GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, FEBRUARY 12, 2026
LEAD EDITOR: SANJAY HAZARIKA

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- **US equity market shows signs of technical strength** (link)
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- **Super long JGB yields decline as fiscal worries recede** (link)
- **Rising Indonesian bond yields attract inflows despite ratings warning** (link)
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Global markets in a positive mood

Equities are up in Europe after a mostly positive Asian session. Asian stocks were up for a fifth consecutive day, with investors focusing on stronger growth forecasts and cheaper equity valuations. Asian technology companies are benefiting from the AI boom. US equity index futures are higher and indicate that a number of indexes could reach record territory today. Government bond yields in the US and Europe were lower, which surprised some contacts in the wake of yesterday's much stronger than expected US jobs report. Super long JGB yields also declined as market participants appear to be turning more positive on Japan's fiscal outlook, while Japanese equity markets have surged this week after PM Takaichi's landslide electoral victory on Sunday. Emerging market bond issuance is off to a strong start in 2026 as high volumes meet strong demand, pushing credit spreads lower. Robust corporate earnings around the world have boosted investor confidence. Tomorrow's US CPI report could have an important impact on markets.

Key Global Financial Indicators

Last updated:	Level		Change from Market Close				
2/12/26 7:45 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		6941	0.0	1	-1	15	1
Eurostoxx 50		6078	0.7	3	1	12	5
Nikkei 225		57640	0.0	6	11	48	15
MSCI EM		62	1.6	5	6	41	13
Yields and Spreads					bps		
US 10y Yield		4.16	-1.3	-2	-2	-46	-1
Germany 10y Yield		2.79	0.2	-5	-5	32	-6
EMBIG Sovereign Spread		240	-3	0	-11	-76	-13
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		47.8	0.0	1	2	8	3
Dollar index, (+) = $ appreciation		96.8	0.0	-1	-2	-10	-2
Brent Crude Oil ($/barrel)		69.1	-0.4	2	8	-8	14
VIX Index (%, change in pp)		17.4	-0.3	-4	2	1	2

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

Mature Markets

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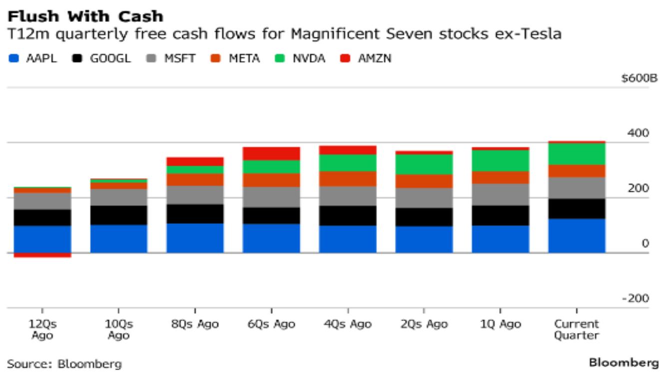
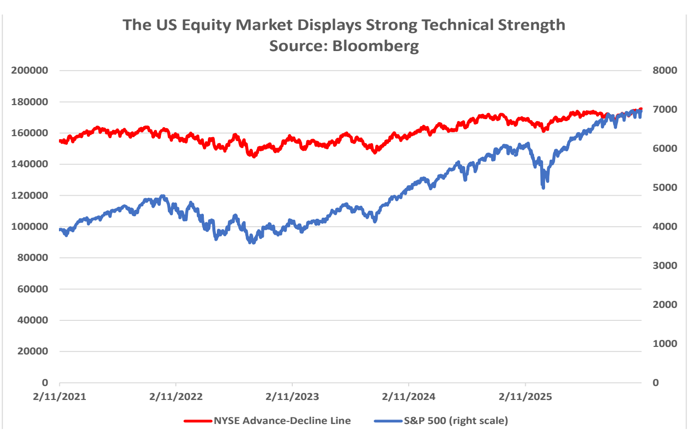
Investors are scooping up new bonds issued by the big US hyperscalers. This week saw Alphabet issue $20 bn of bonds in the US market that attracted over $100 bn of orders. It also sold bonds in euros and Swiss francs, but the most remarkable offering was a 100-year pound sterling bond. All were eagerly bought up by investors, and all were heavily oversubscribed. These companies are establishing liquid yield curves for their bonds across the maturity spectrum that will create deep markets with transparent price discovery, making them very desirable investment vehicles that will likely attract strong demand in the future. Part of the attraction lies in the very strong credit quality of these companies, as they generate enormous amounts of free cash flow from their businesses—$400 bn in the latest quarter—which gives them very high credit ratings (they are all rated AA- or higher). However, eventually the hyperscalers will have to produce even larger revenues to justify their massive AI-related expenditures or risk a backlash. Some analysts are worried that a negative shock for these companies could push up interest rates across the board and destabilize financial markets.

