



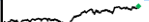
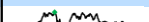
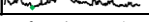
- Survey shows investors are overweight US duration ([link](#))
- Consensus forecasts for US profits in Q3 are optimistic but highly concentrated ([link](#))
- Corporate bond issuance is Mexico hits record ([link](#))
- High yields attract bidders in JGB auction ([link](#))
- Peru surprised markets by staying on hold at 4.25% despite rising inflation ([link](#))
- Kenya stays on hold at 8.75% with future cuts expected ([link](#))

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Investors Face a Sea of Red as Markets Sell off Across the Globe

Heightened worries about the conflict in the Middle East led to heavy selling across global equity markets as Brent oil rose back above \$105/barrel. Strong earnings from major technology companies in Asia were unable to reverse the negative sentiment. The equity moves were exacerbated by a continued rise in government bond yields worldwide, with the US long bond yield now in striking distance of 6%. Hawkish comments by Fed Governor Waller added to the pressure on bond markets. Bank stocks in Europe were in focus as worries about mark-to-market losses on French government bonds—widely held by banks across the continent—threatened to erode profitability. Meanwhile, market participants are worried that stubbornly high energy prices and inflation will force global central banks to raise policy rates beyond current forecasts. They also worry that high interest rates and an appreciating dollar could put pressure on emerging markets.

Key Global Financial Indicators

Last updated: 10/8/26 8:01 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities			%				%
S&P 500		7802	-0.2	2	2	16	14
Eurostoxx 50		6115	-1.1	-1	-5	8	6
Nikkei 225		69042	-1.4	0	6	42	37
MSCI EM		67	-1.3	1	-2	24	23
Yields and Spreads			bps				
US 10y Yield		5.33	4.7	9	54	121	116
Germany 10y Yield		3.51	3.0	0	14	83	65
EMBIG Sovereign Spread		191	5	-9	18	-21	-7
FX / Commodities / Volatility			%				
EM FX vs. USD, (+) = appreciation		45.6	-0.1	0	-2	-1	-2
Dollar index, (+) = \$ appreciation		102.4	0.2	0	4	4	4
Brent Crude Oil (\$/barrel)		104.6	4.4	2	7	58	72
VIX Index (% change in pp)		15.8	0.7	-1	0	-1	1

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: 10/8/26 8:01 AM	Level		Change from Market Close				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Oil and Gas			%				%
Brent Crude Oil (\$/barrel)		105	4.4	2	7	58	72
WTI Crude Oil (\$/barrel)		92	4.4	-1	-1	47	61
Natural Gas (Netherlands TTF)		79	-1	6	4	142	187
Breakeven Inflation		%	bps				
USD: 2Y		2.6	2.2	1	-2	-31	28
USD: 5Y		2.5	1.8	3	-2	-9	20
USD: 5Y5Y		2.5	1	3	0	-3	1
EUR: 2Y		2.8	6.9	5	1	112	118
EUR: 5Y		2.4	4	4	1	60	64
EUR: 5Y5Y		2.2	2	2	-1	7	8

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 latest JP Morgan survey finds that investors are getting more overweight US duration, increasing their exposure to interest rate risk in apparent bets that 2026's sharp rise in interest rates could finally go into reverse. Since the beginning of the year, the two-year Treasury yield is up by more than 130 bps, the 10-year yield is up by almost 120 bps, and the long bond yield is up over 80 bps. The MOVE index of interest rate volatility has also surged, rising from around 60 at the start of the year to 105, although this remains well below the 200+ levels seen in 2023 at the peak of the Fed's rate hike cycle and in 2008 during the global financial crisis. The 10-year and long bond yields are at their highest levels since the year 2000. JP Morgan's proprietary valuation models show that the middle part of the yield curve is now fairly valued, and that the short end is cheap. However, continued upward pressure on global energy prices and inflation more generally could extend the bond market selloff, as noted by a recent Bloomberg survey. This would expose investors to potentially large mark-to-market losses.

Figure 1: Despite a historic rise in yields in September, our Client Survey shows our investor base remains overweight duration, in contrast to the onset of other tightening cycles...

