GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, JUNE 25, 2026
LEAD EDITOR: SANJAY HAZARIKA

- **US PCE inflation comes in on target** (link)
- **Dropping forward guidance could make US rates more volatile** (link)
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Global Stocks Rally on Tech Optimism

Stocks around the world rallied after very strong earnings from US memory chipmaker Micron rekindled optimism about the prospects of the AI revolution. In the US, Nasdaq futures are up over 2%, while the tech-heavy KOSPI index in Korea is up 8.7% over the past two sessions, almost reversing Tuesday's alarming 10% decline. Stocks in Europe are also higher across the board, with local technology stocks outperforming. Sentiment was further boosted by the continued decline in oil prices, which are back to where they were when the conflict in the Middle East began. Government bond yields are slightly higher, but not by enough to spoil the mood. Meanwhile, although short term interest rate futures markets are now pricing a potential Fed rate hike in September or October, market participants appear to be comfortable with what they expect to be a limited rate hike cycle.

Key Global Financial Indicators

Last updated: 6/25/26 7:55 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7358	-0.1	-2	-2	21	7
Eurostoxx 50		6262	0.8	-1	2	19	8
Nikkei 225		72366	4.6	2	11	83	44
MSCI EM		67	0.1	-2	2	40	23
Yields and Spreads					bps		
US 10y Yield		4.42	2.4	-4	-14	13	25
Germany 10y Yield		2.86	-0.2	-7	-8	30	1
EMBIG Sovereign Spread		237	5	12	-3	-86	-16
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.7	-0.2	-2	-2	1	0
Dollar index, (+) = $ appreciation		101.7	0.1	2	2	4	3
Brent Crude Oil ($/barrel)		73.1	-0.9	-8	-24	8	20
VIX Index (%, change in pp)		18.1	-0.6	0	1	1	3

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: 6/25/26 7:56 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		73	-0.9	-8	-24	8	20
WTI Crude Oil ($/barrel)		70	-0.8	-9	-28	8	22
Natural Gas (Netherlands TTF)		41	0	-3	-10	15	52
Breakeven Inflation		%			bps		
USD: 2Y		2.3	-2.7	-20	-59	-45	-2
USD: 5Y		2.3	0.1	-12	-30	-15	-1
USD: 5Y5Y		2.3	0	-5	-11	-14	-12
EUR: 2Y		2.1	-0.3	-14	-65	43	48
EUR: 5Y		2.0	0	-8	-30	19	24
EUR: 5Y5Y		2.1	0	-2	-3	-4	2

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

US PCE inflation came in on target, pushing Treasury yields slightly lower. However, GDP and durable goods were stronger than expected, pointing to a resilient economy.

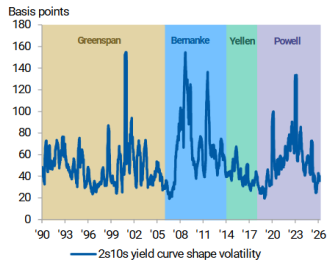
Selected US Economic Data 8.30 AM, June 25

Source: Bloomberg

Variable	Consensus Forecast	Actual Data Print
PCE Price Index (month-on-month)	**0.5%**	**0.4%**
PCE Price Index (year-on-year)	**4.1%**	**4.1%**
Core PCE (mom)	**0.3%**	**0.3%**
Core PCE (yoy)	**3.4%**	**3.4%**
Q1 Annualized GDP	**1.6%**	**2.1%**
Durable Goods	**-5%**	**-4.5%**
Durable goods ex-transportation	**0.6%**	**1.3%**

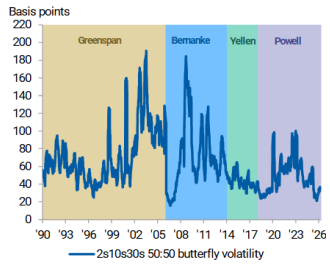
Dropping forward guidance could make US rates more volatile. Morgan Stanley points out that the volatility at the two-year portion of the yield curve has declined under every Fed Chair since Alan Geenspan. The Fed began to give forward guidance until August 2003 under Fed Chair Greenspan, but his regime featured very limited forward guidance with very short statements, while running a very small balance sheet. In response to the Global Financial Crisis, the Bernanke Fed began quantitative easing (QE), which massively increased the Fed balance sheet, while providing very detailed forward guidance and long and detailed statements. It eventually took the policy rate down to the zero lower bound. The new Fed chair issued a much briefer statement and stated in his first press conference that he was ending forward

