GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, NOVEMBER 4, 2026
LEAD EDITOR: FABIO CORTES

- **A blue wave secures control of the US congress, amid significant intraday volatility** (link)
- **Asian equities recover strongly after an initial knee-jerk selloff** (link)
- **Sweden raises rates, as expected, and confirms guidance of further hikes** (link)
- **Chinese equities gain on accelerated state support** (link)
- **Dollar purchases for hedging fell amid tightening measures to support the Indian rupee** (link)
- **Brazil inflation and rate expectations rise amid post-election repricing** (link)
- **Paraguay's guarani underperforms after regulator places a major bank into resolution** (link)

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Global Equities Rally After US Midterms

Global stocks gained after a Democratic sweep of congress, with Republicans defeated in midterm races from Texas to South Carolina. The removal of election uncertainty appeared to be the primary driver of the rally, with investors buying the dip. After an initial knee-jerk sell off, with S&P 500 and tech-heavy Nasdaq 100 futures dropping as much as 1.4% and 2.4% in early trading, respectively, markets reversed sharply once the scale of the Democrats' victory became clear and President Trump said he could work with a House and Senate run by the opposition. Later this morning, futures on the S&P 500 were trading around +1% higher on the day. Across the pond, European equities rallied while the dollar weakened. In fixed income, advanced economy sovereign bond yields fell, and credit spreads tightened. Euro area's peripheral sovereign bond spreads narrowed, with the 10-year OAT-Bund spread 5 bps narrower, while iTraxx crossover CDS spreads were 10 bps tighter. Elsewhere, emerging market assets benefited from a weaker dollar, with the Mexican peso outperforming and Chinese equities continuing to gain on reports of accelerated state support.

Key Global Financial Indicators

Last updated: 11/4/26 8:09 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7569	0.4	-2	-2	12	11
Eurostoxx 50		6252	1.8	1	0	10	8
Nikkei 225		62189	-1.4	-2	-11	24	24
MSCI EM		61	0.0	-2	-10	12	12
Yields and Spreads					bps		
US 10y Yield		4.92	-3.9	-10	-35	83	75
Germany 10y Yield		3.32	-0.6	-5	-15	66	46
EMBIG Sovereign Spread		206	-1	4	10	-3	8
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.4	0.5	0	0	-1	-3
Dollar index, (+) = $ appreciation		101.3	-0.6	-1	-1	1	3
Brent Crude Oil ($/barrel)		102.4	-1.5	-11	0	59	68
VIX Index (%, change in pp)		18.4	-2.6	1	3	-1	3

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: 11/4/26 8:09 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		102	-1.5	-11	0	59	68
WTI Crude Oil ($/barrel)		95	-1.1	-8	4	57	65
Natural Gas (Netherlands TTF)		88	-6	-15	18	172	219
Breakeven Inflation		%			bps		
USD: 2Y		2.4	-2.5	-23	-12	-26	13
USD: 5Y		2.4	-1.6	-12	-8	-9	9
USD: 5Y5Y		2.4	-1	-3	-4	-6	-6
EUR: 2Y		2.7	-3.1	-31	0	92	108
EUR: 5Y		2.3	-2	-15	-6	47	54
EUR: 5Y5Y		2.1	-1	-2	-3	2	2

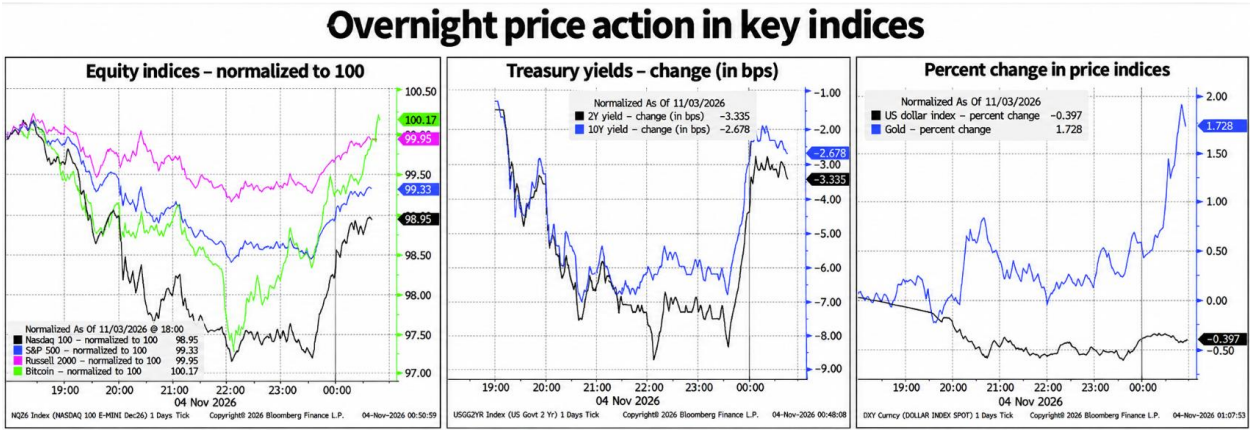
Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Mature Markets

