GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, OCTOBER 22, 2026
LEAD EDITOR: SANJAY HAZARIKA

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Global Risk-Off Sentiment Spurs Flight to Treasuries

Safe haven buying drove the 10-year US Treasury yield to its lowest level in a month. Negative pressures on global markets continued, as oil prices moved higher again and government bond yields in France resumed their ascent. The 10-year OAT yield hit 5.11% and its spread to 10-year bunds reached 167 bps, the highest since the height of the European crisis in 2012. Most global equity markets were down, with technology stocks bearing the brunt of the negative sentiment. The technology selloff was especially acute in China, where stocks have fallen into a bear market with a 20% decline from the June peak. In other news, there were multiple central bank moves yesterday and today. The Philippines hiked by 50 bps to 5.5%, which was more than the 25 bps hike expected by markets. Israel stayed on hold yesterday at 3.25% after three consecutive rate cuts as the central bank reduced its inflation forecast. Indonesia surprised markets by staying on hold at 5.75% despite the severe pressure on the rupiah and growing worries about local inflation.

Key Global Financial Indicators

Last updated: 10/22/26 8:13 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7757	0.6	0	0	16	13
Eurostoxx 50		6118	-1.4	-1	-3	8	6
Nikkei 225		62908	-2.7	-2	-3	29	25
MSCI EM		64	0.4	-1	-8	17	16
Yields and Spreads					bps		
US 10y Yield		5.04	-7.5	-1	8	109	88
Germany 10y Yield		3.36	-6.1	-5	-10	80	51
EMBIG Sovereign Spread		197	-3	5	26	-21	-1
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.7	-0.2	0	-1	0	-2
Dollar index, (+) = $ appreciation		101.8	0.0	0	1	3	4
Brent Crude Oil ($/barrel)		112.0	2.9	6	13	79	84
VIX Index (%, change in pp)		18.2	1.5	2	4	0	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: 10/22/26 8:15 AM	Level Last 12m	Latest	Change from Market Close 1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas				%			%
Brent Crude Oil ($/barrel)		112	2.9	6	13	79	84
WTI Crude Oil ($/barrel)		100	2.4	2	5	70	73
Natural Gas (Netherlands TTF)		90	3	3	22	183	227
Breakeven Inflation		%		bps			
USD: 2Y		2.6	-0.6	5	21	-14	35
USD: 5Y		2.5	-1.1	5	6	0	19
USD: 5Y5Y		2.4	-2	1	-2	-4	-5
EUR: 2Y		3.0	0.7	8	22	133	136
EUR: 5Y		2.4	-1	2	6	66	67
EUR: 5Y5Y		2.1	-1	-1	-3	4	4

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

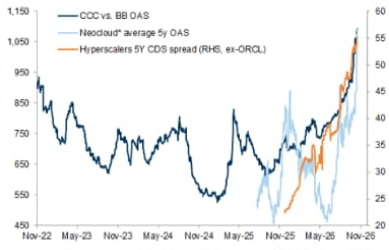
Mature Markets

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United States

Worries about the AI sector are spreading through financial markets. Spreads on credit default swaps (CDS) of even the higher credit quality hyperscalers (excluding Oracle, which is viewed as a deteriorating credit) are widening singificantly. The credit spreads on neocloud companies, which are smaller scale data center operators, are approaching distressed debt levels close to 1000 bps.The CDS of the neocloud company CoreWeave is trading at a level which implies a 50-60% chance of default on its $52 bn of debt, while its share price has fallen by 30% over the past month. The contagion has spread to other low quality debt in the US market, as the spread between BB and CCC credits has reached the idest level in several years. Equity markets are experiencing a similar trend of deterioration of AI-related companies to the wider markets, with the volatility of the Nasdaq rising sharply above the volatility of the Russell 2000 small cap index, in line with AI-heavy markets such as Korea and Taiwan POC. However, despite the recent volatility in US markets, the major equity indexes remain within striking distance of their all-time highs.

Exhibit 4: Credit option-adjusted spreads across curves, and US hyperscalers 5y average CDS spreads



'Neocloud' issuers*= NBIS, CRWV, IREN, WULF, CORZ, CIFR (2031 curve).

Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 6: Equity vol pick up is being driven increasingly by the AI/semiconductor/tech-concentration story

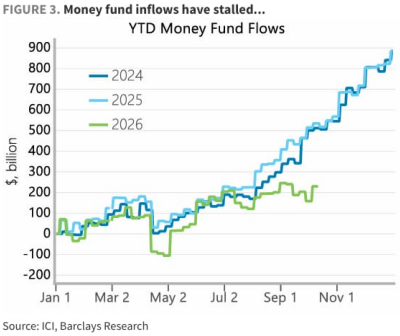
Z-score, based on 3m ATM vol.