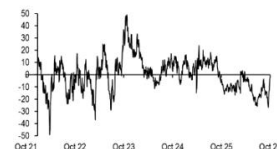
J.P. Morgan Treasury Client Survey Index*



(Longs + Neutrals)/(Shorts + Neutrals)
Source: J.P. Morgan

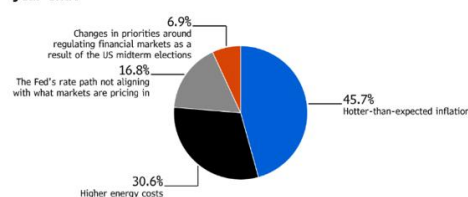
Figure 2: ...but intermediate valuations appear fairly valued for the first time in over six months

Residual of J.P. Morgan 10-year Treasury fair value model*, bp



*10-year Treasury yields regressed on 1y1y OIS rates (%), 5y5y seasonally-adjusted TIPS breakevens (%), J.P. Morgan U.S. Forecast Revision Index (%), Fed FOMC as share of the US economy (%), and a dummy variable for trade policy uncertainty that is 1 between 4/2/25 and 2/26/26. Regression over the last 5 years: R-squared = 9.3%, SE = 13.8bp
Source: J.P. Morgan, Federal Reserve

Which of these is the biggest risk factor for Treasury bonds into year end?



Note: Data from Markets Pulse survey of 173 participants conducted Sept. 23-24, 2026.
Source: Bloomberg

Bloomberg

The US Q3 earnings season will begin next week, and the consensus forecasts are very optimistic. According to Goldman, 7% of the S&P 500 market capitalization will report during the week of October 12, with 70% reporting by the end of October. The world's largest company (Nvidia) will report on November 19. The consensus forecast is for yoy earnings per share (EPS) to grow by 27% in Q3, the best Q3 result since 2021. However, the great majority of the profits from the S&P 500 are expected to come from a limited number of companies, highlighting worries about continued and rising concentration risk. The top 10 companies are expected to account for 55% of EPS growth in 2026, with more than one-third coming from Nvidia and Micron alone. The concentration issue is accentuated by weakening market breadth—the S&P 500 is near an all-time high, while almost 20% of all stocks in the index are trading below their all-time highs. Goldman's measure of market breadth is at its weakest since the dotcom crash. Upwards earnings

revisions are focused on technology, energy, and financials, with estimates for other sectors being revised downwards. High and rising interest rates are a growing burden for many companies.

Exhibit 5: Top 10 contributors to S&P 500 Q3 earnings growth
* indicates company has reported Q3 results

Name	Ticker	Expected report date	Contribution to consensus yly SPX EPS growth (excludes "other income")					
			2026			2027		
			Q1	Q2	Q3	Q4	2026	2027
Micron Technology, Inc.*	MU	September 30	10 %	14 %	19 %	22 %	17 %	14 %
NVIDIA Corp.	NVDA	November 19	21	15	15	15	16	25
Meta Platforms Inc.	META	October 29	8	(1)	7	(0)	3	1
Alphabet Inc.	GOOGL	October 27	5	3	6	5	4	6
Broadcom Inc.	AVGO	December 11	3	4	5	6	5	6
ExxonMobil Holdings Corp.	XOM	October 30	(2)	4	4	4	3	0
Amazon.com, Inc.	AMZN	October 30	3	2	4	3	3	4
Boeing Company	BA	October 27	0	0	3	(5)	(0)	1
Chevron Corp.	CVX	October 30	(1)	5	3	3	3	(1)
Marathon Petroleum Corp.	MPC	November 3	0	2	3	2	2	(1)
Top 10 contributors								
AI infrastructure ex. hyperscalers			47 %	48 %	68 %	64 %	55 %	55 %
Hyperscalers			52	48	54	58	53	58
Hyperscalers			20	7	19	10	14	14

Source: FactSet, Goldman Sachs Global Investment Research

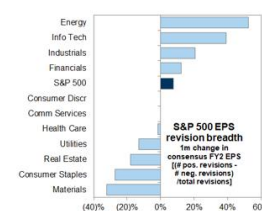
Exhibit 6: Market breadth has recently plunged

market breadth calculated as the difference between the aggregate index and median stock respective distances from 52-week highs



Source: Goldman Sachs Global Investment Research

Exhibit 7: Earnings revision breadth has recently been strongest in the Energy and Info Tech sectors



