GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, AUGUST 28, 2026
LEAD EDITOR: TIMOTHY CHU

- **US investors appear reluctant to add equity exposure** (link)
- **BOJ hike bets drive Japanese bond yields higher; inflation remains sticky** (link)
- **Yuan holds narrowest weekly range since 2016 despite sanction threats** (link)
- **The Colombian peso performs the worst among 22 EM currencies** (link)
- **Inflation accelerates in France and Spain, in line with expectations** (link)

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Markets Cautious Ahead of Much-Anticipated Jackson Hole Speech

Global markets are higher on the week but cautious ahead of today's key Jackson Hole speech by Fed Chair Kevin Warsh. Risk assets treaded water earlier as Iran sentiment deteriorated, before momentum resumed on optimism over renewed flows through the Strait of Hormuz and diplomatic re-engagement. Oil prices are lower this week, with Brent down 5%, though mixed headlines continue to weigh on energy. Nvidia's blockbuster sales outlook reinforced the AI narrative and lifted tech, boosting the S&P 500, Nasdaq, and tech-heavy Asian indices. Still, tech strength masked broader equity weakness, with most S&P 500 constituents lower yesterday and Europe's less tech-exposed Stoxx underperforming peers. Global yields saw some long-end relief from lower oil, though German, Japanese, and UK 10yr yields remain 1–3bps higher amid sticky inflation and hawkish central bank remarks. The Bank of Korea and the central bank of the Philippines raised rates to tame inflation. US PCE data showed little disinflation progress, but 10yr Treasury yields are 5bps lower on the week, with a flatter curve sustained by Treasury's surprise buyback announcement. The dollar is 0.4% higher on the week, though 2% lower this month amid increased chatter around the debasement trade. Elsewhere, geopolitical risks remain elevated, with escalating Canada-US tariff threats and intensifying Russia-Ukraine strikes weighing on agriculture prices.

Key Global Financial Indicators

Last updated: 8/28/26 8:21 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		7731	0.7	1	4	19	13
Eurostoxx 50		6469	0.7	0	3	20	12
Nikkei 225		66406	0.4	1	3	55	32
MSCI EM		68	0.7	1	8	35	24
Yields and Spreads				bps			
US 10y Yield		4.69	1.2	-5	8	48	52
Germany 10y Yield		3.28	2.7	2	18	59	43
EMBIG Sovereign Spread		238	-4	-4	-4	-60	-15
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		46.5	0.1	-1	0	2	0
Dollar index, (+) = $ appreciation		99.2	0.1	0	-2	1	1
Brent Crude Oil ($/barrel)		89.4	-0.3	-5	6	30	47
VIX Index (%, change in pp)		14.5	-0.1	-1	-4	0	0

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: 8/28/26 8:21 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		89	-0.3	-5	6	30	47
WTI Crude Oil ($/barrel)		83	-0.6	-5	5	28	45
Natural Gas (Netherlands TTF)		68	-1	3	17	115	151
Breakeven Inflation		%	bps				
USD: 2Y		2.5	0.1	4	26	-62	16
USD: 5Y		2.5	-0.2	1	18	-22	16
USD: 5Y5Y		2.4	0	-2	8	-3	-1
EUR: 2Y		2.5	0.7	0	24	61	81
EUR: 5Y		2.3	1	1	15	37	47
EUR: 5Y5Y		2.1	0	0	3	4	7

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

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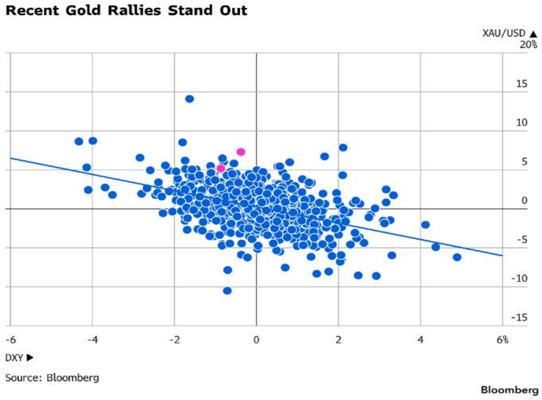
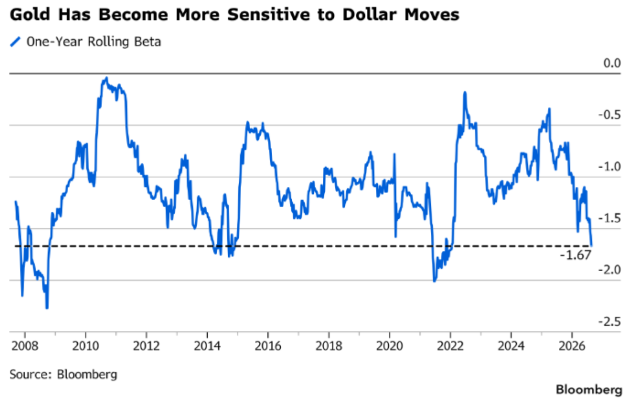
United States

