



- US inflation swaps imply lower short-term inflation amid growing market disruptions ([link](#))
- ECB keeps policy rates on hold, in line with expectations ([link](#))
- Some analysts believe markets may be underestimating the chance of a BoE rate cut ([link](#))
- Yen closes weaker despite support from stronger Tokyo inflation ([link](#))
- Soft Chinese PMI adds to growth concerns despite trade truce ([link](#))
- Argentina monetary normalization continues, albeit with room for improvement ([link](#))
- **Emerging Markets Local Currency Bond Monitor** (Attached)

[Mature Markets](#)







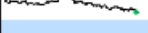



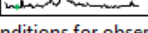
| [Emerging Markets](#)

| [Market Tables](#)

Magnificent Seven Rise from the Grave on Amazon's Monster Results

While overall global equity markets are modestly weaker this morning, the US tech sector appears set to rebound from yesterday's losses after Amazon reported strong results in its cloud computing unit. Shares in the company rose over 10% in early pre-market trading with the results also helping to propel the rest of the tech sector. Although S&P 500 futures are little changed this morning, futures on the Nasdaq are up more than 1%. Movements in sovereign bond yields are relatively muted today after an active week following several key central bank decisions. Yesterday, the ECB left its policy rates unchanged as was widely expected, with a resulting muted market response. Markets expect only a small chance of a cut at the next meeting in December as well. In Japan, expectations the BoJ could raise interest rates in the near future increased today after Tokyo inflation rose more than expected.

Key Global Financial Indicators

Last updated: 10/31/25 8:09 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
				%			%
S&P 500		6822	-1.0	1	2	20	16
Eurostoxx 50		5687	-0.2	0	3	18	16
Nikkei 225		52411	2.1	6	15	38	31
MSCI EM		55	-1.0	1	4	25	33
Yields and Spreads				bps			
US 10y Yield		4.10	0.8	10	-5	-18	-46
Germany 10y Yield		2.65	0.3	2	-7	26	28
EMBIG Sovereign Spread		266	4	-14	-18	-67	-59
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		45.9	-0.1	0	0	2	7
Dollar index, (+) = \$ appreciation		99.6	0.0	1	2	-4	-8
Brent Crude Oil (\$/barrel)		64.8	-0.3	-2	-3	-11	-13
VIX Index (% change in pp)		16.0	-0.9	0	0	-7	-1

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

Mature Markets

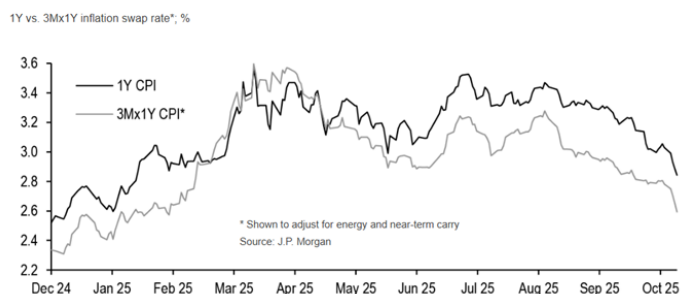
[back to top](#)

United States

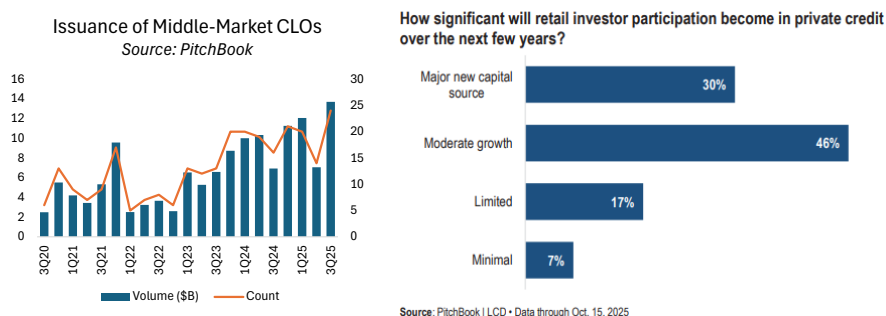
On Thursday, The S&P 500 fell 1%, dragged lower by weakness in several megacaps. Meta lost 11% as investors reassessed the payoff from its heavy AI investments. Treasury yields were largely unchanged, while the dollar appreciated 0.3% against major currencies.

