



- Lower TGA balance expected to aid domestic funding market conditions in the US ([link](#))
- Yen drops, yields climb on optimism over end to US government shutdown ([link](#))
- Upbeat October inflation data reinforces view that Norges Bank will remain on hold ([link](#))
- Colombia's BanRep meeting minutes flag potential hikes if inflation stays elevated ([link](#))
- China CPI rebound seen as temporary while policy support signals lift consumer stocks ([link](#))
- Peru central bank steps into FX spot market for first time since 2020 to slow sol gains ([link](#))

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Light at the End of the Shutdown

Markets entered the week searching for stabilization after a volatile stretch marked by U.S. equity losses, AI valuation anxiety, and an uncertain data calendar. Last week's Challenger job cuts report, the worst in over two decades, pushed market expectations toward a December 10 Fed rate cut, now priced with two-thirds probability. While the Senate's tentative deal to extend government funding through January 2026 lifted sentiment, progress remains slow and the flow of economic data constrained. Still, risk assets rallied across Asia and Europe this morning as optimism around ending the shutdown weighed on safe havens like the yen. A resolution could return liquidity to funding markets as Treasury resumes backlogged payments. U.S. corporates are expected to issue \$40 billion in debt this week, front-loaded ahead of tomorrow's Veterans Day holiday. In Argentina, the Economy Minister signaled plans to repurchase sovereign bonds and accumulate reserves, with a comprehensive policy package expected within 30 days. He also confirmed President Milei has no intention of floating the currency.

Key Global Financial Indicators

Last updated: 11/10/25 8:39 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6729	0.1	-2	3	12	14
Eurostoxx 50		5665	1.8	0	2	18	16
Nikkei 225		50912	1.3	-3	6	29	28
MSCI EM		55	-0.3	-1	5	22	30
Yields and Spreads			bps				
US 10y Yield		4.12	2.1	1	9	-19	-45
Germany 10y Yield		2.67	0.5	0	3	30	30
EMBIG Sovereign Spread		271	1	9	-12	-58	-54
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.0	0.2	0	1	3	8
Dollar index, (+) = \$ appreciation		99.5	-0.1	0	1	-5	-8
Brent Crude Oil (\$/barrel)		63.9	0.4	-2	2	-13	-14
VIX Index (% change in pp)		18.4	-0.6	1	-3	4	1

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

Mature Markets

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Several countries including in Europe and Latin America are scheduled to release inflation data this week. In the United States, the timing of the October CPI release is uncertain due to the government shutdown, now in its sixth week. The BLS has reportedly been unable to collect price survey data, raising the risk of a delay or cancellation. If that happens, settlement of inflation swaps could fall back on ISDA's contingency provisions. This would reduce market visibility just as traders are gauging whether inflation is falling fast enough for the Fed to continue cutting rates. However, an end to the government shutdown appears in sight as the Senate voted to advance a funding bill. In Germany, final October consumer prices are due after flash estimates showed no change. In other parts of the world, Colombia and India are set to release October consumer price data. Among central banks, only Peru's is scheduled to meet, with markets expecting a hold at 4.25%, while Brazil's and Chile's are scheduled to release minutes detailing the discussions from their latest meetings, where both kept policy rates unchanged.

United States

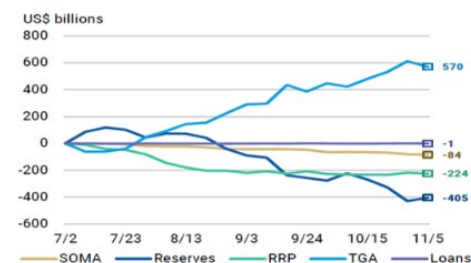
A sharp rise in Treasury's cash balance drained reserves in recent months, but that trend has paused and a resolution of the shutdown could add more liquidity in the weeks ahead. The TGA is Treasury's checking account at the Fed, and changes in its balance inject or drain bank reserves—drawing it down adds liquidity, while rebuilding it pulls liquidity out. Driven by increased bill issuance since the debt ceiling resolution in July, the TGA has risen by over \$600 bn. On October 30, the TGA reached \$1 tn. The 3-month SOFR basis peaked above 10 bps, while bank reserves had declined by around \$400 bn, contributing to concerns about tighter funding conditions (left chart). Notably, the US government shutdown is not believed to have had a meaningful impact on the TGA balance so far. According to Fed data as of November 6, this trend has paused, with TGA balances receding from their peak and bank reserves improving (right chart). Morgan Stanley analysts see this shift as key to the recent easing of repo rates. Looking ahead, with Treasury expressing guidance for a target TGA balance of \$850 bn in its latest quarterly refunding announcement, and expected drawdowns tied to resumed government payments upon resolution of the shutdown—such as backlogged paychecks and contractor disbursements—more liquidity could return to the banking system.

