



- Tentative US Iran deal eases oil risk premium, lifting equities and supporting duration ([link](#))
- US equities hit fresh highs as upside call demand in leading stocks adds fuel to the rally ([link](#))
- ECB blog warns Middle East uncertainty has lifted near-term euro area inflation expectations ([link](#))
- Korea equities rally despite record foreign outflows as concentration limits force rebalancing ([link](#))
- South Africa hiked in a split vote as S&P sovereign credit rating review comes into focus ([link](#))
- Colombia votes on Sunday as markets price policy continuity against possible change ([link](#))

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Tentative US Iran Deal Lifts Risk Sentiment

Oil stayed at the center of the cross-asset move. Brent fell below \$93/bbl on Reuters news that the United States and Iran had reached a preliminary deal to extend the ceasefire and reopen nuclear talks, though the terms still need President Trump’s approval while tensions in Gaza and Lebanon remain. The lower oil risk premium helped equities extend gains and supported duration, with lower long-end rates helped by softer German flash inflation data for May, while better consumer confidence data in Japan firmly anchored market pricing for an imminent Bank of Japan rate hike at the June meeting. In US equities, fresh highs came with more attention to buoyant single stock call option demand, especially in AI linked leaders, as index implied volatility stays muted while average single stock implied volatility has trended higher. In Korea, record foreign selling appears to reflect concentration driven rebalancing rather than fading conviction, as AI linked gains pushed Samsung Electronics and SK Hynix against single stock limits in global portfolios. South Africa hiked in a split vote, while Colombia’s Sunday vote keeps markets focused on policy continuity versus change.

Key Global Financial Indicators

Last updated: 5/29/26 9:08 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
S&P 500		7564	0.6	2	6	28	10
Eurostoxx 50		6079	0.4	1	5	13	5
Nikkei 225		66330	2.5	5	11	75	32
MSCI EM		69	0.3	5	9	49	25
Yields and Spreads			bps				
US 10y Yield		4.44	-0.6	-12	1	2	27
Germany 10y Yield		2.95	-0.9	-9	-16	45	10
EMBIG Sovereign Spread		237	0	-7	-12	-92	-16
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		47.7	0.1	0	1	4	2
Dollar index, (+) = \$ appreciation		99.0	0.0	0	0	0	1
Brent Crude Oil (\$/barrel)		92.1	-1.8	-11	-22	44	51
VIX Index (% change in pp)		15.7	0.0	-1	-3	-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: 5/29/26 9:08 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)		92	-1.8	-11	-22	44	51
WTI Crude Oil (\$/barrel)		87	-1.7	-9	-18	43	52
Natural Gas (Netherlands TTF)		47	2	-4	0	32	76
Breakeven Inflation		%	bps				
USD: 2Y		2.8	-2.8	-4	-27	-3	53
USD: 5Y		2.6	-2.1	-1	-12	7	29
USD: 5Y5Y		2.4	-1	-2	0	-1	-3
EUR: 2Y		2.7	-6.9	-24	-44	121	103
EUR: 5Y		2.3	-5	-13	-26	59	50
EUR: 5Y5Y		2.1	-1	1	-3	9	7

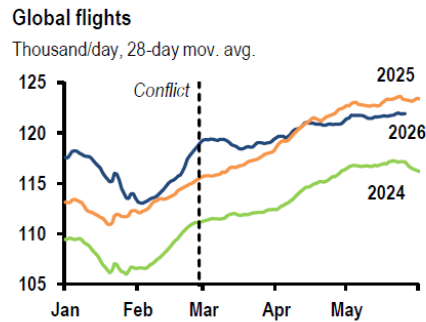
Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Mature Markets

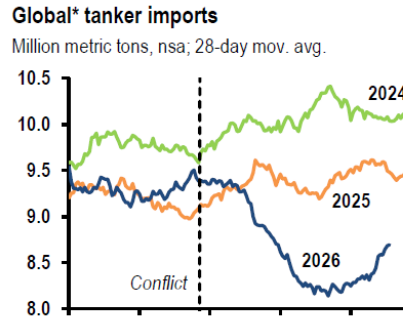
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Commodities

