



- US Treasury has room to reduce interest costs ([link](#))
- Germany to significantly increase debt issuance ([link](#))
- Commercial real estate market in US faces rising delinquencies ([link](#))
- Yuan expected to continue appreciation versus dollar ([link](#))
- Mexico issues \$4.5 bn dollar bonds ([link](#))
- Japan sees weak JGB auction ([link](#))

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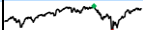

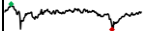



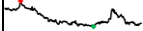


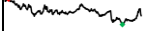

[Emerging Markets](#)

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Global markets rally on hopes of truce in Middle East war

Stocks across the globe were higher on hopes of a truce in the war in the Middle East. Oil prices were down significantly, with the benchmark Brent crude price at \$69.50 compared to the \$77/barrel close last Friday. The dollar weakened as safe haven flows reversed, and Treasury yields were flat. Fed Chair Powell is scheduled to begin the semi-annual testimony before Congress later this morning, and market participants will be looking for clues about future Fed policy. Markets are pricing two rate cuts from the Fed in 2025, a view that was supported by the latest FOMC dot plot released last week. The ECB is expected to deliver one more rate cut, while the BOE is expected to cut twice. A rate hike from the BOJ is gradually being priced out, with the odds of a cut by December now down below 60%. Markets are hoping that the war in the Middle East is in the rear view mirror, with the focus shifting back to tariffs and growth prospects for the global economy.

Key Global Financial Indicators

Last updated: 6/24/25 7:34 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		6025	1.0	1	4	11	2
Eurostoxx 50		5289	1.3	0	-1	7	8
Nikkei 225		38791	1.1	1	4	0	-3
MSCI EM		47	0.8	-1	1	9	12
Yields and Spreads			bps				
US 10y Yield		4.33	-2.2	-6	-19	9	-24
Germany 10y Yield		2.55	4.6	2	-1	13	19
EMBIG Sovereign Spread		326	0	10	-5	-68	1
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.0	0.1	0	0	0	7
Dollar index, (+) = \$ appreciation		98.0	-0.4	0	-1	-7	-10
Brent Crude Oil (\$/barrel)		69.6	-2.7	-9	7	-19	-7
VIX Index (% change in pp)		18.3	-1.6	-1	-4	5	1

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

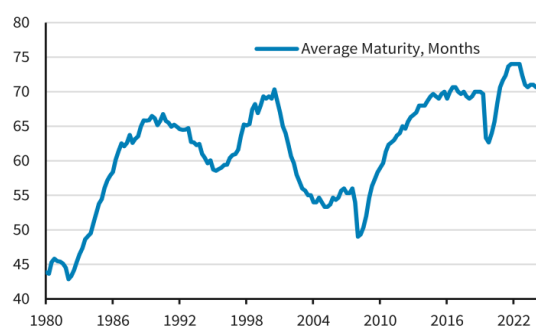
Mature Markets

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United States

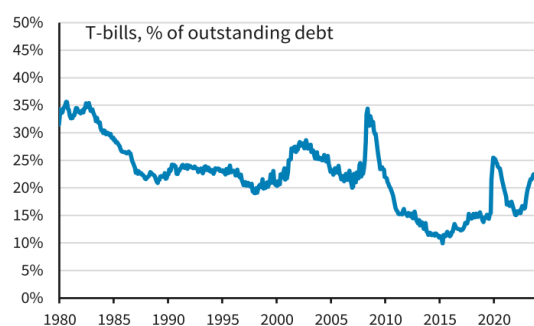
Although some market participants are worried about the US fiscal position, others take comfort from the view that the US Treasury has several ways to reduce interest costs. The weighted average maturity of US Treasury debt is close to historical highs, according to research by Barclays. With an upward sloping yield curve, one obvious measure would be to issue more two and five year notes and fewer 10, 20, and 30-year notes and bonds. In addition, the share of T-Bills outstanding is very low, so the Treasury could save quite a lot of money by boosting the share of T-Bills outstanding once the debt ceiling has been raised. There is very strong demand for T-Bills from money market funds (MMFs), which have over \$7.1 tn in assets under management. The growing stable coin sector could also be a strong source of demand for T-bills.

