



- Oil stages historic one day decline but rises again as Gulf tensions reemerge ([link](#))
- US inflation comes in on target ([link](#))
- Equity prices of private credit companies in US continue to feel the pain ([link](#))
- Chinese cross border interbank payment system hits single day transaction record ([link](#))
- Foreign investors post strong inflows into Japanese assets ([link](#))
- Kenya stays on hold as outlook remains uncertain ([link](#))
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Markets Fall Back as War Tensions Come Back

The euphoria seen yesterday was quick to subside as war tensions in the Middle East appeared to come back. According to press reports, the Strait of Hormuz remains effectively closed as accusations emerged from both sides about violations of the truce agreement. Oil prices were up again after Wednesday's historic decline, but prices have not yet broken back above the key \$100 level. Analysts at Goldman warned that oil prices could average \$100 through the year if the Strait remains closed for another month. Equity prices were down across the board, with Asian stocks leading the way and Europe also selling off. US equity index futures were about 0.5% lower in early trading. Treasuries rallied but euro area government bonds were in the red on worries that renewed Gulf tensions and a prolonged Strait closure could stoke inflationary pressures. On a more positive note, Bloomberg reported that there were no attacks in the region overnight.

Key Global Financial Indicators

Last updated: 4/9/26 8:46 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6783	2.5	4	0	24	-1
Eurostoxx 50		5866	-0.8	5	3	27	1
Nikkei 225		55895	-0.7	7	3	62	11
MSCI EM		60	5.5	6	3	47	10
Yields and Spreads			bps				
US 10y Yield		4.29	0.2	-1	20	-4	13
Germany 10y Yield		3.00	5.7	1	14	41	15
EMBIG Sovereign Spread		262	-22	-15	1	-124	9
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.1	0.0	2	1	7	1
Dollar index, (+) = \$ appreciation		99.0	-0.2	-1	0	-4	1
Brent Crude Oil (\$/barrel)		98.3	3.8	-3	-1	50	62
VIX Index (% change in pp)		21.4	0.3	-3	-4	-12	6

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: 4/9/26 8:47 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)		98	3.8	-3	-1	50	62
WTI Crude Oil (\$/barrel)		99	5.1	-11	5	59	73
Natural Gas (Netherlands TTF)		46	1	-8	-19	35	71
Breakeven Inflation		%	bps				
USD: 2Y		2.8	2.0	-1	24	-8	53
USD: 5Y		2.6	1.4	-1	9	7	22
USD: 5Y5Y		2.4	1	0	-3	-3	-8
EUR: 2Y		2.6	3.8	-14	25	119	97
EUR: 5Y		2.2	2	-8	3	58	45
EUR: 5Y5Y		2.1	0	-2	-2	6	6

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

Mature Markets

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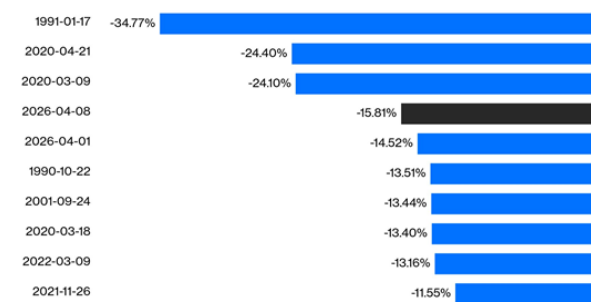
Oil Markets

Oil staged a historic decline on Wednesday on news of the truce in the Middle East, the largest one day move ever with the exception of the entry of coalition forces into Kuwait during the first Gulf war and the Covid period. WTI fell by over 16% by the end of the trading day and Brent fell as much as 17% intra-day before ending more than 12% lower. WTI fell below \$100/barrel for the first time since March 27. However, it is still trading at a premium to Brent as the dislocations in the oil market will take time to be resolved. The future path for oil prices will depend on how quickly the traffic through the Strait of Hormuz can be resumed. Global petrochemical supplies had been rapidly depleted due to the closure of the Strait, especially in Asia, and many countries are experiencing shortages that have severely damaged their economies. The outlook remains very unclear, with additional strikes being reported in the region after the truce was announced and traffic through the Strait still very limited. Prices were up this morning as reports spread that tensions in the Gulf were rising again.

