GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, NOVEMBER 19, 2025

LEAD EDITOR: TIMOTHY CHU

- **Interest rate volatility in the US rises amid mixed data flow** (link)
- **Macro and earnings uncertainty also fed into equity volatility** (link)
- **China's euro bond sales attract record demand with 26x coverage** (link)
- **JGB yields rise after 20-year auction draws only modest demand** (link)
- **Money markets increased probability of BoE easing after UK inflation slows** (link)
- **Ultralong German bunds have underperformed peers** (link)
- **Special Feature: EM BOP Capital Flows Monitor** (attached)

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Caution Is the Word; Traders Wait for Catalysts Ahead

Global investors remained cautious overnight and this morning, ahead of Nvidia's earnings after the US close. European bourses saw small gains, while Asian equities continued to decline, with the Hang Seng, Nikkei, and KOSPI all lower following recent heavy losses. Tensions between Japan and China weighed on regional sentiment. Japanese JGBs saw further losses, with long-end yields near multi-year highs amid stimulus expectations. Bank Indonesia held rates steady, supporting the rupiah. In the UK, gilts edged lower at the front end as October CPI met expectations. US equity futures are slightly higher this morning, but amid lower volume, as traders remain cautious over AI valuations, with the Mag7 approaching a technical correction (~-8% since October). News of Nvidia and Microsoft investing in Anthropic had little impact, suggesting markets are inured to AI-capex announcements. Other risk assets fell further, with Bitcoin briefly dipping below $90k intraday; contacts note crypto losses may force margin calls, intensifying the selloff. Volatility has increased in equities and bonds, though FX markets remain relatively calm overall, with the dollar steady. Today, markets will be attentive to Nvidia results, which will weigh heavy on the AI narrative, and the October FOMC minutes, which may give markets some clues on the path of Fed policy.

Key Global Financial Indicators

Last updated: 11/19/25 7:47 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		6617	-0.8	-3	-1	12	13
Eurostoxx 50		5540	0.1	-4	-1	17	13
Nikkei 225		48538	-0.3	-5	-1	27	22
MSCI EM		54	-0.5	-3	0	24	29
Yields and Spreads				bps			
US 10y Yield		4.11	-0.2	4	10	-28	-46
Germany 10y Yield		2.69	-1.7	5	11	35	32
EMBIG Sovereign Spread		269	3	2	-20	-68	-56
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		46.2	0.1	0	1	4	8
Dollar index, (+) = $ appreciation		99.7	0.2	0	1	-6	-8
Brent Crude Oil ($/barrel)		63.5	-2.2	1	4	-13	-15
VIX Index (%, change in pp)		23.8	-0.9	6	3	7	6

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

Mature Markets

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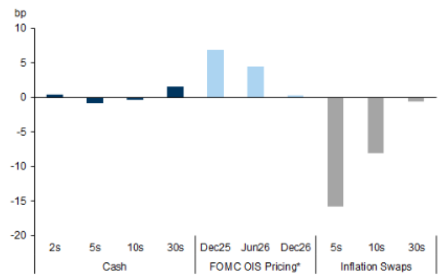
United States

Markets in the US remained cautious yesterday, with major US indices falling for a fourth straight session. Pressure on large-cap tech stocks continued, with Nvidia falling nearly 2% ahead of its earnings report today, though the equal-weighted S&P managed a small gain. Overall jitters around the AI complex continued, with skeptics noting increasing risks of overbuild at companies like Microsoft and Amazon. US Treasury yields modestly declined, led by the front-end of the curve, and initially fell by up to 8bps following weak ADP data, which showed an average of 25k weekly job cuts in October. Initial claims released yesterday morning remained contained, however, and market pricing for the December FOMC meeting was little changed. The dollar was flat against majors.

