GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, OCTOBER 14, 2026
LEAD EDITOR: SANJAY HAZARIKA

- **US CPI higher than expected** (link)
- **Low rates in China spur record Dim Sum bond issuance** (link)
- **Survey finds 5.9% as key level on US 10-year Treasury to prompt a shift into bonds** (link)
- **Recent US yield surge driven by rising Fed policy rate expectations** (link)
- **Brazilian economists see a lower Selic and higher inflation by year-end 2026** (link)
- **Colombian central banker signals rates may need to stay higher for longer** (link)
- **Uganda raised its policy rate in emergency meeting as currency depreciates** (link)
- **Special Feature: Crypto Assets Monitor**

Mature Markets | Emerging Markets | Market Tables

Markets are Mixed as US Inflation Data Come in Strong

Stocks in Europe posted modest gains along with most US equity index futures. However, equities in Asia fell back again, although the moves were more moderate than they were yesterday. Most government bond yields across the world were down for a third consecutive day, boosting sentiment, before higher than expected US CPI data muddied the waters. Credit spreads between French and German government bonds also narrowed, in another positive sign, although most expect central bank rate hikes to maintain pressure on bond markets for the foreseeable future. Meanwhile, higher oil prices reminded market participants that risk levels remain elevated. The Bank of America share price was down after it reported weaker than expected revenues, while chip maker ASML in Amsterdam rallied on strong demand for its equipment. Currencies held steady in advance of the US CPI report. Low interest rates in China have caused a surge in the issuance of corporate Dim Sum bonds, bonds issued by foreign companies that are denominated in Renminbi.

Key Global Financial Indicators

Last updated: 10/14/26 8:29 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7805	0.0	0	2	17	14
Eurostoxx 50		6211	0.7	1	-1	12	7
Nikkei 225		67744	0.0	-4	7	42	35
MSCI EM		66	-0.6	-4	0	24	20
Yields and Spreads					bps		
US 10y Yield		5.19	-2.3	-10	20	115	102
Germany 10y Yield		3.47	-0.1	-1	-5	86	61
EMBIG Sovereign Spread		188	0	-3	13	-38	-10
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.7	0.0	0	-1	0	-2
Dollar index, (+) = $ appreciation		102.2	0.1	0	3	3	4
Brent Crude Oil ($/barrel)		105.9	0.2	6	0	70	74
VIX Index (%, change in pp)		15.3	0.0	0	-2	-6	0

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: 10/14/26 8:30 AM	Level Last 12m	Level Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		106	0.2	6	0	70	74
WTI Crude Oil ($/barrel)		96	1.6	8	-6	63	67
Natural Gas (Netherlands TTF)		86	-1	5	4	169	211
Breakeven Inflation		%			bps		
USD: 2Y		2.5	0.3	-1	-4	-24	25
USD: 5Y		2.5	0.6	-3	-6	-5	16
USD: 5Y5Y		2.4	1	-2	-3	-2	-3
EUR: 2Y		2.9	3.2	17	-1	126	128
EUR: 5Y		2.4	1	6	-5	64	66
EUR: 5Y5Y		2.1	-1	-1	-5	4	5

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

Mature Markets

back to top

United States

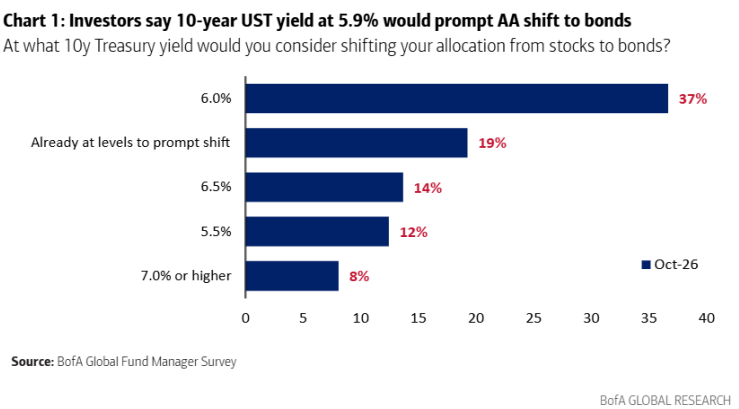
The latest CPI data for September came in above expectations. Treasuries gave up early morning gains as yields pushed higher, but US equity index futures retained their positive momentum. Another record close is possible today if current trends stay in place.

