GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, MAY 15, 2026

LEAD EDITOR: TIMOTHY CHU

- **US investor risk appetite rebounds in May, supported by earnings and tech** (link)
- **But S&P 500 participation narrows as gains driven by fewer stocks** (link)
- **Elevated oil prices weigh on global government bonds, including in Europe** (link)
- **UK gilts and pound sterling decline amplified by domestic political developments** (link)
- **Japan's stronger-than-expected PPI helps help push JGB yields higher** (link)

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Yields Surge Amid New Headline Risk, Stalling the Equity Markets Rally

Markets ended the week under pressure as higher yields and higher oil prices stalled momentum from the AI-driven rally. Record gains in the S&P 500 and EM Asian equities, particularly the KOSPI, met resistance at the end of the week, as rising global yields and negative headlines reversed positive sentiment. Brent crude rose 6.5% over the week to around $109/bbl, with further gains after Trump suggested the US does not need the Strait of Hormuz reopened "at all". Markets began the week optimistic for the Xi-Trump meeting, but no market moving outcomes came. Instead, global inflation concerns predominated, confirmed by stronger-than-expected outturns this week, with the US seeing PPI surge on Wednesday and Japan also seeing hot PPI overnight. Outsized inflation and external balance pressures on energy-import reliant EMs have prompted policy responses, with India raising gold and silver tariffs. Inflation fears have driven sovereign yields higher but local developments in the case of the UK have also amplified moves, where 10yr gilt yields climbed by 25 bps over the week. Meanwhile, Japan's 20yr yield climbed by 29 bps over the week to hit a 1996 high, and the US 10yr Treasury reached past 4.5%, a major inflection level for traders. Fed rate hike odds for year-end are now ~60% after de minimis odds last week, and the dollar strengthened 1.2% against major currencies.

Key Global Financial Indicators

Last updated: 5/15/26 8:24 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		7501	0.8	2	7	27	10
Eurostoxx 50		5821	-1.9	-2	-2	8	1
Nikkei 225		61409	-2.0	-2	5	63	22
MSCI EM		67	0.3	1	8	46	23
Yields and Spreads			bps				
US 10y Yield		4.55	6.6	19	26	12	38
Germany 10y Yield		3.13	8.6	12	9	51	27
EMBIG Sovereign Spread		235	-1	-1	-13	-88	-19
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.3	-0.4	-1	-1	4	1
Dollar index, (+) = $ appreciation		99.2	0.4	1	1	-2	1
Brent Crude Oil ($/barrel)		108.4	2.5	7	14	68	78
VIX Index (%, change in pp)		19.1	1.8	2	1	1	4

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: 5/15/26 8:24 AM	Level: Last 12m	Level: Latest	Change from Market Close: 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		108	2.5	7	14	68	78
WTI Crude Oil ($/barrel)		105	3.4	10	15	70	82
Natural Gas (Netherlands TTF)		49	2	11	19	39	84
Breakeven Inflation		%			bps		
USD: 2Y		3.1	2.8	12	19	22	77
USD: 5Y		2.8	2.9	7	18	22	43
USD: 5Y5Y		2.5	0	0	4	1	0
EUR: 2Y		3.0	5.7	19	35	145	135
EUR: 5Y		2.5	4	14	23	74	72
EUR: 5Y5Y		2.2	1	3	4	8	11

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

Mature Markets

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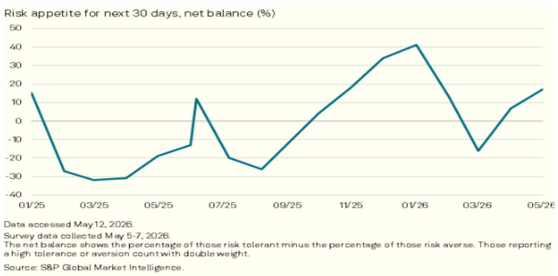
United States

