GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, JULY 21, 2026

LEAD EDITOR: FABIO CORTES

- **Early Q2 US corporate earnings reports show continued resilience** (link)
- **European natural gas prices gain on concerns over tighter gas balances ahead of winter** (link)
- **UK markets cautiously observe fiscal signals of the new Labour government** (link)
- **JGB yields rise following the approval of PM Takaichi's annual economic and fiscal plan** (link)
- **Carry trade appeal for Latam currencies rises as EM currency volatility declines** (link)
- **China's national team expand support for tech shares** (link)

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A Rebound in Tech Shares Drives Global Equities Higher

A rebound in chipmakers gained momentum this morning, with Nasdaq 100 futures up +1.4%. The tech heavy Nikkei 225 also gained +3% while the Chinese STAR 50 Index rose +10% on the day amid reports of state-backed purchases. There was no fundamental driver to the rebound in tech shares other than reports of investors buying the dip after the large sell-off in the sector last week. Market sentiment remains in check ahead of hyperscalers' earnings this week, with investors focused on AI monetization and capex plans, which could determine whether the recent semiconductor correction has further to run. Oil prices remained elevated this morning, with brent crude futures trading above $90 a barrel after US-Iran strikes extended to a tenth day and reports that the Houthis threatened shipping in the Red Sea. In fixed income markets, JGB yields rose following the approval of PM Takaichi's annual economic and fiscal plan. In the UK, markets reacted cautiously to the new government's first fiscal signals, with long-dated gilt yields rising yesterday and underperforming euro area peers, before stabilizing today. Elsewhere, the dollar was flat, and EM currencies were mixed in a relatively quiet trading day.

Key Global Financial Indicators

Last updated: 7/21/26 8:09 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		7443	-0.2	-1	-1	18	9
Eurostoxx 50		6257	0.5	0	-1	17	8
Nikkei 225		66232	3.3	-2	-8	67	32
MSCI EM		64	0.4	-1	-10	29	16
Yields and Spreads			bps				
US 10y Yield		4.60	0.4	1	14	22	43
Germany 10y Yield		3.16	1.3	5	18	55	31
EMBIG Sovereign Spread		238	-2	6	9	-71	-15
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.6	0.1	0	-1	1	0
Dollar index, (+) = $ appreciation		101.0	0.0	0	0	3	3
Brent Crude Oil ($/barrel)		90.8	1.7	7	13	31	49
VIX Index (%, change in pp)		17.8	-0.9	1	1	1	3

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: 7/21/26 8:10 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 ($/barrel)		91	1.7	7	13	31	49
WTI Crude Oil ($/barrel)		85	1.6	7	10	26	47
Natural Gas (Netherlands TTF)		60	1	9	41	79	122
Breakeven Inflation		%	bps				
USD: 2Y		2.3	0.3	3	-10	-72	3
USD: 5Y		2.4	0.6	2	2	-27	10
USD: 5Y5Y		2.4	-1	0	-2	-13	-5
EUR: 2Y		2.5	0.5	15	17	74	80
EUR: 5Y		2.2	1	8	14	41	46
EUR: 5Y5Y		2.1	0	1	2	4	6

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

Mature Markets

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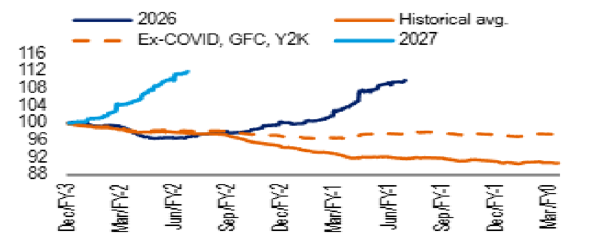
United States

The first batch of earnings is pointing to continued resilience. Fifty S&P 500 companies (20% of index earnings) have reported in the first week of the earnings season, of which 88% beat EPS expectations, marking a 3-year high in week-one beat rate and 20 ppts above the historical average. Solid upside surprises from banks underpinned the sector's outperformance since the start of the tech sell-off (financials +5.3% vs index -1.6%) and helped lift Q2 index EPS estimates by +1% since July 1, bringing y/y growth to 23%. Analysts generally expect earnings growth to strengthen further as the earnings season progresses, with energy and tech sectors seeing the largest upward revisions in recent months.