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

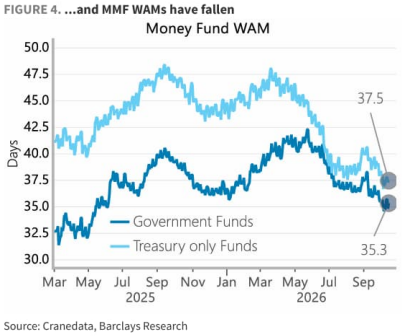
Waning demand from money market funds (MMFs) is putting pressure on US money markets. Overnight general collateral (GC) repo rates have gone up by almost 20 bps since mid-September, a noticeable move, while T-Bill yields are also at high levels, with one-month T-Bills trading near 4%. Barclays estimates that MMFs withdrew $150 bn from the repo market in September in order to cope with the high and rising volume of T-Bill issuance, driving repo rates higher. However, the lack of new investment flows into MMFs may have reduced their ability to expand their portfolios. In addition, the elevated uncertainty about the future path of Fed policy has injected interest rate

FIGURE 3. **Money fund inflows have stalled...**



Source: ICI, Barclays Research

FIGURE 4. **...and MMF WAMs have fallen**

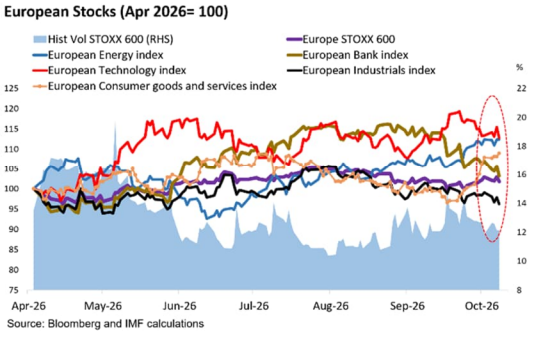


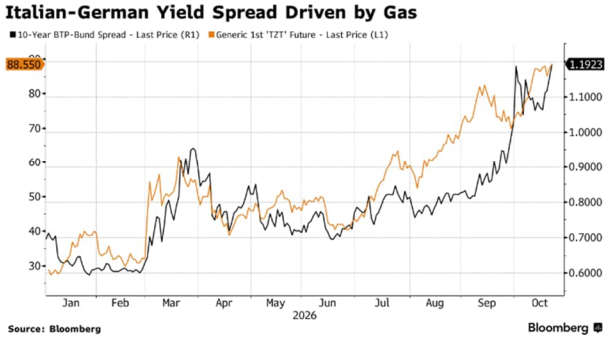
Source: Cranedata, Barclays Research

volatility even into the short end of the yield curve, leading MMFS to shorten the weighted average maturity (WAM) of their holdings. At the refunding announcement on November 4, the Treasury is expected to announce a reduction in longer maturity bond and note issuance in favor of a larger supply of T-Bills, creating even more volume for money markets to absorb.

Euro Area

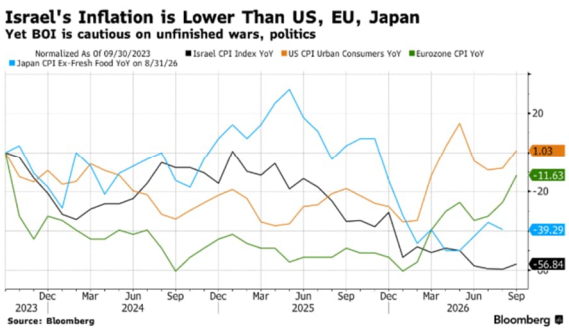
European stocks plunged this morning, following global peers on a confluence of mixed results from US tech firms, stubborn energy prices, and persisting concerns about political turmoil in France. The Stoxx 600 index lost -1.2% and is down by -3.3% from its peak in August. The three worst-performing sectors were materials (-2%)**,** technology (-2.7%) and banks (-2.9%), with the latter accentuated by the extended decline of French lenders (Societe Generale -3.8%, Credit Agricole -2.8% and BNP -4%) on growing fears of a bank-sovereign nexus. **Brent and European natural gas futures jumped by +2.8%** to trade respectively at $112/bl and €89.5/MWh. Deutsche Bank notes that money markets are now looking through the latest rise in energy prices as **tighter financial conditions from wider euro-area sovereign spreads** are offsetting the hawkish signals from energy costs. Bunds continued their safe haven rally while the spreads of other euro area countries continued to widen.

