GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, MAY 7, 2026

LEAD EDITOR: ESTI KEMP

- **US equity markets supported by inflows and buybacks** (link)
- **The resilience of the US economy may limit dollar downside** (link)
- **Japanese yen stabilized, while equities surged on positive sentiment** (link)
- **Krone advanced after Norges Bank surprised with a rate hike** (link)
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Oil Prices Continue to Ease Amid Optimism Around Peace Talks in the Middle East

Risk sentiment remained broadly supported this morning as oil prices continued to ease and sovereign yields edged lower. Brent crude fell for a third consecutive session, trading around $98/bbl, as markets await a response from Iran, expected in the coming days, to a US proposal to end the conflict and reopen the Strait of Hormuz. The dollar also weakened, while Treasury and European government bond yields edged lower as inflation expectations declined. In Japan, the Nikkei surged to a record high, catching up to the global equity rally after a three-day holiday. European equities were little changed this morning, while US equity futures are pointing to a positive open. On the central bank front, Norges Bank surprised markets with a 25 bps rate hike, while Sweden's Riksbank left rates unchanged, in line with expectations. Elsewhere, market participants are also keeping an eye on today's UK local elections, with results expected tomorrow morning.

Key Global Financial Indicators

Last updated: 5/7/26 7:53 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7365	1.5	3	11	31	8
Eurostoxx 50		6030	0.1	3	7	15	4
Nikkei 225		62834	5.6	5	12	70	25
MSCI EM		67	3.2	8	18	51	23
Yields and Spreads					bps		
US 10y Yield		4.33	-1.7	-4	4	6	17
Germany 10y Yield		2.98	-1.8	-6	-10	51	13
EMBIG Sovereign Spread		237	-3	-7	-42	-121	-16
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		47.8	0.3	1	2	5	3
Dollar index, (+) = $ appreciation		97.9	-0.1	0	-2	-2	0
Brent Crude Oil ($/barrel)		97.9	-3.4	-14	-10	60	61
VIX Index (%, change in pp)		17.4	0.1	1	-8	-6	2

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: 5/7/26 7:56 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		98	-3.3	-14	-10	60	61
WTI Crude Oil ($/barrel)		92	-3.5	-13	-19	58	60
Natural Gas (Netherlands TTF)		44	-1	-5	-18	26	63
Breakeven Inflation		%	bps				
USD: 2Y		2.9	-3.3	-16	1	5	60
USD: 5Y		2.6	-1.3	-11	7	16	31
USD: 5Y5Y		2.4	-1	-3	4	2	-5
EUR: 2Y		2.8	-7.8	-30	-10	126	109
EUR: 5Y		2.3	-6	-20	-4	61	53
EUR: 5Y5Y		2.1	-1	-3	-3	7	7

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

Yesterday US equities rallied alongside global risk assets as signs of de-escalation in the US–Iran conflict boosted sentiment, with the S&P 500 advancing (+1.4%) and once again setting record highs. Brent Oil fell sharply toward ~$100/bbl (-8%), easing inflation concerns and driving a broad decline in Treasury yields (c.8bps on 10y) as Fed tightening expectations softened, while the dollar weakened back toward pre-conflict levels.

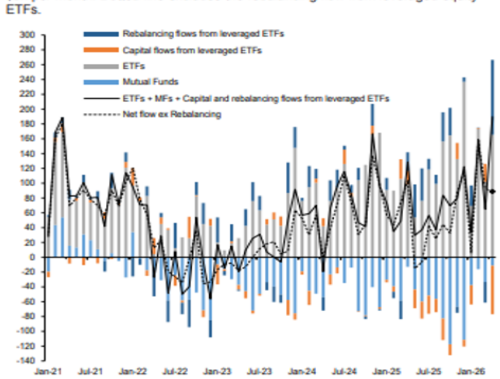
Data released this morning showed initial jobless claims for the week ending May 2 at 200k, slightly below market estimates (205k), while continuing claims of 1,766k were also below forecasts of 1,800k. Markets were broadly unchanged after the print.

