GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, JULY 28, 2026
LEAD EDITOR: JOHANNES S. KRAMER

- **US-Iran pause rally fades as concerns over elevated AI profitability return to the fore** (link)
- **Nvidia slides as circular AI financing concerns deepen amid broader chip-sector weakness** (link)
- **Fiscal concerns weighed on the yen and long-end JGBs, while chip stocks sold off further** (link)
- **KOSPI tumbles as crowded AI trades unwind while leverage amplifies forced selling** (link)
- **Chile's eurobond prices well inside initial talk as fiscal headroom continues to narrow** (link)
- **China stocks fall with global chip rout as investors await signals from Politburo meeting** (link)

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Geopolitical Relief Fades as AI Risks Reassert

Lower oil prices eased the inflation impulse but offered little support to risk appetite. Oil has fallen back toward the mid-$80s as US-Iran talks continue, easing near-term inflation pressure, but the post-weekend rally faded as investors returned to questions over AI profitability, financing structures, and the durability of hyperscaler capex. The selloff was sharpest in Asia, where Korea's semiconductor unwind, leverage and concern over Chinese competition pushed the KOSPI through a market-wide circuit breaker. Europe and EEMEA held up better, helped by lower technology exposure and softer energy prices. Rates markets remain caught between easing oil risk and policy uncertainty: Treasury yields fell, but around 8 bps of a July Fed hike and roughly 42 bps of tightening through year-end remain priced. That leaves tomorrow's Fed meeting unusually live, with markets entering the decision with fewer explicit signals around the near-term policy path.

Key Global Financial Indicators

Last updated: 7/28/26 7:55 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		7413	0.0	0	1	16	8
Eurostoxx 50		6267	-0.2	0	1	17	8
Nikkei 225		62365	-4.0	-6	-10	53	24
MSCI EM		64	0.5	0	-5	29	16
Yields and Spreads				bps			
US 10y Yield		4.63	-2.2	0	26	22	46
Germany 10y Yield		3.13	-0.8	-4	27	44	27
EMBIG Sovereign Spread		242	-2	4	1	-60	-11
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		46.3	-0.2	0	-1	2	-1
Dollar index, (+) = $ appreciation		101.6	0.0	0	0	3	3
Brent Crude Oil ($/barrel)		87.2	-1.3	-4	21	25	43
VIX Index (%, change in pp)		19.1	0.4	2	1	4	4

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: 7/28/26 7:55 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 ($/barrel)		87	-1.3	-4	21	25	43
WTI Crude Oil ($/barrel)		82	-1.0	-4	18	23	42
Natural Gas (Netherlands TTF)		57	0	-8	40	73	113
Breakeven Inflation		%	bps				
USD: 2Y		2.2	-1.1	-11	-11	-76	-7
USD: 5Y		2.3	-0.6	-10	-4	-34	0
USD: 5Y5Y		2.3	0	-6	1	-19	-10
EUR: 2Y		2.3	-5.1	-21	7	53	59
EUR: 5Y		2.1	-3	-12	7	27	34
EUR: 5Y5Y		2.1	0	-2	2	-2	4

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

Mature Markets

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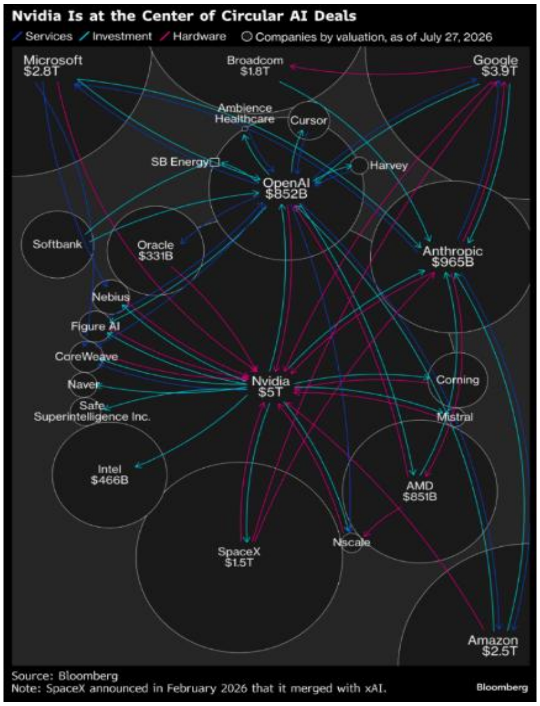
United States

