



- Investors price in high probability of BOJ rate hike at June policy meeting ([link](#))
- Nonresident outflows from Brazilian equities reach highest level since March 2020 ([link](#))
- Argentina’s central bank surpassed its dollar purchase target ([link](#))
- US crude inventories have declined sharply but remain within recent historical norms ([link](#))
- US money market fund assets rose to a record \$8.28 trillion ([link](#))
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## Markets Retreat as Semiconductor Stocks Come Under Pressure

Global equities were mostly lower this morning after US stocks fell on Wednesday. Most semiconductor stocks declined after Broadcom fell as much as 13% following earnings yesterday, with weaker sentiment spreading to South Korea’s tech heavy index overnight. Japanese equities also slumped lower, while Europe was little changed. US equity futures pointed to further losses, with Nasdaq futures down over 1%. The Japanese yen edged higher after briefly weakening past the 160 level, while the broad dollar has been trading in a fairly narrow range in recent weeks. Most other Asian currencies were lower this morning, with the Korean won down 1%. Oil prices retreated slightly, with Brent crude trading just below \$95 per barrel. Treasury yields were trading 3–5 bps lower, while US initial jobless claims came in above expectations at 225k (vs 215k expected). Investors will be eyeing tomorrow’s nonfarm payrolls report for more clarity about the labor market and outlook for monetary policy. Elsewhere, the collapse of crypto prices continued, with Bitcoin falling further to 62k, down from over 80k as recently as mid-May.

Key Global Financial Indicators

Last updated: 6/4/26 7:56 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
S&P 500		7554	-0.7	0	5	27	10
Eurostoxx 50		6066	0.2	0	5	12	5
Nikkei 225		67471	-1.4	4	13	80	34
MSCI EM		70	-1.2	2	9	50	28
<b>Yields and Spreads</b>			bps				
US 10y Yield		4.45	-4.1	1	2	10	29
Germany 10y Yield		3.01	-2.5	5	-8	48	16
EMBIG Sovereign Spread		233	0	-4	-10	-93	-20
<b>FX / Commodities / Volatility</b>			%				
EM FX vs. USD, (+) = appreciation		47.4	0.2	0	1	4	2
Dollar index, (+) = \$ appreciation		99.2	-0.3	0	1	0	1
Brent Crude Oil (\$/barrel)		95.1	-2.8	2	-17	47	56
VIX Index (% change in pp)		16.7	0.7	1	-2	-1	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: 6/4/26 7:57 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)		95	-2.8	2	-17	47	56
WTI Crude Oil (\$/barrel)		93	-2.7	5	-12	49	63
Natural Gas (Netherlands TTF)		48	-2	5	0	35	81
<b>Breakeven Inflation</b>		%	bps				
USD: 2Y		2.9	-4.2	1	-28	7	57
USD: 5Y		2.6	-2.1	-5	-20	11	26
USD: 5Y5Y		2.4	0	-3	-4	-4	-4
EUR: 2Y		2.6	-3.2	-20	-46	99	90
EUR: 5Y		2.3	-2	-5	-22	56	50
EUR: 5Y5Y		2.2	0	1	0	10	9

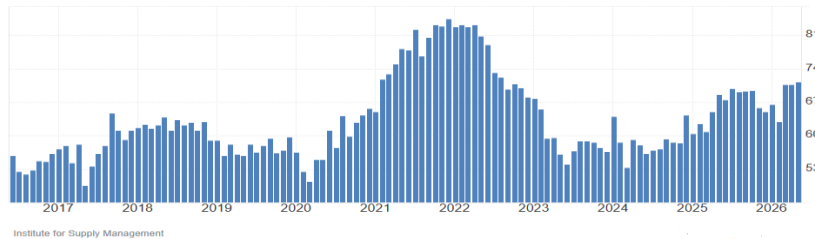
Colors denote **tightening/easing** financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

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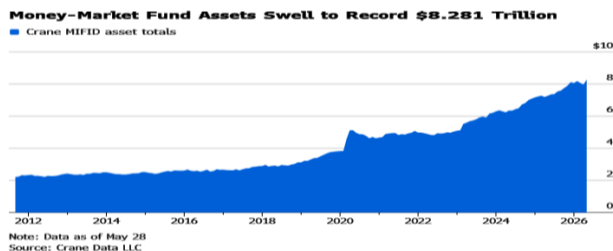
United States

**Initial jobless claims came in above expectations at 225k (vs 215k expected)**, while continuing claims were mostly in line with expectations at 1.777 mn (vs 1.780 mn expected). **Treasury yields were trading lower into the release and were little changed thereafter, with 2y yields down 5 bps on net and 30y yields down 3 bps.** The final print for nonfarm productivity for Q1 came in at 0.3% (vs 0.4% expected).

