



- Chinese export growth slowed but came in above expectations ([link](#))
- Indian markets have started to come under pressure, though moves remain modest ([link](#))
- Peru cut its policy rate by 25 bps amid growth concerns ([link](#))
- Bond and equity volatility have declined despite still elevated macro uncertainty ([link](#))
- Corporate stock buybacks rose to over \$250 bn in April, the highest in years ([link](#))
- S&P warns about downgrade risks for Romania amid twin deficit and political risks ([link](#))
- **Special Feature: EM BOP Capital Flows Monitor** ([attached](#))

[Mature Markets](#)


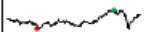
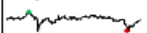








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Investors are cautiously optimistic that the trade war has peaked

Many global equity markets were higher for a second day following the US-UK trade agreement and reports that President Trump could cut tariffs on China this weekend. This morning, President Trump stated that tariffs on China of 80% “seems right”, though that figure is higher than media reports from yesterday, highlighting the still very high uncertainty around the trade outlook. European and Japanese stocks gained today, though China was slightly lower. Indian stocks underperformed amid ongoing geopolitical tensions with Pakistan. US futures edged higher, with the S&P500 now up about 15% from the closing lows on April 8th and only 8% below the record highs reached in February. Some analysts cautioned that even if trade tensions are receding, the new baseline still implies a significant hit to economic activity and inflation. Long-end Treasury yields rose 1–2 bps this morning after jumping higher yesterday, with the 10y yield back up to 4.39%. The dollar edged lower today. Cryptocurrencies have rallied in recent days, with Bitcoin back above 100k. Global oil prices rose to their highest level in a week, with Brent crude back above \$64 per barrel.

Key Global Financial Indicators

Last updated: 5/9/25 8:11 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5664	0.6	1	4	9	-4
Eurostoxx 50		5310	0.4	0	15	5	8
Nikkei 225		37503	1.6	4	12	-2	-6
MSCI EM		45	-0.1	2	8	5	7
Yields and Spreads			bps				
US 10y Yield		4.39	1.2	8	6	-6	-18
Germany 10y Yield		2.57	3.7	4	-2	8	21
EMBIG Sovereign Spread		344	-8	-19	-41	-25	20
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.3	0.1	0	3	-3	6
Dollar index, (+) = \$ appreciation		100.4	-0.3	0	-2	-5	-7
Brent Crude Oil (\$/barrel)		64.1	2.0	5	-2	-24	-14
VIX Index (% change in pp)		22.3	-0.2	0	-11	10	5

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

Measures of bond and stock market volatility have declined despite still elevated macro uncertainty.

The MOVE Index, a measure of Treasury bond volatility from options, has fallen back below the levels seen on April 2nd when reciprocal tariffs were announced. The VIX Index, a measure of equity market volatility, has also declined back down to 22.5 from a closing high of 52.3 on April 8th and a long-term average near 19. However, Bloomberg analysts highlighted that uncertainty around trade policy and the Fed could drive bond market volatility higher again, especially at the front end of the curve. Notably, the Bloomberg Fed Sentiment Index has pointed in a more dovish direction in recent weeks, even as Fed Chair Powell emphasized that the FOMC is in no hurry to cut interest rates. Other analysts noted that the reality on tariffs has not sunk in, with the UK deal pointing to 10% tariffs as a floor, with tariff rates likely to end up higher on other countries.

Rate Volatility Falling Fast

The MOVE Index is below April 2nd levels

■ ICE BofA MOVE Index - Last Price



Bloomberg Federal Reserve Sentiment Index

Lower index number indicates more dovish communications

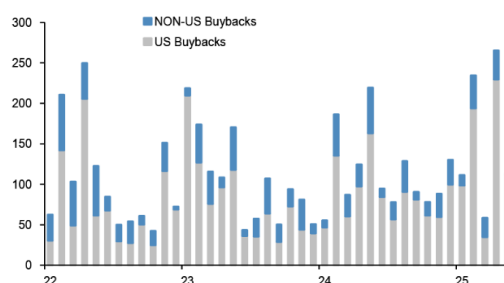
■ Bloomberg Fed Sentiment Index



Corporate stock buybacks increased to over \$250 bn in April, which may have helped support equity prices. Corporate buybacks rose to over \$250 bn in April, the highest volume in several years. In addition, JP Morgan analysts highlighted that retail investors have remained strong buyers, with hedge fund flows also stabilizing. Corporate buybacks have tended to take place during market downturns, notably during the March 2023 regional bank crisis and the outbreak of the Russia-Ukraine War.

