



- **US Treasury yields drop on weaker than expected US retail sales** ([link](#))
- **Alphabet issues \$20 bn in dollar bonds and +\$11 bn in sterling and Swiss franc bonds** ([link](#))
- **Strong capital positions support capital distribution strategies for banks** ([link](#))
- **Equity inflows to Japan expected to accelerate with growth friendly policies** ([link](#))
- **Krone strengthens as inflation surprises in Norway** ([link](#))
- **The RMB reaches a two-year high as yuan conversion increases** ([link](#))
- **Romania's government bond yields continue their decline** ([link](#))

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Markets rally pauses ahead of key US data

Markets opened cautiously ahead of the release of key employment data in the US tomorrow. European bourses were flat and US equity futures signaled an opening in the red today. This morning, US retail sales were weaker than expected, with US Treasury yields dropping and the dollar weakening immediately after the release. In Asian markets, Japanese equities continued their ascent following PM Takaichi's historic election win over the weekend. Analysts expect earnings-enhancing initiatives including fiscal support, corporate reform and improved growth dynamics to support Japanese equities and attract greater nonresident inflows. In corporate bond markets, Alphabet raised \$20 bn through a multi-tranche dollar bond offering, exceeding earlier expectations of a \$15 bn deal and attracting over \$100 bn of orders. Alphabet is also issuing over \$11 bn in sterling and Swiss franc-denominated bonds, including a 100-year bond targeted at UK pension funds. Morgan Stanley expects hyperscalers to borrow a total of \$400 bn this year, up from \$165 bn in 2025. Despite Alphabet's large bond offering, corporate bond spreads remained tight, with the iTraxx 5-year CDS investment grade spread hovering around 50 bps this morning.

Key Global Financial Indicators

Last updated: 2/10/26 8:15 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6965	0.5	0	0	15	2
Eurostoxx 50		6068	0.2	1	1	13	5
Nikkei 225		57651	2.3	5	11	49	15
MSCI EM		61	0.7	2	6	38	11
Yields and Spreads			bps				
US 10y Yield		4.17	-2.8	-9	1	-32	1
Germany 10y Yield		2.82	-1.6	-7	-4	46	-3
EMBIG Sovereign Spread		243	-2	2	-9	-71	-10
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.7	-0.1	0	2	9	2
Dollar index, (+) = \$ appreciation		96.9	0.1	-1	-2	-11	-1
Brent Crude Oil (\$/barrel)		69.2	0.2	3	9	-9	14
VIX Index (% change in pp)		17.4	0.0	-1	3	2	2

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

Equity markets kicked off a data-heavy week on a firmer footing yesterday, led by the IT sector, after a sharp rally in Japan overnight following the LDP's decisive victory on Sunday. The S&P 500 rose +0.5% on the day, while the VIX declined to 17.4. This morning, December **retail sales were weaker than expected** (0.0% m/m versus +0.4% expected), while the latest ADP employment report came in on firmer footing (6.5k versus 5.0k in the prior week). The Q4 Employment Cost Index was slightly below expectations (+0.7% versus +0.8% expected), while December import prices were in line (+0.1% m/m). US Treasury yields fell and the dollar weakened immediately following the release.

Alphabet raised \$20 bn through a multi-tranche dollar bond offering, exceeding earlier expectations of a \$15 bn deal. It attracted over \$100 bn of orders at its peak, among the strongest ever for a corporate bond offering. Alphabet is also issuing over \$11 bn in sterling and Swiss franc-denominated bonds, including a 100-year bond targeted at UK pension funds. Last week the company indicated plans for \$185 bn of capital expenditures this year—exceeding its combined capex over the past three years. Morgan Stanley expects hyperscalers to borrow a total of \$400 bn this year, up from \$165 bn in 2025. Despite the bond offering on Monday corporate bond index spreads have remained tight. Bloomberg intelligence notes that a wave of bond issuance for AI-related bond supply could eventually exert widening pressure on historically tight corporate bond spreads, alongside steepening pressure on highly rated long-duration bonds, including US Treasuries.

