



- Japanese life insurers held their hedge ratio steady at just under 50% ([link](#))
- Sovereign issuers are shifting towards shorter maturity debt ([link](#), [link](#))
- Many speculative crypto assets are under heavy pressure as retail mania fades ([link](#))
- Brazil's soft GDP print reinforced expectations for at least some rate cuts in 2026 ([link](#))
- Chinese 30y government bond yields have risen nearly 10 bps this week ([link](#))

[Mature Markets](#)



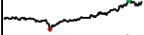


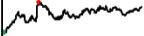





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Markets remained relatively calm, with global equities edging higher for the week.

Most global equities were modestly higher this morning, while bond yields were up slightly ahead of the Fed meeting next week. The S&P500 is back within 0.5% of its record highs with futures pointing towards further gains. Japanese stocks underperformed today, with some analysts pointing towards recent yen strength as a headwind for exporters amid rising expectations for a Bank of Japan rate hike later this month. The dollar was little changed on net, but fell 0.4% this week. Markets are pricing in over a 90% chance of a Fed rate cut next week, though the longer term outlook has remained relatively stable with between 3–4 cuts by early 2027. 10y Treasury yields ticked higher today but have traded in a narrow range near 4.1% this week. Elsewhere, the RBI cut its policy rate by 25 bps to 5.25% and announced plans for bond purchases to inject liquidity into funding markets. India's central bank also raised its growth and lowered its inflation forecasts, while leaving the door open for additional rate cuts despite recent weakness in the rupee.

Key Global Financial Indicators

Last updated: 12/5/25 7:54 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6857	0.1	1	1	13	17
Eurostoxx 50		5747	0.5	1	1	16	17
Nikkei 225		50492	-1.1	0	0	29	27
MSCI EM		54	0.0	0	-1	24	30
Yields and Spreads			bps				
US 10y Yield		4.11	1.6	10	-5	-6	-46
Germany 10y Yield		2.78	0.8	9	11	67	41
EMBIG Sovereign Spread		260	-3	-14	-9	-75	-65
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.5	0.0	0	2	6	9
Dollar index, (+) = \$ appreciation		99.0	0.0	0	-1	-6	-9
Brent Crude Oil (\$/barrel)		63.2	-0.1	0	-1	-12	-15
VIX Index (% change in pp)		15.8	0.0	-1	-2	2	-2

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

Mature Markets

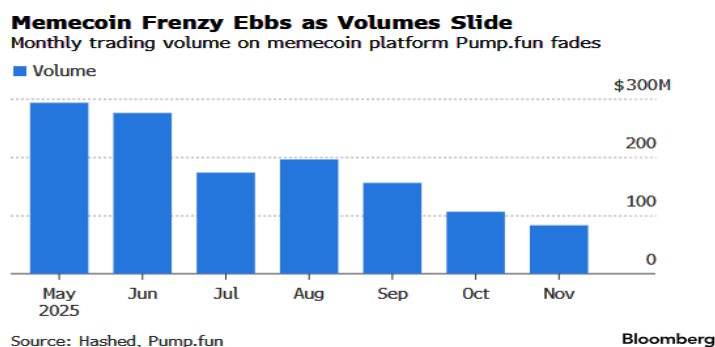
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United States

Sovereign issuers are shifting towards shorter maturity debt. The average maturity of the benchmark global government bond index has fallen to the lowest level since 2014 as issuers confront high rates, weak demand for longer maturities, and more price sensitive investors. Average maturity fell sharply in 2022 at the height of global hiking cycle and has drifted lower ever since. The US Treasury is leaning more on bills to fund deficits, with their share of outstanding debt projected to rise from 22% to 26% by 2027. This approach taps robust demand from US money-market funds, which reached a record \$8.05 trillion at the end of November, and allocated nearly \$3 trillion in Treasury bills. Potential stable coin adoption could further boost demand, allowing the Treasury to delay increases in longer-dated coupon auctions until late 2026, according to Bloomberg estimates. In the UK and Japan, policymakers are also considering shorter-term issuances despite rollover risks given the recurrent pressure on long end yields from fiscal risks. The UK DMO stated it would not hold any long-dated bond auctions in Q1 next year.



