



- **Commodity markets remain volatile as crisis continues** ([link](#))
- **European and Asian markets are taking a bigger hit than the US** ([link](#))
- **Japanese stocks erase post-election gains as selloff intensifies** ([link](#))
- **Indian markets under pressure as oil prices surge** ([link](#))
- **Rising energy prices could pause Turkish easing cycle** ([link](#))
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Global markets face uncertain outlook

There was a massive selloff in Asia overnight, with Japan down 8% from the Friday close and Korea's KOSPI down more than 18% since Friday. India is also under pressure and its currency is at an all-time low against the dollar. However, this morning, markets in Europe stabilized on news that the belligerents in the Middle Eastern conflict could be considering negotiations. However, US equity index futures gave up early gains on news that the proposed new global tariff rate of 15% could take effect this week. However, US markets have fared better than most others and are down only moderately from prewar levels. Oil prices were up in early morning trading today, although natural gas prices fell back. Treasury, bund and gilt yields remain elevated as inflation fears persist. The dollar has retained its strength against most major currencies. All eyes remain focused on the Middle East, where the fighting continues.

Key Global Financial Indicators

Last updated: 3/4/26 7:58 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		6817	-0.9	-1	-1	18	0
Eurostoxx 50		5852	1.4	-5	-2	9	1
Nikkei 225		54246	-3.6	-7	1	45	8
MSCI EM		58	-5.0	-7	-1	35	7
Yields and Spreads			bps				
US 10y Yield		4.08	1.7	2	-20	-17	-9
Germany 10y Yield		2.76	0.6	5	-10	26	-10
EMBIG Sovereign Spread		265	8	18	23	-66	12
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		46.9	0.6	-2	-1	6	1
Dollar index, (+) = \$ appreciation		98.8	-0.2	1	1	-7	1
Brent Crude Oil (\$/barrel)		82.2	1.0	16	18	16	35
VIX Index (% change in pp)		23.2	-0.4	5	5	0	8

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

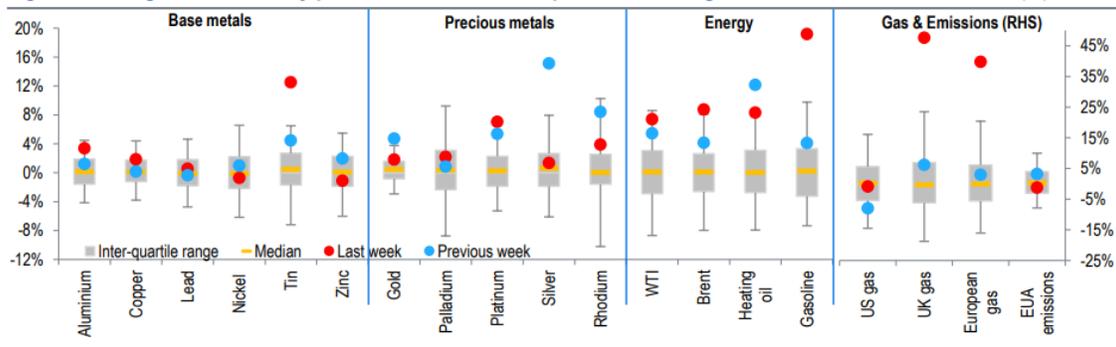
Mature Markets

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Commodity Markets

Commodity markets remain volatile as the crisis continues. Brent briefly crossed \$85 intraday yesterday, a 13-month high, and remains elevated at \$82.50. This is well below the level close to \$130 seen when the Ukraine invasion began, but Brent is still up over 30% year-to-date, which could have a major impact on the global economy if it stays at this level for an extended period of time. Qatar declared force majeure after being attacked on Monday, which takes 20% of global natural gas production out of the supply chain, sending European TTF natural gas futures prices higher by 40% above €54, although this remains well below the €340 level seen during the late winter of 2022 (the futures price has now fallen below €50). The appreciation of the dollar has pushed gold prices down from recent highs. Bank analysts are raising their forecasts for the oil market; for example, Standard Chartered raised their Q1 2026 Brent target to \$74, up from \$62. An escalation of the conflict could push commodity prices even higher.

