GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

TUESDAY, JUNE 2, 2026

LEAD EDITOR: JOHANNES S. KRAMER

- **ISM manufacturing improved although supply frictions are building behind headline gain** (link)
- **Gold near lows amid shifting flow support while higher yields strengthen case for bonds** (link)
- **Hotter euro area inflation backs ECB hike as lower crude supports EGBs and STOXX 600** (link)
- **Stronger 10-year auction adds support for JGB yields to retreat from multi-decade highs** (link)
- **Colombia outperformed softer Latin America session after results of the first-round election** (link)
- **South Africa business confidence weakens as firms cut spending and investment plans** (link)

Mature Markets | Emerging Markets | Market Tables

Crude Oil Keeps Markets on a Tight Leash

Oil headlines remain the main cross-asset anchor as markets trade hopes for US-led de-escalation against a still unstable conflict path. Iran cut off contact with the US, while part of Monday's oil and rates move reversed after Trump said Israel and Hezbollah had agreed to pause attacks. That said, Netanyahu's comments left the signal less clean, while Iranian state media discussed a full blockade of the Strait of Hormuz and the activation of other fronts, including Bab el-Mandab, the Red Sea chokepoint between Yemen and Djibouti. Brent remains near $94/bbl, with markets still responding more to better headlines than worse ones. That leaves rates exposed to another move higher if oil rises again and firmer US data keeps Fed hike pricing in place. Europe faces the same energy shock with weaker growth cover meanwhile upbeat euro area inflation keeps an ECB hike next week firmly priced. Risk assets remain more selective than defensive. AI continues to provide the cleaner support, with Nvidia and Microsoft pushing deeper into AI chips for PCs and Tencent keeping Hong Kong tech in front. Duration recovered after the geopolitical reversal and a strong 10-year JGB auction. Among emerging markets, Colombia outperformed on right-wing election results while domestic political pressure continued to weigh on Senegal's dollar bonds.

Key Global Financial Indicators

Last updated: 6/2/26 8:45 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7600	0.3	2	5	28	11
Eurostoxx 50		6096	1.0	1	4	14	5
Nikkei 225		66734	-0.3	3	12	78	33
MSCI EM		70	2.2	6	9	53	28
Yields and Spreads					bps		
US 10y Yield		4.43	-2.4	-6	6	-1	26
Germany 10y Yield		2.96	-4.3	-2	-8	44	11
EMBIG Sovereign Spread		237	0	-4	-6	-97	-16
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		47.7	0.2	0	1	4	2
Dollar index, (+) = $ appreciation		99.1	-0.1	0	1	0	1
Brent Crude Oil ($/barrel)		93.9	-1.2	-6	-13	45	54
VIX Index (%, change in pp)		16.2	0.1	-1	-1	-2	1

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

Key Global Inflation and Energy Indicators

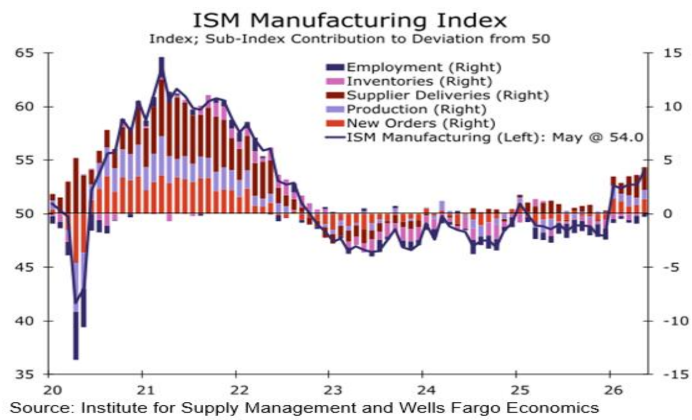
Last updated: 6/2/26 8:45 AM	Level Last 12m	Level Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		94	-1.2	-6	-13	45	54
WTI Crude Oil ($/barrel)		91	-1.2	-3	-11	46	59
Natural Gas (Netherlands TTF)		48	-1	2	4	36	79
Breakeven Inflation		%	bps				
USD: 2Y		2.8	-1.2	2	-28	0	56
USD: 5Y		2.6	-0.8	0	-17	8	29
USD: 5Y5Y		2.4	0	-4	-2	-2	-3
EUR: 2Y		2.5	-4.6	-32	-51	92	84
EUR: 5Y		2.2	-3	-12	-27	49	45
EUR: 5Y5Y		2.1	-1	2	-2	8	8

