GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, NOVEMBER 25, 2025

LEAD EDITOR: PATRICK SCHNEIDER

- **Sterling volatility has risen ahead of UK budget announcement** (link)
- **Some analysts believe markets may be underpricing further ECB rate cuts** (link)
- **Japanese regional banks are considering more consolidation** (link)
- **Analysts lowered their interest rate forecasts for Brazil for 2026** (link)
- **Tech firms with more debt are facing greater scrutiny from investors** (link)

Mature Markets | Emerging Markets | Market Tables

Global Market Volatility Eases while Equity Markets Continue to Recover

Markets were relatively quiet this morning, with global equities posting modest gains while Treasury yields were slightly lower. In Asia, tech stocks helped drive broader gains as investors appear to be moving past the recent turmoil. US futures were little changed this morning after stocks rose nearly 1.6% yesterday. Investors have been differentiating among tech stocks as they search for winners and losers from the AI cycle. Google set new record highs this week following strong reviews for its recent model. On the data front, lagged September data for US PPI printed at 0.3% m/m (vs 0.3% expected), while retail sales came in below expectations at 0.2% m/m (vs 0.4% expected). ADP payrolls data showed job losses averaging 13.5k over the previous four weeks from November 8. Elsewhere, UK markets were relatively quiet ahead of the budget announcement tomorrow but activity in sterling options markets has accelerated in recent days as investors look for protection against any surprises. Bitcoin prices stabilized but have yet to meaningfully recover from the steep sell off in recent weeks and remain below 90k. Brent crude prices fell this morning following headlines that Ukraine had agreed to terms of a peace deal, though the details remained unclear.

Key Global Financial Indicators

Last updated: 11/25/25 8:33 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		6705	1.5	0	-1	12	14
Eurostoxx 50		5563	0.6	1	-2	16	14
Nikkei 225		48660	0.1	-3	-1	27	22
MSCI EM		54	1.1	-1	-3	24	28
Yields and Spreads			bps				
US 10y Yield		4.01	-1.3	-10	1	-26	-56
Germany 10y Yield		2.68	-1.4	-3	5	47	31
EMBIG Sovereign Spread		273	-1	7	-7	-56	-52
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.1	0.2	0	0	5	8
Dollar index, (+) = $ appreciation		99.9	-0.2	0	1	-6	-8
Brent Crude Oil ($/barrel)		62.6	-1.2	-3	-5	-14	-16
VIX Index (%, change in pp)		20.1	-0.4	-5	4	5	3

