GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, JULY 6, 2026
LEAD EDITOR: SANJAY HAZARIKA

- **US 30-year yields near 5% could reflect either economic optimism or fiscal risk** (link)
- **Markets expect another quarter of strong corporate earnings in Q2 for US** (link)
- **Foreign outflows from JGBs weigh on market sentiment** (link)
- **Bund yields hold steady despite stronger than expected economic data** (link)
- **Government bond issuance in Nigeria rises sharply** (link)
- **Minutes reveal deep divide amongst policy makers in Colombia** (link)

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Global Markets Holding Steady as Q2 Corporate Earnings Season is about to Begin

Global markets have started the week holding steady. US equity index futures are higher after the Dow posted multiple record closes last week, while the Euro Stoxx 600 dipped slightly after its record breaking run the previous week. Government bond yields in Europe and the US were lower, while the dollar was mixed against most major currencies. The Yen remains in focus as it weakened to 162.29 versus the dollar, close to its weakest in 40 years and fueling speculation about government intervention. OPEC announced larger production targets as oil prices fell back from their peak at the height of the conflict in the Middle East. Korean chipmaker SK Hynix began marketing its $29 billion American Depository Receipt (ADR) sale in the US equity market, representing the largest ever launch in US markets by a foreign company. The Q2 global equity earnings season is a key focus for market participants, with Samsung scheduled to report tomorrow.

Key Global Financial Indicators

Last updated: 7/6/26 7:59 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7483	0.0	2	1	19	9
Eurostoxx 50		6400	-0.2	3	6	21	11
Nikkei 225		69738	0.0	0	5	76	39
MSCI EM		66	-1.2	-3	2	35	20
Yields and Spreads					bps		
US 10y Yield		4.46	-2.4	9	-7	11	29
Germany 10y Yield		2.93	-0.4	7	-11	32	8
EMBIG Sovereign Spread		238	1	0	5	-77	-16
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.7	-0.2	0	-1	1	0
Dollar index, (+) = $ appreciation		101.1	0.2	0	1	4	3
Brent Crude Oil ($/barrel)		71.8	-0.5	-2	-23	5	18
VIX Index (%, change in pp)		16.3	0.5	-2	-5	-1	1

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

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United States

30-year Treasury rates are back near 5%, after falling back from the 5.18% level seen on May 19, which was the highest since 2007. The latest on-the-run 30-year Treasury was auctioned with a 5% coupon for the first time since the pre-crisis years. Compared to previous episodes of high 30-year Treasury rates, term premia and fiscal concerns appear to be playing a greater role. Some analysts believe that rising real yields are a signal of economic strength, and are a positive sign for markets. Others think higher real yields come via high term premia that are caused by growing fiscal pressure. The rise in swap yields could be an indication of fiscal pressures, as 30-year Treasuries are trading at 75 bps to swaps, compared to negative spreads in previous yields. Term premia have also risen. However, fical risk is most efficiently expressed as credit risk, and US credit default swap spreads show no sign of trouble.

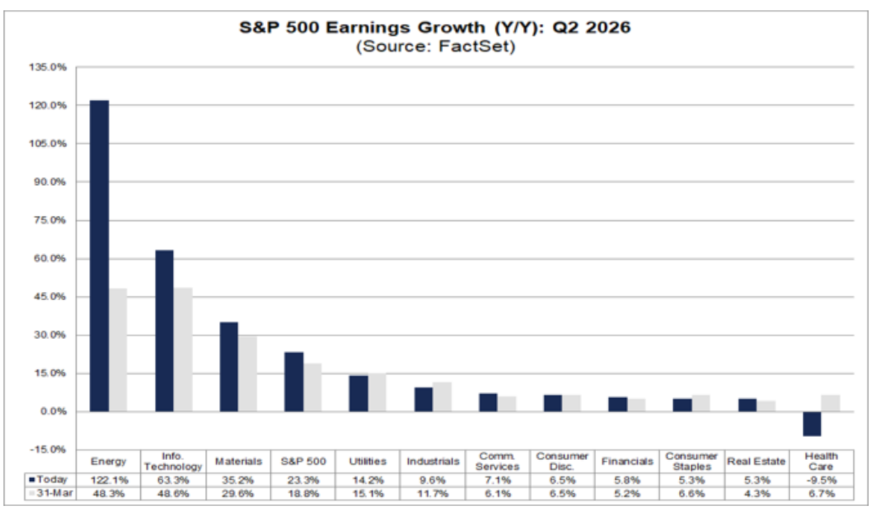
Figure 12. Although 30y yields are back near 2007 levels, the underlying composition is fundamentally different; expected real returns on cash are significantly lower and term premia are playing a larger role