Exhibit 13: 2026 and 2027 estimate revisions are above historical average trends

S&P 500 historical FY2 EPS revisions vs. 2026-27 consensus EPS (2026-27 as of 7/17/26)

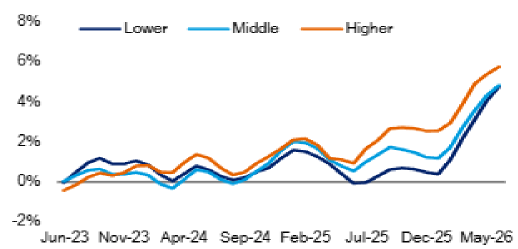


Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2001-2024

BofA GLOBAL RESEARCH

Consumer spending momentum remains robust despite higher energy prices. Bank of America card data shows that both headline and ex-gas household spending in June rose at the fastest pace since April 2022 as gas prices eased. Spending strengthened across all income cohorts, with lower-income households seeing the largest improvement as wage growth converged toward higher-income households. Consistent with these trends, major banks reported resilient consumer spending across income segments alongside lower-than-expected delinquencies. That said, many analysts still caution that higher energy prices could weigh on consumption with a lag, especially if the US-Iran conflict remains protracted.

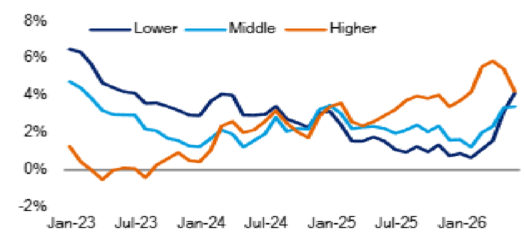
Total credit and debit card spending per household, according to Bank of America card data, by household income tercile (three-month moving average, YoY%, SA)



Source: Bank of America internal data

BofA GLOBAL RESEARCH

After-tax wage and salary growth by household income tercile, based on Bank of America aggregated consumer deposit account data (three-month moving average, YoY%, SA)



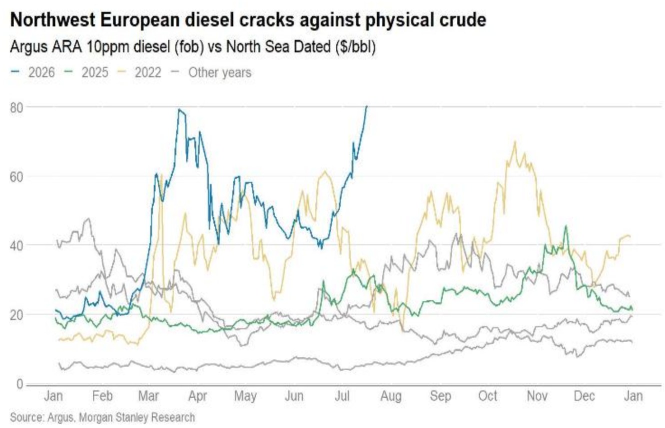
Source: Bank of America internal data

BofA GLOBAL RESEARCH

Euro Area

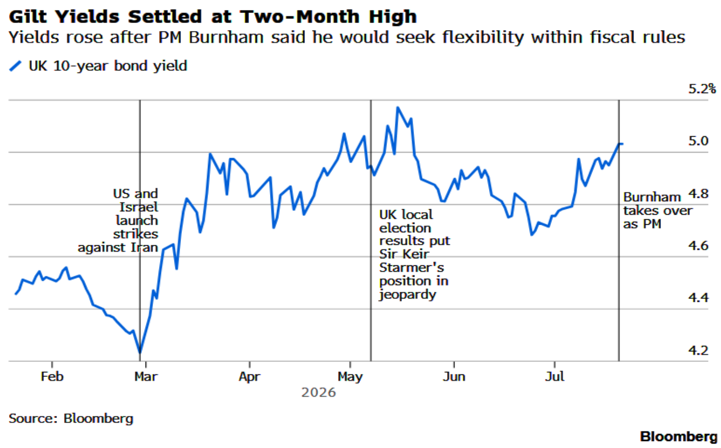
Euro area equities rose, led by technology stocks. The EURO STOXX 50 gained 0.7%, with IT (+2.3%) and energy (+1.3%) stocks leading the advance. The euro was little changed while sovereign yields moved only marginally, with curves steepening slightly.