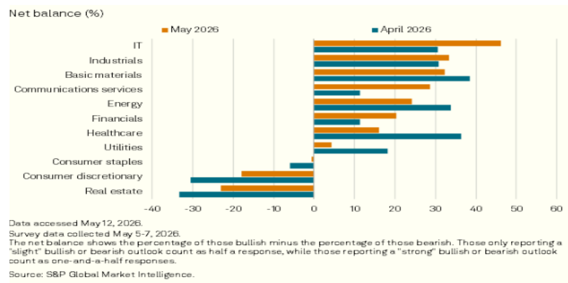
Although S&P 500 futures indicate a 1% decline for the US open this morning, US equities were near record highs over the week of May 11–14, with the S&P 500 trading around the mid-7400 range, supported by gains in technology stocks, alongside market expectations around US–China cooperation. Inflation data were a key focus, with April CPI and PPI readings pointing to firmer price pressures. Against this backdrop, US Treasury yields moved higher, with the 10-year yield rising by around 13 bps through Thursday. The US dollar returned close to pre-conflict levels, while remaining slightly below late-February levels (around +0.8%). Commodity markets remained influenced by geopolitical developments, with WTI oil prices closing at $102 per barrel, while gold traded on both sides of $4,700 during the week, ending lower at around $4,652.

US investor risk appetite rebounds in May, supported by earnings and tech. US investor risk appetite increased in May, according to the S&P Global Investment Manager Index, with the headline index rising to 17% from 7% in April (left chart). A net 36% of investors reported expecting higher earnings in the next quarter, the strongest reading on record, while sentiment toward near-term equity returns also improved. Sentiment toward valuations remained negative on a net basis. At the sector level, allocation remained skewed toward information technology, with real estate and consumer-related sectors among the least favored, although sentiment improved compared to April (right chart). The survey also pointed to a more cautious assessment of the policy outlook, with central bank policy expectations slightly in negative territory—indicating a net balance of investors expressing a more pessimistic view.

S&P Global Investment Manager Index Survey, Risk Appetite

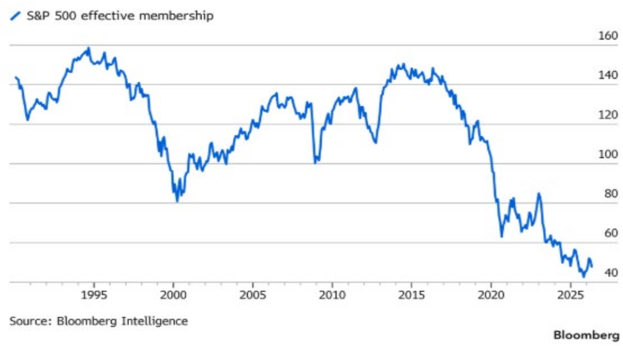


S&P Global Investment Manager Index Survey, Net Balance by Sector



S&P 500 participation narrows as gains driven by fewer stocks. Participation in US equity gains has narrowed, with a smaller number of stocks accounting for a larger share of index performance. Bloomberg Intelligence estimates that, using a Herfindahl-Hirschman Index-based approach, the effective number of stocks driving the S&P 500 declined to around 48 in April, or less than 10% of the index. This measure places current market participation near the lower end of its historical distribution, while remaining above recent lows observed during earlier corrections. Recent equity market performance since March has coincided with this pattern, with returns increasingly linked to a limited number of large-cap stocks, particularly in technology-related sectors, analysts highlighted.

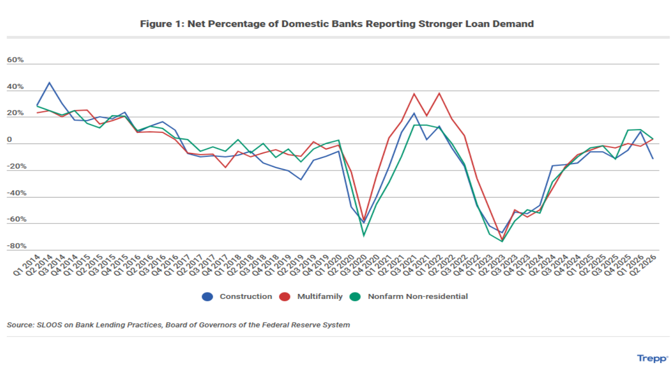
S&P 500 Herfindahl-Hirschman Index



Note: Lower values indicate higher concentration.

