GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, JULY 22, 2026

LEAD EDITOR: FABIO CORTES

- **AI-related financing continues to broaden across borrowers and funding markets** (link)
- **ECB Bank Lending Survey: tighter credit conditions but resilient business loan demand** (link)
- **Markets are increasingly focused on the UK's fiscal outlook** (link)
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- **The Indian rupee extends its depreciation amid renewed concerns for an energy shock** (link)
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Tech Stocks Underperform Ahead of Alphabet's Earnings

Global tech stock stocks underperformed this morning ahead of the release of Alphabet's earnings, due after today's US market close. Investors will be focused on whether the results of one of the world's most valuable tech companies, with a market capitalization exceeding $4 tn, and the company's AI monetization and capex plans justify current valuations. Futures on the tech-heavy Nasdaq 100 fell -0.8%, with a 2-day rebound coming to a halt. South Korea's Kospi index and other tech-heavy indices in Asia trimmed early gains. The Kospi closed +0.7% higher, having risen as much as +6% earlier today, while the Chinese STAR 50 index fell -1.9%. An increase in oil prices also kept a lid on market sentiment as the US-Iran conflict escalated further, with Brent futures +4.5% higher this morning. In currency markets, the yen weakened past ¥163 per dollar for the first time since 1986, before paring losses to end the day modestly stronger, while officials raised the possibility of official intervention. Other Asian currencies were under pressure from higher oil prices, with the Thai baht underperforming and falling to its weakest level in 15 months and the Indian rupee extending its depreciation amid renewed concerns for an energy shock.

Key Global Financial Indicators

Last updated: 7/22/26 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7509	0.9	0	0	19	10
Eurostoxx 50		6302	0.3	1	0	19	9
Nikkei 225		66116	-0.2	-2	-5	61	31
MSCI EM		65	2.8	-1	-8	32	19
Yields and Spreads					bps		
US 10y Yield		4.64	1.4	10	13	30	48
Germany 10y Yield		3.19	2.4	6	23	60	33
EMBIG Sovereign Spread		236	-2	0	7	-70	-17
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.5	-0.1	-1	-1	1	0
Dollar index, (+) = $ appreciation		101.2	0.0	1	0	4	3
Brent Crude Oil ($/barrel)		94.8	4.5	12	22	38	56
VIX Index (%, change in pp)		17.5	0.4	2	0	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: 7/22/26 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		95	4.5	12	22	38	56
WTI Crude Oil ($/barrel)		88	3.9	10	17	32	53
Natural Gas (Netherlands TTF)		63	5	9	50	90	134
Breakeven Inflation		%			bps		
USD: 2Y		2.3	-0.5	5	-10	-69	3
USD: 5Y		2.4	0.4	5	3	-24	10
USD: 5Y5Y		2.4	1	4	4	-8	-3
EUR: 2Y		2.5	2.9	19	19	77	82
EUR: 5Y		2.3	3	11	16	43	49
EUR: 5Y5Y		2.1	0	1	3	3	6

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

Mature Markets

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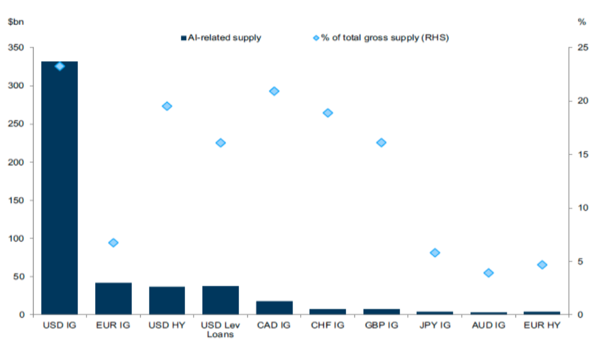
United States

Risk sentiment improved on Tuesday as the rebound in semiconductor stocks outweighed renewed geopolitical tensions. The Philly semi Index (SOX) rose over 5%, helping lift the S&P 500 by near +1%, although market breadth was still soft with the equal-weighted index falling a further -0.5%. The rebound in semi and tech likely reflect a combination of technical and fundamental factors. According to UBS, much of the recent momentum unwind has run its course, while TSMC's planned price hikes and Kimi K3's capacity constraints underscored continued strength in AI infrastructure demand. Treasury yields extended rising, led by the front end (2-year +6 bps), as Brent reclaimed $90/barrel. The OIS curve moved +2-5 bps higher as well, though near-term policy outlook remains largely unchanged.