Option markets have started to price the potential for higher rate volatility ahead of the post-shutdown data releases. Treasury yields have held broadly steady through the shutdown, but the stable nominal curve masks meaningful underlying adjustments. Front-end real yields have risen as markets priced less near-term easing and lower inflation compensation, even as labor-market uncertainty persists. The relative stability in the nominal yields carried into November, but the MOVE index has crept up by roughly 15 points to 83 as investors position for higher volatility amid the resumed data flow. In tandem, option markets have also started to price a wider distribution of outcomes. The implied volatility has increased relative to realized, a pattern consistent with prior shutdown re-openings.

Exhibit 1: A modest rally in Treasuries since the shutdown began obscures sharper shifts in cut pricing and the market's inflation assessment

Change since September 30*



*FOMC OIS change adjusted for 4bp drift of fed funds effective vs IORB since September 30

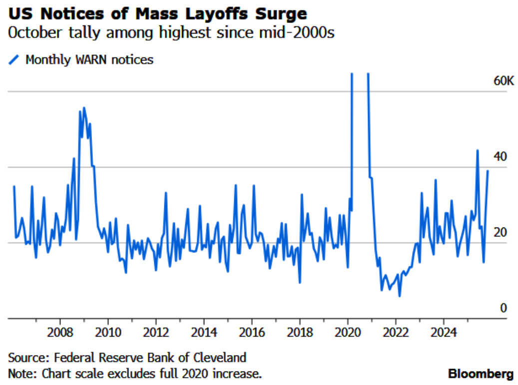
Source: Goldman Sachs Global Investment Research, Bloomberg

Exhibit 2: Vol markets have started to price a wider distribution of outcomes following the reopening, in line with prior reopening episodes

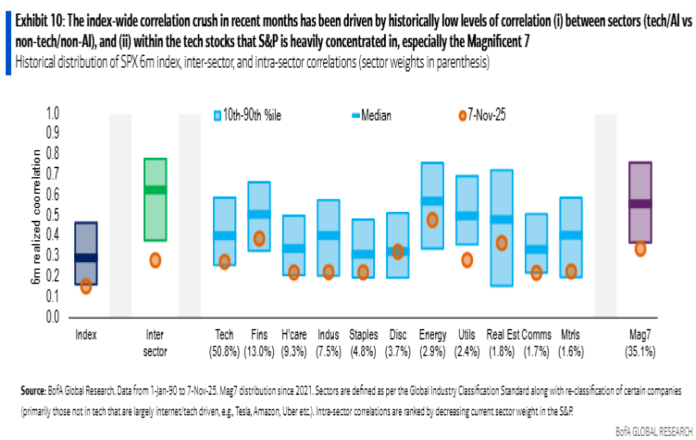
Implied to recently delivered ratio of 1m2y ATMF straddles around prior government shutdowns. Diamond denotes reopening date.

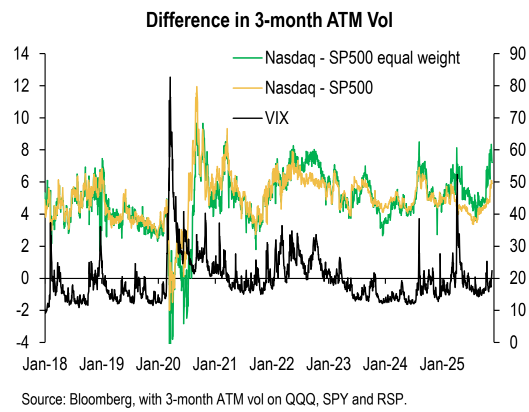
Source: Goldman Sachs Global Investment Research, Goldman Sachs FICC and Equities

Alternative labor-market readings continue to send mixed signals, adding uncertainty to the policy outlook. Notices of impending mass layoffs rose in October to roughly 39k workers, among the highest monthly tallies since the mid-2000s outside of crisis periods, according to the Cleveland Fed. Tuesday's ADP data also showed an average 2.5K job losses per week in October. By contrast, unemployment-insurance filings remain subdued. Initial claims edged lower in the latest week to ~226k based on Bloomberg's reconstruction of state-level filings during the shutdown, and Tuesday's official release broadly confirmed this picture, showing 232K initial claims for the week ending October 18. Taken together, the data point to a widening gap between layoffs notices and jobless claims, and markets will be focused on whether the backlog of post-shutdown labor data helps reconcile this divergence.



