



- **Weak GCC PMIs show impact of conflict on regional economic activity** ([link](#))
- **Market functioning and liquidity have improved over the past week** ([link](#))
- **The spread between Dated Brent and Brent futures has been unusually large** ([link](#))
- **Analysts expect gasoline prices to have significant impact on March CPI** ([link](#))
- **US equity risk premium has increased but remains low by historical standards** ([link](#))

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Investors Remain Cautious Amid Ongoing Uncertainty and Possible Escalation

Global equities were choppy this morning and reversed early gains following reports of US attacks on Iran's Kharg Island. Media reports also highlighted continued Iranian attacks on regional petrochemical facilities overnight. Investors remain on edge for any perceived escalation before or after Tuesday evening's reported ceasefire deadline. **Oil prices and global bond yields edged higher, with European yields up 4-5 bps this morning.** Treasury yields were up slightly but have been trading in a narrow range this week. The VIX index rose back near 26, while US equity futures were trading about 0.5% lower. Despite the heightened state of uncertainty, Brazil (EUR) and Poland (USD) were on track to issue new international bonds this morning. The dollar was little changed on net, with global currency moves relatively muted. Elsewhere, ADP's weekly employment figure came in at 26k (vs 10k previously), while US durable goods printed -1.4% m/m (vs -1.2% expected). Excluding transportation, durable goods rose 0.8% m/m (vs 0.5% expected).

Key Global Financial Indicators

Last updated: 4/7/26 8:27 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
			%				%
S&P 500		6612	0.4	4	-2	31	-3
Eurostoxx 50		5666	-0.5	3	-1	22	-2
Nikkei 225		53430	0.0	5	-4	62	6
MSCI EM		57	0.9	3	0	46	4
Yields and Spreads							
			bps				
US 10y Yield		4.33	0.4	2	20	15	17
Germany 10y Yield		3.03	3.9	3	17	42	18
EMBIG Sovereign Spread		280	0	-9	18	-104	26
FX / Commodities / Volatility							
			%				
EM FX vs. USD, (+) = appreciation		46.5	0.0	1	0	6	0
Dollar index, (+) = \$ appreciation		100.0	0.0	-1	1	-3	2
Brent Crude Oil (\$/barrel)		111.0	1.1	-2	20	73	82
VIX Index (% change in pp)		25.8	1.6	-5	-4	-21	11

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: 4/7/26 7:48 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)		111	0.7	-2	19	72	82
WTI Crude Oil (\$/barrel)		114	1.8	13	26	89	99
Natural Gas (Netherlands TTF)		52	5	5	-2	43	96
Breakeven Inflation		%	bps				
USD: 2Y		2.9	-0.4	7	30	10	59
USD: 5Y		2.6	-0.2	7	12	23	24
USD: 5Y5Y		2.4	0	3	-4	1	-9
EUR: 2Y		2.8	3.5	3	43	128	115
EUR: 5Y		2.3	2	1	14	64	56
EUR: 5Y5Y		2.2	1	3	0	10	9

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

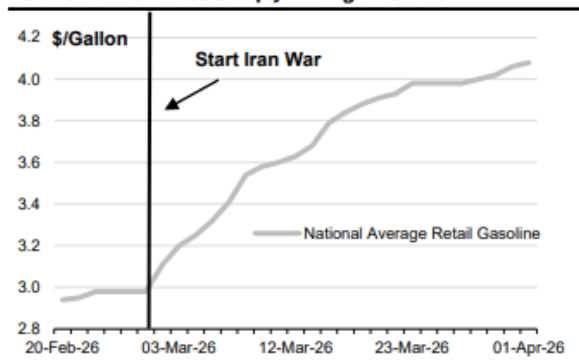
Mature Markets

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United States

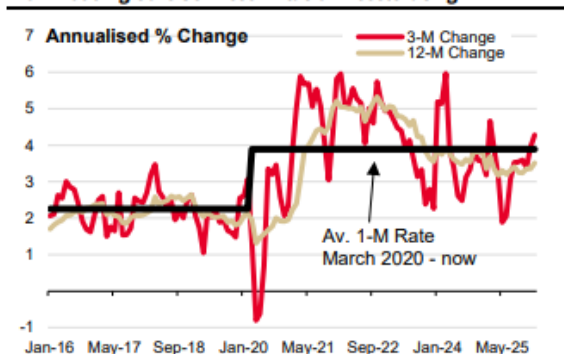
Analysts highlighted the impact of gasoline prices on March CPI. Analysts at Societe Generale expect March’s CPI print to be significantly impacted by the recent increase in oil prices. The monthly average price of gasoline increased by 26% to over \$4.0/gallon between February and March. This alone will likely increase headline CPI in March by about 0.8% m/m. In addition, ISM manufacturing release indicated that price pressures for manufacturing firms continued to increase, signaling upwards risk to core goods inflation. Analysts forecast headline CPI to have increased by 1.1% m/m, with core CPI at 0.3% m/m.