Risk appetite faded as AI profitability concerns resurfaced. The rally following the weekend pause in US–Iran hostilities proved short-lived as attention returned to whether elevated AI-sector profitability can be sustained. Oil prices extended their decline, reaching $85.83/bbl. Treasury yields fell, led by the 10-year sector (2-year: -0.9 bp to 4.32%; 10-year: -2.8 bps to 4.65%; 30-year: -2.1 bps to 5.14%), while the OIS-implied year-end policy rate remained little changed, with markets still pricing a hike before year-end. The dollar remained nearly unchanged on the day.



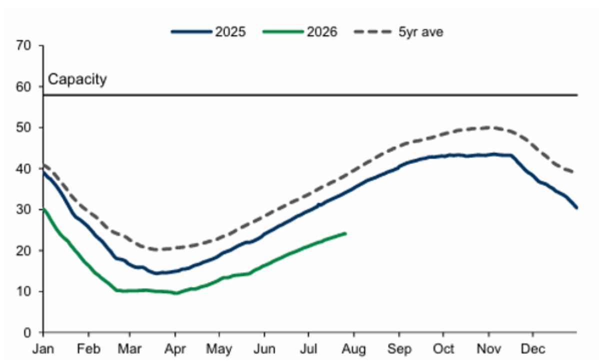
Nvidia slid as circular AI financing came under renewed scrutiny. Nvidia announced a partnership with South Korea's SK Group worth more than $500bln and was separately reported to be discussing up to $250bln in financing guarantees to support OpenAI's compute capacity. Critics argue that the growing financial interdependence among AI firms is inflating demand and valuations, while others see these structures as a response to larger funding needs. J.P. Morgan contacts cited financing concerns alongside weak reactions to recent semiconductor earnings, while noting that tech positioning remains elevated, with little evidence of a broader unwind. Nvidia shares fell 5% on Monday, while its 5-year CDS spread widened (+9 bps) towards 82 bps.

Euro Area

This morning, European assets held up despite the selloff in Asia. The Euro Stoxx 50 rose (+0.3%) as European equities were less exposed to the semiconductor rout. On the back of the Brent crude decline, sovereign yields declined 3–5 bps across European curves. The euro remained flat at $1.14/€. In France, July consumer confidence data printed at 86 (exp. 85 from 84), rebounding from its lowest level since 2023.

European gas prices remain vulnerable to renewed supply disruption. TTF prices have fallen as Middle East tensions eased, with Goldman Sachs analysts seeing scope for a US-Iran deal to push prices below €50/MWh. Given low Northwest European storage ahead of winter (left chart), the analysts expect that decline to remain temporary unless Persian Gulf LNG exports recover faster (right chart). Their forecast is for €60/MWh for the rest of Q3 with prices potentially rising further if Europe needs to curb Asian LNG demand. Faster normalization of Hormuz flows could pull TTF toward €40/MWh, while a prolonged disruption could push December 2026 prices above €100/MWh. TTF (-3%) fell to about €56/MWh this morning, around 10% below Friday's peak.