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

Mature Markets

back to top

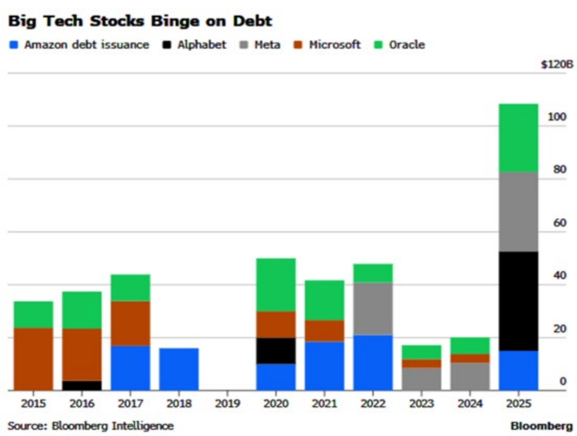
United States

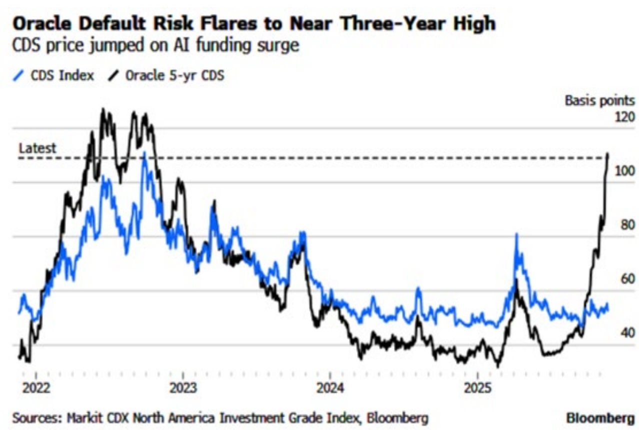
US stocks continued to rally on Monday, with the S&P500 rising 1.55% amid broad-based gains. The benchmark index is now up nearly 3% from last week's lows, bolstered by increased hopes for a rate cut at the upcoming FOMC meeting. Treasury yields also edged lower by 2–4 bps.

Lagged September data showed a mixed picture, with retail sales below expectations, reinforcing concern about consumers. PPI data (m/m) was in line but y/y figures were slightly above expectations. Treasury yields declined slightly heading into the release, but were little changed thereafter.

	Period	Surveyed	Actual	Prior	*Revised*
Retail Sales Advance MoM	Sep	0.4%	**0.2%**	0.6%	
Retail Sales Control Group	Sep	0.3%	**-0.1%**		0.6%
PPI Final Demand MoM	Sep	0.3%	**0.3%**	-0.1%	
PPI Final Demand YoY	Sep	2.6%	**2.7%**	2.6%	*2.7%*

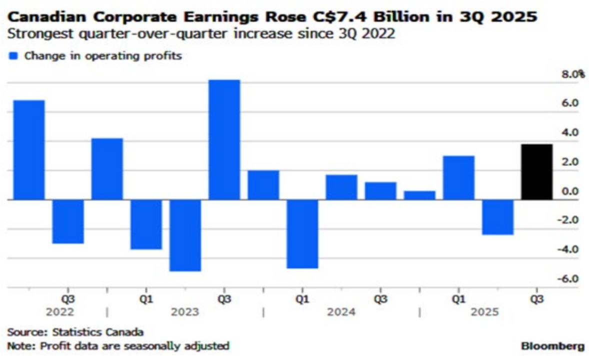
Investors are increasingly focused on rising leverage among big tech companies to fund their AI investment. Bloomberg calculations showed that the five largest AI spenders (Amazon, Alphabet, Microsoft, Meta, and Oracle) have issued over $100 billion in debt in 2025, more than triple the average of the past decade (left chart below). Markets now expect AI leaders to operate with structurally more leveraged balance sheets, implying a higher risk profile and greater market volatility during risk-off shocks. Analysts have flagged Oracle as the textbook example with aggressive borrowing in recent quarters, including more complicated financing structures. Oracle's CDS spreads have moved sharply wider, while its stock price has fallen nearly 40%. Firms with higher debt have come under heavy pressure during the recent market volatility, while investors have rewarded those with a clearer path towards monetizing large capital expenditures.

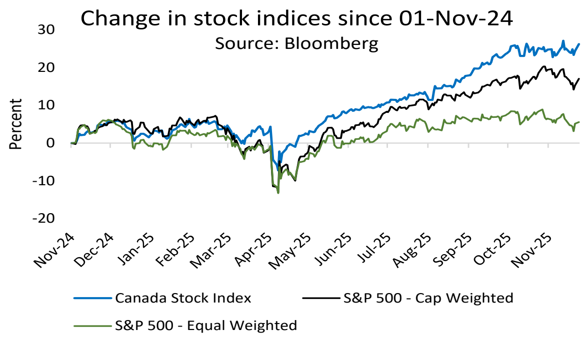




Canada

Canadian corporates have delivered strong earnings despite tariff pressures and elevated unemployment. Third quarter operating profits rose at the fastest pace since 2022 (3.8%) after a downturn in the second quarter. The significant weight for financials supported overall earnings growth, as sectoral profits rose 6% on lower provisions for credit losses. While tariffs on steel, aluminum, autos, and lumber remain in place and the growth outlook remains subdued, BMO analysts noted that many products enter the US under the USMCA and firms have been able to defend their profit margins in many cases. Canadian stocks have outperformed the S&P500 this year and gained nearly 24%.

