



- Korean stocks slumped lower and the won declined amid continued foreign outflows ([link](#))
- The RBI left its policy rate on hold while announcing measures to boost inflows and rupee ([link](#))
- Mexican peso hedging costs eased to a three-month low ([link](#))
- Private firms have nearly \$1.3 trillion in unused capital ([link](#))
- S&P will keep inclusion rules, preventing faster entry for large firms with upcoming IPOs ([link](#))
- Chile's government proposed increasing issuance above its previous budget plans ([link](#))
- **Special Feature: EM Equity Update (attached)**

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Big Upside NFP Surprise Sends Yields Higher; Semiconductors Weigh on Equities

US Treasury yields surged after the May jobs report came in well above expectations at 172k (vs 88k expected), with 2y yields rising as much as 10 bps. Equity futures were volatile following the release but ultimately were little changed and held onto their early morning losses. **Global equities remained under some pressure as semiconductor stocks were broadly lower for a second consecutive day, with Korean stocks down over 5%.** Japanese equities were also lower (-1.3%), while European stocks rose slightly. The massive rally in semiconductor stocks took a breather, with the Philadelphia Semiconductor Index (SOX) down 2.1% yesterday after gaining over 90% YTD. Elsewhere, S&P released guidance saying it would not change its rules to speed the entry of large upcoming IPOs into its indices, notably including the S&P500. Oil prices were little changed today. Elsewhere, the RBI left its policy rate unchanged at 5.25%. However, it announced various measures to boost foreign inflows, such as reducing taxes on foreign investors and broadening accessibility to government bonds. The rupee was 0.9% higher.

Key Global Financial Indicators

Last updated: 6/5/26 8:41 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		7584	0.4	0	4	28	11
Eurostoxx 50		6095	-0.1	1	4	13	5
Nikkei 225		66588	-1.3	0	6	76	32
MSCI EM		69	-1.2	1	6	48	26
Yields and Spreads			bps				
US 10y Yield		4.53	5.7	9	11	14	36
Germany 10y Yield		3.05	2.2	11	-2	46	19
EMBIG Sovereign Spread		234	1	-3	-7	-95	-19
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.4	0.0	-1	0	3	2
Dollar index, (+) = \$ appreciation		99.4	-0.1	0	1	1	1
Brent Crude Oil (\$/barrel)		95.0	0.0	3	-14	45	56
VIX Index (% change in pp)		15.7	0.3	0	-2	-3	1

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: 6/5/26 8:42 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Oil and Gas			%				%
Brent Crude Oil (\$/barrel)		95	0.0	3	-14	45	56
WTI Crude Oil (\$/barrel)		93	-0.1	6	-9	47	62
Natural Gas (Netherlands TTF)		49	0	6	4	34	82
Breakeven Inflation		%	bps				
USD: 2Y		2.8	0.6	1	-22	7	55
USD: 5Y		2.6	2.4	-1	-13	14	28
USD: 5Y5Y		2.4	1	1	1	-2	-2
EUR: 2Y		2.6	-1.0	-13	-48	93	88
EUR: 5Y		2.3	-1	-1	-23	52	49
EUR: 5Y5Y		2.2	0	1	-2	8	8

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

Nonfarm payrolls gained 172k (vs 88k expected), while previous data was also revised higher by 179k. Labor force participation rate was steady at 61.8%. Job gains occurred in leisure and hospitality, local government, and health care. Unemployment rate remained at 4.3%. Average hourly earnings rose 3.4% y/y as expected. (vs 3.4% y/y expected). **Treasury curve flattened, with 2y yields up as much as 8 bps, while 10y yields rose 5 bps.**

S&P Global will keep its existing eligibility rules for newly public companies, rejecting proposals to speed up entry for mega-cap IPOs such as SpaceX. The decision by S&P Dow Jones Indices preserves the 12-month trading period as well as current profitability and public-float requirements, setting S&P apart from rivals such as Nasdaq and FTSE Russell, which have moved toward faster inclusion. The move follows a consultation earlier this year on whether exceptionally large IPOs should qualify for so-called fast entry. The outcome means SpaceX, which is preparing what could become the largest IPO in history, would not be eligible for inclusion in the S&P 500 until at least one year after its listing. Nasdaq changed its rules recently so SpaceX can join the Nasdaq 100 Index in just 15 trading days, down from a three-month minimum. FTSE Russell adopted a similar approach, shortening the waiting time to five trading days. The push for faster inclusion has raised concerns among investors, who say adding IPOs too quickly could expose passive funds to greater volatility and force them to buy shares before reliable market pricing is fully established.

