GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, JUNE 29, 2026

LEAD EDITOR: SANJAY HAZARIKA

- **Global markets grapple with systemically higher G-7 bond yields** (link)
- **US insurance company exposure to private credit draws scrutiny** (link)
- **China bond yields decline on reverse repo operation by central bank** (link)
- **Yen weakens while equities and retail sales show resilience** (link)
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Markets are cautiously optimistic on hopes of de-escalation of Middle East tensions

News headlines gave some hope that the tensions in the Middle East were being dialed down. US equity index futures were up across the board, as were stocks in Asia overnight, although markets in Europe were mixed. Treasury and bund yields were slightly higher, but the dollar was weaker against most major currencies. Oil prices are stable, but gold and silver extended their decline. Bitcoin continues to trade below $60K, as the losing streak for crypto markets carries on. Markets are pricing a single rate hike from the Fed, ECB, and Bank of Japan by the end of the year, but many analysts think these central banks will move more aggressively than markets expect, setting the stage for higher volatility later in the year. Meanwhile, Fed Chair Warsh will make his first international appearance in Portugal this week at the ECB Forum on Central banking. US markets will be closed on Friday to commemorate the 250-year anniversary of the Declaration of Independence.

Key Global Financial Indicators

Last updated: 6/29/26 7:44 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7354	0.0	-2	-3	19	7
Eurostoxx 50		6219	0.0	-1	3	17	7
Nikkei 225		69468	0.2	-4	5	73	38
MSCI EM		67	-1.1	-5	-2	40	23
Yields and Spreads					bps		
US 10y Yield		4.37	0.2	-14	-7	9	20
Germany 10y Yield		2.86	0.4	-10	-8	26	0
EMBIG Sovereign Spread		241	4	12	-1	-83	-13
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.7	0.2	-1	-2	1	0
Dollar index, (+) = $ appreciation		101.2	-0.1	0	2	4	3
Brent Crude Oil ($/barrel)		72.5	0.7	-7	-21	7	19
VIX Index (%, change in pp)		18.3	-0.1	1	3	2	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: 6/29/26 7:45 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 ($/barrel)		72	0.7	-7	-21	7	19
WTI Crude Oil ($/barrel)		70	1.1	-6	-20	7	22
Natural Gas (Netherlands TTF)		42	3	3	-7	26	57
Breakeven Inflation		%	bps				
USD: 2Y		2.3	0.0	-14	-55	-45	0
USD: 5Y		2.4	-0.2	-6	-28	-14	2
USD: 5Y5Y		2.3	0	-4	-8	-15	-11
EUR: 2Y		2.2	3.3	-15	-52	42	49
EUR: 5Y		2.0	1	-6	-23	20	27
EUR: 5Y5Y		2.1	0	-2	-5	-6	2

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

The big event of the coming week will be the US jobs report which will come out on Thursday, a day earlier than usual due to the July 4 holiday on Friday. The consensus forecast is that 113K jobs were added in June, and the unemployment rate is expected to hold steady at 4.3%. ISM data on employment, prices paid and new orders are also due for release this week. The euro area will report on PMIs, as well as inflation and employment data from several member states. China, India, and Japan will also report on PMIs, while the UK will report on GDP as well as PMIs. A strong Tankan survey in Japan could boost BOJ rate hike expectations. Colombia is expected to hike by 50 bps tomorrow. China and the EU are to hold trade talks in Brussels.

Mature Markets

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G-7 Government Bond Markets

G-7 30-year government bond yields are averaging near 5%, significantly higher than the pre-crisis average of 4%, presenting a challenging environment for global markets. For example, the US recently sold a 30-year bond with a 5% coupon for the first time since 2007. Barclays thinks that longer maturity yields have been pushed higher by rising term premia rather than expectations of higher shorter term rates, which is a structural shift from previous years. As such, higher rates may be here to stay, with all the related consequences for risk assets. Governments are issuing more T-Bills and other short maturity notes to reduce the weighted average maturity (WAM) of their debt, but the market will still have to a absorb large amounts of duration supply in 2027. An unexpected surge in longer term rates could seriously destabilize markets and intensify fiscal pressures on governments. The corporate debt issuance binge to fund AI-related investments could also push up longer rates, crowding out other sectors. Interest rate volatility is quite low at the moment, but that could change very quickly.

