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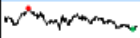






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## AI optimism fuels positive start to month

Most major global equity indices are higher this morning as trade worries have continued to ease and US earning releases have fueled confidence in the prospects for AI. The S&P 500 closed October higher by over 2%, marking a sixth consecutive monthly gain, and is poised to start November in the green as earnings in the tech sector have outpaced expectations. Futures on the S&P 500 are higher this morning, matching similar gains in European and Asian stocks. This week will see several major central bank meetings. Most are expected to maintain rates at their current level, with the exception of Mexico and Poland, where markets anticipate a cut. With the US shutdown continuing, markets will pay attention to private sector data, including the ADP report to be released this Wednesday in order to get a sense of conditions in the labor market. In emerging markets, Nigerian dollar bonds are somewhat lower this morning after US president Trump warned of potential military action. The dollar bond maturing in 2051 is 0.5 pts lower on the day.

Key Global Financial Indicators

Last updated: 11/3/25 8:49 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
<b>Equities</b>			%				%
S&P 500		6840	0.3	1	2	19	16
Eurostoxx 50		5685	0.4	0	1	17	16
Nikkei 225		52411	2.1	6	15	38	31
MSCI EM		55	-0.2	0	2	24	32
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.11	3.1	13	-1	-28	-46
Germany 10y Yield		2.65	2.1	4	-4	25	29
EMBIG Sovereign Spread		262	-4	-17	-21	-75	-63
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		45.9	0.1	0	0	3	7
Dollar index, (+) = \$ appreciation		99.9	0.1	1	2	-4	-8
Brent Crude Oil (\$/barrel)		64.8	0.0	-1	0	-11	-13
VIX Index (% change in pp)		17.5	0.1	2	1	-4	0

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

In the week ahead, a busy monetary policy calendar features expected holds from the BoE, RBA, Riksbank, Norges Bank, Brazil, Malaysia and the Czech Republic, while Mexico and Poland are set to cut. With the US government shutdown delaying key releases—including payrolls, trade, and JOLTS—markets will look to the October ADP report for labor signals and ISM manufacturing and services surveys for clues on rate expectations and USD momentum. Treasury's quarterly financing estimates will finalize Q4 borrowing needs. Elsewhere, attention turns to activity data from PMI and retail sales in the euro area, and industrial output across Germany, Spain, France, Vietnam, and Brazil. Inflation data will be released in Sweden, Turkey, and major LatAm economies, while Asia will feature inflation data from South Korea, Indonesia, Taiwan, and the Philippines, plus Japan's wage growth and BoJ minutes. China's export figures will be scrutinized for trade impact, and the U.S. Supreme Court will hear arguments on the US administration's tariffs. Earnings season continues.

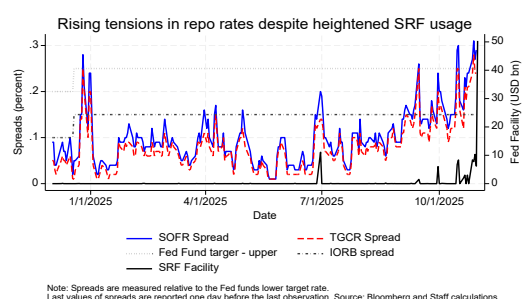
## Mature Markets

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### United States

#### Funding markets remain under strain after the Fed confirmed QT will end on December 1, a month later compared to market expectations.

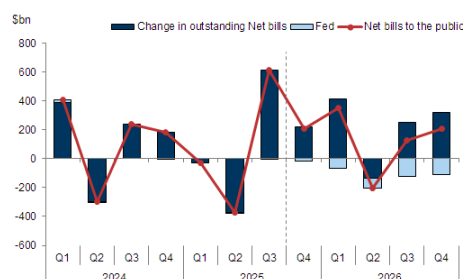
The Fed's Standing Repo Facility (SRF) usage surged to a record \$50.4bn at month-end, following a week of steady take-up. Yet repo rates stayed above the Fed's target range, underscoring persistent pressures amid net positive T-bill issuance and rising TGA balances. Dallas Fed President Lorie Logan noted that elevated repo rates suggest reserves are nearing "ample" rather than "abundant" levels, making rates more sensitive to reserve shifts, and reiterated TGCR as a more fitting gauge of short-term conditions, a view echoed by Cleveland Fed President Beth Hammack. Following their remarks, market participants increasingly expect reserve management purchases if stresses persist, with Wells Fargo seeing such action as likely by the December FOMC. Swap spreads ended the week wider, leading to higher term funding premia according to JPMorgan analysis.