Macro and earnings uncertainty have also fed into equity volatility pricing. Despite bouts of weakness across risk assets this year, the VIX index has struggled to break meaningfully higher, held down by historically low stock-level correlation and still-contained realized vol. Low inter-sector correlation and within sector correlation, including within the mega-cap cohort, have been important factors compressing index-level volatility. However, this dynamic may now be shifting. The recent cooling in AI-related stocks has pushed NASDAQ implied vol higher, widening its gap over S&P 500 and S&P equal-weight vols to multi-year highs. With rising macro uncertainty and an AI narrative that is becoming more central to market positioning, shifts in either the macro or tech-sector outlook could weaken the low-correlation regime and catalyze higher volatility ahead.

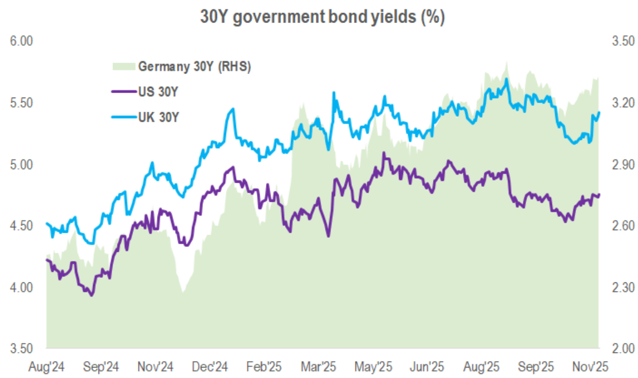




Europe

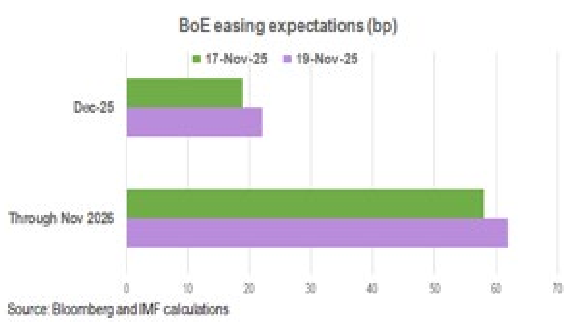
European equities were trading cautiously ahead of key data releases in the US later today. The Stoxx 600 was (+0.1%) higher in early morning trade with declines in the utilities sector (-0.62%) offset by gains in the energy (+0.8%) sector. Regional stock markets were trading mixed. On the data front, final Eurozone October headline inflation was unchanged relative to the earlier flash estimate at 2.1%y/y. European government bond yields were trading relatively rangebound with the 10yr Bund yield at 2.71%. Meanwhile, the 10yr OAT-Bund spread was broadly steady at 75bps and the 10yr BTP-Bund spread a touch tighter at 74bps. Elsewhere, the euro was unchanged against the dollar at 1.1576.

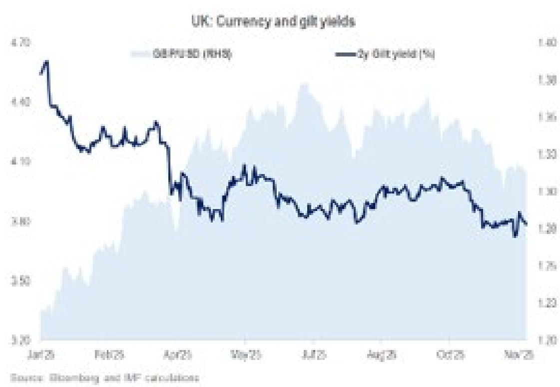
Ultralong German bunds have underperformed global peers. Analysts at Commerzbank note that while 10yr bunds have been trading relatively rangebound at around the 2.7% yield level, 30yr German bund yields have continued to edge higher over the week (+10bps), despite recent risk-off sentiment. They note that this lack of demand at the very long end of the curve may leave 30yr bunds more price sensitive. YTD, 30yr German bund yields have risen by 73bps, underperforming 30yr tenors of peers over the same period, including UK gilts (+28bps) and US Treasuries (-3bps). This morning the 30yr German bund yield was around 1bp higher at 3.33%.



