



- **US equities grind to new highs, but rally remains narrow** ([link](#))
- **Fed balance sheet run-off seen as slow and cautious under Warsh** ([link](#))
- **ECB surveys show tighter financial conditions and rising inflation expectations** ([link](#))
- **BoJ holds policy rate at 0.75% in 6–3 vote, with door left open for possible hike in June** ([link](#))
- **Moody’s raises China’s credit outlook to stable from negative** ([link](#))
- **South African Reserve Bank seen as likely to hike rates at May MPC meeting** ([link](#))

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

Equities Waver While Oil Extends Its Rally

Risk sentiment buckles as a pullback in AI-related stocks coincide with renewed pressure from higher oil prices. Global equities mostly declined, with US equity futures lower this morning as AI-linked technology stocks came under pressure following a Wall Street Journal report that OpenAI failed to meet user and revenue targets. Shares of major OpenAI partners fell as investors reassessed the outlook for AI-related spending ahead of key earnings reports, with major US technology firms set to report later this week. The recent US equity rally has been narrow and concentrated in AI-linked names, leaving markets more vulnerable to negative shocks. Meanwhile, Brent crude rose for a seventh consecutive session, trading above \$111/bbl as disruption around the Strait of Hormuz persists, keeping supply concerns elevated and pushing sovereign bond yields higher as inflation concerns grow. On the central bank front, the BoJ held rates unchanged, as expected, and revised its inflation forecast higher while cutting its growth outlook. Elsewhere, Moody’s upgraded China’s sovereign outlook to stable.

Key Global Financial Indicators

Last updated: 4/28/26 7:35 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
S&P 500		7174	0.1	1	13	30	5
Eurostoxx 50		5860	0.0	-1	6	13	1
Nikkei 225		59917	-1.0	1	12	67	19
MSCI EM		64	-0.2	1	15	46	16
Yields and Spreads							
US 10y Yield		4.36	2.3	7	-7	15	20
Germany 10y Yield		3.07	3.9	7	-2	55	22
EMBIG Sovereign Spread		246	1	3	-33	-110	-7
FX / Commodities / Volatility							
EM FX vs. USD, (+) = appreciation		47.3	-0.2	0	3	5	2
Dollar index, (+) = \$ appreciation		98.7	0.2	0	-1	0	0
Brent Crude Oil (\$/barrel)		111.8	3.3	13	-1	70	84
VIX Index (% change in pp)		18.7	0.7	-1	-12	-6	4

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: 4/28/26 7:36 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)		112	3.3	14	-1	70	84
WTI Crude Oil (\$/barrel)		101	4.6	9	1	62	76
Natural Gas (Netherlands TTF)		45	2	2	-17	40	69
Breakeven Inflation		%	bps				
USD: 2Y		3.1	1.6	22	21	17	77
USD: 5Y		2.7	2.3	14	19	25	39
USD: 5Y5Y		2.4	1	1	9	7	-4
EUR: 2Y		3.0	8.5	34	24	146	134
EUR: 5Y		2.5	6	22	13	74	69
EUR: 5Y5Y		2.2	2	3	0	9	9

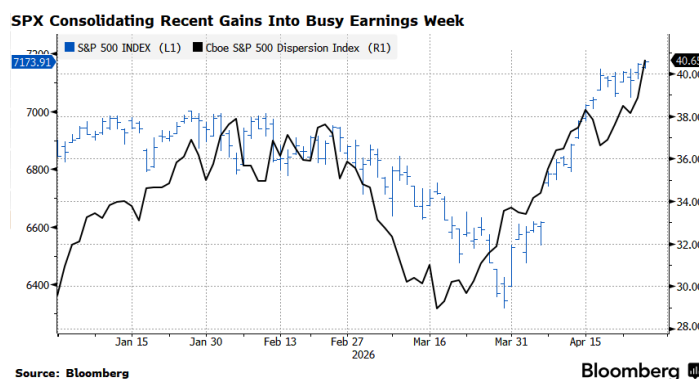
Colors denote **tightening/easing** financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Mature Markets

