



- Global fund managers remain very bullish on markets ([link](#))
- Yen weakens as fiscal worries persist ([link](#))
- Yuan extends gains versus the dollar ([link](#))
- Colombia delivers larger than expected rate hike to counter inflation ([link](#))
- EM funds are off to a strong start in 2026 ([link](#))
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[Mature Markets](#)

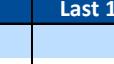
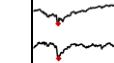
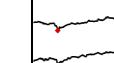
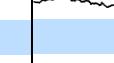
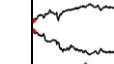
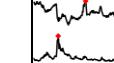
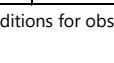
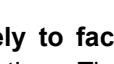
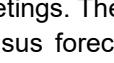
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Global Markets Face Uncertain Outlook

History was made in the commodity markets on Friday as precious metals suffered a massive reversal after weeks of parabolic gains. Trading conditions were further disrupted by a one-hour delay to the start of London Metal Exchange trading due to a technical issue. Gold fell as much as 12% to below \$5,000/oz, while silver plunged nearly 30%, its largest one-day decline on record, to around \$83. The sell-off spread across the broader metals complex, with platinum and palladium down more than 15%. Asian stocks fell significantly overnight in the aftermath of the rout in metals, but stocks in Europe posted gains this morning. US equity index futures indicate a fourth consecutive day of losses. The dollar was stronger in early morning trading and government bonds in the US and euro area rallied. The US government is in the midst of a partial shutdown, with the market impact unclear for now.

Key Global Financial Indicators

Last updated: 2/2/26 7:50 AM	Level		Change from Market Close					YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		
Equities	%							%
S&P 500		6939	-0.4	0	1	15		1
Eurostoxx 50		5976	0.5	0	2	13		3
Nikkei 225		52655	-1.3	0	5	37		5
MSCI EM		59	-2.2	0	5	38		8
Yields and Spreads	bps							
US 10y Yield		4.23	-0.6	2	4	-31		6
Germany 10y Yield		2.85	0.6	-2	-5	39		-1
EMBIG Sovereign Spread		244	0	0	-13	-72		-9
FX / Commodities / Volatility	%							
EM FX vs. USD, (+) = appreciation		47.5	0.3	0	2	9		2
Dollar index, (+) = \$ appreciation		97.2	0.2	0	-1	-10		-1
Brent Crude Oil (\$/barrel)		66.3	-4.3	1	9	-14		9
VIX Index (%, change in pp)		18.3	0.8	2	4	2		3

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

Market participants are likely to face another busy week, with a number of major economic data releases and central bank meetings. The US calendar will be dominated by the latest unemployment report on Friday, where the consensus forecast predicts that 70K jobs were added in January and that the

unemployment rate will stay unchanged at 4.4%. Other important releases include PMIs and the University of Michigan consumer sentiment survey. The euro area will release CPI and PMI data. China and Japan will also report on PMI data. The ECB and BOE meet on Thursday, and while they are both expected to stay on hold, there will be a lot of focus on central bank rhetoric, given recent moves in interest rates and currencies. There will also be central bank meetings in Australia, India, and Mexico, among others. Earnings season continues, with more major global corporations announcing their results.

Mature Markets

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United States

Global fund managers are at their most bullish since July 2021, according to the latest survey from Bank of America. Optimism about the global economy and corporate profits is very high. For the first time in three years, “no landing” has become the base case for investors, as opposed to a “soft landing” or a recession for the global economy. In terms of asset choices, investors are overweight equities and commodities and underweight bonds, especially in the government sector. According to the survey, 48% of respondents had no hedge against a major equity market decline, the highest proportion in eight years. Among equity sectors, banks were the most popular choice, with the consumer staples sector the least popular (in the US, consumer staples have surged by more than 6% so far in 2026, while bank stocks have declined by nearly 2.5%). On the fixed income front, investors expect high yield bonds to outperform investment grade bonds. They expect ample market liquidity, low volatility, and major central banks on hold for the next few months.