CRE lending standards remain steady as construction demand softens. Trepp commentary this week pointed to a CRE lending environment marked by strong competition for a limited pipeline of deals, with lenders maintaining discipline on key underwriting metrics such as loan-to-value ratios and debt yields, while competing primarily through spreads. The picture is broadly consistent with the Federal Reserve's April Senior Loan Officer Opinion Survey (SLOOS), which showed that CRE lending standards remained largely unchanged in Q1 2026, indicating that overall credit conditions remain tight. Banks reported some easing in loan terms—including narrower spreads and more flexible structures. Within CRE segments, construction and land development stood out, with demand weakening notably (chart). The survey also indicated divergence across bank sizes, with larger banks easing standards and smaller banks tightening, particularly in construction.

Domestic Banks Reporting Stronger Loan Demand (Net %)

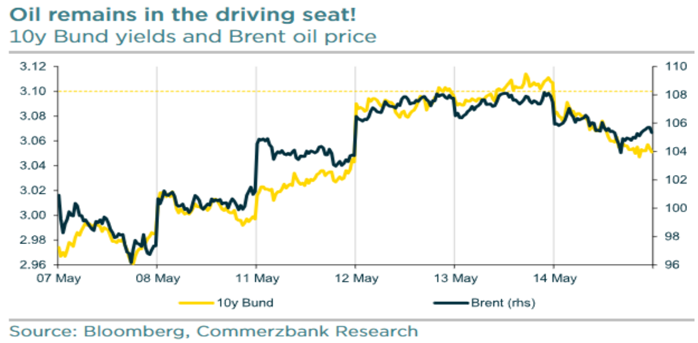


Euro area

European equities reversed course and were trading lower amid higher oil prices. The Stoxx 600 index was around 1.3% lower in early morning trade, with regional bourses also lower. Government bond yields climbed as the Brent crude price rose by over 3% to $109/bbl and the euro was weaker (-0.4%)

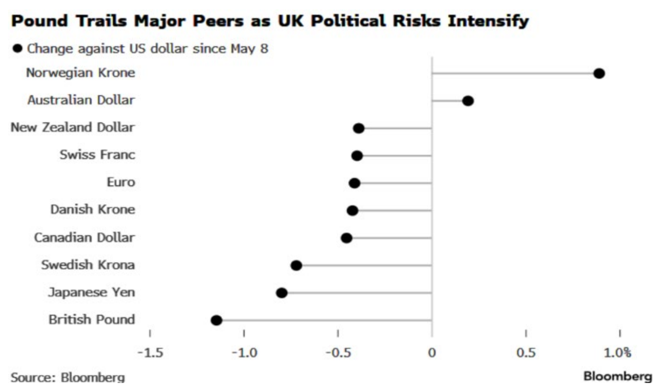
against the dollar at 1.1626. European gas prices were also higher (+2.2%) to trade at €48.96/Mwh. After market close there are several scheduled sovereign ratings updates including for Germany and Italy.

Elevated oil prices weigh on European government bonds. Commerzbank analysts note that the rise in oil prices, which are up around 3% this morning to $109/bbl, alongside the risk of negative headlines over the weekend relating to the US-Iran war has weighed on bunds. Yields were trading up to 7bps higher across the curve in early morning trade with the 10yr bund yield up 6.5bps at 3.1%. Earlier in the week, an easing in oil prices alongside improved risk sentiment supported European equities and EGB spreads. The analysts also note that commentary from ECB officials has suggested that the upcoming interest rate decision at the June meeting will depend on oil price dynamics. Money markets are assigning around an 88% chance of a 25 bps hike in June, with a total of around 75bps of hikes priced through December.