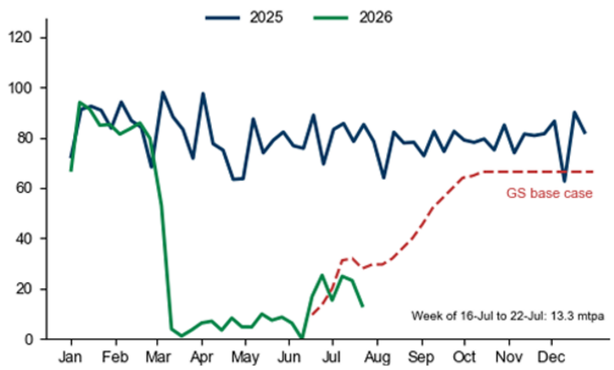
Exhibit 2: North West European gas storage remains at very low levels
Bcm



We define NW Europe as the region including UK, Belgium, France, Netherlands and Germany.

Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 1: Qatari LNG loadings averaged below our expectations last week, signaling that Hormuz crossings remain restricted
Qatar LNG cargo loadings, mtpa



Source: Kpler, Goldman Sachs Global Investment Research

Japan

Fiscal concerns weighed on the yen and long-end JGBs, while chip stocks sold off further. PM Takaichi is expected to press ahead with a two-year cut in the consumption tax on food and beverages to 1%, adding to concerns over a more expansionary fiscal stance and potentially higher government bond issuance. Hopes that GPIF could support the yen through asset repatriation also faded after the fund said it would manage assets "solely in the long-term interest of its beneficiaries." The yen weakened slightly to ¥163.82/$, keeping intervention risk in focus. The JGB curve steepened as the long end underperformed (2-year: -1.5 bps to 1.49%; 10-year: -1 bp to 2.77%; 30-year: +2 bps to 3.99%). Equities fell sharply (Nikkei 225: -4.0%) in another semiconductor selloff, with reports of progress in China's domestic chipmaking equipment adding to concerns over rising competition. Attention now turns to this week's Bank of Japan meeting and any guidance on the pace of further rate hikes.

Korea

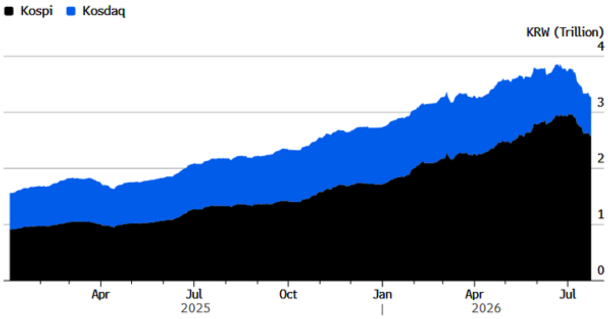
The semiconductor rout deepened as crowded AI trades unwound. The KOSPI (-10.8%) triggered a market-wide circuit breaker as Samsung Electronics (-13.4%) and SK Hynix (-14.7%) sold off sharply (left chart). Foreign investors sold about $3.0bn (KRW4.5 trn) of local stocks on the day, while retail investors added exposure. Concerns over China's progress in chipmaking and CXMT's expansion added to doubts over the durability of the AI and memory cycle. While having receded some, elevated leverage also amplified the move (right chart), with single-stock leveraged products and forced selling adding pressure in thin liquidity. SK Hynix is now about 45% below its June peak despite expectations for record earnings, as investors focus increasingly on whether hyperscaler capex and AI demand can sustain current memory margins. Bloomberg analysts also warned that large retail losses could weigh on household sentiment and complicate Korea's equity-market reform agenda.

SK Hynix Drops Out of $1 Trillion Club on AI Concerns

Source: Bloomberg

Bloomberg

High Margin Debt Leaves the Kospi Vulnerable



Source: Korea Financial Investment Association

Bloomberg Economics

Emerging Markets

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This morning, EMEA markets were subdued, with currencies little changed against the dollar. The South African rand was stable on the day but remains about 2.5% weaker since last week's SARB decision to hold rates at 7%. Bloomberg Economics analysts argue that policy remains restrictive enough to support disinflation and allow the SARB to wait until 2027 before cutting rates. Citi analysts takes the opposite view, warning that the decision not to hike removed a source of support for the rand as higher energy prices and weaker terms of trade raise external risks. South African yields fell (10-year: -10 bps to 8.64%), albeit bid-to-cover ratios continued to decline, though remaining at a relatively high level of 3.7, following Bloomberg.

