



- **Analysts see scope for the dollar to strengthen in 2H 2026** ([link](#))
- **Gilts steady despite Starmer’s resignation** ([link](#))
- **Japan yield curve continues steepening on fragile long-end demand** ([link](#))
- **China onshore stocks rally as Hong Kong lags** ([link](#))
- **Downside risks for gold remain** ([link](#))

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Oil Relief Without a Rally

Markets started the week with lower oil prices, but also higher US yields. Brent crude fell back below \$80/bbl after news that negotiators agreed on a roadmap toward a potential US-Iran deal, but the equity market response was uneven: US equity futures edged lower as markets reopened after Friday’s holiday, while European equities were little changed and Japanese equities outperformed on AI- and semiconductor-related strength. US Treasury yields increased across the curve, while elevated term premia in Europe and fragile long-end demand in Japan kept bond markets in focus. UK assets were relatively contained after Keir Starmer’s resignation as UK Prime Minister, with investors focused on the leadership transition process and the fiscal policy stance of his successor. In emerging markets, Bloomberg reports that the MSCI EM equity index touched a fresh record high as AI-linked stocks extended their rally, while EM currencies remained under pressure from the stronger dollar. Elsewhere, Colombia’s dollar bonds rallied after Abelardo de la Espiella’s runoff victory.

Key Global Financial Indicators

Last updated: 6/22/26 8:05 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		7501	1.1	1	0	26	10
Eurostoxx 50		6305	0.2	1	5	20	9
Nikkei 225		72354	1.5	4	14	89	44
MSCI EM		71	3.3	5	7	53	29
Yields and Spreads			bps				
US 10y Yield		4.49	3.8	2	-7	12	32
Germany 10y Yield		2.96	-2.2	1	-8	45	11
EMBIG Sovereign Spread		229	4	-12	-12	-93	-24
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.2	-0.1	-1	-1	3	1
Dollar index, (+) = \$ appreciation		100.9	0.1	1	2	2	3
Brent Crude Oil (\$/barrel)		79.1	-1.8	-5	-24	3	30
VIX Index (% change in pp)		17.3	0.5	0	1	-3	2

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: 6/22/26 8:06 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Oil and Gas			%				%
Brent Crude Oil (\$/barrel)		79	-2.1	-5	-24	2	30
WTI Crude Oil (\$/barrel)		77	-0.1	-10	-21	2	33
Natural Gas (Netherlands TTF)		43	1	1	-13	5	59
Breakeven Inflation		%	bps				
USD: 2Y		2.5	-0.6	-16	-39	-32	18
USD: 5Y		2.4	-0.2	-8	-18	-4	11
USD: 5Y5Y		2.4	-4	-3	-7	-11	-7
EUR: 2Y		2.3	-1.6	-7	-61	49	66
EUR: 5Y		2.1	-1	-6	-30	22	34
EUR: 5Y5Y		2.1	-1	-3	-3	-3	4

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

This week global flash PMIs on Tuesday will provide an early read on growth momentum, while Thursday’s US data will be the main focus. In the US, personal income and spending are expected to remain firm, rising 0.4% and 0.6%, respectively, consistent with a still-solid expected 1.6% annualized q/q GDP pace. The PCE release the same morning will be key, with upside risks likely to reinforce the Fed’s hawkish bias. Elsewhere, key data releases include Germany’s Ifo survey and CPI prints from Japan and Australia, while central banks in Hungary, Thailand, and Mexico are set to meet.

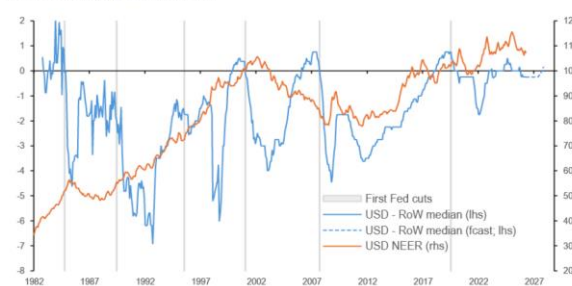
Mature Markets

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United States

Some analysts see scope for the dollar to strengthen in the second half of 2026. JPMorgan analysts believe that the USD could be supported by a still-positive US rate differential, signs of a more hawkish FOMC, and continued US exceptionalism linked partly to the AI investment boom. The analysts note that the broad US dollar has historically appreciated by around 5% in the period leading up to the first Fed hike, while in the past four tightening cycles EUR/USD has declined by as much as 15% on average ahead of the first hike. However, they also stress that the outlook remains highly data dependent, with incoming US activity and inflation data likely to determine whether markets further reprise the path for Fed policy.