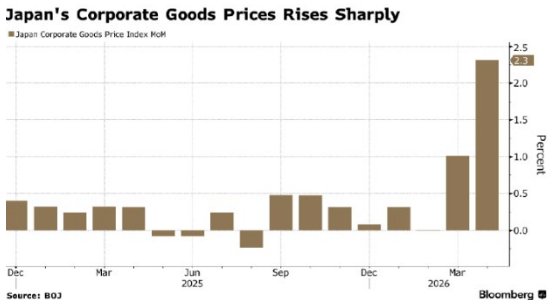
United Kingdom

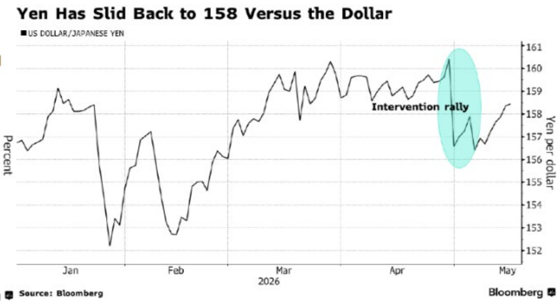
UK gilts and pound sterling decline on domestic political developments. Gilt yields rose sharply across the curve this morning, more than reversing yesterday's declines as risks of a leadership challenge have risen. 10yr gilt yields were around 14 bps higher at 5.13% with the 30yr gilt yield at 5.80%, also up +14 bps while pound sterling was around 0.4% weaker against the dollar to trade at $1.3353. Overnight, Manchester Mayor Andy Burnham appears to have secured a path to potentially challenge PM Starmer. Nomura analysts note that while markets have been pricing in the risk of Starmer leaving, his departure—especially if he is replaced by a challenger from the more left-wing of the party—is likely to result in further downward pressure on gilt prices and sterling, reflecting increased fiscal concerns. Last week Burnham suggested that defense spending could be considered outside the fiscal rules which has added to speculation of a scenario of increased gilt issuance under a Burnham premiership. Higher oil prices and fears of stagflation have also weighed on global bond prices, with gilts underperforming European peers this morning.



Japan

Japan's April producer price data came in well above expectations, reinforcing inflation concerns and pushing JGB yields higher across the curve. Producer prices rose 4.9% y/y in April, versus a 3.0% median forecast, while the increase was 2.3% m/m, the largest in twelve years. Long-dated yields continued to climb sharply, with the 20-year yield rising by 11.7 bps to 3.65%, the highest since 1996, and the 30- and 40-year yields climbing by 13.8 bps to 4.03% and 9.7 bps to 4.23%, respectively, also multidecade highs. **The yen remained under pressure, trading around 158.5/$,** but Bloomberg reported that some market participants remained cautious about pushing the yen much weaker amid continued concern over possible official intervention. **At the same time, investors retreated from Japanese equities (Nikkei 225: -2.0%; Topix: -0.4%), as higher domestic and global yields and oil-driven inflation concerns weighed on sentiment.** A survey showed that expectations of stronger corporate governance reforms had been a key driver of foreign inflows into Japanese equities, and analysts noted that investor concern over possible dilution or weaker momentum in those reforms added to caution toward the market.





Emerging Markets

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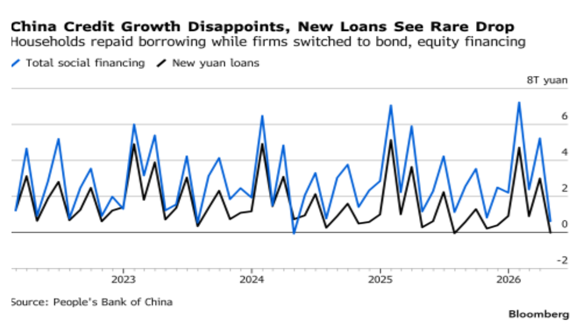
EMEA equities and government bonds mostly declined this morning, pressured by global risk-off sentiment, rising oil prices, and dollar strength. In CEE equities, Czechia and Romania saw gains, but Poland and Hungary fell. CEE currencies weakened, with the Hungarian forint (-0.6%) and Turkish lira (-0.3%) edging lower against the euro. The leu was slightly weaker (-0.1%) against the euro before the central bank of Romania's decision later today, where it is expected to keep it policy rate unchanged. In equities, Turkey closed the week at -4.4%. South Africa's rand and equities also lost ground this week. Gulf markets saw continued declines, especially in Oman (-4.7% WtD) and Dubai (-3.3% WtD).

