Global Markets Monitor

GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

FRIDAY, JANUARY 9, 2026

LEAD EDITOR: JOHANNES S. KRAMER

- **Stable labor data lifts S&P500 and the dollar, tempering near-term Fed rate cut bets** (link)
- **President Trump announced plans for Fannie Mae and Freddie Mac to buy $200bn MBS** (link)
- **Leveraged Loan default rates fall, closing in on sub-investment grade corporate levels** (link)
- **Non-core European sovereigns outperform as Italian issuance drew record demand** (link)
- **Peru's central bank delivered a policy rate hold for the fourth consecutive month** (link)
- **MiniMax shares double on IPO debut as Beijing's AI push spurs listing wave** (link)

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Payrolls, Benches, and Bricks

U.S. payrolls and a possible Supreme Court ruling on Trump-era tariffs take center stage for investors today, with all eyes on the judicial bench. Today's payrolls data point to a labor market holding up better than feared, with modest signs of stabilization. As for tariffs, if the Court finds the use of emergency powers unlawful, the government could face up to $150 bn in potential refund obligations to importers baring potential fallback options. Separately, improving housing affordability remains a top policy priority. President Trump announced a directive for Fannie Mae and Freddie Mac to buy $200 bn in mortgage bonds, spurring a rally in agency MBS and real estate lending stocks. Asian currencies softened into the payroll and Supreme court event window, with the yen hovering just below ¥158/$ and positioning stretched as leveraged funds sit near record shorts. In the Euro area, European equities rose on upbeat industrial and retail data while non-core EGBs continue to outperform bunds after Italian issuance drew record demand. In China, producer prices have turned higher, raising doubts about the durability of the deflation narrative. Gold slipped during Asian hours for a fourth straight session as regional demand fades, while Brent climbed on unrest in Venezuela and digital shutdowns in Iran.

Key Global Financial Indicators

Last updated: 1/9/26 8:53 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		6921	0.0	1	1	17	1
Eurostoxx 50		5970	1.1	2	4	19	3
Nikkei 225		51940	1.6	3	2	33	3
MSCI EM		57	0.0	4	4	36	4
Yields and Spreads			bps				
US 10y Yield		4.19	2.0	0	0	-50	2
Germany 10y Yield		2.86	-0.4	-4	1	29	0
EMBIG Sovereign Spread		253	2	0	-7	-70	0
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.6	0.1	0	1	8	0
Dollar index, (+) = $ appreciation		99.0	0.1	1	0	-9	1
Brent Crude Oil ($/barrel)		62.5	0.9	3	1	-19	3
VIX Index (%, change in pp)		15.6	0.1	1	-1	-3	1

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

Mature Markets

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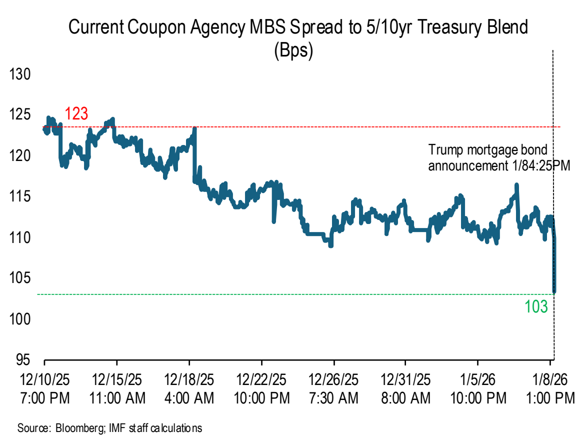
United States