Treasury General Account (TGA) and 3-month SOFR vs FF basis



Source: US Treasury, Bloomberg, Morgan Stanley Research

Cumulative change in key balance sheet items since July 2nd

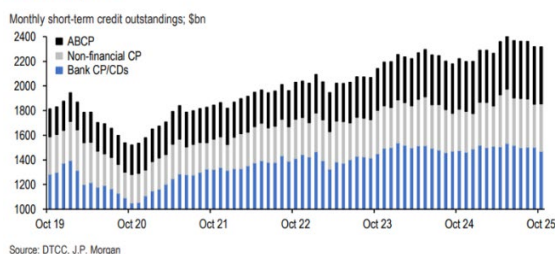


Source: Federal Reserve H.4.1 release as of 11/5, Bloomberg, Morgan Stanley Research

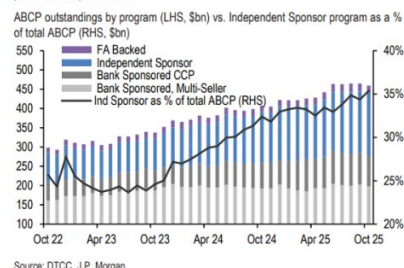
Net supply of short-term credit instruments remains near its highest level in at least six years.

According to JP Morgan analysts, net issuance of commercial paper (CP), certificates of deposit (CD), and asset-backed commercial paper (ABCP) rose by \$117 bn in 2025, bringing the aggregate outstanding issued amount to \$2.32tn for October (left chart). While CP and CD are unsecured instruments, ABCP is backed by pools of financial assets. The increased issuance supply reflects precautionary borrowing by non-financials following the April 2 tariff announcements, along with steady ABCP issuance, especially from independent-sponsored programs (right chart). Bank CP/CD outstanding net issued amounts declined slightly. Looking ahead, with further rate cuts expected, analysts see non-financials shifting to longer-term funding, which could slow CP supply. ABCP volumes may remain firm as banks continue to optimize funding.

Total net supply of short-term credit market remains near its highest levels in at least 6-years



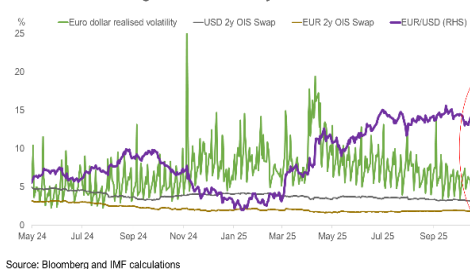
ABCP net supply has steadily increased this year, up \$37bn to \$460 bn



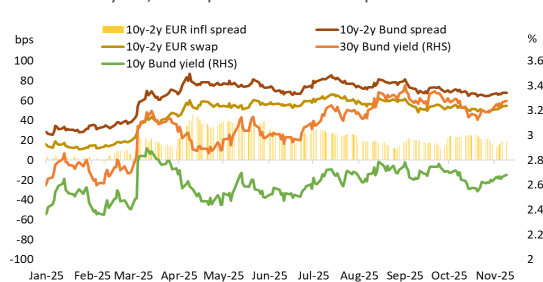
Euro area

This morning, European equities rose on improving sentiment as concerns over the US government shutdown eased. The Stoxx 600 rose (+1.4%) with gains broad-based across sectors, led by information technology (+2.0%) and banks (+2.1%). All major bourses traded higher, with Italy's FTSE MIB (+1.9%) and Germany's DAX (+1.7%) outperforming. The euro was little changed around \$1.1559/€, while euro area benchmark yields edged slightly higher on the short end. The 2y Bund yield rose (+1bps) to 2.00%, while the 10y and 30y yields were stable at 2.67% and 3.26%, respectively. Sovereign spreads tightened, with Southern European debt outperforming Bunds on longer tenors. The 10y OAT-Bund spread narrowed (-2bps) to 78 bps, while the BTP-Bund spread narrowed (-2bps) to 75 bps.

