GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, AUGUST 24, 2026

LEAD EDITOR: FABIO CORTES

- **Long term sovereign bond yields trade at multi-decade highs** (link)
- **History shows limited action in markets during Jackson Hole** (link)
- **Some analysts see the UK economy more resilient, after PMIs surprised last Friday** (link)
- **Japanese markets focused on policy normalization as rate hike expectations continue to rise** (link)
- **EM bond and equity fund inflows continued last week** (link)
- **The Yuan remains steady as PBOC tempers appreciation, while bond yields and equities fall** (link)

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Tech Stocks Drag Global Equities Lower

Tech stocks underperformed this morning, dragging global equities lower and weighing on market sentiment. Nasdaq futures fell -0.5% while the more tech-heavy Asian proxies underperformed, with the Korean KOSPI down -3.1%. Brent futures snapped a six-day run of consecutive gains, dropping -1.4% to around $93 a barrel while investors awaited details of Treasury Secretary Bessent's plan to economically isolate Iran. The retreat in oil prices helped advanced economy sovereign bond yields decline this morning, providing some relief at the long-end of yield curves where 30-year government bond yields in the US, UK, France and Japan are trading near multi-decade highs as term premia has continued to increase. Elsewhere, the dollar appreciated and gold prices rose modestly today. The yen depreciated modestly to 159.2 per dollar but remained stronger than the psychological 160 level. Analysts warned that any Bank of Japan pushback against current market pricing over policy normalization could renew depreciation pressures.

Key Global Financial Indicators

Last updated:	Level		Change from Market Close				
8/24/26 8:05 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7674	0.4	-1	4	19	12
Eurostoxx 50		6459	-0.1	-1	3	18	12
Nikkei 225		65528	-0.7	-5	1	54	30
MSCI EM		67	0.8	1	6	33	23
Yields and Spreads					bps		
US 10y Yield		4.71	-2.6	-1	4	46	55
Germany 10y Yield		3.26	-1.2	3	8	53	40
EMBIG Sovereign Spread		240	-2	5	4	-51	-13
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.8	-0.1	1	1	2	0
Dollar index, (+) = $ appreciation		99.0	0.2	-1	-2	1	1
Brent Crude Oil ($/barrel)		93.0	-1.4	2	-4	37	53
VIX Index (%, change in pp)		16.0	0.8	1	-3	2	1

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: 8/24/26 8:01 AM	Level Last 12m	Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas				%			%
Brent Crude Oil ($/barrel)		93	-1.8	2	-4	37	53
WTI Crude Oil ($/barrel)		85	-1.9	1	-4	34	49
Natural Gas (Netherlands TTF)		67	2	6	6	101	148
Breakeven Inflation		%		bps			
USD: 2Y		2.4	0.0	14	10	-62	12
USD: 5Y		2.5	-0.3	7	8	-21	15
USD: 5Y5Y		2.4	-1	2	6	-2	0
EUR: 2Y		2.5	-1.2	5	5	60	80
EUR: 5Y		2.2	-1	1	2	36	46
EUR: 5Y5Y		2.1	0	-1	2	5	8

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

In the **week ahead**, market participants will focus on the PCE inflation print on Wednesday morning and Fed Chair Warsh delivering his first Jackson Hole speech on Friday. Investors will be looking for clarity on the interest rate path, with long-dated Treasuries at risk of a deeper selloff. In the corporate world, NVDIA reports second-quarter earnings on Wednesday after markets close.

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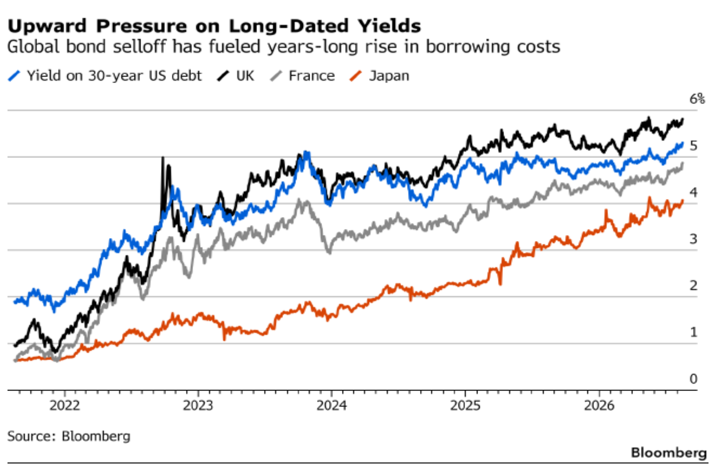
Global Sovereign Bonds