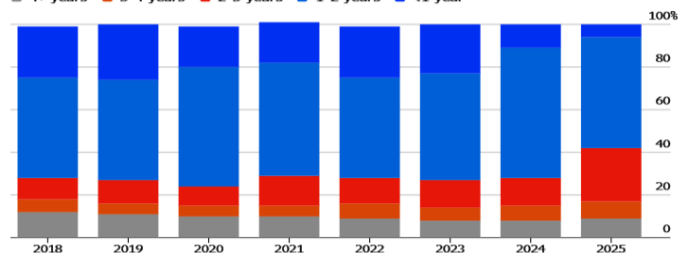
Private market firms are sitting on \$1.28 trillion in unused capital.

Most of the cash was raised from 2020 through 2022, according to the most recent data compiled by PitchBook. The tally includes all kinds of private capital, such as venture capital and real estate, including \$631.8 billion in buyout firms and private credit funds. Fund managers typically have up to five years to invest the money but may need to negotiate with investors to extend this period. Investors are questioning why deadlines should be extended and are concerned that firms may be tempted to rush into risky deals to use up the uninvested capital, potentially

Private Equity Warchests Are Getting Older

Global dry powder for buyouts, by age, as share of total

■ 4+ years ■ 3-4 years ■ 2-3 years ■ 1-2 years ■ <1 year



Note: Figures may not sum to 100% due to rounding. Data as of June 30 of each year. Sources: Preqin, McKinsey.

leading to lower-quality investments and weaker returns. The glut of capital shows that striking deals has proved harder than expected due to intense competition, high valuations, and a series of challenges that have recently shaken the \$11 trillion private equity and credit industries. The amount of unused private equity dry powder that's five to seven years old is near the highest ever. The S&P 500 outperformed private equity by about five percentage points a year over the five years through September 2025 according to Hamilton Lane research.

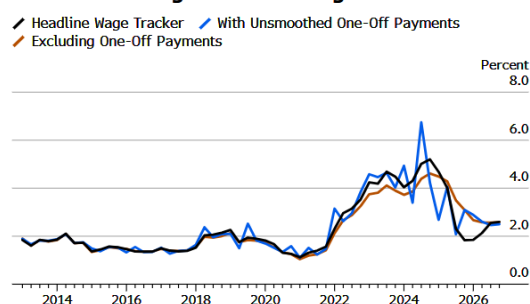
Euro area

European stocks were trading slightly higher this morning (+0.3%) but little changed for the week.

Tech stocks underperformed (-2.3%) amid negative sentiment globally, offset by gains in consumer discretionary stocks. The banking sector gained 0.3%, but is lower for the week and has underperformed YTD. However, Jefferies felt that the outlook for European banks was more positive, highlighting that margins rose to 2.41% in April, up from 2.35% in March as the average lending rate rose to 3.26% and deposit costs stayed stable at 0.85%. They also noted that corporate loan rates rose 5 bps, mortgage rates rose 8 bps, and loan demand was resilient with loan growth at 3.2% y/y in April.

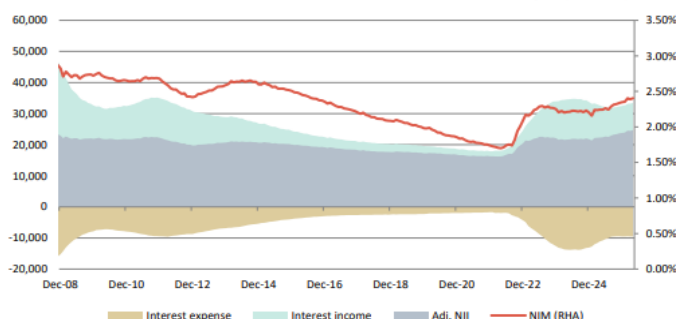
The euro gained 0.2% this morning, though some analysts highlighted downside risks. Bank of New York flagged downside risks to the euro despite a hawkish ECB stance, highlighting the negative growth risks from tighter policy. Bloomberg analysts also argued that slower Eurozone wage growth gives the ECB room to avoid aggressive tightening in response to the energy shock. They noted that compensation per employee growth slowed to 3.4% y/y in Q1, from 3.6% in Q4, below the March ECB staff forecast and the 4.7% growth seen in Q1 2022. Forward-looking ECB wage trackers point to further moderation, with underlying wage growth possibly easing to 2.6% in Q4.