The 1-year inflation swap rate has declined steadily in recent months, with the drop accelerating over the past week. Part of the trend might be reflecting subsiding tariff risk amid progress in U.S.–China trade talks and uncertainty surrounding the IEEPA tariff ruling. However, JPMorgan analysts expect the administration will impose 15% blanket tariffs (temporarily) under Section 122 via executive order, before opening new investigations under Sections 301 and 232 in order to make the tariffs more permanent—thus leaving the effective tariff rate not far from its current level. Additionally, both inflation swap and TIPS markets face disruption risk if CPI releases are missed during the government shutdown. In such a scenario, fallback provisions would rely on proxy CPI substitutes rather than official data. Because TIPS and swaps use different fallback methodologies, implied inflation rates would diverge. Pricing for near-term maturities would become highly sensitive to the expected number of missed CPI prints, with breakeven moves being driven mostly by the change in anticipated duration of the shutdown rather than by changes in inflation expectations.

Figure 1: 1-year inflation swaps have fallen sharply in recent weeks, declining another 4bp today following a de-escalation in trade tensions with China



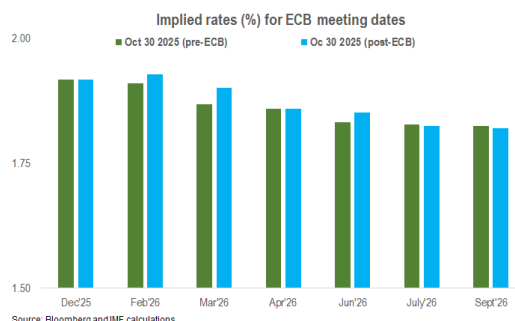
Private credit is expanding new funding sources amid deployment pressure. The direct lending industry continues to face headwinds from subdued M&A activity driven by policy uncertainty, resulting in weaker deal flow and a higher share of refinancing and dividend recap transactions. Pressure to deploy capital has compressed spreads further, reinforced by competition for larger borrowers with the broadly syndicated loan (BSL) market. Against this backdrop, private credit managers are expanding their funding base. The issuance of middle-market CLO—i.e., collateralized loan obligations backed by private credit loans—has been rising steadily (left chart), as the structure gains broader acceptance among institutional investors. At the same time, retail capital is emerging as an important funding channel: according to PitchBook (right chart), 30% of market participants view retail investors as a “major new source of capital,” and another 46% anticipate “moderate growth” of retail participation in the coming years.



Europe

European equities were trading lower in early morning trade. The Stoxx 600 index was 0.5% lower, led by declines in the energy and communication services sectors. Regional bourses were also trading in negative territory, while the euro was trading flat against the dollar at 1.1570.

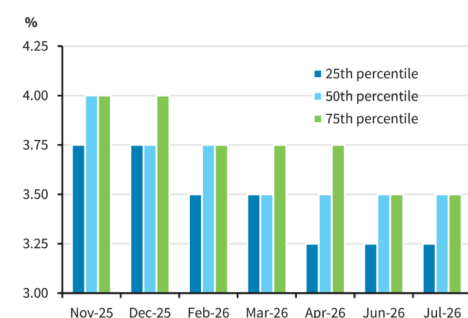
The ECB kept policy rates on hold yesterday, in line with expectations. As widely anticipated, the ECB kept its three policy rates unchanged. The accompanying statement was broadly unchanged and reiterated the Governing Council's data-dependent and meeting-by-meeting approach to policy setting. With inflation around the ECB's 2% medium-term target, the Governing Council judged that the outlook for inflation "is broadly unchanged" and described the economy as resilient, although the outlook remains uncertain despite some downside risks having abated. There was limited market reaction immediately following the decision or after the press conference. In line with market pricing, most analysts believe that the ECB has likely concluded the current rate-cutting cycle noting that the bar for another rate cut is likely to be high, despite some analysts expecting some near-term downside risks. Updated ECB staff projections at the December meeting will be closely watched with some analysts noting that a sustained, below target inflation forecast could raise the prospect of a rate cut. A Reuters report this morning noted that some policymakers think that "clear evidence" of an inflation undershoot in the December projections would justify a rate cut at the end of this year although Governor Kazaks urged caution in interpreting and responding to the updated inflation projections. This morning, money market pricing was unchanged with markets continuing to price in around 12bp of ECB easing through September 2026.



