GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

MONDAY, NOVEMBER 9, 2026
LEAD EDITOR: SANJAY HAZARIKA

- **US funding costs are likely to rise** (link)
- **PPI in China surges while CPI softens as inflation diverges amidst historic low yields** (link)
- **Europe rallies as AI trade reverses** (link)
- **Stocks in Japan stage major rebound** (link)
- **High yield market in the US in the spotlight as CCC spreads widen** (link)
- **Markets in Egypt make gains on hopes of progress in Middle East conflict** (link)
- **Bonds in Argentina back at distressed levels as political risks increase** (link)

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Global Markets Hold Steady After Week of Turbulence

Markets appeared to stabilize after the high volatility of the previous week. Stocks in Europe were up significantly after a strong overnight rebound in Asia. US equity index futures also gained, the dollar was weaker, and Treasury yields were little changed. Oil prices declined further on hopes of progress in the conflict in the Middle East. Brent is now trading near $95/barrel, down sharply from $117.64 on October 30. Market participants await further details on global corporate earnings and US inflation, while speculation continues about the path of future Fed policy rates. Market pricing has shifted from three future rate hikes in the current cycle to only two following the US elections. Two more hikes are also priced in the euro area, Japan and the United Kingdom. There was talk of rotation from US stocks into European equities due to the unwinding of the AI trade and the positive impact of lower energy prices on European markets.

Key Global Financial Indicators

Last updated: 11/9/26 7:53 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7377	0.3	-3	-6	10	8
Eurostoxx 50		6247	1.2	1	1	12	8
Nikkei 225		58776	2.3	-7	-15	15	17
MSCI EM		59	2.2	-3	-11	9	8
Yields and Spreads					bps		
US 10y Yield		4.86	0.2	-5	-38	76	69
Germany 10y Yield		3.25	-0.5	-4	-23	58	39
EMBIG Sovereign Spread		207	-2	1	19	17	29
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.3	0.2	0	-1	-1	-3
Dollar index, (+) = $ appreciation		101.9	-0.4	0	0	2	4
Brent Crude Oil ($/barrel)		95.1	-3.3	-9	-9	49	56
VIX Index (%, change in pp)		23.4	-2.3	2	9	4	8

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: 11/9/26 7:54 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		95	-3.3	-9	-9	49	56
WTI Crude Oil ($/barrel)		88	-2.7	-8	-4	48	54
Natural Gas (Netherlands TTF)		84	-2	-5	3	169	202
Breakeven Inflation		%			bps		
USD: 2Y		2.2	-2.0	-23	-31	-39	-6
USD: 5Y		2.3	-1.6	-10	-16	-17	0
USD: 5Y5Y		2.4	0	-1	-5	-7	-8
EUR: 2Y		2.6	-5.0	-26	-28	81	90
EUR: 5Y		2.2	-2	-14	-19	39	44
EUR: 5Y5Y		2.1	0	-4	-8	-1	0

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

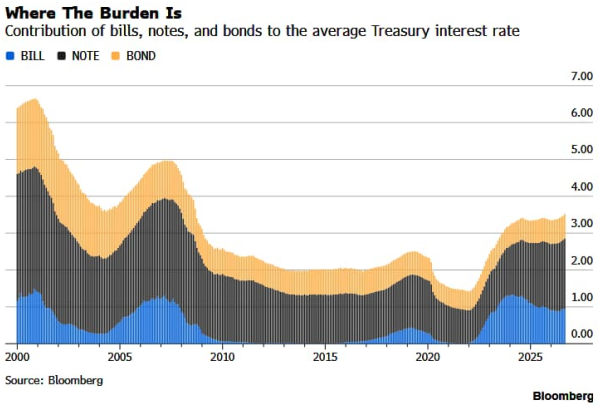
This week, the US data calendar will be dominated by the CPI and PPI reports. Inflation will also be the main focus in the euro area, with several member countries reporting on prices. China is scheduled to report on imports and exports and the balance of payments in addition to inflation. India and Japan will report on inflation, while Brazil will publish data on retail sales. The UK will release its latest GDP and industrial production numbers. Central bank meetings will be held in Peru, Romania, and Serbia.

