GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, NOVEMBER 21, 2025
LEAD EDITOR: JOHANNES S. KRAMER

- **Third quarter corporate earnings resilient with strength broadening beyond Mag 7** (link)
- **Strong foreign demand for US equities as investors become more constructive on dollar** (link)
- **Miss in euro area PMI and wage data triggers tech pullback and mild Bund rally** (link)
- **JGBs recover as Takaichi announces stimulus, vowing to keep issuance below 2024** (link)
- **Sterling stays in focus as markets eye fiscal plans ahead of the November 26 budget** (link)
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Softer Euro Area Data Spur Modest Bond Bid as Risk Appetite Stays Muted

Markets ended the week on a defensive footing. Equities reversed early gains after Nvidia's strong results failed to offset broader concerns about elevated valuations, while Fed officials appeared increasingly reluctant to underwrite a December cut—undermining bullish sentiment built on hopes for policy easing. A mixed US labor report and softer euro area data added to the cautious tone, with weaker services PMIs and wage figures supporting a modest bid for bunds. In Japan, bond yields stabilized after PM Takaichi announced the largest stimulus package since the pandemic, pledging to keep issuance below 2024 levels. With few details on whether this will be achieved via higher revenues, spending reallocation, reserve use, or other non-bond channels, attention now turns to next week's 40-year bond auction as a test of credibility. In the UK, concerns about potential tax hikes and tighter fiscal targets in the 26 November budget are weighing on sterling, as they risk complicating the BoE's easing path. Meanwhile, Colombia's new bond issuance and buyback plan triggered a rotation into eligible bonds, weighing on longer-dated debt.

Key Global Financial Indicators

Last updated: 11/21/25 8:33 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6539	-1.6	-3	-3	10	11
Eurostoxx 50		5531	-0.7	-3	-3	16	13
Nikkei 225		48626	-2.4	-3	-1	25	22
MSCI EM		53	-1.4	-3	-2	23	27
Yields and Spreads					bps		
US 10y Yield		4.06	-2.3	-9	10	-36	-51
Germany 10y Yield		2.69	-2.4	-3	14	37	33
EMBIG Sovereign Spread		269	3	5	-17	-62	-56
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.0	-0.3	-1	0	4	7
Dollar index, (+) = $ appreciation		100.2	0.0	1	1	-6	-8
Brent Crude Oil ($/barrel)		62.9	-0.7	-2	3	-15	-16
VIX Index (%, change in pp)		25.4	-1.0	6	8	9	8

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

Mature Markets

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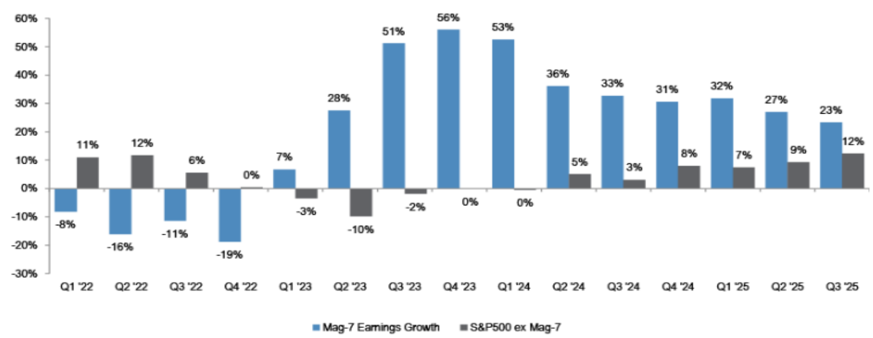
United States

Markets came under pressure amid mixed macro signals and position-driven flows. Treasury yields fell (-4 bps) across the curve after the September non-farm payrolls release. Investors focused on signs of labor market softening with a higher unemployment rate and a strong headline number that boiled down to only average job growth once revisions are accounted for. Later in the morning, Fed commentary leaned cautious on further easing, keeping rate expectations little changed. In equities, Nvidia's upbeat guidance lifted markets (+1.4%) at the open, but the rally quickly reversed. The S&P 500 closed down (-1.5%), with the Nasdaq posting a larger round-trip. The sharp turn around 10:30 a.m. came without a clear trigger. Market contacts pointed to technical and systematic flows, citing heavy ETF and futures activity versus lighter single-stock volumes. Some analysts also noted possible linkages to crypto markets, which remained under pressure after nearly $850 mn in liquidations over the past 24 hours.