The US dollar has begun the year with a significant depreciation against the other major currencies. The DXY dollar index has declined from 98.32 on December 31 to 97 today and was even lower at 96.22 in the middle of last week. The euro is stronger by 1% already in 2026, as is the yen, and the yuan has strengthened to below 7 versus the dollar. Analysts think that the dollar weakening is being driven by policy and political considerations rather than fundamentals. For example, German

Schatz (two-year bund) yields have declined relative to two-year Treasury yields, but this has not prevented the euro from continuing to appreciate. US Treasury yields have broken above long-standing recent ranges, with the benchmark 10-year yield touching 4.30% last week for the first time since August, but that has not managed to slow down the dollar depreciation trend. Nor has the gradual unwinding of bets that the Fed will deliver two rate cuts by the middle of the year, with markets moving expectations of a second cut out into December from September a month ago.

Euro Area

Absent a major downside inflation surprise or a much stronger euro, analysts believe the ECB is unlikely to cut rates anytime soon. According to Commerzbank, inflation dynamics remain broadly consistent with the ECB's base case, with headline HICP likely to fall below 2%. Barclays thinks that inflation might be going into the “undershooting zone,” and a stronger euro and persistent Chinese overcapacity

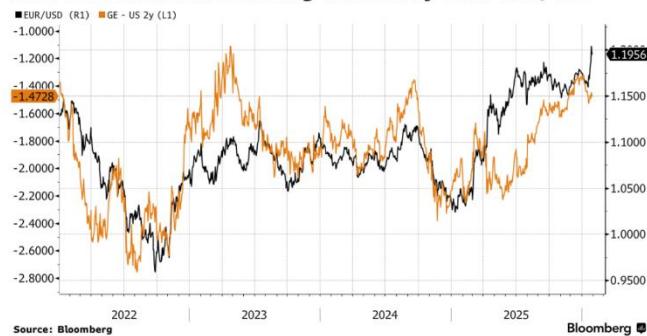
Chart 2: BofA Global FMS investor sentiment highest since Jul'21
Percentile rank of FMS growth expectations, cash level, and equity allocation



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Rate Differentials Are Holding Little Sway Over EUR/USD



Source: Bloomberg

Bloomberg

could exert additional disinflationary pressure on imported goods. Barclays also expects the ECB to keep the deposit rate at 2% through 2026–27, but does see downside risks to rates, with a possible cut to 1.5% if inflation undershoots for a prolonged period. On Wednesday—just one day ahead of the ECB decision—the January flash inflation estimate is due, with economists expecting a print of 1.7% y/y. Barclays also points to weak credit growth, and thinks that the ECB's Bank Lending Survey, which will be published on Tuesday, will be a key input for the Governing Council's assessment of transmission effectiveness.

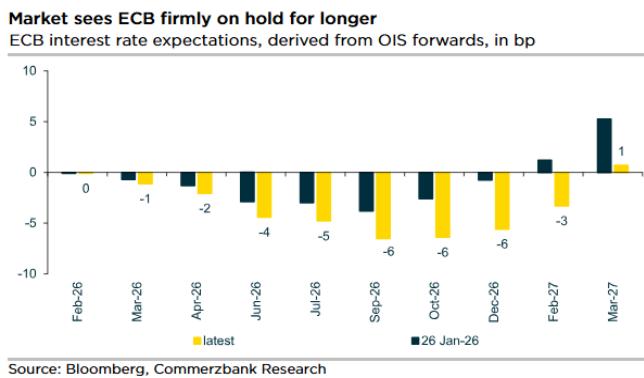
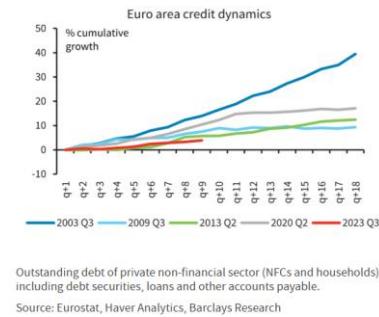


