



- US debt markets issuance increased in Q3 ([link](#))
- Canada headline inflation surprises upwards in October ([link](#))
- Euro area wage growth accelerates but December rate cut still expected ([link](#))
- UK inflation surprises marginally on the upside ([link](#))
- EM bond issuance volumes saw a rebound last week ([link](#))
- PBoC keeps loan prime rates unchanged amid RMB's depreciation ([link](#))
- The rand continues to weaken after October inflation surprises on the downside ([link](#))

[Mature Markets](#)




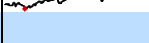







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Markets cautiously recover after yesterday's volatile session

Global equities gained modestly this morning after yesterday's volatile session marked by geopolitical headlines. Investors appeared to be looking ahead to Nvidia's results later today, shrugging off concerns over rising geopolitical tensions between Ukraine and Russia. Despite an opening in the red, the Nasdaq gained +1% and the S&P 500 was up +0.4% yesterday, while US equity futures signaled a positive opening this morning. Investors will scrutinize Nvidia's quarterly results to see if the tech giant can continue its remarkable run reflecting the prospects of AI hardware spending, with its stock steady in premarket trading today after gaining 4.9% yesterday. In fixed income, advanced economy sovereign bond yields increased, reversing course after yesterday's drop. In the UK, gilt yields were seeing larger moves this morning with a marginal upside surprise in the October inflation print reinforcing expectations for a BoE hold in December. In emerging markets, the PBoC kept loan prime rates unchanged, with the one-year rate at 3.10% and the five-year rate at 3.60%, as expected. Market contacts interpreted this pause in monetary easing as a tactical delay to prevent further depreciation of the RMB amid the strong dollar.

Key Global Financial Indicators

Last updated: 11/20/24 8:04 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		5917	0.4	-1	1	30	24
Eurostoxx 50		4765	0.3	1	-4	10	5
Nikkei 225		38352	-0.2	-1	-2	15	15
MSCI EM		43	-0.1	0	-5	9	8
Yields and Spreads			bps				
US 10y Yield		4.42	2.8	-3	34	0	54
Germany 10y Yield		2.38	3.8	-1	19	-24	35
EMBIG Sovereign Spread		334	-3	11	-3	-92	-49
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		44.2	-0.3	0	-2	-8	-8
Dollar index, (+) = \$ appreciation		106.6	0.4	0	3	3	5
Brent Crude Oil (\$/barrel)		73.6	0.4	2	1	-11	-4
VIX Index (% change in pp)		16.2	-0.1	2	-2	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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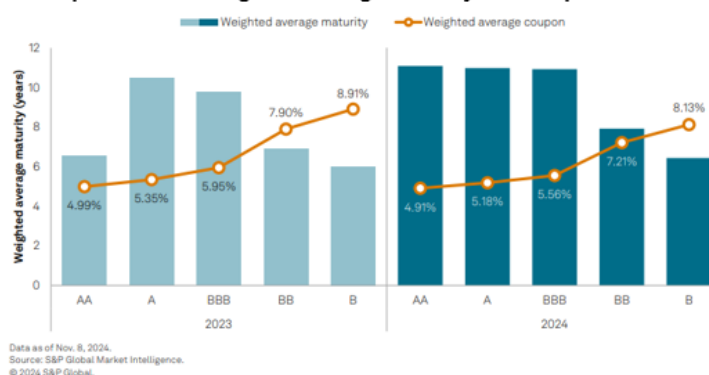
United States

Markets reacted to growing global tensions yesterday. On Tuesday, Moscow's nuclear threats in response to Washington's decision to permit Ukraine to employ US-supplied weaponry to strike Russia caused stocks to fall, although end-session losses were mostly concentrated in Europe (Eurostoxx -0.8%; Poland -2.5%, Hungary and Romania -1.6%). In the US, the Nasdaq Composite gained 1%, led by Nvidia shares (4.9%)—ahead of its highly anticipated earnings results—while the S&P 500 was 0.4% up as investors cautiously shrugged geopolitical concerns. US Treasury yields fell modestly with 10-year yields -2 bps lower. Brent crude wavered, closing at \$73 a barrel and gold prices surged +0.8% to \$2,632 an ounce.

