GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, OCTOBER 22, 2025

LEAD EDITOR: FABIO CORTES

- **Momentum reversal in gold spurs losses in mining equities** (link)
- **US credit unions continue to expand CRE lending footprint** (link)
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- **Market-based measures of euro area inflation decline further** (link)
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Markets cautious on mixed earnings and gold losses

Global equities treaded water this morning as earnings reports and company news provided a mixed picture of corporate profitability. US equity futures were little changed after the rally in the S&P 500 index lost steam yesterday. Shares in Netflix and Texas Instruments fell in premarket trading on disappointing results and outlooks. Alphabet, however, gained after news that the Google owner is in talks with artificial intelligence startup Anthropic PBC about a deal for cloud computing services. Yesterday, General Motors, Coca-Cola, and General Electric delivered upbeat outlooks. In commodities, gold and silver extended declines after a slump yesterday. Gold suffered the worst daily loss in over a decade on Tuesday. The pullback brought an abrupt stop to a rapid ascent that was underway since mid-August, with gold still up about 55% YTD. Elsewhere, UK gilt yields fell sharply after September inflation data surprised on the downside. US Treasury and bund yields, however, were slightly lower while the dollar strengthened modestly.

Key Global Financial Indicators

Last updated: 10/22/25 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		6735	0.0	1	1	15	15
Eurostoxx 50		5680	-0.1	1	4	15	16
Nikkei 225		49308	0.0	3	8	29	24
MSCI EM		54	-1.1	3	2	19	30
Yields and Spreads				bps			
US 10y Yield		3.94	-2.5	-9	-21	-27	-63
Germany 10y Yield		2.54	-0.9	-3	-21	23	18
EMBIG Sovereign Spread		284	-2	-12	-6	-53	-41
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		45.9	-0.1	0	0	2	7
Dollar index, (+) = $ appreciation		99.1	0.1	0	2	-5	-9
Brent Crude Oil ($/barrel)		62.5	2.0	1	-6	-18	-16
VIX Index (%, change in pp)		18.2	0.3	-2	2	0	1

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

Mature Markets

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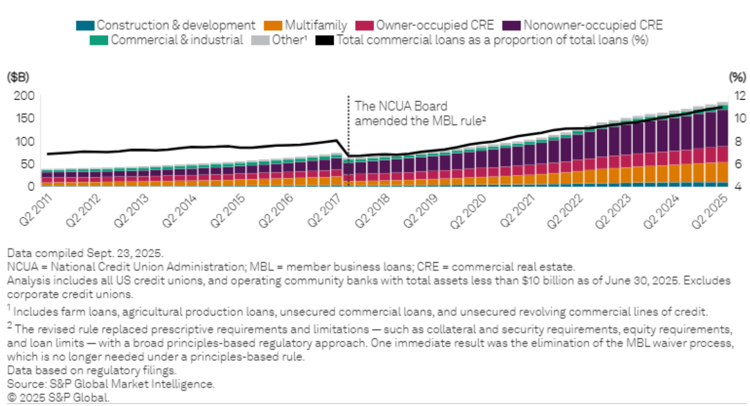
Commodities

The momentum reversal in gold is driving losses in mining stocks. Gold spot prices continued to drop this morning after declining by more than -5% (orange line) yesterday, while silver fell by over -7%. The gold's move exceeded four times its typical daily fluctuation. Analysts suggested that the recent decline in gold may reflect the unwinding of a momentum-driven rally, which had been supported by strong inflows into gold-related ETFs. Gold mining stocks bore the brunt of the selloff, with the GDX ETF—which tracks gold miners—suffering its worst daily loss since March 2020. According to Bloomberg, the failed breakout in the ratio between GDX and gold suggests that investors who recently entered the gold mining trade may now be pulling back (black line), raising questions about positioning and durability.

