GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, DECEMBER 2, 2025

LEAD EDITOR: ESTI KEMP

- **Crypto rout deepened amid heavy liquidations of leveraged positions** (link)
- **US Treasuries face pressures from corporate issuance amid easy financial conditions** (link)
- **Japan's government bond auction helps calm jitters** (link)
- **ECB rate cut expectations hold firm despite uptick in flash headline inflation** (link)
- **Property-sector stress deepens as China Vanke seeks delay on bond repayment** (link)

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Sentiment stabilizes tentatively

Global markets took on a somwhat steadier tone this morning after yesterday's sell-off. Japanese bond yields reached record levels yesterday after expectations built for a December BOJ rate hike, while US Treasury yields also ended the day higher amid strong corporate issuance. Risk sentiment weakened throughout the day with most equity indices closing the day lower and Bitcoin declining sharply. This morning, however, Japanese government bond yields steadied following solid demand at a 10-year auction, helping sentiment stabilize after a soft start to the month. Bitcoin found some support, and European equities opened modestly higher, with US equity futures also ticking into positive territory. European government bond yields were also relatively steady this morning, despite an uptick in the November flash headline inflation print. Meanwhile, one of China's largest property developers—China Vanke—reportedly requested to delay a bond repayment, underscoring ongoing property-sector strains, though broader spillovers remained limited. Investors are looking ahead to next week's US Fed meeting for clearer policy signals, while remaining attentive to geopolitical developments.

Key Global Financial Indicators

Last updated: 12/2/25 8:27 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6813	-0.5	3	0	13	16
Eurostoxx 50		5695	0.5	2	1	18	16
Nikkei 225		49303	0.0	1	-6	26	24
MSCI EM		54	-0.1	2	-2	25	30
Yields and Spreads					bps		
US 10y Yield		4.11	2.3	11	3	-8	-46
Germany 10y Yield		2.76	1.1	9	13	73	40
EMBIG Sovereign Spread		266	-4	-7	4	-70	-59
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.3	0.1	1	1	7	8
Dollar index, (+) = $ appreciation		99.4	0.0	-1	0	-7	-8
Brent Crude Oil ($/barrel)		63.0	-0.3	1	-3	-12	-16
VIX Index (%, change in pp)		16.7	-0.5	-4	-1	3	-1

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

Mature Markets

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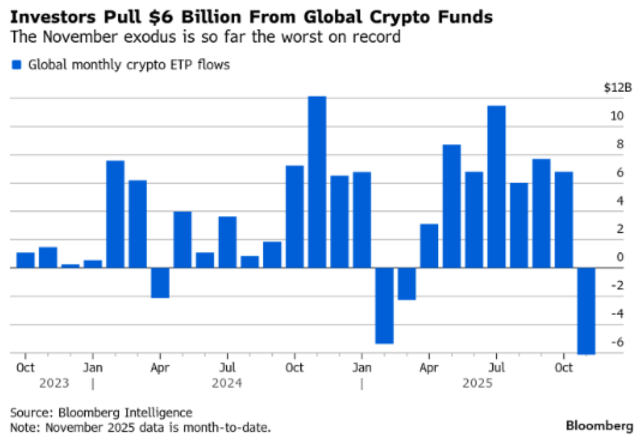
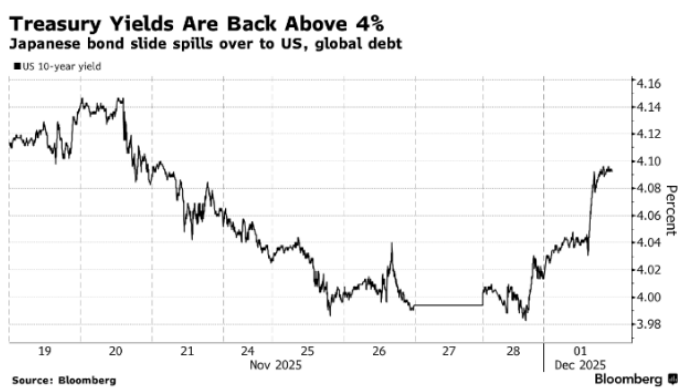
United States