Figure 1: Monthly US and non-US share announced buybacks

\$bn per month. May 2025 is MTD.

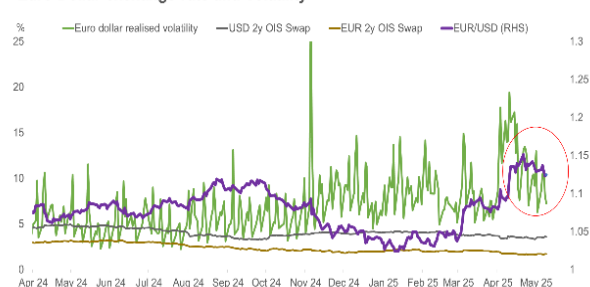


Europe

European equities were trading higher this morning on trade optimism, with Germany's DAX reaching a record high (+0.6%). The Stoxx 600 index gained +0.6%, led by energy (+2%), healthcare (+1%), and materials (0.9%). All major European bourses traded higher today, with France outperforming (CAC40 +0.8%). The euro regained (0.2%) against the dollar this morning, trading at \$1.1254/€. However, ING analysts continue to see the euro as overvalued and expect the currency to weaken in the near term towards \$1.100/€. **ECB Governing Council member Simkus said that he foresees another rate cut in June** as the Eurozone's economy has yet to see the full impact of US tariffs. Output will be weaker than projected in March when the ECB expected 0.9% growth in 2025, followed by 1.2% and 1.3% in 2026 and

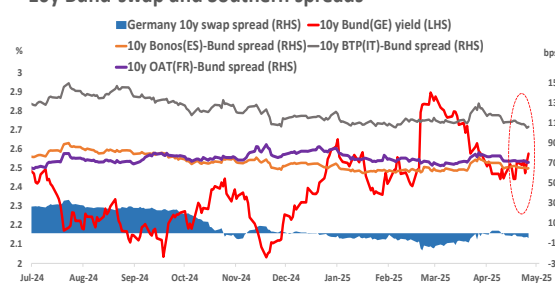
2027, respectively. Inflation is also expected to slow. ECB member Rehn also said that he would back such a move if the ECB's new forecasts confirm an outlook of disinflation and waning growth momentum.

Euro-Dollar exchange rate and Volatility



Source: Bloomberg and IMF calculations

10y Bund-swap and Southern spreads



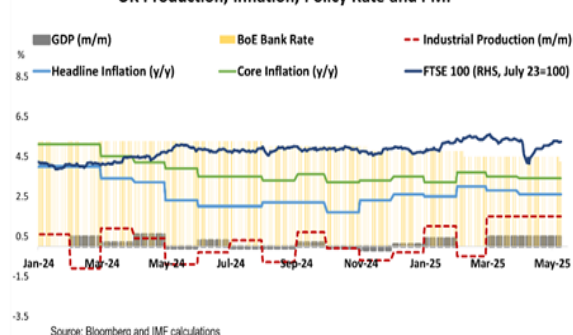
Source: Bloomberg and IMF calculations

European sovereign bond yields continued to edge higher this morning, with the yield curve bear steepening, as 10y Bund yields rose 4 bps to 2.57%. Southern European spreads were steady, with the 10y OAT-Bund spread at 71 bps while the 10y BTP-Bund yield spread was little changed at 106 bps (+1bp). Industrial production in Italy disappointed as output grew by only 0.1% m/m (vs. 0.5% expected) in March.

