



- International investors raise dollar hedges as ceasefire hopes curb safe-haven demand ([link](#))
- BDC bond issuance returns as selective investor demand meets generous concessions ([link](#))
- Odds of an ECB April rate hike drop as Schnabel joins policymakers' no rush stance ([link](#))
- Japanese equities climb to record high on strong foreign inflows and better risk sentiment ([link](#))
- Colombian peso retreats amid ceasefire hopes and dollar purchases for a bond buyback plan ([link](#))
- Yuan holds steady as upbeat Q1 China growth meets outflows and a tougher backdrop ([link](#))

[Mature Markets](#) | [Emerging Markets](#) | [Market Tables](#)

Ceasefire Hope Feeding Through Markets in Several Linked Ways

Markets continue to hope for a quick end to the conflict in the Middle East. According to media reports, the United States and Iran are discussing through mediators an extension of the ceasefire to allow more time for negotiations. US equities reached new records yesterday, with futures pointing to a higher open, following through on firmer risk sentiment that is also supporting European and Asian markets, where upbeat activity data from the United Kingdom and China have added support. Reduced demand for safety is weighing on the dollar and reinforcing hedging against further dollar weakness. At the same time, some of the earlier terms-of-trade support for oil exporters is beginning to soften as crude prices come off the highs, with Colombia giving back some earlier gains while Nigeria's lower oil breakeven still offers some support through export income. In Europe, markets are taking comfort from signs that the ECB is in no rush to hike immediately, while firmer UK growth data are complicating the Bank of England's stance. Primary markets are also reflecting the better tone, with signs of reopening in BDC funding and steady sovereign issuance demand.

Key Global Financial Indicators

Last updated: 4/16/26 8:57 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		7023	0.8	4	5	33	3
Eurostoxx 50		5967	0.4	1	4	20	3
Nikkei 225		59518	2.4	6	11	73	18
MSCI EM		62	-0.1	3	7	50	14
Yields and Spreads			bps				
US 10y Yield		4.28	-0.8	0	6	0	11
Germany 10y Yield		3.00	-3.9	2	5	50	15
EMBIG Sovereign Spread		245	-3	-18	-18	-127	-9
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.6	-0.2	1	3	7	2
Dollar index, (+) = \$ appreciation		98.2	0.1	-1	-2	-1	0
Brent Crude Oil (\$/barrel)		96.3	1.5	0	-4	46	58
VIX Index (% change in pp)		18.2	0.1	-1	-5	-14	3

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: 4/16/26 8:57 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Oil and Gas			%				%
Brent Crude Oil (\$/barrel)		96	1.5	0	-4	46	58
WTI Crude Oil (\$/barrel)		92	0.9	-6	-1	47	60
Natural Gas (Netherlands TTF)		42	2	-3	-17	20	58
Breakeven Inflation		%	bps				
USD: 2Y		2.8	-2.0	4	12	14	56
USD: 5Y		2.6	-0.5	3	6	27	25
USD: 5Y5Y		2.4	0	3	4	9	-4
EUR: 2Y		2.7	1.5	3	4	123	101
EUR: 5Y		2.3	-1	0	-4	59	48
EUR: 5Y5Y		2.1	-1	0	-6	9	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

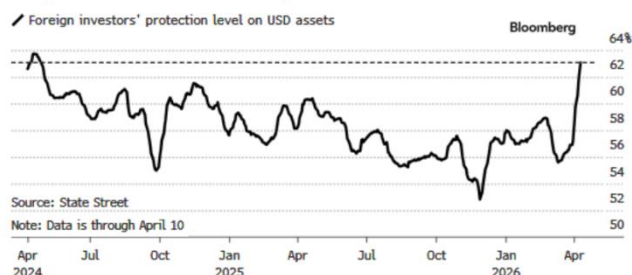
Today's jobless claims data validated expectations. Initial claims declined from the previous week, showing that layoffs remain contained. In reaction, the market reaction remained tepid with S&P500 futures, the dollar index and Treasury yields remaining flat.