Source: FactSet, Goldman Sachs Global Investment Research

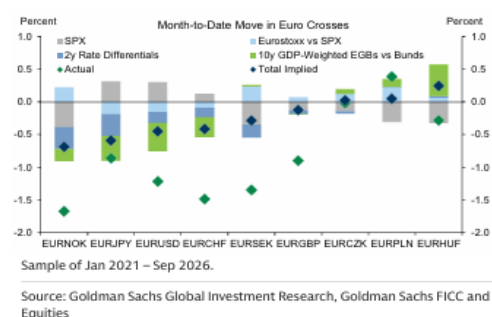
Euro area

European stocks extended losses this morning, pressured by higher energy prices and heavy losses in the banking sector. The Stoxx 600 index retreated by another -0.8% (-1.5% MTD), with the banking sector falling as much as -2.2% on French fiscal and political concerns, after a -3.3% drop yesterday, paring its YTD gain to less than 12%, from around 23% at its September peak. Societe Generale is down 25% from August and Deutsche Bank is down -18% from last month's high. Analysts at Bloomberg see France's bond turmoil as serious but not yet a Euro-area debt crisis, noting that systemic stress (as per ECB CISS indicator) remains low by historical standards.

United Kingdom

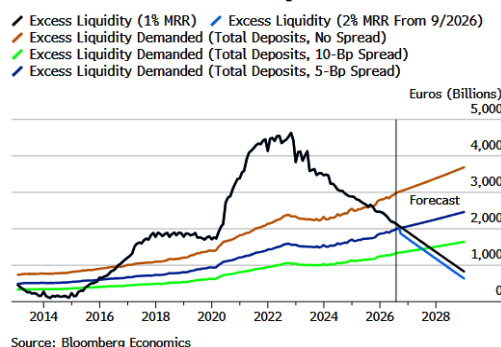
Today's September REC/KPMG jobs survey pointed to a stabilizing UK labor market, with permanent placements up to 50.9pts, the fourth consecutive increase and the highest level since September 2022. **JP Morgan** argues that the survey supports a positive turn in employment, even though this is not yet visible in official payroll data. Its employment nowcast now points to employment growth at 0.47% in the last 3 months (in seasonally adjusted and annualized terms), after near-stagnation at the start of 2026. **Bank of America** also sees signs of bottoming out, helped by better business confidence, but still flags energy prices and borrowing costs as headwinds. **Deutsche Bank** notes that this should reassure the Bank of England. Traders kept the Bank Rate path broadly unchanged today (continuing to price in 100 bps of tightening from the current 3.75% level over the next 12 months), while gilt prices declined in step with European peers.

Knock-on impacts on other European macro assets help explain a greater portion of the FX imprint



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

Balance Sheet Reduction May Soon End

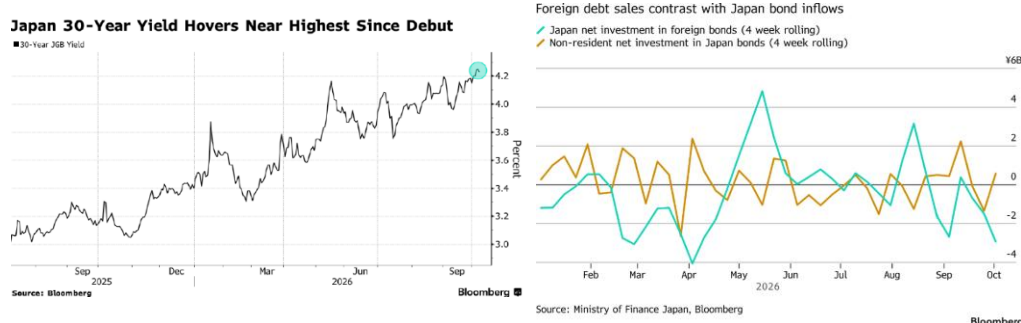


Source: Bloomberg Economics

Japan

Strong demand for long-dated JGBs at auction highlighted the growing appeal of JGBs as yields rise. The auction of Japan's 30-year JGB drew firm demand, with a bid-to-cover ratio of 3.88, compared with 3.79 at the previous auction and a 12-month average of 3.56. Analysts noted that

elevated yields, particularly at levels well above 4%, have attracted investors and are beginning to alter asset-allocation considerations for domestic buyers. According to Bloomberg, Japanese investors sold a net ~¥348 bn of overseas bonds in the week that ended on October 2nd, extending a broader trend of net selling of foreign bonds since around mid-August. Non-resident investors, meanwhile, purchased ~¥586 bn of JGBs last week. That said, analysts also noted that there is little evidence of broad capital repatriation from Japanese investors. Notably, domestic residents purchased around ¥1.3 tn of foreign equities over the same week. Meanwhile, overnight index swaps suggest a 90% probability of a rate hike by December.



