GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, NOVEMBER 16, 2026
LEAD EDITOR: ESTI KEMP

- **Markets price in more Fed tightening after hotter-than-expected US CPI** (link)
- **Rising consumer staples valuations suggest investor caution** (link)
- **Markets still see a December BOJ hike as likely despite weak Q3 GDP** (link)
- **Weak October activity data weigh on Chinese equities** (link)
- **EM bond fund outflows accelerate while equity fund inflows slow** (link)

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Global Markets Start the Week on Cautious Footing

Friday's tech selloff extended this morning ahead of a key week for the AI trade. US equity futures pointed to a lower open after a tech-led selloff in Asia, where the TAIEX fell 6.0% and the Kospi declined 3.6%. Chinese equities also fell after October activity data came in below expectations. The Stoxx 600 was marginally higher. The dollar was little changed, while US Treasury yields were marginally lower. The Indonesian rupiah fell to a record low against the dollar amid concerns about domestic political stability and a potential MSCI downgrade. Elsewhere, Bitcoin extended its losses this morning after falling over 10% last week, with Bloomberg citing expectations of further Fed tightening and weaker risk appetite. Looking ahead, Nvidia's earnings report on Tuesday and Anthropic's expected IPO later this week will test investor appetite for AI stocks. The Fed and the central banks of Mexico and Australia release meeting minutes this week, while policy rate decisions are due in Hungary, Ghana, Indonesia, Sri Lanka, and South Africa.

Key Global Financial Indicators

Last updated: 11/16/26 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		7562	-0.4	3	-1	12	10
Eurostoxx 50		6379	-0.1	1	3	12	10
Nikkei 225		59662	-2.4	2	-9	19	19
MSCI EM		61	-0.4	3	-3	11	11
Yields and Spreads				bps			
US 10y Yield		5.13	-0.2	25	6	98	97
Germany 10y Yield		3.39	0.8	12	-4	67	53
EMBIG Sovereign Spread		197	5	-5	3	12	19
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		44.8	-0.1	-1	-2	-3	-4
Dollar index, (+) = $ appreciation		103.5	0.1	2	2	4	5
Brent Crude Oil ($/barrel)		94.7	-1.2	2	-14	47	56
VIX Index (%, change in pp)		20.5	1.2	1	0	1	6

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: 11/16/26 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		95	-1.2	2	-14	47	56
WTI Crude Oil ($/barrel)		88	-1.0	1	-14	46	53
Natural Gas (Netherlands TTF)		86	-5	-1	-2	175	210
Breakeven Inflation		%			bps		
USD: 2Y		2.3	-0.3	10	-34	-29	0
USD: 5Y		2.4	-1.4	4	-16	-12	2
USD: 5Y5Y		2.4	-1	-1	-4	-9	-7
EUR: 2Y		2.6	-4.1	9	-31	85	97
EUR: 5Y		2.3	-2	5	-17	41	49
EUR: 5Y5Y		2.1	0	2	-4	-1	1

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

Mature Markets

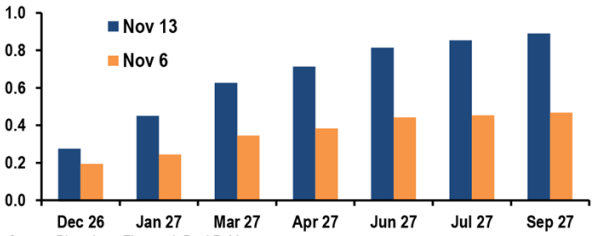
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United States

Markets priced in more Fed tightening last week after a stronger-than-expected October CPI print and hawkish Fed commentary. The 0.3% m/m rise in core CPI met the threshold Fed Governor Waller had flagged for considering a 50 bps hike in December. By Friday, markets priced in 27 bps of tightening for December and 81 bps of cumulative tightening through June 2027, up 8 bps and 39 bps, respectively, from a week earlier (chart). Deutsche Bank added a January hike to its forecast and now expects 25 bps hikes in December, January, and March, while JPMorgan expects a 25 bps hike in December and sees the Fed holding the policy rate at 4.00–4.25% through end-2027. Friday's October PPI report offered a softer inflation signal—Bloomberg analysts noted that lower energy costs weighed on headline producer prices and argued that the case for faster Fed tightening could weaken if gasoline and diesel prices remain contained in November.