Global bank earnings

Earnings releases for large banks—including global systemically important banks (G-SIBs)—in Q4-2025 underscored robust profitability, strong share performance, and capital buffers above internal targets and regulatory minimums. These conditions continued to support elevated capital distributions. To date, most large banks in Europe, the United Kingdom and the United States have reaffirmed plans to maintain or increase dividends and share repurchase programs into 2026. Growth has taken the form of expanding existing business lines or entering new activities—such as becoming a cloud service provider (Italian bank) or expanding into the stablecoin market (French G-SIB) or of targeted acquisitions, including the purchase of another bank in the United States (Spanish G-SIB) and the acquisition of a wealth manager (UK bank). While investors expect shareholder returns to be maintained, market reactions have been sensitive to changes in capital distribution plans: shares of the UK bank declined by about 6% following the announcement of a pause in share repurchases until mid-2027.

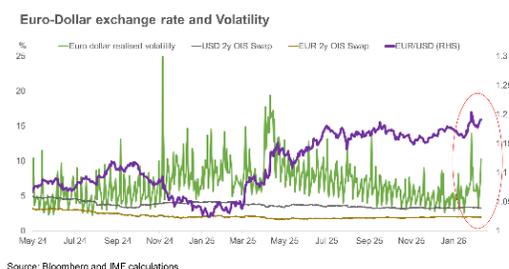


Euro area

European equities were sideways this morning, with the Stoxx 600 index little changed as losses among energy (-0.3%) and banks (-0.5%) stocks offset gains in the consumer discretionary (+0.8%) and health care (+0.8%) sectors. European government bond (EGB) yields were slightly lower on longer tenors, with

the 10-year bund yield trading at 2.82% and the 30-year yield at 3.51%, while Southern EGBs spreads were also little changed.

The euro was only fractionally weaker against the dollar this morning, continuing to trade at \$1.1905/€. Analysts at Bloomberg see the euro poised for another test at the level of \$1.20/€, with options markets providing bullish signals as risk reversals across maturities show a 100 bps premium for euro upside, and with the current market positioning seen near the top of historical bullish positions, suggesting a structural rather than tactical shift. Bloomberg continues to see a softer dollar as the main driver of the pair, on the back of risks from US data and possible portfolio reallocation away from US assets. ING noted that the fundamentals behind the dollar have not changed, with the US growth remaining reasonably strong, and a softening US labor market prompting two Fed rate cuts consistent with a dollar dip, not a collapse. As a result, ING believes that, unless the outlook for US bond and equities deteriorates substantially, the euro should edge up to the 1.22 level in an orderly manner, and that an overshoot to 1.25 could prompt an ECB rate cut. This morning, the ECB Vice President Luis de Guindos said that the recent appreciation of the euro is no cause for alarm, as “it deserves attention” but the currency is expected to continue to trade in the \$1.16/€–\$1.18/€ range, after an only “brief uptick”, which is fully consistent with the assumptions included in ECB’s projections.



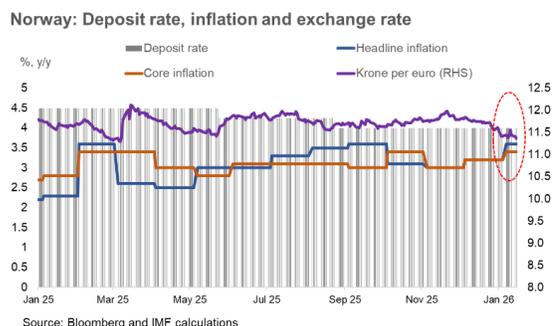
Traders' Conviction in a Stronger Euro Rises
Triple-digit premium across tenors seen just 0.14% of the time