This morning's release of payroll data confirms a more stable labor market backdrop. Labor market data released earlier this week hinted at slowing deterioration, and today's print aligns with that notion. Headline job growth printed at +50k (exp. +70k, from revised +56k), while the unemployment rate fell to 4.4% (exp. 4.5%, from revised 4.5% prior), reversing temporary distortions from the November reading tied to federal staffing during the shutdown. Ahead of the release, investor positioning remained subdued, reflecting easing pressure from recent labor market data. In reaction, 2-year Treasury yields inched up (+3 bps) to 3.51%, while 10-year yields briefly reached 4.2% before retracing to 4.18%. The dollar strengthened (+0.1%) to $1.1661/€, and S&P 500 futures rose (+0.2%). With labor data now broadly aligned with the Fed's December projections, the report may reinforce the Fed information effect—where investors interpret stable data as confirming the Fed's confidence in its outlook. That, in turn, lowers the perceived urgency for near-term rate cuts, even if growth remains subdued. Asides, this morning's data release showed that US housing starts fell to its lowest level since May 2020 as builders continued to cut back amid still-high prices and mortgage rates.

Yesterday, the S&P 500 little changed, with broad-based growth offset by losses in large-cap technology stocks. U.S. 10-year Treasury yields rose by 3 bps, driven by real yields, while the U.S. dollar appreciated 0.2% against major currencies.

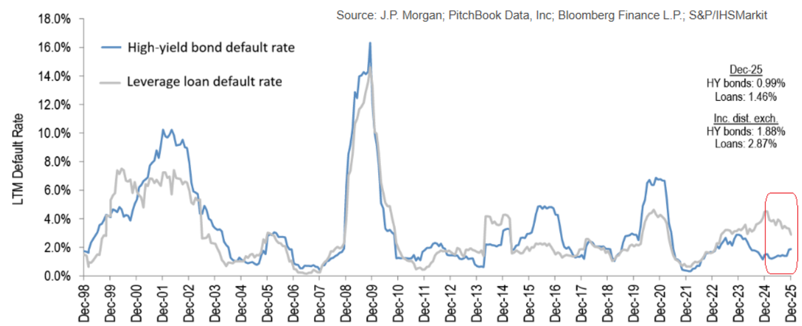
Agency MBS markets rallied after President Trump announced plans for Fannie Mae and Freddie Mac to buy $200 bn in mortgage bonds. Prices rose, and spreads tightened by about -8bps late in the U.S. session (see chart). The market sees this as the two government-sponsored enterprises using space in their retained portfolios, which Treasury and FHFA rules tied to conservatorship cap at a combined $450 bn. Fannie and Freddie had already grown their portfolios by $69bn from May through November. Citi analysts foresee the new buying plans to tighten MBS spreads by up to -25bps, which may lower primary mortgage rates. Shares of lenders like Rocket and LoanDepot rose after the news. The mortgage announcement follows Trump's separate plan to ban large institutional investors from buying single-family homes, which will need Congressional approval. Morgan Stanley analysts estimate that institutional investors hold at most 1% of the single-family housing stock, so the near-term impact looks limited. But as Santander analysts point out, the effect will depend on how "large investor" is defined. Shares of Blackstone, one of the biggest residential landlords, fell as much as -9% before trimming losses.



Declining policy rates provide partial relief to floating-rate leveraged loans, easing interest-expense pressure. JPMorgan analysts estimate that leveraged loan defaults have declined to 2.87%—near the 2.5% medium-term average—while sub investment grade bonds have a default rate of 1.88% (see chart). For 2026, the JPMorgan analysts project default rates for high yield bonds and leveraged loans at 3.0%

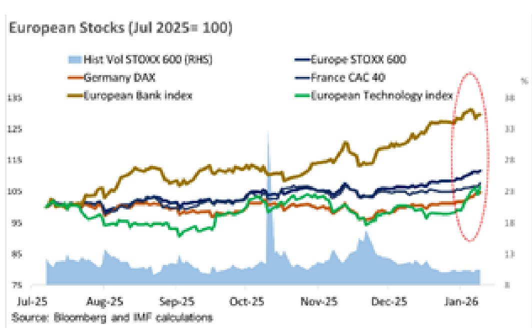
and 1.75% respectively, helped by a resilient macro backdrop, strong corporate fundamentals, and supportive refinancing conditions. That said, the leveraged loan default rates are expected to remain above those of high-yield bonds in reflection of leveraged loan issuers' comparatively lower credit quality and fundamentals, still-elevated policy rates, repeated defaults of recently restructured borrowers, and a steeper redemption profile into 2028.