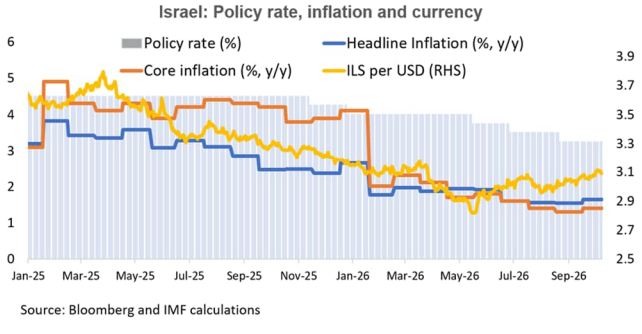




Israel

The Bank of Israel (BOI) kept its policy rate unchanged at 3.25% yesterday as expected after three consecutive rate hikes. The shekel was little changed after the decision but slid (-0.4%) this morning against a globally stronger dollar, to trade at ILS3.1007/$. Government bonds were little changed following the decision yesterday afternoon**, but the yield curve bull-steepened this morning,** with the 2y yield -5bps lower at 3.17%, the 5y yield -3bps lower at 3.69% and the 10y adding fractionally to 4.04%. The BOI also raised its GDP growth forecasts to 5.6% for 2026 and 7.5% in 2027, **signaling reduced pressure for rapid easing, according to Bloomberg**. Looking ahead, **JP Morgan** still sees scope for another 25bp cut in November, although with less confidence given higher global rates and energy prices. **Deutsche Bank** also expects one final 25bps cut to 3% **after the October 27 parliamentary election**, provided that political uncertainty does not rebuild as the polls showed no clear majority from next week's vote.





Japan



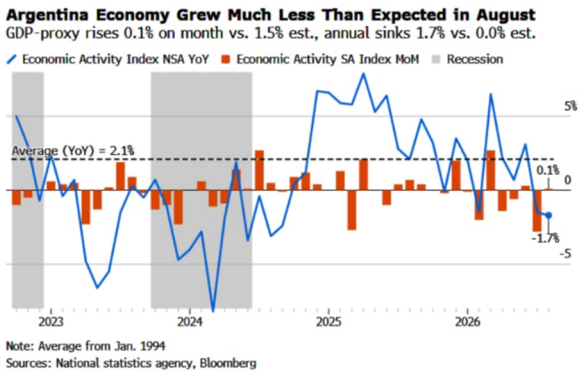
Japanese government bonds extended their rally (10y: -1.4bps to 2.86%; 30y: -1.7bps to 3.88%), supported by renewed foreign and domestic buying. Ministry of Finance data show that overseas investors were net buyers of Japanese bonds for a third consecutive week, the longest streak since January. The 10-year JGB yield has fallen by about 25 bps in October, while the steep yield curve and elevated long-end yields have attracted investors, including BNP Paribas Asset Management, which has increased its long-end JGB position from a "very small" position early this year to a "moderate to medium" position, favoring 20- and 30-year bonds. The firm also noted that a stronger yen could support the long end by helping contain headline inflation and easing pressure on the BOJ, and said the central bank does not necessarily need to hike at its next meeting. Today, the stock market declined (Nikkei: -2.7%) as mixed US megacap earnings failed to restore confidence in AI-related shares, while the yen strenghened (+0.7%) against the dollar as the tech selloff and broader risk aversion supported haven demand.

Emerging Markets

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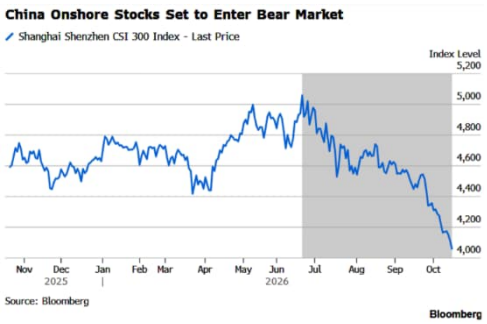
EMEA risk assets fell sharply as global sentiment deteriorated, and oil prices rose. Stocks in Saudi Arabia were especially weak (-2.2%) on news reports that the US ordered some diplomats to leave due to the security situation. **The Korean won strengthened (+0.3%) after the Bank of Korea kept its policy rate at 3.0% while maintaining a tightening bias, citing stronger growth and inflation risks.** The Indian rupee weakened (-0.5%), reversing previous gains as foreign inflows associated with Jio Platforms' IPO faded. EM Asian equities mostly declined (EM Asia: -2.7%) as rising oil prices and renewed concerns over the tech outlook weighed on sentiment, led by Korea (KOSPI: -3.5%) and Hong Kong SAR (HSI: -3.0%). **Latin American currencies were broadly weaker while equities advanced across most markets.** Stocks in Brazil (+1.6%) led the region, while Chile and Argentina fell back.