Exhibit 5: Yield curve slope volatility: 2s10s curve, daily changes, 63-day standard deviation, annualized



Source: Morgan Stanley Research, Bloomberg

Exhibit 6: Yield curve curvature volatility: 2s10s30s butterfly, daily changes, 63-day standard deviation, annualized



Source: Morgan Stanley Research, Bloomberg

guidance. He is also well known for preferring a smaller Fed balance sheet. Morgan Stanley thinks that under the new regime we can expect greater volatility at the short end, as well as higher yield curve volatility and volatility in the curvature of the yield curve. This could have global systemic implications, as US rates drive the rest of the interest rate complex worldwide.

Foreign investors are returning to US bond markets in large numbers. The latest Treasury International Capital (TIC) data for April showed that foreigners purchased $98 bn of US bonds, up 14% from March. In addition, official investors returned to US bond markets after two months of outflows. Some market participants were nervous about US markets, worried that the conflict in the Middle East and elevated policy uncertainty would deter foreign investors, but these fears appear to be unfounded. Treasury bills, notes and bonds and agency bonds made the largest gains among foreign investors. Europe was the largest source of demand, while countries in the Gulf Cooperation Council (GCC) significantly reduced their purchases of US bonds. Data from the Japanese Ministry of Finance showed that Japanese purchases of foreign bonds ticked up to $20 bn in May. The recent rise in US interest rates has made US bond markets more attractive to foreign investors as more attractive returns combined with a stable dollar have reduced hedging costs.

Figure 1. Foreign investors net bought $98bn in long-term US fixed income securities in April 2026

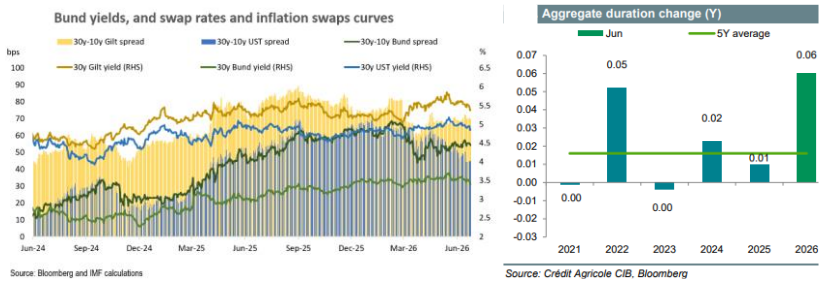
Transactions in Long-term Fixed Income($bn)	Apr-26	Mar-26	Feb-26	6m avg	9m avg	12m avg	5y avg	10y avg
Total (private + official)	**98**	**86**	**78**	**76**	**69**	**78**	**61**	**42**
Private	**80**	**114**	**96**	**71**	**71**	**79**	**58**	**39**
Official	**18**	**-28**	**-19**	**6**	**-2**	**0**	**3**	**3**
UST (private + official)	51	14	3	28	21	31	35	22
Private	34	51	28	26	25	33	35	21
Official	16	-38	-25	2	-4	-1	0	1
Agencies (private + official)	27	-4	21	8	11	11	7	6
Private	28	-5	21	10	13	14	7	5
Official	-1	1	0	-2	-2	-3	0	1
Corporates (private + official)	21	77	54	40	37	36	18	15
Private	18	67	48	35	33	32	16	14
Official	3	9	6	5	4	4	2	1
Memo: Short-term (not included in total)								
Short-term UST (private + official)	-14	-17	92	10	9	8	10	7
Private	-30	-5	46	-2	4	4	8	5
Official	16	-12	45	12	5	4	2	1

Long-term (LT) securities are those with original maturities of one year or more. Bertaut-Judson (2022) estimated transactions used prior to February 2023.

