GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, NOVEMBER 4, 2025
LEAD EDITOR: JEFF WILLIAMS

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Equities drop as AI rally fades

Global equity markets are lower on the day, led by losses in the tech sector as concerns of stretched valuations in AI-related stocks are resurfacing. The losses appear at least somewhat attributable to yesterday's earnings release by Palantir Technologies after markets closed, where investors were seemingly hoping for more a positive forward outlook than what was given. Shares in the company are down about 8% in pre-market trading. Most advanced economy sovereign bond yields are somewhat lower this morning, with Australia a notable exception. Australian yields rose after the RBA kept interest rates on hold. While the decision was largely expected, the accompanying remarks were interpreted as somewhat hawkish by market participants. Meanwhile, the US dollar seems poised to strengthen for a fifth consecutive day, with the dollar index rising to its highest level since May.

Key Global Financial Indicators

Last updated: 11/4/25 8:34 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6852	0.2	0	2	20	16
Eurostoxx 50		5630	-0.9	-1	0	16	15
Nikkei 225		51497	-1.7	2	13	34	29
MSCI EM		56	0.6	0	3	24	33
Yields and Spreads					bps		
US 10y Yield		4.09	-1.6	12	-2	-19	-47
Germany 10y Yield		2.65	-1.4	3	-5	26	29
EMBIG Sovereign Spread		264	2	-7	-16	-69	-61
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.8	-0.4	-1	0	2	7
Dollar index, (+) = $ appreciation		100.1	0.2	1	2	-4	-8
Brent Crude Oil ($/barrel)		64.1	-1.2	0	-1	-15	-14
VIX Index (%, change in pp)		19.1	2.0	3	2	-3	2

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

Mature Markets

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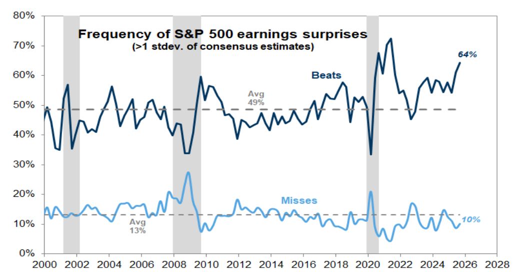
United States

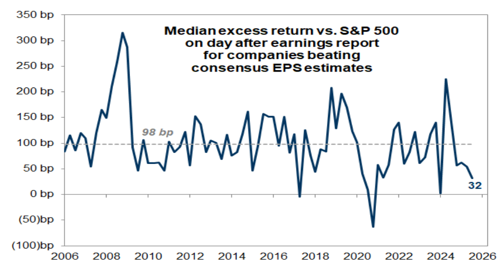
Strong earnings beats fail to spark investor enthusiasm. The 3Q S&P 500 reporting season has delivered one of the strongest beat rates since the post-COVID rebound. According to Goldman Sachs analysts, 64% of reporting companies exceeded EPS estimates by at least one standard deviation and aggregate EPS growth running near 8%, ahead of forecasts and positive guidance trends, with upward revisions expected for Q4 and 2026. Underpinning the EPS beats, sales growth is tracking 6% y/y, the fastest in three years, and margins have broadly topped expectations. Despite robust fundamentals, investor reaction has been muted: median excess returns after beats remain well below historical norms, reflecting macro uncertainty and heightened sensitivity to downside surprises, leading Bloomberg analysts to describe the market as “celebrating strength in paper, but demanding perfection in practice”.