Today, Asian equities sold off sharply in another semiconductor-led rout. EM Asia equities (-5.4%) fell, led by Korea (KOSPI: -10.8%), Taiwan POC (TAIEX: -4.7%), and China (CSI 300: -2.8%). Regional currencies were flat overall (EM Asia: 0.0%), with the Korean won (+0.4%) leading gains and the Indonesian rupiah (-0.3%) lagging.

Yesterday, Latin American assets gained following the pause in US-Iran hostilities. Equities rose across the region, led by Mexico (+1%) and Brazil (+0.7%), with Colombia and Chile also higher. Currencies mostly strengthened, led by the Chilean peso (+0.8%) and Colombian peso (+0.6%), while the Mexican peso also appreciated. The Brazilian real (-0.7%) was the exception. In Peru, the president-elect named former central bank director Elmer Cuba as finance minister, reinforcing expectations of economic policy continuity.

Emerging Europe, Middle East, and Africa (EEMEA)

EEMEA continues to outperform broader EM, helped by its lower technology exposure. Morgan Stanley analysts note that the MSCI EEMEA index has outperformed the MSCI EM index by +5pp. over the past month. The analysts remain constructive on Central and Eastern Europe, favoring Hungary on strong macro fundamentals, EU-funded investment, and bank earnings. They also see South Africa as a catch-up trade, supported by expected policy easing and stronger precious metals. Within the GCC, Morgan Stanley prefers Abu Dhabi for its resilience to lower oil prices and strong energy and infrastructure investment, while tight refining markets continue to support selected energy names.

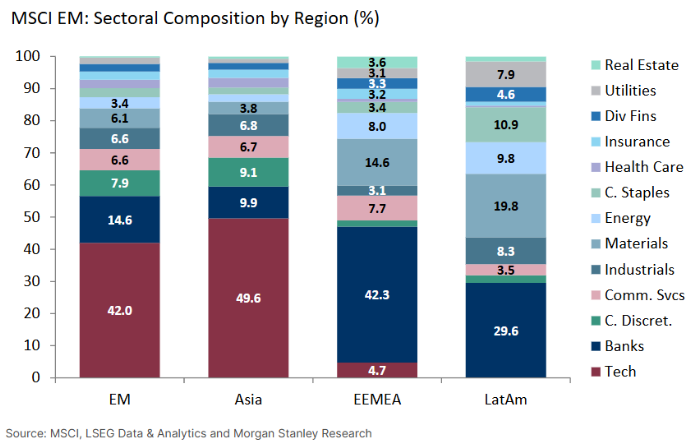
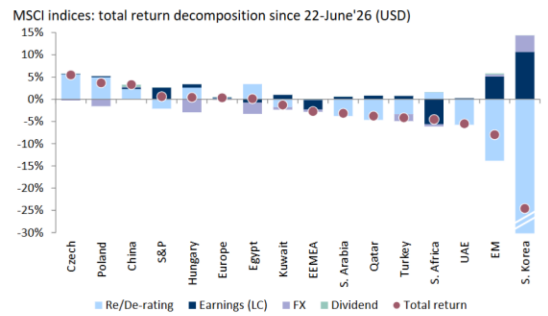