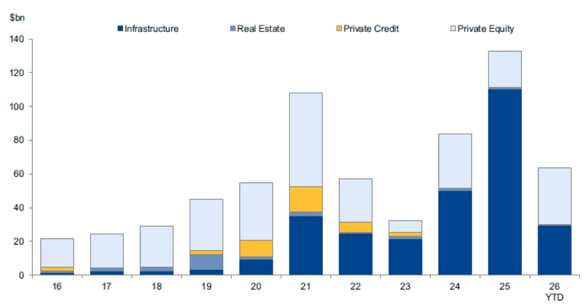
AI-related financing is broadening across borrowers and funding markets, becoming a major source of credit supply. Goldman Sachs estimated that AI-related borrowers have raised $489 bn year-to-date, well above their earlier estimates. By borrower, issuance has broadened beyond the so-called hyper-scalers, which accounted for only 40% of total borrowing, with data center financing contributing an additional 22%. By funding market, issuance has been spread across investment grade (IG), high yield (HY), leveraged loans and international bond markets, accounting for around 20% across USD IG, USD HY, CAD IG and CHF IG gross issuance. AI financing has also expanded into private markets, with nearly $200 bn of data center transactions across infrastructure or real estate financing, private credit and private equity since early 2025. So far, investor demand has remained healthy, with index credit spreads back to near record lows despite growing caution towards lower-quality segments. Meanwhile, analysts generally expect issuance to slow into Q3, which should help ease pressure on market absorption capacity.

Exhibit 3: In several markets, AI-related issuance has represented more than 15% of total gross issuance so far this year
Amount of AI-related gross supply ($bn) in each market for YTD 2026, and the share it represents of total gross supply (RHS)



As of July 18, 2026. For non-USD markets, we use USD-equivalent figures. Excludes undrawn credit facilities and revolvers. For AI-adjacent sectors (Energy & Utilities, Oil & Gas, Construction, Machinery, Chemicals, Metal & Steel), we assume only 30% of gross issuance is AI-related.

Exhibit 5: We estimate nearly $200 billion of data center deal activity in the private markets since the start of 2025
Global data center deal value ($bn), by year



As of July 20, 2026. Captures only those transactions tagged as 'data centers' within Preqin.

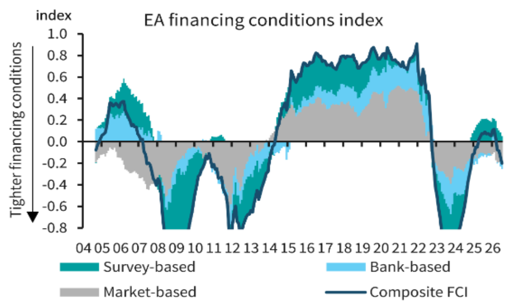
Source: Preqin, Goldman Sachs Global Investment Research

Euro Area

Equities were mixed, with the EURO STOXX 50 index +0.4% higher, led by energy stocks (+1.8%), while technology stocks underperformed (-1.4%). Although Brent crude traded close to $95 a barrel (around +4.5% higher), euro area sovereign bond yields increased only modestly, with curves shifting +1–2 bps higher across maturities. While the ECB is widely expected to leave policy unchanged tomorrow, markets will focus on president Lagarde's communication for clues on the policy outlook. Markets currently price around a 90% probability of a September rate hike.

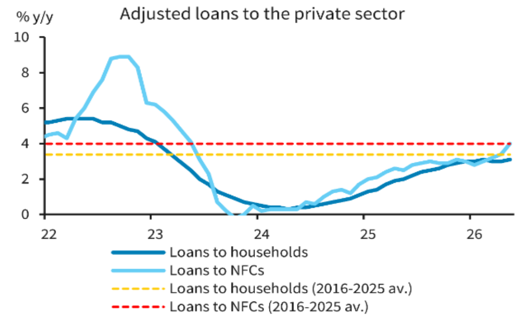
Corporate lending remained resilient despite tighter financing conditions. The ECB's Q2 Bank Lending Survey showed that banks tightened credit standards for both households and firms amid heightened geopolitical uncertainty, while mortgage demand weakened. By contrast, corporate loan demand increased modestly, supported by investment and inventory accumulation, suggesting that tighter financing conditions have not yet materially constrained business borrowing. Recent credit data showing corporate lending growth of 4.0% y/y through May are consistent with this picture.