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

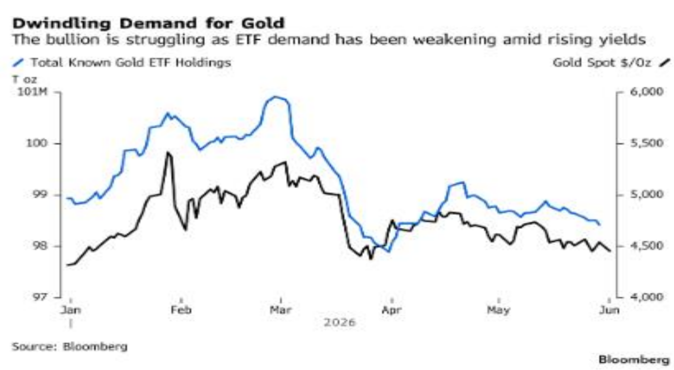
Mature Markets

back to top

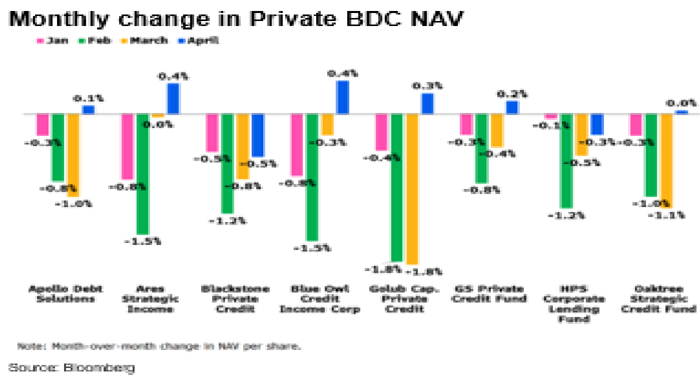
United States



Manufacturing activity improved, with some supply friction behind the headline gain. The ISM manufacturing PMI rose to 54 in May (exp. 53 from 52.7), the highest since 2022, as new orders, export orders and backlogs strengthened. Production also rose, while inventories increased from low levels, leaving room for further output. Wells Fargo analysts note that part of the move above breakeven reflects slower delivery times rather than demand alone. Adjusted for that supply friction, the survey would still point to expansion, albeit closer to the low 50s. Fuel, tariffs and long lead times continue to lift costs, even as some input prices have eased. Wells Fargo analysts also note that volatility in memory and gas prices has driven price increases that purchasing managers are increasingly starting to resist amid tariffs. Demand tied to the AI investment cycle remains strong, though price pass-through is becoming less certain.



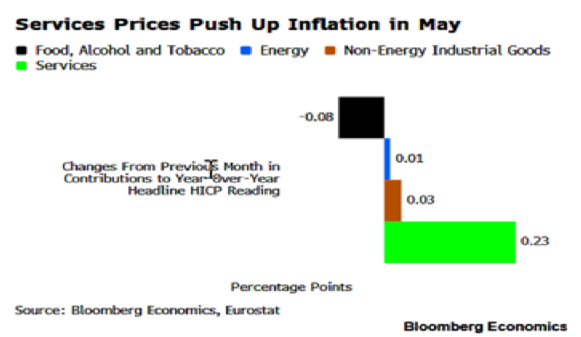
Gold remains pinned near its lows as the next rate risk sits in real yields. This morning, gold rose trades at around $4,530/oz, around 4.5% above its January low of $4,332/oz. Recent moves have been tied more to crude oil and breakeven inflation, while US real yields have stayed near 2%, helping keep gold range bound as oil price volatility has strengthened the case for higher nominal rates that anchor inflation expectations. Stronger ISM data and buoyant risk sentiment add a second layer, with market contacts pointing to a potential need for the Fed to adopt a more restrictive real stance through tighter financial conditions, which could make fixed income more attractive relative to non coupon paying bullion. Overnight forwards now price 64 bps of Fed hikes over the rest of the year (+8 bps from Friday). Exante Data analysts note that flow support has also shifted, with ETF inflows slowing from around $18bn per quarter in 2025 to $5bn in Q1, led by weaker US retail demand. Central bank buying stayed firm, with estimated official purchases reaching $18bn in April. The official bid can help limit downside, though a renewed uptrend would likely require retail or futures demand to recover.