Q3 corporate earnings have come in broadly resilient, with strength broadening beyond the largest tech names. As the Q3 reporting season winds down, corporates have generally delivered strong headline performance, with both sales and profit margins beating expectations. Importantly, earnings delivery has continued to broaden beyond the largest tech names. While Mag7 earnings growth stayed robust at 23% y/y, the gap with the rest of the index has narrowed further: S&P500 ex Mag7 posted 12% y/y EPS growth, the fastest pace since 2022.

Figure 2: Mag-7 and S&P500 ex Mag-7 earnings growth



Foreign demand for US equities remains strong. Following a soft start to the year, net foreign purchases of US equities resumed in May and accelerated through September, with cumulative inflows reaching about $485bn over that period, based on balance of payment data. About one quarter of these flows originated from the Caribbean region, often a proxy for hedge fund activity, while foreign official institutions accounted for about 12%. The remainder reflects a broad pickup in foreign retail participation. At the same time, net purchases of currency hedged US-equity ETFs domiciled outside the US have moderated in recent months, suggesting investors are less concerned about currency risks.

Figure 9: Net inflows into US, Euro area and Japanese portfolio assets from foreign investors YTD

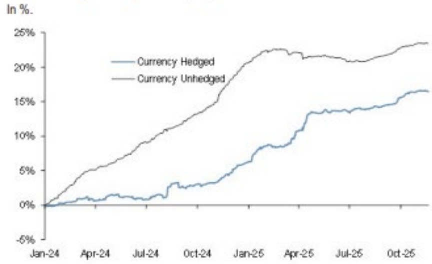
In $bn.

	US		Euro eara		Japan	
$bn	Equities	Bonds	Equities	Bonds	Equities	Bonds
Jan	-17	19	43	42	4	13
Feb	20	121	72	15	-17	10
Mar	5	178	29	-4	-22	21
Apr	-17	-50	-32	26	26	37
May	116	201	1	91	18	-2
Jun	164	31	54	67	8	15
Jul	-16	85	22	37	16	25
Aug	89	92	60	-8	3	3
Sep	133	76	56	16	-24	1
2025 YTD	477	752	306	283	12	123

Source: US Treasury, ECB, BoJ, J.P. Morgan Flows & Liquidity

Figure 10: Cumulative inflow into top 100 currency-hedged and top 100 currency unhedged US equity ETFs domiciled outside the US

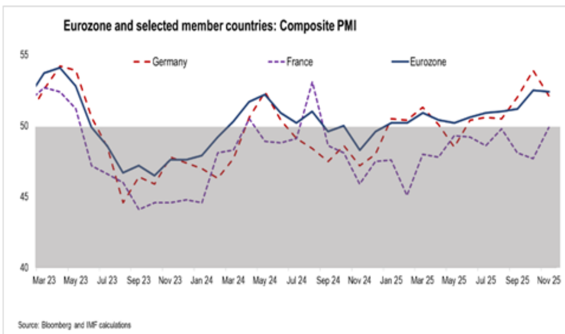
In %.

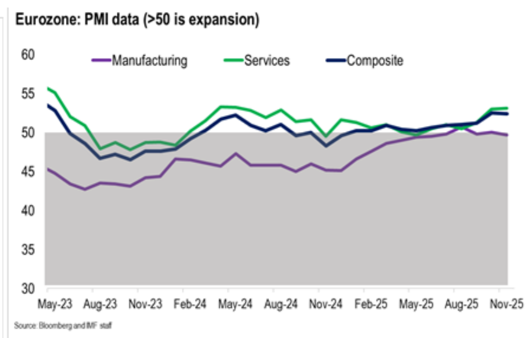


Source: Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity.

