GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, MAY 13, 2026

LEAD EDITOR: FABIO CORTES

- **US inflation expectations and short-end rates continue to shift after April's CPI print** (link)
- **European investment grade credit market shows limited reaction to higher oil prices** (link)
- **Long-end JGB yields set another multi-decade high** (link)
- **Chinese markets steady ahead of Trump-Xi meeting** (link)
- **Hard-currency issuance by Mexican corporates surges to post-2021 highs** (link)
- **Romania's economy contracts more than expected** (link)

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Market Sentiment Improves as the Oil Rally Hits Pause

Global equities recovered and tech outperformed as dip buyers entered the market in hopes that the record-breaking rally in chipmakers has further room to run. The rally was supported by Brent futures taking a breather after rising more than +8% over the past three days. Tech-heavy Nasdaq 100 futures advanced +0.7% alongside a rebound in South Korea's Kospi index (+3%). Shares in AI-global leader Nvidia gained +2.4% in US pre-market trading on news co-founder Jensen Huang joined President Trump on his visit to China. Chinese markets were steady ahead of this important summit. In fixed income, US Treasuries and euro-area sovereign bond yields were little changed as the oil rally hit pause. In Japan, JGB yields continued to rise, led by the long-end, with the 20-year yield surpassing the previous multi-decade high of 3.46% set in January. Elsewhere, the Indonesian rupiah (+0.3%) rebounded after Bank Indonesia reiterated its commitment late on Tuesday to defend the currency via "smart intervention" and FM Sadewa said the government is set to use all available measures to help stabilize the bond market.

Key Global Financial Indicators

Last updated: 5/13/26 8:04 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7401	-0.2	2	7	26	8
Eurostoxx 50		5834	0.4	-3	-1	8	1
Nikkei 225		63272	0.8	6	9	66	26
MSCI EM		66	-3.0	1	8	43	20
Yields and Spreads					bps		
US 10y Yield		4.47	0.3	12	17	0	30
Germany 10y Yield		3.10	0.0	10	1	42	25
EMBIG Sovereign Spread		235	1	-5	-18	-93	-18
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		47.7	0.0	0	0	5	2
Dollar index, (+) = $ appreciation		98.5	0.2	0	0	-3	0
Brent Crude Oil ($/barrel)		107.5	-0.2	6	8	61	77
VIX Index (%, change in pp)		17.9	-0.1	0	-1	0	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: 5/13/26 8:04 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		108	-0.2	7	9	62	77
WTI Crude Oil ($/barrel)		102	-0.1	7	3	60	78
Natural Gas (Netherlands TTF)		47	0	6	0	29	74
Breakeven Inflation		%	bps				
USD: 2Y		3.1	-1.0	16	21	31	79
USD: 5Y		2.8	0.0	11	18	22	44
USD: 5Y5Y		2.5	1	4	5	-1	1
EUR: 2Y		3.0	3.3	17	29	138	134
EUR: 5Y		2.5	3	12	21	70	72
EUR: 5Y5Y		2.2	1	3	4	8	12

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

Mature Markets

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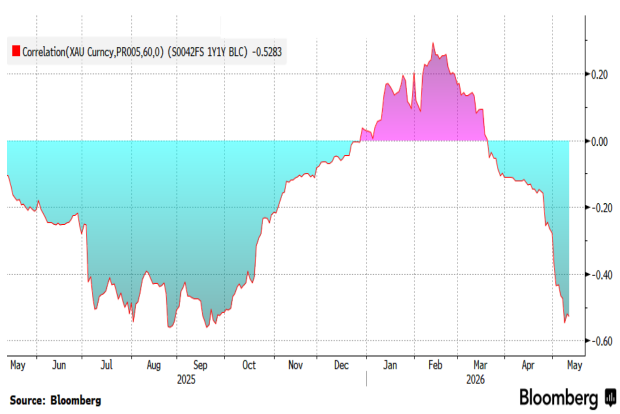
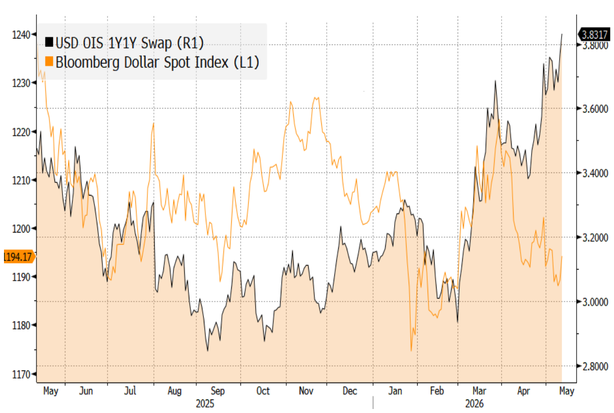
United States