A Selloff for the Ages

Crude only fell more during Covid, and when Desert Storm started in 1991

■ Brent Crude, Biggest 1-Day Falls



Source: Bloomberg

Bloomberg Opinion

United States

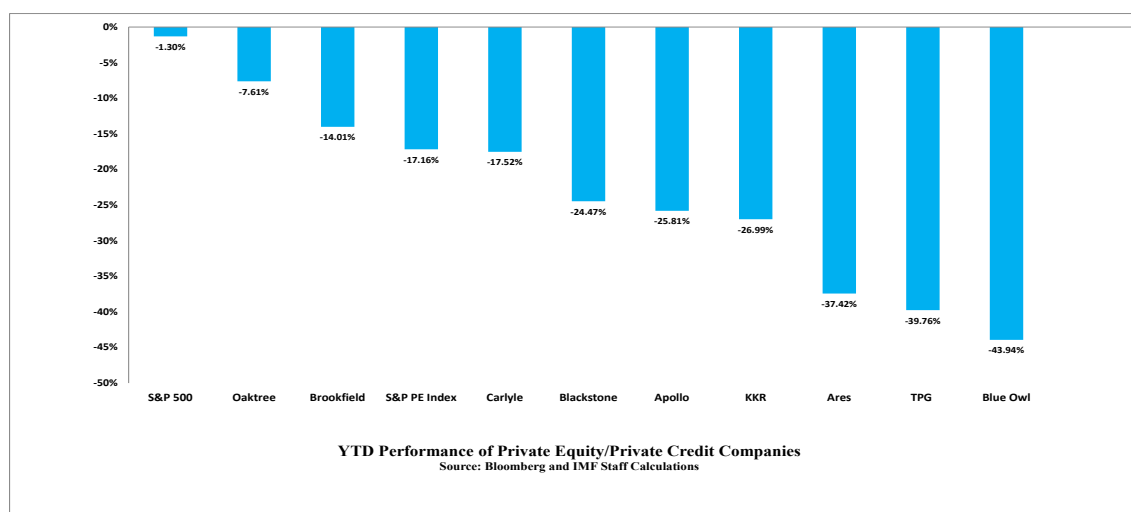
Markets are digesting the latest economic data in the US. The Fed's favored core PCE inflation measures came in right on target, but the latest estimate of Q4 GDP was weaker than expected. Treasuries, the dollar and US equity index futures showed little response to the data.

Selected US Economic Data

Source: Bloomberg

Variable	Consensus Forecast	Actual Data Print
PCE price index month-on-month	0.4%	0.4%
PCE price index year-on-year	2.8%	2.8%
Core PCE mom	0.4%	0.4%
Core PCE yoy	3%	3%
Q4 GDP annualized qoq	0.7%	0.5%

The equity prices of US private equity companies are under severe pressure. Worries about their exposure to the software sector are being driven by expectations that the advent of AI will seriously degrade the business models of software companies and significantly increase their default risk. These fears have been compounded by concerns that underwriting standards have weakened over the course of the long positive credit cycle. Although designed to be illiquid instruments with very limited withdrawal rights for investors, there have been very large redemption requests that many private credit funds have been forced to either reject or severely limit. However, the contrarian view is that private credit funds hold senior debt that will not be impaired unless there are a high number of outright defaults. According to some analysts, the loans are further protected by other features such as low loan-to-value ratios. In his latest letter to investors, JP Morgan CEO Dimon took the view that due to the relatively small size of the sector, it “probably does not represent a systemic risk.”