Tenor	Euro skew as of 6am London	Euro skew as of Feb. 3	Euro skew as of Jan. 10
1W	1.027	0.63	0.374
2W	1.058	0.64	0.1
3W	1.085	0.688	0.15
1M	1.088	0.71	0.259
2M	1.142	0.8	0.2
3M	1.165	0.868	0.239
4M	1.17	0.913	0.15
6M	1.183	0.958	0.075
9M	1.197	1.013	0.09
1Y	1.197	1.055	0.075

Source: Bloomberg

Norway

The krone appreciated as much as +0.5% to the euro (and the dollar) in early trade, after today’s inflation data for January surprised to the upside as the CPI printed at 3.6% y/y (vs. est. 3%) from prior 3.2%. Core inflation came also more stubborn than expected at 3.4% y/y (vs. est 3%), from an upwardly revised 3.2% in December. Norway’s government bonds sold across tenors, with the yield curve bear flattening (2-year yield +17 bps at 4.06% and 10-year yield +6 bps at 4.25%), as today’s data triggered market repricing of Norges Bank expectations with money market traders pricing-in nearly no change to the policy rate by June (23% likelihood of a 25 bps cut) against -14 bps of easing priced-in last week (43% likelihood of a cut). Bloomberg sees today’s data in line with evidence of a broad-based rebound in Norway’s economy, after last week’s data showed industrial production up by 2.3% y/y in December and yesterday’s Q4 GDP figure at 0.4% q/q, suggesting no near-term easing from the Norges Bank after it cut its policy rate by 50 bps in 2025 to 4%.



Japan

Market analysts expect equity inflows to Japan to accelerate with growth friendly policies. Following PM Takaichi’s historic election win, analysts expect earnings-enhancing initiatives including fiscal support, corporate reform, reflation as well as improved growth dynamics to support equities and attract greater nonresident inflows. By Nomura’s estimates, net foreign buying could total ¥10 tn (\$64.1 bn) over the next

three months at the earliest if investors are confident that PM Takaichi's growth strategies could be implemented. Such estimates, if they materialize, would dwarf the ¥3.8 tn and ¥4.5 tn of inflows seen in the three months following elections of PM Abe in 2005 and PM Noda in 2012, respectively. Equities extended their gains, with the Nikkei rising 2.3% to a fresh historic high. The yen (+0.4%) extended its appreciation from Monday.

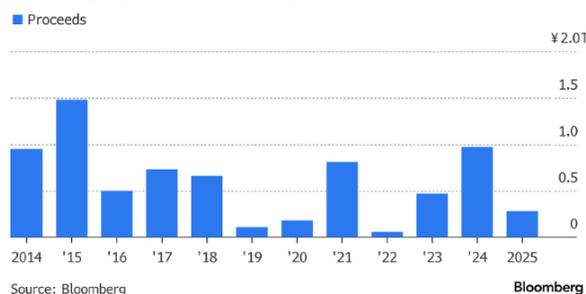
Foreign Buying Is Approaching 2015 Peak

Cumulative net buying of cash equities since 2012



Equity gains and elevated bond yields boost the appeal of convertible bonds. Fiscal expansion and rate hikes from the BOJ are raising the cost of debt financing and are reportedly steering Japanese companies toward convertible bonds—bonds that are convertible to equities—according to Morgan Stanley MUFG. Elevated yield levels, unseen in decades, are altering the calculus for corporate financing. The benchmark 10-year JGB yield reached 2.35% in late January, the highest level since 1999 before easing to 2.24% currently. Longer-dated bond yields are near their historic highs, with the 30-year bond currently at 3.49%, compared to a historic high of 3.86%. By Morgan Stanley MUFG's estimates, about ¥1 tn (\$6.4 bn) of proceeds from exchangeable debt are expected this year, compared to ¥283 bn raised through convertible debt last year.