**US Treasury refunding announcement expected to re-affirm short-term focused optimal funding mix.** This week, the US Treasury will release the November refunding plan, which JPMorgan analysts see as a low-volatility event, with officials likely to maintain steady coupon auction sizes amid smaller—but still significant—deficit projections and an earlier end to QT. Markets expect the Treasury to re-affirm its preference for issuance at short and medium-term maturities, rather than longer ones. To this end, the Fed re-investments in T-Bills following the end of QT largely support T-Bill absorption. On buybacks, market contacts point to stability, with most expecting no major changes and some expecting the Treasury to stress flexibility rather than preemptive adjustments. A potential wildcard is the Supreme Court hearing on IEEPA tariffs the same day, which could influence near-term financing needs.

**Exhibit 2: Fed purchases should support bill absorption next year**

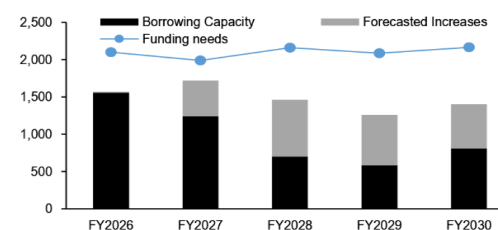
Quarterly change in net bills outstanding, Fed purchases, and net supply to the public



Source: Goldman Sachs Global Investment Research, US Treasury

**Figure 2: Despite a somewhat better budget outlook, we still see a sizeable funding gap over coming years**

US Treasury net coupon borrowing capacity under unchanged issuance \* and under J.P. Morgan forecast\*\* versus total funding needs, \$bn



\*Assumes current auction schedule through FY30 and QT ends after October 2025

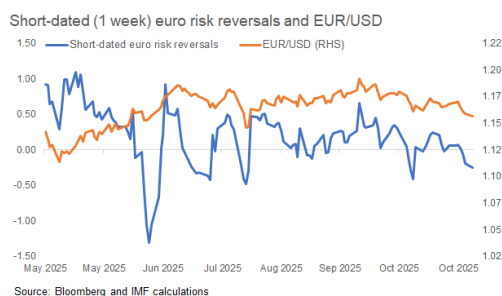
\*\* Assumes auction schedule as detailed in Figure 4

Source: US Treasury, CBO, J.P. Morgan

## Europe

**European equities were trading higher in early morning trade.** The Stoxx 600 index was 0.4% higher led by advances in the consumer discretionary and information technology sectors. Regional bourses were also trading in positive territory, with the DAX outperforming while the euro was trading weaker (-0.2%) against the dollar. Meanwhile, European government bond yields were little changed with the 10Y Bund at 2.64%. On the data front, the final October PMI Manufacturing indices printed in line with earlier flash estimates for the Eurozone (50) and Germany (49.6) while in France the final reading was slightly ahead of earlier flash estimates at 48.8 (vs 48.3 flash).

**FX volatility in EUR/USD declines.** Analysts at ING note that volatility in the FX option market has declined with three-month traded EUR/USD volatility falling to below 6% while at the same time shorter-dated risk reversals have declined from a skew last month in favor of calls over puts. ING believe this suggests that EUR/USD bulls may have “given up” with the market consensus now expecting EUR/USD to trade at 1.18 by year-end, down from levels of 1.20–1.25 previously.