Oil fell as supply risk eased. Prices moved lower in a volatile session after Reuters reported that a tentative deal had been reached to extend the ceasefire and reopen talks on Iran’s nuclear program. The deal would also ease shipping limits through the Strait of Hormuz, with Iran expected to begin demining work, but still needs approval from President of the United States. In a client note, JPMorgan analysts point to rising global tanker imports as inventories outside the Strait of Hormuz move into global markets, though volumes remain well below recent years.



Source: Rystad Energy, J.P. Morgan Commodities Research. Global is agg of GDW and EM Edge economies.

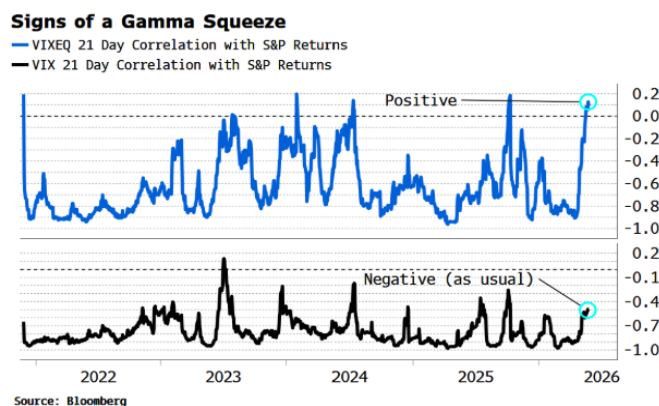


Source: IMF Portwatch, JPM. *Agg of GDW and EM Edge.

United States

Buying is feeding on itself in US equities. The S&P 500 hit fresh highs on US-Iran headlines and is up 1.2% week to date, but analysts increasingly grew wary that the rally is built on a self-referential layer with rising leverage below the surface. Bloomberg analysts highlight that the VIXEQ, a weighted measure of implied volatility across S&P 500 stocks, has moved into rare positive correlation with the index, even as the headline VIX remains calm: Single stock option volatility has been rising with the market while index volatility stays contained (see chart), pointing to stronger demand for upside options in selected names from investors trying to chase the recovery. As volatility sellers and broker-dealers are typically writing those calls, they need to buy more of the underlying stocks to hedge their option books as prices rise, adding speed to the recovery in the underlying stocks until the rally stalls, hedges are reset, or client positioning unwinds. Given that rising implied volatility in equity markets is more often linked to corrections than rallies,

option strategists are growing more wary of this fragile “stocks up, vol up” positioning backdrop prompted by buoyant sentiment in leading stocks. RBC analysts liken this positioning backdrop to a duck gliding on the surface while paddling furiously underneath, with calm index volatility masking stronger undercurrents in single-stock volatility. The April 2026 Global Financial Stability Report further lays out how the ecosystem of volatility buyers, volatility sellers, and dealers can turn listed US equity options into an amplification channel.



Euro Area

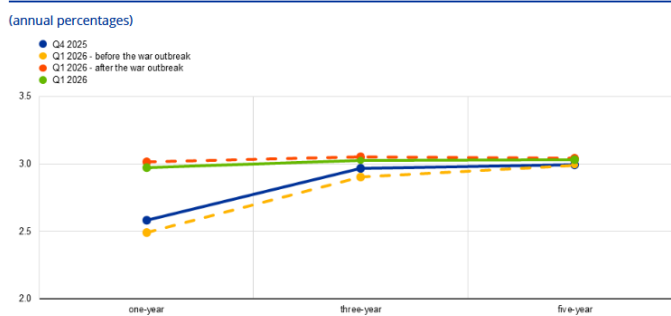
European equities were trading higher on hopes of a possible peace deal in the US-Iran conflict.

