GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, SEPTEMBER 3, 2026

LEAD EDITOR: FABIO CORTES

- **US Treasury buybacks expected to rely primarily on increased T-bill issuance** (link)
- **US money market funds continue to absorb stronger T-bill issuance** (link)
- **European gas prices face further upside risks this winter amid historically low storage** (link)
- **Stronger Swiss CPI inflation print does not materially change the SNB outlook** (link)
- **Yen strengthens on hawkish BOJ expectations; JGB yields drop on investor demand hopes** (link)
- **Emerging market equities post best August since 2004** (link)
- **Indian rupee appreciates on record RBI inflows** (link)

Mature Markets | Emerging Markets | Market Tables

Markets Cautious Amid Elevated Oil Prices

Global stocks struggled for direction this morning amid elevated oil prices as the US and Iran intensified tit-for-tat military strikes in recent days. The conflict has led to higher energy prices, with Brent trading at around $97 a barrel this morning and gaining +8% over the past week. Today's action was focused on currency markets where the yen strengthened by more than 1.5% to a six-month high, as markets reacted to hawkish comments from Bank of Japan board member Takata, who left open the possibility of outsized or back-to-back hikes. In fixed income markets, US Treasury and bund yields were little changed while JGBs were the main movers this morning. The JGB yield curve bull flattened, supported by reports of short covering and growing speculation that domestic institutional demand could help absorb supply. A closely watched 30-year JGB auction passed smoothly, with a bid-to-cover ratio of 3.79, compared with a 12-month average of 3.52, easing concerns about long-end demand. Elsewhere, the Indian rupee strengthened amid reports of record inflows, shifting the market focus to liquidity absorption measures. The Reserve Bank of India disclosed that its capital-raising measures had attracted $136 bn of inflows since the introduction of a special USD-INR forex swap facility last June.

Key Global Financial Indicators

Last updated: 9/3/26 8:04 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities				%			%
S&P 500		7667	0.5	0	1	19	12
Eurostoxx 50		6347	-0.2	-1	-1	19	10
Nikkei 225		64214	-0.2	-3	1	53	28
MSCI EM		67	0.6	0	4	34	23
Yields and Spreads				bps			
US 10y Yield		4.78	0.6	11	11	57	62
Germany 10y Yield		3.37	-0.6	12	22	63	52
EMBIG Sovereign Spread		238	3	-3	-6	-61	-15
FX / Commodities / Volatility				%			
EM FX vs. USD, (+) = appreciation		46.5	0.0	0	0	2	0
Dollar index, (+) = $ appreciation		99.2	-0.4	0	-1	1	1
Brent Crude Oil ($/barrel)		96.9	1.3	8	16	43	59
VIX Index (%, change in pp)		15.4	0.2	1	-1	-1	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: 9/3/26 8:03 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		97	1.3	8	16	43	59
WTI Crude Oil ($/barrel)		92	1.5	11	15	44	61
Natural Gas (Netherlands TTF)		73	-1	9	26	128	168
Breakeven Inflation		%			bps		
USD: 2Y		2.5	-0.1	5	28	-49	22
USD: 5Y		2.5	-0.1	1	11	-17	17
USD: 5Y5Y		2.4	0	1	2	-5	-1
EUR: 2Y		2.8	0.4	34	53	102	114
EUR: 5Y		2.4	0	15	26	53	61
EUR: 5Y5Y		2.2	0	3	5	5	10

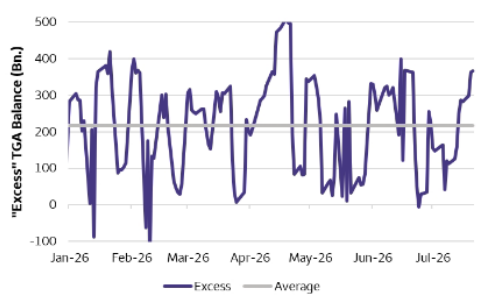
Colors denote tightening/easing financial conditions for observations greater than ±1.5 standard deviations. Data source: Bloomberg.

