



- **US ADP employment data came in stronger than expected** ([link](#))
- **Financial stability risks rise due to surge in AI-related US corporate debt issuance** ([link](#))
- **Loonie weakens as Canada unveils major new fiscal stimulus package** ([link](#))
- **ECB confirms expected easing of wages growth through 2026** ([link](#))
- **Sweden keeps rates unchanged in line with expectations** ([link](#))
- **Global private credit firms target Japan amid growing opportunities** ([link](#))
- **EM bond issuance moderated in October after September's surge** ([link](#))

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Tech concerns weigh on markets

Global equity markets seem poised for a second consecutive day of losses as nervousness has risen over current valuations. As has been the case throughout the current earning season, investors are punishing companies and sectors that fail to match up to expectations. The latest large tech company to disappoint is chipmaker AMD whose shares fell as much as 6% in pre-market trading. Although its projections for fourth quarter revenue were above the analyst median forecast, investors had apparently been hoping for more. Overall declines this morning though are muted compared to yesterday, with futures on the Nasdaq 0.3% lower compared to a more than 2% decline yesterday. Later today, the US Supreme Court will hear arguments regarding the legality of many of the recently imposed tariffs. While no decision is expected until next year, the discussion will be closely watched to see what legal arguments the justices focus on. Despite the general risk-off mood in stock markets, emerging market currencies are mixed this morning, with the Argentina peso and South African rand leading gains.

Key Global Financial Indicators

Last updated: 11/5/25 8:38 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		6772	-1.2	-2	1	17	15
Eurostoxx 50		5640	-0.4	-1	0	16	15
Nikkei 225		50212	-2.5	0	5	27	26
MSCI EM		55	-1.8	-2	1	20	31
Yields and Spreads			bps				
US 10y Yield		4.10	1.9	3	-1	-17	-46
Germany 10y Yield		2.65	-0.2	3	-5	23	29
EMBIG Sovereign Spread		269	6	-1	-10	-70	-55
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.8	0.1	-1	0	3	7
Dollar index, (+) = \$ appreciation		100.2	0.0	1	3	-3	-8
Brent Crude Oil (\$/barrel)		64.1	-0.5	-1	-1	-15	-14
VIX Index (% change in pp)		19.4	0.4	2	3	-1	2

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

Mature Markets

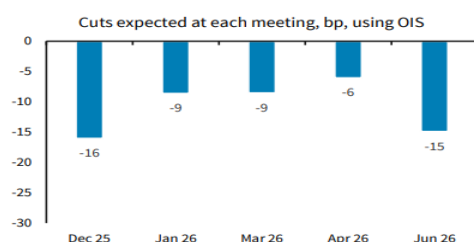
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United States

According to ADP, the US added 42k jobs in October. The consensus forecast was 30K jobs. Due to the government shutdown, the ADP is the main remaining source of jobs data for the economy. Market reaction was limited.

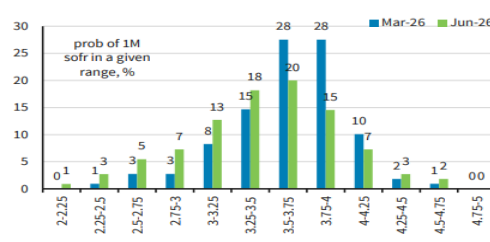
Markets have significantly reduced their estimates for Fed rate cuts after Fed Chair Powell's hawkish remarks at the October 29 FOMC press conference. The Fed Funds futures market is pricing just 55 bp of rate cuts by June. A month earlier, the markets implied 85 bp over the same period. As late as October 28, the market estimated that the chance of a rate cut at the December 10 FOMC meeting was close to 100%, compared to 70% yesterday. Swaption pricing for swaps linked to the Secured Overnight Funding Rate (SOFR) indicates that markets are divided evenly between one rate cut and no rate cut by March. Treasury yields have also risen since, with the two-year up from 3.5% on October 28 to 3.61% today, and yield on the 10-year Treasury up from 3.98% to 4.11% over the same period. Morgan Stanley analysts think the market is too bearish since core PCE inflation is close to target and the labor market continues to weaken.

FIGURE 7. Markets are pricing in just 55bp cuts by June 2026...



