



- Issuance of IG corporates runs ahead of last year as demand is limiting pressure on spreads ([link](#))
- Better May consumer confidence in Italy supports EGB yields as fresh attacks lift crude oil ([link](#))
- Bridging bond plan eases pressure on 40-year JGBs while other long tenors remain bid ([link](#))
- BoE Deputy Governor Breeden scrutinizes hedge funds' growing footprint in Gilt markets ([link](#))
- Colombia court ruling limits government sway over central bank rate decisions ([link](#))
- Türkiye reserve buffers anchor CBRT policy as political and geopolitical risks persist ([link](#))

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Fresh Attacks Fuel Doubts Whether End to War in the Middle East is Imminent






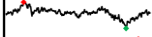
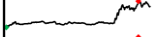
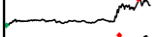
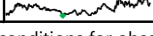
Crude oil and yields have been rising amid doubts that an end to the war is imminent after fresh attacks. The move followed a quieter US session yesterday, where US equities were little changed and the VIX eased, while financials lagged despite expectations for strong trading revenue. Today's focus has turned to US PCE, with softer PCE inflation released earlier today supporting Treasuries. In credit, IG issuance is running ahead of last year, while robust demand continues to limit spread pressure for now. In Europe, higher crude and bund yields weighed on stocks, though better Italian consumer confidence helped stabilize EGB yields. Japan's bridging bond plan eased pressure on the 40-year JGB, while yen intervention and the timing of a Bank of Japan rate hike remain in focus. In the UK, Deputy Governor Breeden's remarks on gilt repo markets suggest increasing scrutiny of hedge fund leverage. In EM, Colombia's court ruling supports central bank autonomy, while Türkiye's reserve buffers remain the key CBRT anchor.

Key Global Financial Indicators

Last updated: 5/28/26 9:19 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		7520	0.0	2	5	28	10
Eurostoxx 50		6054	-0.3	2	4	13	5
Nikkei 225		64693	-0.5	5	8	68	29
MSCI EM		68	0.0	6	9	49	25
Yields and Spreads			bps				
US 10y Yield		4.48	-0.6	-9	13	0	31
Germany 10y Yield		2.99	0.2	-11	-8	44	13
EMBIG Sovereign Spread		238	-4	-6	-8	-92	-16
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.5	0.2	0	0	4	2
Dollar index, (+) = \$ appreciation		99.2	0.0	0	1	-1	1
Brent Crude Oil (\$/barrel)		96.0	1.8	-6	-14	48	58
VIX Index (% change in pp)		16.4	0.1	-1	-1	-3	1

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

Key Global Inflation and Energy Indicators

Last updated: 5/28/26 9:19 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)		96	1.8	-6	-14	48	58
WTI Crude Oil (\$/barrel)		91	2.3	-8	-9	47	58
Natural Gas (Netherlands TTF)		48	4	-1	10	31	80
Breakeven Inflation		%	bps				
USD: 2Y		2.8	0.6	-4	-21	-3	56
USD: 5Y		2.7	1.4	0	-5	9	32
USD: 5Y5Y		2.5	0	2	4	1	0
EUR: 2Y		2.8	2.0	-18	-16	128	113
EUR: 5Y		2.3	1	-12	-10	62	56
EUR: 5Y5Y		2.1	1	-1	-1	8	8

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

Mature Markets

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United States

This morning's data releases confirm that spending held up as inflation pressure softened. April personal spending met expectations despite earlier declines in consumer confidence, while PCE inflation (an important input for the June FOMC) came in softer than expected. In reaction, 2-year Treasury yields fell (-2bps) and the dollar edged lower on the headlines.

