GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

WEDNESDAY, SEPTEMBER 23, 2026

LEAD EDITOR: JOHANNES S. KRAMER

- **Treasury basis trade notional has fallen, but duration-adjusted exposure remains elevated** (link)
- **US office property market under pressure from high delinquencies and refinancing needs** (link)
- **Korean stocks extend four-day winning streak but pare gains ahead of Trump–Xi summit** (link)
- **Hungary's central bank lowers its inflation target to 2.5% from 2028, holding rates steady** (link)
- **Nigeria cuts its policy rate by 350 bps, but JPMorgan puts the effective easing at 200 bps** (link)
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Oil Eases as Rates Firm Again

Lower oil prices have brought little relief to rate expectations, while technology shares advanced and the dollar remained firm. Brent fell below $100 yesterday on renewed hopes of a Hormuz reopening and restored Saudi pipeline capacity, before starting to drift higher again this morning. Treasury yields remained range bound as hawkish Fed commentary sustained expectations of further tightening. The Nasdaq reached its first record since June, although broader US indices slipped. In Europe, stronger services activity reversed an early bond rally and lifted ECB tightening expectations, with markets pricing firmly anchoring another hike by the end of the year. In the United Kingdom, activity softened, but rising business costs keep further BoE hikes in analysts' forecasts. The euro and sterling weakened, while Asian equities advanced despite softer regional currencies. Attention now turns to tomorrow's Trump–Xi summit and today's 5-year US Treasury auction, which will test demand after a sharp rise in yields, with monetary policy uncertainty still weighing on appetite for the maturity.

Key Global Financial Indicators

Last updated: 9/23/26 8:51 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7765	0.0	2	1	17	13
Eurostoxx 50		6298	-0.4	0	-3	15	9
Nikkei 225		65019	1.4	2	-1	42	29
MSCI EM		69	0.4	5	3	30	26
Yields and Spreads					bps		
US 10y Yield		4.99	2.7	-3	25	88	82
Germany 10y Yield		3.49	2.9	-2	23	74	64
EMBIG Sovereign Spread		171	-2	-2	-29	-42	-27
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		46.0	-0.5	0	-2	0	-1
Dollar index, (+) = $ appreciation		101.0	0.4	1	2	4	3
Brent Crude Oil ($/barrel)		100.3	1.1	-5	6	48	65
VIX Index (%, change in pp)		14.3	0.1	-3	-1	-2	-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: 9/23/26 8:51 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 ($/barrel)		100	1.1	-5	6	48	65
WTI Crude Oil ($/barrel)		91	0.4	-11	4	43	58
Natural Gas (Netherlands TTF)		73	3	-8	11	126	170
Breakeven Inflation		%	bps				
USD: 2Y		2.4	2.4	-6	4	-47	16
USD: 5Y		2.5	1.6	-1	-1	-17	15
USD: 5Y5Y		2.4	1	1	-3	-4	-2
EUR: 2Y		2.9	5.5	-3	39	105	120
EUR: 5Y		2.4	2	-3	17	54	63
EUR: 5Y5Y		2.1	0	-2	-1	4	7

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

Mature Markets

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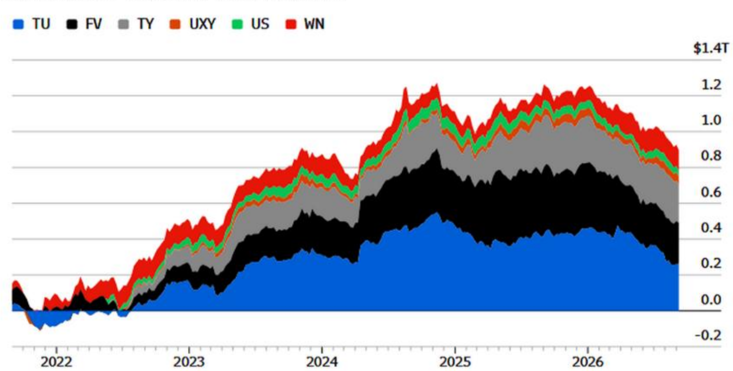
United States

