



- **Modest market reaction to Nvidia results** ([link](#))
- **April FOMC minutes reinforce the hawkish repricing in US rates** ([link](#))
- **TIC data shows resilient foreign demand for US fixed income assets** ([link](#))
- **Euro area PMIs disappoint on Middle East conflict concerns** ([link](#))
- **Chinese equities underperform on a slowdown in fiscal spending** ([link](#))
- **Moody's cuts Mexico to Baa3, the lowest investment-grade tier** ([link](#))
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Markets Cautious Post Nvidia Earnings


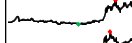




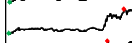

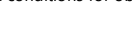
European bourses fell modestly and US equity futures signaled an opening in the red after the release of Nvidia earnings post market closure yesterday failed to ignite further gains. Although Nvidia's revenues beat analyst estimates and EPS were ahead of consensus, the shares in the world's most valuable company fell around 1–2% in late trading as investors were slightly disappointed with the guidance for next quarter. Markets also continued to be at an impasse as investors waited to see whether hopes of a pace deal in the Middle East would translate into tangible progress. The negative tone in European and US markets contrasted with more buoyant optimism in Asia, with Korean stocks outperforming (KOSPI: +8%) on tech sector optimism and news of a Samsung deal to avoid a strike. In fixed income, euro-area sovereign bond and US Treasury yields rose modestly. Market reaction to the release of the FOMC minutes yesterday was relatively muted, as much of the hawkish repricing had already occurred in recent weeks, with futures markets now fully pricing a Fed rate hike by March 2027. In Japan, JGB yields fell slightly but remain near multi-decade highs amid lingering volatility and expectations that the Bank of Japan prepares to review its bond purchase plan at the next policy board meeting on June 15–16. Elsewhere, oil prices rose and the dollar strengthened.

Key Global Financial Indicators

Last updated: 5/21/26 8:03 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities							
			%				%
S&P 500		7433	1.1	0	5	27	9
Eurostoxx 50		5954	-0.4	0	0	9	3
Nikkei 225		61684	3.1	-2	4	67	23
MSCI EM		65	1.9	-3	5	42	20
Yields and Spreads							
			bps				
US 10y Yield		4.61	2.0	12	31	1	44
Germany 10y Yield		3.10	0.5	6	10	46	25
EMBIG Sovereign Spread		244	2	8	0	-81	-9
FX / Commodities / Volatility							
			%				
EM FX vs. USD, (+) = appreciation		47.5	0.0	0	0	4	2
Dollar index, (+) = \$ appreciation		99.3	0.2	0	1	0	1
Brent Crude Oil (\$/barrel)		106.9	1.8	1	9	65	76
VIX Index (% change in pp)		17.6	0.2	0	-2	-3	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: 5/21/26 8:02 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)		107	1.8	1	9	65	76
WTI Crude Oil (\$/barrel)		101	2.3	-1	9	63	75
Natural Gas (Netherlands TTF)		50	2	0	19	34	87
Breakeven Inflation		%	bps				
USD: 2Y		2.9	-2.6	-12	7	-1	62
USD: 5Y		2.7	-0.5	-6	10	11	35
USD: 5Y5Y		2.5	1	0	6	-2	0
EUR: 2Y		3.0	0.3	4	33	140	133
EUR: 5Y		2.5	0	0	21	68	68
EUR: 5Y5Y		2.2	-1	-1	4	5	10

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

Mature Markets

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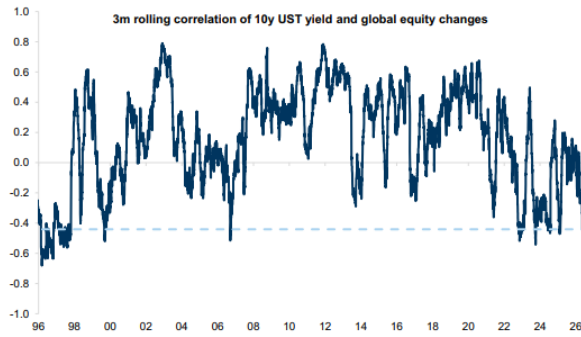
United States

There was a modest reaction to Nvidia results after markets closed yesterday. Nvidia reported revenues of \$81.6 bn, which beat analyst estimates of \$79.2 bn while EPS \$1.87 were also ahead of consensus at \$1.77. Despite this, Nvidia shares fell around 1–2% after markets closed yesterday as investors were slightly disappointed with the guidance for next quarter. The company announced a sales forecast of \$91 bn into July, significantly ahead of the average market expectations of \$87 bn but not topping the most bullish estimates of \$96 bn. The stock, which is up around +20% year to date, has struggled on days of earnings releases as investors disregard the norm of comparing results against the average forecast but instead use the highest number as a benchmark, falling for the fourth consecutive results day despite beating estimates.

