GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, MAY 30, 2025
LEAD EDITOR: FABIO CORTES

- **US equity markets react selectively to the ongoing tariff uncertainty** (link)
- **Mainstream bitcoin ETFs gain momentum over other bitcoin ETF alternatives** (link)
- **May flash headline inflation data lends support to ECB easing expectations** (link)
- **EM bond issuance in May surpassed levels seen in April** (link)
- **Debt maturities and potential deposit withdrawals could worsen banks' liquidity in China** (link)
- **Polish zloty weakens on softer than expected May flash headline inflation data** (link)

Mature Markets | Emerging Markets | Market Tables

Markets end the week on cautious note amid tariff uncertainty

European bourses gained modestly and US equity futures signaled a negative opening as market participants deal with tariff uncertainty. Tariff uncertainty has remained a key theme driving markets as yesterday a trade court ruled some of the tariffs imposed under the Trump administration unconstitutional—only for a federal appeals court to issue a temporary stay later in the day. Advanced economy sovereign bond yields traded in relatively narrow trading ranges this morning and the dollar strengthened. In Japan, despite the release of accelerating Tokyo core inflation, the bond market stabilized, and JGB yields fell modestly after a better-than-expected auction of 2-year JGBs. In emerging markets, the Polish zloty weakened to the euro on softer than expected May flash headline inflation data and ahead of the second round of presidential elections where the contest is seen as being very close between the leading candidates. Elsewhere, analysts raised concerns that record debt maturities and potential deposit withdrawals could worsen banks' liquidity in China.

Key Global Financial Indicators

Last updated: 5/30/25 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		5912	0.4	1	6	13	1
Eurostoxx 50		5394	0.4	1	5	8	10
Nikkei 225		37965	-1.2	2	5	0	-5
MSCI EM		46	0.4	0	5	9	10
Yields and Spreads			bps				
US 10y Yield		4.42	0.4	-9	26	-12	-15
Germany 10y Yield		2.54	2.7	-3	9	-12	17
EMBIG Sovereign Spread		331	2	1	-31	-37	6
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.6	-0.1	0	1	-2	7
Dollar index, (+) = $ appreciation		99.6	0.3	0	0	-5	-8
Brent Crude Oil ($/barrel)		64.4	0.5	-1	2	-21	-14
VIX Index (%, change in pp)		19.2	0.1	-1	-5	5	2

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

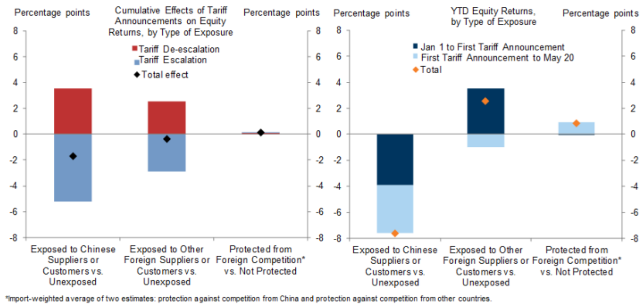
Mature Markets

back to top

United States

Equity markets reacted selectively yesterday to the ongoing tariff uncertainty. Tariff uncertainty remained a key theme driving markets yesterday, as a trade court ruled some of the tariffs imposed under the Trump administration unconstitutional—only for a federal appeals court to issue a temporary stay later in the day. Market reaction was generally muted, reflecting ongoing ambiguity and the volatile legal and policy landscape surrounding trade measures. Notably, while equity markets saw a cumulative decline of about 8% in response to the smaller tariff increases of the 2018–2019 period, they have remained relatively stable in 2025 despite renewed tariff risks—recovering much of the losses following a sharp selloff in early April. Goldman Sachs analysts dug beneath the surface to reveal that trading patterns around recent tariff announcements suggest the market is pricing in “noticeable but not enormous” negative effects for US companies closely tied to Chinese suppliers or customers, limited net impact on firms with other international exposures, and no clear benefit for domestic companies expected to gain from tariff protection.