US equities rose on Thursday, led by technology stocks following Nvidia's stronger sales outlook. The company's shares gained 8.5% after it projected revenue growth of around 70% in the next fiscal year. Positive forecasts from Salesforce and CrowdStrike supported the broader technology sector and reinforced recent outperformance in software stocks after having weakened amid AI-vulnerability concerns earlier this year. The Nasdaq 100 rose 1.1% and the S&P 500 gained 0.6%. However, roughly two-thirds of S&P500 stocks were lower on the day. **US Treasury yields edged higher, with the 10yr rising by 3bps**. Several Fed speakers, including presidents Hammack and Schmid, provided a more hawkish backdrop before the Chair's speech, while yields also moved in sympathy with a 2% rise in Brent oil prices. This followed reports that the US was not interested in returning to the terms of its June MOU with Iran. The dollar was broadly unchanged.

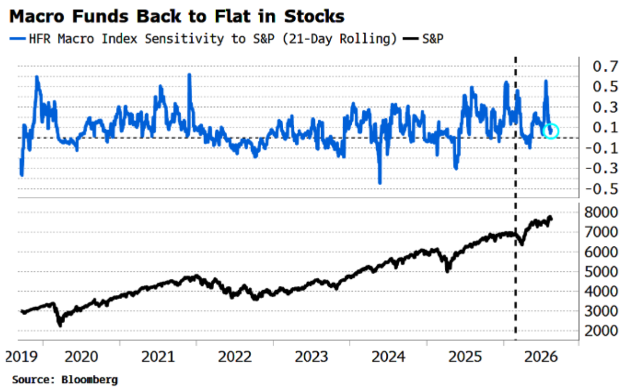
Most markets are trading sideways this morning, ahead of Federal Reserve Chair Kevin Warsh's 10am speech at Jackson Hole, with equity futures modestly lower and contacts noting light positioning. Investors will focus on whether the Fed Chair provides clues around the Fed's reaction function or whether he will devote discussion to big-picture policy changes, while staying mum on the near-term outlook. Some contacts note the potential for Treasury yields to grind higher in the case of the latter, with prospects for some cross-market volatility.

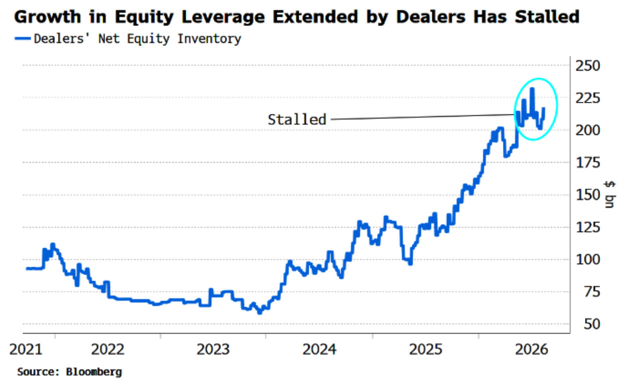
Gold is becoming more sensitive to moves in the US dollar. In August, gold had its best return since September 1999, gaining around 14%. Over the last 20 years, gold has had a negative relationship with the dollar, with a weekly beta of -1.04. In simple terms, gold has risen 74% of the time when the US dollar index has fallen. This relationship has become more acute in August, dragging the rolling beta to -1.67 on a one-year basis. Recent market commentary suggests that gold's appeal as a store of value is rising, driving prices and increasing its negative correlation with the US dollar.





Investors appear reluctant to add equity exposure. The S&P 500 has remained mostly rangebound this month, with Bloomberg analysts suggesting that investors might be hesitant to add exposure at these levels. First, investors seem underexposed relative to the volatility environment. Second, fast money (macro hedge funds) sensitivity to S&P 500 returns has fallen back to zero after being at an almost decade-high level just a few weeks ago. Lastly, equity leverage offered by dealers has plateaued over the summer. They conclude by suggesting that investors currently don't see equities as a good risk-return opportunity given the current global conjuncture.

