



- **Dovish remarks by Powell bolster expectations for October cut** ([link](#))
- **French bonds rally as new government suspends pension reform plans** ([link](#))
- **Chinese yuan advances after fixing set to strongest level in a year** ([link](#))
- **Japanese longer-maturity bonds stay firm after solid 20-year auction** ([link](#))
- **Argentina's peso comes under renewed pressure before October elections** ([link](#))
- **U.S. GSIBs deliver strong 3Q results but elicit mixed market reactions** ([link](#))

[Mature Markets](#)












| [Emerging Markets](#)

| [Market Tables](#)

Markets advance overnight after earnings and Fed speak offset trade fears.

Equity futures in the US indicated a higher open, and global markets rose overnight as dovish remarks by Fed Chair Powell yesterday and strong US earnings results offset some trade worries. Yesterday's trading session was marked by whipsaw action, with risk assets rising through most of the day after positive morning remarks by US Trade Representative Greer on US-China trade relations coincided with dovish comments from Fed Chair Powell. Powell's remarks signaled both a likely rate cut in October and an end to Fed quantitative tightening in the coming months. Late-afternoon posts by US President Trump, which threatened further retaliation, dampened some market enthusiasm; however, equity markets were only slightly lower compared to the steeper drop at the open, as strong US earnings reports also reengaged risk appetite. In France, markets reacted positively after Prime Minister Lecornu's offer to suspend pension system reform shored up support for his new government; European bourses traded in the green, and French bonds rallied on the news. In Asia, Powell's dovish remarks aided a rebound in regional bourses, while Japan's successful 20-year JGB auction brought comfort to sovereign bond investors. In China, authorities stepped up support for the yuan, setting the reference rate to its strongest level in almost a year.

Key Global Financial Indicators

Last updated: 10/15/25 8:42 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities							
S&P 500		6644	-0.2	-1	0	14	13
Eurostoxx 50		5629	1.4	0	3	14	15
Nikkei 225		47673	1.8	-1	6	22	19
MSCI EM		53	-0.9	-2	1	17	27
Yields and Spreads							
US 10y Yield		4.01	-1.7	-10	-2	-2	-55
Germany 10y Yield		2.58	-2.9	-10	-11	36	21
EMBIG Sovereign Spread		295	4	13	7	-56	-29
FX / Commodities / Volatility							
EM FX vs. USD, (+) = appreciation		45.9	0.2	0	0	1	7
Dollar index, (+) = \$ appreciation		98.9	-0.2	0	2	-4	-9
Brent Crude Oil (\$/barrel)		62.7	0.5	-5	-7	-16	-16
VIX Index (% change in pp)		19.4	-1.4	3	4	-1	2

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

Mature Markets

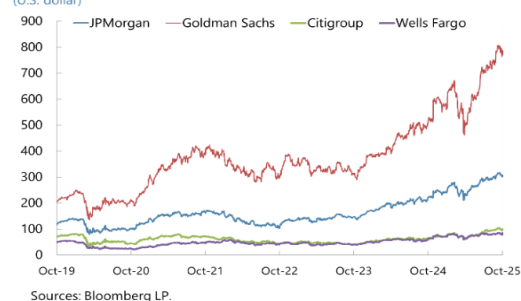
[back to top](#)

United States

Yesterday, US equities were volatile on evolving trade rhetoric and Fed Chair Powell's speech in the morning, while the government continued its shutdown for the 15th straight day. Early trading saw markets in the red, flipping quickly to green as news on US-China negotiations improved and dovish remarks by Powell bolstered investor confidence of an October rate cut. Powell's speech was also highlighted by signals that the Fed may end quantitative tightening in the "coming months," which surprised market participants, though there was muted reaction in rates. On net, the S&P 500 ended the day lower by just 0.2% after more negative US-China news in the afternoon, while the 3-year note fell by just 2bps (compared to -7bps mid-day). Meanwhile, the first set of US GSIBs posted strong third quarter results (see below). However, positive news was clouded by Jamie Dimon's warning that asset quality might be deteriorating. The KBW Bank index rose by 1.8% despite starting the day in red.