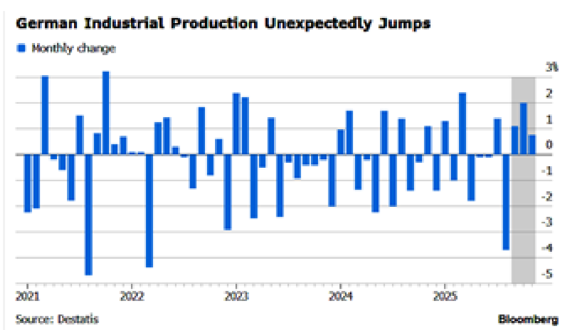
The high-yield bond default rate increased into year end, while the loan default rate decreased



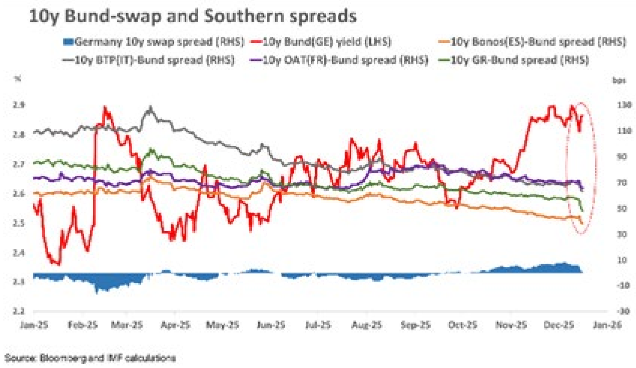
Euro area

European equities rose on stronger-than-expected industrial and retail data. November industrial production surprised to the upside, with the Iberian peninsula maintaining strong momentum and France and Germany showing signs of recovery. Spain's industrial output grew at 4.5% y/y (from 1.2%), followed by France at 2.1% y/y (exp. 1.6% from revised 1.8%) and Germany at 0.8% y/y (exp. -1.0% from revised 1.0%). Eurozone retail sales increased 2.3% y/y (exp. 1.6% from revised 1.9%). The Stoxx 600 rose (+0.5%), led by tech stocks (+3.3%) after Taiwan Semiconductor beat revenue estimates, boosting hopes for sustained global AI demand. Energy shares (+1.9%) also rallied on higher oil prices, followed by the materials sector (+1.2%). All major bourses advanced, except for Spain, where the IBEX 35 slipped (-0.2%), trimming yesterday's gains. The euro edged down -0.1% to $1.1645/€ as the dollar firmed.





Non-core European sovereigns outperformed as Italian issuance drew record demand. German Bund yields slightly rose at the front end, with 2-year bonds yielding 2.09%, 5y at 2.41%, and 10y at 2.86%. Southern EGBs continued to outperform on longer tenors (left chart), led by Italian BTPs. The 10y BTP-Bund spread continued to narrow (-2bps) today towards 63bps—the tightest level since 2008 and noticeably below the spread of investment-grade rated corporate issers over bunds (right chart). Italy yesterday raised €15 bn via a 7-year bond syndication, drawing a record €150 bn in orders. Its €5bn 20-year green bond offering attracted over €115 bn in bids. The 10y OAT-Bund spread also continued its compression (-5bps), reaching a level of 66 bps. Goldman Sachs analysts remain constructive on non-core sovereign debt, citing ongoing fiscal discipline, with all countries targeting primary surpluses by 2026. They forecast the 10y BTP-Bund spread at 75 bps and the Bonos-Bund spread at 55 bps by end-2026.