Emerging Markets

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EMEA stocks joined the global selloff. Markets in the Middle East were pressured by worries about a potential escalation of the regional conflict. Romania is expected to stay on hold at 6.5% later today. **Asian equity markets declined in the face of high energy prices.** Markets with high AI exposure were hit hard, with Korea down 2.6% and Taiwan POC off by 1%. **Markets in Latin America were also lower due to worries about high energy prices.** Currencies were generally weaker against the dollar.

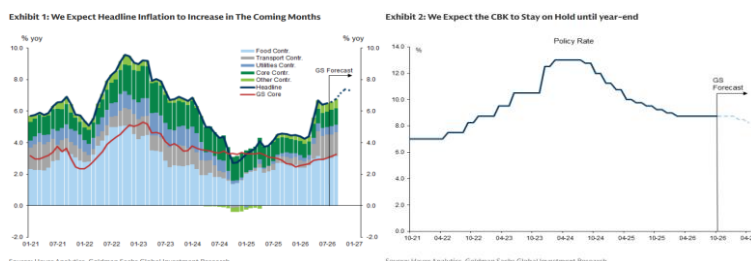
China

Chinese equities extended recent declines following tepid Golden Week holiday spending. The benchmark CSI 300 Index fell 1.1%, while the chip-heavy STAR 50 Index lost as much as 3.8%, falling to a near six-month low. Citi noted that the latest lukewarm spending data from Golden Week holiday signaled entrenched pessimism among Chinese consumers. Meanwhile, the authorities' latest support package, including mortgage subsidies and expanded lending to select industries, disappointed investors who expected more aid to address demand weakness. Investors are now shifting their attention to the authorities' fifth plenum slated to take place at the end of October. This gathering is expected to unveil greater policy support, including fiscal policies, to rejuvenate economic growth and help reach growth target for 2026. Both the onshore and offshore RMB were little changed, holding steady at RMB 6.70/\$.



Kenya

Kenya's central bank held its policy rate at 8.75% as expected, with September inflation at 6.8%. The CBK reiterated its readiness to respond to oil-price pressures and second-round inflation effects, while foreign exchange reserves remained ample at \$14.7bn despite a wider current account deficit. Goldman Sachs expects cuts to resume in Q1 2027, although food-price risks could delay easing. Separately, Kenya plans to redirect \$400mn from existing World Bank funding toward fertilizer and seed subsidies, clean water, essential medicines, and cash transfers to address fallout from the Middle East conflict, potential El Niño disruptions and a recently detected Ebola case, Bloomberg reports.

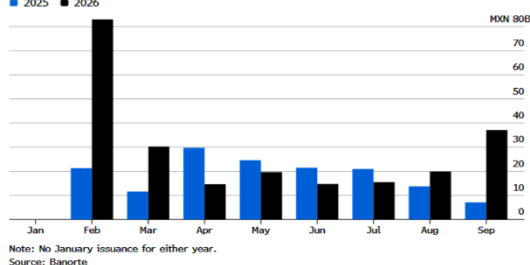


Mexico

Local corporate bond issuance was at a record high amid deepening domestic institutional demand.

According to data compiled by Banorte analysts, non-bank corporate issuance reached MXN234.8 billion through September, up 14% y/y and the highest annual volume since the firm began compiling data in 2004. VALMEX analysts noted “a great deal of openness among investors,” allowing issuers to price tighter than initially expected, observing that recent large transactions concluded as much as 35 bps tighter than initially anticipated. Moody’s also noted that it was previously difficult to issue MXN10 billion locally, but the “unprecedented” recent Pemex deal highlights improving market depth, calling it a “positive sign” that companies can access the funding they need. Demand spans pension funds, insurers, development banks, corporate treasuries, and private banks, although deal selectivity persists.

Mexico Local Bond Sales Hit Record in 2026
Non-bank corporate issuance in national markets, by month

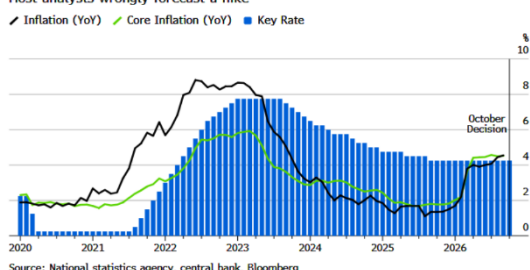


Peru

Central bank unexpectedly kept the policy rate unchanged at 4.25% for a 13th straight month.