FIGURE 14. WAM is close to historical highs...



Source: US Treasury, Barclays Research

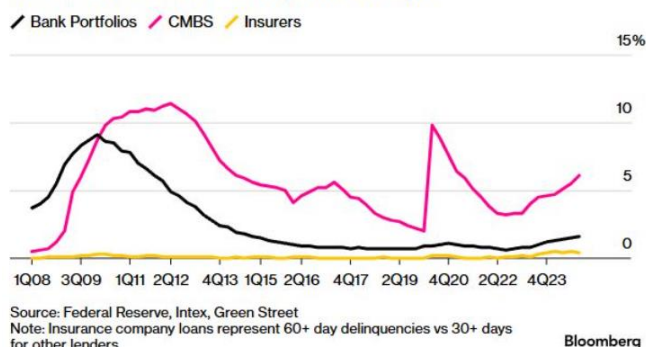
FIGURE 15. ...with room to grow the share of T-bills



Source: US Treasury, Barclays Research

The commercial real estate (CRE) sector in the US is facing rising delinquencies. The amount of delinquencies has risen by 23% over the previous year to \$116 bn, according to Bloomberg and citing data as of March 31. Loans that are past due or in a state of non-accrual are at their highest level since 2014, according to a new report from the Federal Deposit Insurance Corporation (FDIC). The problems are especially acute in the office sector, where the rise of remote work has substantially reduced demand. However, other sectors such as warehouses are also being affected as the threat of tariffs has cut back on demand. Analysts expect the problem to get worse due to the large number of loan maturities coming up in the next couple of years. The prospect of Section 899 taxes on foreign investors contained in the current tax package currently being negotiated in Congress has caused some overseas participants to withdraw from the CRE market. Bloomberg reported that Deutsche Pfandbriefbank A.G. is putting its \$4.1 bn CRE portfolio up for sale.

CRE Delinquencies Are Rising in the US Again



Source: Federal Reserve, Intex, Green Street
Note: Insurance company loans represent 60+ day delinquencies vs 30+ days for other lenders

Bloomberg

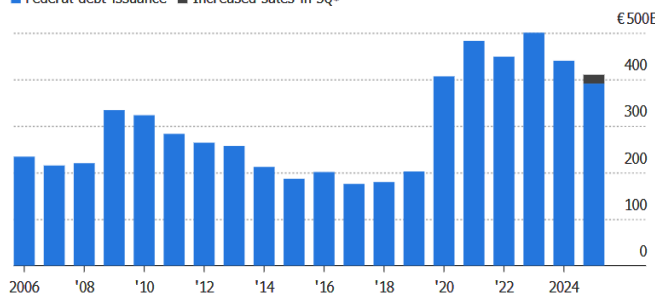
Euro Area

European equities rallied this morning, while the euro was marginally stronger against the dollar following news regarding the de-escalation of conflict in the Middle East. The Stoxx 600 index was trading in the green (+1.2%) with most sectors gaining, while the energy sector declined (-1.8%). The euro was stronger (+0.2%) against a broadly weaker US dollar. European government bond yields were mostly higher, while southern spreads narrowed (Italian 10y spread -5bps to 92.9).

German bund yields increased after budget plans outline higher debt issuance. This morning Chancellor Merz's cabinet approved the 2025 Budget and medium-term finance plan. Contacts note that the government intends to invest over €200bn in defense and infrastructure this year, financing the effort with new borrowing equivalent to more than 3% of GDP, highlighting that it implies greater front-loading of stimulus than had been anticipated. This year's budget includes new debt issuance of €82bn, which increases to €126bn in 2029, according to Bloomberg. Germany's finance agency also published its updated Q3 issuance outlook, which showed plans for an additional €19bn in net issuance (compared to December 2024 guidance) with total debt sales for 2025 amounting to roughly €410bn, according to Bloomberg estimates. Following the announcement, bund yields were trading higher across the curve with the sharpest moves seen at the long end: 30y yields +8bps to 3.04%, 10y yield +5bps to 2.55% and 2y yields +1bps to 1.84%. The IFO business confidence survey was stronger than expected.