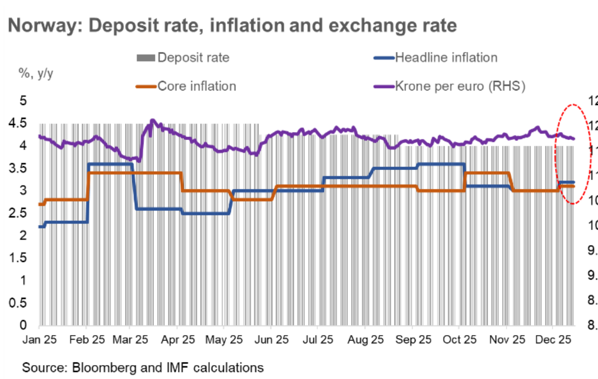


Japan

Japanese markets moved on yen weakness, with equities rising and the JGB curve flattening as long-end yields fell while front-end rates firmed. The yen weakened sharply, falling (-0.5%) to ¥157.69/$ and nearing the ¥158/$ level. According to data from Bloomberg, leveraged funds hold near-record short positions on the currency, increasing the risk of a sharp move if sentiment shifts. Japanese bond yields moved unevenly. Short- and medium-term yields rose (2-yr +2 bps to 1.14%, 10-yr +2 bps to 2.09%), while long-dated yields fell (30-yr -9 bps to 3.40%, 40-yr -3 bps to 3.71%). Equities rose (Nikkei 225 +1.6%), supported by yen weakness, which boosted exporter shares.

Norway

Pricing for Norges Bank rate cuts pared back following upbeat December inflation data. Headline CPI rose to 3.2% y/y (exp. 2.9%, from 3.0%), while core inflation came in at 3.1% y/y (exp. 3.0%, unchanged from November). In response, overnight forwards pared back pricing for policy rate cuts by June 2026 (+2bps) to a cumulative amount of -17bps of easing by then. Government bond yields rose by a similar magnitude (+2 bps) across the curve, with 2-year bonds yielding 3.95% and 10-year bonds at 4.12%. Svenska Handelsbanken expects Norges Bank to wait until June before cutting again, while Nomura also sees a 25 bp move in June, arguing March would be too soon with inflation still above target. JP Morgan stressed the upside surprise in headline CPI matters more ahead of wage talks and expects no dovish pivot in January. They see cuts unlikely before 2027. The krone edged 0.1% stronger to NOK11.744/€.



Emerging Markets

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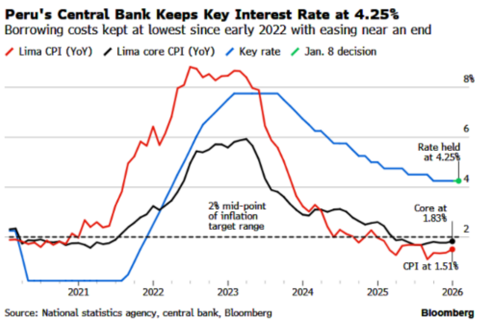
EMEA markets saw modest equity gains, led by continued strength in Romania, while regional currencies traded softer against a stronger dollar. Romanian stocks continued to outperformed (+1.4%), supported by materials, while Czech equities lagged (-0.3%). All major CEE currencies weakened against the euro. The South African rand edged (-0.1%) to 16.55/$, while the Turkish lira slipped (-0.2%) to 43.14/$ amid broad dollar strength. Separately, Bloomberg reports that Ghana plans to issue its first domestic infrastructure bond later this year. The deal is expected to raise 10bn cedis ($935mn) in two tranches of 5bn each.

Asian markets traded without clear direction with mild currency weakness and uneven equity moves. Asian currencies weakened slightly against the dollar (EM Asia FX -0.1%) ahead of the potential U.S. Supreme Court decision on Trump-era tariffs later today. The Korean won fell (-0.4%) for a seventh consecutive day, weighed down by foreign equity outflows. On aggregrate, Asian equities fractionally declined (EM Asia equities -0.1%). Gains in Malaysia (KLCI +1.0%) and Korea (KOSPI +0.7%) were offset by a drop in India (SENSEX -0.8%). The region is still on track for a weekly gain of about 1.5%—its best opening week since 2023.

