GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, JULY 29, 2026

LEAD EDITOR: JOHANNES KRAMER

- **Tech weakness stays concentrated as broader equities hold firm ahead of the Fed** (link)
- **Chip selloff masks widening cash-flow split between hyperscalers and AI infrastructure** (link)
- **Japanese yen strengthened and bonds rallied as market awaits Fed and BoJ meetings** (link)
- **Korean equities trapped between AI earnings strength and leveraged position unwinds** (link)
- **Peru leads Latam equities on technical strength as Colombian earnings support fades** (link)
- **Hong Kong equities continue to outperform peers as funds rotate beyond AI hardware** (link)

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Tech Weakness Broadens in Asia as Fed and Oil Risks Reprice

Technology remains the main fault line across global markets, but the weakness has stayed concentrated rather than turning into broad risk aversion. US equities held up as chip stocks lagged, with attention now shifting to Microsoft and Meta earnings, while Korea remained the sharpest expression of the unwind as strong AI earnings collided with stretched valuations, higher capex, and leveraged retail positioning. Hong Kong moved the other way, extending its outperformance as flows rotated toward internet, financial and EV names. The same split is showing up in cash flows, with hyperscalers taking on more financing as capex rises faster than operating cash flow, while parts of the AI infrastructure chain monetize sooner. Rates markets remain centered on today's Fed decision, with just over a 30% hike probability priced and positioning still skewed toward flatter curves. Renewed Iranian attacks on US targets reversed part of Tuesday's bond rally and lifted oil 3–5%. In Japan, a firmer yen and lower JGB yields preceded Friday's BoJ meeting.

Key Global Financial Indicators

Last updated: 7/29/26 8:37 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7429	0.2	-1	0	17	9
Eurostoxx 50		6252	-0.6	-1	0	16	8
Nikkei 225		61434	-1.5	-7	-12	51	22
MSCI EM		62	-2.0	-5	-8	27	14
Yields and Spreads					bps		
US 10y Yield		4.63	2.2	-3	25	31	46
Germany 10y Yield		3.14	3.1	-4	28	43	28
EMBIG Sovereign Spread		246	4	10	6	-50	-7
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.3	-0.2	-1	-1	2	-1
Dollar index, (+) = $ appreciation		101.5	0.0	0	0	3	3
Brent Crude Oil ($/barrel)		90.0	7.0	-4	23	24	48
VIX Index (%, change in pp)		18.8	0.6	2	1	3	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: 7/29/26 8:37 AM	Level Last 12m	Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		90	7.0	-4	23	24	48
WTI Crude Oil ($/barrel)		85	6.6	-3	19	22	47
Natural Gas (Netherlands TTF)		61	8	-4	43	79	127
Breakeven Inflation		%	bps				
USD: 2Y		2.2	3.1	-11	-10	-79	-7
USD: 5Y		2.3	2.8	-10	-2	-33	1
USD: 5Y5Y		2.4	1	-5	3	-14	-8
EUR: 2Y		2.3	11.5	-11	16	62	68
EUR: 5Y		2.2	6	-7	12	31	39
EUR: 5Y5Y		2.1	2	-1	4	1	6

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

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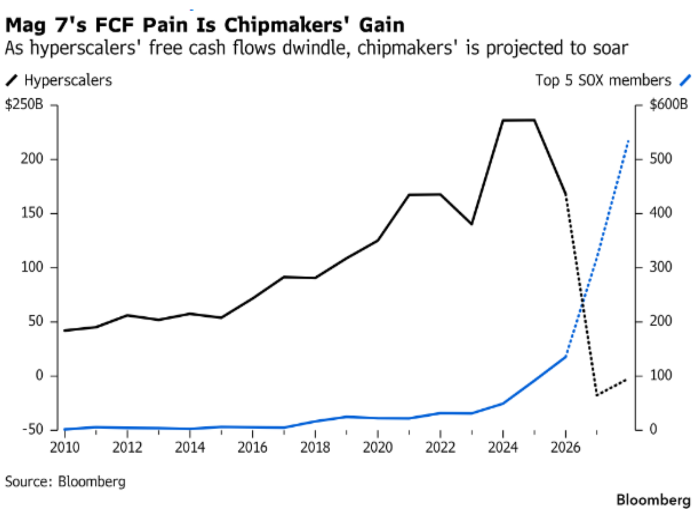
United States