Business development companies (BDCs) reported better valuations, though the recovery remains uneven. By way of background, BDCs pool investor money to lend to small and medium sized companies, and their regular filings make them one of the clearer public windows into private credit. April disclosures from large BDCs suggest some easing in the valuation pressure seen in Q1 filings. Six of the eight largest funds reported modest NAV gains, led by Ares Strategic Income and Blue Owl Credit Income Corp. BCRED, the industry's largest private BDC with $86 bn in assets, and HPS lagged. The firmer valuations came alongside a partial rebound in leveraged loan spreads in Q2, though lower rated loan spreads remain above early 2026 levels. Portfolio growth stayed soft, reflecting market volatility, macro uncertainty and weaker net inflows into private funds.

Euro area

Stocks rebounded as oil eased and Middle East risk softened. The STOXX 600 rose (+0.8%), reversing part of Monday's afternoon losses, as Brent crude fell (-1.6%) to $93.4/bbl. Technology led the move, helped by an 8.5% rise in ST Microelectronics after the company raised its data center revenue outlook, while consumer discretionary also gained as travel and leisure shares recovered. Among regional stock exchanges, Italy's FTSE MIB (+1.1%) and Germany's DAX (+1.0%) led the move up. The euro was little changed against the dollar at $1.1642/€.



May Euro area inflation data supports an ECB hike next week, with the path less clear beyond June. Headline CPI rose to 3.2% y/y in May (exp. 3.2% from 3.0%), while core inflation rose to 2.5% y/y (exp. 2.4% from 2.2%). The print was the highest since September 2023, though still close to the ECB's March baseline. ING analysts expect an insurance hike next week, while viewing it as mostly symbolic given weaker energy pass-through than in 2022 and oil prices below the ECB's adverse conflict scenario. HSBC analysts remain cautious on the path beyond June, noting limited signs of energy shock pass-through outside fuel and utility bills. Bloomberg analysts note that stronger services inflation may support hawkish arguments for a follow-up hike in September. Overnight forwards now price 66% odds of a hike by September, up from 50% on Friday, with the implied September rate rising (+5bps) to 2.41%.

European government bonds recovered part of Monday's selloff as oil prices eased. EGB yields had risen on Monday afternoon as Middle East tensions spiked, with the 10-year bund yield reaching 3.02%. The move partly reversed this morning, with bund yields lower across the curve. The 10-year yield fell (-5 bps) to 2.95%, led by real rates, with the 10-year real bund yield down (-4 bps) to 0.69%. Sovereign spreads tightened slightly, with the BTP-bund spread at 72 bps (-2 bps) and the OAT-bund spread at 62 bps.

According to Bloomberg, the EU is weighing extra fiscal flexibility for energy-related spending, which would allow member states to spend around 0.3% of GDP outside the bloc's fiscal rules.

Japan

A firmer 10-year auction helped slow the rise in JGB yields. Demand for the new 10-year JGB was solid, with a bid-to-cover ratio of 3.53 versus a 12-month average of 3.35, as multi-decade high yields drew buyers. The auction helped 10-year JGB yields reverse lower, ending the day at 2.57% (-11 bps) after reaching 2.78% last month, the highest level since 1996. Attention now turns to Bank of Japan Governor Ueda's speech on Wednesday ahead of this month's policy meeting. Last week, Ueda warned that the BoJ needs to stay alert to the impact of oil price spikes on underlying inflation. Overnight forwards price close to 80% odds of a 25 bps BoJ hike this month. The yen remained stable at ¥159.73/$.