United Kingdom

Some analysts believe markets may be underestimating the chance of a BoE rate cut. Analysts remain somewhat undecided on next week's BoE meeting, while market pricing appears to suggest that rates will be kept on hold. Barclays believe that money markets may be underestimating the chance of a BoE rate cut next week noting that recent data outturns have provided enough "accumulation of evidence" that growth is slowing, while inflation risks are easing. Similarly, analysts at Nomura assign around a 60% probability to a cut next week, although note that "only one voting configuration (5–4)" could deliver that which would require Governor Bailey, Deputy Governor Breeden and Deputy Governor Ramsden to vote for a cut. That said, Nomura note that the risk to their expectation of a cut next week is that the MPC decides to wait for additional data, including the Budget ahead of the December meeting. Money markets continue to price around 7bp of easing for next week's MPC meeting with around 60bp of rate cuts expected through September 2026. Separately, UK house prices rose for a second consecutive month. According to Nationwide, average house prices rose 0.3% in October, following a 0.5% increase in the prior month. The report suggests that prospective buyers remain resilient despite mounting speculation of tax increases at next month's Budget. Pound sterling was trading weaker against the dollar at 1.3134 in early morning trade while UK gilt yields were relatively unchanged.

Figure 2. September MaPS Survey - no cut in Nov?



Source: Bank of England

Japan

Inflation in Tokyo rose more than expected in October, reinforcing the case that Bank of Japan may raise interest rates sooner than anticipated. Core consumer prices (excl. fresh food) rose 2.8% y/y (consensus: +2.6%), driven by the expiration of water-charge subsidies. However, service inflation remains below 2% without acceleration, and some economists argue the data is not definitive enough to guarantee a December rate hike. Today, the yen initially strengthened on the inflation report and comments from Finance Minister Katayama, who issued a stern warning about recent “one-sided and rapid” currency movements. However, the yen closed down (-0.1%), possibly on further selling pressures on expectations of aggressive fiscal policy. Growth strategy minister Kiuchi said in a group interview today that Japan should be free to use any tools available, including debt issuance, for its upcoming economic package. Consequently, benchmark JGB yields also rose in the afternoon (2-yr +1bp; 10-yr +2bp; 30-yr +2bp). Kiuchi’s comments align with those of Katayama, who said last week that the government may need additional debt issuance if existing resources, including unused funds and tax revenues, prove insufficient.