European natural gas prices rose after expectations of a slower recovery in LNG exports through the Strait of Hormuz reinforced concerns over tighter gas balances ahead of winter. Goldman Sachs raised its Q3 and Q4 2026 TTF forecasts to €60/MWh and €53/MWh (from €41/MWh and €40/MWh), respectively, arguing that reduced LNG availability could leave European storage levels unusually low by the start of winter and that prices may need to approach €65/MWh to curb Asian LNG demand. The bank continues to see upside risks should Middle Eastern export disruptions persist. Dutch TTF natural gas futures increased by +1.4% to €59.50/MWh this morning. Morgan Stanley noted that European diesel markets remain exceptionally tight as disruptions to Middle Eastern product exports and Russian refinery outages continue to constrain supply, although it argued that much of the near-term risk premium is already reflected in prices.



GS TTF Price Scenarios: Risks to near-term TTF forecasts remain skewed to the upside

United Kingdom

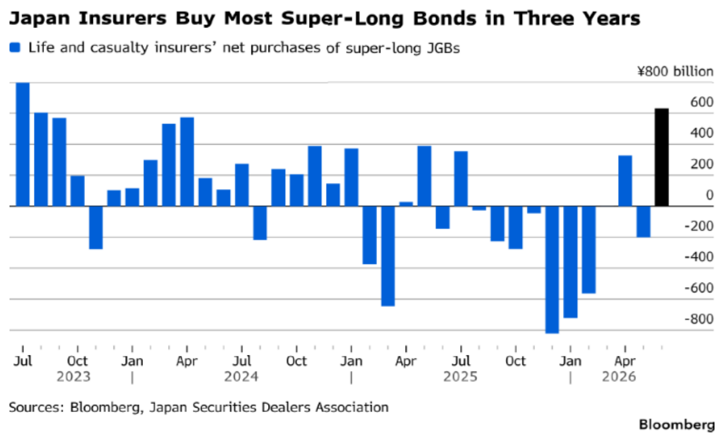


UK markets reacted cautiously to the new government's first fiscal signals, with long-dated gilt yields rising modestly yesterday and underperforming euro area peers, before stabilizing today. The move followed PM Andy Burnham's first day in office, during which he announced his cabinet and unexpectedly appointed John Healey as Chancellor, despite multiple reports last week identifying Home Secretary Shabana Mahmood as the frontrunner. Investors also focused on Burnham's indication that the government is considering raising the income tax personal allowance and this morning's announcement of a temporary removal of VAT on domestic electricity bills. While the VAT measure is relatively small and partially funded, Healey's appointment, together with early spending commitments on defense and social care, has kept attention on how the government intends to finance its policy agenda while remaining within its fiscal rules. The piecemeal policy announcements leave uncertainty over the overall fiscal package, keeping markets focused on the Autumn budget and whether the government can deliver its agenda without stretching the fiscal rules, according to Nomura. The 10-year gilt yield moved above the 5% threshold yesterday and traded broadly sideways this morning. In separate news, today's **labor market data were broadly in line with expectations and are unlikely to materially alter the Bank of England's outlook ahead of tomorrow's CPI release**. The unemployment rate remained at 4.9%, while headline wage growth eased slightly to 4.3% y/y. According to JPMorgan, alternative measures of pay growth, including the Indeed/DMP wage tracker and a payroll-based measure of median private-sector earnings, remain closer to 4% y/y, pointing to firmer underlying wage growth than the official headline measure suggests.

The London Stock Exchange announced plans to launch LSE 24, a new venue that will provide near-continuous weekday trading by operating from 5:00 p.m. to 7:50 a.m. London time alongside the main exchange, leaving markets closed for only 40 minutes each weekday. The move is aimed at strengthening London's competitiveness against alternative trading platforms and major global exchanges, as NYSE, Nasdaq and CBOE pursue 23/5 trading and Hong Kong considers extending its own trading hours to attract international investors, Bloomberg reported.