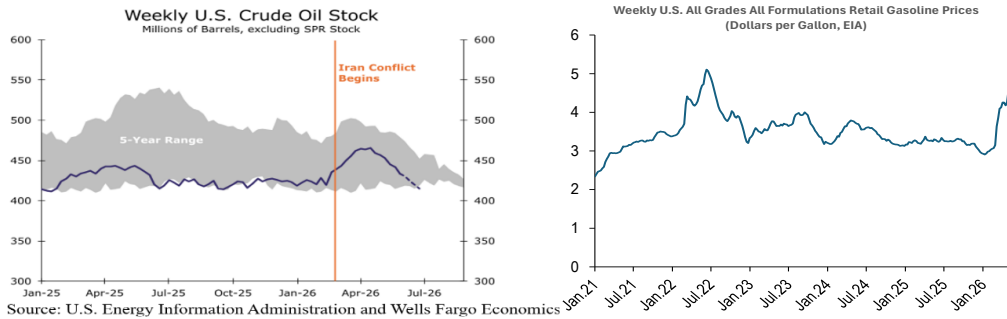
**US services activity strengthened in May even as input costs rose at the fastest pace in nearly four years.** The ISM services index rose to 54.5, a three-month high and a sign of expansion. New orders and business activity increased, pointing to resilient consumer demand. Nearly all sectors expanded, with real estate and leasing the only pockets of weakness. Meanwhile, ISM's services price indicator rose to 71.3 (see below), its highest since August 2022. Treasury yields closed 4–5 bps higher on Wednesday amid a flurry of economic data (and higher oil prices), with factory orders also printing above expectations.



**US money market fund assets rose to a record \$8.28 trillion.** Money market funds (MMFs) saw \$66 billion of inflows in the week ending May 28 and around \$172 bn YTD. The 7-day average yield for US money funds was 3.34% as of May 28, according to Crane data. Some analysts noted that uncertainty surrounding the Federal Reserve's monetary policy path may be fueling demand for cash-like assets. The recent inflows have come as traders abandoned bets that the Federal Reserve will resume cutting interest rates. Swaps markets now pricing in about 80% chance of a rate hike by year end, and over one full hike by April 2027.

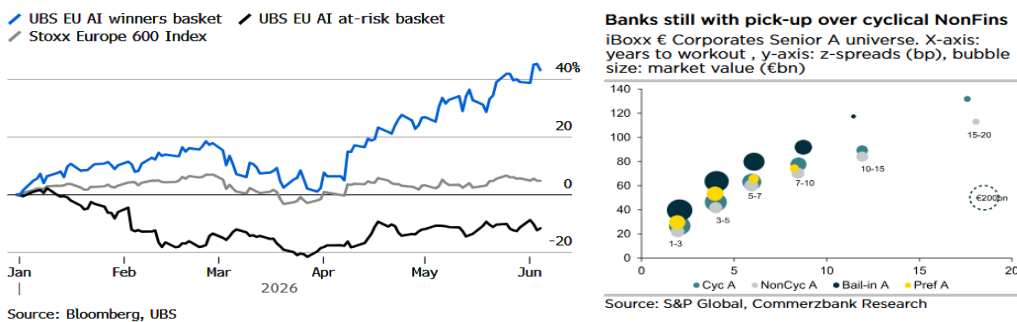


**US crude inventories have declined sharply but remain within recent historical norms.** At current rates of consumption and exports, oil inventories imply about 28 days of supply and are on track to fall below their five-year range by end-June. The US is exporting more crude to help offset the global shortfall, but domestic supply is not keeping pace. Dallas Fed President Lorie Logan recently said higher US output is still insufficient to close the gap, underscoring tightening conditions. Abundant US blending components may modestly cushion fuel prices, but that support is limited if inventories keep falling. US gasoline stocks are already below their five-year range, while distillate inventories remain near a 23-year low. Physical supply risks are rising ahead of peak summer demand, with some analysts pointing towards material upside risk to inflation in the coming months.



