



- Japanese yen weakened for a fifth consecutive day against the dollar ([link](#))
- Analysts increasingly expect Bank of England rate cuts in December after recent data ([link](#))
- Analysis suggest Dutch pension fund transition is pushing long-end rates higher ([link](#))
- Chinese firms' foreign currency sales rose to a multiyear high ([link](#))
- Dollar index has traded in a narrow range in recent months ([link](#))

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Global markets were mixed while oil prices rose on sanctions.

Risk sentiment has remained choppy, as Asian and European stocks were mixed this morning following US losses yesterday. US tech and more speculative pockets of the market generally underperformed yesterday, while reports that the Trump Administration is considering export restrictions on China may also have weighed on sentiment. Meanwhile, public communications following a meeting of China's central committee highlighted the need for greater self-reliance in technology. Elsewhere, gold prices stabilized today but have fallen over 5% this week. Treasury and European bond yields generally edged higher this morning but have drifted lower in recent weeks, with the 10y Treasury now trading below 4%, down close to 15 bps in October. French-German spreads have retreated back below 80 bps. Oil prices gained more than 5% after the US announced sanctions on major Russian firms, with Brent rising back above \$65/barrel. The dollar edged higher, with the yen falling for a fifth consecutive day past the 152 level following the political transition.

Key Global Financial Indicators

Last updated: 10/23/25 8:06 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6699	-0.5	0	1	16	14
Eurostoxx 50		5656	0.3	0	3	15	16
Nikkei 225		48642	-1.4	1	7	28	22
MSCI EM		54	-0.1	1	2	20	30
Yields and Spreads			bps				
US 10y Yield		3.99	3.8	1	-12	-26	-58
Germany 10y Yield		2.58	1.4	1	-17	27	21
EMBIG Sovereign Spread		285	2	-2	2	-57	-39
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.9	0.1	0	0	2	7
Dollar index, (+) = \$ appreciation		99.1	0.2	1	2	-5	-9
Brent Crude Oil (\$/barrel)		65.6	4.7	7	-3	-13	-12
VIX Index (% change in pp)		19.2	0.6	-6	3	0	2

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

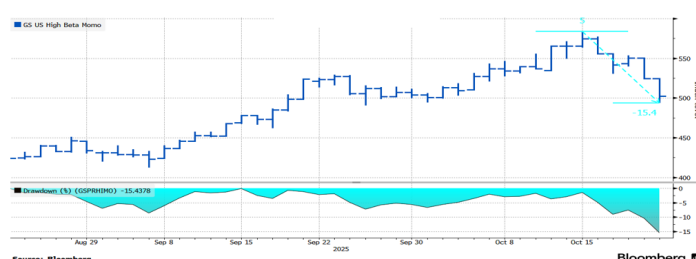
Mature Markets

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United States

US markets retreated on Wednesday (0.5%), with speculative and momentum stocks underperforming. Broad risk sentiment was dented by negative trade headlines surrounding potential trade restrictions on exports to China. The Nasdaq 100 fell 1%, dragged down by large losses in large cap stocks like Netflix (-10%) and Texas Instruments (-5%), partially due to earnings. Traditionally defensive sectors such as health care, real estate, and consumer staples outperformed. Notably, retail-driven and speculative stocks have fallen sharply in recent days, while Bitcoin and gold also have declined. Goldman Sachs' High Beta Momentum Index is down close to 15% from its recent highs after rising as much as 40% YTD. After market close, media reports suggested the Trump Administration is considering taking equity stakes in several quantum computing stocks, which have been popular with retail investors.