US CPI Report

Source: Bloomberg

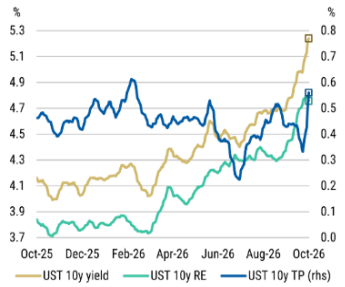
Variable	Consensus Forecast	Actual Data
CPI month-on-month	0.6%	0.6%
Core CPI mom	0.2%	0.3%
CPI year-on-year	3.6%	3.7%
Core CPI yoy	2.5%	2.6%

The latest Bank of America survey of fund managers finds that 5.9% is the level on the 10-year Treasury yield which would prompt a shift of allocations from stocks to bonds. The recent surge in interest rates resulted in a peak yield for the 10-year Treasury note of 5.31%, which is well below that level, which may be one reason that stocks have not yet suffered any adverse consequences due to the rise in yields, with markets trading close to all-time highs. The VIX has remained subdued despite the rise in interest rate volatility. Investor sentiment is bullish and cash allocations are low, with strong results expected in the Q3 corporate earnings season as 60% of those surveyed expect double digit earnings growth. Investors are hopeful that a fall in the price of oil by the end of the year could provide a boost to consumers, while flagging an unexpected cut in AI capital expenditure as the key downside risk. A large majority (76%) expect the Fed to remain on hold later this month. However, on a more cautious note, 45% expect an AI bubble to develop in 2027.



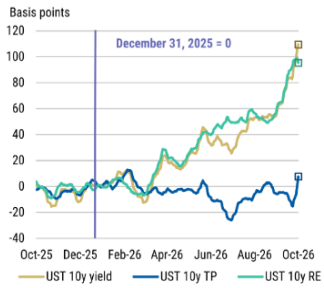
The recent surge in interest rates is being driven mainly by the rise in Fed policy rate expectations, according to analysis by Morgan Stanley. The market switched from expecting two or three rate cuts in 2026 at the beginning of the year to pricing three more rate hikes by June 2027 after the first hike in September for a total of four hikes today. The surge in US rates began on the first day of the conflict in the Middle East as inflationary pressures were triggered and central banks around the world turned more hawkish. Rising term premia played a more minor role in the move in rates, although premia have ticked higher. The analysts think fiscal concerns played less of a role in the US compared to Japan, France, and the UK, while the impact of mortgage convexity hedging was also not as severe as some expected. They note that market conditions remained quite orderly despite the rise in interest rate volatility, while the level of volatility remains well below those seen in 2023 and 2020.

Exhibit 1: 10y UST nominal yield, rate expectations, and term premium over the last year (5-dma)



Source: Morgan Stanley Research, Bloomberg

Exhibit 2: Change in 10y UST nominal yield, rate expectations, and term premia this year (5-dma)



Source: Morgan Stanley Research, Bloomberg

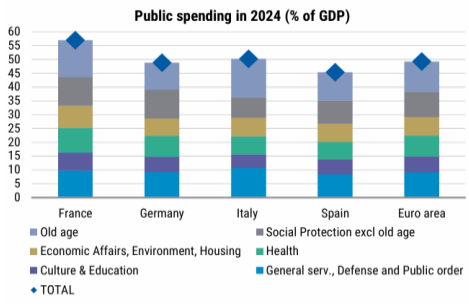
Euro area

Euro area sovereign yields edged lower and stocks rose this morning, while a 2.5% decline in natural gas prices ended a week of gains. Brent was largely unchanged. Most sovereign yield decreases were limited to the 1–2 bps range, while French OATs outperformed: the 2-year OAT yield fell by 6 bps. Dutch chip-equipment maker ASML rose 2.5% after reporting record quarterly gross margins, raising full-year guidance, and signaling strong demand, supporting equities and AI sentiment after several weak sessions. The EURO STOXX index rose by 0.5%, while tech-sector stocks gained 1%. This morning, Spain's final September CPI reading came in as expected at 4.9% y/y.