United Kingdom

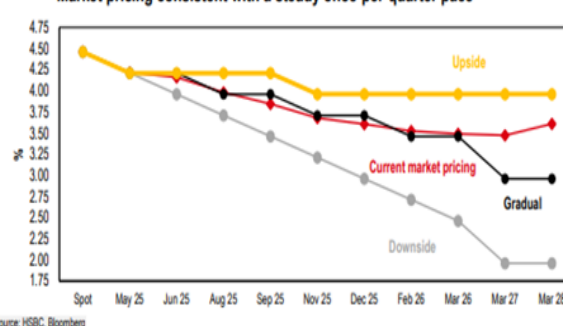
UK markets gained, with the pound sterling rising against the dollar (+0.1%) to trade at \$1.3263/£, while equities rose 0.5%. Following yesterday's Bank of England rate cut, markets have scaled back the expected pace and extent of further easing, with a June rate priced in as only a 20% probability. The implied policy rate for December rose to 3.64%, up from 3.56% on Wednesday. Nevertheless, HSBC continues to expect a dovish path for the BoE through 2025 with a rate cut in each quarter. ING noted that the UK trade agreement reduces tariffs significantly (from 25% to 0%) for UK steel and aluminum exports. It also reportedly includes an annual quota of 100,000 vehicles at a reduced 10% tariff (instead of 27.5%), with the 10% baseline tariff maintained on most other goods. Bloomberg sees GDP growth relief of only around 0.1%, though preferential treatment on pharmaceuticals and semiconductors could entail additional benefits. Long-end gilt yields rose 3–4 bps today.

UK Production, Inflation, Policy Rate and PMI



Source: Bloomberg and IMF calculations

Market pricing consistent with a steady once-per-quarter pace

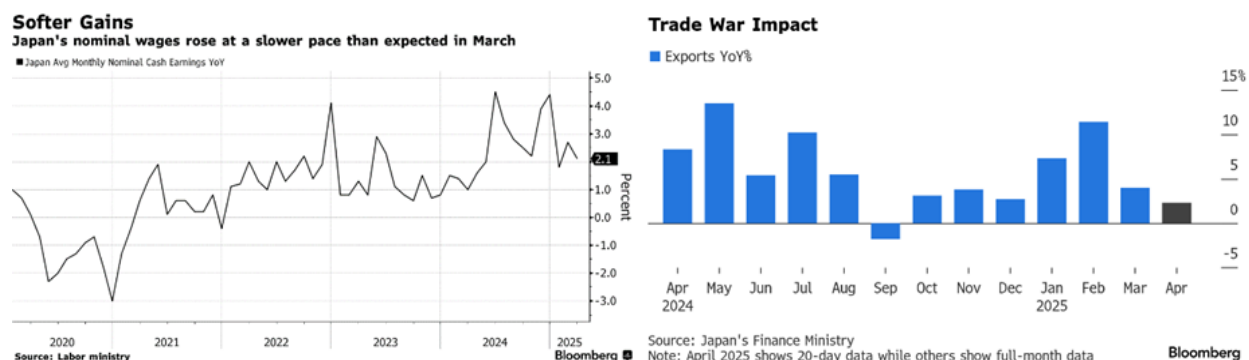


Source: HSBC, Bloomberg

Japan

Exports and wage growth slowed below expectations, increasing uncertainty around future rate hikes. Nominal wages rose +2.1% y/y in March (vs 2.5% expected, 2.7% previous). Real wages continued to decline at -2.1% y/y (vs -1.5% previously), according to the Labor Ministry. Household spending (+2.1% y/y) remained robust. Some analysts noted that wage growth remains solid however, with base salaries for

full time workers up 2% y/y, while temporary factors like reduced working hours (-2.9% y/y) due to calendar effects and lower bonus growth weighed on headline wage growth. Conversely, weaker corporate profits could slow wage growth going forward. Separately, exports rose +2.3% y/y in the first 20 days of April, down from +4.2% y/y in the first 20 days of March. Economists attributed the slowdown to a stronger yen and possibly the impact of US tariffs. On Friday, the yen appreciated (+0.5%) against the dollar to 145.2, while the stock market gained (Nikkei 225: +1.6%).