Exhibit 1: Frequency of earnings beats and misses



Source: Goldman Sachs Global Investment Research

Exhibit 4: Performance of S&P 500 EPS beats

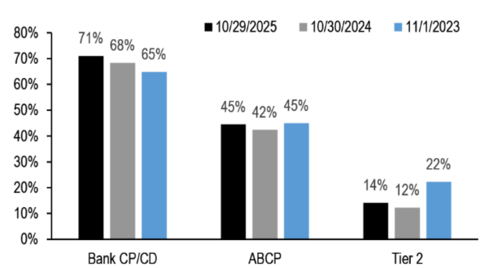


Source: Goldman Sachs Global Investment Research

Issuers proactively seek year-end CP/CD funding. Following tensions in repo funding markets, and with just two months left in the year, issuers in the commercial paper (CP) market are making notable progress in securing funding for the turn, though conditions remain mixed across sectors. Banks have been especially proactive, with 71% of their CP and CD funding into 2026 already locked in—an improvement over the past two years—while ABCP issuers and Tier 2 names have also advanced, albeit at a more modest pace. Regionally, US banks lead the pack, having secured 74% of next year’s funding, followed by strong showings from Australian, Japanese, and French banks. Canadian banks lag slightly behind last year’s pace. Despite this early positioning, banks still face the task of rolling roughly $426 billion in unsecured CP/CDs into 2026, with the largest exposures concentrated in Japan, Canada, France, and the US, and the bulk of maturities set to come due in November and December.

Figure 5: Banks have already secured 71% of funding into next year

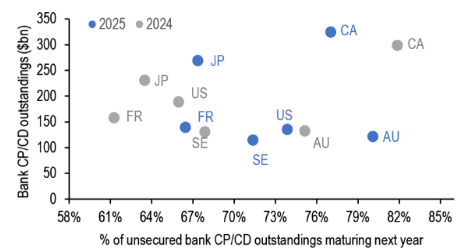
Share of CP/CD outstandings maturing over the turn, by sector; %



Source: Federal Reserve, DTCC, J.P. Morgan

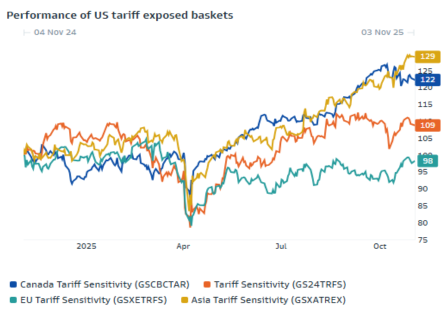
Figure 6: Japanese banks have secured 67% and Australian banks 80% of funding into next year, both ahead of last year

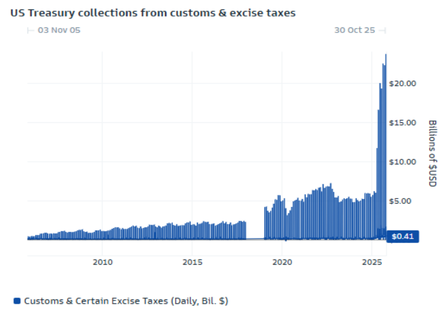
Unsecured bank CP/CD outstandings; $bn vs. percentage of unsecured bank CP/CD; $bn



Source: DTCC, J.P. Morgan

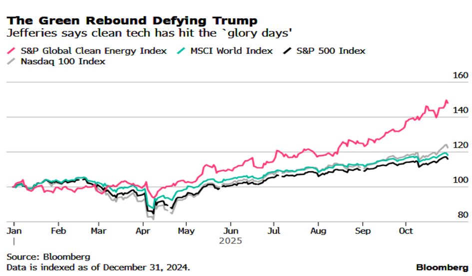
Markets remain cautious ahead of the US Supreme Court hearing on tariffs. While a ruling is unlikely before year-end or early 2026, the November 5 hearing could offer early insights into the legality of the use of the International Emergency Economic Powers Act (IEEPA) to impose tariffs and, if upheld, clarify Congress’s role in setting and collecting taxes and duties. Analysts note that striking down the tariffs would disrupt trade negotiations, trigger refund litigation, and likely steepen the yield curve. However, tariff relief could be short-lived given alternative tools at the Administration's disposal. Conversely, upholding the tariffs would entrench presidential authority and add inflation risk, likely supporting front-end yields. Some see a partial ruling—allowing certain tariffs under conditions—as the most volatile scenario, combining negative aspects of both outcomes.

