



- Swiss franc has continued to strengthen despite interest rate differentials ([link](#))
- Soft inflation and regulatory support have boosted demand for bond ETFs in China ([link](#))
- Bank of Japan left rates unchanged and will slow its tapering of bond purchases ([link](#))
- US macro data and policy outlook have reemerged as drivers of dollar moves ([link](#))
- Brazil inflation expectations ease ahead of central bank meeting ([link](#))

[Mature Markets](#)



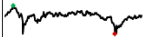







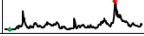
| [Emerging Markets](#)

| [Market Tables](#)

Markets turn cautious as geopolitical and trade tensions linger ahead of FOMC

Global equities were mostly lower this morning, while Treasury yields also declined after President Trump reportedly left the G7 meeting early. Some media reports suggested his early exit could be related to a possible escalation in the Middle East conflict. Brent crude rose back over \$74 per barrel from as low as \$71 yesterday. While the US and UK reportedly agreed to move forward with part of their trade agreement reached previously, investors were disappointed at the lack of explicit progress on trade negotiations with Japan and Europe. Elsewhere, headline retail sales data came in below expectations at -0.9% m/m (vs -0.6% expected), though the control group was stronger at 0.4% m/m (vs 0.3%). The market reaction was muted. Yesterday, the US Senate released its own version of the budget bill, which the House and Senate will need to agree and vote on before debt ceiling pressures intensify later in the summer. Japanese equities outperformed on the day, while the Bank of Japan left rates unchanged and announced plans to reduce the tapering of its bond purchases starting in 2026.

Key Global Financial Indicators

Last updated: 6/17/25 8:40 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6033	0.9	0	1	10	3
Eurostoxx 50		5296	-0.8	-2	-2	9	8
Nikkei 225		38537	0.6	1	2	0	-3
MSCI EM		47	1.2	0	2	11	13
Yields and Spreads			bps				
US 10y Yield		4.40	-4.6	-7	-8	12	-17
Germany 10y Yield		2.51	-1.8	-1	-8	10	14
EMBIG Sovereign Spread		316	-5	-4	-12	-78	-9
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.0	-0.1	0	1	0	7
Dollar index, (+) = \$ appreciation		98.0	0.0	-1	-3	-7	-10
Brent Crude Oil (\$/barrel)		74.8	2.1	12	14	-11	0
VIX Index (% change in pp)		20.1	1.0	3	3	7	3

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

Mature Markets

[back to top](#)

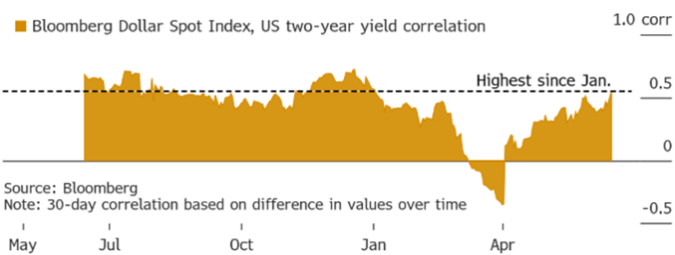
United States

Retail sales were mixed, with a weaker headline print offset by a stronger than expected control group. Import prices grew more than expected. Markets were little changed, with stock futures and yields modestly lower coming into the release.

	Latest	Survey	Revised/Prior
Retail Sales m/m	-0.9%	-0.6%	-0.1%
Retail Sales Control Group m/m	0.4%	0.3%	-0.1%
Import Prices m/m	0.0%	-0.2%	0.1%

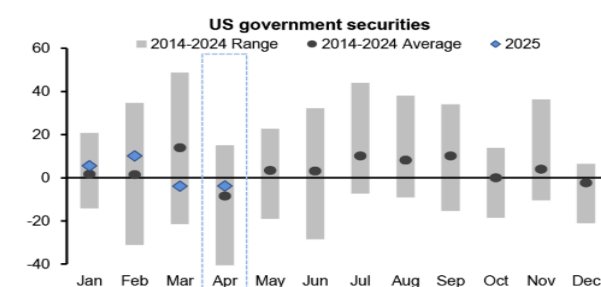
US macro data and monetary policy have reemerged as drivers of dollar moves after several weeks dominated by tariff risks, according to Bloomberg analysts. The correlation between the dollar and 2y Treasury yields has recovered to levels seen prior to the escalation of tariff risks in April. Bloomberg analysts noted that this suggests domestic macro indicators, such as labor market data and policy rate expectations, are playing a significant role in the dollar outlook. Going forward, short dollar positioning and weak macro data in the US may reinforce further downside pressure.

