GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, MAY 8, 2026

LEAD EDITOR: ESTI KEMP

- **Strong earnings season in the US leads to EPS upgrades** (link)
- **Inflation markets are pricing almost no risk premium** (link)
- **Japanese real wages rise for a third consecutive month** (link)
- **German industrial production disappoints, reinforcing growth concerns** (link)
- **Banxico cuts rates by 25 bps to 6.5% and signals end of easing cycle** (link)

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Equities Hold Weekly Gains Despite Renewed Geopolitical Tensions

Markets end the week on a more cautious footing as Middle East tensions remain in focus, though equities remain broadly resilient. Asian equities declined overnight, with European equities also trading weaker this morning as risk sentiment weakened amid renewed tensions in the Middle East, which kept oil prices above US$100/bbl. However, US equities are set to again test new record highs with Bloomberg pointing to a rally in technology stocks, while US labor market data released this morning provided further support. Major equity indices remain broadly resilient on the week, with the S&P500 set for its sixth week of consecutive gains against a backdrop of strong corporate earnings and continued optimism around AI-related investment. The dollar is set for its second consecutive weekly decline while gold is set to end the week higher. In emerging markets, Banxico cut rates by 25bps and signaled the end of the easing cycle. Elsewhere, Bolivia returned to international debt markets with a US$1bn bond issuance, its first dollar sale since 2022.

Key Global Financial Indicators

Last updated: 5/8/26 7:41 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7337	-0.4	2	8	30	7
Eurostoxx 50		5925	-0.8	1	0	12	2
Nikkei 225		62714	-0.2	4	11	70	25
MSCI EM		67	-1.3	4	10	49	22
Yields and Spreads					bps		
US 10y Yield		4.38	-1.0	1	9	0	21
Germany 10y Yield		3.01	0.9	-3	7	48	16
EMBIG Sovereign Spread		235	-2	-12	-48	-117	-18
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		47.7	0.2	1	1	5	3
Dollar index, (+) = $ appreciation		97.9	-0.1	0	-1	-3	0
Brent Crude Oil ($/barrel)		100.7	0.6	-7	6	60	65
VIX Index (%, change in pp)		17.1	0.0	0	-4	-5	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: 5/8/26 7:43 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas			%				%
Brent Crude Oil ($/barrel)		101	0.6	-7	6	60	65
WTI Crude Oil ($/barrel)		95	0.0	-7	0	58	65
Natural Gas (Netherlands TTF)		44	-2	-4	-2	26	66
Breakeven Inflation		%	bps				
USD: 2Y		2.9	-2.0	-18	9	-2	60
USD: 5Y		2.7	-1.2	-8	15	15	35
USD: 5Y5Y		2.5	0	1	10	6	1
EUR: 2Y		2.8	0.8	-28	18	125	111
EUR: 5Y		2.3	1	-17	13	61	56
EUR: 5Y5Y		2.1	0	-2	3	8	8

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

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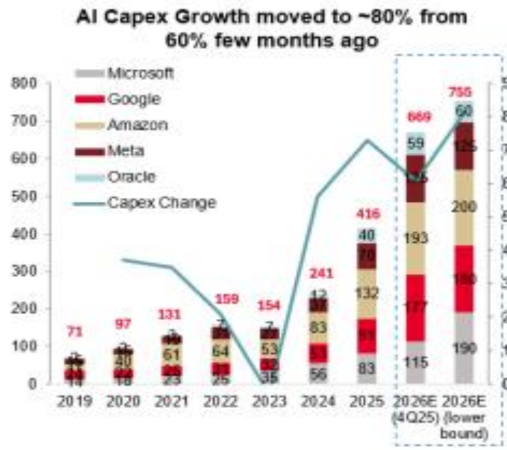
United States

Yesterday the S&P 500 declined by 0.4% in a choppy session, while crude had a very volatile trading day, amid uncertainty over the reopening of the Strait of Hormuz and the likelihood of a durable ceasefire. Treasury yields moved modestly higher, reflecting oil-driven inflation risks, even as underlying economic data and corporate earnings continued to point to resilient growth.