Emerging Markets

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In EMEA, equities and currencies were mixed this morning. Equities in CEE were mostly trading in the green with Polish equities outperforming (+1.4%), while CEE currencies were mixed against the euro. In Hungary, April headline inflation slowed by less than expected to 4.2% y/y (vs 4.0% expected, 4.7% previous). Bloomberg analysts believe the upside surprise will convince the central bank to leave rates unchanged at 6.5% when policymakers meet later this month. In Serbia, the central bank left rates unchanged at 5.75%, in line with expectations.

In Asia, currencies were mixed while regional stock markets (EM Asia +0.9%) mostly gained on optimism over trade negotiations. Taiwan POC outperformed (+1.8%) and Hong Kong gained 0.4% even as China's CSI 300 index edged lower. The Malaysian ringgit weakened (-0.6%) while the Philippine peso strengthened (+0.3%).

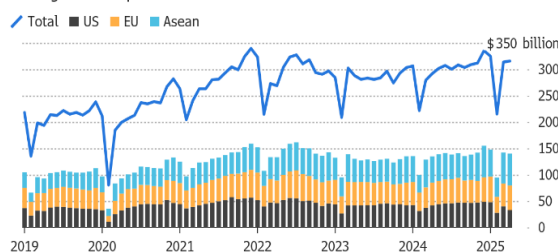
In Latin America, most regional currencies gained yesterday, with the Argentina peso rising 2.4% and the Brazilian real gaining 1.4%. Equity markets were mixed, with Mexico underperforming (-1.9%), while Brazil (+2.1%) and Colombia (+0.9%) gained. Chile's April inflation print came in below expectations at 4.5% y/y (vs 4.6%) while Colombia's April inflation was above consensus at 5.2% y/y (vs 5.0%). **Peru's central bank cut its policy rate by 25 bps to 4.5% in somewhat of a dovish surprise.** Analysts were split ahead of the decision, but the central bank noted that inflation remains within the 1-3% tolerance range and expects it to remain there going forward. The central bank also noted that while interest rates are close to neutral, the growth outlook could face headwinds from rising trade uncertainty.

China

Chinese export growth slowed to 8.1% y/y in April (vs 2% expected, 12% previous) in USD terms. Import growth stalled at -0.2% y/y (vs -6% expected, -4.3% previous), leading the trade surplus to decline to \$96 bn from \$103 bn in March. According to customs data, shipments to the US fell 21% y/y in April, while imports fell almost 14% y/y, highlighting the impact of tariffs. In contrast, exports to India and ASEAN rose more than 20% y/y, while exports to the EU grew 8% y/y, with analysts highlighting the possible role of transshipments. Stocks were slightly lower on Friday (CSI 300: -0.2%) as investors tried to manage expectations ahead of weekend US-China trade talks. The yuan was little changed (-0.1%).

Chinese Exports to the US Slumped

Although total shipments continued at similar level from March



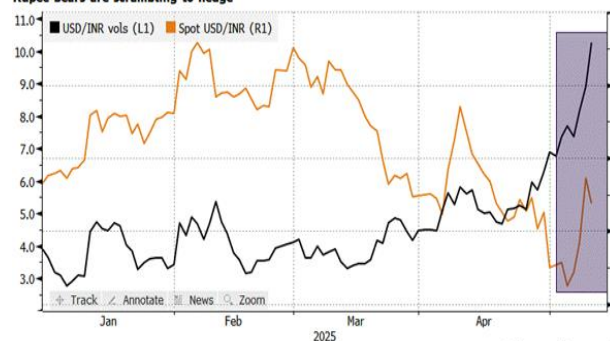
Source: China's General Administration of Customs