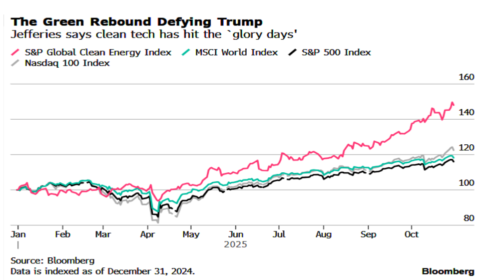




Source: Haver Analytics and Goldman Sachs

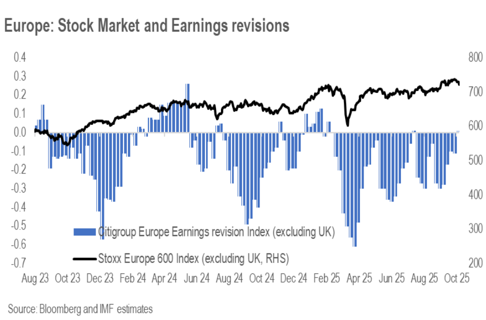
Clean-Tech rallies on strong AI demand. Clean-tech equities have staged a sharp rebound in 2025, outperforming broader markets, with the S&P Global Clean Energy Index up about 50% YTD. The surge is driven by demand for energy to power AI data centers and China's aggressive low-carbon expansion, factors that have outweighed regulatory uncertainty. While investor sentiment is euphoric—Jefferies even calling it the "glory days" for green stocks—much of the rally is tied to AI, raising concerns about lofty valuations and the sustainability of gains if the AI bubble bursts. Despite the sector's momentum, global energy remains reliant on fossil fuels, and emissions are set to rise as AI-driven power demand accelerates, leaving climate targets at risk.

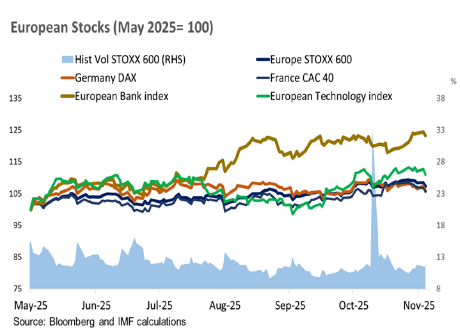




Europe

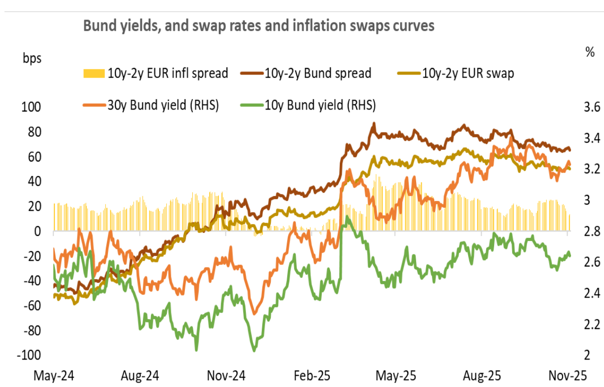
European equities fell this morning on uncertainty regarding future US Fed moves and concerns on stretched valuations in the technology sector. The Stoxx 600 index dropped by 1.3%, with losses led by information technology (-1.9%), communication (-1.8%) and consumer discretionary goods (-1.8%) stocks. All European bourses traded in the red, with Germany (DAX -1.3%) underperforming.

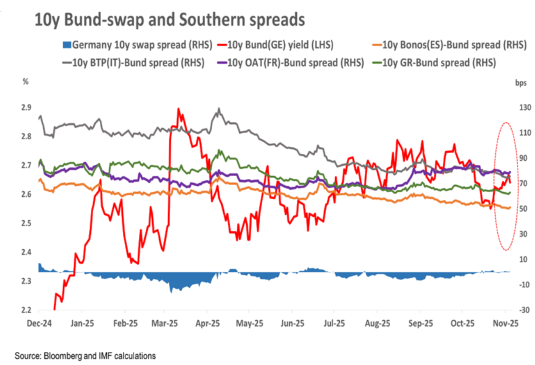




The euro slid (-0.2%) **against the dollar**. Analysts at ING see the euro undervalued at this level despite recent hawkish repricing in the USD curve and expect it to strengthen in the short term with investor positioning now more balanced; ING sees the euro rallying into year-end to 1.18–1.20 with resumed publication of US data as a trigger.