United Kingdom

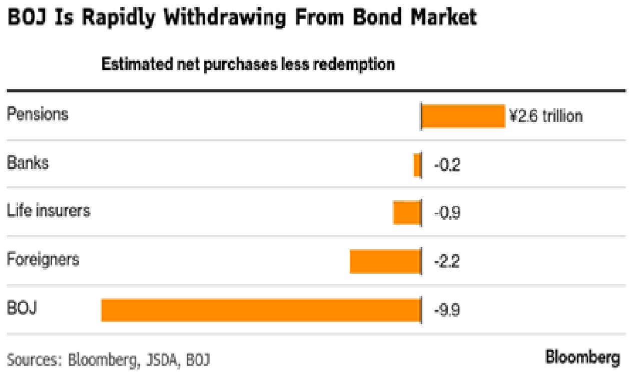
Money markets scale up Bank of England (BoE) easing expectations after UK headline inflation slows. October headline inflation printed at 3.6% y/y, a touch higher than consensus estimates (3.5%), but down from 3.8% in the prior month. Core inflation also slowed to 3.4% y/y (from 3.5% in Sept), in line with expectations. Immediately following the release, gilt yields were ~2bps lower at the front-end of the curve at 3.77% as money markets modestly scaled up expectations of a December rate cut, implying an 87% probability to a -25bps rate cut. Analysts at Deutsche Bank believe that today's data suggest that the disinflation process is steady and should therefore add confidence to a December rate cut. On the other hand, analysts at HSBC expect that the MPC will wait until February, given minimal evidence of disinflation in the data so far. Separately, contacts will be attentive to next week's Autumn Budget for measures that may curb inflation, potentially affording the BoE additional space to cut rates. That said, Deutsche Bank cautions that rising domestic political pressures may leave markets skeptical of the UK's fiscal framework, a theme expected to continue into 2026.

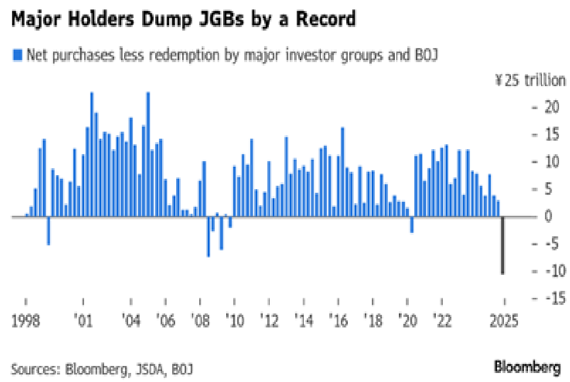




Japan

The 20yr JGB auction drew modest demand, and 20yr yields rose to a fresh high, as investors stayed cautious. The bid-to-cover ratio was 3.28—in line with the 12-month average (3.30) but lower than the 3.56 at the last auction, while the 20yr yield rose 3.5bps to 2.82%, a fresh high since 1999. The 40yr yield jumped 4bps to 3.71%, the highest level since its debut in 2007. Investors remain cautious ahead of next week's 40yr auction, as analysts warn fiscal risk premiums may return if stimulus exceeds expectations, pressuring long-dated bonds as well as the yen. Relatedly, Bloomberg estimates foreign investors sold ¥2.2tn of JGBs in Q3, based on Japan Securities Dealers Association and BOJ data. The BOJ was the largest seller, reducing holdings by nearly ¥10tn, driving net sales by major investor groups to a record.