The April FOMC minutes reinforced the recent hawkish repricing in US rates markets, with a majority of officials warning that “some policy firming” could become appropriate if inflation remained persistently above 2%. “Many” participants also favored removing language suggesting an easing bias from the post-meeting statement, while the “vast majority” noted increased risks that inflation would take longer than previously expected to return to target. Market reaction was relatively muted, however, as much of the hawkish repricing had already occurred in recent weeks, with futures markets now fully pricing a rate hike by March 2027.

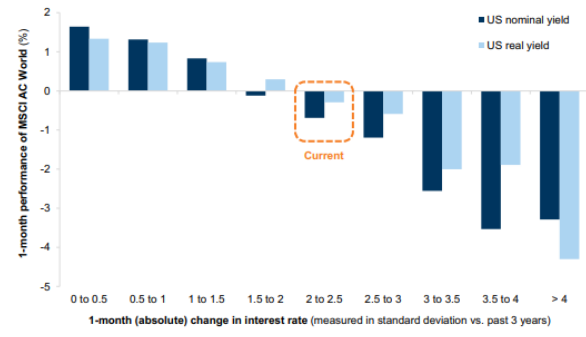
The equity-bond correlation has turned decisively negative amid the renewed surge in yields, suggesting markets are increasingly focused on the tightening impact from higher rates over the growth signal. Historically, equities have struggled when rate volatility rises sharply, particularly when moves in real yields become disorderly. At the same time, equity markets have largely absorbed the rise in yields in recent years through further compression in equity risk premia, which remains near historically low levels. Contacts noted that this leaves equities more vulnerable to a further repricing in long-end yields.

Exhibit 6: The correlation of equities to bond yields has turned negative
3m rolling correlation of daily changes



Source: Datastream, Goldman Sachs Global Investment Research

Exhibit 7: Sharp bond yield moves have coincided with negative equity returns
Average global equities returns depending on absolute moves in US 10-year yields (data since 2000)

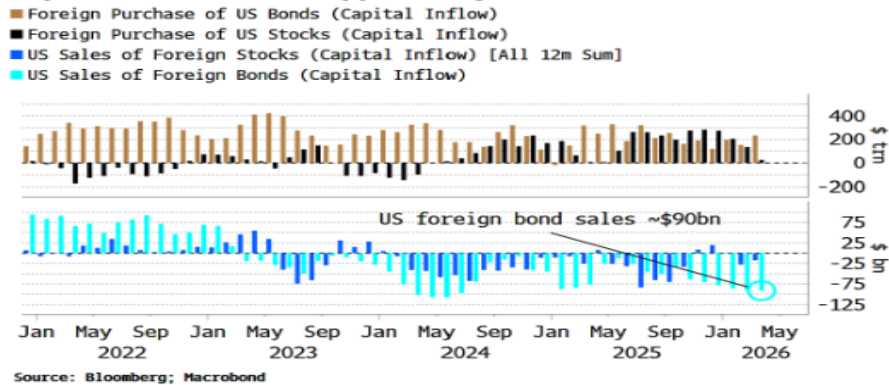


Source: Datastream, Goldman Sachs Global Investment Research

Private foreign demand for US fixed income remained firm in March despite geopolitical uncertainty.

TIC data for March showed \$86 bn of net purchases, led by private demand for corporate credits. Private demand for Treasuries rebounded, offset by sales from official sector, which sold \$38 bn on net, the largest monthly sale since Dec 2024. UK and Cayman Island led inflows, while China and Japan led the sales. In contrast, equity inflows slowed to near zero in March, though analysts noted somewhat unusually large revisions to some of the equity data in earlier month.