Indicator		Period	Actual	Expected	Prior
Personal income	m/m, sa	April	0.0%	0.4%	0.5%
Personal spending	m/m, sa	April	0.5%	0.5%	1.0%
PCE price index	m/m, sa	April	0.4%	0.5%	0.7%
Core PCE price index	m/m, sa	April	0.2%	0.3%	0.3%
GDP (second est.)	q/q, ann	1Q	1.6%	2.0%	2.0%
Durable goods orders	m/m, sa	April	7.9%	4.1%	0.8%
Durable orders ex-transportation	m/m, sa	April	1.1%	0.5%	0.9%
Jobless claims		23-May	209,000	211,000	210,000

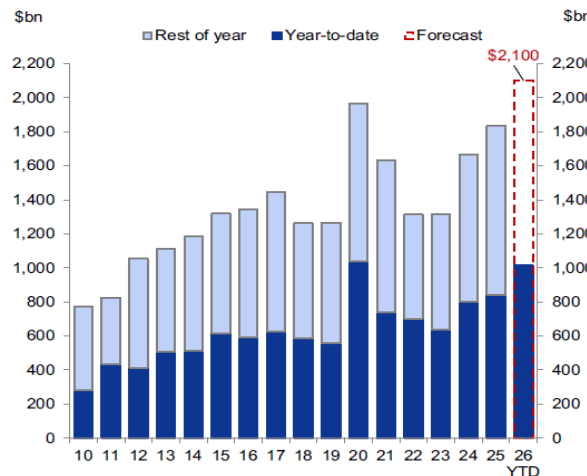
Source: Bloomberg

Yesterday, equities held steady as volatility eased. The S&P 500 was little changed near 7,520, while the VIX fell (-0.7ppt) to 16.3%. Financials lagged, even as investors expected strong trading revenue to support earnings in a volatile market. Analyst commentary suggests that the weakness reflected concern that higher costs are eating into that revenue strength.

Corporate bond issuance has been firm, but demand is still holding. Year-to-date, corporate bond issuance has been running ahead of last year (see charts below), though recent investment grade (IG) supply has become lighter than expected. According to Goldman Sachs analysts, issuance should remain strong, led by IG borrowers, as companies fund M&A and AI spending. Analysts see the likelihood of a material widening in credit spreads driven solely by increased supply as low, especially insofar as elevated yields are associated with a constructive growth backdrop rather than a deterioration in macroeconomic or policy conditions. Meanwhile, leveraged loan issuance, particularly for AI-related financing, has been limited so far, suggesting issuers retain scope to diversify their funding mix across markets.

Exhibit 85: USD IG gross issuance

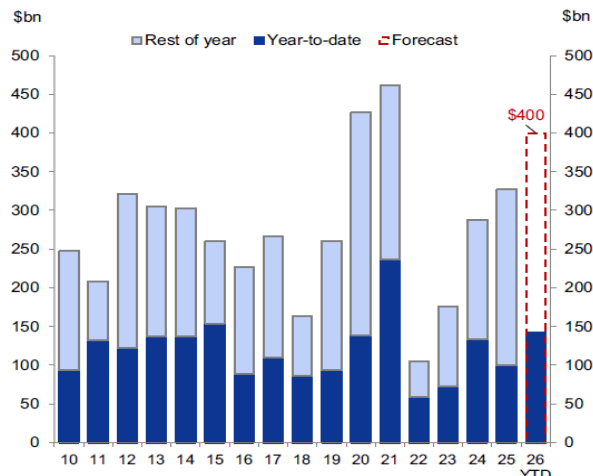
Historical investment grade issuance: Same period year to date vs. rest of the year



Source: Dealogic, Goldman Sachs Global Investment Research

Exhibit 86: USD HY gross issuance

Historical USD high yield issuance: Same period year to date vs. rest of the year