Accelerating Inflation

Tokyo prices rise at faster pace in October

■ Tokyo CPI excluding fresh food YoY

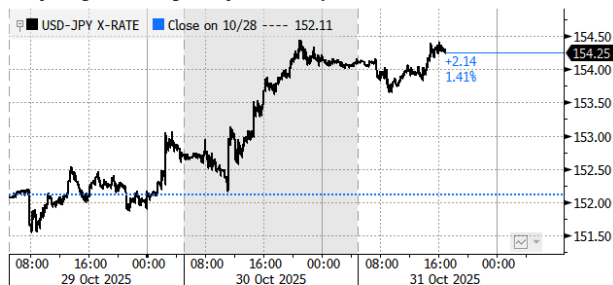


Source: Japan's ministry of internal affairs

Bloomberg

Currency Moves

Katayama gives warning after yen weakens post-B03



Source: Bloomberg

Bloomberg

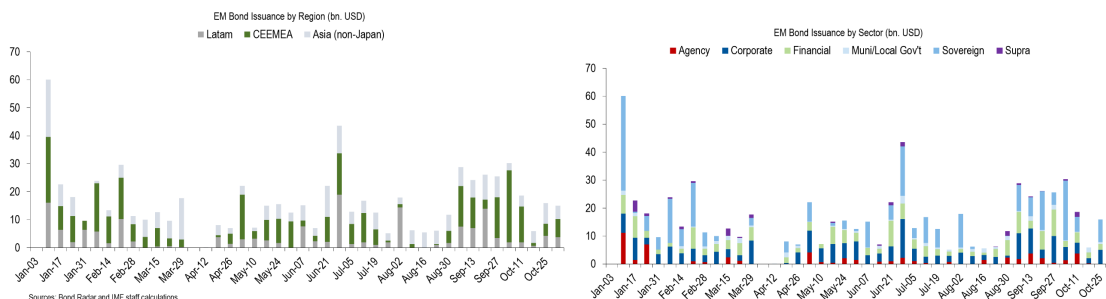
Emerging Markets

[back to top](#)

Asian currencies were mixed Friday. Asian equities declined (EM Asia: -0.9%), with Chinese onshore (CSI300: -1.5%) and offshore (Hang Seng: -1.4%) falling after disappointing PMI data. **EMEA stocks traded mostly in the green this morning, reflecting solid EM risk sentiment, while currencies were mixed.** In CEE, equities gained in Czechia (0.6%) and Romania (0.7%) but lost in Poland (-0.6%), while currencies were little changed against the euro save for the zloty, which edged lower (-0.3%) after today’s inflation data. The rand continued to edge lower (-0.3%) against the dollar this morning. **Latin American equities were mixed Thursday**, with Chile (+1.1%) up and Mexico (-0.7%) down, while Colombia and Brazil posted smaller moves. In FX markets, the Colombian peso strengthened, while the Mexican peso and Brazilian real weakened. The Chilean peso was broadly flat. Mexican assets underperformed after preliminary Q3 GDP printed negative, weighted by industrial sector weakness amid trade uncertainty.

EM Issuance

EM bond issuance was \$15.03bn in the week ending October 31, just under the previous week's \$15.94bn and lifting the YTD total to \$699.8bn. Corporates led with \$6.85bn across several economies while sovereigns followed closely at \$6.13bn, led by Türkiye who issued \$2.25bn in dollar bonds maturing in 2031, while Slovakia followed with \$2bn in euro bond sales maturing in 2037. Finally, Suriname tapped dollar bond markets with a dual tranche \$1.575bn issue with bonds maturing in 2030 and 2035.



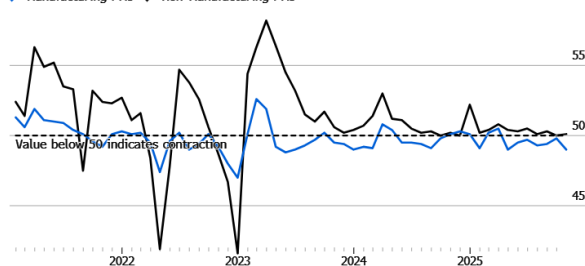
China

China's manufacturing activity contracted for the seventh consecutive month. The official PMI fell to 49.0 in October (September: 49.8), marking the longest downturn in over nine years, exacerbated by extended National Day holidays and weak domestic demand. While non-manufacturing activity edged up to 50.1 from last month's 50.0, the uptick was largely driven by temporary holiday effects and early Singles' Day promotions. The soft PMI data, together with the resumption of PBOC bond trading, has renewed hopes for policy easing. Yields continued to tread slightly lower today (10-yr -1bp). Repo rates stayed low (1-day +1bp 1.32%; 7-day -4bp 1.46%), while the yuan was fixed at 7.0880, weaker for the second straight day. At the APEC summit, in his first public remarks after securing a one-year truce with the US, President Xi called on countries to "jointly maintain stable and smooth industrial supply chains" and to practice "genuine multilateralism". Xi also spoke about China's efforts to open its economy by removing barriers to foreign investment, widening a visa-free program and opening 22 pilot free-trading zones.

