



- **US equities gain on hopes US tariff announcements will be more targeted** ([link](#))
- **Norway's policy decision this week could be a close call** ([link](#))
- **JGB yields resume uptrend after BOJ minutes and governor Ueda remarks** ([link](#))
- **The People's Bank of China tweaks lending tool amid hopes of policy shift** ([link](#))
- **Chinese technology stocks tumble the most this month in a sharp sentiment reversal** ([link](#))
- **The Mexican Peso strengthens on hopes for easing tariff tensions** ([link](#))

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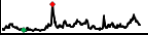
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Market sentiment improves on hopes for more targeted US tariffs

European bourses followed US equities higher this morning on hopes that the April 2 US tariff announcements will be more targeted than initially anticipated, stirring optimism about a smaller global growth impact from tariffs. The VIX index of option implied volatility in US equity markets was little changed this morning after dropping almost 2 ppts yesterday. Credit markets also benefited from the improvement in risk appetite, with the CDX North America High Yield index tightening 13 bps yesterday and the iTraxx Europe Crossover index 5 bps narrower this morning. Advanced economy sovereign bond yields rose, with European government bond yields increasing on hawkish commentary from ECB officials. In Japan, 10-year JGB yields were 4 bps higher at 1.58%, breaking the recent high on March 10, after the BOJ minutes of the January 23–24 meeting showed that some board members grew more concerned about upside risks to inflation. In emerging markets, the Mexican peso strengthened on hopes for easing tariff tensions, with analysts expecting the central bank to cut rates by 50 bps on Thursday. Elsewhere, Chinese technology stocks tumbled the most this month in a sharp sentiment reversal.

Key Global Financial Indicators

Last updated: 3/25/25 8:08 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5768	1.8	2	-3	11	-2
Eurostoxx 50		5475	1.1	0	0	9	12
Nikkei 225		37781	0.5	1	-1	-7	-5
MSCI EM		45	0.4	-1	1	10	7
Yields and Spreads			bps				
US 10y Yield		4.36	2.5	8	7	11	-21
Germany 10y Yield		2.83	5.4	2	37	45	46
EMBIG Sovereign Spread		329	-5	-2	7	-16	4
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		44.9	0.1	-1	1	-4	5
Dollar index, (+) = \$ appreciation		104.1	-0.2	1	-2	0	-4
Brent Crude Oil (\$/barrel)		73.4	0.5	4	1	-15	-2
VIX Index (% change in pp)		17.5	0.0	-4	-2	4	0

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

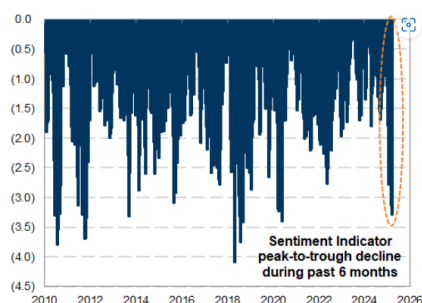
Mature Markets

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United States

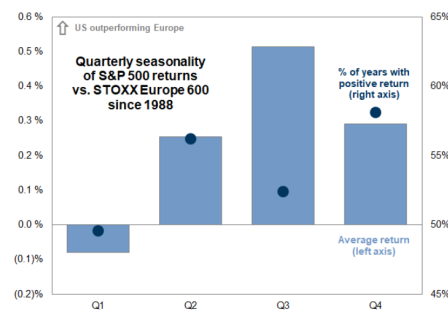
US equities gained yesterday on hopes that the April 2 US tariff announcements will be more targeted than initially anticipated, stirring optimism about a smaller global growth impact from tariffs. Even before the tariff news, Goldman Sachs equity strategists were positive on US stocks, commenting that concerns about more foreign investor outflows due to recent US equity underperformance are unwarranted. The analysts noted similar seasonal patterns in the past and the fundamental strength of US equity markets, which offers superior liquidity and growth prospects compared to other major markets. While downside risks include ongoing US economic uncertainty related to tariffs, yesterday's price action suggests that any positive signal can lead to an upward correction from the year's low levels.