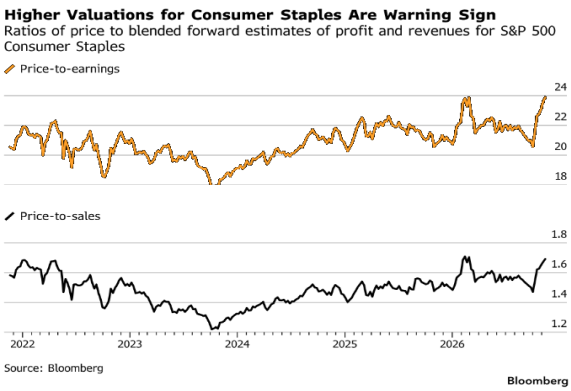
Figure 1: Market-implied Fed Funds effective rate changes

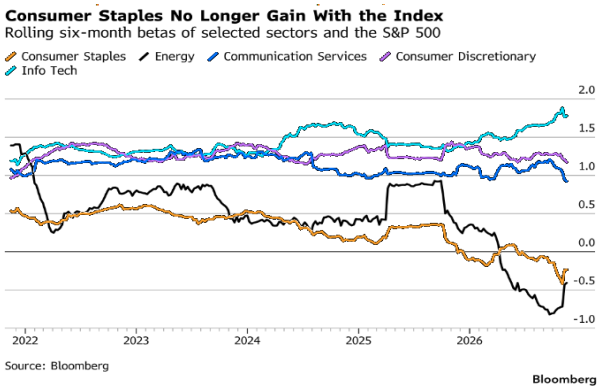
Percent, cumulative change from present



Source: Bloomberg Finance L.P., J.P. Morgan

US consumer staples are trading near their highest valuations in a decade, suggesting investors are taking a more defensive stance. Since the end of 2025, S&P 500 consumer staples stocks have tended to have a negative beta relative to the broader index, offering a potential diversifier for investors exposed to sectors such as information technology and consumer discretionary. Bloomberg analysts suggest that rising market volatility and expectations of further volatility may have made defensive sectors more attractive, potentially contributing to higher staples valuations.

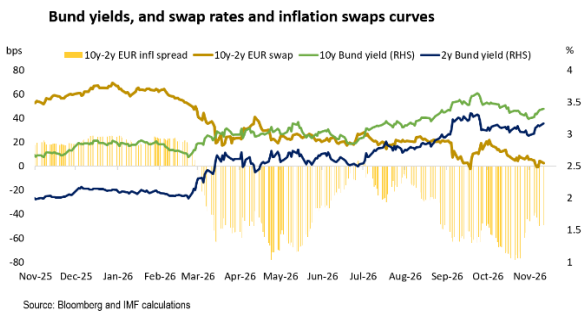




Euro area

European equities edged higher this morning amid a continued selloff in global tech ahead of Nvidia's earnings report and Anthropic's IPO this week. The Stoxx 600 rose 0.1%, with gains in healthcare (+0.9%) and consumer discretionary (+0.7%) offsetting losses in tech (-0.7%) and basic resources (-0.9%). Analysts at Morgan Stanley and JPMorgan remain constructive on European shares, expecting EPS growth of at least 10% in 2027, supported by resilient activity, declining energy costs, and easing bond yields. The euro weakened against the dollar (-0.1%) to around $1.10 as expectations of wider Fed–ECB policy divergence continued to favor the dollar. Bloomberg reported that one-month EUR/USD risk reversals fell to around -0.6 from -0.1 on November 10, indicating a larger implied volatility premium for euro puts over calls.

Bund yields bear-flattened amid hawkish ECB commentary. ECB policymakers Vujčić and Šimkus signaled that further tightening may be needed beyond December. The 2-year and 5-year Bund yields rose 3 bps each, to 3.16% and 3.23%, respectively. The 10-year yield edged up to 3.38% (+1 bps). Dutch natural gas futures fell to €86.51/MWh (-3.5%) as record US LNG flows eased concerns over storage, which stood below 71% versus a five-year average of 89%. Sovereign spreads widened slightly. The 10-year OAT–Bund spread widened 2 bps to 156 bps, while Italy's BTP–Bund spread was fractionally higher at 105 bps. S&P affirmed Italy's BBB+ rating with a positive outlook on Friday. It expects the deficit to widen to 3.5% of GDP in 2027 from 2.9% in 2026 and debt to peak at 137% of GDP in 2027 before easing to 136.3% in 2028 and 135.6% in 2029. Deutsche Bank expects €27.8 bn in European government bond issuance this week, with no redemptions.

