



- Global macro environment remains supportive for equity markets ([link](#))
- European government bond yields ease as US rate cut expectations build ([link](#))
- Swedish krona weakens slightly after August flash core inflation eases ([link](#))
- Japan's smooth 30-year bond auction brings modest relief to markets ([link](#))
- Chinese equities continue to decline on reports of cooling measures ([link](#))

[Mature Markets](#)





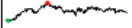
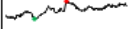

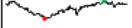



[Emerging Markets](#)

[Market Tables](#)

Developed Markets Rally on Rate Cut Hopes

Equity markets in developed economies are on the rise this morning, fueled by growing expectations of rate cuts by the US Federal Reserve. While markets had already been pricing in the near certainty of a Fed rate cut later this month, the implied likelihood of an additional cut next month has now increased to 55%. The 10-year treasury yield is 3 bp lower this morning, with a similar decline in the 10-year bund yield. European equity markets are modestly higher on expectations of lower rates, and US index futures are pointing to a positive opening. Meanwhile, Chinese equity markets continued to weaken overnight as regulators there seek to implement a series of cooling measures to curb the recent market rally. Among other measures, authorities are considering lifting curbs on short-selling and tightening oversight on retail trading platforms.

Key Global Financial Indicators

Last updated: 9/4/25 8:18 AM	Level Last 12m Latest	Change from Market Close					
		1 Day	7 Days	30 Days	12 M	YTD	
Equities							%
S&P 500	 6448	0.5	0	2	17	10	
Eurostoxx 50	 5344	0.4	-1	2	10	9	
Nikkei 225	 42580	1.5	-1	5	16	7	
MSCI EM	 50	0.4	0	3	18	20	
Yields and Spreads							bps
US 10y Yield	 4.18	-3.7	-2	-1	42	-39	
Germany 10y Yield	 2.71	-3.3	1	8	48	34	
EMBIG Sovereign Spread	 299	0	1	-15	-98	-25	
FX / Commodities / Volatility							%
EM FX vs. USD, (+) = appreciation	 45.6	-0.1	0	0	0	7	
Dollar index, (+) = \$ appreciation	 98.3	0.1	0	-1	-3	-9	
Brent Crude Oil (\$/barrel)	 67.0	-0.9	-2	-3	-8	-10	
VIX Index (% change in pp)	 16.2	-0.1	1	-1	-5	-1	

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

Mature Markets

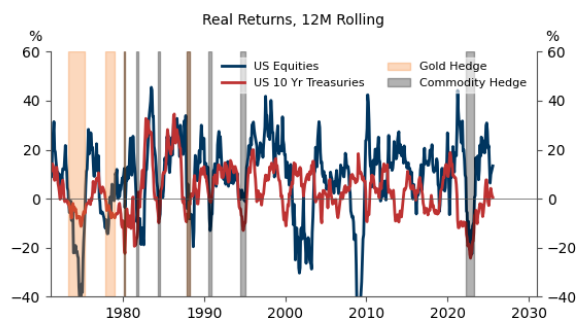
[back to top](#)

United States

The case for hedging portfolios using commodities. Goldman Sachs analysts highlight that equity-bond portfolios are not a good diversification strategy under two regimes: i) Stagflationary environments when US institutional credibility erodes (US 1970s); ii) when supply shocks drive weaker growth and higher prices

(Energy shocks). While hedging through exposure to gold has been a common trade in the past, exposure to broader commodity basket could be just as relevant going forward. Commodity supply is becoming increasingly concentrated in geopolitical hot-spots leading to a growing use of commodities as leverage and increasing the need for supply chain insulation and driving prices higher, potentially reinforcing their diversification benefits.

Exhibit 2: During Any 12-Month Period When Both Stocks and Bonds Had Negative Real Returns, Either Commodities or Gold Delivered Positive Real Returns.