## United Kingdom

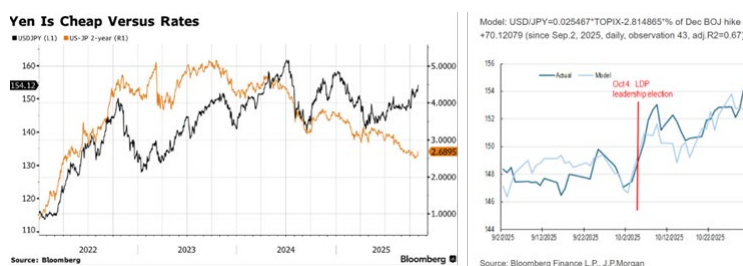
**Some analysts cite technical factors for the recent tightening in GBP funding conditions.** Analysts at Deutsche Bank (DB) and TD Securities note that last week's GBP funding conditions tightened quite sharply. While conditions have been tightening over the course of the year, given the BoE's active QT program and Term Funding Scheme with additional incentive for Small and Medium-sized Enterprises (TFSME) related repayments, the analysts note that several factors were responsible for the tightening seen over the past week. These include a maturing gilt (which caused a similar issue earlier in the year) given cash management dynamics. In addition, the analysts argue that TFSME repayments and month-end have also added to funding pressures. According to DB, recently implemented changes to one of the BoE's repo facilities may have also played a role. DB analysts note that unlike in the Eurozone, banks have been using the BoE's facilities but that may reflect more ample liquidity in Europe as well as different pricing structures. This morning, gilt yields were broadly unchanged with the 10Y gilt at 4.41%.



## Japan

**The yen slipped (-0.1%) despite today's holiday, raising intervention speculation.** Finance Minister Katayama warned against “one-sided moves” earlier, and Bloomberg notes intervention conditions are ripe

given the pace (historically 4–5% monthly depreciation; already 5% over the past month) and level (near ¥155/\$). JPM attributes recent yen moves mainly to “Takaichi trades”—buying Japanese equities and selling yen—rather than US-Japan rate differentials. Their model, based on TOPIX outlook and BOJ hike probabilities, estimates the yen’s fair value near ¥154/\$. They see that as long as equity-driven flows persist and the BOJ delays tightening, short-term risks remain skewed to further yen weakness, though policy action—verbal or actual intervention by the MoF, a more hawkish BOJ stance, or US pressure—should cap weakening above ¥155/\$. Looking ahead, they expect a BOJ hike in January, which could trigger a gradual yen recovery. Today, markets are closed for a public holiday.



## Emerging Markets

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**EM Asian equity markets advanced** (EM Asia: +0.9%) on lingering trade optimism and a boost from last week’s AI-driven tech rally in the US. EM Asian currencies broadly weakened against the dollar, led by the Indonesian rupiah (-0.3%) despite October inflation (+2.86% y/y) beating expectations. **EMEA stocks and currencies traded mostly higher this morning.** In CEE, equities were in the green across the region, with Poland (0.7%) outperforming, while currencies were firm against the euro with the Hungarian forint continuing to advance (+0.2%). **Latin American currencies were mixed Friday while equities ended higher overall.** The Peruvian sol (+0.5%) and Colombian peso (+0.2%) were the top performing EM currencies, while the Argentine peso (-0.4%) lagged. The MSCI Latin America Index rose (+0.2%), led by gains in Argentina (+7.5%), Chile (+1.1%), and Brazil (+0.5%). On the monetary policy front, Colombia kept its overnight lending rate unchanged at 9.25% while the Dominican Republic cut its overnight rate by 25 bp to 5.25%.

## EM Fund Flows

### EM bond and equity funds saw inflows to close October.

Bond fund inflows moderated (+\$564mn from +\$2bn), driven by declines in both hard currency (+\$80mn from +\$1.1bn) and local currency funds (+\$484mn from +\$825mn) inflows. Within hard currency, inflows for Asia ex-Japan funds (+\$49mn from -\$49mn) offset the prior week’s outflows, while broad EM funds (+\$31mn from +\$1.2bn) saw limited flows. In local currency, inflows slowed for both EM ex-China funds (+\$483mn from +\$652mn) and China focused funds (+\$1mn from +\$172mn). Equity fund flows (+\$1.9bn from -\$183mn) recorded a strong rebound especially into ETFs (+\$2.4bn from +\$1.1bn), while non-ETF outflows declined (-\$447mn from -\$1.3bn).