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United States

The Democratic Party secured control of both chambers of Congress, winning Senate seats from South and North Carolina to Iowa and Texas. Additionally, there were Democratic gubernatorial victories in Texas, Georgia, Ohio, and Pennsylvania, following Virginia in 2025. Markets initially reacted with a sharp risk-off move, led by a 1.4% and 2.4% decline in S&P 500 and tech-heavy Nasdaq futures, respectively, and losses in Bitcoin (chart below). However, after an initial knee-jerk sell off on concerns over tighter corporate regulation, increased scrutiny of AI investment and digital assets, and potential restrictions on data-center expansion, markets reversed sharply once the scale of the Democrats victory became clear and President Trump said he could work with a House and Senate run by the opposition. Later this morning, futures on the S&P 500 were trading around +1% higher on the day. Treasury yields fell, reflecting expectations that a divided government could constrain further tax cuts and fiscal expansion, reducing anticipated federal borrowing. The dollar depreciated while gold gained.



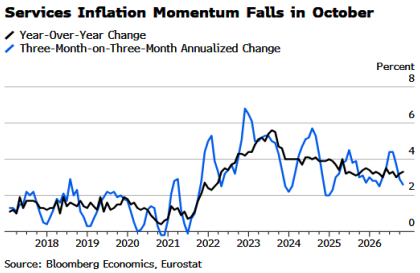
Asia

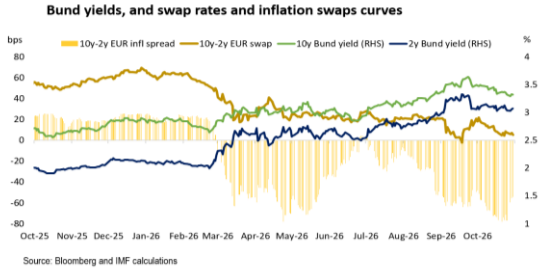
Asian equities rebounded from large selloffs as concerns over AI restrictions eased. Asian equities initially sold off as US midterm election results rolled in amid concerns that a Democratic control of congress could lead to greater AI scrutiny. Asian investors were worried that any slowdown in permitting or restricting major projects could dampen Asia's growth prospects. The initial declines were led by tech stocks, including Japanese memory chip maker Kioxia, which fell as much as -13% and the tech-heavy Nikkei, which lost as much as nearly to -5%. Equities subsequently rebounded, with The Nikkei closing the day -1.4% lower. The

Korean Kospi gained +0.6%, as Samsung Electronics and SK Hynix pared losses to less than 1%. Bloomberg noted that Korean retail investors added around $850 mn worth of Kospi stocks, mostly in the technology sector. In currencies, the Korean won outperformed its regional peers, appreciating +0.4% on the day while the yen was + 0.2% stronger.