Mature Markets

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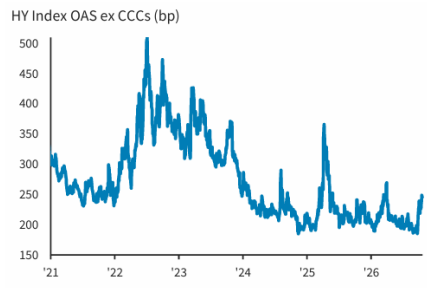
United States

The US Treasury is likely to face rising funding costs in the months ahead. Bloomberg reports that the average interest rate on US Treasury debt was 3.518% at the end of September, but one-month T-Bills are trading at 3.85%, and new T-Bill and coupon supply will have to be issued at even higher cost. Last week's Quarterly Refunding Announcement kept issue sizes for coupon notes and bonds unchanged, but the Treasury Borrowing Advisory Committee (TBAC) of financial market participants recently noted that larger volumes of coupon instruments would be required in the future given the rising fiscal needs of the US government. Fiscal worries were likely responsible for a portion of the recent surge in government bond yields, and further Fed rate hikes could intensify fiscal pressures. One bit of good news on the fiscal front is that the election result caused short term interest rate markets to remove one rate hike from the three additional hikes that were being priced in mid-October before the election.



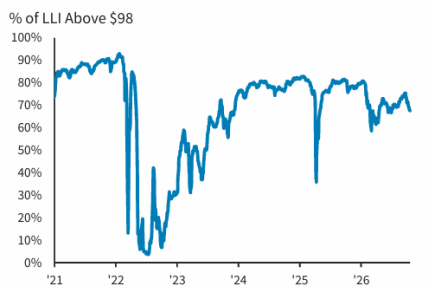
The high yield (HY) corporate bond and leveraged loan markets in the US are under scrutiny as the lowest rated CCC sector has come under severe pressure. The spreads on CCC rated leveraged loans and bonds are now at their widest levels since the pandemic. However, the rest of the HY market appears to be holding up relatively well. The benchmark CDX HY Credit

FIGURE 1. The high yield index excluding CCCs has traded inside of 300bp for most of the prior three years



Source: Bloomberg, Barclays Research

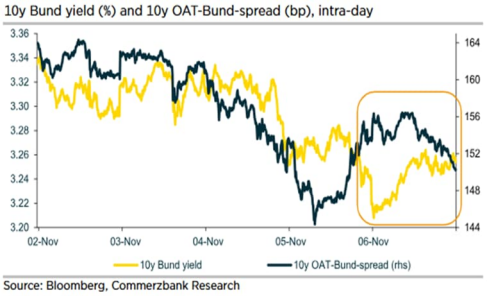
FIGURE 2. The proportion of the LLI trading above $98 has remained elevated since 2024



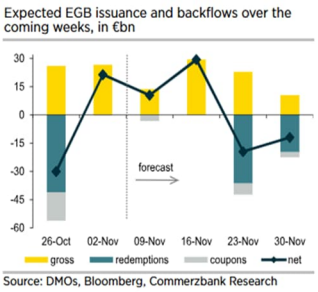
Source: Pitchbook, Barclays Research

Default Swap (CDS) index spread is holding steady and the portion of the HY index excluding CCCs has traded below 300 bps for most of the past three years, except for the tariff shock in April 2025. The leveraged loan index has a large majority of its constituent loans trading above 98 cents to the dollar, showing that markets see relatively little credit risk. Nevertheless, the recent surge in interest rates is making conditions more difficult for HY issuers, and there is speculation about where funding costs will be for upcoming maturities in 2027 and 2028. Further Fed rate hikes add to the risk for HY bonds and especially for leveraged loans, whose floating rates are directly impacted.

