



- September sentiment slips in the US amid persistent inflation and labor market risks ([link](#))
- Households continue to dominate US equity ownership ([link](#))
- Spreads of French government bonds to bunds unchanged despite Fitch's downgrade ([link](#))
- Chinese economic activity slowed further in August ([link](#))
- Arabica coffee futures advance to their highest level since May ([link](#))
- Bank of Ghana expected to deliver a 300 bps rate cut later this week ([link](#))

[Mature Markets](#)











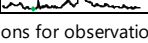
| [Emerging Markets](#)

| [Market Tables](#)

Markets upbeat as Fed-rate call approaches

European stocks gained and US equity futures signaled a positive opening as market participants prepared for what is widely expected to be the first in a series of Fed interest rate cuts this week. Almost 3 full rate cuts are priced in by year end with traders expected to watch the FOMC's statement and press conference attentively for clues on any pushback against these expectations. This week will also see other major central bank interest rate decisions, including the Bank of England and the Bank of Japan. Advanced economy sovereign bond yields traded in narrow ranges and the dollar was marginally weaker this morning. The spread of French sovereign bond spreads to bunds was little changed after Fitch cut the nation's rating on Friday in the wake of political concerns. Other euro area government bonds outperformed bunds, with the BTP-Bund 10-year spread (-2 bps today) and Spanish 10-year Bonos also outperforming closing the spread to the Bund to 55 bps (-2 bps) after S&P lifted the rating of Spain from A to A+ last Friday.

Key Global Financial Indicators

Last updated: 9/15/25 8:04 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6584	0.0	2	2	17	12
Eurostoxx 50		5441	0.9	1	0	12	11
Nikkei 225		44768	0.9	4	3	22	12
MSCI EM		52	-0.1	4	5	22	25
Yields and Spreads			bps				
US 10y Yield		4.07	0.6	3	-25	41	-50
Germany 10y Yield		2.70	-1.2	6	-9	55	33
EMBIG Sovereign Spread		289	-1	-9	-5	-100	-36
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.0	0.3	1	0	0	8
Dollar index, (+) = \$ appreciation		97.4	-0.2	0	0	-4	-10
Brent Crude Oil (\$/barrel)		67.2	0.4	2	2	-6	-10
VIX Index (% change in pp)		15.0	0.3	0	0	-2	-2

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

The focal point for markets in the **week ahead** is the FOMC meeting on Wednesday, with traders pricing in a full 25 bps reduction in the Federal Funds rate. The meeting will also provide an update on the Summary of Economic Projections, including the dot plot. According to the CME Group FedWatch, there is a marginal 5.5% likelihood of a larger 50 bps cut, reflecting recent labor market softness following recent disappointing payrolls data. In parallel, several other central banks are scheduled to meet, including central banks in the UK (rate at 4%, expected to hold), Japan (0.50%, hold), Canada (2.75%, expected 25 bps cut), Brazil (15%, hold), and Norway (4.25%, expected 25 bps cut). On the data front, major releases include US and China industrial production and retail sales, UK inflation and unemployment, and euro area CPI and industrial production.

Mature Markets

[back to top](#)

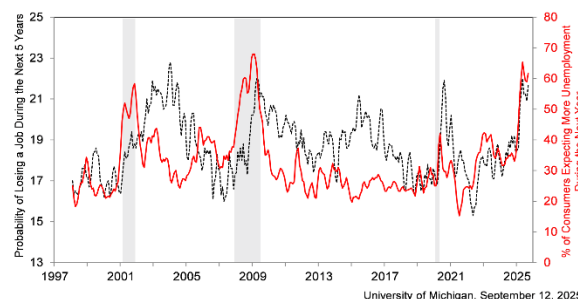
United States

US sentiment deteriorated in September with consumers seeing persistent inflation and labor market risks. The University of Michigan's consumer sentiment index fell to 55.4 in September from 58.2 in August, missing the expected 58.0 (left panel). According to the survey, the deterioration in economic views was most pronounced among lower- and middle-income consumers. While buying conditions for durable goods improved, all other index components weakened. Consumers continue to flag multiple vulnerabilities in the economy, citing risks to business conditions, labor market uncertainty (right panel), and persistent price pressures. Personal financial assessments also deteriorated, with both current and expected finances falling by approximately 8% in September. Tariffs remain top of mind for consumers, with close to 60% offering comments on trade policy, consistent with last month's reading. Despite the decline, sentiment remains above the April–May 2025 lows that followed the initial announcement of reciprocal tariffs. Year-ahead inflation expectations held steady at 4.8%, while long-run, 5–10 year expectations rose to 3.9%, marking a second consecutive monthly increase; still below the April peak of 4.4%.