Dollar, Two-Year Yields Have Moved in Lockstep Since April

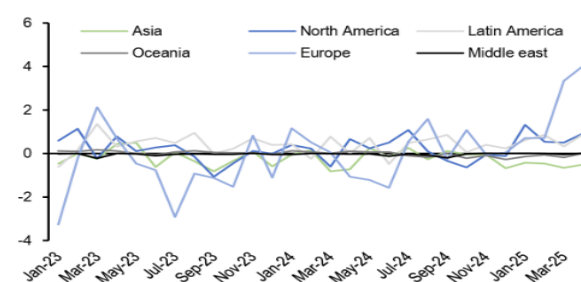


Some early indicators suggest foreign investors are rotating out of US bonds, though data is lagged and inconclusive. JP Morgan analysts highlighted that Japanese balance of payments data for April showed net outflows from US government securities in April, though that is also consistent with seasonal averages, not to mention the peak of the tariff-related market distress. In addition, purchases of Japanese bonds by European investors surged higher (right chart), which could suggest some rotation to other markets outside of the US. This week, the US will release TIC (Treasury International Capital) data, summarizing the foreign investor flow into US Treasuries, though only for April. Other analysts have noted that Treasuries have stabilized in recent weeks, with stable demand at auctions, and that it will be difficult to assess in real time whether foreigners are selling US assets in significant volumes.

Japanese investor flows into US government debt securities (bonds and notes) by month of the year; historical average and range (over 2014-2024 period) vs. 2025 flows, bn local currency

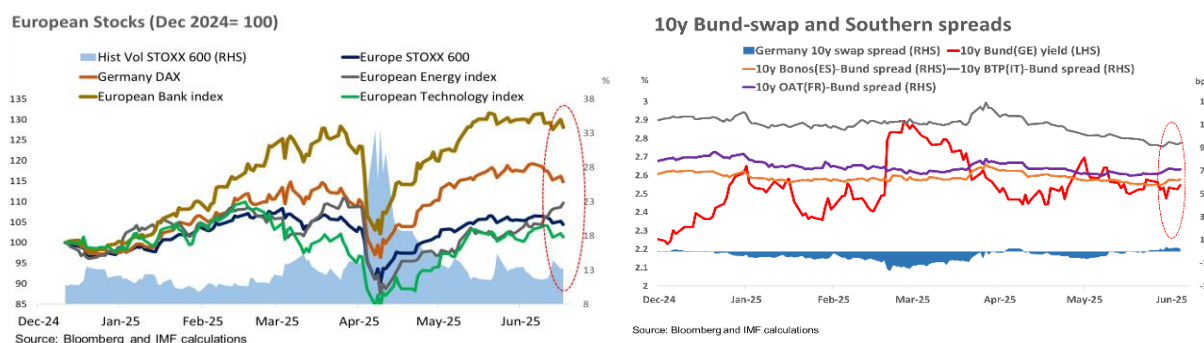


Foreign investor inflows into Japanese mid-long tenor bonds, classified by the region of the foreign investors (¥trillion)



Europe

European equities declined this morning, with the Stoxx 600 index down as much 0.9% before paring losses. The energy sector outperformed (+1.4%), while regionally, Italy and Spain underperformed. The euro was little changed against the dollar. According to Bloomberg, the options market shows that short-term sentiment on the euro has turned bearish for the first time in two months, with EUR/USD one-week risk reversals at 6 bps, favoring puts over calls. ECB Governing Council member Nagel said yesterday that flexibility in monetary policy is essential given the current elevated uncertainty, arguing against pre-committing to rate cuts or pauses. According to the Bundesbank, ECB refinancing operations could address most liquidity needs on the back of declining excess liquidity in the financial system, with structural loans reaching monetary policy counterparties more effectively than asset purchases. **The ZEW survey of expectations for Germany rose to 47.5 (vs. 35 expected) from 25.2 in May.** Government bond yields were little changed on net this morning after Bund yields initially rose about 1–2 bps in early trading.



