



- Gold prices expected to increase in 2025 ([link](#))
- Nvidia earnings release this week might not lift broader indexes, according to analysts ([link](#))
- Strong large-cap bank results in US and Europe in Q3 ([link](#))
- Foreign investor demand expected to absorb European sovereign bond supply in 2025 ([link](#))
- Reserve Bank of Australia plans to maintain the cash rate at 4.35% ([link](#))
- Options markets indicate expectations of milder RMB depreciation ([link](#))
- Monetary policy seen normalizing in most LATAM economies in 2025 ([link](#))
- **Special feature: Emerging and Frontiers Markets Issuance October 2024** ([attached](#))

[Mature Markets](#)











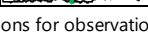
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Market sentiment deteriorates on geopolitical concerns

European bourses fell and US equity futures signaled an opening in the red on concerns over the latest escalation in Russia's war against Ukraine. Markets were worried by news president Putin approved a new nuclear doctrine, lowering the threshold for a nuclear strike, just days after the US gave Ukraine limited permission for long-range missile strikes on Russian territory. Advanced economy sovereign bond yields fell on safe haven flows, with the dollar appreciating, gold gaining and the VIX index for equity option implied volatility rising. On the data front, the final October headline inflation print for the euro area was unchanged at 2.0% y/y, with money markets continuing to price in around 140 bps of easing by the ECB by October 2025 to take the deposit rate to around 1.75%. In emerging markets, CEE currencies were mostly weaker to the euro, with the Polish zloty underperforming on the latest escalation of the Russia-Ukraine war.

Key Global Financial Indicators

Last updated: 11/19/24 8:00 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5894	0.4	-2	0	31	24
Eurostoxx 50		4726	-1.3	0	-5	9	5
Nikkei 225		38414	0.5	-2	-1	14	15
MSCI EM		43	1.1	-2	-5	10	8
Yields and Spreads			bps				
US 10y Yield		4.36	-5.1	-6	28	-7	48
Germany 10y Yield		2.31	-6.0	-5	13	-28	29
EMBIG Sovereign Spread		337	5	12	0	-89	-46
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		44.2	-0.2	0	-2	-8	-8
Dollar index, (+) = \$ appreciation		106.5	0.2	0	3	2	5
Brent Crude Oil (\$/barrel)		72.8	-0.7	1	0	-10	-6
VIX Index (% change in pp)		16.9	1.3	2	-1	3	4

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

Mature Markets

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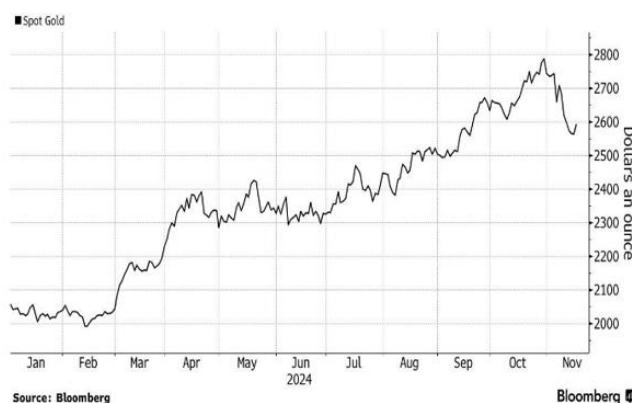
United States

Gold prices are expected to gain next year.

On Monday, gold rebounded +1.9% to above \$2,600 per ounce, after falling almost 7% from a record last month. Losses accelerated following the US election outcome, as hedge funds' optimistic wagers plummeted to their lowest level in three months, according to the CFTC latest weekly data. However, gold is expected to reach \$3,000 an ounce by next year due to structurally higher central bank demand and US interest rate cuts, according to Goldman Sachs, which lists the bullion among the top commodities trades for 2025. Further flows into gold ETFs could also boost prices.

An unprecedented escalation of trade tensions and further geopolitical concerns might also rekindle speculative positions, according to analysts. **Gold gained +1% this morning** on concerns over the latest escalation in Russia's war against Ukraine. Gold prices may also benefit from growing concerns about the US fiscal position particularly as central banks with large US Treasury reserve holdings might increase its demand.

