GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, DECEMBER 3, 2025
LEAD EDITOR: ESTI KEMP

- **JGB yields rose further on expected policy tightening and fiscal concerns** (link)
- **Chinese corporate spreads widen amid concern over China Vanke's extension proposal** (link)
- **SRF uptake rises, but stigma and structural hurdles blunt its impact** (link)
- **Argentine banks report weakest quarterly earnings since the pandemic** (link)
- **Corporate earnings monitor Q3 2025 (Attached)**

Mature Markets | Emerging Markets | Market Tables

Weak US labor market data reinforces expectations for a Fed rate cut

Global equity markets appear poised for a second day of gains after US economic data reinforce expectations for a Fed rate cut next week. US equity futures remained in the green while Treasury yields continued to ease after ADP reported an unexpected decrease in November payrolls. Earlier in the session, European equities were already gaining on expectations for a US rate cut. In Japan however, government bond yields rose to their highest levels in more than a decade as markets remain cautious about a potential BOJ rate hike and the implications of continued fiscal expansion. On the data front, the final November euro area composite PMI was revised higher and in Switzerland the latest inflation print surprised to the downside. Analysts and markets expect the Swiss National Bank will keep rates on hold at its meeting next week. Meanwhile, Ukraine's dollar bonds fell as peace negotiations showed little progress.

Key Global Financial Indicators

Last updated: 12/3/25 8:31 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6829	0.2	2	0	13	16
Eurostoxx 50		5710	0.4	1	1	17	17
Nikkei 225		49865	1.1	1	-3	27	25
MSCI EM		54	0.0	1	-2	25	30
Yields and Spreads					bps		
US 10y Yield		4.06	-2.7	7	-5	-17	-51
Germany 10y Yield		2.74	-1.1	7	7	68	37
EMBIG Sovereign Spread		265	-1	-11	3	-71	-60
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.5	0.1	1	1	7	9
Dollar index, (+) = $ appreciation		98.9	-0.4	-1	-1	-7	-9
Brent Crude Oil ($/barrel)		63.2	1.1	0	-3	-14	-15
VIX Index (%, change in pp)		16.3	-0.3	-2	-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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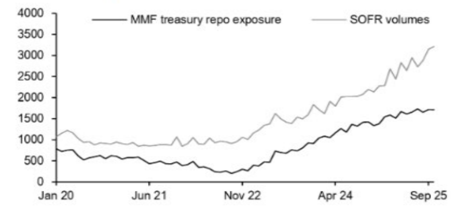
United States

Private-sector payrolls fell by 32,000 in November, the largest drop since early 2023 and well below expectations for a 10,000 gain, according to ADP data. The decline—the fourth in six months—reinforced concerns about labor market softening. Stocks rose, Treasuries rallied with two-year yields sliding below 3.5%, and the dollar retreated. Fed rate-cut bets for next week are now almost fully priced. Meanwhile import price data presented a mixed picture and had muted impact.

SRF uptake rises, but stigma and structural hurdles limit its effectiveness. The Fed's Standing Repo Facility (SRF) has seen steady use amid month-end funding strains, but its ability to cap rates remains constrained, with SOFR (the secured overnight financing rate) and TGCR (the tri-party GC repo rate) still trading above the upper end of the target range. Market contacts point to stigma as the biggest obstacle: despite the Fed's efforts to normalize usage, banks remain wary of potential scrutiny from management, shareholders, and rating agencies, and often face lengthy internal approval processes. Dealers also avoid turning to the SRF to preserve client relationships with money-market funds, their key liquidity providers. With liquidity crucial for financing the growing volume of debt issuance, dealers prefer to pay higher overnight funding rates in the market rather than tap the SRF. JPMorgan analysts argue the most effective remedy may be reserve-management purchases, which the Fed has signaled could begin soon.

