GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, SEPTEMBER 22, 2025

LEAD EDITOR: SANJAY HAZARIKA

- **Global investors are very bullish in new survey** (link)
- **US Treasury auctions attract strong demand** (link)
- **Chinese central bank injects liquidity ahead of Golden Week holiday** (link)
- **Mexico expected to cut by 25 bps later this week** (link)
- **Hungary expected to stay on hold at 6.5% this week** (link)

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Global markets trade near record highs

There were record closes for all four major US equity indexes, the S&P 500, the Nasdaq, the Russell 2000 small cap index and the Dow Jones Industrial Average last Thursday. This was the first time in 2025 that all four indexes closed at a record high on the same day, and just the 26th time since 2000. Many other global indexes are also close to all-time highs. However, most equity markets in Europe started the week lower and US equity index futures were also in the red in early morning trading. Government bonds in the euro area are rallying, while US Treasury yields are holding steady at the higher end of recent ranges, with the benchmark 10-year at 4.12% after briefly trading below 4% last week. The price of gold set a new record high above $3700 today, while silver rose to its highest level since 2011. ETF inflows, large central bank purchases and safe haven buying by investors have combined to push precious metals higher this year.

Key Global Financial Indicators

Last updated: 9/22/25 7:53 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6664	0.5	1	3	17	13
Eurostoxx 50		5443	-0.3	0	-1	12	11
Nikkei 225		45494	1.0	2	7	20	14
MSCI EM		53	-0.2	1	5	21	27
Yields and Spreads					bps		
US 10y Yield		4.12	-0.4	9	-13	38	-45
Germany 10y Yield		2.73	-1.4	4	1	53	37
EMBIG Sovereign Spread		290	4	1	4	-79	-35
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.0	0.1	0	0	0	8
Dollar index, (+) = $ appreciation		97.5	-0.2	0	0	-3	-10
Brent Crude Oil ($/barrel)		66.2	-0.8	-2	-2	-11	-11
VIX Index (%, change in pp)		16.1	0.7	0	2	0	-1

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

The most important data release in the US calendar this week is Friday's PCE inflation report, as this is the Fed's favored measure of inflation. Tomorrow's PMI data and GDP and durable goods reports on Thursday could also move markets. In the euro area, PMI data will be reported tomorrow, while in Germany, the widely followed IFP business confidence survey is due on Wednesday. India also reports PMI data this week, while Brazil will release inflation data. Central bank meetings are due to be held in Hungary, Mexico, Nigeria, Sweden, and Switzerland, among others. The 80th United Nations General Assembly starts tomorrow.

Mature Markets back to top

United States

Global investors are highly bullish, according to the latest fund manager survey from Bank of America. Measured by growth expectations, size of equity allocation and levels of cash, the bank's proprietary measure of investor confidence is at its highest level since February. Survey respondents report that their overallocation to equities has reached 28%. Asked about the global economy, 67% predicted a soft landing, 18% predicted no landing (continued expansion), with just 10% predicting a hard landing (recession). On their views about corporate balance sheets, 39% said they wanted companies to increase their capital expenditure, the highest since December. Just 27% want companies to strengthen their balance sheets, the lowest level since February 2022. However, on the negative side, 26% think a second wave of inflation is an important tail risk, while 24% flag US dollar debasement and the loss of Fed independence as sources of concern.

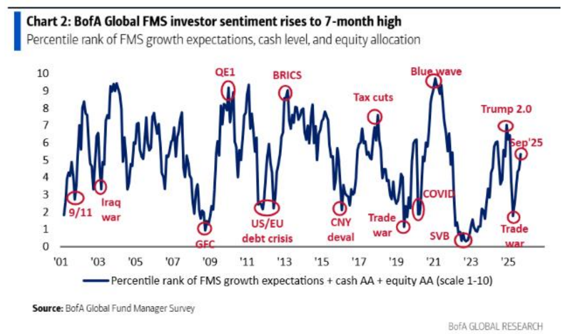
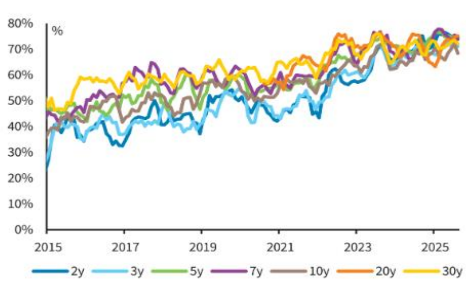