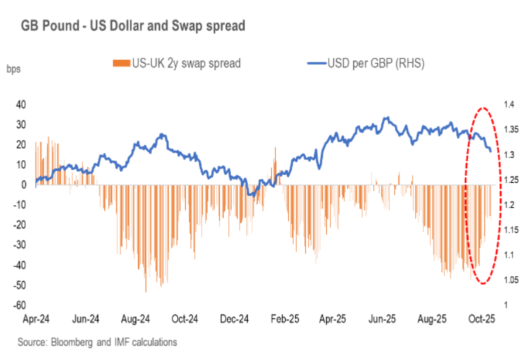
European government bond (EGB) yields edged marginally lower across tenors this morning, with Bund yields down by about 1bp. ECB Governing Council member Olli Rehn, who will run to become ECB’s vice president next year, restated today that the central bank must keep all its options open amid both upside and downside risks to the inflation outlook in the current environment. Bunds slightly outperformed other EGBs as Southern spreads were fractionally wider with the 10y OAT-Bund spread 1bp higher at 78bp and the BTP-Bund spread at 75bp (+1bp). Analysts at Commerzbank note that, following the month-end dip, European repo rates have normalized, with the ECB's Survey of Monetary Analysts that was published yesterday expecting €STR fixings to stay at 8bp below ECB’s deposit facility rate until 1Q 2027; analysts still warn that this might be too relaxed given recent experience in the US and UK and signs of further contraction of the spread to 7bp last Thursday.

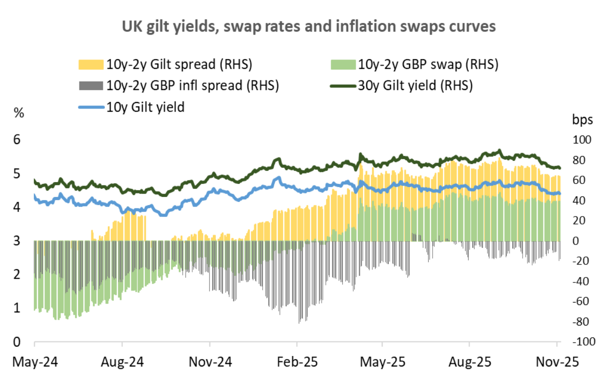




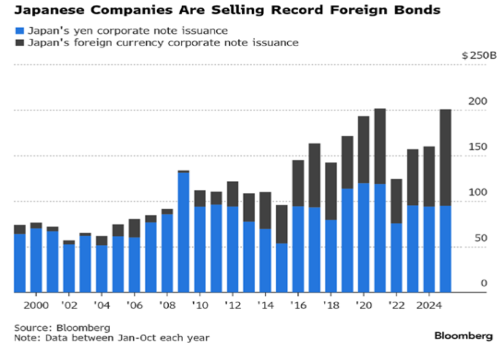
United Kingdom

The pound lost ground (-0.4%) **against the dollar this morning**, with UK equities in the red (-0.5%) and gilts yields marginally lower across tenors (2y yield 2bp lower and 10y 1bp lower)**.** Gilts slightly outperformed European peers after Chancellor of the Exchequer Reeves signaled that further tax increases may be needed to achieve fiscal consolidation in this month’s budget, while stressing the importance of curbing inflation and containing borrowing costs. Money market traders have marginally scaled-up expectations of future rate cuts by the Bank of England, pricing-in 60bp (+2bp) of easing by September 2026.