Crypto rout deepened on Monday amid heavy liquidations of leveraged positions. Bitcoin fell more than 7% to around $84,000 on Monday, extending a nearly 30% decline from its October record high, while Ether dropped 10% to $2,719 and smaller tokens saw steeper losses as nearly $1 billion in leveraged positions were liquidated. The selloff follows weeks of automated closing of leveraged positions, the so-called liquidation cascades, underscoring how elevated leverage remains a key vulnerability in crypto markets. Liquidations are typically sudden and automated, and limited transparency around remaining leverage has added to uncertainty. Hawkish signals from the Bank of Japan further amplified risk-off sentiment by threatening yen-funded carry trades. Analysts caution that persistent ETF outflows and limited action from dip buyers leave crypto exposed to further volatility, with $80,000 viewed as the next key support level. This morning, Bitcoin steadied near $87,500 (+1.2%).



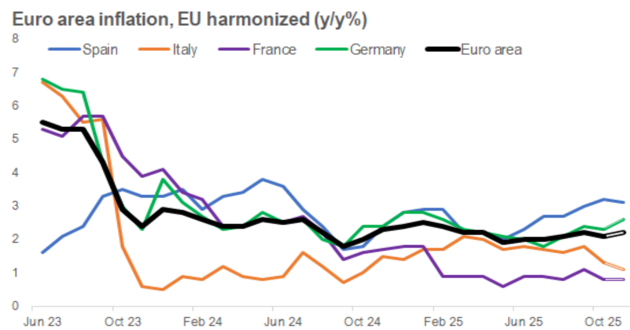
US Treasuries face pressures from corporate issuance amid easy financial conditions. US Treasuries sold off sharply with 10-year yields climbed more than 7 bps to near 4.1%, led by long-end tenors. Analysts see various pressure points for longer-term Treasury yields: Hawkish signals from the Bank of Japan raised concerns that Japanese investors' demand for Treasuries may wane. In addition, the move was amplified by a surge in investment-grade issuance totaling nearly $16 billion, with more deals expected this week. Corporate issuance competes with Treasury sales, while forcing investors to sell Treasuries to fund new deals. At the same time, robust issuance reflects favorable financial conditions, supported by expectations for further Fed cuts, with markets now pricing around an 85% probability of another rate reduction later this month. Analysts caution, however, that lowering rates while inflation remains above target, amid political uncertainty over the next Fed chair and concerns about Fed independence, could add to inflation concerns and keep longer-term yields elevated.



Europe

European equities were trading higher in early morning trade. The Stoxx 600 rose by 0.2%, led by gains in the utilities (+0.7%) and financials (+0.7%) sectors. Regional bourses were also trading in positive territory, with the DAX partially reversing yesterday's decline. Elsewhere, the euro was holding firm against the dollar at 1.1605.

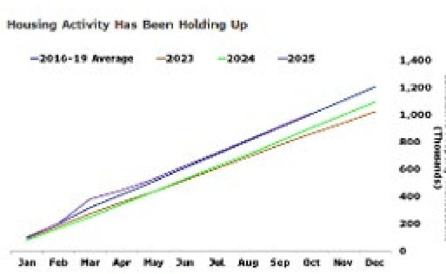
ECB rate cut expectations steady despite uptick in flash headline inflation. Preliminary data released this morning showed headline inflation unexpectedly rising to 2.2% y/y in November, from 2.1% in October, slightly above consensus expectations for no change. Core inflation was unchanged at 2.4%y/y in November. National prints released last week showed inflation quickening in Germany, while holding steady in France and easing in Spain and Italy. Money markets continue to expect the ECB to keep the deposit rate unchanged at 2% at the upcoming December meeting, with markets pricing in a total of 6 bps of easing through next October—little changed over the past few weeks. European government bond yields were relatively steady this morning following the release with the 10-year bund trading at 2.76%. Intra-EMU government bond spreads were a marginally tighter, taking the 10Y OAT-Bund spread to 73 bps and the 10-year BTP-Bund spread to 71 bps.