Figure 1: Weekly cross-asset flows

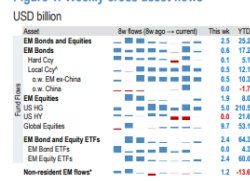
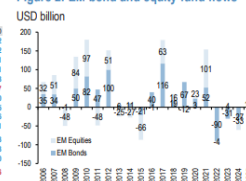


Figure 2: EM bond and equity fund flows

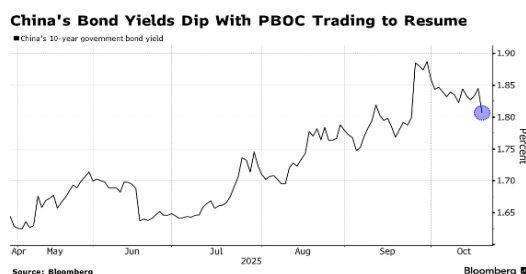


\*High-frequency non-resident EM portfolio flow data where available. \*Local ccy split is retail only.  
Source for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

## China

**Long-term yields edged lower (30y: -1bp to 2.14%) on reports of PBOC’s bond trading plans, while short-term yields rose slightly (1y: +2bp to 1.41%),** ending a seven-session rally after the PBOC drained RMB 259bn (\$36.4bn) via reverse repos—the first liquidity withdrawal in over a week. Shanghai Securities News, citing industry sources, reported that PBOC’s bond operations this year may be more flexible in pace, scale, and maturity structure, with emphasis on “targeted injections.” This could involve buying

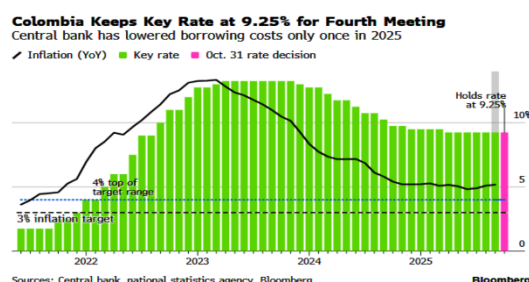
inventory bonds from large banks to deliver precise liquidity support. Huaxi Securities expects operations to combine short- and medium-term maturities, while Zhongtai Securities suggests a “steepening strategy”—buying short-term bonds to stabilize expectations. Shenwan Hongyuan Securities notes that if purchases are limited, unlikely to exceed last year’s level, an actual reserve requirement cut could complement. Today, the yuan weakened (-0.1%) slightly against the dollar, while the stock market gained (CSI300: +0.3%); AI application stocks outperformed on policy support, while gold jewelry shares fell after the government ended a long-standing tax rebate on gold.



## Colombia

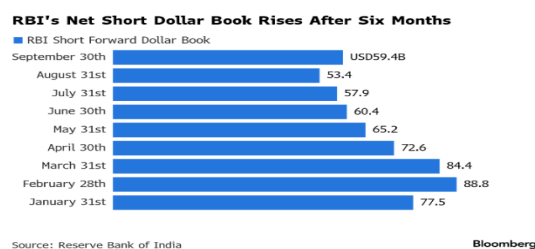
### Colombia kept its overnight lending rate unchanged amid persistent inflation.

In a split decision, the central bank held interest rates unchanged at 9.25% for the fourth straight meeting, as expected. Four policymakers were in favor of the decision, one voted for a 25bp cut, and two voted for a 50bp cut—the same split as the previous three meetings. Policymakers highlighted three consecutive months of rising inflation as well as increasing inflation expectations, which are above the central bank target of 3% for the next two years, as reasons for the hold. Bloomberg analysts reveal that central bank co-director Mauricio Villamizar had suggested earlier in the month that a rate increase would need to be considered if the inflation outlook continues to deteriorate.



## India

The rupee traded steady as the RBI reportedly intervened through dollar sales in the onshore currency market, though at a smaller scale than last week’s heavy intervention. Bloomberg estimates show the RBI’s net short forward position rose by \$6bn to \$59.4bn in September, the first increase in seven months. Net short dollar positions up to 1-month tenor jumped to \$16.5bn from \$5.9bn in August; 1–3 months stood at \$14.8bn, 3–12 months were \$7.99 bn, while longer tenors remained steady at \$20.1bn. ANZ notes that the rise in forwards “shows the RBI doesn’t want speculative positions to develop when nothing fundamentally has changed,” and expects a “controlled, gradual depreciation” ahead.