Figure 4. The recovery in credit growth continues to lag historical regularities



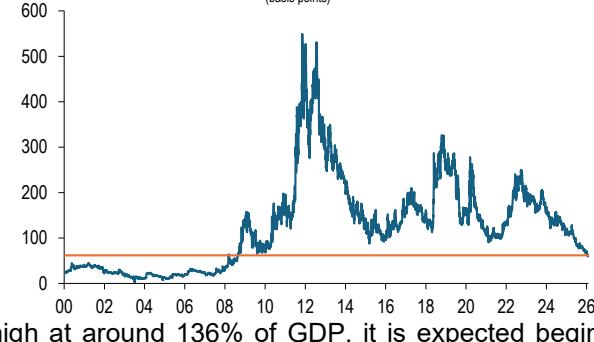
Italy

S&P Global Ratings revised Italy's outlook to positive, citing strengthening external resilience and gradual fiscal consolidation. S&P highlighted Italy's persistent current account surpluses, rising private-sector wealth, and improving net external creditor position, alongside a narrowing budget deficit set to fall below 3% of GDP in 2026 as Superbonus-related effects fade in 2028–2029. Italy's Superbonus was a generous post-COVID tax-credit scheme for housing renovations that boosted growth but left a large fiscal impact. While government debt remains high at around 136% of GDP, it is expected to begin declining from 2028, underpinning the affirmation of Italy's BBB+ rating despite ongoing trade and growth headwinds. The spread between 10-year Italian and German yields trades close to pre-Global Financial Crisis levels. S&P believes that Italy will reduce very long maturity bond issuance in response to the steeper yield curve, to keep funding costs near 3%.

Japan

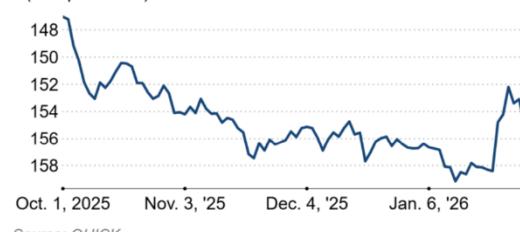
The yen slipped towards ¥155/\$ following Prime Minister Takaichi's comments that were seen as backing a weak currency. She initially described the weak yen as an opportunity for exporters and a buffer against US tariffs during a campaign speech but later clarified she meant to highlight the need for an economy resilient to FX swings. Analysts viewed the remarks as undermining earlier efforts to slow yen depreciation and raising the bar for official support. Finance Ministry data confirmed no intervention between December 29 and January 28, even as the yen hit an 18-month low of ¥159.45/\$ ahead of the BOJ's January meeting. Meanwhile, BOJ's January meeting summary indicated rising concerns over inflation and the weak yen's pass-through to domestic prices, suggesting the possibility of faster-than-expected rate hikes. BNP Paribas

10-Year BTP-Bund Spread
(basis points)



Yen falls past 155 per dollar again

(Yen per dollar)



and SMBC Nikko brought forward their forecast for the next move to April. Still, analysts expect the yen to remain weak on prospects of more expansionary fiscal policy under Takaichi if her party wins the upcoming election. Today, the stock market declined (Nikkei 225: -1.3%), led by AI and mining-related stocks.

Emerging Markets

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EMEA currencies joined the global retreat. Local currencies depreciated. **EM Asian currencies also softened modestly as the dollar extended gains, with the Korean won leading losses (-1%).** EM Asian equity markets fell sharply (EM Asia: -2.8%), dragged down by tech and metal-related sectors. India's 10y sovereign yield rose +7.8bps to 6.77%, the highest in more than a year, after the government announced a record INR17.2tn (\$187bn) borrowing plan for FY26, +18% higher than the current year's total and exceeding the Bloomberg forecast (INR16.5tn). **Latam markets mostly declined on Friday.** Currencies ended the day weaker following the broader rebound of the dollar.