U.S. global systemically important banks (GSIBs)—JPMorgan, Citigroup, Goldman Sachs, and Wells Fargo—reported robust third-quarter results, generating a combined net income of \$27.8 billion (+15% year-over-year). All but Citigroup surpassed consensus expectations for earnings per share. Corporate and consumer lending activity, particularly in credit cards and auto loans, alongside favorable fixed-asset repricing and declining funding costs, all led to higher net interest income. Record high global equity prices and a rebound in

Figure 1. Stock Prices for Selected U.S. GSIBs
(U.S. dollar)



dealmaking also drove solid gains in trading and investment banking revenues. Notably, Goldman Sachs benefited from a significant increase in M&A transactions. Credit costs remained stable across the group, and higher revenues helped absorb increased operating expenses. Bank executives highlighted the U.S. economy's resilience and clients' financial strength, while issuing upbeat Q4 revenue guidance, even amid moderating job growth and broader economic uncertainty. Despite this, investor reaction was mixed: Citigroup and Wells Fargo shares rose 4% and 7%, respectively, on solid results, while Goldman Sachs and JPMorgan Chase fell 2% due to valuation worries and restructuring signals for the former. (Figure 1).

Corporate blowups are beginning to impact the US high-yield market, though spreads remain tight. High profile collapses in the US have permeated into the US high-yield (HY) market with spreads widening by as much as 67bps in the CCC+ to CCC- buckets. The failures of Tricolor and First Brands have had wider repercussions across corporate sectors, where the materials sector seems to be the worst performer (+60bps) followed by consumer discretionary (+40bps) and energy (+40bps) sectors. Despite this, US HY spreads remain relatively tight (360bps) overall compared to the large spike in April (+500bps).

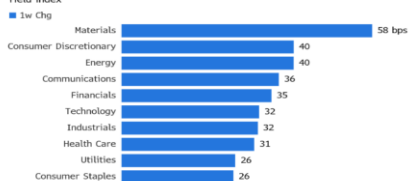
Spread Widening by Rating

Change on option-adjusted spreads on bonds in the Bloomberg US Corporate High Yield Index



One-Week of Widening in High Yield

Change on option-adjusted spreads on bonds in the Bloomberg US Corporate High Yield Index



Europe

European equities pared yesterday's losses returning to edge higher this morning, with the Stoxx 600 index up by 0.6% led by a strong rebound of the consumer discretionary goods (+3.8%) and information

technology (+2.3%) sectors. All European bourses traded in the green, with France outperforming (CAC 40 index +2.4%) after PM Lecornu secured yesterday support from the Socialist Party by proposing to suspend a pension system reform that raises the retirement age, improving the chances of his new government surviving two no-confidence votes on Thursday,

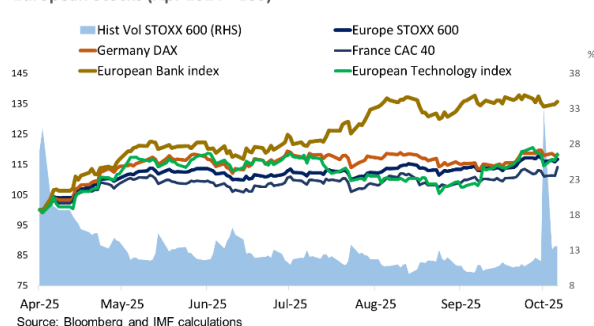
The euro edged marginally higher (0.1%) this morning against the dollar, trading at \$1.1627/€.

Today's data showed industrial production falling in the Eurozone by 1.2%/m/m in August, although by less than expected (consensus est. -1.6%), following a 0.5% rebound in July. Contacts were also attentive to remarks by ECB Governing Council member Villeroy yesterday who said that "if there is a next move, a rate cut is more plausible than a hike", as there are "more risks on the downside". Bloomberg expects the ECB to keep the deposit rate unchanged at 2% in the near term, but sees risks skewed toward additional easing in 2026 as US tariff hikes weigh on demand and act as a disinflationary force. Analysts note that financial conditions have tightened significantly, driven by euro appreciation and higher long-term yields. ING also sees the balance of risks tilted toward further easing if growth remains weak, the euro appreciates, or oil prices fall. Analysts broadly note that yesterday's ZEW survey signaled a fragile recovery, and external shocks such as slowing US and Chinese growth and trade tensions could further increase disinflationary pressure in Europe, while political uncertainties in France and geopolitical risks lower the bar for further policy easing by the ECB in 1Q 2026.