Bloomberg

India

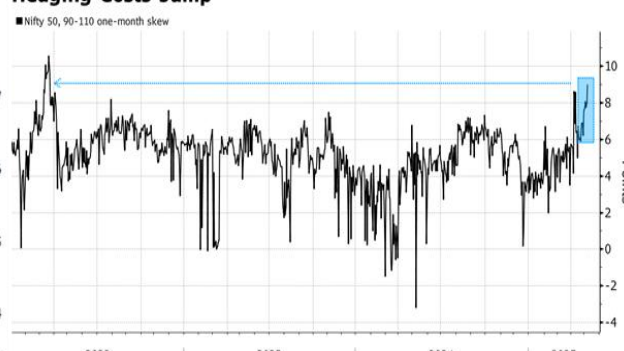
Markets have come under pressure amid escalating conflict with Pakistan, with stocks down 1.1% on Friday and currency volatility rising. Implied rupee volatility (1 month ATM) has jumped from around 4% in March to over 7% this week. The rupee stabilized today (+0.3%) but declined 1.1% this week, with Bloomberg reporting that the RBI likely intervened in the market to a limited extent. The Nifty 50 slumped over 1% today and is down for the week, one of the few major global indices to decline. The cost of options hedging against a 10% decline relative to contracts betting on gains rose to its highest level since March 2022. Positively, Q1 corporate earnings have been relatively strong, which analysts noted could support a sharp rebound if geopolitical tensions ease. Government bond yields edged lower amid RBI open market operations (bond purchases) to manage liquidity.

India-Pakistan Angst Rupee bears are scrambling to hedge



Source: Bloomberg

Hedging Costs Jump



Source: Bloomberg

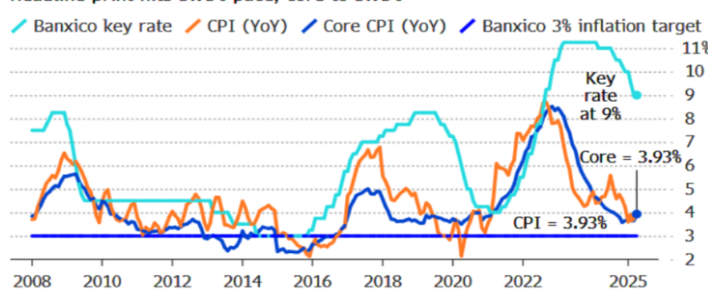
Bloomberg

Mexico

Inflation rose to 3.93% y/y in April (vs 3.9% expected, 3.8% previous). The higher-than-expected inflation print remains within the central bank's tolerance range (3% plus/minus 1%), and most analysts believe a 50 bp cut at next week's meeting is still on the table (consensus was for a 50 bp cut before the inflation release). However, Bank of America analysts noted that yesterday's higher core inflation print (3.93% from 3.64% previously) might drive Banxico to slow the pace of cuts going forward after next week. Local markets were mixed, with equities falling 1.9% yesterday, while the peso gained 0.3%. Overnight swap rates moved marginally higher yesterday.

Mexico Inflation Edged Up in April

Headline print hits 3.93% pace, core to 3.93%



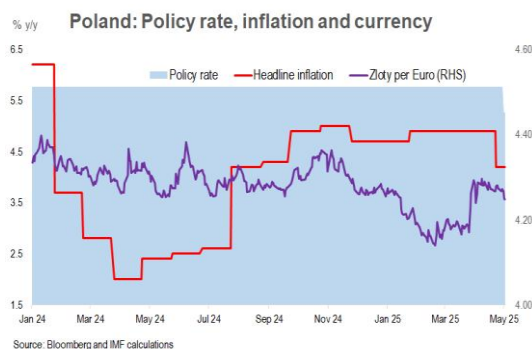
Source: National statistics agency, central bank, Bloomberg

Bloomberg

Poland

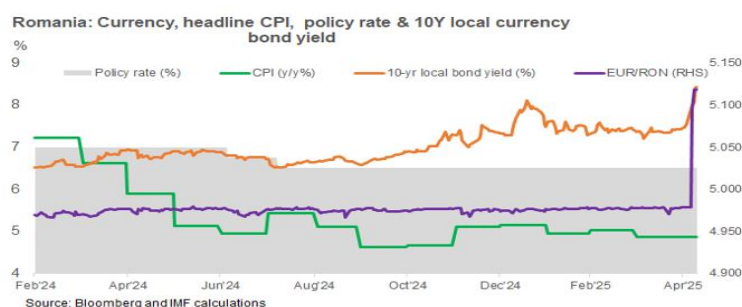
National Bank of Poland emphasized caution on future rate cuts.