Mature Markets back to top

United States

Treasury buybacks are expected to rely primarily on increased T-bill issuance. Following the ongoing bond sell-off, investors are focused on Treasury buybacks beginning September 9 to support long-end liquidity, with debate centered on how they will be funded. Treasury Secretary Bessent suggested that the purchases could draw on excess Treasury General Account (TGA) cash. While the TGA has remained well above its roughly 5-day operational minimum over the past year, with some analysts estimating average excess balances of around $200 bn year to date, contacts estimate that as little as $25 bn may be available for buybacks. This reflects the TGA's other roles as a buffer against debt-ceiling constraints and as a source of funding for cash-management buybacks, which smooth bill issuance and seasonal pressures in short-term funding markets. The TGA is therefore likely to provide only supplementary funding, with increased T-bill issuance expected to finance most purchases.

Figure 2 - "Excess" TGA balance and YTD average



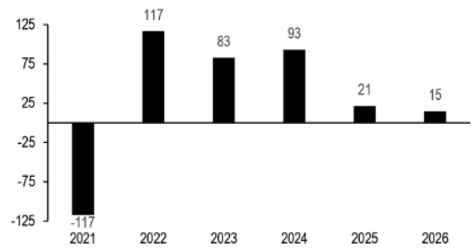
Source: Macrobond, US Treasury, Wells Fargo Macro Strategy

* We define excess balance as TGA minus 1w ahead cash need

US money market funds (MMFs) have continued to absorb stronger T-bill issuance. Treasury T-bill issuance is at historically elevated levels and is expected to rise further as fiscal deficits widen. So far, relentless demand from US MMFs has ensured strong absorption. Despite weak inflows, MMFs absorbed nearly 90% of net T-bill issuance to private investors in July, largely by reallocating from repo and other investments. Repo holdings have since fallen to levels last seen in late 2025, when lower overall liquidity contributed to funding-market strains. This time, however, abundant liquidity and the Treasury's announcement of cash-management buybacks to smooth cash flows around the mid-September corporate tax deadline should keep funding markets contained, with only modest pressure around the tax date.

Figure 3: Inflows in the month of July totaled $15bn, the weakest July inflow since 2021

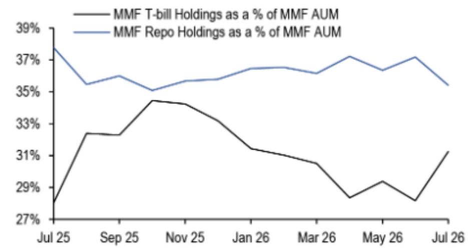
Change in MMF AUMs July ; $bn



Source: Crane Data, J.P. Morgan

Figure 4: MMFs rotated out of repo, bringing their allocation as a share of portfolio holdings to 35%, the lowest since October of last year...

MMF holdings of T-bills and repo as a percentage of MMF AUMs; %

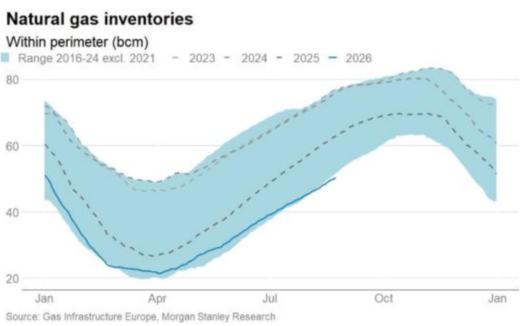


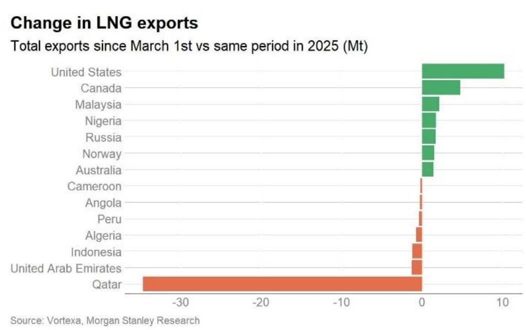
Source: Crane Data, J.P. Morgan

Euro Area

European bourses trod water this morning and euro area government bond yields were little changed. August PMIs across Spain, Italy, France and Germany painted a mixed picture, while the final euro area readings were broadly in line with expectations, with the services PMI at 51.6 and the composite PMI at 52.0.

