



- **US equity earnings multiples decline despite record profits** ([link](#))
- **Commodities see large investor inflows** ([link](#))
- **China oil demand weakens as new plan signals shift towards energy security** ([link](#))
- **Hot Tokyo CPI reinforces Bank of Japan's tightening path** ([link](#))
- **Central Bank of Brazil sounds warning about inflation** ([link](#))
- **Mexico stays on hold at 6.5% and signals extended pause** ([link](#))

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## Tech Stocks Drag Global Markets Lower

**Global stock markets lost ground, led by technology stocks. Asian stocks were especially hard hit, as Korea fell almost 6% and the TAIEX fell by more than 3.6%.** Severe price declines in Korea from Samsung and SK Hynix prompted the second suspension of stock market trading of the week after Tuesday's halt. Price increases from Apple and Microsoft announced yesterday weighed on sentiment, highlighting the consequences of rising prices for computer chips as the AI buildout sends prices higher and affects the broader consumer tech economy, from laptops and phones to microwave ovens. Press reports that the Open AI IPO could be delayed had repercussions from Europe and China to Japan, where the stock price of Softbank fell as much as 12.5% and the Nikkei was down 4.2%. Worries are growing that the AI-fueled boom of the past two years may be running out of steam. On a more positive note, oil prices fell and global government bond yields were also mostly lower.

Key Global Financial Indicators

Last updated: 6/26/26 8:06 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		7357	0.0	-1	-2	20	7
Eurostoxx 50		6210	-0.9	-1	2	18	7
Nikkei 225		69361	-4.2	-3	5	73	38
MSCI EM		68	1.1	-1	-1	41	24
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.38	-1.0	-7	-10	14	22
Germany 10y Yield		2.85	-0.7	-14	-13	28	-1
EMBIG Sovereign Spread		237	0	8	-3	-85	-16
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		46.7	-0.1	-1	-2	1	0
Dollar index, (+) = \$ appreciation		101.3	-0.2	0	2	4	3
Brent Crude Oil (\$/barrel)		73.3	-2.7	-9	-26	8	20
VIX Index (% change in pp)		20.1	1.2	4	3	4	5

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: 6/26/26 8:10 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Oil and Gas</b>			%				%
Brent Crude Oil (\$/barrel)		73	-2.7	-9	-26	8	20
WTI Crude Oil (\$/barrel)		70	-2.3	-8	-25	8	22
Natural Gas (Netherlands TTF)		41	0	-3	-14	21	53
<b>Breakeven Inflation</b>	%		bps				
USD: 2Y		2.3	-2.1	-18	-53	-43	0
USD: 5Y		2.3	-0.4	-10	-28	-14	1
USD: 5Y5Y		2.3	1	-8	-13	-12	-11
EUR: 2Y		2.1	-2.1	-19	-68	43	48
EUR: 5Y		2.0	-1	-9	-31	20	26
EUR: 5Y5Y		2.1	0	-2	-3	-5	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

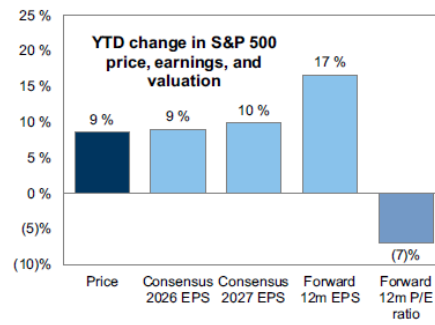
**The recent selloff in US equities has reduced equity earnings multiples despite all-time high profits for US corporations.** The 12-month forward price-earnings ratio (P/E) of the S&P 500 has fallen to 21x earnings, down 11% from the 2025 peak of 23x. This puts the P/E ratio in the 87<sup>th</sup> percentile since 1980. The average stock in the index is at 18x. The earnings denominator of the P/E ratio is outpacing the rise in prices, a phenomenon especially marked in technology companies worldwide, where profits have reached record levels and yet keep growing. Most analysts view this as a positive development which is bullish for equities. Despite recent volatility, the S&P 500 remains less than 3% below the all-time high set on June 2<sup>nd</sup>. The Bloomberg average year-end target for the index is 7716, almost 5% above yesterday's close. However, the Nasdaq is down more than 4% over the past four sessions and it is down more than 6% from its June 2 record high.