Source: Bloomberg, Barclays Research

FIGURE 8. ... with a modal outlook of even fewer cuts by then

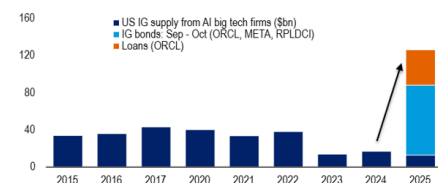


Source: Barclays Research

US corporations are ramping up their borrowing to fund AI-related investments by issuing new debt in very large volumes. September and October witnessed issuance of \$18 bn of bonds from Oracle, \$30 bn from META and \$27 bn from the Beignet vehicle (RPLDCI) created by Meta and Blue Owl. The latter is the single largest corporate bond ever issued (other deals have been larger but were in multiple tranches). Companies are also borrowing outside the bond market, with deals such as the \$38 bn loan being arranged by banks to finance Oracle/Vantage data centers. This issuance dwarfs the usual pace of \$37 bn of average monthly issuance pre-Covid. The borrowing needs are so large that companies may no longer be able to finance their AI-related investments from their own cash flows. Bank of America estimates that AI capital expenditure (capex) could rise from 74% of operating cash flow (after dividends and buybacks) in 2024 to 94% in 2026. The surge in debt could be a source of financial stability risk in the future if the returns on these investments fail to cover the costs. The heavy supply could also push overall interest rates higher.

Exhibit 1: Borrowing to fund AI datacenter spending exploded in September and so far in October

IG bond market supply from META (\$30bn), ORCL (\$18bn) and RPLDCI (\$27bn) totaled \$75bn, and that's not counting the \$38bn loan tied to Oracle.

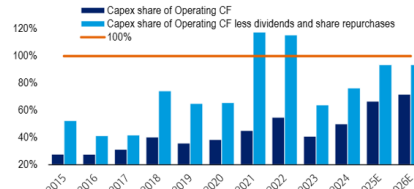


Note: "AI big tech firms" include the following: AMZN, GOOGL, META, MSFT, ORCL

Source: BofA Global Research

Exhibit 2: Companies may be reaching a limit on how much capex they can fund purely from CFs.

Consensus estimates show AI capex reaching 94% of operating cash flow less spending on dividends and share buybacks in 2025 and in 2026, up from 76% in 2024.

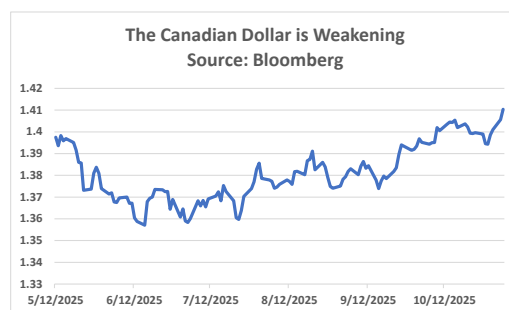


Note: aggregate volumes for the following companies: AMZN, GOOGL, META, MSFT, ORCL

Source: BofA Global Research, Bloomberg, Visible Alpha

Canada

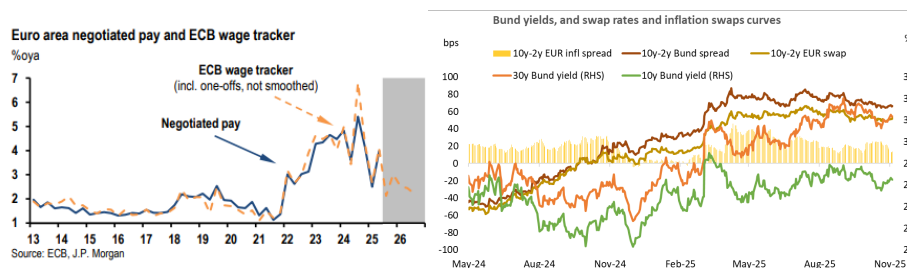
The loonie extended recent losses, trading above 1.41 versus the dollar after the government unveiled a major new fiscal stimulus package. Bloomberg reported that the package will involve spending C\$90 bn over the next five years and will add C\$167 bn to the deficit. The spending will be financed by new bond issuance of C\$589 bn in 2026–27, down 3% from the previous year. The aim is to increase productivity by spending on housing, infrastructure, and defense. An earlier income tax cut and a weak economy are expected to lower tax revenues, intensifying fiscal pressure.



Europe

European equities are lower this morning, dragged by a selloff in the technology sector. The Stoxx 600 index edged lower (-0.3%) with tech stocks down 1.6% and all European bourses declining. The euro was little changed against the dollar this morning after having slid yesterday afternoon to trade at \$1.1484/€.