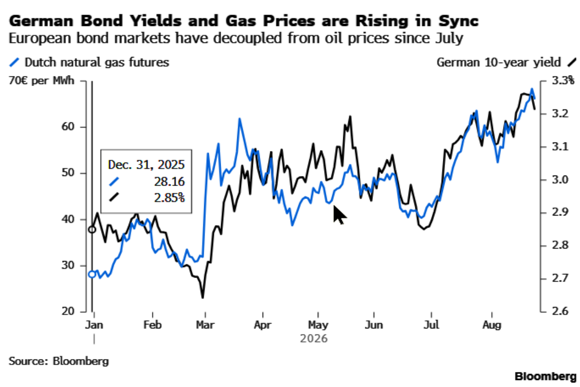


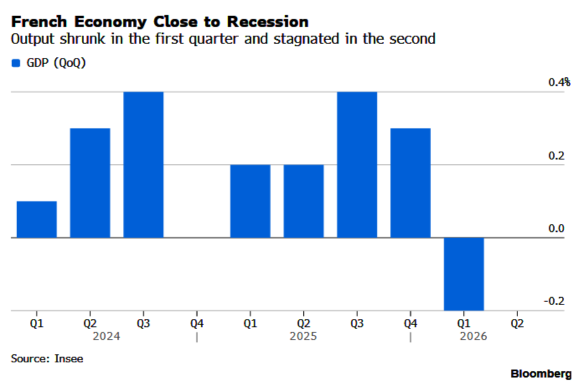


Euro Area

European stocks returned to positive territory this morning, as investors awaited the Fed Chair's Jackson Hole speech. The Stoxx 600 retraced yesterday's losses, rising 0.5%, led by utilities (+1.2%). Banks also moved higher (+0.6%), as French banks partly pared yesterday's losses, helping the CAC 40 outperform regional peers (+1%). **The euro inched lower** (-0.1%) **against the dollar**. **European government bond yields rose marginally** across tenors, by about 2bps (2y at 2.86%; 10y at 3.27%), while **Southern European spreads were broadly unchanged** (10y OAT-Bund and BTP-Bund spreads at 85bps and 82bps, respectively). European natural gas futures continued to edge higher, trading at €68.78/MWh (+5% WtD).

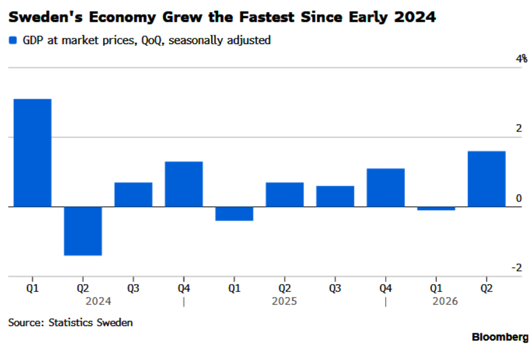
Today's data showed **inflation broadly in line with expectations in France** (2.4%, vs. est. 2.4%, from 2.1%) **and Spain** (4.3%, vs. est. 4.2%, from 3.6%). Separately, final GDP figures showed **France's economy stagnating in Q2** (0% q/q, vs. est. 0.2%), as the 2027 presidential election debate began ahead of Fitch's review of France's A+ stable credit rating later today.