Yesterday, Latin American currencies saw modest moves in both directions, while regional equities advanced. The Colombian peso led gains (+0.9%), while the Chilean peso (-0.2%) and the Argentine peso (-0.2%) lagged. Venezuela's IBVC equity index has surged sharply on developments over the past weekend, reflecting elevated risk-on sentiment. Other markets also rebounded, with equities in Argentina (+2%), Mexico (+1%), and Colombia (+0.7%) trimming earlier losses.

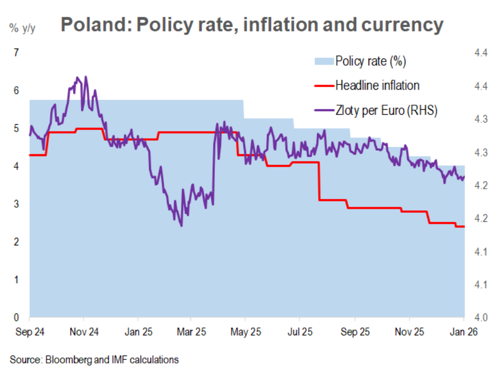
Peru

Peru's central bank delivered a rate hold for the fourth straight month, keeping its policy rate at 4.25% as expected. The decision comes amid firm growth and stable inflation. GDP rose 3.5% in 2024, with consensus at 3.3% for 2025 and 3.0% for 2026. Inflation remains inside the 1–3% target range, with headline at 1.51% y/y and core at 1.83% y/y in December—both below the midpoint. According to Bloomberg, the strength of the sol has helped ease price pressures. The currency appreciated +11.2% in 2025, its strongest level since 2020, supported by broad Latin American FX gains on dollar weakness. The policy rate is now at its lowest since early 2022.



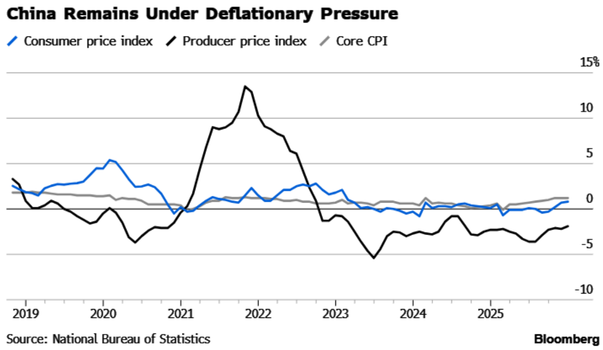
Poland

NBP expected to deliver a policy rate hold next week with scope for cautious cuts later this year. The National Bank of Poland (NBP) is widely expected to keep its policy rate unchanged at 4.0% at its meeting next week, following six cuts in 2025. However, HSBC analysts note that inflation could stabilize below the central bank's 2.5% target, creating room for up to two more cuts this year. The timing remains uncertain and will depend on upcoming inflation prints, setting up a more data-dependent tone heading into the February meeting. Bank of America analysts share a similar view as softening inflation could support cautious further easing. They expect one more - 25bps cut in spring. The zloty was fractionally weaker this morning (- 0.1%) at 4.21/€.

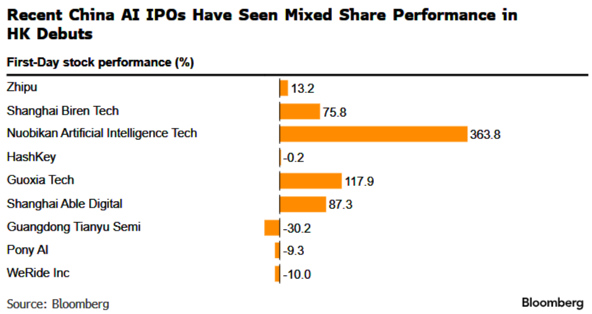


China

China's December inflation showed a slight pickup, led by food prices. Headline CPI rose 0.8% y/y (exp. 0.8% from 0.7%). Producer prices remained in deflation but narrowed to -1.9% y/y (exp. -2.0% from -2.2%). The main driver was food inflation, which accelerated to +1.1% y/y from +0.2%. Food makes up about 20% of the CPI basket. Despite the rise, analysts view the price data as broadly soft. Deflation risks remain entrenched, keeping the central bank on an easing path. For this year, market participants continue to expect -20bps of policy rate cuts and a -50bps reduction of the banks' reserve requirement ratio. The yuan was little changed. Onshore CNY and offshore CNH both held steady, even as the daily fix was set 0.1% stronger at 7.0128/$. Onshore CNY ended the week 0.1% stronger, its seventh straight weekly gain.