Euro-Dollar exchange rate and Volatility



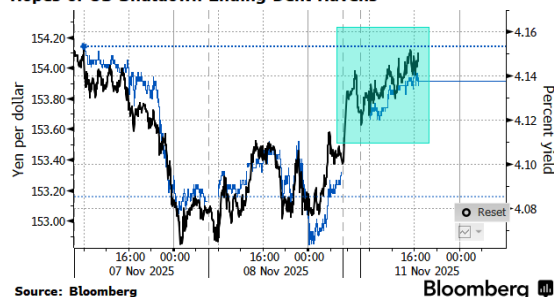
Bund yields, and swap rates and inflation swaps curves



Japan

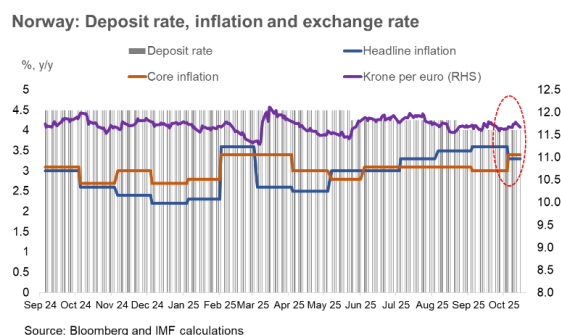
The Japanese yen fell along with US Treasuries on hopes of a deal to end the US government shutdown. The yen depreciated (-0.5%) to ¥154.19/\$, moving in tandem with US Treasury yields (10y +4 bps to 4.13%) during Asian hours. Benchmark JGB yields also rose today (2y +1 bp to 0.94%, 10y +3 bps to 1.70%, 30y +4 bps to 3.13%), partly following Bank of Japan board member Junko Nakagawa's comment that the central bank will raise interest rates if the economic and inflation outlook is realized. Prime Minister Takaichi further confirmed on Monday that she will formally instruct a revision of the nation's primary balance surplus target in January. This may have brought focus back on fiscal expansion risk ahead of the 30-year bond auction later this week. Equities advanced (Nikkei 225 +1.3%) on upbeat earnings and optimism over the end of the US shutdown.

Hopes of US Shutdown Ending Dent Havens



Norway

Upbeat October inflation data reinforced expectations that Norges Bank will keep rates higher for longer. Headline CPI printed at 3.3% y/y (est. 3.0% from 3.6%), well above the central bank's 2.7% forecast. Core inflation rose to 3.4% y/y (est. 3.0%) from 3.0%, with a strong 0.6% m/m gain. Norges Bank left its policy rate unchanged at 4.00% on November 6, and analysts at Handelsbanken now see no cuts before September 2026. Norwegian yields rose, with the 2y up (+6bps) to 3.91% and the 10y up (+4bps) to 4.07%. Overnight forwards priced in just a 28% chance of a 25 bp cut by March 2026, down from 50% last Friday.



Emerging Markets

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EMEA equities and currencies were mostly trading higher in early morning trade. In CEE, equities in Poland gained (+1.6%) in early morning trading after S&P affirmed Poland's sovereign credit rating at a A- grade with a negative outlook. Meanwhile, CEE currencies were trading slightly firmer against the euro with the Hungarian forint appreciating (+0.3%) to 383.31/€. Elsewhere, the South African rand was appreciating (+0.7%) towards 17.19/\$ on improving broader risk sentiment.

Risk sentiment improved in EM Asia, lifting local equities and select currencies. The Korean won (+0.5%) strengthened on foreign buying in local shares, while the Malaysian ringgit (+0.4%) rose after Finance Minister Hamzah cited a preliminary Q3 GDP growth projection of 5.2% y/y, attributing it to robust sectoral performance. Regional equities rallied (EM Asia: +1.7%), led by Korea (KOSPI +3.0%) and Hong Kong SAR (Hang Seng +1.6%) on a sharp rebound in tech names like Tencent and SK Hynix.

In Latin America, Friday's market moves reflected local catalysts in Argentina, Chile, and Colombia. The Argentine peso outperformed (+2.2%) on reports that the government plans to repurchase bonds and build FX reserves, with a formal policy plan expected within 30 days. The Chilean peso slipped (-0.2%) after inflation surprised to the downside, printing at 3.4% y/y (exp. 3.7% from 4.4%). The broader MSCI Latin America index gained (+0.8%) driven by gains in Colombia's (COLCAP: +1.7%), while stock markets in Argentina slumped (MERVAL: -3.7%).

