



- US PPI unexpectedly declines in August ([link](#))
- US Labor market revisions deepen slowdown concerns ([link](#))
- Money market investors extend duration ahead of anticipated FOMC rate cuts ([link](#))
- European government bonds steady as Lecornu is appointed new PM in France ([link](#))
- 5y JGB auction drew strong demand following yield rebound ([link](#))
- Chile's central bank keeps key rate unchanged ([link](#))

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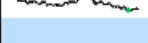
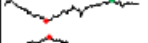


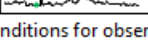
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Markets Rally on Oracle's Vision and Benign Inflation Data

US PPI data for August was reported lower than expected, fueling further expectations of Fed rate cuts. Headline PPI fell 0.1% month-over-month, compared to an expected rise of 0.3%. Following the release, the 2-year Treasury yield fell as much as 3 bp and equity futures moved higher. Before the data release, equity markets had already been gaining, driven by renewed optimism in the tech sector following a very optimistic outlook by Oracle Corp. for its cloud infrastructure business. Oracle shares rose about 30% in premarket trading and pushed shares in other large tech firms higher, with the overall tech sector up over 2% ahead of the PPI release. European shares were also buoyed by the quick selection of a new PM in France as President Macron tapped Sebastian Lecornu to fill the position. In Japan, yields had risen early in the day on reports that the BOJ has not ruled a rate hike this year. The higher yields supported the auction for 5-year JGBs which saw strong demand.

Key Global Financial Indicators

Last updated: 9/10/25 8:30 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities							
			%				%
S&P 500		6513	0.3	2	2	19	11
Eurostoxx 50		5379	0.2	1	1	13	10
Nikkei 225		43838	0.9	5	5	23	10
MSCI EM		51	0.5	3	4	22	22
Yields and Spreads							
			bps				
US 10y Yield		4.06	-2.7	-16	-22	42	-51
Germany 10y Yield		2.66	0.1	-8	-3	53	29
EMBIG Sovereign Spread		298	-4	-2	0	-93	-27
FX / Commodities / Volatility							
			%				
EM FX vs. USD, (+) = appreciation		45.7	-0.1	0	0	1	7
Dollar index, (+) = \$ appreciation		97.8	0.1	0	0	-4	-10
Brent Crude Oil (\$/barrel)		67.2	1.2	-1	1	-3	-10
VIX Index (% change in pp)		14.9	-0.1	-1	0	-4	-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

In data released this morning, headline and core PPI were reported well below expectations, declining 0.1% in August, compared to an anticipated increase of 0.3% (previously +0.9% in July). On a year-over-year basis, headline PPI was 2.6%, below expectations of 3.3%, while core measured 2.8% (previously 3.7%). The results are aligned with market expectations for a rate cut next week. Equity futures rose, Treasury yields declined, notably at the short-term and the dollar edged lower.

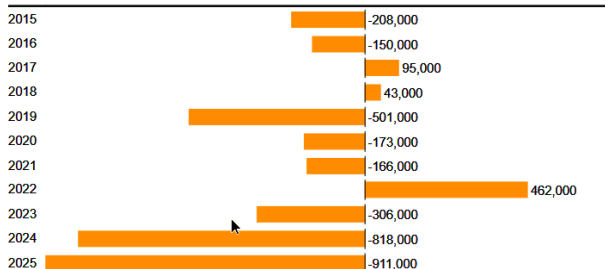
Labor market revisions deepen slowdown concerns.

Labor market data continues to trickle in, and concerns about a deeper U.S. economic slowdown are intensifying. The BLS's record downward revision of 911,000 jobs—far worse than consensus and the steepest in over two decades—has reinforced the view that job creation has been consistently overestimated. Jamie Dimon acknowledged the economy is weakening, though it remains uncertain whether this signals a recession or a softer patch. Other analysts interpret the data as confirming a broader deceleration in labor demand and warn of risks to earnings. However, some point to solid earnings so far and potential productivity gains, underpinned by advances in AI, as factors that could sustain growth. Meanwhile, upcoming CPI and PPI data could complicate the Fed's path if inflation proves sticky, raising the risk of stagflation. These shifting dynamics may lead to a divergence between bonds and equities, with the former rallying and the latter faltering on bad news. Not yet, though. Equity markets yesterday reached another historical high, while bond yields rose modestly, suggesting investors are still weighing the balance of economic risks.