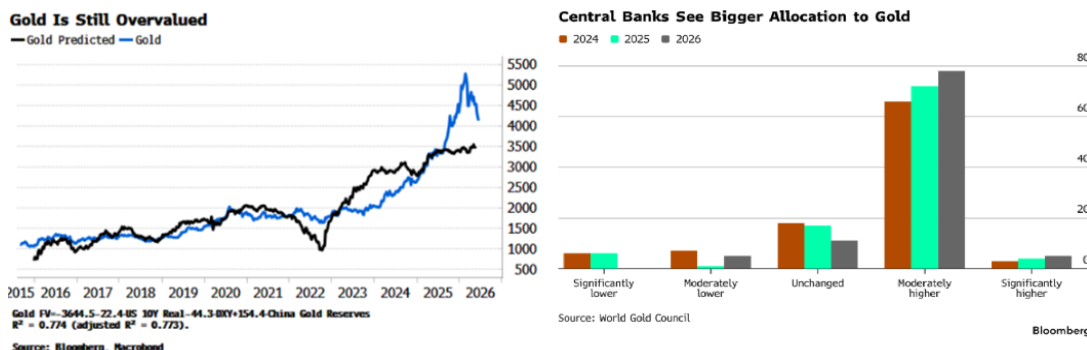
Figure 1: Carry should continue to inform FX returns in 2H and the dollar retains its yield advantage
US - RoW median policy rate (%) vs. USD TWI



Source: J.P. Morgan

Downside risks for gold remain, even as structural support from investors and central bank diversification remains in place. Bloomberg analysts note that momentum has weakened as expectations of higher yields increase the cost of holding non-yielding assets, while cash has become more attractive. Gold ETFs also saw outflows during the Iran conflict, as the precious metal provided limited diversification protection during a supply-driven geopolitical shock. Bloomberg’s valuation model, based on

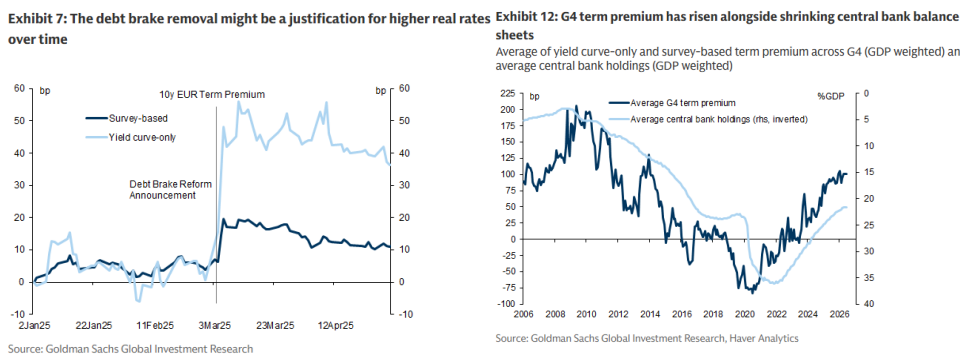
variables including the USD, US real yields, and proxies for central bank demand, continues to point to overvaluation. Still, central banks are expected to increase gold's share of total reserves over the next five years, according to a Bloomberg article citing a World Gold Council survey. The near-term outlook therefore remains conditional on renewed ETF demand and a less hawkish path for rates.



Europe

European markets lacked direction despite lower oil prices, as diplomatic progress in US-Iran talks provided little support to risk sentiment. Sovereign yields edged marginally lower across the region as Brent crude fell below \$80/bbl, while the STOXX Europe 600 fell 0.2% in early trade.