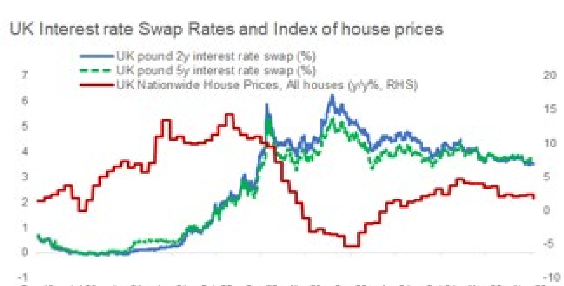
Source: Bloomberg and IMF calculations

United Kingdom

UK house prices rose by more than expected in November. According to Nationwide data, UK house prices rose 0.3% m/m in November, up from 0.2% in the prior month and ahead of consensus expectations for a 0.1% increase. Separate data on housing transactions shows activity has held up despite affordability challenges. Bloomberg analysts expect house prices to continue rising over the coming year, supported by improving real incomes and falling mortgage rates, and project annual house price growth of around 2% or more in 2026. They also expect the recent softening in inflation and labor market data to lead the BoE to cut rates in December, followed by a further reduction early next year, taking Bank Rate to around 3.5%. Money markets are assigning around a 92% probability to a rate cut at the December MPC meeting with around 64 bps of easing expected through November 2026. Gilt yields were little changed while the pound sterling was marginally weaker against the dollar to trade at 1.3196.



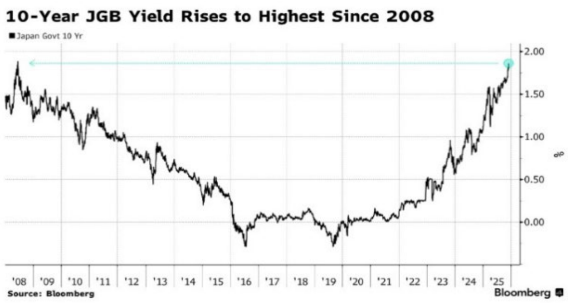
Source: HMRC, Bloomberg Economics



Source: Bloomberg and IMF calculations

Japan

Japanese markets steadied after yesterday's sharp moves, as elevated yields supported demand at 10-year government bond auction. The auction helped to calm markets after Japanese yields rose sharply yesterday following comments from BOJ Governor Ueda. The bid-to-cover ratio jumped to 3.59 from 2.97 at previous auction, compared with a 12-month average of 3.20. Benchmark 10-year and 30-year yields, which had reached intraday highs of 1.88% and 3.42%, eased back to 1.86% and 3.37% respectively. The yen weakened (-0.4%) to 156.04/$ after Monday's rally. Japanese equities were mixed (Nikkei 225: flat), with gains by banks on rate-hike optimism and robotics shares on Nvidia–Fanuc partnership for physical AI, versus losses by autos on overnight yen strength. When asked today about Governor Ueda's remarks on Monday, Finance minister Katayama signaled no opposition to potential BOJ policy shifts, underscoring close coordination with the government as it pursues fiscal measures to support growth. Overnight indexed swaps now price an 80% chance of a hike this month, up from 36% a week ago.



Emerging Markets

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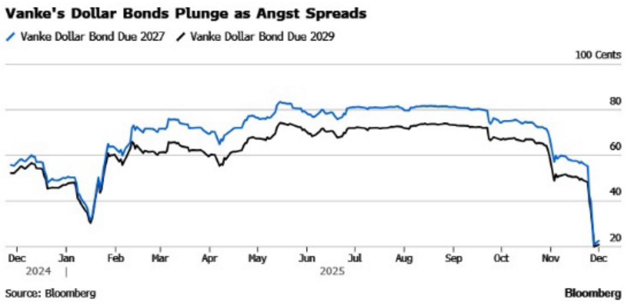
EMEA equities and currencies were trading mixed in early morning trade. In CEE, equities in Czechia were outperforming (+0.6%) while those in Poland were underperforming (-1.0%), led by declines in the banking sector. CEE currencies were mostly weaker against the euro. The Turkish lira was relatively steady against the dollar at 42.42/$. Bloomberg reported that Russia is collecting bids for its debut domestically issued yuan-denominated bonds.