Exhibit 2: Our US Sentiment Indicator fell sharply



Source: Goldman Sachs Global Investment Research

Exhibit 11: US vs. Europe equity returns are weakest on average during 1Q



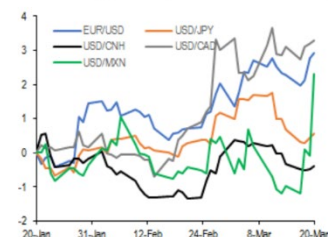
Source: Goldman Sachs Global Investment Research

The impending April 2 tariff deadline keeps the dollar on hold and foreign exchange investors cautious. The so-called option-implied event weights (a measure for short-term forward volatility)

for the April 2 tariff date have increased, with the Mexican peso facing the sharpest increase. Nevertheless, futures markets also see downward dollar pressure, with speculative traders having turned bearish on the dollar for the first time since 2021. According to JP Morgan analysts, the dollar appears to be in a holding pattern for now, with political events in Türkiye and other emerging markets proving some support. Additionally, end-of-quarter rebalancing flows have slowed the euro's momentum, while minor changes in Chinese currency fixings have helped stabilize the USD/CNH exchange rate. US real yields also paused their decline last week, providing additional support to the dollar. The next phase depends on upcoming tariff announcements and the broader policy mix. While some market analysts argue that increased tariffs can boost the dollar, other policy uncertainties, such as easier monetary policy expectations could have further negative pressure on the dollar.

Figure 2: FX option implied event weight for the April 2nd tariff date has ramped up of late

Forward volatility (FVA strike) between 31-Mar-25 to 03-Apr-25, indexed to 0 as of Trump inauguration day (i.e. $\text{vol}(t) - \text{vol}(0)$); % pts.



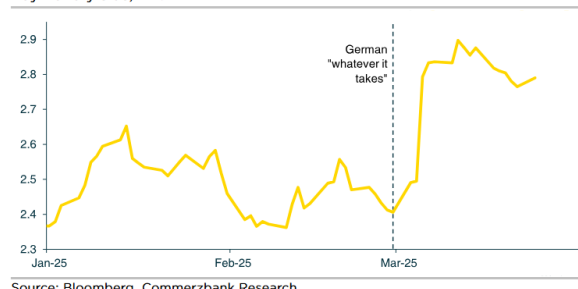
Source: J.P.Morgan

Euro-area

European equities were in the green this morning, with the energy sector outperforming. The euro retraced some opening losses and was trading marginally stronger (+0.1%). On the data front, the **German IFO Business Climate index increased in line with expectations in March** (to 86.7 from an upwardly revised 85.3). ING analysts think that recent data releases indicate that Germany's economy has bottomed out in Q1.

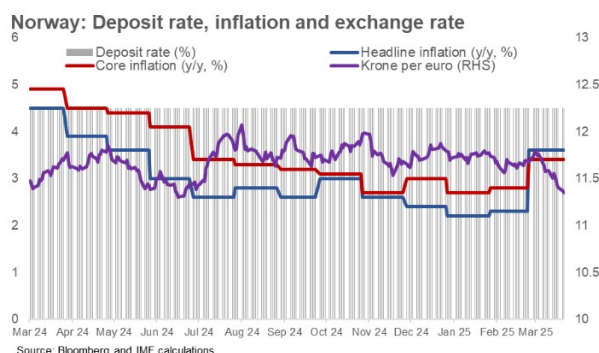
European government bond yields increased this morning with analysts pointing to hawkish commentary from ECB officials. ECB governing council (GC) member Kazimir argued that the ECB is already in the neutral rate zone and noted that a rate pause is possible. GC member Muller also said that it is possible that the ECB would not continue with consecutive rate cuts. The 10-year bund yield increased (+4 bps to 2.81%) while southern spreads narrowed slightly. Commerzbank analysts argued that the trading range for 10-year bund yields is becoming more established at recent levels, as near-term supply pressure of European government bonds remains modest and volatility is easing. Markets continue to price in roughly 16 bps of easing for the ECB meeting next month but are now pricing in roughly 49 bps of easing by February 2026 (compared to 54 bps yesterday).