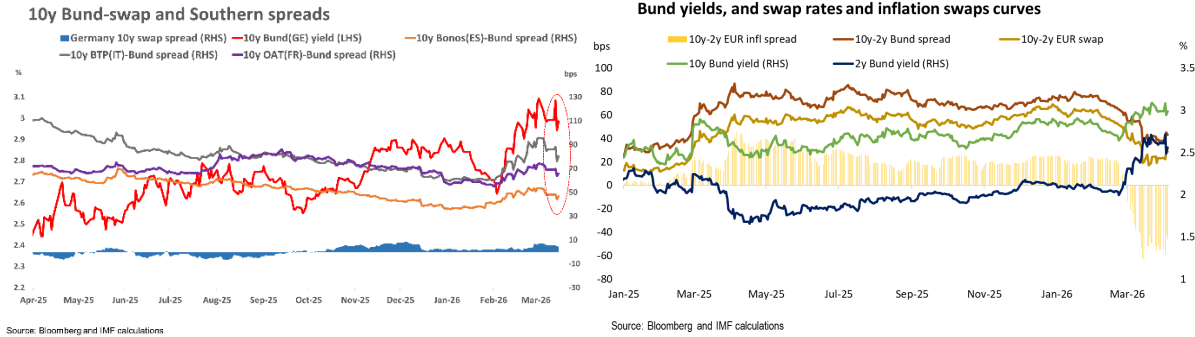


Euro area

European equities fell back in the red this morning as concerns about the ceasefire and stalled Hormuz traffic pushed oil prices up again (Brent +3.5% at \$98.11/bl). The Stoxx 600 index was down by -0.7% with losses widespread across sectors, save for utilities (+0.8%) and energy (+1.5%). Regional bourses were all down with the DAX index leading the decline (-1.2%) after **today’s February industrial production data surprised to the downside in Germany. The euro was little changed** against a globally stronger dollar this morning, trading at around \$1.1676/€. **ING sees ECB pricing continuing to support the euro**, with two rate hikes fully priced-in by December.

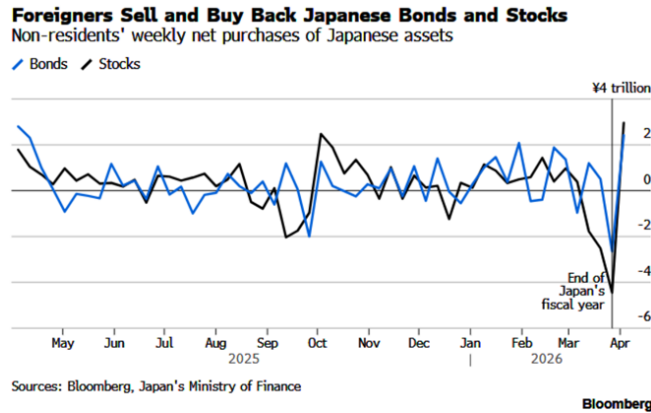
Eurozone government bonds (EGBs) were under pressure again, with the yield curve marginally flatter, driven by selling in the front-end. Citi sees investors shifting focus from the front-end to the belly of the curve amid signs of a severe hit to growth in the Eurozone, where domestic demand looks more vulnerable to terms of trade shocks than in 2022. **The EU Economy Commissioner Valdis Dombrovskis**

said today that European economy remains at risk of a stagflation despite the ceasefire in Iran, with the conflict eroding about 0.4% of EU output this year, and up to 0.6% (also in 2027) if it drags on; the European Commission is helping EU member states to deploy support packages for businesses and households, with Dombrovskis noting that the room to maneuver is however more limited than before.



Japan

Foreign investors bought record volumes of Japanese bonds (¥2.42tn (\$15.3bn)) and stocks (¥2.96tn (\$18.7bn)) last week, reversing sharp sales in the prior week, according to Ministry of Finance data. MUFJ strategists note that some reinvestment from recent redemptions likely flowed back into JGBs, signaling that overseas appetite for Japanese bonds remains intact. Looking ahead, strategists expect foreign buying to continue as rising JGB yields have become increasingly attractive relative to global peers. Bloomberg estimates that dollar-based investors can earn roughly an extra 3% yield via FX hedging, despite 10y JGB yields still trailing Treasuries by about 190bp. Meanwhile, the latest 5y JGB auction drew modest demand, with the bid-to-cover ratio (3.58) marginally above the 12-month average (3.49), but lower than the previous sales (3.69). 5y JGB yields edged higher (+1.3bps to 1.803%) after the auction. Today, the stock market declined (Nikkei: -0.73%), and the yen weakened (-0.3%) against the dollar after reports of truce violations between Iran and the US pushed oil prices higher.



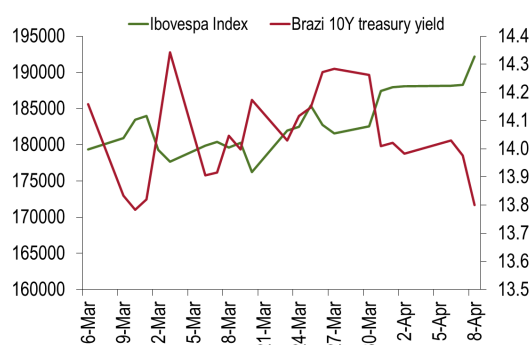
Emerging Markets

EMEA equities were mostly lower in early morning trade as optimism around the ceasefire dimmed and oil prices rose. In CEE, equities were mostly lower, with CEE currencies weaker against the euro while stocks in Türkiye were around 0.5% higher. EM Asian stock markets mostly declined (EM Asia: -1.3%) as risk sentiment deteriorated after oil prices rebounded, with the Strait of Hormuz still largely blocked and renewed Israeli strikes on Lebanon threatening the fragile Middle East ceasefire. Korea underperformed (KOSPI: -1.6%), dragged by losses in chipmakers Samsung Electronics and SK Hynix.