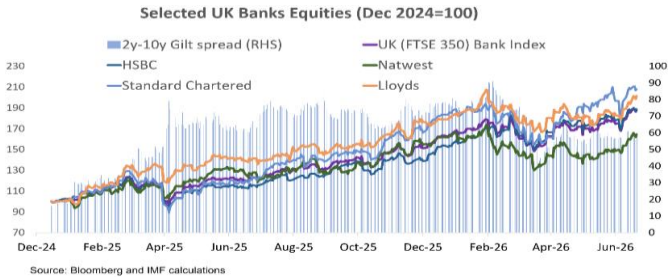
Source: US Treasury, Federal Reserve, Haver Analytics, Barclays Research

Euro area

European stocks are in the green this morning as tech stocks rallied around the world following strong earnings report from US chipmaker Micron**.** The Stoxx 600 index added 0.4% with semiconductors up by 3.4%. All regional bourses advanced with Germany in the lead (DAX +0.5%). T**he euro paused its decline against the dollar,** trading at around $1.1370/$. Still, analysts at **Bloomberg** see continued downside pressure on the euro, based on greater demand for put options on the currency. Crédit Agricole sees long-term real rates biased higher in Europe, as in the US, as the **neutral rate has structurally risen**, which lets the ECB frame hikes as adjustments rather than aggressive tightening in moving to a terminal rate of around 2.5%. **ING** stresses that the transition of about €900bn Dutch pension funds to defined contribution schemes in 2027 could add 10–20bps upward pressure to EUR 10s30s.



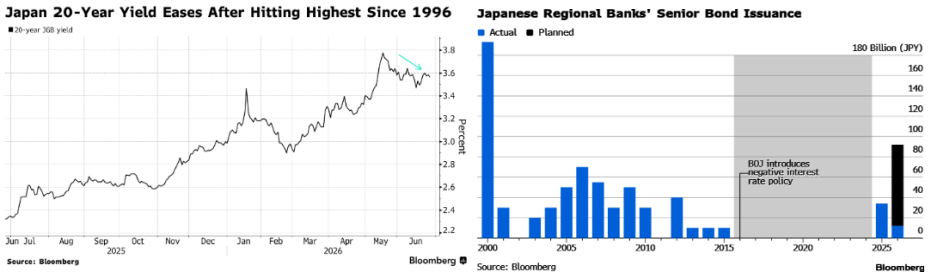
United Kingdom



UK equities gained 0.3% this morning, with the banking sector (up 1% today) **continuing to outperform the market** (FTSE 350 banks +14.39% YTD vs FTSE 100 index +5.7%). **BNP** sees the UK domestic-bank backdrop as steady, with few changes to guidance at the end of Q2. Commercial banks, with NatWest in first place, are seen as profiting from lending momentum and higher-than-expected near-term rates, although mortgage-spread pressure may rise in the second half of 2026. BNP slightly raised its outlook on Barclays, due to higher expected reinvestment yields from the structural hedge (stable deposits basis) and sees recovery of trade flows supporting HSBC and Standard Chartered; wealth management growth and higher rates could also help, but China/Hong Kong real-estate losses, cost slippage, and credit losses, including from private credit, remain key risks.

Japan

A poor 20-year Japanese government bond auction highlighted fragile demand and may signal further upward pressure on long-end yields. While benchmark bond yields fell today after last week's climb (10-yr -4bp to 2.62%; 30-yr -2bp to 3.83%), long JGBs came under scrutiny as weak demand at today's 20-yr auction (bid-to-cover 2.97 vs 12-mth avg. 3.54) pointed to investor reluctance at prevailing yield levels. The softness reflects a combination of factors: expectations that the BOJ remains behind the inflation curve despite gradual tightening signals, and waning participation from insurers and global investors. At the same time, fiscal concerns have re-emerged as a key driver, with the government's 14-year JPY370 tn investment plan lacking clear funding details, raising questions about debt sustainability and term premia. Recent BOJ communication has added to these dynamics, with another hawkish board member calling today for more frequent rate hikes, underscoring upside risks to yields. Tightening financial conditions are also feeding into credit markets, with regional banks increasingly turning to senior bond issuance to supplement deposits amid intensifying funding competition.