United States

US credit unions continued to expand their CRE lending footprint in Q2. Credit unions are increasingly shifting away from their traditional consumer focus, expanding into commercial lending, a recent analysis by S&P Market Intelligence Unit shows. Commercial loans accounted for 10.9% of total credit union lending as of Q2 2025, up from 7.7% in early 2020 (black line). Analysts noted that credit unions are embracing diversification despite execution risks, often leveraging coalitions or credit union service organizations (CUSOs) to build expertise. Among the various segments, multifamily lending has seen a notable increase to $43.8 bn in Q2 2025 from $15.7 bn in Q1 2020 (orange bars). Nonetheless, nonowner-occupied CRE remains the largest segment at $81 bn (purple bars). Despite regulatory lending caps, M&A is offering a fast-track to scale and boost credit unions' commercial loan growth—analysts noted. Eight of the top US 20 credit union commercial lenders in H1 have completed a bank acquisition, with most currently exceeding the industry's 11% commercial loan share.

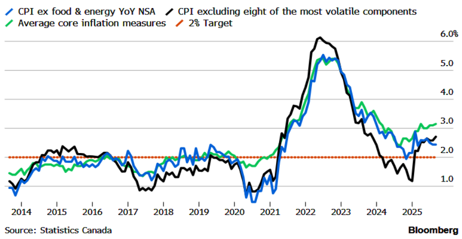
Commercial Loan Trends at US Credit Unions



Canada

Canada's CPI surprised on the upside. Headline CPI rose 2.4% y/y in September, above the 2.2% consensus and up from 1.9% in August. Core measures also firmed, with CPI excluding gasoline climbing to 2.6%, from 2.4% the previous month (left panel). The BoC's preferred trim and median gauges exceeded expectations slightly (both exp. 3%), reaching 3.1% and 3.2%, respectively. Shelter and rent inflation remained elevated. Traders slightly pared bets on a rate cut at next week's meeting, lowering odds to 73% from 76%. Some analysts attributed the latest CPI increase to base effects from gasoline prices, suggesting BoC may look past the uptick as it navigates a delicate trade-off amid recently soft labor market data. The Loonie closed stronger after PM Carney signaled a Canada–US tariff deal could be reached ahead of next week's APEC summit. It pared some gains toward the close (right panel, black line). Two-year swap rates followed a similar path, closing about 4 bps higher (right panel, orange line). The S&P/Toronto Stock Exchange Composite Index closed 1.7% lower.

Canada CPI and core-CPI inflation metrics

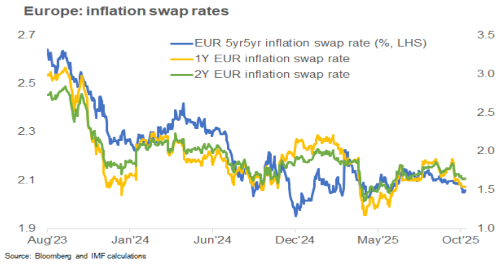


Two-year Canada Swap Rates and USD-CAD Exchange Rate

CAD swap rates: black line, right axis; USD-CAD: orange line, left-axis (Inverted)

Euro area

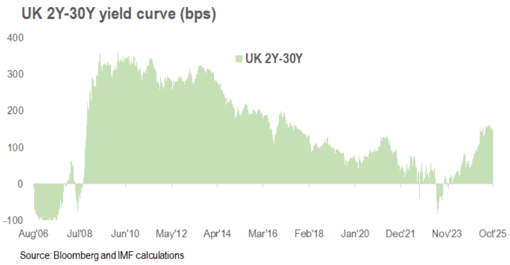
European equities were trading slightly higher this morning on mixed corporate earnings. The Stoxx 600 index was lower in early morning trade led by declines in the consumer products and services sector after disappointing earnings results from several companies in that sector, although soon pared losses. Elsewhere, European government bond yields were slightly lower across the curve while the euro was trading slightly weaker (-0.1%).



