GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, APRIL 10, 2026

LEAD EDITOR: SANJAY HAZARIKA

- **US CPI comes in a touch below forecasts** (link)
- **Treasury auction sizes up 30% as US term premium is on the rise** (link)
- **Credit risk premia are rising in US corporate bond derivative market** (link)
- **China PPI turns positive for the first time in 41 months** (link)
- **Japanese stocks post largest weekly gain since August** (link)
- **Peru stays on hold despite rising inflation** (link)
- Special Feature: Crypto Monitor

Mature Markets | Emerging Markets | Market Tables

Markets are Cautiously Optimistic About the Conflict in the Middle East

Stocks in Asia posted their biggest weekly gain since September on hopes of a de-escalation of the conflict in the Middle East, and European equities also rallied. However, US equity index futures were mixed. Treasury yields were slightly higher in early morning trading and the dollar is weaker as safe haven flows dissipated. Market participants are hoping that peace talks due to begin tomorrow will bring an end to the conflict. The VIX index fell below 20 yesterday as volatility receded and investors became more optimistic about market prospects. However, the Strait of Hormuz remains effectively closed and oil prices remain elevated. US WTI oil continues to trade at a premium to the Brent benchmark, a sign that oil market dislocations could take a while to unravel.

Key Global Financial Indicators

Last updated: 4/10/26 8:23 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		6825	0.6	4	1	30	0
Eurostoxx 50		5948	0.9	4	2	23	3
Nikkei 225		56924	1.8	7	6	69	13
MSCI EM		60	-0.3	5	3	49	10
Yields and Spreads				bps			
US 10y Yield		4.28	0.8	-6	13	-14	12
Germany 10y Yield		3.02	3.5	3	19	44	17
EMBIG Sovereign Spread		261	-1	-20	-9	-131	8
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		47.3	0.1	2	1	7	2
Dollar index, (+) = $ appreciation		98.7	-0.1	-1	0	-2	0
Brent Crude Oil ($/barrel)		95.9	0.0	-12	9	51	58
VIX Index (%, change in pp)		19.5	0.0	-4	-5	-21	5

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

Key Global Inflation and Energy Indicators

Last updated: 4/10/26 8:26 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		96	0.0	-12	9	51	58
WTI Crude Oil ($/barrel)		98	0.1	-12	17	63	71
Natural Gas (Netherlands TTF)		44	-1	-12	-7	31	65
Breakeven Inflation		%	bps				
USD: 2Y		2.8	0.5	-5	21	12	53
USD: 5Y		2.6	1.3	-3	7	26	23
USD: 5Y5Y		2.4	1	0	-2	8	-6
EUR: 2Y		2.7	0.8	-12	38	118	99
EUR: 5Y		2.3	0	-6	15	59	48
EUR: 5Y5Y		2.1	0	-2	0	4	6

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

Mature Markets

back to top

United States

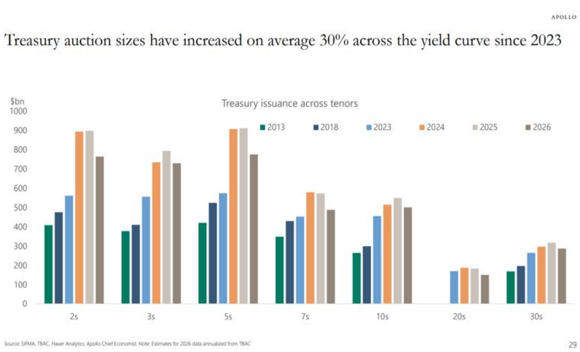
US CPI came in slightly below forecasts. US The market response was limited.