In Asia, currencies were little changed (EM Asia: flat). The Indian rupee depreciated (-0.3%), hitting an all-time low of 89.95 during the session, despite a smaller-than-expected widening in the July–September current-account deficit. Asian equities rose (EM Asia: +0.9%), led by Korea (KOSPI: +1.9%), Taiwan POC (TAIEX: +0.8%) and Indonesia (Jakarta Composite: +0.8%).

Latin American currencies lagged broader emerging markets, while equity performance was mixed. The Colombian peso (-1.6%) underperformed, leading the regional depreciation against the dollar. Equities posted gains in Argentina (+1.1%) and Colombia (+0.4%), while Brazil (-0.3%) and Mexico (-0.1%) recorded modest losses.

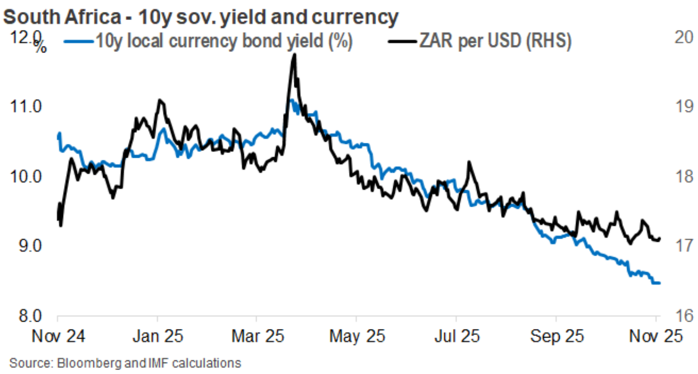
China

**China Vanke, one of the country's largest property developers, surprised investors by seeking a one-year delay on a CNY 2bn ($283 mn) bond repayment, with no upfront cash,** according to Bloomberg reports. The bond is originally due December 15. The move sent Vanke's notes to record lows and raised concerns of a distressed restructuring, underscoring the severity of China's prolonged housing crisis. Spillovers to broader markets have remained contained so far—the MSCI China Index rose 2.8% last week—but analysts expect property-sector pressures to persist even as investor focus shifts toward manufacturing and technology growth. HSBC analysts noted that the pace of destocking continues to fall short of expectations amid weakening sales momentum. Regarding policy support, Morgan Stanley analysts believe the stock market rally has made authorities reluctant to act forcefully in the property sectors, while Nomura analysts expect that Beijing will eventually be forced to introduce more aggressive measures, including a stronger focus on destocking. In FX markets today, both onshore CNY and offshore CNH were little changed near the 7.07 level, despite a weaker fixing at 7.0794/$. Analysts see scope for further yuan appreciation in the coming months, citing expected conversion of foreign-exchange receipts and dollar holdings ahead of the Chinese New Year holidays. In rates, the 10-year government bond yield rose 1 bp to 1.83%, while the overnight repo rate revisited year-to-date lows (overnight -1 bp to 1.30%; 7-day -2 bps to 1.44%).