Massive US Payrolls Benchmark Revisions in Past Few Years

Latest BLS adjustment reduced March 2025 payrolls count by 911,000

Year Preliminary benchmark payrolls revision for March of that year



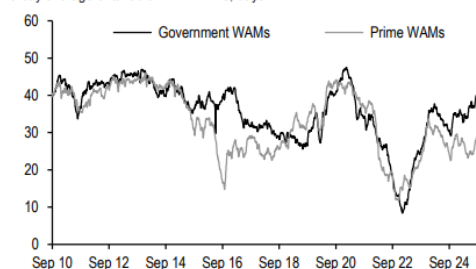
Source: Bureau of Labor Statistics data compiled by Bloomberg

Bloomberg

Investors extend duration ahead of anticipated rate cuts. With a rate-cutting cycle in sight, money market investors have been extending into longer maturities. US Money Market Funds have pushed the weighted average maturity (WAM) of their holdings to the highest level this year—and the longest since mid-2021. This shift in investor preference likely contributed to end users absorbing a record 83% of the latest 52-week T-bill auction. Beyond T-bills, today's 3-year Treasury auction saw a 74% takedown by investors, the highest in a year. The trend extends to the CP and CD markets, where demand for longer-dated paper has picked up in recent weeks as investors seek to lock in elevated yields. However, in an environment of mounting funding pressures, JPMorgan analysts warn that a rotation into longer maturities could heighten liquidity risks, potentially driving further upward pressure in short-term funding markets.

Figure 5: MMF WAMs could increase slightly further, though government funds are nearing their peak 2020 levels

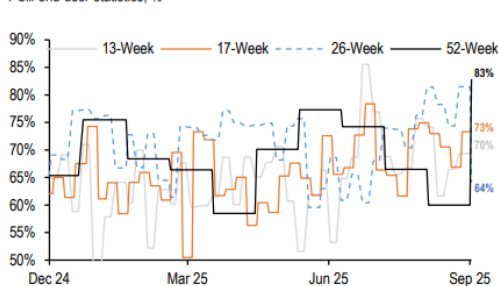
5-day average of taxable MMF WAMs; days



Source: Crane Data, iMoneyNet, J.P. Morgan

Figure 6: T-bill auctions continue to show strong end-user participation

T-bill end-user statistics; %



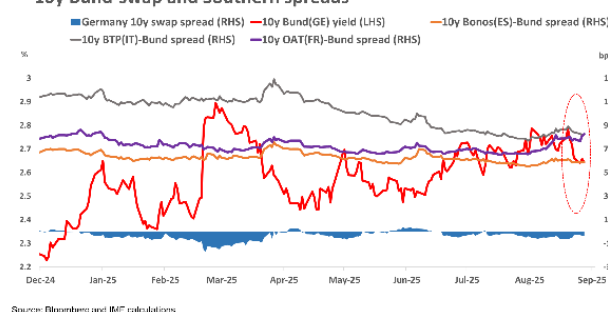
Source: Treasury Direct, J.P. Morgan

Europe

European equities are higher but partly retracing a stronger movement earlier in the morning, after French president Macron nominated Sebastien Lecornu as new Prime Minister. The Stoxx 600 index was up 0.3%, with strong gains in the information technology sector (0.9%) aggressive outlook by US tech giant Oracle for its cloud infrastructure business. European bourses are in the green, with Spain (IBEX 35 index +1%) and France (CAC 40 index +0.5%) outperforming. The euro was firm against the dollar this morning. Analysts at Commerzbank note that the euro appears unaffected by events in France, stressing the stabilizing role of the ECB's toolkit on traders' expectations while waiting for the central bank to send a warning at its meeting tomorrow to Eurozone countries on budgetary discipline.

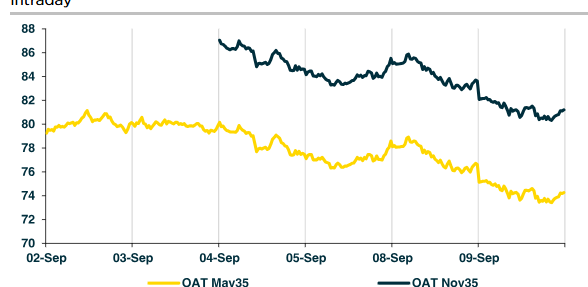
European government bonds (EGB) traded rangebound this morning ahead of the ECB meeting tomorrow, with the Bund yield curve little changed across tenors (2y at 1.94% and 10y at 2.65%). Spanish and Italian government bonds outperformed Bunds while OATs continued to marginally underperform with the 10y OAT-Bund spread at 82bp, a touch higher than the BTP-Bund spread. Analysts at Commerzbank see uncertainty fading further in the short-term after yesterday's appointment of Lecornu as the new French PM and expect Fitch to maintain its AA- rating on Friday. HSBC highlights that Lecornu's centrist profile and close ties to Macron do not represent a real political shift from Bayrou, stressing risks of prolonged institutional gridlock and potential snap elections in 1Q 2026 if a budget fails to pass before the end of the year (according to the French law a draft budget should be presented by October 7). Bloomberg estimates that after the recent rise in yields, the debt servicing costs of France are projected to climb from 1.9% of GDP today to 3.8% in 2030.