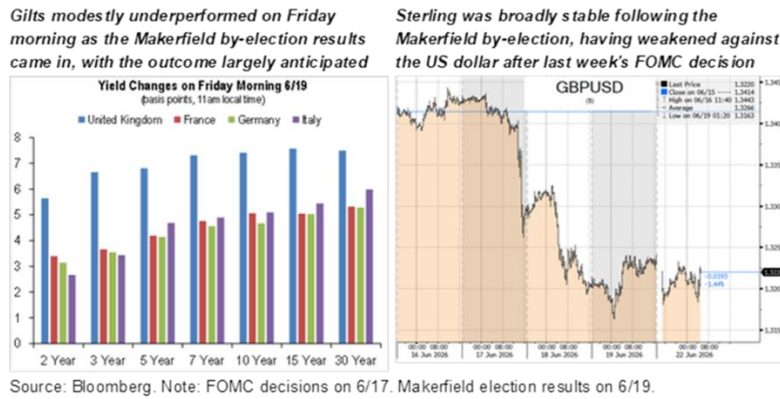
Term premia remain elevated across major European bond markets, although higher policy rate expectations explain a larger share of long-term yields than implied by yield-curve only models. Goldman Sachs' survey-augmented term premium model estimates lower and more stable term premia than market-only models, as survey data help identify structural shifts in expected short rates. This is particularly relevant in the UK, where elevated gilt yields appear to reflect persistently higher expected policy rates, rather than only a larger term premium. In Germany, the rise in Bund yields following the 2025 debt brake reform is attributed not only to higher bond supply, but also to stronger growth expectations and a higher expected real-rate path. Despite the lower estimated levels, the analysts continue to view term premia across the G4 (UK, US, Japan, Germany) as elevated, reflecting fiscal and inflation risks, quantitative tightening, and strong government bond issuance.



United Kingdom

Gilts were little changed this morning despite Starmer's decision to step down. The announcement follows Andy Burnham's decisive victory in Thursday's Makerfield by-election, which intensified pressure on Starmer and fueled expectations of a Labour leadership challenge. Market participants are now focused on the leadership contest, the policy positions of the candidates, and whether Starmer's successor will maintain the government's commitment to fiscal discipline. Gilts underperformed euro area peers last Friday as the results of the Makerfield by-election came in. This morning, longer-term gilt yields initially

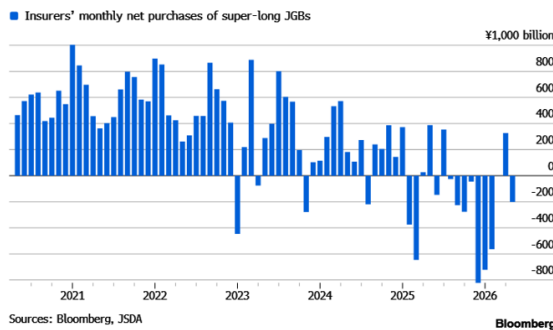
underperformed at the longer-end of the curve, but subsequently fell as Starmer’s exit plan reduced uncertainty over the leadership transition process. The pound was steady versus the US dollar, as today’s events were largely priced in. Nonetheless, it is now 2% weaker since the start of the year.



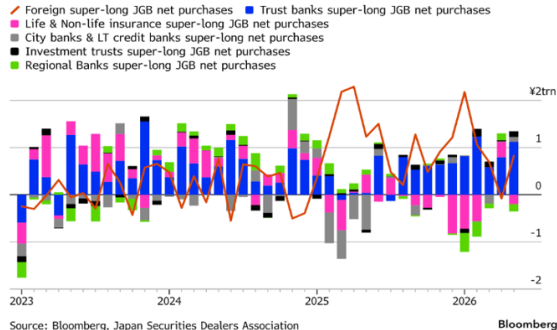
Japan

Government bonds extend selloff as policy uncertainty, yen weakness, and fragile long-end demand underpin steepening pressures. Longer-end yields rose for a third consecutive session (10-year +2bps to 2.67%; 30-yr +2bps to 3.85%), after BOJ deputy governor Himino remarked last Friday that inflation could rise above the central bank’s 2% target. Persistent steepening may also reflect strained supply-demand dynamics at the super-long end. Offshore investors and pension proxies (via trust banks) have stepped in as marginal buyers, drawn by elevated term premia and improved asset-liability management considerations, but these flows have only partially offset continued net selling by life insurers and regional banks amid yield volatility and concerns over policy credibility. The retreat of life insurers, alongside ongoing BOJ balance sheet runoff despite the taper pause, leaves the long end exposed to duration supply pressures. Today, the yen remained near multi-decade lows (-0.3% to 161.72/\$), while equities advanced modestly (Nikkei 225: +1.5%), led by AI and semiconductor-related stocks.

Insurers’ Super-Long JGB Buying Looks Like One-Off



Super-Long JGB Foreign, Pension Buying While Lifers Absent



Emerging Markets

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EMEA equities were mixed this morning, while currencies remained broadly weaker on the back of the hawkish tone from the Fed last week and still-elevated uncertainty on peace talks in the Middle East. Equities were mixed in the Gulf region, where Oman underperformed (-1.3%) on lower oil prices. Elsewhere, Bulgaria is reportedly planning to tap international bond markets after raising its 2026 debt limit by €3.8 billion, while Gabon is also reportedly preparing to issue roughly \$1.5 billion of 10-year Eurobonds.