		30y Expectations component			Rate Term premium		Fiscal Risk Premium
%	30y UST	Real Short Rate	Expected Inflation	Nominal Short Rate	30y swap rate	30y Swap Rate minus Expected Rate	30y USTs minus Swap Rate
Dec-95	**5.95**	2.30	2.70	**5.00**	6.16	**1.16**	**-0.21**
Dec-00	**5.46**	3.00	2.20	**5.20**	6.17	**0.96**	**-0.71**
Jun-07	**5.02**	2.52	2.03	**4.55**	5.49	**0.93**	**-0.46**
Dec-19	**2.39**	0.46	1.79	**2.25**	1.79	**-0.46**	**0.60**
Jul-26	**4.98**	1.10	2.03	**3.13**	4.24	**1.11**	**0.74**

Using surveys to estimate the expected path of nominal and real short rates and inflation. Libor-based swap rates have been adjusted lower in the historical data.

Source: Federal Reserve, Haver Analytics, Barclays Research

Ahead of the Q2 earnings season, which begins in less than two weeks, markets are expecting another quarter of strong results from US corporations. There have been recent all-time highs in the Dow, S&P 500, equal weighted S&P 500, the Russell 2000 small cap index, the S&P 400 mid-cap index, the transportation index, and the materials index, among others. The rally has broadened out from the large cap technology stocks, a positive development. However, analysts optimism is also at record levels, and earnings disappointments could prove to be highly disruptive for markets. Between March 31 and June 30, analysts raised their earnings per share (EPS) for the S&P 500 by 3.4%, which is unusually optimistic by historical standards. Over the past five years, the average change in EPS forecasts for Q2 was a downward revision of 2%. Over the past ten years, the average change in EPS forecasts for Q2 was -2.7%, according to FactSet. Analysts expect very large increases in EPS, as shown below, and weaker results in Q2 could inject a great deal of volatility into the market.

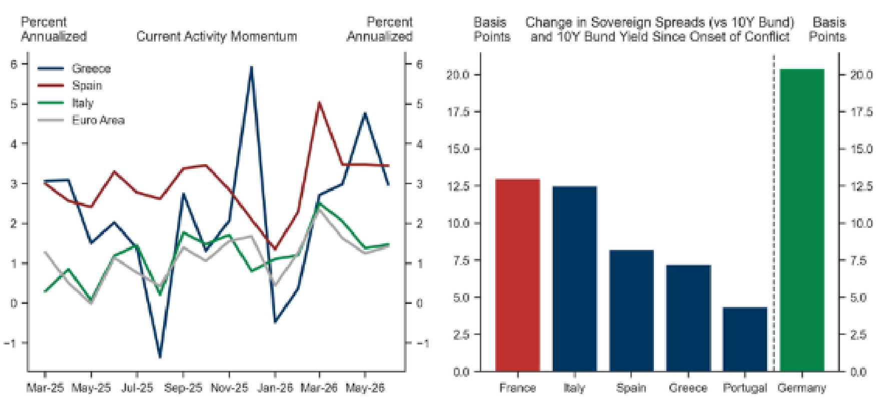


Euro area

European equities were relatively rangebound in early morning trade but the trend was generally lower. European government bond yields were lower with the 10-year German bund yield at 2.92% after German factory orders data for May surprised to the upside, increasing by 1.9% m/m in May, up from -3.2% in the prior month and ahead of consensus expectations of a 1.1% increase. Elsewhere, the July Sentix Investor Confidence index also improved to -3.1, ahead of expectations of -10.0 and up from -13.4 in June. UK gilts were underperforming European peers. The 10Y gilt yield was little changed at 4.78% as markets look ahead to tomorrow's BoE Financial Stability Report which is expected to include changes to the leverage ratio.