10y Bund-swap and Southern spreads



Beware of the benchmark roll

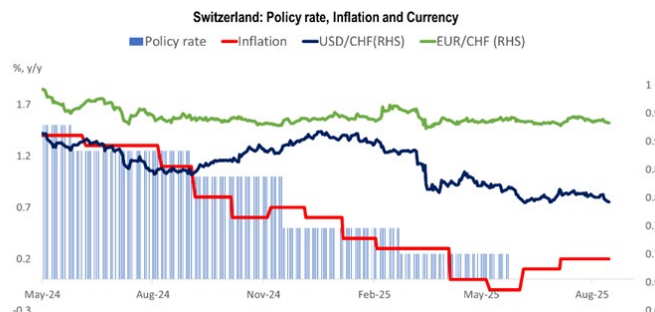
OAT May35 - DBR Aug35 spread, and OAT Nov35 - DBR Aug35 spread, in bp, intraday



Switzerland

The franc was steady today, with the currency up by 0.7% on the euro YTD.

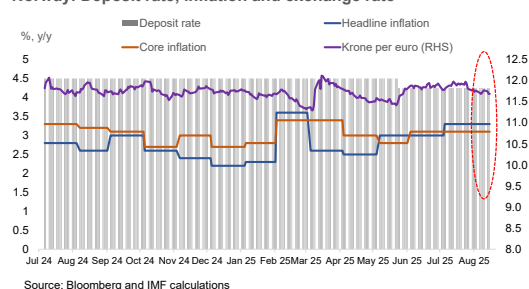
Swiss National Bank (SNB) Governor Schlegel said Monday that the hurdle to reintroducing negative interest rates at the next MPC meeting on September 25 is high, with the policy rate at zero since June and inflation at 0.2%/y/y in August. Schlegel added that since prices are rising significantly faster in other countries, the real appreciation of the franc is not as significant as it appears at first glance, a comment that analysts at ING see as supportive for the franc which they expect to appreciate in the coming weeks as the SNB stops accumulating FX reserves. Goldman Sachs and Bank of America also prefer the Swiss Franc as a safe haven currency, noting recent increased political uncertainty and fiscal risks for the yen.



Norway

The krone advanced (0.6%) against the euro after today's data showed inflation slightly higher than expected in August in Norway. Headline inflation printed in fact in line with expectations at 3.5%/y/y from 3.3%/y/y in July, while core inflation remained at 3.1%/y/y in August while consensus expected a decline to 2.9%/y/y. The krone has gained 1.5% against the euro since June, when the central bank lowered its deposit rate by 25p to 4.25%. JP Morgan highlights the left-wing's narrow victory in parliamentary elections, where the Labour, Centre, Socialist Left, Greens, and Red obtained only a slight majority of seats (87), emphasizing risks of food VAT cuts while expecting a fiscal stimulus of 0.6% of GDP in 2026 from defense spending that will push GDP growth above-potential to 1.8%. Analysts at Nomura see taxation and oil exploration as key discussion points for the governing coalition. Analysts believe that Norway's fiscal outlook will in any case remain strong, with continued adherence to the 3% fiscal rule.

Norway: Deposit rate, inflation and exchange rate



Japan

The 5y JGB auction saw strong demand, with a bid-cover ratio of 3.7—the highest since June and in line with the 12-month average of 3.69—supported by yield adjustments (5y: +2bp to 1.1%). The solid auction outcome suggests that markets have priced in tightening expectations, reinforcing views that 5Y yields may have peaked for 2025. Economists project a delayed rate hike, expecting no move before October due to policy uncertainty from the leadership change. OIS implies a 61% chance of a BOJ rate hike by year-end, up from 46% on Monday but still below last month's 70%, despite the BOJ reaffirming its tightening bias. Today, the stock market gained (Nikkei 225: +0.9%), led by semiconductor and cable stocks following overnight gains in US tech. The yen edged lower (-0.1%) against the dollar. HSBC strategists forecast further yen weakness to 147 per dollar (from 144), citing reduced rate hike odds and fiscal concerns, which could trigger bond outflows.