Ahead of the Fed meeting, Tuesday extended the overnight split between weak technology shares and a firmer broader market. Technology remained under pressure as investors questioned the durability of elevated AI-related earnings, with semiconductors hit hardest (SOXX -5%) and memory names such as Micron (-9%) falling sharply. The weakness remained concentrated in Big Tech rather than reflecting broad risk aversion, as flows moved into healthcare, consumer staples and other defensive sectors, helped by lower oil prices. The rotation pushed the Dow up 537 points even as the Nasdaq slipped. Treasury yields fell across the curve (2-year: -3.5 bps to 4.29%; 10-year: -4.2 bps to 4.61%; 30-year: -4.8 bps to 5.09%), while the dollar weakened modestly against majors.



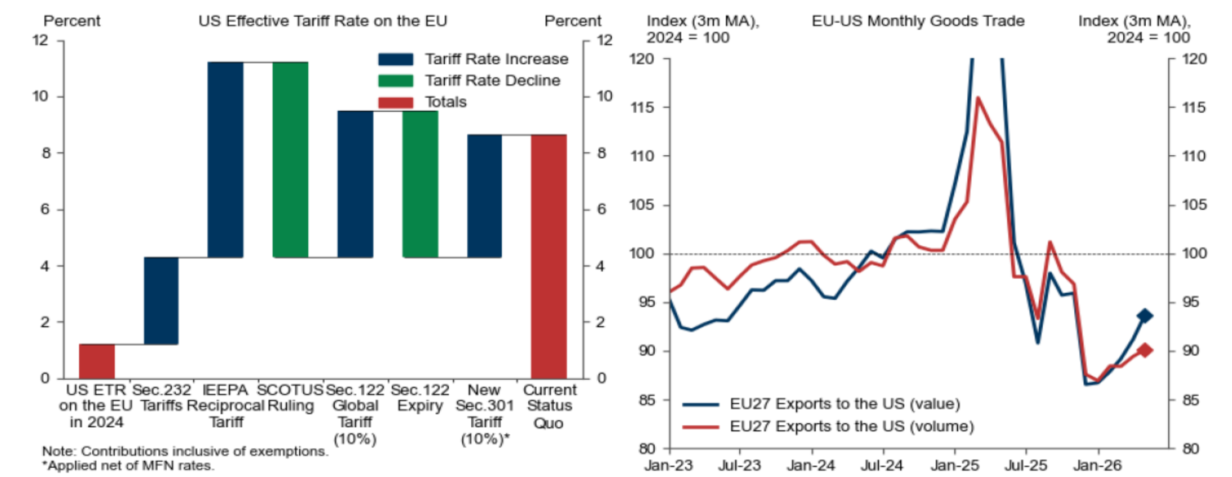
Semiconductor stocks have continued to correct, with recent weakness also reflecting crowded positioning and concern over the financing of the AI buildout. The cash-flow picture, however, is diverging from the equity tape. Hyperscaler capex is rising faster than operating cash flow, pushing expected free cash flow lower and increasing reliance on debt, while parts of the AI supply chain are seeing faster monetization. Bank of America has called this a "generational transfer in free cash flow," while Goldman Sachs and UBS similarly point to growing financing pressure at the hyperscalers and stronger cash generation elsewhere in the AI infrastructure chain. That leaves hyperscalers carrying more of the financing burden while more of the near-term cash generation accrues upstream to semiconductors and infrastructure.