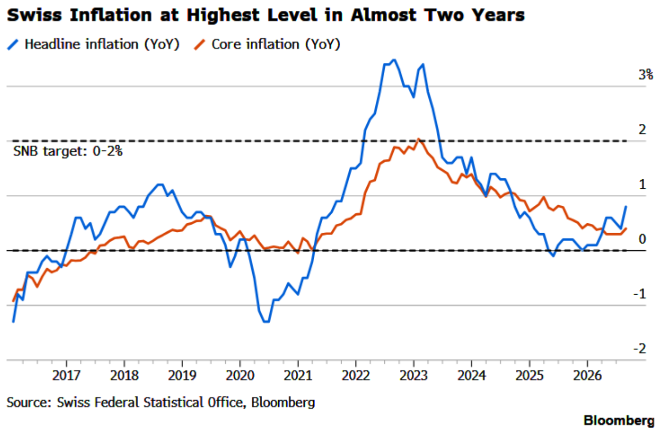
European gas prices are facing further upside risks this winter as historically low storage and prolonged Qatari LNG disruptions leave the market unusually dependent on mild weather. Higher production from Norway, Malaysia and Nigeria, alongside new LNG projects, has cushioned the shock, offsetting around 60% of lost Middle Eastern supply over March–August. However, Europe absorbed much of the remaining shortfall through weaker storage builds rather than demand destruction, leaving inventories at a 15-year low for early September and around 20 ppts below the 10-year average. With Ras Laffan flows to Europe now expected to normalize only in January, Morgan Stanley raises its winter TTF (European natural gas) forecast to around €85/MWh—roughly 20% above the forward curve—even assuming a mild El Niño winter cuts European demand by 4.5% y/y. Risks remain skewed higher: a normal winter or prolonged Qatari outage could push TTF above €100/MWh, while an early LNG recovery combined with mild weather could bring prices closer to €50/MWh. The active futures (Dutch TTF) briefly reached €75/MWh yesterday, its highest level since the start of the conflict, but fell back to €72/MWh today.





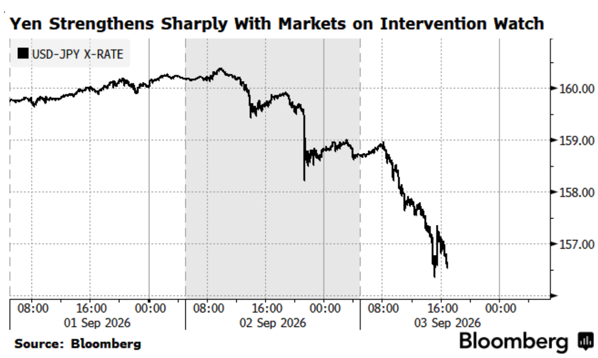
Switzerland

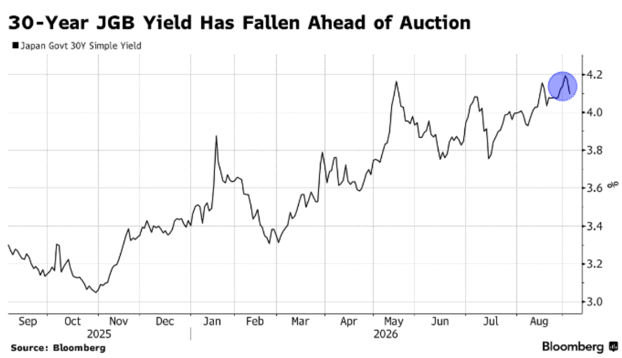
The Swiss franc strengthened after inflation surprised sharply to the upside in August, but the SNB outlook remains unchanged. Headline inflation increased to 0.8% y/y from 0.4% in July, versus +0.5% expected. This is the highest reading since September 2024 and above economists' forecasts, driven largely by energy prices and a weaker franc, with imported goods contributing more to inflation than domestic products for the first time. Core inflation rose only modestly to 0.4% y/y from 0.3% (+0.3% expected), while headline inflation remains comfortably within the SNB's target range. The Swiss franc strengthened by around +0.2% immediately after the release, extending earlier gains. Sovereign bond yields increased slightly, led by the front end (+2 bps for the 2-year maturity). Nonetheless, the SNB is expected to keep its policy rate on hold at zero on September 24.