Figure 5. Our composite FCI indicators stands in tightening territory…



Source: Bloomberg, Haver Analytics, Barclays Research

Figure 6. …but this did not stall the ongoing recovery in corporate lending

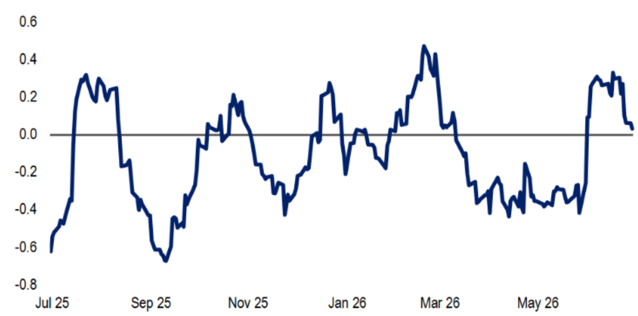


Source: ECB, Haver Analytics, Barclays Research

United Kingdom

Markets are increasingly focused on the UK's fiscal outlook rather than political leadership changes, with attention shifting to the credibility of the Autumn Budget. While PM Burnham has reaffirmed his commitment to the fiscal rules, investors are scrutinizing his plans to use greater flexibility within those rules to finance higher spending. Several banks argued that defense spending, energy support and public investment ambitions leave limited fiscal headroom and could require higher borrowing and gilt issuance, increasing pressure on long-dated gilt yields unless accompanied by credible funding measures. Bank of America noted emerging signs of strain in the pound, pointing to a recent move towards a negative correlation between the pound and gilts and a rising GBP risk premium, suggesting markets are becoming more sensitive to fiscal developments ahead of the Autumn Budget.

What Matters Today: Minor signs of strain as correlation headed towards negative
1mth rolling correlation GBP TWI vs UK 10yr



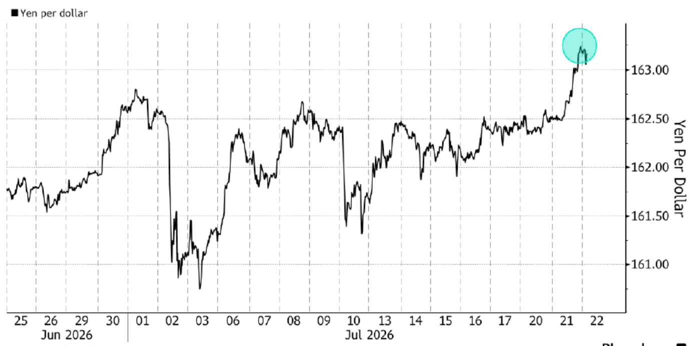
Source: BofA Global Research, Bloomberg

Investors also remained focused on whether higher energy prices will push UK inflation back above 3% later this year, despite another downside surprise in headline inflation. June headline CPI slowed to 2.6% y/y (2.7% expected), driven by weaker food and energy inflation, while core inflation held at 2.6% (2.5% expected) and services inflation eased only modestly to 3.6% (3.5% expected), both slightly firmer than expected. Analysts generally viewed the upside surprises in core and services as driven largely by volatile travel-related components rather than a broad-based reacceleration in underlying inflation. Most expect headline inflation to rise again in coming months as higher oil prices, wider refining margins and the higher Ofgem price cap feed through, although they continue to see limited evidence of widespread second-round effects and therefore expect the BoE to remain on hold for now (Morgan Stanley; Barclays; J.P. Morgan). Gilt yields did not react to the print, and money market pricing remained stable as well, with a hold expected next week, and a September hike priced at a 60% market implied probability.