Figure 5: Dealers may be reluctant to divert funding to the SRF to maintain ties with MMFs given size of exposure

MMF treasury repo exposure vs. SOFR volumes; $bn



Source: Crane Data, J.P. Morgan

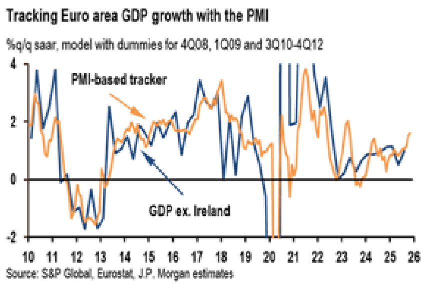
Commodities

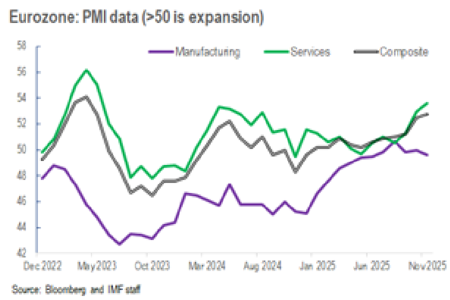
Oil trades between Ukraine peace prospects and shifting supply dynamics. Oil prices slipped in choppy trading yesterday as markets tracked developments in Ukraine peace talks. Markets weighed the news of a meeting between Russia's president and US envoys to advance a peace framework against Russian threats of potential retaliatory measures on vessels aiding Ukraine. A deal to end the war could unwind part of the risk premium embedded in refined products, while further escalation would bolster crude prices. Beyond geopolitics, supply management remains cautious. OPEC+ signaled a pause in fresh output hikes through early 2026 in an attempt to regain market share from US production. Meanwhile, US shale production continues to show rising price sensitivity, with growth constrained by lower oil prices as investor focus remains on returns rather than volumes.

Europe

European equities were trading higher as expectations of a more dovish Fed built. The Stoxx 600 was 0.2% higher in early morning trade with regional bourses also trading in positive territory. European defense sector stocks and oil prices were also around 1% higher as progress on Russia-Ukraine peace negotiations stalled. **The euro was trading firmer against the dollar** (+0.3%) at $1.1661, while European government bond yields were little changed with the 10-year German bund yield at 2.75%. Elsewhere, the 10-year OAT-Bund spread was trading wider at 74 bps as the National Assembly debates the social security bill. Meanwhile, the 10-year BTP-Bund spread narrowed back to around 70 bps.

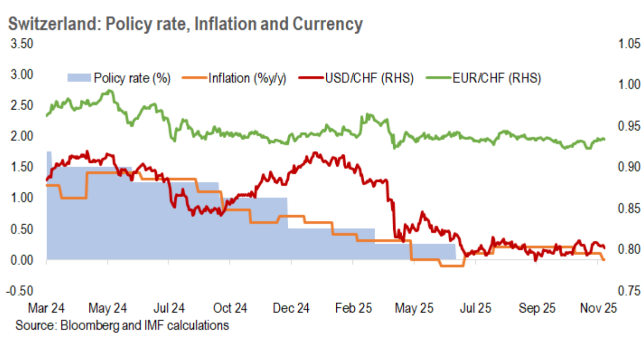
Euro area final November composite PMI revised higher, suggesting stronger growth. The final November composite PMI was upwardly revised to 52.8, from the earlier flash estimate of 52.4, 0.3 points higher than October's reading. JPMorgan analysts note that combined with the October survey data, today's release implies potential upside risks to the ECB's 0.8% growth forecast for Q4. The revision was driven by services activity, with both Germany (+0.3 pts to 52.4) and France (+0.5 pts to 50.4) posting stronger composite readings.