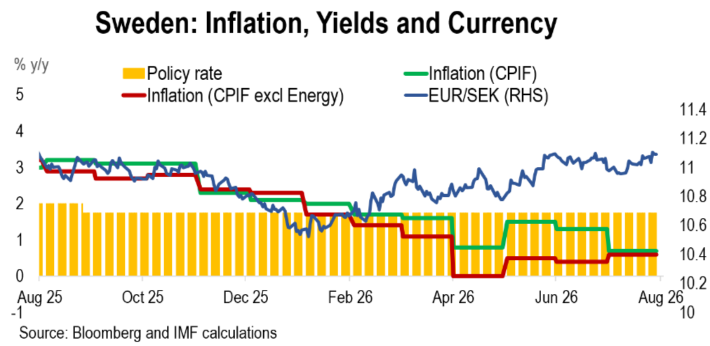




Sweden

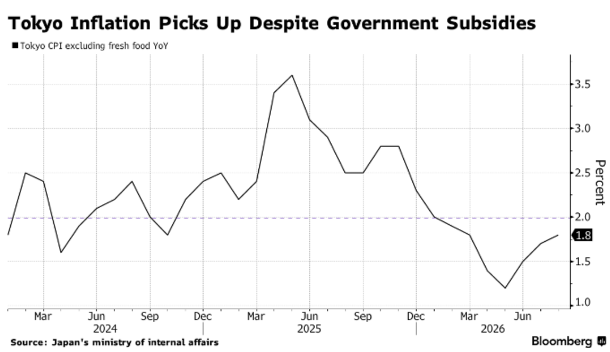
The **krona was little changed against the euro** and the dollar, trading at around SEK11.09/€ and SEK9.52/$, while Swedish equities added 0.6% this morning after **today's Q2 GDP data surprised to the upside** (+1.6% q/q, vs. est. 1.4%, from prior -0.1%). Government bond yields edged higher by about 3bps across tenors (2y at 2.43%, 5y at 2.68%, and 10y at 3.04%), underperforming European peers, while money markets moved to fully price in a 25bps Riksbank rate hike by December after today's GDP beat. Money markets assign the November Riksbank meeting the highest single-meeting likelihood of a hike (44%), consistent with **Swedbank**'s call for a 25bps hike in November followed by another in February 2027, taking the policy rate to 2.25%.





Japan

Markets strengthened expectations of a near-term Bank of Japan rate hike after Tokyo inflation data reinforced signs of persistent underlying price pressures. Tokyo August core CPI accelerated for a third consecutive month to 1.8% y/y (July: 1.7%), even as the government took steps to reduce energy costs. Tokyo rent inflation rose to 1.9% y/y from 1.4% in July, the fastest year-on-year pace since August 1994. Higher semiconductor costs and a weak yen also helped push up prices for durable goods, while food inflation slowed slightly. Against this backdrop, overnight indexed swaps are now pricing an 84% probability of a September rate hike. Benchmark bond yields also rose (2-yr +2bp to 1.70%; 10-yr +3bp to 2.92%; 30-yr +5bp to 4.11%) after a two-year JGB auction saw weak demand (bid-to-cover 2.97 vs. 12-month average of 3.74). BNP strategists believe the auction result reflects persistent investor caution over accelerated BOJ rate hikes and argue that volatility in short-term tenors tends to ripple through and amplify toward the longer end of the yield curve. Today, the yen weakened (-0.2%) to 159.63/$, while equities rose (Nikkei 225: +0.4%), as the relief to the AI trade brought by Nvidia's earnings lifted sentiment more broadly.



Emerging Markets back to top

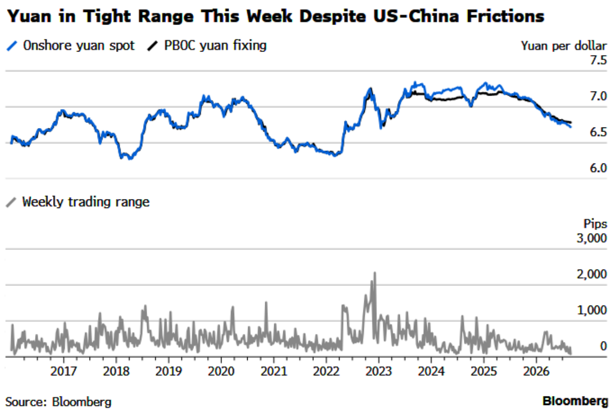
EMEA equities and currencies were mixed this morning. In CEE, equities rose in Poland (+0.3%) but fell in Hungary (-0.2%) and Romania (-0.5%), while currencies were little changed against the euro. The rand held firm at ZAR15.99/$, and South African equities rose 1%. The lira weakened (-0.2%) to TRY48.24/$, while Turkish equities slipped 0.1%. Elsewhere, Rwanda raised its benchmark rate for a third consecutive time, to 8.75% from 8.25%, citing inflation expected to remain above 8% through 2026 before returning to target in H2 2027.