Asian equities continued to rally (EM Asia: +1.8%) supported by gains in AI-related stocks, while Asian currencies broadly weakened (EM Asia: -0.2%) as investors remain cautious over US-Iran

talks. The Philippine peso (-0.6%) and Indian rupee (-0.4%) underperformed against the dollar. **Latin American equities were mixed on Friday amid thin US-holiday liquidity.** Colombia's equity market surged 4.0% ahead of Sunday's presidential runoff, while Chile rose 0.5%, Mexico fell 0.8%, and Brazil was little changed. Currencies were also mixed, with the Brazilian real and Mexican peso edging higher, while the Chilean and Colombian pesos weakened despite gains in local equity.

China

Chinese equities continued to be characterized by a rotation into AI-related stocks, while Hong Kong benchmarks hovered near bear-market territory. The onshore market surged to its highest level since December 2021 (CSI 300: +2.4%), supported by gains in financials as investors rotated into sectors with clearer earnings visibility. AI-linked shares also rallied strongly on supportive fiscal policy measures to accelerate AI adoption in consumer markets. By contrast, traditional tech firms such as Alibaba and Tencent continued to decline on weak "6.18" online event sales and profitability concerns. Today the Hang Seng China Enterprises Index (HSCEI) trimmed earlier losses but still fell 0.3%, with both the HSCEI and MSCI China now nearly 20% below their October 2025 peaks. Policy developments also remained in focus, with authorities exploring expanded cross-border investment channels, including potential mainland access to Hong Kong IPOs, alongside tighter enforcement against unauthorized cross-border trading. Onshore CNY weakened (-0.1%) while offshore CNH strengthened (+0.1%) today, after the yuan was fixed weaker at 6.8150/\$.

MSCI China Index Falls Nearly 20% From Oct. High



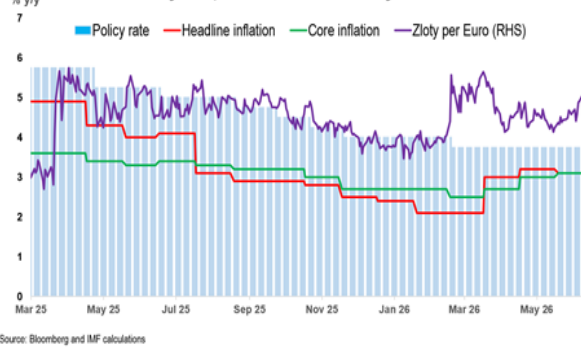
Chinese Stocks in HK Rebound From Brink of Bear Market



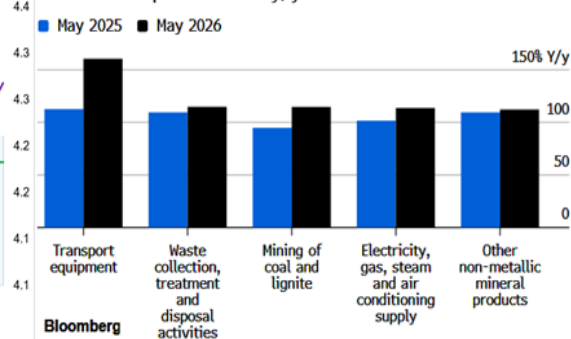
Poland

The zloty edged lower against the euro this morning (-0.2% to PLN4.2672/€), while equities fell 0.6%, after today's data showed retail sales, wages, and producer prices softer than expected in May. Retail sales momentum remained negative, declining 1.7% m/m in real terms versus expectations of a 0.9% fall. ING analysts noted that today's data partly reversed Friday's stronger signal from industrial production, which rose 4.1% y/y in May versus expectations of 2.8%. Polish bonds have rallied following dovish comments from several MPC members over the past two weeks, with the 2-year government bond yield falling to 4.29% from 4.54% on June 1 and a recent peak of 4.77% on June 8.