Source: Dealogic, Goldman Sachs Global Investment Research

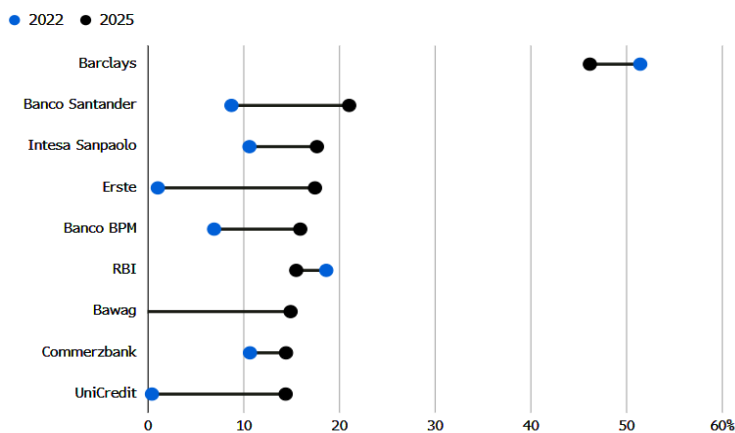
Euro Area

European stocks fell as renewed Middle East tensions pushed oil and sovereign yields higher. The STOXX Europe 600 declined (-0.7%), while 10-year bund yields rose (+4bps) to 2.99%. Brent rose above \$96/bbl, up 2%, after US strikes on an Iranian military site highlighted the fragility of the ceasefire. Italy's May consumer confidence surprised to the upside at 93.4 (exp. 90.0 from 90.8), though economic sentiment slipped to 94.1 (from 95.1). Bund yields ended slightly below their intraday peak of 3.01%. Despite the broader risk off tone, European technology stocks outperformed, supported by continued positive AI sentiment. The ECB accounts of the April policy meeting are due later today.

Banks are making significant risk transfer (SRT) a bigger part of their lending strategy. According to Bloomberg analysts, euro area banks increasingly rely on SRTs in an attempt to improve capital efficiency, support loan growth, and offer more competitive pricing. By transferring part of the credit risk of their loan portfolios to outside investors, banks can reduce the regulatory capital tied to those assets and use the freed up capacity for new lending, particularly to corporates and SMEs. The rapid growth of Europe's SRT market since 2022 has drawn more regulatory attention, as the instruments shift from a balance sheet management

Barclays Leads European Banks in Adopting SRTs

Risk transfers involving corporate loan books have risen at many lenders



Note: Shows European banks with the highest ratio of SRTs to corporate loans. Figures are adjusted for Banco BPM, Erste and RBI. Sources: Bank disclosures, Bloomberg

Bloomberg

tool to a more central part of loan origination and pricing. IMF work has also flagged gaps around transparency, public data, and whether credit risk is moving outside the banking system or staying in the system through other channels. The concern is that leverage and investor concentration, alongside bank financing of SRT buyers, could amplify stress in a downturn.

Japan

Fiscal plans and the yen intervention outlook remain in focus.

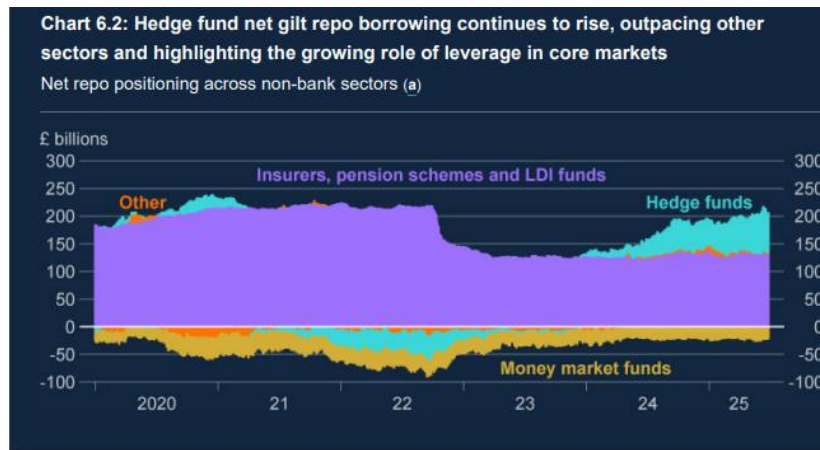
Japan plans to use bridging bonds to help finance PM Takaichi’s investment plans, according to Reuters. Bridging bonds are temporary funding instruments issued with specified redemption resources, allowing the government to frame the spending as backed by future funding rather than ordinary deficit financing. Following the Reuters report, the 40-year JGB yield declined (-2.5 bps) to 3.82%, although issuance concerns kept upward pressure on other long tenors (20-year: +3bps at 3.62%, 30-year: +4bps at 3.95%). Separately, yen intervention remains in focus as JPY traded near 159.5 against USD, with investors awaiting Friday’s Ministry of Finance data for clues on recent operations. Despite market pricing for a near-term hike in June or July, such a move remains uncertain according to Nomura analysts, who warn that further oil gains tied to the war in the Middle East could weigh on Japan’s economy and hence complicate the policy outlook.