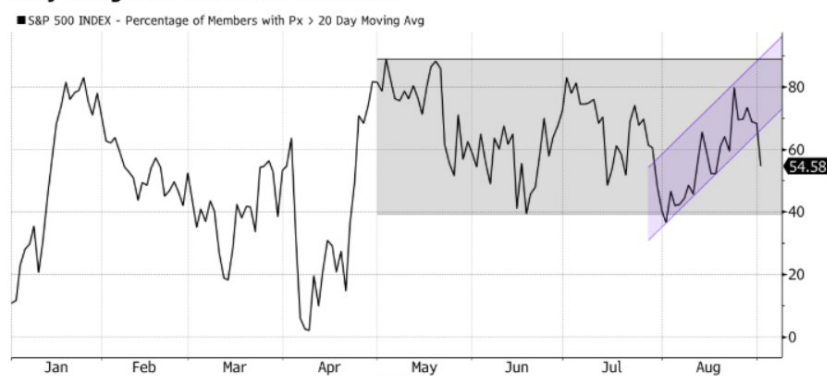


Monthly data of US bonds, US equities, and gold from 1970. Commodities are represented by the Enhanced BCOM Total Return Index. Prior to 1991, we use the BCOM Total Return Index, and prior to 1984, we proxy commodities using oil (available from 1974), given its dominant weight in the commodity complex. Orange shading: gold provided a hedge with positive real returns. Gray shading: commodities provided a hedge with positive real returns.

Source: Bloomberg, Haver Analytics, Goldman Sachs Global Investment Research

The global macro environment may be supportive for equities. Global macro conditions remain supportive for equities as central banks worldwide maintain easing policies and leading indicators like PMIs strengthen. According to Bloomberg analysts, this skews towards a risk-on event, as traders closely watch the breadth of the rally to determine if it can carry on. Currently, the rebound remains concentrated among a select group of stocks, but recent improvements in breadth measures—particularly on 20- and 50-day averages—suggest that participation may be broadening and the rally could have legs.

Number of Stocks Above 20-Day Moving Averages Dropping Rally losing some short-term momentum



Source: Bloomberg

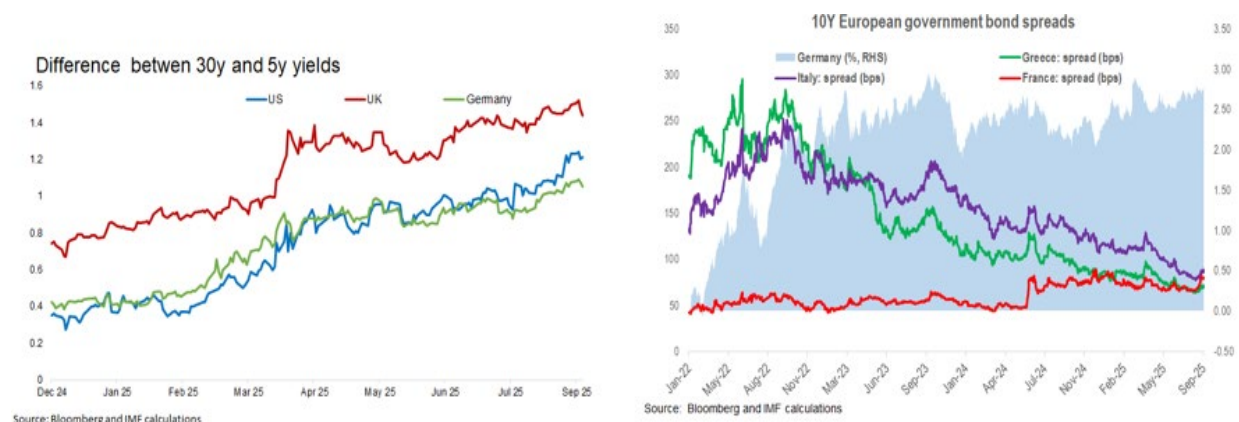
Bloomberg

Europe

European equities were trading higher this morning. The Stoxx 600 index was around 0.3% higher, led by gains in the communication services (+1.2%) and consumer staples (+0.8%) sectors. Regional bourses were also mostly higher, with France's CAC 40 the exception (-0.5%).

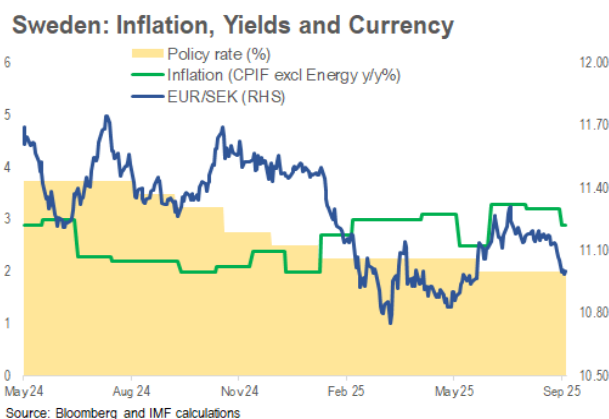
European government bond yields ease as US rate cut expectations build. European government bond yields were lower across the board this morning with the curve bull flattening as markets scaled up expectations of faster rate cuts by the US Federal Reserve following slightly weaker-than-expected US

