakness going forward, due to a perceived dovish Fed together with recent revisions to expected policy paths of other major AE central banks for 2026. Over the last few weeks, markets have repriced for higher policy rates in seven of the G10 in 2026, creating a "directional dichotomy" vis-à-vis the US (Figure 1). In general, FX rates are seen to respond to rate differentials, with the currencies of central banks with rate hike expectations of 25 bps appreciating about +1.5% to the dollar since November 25 (Figure 2). Also, the Fed's more recent dovish tilt has only added to this "directional dichotomy", and therefore upcoming releases on US unemployment and inflation could be pivotal for the dollar.

Figure 1. Seven G10 economies are now priced for hikes in 2026
(2025-2026 1m OIS spread (proxy for Z5-Z6 curve). Blue bar is range since November. Positive value implies hikes priced)
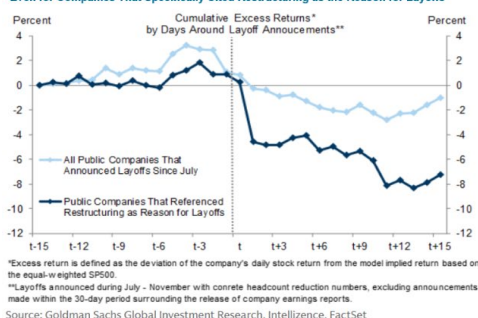Source: J.P. Morgan

Figure 2. FX has generally heeded the rates move, albeit in small-ish magnitudes and with some outliers
((X): 2Y swap repricing; (Y): FX vs USD (USD is TWI). Changes since Nov 25th)
Source: J.P. Morgan

Recent layoff announcements by some US corporates have been met with negative market reactions. Goldman Sachs noted that companies announcing layoffs in recent months saw average returns of -2%, while those citing restructuring as the reason experienced even steeper declines of -7% (Figure 1). A possible explanation could be that investors suspect that some layoffs were driven by more concerning factors such as rising interest expenses and deteriorating profitability (Figure 2). Consequently, equity markets might have interpreted these announcements as a negative signal despite benign justifications. While the risk of widespread layoffs due to financial stress appears limited, given healthy corporate balance sheets and elevated profit margins, other pressures may be at play. Rising AI-related investments, weakening pricing power, and higher tariff costs amid lofty valuations could have prompted firms to proactively cut labor costs.

Figure 1. The Equity Market Has Responded Negatively to Recent Layoff Announcements, Even for Companies That Specifically Cited Restructuring as the Reason for Layoffs
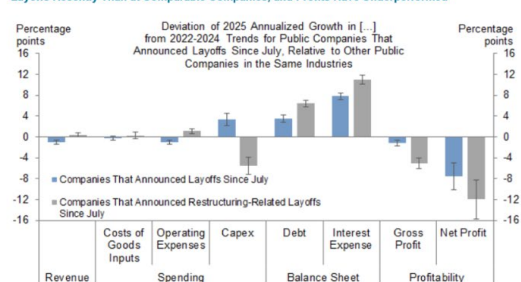*Excess return is defined as the deviation of the company's daily stock return from the model implied return based on the equal-weighted SP500.
**Layoffs announced during July - November with concrete headcount reduction numbers, excluding announcements made within the 30-day period surrounding the release of company earnings reports.
Source: Goldman Sachs Global Investment Research, Intelligence, FactSet

Figure 2. Debt and Interest Expense Have Grown More This Year at Companies That Announced Layoffs Recently Than at Comparable Companies, and Profits Have Underperformed
Note: error bars represent 95% confidence interval.
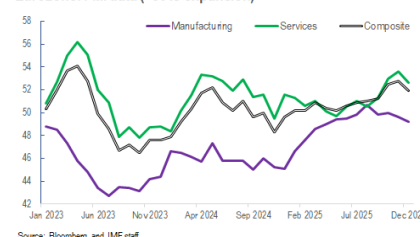Source: Goldman Sachs Global Investment Research, Intelligence, FactSet

Euro area

European equities were trading slightly lower ahead of US labor market data due later today. The Stoxx 600 was modestly lower led by declines in the defense sector on prospects of a possible ceasefire in the Russia-Ukraine war. Regional bourses were trading mixed with France's CAC 40 outperforming (+0.1%). Elsewhere, the euro was broadly steady, with the currency close to 14% stronger to the dollar YTD.