Germany to Raise Additional Federal Debt Next Quarter

■ Federal debt issuance ■ Increased sales in 3Q*



Source: German Finance Agency
Note: * Compared with previous plans

Bloomberg

Germany: Sovereign yields



Source: Bloomberg and IMF calculations

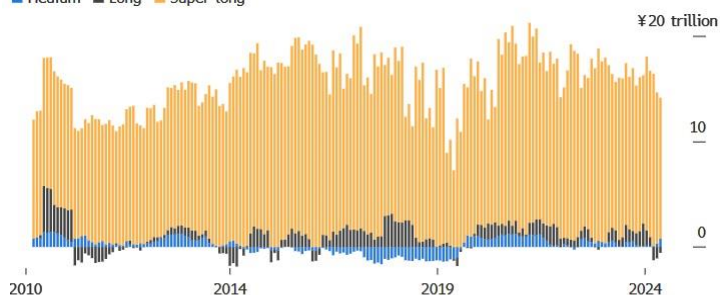
Japan

An auction of 20-year government bond drew lukewarm demand, indicating that investors remain cautious amid concerns over fiscal deficits and global tensions. The bid-to-cover ratio was 3.11, compared to a 12-month average of 3.31, reportedly below predictions, especially given the approved plan from Ministry of Finance to reduce longer-maturity debt sales. Analysts believe the lack of confidence stems from ongoing concerns about fiscal expansion. According to Bloomberg

Super-Long Bonds Still Dominate Supply in Japan

Three-month rolling sum of supply less redemption (duration adjusted)

■ Medium ■ Long ■ Super long



Sources: Bloomberg, Bank of Japan

Bloomberg

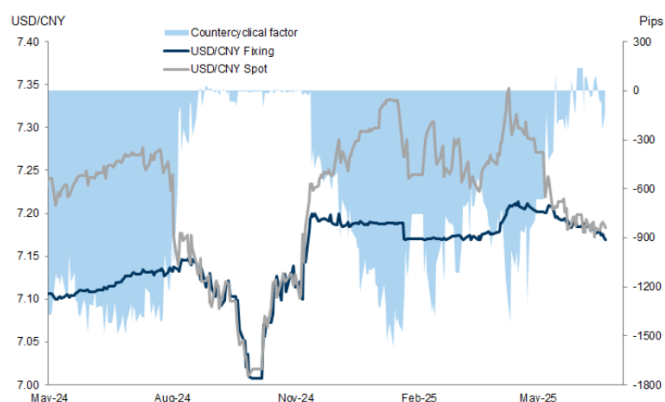
analysis, while super-long bonds make up a small portion of overall debt issuance, they account for more than 90% of supply after adjusting for redemption and duration. After weakening to \$148 level yesterday, the Yen had strengthened to \$/146 at yesterday's close and further strengthened (+0.7%) today to \$/145.13, reflecting the unwinding of safe-haven dollar buying and the Fed's peak over earlier rate cuts.

Foreign Exchange Markets

The yuan recently traded below 7.17 versus the dollar for the first time since March before moving back to 7.1731 as market participants position for further appreciation of the Chinese currency. Analysts at Goldman recently updated their forecasts for the yuan, predicting that it will reach 7.10 versus the dollar in three months, 7.00 in six months and 6.90 in 12 months. They expect China's growth to gradually improve and predict that any weakness in the economy will be dealt with using credit, fiscal and monetary policies rather than by weakening the currency. This would also help the Chinese authorities with

their trade negotiations with the US. Recent economic data have been slightly stronger than expected. The offshore non-deliverable forward (NDF) FX market predicts that the yuan will hit 7.12 versus the dollar in three months, 7.07 in six months and 6.99 in 12 months. At the height of the tariff-induced global selloff in April, the 12-month forward yuan NDF crossed 7.23.

Exhibit 1: The CNY fixing continues to grind lower



Source: Bloomberg, Goldman Sachs Global Investment Research

Emerging Markets

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EMEA equities and currencies rebounded this morning amid hopes of a ceasefire in the Middle East. EMEA currencies gained ground. **Asian currencies more than reversed yesterday's decline (EM Asia: +0.6%),** led by Korean won (+1.8%), Malaysian ringgit (+1.0%) and Thai baht (+1.0%), on talks of a ceasefire between Israel and Iran. Asian equities also rebounded sharply (EM Asia: +2.7%), led by Korea (KOSPI: +3.0%) and Thailand (SET Index: +3.0%), as risk sentiment was further supported by dovish comments from the Fed's Bowman and Goolsbee.