Gold climbs with Fed outlook in focus

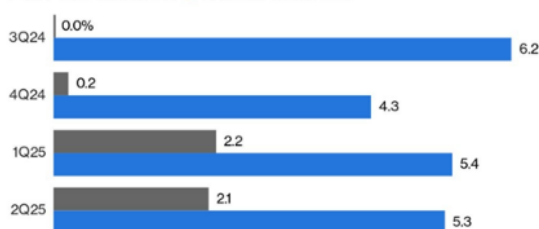


Nvidia earnings release this week might not lift broader indexes, according to analysts. After holding steady for most of the second half of the year, the outlook for US earnings growth started to deteriorate as companies released their Q3 results. In general, small-cap companies are expected to see less impressive earnings growth than larger-caps. The Russell 2000, for instance, lost about half of the gains from the US election week, and the benchmark is currently showing no revenue growth for Q3, although over 70% of its companies have already reported. Given that Nvidia now holds the largest weight in the S&P 500, its earnings results on Wednesday appear to be the most significant event for financial markets this week. However, analysts point out that the AI company does not have the strongest correlation of daily returns to the S&P 500 among the Mag-7 thus far this year, with its correlation (0.66) currently trailing that of Microsoft (0.76) and Amazon (0.70). Furthermore, the overall performance of chip stocks suggests a widening gap between Nvidia and its peers: Nvidia alone is responsible for a significant amount of the semiconductor industry's predicted 31% EPS growth this quarter, according to Bloomberg Intelligence data (EPS growth ex-Nvidia is 3.8%, down from 11% prior to the start of the earnings season).

Small-cap earnings disappoint

The Russell 2000 index is poised for no revenue growth in the third quarter

■ RTY Sales Growth Est. ■ SPX Sales Growth Est.

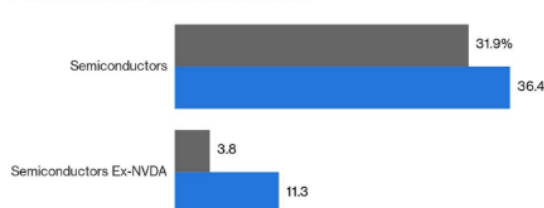


Source: Bloomberg Intelligence

Earnings growth cap

Excluding Nvidia, chip stocks saw their third-quarter earnings projections fall

■ Latest EPS Growth ■ Pre-season EPS Growth



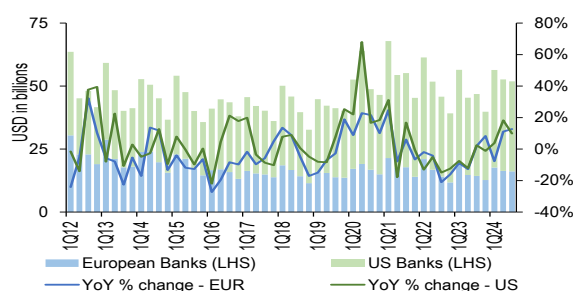
Source: Bloomberg Intelligence

Bloomberg

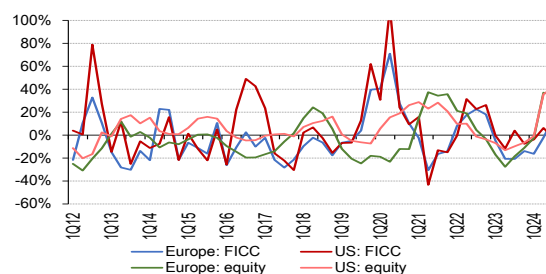
Investment banking and markets

Markets and investment banking revenues powered strong large-cap bank results in US and Europe in Q3. Capital market revenues were the most prominent and consistent driver of Q3 bank results for market-sensitive US banks, which a prominent US analyst called “the strongest earnings I have ever experienced in my 22 years of covering” these firms. This was true both in the US and Europe (including UK), where investment banking and markets revenues rose 10% and 13% y/y, respectively. Fixed income revenues grew 14% y/y for European banks and were down slightly for US peers, but the latter compensated with 22% growth in secondary market equities. Investment bank services (underwriting and M&A advisory) rose by 20% y/y for the group. Most bank managements expressed optimistic outlooks given strong deal pipelines, and more relaxed antitrust oversight could support stronger M&A activity.