Euro Area



Source: Bloomberg, Commerzbank Research

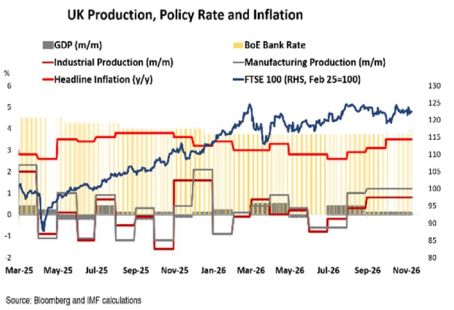


Source: DMOs, Bloomberg, Commerzbank Research

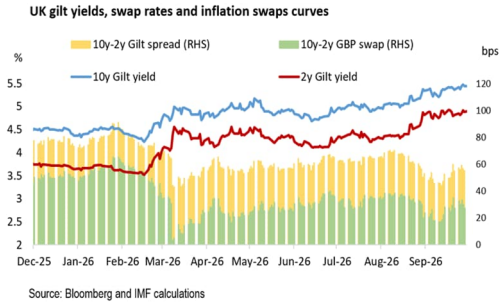
European stocks opened the week trading higher, as global risk appetite improved following the rebound in Asian equities and easing US-Iran tensions. The Stoxx Europe 600 rose 0.8%, led by banks (+1.7%), technology (+1.6%) and health care (+1.4%), while the energy sector lagged (-0.4%) **as oil and gas prices declined** with Brent falling (-2%) to around $96.41/bbl. According to **Bloomberg**, today's move also reflected a relative rotation toward Europe after last week's US AI-driven selloff, with Citi reportedly upgrading European equities to "overweight," citing lower exposure to AI turbulence and greater benefit from falling oil prices. **Goldman Sachs** argued that Europe's lower AI concentration is now an advantage because it provides diversification as the AI trade reverses. Peripheral spreads were marginally narrower, with the 10y OAT-Bund spread at 150bps, the BTP-Bund at 106bps and the Bonos-Bund spread at 57bps. **Commerzbank** argues that stabilizing risk sentiment and hawkish ECB communication should limit further declines in Bund yields, while **Crédit Agricole** turned cautious on long duration and sees more rally potential in the belly rather than at the front end of the yield curve.

United Kingdom

The pound appreciated by 0.5% against a broadly weaker dollar this morning, to trade at $1.3401, with UK equities gaining 0.5%, led by miners. Gilt yields were little changed across the curve (2-year yield at 4.76% and the 10-year at 5.14%. Today's October KPMG/REC labor market survey pointed to softer hiring, with its seasonally adjusted diffusion index for permanent placements falling to 46.6 from 50.9 in September (readings below 50 indicate contraction). Temporary billings also fell below 50, but permanent salary growth rose to 54.1 from 53.4. **Deutsche Bank** expects Q3 GDP growth of 0.7% q/q in next Thursday's release, the strongest since Q4 2024, before slowing to 0.1% in Q4. Analysts at **Bank of America** and **ING** expect one more 25bps rate hike by the Bank of England, most likely in February 2027, although December remains live if energy prices rise, inflation surprises further or if firms agree to larger-than-expected 2027 pay rises. Markets price-in about a 55% chance of a December hike and 68bps of cumulative tightening (Bank Rate implied near 4.67%) by September 2027m, against 71bps priced-in on Friday.



Source: Bloomberg and IMF calculations



Source: Bloomberg and IMF calculations

Japan

Japanese markets opened the week with a sharp risk-on rebound in equities but with renewed pressure on JGBs, while the yen edged firmer. The Nikkei and Topix surged 3.3% and 3.2%, respectively, reversing part of Friday's selloff, with advances unusually broad-based and financials and semiconductor-related names outperforming. Benchmark JGB yields rebounded (2-yr +3bp to 1.76%; 10-yr +2bp to 2.66%; 30-yr +1bp to 3.82%) as investors reassessed the extent of last week's decline in yields. Bond sentiment was also hit by hawkish comments from BOJ Governor Ueda. Overnight indexed swaps are pricing a 72% chance of a December hike. Today, equities rebounded (Nikkei 225: +2.3%) across all sectors, while the yen strengthened (+0.2%) to 158.09/$. Separately, fresh data confirmed that the authorities had intervened on three consecutive days in July, spending a record JPY15.4 tn, underscoring policymakers' willingness to resist disorderly yen weakness. Longer term, SocGen strategists believe that booming retail JGB demand could reduce pressure for additional coupon issuance, as well as diversify the investor base towards households which tend to treat the securities as a "deposit substitute rather than a trading instrument."