Argentina



Weak economic activity data reinforces growth concerns. Argentina's economic activity rose just 0.1% in August, well below the 1.5% consensus estimate, while output contracted 1.7% y/y (chart). Bloomberg Economics estimates activity is now nearly 3% below its second-quarter level, leaving the economy on track for a third-quarter contraction consistent with a technical recession. While real wages have recently outpaced inflation and exports continue to benefit from agriculture and energy, the disappointing release comes as Argentine assets remain under pressure amid growing concerns over next year's presidential election and the government's financing strategy.

China



Chinese equities declined further, with the CSI 300 falling -1.8% and reaching a 20% loss from its June peak, bear market territory. Analysts noted that the retreat reflected continued weakness in technology shares amid concerns over AI profitability and earnings, alongside investor disappointment over the absence of broader policy support for domestic demand. The Hang Seng Tech Index fell -5.0%, its largest daily decline since Apr 7, 2025. Tech giants, including Alibaba Group Holding Ltd., were pressured after the market regulator called on e-commerce platforms to strengthen product quality controls and consumer protection. Bloomberg estimated that the turnover in a basket of nine ETFs associated with "national team" trading exceeded 52 bn yuan ($7.79 bn) today, the most since Oct. 15. Analysts suggested that state-backed purchases may have helped cushion the selloff but could be insufficient to sustain a recovery without an improvement in economic and earnings fundamentals. Meanwhile, Bloomberg reported that the outstanding margin financing has fallen to its lowest level since late 2025, while daily onshore equity turnover has hovered near a 15-month low, pointing to waning investor risk appetite.

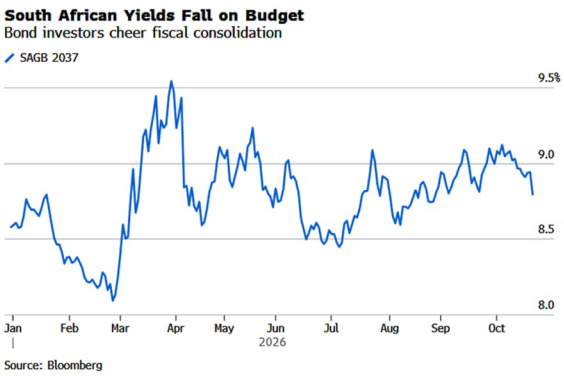
Mexico

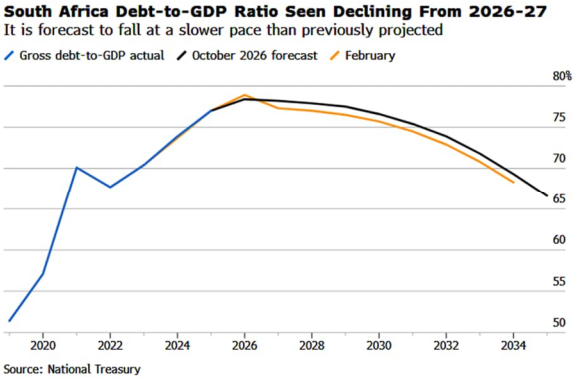


Narrowing rate differentials are weighing on the Mexican peso. The peso has weakened to its lowest level in more than a year (chart), underperforming most emerging-market currencies. Bloomberg analysts note that Mexico's real yields have become less attractive relative to regional peers such as Brazil and Colombia, reducing one of the currency's traditional sources of support. JPMorgan also notes that a majority of Banxico board members have reopened the door to future rate cuts, contributing to a narrower Mexico-US rate differential that has historically supported the peso. Weaker terms of trade linked to refined fuel imports and uncertainty surrounding USMCA negotiations also continue to depress sentiment toward the currency. However, local stocks have done well recently and are not far from the all-time highs reached back in February.