Japan

JGB yields rose following the approval of PM Takaichi's annual economic and fiscal plan. The growth and fiscal plan called for a total of ¥370 tn ($2.3 tn) in combined public and private investment across several key industries over a 14-year timeframe. Specifically, the growth strategy focuses on 17 sectors the government announced in June, including AI, semiconductors, biotech, defense, energy and shipbuilding. Analysts noted that the plan appears to pare back previous commitments to improving Japan's fiscal health, and details on some key features, including whether the sales tax on food would be suspended, are not available until early August. Following the announcement, JGB futures fell while the benchmark 10-year yield rose +3 bps to 2.73%. At its current level, the 10-year JGB is about 10 bps below its 3-decade high, reached in early July. Meanwhile, higher yields appeared to have attracted greater domestic allocation to JGBs. Japanese life and insurers brough a net ¥630.5 bn ($3.9 bn) of bonds with original maturities of more than a decade, the most since July 2023, according to data from the Japan Securities Dealers Association. These purchases helped offset outflows from overseas investors, which sold the most government notes with original maturities of two and five years since December 2022 last month, based on JSDA data. The yen remained weaker than ¥162 per dollar (-0.1%) on the day.

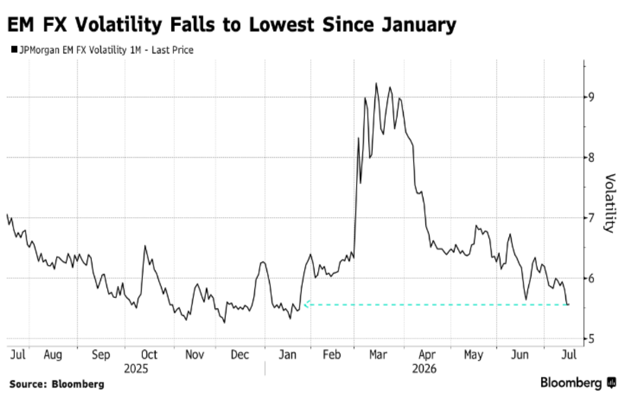


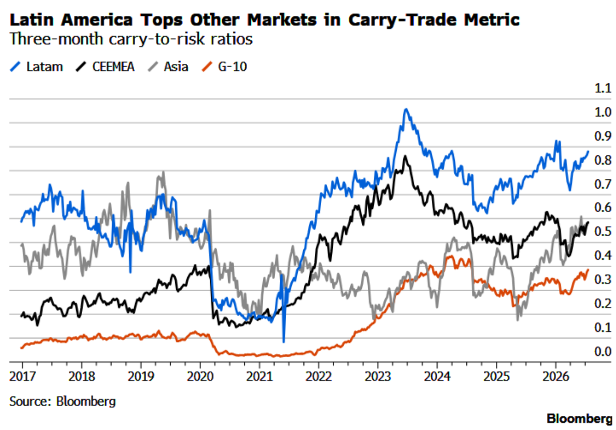
Emerging Markets back to top

In **Asia**, currencies were mixed, with the Indonesia rupiah outperforming (+0.3%). In equities, Chinese equities (+3%) outperformed as the national team expanded support for Chinese tech shares. In **EMEA**, equities and currencies edged mostly higher this morning on improved risk sentiment. In CEE, the **Hungarian** forint advanced by 0.4% on the euro, to trade at HUF 360.38/€, before the decision of the central bank later today, where it expected to cut its policy rate by 25 bps to 5.75%. In **Nigeria**, the naira was little changed this morning as the central bank is expected to keep its policy rate unchanged at 26.50% later today. Analysts at Bloomberg noted that, beside Nigeria today, several other African central banks are expected to keep policy tight in the coming weeks after renewed US-Iran tensions lifted oil and fertilizer prices, worsening inflation risks also for oil exporter by fuel-importing economies. **Ghana** is expected to hold its policy rate at 14% tomorrow, while **South Africa** is seen raising its policy rate by 25 bps to 7.25% on Thursday as inflation in expected to rise to 4.7% y/y in June. Mozambique may increase its policy rate gradually from 9.25% to 10.5% by end-2026 according to Bloomberg, while Malawi, Kenya, Mauritius and Uganda are expected to hold rates over the coming three weeks, with higher energy prices limiting room for cuts later in the year. In **Latam,** currencies mostly strengthened while equities were mixed yesterday. The Mexican peso (+0.6%) and Brazilian real (+0.4%) outperformed. Equities rallied in Argentina (+0.7%) but fell in Mexico (-0.8%) and Brazil (-0.2%).