Japan

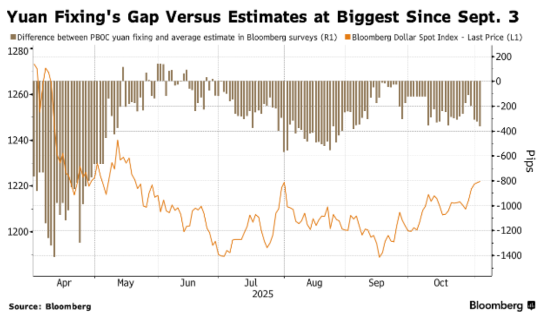


Japanese companies have raised $132bn (+56% y/y) in foreign-currency bonds and loans so far in 2025, with annual overseas issuance on track to surpass yen-denominated debt for the first time. Japan now accounts for the largest share (28%) of the $386bn in dollar and euro bonds sold across Asia-Pacific this year, up from 18% five years ago, Bloomberg data show. Rising yen borrowing costs—the highest since the late 2000s—are making offshore funding more attractive. Barclays notes that dollar and euro financing costs are competitive with yen, and in some cases lower. This shift is fueling large international deals, including SoftBank's $15bn bridge loan for AI investments, one of its biggest borrowings. Japanese firms also dominate Asia's junk-rated foreign-currency issuance, selling $14bn so far in 2025, though over 70% of overseas issuance carries A-level ratings or higher, based on Bloomberg composite credit scores. S&P writes that pursuing overseas investments becomes almost inevitable for many Japanese companies, and cross-border borrowing helps reduce currency mismatches between funding and business operations. Today, the stock market declined (Nikkei: -1.7%) on earnings disappointments and profit-taking in AI-related sectors. The yen strengthened (+0.4%) against the dollar after the finance minister issued a verbal warning, following an earlier weakening to an eight-month low.

Emerging Markets back to top

Most EM Asian currencies weakened as the dollar rebounded. The Indian rupee appreciated (+0.2%) against the dollar after the Reserve Bank of India reportedly intervened with dollar sales in the offshore market. EM Asia stock markets broadly declined (EM Asia: -1.3. **EMEA equities were trading lower, reflecting the broader risk off tone**. In CEE, equities in Poland (-0.7%) were underperforming and CEE currencies were mostly weaker against the euro. Elsewhere, the South African rand was weaker against the dollar (-0.9%) with South African equities also around 1.5% lower led by declines in the metals and mining sector. **Latin American currencies mostly appreciated against the dollar on Monday and equities were mixed.** The Chilean peso (+0.4%) led the advance following a rebound in economic activity, while the Argentine peso (-2.4%) bucked the trend. Equities gained in Argentina (+3.4%), Chile (+0.9%), and Brazil (+0.6%), but declined in Mexico (-1%) and Colombia (-0.2%).

China



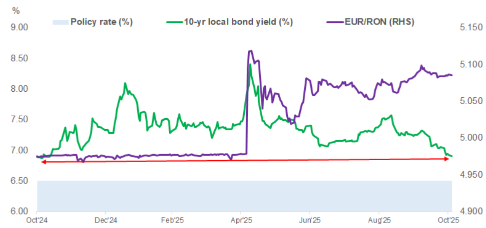
Caixin Global reported that Finance Minister Lan outlined fiscal measures to boost domestic demand and advance technological self-reliance while managing government debt risks in a supplementary reader for the fifteenth Five-Year Plan. The government plans to use tax adjustments, social security, and transfer payments to raise household incomes and spur consumption, alongside subsidies and loan interest support to cultivate new areas of consumption. On technology, fiscal policy will support China's push for sci-tech self-reliance by increasing investment in basic research and key strategic tasks, complemented by tax incentives, government procurement, and state-backed funds to accelerate industrial modernization. Lan emphasized fiscal sustainability, calling for scientific management of deficits and debt, and noted efforts to mitigate local government debt risks. The Ministry of Finance has created a new department to oversee domestic government debt, according to its official website. Today, the stock market declined (CSI300: -0.8%), while the yuan held steady against the dollar on a strong fixing at 7.0885/$ (vs. 7.1248/$ estimated). Shanghai Securities News, citing Wind data, reported that the Hong Kong Stock

Exchange led global fundraising with over HK$210bn ($27bn) in the first 10 months of this year—more than triple last year's amount—driven by a surge in healthcare IPOs and tech deals. Most issuers were mainland firms, with Shanghai, Guangdong, Jiangsu, and Zhejiang each contributing more than ten listings.

Romania

Romanian government bond yields decline on lower issuance plans. Yesterday, yields on Romania's 10Y local currency denominated government bonds declined to their lowest level in a year. According to the Treasury, Romania plans to reduce its foreign issuance target to around €11bn next year, down from around €17bn this year with funding via the EU's recovery funds and the start of the SAFE defense funding program expected to help bridge the gap. The Treasury also plans to lower domestic issuance in November and December as the government reiterates its commitment to rein in financing costs and tackling the budget deficit. This morning Romania's 10Y local currency government bond yields were trading relatively unchanged while the currency was steady against the euro.