Japan

The yen strengthened by more than 1.5% to a six-month high beyond 156/$ today, as markets reacted to hawkish comments from Bank of Japan board member Takata, who left open the possibility of outsized or back-to-back hikes. Yen traders remained highly sensitive to intervention risks following July's record support operations, with traders closely watching the 160 level ahead of the BOJ meeting and September's Silver Week holidays. **JGB yields fell (10-year -5 bps to 2.94%; 30-year -8 bps to 4.05%), and the yield curve bull flattened, supported by reports of short covering and growing speculation that domestic institutional demand could help absorb supply**. A closely watched 30-year JGB auction passed smoothly (bid-to-cover: 3.79 vs 12-month average of 3.52), easing concerns about long-end demand. Bond sentiment was further supported by speculation that the $2 tn Government Pension Investment Fund may revisit its asset allocation and increase domestic bond holdings, potentially providing sizeable additional demand for JGBs amid rising yields and fiscal uncertainty.





Emerging Markets

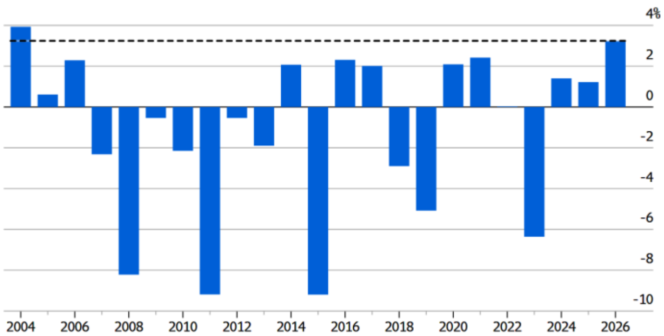
back to top

In **Asia**, currencies strengthened, with the Thai baht (+1.0%), Indonesian rupiah (+0.6%) and Indian rupee (+0.5%) outperforming. Asian equities were mixed. Indonesia (Jakarta Composite: +1.1%) advanced the most, while Taiwan POC (TAIEX: -0.7%) and Hong Kong SAR (Hang Seng: -0.4%) fell. In **EMEA**, equities and currencies were mixed this morning. In CEE, equities rebounded in Hungary (+1.1%) and Romania but continued to slide (-0.1%) in Poland, while currencies were little changed to the euro. Stocks returned in the green in the Gulf region, led by more solid gains in Saudi Arabia and Dubai (+0.5%). In **Ghana**, the cedi was weaker (-0.3%) today. Yesterday's data showed inflation rose in August (5% y/y, from prior 4.6%), reinforcing analysts' expectations that the Bank of Ghana will hold its policy rate at 14% on September 24. Elsewhere, **Senegal**'s Eurobonds partly retraced yesterday's sharp selloff, with the euro-denominated 2028 bond still trading -8.5% lower from Tuesday, at 51.62 cents per euro, after the government confirmed that it will pursue a restructuring under the G20 Common Framework of $5 bn bonds as part of a new IMF program. In **Latam,** equities rallied yesterday, with Brazil (+3.1%) outperforming. Currencies were mixed, with the **Chilean peso** (-0.2%) underperforming. The peso continued to depreciate, following a much weaker than expected economic activity reading in July. Chile's economy contracted -1.7% m/m, the steepest monthly drop since 2022 and below the -0.6% median forecast in a Bloomberg survey of economists.

Emerging Market Equities

EM equities closed out their best August since 2004, with the MSCI EM benchmark gaining +3.2% for the month as the so-called dollar-debasement trade broadened gains beyond AI stocks into commodities. The advance marks EM's second-strongest August in the past two decades, trailing only 2003 (+6.5%) and 2004 (+3.9%). The rally reversed Wednesday, with the benchmark falling as much as -1.9% intraday before pairing losses to close -1.6%, led by declines in Asian tech equities.