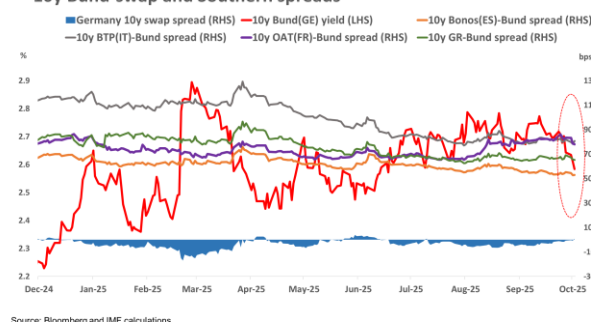
European government bonds (EGB) continued to stay bid today, with the Bund yield curve marginally bull-flattening again, as the 2y yield was 1bp lower at 1.91%, while the 10y and 30y yields were 3bps lower at 2.57% and 3.15%, respectively. Yesterday afternoon, French bonds rallied after PM Lecornu offered to suspend pension system reform to secure support for his new government. The 10y OAT yield fell 7bps to 3.4%, the lowest in five weeks, with the drop narrowing its spread with 10y Bund yields to as low as 79bps. French bonds held onto yesterday's gains early morning.

HSBC notes that fiscal risks remain elevated in France as the government targets a 2026 deficit below 5% of GDP, less ambitious than the previous 4.6% target, with the High Council of Public Finances warning that assumptions are fragile. HSBC expects a 2026 deficit of around 5.3% and sees the ECB intervening under the TPI if fiscal credibility weakens. ING argues the 4.7% deficit target is unlikely, projecting debt to rise to 117.9% of GDP by 2026 and warning that suspension of the pension system reform increases the annual fiscal consolidation efforts needed to reach a 3% deficit by 2029. In contrast to France, Crédit Agricole (CA) highlights the faster-than-expected fiscal consolidation process in Italy, where the deficit is expected to fall to 3% in 2025, creating €15 bn of fiscal headroom. CA analysts note that borrowing cost for Italy may have little room to further tighten, however, given that markets have already priced in the government's regained fiscal credibility, with 10y BTP yields potentially reaching a target of 3.8% in 2026, though still below historical levels.

European Stocks (Apr 2024= 100)



10y Bund-swap and Southern spreads

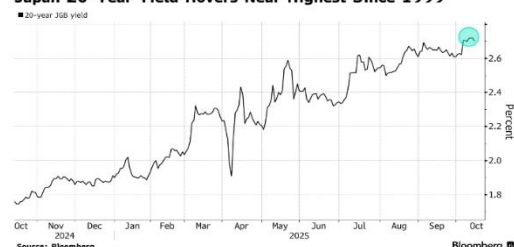


Japan

Auction of 20-year government bonds drew firm demand, bringing some comfort to global debt markets.

The bid-to-cover ratio came in at 3.56, compared with 4 at the previous auction and above the 12-month average of 3.25. Longer-term JGB yields dropped after the result (10y flat at 1.65%; 30y -5bp to 3.16%). Nonetheless, analysts remain cautious on the outlook for super-long JGBs, warning that lingering risk of an early general election makes political stabilization unlikely. Today, the Japanese yen continued to strengthen by 0.4% to \$/151.29, as the head of main opposition parties continue to discuss whether they can close policy gaps and pick a candidate of their own to become the next prime minister. According to JPMorgan strategists, the yen is being supported by an unwind in the “Takaichi trade”, where investors priced in pressure on the BOJ to maintain loose monetary policy. Overnight index swaps are pricing in a 14% probability of an October rate hike and a 50% probability of a rate hike by end-2025.

Japan 20-Year Yield Hovers Near Highest Since 1999



Emerging Markets

[back to top](#)

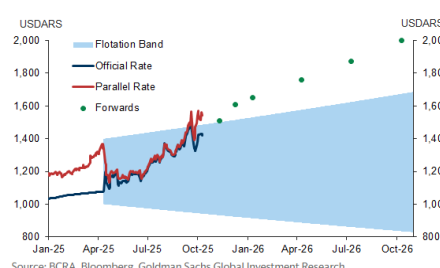
EMEA equities and currencies mostly rebounded today as optimism over a potential Fed rate cut lifted sentiment and outweighed renewed US-China trade tensions. In CEE, equities traded in the green with Poland outperforming (+1.5%), while currencies advanced against the euro. In Türkiye, the lira was steady against the dollar at TRY41.75/\$, while equities gained 0.5%. The rand regained some ground (+0.4%) against the dollar with South African equities also up 0.8% this morning. **Asian equities also rebounded sharply** (EM Asia: +2.4%). Korea (+2.7%), Hong Kong SAR (+1.8%) and Taiwan POC (+1.8%) advanced the most. The increased Fed rate cut bets also prompted Asian currencies to rebound (EM Asia: +0.4%), with Thai baht (+0.9%) and Indian rupee (+0.8%) being strongest. **Latin American assets performed mixed.** Stocks gained in Chile (+2.5%) and Colombia (+1.2%) while Peru's equity market declined by 1.5%. The Brazilian real depreciated 0.3% against the US dollar.