EM Fund Flows

Inflows into EM funds continued to accelerate in the past week. Both bond and equity funds saw increased inflows, with bond funds posted its third consecutive week of inflows (+\$3.5bn, prior week +\$2.0bn) while equity funds posted record weekly inflows (+\$14.9bn, prior week +\$9.6bn). Within EM bonds, inflows were mostly from local currency funds (+\$2.4bn, from +\$1.3bn), while hard-currency funds posted modest increase (+\$1.1bn, from +\$0.7bn). For EM equity funds, ETFs accounted for the bulk of inflows (+\$13.3bn, from +\$8.5bn), alongside modest increase of inflows into non-ETFs (+\$1.6bn, from +\$1.1bn). For regional equity funds, inflows were led by Asia ex-Japan (+\$1.8bn) and LATAM (+\$1.7bn), while EMEA recorded smaller inflows (+\$0.4bn). YTD, cumulative inflows stand at +\$6.1bn for EM bonds and +\$39.1bn for EM equities, signaling a strong start to the year.

Figure 1: Weekly cross-asset flows

USD billion

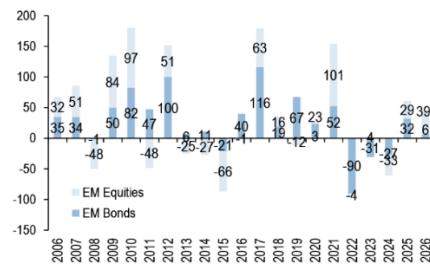
Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities	18.3	45.2	
EM Bonds	3.5	6.1	
Hard Ccy	1.1	2.2	
Local Ccy ^a	2.4	3.9	
o.w. EM ex-China	2.4	3.8	
o.w. China	0.0	0.1	
EM Equities	14.9	39.1	
US HG	8.3	28.3	
US HY	1.0	0.0	
Global Equities	25.1	46.9	
EM Bond and Equity ETFs	14.4	39.4	
EM Bond ETFs	1.1	2.9	
EM Equity ETFs	13.3	36.5	
Non-resident EM flows*	7.5	19.7	

*High-frequency non-resident EM portfolio flow data where available. ^aLocal ccy split is retail only.

Source for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

Figure 2: EM bond and equity fund flows

USD billion



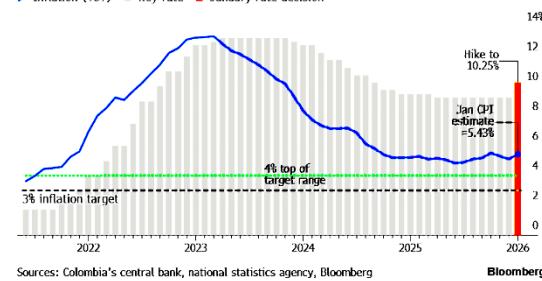
Colombia

BanRep delivered an outsized rate hike due to concerns over inflation. In a split 4-1-2 vote, the Monetary Policy Committee raised its policy rate by 100bps to 10.25%, following a pause since June 2025. While most analysts expected a hike, the magnitude exceeded consensus expectations of +50 bps. Forward guidance remained open-ended and data dependent. During the press conference, Governor Villar emphasized the need to re-anchor inflation expectations, which rose in January, while staff revised the end-2026 inflation forecast sharply higher to 6.3% from 4.1%. Goldman Sachs analysts observed that the deterioration in the outlook partly reflects a 23% increase in the minimum wage, suggesting the need for front-loaded tightening

Colombia Raises Key Interest Rate by Full-Point to 10.25%

Central bank votes to tighten monetary policy by most in three years

■ Inflation (YoY) ■ Key rate ■ January rate decision



Sources: Colombia's central bank, national statistics agency, Bloomberg

to restore a restrictive policy stance. Bloomberg analysts note that inflation is expected to overshoot BanRep's target range for a seventh consecutive year, suggesting the hike marks the start of a renewed tightening cycle.