Speculative crypto assets are under heavy pressure as retail support wanes. A MarketVector index of 50 mid- and micro-cap tokens has plunged nearly 70% this year, erasing \$200 billion in value and marking the weakest level since early 2020. Unlike past cycles, many crypto assets other than Bitcoin missed the broader rally last year and then declined further, with Dogecoin down 50% since September. According to Bloomberg analysts, retail investors now favor alternatives with better valuation potential, such as projects with users, revenue, and other products. Retail flows also have favored alternatives such as zero-day stock options, speculative tech stocks, and leveraged ETFs. Trading venues, which supported meme trades, now steer retail investors toward prediction markets and crypto-based stock wagers, while billions have flown into Bitcoin ETFs—further draining liquidity. A few tokens such as BNB and HYPE have held up by using revenue for coin buybacks, mimicking equity-style support, but these winners are rare in a market where most projects lack meaningful traction.



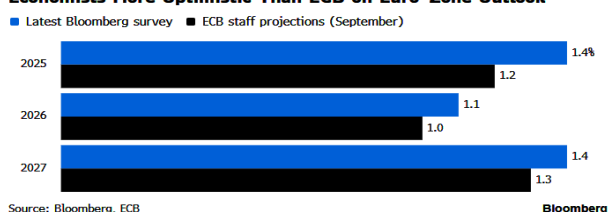
Europe

European equities were trading higher this morning. The Stoxx 600 was (+0.3%) higher in early morning trading led by the healthcare and industrial sectors. According to Bloomberg, the index is now

within 1% of its November all-time high. Regional bourses were also trading in positive territory with Germany's DAX outperforming (+0.5%) after German factory orders increased by more than expected in October (1.5% m/m vs 0.3% expected). Elsewhere, the euro was trading relatively unchanged against the dollar at 1.1649. S&P is scheduled to provide its rating review of Germany after market close tonight.

Final estimate of euro area Q3 GDP revised higher. The third estimate of euro area Q3 GDP was revised higher to 0.3% q/q from 0.2%. Analysts at Bloomberg noted that the eurozone economy has proved to be more resilient in the face of trade disruptions in the second half of 2025 with consumption supported by lower borrowing costs and a solid labor market. Separately, a Bloomberg survey of economists suggests analysts are more optimistic on the growth outlook compared to the ECB. ECB staff projections will be updated at the December 18th policy meeting, where markets and analysts expect policymakers to hold the policy rate unchanged at 2.0%. Beyond the December meeting, markets are pricing in around 6 bps of easing, suggesting that the ECB will remain on hold for most of next year. European government bond yields were little changed this morning, while spreads were trading a touch tighter with the 10y BTP-Bund spread at 69 bp and the 10y OAT-Bund spread at 74 bps.

Economists More Optimistic Than ECB on Euro-Zone Outlook



United Kingdom

The UK DMO announced its funding plan for the first quarter of 2026, with issuance skewed towards shorter-maturity instruments. Maturities for the ten conventional gilt offerings range from 2029–2035 with the DMO stating that it will hold no long-dated conventional bond auctions in Q1. Elsewhere, analysts at UBS argued that gilt yields are too high relative to other markets when comparing long-term rates to future nominal growth expectations. The analysts argued that elevated inflation, a loss of demand for long-end gilts from UK pension funds, and domestic political developments explain why gilts are trading cheap on a relative basis. UBS cited less long-dated supply and a decline in headline inflation towards the 2% target as factors that should support gilt yields moving lower. UK gilt yields were trading slightly lower across all tenors this morning with the 10y gilt at 4.43%.

5y5y government bond yields vs five year ahead expectations for nominal GDP growth. Only Poland on the DM-EM frontier offers higher yield.

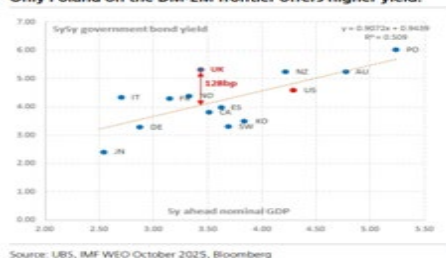
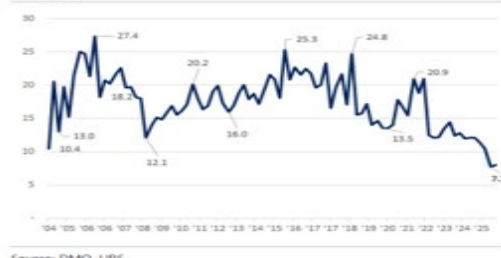