Euro area

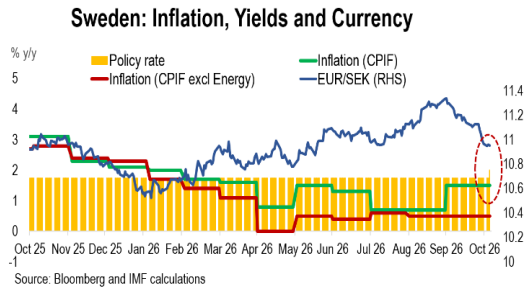
European equities rallied today after the Democratic sweep of both chambers of the US congress in yesterday's midterm elections weakened the dollar and supported global risk appetite. The Stoxx 600 index gained +1.4%, with the banking sector adding as much as +4.4%, while the **euro strengthened** +0.5% to trade at around $1.1255/€. Government bond yields fell and **peripheral spreads tightened**, with the 10-year OAT-Bund spread 5 bps narrower to 157 bps, BTP-Bund down 3 bps to 110 bps and the Bonos-Bund spread 2 bps tighter at 59 bps. Today's data showed **headline inflation in the Euro Area rising to 4%y/y in October**, from 3.8% in September, the highest since September 2023 **and in line with consensus**. While core inflation stayed at 2.5%y/y. **ING** sees the higher inflation figure strengthening the case for a 25 bps ECB rate hike in December but argues that limited pass-through from energy to underlying inflation should prevent a prolonged tightening cycle. Money markets kept ECB pricing unchanged after today's data, continuing to price-in 63 bps of tightening through 2027 with the policy rate at an implied level of 3.06% in September 2027.

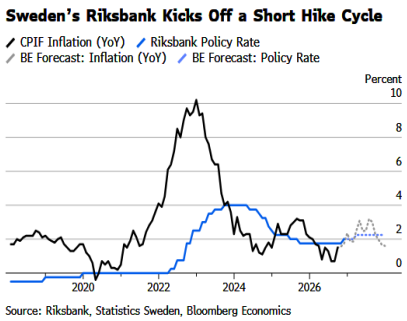




Sweden

The Swedish krona strengthened and government bond yields declined after **the Riksbank raised today its policy rate by 25 bps to 2%** in line with expectations. The krona advanced by 0.6% against a globally weaker dollar, to trade at SEK9.73/$, and firmed-up against the euro at SEK10.95/€. While government bond yields fell by about 2 bps across tenors (2-year at 2.66%, 5-year at 2.87% and 10-year yield at 3.06%) suggesting that investors had positioned for the hike after the **Riksbank's September guidance**. Policymakers said that inflation, which printed at 1.5%y/y in September, should continue to rise amid stronger activity and supply-driven cost pressures, **signaling that rates are also likely to rise further** "in line with the policy rate forecast in September". Bloomberg expects however a short hiking cycle, with one more 25 bps increase to 2.25% in March 2027. It expects inflation to move above the Riksbank's 2% target in December 2026 and to average at 2.3% in 2027. Money markets price-in another 25 bps hike in December with a 48% chance.





Emerging Markets

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In **Asia**, Chinese equities (+2.3%) outperformed on reports of accelerated state support. Currencies were mostly stronger, benefiting from a weaker dollar, with Thai bath (+0.4%) outperforming. In **EMEA**, equities gained and currencies were mostly stronger this morning. supported by the weaker dollar and news of easing US-Iran tensions. In CEE, equities gained 1.5% in **Poland**, where the zloty strengthened (+0.3%) to the euro and government bond yields fell (by around 5 bps) across the curve before the decision of the central bank of Poland (NBP) later today, which is expected to keep its policy rate unchanged at 3.75%. **Czech** equities rose 1.6% and the koruna strengthened +0.2% to CZK24.30/€ after October headline inflation printed a touch below expectations at 2.4% y/y. Government bond yields declined by about 5 bps on shorter tenors while the 10-year yield was little changed at 5.26%. However, underlying price pressures remain firm, as services inflation was still 4.5% y/y in October according to Bloomberg, while JP Morgan estimates core inflation at around 3.1%. ING also estimates core inflation at around 3.2% and expects it to remain near 3% until mid-2027. Consensus expectations see the central bank raising its policy rate by 25 bps to 4% at its MPC meeting tomorrow, citing persistent wage growth and higher energy risks. In **Türkiye** equities jumped +4.7% following progress in investment fund liquidations, while the lira was slightly weaker at TRY50.02/$. In **South Africa**, the rand strengthened (+1%) ahead of municipal elections, while domestic bond yields were unchanged. Equities also rallied in the Gulf region, led by Qatar (+2.8%) and Dubai (+3.9%). In **Latam**, currencies strengthened this morning, with the Mexican peso (+1.0%) outperforming. Yesterday, local markets mostly declined amidst broader risk aversion, with the Paraguayan guarani (-1.9%), Colombian peso (-1.5%) and Mexican peso (-1.4%) underperforming.