Long term advanced economy bond yields are trading at multi-decade highs as term premia has continued to increase. Although market expectations for future inflation (via long-term breakevens) remain relatively anchored, 30-year government bond yields in the US, UK, France and Japan are trading near multi-decade highs. While different domestic factors are in play, there are a few structural global forces that are common across geographies. First, increased geopolitical uncertainty could result in more frequent inflationary shocks. Second, fiscal concerns are shared across a range of advanced economies. Third, increased competition from corporate borrowers, in particular tech firms looking to finance AI investments. Lastly, structural changes with a drop in more price-insensitive public sector buyers in favor of more price sensitive investors may be exerting additional pressure on yields, particularly during periods when volatility increases.

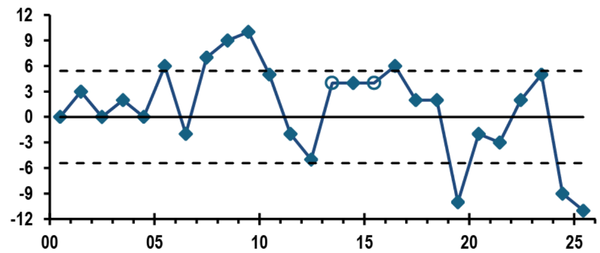


United States

History shows limited action in markets during Jackson Hole. While investors focus this week will be on chair Warsh's remarks on Jackson Hole on Friday, history suggests that they are rarely market moving. JP Morgan analysis shows that big moves (more than 1-standard deviation) on 2-year yields are limited to a few instances including Greenspan's final address, Bernanke's speeches during the global financial crisis era, and a few under the ex-Fed chair Powell. In addition, analysts highlighted that discussions focused on the near-term path of Fed rates are relatively infrequent. With the futures market only pricing in 25 bps of hikes by year end, investors will be on the lookout for any hint from the Jackson Hole conference.

Figure 1: Change in 2y yields around Jackson Hole speeches

bp, Thu close to Fri close. Dashed lines are ±1 std. dev. No Chair in 2013 or 2015