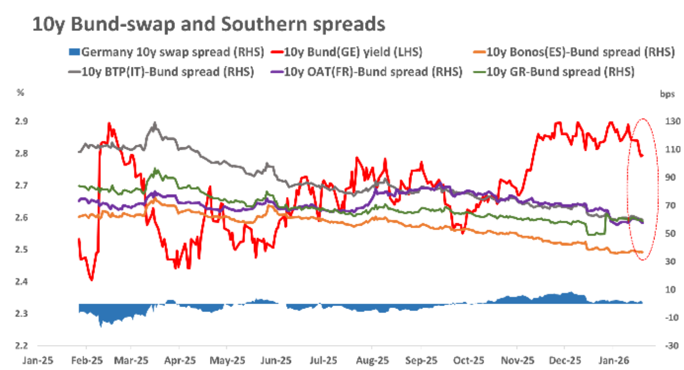


Analysts think the US equity market shows signs of technical strength, with multiple indicators pointing to a positive outlook. The NYSE Advance/Decline Line (NYSE ADL) hit another new record this week, indicating that more companies are rallying and that the rally is broadening out into other sectors. There had been a lot of unease because the Magnificent Seven (M7) accounted for a very large proportion of the S&P 500 market capitalization, and the broadening allays some of those fears. The M7 peaked in October, but the overall market has kept on going. Another positive technical indicator is that the equal weight S&P 500 index is outperforming the headline capitalization-weighted index by almost 450 bps as of yesterday, which is another sign of the broader rally. So far this year, the US equity market is being led by sectors that have been laggards in recent years, with energy, materials, industrials, consumer staples, and transportation all posting double digit gains while the overall index is up less than 2%. The high-flyers of the past few years—technology and financials—are still in the red in 2026. The small cap Russell 2000 index recently set a new record and is up more than 7% year-to-date.



Europe

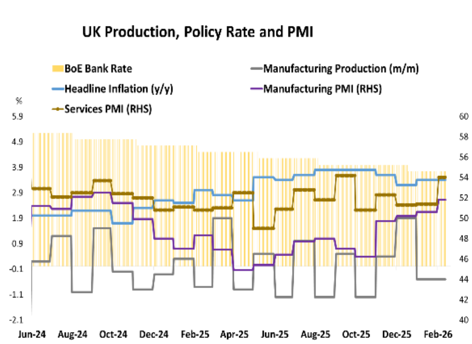
European equities rallied this morning, mirroring global peers after strong US jobs data yesterday. The Stoxx 600 index was up by 0.3%, led by gains in industrials (1%), where Siemens AG rallied more than 6% after boosting its earnings outlook, and in the communication (0.9%) and banking (0.8) sectors, while defensive sectors declined (consumer staple -0.4%, energy -0.3% and utilities -1.1%) after advancing in the first half of the week amid headlines of cyclical rotation. Among market leaders, EssilorLuxottica SA surged 10% after reporting a boom in demand for AI-powered glasses. All regional European bourses rose, with the DAX outperforming by gaining 1.4%. The **euro remained firm against the dollar this morning,** trading at $1.1880/€; the euro declined below the 1.19 level yesterday after the release of stronger than expected US payrolls. **European government bond (EGBs) yields edged marginally higher** with the curve slightly steeper on longer tenors. Italy auctioned today €1.3bn of 2032 BTPs (yield of 2.92%) and €1.5bn of 2033 BTP (yield of 3.02%) meeting solid demand (bit-to-cover ratios at respectively 2 and 1.8).