Emerging Markets back to top

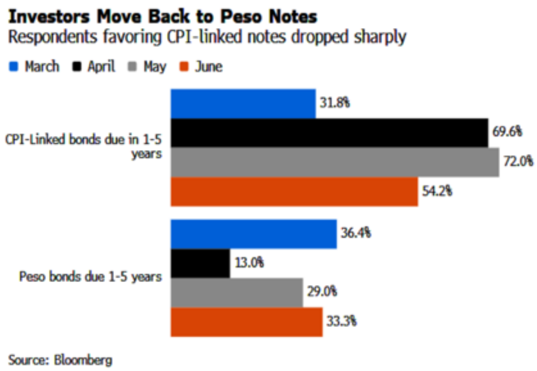
This morning EMEA risk sentiment improved, with CEE currencies firmer against the euro. Equities were mostly higher, led by Poland (+1.7%) ahead of today's National Bank of Poland decision, where rates are widely expected to stay at 3.75%. In Türkiye, equities traded higher on firmer risk sentiment, while Gulf markets lacked direction as oil-sensitive indices lagged the broader rebound. Elsewhere, domestic political pressure continued to weigh on Senegal's dollar bonds, with the 2031 issue trading around 53 cents on the dollar. Separately, a Bloomberg news article reports that a creditor group is challenging Zambia's $1.36 bn bond buyback.

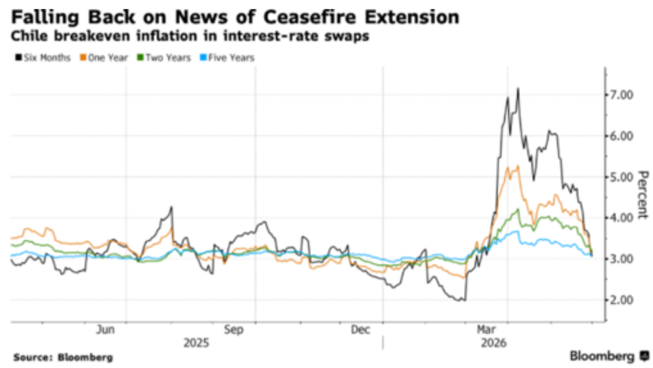
Asia paused after the recent AI-led rally, with Tencent keeping Hong Kong tech in front. The Kospi fell around 2% early before paring losses to close little changed (+0.1%), while Japan's Nikkei fell more than 1% intraday before ending lower (-0.3%). The Hang Seng Tech Index was the exception, notably gaining (+3%) after Tencent revealed plans to roll out an AI agent for WeChat. Among currencies, trading was quiet, with both CNY and CNH fractionally appreciating against the dollar (+0.08%) to around RMB6.76/$, near the strongest level in almost four years.

Yesterday, Colombia outperformed a softer Latin America session after the first-round election result. The MSCI Latin America index declined (-0.6%) and currencies mostly depreciated against a firmer dollar, led by the Chilean peso (-0.3%). Colombia moved the other way after right-wing presidential candidate Abelardo de la Espriella won 43.7% of the vote, entering the June runoff as the favorite as a Bloomberg news article suggests. The Colombian peso appreciated against the dollar (+3.7%) to COP3,555.95/$, while the COLCAP rallied (up to +7%) before paring gains into the close. The 10-year local yield fell (-69 bps) to 12.55%. Bloomberg analysts note that Colombian assets had already outperformed since 2024 on expectations of a political shift back to the right, which may limit further upside, though valuations still appear attractive versus regional peers.

Chile

Peso bond demand improved as investors pared back inflation hedges. A recent Bloomberg survey shows stronger demand for fixed rate bonds over CPI linked securities (left chart), even as respondents still cite the external backdrop as the main driver of local rates near term. That external pressure has eased in recent days, with lower Middle East risk pushing breakeven inflation swap rates toward early March lows (right chart). Fuel prices have still lifted near-term inflation, though softer activity has shifted more attention toward growth. Banco de Crédito e Inversiones analysts note that the local curve still reflects some further rate hikes pricing, albeit receding geopolitical stress has reduced pressure on the central bank, in turn improving the appeal of peso bonds.