EM Fund Flows

EM bond funds posted outflows, while equity fund inflows accelerated. In the past week, EM bond funds reversed to outflows (-\$0.5bn, prior week +\$0.6bn) while EM equity fund inflows accelerated (+\$3.3bn, prior week +\$1.9bn). Within EM bonds, hard-currency funds reverted to outflows (-\$0.9bn, from +\$0.08bn), while local currency fund inflows moderated (+\$0.4bn, from +\$0.5bn). For EM equity funds, ETFs accounted for the bulk of inflows (+\$5.1bn, from +\$2.4bn), and more than offsetting increased outflows from non-ETFs (-\$1.8bn, from -\$0.5bn). For regional equity funds, inflows were led by Asia ex-Japan (+\$1.9bn), with smaller inflows into LATAM (+\$76mn) while EMEA posted small outflows (-\$41mn). YTD, cumulative inflows total +\$16.7bn for EM bonds and +\$11.3bn for EM equities, placing both

EM bond and equities on course to end three consecutive years of fund outflows.

Figure 1: Weekly cross-asset flows

USD billion

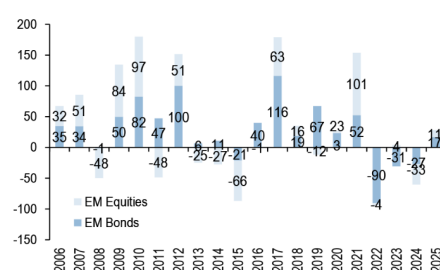
Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		2.3	28.0
EM Bonds		-0.5	16.7
Hard Ccy		-0.9	4.2
Local Ccy ^a		0.4	12.5
o.w. EM ex-China		0.3	10.6
o.w. China		0.0	-1.6
EM Equities		3.3	11.3
US HG		8.6	219.2
US HY		-0.8	20.8
Global Equities		26.3	79.4
EM Bond and Equity ETFs		5.0	69.4
EM Bond ETFs		-0.1	4.2
EM Equity ETFs		5.1	65.2
Non-resident EM flows [*]		-7.3	-21.6

^{*}High-frequency non-resident EM portfolio flow data where available. ^aLocal ccy split is retail only.

Source for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

Figure 2: EM bond and equity fund flows

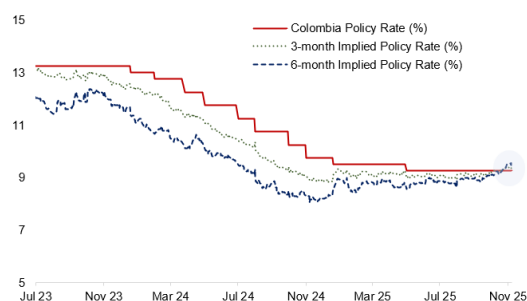
USD billion



Colombia

BanRep minutes from the October 31 meeting revealed that some board members appear open to rate hikes if inflation risks were to worsen. The minutes cited a third straight monthly rise in headline inflation, higher inflation expectations in October, and ongoing GDP momentum as reasons to delay easing. Most members stressed that rate cuts should wait until conditions are in place for inflation to converge toward the 3% target. The minutes also flagged risks from a pending minimum wage hike. The vote split showed a divided board: four backed a hold, one favored a -25bps cut, and two supported a -50bps cut. Overnight forwards shifted to price higher odds of an extended pause in the policy rate.

Markets are increasingly pricing-in an extended pause in the policy rate

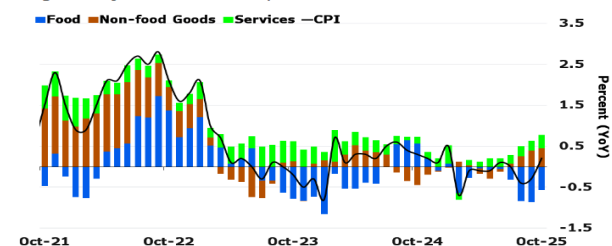


Source: Bloomberg, IMF staff calculations

China

Consumer stocks rallied on expectations of continued policy support aimed at boosting domestic demand, even as October CPI data showed only a modest and likely temporary rebound. Consumer prices rose +0.2% y/y (exp. -0.1% from -0.3%), driven by holiday-related increases in travel, food, and transport. Producer prices fell -2.1% y/y (exp. -2.2% from -2.3%), the smallest decline in over a year. Market contacts see the CPI bounce as temporary, tied to Golden Week effects, and see deflationary pressures as eventually persisting. According to Shanghai Securities News, prices are expected to recover slowly with continued policy support focused on lifting domestic demand and curbing price wars. These include anti-involution measures and a proposed credit repair program that could allow some former defaulters to restore credit