ITEM	PERIOD	SURVEYED	ACTUAL	PRIOR	REVISED
INITIAL JOBLESS CLAIMS	Apr 11	213k	207k	219k	218k
CONTINUING CLAIMS	Apr 4	1810k	1818k	1794k	1787k
PHILY FED BUSINESS OUTLOOK	Apr	10	26.7	18.1	

Yesterday, US equities rose on optimism around a potential Iran deal. The S&P 500 gained (+0.7%). Treasury yields rose (+3 bps) with 10-year bonds yielding 4.28%, while the dollar fell (-0.1%) against major currencies.

International investors are raising hedges against a weaker dollar as the chances of a United States–Iran ceasefire reduce safe-haven demand. According to Bloomberg, the share of dollar exposure being hedged is at its highest level in a year, which points to a change in sentiment. The dollar, which strengthened during the conflict, has recently pared back those gains and is back near levels seen before the conflict. As tensions eased, investors went back to the view that the dollar could weaken further, a view that was already in place earlier this year. Many are now choosing to protect against more dollar losses while keeping their assets in the United States. This shift is reinforced by macro expectations, including potential Federal Reserve rate cuts while other central banks may tighten policy.

Hedge Ratio on US Assets Jumps as Dollar Weakens



BDCs are cautiously regaining access to bond markets after a period of stress, though the recovery remains uneven and selective.

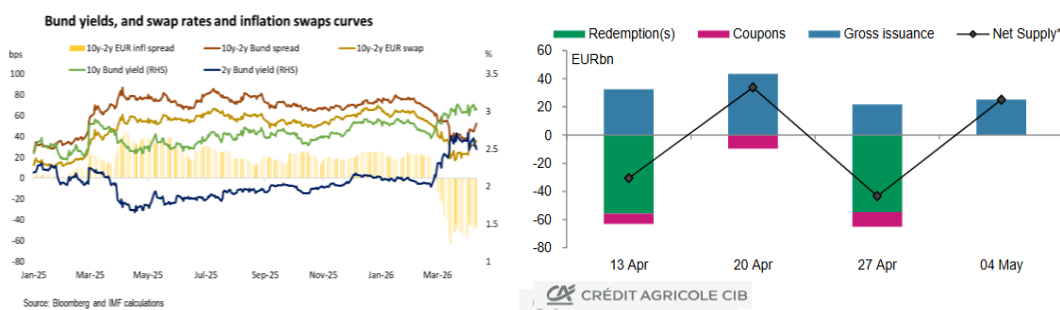
BDCs, or business development companies, are publicly traded lenders that mainly provide loans to midsize and smaller companies. They sit in the private credit market, but unlike many private credit funds they can tap both public equity investors and bond markets for funding. Goldman Sachs Private Credit Corp. and Blue Owl Capital Corp. issued bonds in deals of \$750mn and \$400mn, respectively, pointing to a tentative reopening as spreads have tightened from recent highs and sentiment has improved (see chart). Still, investors remain cautious, with liquidity and credit risk, especially in software borrowers, still a concern. Meanwhile, nascent institutional demand is returning selectively, with Pimco buying Blue Owl’s full \$400mn deal in a notable sign of support. The bonds came at relatively generous concessions, showing that skepticism still lingers. Despite continued outflows and discounts to NAV, renewed issuance suggests market access is stabilizing, though the rebound for now appears uneven and highly issuer specific.



Euro Area

This morning, European stock markets followed Wall Street’s earlier risk-on move, with a fractionally weaker euro and ECB tightening bets becoming priced out. The Stoxx 600 gained (+0.2%), led by the technology sector (+1.8%), with all regional stock markets advancing. Overnight forwards show reduced bets on an ECB rate hike on April 30, now pricing only a 13% odds from 25% yesterday, after Executive Board member Schnabel, who is seen as hawkish, joined other policymakers in saying the central bank “can afford to take the time that is needed in order to analyze the character of this shock.” The euro fractionally depreciated (-0.2%) against the dollar to \$1.1778/€.

