



- Markets are close to pricing in April BoJ rate hike, but analyst views are more mixed ([link](#))
- Egypt paused its easing cycle and left rates unchanged amid geopolitical shock ([link](#))
- Euro area corporate credit spreads have widened during the conflict ([link](#))
- Chinese earnings have been more resilient in 2026 than in 2022 oil price shock ([link](#))
- Private assets edge closer to 401(k) portfolios ([link](#))
- **Special Feature: G-SIBs' Q4 2025 Results (attached)**

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Uncertainty Remains in the Driver's Seat, With Markets Searching for Direction

Global risk assets and oil prices were volatile throughout the week, with optimism about a resolution to the conflict driving a rally in equities and lower bond yields before sentiment faded yesterday. Markets are likely to remain under pressure as long as a clear geopolitical resolution remains elusive. However, headlines about the potential for the Strait of Hormuz to partially reopen, albeit under a new toll structure, appeared to provide some tentative support to financial markets. Global oil prices are hovering just under \$110 per barrel, while futures markets still suggest a more benign backdrop for second half of the year. The longer energy and supply chain disruptions persist, the more concerns about demand destruction will begin to affect asset prices, giving investors a complicated tradeoff between inflation and growth. Some countries are also grappling with the implications of physical shortages, not just higher prices. Thus far, US earnings expectations have remained strong and increased in recent weeks, though first quarter earnings season will commence mid-April and shed more light on the outlook. President Trump will reportedly ask Congress for a sizeable increase in defense spending in a discretionary budget request later today. **Nonfarm payrolls printed well above expectations at 178k (vs 65k expected), with bond yields rising 3–4 bps.** Note: Most global markets are closed today for Good Friday, and some will remain closed on Monday as well. US bond markets have a shortened session today.

Key Global Financial Indicators

Last updated: 4/3/26 8:43 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
S&P 500		6583	0.1	2	-2	30	-4
Eurostoxx 50		5693	-0.7	2	0	22	-2
Nikkei 225		53123	1.3	0	-4	57	6
MSCI EM		57	-1.1	2	-3	32	3
Yields and Spreads							
US 10y Yield		4.35	4.6	-8	29	32	18
Germany 10y Yield		2.99	0.6	-8	28	27	14
EMBIG Sovereign Spread		282	5	14	25	-64	29
FX / Commodities / Volatility							
EM FX vs. USD, (+) = appreciation		46.4	0.0	1	0	5	0
Dollar index, (+) = \$ appreciation		100.1	0.1	0	1	-2	2
Brent Crude Oil (\$/barrel)		109.0	7.8	1	40	45	79
VIX Index (% change in pp)		23.9	-0.7	-4	-6	-21	9

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: 4/3/26 7:13 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)		109	7.8	1	40	45	79
WTI Crude Oil (\$/barrel)		112	11.4	18	57	56	94
Natural Gas (Netherlands TTF)		50	5	-8	12	21	87
Breakeven Inflation		%	bps				
USD: 2Y		2.8	0.0	1	34	-10	55
USD: 5Y		2.6	0.0	4	13	5	22
USD: 5Y5Y		2.4	0	5	-6	5	-8
EUR: 2Y		2.8	0.0	5	73	111	111
EUR: 5Y		2.3	0	0	31	52	53
EUR: 5Y5Y		2.1	0	-1	2	8	8

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

Mature Markets

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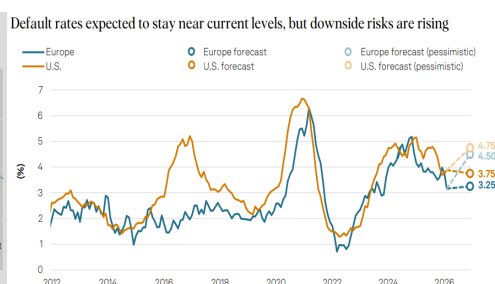
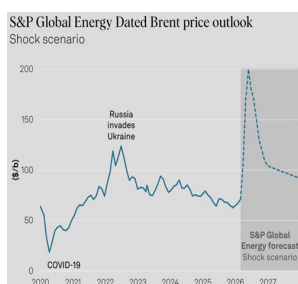
United States

Nonfarm payrolls for March came in much stronger than expected at 178k (vs 65k expected), with the unemployment rate falling to 4.3%. However, there were significant downward revisions to prior months' data. 2y Treasury yields rose about 4 bps, equity futures rallied modestly, and the dollar index gained.