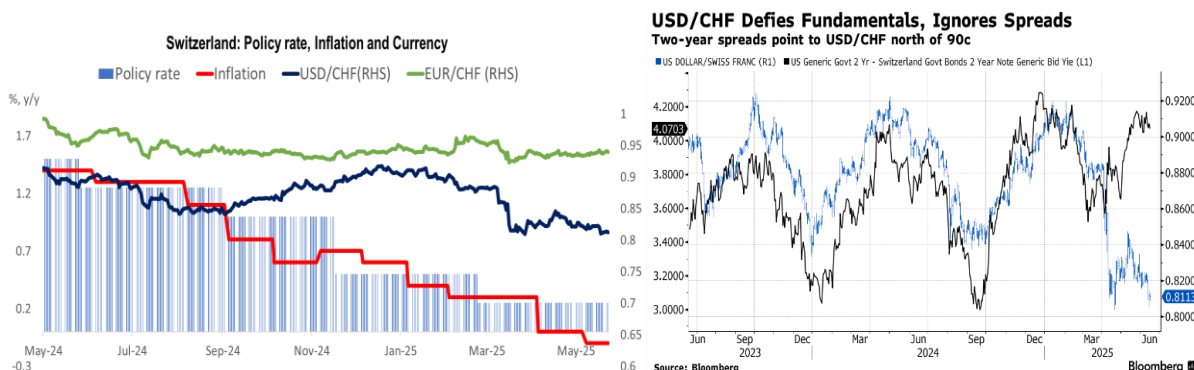
Japan

The Bank of Japan (BOJ) held its policy rate at 0.5% and announced plans to slow the tapering in bond purchases to ¥200bn (\$1.4 bn) per quarter from ¥400 bn starting next fiscal year, as widely expected. During the press conference, the governor cautioned against rapid tapering, citing potential market destabilization and unanchored inflation expectations. Analysts believe the slower pace of tapering may ease concerns over rapid increases in JGB yields, especially at the long end. However, some view the BOJ's latest plan as a sign of its determination to continue reducing its footprint in the bond market over time and continue moving towards tighter policy. The BOJ's Q3 bond purchase plan reduces monthly purchases to ¥3.705 tn from ¥4.105tn in Q2, while reducing purchases of notes in 1y-10y tenors from four times to three times a month. Elsewhere, the US and Japan failed to make outward progress on tariffs at the G7 meeting. The finance minister is also reportedly considering funding cash handouts. JGB futures fell and yields rose (10y: +2.8 bps to 1.46%; 30y: +2.6 bps to 2.92%). The yen was little changed while the Nikkei rose 0.6%.

Switzerland

The Swiss franc has continued to strengthen against the dollar (+8.1% in Q2) and has diverged from interest rate differentials. Bloomberg analysts noted that recent trends suggest even a very dovish tone from the Swiss National Bank (SNB) at its meeting on Thursday may not be enough to stem franc strength. Consensus expectations are for the SNB to cut its policy rate by 25 bps to 0% after headline inflation printed at -0.1% y/y in May. ING sees further easing into negative territory likely after the June 19th cut, given the subdued inflation outlook and downside risks to the Swiss economy from US tariff threats and weak Eurozone growth. UBS assigned a 35% probability to a more aggressive 50 bp cut in June, anticipating that a baseline 25 bp cut will be accompanied by dovish guidance with the SNB intervening to counter possible

currency strength. Nomura forecasts a 50 bp cut taking the policy rate to -0.25% in June, arguing that only a deeper cut would align real rates with domestic conditions and effectively weaken the franc to support export. Money markets are currently pricing in 30 bps of easing on Thursday and 47 bps of easing by March 2026, implying a strong likelihood of negative rates. The franc rose 0.2% against the dollar and euro today after yesterday's data showed import and producer prices declined 0.7% y/y in May (from -0.5% previously).