	Actual	Survey	Prior	Revised
Initial Jobless Claims	200k	205k	189k	190k
Continuing Claims	1,766k	1,800k	1,785k	1,776k

US equity markets supported by inflows and buybacks. JPMorgan analysts highlight that April's equity rally was supported by US$190bn in inflows, split almost equally between retail investors and rebalancing flows from leveraged equity ETFs. In addition, another US$160bn in buyback announcements from the US technology sector (up nearly 100% y/y) provided an additional tailwind. Importantly, despite the Nasdaq rising almost 20% since April 1 and the S&P 500 gaining 12%, the analysts believe that the rally may still have room to run, as institutional investors and macro managers still have scope to increase exposures.

Figure 7: Equity fund flows globally by month

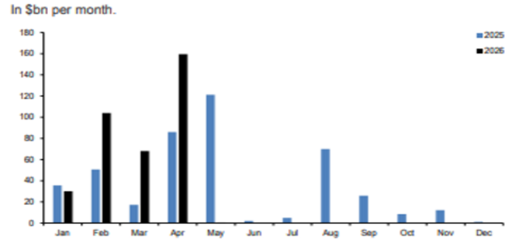
$bn per month. Dotted line excludes the rebalancing flow from leveraged equity ETFs.



Source: LSEG Lipper, Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity.

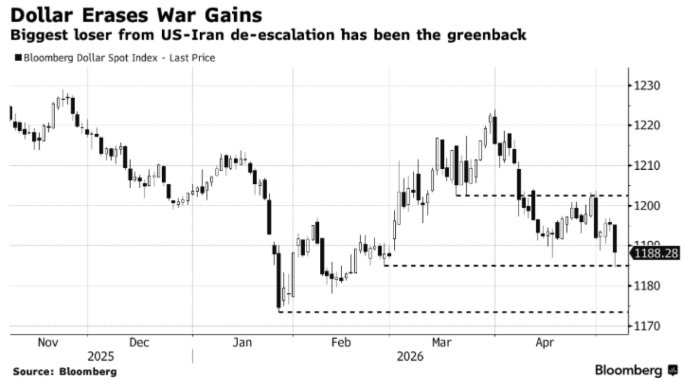
Figure 8: US Tech sector share buyback announcements YTD vs 2025

In $bn per month.



Source: Bloomberg Finance L.P., J.P. Morgan Flows & Liquidity.

The resilience of the US economy may limit dollar downside. The US dollar has erased all its gains since the start of the US-Iran conflict, with Bloomberg analysts describing the greenback as “the biggest loser from de-escalation.” However, the relative resilience of the US economy—given its status as an energy producer—could provide some support for the US dollar in the short term, particularly compared to developed peers that are far more exposed to disruption in oil and refined products supplies. As a result, some analysts conclude that expectations for a sustained and material dollar decline may be premature.

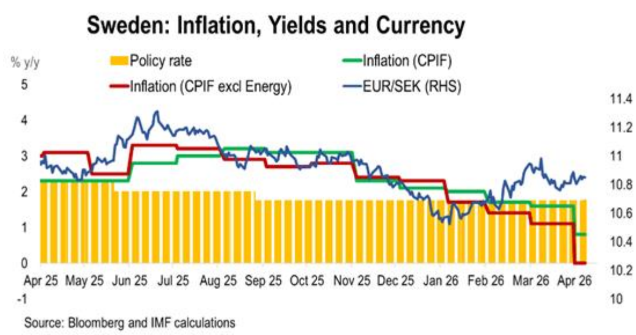


Euro Area

European equities traded broadly sideways this morning as investors waited for updates on a potential US-Iran peace deal. The STOXX 600 index was little changed, with gains in consumer discretionary (+1.4%) and technology (+1.0%) offset by losses in utilities (-1.6%) and energy (-1.9%). The latter extended yesterday’s decline as energy prices continued to slide (Brent -1.5% at $99.7/bbl; European natural gas futures -1.0% at €43.5/MWh). The euro edged 0.2% higher against the dollar to around $1.1772/€. European government bond yields were marginally lower.