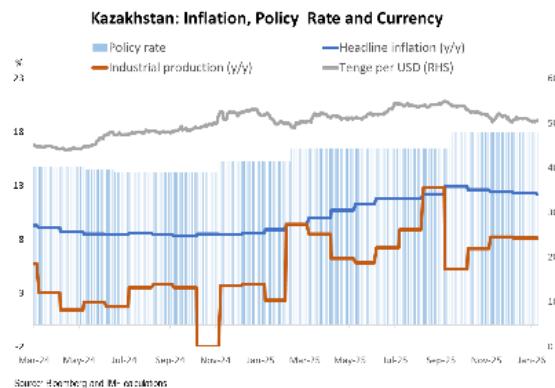
China

The yuan continued to strengthen after The PBOC set the RMB fixing at 6.9695/\$, stronger than the estimate (6.9718/\$) for the first time since November. An article published by Qiushi, the Communist Party's flagship journal, citing a 2024 speech by President Xi emphasized the need to build a "strong currency" capable of wider use in global trade, investment, and reserves, reinforcing expectations of an accelerated push toward yuan internationalization. ANZ strategists noted that senior leadership appears poised to advance financial reforms, supported by broad expectations of a weakening dollar. One such step is the PBOC's acceptance of the Global Market Repurchase Agreement standard for foreign participation in onshore bond repo transactions, which could simplify documentation and enhance bond-market liquidity. Separately, metals futures—including copper, silver, nickel, and tin—fell by the daily limit on the Shanghai Futures Exchange. Copper, up more than 40% in 2025 on supply disruptions and energy-transition demand, dropped -4.9% to 98,580 yuan/ton amid trader caution and signs of softening physical markets. Still, Bloomberg reported active dip-buying chatter on Chinese social media, and analysts have not ruled out another upswing. Today, the stock market declined onshore (CSI300: -2.1%) and offshore (HSCEI: -2.5%).



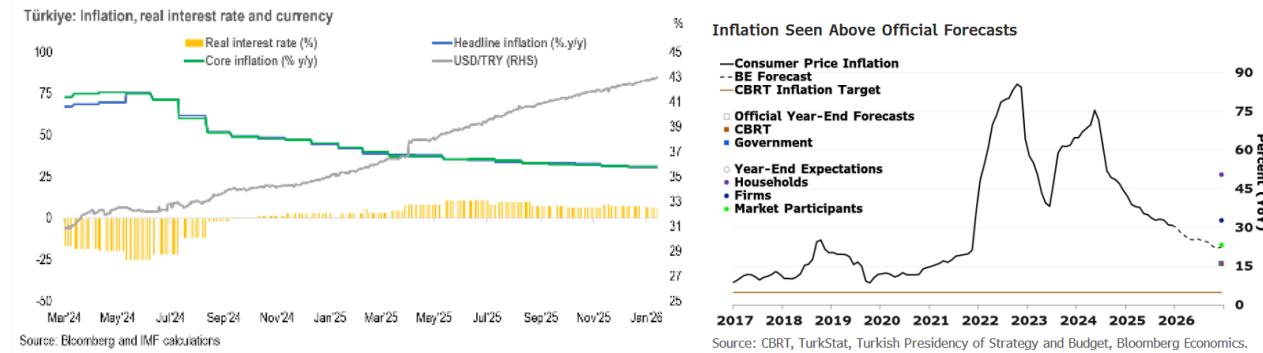
Kazakhstan

The tenge edged lower against the dollar (-0.4%), to trade at KZT505.44/\$, with equities also in the red (-1.3%) as inflation was lower than expected in today's January release (12.3% yoy versus the 13.7% consensus forecast). Nevertheless, Deutsche Bank continues to expect that inflation will reaccelerate in early 2026 amid VAT rises (to 16% from 12%), and elevated food inflation, as the tenge's weakness versus the ruble raised food prices, and with utility and fuel price freezes expiring after Q1. Deutsche Bank notes that the central bank's (NBK) year-end inflation forecast range is still high at 9.5–12.5%, and it expects the NBK to keep its policy rate at 18% through mid-2026, easing to 16.5% only in H2.