EM Asian currencies weakened against the dollar as higher oil prices heightened concerns over fiscal strain. **Latin American assets rallied on Wednesday.** Equities advanced across the region, rising in Mexico (+2.5%), Brazil (+2.9%), Chile (+3.2%), Colombia (+0.4%), and Peru (+3.8%). **Most Latam currencies appreciated.**

Brazil

Brazilian markets rallied sharply on Wednesday, supported by improved global risk sentiment. Brazil's Ibovespa surged as much as 2.9% in São Paulo during the day, reaching a record high as investors welcomed a two-week ceasefire between the US and Iran. The rally was broad-based, with 73 of 83 shares advancing while only 10 declined. Sovereign yields fell across the curve in afternoon trading, with the 1-year yield down 23.3 bps to 13.661%, the 9-year falling 20.8 bps to 13.762%, and the 10-year decreasing 19.1 bps to 13.8%. Meanwhile, Brazil's 5-year CDS tightened by 10.1 bps to 125.3 bps. The currency strengthened against the U.S. dollar, with USDBRL trading at 5.1038, down 1.1%.

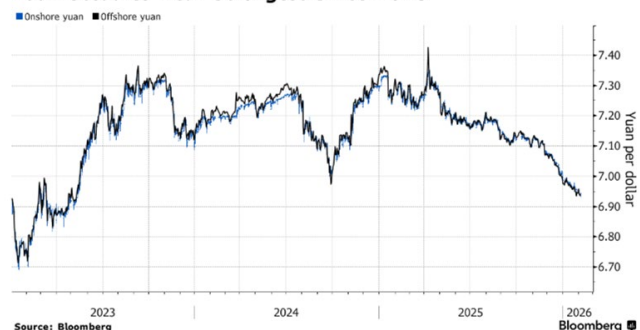


Source: Bloomberg and IMF staff

China

China's Cross-Border Interbank Payment System (CIPS) hit a single-day transaction record of RMB 1.22tn (\$179bn) recently, surpassing the RMB1tn mark for the first time, with nearly 42,000 transactions processed, reported by Shanghai Securities News. Analysts attribute the surge partly to heightened safe-haven demand amid the Middle East conflict, which has weakened the appeal of dollar-denominated assets and encouraged greater use of the yuan in cross-border settlement. They notice that the volume of yuan-denominated crude oil trade between China and major producing countries has also picked up. Last week, shares of Chinese cross-border payment firms rallied after the commerce ministry noted that the yuan is being used to pay tolls for passage through the Strait of Hormuz. CITIC Securities economists add that the yuan's relative stability amid rising geopolitical risks has supported CIPS demand and expect yuan internationalization to accelerate, supported by expanded payment use cases under the Belt and Road Initiative during the 15th Five-Year Plan period. Separately, Morgan Stanley cuts the price target of some Chinese property developers, citing a projected -12% y/y drop in 2026 pre-sales given renewed weakening of home prices and reduced landbanks. Today, the stock market declined (CSI 300: -0.64%), and the yuan weakened slightly (-0.1%) against the dollar despite a stronger RMB fixing at 6.8649/\$ (vs. 6.8680/\$ previously).

