



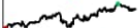
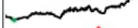
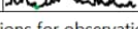
- Long-term Treasury yields reach two-decade highs amid global bond selloff ([link](#))
- Yen gains as intervention risk returns to focus, while demand for upside protection rises ([link](#))
- Dollar-funded EM carry trades face growing pressure ([link](#))
- PBOC warns against herd behavior as RMB strength persists ([link](#))
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Bond Rout Pauses as Stocks Recover

Global markets look set to end a volatile week on a somewhat firmer footing as easing oil prices offer relief from a sharp bond selloff. The sovereign bond selloff accelerated this week, pushing global yields to multi-year highs, with nearly the entire US Treasury curve trading above 5%, apart from the policy-sensitive 2-year yield. However, reports that the US and Iran are exploring a phased agreement to reopen the Strait of Hormuz have brought some relief. This morning Brent crude fell to around \$105/bbl, 10-year UST yields eased somewhat, and the dollar weakened following five consecutive days of gains. The yen outperformed major currencies as intervention risks returned to focus. US equity futures are pointing to a positive open, extending the week's advance, while European equities are on track for their strongest weekly performance since August. In EM, higher US yields, dollar strength and increased FX volatility have put pressure on dollar-funded carry trades. Meanwhile, central banks in Mexico, Ghana and Egypt held rates unchanged, as expected.

Key Global Financial Indicators

Last updated: 9/25/26 8:29 AM	Level	Change from Market Close	
	Last 12m	Latest	1 Day 7 Days 30 Days 12 M YTD
Equities			%
S&P 500		7704	0.0 1 0 17 13
Eurostoxx 50		6317	0.7 1 -2 16 9
Nikkei 225		66364	1.3 5 0 46 32
MSCI EM		67	-0.7 1 0 27 23
Yields and Spreads			bps
US 10y Yield		5.17	-2.5 18 54 100 101
Germany 10y Yield		3.60	0.0 8 40 83 74
EMBIG Sovereign Spread		170	2 -2 -35 -40 -28
FX / Commodities / Volatility			%
EM FX vs. USD, (+) = appreciation		45.9	0.3 -1 -2 0 -1
Dollar index, (+) = \$ appreciation		101.0	-0.3 1 2 2 3
Brent Crude Oil (\$/barrel)		105.5	-1.1 2 19 52 73
VIX Index (% change in pp)		15.1	-0.6 0 0 -2 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: 9/25/26 8:29 AM	Level	Change from Market Close					
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas							
Brent Crude Oil (\$/barrel)		105	-1.1	2	19	52	73
WTI Crude Oil (\$/barrel)		93	-1.8	-7	13	43	62
Natural Gas (Netherlands TTF)		71	-5	-10	7	119	163
Breakeven Inflation							
		%	bps				
USD: 2Y		2.5	-2.6	-2	9	-47	18
USD: 5Y		2.5	-1.5	0	0	-20	13
USD: 5Y5Y		2.4	-1	0	-2	-6	-4
EUR: 2Y		2.9	-3.9	-1	47	107	124
EUR: 5Y		2.4	-1	0	23	57	67
EUR: 5Y5Y		2.1	-1	-2	1	5	7

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

Mature Markets

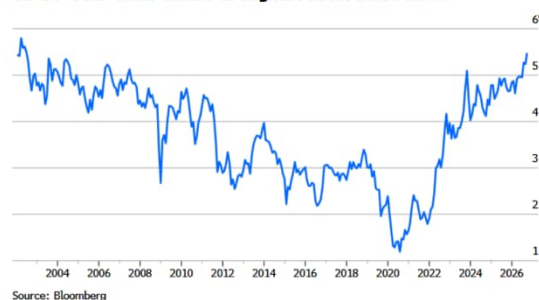
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United States

Global bond selloff sends long-term UST yields to 20-year highs.