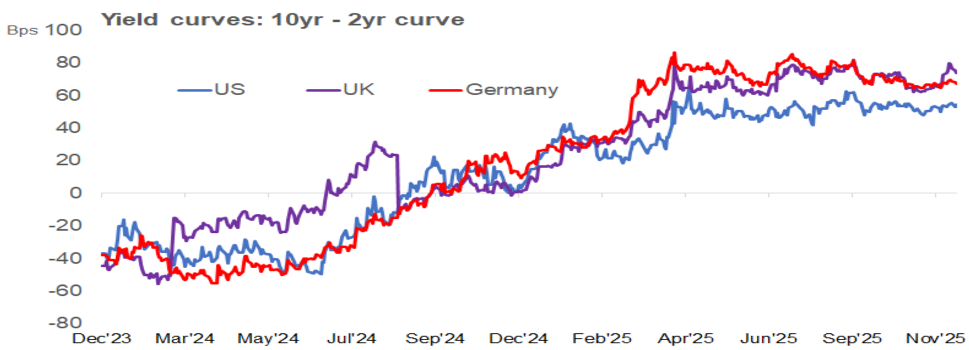




Europe

European markets were little changed ahead of US data releases. Equities were up slightly (Stoxx 600 +0.2%) while country indices were mixed. European government bond yields were trading slightly lower with the 10y Bund yield at 2.69%. The 10y OAT-Bund spread was broadly steady at 75 bps while the 10y BTP-Bund spread edged lower to 74 bps. Elsewhere, the euro gained incrementally against the dollar at 1.1533. On the data front, final Q3 German GDP printed in line with the earlier flash estimate of 0.0% q/q.

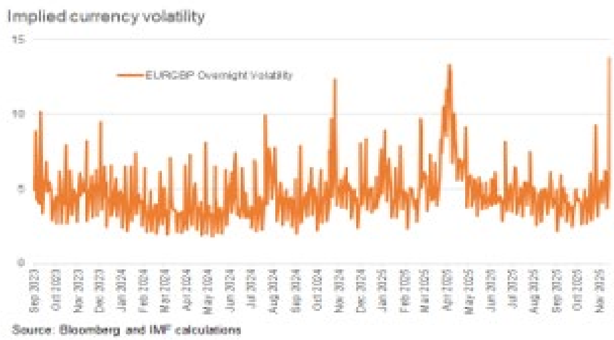
Some analysts expect European yield curves to steepen as the market may be underpricing further ECB rate cuts. Money market pricing for additional ECB rate cuts has remained relatively static with around 9 bps of easing priced in through October 2026. However, some fund managers believe that markets may be underestimating the prospect of further ECB rate cuts. According to Bloomberg, managers at Fidelity and Amundi expect at least two additional rate cuts from the ECB in 2026 with the asset managers citing slowing eurozone growth as well as a more dovish US Fed. In addition, elevated government bond supply to fund defense and other infrastructure related programs could weigh on the long end of the curve. Amundi expects the 2s10s curve to steepen to around 100 bps, up from around 67 bps currently.