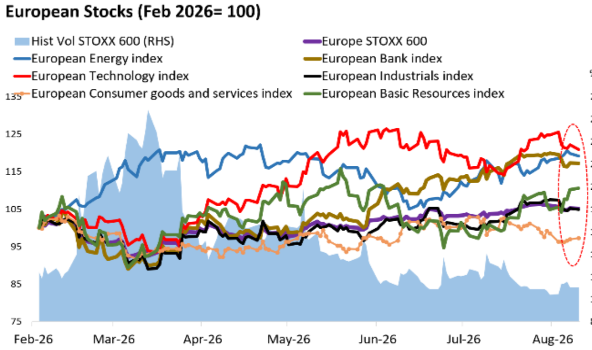


Source: Federal Reserve, J.P. Morgan

Euro Area

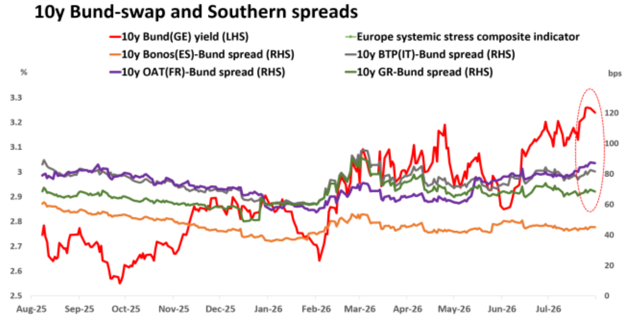
European equities traded sideways this morning, ahead of the Jackson Hole meetings in the US this Friday. The Stoxx 600 index edged marginally higher (+0.1%), with tech stocks flat after the sector sold overnight in Asia, while energy was the biggest laggard (-0.7%) as **oil prices declined** (Brent -1.4% to $93 a barrel) before the release of the US economic isolation plan for Iran due later today. Among financials, banks were supported from expectations of almost two more ECB rate hikes this year, with the sector up +6% from the end of June, while tech was the worst-performing sector -3% this quarter despite solid Q2 earnings and ongoing upgrades. **European government bonds yields were slightly lower this morning,** showing signs of stabilization after choppy moves last week. **Southern spreads inched lower,** with both the 10-year OAT-Bund and BTP-Bund spreads 1 bp narrower at 87 bps and 81 bps, respectively. **Commerzbank** sees long-term EGB yields remaining near multi-year highs in the short term, driven by fiscal concerns. In particular, analysts expect the 30-year French OATs to stay under pressure although the current yield level (4.90%, +23bps on the month) may offer some resistance. **TD Securities** is somewhat more constructive on duration, expecting the 10-year Bund yield to fall back into a 2.80–3.10% range in the coming months. For France, TD analysts see the OAT-Bund spread capped near 9 0bps in the short term, arguing that budget and election risks are already priced-in, and that policymakers could intervene in case of further sell-off as prolonged OAT-Bund spread above 100 bps could prompt discussions of using the ECB's Transmission Protection Instrument.

European Stocks (Feb 2026= 100)



Source: Bloomberg and IMF calculations

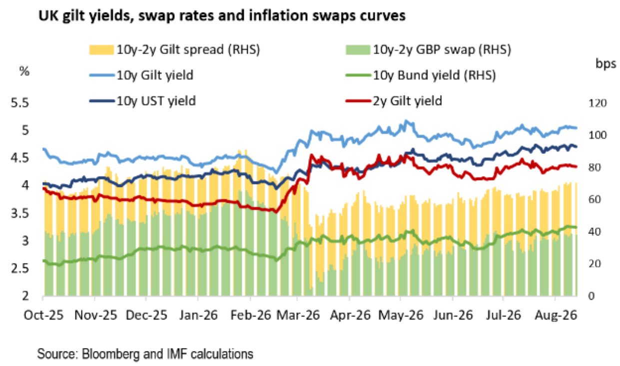
10y Bund-swap and Southern spreads



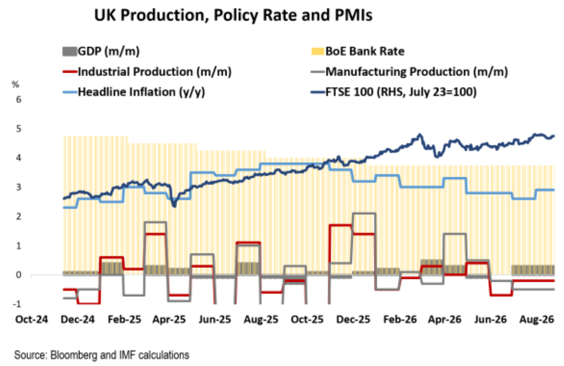
Source: Bloomberg and IMF calculations

United Kingdom

The pound was little changed to the dollar this morning, trading above $1.36/£, with UK equities advancing +0.2% and gilt yields marginally lower across tenors. **Deutsche Bank** (DB) **believes the UK economy is more resilient than expected** despite the energy shock, as GDP grew +0.6% q/q in Q1 and +0.4% in Q2, supported by stronger consumption, business investment and credit availability. DB analysts stressed that inflation surprised to the downside, with the CPI at 2.9% y/y in July, helped by weaker growth of energy and services prices, while last week's August PMIs came above expectations, with the composite index at 52.5pts (vs. est. 51.6) from 52.2 in July, driven by upside surprise from services (Service PMI at 52.8pts, vs est.51.8, from prior 52.1pts). DB expects the UK growth to slow to 0.1% q/q in Q3 and Q4, but with risks to the upside, forecasting the Bank Rate unchanged at 3.75% through end-2026, falling to 3.25% in 2027.