Figure 1: Changes in commodity prices in latest week and previous week against their historical distribution (%)



Source: Commodity exchanges, Standard Chartered Research

Other Global Markets

Markets in Europe have come under greater pressure because of their vulnerability to high oil and gas prices. The Euro Stoxx 600 index is down 4.7%. **Certain Asian markets were also hard hit for the same reason, with the Korean KOSPI down over 18% and the Nikkei down 8%.** Market volatility has risen for both stocks and bonds, and the dollar is stronger against most major currencies, especially emerging markets. The cross-currency basis for the dollar versus the euro and the yen has widened due to higher demand for dollar funding in the midst of the crisis. US markets have held up reasonably well as the US is a net energy exporter and is less vulnerable to higher oil prices, with local stocks only slightly lower.

Selected Market Moves

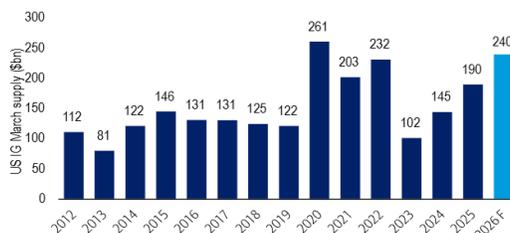
Source: Bloomberg

Variable	Level on Friday at 4pm EST	Level at 8am 3/4/26
10-year Treasury	3.94%	4.08%
10-year Bund	2.64%	2.77%
VIX	19.8	23.01 (+3.01 points)
Brent	\$72.48	\$82.50 (+13.8%)
TTF natural gas	€31.60	€49.10 (+55%)
Euro	1.1812	1.1646 (dollar 1.5% stronger)
Yen	156.01	157.66 (dollar 1.1% stronger)
S&P 500	6879	6841 (-0.55%)
Euro Stoxx 600	634	612 (-3.5%)
Nikkei	58850	54245 (-8%)
Kospi	6244	5093 (-18.4%)

United States

The crisis has delayed the launch of many new corporate bonds. Interest rate volatility has increased, with the MOVE index closing at a three-month high of 73 last night. Markets were expecting heavy new supply of new US corporate bonds in March, with Bank of America expecting \$240 bn of new issuance this month. If realized, this would be the largest single month of issuance since the Covid year. March is usually the busiest month of the year for new issuance in the US market. Many companies have postponed their deal launches, hoping for a reduction in volatility in the next few days.

Exhibit 1: We expect \$240bn for March 2026 supply
That would be the highest volume for the calendar month of March since \$261bn was issued in 2020 during the Covid pandemic.



Source: BofA Global Research

BofA GLOBAL RESEARCH

February saw \$181 bn of new issuance. The corporate bond market is expected to be especially busy in 2026 because of high issuance from non-financial corporations to fund mergers and acquisitions (M&A), to re-leverage, and AI-related investments. Bank of America highlights the funding needs of the hyperscalers, who have already issued \$57 bn so far and are projected to need another \$140 bn this year. M&A-related issuance reached \$36 bn in February, and more large new deals are expected. Issuance is also being helped by lower interest rates, which have led corporate treasuries to accelerate their funding programs to take advantage of the lower funding costs. Both absolute yields and credit spreads are at low levels compared to recent years. However, the latest market volatility could close this window of opportunity.

Exhibit 7: IG yield is near the low end of the 3yr range

IG index yield is currency at 3rd percentile since 2023.



Source: ICE Data Indices, LLC

BofA GLOBAL RESEARCH

Exhibit 8: IG spreads remain tight

The US IG index spread is near the tight end of the range since 2023.



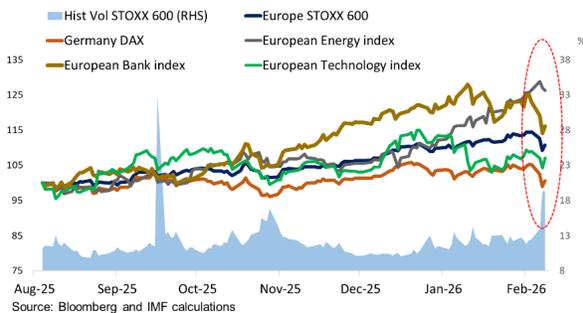
Source: ICE Data Indices, LLC

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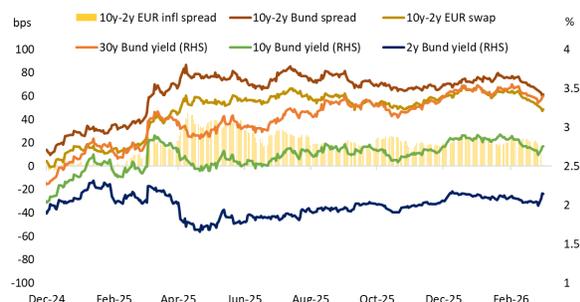
Euro area