China's Factory Activity Slump Deepens

The manufacturing gauge indicates seven straight months of contraction

■ Manufacturing PMI ■ Non-Manufacturing PMI



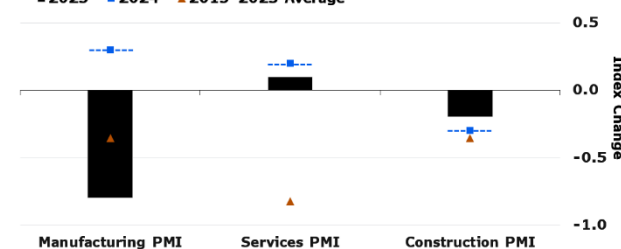
Source: China Federation of Logistics & Purchasing, Bloomberg

Bloomberg

Manufacturing PMI Falls More Than Typical Seasonal Dip

Official PMIs: October vs September

■ 2025 ■ 2024 ▲ 2015-2023 Average

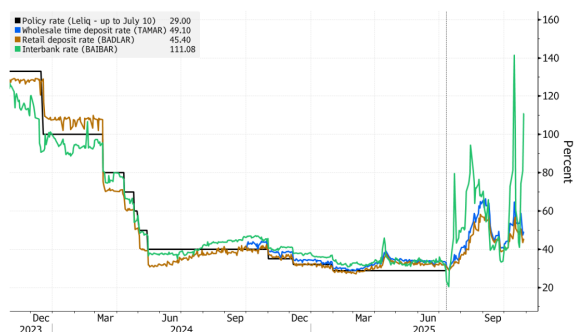


Source: NBS, Bloomberg Economics

Argentina

Argentina's monetary policy backdrop remains unsettled as policymakers unwind months of ad-hoc liquidity management that left short-term rates highly volatile. After eliminating banks' access to Fiscal Liquidity Notes (LEFI) in June, previously the main tool for liquidity control, and subsequently raising reserve requirements to absorb excess pesos, the central bank has begun normalizing conditions. It rolled over just 57% of maturing debt on Wednesday, injecting liquidity and offering a new market rate benchmark, and cut reserve requirements to 5% from 100% on Thursday, steps expected to ease liquidity strains and stabilize rates. Still, a clear monetary framework remains absent.

High, Volatile Rates Highlight Need for Monetary Normalization

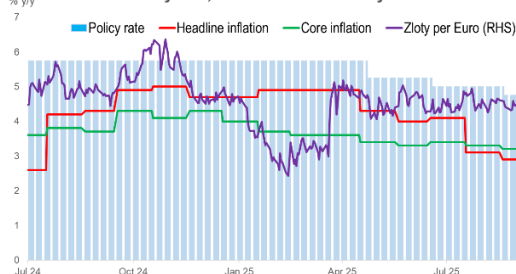


Source: BCRA, Bloomberg

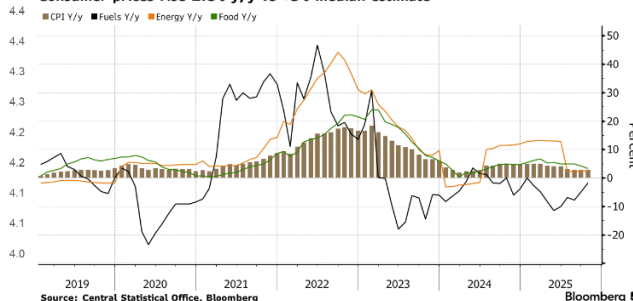
Poland

The zloty edged lower (-0.3%) against the euro this morning, with equities also in the red (-0.6%) while Polish government bonds rose (10y yield -5bp lower), after today's data showed inflation surprising to the downside in October. Headline inflation slowed to 2.8%y/y, vs. est. 3%, from prior 2.9%y/y, with a weaker than-expected move of prices in sequential data (0.1% m/m, vs. est. 0.3%m/m). Bloomberg notes how several policymakers have, in recent weeks, cast doubt over the chances for more rate cuts after the central bank (NBP) lowered its policy rate four times in the past six months to 4.5% (-125bp cumulative easing). Still, after today's data analysts at ING see the NBP having room for further rate cuts at its MPC meeting next week (where consensus expects a hold).