	Period	Surveyed	Actual	Prior	Revised
Change in Nonfarm Payrolls	Mar	65k	178k	-92k	-133k
Change in Private Payrolls	Mar	78k	186k	-86k	-129k
Change in Manufact. Payrolls	Mar	-5k	15k	-12k	-6k
Unemployment Rate	Mar	4.4%	4.3%	4.4%	

On Thursday, the S&P 500 closed little changed after a volatile session driven by geopolitical headlines. Treasury yields were little changed as well, while the dollar appreciated (0.4%) against major currencies.

S&P Global analysts highlighted a scenario where sub-investment grade default rates could rise by about 100 bps by end-2026. The downside scenario features a sharp spike in oil prices followed by a sustained period of elevated prices, where default rates could increase

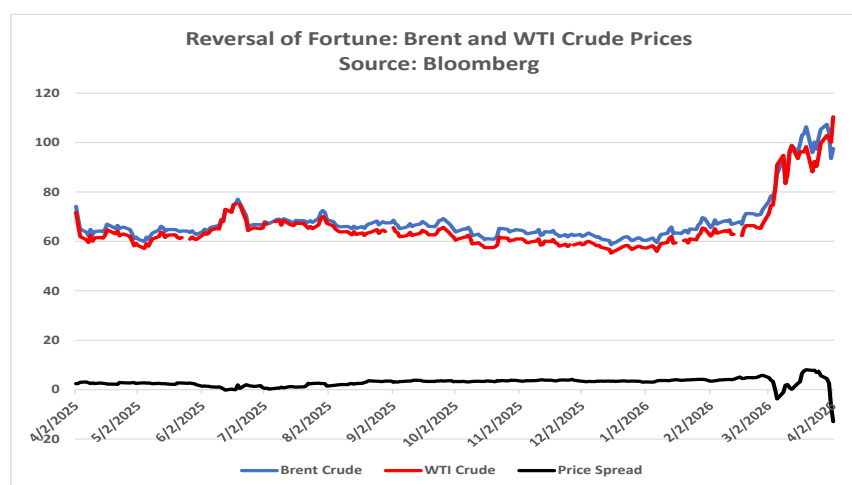


by 100–125 bps to 4.5%–4.75% by December 2026 in both the U.S. and Europe (right chart). The oil price shock would transmit through the economy via higher inflation and real income compression, weighing on consumption and investment while limiting policy flexibility. At the same time, financial conditions would tighten as investors de-risk, leading to wider spreads, lower asset prices, and reduced access to primary markets. The impact would be uneven, with energy-importing economies and energy-intensive sectors facing the greatest strain, while lower-rated borrowers would see more limited market access. The combination of weaker growth, higher costs, and tighter financing conditions would materially weaken credit quality through both profitability and refinancing channels, with effects likely extending beyond 2026.

The U.S. Department of Labor released a proposal aimed at opening the \$10+ trillion 401(k) market to illiquid (private) assets. The proposal clarified how plan fiduciaries can include private equity, private credit, real estate, and cryptocurrencies within retirement portfolios. The rule does not mandate adding these assets but instead removes key legal and regulatory barriers that have historically kept them out of defined-contribution plans. It provides clearer guidance and potential “safe harbor” protections for plan sponsors, reducing the risk of lawsuits if they follow proper due diligence (e.g., assessing fees, liquidity, valuation, and risk). The proposal could unlock a large new source of capital for private markets, while gradually reshaping retirement portfolios toward more “institutional-style” allocations. However, adoption may take time, given operational constraints and fiduciary scrutiny, and the rule is still subject to a public comment period before finalization. Supporters argue it could improve diversification and long-term returns by giving retail investors access to asset classes long used by pensions and endowments. Critics highlight risks tied to illiquidity, complexity, valuation opacity, and higher fees, which may be harder for retail investors to understand and for plans to manage—especially given daily liquidity expectations in 401(k)s.