China

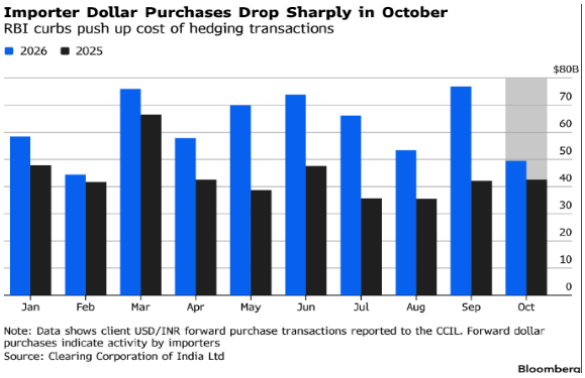
Chinese equities gained on accelerated state support. State-backed investment funds increased share purchases and more companies announced buyback plans to boost equity market performance. According to Bloomberg, a basket of nine ETFs that are favored by the national team drew RMB 76.7 bn ($11.5 bn) of inflows on Tuesday, the second largest on record and the most since April 8th, 2025, following the tariff announcement from President Trump. The tech-heavy Star 50 Index stabilized after falling nearly 4% on Tuesday while the CSI 300 Index rebounded to end the day +2.3% higher. Companies are also being enlisted to shore up confidence with share buybacks. One such announcement came from CXMT, a DRAM producer, which pledged to double its share buyback to as much as RMB 5 bn ($750 mn). That said, skepticism on the sustainability of a market rebound remains high. Gavekal Capital noted that companies are unable to be the core buyer for a prolonged period as without retail investor participation, equities could remain under pressure. The RMB was little changed on the day.



India

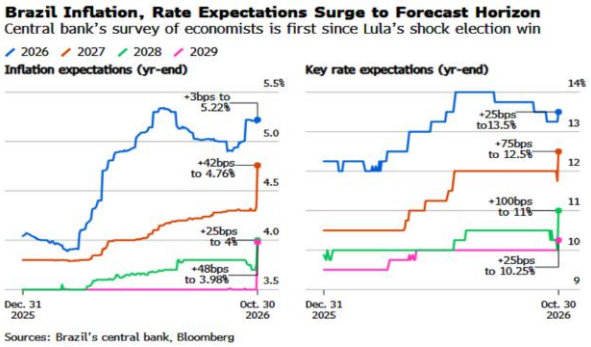
Dollar purchases for hedging fell amid tightening measures to support the rupee. Indian companies reduced their dollar purchases used to hedge against rupee weakness to an eight-month low, as the RBI's efforts to contain speculative bets against rupee gained traction. According to Bloomberg, purchases of

forward dollars, or commitments by companies to buy the dollar at a later date, fell 35% in October from a record high the previous month to $49.5 bn, the lowest since February. These forward positions are often used by importers to hedge against losses from a weaker rupee. The rupee, which depreciated 5% YTD, has bolstered demand for forward dollar purchases. These hedges, in turn, contributed to depreciation pressure on the currency. To support the rupee, the RBI recently tightened measures, including requiring banks to hold a 20% foreign-exchange risk reserve on derivative contracts to curb speculative demand. These measures have made forward dollar purchases more expensive and pushed hedging costs to multi-year highs. Still, analysts from Bloomberg noted that such measures might not offer durable support to the rupee, particularly as rising oil prices have strained India's external finances and has weighed on investors' outlook for the currency. The rupee was unchanged on the day.



Brazil

Inflation and rate expectations are increasing amid post-election repricing. Following the surprise election results, markets have continued to reassess Brazil's fiscal and inflation outlook. Consequently, most analysts, as indicated by the central bank's weekly survey, now are expecting higher inflation print and policy rates throughout 2029, compared to previous surveys. The central bank is also expected to pause its easing cycle and hold rates steady at today's policy meeting. Bloomberg analysts observed that elevated public spending in recent months has added to inflationary pressures and heightened concerns over debt sustainability, although economic growth has been moderate and steady. Earlier, HSBC analysts also noted that the local yield curve has moved upward by more than +240 bps between the aftermaths of the first and second rounds of the presidential elections.