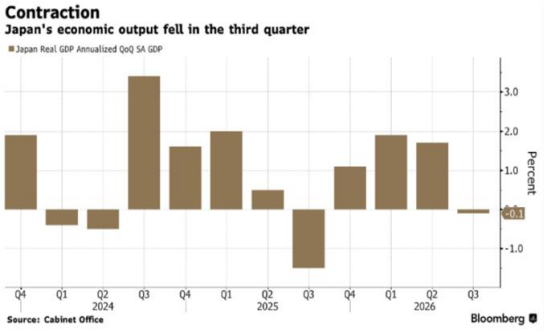




Japan

The Nikkei fell 2.4% today, led by chip equipment makers. Advantest and Lasertec fell 11% and 13%, respectively, as SK Hynix's plans for a new chip-testing facility raised concerns about competition. The yen appreciated 0.2% against the dollar after weakening past the closely watched threshold of ¥160/$ last week. Longer-term views on the currency remain divided: Morgan Stanley expects the yen to weaken to ¥162/$ by late 2027, arguing that global risk appetite and carry demand will outweigh support from narrowing interest-rate differentials, while Goldman Sachs forecasts it to appreciate to ¥150/$ over the next year as its significant undervaluation relative to fundamentals gradually narrows.

Japan's economy contracted in Q3 for the first time in a year, but markets still see a December BOJ hike as likely. The Cabinet Office reported annualized GDP growth of -0.1%, below expectations (+0.2%). MUFG economists attributed the weakness mainly to private consumption, which fell -0.3% q/q amid adverse weather, base effects from strong Q2 results, and rising prices. Bloomberg Economics still expects the BOJ to hike in December, pointing to a 1.6% q/q rebound in business spending as a sign that higher rates have had a limited impact on investment so far. BOJ board member Hajime Takata reiterated the need to raise rates flexibly as economic conditions evolve and indicated that weak growth and the global equity selloff had not materially changed his view. OIS markets price in about an 85% probability of a hike at the December 18 meeting.





Emerging Markets

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EMEA equities and currencies traded mostly weaker today amid weak Chinese activity data and renewed pressure on global tech stocks. In CEE, currencies and equities were broadly flat. In South Africa, the rand weakened against the dollar (-0.1%) and equities fell (-0.6%). In Türkiye, the lira was little changed, equities extended their recovery (+0.5%) but remained down 0.3% quarter to date, while 5-year and 10-year government bond yields rose 6 bps each. Elsewhere, S&P affirmed Bulgaria's BBB+ rating and revised the outlook to stable from positive. **EM Asian equities broadly declined on caution over the AI trade, while most currencies weakened against the dollar amid hawkish Fed expectations**. The Indonesian rupiah underperformed regional peers, depreciating 0.3% to a record low of 18,258 per dollar and extending its YTD decline to about 9%. Lingering concerns over domestic political stability and a potential MSCI downgrade also weighed on sentiment toward Indonesian assets. Bank Indonesia said it remains active in the spot market and in domestic and offshore non-deliverable forward markets. It is also buying government bonds in the secondary market to limit volatility. **Latin American currency and equity markets were mixed on Friday.** The Brazilian real (-0.4%) and Colombian peso (-0.4%) depreciated, while the Mexican peso appreciated (+0.4%). Regional equities were mixed as Brazil gained (+0.7%) and Venezuela (+1.6%) outperformed, while Mexican equities traded lower (-0.8%).

EM Fund Flows

The latest weekly data show that outflows from EM bond funds accelerated, while inflows into equity funds slowed. EM bond fund outflows reached $1.0 bn, up from $27 mn the week before, while equity fund inflows slowed (+$1.9 bn, down from +$3.5 bn). Within EM bond funds, hard currency outflows widened (-$1.0 bn, from -$562 mn), and local currency inflows fell (+$30 mn, from +$535 mn). Among EM equity funds, both ETFs (+$1.8 bn, from +$2.0 bn) and non-ETFs (+$94 mn, from +$1.6 bn) saw slower inflows. Among regional equity funds, Asia ex-Japan swung from $130 mn of inflows to $132 mn of outflows. Latin America recorded $490 mn of outflows, while EMEA drew $139 mn of inflows. On a YTD basis, cumulative EM fund inflows remained positive at +$81.0 bn for equities and +$37.8 bn for bonds.