European government bond yields were modestly lower on weak December PMI data. The preliminary euro area December composite PMI printed at 51.9, below consensus expectations of 52.6 and down from 52.8 in the prior month. Similar data for Germany and France also surprised on the downside with the composite PMI for Germany declining to 51.5 from 52.4 and for France falling to 50.1 from 50.4. European government bond spreads were a touch tighter with both the 10-year OAT-Bund and BTP-Bund spreads at 71 bps.

Eurozone: PMI data (>50 is expansion)

Source: Bloomberg and IMF staff

Bloomberg analysts noted that, despite the downside surprise, today's data broadly supports the narrative of the European economy holding up relatively well despite elevated trade policy uncertainty. That said, the sectoral composition showed a decline in both manufacturing and service sector PMIs suggesting that uncertainty continues to weigh on business sentiment. The analysts expect the ECB will keep rates on hold at its meeting on Thursday, despite updated staff projections likely to show an inflation undershoot.
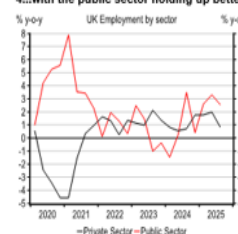
United Kingdom

UK gilt yields edged higher on better-than-expected preliminary December PMI data. Preliminary December PMI data surprised to the upside with the services PMI printing at 52.1 (vs 51.6 exp, 51.3 prior) and the composite PMI printing at 52.1 (51.5 exp, 51.2 prior). Immediately following the release, UK gilt yields were trading 2–4 bps higher across the curve

1. The vacancies-unemployment ratio continues to worsen

Source: Macrobond, ONS, HSBC

4...with the public sector holding up better than the private sector

Source: Macrobond, ONS, HSBC

with the 10-year gilt yield (+4 bps) at 4.53% while the pound was 0.4% firmer to the dollar at 1.34. Analysts at Morgan Stanley highlighted that the rebound in the prices charged subcomponent was notable, following a decline in November, while the employment PMI in the services sector remained below-50, and in contractionary territory. Separately, UK labor market data showed the unemployment rate ticked up to 5.1% from 5.0% in the three months to October, in line with expectations. Private sector pay growth data eased a touch to 3.9% in the three months to October, but data for the prior period was revised slightly higher to 4.9% (from 4.8% previously). Analysts at JP Morgan noted that today's data may lead the MPC to pursue a cautious pace of easing going forward given the slow pace of wage disinflation. Meanwhile, analysts at HSBC commented that the data likely cements existing views on the MPC with the more hawkish members pointing to still elevated pay growth as a reason to remain on hold, while the more dovish members will point to weakening jobs figures as a reason for further easing. Money markets continue to price in a 25 bps rate cut at Thursday's MPC meeting with a total of 60 bps of easing priced through November 2026.

Republic of Korea

The Korean won depreciated (-0.2%), trading close to its weakest level since 2009, having lost 8% to the dollar in the second half of the year on persistent outflows, including from residents purchasing overseas equities. The state-run National Pension Service (NPS), which holds about $542 bn of foreign assets, has been reportedly tapped to help support the won. According to Bloomberg, the NPS has restarted selling dollars to support the won this month. The won fell 0.5% on the day, underperforming its Asian peers.

Korean equities (Kospi -2.5%) underperformed this morning as concerns over the sustainability of tech-driven rally continued to weigh on market sentiment.

Korean Won Approaches Lowest Since 2009

South Korean won

Source: Bloomberg   Bloomberg

Emerging Markets

In **Asia**, most equity indices fell while currencies were mixed. Stocks of large AI-related companies such as TSMC, Tencent and Alibaba suffered some of the biggest losses on the day. In **EMEA**, equities and currencies were mixed this morning**.** In CEE, equities mostly gained across the region, with Hungary (+0.8%) outperforming ahead of the decision of its central bank later today, where it is expected to leave the policy rate unchanged at 6.50%, and Poland underperforming (-0.9%). CEE currencies were little changed to the euro. Turkish equities partly pared yesterday's gains trading -1.2% lower this morning, while the lira was relatively unchanged. Elsewhere, the dirham edged marginally higher (+0.1%), ahead of the monetary policy decision of the central bank of Morocco later today, while the dram was little changed, after the central bank of Armenia cut today its policy repo rate by 25 bps to 6.5%. In **Latam**, regional markets were mixed yesterday. Brazilian assets mostly gained (10-year yield -9 bps, IBOVESPA +1%) as markets priced-in an increasing likelihood of policy easing following an unexpected decline in the central bank's economic activity index (-0.25% m/m, est. +0.1% m/m). In contrast, Chilean assets pared early gains and closed lower, with the peso depreciating -0.8% and equities (IPSA index) declining -0.9% as attention shifted to the speed and depth of reform implementation under the incoming president.