Forward-Looking Indicators Flag Stabilization



Bloomberg Economics

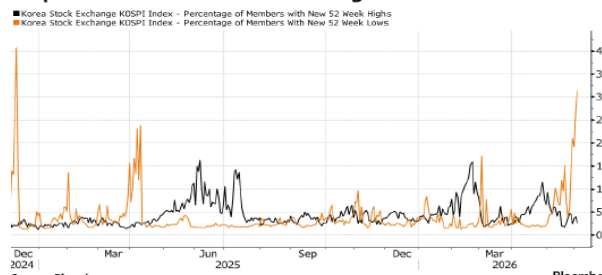
Euro Area - Customers loan NII, components and margin (EUR m)



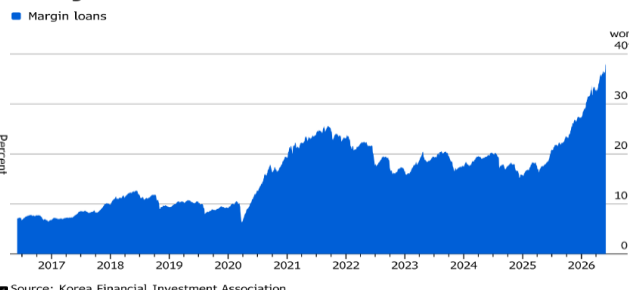
Korea

Foreign equity outflows have continued at a rapid pace, with the won falling 0.5% to a 17-year low and stocks falling 5.5% on Friday. Domestic equities fell as much as 7% amid negative sentiment towards semiconductor stocks, while foreign outflows continued, including another ₩2.4 tn (\$1.6 bn) today and more than \$10 bn this week. Analysts have noted that outflows are in part motivated by investors looking to rebalance portfolios after the massive gains in Korea's market. Analysts from KB Securities expect the won to weaken further as recent declines could amplify selling pressure from levered accounts. Notably, single stock leveraged ETFs tied to Samsung Electronics and SK Hynix, the two stocks that account for about half of the KOSPI's market weight, are amplifying market swings. Based on exchange data, the four most popular single-stock ETFs accounted for 21% of the total ETF turnover in Korea in their first five sessions after their launch on May 27th. **Meanwhile, margin balances reached a record high of ₩38 tn (\$25 bn) on May 29, up from ₩27 tn (\$18 bn) at end-2025.** However, Goldman Sachs raised its target for Korean stocks (KOSPI) to 12,000 from 9,000 last week while Federated Hermes expects the index to reach 10,000.

Kospi Stocks at 52-Week Lows Surge to Late-2024 Level



Leveraged Bets on Korea Stocks Soar to Record



Emerging Markets

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In EMEA, equities were mostly lower this morning, while currencies were trading mixed. Equities in Hungary were outperforming (+0.6%), while CEE currencies mostly gained against the euro. South African equities rebounded but were about 1.6% lower for the week. Similarly, the rand rose 0.3% against the dollar but weakened by about 0.4% for the week.

In Asia, regional EM currencies were mixed, with the rupee outperforming, while equities were mostly lower. Indonesia equities fell over 4%, with foreign outflows continuing amid negative sentiment around policy risk. Chinese stocks fell 1.8% as well. Other regional markets linked to the semiconductor trade were under pressure, with Korean stocks down over 5% and the won down 0.5%. The Malaysian ringgit also weakened (-0.5%), falling for a third day to a two-month low.

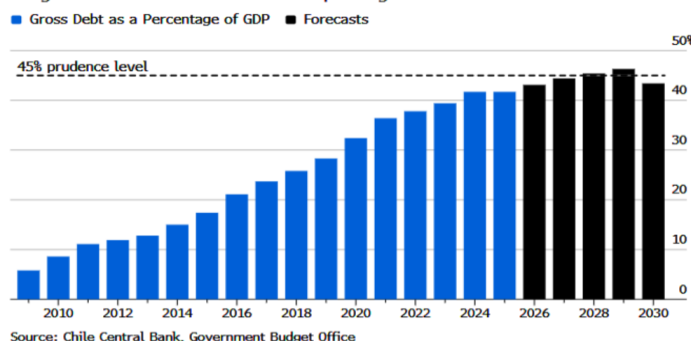
In Latin America, regional currencies and bonds mostly rallied on Thursday, though equities were slightly lower. Currencies mostly appreciated, led by the Mexican Peso (+0.3%) alongside a broadly weaker dollar. Local bonds also rallied, with 10y Mexican (-6 bps), Colombian (-4 bps) and Peruvian (-3 bps) government yields ending the day lower. Markets in Brazil were closed.