Figure 1: Weekly cross-asset flows

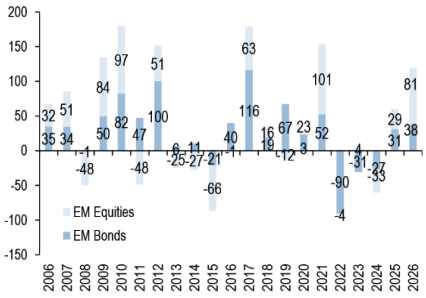
USD billion

Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		0.9	118.9
EM Bonds		-1.0	37.8
Hard Ccy		-1.0	14.0
Local Ccy^		0.0	23.8
o.w. EM ex-China		0.1	18.9
o.w. China		-0.1	-1.0
EM Equities		1.9	81.0
US HG		0.6	279.3
US HY		0.8	4.2
Global Equities		51.6	494.4
EM Bond and Equity ETFs		2.4	127.9
EM Bond ETFs		0.6	6.1
EM Equity ETFs		1.8	121.7
Non-resident EM flows*		-7.4	-239.4

Fund Flows

Figure 2: EM bond and equity fund flows

USD billion

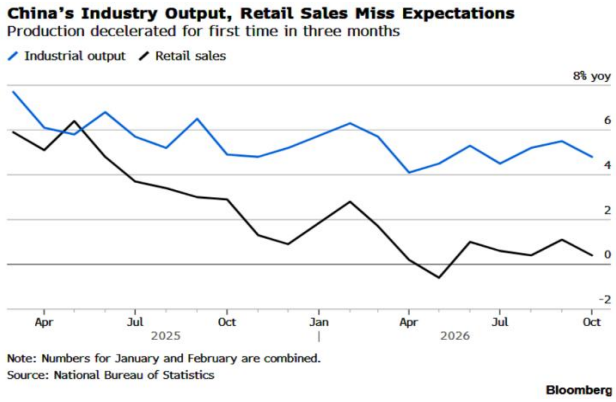


*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.

Sources for all charts and data in this report: J.P. Morgan, EPFR Global, Bloomberg Finance L.P.

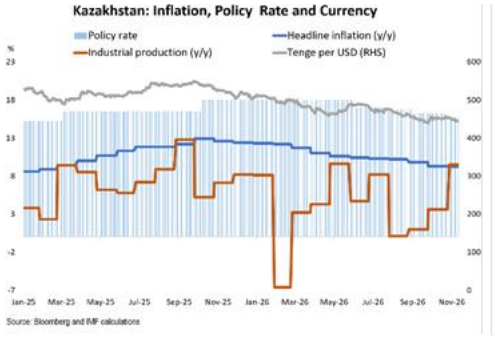
China

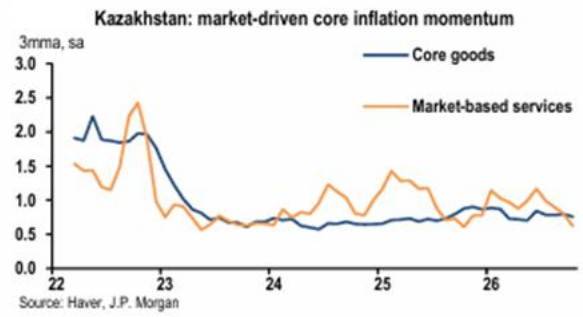
Chinese stocks declined (CSI 300: -0.9%) following weaker-than-expected October activity data. National Bureau of Statistics data showed that October retail sales growth slowed to +0.4% y/y from +1.1% in September, below the +0.8% consensus, while industrial production growth eased to +4.8% y/y from +5.5% in September. Fixed-asset investment fell -8.1% y/y in January-October, a steeper decline than the -7% expected. Property weakness also persisted despite recent support measures. New-home prices in 70 cities fell -0.15% m/m in October, broadly in line with the -0.14% decline in September, while resale prices dropped -0.24% m/m. Property investment fell -21.6% y/y in January-October and residential property sales declined -14.1% y/y. The weak data raised expectations for further policy support. Economists noted that policymakers appear to retain fiscal room, as public spending fell for a seventh consecutive month in September while government deposits rose more than seasonal patterns would suggest in October. Today, the 10-year government bond yield rose 3.1 bps to 1.62% as the PBOC withdrew medium-term liquidity for the first time in five months, signaling caution about near-term monetary easing.