Five-Year JGB Yield Moves with BOJ Hike Expectations



Emerging Markets

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EM Asia stock markets extended gains (EM Asia: +1.4%), led by Korea (KOSPI: +1.7%) on positive policy momentum. The government unexpectedly raised the proposed National Growth Fund to KRW150trn (\$108bn) from KRW100trn to support key sectors like AI and semiconductors and may cancel plans to tighten capital gains tax thresholds. EM Asian currencies mostly weakened against the dollar, led by the Malaysia ringgit (-0.3%) and Thai baht (-0.2%). Indonesia assets rebounded (rupiah: +0.1%; JCI: +0.9%) after the new finance minister promised to keep the budget deficit within the 3% of GDP legal cap, despite continued foreign equity outflows. **EMEA equities and currencies were mixed this morning** following regional geopolitical developments. Polish equities were sharply lower in early morning trading (-1.8%) on reports of Russian drones entering Polish airspace, while the Polish zloty depreciated by as much as 0.5% against the euro, underperforming other CEE currencies. Yields on Polish government bonds were higher (10-year +5bp). Elsewhere, equities in Qatar (-0.3%) and Saudi Arabia (-0.4%) were lower on regional geopolitical developments. **In Latin America, equity markets in many economies fell**, with Peru and Mexico as exceptions. Currencies were mixed, with the Colombian peso appreciating, while others were largely unchanged.

China

Long-term bonds rose for a fifth session (10y: +3bp to 1.82%; 30y: +9bp to 2.21%), driven by a rotation into equities and tighter interbank liquidity following PBOC withdrawals in recent open market operations. Proposed mutual fund fee reforms, including higher redemption charges, also dampened bond demand, accelerating outflows from fixed-income funds. **Meanwhile, economic data suggests deflationary pressure persists.** August CPI fell 0.4% y/y, the steepest drop since March and below expectations (-0.2%), driven by a 4.3% y/y decline in food prices and a high base effect. PPI eased to -2.9% y/y (from -3.6%), supported by rising commodity prices. Economists view the smaller PPI decline as an early sign that anti-involution policies are easing deflationary pressures in upstream and midstream sectors. Analysts expect deflation risks to prompt further policy easing, which may help temper yield increases. Today, the yuan was little changed against the dollar, while stocks gained (CSI 300: +0.2%), ahead of a government press conference on market-based allocation reforms. Insurers' stock investments rose by RMB 640bn (\$90bn) in the first six months to RMB 3.1tn (\$435bn), the highest since 2022. Bloomberg estimates these holdings could increase by RMB 1–1.5tn by end-2026 from June levels. UBS notes insurance flows are reshaping market dynamics, favoring dividend-paying and sector-leading stocks, though increased equity exposure may raise insurers' net asset value volatility, particularly during market downturns.

China's Bond Yields Extend Rise in Longer Tenors



China Insurers Stock Investment Rises to Highest Since 2022

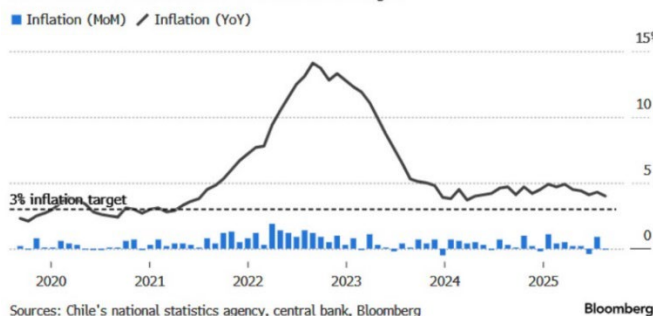


Chile

Chile's central bank held its key interest rate steady at 4.75% after a cut at its previous meeting, signaling a more cautious approach to monetary easing. While headline inflation has slowed broadly in line with central bank forecasts, it remains above the 3% inflation target. Analysts also pointed to lingering price pressures, noting that some services have posted atypical increases in recent months. Earlier hikes in electricity tariffs and wages could feed through to core inflation, potentially limiting the pace of future cuts.