US debt markets issuance increased in Q3.

US bond issuance increased in 2024, a report by S&P Global Market Intelligence showed. In particular, expectations of lower policy rates prompted more money to flow into fixed-income markets through the end of the third quarter. US corporate bond issuance increased to \$1.56 tn in the first three quarters of this year compared to \$1.2 tn in the same period last year. US investment-grade bond issuance reached monthly volumes of \$195 bn in January and \$170 bn in September. On average, corporates issued longer maturity debt in 2024 than in the previous year across all rating categories, also aided by lower average coupons. S&P Global Market Intelligence data showed that the credit curve's high-yield end saw the biggest reduction in borrowing costs. The market absorbed the more than 70% increase in US high-yield issuance this year, which reached \$260 bn through the third quarter.

US corporate bond weighted average maturity and coupon issuance



Canada

Canada headline inflation surprised upwards in October.

After a string of downside surprises, Tuesday's increase in headline inflation (2% y/y vs 1.9% predicted and 1.6% previously) jolted yields by +6 bps and caused the currency to strengthen +0.4%. The primary drivers of the higher-than-expected inflation were higher food and clothing costs, gasoline prices above seasonal highs, and property taxes, which in October grew at 6.0%—the highest rate since 1992. Bloomberg analysts believe much of the annual inflation increase came from adverse base effects, which the Bank of Canada (BoC) could look through. Market odds for more than a cut in December remain high, although they have been scaled back by about 2.5 bps since the inflation print. Governor Macklem pointed out that the BoC still has the option to deviate from the Fed, but analysts believe the BoC Governing Council may be persuaded to

Canada CPI-inflation surprises upwards

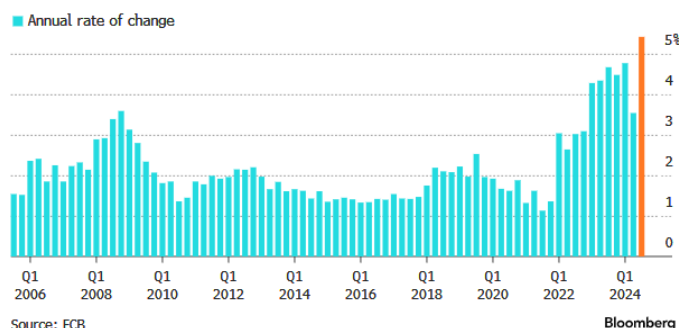


slow down easing if the Fed opts for a slower pace of cuts and the Canadian labor market's cooling ends-up being more moderate than expected.

Euro area

European equities were mixed this morning, with markets focused on Nvidia's quarterly results due later today. The Stoxx 600 index was 0.3% higher, with most sectors trading in the green, retracing some of yesterday's losses. **European government bonds were marginally higher this morning with the 10y bund (+3bps) trading at around 2.36%.** The euro was trading weaker against the dollar (-0.4% to 1.0551). In money markets, **an ECB rate cut still priced in December as analysts expect the ECB to look through the increase in Q3 negotiated pay growth data.** Data released this morning showed **Q3 negotiated wage growth accelerating to 5.4%y/y**, with Bloomberg analysts noting the largest increase in wages since the introduction of the common currency in 1999. JP Morgan analysts argue that the ECB would look through this increase and continue to expect that euro area pay growth would slow significantly in 2025 as catch-up effects related to inflation fade. Bloomberg analysts think that the euro area's inflation outlook together with weak underlying growth momentum supports expectations for further ECB easing, with the next rate cut expected in December. Markets have scaled back ECB rate easing expectations for 2025 and are now pricing in 134 bps of easing by October 2025, compared to 150 bps yesterday. For the upcoming ECB meeting in December, markets are pricing in roughly 29 bps of easing.