Japan Equity-Linked Deals May See Boom in 2026



Emerging Markets

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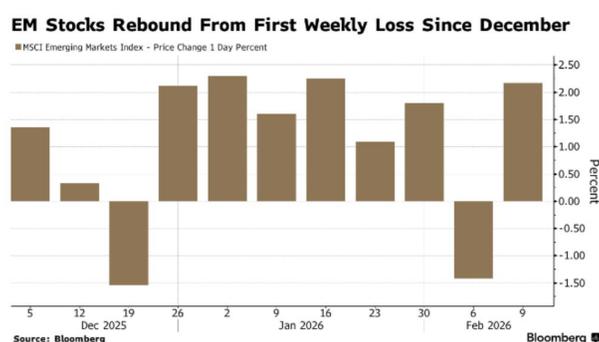
In **Asia**, stocks extended their gains to a fresh record as a rebound in technology shares gathered pace. In **Thailand**, inflows from global investors in domestic equities reached a 4-year high of \$531.3 mn on a net basis on Monday, following the election win by the incumbent Bhumjaithai Party. The Thai baht (+0.2%) strengthened. In **EMEA**, equities were mixed this morning, with Nigeria (+1.2%) outperforming led by strong gains in the industrial goods and conglomerate sectors. CEE currencies traded weaker to the euro, with the Hungarian forint underperforming, while the Turkish lira and South African rand were both weaker to the dollar. Separately, Bloomberg reports that **Kazakhstan** expects to be included in the JP Morgan Frontier Index this year while the central bank Governor remarked that the country bought 66 tons of gold last year, making it the second-largest buyer of the precious metal. Elsewhere, the Bank of **Uganda** held its policy rate at 9.75% while the Central Bank of **Kenya** is expected to deliver a -25bp rate cut later today to take the policy rate to 8.75%. On the issuance front, Bloomberg reports that the Slovak Republic is planning to issue a new €20-year benchmark bond, subject to market conditions. In **Latam**, equities and currencies

kicked off the week on a strong note yesterday. Brazilian stocks (+1.8%) led the regional rally, followed by gains in Colombia (+1.1%), and Mexico (+1%). On the currency front, most regional currencies strengthened, with the Argentine peso (+0.8%) outperforming peers.

EM Equities

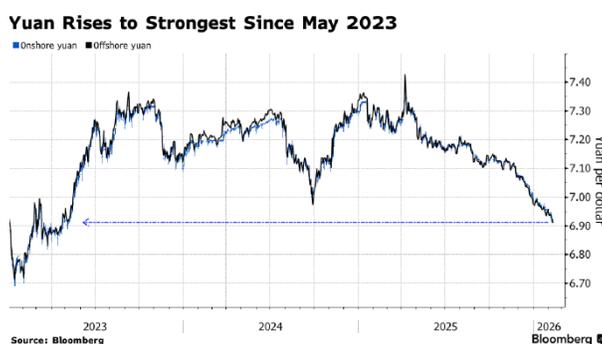
EM equities opened the week higher, rebounding from their first weekly decline since December.

According to Bloomberg analysts, the MSCI EM equity index rose as much as 2.2% yesterday, driven by a recovery in Asia's AI-related firms after last week's weakness in the IT sector. Year-to-date, the MSCI EM index has gained over +7%, outperforming both the S&P 500 (+1.8%) and the MSCI ACWI (+2.8%). All MSCI regional indexes contributed to the EM outperformance, led by Latin America (+17%), and followed by EMEA (+9%) and Asia (+6%). Despite the recent gains, EM equities continue to trade at a favorable valuation relative to the S&P 500, with 12-month forward price-to-earnings (P/E) ratios at 13.5 and 22.2, respectively. On a historical basis, the EM equities' P/E ratio is currently in their 66th percentile compared to the S&P 500's 92nd percentile since 1990.



China

The RMB reached a two-year high as yuan conversion increases. Exporters are converting their sizable FX proceeds to RMB amid expectations of RMB appreciation. According to Shenwan Hongyuan Securities, corporate demand for foreign-exchange settlement is now at its highest level since early 2024. Notably, companies have accelerated FX conversion and settlements to pay bonuses and dividends ahead of the Spring Festival next week. Both the onshore and offshore RMB traded around 6.91 per dollar, having strengthened about +0.1% on the day and are at their strongest level since May 2023. Chinese equities held steady.