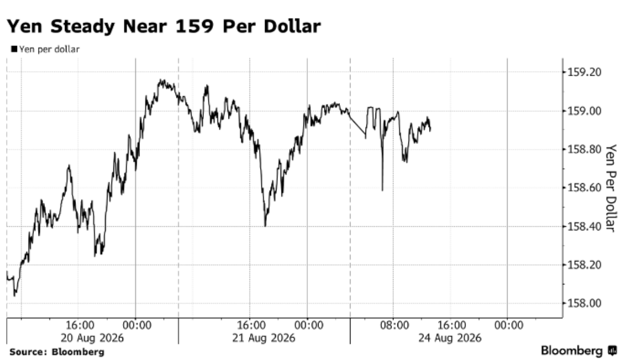
Source: Bloomberg and IMF calculations



Source: Bloomberg and IMF calculations

Japan

The yen traded near 159 per dollar while expectations of a September Bank of Japan rate hike continued to rise. Overnight indexed swaps are now pricing an 80% probability of a rate hike on September 18, up from only 41% at end-July. Expectations of policy normalization have been surging after the US and Japan conducted coordinated currency intervention late last month. Today, the yen depreciated modestly to 159.2 per dollar but remained stronger than the psychological 160 level. Analysts warned that any Bank of Japan pushback against current market pricing over policy normalization could renew depreciation pressures. Deputy Governor Himino will deliver a key speech this Thursday, kicking off a series of public appearances by BOJ officials ahead of the September 18 policy meeting. Benchmark JGB yields were little changed today (10-year flat at 2.88%; 30-year -1 bp to 4.05%), but market participants are watching whether sticky inflation and policy tightening expectations could push yields higher, ahead of the upcoming 10-year (September 1) and 30-year (September 3) JGB auctions. Published last Friday, Japan's core CPI (excl. fresh food) accelerated for a second consecutive month to +1.8% y/y. Japanese equities declined today (Nikkei 225: -0.7%), tracking declines in US tech shares.



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In **Asia**, most currencies were stable (EM Asia: flat) while Asian equities declined, with Hong Kong SAR (Hang Seng: -1.9%) and China (CSI 300: -1.2%) underperforming. In **EMEA**, equities edged mostly higher this morning as oil prices eased, while currencies trade mixed. In CEE, equities traded higher across the region, outperforming in Hungary (+1.6%) and lagging behind (+0.1%) in Poland, where today's data showed real retail sales below expectations in July (+3.9%y/y, vs est. 4.3%). CEE currencies were firm to the euro with the Hungarian forint flat. The Turkish lira was a touch weaker to the dollar (-0.1%), while equities gained +0.2% this morning this morning. The Central Bank of **Türkiye** (CBRT) announced last night the resumption of weekly repo auctions at the 37% policy rate (suspended since March amid the Iran conflict) which triggered a rally in Turkish bank stocks (Borsa Istanbul Banks Index +3.3%). Shares extended gains (+0.8%) in **Saudi Arabia**, supported by leadership changes at the Saudi Capital Markets Authority that reportedly revived investor hopes for further liberalization, including a potential easing of foreign ownership limits. In **Latam,** local markets posted gains last Friday**.** Equities outperformed in Mexico (+2.1%) and Brazil (+1.9%), %) while the Brazilian real (+1.1%) and the Colombian peso (+1.1%) strengthened.

Emerging Market Bond and Equity Fund Flows

EM bond and equity fund inflows continued last week. Inflows into EM bond funds accelerated last week (+$823 mn, from +$356 mn), driven by stronger hard-currency fund inflows (+$519 mn, from +$149 mn) and increased local-currency fund inflows (+$304 mn, from +$208 mn). Bond ETF inflows rose (+$360 mn, from +$193 mn), while non-ETF inflows also increased (+$463 mn, from +$163 mn). EM equity funds also saw further inflows (+$1.2 bn, from +$1.8 bn), with ETF inflows declining (+$1.4 bn, from +$2.0 bn). Year-to-date flows stand at +$32.8 bn for EM bonds and +$73.3 bn for EM equities, respectively.