US consumer sentiment and long-term inflation expectations

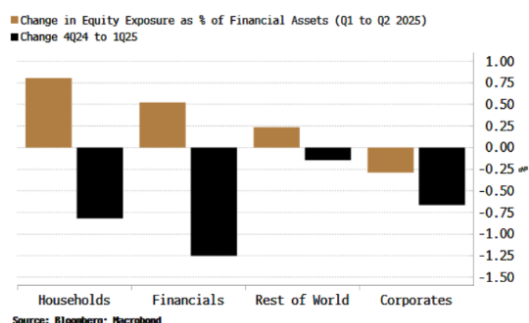


Unemployment expectations and probability of losing a job

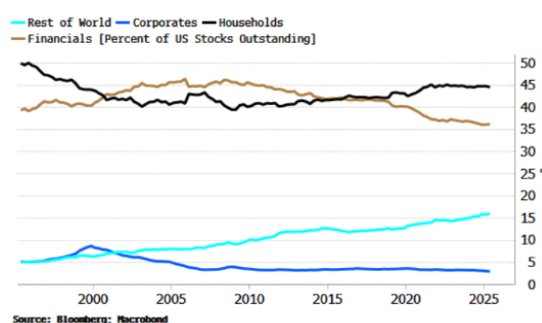


Households continued to dominate US equity ownership in Q2. The latest Federal Reserve Flow of Funds data points to a broad-based rebound in US equity exposure across both domestic and foreign investors in Q2 (left panel, brown bars), according to an analysis by Macrobond. Looking at the share of ownership of US stocks (right panel), foreign ownership continued its upward trajectory, increasing by nearly 0.2 percentage points to reach 16% of the total, consistent with recent Treasury data, which show no signs of large-scale divestment by global investors. US households remain the dominant holders of domestic equities, with a 45% share. This reflects a structural shift over the past decade, during which household ownership overtook that of financial institutions. Meanwhile, corporate equity holdings have steadily declined and now represent a negligible portion of the total, while the share held by financial institutions has stabilized at a lower level.