Gasoline Prices Rose Sharply Throughout March



Source: SG Cross Asset Research/Economics

Non-Housing Core Services Inflation Accelerating



Source: SG Cross Asset Research/Economics

US equity risk premium has increased but remains low by historical standards. The equity risk premium, as measured by the spread between the earnings yield on the S&P 500 and the 10-year Treasury yield has climbed to almost 80 bps from around 33 bps at the end of January. While this is the highest level in almost a year, it remains compressed from a 5-year historical perspective. Bloomberg analysts believe that current projections for nearly 17% profit growth in 2026 have significant downside risk, highlighting that 12m forward EPS projections took almost 4-months to fall after the oil-price shock derived from the Russian invasion of Ukraine. The report highlights that earnings are rarely a leading indicator, and that just because energy disruption hasn’t taken a toll yet, it doesn’t mean it won’t have an impact on earnings. In other words, the analysts believe that while US stocks appear cheaper, they are still not fully pricing in the US-Iran shock.

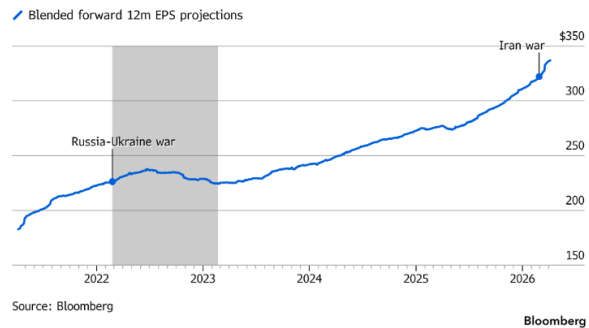
US Stocks Cheapen, But Not Much

Equity risk premium has climbed since January, remains low



It Takes Months for Earnings Conviction to Crack

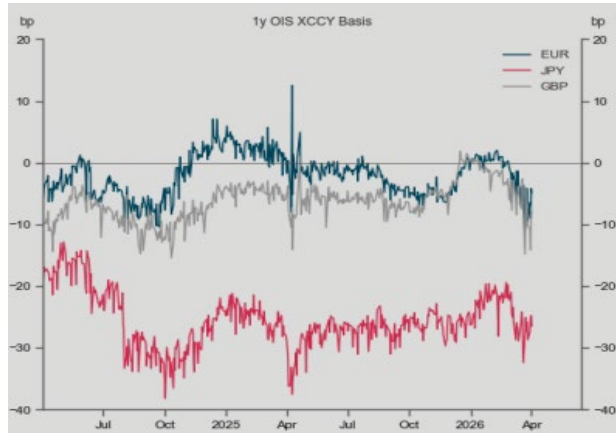
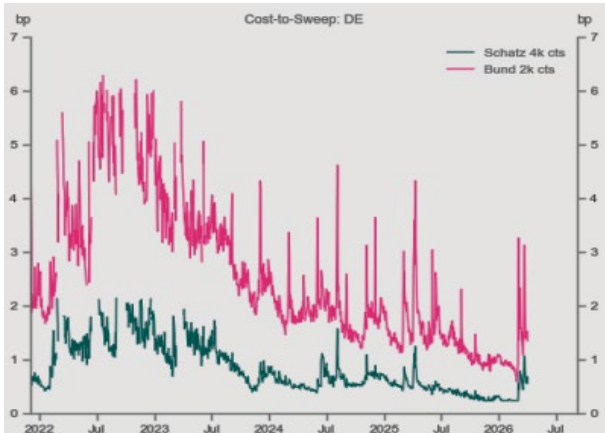
In 2022, S&P 500 profit estimates fell about four months after oil prices jumped



Euro area

European bond yields were modestly higher this morning, with bund yields up 4-5 bps across the curve. However, markets were somewhat volatile amid reports of explosions in Iran and the upcoming deadline this evening. Sweden was the exception, as yields initially fell after the preliminary CPI print for March came in at 0.6% y/y, well below the expected 1.2%. Over the weekend, ECB governing council member Sleijpen said in a podcast that the next decision would be a “hike or hold.” European stocks rose as much as 0.6% before reversing and trading slightly lower. News outlets reported that several EU finance ministers pushed for an energy windfall tax. Separately, the European Commission cautions against broad energy subsidies. Elsewhere, the UK is convening 40+ countries to plan post-conflict security of the Strait of Hormuz.