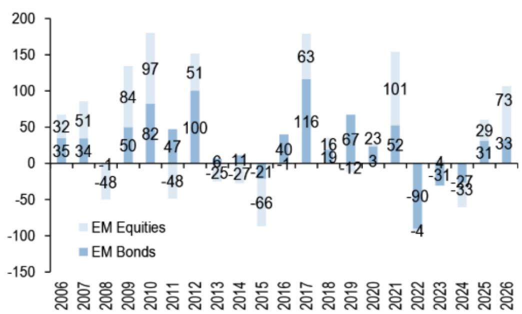
Figure 1: Weekly cross-asset flows

USD billion

	Asset	8w flows (8w ago → current)	This wk	YTD
Fund Flows	**EM Bonds and Equities**		2.0	106.2
	EM Bonds		0.8	32.8
	Hard Ccy		0.5	15.2
	Local Ccy^		0.3	17.6
	o.w. EM ex-China		0.3	16.3
	o.w. China		0.0	-1.0
	EM Equities		1.2	73.3
	US HG		3.6	243.3
	US HY		0.0	8.0
	Global Equities		29.6	388.6
	EM Bond and Equity ETFs		1.8	113.4
	EM Bond ETFs		0.4	5.7
	EM Equity ETFs		1.4	107.6
	Non-resident EM flows*		2.8	-144.0

Figure 2: EM bond and equity fund flows

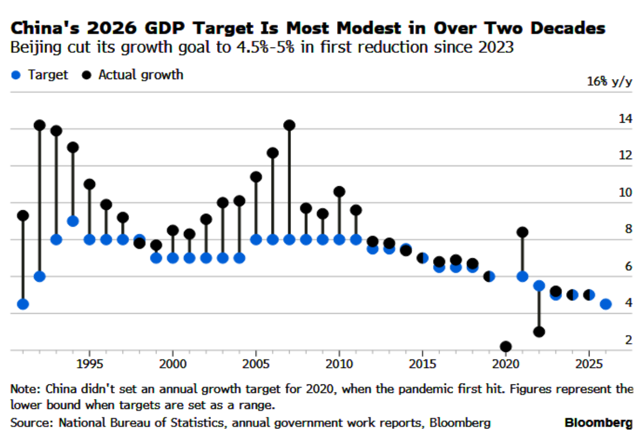
USD billion



*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.
Sources for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

China

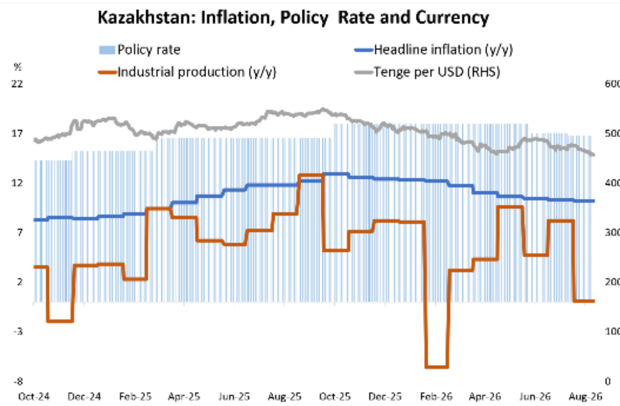
The Chinese yuan was broadly stable while authorities appeared to lean against overly rapid appreciation and maintain ample liquidity support. Both onshore CNY and offshore CNH were little changed today. The People's Bank of China set the fixing weaker today at 6.7841/$, now 600 pips weaker than survey estimates, the largest negative deviation since February. Meanwhile, PBOC conducted its largest net liquidity injection since August 14, pushing the overnight repo rate down (-2 bps to 1.42%; 7-day flat at 1.43%). The liquidity also supported government bonds today (10-year -2 bps to 1.68%; 30-year -1 bp to 2.16%). Market participants continued to anticipate additional policy support amid signs of soft domestic demand and investment weakness, although official commentary emphasized targeted, incremental measures rather than broad-based stimulus and reiterated confidence in achieving this year's growth objectives. Over the past weekend, The People's Daily carried a series of



daily commentaries that made case for looking past short-term economic volatility and described H12026's 4.7% growth pace as "high quality" and in line with current economic conditions. Against this backdrop, equities underperformed today (CSI300: -1.2%), as investors remained cautious on the outlook for domestic demand and the timing of policy transmission.