labor market data yesterday and ahead of tomorrow's monthly jobs report. 30Y German bunds were 4bp lower at 3.32%, while 30Y French OATs were 6bp lower to trade at 4.39%. Elsewhere, France issued €9.5–11bn across 10Y, 15Y and 30Y maturities. This was the first long-term OAT auction since PM Bayrou announced the September 8 vote of no-confidence. According to Bloomberg, investor demand was strong although the bid-to-cover ratios for the three bonds were lower than those achieved in July. Separately, PM Bayrou is scheduled to meet with the Socialist Party today ahead of Monday's vote. Meanwhile, intra-EMU government bond spreads were trading tighter with the 10Y BTP-Bund spread at around 86bp and the 10Y OAT-Bund spread around 79bp.



Sweden

Swedish krona weakens slightly after August flash core inflation eases. Preliminary inflation data released this morning showed core inflation eased for a second consecutive month in August, printing at 2.9%y/y (vs 3.1% exp, 3.2% prior). Immediately, following the release, the Swedish krona traded weaker (-0.2%) against the euro at 11.01 as investors expect the Riksbank to ease policy rates at the September policy meeting. JP Morgan analysts described today's inflation report as a "relief" for the Riksbank, although noted that the decision to cut rates is "far from a done deal" with core inflation still slightly above the Riksbank's own projections. According to Bloomberg data, markets are pricing in around 10bp of easing at the September meeting and around 17bp of cuts by the November meeting.



Japan

Modest demand in the 30-year debt auction helped trigger buying across all maturities of Japanese government bonds. The bid-to-cover ratio came in at 3.31, in line with the 12-month average of 3.38. Yields fell across the curve (2y: -2bp to 0.85%, 10y: -3bp to 1.60%, 30y: -3bp to 3.27%). Market sentiment

was also supported by a more-steady yen, depreciating 0.1% today to \$/148.22 after appreciating 0.4% overnight. Japanese equities rallied today (TOPIX: +1.0%), led by bank stocks (TOPIX Banks: +2.2%) which had underperformed Wednesday on expectations of a delay in the Bank of Japan hiking rates.



Emerging Markets

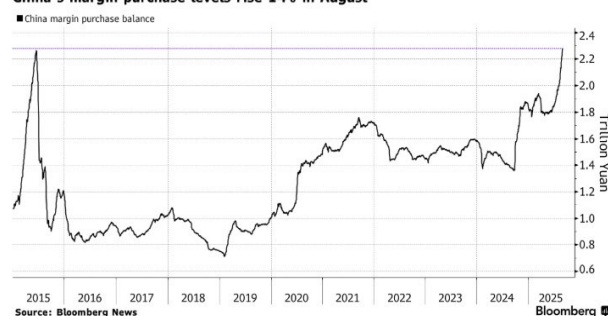
[back to top](#)

Asian currencies were little changed today (EM Asia: flat), with the Philippine peso (+0.4%) appreciating the most. Asian equities declined (EM Asia: -0.4%) mostly due to continued corrections in China (CSI 300: -2.1%) and Hong Kong SAR (Hang Seng: -1.1%). **EMEA equities traded mostly in the green this morning, while currencies were little changed ahead of the US payrolls report tomorrow.** In CEE, equities outperformed in Hungary (+1%) and Poland (+0.6%), while currencies were little changed against the euro. In Türkiye, equities rebounded (+0.5%) somewhat from this week's losses (-4.3%WtD) that were triggered by resurfacing of political tensions. The lira continues to trade steady at TRY41.17/\$ as Bloomberg reports that Turkish state-owned banks sold about \$5bn in the last two days to support the currency. In South Africa the rand edged lower (-0.7%) against the dollar, while equities were 0.5% lower. **Latin American equity markets mainly fell Wednesday**, with Mexico, Colombia, and Brazil slipping while Chile (+0.8%) gained. Currencies mainly appreciated as the Colombian peso, Brazilian real, and Chilean peso (+0.5%) strengthened, while the Mexican peso declined.