Japan

The yen tested a new 4-decade low while officials raised the possibility of official intervention. The yen slid past ¥163 per dollar for the first time since 1986, before paring losses to end the day modestly stronger (+0.1%). Renewed tension in the Middle East and the increase in oil prices weighed on the currency. FM Katayama reiterated that authorities can take "bold steps" any time as needed, with Bloomberg reporting that Japan spent ¥11.73 tn ($72 bn) intervening between April 28 and May 27. Traders noted that short yen positions remain dominant. Kshitij Consultancy Services expects the yen to weaken to ¥170/$. Goldman Sachs describes current yen carry-trade conditions as among the most favorable in two decades, given the sizable yield difference between Japan and other advanced economies. In fixed income markets, **strong demand for the new 40-year JGB supported the long end**. The bid-to-cover ratio was 2.82x compared with 2.70x previously and a 12-month average of 2.55x. The bonds yielded 3.87%, compared to 3.84% in the prior sale. The yield on the 30- and 40-year JGBs were unchanged on the day while shorted dated JGB yields rose 3 bps (2-year) to 5 bps (7-year).

Yen Slides to Fresh Four-Decade Low



Source: Bloomberg

Emerging Markets

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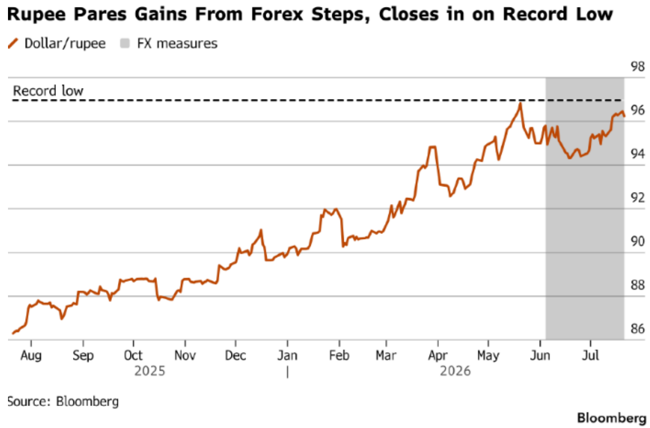
In **Asia**, markets were mixed. In currencies, the **Thai baht** underperformed (-0.4%), falling to its weakest level in 15 months as the renewed conflict in the Middle East and higher oil prices once again weighed on the currency. **Bank Indonesia left its policy rate unchanged at 5.75%**, in contrast to some investor expectations for a rate hike based on a Bloomberg survey. Market analysts noted that the stabilization in the rupiah has allayed BI's concerns and reduced the need for policy tightening. The rupiah was unchanged on the day. In **EMEA**, equities and currencies traded mixed this morning, In CEE, the forint extended losses against the euro (-0.4%), to trade at HUF 363.71/€, after the National Bank of **Hungary cut yesterday its policy rate by 25 bps to 5.75% as expected,** with Hungarian stocks also losing (-0.5%) today. Equities rose instead in Czechia (+1%) and in Poland (+0.6%), as well as in Romania (+1%) where today's data showed industrial sales rebounding in May (+6.1% m/m, from -7.5% in April). In **Ghana** equities added +0.9% and the cedi retreated marginally (-0.3%) ahead of the decision of the central bank later today, when it is expected to keep its policy rate unchanged at 14%. In the Gulf region stocks underperformed in Dubai (-0.5%) and advanced in Saudi Arabia (+0.4%). In **Nigeria**, the naira strengthened further (+0.3%), after the central bank held the policy rate at 26.50% yesterday, in line with expectations. In **Latam**, currencies mostly strengthened while equities rallied yesterday. The Colombian peso (+1%) and Brazilian real (+0.4%) outperformed peers. Regional equity markets also advanced, led by Argentina (+1.8%), Mexico (+0.9%), and Chile (+0.5%).