Poland: Policy rate, inflation and currency



Source: Bloomberg and IMF calculations

Poland Inflation Slows Unexpectedly in October
Consumer prices rise 2.8% y/y vs +3% median estimate

Source: Central Statistical Office, Bloomberg

This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief), Sheheryar Malik (Deputy Division Chief), and Saad Siddiqui (Deputy Division Chief). Fabio Cortes (Senior Economist), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector Expert), Johannes S. Kramer (Senior Financial Sector Expert), Benjamin Mosk (Senior Financial Sector Expert), Sonal Patel (Senior Financial Sector Expert-London Representative), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Sally Chen (IMF Resident Representative in Hong Kong), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Analyst), Deepali Gautam (Senior Research Officer), Zixuan Huang (Economist – EP), Harrison Kraus (Research Analyst), Yiran Li (Senior Research Analyst), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Silvia L. Ramirez (Senior Financial Sector Expert), Francesco de Rossi (Senior Financial Sector Expert-London Representative), Lawrence Tang (Senior Economist), Dmitry Yakovlev (Senior Research Officer), Akihiko Yokoyama (Senior Financial Sector Expert), and Jing Zhao (Economic Analyst). Jeremie Benzaken (Administrative Coordinator) and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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

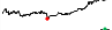



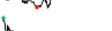



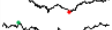
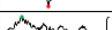
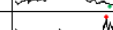




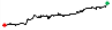

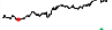


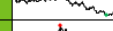






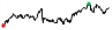



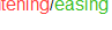
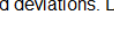


10/31/25 8:09 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		6,895	-1.0	1.5	3.1	20.8	17
Europe		5,687	-0.2	0.2	2.8	17.8	16
Japan		52,411	2.1	6.3	14.5	37.7	31
China		4,641	-1.5	-0.4	0.0	19.3	18
Asia Ex Japan		95	-1.3	1.2	4.1	25.0	32
Emerging Markets		55	-1.0	1.3	3.8	24.7	33
Interest Rates			basis points				
US 10y Yield		4.1	1	10	-5	-18	-46
Germany 10y Yield		2.6	0	2	-7	26	28
Japan 10y Yield		1.7	1	1	2	72	57
UK 10y Yield		4.4	0	-1	-27	-2	-14
Credit Spreads			basis points				
US Investment Grade		113	0	1	-1	-14	-7
US High Yield		334	-1	-8	6	1	6
Exchange Rates			%				
USD/Majors		99.6	0.0	0.6	1.8	-4.2	-8
EUR/USD		1.16	-0.1	-0.6	-1.5	6.2	12
USD/JPY		154.2	0.0	0.9	4.2	1.4	-2
EM/USD		45.9	-0.1	-0.3	-0.1	2.5	7
Commodities			%				
Brent Crude Oil (\$/barrel)		64.8	-0.3	-1.8	-1.9	-8.7	-10
Industrials Metals (index)		153.9	0.3	0.1	4.5	4.3	10
Agriculture (index)		55.2	-0.7	0.8	3.0	-0.8	-3
Gold (\$/ounce)		4010.5	-0.3	-2.5	3.9	46.2	53
Bitcoin (\$/coin)		110308.5	2.6	-2.7	-3.8	57.7	18
Implied Volatility			%				
VIX Index (% change in pp)		16.0	-0.9	-0.3	-0.2	-7.1	-1.3
Global FX Volatility		6.9	0.0	-0.1	-0.3	-2.3	-2.3
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		63	0	-3	-5	-28	-23
Italy		75	-1	-4	-7	-51	-40
France		78	1	-2	-4	5	-5
Spain		51	0	-3	-4	-20	-19

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

Data source: Bloomberg.