Euro-Zone Negotiated-Wage Growth Jumps



Japan

Japan's continued trade deficit weighed on investor sentiment, contributing to the yen's depreciation (-0.7%) and stock market decline (NIKKEI 225: -0.2%; TOPIX: -0.4%). In October, Japan recorded a trade deficit of ¥461 bn (\$3 bn), marking the fourth consecutive month of deficits. While exports increased by 3.1% y/y, rising import costs—driven by a weak yen and high energy prices—kept imports larger than exports, which rose by 0.4% y/y. Notably, exports benefited from a 1.5% increase in exports to China, especially shipments of semiconductor-manufacturing equipment, after a previous decline of 7.3% in September. However, demand weakened in some regions, with exports to the US and Europe falling by 6.2% and 11.3%, respectively. An economist from Moody's Analytics warned that US-China trade frictions could disrupt the supply chain and hinder export recovery, which could, in turn, slow the pace of interest rate increases by the Bank of Japan.

Emerging Markets

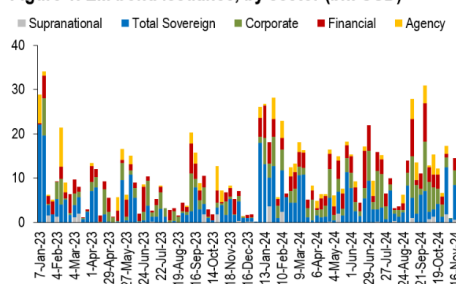
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Asian stock markets had mixed performance, with the Philippines outperforming (+2.5%), while others fluctuated slightly as investors were assessing the potential escalation of the Russia-Ukraine war and awaiting earnings results from chip giant Nvidia later today. **Bank Indonesia kept its interest rate unchanged at 6%**, as expected, and emphasized the priority of the rupiah's stability. Analysts attributed the pressure on the rupiah to a slower pace of monetary easing, noting that the Indonesian rupiah has weakened nearly 4% against the dollar in November, and foreign investors have withdrawn over \$1 bn from Indonesian markets this month. **Asian currencies broadly depreciated. EMEA equities mostly traded higher this morning, while currencies were under pressure.** CEE currencies mostly weakened to the euro with the Hungarian forint underperforming (-0.5% to 410.49/€). Equities gained in South Africa (+0.8%), while the rand (-0.4%) continued to weaken ahead of the decision of the central bank tomorrow. LATAM currencies were modestly stronger yesterday. While the Mexican peso (+0.5%), and the Colombian peso (+0.2%) appreciated, others closed only marginally **stronger**. The Brazilian real, however, **weakened** -0.5%. Reportedly, the country's central bank governor has voiced concerns about the progress being made towards the fiscal target. Regional equities also mostly traded higher, except Mexico (-0.5%). **The central bank of Chile kept the counter-cyclical buffer requirements (CCyB) unchanged at 0.5% of risk weighted assets for banks.** The central bank maintained that the “external scenario” is a risk to domestic credit conditions, while announcing this unanimous decision.

EM bond issuance

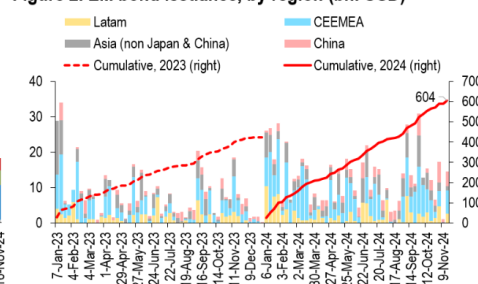
EM bond issuance rebounded to \$14.5 bn in the week ending on November 16th. The week's issuance was dominated by the sovereign sector (\$7.9 bn), followed by the non-financial corporate sector (\$3.4 bn), while financials raised \$2.7 bn. In terms of regional distribution, CEEMEA and China accounted for majority of the issuance at \$6.7 bn and \$4.1 bn, respectively. Issuance volumes in EM Asia ex-China were muted at \$1.2 bn, significantly lower than the average weekly volume of \$2.9 bn in 2024. This has taken the cumulative bond issuance in EMs to \$604 bn for YTD 2024, vs. about \$422 bn for the corresponding period of last year.