Türkiye

The lira was little changed against the dollar while Turkish equities extended Friday's losses, down by 0.7% today, after strong gains in the past two weeks took the stock market up by more than 20% YTD. The latest PMI survey was weaker than expected (down to 48.1 from 48.9 the previous month). For tomorrow's inflation report, the consensus expects a decline to 29.96% y/y (from prior 30.89%). Bloomberg foresees the CBRT on a cautious easing path to a 27.5% policy rate by year-end (from 37% currently). **Deutsche Bank** expects January inflation to reaccelerate on start-of-year repricing but sees it coming down to 24% at year-end (from 30.9% in December 2025), with the CBRT cutting its policy rate to 30% by that time.



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Global Financial Indicators

2/26 7:51 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
United States	6,939	-0.4	0.3	1.2	14.9	1	
Europe	5,976	0.5	0.3	2.2	13.0	3	
Japan	52,655	-1.3	-0.4	4.6	36.7	5	
China	4,606	-2.1	-2.1	-0.5	20.7	-1	
Asia Ex Japan	100	-1.9	0.1	4.4	38.0	8	
Emerging Markets	59	-2.2	0.1	5.1	38.3	8	
Interest Rates							
basis points							
US 10y Yield	4.2	-1	2	4	-31	6	
Germany 10y Yield	2.8	1	-2	-5	39	-1	
Japan 10y Yield	2.2	-1	1	18	100	18	
UK 10y Yield	4.5	-3	0	-4	-4	2	
Credit Spreads							
basis points							
US Investment Grade	105	1	3	-3	-12	-3	
US High Yield	324	3	12	-14	24	-12	
Exchange Rates							
%							
USD/Majors	97.2	0.2	0.2	-1.2	-10.3	-1	
EUR/USD	1.18	0.0	-0.3	1.1	14.5	1	
USD/JPY	155.0	0.1	0.5	-1.2	0.1	-1	
EM/USD	47.5	0.3	0.0	1.9	9.1	2	
Commodities							
%							
Brent Crude Oil (\$/barrel)	66.3	-4.3	2.4	9.7	-5.7	10	
Industrials Metals (index)	168.7	-2.0	-3.2	2.8	19.0	3	
Agriculture (index)	52.9	-0.3	-1.0	-0.9	-11.1	-1	
Gold (\$/ounce)	4788.8	-2.2	-4.4	10.5	70.1	11	
Bitcoin (\$/coin)	77767.9	1.7	-12.9	-13.6	-19.8	-11	
Implied Volatility							
%							
VIX Index (%), change in pp	18.3	0.8	2.1	3.8	1.9	3.3	
Global FX Volatility	7.8	0.1	0.6	1.1	-0.5	0.9	
EA Sovereign Spreads							
10-Year spread vs. Germany (bps)							
Greece	61	0	2	2	-25	3	
Italy	62	0	2	-10	-48	-8	
France	59	0	2	-13	-16	-12	
Spain	37	0	1	-7	-24	-6	