Bunds are establishing new "whatever-it-takes" range!
10y Bund yields, in %



Norway

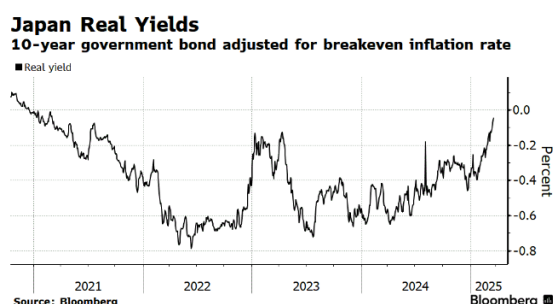
Many analysts now expect the Norges Bank to stay on hold this week following an upside inflation surprise in February but some still expect a 25 bps cut. While the central bank was widely expected to start its easing cycle after it left interest rates unchanged at its January policy meeting with guidance for a policy rate cut in March, an upside surprise in February's inflation print led several analysts to revise their expectations. Bank of America analysts expect a hold this week, with two rate cuts anticipated by end-2025 while JPMorgan analysts expect the central bank to only start its easing cycle in December. However, Goldman Sachs analysts still expect a 25 bps rate cut this week, but now forecast only 3 rate cuts in 2025 (compared to 4 previously). Markets have also scaled back rate cut expectations—while a 25 bps rate cut in March was almost fully priced by markets at the start of this month (and a total of 47 bps of easing had been priced in by August), markets are now pricing in a 40% chance of a rate cut this week (with roughly 22 bps of easing by August).



Japan

The Bank of Japan (BOJ) minutes of the January 23–24 meeting showed that some board members grew more concerned about upside risks to inflation. These members thought that consumer inflation (excl. fresh food) is likely to stay within the 2.5–3.0% range for the current fiscal year and around 2.5% in FY2026, thanks partly to higher import prices. One member noted that inflation running above the bank's

2% target for 4 consecutive years would lead to a stronger perception of price increases among economic entities. Prime minister Ishiba is reportedly planning major price relief measures, on top of already-introduced measures such as the release of emergency rice stockpiles, to bolster his support in the run-up to this summer's general election. The 10-year JGB yield rose +4 bps to 1.57%, breaking the recent high on March 10. 10-yr real yields have risen 34 bps this year to -0.05%, the highest level in 4 years. Following his remarks yesterday that BOJ's JGB holdings may be sold if it is needed for market operations, governor Ueda added today that the decline in BOJ's holdings has been gradual, and the still-large outstanding holdings will continue to exert downward pressure on long-term yields.



Emerging Markets

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In **Asia**, currencies generally weakened led by Philippine peso (-0.4%) and Indonesian rupiah (-0.3%). EM Asian equities declined led noticeably by Hong Kong SAR (Hang Seng Index: -2.3%). In **EMEA**, **equities traded mostly higher and currencies appreciated today**. In CEE, the stock market outperformed in Poland (+1.2%) where today's data showed unemployment steady at 5.4% in February, while the three major CEE currencies appreciated (by about +0.2%) to the euro. The Hungarian forint outperformed (+0.24% to the euro) ahead of today's decision where the central bank is expected to keep its policy rate unchanged at 6.5%. The stock market rebounded (+4%) in Türkiye while the lira was little changed. Elsewhere, Montenegro reportedly mandated yesterday a pool of international banks to arrange for a EUR-denominated 7-year bond issuance, the first eurobond since €750 mn issued in 2020. In **Latin America**, **major economies experienced mixed currency movements yesterday**, with many showing depreciation while the Colombian peso bucked the trend. Most major Latin American bourses were in the green on Monday, but the Brazilian stock market declined. The Ibovespa index in Sao Paulo fell by the largest amount since March 11, dropping 0.8%. US **President Trump announced the imposition of 25% tariffs on all imports from countries purchasing Venezuelan oil and gas**. The "secondary" tariff is expected to take effect on April 2. The new tariffs would impact countries including China, India and Spain, which are some of the largest buyers of Venezuelan oil.