FIGURE 1. **The weighted average G7 30y yield is approaching 5%, well above the pre-GFC average of about 4%**

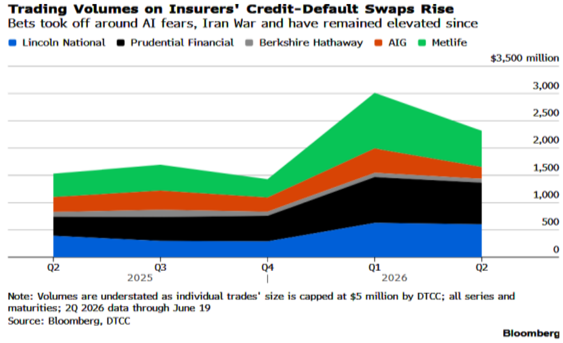
Source: Bloomberg, Barclays Research

FIGURE 2. **Despite attempts to shorten issuance WAM by DMOs, markets would still have to absorb meaningful duration supply next year**

USD bn	Gross issuance 2024	2025	2026E	2027E	USD bn	Gross issuance, 10y WAM equivalent basis 2024	2025	2026E	2027E
USTs	4,311	4,390	4,395	4,564	USTs	3,048	3,091	3,094	3,172
EGBs	1,466	1,591	1,754	1,741	EGBs	1,525	1,591	1,666	1,654
JGBs	1,145	1,151	1,067	1,091	JGBs	973	932	747	763
Gilts	358	435	310	335	Gilts	437	422	263	275
Total	7,280	7,567	7,526	7,731	Total	5,982	6,036	5,770	5,865

Source: Barclays Research

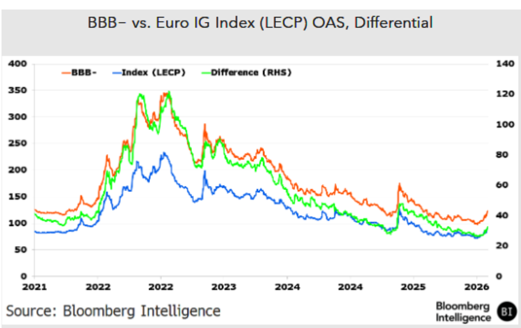
United States

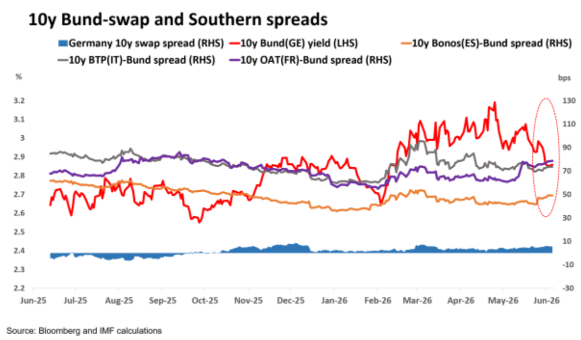


The high exposure of US insurance companies to private credit is drawing increasing scrutiny from market participants. A key source of vulnerability in the private credit sector arises from the potentially very damaging of impact of AI on software companies, because of the ability of AI to perform many programming tasks. In addition, many private credit deals are rated by smaller new rating agencies that lack the long track record of Moody's, S&P and Fitch, and some are worried about the "rating shopping" seen in the years before the global financial crisis. A number of investors are placing short bets on large insurance companies, with the volume of credit default swaps (CDS) going up recently. The scale of these bets is still very small, with a volume of about $5.5 bn outstanding. Furthermore, the CDS spreads on these insurance companies remain quite low and their share prices are trading sideways. Nevertheless, the trend is being closely watched.

Euro area

European stocks edged lower this morning, as investors remain cautious after a weekend of new strikes in the Middle East**.** The Stoxx 600 Index was down by -0.2%, as all sectors lost ground with the exception of tech stocks. Regional bourses traded mostly in the red. T**he euro was little changed against the dollar,** continuing to trade tight at around $1.1396/$. Analysts at **Bloomberg** see **2026 euro credit rating migration still biased toward upgrades.** This supports tighter spreads, especially in high-yield segments and subordinated investment grade (IG) financials. However, BBB- spread compression (31bps vs broader IG index) is seen at risk if growth slows in H2.