Exhibit 2: S&P 500 NTM P/E is 11% below late 2025 peak



Source: FactSet, Goldman Sachs Global Investment Research

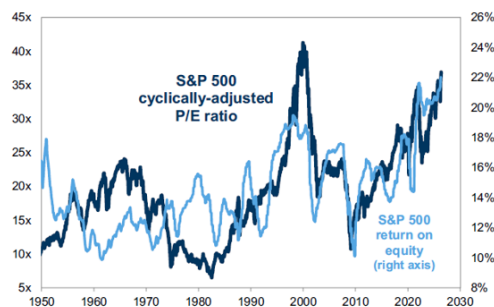
Exhibit 3: S&P 500 forward P/E has contracted YTD



Source: FactSet, Goldman Sachs Global Investment Research

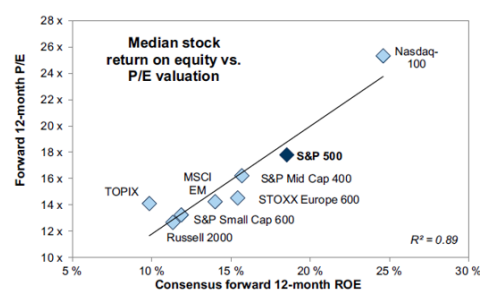
**Historically, higher return on equity has enabled higher P/E ratios, and the level of profitability helps explain why some equity indexes have higher P/E ratios than others.** For the S&P 500, the trailing four-quarter return on equity (ROE) is at 22%, the highest ever, according to research by Goldman. ROE has increased by 150 bps over the past four quarters, which is a very rapid increase. To put this in perspective, the growth of ROE over the past 40 years was 800 bps in total, meaning that almost 19% of the growth of the ROE over the past 40 years has occurred in just the past four years. According to Goldman's model, every 1% increase in ROE increases the S&P 500's P/E ratio by 1x.

Exhibit 4: Higher ROE has supported higher P/E multiples



Source: Robert Shiller, Compustat, Goldman Sachs Global Investment Research

Exhibit 5: Difference in profitability helps explain variation in valuations across equity indices

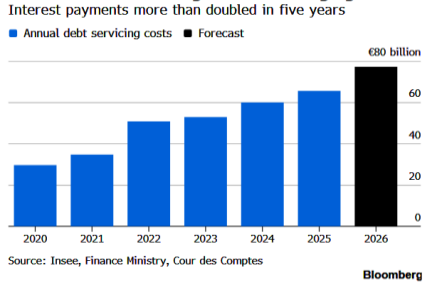


Source: FactSet, Goldman Sachs Global Investment Research

**Euro area**

**The selloff in technology stocks dragged euro area markets lower, with the Stoxx 600 index down almost 1%.** The euro regained some ground (0.3%) against the dollar, trading at around \$1.1406/€. Still, money markets continued to scale back bets of future ECB tightening. Government bond yields retained a bid as yields declined. According to Bloomberg, France’s Finance Minister Lescure confirmed that the country will keep its 2026 deficit target at 5% of GDP and cut it to 3% by 2029, after the Cour des Comptes (France’s state auditor) warned that debt-servicing costs may reach €80bn in 2026, noting that the Bank of France cut its 2026 growth forecast to 0.5% while the government’s budget plan was based on a 0.9% growth assumption. Meanwhile, Deutsche Bank highlighted a “second China shock” for Europe since 2019: EU imports from China have risen sharply, reaching about €225bn (annualized) in January-April 2026 (roughly 2.2% of 2025 EU GDP), while EU exports to China were about €15–20bn below their 2019 level in January-April 2026. The concern is that China now competes not only in low-value goods but also in autos, EVs, machinery, cars and pharma, areas where Europe used to have an edge, threatening the export and investment outlook for Europe.