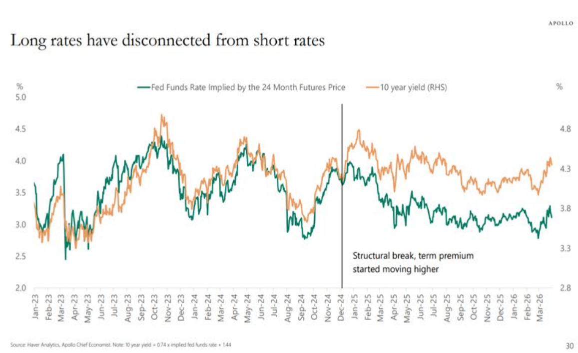
US CPI Data

Source: Bloomberg

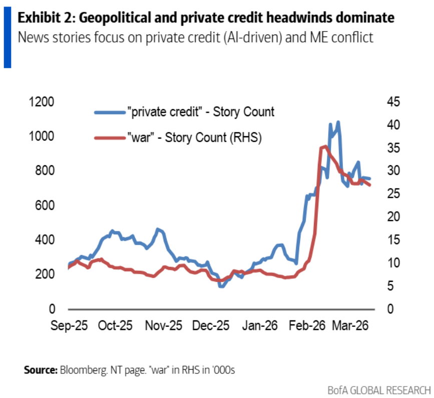
Variable	Consensus Forecast	Actual Data Print
CPI month-on-month	0.9%	0.9%
Core CPI mom	0.3%	0.2%
CPI year-on-year	3.4%	3.3%
Core CPI yoy	2.7%	2.6%

Treasury auction sizes have increased by 30% since 2023 across the yield curve as the US government seeks to fund its growing deficit, according to analysis by Apollo. The Treasury term premium has increased steadily over the past few months as worries about fiscal sustainability drive investors to seek more compensation for holding longer term Treasury debt. As a result, longer term rates have disconnected from the front end of the yield curve. Although the MOVE index of interest rate volatility has fallen significantly from its wartime high, many market participants are positioning for a steeper yield curve, taking the view that long term interest rates are likely to rise much faster than short-term interest rates. Similar bets had lost money earlier in the year, but the momentum behind curve steepening trades is rebuilding as markets anticipate higher inflation due to the continued impact of the conflict in the Middle East. Meanwhile, the Fed Funds futures market is pricing in just a 25% chance of a Fed rate hike by December.



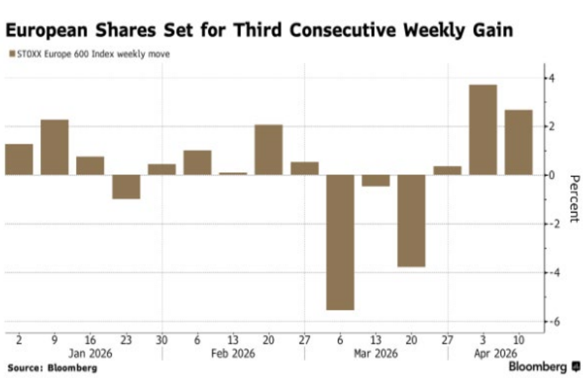


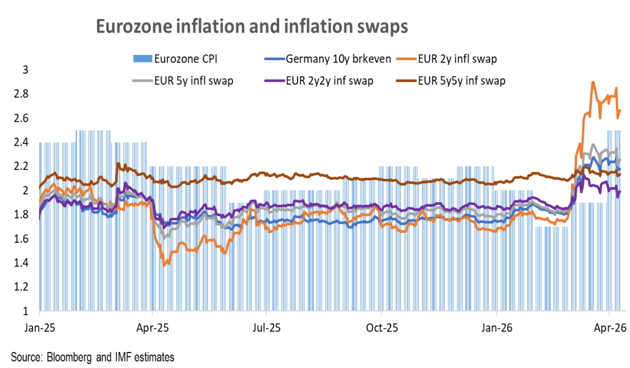
Worries about the US private credit market continue to simmer, as the big private credit lenders see their stock prices remaining under pressure even after the broader market rally on Wednesday. Thursday's price action saw further declines. News stories about the conflict in the Middle East and the problems facing private credit are featured prominently in the headlines, and analysts at Bank of America think that rising doubts about AI spending will prevent the credit spreads of the prominent AI-related companies from recovering to the levels seen in 2025. The expectation that interest rates will move higher and that inflationary pressures caused by the conflict will grow stronger are leading to wider spreads for the rest of the market as well. As a result, the volatility in the credit default swap (CDS) market has been rising for both individual issuers as well as CDS indexes.