Earlier this week, the 30-year Treasury yield approached 5.5%, its highest level since 2004, while 10-year yields rose above 5.2%, a level not seen since 2007. Most of the Treasury curve now trades above 5%, with the policy-sensitive 2-year note the notable exception at around 4.9%. TD Securities estimates that rising Fed tightening expectations have accounted for most of the increase in 10-year yields since March, with stronger growth expectations also contributing. The analysts also

US 30-Year Yield Climbs to Highest Level Since 2004



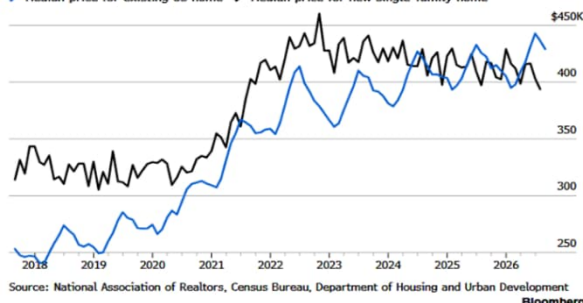
point to higher oil prices, fiscal concerns and hyperscaler issuance as factors behind the broader rise in yields. Deutsche Bank also highlights that rising real yields have accounted for most of this year's increase in 10-year Treasury yields, while inflation breakevens and term premia have remained relatively stable. Treasury buybacks and auction demand have remained in focus amid concerns about debt supply; on Thursday, the Treasury purchased \$4.1 bn of long-dated securities through its buyback program against a maximum size of \$6 bn.

Mortgage rates above 7% add pressure to the housing market. The average rate on a 30-year fixed mortgage rose to 7.03%, the highest level since January 2025, following the recent increase in Treasury yields. Nearly one in five homes on the market saw a price cut in August, while 45% of sales involved seller concessions. Housing inventory has risen to 1.5 million homes, up 46% from 2023 levels. Bloomberg reports that elevated borrowing costs are weighing on sellers across many markets, while some previously strong housing markets have also begun to slow. Federal data showed that the median sales price for new homes fell 5.8% year-over-year in August, the largest annual decline since July 2025.

Buyers Face High Prices and Mortgage Rates

Home prices climbed when rates were low, but they've stayed elevated

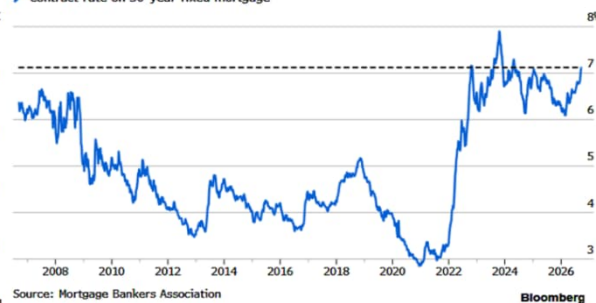
Median price for existing US home Median price for new single-family home