Today, the stock market declined (Nikkei 225: -0.34%) for a fourth session, weighed by caution over AI-related shares ahead of Nvidia's earnings and China's suspension of Japanese seafood imports. The yen had hovered around ¥155.6/$, little changed, after PM Takaichi's advisor signaled that the BOJ is unlikely to hike before March. Afterwards, the outcome of today's meeting between BOJ Governor Ueda and key cabinet ministers resulted in no specific talk about FX according to media reports, which nudged the USDJPY past the ¥156/$ level.

Emerging Markets back to top

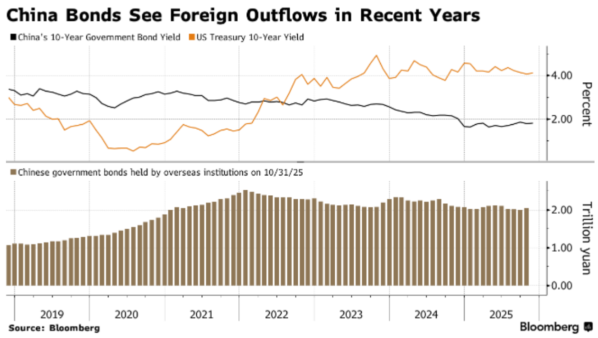
EMEA equities and currencies were trading mixed ahead of US developments. In CEE, equities were trading higher with equities in Hungary outperforming (+1.1%). CEE currencies were mostly weaker against the euro, except the Hungarian forint which was a touch firmer, while the Turkish lira was relatively steady against the dollar at around 42.35/$. **EM Asian currencies were mixed against the dollar, while stocks declined.** The Korean won weakened (-0.4%) for a third session on equity outflows, while the Malaysian ringgit strengthened (+0.3%) after its October exports beat forecasts. In EM equities, (EM Asia: -0.5%) investors stayed cautious amid doubts over the sustainability of the AI-driven rally. Bank Indonesia (BI) kept its key rate at 4.75%, supporting the rupiah (+0.3%) and local equities (JCI: +0.53%); to improve monetary policy transmission, BI introduced new incentives tied to banks' pace of rate adjustments. **Latin American assets performed mixed.** Stocks declined, led by Chile (-1.0%) and Mexico (-0.6%). In FX, Colombia (+0.9%) and Mexico (+0.4%) led gains, while the Chilean peso weakened 0.8% against the US dollar.

Brazil

Banco Master collapsed this week after executives allegedly created fake credit instruments and sold them to another lender, leading regulators to order liquidation. Bloomberg reports that the CEO announced a rescue deal but was arrested hours later. The failure is a major shock for Brazilian finance, with Brazil's deposit-insurance fund (FGC) potentially facing losses of up to 55 billion reais and big banks required to refill the fund. About 41 billion reais are owed to 1.6 million creditors, many of whom bought Master's bonds through platforms advertising them as FGC-backed investments.