Market functioning has stabilized over the past week, with earlier deterioration mainly concentrated in rates markets. Goldman Sachs noted that liquidity remains thinner than before, but conditions have improved at the margin. Market depth has recovered from lows, while price impact and cost-to-sweep metrics have eased from recent peaks. Despite still-subdued liquidity, overall signals point to relatively orderly conditions compared to past stress episodes, with European sovereign spreads and cross-currency basis markets also stabilizing after recent widening.



Source: Goldman Sachs. Notes: cost-to-sweep is a measure of the total price impact required when consuming available liquidity across the order book. The 1Y OIS cross-currency basis reflects the premium or discount required to swap funding between two currencies over one year using overnight risk-free rates, in this case the relative scarcity of US dollars (negative = USD scarcity).

Japan

Japanese bond yields were little changed after lackluster auction. Japan's auction of 30y bonds drew a relatively weak bid-to-cover ratio of 3.12, compared to 3.66 previously and average of 3.36 over the last year. Some analysts felt the auction went as well as could be expected given some concern coming into the day and the weak 10y auction last week. Others pointed to upcoming 10y and 30y Treasury supply, as well as the inflationary and geopolitical backdrop, as reasons why demand remains tentative. **10y (+29 bps) and 30y (+42 bps) yields have risen sharply since end February.**

Energy Markets

The gap between Dated Brent and front-month ICE Brent is being driven by a shortage of immediately available physical crude, not a futures market breakdown, according to Morgan Stanley (MS). MS notes that Dated Brent reflects the price of prompt, refinery-ready seaborne barrels in Northwest Europe, while ICE Brent is a standardized futures contract linked to forward cargo markets. Scarcity is concentrated in prompt physical barrels in the Atlantic Basin, especially Northwest Europe, as disruption east of Suez has led Asia to bid away replacement barrels, tightening local supply and raising delivered costs (e.g., WTI Midland into Rotterdam). As a result, stress shows up most clearly in Dated Brent while the forward cargo market and futures remain relatively orderly. In short, the market is pricing a sharp premium for immediate, region-specific physical supply, not a broad shortage across the curve. Bloomberg does call the “growing disconnect between paper and physical markets” a Brent mispricing, also saying that “Brent near \$110 reflects expectations of a resolution, but Dated Brent above \$140 (...) signals acute spot scarcity.”

Exhibit 2: The spread between Dated Brent and the 1st Brent future is usually small...

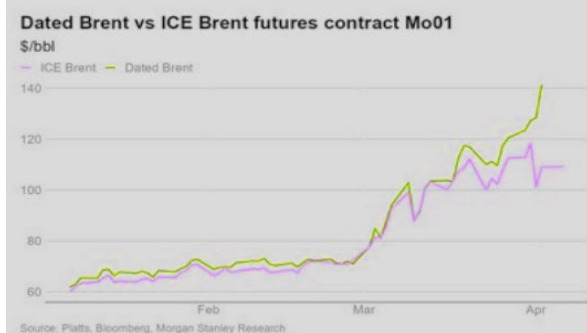
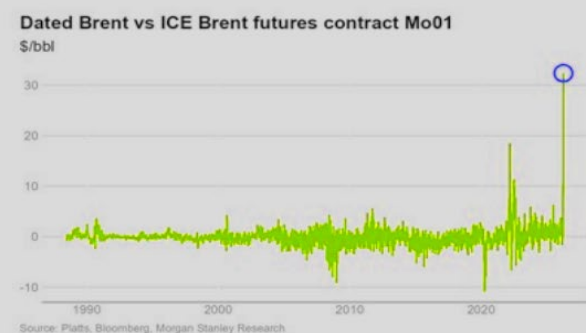


Exhibit 3: ...but this spread has blown out to its widest since the Brent market was created