China

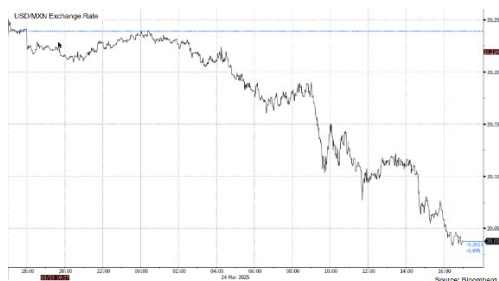
The People's Bank of China (PBOC) announced that it will conduct one-year medium-term loan facility (MLF) operations on a fixed-quantity, interest-rate bidding, and multiple-price bidding basis, starting in March. The change will allow banks to borrow from the PBOC at rates closer to those prevailing in the market, which have been lower than the MLF rate in recent years. Economists say the change means there will not be a single rate for MLF loans and will let shorter-term instruments play a bigger role in steering markets. The lowering of borrowing costs will help Chinese banks who have been squeezed by thin profit margins amid sluggish credit demand. The PBOC also pre-announced that it will inject CNY450 bn (\$62 bn) of liquidity into the banking system via MLF. The cash injection sparked some optimism that authorities have shifted towards a more accommodative approach in managing liquidity amid tariff challenges. CGB yields continued to drop on news of the MLF tweak, with the 10-year CGB yield falling 1 bp to 1.83%, and the 30-year yield falling 2bps to 2.03%. Overnight repo rates rose 4 bps to 1.78%, and the 7-day repo rate rose 14 bps to 1.91%.

China Bond Rally Making a Comeback

Chinese technology stocks tumbled the most this month in a sharp sentiment reversal. The Hang Seng China Enterprises Index dropped -2.7%, and the Hang Seng Tech Index dropped -3.8%, -9.7% lower from its March 18 peak. Market sentiment deteriorated on the warning from Alibaba's chairman of a potential bubble in data center construction, as well as Xiaomi's \$5.5 bn share sale at a 6.6% discount on Monday's closing price. While China's technology earnings have mostly topped estimates in the just-concluded earnings season, the momentum is getting harder to sustain.

HSTECH Nears Technical Correction From March 18. High**Mexico**

The Mexican peso strengthened on Monday on hopes tariff tensions could be easing. There is speculation that US tariff measures could be more targeted and less broad-based than initially feared after US President Trump said he may give some countries breaks on tariffs. Separately, Mexico's inflation slowed slightly more than expected in the first half of March, with consumer prices rising 3.67% (vs. 3.7% expected), and below 3.81% in the previous two-week period. Core inflation also decelerated in late February. In addition, the economic activity index fell 0.08% year on year in January, leaving the economy on course for contraction in the first quarter. Analysts expect the central bank to cut rates by 50 bps on Thursday.