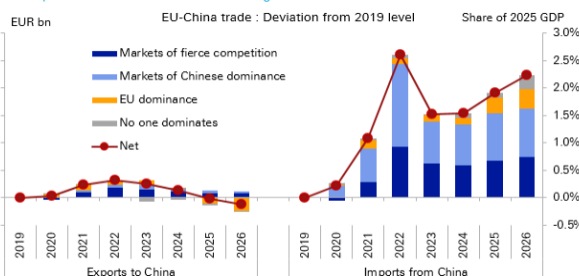
**France's Debt Servicing Costs Are Surging**



Source: Insee, Finance Ministry, Cour des Comptes

Bloomberg

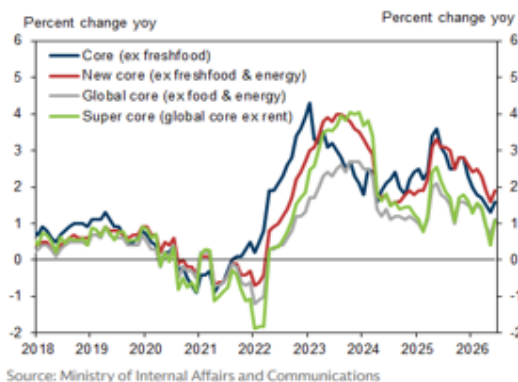
**Europe and the Second China Shock -- Losing on home turf**



Source: Deutsche Bank Research, Eurostat, BACI, 2026 numbers refer to the sum of exports over January-April, annualized

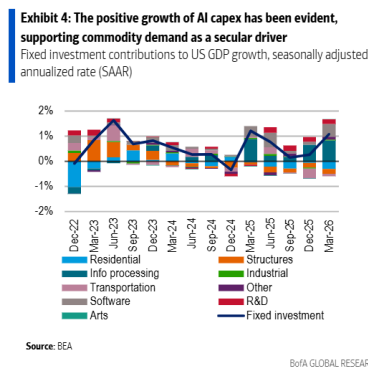
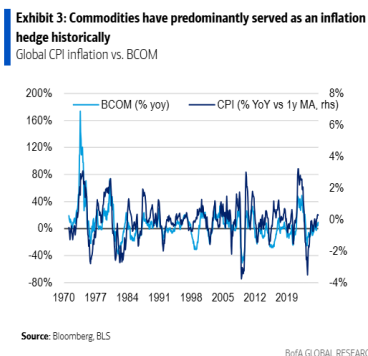
**Japan**

**Tokyo consumer inflation accelerated in June due to distortions from water-fee waivers.** The June Tokyo core CPI (excl. fresh food) stayed at +1.6% y/y (May and consensus: +1.6%), while the core-core CPI (excl. fresh food and energy) accelerated to +1.9% y/y (May: +1.6%; consensus: +1.8%). Adjusting for the effects of the fading of temporary subsidies such as water-fee waivers, the underlying trend remains solid, suggesting steady wage- and cost-driven price pressures. Services inflation continued to strengthen, with rents and medical fees rising and evidence of firms passing through higher labor and import costs. On the other hand, food prices, including rice prices, continued to decelerate. Overall, the firm inflation trend supports the Bank of Japan’s ongoing normalization cycle. Today, Finance Minister Katayama told reporters that fiscal discipline will remain central to the just-announced investment roadmap and budget reforms, with ministries tasked to reviewing tax breaks and subsidies to ensure resources are concentrated on the most effective policies. The Nikkei registered a major decline of 4.6%, with Softbank down as much as 12.5% on a media report about a delay in Open AI’s IPO.