Euro area

European equities slipped as Asian tech weakness carried into Europe and hostilities resumed in the Middle East. The STOXX Europe 600 fell (-0.3%), led by technology (-1.5%), while energy gained (+1.5%) as Brent rose (+3%) to $87/bbl. Sovereign yields rose around 2–4 bps across major markets with 10-year bund benchmarks yielding 3.17%. US technology earnings and today's Fed meeting remain the main near-term focus, with markets pricing around a 30% chance of a Fed hike. By contrast, a hike at tomorrow's BoE meeting is almost fully priced out. The euro was little changed against the dollar, trading just below $1.14/€.

The latest US tariff measures are unlikely to materially change the near-term euro area outlook. President Trump introduced a new 10% tariff on imports from the EU and other trading partners, replacing the temporary measure that expired on July 24. Goldman Sachs analysts estimates that the revised scope marginally lowers the EU's effective tariff rate to around 9%. Trump also announced a 100% tariff on generic drugs from 2028, although the EU is expected to be exempt. The near-term macro impact on the euro area therefore remains limited.

Exhibit 6: Trump Announces New Tariffs to Maintain the Existing 10% Levy

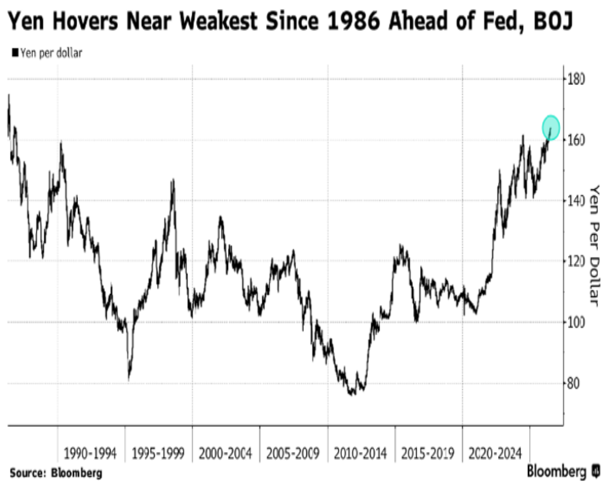


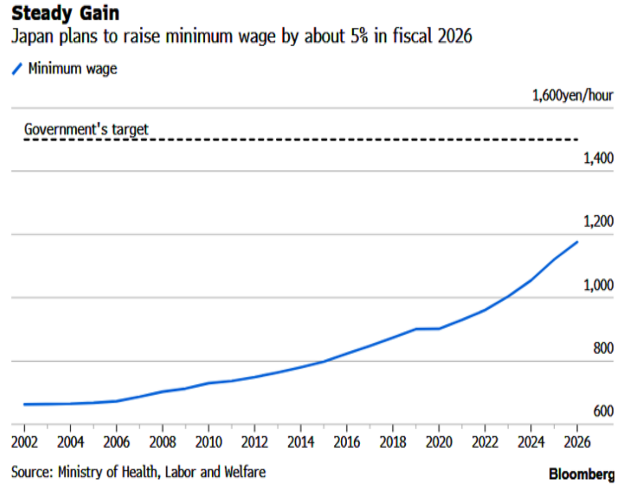
Source: Goldman Sachs Global Investment Research, Haver Analytics

Japan

The equity weakness was met with a firmer yen and JGBs. The yen strengthened (+0.2%) to ¥163.54/$, while JGB yields fell (10-year: -2 bps to 2.75%; 30-year: -5 bps to 3.94%) alongside lower global yields. The BOJ is widely expected to hold rates after last month's hike to 1.00%, with attention on Governor Ueda's guidance on further tightening. Equities fell (Nikkei 225: -1.5%), although Nomura outperformed after stronger-than-expected earnings and record equities-trading revenue (+83% y/y).