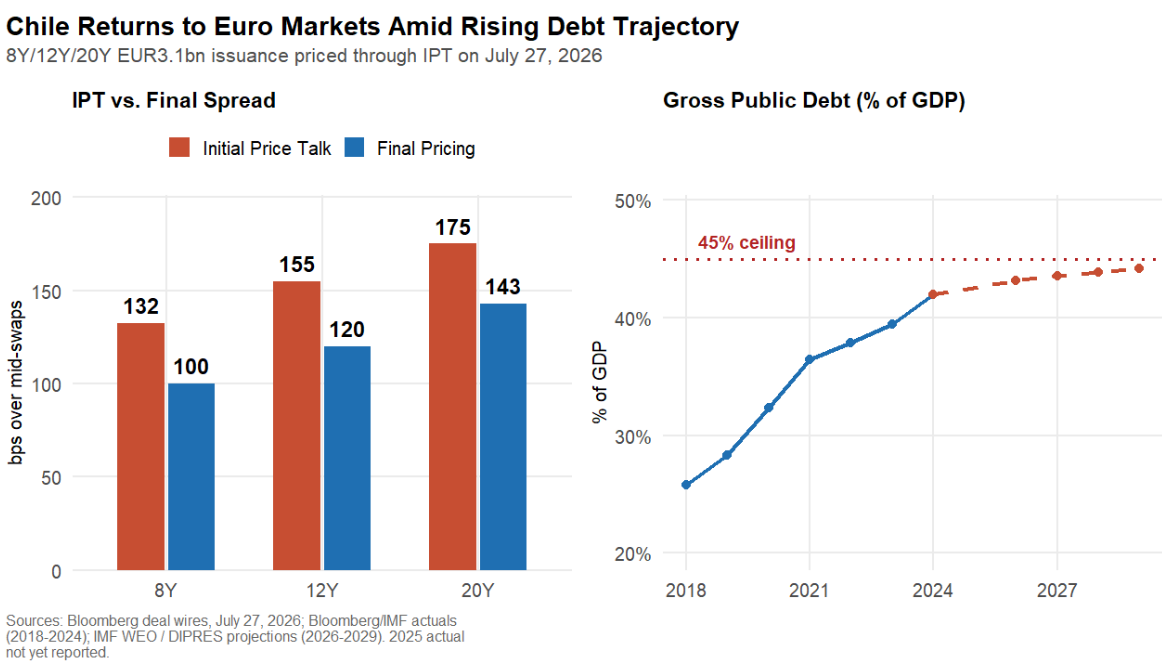
Exhibit 4: EEMEA has outperformed EM over the past month amid S. Korea/global Tech sell-off...



Source: MSCI, I/B/E/S, LSEG Data & Analytics and Morgan Stanley Research

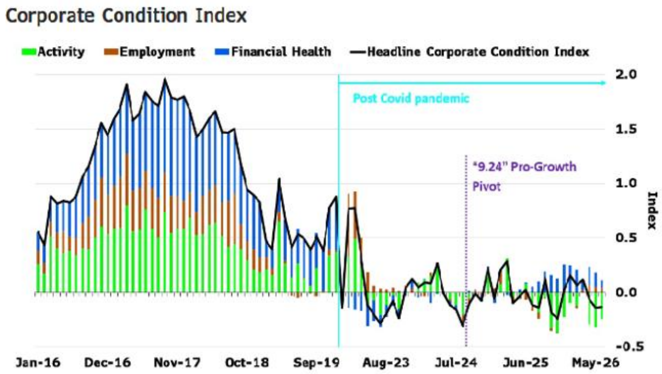
Chile

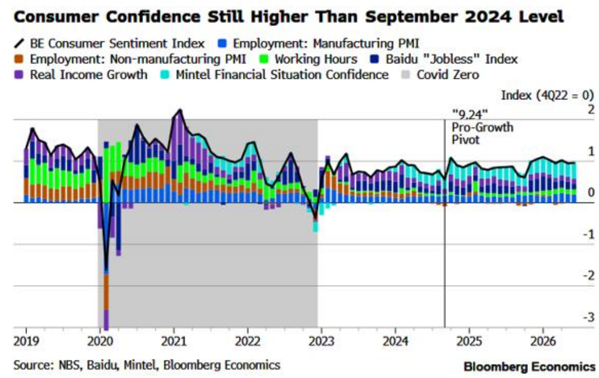
Chile's Eurobond sale priced well inside initial talk as fiscal headroom narrows. The sovereign raised $3.5 bn across 8-, 12-, and 20-year bonds at 100 bps, 120 bps, and 143 bps over mid-swaps, around 30–35 bps inside initial talk (left chart), in its second international sale this year. The deal follows Congress's approval of an additional $6.2 bn borrowing limit for 2026, with the Finance Ministry targeting another $5.2 bn of issuance this year. Gross public debt is projected to reach 43.2% of GDP next year, moving closer to the government's 45% "prudent" ceiling (right chart). Some analysts warn that a breach could raise downgrade risk, although Chile retains the region's highest sovereign ratings (A2/A/A-).



