GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, NOVEMBER 11, 2025

LEAD EDITOR: JOHANNES KRAMER

- **Swap-based US inflation premiums compressed despite widening backdrop** (link)
- **IEEPA tariff rollback could lift yields as growth drag could give way to wider fiscal deficit** (link)
- **Softer labor market data spurs odds of a deeper BoE easing cycle, lowering Gilt yields** (link)
- **Argentine corporates return to debt market as external dollar spread tightens** (link)
- **Brazilian corporates increasingly tap private credit as high rates curb bank lending** (link)
- **Romania's central bank is expected to hold policy rates at 6.5% at its meeting tomorrow** (link)

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UK Yields Tumble on Softer Labor Data

Markets opened the week on firmer footing as easing US fiscal uncertainty lifted sentiment. Congress passed a stopgap funding bill, which paves the way for the shutdown vote to the House for later this week, raising expectations of a temporary liquidity boost following resumed government payments upon resolution of the shutdown (see GMM yesterday). Commodity-linked EM currencies rebounded on stronger commodity prices while gold extended gains amid renewed ETF inflows and continued PBoC purchases in October for a twelfth consecutive month. Gilt yields fell sharply as softer labor data reinforced expectations for a deeper Bank of England cutting cycle. Conversely, Bund yields, the euro, and sovereign spreads remained flat after a weaker-than-expected German ZEW print. In Japan, 30-year JGBs sold off after a poor auction showing the lowest investor demand since June. In EMs, Hungary's softer October inflation prompted lower forint and regional stock markets while reports on a widening deficit prompted local bond yields to bear-steepen. Meanwhile, Chinese policymakers unveiled new reforms to reinvigorate private investment to arrest a deepening slump in fixed-asset spending.

Key Global Financial Indicators

Last updated: 11/11/25 8:37 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6832	1.5	0	4	14	16
Eurostoxx 50		5699	0.6	1	3	17	16
Nikkei 225		50843	-0.1	-1	6	29	27
MSCI EM		56	1.8	0	7	25	33
Yields and Spreads					bps		
US 10y Yield		4.12	0.0	3	8	-19	-45
Germany 10y Yield		2.66	-1.2	0	1	33	29
EMBIG Sovereign Spread		267	-4	3	-25	-58	-58
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.2	0.1	1	1	4	8
Dollar index, (+) = $ appreciation		99.4	-0.2	-1	0	-6	-8
Brent Crude Oil ($/barrel)		64.6	0.8	0	3	-10	-13
VIX Index (%, change in pp)		17.9	0.3	-1	-4	3	1

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

Mature Markets

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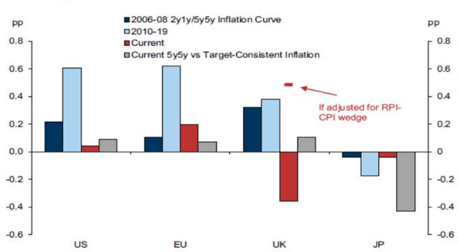
United States

ADP's weekly employment data triggered a mild pullback in risk sentiment this morning. For the four weeks ending in October, ADP data showed private payrolls falling by an average of -11,250 per week, contrasting with the +42,000 gain reported in last week's monthly release. With U.S. markets closed today for Veterans Day, futures and the FX market did the talking—S&P 500 futures retraced from earlier gains (-0.4%), 3-month SOFR futures yields fell (-4 bps) to 3.75%, and the dollar weakened (-0.3%) to $1.1599/€.

The US inflation curve is flat, even though the backdrop suggests it should not be. Deficits are widening, trade frictions rising, and the Fed is expected to continue cutting rates despite inflation remaining above target—conditions that usually steepen the curve by raising longer-term inflation risk. Yet swap-based US inflation expectations remain compressed, both relative to history and other G4 economies (left chart). Goldman Sachs analysts link this to falling inflation volatility that had compressed inflation risk premiums. They note lower m/m swings in realized inflation and declining dispersion in consensus forecasts, even as inflation stays above target (right chart). With expectations more stable, the back end of the curve has stayed anchored, even as policy and fiscal signals point the other way.