Euro area

Softer data on top of broader concerns spur mild rally in Bunds. The Stoxx 600 slipped (-0.6%) with broad declines, led by tech (-2.8%). Eurozone bond yields moved lower across the curve, with the 2y Bund at 1.99% (-2 bps) and the 10y at 2.68% (-2 bps), while the euro edged down (-0.1%) to $1.1519/€. ECB data showed negotiated wage growth in Q3 slowed sharply to 1.87% (exp. 2.45% from revised 4.01%), surprising markets and prompting traders to price in deeper rate cuts. By October 2026, futures now imply -42 bps of easing, -4 bps more than yesterday. November PMIs came in broadly in line—composite at 52.4 (exp. 52.5 from 52.5), services at 53.1 (exp. 52.8 from 53.0), and manufacturing at 49.7 (exp. 50.1 from 50.0).

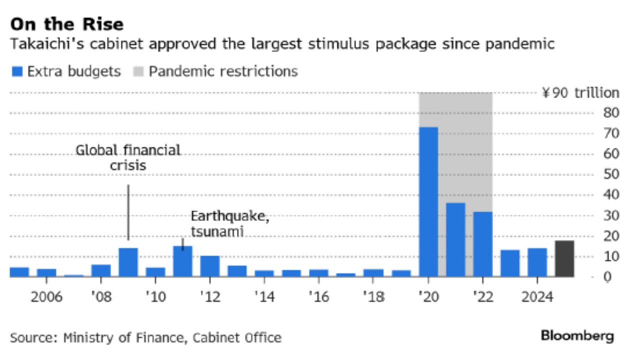




Bank forecasts remain mixed but signal broadly stable inflation ahead. UBS analysts expect November headline inflation to hold at 2.1% y/y, and see no immediate ECB move while flagging the possibility of a cut to 1.75% over the next six months if inflation stays muted. HSBC also sees steady headline inflation, noting services reaccelerated as euro strength passes through into easing goods prices. Deutsche Bank analysts see the ECB in a good place, arguing that the central bank is done with its easing cycle.

Japan

JGB yields rebounded from tops yesterday. Yields at the 2y tenor declined (-2bps) to 0.95% on the day. Yields in longer tenors fell more with 10y yields (-4bps) at 1.78% and 30y (-6 bps) at 3.32%. The yen fractionally appreciated (+0.5%) to ¥156.69/$.



Japan's biggest stimulus since the pandemic aims to ease cost pressures. PM Takaichi's plan, judged by Credit Agricole FX analysts to be in line with market expectations, includes ¥17.7 tn ($112 bn) in general account spending, likely funded by an extra budget, with the total package reaching ¥21.3 tn. Most of the measures worth ¥11.7 tn target price relief, including household subsidies for gas and electricity bills through March. They also include measures worth ¥1 tn to scrap the gasoline tax, and an increase in the income tax-free threshold, estimated to cost ¥1.2 tn. Meanwhile, new bond issuance this fiscal year is expected to stay below last year's ¥42.1 tn, according to Takaichi. The government estimates JGB issuance will fall about 20%, citing "ample consideration [given] to fiscal sustainability", but how much will be sourced from non-bond items remains unconfirmed in today's public communications. Investors and analysts will be looking for further specifics in government documentation and will be closely watching next week's 40y JGB auction for market reaction.

United Kingdom

Weaker risk sentiment and mixed data weighed on UK markets. Pound sterling edged lower (-0.1%) to $1.3052/£, while the FTSE 100 slipped (-0.8%), tracking global equity weakness. Gilts outperformed peers, with 2y yields down (-3bps) to 3.75%, and 10y and 30y yields falling (-5bps) to 4.53% and 5.36%, respectively. November PMIs delivered a mixed signal. The composite release missed, printing at 50.5 (exp. 51.87 from 52.2), dragged down by services which dropped to 50.5 (exp. 52.0 from 52.3). The manufacturing index surprised to the upside, returning to expansion with a reading of 50.2 (exp. 49.2 from 49.7).

Fiscal concerns remain in focus ahead of the 26 November budget, adding to headwinds for sterling. As noted in yesterday's GMM, sterling volatility has picked up as traders question how much room remains for fiscal easing without complicating the BoE's path. Since then, market commentary suggests growing consensus around the expected scale of fiscal tightening. Nomura projects £25–30 bn in consolidation by 2029/30, including £5–10 bn in extra headroom, and expects the BoE to cut in December and April, reaching a terminal rate of 3.50%. JP Morgan estimates similar tightening—just over £25 bn—which could shave off -0.2pp. from 2026 GDP growth with limited disinflation effect. They see only modest additional BoE cuts, which could help support the pound into early 2026.