Argentina

Argentina's peso has come under renewed pressure ahead of the October midterm elections.

The central bank (BCRA) sold approximately US\$1.1 billion in September and about US\$1.8 billion more in early October to defend the currency. Gross reserves stand near US\$42 billion, but only about US\$6 billion are net reserves, and around US\$16 billion are liquid dollars. The U.S. government has stepped in with major support, finalizing a US\$20 billion swap line and has reportedly stepped in to directly support the peso via FX intervention with the potential of further assistance. Despite this help, the peso remains weak and overvalued, and the current account has moved into deficit as imports and service payments abroad have increased sharply. Imports rose 43%, and service outflows jumped 94.5% compared with last year. According to analysts from Goldman Sachs, Argentina may need to let the peso weaken and adopt a freer exchange rate to rebuild reserves and restore stability.

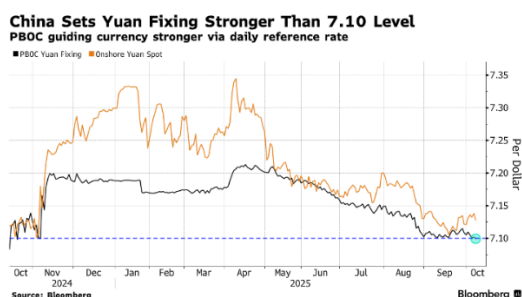
Exhibit 3: Exchange Rate Pressures Have Continued as Details on US Support Linger



China

The People's Bank of China (PBOC) set the yuan's reference rate at \$/7.0995 today, the strongest level in almost a year. Both onshore CNY and offshore CNH strengthened by 0.2% today. The latest fix below \$/7.10 is seen as a strong message of yuan strength, marking a departure from the stance Beijing deployed during the last trade war, when authorities allowed the yuan to weaken to offset tariff shocks.

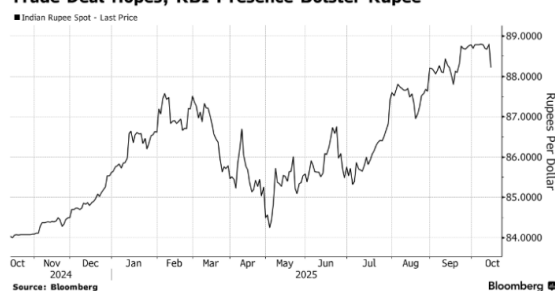
Analysts believe a strong and steady yuan would minimize financial outflows, reinforce investor confidence, and aid the government's bid to internationalize the currency. Authorities may also be prioritizing market stability in the run-up to the Communist Party's closed-door meeting from Oct 20 to 23, where it reviews development plans for the next five years. The consumer price index dropped 0.3% y/y in September (August: -0.4% y/y), while the producer price index fell 2.3% y/y (August: -2.9% y/y); Bloomberg analysts attribute the let-up in deflation to government efforts to curb disorderly price competition, rather than a rebound in demand. However, China remains on pace for nine consecutive quarters of economy-wide price declines, with persistent deflationary pressures also capping the yuan's upside.



India

The Indian rupee rebounded from near record low, gaining as much as 0.9% Wednesday, the strongest intraday jump since June 24. This is after the rupee had found a floor at the \$/89 level last two weeks, with one-month volatility dropping to this year's low last Wednesday. Traders pointed to heavy government support, with the Reserve Bank of India (RBI) quietly ramping up its interventions in the past several weeks to execute heavier selling of US dollars both in the offshore and onshore markets. The RBI also launched new (largely) 18-month FX swaps to offset liquidity drains from these currency interventions and following a reduced net short dollar position (\$88.8bn in February to \$53.4bn in August). Active rupee support has brought back chatter by contacts of a wholesale shift in the RBI's currency management approach, which has so far been marked by greater currency flexibility under Governor Malhotra. Per Bloomberg sources, the RBI views recent rupee weakness as driven by speculative international fund managers and will keep intervening until the currency settles to a stronger level. Relatedly, today's intervention aligns with reports that India is pushing to finalize US trade talks next month, further supporting the rupee.