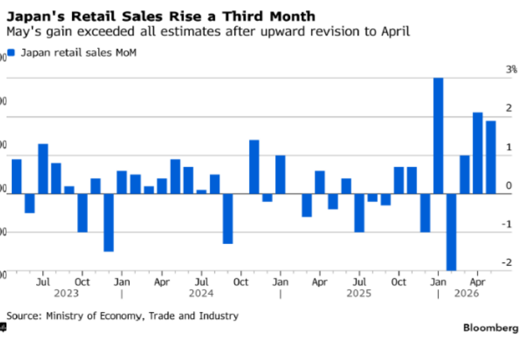


European government bond yields inched up across tenors (marginally more on the front-end) on rising energy prices (two-year bunds at 2.52% and 10-year at 2.85%). **Southern spreads continued to hold steady**, with the 10y BTP-Bund at 74bps, the OAT-Bund at 78 bps and the 10y Bund-Spanish Bonos spread at 49 bps. **Bank of America** has **a bearish view on 10y OATs** as it expects a higher spread vs. Bunds through H2 on budget talks and political risks ahead of the 2027 presidential election in France, **while the ultra-long end should remain more supported** by French life insurers. For the BTP-Bund spread, **BofA sees domestic politics and weak growth limiting any rally back to pre-war levels**, while for Bonos it sees support from growth in Spain, but it notes rich valuations, weaker bank demand and a mature rating upgrade cycle limiting further outperformance.

Japan

Japan's 10-year JGB yield rose 2.8 bps to 2.63%, as markets interpreted the government's upcoming policy guidelines as potentially complicating the BOJ's normalization path. Bloomberg reported that the draft guidelines may call for "appropriate" monetary management and closer coordination between the government and the BOJ to confirm a virtuous cycle of wages and prices and achieve the 2% inflation target. Economically, the language was read as a signal that the government may prefer a slower pace of rate hikes to avoid weakening growth momentum, even after the BOJ raised its policy rate in mid-June to the highest level since 1995 and signaled further tightening. **Against this backdrop, the yen depreciated, with JPY edging up to around 161.8/$, near its weakest level in four decades**.

Japanese equities rose and retail sales data pointed to still-resilient domestic demand. Equity markets (Topix: +0.5%; Nikkei: +0.2%) reversed earlier losses as sentiment improved after Korea announced a large-scale investment plan from companies including Samsung and SK Hynix in memory chips, data centers, and robotics; Semiconductor-related names also pared losses. Retail sales rose 1.9% m/m in May, the third consecutive monthly increase, and increased 5.3% y/y, exceeding the Bloomberg consensus forecast of 3.0% y/y. The gains were supported by wage growth, government subsidies, stronger vehicles, pharmaceutical and cosmetics sales, and robust department-store sales likely to be helped by tourist spending.



Emerging Markets back to top

EMEA equities and currencies were mixed in early morning trade. Polish equities were underperforming in CEE (-0.3%) while CEE currencies were mostly trading lower against the euro. Equities in South Africa were trading higher (+0.7%), with local currency government bond yields edging lower as markets pared back rate hike expectations (10Y local currency bond yield down to 8.3%). **Currencies and stock markets were in Asia were mixed.** Stocks in Hong Kong SAR and China were up, while Indonesia fell back. **Markets in Latin America were also mixed.** Brazil gained almost 0.8% on Friday, but Mexico declined by 0.3%.

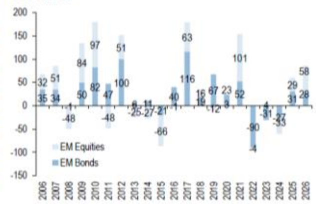
EM Fund Flows

EM flows turned positive last week, with bond funds receiving inflows for the second successive week. Inflows into bond funds were driven by an acceleration in hard currency flows to $0.7 bn, as net inflows into broader EM funds doubled on a week on week basis. Local currency bond funds saw marginal net withdrawals. Weekly equity fund flows were $1.1 bn, as inflows into ETFs rose to $4.3 bn (up $3.7 bn w/w) while non-ETF outflows intensified. On a regional basis, Asia ex-Japan equity funds garnered the largest flows, while LATAM saw small withdrawals. Overall, EM fund flows for the year-to-date stand at $85.7 bn.

