



- Inflation in US comes in on target ([link](#))
- ECB stays on hold and offers little insight into further moves ([link](#))
- BOE stays on hold at 3.75% in 8–1 vote but signals possible June hike ([link](#))
- Issuance surges in US corporate bond market ([link](#))
- Long term JGB yields rise as inflation fears intensify ([link](#))
- Index inclusions to boost Saudi bond markets ([link](#))

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## Market Sentiment Turns More Positive as Oil Pulls Back from Wartime High







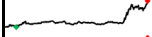
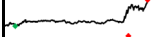

Global markets remained unsettled as the closure of the Strait of Hormuz entered its sixty-second day with no resolution in sight, but the mood was a little more positive after Brent crude oil fell back to \$114 after hitting a wartime high of \$126 earlier today. Officials in Japan warned that FX intervention could be imminent as the yen traded near 160 against the dollar, a level which provoked a large intervention in 2024. Long term JGB yields pushed higher as worries grew that the Bank of Japan might be behind the curve on inflation. However, equity index futures in the US were up and government bond yields in the US and UK fell back from recent highs. The dollar was generally weaker against most major currencies. The BOE indicated that a June rate hike is likely, but the ECB gave little insight into future moves, signaling that more time is needed to assess the impact of the war. Following yesterday's Fed meeting, markets have almost fully priced out any chance of a rate cut in 2026.

Key Global Financial Indicators

Last updated: 4/30/26 8:06 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		7136	0.0	0	9	28	4
Eurostoxx 50		5832	0.3	-1	5	13	1
Nikkei 225		59285	-1.1	-1	10	63	18
MSCI EM		63	-0.5	-1	10	43	15
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.39	-3.8	7	4	23	22
Germany 10y Yield		3.07	-4.2	6	3	62	21
EMBIG Sovereign Spread		244	-6	3	-35	-118	-9
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		47.2	0.3	0	2	4	1
Dollar index, (+) = \$ appreciation		98.3	-0.6	0	-2	-1	0
Brent Crude Oil (\$/barrel)		113.9	-3.5	8	-4	80	87
VIX Index (% change in pp)		18.0	-0.8	-1	-7	-7	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: 4/30/26 8:07 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Oil and Gas</b>			%				%
Brent Crude Oil (\$/barrel)		114	-3.5	8	-4	80	87
WTI Crude Oil (\$/barrel)		104	-2.5	9	3	79	82
Natural Gas (Netherlands TTF)		47	-3	4	-15	42	74
<b>Breakeven Inflation</b>		%	bps				
USD: 2Y		3.0	-6.4	10	22	17	74
USD: 5Y		2.7	-3.3	5	20	24	37
USD: 5Y5Y		2.4	-1	0	10	6	-4
EUR: 2Y		3.0	-9.6	26	25	153	137
EUR: 5Y		2.5	-5	17	16	78	71
EUR: 5Y5Y		2.2	-2	2	0	10	9

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

## Mature Markets

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## United States

**US core PCE inflation came in exactly on target, but GDP was weaker than expected.** The market response was muted.

## Selected US Economic Data

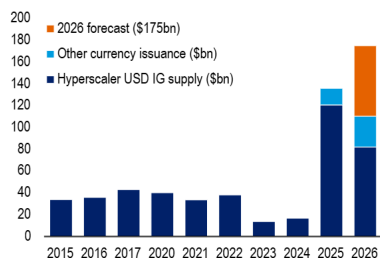
Source: Bloomberg

Variable	Consensus Forecast	Actual Data Print
PCE Price Index month-on-month	0.7%	0.7%
Core PCE Price Index mom	0.3%	0.3%
PCE Price Index year-on-year	3.5%	3.5%
PCE Price Index yoy	3.2%	3.2%
Q1 2026 GDP	2.2%	2%
GDP Price Index	3.9%	3.6%

**Issuance in the US corporate bond market is 25% higher than at the same point last year.** Deal volume is up to \$767 bn already, and Bank of America forecasts that total issuance for 2026 will reach \$1.84 tn. As expected, issuance volume is being dominated by the hyperscalers, but bank issuance has also been very high. Merger and acquisition (M&A) volumes also increased significantly, with Bank of America predicting that M&A activity will increase to \$270 bn in 2026, from \$194 bn in 2025. As a result, M&A related corporate bond issuance is expected to be high this year. The analysts think that much of the issuance is frontloaded as corporate treasurers rush to lock in funding at relatively low rates in the expectation that the conflict in the Middle East could increase inflation and lead to higher interest rates in the months ahead. 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 closure of the Strait of Hormuz. Meanwhile, investor demand for new corporate bonds has remained very strong.