MiniMax's IPO doubled on debut, underscoring strong demand for Chinese AI listings as Hong Kong sees a wave of tech fundraising. The Chinese AI startup MiniMax surged 103% on its Hong Kong trading debut, after briefly jumping as much as +108%. The IPO raised $619mn and drew heavy demand—oversubscribed 1,837 times by local investors and 37 times internationally. Fourteen cornerstone investors, including Alibaba, Aspex Management, and Mirae Asset, bought HK$2.7 bn ($346mn) worth of shares. MiniMax is one of the first post-ChatGPT Chinese AI firms to go public, highlighting strong investor appetite for the sector. Its blockbuster debut contrasts with rival Zhipu (Knowledge Atlas Technology), which listed Thursday with a smaller $558mn raise and a +13.2% gain. Hong Kong is seeing a wave of AI listings. About half of the 11 firms expected to go public this month are AI-related, as companies accelerate fundraising under Beijing's push to build national tech champions. Separately, Bloomberg reported that Shenzhen Inovance Technology is considering a secondary Hong Kong listing. The industrial robotics maker first listed in Shenzhen in 2010.



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Global Financial Indicators

	Level		Change				
1/9/26 8:53 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		6,929	0.0	1.0	1.3	17.1	1
Europe		5,970	1.1	2.0	4.4	19.0	3
Japan		51,940	1.6	3.2	2.2	32.5	3
China		4,759	0.4	2.8	3.9	27.5	3
Asia Ex Japan		97	0.0	4.4	4.7	35.5	4
Emerging Markets		57	0.0	3.9	4.3	36.1	4
Interest Rates					basis points		
US 10y Yield		4.2	2	0	0	-50	2
Germany 10y Yield		2.9	0	-4	1	29	0
Japan 10y Yield		2.1	2	3	13	91	3
UK 10y Yield		4.4	0	-13	-10	-41	-8
Credit Spreads					basis points		
US Investment Grade		109	0	0	-3	-12	1
US High Yield		324	-2	-9	-15	10	-12
Exchange Rates					%		
USD/Majors		99.0	0.1	0.6	-0.2	-9.3	1
EUR/USD		1.16	-0.1	-0.6	0.1	13.0	-1
USD/JPY		157.6	0.4	0.5	0.4	-0.4	1
EM/USD		46.6	0.1	0.0	0.6	8.3	0
Commodities					%		
Brent Crude Oil ($/barrel)		62.5	0.9	2.9	1.4	-13.3	3
Industrials Metals (index)		170.1	2.0	3.7	10.3	19.4	4
Agriculture (index)		54.5	0.0	2.0	-1.4	-3.7	2
Gold ($/ounce)		4466.8	-0.2	3.1	6.1	67.5	3
Bitcoin ($/coin)		90535.1	-0.7	-0.8	-2.3	-1.7	3
Implied Volatility					%		
VIX Index (%, change in pp)		15.6	0.1	1.1	-1.4	-2.5	0.6
Global FX Volatility		6.5	0.0	-0.2	-0.2	-2.5	-0.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		49	-2	-10	-11	-30	-10
Italy		63	-1	-8	-6	-48	-6
France		66	-1	-5	-5	-17	-5
Spain		39	-1	-5	-8	-28	-5