EM Asia FX weakened overall against a backdrop of US dollar strength and equities fell sharply (EM Asia: -3.3%). The Korean won (KRW: -0.6%) was notably weaker against the US dollar amid aggressive foreign selling in Korean equities (-6.1%) and associated capital outflows, halting a record breaking KOSPI rally concentrated in chipmakers. Asian EM rates participated in the broader global rates selloff, led by Korea (10-year: +13.1 bps to 4.21%) and the Philippines (10-year: +10.5 bps to 7.49%).

Latin American equities closed higher, led by Colombia's benchmark index, which posted the strongest gain in the region at 2.3%. Mexican equities were the exception, edging lower a day after the country's ratings outlook was revised to negative. **Regional currency moves were modest on the day**, though the Chilean peso retraced some of its weekly gains. Earlier in the week, both Chile and Colombia reported an acceleration in April inflation, though the releases had little market impact as they were in line with expectations. Elsewhere, Argentina's equity markets saw small gains while its currency ended the day flat. Argentina reported a marked slowdown in inflation, with April CPI rising 2.6% m/m, down from 3.4% m/m in March, in part due to fuel price controls and subsidies. A recent sovereign rating upgrade lent support to the Argentina's bonds, with some market participants viewing the development as an opportune moment for the government to tap international markets.

China

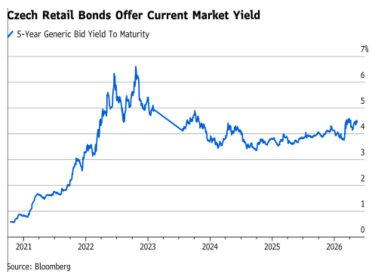


April social financing data prints softer, indicating slowing credit growth. Total social financing, a broad measure of credit, rose less than RMB 630 bn ($93 billion) in April (vs. RMB 1.2 tn or $176.5 bn a year ago), a two-year low and about half the median economist forecast. New loans contracted RMB 15.3 bn ($2.25 bn), the first drop since July 2025, versus expectations for an increase. Outstanding RMB loans grew 5.6% y/y, slightly slower than March. Household and corporate medium- to long-term loans weighed on growth. Deposit data showed shifting household and financial-sector positioning in April: household time deposits dropped RMB 533.6 bn ($78.4 bn), while non-bank deposits rose RMB 899.0 bn ($132.2 bn) compared to a year earlier. **In currency markets, the yuan moved back toward the closely watched 6.8/$ level as the dollar strengthened and the PBoC set a weaker daily**

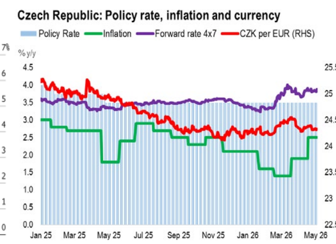
fixing. At the same time, China's foreign exchange deposits rose by $18.8 bn to a record of around $1.15 tn in April, suggesting continued accumulation of foreign currency by corporates and households. Separately, on the Xi-Trump summit, Xinhua News Agency said the two sides reached consensus on stabilizing economic and trade relations.

Czechia

Czechia's government bond yields rose this morning, along with regional and global peers, on higher oil prices. The curve bear flattened as the 2yr and 5yr yields added 9 bps to 4.04% and 4.5%, while the 10yr yield was 4 bps higher at 4.89%. The May 7 MPC meeting minutes released this morning showed policymakers agreeing to keep rates "moderately restrictive", with some flagging rising risk of tightening if the Middle East conflict drags on. Bloomberg reported that the **Czech government is trying to broaden its investor base by relaunching retail bonds**, with the aim to mobilize more than CZK1tr sitting in low or zero-interest current accounts and reduce reliance on institutional and foreign investors. The new offer includes a 5yr 4.5% coupon fixed-rate bond, an inflation-linked note, and a short-term note tied to the policy rate. Households hold 1.6% (CZK60bn) of total government debt; the target is to raise this to 3%–5%.