The STOXX Europe 600 gained (+0.4%) with Brent crude prices slightly lower at around \$93/bbl. Euro area bond yields were slightly lower (up to -2bp) with 10-year bunds yielding 2.96% on softer Flash May headline inflation for Germany, which declined to 2.7% y/y (exp. 2.8% from 2.9%). Other flash estimates include the one for France, which printed at 2.8%/y/y (exp. 2.9% from 2.5%) and for Spain, which validated consensus expectations, printing at 3.6% y/y (exp. 3.6% from 3.5%). Overnight forwards continue to price a +25bp rate hike at the upcoming June ECB meeting on June 11 with a cumulative amount of +55bps of hikes by the end of the year (down from +65bps a week ago). Meanwhile the euro was -0.1% weaker against a broadly stronger dollar to trade at \$1.1629/€.

Middle East uncertainty is lifting near term euro area inflation expectations.

An ECB blog argues that the conflict is already affecting firms' and households' expectations, as higher energy prices and supply disruptions push short term inflation expectations higher. In the latest SAFE survey, euro area firms expected one year ahead inflation at around 3.0%, up from around 2.5% before the war. The blog also notes that households' experience of the 2022 energy shock has made them more sensitive to a new inflation shock, with a risk that higher near-term expectations percolate into three-year and five-year expectations should the conflict persists (see chart). It concludes that clear communication and central bank credibility remain important safeguards against inflation expectations becoming unmoored.

Firms' inflation expectations before and after the outbreak of the war in the Middle East at different horizons



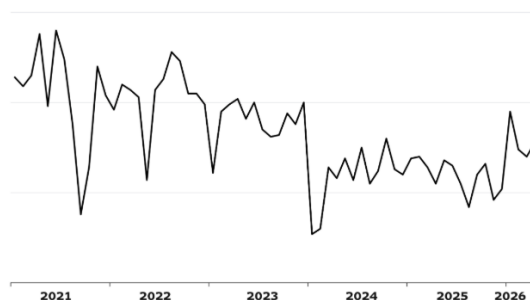
Notes: The chart shows survey-weighted median expectations for euro area inflation in one year, three years and five years' time. "before the war outbreak" refers to SAFE survey data from the Q1 2026 round collected between 19 February and 27 February 2026, and "after the war outbreak" refers to Q1 survey data collected between 28 February and 1 April 2026.

Japan

Today's focus has been upbeat activity data, a solid front-end JGB auction, and close watch on FX intervention signals. April industrial production released yesterday rebounded to +0.8% m/m (exp. -0.6%

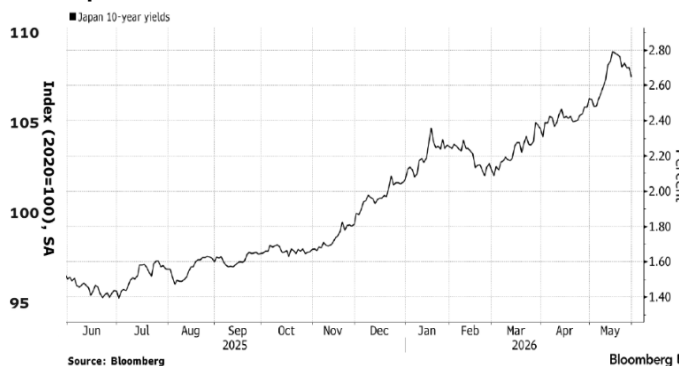
from -0.4%, left chart), while May consumer confidence released earlier today rose to 33.6 (exp. 32.4 from 32.2), adding to signs of resilient domestic demand and guiding overnight forward pricing for imminent BOJ tightening, with 80% odds of a 25 bps rate hike at the upcoming meeting on June 16, unchanged from a week ago. The 2-year JGB yield rose 1.5 bps on the day to 1.365% after a solid 2-year JGB auction, with a bid to cover ratio of 3.7 (against a 12-month average of 3.74). Longer dated yields eased, with the 10-year JGB yield down (-3 bps) to 2.66% (right chart), helped by firmer Treasuries and lower oil after the aforementioned Reuters report of the tentative US Iran ceasefire extension. In FX, the yen traded near ¥159.3/\$ as FM Katayama repeated that authorities could intervene if volatility or speculative moves become excessive, ahead of intervention data due later today.