Romania

Romania's government bond yields declined yesterday. Yields on Romania's 10-year government bonds declined by as much as 7 bps yesterday to close at 6.43%, to reach the lowest level in two years after finance minister Nazare said that the government remains focused on reducing the deficit to 6.2% of

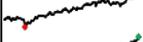
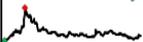
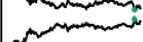
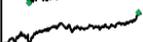
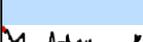
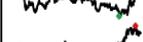
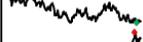
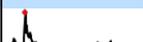
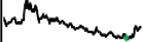
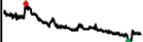
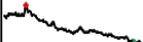
GDP this year. Over the past year, yields on Romania's local currency 10-year bonds have declined by over 100bps. Fitch Ratings is scheduled to review the country's credit rating on Friday, with Romania currently rated BBB- with a negative outlook. Earlier this year, Fitch said that the country needs to implement further reforms to stabilize public debt and noted that EU funding remains important given the consolidation efforts required. This morning, Romania's 10-year local currency bond extended yesterday's gains with the yield a further 2 bps lower at 6.41% in early trade.



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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Global Financial Indicators

2/10/26 8:14 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,965	0.5	-0.2	0.0	14.8	2
Europe		6,068	0.2	1.2	1.2	13.2	5
Japan		57,651	2.3	5.4	11.0	48.6	15
China		4,724	0.1	1.4	-0.7	21.1	2
Asia Ex Japan		102	0.7	1.8	4.9	38.0	10
Emerging Markets		61	0.7	2.1	5.9	38.4	11
Interest Rates			basis points				
US 10y Yield		4.2	-3	-9	1	-32	1
Germany 10y Yield		2.8	-2	-7	-4	46	-3
Japan 10y Yield		2.2	-5	-2	15	93	18
UK 10y Yield		4.5	-2	-1	14	5	3
Credit Spreads			basis points				
US Investment Grade		108	1	5	1	-8	1
US High Yield		331	-4	12	10	29	-5
Exchange Rates			%				
USD/Majors		96.9	0.1	-0.6	-2.3	-10.6	-1
EUR/USD		1.19	-0.1	0.7	2.0	15.5	1
USD/JPY		155.1	-0.5	-0.4	-1.9	2.0	-1
EM/USD		47.7	-0.1	0.3	2.3	9.1	2
Commodities			%				
Brent Crude Oil (\$/barrel)		69.2	0.2	2.7	10.2	-2.8	14
Industrials Metals (index)		169.5	-0.8	-1.4	-0.2	13.7	4
Agriculture (index)		53.2	0.0	0.5	-1.8	-12.8	0
Gold (\$/ounce)		5043.5	-0.3	2.0	9.7	73.4	17
Bitcoin (\$/coin)		68533.4	-2.6	8.6	-24.2	-29.6	-22
Implied Volatility			%				
VIX Index (% change in pp)		17.4	0.0	-0.7	2.9	1.5	2.4
Global FX Volatility		7.7	0.0	0.4	1.1	-1.0	0.8
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		60	0	0	11	-27	1
Italy		61	0	0	-2	-48	-9
France		60	0	3	-6	-12	-11
Spain		37	0	0	-2	-26	-6