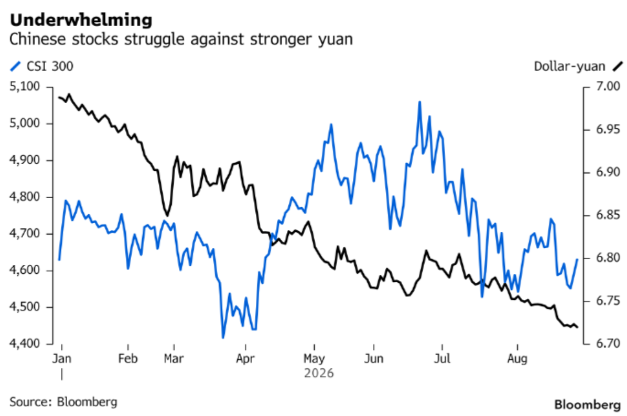
Asian currencies were mixed (EM Asia: flat) versus the US dollar overnight. The Korean won strengthened (+0.7%) to 1372/$, its strongest level since July 2025, as local firms sell dollars at month end. The Philippine peso weakened (-0.6%) to a record low due to a larger-than-expected trade deficit. Asian equities declined (EM Asia: -0.2%), led by Korea (KOSPI: -1.8%), Malaysia (Kuala Lumpur Composite: -0.9%), the Philippines (PSE Index: -0.8%) and Thailand (SET Index: -0.8%).

Latin American markets weakened on Thursday. Equity markets declined in Mexico (-0.6%), Colombia (-0.6%), and Peru (-0.4%), while Chile's equity market gained 0.9%. Currencies depreciated against the US dollar in Chile (-0.5%) and Colombia (-0.8%).

China

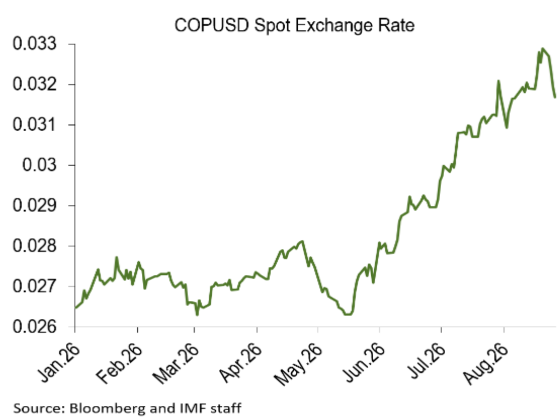
The onshore yuan traded within an exceptionally tight 0.11% range this week, fluctuating between 6.7188 and 6.7264 per dollar, its narrowest weekly trading band since early 2016. Today, both onshore CNY and offshore CNH were again little changed, staying near the 6.72 handle, while the yuan was fixed stronger at 6.7811/$. Both CNY and CNH remain near their strongest levels since 2023 despite escalating US threats linked to China's ties with Iran. Market participants have largely looked through geopolitical risks, citing China's large external surplus, resilient exports, broad US dollar weakness, and expectations that China remains comfortable with gradual currency appreciation. Government bond yields remained stable today (10yr flat at 1.69%; 30yr flat at 2.19%), while repo rates continued to fall (overnight -2bp to 1.34%; 7-day -1bp to 1.39%). Onshore equity sentiment remained soft (CSI 300: -0.5%), closing the week slightly down (-0.2%), its third consecutive weekly decline. Bloomberg reported that, with 70% of CSI 300 companies having reported their quarterly results, downside-surprises have outnumbered beats, raising concerns about profit momentum and limiting gains in the broader market.