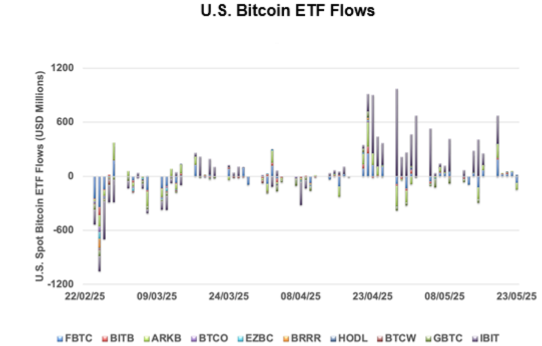
Exhibit 1: The Market Priced a Noticeable Negative Effect on US Companies Linked Strongly to Chinese Suppliers or Customers but Limited Net Impacts on US Companies Linked to Other Foreign Suppliers or Customers and on US Companies Facing Foreign Competition



Source: Goldman Sachs Global Investment Research

Mainstream bitcoin ETFs gain momentum over other bitcoin ETF alternatives. Following bitcoin’s rise to new all-time highs last week, US bitcoin ETFs attracted $3.4 bn in net institutional inflows over the past week, with BlackRock’s IBIT accounting for the bulk. In contrast, skepticism is growing around quasi-bitcoin ETFs like Strategy (formerly MicroStrategy), which follows the “bitcoin treasury” model—holding large bitcoin positions financed through equity or debt issuance, effectively becoming a leveraged bitcoin ETF. Strategy has underperformed bitcoin month-to-date. Analysts warn that the recent trends may suggest shifting investors’ preference towards more direct, regulated exposure via ETFs rather than more speculative equity investments, raising concerns about the long-term viability of the “bitcoin treasury” model. Still, the model retains its appeal: Trump Media & Technology Group reportedly plans to adopt a similar approach, raising $3 bn via equity and convertible debt to invest in bitcoin.

U.S. Bitcoin ETF Flows



Source: Tagus Capital.

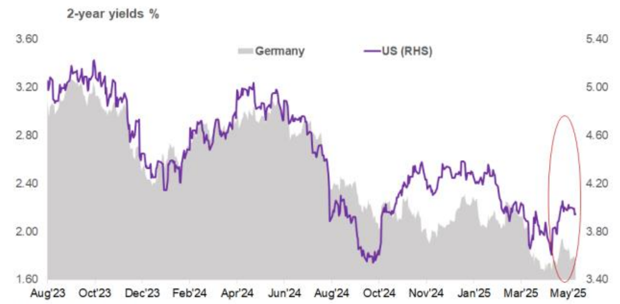
Strategy (MicroStrategy) vs Bitcoin

Source: TradingView.

This morning, there was a flurry of US data releases. US personal income rose more than expected (0.8% vs an expectation of 0.3%), although consumer spending growth slowed in line with expectations (0.2% on the month). At the same time, inflation data also matched expectations, with core PCE rising by a modest 0.1% in April (and 2.5% on the year). Goods imports saw a large monthly drop in April, reflecting the impact of tariff policies.US Treasury yields rose modestly and the dollar was little changed, immediately after the release.

Euro area

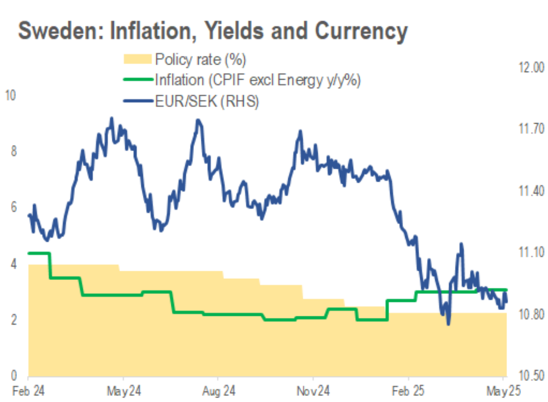
European equities traded moderately higher this morning. The Stoxx 50 was up 0.4% and regional bourses were also trading in positive territory. Meanwhile, the euro was weaker (-0.4%). Elsewhere, S&P is due to review France's AA- rating later today. Analysts at Commerzbank think it is unlikely that S&P will revise its rating for France and note that the latest spread moves suggest that this is the prevailing consensus expectation.