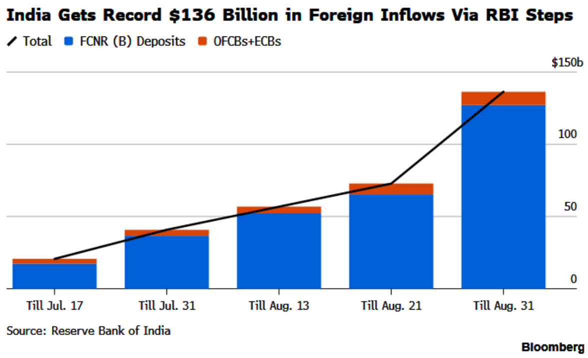
Stocks Overcome August Jitters
MSCI EM benchmark heads for best showing since 2004

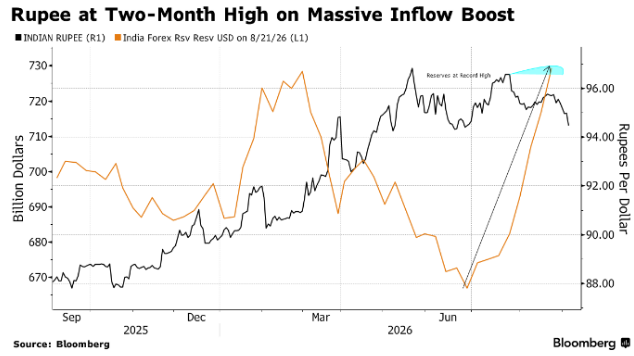


Note: Intraday moves on Monday might change the final figure for August 2026
Source: Bloomberg
Bloomberg

India

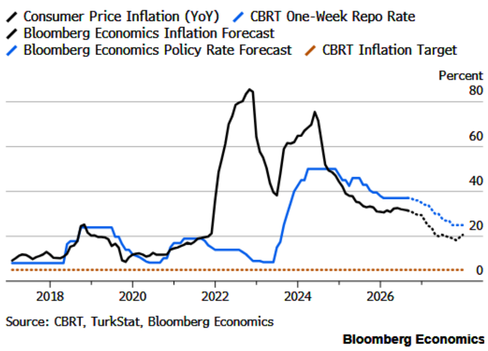
The Reserve Bank of India disclosed that its capital-raising measures attracted $136 bn of inflows, far exceeding the roughly $80 bn previously expected. The RBI introduced a special USD-INR forex swap facility last June. The record inflows were driven primarily by $127 bn mobilized from overseas Indians through the Foreign Currency Non-Resident (Bank) program -or FCNR(B). The rupee appreciated (+0.5%) today to 94.49/$, its strongest level since end of June, with traders reassessing the risk of further depreciation given how the inflows have given the RBI greater strength to defend against currency weakness. The inflows also pushed surplus banking system liquidity to INR9.9 tn, highest in five years, boosting sentiment in government bonds (10-year -3 bps to 6.95%; 30-year -1 bp to 7.57%). However, the market narrative quickly shifted from external vulnerability to liquidity management, with investors closely watching the RBI's discussions with lenders and potential measures to absorb excess cash, including reverse repos, treasury bill issuance, reserve-ratio adjustments, FX swaps, or bond sales. Yesterday, Bloomberg reported that the record inflows had prompted the largest commercial banks to roll back the unusually high deposit rates offered during the FCNR(B) scheme.

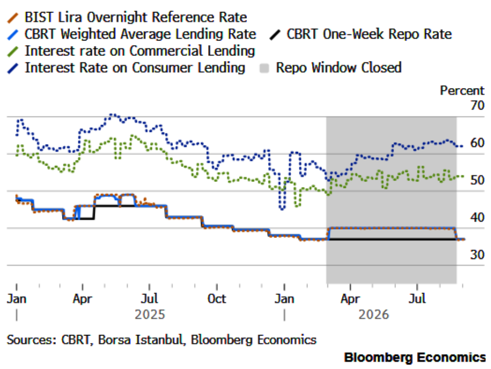




Türkiye

The lira weakened slightly (-0.1%) **and short-term domestic government bond yields fell** (2-year yield -12 bps at 36.41%, from 37.90% a month ago, 10-year yield -10 bps at 31.69%), after today's **August inflation data came a touch softer than expected**. Headline inflation printed at 31.51%y/y (vs. est. 31.60%) from prior 31.75%, while core inflation was at 30.07%y/y (vs. est. 30.10%) from 29.91% in July. Analysts at Bloomberg expect inflation to fall to 29.5% by year-end despite sticky core inflation readings from rising services prices, and they see weak growth leading policy decisions forecasting the policy rate down to 35% by December, from 37% currently. The analysts noted that GDP slowed to 2.3% y/y in Q2, as household consumption cooled, and expect 2026 growth to be 2.9%. **JP Morgan** similarly stressed Türkiye's weak domestic demand, only partly offset by stronger net exports, and it keeps its **2026 growth estimate at 3% with downside risks** from possible worsening of the current account deficit in H2 due to higher energy prices.