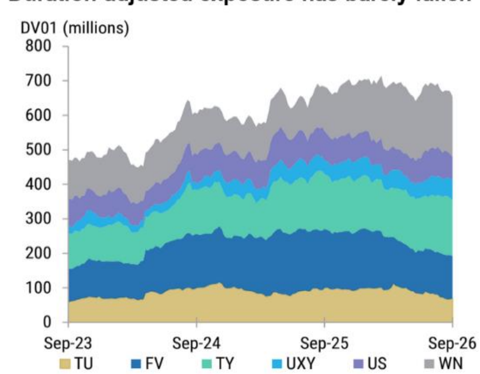
Treasury basis trades have shrunk in notional terms but shifted toward longer maturities. The trade pairs a repo-financed Treasury cash bond purchase with a short futures position. Citi analysts attributes the declining footprint of basis trades (left chart) to weaker demand for futures, Treasury buybacks, stronger bank demand for cash bonds, and the end of quantitative tightening. However, Morgan Stanley analysts find that the contraction is concentrated in two- and five-year futures, while positions in the longest-dated contract have grown 50% y/y. Exposure weighted by sensitivity to yield changes (DV01) has therefore barely declined (right chart). Also, yields approaching the 6% reference underlying Treasury futures makes switches in the cheapest-to-deliver bond more likely. These can change hedge requirements, further adding to adjustment needs during stress. The vulnerability is a disruption to overnight financing or a sharp increase in hedge and margin requirements, rather than an orderly rise in yields. Morgan Stanley draws reassurance from limited recent basis dislocations and reserve-management purchases helping contain repo volatility. But stable funding rates do not guarantee continued access to leverage. As Dallas Fed staff analysis emphasized, positions financed overnight hinge on dealers' willingness and capacity to roll funding.

Basis trade notional has declined



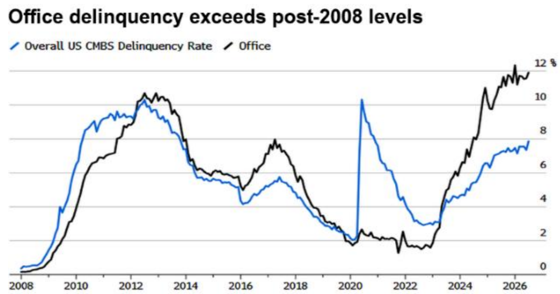
Sources: Bloomberg, Morgan Stanley Research. Leveraged funds' cash-bond equivalent ($ tn).

Duration-adjusted exposure has barely fallen



Sources: Morgan Stanley Research, CFTC, Bloomberg. DV01 ($ mn/bp).

US office property markets remain under pressure from high delinquencies and refinancing needs. Trepp data cited by Bloomberg put the office commercial mortgage-backed securities (CMBS) delinquency rate at around 12%, above its post-2008 peak. More than six years after the pandemic emptied offices, lenders' loan extensions have bought time without resolving borrowers' difficulties. Borrowing costs remain high, while maturing loans force owners to inject fresh capital into devalued buildings or hand them back to lenders. About $64 bn of US office CMBS debt matures this year and next; nearly $40 bn is delinquent, in default, or on a watchlist.

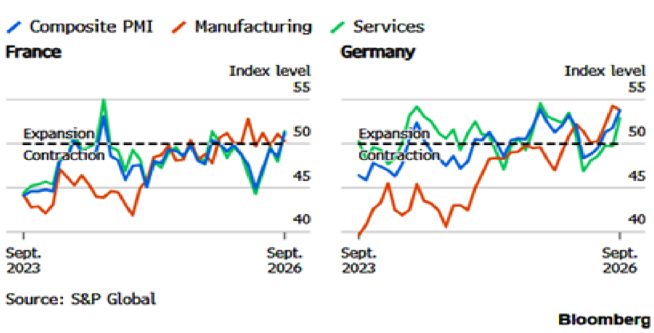


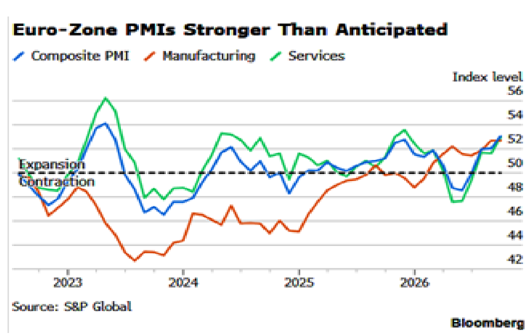
Sources: Bloomberg, Tarpp. CMBS loan delinquency rates; data through July 2026.