Source: Bloomberg and IMF calculations

May flash headline inflation data lends support to ECB easing expectations. Flash headline inflation data for Spain for May printed a touch softer than expected at 1.9% y/y (2.0% exp, 2.2% prior). Similar data for Germany's regions also showed inflation slowing in May with the full country data due later today. Meanwhile in Italy, flash headline inflation slowed to 1.9% y/y (2.0% prior). Market pricing for ECB rate cut expectations remained broadly steady following the data release with a rate cut priced in for next week's policy meeting and around 56 bps of easing expected by December. Ahead of next week's meeting, analysts at Barclays noted that while a 25 bps rate cut is widely expected, any guidance around the future path for policy will be closely watched, particularly appetite among Governing Council (GC) members to cut policy rates below 2%—considered the mid-point of estimates of neutral rates—against a backdrop of a stronger currency and lower oil prices. This morning, ECB GC member Panetta remarked that "disinflation has not taken too high a toll on the economy and is now close to completion." That said, he thinks further interest rate cuts will be "finely balanced judgements" given the weak macro backdrop and trade policy related uncertainty. Separately, he remarked that banking sector regulation in Europe shouldn't "join a race to the bottom". European government bond yields were 2–3 bps higher across the curve with the 2-year bund yield at 1.8% and the 10-year bund yield at 2.5%. Intra-EMU government bond spreads were broadly flat with the 10-year Italian BTP-Bund spread trading below 100 bps at 98 bps while 10-year OAT-Bund spreads were at 66 bps.

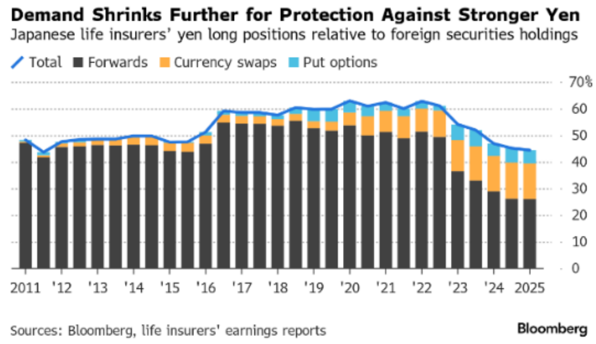
Sweden



Source: Bloomberg and IMF calculations

The Swedish economy contracted in Q1 2025. Data this morning showed that Q1 GDP growth was -0.2% q/q in the first quarter of this year, printing below expectations of 0.1% q/q with Q4 GDP revised downwards to 0.5% q/q from 0.8% q/q. The decline in activity in the first quarter was driven by a contraction in investment, particularly buildings and construction. UBS analysts noted that this was particularly surprising given the cumulative 175 bps of rate cuts from the Riksbank over the past year with the deceleration in growth in Q4 also concerning. The analysts noted that geopolitical and trade policy uncertainty appear to have weighed on sentiment in Sweden before the actual impact of tariffs materializing. Despite this, the analysts expect the Riksbank to adopt a cautious approach to easing until the full extent of the impact of actual tariffs becomes more evident. UBS considered further easing unlikely before the second half of this year but expect the Riksbank to revise down its policy rate forecast at the June meeting.

Japan



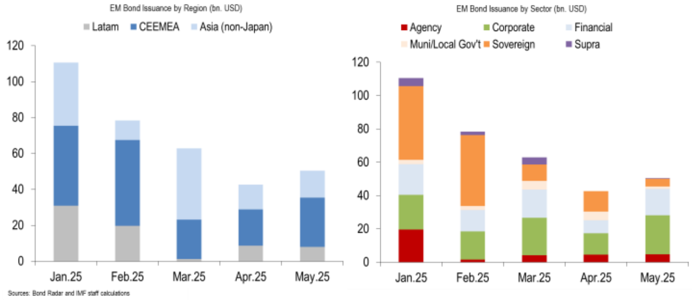
Today, **the bond market stabilized, and JGB yields fell modestly** (2-year -2 bps, 10-year -3 bps), **after a better-than-expected auction of 2-year JGBs**, with a higher-than-expected cut-off price (100.09 vs. a median estimate of 100.075) and an improved bid-to-cover ratio (3.77 vs. 3.58 for the last auction), suggesting stronger demand for short-term government notes. Separately, **consumer prices excluding fresh food in Tokyo rose +3.6% y/y in May, higher than expected (+3.5%) and accelerating from +3.4% in April**, driven by surging costs of processed food (+6.9% y/y). Meanwhile, industrial production fell -0.9% m/m in April (vs. a consensus forecast of -1.4% and +0.2% in March), led by declines in manufacturing equipment (-8.7%), aircraft parts (-7%), and car and related parts (-1.1%) likely due to US auto tariffs. Despite the decline, an industry ministry survey shows a solid outlook for production, with companies planning to increase output by +5.2% m/m in May. The yen appreciated (+0.1%), although Bloomberg reported that domestic life insurers' yen long positions relative to their foreign assets, or the protection ratio against a stronger yen, reached a fresh 14-year low (44.4% at the end of March vs. 45.2% six months earlier), signaling subdued expectations of further yen strengthening. The stock market declined (Nikkei 225: -1.2%) amid the US tariff uncertainty.