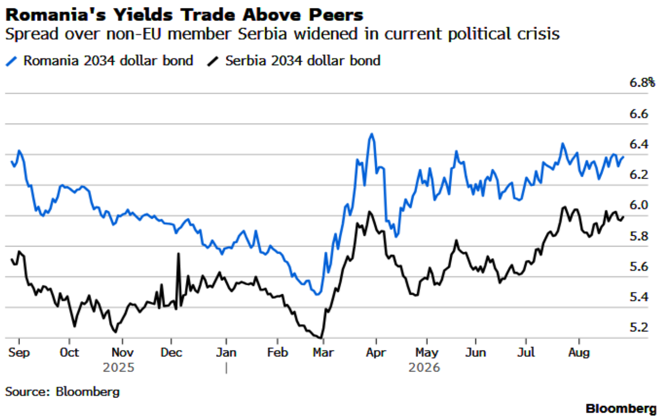
Colombia

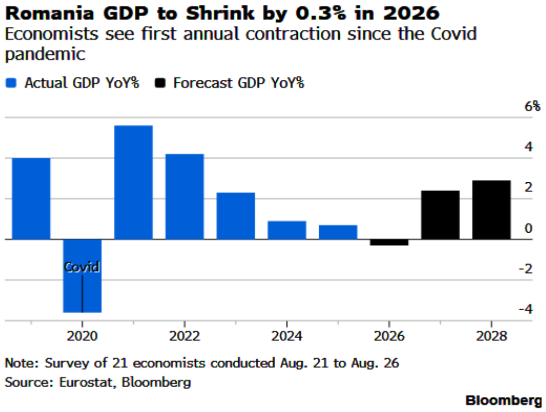
The Colombian peso fell 3.6% this week, the worst performance among 22 emerging market currencies. A shortage of dollars in the local financial system increased demand for the US currency and weakened the peso. The decline followed a strong rally, with the peso still up more than 20% this year due to high carry returns. High interest rates and expectations of fiscal consolidation also supported the currency. The liquidity-driven correction may not change the longer-term trend, but the peso remains vulnerable after its sharp appreciation. Uncertainty ahead of Fed Chair Kevin Warsh's Jackson Hole speech also added volatility, prompting some investors to take profits on emerging market carry trades.



Romania

Romanian equities extended losses (-0.5%) this morning, leaving the market down 3% on the week and the region's worst performer. Bloomberg analysts see the outlook as sharply weaker, with GDP expected to contract 0.3% in 2026 after Q2 stagnation, as tax increases and spending cuts weigh on activity, even as the deficit is still forecast at 6.2% of GDP in 2026 and 5.7% in 2027. Bloomberg also flags **rising credit-rating risk** after policymakers failed to agree on the public-sector wage law, putting about €770m of EU funds at risk. Romania is already rated at the lowest investment-grade level with negative outlooks by all three major agencies, while borrowing costs remain the highest in the EU. JP Morgan is more constructive, expecting the lost grant to have little or no effect on the 2026 deficit and Romania to still receive over 90% of its EU Recovery and Resilience funds, or about €13.5bn. It expects the political deadlock to be resolved in the coming months, with a technocratic government focused on spending restraint and fiscal consolidation.





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Global Financial Indicators

Last updated: 8/28/26 8:22 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,729	0.7	0.7	4.0	18.9	13
Europe		6,470	0.7	0.1	2.9	19.9	12
Japan		66,406	0.4	0.6	3.2	55.4	32
China		4,609	-0.5	-0.2	0.5	2.5	0
Asia Ex Japan		117	0.7	1.6	9.0	36.1	26
Emerging Markets		68	0.7	1.5	8.4	35.0	24
Interest Rates					basis points		
US 10y Yield		4.7	1	-5	8	48	52
Germany 10y Yield		3.3	3	2	18	59	43
Japan 10y Yield		2.9	3	4	15	131	87
UK 10y Yield		5.1	3	0	11	36	58
Credit Spreads					basis points		
US Investment Grade		114	0	-3	-7	-11	2
US High Yield		305	-3	-9	-21	-31	-36
Exchange Rates					%		
USD/Majors		99.2	0.1	0.4	-2.2	1.4	1
EUR/USD		1.16	-0.1	-0.3	2.2	-0.3	-1
USD/JPY		159.6	0.2	0.4	-2.6	8.6	2
EM/USD		46.5	0.1	-0.6	0.3	1.6	0
Commodities					%		
Brent Crude Oil ($/barrel)		89.4	-0.3	-5.2	9.0	34.9	49
Industrials Metals (index)		180.8	0.4	0.5	3.8	28.0	11
Agriculture (index)		64.9	1.0	4.3	9.4	17.3	21
Gold ($/ounce)		4599.3	0.0	-0.1	14.1	34.6	6
Bitcoin ($/coin)		79681.5	-0.5	2.9	24.8	-28.8	-9
Implied Volatility					%		
VIX Index (%, change in pp)		14.5	-0.1	-0.7	-3.7	0.0	-0.5
Global FX Volatility		6.5	0.0	0.0	0.1	-1.3	-0.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		67	-1	-3	-3	-1	8
Italy		82	0	-1	2	-2	12
France		85	0	-2	7	7	14
Spain		45	0	-1	0	-16	1