Some analysts believe upcoming political risk events in Southern Europe may have limited impact on spreads. Analysts at Goldman Sachs argue that although general elections in Italy, Spain and Greece in 2027 could fail to deliver clear parliamentary majorities, a widening of sovereign spreads is unlikely in the near-term. Goldman notes that relative political stability and economic resilience have seen Southern sovereign spreads almost fully reverse the widening seen at the onset of the war in Iran. In addition, the analysts argue that fiscal balances are expected to continue to improve with the autumn budgets expected to deliver further fiscal consolidation. As a result, they believe that spreads could continue to tighten this year. This morning, the 10-year BTP-Bund spread was relatively unchanged at around 77bp. Meanwhile, Morgan Stanley analysts argue that fiscal concerns appear to be weighing on French OATs with the 10Y OAT-Bund spread widening to around 79bp. Morgan Stanley believe that current OAT valuations do not fully capture domestic political and fiscal risks and believe the OAT-Bund spread could widen further.

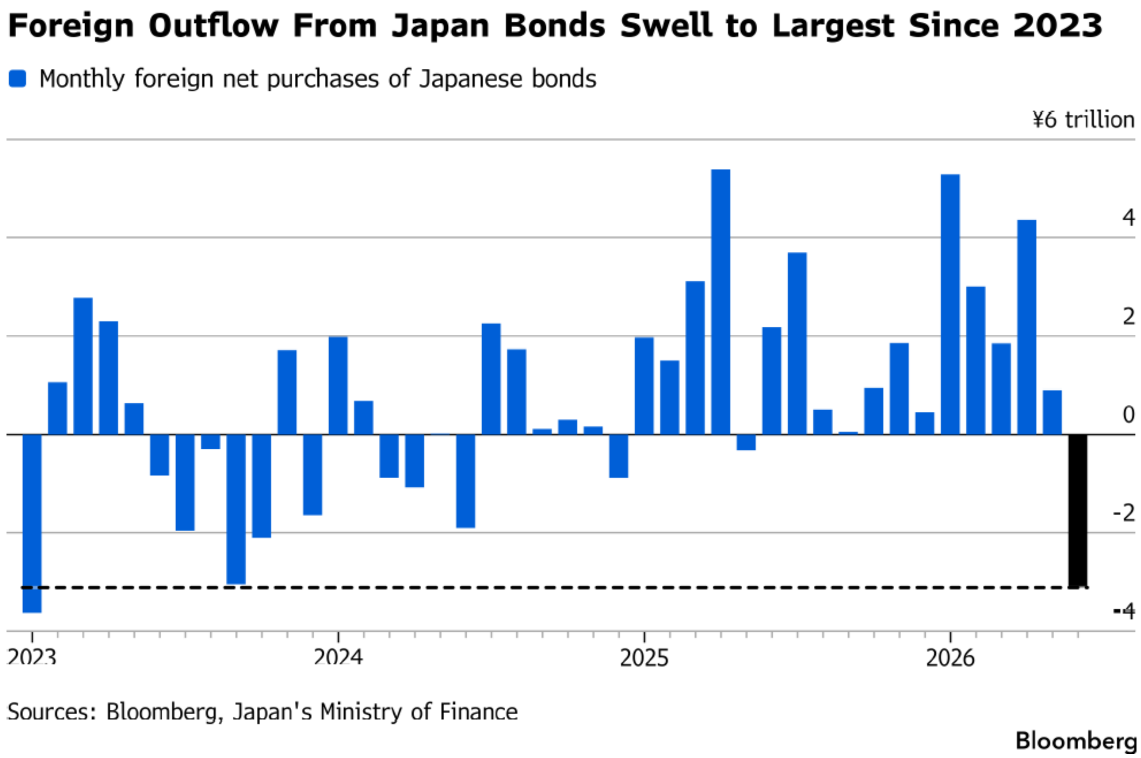
Exhibit 1: Resilient Growth Momentum and Tightening Spreads in Southern Europe After the Energy Crisis