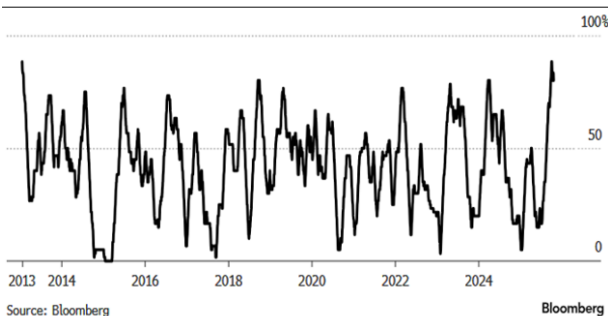
Goldman Sachs Index of Momentum Stocks



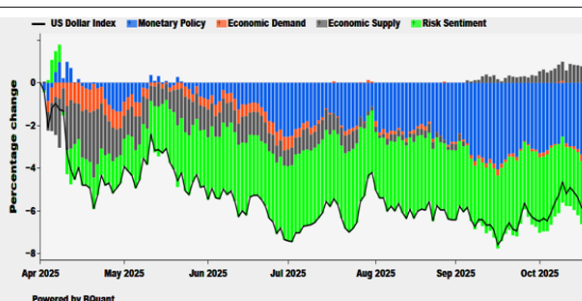
Dollar index has remained relatively subdued in recent months despite gaining over the last week.

The Bloomberg Dollar Spot Index was little changed on Wednesday but has gained 0.7% over the last week. However, analysts noted that the index (BBDXY) has remained within one standard deviation of its 60-day average for 80% of the past 60 trading days, with that figure reaching 88% earlier in the month, the highest level since 2013. Bloomberg analysis suggests the dollar has been supported by supply side considerations, including trade policy uncertainty, though frequent changes have prevented a sharper repricing of inflation expectations. In contrast, risk sentiment and the monetary policy outlook have generally weighed on the dollar.

Share of days dollar index traded within 1 standard deviation of 60-day average



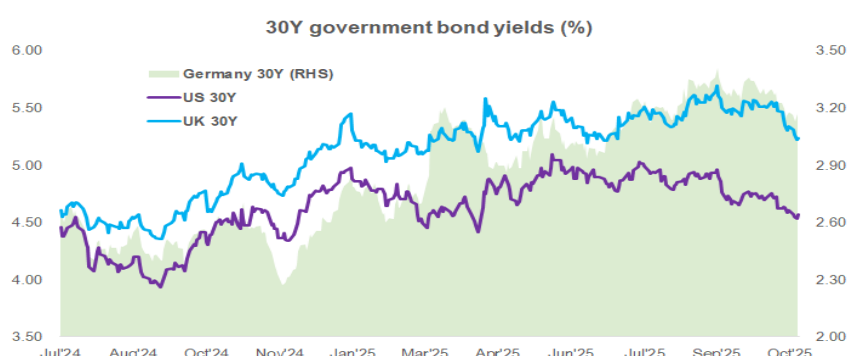
Decomposition of Dollar Moves (Bloomberg Economics)



Europe

European equities were trading slightly higher this morning (Stoxx 600 +0.2%) with the energy sector outperforming as the benchmark index continues to hover near record levels. Stronger than expected earnings in the telecoms and luxury goods sectors also buoyed the index. The German DAX was underperforming with small losses after mixed earnings from SAP. Elsewhere, the euro was trading slightly weaker (-0.1%) against the dollar at 1.1594.

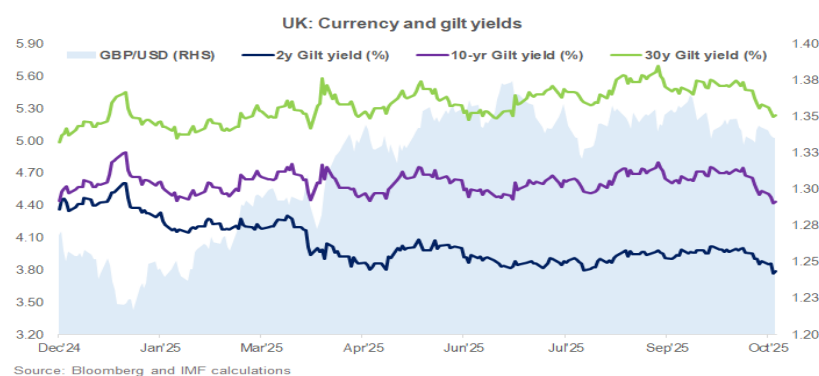
Analysis suggests Dutch pension fund transition is pushing long-end interest rates higher. The rise in 30y European government bond yields at the start of the year likely reflected investor anticipation of the Dutch pension fund transition, as well as concerns over increased government spending and public debt levels, according to the Dutch National Bank (DNB). The DNB noted (citing analyst estimates) that the pension fund transition is expected to exert further upward pressure on 30y rates as “investment funds reduce their holdings of governments bonds and interest rate swaps with a maturity of 25 years and longer by roughly €100–150bn”. While there is significant uncertainty as to the timing of the transactions, the DNB highlighted the risk that several funds could execute their trades simultaneously, compounding market volatility. However, regulatory changes do allow pension funds up to 12 months to adjust their portfolios and some analysts expect the transition to be staggered over an extended period. Moreover, the pension fund transition has been anticipated for some time by investors, allowing investors to opportunistically position themselves and help smooth the transition. European government bond yields were trading 1–2 bps higher this morning, with 10y OAT-Bund and BTP-Bund spreads little changed near 79 bps.