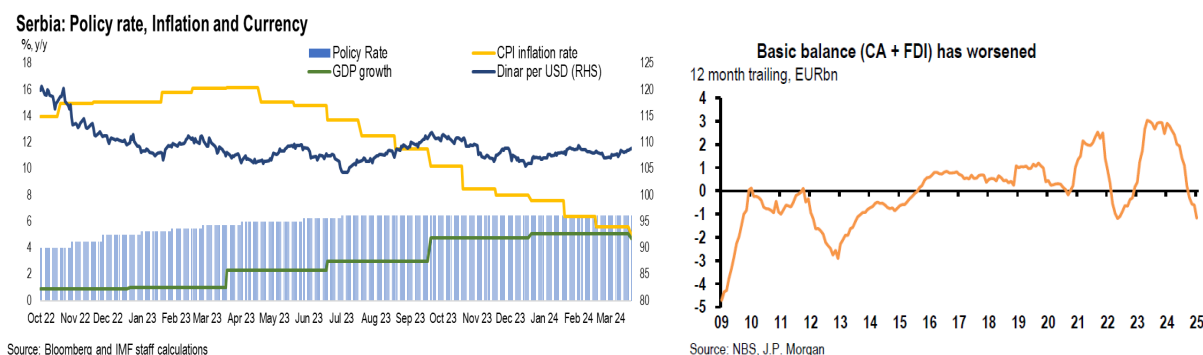


South Africa

The rand was little changed this morning, with the stock market flat and government bond yields steady, after today's release showed consumer confidence falling in South Africa in Q1. The index produced by South Africa's FNB and Bureau for Economic Research printed was at -20pts, declining from -6 pts in Q4 2024. A separate data release also showed non-farm payrolls growing by 0.1% q/q in Q4 2024 (from -1.0%). Analysts at JP Morgan see February's inflation downside surprise (+3.2% y/y, vs est. 3.4% y/y) providing room for the central bank (SARB) to ease in Q2 its policy rate (kept on hold at 7.50% on March 20) starting from May, as analysts expect inflation to average at 3.5% in 2025 and 4.4% in 2026 despite planned VAT hikes. JP Morgan views SARB's statement in March less hawkish than in January with the MPC acknowledging inflation downside risks and two members supporting a cut.

Serbia






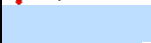



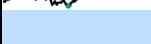





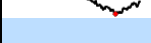



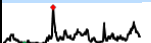

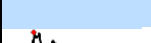



The dinar has been steady to the euro since the beginning of 2025, amid continued FX intervention by the central bank (NBS). The NBS has kept its policy repo rate unchanged at 5.75% since September 2024, including at its latest decision on March 13. Data released on March 20 showed the current account (CA) declining to a deficit -€120 mn in January compared to €129 mn surplus in January 2024, with the net FDI also dropping to €187 mn compared to €508 mn in January 2024, taking the capital account surplus down to only €16.32 mn. Analysts at JP Morgan expect the CA deficit to widen to -6.9% of GDP (-€6.2 bn) in 2025 from -6.3% (-€5.2 bn) in 2024 which would weigh on the FX reserves of the country and potentially on the dinar by the end of the year.



This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief) and Shehryar Malik (Deputy Division Chief). 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), 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 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). 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.

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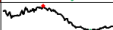






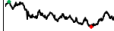


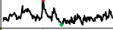
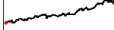










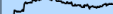
Global Financial Indicators

3/25/25 8:07 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,768	1.8	1.6	-3.2	10.5	-2
Europe		5,475	1.1	-0.2	0.5	8.5	12
Japan		37,781	0.5	1.0	-1.2	-6.5	-5
China		3,932	-0.1	-1.9	0.2	11.5	0
Asia Ex Japan		76	0.4	-1.3	1.1	12.6	5
Emerging Markets		45	0.4	-1.2	1.2	9.5	7
Interest Rates			basis points				
US 10y Yield		4.4	3	8	7	11	-21
Germany 10y Yield		2.8	5	2	37	45	46
Japan 10y Yield		1.6	4	8	21	85	48
UK 10y Yield		4.7	3	10	24	76	18
Credit Spreads			basis points				
US Investment Grade		126	-1	-1	12	6	6
US High Yield		348	-14	-8	27	0	20
Exchange Rates			%				
USD/Majors		104.1	-0.2	0.8	-2.1	-0.1	-4
EUR/USD		1.08	0.2	-1.1	2.9	-0.2	5
USD/JPY		150.2	-0.3	0.6	0.8	-0.8	-4
EM/USD		44.9	0.1	-0.9	0.9	-3.5	5
Commodities			%				
Brent Crude Oil (\$/barrel)		73.4	0.5	4.0	1.2	-7.4	-1
Industrials Metals (index)		154.5	0.5	0.3	6.3	10.1	10
Agriculture (index)		57.8	-0.2	-0.9	-4.1	-3.5	1
Implied Volatility			%				
VIX Index (% change in pp)		17.5	0.0	-4.2	-2.0	4.3	0.1
Global FX Volatility		8.3	0.0	0.1	0.1	1.7	-0.9
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		80	-1	0	-3	-25	-6
Italy		109	-1	-2	-4	-23	-6
France		68	-1	0	-6	20	-15
Spain		62	-1	-1	-1	-22	-8