Emerging Markets

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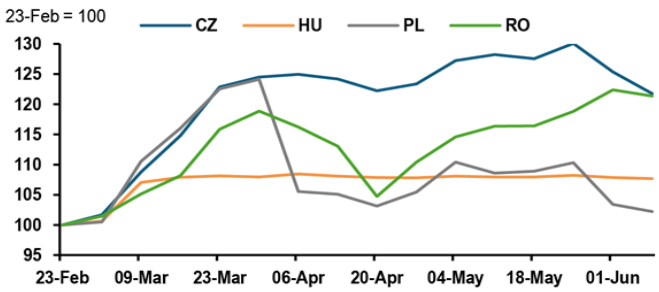
EMEA equities and currencies were mixed early morning trading. Bloomberg reports that Iraq has said that it may consider leaving OPEC in the future unless its quota is increased. Separately, Bloomberg reports

that Türkiye will be issuing a 6Y dollar-denominated benchmark sukuk bond while Kazakhstan is expected to offer up to $500m in Samurai bonds this year. Meanwhile, Moody's upgraded Uzbekistan's foreign issuer rating to Ba2 from Ba3 with a stable outlook citing the country's improved fiscal discipline. **Asian currencies strengthened (EM Asia: +0.2%) versus the dollar, snapping a six-day losing streak.** Malaysian ringgit (+0.5%) and Philippine peso (+0.4%) appreciated the most. Asian equities broadly rose (EM Asia: +2.3%), led by Korea (KOSPI: +5.4%) thanks to SK Hynix's US listing plan. **Latam equities fell across the board**, with Colombia (-3.2%) leading losses, through the decline largely reflects profit-taking after a significant pre-election rally. Regional currencies also depreciated.

Central and Eastern Europe (CEE)

A sustained US-Iran peace deal could allow for a more dovish shift in Central and Eastern Europe. While the Czech National Bank (CNB) hiked the policy rate by 25bp to 3.75% last week in response to persistent and elevated core inflation, the analysts acknowledge that with the MoU now in place, the chances of the CNB sticking to a "one and done" approach have risen. For Hungary, the analysts argue that the reduction in geopolitical uncertainty, combined with lower oil prices and a sharp post-election appreciation in the forint afford policymakers space to ease the policy rate further in the coming months. The analysts project around 100bp over the coming four meetings to take the policy rate to 5.0% by the end of the year. More broadly, JP Morgan argues that a reduction in geopolitical uncertainty should improve risk appetite and support CEE currencies.

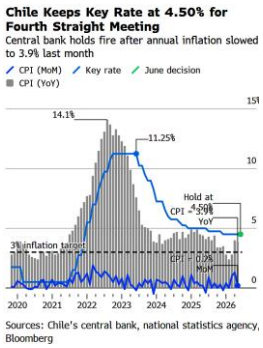
Figure 1: Petrol prices in CEE (local currency)



Source: European Commission, J.P. Morgan

Chile

Chile's central bank minutes signaled caution despite easing inflation risks. The unanimous June 16th meeting agreed that holding the benchmark rate at 4.5% was the only plausible option, even with the interim US-Iran peace deal reducing the likelihood of tighter policy. It remains premature to determine the accord's impact on prices before the peace process consolidates. The cautious stance follows the nation's largest fuel cost hike since at least 1980, which pushed inflation back above the 2–4% target range; annual inflation stood at 3.9% y/y in May, near the top of the band. Broad EM pressure on the Chilean peso prompted the authorities to sell $167 mn net in FX forwards to cushion depreciation.



Sources: Chile's central bank, national statistics agency, Bloomberg

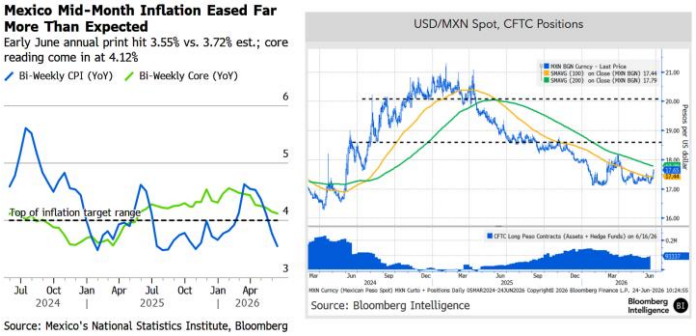
China

The People's Bank of China will conduct overnight reverse repurchases in open market operations on Jun 29 and Jun 30 at a fixed rate. As an addition to the PBOC's benchmark seven-day reserves repo rate, the new tool is expected to smooth month- and quarter-end liquidity fluctuations—historically, a source