Source: Goldman Sachs Global Investment Research, Bloomberg

Japan

Foreign outflows weighed on the yen and helped lift JGB yields to their highest levels since the Asian Financial Crisis. Overseas investors sold the most JGBs in three years in June, according to data from the Ministry of Finance. Outflows in June for the period ended June 26th totaled ¥3.12 tr ($19.2 bn), the biggest withdrawal since January 2023, based on monthly and balance-of-payments data. Traders noted that foreign selling of JGBs likely contributed to pressure on both JGBs and the yen, while the BOJ's pared back JGB purchases and the government's new fiscal spending plans probably also weakened investors' outlook for JGBs. The yields on the 10-year and 20-year bonds rose to their highest levels since 1996—the 10-year yield rose 5 bps to 2.82% and the 20-year yield was up 4 bps to 3.795%. By contrast, short-dated JGB yields were little changed. The yield on the two-year note fell 1 bp to 1.37%. Meanwhile, the yen once again weakened past the ¥161 level against the dollar (-0.6% to ¥162.3/$), near its weakest level in four decades.



Asian markets were generally quite with little news to shape market developments. Most currencies weakened with the yen underperforming regional peers (-0.6%) while the Thai baht also came under pressure (-0.6%) following a weak inflation print.

Emerging Markets back to top

EMEA currencies were generally weaker although equities made gains. Last Friday, June PMIs for a number of African jurisdictions came in higher compared to the previous month (Zambia, Uganda, Mozambique, South Africa, and Kenya). OPEC is to increase production quotas in the wake of sharply lower oil prices. **Meanwhile, Asian markets were little changed.** The Korean authorities are preparing for FX flows related to SK Hynix's US$29 bn ADR listing in the US on July 10th. SK Hynix is expected to begin using forwards as soon as Friday to hedge flows that will stem from its listing, which will settle on July 14th. Meanwhile, the Korean won started trading on a 24-hour basis, adding to market liquidity. **Latam markets did well on hopes of less hawkish Fed policy.** Local currencies appreciated and stocks were higher.

EM Fund Flows

Both EM bond funds and equity funds reverted to outflows, with bond funds posting marginal outflows (-$67mn, prior week +$0.6bn) while equity funds saw sizeable redemptions (-$6.0bn, prior week +$1.1bn). Within EM bonds, outflows were from local currency funds (-$176mn, prior week -$36mn) while hard currency funds saw smaller inflows (+$0.1bn, from +$0.7bn). For EM equity funds, non-ETFs posted accelerated outflows (-$5.2bn, prior week -$3.2bn) while ETFs reverted to outflows (-$0.8bn, prior week +$4.3bn). All regional equity funds also posted outflows, led by Asia ex-Japan funds (-$3.3bn) and LATAM funds (-$0.6 bn) while EMEA funds posted small outflows (-$85mn). YTD cumulative inflows into

EM Funds remain positive, standing at +$27.7bn for EM bonds and +$52.0bn for EM equities, and remaining strong compared to recent years.