Chart 2: BofA Global FMS investor sentiment rises to 7-month high
Percentile rank of FMS growth expectations, cash level, and equity allocation

Source: BofA Global Fund Manager Survey

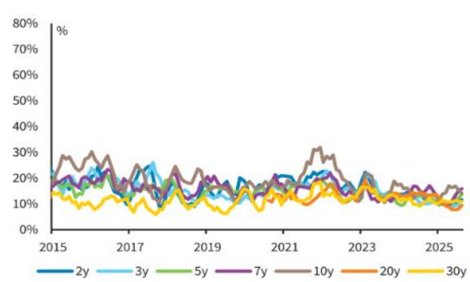
US Treasury auctions have attracted strong demand despite worries about supply and the fiscal situation and concerns about tariffs. There is no evidence so far of the much feared buyers' strike. The yields in the last few auctions have all traded below their initial levels (known as the "When Issued" or "WI" levels) because demand was so strong. According to Barclays, US domestic funds are the biggest buyers, with their auction allocations hitting 73% this year. Foreign investors are active participants in auctions, but their share has been stable around the 15–20% range over the past few years. One possible explanation for the strong demand is that investors think high tariff revenues may reduce the fiscal gap and keep Treasury issuance volumes lower than expected. The administration has taken other measures to stabilize demand, such as buybacks in the 30-year sector and keeping issuance patterns stable. The benchmark 10-year Treasury yield has traded below 4.25% for the past several weeks and has flirted with the 4% level in the past few days.

Figure 2. Domestic investor participation in Treasury auctions has been increasing steadily



Source: US Treasury, Barclays Research

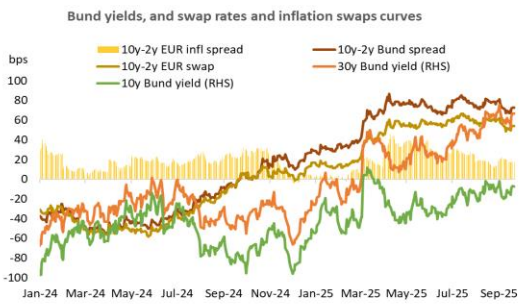
Figure 3. Foreign investor participation has been low but stable over the past decade

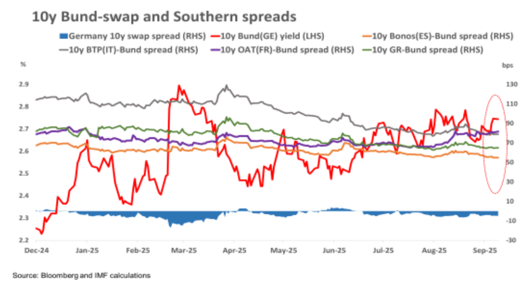


Source: US Treasury, Barclays Research

Euro Area

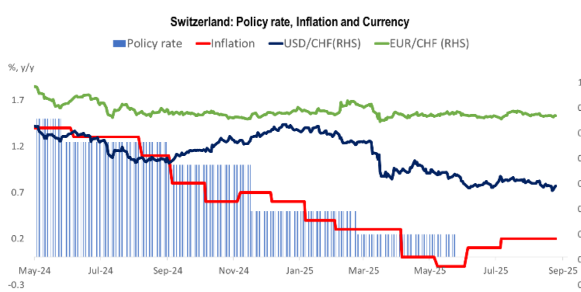
European equities edged lower this morning, with all European bourses in the red and the Stoxx 600 index down by -0.3% dragged down by **losses in the automobile sector** (-3%) after German carmakers Porsche (-6%) and its parent group Volkswagen (-3.7%) cut their profit guidance for 2025 due to **headwinds on electric vehicles plans**. **The euro advanced slightly against the dollar this morning,** to trade at $1.1770/€. **European government bond (EGB) yields were little changed across tenors this morning,** with the 2y Bund yield at 2.01% (-1bp) and the 10y yield at 2.73% (-1bp). HSBC sees **steepening pressure on Bund yield curve** (10y–2y yield spread 5bps higher since a week ago at 72bps) linked to the decision of Germany's debt management office to add €15bn of supply, which surprised markets.