Source: Bloomberg and IMF calculations

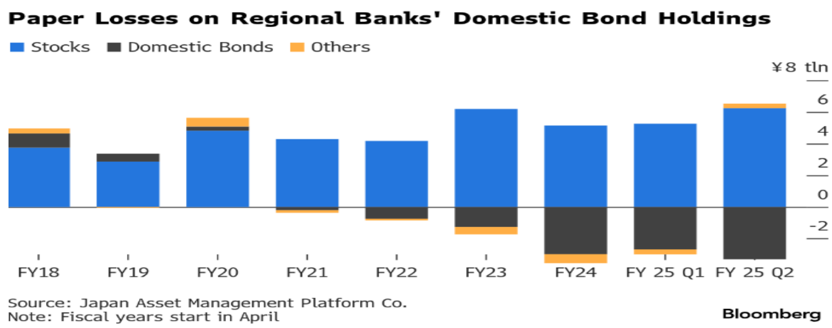
United Kingdom

Sterling overnight volatility has risen ahead of the UK budget announcement. The cost of protection via options against large moves in sterling has risen to a seven-month high, according to Bloomberg data. Overnight volatility in the pound against the euro has risen to the highest level since mid-April on an intra-day basis and is at the highest closing level since June 2023. Separately, positioning data from DTCC suggests that market participants have been leaning bearish on the pound against the euro and the dollar this month. Elsewhere, ING analysts noted that one-week EUR/GBP implied volatility is also elevated relative to realized volatility, with the highest gap since the 2022 Mini Budget. This morning, the pound sterling was slightly stronger in spot markets against the dollar and little changed against the euro. UK gilt yields were also trading mostly sideways, with the 10y at 4.54% and the 30y at 5.35%.



Japan

Japanese regional banks are considering consolidation amid rising competition and pressure from surging bond yields. Some lenders are facing increased competition for deposits as interest rates rise and new online banks or fintech firms grow in popularity. Rising bond yields have increased their unrealized losses on debt holdings, which stood at about ¥3.3 tn ($21 bn) at the end of September, nearly three times larger than FY23. Regional banks collectively hold over ¥500 tn ($3 tn) of total assets (Bloomberg data), with major players like Yokohama Financial Group and Fukuoka Financial Group exceeding ¥20 tn each, creating a “threshold for survival”, according to Ariake Capital. Bank consolidation is expected to increase, with some deals already planned. Daishi Hokuetsu Financial Group and Gunma Bank are planning to integrate under a holding company, with details to be finalized in 2026, while Chiba Bank and Chiba Kogyo Bank have also agreed to join forces. Japanese stocks were little changed today (Nikkei: +0.1%), while the yen firmed (+0.3%) against the dollar on expectations of a narrower US-Japan rate differential amid growing bets on a Fed rate cut.



Emerging Markets

back to top

EMEA equities were mostly higher this morning, while currencies were mixed. In CEE, Polish equities outperformed (0.5%). Ukraine’s USD bonds held on to recent gains amid reports of progress in peace talks. Elsewhere, Turkish equities declined (-0.3%), while South African equities gained (+0.3%) alongside the rand (+0.2%). The central bank of Nigeria is expected to cut its policy rate by 50 bps today to 26.5%. The naira was up slightly ahead of the decision.

In Asia, regional equity markets mostly gained (EM Asia +1.5%) on Tuesday, supported by a rebound in tech stocks. Chinese stocks gained (CSI300 +1%) on renewed optimism for tech stocks and hopes for easing geopolitical tensions after a reported call between President Trump and President Xi Jinping. Regional currencies also appreciated modestly, led by the Korean won (+0.5%), Indonesian rupiah (+0.3%), and Chinese yuan (+0.2%). Local media reported that Korean authorities held a meeting with brokerages to review their currency conversion practices and explore possible improvements amid concerns that large dollar purchase orders by local brokerages may distort supply-demand dynamics and structurally weaken the won, which has depreciated 2.1% against the dollar over the past month.

In Latin American, regional equity markets were mostly higher on Monday, with Brazil (+0.3%) and Mexico (+1%) posting modest gains. Currencies also edged higher, as regional assets benefit from increasing expectations of a Fed rate cut at the upcoming December meeting. However, the outlook for commodity prices, notably soft oil prices, may weigh on certain markets.