UK

Some analysts expect the Bank of England to cut rates in December following recent data releases.

Standard Chartered analysts cited weaker than expected private sector wage growth, softer inflation data, and lower September PMI readings. Market pricing for a November rate cut also has risen (36% probability), though the analysts believe the MPC will wait for details on the upcoming budget, which could “provide a growth headwind” given expectations of fiscal tightening. Markets are pricing in around 60 bps of easing by September 2026. UK gilt yields were trading slightly higher across the curve, in line with European peers, with the 10y gilt yield up 2 bps to 4.43%. The pound was little changed.



Japan

The yen extended its slide against the dollar (-0.4%) for a fifth straight day, pressured by a dovish policy outlook. Both analysts and markets expect the BOJ to hold rates steady this month, with a hike

unlikely before Prime Minister Sanae Takaichi's new economic measures are approved. Meanwhile, the newly formed cabinet is preparing an extra budget to fund Takaichi's policy agenda by year-end. Finance Minister Satsuki Katayama noted that the budget will be substantial and will focus on key issues (notably cost of living) but provided some caution about the overall scale of any new spending. On rates, Amundi predicts long-term JGB yields could hit record highs due to fiscal concerns tied to increased borrowing. However, Citi remains constructive on super-long JGBs, expecting a reduction in issuance next fiscal year as the Ministry of Finance's discussions with market participants start in November. Bank of Yokohama Ltd., the largest regional lender, reportedly plans to re-enter the domestic debt market, targeting short- and medium-tenor notes to match its liabilities once it believes rates are near their peak. Equities declined today (Nikkei 225: -1.4%), led by losses in the tech sector after news that US is considering curbs on China's purchases of critical software.



Emerging Markets

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EMEA equities were mostly higher while currencies were mixed. In CEE, equities traded higher across the region with Romania outperforming (+1.2%) as the energy sector extended yesterday's gains amid higher oil (5.4%) and natural gas (1%) prices. Regional currencies were little changed against the euro, with forint underperforming slightly at -0.3%. The South African rand regained some ground (0.3%) against the dollar as equities also rose (1.2%) and gold prices stabilized. The Turkish central bank cut its policy rate by 100 bps to 39.5% as expected. Equities rose 0.7% while the lira was little changed on the day. Ukraine left its policy rate at 15.5% despite expectations for a 50 bp cut. The hryvnia stabilized following losses earlier in the session.

In EM Asia, most regional currencies weakened against the dollar despite gains across several major equity markets, notably Indonesia (JCI: +1.5%). However, Korean assets underperformed, with the won falling 0.5% and stocks down close to 1%. Bond prices also fell, with yields 3–4 bps higher. The Bank of Korea held its seven-day repurchase rate at 2.5%, as expected, and cast doubt on a rate cut at the November meeting despite the possibility of further easing down the road. Policymakers cautioned that persistent property price gains and rising mortgage debt could heighten financial stability risks. Economists noted that a weaker won, weighed down by uncertainty surrounding a \$350 bn Korea-US investment fund, added to the case for caution.

In Latin America, regional equity markets mostly gained, led by Colombia (+1.4%), while Chile underperformed. Colombian stocks rallied after reports that the country had made a proposal that would result on lower tariffs for certain food and agricultural-related exports to the United States. The agreement would also aim to crack down on illicit financing. In recent days, the Trump Administration had suspended aid and threatened to impose additional tariffs.