Japan Industrial Production



Source: Ministry of Economy, Trade and Industry

Japan 10-Year Yield Declines With Oil Prices



Source: Bloomberg

Bloomberg

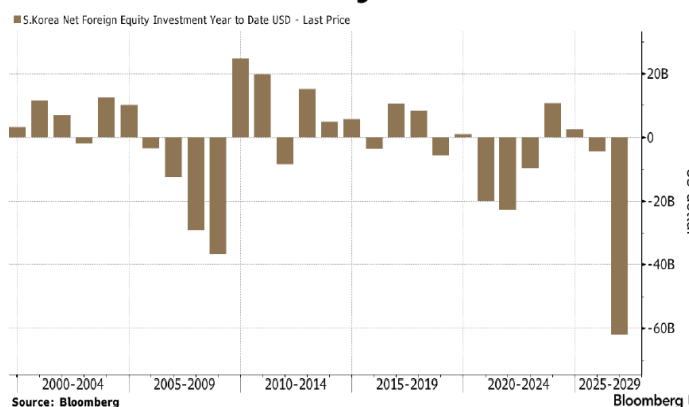
Korea

Despite strong gains, Korean equities saw record foreign selling.

Foreign investors have sold a net \$63.6 bn of Korean equities in May, the largest monthly outflow since the series began in 1999, with Samsung and SK Hynix accounting for \$58.6 bn of combined net outflows this year (see chart). Following Bloomberg analysis, part of the outflow appears to reflect forced rebalancing rather than fading conviction, as sharp gains in Samsung Electronics and SK Hynix pushed some global funds against single stock concentration limits, curbing their room to hold the winners.

The Korean won weakened against the US dollar (-1%) to KRW1506.6/\$ as April industrial production data missed expectations, printing at 1.5% y/y (exp. 2.5% from revised 3.9%) after the Bank of Korea maintained the policy rate at 2.5% at the meeting yesterday.

Korean Stocks See Record Foreign Net Outflows



Source: Bloomberg

Bloomberg

Emerging Markets

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This morning, EMEA markets lacked direction. Equities in Hungary were outperforming (+1.0%), led by increases in the industrials sector. Preliminary May headline inflation surprised to the downside in Poland at 3.1%/y/y (exp. 3.6 from 3.2%). The zloty was trading fractionally weaker against the euro following the release. Elsewhere, after market close, S&P will publish its rating review of Hungary (currently rated BBB- with a negative outlook).

In EM Asia, lower crude oil and steady AI optimism supported a broad-based recovery across equities and duration while currencies remained flat. Equities rose across the region (EM Asia: +2.1%),

led by Korea (KOSPI: +3.6%), Japan (Nikkei: +2.5%), and Taiwan POC (TWSE: +2.5%), as easing Middle East tensions and falling oil prices supported sentiment, led by the technology sector. EM Asia currencies remained mostly flat except for the RMB, which strengthened toward a three-year high (+0.2%) to CNY6.77/\$ after the PBOC set a firmer fixing and the dollar weakened on hopes of a US Iran truce. In rates, most EM Asia 10-year and 30-year government bond yields declined as easing Middle East tensions supported duration.

Yesterday, Latin American markets lacked direction, with equity weakness offset by firmer currencies in parts of the region. Equities declined in Mexico (-1.7%), Brazil (-0.4%), and Colombia (-0.6%), while stocks in Chile gained (+0.6%). Currency appreciated in Brazil (+0.4%) and Chile (+0.4%), while the Colombian peso weakened (-0.3%) against the US dollar.