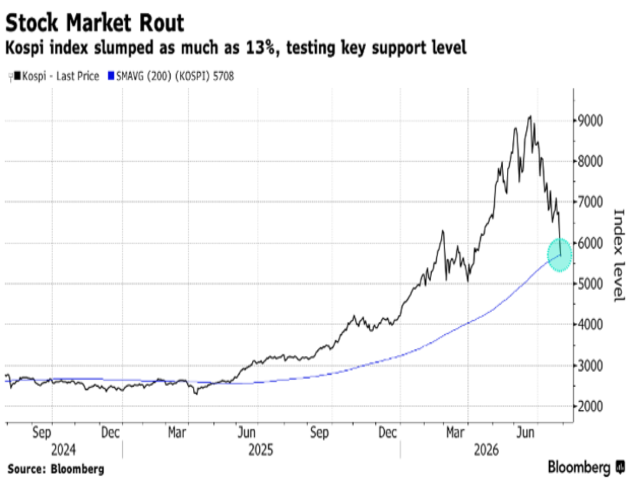
Wage gains continued to broaden, while the proposed food-tax cut added to fiscal concerns. The government recommended a 4.9% increase in the nationwide minimum wage, adding to evidence that pay gains are spreading beyond large firms. The decision reinforced the BOJ's desired wage-price cycle and expectations that resilient wage growth could keep further normalization on the table. PM Takaichi also appears set to support a cut in the food consumption tax to 1%, at an estimated cost of more than JPY4 trn ($24 bn) annually, keeping attention on Japan's fiscal outlook. Separately, GPIF appointed active domestic bond managers for the first time in five years, highlighting the need to strengthen its capabilities in a more volatile government-bond environment.

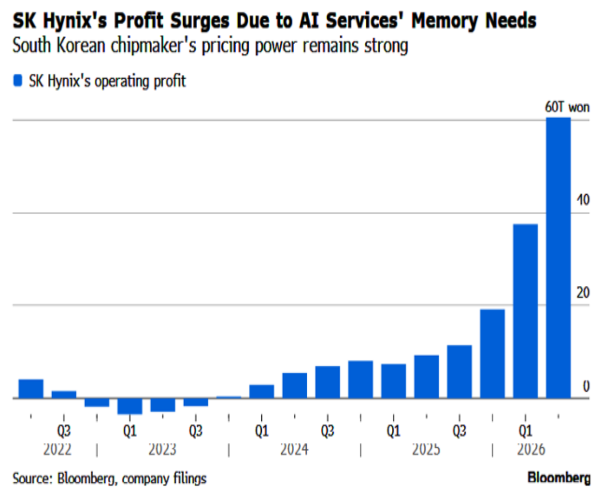




Korea

Korean equities remained under heavy pressure as semiconductor losses and retail deleveraging extended for a second session. The KOSPI (-6.0%) triggered a circuit breaker again after falling as much as -13% intraday and is now down -33% in July. The selloff remained concentrated in semiconductors. SK Hynix fell sharply as investors focused on weaker-than-expected operating profit, a large increase in planned capex to at least KRW45 trn and limited detail on shareholder returns, despite a six-fold increase in quarterly profit. Concerns over stretched AI valuations and the durability of global capex also remained in focus. **Retail investors, who had helped drive the earlier AI rally through margin borrowing and leveraged ETFs, turned heavy sellers, adding to the unwind.** Attention is now shifting to Thursday's Samsung Q2 earnings and whether retail deleveraging has further to run. Discussion of possible stabilization measures has also increased after the scale of the selloff.





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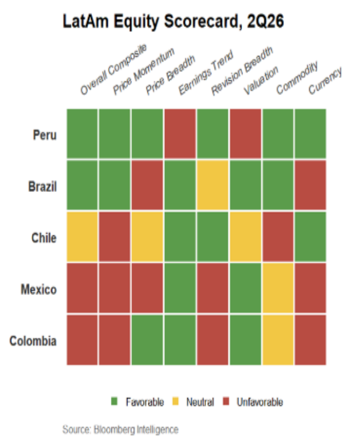
Ahead of the Fed meeting, EMEA markets saw weaker GCC equities on renewed regional tensions, firmer CE3 stocks and stable currencies. Saudi Arabia (-1.5%) led losses in the Gulf as the regional conflict resumed, while CE3 equities advanced, led by Poland (+1%). EMEA currencies were largely stable against the dollar, although the South African rand (-0.1%) and Hungarian forint (-0.3%) weakened modestly.