**Euro area**

**European stocks were little changed this morning, as energy prices held broadly steady and Europe’s limited tech exposure partially shielded it from the global sell off.** Health care (+1.4%), consumer discretionary (+1.3%) and banking (+0.8%) sectors outperformed, while tech stocks weakened, with ASML down 2.1%. Italy underperformed (FTSE MIB -0.3%), while Spain extended gains (Ibex 35 index +0.9%) after Spanish industrial production data for April came in slightly better than expected at 2% y/y (vs. 1.9% expected and prior). The euro gained (0.2%) against the dollar, trading at \$1.1620/€. **European government bond yields were little changed, though 10y BTP-Bund and OAT-Bund spreads rose slightly.** Commerzbank expects yields to be fairly rangebound through the summer before short-term yields decline later in the year as higher oil prices and ECB hikes fade from view.



**Czechia**

**The koruna was little changed against the euro after inflation eased more than expected.** The CPI rose in May by 2.1% y/y (vs 2.3% expected, 2.5% previous), with services inflation slowing to 4.7% y/y. Real monthly wages grew 6.4% y/y (vs 5.2% expected, 4.4% previous). The Czech National Bank left the policy rate at 3.5% last month, restating that policy is still moderately restrictive and that it will not react to the first-round energy impact of the Iran conflict. Banka Creditas expects inflation to stay close to the upper bound of the 1%–3% tolerance range and believes rate hikes remain possible. A May central bank survey showed most economists expected no rate change within one year, while markets are pricing in about 75 bps of rate hikes over the next twelve months.

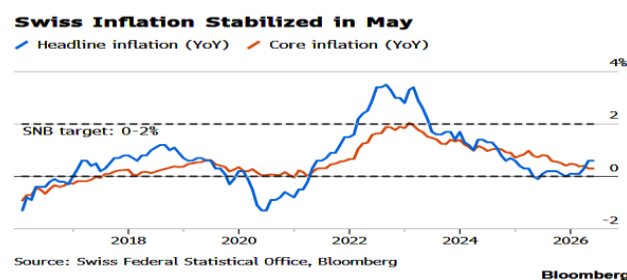
## Sweden

**The krona advanced by 0.4% against the euro (and by 0.6% on the dollar) after a modest upside inflation surprise.** Headline inflation printed at 1.5% y/y in May (vs. 1.3% expected, 0.8% previous), with core inflation printing slightly above expectations at 0.5% y/y (vs 0.3% expected, 0% previous). Both inflation figures remained below central bank forecasts. Analysts at Bloomberg see this giving the Riksbank room to remain on hold, and expect inflation to stay near 1% through November 2026, helped by tax cuts on food, fuel, and transport. Nordea also argued that underlying price pressure remain low. UBS expects inflation to remain below the 2% target in 2026 and 2027, and sees the policy rate unchanged at 1.75% in 2026 unless the currency weakens significantly. **Investors pared back bets for Riksbank rate hikes in 2026**, pricing in 31 bps of rate hikes by November compared to 47 bps yesterday .

## Switzerland

**The franc advanced (0.3%) against the dollar and was little changed against the euro after today's data showed inflation remaining subdued in May.** The CPI rose 0.6% y/y in May, in line with expectations, while core inflation remained at 0.3% y/y, both unchanged from April. Bloomberg noted that a strong franc (+0.6% against the euro MTD, + 1.3% YTD) is offsetting higher energy costs

while the May inflation figures reduce deflation risks. They expect inflation to average around 0.6% in 2026, with the policy rate held at 0% in June. UBS sees inflation remaining near 0.5% through the summer, before rising to 1% by end-2026 or early-2027. They also expect no policy rate hikes before June 2027. Policymakers restated a willingness to intervene to limit franc strength, though without a hard target.



## Japan

**Swap (OIS) markets are implying nearly a 90% probability of a BOJ rate hike in June.** In his final public remarks on Wednesday before the upcoming BOJ policy meeting (on June 15–16<sup>th</sup>), BOJ Governor Ueda signaled a high probability of a rate hike, pointing to the possibility of accelerating inflation as the war in the Middle East drags on. A June rate hike would be the first rate increase since December and would bring the benchmark rate to its highest level since 1995. Market observers are also looking for insights into the likelihood of additional rate increases beyond June as well as the pace of tapering in BOJ's bond purchases. The BOJ has been the biggest buyer of JGBs for the last decade, holding about half of outstanding JGBs. It is currently paring back its purchases by ¥200 bn (\$1.3 bn) per quarter through March next year. **JGB yields rose and the curve steepened**, with 10y and 20y yields rising 2–4 bps to 2.65% and 3.55%, respectively. **The yen edged lower but remains just below the ¥160/\$ level.** JPMorgan noted that investors generally hold bearish outlooks for the yen, particularly as other global central banks are also likely to hike rates. One-week implied volatility on the dollar-yen pair climbed for a second day to 6.44%, the highest since May 15 on a closing basis.