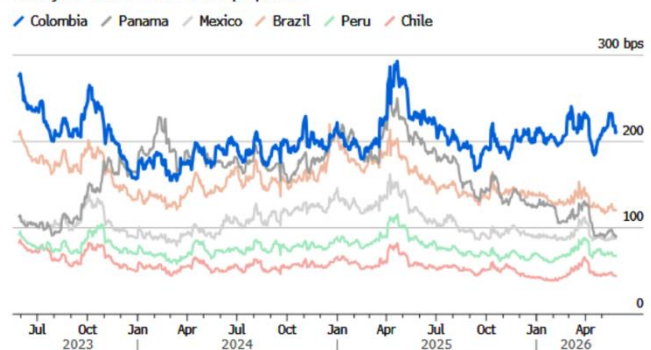
Colombia

Imminent elections are leading markets to draw a clearer line between policy continuity and change.

Sovereign credit has lagged regional peers over the past year and missed much of the broader tightening in CDS across Latin America (see chart), while equities have outperformed over the past two years. The agenda of outgoing President Gustavo Petro, Colombia’s first left wing president, has centered on social reforms, peace talks with armed groups, higher social spending, and a shift away from new oil and gas exploration. Left wing candidate Ivan Cepeda is viewed as the continuity candidate,

Colombia Underperforms Regional Peers

Five-year credit-default swap spreads



Source: Bloomberg

Bloomberg

pledging to deepen Petro’s social and economic reforms and keep peace efforts in place. Center right candidate Paloma Valencia is viewed as more market friendly, with plans to end Petro’s “total peace” policy, take a tougher security line, and support business and the oil and gas sector. Right wing candidate Abelardo De La Espriella has also gained attention with a tougher security platform, tax cuts, and support for mining and oil. Investors see equity gains as more vulnerable if Cepeda performs strongly, while a stronger showing by Valencia or De La Espriella could be read as a cleaner shift away from Petro’s policy mix. The first round takes place this Sunday, with a runoff likely if no candidate wins more than 50% of the vote.

China

Local markets focused on firmer export prices and renewed support for the property sector.

Export prices rose 5% y/y in April, the fastest pace since April 2023 (see chart), driven by higher energy related costs after the oil shock and rising chip prices amid the global AI boom. The increase could add to imported inflation abroad, albeit Bloomberg analysts note that price gains remained concentrated in a minority of exports, with intense competition in traditional sectors still limiting pass-through and squeezing margins. Stocks in the property stocks have been the market mover of the day (+6.3%) after the State Council unveiled an urban renewal plan aimed at idle land, unfinished projects, and underused housing.

China's Export Prices Jump After Three Years of Decline

Export prices rose at the fastest pace since April 2023 as oil shock spread



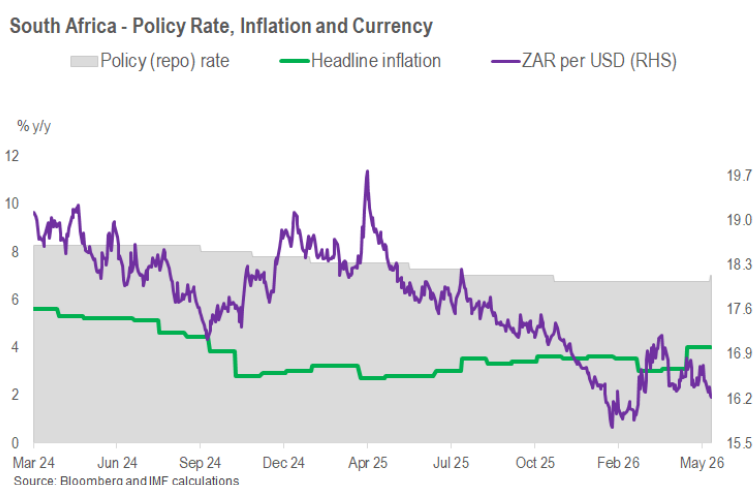
Note: Figures are based on China's export price index (HS2)