Emerging Markets back to top

In **Asia,** equities declined broadly on renewed tariff concerns, with Hong Kong SAR (HSI: -1.2%) underperforming. EM Asian currencies mostly weakened with the Thai baht (-0.6%) depreciating after a 1.5% cut for its 2025 manufacturing growth forecast to 0-1% by the Office of Industrial Economics. In **EMEA** equities and currencies softened this morning on renewed tariffs fears**.** In CEE, equities traded in the red across the region, with Poland underperforming (-1.3%) ahead of the second round of the presidential elections this Sunday, where the ballot between the centrist mayor of Warsaw Trzaskowski and the nationalist Nawrocki appears to be a close call. Currencies were little changed in CEE to the euro. In Türkiye equities dropped by -1.3%, and the lira was weaker (-0.3%), after today's data showed GDP growth slowing by more than expected in Q1 to 2% (vs. est. 2.3%) from 3% in Q4 2024. In **Latam,** currencies mostly appreciated yesterday while equities closed in the red. Currencies appreciated across the region, although the Argentine peso (-2%) bucked trend. Equities in Argentina (-1.4%) led losses, followed by Colombia (-0.7%) and Chile (-0.5%). Despite losses in local equities and a weaker currency yesterday, **Argentina successfully raised $1 bn by issuing local currency bonds to foreign investors.** These bonds have a 5-year fixed semiannual structure with a 29.5% coupon and are puttable at par after two years. JP Morgan analysts emphasized that this issuance enables Argentina to accumulate reserves, tap into offshore demand, and reduce rollover risk as they continue to develop the local curve.

EM Bond Issuance

EM bond issuance in May surpassed levels seen in April. Total issuance so far this month reached $50.5 bn, higher than the $43 bn recorded last month but lower than the 2025 monthly average of around $70 bn. Regionally, CEEMEA dominated issuance in May, accounting for about 54% of the total. The sectoral decomposition reveals Corporates (47%) and Financials (31%) made up the majority of total issuance. On a weekly basis, total issuance fell to $12.1 bn from $15.3 bn the previous week.

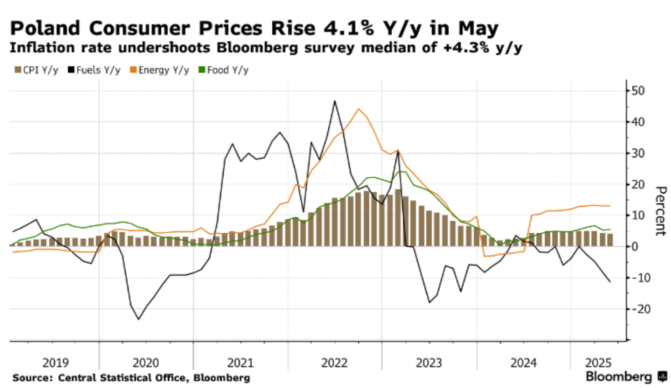


China

Chinese banks could face liquidity stress in June due to record debt maturities, including RMB 4.2 tn ($583 bn) of negotiable certificates of deposit, and **potential deposit withdrawals on interest rate cuts**, with some analysts projecting withdrawals around RMB 1.5 tn. Redirecting savings into investment and spending is conducive to economic growth, but tighter liquidity at banks could spark money market volatility. The market expects the PBOC to be more active in liquidity provision given less depreciation pressure on the yuan recently. Separately, Bloomberg estimated that the local government swap bonds issuance (RMB 1.62 tn YTD) has decelerated, with 80% of the annual quota (RMB 2 tn) already used. This is under the debt-swap plan (RMB 10 tn) approved in November 2024 to address hidden debt, mostly held by local government financing vehicles. Provinces and municipalities sold RMB 25 bn ($3.5 bn) of swap bonds between May 12 and May 23 to replace off-balance-sheet debt, lower than that the preceding period (RMB 55 bn). Coupons of the swap notes also inched down by 2–4 bps from the previous period. Today, the yuan depreciated modestly (-0.1%), while the stock market declined (CSI 300: -0.5%) following signs of stalled trade talks with the US.