Investment banking and markets revenues



Market revenues by product and region



Source: Various brokers, IMF analysis

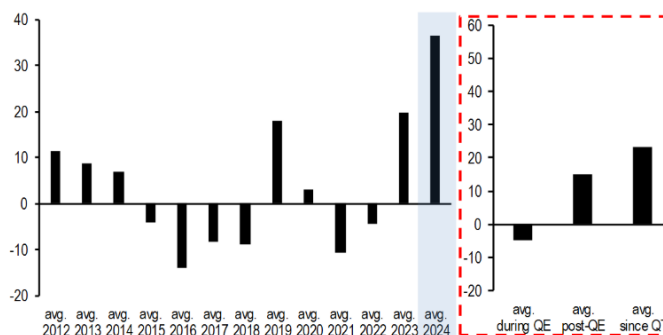
Euro area

European equities fell and government bonds rallied in a risk-off move driven by geopolitical developments. The Stoxx 600 index was -0.9% lower, with almost all sectors in the red. Other major European bourses were also trading lower this morning. Meanwhile **bund yields were lower across the curve** this morning on Bloomberg headlines that Russia has signed an updated nuclear arms doctrine that allows the country to increase its use of atomic weapons. The **euro was 0.4% weaker to the dollar**. On the data front, the final October headline inflation print for the

euro area was unchanged at 2.0% y/y, with money markets continuing to price in around 140 bps of easing by the ECB by October 2025 to take the deposit rate to around 1.75%. Separately, **JP Morgan analysts expect demand from foreign investors will be sustained enough to absorb larger European government bond (EGB) supply next year**. In their base case, with the ECB expected to deliver a more continual easing cycle relative to other advanced economy central banks in 2025, the analysts expect EGBs to remain relatively more attractive to global investors. In addition, JP Morgan analysts believe that foreign investors likely have room to add to EGB exposure as well as euro-denominated supranational and agency debt as, according to their analysis, these investors were under-invested in these sectors during the period of quantitative easing. That said, the analysts noted that foreign investor demand, which is among the most price-sensitive, could wane in the face of shocks, including “an intensification of political noise in France”.

Figure 5: Foreign investors continued to substantially increase their exposure to Euro govies during QT

Euro area BoP, government debt securities flows; monthly averages; €bn



Source: ECB, J.P. Morgan. Note: Transaction data do not reflect valuation changes. Shaded area shows averages during QE (2Q15-2Q22), post-QE (since 3Q22) and since QT (since 2Q23). Latest data as of August 2024.

This morning, the 10-year bund-OAT spread was relatively steady at around 74 bps, while the 10-year Bund-BTP spread was a touch wider (+3 bps) at 123 bps.

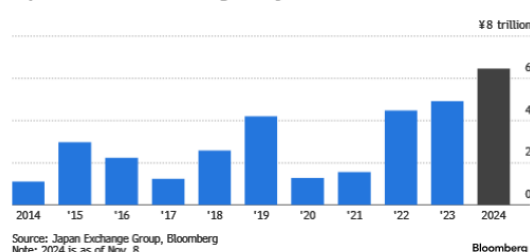
United Kingdom

Gilts rallied while sterling weakened against the dollar on risk off tone in markets. 10-year gilt yields were around 5 bps lower in early morning trade at 4.41%, a level last seen before the October budget, as an escalation in the Russia-Ukraine war prompted a flight to safety bid for gilts. Meanwhile, sterling was around 0.3% weaker. Elsewhere, ahead of tomorrow's UK October inflation data, investor attention was focused on comments from governor Bailey and other MPC officials appearing before the Treasury Select Committee. Governor Bailey remarked that while inflation in the UK had returned to target quicker than expected, the risk of "lingering persistence" in wage pressures favored a "gradual" approach to easing. Market expectations for BoE easing have edged up to around 63 bps priced in by September 2025, up from around 52 bps a week ago.