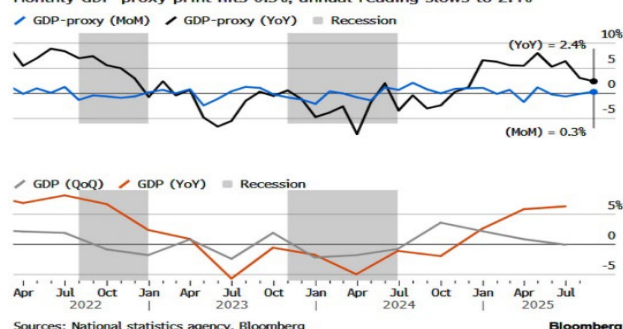
Argentina

Argentina's economy expanded modestly in August, with a monthly GDP proxy rising 0.3% m/m

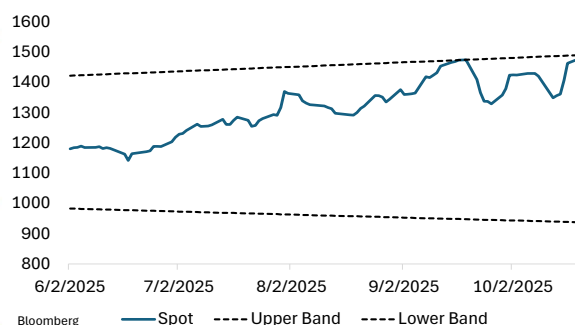
after three months of contraction ahead of the midterm elections (Oct 26th) this weekend. The economy expanded 2.4% y/y in August, slightly above consensus of 2.3%. **The Argentine peso strengthened slightly (0.1%) on Wednesday amid media reports of further US intervention**, though it remains near the top of the exchange rate band. Bloomberg reported US banks were active on behalf of the Treasury Department, with possibly the biggest day of dollar sales thus far, though no confirmed figures were available.

Argentina Economy Snapped Three-Month Skid in August

Monthly GDP-proxy print hits 0.3%, annual reading slows to 2.4%



Argentina Exchange Rates (pesos per dollar)

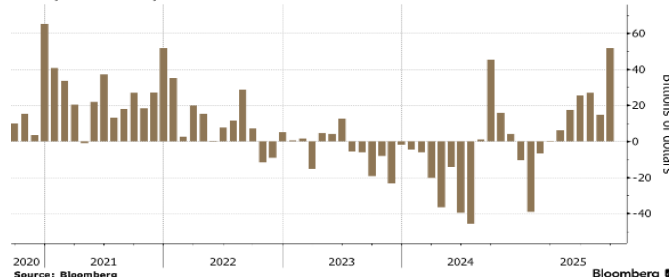


China

Chinese firms accelerated foreign currency sales amid optimism toward the yuan. SAFE data shows banks sold a net \$51.8 bn of foreign currency on behalf of clients in September, the largest monthly amount since December 2020, after the yuan hit its strongest level since last November. Goldman Sachs estimates the September FX conversion ratio surged to 80% (vs. 35% in August and 58% for Q3) amid robust export growth. Bloomberg noted that this conversion spike helped offset investment outflows, as PBOC data indicated foreign institutions continued trimming onshore bond holdings last month. Analysts expect exporters to increase conversion rates if the yuan extends its rally toward 7.00 per dollar. Today, the yuan held steady against the dollar after the PBOC set the yuan fixing at 7.0918, the strongest in a year, signaling tacit support for appreciation despite renewed US tariff threats. Bank of America sees constructive resolution of trade tensions and forecasts the yuan could strengthen to 6.8 per dollar by Q3 2026, citing competitiveness in real terms as domestic prices deflate relative to trade partners. The stock market gained (CSI300: +0.3%) as investors await the communiqué of the fourth Plenum, expected later today, outlining priorities for the next five-year plan.

China's FX Settlement in September Rises to Most Since 2020

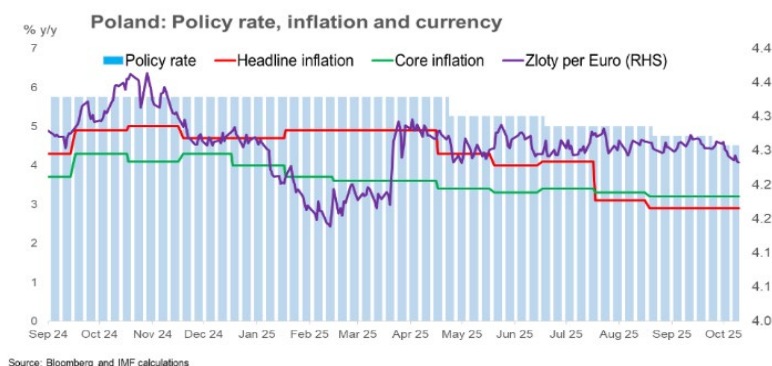
Monthly net FX settlement by banks on behalf of clients