France

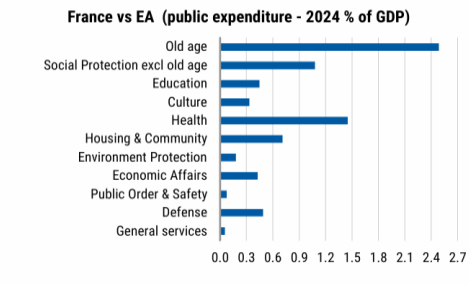
French spreads to bunds continued to tighten gradually as the 2027 budget discussion proceeds, with the 10-year spread narrowing 1.5 bps to 135–136 bps this morning. Finance Minister Lescure called higher borrowing costs an "alarm signal" but said debt issuance remained straightforward. Media reported on the IMF's call to restore fiscal space, and cited IMF Georgieva's comment that "it will take time before it will come down to levels that are providing confidence…" French presidential candidate Marine Le Pen told the FT that France's debt was her biggest constraint and could become "uncontrollable", promising "massive state spending cuts" alongside tax cuts to stimulate growth. Her €140bn deficit-reduction plan includes lower EU contributions, which she acknowledged could provoke a "trial of strength" with Brussels; she also called for ECB financing of defense and the energy transition. Morgan Stanley highlights above-average spending across all categories, suggesting reform needs to extend beyond pensions.

Exhibit 5: Public spending is higher in France than in other European countries...



Source: Eurostat, Morgan Stanley Research

Exhibit 6: .. with France spending more than others (as a share of GDP) in all domains

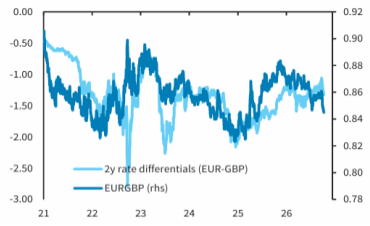


Source: Eurostat, Morgan Stanley Research

United Kingdom

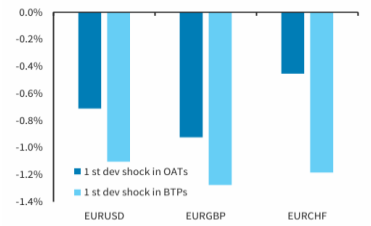
A fiscally prudent UK Budget could support further sterling gains and higher domestic equities, according to Barclays. The bank estimates that fiscal headroom could be closer to £20bn than the £10–15bn it says markets expect, reducing the immediate need for significant tax increases. Barclays argues that sterling is already stronger against the euro than rate differentials imply, helped by French sovereign stress, prospects for closer UK–EU ties, and expectations of further BoE tightening. However, inflation is eroding spending budgets, and Barclays sees little market tolerance for additional borrowing to replenish them. The pound edged up marginally this morning versus both the euro and the US dollar. Year-to-date, it is 3% stronger versus the euro. Gilt yields fell by around 5 bps across the curve this morning, outperforming most euro area peers.

FIGURE 1. **The pound's fiscal premium has been eliminated**



Source: Bloomberg, Barclays Research

FIGURE 2. **OAT spread widening has lifted GBP**



Note: The chart shows the maximum effect of BTP and OAT spread widening on key EUR-crosses drawn from bivariate rolling regressions of FX changes on sovereign spread changes for the period prior to the 2017 French election and right after the 2018 Italian election. For more details see here.
Source: Bloomberg, Barclays Research