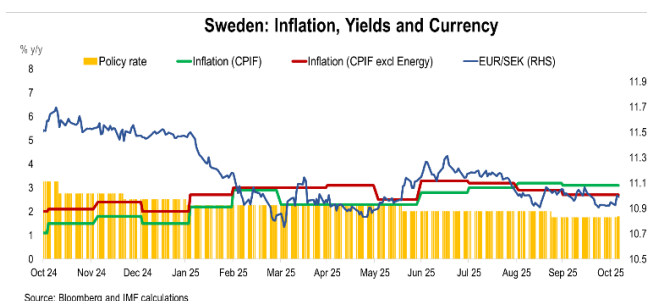
The ECB's wage tracker published today predicts salaries will rise by 2.2%/y/y in 3Q 2026 after advancing 1.8% in 2Q, with policymakers stressing that “forward-looking information continues to indicate easing of negotiated wage growth”, although Governing Council member Peter Kazimir reportedly said this week that “letting one’s guard down wouldn’t be advisable at this stage,” adding that a measure of employee compensation “came in somewhat stronger than expected”. JP Morgan sees today’s data as an encouraging signal and expects growth of services inflation to slow to 2.6% y/y by 4Q 2026. Today’s data also showed producer prices declining in the Eurozone in September, with PPI printing at -0.2% y/y, from prior -0.6%, in line with expectations.



European government bond (EGB) yields are little changed this morning. Southern spreads were also only fractionally higher with the 10y OAT-Bund spread unchanged at 79bp and the BTP-Bund spread at 75bp (+1bp). In France, industrial production surprised to the upside in today’s statistical release by growing 1.3% in September (vs. est. 0.6%) from 0.1%/y/y in August, with manufacturing production also regaining pace at 1.5%/y/y from prior 0.2%/y/y, and both the final services and composite PMIs for October revised upward from flash estimates (respectively to 48pts vs. 47.1pts estimate, and 47.7pts from 46.8pts estimate). In Italy, today’s October services and composite PMIs surprised to the upside, printing respectively at 54pts (vs. est. 53pts, from prior 52.5pts) and 53.1pts (vs. est. 52.1pts, from prior 51.7pts).

Sweden

The krona was little changed against the euro after the central bank (Riksbank) kept its policy rate unchanged at 1.75% in line with expectations. Policymakers flagged that the benchmark rate is expected to remain at this level for "some time to come" after 225bp of rate cuts since April 2024, as inflation printed at 3.1%/y/y in September and is expected to be 2.9%/y/y for October in tomorrow's release. Analysts at Bloomberg continue to expect the Riksbank to hold rates through the first half of 2027 while noting rising risks of a hike before 2H 2027, especially if supportive fiscal policy fuels inflation in 2026. Money markets now price 5bp of easing from the Riksbank by March 2026, against 5bp of tightening priced yesterday.

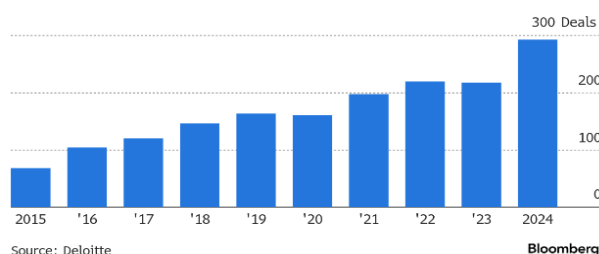


Japan

Global private credit firms, including Apollo Global Management, Blackstone, and KKR, reportedly are preparing to tap Japan's private credit market, competing with domestic banks that still offer low-yield flexible loans. The push comes as global private credit faces a prolonged deal drought, while in Asia, competition is intensifying with new funds raising inaugural capital. Private credit AUM in Japan is projected to grow 34% over three years to \$10.2bn, according to Broadridge Financial Solutions. KKR expects it may take 3–5 years before deals become regular but sees steady medium-term growth, driven by outbound M&A, privatizations, and sectors needing long-term financing. Japan's M&A activity hit ¥26.9tn in H1, the highest since 1998, Bloomberg data show. S&P Global adds that larger, more frequent transactions may exceed domestic banks' capacity due to borrower exposure limits and the higher risks associated with junior tranches, creating opportunities for foreign lenders. However, PGIM cautions that historically, non-bank private credit origination in Japan has been limited, as local banks maintain close ties with corporates. Today, the 10-year bond auction saw weak demand on fiscal concerns (bid-to-cover: 2.97, lowest since May), though long-term yields dropped slightly (10y: -1bp). The stock market declined (Nikkei 225: -2.5%) on tech valuation concerns, while the yen appreciated (+0.1%) slightly against the dollar on haven demand.