The decision surprised nine of the 13 analysts surveyed by Bloomberg who expected a hike, as inflation has exceeded the 3% upper bound of the target range for seven consecutive months, with September marking the fastest pace since 2023. The central bank also acknowledged that 12-month inflation expectations remained at 3.1% in September, slightly above its target range. Nonetheless, the Board reiterated that it would “take necessary actions” to return inflation to target and remains attentive to incoming data on “inflation and its determinants.” Earlier last month, Governor Velarde also noted that the policy outlook would need to account for developments related to El Niño.

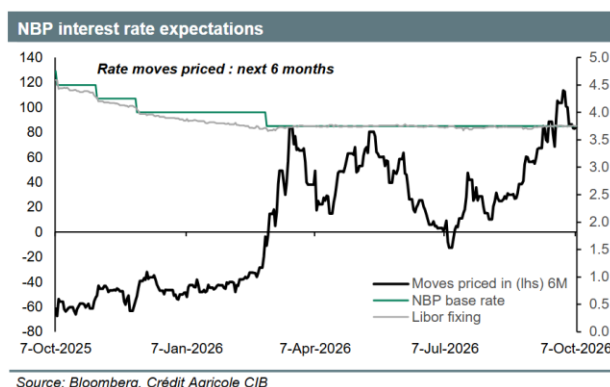
Peru Keeps Key Rate at 4.25% for 13th Straight Meeting
Most analysts wrongly forecast a hike



Poland

Poland's central bank held its policy rate at 3.75% as expected, offering no new guidance after inflation rose to 4% in September, although renewed government fuel-price caps should ease October

inflation. Some economists expect a hike as soon as November, but Goldman Sachs sees market pricing of 100–125 bps of tightening over the next year as excessive. The zloty weakened ahead of the decision but partially recovered afterward. Crédit Agricole also sees market pricing as too hawkish, expecting just one 25 bp rate increase in November followed by a prolonged hold, with lower fuel prices and government intervention increasing the chance of no hike at all. The analysts note that forward rate agreements price about 85 bps of hikes over the next six months, down from a peak of 114 bps at the start of last week.



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: 10/8/26 8:02 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		7,774	-0.2	1.4	1.3	15.1	14
Europe		6,115	-1.1	-1.0	-4.6	8.2	6
Japan		69,042	-1.4	0.1	6.0	42.1	37
China		4,310	-1.1	-4.6	-5.7	-8.5	-7
Asia Ex Japan		117	-1.4	0.3	-2.2	25.0	25
Emerging Markets		67	-1.3	0.9	-2.1	23.6	23
Interest Rates			basis points				
US 10y Yield		5.3	5	9	54	121	116
Germany 10y Yield		3.5	3	0	14	83	65
Japan 10y Yield		3.1	-1	-3	19	140	103
UK 10y Yield		5.5	4	9	31	78	101
Credit Spreads			basis points				
US Investment Grade		117	1	-1	2	-1	5
US High Yield		343	6	-2	42	8	2
Exchange Rates			%				
USD/Majors		102.4	0.2	0.3	3.7	3.5	4
EUR/USD		1.12	-0.2	-0.6	-3.8	-3.9	-5
USD/JPY		158.3	0.1	0.1	2.8	3.7	1
EM/USD		45.6	-0.1	0.4	-2.4	-1.0	-2
Commodities			%				
Brent Crude Oil (\$/barrel)		104.6	4.4	2.2	10.8	61.1	74
Industrials Metals (index)		174.2	-0.8	0.2	-5.4	14.8	7
Agriculture (index)		62.4	-0.2	1.9	-2.9	14.5	17
Gold (\$/ounce)		4124.1	0.3	-1.3	-5.3	2.0	-5
Bitcoin (\$/coin)		82430.8	-1.1	-2.7	5.0	-32.9	-6
Implied Volatility			%				
VIX Index (% change in pp)		15.8	0.7	-0.6	0.1	-0.5	0.8
Global FX Volatility		7.0	0.0	-0.4	0.0	-0.3	0.0
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		99	-2	-7	31	33	40
Italy		113	-2	-5	32	34	44
France		140	0	-2	53	56	69
Spain		64	0	1	20	10	21