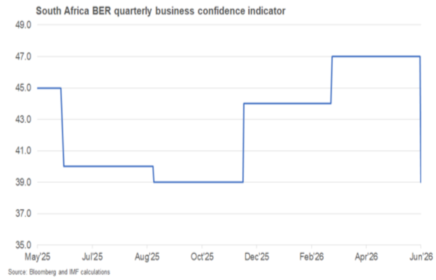
China

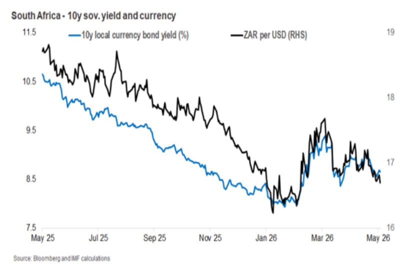
RMB strength has broadened beyond the dollar as onshore liquidity stays tight. CNY and CNH were little changed near RMB6.76/$, leaving both close to their strongest levels against the dollar since early 2023. The CFETS RMB index also reached its strongest level in almost four years, pointing to broader gains against China's trading partners. According to Bloomberg, onshore clients have been net buyers of yuan since last week, while state-owned banks have continued to supply dollars at lower levels, supporting RMB gains. Malayan Banking Bhd notes that a stronger RMB could help contain imported inflation. Bloomberg FX strategists also flag a possible increase in the reserve requirement ratio on foreign currency deposits, which would drain dollar liquidity from the domestic market and slow further RMB appreciation.

The PBoC continued to drain excess liquidity from the banking system. The central bank reduced its daily open market operation to a record low, lending banks $29.6mn (RMB200mn) through seven-day reverse repos, according to Bloomberg. Excess liquidity had pushed borrowing costs to multi-year lows and supported the bond rally. CGB yields rose after the operation, with the 5-year yield up (+1 bp) to 1.41% and the 30-year yield up (+3 bps) to 2.18%.

South Africa

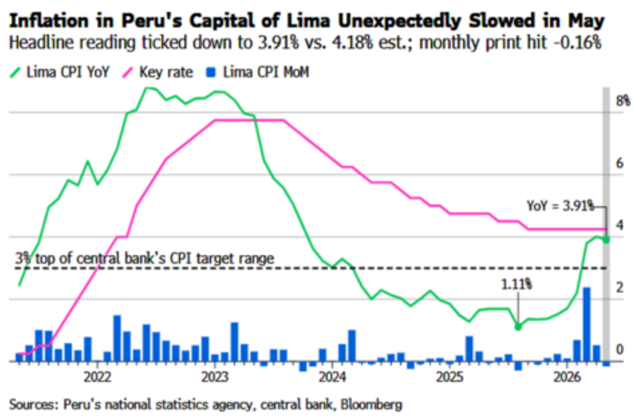
Business confidence weakened as firms turned more cautious on spending and investment. For Q2, the BER business confidence indicator fell to 39 (from 47), the weakest reading since Q3 2025 (left chart). The decline was led by consumer-facing sectors, as geopolitical uncertainty, higher oil prices and higher rate expectations weighed on the near-term outlook. Survey respondents noted that customers had become more cautious about spending and investment decisions. Last week, the South African Reserve Bank raised its policy rate 25 bps to 7.0%, its first hike in three years, citing higher inflation risks since March and warning that the Middle East conflict could create second-round effects. This morning, the rand appreciated against the dollar (+0.6%) to 16.20/$, while equities rose and the 10-year local yield was lower (-4 bps) at 8.65% (right chart).