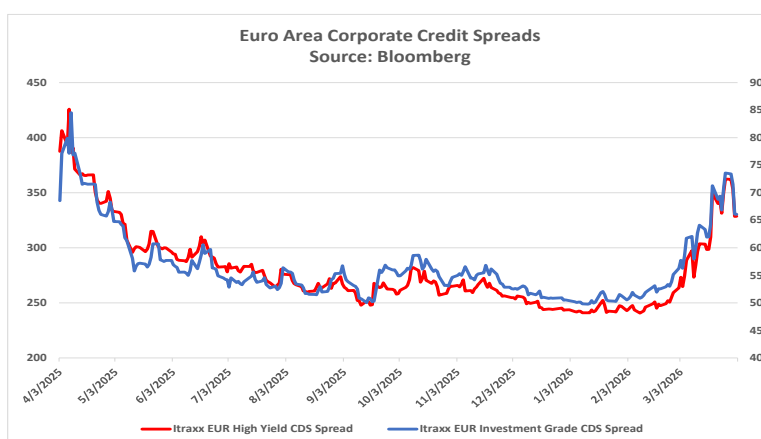
Commodity Markets

The US benchmark crude WTI price rose above the European Brent crude benchmark price in a rare role reversal, a product of the market dislocations caused by the war in the Middle East and technical factors. Brent normally trades at a premium to WTI because WTI is a domestic benchmark whose price is determined by local conditions in Cushing, Oklahoma, which has no direct access to the ocean. Brent is produced in Europe where marine access is much easier. The closure of the Strait of Hormuz and the sharp reduction in the supply of oil from the Persian Gulf countries has caused a surge in the demand for WTI, both domestically in the US and worldwide. The WTI premium increased to the highest level since 2009 during the global financial crisis.



Euro area

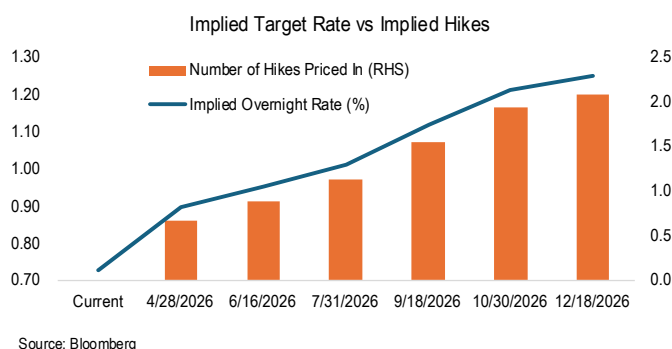
Euro area corporate credit spreads have widened during the conflict, driving tighter financial conditions. The impact of the energy shock is especially severe in Europe due to its heavy reliance on energy imports. Credit default swap index spreads—the iTraxx IG CDSI spread for investment grade (IG) companies and the iTraxx Crossover spread for high yield companies—have widened since the conflict began. Contacts report selling pressure as investors reduce their risk allocations. In addition, companies have stayed out of the market and reduced the supply of new bonds in the hope of more favorable conditions in the future when the war crisis winds down. Net IG issuance has been negative over the past three months. However, the spread widening is more limited than the levels seen in April and May 2025 during the height of the tariff turmoil. Wider spreads and higher bond yields drove the credit market’s worst quarterly performance since Q3 2022.



Japan

Markets are pricing close to a 70% chance (OIS) of a Bank of Japan rate hike on April 28th, though analysts see considerable uncertainty. Some analysts also expect a hike, citing the March 2026 Tankan survey, which indicated improved business conditions and higher inflation expectations as supporting continued policy tightening. Barclays noted that the weakness of the yen (USDJPY at ~160), the hawkish tone of Policy Board members in the latest Summary of Opinions,

and an upward revision in the output gap make a strong case for an April rate hike. However, uncertainty to the base case remains, as Policy Board members could shift focus from upside inflation risks to downside economic risks stemming from the Iran conflict. Meanwhile, Morgan Stanley strategists believe the Tankan may not fully reflect oil price impacts on business conditions given the survey period (Feb 26 to March 12), despite the strong elements shown in inflations expectations and labor market indicators. Their base case for the next rate hike is in June, with ongoing oil disruptions possibly delaying rate increases.



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Emerging Markets

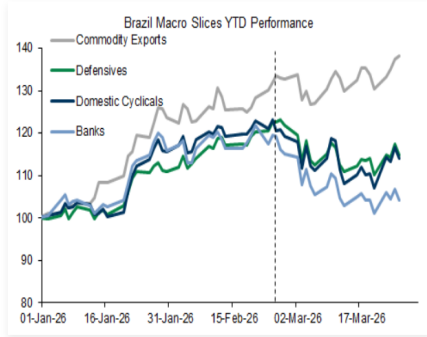
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Many global markets were closed today. Chinese equities declined (CSI -0.9%) and the yuan appreciated slightly (+0.1%). Elsewhere, Romania reportedly spent around €1 bn (~\$1.2bn) in March to defend the leu, keeping the currency broadly stable versus the euro (-0.1%) but about 2.5% weaker against the dollar since the start of the conflict. Nevertheless, FX reserves remain close to a record in nominal terms at €67 bn (€80 bn including gold).