Inflation expectations and short-end rates continued to shift after April's CPI print release yesterday. The latest US CPI data came in slightly stronger than expected on a year-on-year basis, with headline inflation at 3.8% (exp. 3.7%), while the monthly increase matched forecasts at 0.6%; core CPI rose 0.4% on the month and 2.8% over the year. According to analysts, the release has reinforced the role of forward inflation expectations in shaping market pricing, with 1Y1Y interest rate swaps moving higher and continuing to anchor cross-asset dynamics. Policy repricing has shifted materially at the front end, while remaining moderate overall. Markets are pricing roughly a 50% probability of Fed tightening through early 2027. Inflation expectations priced in CPI-linked instruments point to elevated inflation over the next year, with a profile consistent with a near-term high followed by gradual moderation but remaining above 3%. Across assets, gold has remained sensitive to these shifts, consistent with a more negative co-movement with short-end rate expectations (left chart), while the Bloomberg Dollar Spot Index has stabilized (right chart), broadly in line to pre-war levels.

Rolling 60-day correlation between gold (XAU) and USD OIS 1Y1Y swap rate



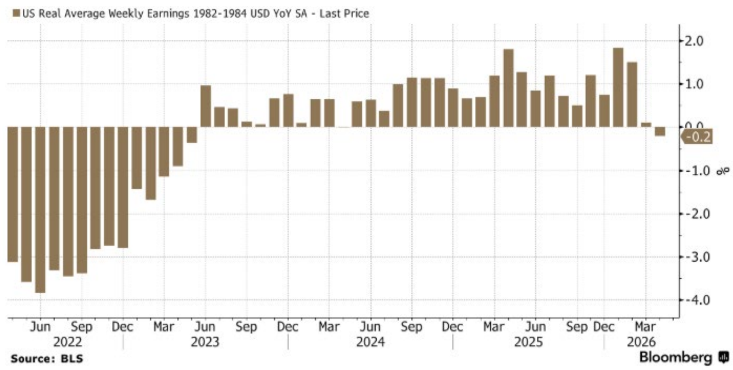
USD OIS 1Y1Y swap rate and Bloomberg Dollar Spot Index



This morning, **US PPI rose more than expected on higher energy costs.** Headline PPI rose 1.4 % m/m in April (prior/exp. 0.5%), lifting annual inflation to 6.0%—well above expectations of 4.8%. Core prices increased 1% (prior 0.1%; exp. 0.3%), pushing the year-over-year rate to 5.2% (exp. 4.3%), while the measure excluding trade came in at 0.6% m/m and 4.4% y/y. According to analysts, transportation and warehousing were among the main contributors, reflecting higher diesel and jet fuel costs. Treasury yields rose +2–3 bps across the curve immediately after the release.

Real average weekly earnings turn negative for first time since mid-2023. Real earnings declined in the latest Bureau of Labor Statistics release published on Tuesday, reflecting inflation outpacing nominal wage growth. Real average hourly earnings fell 0.3% m/m in April while real average weekly earnings declined by 0.2% y/y, pointing to renewed softening in purchasing power at the margin following a period of modest real income gains since 2023 (chart). As noted in market commentary, weaker real income growth may weigh on discretionary spending and corporate earnings expectations, with effects seen as more negative for equities than bonds. Against this backdrop, analysts highlight a potential divergence between growth signals and policy expectations, with incoming earnings and macro data over the coming weeks remaining central to the near-term outlook.

US Real Average Weekly Earnings Y/Y

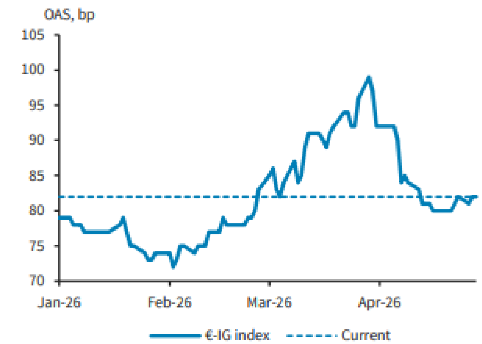


Euro area

European equities rose on the back of strong corporate earnings and a broader rally in the technology sector. The Stoxx 600 index was around +0.7% higher in early morning trade, driven by gains in chipmakers (ASML +3.5%) and strong corporate earnings from Merck. Government bond yields were lower led by the front-end, with money markets slightly paring back ECB rate hike expectations. The 2-year bund yield was around 3 bps lower at 2.69% with intra-EMU government bond spreads relatively steady at 64 bps for the 10-year OAT-bund spread and 76 bps for the 10-year BTP-bund spread. Meanwhile, the euro was trading weaker (-0.3%) against a broadly stronger dollar at $1.17.