Kazakhstan

The tenge appreciated against the dollar this morning (+0.2%) after October industrial production growth accelerated to +9.5% y/y from +3.6% in September. Q3 GDP growth came in at +4.2% y/y, below the +4.4% consensus. Despite firm activity, JPMorgan still expects a 25 bps cut on December 4 if November CPI confirms that services and core goods inflation are easing. Inflation eased to 9.2% y/y in October from 9.3%, and household inflation expectations fell below 10% for the first time since 2022. Renewed tenge weakness could delay a cut.

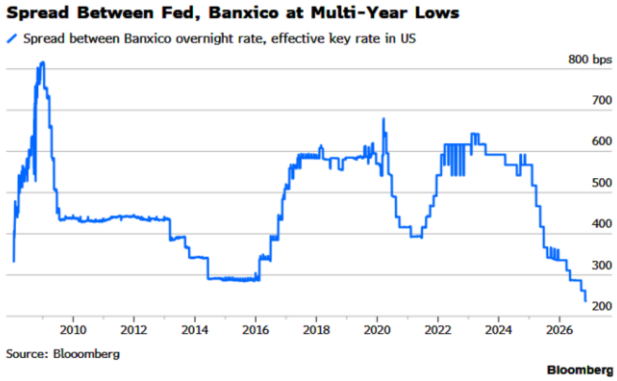




Mexico

Investors are looking to Thursday's Banxico minutes for clues on how policymakers weigh a narrower US–Mexico rate gap and a weaker peso. Banxico cut its policy rate by 25 bps to 6.25% on November 5 in a 3–2 vote, narrowing the gap with the upper end of the Fed's target range to 225 bps and reducing the peso's carry advantage. Banxico signaled it could hold rates at 6.25% for an extended period.

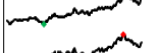
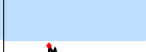
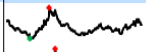
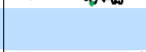
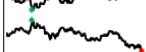
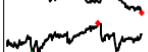
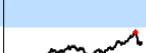
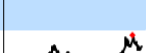
The peso has fallen nearly 9% from its early September high, and positioning has turned more bearish. CFTC data cited by Bloomberg show that asset managers held their largest net short position in the peso in two decades. In its November 5 statement, Banxico listed further peso depreciation second among upside risks to inflation, up from fifth in September. Analysts will look for signs that policymakers are concerned about the narrower rate gap and for clues on whether some remain open to further cuts if activity stays weak.



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Global Financial Indicators

Last updated: 11/16/26 8:02 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,515	-0.4	-0.5	-1.9	11.6	10
Europe		6,378	-0.1	1.4	2.8	12.0	10
Japan		59,662	-2.4	1.5	-8.7	18.6	19
China		3,980	-0.9	-1.9	-4.6	-13.4	-14
Asia Ex Japan		105	-0.3	3.1	-2.5	12.3	13
Emerging Markets		61	-0.4	2.7	-3.1	10.8	11
Interest Rates					basis points		
US 10y Yield		5.1	0	25	6	98	97
Germany 10y Yield		3.4	1	12	-4	66	53
Japan 10y Yield		2.9	2	23	-4	118	83
UK 10y Yield		5.4	2	23	-1	79	88
Credit Spreads					basis points		
US Investment Grade		121	0	-3	1	-2	8
US High Yield		347	1	-8	-16	-10	6
Exchange Rates					%		
USD/Majors		103.5	0.1	1.8	1.6	4.2	5
EUR/USD		1.10	-0.1	-1.9	-2.0	-5.0	-6
USD/JPY		159.5	-0.1	1.0	0.9	2.7	2
EM/USD		44.8	-0.1	-1.0	-1.9	-3.2	-4
Commodities					%		
Brent Crude Oil ($/barrel)		94.6	-1.3	2.2	-11.4	50.1	57
Industrials Metals (index)		167.3	-0.2	-2.6	-2.7	9.8	2
Agriculture (index)		56.7	-0.1	1.7	-7.2	0.9	6
Gold ($/ounce)		3871.3	-0.3	-6.5	-7.1	-4.3	-10
Bitcoin ($/coin)		64211.6	-1.2	-13.6	-21.3	-31.3	-27
Implied Volatility					%		
VIX Index (%, change in pp)		20.5	1.2	0.6	0.5	0.6	5.5
Global FX Volatility		6.7	0.1	0.3	-0.2	-0.5	-0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		91	1	6	0	27	32
Italy		105	1	1	-1	30	35
France		156	2	9	18	82	85
Spain		57	1	1	-4	6	13