The inflation curve appears flat and 5y5y inflation low vs. the inflation target, pointing to little inflation risk premium priced into forwards

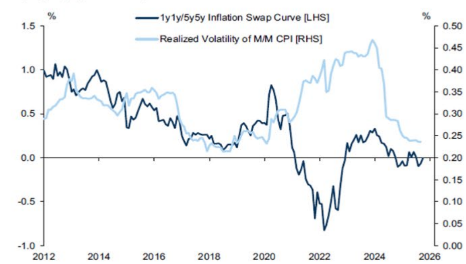
2y1y/5y5y inflation swap curve; target-consistent inflation is 2% for EU/UK/JP, and 2.35% for US; UK target corrected for RPI-wedge



Source: Goldman Sachs Global Investment Research, Goldman Sachs FICC and Equities

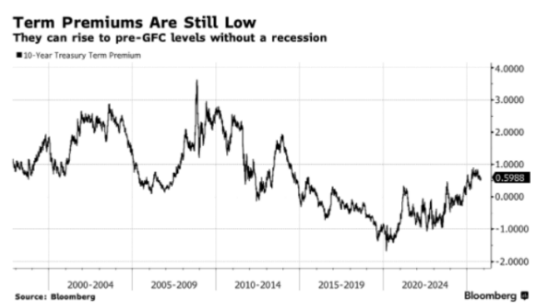
Realized volatility in inflation has declined to post-GFC lows despite above-target spot inflation. If sustained, this should help curtail inflation risk permia.

2y rolling realized volatility of US headline CPI m/m, versus 1y1y/5y5y CPI swap curve



Source: Goldman Sachs Global Investment Research, Goldman Sachs FICC and Equities

Legal uncertainty around tariffs imposed under the International Emergency Economic Powers Act (IEEPA) is rising. Mounting skepticism from Supreme Court justices could lift yields by easing downside growth concerns and refocusing investor attention on fiscal risk. During recent oral arguments put forth last week, a majority of justices appeared unconvinced that the IEEPA grants the president broad tariff authority. While a ruling—expected in the first half of 2026—remains uncertain, prediction markets have cut the odds of the tariffs being upheld to around 25%, from over 40% before the hearing. A rollback could lower inflation, but more importantly, would remove a key drag on growth—the main reason behind market pricing for a deeper Fed cutting cycle. With that anchor gone, focus may shift back to a widening fiscal deficit. Term premiums remain low compared with past periods of large deficits and heavy issuance, Bloomberg analysts note.

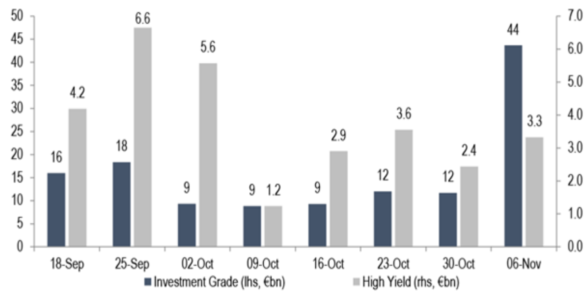


Euro area

Stock markets were trading higher in early morning trade. The Stoxx 600 index gained (+0.6%), led by the consumer discretionary and information technology sectors. Regional bourses also gained ground, with the CAC40 outperforming. The euro firmed against the dollar at $1.1573/€. In terms of data, the November German ZEW investor expectations index declined to 38.5 (exp. 41.0 from 39.3). European government bond yields were relatively unchanged with the 10Y German bund yield steady at 2.64%. Sovereign spreads held steady with the 10y OAT-Bund spread at 77bps and the 10y BTP-Bund spread at 74bps.