European equities tried a rebound this morning, mirroring US equity-index futures, **on headlines of Iranian attempts to start negotiations with the US to end to the war**. The Stoxx 600 index gained 1.5%, with all sectors in the green save for energy stocks, which edged lower (-1.4%) as the natural gas price retreated in Europe (Dutch TTF future contract) by -5% to €49.10/MWh. **Eurozone government bonds (EGBs) were little changed this morning**, with the yield curve fractionally lower on the front-end (2y Bund yield -2bps at 2.13% and 10y yield little changed at 2.76%). Southern EGBs outperformed Bunds at the margin, with the OAT-Bund spread a tad lower at 62bps and the BTP-Bund spread 1bp lower at 69bps.

European Stocks (Aug 2025= 100)

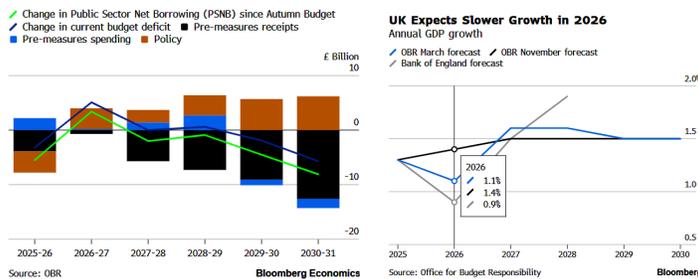


Bund yields, and swap rates and inflation swaps curves



United Kingdom

Yields on UK gilts edged marginally lower across tenors this morning (2y yield at 3.73%, 10y at 4.48%), with the pound sterling regaining 0.1% on the dollar at around \$1.34/£. Yesterday's spring update showed fiscal headroom (against the rule to cover day-to-day expenditure with tax revenues in 2029/30) increased to £23.6bn, up from £21.7bn estimated in November 2025. The Office for Budget Responsibility revised UK GDP growth for 2026 to 1.1% from prior 1.4%, while forecasts for 2027/28 were raised to 1.6%; Inflation is expected to average at 2.3% in 2026 and fall to the Bank of England's 2% target in 2027. Bank of America notes that public sector borrowing is projected to fall from 5.2% of GDP in 2024/25 to 4.3% in 2025/26 and to 1.6% 2030/31, warning that forecasts were finalized before recent repricing after geopolitical developments, with 1pp rise in Bank Rate and gilt yields potentially raising borrowing by about £15bn in 2030/31. Deutsche Bank, UBS, and Nomura also highlight that, while borrowing projections are around £3bn lower per year between 2025/26 and 2030/31, higher energy prices could weaken growth and reduce fiscal headroom.



Japan

The stock market fell (Nikkei 225: -3.6%) for a third session as concerns over a prolonged Middle East conflict continued to drive risk reduction, wiping out the post-election gains. Banks and trading houses led declines amid profit-taking in positions with sizable gains. Portfolio managers noted that the selloff has been exacerbated by the lack of protection from traditional safe havens such as government bonds. Strategists described the move as a gradual risk-reduction phase, as the previous rally was heavily driven by foreign inflows and overseas investors now appear to be trimming exposure incrementally. They highlighted that the risks of a sharper unwind have risen, with the Nikkei VIX surging +77% to 53.1, the highest since April 2025. BOJ Governor Ueda warned that Middle East tensions could materially affect the economy via higher energy prices and financial market channels, signaling limited appetite for near-term rate hikes on the March 19 policy meeting. The yen strengthened +0.2% after verbal intervention from Finance Minister Katayama.