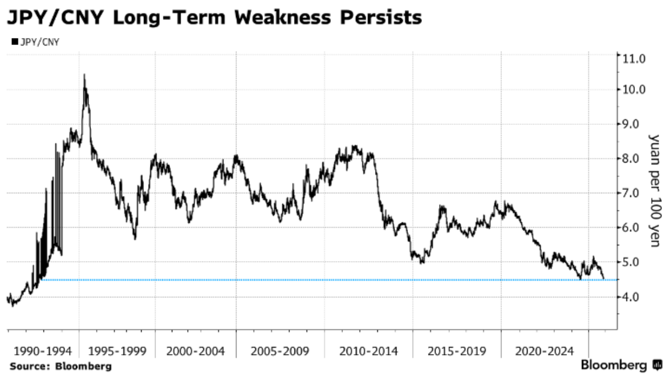
Switzerland

Swiss National Bank expected to keep rates unchanged despite downside inflation surprise. Data released today showed headline inflation in Switzerland slowed to 0.0% y/y in November, below consensus expectations of 0.1% and down from 0.1% in October, driven by lower prices for energy and fuels as well as for imported products. Core inflation eased to 0.4% y/y, (0.5% expected, 0.5% prior), the lowest reading since August 2021. Money market pricing for next week's policy meeting was little changed following this morning's data release, with markets expecting the policy rate to remain unchanged at 0.0%. Elsewhere, a Bloomberg survey shows that most economists expect the Swiss National Bank (SNB) to keep the policy rate on hold through 2027, with a hike possible in Q1 2028. Last month, SNB President Schlegel said that policymakers would look through periods of below-zero inflation, noting that "the bar is high" for cutting rates into negative territory. This morning the Swiss franc was trading firmer (+0.2%) against the dollar at 0.802/$, now around 14% stronger YTD.



Japan

JGB yields rose to multi-year highs amid caution over a potential BOJ rate hike and continued fiscal expansion concerns. Japanese government bond yields rose to their highest levels in more than a decade as markets remain cautious about a potential BOJ rate hike and the implications of continued fiscal expansion. The benchmark 10-year yield rose 3.5 bps to 1.89%, the highest since June 2008, with the move accelerating after investors were surprised by the volume of bonds offered back to the BOJ at its regular rinban operation. The 30-year yield climbed 4 bps to 3.42% as traders grew concerned that Thursday's 30-year auction could draw weak demand. The yen was relatively stable today, strengthening +0.2% to 155.61/$. Analysts at SMBC Nikko Securities argue that upward pressure on JGB yields is likely to intensify as markets price higher terminal rates over time, while Mizuho Bank analysts noted that a December rate hike is now largely priced in, warning that failure to deliver could trigger a sharp yen selloff. Bloomberg analysts also highlighted that long-term JPY/CNY underperformance is unlikely to reverse even with a December hike. Equity moves were mixed: the Nikkei 225 gained 1.1% on semiconductor strength, while the TOPIX fell 0.2% on profit-taking in major financials such as Mitsubishi UFJ.



Emerging Markets

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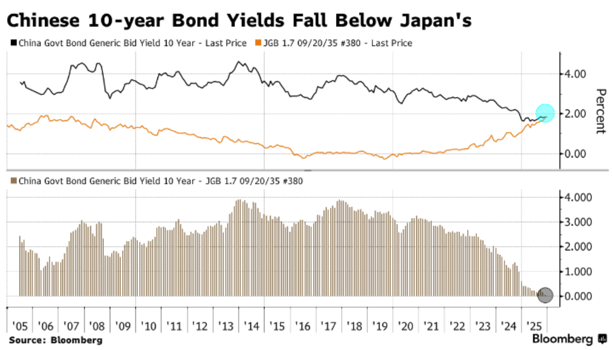
EMEA equities and currencies were trading mixed in early morning trade. In CEE**,** equities in Romania were outperforming (+1.0%) led by gains in the energy sector (+2.2%). CEE currencies were mostly rangebound against the euro. On the policy front, the National Bank of Poland is expected to deliver a 25 bps rate cut later today, taking the policy rate to 4.0%. Elsewhere, Bloomberg reports that the yield on Bulgaria's 2035 euro-denominated bond has climbed by 4 bps since last Friday to 3.51% on domestic political developments. Meanwhile, Ukraine's dollar bond prices declined on the lack of progress on the latest peace talks. According to Bloomberg data, notes due in 2036 declined by more than 2 cents on the dollar to 53.71. Separately, in Namibia, the central bank left its policy rate unchanged at 6.5%.