Emerging Markets

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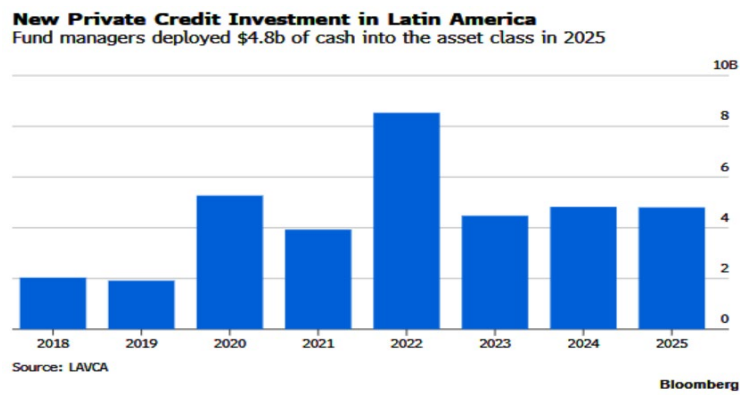
EMEA equities were mostly higher this morning, while bonds were trading in a narrow range. In CEE, equities in Hungary (+1.6%) were outperforming, led by the utilities and financials sectors. Elsewhere, the South African rand advanced (0.4%) against the dollar, while the Turkish lira was little changed. GCC equities were lower, led by Saudi Arabia (-0.8%), UAE (-0.5%), and Qatar (-0.2%). Mozambique's 2031 USD dollar bond price declined on reports that the country is planning to hold restructuring discussions. Analysts expect the National Bank of Romania to keep the policy rate unchanged at 6.50% later today.

In Asia, Chinese markets were closed, while equities in India (+0.7%) and Thailand (+0.7%) gained. Indonesia underperformed, with stocks down 0.3%. Regional currencies were cautiously higher, with the broad dollar index little changed on the day.

In Latin America, regional assets were mixed with only modest price moves on Monday. Stocks declined in Mexico (-1.0%), Chile (-0.4%), and Peru (-1.2%), while Colombia (0.9%) and Brazil gained (+0.1%). Currencies appreciated in Mexico (+0.8%) and Peru (+0.6%), while the Colombian peso weakened 0.3%.

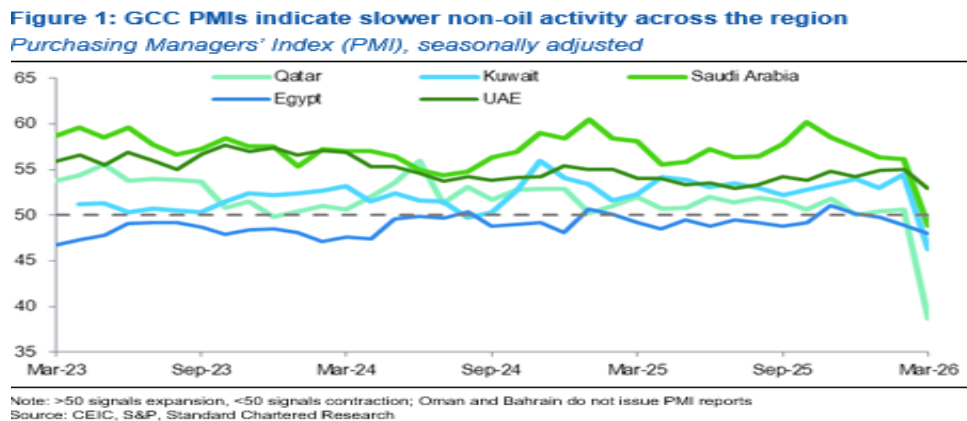
Chile

Chile’s private credit funds continue to attract investor interest. SURA Investments and BTG Pactual Chile launched new private credit funds aiming to raise up to \$200 million. Demand in Chile remains strong, even as inflows to certain US funds have slowed. Chile’s market is smaller and more conservative, with lower leverage and stricter lending standards. Investors are primarily institutions willing to accept lower liquidity for higher returns, which are typically around 8% and above local bond yields. Across Latin America, private credit remains small but is growing rapidly, with opportunities in direct lending, real estate, infrastructure, and mining.