Japan

Japan's stock market is being supported by record share buybacks, with companies purchasing ¥6 tn (\$38.8 bn) of their own shares as of November 8, surpassing last year's total of ¥4.9 tn. Major domestic companies, including the three largest banks, announced significant buyback plans amid rising profit forecasts. Analyst from Daiwa Securities highlighted that this is improving capital efficiency and may bolster market conditions. Ongoing corporate governance

Japan Inc. Set to be the Largest Buyer of Stocks for Another Year



reforms initiated by former prime minister Abe and new disclosure requirements from the Tokyo Stock Exchange are further supporting this shift. Analysts predict potential increases of about 10% in stock indices if buybacks continue. However, uncertainties regarding yen stability and political developments in Japan and abroad could impact performance, with cautious earnings guidance from companies also weighing on stock prices. Today, Japanese stocks rose (NIKKEI 225: +0.7%), led by export-related stocks. The yen strengthened against the dollar (+0.2%), paring some of its recent weakness.

Australia

The Reserve Bank of Australia (RBA)'s minutes indicated a plan to maintain the cash rate at 4.35% to pull down core inflation. The RBA noted that while inflation is cooling, core prices are not expected to reach the 2–3% target until 2026. Despite a low unemployment rate of 4.1% and solid hiring, the RBA remains cautious due to external risks, such as shifts in US economic policy and uncertainties surrounding China's stimulus measures. Analysts are divided on the timing of potential rate cuts. Some suggest that the RBA may hold rates steady longer if unemployment remains stable, while others predict a possible rate cut before the likely federal election in May 2025. The Australian dollar strengthened (+0.1%) for a third consecutive day, and Australian shares rose (+0.9%), led by gold and energy stocks.

Headline CPI Is Inside RBA's Target
But the core measure is still elevated



Emerging Markets

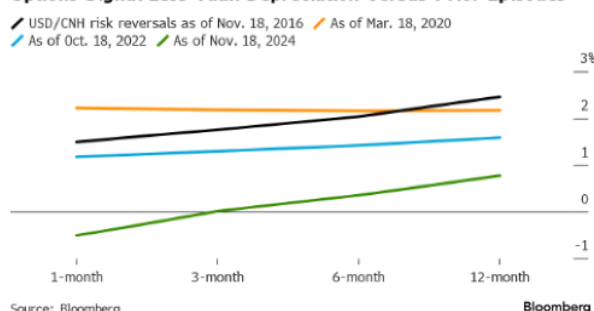
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Asian stocks rebounded from last week's losses. India's equities gained but headwinds for the Indian stock market persist, marked by significant foreign outflows, signaling potential capitulation from previous high valuations. **Asian currencies paused their depreciation against the dollar**, with a slight depreciation of Philippine peso (-0.2%) after the Philippine central bank governor stated rate cuts to continue in 2025 but uncertainty remains for the next meeting in December. **EMEA equities and currencies traded mostly lower today reflecting the broader risk-off tone in markets.** CEE equities edged lower with shares in Poland underperforming (-2.5%), followed by **Hungary (-1.3%) where the central bank kept the policy rate unchanged at 6.5%, as expected.** CEE currencies were weaker to the euro this morning. Equities traded sideways in South Africa, while the rand weakened. **LATAM assets mostly gained on Monday.** Regional currencies were up, with the Brazilian real (+0.8%) outperforming on the day. Notably, the weekly survey of the central bank of Brazil continues to indicate upward revisions in the 2025 GDP and inflation forecasts. The Mexican peso appreciated (+0.7%) for the fourth consecutive session. LATAM equities also closed higher. In other key economic data, Chile's growth in 3Q2024 GDP turned positive and printed marginally stronger than expected at 0.7% q/q vs the expectation of 0.6% q/q. Market analysts believe this should ease the pressure on the country's central bank to further cut the policy rate.