US Mortgage Rates Climb Over 7%

Borrowing costs have surged to the highest since 2024

Contract rate on 30-year fixed mortgage



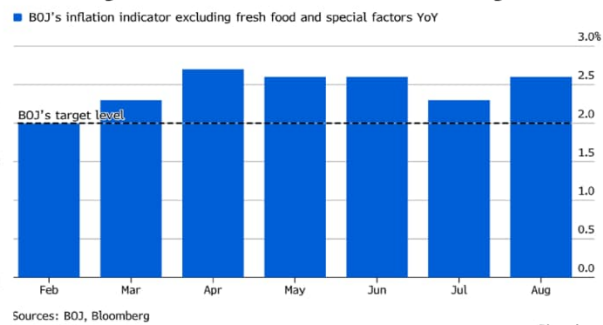
Japan

The yen strengthened as intervention risks returned to focus, while demand for options against further yen strength increased. The currency gained 0.6% to ¥157.95/\$, its largest one-day gain in more than two weeks. Finance Minister Katayama said US President Trump had raised concerns about yen weakness during a meeting with Prime Minister Takaichi earlier this week and indicated that she would continue to coordinate with US Treasury Secretary Bessent. The comments were seen as reinforcing the possibility that authorities could intervene again should yen weakness persist. Options markets also showed increased demand for protection against further yen appreciation, with one-week risk reversals widening to around 235 bps in favor of yen calls, their richest premium in two weeks. Meanwhile, speculative short yen positions have fallen from extreme levels, reducing the scope for a forced short-covering rally. Separately, consumer prices excluding fresh food and special factors, reportedly the BOJ's preferred measure of underlying inflation, accelerated to 2.6% y/y in August from 2.3% in July. Overnight index swaps now imply a probability above 90% of another BOJ rate increase by December.

Dollar-Yen Heads Back Toward 160 After BOJ Rate Hike



BOJ's Gauge Shows Price Trend Is Well Above 2% Target



Europe

European stocks regained ground this morning on renewed hopes of progress in US-Iran negotiations, heading for their first weekly gain in four weeks. The Stoxx 600 rose 0.7%, led by technology (+1.6%) and banking (+1.4%), while energy stocks declined 1.7% as Brent eased 1.2% to \$105.30/bbl. European natural gas prices fell 3.9% to €72.18/MWh and were heading for an 8% weekly decline. However, Bloomberg analysts note that higher energy prices continue to weigh on consumer-facing stocks. The Stoxx 600 Retail Index has declined 4.7% YTD, significantly underperforming the broader market's 8.2% gain. Meanwhile, Germany's GfK consumer confidence index fell to -30.6 for October, below expectations of -27.2 and its lowest level since May. ING notes that German consumers appear less resilient than recent business indicators suggest, although survey results have been volatile.

European government bonds were mixed, while sovereign spreads narrowed slightly. The 10-year French OAT-Bund spread tightened by 1 bp to 109 bps, following reports that Marine Le Pen, leader of the opposition National Rally party, may allow the 2027 budget to pass, easing political uncertainty.

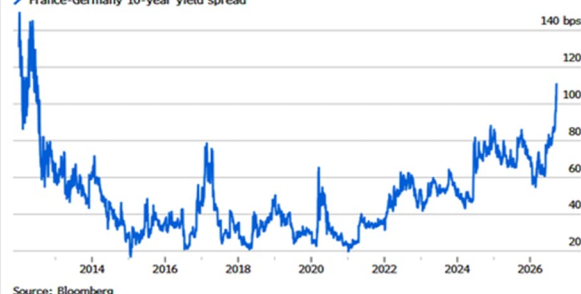
Retail Lags European Stock Market Since 2025

Sector has suffered from inflation worries which Stoxx 600 has looked past



French Bond Risk Premium at Highest Since 2012

France-Germany 10-year yield spread



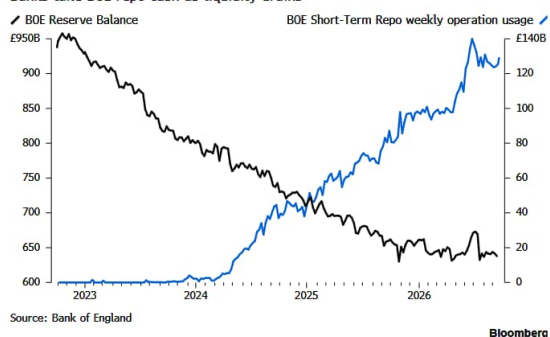
United Kingdom

UK banks are increasingly using the BoE's Short-Term Repo facility to finance gilt purchases,

according to Bloomberg. Borrowing through the facility reached almost £129bn this week. Banks can borrow at 3.75% and invest in 10-year gilts yielding around 5.35%, generating roughly 1.6 ppts of gross carry before hedging costs, capital charges and market risk. Introduced in 2022, the facility helps replace reserves withdrawn through quantitative tightening and limits upward pressure on money-market rates. Analysts note that growing usage reflects banks' adjustment to a system with fewer reserves and declining stigma around central-bank borrowing. The pound regained ground (0.2%) against the dollar this morning, trading at \$1.3249/£, with UK equities marginally up (0.1%) and gilts outperforming European peers (2y yield -3bps at 4.87% and 10y yield -2bps at 5.35%) on softer energy prices.