South Africa

South Africa unveiled plans to enshrine fiscal discipline in law and cut bond issuance, triggering a bond rally yesterday. The government released draft fiscal anchor legislation for public comment in October, whereby the legislation is expected to be tabled in Parliament in 2027. The draft "fiscal anchor" legislation would embed fiscal sustainability in the Public Finance Management Act, requiring each administration to set fiscal objectives, report progress at every budget and explain material deviations to Parliament, with independent scrutiny by the Financial and Fiscal Commission. In addition, weekly fixed-rate bond sales will fall by R600 million to R1.95 billion, more than markets expected, alongside a buyback program to smooth redemptions. The 10-year benchmark yield fell 16 bps yesterday before retracing 4 bps today.

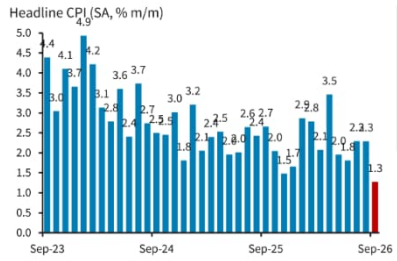




Türkiye

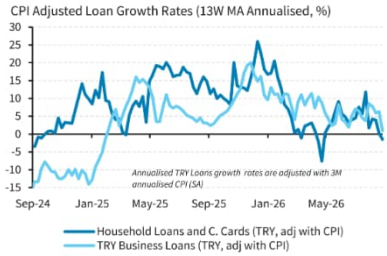
Türkiye's central bank cut its policy rate by 100 bps to 36%, in line with expectations, as inflation eased and domestic demand weakened. Inflation fell to 29.7% in September from 31.5% in August, with lower food prices and moderating services inflation driving the downside surprise. Barclays estimates seasonally adjusted monthly inflation slowed to 1.3–1.4%, its lowest since mid-2023, linking the improvement to tighter credit conditions. Inflation-adjusted household loan growth turned negative in September, suggesting demand will remain subdued. Barclays expects another 100 bps cut in December but sees a sustained decline in energy prices as necessary for a materially faster easing cycle.

Figure 1. Lowest monthly CPI since the new economy programme started



Source: Haver Analytics, Barclays Research

Figure 2. A sharp slowdown in TRY loan growth

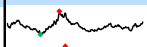
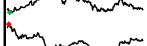
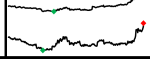


Source: Haver Analytics, Barclays Research

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.

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Global Financial Indicators

Last updated: 10/22/26 8:15 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,692	0.6	-0.7	-0.9	14.8	12
Europe		6,118	-1.4	-0.8	-3.3	8.5	6
Japan		62,908	-2.7	-2.4	-3.2	29.3	25
China		4,036	-1.8	-3.1	-10.6	-12.4	-13
Asia Ex Japan		109	0.5	-1.7	-9.1	17.6	17
Emerging Markets		64	0.4	-1.3	-8.0	17.2	16
Interest Rates					basis points		
US 10y Yield		5.0	-8	-1	8	109	88
Germany 10y Yield		3.4	-6	-5	-10	80	51
Japan 10y Yield		2.9	-1	-3	-12	122	80
UK 10y Yield		5.4	-2	-1	13	95	88
Credit Spreads					basis points		
US Investment Grade		124	3	6	13	2	11
US High Yield		367	15	12	66	9	27
Exchange Rates					%		
USD/Majors		101.8	0.0	-0.2	1.2	2.9	4
EUR/USD		1.12	-0.2	-0.1	-2.1	-3.5	-5
USD/JPY		157.0	-0.7	-0.6	-0.2	3.3	0
EM/USD		45.7	-0.2	0.0	-1.3	-0.4	-2
Commodities					%		
Brent Crude Oil ($/barrel)		112.0	2.9	5.8	17.4	78.8	86
Industrials Metals (index)		171.4	-1.8	0.1	-6.0	13.4	5
Agriculture (index)		60.0	-0.4	-2.4	-4.9	9.7	12
Gold ($/ounce)		4075.8	-1.6	-2.3	-6.5	-0.6	-6
Bitcoin ($/coin)		81743.1	-3.4	0.2	-5.2	-24.1	-7
Implied Volatility					%		
VIX Index (%, change in pp)		18.2	1.5	1.8	4.0	-0.4	3.3
Global FX Volatility		6.9	0.0	0.0	0.1	-0.4	-0.1
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		107	7	15	30	42	48
Italy		124	8	17	35	45	54
France		172	13	34	68	93	102
Spain		71	5	10	25	18	28

