



- **US tariff announcements on April 2 could lead to renewed bouts of volatility** ([link](#))
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- **Brazil's central bank signals more rate hikes amid inflationary pressures** ([link](#))

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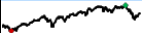


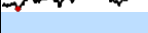






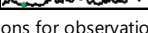
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## Markets lack direction amid tariff uncertainty

**European bourses fell this morning after the US equity rally lost momentum yesterday as investors struggled to find positive news to sustain the rally.** Earlier in the day, disappointing macro data shifted the investor focus to tariff concerns and recession risks, with US consumer confidence hitting a four-year low. Advanced economy sovereign bond yields were mixed and traded within relatively narrow ranges this morning. The dollar was marginally stronger and gold was flat. The pound was weaker after UK inflation surprised on the downside. Within the commodities complex, copper futures gained for the second consecutive trading day as reports of halted shipments from Chile intensified a potential supply squeeze caused by a rush to import the metal on speculation that US tariffs could be imposed much earlier than expected. In emerging markets, the PBOC strengthened the yuan's daily reference rate for the first time in 5 sessions. On the monetary policy front, the forint weakened to the euro after the central bank of Hungary kept interest rates unchanged at 6.5%, as expected, with the Czech central bank expected to keep the policy repo rate unchanged at 3.75% later today.

Key Global Financial Indicators

Last updated: 3/26/25 8:04 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		5777	0.2	3	-3	11	-2
Eurostoxx 50		5445	-0.6	-1	-2	8	11
Nikkei 225		38027	0.7	0	-1	-7	-5
MSCI EM		45	-0.3	-1	0	9	7
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.34	2.9	10	9	11	-22
Germany 10y Yield		2.79	-0.4	-1	36	44	43
EMBIG Sovereign Spread		329	0	-3	3	-14	4
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		44.9	0.1	0	1	-3	5
Dollar index, (+) = \$ appreciation		104.3	0.1	1	-2	0	-4
Brent Crude Oil (\$/barrel)		73.7	0.9	4	2	-15	-1
VIX Index (% change in pp)		17.3	0.2	-3	-2	4	0

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

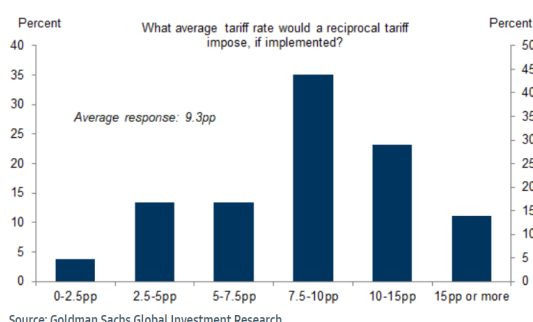
## Mature Markets

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### United States

**US tariff announcements on April 2 could lead to renewed bouts of volatility.** The US administration plans to announce its additional tariff policy on April 2, an event widely anticipated by financial markets. Recent media reports suggested the possibility of a more benign and targeted approach, leading to a market rally on Monday, although ongoing uncertainty prevented the rally from maintaining momentum. According to a Goldman Sachs survey, most market participants expect a 7.5pp to 9pp reciprocal tariff rate on average, which aligns with a more benign approach. However, Goldman Sachs analysts see risks leaning toward an initial announcement that exceeds market expectations. Administration officials have indicated that the announced tariff rates are intended as a basis for negotiation, incentivizing higher initial rates, as seen with previously, with Canada and Mexico tariffs. If that scenario materializes, stock market volatility is likely to ramp up again after reaching more moderate levels in March.