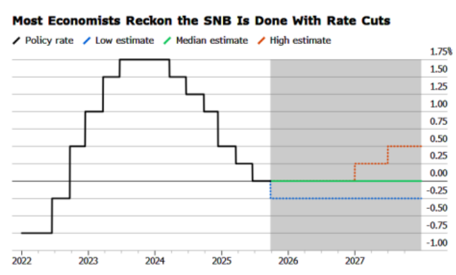




Switzerland

The franc edged higher today against the dollar (0.2%)**,** trading at 0.7936**.** Inflation was steady at 0.2%y/y in August with **consensus expecting the central bank (SNB) to keep its policy rate unchanged at 0% at its meeting on Thursday**, after it eased policy since March 2024 when the rate was at 1.75%. UBS sees financial stability risks, as taxing liquidity through negative rates could further stretch real estate valuations and erode banks' profitability, although **ING and Nomura view 0% as the terminal rate of this easing cycle**. However, exports to the US dropped by 25% in August under the 39% tariff, adding to the downside risks from the stronger franc (up against the dollar by 12.5% YTD), with money markets continuing to price-in another cut by June 2026 with a 36% likelihood (9bps priced-in). Analysts at Barclays and Bloomberg expect a cut into negative territory in December 2025.

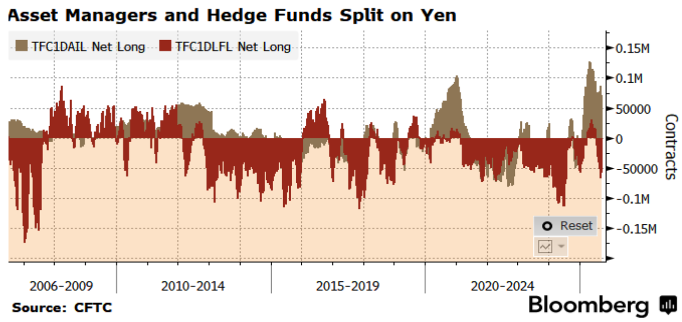




Japan

The Japanese yen see-sawed today amidst political uncertainty and dollar strength. The Yen weakened by as much as 0.3% in the morning session but settled stronger (+0.1%) at $/147.87. Weekly data from the Commodity Futures Trading Commission revealed that the divergence in yen between asset managers (net long 71,162 contracts) and leveraged funds (net short 58,811 contracts) rose to the widest level since 2012, just ahead of the Bank of Japan's latest policy decision. Strategists believe hedging technicalities may imply asset managers have to keep some long yen positions, and divergence in positioning can therefore extend for a while longer. The yen may also fluctuate depending on Japan's ruling party leadership race, which kicked off on Monday. Currently, overnight index swaps are pricing in an 81%

probability of a rate hike by end-December, up from 62% a week ago, thanks to a hawkish undertone to BoJ's policy decision. Benchmark yields rose (2y +2bp to 0.93%; 10y +1bp to 1.65%; 30y +2bp to 3.18%). Japanese equities led gains in major Asian markets (Nikkei 225: +1.0%). Gains in technology stocks were driven by strong demand for Apple's new iPhone 17.



Emerging Markets back to top

EMEA equities and currencies were mostly trading mixed. In CEE, equities in Romania were outperforming (+0.6%) in early morning trade while those in Hungary were underperforming (-0.8%), with no clear driver. CEE currencies were slightly firmer against the euro. The Nigerian naira advanced against the greenback ahead of the central bank decision tomorrow, where consensus expectations are split between a 50–100bp cut in rates and a hold at 27.50%. Elsewhere, Bloomberg reports that Kazakhstan is planning to raise as much as $2bn in renminbi bonds this year to fund trade and investment programs with China. **In Latin America, market movements were limited.** Markets in Chile were closed for a holiday. **Asian currencies were mixed today (EM Asia: flat), with the Korean won rebounding (+0.4%) on foreign inflows into equities, and the Indian rupee depreciating (-0.2%) on changes to H-1B visa program.** Asian equities advanced today (EM Asia: +0.4%), led by Taiwan POC (TAIEX: +1.2%) and Korea (KOSPI: +0.7%), as technology shares including TSMC and Samsung Electronics advanced.

EM Fund Flows

EM funds continue to post inflows, driven primarily by equities. In the past week, inflows into EM bond funds moderated (+$0.9bn, prior week +$1.4bn) while EM equity fund inflows accelerated to the highest level in 49 weeks (+$5.4bn, prior week +$0.1bn). Within EM bonds, inflows into hard-currency funds moderated (+$0.9bn, from +$1.2bn), but offset small outflows from local currency funds (-$66mn, from +$0.2bn). For EM equity funds, ETFs accounted for the bulk of inflows (+$6.1bn, from +$0.2bn), and more than offsetting increased outflows from non-ETFs (-$0.7bn, from -$49mn). For regional equity funds, inflows were broad based, led by Asia ex-Japan (+$1.8bn), LATAM (+$164mn) and EMEA (+$85mn). YTD, cumulative inflows total +$9.3bn for EM bonds and +$1.3bn for EM equities, placing both EM bond and equities on course to end three consecutive years of outflows.