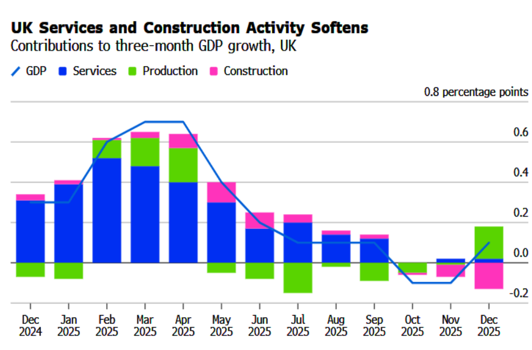
Source: Bloomberg and IMF calculations

United Kingdom

Real economic data disappointed this morning in the UK, with GDP growth little changed in Q4 from Q3 at only 0.1%q/q (1%y/y) while consensus expected 0.2%q/q (1.2%y/y), and with industrial and manufacturing production slowing in December to 0.5%y/y from 1.3% in November. Construction output also missed the expected rebound and kept declining at roughly the same pace of November (-0.3%y/y, vs. est. -0.1%). **Deutsche Bank** expects January inflation to take a big step down in February 18 to 3%y/y (from 3.4% in December) to land close to the Bank of England's 2% target in Q2. **ING** expects weaker growth (1%) in the UK in 2026, noting that the Bank of England has already acknowledged a weak Q4, and predicts a rate cut in March if weakness in hiring coupled with fall in wage growth persists over the next couple of readings, followed by another cut in June. Still, the pound was firm against the dollar (0.1%) this morning (at $1.3642/£), with equities up by 0.3% and gilt yields edging marginally lower driven by the back-end.

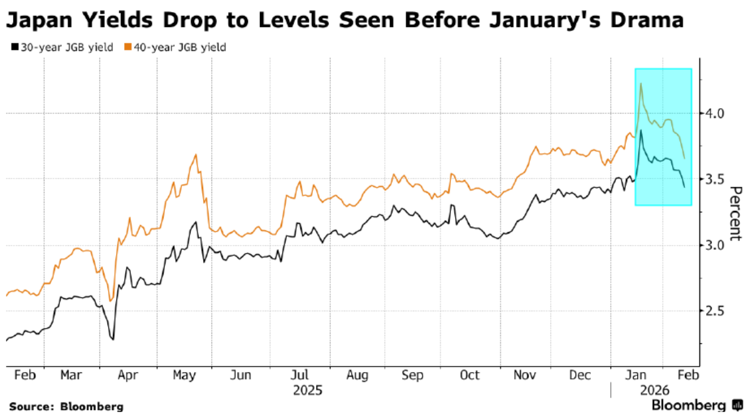


Source: Bloomberg and IMF calculations



Japan

Super-long JGB yields fall as fiscal concerns eased. Yields on the 30- and 40-year JGBs fell by 8 and 10 bps to 3.39% and 3.59%, respectively, back to levels last seen in early January when PM Takaichi's proposal for a snap election was first reported. Since her landslide victory last weekend, the LDP has sought to allay investor concerns about the party's fiscal proposals. In a press interview, Finance Minister Katayama pointed out that for the fiscal year 2026 annual budget, the issuance of new bonds has been kept below ¥30 tn ($195 bn) for a second consecutive year. Moreover, the two-year suspension of the sales tax on food (which would cost ¥5 tn each year) could be financed by non-tax revenue sources such as money made from the Finance Ministry's FX reserves, including gains from currency interventions. By Bloomberg's estimate, the estimated surplus for the account was about ¥4.5 tn ($29 bn) for the fiscal year, 70% of which can be used for budget financing. Short-dated JGB yields (10 years or shorter) were little changed on the day while the 20-year yield fell by 5 bps to 3.05%, Reflecting reduced concerns for Japan's fiscal outlook, **the 5-year sovereign CDS for Japan is currently 26 bps, similar to France and lower than for the US** (at about 31 bps). Meanwhile, the yen strengthened further (+0.2%) to around ¥153/$, compared to around ¥157/$ at the start of the week.