Poland

Strong September data affirmed expectations that the central bank will hold its policy rate unchanged at 4.5% in November, according to ING. Retail sales growth accelerated to 6.6% y/y, from 3% y/y previously, albeit still below expectations (7.2% y/y). Industrial production rose stronger than expected at 7.4% y/y (5.2% expected, 0.7% previous) alongside construction at 0.2% y/y (vs -2.3%






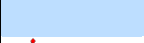


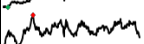
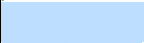






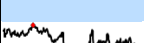










expected, -6.9% previous). Unemployment rose slightly to 5.6% from 5.5% previously. ING analysts expect the National Bank of Poland (NBP) to hold the policy rate unchanged for the remainder of 2025 and then cut by 50 bps in 2026. JP Morgan analysts see household spending continuing to drive growth as fiscal policy turns neutral. As a result, they expect the NBP to hold rates unchanged until there is clearer evidence of slower domestic demand or renewed fiscal expansion. The zloty stabilized today after strengthening yesterday and has reached its strongest level against the euro since April at PLN4.23/€. Elsewhere, 10y euro-denominated bond yields have fallen nearly 20 bps in October to 3.31%, which Deutsche Bank believe is close to fair value.



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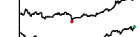



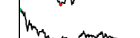
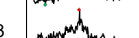

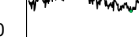


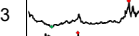







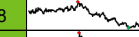


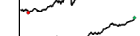








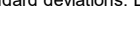




Global Financial Indicators

10/23/25 8:05 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,690	-0.5	0.9	0.5	15.4	14
Europe		5,658	0.3	0.1	3.4	14.9	16
Japan		48,642	-1.4	0.8	6.6	27.5	22
China		4,606	0.3	-0.3	0.9	17.2	17
Asia Ex Japan		93	-0.3	0.7	2.0	20.1	29
Emerging Markets		54	-0.1	0.8	1.8	20.0	30
Interest Rates			basis points				
US 10y Yield		4.0	4	1	-12	-26	-58
Germany 10y Yield		2.6	2	1	-17	27	21
Japan 10y Yield		1.7	2	0	2	69	57
UK 10y Yield		4.4	1	-7	-25	23	-14
Credit Spreads			basis points				
US Investment Grade		117	0	-2	0	-7	-3
US High Yield		351	-3	-7	25	12	23
Exchange Rates			%				
USD/Majors		99.1	0.2	0.8	1.9	-5.1	-9
EUR/USD		1.16	-0.2	-0.8	-1.9	7.5	12
USD/JPY		152.6	0.4	1.5	3.4	-0.1	-3
EM/USD		45.9	0.1	-0.1	-0.4	1.9	7
Commodities			%				
Brent Crude Oil (\$/barrel)		65.6	4.7	7.4	-2.1	-9.3	-9
Industrials Metals (index)		153.0	1.2	1.7	6.4	1.7	9
Agriculture (index)		55.1	0.8	2.0	2.4	-2.2	-3
Gold (\$/ounce)		4114.2	0.4	-4.9	9.3	51.5	57
Bitcoin (\$/coin)		108838.6	1.1	1.7	-2.8	63.5	16
Implied Volatility			%				
VIX Index (% change in pp)		19.1	0.5	-6.2	2.5	-0.1	1.8
Global FX Volatility		7.2	0.0	-0.1	0.0	-2.0	-2.0
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		66	1	1	0	-21	-20
Italy		79	1	0	0	-42	-36
France		80	1	3	-2	7	-3
Spain		53	1	1	-1	-17	-16