Brazil

Market analysts reduced their policy rate forecasts for 2026 for the first time since September. Analysts lowered their forecast by 25 bps to 12% in the latest survey by Brazil's central bank, with data collected through November 21st. Brazil's SELIC rate currently stands at 15%, one of the highest policy and real interest rates among major financial markets, as policymakers continue to combat inflation running above the 3% target. Central bank governor Gabriel Galipolo remarked last week that "a scenario is emerging where monetary policy is indeed having an effect, but doing so gradually, slowly, and progressively moving toward" the bank's objectives. The survey results point to inflation slowing only gradually over the coming years. Brazilian assets have performed strongly this year, with the real gaining nearly 15% and domestic equities rising nearly 30% in local currency terms.

Median - Aggregate	2025 4 weeks ago	1 week ago	Today	Weekly Trend *	Resp. **	5 working days	Resp. ***
IPCA (%)	4.56	4.46	4.45	▼ (2)	152	4.43	105
GDP (% growth)	2.16	2.16	2.16	= (4)	120	2.15	73
Exchange Rate (R$/US$)	5.41	5.40	5.40	= (1)	126	5.40	76
Selic Target (% p.a)	15.00	15.00	15.00	= (22)	145	15.00	89

Median - Aggregate	2026 4 weeks ago	1 week ago	Today	Weekly Trend *	Resp. **	5 working days	Resp. ***
IPCA (%)	4.20	4.20	4.18	▼ (1)	150	4.17	105
GDP (% growth)	1.78	1.78	1.78	= (4)	117	1.78	73
Exchange Rate (R$/US$)	5.50	5.50	5.50	= (6)	124	5.50	76
Selic Target (% p.a)	12.25	12.25	12.00	▼ (1)	143	12.00	87

Median - Aggregate	2027 4 weeks ago	1 week ago	Today	Weekly Trend *	Resp. **
IPCA (%)	3.82	3.80	3.80	= (3)	128
GDP (% growth)	1.83	1.88	1.88	= (2)	87
Exchange Rate (R$/US$)	5.50	5.50	5.50	= (4)	92
Selic Target (% p.a)	10.50	10.50	10.50	= (41)	115

Median - Aggregate	2028 4 weeks ago	1 week ago	Today	Weekly Trend *	Resp. **
IPCA (%)	3.54	3.50	3.50	= (3)	114
GDP (% growth)	2.00	2.00	2.00	= (89)	82
Exchange Rate (R$/US$)	5.50	5.50	5.50	= (4)	84
Selic Target (% p.a)	10.00	10.00	9.75	▼ (1)	103

Source: Central Bank of Brazil.

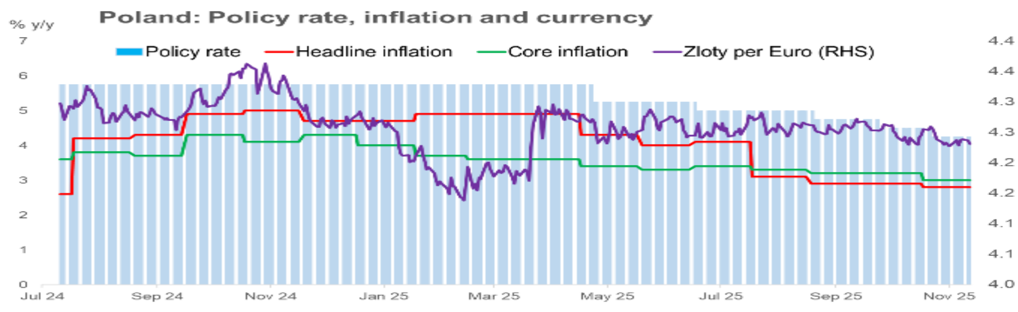
China

Major Chinese banks have reportedly built long yuan positions in the onshore FX options market. Bloomberg noted that these positions are primarily for hedging rather than speculation, as state-owned banks hold sizable net-long dollar exposures following increased client dollar sales. The 1-year risk reversal fell below zero to an 11-year low. Banks have adopted strategies such as buying dollar puts near the 6.8 yuan strike and selling risk-reversals on shorter tenors. If the yuan strengthens during the 6–12 month horizon, exercising dollar puts would offset losses on dollar holdings.