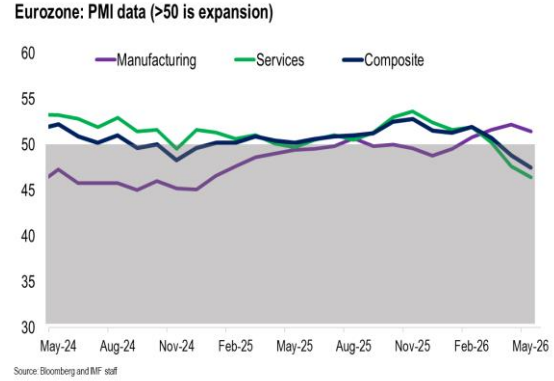
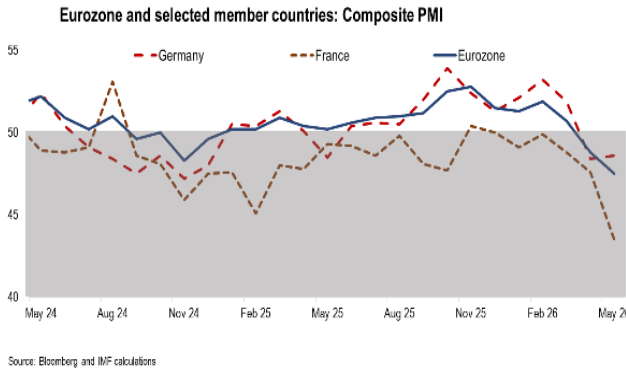
Capital Inflows More Supported by US Bond Sales



Source: Bloomberg; Macrobond

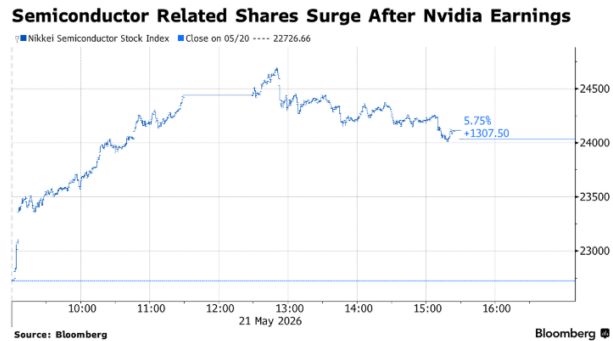
Euro area

European equities fell modestly and government bond yields rose marginally as inflation concerns outweighed signs of slowing growth from weaker than expected PMIs. The euro was marginally weaker. Today’s PMIs disappointed across services and manufacturing in the Eurozone, France and Germany, adding to concerns on the growth impact of the Middle East conflict. Composite PMIs dived further in May, printing at 47.5pts in the Eurozone (vs. est. 48.8pts), with the services PMI dropping in France to 42.9pts (vs. est. 46.7pts, from 46.5pts in April) and the manufacturing PMI sliding below the contractionary threshold in Germany (49.9pts in May, vs. est. 51pts, from 51.4pts in April). Analysts see today’s PMIs pointing to weaker growth momentum in Q2, limiting the scope for aggressive ECB tightening, although they still expect a **June “insurance” hike**. **ING** sees rising technical-recession risk if the conflict persists, as output, new orders and jobs all weakened, and it expects French GDP to contract by **0.1%q/q** in Q2. The analysts noted that the inflation narrative will likely continue to prevail in markets until substantial progress is achieved in the Middle East. Sovereign bond spreads widened fractionally today, with the BTP-bund spread at 75 bps (+2 bps) and the OAT-bund at 64 bps.



Japan

Japanese financial markets saw modest gains, with the yen hovering near 159/\$ and local markets firming. Benchmark yields fell (2-year -1 bp to 1.44%; 10-year -1 bp to 2.76%; 30-year -6 bps to 4.02%). Despite the near-term rally, yields remain near multi-decade highs amid lingering volatility and as the BOJ prepares to review its bond purchase plan at the next policy board meeting on June 15–16. Today, the results of a BOJ survey found most market participants saw no need for BOJ to change its current plan for tapering bond purchases through March 2027. On the policy front, BOJ Board member Koeda signaled support for additional rate hikes, citing the possibility that underlying inflation may exceed 2%. Today, the yen was little changed at \$158.93/\$, while equities rebounded sharply (Nikkei 225 +3.1%; Topix +1.6%) on tech optimism after Nvidia’s earnings. The Nikkei Semiconductor Stock Index (+5.8%) outperformed.