Euro area

Stronger September PMIs reversed an early government bond rally and lifted ECB rate expectations. Bund yields rose, led by the front end, with the 2-year yield (3.23%, +2 bps) and 10-year yield (3.47%, +1 bp) moving higher later in the morning. Sovereign spreads were little changed, with OAT-Bund at 104 bps and BTP-Bund at 89 bps. Market contacts differ on how much further the ECB will tighten. Bloomberg analysts expect economic resilience and persistently high energy prices to support one final 25 bps hike in December, taking the deposit rate to 2.75%. HSBC analysts expect hikes in both December and February 2027, followed by a partial reversal in 2028. Overnight forwards priced 86 bps of additional ECB tightening over the next 12 months, including 35 bps by December. The euro weakened to the dollar (-0.3%) towards $1.1418/€. The Stoxx 600 index fractionally declined (-0.1%), led by Germany (DAX index: -0.4%).

Services drove the euro area's upside growth surprise despite elevated energy prices. The September composite PMI rose to 53.1 (exp. 51.7 from 52.0 in August), as services strengthened to 53.0 while manufacturing held at 52.7. Germany's composite index printed at 53.8 (exp. 51.8 from 51.8) benefited from a return to services expansion, although manufacturing softened on weaker orders. France's composite index also returning to expansion at 51.2 (exp. 48.7 from 48.5), led by services. Despite higher energy prices, UBS analysts see the readings as evidence of stronger than expected activity.

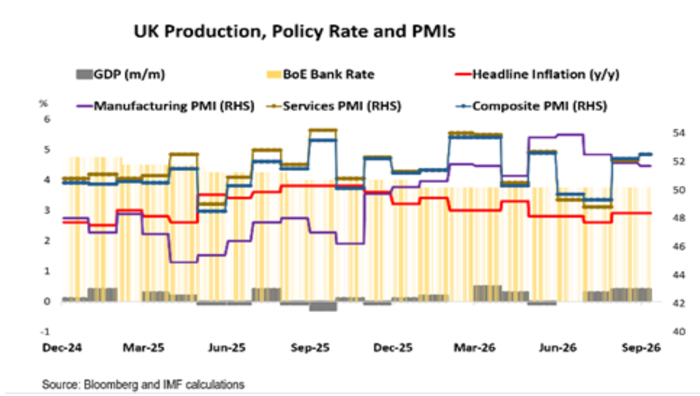




United Kingdom

Sterling weakened while gilts and UK equities were little changed. The pound fell (-0.5%) against the dollar to $1.3281/£, while 2-year (4.78%) and 10-year (5.22%) gilt yields were steady and the FTSE100 held around 10,700 points.

Higher business costs add to UK inflation risks despite slowing September activity. September's composite PMI printed at 51.7 (exp. 52.0 from 52.5) as services and manufacturing growth slowed. S&P analysts estimate that the survey indicates Q3 q/q GDP growth in the vicinity of +0.1%. UBS analysts note that the composite PMI still averaged 52.1 in Q3, up from 50.5 in Q2, suggesting resilience despite the energy shock. Input prices rose faster than output prices, indicating so far only partial pass-through of higher costs and a risk of further price increases. Bloomberg analysts see the strengthening price pressures as supporting 25 bps BoE hikes in November and February 2027. Bank of America also expects Bank Rate to reach 4.25% by Q1 2027.