Euro Area

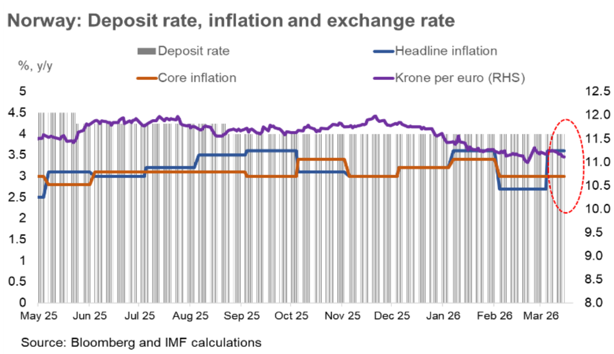
European equities headed for a third weekly gain this morning, after Asian stocks extended gains overnight and US equity-index futures pared earlier losses on hopes of US-Iran talks this weekend. **The Stoxx 600 index edged higher** (0.5%), **poised to close the week by 3% higher**, led by gains in the health care (1%) and technology (0.7%) sectors, while energy shares lost ground (-0.6%) as oil price remains set for its biggest weekly decline (-11%) in nine months according to Bloomberg (Brent +1.1% this morning at $96.75/bl). **The euro was little changed** against the dollar this morning, trading at around $1.17/€. **Eurozone government bonds (EGBs) continued to slide across tenors this morning,** mirroring UK gilts. **Bloomberg** points to spill-over from US treasuries, where options flows showed increased demand for hedges on 5y and 10y sectors **ahead of the US March CPI to be released later today**. **Bund yields rose by about 4bps** (2y yield at 2.56%, 5y at 2.71% and 10y yield at 3.02%), with the 30y yield reaching 3.57%, reportedly the highest level since 2011. **Other EGBs continued to underperform Bunds**, with the 10y BTP-Bund spread 4bps higher at 79bps, after Italy auctioned today €1.75bn of 2041 bonds at a yield of 4.27% (against 3.99% in previous sale of the same securities in February) and a bid-to-cover ratio of 1.7.





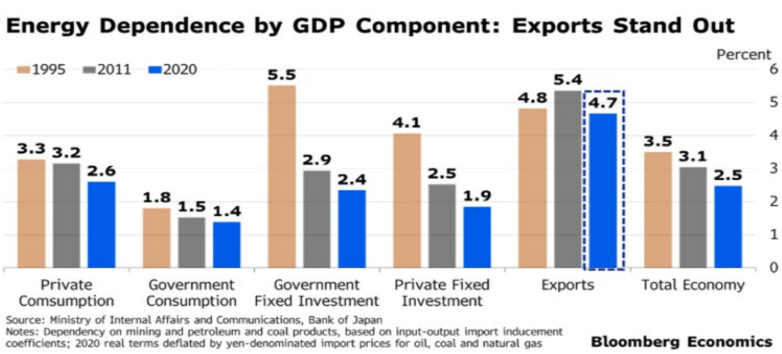
Norway

The krone was firm against the dollar (and advanced marginally against the euro), at around NOK 9.49/$ (NOK 11.10/€), **after today's March inflation figures came in line with expectations**. The CPI rose by 3.6% y/y, matching consensus estimates, from 2.7% y/y in February, while core inflation printed at 3% y/y as in February, in line with Norges Bank's projections. Analysts at **Handelsbanken** see today's data reinforcing expectations that rates are set to rise at the latest by June, while **SEB** bank continues to expect a rate hike at Norges Bank's next meeting in May. **Bloomberg** stresses that the sticky CPI well above the 2% target cements Norges Bank hawkishness and notes that the krone is well positioned in current market conditions, as it remains supported by rising oil prices while outperforming safe havens during risk-positive periods as a cyclical asset. Policymakers signaled last month that at least one interest-rate hike should be expected this year, with money markets pricing-in a 60% chance of a rate hike in May and 53 bps of tightening (to the policy rate currently at 4%) by September. The krone continues to be among the best-performing G-10 currencies this year, having appreciated by 6.2% versus the euro.



Japan

The stock market had the best weekly gain (Nikkei: +1.8% daily; +7.2% weekly) since August 2024 as risk appetite improved after the war in the Middle East appeared to wind down. Bloomberg economists note that Japan's export sector has the highest energy exposure, but exporters appear well-positioned to absorb higher oil prices, supported by strong profits and solid balance sheets. Also, domestic demand is becoming less energy-intensive as efficiency gains and increased investment in intangibles such as R&D and software reduce reliance on energy-heavy capital spending. This suggests oil shocks are less likely to derail domestic demand or wage growth, leaving the BOJ room to continue policy normalization. To mitigate supply risks, Prime Minister Takaichi said Japan will release the oil equivalent to 20 days of consumption in May, while Trade Minister Akazawa noted that more than half of May's crude imports will come from alternative sources that doesn't need to transit Hormuz. BOJ Deputy Governor Himino reiterated vigilance over downside growth and inflation risks if Middle East tensions persist, but stressed Japan is not facing stagflation. Meanwhile, the yen weakened against the dollar (-0.2%) despite verbal intervention warnings from Finance Minister Katayama.