European corporate credit issuance recorded the highest weekly volume since 2020 last week. Last week, European investment grade primary markets recorded the highest issuance volume since April 2020, totaling €43.7bn of supply from 59 tranches (see chart). JP Morgan analysts note that much of the supply was driven by reverse Yankee bonds, including from the likes of Alphabet which is planning on increasing its capex next year to support data center construction. Meanwhile, Barclays analysts note that the corporate supply seen so far in 2025 was met with strong investor demand given attractive yields. According to Bloomberg, longer-dated corporate issuance has been notable with three 20Y bonds and six bonds of 30Y maturity or longer priced last week. Seasonally, corporate credit supply remains elevated in the next 2–3 weeks before the issuance cadence slows down in December ahead of the holiday period and into year-end.

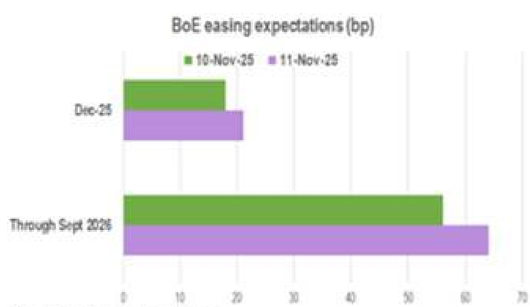
Figure 3: European Credit Supply, €bn



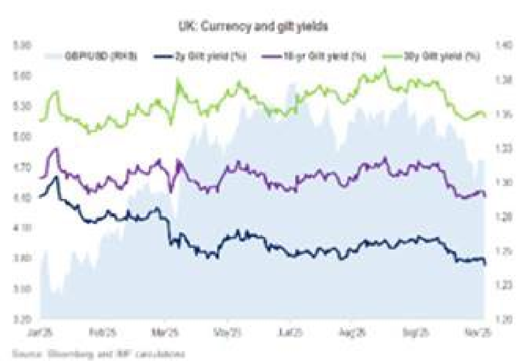
Source: J.P. Morgan, Bloomberg Finance L.P. Reporting week Fri - Thurs.

United Kingdom

Overnight forwards scale up expectations of BoE easing on soft labor market data. September data released this morning showed that the UK unemployment rate rose to 5% (exp. 4.9% from 4.8%) with pay growth slowing to 4.8% y/y 3mma (exp. 5.0% from 5.0%). In the follow-through, overnight forwards scaled up expectations of BoE easing, assigning 82% odds of a December cut, up from 68% as of Monday's close. In addition, the cumulative amount of priced easing by the end-2026 rose to -64bp from -56bp yesterday. As a result, gilt yields declined across the curve led by the front end where 2y gilt yields declined (-7bps) to 3.73%, while 30y gilts yields declined (-5bps) to 5.19%. Analysts at Deutsche Bank note that while today's data suggests continued signs of sluggishness in the labor market, markets and the BoE will focus on GDP data later this week as well as next week's inflation data.

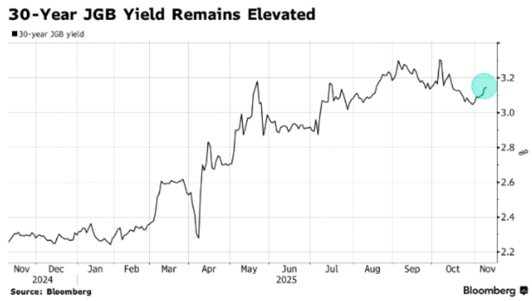


Source: Bloomberg and IMF calculations

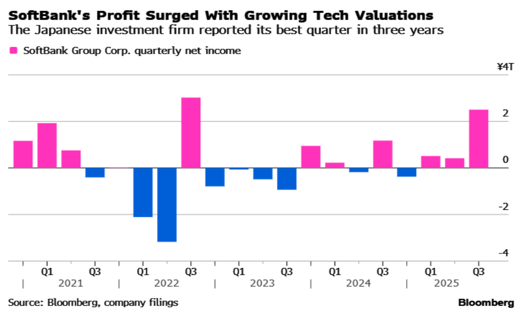


Japan

Japanese government bonds sold off after a weak 30-year auction drew the lowest demand since June. The bid-to-cover ratio fell to 3.12 (prior: 3.41; 12-month avg: 3.38), pushing the 30-year JGB yield up (+4 bps) to 3.17%. Strategists flagged investor caution over rising issuance and growing support for reflationary policies under economic revitalization minister Takaichi. The yen weakened 0.1% to ¥154.34/$, tracking broader dollar strength. Equities edged lower (Nikkei 225: -0.1%) as investors took profits in tech-related stocks.