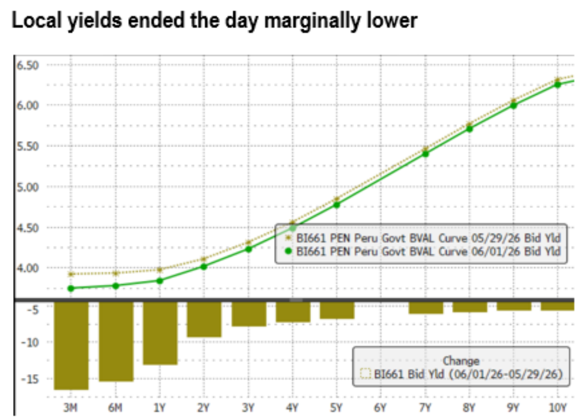




Peru

Local yields edged lower after a softer inflation print. Lima CPI eased to 3.91% y/y in May (exp. 4.18% from 4.01%), while the monthly print fell to -0.16% (exp. 0.08% from 0.52%), leaving headline inflation above the central bank's 1% to 3% target range (left chart). Lower food and transport prices drove the downside surprise, while core inflation rose to 4.4% y/y, the highest since May 2023. Goldman Sachs analysts expect the central bank to keep rates unchanged at next week's meeting. Bloomberg analysts see the decision as more open, with sticky core inflation keeping a hike under discussion. The market reaction was calm, with local yields ending marginally lower across most of the curve and led by short-end yields (right chart).





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.

***Disclaimer:** This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.*

Global Financial Indicators

Last updated: 6/2/26 8:45 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,593	0.3	1.0	5.0	27.9	11
Europe		6,096	1.0	0.5	3.7	13.8	5
Japan		66,734	-0.3	2.7	12.1	78.2	33
China		4,915	1.5	-0.7	2.2	27.6	6
Asia Ex Japan		122	2.7	7.2	11.0	56.3	31
Emerging Markets		70	2.2	6.4	9.3	52.8	28
Interest Rates					basis points		
US 10y Yield		4.4	-2	-6	6	-1	26
Germany 10y Yield		3.0	-4	-2	-8	44	11
Japan 10y Yield		2.6	-11	-15	6	107	51
UK 10y Yield		4.8	-7	-5	-14	16	35
Credit Spreads					basis points		
US Investment Grade		104	-1	-2	-12	-29	-3
US High Yield		314	0	0	-10	-53	-22
Exchange Rates					%		
USD/Majors		99.1	-0.1	-0.1	0.9	0.4	1
EUR/USD		1.17	0.2	0.2	-0.3	1.8	-1
USD/JPY		159.8	0.1	0.3	1.6	12.0	2
EM/USD		47.7	0.2	0.2	0.7	4.3	2
Commodities					%		
Brent Crude Oil ($/barrel)		93.9	-1.2	-2.9	-7.9	47.9	56
Industrials Metals (index)		191.2	1.3	3.0	7.6	32.3	17
Agriculture (index)		57.2	-0.1	-1.3	-3.0	2.8	7
Gold ($/ounce)		4525.0	0.9	0.4	0.1	33.8	5
Bitcoin ($/coin)		69141.3	-3.1	-5.9	-11.9	-34.1	-21
Implied Volatility					%		
VIX Index (%, change in pp)		16.2	0.1	-0.8	-0.8	-2.2	1.2
Global FX Volatility		6.4	0.0	-0.2	-0.7	-2.5	-0.5
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		67	-2	0	-11	-6	8
Italy		71	-2	-1	-11	-26	2
France		62	-1	0	-4	-5	-9
Spain		42	-1	-1	-5	-17	-2