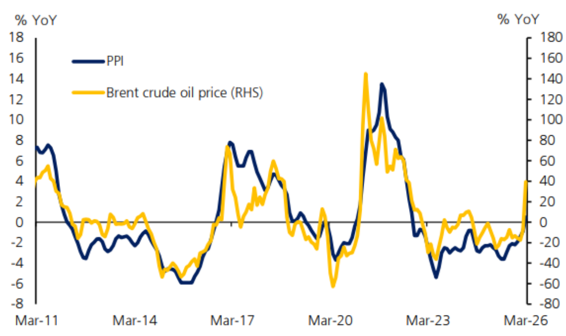
Emerging Markets back to top

EMEA equities and currencies traded mixed ahead of US CPI data later today and talks between the US and Iran over the weekend. In CEE, equities were trading slightly higher, with CEE currencies mixed against the euro ahead of elections in Hungary this weekend. **EM Asian stocks posted their strongest weekly gain since September 2024 (EM Asia: +1.2% daily; +8.3% weekly), driven by a relief rally after the US-Iran ceasefire announcement.** The Bank of Korea held its seven-day repurchase rate at 2.5%, as expected, and warned that inflation may considerably outpace forecasts. **Markets in Latin America joined in the global rally yesterday.** Stocks were up and currencies appreciated. The real is up over 7% versus the dollar this year, making it the best performing EM currency in 2026.

China

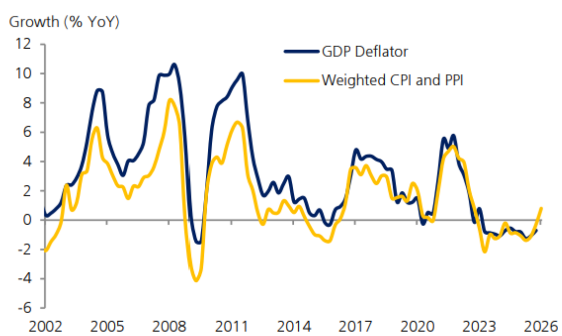
China's producer price inflation turned positive in March (PPI: +0.5% y/y) for the first time in 41 months, according to National Bureau of Statistics data. However, March CPI eased to +1% y/y from +1.3% y/y before, reflecting a pullback of services prices after the Chinese New Year. UBS attributes the PPI rebound to surging oil and chemical product prices and expects the GDP deflator to hover around zero in Q1 before turning positive in Q2. Together with strong Q1 growth, this reduces the near-term expectation for additional monetary easing. That said, economists caution that the sustainability of the reflation impulse remains uncertain. The oil-driven price shock has not meaningfully reduced excess industrial capacity or strengthened household demand, limiting firms' ability to pass on higher costs.

Figure 1: March headline PPI picked up notably in sequential term, primarily driven by surging oil prices



Source: CEIC, UBS estimates.

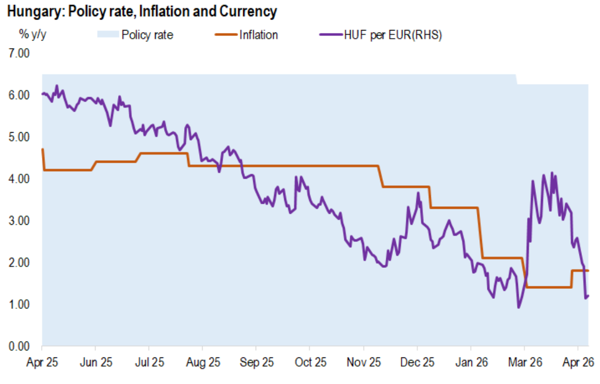
Figure 2: We believe 2Q YoY GDP deflator will surely be positive



Source: CEIC, UBS estimates.