**Exhibit 5: Hyperscaler issuance volumes**

The hyperscalers issued 63% of our expected \$175bn annual supply already in 1Q.

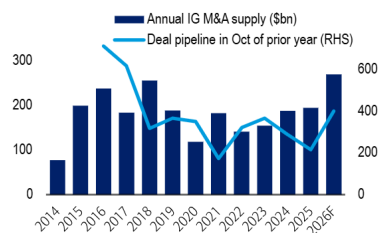


Source: BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 6: IG supply to fund M&A**

We were calling for a \$75bn increase in M&A supply for the full year (from \$194bn in 2025 to about \$270bn in 2026).



Source: BofA Global Research

BofA GLOBAL RESEARCH

**The functioning of the US Treasury market remained relatively smooth despite the volatility experienced at the height of the conflict in the Middle East.** Liquidity remained robust and swap spreads held in well, although Treasury bid-offer spreads widened slightly. Trading volumes in March and April were quite high and were well handled by the dealers, whose Treasury holdings have been rising steadily this year. Contacts reported that large trade sizes were easily accommodated, and the data show that order book depth has improved significantly this year, which helps to further improve market liquidity. Interest rate volatility has receded, aiding the market, while stable money market conditions have also been supportive. As described above, very strong issuance in the corporate bond market have been snapped up by eager investors, and Treasury hedging activities have proceeded smoothly. Market participants expect no surprises from next week's Treasury quarterly refunding announcement, with coupon Treasury auction volumes expected to remain unchanged.

FIGURE 8. Order book depth has improved over the past year

Millions of U.S. dollars



**Euro area**

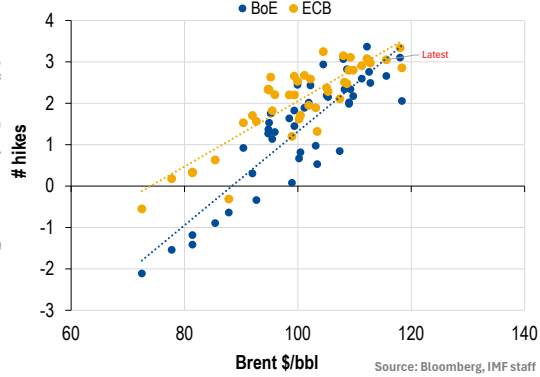
**The ECB kept its three key policy rates unchanged today, with the benchmark deposit rate at 2.00%, the main refinancing rate at 2.15% and the marginal lending facility rate at 2.40%,** as widely anticipated. The accompanying statement noted that “upside risks to inflation and downside risks to growth have intensified” because of the energy shock and reiterated that the Governing Council was not pre-committing itself to a particular rate path and would maintain a data-dependent and meeting-by-meeting approach to policy setting. Immediately following the decision, European government bonds extended earlier gains with the 2Y bund yield falling around 9bp to 2.66% while the 10Y bund yield was around 5bp lower a 3.06%. The euro pared earlier gains to trade 0.2% firmer against the dollar at 1.1696. Focus now shifts to the press conference, due shortly.

**Local stocks turned positive as oil pulled back to \$114 after hitting a wartime high of \$126.** Euro area flash HICP inflation prints varied, with France surprising to the upside at 2.5% y/y (vs. 2.3% expected). On growth, preliminary Q1 GDP releases pointed to a diverging picture: France, Portugal, and the Netherlands disappointed, while Germany, Italy, and Spain surprised to the upside. Markets showed a muted initial reaction, with sovereign yields edging slightly lower and the STOXX Europe 600 down around -0.2% in early trading.

**Brent Jumps to Highest Level Since 2022**



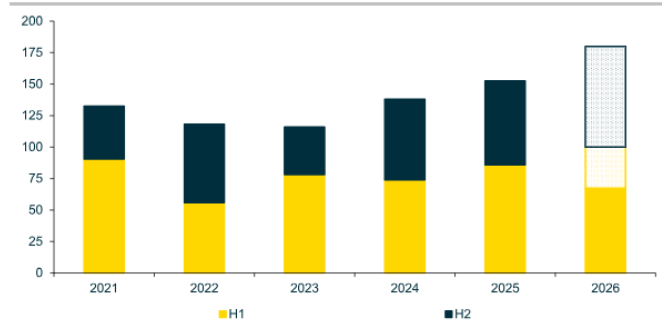
**Number of 2026YE hikes priced**  
(25 bps hikes priced in OIS market, daily data since 2/27)