Trade Deal Hopes, RBI Presence Bolster Rupee



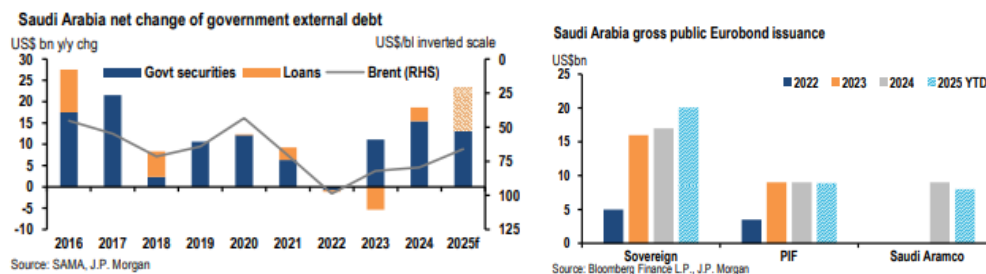
USD/INR Slid Sharply in Offshore Trade Before Local Open



Saudi Arabia

The Saudi riyal was steady against the dollar, continuing to trade at around SAR3.75/\$, with equities in the green (0.2%), after today's data showed inflation returning to ease in September after inching-up in August. The CPI printed 2.18%/y/y from prior 2.30%/y/y and 2.10%/y/y in July, led by cooling of food and service prices. UBS notes that declining inflation gives policymakers room to maintain accommodative real rates without jeopardizing the currency peg, and with possible Fed easing in 2025–26 transmitting








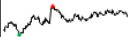








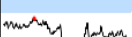


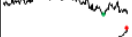

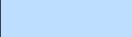

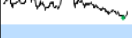



directly into the Saudi financial system. Data also showed that Saudi Arabia's external financing needs rose after a \$11.7bn (3.8% of GDP) current account (CA) deficit in 2Q, with analysts at JP Morgan estimating a CA breakeven oil price near \$83/bbl (vs current Brent price at \$62/bbl). They note that external financing in 2025 has increasingly relied on portfolio inflows (US\$14.1bn). The latest \$5.5bn Eurobond issuance was in September (YTD 2025 issuance: ~\$20bn) and there was a \$23.8bn drawdown in banks' net foreign assets, which may signal greater vulnerability to shifts in global risk appetite, especially if fiscal consolidation falters or oil prices fall further.



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), 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), Javier Chang (Senior 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

10/15/25 8:42 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,681	-0.2	-1.1	1.0	14.9	14
Europe		5,629	1.4	-0.4	3.5	13.8	15
Japan		47,673	1.8	-0.6	6.2	21.7	19
China		4,606	1.5	-0.7	1.8	20.2	17
Asia Ex Japan		91	-1.0	-2.3	-0.1	17.7	26
Emerging Markets		53	-0.9	-2.0	0.6	17.2	27
Interest Rates			basis points				
US 10y Yield		4.0	-2	-10	-2	-2	-55
Germany 10y Yield		2.6	-3	-10	-11	36	21
Japan 10y Yield		1.7	0	-4	6	68	55
UK 10y Yield		4.5	-4	-16	-9	39	-2
Credit Spreads			basis points				
US Investment Grade		115	-2	1	-2	-6	-5
US High Yield		350	-8	17	16	7	22
Exchange Rates			%				
USD/Majors		98.9	-0.2	0.0	1.6	-4.2	-9
EUR/USD		1.16	0.1	-0.1	-1.2	6.7	12
USD/JPY		151.6	-0.2	-0.7	2.9	1.6	-4
EM/USD		45.9	0.2	0.2	-0.4	1.5	7
Commodities			%				
Brent Crude Oil (\$/barrel)		62.7	0.5	-5.4	-6.5	-12.8	-13
Industrials Metals (index)		150.1	0.3	-1.0	2.5	0.3	7
Agriculture (index)		53.9	0.1	-1.1	-3.7	-3.7	-6
Gold (\$/ounce)		4185.6	1.0	3.6	13.8	57.2	59
Bitcoin (\$/coin)		111694.8	-1.2	-2.3	-3.2	68.0	19
Implied Volatility			%				
VIX Index (% change in pp)		19.4	-1.4	3.1	3.7	-1.3	2.0
Global FX Volatility		7.7	0.0	0.4	0.3	-0.9	-1.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		66	0	0	1	-24	-19
Italy		81	3	1	3	-43	-34
France		78	0	-5	-1	5	-5
Spain		53	1	-1	-2	-19	-16