**Commodity Markets**

**Investor flows into commodities have increased significantly in recent months, driven by fears about inflation and structural shifts in the global economy.** Historically, commodities have acted as a hedge against inflation, and contacts note active involvement in commodity futures markets by hedge funds, trend followers, and other fast money investors. Commodities also have low correlations with equities, making them more attractive in an environment where many are worried about expensive equity valuations. However, there is also a very large increase in the demand for actual physical commodities. According to Bank of America, the geopolitical situation in the US, Asia and Europe has created new trends such as building new supply chains domestically and increasing strategic stockpiles of important commodities to insulate economies from future global conflicts. The push to increase domestic production of industrial goods has also increased the demand for commodities, as has the huge increase in AI-related capital expenditures on computing power, data centers, power plants, etc.



**Emerging Markets**

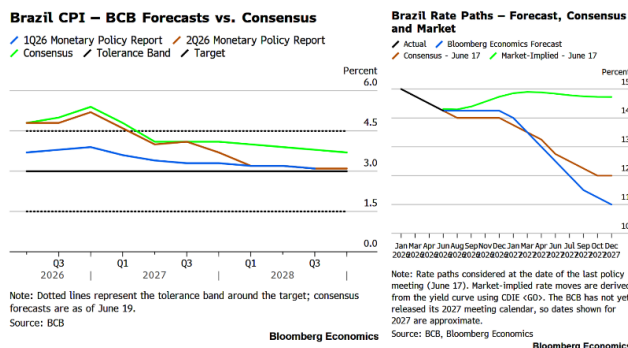
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**EMEA equities and currencies were mixed in early morning trade. Polish equities were underperforming in CEE (-1.3%) led by declines in the utilities and energy sector.** CEE currencies continue to trade in relatively narrow ranges against the euro with the Hungarian forint outperforming to trade 0.2% firmer at 354.05/€. **Stocks in Asia took heavy losses on worries about the technology sector.** Korea led the way, falling almost 6%, while the TAIEX was down more than 3.6%. However, the Malaysian Ringgit appreciated after Bank Negara Malaysia pledged to accelerate measures to encourage foreign exchange inflows. **Equities in Latin America made solid gains yesterday, led by Mexico (1.7%) and Brazil (0.9%).** Most currencies appreciated against the dollar.

**Brazil**

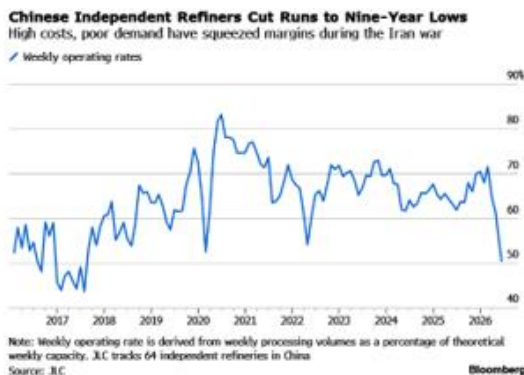
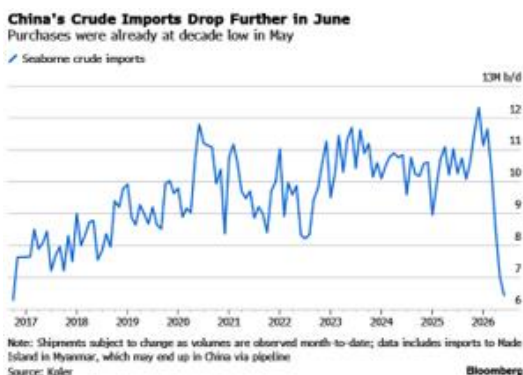
**Brazil's quarterly monetary policy report revised inflation forecasts higher,** projecting CPI above the 4.5% ceiling through 2026 and not returning below it until 2027Q2 (left chart). The BCB puts the odds of a

sustained six-month ceiling breach at 79%, up from 30% in March. Growth was revised to 2% from 1.6% for 2026, driven by fiscal and credit stimulus, the same dynamics keeping inflation elevated. The sovereign curve bear-steepened on the report's release, with the 10-year yield rising 15 bps and the 2-year falling 4 bps. Despite the hawkish report, the Brazilian real appreciated and equities gained +0.9%. Market-implied rate paths price in a shallower easing cycle through 2027 than forecasters expect (right chart).