## Emerging Markets

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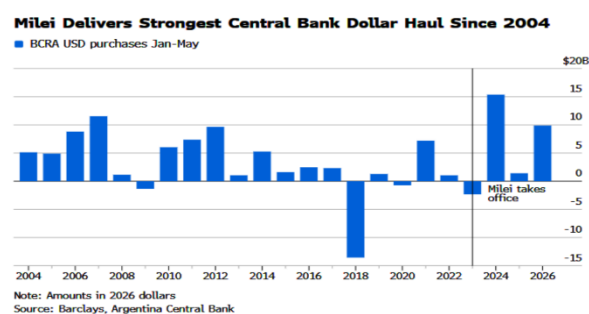
**In EMEA, equities and currencies were mixed this morning.** Equities mostly edged lower in CEE, though Poland outperformed (+0.2%). Equities in South Africa (-0.4%) and Türkiye (-1.2%) were trading lower, while GCC market were mixed with only modest price moves. The Hungarian forint rose 0.4% against the euro (HUF354.73 per euro), while the rand gained against the dollar (+0.6%). Elsewhere, Senegal's dollar bonds remained under pressure, with the 2031 bond trading at 54.7 cents on the dollar, down from a February peak of 68 cents, on political developments.

**In Asia, equities pulled back from record levels, with AI-related stocks underperforming.** Tech-heavy markets in Korea and Taiwan POC were down nearly 2%, while Indonesian stocks also fell 1.7%. Chinese stocks were down 0.7%. Similarly, most regional currencies weakened, with the Korean won falling 1% to its lowest level since 2009. The rupiah fell another 0.5% (see paragraph below).

**In Latin America, most regional markets weakened on Wednesday amid broad risk off sentiment.** Currencies mostly depreciated, led by the Brazilian Real (-1.2%), while local equities came under pressure with the MSCI Latin America falling -2.2%. Local yields traded mixed. Brazil's curve shifted higher with the 10y rate rising 27 bps after stronger-than-expected industrial output spurred the market to price-in a more hawkish policy path. In contrast, Colombia's 10y yield fell 10 bps, extending its rally following the weekend's poll results.

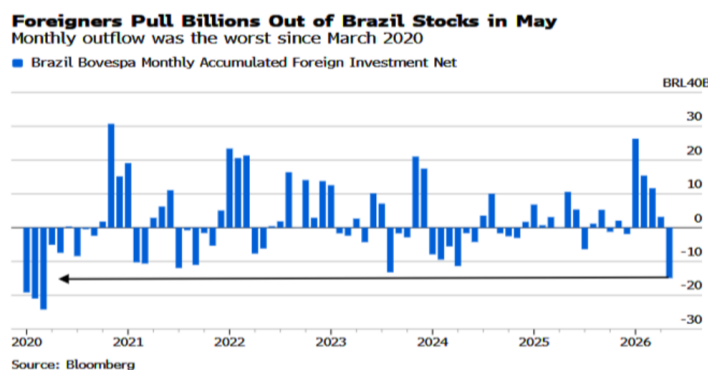
## Argentina

**Argentina's central bank surpassed its dollar purchase target.** The central bank has already exceeded its 2026 target of purchasing USD10 billion, supported by strong export growth, rising energy production, and increased international debt issuance by provincial governments and corporates. Export volumes have reached record highs, with energy exports nearly doubling as higher oil output transformed Argentina from an energy importer into a net exporter. The stronger inflow of foreign exchange has enabled the government to meet debt obligations without returning to international capital markets, helping ease investor concerns over external financing risks. However, Bloomberg analysts observed that net international reserves remain relatively unchanged, as much of the accumulated dollars have been used for debt servicing. Nevertheless, improved prospects for reserve accumulation have supported sovereign bonds and prompted recent credit rating upgrades.