[back to top](#)

United States

US equities grind to new highs, but rally remains narrow. US equities edged to fresh record highs as investors weighed risks ahead of a week packed with mega-cap earnings, with uncertainty around Iran still unresolved. While stalled peace efforts lifted crude prices and briefly capped gains, the broader backdrop remains supportive: earnings beats are strong, AI capex continues to accelerate, and the US macro environment still appears comparatively resilient. Barring further escalation in the Middle East, solid earnings this week should keep markets biased higher. That said, the rally remains narrow and concentrated in semiconductors and mega-cap tech, where positioning is crowded, while non-AI sectors continue to lag. The S&P 500 dispersion index has reached year-to-date highs, indicating diverging stock-level performance. Concentration in mega-caps leaves markets more vulnerable to negative shocks, helping to explain the more cautious tone in investor positioning.

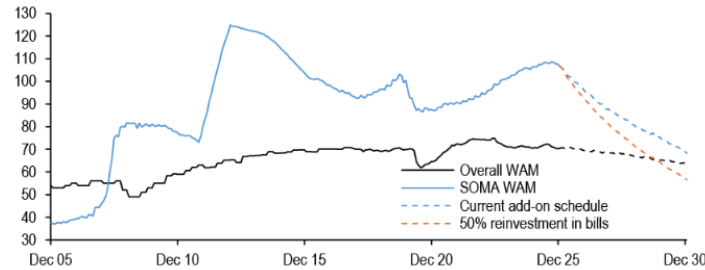


Fed balance sheet run-off seen as slow and cautious under Warsh. In testimony before the Senate Banking Committee, Federal Reserve Chair nominee Kevin Warsh emphasized that interest rates should remain the primary tool of monetary policy, alongside continued balance sheet reduction. While he provided limited operational details, proposals from officials and academics to shrink the balance sheet continue to focus on easing liquidity regulations and reducing stigma around Fed backstops, such as the discount window and the standing repo facility, to allow reserves to decline without destabilizing markets. Markets interpreted his remarks as implying that any runoff would be gradual, making near-term reforms unlikely and prioritizing market functioning over speed. He also signaled a preference for a shorter-duration SOMA

portfolio. However, JPMorgan analysts note that shifting reinvestments toward T-bills would also take years, with reserve management purchases and MBS reinvestments gradually shortening weighted average maturities (WAMs) but not aligning them with the Treasury market WAMs until after 2030.

Figure 2: The WAM of the Fed's SOMA remains significantly longer than that of the overall Treasury market, and reinvesting

Weighted average maturity of marketable Treasury debt outstanding and SOMA Treasury holdings, with J.P. Morgan forecasts assuming baseline assumptions* and alternate scenario**, months



*Marketable debt WAM assumes Treasury begins a multi-quarter series of increases to coupon auction sizes in 2- to 10-year maturity in February 2027 (see US Treasury Market Daily, 1/23/26 for more details). SOMA WAM assumes that \$15bn/month in MBS paydowns are reinvested into T-bills and Fed RMPs run at a pace of \$40bn/month through mid-April before slowing to \$20bn/month thereafter.
 ** Assumes 50% of maturing SOMA coupon maturities are reinvested into T-bills.