Source: Bloomberg

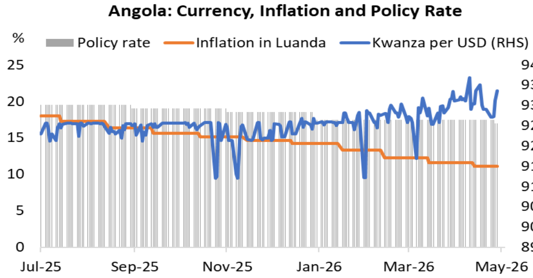


Sources: Bloomberg and IMF calculations

Angola

After the central bank of Angola (CBA) cut its benchmark rate yesterday by 50bps to 17%, the kwanza continued to edge lower (-0.2%) this morning, trading at AOA933.66/$ and bringing the decline against the dollar to -1% since Wednesday**.** The CBA's total easing since September has reached 250 bps after inflation slowed sharply to 11% y/y in April from 22% a year ago and a peak of 31% in July 2024, with the CBA's 2026 inflation target further lowered to 11.5% from the prior 13.5%. Analysts at Bloomberg stress, however, the risks from a prolonged conflict in the Middle East, since Angola, a major net oil exporter, still imports most (83% in 1Q) of its fuel products. Therefore, higher energy, food, and fertilizer costs may strain subsidies and public finances. A Bloomberg survey published today shows economists now expect Angola's GDP to grow by 2.9% in 2026, up from the prior estimate of 2.4%, with the 2026 average inflation forecast falling to 12.3% from the previous estimate of 15.1%.

Angola: Currency, Inflation and Policy Rate



Source: Bloomberg and IMF calculations

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), 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.

Global Financial Indicators

Last updated: 5/15/26 8:24 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,436	0.8	0.5	5.9	25.7	9
Europe		5,821	-1.9	-1.5	-2.0	7.5	1
Japan		61,409	-2.0	-2.1	5.0	62.7	22
China		4,860	-1.1	-0.3	2.8	25.0	5
Asia Ex Japan		117	0.2	1.7	10.9	48.7	26
Emerging Markets		67	0.3	1.2	8.3	45.6	23
Interest Rates					basis points		
US 10y Yield		4.5	7	19	26	12	38
Germany 10y Yield		3.1	9	12	9	51	27
Japan 10y Yield		2.7	8	23	29	124	65
UK 10y Yield		5.2	17	25	35	50	68
Credit Spreads					basis points		
US Investment Grade		110	2	-1	-5	-25	3
US High Yield		318	1	-5	-14	-51	-18
Exchange Rates					%		
USD/Majors		99.2	0.4	1.3	1.2	-1.6	1
EUR/USD		1.16	-0.3	-1.3	-1.4	4.0	-1
USD/JPY		158.5	0.1	1.2	-0.3	8.8	1
EM/USD		47.3	-0.4	-1.2	-1.0	3.9	1
Commodities					%		
Brent Crude Oil ($/barrel)		108.4	2.5	7.0	19.4	69.4	80
Industrials Metals (index)		182.6	-3.0	0.8	1.7	27.1	12
Agriculture (index)		58.4	-1.2	-0.2	3.3	2.1	9
Gold ($/ounce)		4555.1	-2.1	-3.4	-4.9	40.6	5
Bitcoin ($/coin)		80506.0	-1.1	-0.3	7.5	-22.2	-8
Implied Volatility					%		
VIX Index (%, change in pp)		19.1	1.8	1.9	0.9	1.3	4.1
Global FX Volatility		6.7	0.0	-0.1	-0.5	-1.9	-0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		72	3	4	-2	-6	13
Italy		77	4	5	0	-24	7
France		65	3	3	1	-3	-6
Spain		43	2	2	-2	-18	0