Chile

The Chilean government proposed increasing issuance above its previous budget plans. Chilean lawmakers warned that the government’s plan to seek additional funding this year risks undermining the country’s longstanding reputation for fiscal prudence. On Monday, the government announced plans to raise \$6.2 bn, on top of the \$17.4 bn approved for 2026. Bloomberg analysts observed that Tuesday’s treasury auction of 2032 bonds cleared at 5.58%, around 12 bps above comparable notes in the secondary market, while the recent 2056 notes priced 10 bps above prevailing levels. While the analysts cautioned that the secondary market can be illiquid and slower to adjust than the primary market, the auction could suggest that market participants are beginning to take price recent fiscal developments. Analysts at Santiago-based insurer Euroamerica also flagged risk to Chile’s credit ratings, cautioning that rating action could potentially materialize this year.

Chile's Gross Debt to Surpass 45% of GDP

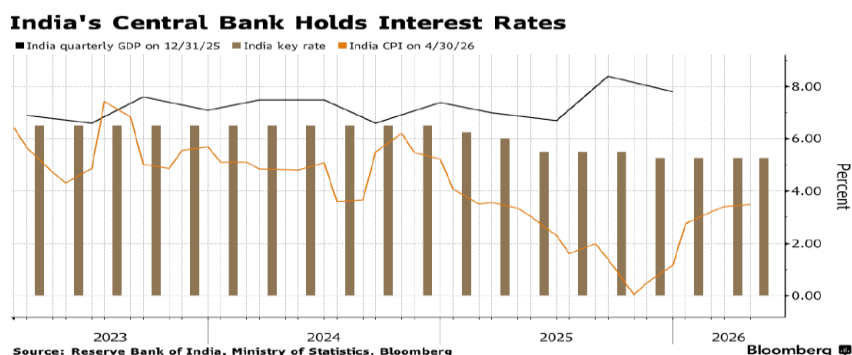
Budget office now sees this measure peaking in 2029 at 46.3%



Source: Chile Central Bank, Government Budget Office

India

The RBI left its policy rate steady while announcing policy measures to boost inflows and support the rupee. As expected, the Reserve Bank of India left the benchmark repurchase rate unchanged at 5.25% and retained the policy stance at neutral. At the same time, the RBI outlined measures to spur foreign inflows and support the rupee, which had fallen to a record low of INR96.83/USD in late May. Measures include cutting taxes on bond investments by foreign institutional investors and broadening access to government bonds. They also announced a swap facility to boost external commercial borrowing by SOEs. The RBI conducted a \$5 bn FX swap on May 26th that received heavy demand, while reportedly conducting both onshore and offshore interventions to support the rupee, according to Bloomberg. According to Kotak Mahindra Bank, a rate hike from the RBI is still possible, with one likely in October, once there is greater clarity on the inflation outlook. The rupee gained 0.9% to fall below INR95/USD, but is down over 5% YTD.



Mexico

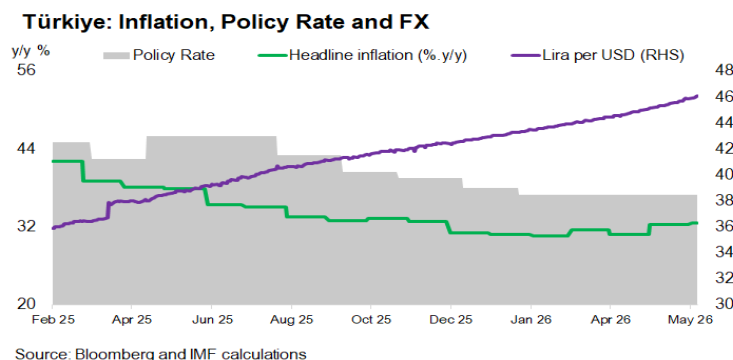
Mexican peso hedging costs ease to a three-month low. Three-month peso risk reversals have compressed to 2.7%, their lowest level since late February, signaling a marked decline in demand for protection against peso depreciation. Bloomberg analysts noted that the extent of the compression suggests that options markets are increasingly discounting the risk of a renewed escalation in Middle East tensions. The analysts observed that still-elevated policy rate and relatively stable domestic political backdrop have continued to support investor appetite for the peso. However, with hedging costs near recent lows and market positioning reflecting a relatively benign outlook, any material deterioration in geopolitical conditions could trigger a sharp repricing. They further cautioned that while Moody's recent sovereign credit rating downgrade and S&P's revision of its outlook to negative have so far had a limited market impact, these developments could contribute to headwinds for the currency.