Market-based measures of euro area inflation declined further. According to Bloomberg data, European 5y5y forward inflation swap rates have declined to the lowest level since the start of June, hovering around 2.05%. Meanwhile, shorter-dated inflation swap rates have declined further below the ECB's 2% inflation target with the 1-year inflation swap rate at 1.55% (-25 bps since the end of September) and the 2-year inflation swap rate at 1.66% (-13 bps since the end of September). Market participants pointed to several drivers behind the decline in market implied euro area inflation expectations, including a fall in Brent oil prices and signs of decelerating growth in Germany. Analysts at UBS expect headline inflation to ease further in October to 2.1% y/y, largely driven by falls in energy and food prices. In line with market pricing, the analysts expect the ECB to keep the deposit rate unchanged at 2% next week while reiterating that policy remains "in a good place" while it is data-dependent, with a meeting by meeting approach to policy setting.

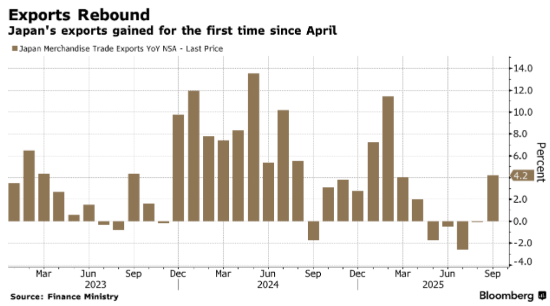
United Kingdom

Gilt yields fell sharpy and the yield curve bull steepened after September inflation data surprised on the downside. Data released this morning showed headline inflation printed at 3.8% y/y, lower than consensus expectations at 4.0% and unchanged on the month. Core inflation also surprised on the downside, printing at 3.5% y/y (3.7% exp, 3.6% prior). Immediately following the release, UK gilts yields were lower across the curve with the 2-year yield around 10 bps lower at 3.73% and the 30-year yield 8 bps lower at 5.19%. The pound was weaker (-0.5%). Meanwhile, money markets scaled up odds of a November rate cut to 40%, from under 13% yesterday. Analysts at Deutsche Bank noted that today's data, combined with weakness in PPI, should give MPC members confidence that inflation is decelerating. The analysts note that headline CPI printed 0.2 ppt below the BoE's own projections with both core and services CPI also printing lower than the BoE's projections. Deutsche analysts argued that today's data release makes the December MPC "a live meeting" with an increased chance of a rate cut before year end as they expect a December rate cut to be in play. Similarly, HSBC analysts noted that while they expect the BoE to remain on hold until Spring 2026, today's inflation data suggests risks could be skewed towards a cut before then.



Japan

JGB yields continued to edge lower as markets priced in new inflation-relief measures. PM Takaichi has ordered a fresh package of economic measures aimed at easing inflationary pressures on households and businesses. Expected components include subsidies for electricity and gas charges, regional grants to ease price pressures, and incentives for SMEs to raise wages and boost investment. The package is also expected to channel funds into strategic sectors, including AI, semiconductors, defense and supply chains for critical goods, while addressing US tariff risks through a $550 bn investment scheme agreed earlier with the US authorities. On rates, Bloomberg speculated that Friday's CPI release (forecast: +2.9% y/y) could be critical for JGB demand. A hotter print could spur short-end selling and curve flattening. JPMorgan strategists appeared positive on dip-buying super-long JGBs, citing fiscal discipline and expectations that yield spikes on fiscal concerns have peaked, though supply-demand imbalance risks persist. For trade data, September exports rose +4.2% y/y, the first gain in five months, supported by chips and electronic parts (+12.6% y/y), while US-bound shipments fell (-13.3% y/y) for the sixth month. Analysts estimated Q3 GDP likely contracted, the first decline in six quarters amid tariff headwinds. Today, the stock market was little changed (Nikkei 225: -0.02%), and the yen edged higher (+0/1%) as investors awaited BOJ guidance and policy clarity.