Figure 1: Weekly cross-asset flows
USD billion

	Asset	8w flows (8w ago → current)	This wk	YTD
Fund Flows	EM Bonds and Equities		1.7	85.7
	EM Bonds		0.6	27.8
	Hard Ccy		0.7	12.5
	Local Ccy^		0.0	15.2
	o.w. EM ex-China		-0.1	14.4
	o.w. China		0.0	-0.9
	EM Equities		1.1	58.0
	US HG		5.9	198.5
	US HY		0.9	2.9
	Global Equities		-4.5	372.4
	EM Bond and Equity ETFs		4.8	87.6
	EM Bond ETFs		0.5	4.9
	EM Equity ETFs		4.3	82.6
	Non-resident EM flows*		-7.0	-113.0

Figure 2: EM bond and equity fund flows
USD billion



*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.
Sources for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

China

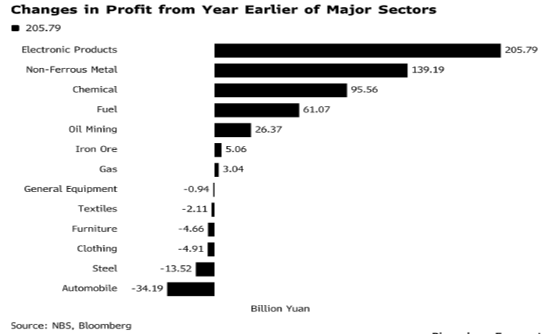
China's 10-year government bond yield declined after the PBOC's debut overnight reverse repo operation. The PBOC conducted CNY 300 bn ($44 bn) of overnight reverse repos but did not disclose the rate; Bloomberg reported that the rate was 1.25%, below the 1.35% market expectation and below the 1.4% seven-day reverse repo benchmark. This was viewed by some economists as a sign that the central bank may be seeking to guide short-term funding costs lower and maintain an accommodative stance, though the signal should be interpreted cautiously rather than as an outright policy-rate cut. China's 10-year government bond yield fell about 1.3 bp to 1.71%. The yuan fixing pointed to a less forceful FX-leaning signal, with the PBOC setting the daily reference rate at 6.82/$, weaker than market estimates of 6.80/$ and leaving the fixing gap at its narrowest since early April.

PBOC Said to Set Overnight Operation Rate at 1.25%

Source: Bloomberg

Industrial profit data remained solid at the headline level but pointed to a more uneven recovery beneath the surface. Profits rose 21.1% y/y in May, slowing from 24.7% y/y in April, while profits in the first five months increased 18.8% y/y, 0.6% faster than in the first four months. The sectoral details showed a two-speed economy: AI- and technology-related industries continued to lead, with electronics profits up 104% in the first five months, while higher oil prices lifted oil-extraction profits by 17%. By contrast, domestic-demand and property-linked sectors remained weak, with automaker profits down 20%, furniture profits down 58%, apparel profits down 11%, and steel profits down 37%. The data suggests that external demand and technology upgrading are still supporting parts of the industrial sector, but the drag from consumption-related remains significant.

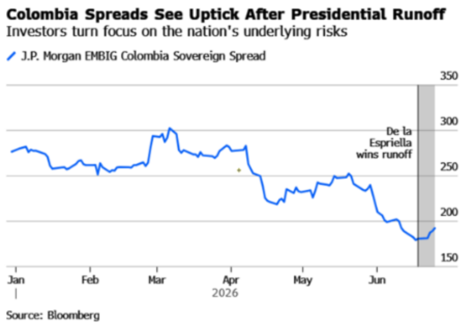
Changes in Profit from Year Earlier of Major Sectors