Nonfarm payrolls for the month of April came in higher than expected at 115k (vs. 65k expected) with no surprises on the unemployment rate print (4.3% vs. est. 4.3%). Average hourly earnings came in below market expectations, with contacts suggesting that gives them some comfort around inflation from the US-Iran conflict still not trickling into wages. S&P 500 futures continued to rally in early morning trading (+0.6%) while UST 2-year and 10-year yields were little changed.

Data for April	Actual	Survey	Prior	Revised
Change in Nonfarm payrolls	115k	65k	178k	185k
Change in Private payrolls	123k	75k	186k	190k
Change in Manufact. payrolls	-2k	3k	15k	
Unemployment Rate	4.3%	4.3%	4.3%	
Average hourly earnings m/m	0.3%	0.2%	0.2%	

Strong earnings season in the US leads to EPS upgrades. Of the 80% of S&P 500 companies that have already reported, 85% have beaten EPS forecasts, the highest beat rate in five years. In addition, 64% of sectors have recorded margin expansion, contributing to an upward revision of 2026 EPS growth expectations to 21% from 15% three months ago. In terms of sectors, technology, utilities and energy led the earnings beats, while materials and consumer discretionary lagged. AI-related capex momentum appears set to continue, with hyperscaler capex for 2026 now estimated at US$755 bn, up from US$669 bn before the earnings season and representing roughly 80% growth relative to 2025 levels. Against this backdrop, Societe Generale analysts argue that profits remain the anchor of the current equity rally, which should continue to benefit from fiscal support, capital expenditure, and industrial policy. They added that a potential Fed rate cut could turn “a bullish market into a raging bull.”

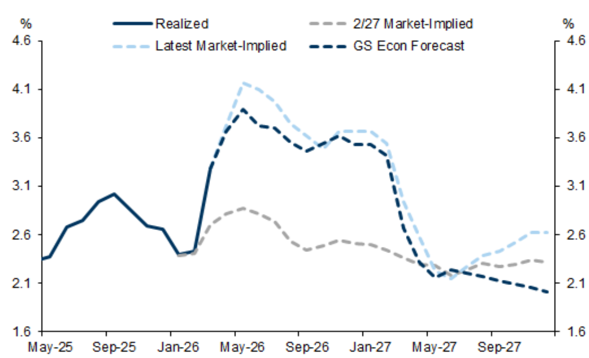


Source: Bloomberg, Refinitiv, SG Cross Asset Research/Equity Strategy

Inflation markets are pricing almost no risk premium. Goldman Sachs analysts note that the headline CPI path implied by inflation swaps remains above Goldman Sachs economists' baseline forecasts, which still assume enough disinflation for two Fed rate cuts in the second half of 2026. Their analysis suggests that there is little risk premium priced into the near-term inflation path, while growth expectations remain consistent with markets looking through near-term inflation headwinds. The analysts highlight that the experience from 2022 showed headline inflation continued to realize above market-implied levels even after inflation peaked, reflecting persistent supply-chain pressures. As a result, inflation-long positions are still seen as offering attractive hedge value against renewed supply disruptions and higher-for-longer oil prices.

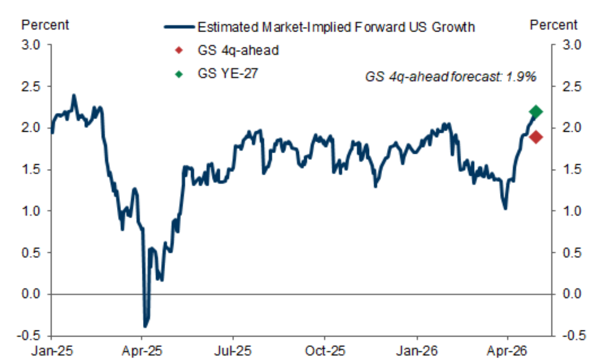
Exhibit 1: Inflation markets are pricing almost no risk premium

yoy headline CPI path implied by inflation swaps vs GS econ forecast



Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Exhibit 2: Growth pricing is more consistent with a willingness to look through near-term headwinds than at clearly excessive levels