Weekly cross-asset flows

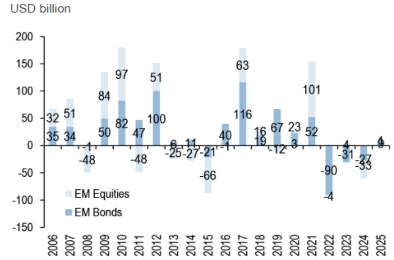
USD billion

Asset	8w flows (8w ago ⟶ current)	This wk	YTD
EM Bonds and Equities		6.3	10.6
EM Bonds		0.9	9.3
Hard Ccy		0.9	2.4
Local Ccy^		-0.1	6.9
o.w. EM ex-China		0.0	5.2
o.w. China		0.0	-1.8
EM Equities		5.4	1.3
US HG		1.2	140.2
US HY		1.1	22.0
Global Equities		61.1	63.0
EM Bond and Equity ETFs		6.4	48.3
EM Bond ETFs		0.3	1.4
EM Equity ETFs		6.1	47.0
Non-resident EM flows*		6.1	-10.2

Fund Flows

EM bond and equity fund flows

USD billion

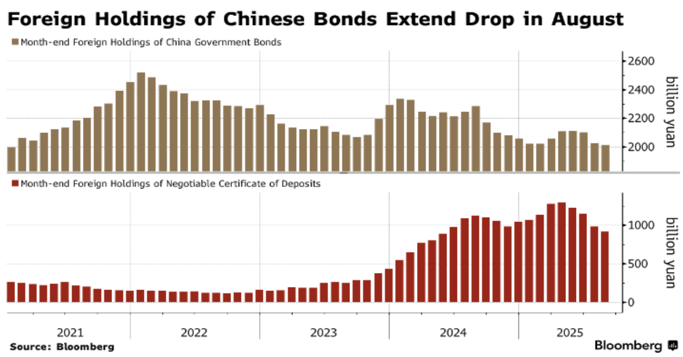


*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.

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

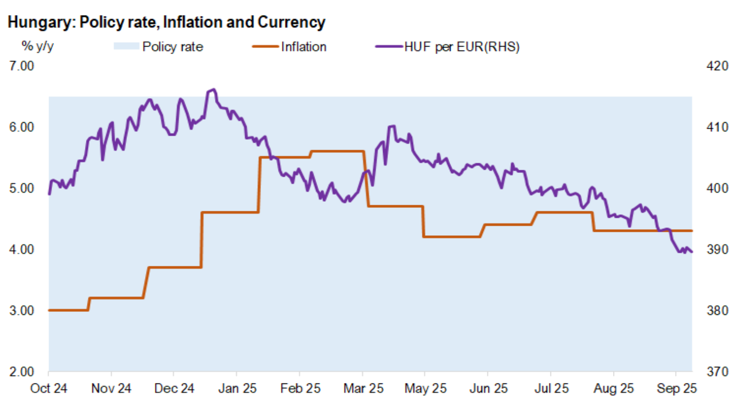
China

The People's Bank of China revived the use of 14-day reverse repurchase agreements to help flood the banking system with cash before the Golden Week public holiday. The PBoC injected CNY 300bn ($42 bn) of cash into the banking system through 14-day reverse repos, along with CNY 241bn through seven-day reverse repos, a regular liquidity tool. According to a commentary by newspaper Financial News, the use of 14-day reverse repos will be more flexible in the future and will not be restricted to pre-holiday periods. Liquidity conditions eased today, with overnight repo rate down 4bp to 1.42% and seven-day repo rate down 3bp to 1.48%. Government bond yields were stable today (10y flat at 1.79%; 30y flat at 2.19%). According to ChinaBond data, holdings by foreign institutions fell for a third consecutive month in August to CNY 2.01tn ($282 bn), the lowest level since January 2021, representing 5.2% of the total outstanding amount of Chinese sovereign debt. Overseas investors also cut their exposure to negotiable certificates of deposit in August to the lowest level since May 2024. Onshore CNY strengthened (+0.1%) today as the fixing was also slightly stronger at 7.1106, despite the US dollar spot index having gained for three consecutive days.