Exhibit 2: Market Participants Who Expect Reciprocal Tariffs Anticipate a 9pp Rate, on Average



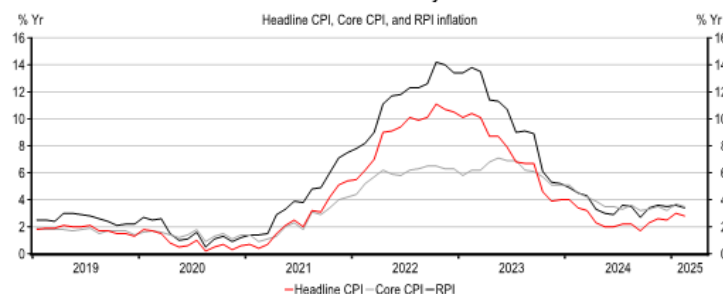
### Euro area

**Euro area equities declined this morning amid US tariff uncertainty, while sovereign yields were little changed.** The STOXX 600 index was -0.7% lower, with the energy sector (+1.2%) outperforming while most other sectors were trading in the red. Markets are likely awaiting further insight on US tariff plans ahead of US President Trump's April 2 deadline, as market participants remain uncertain on the scope and impact of potential tariffs. The 10-year bund yield was little changed, with southern spreads also flat. **The euro was unchanged this morning, with ING analysts noting that FX markets are in a holding pattern ahead of the anticipated US tariff announcements on April 2.** Implied volatility in the EUR/USD market has eased recently, but ING analysts argue that financial markets are underpricing risk to the euro from next week's tariff news and forecast the EUR/USD at 1.05 by end-Q2 (from 1.08 currently). In the meantime, Goldman Sachs analysts estimate that the sharp repricing of the euro at that start of March is largely consistent with narrowing rate differentials. The euro is now roughly 4% stronger than at the start of the month.

### United Kingdom

**The pound weakened and gilt yields eased after inflation data surprised on the downside ahead of the Chancellor's Spring Statement.** Data released this morning showed both headline and core inflation easing more than expected in February (headline to 2.8% y/y vs. expectations to remain unchanged at 3.0%; and core to 3.5% y/y vs. expected 3.6% from 3.7%). Services inflation, however, remained unchanged at 5.0% y/y (vs. expected decline to 4.9%), but roughly 10 bps lower than the BoE's forecast. HSBC analysts do not see today's data as particularly dovish and continue to expect quarterly rate cuts from the BoE. Later today the Chancellor is set to deliver the Spring Statement, where spending cuts are anticipated and contacts are focused on the size and composition of the 2025/26 gilt remit—with Bloomberg consensus expecting £302 bn. Following this morning's data release, markets scaled up BoE rate cut expectations and were pricing in roughly 48 bps of easing by end-2025, compared to roughly 42 bps yesterday. The pound weakened against the dollar (-0.3% to 1.29) while gilt yields eased (10-year -4 bps to 4.71%; 2-year -7 bps to 4.22%). Some of these moves were retraced in later trading.

## 1.Headline and core inflation ticked down in February...



## Japan

**Governor Ueda kept his options open by reiterating the BOJ's policy stance of data-dependent rate hikes.** In delivering the BOJ's semi-annual report to lawmakers Wednesday, Ueda refrained from making comments indicative of the timing of the next rate hike and noted both upside and downside risks to inflation. The lack of rate-hike clues increased speculation that the yen can stay on its current downward path. The yen depreciated as much as -0.5%, before closing down -0.2% today, while 10-year JGB yield held steady at 1.58%. Japanese equities rose (NIKKEI 225: +0.7%) for a second consecutive day on hopes of a softer-than-feared blow from US tariffs next week. Nintendo shares jumped (+6.4%) on positive sentiment on consumer technology firms as well as Goldman Sachs' reinstatement of its coverage, with a 12-month target of 26% upside.

## USD/JPY May Test 50-DMA Resistance on Trump Tariff Posit



## Commodities

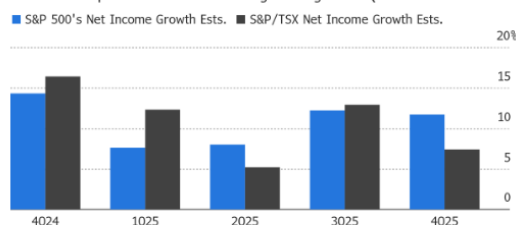
**The gold rally could be gaining a firmer footing.** Demand for gold has increased amid rising macroeconomic uncertainty, dollar weakness, and retreating real yields. Spot gold has recently reached new historical heights, rising above \$3,000 per ounce. Consequently, holdings in physically-backed gold ETFs have risen considerably in Q1 2025, with those ETFs marking their strongest performance in 3 years. Mining stocks are also catching up with the rise in gold prices, particularly in Canada. Canadian mining companies are leading Canadian earnings estimates and, according to some analysts, support the outperformance of the Canadian stock market versus the S&P 500.