Source: Federal Reserve, US Treasury, J.P. Morgan

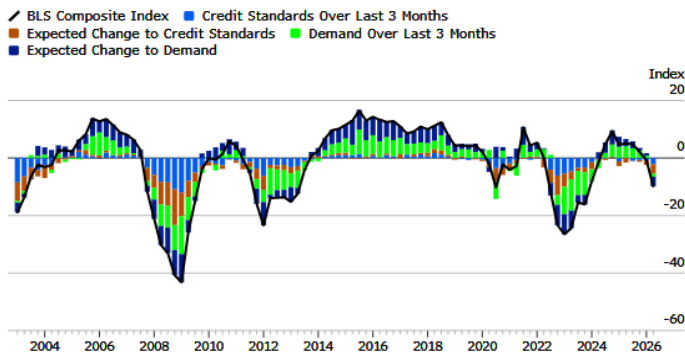
Europe

European equities moved higher in early trade despite negative sentiment earlier in Asia. The STOXX 600 index advanced +0.2% led by energy stocks and financials. Bonds sold off, pushing yields higher as Brent climbed above \$110. For Thursday's BoE and ECB meetings, policy rates are expected to remain unchanged, with markets focused on policy signaling.

Euro area

Euro-area data point to a growing policy trade-off for the ECB, with tightening financial conditions coinciding with rising inflation expectations. The ECB's 1Q26 Bank Lending Survey shows a broad-based deterioration in credit conditions, with both loan supply and demand weakening further amid tighter standards and higher borrowing costs. This suggests that financial conditions have already tightened significantly, strengthening the case for a cautious policy stance despite the energy shock. At the same time, ECB consumer survey data show inflation expectations rising sharply across horizons, with one-year expectations jumping to 4%, while growth expectations deteriorated.

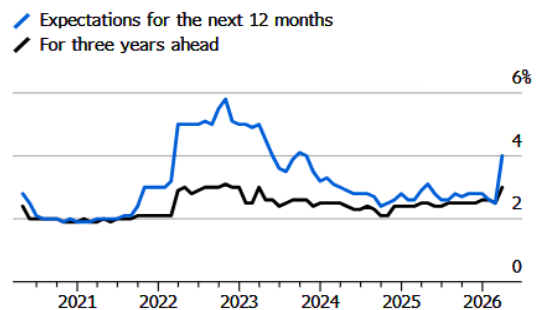
Lending Conditions Deteriorate Sharply



Source: Bloomberg Economics, European Central Bank

Bloomberg Economics

Euro-Zone Consumers Expect Much Faster Inflation



Source: ECB

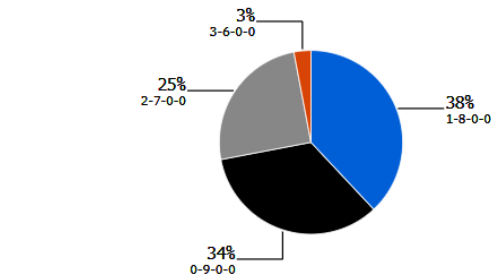
Bloomberg

United Kingdom

The Bank of England is expected to keep its policy rate at 3.75% on Thursday. This meeting is accompanied by a Monetary Policy Report (MPR), shifting focus to revised forecasts and scenario framing. According to a recent Bloomberg survey, the MPC is likely to downgrade growth and revise up inflation and

unemployment projections, consistent with a more adverse near-term macro mix. Recent data highlight this tension: PMIs point to stronger activity but rising price pressures, while the Decision Maker Panel (DMP) shows rising firm-level price expectations despite easing pay growth. Morgan Stanley analysts expect the BoE to lean on scenario analysis around commodity prices in the MPR, while BofA analysts also expect a “wait-and-see” stance with a tightening bias. For markets, this keeps front-end pricing sensitive: a firmer hawkish signal (e.g. stronger dissent or emphasis on upside inflation scenarios) would validate expectations for multiple hikes, while greater weight on growth risks could reverse recent repricing. Markets currently price around 60 bps of tightening by year-end.