During yesterday's press conference, Governor Glapinski said that Wednesday's 50 bp rate cut was "not the beginning of an easing cycle" and suggested that an additional rate cut in June was unlikely. JP Morgan analysts note that the National Bank of Poland (NBP) is "now back in wait-and-see mode." While the analysts continue to expect 100 bps of easing this year, they believe the path for rates cuts will be less frontloaded and now expect a 25 bp rate cut in July. For 2026, the analysts expect a further 75 bps of rate cuts. JP Morgan analysts note that during the press conference Governor Glapinski said that the MPC had discussed possible changes to reserve requirements as well the interest rate corridor (currently 100 bps wide) and discussions would likely continue through to the June meeting. 10y zloty bond yields rose 4 bps to 5.36%.



Romania

Romania at risk of ratings downgrade if deficit worsens. S&P Ratings said that Romania could lose its investment grade rating if domestic political developments undermine the country's ability to address its fiscal deficit, which is one of the highest in the European Union. S&P said that "the key risk is how Romania will finance its large twin deficits...against a backdrop of prolonged political impasse and weakening growth." In addition, the ratings agency noted that recent domestic political turbulence has weakened the currency and put upward pressure on local currency and USD yields. Yesterday, the Finance Ministry sold RON500 mn in 8-month T-bills at a yield of 8.21%, compared with 6.7% on 11-month T-bills last month. 10y bond yields are up about 100 bps since May 1. ING analysts expect elevated currency volatility ahead of the second round of voting on May 18th. Bank of America analysts noted that the spread of 10y Romanian government bonds over Treasuries tends to closely follow FX forward points (right chart below).



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

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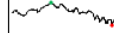





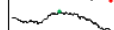












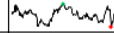




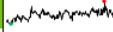


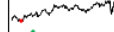





Global Financial Indicators

5/9/25 8:11 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,670	0.6	-0.3	3.9	8.7	-4
Europe		5,311	0.4	0.5	14.9	5.1	8
Japan		37,503	1.6	4.0	11.7	-1.9	-6
China		3,846	-0.2	1.9	2.5	4.9	-2
Asia Ex Japan		76	-0.3	2.3	8.5	6.9	5
Emerging Markets		45	-0.1	2.0	8.3	5.2	7
Interest Rates			basis points				
US 10y Yield		4.4	1	8	6	-6	-18
Germany 10y Yield		2.6	4	4	-2	8	21
Japan 10y Yield		1.4	3	11	10	45	27
UK 10y Yield		4.6	5	9	-18	45	3
Credit Spreads			basis points				
US Investment Grade		144	0	-5	-14	27	24
US High Yield		398	1	-7	-69	55	70
Exchange Rates			%				
USD/Majors		100.4	-0.3	0.3	-2.5	-4.6	-7
EUR/USD		1.13	0.2	-0.4	2.8	4.4	9
USD/JPY		145.2	-0.5	0.2	-1.7	-6.6	-8
EM/USD		45.3	0.1	0.0	2.8	-3.1	6
Commodities			%				
Brent Crude Oil (\$/barrel)		64.1	2.0	4.6	-1.2	-17.9	-13
Industrials Metals (index)		140.6	0.3	-0.4	6.8	-10.8	0
Agriculture (index)		57.5	0.7	-1.1	0.3	-4.1	1
Gold (\$/ounce)		3333.9	0.9	2.9	8.1	42.1	27
Bitcoin (\$/coin)		102815.2	0.2	7.4	23.6	64.2	10
Implied Volatility			%				
VIX Index (% change in pp)		22.2	-0.2	-0.4	-11.4	9.6	4.9
Global FX Volatility		9.3	0.0	-0.3	-1.1	2.2	0.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		82	0	-1	-16	-23	-3
Italy		107	2	-4	-23	-28	-9
France		71	1	0	-9	23	-12
Spain		65	1	0	-11	-14	-4