Emerging Markets

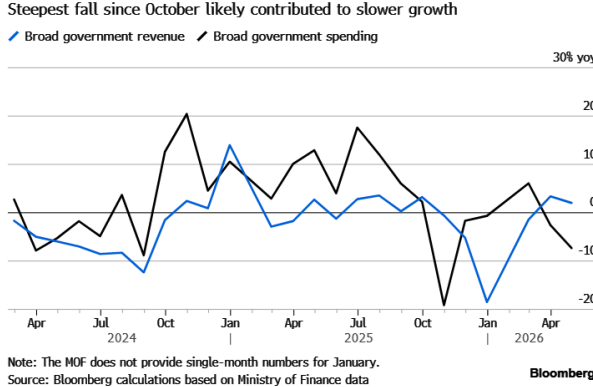
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In **Asia**, currencies were mixed, with the Indian rupee (+0.5%) outperforming on central bank intervention and speculation of a possible rate hike. The Indonesian rupiah (-0.3%) depreciated the most. Asian equities were also mixed, with Chinese equities (CSI 300: -1.4%; Hang Seng -1.0%) underperforming. In **EMEA**, equities were mostly trading higher with currencies relatively rangebound. Equities in Hungary were outperforming (+0.8%) while CEE currencies were little changed to the euro. Turkish equities were trading lower (-0.8%) led by declines in the financials and materials sectors. In South Africa, equities were also lower (-0.3%) tracking precious metal prices, while the rand was little changed. Equity markets in the Gulf region were also mostly higher. Elsewhere, the Central Bank of **Nigeria** kept its policy rate unchanged at 26.5% yesterday, in line with expectations. Later today, the Central Bank of **Egypt** is expected to keep its deposit rate unchanged at 19.0%. Meanwhile, **Rwanda**'s central bank hiked its policy rate by +100 bps to 8.25% from 7.25% to contain inflationary pressures. In **Latam**, equities broadly gained yesterday, led by Chile (+2.4%), Brazil (+1.8%), while stocks in Colombia (-1%) fell amid election uncertainty. Regional currencies broadly appreciated, led by the Colombian peso (+1.8%) and the Brazilian real (+1%).

China

Financial markets turned cautious as a sharper-than-expected fiscal retrenchment weighed on sentiment. Equities underperformed (CSI 300: -1.4%; Hang Seng -1.0%), reflecting growing concerns over domestic demand after data showed a broad-based slowdown alongside a marked contraction in government spending. According to Ministry of Finance data released late Wednesday, broad public expenditure was -7.3% y/y in April (March: -2.5%), driven by a steep decline in infrastructure outlays. Land sales revenue and broader property-related income continued to contract, underscoring persistent real estate sector drag. The fiscal “spend-through ratio”, an indicator developed by Goldman Sachs to measure how much of the funds raised by the government have been spent, dropped to 98.2% in April from 99.1% in March. The data helps explain a surprising contraction in fixed-asset investment in April. Given the broad-based miss in April activity data and slowing growth momentum, the market is increasingly expecting the central and local governments to step up targeted support later in the year, with Goldman analysts pointing to proceeds from bond issuances as well as the implementation of a CNY800 bn policy bank new financing tool. Both onshore CNY and CNH were little changed despite yuan being fixed stronger at 6.8349/\$.

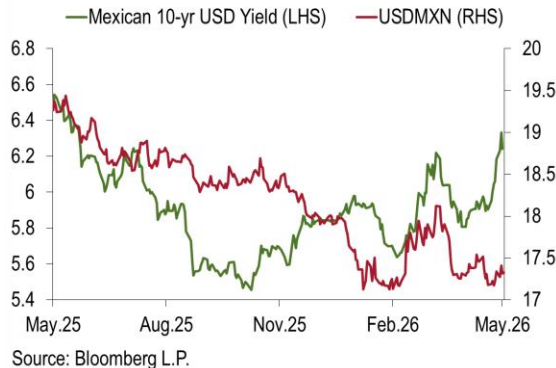
China's Broad Public Spending Decline Accelerates in April