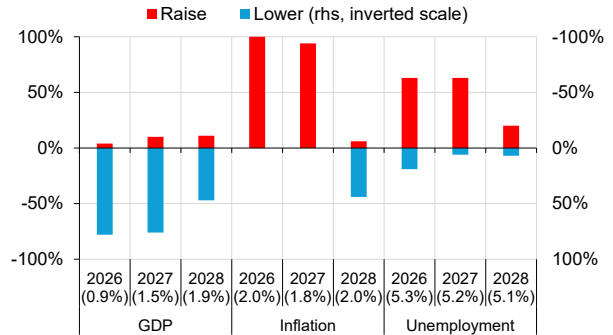
Bank of England Set to Hold Rates With Dissent Brewing: Chart



Note: '25bps hike-unchanged-25bps cut-50bps cut' format
 Source: Bloomberg survey conducted April 22 to April 27

Bloomberg

How do you expect the BOE to revise its economic projections in the April Monetary Policy Report?
 (Feb. forecasts in parentheses, percent of respondents)



Source: Bloomberg

Japan

The BoJ held its policy rate at 0.75%, in line with expectations, in a split 6–3 vote. Six members supported holding rates, while three dissented in favor of an immediate hike to 1.0%, marking the widest divide under Governor Ueda’s governorship. Meanwhile, the BoJ raised its FY2026 core inflation forecast to 2.8%. At the post-decision press conference, Governor Ueda said the BoJ remains open to further rate hikes as downside growth risks ease and upside price risks build, but cautioned that the outlook depends on developments around the Strait of Hormuz. He reiterated that the BoJ is still in the process of adjusting rates toward neutral. The OIS market is pricing in a 66% probability of a rate hike in June. The yen initially strengthened, briefly moving through ¥159/\$ after the decision, but closed slightly weaker (-0.1%) at around ¥159.6/\$ as Governor Ueda refrained from giving a decisive signal about the timing of a rate hike. JGB yields were little changed. Japanese equities fell (Nikkei: -0.9%), weighed down by chip- and AI-linked stocks in line with weaker US semiconductor performance.

Exhibit 1: In the April Outlook Report, the BOJ Revised Down its Growth Forecast and Revised Up its Inflation

Forecast
 BOJ April Outlook Report

	FY2026	FY2027	FY2028
New Core CPI (Excl. Fresh food and Energy; %)			
BOJ April Outlook	+2.6	+2.6	+2.2
BOJ January Outlook	+2.2	+2.1	n.a.
Reference: GS economic outlook	+2.1	+2.0	+1.8
Core CPI (Excl. Fresh food; %)			
BOJ April Outlook	+2.8	+2.3	+2.0
BOJ January Outlook	+1.9	+2.0	n.a.
Reference: GS economic outlook	+2.3	+2.1	+1.8
Consensus	+2.1	+1.8	n.a.
Real GDP (%)			
BOJ April Outlook	+0.5	+0.7	+0.8
BOJ January Outlook	+1.0	+0.8	n.a.
Reference: GS economic outlook	+0.4	+1.2	+1.1
Consensus	+0.8	+1.0	n.a.

Source: BoJ, JCER, Goldman Sachs Global Investment Research

Emerging Markets

[back to top](#)

EMEA equities and currencies were mixed in early morning trade. In CEE, equities in Czechia were outperforming (+0.8%) with equities in Romania underperforming (-0.8%) on domestic political developments. CEE currencies were mostly weaker against the euro, while the Turkish lira and South African rand were trading weaker against a broadly stronger dollar. Local currency government bond yields were higher with Türkiye's 10-year local currency bond yield +18 bps at 31.14%. Elsewhere, the National Bank of Hungary is expected to keep rates on hold at 6.25% at its meeting later today.

EM Asian equities dipped (EM Asia: -1.0%), with Hong Kong SAR (HSI: -0.9%) falling for the second straight session, dragged by the tech sector (HSTECH: -2.3%) and liquidity drain from a private placement by CATL, the world's biggest battery maker. EM Asian currencies softened overall against the dollar (EM Asia: -0.2%), led by the Philippine peso, which slid -0.9% to a record low of 61.26/\$ as higher oil prices lifted import bills and pressured the current account balance, according to Bloomberg.