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

Emerging Market Financial Indicators

2/2/2026 7:53 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					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							% p.a.						
China	6.94	0.2	0.1	0.7	4.3	0.7	0.7	1.9	-1	-1	-4	23	-4	
Indonesia	16798	-0.1	-0.1	-0.4	-2.1	-0.7	-0.7	6.2	-2	-4	15	-78	16	
India	92	0.5	0.5	-1.4	-4.7	-1.8	-1.8	7.4	3	2	26	25	28	
Philippines	59	0.0	0.1	-0.1	-0.4	0.1	0.1	4.8	-1	5	14	-28	14	
Thailand	32	0.0	-1.4	-0.2	7.3	-0.3	-0.3	2.1	3	7	31	-30	31	
Malaysia	3.95	-0.4	1.5	2.6	11.3	2.9	2.9	3.6	7	5	7	-24	6	
Argentina	1447	-0.2	-0.9	0.5	-27.3	0.3	0.3	33.4	-137	-160	100	760	100	
Brazil	5.24	0.3	0.7	3.4	10.7	4.8	4.8	13.1	1	-30	-47	-194	-44	
Chile	867	0.8	-0.3	4.6	14.0	3.9	3.9	5.2	-1	-5	-13	-61	-13	
Colombia	3697	-1.2	-1.3	2.1	12.4	2.1	2.1	12.5	8	20	-33	117	-33	
Mexico	17.39	0.4	-0.2	3.0	17.1	3.6	3.6	8.8	3	-7	-25	-123	-22	
Peru	3.4	-0.7	-0.5	-0.2	10.4	-0.2	-0.2	5.8	0	-10	0	-92	0	
Uruguay	39	0.3	-1.9	1.1	12.2	1.4	1.4	7.3	1	-1	-26	-241	-25	
Hungary	322	0.0	-0.1	1.7	22.8	1.8	1.8	6.3	-2	-3	-20	-5	-20	
Poland	3.56	-0.1	-0.5	0.9	14.8	0.9	0.9	4.4	1	-3	-13	-116	-16	
Romania	4.3	0.0	-0.2	0.9	11.9	0.8	0.8	6.4	0	-10	-29	-94	-28	
Russia	76.7	-0.9	-0.3	4.8	30.2	2.7	2.7	8.4	4	-11	-21	207	18	
South Africa	16.0	0.9	0.3	3.1	17.1	3.5	3.5	8.4	16	45	-1	233	-9	
Türkiye	43.49	0.0	-0.3	-1.1	-17.3	-1.2	-1.2	29.5	16	45	-1	233	-9	
US (DXY; 5y UST)	97	0.2	0.2	-1.2	-10.3	-1.1	-1.1	3.78	-1	-4	4	-55	6	

	Equity Markets							Bond Spreads on USD Debt (EMBIG)						
	Level		Change (in %)					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							basis points						
China	4,606	-2.1	-2.1	-0.5	20.7	-0.5	-0.5	99	27	21	1	24		
Indonesia	7,923	-4.9	-11.7	-9.4	12.7	-8.4	-8.4	93	1	4	-3	7		
India	81,666	-0.7	-0.2	-4.8	5.8	-4.2	-4.2	83	-8	-10	0	-7		
Philippines	6,297	-0.5	0.4	2.6	7.0	4.0	4.0	79	1	1	-4	4		
Thailand	1,321	-0.3	1.1	4.9	1.3	4.9	4.9	56	-3	-4	-16	-3		
Malaysia	1,741	0.0	1.2	4.3	12.1	3.6	3.6	105	0	-6	-37	-4		
Argentina	3,199,554	-0.4	3.4	2.3	24.8	4.8	4.8	499	-33	-79	-120	-70		
Brazil	181,364	-1.0	1.4	13.0	43.8	12.6	12.6	191	-1	-15	-36	-12		
Chile	11,333	-0.9	-1.8	8.7	57.4	8.1	8.1	90	-1	-5	-28	-1		
Colombia	2,475	-0.8	-1.9	19.6	62.6	19.7	19.7	265	4	-13	-51	-12		
Mexico	67,599	-2.7	-0.9	5.0	29.9	5.1	5.1	209	-6	-10	-108	-8		
Peru	3,282	-6.1	1.4	24.9	92.2	27.0	27.0	105	0	-6	-37	-4		
Hungary	128,112	-0.6	1.1	15.4	49.9	15.4	15.4	135	-2	-7	-14	-4		
Poland	124,846	0.0	0.5	3.9	42.9	6.5	6.5	90	-1	-3	-21	-1		
Romania	27,063	-0.5	-1.4	10.7	59.2	10.7	10.7	162	-4	-18	-78	-14		
South Africa	119,241	-0.7	-4.3	2.7	38.7	2.9	2.9	230	3	9	-66	12		
Türkiye	13,819	-0.1	4.9	20.2	38.1	22.7	22.7	248	5	9	-11	14		
EM total	59	-1.1	0.1	5.1	38.3	8.0	8.0	266	7	-6	-85	-5		

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

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