Korea

Local markets ended higher while investors reduced risk ahead of the Trump-Xi summit and the two-day Chuseok holiday. Stocks gained for a fourth straight session (KOSPI: +0.9%), supported by strength in major semiconductor names including Samsung Electronics (+3.3%) and SK Hynix (+1.2%). However, the index surrendered much of an early rally as investors took profits and cut exposure ahead of the Trump-Xi summit, the outcome of which will be announced while Korean markets are closed for the Chuseok holiday. Government bonds also rallied (10-yr -1.5 bps to 4.46%; 30-yr -6 bps to 4.61%) as lower oil prices and stable inflation expectations supported duration demand. The won initially strengthened on exporter dollar sales and quarter-end flows. It reversed course towards session close, declining (-0.6%) to 1364.1/$, on holiday-related position squaring and broader caution ahead of key geopolitical developments. Bloomberg analysts noted that options markets continue to price further medium-term appreciation driven by semiconductor-related capital inflows and robust export prospects.

Emerging Markets back to top

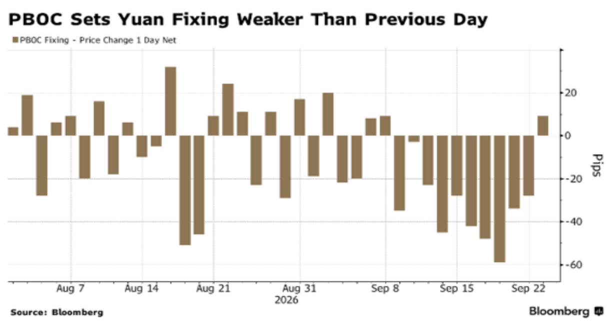
This morning, EMEA currencies weakened as the dollar strengthened and oil prices rebounded, while Turkish equities recovered further from last week's selloff. Brent rebounded (+0.6%) after several days of declines, while Turkish stocks (+0.5%) advanced as volatility eased following last week's fund run. Ahead of today's SARB decision, South African headline inflation (4.4% year on year) and core inflation (4.1%) each undershot consensus by 0.1 percentage point but remained above the upper end of the central bank's 2–4% tolerance band, with a 25 bps rate increase to 7.25% expected.

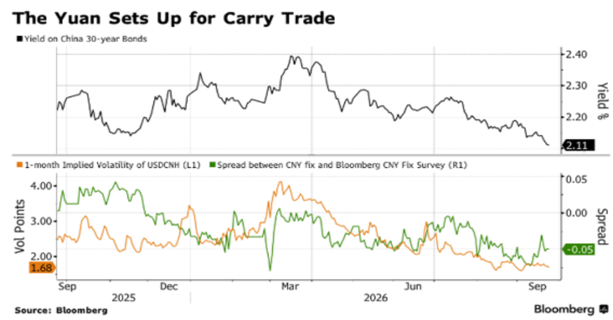
Asian equities rallied, while most regional currencies weakened against the dollar despite gains in the Indonesian rupiah. EM Asia equities advanced (+0.5%), led by Indonesia's Jakarta Composite (+1.6%), Korea's KOSPI (+0.9%) and Taiwan POC's TAIEX (+0.7%), while regional currencies slipped (EM Asia: -0.1%), with the Korean won (-0.6%) retracing part of its gain of more than 2% this week. The Indonesian rupiah (+0.4%) outperformed after Bank Indonesia held its key rate at 5.75% and announced lower premiums for conventional hedging swaps and domestic NDFs to support the currency.

Yesterday, Latin American equities advanced broadly, while the Chilean peso led currency gains as oil fell and copper rose. The Chilean peso rose (+0.3%), outperforming regional peers for a second straight session. The Brazilian real (+0.2%) also strengthened, while the Mexican peso (-0.4%) and Colombian peso (-0.1%) weakened. Peru led stock market gains (+2.0%), followed by Mexico (+1.5%), and Colombia (+0.9%).

China

The yuan weakened modestly after the PBOC set its first weaker fixing in 11 sessions. Following the yuan fixing at 6.7468/$ (left chart), both onshore CNY and offshore CNH weakened (-0.1%). The move fueled discussion over whether policymakers are becoming more comfortable with a pause in the yuan's recent appreciation trend, particularly as low domestic yields and expectations of further easing increasingly give the currency characteristics of a regional funding currency (right chart). Government bond yields were little changed today (10-yr 1.67%; 30-yr 2.11%), as repo rates remained stable (overnight 1.36%; 7-day 1.38%) reflective of the accommodative liquidity conditions.