Chile's Monthly Inflation Has Been Volatile

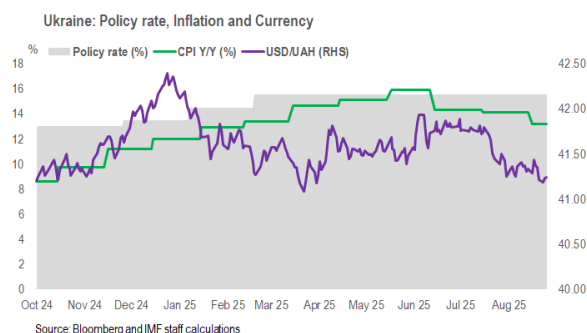
Annual inflation remains above central bank's 3% target



Ukraine

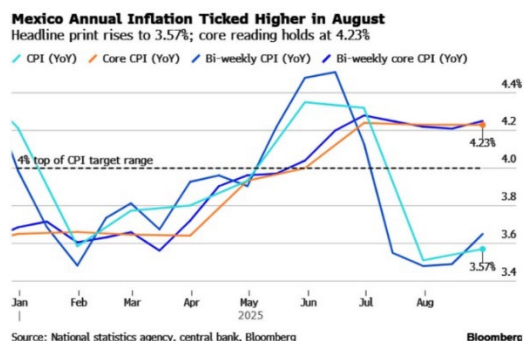
The National Bank of Ukraine is expected to keep rates on hold tomorrow. Consensus expectations are for the policy rate unchanged at 15.5%. August headline inflation data released yesterday showed inflation eased for a second consecutive month to 13.2% y/y (from 14.1% prior). Analysts at Raiffeisen note

that while inflation dynamics are better than the NBU's own projections, they still expect the MPC to leave the policy rate unchanged at Thursday's meeting. That said, the analysts note that the improved data should allow for a less hawkish stance from policymakers, which they expect should allow for a rate cut at next month's meeting. This morning the hryvnia was trading broadly unchanged against the dollar.



Mexico

Mexico's consumer prices rose slightly more than expected in August after Banxico slowed the pace of its easing cycle. According to the National Statistics Institute, monthly consumer prices increased 3.57% from a year earlier, just above the median of analysts' forecasts. Core inflation, which excludes volatile food and energy, remained unchanged at 4.23%. On August 7, the central bank lowered borrowing costs by a quarter point to 7.75%, following four half-point cuts earlier this year. With target inflation set at 3% plus or minus one percentage point, the modest rise last month keeps headline inflation within range. It is expected that policymakers will proceed with gradual rate reductions through the rest of this year and into 2026.



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.

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Global Financial Indicators

9/10/25 8:30 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		6,539	0.3	1.4	2.3	19.0	11
Europe		5,379	0.2	1.0	0.6	13.3	10
Japan		43,838	0.9	4.5	4.8	23.1	10
China		4,445	0.2	-0.3	7.8	39.5	13
Asia Ex Japan		88	0.7	3.0	4.1	25.0	23
Emerging Markets		51	0.5	2.7	3.5	22.0	22
Interest Rates			basis points				
US 10y Yield		4.1	-3	-16	-22	42	-51
Germany 10y Yield		2.7	0	-8	-3	53	29
Japan 10y Yield		1.6	0	-6	8	67	47
UK 10y Yield		4.6	0	-12	3	81	6
Credit Spreads			basis points				
US Investment Grade		120	0	-2	-1	-19	1
US High Yield		341	0	-1	0	-55	13
Exchange Rates			%				
USD/Majors		97.8	0.1	-0.3	-0.3	-3.7	-10
EUR/USD		1.17	0.1	0.5	0.9	6.3	13
USD/JPY		147.2	-0.1	-0.6	-0.6	3.3	-6
EM/USD		45.7	-0.1	-0.1	-0.4	0.5	7
Commodities			%				
Brent Crude Oil (\$/barrel)		67.2	1.2	-0.6	1.9	-1.3	-7
Industrials Metals (index)		142.5	0.3	-0.5	0.6	3.3	2
Agriculture (index)		55.0	0.3	0.4	3.1	1.2	-4
Gold (\$/ounce)		3655.9	0.8	2.7	9.4	45.3	39
Bitcoin (\$/coin)		113352.7	1.6	1.5	-4.2	96.9	21
Implied Volatility			%				
VIX Index (% change in pp)		14.9	-0.1	-1.4	-0.2	-4.2	-2.4
Global FX Volatility		7.8	0.0	-0.1	-0.2	-0.7	-1.4
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		67	0	-3	3	-38	-18
Italy		82	0	-6	3	-64	-34
France		81	0	1	15	10	-2
Spain		58	-1	-2	1	-25	-11