Figure 1. EM bond issuance, by sector (bn. USD)



Sources: Bond Radar, and IMF staff calculations

Figure 2. EM bond issuance, by region (bn. USD)

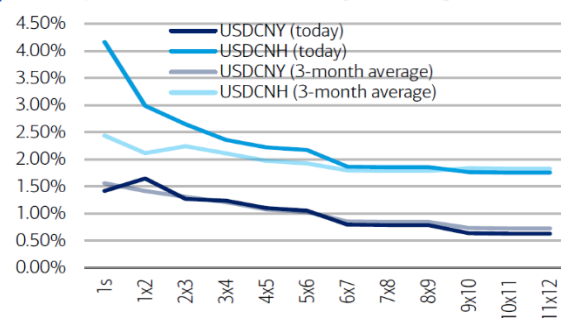


China

The People's Bank of China (PBoC) kept loan prime rates unchanged, with the one-year rate at 3.10% and the five-year rate at 3.60%, as expected. Economists at Bloomberg interpreted this pause in monetary easing as a tactical delay to prevent further depreciation of the RMB amid a strong dollar. They anticipate that the PBoC will lower rates in the coming quarters to support a struggling economy facing pressures from potential US tariff hikes, deflationary risks, sluggish consumption, and declining corporate profitability. Additionally, a report published by BofA Securities highlighted a **significant divergence in implied yields between the onshore (CNY) and offshore (CNH) RMB**, a 265 bps gap in 1-month FX-Implied yields, which indicates differing funding environments and sentiments onshore and offshore. The report suggested that to stabilize the yuan, the PBoC is likely to maintain a low USDCNY fixing and tighten CNH funding, aiming to manage depreciation pressures while balancing the costs of these measures against the goal of RMB internationalization. Today, the RMB depreciated slightly both onshore (-0.1%) and offshore (-0.2%). Chinese stocks gained both onshore (CSI 300: +0.2%) and offshore (HSI: +0.2%).

Exhibit 5: Divergence in USDCNH and USDCNY FX-Implied Yield (%)

FX-implied yields between CNY and CNH is beginning to diverge as the market expect the PBoC to defend the RMB by CNH funding



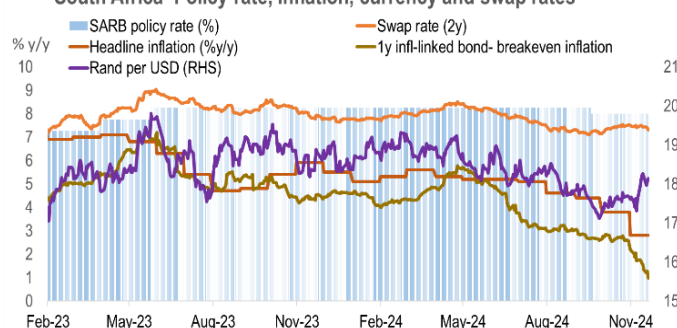
Source: Bloomberg

BofA GLOBAL RESEARCH

South Africa

The rand (-0.4%) continued to weaken after today's October inflation print came below expectations. Headline inflation softened in October to 2.8% y/y (vs. est. 3%), from 3.8% y/y in September, while on a sequential basis prices declined by -0.1% m/m (vs. est. 0.1% m/m) on the back of lower fuel costs. Core inflation softened in line with expectations to 3.9% y/y in October from 4.1% y/y in September. With inflation approaching the lower end of the central bank's 3%-6% target range, consensus expects the MPC to cut the benchmark rate by 25 bps to 7.75% tomorrow. Analysts at Bloomberg, however, highlighted that the central bank might become concerned from the recent weakness of the rand, which has weakened by around 2% since Trump's victory—the worst performing currency in Africa since the US election.