Latam Currencies

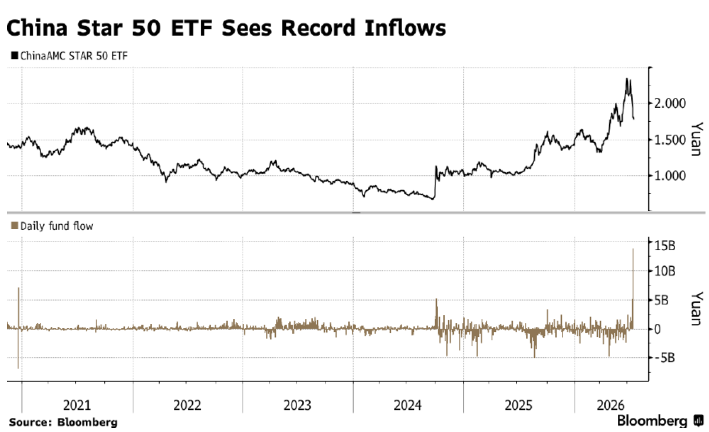
Carry trade appeal is improving as EM currency volatility declines. FX volatility across emerging markets has fallen to its lowest level since January after spiking at the onset of the Middle East conflict (left chart). Lower FX volatility creates a more favorable environment for carry trades, which involve borrowing in low-interest rate currencies and investing in high-interest rate currencies. Bloomberg analysts highlighted that Latin American currencies are the most attractive within emerging markets, given the region's highest carry-to-risk ratio (right chart). Analysts attribute the region's outperformance to generally higher interest rates, the relatively limited impact of the oil shock given that many countries in the region are commodity exporters, as well as some idiosyncratic country-specific factors. The top three performing emerging market currencies this year-to-date are the Colombian peso (+16%), Brazilian real (+8%), and Mexican peso (+3%). Likewise, the top three USD-funded emerging market carry trades have been the Colombian peso (+21%), Brazilian real (+13%), and Argentine peso (+12%).





China

The national team expanded support for Chinese tech shares. The ChinaAMC STAR 50 ETF—the largest fund tracking chip-heavy shares—attracted a record RMB 13.8 bn ($2 bn) of inflows on Monday. Meanwhile, The STAR 50 Index—the tech-heavy Shanghai Stock Exchange (SSE) Science and Technology Innovation Board—rose +10% on the day after having lost nearly 17% last week. Traders noted that the scale of the inflows suggested state-backed investment capital; many of which was directed toward tech shares, where the selloff had been most intense. Meanwhile, support for tech shares has broadened to include China's largest insurers, with at least five—including China Life, Ping An and the People's Insurance Company—pledging to boost investments. The national team has a history of using

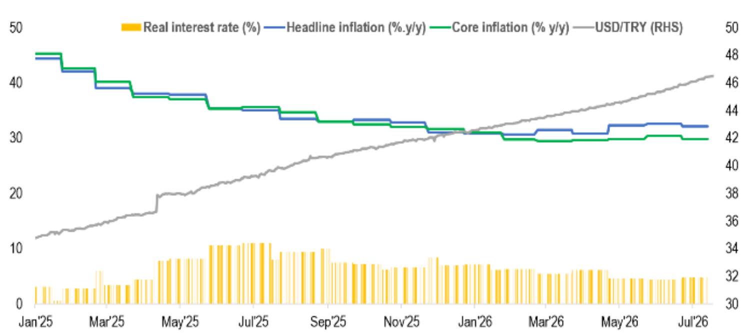


ETFs to stabilize equities during periods of volatility. These investment firms had reduced their ETF holdings earlier in the year, leaving them with more room to ramp up their purchases in the current period. The broad CSI index is up +3% on the day, while both the onshore and offshore RMB was little changed on the day.