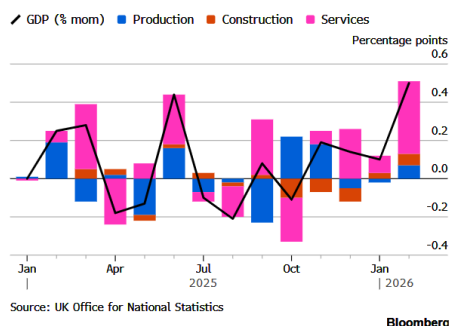
Eurozone government bonds gained, led by the front end. In a bull steepening, 2-year Bund yields declined (-4 bps) to 2.49%, more than 10-year Bund yields, which fell (-2 bps) to 3.02% (left chart). Peripheral spreads were broadly unchanged, with the 10-year BTP-Bund spread remaining at 76 bps and the OAT-Bund spread at 64 bps after France auctioned about €13 bn of bonds across 3-year to 7-year tenors today, with solid investor demand. Credit Agricole analysts see constructive investor sentiment toward EGBs heading into next week, although support from negative net supply is expected to fade as the issuance pipeline builds (right chart).



United Kingdom

UK assets took firm February growth data in stride as investors weighed stronger activity data against the Bank of England’s cautious policy signal. In February, GDP rose 0.5% m/m (exp. 0.1% from revised 0.1% m/m), with broad-based strength across sectors. Industrial production rose 0.5% m/m (exp. 0.2% from -0.1%), services rose 0.5% m/m (exp. 0.2% from revised 0.1%), and construction increased 1.0% m/m (exp. -0.5% from revised 0.5%). At the margin, market contacts took the release as hawkish,

with Bank of America analysts seeing the print consistent with two rate hikes by September, while Deutsche Bank analysts expect stronger growth in Q1 to give way to a weaker Q2 as higher energy costs weigh on activity. Sterling edged lower (-0.2%) against the dollar to \$1.3538/£, while gilt yields fell, led by the front end, after Governor Bailey said overnight that the Bank of England is in no rush to raise rates. The 2-year gilt yield fell (-4 bps) to 4.18%, while the 10-year yield fell (-2 bps) to 4.79%.



Japan

The yen strengthened against the dollar on signs of closer coordination with the United States and renewed warnings from Tokyo against excessive currency volatility. The yen was little changed at ¥159.04/\$ today after Finance Minister Katayama stated she had held close discussions on currencies with US Treasury Secretary Bessent and was ready to take ‘bold’ action if needed, a remark that was seen as a signal that intervention remains an option. Earlier in the session, the yen strengthened (up to +0.5%) to ¥158.27/\$ after top currency diplomat Mimura said Tokyo and Washington were coordinating at the deputy level. On monetary policy, Katayama struck a wait-and-see tone amid uncertainty linked to the Middle East conflict, saying many central bankers believe raising rates in the current environment could hurt the economy, though the scale of that impact is unclear. Overnight forwards now price an 18% chance of a rate hike at the Bank of Japan’s April 28 meeting, down from 27% yesterday.



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Japanese equities rose to record highs, helped by better global risk sentiment and strong foreign investor inflows.

The Nikkei 225 rose (+2.4%) to above 59,500 points, surpassing its previous peak, with exporters, including auto, electronics, and information technology stocks, leading the gains. The rally has been supported by corporate governance reforms, yen weakness and demand linked to artificial intelligence. Preliminary Ministry of Finance data showed overseas investors bought a record ¥3.94tn (\$24.8bn) of Japanese equities in the week ended on April 10. Net buying in Q2 is moving toward reversing the outflows seen in March. Overseas investors also bought a net ¥702 bn (\$4.4bn) of Japanese bonds last week.



Emerging Markets [back to top](#)

Asian markets extended their risk rally, with equities rising across the region and currencies also strengthening as easing Middle East tensions supported sentiment. Asian equities continued to rally strongly (EM Asia: +1.8%), led by Korea (KOSPI: +2.2%) and Hong Kong SAR (Hang Seng: +1.7%). Asian

currencies appreciated (EM Asia: +0.1%) on signs of a US-Iran ceasefire extension, led by Thai baht (+0.5%) and Taiwanese dollar (+0.3%).