## Brazil

**Nonresident outflows from equities reach highest level in May since March 2020.** Foreign investors pulled about BRL 14.9bn (USD 2.9 bn) out of Brazilian equities in May, marking the sharpest monthly outflow since March 2020 and the first net outflow of the year. The flow reversal ended Brazil's earlier strong run and weighed heavily on the Ibovespa index, which fell for seven consecutive weeks (longest losing streak since 2004), after surging 12.6% in January. UBS analysts linked the shift to profit-taking, portfolio rebalancing, and a broader rotation toward US and AI-related equities amid strong earnings. Rising geopolitical tensions and oil-price shocks have also clouded the outlook for global rates, raising concerns that Brazil's easing cycle may be shorter than expected. Political uncertainty ahead of October election further dampened sentiment. Nonetheless, analysts at XP Inc suggest that flows could rebound once AI enthusiasm normalizes and macro risks ease.



## Indonesia

**Indonesian rupiah extended its fall (-0.5%)** to the psychologically significant level of IDR18,000 per dollar, a record low, while the central bank confirmed that it had intervened in the market. **Bank Indonesia Deputy Governor Damayanti indicated that BI would “increase the intensity of its interventions”** to ensure orderly market functioning and maintain rupiah stability in line with fundamentals. Deputy Governor Damayanti also noted that the rupiah’s weakness has been driven by rising oil prices from the geopolitical tensions in the Middle East, capital outflows, as well as high dollar demand in local markets. BI has intervened in spot, offshore and onshore non-deliverable forward markets, and is purchasing government bonds in the secondary market to help boost the rupiah. Analysts noted that further weakness could spur additional foreign outflows. Foreign investors have already sold \$3.3 bn worth of local stocks this year and another \$653 mn worth of bonds. Indonesia’s 10y government bond yield rose 5 bps to 6.75% on the day and is up more than 60 bps since the beginning of the year.

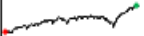
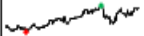


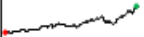






















**Rupiah Breaks Record Lows to Near 18,000 per Dollar**



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## Global Financial Indicators

Last updated: 6/4/26 7:55 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
<b>Equities</b>			%				%
United States		7,554	-0.7	0.4	4.9	26.5	10
Europe		6,066	0.2	0.2	5.2	12.2	5
Japan		67,471	-1.4	4.3	13.4	79.7	34
China		4,905	-0.7	-0.2	2.0	26.5	6
Asia Ex Japan		122	-1.1	3.1	10.7	53.7	31
Emerging Markets		70	-1.2	2.2	9.1	50.3	28
<b>Interest Rates</b>			basis points				
US 10y Yield		4.5	-4	1	2	10	29
Germany 10y Yield		3.0	-3	5	-8	48	16
Japan 10y Yield		2.7	4	-3	16	117	61
UK 10y Yield		4.9	-4	7	-8	28	41
<b>Credit Spreads</b>			basis points				
US Investment Grade		106	1	0	-10	-24	-2
US High Yield		315	3	2	-9	-45	-21
<b>Exchange Rates</b>			%				
USD/Majors		99.2	-0.3	0.2	0.8	0.4	1
EUR/USD		1.16	0.4	-0.1	-0.4	2.0	-1
USD/JPY		159.8	-0.2	0.3	1.6	11.9	2
EM/USD		47.4	0.2	-0.4	0.7	3.8	2
<b>Commodities</b>			%				
Brent Crude Oil (\$/barrel)		95.1	-2.8	2.6	-11.9	49.0	58
Industrials Metals (index)		186.9	-0.5	0.3	6.1	28.9	14
Agriculture (index)		55.9	-0.5	-3.4	-6.3	-0.1	5
Gold (\$/ounce)		4503.3	1.5	0.2	-0.4	33.5	4
Bitcoin (\$/coin)		62348.0	-4.0	-15.6	-22.0	-40.4	-29
<b>Implied Volatility</b>			%				
VIX Index (% change in pp)		16.7	0.7	1.0	-1.6	-0.9	1.8
Global FX Volatility		6.5	0.0	0.1	-0.6	-2.2	-0.4
<b>EA Sovereign Spreads</b>			10-Year spread vs. Germany (bps)				
Greece		69	0	2	-11	-5	10
Italy		74	0	2	-11	-23	4
France		64	0	3	-3	-4	-7
Spain		43	0	1	-5	-16	-1

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

Data source: Bloomberg.