Türkiye

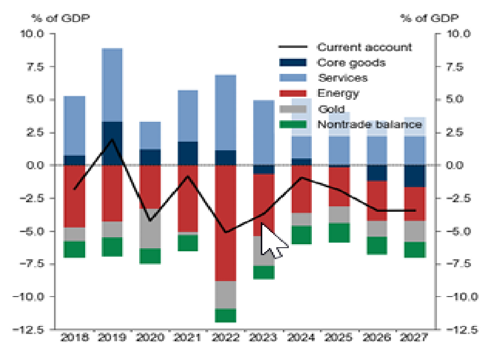
The lira was little changed this morning after having depreciated -9% since the beginning of the year. **Goldman Sachs** (GS) expects policymakers to tolerate faster lira depreciation in the coming months to support competitiveness and limit deterioration in the current account (CA), that was recently driven from weak exports rather than imports. GS expects the CA deficit to widen from 2.2% of GDP in 2025 to 3.5% in 2026 and the lira to further depreciate by about 2% per month in the second half of 2026. It then sees the central bank keeping the one-week policy repo rate at 37% on Thursday and for the rest of 2026 to counter dollarization risks, before cutting it to 29% through 2027. **JP Morgan** sees dollarization risks taking priority over support to exports, and it expects policymakers to continue to intervene to slow down the depreciation of the lira to about 1–1.5% per month, while inflation would average a 2% m/m (CPI printed at 1% m/m in June) with policy rates falling into the low/mid-30% range in the medium term. **Morgan Stanley** expects slower disinflation on higher energy prices, but it still sees the central bank cutting the policy rate this year.

Türkiye: Inflation, real interest rate and currency



Source: Bloomberg and IMF calculations

Türkiye: Current Account



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Global Financial Indicators

Last updated: 7/21/26 8:10 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,482	-0.2	-0.8	-0.2	18.7	9
Europe		6,257	0.5	-0.4	-0.6	17.1	8
Japan		66,232	3.3	-1.5	-8.5	66.5	32
China		4,739	3.1	-1.2	-6.3	15.1	2
Asia Ex Japan		110	0.4	-1.4	-10.6	29.5	18
Emerging Markets		64	0.4	-1.5	-10.2	28.7	16
Interest Rates					basis points		
US 10y Yield		4.6	0	1	14	22	43
Germany 10y Yield		3.2	1	5	18	55	31
Japan 10y Yield		2.7	3	1	7	119	66
UK 10y Yield		5.0	0	5	19	43	55
Credit Spreads					basis points		
US Investment Grade		118	0	0	11	-5	10
US High Yield		315	-1	9	8	-21	-21
Exchange Rates					%		
USD/Majors		101.0	0.0	0.1	0.1	3.2	3
EUR/USD		1.14	0.0	0.0	-0.1	-2.4	-3
USD/JPY		162.7	0.1	0.3	0.7	10.4	4
EM/USD		46.6	0.1	-0.3	-1.4	1.3	0
Commodities					%		
Brent Crude Oil ($/barrel)		90.8	1.7	7.1	13.4	36.3	51
Industrials Metals (index)		176.3	1.8	1.1	-2.4	12.6	8
Agriculture (index)		59.5	0.1	2.0	9.0	8.6	11
Gold ($/ounce)		4058.6	1.3	0.1	-3.1	19.5	-6
Bitcoin ($/coin)		66318.8	1.5	3.5	4.0	-43.3	-24
Implied Volatility					%		
VIX Index (%, change in pp)		17.8	-0.9	1.3	1.0	1.1	2.8
Global FX Volatility		6.1	0.0	-0.1	-0.6	-2.1	-0.8
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		72	0	3	4	4	13
Italy		82	-1	5	10	-2	12
France		80	0	2	4	12	9
Spain		46	0	0	-1	-14	3