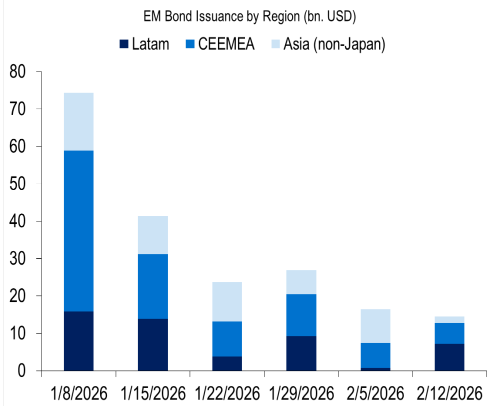


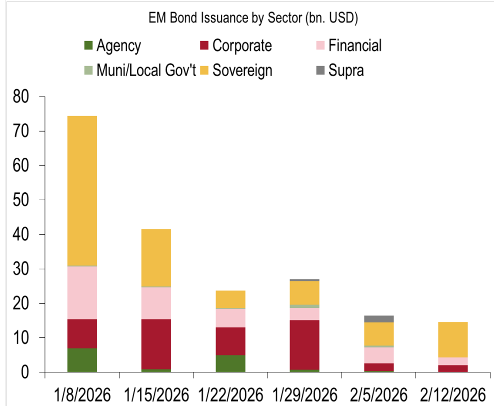
Emerging Markets back to top

EMEA equities were mostly higher. Turkish equities continued to outperform (+0.7%) in early morning trade. In CEE, currencies were relatively rangebound against the euro except the Hungarian forint which was weaker following a downside inflation surprise which boosted expectations of a rate cut. An EU court opinion advising scrapping the release of more than €10bn in funds for the country was also said to weigh on the forint. **Asian equities advanced for a fifth day, as a weak US dollar, relatively cheaper valuations and more optimistic growth prospects attracted inflows.** The Korean won outperformed (+0.5%) Asian currencies, supported by gains in the Kospi index (+3.1%) and nonresident equity inflows. **Latin American currencies mostly strengthened, while equities were mixed.** The Chilean peso and Brazilian real both appreciated 0.3% against the dollar. Equity markets advanced in Brazil (+2%) and Chile (+1.9%), while Colombia (-1.8%) and Argentina (-1.4%) posted losses.

EM Bond Issuance

EM bond issuance has started 2026 on a strong footing, outpacing 2025 year-to-date. Through Wednesday, total issuance in 2026 reached $197.5bn, exceeding the $148.3bn recorded in the first seven weeks of 2025. On a weekly basis, issuance has moderated in February relative to January, which typically sees stronger volumes. Activity so far this week totaled $14.5bn, marginally below last week's levels. Regionally, Latam accounted for nearly half of total issuance, with Brazil and the Dominican Republic tapping sovereign markets. Sovereigns represented more than 70% of weekly volumes, with corporates and financials comprising the remainder. Beyond Latin American sovereign deals, the Republic of Congo and the Slovak Republic also issued. Sovereign maturities ranged from 8 to 30 years, all with fixed coupons.