Romania: Currency, policy rate & 10Y local currency bond yield

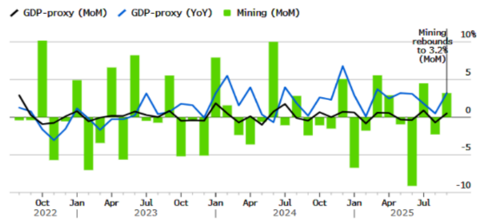


Source: Bloomberg and IMF calculations

Chile

Chilean economic activity rebounded in September, driven by a recovery in mining. The country's GDP proxy, the Imacec index, rose 0.5% m/m after a 0.7% contraction in August—which Bloomberg analysts attribute to the temporary shutdown of a major mine. Mining activity increased 3.2% m/m, with commerce (+1%) also gaining, but partially offset by industry (-2%). On an annual basis, activity increased 3.2% y/y, in line with the consensus forecasts. The release comes almost a week after the central bank kept policy rates unchanged at 4.75% for a second consecutive meeting, with inflation of 4.4% still above the 3% target. Following the release, swap market pricing for a December rate cut eased slightly to 19% from 23%, the peso (+0.4%) outperformed emerging market currencies, and equities (+0.9%) rallied.

Chile Economic Activity Bounced Back in September
GDP-proxy rose 0.5% on month, year-on-year pace hit 3.2%



Sources: Chile central bank, Bloomberg
Bloomberg

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

11/4/25 8:34 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities					%		%
United States		6,793	0.2	-1.4	1.1	18.9	15
Europe		5,630	-0.9	-1.3	-0.4	16.0	15
Japan		51,497	-1.7	1.9	12.5	33.8	29
China		4,619	-0.7	-1.6	-0.5	14.2	17
Asia Ex Japan		96	0.9	-0.1	2.7	24.9	32
Emerging Markets		56	0.6	-0.1	2.6	24.4	33
Interest Rates					basis points		
US 10y Yield		4.1	-2	12	-2	-19	-47
Germany 10y Yield		2.7	-1	3	-5	26	29
Japan 10y Yield		1.7	0	3	1	72	57
UK 10y Yield		4.4	-2	2	-27	-4	-15
Credit Spreads					basis points		
US Investment Grade		118	1	6	4	-9	-2
US High Yield		352	9	14	25	21	24
Exchange Rates					%		
USD/Majors		100.1	0.2	1.4	2.4	-3.7	-8
EUR/USD		1.15	-0.2	-1.4	-1.9	5.7	11
USD/JPY		153.4	-0.5	0.9	2.0	0.8	-2
EM/USD		45.8	-0.4	-0.9	-0.4	2.1	7
Commodities					%		
Brent Crude Oil ($/barrel)		64.1	-1.2	0.4	-0.1	-11.2	-10
Industrials Metals (index)		151.8	-1.5	-2.0	0.2	1.8	8
Agriculture (index)		56.4	-0.7	1.6	3.7	1.2	-1
Gold ($/ounce)		3981.6	-0.5	0.7	0.5	45.5	52
Bitcoin ($/coin)		103908.4	-2.8	-3.3	-14.8	54.9	11
Implied Volatility					%		
VIX Index (%, change in pp)		19.1	2.0	2.7	2.5	-2.8	1.8
Global FX Volatility		6.8	0.0	-0.1	-0.1	-2.4	-2.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		63	1	-1	-4	-28	-23
Italy		75	1	-2	-7	-52	-41
France		79	1	-1	-3	4	-4
Spain		51	1	-1	-3	-20	-19