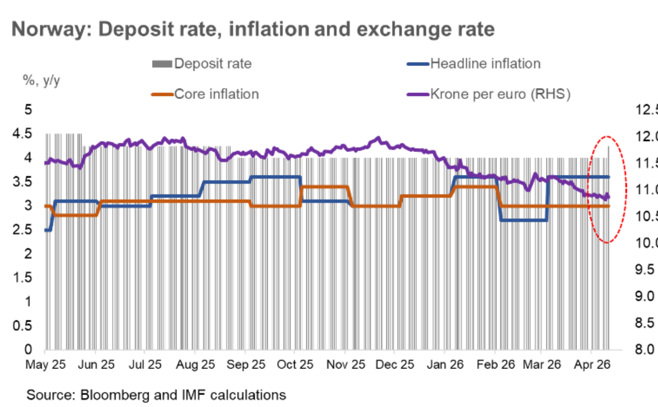
Sweden

The Riksbank keeps rates unchanged after inflation surprises on the downside. The krona edged marginally higher against both the euro (+0.1%) and the dollar (+0.3%) this morning, trading at SEK10.84/€ and SEK9.22/$, after the Riksbank kept its policy rate unchanged at 1.75%, in line with expectations. UBS analysts view today’s decision as the start of a prolonged pause lasting until mid-2027, following earlier guidance that rates would remain unchanged “for some time.” Data released yesterday showed inflation surprised to the downside in April, with headline CPI slowing to 0.8% y/y (from 1.6%; vs. 1.2% expected) despite higher energy prices, while core inflation fell to 0.0% y/y (vs. 0.4% expected) from 1.1% in March.



Norway

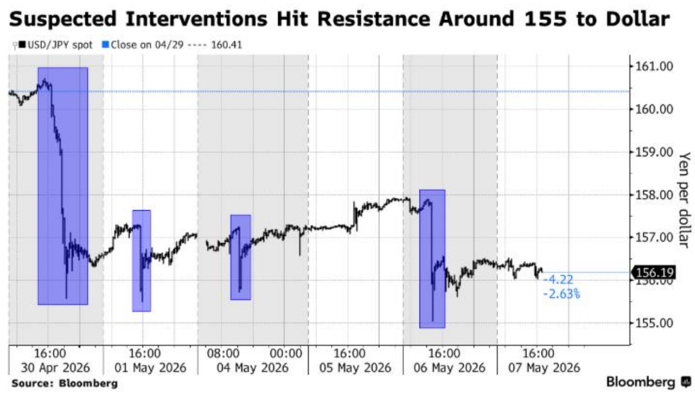
Norges Bank surprises with a 25 bps rate hike. The krone strengthened against both the euro (+0.5%) and the dollar (+0.7%) this morning, trading at NOK10.86/€ and NOK9.23/$, after Norges Bank unexpectedly raised its policy rate by 25 bps to 4.25%, while consensus had expected rates to remain unchanged. This marked the first rate hike since 2023. Policymakers provided little additional guidance on future moves, noting that today’s decision was consistent with the outlook communicated in March, which had pointed to a possible increase



in the policy rate to between 4.25% and 4.5% by year-end. Governor Ida Wolden Bache said inflation remains too high, with CPI rising to 3.6% y/y in March from 2.7% previously. Money markets are now pricing in another 25 bps hike by September with around a 75% probability. Norwegian government bond yields were little changed following the decision, while equities fell 0.9%, extending weekly losses to 1.8%.

Japan

The yen saw only mild swings today, stabilizing near 156/$ and closing Asian trading little changed at 156.40/$. Vice Finance Minister Mimura said today that Japan is prepared to respond on all fronts to speculative FX moves. Mimura also added that authorities are monitoring markets with a sense of urgency, while declining to comment on the yen's sharp 1.8% appreciation in roughly 30 minutes on Wednesday. Bloomberg analysis of central bank accounts suggest that Japan likely used around JPY4.68 trn ($30 bn) in follow-up interventions after the JPY5.4 trn ($34.5 bn) used on April 30. Despite these repeated operations, the yen has struggled to sustain strength beyond 155/$, reflecting firm underlying dollar demand, particularly from importers, alongside elevated energy costs and still-wide rate differentials. The absence of lower US yields has also limited durable appreciation, with markets increasingly interpreting intervention as aimed at smoothing volatility rather than reversing the trend. Elsewhere, Japanese asset markets resumed trading today, with benchmark yields declining modestly as Middle East tensions eased. **Equities surged (Nikkei 225: +5.6%) to a record high**, led by semiconductor and technology names catching up to the broader global equities rally.