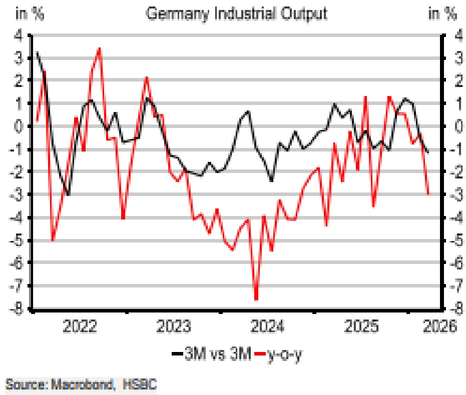
Source: Goldman Sachs Global Investment Research

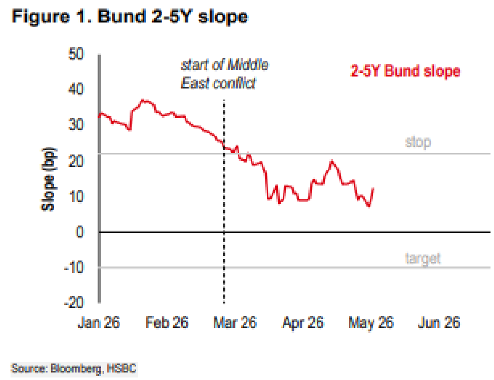
Euro Area

European equities pulled back this morning as renewed Middle East tensions revived concerns around energy supplies. The STOXX 600 index fell 0.6%, with all sectors in negative territory, though the index remained slightly higher on the week (+0.1% WTD). The euro extended gains against a weaker dollar ahead of US payrolls later today, trading around $1.1771/€.

German industrial production data for March disappoints. March industrial production fell 2.8% y/y (vs. -1.9% expected), reinforcing concerns that Germany's recent GDP surprise may prove unsustainable. HSBC noted industrial activity contracted 1.2% q/q in Q1, while ING warned that weak exports, falling capacity utilization and potential new US auto tariffs could prolong the industrial slowdown. Bloomberg data show that markets are now pricing around 65 bps of ECB hikes by March 2027 versus 80 bps yesterday.

European government bond yields were little changed, while intra-EMU spreads edged marginally tighter. HSBC expects further flattening in the Bund curve, arguing that persistent energy supply disruptions and restrictive rates could weigh on medium-term growth even if Middle East tensions ease quickly.