of bond-market stress—thereby reducing the risk of forced selloffs. Lower volatility in funding and yields is also likely to enhance the safe-haven appeal of onshore yuan bonds and support inflows from overseas investors amid ongoing market-opening measures. Strategists believe that, while any shift to an overnight rate as the benchmark is likely to take time, such a transition could bring China closer to the practice of its global peers. Today, repo rates continued to ease (overnight -1bp to 1.40%; 7-day -3bp to 1.51%), while government bond yields fell (10-yr -1bp to 1.73%; 30-yr -1bp to 2.22%). Both onshore CNY (+0.2%) and offshore CNH (+0.1%) strengthened, despite yuan being fixed at 6.8209/$, weakest since end of May.

Mexico

Mexico's central bank is expected to hold its benchmark rate at 6.5% later today, after early June inflation surprised to the downside. Headline CPI slowed to 3.55% y/y (from 4.11%), below the 3.72% consensus, and within the 2–4% target range, while core prices remain stubbornly high at 4.12% (left chart). A cut remained off the table as inflation expectations stay elevated, the Fed's hawkish stance limits room for easing, and the peso has depreciated -1.9% since the May cut. Sovereign yields fell -5 bps at 2- and 10yr tenors, while the peso weakened. With swaps pricing modest hikes, a hawkish statement would support carry, while a hint of resumed cuts could reprice the front end and push the peso through its 200-day moving average (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.

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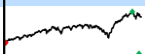
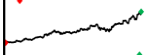
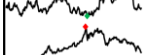
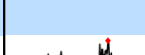
Global Financial Indicators

Last updated: 6/25/26 7:58 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,358	-0.1	-2.0	-1.5	20.8	7
Europe		6,262	0.8	-1.0	2.0	19.2	8
Japan		72,366	4.6	1.8	11.3	82.8	44
China		5,020	1.6	1.8	1.5	27.2	8
Asia Ex Japan		117	0.4	-1.7	2.7	42.0	26
Emerging Markets		67	0.1	-2.0	2.1	40.2	23
Interest Rates					basis points		
US 10y Yield		4.4	2	-4	-14	13	25
Germany 10y Yield		2.9	0	-7	-8	30	1
Japan 10y Yield		2.6	-4	1	-7	124	57
UK 10y Yield		4.7	1	-6	-20	21	22
Credit Spreads					basis points		
US Investment Grade		108	2	2	2	-23	1
US High Yield		318	6	11	4	-36	-18
Exchange Rates					%		
USD/Majors		101.7	0.1	1.6	2.5	4.1	3
EUR/USD		1.13	-0.2	-1.1	-2.7	-2.8	-4
USD/JPY		161.9	0.1	0.3	1.9	11.5	3
EM/USD		46.7	-0.2	-1.6	-1.9	1.3	0
Commodities					%		
Brent Crude Oil ($/barrel)		73.1	-0.9	-8.5	-21.8	13.0	21
Industrials Metals (index)		169.9	0.7	-6.7	-8.3	16.3	4
Agriculture (index)		54.4	0.3	-1.4	-6.4	-0.6	2
Gold ($/ounce)		3981.2	-0.5	-5.4	-12.9	19.5	-8
Bitcoin ($/coin)		61105.2	0.4	-4.3	-20.9	-43.3	-30
Implied Volatility					%		
VIX Index (%, change in pp)		18.1	-0.6	-0.4	1.5	1.3	3.1
Global FX Volatility		7.0	0.0	0.5	0.2	-1.4	0.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		68	0	1	3	-5	9
Italy		72	0	2	2	-19	3
France		77	0	2	15	7	6
Spain		48	0	5	5	-19	4