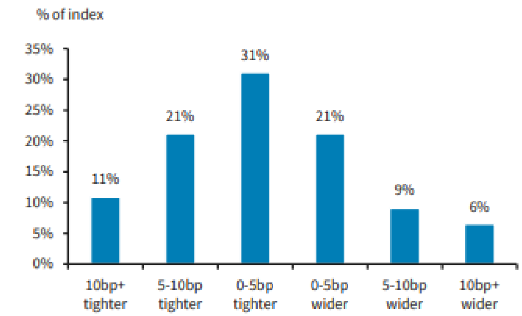
The European investment grade credit market is showing limited reaction to higher oil prices. Barclays analysts noted that while oil prices have moved higher in response to developments in the Middle East conflict, European investment grade credit spreads have shown more measured moves. After widening by around 20 bps at the onset of the US-Iran war, European investment grade credit spreads have since retraced and have stabilised back around pre-war levels with the analysts attributing the recent tightening in spreads to hopes for a resolution of the conflict. At the same time, the analysts noted that the limited reaction is somewhat surprising given the increasing macro risks the longer negotiations remain stalled and energy prices remain elevated. Sectorally, the analysts noted that while energy sector credit spreads have tightened, financials have widened, but the overall spread divergence has been relatively small. Barclays believe that current valuations in European investment grade credit do not fully relect the risks from a higher-for-longer interest rate environment given market pricing expects around three rate hikes by year-end from the ECB.

FIGURE 1. Index has stabilised at pre-war levels



Source: Bloomberg, Barclays Research

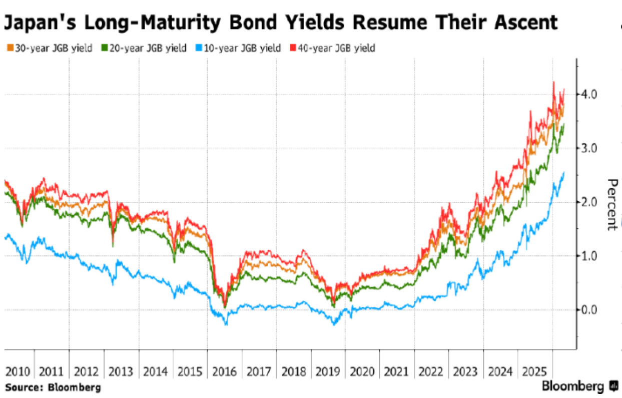
FIGURE 2. Bond moves have been relatively muted



Source: Bloomberg, Barclays Research

Japan

JGB yields continued to rise, led by the long-end, with the 20-year yield surpassing the previous multi-decade high of 3.46% set in January. In external accounts, March BOP data showed Japanese investors sold US sovereign bonds for a second straight month with net sales of ¥2.2 tn ($13.9 bn) in March after ¥2.77 tn ($17.6 bn) in February. Japan's March current account surplus rose to a record high (+29% y/y), supported by a wider trade surplus that was helped by semiconductor/electronics exports and strong investment-income receipts. The yen (-0.2%) slightly weakened towards 157.9/$.