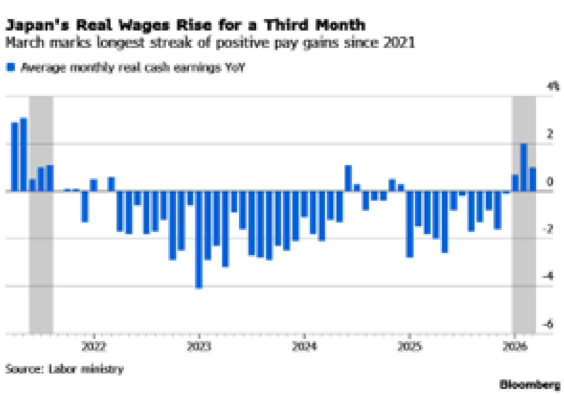


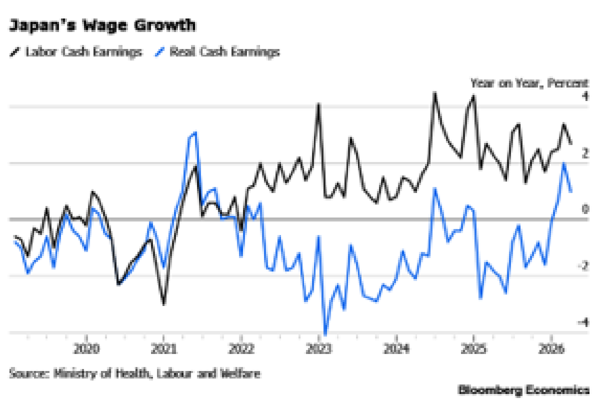
United Kingdom

Gilts yields decline as investors await UK local election results. Early local election results are pointing to significant losses for the ruling Labour Party and increased speculation around potential leadership changes. Gilt yields declined across the curve this morning, led by the long end. The 2-year gilt yield fell 3 bps to 4.36%, while the 10-year and 30-year yields declined 5 bps and 7 bps to 4.89% and 5.57%, respectively, after the latter had reached multi-year highs earlier this week. Sterling gained 0.4% against the dollar to trade at $1.3608/£, while UK equities were broadly flat on the day, leaving the market down around 1% on the week.

Japan

Workers' real wages rise for a third consecutive month. Real wages rose 1.0% y/y in March (vs. 1.8% expected), marking the longest streak of positive real wage growth since 2021, while nominal labor cash earnings increased 2.7% y/y (vs. 3.2% expected). Although both measures moderated from February's 2.0% and 3.4%, strong outcomes from this year's spring wage negotiations (shunto) suggest underlying resilience in Japan's wage-price cycle. The firmer wage backdrop helped push benchmark yields slightly higher today (2-year + 0.5bps to 1.37%; 10-year +0.5bps to 2.47%). The Japanese yen hovered near 157/$ today, closing +0.2% firmer at 156.65/$, after weakening overnight. Investor conviction seems skewed towards renewed medium-term depreciation, with asset managers such as Vanguard and Insight reportedly adding bearish yen positions due to higher oil prices and viewing intervention effects as temporary absent a more hawkish policy shift. Equities retreated modestly (Nikkei 225: -0.2%) amid profit-taking and weaker global sentiment in AI-linked stocks.





Emerging Markets

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EMEA equities and currencies were trading mixed ahead of US payrolls data. In CEE, equities in Hungary were underperforming (-1.7%) while Romanian equities were outperforming (+0.7%). CEE currencies were mostly firmer against the euro, while local currency government bond yields were slightly higher.

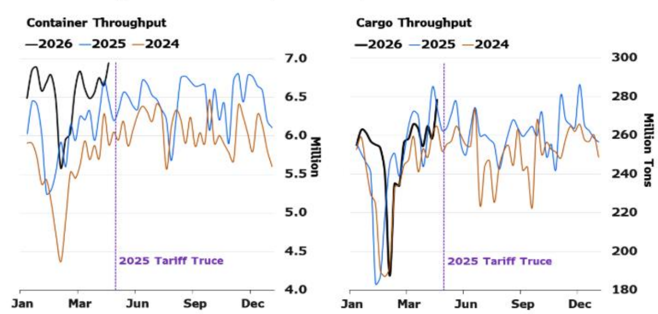
Asian currencies weakened modestly (EM Asia FX: -0.2%), while equities partially reversed this week's rally (EM Asia equities: -0.5%). Equity losses were led by Indonesia (Jakarta Composite: -2.9%) amid concerns over potential deletions from MSCI indices linked to high shareholding concentration ahead of MSCI's quarterly review on May 12.