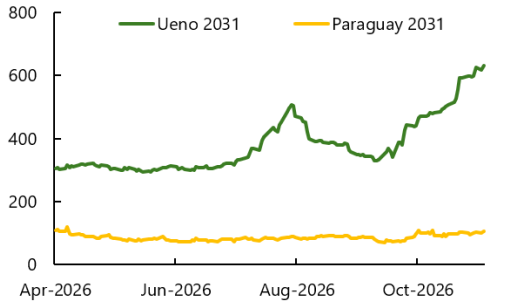


Paraguay

The central bank placed a major bank into resolution amid solvency concerns. The central bank of Paraguay initiated a formal resolution process for Ueno Bank, one of the country's four domestic systemically important banks and its sixth largest by deposits, and largest by customer base, after its solvency ratio fell to less than half the statutory minimum. The central bank said the intervention was necessary to protect depositors and contain potential spillovers to the broader financial system. Bloomberg

reported that Ueno serves around 3 mn customers (approximately 60% of Paraguay's adult population), and manages $800–850 mn in public funds, including $380 mn invested by the state pension and health fund. The central bank assured depositors that balances of up to PYG 228 mn (about $38,000) would be covered by its deposit guarantee fund. It estimated that 97% of depositors fall within this limit, while pledging to seek "the greatest possible protection" for those with larger balances. JP Morgan analysts cautioned that the extent of potential systemic spillovers will depend on the speed and transparency of the resolution process. Market reaction has been largely contained so far, with sovereign dollar bond spreads widening only marginally (2031 bonds +7 bps), although the Paraguayan Guaraní underperformed regional peers, depreciating -1.9% yesterday.

Paraguay sovereign spread has been largely steady
(Dollar bond spread in basis points)

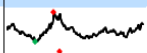
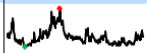
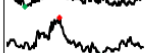
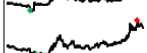
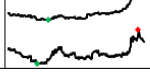


Source: Bloomberg Finance L.P.; and IMF staff calculations.

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Global Financial Indicators

Last updated: 11/4/26 8:08 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,580	0.4	-2.1	-1.9	11.9	11
Europe		6,252	1.8	1.4	0.2	10.5	8
Japan		62,189	-1.4	-1.7	-11.1	23.9	24
China		4,101	2.3	0.4	-5.9	-11.2	-11
Asia Ex Japan		106	0.1	-2.2	-10.3	13.1	14
Emerging Markets		61	0.0	-2.3	-9.7	11.8	12
Interest Rates					basis points		
US 10y Yield		4.9	-4	-10	-35	83	75
Germany 10y Yield		3.3	-1	-5	-15	66	46
Japan 10y Yield		2.8	4	-1	-27	115	76
UK 10y Yield		5.2	-4	-11	-16	78	73
Credit Spreads					basis points		
US Investment Grade		126	-1	5	4	4	13
US High Yield		364	-6	21	17	6	23
Exchange Rates					%		
USD/Majors		101.3	-0.6	-0.9	-0.6	1.0	3
EUR/USD		1.13	0.7	1.0	0.4	-1.9	-4
USD/JPY		158.3	-0.3	0.3	0.2	3.0	1
EM/USD		45.4	0.5	0.2	0.0	-0.7	-3
Commodities					%		
Brent Crude Oil ($/barrel)		102.4	-1.2	-8.3	3.7	60.3	70
Industrials Metals (index)		172.9	0.8	-1.7	-0.3	13.9	6
Agriculture (index)		56.7	-0.2	-2.3	-8.0	0.5	6
Gold ($/ounce)		4041.9	2.9	-0.6	-2.4	2.8	-6
Bitcoin ($/coin)		78297.5	0.6	2.0	-8.8	-21.9	-11
Implied Volatility					%		
VIX Index (%, change in pp)		18.4	-2.6	1.5	3.1	-0.6	3.4
Global FX Volatility		6.6	0.0	-0.1	-0.7	-0.3	-0.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		89	-4	-6	-12	27	30
Italy		110	-3	-5	-4	35	40
France		157	-5	3	17	79	86
Spain		59	-2	-3	-4	8	15