Emerging Markets

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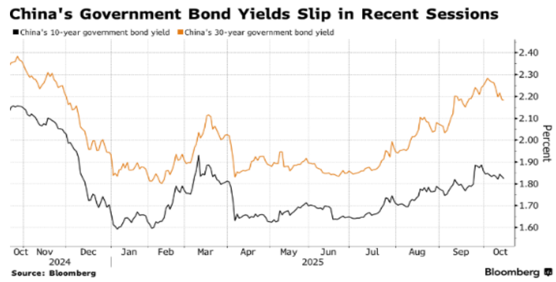
In **Asia**, equities were mixed, with Thailand (SET: +1.3%) advancing, while the Philippines (PSEi: -1%) and Indonesia (JCI: -0.9%) declined. EM Asian currencies were broadly stable. **Bank Indonesia unexpectedly kept its policy rate unchanged at 4.75%,** citing the need to assess the impact of earlier easing and ongoing fiscal stimulus. Governor Perry Warjiyo urged banks to improve the transmission of previous cuts, noting deposit and lending rates have lagged the benchmark reduction. The rupiah (+0.1%) firmed slightly after the decision. In **EMEA**, equities and currencies traded mixed this morning amid increased volatility. In

CEE, equities were in the green across the region save for Czechia (-0.2%), while currencies were little changed against the euro. The rand continued to lose ground (-0.3%) this morning, with South African equities again in the red (-0.8%) on losses in the metals mining sector. The lira was steady against the dollar while equities made a strong rebound (+1.4%) in Türkiye this morning. In **Latam**, most stock markets declined yesterday, with Mexico (-1.6%) leading the drop amid signs of economic contraction. Argentina's stock market was an exception, as it recorded gains. Currencies across the region generally depreciated.

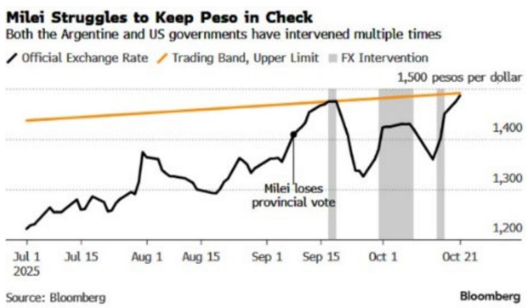
China

30-year CGB yields fell -4 bps to 2.18%, a one-month low, on easing speculation and lingering trade concerns. Huaxi Securities attributed the bonds' strength to expectations for policy rate and RRR cuts this quarter. US president Trump signaled optimism for a "good deal" with president Xi but acknowledged talks may slip. Cinda Securities noted that further monetary easing could follow if fiscal measures fail to deliver tangible growth support. A Bloomberg survey in mid-September showed economists expect the PBOC to cut the policy rate by 10 bps and the RRR by 50 bps in Q4. Today, the stock market declined (CSI300: -0.3%), though Goldman Sachs projects the index to gain +30% by end-2027, driven by pro-market reforms, AI-led profit growth, and strong domestic and foreign inflows. Despite risks of a macro slowdown and renewed trade tensions, strategists advised to stay invested and to add on dips. The yuan weakened slightly (-0.1%) despite a stronger yuan fixing at 7.0930 per dollar (vs. 7.0973 prior).



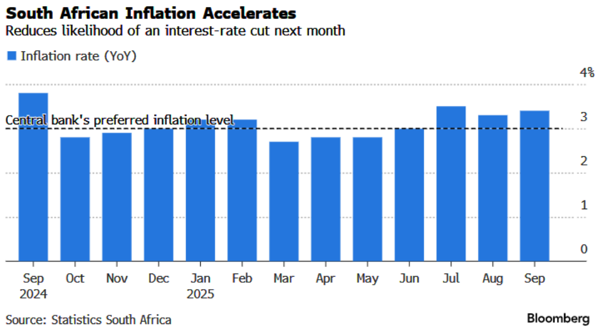
Argentina

The peso weakened yesterday despite interventions from the central bank and US Treasury. The peso dropped over 1%, nearing the lower limit of its trading band, which prompted the central bank to step in, selling $45.5 mn to stabilize the currency. The US Treasury also provided support to the currency, reportedly selling dollars on Tuesday through Banco Santander in the country's currency market, according to Bloomberg. The US Treasury's support is part of a broader initiative led by Treasury Secretary Bessent to stabilize the market in Argentina. Despite these efforts, uncertainty persists ahead of Sunday's midterm elections, with the gap widening between the parallel and the official exchange rates. Alongside the peso's depreciation, Argentina's dollar bonds also fell, erasing earlier gains.