Emerging Markets

[back to top](#)

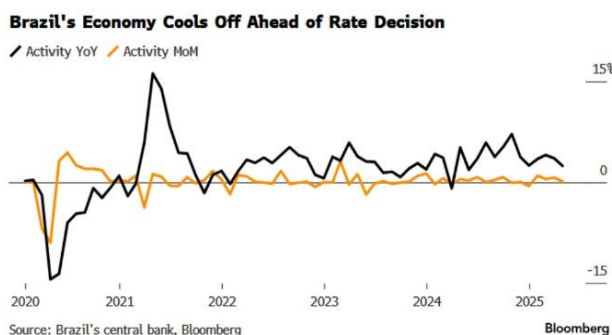
EMEA equities and currencies were trading mixed on fears of geopolitical escalation. Equities in Egypt and UAE were both lower this morning following reports that President Trump left the G7 meeting early. However, Turkish equities were trading in the green, while the lira was little changed. South African equities also declined. In CEE, equities were mixed with Romanian equities outperforming (+0.5%), while currencies were mostly weaker against the euro. Elsewhere, **Fitch upgraded Ghana's long-term foreign currency debt rating** to B- from RD and its long-term local currency rating to B- from CCC+.

In Asia, most regional currencies declined, led by the Philippine peso (-0.5%) following the increase in oil prices. Bank Negara Malaysia's deputy governor indicated the central bank will guard against ringgit volatility to ensure proper market functioning amid high uncertainty, with the ringgit trading near its strongest level since October (+5.1% YTD). Regional equities were mixed, with Indonesia gaining (+0.6%) and Malaysia declining (-0.5%).

In Latin America, Brazilian equities outperformed (+1.5%) on Monday while regional currencies were mixed. Most other equity indices posted modest losses. The Brazilian real gained, while the Mexican peso was little changed. **Colombia triggered a fiscal escape clause on Friday to allow additional borrowing to finance a deficit expected to reach 7.1% of GDP, up from 5.1% previously.** To address the shortfall, the government plans to raise taxes and increase its target for auctions of local peso bonds and overseas debt sales. The peso rose on Friday but declined modestly on Monday, as the move was broadly expected by markets. 10y yields have risen around 100 bps YTD.

Brazil

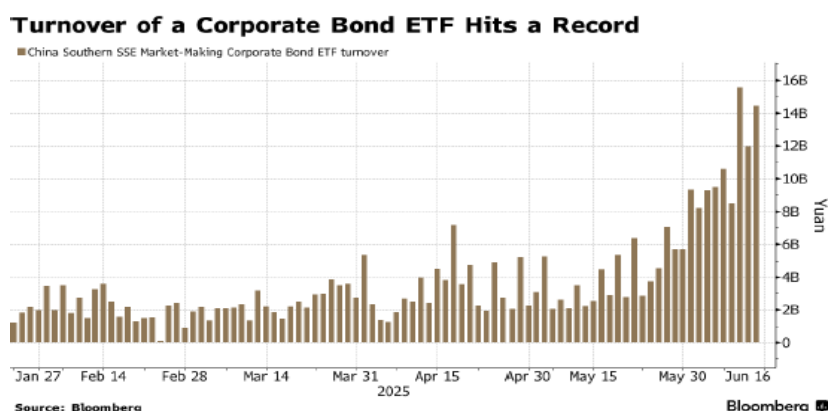
Brazilian inflation expectations for year-end 2025 declined for the third consecutive week ahead of Wednesday's central bank meeting. According to the central bank's weekly survey of economists, annual inflation is projected to ease to 5.25% in December, still above the 3% target, but at its lowest level since January. The previous survey was 5.44%. Analysts are split on whether the central bank will hike again at this week's meeting after 425 bps of rate hikes since September. Market are not fully pricing in a rate hike either. In May, Brazil's annual inflation dropped more than anticipated to 5.32%. Meanwhile, economic activity edged up 0.16% in April, just above the 0.10% median forecast from analysts in a Bloomberg survey.