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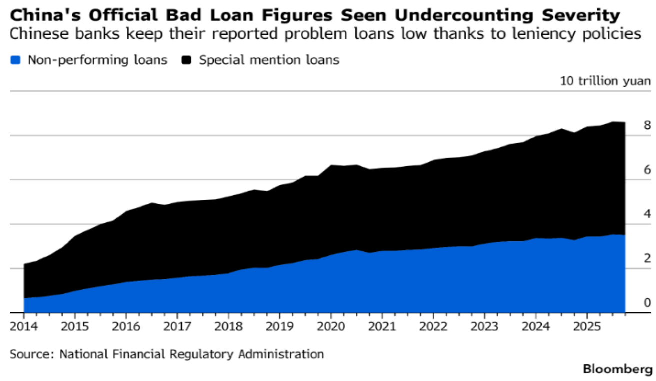
In **Asia**, currencies little changed overall, with the **Indonesian rupiah** (+0.3%) rebounding after Bank Indonesia reiterated its commitment late on Tuesday to defend the currency via "smart intervention" and FM Sadewa said the government is set to use all available measures to help stabilize the bond market. Equities were mixed, with Indonesia (JCI: -2%) underperforming, weighed by MSCI's decision to remove several tightly held Indonesian stocks from its indexes (the six deletions account for about 17% of the MSCI Indonesia Index). In **EMEA**, equities and currencies were mixed this morning. In CEE, equities reversed in part yesterday' losses in Poland (+0.5%) but continued to edge lower in Romania (-0.2%); while currencies were little changed against the euro, except the forint that weakened by -0.5% after the **central bank of Hungary** reportedly lowered the implied interest rate on its FX swaps to 5.25%, from 5.75% earlier, citing improved market conditions. In Türkiye, the lira was little changed against the dollar while equities extended losses (-1%) this morning. Equities continued to trade lower in the Gulf region, underperforming in Dubai (-0.8%). Elsewhere, the central bank of **Zambia** cut its policy rate by -25 bps to 13.25% this morning, with the kwacha slightly weaker at ZMW18.90/$. In **Latam**, currencies mostly experienced marginal depreciation. The Argentine peso was the main outlier, appreciating against a stronger dollar. **Brazil** reported an acceleration in April inflation, which rose to 4.39% y/y (from 4.14% in March), in line with expectations. As inflation drifts farther from the central bank's target, markets recalibrated their rate expectations higher as 1-yr swap rates rose by about 7 bps, and local equities slid. Other regional equities also mostly traded lower.

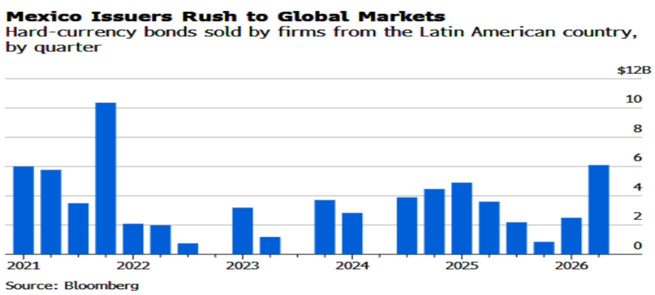
China

Equities were on net modestly higher ahead of President Trump's meeting with President Xi. 10-year government bond yields little changed at 1.75%, and onshore and the offshore yuan was steady at around RMB 6.79/$. According to Bloomberg, trade would be the top priority in the meeting, and the two sides are expected to discuss extending last fall's trade truce and a proposed "board of trade" mechanism. The **PBoC reiterated its preference for exchange-rate stability.** In its Q1 quarterly monetary policy report, the PBoC reintroduced language on "fostering a stable exchange-rate environment for the real economy" and stressed the need to anchor expectations and guard against overshooting. Consistent with this, analysts expect some further near-term yuan gains but see the pace of appreciation slowing this quarter. Separately, **a London-based research firm (Absolute Strategy Research) highlighted potential credit headwinds:** the official bank non-performing loan (NPL) ratio remains around 1.5% even after a major property downturn, but the estimated effective NPL ratio could be closer to about 10%. Bloomberg also noted troubled loans could stay in 'special mention' via rollovers, supported by a small-business leniency policy that was extended in 2024. However, Morgan Stanley expects China's A-share onshore corporate profit outlook to improve further into Q2 after encouraging Q1 results.