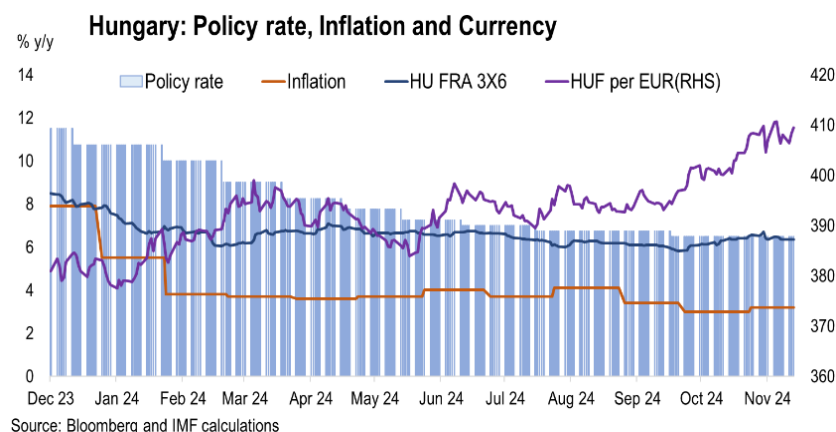
South Africa- Policy rate, inflation, currency and swap rates



Source: Bloomberg and IMF calculations

Hungary




















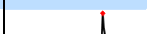

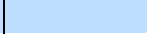


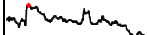
The forint weakened -0.3% to the euro this morning, trading at HUF409.40/€, after the central bank (NBH) kept on hold its policy base rate at 6.5% yesterday, in line with expectations. Deputy governor Virag said that the NBH is ready to keep interest rates at the current level for a “sustained period” amid geopolitical tensions, market volatility and persistent inflation risks. ING noted that hawkish messages dominated the NBH’s assessment, which focused on increasing divergence between the Fed and the ECB, the associated risk aversion and capital outflows from emerging markets, as well as the further escalation of geopolitical risks as factors justifying a patient and stability-oriented approach by the NBH.



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

11/20/24 8:03 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		5,917	0.4	-1.1	0.9	30.1	24
Europe		4,765	0.3	0.5	-4.4	9.7	5
Japan		38,352	-0.2	-1.0	-1.6	14.9	15
China		3,986	0.2	-3.0	1.5	11.4	16
Asia Ex Japan		74	0.1	0.1	-5.4	12.2	12
Emerging Markets		43	-0.1	-0.1	-5.5	8.9	8
Interest Rates			basis points				
US 10y Yield		4.4	3	-3	34	0	54
Germany 10y Yield		2.4	4	-1	19	-24	35
Japan 10y Yield		1.1	1	3	10	33	46
UK 10y Yield		4.5	6	-2	44	37	96
Credit Spreads			basis points				
US Investment Grade		119	-1	3	-2	-29	-15
US High Yield		311	-3	7	-25	-120	-74
Exchange Rates			%				
USD/Majors		106.6	0.4	0.1	3.0	3.1	5
EUR/USD		1.1	-0.4	-0.1	-2.4	-3.5	-4
USD/JPY		155.8	0.8	0.2	3.3	5.0	10
EM/USD		44.2	-0.3	0.2	-2.2	-8.4	-8
Commodities			%				
Brent Crude Oil (\$/barrel)		73.6	0.4	1.8	1.3	-7.1	-1
Industrials Metals (index)		146.2	1.0	2.5	-2.9	4.1	2
Agriculture (index)		56.3	-0.3	0.5	1.3	-14.6	-10
Implied Volatility			%				
VIX Index (%, change in pp)		16.2	-0.1	2.2	-1.8	2.8	3.8
Global FX Volatility		8.6	0.0	0.1	-0.1	1.1	0.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		86	0	-1	1	-36	-18
Italy		122	1	-2	5	-51	-45
Portugal		46	1	-1	2	-19	-18
Spain		71	0	-2	2	-28	-26