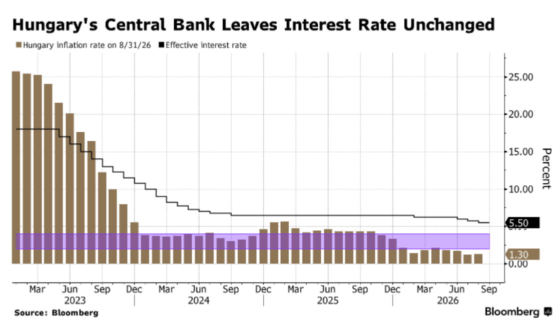




Market contacts remain focused on a series of policy initiatives aimed at deepening China's financial markets and cross-border usage of the yuan. PBOC Governor Pan Gongsheng yesterday reiterated support for greater financial opening and cross-border market access, while Hong Kong authorities today announced further measures to expand RMB products, develop digital bond market infrastructure and broaden the use of Chinese government bonds as collateral. Meanwhile, two state-owned banks and Ant International have trialed large-value digital-yuan transfers between Shanghai and Hong Kong, highlighting continued progress in cross-border payment and settlement capabilities.

Hungary

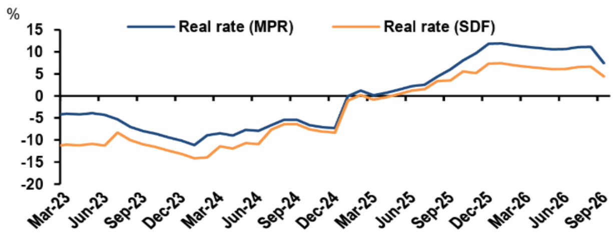
Magyar Nemzeti Bank (MNB) held its policy rate at 5.50%, as expected, and lowered its inflation target from 3% to 2.5%. Governor Varga announced the target change at yesterday afternoon's press conference. Earlier this month, Bloomberg had reported that a cut was under consideration. The ±1 percentage point tolerance band will remain, with the new target formally taking effect in 2028. According to Varga, the change will bring Hungary closer to regional and ECB standards, support the forint and reduce financing costs. It also supports the government's longer-term ambition to join the euro as the government aims to meet the accession criteria by around 2030. The bank raised its 2027 inflation forecast to 3.1% (from 2.3%), citing higher energy prices and tobacco taxes. Goldman Sachs analysts expect inflation to undershoot that forecast, partly because of forint strength, making them more dovish on policy rates than overnight forward pricing. Following the MNB decision, the forint yesterday strengthened to intraday peaks of 359.86/€ and 314.16/$ before paring back gains. This morning, the currency trades at 364.63/€ and 319.70/$, about -0.2% and -0.6% weaker on the day, respectively.



Nigeria

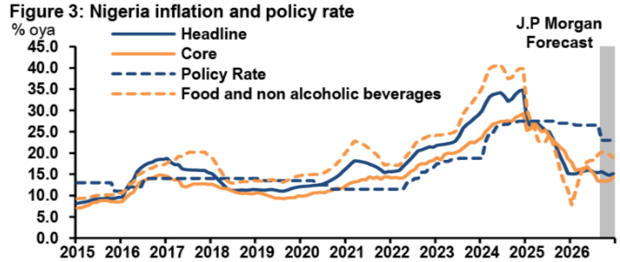
Nigeria's central bank unexpectedly cut its policy rate by 350 bps to 23%, but the effective easing was smaller. The reduction, its largest since at least 2007, contrasted with a consensus hold among economists surveyed by Bloomberg. The bank cited easing inflation, exchange rate stability and improved inflation expectations, with August inflation 15.4% below the 15.7% expectation. Governor Cardoso described the decision as a recalibration rather than a departure from a restrictive stance. The naira strengthened (+0.2%) to 1,327.88/$ on the day. JPMorgan analysts characterize the decision as an effective 200 bps easing: the rate paid on banks' surplus deposits, which it views as the anchor for short-term market rates, fell from 22% to 20% as the policy corridor narrowed to +50/-300 bps from +50/-450 bps. The adjustment brings policy rates closer to market yields, which had already declined, consistent with Cardoso's explanation.