Emerging Markets

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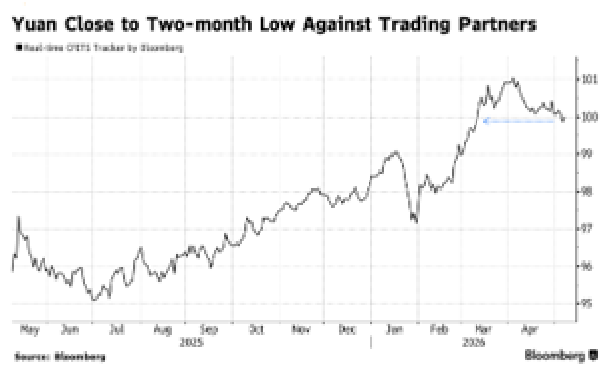
EMEA equities and currencies were mostly firmer in early morning trade. In CEE, equities in Romania were outperforming (+2.1%), while equities in the Gulf region were also trading in positive territory. Local currency government bond yields were mostly lower. On the monetary policy front, the Czech National Bank is expected to keep rates unchanged at 3.5% later today. Elsewhere, Bloomberg reported that Saudi Arabia's Public Investment Fund (PIF) is selling a multi-tranche US dollar bond, its first since the onset of the US-Iran war.

Asian equities extended their rally and currencies generally strengthened amid signs of easing Middle East tensions (EM Asia equities: +2.4%; EM Asia FX: +0.2%). Equity gains were led by Hong Kong SAR (Hang Seng: +1.6%) and Korea (KOSPI: +1.4%). In FX, the Philippine peso (+1.5%) led gains even as Q1 economic growth unexpectedly slowed, likely reflecting the currency's recent sensitivity to oil prices. The Malaysian ringgit also appreciated (+0.3%) after Bank Negara Malaysia held the overnight policy rate at 2.75%.

Regional markets in Latin America mostly rebounded on Wednesday amid hopes for easing tensions in the Middle East. Regional equity indices generally moved higher alongside global equities, with the broader MSCI Latin America index gaining +1.5%. Currencies mostly appreciated, led by the Chilean peso (+1.7%), partly aided by the rally in copper prices. Local yields were mostly lower. Argentina's hard currency bond spreads tightened, with the sovereign index spread declining 39 bps following Fitch's credit rating upgrade. Elsewhere, Ecuador raised US$1bn through a tap of its existing 2034 and 2039 bonds at 8.25% and 8.75%, respectively.