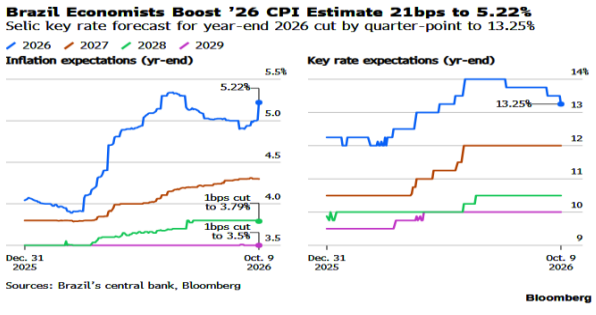
Emerging Markets

back to top

EMEA equities and currencies were mixed this morning. Moody's indicated that South Africa could be in line for a credit rating upgrade if fiscal conditions continued to improve. **Asian markets lost ground for another day, but the moves were more measured after yesterday's extreme volatility.** Singapore surprised markets by staying on hold. Yesterday, **Latin American currencies were mixed and equities mostly advanced.** The Argentine peso (+0.2%) led regional peers, while the Brazilian real (-0.8%), Mexican peso (-0.7%), and Chilean peso (-0.5%) depreciated against the dollar. Equities in Colombia (+1.6%) and Argentina (+1.5%) outperformed, but Brazil (-1%) bucked the trend.

Brazil

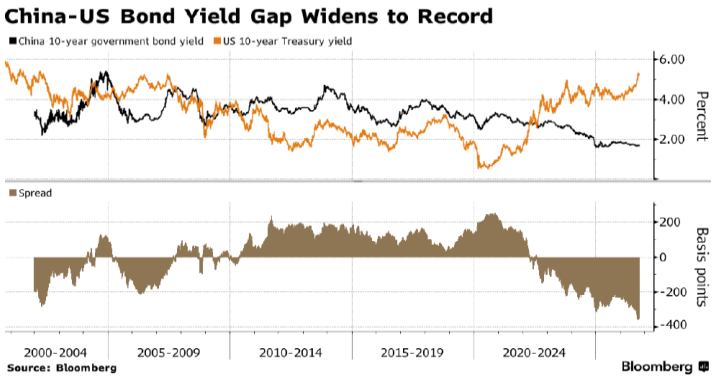
Brazilian economists see a lower Selic and higher inflation by year-end 2026. The central bank's weekly survey of economists showed that year-end 2026 Selic forecast was cut to 13.25%, 25 bps below the prior 13.50% expectation and 50 bps below the current rate. The revision followed the first-round presidential vote, which put Flávio Bolsonaro ahead in advance of the October 25 runoff. Bloomberg analysts attribute the shift to expectations of tighter fiscal policy under a Bolsonaro administration. A BTG Pactual/Nexus poll released Tuesday showed Bolsonaro at 52% of valid votes to Lula's 48%, reinforcing those expectations. Economists also raised their year-end CPI forecast by 21 bps to 5.22%, though expectations for the following years were little changed. Markets will be watching election developments and their implications for the economy.



China

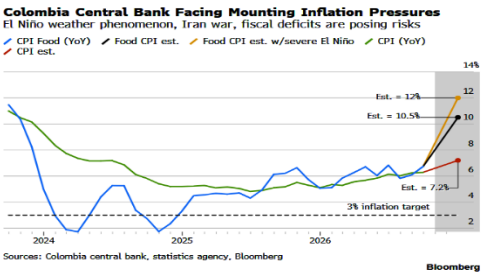
Low RMB borrowing rates have spurred a record amount of Dim Sum bond borrowing. Accommodative PBC policies have lowered RMB funding costs to record lows and pushed the yield

spread between Chinese Government Bonds (CGBs) and Treasuries to their widest level historically. The average coupon on RMB corporate bonds issued both onshore and offshore has fallen to about 2% this year, compared to about 4.9% on three-year US Treasuries. Low borrowing costs have spurred massive corporate borrowing in RMB. Offerings of Dim Sum bonds—bonds issued outside of mainland China but denominated in RMB—are on track for another all-time high. According to CSPI ratings, sales of Dim Sum bonds surged to roughly RMB 350 bn ($52 bn), or an increase of more than 60% compared to the first half of 2025.