Figure 8: The average maturity of gilt sales has been falling sharply



Japan

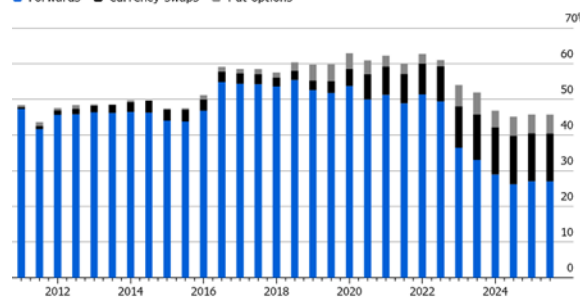
Japan's nine major life insurers kept currency hedge ratios on overseas portfolios at 45.7% in the first half of the fiscal year through September, according to Bloomberg data. Net long yen positions via forwards covered 27% of foreign assets, while currency swaps and put options remained steady at 13.4% and 5.3%, respectively. Insurers became net buyers of foreign bonds for the first time since 2021 in the first half of the year (FY), adding an estimated ¥213 bn in overseas securities, while selling ¥849.7 bn of

Japanese government bonds, more than double the previous period (¥388.1 bn), according to Bank of Japan (BOJ) and JSDA data. Hedging costs have fallen as policy divergence between the BOJ and major central banks narrowed. Strategists expect hedge ratios to rise gradually rather than abruptly, with new foreign bond purchases likely to carry higher hedge ratios and existing positions hedged more aggressively as current contracts roll off under favorable cost conditions.

Japanese Life Insurers' Yen Hedging Steadies at Low Levels

Net yen long positions of life insurers vs their foreign securities holdings

■ Forwards ■ Currency swaps ■ Put options

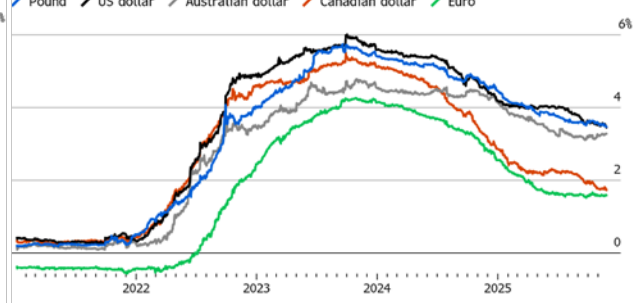


Sources: Bloomberg, insurers' earnings reports

Currency Hedge Costs Fall for Japanese Investors

Three-month hedge costs for yen-based investors

■ Pound ■ US dollar ■ Australian dollar ■ Canadian dollar ■ Euro



Source: Bloomberg

Bloomberg

Emerging Markets

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In CEEMEA, most equity markets gained, with South Africa outperforming (+1%) on higher gold prices, while currencies were mixed. Hungarian equities underperformed (-0.3%), though the forint gained against the euro. The rand also gained (+0.3%) while the lira softened. In Asia, regional stock performance was varied, though most currencies rallied. Korean stocks outperformed (+1.8%) while Malaysia declined (-0.3%). Chinese stocks also gained (CSI 300: +0.8%). Most EM Asian currencies appreciated against the dollar, led by the Thai baht (+0.5%). The Indian rupee weakened (-0.1%) and bond yields fell (10y: -4 bps, 30y: -6 bps) as the Reserve Bank of India cut the policy rate by 25 bps to 5.25%. The central bank also announced plans to purchase INR1 tn (\$11 bn) of bonds and conduct a \$5 bn 3y FX swap to boost liquidity in funding markets, while signaling openness to further cuts after lowering its inflation forecast. In Latin America, currencies were mixed and most equities advanced on Thursday. The Argentine peso (+0.7%) and Mexican peso (+0.5%) strengthened, whereas the Colombian peso (-0.9%) declined. Brazilian equities (+1.7%) led gains after a softer-than-expected GDP report reinforced expectations of future rate cuts. Regional peers generally also gained, though Argentine equities (-1.1%) underperformed.