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

Emerging Market Financial Indicators

Last updated: 9/10/2025 8:31 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	0.3	0.9	0.0	2.5		1.9	1	4	12	-14	18
Indonesia		16470	0.1	-0.3	-1.2	-6.2	-2.1		6.3	7	7	-4	-30	-67
India		88	0.0	0.0	-0.5	-4.7	-2.8		6.8	0	-7	13	-13	-51
Philippines		57	-0.2	0.3	-0.1	-1.3	1.5		4.7	-1	-1	0	-35	-13
Thailand		32	-0.1	1.7	2.3	6.0	8.2		1.4	0	-2	-21	-123	-96
Malaysia		4.22	-0.4	0.1	0.3	2.9	6.0		3.4	0	-1	4	-35	-42
Argentina		1416	0.2	-3.9	-6.6	-32.4	-27.2		52.9	46	638	1481	1381	2371
Brazil		5.43	0.2	0.5	0.3	4.3	13.8		13.8	2	-14	-4	190	-212
Chile		963	0.5	0.6	0.7	-1.5	3.5		5.4	3	-2	1	17	-24
Colombia		3923	0.5	2.1	2.8	8.2	12.3		11.6	-5	-12	-8	164	-27
Mexico		18.61	0.1	0.5	0.3	8.0	11.9		8.8	3	-13	-30	-79	-153
Peru		3.5	0.4	1.2	1.0	9.1	7.4		6.1	-1	-14	-17	-35	-55
Uruguay		40	0.1	0.1	0.1	1.0	9.2		8.0	-1	-3	-1	-171	-162
Hungary		336	0.0	0.5	1.4	7.2	18.3		6.7	0	-5	12	73	31
Poland		3.64	-0.4	0.2	0.7	6.7	13.5		4.9	1	-5	4	-11	-71
Romania		4.3	0.0	0.5	0.7	4.2	10.9		7.5	1	6	27	98	23
Russia		84.5	-0.9	-4.2	-5.9	7.7	34.3		7.4					
South Africa		17.5	0.0	0.7	1.2	2.3	7.4		9.9	-5	-11	-9	-53	-59
Türkiye		41.28	-0.1	-0.3	-1.6	-17.6	-14.4		33.0	-29	28	136	369	325
US (DXY; 5y UST)		98	0.1	-0.3	-0.3	-3.7	-9.8		3.59	-2	-10	-24	17	-79

	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		4,445	0.2	-0.3	7.8	39.5	13.0		113	-1	5	-13	17	
Indonesia		7,699	0.9	-1.3	1.2	-0.8	8.7		96	9	10	-21	5	
India		81,425	0.4	1.1	1.0	-0.1	4.2		91	-3	-3	-22	5	
Philippines		6,120	0.0	0.6	-2.1	-11.9	-6.3		74	5	-1	-28	-5	
Thailand		1,278	0.2	1.5	1.5	-9.7	-8.7							
Malaysia		1,591	0.2	0.9	1.8	-3.0	-3.1		67	0	-3	-20	-3	
Argentina		1,728,447	-0.3	-12.5	-24.9	0.8	-31.8		1076	170	335	-366	439	
Brazil		141,618	-0.1	0.9	4.2	5.4	17.7		205	4	4	-34	-42	
Chile		8,985	-1.2	-0.9	5.5	44.6	33.9		108	5	1	-21	-5	
Colombia		1,868	-0.2	2.2	3.6	42.2	35.4		254	-26	-49	-81	-72	
Mexico		60,680	0.0	1.6	4.5	19.0	22.6		225	-9	-26	-112	-87	
Peru		34,938	0.3	0.0	2.7	24.7	20.6		105	0	-4	-47	-36	
Hungary		102,462	-0.2	-0.6	-1.7	42.8	29.2		143	2	6	-22	-12	
Poland		105,652	-0.9	1.1	-4.7	30.0	32.8		102	4	10	-14	-10	
Romania		20,594	0.1	-0.1	-1.4	17.9	23.2		213	-4	13	-3	-22	
South Africa		103,189	0.0	1.6	2.3	26.4	22.7		285	-3	-12	-29	-8	
Türkiye		10,470	-0.1	-2.5	-4.6	8.8	6.5		289	7	14	-25	30	
EM total		51	0.8	2.7	3.5	22.0	22.4		365	5	21	-51	1	

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

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