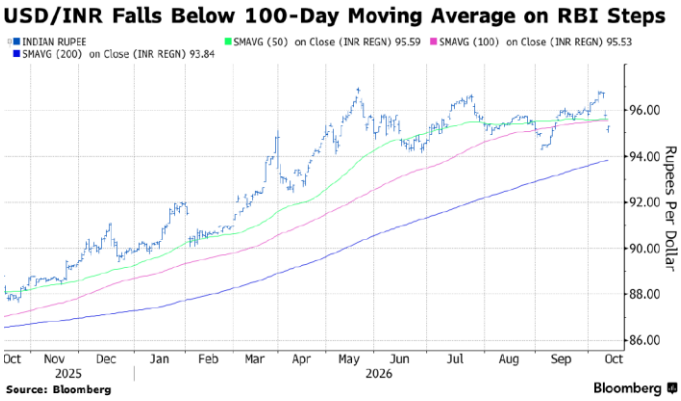
Colombia

Colombian central banker signals rates may need to stay higher for longer. Co-director Mauricio Villamizar's comments come a few weeks after policymakers unexpectedly raised rates by 25 bps to 12.25%. Bloomberg analysts note that El Niño, the Iran war, and Colombia's fiscal deficit are adding upward pressure on prices. Policymakers expect year-end 2026 CPI to reach 7.2%, well above the 3% target. Food inflation is projected at 10.5%, rising to 12% in the event of a severe El Niño. On the fiscal side, the government is preparing an adjustment package that includes spending cuts and talks with multilateral lenders over financing. Looking ahead, Villamizar highlighted that further rate hikes remain on the table. The central bank's next meeting is on October 30.



India

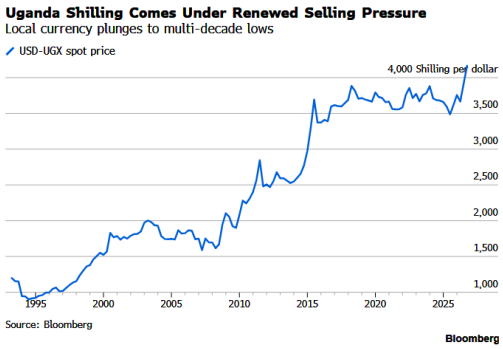
The Indian rupee extends recent gains as the RBI considers more steps to thwart speculative bets. The rupee gained as much as 0.6% to 94.7525 per dollar before paring gains to end the day 0.4% stronger. In his press comments, RBI Governor Malhotra noted that the central bank would consider more steps to ensure orderly currency moves. The rupee had gained in recent days following measures from the RBI to bolster the currency. These steps included curbs on currency derivative transactions such as more stringent requirements to show proof of genuine hedging as well as a special window to meet the dollar requirement of oil refiners, some of the largest importers in the country. Shinhan Bank in Mumbai noted that the latest comments from Gov. Malhotra suggest a target of INR 94/$ for the RBI. Meanwhile, bond yields rose on anticipation of more rate

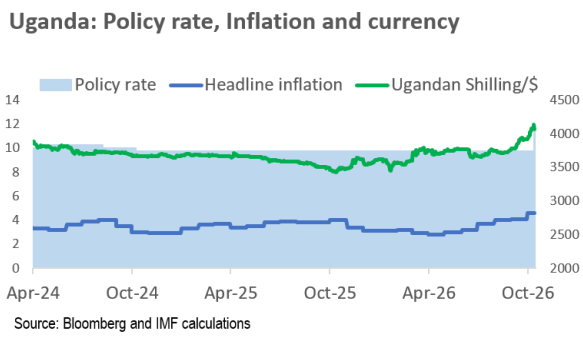


hikes by the RBI. The benchmark 10-year yields rose as much as 5 bps to 7.41% while the 2-year note rose 4 bps to 6.87%.