China

Chinese equities fell with the global chip selloff ahead of the Politburo meeting. The CSI 300 declined (-2.3%) as investors reassessed semiconductor and AI valuations amid doubts over the durability of global AI spending. A Reuters news report on progress in China's domestic chipmaking on top of CXMT's announced memory-chip expansion yesterday added to concerns over rising Chinese competition in global semiconductors. FX and rates were steadier: CNY and CNH weakened (-0.1% each) modestly after the PBOC set the fixing at 6.7928/$, while 10- and 30-year government bond yields were unchanged at 1.72% and 2.19%. Attention now turns to the Politburo meeting. Bloomberg analysts expect faster fiscal implementation and targeted market support as opposed to a broader stimulus pivot seen in September 2024 as corporate conditions and consumer sentiment are modestly stronger than before that episode.





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), Harrison Kraus (Research Analyst), Mindaugas Leika (Senior Financial Sector Expert), 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

Last updated: 7/28/26 7:55 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities			%				%
United States		7,413	0.0	-0.4	0.8	16.0	8
Europe		6,267	-0.2	-0.3	0.7	17.4	8
Japan		62,365	-4.0	-5.8	-10.2	53.3	24
China		4,570	-2.8	-3.6	-7.3	10.1	-1
Asia Ex Japan		110	0.3	-0.1	-5.7	29.6	18
Emerging Markets		64	0.5	0.1	-5.3	29.4	16
Interest Rates			basis points				
US 10y Yield		4.6	-2	0	26	22	46
Germany 10y Yield		3.1	-1	-4	27	44	27
Japan 10y Yield		2.8	0	6	16	122	72
UK 10y Yield		5.0	-3	-6	24	32	49
Credit Spreads			basis points				
US Investment Grade		120	0	2	6	1	13
US High Yield		325	0	9	-2	-2	-12
Exchange Rates			%				
USD/Majors		101.6	0.0	0.4	0.2	3.0	3
EUR/USD		1.14	0.0	-0.3	-0.5	-1.9	-3
USD/JPY		163.9	0.1	0.5	1.2	10.4	5
EM/USD		46.3	-0.2	-0.4	-0.7	1.7	-1
Commodities			%				
Brent Crude Oil ($/barrel)		87.2	-1.3	-4.2	20.1	29.7	45
Industrials Metals (index)		173.7	-1.0	-1.5	1.1	11.7	6
Agriculture (index)		59.0	0.2	-1.2	7.4	8.2	10
Gold ($/ounce)		4026.9	-1.2	-1.2	0.3	21.5	-7
Bitcoin ($/coin)		63412.6	-2.3	-2.6	6.4	-46.3	-28
Implied Volatility			%				
VIX Index (%, change in pp)		19.1	0.4	2.0	0.6	4.0	4.1
Global FX Volatility		6.3	0.0	0.2	-0.3	-1.6	-0.6
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		71	0	-1	2	5	13
Italy		81	0	-1	8	0	12
France		79	0	-1	1	13	8
Spain		46	0	-1	-4	-13	2