### Emerging Market Financial Indicators

6/4/2026 7:22 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		6.77	0.1	0.0	0.8	6.0	3.2		1.8	1	-1	-4	3	-14
Korea*		1533	-0.9	-2.5	-3.9	-11.0	-6.1		4.1	0	2	31	146	82
Indonesia		18033	-0.5	-1.4	-3.6	-9.7	-7.4		6.8	1	1	6	4	74
India		96	-0.1	-0.1	-0.7	-10.3	-6.2		7.8	4	-6	-10	112	73
Philippines		62	0.2	0.0	-0.1	-9.5	-4.5		6.1	0	0	37	117	142
Thailand		33	-0.3	0.1	-0.2	0.1	-3.5		2.3	0	-6	4	35	58
Malaysia		4.01	-0.3	-0.8	-1.4	5.8	1.2		3.6	2	0	1	6	8
Argentina		1439	-0.9	-1.9	-2.6	-17.7	0.9		0.0	0	0	0	-2917	-3237
Brazil		5.06	-1.2	-0.1	-2.0	11.3	8.1		14.5	31	46	65	34	90
Chile		896	-0.7	-0.1	1.7	5.1	0.5		5.5	1	1	1	-12	17
Colombia		3568	0.3	1.6	4.5	15.1	5.9		12.7	-5	-114	-91	59	-18
Mexico		17.27	0.4	0.2	1.4	11.1	4.3		9.1	0	-7	-11	-27	7
Peru		3.4	-0.2	0.0	2.6	6.0	-1.6		6.0	-4	-69	-70	-44	26
Uruguay		40	-0.3	-0.7	-0.5	2.9	-3.5		7.4	-2	-3	-6	-180	-11
Hungary		304	0.9	0.0	2.6	16.1	7.5		5.4	5	1	-51	-125	-112
Poland		3.64	0.5	-0.4	0.0	2.9	-1.4		5.2	2	-6	-9	14	61
Romania		4.5	0.3	-0.3	-1.6	-2.1	-4.1		6.7	2	6	-33	-75	6
Russia		74.1	-0.4	-4.2	1.3	7.1	6.3							
South Africa		16.2	0.8	0.1	3.5	9.9	2.1		8.8	2	1	-26	-167	21
Türkiye		45.98	0.0	-0.2	-1.7	-14.8	-6.6		35.2	11	-60	77	139	558
US (DXY, 5y UST)		99	-0.3	0.2	0.9	0.5	0.9		4.18	-4	2	9	25	45

	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		4,905	-0.7	-0.2	2.0	26.8	5.9		82	-4	-10	-26	7
Korea*		8,639	-1.8	5.0	24.5	211.8	105.0		23	1	-6	-5	1
Indonesia		5,840	-1.7	-5.9	-16.2	-17.4	-32.5		98	0	-3	-2	12
India		74,360	-1.7	-2.0	-3.8	-8.2	-12.7		78	-1	-11	-30	-12
Philippines		5,912	-0.7	0.9	-0.5	-7.3	-2.3		86	-4	-2	2	11
Thailand		1,595	0.4	2.7	6.8	40.9	26.6						
Malaysia		1,683	0.6	-1.5	-3.2	11.6	0.2		45	0	-5	-35	-14
Argentina		3,164,196	-1.9	3.0	14.3	48.8	3.7		500	-10	-46	-176	-69
Brazil		170,331	-2.2	-3.1	-8.8	25.0	5.7		182	-4	3	-38	-21
Chile		10,360	-1.0	-4.4	-3.3	26.8	-1.2		89	-2	2	-25	-2
Colombia		2,239	-1.1	2.6	3.2	35.6	8.3		216	-28	-25	-113	-61
Mexico		68,286	-0.9	-2.5	1.5	18.8	6.2		199	-10	1	-93	-18
Peru		3,286	-3.2	-1.2	6.8	75.0	27.2		89	-4	-4	-40	-20
Hungary		133,400	-1.0	1.5	-0.1	38.0	20.1		110	-4	-1	-42	-29
Poland		136,725	0.0	0.5	5.1	36.4	16.6		91	-2	-1	-20	0
Romania		29,854	0.2	-2.1	5.9	60.6	22.2		183	2	-11	-71	7
South Africa		112,330	-0.6	-2.4	-2.0	17.4	-3.0		210	0	-28	-102	-8
Türkiye		13,731	-1.7	-1.1	-4.4	44.9	21.9		260	-10	-13	-51	26
EM total		70	-1.6	2.2	9.1	50.3	27.8		258	6	0	-118	-13

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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