Change in US equity exposure

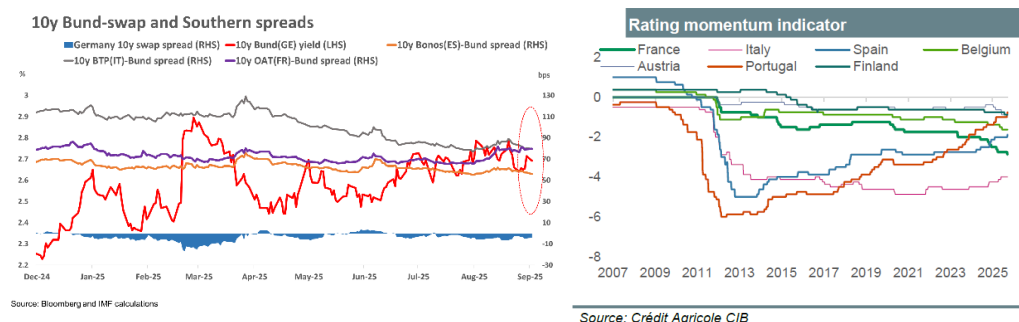


Ownership of US stocks in percent of US stocks outstanding



Euro area

Spreads of French government bonds to bunds were little changed, with the 10-year OAT-Bund yield spread broadly unchanged at 79 bps, **despite Fitch downgrading France's rating by one notch to A+ after market close last Friday**. Fitch projects France's deficit to decline to 5.5% of GDP in 2025, above the government's 5.4% target, from 5.8% in 2024, and to remain above 5% in 2026/27 as political fragmentation hinders fiscal consolidation. The run-up to the presidential elections in 2027 could push public debt up to 121% of GDP in 2027 from 113.2% in 2024. Analysts at Deutsche Bank continue to expect a limited impact from the downgrade in the short term, since OATs were already trading very cheap vs the former rating, while S&P's & Moody's ratings are still at AA- and Aa3, respectively. Deutsche Bank notes however that the downgrade of France may drag the EFSF rating to A+ given Fitch's methodology and lift the risk weighing of bank's loans to French governmental agencies from 20% to 50% under Basel rules. Cr dit Agricole maintains a constructive view on BTPs and OATs in the short-term, particularly in the 10- year to 15-year maturities, noting that net supply of euro area government bonds is projected at - 12 bn this week ( 28 bn gross issuance vs  36 bn redemptions) and that falling volatility supports carry trades on BTPs and OATs. **Other euro area government bonds outperformed bunds across tenors today**, with the BTP-Bund 10-year spread (-2 bps today) and Spanish 10-year Bonos also outperforming closing the spread to the Bund to 55 bps (-2 bps) after **S&P lifted the rating of Spain from A to A+ last Friday**.



European equities advanced this morning, with the Stoxx 600 index up +0.4%. The stock market outperformed in France (CAC40 index +1%) and in Italy (FTSE MIB +0.8%). The **euro appreciated modestly** (+0.2%). Commerzbank expects the EUR-USD to reach 1.22 by the end of 2025 despite political risks in France, and to rise to 1.25 by late 2026, reflecting diminished odds of further ECB easing with inflation converging to 2% and growth fostered by Germany's fiscal package, while the dollar may weaken further amid US labor market deterioration: analysts stress that the rise of the US effective tariff rate (to 18%, from 2.5% in 2024), has pushed estimates of the fair value (based on Purchasing Power Parity) of the euro to up to \$1.41 confirming its upside potential.

Sweden

The krona continued its ascent, appreciating to the euro (+0.3%) and the dollar (+0.5%) this morning. Analysts at Nomura expect Sweden's headline inflation to slow to the 2% target by the end of 2025, and to decline further to 1.2% on average in 2026 as the budget to be released on September 22 would reduce the inflation outlook (i.e. due to cuts to VAT and to taxes on electricity and salaries) from the 1.9% pre-budget forecast. **Nomura expects the Riksbank to keep its policy rate on hold at 2% through the disinflationary period**, given the growth boost expected from the budget with Sweden's fiscal strength (debt-to-GDP at only 34% in 2025) underpinning the measures and political conditions ensuring implementation ahead of 2026 elections.

Emerging Markets

[back to top](#)

In **Asia**, equities edged modestly higher this morning. Chinese shares rose as much as nearly 1% intraday despite weak factory and consumer spending data before ending the day marginally higher (+0.2%). The Thai baht underperformed its regional peers (-0.6%) following news that the authorities are considering a tax on physical gold trading. In **EMEA**, equities and currencies traded mixed. In CEE, equities in Hungary underperformed (-0.8%) while the Hungarian forint strengthened (+0.3%) to the euro. On the data front August final headline inflation in Poland printed slightly ahead of the earlier flash estimate at 2.9% y/y (vs 2.8% flash). Elsewhere, Bloomberg reported that the National Bank of Poland announced that it will increase the share of gold in its reserves to 30%, up from 22% currently. In **Türkiye**, equities rose sharply (+5%) and local currency bond yields were significantly lower across the curve after a Turkish court adjourned a case hearing on the leadership of the country's main opposition party. In **Latam**, markets were mixed last Friday. Stocks declined in Brazil (-0.6%), Chile (-1.8%), and Colombia (-0.5%) while Mexico's equity market rose by 0.4%. In currencies, the Brazilian real (+0.7%) outperformed peers on Friday.