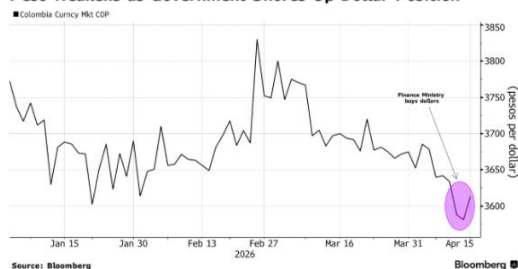
EMEA equities lagged the global risk rally while currency markets remained muted. CEE equities underperformed, with Hungary and Poland each down around 0.6%, while MENA stock markets traded firmer. CE3 currency pairs weakened against the euro, led by the Hungarian forint (-0.5%). Other currencies depreciated only slightly against the dollar, except for the Egyptian pound, which appreciated 0.3%, though it still remains around 10% weaker than before the conflict. Türkiye successfully placed a \$2 billion 5-year Eurobond with new issue pricing indicating solid investor demand.

Yesterday, Latin American equities broadly declined while currencies lacked direction. Equities fell, with notable losses in Colombia (-1.5%), Argentina (-1.1%), and Brazil (-0.5%), although Mexico (+1.0%) bucked the trend, helped by its more defensive sector mix, while lower oil prices dragged on more cyclical, commodity-linked markets including Colombia and Brazil. The Argentine peso (+0.5%) led regional gains. In contrast, the Peruvian sol (-1.5%) underperformed following news regarding the likely presidential candidates to advance to the runoff election in June. The Colombian peso (-0.7%) also declined. Elsewhere, Brazil tapped international bond markets with three euro-denominated tranches due in 2030, 2033, and 2036 for a €5bn issuance.

Colombia

The Colombian peso retreated amid ceasefire hopes and official dollar purchases tied to a bond buyback plan. According to Bloomberg analysts, authorities are buying dollars ahead of a planned buyback of \$4 bn in outstanding global bonds, a move aimed at reducing the debt burden and lowering borrowing costs. At the same time, hopes for a ceasefire also weighed on oil prices, reducing support for Colombia’s terms of trade as a major oil exporter. Together, those forces pushed the peso down

Peso Weakens as Government Shores Up Dollar Position

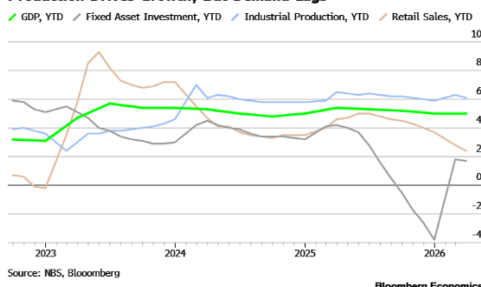


(-0.7%) to 3,607.75/\$, making it one of the weaker performing emerging market currencies yesterday. Even so, the peso remains the top-performing emerging market currency since the start of the Middle East conflict, supported by Colombia’s role as an oil exporter during the ongoing energy price shock.

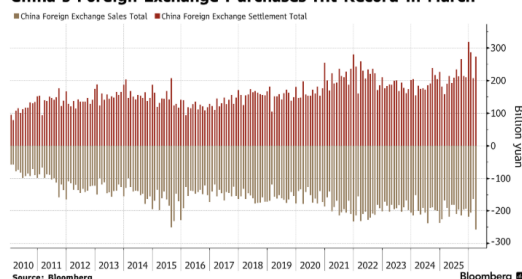
China

The yuan did not gain much traction even after stronger Q1 growth data. Both onshore CNY and offshore CNH depreciated slightly, while the fixing was set weaker at 6.8616/\$. China’s economy grew 5% y/y in Q1 (exp. 4.8% from 4.5%), led by manufacturing and exports, but weak retail sales, soft investment and continued property stress pointed to an uneven recovery (left chart). More important for the currency, record FX purchases of \$258 bn in March, driven by imports and overseas investment, appear to be limiting further yuan gains and suggest that capital flows have shifted back toward dollar demand (right chart).