SoftBank extended its rally into a string of post-close announcements. The stock rose 2% on the day and is now up over 140% year-to-date. After the close the company reported stronger-than-expected Q2 net income, announced a 4-for-1 stock split effective January 1, and disclosed a $5.8 bn sale of its remaining Nvidia stake. Founder Masayoshi Son is expected to reinvest proceeds into AI ventures.



Emerging Markets

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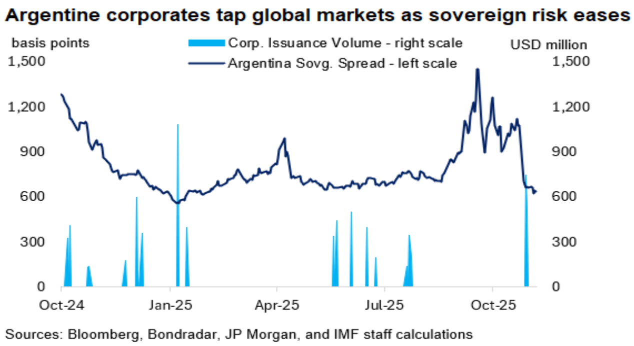
This morning, EMEA equities gained while currencies lacked clear trend. In CEE, equities continued to outperform in Poland (+1.5%) and underperform (-1.0%) in Hungary, while currencies remained flat to the euro except for the forint that edged lower (-0.5%) towards HUF385.74/€ after today's October data showed inflation unchanged at 4.3%y/y. The South African rand continued to trade at ZAR17.16/$ with equities advancing (+0.5%). The Turkish lira remained flat at TRY42.23/$.

Asian currencies traded in tight ranges, while equity markets diverged across the region. Currencies edged lower against the dollar (EM Asia: -0.1%) on resolution of US government shutdown. The Malaysian ringgit defied the broader trend, rising (+0.5%), after prime minister Anwar signaled a better growth outlook. Asian equities lacked broader trend (EM Asia: flat), with Singapore (Straits Times: +1.2%) advancing the most and the Philippines (PSE Index: -1.3%) declining the most.

Yesterday, Latin American currencies broadly appreciated against the dollar. Gains were led by the Colombian peso (+0.78%) and Chilean peso (+0.73%) on firming commodity prices. Equity performance was mixed—Argentina's stock market rebounded (MERVAL: +3%), while Mexico and Colombia posted losses (MEXBOL: -0.5%, COLCAP: -0.4%). Bond yields were similarly mixed. Brazil's 10-year local yield fell (-12bps) to 13.68%, while yields in Colombia and Mexico rose (+3bps each) to 11.74% and 8.96%.

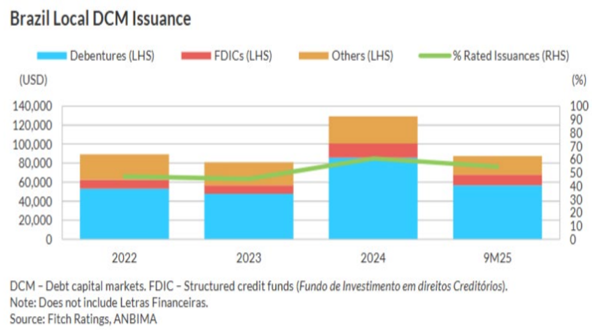
Argentina

Argentine corporates are returning to debt markets as issuance activity resumes after a pre-election lull. YPF SA and Tecpetrol SA reopened the market in late October with the first placements since July, and several firms are now meeting with investors ahead of potential deals, according to Bloomberg analysts. KNG Securities expects activity to build through year-end, led by blue-chip names, while smaller caps may remain sidelined as investors wait for policy clarity. Supporting the rebound, Argentina's external dollar debt spread, compiled by JP Morgan, has tightened over 800 bps since mid-September, approaching levels last seen in January (see chart).