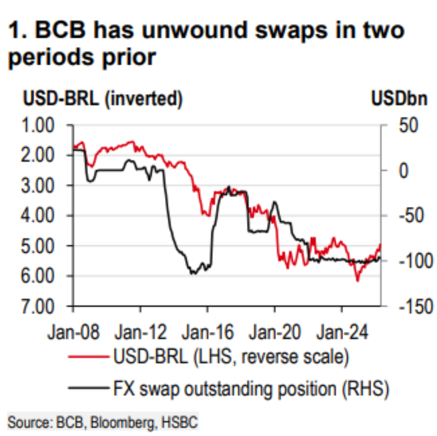
China

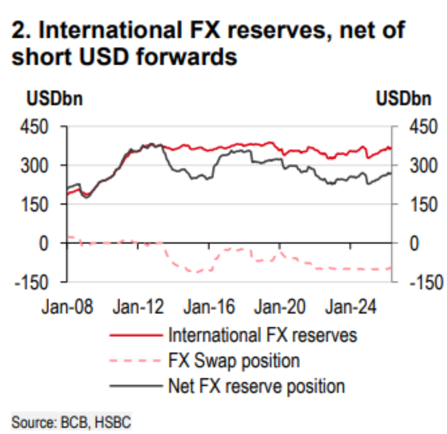
The yuan extends its post-holiday rally towards the 6.80 level. Both onshore CNY (+0.2%) and offshore CNH (+0.2%) strengthened, supported by improving global risk sentiment linked to US-Iran de-escalation and a softer dollar, alongside a second consecutive stronger fixing at 6.8487/$. However, the fixing remains notably weaker than the consensus estimate of 6.8097, indicating efforts by authorities to guide a gradual pace of appreciation. A Bloomberg-simulated CFETS basket index has slipped below 100 to its lowest level in nearly two months, suggesting yuan underperformance against trading partner currencies. Meanwhile, both the 10-year and 30-year government bond yields were little changed today at 1.76% and 2.28%, respectively. The Ministry of Finance announced late Wednesday that it will sell a total of CNH84bn sovereign bonds in Hong Kong this year in six tranches. Alongside the recent gradual opening of bond futures trading to global investors, the move points to gradual market deepening aimed at boosting the appeal of the Chinese debt market.



Brazil

Brazilian central bank buys dollars forward amid BRL strength. The Brazilian central bank (BCB) held an auction of reverse swaps equivalent to a $500mn purchase in the futures market. Such operations are typically paired with spot dollar sales, but Bloomberg analysts noted that this marked the first time since 2016 that the BCB executed standalone reverse swaps, according to central bank data. BBVA analysts observed that the BCB is “taking advantage” of BRL strength to gradually unwind its positions. HSBC analysts similarly viewed the move as a potential start of a broader reduction in BCB’s short-dollar forward exposure, which effectively lowers net FX reserves. The analysts added that the BRL’s appreciation this year (up 11% against the dollar YTD) suggests the central bank can reduce its swap position with limited disruption to the FX market. While the analysts cautioned that the process could slow or partially reverse the BRL’s rally, they remain constructive on the currency over the medium term.

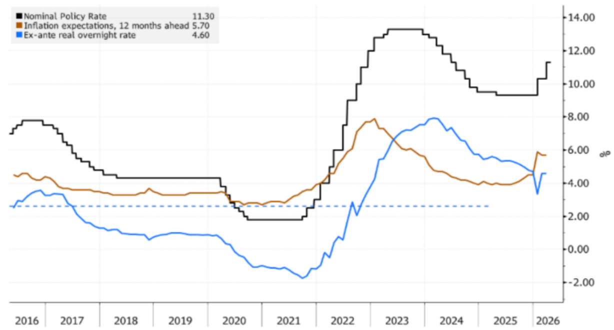




Colombia

Banrep's meeting minutes reveal "search for consensus" amid split views. The surprise unanimous decision by the central bank to hold rates last week reflected efforts to demonstrate "agreement amid differences" among policymakers, while also allowing more time to assess the impact of previous rate adjustments. The minutes showed a divided board. Four policymakers cautioned about rising inflation and inflation expectations, while two favored a more accommodative policy stance, arguing that inflation was largely supply-driven rather than reflecting excess demand. Another member pointed to structural inflation pressures alongside geopolitical disruption. Hawkish members warned that holding rates now could require tighter policy for longer, while also citing the large fiscal deficit and increase in the minimum wage as reasons for the recent uptick in inflation. In contrast, dovish members cautioned that further tightening could undermine growth, attract speculative capital flows, and weigh on exports. The decision to keep rates unchanged surprised analysts, who had broadly expected a third consecutive rate hike.