Poland: Policy rate, inflation and currency

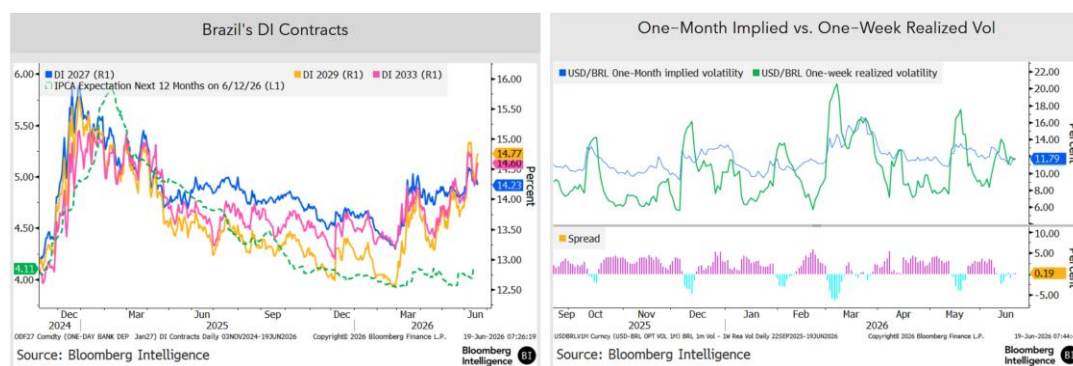


Industrial output rose 4.1% y/y vs +2.8% median estimate



Brazil

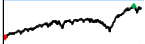




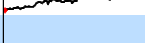










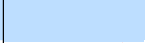





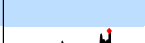


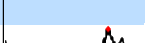

Longer-dated interest rate expectations remain elevated, pointing to persistent investor concerns about fiscal risks and the policy outlook. Brazil's interest rate futures (DI) curve has steepened in recent weeks, with longer-maturity contracts rising more than near-term contracts, suggesting that investors are demanding more compensation for longer-term risks. These concerns continue to weigh on the real's carry appeal, particularly as markets assess whether the BCB could turn more dovish. However, the currency has remained relatively stable, trading in a 5.02–5.19 per dollar range, while one-month implied volatility remains subdued at 11.79%. This suggests that traders are not pricing large near-term moves, although a move toward the 200-day moving average near 5.25 remains a tail risk.



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: 6/22/26 8:04 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		7,493	0.4	0.8	0.3	25.6	9
Europe		6,303	0.2	1.2	4.7	20.4	9
Japan		72,354	1.5	4.4	14.2	88.6	44
China		5,060	2.4	5.9	4.4	31.2	9
Asia Ex Japan		123	3.6	5.2	8.1	55.0	32
Emerging Markets		71	-1.2	4.9	7.5	52.8	29
Interest Rates			basis points				
US 10y Yield		4.5	6	2	-7	12	32
Germany 10y Yield		3.0	-2	1	-8	45	11
Japan 10y Yield		2.7	3	10	-8	129	62
UK 10y Yield		4.8	-3	0	-8	28	34
Credit Spreads			basis points				
US Investment Grade		107	0	0	-2	-24	-1
US High Yield		303	-3	-5	-10	-51	-33
Exchange Rates			%				
USD/Majors		100.9	0.1	1.2	1.7	2.2	3
EUR/USD		1.15	-0.2	-1.2	-1.3	-1.1	-3
USD/JPY		161.8	0.3	0.9	1.6	10.7	3
EM/USD		47.2	-0.1	-0.7	-0.6	3.0	1
Commodities			%				
Brent Crude Oil (\$/barrel)		79.1	-1.8	-4.9	-21.0	12.8	31
Industrials Metals (index)		180.4	-0.1	-1.2	-2.6	25.2	10
Agriculture (index)		54.8	0.2	1.2	-5.9	-3.8	2
Gold (\$/ounce)		4210.1	1.3	-2.4	-6.6	25.0	-3
Bitcoin (\$/coin)		64646.5	1.4	0.4	-14.8	-35.1	-26
Implied Volatility			%				
VIX Index (% change in pp)		17.4	0.6	-0.3	0.6	-3.3	2.4
Global FX Volatility		6.7	0.1	0.4	-0.1	-1.7	-0.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		67	0	0	-1	-12	8
Italy		71	0	-1	-2	-27	1
France		76	0	2	13	3	5
Spain		47	0	5	4	-23	4