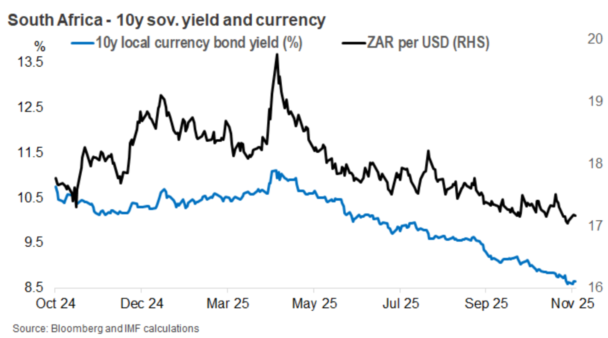
China

The €4bn ($4.6bn) euro-denominated bonds sales drew record demand, with orders exceeding 26 times the offering—the highest ever for a euro deal by China, Bloomberg reported. This follows the $4bn dollar bond sale on November 5, which attracted nearly 30 times coverage, signaling strong investor confidence as global trade tensions ease. Fidelity notes that global investors are seeking diversification, while euro assets also offer currency gains, tighter spreads, and attractive returns. Robust demand allowed the Ministry of Finance to tighten pricing: the 4yr tranche was set at 5bps over mid-swaps (vs. 28bps initial guidance), and the 7yr at 13bps (vs. 38bps). Separately, offshore investors conducted ¥13.1bn ($1.84bn) of bond repurchases in October via the Bond Connect scheme, a platform that allows overseas investors access to onshore Chinese bonds. This figure is up sharply from the ¥810mn bought in September, after rules expanded access to repo transactions from Hong Kong SAR. The move aims to boost foreign interest in yuan assets by improving liquidity. However, central bank data also shows that foreign outflows persist, with overseas holdings in the interbank market falling -¥50bn to ¥3.73tn in October, the lowest since December 2023, likely due to low yields. Today, the stock market gained (CSI 300: +0.44%), while the yuan remained steady against the dollar.



South Africa

October headline inflation in South Africa surprised on the downside, rising to 3.6% y/y but coming in below consensus estimates of 3.7%. Core inflation declined to 3.1% (3.2% prior). Goldman Sachs analysts see this as the “local peak in inflation” and forecast it to remain in the 3.2–3.3% range over the next two months. Today’s print comes ahead of tomorrow’s MPC meeting, where markets expect a 25bps cut to take the policy rate to 6.75%. Bloomberg notes that last week’s adoption of a new 3% inflation target is expected to help guide inflation lower over time and support future rate cuts. The 10yr government bond yield traded steady at 8.65%, while the rand was slightly firmer at 17.17 per dollar.



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

11/19/25 7:47 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		6,617	-0.8	-3.3	-0.7	11.8	13
Europe		5,540	0.1	-4.3	-1.2	16.6	13
Japan		48,538	-0.3	-4.9	-1.3	26.6	22
China		4,588	0.4	-1.2	1.1	15.1	17
Asia Ex Japan		92	-0.7	-2.9	-0.7	24.0	28
Emerging Markets		54	-0.5	-2.8	-0.3	24.5	29
Interest Rates					basis points		
US 10y Yield		4.1	0	4	10	-28	-46
Germany 10y Yield		2.7	-2	5	11	35	32
Japan 10y Yield		1.8	3	8	14	71	67
UK 10y Yield		4.6	0	16	2	11	-2
Credit Spreads					basis points		
US Investment Grade		121	2	4	3	2	1
US High Yield		365	7	21	10	51	37
Exchange Rates					%		
USD/Majors		99.7	0.2	0.2	1.3	-6.1	-8
EUR/USD		1.16	0.0	-0.1	-0.5	9.3	12
USD/JPY		156.3	0.5	0.9	3.6	1.0	-1
EM/USD		46.2	0.1	-0.1	0.6	4.2	8
Commodities					%		
Brent Crude Oil ($/barrel)		63.5	-2.2	1.2	3.9	-10.9	-11
Industrials Metals (index)		150.9	1.0	-2.1	0.9	4.3	8
Agriculture (index)		57.2	-0.3	1.1	5.4	1.3	0
Gold ($/ounce)		4118.6	1.3	-1.8	-5.5	56.5	57
Bitcoin ($/coin)		91495.3	-1.0	-3.7	-16.0	-0.9	-2
Implied Volatility					%		
VIX Index (%, change in pp)		23.8	-0.9	6.3	3.0	7.4	6.4
Global FX Volatility		7.1	0.0	0.2	-0.3	-1.5	-2.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		62	-1	1	-3	-24	-24
Italy		74	-2	1	-6	-48	-42
France		74	-1	1	-4	0	-9
Spain		50	-1	0	-3	-21	-20