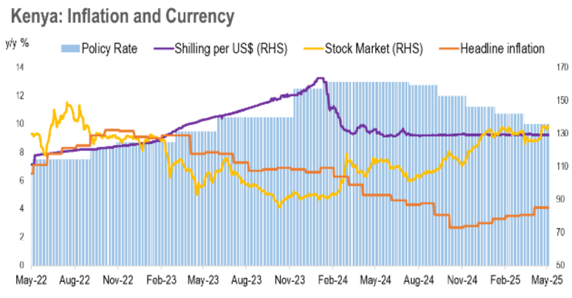
Poland

The zloty weakened (-0.2%) to the euro this morning, to trade at PLN 4.25/€, after today's data showed **inflation a touch lower than expected in Poland in May**. The CPI printed at 4.1% y/y (vs. est. 4.3% y/y), from 4.3% y/y in April. The Polish energy market regulator announced on Thursday a 14.8% reduction in natural gas tariff prices from July, which according to Bloomberg was pointed out by analysts as one key factor pushing the central bank to cut by 50 bps its benchmark rate to 5.25% on May 7. Today's inflation data come before next week's MPC meeting, at which Governor Glapinski has said that rates were likely to remain unchanged. Analyst at Bank Pekao see today's figures as confirming that inflation will fall to the policymakers' 2.5% target in the second half of 2025.



Kenya

The **shilling continued to trade steady this morning**, at KES129.21/$, while equities gained 0.3%, after today's data showed **inflation in Kenya continuing to soften in May**. The CPI printed at 3.8%y/y in May from prior 4.1%y/y, driven by the firm shilling (little changed against the dollar YTD), subdued demand and cheaper energy prices. Inflation has remained below the mid-point of the central bank's target band (5%, +/- 2.5%) for twelve months in a row and, according to Bloomberg, today's data may convince the MPC to further ease policy on June 10, after the central bank has already cut by a total of 300 bps its benchmark rate to 10% since June 2024.Still, core inflation rose to 2.8% y/y in May from prior 2.5% y/y and the central bank projects inflation to edge toward the upper limit of its target band by September.



Source: Bloomberg and IMF calculations

Source: Kenya National Bureau of Statistics

Bloomberg

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), 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.

Global Financial Indicators

	Level		Change				
5/30/25 7:59 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		5,912	0.4	1.2	6.2	12.9	1
Europe		5,394	0.4	1.3	4.5	8.3	10
Japan		37,965	-1.2	2.2	5.3	-0.2	-5
China		3,840	-0.5	-1.1	1.8	6.8	-2
Asia Ex Japan		78	0.6	-0.1	6.3	10.7	9
Emerging Markets		46	0.4	-0.2	5.3	9.2	10
Interest Rates					basis points		
US 10y Yield		4.4	0	-9	26	-12	-15
Germany 10y Yield		2.5	3	-3	9	-12	17
Japan 10y Yield		1.5	-3	-4	18	44	40
UK 10y Yield		4.7	3	-1	23	33	11
Credit Spreads					basis points		
US Investment Grade		135	0	-1	-14	19	15
US High Yield		368	0	-9	-54	21	39
Exchange Rates					%		
USD/Majors		99.6	0.3	-0.4	0.1	-4.9	-8
EUR/USD		1.13	-0.4	-0.3	0.0	4.6	9
USD/JPY		144.0	-0.2	1.0	0.6	-8.2	-8
EM/USD		45.6	-0.1	0.3	1.0	-2.3	7
Commodities					%		
Brent Crude Oil ($/barrel)		64.4	0.5	-0.5	5.5	-17.1	-12
Industrials Metals (index)		141.5	-0.1	-0.5	1.2	-13.4	1
Agriculture (index)		56.4	0.0	-2.1	-2.8	-8.1	-1
Gold ($/ounce)		3294.4	-0.7	-1.9	0.2	40.6	26
Bitcoin ($/coin)		105936.1	-0.2	-1.6	12.0	54.7	13
Implied Volatility					%		
VIX Index (%, change in pp)		19.2	0.1	-1.1	-5.5	4.8	1.9
Global FX Volatility		8.7	0.0	-0.4	-0.8	1.8	-0.5
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		73	0	-2	-12	-28	-12
Italy		98	0	-4	-14	-32	-17
France		66	-1	-3	-6	19	-16
Spain		60	-1	-3	-7	-14	-10