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

Emerging Market Financial Indicators

6/2/2026 8:46 AM	Exchange Rates: Level		Change (in %)					Local Currency Bond Yields (GBI EM): 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		6.76	0.1	0.4	1.0	6.5	3.3		1.8	-1	-3	-4	3	-15
Korea*		1517	-0.2	-0.6	-2.8	-9.1	-5.1		4.1	12	1	33	150	84
Indonesia		17838	0.2	-0.3	-2.6	-8.9	-6.4		6.8	0	6	9	6	77
India		95	-0.3	0.4	-0.2	-10.4	-5.7		7.7	-8	-27	-18	100	65
Philippines		62	0.1	-0.2	-0.2	-9.7	-4.6		6.1	0	0	37	116	142
Thailand		33	-0.1	0.2	0.1	0.8	-3.3		2.3	0	-7	6	38	60
Malaysia		3.96	0.4	0.1	-0.3	7.0	2.4		3.6	0	-2	2	5	8
Argentina		1427	-1.2	-1.9	-2.5	-17.2	1.8		0.0	0	0	0	-2896	-3237
Brazil		5.01	0.4	0.6	-0.8	13.3	9.4		14.1	8	18	28	0	53
Chile		888	0.5	0.8	2.7	5.8	1.5		5.4	-1	-3	-4	-17	13
Colombia		3556	3.7	2.4	2.3	17.0	6.2		13.0	-67	-82	-60	91	13
Mexico		17.27	0.5	0.2	1.4	11.3	4.3		9.0	-3	-11	-12	-32	6
Peru		3.4	0.0	0.1	2.8	6.1	-1.5		6.1	-4	-61	-59	-38	35
Uruguay		40	-0.4	-0.8	-0.2	3.1	-3.5		7.4	-6	-1	-3	-187	-8
Hungary		304	0.5	0.5	2.6	15.8	7.5		5.4	5	-19	-54	-128	-115
Poland		3.64	0.2	0.2	0.2	2.3	-1.3		5.2	10	-1	-7	25	63
Romania		4.5	0.0	-0.2	-1.5	-2.0	-3.9		6.7	0	1	-37	-71	2
Russia		72.8	-1.0	-1.6	3.1	8.6	8.2							
South Africa		16.2	0.7	1.0	3.6	10.2	2.2		8.9	16	7	-17	-161	29
Türkiye		45.93	-0.1	-0.1	-1.6	-14.7	-6.5		35.6	-19	-19	119	170	599
US (DXY; 5y UST)		99	-0.1	-0.1	0.9	0.4	0.7		4.15	-2	-3	13	14	42

	Equity Markets: Level		Change (in %)					Bond Spreads on USD Debt (EMBIG): 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		4,915	1.5	-0.7	2.2	27.6	6.1		84	1	-8	-23	9
Korea*		8,801	0.1	9.4	26.9	217.6	108.9		22	1	-6	-6	1
Indonesia		6,195	1.1	1.6	-10.9	-12.1	-28.4		99	2	-2	-4	13
India		74,650	1.1	-2.4	-2.9	-7.5	-12.4		79	1	-10	-30	-11
Philippines		5,913	2.0	-1.6	1.4	-7.8	-2.3		89	0	1	4	14
Thailand		1,588	1.3	2.4	6.3	40.3	26.1						
Malaysia		1,683	0.0	-1.5	-2.3	12.0	0.2		45	2	-5	-36	-14
Argentina			2.4	13.9	14.5	47.0	6.3		500	-19	-46	-186	-69
Brazil		172,197	-0.9	-3.2	-8.1	25.9	6.9		184	-1	5	-41	-19
Chile		10,626	-1.5	-1.1	-2.6	32.0	1.4		91	2	4	-28	0
Colombia		2,255	3.6	1.2	3.5	40.1	9.0		220	-31	-21	-119	-57
Mexico		68,137	-0.7	-0.2	0.4	18.1	6.0		204	-4	6	-100	-13
Peru		3,351	-0.2	5.3	7.0	79.4	29.7		92	-2	-1	-40	-17
Hungary		135,423	1.2	3.4	1.2	40.8	22.0		115	0	4	-46	-24
Poland		136,290	0.9	-0.3	6.1	35.1	16.2		96	3	4	-17	5
Romania		30,037	0.5	-1.9	6.3	62.0	22.9		186	1	-7	-77	10
South Africa		114,043	1.8	-1.5	-1.0	19.8	-1.5		209	-14	-29	-110	-9
Türkiye		14,086	2.8	7.0	-2.5	56.4	25.1		267	-9	-6	-61	33
EM total		70	0.7	6.4	9.3	52.8	28.1		261	7	3	-125	-10

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

*Not an EM Under IMF Classification.

back to top