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

Emerging Market Financial Indicators

10/22/2026 8:17 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	0.3	0.4	6.8	4.7		1.7	1	-1	-3	-17	-22
Korea*		1325	0.2	1.3	2.1	8.0	9.1		4.2	-2	-10	-32	140	91
Indonesia		18060	-0.2	-0.7	-1.0	-8.2	-7.6		7.3	-2	15	26	140	126
India		95	-0.4	0.2	0.8	-7.3	-5.2		8.4	-5	7	1	160	131
Philippines		64	-0.3	-0.7	-1.3	-8.0	-7.2		6.3	0	11	26	161	162
Thailand		34	-0.4	-0.7	-1.8	-2.8	-6.7		2.3	0	-5	1	54	61
Malaysia		4.08	-0.1	0.0	-0.2	3.6	-0.6		3.9	3	9	-2	40	38
Argentina		1526	-0.1	-0.8	-0.8	-2.3	-4.9		0.0	0	0	0	-5206	-3237
Brazil		5.04	-0.4	1.0	1.1	7.1	8.9		12.8	-2	7	-113	-98	-76
Chile		986	-0.7	-0.5	-4.0	-3.7	-8.7		5.9	0	-2	8	55	64
Colombia		3190	-0.5	-0.2	0.3	22.1	18.3		13.0	3	-4	23	145	12
Mexico		18.74	-0.3	-1.7	-7.7	-1.6	-3.9		9.2	5	11	-8	55	20
Peru		3.4	-0.2	0.1	-2.3	-1.3	-2.1		6.7	0	16	18	59	92
Uruguay		40	-0.1	0.3	0.0	-0.6	-2.4		7.8	1	0	15	5	27
Hungary		327	-0.5	-0.8	-3.3	2.5	0.1		5.6	6	7	-11	-91	-93
Poland		3.90	-0.5	-0.1	-2.5	-6.4	-7.9		5.9	6	9	25	111	132
Romania		4.8	-0.3	-0.3	-3.4	-8.2	-9.1		6.9	1	-11	-14	-19	22
Russia		81.6	0.7	2.7	3.1	-0.4	-3.5							
South Africa		16.5	-0.9	-0.1	-2.0	5.4	0.3		8.9	-17	-18	-7	-45	29
Türkiye		49.63	-0.1	-0.3	-1.7	-15.5	-13.4		34.4	-5	-19	-10	156	476
US (DXY; 5y UST)		102	0.0	-0.2	1.1	2.9	3.5		4.86	-9	-2	3	131	114

	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		4,036	-1.8	-3.1	-10.6	-12.4	-12.8		2	0	0	-6	-5
Korea*		5,534	-3.5	-0.4	-21.8	43.9	31.3		25	1	3	1	3
Indonesia		5,388	1.1	-8.1	-15.5	-34.9	-37.7		121	13	30	33	46
India		73,249	-0.6	0.6	-2.1	-13.4	-14.0		100	6	18	19	24
Philippines		5,780	-0.7	2.1	-0.3	-4.5	-4.5		98	2	23	30	36
Thailand		1,563	0.4	-0.8	-2.8	18.9	24.1						
Malaysia		1,608	0.4	-1.0	-4.1	0.0	-4.3		67	4	14	5	10
Argentina		2,848,945	-0.4	0.5	-5.0	41.1	-6.6		672	49	118	-465	106
Brazil		206,495	-0.9	0.0	10.2	42.5	28.2		159	-2	-3	-44	-40
Chile		5,483	0.6	-0.5	-4.4	16.5	1.1		98	2	11	-3	8
Colombia		2,560	1.1	-0.8	-1.1	33.6	23.8		223	6	18	-48	-55
Mexico		70,250	1.4	5.2	9.0	14.6	9.2		219	6	27	-2	0
Peru		3,519	-1.0	-0.1	-1.9	55.1	36.2		117	2	12	-5	-12
Hungary		141,936	-1.0	-1.7	-6.2	36.2	27.8		102	1	6	-25	-30
Poland		159,160	-0.8	0.4	0.3	43.5	35.8		104	5	12	12	16
Romania		34,958	-0.9	1.4	8.8	57.9	43.0		186	7	17	-13	16
South Africa		108,472	-1.1	-1.5	-4.3	-0.3	-6.4		203	-1	11	-46	-12
Türkiye		11,379	-1.7	-5.7	-13.8	7.8	1.0		248	5	15	-8	29
EM total		64	-2.3	-1.3	-8.0	17.2	16.2		197	5	26	-21	-1

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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