Emerging Market Financial Indicators

Last updated: 10/31/2025 8:10 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	-0.1	0.1	0.1	0.0	2.6		1.9	-1	-4	-7	-24	16
Indonesia		16631	0.0	-0.2	0.2	-5.6	-3.0		6.0	3	3	-26	-86	-106
India		89	-0.1	-1.0	0.0	-5.3	-3.6		6.8	-1	3	-4	-42	-50
Philippines		59	0.2	-0.2	-0.9	-1.1	-1.3		4.6	-4	-6	-10	-26	-23
Thailand		32	0.2	1.2	0.4	4.6	6.3		1.8	3	3	26	-70	-53
Malaysia		4.19	0.2	0.8	0.4	4.5	6.7		3.5	0	2	5	-42	-31
Argentina		1439	-0.1	3.2	-4.1	-31.3	-28.4		33.3	-44	-1489	-2227	-270	414
Brazil		5.38	0.0	0.1	-1.1	7.5	14.7		13.8	4	7	0	82	-215
Chile		943	0.0	-0.1	2.1	2.0	5.7		5.4	3	0	-6	-1	-30
Colombia		3862	0.3	0.5	1.5	14.3	14.1		11.6	4	0	23	81	-18
Mexico		18.56	-0.2	-0.6	-1.3	8.0	12.2		8.7	1	8	0	-134	-160
Peru		3.4	0.2	0.2	2.6	11.3	11.1		6.0	0	-1	-3	-75	-58
Uruguay		40	0.0	0.1	0.0	3.6	9.6		7.8	0	2	-15	-141	-181
Hungary		335	0.1	0.0	-0.9	11.8	18.5		6.5	5	3	-4	-12	11
Poland		3.68	-0.3	-0.9	-1.2	8.7	12.2		4.8	3	2	-8	-72	-76
Romania		4.4	0.0	-0.6	-1.5	3.9	9.2		6.9	-2	-17	-38	19	-37
Russia		80.9	-1.5	-1.5	2.4	20.2	40.2							
South Africa		17.4	-0.4	-0.5	-0.5	1.4	8.6		9.3	3	-6	-28	-125	-118
Türkiye		42.05	-0.2	-0.2	-1.1	-18.5	-15.9		32.5	32	-24	72	140	276
US (DXY; 5y UST)		100	0.1	0.6	1.8	-4.2	-8.2		3.73	1	12	-1	-43	-66

	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
								basis points						
China		4,641	-1.5	-0.4	0.0	19.3	17.9		91	-1	0	-16	-5	
Indonesia		8,164	-0.2	-1.3	0.6	8.8	15.3		86	-7	-2	1	-5	
India		83,939	-0.6	-0.3	3.4	5.3	7.4		89	-4	2	1	3	
Philippines		5,930	0.0	-2.1	-2.9	-17.0	-9.2		71	-4	6	-1	-8	
Thailand		1,310	-0.4	-0.3	1.2	-10.6	-6.5							
Malaysia		1,609	-0.3	-0.3	-1.6	0.3	-2.0		59	-2	3	-7	-11	
Argentina		2,793,520	-0.3	35.9	57.5	51.1	10.3		678	-408	-547	-282	41	
Brazil		148,780	0.1	2.1	1.7	14.7	23.7		196	-8	7	-5	-51	
Chile		9,429	1.1	3.1	6.1	43.9	40.5		94	-6	-3	-15	-19	
Colombia		1,991	-0.2	2.3	6.3	46.5	44.3		256	1	-7	-69	-70	
Mexico		62,890	-0.7	2.2	0.0	24.1	27.0		211	-6	3	-81	-101	
Peru		2,385	-0.5	3.7	1.2	26.9	40.7		99	-1	3	-33	-42	
Hungary		107,009	0.0	2.7	8.2	44.9	34.9		124	-6	-3	-24	-31	
Poland		112,423	-0.3	0.9	5.7	41.3	41.3		87	-5	-2	-18	-25	
Romania		22,629	0.6	0.4	6.1	29.8	35.3		191	-12	-13	-2	-44	
South Africa		109,668	0.0	-0.7	1.6	28.4	30.4		230	-20	-26	-46	-63	
Türkiye		10,975	1.3	3.5	-0.3	23.8	11.6		252	-12	-9	-8	-7	
EM total		55	-0.6	1.3	3.8	24.7	32.5		278	-5	-11	-98	-86	

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

[back to top](#)