Emerging Market Bond and Equity Fund Flows

Emerging markets bond fund inflows accelerated last week (+\$1.4 bn, from +\$938 mn the previous week), mainly driven by increased bond non-ETFs inflows (+\$2.1 bn, from +\$529 mn). Bond ETFs suffered outflows (-\$653 mn, from +\$409 mn). Hard currency bond fund inflows rose (+\$1.2 bn, from +\$877 mn), while local currency fund inflows slightly increased (+\$244 mn, from +\$313 mn). EM equity funds inflows decreased significantly (+\$108 mn, from +\$1.2 bn). Across regional equity funds, there were outflows in Asia ex-Japan (-\$2.4 bn), with limited inflows in EMEA (+\$52 mn) and Latam (+\$70mn). **YTD flows stand at +\$8.4 bn and -\$4.1 bn for bond and equity funds, respectively.**

Figure 1: Weekly cross-asset flows

USD billion

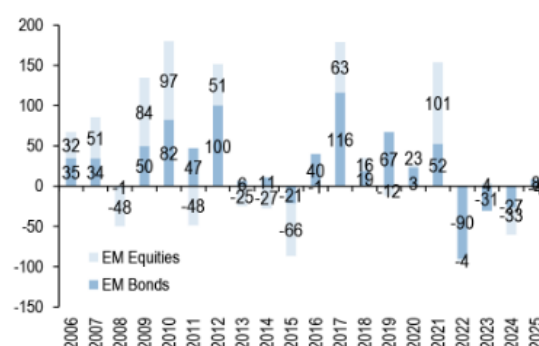
Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		1.5	4.3
EM Bonds		1.4	8.4
Hard Ccy		1.2	1.4
Local Ccy*		0.2	7.0
o.w. EM ex-China		0.2	5.2
o.w. China		0.0	-1.8
EM Equities		0.1	-4.1
US HG		4.2	138.7
US HY		1.4	20.9
Global Equities		-15.5	1.9
EM Bond and Equity ETFs		-0.5	40.3
EM Bond ETFs		-0.7	-0.6
EM Equity ETFs		0.2	40.9
Non-resident EM flows*		4.1	-16.9

*High-frequency non-resident EM portfolio flow data where available. *Local ccy split is retail only.

Source for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

Figure 2: EM bond and equity fund flows

USD billion

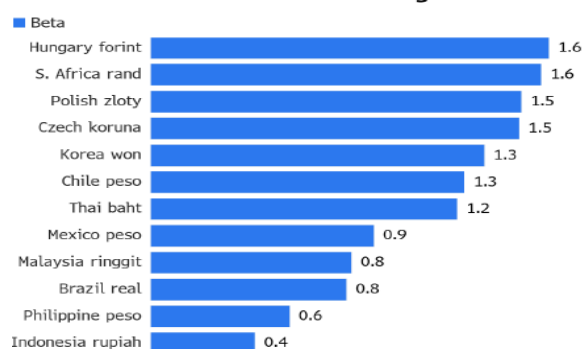


China

Economic activity slowed further in August. Activity was weaker than expected across the board amid raising speculation that policymakers could introduce more stimulus soon. Growth moderated for industrial production (+5.2%, y/y) and retail sales (+3.4%, y/y) relative to their July levels (+5.7% and +3.7%, respectively). Property sector readings also deteriorated. The decline in home prices across 70 cities continued in August while new home sales growth remains anemic. Market reaction was limited. The onshore benchmark CSI 300 Index closed (+0.2%) modestly higher. The yield on 30-year CGB was unchanged at 2.18% while the 2-year note fell 1 bp to 1.41%.

In separate news, the **Renminbi is expected to strengthen alongside other EM currencies amid anticipated dollar weakness.** A Bloomberg analysis shows that over the past year, the Thai baht, Malaysian ringgit, Chilean peso, Mexican peso and Brazilian real have moved closely with the Renminbi. The onshore Renminbi has appreciated 2.5% to the dollar YTD. Moreover, Bloomberg reported that hedge funds have recently raised bullish options bets on the Renminbi, with a target of 7 to the dollar or below by year-end.

EM Currencies Are Sensitive to Changes in the Yuan



Source: Bloomberg
Note: Average beta calculated based on one-year of data. All betas are statistically significant

Bloomberg

Brazil

Arabica coffee futures rose nearly 3% on Friday, hitting their highest level since May. The most active arabica futures contracts rose more than 6% over the past week, driven by irregular rainfall in Brazil and ongoing trade tensions between Brazil and the US. As a result of a 50% tariff that went into effect in early August, Brazil redirected its coffee exports to other markets. According to exporters' group Cecafe, shipments to Mexico jumped 90% in August, making it the third-largest buyer, while exports to Colombia rose six times last month. At the same time, US imports of Brazilian coffee fell 47%, and Germany overtook the US as the top buyer, marking a major shift in global coffee trade flows.