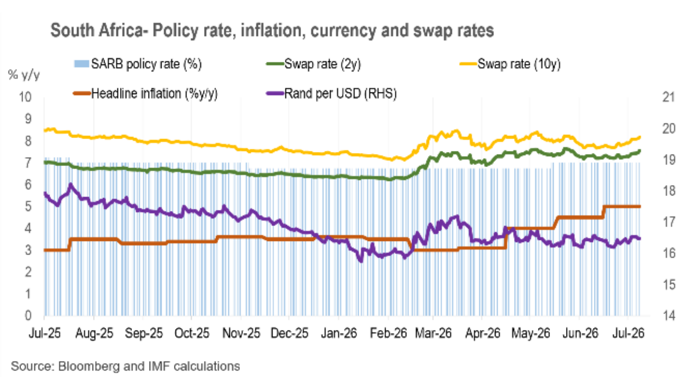
India

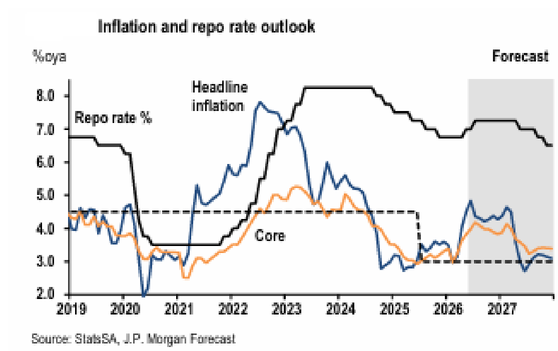
The Indian rupee extended its depreciation amid renewed concerns for an energy shock. Moreover, the possibility of Fed rate hikes later in the year, combined with concerns over the growth potential in India's IT and professional business services are also weighing on rupee's outlook, according to Credit Agricole CIB. Meanwhile, RBC Capital anticipated limited impact on the rupee from the RBI's plan to draw dollars from non-residents' foreign currency deposits. According to RBC, although such capital flows will add to RBI's ability to support the rupee, its FX reserves have declined and could limit its ability to intervene more aggressively. Market analysts noted a rebound in speculative short positions betting against the rupee. The one-month offshore USD/INR rate has consistently traded at a premium near INR 96.79/$, signaling that speculators expect near-term depreciation relative to onshore spot levels. The rupee fell -0.3% on the day to INR96.54/$.



South Africa

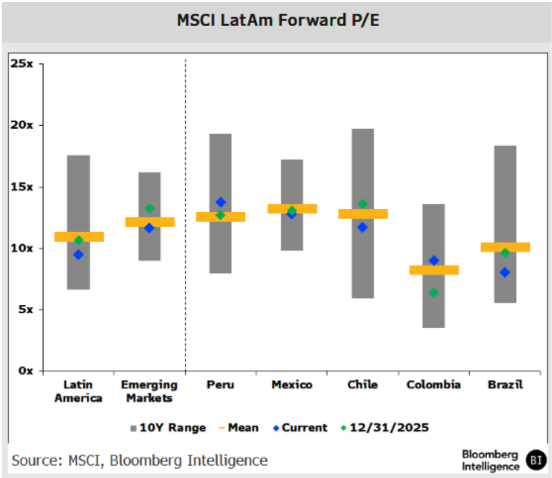
The rand was little changed, trading at around ZAR16.46/$, while South African domestic government bond yields shifted higher and bear steepened on the back end (2-year yield +2 bps at 7.53% and 10-year yield +6 bps at 8.72%) after **today's June inflation print surprised to the upside**. CPI rose to 5% y/y, (vs. est. 4.7%, from prior 4.5%), with core inflation also higher than expected (4.1% y/y, vs. est. 3.9% from prior 3.8%). **Goldman Sachs** (GS) sees today's data **strengthening the case for a 25 bps rate hike** (to 7.25%) **from the central bank (SARB) on Thursday,** pushing it to revise its prior call for a "hold." GS now forecasts average inflation of 4.1% in 2026 and 3.1% in 2027, with inflation returning to the 3% target only in Q2 2027. **JP Morgan** continues to see the SARB raising its benchmark repo rate to 7.25% this week, stressing that 2-year inflation expectations had already risen above target to 3.9% in Q2, in the back of persistently high services inflation. Bloomberg reported that the market fully prices-in the hike, although some market participants (i.e., PSG Financial Services) argued that June's data show little signs of broader second-round inflation effects and still expect a hold with hawkish guidance from the SARB.