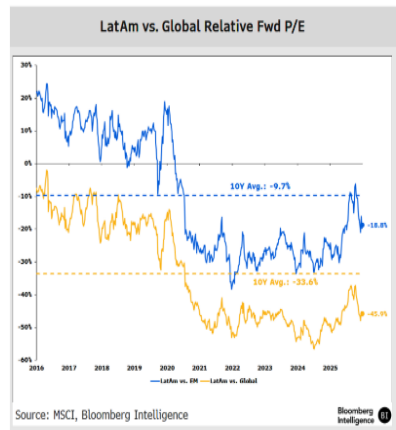
Asian markets remained split, with another sharp selloff in North Asian technology shares contrasting with modest gains in regional currencies. Asian equities fell further (EM Asia: -2.4%), driven again by Korea (KOSPI: -6.0%) and Taiwan POC (TAIEX: -3.8%). By contrast, Hong Kong SAR (Hang Seng: +2.0%), Singapore (Straits Times: +1.6%) and India (SENSEX: +1.2%) advanced. Asian currencies generally strengthened against the US dollar (EM Asia: +0.1%).

Yesterday, Latin American stocks were split across markets, while currencies held broadly stable apart from a stronger Chilean peso. Colombia (+0.8%) and Brazil (+0.7%) led equity gains, while Chile (-0.7%) fell and Mexico was little changed. In FX, the Chilean peso (+0.9%) outperformed, while the Mexican peso, Colombian peso and Brazilian real were broadly flat. In Peru, Keiko Fujimori was sworn in as the country's ninth president in a decade after narrowly winning June's runoff. Separately, Uruguay launched a dual-tranche tap, reopening its 8% 2035 peso-linked note and 5.442% 2037 dollar note.

Latin American Stocks

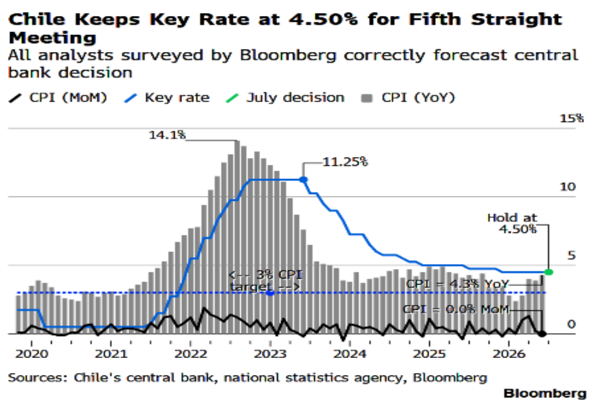
Peru and Brazil moved to the top of Bloomberg Intelligence's LatAm equity scorecard in 2Q, while Colombia fell from first to last. Peru scored strongest on technicals, market breadth and earnings revisions, while Brazil combined the cheapest valuations in the region with 2026 earnings growth estimates above 40%, the highest in LatAm. Colombia slipped as weaker momentum, revision breadth, and valuations outweighed earnings support, while Chile lagged amid downward earnings revisions and a softer macro backdrop. LatAm's valuation discount remains wide relative to EM (18.8%) and global equities (45.9%), levels that have historically been associated with stronger subsequent five-year returns.