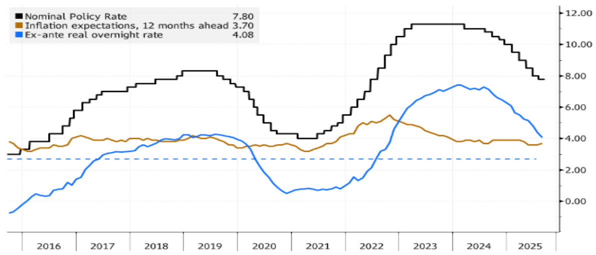
Hungary

Most analysts expect the National Bank of Hungary to keep rates on hold at 6.5% tomorrow. Forward guidance is expected to continue to lean hawkish. For example, JP Morgan thinks the NBH will stay on hold even though inflation is still elevated (+4.3%y/y in August) and outside the NBH's target range of +3.0% +/- 1pp, and even though domestic consumption remains strong. However, some think the strength of the forint (+5.3% since mid-April vs euro) could prompt a shift to more dovish rhetoric. Analysts at Goldman Sachs note that the stronger currency should eventually afford the NBH space to cut rates as they expect inflation to ease over the remainder of 2025 and into 2026, forecasting a neutral rate of 4.0%. This morning, the Hungarian forint was trading slightly firmer against the euro (+0.2%) at 389.5/€.



Mexico

Mexico Monetary Policy Interest Rate



Source: Banxico, Bloomberg Economics

Banxico is expected to continue easing its policy rate. Market participants are expecting Mexico's central bank to cut by -25bps, from 7.75% to 7.5% at its meeting later this week (Sep. 25). Goldman Sachs analysts expect Banxico's forward guidance to reinforce expectations for further easing, citing weak real activity, still-high ex-ante real rates, a stable peso, and prospects of further Fed rate cuts in 2026. Bank of America analysts also expect Banxico to continue easing at a steady pace of -25 bps per meeting, to reach an estimated terminal rate of 6% by June 2026. Bloomberg analysts noted that a second consecutive -25 bps move would bring total easing to -375 bps since March 2024. Adjusted for one-year-ahead inflation expectations, the ex-ante real policy rate would decline to 3.8% from 4.1% in August, which is its lowest since August 2022 but still above Banxico's estimated neutral range of 1.8% to 3.6%.

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.