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

Emerging Market Financial Indicators

6/25/2026 8:00 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	0.1	-0.5	-0.3	5.5	2.8		1.8	0	1	-1	11	-12
Korea*		1544	-0.1	-0.2	-2.1	-11.9	-6.4		4.3	3	14	13	152	96
Indonesia		17943	0.1	-0.8	-1.1	-9.2	-7.0		7.2	1	22	44	55	120
India		94	0.3	-0.1	0.9	-8.8	-4.8		7.7	-2	-8	-36	87	59
Philippines		61	0.4	-1.2	0.2	-7.5	-3.9		6.0	-1	-2	-14	106	128
Thailand		33	0.1	-1.9	-2.8	-2.7	-5.7		2.2	-1	1	-25	40	44
Malaysia		4.12	0.5	0.0	-4.0	2.9	-1.4		3.5	-14	-11	-10	-6	-2
Argentina		1479	-0.5	-2.5	-5.3	-20.6	-1.8		0.0	0	0	0	-3043	-3237
Brazil		5.20	-0.1	-0.7	-3.5	7.0	5.7		14.4	-23	-28	33	40	81
Chile		920	-0.5	-3.2	-2.7	1.6	-2.1		5.4	-2	1	-11	-10	9
Colombia		3431	-0.4	0.4	6.1	18.9	10.0		12.3	17	9	-177	22	-59
Mexico		17.64	-0.2	-1.6	-2.1	7.3	2.1		8.9	-4	-10	-36	-38	-7
Peru		3.4	-0.5	-1.3	-0.2	4.6	-1.8		6.1	0	-4	-66	-43	29
Uruguay		40	-0.1	-0.2	-0.4	0.5	-2.5		7.4	-2	-3	-1	-152	-9
Hungary		314	-0.2	-1.9	-2.4	9.6	4.4		5.1	-4	-5	-48	-160	-144
Poland		3.78	-0.2	-1.7	-3.9	-3.6	-5.1		4.8	-4	-4	-49	-23	26
Romania		4.6	-0.1	-1.0	-2.4	-5.9	-6.1		6.6	-9	-6	-16	-68	-8
Russia		75.4	-0.7	-2.7	-5.3	3.8	4.5							
South Africa		16.6	-0.1	-0.8	-1.8	7.1	-0.1		8.6	-5	4	-39	-163	2
Türkiye		46.52	0.0	-0.1	-1.8	-14.5	-7.7		34.1	-14	26	-231	127	453
US (DXY; 5y UST)		102	0.1	1.6	2.5	4.1	3.5		4.20	2	-3	-6	35	48

	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		5,020	1.6	1.8	1.5	27.2	8.4		85	4	2	-25	10	
Korea*		8,930	5.4	-1.5	11.0	190.0	111.9		22	0	0	-5	1	
Indonesia		5,999	2.0	-2.8	-2.1	-13.0	-30.6		109	5	12	7	23	
India		77,100	2.0	-0.4	3.1	-8.3	-9.5		95	4	17	-10	5	
Philippines		6,071	1.3	-1.3	1.8	-4.1	0.3		90	4	1	3	15	
Thailand		1,559	0.7	-1.7	0.3	40.8	23.7							
Malaysia		1,664	-1.1	-2.8	-2.1	8.9	-1.0		55	6	12	-21	-4	
Argentina		3,110,490	-4.2	-5.5	9.3	53.7	1.9		444	8	-75	-246	-125	
Brazil		170,507	-0.4	1.2	-4.1	25.6	5.8		191	8	6	-31	-12	
Chile		10,675	-0.9	-1.5	-1.4	31.1	1.8		92	6	3	-22	1	
Colombia		2,271	-3.2	-5.6	6.5	35.8	9.8		200	10	-51	-144	-77	
Mexico		66,278	-0.9	-3.0	-2.9	16.4	3.1		207	9	-1	-76	-10	
Peru		3,256	-0.4	-5.9	2.3	72.2	26.0		96	11	2	-35	-13	
Hungary		139,488	0.5	0.8	7.5	42.6	25.6		109	8	-6	-58	-30	
Poland		135,571	0.7	-2.1	-1.7	33.9	15.6		91	6	-2	-19	0	
Romania		31,639	1.8	2.4	3.4	70.9	29.5		175	4	-10	-59	0	
South Africa		110,735	0.8	-3.7	-4.5	16.2	-4.4		213	17	-10	-89	-5	
Türkiye		14,323	-0.1	-3.4	3.1	52.1	27.2		259	14	-17	-54	25	
EM total		67	1.8	-2.0	2.1	40.2	22.9		262	14	8	-111	-9	

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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