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

Emerging Market Financial Indicators

8/28/2026 8:23 AM	Exchange Rates: Level, Last 12m	Exchange Rates: Level, Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM): Level, Last 12m	Level, 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	0.0	0.7	6.1	4.0		1.8	1	1	-2	-6	-17
Korea*		1374	0.6	0.9	5.7	0.8	4.8		4.4	-8	-13	-8	163	108
Indonesia		17692	0.2	0.0	2.1	-7.6	-5.7		7.0	-4	-1	-37	71	93
India		95	0.2	0.3	0.5	-8.1	-5.8		7.8	2	2	-3	98	73
Philippines		62	-0.6	-1.0	-1.0	-8.3	-5.5		5.9	3	1	-15	122	127
Thailand		33	-0.2	-0.8	1.9	-1.7	-4.4		2.2	0	1	1	78	47
Malaysia		4.02	0.2	0.3	1.7	4.8	0.9		3.9	2	8	17	48	36
Argentina		1512	0.1	-1.0	-1.0	-10.6	-4.0		0.0	0	0	0	-4574	-3237
Brazil		5.16	0.0	-0.4	-0.8	4.9	6.1		14.3	-2	-22	-28	44	75
Chile		926	-0.5	-0.5	1.5	4.5	-2.8		5.6	0	-1	2	19	32
Colombia		3156	-0.8	-2.6	1.3	27.7	19.7		12.3	9	15	3	76	-55
Mexico		16.95	0.2	-0.2	2.8	10.0	6.2		9.1	3	-2	-8	11	9
Peru		3.3	-0.1	0.2	1.7	6.2	0.5		6.3	0	0	22	-3	47
Uruguay		40	0.0	-0.1	-0.1	-0.6	-3.2		7.6	0	0	17	-39	5
Hungary		313	-0.1	-0.9	0.8	8.4	4.4		5.4	4	1	-1	-128	-109
Poland		3.72	-0.1	-0.9	1.9	-2.0	-3.6		5.3	5	-3	22	43	72
Romania		4.5	-0.1	-0.4	1.7	-3.9	-4.0		6.8	4	1	9	-62	7
Russia		85.6	0.4	-3.2	-8.4	-5.8	-8.0							
South Africa		16.0	0.0	0.1	4.4	10.6	3.5		8.9	2	-9	-6	-111	26
Türkiye		48.25	-0.2	-0.4	-1.8	-14.9	-11.0		34.0	4	-57	-158	253	444
US (DXY; 5y UST)		99	0.0	0.4	-2.2	1.4	0.9		4.41	1	-1	4	72	69

	Equity Markets: Level, Last 12m	Level, Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG): Level, Last 12m	Level, Latest	Change (in basis points): 7 Days	30 Days	12 M	YTD
								basis points					
China		4,609	-0.5	-0.2	0.5	2.5	-0.4		91	0	5	-23	16
Korea*		6,789	-1.8	-1.8	2.9	113.1	61.1		22	0	-2	2	0
Indonesia		6,518	-0.1	0.3	4.5	-16.8	-24.6		107	-2	-7	21	21
India		77,265	-0.1	-0.4	-1.1	-3.2	-9.3		92	0	-2	-1	2
Philippines		5,956	-0.8	-4.5	-4.5	-3.0	-1.6		92	-2	-4	19	17
Thailand		1,588	-0.8	-1.6	-2.2	28.4	26.1						
Malaysia		1,726	-0.9	-0.6	0.1	9.6	2.7		61	0	3	-4	2
Argentina		3,001,209	-0.8	4.4	-7.8	50.3	-1.7		518	-23	71	-344	-51
Brazil		175,135	0.3	4.3	-0.8	24.2	8.7		184	-5	-2	-23	-19
Chile		11,471	0.9	2.1	5.4	28.6	9.4		94	1	1	-12	3
Colombia		2,490	-0.6	1.2	8.2	35.4	20.4		197	-2	-3	-98	-80
Mexico		65,830	-0.5	2.3	-2.2	11.3	2.4		195	-2	-11	-50	-22
Peru		3,587	-0.5	4.6	7.3	71.4	38.9		90	0	0	-18	-19
Hungary		149,535	-0.1	0.6	3.6	44.1	34.7		109	2	-3	-31	-30
Poland		151,667	0.5	0.0	5.2	43.0	29.4		94	1	4	-5	3
Romania		35,292	-0.5	-3.1	-3.0	71.7	44.4		183	5	3	-29	8
South Africa		118,181	1.2	0.4	7.5	16.0	2.0		198	-2	-9	-91	-20
Türkiye		14,583	0.1	0.5	6.5	28.3	29.5		249	0	-12	-31	15
EM total		68	0.2	1.5	8.4	35.0	23.6		268	-5	0	-88	-3

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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