Emerging Markets

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EMEA equites and currencies traded firmer this morning, as lower oil prices, a weaker dollar and eased US-Iran tensions supported risk appetite. **Polish government bonds underperformed**, with 2y and 10y yields rising 4bps and 7bps respectively **after S&P cut Poland's outlook to negative from stable on November 6**, citing rising public debt and political risks. Uganda stayed on hold at 12%. **Asian currencies were flat after last week's volatility and depreciation.** Stocks in Asia rallied, led by Taiwan POC (+4.9%) after the authorities announced supportive measures. **Latin American currencies were mixed, while equities advanced.** The Mexican peso (+0.8%), and Peruvian sol (+0.6%) outperformed regional peers, while the Brazilian real and Colombian peso lagged, both depreciating 0.3%. Brazilian (+1.4%) and Mexican (+0.4%) equities led regional gains.

EM Fund Flows

EM funds posted inflows for a fifth consecutive week, driven by equity funds. Equity funds attracted $3.5 bn, with inflows into both ETFs (+$2 bn) and non-ETFs (+$1.6 bn), while bond funds saw modest outflows (-$27 mn). Among equity funds, Asia ex-Japan recorded the largest regional inflow (+$130 mn), followed by marginal inflows into EMEA (+$26 mn), while Latin America saw outflows (-$250 mn). Bond flows diverged sharply by currency, as inflows into local currency funds (+$535 mn) were more than offset by outflows from hard currency funds (-$562 mn). Local currency inflows were concentrated in EM ex-China funds (+$564 mn), partly offset by outflows from China-focused funds (-$29 mn). Hard currency outflows were driven primarily by broad EM funds (-$520 mn), with Asia ex-Japan funds also seeing outflows (-$42 mn).

Figure 1: Weekly cross-asset flows

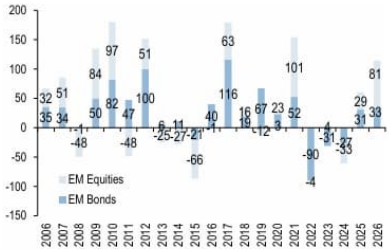
USD billion

Asset	8w flows (8w ago → current)	This wk	YTD
EM Bonds and Equities		3.5	114.0
EM Bonds		0.0	32.7
Hard Ccy		-0.6	11.9
Local Ccy^		0.5	20.8
o.w. EM ex-China		0.6	19.4
o.w. China		0.0	-0.9
EM Equities		3.5	81.3
US HG		5.0	284.5
US HY		1.6	4.7
Global Equities		29.5	467.4
EM Bond and Equity ETFs		2.2	125.7
EM Bond ETFs		0.2	5.5
EM Equity ETFs		2.0	120.3
Non-resident EM flows*		-19.1	-237.7

Fund Flows

Figure 2: EM bond and equity fund flows

USD billion

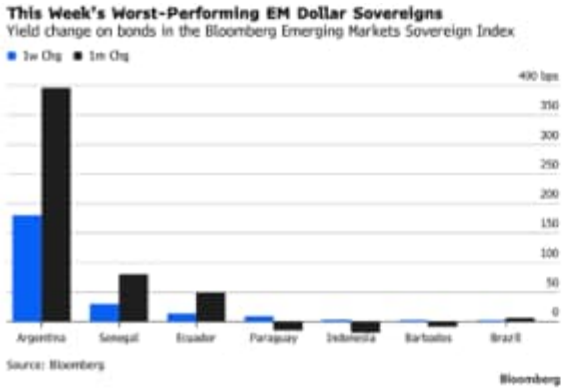


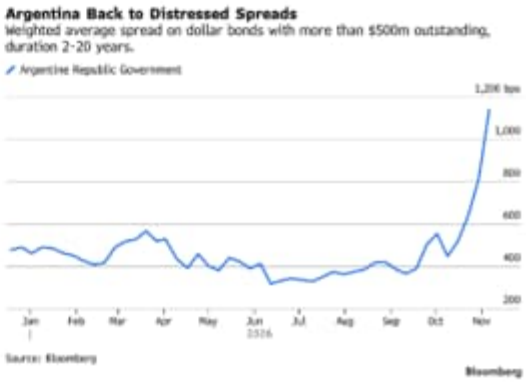
*High-frequency non-resident EM portfolio flow data where available. ^Local ccy split is retail only.