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

Emerging Market Financial Indicators

Last updated: 5/30/2025 7:58 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		7.19	-0.1	-0.2	1.1	0.5	1.5		1.8	1	2	6	-50	8
Indonesia		16327	-0.1	-0.7	1.7	-0.4	-1.2		6.7	0	-2	-8	-13	-28
India		86	-0.1	-0.4	-1.3	-2.6	0.0		6.7	-1	-3	3	-70	-62
Philippines		56	0.0	-0.9	0.2	5.1	4.0		4.9	-1	1	-4	-65	6
Thailand		33	-0.9	-1.1	1.7	11.8	4.6		2.0	0	-5	-2	-89	-36
Malaysia		4.26	-0.3	-0.6	1.4	10.5	5.1		3.6	5	3	-7	-32	-23
Argentina		1183	-2.0	-4.0	-1.6	-24.5	-12.9		29.9	25	2	-385	-835	73
Brazil		5.67	0.4	0.7	-0.8	-8.2	8.9		14.0	2	-9	-15	254	-189
Chile		935	0.6	0.8	1.2	-2.5	6.5		5.6	-1	0	12	-25	-6
Colombia		4121	0.1	1.3	1.6	-6.0	6.9		12.1	-3	3	6	112	27
Mexico		19.29	0.2	-0.2	1.7	-11.8	8.0		9.3	-5	-6	2	-61	-100
Peru		3.6	0.5	1.0	1.2	3.8	3.7		6.5	-1	-10	-8	-67	-17
Uruguay		42	0.1	-0.1	1.0	-7.1	5.0		9.4	-1	-4	-27	20	-29
Hungary		356	-0.3	-0.2	0.3	0.9	11.6		6.6	-3	-9	10	-29	22
Poland		3.75	-0.6	-0.2	0.6	5.3	10.0		5.0	-7	-9	25	-58	-58
Romania		4.5	-0.5	-0.4	-1.6	2.8	7.5		7.4	3	-5	10	78	14
Russia		78.6	-1.8	1.2	4.3	15.0	44.4							
South Africa		17.9	-0.5	-0.3	4.0	4.8	5.3		10.5	-14	-27	-28	-141	5
Türkiye		39.24	-0.3	-0.7	-1.9	-17.9	-9.9		33.8	10	-1	-170	521	404
US (DXY; 5y UST)		100	0.3	-0.4	0.1	-4.9	-8.2		4.00	0	-8	27	-57	-39

	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		3,840	-0.5	-1.1	1.8	6.8	-2.4		116	-1	-9	-22	20
Indonesia		7,176	0.0	0.5	5.3	2.9	1.4		105	0	-19	16	14
India		81,451	-0.2	-0.3	1.5	10.2	4.2		110	-6	-18	19	24
Philippines		6,342	-1.1	-1.1	-0.2	-0.5	-2.9		87	2	-14	9	8
Thailand		1,149	-1.3	-2.3	-4.0	-15.0	-17.9						
Malaysia		1,508	-0.7	-1.8	-2.1	-6.0	-8.2		80	-3	-13	3	10
Argentina		2,308,056	-1.5	-0.3	9.9	40.5	-8.9		671	-2	-43	-674	34
Brazil		138,534	-0.3	0.9	2.6	12.9	15.2		222	5	-6	12	-25
Chile		8,192	-0.6	-2.1	1.9	23.4	22.1		117	0	-14	5	4
Colombia		1,637	-0.7	-1.1	0.0	16.6	18.6		336	-3	-44	28	10
Mexico		58,614	-0.2	1.2	4.2	5.9	18.4		298	7	-39	1	-14
Peru		31,304	-0.2	0.7	4.0	3.0	8.1		128	-1	-24	-24	-13
Hungary		95,861	-0.3	0.5	4.0	40.8	20.8		161	3	-26	22	6
Poland		100,641	-1.3	0.7	1.9	17.4	26.5		112	0	-8	23	0
Romania		18,037	0.1	3.1	5.1	2.7	7.9		263	1	-29	93	28
South Africa		94,454	-0.3	1.0	3.1	22.4	12.3		319	2	-34	8	26
Türkiye		9,061	-1.2	-3.1	-0.2	-13.5	-7.8		321	18	-31	51	62
EM total		46	-0.1	-0.2	5.3	9.2	10.2		385	3	-11	55	21

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

back to top