Production Drives Growth, But Demand Lags



China's Foreign Exchange Purchases Hit Record in March



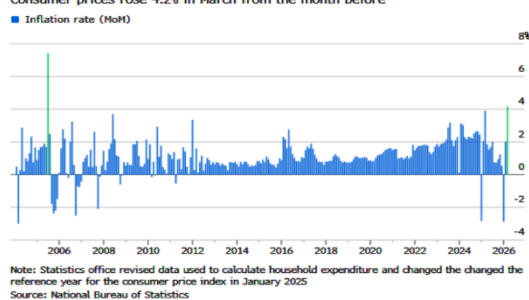
Beijing is still pushing the yuan's wider use abroad, even as the external backdrop becomes more challenging. The People's Bank of China's latest move to raise caps on banks' offshore yuan lending points to a continued policy push to support cross-border yuan use and Chinese firms' global operations. That longer-term goal, however, is unfolding in a more difficult external setting after US Treasury Secretary Bessent said Washington had warned Chinese banks about possible secondary sanctions tied to Iran-related financial activity.

Nigeria

An upbeat March CPI print complicates the easing outlook, although higher oil prices improve Nigeria's terms of trade and may help support the naira. March consumer prices surprised to the upside, rising to 15.4% y/y (exp. 13.8% from 15.1%). Consumer prices increased 4.2% m/m, marking the largest monthly rise in two decades and reflecting higher energy costs. The Central Bank of Nigeria's policy rate stands at 26.5%, with the next Monetary Policy Committee meeting scheduled for May 20.

In a Bloomberg interview, Oxford Economics analysts said a -50bps rate cut remains possible, although the risk of a hold has risen given persistent inflation pressure, which may delay or interrupt the easing cycle. As a major oil exporter, Nigeria also stands to benefit from firmer crude prices, which improve export income and support the naira. Morgan Stanley analysts estimate Nigeria's external oil breakeven at around \$40/bl. Even so, the currency has remained volatile, appreciating only mildly (+1.6%) against the dollar since the start of the conflict.

Nigeria's Monthly Inflation Rate Rose to the Highest Since 2005
Consumer prices rose 4.2% in March from the month before

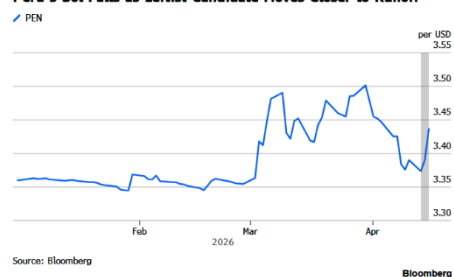


Peru

Peruvian assets came under pressure following new developments in the presidential race. Bloomberg analysts indicate that Roberto Sánchez has emerged as the likely candidate to face Keiko Fujimorii in the June runoff, although the vote count remains incomplete. Markets reacted negatively to the update, with the MSCI Peru index and dollar denominated bonds moving lower. The sol also weakened sharply (-1.5%) to 3.44/\$,

ranking as the worst performing emerging market currency on the day. Investors sentiment appears to be less favorable for Sánchez relative to Rafael López Aliaga, the other contender for the runoff spot. With more than 90% of votes counted, attention now turns to the outcome of the closely contested race for second place.

Peru's Sol Falls as Leftist Candidate Moves Closer to Runoff



This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief), Sheheryar Malik (Deputy Division Chief), and Saad Siddiqui (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), Silvia L. Ramirez (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), Olivia Marr (Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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Emerging Market Financial Indicators