China

China Vanke – a large government-backed real estate developer – is facing rising default risks. Vanke has yet to secure sufficient creditor support to delay payment on two onshore bonds due this month, the first of which was due December 15. Creditors have until December 22 to accept a revised proposal from Vanke. According to analyst and news reports, the Shenzhen government, via the Shenzhen metro, is a significant shareholder (reportedly as much as 30%) of Vanke and has provided significant financial support, including loan facility at below market rates in the past. Vanke's latest difficulty in delaying debt repayments underscores challenging outlook for the real estate sector and is seen by some analysts as a significant test of the government's commitment to stabilize the real estate market. Analysts noted that a potential default by a large quasi-government developer would signal a new chapter in China's property crisis. Vanke's Hong Kong-listed shares have fallen more than 35% since the end of September, more than double the average loss on a Chinese real estate firms listed in Hong Kong SAR.

Vanke Shares Have Slumped Recently on Debt Woes

Last Price

Source: Bloomberg   Bloomberg
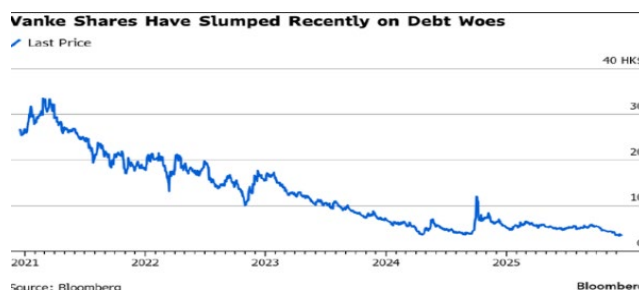
Separately, **uncertainty over the outlook on AI-related investments and China's economy are weighing on equities**. The MSCI China Index fell as much as 2% today, taking its declines to more than 10% from early October, when it reached a recent high. Alibaba and Tencent are among the worst performers. That said, the MSCI China Index is still up 26% this year, outperforming the regional benchmark and almost doubling the gain in the S&P 500. A number of global fund managers, including Amundi and Fidelity International, expect Chinese equities to advance further next year given its AI exposure. The RMB was little changed on the day, holding around the RMB 7.04/USD level both onshore and onshore.

Argentina

Argentina is set to loosen its currency band, with the central bank also announcing plans to accumulate reserves. Beginning 2026, the Argentine peso trading band will expand at a pace similar to its monthly inflation (2.5% in November) with a two-month lag, compared with the current 1% rate, implying a quicker pace over the near term (see chart). Bloomberg analysts observed that while the plan could reduce overvaluation risks, the currency is trading just 7% below the upper bound, providing little buffer before intervention might be necessary. The central bank also

Prices Gains Outpace FX Band Ceiling

Source: BCRA, INDEC

announced plans to start accumulating reserves, targeting $10 bn next year in its base case, but could rise depending on monetary demand. Initially, purchases will be up to 5% of the daily traded volume. **The announcement sparked a rally in its hard currency sovereign bonds**, with the yield on its 2035 bond declining -27 bps to 10.14%, near the 10% comfort threshold officials have indicated for issuing new bonds.

Chile

Chilean assets have scope for further outperformance. HSBC analysts argued that, despite the recent rally, upside potential on Chilean assets remain. In currency markets, offshore positioning is still skewed long the dollar, suggesting room for currency deposit levels to decline toward historical averages (left chart), which could support further peso appreciation. In local bond markets, the analysts see improving total factor productivity, which alongside fiscal consolidation, could strengthen debt dynamics and underpin demand for longer-dated bonds. For equities, valuations still have scope to re-rate toward pre-2019 levels (right chart), supported by a stable macro backdrop, prospects for lighter regulations, and potential corporate tax relief that could reinforce the earnings growth narrative. Nonetheless, analysts caution that some aspects of the proposed reforms can be "difficult" to pass, but still expect progress on the pro-growth agenda.