Topix Index Erases All Gains Posted After Feb. 8 vote



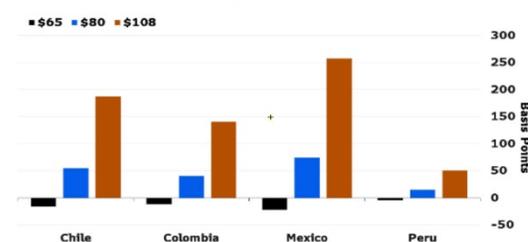
Emerging Markets [back to top](#)

EMEA equities were trading mixed in early morning trade on headlines that the US will ensure the safe passage of oil through the Strait of Hormuz. Stocks declined by as much as 5% in Dubai as trading resumed, while equities in Qatar (+0.8%) and Saudi Arabia (+1.9%) rose, recovering some of their recent losses. **EM Asian stocks extended sharp losses (EM Asia: -5%) as escalating Middle East tensions continued to weigh on sentiment.** Thailand underperformed (SET: -5.4%), with a 30-minute trading halt triggered earlier after the index plunged -8%. Indonesian stocks (JCI: -4.6%) were further weighed by reports that Fitch revised Indonesia's outlook to negative, following a similar downgrade by Moody's. EM Asian currencies were mixed against the dollar. **The sell-off in LATAM markets intensified as well.** Regional equities saw notable declines. The currencies also weakened against the US dollar, led by the Chilean peso, which fell by 2.6%, while other major currencies depreciated by 1.3–1.9%.

Oil Prices and Latin America

The increase in oil prices would have a divergent impact on Latin American economies. On the one hand, Colombia and Mexico are expected to receive additional fiscal revenues equivalent to around 0.4–1.2% of GDP. On the other hand, higher fuel prices could put upward pressure on prices and influence monetary policy. This is particularly relevant in Colombia, where inflation has been rising, prompting the central bank to raise policy rates by 100 basis points in January this year. In contrast, the implications of higher fuel prices for the monetary policies of other countries, such as Peru, Chile, and Mexico, are expected to be more manageable.

Direct Inflation Impact From Higher Oil Prices



India

The Indian rupee weakened -0.9% against the dollar, the most in 10 months, to a record low (92.3/\$), while stocks (SENSEX: -1.4%) and bonds (10y: +3.7bps to 6.71%) also declined amid economic concerns from the escalating Middle East conflict. Analysts warned that higher crude prices pose a direct risk to the rupee, given India's heavy reliance on energy imports, and could reignite inflation while further widening the current account deficit. Citi estimates that a 10% rise in oil prices could add 30bps to inflation, shave 15 bps off growth, and a \$10/bl increase in oil prices could widen the current account deficit by 0.3–0.4% of GDP. Risks are amplified by India's dependence on oil shipments via the Strait of Hormuz and strong trade links with the Middle East. The RBI reportedly intervened via dollar sales and is expected to step in further if FX pressures intensify.

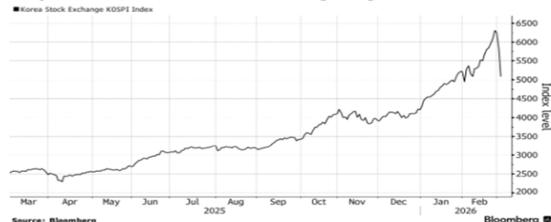
Rupee at New Low, Bond Yields Jump as Oil Spikes



Korea

The stock market plunged -12.1%, which triggered a 20-minute trading halt in the early session, following a -7.2% drop yesterday, the worst two-day decline since 2008. Analysts noted the selloff was amplified by a record build-up of margin debt accumulated during the AI-driven rally recently, which flipped into forced liquidations as prices fell sharply. Bloomberg reported that foreign investors offloaded more than KRW 12tn (\$8bn) of equities over the past two sessions. The stock volatility gauge (VKOSPI) jumped to 80.4, the highest since 2008. Financial Services Commission Chairman Lee Eog-Weon indicated that the authorities are closely monitoring markets and stand ready to deploy the KRW