China

China's financial regulators are weighing a series of cooling measures to temper a \$1.2 tn stock market rally since early August. Authorities are considering lifting short-selling curbs, tightening the oversight of retail trading platforms, and investigating the misuse of credit funds—particularly those sourced from online lenders—for equity purchases. Social media platforms were also alerted not to overly publicize content on the bull market, margin transactions hitting a new high, and rising reallocations of bank deposits into stocks, to avoid stirring up novice investors. These steps reflect a cautious approach reminiscent of the 2015 boom-bust cycle. Today, both onshore (CSI 300: -2.1%) and offshore (Hang Seng: -1.1%) equities declined for a third consecutive day. Onshore CNY and offshore CNH held steady today near 7.14 despite a stronger yuan fixing at 7.1052. However, some strategists remain optimistic about the longer-term outlook for Chinese equities and the yuan. August saw a notable pickup in foreign fund inflows, particularly into onshore A-shares, with consumer and industrial sectors leading. If foreign investors continue converting into yuan for mainland equity purchases, it could trigger a virtuous cycle—where equity gains bolster yuan demand and vice versa—reinforcing broader market confidence.

Leveraged Bets Hit Fresh Record China's margin purchase levels rise 14% in August



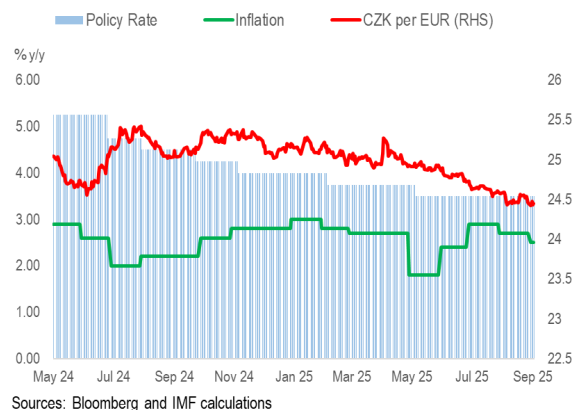
Chinese Stocks, Yuan Moved in Tandem So Far This Year



Czechia

The koruna was steady against the euro, with equities in the green (+0.4%), after today's data showed inflation in Czechia slowing line with expectations in August. CPI printed at 2.5%y/y from 2.7%y/y in July. The central bank (CNB) held its benchmark rate at 3.5% in August, pausing an easing cycle that started in 2023 when the rate was at 7%. Policymakers left all options open for the coming meetings but expressed concerns on the rapid growth in housing prices and pressure in services prices on the back of faster-than-expected wage growth (yesterday's wages data surprised to the upside reporting an average growth of real wages by 5.3%y/y in 2Q, vs. est. 4.3%, from 3.8%y/y in 1Q). Analysts at ING expect a return of inflation to 3% in the coming months and maintain a hawkish view on the CNB and a bullish one on the koruna in the coming weeks. JP Morgan expects the CNB to stay on hold in 2025 and 2026, noting solid domestic demand and momentum in wage growth.

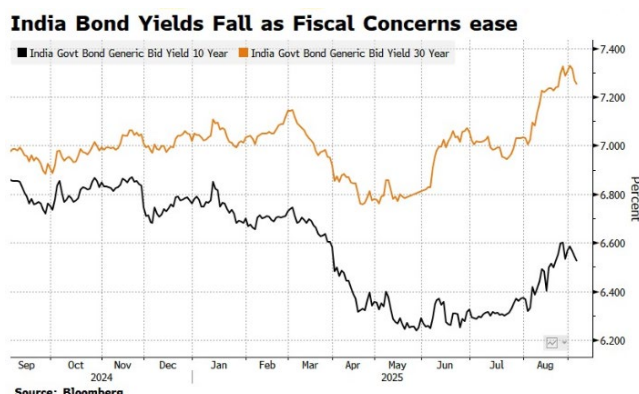
Czech Republic: Policy rate, inflation and currency