Latin American asset prices continued to fall on Monday. Stocks declined in Mexico (-0.3%), Brazil (-0.4%), Chile (-0.6%), Colombia (-0.3%), and Peru (-0.9%). Currencies depreciated 0.5% in Chile, while the Brazilian real strengthened 0.3% against the US dollar.

US Strikes on Iran Barely Dent CDS Indexes



Source: Bloomberg, S&P Dow Jones Indices, CBBT

Bloomberg

Emerging Market Bond and Equity Flows

Mexico is issuing \$4.5 billion in global bonds, as part of a broader surge in debt issuance by governments and companies on Monday. The two-part deal, aimed at refinancing existing debt, offered tighter spreads than initially expected, with 2032 notes at 175 basis points over similarly dated U.S. Treasuries and 2038 notes at 230 bps. Despite rising geopolitical tensions in the Middle East, particularly concerns over Iran's potential retaliation and its impact on oil markets and global yields, investors remain active, buoyed by falling U.S. Treasury yields and steady credit risk indicators. This environment has helped keep borrowing costs low and encouraged new issuance despite lingering uncertainty.

China

People's Bank of China fixes yuan at 7.1656, the strongest level since November, as US dollar weakens overnight on Israel-Iran ceasefire talk. Both onshore CNY (+0.1%) and offshore CNH (+0.2%) strengthened today late during Asian hours. According to the Institute of International Finance (IIF), a moderate and gradual appreciation in the yuan may offer a more effective path to rebalancing China's growth than the use of tariffs. Despite China's record surpluses, the yuan's real effective exchange rate is at a 13-year low, leading to growing external imbalance. IIF analysts believe that a shift in expectations, supported by stronger policy signaling, could trigger a reversal in capital flows and FX positioning. Such a yuan rally could boost China's import demand, ease monetary conditions, help recalibrate domestic spending and reduce reliance on exports. However, if appreciation occurs too quickly, or without support from stronger domestic demand, it could exacerbate deflation, damage exporters' margins, and lead to further economic slack. Gradual appreciation should be supported by fiscal expansion and regulatory easing to stimulate consumption and investment.

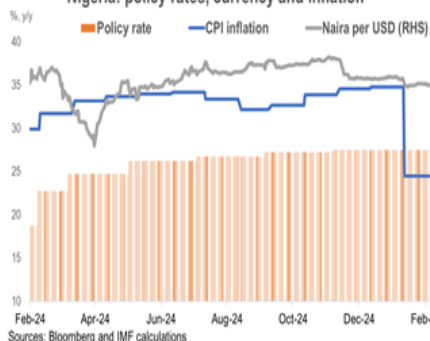
PBOC Sets Yuan Fixing at Strongest Level Since Nov.



Nigeria

The naira was little changed against the dollar this morning, trading NGN1550.00/\$, while Nigeria's equities gained 0.3% consolidating a strong performance in the quarter (+12.22% QTD). Headline inflation eased in May to 23%/y/y, from prior 23.7%/y/y, with inflation momentum slowing down to 1.5%/m/m from 1.9%/m/m in April. Most inflation segments, except for food prices, slowed on a sequential basis in May, with core inflation also printing at 1.1%/m/m from 1.3%/m/m in April. Analysts at JP Morgan expect inflation to hover at around 1.3%-1.4%/m/m on a sequential basis in the coming months, which would result in inflation declining below 20%/y/y from 3Q enabling the central bank to start easing policy into 4Q after it kept its benchmark interest rate at 27.50% since November 2024. JP Morgan expects Nigeria's central bank to carry out two 100bps cuts in 2025 at its September and November meetings.