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

Argentina

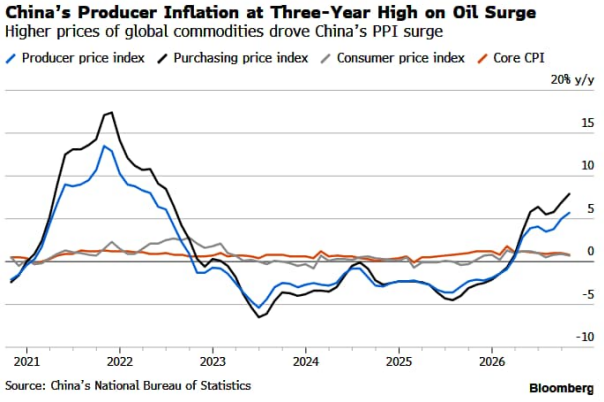
Argentine bonds were back in distressed territory. Argentina's dollar bonds had their steepest weekly decline in over a year, with the yield on the 2035 note increasing 128 bps to 13.95% last week, as investors price in political risk ahead of next year's presidential election. According to Bloomberg, Lula's win in Brazil and US midterm results have weakened confidence in President Milei's political standing and raised doubts that Washington would again provide support like the swap line in 2025. Argentina was the weakest performer in Bloomberg's EM sovereign index over the past week and month (left chart), and its spread to US Treasuries is now above the 1,000 bps level commonly associated with distress (right chart). Five-year CDS also closed last week above 1,000 bps. Spreads have been widening since July, so the latest move extends an existing trend. Last Thursday, overnight peso repo rates jumped to 190% annualized from 26%, a sign of acute peso funding strain, while press reports point to government purchases of local bonds to contain yields before next week's auctions. With roughly $25 bn of hard-currency payments due next year, reserve pressure is a growing concern.





China

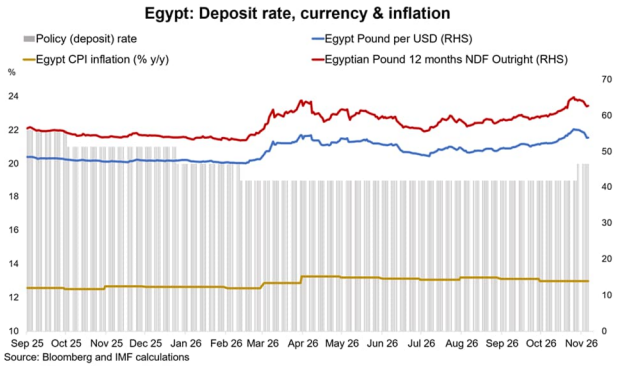
Surging producer prices contrasted with softer consumer inflation, highlighting persistent weakness in domestic demand. October PPI inflation accelerated to +5.7% y/y (consensus: +5.3%), the fastest since June 2022, driven largely by higher energy, metals, and AI-hardware costs. In contrast, October CPI slowed to +0.7% y/y (consensus: 0.8%), with core inflation easing to +0.8% y/y, underscoring continued weakness in underlying price pressures and firms' limited ability to pass higher input costs onto consumers. Government bond yields remained near record lows (10-yr at 1.575% and 30-yr at 2.02%), while equities were mixed (CSI 300: flat) as gains in technology and growth stocks were offset by lingering concerns over weak domestic demand and squeezed margins. Both onshore CNY and offshore CNH were unchanged today after a second consecutive weaker fixing at 6.7188/$. Meanwhile, China's push to internationalize the RMB gained further traction, with its debut yuan-denominated green sovereign bond sale in Canada attracting more than CNY40bn of orders, around ten times the planned CNY4bn issuance.