South Africa

The rand continued to lose ground (-0.3%) **this morning,** with South African equities again in the red (-0.8%) as the metals mining sector kept losing amid further declines of gold prices. Today's data showed **inflation inching up in line with expectations in September,** with the CPI printing at 3.4%y/y (as expected) from 3.3% in August while core inflation came a tad higher than expected at 3.2% y/y (vs. est. 3.1%) from prior 3.1%y/y. **Goldman Sachs** expects the central bank (SARB) to deliver a -25 bps rate cut at its November meeting after it kept the benchmark repo rate unchanged in September, and sees inflation averaging at 3.2% in 2025-26, below the SARB's 3.6% projection. Analysts at **Bloomberg** see instead today's data reducing near-term scope for easing, with the policy rate likely held at 7% in November, as the SARB prioritizes anchoring inflation near its 3% target, despite forward markets pricing a 60% chance of a cut. South Africa's government bond yields were little changed, with the 2-year yield at 7.38% and the 5-year at 7.66%.



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Global Financial Indicators

	Level		Change				
10/22/25 8:00 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,735	0.0	1.4	0.6	15.1	15
Europe		5,680	-0.1	1.3	4.4	15.0	16
Japan		49,308	0.0	3.4	8.4	29.4	24
China		4,593	-0.3	-0.3	1.6	15.6	17
Asia Ex Japan		93	-0.9	2.8	2.0	19.9	29
Emerging Markets		54	-1.1	2.5	2.0	19.4	30
Interest Rates					basis points		
US 10y Yield		3.9	-2	-9	-21	-27	-63
Germany 10y Yield		2.5	-1	-3	-21	23	18
Japan 10y Yield		1.6	-2	-1	-1	67	55
UK 10y Yield		4.4	-10	-16	-33	22	-19
Credit Spreads					basis points		
US Investment Grade		117	0	0	2	-5	-3
US High Yield		352	1	-6	26	17	24
Exchange Rates					%		
USD/Majors		99.1	0.1	0.3	1.8	-4.8	-9
EUR/USD		1.16	-0.1	-0.5	-1.9	7.3	12
USD/JPY		151.8	-0.1	0.5	2.7	0.5	-3
EM/USD		45.9	-0.1	-0.3	-0.3	1.7	7
Commodities					%		
Brent Crude Oil ($/barrel)		62.5	1.9	1.0	-5.2	-14.6	-13
Industrials Metals (index)		150.8	0.5	0.6	5.0	0.3	7
Agriculture (index)		54.7	0.3	1.7	1.7	-2.4	-4
Gold ($/ounce)		4027.3	-2.4	-4.3	7.5	46.5	53
Bitcoin ($/coin)		107650.9	-2.9	0.6	-4.6	59.5	15
Implied Volatility					%		
VIX Index (%, change in pp)		18.2	0.3	-2.5	2.1	0.0	0.8
Global FX Volatility		7.2	0.0	-0.2	0.0	-1.6	-2.0
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		65	0	-1	-1	-24	-21
Italy		79	0	-2	-1	-46	-37
France		79	0	2	-3	5	-4
Spain		53	0	0	-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: 10/22/2025 8:00 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	0.0	0.0	-0.2	0.0	2.4		1.9	-1	-2	-1	-17	19
Indonesia		16585	0.0	-0.1	0.2	-6.1	-2.7		5.9	-2	-11	-21	-74	-113
India		88	0.0	0.8	0.4	-4.4	-2.6		6.8	0	5	-8	-38	-55
Philippines		58	-0.3	-0.7	-2.4	-1.0	-0.8		4.7	0	-4	-4	-20	-18
Thailand		33	-0.2	-1.0	-3.4	1.8	4.4		1.8	4	18	32	-67	-53
Malaysia		4.23	0.0	0.1	-0.7	2.3	5.7		3.5	-3	1	2	-37	-36
Argentina		1490	-0.9	-9.0	-5.4	-34.0	-30.8		52.1	-69	21	-1510	1241	2290
Brazil		5.39	-0.3	1.8	-1.0	5.7	14.6		13.8	-2	-14	12	85	-214
Chile		953	0.0	0.8	0.3	-0.6	4.5		5.4	0	0	0	13	-28
Colombia		3894	-0.2	0.8	-1.2	9.9	13.1		11.5	1	8	22	92	-28
Mexico		18.42	0.1	0.2	-0.3	8.3	13.1		8.6	-3	-2	-6	-153	-171
Peru		3.4	-0.5	1.0	3.3	11.0	10.8		6.1	-1	-14	-6	-53	-55
Uruguay		40	0.0	0.7	0.1	4.1	9.6		7.7	0	-5	-24	-191	-191
Hungary		336	-0.1	-0.2	-1.9	10.3	18.3		6.5	1	2	-9	1	10
Poland		3.65	0.1	0.0	-1.3	9.6	13.1		4.8	-3	-5	-16	-58	-81
Romania		4.4	-0.1	-0.4	-2.0	5.0	9.5		7.1	-7	-15	-24	48	-18
Russia		81.5	0.0	-4.0	2.7	17.6	39.3							
South Africa		17.5	-0.4	-0.7	-0.9	0.4	7.8		9.3	-2	-22	-29	-137	-115
Türkiye		41.98	-0.1	-0.3	-1.5	-18.4	-15.8		32.8	16	-7	105	241	310
US (DXY; 5y UST)		99	0.1	0.3	1.8	-4.8	-8.7		3.54	-2	-8	-16	-47	-84