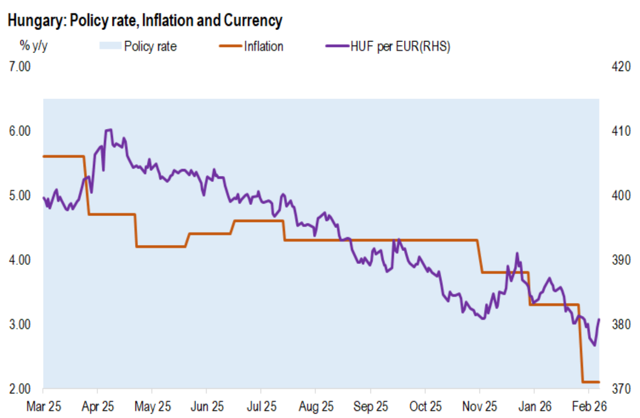




Sources: Bond Radar and IMF staff calculations

Hungary

Hungarian forint was weaker as downside inflation surprise boosted rate cut expectations. Headline inflation fell to 2.1% y/y in January, below expectations of 2.4% and below the central bank's 3% target for the first time in five years. Last month, the National Bank of Hungary (NBH) held its policy rate unchanged at 6.5% for a sixteenth month citing still-elevated services prices. Today's data saw services inflation decline to 5%y/y from 6.8% last month. Immediately following the data release, the Hungarian forint weakened against the euro by around 0.3% as markets scaled up expectations of interest rate cuts. According to Bloomberg data, forward rate agreements are now suggesting two 25bp rate cuts over the next three months. Analysts at ING believe that today's data should allow the NBH to cut the policy rate at this month's meeting and project a second 25bp rate cut in March with a total of 75bp of rate cuts for 2026, taking the policy rate to 5.75% by year-end. However, the analysts note the upcoming general election in April and market reaction may challenge their forecast.



Source: Bloomberg and IMF calculations

Indonesia

Widening Indonesian bond yields attracted inflows despite ratings warning. The yield spread between the 10-year sovereign note and the equivalent US Treasury rose to nearly 230 bps—the highest since last September. The 10-year yield had risen by over 10 bps since the beginning of the month, in part driven by Moody's warning last week that it is considering lowering Indonesia's credit outlook to negative. The warning followed MSCI's concerns about the opacity of the local equity market and warned that Indonesia could be downgraded to frontier-market status. The yield on the 10-year noted eased off from its six-month high of 6.47% late last week to 6.42%. Meanwhile, nonresident inflows into local bonds totaled $690 mn on a net basis last week, the most since August. Although Moody's outlook warning initially spurred withdrawals, inflows remained positive on a net, month-to-date basis. The rupiah weakened for the first time in four days and underperformed its regional peers on the day (-0.2%).

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

	Level		Change				
2/12/26 7:46 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,941	0.0	0.9	-0.5	14.7	1
Europe		6,078	0.7	2.6	1.0	12.4	5
Japan		57,640	0.0	6.2	11.0	47.9	15
China		4,720	0.1	1.1	-0.9	20.9	2
Asia Ex Japan		105	1.8	5.0	5.6	40.6	12
Emerging Markets		62	1.6	4.7	6.2	40.6	13
Interest Rates					basis points		
US 10y Yield		4.2	-1	-2	-2	-46	-1
Germany 10y Yield		2.8	0	-5	-5	32	-6
Japan 10y Yield		2.2	0	0	15	90	18
UK 10y Yield		4.5	-1	-9	9	-8	-1
Credit Spreads					basis points		
US Investment Grade		109	-1	3	1	-7	1
US High Yield		330	-3	9	9	30	-6
Exchange Rates					%		
USD/Majors		96.8	0.0	-1.0	-2.0	-10.3	-2
EUR/USD		1.19	0.0	0.8	1.8	14.4	1
USD/JPY		153.6	0.2	-2.2	-2.9	-0.6	-2
EM/USD		47.8	0.0	0.8	2.2	8.4	3
Commodities					%		
Brent Crude Oil ($/barrel)		69.1	-0.4	2.3	9.3	-2.6	14
Industrials Metals (index)		172.3	0.4	3.3	-0.2	16.2	5
Agriculture (index)		53.5	0.5	-0.3	0.1	-11.9	0
Gold ($/ounce)		5057.9	-0.5	5.8	10.0	74.2	17
Bitcoin ($/coin)		67858.8	0.1	-2.3	-25.4	-30.5	-23
Implied Volatility					%		
VIX Index (%, change in pp)		17.4	-0.3	-4.4	2.3	1.5	2.4
Global FX Volatility		7.7	0.0	0.1	1.1	-0.7	0.8
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		59	-1	-2	10	-26	0
Italy		60	-1	-3	-3	-49	-10
France		58	-1	-2	-8	-18	-13
Spain		37	0	-1	-2	-25	-6