China

Soft inflation and regulatory support have boosted demand for exchange-traded bond funds.

Bloomberg estimated that inflows into fixed-income ETFs in China totaled \$8.7 bn in May, roughly equivalent to the amount of outflows from equity ETFs over the same period. Low inflation and a sharp bond market rally have bolstered investor interest in bond ETFs. Aggregate assets under management (AUM) for these ETFs rose to more than RMB300 bn (\$41.8 bn), nearly quadruple the AUM seen at end 2023. Meanwhile, regulations allowing a group of corporate bond ETFs to be used as collateral for short-term loans have further boosted demand. Turnover of China Southern SSE Market-Making Corporate Bond ETF surged to a record high of RMB15.6 bn last Wednesday, the most among listed securities in both Shanghai and Shenzhen, according to Bloomberg.



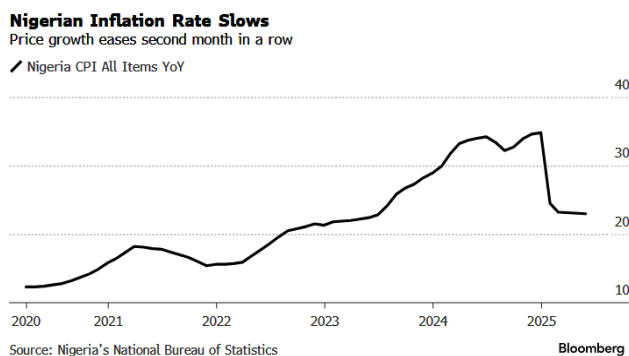
China's financial regulators are expected to announce policy support measures in the coming days.

Various regulators—including PBOC governor Pan Gongsheng—are slated to meet at the Lujiazui Forum in Shanghai over the next two days. Although there is little reporting on the issues discussed, expectations are high for the announcement of new supportive financial policies. For example, ongoing declines in home prices have renewed expectations for policy support to revive the property market. New home prices in 70 cities, excluding state-subsidized housing, fell 0.22% from April to May, the steepest decline in seven months. Meanwhile, prices of used homes fell 0.5% m/m, the sharpest decline in eight months. Today, the yuan depreciated slightly against the dollar (-0.1%) and the stock market declined (CSI 300: -0.1%).

Nigeria

Headline inflation slowed for a second consecutive month in Nigeria. Data released yesterday showed that headline inflation eased to 23% y/y in May, down from 23.7% in April. While the details are supportive of disinflation alongside a stronger currency, Bloomberg analysts noted that upward price pressures in the near term could be driven by oil prices. They expect the Central Bank of Nigeria to keep rates unchanged at 27.5% at the upcoming July meeting. Separately, yesterday the Central Bank of Nigeria halted dividend payments for several banks for which it had granted credit forbearance during the Covid-19 pandemic.

According to Bloomberg data, an index of Nigeria's 10 largest and most liquid bank stocks was around 4% lower yesterday on the news.



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). Timothy Chu (Financial Sector Expert), Fabio Cortes (Senior Economist), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Financial Sector Expert-London Representative), 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 John Caparusso (Senior Financial Sector Expert), Mustafa Oguz Caylan (Research Officer), 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), 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). Javier Chang (Senior Administrative Coordinator), Lauren Kao (Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

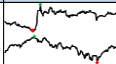
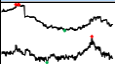
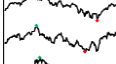
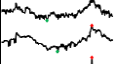
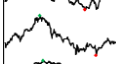
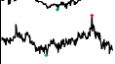
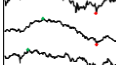
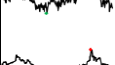
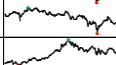
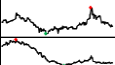
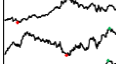
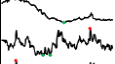
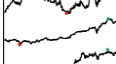