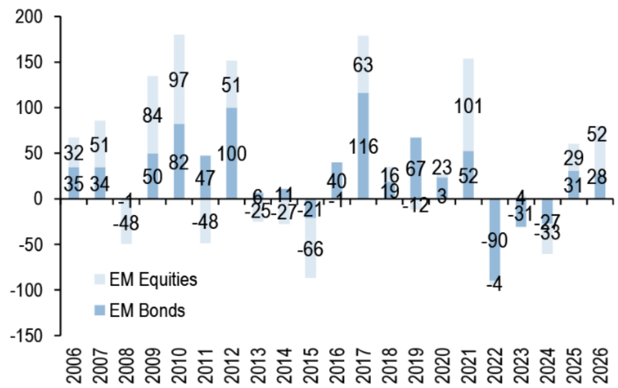
Figure 1: Weekly cross-asset flows

USD billion

	Asset	8w flows (8w ago → current)	This wk	YTD
Fund Flows	**EM Bonds and Equities**		-6.1	79.7
	EM Bonds		-0.1	27.7
	Hard Ccy		0.1	12.7
	Local Ccy^		-0.2	15.0
	o.w. EM ex-China		-0.2	14.1
	o.w. China		0.1	-0.8
	EM Equities		-6.0	52.0
	US HG		9.1	207.5
	US HY		2.2	5.1
	Global Equities		-17.2	355.2
	EM Bond and Equity ETFs		-0.8	86.8
	EM Bond ETFs		0.0	5.0
	EM Equity ETFs		-0.8	81.8
	Non-resident EM flows*		-12.1	-124.6

Figure 2: EM bond and equity fund flows

USD billion



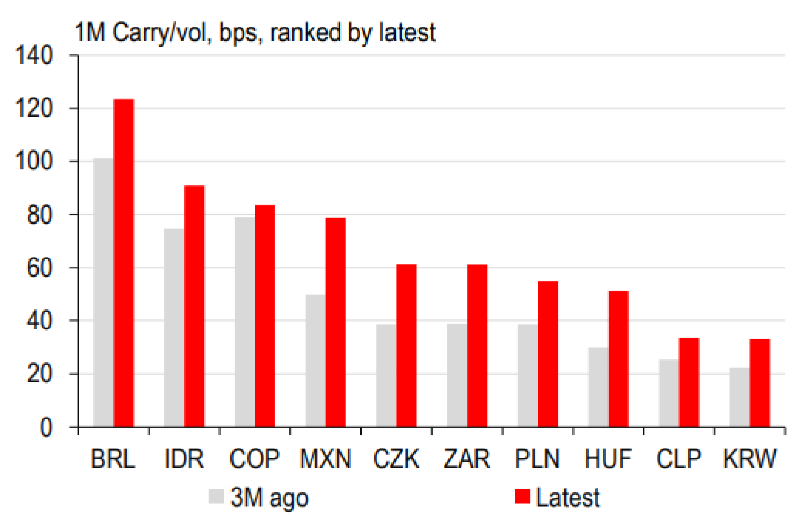
*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.

Sources for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

Colombia

Minutes from central bank's June meeting revealed a divide between the Board members. The majority (four) of the board members who voted to increase policy rate of +75bps expressed concern that recent inflation developments have contributed to a de-anchoring of inflation expectations, underscoring a deterioration in inflation-targeting credibility. The central bank technical team's forecast now project inflation to rise more than previously anticipated, even before accounting for potential upside risks from the forecasted El Niño phenomenon. Meanwhile, economic activity and labor market conditions have proved more resilient than expected. In contrast, two directors supporting a -50 bps rate cut argued that inflation pressures were primarily driven by supply-side factors and indexation dynamics rather than excess demand. The unexpected tightening has boosted the peso, with HSBC analysts observing that it could strengthen amid expectations of fiscal consolidation and broader economic reforms.

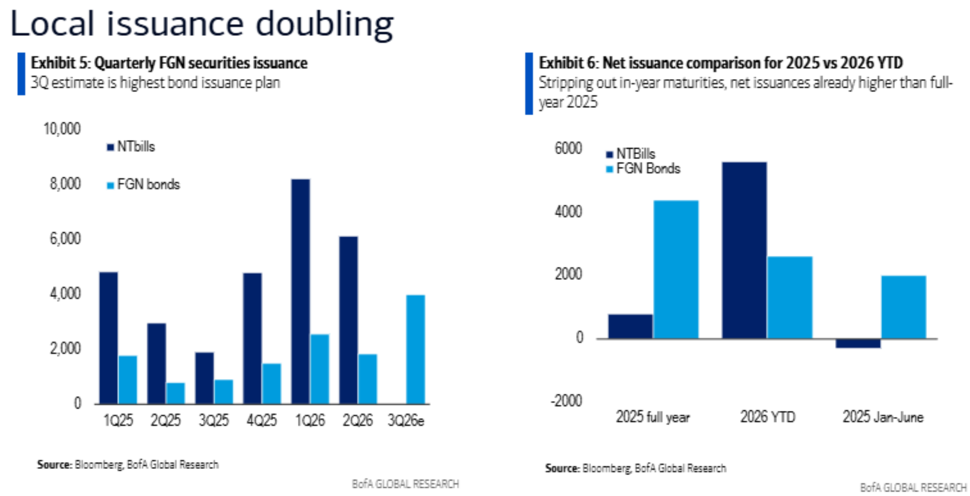
COP has one of the highest carry-to-vol ratios