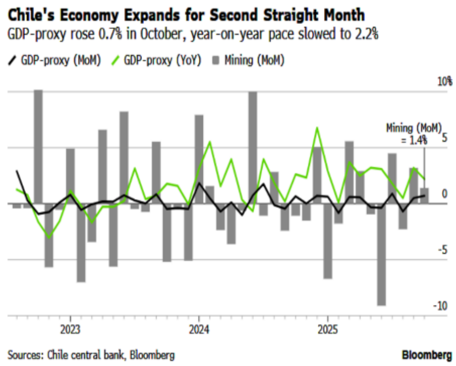
South Africa

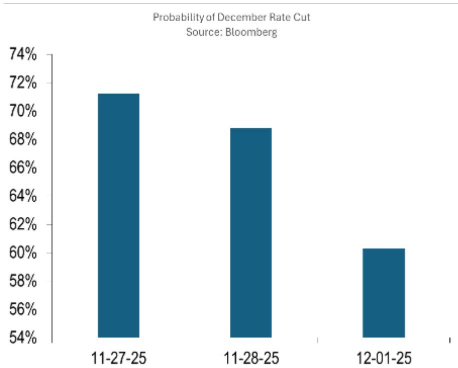
South Africa's Q3 GDP prints in line with expectations. Output expanded 0.5% q/q, matching consensus estimates, but down from an upwardly revised 0.9% in Q2. This marked a fourth consecutive quarter of growth, supported by mining and agriculture. Gross fixed capital formation rose 1.6% in Q3, reversing last quarter's decline. Today's data follows yesterday's November manufacturing PMI release which showed manufacturing activity slipped further into contractionary territory, with the Absa manufacturing PMI declining to 42 in November, from 49.2 in the prior month driven by weak export sales. South African local currency government bond yields were trading a touch lower this morning following the release with the 10-year yield down 1bp to 8.46%. Elsewhere, the South African rand was weaker (-0.2%) against the dollar to trade at 17.12/$ while South African equities were lower (-0.4%). Separately, on Friday, Moody's will have a scheduled review of its Ba2 rating for South Africa where Goldman Sachs analysts expect a shift to a positive outlook (in line with S&P).



Chile

Expectations for a December rate cut in Chile have eased following stronger-than-expected GDP. Chile's Imacec index—a proxy for GDP—rose 2.2% y/y in October, beating Bloomberg's median forecasts of 2%. Bloomberg analysts note that growth has been supported by firm consumption and optimism that conservative candidate José Antonio Kast, viewed as market friendly, will win this month's presidential runoff. Swap pricing implies the central bank will cut its monetary policy rate 25 bps to 4.5% on December 16, but the probability fell from 68% last Friday to about 60% following the GDP release.





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Global Financial Indicators

12/2/25 8:29 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		6,826	-0.5	1.8	-0.2	12.9	16
Europe		5,696	0.5	2.2	0.6	17.5	16
Japan		49,303	0.0	1.3	-5.9	25.6	24
China		4,554	-0.5	1.4	-2.1	15.2	16
Asia Ex Japan		93	-0.2	2.2	-2.4	24.2	28
Emerging Markets		54	-0.1	2.2	-1.8	25.0	30
Interest Rates					basis points		
US 10y Yield		4.1	2	11	3	-8	-46
Germany 10y Yield		2.8	1	9	13	73	40
Japan 10y Yield		1.9	-1	6	20	79	77
UK 10y Yield		4.5	2	1	9	29	-7
Credit Spreads					basis points		
US Investment Grade		114	-1	-3	-1	-2	-5
US High Yield		345	-4	-11	6	34	16
Exchange Rates					%		
USD/Majors		99.4	0.0	-0.7	-0.4	-6.6	-8
EUR/USD		1.16	0.0	0.4	0.8	10.6	12
USD/JPY		156.1	0.4	0.0	1.2	4.3	-1
EM/USD		46.3	0.1	0.7	1.0	6.5	8
Commodities					%		
Brent Crude Oil ($/barrel)		63.0	-0.3	1.9	-1.9	-9.6	-12
Industrials Metals (index)		154.5	-0.5	3.1	0.5	7.0	10
Agriculture (index)		56.3	0.0	0.9	0.7	1.2	-1
Gold ($/ounce)		4206.5	-0.6	1.8	5.1	59.4	60
Bitcoin ($/coin)		87393.9	1.1	-4.4	-20.5	-8.4	-7
Implied Volatility					%		
VIX Index (%, change in pp)		16.7	-0.5	-3.8	-0.7	3.4	-0.6
Global FX Volatility		6.8	0.0	-0.3	0.0	-2.1	-2.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		62	0	1	-1	-28	-24
Italy		72	0	-1	-3	-52	-44
France		74	1	1	-4	-14	-8
Spain		48	0	-1	-3	-26	-22