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

Emerging Market Financial Indicators

5/15/2026 8:24 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.81	-0.3	-0.1	0.2	5.9	2.7		1.8	1	-1	-1	9	-10
Korea*		1500	-0.5	-2.5	-1.6	-6.8	-4.0		4.0	3	19	44	141	72
Indonesia		17465	0.2	-0.4	-2.1	-5.4	-4.4		6.7	0	9	14	-12	64
India		96	-0.2	-1.5	-2.7	-10.9	-6.3		8.0	10	15	42	120	95
Philippines		62	-0.1	-1.8	-2.7	-9.7	-4.7		6.0	3	14	61	110	133
Thailand		33	-1.0	-1.3	-1.5	2.2	-3.5		2.3	0	0	8	23	52
Malaysia		3.96	-0.6	-0.9	0.0	8.2	2.6		3.6	0	2	1	-2	8
Argentina		1391	0.0	0.3	-1.8	-18.7	4.3		0.0	0	0	0	-2929	-3237
Brazil		5.05	-1.3	-3.1	-1.1	12.6	8.5		14.2	-3	35	73	-4	60
Chile		895	-0.7	0.0	-0.9	5.4	0.7		5.4	1	-3	16	-14	14
Colombia		3782	-0.1	-1.2	-5.3	10.6	-0.1		14.1	5	22	102	210	124
Mexico		17.36	-0.8	-1.1	-0.6	12.3	3.7		9.1	0	10	25	-38	14
Peru		3.4	-0.2	1.1	-0.9	7.3	-1.8		6.7	0	6	-8	34	96
Uruguay		40	0.1	-0.7	-0.4	4.0	-2.8		7.4	0	2	-1	-202	-9
Hungary		310	-0.9	-2.9	-0.5	16.2	5.7		5.5	-14	-31	-66	-121	-108
Poland		3.65	-0.4	-1.6	-1.7	3.9	-1.7		5.3	-5	19	32	25	72
Romania		4.5	-0.6	-1.3	-3.8	1.8	-3.4		6.7	-2	-5	6	-136	1
Russia		72.9	0.3	1.8	3.9	9.7	8.0							
South Africa		16.7	-1.1	-1.7	-1.7	8.1	-0.6		9.0	-6	11	27	-186	39
Türkiye		45.54	-0.2	-0.4	-1.8	-15.0	-5.7		34.7	-14	100	155	-27	508
US (DXY; 5y UST)		99	0.4	1.3	1.2	-1.6	0.9		4.21	6	21	32	16	49

	Equity Markets							Bond Spreads on USD Debt (EMBIG)					
	Level		Change (in %)					Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	7 Days	30 Days	12 M	YTD
								basis points					
China		4,860	-1.1	-0.3	2.8	25.0	5.0		88	-3	-7	-25	13
Korea*		7,493	-6.1	-0.1	21.0	185.3	77.8		24	-2	-6	-7	2
Indonesia		6,723	0.0	-5.2	-11.9	-5.4	-22.2		93	2	-11	-3	7
India		75,238	0.0	-2.7	-4.1	-8.6	-11.7		79	-1	-17	-32	-11
Philippines		5,977	-0.6	0.3	-0.4	-7.6	-1.3		84	4	-6	8	9
Thailand		1,518	-1.4	1.2	2.4	26.9	20.5						
Malaysia		1,740	-0.3	-0.4	2.7	10.7	3.6		44	-3	-13	-39	-15
Argentina		2,747,310	0.3	-3.1	-5.8	19.5	-10.0		535	7	3	-119	-34
Brazil		178,366	0.7	-2.6	-9.8	28.0	10.7		181	1	-12	-35	-22
Chile		10,482	0.8	-2.6	-7.4	24.6	0.0		87	0	-7	-27	-4
Colombia		2,122	2.3	0.0	-8.7	27.3	2.6		260	7	14	-80	-17
Mexico		69,207	-1.4	-1.2	-0.6	19.4	7.6		197	0	-8	-103	-20
Peru		3,284	-0.5	3.6	2.1	78.0	27.1		87	-8	-12	-44	-22
Hungary		132,269	-0.1	-1.7	-5.2	38.2	19.1		104	-3	-16	-48	-35
Poland		131,724	-1.6	1.2	-1.7	27.6	12.4		85	-3	-12	-13	-6
Romania		30,509	1.3	2.7	5.3	87.7	24.8		177	-12	3	-114	1
South Africa		114,840	-2.1	-2.6	-3.8	24.4	-0.9		226	5	-8	-83	8
Türkiye		14,351	-2.0	-4.7	0.7	50.4	27.4		261	6	0	-33	27
EM total		67	-2.4	1.2	8.3	45.6	23.2		246	-5	-16	-127	-25

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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