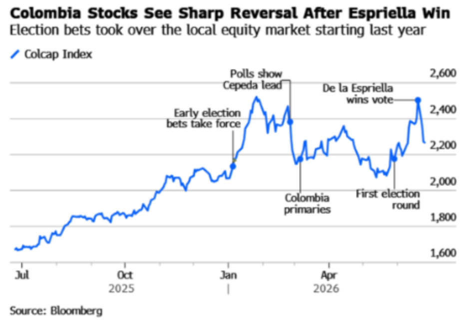


Source: NBS, Bloomberg

Colombia

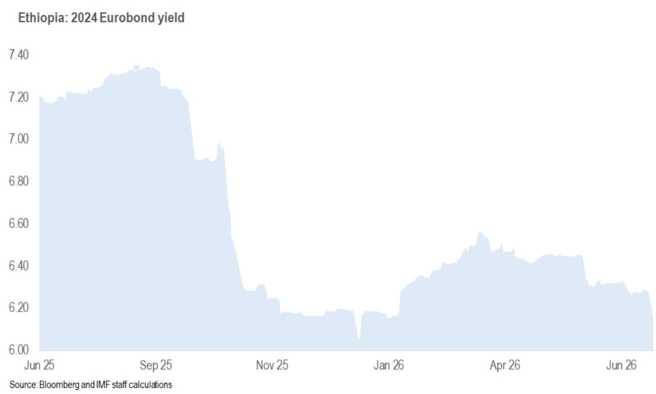
Colombian assets retreated last week, reversing gains from the election of the new President. The surge in Colombian equities and sovereign bonds seen during Abelardo de la Espriella's electoral victory has reversed course, with sovereign spreads widening by 15bps, and equities correcting by 9.4%. According to Bloomberg, the reversal reflects growing investor concern over Colombia's fiscal trajectory: Abelardo's razor-thin margin of victory in the presidential elections leaves him heavily reliant on coalition partners to push through fiscal reforms. At the same time, declining international crude oil prices (-7.5% during last week) have also weighed on investor sentiment.





Ethiopia

Ethiopia's defaulted 2024 notes rallied as an agreement with bondholders is reached. According to Bloomberg, Ethiopia's 2024 defaulted notes gained this morning as the country reached an agreement in principle with bondholders regarding the restructuring of the notes. Discussions had focused on a new instrument being offered to existing bondholders alongside the issuance of a new international bond. A statement from the Ministry of Finance said that the new instrument "would be in the form of a detachable warrant providing holders certain subscription rights for a new international bond to be issued by Ethiopia in the future on agreed commercial terms. Ethiopia intends to implement the agreement in principle through an exchange offer and/or consent solicitation in the coming months."



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Global Financial Indicators

Last updated: 6/29/26 7:46 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,354	0.0	-2.0	-3.0	19.1	7
Europe		6,219	0.0	-1.5	2.8	16.8	7
Japan		69,468	0.2	-4.0	4.7	73.0	38
China		4,927	1.2	-2.6	0.7	25.2	6
Asia Ex Japan		117	-1.3	-5.2	-1.8	41.4	25
Emerging Markets		67	-1.1	-5.1	-2.1	39.7	23
Interest Rates					basis points		
US 10y Yield		4.4	0	-14	-7	9	20
Germany 10y Yield		2.9	0	-10	-8	26	0
Japan 10y Yield		2.6	2	-4	-3	120	57
UK 10y Yield		4.7	0	-8	-8	22	25
Credit Spreads					basis points		
US Investment Grade		115	6	8	9	-18	7
US High Yield		327	7	20	13	-25	-9
Exchange Rates					%		
USD/Majors		101.2	-0.1	0.2	2.3	3.9	3
EUR/USD		1.14	0.1	-0.3	-2.2	-3.3	-3
USD/JPY		161.9	0.1	0.2	1.6	12.4	3
EM/USD		46.7	0.2	-0.8	-2.1	1.2	0
Commodities					%		
Brent Crude Oil ($/barrel)		72.5	0.7	-7.0	-20.5	11.7	20
Industrials Metals (index)		171.4	-0.3	-4.6	-7.7	14.8	5
Agriculture (index)		54.6	-0.6	0.0	-4.7	-0.7	2
Gold ($/ounce)		4035.6	-1.3	-3.7	-11.1	22.2	-7
Bitcoin ($/coin)		59760.8	0.3	-1.8	-18.8	-44.4	-32
Implied Volatility					%		
VIX Index (%, change in pp)		18.3	-0.1	1.0	3.0	2.0	3.3
Global FX Volatility		6.7	0.1	0.0	0.4	-1.8	-0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		69	0	2	2	-1	10
Italy		73	0	3	2	-15	4
France		79	0	3	18	11	8
Spain		49	0	2	7	-14	6