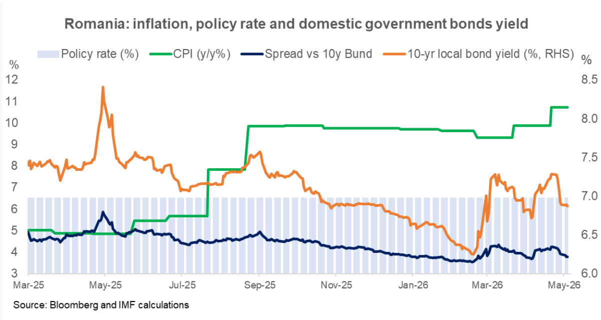
Mexico

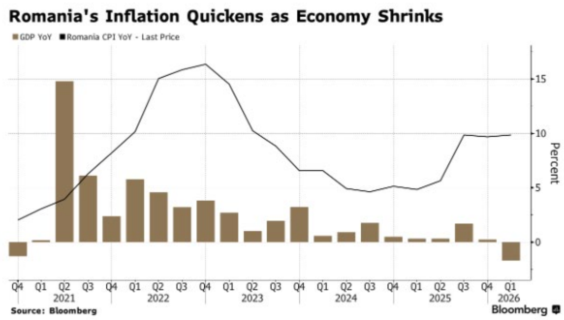
Mexican corporates have sold $6.1 bn in hard-currency debt in the current quarter, the busiest quarter since late 2021, as part of a broader EM surge that has seen global issuances hit a record $339.2 bn through May 11. Market reports indicated that political stability and constructive US relations have made Mexico a relative safe haven within Latin America, driving strong international demand. Softening domestic fundamentals (growth, unemployment, and industrial production all disappointing) appear to have added urgency, with corporates looking to tap markets while conditions remain favorable. Going forward, while the July USMCA review could introduce potential trade headwinds, markets broadly expect President Sheinbaum to navigate negotiations without significant disruption.



Romania

Romania's economy contracted more than expected. Although the leu was little changed to the euro today, it has depreciated by 2% this quarter-to-date, trading today at around RON5.2/€ after having briefly approached RON5.3/€ last week. Pressure on currency reflects a domestic political crisis that shows no sign of resolution after the collapse of PM Bolojan's coalition, with today's economic data further disappointing as GDP fell by -1.7% y/y in 1Q (vs. est. -0.2%, from prior +0.2%) and industrial production declined in March by -2.2% y/y (vs. est. -1.9%, from prior -1.6%). Inflation accelerated to 10.71% y/y in April, in line with expectations and up from 9.87% in March. **JP Morgan** sees Romania in a technical recession and has cut its 2026 growth forecast to 0% from +0.5%, although it expects a recovery (to +3%) in 2027. It notes that the central bank (NBR) has let the leu depreciate against the euro despite the peg, likely to reduce overvaluation, and expects the NBR to hold its policy rate at 6.50% for the time being, with FX interventions preferred over rate hikes.





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Global Financial Indicators

Last updated:	Level		Change				
5/13/26 8:05 AM	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,434	-0.2	0.9	8.0	26.3	9
Europe		5,834	0.4	-3.2	-1.2	7.7	1
Japan		63,272	0.8	6.3	9.3	65.9	26
China		4,998	1.0	2.5	6.3	26.8	8
Asia Ex Japan		114	-3.3	1.0	10.0	45.7	22
Emerging Markets		66	-3.0	0.6	7.8	43.2	20
Interest Rates					basis points		
US 10y Yield		4.5	0	12	17	0	30
Germany 10y Yield		3.1	0	10	1	42	25
Japan 10y Yield		2.6	3	7	12	115	52
UK 10y Yield		5.1	-1	15	22	42	61
Credit Spreads					basis points		
US Investment Grade		111	0	-2	-9	-26	3
US High Yield		322	0	-1	-18	-38	-14
Exchange Rates					%		
USD/Majors		98.5	0.2	0.5	0.1	-2.5	0
EUR/USD		1.17	-0.2	-0.3	-0.4	4.7	0
USD/JPY		157.8	0.1	0.9	-1.1	7.0	1
EM/USD		47.7	0.0	0.0	0.3	4.8	2
Commodities					%		
Brent Crude Oil ($/barrel)		107.5	-0.2	6.2	15.1	64.4	79
Industrials Metals (index)		188.7	1.7	4.7	6.7	31.2	15
Agriculture (index)		60.5	0.0	3.3	8.4	5.2	13
Gold ($/ounce)		4699.5	-0.3	0.2	-0.9	44.6	9
Bitcoin ($/coin)		80557.2	-0.1	0.5	10.0	-23.0	-8
Implied Volatility					%		
VIX Index (%, change in pp)		17.9	-0.1	0.5	-1.3	-0.4	2.9
Global FX Volatility		6.8	0.0	-0.2	-0.7	-1.4	-0.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		71	-1	1	-5	-8	12
Italy		76	-1	1	-4	-26	6
France		64	0	1	-2	-4	-7
Spain		42	-1	0	-4	-20	-1