Arabica Coffee Hits Highest in Four Months
New York futures climb on fears of smaller Brazilian supplies

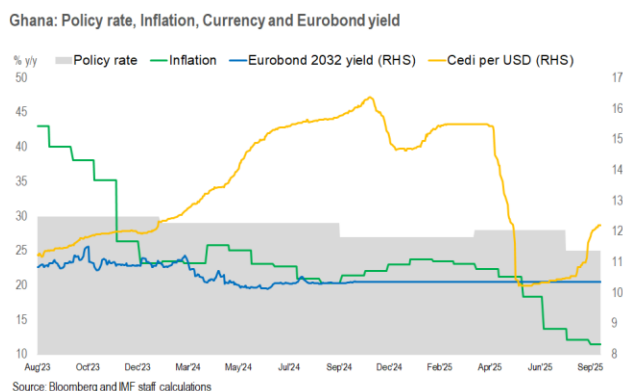


Source: ICE Futures US

Bloomberg

Ghana










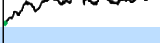

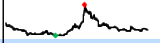







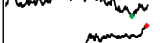




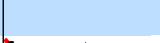


The Bank of Ghana is expected to deliver a 300 bps rate cut later this week. Consensus expectations are that policymakers will lower the key rate by 300 bps to 22% at Thursday's MPC meeting on declining inflation and the strengthening in the Cedi which has appreciated around 20% to the dollar YTD. Analysts at Goldman Sachs expect inflation to decelerate to 9.3% y/y in September (down from 11.5% in August) on large base effects and pass-through from the FX appreciation. The analysts expect a front-loaded and deep cutting cycle from the Bank of Ghana and project the policy rate to reach 16% by mid-2026 and then to resume increasing towards their estimate of the neutral rate (20%) in 2027. This morning the Cedi was trading steady at 12.2/\$.



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

9/15/25 8:03 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,590	0.0	1.5	2.2	17.1	12
Europe		5,441	0.9	1.5	-0.1	12.3	11
Japan		44,768	0.9	4.1	3.2	22.4	12
China		4,533	0.2	1.5	7.9	43.5	15
Asia Ex Japan		90	-0.1	3.8	5.0	25.0	25
Emerging Markets		52	-0.1	3.6	4.6	22.0	25
Interest Rates			basis points				
US 10y Yield		4.1	1	3	-25	41	-50
Germany 10y Yield		2.7	-1	6	-9	55	33
Japan 10y Yield		1.6	0	2	2	75	49
UK 10y Yield		4.7	-2	5	-5	88	8
Credit Spreads			basis points				
US Investment Grade		118	0	-3	-2	-19	-1
US High Yield		336	0	-8	0	-48	7
Exchange Rates			%				
USD/Majors		97.4	-0.2	-0.1	-0.5	-3.7	-10
EUR/USD		1.18	0.2	0.0	0.5	5.7	14
USD/JPY		147.4	-0.2	-0.1	0.1	4.8	-6
EM/USD		46.0	0.3	0.6	0.4	0.0	8
Commodities			%				
Brent Crude Oil (\$/barrel)		67.2	0.4	1.8	3.0	-3.7	-7
Industrials Metals (index)		145.6	0.2	2.3	2.9	1.1	4
Agriculture (index)		55.8	0.0	1.4	1.9	0.4	-2
Gold (\$/ounce)		3642.2	0.0	0.2	9.2	41.0	39
Bitcoin (\$/coin)		115031.5	-0.7	1.2	-2.0	92.3	23
Implied Volatility			%				
VIX Index (% change in pp)		15.0	0.3	-0.1	-0.1	-1.5	-2.3
Global FX Volatility		7.5	0.1	-0.2	-0.2	-1.0	-1.7
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		65	-1	-2	0	-32	-20
Italy		79	-2	-4	-1	-58	-37
France		79	-1	2	11	9	-4
Spain		55	-2	-3	-1	-24	-14