European Union funding plans have been revised higher, with the bloc increasing its H1 2026 EU-bond issuance target to €100bn (from €90bn) following the adoption of the Ukraine support loan. The Commission also lifted its full-year indicative issuance guidance to €180bn (from €160bn). The additional supply will be absorbed through only marginal increases to remaining syndications and auctions under the existing funding framework, extending the strong issuance pace (year-to-date €67.3bn) without altering the overall calendar. While the adjustment reflects rising financing needs—particularly linked to Ukraine support—it exceeds prior expectations and is likely to exert modest upward pressure on EU spreads, according to Commerzbank, especially at the long end, as markets digest higher net supply within an already elevated sovereign issuance environment.

**Record EU funding in H1 and in 2026!**

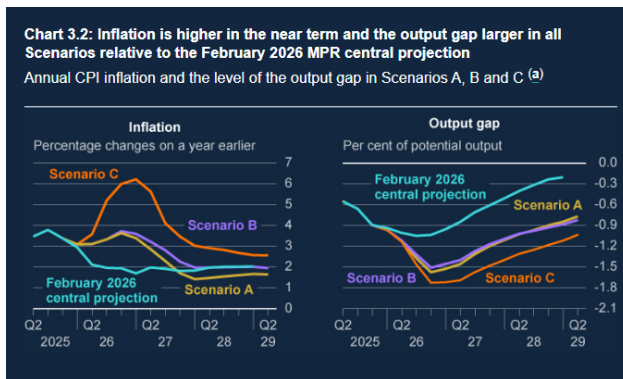
EU bond issuance H1 vs. H2 and new guidance for 2026, in €bn



Source: Bloomberg, European Commission, Commerzbank Research

**United Kingdom**

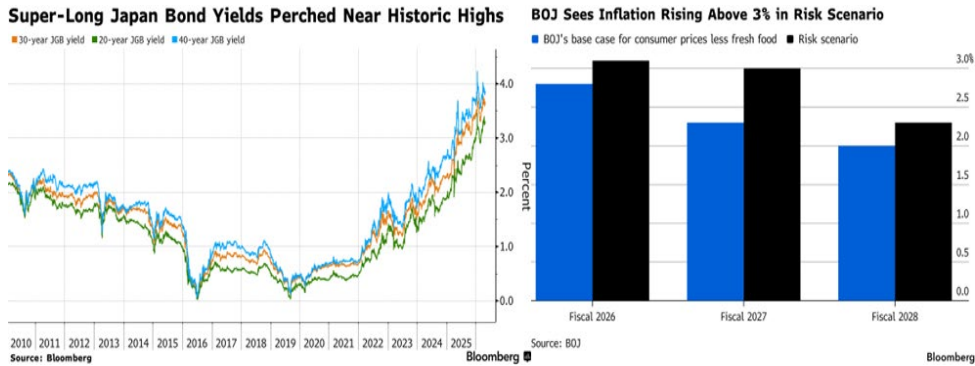
The Bank of England held its policy rate at 3.75% in an 8–1 split vote. Chief Economist Pill voted against the proposition, preferring to increase Bank Rate by 0.25 percentage points, to 4%. The MPC scrapped its central forecast in favor of scenario analysis. “A” has energy following futures with no second-round effects; “B” has more persistent energy with modest second-round effects; “C” has a sharp, sustained energy shock with strong, persistent second-round effects on wages and prices. The committee maintained its guidance that it “stands ready to act,” reinforcing market pricing of rate increases as early as June despite weakening growth. Gilt yields declined 6–7 bps across the curve after the announcements. Analysts focused on the individual MPC members’ paragraphs in the decisions. Governor Bailey wrote that “If the shock appears to be short-lived or the economy weaker, policy should place relatively more weight on avoiding unnecessary contraction in activity. If second-round effects are likely to be greater, policy should focus on returning inflation back to target more quickly.”



Sources: ONS and Bank calculations.