Uganda

The central bank of Uganda convened an emergency MPC meeting today and raised its benchmark rate by 225bps to 12%, the first hike since April 2024 and the largest in the country's recent history. The emergency meeting was called after the **shilling hit a 33-year low of UGX 4,224/$ yesterday**, driven by foreign investor outflows from local bonds. Since the US Treasury selloff started on August 25, the shilling has lost about -11% versus the greenback, with Citigroup estimating around $200m foreign outflows over the last two weeks. The policy response is complicated by limited reserves and weak appetite for FX interventions, with Blomberg reporting that on October 9 President Museveni instructed the Bank of Uganda not to sell dollars to support the currency. Uganda has about $6bn of FX reserves, equal to roughly 2.7 months of imports, according to IMF data cited by Bloomberg. The shilling opened the day by regaining some ground against the dollar, and extended gains (1.8%) after the rate hike.

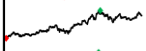
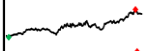
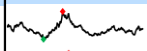
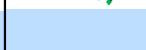
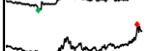




This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief), Sheheryar Malik (Deputy Division Chief), and Saad Siddiqui (Deputy Division Chief). Fabio Cortes (Senior Economist), Timothy Chu (Financial Sector Expert-New York 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 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), Yiran Li (Senior Research Analyst), 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.

Disclaimer: *This is an internal document produced by the Global Markets Analysis Division (GA) of the Monetary and Capital Markets Department. It reflects GA staff's interpretation and analysis of market views and developments. Market views presented may or may not reflect a consensus of market participants. GA staff do not independently verify the accuracy of all data and events presented in this document.*

Global Financial Indicators

Last updated: 10/14/26 8:31 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,815	0.0	0.2	2.6	17.6	14
Europe		6,211	0.7	0.5	-0.8	11.9	7
Japan		67,744	0.0	-4.2	6.7	42.1	35
China		4,218	-1.4	-3.2	-5.2	-8.4	-9
Asia Ex Japan		114	-0.7	-4.1	-0.8	25.2	22
Emerging Markets		66	-0.6	-3.7	-0.4	24.1	20
Interest Rates					basis points		
US 10y Yield		5.2	-2	-10	20	115	102
Germany 10y Yield		3.5	0	-1	-5	86	61
Japan 10y Yield		3.0	-1	-10	-1	135	94
UK 10y Yield		5.4	-5	-4	3	81	92
Credit Spreads					basis points		
US Investment Grade		118	0	1	2	-3	6
US High Yield		346	-1	4	42	-16	6
Exchange Rates					%		
USD/Majors		102.2	0.1	0.0	2.9	3.2	4
EUR/USD		1.12	0.0	0.0	-3.1	-3.5	-5
USD/JPY		158.5	0.1	0.2	2.7	4.4	1
EM/USD		45.7	0.0	-0.1	-1.2	-0.3	-2
Commodities					%		
Brent Crude Oil ($/barrel)		105.9	0.2	5.7	4.9	69.3	76
Industrials Metals (index)		175.7	0.5	0.1	0.1	17.4	8
Agriculture (index)		62.1	0.4	-0.7	-2.6	15.4	16
Gold ($/ounce)		4153.8	-0.2	1.0	-3.4	0.3	-4
Bitcoin ($/coin)		83717.7	0.4	1.6	5.9	-25.9	-4
Implied Volatility					%		
VIX Index (%, change in pp)		15.3	0.0	0.2	-1.8	-5.5	0.3
Global FX Volatility		6.8	0.0	-0.1	-0.3	-0.8	-0.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		91	0	-10	16	25	32
Italy		106	0	-9	20	28	37
France		138	0	-2	42	59	67
Spain		61	0	-3	15	9	18