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

Emerging Market Financial Indicators

Last updated: 5/9/2025 8:12 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		7.24	0.0	0.4	1.5	-0.3	0.8		1.7	-2	0	-4	-60	1
Indonesia		16515	-0.1	-0.5	2.1	-2.8	-2.5		6.8	-1	-2	-28	-15	-25
India		85	0.4	-1.0	1.5	-2.2	0.3		6.8	2	13	0	-68	-50
Philippines		55	0.2	0.2	3.3	3.4	4.3		5.0	1	-5	-2	-71	9
Thailand		33	-0.6	0.1	4.7	11.9	3.3		2.0	0	-3	-2	-90	-38
Malaysia		4.30	-0.4	-1.0	4.5	10.2	4.0		3.5	-8	-13	-22	-40	-28
Argentina		1112	2.4	5.3	-3.3	-20.7	-7.3		29.9	-158	-302	-1398	-917	75
Brazil		5.66	0.1	0.0	3.0	-9.1	9.2		14.0	-4	-9	-74	289	-195
Chile		936	1.2	1.4	6.9	0.2	6.3		5.6	1	5	13	-31	-12
Colombia		4252	0.8	-0.2	4.1	-8.3	3.6		11.9	-5	-19	-27	134	4
Mexico		19.51	0.1	0.4	3.8	-14.0	6.8		9.3	4	-2	-9	-44	-101
Peru		3.6	0.3	0.8	3.1	2.5	2.9		6.6	0	-2	#####	-58	-7
Uruguay		42	0.0	0.4	3.1	-8.1	5.1		9.6	1	-6	-3	39	-9
Hungary		360	0.4	-0.5	2.5	0.0	10.5		6.6	2	5	-18	-19	14
Poland		3.77	0.5	0.5	2.7	5.6	9.7		4.9	8	12	-13	-57	-70
Romania		4.5	0.2	-3.1	0.0	1.4	5.6		8.4	32	108	117	188	115
Russia		83.5	-1.2	-0.8	2.9	10.9	35.9							
South Africa		18.2	0.0	1.1	6.0	1.5	3.5		10.8	-7	1	-29	-113	34
Türkiye		38.75	-0.3	-0.5	-2.0	-16.8	-8.8		34.8	-16	-22	116	584	510
US (DXY; 5y UST)		100	-0.3	0.3	-2.5	-4.6	-7.5		3.98	0	6	-6	-49	-40

	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		3,846	-0.2	1.9	2.5	4.9	-2.3		118	-3	0	-22	22
Indonesia		6,833	0.1	0.3	7.3	-3.5	-3.5		106	-14	-25	11	15
India		79,454	-1.1	-1.3	5.7	9.3	1.7		124	-7	-16	30	38
Philippines		6,458	1.1	0.7	6.2	-2.2	-1.1		83	-13	-24	-1	4
Thailand		1,211	0.4	1.1	7.3	-11.8	-13.5						
Malaysia		1,547	0.2	0.3	6.3	-3.5	-5.8		89	-6	-19	10	19
Argentina		2,061,722	0.1	-4.5	-5.6	43.7	-18.6		685	-39	-311	-553	48
Brazil		136,232	2.1	0.9	6.6	6.3	13.3		227	-8	-20	19	-20
Chile		8,163	-0.1	1.5	9.2	23.1	21.7		118	-9	-13	3	5
Colombia		1,655	0.9	0.8	3.3	19.3	20.0		368	-16	-19	77	42
Mexico		56,867	-1.9	1.1	8.3	-1.7	14.9		323	-15	-29	18	11
Peru		30,325	-0.1	0.7	5.7	2.5	4.7		138	-9	-22	-1	-3
Hungary		93,771	1.1	1.7	12.4	35.9	18.2		158	-24	-26	6	3
Poland		102,671	1.6	1.5	16.7	17.4	29.0		105	-10	-9	11	-7
Romania		16,369	0.3	-4.5	-1.1	-5.1	-2.1		315	24	30	133	79
South Africa		91,812	1.0	-0.6	11.3	18.4	9.2		331	-28	-41	6	38
Türkiye		9,357	0.8	2.1	0.9	-8.9	-4.8		314	-39	-24	36	55
EM total		45	0.9	2.0	8.3	5.2	6.7		393	-20	-39	68	29

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

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