Egypt

Egyptian assets have outperformed in November. The Egyptian pound has appreciated by 3.3% against the dollar, while equites have added 2.9%. Its euro-denominated bonds rallied strongly, with the yields on the April 2030 and April 2031 bonds both down by around 40bps lower since October 30. The recovery

followed the unexpected 100bps rate hike to 20% made by the central bank of Egypt (CBE) on October 29 and hopes for a reduction of tensions in the region. JP Morgan noted that central bank's foreign reserves held steady at $57.5bn in October 2026, despite sizeable portfolio outflows, while non-gold official reserves rose by $0.7bn to $37.7bn. Goldman Sachs remains constructive on the pound, citing cheap valuations and stronger external buffers, and expects the CBE to stay hold at 20% through Q1 2027 before resuming easing, whereas Deutsche Bank sees renewed tightening risk if inflation accelerates toward 16% in early 2027 (the CPI printed at 13.9% y/y in September).

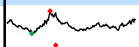
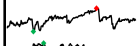
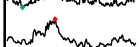
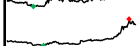
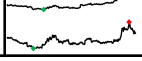




This monitor is prepared under the guidance of Jason Wu (Assistant Director) and Sheheryar Malik (Deputy Division Chief). Fabio Cortes (Senior Economist), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector 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 Sumedha Bhalla (Research Analyst), 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), Mindaugas Leika (Senior Financial Sector Expert), 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: 11/9/26 7:55 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,377	0.3	-2.7	-5.6	9.6	8
Europe		6,247	1.2	1.2	1.2	12.2	8
Japan		58,776	2.3	-7.1	-14.9	15.4	17
China		4,056	0.0	1.0	-6.0	-13.6	-12
Asia Ex Japan		102	2.4	-3.6	-11.4	9.6	10
Emerging Markets		59	2.2	-2.8	-11.2	8.8	8
Interest Rates					basis points		
US 10y Yield		4.9	0	-5	-38	76	69
Germany 10y Yield		3.2	-1	-4	-23	58	39
Japan 10y Yield		2.7	1	-12	-35	99	60
UK 10y Yield		5.1	-4	-8	-33	65	64
Credit Spreads					basis points		
US Investment Grade		127	0	-1	9	3	14
US High Yield		368	5	-1	24	11	27
Exchange Rates					%		
USD/Majors		101.9	-0.4	0.1	-0.3	2.3	4
EUR/USD		1.12	0.4	0.0	-0.1	-3.2	-5
USD/JPY		158.0	-0.3	0.0	-0.2	2.5	1
EM/USD		45.3	0.2	0.0	-0.6	-1.4	-3
Commodities					%		
Brent Crude Oil ($/barrel)		95.1	-3.3	-9.3	-6.1	50.2	58
Industrials Metals (index)		171.7	0.6	-2.0	-2.0	13.3	5
Agriculture (index)		56.1	0.0	-2.4	-8.8	0.4	5
Gold ($/ounce)		4117.5	1.1	4.3	-1.8	0.0	-5
Bitcoin ($/coin)		74850.2	1.1	-6.6	-9.2	-28.4	-15
Implied Volatility					%		
VIX Index (%, change in pp)		23.4	-2.3	2.2	8.5	4.3	8.4
Global FX Volatility		6.6	0.1	-0.1	-0.2	-0.3	-0.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		86	-2	-7	-8	22	27
Italy		105	-2	-8	-4	28	36
France		149	-1	-11	12	70	79
Spain		56	-2	-4	-5	4	13