Buyouts on the Rise

Number of private equity deals in Japan, by announcement year



Emerging Markets

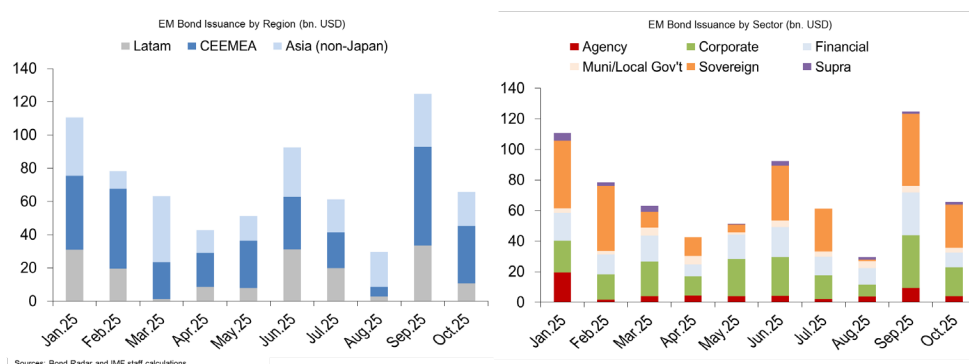
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EM Asian equity markets fell broadly (-1.3%) on concerns over tech overvaluations. EM Asian currencies were mostly stable against the dollar, except for the Philippine peso (-0.5%) which fell on increased easing expectations after October CPI came in below forecast (+1.7% y/y vs. +1.8% y/y expected). **EMEA equities and currencies are mixed this morning.** In CEE, equities in Hungary (-0.6%) were underperforming while CEE currencies were mostly firmer against the euro. In Poland, the central bank is expected to deliver a rate cut later today. Separately, October headline inflation accelerated to 2.5%/y/y in Czechia, up from 2.3%/y/y in the prior month. The Czech koruna gained as much as 0.3% after the data was published but pared gains to trade 0.1% firmer against the euro. Elsewhere today, Nigeria is issuing \$2.25bn in eurobonds

across 10-year, and 20-year maturities. Initial price talk is 9.125% and 9.625% for the 10-year and 20-year bonds respectively. **Latin American currencies depreciated against the dollar Tuesday, and equities were mixed.** The Mexican peso (-1.1%) led losses among EM currencies, with the Chilean peso (-0.8%), and Brazilian real (-0.8%) close behind. Equities in Colombia (+1.6%), Mexico (+0.4%), and Brazil (+0.2%) experienced gains, but markets declined in Chile (-2%) and Argentina (-0.8%).

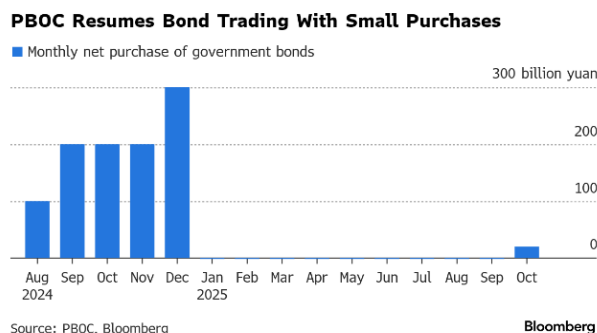
EM Bond Issuance

EM bond issuance moderated in October after September's surge. October issuance totaled \$65.7bn, slightly higher than the \$64.4bn recorded in October 2024 and below the \$124.9bn in September. CEEMEA (52%) comprised than half of the issuance, followed by Asia ex-Japan (31%) and Latam (17%). Sovereigns (43%) accounted for most of the issuance, with Corporates (29%) and Financials (15%) following. Issuance has started November on a strong note, totaling \$10.1bn in just the first two trading days, including sovereign issuance from Qatar, Jordan, and Laos.