Brazil

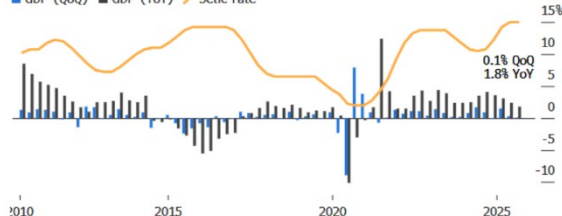
Brazil's lower than expected GDP print reinforced expectations of rate cuts in 2026.

Third-quarter GDP grew by just 0.1% q/q, below the 0.2% forecast and down from 0.4% in Q2. On an annual basis, growth slowed to 1.8% from 2.2%, which was slightly above the 1.7% estimate. The weaker print strengthened expectations that the central bank will begin cutting rates early next year, with about 50 bps priced in through June (up 2–3 bps from prior to the release), as inflation approaches the upper end of the target range. Nevertheless, real rates are likely to remain among the highest of any major financial market, with only a shallow easing cycle priced in for now. Bloomberg analysts noted that Brazil's resilient job market has been a key challenge for policymakers seeking to curb inflation. The real edged lower, and equities (+1.7%) outperformed regional peers. The final monetary policy meeting of the year is scheduled for December 10th, where rates are expected to remain at 15%.

Brazil's Economy Slows to 0.1% in Third Quarter

The softer reading reinforces signs of an economic cooldown

■ GDP (QoQ) ■ GDP (YoY) ■ Selic rate



Source: Brazil's statistics agency, central bank

Bloomberg

China

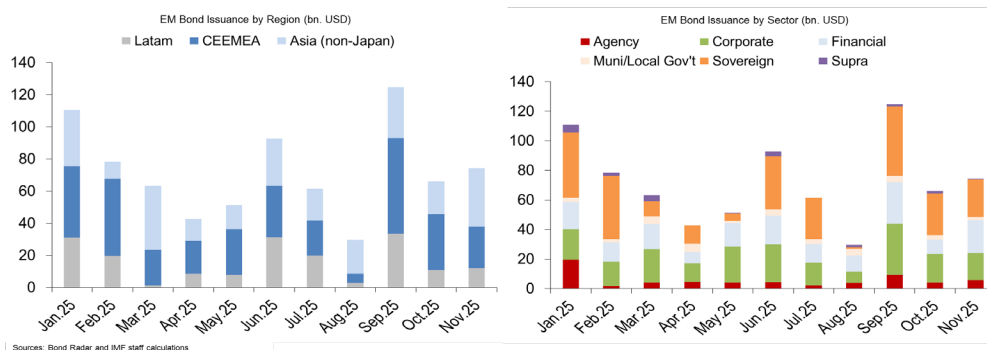
China's 30y bond yields posted their biggest weekly rise (+8 bps to 2.26%) since September as concerns grew that the PBOC may avoid aggressive easing while demand for safe assets remains muted. The finance ministry sold ¥27 bn (\$3.8 bn) of 30y bonds today at an average yield of 2.3%, up from 2.14% in November and the highest since October 2024. Analysts cited surging supply and liquidity strains. Huayuan Securities estimates tradable government bond supply has risen by ¥4.5 tn this year, mostly absorbed by banks, warning that heavy issuance of ultra-long bonds could outpace demand. Mizuho economists urge the PBOC to cut rates and lower reserve requirements, noting year-end issuance has added to cash tightness. However, markets fear the PBOC may prioritize medium- to long-term liquidity injections over short-term funding, unsettling leveraged bond traders. The sell-off has been more acute in 30y yields compared to other parts of the curve. However, some analysts view the yield spike as a buying opportunity, arguing valuations have decoupled from fundamentals.