Shrinking Reserves Create Funding Gaps and Carry Opportunities

Banks take BoE repo cash as liquidity drains



Emerging Markets

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EMEA equities and currencies broadly recovered this morning as global sentiment improved, and the global bond selloff paused. South African stocks lagged, falling 0.5% and extending their month-to-date decline to 5%; most Gulf bourses were closed for Friday. EMEA currencies strengthened across the board against the US dollar, reversing some of yesterday's moves, with the rand up 0.9%. Separately, the Bank of Ghana held its policy rate at 14.0% yesterday, as expected.

Asian currencies gained broadly against the US dollar, while equities were mixed. The Hang Seng China Enterprises Index fell as much as 2%, the most in a month while the CSI 300 lost 1.7%, reportedly dragged lower by a lack of concrete announcements from the Trump-Xi summit.

Latin American assets were broadly weaker yesterday amid higher oil prices and a stronger dollar. The Colombian peso (-2.2%) led regional currency losses, falling to its weakest level since July amid tight local dollar liquidity. The Chilean peso (-1.6%) also weakened against the dollar, driven by the unfavorable combination of higher oil prices and softer copper prices. Equities were broadly lower, led by Peru (-1.4%) and Brazil (-0.9%), while Colombia (+0.9%) and Chile (+0.2%) were notable exceptions.

EM Dollar-Funded Carry Trades

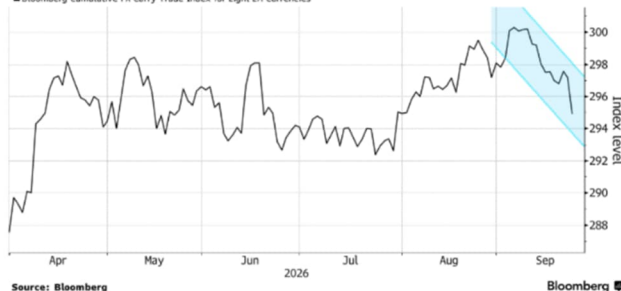
Dollar-funded EM carry trades face growing pressure.

Bloomberg analysts note that rising US Treasury yields, a stronger dollar and increasing FX volatility are beginning to erode returns from popular carry-trade strategies. A Bloomberg index tracking returns from a dollar-funded basket of eight high-yielding emerging-market currencies is headed for its largest monthly decline since March, while currency implied volatility is rising at the fastest pace since then. The shift follows several months in which falling inflation, high real rates and a weaker dollar supported carry-focused positioning across emerging markets. Bloomberg also notes that with some EM local bond yields now close to or below US Treasury yields, the pool of attractive carry opportunities has narrowed. Higher oil prices, renewed inflation concerns and the dollar's rebound are adding further pressure.

EM Carry Returns Stall

Benign environment that kept trade going may be fading

■ Bloomberg Cumulative FX Carry Trade Index for Eight EM Currencies



China

The PBOC warned against herd behavior boosting the RMB. In a statement released following its monetary policy committee's meeting, the PBOC said it would "prevent the 'herd effect' and the self-reinforcement of irrational expectations" in the foreign exchange market. According to Bloomberg, it is the first time the phrase has appeared in the committee's quarterly statement in several years. Both onshore and offshore RMB are trading near RMB 6.71/\$, their strongest levels since July 2022 and on track for a seventh consecutive quarterly gain. Even before the statement, the PBOC has already dialed back its support for the RMB; it had set a weaker daily reference rate on Thursday, the second time it had done so in recent days. Separately, the PBOC's third-quarter monetary policy committee statement dropped references to "cross-cyclical adjustment" and instead emphasized "strengthening counter-cyclical adjustment." Nomura noted that this shift echoed the July Politburo meeting and suggested a more determined effort to provide growth support. Analysts nevertheless do not expect policy-rate or reserve-requirement-ratio cuts before year-end.