Türkiye

Annual headline inflation accelerated again in May. Headline inflation rose to 32.6% y/y from 32.4% in the prior month and ahead of consensus expectations of 32.5%. However, monthly inflation slowed to 1.7% m/m from 4.2% m/m in April. Bloomberg analysts argued that today's data combined with further upside

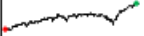

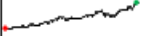

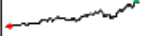




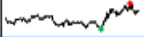






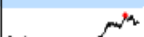




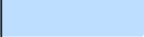

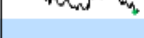
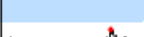


risks to inflation from second round effects support the case for an extended hold in policy rates. As a result, they expect policymakers to keep interest rates unchanged at 37% at next week's meeting, in line with expectations. Following today's data, Turkish equities traded lower, led by declines in banking sector stocks. The lira was fractionally weaker against the dollar to trade at 46.08/\$ while local currency government bond yields were little changed. Separately, Bloomberg reported that investment firm Algebris Investments is buying default protection on Turkish bonds, as they argued that investors are "not adequately compensated for what could happen [to Türkiye's economy] in the next couple of years." Specifically, Algebris cited concerns over the country's current account deficit, the impact of higher energy prices, and low foreign reserves that raise the risk of dollarization. Foreign holdings of local currency bonds have declined 40% since late February.



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: 6/5/26 8:41 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		7,542	0.4	-0.5	3.9	27.0	10
Europe		6,095	-0.1	0.7	3.8	12.6	5
Japan		66,588	-1.3	0.4	6.2	76.4	32
China		4,817	-1.8	-1.5	-1.1	24.3	4
Asia Ex Japan		121	-1.3	1.4	7.1	51.0	29
Emerging Markets		69	-1.2	0.7	5.7	47.7	26
Interest Rates			basis points				
US 10y Yield		4.5	6	9	11	14	36
Germany 10y Yield		3.0	2	11	-2	46	19
Japan 10y Yield		2.7	0	1	15	121	61
UK 10y Yield		4.9	2	10	-15	30	44
Credit Spreads			basis points				
US Investment Grade		104	-1	-1	-9	-26	-3
US High Yield		316	0	1	-8	-42	-20
Exchange Rates			%				
USD/Majors		99.4	-0.1	0.4	0.9	0.6	1
EUR/USD		1.16	0.0	-0.4	-0.7	1.5	-1
USD/JPY		160.0	0.0	0.5	1.3	11.5	2
EM/USD		47.4	0.0	-0.7	-0.1	3.2	2
Commodities			%				
Brent Crude Oil (\$/barrel)		95.0	0.0	4.3	-9.4	48.0	58
Industrials Metals (index)		185.8	-0.7	0.0	3.6	27.8	14
Agriculture (index)		55.0	-0.3	-3.9	-7.7	-2.2	3
Gold (\$/ounce)		4446.9	-0.6	-2.1	-2.4	32.6	3
Bitcoin (\$/coin)		61856.9	-2.7	-16.0	-24.2	-38.5	-29
Implied Volatility			%				
VIX Index (% change in pp)		15.7	0.3	0.4	-1.7	-2.8	0.8
Global FX Volatility		6.5	0.0	0.1	-0.5	-2.3	-0.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		70	1	4	-5	-2	11
Italy		75	1	4	-5	-19	6
France		65	0	4	0	-3	-6
Spain		43	0	1	-2	-15	0