**Japan**

**Long-term JGB yields rose (10y: +5.2bps to 2.52%; 30y: +8bps to 3.72%) on inflation concerns despite a strong 2-year bond auction.** The 2-year JGB auction drew strong demand with a bid-to-cover ratio of 5.24 (vs. 3.54 previously, and 12-month average of 3.6), the highest since August 2024. The 2-year JGB yield pared earlier losses after the auction (2y: +0.5bps to 1.39%). Upward pressure on yields continues to build after recent hawkish policy signals from the BOJ highlighting upside inflation risks. MUFJ cautioned that concentrated demand at the front end likely reflects unfavorable bond-market conditions, while BNP Paribas observed investors rotating away from long and super-long JGBs toward shorter maturities as markets remain concerned the BOJ may be behind the curve as energy prices rise. The BOJ's quarterly economic outlook reinforced these concerns, projecting core CPI (excluding fresh food) at 3.1% in FY2026 and 3.0% in FY2027 under a risk scenario in which oil prices remain elevated (~ \$105/bl), the yen weakens by 10% amid a deteriorating trade balance, and equity prices fall 20% due to global growth concerns. The 10y breakeven inflation rate rose +2.5bps to 1.97% (+18bps MTD), while the OIS-implied odds of a June rate hike stayed around 66%. Meanwhile, the yen strengthened (+0.7%), while equities fell (Nikkei: -1.1%) as higher oil prices weighed on sentiment.



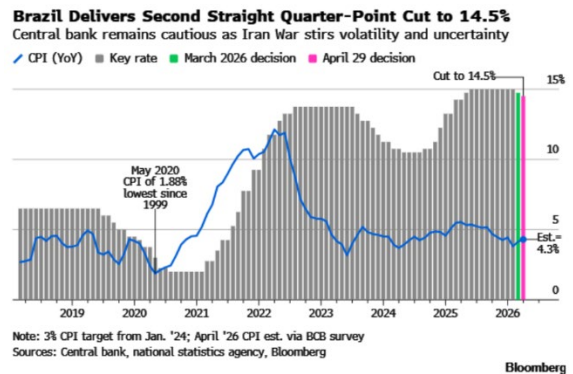
**Emerging Markets**

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**EMEA markets were mixed in early trading.** Equities across the Gulf region were mostly lower with the UAE underperforming as tensions escalated in the Middle East. Elsewhere the National Bank of Ukraine is expected to keep its policy rate unchanged at 15.00% later today. **Asian emerging market equities sold off as oil surged to a four-year high (EM Asia -1.7\$).** Currencies depreciated and interest rates rose. The Indian rupee hit a record low of 95.14 versus the dollar as foreign equity outflows accelerated. **Latam markets were also lower.**

**Brazil**

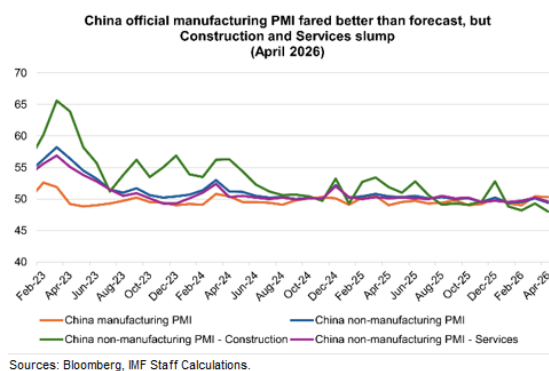
**Brazil's central bank cut the Selic rate by 25 basis points to 14.5% for a second straight meeting,** despite rising inflation and resilient economic activity supported by pre-election stimulus measures. The decision was unanimous and broadly expected. Policymakers did not provide guidance on future moves. They noted that inflation and expectations remain above the 3% target and that uncertainty has increased due to global factors. The rate cut follows a long period with rates at 15%. Economic activity has been resilient, with stronger industrial output and job growth. Inflation has risen to 4.37% year-over-year. The Brazilian real has strengthened this year, helping to limit some price pressures.



## China

### Markets were little changed after China's April PMI release.

The yuan held steady around 6.84/\$, while equities (CSI300: -0.1%) and government bond yields (10y: +0.3bps to 1.75%) showed limited reaction. The official manufacturing PMI edged down to 50.3 from 50.4 in March, slightly above consensus (50.1). Within manufacturing PMI, new export orders returned to expansion at 50.3 from 49.1 last month, reflecting strong external demand, while cost pressure remained elevated with the input price index at 63.7 and output prices at 55.1. Employment stayed weak at 48.8, highlighting a divergence between price pressures and labor-market conditions. The official non-manufacturing PMI fell to 49.4 from 50.1, below expectations, with subindex of construction activities falling to 48, the lowest level on record low (ex-Feb 2020), and the subindex of services also fell back into contraction (49.6).