Regional markets in Latin America pared recent gains on Thursday following renewed concerns over tensions in the Middle East. Currencies mostly depreciated, led by the Colombian Peso (-0.7%), amid market speculation of officials' dollar buying linked to a CHF swap unwind. Regional equity indices also declined alongside global equities, with the broader MSCI Latin America index losing -1.5%. Local yields traded higher, with the 10-year yields in Brazil and Colombia rising +11 bps and +5 bps, respectively. **Elsewhere, Bolivia tapped international markets with $1bn issuance of 2031 notes at 9.75%, marking its first dollar debt sale since 2022.**

China

Chinese yuan continued to strengthen despite a weaker fixing. The onshore CNY strengthened slightly while the offshore CNH gained (+0.1%), extending its rally to a seventh consecutive trading day, despite the yuan fixing being set slightly weaker at 6.8502/$. UBS strategists see room for a further 3–4% appreciation in the yuan on a trade-weighted basis, arguing that a stronger currency could support equities, reduce capital outflows and advance yuan internationalization. JPMorgan analysts similarly argue the yuan could strengthen toward 6.50/$ in the event of productive Trump-Xi talks. Government bond yields remained broadly stable today (10-year unchanged at 1.76%), while liquidity conditions stayed supportive, with the 7-day repo rate declining 3.5 bps to 1.34%, even as a Shanghai Securities News report earlier this week suggested the PBoC may gradually guide liquidity conditions away from April's "extremely loose" settings toward a more neutral stance with a mild easing bias in the coming months. A batch of data due next week is expected to show resilient exports, muted consumer inflation despite firmer producer prices, and a seasonal moderation in credit growth.

Port Data Signal Resilient Exports in April

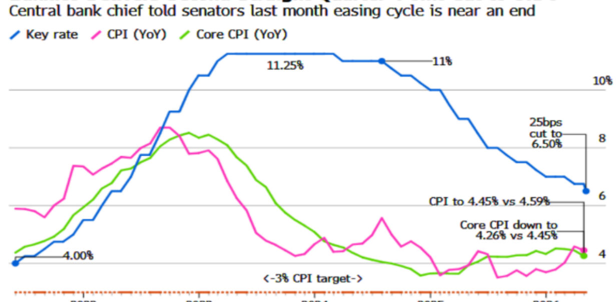


Source: Ministry of Transport, Bloomberg Economics

Mexico

Banxico delivers 25 bps rate cut and signals end of easing cycle. As expected, the central bank lowered its policy rate to a four-year low of 6.5%. The decision, nonetheless, was split, with three members voting for the cut and two favoring a pause. The forward-looking statement signaled the end of the easing cycle, stating that the move "thereby conclude[s] the cycle that began in March 2024." Natixis analysts noted that this unusually explicit guidance effectively "closes the door" on

Banxico Delivers Second Straight Quarter-Point Cut to 6.5%
Central bank chief told senators last month easing cycle is near an end



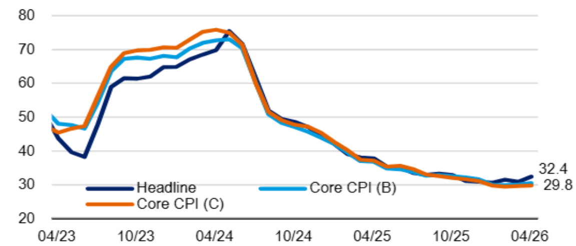
Sources: Mexico's central bank, national statistics agency, Bloomberg near-term easing, which could provide some support for the currency. However, XP Investimentos analysts are skeptical, arguing that the macro backdrop is still “far from being stimulating,” which could leave some room for reconsideration. Goldman Sachs analysts similarly suggest that further cuts could still be entertained later in the year, particularly if US rates decline and FX conditions remain “well anchored.” Market reaction was muted, with local yields and the Mexican peso little changed following the decision.

Türkiye

Extended hold in policy rates expected despite upside inflation surprise in Türkiye. Bank of America (BofA) analysts now expect the CBRT to keep policy rates unchanged for the remainder of the year despite April’s inflation print released earlier this week, surprising on the upside. Headline inflation rose to 32.4% y/y in April (vs. 31.25% expected, from 30.9% in March), while core inflation also surprised on the upside (29.8% y/y vs. 28.8% expected). Following the release, BofA revised its year-end inflation forecast higher to 30% y/y from 28.5% previously but now expects the one-week repo rate and effective funding rate (TLREF) to remain on hold at 37% and 40%, respectively. The analysts argued that the CBRT’s cautious signaling at the April MPC meeting points to a preference for maintaining tight financial conditions through an extended hold rather than additional hikes, particularly given ongoing geopolitical uncertainty and the central bank’s focus on preserving FX stability. Attention is now shifting to next week’s Inflation Report, where BofA expects upward revisions to inflation projections without any additional policy signal.