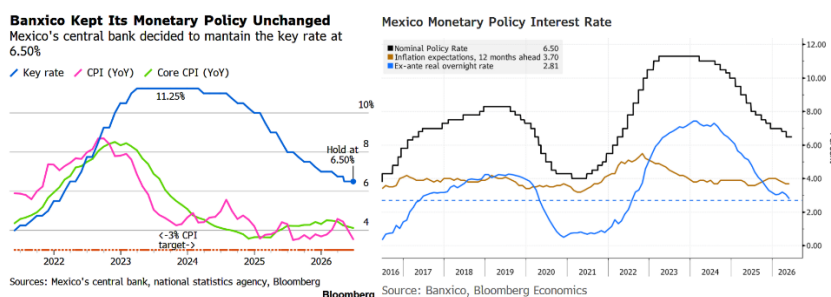
**China**

**China's crude oil imports are set to fall further in June to the lowest since October 2016.** China's seaborne crude imports are expected to average about 6.4mn barrels a day in June, down 8% from May. China's oil demand has fallen sharply since Middle East tensions started in February, with imports dropping to multiyear lows. Refinery activity is also subdued—independent refiners' operating rates have sunk to their weakest level since 2017. Part of the demand loss may be permanent due to accelerating EV adoption and weaker economic activity. At the same time, China introduced a new five-year energy plan today, reinforcing a gradual transition, prioritizing energy security by allowing further coal expansion and positioning as a flexible backdrop, while advancing energy storage and renewables more incrementally. While China's new energy-related stocks rose today (Sany Renewable Energy +8.6%), overall equities declined (CSI 300: -3.0%; Hang Seng: -1.8%) on a resumed tech selloff. Hang Seng Index has now reached a 13-month low after declining 12.9% since June 2.



**Mexico**

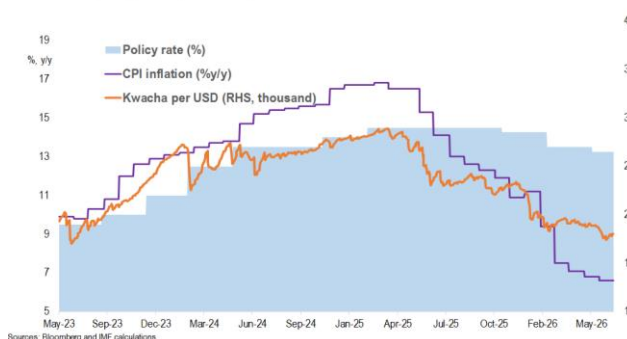
**Banxico held its benchmark rate at 6.50%**, a unanimous decision matching all analyst forecasts, and signaled an extended pause while awaiting further progress on inflation. The board flagged upside inflation risks as a key constraint: headline CPI has eased but core inflation remains at 4.19% y/y, above Mexico's 2%–4% target range and still the primary focus for policymakers (left chart). With the ex-ante real rate at 2.8%, near the midpoint of Banxico's estimated 1.8%–3.6% neutral range, monetary conditions are now broadly neutral (right chart). The Mexican peso appreciated 0.87%, while the sovereign yield curve bull-flattened, with the 10-year yield falling 6.0 bps to 8.87% and the front end holding near unchanged. The IPC equity index gained 1.7%.