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

Emerging Market Financial Indicators

Last updated: 11/19/2025 7:47 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		7.11	0.0	0.0	0.2	1.8	2.7		1.8	0	0	-3	-19	15
Indonesia		16703	0.3	0.0	-0.8	-5.2	-3.6		6.0	-1	-2	11	-86	-101
India		89	0.0	0.1	-0.7	-4.7	-3.4		7.0	2	9	20	-25	-35
Philippines		59	0.1	0.4	-1.3	-0.2	-1.9		4.7	0	2	-9	-31	-21
Thailand		32	0.1	0.3	0.9	6.8	5.2		1.8	-5	-11	8	-70	-54
Malaysia		4.15	0.3	-0.4	1.9	7.8	7.8		3.4	-1	######	-2	-41	-37
Argentina		1398	-0.8	1.0	5.7	-28.6	-26.3		31.6	82	97	-2033	328	244
Brazil		5.33	-0.1	-0.7	0.9	8.3	15.9		13.5	-2	4	-36	19	-238
Chile		933	0.0	-0.3	1.9	4.1	6.6		5.2	0	-13	-21	-29	-50
Colombia		3722	0.9	0.4	4.4	18.3	18.4		12.1	5	35	62	141	26
Mexico		18.32	0.2	-0.1	0.4	9.8	13.7		8.8	-3	-11	17	-120	-154
Peru		3.4	-0.3	-0.2	0.0	12.5	10.9		6.0	-1	1	-8	-67	-58
Uruguay		40	0.0	-0.1	0.0	7.1	10.4		7.8	2	3	10	-162	-182
Hungary		330	0.6	0.6	1.3	16.9	20.6		6.7	1	13	22	28	31
Poland		3.65	0.3	0.0	-0.3	12.1	13.2		4.7	-1	-1	-7	-62	-83
Romania		4.4	0.0	-0.2	-0.5	6.9	9.3		6.9	1	1	-28	-3	-42
Russia		80.6	0.6	0.8	0.4	24.6	40.8							
South Africa		17.1	0.3	-0.3	0.5	5.3	9.9		9.0	6	-17	-41	-147	-146
Türkiye		42.36	0.0	-0.6	-1.3	-18.6	-16.5		32.7	-13	-12	-20	185	299
US (DXY; 5y UST)		100	0.2	0.2	1.3	-6.1	-8.1		3.68	0	1	9	-58	-70

	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		4,588	0.4	-1.2	1.1	15.1	16.6		95	5	1	-5	-1
Indonesia		8,407	0.5	0.2	3.9	17.1	18.7		89	2	-9	-4	-2
India		85,186	0.6	0.9	1.0	9.8	9.0		92	3	-2	14	6
Philippines		5,814	1.0	1.7	-4.4	-16.7	-11.0		76	3	-1	-7	-3
Thailand		1,272	0.2	-1.0	-1.0	-13.0	-9.1						
Malaysia		1,624	0.6	-0.5	1.0	1.6	-1.1		62	3	5	-2	-8
Argentina		2,932,664	0.2	-0.9	47.4	38.0	15.7		624	17	-470	-158	-13
Brazil		156,522	-0.3	-0.8	9.2	22.1	30.1		204	7	2	-13	-43
Chile		9,809	-1.0	-0.9	7.4	49.8	46.2		95	-5	-8	-21	-18
Colombia		2,071	0.0	-0.5	7.6	51.2	50.1		241	-4	-27	-86	-85
Mexico		61,984	-0.6	-1.8	0.4	23.4	25.2		220	5	-2	-86	-92
Peru		2,237	-0.5	-4.7	-4.0	19.2	32.0		99	-2	-3	-46	-42
Hungary		107,354	1.2	-0.7	4.3	37.7	35.3		139	8	3	-11	-16
Poland		109,606	1.1	-2.8	1.7	41.9	37.7		86	-2	-9	-25	-26
Romania		23,291	-0.7	0.0	6.9	35.9	39.3		195	3	-12	-14	-40
South Africa		111,583	1.1	-1.2	0.8	32.0	32.7		228	-12	-30	-59	-65
Türkiye		10,905	1.6	2.5	6.8	18.1	10.9		253	-2	-24	-2	-6
EM total		54	-0.1	-2.8	-0.3	24.5	29.2		282	1	-9	-93	-82

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

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