There is room for FX deposits to fall and for long-USD positioning to moderate

Source: CEIC, HSBC
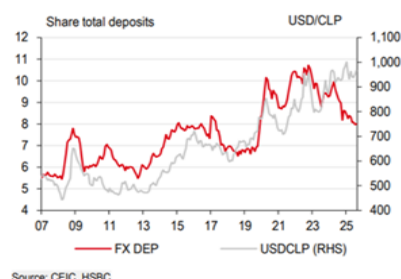
Equities still trading at a discount to pre-social-unrest levels

Source: Bloomberg
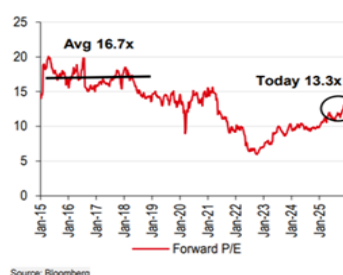
Nigeria

The naira was little changed this morning, after **yesterday's data showed inflation softening in November by more than expected,** with the CPI printing at 14.5% y/y (vs. est. 15%) from prior 16.1%. The slowdown in prices was due to a strong harvest that helped soften food inflation to 11% from 13% in October, with core inflation also cooling to 18% from prior 18.7%. **Bloomberg** sees inflation as likely to
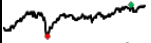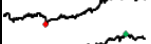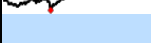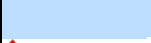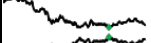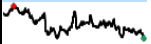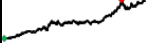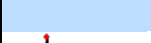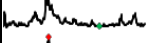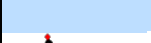
continue slowing next year, strengthening the case for policymakers to resume interest-rate cuts in February. The central bank unexpectedly kept the benchmark rate at 27% in November to rein in inflation, which supported the naira (+2% QtD, and +6% YtD), but Bloomberg expects tight monetary policy and cooler energy prices to give the central bank room to restart rate cuts after Governor Cardoso said last month that -as inflation moderates and becomes firmly anchored- the central bank "will calibrate the policy rate in line with evolving data".

Nigeria: policy rates, currency and inflation

Sources: Bloomberg and IMF calculations

Global Financial Indicators

12/16/25 8:12 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,817	-0.2	-0.4	1.2	12.2	16
Europe		5,737	-0.3	0.3	0.8	16.0	17
Japan		49,383	-1.6	-2.5	-2.0	25.2	24
China		4,498	-1.2	-2.2	-2.8	15.0	14
Asia Ex Japan		92	-0.3	-1.6	-2.4	22.2	27
Emerging Markets		54	-0.3	-1.0	-1.6	23.5	29
Interest Rates			basis points				
US 10y Yield		4.2	0	-2	2	-23	-40
Germany 10y Yield		2.9	0	0	13	60	48
Japan 10y Yield		2.0	0	-1	25	89	86
UK 10y Yield		4.5	3	3	-4	9	-4
Credit Spreads			basis points				
US Investment Grade		113	-1	0	-6	-4	-7
US High Yield		344	1	3	-9	38	16
Exchange Rates			%				
USD/Majors		98.1	-0.2	-1.1	-1.2	-8.2	-10
EUR/USD		1.18	0.1	1.2	1.5	11.9	14
USD/JPY		154.8	-0.3	-1.4	-0.3	0.4	-2
EM/USD		46.4	0.1	0.2	0.3	6.5	8
Commodities			%				
Brent Crude Oil ($/barrel)		59.7	-1.4	-3.6	-6.5	-15.9	-16
Industrials Metals (index)		154.2	-0.4	0.0	1.1	7.2	10
Agriculture (index)		54.2	-0.3	-1.8	-3.5	-4.6	-5
Gold ($/ounce)		4291.3	-0.3	2.0	6.1	61.8	64
Bitcoin ($/coin)		87154.4	1.1	-6.2	-6.7	-17.8	-7
Implied Volatility			%				
VIX Index (%, change in pp)		16.7	0.5	-0.2	-3.1	2.0	-0.6
Global FX Volatility		6.7	0.0	0.0	-0.4	-1.8	-2.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		59	-1	-2	-4	-25	-26
Italy		71	3	1	-5	-45	-45
France		71	0	0	-3	-9	-12
Spain		44	-1	-2	-7	-25	-25