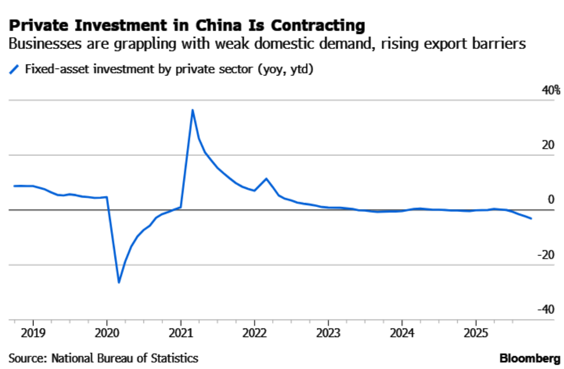
Brazil

Brazilian corporates are increasingly turning to private credit funds as high policy rates raise the cost of bank loans, which tend to reprice more quickly. Private credit, often structured with longer maturities or fixed rates, has offered a cheaper alternative—especially for smaller firms. Many now rely on debentures and structured credit funds, a large share of which are unrated due to limited regulatory requirements. Fitch warns this shift introduces new risks, as private lenders may stretch for yield by underwriting weaker credits. The growing reliance on these channels raises vulnerability to investor pullbacks. If fund performance deteriorates or markets turn volatile, redemptions could trigger forced asset sales at distressed prices. That, in turn, could magnify losses, strain liquidity, and damage reputations—especially for firms already burdened by high leverage and weak cash flow.



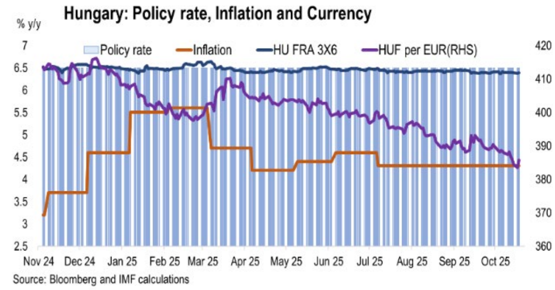
China

Facing a worsening investment slump and mounting deflation risks, Chinese authorities rolled out new reforms to re-engage the private sector in strategic industries. Private fixed-asset investment is contracting (see chart), while consumer confidence remains weak and demand has yet to stabilize. Policymakers are aiming to revive private activity to avoid the kind of prolonged stagnation experienced in Japan. A policy document released late Monday by the State Council allows private firms to hold stakes above 10% in infrastructure projects like rail, nuclear energy, and utilities. Measures include easing entry barriers, clarifying shareholding rules, and encouraging private participation in urban development. The National Development and Reform Commission (NDRC) echoed the push, calling for renewed private investment and hosting follow-up talks with firms. In parallel, Bloomberg reported the NDRC is tightening offshore debt quotas for regional state-owned firms—part of ongoing efforts to contain local government financial risks. Equities tied to sectors flagged in the reform plan rose, especially in infrastructure and tech.