Dollar-Yen Trades Above 159



United Kingdom

The BoE appears to be intensifying its focus on leverage risks in the gilt repo market. In remarks at an ICMA event in London today, Deputy Governor Breeden questioned whether the widespread use of zero haircut repo appears justified given the systemic importance of the gilt market. According to Bloomberg, Deputy Governor Breeden said banks may be offering these terms to hedge funds due to competitive pressure from large clients, with the BoE considering measures including minimum repo haircuts and expanded central clearing. This aligns with IMF work laid out in the recent GFSR, which highlighted the growing role of leveraged investors in absorbing rising advanced economy government bond issuance, and impact funding terms.



Emerging Markets

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This morning, EMEA equities and currencies receded. Czechia’s stock market underperformed (-1.3%), led by declines in the utilities and financials sector, while the Hungarian forint was underperforming CEE peers and trading -0.3% weaker against the euro. In South Africa, stock markets and the rand also receded this morning, ahead of today’s meeting of the South African Reserve Bank, where consensus expects a 25bp rate hike, bringing the policy rate to 7.0%.

In Asia, currencies and equities reflected declining risk sentiment. Asian currencies fractionally depreciated against the US dollar (EM Asia: -0.1%). Stock markets fell broadly (EM Asia: -1.0%), led by the Philippines (PSEi: -1.7%), Taiwan POC (TWSE: -1.4%), and Hong Kong SAR (HSI: -1.3%), as investor sentiment turned cautious amid renewed uncertainty over US-Iran negotiations.

Yesterday, Latin American markets lacked direction. Stock markets declined in Brazil (-0.5%), Colombia (-1.5%), and Peru (-0.6%), while gaining in Mexico (+1.2%) and Chile (+0.9%). The Brazilian real depreciated (-0.5%), while the Colombian peso appreciated (+1.1%) against the US dollar.

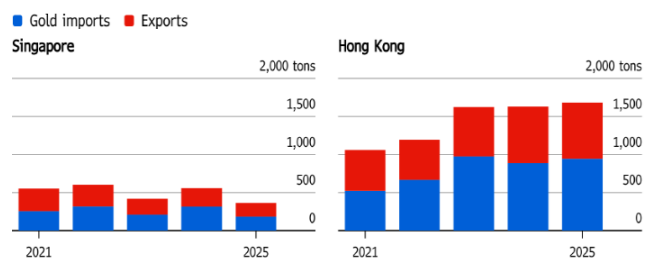
China

Hong Kong remains central to China's push to deepen RMB-denominated asset markets.

China marketed its first green sovereign bond in Hong Kong, seeking to raise as much as RMB 6 bn (\$885mn), a year after its ESG debt debut in London. Hong Kong is also seeking to strengthen its role as Asia's main gold trading hub, with a new gold clearing system expected by July to support regional liquidity, price discovery, and bullion flows linked to mainland China. Separately, an overseas institution completed the first trade in China's mainland government bond futures market since it

reopened to qualified foreign investors in late April, marking an early step toward broader foreign participation. As onshore access improves and offshore markets deepen, Bloomberg analysts expect global RMB usage to keep rising while authorities step up scrutiny of illegal cross border trading.

Hong Kong Outshines Singapore as Gold Nexus



Note: Including non-monetary gold in semi-manufactured forms, in lumps/ingots or cast bars, other unwrought forms and powder

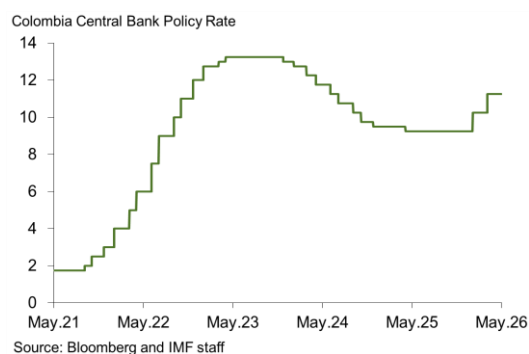
Source: Enterprise Singapore, Hong Kong Census and Statistics Department

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Colombia

A Colombian court suspended a rule requiring the finance minister's presence for central bank meetings,