Exhibit 3: Headline and Core CPI (%YoY)

Headline inflation rose 1.5pp to 32.4% in April, while core was relatively flat



Source: Haver, BofA Global Research

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Global Financial Indicators

Last updated: 5/8/26 7:44 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,337	-0.4	1.8	8.2	29.5	7
Europe		5,924	-0.8	0.7	0.2	12.0	2
Japan		62,714	-0.2	3.6	10.2	67.2	25
China		4,872	-0.6	2.4	5.1	26.7	5
Asia Ex Japan		115	-1.1	4.7	12.0	52.3	24
Emerging Markets		67	-1.3	4.1	10.2	49.3	22
Interest Rates					basis points		
US 10y Yield		4.4	-1	1	9	0	21
Germany 10y Yield		3.0	1	-2	7	48	16
Japan 10y Yield		2.5	0	-4	12	115	42
UK 10y Yield		4.9	-4	-6	19	36	43
Credit Spreads					basis points		
US Investment Grade		113	0	-5	-10	-35	5
US High Yield		325	3	-4	-36	-86	-11
Exchange Rates					%		
USD/Majors		97.9	-0.1	-0.2	-1.2	-2.7	0
EUR/USD		1.18	0.3	0.4	0.9	4.8	0
USD/JPY		156.8	-0.1	-0.1	-1.1	7.4	0
EM/USD		47.7	0.2	0.9	1.4	5.5	2
Commodities					%		
Brent Crude Oil ($/barrel)		100.7	0.6	-6.9	11.6	60.5	67
Industrials Metals (index)		181.3	0.6	2.0	5.6	29.3	11
Agriculture (index)		58.2	0.2	-1.3	4.7	2.0	9
Gold ($/ounce)		4722.3	0.8	2.3	0.1	42.9	9
Bitcoin ($/coin)		80162.9	0.4	1.6	12.3	-21.9	-9
Implied Volatility					%		
VIX Index (%, change in pp)		17.1	0.0	0.1	-4.0	-5.4	2.1
Global FX Volatility		6.8	0.0	-0.3	-0.8	-2.6	-0.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		69	-1	-8	-4	-13	10
Italy		73	-1	-9	-3	-32	3
France		62	0	-4	-2	-9	-9
Spain		42	-1	-4	-2	-22	-1