Latin American assets weakened on Monday. Equities fell across the region, with declines seen in Colombia (-1.9%), Mexico (-1.8%), Brazil (-0.6%) and Chile (-0.4%). Currencies were under pressure against the US dollar, depreciating in Colombia (-2.2%) and Peru (-0.6%).

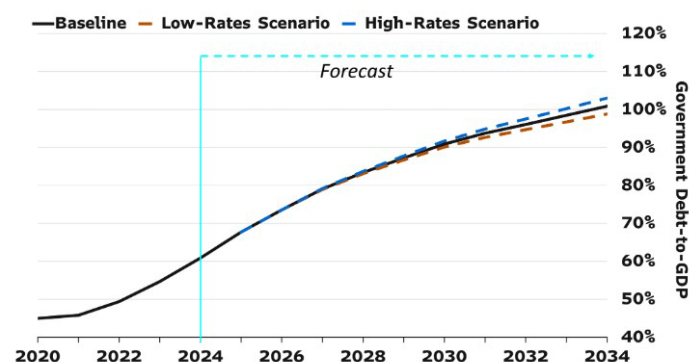
China

Moody's Ratings upgraded China's credit outlook to stable from negative,

citing confidence in the economy's resilience as policymakers manage rising government debt amid domestic, trade, and geopolitical challenges. **Market reaction was muted:** the onshore yuan weakened slightly (-0.1%) against the dollar, the 10-year CGB yield held near 1.76%, and the 5-year CDS spread narrowed modestly (-0.6 bps to 43.7bps). Moody's noted China's "extremely large and diversified" economy and growing competitiveness in higher value-added

sectors should help offset structural headwinds, including population aging. The outlook had been downgraded to negative in late 2023, reflecting concerns over local-government debt and the property downturn. Since then, Beijing has stepped up efforts to rein in off-balance sheet liabilities by tightening borrowing by local-government financing vehicles and replacing hidden debt with on-budget bond issuance. Moody's expects fiscal pressures to persist and government debt to continue to rise, estimating the debt ratio at 68.5% of GDP in 2025, rising to 82.4% next year, and exceeding 90% by the end of the decade. Bloomberg Economics projects combined central and local government debt at 101% of GDP by 2034, up from 61% in 2024. Analysts viewed the outlook revision as supportive at the margin, helping stabilize sentiment rather than triggering a broad asset re-rating, with ING economists noting limited bond market impact given already low yields.

China Government Debt May Exceed GDP by 2034

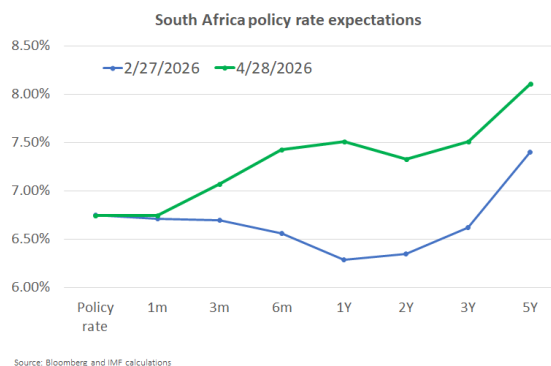


Source: NBS, Ministry of Finance, Bloomberg Economics

South Africa

South African Reserve Bank seen as likely to hike rates at May MPC meeting. Analysts at Deutsche Bank note that the April Monetary Policy Report (MPR) released last week suggests that policymakers have grown more concerned about the impact of elevated energy prices on inflation in South Africa. Specifically, the analysts point to the MPR stating that the energy shock has broadened to impact fertilizer prices, with increasing supply chain pressures leading to the risk of "non-linear pass-through". Deutsche Bank views

the South African Reserve Bank's (SARB) communication as leaning hawkish and projects two +25 bps rate hikes in May and July respectively, with the second hike dependent on prevailing conditions at that time. The analysts also argue that the current shock is the first test of the SARB's new 3% inflation target and believe the MPC will need to hike to demonstrate its commitment. This morning, South African government bond yields were trading higher with the 10-year yield rising 7 bps to 8.82%, while the rand was around -0.3% weaker against the dollar to trade at 16.60/\$. Equities were around -0.9% lower, led by declines in the mining sector amid weaker precious metal prices.