Mexico

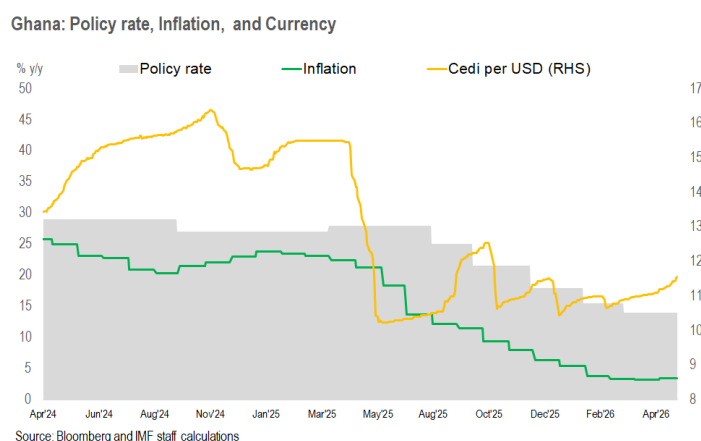
Moody's downgraded Mexico's sovereign rating from Baa2 to Baa3, the lowest investment-grade tier, with a stable outlook, citing rigid spending, a narrow revenue base, and continued support for Pemex. The move follows S&P's revision of Mexico's outlook to negative last week, leaving Mexico aligned with Fitch (BBB-) and one notch below S&P (BBB). Market reaction was muted, with the peso appreciating +0.6% yesterday. Citi flagged markets may not be fully pricing fallen angel risk, or the risk of a downgrade to junk status, despite the fiscal outlook remaining negative.

Mexico: 10-Year USD Sovereign Yield and Exchange Rate



Ghana

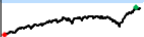









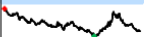



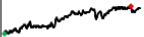












The **Bank of Ghana kept rates on hold yesterday**. The Bank of Ghana (BoG) kept its policy rate unchanged at 14.0% as policymakers assessed the impact of higher energy and food prices on the outlook for inflation. Analysts had expected the decision to be finely balanced with an even split of analysts surveyed by Bloomberg expecting a hold and some expecting a 50 bp rate cut. The BoG noted that while inflation expectations among households and businesses had edged up marginally, they remain broadly anchored within the medium-term inflation target band of 6–10%. Inflation in Ghana is currently well below the lower limit of the target at 3.4% y/y in April, although policymakers expect this will edge higher due to base effects related to FX movements, food supply conditions and higher transportation costs due to the war in the Middle East and elevated oil prices. Absa analysts expect the BoG to maintain a cautious policy stance and believe the policy rate will be left unchanged for the remainder of the year. The BoG also revised its cash reserve ratio for banks to a uniform 20% from the current 15–25% range, with effect from June 4.



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.

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Global Financial Indicators

Last updated: 5/21/26 8:01 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		7,433	1.1	-0.2	5.2	27.2	9
Europe		5,954	-0.4	0.3	0.4	9.2	3
Japan		61,684	3.1	-1.5	3.5	66.8	23
China		4,783	-1.4	-2.7	-0.3	22.2	3
Asia Ex Japan		113	1.6	-3.1	6.7	44.1	22
Emerging Markets		65	1.9	-2.6	5.2	41.7	20
Interest Rates			basis points				
US 10y Yield		4.6	2	12	31	1	44
Germany 10y Yield		3.1	1	6	10	46	25
Japan 10y Yield		2.8	-1	14	38	125	71
UK 10y Yield		5.0	-2	-3	9	21	49
Credit Spreads			basis points				
US Investment Grade		108	-1	-2	-8	-25	1
US High Yield		319	-5	-2	-11	-49	-17
Exchange Rates			%				
USD/Majors		99.3	0.2	0.5	0.9	-0.3	1
EUR/USD		1.16	-0.1	-0.5	-1.2	2.4	-1
USD/JPY		159.1	0.1	0.5	-0.2	10.7	2
EM/USD		47.5	0.0	0.0	-0.2	4.1	2
Commodities			%				
Brent Crude Oil (\$/barrel)		106.9	1.8	1.1	14.6	67.1	77
Industrials Metals (index)		183.5	-0.4	-2.5	2.8	28.7	12
Agriculture (index)		58.6	-0.3	-0.9	2.9	1.4	10
Gold (\$/ounce)		4514.0	-0.7	-3.0	-4.4	36.2	5
Bitcoin (\$/coin)		77179.6	-0.6	-1.3	1.9	-28.7	-12
Implied Volatility			%				
VIX Index (% change in pp)		17.6	0.2	0.4	-1.9	-3.3	2.7
Global FX Volatility		6.8	0.0	0.1	-0.1	-2.0	-0.1
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		69	2	0	-5	-5	10
Italy		75	2	2	-2	-25	5
France		64	2	2	-1	-3	-7
Spain		44	1	2	-2	-18	1