China

The People's Bank of China (PBOC) conducted its first government bond purchase of 2025 in October, injecting ¥20bn (\$2.8bn) of liquidity, according to its official statement, though no details on tenors or timing were disclosed. The 10-year yield briefly rose to 1.795% on the smaller-than-expected size before stabilizing at 1.792%. Mizuho Securities expects bond purchases to continue toward year-end, while Citic Securities sees moderate bond purchase expansion if liquidity tightens, given the PBOC's "stable with slight easing bias" policy stance. Sinolink Securities warns the impact may be short-lived as bond trading could crowd out other liquidity tools. Shanghai Securities News reported that the PBOC will conduct a second round of outright reverse repos this month after today's ¥700bn 3-month auction, to support bond issuance and credit growth. Bloomberg estimates ¥300bn of 6-month outright repos and ¥900bn of MLF will mature in November. Golden Credit Rating sees potential for the PBOC to roll over 6-month outright reverse repos with an increased size amid heavy bond issuance and increased maturities of interbank CDs. Today, equities gained (CSI300: +0.2%), led by consumer stocks on positive sentiment by government plans to extend 2026 public holidays into longer vacations. The yuan held steady against the dollar.



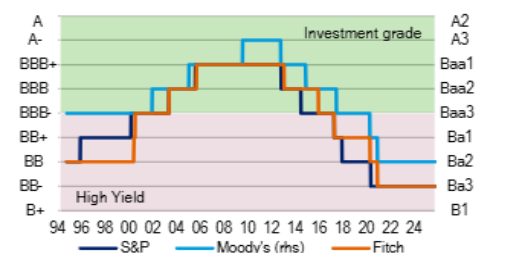
South Africa

Some analysts believe South Africa's credit rating could be upgraded in 2026.

Analysts at Bank of America (BoFA) highlight that despite domestic political developments, South Africa's fiscal metrics have been improving with better revenue and spending figures. The analysts estimate a budget deficit of around 4.3% of GDP against the government's estimates of 4.6% which BoFA note could result in around ZAR30bn of savings. According to the analysts, investor sentiment towards the country has been buoyed by the global macro backdrop as well as domestic reforms, including a lower inflation target, fiscal improvements and logistics reforms. They believe that continued near-term economic and fiscal improvements could result in an upgrade for South Africa in 2026 from its current BB- rating. So far today, the South African rand was firmer (+0.3%) against the dollar, partially reversing yesterday's losses. South African equities were also trading higher (+0.4%).

Exhibit 2: South Africa ratings trajectory

Ratings have been flat across all three agencies since being lowered by Fitch and Moody's in November 2020



Source: Bloomberg

BoFA GLOBAL RESEARCH

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Global Financial Indicators

11/5/25 8:38 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		6,779	-1.2	-1.6	0.9	17.2	15
Europe		5,640	-0.4	-1.1	-0.2	15.8	15
Japan		50,212	-2.5	0.0	4.7	27.2	26
China		4,627	0.2	-2.5	-0.3	15.0	18
Asia Ex Japan		94	-1.9	-1.9	0.8	20.6	30
Emerging Markets		55	-1.8	-1.9	0.7	20.5	31
Interest Rates			basis points				
US 10y Yield		4.1	2	3	-1	-17	-46
Germany 10y Yield		2.7	0	3	-5	23	29
Japan 10y Yield		1.7	-1	1	0	72	56
UK 10y Yield		4.5	3	6	-24	-8	-12
Credit Spreads			basis points				
US Investment Grade		116	-1	6	3	-9	-4
US High Yield		352	-1	20	24	21	23
Exchange Rates			%				
USD/Majors		100.2	0.0	1.0	2.5	-3.1	-8
EUR/USD		1.15	0.0	-1.0	-1.9	5.1	11
USD/JPY		153.9	0.2	0.8	2.4	1.5	-2
EM/USD		45.8	0.1	-0.7	-0.4	2.8	7
Commodities			%				
Brent Crude Oil (\$/barrel)		64.1	-0.5	-0.3	-0.1	-11.6	-10
Industrials Metals (index)		151.7	-0.1	-3.0	0.1	0.5	8
Agriculture (index)		56.4	0.1	1.3	3.9	0.9	-1
Gold (\$/ounce)		3971.8	1.0	1.1	0.3	44.7	51
Bitcoin (\$/coin)		102568.7	2.3	-6.3	-16.5	48.3	9
Implied Volatility			%				
VIX Index (% change in pp)		19.4	0.4	2.5	2.8	-1.1	2.0
Global FX Volatility		7.0	0.0	0.0	0.0	-1.6	-2.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		63	1	0	-3	-24	-22
Italy		76	1	0	-6	-49	-40
France		79	0	1	-2	5	-4
Spain		51	1	0	-2	-19	-18

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

Data source: Bloomberg.