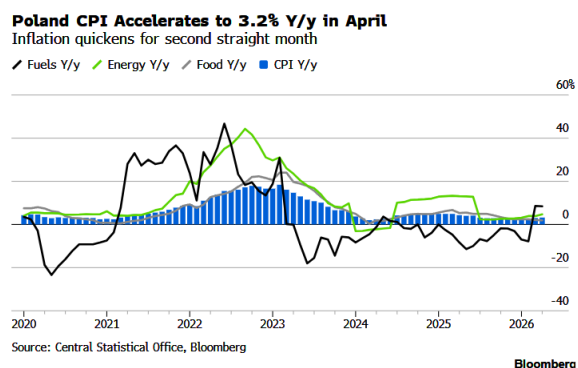


**Separately, onshore corporate bond funding remained strong.** The average coupon on non-financial corporate bonds sold in April fell below 2% for the first time in nearly two decades (~1.95%), reflecting strong investor demand, according to data compiled by Bloomberg. Central bank data show that net corporate bond financing reached 1.05tn yuan (\$154bn) in Q1, the highest in four years and nearly double the amount in the same period a year earlier.

## Poland

### Flash April inflation data surprised to the upside in Poland.

Consumer prices rose 3.2% y/y in April, up from 3.0% last month and above consensus expectations of a slight decline to 2.9%. The pick-up in inflation comes despite government efforts to limit the impact of higher energy prices on consumers via a reduction in taxes on fuels and capped prices on petrol. Immediately following the data release, the zloty advanced slightly against the euro to trade at 4.25/€ and Polish local currency government bond yields were higher across the curve with the policy sensitive 2Y yield around 9bp higher at 4.61%. Analysts at ING expect the National Bank of Poland to keep interest rates on hold at 3.75% at next week's meeting but believe policymakers will lean more hawkish in their communication.



## Saudi Arabia

### Index inclusion is expected to boost demand for local currency Kingdom of Saudi Arabia debt.

Bloomberg analysts believe that South Arabia's inclusion in JP Morgan and Bloomberg emerging market bond indices could fuel overseas demand for the country's local currency bonds with up to \$5–6bn of inflows projected. Saudi Arabia is expected to have around a 2.52% weighting in JP Morgan's GBI-EM Global Diversified Index from January 2027 and around a 2% weighting in Bloomberg's EM Local Government Bond Index. The Kingdom of Saudi Arabia will also comprise around 4% of Bloomberg's EM Local Government 10% Country-Capped Bond Index.

## Global Financial Indicators

Last updated: 4/30/26 8:08 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>							
		7,168	0.0	0.8	9.8	28.7	5
		5,832	0.3	-1.1	4.7	13.0	1
		59,285	-1.1	-0.5	10.3	62.6	18
		4,807	-0.1	0.4	8.3	26.2	4
		108	-0.3	-0.8	11.7	45.7	15
		63	-0.5	-1.1	10.4	43.3	15
<b>Interest Rates</b>							
			basis points				
		4.4	-4	7	4	23	22
		3.1	-4	6	3	62	21
		2.5	5	10	15	121	46
		5.0	-8	6	6	56	52
<b>Credit Spreads</b>							
			basis points				
		118	0	2	-13	-34	10
		331	3	3	-65	-103	-5
<b>Exchange Rates</b>							
			%				
		98.3	-0.6	-0.4	-1.6	-1.1	0
		1.17	0.2	0.2	1.3	3.3	0
		156.5	-2.4	-2.0	-1.4	9.4	0
		47.2	0.3	0.0	2.1	4.5	1
<b>Commodities</b>							
			%				
		113.9	-3.5	8.4	9.6	86.6	89
		177.4	0.7	-2.0	4.8	26.9	9
		58.4	-0.5	2.2	2.1	0.7	9
		4635.6	1.9	-1.2	-0.7	41.0	7
		76111.4	0.6	-1.8	11.6	-19.5	-13
<b>Implied Volatility</b>							
			%				
		18.0	-0.8	-1.3	-7.3	-6.7	3.1
		6.9	0.0	-0.2	-1.6	-2.6	0.0
<b>EA Sovereign Spreads</b>							
			10-Year spread vs. Germany (bps)				
		78	-3	2	-7	-8	19
		82	-2	4	-8	-30	13
		66	-1	1	-6	-6	-5
		46	-1	0	-4	-21	3