Source: CEIC, HSBC

Nigeria

Nigerian government borrowing is rising sharply to finance election-year fiscal expansion, according to Bank of America (BofA). 2026 year-to-date issuance is already close to full-year 2025 levels and domestic borrowing is set to nearly double. Around 60% of the planned NGN29.2 trillion financing need is expected to be met domestically and 40% externally, with FGN bond issuance rising sharply and heavier supply pushing government borrowing rates back toward 18–19% despite declining inflation. Nigeria nevertheless enters the 2027 election cycle with strong macro fundamentals, including 4% real GDP growth, persistent current account surpluses, and FX reserves of around $50 billion. A win by President Tinubu of a second term would imply broad continuity in macro reforms, according to BofA.



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.

Global Financial Indicators

Last updated: 7/6/26 7:59 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,483	0.0	1.8	1.3	19.2	9
Europe		6,400	-0.2	2.7	5.6	21.0	11
Japan		69,738	0.0	0.4	4.7	76.2	39
China		4,842	0.0	-1.7	0.5	22.1	5
Asia Ex Japan		114	-1.7	-3.7	1.7	36.7	22
Emerging Markets		66	-1.2	-3.3	1.7	34.7	20
Interest Rates					basis points		
US 10y Yield		4.5	-2	9	-7	11	29
Germany 10y Yield		2.9	0	7	-11	32	8
Japan 10y Yield		2.8	4	19	16	139	76
UK 10y Yield		4.8	0	7	-12	23	30
Credit Spreads					basis points		
US Investment Grade		113	0	4	8	-12	5
US High Yield		307	2	-13	-6	-32	-29
Exchange Rates					%		
USD/Majors		101.1	0.2	-0.3	1.0	4.0	3
EUR/USD		1.14	-0.2	-0.1	-1.0	-2.5	-3
USD/JPY		162.3	0.6	0.2	1.4	11.1	4
EM/USD		46.7	-0.2	0.2	-0.6	0.8	0
Commodities					%		
Brent Crude Oil ($/barrel)		71.8	-0.5	-2.9	-21.0	9.8	19
Industrials Metals (index)		171.3	1.0	-0.3	-6.1	14.5	5
Agriculture (index)		56.7	2.3	3.2	4.1	2.0	6
Gold ($/ounce)		4154.6	-0.5	3.5	-4.1	24.5	-4
Bitcoin ($/coin)		62672.0	0.0	4.3	3.3	-42.3	-28
Implied Volatility					%		
VIX Index (%, change in pp)		16.3	0.5	-2.1	-5.2	-1.1	1.4
Global FX Volatility		6.5	0.1	-0.1	-0.1	-1.8	-0.5
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		68	-1	0	-3	-1	9
Italy		77	0	5	1	-6	7
France		79	-1	0	13	11	8
Spain		48	0	-1	5	-13	5