Colombia

Colombia is buying back \$4.4 billion of its hard currency bonds. This is the third such operation in the past year. The government accepted all investor tenders across nine bond series due between 2035 and 2061. Strong execution supported market confidence. Colombian dollar bonds were the best performers among emerging markets on Monday. Bonds due in 2053 rose about 1.4 cents to 115.6 cents on the dollar, delivering a 4% year-to-date return. The buyback follows another operation two weeks ago, when the government repurchased about \$1.5 billion of local currency bonds. According to government data, Colombia has \$43 billion in dollar- and euro-denominated bonds outstanding.

Colombia sovereign bond maturing in 2053



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Global Financial Indicators

Last updated: 4/28/26 7:47 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities					%		%
United States		7,174	0.1	0.9	12.6	29.8	5
Europe		5,846	-0.2	-1.4	6.2	13.1	1
Japan		59,917	-1.0	1.0	17.3	66.2	19
China		4,758	-0.3	-0.2	5.7	26.0	3
Asia Ex Japan		109	-0.1	1.4	15.9	48.8	17
Emerging Markets		64	-0.2	0.7	15.3	46.2	16
Interest Rates					basis points		
US 10y Yield		4.4	2	7	-6	16	20
Germany 10y Yield		3.1	4	7	-2	55	22
Japan 10y Yield		2.5	0	8	9	116	41
UK 10y Yield		5.0	4	13	4	50	53
Credit Spreads					basis points		
US Investment Grade		117	0	1	-14	-29	10
US High Yield		328	-3	-3	-65	-87	-8
Exchange Rates					%		
USD/Majors		98.8	0.3	0.4	-1.3	-0.2	0
EUR/USD		1.17	-0.3	-0.5	1.9	2.3	0
USD/JPY		159.8	0.2	0.2	0.0	12.5	2
EM/USD		47.3	-0.2	-0.5	3.1	4.6	2
Commodities					%		
Brent Crude Oil (\$/barrel)		111.9	3.4	13.6	6.3	74.7	86
Industrials Metals (index)		176.9	-1.5	-0.9	7.3	22.6	8
Agriculture (index)		58.0	0.8	2.0	1.9	-1.7	9
Gold (\$/ounce)		4566.4	-2.5	-3.3	1.2	36.6	6
Bitcoin (\$/coin)		76238.3	-0.9	-2.1	14.0	-19.3	-13
Implied Volatility					%		
VIX Index (% change in pp)		19.0	0.9	-0.6	-12.1	-6.2	4.0
Global FX Volatility		6.9	0.0	0.0	-1.8	-2.4	0.0
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		79	3	5	-11	-5	20
Italy		83	4	6	-12	-27	14
France		67	2	2	-7	-5	-4
Spain		47	1	1	-7	-19	4