**Zambia**

**Zambia's headline inflation rate declines to lowest level in eight years.** Data released yesterday showed headline inflation eased to 6.5% y/y in June, down from 6.6% in May and falling to the lowest level since early 2018. The strength in the kwacha, which has appreciated by more than 22% year-to-date against the dollar, has seen inflation decline across the board, with food price inflation slowing to 6.7% in June, from 6.9% in the prior month. Separate data also released yesterday showed real GDP growth of 7.7% y/y in Q1'26, up from 1.6% y/y in Q4'25 with strong performance across key sectors including agriculture, mining, and manufacturing. Analysts at Absa caution that growth in Q2 may print weaker on the back of the US-Iran war, with higher fuel prices and greater uncertainty expected to weigh on activity. That said, they expect inflation to continue to moderate which should allow for additional policy easing. Absa now believe there is upside risk to their current full-year growth forecast of 5.0%, which they think could print at 5.5–6.0% instead. This morning the kwacha was trading relatively unchanged against the dollar at 18.05/\$.

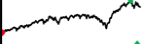







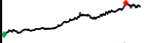





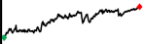






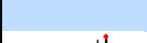

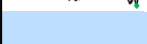
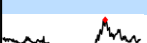


Zambia: policy rates, currency and inflation



*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: 6/26/26 8:12 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>							
United States		7,325	0.0	-2.3	-2.6	19.3	7
Europe		6,210	-0.9	-1.3	2.4	18.4	7
Japan		69,361	-4.2	-2.7	4.6	72.8	38
China		4,868	-3.0	-1.5	-0.5	24.1	5
Asia Ex Japan		118	1.0	-0.6	-0.1	42.8	27
Emerging Markets		68	1.1	-0.9	-0.6	40.8	24
<b>Interest Rates</b>							
US 10y Yield		4.4	-1	-7	-10	14	22
Germany 10y Yield		2.9	-1	-14	-13	28	-1
Japan 10y Yield		2.6	-1	-4	-10	120	56
UK 10y Yield		4.7	2	-13	-16	24	24
<b>Credit Spreads</b>							
US Investment Grade		114	6	7	8	-19	7
US High Yield		324	4	18	10	-28	-12
<b>Exchange Rates</b>							
USD/Majors		101.3	-0.2	0.4	2.1	4.2	3
EUR/USD		1.14	0.3	-0.6	-2.0	-2.6	-3
USD/JPY		161.7	-0.1	0.2	1.5	11.9	3
EM/USD		46.7	-0.1	-1.0	-1.8	1.2	0
<b>Commodities</b>							
Brent Crude Oil (\$/barrel)		73.3	-2.7	-9.1	-24.2	12.7	22
Industrials Metals (index)		171.6	0.5	-5.0	-7.6	15.3	5
Agriculture (index)		54.8	-0.6	0.3	-5.5	0.4	3
Gold (\$/ounce)		4047.2	0.5	-2.6	-10.2	21.6	-6
Bitcoin (\$/coin)		59423.7	0.1	-6.8	-21.8	-44.9	-32
<b>Implied Volatility</b>							
VIX Index (% change in pp)		20.1	1.2	3.7	3.1	3.5	5.1
Global FX Volatility		6.8	0.0	0.2	0.2	-1.8	-0.1
<b>EA Sovereign Spreads</b>							
Greece		69	0	2	2	-1	10
Italy		74	0	2	1	-15	4
France		78	0	2	17	10	7
Spain		49	1	2	7	-15	6