Emerging Market Financial Indicators

Last updated: 11/5/2025 8:39 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		7.13	0.0	-0.4	-0.1	-0.3	2.4		1.8	0	-3	-8	-23	14	
Indonesia		16717	-0.1	-0.6	-0.8	-5.8	-3.5		6.0	2	11	-13	-78	-98	
India		89	0.1	-0.4	0.1	-5.1	-3.4		6.8	-1	-2	1	-44	-53	
Philippines		59	-0.5	-0.2	-0.8	-0.9	-1.5		4.7	-6	-3	-11	-28	-21	
Thailand		33	0.2	-0.3	-0.3	3.4	5.6		1.9	2	9	32	-63	-47	
Malaysia		4.19	0.1	-0.1	0.6	3.7	6.7		3.5	-1	2	5	-40	-32	
Argentina		1449	0.7	-0.8	-1.3	-31.5	-28.8		30.7	-2	-328	-2501	-163	157	
Brazil		5.39	0.2	-0.5	-1.4	6.6	14.6		13.8	2	8	-20	67	-218	
Chile		946	0.1	-0.4	1.8	1.1	5.4		5.4	0	2	-5	4	-30	
Colombia		3855	0.1	0.5	0.0	14.4	14.3		11.6	0	4	26	64	-21	
Mexico		18.64	0.3	-0.8	-1.6	7.9	11.8		8.8	1	12	2	-139	-157	
Peru		3.4	-0.2	0.2	2.2	11.5	11.0		6.0	0	2	-3	-70	-58	
Uruguay		40	0.0	0.2	0.3	4.5	9.8		7.8	-2	0	-13	-155	-182	
Hungary		337	0.3	-0.6	-1.5	11.0	17.9		6.6	4	9	2	-9	17	
Poland		3.71	0.0	-1.4	-2.1	7.4	11.4		4.7	-1	-6	-20	-68	-86	
Romania		4.4	0.0	-1.0	-1.8	2.8	8.5		6.9	1	-10	-41	16	-39	
Russia		81.3	-0.3	-1.6	2.2	20.3	39.7								
South Africa		17.4	0.5	-1.3	-1.5	-0.2	8.1		9.3	-2	-1	-30	-139	-121	
Türkiye		42.10	-0.7	-0.4	-1.0	-18.5	-16.0		32.3	13	12	2	77	255	
US (DXY; 5y UST)		100	0.0	1.0	2.5	-3.1	-7.6		3.71	2	0	0	-44	-67	

	Equity Markets							Bond Spreads on USD Debt (EMBIG)					
	Level		Change (in %)				YTD	Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M	YTD
									basis points				
China		4,627	0.2	-2.5	-0.3	15.0	17.6		91	-2	-1	-14	-5
Indonesia		8,319	0.9	1.9	2.2	12.7	17.5		88	-4	-1	-3	-3
India		83,459	0.0	-1.4	2.0	3.8	6.8		90	2	3	3	4
Philippines		5,818	-0.8	-2.3	-3.0	-18.8	-10.9		73	-4	6	-5	-6
Thailand		1,295	-0.3	-1.5	0.8	-11.7	-7.5						
Malaysia		1,622	-0.1	0.6	-1.0	-0.8	-1.3		62	1	5	-5	-8
Argentina		3,080,710	-0.8	10.0	70.7	59.5	21.6		671	-22	-414	-286	34
Brazil		150,624	0.2	1.3	4.5	15.3	25.2		196	-5	4	-14	-51
Chile		9,352	-2.0	1.3	5.2	43.3	39.4		99	0	2	-13	-14
Colombia		2,018	1.6	2.1	8.4	48.5	46.3		258	-2	-1	-83	-68
Mexico		62,391	0.4	-0.6	0.7	22.7	26.0		217	2	12	-85	-95
Peru		2,276	-2.9	-3.6	-5.5	19.5	34.3		103	1	8	-37	-38
Hungary		107,280	-0.7	0.1	6.8	44.3	35.2		130	2	2	-24	-25
Poland		111,318	0.0	-1.7	3.1	38.7	39.9		87	-5	-4	-25	-25
Romania		22,675	0.1	0.3	5.3	31.6	35.6		195	-1	-5	-8	-40
South Africa		108,339	0.9	-1.8	-1.3	25.0	28.8		237	-6	-18	-41	-56
Türkiye		10,970	0.5	0.9	1.0	27.3	11.6		256	-3	-5	-7	-3
EM total		55	-0.7	-1.9	0.7	20.5	30.6		281	1	-6	-104	-83

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

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