Poland

October retail sales surprised to the upside at 5.5% y/y (vs 3.8% expected, 6.6% prior). ING expects Polish GDP to accelerate in Q4 from 3.7% in Q3 on strong consumption. Nevertheless, the analysts still expect the central bank to cut its policy rate by 25 bps to 4% in December amid softer inflation and stable energy prices. JPMorgan analysts expect growth to reach 4.5% in 2025 and 4.4% in 2026. **The zloty edged marginally higher (0.1%) against the euro this morning after inflation slowed to 2.8% y/y in October (vs 2.9% prior), while consensus expects inflation to further decline to 2.6% in November.** Government bond yields were little changed. Deutsche Bank has a constructive view on Polish government bonds, driven by continued rate cuts, disinflation, and attractive valuations. Analysts believe that the Polish

Treasury's cash buffer and the upcoming €44 bn from EU SAFE funds will reduce supply pressure. They are forecasting 5y and 10y bond yields to decline 21 bps and 39 bps respectively by year end.



Source: Bloomberg and IMF calculations

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.

Disclaimer: *This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.*

Global Financial Indicators

	Level		Change				
11/25/25 6:52 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,705	1.5	0.5	-1.3	12.0	14
Europe		5,535	0.1	0.0	-2.5	15.3	13
Japan		48,660	0.1	-3.3	-1.3	25.5	22
China		4,490	1.0	-1.7	-3.7	16.7	14
Asia Ex Japan		92	1.1	-1.4	-3.0	23.6	27
Emerging Markets		54	1.1	-1.2	-2.6	23.9	28
Interest Rates					basis points		
US 10y Yield		4.0	0	-9	2	-25	-54
Germany 10y Yield		2.7	-1	-2	6	47	32
Japan 10y Yield		1.8	3	6	15	73	70
UK 10y Yield		4.5	-2	-4	8	17	-6
Credit Spreads					basis points		
US Investment Grade		120	-1	0	7	0	0
US High Yield		359	-4	1	16	54	30
Exchange Rates					%		
USD/Majors		100.2	0.0	0.6	1.2	-6.2	-8
EUR/USD		1.15	0.1	-0.5	-1.0	9.8	11
USD/JPY		156.5	-0.3	0.6	2.3	1.4	0
EM/USD		46.0	0.0	-0.2	0.0	4.9	8
Commodities					%		
Brent Crude Oil ($/barrel)		63.0	-0.6	-2.9	-3.4	-10.4	-12
Industrials Metals (index)		150.7	0.5	0.9	-2.0	3.4	7
Agriculture (index)		55.9	0.2	-2.6	2.1	-0.7	-2
Gold ($/ounce)		4132.3	-0.1	1.6	3.8	57.4	57
Bitcoin ($/coin)		87458.0	-1.5	0.3	-21.5	-6.7	-7
Implied Volatility					%		
VIX Index (%, change in pp)		20.6	0.1	-4.1	4.2	6.0	3.3
Global FX Volatility		7.2	0.0	0.0	0.1	-1.5	-2.0
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		61	0	-2	-5	-27	-24
Italy		74	0	-1	-5	-52	-41
France		74	-1	-1	-6	-7	-8
Spain		50	0	0	-3	-23	-19