## Gold-Backed ETFs Draw Funds in 1Q as Prices Rally



## Canada's EPS Growth Catches Up to US

The TSX is on pace to exceed SPX's EPS growth again in 1Q25



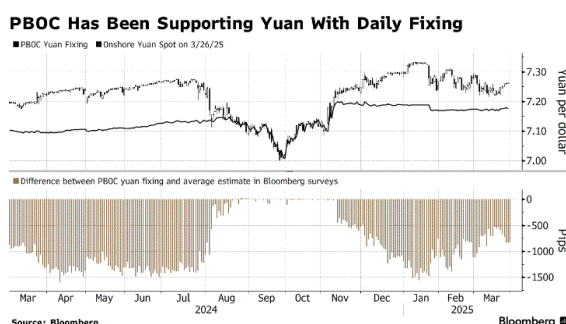
## Emerging Markets

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In **Asia**, currencies were mixed with the Thai baht depreciating (-0.4%) despite a no-confidence motion being defeated, and the Philippine peso depreciating (-0.2%) on projections of a balance-of-payments deficit. EM Asian equities gained led primarily by Indonesia (Jakarta Composite: +3.8%) as state-owned banks handed out higher-than-expected dividend payouts. **EMEA equities and currencies were mixed today**, driven by local developments. The Czech koruna was little changed to the euro this morning ahead of the decision of the central bank later today where it expected to keep the policy repo rate at 3.75%. Elsewhere in the region, Ukraine's dollar bonds outperformed (+0.6% at 56.60 cents on the dollar) today amid speculation of an agreement with the US and Russia on a ceasefire in Ukraine. The Ivory Coast yesterday issued a USD-denominated bond due in April 2036 at a yield of 8.45%, that will be used to buy back \$300 mn of outstanding 2028 USD bonds and \$400 mn of 2032 EUR bonds, according to Bloomberg. Romania is reportedly also planning to issue Eurobonds. In **Latam**, major economies experienced mixed currency movements yesterday, with Brazil and Colombia outperforming. Most regional equity markets gained, except for Chile.

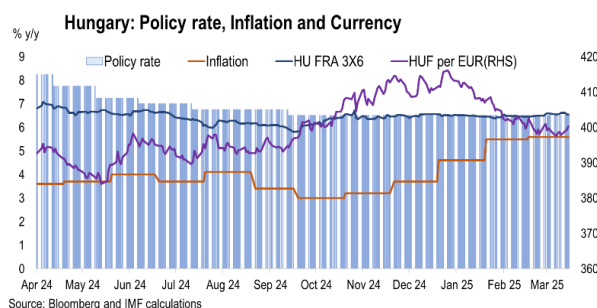
### China

**The People's Bank of China (PBOC) strengthened the yuan's daily reference rate for the first time in 5 sessions.** The PBOC set the daily fixing at 7.1754 per dollar, stronger than an estimate of 7.2581 in a Bloomberg survey. Some analysts believe the move eased concerns that a MLF tweak would drive yuan depreciation, and reinforced that the move was primarily for injecting two-way flexibility in the market. 10-year CGB yields held steady at 1.82%, the overnight repo rate stayed at 1.78%, while the 7-day repo rate rose 7 bps to 1.98%. At the BOAO Forum held in Hainan today, PBOC monetary policy committee member Huang Yiping commented on the need for China to use policy room to stimulate its economy and implement reform measures for boosting consumption. This follows yesterday's comments by Peng Sen, former vice-chairman of the National Development and Reform Commission, urging authorities to boost consumption as a share of GDP to 70% by 2035 from about 55% currently. Shanghai Securities News reported on Wednesday that several Chinese banks have optimized consumer loan products recently, for example, raising the maximum limit for consumer loan products or extending the maximum loan term, which can effectively reduce monthly repayment amounts and better match the service life of new EVs. These measures are consistent with China's efforts to ignite consumer spending and stoke local demand to help make the economy less reliant on trade and exports.