China's 30-Year Yield Spikes Faster Than Peers



EM International Bond Issuance

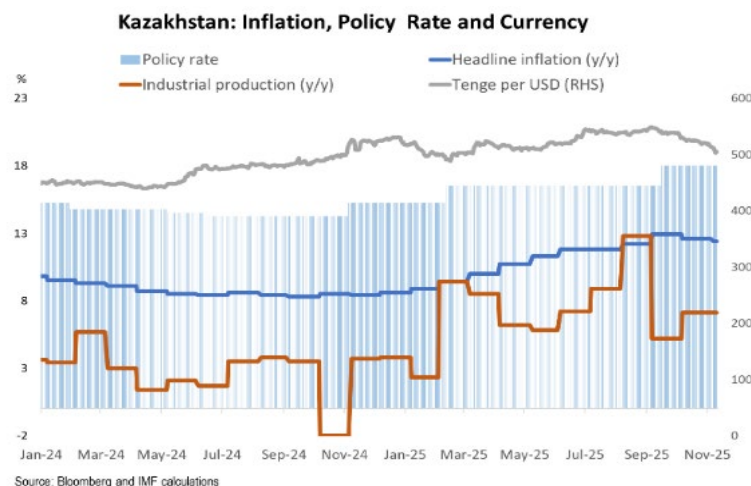
Total international bond issuance rose in November to \$74.3 bn, up from \$66.1 bn in October, largely driven by Asia. Asia ex-Japan (49%) issuance increased m/m and accounted for nearly half of November's total, followed by CEEMEA (35%), and Latam (16%). By sector, sovereign issuers (34%) led, while financials (30%), and corporates (25%) were close behind. Issuance in the first week of December has been subdued, reaching \$7.5 bn through Thursday, less than half of the 2025 weekly average. However, **South Africa sold \$3.5 bn in 12y and 30y sovereign bonds with strong demand. South African sovereign spreads are at their lowest level since 2013** following an S&P upgrade in November and a lowering of the inflation target.



Kazakhstan

Equities gained (+0.9%) and the tenge was little changed after PPI slowed to 7.1% y/y in November from 8.4% previously. Consumer inflation also slowed to 12.4% y/y (from 12.6%) in November, while the central bank (NBK) kept its policy rate unchanged at 18% at its latest policy meeting. Goldman Sachs analysts expect continued tenge appreciation (+3.9% YTD), supported by declining inflation and stronger

external balances. They believe future policy measures should support the currency, with a likely increase in reserve requirements, efforts to drain liquidity through NBK bill issuance, and only 200 bps of rate cuts in 2026. A VAT increase is likely to keep inflation elevated. Bloomberg noted that NBK data show strong inflows amid high carry, with non-resident holdings of government bonds reaching a record \$3.6 bn in November (+\$1.1 bn from October).



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 L. 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) and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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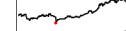



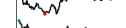

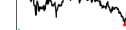






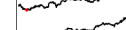







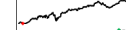







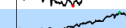

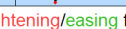
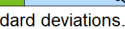


Global Financial Indicators

12/5/25 7:23 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		6,857	0.1	0.7	0.9	12.9	17
Europe		5,745	0.5	1.4	1.3	16.0	17
Japan		50,492	-1.1	0.5	0.6	28.2	27
China		4,585	0.8	1.3	-0.9	16.9	17
Asia Ex Japan		92	-0.2	-0.1	-2.3	22.7	28
Emerging Markets		54	0.0	0.2	-1.4	23.7	30
Interest Rates			basis points				
US 10y Yield		4.1	2	10	-4	-6	-45
Germany 10y Yield		2.8	1	9	11	67	41
Japan 10y Yield		1.9	1	14	28	88	85
UK 10y Yield		4.4	1	1	-1	17	-12
Credit Spreads			basis points				
US Investment Grade		113	-1	-2	-4	-3	-6
US High Yield		343	-3	-9	-10	34	14
Exchange Rates			%				
USD/Majors		99.0	0.0	-0.5	-1.2	-6.4	-9
EUR/USD		1.16	0.0	0.4	1.3	10.0	12
USD/JPY		155.2	0.1	-0.6	0.7	3.4	-1
EM/USD		46.5	0.0	0.4	1.6	6.0	9
Commodities			%				
Brent Crude Oil (\$/barrel)		63.1	-0.2	1.2	-0.2	-9.4	-11
Industrials Metals (index)		156.7	0.4	1.7	3.3	6.9	12
Agriculture (index)		56.1	-0.2	-1.0	-1.5	-1.1	-2
Gold (\$/ounce)		4226.3	0.4	-0.3	6.2	60.6	61
Bitcoin (\$/coin)		91192.9	-1.1	0.0	-12.0	-7.9	-3
Implied Volatility			%				
VIX Index (% change in pp)		15.8	0.0	-0.6	-2.3	2.2	-1.6
Global FX Volatility		6.7	0.0	-0.2	-0.2	-1.9	-2.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		61	0	1	-2	-19	-25
Italy		70	0	-1	-5	-39	-46
France		75	0	3	-3	-3	-8
Spain		48	0	0	-3	-18	-22