Chile

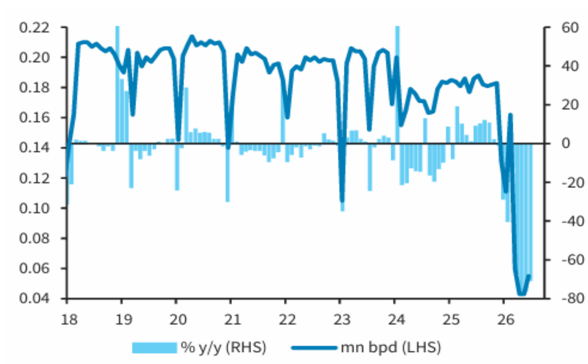
Chile's central bank delivered a rate hold for a fifth straight meeting amid renewed external uncertainty and disruption from winter storms. The decision to keep the policy rate at 4.50% was unanimous and in line with expectations from all seventeen economists surveyed ahead of the meeting. Rates have been unchanged since a -25bps cut in December, while inflation (4.3% y/y) remains above the 2–4% target range. Oil-price volatility remains an inflation risk for the fuel-importing economy, with Brent falling below $85/bbl on Tuesday after rising above $100 last week. Separately, winter storms that killed 13 people caused an estimated $500 mn in damage and could reduce GDP by 0.1–0.2%, according to LarrainVial.



Bahrain

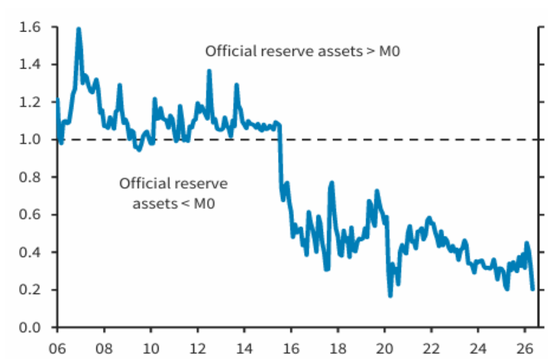
Fiscal and external strains remain in focus despite recent support measures. Barclays analysts argue that the war has compounded existing vulnerabilities through disrupted oil exports, weaker tourism and domestic demand, and pressure on already limited FX reserves. The UAE's AED20 bn ($5.4 bn) central bank swap line and Bahrain's recent $1bn bond issuance have provided near-term relief and helped support the dinar peg, but reserve buffers remain the weakest in the GCC. With public debt close to 150% of GDP and FX debt repayments through end-2027 exceeding current reserves, Barclays expects further GCC financial support to be needed, potentially with tighter fiscal conditions.

FIGURE 3. **Bahrain crude oil production**



Source: OPEC, JODI, Haver Analytics, Barclays Research

FIGURE 5. **Bahrain's ratio of central bank official reserve assets to monetary base (M0)**



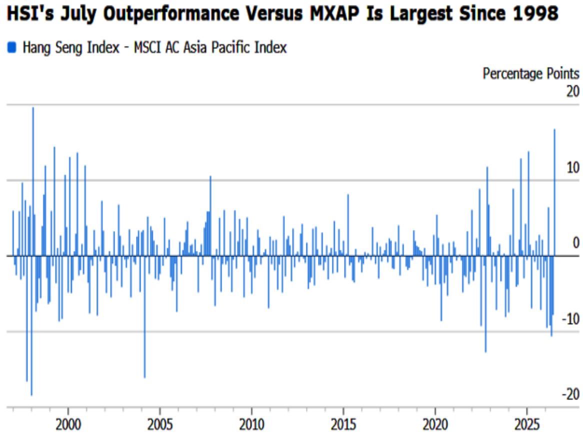
Source: Central Bank of Bahrain, IMF, Haver Analytics, Barclays Research

China

Hong Kong equities bucked the regional selloff, led by internet and EV names, while the renminbi firmed. The Hang Seng Tech Index (+2.8%) advanced, with Alibaba and other internet names alongside EV makers including Li Auto, BYD, Xiaomi and Geely among the gainers. EV shares were also helped by easing concerns over memory-chip costs and expectations for stronger demand in the second half of 2026. The renminbi strengthened modestly onshore (CNY: +0.1%) and offshore (CNH: +0.1%) after a stronger fixing at 6.7899/$.