In Latin America, most currencies were modestly lower on Thursday amid broad dollar strength.

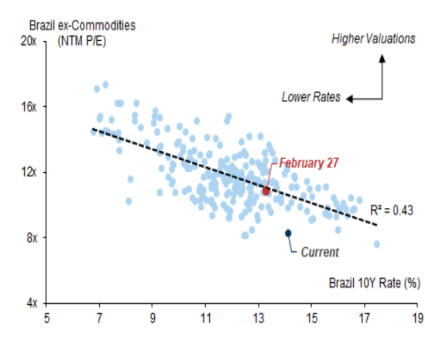
For the week, regional assets generally outperformed their peers, with a rebound in risk sentiment further supporting the region's natural advantages, including geographic distance from the conflict and positive commodity exposure. Colombia's central bank hiked policy rates by 100 bps on Tuesday, though media reports that the Finance Minister "walked out" of the policy meeting highlighted the divisions between the government and central bank. The peso is slightly higher over the last week (+0.8%). Elsewhere, **analysts highlighted that rate sensitive sectors in Brazil have struggled in recent weeks, but that valuations are attractive and they could outperform if rate cuts materialize as expected.** Two-year swap rates have risen about 150 bps though Goldman Sachs analysts are still expecting about 200 bps of easing the remainder of the year. The analysts also highlighted that firms linked to commodities have outperformed.

Exhibit 14: While commodity exporters in Brazil have done well, domestic pockets have come under pressure since the start of the Iran conflict



Source: FactSet, Goldman Sachs Global Investment Research

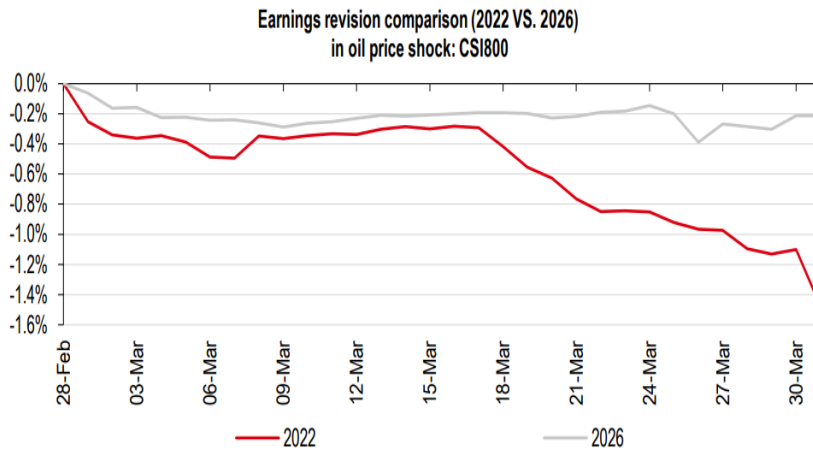
Exhibit 15: Domestic equities (MSCI Brazil ex-Commodities) appear attractive relative to current rates and could see a re-rating as rate cuts materialize