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

Emerging Market Financial Indicators

6/29/2026 7:48 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		6.79	0.1	-0.3	-0.4	5.4	2.9		1.8	0	-1	-1	9	-14
Korea*		1543	-0.5	-0.4	-2.5	-12.3	-6.4		4.2	-1	4	16	155	95
Indonesia		17851	0.4	0.0	0.2	-9.0	-6.6		7.2	-1	4	41	55	114
India		95	-0.1	0.1	0.5	-9.3	-4.9		7.7	0	-18	-14	94	59
Philippines		61	0.2	-0.1	0.7	-7.9	-3.6		5.9	2	-3	-15	110	127
Thailand		33	0.4	-0.9	-2.2	-2.4	-5.3		2.1	-1	-5	-24	43	41
Malaysia		4.07	0.4	1.9	-2.6	3.4	-0.3		3.6	0	-1	4	8	10
Argentina		1477	0.0	-0.9	-4.5	-19.5	-1.7		0.0	0	0	0	-3058	-3237
Brazil		5.17	0.1	-0.4	-2.7	6.1	6.3		14.4	-6	-58	36	41	78
Chile		924	-0.3	-2.1	-3.2	0.8	-2.5		5.4	-1	-3	-11	-12	7
Colombia		3453	-0.5	0.2	6.2	17.1	9.3		12.1	-12	-1	-166	-3	-81
Mexico		17.47	0.2	-0.6	-0.7	7.3	3.1		8.9	1	-7	-33	-38	-13
Peru		3.4	-0.1	-0.9	0.3	4.1	-1.5		6.1	-1	-2	-56	-38	32
Uruguay		40	0.1	-0.2	-0.2	0.2	-2.5		7.4	2	-3	-3	-152	-8
Hungary		311	0.1	-0.8	-2.3	9.1	5.3		5.0	-3	-18	-43	-166	-150
Poland		3.76	0.1	-0.6	-3.5	-4.2	-4.6		4.7	-7	-19	-50	-29	16
Romania		4.6	0.1	-0.3	-2.0	-6.3	-5.7		6.6	-2	-13	-15	-78	-13
Russia		77.7	1.0	-4.7	-8.7	0.8	1.4							
South Africa		16.4	0.3	-0.1	-1.2	7.9	0.9		8.5	-3	-14	-32	-174	-8
Türkiye		46.64	0.0	-0.4	-1.7	-14.6	-7.9		33.7	2	-32	-208	104	410
US (DXY; 5y UST)		101	-0.1	0.2	2.3	4.0	3.0		4.13	0	-16	-1	30	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		4,927	1.2	-2.6	0.7	25.2	6.4		88	4	1	-25	13
Korea*		8,395	-0.2	-7.9	-1.0	173.3	99.2		22	0	0	-4	1
Indonesia		5,821	-1.3	-4.8	-5.0	-16.0	-32.7		110	5	11	7	24
India		76,728	-1.3	-0.1	2.6	-8.2	-10.0		96	0	16	-10	6
Philippines		6,133	1.0	1.6	6.3	-3.6	1.3		92	4	2	2	17
Thailand		1,578	2.3	0.2	0.6	44.8	25.3						
Malaysia		1,666	-0.1	-2.1	-1.0	8.7	-0.8		56	4	12	-23	-3
Argentina		3,123,411	0.9	-5.1	-1.4	53.0	2.4		445	8	-72	-250	-124
Brazil		173,295	0.8	2.9	-0.3	26.6	7.6		194	8	8	-33	-9
Chile		10,763	0.5	-1.2	-0.2	30.5	2.7		96	8	5	-23	5
Colombia		2,286	1.1	-8.7	5.0	37.0	10.6		208	16	-37	-138	-69
Mexico		67,226	-0.3	-0.7	-2.0	17.1	4.5		209	9	-1	-75	-8
Peru		3,274	-0.5	-4.4	-2.5	68.7	26.7		96	4	2	-39	-13
Hungary		138,853	-0.7	-0.5	3.1	41.7	25.1		110	4	-8	-57	-29
Poland		134,706	-0.3	-2.4	-1.7	29.9	14.9		91	3	-3	-22	0
Romania		31,925	0.2	3.4	6.8	71.4	30.6		178	4	-8	-61	3
South Africa		110,833	0.5	-1.7	-3.3	15.6	-4.3		213	10	-8	-92	-5
Türkiye		14,228	-0.3	-3.4	4.1	51.3	26.3		260	10	-18	-66	26
EM total		67	-0.1	-5.1	-2.1	39.7	22.8		268	15	11	-108	-3

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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