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

Emerging Market Financial Indicators

4/28/2026 7:49 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		6.84	-0.2	-0.2	1.1	6.6	2.2		1.8	1	1	-5	9	-10	
Korea*		1478	-0.2	0.2	2.8	-2.8	-2.6		3.7	0	11	-16	121	41	
Indonesia		17225	-0.2	-0.5	-1.4	-2.1	-3.1		6.7	1	15	-11	-18	62	
India		95	-0.4	-1.1	0.3	-10.1	-4.9		7.8	6	22	14	112	76	
Philippines		61	-0.9	-2.2	-0.9	-7.9	-4.0		5.6	9	17	1	57	90	
Thailand		33	-0.5	-1.3	1.1	3.6	-3.1		2.2	0	0	-21	24	50	
Malaysia		3.95	0.0	-0.1	2.0	10.4	2.7		3.6	1	-1	-8	-9	5	
Argentina		1417	-1.3	-2.9	-2.3	-16.9	2.4		0.0	0	0	-2833	-3280	-3237	
Brazil		4.98	0.0	-0.4	5.1	13.5	9.9		13.8	12	36	-48	-44	19	
Chile		895	0.1	-1.4	3.1	5.4	0.6		5.4	1	11	-24	-15	7	
Colombia		3639	-2.3	-1.8	0.7	15.9	3.8		13.5	34	57	19	166	67	
Mexico		17.45	-0.4	-0.7	3.8	12.3	3.2		9.0	2	20	-23	-29	4	
Peru		3.5	-0.5	-2.1	-0.6	4.6	-4.1		6.7	4	14	-31	8	89	
Uruguay		40	-0.2	-0.1	2.2	5.9	-1.9		7.4	5	-4	-14	-222	-10	
Hungary		313	-0.6	-1.0	8.2	13.2	4.6		5.9	-6	6	-130	-62	-58	
Poland		3.64	-0.3	-0.7	2.9	2.8	-1.3		5.1	4	26	-18	33	58	
Romania		4.4	-0.4	-0.4	2.0	0.0	-0.6		7.0	8	-4	-8	-33	29	
Russia		75.1	-0.3	-0.2	8.2	10.0	4.8								
South Africa		16.6	-0.6	-0.9	3.3	11.3	-0.5		8.9	0	25	-51	-197	28	
Türkiye		45.06	0.0	-0.4	-1.4	-14.7	-4.7		34.1	5	149	-134	-85	447	
US (DXY; 5y UST)		99	0.3	0.4	-1.3	-0.2	0.5		3.99	4	8	-8	18	27	

	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		4,758	-0.3	-0.2	5.7	26.0	2.8		94	-2	-7	-30	19	
Korea*		6,641	0.4	4.0	22.1	158.9	57.6		29	0	-7	-4	7	
Indonesia		7,072	-0.5	-6.4	-0.3	4.8	-18.2		100	-1	-15	-21	14	
India		76,887	-0.5	-3.0	4.5	-4.2	-9.8		90	-5	-7	-36	0	
Philippines		5,867	-0.6	-2.5	-1.8	-6.2	-3.1		87	-1	-15	-11	12	
Thailand		1,480	0.1	-0.2	2.3	26.4	17.5							
Malaysia		1,730	0.7	0.8	1.0	14.1	2.9		53	-2	-10	-40	-6	
Argentina		2,866,257	0.9	-2.2	2.6	31.5	-6.1		590	54	-30	-102	21	
Brazil		189,579	-0.6	-3.1	4.4	40.4	17.7		185	-7	-19	-41	-18	
Chile		11,130	-0.4	-1.9	6.8	39.4	6.2		89	-2	-13	-42	-2	
Colombia		2,190	-1.9	-4.0	-1.0	35.3	5.9		238	12	-44	-139	-39	
Mexico		67,992	-1.8	-3.0	2.0	19.3	5.7		205	1	-27	-128	-12	
Peru		3,171	0.0	-4.0	3.4	75.1	22.7		101	-1	-14	-46	-8	
Hungary		133,327	0.1	-1.7	9.5	43.4	20.1		116	-1	-34	-65	-23	
Poland		129,561	-0.2	-2.7	8.2	28.9	10.5		91	-2	-6	-25	0	
Romania		28,871	-1.0	2.2	3.2	65.8	18.1		202	7	-8	-77	26	
South Africa		115,287	-1.1	-3.9	3.1	27.1	-0.5		239	10	-36	-108	21	
Türkiye		14,435	-1.1	-0.3	13.7	55.1	28.2		272	7	-44	-67	38	
EM total		64	-0.8	0.7	15.3	46.2	16.3		259	3	-34	-130	-12	

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](#)