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

Emerging Market Financial Indicators

Last updated: 10/15/2025 8:42 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	-0.1	-0.1	-0.1	2.4		1.9	0	-2	2	-17	21
Indonesia		16565	0.1	0.0	-0.9	-5.9	-2.8		6.0	-3	-12	-23	-63	-101
India		88	0.8	0.8	0.2	-4.6	-2.8		6.7	-1	1	-12	-32	-60
Philippines		58	0.3	-0.2	-1.5	-0.4	-0.4		4.7	2	0	-1	-7	-14
Thailand		33	0.7	0.0	-2.0	2.5	4.8		1.6	-1	8	13	-96	-71
Malaysia		4.23	0.0	-0.4	-0.7	1.9	5.7		3.5	0	-4	4	-34	-36
Argentina		1356	-0.5	5.4	8.1	-27.8	-24.0		51.9	297	-486	256	1150	2270
Brazil		5.47	0.3	-2.2	-2.7	3.4	13.0		13.9	-4	-7	16	123	-200
Chile		960	0.1	-0.9	-0.9	-1.7	3.6		5.4	0	-3	-3	12	-29
Colombia		3924	0.0	-1.2	-0.5	7.3	12.3		11.5	-1	12	18	113	-35
Mexico		18.46	0.2	-0.6	-0.5	6.7	12.8		8.7	-1	-9	-4	-108	-169
Peru		3.4	0.0	0.5	1.9	9.7	9.2		6.2	-1	8	8	-16	-42
Uruguay		40	-0.1	-0.5	0.0	3.3	9.5		7.8	2	-19	-19	-181	-186
Hungary		336	0.3	0.1	-1.5	9.2	18.2		6.5	-1	-6	-23	22	8
Poland		3.66	0.3	-0.1	-1.4	7.6	12.8		4.8	-2	-11	-7	-45	-76
Romania		4.4	0.1	0.0	-1.7	4.3	9.7		7.2	0	-10	-18	67	-3
Russia		78.5	1.9	3.6	4.9	23.5	44.6							
South Africa		17.3	0.3	-1.1	0.1	1.7	8.7		9.6	3	0	-20	-94	-93
Türkiye		41.84	-0.1	-0.3	-1.2	-18.2	-15.5		32.9	35	45	14	268	317
US (DXY; 5y UST)		99	-0.2	0.0	1.6	-4.2	-8.9		3.61	0	-11	0	-25	-78

	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		4,606	1.5	-0.7	1.8	20.2	17.1		94	1	-18	-22	-2	
Indonesia		8,051	-0.2	-1.4	1.2	5.3	13.7		100	10	11	12	9	
India		82,605	0.7	1.0	0.3	1.4	5.7		90	1	0	-5	4	
Philippines		6,094	0.3	-0.1	-0.9	-18.1	-6.7		81	11	12	7	2	
Thailand		1,287	1.6	-1.4	-1.6	-13.4	-8.1							
Malaysia		1,612	0.0	-1.0	0.7	-1.3	-1.9		62	4	-2	-12	-8	
Argentina		1,884,774	-2.1	4.6	7.8	3.8	-25.6		1032	-47	-114	-79	395	
Brazil		141,683	-0.1	0.2	-1.3	8.1	17.8		211	19	14	1	-36	
Chile		9,013	2.5	1.2	-0.8	37.4	34.3		107	10	5	-3	-6	
Colombia		1,892	1.2	1.8	2.4	42.3	37.1		277	19	34	-33	-49	
Mexico		60,786	-0.4	0.9	-2.1	16.1	22.8		224	16	8	-73	-88	
Peru		2,361	-1.6	-1.9	6.2	24.7	39.3		107	10	10	-31	-34	
Hungary		103,025	0.6	1.2	2.4	37.9	29.9		140	8	3	-3	-15	
Poland		108,283	1.5	0.0	0.7	30.1	36.1		97	6	-1	-7	-15	
Romania		21,644	0.0	0.2	4.1	23.6	29.4		213	8	11	27	-22	
South Africa		111,292	0.4	0.3	6.3	29.5	32.3		268	12	2	1	-25	
Türkiye		10,360	0.4	-3.7	-5.8	16.9	5.4		278	17	-3	7	19	
EM total		53	1.5	-2.0	0.6	17.2	26.7		302	11	-56	-82	-62	

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

[back to top](#)