Gulf Cooperation Council (GCC)

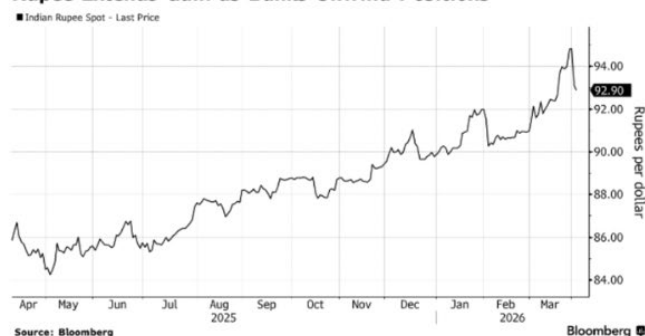
March manufacturing PMIs indicate slower activity across the GCC. March PMI data for the GCC region showed a moderation in non-oil activity, with the indicators for Qatar, Kuwait and Saudi Arabia moving into contractionary territory. According to Standard Chartered analysts, in Saudi Arabia, the decline in the PMI was driven by a decline in new orders and more cautious spending behavior whereas in the UAE, the indicator showed continued expansion, but at a slower pace with sector-level feedback showing a decline in tourism, retail and logistics. The analysts describe the overall regional picture as one of “softer momentum rather than a broad-based downturn,” with the near-term trajectory likely to depend on the evolution of trade flows, demand conditions, and business confidence.



India

Rupee has rallied nearly 2% since RBI clamped down on NDF market but hedging costs remain high. Last week, the RBI announced measures banning banks from offering NDFs to certain customers and capping their open currency positions, effectively forcing them to unwind some short rupee positions. Three-month rupee-dollar premium has widened to nearly 6% and by over 100 bps since last week despite the announcements. Bloomberg analysts noted that there has been a decline in forward dollars sales by exporters due to some of the recent restrictions, but demand for hedging has increased as some importers look to take advantage of the recent appreciation (through forward dollar purchases), leading to a wider spread between spot and forward rates.

Rupee Extends Gain as Banks Unwind Positions




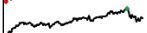

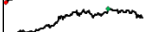
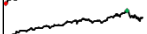
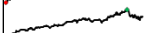
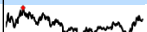






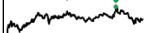

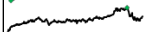



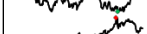

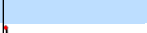


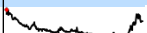


Hedging Costs Surge on Rush to Lock in Stronger Rupee Levels



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Global Financial Indicators

Last updated: 4/7/26 7:47 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,612	0.4	3.8	-1.9	30.6	-3
Europe		5,677	-0.3	3.1	-0.8	21.9	-2
Japan		53,430	0.0	4.6	-3.9	61.8	6
China		4,441	0.0	-1.1	-4.7	21.6	-4
Asia Ex Japan		97	1.0	3.2	-1.0	46.9	4
Emerging Markets		57	0.9	3.5	-0.4	46.2	4
Interest Rates			basis points				
US 10y Yield		4.3	1	2	20	16	17
Germany 10y Yield		3.0	4	3	17	42	18
Japan 10y Yield		2.4	-1	6	24	130	35
UK 10y Yield		4.9	3	-5	24	25	38
Credit Spreads			basis points				
US Investment Grade		121	-2	-10	-1	-29	14
US High Yield		355	-11	-41	-5	-113	19
Exchange Rates			%				
USD/Majors		100.0	0.0	-0.5	1.0	-3.2	2
EUR/USD		1.16	0.2	0.1	-0.6	5.9	-2
USD/JPY		159.8	0.1	0.7	1.4	8.1	2
EM/USD		46.5	0.1	1.4	0.0	6.2	0
Commodities			%				
Brent Crude Oil (\$/barrel)		110.8	0.9	3.2	27.1	75.7	84
Industrials Metals (index)		170.5	0.4	2.1	-1.0	27.8	4
Agriculture (index)		56.4	-0.4	-0.5	0.1	-0.3	6
Gold (\$/ounce)		4659.7	0.2	-0.2	-9.3	56.2	8
Bitcoin (\$/coin)		68390.8	-2.1	2.2	1.4	-13.3	-22
Implied Volatility			%				
VIX Index (% change in pp)		25.5	1.4	-5.1	-4.0	-21.5	10.6
Global FX Volatility		8.0	0.0	-0.3	-0.4	-2.1	1.1
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		81	1	-4	7	-12	22
Italy		87	1	-4	11	-38	17
France		69	1	-3	4	-9	-2
Spain		48	0	-2	-1	-25	5