Yuan Steadies Near Strongest Since 2023



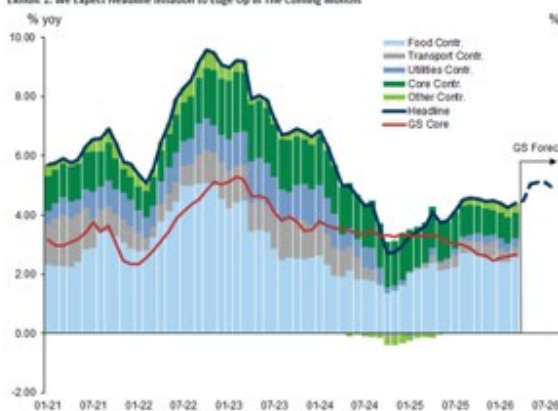
Source: Bloomberg

Bloomberg

Kenya

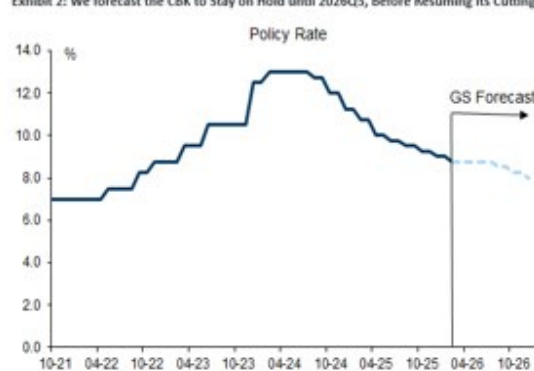
The Central Bank of Kenya kept its policy rate on hold amid elevated global uncertainty. Yesterday, the Central Bank of Kenya (CBK) left its policy rate unchanged at 8.75%, in line with consensus expectations, with Governor Thugge citing growing external risks to inflation and growth. While higher energy prices are expected to exert upward pressure on inflation, the MPC expects it will remain below the 5.0% midpoint of the target range with stable food inflation and a steady exchange rate likely to offset some of the impact of higher energy prices. Absa analysts expect the committee will keep rates on hold in the near-term with easing expected to resume in H2 2026. Meanwhile, analysts at Goldman Sachs expect that higher-for-longer oil prices will lead to higher inflation and lower growth in Kenya. As a net oil importer, the analysts expect downward pressure on Kenya's FX reserves and believe risks are skewed towards Shilling depreciation. As a result, they expect the CBK will keep rates on hold until Q3 of this year, before resuming its easing cycle.

Exhibit 1: We Expect Headline Inflation to Edge Up in The Coming Months



Source: Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 2: We forecast the CBK to Stay on Hold until 2026Q3, Before Resuming Its Cutting Cycle


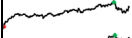

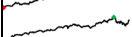
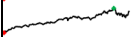
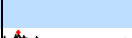
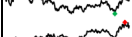


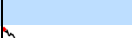

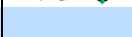


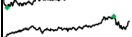
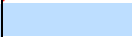
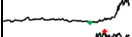




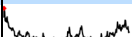
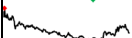
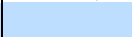
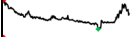

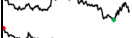


Source: Haver Analytics, Goldman Sachs Global Investment Research

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Global Financial Indicators

Last updated: 4/9/26 8:47 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,780	2.5	3.1	-0.2	24.3	-1
Europe		5,866	-0.8	5.3	3.2	26.9	1
Japan		55,895	-0.7	6.5	3.0	61.5	11
China		4,566	-0.6	0.9	-2.3	22.3	-1
Asia Ex Japan		103	5.4	6.7	2.9	47.6	10
Emerging Markets		60	5.5	6.4	3.4	46.7	10
Interest Rates			basis points				
US 10y Yield		4.3	0	-1	20	-4	13
Germany 10y Yield		3.0	6	1	14	41	15
Japan 10y Yield		2.4	3	1	20	112	33
UK 10y Yield		4.8	8	-4	15	1	31
Credit Spreads			basis points				
US Investment Grade		120	1	-3	-1	-39	12
US High Yield		344	1	-22	-17	-124	8
Exchange Rates			%				
USD/Majors		99.0	-0.2	-0.7	-0.2	-3.8	1
EUR/USD		1.17	0.2	1.2	0.4	6.7	-1
USD/JPY		159.1	0.3	-0.3	0.9	7.7	2
EM/USD		47.1	0.0	1.7	0.7	6.9	1
Commodities			%				
Brent Crude Oil (\$/barrel)		98.3	3.8	-2.8	4.9	55.4	63
Industrials Metals (index)		170.6	-0.6	-0.4	-0.7	29.6	4
Agriculture (index)		55.9	0.5	-1.3	-0.6	-2.5	5
Gold (\$/ounce)		4743.5	0.5	1.4	-7.7	53.9	10
Bitcoin (\$/coin)		71216.1	-0.2	5.9	3.2	-14.4	-19
Implied Volatility			%				
VIX Index (% change in pp)		21.4	0.3	-3.2	-4.1	-12.3	6.4
Global FX Volatility		7.6	0.0	-0.5	-0.8	-2.9	0.7
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		75	2	-5	1	-22	16
Italy		79	3	-7	4	-50	9
France		65	2	-4	0	-15	-6
Spain		46	2	-2	-2	-30	3