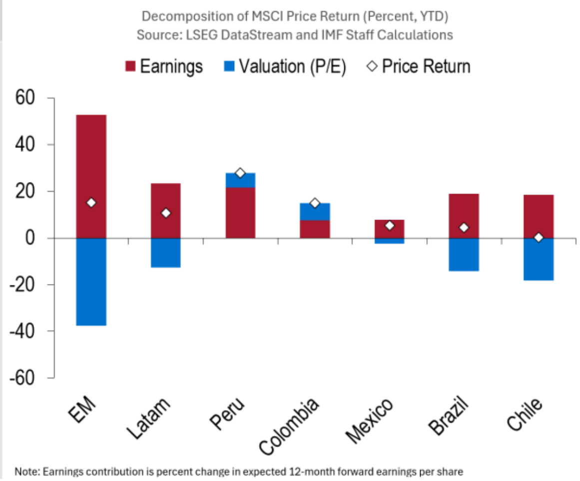




Latam Equities

Robust earnings expectations are compressing equity valuations in Latin America. The 12-month forward price-to-earnings (P/E) ratio for the MSCI Latin America Index has declined since the start of the year, mirroring the broader MSCI Emerging Markets Index. Despite this multiple compression, both indices have gained roughly 10% and 15%, respectively, as improvements in earnings expectations have outpaced share price appreciation. Brazil and Chile have driven the region's valuations lower, with both countries now trading below their 10-year average forward P/E multiple. In contrast, Peru and Colombia have seen their multiples increase and both are above their respective 10-year averages. Bloomberg analysts noted these two countries have recently elected “market-preferred” presidential candidates, which has led to lower political uncertainty and broader market participation, likely supporting higher valuations.





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Global Financial Indicators

Last updated: 7/22/26 8:00 AM	Level Last 12m	Level Latest	Change 1 Day	Change 7 Days	Change 30 Days	Change 12 M	YTD
Equities					%		%
United States		7,509	0.9	-0.5	0.5	19.0	10
Europe		6,302	0.3	0.6	-0.1	19.1	9
Japan		66,116	-0.2	-2.4	-5.3	60.6	31
China		4,717	-0.5	-1.5	-4.1	14.5	2
Asia Ex Japan		114	3.1	-0.3	-8.5	33.4	22
Emerging Markets		65	2.8	-0.5	-8.2	32.2	19
Interest Rates					basis points		
US 10y Yield		4.6	1	10	13	30	48
Germany 10y Yield		3.2	2	6	23	60	33
Japan 10y Yield		2.8	3	7	8	124	70
UK 10y Yield		5.1	2	11	24	48	57
Credit Spreads					basis points		
US Investment Grade		118	0	0	11	-5	10
US High Yield		314	-2	9	7	-22	-22
Exchange Rates					%		
USD/Majors		101.2	0.0	0.7	0.1	3.9	3
EUR/USD		1.14	0.1	-0.5	-0.2	-3.0	-3
USD/JPY		163.1	-0.1	0.5	0.9	11.2	4
EM/USD		46.5	-0.1	-0.5	-1.3	1.0	0
Commodities					%		
Brent Crude Oil ($/barrel)		94.8	4.2	11.6	22.3	43.2	58
Industrials Metals (index)		176.6	0.2	1.9	-1.7	11.9	8
Agriculture (index)		60.0	0.6	1.1	10.1	9.5	12
Gold ($/ounce)		4120.6	1.1	1.5	-1.7	20.1	-5
Bitcoin ($/coin)		65994.6	-0.6	3.0	2.5	-44.9	-25
Implied Volatility					%		
VIX Index (%, change in pp)		17.5	0.4	1.8	0.2	1.0	2.5
Global FX Volatility		6.1	0.0	0.0	-0.6	-2.1	-0.8
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		73	1	4	7	5	14
Italy		83	1	4	13	-2	13
France		81	1	2	5	13	10
Spain		46	0	0	0	-15	3