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

Emerging Market Financial Indicators

Last updated: 10/23/2025 8:07 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	1 Day	7 Days	30 Days	12 M		
	vs. USD		(+) = EM appreciation						% p.a.						
China		7.12	0.0	0.0	-0.2	0.1	2.5		1.9	0	-2	0	-20	19	
Indonesia		16620	-0.3	-0.3	0.3	-6.0	-3.1		5.9	1	-7	-23	-82	-112	
India		88	0.1	0.0	1.0	-4.3	-2.6		6.8	2	1	-7	-35	-53	
Philippines		59	-0.3	-0.8	-2.3	-1.3	-1.3		4.7	0	-4	-5	-20	-18	
Thailand		33	-0.3	-1.0	-3.3	1.9	3.7		1.8	-2	14	32	-69	-56	
Malaysia		4.23	0.1	0.0	-0.7	2.9	5.8		3.5	-3	0	3	-41	-36	
Argentina		1488	0.1	-8.5	-5.3	-33.9	-30.7		49.3	-278	-340	-838	1063	2013	
Brazil		5.38	0.3	1.1	-1.9	5.6	14.7		13.7	-6	-13	-5	81	-220	
Chile		949	0.2	0.8	0.0	-0.2	4.9		5.4	0	0	-2	8	-29	
Colombia		3910	-0.4	-0.4	-1.6	9.1	12.7		11.6	7	16	29	96	-21	
Mexico		18.42	0.1	0.1	-0.3	7.8	13.1		8.6	0	3	-4	-151	-171	
Peru		3.4	-0.5	-0.1	2.8	10.0	9.7		6.1	0	-5	-3	-54	-53	
Uruguay		40	-0.1	0.4	0.1	4.2	10.3		7.8	3	-5	-19	-188	-188	
Hungary		336	-0.4	-0.8	-1.9	11.1	18.1		6.5	-2	0	-7	0	8	
Poland		3.65	-0.1	-0.4	-1.3	10.4	13.1		4.8	-1	-5	-13	-64	-82	
Romania		4.4	-0.2	-0.7	-2.0	5.2	9.6		7.1	-1	-8	-22	44	-19	
Russia		81.3	0.0	-1.4	2.9	18.1	39.7								
South Africa		17.3	0.4	0.0	-0.6	2.5	8.6		9.4	3	-12	-23	-132	-112	
Türkiye		41.98	-0.1	-0.3	-1.4	-18.3	-15.8		32.7	-7	-13	123	229	303	
US (DXY; 5y UST)		99	0.2	0.8	1.9	-5.1	-8.6		3.58	3	4	-8	-47	-80	

	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	0.3	-0.3	0.9	17.2	17.1		94	0	-16	-18	-2		
Indonesia		8,274	1.5	1.8	1.8	7.2	16.9		96	-2	9	5	5		
India		84,556	0.2	2.4	3.5	5.6	8.2		93	2	4	0	7		
Philippines		6,054	0.4	-0.7	-0.9	-16.9	-7.3		79	1	14	0	0		
Thailand		1,302	0.0	1.2	1.9	-10.8	-7.0								
Malaysia		1,608	0.3	-0.2	0.5	-1.5	-2.1		62	-1	1	-9	-8		
Argentina		2,018,811	0.8	5.5	11.2	13.8	-20.3		1129	119	34	25	492		
Brazil		144,873	0.6	1.6	-1.1	12.1	20.4		206	5	16	-3	-41		
Chile		9,049	-0.7	-0.7	-1.1	35.3	34.9		102	0	7	-9	-11		
Colombia		1,916	1.4	0.9	2.4	45.0	38.9		269	-4	22	-43	-57		
Mexico		61,308	0.9	-0.5	-1.7	17.6	23.8		220	1	5	-80	-92		
Peru		2,268	-0.3	-4.3	0.6	17.3	33.8		99	-3	6	-38	-42		
Hungary		104,183	0.0	1.3	5.0	40.3	31.3		133	-2	5	-11	-22		
Poland		111,459	0.5	3.0	5.3	37.5	40.1		94	0	3	-8	-18		
Romania		22,433	1.3	3.2	8.7	28.6	34.2		204	-2	8	19	-31		
South Africa		110,214	1.3	-2.5	3.3	27.5	31.1		254	-5	2	-23	-39		
Türkiye		10,645	0.9	2.6	-6.1	22.1	8.3		268	-5	8	-8	9		
EM total		54	0.2	0.8	1.8	20.0	29.7		289	-5	-63	-101	-75		

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

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