Yuan Advances to Strongest Level Since 2022

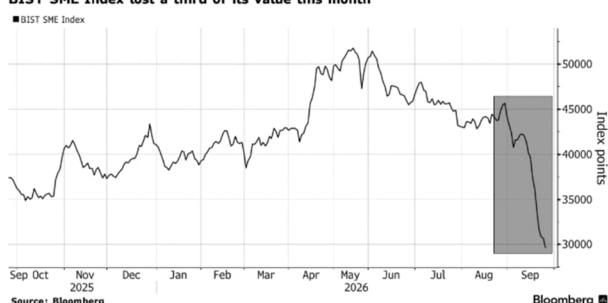


Elsewhere, cross-border RMB payments between China and Europe surpassed those with Southeast Asia in the first half of the year, according to the PBOC. RMB receipts and payments between China and Europe reached RMB 5.7 tn (\$849 bn) in the period, up 32% y/y, compared to RMB 5.4 tn (\$804 bn) recorded between China and ASEAN, an increase of 13%. Notably, London accounted for nearly 38% of offshore spot transactions involving the RMB in June, the largest share globally and ahead of the US and Hong Kong, according to SWIFT data cited in the PBOC report.

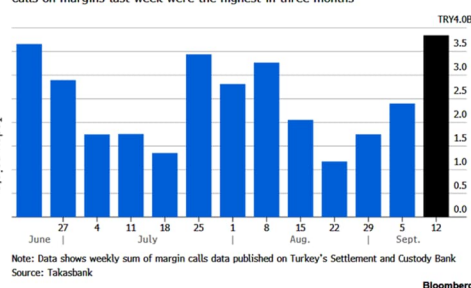
Türkiye

Türkiye's investment fund crisis continues to hit smaller, less-liquid stocks hardest. The Borsa Istanbul SME index is down 34% this month, compared with a 10% decline in the BIST 100. Some of these smaller stocks are heavily held by funds ordered into liquidation, prompting other investors to sell ahead of anticipated disposals. According to Bloomberg, investors withdrew more than TRY900bn (\$18bn) from Turkish investment funds between August 31 and September 24, including around TRY400bn from money-market funds. Some money-market funds are among those ordered into liquidation, potentially delaying access to cash for investors and companies that hold them.

Turkish Small and Medium-Cap Stocks Sink
BIST SME Index lost a third of its value this month



Margin Calls Accelerated Last Week
Calls on margins last week were the highest in three months



Egypt

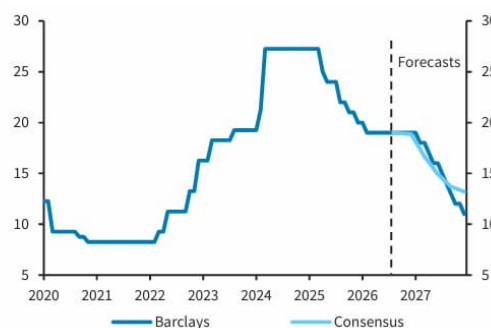
Egypt's central bank held its overnight deposit rate at 19.0% for a fifth consecutive meeting, as expected, even as it revised down its inflation forecast after recent readings came in below expectations. The CBE now expects inflation to stabilize in Q3 before declining toward its target range by mid-2027 but kept rates on hold given upside risks from regional hostilities and fiscal measures. Barclays sees a first cut in Q1 2027, with a December move possible if inflation continues to surprise to the downside.

FIGURE 1. Egypt Urban Consumer Prices (% y/y)



Source: CAPMAS, Central Bank of Egypt, Haver Analytics, Barclays Research

FIGURE 2. Central Bank of Egypt Overnight Deposit Rate (%)



Source: Central Bank of Egypt, FocusEconomics, Haver Analytics, Barclays Research

Mexico

Banxico keeps rate unchanged but places greater emphasis on peso risks.