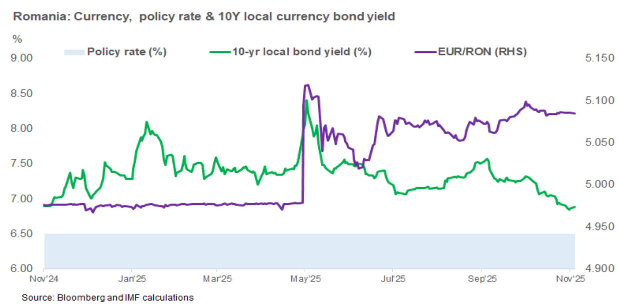
Hungary

Hungarian markets weakened today after October inflation came in below expectations. Headline CPI held at 4.3% y/y (exp. 4.5% from 4.3%), staying outside the National Bank of Hungary's 3% ±1% tolerance band for an 11th straight month. The central bank has kept its benchmark rate at 6.5% since October, warning that headline data may understate underlying pressure due to pre-election price controls, which could add up to 1.5 ppt to CPI when reversed. The forint fell (-0.5%) to HUF385.74/€, trimming its ytd gain to 6.3%, and local stocks dropped (-1%). Separately, media reports indicated the government may widen its 2025 budget deficit target to 5% of GDP (from 4.1%) and fund the gap through new bank taxes and external bond issuance in early 2026. Bond yields bear-steepened, with 5-year yields up (+6 bps) to 6.37% and 10-year yields up (+9 bps) to 6.85%.



Romania

The National Bank of Romania is expected to keep its policy rate unchanged tomorrow. Consensus expectations are that the National Bank of Romania (NBR) will keep its policy rate on hold at 6.50% at this Wednesday's MPC meeting. Analysts at Goldman Sachs expect policymakers to remain cautious about the future path of monetary policy given still elevated inflationary pressures with headline inflation expected to print flat at 9.9%y/y in October (vs 9.8%y/y consensus). Meanwhile, analysts at Barclays expect the NBR to also manage the currency in a narrow 5.08 – 5.10 range against the euro as they believe the NBR consider a stable currency as the main inflation anchor. This morning, the Romanian leu was trading broadly steady against the euro at 5.0844/€ with 10Y local currency bonds yielding 6.9%.



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.

Global Financial Indicators

	Level		Change				
11/11/25 8:37 AM	**Last 12m**	**Latest**	**1 Day**	**7 Days**	**30 Days**	**12 M**	**YTD**
Equities					%		%
United States		6,816	1.5	0.7	4.0	13.6	16
Europe		5,699	0.6	0.7	3.0	17.4	16
Japan		50,843	-0.1	-1.3	5.7	29.1	27
China		4,652	-0.9	0.7	0.8	13.9	18
Asia Ex Japan		95	1.8	-0.6	6.8	25.1	32
Emerging Markets		56	1.8	-0.3	6.9	25.3	33
Interest Rates					basis points		
US 10y Yield		4.1	0	3	8	-19	-45
Germany 10y Yield		2.7	-1	0	1	33	29
Japan 10y Yield		1.7	-2	2	0	69	59
UK 10y Yield		4.4	-8	-5	-30	-5	-19
Credit Spreads					basis points		
US Investment Grade		117	-1	0	-4	4	-3
US High Yield		344	-8	1	-25	42	16
Exchange Rates					%		
USD/Majors		99.4	-0.2	-0.9	0.4	-5.9	-8
EUR/USD		1.16	0.3	1.0	0.2	8.8	12
USD/JPY		153.8	-0.2	0.1	1.0	0.1	-2
EM/USD		46.2	0.1	1.0	1.2	4.4	8
Commodities					%		
Brent Crude Oil ($/barrel)		64.6	0.8	0.2	3.7	-8.1	-10
Industrials Metals (index)		153.6	-0.2	1.1	2.9	5.4	9
Agriculture (index)		56.4	-0.2	0.1	5.8	-0.4	-1
Gold ($/ounce)		4146.7	0.8	5.5	0.9	58.3	58
Bitcoin ($/coin)		104411.0	-1.1	3.3	-5.4	18.6	11
Implied Volatility					%		
VIX Index (%, change in pp)		17.9	0.3	-1.1	-3.8	2.9	0.5
Global FX Volatility		6.9	0.0	-0.1	-0.6	-1.6	-2.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		63	0	0	-10	-25	-23
Italy		75	0	0	-7	-52	-41
France		76	-1	-2	-7	1	-6
Spain		51	0	0	-5	-23	-19