India

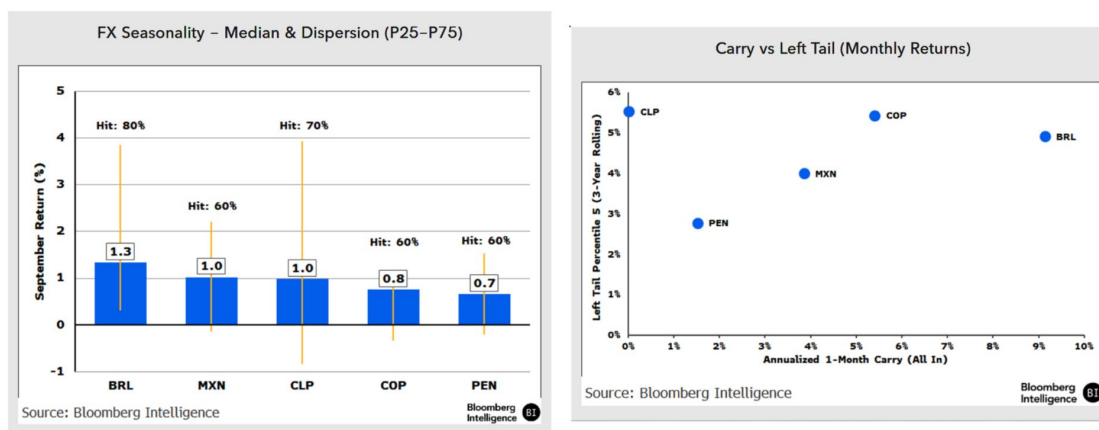
Indian banks have requested the Reserve Bank of India (RBI) tweak the government's bond issuance plan. In a Wednesday meeting, bankers discussed with the RBI an extension to the government's second half borrowing plan until mid-March, instead of end-February, to allow for smaller weekly auctions that could ease market absorption. The RBI, which typically announces the second half borrowing plan by late September, has not yet responded publicly. This request comes amid heightened market volatility following the sharpest monthly rise in 10-year bond yields in nearly three years, driven by fading rate-cut expectations and renewed fiscal concerns. Lenders also proposed shifting state bond auctions to a uniform-price method to reduce pricing risks, as the current multiple-price system often results in undesirable purchase prices. Earlier in the week, it was reported that Indian banks had also asked the RBI to ease the supply of long-dated bonds, and to consider requesting individual states to reduce the number of bonds

they issue. 10y sovereign yield fell 3 bp to 6.52% today, down from 6.59% on Monday, as the government's estimate of an annualized loss of INR 480 bn (\$5.5 billion) due to the tax-cut plan is lower than expected and likely offset by a surplus in the goods and services tax compensation fund.



Latin American Currencies

Latin American currencies have historically rallied in September. September has historically been a month that has favored the region, with all major currencies having posted positive median returns during the month over the past decade. The Brazilian real stands out with a hit ratio of 80%, followed by the Chilean peso at 70% (left chart). However, carry dynamics remain uneven since the Brazilian real continues to offer a high one-month annualized yield at over 9% but with an elevated tail risk, while the Chilean peso provides no carry advantage and still faces heavy tail risk (right chart).



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.

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.

























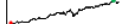
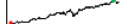






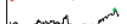
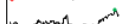


Global Financial Indicators

9/4/25 8:24 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
United States		6,455	0.5	-0.4	2.0	16.9	10
Europe		5,344	0.4	-1.0	1.9	10.2	9
Japan		42,580	1.5	-0.6	5.0	16.2	7
China		4,365	-2.1	-2.2	6.4	34.0	11
Asia Ex Japan		86	0.4	-0.5	2.9	20.7	19
Emerging Markets		50	0.4	-0.4	2.7	17.7	20
Interest Rates			basis points				
US 10y Yield		4.2	-4	-2	-1	42	-39
Germany 10y Yield		2.7	-3	1	8	48	34
Japan 10y Yield		1.6	-3	-2	8	71	50
UK 10y Yield		4.7	-4	1	20	78	14
Credit Spreads			basis points				
US Investment Grade		122	0	1	-2	-15	2
US High Yield		343	1	11	-9	-38	15
Exchange Rates			%				
USD/Majors		98.3	0.1	0.0	-0.5	-3.0	-9
EUR/USD		1.17	-0.1	-0.3	0.7	5.1	13
USD/JPY		148.2	0.1	0.9	0.7	3.1	-6
EM/USD		45.6	-0.1	-0.3	0.2	-0.1	7
Commodities			%				
Brent Crude Oil (\$/barrel)		67.0	-0.9	-1.5	-1.5	-5.0	-7
Industrials Metals (index)		141.9	-0.9	1.0	1.7	1.1	1
Agriculture (index)		54.5	-0.6	-1.6	2.0	-1.6	-4
Gold (\$/ounce)		3550.2	-0.3	3.9	5.2	42.3	35
Bitcoin (\$/coin)		111002.1	-1.1	2.2	-3.3	91.2	18
Implied Volatility			%				
VIX Index (% change in pp)		16.2	-0.1	1.4	-1.3	-5.1	-1.1
Global FX Volatility		7.9	0.0	0.1	-0.3	-0.8	-1.3
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		69	-1	1	4	-34	-16
Italy		86	-1	2	6	-57	-29
France		79	-1	1	13	8	-4
Spain		60	-1	-1	2	-22	-10