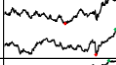
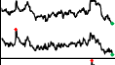
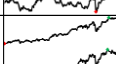
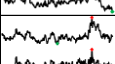
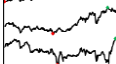


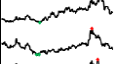

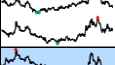
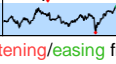
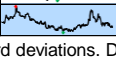

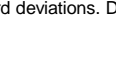






Disclaimer: *This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.*

Global Financial Indicators

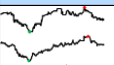
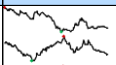
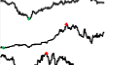
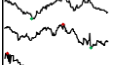


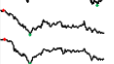
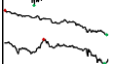
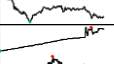
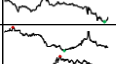
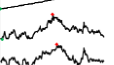
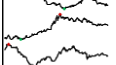
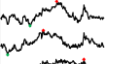
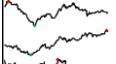
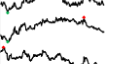

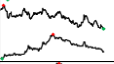
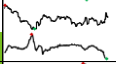
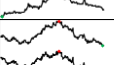
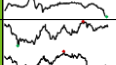
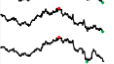
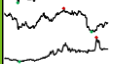
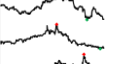

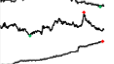

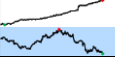
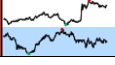












6/17/25 7:15 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,033	0.9	0.5	1.3	10.2	3
Europe		5,274	-1.2	-2.6	-2.8	8.1	8
Japan		38,537	0.6	0.9	2.1	1.1	-3
China		3,870	-0.1	0.1	-0.5	9.5	-2
Asia Ex Japan		81	1.2	0.3	3.2	12.4	12
Emerging Markets		47	1.2	-0.2	2.1	11.1	13
Interest Rates			basis points				
US 10y Yield		4.4	-3	-5	-6	14	-15
Germany 10y Yield		2.5	1	1	-5	12	17
Japan 10y Yield		1.5	3	-1	0	53	36
UK 10y Yield		4.5	0	-1	-11	42	-3
Credit Spreads			basis points				
US Investment Grade		129	-2	0	-4	3	9
US High Yield		351	-3	0	-12	-19	23
Exchange Rates			%				
USD/Majors		98.1	0.1	-1.0	-3.0	-6.9	-10
EUR/USD		1.16	0.1	1.3	3.0	7.8	12
USD/JPY		144.6	-0.1	-0.2	-0.2	-8.3	-8
EM/USD		46.0	0.0	0.2	1.4	0.2	8
Commodities			%				
Brent Crude Oil (\$/barrel)		74.5	1.7	11.4	15.0	-4.5	2
Industrials Metals (index)		143.6	-0.2	-0.7	1.2	-4.6	2
Agriculture (index)		56.9	-0.1	1.5	0.6	-2.9	0
Gold (\$/ounce)		3397.5	0.4	2.2	5.2	46.5	29
Bitcoin (\$/coin)		105729.7	-2.9	-0.3	2.2	59.3	13
Implied Volatility			%				
VIX Index (% change in pp)		20.5	1.4	3.6	3.3	7.8	3.2
Global FX Volatility		8.6	0.0	0.2	0.0	1.1	-0.6
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		75	1	6	-2	-50	-10
Italy		94	1	3	-6	-59	-21
France		71	0	3	4	-8	-12
Spain		62	1	5	0	-27	-7