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

Emerging Market Financial Indicators

Last updated: 11/11/2025 8:37 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	0.2	0.2	1.4	2.6		1.9	0	2	-6	-18	16
Indonesia		16689	-0.2	0.1	-0.8	-6.0	-3.5		6.0	0	1	-1	-73	-99
India		89	0.1	0.1	0.1	-4.7	-3.3		6.9	4	10	14	-28	-42
Philippines		59	0.0	-0.8	-1.2	-0.6	-1.9		4.6	1	-9	-10	-34	-24
Thailand		32	-0.1	0.5	1.0	6.1	5.2		1.9	1	4	25	-61	-45
Malaysia		4.14	0.5	1.4	2.1	6.5	8.0		3.5		-1	3	-36	-31
Argentina		1419	0.1	2.8	-4.9	-29.6	-27.3		30.1	-92	-65	-2321	-102	94
Brazil		5.28	0.4	2.3	3.5	9.0	17.0		13.6	-9	-10	-32	61	-231
Chile		937	0.2	1.0	2.3	4.6	6.2		5.3	0	-4	-6	-6	-34
Colombia		3754	0.0	2.8	4.5	16.2	17.4		11.7	4	7	20	108	-14
Mexico		18.36	0.1	1.8	0.6	10.8	13.4		8.9	2	12	21	-114	-146
Peru		3.4	0.2	0.3	2.0	12.2	11.1		6.0	-1	0	-18		-58
Uruguay		40	0.1	0.3	0.9	6.5	10.6		7.8	2	-6	3	-164	-185
Hungary		332	-0.1	1.7	1.8	15.9	19.6		6.5	-3	-2	2	1	11
Poland		3.65	0.4	1.7	1.0	12.3	13.2		4.8	1	2	-9	-56	-82
Romania		4.4	0.4	1.0	0.3	6.5	9.6		6.8	2	-3	-48	9	-43
Russia		81.1	0.3	-0.1	-0.3	18.5	40.0							
South Africa		17.2	0.1	2.1	1.0	4.6	9.9		9.2	-9	-13	-33	-135	-132
Türkiye		42.23	0.0	-1.0	-1.0	-18.7	-16.3		32.6	8	43	19	202	285
US (DXY; 5y UST)		99	-0.2	-0.9	0.4	-5.9	-8.4		3.71	0	2	9	-48	-67

	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		4,652	-0.9	0.7	0.8	13.9	18.2		90	-1	-2	-11	-6
Indonesia		8,367	-0.3	1.5	1.3	14.3	18.2		87	3	-9	0	-4
India		83,871	0.4	-0.1	1.7	6.6	7.3		89	0	-2	8	3
Philippines		5,629	-1.3	-4.1	-6.8	-17.3	-13.8		73	5	-4	-1	-6
Thailand		1,300	-0.4	0.1	1.0	-10.0	-7.1						
Malaysia		1,635	0.5	0.7	0.8	1.6	-0.5		59	0	1	0	-11
Argentina			3.0	-4.9	53.4	48.5	16.5		607	-70	-331	-244	-30
Brazil		156,683	0.8	4.0	11.4	22.5	30.3		197	2	-25	-7	-50
Chile		9,648	0.6	3.5	11.2	47.5	43.8		100	4	-6	-13	-13
Colombia		2,072	-0.4	2.7	10.8	55.2	50.2		245	-9	-26	-72	-81
Mexico		63,094	-0.4	1.5	4.2	22.6	27.4		215	5	-10	-75	-97
Peru		2,368	1.2	1.1	2.0	29.3	39.7		101	1	-6	-36	-40
Hungary		107,027	-0.7	-0.9	4.9	39.2	34.9		131	6	-7	-17	-24
Poland		112,668	0.0	0.5	4.4	39.0	41.6		88	2	-8	-23	-24
Romania		23,100	1.4	2.0	6.8	31.9	38.2		192	2	-18	-7	-43
South Africa		111,356	0.5	3.7	1.2	31.4	32.4		240	11	-24	-27	-53
Türkiye		10,597	-1.8	-2.9	-1.1	14.2	7.8		255	2	-19	5	-4
EM total		56	0.5	-0.3	6.9	25.3	32.7		281	5	-22	-85	-84

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

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