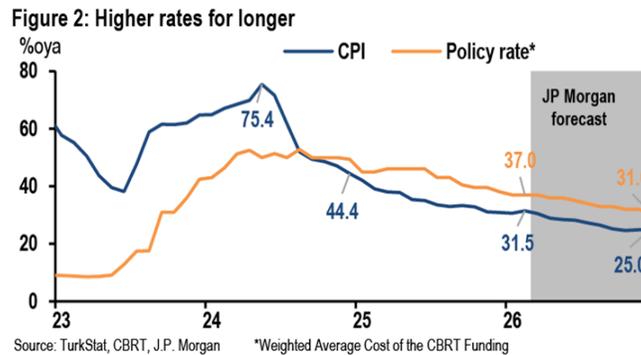
Kospi in Freefall After World-Beating Surge



100tn market-stabilization fund in case of excessive market volatility. Nonetheless, Goldman Sachs expects robust chip exports to outweigh oil-price headwinds to Korea's current account, with inflation pass-through moderated by KRW stability and ample energy reserves. Today, the won rebounded (+1.1%) after weakening as much as -4% against the dollar yesterday.

Türkiye

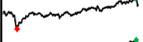
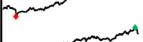
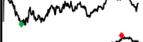
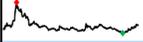
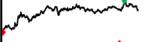
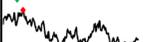
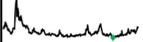
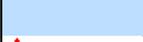
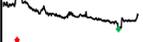
Geopolitical tensions and rising energy prices may pause Türkiye's easing cycle. Analysts at JP Morgan believe policymakers will likely hold rates unchanged at 37.0% at the upcoming March 12 meeting, where previously a rate cut had been anticipated. According to their estimates, a \$10 increase in Brent crude oil prices raises CPI inflation by 1.2ppts over the course of one year in Türkiye. JP Morgan expects the CBRT to resume rate cuts in April and project a 100bp cut at that meeting, although they see risks tilted towards an extended pause in policy rates until June 11. Similarly, analysts at Deutsche Bank argue that the persistence of the oil price shock may present upside risks to its year-end policy rate forecast of 30.0%. Turkish equities were trading higher in early morning trade (+0.5%) on headlines that the US will ensure the safe passage of oil through the Strait of Hormuz, and the lira was relatively unchanged against the dollar at 43.95/\$.



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), Zixuan Huang (Economist – EP), Harrison Kraus (Research Analyst), 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

3/4/26 8:00 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		6,817	-0.9	-1.1	-1.0	18.0	0
Europe		5,852	1.4	-5.2	-2.0	8.6	1
Japan		54,246	-3.6	-7.4	0.8	45.0	8
China		4,603	-1.1	-2.8	-1.5	17.9	-1
Asia Ex Japan		100	-4.9	-6.3	0.3	35.4	7
Emerging Markets		58	-5.0	-6.7	-0.6	35.3	7
Interest Rates			basis points				
US 10y Yield		4.1	2	2	-20	-17	-9
Germany 10y Yield		2.8	1	5	-10	26	-10
Japan 10y Yield		2.1	-2	-2	-14	70	5
UK 10y Yield		4.4	-3	13	-10	-9	-4
Credit Spreads			basis points				
US Investment Grade		118	-1	3	13	-5	10
US High Yield		362	2	9	42	21	25
Exchange Rates			%				
USD/Majors		98.8	-0.2	1.2	1.3	-6.5	1
EUR/USD		1.16	0.1	-1.5	-1.5	9.4	-1
USD/JPY		157.3	-0.3	0.6	0.3	5.0	0
EM/USD		46.9	0.6	-2.1	-1.3	6.0	1
Commodities			%				
Brent Crude Oil (\$/barrel)		82.2	1.0	16.3	19.6	21.3	36
Industrials Metals (index)		172.2	1.9	-0.4	2.3	17.6	5
Agriculture (index)		54.3	-0.2	0.2	2.2	-4.6	2
Gold (\$/ounce)		5168.8	1.6	0.1	4.1	77.1	20
Bitcoin (\$/coin)		71338.2	4.9	8.9	-1.8	-18.5	-19
Implied Volatility			%				
VIX Index (% change in pp)		23.2	-0.4	5.2	4.5	-0.4	8.2
Global FX Volatility		8.1	0.0	0.8	0.7	-0.4	1.2
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		68	-1	8	8	-15	9
Italy		69	-1	9	8	-44	0
France		62	0	7	3	-11	-9
Spain		45	-1	4	8	-19	1