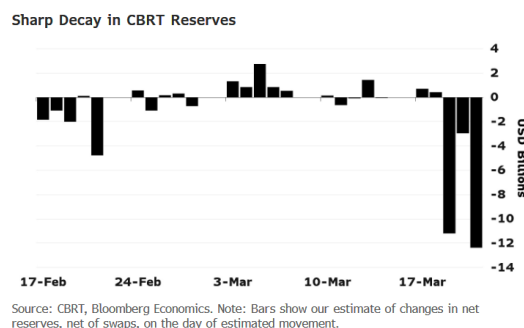
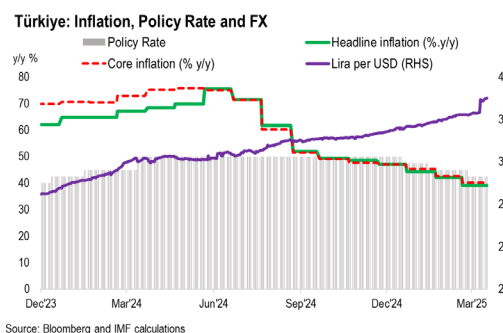
### Hungary

**The forint was weaker (-0.3%) to the euro this morning after the central bank (NBH) kept yesterday its benchmark interest rate unchanged at 6.5% as expected**, the highest policy rate in the EU with Romania. The NBH mentioned a deterioration of the inflation outlook as reason for the decision. Headline inflation surprised in February at 5.6% y/y (vs. est. 5.3%, from prior 5.5%) and NBH March forecasts project it now at 4.5–5.1% in 2025, from 3.3–4.1% in December forecasts, and returning within NBH's 2–4% tolerance range only in 2026 (forecast at 2.9–3.9%). UBS expects the NBH to cut by 25 bps in July-August with another cut possible only in early 2026, especially if the forint continues to strengthen (+2.8% ytd to the euro). ING sees the NBH holding its rate in 2025 but not flagging possible hikes.



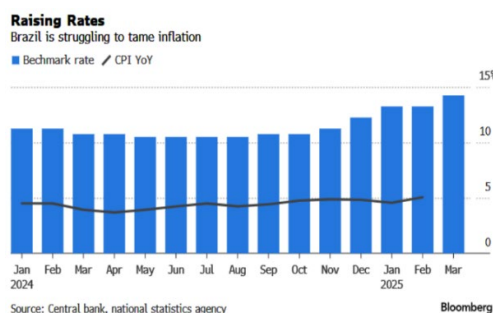
## Türkiye

**The lira continued to be little changed (-0.1%) this morning**, trading rangebound at around TRY38/\$, while the domestic stock market edged lower (-0.6%) partly paring yesterday's rebound (+4.4%) after a 17% drop last week. Domestic government bonds opened lower this morning, with 10-year local yields 32 bps higher to 29.5%, still down from the 31.2% peak reached on Monday, while USD-denominated 10-year bond yields were steady today at 7.42% (from 7.61% reached on Friday) and with the 5-year dollar CDS spread firm at 297 bps (+41 bps from March 18, down from 327 bps on March 21). Bloomberg estimates that the central bank's (CBRT) interventions to support the lira amounted to \$26.6 bn between March 19–21, eroding CBRT's net reserves to \$32.4 bn from estimated \$58 bn in mid-March (\$51.2 bn at the end of February). Analysts at Bloomberg would expect the CBRT to deplete its FX reserves by mid-April if it was to continue to intervene at the pace of last week.