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

Emerging Market Financial Indicators

11/16/2026 8:02 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		6.67	0.1	0.1	0.3	6.6	4.8		1.7	1	3	-2	-15	-23
Korea*		1335	0.1	0.4	-0.1	9.4	7.8		4.1	5	12	-22	89	77
Indonesia		18258	-0.3	-0.9	-1.3	-8.4	-8.6		7.6	2	3	46	157	155
India		94	0.3	0.0	1.1	-5.6	-4.3		8.4	1	22	7	141	129
Philippines		64	-0.4	-1.0	-1.5	-7.8	-8.0		6.2	0	3	5	159	156
Thailand		34	-0.2	-1.1	-1.2	-4.4	-7.1		2.2	1	3	-22	30	43
Malaysia		4.09	-0.2	-0.9	-0.3	1.4	-0.8		3.9	-1	2	1	41	35
Argentina		1547	-0.2	-0.1	-1.9	-10.4	-6.2		0.0	0	0	0	-3207	-3237
Brazil		5.69	-0.6	-3.1	-11.1	-6.4	-3.9		15.0	-9	8	236	152	146
Chile		1000	-0.5	-2.9	-1.5	-7.7	-9.9		5.9	4	6	-1	68	63
Colombia		3320	-0.3	-2.4	-4.1	12.8	13.8		12.8	0	-11	-22	88	-9
Mexico		18.57	-0.2	-0.2	-0.4	-0.8	-3.0		9.2	-1	17	9	35	21
Peru		3.4	0.0	0.6	0.9	-0.9	-1.2		6.9	0	43	30	82	111
Uruguay		41	0.0	-0.3	-1.0	-2.1	-4.0		7.9	0	-1	15	10	38
Hungary		331	0.1	-2.4	-2.3	0.3	-1.1		5.5	3	8	-10	-119	-105
Poland		4.00	-0.1	-2.2	-2.8	-8.6	-10.2		5.7	7	15	-9	95	114
Romania		4.9	-0.1	-2.0	-2.5	-9.7	-10.8		6.9	2	6	-21	1	20
Russia		82.7	-0.4	-0.2	1.0	-1.7	-4.8							
South Africa		16.9	0.0	-3.3	-2.7	1.4	-2.2		8.8	3	23	-23	-12	24
Türkiye		50.39	-0.1	-0.4	-1.7	-16.0	-14.8		34.9	17	24	50	209	533
US (DXY; 5y UST)		103	0.1	1.8	1.6	4.2	5.2		4.95	-1	28	8	122	123

	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		3,980	-0.9	-1.9	-4.6	-13.4	-14.0		4	-1	1	-5	-3
Korea*		5,101	-3.6	1.6	-10.0	24.7	21.0		22	-1	-2	0	1
Indonesia		5,321	-0.4	4.9	2.6	-36.8	-38.5		118	-7	5	44	43
India		82,105	0.6	1.4	9.9	-3.4	-3.7		96	-4	-1	17	20
Philippines		5,482	-2.0	-3.5	-5.2	-5.1	-9.4		100	-6	4	41	38
Thailand		1,500	-0.4	1.8	-4.7	17.1	19.0						
Malaysia		1,588	0.3	-1.8	-1.2	-2.4	-5.5		65	-2	2	5	8
Argentina		85,221	3.2	1.2	-14.8	-14.9	-15.5		834	-43	187	216	268
Brazil		172,458	0.7	0.1	-16.1	9.3	7.0		192	-3	26	-5	-7
Chile		5,347	0.3	0.6	-2.9	7.1	-1.4		95	-4	-1	-1	5
Colombia		2,452	0.0	-1.3	-4.4	18.4	18.6		221	-8	0	-26	-57
Mexico		71,205	-0.8	-0.3	3.3	14.2	10.7		219	-2	1	1	0
Peru		3,088	-0.9	-0.3	-12.6	34.3	19.5		117	-1	0	-4	-12
Hungary		146,637	0.3	0.4	0.8	36.7	32.1		101	-3	2	-32	-31
Poland		162,042	0.1	3.8	1.1	45.1	38.2		106	-2	7	24	18
Romania		34,498	-0.1	1.1	-0.6	47.2	41.2		196	2	15	8	26
South Africa		111,767	-0.6	-2.8	0.8	-0.2	-3.5		203	3	1	-15	-12
Türkiye		11,888	0.4	1.5	1.4	12.5	5.6		249	-7	0	14	30
EM total		61	-2.0	2.7	-3.1	10.8	11.4		197	-5	3	12	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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