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

Emerging Market Financial Indicators

4/9/2026 8:49 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		6.84	-0.1	0.7	1.0	7.4	2.2		1.9	-1	-2	1	13	-7
Korea*		1481	-0.2	2.0	-0.4	-0.6	-2.4		3.5	-11	-8	-1	100	26
Indonesia		17090	-0.5	-0.5	-0.8	-1.3	-2.4		6.5	-12	-11	15	-51	51
India		93	-0.1	0.5	-0.4	-6.4	-3.0		7.6	7	-20	-1	72	48
Philippines		60	-0.5	1.4	-0.4	-4.0	-1.3		5.4	0	-3	4	47	77
Thailand		32	-0.1	1.6	-1.4	6.3	-1.9		2.2	-10	-13	21	20	44
Malaysia		3.98	-0.2	1.5	-0.5	12.9	2.0		3.6	-1	-4	-1	-18	7
Argentina		1387	0.4	0.3	2.1	-22.5	4.6		0.0	0	0	-3288	-4389	-3237
Brazil		5.10	-0.1	1.0	1.0	14.1	7.7		13.6	-28	-26	-13	-112	3
Chile		900	-0.2	2.2	1.6	9.0	0.1		5.4	-5	-3	16	2	15
Colombia		3642	1.0	0.4	3.4	21.5	3.7		13.3	-12	-11	-42	121	47
Mexico		17.44	0.1	2.5	1.0	16.1	3.3		9.0	-23	-5	13	-40	5
Peru		3.4	1.2	2.1	3.2	10.7	-0.6		6.9	0	-12	23	#VALUE!	109
Uruguay		40	0.4	0.2	-0.7	6.4	-3.2		7.6	-6	-8	20	-203	3
Hungary		324	-0.2	2.9	3.0	14.1	1.2		6.6	-32	-27	-10	-9	11
Poland		3.64	0.1	1.7	0.2	6.2	-1.5		4.9	-37	-21	4	-7	37
Romania		4.4	0.2	1.3	0.5	4.3	-0.6		6.7	-21	-22	11	-57	0
Russia		77.7	1.0	3.3	1.0	10.6	1.3							
South Africa		16.5	-0.4	2.9	-1.0	17.3	0.6		8.9	-55	-34	13	-224	28
Türkiye		44.59	-0.1	-0.3	-1.2	-14.8	-3.7		32.7	-156	-134	108	-100	305
US (DXY; 5y UST)		99	-0.2	-0.7	-0.2	-3.8	0.6		3.92	-1	-3	23	-13	19

	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		4,566	-0.6	0.9	-2.3	22.3	-1.4		91	1	-17	-27	16	
Korea*		5,778	-1.6	10.4	4.4	136.3	37.1		31	-4	2	-11	9	
Indonesia		7,308	0.4	1.7	-1.8	16.8	-15.5		106	-6	-6	-25	20	
India		76,632	0.4	4.8	-2.0	3.8	-10.1		92	-4	-5	-48	2	
Philippines		6,090	0.0	3.8	-0.6	0.2	0.6		90	-3	-2	-17	15	
Thailand		1,490	0.3	1.3	6.0	31.4	18.3							
Malaysia		1,686	-0.6	-0.7	-0.9	15.2	0.4		58	5	-5	-50	-1	
Argentina		3,011,186	1.3	5.1	14.4	37.9	-1.3		581	-39	-1	-415	12	
Brazil		192,201	2.1	2.5	6.2	50.4	19.3		200	0	-3	-47	-3	
Chile		10,858	3.2	0.0	4.1	45.3	3.6		98	-4	3	-33	7	
Colombia		2,286	0.4	0.0	2.7	42.7	10.5		269	-14	-37	-118	-8	
Mexico		70,222	2.5	4.7	5.0	33.7	9.2		213	-10	-6	-139	-4	
Peru		3,357	4.5	10.5	-0.4	100.4	29.9		104	-7	-12	-56	-5	
Hungary		127,277	-1.9	4.9	5.7	52.6	14.6		133	-13	-13	-51	-6	
Poland		129,354	0.1	5.6	7.5	47.0	10.3		95	-2	-5	-19	4	
Romania		28,485	0.1	2.0	5.0	72.2	16.6		174	-29	-6	-110	-2	
South Africa		118,795	-0.6	4.1	1.7	44.0	2.6		237	-19	-9	-135	19	
Türkiye		13,638	0.8	4.5	7.4	47.0	21.1		271	-27	-11	-67	37	
EM total		60	-0.4	6.4	3.4	46.7	10.5		276	-15	-4	-156	4	

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

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