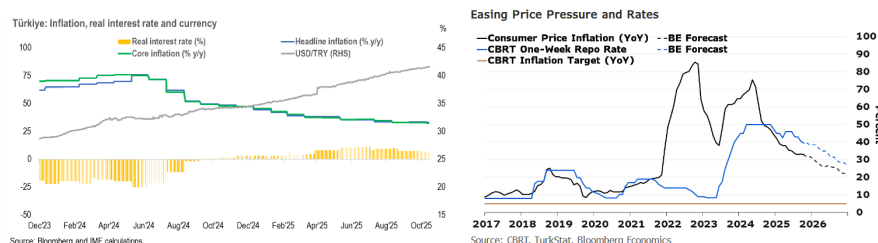


## Türkiye

The lira was little changed against the dollar, while equities continued to rise (1.4%) this morning led by gains in the banking sector, after today’s October inflation data surprised to the downside.



Türkiye's CPI printed at 32.87%/y/y (vs. est.33.20%/y/y) from 33.29%/y/y in September, with core inflation also slowing more than expected to 32.05%/y/y (vs. est. 32.60%). The release shows inflation resuming its deceleration, though at a slower pace than before September's surprise and remaining above the central bank's (CBRT) 25%–29% projection for year-end and its 24% interim target. Bloomberg analysts see risks tilted to upside for inflation, due to the weaker lira (~18.9% YTD vs. the dollar), and note that the CBRT may scale back the pace of rate easing plans by loosening macroprudential policies instead; Bloomberg's baseline expectations is for the CBRT to continue cutting rates at a measured pace, taking its policy repo rate to 38.5% by December (after one more 100bp cut) and to 27.5% next year. Deutsche Bank also expects another 100bp rate cut in December but has lifted its year-end 2026 inflation forecast to 23.8% (+1%).



*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.*

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## Global Financial Indicators

11/3/25 8:49 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
<b>Equities</b>			%				%
United States		6,869	0.3	-0.1	2.3	19.9	17
Europe		5,685	0.4	-0.5	0.6	16.6	16
Japan		52,411	2.1	6.3	14.5	37.7	31
China		4,653	0.3	-1.3	0.3	18.0	18
Asia Ex Japan		95	-0.2	0.3	1.8	24.2	31
Emerging Markets		55	-0.2	0.4	2.0	24.3	32
<b>Interest Rates</b>			basis points				
US 10y Yield		4.1	3	13	-1	-28	-46
Germany 10y Yield		2.7	2	4	-4	25	29
Japan 10y Yield		1.7	0	0	1	72	57
UK 10y Yield		4.4	2	2	-27	-2	-14
<b>Credit Spreads</b>			basis points				
US Investment Grade		116	0	4	2	-11	-4
US High Yield		336	-2	-2	9	9	8
<b>Exchange Rates</b>			%				
USD/Majors		99.9	0.1	1.1	2.2	-4.2	-8
EUR/USD		1.15	-0.2	-1.2	-2.0	5.8	11
USD/JPY		154.3	0.2	0.9	4.6	1.4	-2
EM/USD		45.9	0.1	-0.5	0.0	3.0	7
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		64.8	0.0	-0.2	1.0	-8.8	-9
Industrials Metals (index)		154.4	0.4	-0.2	1.9	4.0	10
Agriculture (index)		56.2	0.5	1.8	3.4	1.1	-1
Gold (\$/ounce)		4015.9	0.3	0.8	3.3	46.7	53
Bitcoin (\$/coin)		107905.9	-1.9	-3.2	-11.9	56.1	15
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		17.5	0.1	1.7	0.9	-4.4	0.2
Global FX Volatility		6.9	0.1	-0.1	0.0	-2.3	-2.3
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		62	-1	-2	-4	-29	-23
Italy		74	-1	-4	-7	-54	-41
France		78	-1	-2	-3	2	-5
Spain		50	-1	-2	-3	-21	-19