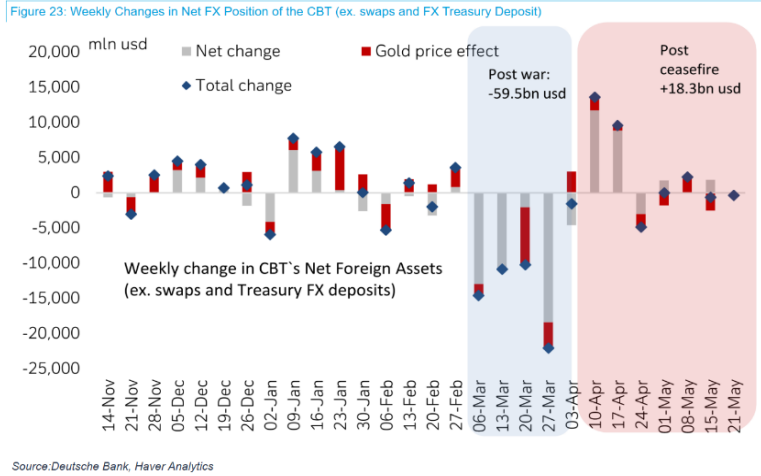
removing the government's effective veto power over interest rate decisions. The ruling followed tensions between the government and the central bank after Finance Minister Germán Ávila threatened to boycott meetings to block further rate hikes. At the last policy meeting, policymakers halted interest rate increases after Ávila warned he would not attend, which would have prevented the board from reaching the minimum quorum needed for a vote. The court said making decisions conditional on the minister's attendance would undermine the central bank's constitutional autonomy and risk paralyzing monetary policy. While the finance minister will still chair meetings, the board can now meet and make decisions without the minister being present.



Source: Bloomberg and IMF staff

Türkiye

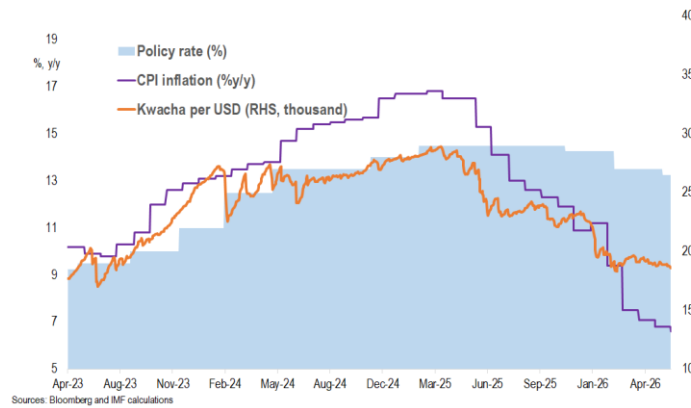
Türkiye's FX reserve buffers expected to cushion FX volatility. Deutsche Bank analysts argue that alongside global geopolitical uncertainty, domestic political developments in Türkiye may continue to pressure the Central Bank of Türkiye's (CBRT) FX reserves, however, they believe that the buffers remain sufficiently strong to limit FX volatility. According to the analysts, favorable carry dynamics have meant that foreign investors have maintained exposure via FX derivatives. At the same time, resident FX demand has remained steady with limited domestic dollarization which the analysts suggest points to "anchored confidence in currency stability." Deutsche Bank expect that CBRT's strong buffers and reserves "should allow the central bank to absorb portfolio outflows and keep FX volatility contained."



Zambia

May annual headline inflation rate slows to an eight-year low. May headline inflation slowed to 6.6%/y in May (from 6.8%), driven by FX strength that has seen the kwacha appreciate against the dollar by more than +19% YTD. A favorable corn harvest also helped. The rally in the currency has also improved foreign exchange reserves by 13% to \$6.2bn at the end of March, compared to the prior quarter. This morning, the kwacha was trading relatively unchanged against the dollar at 18.60/\$.

Zambia: policy rates, currency and inflation



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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Emerging Market Financial Indicators