Nigeria: policy rates, currency and inflation

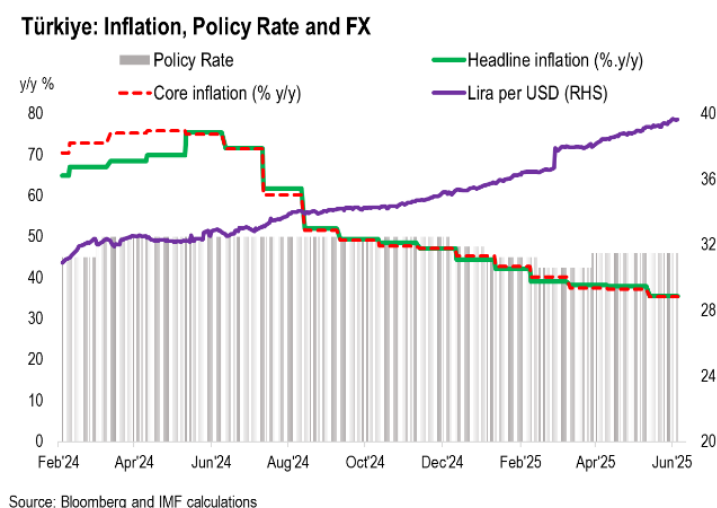


Nigeria inflation and policy rate



Türkiye

The lira was steady against the dollar this morning, trading at around TRY39.64/\$, after the currency has depreciated by -12.1% against the dollar YTD (-4.5% QTD). The central bank (CBRT) kept its policy rates unchanged on June 19 (repo rate at 46% and overnight lending rate at 49%), in response to risks from the Israel-Iran war. JP Morgan sees the decision as supporting the lira and notes that the CBRT indicated that it would use "all monetary policy tools effectively" in the event of a significant and persistent rise in inflation; JP Morgan expects the CBRT to return to cut its repo rate by 250bps to 43.5% on July 24 and to continue to cut by 250bps at each MPC meeting in 2H25 taking the rate to 36% by the end of 2025.



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Global Financial Indicators

6/24/25 7:38 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,025	1.0	0.8	3.8	10.6	2
Europe		5,289	1.3	0.0	-0.7	6.8	8
Japan		38,791	1.1	0.7	4.4	0.0	-3
China		3,904	1.2	0.9	0.6	12.3	-1
Asia Ex Japan		80	0.9	-0.7	2.0	11.2	11
Emerging Markets		47	0.8	-0.8	1.0	9.5	12
Interest Rates			basis points				
US 10y Yield		4.3	-2	-6	-19	9	-24
Germany 10y Yield		2.6	5	2	-1	13	19
Japan 10y Yield		1.4	1	-4	-12	43	32
UK 10y Yield		4.5	0	-6	-19	41	-7
Credit Spreads			basis points				
US Investment Grade		132	1	3	-6	4	12
US High Yield		357	3	6	-27	-6	29
Exchange Rates			%				
USD/Majors		98.0	-0.4	0.0	-1.1	-7.1	-10
EUR/USD		1.16	0.3	1.1	2.0	8.2	12
USD/JPY		144.9	-0.8	-0.2	1.5	-9.2	-8
EM/USD		46.0	0.1	-0.2	0.5	-0.5	7
Commodities			%				
Brent Crude Oil (\$/barrel)		69.6	-2.7	-9.0	8.3	-12.6	-5
Industrials Metals (index)		146.3	0.8	1.6	1.3	-2.8	4
Agriculture (index)		55.8	-1.0	-1.9	-2.7	-4.4	-2
Gold (\$/ounce)		3323.0	-1.3	-1.9	-0.6	42.3	27
Bitcoin (\$/coin)		105346.8	1.5	1.0	-3.3	77.1	12
Implied Volatility			%				
VIX Index (%, change in pp)		18.3	-1.6	-0.9	-4.0	4.9	0.9
Global FX Volatility		8.6	0.0	0.1	-0.6	1.1	-0.6
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		74	-3	-2	-1	-47	-11
Italy		92	-5	-3	-9	-59	-23
France		71	-2	-1	1	-6	-12
Spain		66	-3	3	3	-20	-3