Colombia Monetary Policy Interest Rate

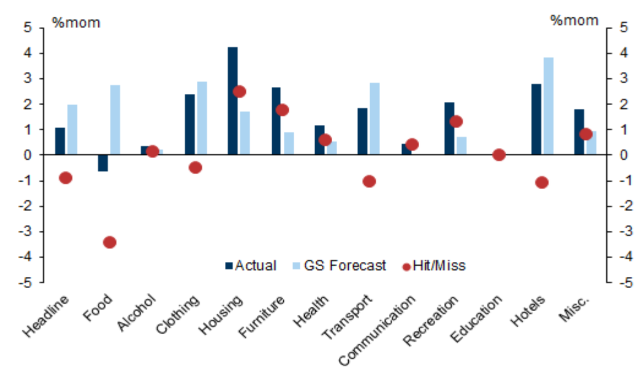


Source: Banco de la Republica, Bloomberg Economics

Egypt

April headline inflation slows in Egypt. Headline inflation slowed to 14.9% y/y in April from 15.2% in March, largely driven by easing food and transportation prices. Core inflation also slowed to 13.8% y/y from 14.0% in the prior month. Goldman Sachs analysts note that despite the moderation in inflation, there were some upside surprises across the CPI basket, particularly in housing and furniture prices. The analysts continue to see upside risks to Egypt's inflation outlook from higher energy prices, an unfavorable external environment, as well as domestic inflationary pressures due to administered price hikes. As a result, Goldman Sachs forecast 200 bps of rate hikes by the Central Bank of Egypt this year, with 100 bps hikes expected in both May and July as their base case.

Exhibit 1: Downside Surprises in Food and Transport; Upside Surprises in Housing and Furniture
CPI %mom



Source: Haver Analytics, Goldman Sachs Global Investment Research

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Global Financial Indicators

Last updated: 5/7/26 7:58 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities			%				%
United States		7,365	1.5	3.2	11.3	30.8	8
Europe		6,031	0.1	2.5	7.1	15.3	4
Japan		62,834	5.6	5.2	11.6	70.1	25
China		4,901	0.5	2.7	6.6	27.2	6
Asia Ex Japan		116	3.4	8.2	19.3	53.6	25
Emerging Markets		67	3.2	7.7	17.8	51.2	23
Interest Rates			basis points				
US 10y Yield		4.3	-2	-4	4	6	16
Germany 10y Yield		3.0	-2	-6	-11	50	12
Japan 10y Yield		2.5	-4	-5	6	117	41
UK 10y Yield		4.9	-2	-9	1	46	44
Credit Spreads			basis points				
US Investment Grade		112	-1	-5	-9	-37	5
US High Yield		322	-1	-5	-33	-91	-14
Exchange Rates			%				
USD/Majors		97.9	-0.1	-0.2	-2.0	-1.7	0
EUR/USD		1.18	0.2	0.3	1.5	4.1	0
USD/JPY		156.4	0.0	-0.1	-2.0	8.8	0
EM/USD		47.8	0.3	1.0	1.9	5.4	3
Commodities			%				
Brent Crude Oil ($/barrel)		98.1	-3.1	-11.1	-2.0	59.4	63
Industrials Metals (index)		180.5	0.1	1.8	6.5	28.5	10
Agriculture (index)		58.3	-0.5	-0.3	4.1	2.5	9
Gold ($/ounce)		4742.8	1.1	2.7	0.8	41.0	10
Bitcoin ($/coin)		80860.4	-0.7	3.1	16.7	-16.5	-8
Implied Volatility			%				
VIX Index (%, change in pp)		17.4	0.0	0.5	-8.4	-6.1	2.5
Global FX Volatility		7.0	0.0	-0.1	-1.0	-2.8	0.1
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		69	-1	-8	-13	-13	10
Italy		73	-1	-9	-15	-34	4
France		63	0	-3	-7	-10	-8
Spain		42	0	-4	-6	-23	-1