Figure 2: Nigeria real rates



Source: Haver Analytics, J.P. Morgan

Figure 3: Nigeria inflation and policy rate

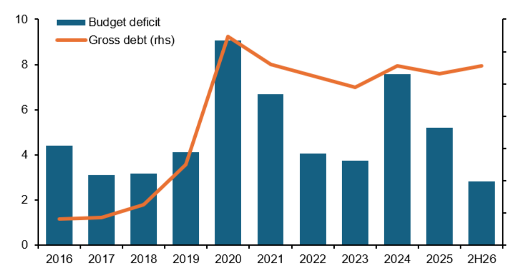


Source: Haver Analytics, NBS, CBN, J.P.Morgan

Panama

S&P affirms Panama's BBB- rating, citing fiscal improvement. The credit rating agency affirmed Panama's BBB- sovereign rating with a stable outlook on progress in narrowing fiscal deficits and stabilizing public finances. The deficit is seen to fall to 3% of GDP by 2027 (from 6.4% in 2024), supported by stronger tax collection, spending restraint, pension reforms, and higher fiscal contributions from the Panama Canal. S&P analysts expect growth to remain robust and among the strongest in Latin America, supported by increased Canal activity amid disruptions in the Middle East and a recovery in private construction, air transportation, and tourism. Elevated debt remains a constraint on the rating: sustained consolidation that lowers the debt burden would strengthen the case for an upgrade, while fiscal slippage could renew downgrade pressure. Panama's 10-year yield (6.15%, -0.6 bps) was little changed before the post-close announcement.

Panama's Government Debt & Fiscal Deficit (% of GDP)



Source: Bloomberg

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Global Financial Indicators

Last updated: 9/23/26 8:58 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,759	0.0	2.7	1.1	16.6	13
Europe		6,295	-0.5	0.4	-2.6	15.0	9
Japan		65,019	1.4	1.6	-0.8	42.5	29
China		4,517	-0.6	0.8	-1.0	-1.1	-2
Asia Ex Japan		120	0.4	5.6	3.4	31.9	29
Emerging Markets		69	0.4	5.1	2.9	29.6	26
Interest Rates					basis points		
US 10y Yield		5.0	2	-4	25	88	82
Germany 10y Yield		3.5	3	-2	23	74	64
Japan 10y Yield		3.0	0	-2	10	134	92
UK 10y Yield		5.3	3	-3	20	58	79
Credit Spreads					basis points		
US Investment Grade		111	0	-2	-6	-9	-1
US High Yield		302	1	2	-11	-29	-38
Exchange Rates					%		
USD/Majors		100.9	0.3	0.7	2.2	3.8	3
EUR/USD		1.14	-0.4	-0.5	-2.2	-3.5	-3
USD/JPY		157.9	0.3	1.0	-0.8	7.0	1
EM/USD		46.0	-0.5	-0.2	-1.6	-0.1	-1
Commodities					%		
Brent Crude Oil ($/barrel)		100.4	1.1	-5.1	8.3	53.1	67
Industrials Metals (index)		181.6	-0.4	2.6	0.9	26.2	11
Agriculture (index)		63.0	-0.2	-1.5	1.2	17.0	18
Gold ($/ounce)		4307.4	-1.2	1.0	-7.4	14.4	0
Bitcoin ($/coin)		85440.3	-1.0	5.4	10.4	-23.7	-3
Implied Volatility					%		
VIX Index (%, change in pp)		14.3	0.1	-3.4	-0.8	-2.3	-0.6
Global FX Volatility		6.8	0.0	-0.2	0.2	-0.5	-0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		80	3	7	10	14	21
Italy		92	2	6	9	12	22
France		107	3	11	20	26	36
Spain		47	1	1	2	-8	4