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

Emerging Market Financial Indicators

11/4/2026 8:07 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	0.0	-0.1	0.5	6.8	4.7		1.7	-1	0	-5	-14	-24
Korea*		1339	0.4	0.3	0.2	7.5	7.9		4.1	-4	-6	-35	105	78
Indonesia		18168	0.0	0.1	-1.4	-8.0	-8.2		7.7	-2	17	55	165	163
India		95	0.1	0.6	1.7	-6.3	-5.0		8.2	-6	-5	-13	141	115
Philippines		64	-0.1	0.8	-1.4	-7.9	-7.2		6.3	0	-5	18	158	161
Thailand		34	0.4	0.3	0.1	-3.2	-6.4		2.2	-1	-7	-21	36	47
Malaysia		4.06	0.3	0.3	0.6	3.3	-0.1		3.9	-4	-9	-14	36	36
Argentina		1551	-0.4	-0.8	-2.0	-4.6	-6.4		0.0	0	0	0	-3075	-3237
Brazil		5.46	0.7	-2.0	-8.6	-1.1	0.6		15.4	13	42	135	163	179
Chile		971	1.1	1.8	0.2	-2.5	-7.2		5.9	-1	-1	-9	54	62
Colombia		3245	-1.2	-3.0	-1.2	18.8	16.3		13.0	-5	4	-18	142	16
Mexico		18.62	1.2	0.1	-2.9	0.4	-3.3		9.1	-2	-13	-29	37	15
Peru		3.5	0.0	-0.3	-0.8	-2.4	-2.9		6.7	-2	-12	5	61	87
Uruguay		40	-0.2	-0.3	-0.2	-1.3	-2.9		7.9	1	1	6	1	34
Hungary		323	0.9	1.9	1.4	4.7	1.4		5.5	0	-14	-24	-103	-102
Poland		3.91	0.9	0.9	-0.1	-5.1	-8.2		5.7	-7	-13	-5	92	110
Romania		4.7	0.5	1.0	0.2	-6.7	-8.7		6.9	-2	-4	-41	-1	18
Russia		81.8	-0.2	-1.6	3.7	-1.0	-3.7							
South Africa		16.5	1.0	0.9	1.1	6.4	0.6		8.7	-5	-14	-41	-55	15
Türkiye		50.02	-0.1	-0.4	-1.8	-16.4	-14.1		34.6	6	0	7	247	500
US (DXY; 5y UST)		101	-0.5	-0.8	-0.6	1.1	3.1		4.73	-4	-11	-33	103	100

	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		4,101	2.3	0.4	-5.9	-11.2	-11.4		5	0	4	-2	-2	
Korea*		5,684	0.6	-5.5	-18.8	37.9	34.9		24	-1	-1	1	2	
Indonesia		4,920	0.3	-6.9	-18.5	-40.3	-43.1		116	-1	14	37	41	
India		77,301	0.5	5.5	7.5	-7.4	-9.3		100	-2	11	21	24	
Philippines		5,695	1.3	-1.2	1.2	-2.9	-5.9		99	0	8	37	37	
Thailand		1,502	0.7	-4.1	-4.4	15.7	19.2							
Malaysia		1,617	-0.3	0.2	-0.9	-0.4	-3.8		66	0	9	4	9	
Argentina		90,579	1.6	-5.2	-6.8	-11.1	-10.2		828	69	180	160	262	
Brazil		165,529	-1.4	-6.3	-13.8	9.8	2.7		195	12	22	0	-4	
Chile		5,201	-0.1	-2.9	-5.1	7.3	-4.1		101	2	3	3	11	
Colombia		2,528	1.5	0.8	0.5	25.2	22.2		232	8	-1	-28	-46	
Mexico		70,184	0.6	1.0	8.8	12.5	9.1		226	5	10	8	7	
Peru		3,172	-0.8	-6.3	-10.1	39.4	22.8		118	1	4	-7	-11	
Hungary		148,845	1.9	2.4	6.3	37.8	34.1		111	3	-1	-13	-21	
Poland		158,229	1.5	-1.3	2.5	42.1	35.0		108	1	2	23	20	
Romania		34,852	0.1	0.6	7.8	53.9	42.6		203	6	2	13	33	
South Africa		109,275	0.0	-0.5	0.9	0.4	-5.7		203	0	-14	-29	-12	
Türkiye		11,565	4.9	3.7	-5.7	6.0	2.7		262	9	8	20	43	
EM total		61	1.5	-2.3	-9.7	11.8	11.7		206	4	10	-3	8	

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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