Most Asian currencies strengthened (EM Asia: +0.1%) on broad dollar weakness. However, the Philippine peso depreciated (-0.7%) today as the government announced plans to sell more international bonds. The Indian rupee fell (-0.3%) past the psychological 90/$ level, as delays in finalizing a trade agreement continued to weigh on sentiment. Asian equities were mixed (EM Asia: flat), with AI-driven gains in Korea (KOSPI: +1.0%) and Taiwan POC (TAIEX: +0.8%) offset by declines in the Philippines (PSE Index: -1.5%) and Hong Kong SAR (Hang Seng: -1.3%).

Latin American currencies strengthened, and most regional equity indexes advanced. The Chilean peso (+0.9%) and Brazilian real (+0.5%) led gains. Equities posted notable increases in Colombia (+1.7%), Brazil (+1.6%), and Mexico (+0.5%), although equities in Argentina (-0.6%) declined.

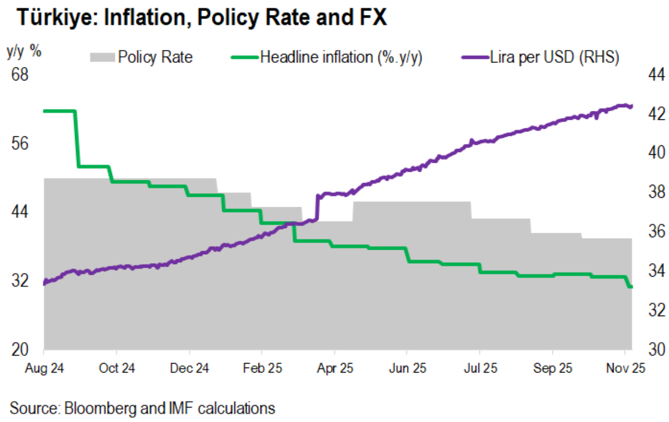
China

Corporate bonds underperform government bonds as China Vanke's local bond extension proposal weighs on sentiment. The spread between AAA-rated three-year corporate bonds and comparable sovereign debt widened to 46 bps, the highest since April, amid concerns over China Vanke's debt-repayment challenges. Trading activity in onshore corporate bonds has slowed as funds scale back purchases, reflecting cautious sentiment. However, analysts note that broader credit spreads remain historically tight, with limited room for further widening given expectations of continued liquidity support from the PBOC. Meanwhile, the PBOC disclosed on Tuesday that it injected a net CNY 50 bn ($7.1 bn) of liquidity via trading sovereign debt in November, following a modest CNY 20 bn net purchase in October. Economists expect bond yields to decline toward record lows in 2026 as policymakers maintain an easing bias to counter persistent deflation pressures and a prolonged property slump. The 10-year benchmark yield rose 1bp to 1.84% today, and both onshore CNY and offshore CNH strengthened (+0.1%) today, as PBOC fixed the yuan at 7.0754, the strongest since October 2024.