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

Emerging Market Financial Indicators

Last updated: 9/15/2025 8:07 AM	Exchange Rates						Local Currency Bond Yields (GBI EM)							
	Level		Change (in %)				YTD	Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
	vs. USD		(+) = EM appreciation					% p.a.						
China		7.12	0.0	0.1	0.9	-0.4	2.5		1.9	-1	4	9	-9	19
Indonesia		16416	-0.2	-0.6	-1.5	-6.2	-1.7		6.2	-6	-6	-15	-38	-78
India		88	0.1	0.1	-0.7	-4.9	-3.0		6.9	1	3	17	2	-48
Philippines		57	-0.1	-0.8	-0.2	-2.3	1.4		4.7	-3	0	1	-32	-13
Thailand		32	-0.4	-0.5	1.9	4.4	7.8		1.5	8	13	-8	-110	-84
Malaysia		4.20	0.4	0.6	0.7	3.1	6.4		3.4	-2	0	3	-32	-42
Argentina		1454	-1.5	-6.1	-9.4	-34.0	-29.1		49.3	129	188	1213	896	2013
Brazil		5.34	0.3	1.5	1.2	3.2	15.6		13.8	0	-6	6	173	-216
Chile		953	0.2	1.9	1.2	-3.2	4.6		5.4	1	0	-1	25	-26
Colombia		3898	-0.1	1.6	3.1	8.0	13.0		11.3	5	-36	-30	137	-53
Mexico		18.42	0.1	1.3	1.9	4.4	13.1		8.7	4	-12	-36	-82	-165
Peru		3.5	-0.1	0.9	1.0	8.0	7.6		6.0	-2	-8	-20	-41	-63
Uruguay		40	-0.2	-0.4	-0.3	1.9	8.8		8.0	-1	-6	2	-196	-166
Hungary		331	0.5	0.8	1.9	6.9	19.9		6.7	1	-1	8	77	31
Poland		3.61	0.3	-0.1	0.7	6.3	14.3		4.9	2	2	5	-4	-69
Romania		4.3	-0.1	0.2	0.5	3.9	11.6		7.4	-8	-3	10	89	15
Russia		82.4	1.2	0.3	-2.7	10.9	37.7							
South Africa		17.3	0.4	1.0	1.5	1.7	8.8		9.8	-3	-20	-27	-66	-73
Türkiye		41.29	0.2	-0.1	-1.1	-17.6	-14.4		32.7	-18	-5	91	344	303
US (DXY; 5y UST)		97	-0.2	-0.1	-0.5	-3.7	-10.2		3.62	-1	6	-21	19	-76

	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		4,533	0.2	1.5	7.9	43.5	15.2		112	-1	3	-14	16
Indonesia		7,937	1.1	2.2	0.5	1.6	12.1		89	-4	5	-24	-2
India		81,786	-0.1	1.2	1.5	-1.4	4.7		90	-2	-6	-25	4
Philippines		6,057	-0.8	-0.7	-4.1	-14.7	-7.2		69	-7	-4	-28	-10
Thailand		1,300	0.5	2.7	3.2	-9.5	-7.2						
Malaysia		1,600	0.0	1.4	1.5	-3.9	-2.6		64	-3	-5	-27	-6
Argentina		1,759,874	-2.5	-11.9	-19.6	-3.2	-30.5		1146	232	416	-282	509
Brazil		142,272	-0.6	-0.3	4.3	5.5	18.3		197	-7	2	-34	-50
Chile		8,990	-1.8	-1.1	2.9	41.5	34.0		102	-7	-2	-26	-11
Colombia		1,846	-0.5	-1.4	-0.6	40.7	33.8		243	-23	-45	-89	-83
Mexico		61,799	0.4	2.2	6.0	18.8	24.8		216	-15	-26	-115	-96
Peru									97	-9	-9	-51	-44
Hungary		100,447	-0.7	-2.5	-4.5	37.6	26.6		137	-8	0	-29	-18
Poland		106,947	0.5	-0.5	-2.2	29.9	34.4		98	-6	3	-21	-14
Romania		20,768	-0.3	0.4	-1.2	19.4	24.2		202	-14	-1	-11	-33
South Africa		104,270	-0.2	1.5	2.3	27.2	24.0		266	-24	-25	-42	-27
Türkiye		10,907	5.2	4.4	0.3	12.6	11.0		281	-1	11	-26	22
EM total		52	0.6	3.6	4.6	22.0	25.0		358	0	17	-54	-6

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

[back to top](#)