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

Emerging Market Financial Indicators

Last updated: 9/4/2025 8:26 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		7.14	0.0	-0.1	0.6	-0.4	2.2		1.8	-2	-1	5	-24	12
Indonesia		16425	-0.1	-0.4	-0.1	-5.8	-1.8		6.3	2	4	-22	-36	-72
India		88	-0.1	-0.6	-0.6	-4.7	-2.9		6.9	-5	2	18	-16	-49
Philippines		57	0.4	0.1	0.5	-0.9	1.6		4.8	0	2	-1	-34	-11
Thailand		32	-0.1	-0.1	0.3	5.3	6.3		1.4	0	-4	-24	-123	-95
Malaysia		4.23	-0.1	-0.3	0.2	2.9	5.7		3.4	-6	-3	-4	-41	-46
Argentina		1361	-0.1	-0.7	-0.2	-30.0	-24.3		48.3	178	253	1244	722	1911
Brazil		5.45	0.0	-0.7	0.8	3.4	13.2		13.9	-1	6	-7	179	-199
Chile		969	0.5	-0.1	-0.3	-4.1	2.8		5.4	-3	0	2	0	-25
Colombia		4006	0.0	0.6	2.3	4.4	10.0		11.7	1	13	-14	152	-13
Mexico		18.77	-0.4	-0.6	0.7	6.2	11.0		8.9	-3	-5	-28	-95	-143
Peru		3.5	0.1	0.5	0.9	7.2	6.3		6.2	-1	-8	-16	-32	-41
Uruguay		40	-0.1	-0.1	0.2	0.8	9.1		8.1	0	10	-28	-151	-158
Hungary		338	0.0	0.6	2.2	5.1	17.7		6.8	0	6	5	73	36
Poland		3.65	-0.1	0.0	1.2	5.6	13.1		4.9	1	9	6	-16	-65
Romania		4.4	-0.2	-0.4	0.6	2.9	10.2		7.5	3	11	26	96	20
Russia		81.3	-0.4	-0.9	-2.0	7.6	39.6							
South Africa		17.8	-0.7	-0.5	0.8	0.4	6.0		10.0	1	4	6	-63	-46
Türkiye		41.17	0.0	-0.3	-1.2	-17.4	-14.1		33.1	43	159	135	415	339
US (DXY; 5y UST)		98	0.1	0.0	-0.5	-3.1	-9.4		3.66	-3	-3	-7	12	-72

	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		4,365	-2.1	-2.2	6.4	34.0	10.9		113	-1	4	-12	17	
Indonesia		7,867	-0.2	-1.1	4.4	1.9	11.1		91	5	-6	-19	0	
India		80,718	0.2	0.8	0.0	-1.8	3.3		94	1	2	-16	8	
Philippines		6,107	0.4	-1.3	-3.9	-11.6	-6.5		72	-1	-14	-23	-7	
Thailand		1,253	-0.5	0.2	0.4	-10.8	-10.5							
Malaysia		1,578	0.0	-0.6	1.4	-4.5	-3.9		66	1	-7	-18	-4	
Argentina		1,933,987	-2.1	-2.0	-15.4	7.6	-23.7		902	40	123	-571	265	
Brazil		139,864	-0.3	0.5	5.2	2.8	16.3		203	-4	-17	-28	-44	
Chile		9,063	0.8	1.6	10.4	41.9	35.1		104	-2	-9	-20	-9	
Colombia		1,828	-0.1	-0.6	4.4	36.8	32.5		279	-16	-43	-44	-47	
Mexico		59,652	-0.2	1.7	5.3	15.1	20.5		232	-13	-27	-97	-80	
Peru		34,938	0.3	1.0	4.1	24.7	20.6		105	-3	-16	-41	-36	
Hungary		104,248	1.1	0.5	3.3	44.3	31.4		144	4	-13	-11	-11	
Poland		105,771	1.3	-0.2	-0.8	25.1	32.9		102	3	-6	-6	-10	
Romania		20,697	0.4	0.7	2.6	14.9	23.8		218	5	-1	11	-17	
South Africa		100,789	-0.7	-1.1	1.5	23.0	19.9		290	1	-19	-13	-3	
Türkiye		10,832	0.9	-4.7	-0.2	8.5	10.2		282	2	-13	-26	23	
EM total		50	-0.4	-0.4	2.7	17.7	19.6		360	4	-6	-50	-4	

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

[back to top](#)