Long Holiday Lifted Both Food, Non-Food CPI

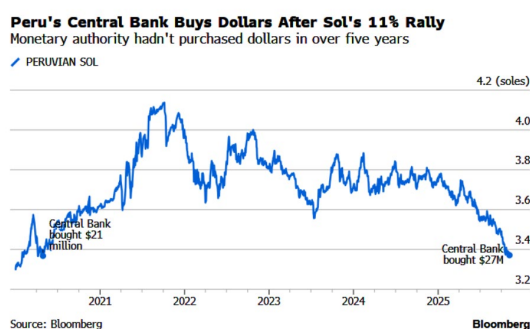


Source: NBS, Bloomberg Economics

access, potentially boosting spending by younger consumers. Consumer stocks gained ahead of the Double 11 shopping festival, led by Pop Mart (+8.1%), BTG Hotels (+10.0%), and Air China (+5.9%).

Peru






















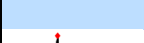





Peru's central bank intervened in the FX spot market on November 5, purchasing \$27mIn. This was the first such move since April 2020, according to official data cited by Bloomberg. While the amount was modest, analysts at Scotiabank noted the intervention carries psychological weight, signaling concern over the sol's sharp appreciation. The currency is up +11% this year, reaching its strongest level since 2020 amid broader dollar weakness. The BCRP typically manages FX through swap operations and resorts to spot intervention only when supply pressures build. Bloomberg analysts emphasized that authorities continue to follow a long-standing policy of smoothing volatility rather than targeting specific levels.



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), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector Expert), 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 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), Silvia L. 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). Jeremie Benzaken (Administrative Coordinator) and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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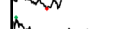

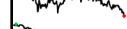



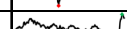
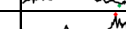




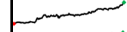




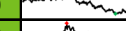








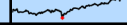


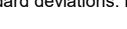


Global Financial Indicators

11/10/25 8:40 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,787	0.1	-0.9	3.6	13.2	15
Europe		5,665	1.8	-0.3	2.4	18.0	16
Japan		50,912	1.3	-2.9	5.9	28.8	28
China		4,695	0.3	0.9	1.7	13.7	19
Asia Ex Japan		93	-0.4	-1.5	4.9	22.0	29
Emerging Markets		55	-0.3	-1.4	5.0	22.2	30
Interest Rates			basis points				
US 10y Yield		4.1	2	1	8	-19	-45
Germany 10y Yield		2.7	0	0	3	30	30
Japan 10y Yield		1.7	3	4	2	70	61
UK 10y Yield		4.5	0	3	-21	3	-10
Credit Spreads			basis points				
US Investment Grade		118	-1	1	-3	4	-2
US High Yield		347	-5	4	-22	45	19
Exchange Rates			%				
USD/Majors		99.5	-0.1	-0.4	0.5	-5.2	-8
EUR/USD		1.16	0.0	0.4	-0.4	8.6	12
USD/JPY		154.1	0.4	-0.1	1.9	0.2	-2
EM/USD		46.0	0.2	0.2	1.0	3.1	8
Commodities			%				
Brent Crude Oil (\$/barrel)		63.9	0.5	-1.5	2.7	-10.9	-11
Industrials Metals (index)		153.2	1.1	-0.5	2.7	3.9	9
Agriculture (index)		56.3	0.7	-0.9	5.6	-1.3	-1
Gold (\$/ounce)		4097.0	2.4	2.4	2.0	56.4	56
Bitcoin (\$/coin)		106468.2	1.9	2.7	-6.9	33.2	14
Implied Volatility			%				
VIX Index (% change in pp)		18.4	-0.7	1.3	-3.2	3.5	1.1
Global FX Volatility		6.9	0.1	0.1	-0.5	-1.2	-2.3
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		63	-1	1	-9	-27	-23
Italy		75	-2	0	-7	-54	-41
France		78	-2	0	-5	3	-5
Spain		51	-1	1	-4	-23	-18