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

Emerging Market Financial Indicators

5/8/2026 7:46 AM	Exchange Rates: Level Last 12m	Level Latest (vs. USD)	Change (in %) 1 Day ((+) = EM appreciation)	7 Days	30 Days	12 M	YTD	Local Currency Bond Yields (GBI EM): Level Last 12m	Level Latest (% p.a.)	Change (in basis points) 1 Day	7 Days	30 Days	12 M	YTD
China		6.80	0.0	0.4	0.5	6.5	2.7		1.8	0	2	-3	13	-9
Korea*		1468	-0.8	0.6	0.7	-4.3	-1.9		3.8	-4	1	15	131	53
Indonesia		17373	-0.2	-0.1	-2.1	-5.1	-3.9		6.6	-13	-12	-7	-19	56
India		94	-0.2	0.5	-2.0	-9.3	-4.9		7.9	7	-6	39	106	80
Philippines		61	-0.4	1.4	-2.0	-8.3	-3.0		5.9	-1	13	42	93	120
Thailand		32	-0.2	1.2	-0.6	1.9	-2.2		2.3	-5	-2	-2	30	52
Malaysia		3.92	-0.3	1.3	1.4	9.2	3.5		3.6	0	-1	-3	-6	5
Argentina		1395	-0.5	-0.3	-0.2	-18.4	4.0		0.0	0	0	0	-3148	-3237
Brazil		4.92	0.0	0.6	4.7	16.7	11.2		13.8	8	0	-6	-20	25
Chile		895	-0.4	0.5	2.4	5.8	0.7		5.5	-3	0	-3	-9	17
Colombia		3738	-0.7	-2.6	-1.6	14.6	1.1		13.9	4	29	43	198	102
Mexico		17.24	0.4	1.3	1.2	13.3	4.5		9.0	1	-13	-23	-28	5
Peru		3.5	0.1	1.4	-1.0	5.4	-2.8		6.7	-1	-3	-17	15	92
Uruguay		40	0.1	1.2	2.0	5.1	-2.1		7.4	-6	-6	-21	-214	-11
Hungary		302	0.7	2.5	6.7	19.4	8.2		5.8	-9	-16	-120	-78	-77
Poland		3.60	0.3	0.7	1.4	5.2	-0.2		5.1	-3	-17	-21	29	53
Romania		4.4	1.1	0.0	-1.7	2.6	-2.4		6.7	-16	-34	-16	-138	5
Russia		74.2	0.6	1.1	5.8	11.2	6.1							
South Africa		16.4	0.4	1.4	-0.2	10.8	0.9		8.9	-3	-19	-55	-202	28
Türkiye		45.36	-0.1	-0.4	-1.8	-14.9	-5.3		33.7	-18	-73	-53	-128	408
US (DXY; 5y UST)		98	-0.1	-0.2	-1.2	-2.7	-0.4		4.03	-1	2	11	5	31

	Equity Markets: Level Last 12m	Level Latest	Change (in %) 1 Day	7 Days	30 Days	12 M	YTD	Bond Spreads on USD Debt (EMBIG): Level Last 12m	Level Latest (basis points)	Change (in basis points) 7 Days	30 Days	12 M	YTD
China		4,872	-0.6	2.4	5.1	26.7	5.2		91	2	-1	-34	16
Korea*		7,498	0.1	12.1	28.0	190.9	77.9		25	-4	-5	-5	3
Indonesia		6,969	-2.9	0.2	-6.6	2.0	-19.4		91	-10	-27	-27	5
India		77,328	-2.9	0.5	-0.3	-2.7	-9.3		80	-10	-20	-46	-10
Philippines		5,961	-1.2	2.2	-2.3	-7.7	-1.5		80	-9	-20	-12	5
Thailand		1,500	-0.5	0.6	-0.4	23.9	19.1						
Malaysia		1,748	-0.6	1.5	3.4	13.0	4.0		47	-5	-18	-47	-12
Argentina		2,834,283	-1.6	-0.2	-5.9	37.5	-7.1		528	-36	-91	-168	-41
Brazil		183,218	-2.4	-0.8	-4.7	34.5	13.7		180	-2	-26	-55	-23
Chile		10,871	-0.6	0.1	0.1	33.2	3.7		87	0	-19	-37	-4
Colombia		2,166	-1.0	-0.6	-5.3	30.9	4.7		253	10	-35	-124	-24
Mexico		70,019	0.2	4.4	-0.3	23.1	8.9		197	-5	-27	-135	-20
Peru		3,168	-1.8	3.1	-5.6	78.0	22.6		95	0	-18	-49	-14
Hungary		133,657	-1.1	-0.1	3.0	44.1	20.4		107	-9	-45	-62	-32
Poland		130,280	-1.5	1.4	0.8	29.0	11.1		88	-5	-18	-25	-3
Romania		29,617	0.9	4.8	4.1	81.4	21.2		189	-9	-19	-117	13
South Africa		118,094	-0.9	2.5	-1.2	29.9	2.0		221	-20	-43	-120	3
Türkiye		15,017	-0.2	4.0	10.9	61.8	33.4		255	-21	-52	-74	21
EM total		67	0.4	4.1	10.2	49.3	21.7		251	-11	-46	-149	-20

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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