Emerging Markets back to top

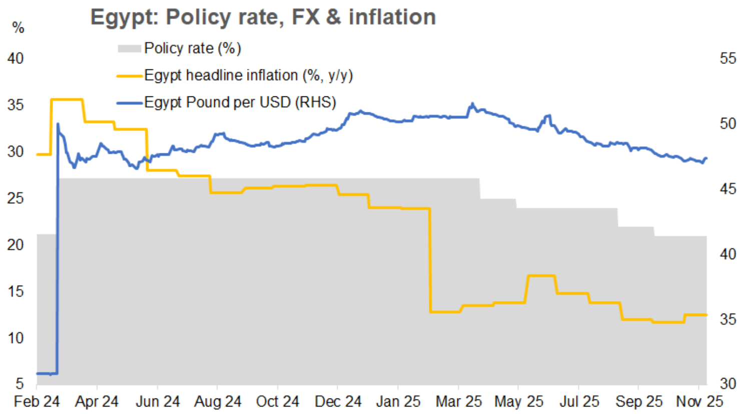
This morning, EMEA markets continued to reflect a continuation of weaker sentiment. In CEE, equities in Romania were underperforming (-2.3%) with CEE currencies weaker against the euro. Elsewhere, the Turkish lira depreciated (-0.2%) to 42.44/$. Reflecting the risk-off tone, the South African rand depreciated (-0.5%) to 17.33/$.

Concerns over AI valuations weighed on Asian equities. The Korean Kospi (widely seen as a proxy for AI sentiment) sharply corrected (-4.2%) during the day before paring losses into the close (-3.8%). With the Kospi up as much as 76% ytd two weeks ago, analysts flagged it as a prime candidate for profit taking. Elsewhere, the Nikkei, the CSI 300 and the Hang Seng all lost (-2.4%) on the day. Currency markets stayed quieter after yen pared losses during the week.

Yesterday, Latin American markets fell on weaker investor risk sentiment. Stocks declined in Mexico (-0.7%), Brazil (-0.7%), Chile (-0.7%), Colombia (-1.6%), and Peru (-2.9%). Currencies depreciated in Mexico (-0.3%) and Colombia (-1.3%) against the US dollar.

Egypt

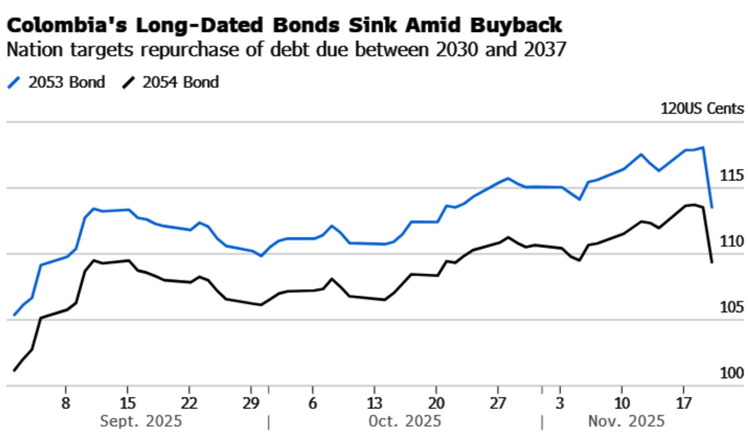
The Central Bank of Egypt surprised markets with a rate hold. On Thursday, the Central Bank of Egypt (CBE) kept its policy rate unchanged at 21.0%, defying analyst calls for a 100bp cut. In its statement, the bank cited still-high inflation—headline CPI rose to 12.5% y/y in October from 11.7%—and near-term upside risks as reasons for caution. Goldman Sachs analysts expect inflation to stay elevated in the coming months but see room for future cuts given a slowing core trend and high real rates. The analysts also see the CBE leaning hawkish near term to "build credibility as an inflation-targeting central bank." They forecast the easing cycle to resume in Q1 2026, with total cuts of around -700bps to a terminal rate of 13% by Q1 2027.