Kazakhstan

The tenge strengthened (+0.3%), while local equities were flat this morning, **after President Tokayev's allies secured a dominant victory in yesterday's parliamentary elections.** The result strengthens Tokayev's political control following constitutional reforms that replaced the bicameral parliament with a single chamber. Although his current presidential term is due to end in 2029, the Constitutional Court ruled in July that he is eligible to run again, and Tokayev said he may clarify his intentions in 2027. **S&P upgraded last week its Kazakhstan's sovereign credit rating** to BBB/A-2, from BBB-/A-3, with a stable outlook. The upgrade reflects S&P's assessment that Kazakhstan's accumulated financial buffers and investment-led growth provide resilience against external volatility. S&P expects Kazakhstan's GDP growth at 5.1% in 2026, with the country seen as maintaining a relatively rapid expansion compared with other major oil-exporting economies.



Source: Bloomberg and IMF calculations

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), Harrison Kraus (Research Analyst), Mindaugas Leika (Senior Financial Sector Expert), 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.

Global Financial Indicators

Last updated: 8/24/26 8:02 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,674	0.4	-1.4	3.5	18.7	12
Europe		6,459	-0.1	-1.1	2.8	17.7	12
Japan		65,528	-0.7	-5.3	1.4	53.7	30
China		4,563	-1.2	-3.8	-1.9	4.2	-1
Asia Ex Japan		116	0.6	0.4	5.9	33.4	25
Emerging Markets		67	0.8	0.8	6.0	32.6	23
Interest Rates					basis points		
US 10y Yield		4.7	-3	-1	4	46	55
Germany 10y Yield		3.3	-1	3	8	53	40
Japan 10y Yield		2.9	1	-3	8	127	83
UK 10y Yield		5.1	-2	-1	2	36	58
Credit Spreads					basis points		
US Investment Grade		118	-1	-1	0	-6	5
US High Yield		313	-6	-2	0	-29	-27
Exchange Rates					%		
USD/Majors		99.0	0.2	-0.6	-2.4	1.3	1
EUR/USD		1.17	-0.1	0.7	2.6	0.4	-1
USD/JPY		159.2	0.2	-0.2	-2.8	7.7	2
EM/USD		46.8	-0.1	0.7	0.9	1.8	0
Commodities					%		
Brent Crude Oil ($/barrel)		93.0	-1.4	2.4	1.5	41.0	55
Industrials Metals (index)		180.0	0.0	0.1	2.9	27.2	10
Agriculture (index)		62.3	0.1	2.0	3.5	11.2	17
Gold ($/ounce)		4641.5	0.8	5.1	14.5	37.9	7
Bitcoin ($/coin)		77664.9	0.3	12.5	21.1	-31.1	-11
Implied Volatility					%		
VIX Index (%, change in pp)		16.0	0.8	0.8	-2.6	1.7	1.0
Global FX Volatility		6.6	0.1	0.2	0.3	-1.0	-0.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		69	-1	1	-3	5	10
Italy		82	-1	3	0	2	12
France		87	0	3	7	17	16
Spain		45	0	1	-1	-13	2