## Brazil

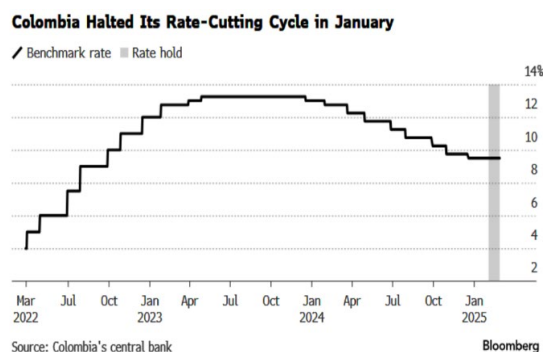
**Brazil's central bank signaled that interest rate hikes will continue in the face of an adverse inflation outlook, according to the minutes to its March 18–19 policy meeting.** Consumer prices rose 1.3% in February, the largest monthly increase in three years, driven by housing, education, and food and beverages. Annual inflation accelerated to 5.1%, well above the 3% target. To tame inflation, Brazil's central bank raised the benchmark Selic by a full percentage point to 14.25% last week despite its potential impact on economic growth. Analysts anticipate Brazil's economy to expand about 2% this year and 1.6% in 2026, both of which fall well short of the 3.4% expansion recorded in 2024.





## Colombia






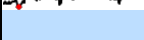


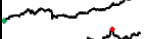






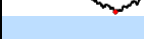









**The resignation of Colombia's finance minister raised speculation that Colombia's central bank may not cut interest rates at its next meeting.** Diego Guevara, the finance minister who was seen by markets as market-friendly and an advocate of fiscal restraint, resigned last week after only 3 months in office. His swift resignation has reportedly introduced uncertainty and potential instability in public finances. Colombia posted a fiscal deficit of 6.8% of GDP last year, above the government's target. Concerns about the fiscal outlook may exert weakening pressure on the peso and increase volatility, which could limit room for additional rate cuts. The market had been expecting the central bank to resume its easing cycle by reducing its benchmark interest rate to 9.25%, but now many strategists expect the central bank to keep rates unchanged at the next meeting.



*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), 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

3/26/25 8:04 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
United States		5,772	0.2	1.7	-3.1	10.9	-2
Europe		5,445	-0.6	-1.1	-1.5	7.5	11
Japan		38,027	0.7	0.5	-0.6	-6.7	-5
China		3,919	-0.3	-2.3	-1.2	11.9	0
Asia Ex Japan		76	-0.3	-1.1	-0.5	12.3	5
Emerging Markets		45	-0.3	-1.0	-0.1	9.3	7
<b>Interest Rates</b>			basis points				
US 10y Yield		4.3	3	10	9	11	-22
Germany 10y Yield		2.8	0	-1	36	44	43
Japan 10y Yield		1.6	0	7	22	85	49
UK 10y Yield		4.7	-3	9	22	75	16
<b>Credit Spreads</b>			basis points				
US Investment Grade		125	0	-1	8	6	5
US High Yield		350	0	-7	24	0	21
<b>Exchange Rates</b>			%				
USD/Majors		104.3	0.1	0.8	-2.0	0.0	-4
EUR/USD		1.08	0.0	-1.0	2.9	-0.4	4
USD/JPY		150.2	0.2	1.0	0.7	-0.9	-4
EM/USD		44.9	0.1	-0.4	1.2	-3.4	5
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		73.7	0.9	4.1	2.2	-6.8	0
Industrials Metals (index)		156.1	0.4	0.6	6.6	12.4	11
Agriculture (index)		57.7	0.0	-0.9	-3.5	-3.2	1
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		17.3	0.2	-2.6	-1.8	4.1	0.0
Global FX Volatility		8.2	0.0	-0.1	0.0	1.7	-1.0
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		81	1	2	-1	-23	-5
Italy		110	1	0	-1	-20	-5
France		69	1	2	-3	21	-14
Spain		62	0	0	1	-21	-7