Source: General Administration of Customs

Bloomberg

South Africa



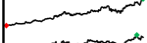


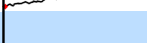















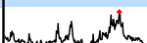





The South African Reserve Bank (SARB) hiked policy rate in line with expectations. Yesterday, the SARB hiked the repo rate by +25bp to 7.0% in a 4-2 split decision with two members voting for a hold. The central bank cited increased risks to the outlook for inflation since its March meeting and noted that the conflict in the Middle East could result in second round effects. Revised projections showed the SARB now expects headline inflation to average 4.4% in 2026 and 3.7% next year with inflation returning to the 3% target in 2028. Deutsche Bank analysts said the split vote may suggest that the bar for another rate hike has risen. However, they also noted that a 50 bps increase was discussed, which could suggest the SARB may not be done after one hike. This morning, the rand was trading slightly weaker against the dollar at ZAR16.27/\$, although the currency is firmer since last week (+1.2%), while 10Y local currency bond yield declined on the day (-5bps) to 8.55%. Separately, S&P will hold its scheduled ratings review of South Africa later today. At the last review in November, S&P upgraded South Africa to BB (maintaining a positive outlook) citing improving fiscal performance. Absa analysts expect South Africa's sovereign credit rating to remain unchanged in today's review.



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: 5/29/26 9:08 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities					%		%
United States		7,573	0.6	1.7	6.1	28.1	11
Europe		6,079	0.4	1.0	4.5	13.2	5
Japan		66,330	2.5	4.7	11.5	74.7	32
China		4,892	-0.4	1.0	1.8	27.4	6
Asia Ex Japan		119	0.4	5.1	10.6	51.6	28
Emerging Markets		69	0.3	4.8	9.4	48.9	25
Interest Rates					basis points		
US 10y Yield		4.4	-1	-12	1	2	27
Germany 10y Yield		3.0	-1	-9	-16	45	10
Japan 10y Yield		2.7	-3	-10	19	114	60
UK 10y Yield		4.8	-1	-9	-26	16	33
Credit Spreads					basis points		
US Investment Grade		106	-1	0	-12	-29	-2
US High Yield		316	0	2	-12	-52	-20
Exchange Rates					%		
USD/Majors		99.0	0.0	-0.2	0.1	-0.2	1
EUR/USD		1.16	0.0	0.4	-0.3	2.4	-1
USD/JPY		159.3	0.0	0.1	-0.7	10.4	2
EM/USD		47.7	0.1	0.5	1.4	4.4	2
Commodities					%		
Brent Crude Oil (\$/barrel)		92.1	-1.8	-11.1	-16.6	46.7	53
Industrials Metals (index)		186.2	0.0	1.4	5.7	31.4	14
Agriculture (index)		57.9	0.0	-0.5	-1.4	2.7	8
Gold (\$/ounce)		4524.1	0.6	0.3	-0.5	36.4	5
Bitcoin (\$/coin)		73064.9	-0.6	-4.6	-3.4	-31.2	-17
Implied Volatility					%		
VIX Index (% change in pp)		15.7	0.0	-1.0	-3.1	-3.5	0.8
Global FX Volatility		6.5	0.0	-0.3	-0.5	-2.3	-0.5
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		66	-1	-2	-14	-6	7
Italy		71	-1	-2	-14	-27	1
France		61	0	-2	-6	-6	-10
Spain		41	-1	-2	-6	-19	-2