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

Emerging Market Financial Indicators

	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		4,817	-1.8	-1.5	0.2	24.2	4.0		83	-3	-8	-27	8		
Korea*		8,161	-5.5	-0.3	17.6	190.2	93.6		23	1	-6	-5	1		
Indonesia		5,595	-4.2	-8.7	-20.7	-21.3	-35.3		101	1	4	-6	15		
India		74,243	-4.2	-0.7	-3.6	-8.8	-12.9		80	-2	-8	-28	-10		
Philippines		5,938	0.4	2.9	0.7	-6.9	-1.9		88	-4	5	1	13		
Thailand		1,583	-0.8	0.7	6.2	38.7	25.6								
Malaysia		1,693	0.6	-0.3	-3.1	11.5	0.8		47	2	-2	-32	-12		
Argentina		3,174,511	0.3	2.8	15.0	49.4	4.0		494	-11	-70	-202	-75		
Brazil		170,331	-2.2	-3.1	-8.8	25.0	5.7		181	-3	3	-43	-22		
Chile		10,304	-0.5	-5.4	-3.6	26.5	-1.7		88	-3	1	-32	-3		
Colombia		2,228	-0.5	2.4	2.6	34.6	7.7		211	-35	-34	-123	-66		
Mexico		67,392	-1.3	-2.1	-1.7	16.6	4.8		198	-8	-1	-95	-19		
Peru		3,272	-0.4	-2.2	5.8	70.5	26.6		87	-3	-6	-48	-22		
Hungary		135,166	1.2	0.4	-0.6	40.0	21.7		109	-6	-1	-49	-30		
Poland		135,602	-0.8	-0.5	4.3	35.3	15.7		92	-2	3	-24	1		
Romania		29,897	0.2	-1.2	4.8	58.9	22.3		175	-9	-17	-75	-1		
South Africa		113,055	0.5	-1.4	-1.7	17.3	-2.4		212	1	-21	-99	-6		
Türkiye		13,801	-0.5	1.0	-4.8	45.5	22.6		261	-11	-7	-54	27		
EM total		69	-1.7	0.7	5.7	47.7	26.3		257	5	0	-122	-14		

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

*Not an EM Under IMF Classification.

6/5/2026 7:24 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	0.9	6.1	3.3		1.8	-1	-1	-5	3	-15
Korea*		1539	-0.5	-2.3	-4.2	-11.9	-6.5		4.2	9	9	36	144	91
Indonesia		18020	0.1	-0.8	-3.3	-9.7	-7.4		6.9	10	11	15	14	84
India		95	0.9	0.1	0.4	-9.6	-5.3		7.6	-19	-19	-29	93	54
Philippines		61	0.2	0.2	0.1	-9.5	-4.3		6.1	4	4	22	121	146
Thailand		33	0.1	-0.3	0.3	-0.3	-3.4		2.3	2	-5	6	42	60
Malaysia		4.03	-0.4	-1.6	-1.7	4.9	0.8		3.6	2	2	0	6	8
Argentina		1437	0.1	-1.9	-2.5	-17.5	1.0		0.0	0	0	0	-2896	-3237
Brazil		5.06	-1.2	-0.1	-2.0	11.3	8.1		14.5	0	45	49	36	90
Chile		896	0.0	-0.5	1.7	4.6	0.5		5.5	1	4	-2	-8	18
Colombia		3562	0.2	2.2	4.7	15.4	6.1		12.6	-6	-105	-107	55	-24
Mexico		17.28	0.0	0.5	0.6	10.9	4.2		9.0	-3	-5	-18	-22	5
Peru		3.4	0.3	0.2	2.9	6.1	-1.3		6.0	-4	-71	-74	-46	22
Uruguay		40	0.3	-0.4	-0.2	3.3	-3.3		7.4	2	-3	-4	-174	-8
Hungary		304	0.2	-0.3	1.6	15.7	7.5		5.4	-2	0	-53	-126	-114
Poland		3.64	0.3	-0.2	-0.1	2.9	-1.3		5.2	0	-7	-12	15	61
Romania		4.5	0.4	-0.1	-0.7	-2.2	-3.9		6.7	-4	3	-37	-74	3
Russia		73.4	0.0	-3.4	3.1	4.7	7.3							
South Africa		16.3	0.3	-0.3	2.5	9.0	1.8		8.9	5	9	-19	-149	25
Türkiye		46.08	-0.1	-0.5	-1.9	-14.8	-6.8		34.9	-27	-88	49	113	530
US (DXY; 5y UST)		99	-0.2	0.3	0.8	0.5	0.9		4.18	-1	4	10	19	45

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