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

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

4/30/2026 8:10 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		6.83	0.2	0.0	1.0	6.5	2.3		1.8	-1	2	-7	11	-11
Korea*		1477	0.8	0.2	2.6	-3.5	-2.2		3.7	-2	13	-15	121	43
Indonesia		17346	-0.1	-0.3	-1.8	-4.3	-3.8		6.7	8	23	-2	-8	71
India		95	-0.1	-0.8	-0.1	-11.0	-5.3		7.9	5	19	25	125	86
Philippines		61	0.2	-1.6	-1.2	-9.1	-4.1		5.6	4	19	9	69	97
Thailand		33	0.7	-0.2	0.3	2.7	-3.2		2.2	0	2	-22	25	50
Malaysia		3.97	-0.5	-0.2	2.0	8.7	2.2		3.5	0	-1	-8	-10	4
Argentina		1391	1.0	-0.9	0.4	-16.3	4.3		0.0	0	0	-2833	-3373	-3237
Brazil		4.98	0.3	0.7	3.9	13.8	10.3		14.0	24	43	-27	-24	39
Chile		908	-2.1	-2.1	2.7	4.3	-0.8		5.5	3	19	-13	-2	17
Colombia		3624	-0.4	-1.6	1.3	15.6	4.2		13.6	17	49	24	155	71
Mexico		17.52	0.1	-0.5	2.4	12.0	2.8		9.2	12	31	-7	-14	20
Peru		3.5	-0.3	-2.2	-0.6	4.0	-4.6		6.7	0	9	-27	19	95
Uruguay		40	-1.0	-1.7	0.7	4.2	-3.0		7.5	3	5	-10	-217	-6
Hungary		312	0.4	0.7	6.6	14.6	5.0		5.9	-4	0	-132	-61	-61
Poland		3.64	0.2	-0.3	2.0	3.7	-1.4		5.3	6	28	-4	52	71
Romania		4.4	-1.3	-1.6	-0.3	-0.8	-2.1		7.0	2	19	-3	-29	34
Russia		75.0	-0.1	0.2	8.5	9.4	5.1							
South Africa		16.8	0.3	-0.9	0.9	10.8	-1.4		9.1	8	27	-28	-170	51
Türkiye		45.18	-0.1	-0.5	-1.6	-14.8	-4.9		34.7	15	125	-76	-81	505
US (DXY; 5y UST)		98	-0.6	-0.4	-1.6	-1.1	0.0		4.03	-5	7	5	31	31

	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		4,807	-0.1	0.4	8.3	26.2	3.8		90	-3	-11	-35	15	
Korea*		6,599	-1.4	1.9	22.7	157.8	56.6		29	0	-6	-4	7	
Indonesia		6,957	-2.0	-5.7	-1.0	2.1	-19.5		94	-4	-21	-30	8	
India		76,914	-2.0	-1.0	4.9	-4.5	-9.7		86	-5	-11	-42	-4	
Philippines		5,834	-1.3	-2.5	-2.8	-9.0	-3.6		82	-5	-20	-19	7	
Thailand		1,494	0.1	2.2	2.7	24.6	18.6							
Malaysia		1,722	0.1	0.0	1.6	11.6	2.5		52	-2	-11	-41	-7	
Argentina		2,838,835	-1.1	-2.1	-5.3	35.1	-7.0		581	40	-39	-133	12	
Brazil		184,750	-2.1	-4.2	-1.4	36.8	14.7		182	-5	-22	-46	-21	
Chile		10,858	-0.4	-1.2	2.0	35.0	3.6		86	-2	-16	-45	-5	
Colombia		2,145	-1.0	-4.8	-6.2	31.1	3.7		240	8	-42	-140	-37	
Mexico		67,097	-0.3	-2.5	-2.2	19.3	4.3		202	-1	-30	-135	-15	
Peru		3,073	-1.3	-4.7	-5.7	72.0	18.9		97	-2	-18	-55	-12	
Hungary		134,772	1.6	0.0	11.0	46.2	21.4		113	1	-37	-74	-26	
Poland		128,338	-0.5	-2.3	4.8	30.0	9.5		89	1	-8	-31	-2	
Romania		28,323	-0.9	-2.2	1.9	65.1	15.9		192	6	-17	-100	17	
South Africa		115,567	1.5	-2.1	1.3	26.2	-0.2		241	11	-34	-112	23	
Türkiye		14,384	0.5	0.3	12.5	58.4	27.7		274	13	-42	-78	40	
EM total		63	0.3	-1.1	10.4	43.3	14.6		258	4	-35	-139	-13	

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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