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

## Emerging Market Financial Indicators

Last updated: 3/26/2025 8:05 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		7.27	-0.1	-0.5	-0.1	-0.7	0.5		1.9	-1	-6	9	-49	21
Indonesia		16588	0.1	-0.3	-1.2	-4.8	-2.7		7.1	3	22	31	45	9
India		86	0.1	0.8	1.7	-2.8	-0.1		6.9	-2	15	-15	-31	-44
Philippines		58	-0.2	-0.7	0.3	-2.4	0.5		5.2	0	5	6	-25	32
Thailand		34	-0.4	-1.0	-0.6	7.0	1.2		2.2	2	-5	-16	-43	-17
Malaysia		4.43	0.2	0.2	0.0	6.6	1.0		3.8	0	1	-3	-9	-6
Argentina		1071	-0.2	-0.2	-0.9	-20.0	-3.7		35.8	125	125	801	-1868	661
Brazil		5.70	0.0	-0.9	2.0	-12.6	8.3		15.2	8	57	41	474	-77
Chile		916	0.5	0.1	2.7	7.0	8.7		5.6	2	-3	-11	-7	-3
Colombia		4107	1.2	0.3	0.5	-5.0	7.3		11.9	3	4	40	193	8
Mexico		20.07	-0.1	0.0	1.8	-17.1	3.8		9.5	-2	4	-15	3	-85
Peru		3.6	0.4	-0.2	1.3	2.0	3.4		6.5	1	10	16	-81	-13
Uruguay		42	0.1	0.2	1.2	-10.3	3.7		9.5	-1	-8	-19	54	-14
Hungary		371	-0.3	-1.6	2.7	-1.6	7.1		6.8	-10	0	38	27	43
Poland		3.87	-0.2	-0.8	2.0	2.9	6.8		5.5	-1	-5	-8	7	-12
Romania		4.6	0.0	-1.0	3.0	-0.5	4.2		7.3	3	0	-4	88	1
Russia		84.1	0.6	-0.1	3.2	9.9	35.0							
South Africa		18.3	0.1	-0.7	0.8	4.0	3.2		10.9	6	13	25	-109	39
Türkiye		38.01	-0.1	-0.3	-4.1	-15.3	-7.0		32.6	-163	382	424	295	285
US (DXY; 5y UST)		104	0.1	0.8	-2.0	0.0	-3.9		4.09	2	7	0	-13	-29

	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		3,919	-0.3	-2.3	-1.2	11.9	-0.4		105	3	7	-45	9	
Indonesia		6,472	3.8	2.5	-0.2	-11.5	-8.6		120	4	14	24	29	
India		77,289	-0.9	2.4	3.6	5.9	-1.1		107	0	9	0	21	
Philippines		6,166	0.1	-2.3	0.7	-10.7	-5.6		95	-6	-4	12	16	
Thailand		1,190	0.5	0.1	-2.1	-13.8	-15.0							
Malaysia		1,518	0.3	0.0	-4.3	-0.8	-7.6		82	1	6	-3	12	
Argentina		2,487,680	2.2	6.0	9.3	104.8	-1.8		761	-32	12	-659	124	
Brazil		132,068	0.6	0.5	5.9	4.1	9.8		227	-5	-3	18	-20	
Chile		7,606	-0.3	0.2	3.5	16.7	13.4		122	-5	-4	-1	9	
Colombia		1,635	1.6	0.7	-0.7	24.0	18.5		333	-3	3	44	7	
Mexico		53,203	1.0	0.8	-0.2	-7.0	7.5		305	-9	-7	-9	-7	
Peru		30,693	1.0	2.6	7.1	6.6	6.0		142	-9	-5	5	1	
Hungary		92,369	0.8	2.6	5.3	42.1	16.4		157	-3	4	9	2	
Poland		98,564	-0.9	0.1	5.7	21.3	23.9		110	-7	-9	15	-2	
Romania		17,450	0.0	0.9	-1.2	4.0	4.4		245	-8	-10	64	10	
South Africa		90,259	0.6	1.5	2.2	22.6	7.3		309	-10	-4	-44	16	
Türkiye		9,622	-1.0	-2.4	0.5	9.3	-2.1		301	26	23	-9	42	
EM total		45	-0.1	-1.0	-0.1	9.3	6.8		374	-2	0	77	10	

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

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