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

Emerging Market Financial Indicators

12/5/2025 7:22 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	0.1	0.8	2.7	3.2		1.9	3	4	10	3	24
Indonesia		16644	0.0	0.1	0.4	-4.7	-3.3		6.1	-3	-3	6	-84	-92
India		90	0.0	-0.6	-1.5	-5.8	-4.9		7.1	-5	12	31	12	-22
Philippines		59	0.2	-0.5	-0.2	-1.8	-1.9		4.6	0	0	-1	-32	-23
Thailand		32	-0.4	0.6	1.6	7.2	6.4		1.8	0	-2	-10	-57	-57
Malaysia		4.11	0.0	0.5	2.0	7.7	8.8		3.5	-3	-1	-5	-33	-36
Argentina		1446	0.5	0.3	0.9	-30.0	-28.7		32.1	187	-19	133	200	290
Brazil		5.31	0.1	0.5	0.9	13.2	16.4		13.1	-5	-12	-68	-117	-286
Chile		918	0.0	1.1	2.9	5.7	8.4		5.3	1	0	-11	-2	-41
Colombia		3799	-0.9	-1.5	1.5	16.2	16.0		12.1	-17	-36	50	130	29
Mexico		18.19	0.2	0.6	2.2	11.0	14.5		8.8	3	0	-2	-123	-159
Peru		3.4	0.0	0.1	0.7	11.2	11.3		5.9	0	-6	-20	-69	-77
Uruguay		39	0.1	0.8	1.9	10.9	12.5		7.8	-2	-4	-7	-179	-188
Hungary		328	0.3	0.3	2.6	18.9	21.2		6.6	0	-6	2	32	18
Poland		3.63	0.1	0.5	1.9	11.0	13.7		4.6	0	-4	-13	-68	-99
Romania		4.4	0.0	0.4	1.2	7.6	9.9		6.8	0	0	-3	-46	-43
Russia		76.6	-0.4	1.2	6.2	31.5	48.2							
South Africa		16.9	0.4	1.1	2.9	6.4	11.3		8.7	-2	-23	-55	-164	-176
Türkiye		42.51	-0.1	-0.1	-1.0	-18.3	-16.8		30.8	1	-91	-146	77	109
US (DXY; 5y UST)		99	0.0	-0.5	-1.2	-6.4	-8.8		3.69	2	9	-7	-38	-69

	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		4,585	0.8	1.3	-0.9	16.9	16.5		77	-24	-14	-22	-19		
Indonesia		8,633	-0.1	1.5	3.8	18.0	21.9		89	-11	1	-15	-2		
India		85,712	0.5	0.0	2.7	4.8	9.7		92	-3	2	5	6		
Philippines		5,949	1.0	-1.2	2.3	-11.1	-8.9		76	-10	3	-15	-3		
Thailand		1,274	0.0	1.7	-2.2	-12.3	-9.0								
Malaysia		1,617	-0.3	0.8	-0.3	0.1	-1.6		62	-3	0	-8	-8		
Argentina		3,096,396	-1.1	2.5	1.6	40.0	22.2		643	-18	-28	-117	6		
Brazil		164,456	1.7	3.8	7.3	28.6	36.7		199	-9	3	-28	-48		
Chile		10,179	0.0	0.5	7.9	52.8	51.7		94	-9	-5	-26	-19		
Colombia		2,116	0.5	2.1	3.9	51.7	53.4		273	-10	15	-55	-53		
Mexico		63,715	0.2	1.6	0.5	23.1	28.7		216	-13	-1	-94	-96		
Peru		2,477	2.6	6.2	6.8	36.2	46.1		96	-8	-7	-47	-45		
Hungary		109,123	-0.2	-0.3	1.5	37.6	37.6		140	-10	10	-24	-15		
Poland		110,216	0.1	-1.5	-1.2	33.1	38.5		90	-8	3	-26	-22		
Romania		23,414	-0.5	2.4	3.1	44.8	40.0		187	-19	-8	-44	-48		
South Africa		112,205	1.2	1.1	3.1	29.2	33.4		222	-16	-15	-66	-71		
Türkiye		10,952	0.3	0.5	-0.2	10.2	11.4		242	-9	-14	-20	-17		
EM total		54	1.2	0.2	-1.4	23.7	29.9		272	-14	-9	-97	-92		

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

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