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

Emerging Market Financial Indicators

1/9/2026 8:54 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	(+) = EM appreciation						% p.a.					
China		6.98	0.1	0.1	1.2	5.1	0.1		2.0	-1	3	4	32	3
Indonesia		16805	-0.1	-0.5	-0.8	-3.6	-0.7		6.0	0	0	-7	-106	0
India		90	-0.2	0.0	-0.3	-4.8	-0.3		7.2	-1	6	-10	-10	8
Philippines		59	-0.1	-0.7	-0.1	-1.3	-0.7		4.7	5	5	9	-24	5
Thailand		31	0.3	0.3	1.2	10.2	0.3		1.8	1	10	6	-54	10
Malaysia		4.07	-0.3	-0.5	1.0	10.6	-0.3		3.5	1	2	-1	-30	1
Argentina		1464	-0.1	0.7	-1.8	-29.2	-0.9		33.3	-53	89	294	824	89
Brazil		5.36	0.5	1.2	1.5	12.6	2.2		13.4	-2	-17	-13	-201	-17
Chile		894	0.4	1.4	3.5	12.7	0.7		5.2	-3	-10	-5	-58	-10
Colombia		3708	0.1	1.8	4.2	16.8	1.9		12.7	0	-15	65	116	-15
Mexico		17.97	0.0	-0.4	1.3	14.2	0.2		8.8	4	-18	-7	-143	-18
Peru		3.4	0.0	0.0	0.0	12.2	0.0		5.9	0	10	8	-81	10
Uruguay		39	0.0	0.0	1.0	12.4	0.1		7.4	1	-10	-33	-224	-10
Hungary		331	-0.3	-1.2	-0.4	21.3	-1.2		6.4	0	-9	-19	-21	-9
Poland		3.62	-0.1	-0.7	0.5	14.4	-0.7		4.5	2	-5	-13	-111	-5
Romania		4.4	-0.2	-0.7	0.2	10.5	-0.8		6.5	-12	-13	-28	-81	-13
Russia		79.0	1.8	1.7	-2.1	29.4	-0.3							
South Africa		16.5	0.3	0.1	3.5	14.8	0.5		8.8	10	15	-9	-180	15
Türkiye		43.14	-0.2	-0.3	-1.3	-18.1	-0.4		29.7	21	5	-126	61	5
US (DXY; 5y UST)		99	0.0	0.5	-0.3	-9.4	0.6		3.75	2	0	-4	-71	2

	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					
China		4,759	0.4	2.8	3.9	27.5	2.8		76	1	0	-20	1
Indonesia		8,937	0.1	2.2	3.2	26.1	3.4		88	2	1	-9	2
India		83,576	-0.7	-2.5	-2.0	8.0	-1.9		92	2	1	2	2
Philippines		6,348	0.4	3.5	5.2	-2.3	4.9		79	4	4	-11	4
Thailand		1,254	0.0	-0.4	0.0	-8.3	-0.4						
Malaysia		1,687	1.0	1.0	3.0	5.3	0.4		59	0	-2	-15	0
Argentina			0.7	-1.0	3.6	9.4	1.4		582	13	-58	11	13
Brazil		163,679	0.6	2.0	3.6	36.6	1.6		204	1	-1	-34	1
Chile		10,968	0.4	5.2	7.7	61.2	4.6		96	5	4	-24	5
Colombia		2,187	0.7	5.7	3.0	55.4	5.8		279	2	3	-45	2
Mexico		65,521	1.0	1.9	2.9	31.5	1.9		219	2	0	-84	2
Peru		2,824	2.4	7.7	13.1	60.5	9.3		111	2	15	-32	2
Hungary		116,440	0.5	4.9	7.2	43.4	4.9		142	3	4	-12	3
Poland		121,116	1.0	3.3	8.2	48.0	3.3		94	3	8	-21	3
Romania		25,646	1.6	5.8	7.6	50.0	4.9		185	9	-1	-53	9
South Africa		118,349	1.2	1.9	6.9	41.4	2.2		231	13	13	-57	13
Türkiye		12,150	0.5	5.7	8.1	21.5	7.9		250	16	7	-14	16
EM total		57	0.3	3.9	4.3	36.1	3.9		266	-5	-8	-93	-5

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

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