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

Emerging Market Financial Indicators

10/14/2026 8:27 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		6.69	0.0	0.2	0.2	6.6	4.4		1.7	0	-2	-3	-18	-21
Korea*		1337	0.4	0.2	0.8	6.8	8.0		4.3	-7	-15	-33	149	99
Indonesia		17903	0.0	-0.1	-1.3	-7.3	-6.8		7.1	-1	-2	3	108	108
India		95	0.1	1.7	0.4	-6.7	-5.5		8.3	5	-18	-2	155	122
Philippines		63	-0.1	-0.2	0.0	-7.4	-6.3		6.2	0	6	19	149	151
Thailand		34	-0.1	0.3	-1.0	-2.6	-6.2		2.4	0	-3	2	76	65
Malaysia		4.08	0.1	0.1	-0.2	3.7	-0.6		3.8	0	-15	-33	38	33
Argentina		1513	0.2	0.4	-0.4	-10.8	-4.1		0.0	0	0	0	-4888	-3237
Brazil		5.03	0.0	-0.2	2.4	9.1	9.3		12.7	21	-4	-139	-131	-90
Chile		982	0.1	-0.4	-2.5	-2.1	-8.3		5.9	-2	-1	20	54	64
Colombia		3185	0.4	1.7	-2.5	23.2	18.5		13.0	7	-5	47	152	13
Mexico		18.38	-0.1	-2.1	-6.7	0.7	-2.0		9.1	-3	-17	-26	43	12
Peru		3.4	0.2	0.0	-1.6	-0.3	-2.1		6.5	0	-2	0	30	73
Uruguay		40	0.0	-0.1	0.0	-0.3	-2.7		7.7	-2	-4	9	-2	23
Hungary		324	0.2	0.7	-2.4	4.0	0.9		5.6	-6	-18	0	-92	-94
Poland		3.90	0.1	0.3	-3.6	-5.8	-7.9		5.8	0	9	16	95	123
Romania		4.8	-0.1	0.2	-4.6	-8.1	-9.2		7.1	0	5	24	-15	41
Russia		84.1	-0.2	1.7	0.1	-4.8	-6.3							
South Africa		16.5	0.1	1.0	-1.3	5.6	0.6		9.1	-7	-8	-1	-46	47
Türkiye		49.39	0.0	-0.4	-1.6	-15.3	-13.0		34.4	23	-9	56	191	483
US (DXY; 5y UST)		102	0.0	0.0	2.8	3.2	4.0		4.98	-2	-5	16	137	125

	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		4,218	-1.4	-3.2	-5.2	-8.4	-8.9		2	0	1	-6	-5
Korea*		6,009	-0.4	-13.4	-9.3	64.3	42.6		24	0	2	-1	2
Indonesia		5,943	0.3	-3.3	-8.0	-26.2	-31.3		101	-1	6	10	26
India		72,782	0.3	0.2	-1.7	-11.9	-14.6		94	-2	11	17	18
Philippines		5,617	-1.5	-2.1	-6.5	-7.8	-7.2		91	-3	10	21	29
Thailand		1,576	0.3	-0.4	-0.2	22.5	25.1						
Malaysia		1,628	0.3	1.0	-3.1	1.0	-3.1		60	0	3	-3	3
Argentina		2,869,151	1.5	0.0	-7.0	52.2	-6.0		599	11	104	-445	33
Brazil		206,888	-1.0	0.0	11.5	46.0	28.4		157	0	-6	-53	-42
Chile		5,534	-0.2	0.2	-2.8	18.0	2.0		93	0	5	-13	3
Colombia		2,570	1.6	-0.7	-0.7	35.9	24.3		215	-10	13	-65	-63
Mexico		66,965	0.3	2.5	4.3	10.2	4.1		207	1	9	-20	-12
Peru		3,573	-0.7	1.0	5.2	51.4	38.3		113	2	6	-18	-16
Hungary		144,596	0.7	2.3	-4.7	41.2	30.2		99	-11	1	-35	-33
Poland		159,224	-0.1	1.6	3.3	49.3	35.8		97	-8	5	2	9
Romania		33,620	0.4	0.2	1.8	55.4	37.6		178	-9	9	-32	8
South Africa		109,863	0.4	2.6	-3.2	-0.9	-5.2		205	-9	10	-59	-10
Türkiye		12,215	-0.3	0.8	-14.2	18.4	8.5		239	-11	0	-28	20
EM total		66	-0.3	-3.7	-0.4	24.1	20.2		188	-3	13	-38	-10

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

*Not an EM Under IMF Classification.

back to top