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

Emerging Market Financial Indicators

7/6/2026 8:01 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		6.80	-0.2	0.0	-0.2	5.6	2.8		1.8	0	2	3	13	-11
Korea*		1531	-0.1	0.7	-0.3	-10.0	-5.7		4.3	0	4	17	157	99
Indonesia		17995	-0.2	-0.8	1.1	-9.8	-7.3		7.1	-5	-6	34	54	109
India		95	-0.2	-0.9	0.3	-10.0	-5.8		7.7	0	4	4	95	63
Philippines		61	-0.1	-0.5	0.3	-7.8	-4.1		6.0	0	5	-14	116	132
Thailand		33	-0.5	-0.2	-1.4	-2.1	-5.5		2.1	-2	-2	-18	42	39
Malaysia		4.09	-0.3	-0.3	-0.3	3.7	-0.6		3.6	1	2	5	12	12
Argentina		1488	0.1	-0.8	-3.3	-17.3	-2.5		0.0	0	0	0	-3205	-3237
Brazil		5.18	-0.1	0.0	0.3	6.0	6.2		14.4	-9	9	-4	73	87
Chile		920	0.6	0.4	-2.7	1.1	-2.1		5.3	0	-4	-15	-14	2
Colombia		3335	0.8	3.5	7.0	19.5	13.2		11.9	9	-18	-80	-16	-99
Mexico		17.48	-0.1	-0.1	-0.1	6.8	3.0		9.0	2	14	-6	-21	1
Peru		3.4	0.0	0.3	0.5	4.3	-1.1		6.1	0	-3	-17	#VALUE!	29
Uruguay		40	0.1	-0.2	0.5	-0.3	-2.7		7.5	0	4	7	-132	-4
Hungary		310	-0.2	0.1	-0.3	10.4	5.7		5.0	0	-2	-40	-163	-152
Poland		3.76	-0.2	0.0	-2.1	-3.4	-4.4		4.6	0	-8	-53	-21	8
Romania		4.6	-0.3	0.2	-0.8	-5.6	-5.4		6.6	0	3	-16	-66	-10
Russia		77.7	-0.7	-0.6	-5.7	1.2	1.4							
South Africa		16.2	-0.1	1.1	1.7	10.0	2.0		8.5	-4	2	-26	-155	-5
Türkiye		46.82	0.0	-0.4	-1.5	-14.6	-8.3		34.0	31	28	-120	290	438
US (DXY; 5y UST)		101	0.3	-0.2	1.0	4.0	2.8		4.20	-4	5	-7	26	47

	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		4,842	0.0	-1.7	0.5	22.1	4.6		88	1	5	-20	13
Korea*		8,051	-0.5	-4.1	-1.3	163.2	91.1		22	0	-1	-3	0
Indonesia		5,916	0.7	1.6	5.7	-14.3	-31.6		108	-1	12	13	22
India		78,285	0.7	2.0	5.4	-6.2	-8.1		94	-1	17	-8	4
Philippines		6,224	0.6	1.5	4.8	-3.1	2.8		91	1	6	11	16
Thailand		1,617	0.3	2.5	2.2	44.0	28.4						
Malaysia		1,684	0.3	1.1	-0.6	9.5	0.2		54	-1	10	-23	-5
Argentina		3,196,900	1.3	2.4	3.6	53.8	4.8		422	-19	-73	-287	-147
Brazil		174,070	0.7	0.4	3.0	23.2	8.0		184	-7	3	-26	-19
Chile		10,821	0.3	0.5	5.3	30.6	3.2		87	-7	-3	-23	-4
Colombia		2,296	1.6	0.4	4.7	36.1	11.0		202	-2	-16	-134	-75
Mexico		67,060	0.0	-0.2	1.4	15.7	4.3		201	-5	1	-68	-16
Peru		3,287	-0.3	-0.2	7.2	64.9	27.2		91	-5	0	-34	-18
Hungary		141,876	-0.8	2.0	6.1	42.5	27.8		107	-3	-4	-50	-32
Poland		139,248	0.1	3.3	3.4	31.9	18.8		89	-1	-4	-17	-2
Romania		34,149	0.1	6.8	13.7	83.5	39.7		182	6	0	-42	6
South Africa		111,203	-0.3	0.8	-0.1	14.4	-4.0		205	-5	0	-92	-13
Türkiye		14,484	0.5	2.1	5.8	41.0	28.6		253	-5	-7	-40	19
EM total		66	-0.4	-3.3	1.7	34.7	20.1		266	3	9	-98	-5

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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