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

Emerging Market Financial Indicators

11/25/2025 6:43 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		7.09	0.2	0.3	0.3	2.3	3.0		1.9	0	1	-4	-14	17
Indonesia		16662	0.2	0.5	-0.3	-4.8	-3.4		6.1	3	6	15	-83	-95
India		89	0.0	-0.7	-1.1	-5.5	-4.1		7.0	-1	-1	14	-26	-38
Philippines		59	-0.1	0.1	0.0	0.1	-1.8		4.6	-1	-1	-4	-32	-23
Thailand		32	0.5	0.4	1.2	7.2	5.5		1.8	-4	-7	-1	-72	-56
Malaysia		4.13	0.1	0.7	1.9	7.7	8.2		3.4	0	-2	-4	-37	-38
Argentina		1425	-1.3	-1.2	3.7	-29.6	-27.6		31.4	0	61	-1396	301	223
Brazil		5.39	0.2	-1.1	0.0	7.8	14.6		13.5	-7	-10	-18	16	-247
Chile		939	0.1	-0.7	0.3	4.0	6.0		5.2	0	2	-18	-27	-48
Colombia		3802	0.1	-1.2	1.3	15.4	15.9		12.3	2	26	69	167	47
Mexico		18.48	0.2	-0.7	-0.4	9.9	12.7		8.9	1	2	15	-117	-149
Peru		3.4	0.1	-0.7	0.0	11.5	10.5		5.9	-3	-16	-13	-76	-70
Uruguay		40	0.0	0.2	0.4	7.8	10.6		7.8	0	2	0	-162	-182
Hungary		331	0.2	0.1	0.7	17.7	19.9		6.7	-4	-2	21	43	29
Poland		3.67	0.2	-0.3	-1.0	11.9	12.6		4.7	-7	-8	-14	-55	-91
Romania		4.4	0.0	-0.5	-1.1	7.4	8.8		6.8	-1	-1	-23	-18	-44
Russia		79.3	-1.0	2.3	0.0	31.1	43.2							
South Africa		17.3	0.2	-0.4	-0.2	4.7	9.2		9.0	-1	6	-31	-129	-145
Türkiye		42.44	0.0	-0.2	-1.3	-18.6	-16.7		32.5	4	-34	18	262	278
US (DXY; 5y UST)		100	0.0	0.6	1.2	-6.3	-7.7		3.60	1	-9	-1	-58	-78

	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		4,490	1.0	-1.7	-3.7	16.7	14.1		100	6	7	-1	4
Indonesia		8,522	-0.6	1.9	3.0	16.5	20.4		99	11	7	6	8
India		84,587	-0.4	-0.1	0.4	5.6	8.3		93	3	3	15	7
Philippines		5,976	-0.8	3.8	-0.2	-12.8	-8.5		85	11	10	3	6
Thailand		1,269	1.3	-0.1	-3.4	-12.1	-9.4						
Malaysia		1,612	-0.4	-0.1	-0.1	0.9	-1.9		65	4	6	-1	-5
Argentina		2,761,615	-3.1	-7.7	33.0	24.5	9.0		644	17	-442	-105	7
Brazil		155,278	0.3	-1.6	6.2	20.3	29.1		209	9	6	8	-38
Chile		9,803	-0.2	-0.1	6.7	49.7	46.1		101	5	2	-13	-12
Colombia		2,000	-2.0	-3.5	2.8	43.0	44.9		270	33	12	-45	-56
Mexico		62,523	1.0	0.3	2.3	24.5	26.3		227	11	12	-71	-85
Peru		2,286	2.4	1.7	0.1	24.6	34.9		103	3	4	-36	-38
Hungary		107,948	0.2	1.8	3.6	35.8	36.1		147	9	17	-5	-8
Poland		109,627	0.5	1.1	-1.6	37.7	37.8		94	8	2	-17	-18
Romania		22,904	0.7	-2.3	1.6	34.9	37.0		203	10	2	-7	-32
South Africa		110,308	0.3	-0.1	-0.1	30.0	31.2		237	12	-11	-40	-56
Türkiye		10,855	-0.3	1.2	-0.8	12.4	10.4		258	9	0	5	-1
EM total		54	-0.1	-1.2	-2.6	23.9	28.3		284	5	1	-82	-80

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

back to top