5/28/2026 9:21 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	1 Day	7 Days	30 Days	12 M	YTD	
	vs. USD		(+)= EM appreciation						% p.a.						
China		6.78	0.0	0.3	0.9	6.2	3.1		1.8	-1	-2	-4	4	-13	
Korea*		1502	-0.2	0.4	-1.9	-8.4	-4.1		4.1	1	-7	39	150	80	
Indonesia		17789	-0.3	-0.5	-3.3	-8.7	-6.2		6.8	0	-8	11	3	73	
India		96	0.0	1.2	-1.6	-10.8	-6.1		7.9	0	-29	3	115	79	
Philippines		62	-0.1	-0.1	-0.6	-10.0	-4.6		6.1	0	-3	52	116	142	
Thailand		33	-0.4	-0.2	-0.6	-0.2	-3.6		2.4	-1	-10	13	39	63	
Malaysia		3.98	-0.2	-0.5	-0.7	6.2	2.0		3.6	2	0	6	7	10	
Argentina		1411	0.0	-1.5	-0.5	-17.8	2.8		0.0	0	0	0	-2922	-3237	
Brazil		5.05	0.1	-1.0	-1.6	12.6	8.3		14.0	2	-15	26	6	45	
Chile		895	-0.1	0.3	-0.7	5.1	0.6		5.5	-2	-5	10	-15	16	
Colombia		3636	-0.3	1.4	-0.9	13.4	3.9		13.8	11	-57	29	174	95	
Mexico		17.37	0.0	-0.3	0.1	11.6	3.7		9.1	-6	-10	11	-26	15	
Peru		3.4	0.2	-0.2	2.6	6.5	-1.6		6.7	1	-2	5	27	96	
Uruguay		40	0.0	-0.5	-0.5	3.9	-2.9		7.4	-3	-1	3	-194	-8	
Hungary		305	-0.2	1.1	1.7	17.1	7.2		5.4	-5	-11	-54	-128	-112	
Poland		3.64	0.1	0.3	-0.3	3.1	-1.3		5.2	1	-13	9	15	67	
Romania		4.5	0.1	0.1	-3.5	-0.9	-3.9		6.7	-2	-13	-28	-70	1	
Russia		70.9	0.1	0.3	5.9	12.6	11.0								
South Africa		16.3	0.2	0.8	1.3	9.8	1.4		8.8	-5	-28	-8	-192	20	
Türkiye		45.90	0.0	-0.7	-1.8	-14.8	-6.4		35.8	0	-27	171	210	618	
US (DXY; 5y UST)		99	0.0	0.1	0.6	-0.7	0.9		4.18	0	-7	20	12	45	

	Equity Markets							Bond Spreads on USD Debt (EMBIG)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	7 Days	30 Days	12 M	YTD		
									basis points						
China		4,914	0.1	2.7	2.2	27.4	6.1		86	0	-8	-32	11		
Korea*		8,185	-0.5	13.5	22.3	200.9	94.2		22	-1	-7	-8	0		
Indonesia		6,130	0.0	-3.8	-13.7	-14.6	-29.1		98	-3	-2	-5	12		
India		75,868	0.0	0.7	-2.1	-7.1	-11.0		79	-1	-11	-32	-11		
Philippines		5,860	-1.7	-0.6	-0.8	-8.6	-3.2		90	-2	3	6	15		
Thailand		1,569	-0.1	2.4	5.2	34.8	24.6								
Malaysia		1,685	-0.8	-1.9	-2.1	10.9	0.3		45	0	-8	-37	-14		
Argentina		3,072,011	5.0	10.2	7.1	31.0	0.7		510	-24	-80	-165	-59		
Brazil		175,954	-0.5	-1.0	-6.7	26.7	9.2		186	0	1	-34	-17		
Chile		10,838	0.9	2.2	-0.6	31.5	3.4		91	2	2	-27	0		
Colombia		2,195	-1.5	4.4	1.3	33.2	6.1		244	-18	6	-92	-33		
Mexico		70,021	1.2	1.6	4.1	19.2	8.9		209	2	4	-88	-8		
Peru		3,325	-0.9	5.7	6.8	81.3	28.7		93	-1	-8	-35	-16		
Hungary		131,086	-0.6	-0.3	-1.3	35.3	18.1		114	2	-2	-45	-25		
Poland		136,400	0.3	2.3	5.8	31.3	16.3		93	-1	2	-20	2		
Romania		30,327	-0.6	-1.5	6.8	69.1	24.1		181	-6	-21	-81	5		
South Africa		114,578	-0.7	0.5	0.2	22.1	-1.1		210	-22	-29	-109	-8		
Türkiye		13,663	0.0	-2.6	-5.4	51.5	21.3		270	-4	-2	-38	36		
EM total		68	-0.9	6.4	8.6	49.0	25.0		252	-5	-7	-130	-19		

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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