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

Emerging Market Financial Indicators

8/24/2026 8:00 AM	Exchange Rates Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM) Level Last 12m	Latest	Change (in basis points) 1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.72	0.0	0.3	0.7	6.4	3.9		1.8	0	1	-6	-9	-19
Korea*		1383	0.2	2.4	5.5	0.5	4.4		4.5	4	7	10	180	126
Indonesia		17721	-0.2	0.4	1.4	-8.3	-5.9		6.9	-2	-11	-28	66	92
India		96	0.0	-0.1	0.9	-8.5	-6.1		7.8	2	11	-7	96	73
Philippines		62	0.0	-0.4	0.2	-8.1	-4.5		5.9	-2	-6	-20	116	123
Thailand		33	0.0	1.1	3.1	-0.7	-3.6		2.2	1	3	6	75	47
Malaysia		4.04	-0.1	0.5	1.2	4.1	0.4		3.8	1	6	10	41	29
Argentina		1499	-0.1	-0.7	-1.4	-12.3	-3.2		0.0	0	0	0	-4111	-3237
Brazil		5.14	1.1	1.6	-1.3	6.5	6.9		14.4	-13	-18	-20	36	84
Chile		915	0.7	0.0	2.2	6.1	-1.6		5.7	3	6	7	24	35
Colombia		3041	1.1	3.1	6.0	32.5	24.1		12.2	3	20	-1	52	-67
Mexico		16.93	-0.1	0.7	3.3	10.4	6.4		9.1	2	6	4	1	13
Peru		3.3	0.2	0.5	1.7	5.8	0.5		6.3	8	18	22	0	48
Uruguay		40	0.1	0.4	-0.1	-0.4	-2.6		7.6	0	0	21	-26	6
Hungary		310	0.0	1.1	2.4	10.1	5.4		5.4	0	9	5	-127	-111
Poland		3.70	-0.1	0.8	2.8	-0.8	-2.9		5.3	-2	8	27	45	73
Romania		4.5	-0.1	0.5	2.0	-3.4	-3.7		6.7	-1	2	6	-64	5
Russia		83.3	-0.5	1.7	-6.5	-3.1	-5.5							
South Africa		16.0	0.0	1.3	5.1	9.9	3.4		9.0	2	16	10	-101	37
Türkiye		48.08	-0.1	-0.4	-1.5	-14.7	-10.7		34.5	-13	-47	-90	275	488
US (DXY; 5y UST)		99	0.2	-0.7	-2.5	1.3	0.7		4.40	-2	3	-2	64	68

	Equity Markets Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG) Level Last 12m	Latest	Change (in basis points) 7 Days	30 Days	12 M	YTD
								basis points					
China		4,563	-1.2	-3.8	-1.9	4.2	-1.4		90	-3	4	-18	15
Korea*		6,697	-3.1	-4.0	0.1	111.3	58.9		22	0	-1	2	0
Indonesia		6,502	-0.4	1.6	4.9	-17.3	-24.8		105	-2	-3	26	19
India		77,369	-0.4	-0.5	1.7	-4.8	-9.2		92	1	0	5	2
Philippines		6,251	0.2	-0.7	-0.5	-0.5	3.3		90	3	-1	23	15
Thailand		1,601	-0.8	-1.6	-2.6	27.7	27.1						
Malaysia		1,736	0.0	0.6	2.1	8.7	3.3		59	4	2	-2	0
Argentina		2,913,184	1.3	-2.9	-11.3	38.3	-4.5		514	32	90	-248	-55
Brazil		171,032	1.9	2.5	-1.7	24.0	6.1		186	-1	7	-19	-17
Chile		11,338	0.9	2.7	3.5	28.0	8.2		92	2	5	-9	1
Colombia		2,459	0.6	0.3	8.1	32.3	18.9		199	-2	5	-88	-78
Mexico		65,729	2.1	2.1	-1.0	11.0	2.2		196	4	0	-47	-21
Peru		3,598	4.9	5.8	7.2	72.7	39.2		90	7	6	-14	-19
Hungary		151,068	1.6	0.7	5.3	43.2	36.1		105	-1	-1	-28	-34
Poland		151,748	0.1	0.1	5.7	41.0	29.4		92	3	4	-2	1
Romania		36,581	0.4	1.7	1.8	76.8	49.7		176	7	-3	-30	1
South Africa		117,549	-0.2	2.5	7.5	14.4	1.5		198	4	-3	-88	-20
Türkiye		14,550	0.2	3.0	4.3	27.9	29.2		246	1	-11	-24	12
EM total		67	-1.1	0.8	6.0	32.6	22.7		273	4	10	-70	2

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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