Mexico's central bank left its benchmark rate unchanged at 6.5% for a third consecutive meeting, in line with market expectations. Market reaction was muted as investors had largely priced in an extended pause. However, policymakers removed language suggesting rates would remain unchanged and instead emphasized that future decisions will depend on inflation dynamics, exchange-rate pass-through and inflation expectations. JPMorgan analysts argue that the shift reflects growing concern over peso volatility and the narrowing interest-rate differential with the US, while reiterating that Banxico does not mechanically follow Federal Reserve decisions.

Effective rate spread between Mexico and US



Source: J.P. Morgan with data from Banxico and Bloomberg Finance L.P.

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Global Financial Indicators

Last updated: 9/25/26 8:29 AM	Level		Change				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	
Equities			%				%
United States		7,725	0.0	1.0	0.6	17.0	13
Europe		6,316	0.7	1.3	-2.2	16.0	9
Japan		66,364	1.3	4.5	-0.1	46.3	32
China		4,439	-1.7	-0.5	-3.7	-2.4	-4
Asia Ex Japan		117	-0.5	1.0	0.5	29.4	26
Emerging Markets		67	-0.7	0.5	0.0	27.3	23
Interest Rates			basis points				
US 10y Yield		5.2	-2	18	55	101	101
Germany 10y Yield		3.6	0	8	40	83	75
Japan 10y Yield		3.1	0	9	18	143	102
UK 10y Yield		5.4	-3	6	37	60	88
Credit Spreads			basis points				
US Investment Grade		115	1	4	-1	-5	3
US High Yield		315	-1	14	0	-17	-25
Exchange Rates			%				
USD/Majors		101.0	-0.3	0.8	2.1	2.5	3
EUR/USD		1.14	0.2	-0.7	-2.3	-2.2	-3
USD/JPY		157.7	-0.8	0.5	-1.0	5.2	1
EM/USD		45.9	0.3	-0.5	-1.9	0.4	-1
Commodities			%				
Brent Crude Oil (\$/barrel)		105.5	-1.1	1.5	20.8	58.6	75
Industrials Metals (index)		181.5	-0.2	0.6	-0.2	24.6	11
Agriculture (index)		62.0	-1.3	-0.6	-0.5	14.4	16
Gold (\$/ounce)		4307.5	0.8	-1.6	-7.5	14.9	0
Bitcoin (\$/coin)		84364.5	0.0	4.1	7.9	-22.7	-4
Implied Volatility			%				
VIX Index (% change in pp)		15.1	-0.6	0.3	-0.4	-1.7	0.1
Global FX Volatility		7.1	0.0	0.3	0.6	-0.1	0.1
EA Sovereign Spreads			10-Year spread vs. Germany (bps)				
Greece		80	-2	1	13	12	22
Italy		93	-2	1	12	9	23
France		108	-1	4	23	25	37
Spain		48	0	0	3	-8	5