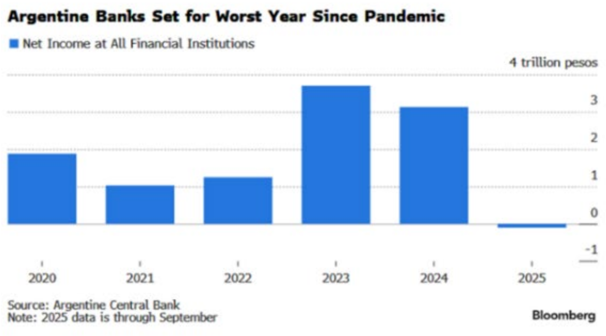
Türkiye

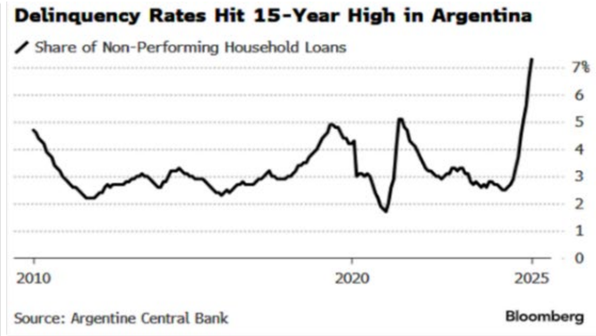
Türkiye's November headline inflation surprises to the downside. Headline inflation printed at 31.1% y/y in November, below consensus expectations of 31.6% and down from 32.9% last month. On a monthly basis, price growth eased to 0.9% m/m, a sharp decline from 2.6% m/m in October, driven by a decline in food prices. Following the release, Turkish equities were higher, with the banking sector index rising 1.6% on expectations that the Central Bank of Türkiye (CBRT) will deliver a sizable rate cut at its policy meeting next week, although gains were reversed in later trade. Analysts at Capital Economics expect policymakers will deliver a 100 bps cut to take the policy rate to 38.5%, but note that risks are skewed towards a larger reduction. Meanwhile, HSBC analysts expect a 150 bps rate cut citing the softening in inflation and more dovish leaning central bank communications. The Turkish lira was trading weaker against the dollar at 42.44/$ while yields on the country's dollar-denominated bonds were lower across all tenors, with the largest moves in the 5-year bond (-4 bps to 5.35%).



Argentina

Argentine banks posted their weakest quarterly earnings since the pandemic. Bloomberg analysts attribute third-quarter losses to rising delinquency rates, driven by tighter monetary policy aimed at stabilizing the peso ahead of the midterm elections in October. Interest rates were raised to triple digit levels, and banks were required to hold reserves exceeding 50% of deposits—while meeting these requirements on a daily rather than monthly basis—to anchor the currency. As a result, credit conditions tightened amid stagnant economic growth, and interest rates now exceed inflation. Since the election the central bank has cut the one-day repo rate by 5 percentage points to 20% and slightly relaxed the daily reserve-compliance rule, according to Bloomberg. Consensus forecasts point to disinflation but slower GDP growth in the coming years, with inflation projected at 15.2% y/y and GDP growth at 2.9% y/y by 2027.





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Global Financial Indicators

12/3/25 8:30 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,840	0.9	1.1	-0.2	13.1	16
Europe		5,710	0.4	1.0	0.5	17.1	17
Japan		49,865	1.1	0.6	-3.2	27.0	25
China		4,531	-0.5	0.3	-1.9	15.3	15
Asia Ex Japan		93	0.0	1.0	-3.3	23.8	28
Emerging Markets		54	0.4	1.2	-2.4	24.8	30
Interest Rates					basis points		
US 10y Yield		4.1	2	6	-5	-17	-51
Germany 10y Yield		2.7	-1	7	7	68	37
Japan 10y Yield		1.9	3	9	23	81	79
UK 10y Yield		4.4	-3	1	0	19	-13
Credit Spreads					basis points		
US Investment Grade		114	-1	-1	-3	-2	-6
US High Yield		349	4	-3	5	41	20
Exchange Rates					%		
USD/Majors		98.9	-0.5	-0.8	-1.0	-7.0	-9
EUR/USD		1.17	0.4	0.7	1.3	11.1	13
USD/JPY		155.4	-0.3	-0.7	0.8	3.9	-1
EM/USD		46.5	0.1	0.7	1.2	6.6	9
Commodities					%		
Brent Crude Oil ($/barrel)		63.2	1.2	1.0	-2.0	-11.0	-11
Industrials Metals (index)		155.8	1.4	3.6	1.1	6.5	11
Agriculture (index)		56.3	-0.2	0.3	-0.8	0.7	-1
Gold ($/ounce)		4221.5	0.4	1.4	5.5	59.7	61
Bitcoin ($/coin)		93064.7	1.6	2.4	-12.9	-3.1	-1
Implied Volatility					%		
VIX Index (%, change in pp)		16.3	-0.3	-2.3	-0.9	3.0	-1.1
Global FX Volatility		6.8	0.0	-0.2	0.0	-2.3	-2.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		60	-1	-1	-2	-26	-25
Italy		70	-2	-2	-5	-49	-46
France		74	0	2	-4	-11	-9
Spain		47	0	-1	-3	-24	-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		4,531	-0.5	0.3	-1.9	15.3	15.2		78	-24	-9	-20	-18
Indonesia		8,612	-0.1	0.1	4.5	17.5	21.6		94	-7	9	-7	3
India		85,107	0.0	-0.6	2.0	5.1	8.9		93	-2	3	8	7
Philippines		5,906	-1.5	-1.6	0.7	-12.2	-9.5		81	-6	11	-7	2
Thailand		1,275	-0.2	1.1	-1.8	-12.1	-9.0						
Malaysia		1,623	-0.5	-0.1	0.0	0.5	-1.2		63	-2	4	-5	-7
Argentina		3,042,001	-0.6	1.9	-2.0	32.0	20.1		654	-10	-15	-102	17
Brazil		161,790	1.6	2.0	7.5	28.3	34.5		202	-7	9	-26	-45
Chile		10,169	0.0	1.7	6.9	53.4	51.5		96	-7	3	-26	-17
Colombia		2,116	1.7	3.7	6.5	52.0	53.4		273	-10	21	-56	-53
Mexico		63,821	0.4	1.0	2.7	25.6	28.9		219	-9	12	-92	-93
Peru		2,381	1.0	4.2	1.6	31.0	40.5		97	-7	0	-48	-44
Hungary		109,972	0.1	0.1	2.0	41.6	38.6		144	-6	19	-21	-11
Poland		110,828	0.2	-0.8	-1.1	37.0	39.3		91	-5	5	-25	-21
Romania		23,284	1.2	1.7	2.8	45.0	39.3		194	-13	4	-33	-41
South Africa		111,289	0.4	-0.5	2.0	29.7	32.3		226	-14	-2	-64	-67
Türkiye		11,107	-0.1	1.8	0.4	13.0	13.0		247	-11	-4	-15	-12
EM total		54	0.2	1.2	-2.4	24.8	29.8		275	-12	2	-96	-89