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

Emerging Market Financial Indicators

7/28/2026 7:59 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		6.77	-0.1	-0.1	0.4	6.0	3.2		1.8	0	-2	-2	0	-15
Korea*		1460	0.5	1.5	5.6	-4.8	-1.4		4.5	-8	2	22	171	117
Indonesia		18067	-0.3	-1.0	-1.2	-9.5	-7.6		7.3	2	10	16	88	130
India		96	0.0	0.4	-1.4	-9.6	-6.2		7.8	2	-1	17	102	76
Philippines		62	0.1	0.2	-0.7	-7.2	-4.6		6.1	0	2	15	130	142
Thailand		34	0.3	0.2	-0.9	-3.5	-6.2		2.2	-3	4	4	58	45
Malaysia		4.09	-0.2	-0.1	-0.5	3.4	-0.8		3.7	0	4	10	32	20
Argentina		1497	-0.1	-1.1	-1.1	-13.6	-3.0		0.0	0	0	0	-3618	-3237
Brazil		5.12	-0.7	-0.5	1.1	9.2	7.0		14.6	-5	5	25	49	103
Chile		940	0.9	-0.7	-1.7	2.9	-4.2		5.6	-1	9	23	17	30
Colombia		3199	0.6	1.8	7.9	30.2	18.1		12.3	-8	26	23	66	-58
Mexico		17.48	-0.2	-0.4	-0.1	7.4	3.0		9.2	-2	11	30	-20	18
Peru		3.4	0.0	0.0	0.3	4.2	-1.2		6.0	1	0	-6	-41	26
Uruguay		40	-0.1	-0.2	-0.1	-0.5	-3.1		7.4	1	3	-4	-94	-12
Hungary		318	-0.4	-0.1	-2.5	7.9	2.9		5.4	-14	5	42	-126	-109
Poland		3.81	-0.2	-0.3	-1.4	-3.4	-5.7		5.1	-13	10	34	16	50
Romania		4.6	0.0	-0.2	-0.3	-4.9	-5.8		6.7	-2	-3	11	-57	-2
Russia		78.4	-0.7	0.1	-1.6	4.2	0.4							
South Africa		16.8	-0.2	-2.0	-2.3	6.4	-1.4		8.9	-16	5	40	-128	32
Türkiye		47.38	-0.1	-0.4	-1.6	-14.4	-9.3		35.6	-25	29	192	376	602
US (DXY; 5y UST)		102	0.0	0.4	0.2	3.0	3.3		4.38	-2	1	26	41	66

	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		4,570	-2.8	-3.6	-7.3	10.1	-1.3		86	-1	-2	-18	11
Korea*		6,024	-10.8	-10.7	-28.2	86.5	42.9		23	1	1	0	1
Indonesia		6,131	-0.9	-3.3	5.3	-19.5	-29.1		114	4	4	27	28
India		76,766	-0.9	-0.9	0.0	-5.6	-9.9		94	2	-2	-1	4
Philippines		6,304	-0.2	-0.5	2.8	-0.3	4.1		96	4	4	22	21
Thailand		1,624	0.0	-1.3	2.1	30.6	29.0						
Malaysia		1,712	0.0	-0.5	2.8	12.4	1.9		58	1	2	-10	-1
Argentina		3,305,316	0.7	2.5	5.8	49.3	8.3		447	25	2	-295	-122
Brazil		175,334	0.7	1.1	1.2	32.7	8.8		186	8	-8	-22	-17
Chile		10,964	0.1	0.6	1.9	35.8	4.6		93	6	-3	-14	2
Colombia		2,283	0.4	-0.8	-0.1	29.5	10.4		200	4	-8	-103	-77
Mexico		67,158	1.2	1.6	-0.1	17.6	4.4		206	5	-3	-58	-11
Peru		3,375	0.5	2.1	2.2	74.6	30.6		90	4	-6	-29	-19
Hungary		144,601	0.1	0.5	3.4	42.7	30.2		112	5	2	-38	-27
Poland		144,325	0.0	-0.2	6.8	35.2	23.1		90	2	-1	-9	-1
Romania		36,294	0.6	1.6	13.9	81.5	48.5		181	0	2	-29	5
South Africa		109,912	-0.2	0.9	-0.3	11.4	-5.1		207	4	-6	-85	-11
Türkiye		13,784	0.1	-1.4	-3.4	30.7	22.4		261	3	1	-24	27
EM total		64	-1.9	0.1	-5.3	29.4	16.3		268	6	1	-89	-3

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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