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

Emerging Market Financial Indicators

5/29/2026 9:12 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		6.77	0.1	0.4	1.1	6.2	3.3		1.8	-1	-3	-4	4	-14
Korea*		1506	-0.8	0.7	-1.2	-9.0	-4.4		4.1	2	-4	37	153	82
Indonesia		17874	-0.5	-0.9	-3.3	-8.9	-6.6		6.8	0	-4	10	2	73
India		95	0.7	0.7	-0.2	-10.0	-5.4		7.8	-6	-29	-8	108	73
Philippines		62	0.1	0.2	0.0	-9.5	-4.5		6.1	0	0	49	116	142
Thailand		33	0.5	0.4	0.5	0.7	-3.2		2.4	1	-6	14	41	64
Malaysia		3.96	0.4	0.1	-0.3	7.0	2.4		3.6	0	-2	3	5	8
Argentina		1409	0.0	-0.6	-1.3	-16.0	3.0		0.0	0	0	0	-2964	-3237
Brazil		5.06	-0.3	-0.4	-1.2	12.1	8.3		14.0	1	-9	30	0	46
Chile		891	0.0	1.1	1.9	5.0	1.1		5.4	-2	-7	0	-19	14
Colombia		3645	-0.1	0.4	-0.6	13.0	3.6		13.7	-15	-59	26	156	81
Mexico		17.34	-0.2	0.0	1.1	11.4	3.8		9.1	-5	-19	1	-31	10
Peru		3.4	0.1	-0.1	2.9	6.7	-1.5		6.7	0	-5	-1	26	94
Uruguay		40	0.0	-0.3	0.7	3.7	-2.9		7.5	3	1	4	-190	-5
Hungary		304	0.1	1.7	3.0	16.8	7.6		5.4	-1	-18	-57	-127	-114
Poland		3.63	-0.1	0.6	0.5	2.8	-1.1		5.2	1	-10	3	16	68
Romania		4.5	-0.2	0.3	-3.1	-1.4	-3.9		6.7	-1	-15	-32	-70	0
Russia		70.9	0.1	0.7	5.7	8.9	11.1							
South Africa		16.2	0.0	1.5	3.7	9.8	2.1		8.8	-3	-35	-27	-191	16
Türkiye		45.89	-0.1	-0.4	-1.7	-14.8	-6.4		35.8	0	-52	128	213	618
US (DXY; 5y UST)		99	0.0	-0.2	0.1	-0.2	0.7		4.14	-1	-11	7	15	42

	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		4,892	-0.4	1.0	1.8	27.4	5.7		86	1	-7	-32	11	
Korea*		8,476	3.6	8.5	28.4	214.2	101.1		22	0	-6	-7	0	
Indonesia		6,127	0.0	-3.0	-11.9	-13.3	-29.1		100	2	-2	2	14	
India		74,776	0.0	-0.5	-2.8	-8.2	-12.3		82	2	-8	-26	-8	
Philippines		5,769	-1.6	-2.6	-1.1	-9.0	-4.7		92	2	2	11	17	
Thailand		1,568	0.0	1.9	5.0	36.5	24.5							
Malaysia		1,683	-0.1	-1.5	-2.3	12.0	0.2		45	1	-9	-36	-14	
Argentina		3,089,497	0.6	7.4	8.8	33.9	1.2		505	-18	-88	-158	-64	
Brazil		175,063	-0.4	-0.7	-5.2	26.4	8.7		184	-2	-2	-35	-19	
Chile		10,897	0.6	3.2	0.4	33.0	4.0		91	0	0	-26	0	
Colombia		2,183	-0.6	4.8	1.8	33.4	5.5		246	-13	2	-89	-31	
Mexico		68,866	-1.6	0.7	2.6	17.5	7.1		206	-3	0	-93	-11	
Peru		3,345	0.6	3.7	8.8	81.5	29.5		90	-5	-15	-39	-19	
Hungary		134,686	2.5	3.1	1.5	40.0	21.3		115	1	-4	-43	-24	
Poland		137,363	0.8	1.7	6.5	34.7	17.2		94	-2	1	-16	3	
Romania		30,096	-0.6	-1.7	5.3	67.0	23.1		184	-3	-24	-78	8	
South Africa		115,043	0.0	1.6	1.0	21.4	-0.7		211	-19	-34	-108	-7	
Türkiye		13,663	0.0	-2.6	-5.4	51.5	21.3		272	-17	-5	-39	38	
EM total		69	0.8	4.8	9.4	48.9	25.4		253	-6	-10	-130	-18	

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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