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

Emerging Market Financial Indicators

Last updated: 3/25/2025 8:07 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		7.26	0.0	-0.5	-0.1	-0.7	0.5		1.9	-1	-6	9	-46	22
Indonesia		16612	-0.3	-1.1	-1.5	-4.9	-2.9		7.1	7	20	33	42	6
India		86	-0.2	0.9	1.7	-2.7	-0.2		6.9	9	15	-15	-34	-45
Philippines		58	-0.4	-0.5	0.6	-2.1	0.7		5.2	5	5	6	-25	32
Thailand		34	0.2	-0.8	-0.3	7.3	1.4		2.1	2	-6	-18	-45	-19
Malaysia		4.44	-0.1	0.2	-0.3	6.5	0.8		3.7	-1	-2	-5	-11	-8
Argentina		1068	0.1	-0.2	-0.9	-20.0	-3.5		34.5	0	351	692	-2378	536
Brazil		5.76	-0.6	-1.4	0.1	-13.7	7.1		15.1	13	36	34	462	-86
Chile		928	-0.1	-0.9	1.7	5.5	7.4		5.6	1	-2	-19	-7	-5
Colombia		4155	-0.3	-2.0	-0.9	-6.1	6.0		11.9	0	22	36	190	5
Mexico		20.01	0.2	-0.4	2.3	-16.7	4.1		9.5	3	1	-23	12	-83
Peru		3.6	-0.4	-0.2	1.0	1.6	3.0		6.5	5	10	9	-52	-15
Uruguay		42	0.1	0.1	1.3	-10.4	3.5		9.5	-1	-12	-18	54	-13
Hungary		368	0.4	-1.2	3.7	-0.4	8.0		7.0	2	10	50	41	53
Poland		3.85	0.4	-0.8	2.3	3.2	7.2		5.5	0	-3	-10	13	-10
Romania		4.6	0.2	-1.1	2.9	-0.3	4.5		7.2	1	1	-10	86	-2
Russia		84.3	-0.2	-3.1	2.4	10.2	34.6							
South Africa		18.2	0.5	-0.1	1.4	3.9	3.7		10.8	7	4	18	-112	33
Türkiye		37.99	0.0	-3.4	-4.1	-15.3	-6.9		34.2	-39	545	576	441	449
US (DXY; 5y UST)		104	-0.2	0.8	-2.1	-0.1	-4.0		4.11	2	4	-1	-11	-27

	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
								basis points						
China		3,932	-0.1	-1.9	0.2	11.5	-0.1		102	0	7	-48	6	
Indonesia		6,236	1.2	0.2	-5.3	-15.5	-11.9		113	2	16	12	22	
India		78,017	0.0	3.6	4.6	7.1	-0.2		101	-6	8	-6	15	
Philippines		6,160	-0.5	-2.0	1.6	-10.1	-5.7		91	-8	2	4	12	
Thailand		1,185	-0.4	0.7	-1.8	-13.7	-15.4							
Malaysia		1,514	0.7	-0.9	-3.5	-1.6	-7.8		80	-1	4	-5	10	
Argentina		2,433,538	3.0	4.2	6.6	100.6	-4.0		775	23	42	-663	138	
Brazil		131,321	-0.8	0.4	4.2	3.5	9.2		224	-8	-2	14	-23	
Chile		7,633	0.6	0.6	4.3	17.5	13.8		122	-5	-3	-2	9	
Colombia		1,609	0.1	-1.6	-2.4	21.0	16.6		333	2	8	45	7	
Mexico		52,675	0.0	0.4	-0.7	-6.9	6.4		307	-11	-3	-7	-5	
Peru		30,379	0.1	1.7	6.2	2.9	4.9		141	-11	-5	4	0	
Hungary		91,034	0.1	1.5	5.5	39.8	14.8		155	-2	4	4	0	
Poland		99,348	1.1	0.6	8.3	24.1	24.8		110	-5	-4	13	-2	
Romania		17,350	-0.2	0.4	-1.3	3.9	3.8		243	-8	-6	58	8	
South Africa		89,395	0.5	1.0	1.9	22.0	6.3		315	-3	7	-34	22	
Türkiye		9,692	4.2	-10.3	2.5	7.3	-1.4		310	34	41	5	51	
EM total		45	-0.4	-1.2	1.2	9.5	7.1		375	3	4	78	11	

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

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