Hungary

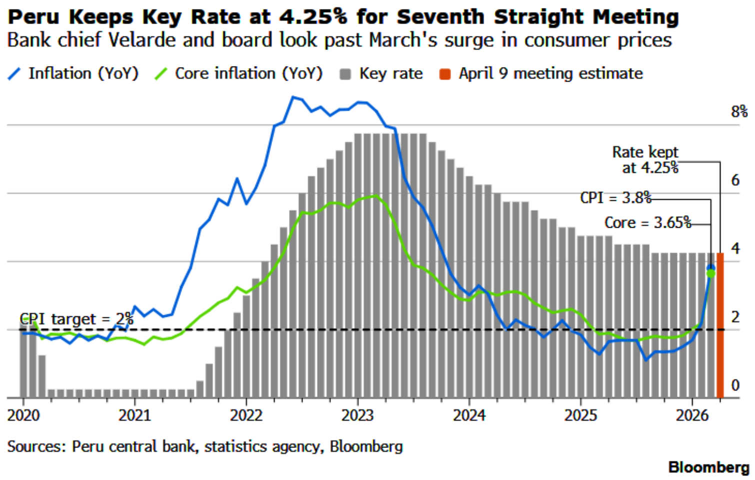
Some analysts expect that the Hungarian forint could appreciate significantly after this weekend's election. Commerzbank analysts' central scenario for this weekend's election is for the opposition Tisza party to win, an outcome they expect could catalyze a further rally in the forint towards the HUF365/€ level (from around 377/€ currently) – particularly if global geopolitical tensions also stabilize and EUR/USD rallies back to around the 1.20 level. The analysts argue that the rally in the forint would be fueled by expectations of improved relations with the EU resulting in the release of EU funds. That said, the analysts caution that domestic institutional frictions may limit the initial rally with a more uneven trajectory for the currency expected over the medium-term. Meanwhile, Bank of America analysts believe that Euro accession may be an "underappreciated theme" which they believe would improve Hungary's policy anchor and fiscal credibility resulting in lower risk premia, provide a boost to capital inflows and improve the country's credit ratings prospects.



Source: Bloomberg and IMF calculations

Peru

Peru's central bank kept its benchmark interest rate at 4.25% for the seventh straight month. Policymakers believe the recent rise in inflation is temporary. Annual inflation reached 3.80%, moving above the 3% upper limit of the target range for the first time in two years, driven by a gas supply crisis, higher global oil prices, and a reduction in crop yields caused by bad weather. The bank expects inflation to return to the 1% to 3% range by the end of the year and move toward 2% by 2027. Despite political uncertainty and upcoming elections, Peru continues to have a relatively low interest environment and a stable economy compared to other countries in the region.



Sources: Peru central bank, statistics agency, Bloomberg

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Global Financial Indicators

Last updated: 4/10/26 8:27 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		6,827	0.6	3.7	0.7	29.6	0
Europe		5,948	0.9	3.7	1.9	23.4	3
Japan		56,924	1.8	7.2	5.8	69.5	13
China		4,637	1.5	3.5	-0.7	23.6	0
Asia Ex Japan		102	-0.4	5.4	2.3	50.3	10
Emerging Markets		60	-0.3	5.3	2.7	48.9	10
Interest Rates					basis points		
US 10y Yield		4.3	1	-6	13	-14	12
Germany 10y Yield		3.0	4	3	19	44	17
Japan 10y Yield		2.4	5	5	26	109	37
UK 10y Yield		4.8	6	-3	25	16	33
Credit Spreads					basis points		
US Investment Grade		119	0	-5	-3	-44	11
US High Yield		340	0	-26	-11	-136	4
Exchange Rates					%		
USD/Majors		98.7	-0.1	-1.3	-0.1	-2.1	0
EUR/USD		1.17	0.1	1.7	0.9	4.6	0
USD/JPY		159.2	0.1	-0.3	0.7	10.2	2
EM/USD		47.3	0.1	2.0	0.6	7.1	2
Commodities					%		
Brent Crude Oil ($/barrel)		95.9	0.0	-12.0	12.5	54.6	59
Industrials Metals (index)		173.6	1.5	2.4	0.0	27.7	6
Agriculture (index)		55.5	0.0	-1.7	-0.9	-3.8	4
Gold ($/ounce)		4765.7	0.0	1.9	-8.2	50.0	10
Bitcoin ($/coin)		72284.3	-0.2	6.9	2.9	-9.5	-18
Implied Volatility					%		
VIX Index (%, change in pp)		19.5	0.0	-4.4	-5.5	-21.3	4.5
Global FX Volatility		7.5	0.0	-0.5	-0.3	-2.3	0.6
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		74	1	-7	6	-19	15
Italy		77	2	-9	8	-47	8
France		64	2	-5	3	-13	-7
Spain		45	1	-3	0	-28	2