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

Emerging Market Financial Indicators

2/12/2026 7:49 AM	Exchange Rates: Level		Change (in %)					Local Currency Bond Yields (GBI EM): Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.90	0.2	0.5	1.0	5.9	1.3		1.9	0	-3	-10	21	-7
Indonesia		16828	-0.2	0.1	0.2	-2.7	-0.9		6.2	-3	9	19	-57	21
India		91	0.1	-0.3	-0.5	-4.1	-0.8		7.3	-2	-1	15	4	20
Philippines		58	0.3	1.0	2.0	0.1	1.4		4.9	0	3	14	-24	17
Thailand		31	0.2	2.6	0.8	9.8	1.6		2.0	-2	-5	9	-38	23
Malaysia		3.90	0.3	1.2	4.1	14.5	4.0		3.5	0	-2	2	-27	4
Argentina		1404	0.0	3.1	4.5	-24.8	3.4		35.7	94	98	212	858	331
Brazil		5.18	0.0	1.7	3.7	11.1	6.0		13.2	1	0	-24	-193	-35
Chile		854	0.0	1.4	3.6	11.5	5.4		5.2	-1	-2	-3	-69	-13
Colombia		3669	0.0	-0.6	1.3	12.8	2.9		13.0	9	19	32	142	9
Mexico		17.18	0.0	1.9	4.4	19.5	4.8		8.6	0	-17	-23	-123	-35
Peru		3.4	0.1	0.2	0.2	10.7	0.2		5.8	0	3	-13	-70	2
Uruguay		39	-0.2	0.2	0.5	12.5	1.5		7.2	-1	-9	-17	-250	-29
Hungary		320	-0.2	0.7	3.7	21.0	2.2		6.3	4	5	-7	-14	-19
Poland		3.55	0.0	1.1	1.7	12.9	1.1		4.3	-1	-5	-14	-123	-21
Romania		4.3	0.0	0.8	1.7	11.8	1.1		6.3	-1	-13	-28	-110	-42
Russia		77.3	-0.2	-0.7	1.5	21.6	1.9							
South Africa		15.9	-0.2	2.6	3.1	16.6	4.2		8.3	-3	-13	-46	-244	-35
Türkiye		43.65	0.0	-0.2	-1.2	-17.3	-1.6		30.2	2	57	39	132	64
US (DXY; 5y UST)		97	0.0	-1.0	-2.0	-10.3	-1.5		3.73	-2	1	-3	-74	0

	Equity Markets: Level		Change (in %)					Bond Spreads on USD Debt (EMBIG): Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	7 Days	30 Days	12 M	YTD
								basis points					
China		4,720	0.1	1.1	-0.9	20.9	1.9		101	2	25	7	26
Indonesia		8,265	-0.3	2.0	-7.6	25.0	-4.4		99	8	7	7	13
India		83,675	-0.7	0.4	0.1	9.9	-1.8		84	2	9	-10	-6
Philippines		6,471	-0.4	1.4	1.0	5.9	6.9		80	2	1	-7	5
Thailand		1,442	2.1	7.1	16.7	12.3	14.4						
Malaysia		1,751	-0.3	1.1	2.5	10.0	4.2		59	3	-2	-11	0
Argentina		3,017,641	-1.4	0.1	-1.9	32.0	-1.1		510	3	-61	-199	-59
Brazil		189,699	2.0	4.4	16.3	52.5	17.7		199	7	-5	-26	-4
Chile		11,218	1.9	-0.3	1.4	54.0	7.0		92	4	-3	-28	1
Colombia		2,376	-1.8	2.4	7.3	55.1	14.9		260	5	-20	-63	-17
Mexico		71,601	0.5	4.2	7.3	32.4	11.3		211	3	-10	-99	-6
Peru		3,456	1.7	2.0	15.4	98.3	33.8		109	5	-5	-35	0
Hungary		130,290	0.7	0.4	11.0	48.0	17.3		128	3	-16	-25	-11
Poland		126,667	0.1	1.6	3.8	38.0	8.0		91	2	-3	-17	0
Romania		28,151	1.6	3.2	6.9	62.5	15.2		158	0	-29	-83	-18
South Africa		122,212	0.4	3.1	1.7	39.0	5.5		226	1	-4	-83	8
Türkiye		14,024	1.7	3.2	14.4	43.4	24.5		242	-1	-5	-18	8
EM total		62	1.2	4.7	6.2	40.6	12.5		260	-1	-4	-103	-11

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

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