Global Financial Indicators

9/22/25 8:00 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
United States		6,664	0.5	1.2	3.1	16.9	13
Europe		5,443	-0.3	0.1	-0.8	11.7	11
Japan		45,494	1.0	1.6	6.7	19.9	14
China		4,523	0.5	-0.2	3.3	40.8	15
Asia Ex Japan		91	-0.4	1.0	4.5	23.1	26
Emerging Markets		53	-0.2	1.4	4.7	21.3	27
Interest Rates				basis points			
US 10y Yield		4.1	0	9	-13	38	-45
Germany 10y Yield		2.7	-1	4	1	53	37
Japan 10y Yield		1.7	1	6	3	80	55
UK 10y Yield		4.7	-2	6	0	79	13
Credit Spreads				basis points			
US Investment Grade		115	0	-3	-3	-15	-5
US High Yield		326	0	-10	-11	-33	-2
Exchange Rates				%			
USD/Majors		97.5	-0.2	0.2	-0.3	-3.2	-10
EUR/USD		1.18	0.3	0.2	0.5	6.0	14
USD/JPY		147.8	-0.1	0.3	0.6	2.9	-6
EM/USD		46.0	0.1	-0.2	0.2	-0.2	8
Commodities				%			
Brent Crude Oil ($/barrel)		66.2	-0.8	-1.9	-1.6	-7.8	-8
Industrials Metals (index)		144.3	0.2	-1.4	2.0	-1.1	3
Agriculture (index)		53.9	-0.9	-3.6	-3.7	-3.5	-5
Gold ($/ounce)		3723.5	1.0	1.2	10.4	41.6	42
Bitcoin ($/coin)		112940.6	-2.1	-2.3	-3.5	78.7	21
Implied Volatility				%			
VIX Index (%, change in pp)		16.1	0.7	0.4	1.9	0.0	-1.2
Global FX Volatility		7.4	0.1	0.0	-0.2	-1.0	-1.8
EA Sovereign Spreads				10-Year spread vs. Germany (bps)			
Greece		66	1	1	1	-33	-19
Italy		80	1	1	-1	-55	-36
France		82	1	3	12	6	-1
Spain		55	1	0	-3	-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: 9/22/2025 8:01 AM	Exchange Rates: Level		Change (in %)					Local Currency Bond Yields (GBI EM): Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		7.11	0.1	0.1	0.8	-0.8	2.6		1.9	2	1	4	-6	20
Indonesia		16611	-0.1	-1.2	-1.6	-8.5	-2.9		6.1	0	-13	-26	-44	-91
India		88	-0.2	-0.1	-0.9	-5.4	-3.1		6.9	0	1	2	-8	-47
Philippines		57	0.1	0.2	-0.2	-1.9	1.6		4.7	0	-1	-3	0	-14
Thailand		32	0.3	0.1	2.0	3.6	8.1		1.5	-3	-2	3	-108	-85
Malaysia		4.20	0.2	0.1	0.7	0.1	6.5		3.4	0	-2	1	-30	-42
Argentina		1475	0.0	-1.4	-12.4	-34.7	-30.1		67.2	434	1786	2685	2732	3800
Brazil		5.33	0.0	-0.2	1.9	4.0	15.9		13.7	2	-10	-35	150	-226
Chile		953	0.2	-0.2	0.6	-3.3	4.5		5.4	0	-3	-1	26	-29
Colombia		3865	0.8	0.8	4.4	7.6	14.0		11.3	4	3	-39	150	-50
Mexico		18.39	0.0	-0.1	1.0	5.6	13.2		8.7	5	0	-38	-55	-165
Peru		3.5	-0.4	-0.2	0.9	7.1	7.4		6.1	-1	0	-13	-9	-50
Uruguay		40	0.1	0.8	0.7	3.8	9.6		8.0	0	0	14	-219	-167
Hungary		330	0.5	0.3	2.5	7.5	20.3		6.6	-1	-12	-6	56	18
Poland		3.62	0.4	-0.1	0.7	6.3	14.3		4.9	2	3	9	-2	-66
Romania		4.3	0.3	-0.1	0.1	3.9	11.5		7.3	3	-10	-5	78	5
Russia		83.6	-0.1	-1.5	-3.5	11.3	35.8							
South Africa		17.3	0.3	0.4	0.9	0.3	9.0		9.6	-1	-13	-39	-55	-86
Türkiye		41.39	0.0	-0.2	-1.0	-17.5	-14.6		31.8	-22	-98	6	261	205
US (DXY; 5y UST)		97	-0.2	0.2	-0.3	-3.3	-10.2		3.67	-1	6	-9	17	-71

	Equity Markets: Level		Change (in %)					Bond Spreads on USD Debt (EMBIG): Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	7 Days	30 Days	12 M	YTD
								basis points					
China		4,523	0.5	-0.2	3.3	40.8	14.9		110	-2	2	-14	14
Indonesia		8,040	-0.1	1.3	2.3	3.4	13.6		89	0	11	-13	-2
India		82,160	-0.6	0.5	1.0	-3.3	5.1		90	0	5	-21	4
Philippines		6,215	-0.8	2.6	-1.1	-16.2	-4.8		68	-1	2	-19	-11
Thailand		1,283	-0.8	-1.3	2.3	-11.4	-8.4						
Malaysia		1,603	0.3	1.3	0.4	-3.7	-2.4		61	-3	1	-23	-9
Argentina		1,683,960	-0.7	-4.3	-20.0	-7.6	-33.5		1459	313	750	140	822
Brazil		145,865	0.3	2.5	5.7	11.3	21.3		192	-5	-3	-28	-55
Chile		9,007	-0.7	-1.6	1.7	42.2	34.2		96	-6	-2	-23	-17
Colombia		1,858	1.9	0.6	0.0	40.7	34.7		248	5	-35	-68	-78
Mexico		61,200	-0.2	-0.6	3.3	17.3	23.6		217	1	-17	-96	-95
Peru		2,214	1.7	1.1	6.3	22.6	30.7		93	-4	-7	-46	-48
Hungary		98,826	-1.3	-1.8	-6.3	35.2	24.6		129	-8	-3	-25	-26
Poland		105,051	-0.3	-2.3	-2.4	28.5	32.0		92	-6	1	-19	-20
Romania		20,799	0.7	0.0	0.5	18.0	24.4		197	-5	-4	-1	-38
South Africa		106,364	0.2	1.6	3.5	26.9	26.5		250	-16	-30	-38	-43
Türkiye		11,514	2.0	4.7	1.2	16.3	17.1		264	-17	0	-23	5
EM total		53	0.2	1.4	4.7	21.3	26.8		372	13	37	-21	7

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

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