Source: Bloomberg and IMF calculations

Colombia

Colombia is issuing new Eurobonds for the second time since September. The government is offering notes due in 2030, 2034, and 2038 with yields of 4.7%, 5.9%, and 6.6%, respectively. According to market contacts, the yield guidance is about 15 bps below initial talk indications. The sale will fund a debt-buyback program aimed at lowering borrowing costs. Authorities plan to repurchase $4–6 bn of bonds, focusing on maturities between 2030 and 2037. This follows earlier tender offers and a $9 bn total return swap in Swiss francs. Debt maturing in 2053 was the worst performer among emerging-market peers, dropping four cents to 113.7 cents on the dollar. As investors rotate toward bonds expected to benefit from the buyback, the 2053s have come under pressure—not due to credit concerns but for technical reasons. The buyback program excludes the 2053 bond, leaving it without the price support or liquidity lift expected for eligible bonds. Also, its longer maturity and higher duration make it more sensitive to curve repricing, especially as new supply in the 2030–2038 range resets par yields at 4.7% to 6.6%. Finally, the bond's high 8.75% coupon keeps its price at a steep premium, exposing buy-and-hold investors to pull-to-par drag and limited upside.



Source: Bloomberg

China

Offshore bond issuance by a real estate developer could test investor appetite. China Jinmao Holdings Group, partly owned by Sinochem Holdings (run by the central government), plans its first overseas bond in Hong Kong SAR in over three years. Moody's rates the builder at Ba2, below investment grade. The company aims to sell a 3y yuan-denominated note, known as a dim sum bond. According to Bloomberg, this would be its first offshore note in any currency since March 2022. Market watchers are following investor reception to gauge government support for the property sector. The dim sum bond market has continued to expand. Deutsche Bank estimates issuance tripled from 2022 to 2024, reaching RMB 1.4 tn (about $196.5 bn). Since then, volumes have remained strong, and analysts expect issuance to rise further, driven by low interest rates in China versus the US, a broader investor base in Hong Kong SAR, and deeper offshore liquidity.

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

11/21/25 8:34 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		6,553	-1.6	-2.7	-2.7	10.2	11
Europe		5,531	-0.7	-2.9	-2.7	16.3	13
Japan		48,626	-2.4	-3.5	-1.4	25.4	22
China		4,454	-2.4	-3.8	-4.4	15.2	13
Asia Ex Japan		91	-1.4	-3.5	-2.9	22.2	25
Emerging Markets		53	-1.4	-3.3	-2.2	22.7	27
Interest Rates					basis points		
US 10y Yield		4.1	-2	-9	10	-36	-51
Germany 10y Yield		2.7	-2	-3	14	37	33
Japan 10y Yield		1.8	-5	7	12	68	68
UK 10y Yield		4.5	-4	-3	7	10	-2
Credit Spreads					basis points		
US Investment Grade		121	0	2	4	2	1
US High Yield		365	1	12	13	60	36
Exchange Rates					%		
USD/Majors		100.2	0.0	0.9	1.3	-6.4	-8
EUR/USD		1.15	-0.1	-0.9	-0.7	10.0	11
USD/JPY		156.8	-0.4	1.5	3.2	1.5	0
EM/USD		46.0	-0.3	-0.6	0.1	4.5	7
Commodities					%		
Brent Crude Oil ($/barrel)		62.9	-0.7	-2.3	3.1	-11.9	-12
Industrials Metals (index)		149.3	-0.4	-2.0	-0.5	3.4	6
Agriculture (index)		55.4	-0.8	-1.4	1.6	-1.4	-3
Gold ($/ounce)		4068.1	-0.2	-0.4	-1.4	52.4	55
Bitcoin ($/coin)		83241.8	-4.5	-10.9	-24.9	-15.1	-11
Implied Volatility					%		
VIX Index (%, change in pp)		25.4	-1.0	5.6	7.5	8.5	8.0
Global FX Volatility		7.1	0.0	0.0	-0.1	-1.5	-2.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		62	0	-1	-2	-24	-23
Italy		76	0	0	-3	-50	-40
France		78	0	4	-2	-1	-5
Spain		51	0	0	-2	-21	-18