Source: FactSet, Goldman Sachs Global Investment Research

China

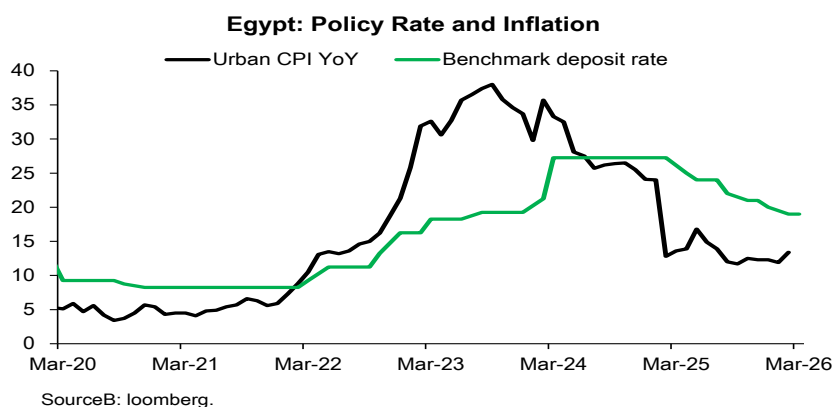
Chinese earnings expectations have been more resilient in 2026 than in the 2022 oil price shock. HSBC analysts pointed to several advantages that Chinese equities are benefitting from, including low correlation with other global equity indices and strong recent economic data, notably industrial production (+6.3% y/y) and retail sales (+2.8% y/y). HSBC also pointed to China’s range of comprehensive industrial companies with resilient supply chains and noted that the oil shock has led to greater awareness around alternative energy sources, like solar and EV, where many Chinese companies have become global leaders. Although the CSI 800’s earnings could be dragged down by 2–3% if Brent oil remains above \$100/bbl for 3–6 months, onshore A-share earnings have so far been less negatively impacted than in 2022 after the breakout of the Russia-Ukraine conflict.



Source: Wind consensus estimates, HSBC Qianhai Securities

Egypt






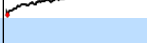




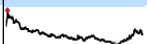
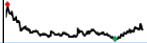














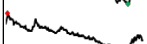
The central bank left its policy rates unchanged as expected, pausing its easing cycle after cutting the deposit rate from 27.25% to 19% over the last year. The decision to keep the deposit rate at 19% and lending rate at 20% reflects a shift to a wait-and-see stance aimed at preserving tight policy settings, with pressures building from fuel price hikes, rising transportation and fertilizer costs, and a weaker currency. The pound has depreciated over 13% since the conflict began. Portfolio outflows have reportedly been substantial as well, with Egyptian t-bills a popular carry instrument for foreign investors. The central bank also lowered its growth projections from 5.1% to 4.9%. Analysts noted that risks are skewed towards renewed tightening should external pressures persist.



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Global Financial Indicators

Last updated: 4/3/26 7:12 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,583	0.1	1.6	-2.3	29.7	-4
Europe		5,693	-0.7	2.3	-0.5	22.3	-2
Japan		53,123	1.3	-0.5	-5.6	52.9	6
China		4,441	-0.9	-1.4	-4.6	15.0	-4
Asia Ex Japan		96	-1.1	1.7	-3.7	32.1	3
Emerging Markets		57	-1.1	2.0	-3.1	31.7	3
Interest Rates			basis points				
US 10y Yield		4.3	1	-11	26	29	15
Germany 10y Yield		3.0	1	-8	28	27	14
Japan 10y Yield		2.4	0	0	24	101	32
UK 10y Yield		4.8	0	-14	46	19	35
Credit Spreads			basis points				
US Investment Grade		123	-1	-5	4	-9	16
US High Yield		366	0	-8	7	-23	30
Exchange Rates			%				
USD/Majors		100.0	-0.1	-0.2	0.9	-2.1	2
EUR/USD		1.15	0.1	0.3	-0.6	4.5	-2
USD/JPY		159.6	0.0	-0.5	1.2	9.2	2
EM/USD		46.4	0.0	1.0	-0.4	5.1	0
Commodities			%				
Brent Crude Oil (\$/barrel)		109.0	7.8	7.0	43.2	56.0	81
Industrials Metals (index)		169.5	-1.1	3.3	-1.6	23.6	4
Agriculture (index)		56.5	-0.2	-1.6	0.2	-0.3	6
Gold (\$/ounce)		4676.8	-1.7	6.9	-12.1	49.2	8
Bitcoin (\$/coin)		66861.3	-0.1	0.5	-1.7	-18.8	-24
Implied Volatility			%				
VIX Index (% change in pp)		23.9	-0.7	-3.6	-5.6	-21.4	8.9
Global FX Volatility		8.1	0.0	-0.6	0.0	-1.0	1.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		81	1	-10	12	-1	22
Italy		86	2	-9	16	-26	16
France		69	0	-5	7	-4	-2
Spain		48	1	-5	3	-17	5