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

Emerging Market Financial Indicators

Last updated: 11/20/2024 8:03 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		7.25	-0.1	-0.2	-1.7	-1.1	-2.0		1.9	-1	1	-7	-77	-64
Indonesia		15871	-0.2	-0.5	-2.3	-2.7	-3.0		6.9	1	-2	24	24	42
India		84	0.0	0.0	-0.4	-1.3	-1.4		7.2	0	-1	10	-32	3
Philippines		59	-0.2	-0.3	-2.3	-5.8	-6.0		4.9	-2	-2	13	-98	-69
Thailand		35	-0.5	0.5	-3.4	1.5	-1.3		2.4	1	0	-2	-63	-33
Malaysia		4.47	0.0	-0.5	-3.7	4.4	2.7		3.8	-1	-3	7	-1	12
Argentina		1002	-0.3	-0.4	-1.9	-64.7	-19.3		28.4	9	-224	-1069	-8176	-5797
Brazil		5.77	-0.4	-0.3	-1.3	-15.9	-15.9		12.8	-5	7	8	172	239
Chile		973	-0.1	0.7	-2.1	-9.9	-9.4		5.2	0	-13	15	-2	33
Colombia		4392	0.3	1.3	-2.6	-8.1	-11.8		8.3	-1	-24	-17	5	61
Mexico		20.22	-0.5	1.4	-1.2	-15.3	-16.1		9.2	1	-26	-30	33	76
Peru		3.8	0.0	-0.1	-0.8	-1.6	-2.4		6.7	0	1	29	-37	4
Uruguay		43	0.3	-1.0	-2.8	-7.5	-8.9		9.4	-1	0	-21	-7	-9
Hungary		389	-0.9	-0.7	-4.5	-10.7	-10.7		6.5	7	-16	-13	-10	77
Poland		4.11	-0.4	0.1	-2.7	-3.2	-4.2		4.7	3	-25	-30	-7	26
Romania		4.7	-0.4	-0.1	-2.5	-3.6	-4.4		6.9	-1	12	27	6	67
Russia		100.1	0.3	-1.6	-3.6	-11.6	-10.7							
South Africa		18.1	-0.4	0.5	-2.8	1.2	1.3		8.7	-6	-14	-24	-56	-45
Türkiye		34.47	0.1	-0.3	-0.7	-16.5	-14.3		30.2	-17	28	49	12	344
US (DXY; 5y UST)		107	0.4	0.1	3.0	3.1	5.2		4.28	2	-2	40	-16	44

	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		3,986	0.2	-3.0	1.5	11.4	16.2		100	0	-14	-65	-58	
Indonesia		7,180	-0.2	-1.8	-7.5	2.7	-1.3		93	15	0	-31	-3	
India		77,578	0.0	-2.4	-4.5	18.2	7.4		80	-1	-13	-46	-36	
Philippines		6,976	2.5	3.9	-5.9	12.8	8.1		82	17	3	-18	2	
Thailand		1,462	0.2	0.8	-1.8	3.0	3.3		0	0	0	0	0	
Malaysia		1,598	-0.3	-0.8	-2.9	9.7	9.9		65	5	-4	-24	-20	
Argentina		2,124,413	2.8	6.9	16.5	229.3	128.5		750	-69	-350	-1673	-1163	
Brazil		128,197	0.3	0.3	-1.8	1.8	-4.5		213	9	6	-13	-2	
Chile		6,549	0.1	-0.1	-1.4	12.1	5.7		114	4	4	-27	-11	
Colombia		1,370	0.6	2.4	0.6	21.8	14.6		320	10	18	-4	49	
Mexico		50,222	-0.5	-2.4	-5.3	-4.7	-12.5		301	13	4	-65	-33	
Peru		30,631	-0.1	0.5	-0.4	37.4	18.0		137	2	3	-21	-7	
Hungary		78,547	0.7	1.8	5.8	38.1	29.6		153	13	10	-41	4	
Poland		78,079	1.1	-2.8	-5.5	4.4	-0.5		112	10	6	-3	15	
Romania		17,275	0.8	-2.3	-0.7	17.8	12.4		211	16	27	-5	10	
South Africa		85,118	0.7	1.6	-2.4	14.5	10.7		283	15	12	-64	-25	
Türkiye		9,252	0.2	-0.5	5.2	16.4	23.8		254	6	-21	-107	-60	
EM total		43	-0.3	-0.1	-5.5	8.9	8.0		371	9	-10	-21	26	

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

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