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

Emerging Market Financial Indicators

4/10/2026 8:28 AM	Exchange Rates: Level							Local Currency Bond Yields (GBI EM): Level						
	Last 12m	Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	Change (in basis points): 1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.83	0.0	0.8	0.6	7.2	2.4		1.9	0	-1	-2	15	-6
Korea*		1483	-0.5	1.9	-1.1	-1.9	-2.6		3.6	3	-14	-7	99	29
Indonesia		17104	-0.1	-0.7	-1.4	-1.6	-2.5		6.6	2	-11	6	-54	52
India		93	-0.1	0.4	-1.0	-6.5	-3.1		7.6	3	-17	12	75	51
Philippines		60	-0.4	0.4	-1.8	-4.4	-1.7		5.4	0	-3	11	40	77
Thailand		32	-0.2	1.9	-1.7	5.6	-1.8		2.2	-1	-16	6	16	43
Malaysia		3.97	0.4	1.7	-1.1	12.7	2.4		3.6	-2	######	3	-14	7
Argentina		1382	0.4	0.7	2.5	-22.1	5.1		0.0	0	0	-3330	-4365	-3237
Brazil		5.06	0.0	2.0	2.0	16.4	8.7		13.6	-3	-29	1	-120	0
Chile		893	0.5	2.9	2.4	9.8	0.8		5.4	-5	-8	11	-8	10
Colombia		3644	-0.1	0.4	3.3	18.6	3.6		13.3	-3	-14	-32	120	44
Mexico		17.35	0.1	3.2	1.4	18.0	3.8		9.0	-2	-7	10	-40	3
Peru		3.4	0.2	2.3	3.4	9.8	-0.4		6.8	0	-19	21	17	101
Uruguay		40	0.3	0.4	-0.4	6.7	-2.9		7.5	-4	-12	23	-208	-1
Hungary		322	-0.1	3.6	3.5	12.8	1.6		6.6	-3	-31	-40	-21	9
Poland		3.62	0.2	2.5	1.4	5.0	-1.0		5.0	4	-18	2	-1	42
Romania		4.3	0.1	1.8	0.8	2.3	-0.3		6.7	3	-19	-19	-63	4
Russia		77.2	0.7	3.7	2.0	8.2	2.0							
South Africa		16.4	-0.2	3.5	-0.7	18.3	0.9		8.9	0	-43	0	-234	28
Türkiye		44.67	-0.1	-0.2	-1.4	-15.1	-3.8		33.1	45	-101	28	-95	350
US (DXY; 5y UST)		99	-0.1	-1.3	-0.1	-2.1	0.4		3.90	1	-8	16	-17	18

	Equity Markets: Level							Bond Spreads on USD Debt (EMBIG): Level					
	Last 12m	Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	Change (in basis points): 7 Days	30 Days	12 M	YTD
								basis points					
China		4,637	1.5	3.5	-0.7	23.6	0.1		93	2	-16	-25	18
Korea*		5,859	1.4	9.0	6.8	140.8	39.0		31	-4	4	-5	9
Indonesia		7,458	2.1	6.1	4.5	19.1	-13.7		108	-9	-12	-47	22
India		77,550	2.1	5.8	4.0	3.2	-9.0		94	-3	-7	-48	4
Philippines		6,098	0.1	2.5	0.6	0.3	0.7		91	-10	-9	-38	16
Thailand		1,507	1.2	2.8	7.2	32.3	19.6						
Malaysia		1,691	0.3	-0.2	-0.4	16.3	0.7		60	-4	-9	-51	1
Argentina		2,999,608	-0.4	0.1	11.1	42.1	-1.7		565	-56	-18	-311	-4
Brazil		195,129	1.5	3.8	6.4	54.4	21.1		197	-6	-10	-41	-6
Chile		10,958	0.9	2.0	3.3	48.6	4.6		98	-5	-1	-36	7
Colombia		2,294	0.4	0.6	0.9	48.3	10.9		264	-22	-36	-100	-13
Mexico		70,314	0.1	2.5	4.3	36.5	9.3		212	-13	-12	-131	-5
Peru		3,358	0.1	3.1	-1.9	107.3	30.0		104	-9	-16	-53	-5
Hungary		131,172	2.5	5.5	5.3	52.1	18.1		138	-14	-17	-66	-1
Poland		130,797	0.9	5.0	6.7	42.6	11.6		97	1	-13	-40	6
Romania		28,478	0.0	2.0	0.9	66.9	16.5		180	-27	-12	-127	4
South Africa		119,178	0.8	2.2	-0.4	38.5	2.9		240	-20	-16	-156	22
Türkiye		13,894	1.5	7.4	5.5	48.8	23.4		273	-31	-24	-81	39
EM total		60	0.9	5.3	2.7	48.9	10.2		275	-19	-11	-154	4

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

back to top