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

### Emerging Market Financial Indicators

6/26/2026 8:13 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	-0.2	5.4	2.8		1.8	-1	0	-2	9	-13	
Korea*		1537	0.4	-0.4	-1.9	-12.0	-6.0		4.2	-1	9	12	152	95	
Indonesia		17922	0.1	-0.7	-0.7	-9.6	-6.9		7.2	-4	3	45	55	116	
India		94	0.3	-0.1	0.9	-8.8	-4.8		7.7	0	-18	-33	89	59	
Philippines		61	0.0	-0.9	0.4	-7.7	-3.8		5.9	-4	-6	-17	102	125	
Thailand		33	-0.1	-1.2	-2.1	-2.6	-5.6		2.2	-3	-3	-25	40	42	
Malaysia		4.09	0.7	1.2	-2.9	3.5	-0.7		3.5	-13	-12	-11	-4	-2	
Argentina		1477	0.1	-1.8	-5.2	-19.5	-1.7		0.0	0	0	0	-3032	-3237	
Brazil		5.17	0.1	-0.5	-2.7	6.1	6.2		14.4	2	-31	48	39	84	
Chile		921	-0.1	-2.2	-2.8	1.8	-2.3		5.4	-2	0	-9	-12	7	
Colombia		3436	-0.2	0.3	6.0	18.2	9.9		12.2	-10	3	-163	3	-69	
Mexico		17.52	-0.1	-1.0	-1.2	7.8	2.8		8.8	-6	-7	-31	-40	-14	
Peru		3.4	0.4	-0.8	0.2	4.8	-1.4		6.1	1	-1	-62	-36	34	
Uruguay		40	0.0	-0.1	-0.4	0.3	-2.6		7.4	-2	-5	-3	-155	-10	
Hungary		311	0.4	-1.2	-1.5	10.1	5.4		5.1	-4	-13	-52	-166	-148	
Poland		3.76	0.2	-1.3	-3.1	-3.6	-4.5		4.8	-3	-12	-41	-23	23	
Romania		4.6	0.2	-0.6	-2.0	-5.6	-5.7		6.6	-3	-11	-12	-72	-11	
Russia		77.7	-2.6	-5.8	-7.8	1.3	1.4								
South Africa		16.5	0.2	0.0	-0.5	8.5	0.6		8.6	-6	-5	-27	-168	-5	
Türkiye		46.63	-0.1	-0.4	-1.6	-14.7	-7.9		33.7	-45	-19	-210	75	408	
US (DXY; 5y UST)		101	-0.2	0.4	2.1	4.2	3.0		4.14	-3	-9	-3	34	41	

	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		4,868	-3.0	-1.5	-0.5	24.1	5.1		87	3	4	-24	12	
Korea*		8,411	-5.8	-7.1	-0.8	175.2	99.6		22	1	1	-5	1	
Indonesia		5,896	-1.7	-4.5	-3.8	-14.5	-31.8		109	4	12	9	23	
India		77,100	-1.7	-0.4	3.1	-8.3	-9.5		95	-1	17	-9	5	
Philippines		6,072	0.0	-1.0	5.3	-5.2	0.3		90	2	1	3	15	
Thailand		1,542	-1.0	-1.9	-1.7	42.5	22.4							
Malaysia		1,668	0.2	-2.6	-0.9	9.1	-0.7		55	3	12	-23	-4	
Argentina		3,096,068	-0.5	-7.1	5.9	51.8	1.5		441	4	-78	-256	-128	
Brazil		171,990	0.9	2.2	-2.6	25.4	6.7		191	5	6	-31	-12	
Chile		10,706	0.3	-1.7	-0.4	30.9	2.1		94	6	5	-22	3	
Colombia		2,262	-0.4	-9.6	1.5	34.7	9.4		204	12	-47	-141	-73	
Mexico		67,416	1.7	-1.2	-2.6	17.3	4.8		206	6	-2	-78	-11	
Peru		3,293	1.1	-4.0	-1.9	66.4	27.4		96	4	2	-37	-13	
Hungary		139,659	0.0	1.5	6.7	42.9	25.8		110	4	-5	-57	-29	
Poland		134,160	-1.3	-3.4	-1.8	29.8	14.4		90	2	-3	-21	-1	
Romania		31,824	-0.2	3.7	3.7	72.2	30.2		176	2	-9	-59	1	
South Africa		110,576	-0.3	-1.8	-4.5	15.2	-4.5		210	7	-13	-93	-8	
Türkiye		14,245	-0.1	-3.3	4.3	53.2	26.5		258	8	-18	-64	24	
EM total		68	-2.0	-0.9	-0.6	40.8	24.2		263	11	9	-111	-8	

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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