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

Emerging Market Financial Indicators

5/13/2026 8:00 AM	Exchange Rates: Level		Change (in %)					Local Currency Bond Yields (GBI EM): 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	0.6	6.1	2.9		1.8	0	1	-2	9	-10
Korea*		1489	0.3	-2.7	-0.4	-4.8	-3.0		4.0	12	15	39	140	69
Indonesia		17476	0.3	-0.5	-2.1	-4.9	-4.6		6.7	8	-7	18	-6	68
India		96	-0.1	-1.1	-2.4	-10.8	-6.1		8.0	-1	23	36	116	91
Philippines		61	0.1	-0.1	-2.0	-9.2	-4.0		5.9	0	-5	45	100	124
Thailand		32	0.2	-0.4	-0.8	2.8	-2.6		2.2	0	-6	7	26	51
Malaysia		3.93	0.1	-0.1	1.2	10.0	3.3		3.6	0	1	-1	-2	8
Argentina		1385	0.6	0.6	-2.1	-18.3	4.8		0.0	0	0	0	-2925	-3237
Brazil		4.89	0.0	0.4	2.1	16.0	12.3		13.9	5	-1	38	-10	36
Chile		897	0.1	1.0	-0.4	5.5	0.4		5.4	2	-8	11	-14	14
Colombia		3776	-0.6	-1.8	-5.0	11.9	0.0		13.9	-4	5	69	194	103
Mexico		17.22	0.0	0.2	0.5	12.8	4.6		9.2	1	0	15	-23	18
Peru		3.4	-0.1	1.6	-1.7	6.6	-2.0		6.7	1	-3	20	33	93
Uruguay		40	-0.3	0.4	0.9	4.8	-1.8		7.4	2	-6	-7	-208	-9
Hungary		306	-0.4	-0.4	0.9	18.0	6.9		5.7	5	-22	-77	-89	-79
Poland		3.63	-0.1	-0.7	-0.4	4.4	-1.1		5.3	6	-3	34	26	71
Romania		4.4	-0.2	0.9	-2.6	2.7	-2.4		6.7	1	-28	1	-139	5
Russia		73.4	0.7	1.9	3.8	8.8	7.3							
South Africa		16.4	0.4	-0.3	-0.2	11.3	0.7		9.1	8	0	35	-170	49
Türkiye		45.42	-0.1	-0.5	-1.6	-14.6	-5.4		34.7	34	-22	156	-9	506
US (DXY; 5y UST)		98	0.2	0.5	0.1	-2.5	0.2		4.12	-1	12	21	2	39

	Equity Markets: Level		Change (in %)					Bond Spreads on USD Debt (EMBIG): 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		4,998	1.0	2.5	7.6	28.3	8.0		88	0	-4	-25	13
Korea*		7,844	2.6	6.2	35.0	200.7	86.1		24	-4	-7	-6	2
Indonesia		6,723	-2.0	-5.2	-10.4	-1.6	-22.2		90	-7	-14	-11	4
India		74,609	-2.0	-4.3	-2.9	-8.1	-12.5		79	-3	-13	-37	-11
Philippines		5,947	-0.4	-0.3	-1.8	-9.4	-1.8		78	-7	-11	2	3
Thailand		1,517	2.3	0.0	0.7	24.9	20.4						
Malaysia		1,746	-0.2	-0.6	3.9	10.4	3.9		46	-2	-11	-35	-13
Argentina		2,792,993	-1.4	1.2	-6.6	22.2	-8.5		517	-45	-42	-140	-52
Brazil		180,342	-0.9	-3.4	-8.9	29.8	11.9		177	-1	-18	-42	-26
Chile		10,641	-0.6	-0.5	-4.4	27.1	1.5		86	0	-9	-28	-5
Colombia		2,089	-1.0	-4.5	-11.0	22.9	1.0		250	13	-9	-92	-27
Mexico		70,037	-0.3	2.1	0.6	22.1	8.9		195	-1	-15	-109	-22
Peru		3,309	1.7	6.9	-3.4	80.8	28.1		91	-3	-9	-41	-18
Hungary		132,257	-0.2	-2.7	-5.2	40.5	19.1		107	-5	-24	-47	-32
Poland		131,004	0.7	-1.8	-0.2	25.6	11.7		89	-2	-3	-15	-2
Romania		30,242	0.5	4.8	6.2	82.6	23.7		192	-2	21	-113	16
South Africa		116,947	0.2	-1.9	-1.3	26.2	1.0		231	-1	-4	-83	13
Türkiye		14,679	-0.7	-1.6	4.4	51.3	30.3		261	-11	-2	-38	27
EM total		66	1.9	0.6	7.8	43.2	20.3		250	-1	-17	-128	-21

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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