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

Emerging Market Financial Indicators

	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		4,554	-0.5	1.4	-2.1	15.2	15.7		78	-22	-9	-20	-18
Indonesia		8,617	0.8	1.1	4.1	19.7	21.7		92	-7	7	-10	1
India		85,138	-0.6	0.7	1.4	5.3	9.0		94	1	4	12	8
Philippines		5,994	0.1	0.3	2.9	-11.0	-8.2		79	-6	9	-9	0
Thailand		1,278	0.1	0.7	-2.4	-12.2	-8.8						
Malaysia		1,631	0.4	1.2	0.5	1.5	-0.7		63	-2	4	-4	-7
Argentina		3,060,289	1.1	6.8	1.9	33.1	20.8		656	12	-13	-103	19
Brazil		159,096	-0.3	2.0	6.4	27.0	32.3		203	-6	10	-19	-44
Chile		10,135	0.2	1.9	7.5	52.6	51.0		97	-4	4	-23	-16
Colombia		2,081	0.4	2.3	4.7	48.8	50.9		278	8	26	-50	-48
Mexico		63,551	-0.1	1.6	1.2	26.1	28.4		221	-6	14	-87	-91
Peru		2,358	0.2	3.1	-0.3	30.2	39.1		98	-5	1	-44	-43
Hungary		110,292	-0.1	1.5	2.8	41.0	39.0		144	-3	19	-23	-11
Poland		110,622	-1.2	0.2	-0.8	36.4	39.0		91	-3	5	-27	-21
Romania		22,919	0.3	0.7	1.8	39.3	37.1		194	-9	4	-43	-41
South Africa		111,420	-0.5	1.0	2.0	30.0	32.5		227	-10	-1	-62	-66
Türkiye		11,137	0.2	2.6	1.5	15.0	13.3		247	-11	-4	-15	-12
EM total		54	0.1	2.2	-1.8	25.0	29.8		276	-8	3	-95	-88

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

12/2/2025 8:33 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		7.07	0.0	0.2	0.7	2.9	3.2		1.9	0	2	5	-8	19
Indonesia		16623	0.2	0.2	0.2	-4.3	-3.1		6.2	0	9	19	-72	-85
India		90	-0.4	-0.7	-1.2	-5.8	-4.7		7.1	5	14	27	8	-24
Philippines		59	0.0	0.7	0.5	0.2	-1.2		4.6	0	0	-1	-34	-23
Thailand		32	0.0	1.0	1.4	7.8	6.5		1.8	1	5	-2	-56	-51
Malaysia		4.13	0.0	0.1	1.7	8.0	8.3		3.5	-1	2	-5	-35	-36
Argentina		1455	-0.3	-0.6	1.7	-30.5	-29.2		31.0	-62	-44	93	140	180
Brazil		5.36	0.0	0.5	0.0	13.3	15.3		13.2	2	-25	-47	-76	-272
Chile		927	0.3	0.9	1.3	5.5	7.3		5.3	0	6	-12	-6	-41
Colombia		3819	-0.1	-0.1	0.9	16.8	15.4		12.4	3	16	84	156	63
Mexico		18.30	0.0	0.4	1.0	11.4	13.8		8.8	3	-5	7	-115	-154
Peru		3.4	-0.2	0.3	0.1	11.4	10.9		5.9	0	3	-12	-63	-68
Uruguay		39	0.3	1.5	1.5	10.2	12.3		7.8	1	-2	-5	-177	-184
Hungary		328	0.1	0.8	2.6	20.4	21.2		6.6	-1	-6	10	52	23
Poland		3.65	-0.2	0.0	1.2	11.8	13.2		4.6	3	-8	-16	-60	-99
Romania		4.4	0.0	0.4	0.7	8.2	9.6		6.8	0	1	-5	-36	-43
Russia		77.3	0.4	2.1	4.7	37.7	46.8							
South Africa		17.1	-0.1	0.7	1.3	6.0	10.2		8.9	0	-14	-42	-139	-159
Türkiye		42.42	0.0	0.1	-0.9	-18.2	-16.7		31.4	6	-113	-78	164	165
US (DXY; 5y UST)		99	0.0	-0.7	-0.4	-6.6	-8.3		3.68	2	12	-1	-41	-70

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