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

Emerging Market Financial Indicators

5/21/2026 8:00 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		6.80	0.0	-0.2	0.3	5.9	2.8		1.8	0	-2	-1	7	-12
Korea*		1508	-0.7	-1.1	-1.7	-9.1	-4.2		4.2	-1	18	57	155	87
Indonesia		17667	-0.1	-0.8	-3.0	-7.2	-5.6		6.8	6	16	33	9	80
India		96	0.7	-0.5	-2.8	-11.0	-6.6		8.2	-5	23	54	138	108
Philippines		62	0.2	0.1	-2.7	-9.6	-4.3		6.1	0	15	72	118	146
Thailand		33	-0.3	-0.8	-1.4	0.1	-3.6		2.5	6	21	23	47	73
Malaysia		3.96	0.2	-0.8	-0.3	7.8	2.5		3.6	-1	2	5	2	10
Argentina		1397	0.1	-0.4	-1.5	-18.2	3.9		0.0	0	0	0	-2971	-3237
Brazil		5.00	1.0	0.2	-0.7	13.4	9.9		14.2	-17	-4	77	10	59
Chile		898	0.9	-1.2	-1.8	5.1	0.2		5.5	1	7	26	-6	21
Colombia		3723	1.8	1.5	-4.0	12.0	1.4		14.4	-31	33	142	243	152
Mexico		17.34	-0.1	-0.7	-0.1	11.7	3.9		9.2	-12	10	41	-15	25
Peru		3.4	0.5	0.1	0.7	8.1	-1.5		6.8	-4	7	25	27	100
Uruguay		40	0.6	0.1	-0.8	4.0	-2.2		7.5	1	2	0	-198	-6
Hungary		310	-0.2	-1.0	-0.1	14.7	5.6		5.5	-6	-7	-37	-117	-101
Poland		3.66	-0.2	-0.6	-1.4	2.3	-1.9		5.4	-12	4	48	30	80
Romania		4.5	-0.2	-1.3	-3.9	-0.9	-4.1		6.8	-4	11	-19	-70	14
Russia		70.8	0.7	3.3	5.8	12.6	11.2		9.1	-20	4	45	-166	48
South Africa		16.5	-0.4	-0.4	-0.3	8.6	0.1		36.1	2	124	348	244	645
Türkiye		45.62	0.0	-0.4	-1.6	-14.8	-5.8		4.27	3	12	37	11	55
US (DXY; 5y UST)		99	0.2	0.5	0.9	-0.3	1.0							

	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		4,783	-1.4	-2.7	-0.3	22.2	3.3		86	-4	-10	-30	11	
Korea*		7,816	8.4	-2.1	21.8	201.3	85.5		23	-1	-6	-8	1	
Indonesia		6,095	-3.5	-11.1	-19.2	-15.0	-29.5		101	10	0	-3	15	
India		75,183	-3.5	-0.3	-4.2	-7.1	-11.8		80	0	-15	-35	-10	
Philippines		5,921	0.5	-1.6	-1.1	-6.1	-2.2		92	9	4	12	17	
Thailand		1,533	0.3	-0.4	3.6	30.6	21.7		45	-1	-10	-37	-14	
Malaysia		1,708	-0.5	-2.1	-0.1	11.9	1.7		534	6	-2	-136	-35	
Argentina		2,788,517	0.5	1.8	-5.2	20.2	-8.6		186	3	-6	-34	-17	
Brazil		177,356	1.8	0.1	-9.6	28.6	10.1		89	1	-2	-27	-2	
Chile		10,600	2.4	2.0	-3.7	26.7	1.1		262	9	36	-79	-15	
Colombia		2,090	-1.0	0.8	-8.4	26.7	1.1		207	9	3	-82	-10	
Mexico		68,894	0.5	-1.8	0.1	17.6	7.1		94	2	-8	-35	-15	
Peru		3,145	3.5	-4.7	-1.4	73.7	21.7		112	5	-5	-45	-27	
Hungary		131,492	0.0	-0.7	-3.1	37.2	18.4		94	3	1	-15	3	
Poland		133,267	-0.3	-0.4	0.1	31.2	13.7		187	2	-7	-62	12	
Romania		30,842	0.6	2.4	9.1	79.0	26.2		232	0	3	-79	14	
South Africa		113,863	-0.7	-3.0	-3.8	21.9	-1.7		274	12	9	-24	40	
Türkiye		13,835	-1.3	-5.2	-3.8	47.2	22.8		257	7	0	-119	-14	
EM total		65	0.0	-2.6	5.2	41.7	19.6							

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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