China

Options markets are indicating expectations of milder RMB depreciation in 2025 compared to previous stress periods, despite the strength of the dollar. Current risk reversals suggest a more balanced sentiment towards the RMB, with traders less willing to pay for protection against weakness than in 2016 and 2020. Some analysts suggest that the absence of immediate tariff threats gives the PBOC more time to stabilize the currency, contributing to market calmness. Goldman Sachs noted that China's reduced export exposure to the US and a significantly higher trade surplus compared to previous trade tensions should strengthen the RMB's position, potentially mitigating the impact of any future tariffs on economic growth. Analysts still anticipate some RMB weakness to ease financial conditions in response to US tariffs. However, the PBOC is expected to avoid disorderly movements that could harm domestic sentiment or exacerbate capital outflows. Meanwhile, the RMB was little changed, trading within a narrow range as the PBOC sets stronger-than-expected daily fixings for the fifth consecutive day. Chinese stocks gained both onshore (CSI 300: +0.7%) and offshore (HSI: +0.4%) after the regulator's guidelines on boosting valuations.

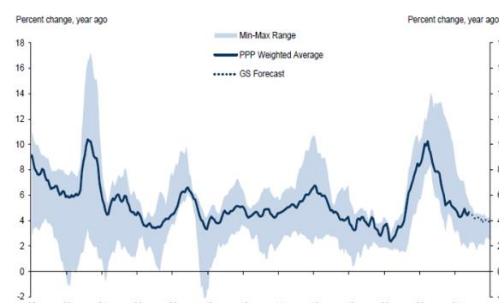
Options Signal Less Yuan Depreciation Versus Prior Episodes



LATAM rates

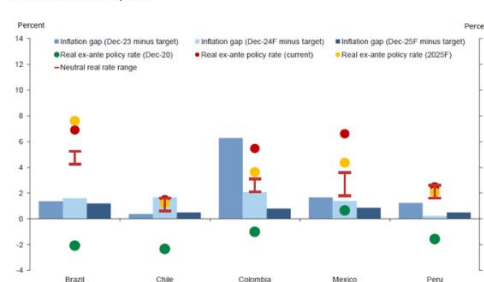
Monetary policy easing is likely to continue in most LATAM economies through 2025, although with some heterogeneity. According to Goldman Sachs, inflation for the five inflation-targeting economies in Latin America (LA-IT5), i.e. Brazil, Chile, Colombia, Peru, and Mexico, is expected to continue to soften and move within their respective target bands in 2025 (LHS figure). However, it is likely to remain above the respective target midpoints. Within this group, Brazil is expected to have the highest levels of inflation at 4.2% in the coming year. The country's central bank has been a contrarian in the region, hiking rates since September 2024 due to rising inflation amid loose fiscal policy. In all, by 2025-end, the region's ex-ante real rates are expected to be get closer to neutral rates for most economies, but remain restrictive in Brazil and Mexico (RHS figure).

Exhibit 21: Inflation Projected to Moderate Further but to Remain Above Target in 2025
LA-ITS Headline Inflation



Source: Goldman Sachs Global Investment Research

Exhibit 59: Ex-Ante Real Rates Expected to Reach Neutral in Chile and Peru and Remain Restrictive in Brazil and Mexico
LA-ITS Real Ex-Ante Policy Rates



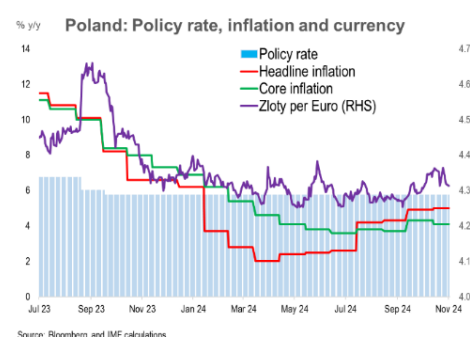
Note: Real ex-ante rate computed using inflation expectations from central bank surveys and the neutral real rate range is based on central bank estimates.