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

12/3/2025 8:21 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		7.06	0.1	0.2	0.8	3.1	3.3		1.9	1	3	6	-2	20
Indonesia		16622	0.0	0.2	0.2	-4.1	-3.1		6.1	-2	6	17	-77	-87
India		90	-0.4	-1.0	-1.6	-6.1	-5.1		7.2	7	23	34	15	-17
Philippines		59	-0.7	-0.1	-0.2	-0.6	-1.8		4.7	1	1	0	-32	-22
Thailand		32	0.2	1.0	1.7	7.7	6.8		1.8	-1	5	-3	-55	-53
Malaysia		4.12	0.2	0.4	1.9	8.4	8.5		3.5	0	7	-1	-32	-33
Argentina		1455	0.0	-0.2	1.7	-30.5	-29.1		30.2	-76	-87	17	83	104
Brazil		5.32	0.2	0.3	0.8	13.8	16.2		13.1	-8	-12	-55	-85	-280
Chile		920	0.2	0.7	2.1	5.7	8.2		5.3	1	1	-10	-5	-40
Colombia		3792	0.5	-1.7	1.6	17.1	16.2		12.5	2	12	86	162	65
Mexico		18.25	0.2	0.5	1.3	11.3	14.1		8.8	-5	-7	2	-123	-158
Peru		3.4	0.1	0.1	0.3	11.5	11.1		5.9	-1	1	-13	-64	-71
Uruguay		39	0.1	1.3	1.5	10.3	12.3		7.8	-1	-2	-6	-178	-185
Hungary		326	0.4	1.0	3.0	20.8	21.8		6.6	-1	-5	9	48	21
Poland		3.62	0.5	0.7	1.9	12.9	14.0		4.6	1	-3	-15	-62	-98
Romania		4.4	0.4	0.6	1.2	8.6	10.1		6.8	-1	0	-6	-36	-44
Russia		77.6	-0.5	1.2	4.4	35.3	46.3							
South Africa		17.1	0.2	0.4	1.5	6.1	10.4		8.9	-4	-13	-46	-147	-163
Türkiye		42.44	-0.2	0.0	-0.9	-18.2	-16.7		31.2	-20	-104	-98	123	146
US (DXY; 5y UST)		99	-0.4	-0.7	-0.9	-7.0	-8.8		3.61	-4	5	-11	-50	-77

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