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

## Emerging Market Financial Indicators

Last updated: 11/3/2025 8:51 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)								
	Level		Change (in %)					YTD	Level		Change (in basis points)					YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	1 Day	7 Days	30 Days	12 M			
	vs. USD		(+)= EM appreciation						% p.a.							
China		7.12	0.0	-0.2	0.0	-0.3	2.5		1.8	-2	-7	-8	-25	14		
Indonesia		16676	-0.3	-0.3	-0.7	-5.5	-3.3		6.0	2	6	-25	-82	-104		
India		89	0.0	-0.6	0.0	-5.3	-3.6		6.8	-1	1	3	-41	-51		
Philippines		59	-0.1	0.2	-1.6	-0.7	-1.4		4.7	1	-2	-11	-29	-21		
Thailand		32	-0.4	0.7	-0.3	4.0	5.9		1.8	3	6	29	-66	-49		
Malaysia		4.20	-0.3	0.3	0.2	4.1	6.5		3.5	0	2	5	-42	-31		
Argentina		1446	-0.1	-0.9	-1.5	-31.4	-28.7		30.0	-327	-1532	-2554	-522	87		
Brazil		5.35	0.5	0.4	-0.2	8.1	15.4		13.7	-10	4	-10	66	-225		
Chile		941	0.2	0.0	2.6	1.4	5.9		5.4	0	0	-6	-2	-30		
Colombia		3856	0.2	-0.1	1.7	14.8	14.3		11.6	-3	2	20	72	-21		
Mexico		18.48	0.4	-0.4	-0.5	8.8	12.7		8.7	0	4	0	-138	-160		
Peru		3.4	0.4	0.5	3.1	12.1	11.6		6.0	-1	1	-2	-75	-58		
Uruguay		40	0.0	0.2	0.2	4.5	9.7		7.9	2	4	-13	-151	-179		
Hungary		336	0.0	-0.8	-1.8	11.5	18.1		6.5	1	5	-3	-15	13		
Poland		3.70	-0.3	-1.7	-2.0	8.3	11.7		4.8	-6	-6	-14	-80	-83		
Romania		4.4	-0.2	-1.2	-1.9	3.5	8.7		6.9	-1	-17	-39	15	-38		
Russia		80.7	0.1	-1.8	1.9	22.5	40.6		8.8							
South Africa		17.3	0.1	-0.5	-0.5	1.3	8.8		9.3	1	-2	-27	-133	-117		
Türkiye		42.05	0.0	-0.4	-0.9	-18.3	-15.9		32.1	-32	-17	40	115	243		
US (DXY; 5y UST)		100	0.1	1.2	2.3	-4.2	-7.9		3.72	3	12	0	-51	-66		

	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		4,653	0.3	-1.3	0.3	18.0	18.3		87	-6	-4	-16	-9
Indonesia		8,275	1.4	1.9	1.9	10.6	16.9		85	-7	-3	-3	-6
India		83,978	0.0	-0.9	3.4	6.6	7.5		90	0	3	3	4
Philippines		5,828	-1.7	-2.7	-4.6	-18.3	-10.7		70	-5	5	-7	-9
Thailand		1,309	0.0	-1.1	1.2	-10.5	-6.5						
Malaysia		1,622	0.8	0.2	-0.8	0.4	-1.2		59	0	3	-10	-11
Argentina		3,006,329	0.1	18.9	66.6	59.9	18.7		669	-417	-556	-317	32
Brazil		149,681	0.5	1.8	3.8	16.8	24.4		193	-10	4	-13	-54
Chile		9,429	1.1	2.7	6.1	43.9	40.5		93	-6	-4	-18	-20
Colombia		1,987	-0.2	2.1	6.8	46.9	44.0		252	-6	-11	-83	-74
Mexico		62,769	-0.2	2.7	1.3	24.0	26.8		207	-8	-1	-93	-105
Peru		2,364	-0.9	3.5	-1.8	26.2	39.5		97	-2	1	-41	-44
Hungary		107,526	0.2	2.1	7.0	45.6	35.5		125	-5	-2	-28	-30
Poland		112,060	0.5	0.4	3.7	40.9	40.8		86	-6	-3	-22	-26
Romania		22,615	0.4	0.0	5.0	29.4	35.2		190	-11	-14	-11	-45
South Africa		109,052	-0.2	0.3	-0.7	26.5	29.7		228	-20	-28	-55	-65
Türkiye		11,107	1.2	1.5	2.3	25.0	13.0		251	-7	-10	-17	-8
EM total		55	0.7	0.4	2.0	24.3	32.2		273	-10	-17	-111	-91

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

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