	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		4,593	-0.3	-0.3	1.6	15.6	16.7		94	0	-16	-19	-2
Indonesia		8,153	-1.0	1.3	0.3	4.7	15.2		98	-2	9	15	7
India		84,426	0.0	2.9	2.8	5.4	8.0		94	4	4	1	8
Philippines		6,031	-1.0	-1.0	-1.4	-18.1	-7.6		77	-4	9	9	-2
Thailand		1,302	0.9	1.2	1.9	-10.8	-7.0						
Malaysia		1,603	-0.9	-0.5	-0.1	-2.4	-2.4		62	0	1	-8	-8
Argentina		2,002,849	1.2	6.3	10.6	10.8	-20.9		1081	49	-378	-16	444
Brazil		144,085	-0.3	1.7	-0.7	10.9	19.8		200	-11	8	-5	-47
Chile		9,115	-0.5	0.0	0.0	36.6	35.8		101	-6	5	-6	-12
Colombia		1,889	-0.5	-0.1	0.9	40.5	36.9		267	-10	19	-37	-59
Mexico		60,774	-1.5	0.0	-2.0	16.0	22.7		217	-7	0	-80	-95
Peru		2,275	-3.2	-3.6	0.4	16.6	34.2		97	-10	4	-36	-44
Hungary		103,885	0.4	1.0	4.6	40.7	31.0		132	-8	3	-7	-23
Poland		110,380	0.8	1.5	4.8	36.4	38.7		93	-4	1	-6	-19
Romania		22,120	0.6	2.2	6.5	27.6	32.3		205	-8	8	25	-30
South Africa		108,006	-0.8	-3.3	1.9	24.5	28.4		254	-14	4	-17	-39
Türkiye		10,578	1.1	1.1	-7.8	19.7	7.6		271	-7	7	-4	12
EM total		54	-0.1	2.5	2.0	19.4	29.9		287	-15	-85	-97	-77

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

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