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

Emerging Market Financial Indicators

4/3/2026 7:12 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		6.88	0.1	0.4	0.5	5.8	1.6		1.9	0	0	2	4	-5
Korea*		1509	0.2	0.1	-1.3	-3.8	-4.6		3.7	8	-9	28	109	43
Indonesia		17000	-0.1	-0.6	-0.8	-2.6	-1.8		6.7	2	-11	40	-29	64
India		93	1.9	0.9	-1.8	-8.2	-3.5		7.8	0	1	49	97	68
Philippines		60	0.9	-0.1	-3.4	-4.9	-2.3		5.5	0	6	61	44	80
Thailand		33	0.5	0.9	-3.5	5.1	-3.3		2.3	2	-5	50	30	59
Malaysia		4.03	0.2	-0.5	-2.1	10.2	0.8		3.6	2	0	11	-9	13
Argentina		1391	-0.6	-1.0	0.2	-22.9	4.4		0.0	0	-2929	-3189	-3590	-3237
Brazil		5.16	0.0	1.6	0.3	9.7	6.2		13.9	0	-38	66	-116	28
Chile		920	-0.6	1.2	-4.2	3.8	-2.1		5.5	-1	-15	30	-14	17
Colombia		3651	0.6	0.8	2.7	13.5	3.5		13.4	0	4	-45	142	58
Mexico		17.86	0.0	1.4	-0.9	11.6	0.8		9.1	0	-6	41	-20	10
Peru		3.5	0.7	0.0	-2.6	6.4	-2.6		7.0	-1	20	102	33	121
Uruguay		41	0.0	-0.1	-4.7	4.2	-3.9		7.6	0	6	53	-187	11
Hungary		333	-0.1	1.5	0.0	9.4	-1.9		6.9	1	-25	62	9	39
Poland		3.71	0.0	0.4	-0.4	3.1	-3.2		5.1	0	-9	72	-21	59
Romania		4.4	0.1	0.3	-0.6	2.0	-1.8		6.9	1	-9	73	-32	23
Russia		80.1	0.4	1.8	-3.0	4.9	-1.6							
South Africa		17.0	-0.2	0.9	-2.6	10.4	-2.4		9.3	9	9	91	-168	70
Türkiye		44.59	-0.3	-0.3	-1.4	-14.9	-3.7		34.1	11	-109	337	61	450
US (DXY; 5y UST)		100	-0.1	-0.2	0.9	-2.1	1.7		3.96	1	-11	32	23	24

	Equity Markets						Bond Spreads on USD Debt (EMBIG)							
	Level		Change (in %)				YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M		
								basis points						
China		4,441	-0.9	-1.4	-4.6	15.0	-4.1		91	-8	-18	-16	16	
Korea*		5,377	2.7	-1.1	-7.2	116.2	27.6		34	-1	9	-6	12	
Indonesia		7,027	0.0	-1.9	-7.4	7.9	-18.7		117	2	8	-7	31	
India		73,320	0.0	-1.0	-7.1	-2.7	-14.0		97	3	3	-15	7	
Philippines		5,999	0.0	-0.8	-5.1	-1.4	-0.9		101	6	11	4	26	
Thailand		1,454	-0.8	0.5	-0.9	25.1	15.4							
Malaysia		1,696	-0.2	-1.0	-1.0	11.6	0.9		64	3	-2	-27	5	
Argentina		2,999,342	0.1	6.9	14.2	42.3	-1.7		621	32	46	-200	52	
Brazil		188,052	0.1	2.9	4.8	47.8	16.7		203	2	0	-31	0	
Chile		10,739	-1.1	3.3	4.1	43.1	2.5		103	3	7	-26	12	
Colombia		2,281	-0.2	0.3	4.9	40.8	10.3		286	8	-11	-58	9	
Mexico		69,702	1.6	2.2	3.5	35.5	8.4		225	-2	3	-92	8	
Peru		3,274	-0.6	7.9	-1.5	105.0	26.7		113	4	-6	-37	4	
Hungary		123,996	0.0	1.2	1.7	50.5	11.7		152	12	13	-16	13	
Poland		125,603	0.0	3.9	4.1	43.2	7.1		96	3	3	-13	5	
Romania		27,856	-0.2	-0.4	4.3	60.7	14.0		208	10	37	-52	32	
South Africa		116,123	0.0	2.9	-0.4	41.3	0.3		260	5	21	-85	42	
Türkiye		12,990	-0.5	2.3	0.4	37.0	15.3		304	7	29	-11	70	
EM total		57	0.1	2.0	-3.1	31.7	3.4		294	12	21	-97	23	

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

*Not an EM Under IMF Classification.

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