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

Emerging Market Financial Indicators

9/25/2026 8:30 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	0.0	-0.1	0.1	6.2	4.1		1.7	-1	-3	-1	-19	-21
Korea*		1356	0.9	2.3	2.1	3.9	6.2		4.5	0	-6	-4	173	118
Indonesia		17893	0.0	-0.8	-1.0	-6.4	-6.7		7.1	8	-1	11	89	104
India		96	0.1	0.1	-0.4	-7.5	-6.2		8.5	-4	4	73	160	140
Philippines		62	0.4	0.5	-1.2	-7.0	-5.9		6.1	0	4	16	132	140
Thailand		33	0.4	-0.1	-1.9	-3.7	-5.6		2.4	6	-1	17	90	65
Malaysia		4.07	0.3	0.2	-0.8	3.4	-0.3		4.0	2	3	17	52	46
Argentina		1520	-0.2	-0.6	-0.7	-12.0	-4.5		0.0	0	0	0	-4783	-3237
Brazil		5.18	0.3	-0.7	-0.6	3.6	5.7		14.1	6	-1	-33	38	50
Chile		958	0.5	0.2	-4.6	0.3	-6.0		5.9	4	1	25	45	59
Colombia		3348	-2.2	-5.5	-8.6	16.0	12.8		12.8	1	14	65	147	-5
Mexico		17.69	0.2	-2.6	-4.2	4.5	1.8		9.4	8	8	28	71	38
Peru		3.4	-0.7	-1.7	-2.0	2.5	-1.5		6.7	1	7	42	51	87
Uruguay		40	-0.3	-0.3	-0.3	-1.1	-3.3		7.7	3	0	8	-34	13
Hungary		320	0.5	-0.9	-3.5	4.9	2.2		5.8	7	16	36	-73	-71
Poland		3.83	0.5	-0.9	-3.8	-4.4	-6.4		5.8	8	24	52	92	125
Romania		4.6	0.2	-0.9	-2.7	-5.9	-6.3		7.3	20	42	60	-1	66
Russia		84.3	0.9	0.2	-0.4	-0.4	-6.6							
South Africa		16.3	0.9	-0.3	-2.3	6.9	1.6		9.0	0	5	6	-54	40
Türkiye		48.96	-0.2	-0.4	-1.8	-15.3	-12.3		34.7	24	7	53	282	506
US (DXY; 5y UST)		101	-0.3	0.8	2.1	2.5	2.7		5.03	-3	18	70	127	131

	Equity Markets							Bond Spreads on USD Debt (EMBIG)							
	Level		Change (in %)					YTD	Level		Change (in basis points)				YTD
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	Last 12m		Latest	7 Days	30 Days	12 M			
								basis points							
China		4,439	0.0	-0.5	-3.7	-2.4	-4.1		0	-2	-6	-9	-7		
Korea*		7,081	0.0	5.4	4.3	109.1	68.0		23	3	1	-1	1		
Indonesia		6,242	-0.9	-3.1	-4.2	-22.9	-27.8		86	-3	-17	8	11		
India		73,896	-0.9	-0.5	-4.4	-8.1	-13.3		83	0	-6	9	7		
Philippines		5,826	1.7	-0.5	-2.2	-3.3	-3.7		73	-2	-13	20	11		
Thailand		1,608	0.3	1.5	1.2	25.7	27.6								
Malaysia		1,672	0.0	0.4	-3.1	3.9	-0.5		52	-3	-6	-7	-5		
Argentina		2,939,964	-1.0	-4.0	-2.3	66.3	-3.7		579	53	59	-404	13		
Brazil		183,966	-1.0	-1.1	5.4	26.6	14.2		158	-4	-25	-24	-41		
Chile		5,698	-1.3	-0.3	-1.2	21.1	5.1		85	-3	-9	-10	-5		
Colombia		2,609	-0.1	2.4	4.0	39.1	26.2		204	-3	12	-49	-74		
Mexico		64,264	0.0	0.6	-3.1	3.7	-0.1		194	3	-8	-19	-25		
Peru		3,530	-0.1	1.2	-3.1	52.1	36.6		102	-4	-13	-16	-27		
Hungary		151,911	0.3	-0.6	0.2	55.0	36.8		92	-5	-10	-31	-40		
Poland		157,547	0.0	1.6	3.4	49.2	34.4		86	-4	-8	-2	-2		
Romania		31,540	0.7	-3.7	-12.6	49.8	29.1		167	-2	-11	-31	-3		
South Africa		111,275	-0.3	-2.5	-4.8	5.2	-3.9		189	-5	-8	-62	-26		
Türkiye		12,921	0.3	-2.7	-10.7	13.6	14.7		233	-9	-7	-16	14		
EM total		67	1.1	0.5	0.0	27.3	22.9		170	-2	-35	-40	-28		

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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