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

Emerging Market Financial Indicators

4/7/2026 7:45 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		6.86	0.3	0.4	0.6	6.7	1.8		1.9	0	1	2	10	-5	
Korea*		1499	0.6	1.4	-1.5	-1.8	-4.0		3.6	-1	-19	9	108	35	
Indonesia		17095	-0.3	-0.6	-0.9	-3.1	-2.4		6.7	0	-9	28	-29	63	
India		93	0.1	2.0	-0.7	-7.7	-3.4		7.7	-2	2	14	95	63	
Philippines		60	-0.4	0.7	-1.3	-4.8	-2.5		5.6	8	0	15	56	89	
Thailand		33	0.2	1.4	-1.3	5.2	-3.1		2.3	0	-16	32	33	55	
Malaysia		4.03	0.0	0.5	-1.7	11.3	0.8		3.6	-1	-1	7	-3	11	
Argentina		1391	0.0	0.5	1.7	-22.7	4.4		0.0	0	-2924	-3288	-3700	-3237	
Brazil		5.14	0.2	2.1	1.8	15.0	6.4		13.9	2	-33	14	-71	30	
Chile		919	0.0	1.6	-0.8	7.6	-2.0		5.5	1	-9	19	10	18	
Colombia		3684	-0.9	-0.3	2.5	19.0	2.6		13.5	1	18	-29	156	59	
Mexico		17.75	0.1	1.1	-0.8	16.6	1.5		9.2	12	-13	29	0	21	
Peru		3.4	0.8	2.2	1.5	8.6	-1.9		7.0	-1	-4	38	52	120	
Uruguay		41	-0.2	0.1	-0.6	5.9	-4.1		7.6	-1	0	28	-188	11	
Hungary		330	0.2	0.7	0.9	13.2	-0.8		6.9	0	-28	18	26	39	
Poland		3.70	0.1	0.5	-1.2	6.4	-2.9		5.1	0	-22	26	22	59	
Romania		4.4	0.2	0.1	-0.6	3.5	-1.7		6.9	0	-17	31	-24	20	
Russia		78.8	0.2	3.2	-0.4	9.5	-0.1								
South Africa		16.9	-0.1	0.4	-3.4	16.5	-1.9		9.3	0	-19	56	-195	70	
Türkiye		44.61	-0.1	-0.3	-1.3	-14.8	-3.7		34.1	1	-127	255	116	452	
US (DXY; 5y UST)		100	0.0	-0.5	1.0	-3.2	1.7		3.98	0	4	26	12	26	

	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		4,441	0.0	-1.1	-4.7	23.7	-4.1		90	-10	-18	-24	15		
Korea*		5,495	0.8	8.8	-1.6	135.4	30.4		34	-1	6	-13	12		
Indonesia		6,971	-0.3	-1.7	-8.1	16.3	-19.4		116	-7	4	-22	30		
India		74,617	-0.3	1.4	-5.5	0.5	-12.4		97	-2	0	-29	7		
Philippines		5,958	0.2	-0.3	-5.7	-0.8	-1.6		100	-7	8	-9	25		
Thailand		1,464	0.7	1.0	3.8	36.3	16.3								
Malaysia		1,677	-0.2	-0.8	-2.4	16.2	-0.2		62	-3	-1	-39	3		
Argentina		3,006,248	0.2	8.6	14.5	48.4	-1.5		618	-23	36	-305	49		
Brazil		188,162	0.1	3.6	4.9	49.8	16.8		202	-6	-1	-56	-1		
Chile		10,695	-0.4	2.7	3.7	47.5	2.0		102	-6	7	-40	11		
Colombia		2,301	0.9	4.0	5.8	42.9	11.2		284	-4	-22	-97	7		
Mexico		68,987	-1.0	2.9	2.5	36.7	7.3		221	-17	2	-125	4		
Peru		3,236	-1.2	6.7	-2.7	107.4	25.3		112	-8	-4	-52	3		
Hungary		125,217	1.0	2.9	2.7	52.0	12.8		148	-11	2	-42	9		
Poland		125,804	0.2	5.1	4.2	43.4	7.3		100	-4	0	-24	9		
Romania		28,176	1.0	1.4	2.7	70.9	15.3		205	-17	24	-85	29		
South Africa		115,180	-0.8	3.0	-1.2	40.2	-0.6		259	-23	13	-126	41		
Türkiye		13,032	-0.6	1.9	1.9	38.5	15.7		298	-26	16	-47	64		
EM total		57	1.1	3.5	-0.4	46.2	4.4		293	-8	13	-133	21		

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

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