4/16/2026 9:03 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		6.82	0.0	0.1	1.0	7.0	2.4		1.8	0	-2	-6	12	-9	
Korea*		1476	0.0	-0.1	1.1	-4.1	-2.4		3.6	0	1	-8	102	27	
Indonesia		17136	0.0	-0.3	-0.9	-1.8	-2.6		6.5	-2	-3	-12	-47	48	
India		93	0.2	-0.6	-0.8	-8.1	-3.6		7.6	2	7	11	90	55	
Philippines		60	0.2	-1.0	-0.2	-5.4	-2.0		5.4	1	-4	5	42	73	
Thailand		32	0.5	0.3	1.6	3.9	-1.5		2.2	0	1	7	13	44	
Malaysia		3.95	0.1	0.7	-0.7	11.5	2.7		3.6	1	-2	2	-14	7	
Argentina		1353	0.5	2.1	3.2	-15.9	7.3		0.0	0	0	-3335	-3442	-3237	
Brazil		4.99	0.0	1.3	4.8	17.5	9.6		13.5	3	-13	-66	-114	-10	
Chile		885	0.1	1.0	2.7	9.6	1.8		5.3	-2	-19	-14	-22	-4	
Colombia		3622	-0.4	0.6	2.1	18.9	4.3		13.1	-3	-29	-67	88	18	
Mexico		17.27	-0.1	0.5	2.4	15.4	4.3		8.9	3	-12	-41	-55	-7	
Peru		3.4	-1.5	-1.7	-0.7	8.7	-2.4		6.8	0	2	3	19	103	
Uruguay		40	0.4	1.7	1.9	5.7	-2.0		7.4	-1	-11	0	-221	-9	
Hungary		310	-0.6	4.0	9.5	15.5	5.7		6.1	-1	-54	-102	-73	-43	
Poland		3.60	-0.3	0.9	3.1	4.3	-0.3		5.0	3	5	-24	16	43	
Romania		4.3	-0.2	0.7	2.4	1.0	0.3		6.6	1	-5	-46	-65	-4	
Russia		76.3	-0.7	1.9	6.8	8.8	3.2		8.7	-3	-19	-40	-239	9	
South Africa		16.4	-0.1	0.0	1.7	15.0	1.0		32.9	-19	29	-19	-278	334	
Türkiye		44.76	-0.1	-0.3	-1.3	-14.8	-4.0		3.88	-1	-1	9	-2	16	
US (DXY; 5y UST)		98	0.1	-0.6	-1.5	-1.2	-0.1								

	Equity Markets							Bond Spreads on USD Debt (EMBIG)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	7 Days	30 Days	12 M	YTD		
	basis points														
China		4,737	1.1	3.7	2.1	25.6	2.3		94	3	-12	-27	19		
Korea*		6,226	2.2	7.8	10.4	152.0	47.7		29	-1	0	-7	8		
Indonesia		7,621	0.0	4.3	7.2	18.4	-11.9		97	-9	-14	-39	11		
India		77,989	0.0	0.5	2.5	-0.7	-8.5		92	0	-5	-37	2		
Philippines		6,064	0.0	-0.4	0.6	-1.2	0.2		84	-6	-8	-25	9		
Thailand		1,490	-1.1	2.5	3.9	30.5	18.3								
Malaysia		1,690	0.4	0.2	-1.2	13.9	0.6		55	-3	-7	-45	-4		
Argentina			-1.1	-2.7	12.0	34.0	-4.4		534	-47	-53	-203	-35		
Brazil		197,738	-0.5	1.3	9.9	54.1	22.7		193	-7	-10	-45	-10		
Chile		11,314	-0.2	3.2	6.9	46.7	7.9		92	-6	0	-44	1		
Colombia		2,325	-1.5	1.3	6.4	42.9	12.4		233	-36	-49	-152	-44		
Mexico		69,635	1.0	-0.8	6.1	31.3	8.3		206	-7	-14	-140	-11		
Peru		3,217	-5.6	-4.2	0.4	85.8	24.5		100	-4	-12	-55	-9		
Hungary		136,738	-2.0	6.8	13.2	57.0	23.2		117	-16	-33	-73	-22		
Poland		132,944	-0.7	2.6	9.9	41.2	13.4		93	-2	-1	-27	2		
Romania		29,304	1.1	3.9	3.5	71.8	19.9		173	-2	-16	-109	-3		
South Africa		119,158	-0.2	0.8	2.2	32.8	2.9		231	-6	-22	-140	13		
Türkiye		14,267	0.1	4.2	10.1	54.0	26.7		263	-8	-29	-66	29		
EM total		62	0.3	2.9	6.5	49.5	13.7		259	-17	-20	-146	-13		

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

*Not an EM Under IMF Classification.

[back to top](#)