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

Emerging Market Financial Indicators

9/23/2026 8:59 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		6.71	-0.1	0.0	0.2	6.1	4.2		1.7	-1	-2	-1	-14	-20
Korea*		1366	-0.7	0.8	1.3	2.1	5.4		4.5	2	-10	-1	182	125
Indonesia		17800	0.4	-0.6	-0.5	-6.4	-6.2		7.1	1	-8	10	92	102
India		96	-0.2	0.2	0.0	-7.3	-6.1		8.4	4	-1	59	154	134
Philippines		63	0.2	0.2	-1.4	-8.5	-6.1		6.0	0	1	13	130	136
Thailand		33	-0.2	0.1	-1.7	-4.3	-5.2		2.3	-2	-9	11	85	57
Malaysia		4.08	-0.2	0.2	-0.9	2.9	-0.5		3.9	-3	-28	9	45	37
Argentina		1514	0.0	-0.5	-0.3	-6.9	-4.1		0.0	0	0	0	-5767	-3237
Brazil		5.14	-0.7	0.3	0.3	2.9	6.6		13.9	-3	-32	-51	12	34
Chile		957	-1.1	0.1	-4.7	-0.9	-5.9		5.8	-3	-2	18	43	54
Colombia		3203	-0.1	-2.7	-4.5	20.1	17.9		12.6	-12	-6	45	132	-22
Mexico		17.44	-0.9	-1.1	-2.8	5.2	3.2		9.2	-5	-19	11	54	24
Peru		3.4	-0.3	0.2	-0.5	4.1	0.0		6.5	0	-5	26	38	73
Uruguay		40	0.1	0.4	0.3	-0.3	-2.7		7.6	-1	-3	5	-33	11
Hungary		319	-1.0	-0.3	-2.6	3.3	2.4		5.6	-9	-13	20	-94	-90
Poland		3.83	-0.9	-0.8	-3.7	-6.0	-6.4		5.6	-5	-20	28	68	101
Romania		4.6	-0.4	-0.8	-2.7	-7.1	-6.3		7.0	0	7	30	-27	36
Russia		84.4	-0.4	-0.3	-1.3	-1.0	-6.7							
South Africa		16.3	-1.0	0.3	-2.0	5.5	1.3		8.9	-5	-25	-7	-69	30
Türkiye		48.84	-0.1	-0.4	-1.6	-15.2	-12.0		34.4	-7	8	-9	289	479
US (DXY; 5y UST)		101	0.3	0.7	2.2	3.8	2.7		4.86	3	-2	44	120	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		4,517	-0.6	0.8	-1.0	-1.1	-2.4		2	1	-2	-8	-5
Korea*		7,081	0.9	5.4	4.3	109.1	68.0		23	2	1	1	1
Indonesia		6,375	1.6	-1.0	-1.9	-21.6	-26.3		91	-3	-4	7	16
India		74,828	1.6	0.7	-3.3	-8.4	-12.2		82	1	-2	5	6
Philippines		5,795	-0.3	-2.1	-7.3	-5.1	-4.3		76	-6	-2	15	14
Thailand		1,611	0.4	3.1	0.6	26.0	27.9						
Malaysia		1,676	-0.4	-0.2	-3.4	4.8	-0.2		53	-3	-4	-7	-4
Argentina			0.0	-2.7	2.9	65.1	-1.8		554	45	43	-472	-12
Brazil		187,423	0.4	0.5	9.6	28.0	16.3		162	0	-19	-22	-37
Chile		5,722	0.6	1.4	0.2	20.2	5.5		87	-1	-2	-8	-3
Colombia		2,589	0.9	3.1	5.3	38.3	25.2		205	-4	13	-44	-73
Mexico		64,457	1.4	0.4	-1.9	3.3	0.2		192	-1	-6	-24	-27
Peru		3,587	2.5	6.0	-0.3	59.0	38.8		105	-2	-6	-13	-24
Hungary		151,303	0.0	-1.9	1.8	53.1	36.3		96	3	0	-29	-36
Poland		156,734	-1.2	2.0	3.4	48.0	33.7		92	3	3	1	4
Romania		31,744	-1.2	0.2	-12.9	53.8	29.9		169	9	-2	-27	-1
South Africa		111,687	-1.5	-1.6	-5.1	4.7	-3.6		191	-2	2	-57	-24
Türkiye		13,241	0.3	0.9	-8.8	16.8	17.6		233	-11	0	-19	14
EM total		69	-0.7	5.1	2.9	29.6	26.3		171	-2	-29	-42	-27

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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