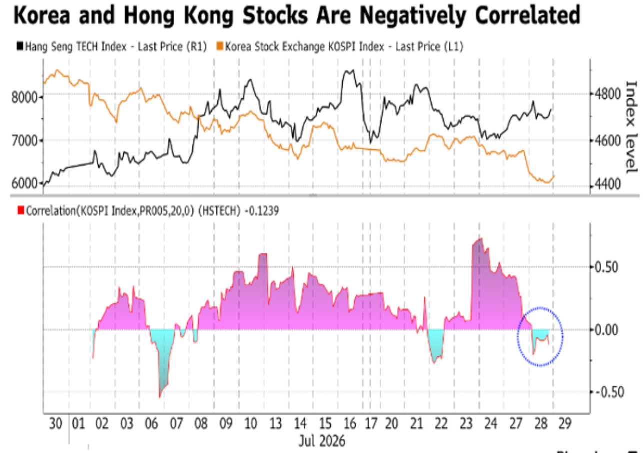
Hong Kong's July outperformance has reflected a broader rotation out of crowded AI hardware trades and into Chinese financials, internet stocks and EVs. The Hang Seng has gained 12.8% this month, supported by lower valuations and optimism ahead of August earnings from Alibaba, JD.com and Meituan. Financials have also been a major contributor, with banks and insurers posting their strongest month since 2024 on improving earnings prospects and dividend appeal. Bloomberg notes that the rolling 20-day correlation between KOSPI and Hang Seng Tech has turned negative, consistent with the sharp divergence between Korean AI hardware and Hong Kong-listed technology shares.

HSI's July Outperformance Versus MXAP Is Largest Since 1998



Source: Bloomberg

Korea and Hong Kong Stocks Are Negatively Correlated



Source: Bloomberg

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Global Financial Indicators

Last updated: 7/29/26 8:37 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,425	0.2	-1.0	-0.2	16.6	8
Europe		6,252	-0.6	-1.0	0.3	16.2	8
Japan		61,434	-1.5	-7.1	-12.3	51.1	22
China		4,600	0.7	-2.5	-7.6	10.8	-1
Asia Ex Japan		108	-2.1	-5.1	-8.2	26.8	16
Emerging Markets		62	-2.0	-4.6	-7.5	26.7	14
Interest Rates					basis points		
US 10y Yield		4.6	2	-3	25	31	46
Germany 10y Yield		3.1	3	-4	28	43	28
Japan 10y Yield		2.8	-2	1	13	119	70
UK 10y Yield		5.0	5	-4	28	36	52
Credit Spreads					basis points		
US Investment Grade		121	0	3	6	0	13
US High Yield		324	-2	9	3	-9	-12
Exchange Rates					%		
USD/Majors		101.5	0.0	0.3	0.3	2.6	3
EUR/USD		1.14	-0.1	-0.3	-0.4	-1.5	-3
USD/JPY		163.8	-0.1	0.4	1.1	10.3	4
EM/USD		46.3	-0.2	-0.5	-0.8	1.7	-1
Commodities					%		
Brent Crude Oil ($/barrel)		90.0	7.0	-4.3	21.7	31.4	50
Industrials Metals (index)		174.0	-0.1	-1.6	2.7	12.2	7
Agriculture (index)		59.1	-0.4	-2.4	8.5	8.9	11
Gold ($/ounce)		4018.8	-0.3	-2.7	0.1	20.8	-7
Bitcoin ($/coin)		64252.2	0.6	0.2	6.7	-45.3	-27
Implied Volatility					%		
VIX Index (%, change in pp)		18.8	0.6	2.2	1.2	2.8	3.9
Global FX Volatility		6.4	0.0	0.2	-0.2	-1.6	-0.6
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		72	2	-1	4	5	13
Italy		82	2	0	10	1	12
France		79	1	-1	1	14	8
Spain		46	1	0	-3	-12	3