Source: BCB, BCB, BarIP, BarIP, BarIP, BCB, Goldman Sachs Global Investment Research

Poland

October core inflation printed a touch below expectations yesterday, with core inflation softening in October to 4.1% y/y (vs. est. 4.2%, from 4.3% in September).

Goldman Sachs analysts noted higher food prices resulting from this summer's drought across the CEE region but expected this shock to unwind during the winter, bringing downward pressure to inflation in 2025, which is expected to be amplified by additional external factors including lower gas and electricity prices and the strength of the zloty. Elsewhere, according to Bloomberg, Poland mandated Mitsubishi UFJ, Morgan Stanley and Nomura to arrange issuances of multi-tranche 10-year and 20-year bonds in the Japanese market as yields on zloty-denominated government bonds remain elevated due to Poland's weak fiscal performance (10-year yields have risen by +46 bps since late September). Analysts at Santander commented that Poland is looking for alternatives to local bond sales after weaker auctions recently, and low pre-financing level for next year's deficit and expect higher spreads on the new Samurai bonds compared to latest sales carried out in November 2023.



Source: Bloomberg and IMF calculations

This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Nassira Abbas (Deputy Division Chief), 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 Assistant), Deepali Gautam (Senior Research Officer), Harrison Kraus (Research Assistant), Yiran Li (Research Assistant), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Silvia Ramirez (Senior Financial Sector Expert), Francesco de Rossi (Senior Financial Sector Expert-London Representative), Hong Xiao (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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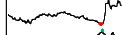
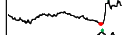
















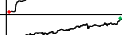
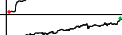
















Global Financial Indicators

11/19/24 7:59 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,894	0.4	-1.8	0.5	30.6	24
Europe		4,726	-1.3	-0.4	-5.2	8.9	5
Japan		38,414	0.5	-2.4	-1.5	14.4	15
China		3,977	0.7	-2.7	1.3	11.5	16
Asia Ex Japan		74	1.2	-2.1	-5.5	13.5	12
Emerging Markets		43	1.1	-2.0	-5.4	10.4	8
Interest Rates			basis points				
US 10y Yield		4.4	-5	-6	28	-7	48
Germany 10y Yield		2.3	-6	-5	13	-28	29
Japan 10y Yield		1.1	-2	5	9	31	45
UK 10y Yield		4.4	-5	-8	36	31	88
Credit Spreads			basis points				
US Investment Grade		119	-1	6	-2	-28	-14
US High Yield		314	-1	12	-22	-117	-71
Exchange Rates			%				
USD/Majors		106.5	0.2	0.4	2.9	2.5	5
EUR/USD		1.1	-0.4	-0.6	-2.4	-3.5	-4
USD/JPY		153.9	-0.5	-0.5	2.0	3.7	9
EM/USD		44.2	-0.2	0.0	-2.1	-7.6	-8
Commodities			%				
Brent Crude Oil (\$/barrel)		72.8	-0.7	1.3	0.2	-6.4	-3
Industrials Metals (index)		143.9	0.1	0.2	-4.4	3.7	1
Agriculture (index)		56.7	-0.1	1.0	2.1	-12.9	-9
Implied Volatility			%				
VIX Index (%, change in pp)		16.9	1.3	2.2	-1.1	3.1	4.5
Global FX Volatility		8.6	0.0	0.0	-0.1	1.2	0.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		86	2	-3	2	-41	-17
Italy		123	3	-5	5	-54	-45
Portugal		46	2	-4	2	-21	-17
Spain		71	2	-4	2	-30	-26