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

Emerging Market Financial Indicators

3/4/2026 8:01 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							% p.a.						
	(+) = EM appreciation													
China		6.90	0.3	-0.5	0.7	5.3	1.3		1.9	0	1	-3	9	-7
Indonesia		16892	-0.1	-0.5	-0.7	-2.6	-1.3		6.3	4	8	13	-52	27
India		92	-0.7	-1.3	-1.9	-5.3	-2.5		7.3	7	9	2	43	26
Philippines		59	-0.2	-1.8	0.7	-1.3	0.6		5.0	12	15	16	-14	31
Thailand		32	0.2	-1.4	0.6	6.9	-0.1		1.8	0	-15	-20	-46	8
Malaysia		3.94	0.1	-1.3	-0.3	13.3	3.0		3.5	-2	0	-5	-27	1
Argentina		1413	0.0	-1.1	2.4	-24.7	2.7		32.4	53	-120	-137	340	5
Brazil		5.22	1.0	-1.8	0.5	12.7	5.3		13.4	18	29	22	-195	-20
Chile		895	1.1	-4.3	-3.7	5.6	0.6		5.2	4	3	3	-55	-9
Colombia		3791	0.3	-2.5	-3.8	9.7	-0.4		14.0	6	24	134	251	109
Mexico		17.59	0.7	-2.4	-1.4	17.1	2.4		8.8	12	17	3	-75	-19
Peru		3.4	-1.6	-1.8	-1.7	8.0	-1.6		6.5	49	65	66	3	68
Uruguay		39	0.9	-0.8	-0.2	9.7	1.0		7.1	1	-2	-19	-258	-41
Hungary		331	0.6	-4.1	-2.9	13.3	-1.2		6.5	15	19	18	-2	-7
Poland		3.66	0.9	-2.4	-2.3	7.1	-1.9		4.6	19	32	23	-91	6
Romania		4.4	0.3	-1.5	-1.4	7.0	-1.0		6.4	22	25	-2	-85	-28
Russia		77.6	0.0	-1.0	-1.6	15.6	1.4							
South Africa		16.3	1.1	-3.1	-1.7	13.1	1.3		8.6	21	37	23	-205	0
Türkiye		43.97	0.0	-0.2	-1.1	-17.1	-2.3		31.0	28	75	151	294	142
US (DXY; 5y UST)		99	-0.2	1.2	1.3	-6.5	0.5		3.65	1	2	-18	-40	-8

	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		4,603	-1.1	-2.8	-1.5	17.9	-0.6		111	1	12	12	36	
Indonesia		7,577	-4.6	-9.0	-6.5	16.0	-12.4		115	9	21	5	29	
India		79,116	-1.4	-3.8	-5.0	7.3	-7.2		97	8	15	-5	7	
Philippines		6,308	-2.1	-4.7	-1.2	3.0	4.2		93	7	15	-7	18	
Thailand		1,385	-5.6	-7.1	2.9	14.7	9.9							
Malaysia		1,698	-0.8	-2.8	-1.9	8.6	1.1		68	5	11	-13	9	
Argentina		2,597,025	-0.2	-7.2	-13.9	17.7	-14.9		585	34	75	-164	16	
Brazil		183,105	-3.3	-4.3	0.8	49.1	13.6		205	5	13	-38	2	
Chile		10,347	-2.9	-7.1	-9.4	41.5	-1.3		99	6	9	-32	8	
Colombia		2,149	0.1	-9.8	-9.7	37.4	3.9		300	35	35	-36	23	
Mexico		68,436	-3.0	-3.5	-0.4	30.6	6.4		224	12	15	-94	7	
Peru		3,442	-5.0	-1.5	1.6	107.3	33.2		121	7	15	-30	12	
Hungary		122,517	1.5	-3.6	-8.1	41.7	10.3		149	15	18	-11	10	
Poland		122,498	2.0	-4.1	-4.0	37.2	4.5		100	12	9	-23	9	
Romania		27,039	1.2	-6.8	-1.2	58.0	10.6		183	21	22	-76	7	
South Africa		121,943	1.7	-3.8	0.9	40.6	5.3		251	18	25	-66	33	
Türkiye		12,974	0.3	-6.1	-6.6	31.1	15.2		284	27	41	-2	50	
EM total		58	0.4	-6.7	-0.6	35.3	6.8		282	17	18	-96	10	

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

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