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

Emerging Market Financial Indicators

5/7/2026 8:00 AM	Exchange Rates: Level, Last 12m	Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM): Level, Last 12m	Latest	Change (in basis points): 1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.80	0.2	0.4	0.9	6.3	2.7		1.9	2	3	-3	14	-8
Korea*		1451	-0.2	1.8	3.5	-4.0	-0.7		3.9	2	14	22	136	57
Indonesia		17342	0.3	0.1	-1.4	-4.6	-3.8		6.7	-6	-2	5	-8	69
India		94	0.4	0.7	-1.3	-10.0	-4.6		7.8	5	-13	10	112	73
Philippines		60	1.5	1.8	-0.2	-8.3	-2.6		5.9	-8	24	32	97	121
Thailand		32	0.2	1.4	1.2	1.8	-2.0		2.3	0	7	2	32	57
Malaysia		3.91	0.4	1.6	3.1	8.5	3.9		3.6	-1	-1	-7	-8	5
Argentina		1388	0.4	0.3	0.2	-13.8	4.6		0.0	0	0	0	-3355	-3237
Brazil		4.92	-0.3	1.5	4.5	16.0	11.2		13.7	-20	-23	-14	-33	17
Chile		891	1.7	1.9	3.1	5.6	1.1		5.5	-2	3	2	-4	20
Colombia		3710	-0.2	-2.3	-0.7	16.1	1.8		13.8	0	26	38	184	98
Mexico		17.21	0.3	1.5	2.9	13.8	4.6		9.0	-15	-17	-18	-34	3
Peru		3.5	0.7	1.7	-1.1	5.5	-2.9		6.7	-3	-2	-28	16	93
Uruguay		40	0.3	1.4	1.9	4.8	-2.2		7.5	-2	1	-16	-208	-5
Hungary		302	0.8	2.7	8.7	18.3	8.2		5.9	-10	-7	-107	-76	-68
Poland		3.59	0.3	1.0	2.7	5.2	-0.1		5.1	-18	-15	-3	31	56
Romania		4.5	0.2	-1.1	-1.8	1.2	-3.1		6.9	-12	-12	1	-103	21
Russia		74.7	0.1	0.5	5.1	8.1	5.4							
South Africa		16.3	0.7	2.4	3.2	12.2	1.7		8.9	-19	-21	-40	-204	30
Türkiye		45.25	-0.1	-0.1	-1.4	-14.6	-5.1		33.9	-101	-78	-26	-88	426
US (DXY; 5y UST)		98	-0.1	-0.2	-2.0	-1.7	-0.4		3.97	-2	-3	4	11	25

	Equity Markets: Level, Last 12m	Latest	Change (in %): 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG): Level, Last 12m	Latest	Change (in basis points): 7 Days	30 Days	12 M	YTD
									basis points				
China		4,901	0.5	2.7	6.6	27.2	5.8		91	1	1	-34	16
Korea*		7,490	1.4	12.8	27.5	190.4	77.7		27	-2	-7	-4	5
Indonesia		7,174	1.2	1.0	-1.4	5.1	-17.0		97	3	-19	-26	11
India		77,845	1.2	0.4	0.4	-3.1	-8.7		82	-4	-15	-48	-8
Philippines		6,034	1.1	2.1	-0.9	-5.6	-0.3		85	3	-15	-16	10
Thailand		1,508	-0.6	1.8	1.5	24.9	19.7						
Malaysia		1,759	0.1	2.2	3.7	14.0	4.7		48	-4	-14	-49	-11
Argentina		2,881,352	4.4	0.4	-3.1	39.9	-5.6		524	-57	-94	-180	-45
Brazil		187,691	0.5	-0.5	-0.3	40.7	16.5		179	-3	-23	-53	-24
Chile		10,937	2.3	0.7	4.0	33.8	4.3		88	2	-14	-36	-3
Colombia		2,187	0.7	2.0	-3.9	33.3	5.8		244	4	-40	-132	-33
Mexico		69,855	1.8	3.8	1.9	20.5	8.6		196	-6	-25	-139	-21
Peru		3,225	4.2	3.6	0.4	81.7	24.8		94	-3	-18	-48	-15
Hungary		135,873	0.0	2.4	7.9	46.4	22.4		111	-2	-37	-61	-28
Poland		132,504	-0.7	2.7	5.9	32.0	13.0		92	3	-8	-20	1
Romania		29,318	1.6	2.6	3.9	76.4	20.0		191	-2	-14	-122	15
South Africa		119,363	0.2	4.8	3.8	30.5	3.0		225	-16	-34	-123	7
Türkiye		14,983	0.4	4.7	16.0	65.1	33.0		264	-10	-34	-69	30
EM total		67	0.5	7.7	17.8	51.2	23.4		252	-6	-40	-154	-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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