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

Emerging Market Financial Indicators

Last updated: 11/4/2025 8:36 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		7.13	-0.1	-0.4	-0.1	-0.3	2.4		1.8	0	-6	-8	-23	14
Indonesia		16708	-0.2	-0.6	-0.7	-5.7	-3.4		6.0	4	9	-15	-79	-100
India		89	0.1	-0.4	0.1	-5.1	-3.4		6.8	-1	-1	2	-42	-52
Philippines		59	0.5	1.0	-0.3	-0.3	-0.9		4.7	6	4	-5	-22	-15
Thailand		33	-0.2	-0.7	-0.3	3.7	5.6		1.8	0	6	30	-65	-49
Malaysia		4.20	0.1	0.0	0.5	4.2	6.6		3.5	-1	0	4	-44	-33
Argentina		1479	0.1	-0.4	-3.3	-32.9	-30.3		30.7	72	-464	-2499	-125	159
Brazil		5.39	-0.7	-0.7	-1.5	7.2	14.4		13.7	5	10	-22	46	-220
Chile		945	-0.6	-0.1	1.9	1.0	5.5		5.4	0	1	-5	-2	-30
Colombia		3883	-0.7	0.4	-0.7	13.8	13.5		11.6	0	6	26	64	-21
Mexico		18.66	-0.9	-1.2	-1.7	7.8	11.6		8.8	2	8	0	-150	-159
Peru		3.4	-0.3	0.2	2.5	11.7	11.2		6.0	-1	3	-3	-71	-58
Uruguay		40	0.0	0.3	0.3	4.6	9.8		7.9	-1	3	-11	-151	-179
Hungary		338	-0.5	-1.4	-1.8	11.0	17.6		6.5	0	5	-2	-15	13
Poland		3.70	-0.3	-2.0	-2.0	8.1	11.5		4.7	-2	-7	-19	-82	-84
Romania		4.4	-0.2	-1.4	-1.8	3.3	8.5		6.9	-3	-18	-42	13	-40
Russia		80.9	0.1	-2.6	2.6	22.2	40.2							
South Africa		17.5	-1.0	-1.9	-1.8	0.2	7.7		9.3	-2	-2	-28	-139	-119
Türkiye		42.09	-0.1	-0.4	-0.9	-18.4	-16.0		32.1	-1	0	-11	100	242
US (DXY; 5y UST)		100	0.2	1.4	2.4	-3.7	-7.8		3.70	-2	9	-1	-44	-68

	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		4,619	-0.7	-1.6	-0.5	14.2	17.4		91	-2	-1	-14	-5
Indonesia		8,242	-0.4	1.8	1.5	10.0	16.4		84	-11	-5	2	-7
India		83,459	-0.6	-1.4	2.0	3.8	6.8		89	-1	2	1	3
Philippines		5,867	0.7	-1.1	-4.0	-19.2	-10.1		68	-11	1	0	-11
Thailand		1,299	-0.8	-1.2	0.4	-12.4	-7.3						
Malaysia		1,624	0.1	0.6	-0.7	0.2	-1.1		59	-2	2	-7	-11
Argentina		3,104,495	3.4	16.3	72.0	61.8	22.5		677	-39	-408	-275	40
Brazil		150,157	0.6	1.9	4.1	15.1	24.8		195	-7	3	-8	-52
Chile		9,439	0.9	2.5	6.2	42.4	40.7		96	-3	-1	-12	-17
Colombia		1,987	-0.2	1.6	6.8	46.9	44.0		254	-4	-5	-78	-72
Mexico		62,153	-1.0	0.5	0.3	22.2	25.5		210	-4	5	-85	-102
Peru		2,343	-0.9	2.2	-2.7	24.7	38.3		100	0	5	-35	-41
Hungary		107,353	-0.4	1.0	6.9	45.4	35.3		125	-5	-3	-22	-30
Poland		111,221	-0.7	-2.0	3.0	37.5	39.8		86	-7	-5	-16	-26
Romania		22,739	0.4	-0.5	5.6	32.1	36.0		190	-9	-11	-6	-46
South Africa		107,460	-1.5	-2.1	-2.1	24.6	27.8		229	-15	-26	-46	-64
Türkiye		10,931	-1.2	0.7	0.7	26.2	11.2		253	-4	-8	-5	-6
EM total		56	-1.4	-0.1	2.6	24.4	33.1		276	-4	-12	-103	-88

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

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