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

Emerging Market Financial Indicators

Last updated: 11/10/2025 8:40 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		7.12	0.0	0.0	0.2	1.4	2.5		1.9	0	2	-6	-18	16
Indonesia		16654	0.2	0.0	-0.6	-5.8	-3.3		6.0	-1	6	-9	-79	-99
India		89	0.0	0.1	0.0	-4.9	-3.5		6.9	4	5	7	-32	-46
Philippines		59	0.1	-0.3	-1.2	-0.6	-1.9		4.6	1	-4	-12	-35	-25
Thailand		32	-0.1	0.3	1.1	6.2	5.3		1.9	0	3	32	-63	-46
Malaysia		4.16	0.4	1.0	1.5	6.0	7.5		3.5	0	3	3	-38	-31
Argentina		1422	-0.2	4.1	-0.1	-29.8	-27.5		31.0	-101	99	-2569	-182	186
Brazil		5.32	0.2	0.7	3.7	8.1	16.0		13.7	-2	3	-28	76	-222
Chile		942	0.4	-0.4	1.9	4.1	5.6		5.3	-2	-4	-8	-3	-33
Colombia		3768	0.4	2.3	4.1	15.7	16.9		11.6	0	2	29	93	-19
Mexico		18.41	0.2	0.4	1.0	10.5	13.2		8.9	5	12	11	-104	-148
Peru		3.4	0.0	-0.2	2.0	11.1	10.8		6.0	0	-2	-19		-59
Uruguay		40	0.1	0.0	1.2	6.5	10.6		7.8	-1	-8	-20	-166	-187
Hungary		332	0.3	1.4	2.0	16.1	19.8		6.6	-1	2	1	-1	14
Poland		3.66	0.1	0.8	0.2	11.8	12.8		4.8	-1	-1	-18	-59	-83
Romania		4.4	0.0	0.4	-0.3	6.3	9.3		6.8	1	-7	-52	7	-45
Russia		81.3	-0.4	-0.3	0.6	18.3	39.7							
South Africa		17.2	0.6	0.7	1.8	4.3	9.5		9.2	4	-7	-32	-125	-124
Türkiye		42.23	0.0	-0.4	-1.0	-18.7	-16.3		32.5	6	33	5	130	277
US (DXY; 5y UST)		100	-0.1	-0.4	0.5	-5.2	-8.3		3.71	3	-1	9	-48	-67

	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		4,695	0.3	0.9	1.7	13.7	19.3		92	5	-1	-13	-4	
Indonesia		8,391	0.0	1.4	1.6	15.5	18.5		88	3	-2	-5	-3	
India		83,535	0.4	-0.5	1.3	5.1	6.9		90	0	1	1	4	
Philippines		5,703	-1.0	-2.2	-5.6	-17.8	-12.7		75	5	5	-7	-4	
Thailand		1,306	0.3	-0.2	1.5	-10.3	-6.7							
Malaysia		1,627	0.5	0.3	0.3	1.1	-0.9		61	2	3	-2	-9	
Argentina		2,864,647	-3.7	-4.6	48.8	45.8	13.1		645	-24	-434	-214	8	
Brazil		154,875	0.5	2.9	10.1	21.2	28.8		203	10	11	-3	-44	
Chile		9,724	1.5	2.2	12.1	49.1	44.9		102	9	5	-10	-11	
Colombia		2,081	1.7	4.7	11.3	55.9	50.9		252	0	-6	-63	-74	
Mexico		63,376	0.4	1.0	4.6	22.2	28.0		220	13	12	-63	-92	
Peru		2,340	0.4	-1.0	0.7	26.2	38.0		104	7	7	-30	-37	
Hungary		108,067	0.7	0.3	6.0	41.7	36.2		133	8	1	-23	-22	
Poland		112,715	1.6	0.6	4.4	37.0	41.6		88	2	-3	-27	-24	
Romania		22,809	-0.2	0.7	5.5	31.3	36.4		195	5	-10	-9	-40	
South Africa		111,028	2.0	1.8	0.9	30.4	32.0		242	14	-14	-29	-51	
Türkiye		10,850	-0.7	-1.9	1.2	18.1	10.4		257	6	-4	4	-2	
EM total		55	2.5	-1.4	5.0	22.2	30.4		285	12	-6	-84	-79	

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

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