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

Emerging Market Financial Indicators

12/16/2025 8:12 AM	Exchange Rates — Level		Exchange Rates — Change (in %)					Local Currency Bond Yields (GBI EM) — Level		Local Currency Bond Yields — 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		7.04	0.1	0.3	0.9	3.4	3.6		1.9	2	1	8	18	24
Indonesia		16691	-0.1	-0.1	0.3	-4.1	-3.3		6.1	0	-1	9	-89	-92
India		91	-0.3	-1.3	-2.6	-6.8	-6.0		7.2	-3	-6	24	9	-15
Philippines		59	0.5	0.8	0.3	-0.2	-1.3		4.7	0	2	1	-30	-20
Thailand		32	-0.1	1.0	3.0	8.1	9.0		1.8	0	3	-6	-54	-53
Malaysia		4.09	0.2	0.7	1.6	9.0	9.5		3.5	-3	2	10	-27	-27
Argentina		1438	0.2	-0.3	-3.6	-29.0	-28.3		29.6	-15	-71	-159	77	45
Brazil		5.42	0.0	0.2	-1.7	13.2	13.9		13.4	-3	-14	-10	-142	-253
Chile		913	0.2	1.4	1.1	8.5	9.1		5.3	0	0	2	-11	-43
Colombia		3829	-0.7	0.1	-1.9	12.9	15.1		12.4	-1	35	39	126	60
Mexico		17.96	0.2	1.3	2.6	12.1	16.0		9.1	4	19	22	-107	-129
Peru		3.4	-0.1	-0.3	-0.3	10.9	11.5		5.8	-6	-3	-30	-83	-86
Uruguay		39	0.1	0.5	1.9	13.6	11.8		7.7	0	-5	-9	-190	-195
Hungary		327	0.1	0.9	1.5	18.9	21.5		6.7	-3	5	1	54	27
Poland		3.59	0.1	1.3	1.8	12.8	15.1		4.7	-1	5	-7	-78	-89
Romania		4.3	0.1	1.1	1.3	9.3	10.9		6.8	0	-2	-7	-23	-47
Russia		79.4	0.1	-2.6	2.3	30.6	43.0							
South Africa		16.8	0.1	1.6	2.3	6.4	12.3		8.8	-2	-5	-21	-154	-169
Türkiye		42.71	0.0	-0.3	-0.9	-18.2	-17.2		31.2	16	31	-173	44	151
US (DXY; 5y UST)		98	-0.1	-1.0	-1.1	-8.1	-9.5		3.73	0	-6	0	-53	-66

	Equity Markets — Level		Equity Markets — Change (in %)					Bond Spreads on USD Debt (EMBIG) — Level		Bond Spreads — 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		4,498	-1.2	-2.2	-2.8	15.0	14.3		77	1	-18	-21	-19
Indonesia		8,686	0.4	0.3	3.8	19.7	22.7		85	-2	0	-3	-6
India		84,680	-0.6	0.0	0.1	3.6	8.4		91	0	0	10	5
Philippines		6,056	0.0	1.3	8.4	-8.5	-7.2		73	-2	3	-4	-6
Thailand		1,261	-1.0	-0.1	-0.7	-11.2	-10.0						
Malaysia		1,648	0.3	2.1	1.4	2.6	0.4		57	-4	-3	-13	-13
Argentina		3,012,681	1.1	-1.1	0.7	18.5	18.9		598	-42	-24	-109	-39
Brazil		162,482	1.1	2.7	3.0	31.5	35.1		199	-6	0	-19	-48
Chile		10,302	-0.9	1.2	7.3	51.5	53.5		88	-4	-10	-22	-25
Colombia		2,092	-0.8	-1.5	1.0	52.6	51.6		277	1	32	-29	-49
Mexico		64,326	-0.6	1.5	3.2	26.5	29.9		212	-7	-3	-88	-100
Peru		2,571	0.1	3.8	11.8	44.9	51.7		94	-2	0	-40	-47
Hungary		110,349	0.8	1.6	2.8	38.4	39.1		143	5	4	3	-12
Poland		114,275	-0.9	2.1	2.3	39.9	43.6		88	2	4	-13	-24
Romania		24,152	0.5	1.3	3.0	40.0	44.4		181	-5	-11	-26	-54
South Africa		112,863	0.0	1.8	0.5	31.6	34.2		219	1	-5	-59	-74
Türkiye		11,318	-1.2	0.7	7.1	13.2	15.1		238	-5	-12	-11	-21
EM total		54	-1.0	-1.0	-1.6	23.5	29.3		267	-7	-13	-88	-97

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

back to top