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

Emerging Market Financial Indicators

6/22/2026 8:00 AM	Exchange Rates						Local Currency Bond Yields (GBI EM)							
	Level		Change (in %)				YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
	vs. USD		(+)= EM appreciation					% p.a.						
China		6.78	-0.1	-0.3	0.3	5.9	3.1		1.8	0	-2	-1	11	-13
Korea*		1538	-0.5	-1.5	-1.3	-10.1	-6.4		4.2	4	0	3	145	91
Indonesia		17832	-0.2	-0.7	-0.7	-7.6	-6.4		7.1	-3	-9	36	46	110
India		95	-0.4	0.0	1.1	-8.4	-5.1		7.8	0	26	-25	100	77
Philippines		61	-0.6	-1.1	0.9	-5.8	-3.8		6.0	-1	-2	-12	106	130
Thailand		33	-0.3	-1.1	-0.8	0.2	-4.3		2.2	1	-7	-22	39	46
Malaysia		4.15	-0.3	-2.3	-4.3	3.5	-2.1		3.6	2	4	2	3	12
Argentina		1463	-0.9	-2.3	-4.4	-20.4	-0.8		0.0	0	0	0	-2960	-3237
Brazil		5.15	0.3	-1.8	-2.0	6.6	6.3		14.9	21	49	60	84	136
Chile		906	-0.5	-0.9	0.1	3.8	-0.6		5.4	2	-7	-11	-10	9
Colombia		3461	-0.6	-0.1	9.1	17.8	9.2		12.1	-9	-19	-263	8	-80
Mexico		17.34	0.1	-0.7	0.0	10.3	3.9		8.9	1	-2	-42	-35	-5
Peru		3.4	0.1	0.3	1.4	6.2	-0.5		6.1	3	11	-63	#VALUE!	36
Uruguay		40	-0.1	0.8	0.5	1.7	-2.9		7.5	0	0	2	-148	-5
Hungary		308	-0.4	-1.7	0.4	13.0	6.3		5.2	2	-6	-38	-154	-133
Poland		3.73	-0.4	-1.6	-2.0	-1.0	-3.7		4.9	1	-12	-56	-25	36
Romania		4.6	-0.2	-1.3	-1.2	-4.8	-5.3		6.7	0	-10	-17	-71	0
Russia		73.8	-0.9	-1.8	-3.3	6.4	6.7							
South Africa		16.4	0.2	-1.3	0.3	8.9	0.9		8.7	5	-17	-62	-176	6
Türkiye		46.46	0.0	-0.4	-1.6	-14.7	-7.5		34.0	15	-66	-201	70	443
US (DXY; 5y UST)		101	0.0	1.1	1.7	2.2	2.6		4.27	4	8	1	31	54

	Equity Markets						Bond Spreads on USD Debt (EMBIG)							
	Level		Change (in %)				YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M		
	basis points													
China		5,060	2.4	5.9	4.4	31.2	9.3		84	0	0	-23	9	
Korea*		9,115	0.7	6.7	16.1	202.4	116.3		22	0	-1	-6	0	
Indonesia		6,117	-1.0	1.8	-0.7	-9.9	-29.3		105	-4	8	9	19	
India		77,094	-1.0	1.1	2.2	-5.9	-9.5		96	6	17	-7	6	
Philippines		6,035	-1.6	-3.8	1.2	-2.9	-0.3		88	-3	-1	7	13	
Thailand		1,574	0.1	-1.1	2.3	48.1	25.0							
Malaysia		1,701	-0.7	1.0	-0.7	12.1	1.2		52	-2	7	-24	-7	
Argentina		3,291,322	-1.3	-1.8	15.6	59.5	7.9		437	-15	-112	-297	-132	
Brazil		168,334	0.0	-1.6	-4.5	22.8	4.5		186	-7	-1	-34	-17	
Chile		10,888	0.5	0.1	3.1	34.8	3.9		88	-7	2	-23	-3	
Colombia		2,503	4.0	4.9	20.1	51.9	21.0		192	-11	-65	-150	-85	
Mexico		67,705	-0.8	-0.4	-0.9	20.3	5.3		200	0	-1	-83	-17	
Peru		3,425	-0.1	1.7	7.3	81.6	32.6		92	1	1	-37	-17	
Hungary		139,154	1.1	1.1	7.3	41.2	25.3		106	-9	0	-58	-33	
Poland		138,403	-0.3	0.6	2.4	37.8	18.1		88	-10	1	-20	-3	
Romania		30,827	0.4	2.2	0.7	63.8	26.1		175	-15	-8	-57	-1	
South Africa		112,737	0.1	0.0	-0.4	19.0	-2.7		203	-10	-30	-95	-15	
Türkiye		14,802	0.5	2.5	7.2	60.8	31.4		250	-22	-16	-59	16	
EM total		71	1.8	4.9	7.5	52.8	29.4		253	-13	-2	-123	-19	

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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