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

Emerging Market Financial Indicators

7/22/2026 7:59 AM	Exchange Rates: Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM): Level Last 12m	Latest	Change (in basis points) 1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.77	-0.1	-0.1	0.0	5.8	3.2		1.8	0	0	0	7	-13
Korea*		1480	0.1	0.4	3.8	-6.7	-2.4		4.5	1	3	26	170	116
Indonesia		17917	-0.2	0.8	-0.4	-8.9	-6.9		7.2	0	-1	10	76	120
India		97	-0.3	-0.3	-2.0	-10.6	-6.9		7.9	4	6	3	109	80
Philippines		62	0.0	-0.1	-1.0	-7.6	-4.5		6.1	1	4	11	127	141
Thailand		34	-0.3	-0.7	-2.5	-4.8	-6.9		2.1	-1	-3	-5	50	41
Malaysia		4.09	0.0	-0.2	1.5	3.6	-0.7		3.7	1	4	5	24	16
Argentina		1478	0.2	-0.5	-1.1	-13.7	-1.8		0.0	0	0	0	-3662	-3237
Brazil		5.07	0.4	0.0	1.4	9.7	8.3		14.6	5	35	-32	49	104
Chile		935	-0.2	-0.9	-3.1	2.0	-3.7		5.6	8	9	19	13	28
Colombia		3224	1.0	0.8	6.5	25.5	17.1		12.2	18	24	14	78	-66
Mexico		17.42	-0.1	-0.2	-0.3	7.0	3.3		9.1	3	8	14	-23	9
Peru		3.4	0.1	-0.3	-0.4	4.7	-1.1		6.0	-2	0	-9	-52	26
Uruguay		40	0.0	0.1	-0.5	0.1	-2.5		7.4	-1	-4	-10	-109	-16
Hungary		319	-0.5	-1.8	-3.5	6.3	2.5		5.4	-2	12	17	-127	-115
Poland		3.80	0.0	-0.7	-1.5	-4.7	-5.5		5.0	6	21	11	10	46
Romania		4.6	0.1	-0.5	-0.2	-6.1	-5.6		6.7	-2	3	0	-53	0
Russia		78.4	0.2	-1.1	-5.6	0.2	0.4							
South Africa		16.5	0.0	-0.9	-0.4	6.6	0.5		8.9	0	17	21	-148	27
Türkiye		47.22	-0.1	-0.4	-1.6	-14.4	-9.0		35.4	5	25	135	358	578
US (DXY; 5y UST)		101	0.0	0.7	0.1	3.9	2.9		4.38	1	12	10	50	66

	Equity Markets: Level Last 12m	Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG): Level Last 12m	Latest	Change (in basis points) 7 Days	30 Days	12 M	YTD
									basis points				
China		4,717	-0.5	-1.5	-4.1	14.5	1.9		86	0	2	-20	11
Korea*		6,798	0.7	-0.9	-17.1	113.5	61.3		23	0	1	-1	1
Indonesia		6,334	-0.1	4.8	3.8	-15.2	-26.7		108	-2	3	19	22
India		76,755	-0.1	-0.6	0.7	-7.2	-9.9		92	2	-4	-4	2
Philippines		6,268	-1.0	-0.5	2.3	-3.0	3.6		91	0	3	17	16
Thailand		1,639	-0.8	0.6	6.4	34.4	30.1						
Malaysia		1,711	-0.5	-0.1	1.9	11.9	1.9		57	4	5	-7	-2
Argentina		3,281,979	1.8	1.6	0.1	63.2	7.5		424	11	-13	-346	-145
Brazil		173,326	0.0	-1.9	1.7	29.3	7.6		179	-3	-7	-29	-24
Chile		10,954	0.5	0.2	0.5	34.9	4.5		87	1	-1	-19	-4
Colombia		2,301	0.1	0.1	-3.8	33.2	11.3		194	-5	2	-117	-83
Mexico		66,714	0.9	0.3	-0.6	20.2	3.7		196	-4	-4	-70	-21
Peru		3,423	3.6	1.2	0.9	72.2	32.5		84	1	-8	-29	-25
Hungary		143,152	-0.5	1.6	2.6	42.7	28.9		106	-1	0	-45	-33
Poland		145,198	0.4	1.2	5.2	35.2	23.8		88	-2	0	-10	-3
Romania		36,052	1.0	5.4	16.8	83.4	47.5		179	-8	4	-32	3
South Africa		109,301	0.3	-0.9	-3.0	10.0	-5.6		201	0	-2	-96	-17
Türkiye		14,029	0.4	-0.4	-4.8	32.1	24.6		257	1	7	-37	23
EM total		65	-0.9	-0.5	-8.2	32.2	19.4		262	0	10	-99	-9

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

*Not an EM Under IMF Classification.

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