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

Emerging Market Financial Indicators

Last updated: 6/24/2025 7:40 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	1 Day	7 Days	30 Days	12 M		
	vs. USD		(+) = EM appreciation						% p.a.						
China		7.17	0.1	0.2	0.2	1.2	1.8		1.7	0	-2	-5	-52	0	
Indonesia		16354	0.8	-0.4	-0.6	0.2	-1.4		6.7	5	8	1	-30	-28	
India		86	0.9	0.3	-1.0	-2.9	-0.4		6.8	-6	-1	2	-48	-55	
Philippines		57	0.8	-0.8	-3.0	2.9	1.4		4.9	0	-2	0	-52	5	
Thailand		33	0.2	-0.3	-0.2	12.2	5.2		1.8	1	-6	-20	-99	-54	
Malaysia		4.24	1.2	0.0	-0.6	11.1	5.4		3.6	0	-1	3	-28	-23	
Argentina		1171	-0.6	0.9	-3.4	-22.4	-12.0		30.7	115	321	128	-1339	159	
Brazil		5.50	0.3	-0.1	2.7	-1.9	12.3		14.0	-2	-4	-11	228	-193	
Chile		948	-0.5	-1.2	-0.9	-0.2	5.1		5.5	0	-2	-12	-38	-19	
Colombia		4092	0.1	0.3	1.5	0.0	7.7		12.0	0	-36	-12	116	19	
Mexico		19.04	0.5	-0.2	1.1	-5.7	9.4		9.3	-2	0	-7	-79	-101	
Peru		3.6	0.2	0.3	1.9	5.9	4.5		6.5	#####	-18	-3	-63	-9	
Uruguay		40	0.4	1.0	3.0	-2.7	8.0		9.0	2	5	-36	-36	-63	
Hungary		346	0.5	1.6	2.3	6.3	14.8		6.7	1	7	5	-3	33	
Poland		3.67	0.7	1.6	1.6	9.1	12.7		5.2	-3	2	9	-32	-41	
Romania		4.3	0.3	0.8	2.4	6.7	10.5		7.3	0	-13	-11	68	6	
Russia		78.4	0.1	0.2	1.9	12.2	44.7								
South Africa		17.7	0.8	1.7	0.8	2.1	6.3		10.3	1	-11	-43	-78	-13	
Türkiye		39.64	-0.1	-0.3	-1.7	-16.9	-10.8		33.5	18	-34	-52	429	380	
US (DXY; 5y UST)		98	-0.4	0.0	-1.1	-7.1	-9.7		3.89	-3	-10	-19	-37	-49	

	Equity Markets						Bond Spreads on USD Debt (EMBIG)						
	Level		Change (in %)				YTD	Level		Change (in basis points)			YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M	
								basis points					
China		3,904	1.2	0.9	0.6	12.9	-0.8		110	4	-8	-29	14
Indonesia		6,869	1.2	-4.0	-4.8	-0.2	-3.0		100	10	-3	-6	9
India		82,055	0.2	0.6	0.4	5.1	5.0		107	5	-7	10	21
Philippines		6,293	1.2	-1.2	-1.9	-0.1	-3.6		86	12	3	-4	7
Thailand		1,100	3.5	-1.2	-6.5	-16.6	-21.4						
Malaysia		1,514	-0.2	0.2	-1.4	-4.5	-7.8		76	1	-7	-8	6
Argentina		1,977,116	-4.2	-9.6	-15.7	26.8	-22.0		728	32	54	-695	91
Brazil		136,551	-0.4	-0.5	-0.9	11.3	13.5		222	5	2	-12	-25
Chile		8,030	-0.6	-2.2	-4.4	23.7	19.7		114	7	-4	-11	1
Colombia		1,648	-0.3	0.9	-0.4	18.8	19.4		346	9	6	22	20
Mexico		56,098	-0.3	-1.7	-4.0	6.8	13.3		284	8	-13	-29	-28
Peru		32,092	-0.9	-1.1	2.4	6.8	10.8		130	8	1	-20	-11
Hungary		97,932	0.8	0.6	2.6	39.2	23.5		168	10	7	9	13
Poland		101,239	2.3	1.7	1.3	15.2	27.2		109	3	-3	6	-3
Romania		18,573	-0.2	-0.7	6.2	1.9	11.1		237	4	-27	39	2
South Africa		95,754	0.7	1.2	2.4	19.3	13.9		307	15	-13	-10	14
Türkiye		9,390	2.7	0.5	0.4	-12.8	-4.5		318	15	11	22	59
EM total		47	2.2	-0.8	1.0	9.5	11.7		379	12	-5	-6	15

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

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