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

Emerging Market Financial Indicators

2/10/2026 8:13 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		6.91	0.1	0.4	0.9	5.7	1.1		1.9	0	-2	-9	24	-7	
Indonesia		16811	0.0	-0.3	0.3	-2.7	-0.8		6.3	1	8	22	-57	24	
India		91	0.2	-0.3	-0.5	-3.4	-0.8		7.3	-3	-1	19	10	24	
Philippines		59	-0.1	0.7	1.2	-0.7	0.7		4.8	-7	-6	5	-33	9	
Thailand		31	-0.2	1.5	0.1	8.6	1.0		2.0	4	-5	12	-37	25	
Malaysia		3.92	0.3	0.2	3.5	13.9	3.5		3.5	-5	-3	-1	-30	0	
Argentina		1421	0.8	2.2	3.1	-25.7	2.2		34.9	26	24	135	873	254	
Brazil		5.20	-0.1	0.7	3.4	11.3	5.7		13.2	-6	-4	-27	-205	-39	
Chile		855	-0.3	0.6	3.5	12.4	5.3		5.2	-1	1	-3	-66	-13	
Colombia		3673	0.2	-1.4	1.1	12.7	2.8		12.8	-3	23	16	133	-8	
Mexico		17.21	-0.1	0.1	4.2	19.7	4.6		8.7	-2	-9	-19	-112	-31	
Peru		3.4	0.0	0.3	0.1	10.5	0.1		5.8	0	0	-11	-63	2	
Uruguay		38	0.5	0.5	1.3	13.0	1.9		7.2	-5	-5	-16	-245	-29	
Hungary		317	-0.4	1.5	4.5	23.7	3.1		6.3	-2	1	-9	1	-21	
Poland		3.54	-0.3	0.9	1.9	14.6	1.3		4.4	0	-1	-9	-114	-16	
Romania		4.3	-0.2	0.8	2.0	12.9	1.3		6.3	-6	-13	-27	-102	-41	
Russia		77.4	-0.4	-0.5	1.4	24.8	1.8								
South Africa		16.0	-0.3	0.0	2.8	15.7	3.8		8.3	-3	-8	-38	-228	-27	
Türkiye		43.63	-0.1	-0.3	-1.2	-17.5	-1.6		29.9	-1	51	2	169	27	
US (DXY; 5y UST)		97	0.1	-0.6	-2.3	-10.6	-1.5		3.72	-2	-11	-3	-61	0	

	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		4,724	0.1	1.4	-0.7	21.1	2.0		102	4	26	7	27		
Indonesia		8,132	1.2	0.1	-9.0	22.3	-6.0		98	6	6	6	12		
India		84,274	0.2	0.6	0.8	9.0	-1.1		86	4	11	-10	-4		
Philippines		6,475	2.0	1.1	2.0	7.2	7.0		82	6	3	-7	7		
Thailand		1,410	0.7	5.6	12.5	11.0	12.0								
Malaysia		1,748	-0.2	0.0	3.6	9.9	4.0		58	2	-3	-12	-1		
Argentina		2,976,664	0.0	-4.2	-3.7	24.5	-2.5		509	9	-62	-153	-60		
Brazil		186,241	1.8	1.9	14.0	48.3	15.6		194	4	-10	-28	-9		
Chile		11,251	0.4	-3.1	2.9	54.2	7.3		91	3	-4	-31	0		
Colombia		2,396	1.1	-1.7	8.3	57.0	15.9		258	-7	-22	-67	-19		
Mexico		71,509	1.0	5.8	8.2	35.1	11.2		210	4	-11	-99	-7		
Peru		3,486	3.1	4.1	20.2	94.7	34.9		108	4	-6	-37	-1		
Hungary		130,080	0.2	-0.2	11.6	48.5	17.2		129	-2	-15	-26	-10		
Poland		126,278	-0.4	-0.9	3.9	40.5	7.7		92	4	-2	-18	1		
Romania		27,479	0.4	0.1	6.8	60.3	12.4		159	1	-28	-82	-17		
South Africa		120,421	0.1	-0.1	2.0	37.2	4.0		230	6	0	-82	12		
Türkiye		13,793	-0.3	-0.6	13.0	40.1	22.5		245	2	-2	-16	11		
EM total		61	0.1	2.1	5.9	38.4	10.6		263	0	-2	-90	-8		

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

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