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

Emerging Market Financial Indicators

11/9/2026 7:57 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	-0.4	0.3	6.7	4.7		1.7	-1	-5	-7	-18	-26
Korea*		1347	1.4	-0.2	-0.5	8.1	7.3		3.9	-2	-13	-49	83	66
Indonesia		18085	0.0	0.4	-1.0	-7.9	-7.8		7.5	2	-11	42	151	152
India		94	0.0	1.0	3.0	-5.6	-4.3		8.1	3	-17	-14	126	107
Philippines		63	-0.4	0.5	-0.8	-6.9	-6.9		6.2	0	-10	2	160	154
Thailand		34	0.2	0.7	0.1	-3.5	-6.0		2.1	-2	-7	-28	27	40
Malaysia		4.06	0.0	0.3	0.6	2.5	0.0		3.8	-1	-8	-10	#VALUE!	33
Argentina		1545	0.0	-0.6	-1.7	-6.1	-6.1		0.0	0	0	0	-3203	-3237
Brazil		5.51	0.0	-1.3	-9.5	-3.8	-0.2		14.9	-3	-29	224	121	137
Chile		970	0.9	0.8	0.8	-3.2	-7.2		5.9	-2	-5	-7	51	58
Colombia		3242	-0.3	-1.5	-0.1	17.0	16.4		12.9	1	-19	-17	125	2
Mexico		18.60	0.1	-0.1	-1.0	-1.2	-3.2		9.0	-1	-12	-25	22	5
Peru		3.4	0.6	1.3	0.3	-1.5	-1.8		6.5	-1	-16	3	52	76
Uruguay		40	-0.4	-0.7	-0.7	-1.7	-3.3		7.9	1	6	12	12	39
Hungary		324	0.5	0.4	0.4	2.3	0.9		5.4	-4	-10	-36	-117	-113
Poland		3.92	0.6	0.8	0.0	-6.5	-8.4		5.5	5	-19	-15	79	99
Romania		4.8	0.3	-0.1	-0.2	-7.9	-9.2		6.8	1	-5	-22	1	14
Russia		82.4	-0.5	-1.4	3.4	-1.3	-4.4							
South Africa		16.4	0.6	0.9	0.4	4.3	0.7		8.6	3	-26	-54	-60	0
Türkiye		50.18	-0.1	-0.4	-1.7	-15.8	-14.4		34.7	18	9	17	228	509
US (DXY; 5y UST)		102	-0.4	0.1	-0.3	2.3	3.6		4.66	1	-5	-36	98	93

	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		4,056	0.0	1.0	-6.0	-13.6	-12.4		5	0	3	-3	-2
Korea*		5,019	-0.8	-14.3	-24.3	23.2	19.1		23	-1	-1	1	1
Indonesia		5,074	0.5	-0.5	-16.7	-39.5	-41.3		126	8	26	48	51
India		81,107	0.1	5.4	11.9	-3.3	-4.8		101	0	9	24	25
Philippines		5,678	-1.5	0.0	-0.4	-0.4	-6.2		107	5	16	44	45
Thailand		1,473	0.5	-2.3	-6.6	12.8	16.9						
Malaysia		1,617	0.0	0.1	0.5	-0.7	-3.8		68	1	8	7	11
Argentina		84,216	-0.6	-5.5	-14.6	-11.8	-16.5		939	138	347	297	373
Brazil		168,498	1.4	-0.4	-19.4	9.4	4.6		200	5	42	0	1
Chile		5,318	0.7	2.1	-4.1	6.4	-1.9		102	-2	8	1	12
Colombia		2,485	0.0	-0.2	-1.8	19.4	20.2		232	-2	16	-22	-46
Mexico		71,394	0.4	2.3	8.1	12.7	11.0		225	-3	18	3	6
Peru		3,097	-0.6	-2.3	-14.6	32.4	19.9		119	-2	8	-8	-10
Hungary		144,575	0.8	-0.5	2.1	34.7	30.2		109	-2	6	-18	-23
Poland		156,782	0.5	0.3	-0.7	41.3	33.7		110	1	11	24	22
Romania		34,253	0.8	-2.4	2.6	49.8	40.2		202	2	24	11	32
South Africa		114,222	1.3	6.1	5.2	4.9	-1.4		204	3	-3	-32	-11
Türkiye		11,719	2.0	6.9	-4.5	7.3	4.1		264	3	27	19	45
EM total		59	0.5	-2.8	-11.2	8.8	8.4		207	1	19	17	29

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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