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

Emerging Market Financial Indicators

Last updated: 11/19/2024 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		7.24	-0.1	-0.1	-1.6	-1.0	-1.9		1.9	-1	2	-7	-77	-64
Indonesia		15845	0.1	-0.4	-2.2	-2.5	-2.8		6.9	-3	-3	23	-6	41
India		84	0.0	0.0	-0.4	-1.3	-1.4		7.3	-4	3	12	-30	5
Philippines		59	-0.2	0.0	-2.1	-5.6	-5.8		5.0	0	-4	15	-96	-67
Thailand		35	0.0	0.8	-3.1	1.9	-0.9		2.4	-1	1	-3	-64	-34
Malaysia		4.47	0.1	-0.8	-3.7	4.4	2.7		3.9	-2	-1	7	1	12
Argentina		998	0.1	-0.5	-1.9	-64.6	-19.0		28.3	0	-292	-1078	-8185	-5806
Brazil		5.75	0.8	0.1	-1.0	-15.6	-15.6		12.8	7	26	7	177	244
Chile		974	-0.1	1.2	-2.3	-10.1	-9.6		5.3	-3	-12	21	4	38
Colombia		4404	0.7	-1.0	-3.1	-8.4	-12.0		8.3	0	-13	-12	10	66
Mexico		20.24	-0.1	1.7	-1.3	-15.4	-16.1		9.3	0	-19	-17	46	89
Peru		3.8	0.2	-0.4	-1.1	-1.6	-2.4		6.7	1	#####	27	-41	2
Uruguay		43	0.3	-1.3	-2.8	-7.8	-9.1		9.4	1	1	-20	-6	-8
Hungary		385	-0.4	0.4	-3.6	-9.8	-9.8		6.5	-4	-28	-20	-17	70
Poland		4.10	-0.8	-0.2	-2.6	-3.1	-4.1		4.7	-7	-26	-29	-6	27
Romania		4.7	-0.4	-0.7	-2.4	-3.6	-4.4		6.9	3	14	28	7	68
Russia		100.4	-0.5	-2.0	-3.8	-11.8	-10.9							
South Africa		18.1	-0.5	0.3	-2.4	1.6	1.7		8.7	-1	-15	-17	-49	-38
Türkiye		34.60	-0.2	-0.7	-1.0	-16.8	-14.6		30.3	11	19	63	10	358
US (DXY; 5y UST)		106	0.2	0.4	2.9	2.5	5.1		4.22	-6	-10	34	-22	37

	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		3,977	0.7	-2.7	1.3	11.5	15.9		100	-1	-14	-65	-58	
Indonesia		7,196	0.9	-1.7	-7.3	3.1	-1.1		93	6	0	-31	-3	
India		77,578	0.3	-2.4	-4.5	17.9	7.4		78	-3	-15	-48	-38	
Philippines		6,803	0.6	-0.1	-8.3	9.5	5.5		83	9	4	-17	3	
Thailand		1,460	0.5	1.0	-2.0	3.1	3.1		0	0	0	0	0	
Malaysia		1,602	-0.1	-0.4	-2.7	9.7	10.2		64	5	-5	-25	-21	
Argentina		2,066,915	-1.0	5.2	13.4	220.4	122.3		782	-69	-318	-1641	-1131	
Brazil		127,768	0.0	0.0	-2.1	2.4	-4.8		217	13	10	-9	2	
Chile		6,542	0.2	0.5	-1.5	13.4	5.6		116	3	6	-25	-9	
Colombia		1,362	1.2	1.3	0.0	21.1	14.0		327	10	25	3	56	
Mexico		50,469	-0.2	-2.7	-4.8	-4.2	-12.1		306	16	9	-60	-28	
Peru		30,664	0.4	1.6	-0.3	37.8	18.1		145	8	11	-13	1	
Hungary		78,200	-1.3	1.6	5.4	37.2	29.0		150	2	7	-44	1	
Poland		77,191	-2.5	-4.8	-6.6	4.2	-1.6		111	0	5	-4	14	
Romania		17,371	-0.3	-1.7	-0.2	18.2	13.0		209	10	25	-7	8	
South Africa		84,571	0.2	0.4	-3.0	14.4	10.0		287	20	16	-60	-21	
Türkiye		9,248	-1.6	0.2	5.2	17.8	23.8		255	5	-20	-106	-59	
EM total		43	-0.5	-2.0	-5.4	10.4	8.0		375	10	-6	-17	30	

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

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