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

Emerging Market Financial Indicators

7/21/2026 8:00 AM	Exchange Rates: Level Last 12m	Exchange Rates: Level Latest	Exchange Rates: 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		6.77	0.0	0.1	0.1	5.9	3.2		1.8	1	0	0	9	-13
Korea*		1478	-0.2	0.8	4.0	-6.5	-2.3		4.4	5	9	24	168	115
Indonesia		17888	0.3	1.1	-0.3	-8.7	-6.8		7.2	3	2	11	74	121
India		96	0.2	0.0	-1.6	-10.3	-6.6		7.8	-1	3	-1	105	76
Philippines		62	-0.1	-0.1	-1.0	-7.4	-4.5		6.1	2	3	10	125	140
Thailand		34	-0.1	-0.6	-2.1	-4.3	-6.5		2.2	2	3	-4	50	41
Malaysia		4.09	0.1	-0.3	1.5	3.6	-0.7		3.7	1	3	6	23	15
Argentina		1481	-0.2	0.1	-1.3	-13.9	-2.0		0.0	0	0	0	-3492	-3237
Brazil		5.09	0.4	0.9	1.0	9.4	7.9		14.6	3	15	-38	37	99
Chile		934	0.3	0.0	-2.9	2.1	-3.6		5.5	1	4	11	4	20
Colombia		3258	0.0	-0.4	5.4	24.2	15.9		12.0	0	14	-4	55	-84
Mexico		17.39	0.3	0.2	-0.1	7.4	3.6		9.0	5	5	12	-29	6
Peru		3.4	0.2	0.1	-0.4	4.6	-1.2		6.1	2	-4	-6	-51	28
Uruguay		40	0.2	0.3	-0.4	0.1	-2.5		7.4	-3	-6	-10	-107	-15
Hungary		316	0.4	-0.4	-2.3	8.2	3.7		5.4	-5	19	19	-127	-114
Poland		3.79	0.1	-0.1	-1.4	-4.3	-5.3		5.0	3	19	5	3	40
Romania		4.6	0.1	0.0	-0.1	-5.5	-5.5		6.7	0	7	1	-51	2
Russia		78.6	-0.3	-1.2	-5.8	-0.5	0.2							
South Africa		16.4	0.5	-0.4	-0.3	7.1	0.7		8.9	3	21	21	-145	27
Türkiye		47.20	0.0	-0.4	-1.6	-14.4	-9.0		35.3	4	33	130	326	573
US (DXY; 5y UST)		101	0.0	0.1	0.1	3.2	2.7		4.32	0	0	9	41	60

	Equity Markets: Level Last 12m	Equity Markets: 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		4,739	3.1	-1.2	-4.1	16.0	2.4		87	4	3	-20	12
Korea*		6,748	3.6	-0.9	-25.5	110.2	60.1		23	0	1	-1	1
Indonesia		6,340	1.7	5.0	2.6	-14.3	-26.7		110	10	5	22	24
India		77,470	1.7	0.5	0.9	-5.8	-9.1		92	9	-4	-7	2
Philippines		6,334	-1.3	1.2	3.2	-0.3	4.6		92	10	4	17	17
Thailand		1,653	0.4	1.7	5.1	36.8	31.2						
Malaysia		1,720	-0.1	0.0	0.5	12.8	2.4		57	6	5	-10	-2
Argentina		3,223,652	0.7	-0.4	-2.1	57.8	5.6		422	10	-15	-344	-147
Brazil		173,371	-0.2	-1.3	3.0	29.2	7.6		178	-5	-8	-27	-25
Chile		10,897	0.1	-1.4	0.1	34.1	4.0		87	3	-1	-18	-4
Colombia		2,298	0.6	-0.4	-8.2	31.9	11.1		196	-2	4	-116	-81
Mexico		66,123	-0.8	0.2	-2.3	18.4	2.8		201	2	1	-71	-16
Peru		3,304	0.0	0.1	-3.6	68.9	27.9		86	3	-6	-27	-23
Hungary		144,158	1.8	0.6	4.7	42.3	29.8		107	4	1	-44	-32
Poland		143,782	0.8	0.0	3.5	33.1	22.6		88	1	0	-9	-3
Romania		35,662	2.0	5.6	16.2	81.0	45.9		181	1	6	-31	5
South Africa		109,102	0.2	-1.3	-3.1	9.5	-5.8		203	7	0	-94	-15
Türkiye		14,046	-0.2	-0.3	-4.7	32.3	24.7		258	16	8	-39	24
EM total		64	1.7	-1.5	-10.2	28.7	16.2		263	4	10	-100	-8

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

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