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

Emerging Market Financial Indicators

7/29/2026 8:37 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	0.0	0.1	0.4	6.1	3.3		1.8	0	-2	-2	1	-15
Korea*		1453	0.0	1.7	6.1	-4.4	-0.9		4.4	-3	-3	19	170	114
Indonesia		18055	0.1	-1.0	-1.1	-9.2	-7.6		7.3	-2	7	14	83	128
India		96	0.2	1.0	-1.2	-9.2	-6.0		7.9	7	3	24	112	83
Philippines		61	0.4	0.6	-0.4	-6.6	-4.2		6.1	0	-2	15	129	142
Thailand		34	0.3	0.2	-0.9	-3.5	-6.2		2.2	0	5	4	58	45
Malaysia		4.09	0.0	-0.1	-0.5	3.5	-0.7		3.7	1	4	11	34	21
Argentina		1500	-0.2	-1.5	-1.3	-13.7	-3.2		0.0	0	0	0	-3729	-3237
Brazil		5.13	-0.1	-1.4	1.0	8.8	6.8		14.5	-7	-8	18	45	96
Chile		936	-0.3	0.1	-1.2	3.8	-3.8		5.6	-2	-1	21	16	28
Colombia		3198	0.0	0.8	8.0	30.3	18.1		12.3	-2	7	21	61	-60
Mexico		17.49	-0.3	-0.5	-0.1	7.3	3.0		9.1	-3	6	27	-24	15
Peru		3.4	0.0	0.0	0.3	4.2	-1.2		6.0	1	0	-6	-41	26
Uruguay		40	0.0	0.0	0.0	-0.5	-3.1		7.4	2	5	-2	-89	-10
Hungary		319	-0.9	0.0	-2.8	8.6	2.6		5.4	-4	3	38	-130	-113
Poland		3.80	-0.2	-0.3	-1.3	-2.6	-5.6		5.1	6	10	40	30	56
Romania		4.6	-0.2	-0.3	-0.3	-4.5	-5.8		6.7	1	-1	11	-55	-1
Russia		79.4	-1.2	-1.4	-2.8	2.2	-0.8							
South Africa		16.8	-0.5	-2.3	-2.2	6.6	-1.3		8.8	-8	-3	32	-133	24
Türkiye		47.40	0.0	-0.4	-1.6	-14.4	-9.4		35.5	-12	12	180	356	590
US (DXY; 5y UST)		101	0.0	0.3	0.4	2.6	3.2		4.40	3	-1	26	50	67

	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		4,600	0.7	-2.5	-7.6	10.8	-0.6		88	2	0	-16	13
Korea*		5,663	-6.0	-16.7	-33.2	74.0	34.4		23	1	1	1	1
Indonesia		6,091	-0.6	-3.8	7.9	-19.3	-29.6		119	11	9	37	33
India		77,655	-0.6	1.2	1.5	-4.7	-8.9		94	2	-2	-1	4
Philippines		6,353	0.8	1.4	5.2	0.6	5.0		101	10	9	31	26
Thailand		1,624	0.0	-1.3	2.1	30.6	29.0						
Malaysia		1,716	0.2	0.2	3.1	12.5	2.1		63	6	7	-4	4
Argentina			-1.5	-0.8	2.5	41.3	6.7		448	24	3	-279	-121
Brazil		176,565	0.7	1.9	1.9	33.0	9.6		192	13	-2	-16	-11
Chile		10,880	-0.8	-0.7	1.1	34.0	3.8		95	8	-1	-8	4
Colombia		2,301	0.8	0.2	0.7	30.9	11.3		203	9	-5	-96	-74
Mexico		67,308	0.2	0.9	-0.5	16.4	4.7		210	14	1	-48	-7
Peru		3,342	-1.0	1.1	1.2	72.9	29.4		93	9	-3	-22	-16
Hungary		145,720	1.0	0.7	4.8	44.2	31.2		114	8	4	-31	-25
Poland		144,950	0.6	-0.2	7.5	34.2	23.6		94	6	3	-1	3
Romania		36,070	-0.9	-0.1	12.8	80.4	47.6		184	5	6	-19	8
South Africa		110,679	0.7	0.9	0.4	11.6	-4.4		213	12	0	-75	-5
Türkiye		13,545	-1.0	-4.2	-4.5	29.2	20.3		266	9	6	-10	32
EM total		62	-1.5	-4.6	-7.5	26.7	14.0		273	11	6	-79	2

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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