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

Emerging Market Financial Indicators

Last updated: 11/21/2025 8:34 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	0.1	-0.1	0.2	1.9	2.7		1.9	0	0	-4	-17	16
Indonesia		16700	0.2	0.0	-0.7	-4.6	-3.6		6.0	2	1	10	-85	-100
India		89	-0.8	-0.7	-1.7	-5.5	-4.3		7.0	1	5	21	-23	-35
Philippines		59	0.4	0.4	-1.0	0.3	-1.7		4.7	0	4	-4	-29	-22
Thailand		32	-0.1	-0.2	0.9	6.6	5.0		1.8	2	-4	6	-67	-51
Malaysia		4.15	0.2	-0.4	2.0	7.7	7.8		3.4	0	-1	-5	-38	-38
Argentina		1425	-1.3	-1.2	3.7	-29.6	-27.6		31.4	-90	-68	-2136	304	223
Brazil		5.38	-0.8	-1.5	0.2	8.2	14.9		13.5	0	4	-27	28	-239
Chile		936	-0.7	-1.0	1.9	4.0	6.3		5.2	2	-5	-18	-27	-47
Colombia		3787	-0.6	-0.8	2.8	16.0	16.3		12.2	2	30	66	159	38
Mexico		18.47	-0.4	-0.9	-0.2	10.6	12.8		8.8	0	-2	16	-109	-153
Peru		3.4	0.0	-0.2	-0.2	12.4	10.7		6.0	0	-9	-10	-75	-65
Uruguay		40	0.1	0.1	0.2	7.2	10.6		7.8	1	3	9	-162	-182
Hungary		333	-0.3	-0.6	0.9	18.0	19.4		6.7	1	4	21	31	30
Poland		3.68	-0.2	-1.3	-0.7	12.6	12.1		4.8	0	3	-2	-49	-80
Romania		4.4	-0.1	-1.0	-0.8	7.5	8.7		6.8	-2	-2	-31	-5	-42
Russia		78.8	1.5	2.6	3.3	28.5	44.0							
South Africa		17.4	-0.7	-1.6	0.2	4.3	8.5		9.0	-6	1	-38	-146	-151
Türkiye		42.44	-0.2	-0.4	-1.2	-18.7	-16.7		32.4	4	-43	-24	176	271
US (DXY; 5y UST)		100	0.0	0.9	1.3	-6.3	-7.6		3.62	-3	-11	6	-68	-76

	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		4,454	-2.4	-3.8	-4.4	15.2	13.2		98	6	3	-2	2
Indonesia		8,414	-0.1	0.5	1.7	16.9	18.8		93	10	-6	1	2
India		85,232	-0.5	0.8	1.2	7.7	9.1		94	5	-1	13	8
Philippines		5,997	1.1	7.4	0.2	-11.5	-8.1		80	9	0	-2	1
Thailand		1,254	-2.1	-1.2	-4.5	-13.3	-10.4						
Malaysia		1,618	-0.1	-0.5	0.3	1.7	-1.5		63	4	-2	-1	-7
Argentina			-0.7	-1.1	37.3	28.5	12.5		638	14	-415	-88	1
Brazil		154,781	-0.7	-1.5	7.4	21.9	28.7		206	7	6	-1	-41
Chile		9,727	-0.7	1.3	6.7	47.5	45.0		97	-2	-6	-14	-16
Colombia		2,029	-1.6	-1.1	7.4	46.2	47.1		254	13	-15	-58	-72
Mexico		61,672	-0.7	-2.4	1.5	22.9	24.6		223	7	2	-76	-89
Peru		2,198	-3.5	-4.4	-3.4	17.8	29.7		100	0	-1	-39	-41
Hungary		107,093	-0.4	-0.2	3.5	35.2	35.0		140	1	5	-12	-15
Poland		108,914	-1.3	-2.5	-0.5	37.8	36.9		89	7	-5	-22	-23
Romania		22,705	-1.9	-3.1	3.2	31.2	35.8		196	4	-13	-14	-39
South Africa		109,595	-2.1	-2.1	0.6	28.1	30.3		231	10	-27	-52	-62
Türkiye		10,844	-1.2	2.6	3.6	15.8	10.3		254	6	-22	0	-5
EM total		53	-1.9	-3.3	-2.2	22.7	27.0		281	2	-8	-86	-83

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

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