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

Emerging Market Financial Indicators

10/8/2026 8:04 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)				YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
	vs. USD		(+)= EM appreciation					% p.a.						
China		6.70	0.0	0.0	0.1	6.2	4.2		1.7	0	0	0	-17	-19
Korea*		1344	-0.4	1.0	-0.3	5.9	7.5		4.4	-1	-4	-8	159	114
Indonesia		17915	-0.2	0.3	-1.6	-7.5	-6.9		7.1	0	5	9	101	110
India		97	0.0	-0.5	-2.0	-8.3	-7.1		8.4	-11	1	34	164	129
Philippines		63	-0.2	-0.1	-0.4	-7.9	-6.3		6.2	5	9	20	145	150
Thailand		34	-0.1	-0.1	-2.3	-3.5	-6.5		2.4	0	1	13	87	68
Malaysia		4.09	-0.1	-0.2	-0.7	3.1	-0.8		4.0	-2	-6	-13	47	46
Argentina		1518	0.1	0.2	-0.4	-5.8	-4.3		0.0	0	0	0	-5671	-3237
Brazil		5.01	0.0	4.0	1.4	6.6	9.6		12.8	4	-124	-137	-125	-82
Chile		983	-0.5	0.3	-6.0	-3.3	-8.4		6.0	3	-11	34	56	68
Colombia		3238	0.0	2.3	-3.4	19.7	16.6		13.1	7	13	77	177	25
Mexico		18.02	-0.2	1.6	-6.2	1.8	-0.1		9.3	-1	-25	8	51	28
Peru		3.4	-0.3	-0.4	-2.5	-0.1	-2.4		6.5	1	-13	18	41	75
Uruguay		40	0.0	0.3	0.1	-0.6	-2.6		7.8	0	-1	15	-19	27
Hungary		328	-0.2	0.2	-4.5	2.8	-0.1		5.7	-4	-5	31	-82	-80
Poland		3.91	-0.1	-0.6	-5.2	-6.5	-8.3		5.7	3	-10	20	79	117
Romania		4.8	0.1	-0.5	-5.5	-8.3	-9.3		7.1	2	-26	23	-27	39
Russia		85.3	0.2	-1.4	0.9	-4.6	-7.7							
South Africa		16.7	-0.2	0.2	-3.9	3.0	-0.6		9.2	3	10	23	-39	57
Türkiye		49.22	0.0	-0.2	-1.5	-15.3	-12.7		34.5	-5	-25	68	205	487
US (DXY; 5y UST)		102	0.2	0.3	3.7	3.5	4.1		5.07	5	6	51	136	135

	Equity Markets							Bond Spreads on USD Debt (EMBIG)					
	Level		Change (in %)				YTD	Level		Change (in basis points)			
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M		Last 12m	Latest	7 Days	30 Days	12 M	YTD
								basis points					
China		4,310	-1.1	-4.6	-5.7	-8.5	-6.9		1	-1	-1	-7	-6
Korea*		6,626	-2.6	-3.1	-4.1	83.5	57.2		24	0	2	0	2
Indonesia		6,031	-1.9	0.4	-9.7	-26.9	-30.2		101	-3	8	21	26
India		71,593	-1.9	-1.2	-4.2	-12.9	-16.0		96	2	13	21	20
Philippines		5,610	-2.2	-0.3	-8.3	-7.4	-7.3		94	1	16	36	32
Thailand		1,571	-0.9	0.4	-2.9	19.5	24.7						
Malaysia		1,601	-0.7	-1.8	-6.6	-1.8	-4.7		60	0	2	3	3
Argentina		2,824,123	-2.5	0.2	-8.2	55.2	-7.5		589	-60	91	-492	23
Brazil		204,302	-0.7	9.6	9.0	43.7	26.8		157	-21	-13	-35	-42
Chile		5,523	-1.5	0.8	-3.7	19.1	1.8		93	-9	4	-4	3
Colombia		2,535	-2.1	0.2	-1.3	35.2	22.6		225	-11	23	-33	-53
Mexico		64,653	-1.0	0.7	-0.6	6.2	0.5		206	-10	7	-4	-13
Peru		3,515	-1.8	-0.4	-0.9	47.2	36.0		111	-7	4	-7	-18
Hungary		137,528	-2.7	-1.7	-7.7	35.1	23.9		110	-5	15	-16	-22
Poland		155,266	-0.9	0.3	-0.9	43.4	32.4		105	-6	13	16	17
Romania		33,445	-0.3	5.3	-2.6	54.8	36.9		187	-19	13	-16	17
South Africa		106,608	-0.5	-1.1	-9.2	-3.9	-8.0		214	-12	27	-37	-1
Türkiye		12,077	-0.4	-1.4	-16.2	12.3	7.2		250	-17	18	1	31
EM total		67	-1.6	0.9	-2.1	23.6	23.1		191	-9	18	-21	-7

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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