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		3,870	-0.1	0.1	-0.5	9.5	-1.6		106	2	-9	-32	10	
Indonesia		7,156	0.5	-1.0	0.7	6.3	1.1		90	-6	-12	-17	-1	
India		81,583	-0.3	-1.0	-0.9	6.0	4.4		102	0	-11	7	16	
Philippines		6,369	0.2	-0.6	-1.5	-0.2	-2.4		74	-4	-7	-19	-5	
Thailand		1,114	-0.1	-2.2	-6.9	-14.1	-20.5							
Malaysia		1,512	-0.5	-0.4	-3.8	-6.0	-8.0		75	-1	-7	-5	5	
Argentina		2,127,156	-2.8	-1.4	-8.2	34.4	-16.0		696	3	-6	-690	59	
Brazil		139,256	1.5	2.6	0.0	16.9	15.8		217	0	-4	-16	-30	
Chile		8,165	-0.5	-0.1	-2.6	25.5	21.7		107	-5	-10	-18	-6	
Colombia		1,633	-1.0	-1.0	-0.8	18.5	18.4		337	-9	-7	12	11	
Mexico		57,047	-0.7	-1.3	-1.6	8.9	15.2		276	-12	-17	-47	-36	
Peru		32,454	-0.4	-0.1	4.7	10.3	12.1		122	-8	-10	-34	-19	
Hungary		96,393	0.6	-0.3	-0.7	38.3	21.5		158	12	0	-6	3	
Poland		99,517	-0.1	-2.5	-3.5	16.7	25.1		106	-1	-1	-1	-6	
Romania		18,620	0.3	0.1	11.1	4.1	11.4		234	7	-53	30	-2	
South Africa		94,844	-0.5	-1.6	2.4	23.1	12.8		292	-4	-21	-31	-1	
Türkiye		9,367	0.2	-3.0	-3.1	-10.5	-4.7		303	1	2	2	44	
EM total		47	-0.7	-0.2	2.1	11.1	12.9		367	-7	-14	-18	3	

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

Last updated: 6/17/2025 7:14 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		7.18	0.0	0.1	0.4	1.0	1.6		1.7	0	-1	-4	-52	3
Indonesia		16280	-0.1	0.0	0.9	0.7	-1.1		6.7	0	-3	-11	-35	-36
India		86	-0.2	-0.7	-1.0	-3.1	-0.7		6.8	-1	-2	0	-44	-53
Philippines		57	-0.5	-1.5	-1.8	3.5	2.0		4.9	1	3	3	-42	7
Thailand		33	-0.3	0.3	1.5	13.0	4.7		1.9	2	-1	-14	-98	-48
Malaysia		4.24	0.0	-0.1	1.1	11.2	5.4		3.6	1	5	1	-28	-23
Argentina		1182	0.2	0.2	-4.8	-23.7	-12.8		27.5	0	21	-203	-1569	-162
Brazil		5.49	0.9	1.2	3.1	-1.3	12.5		14.0	-5	-15	-3	228	-189
Chile		936	0.4	0.1	0.7	0.0	6.3		5.5	-1	-5	-3	-22	-16
Colombia		4105	0.6	0.9	1.7	0.6	7.3		12.4	-7	-2	43	145	55
Mexico		18.93	-0.1	0.7	2.0	-2.1	10.0		9.3	2	12	-7	-89	-101
Peru		3.6	0.4	0.8	2.2	5.2	3.7		6.7	-3	#####	31	-38	8
Uruguay		41	0.5	1.3	2.4	-3.6	7.6		9.0	1	-5	-47	-26	-68
Hungary		348	0.0	0.8	2.8	5.9	14.2		6.7	-9	-6	2	-18	26
Poland		3.70	0.0	0.8	2.3	9.6	11.8		5.1	2	-3	11	-37	-43
Romania		4.3	0.0	1.4	3.2	6.7	10.6		7.5	1	2	-56	84	18
Russia		78.4	0.3	-0.1	2.7	13.1	44.7							
South Africa		17.8	0.0	-0.6	1.5	2.5	5.8		10.5	0	4	-27	-115	-3
Türkiye		39.40	-0.1	-0.5	-1.6	-16.6	-10.3		33.9	-14	14	-42	467	414
US (DXY; 5y UST)		98	0.1	-1.0	-3.0	-6.9	-9.6		4.00	-3	-9	-9	-30	-38

[back to top](#)