This monitor is prepared under the guidance of Jason Wu (Assistant Director), Charles Cohen (Advisor), Caio Ferreira (Deputy Division Chief), Sheheryar Malik (Deputy Division Chief), and Saad Siddiqui (Deputy Division Chief). Fabio Cortes (Senior Economist), Timothy Chu (Financial Sector Expert-New York Representative), Sanjay Hazarika (Senior Financial Sector Expert), Esti Kemp (Senior Financial Sector Expert), Johannes S. Kramer (Senior Financial Sector Expert), Benjamin Mosk (Senior Financial Sector Expert), Sonal Patel (Senior Financial Sector Expert-London Representative), Patrick Schneider (Financial Sector Expert), and Jeff Williams (Senior Financial Sector Expert) are the lead editors of this monitor. The contributors are Sally Chen (IMF Resident Representative in Hong Kong), Yingyuan Chen (Financial Sector Expert), Andrew Ferrante (Research Analyst), Deepali Gautam (Senior Research Officer), Harrison Kraus (Research Analyst), Mindaugas Leika (Senior Financial Sector Expert), Yiran Li (Senior Research Analyst), Xiang-Li Lim (Financial Sector Expert), Corrado Macchiarelli (Economist), Kleopatra Nikolaou (Senior Financial Sector Expert), Silvia L. Ramirez (Senior Financial Sector Expert), Francesco de Rossi (Senior Financial Sector Expert-London Representative), Lawrence Tang (Senior Economist), Dmitry Yakovlev (Senior Research Officer), Akihiko Yokoyama (Senior Financial Sector Expert), and Jing Zhao (Economic Analyst). Jeremie Benzaken (Administrative Coordinator), Olivia Marr (Administrative Coordinator), and Srujana Tyler (Administrative Coordinator) are responsible for the word processing and production of this monitor.

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

Global Financial Indicators

Last updated: 9/3/26 8:02 AM	Level: Last 12m	Level: Latest	Change: 1 Day	Change: 7 Days	Change: 30 Days	Change: 12 M	YTD
Equities					%		%
United States		7,667	0.5	-0.1	0.9	18.9	12
Europe		6,347	-0.2	-1.2	-1.2	19.2	10
Japan		64,214	-0.2	-2.9	0.7	53.1	28
China		4,553	0.1	-1.7	0.2	2.1	-2
Asia Ex Japan		117	0.4	0.1	4.9	35.5	25
Emerging Markets		67	0.6	0.0	4.4	34.3	23
Interest Rates					basis points		
US 10y Yield		4.8	1	11	11	57	62
Germany 10y Yield		3.4	-1	12	22	63	52
Japan 10y Yield		3.0	-7	5	12	133	89
UK 10y Yield		5.2	-3	17	25	46	72
Credit Spreads					basis points		
US Investment Grade		116	0	0	-2	-13	3
US High Yield		303	1	-9	-15	-47	-38
Exchange Rates					%		
USD/Majors		99.2	-0.4	0.0	-0.7	1.1	1
EUR/USD		1.16	0.1	-0.4	0.8	-0.5	-1
USD/JPY		156.3	-1.5	-1.9	-0.5	5.6	0
EM/USD		46.5	0.0	-0.1	-0.3	1.7	0
Commodities					%		
Brent Crude Oil ($/barrel)		96.9	1.3	9.5	19.5	46.1	61
Industrials Metals (index)		179.5	0.0	-0.4	1.0	25.3	10
Agriculture (index)		63.9	-2.1	-0.5	8.6	16.7	20
Gold ($/ounce)		4423.5	1.0	-3.8	9.1	24.3	2
Bitcoin ($/coin)		77543.8	0.2	-0.7	21.7	-30.9	-12
Implied Volatility					%		
VIX Index (%, change in pp)		15.4	0.2	0.8	-0.5	-1.0	0.4
Global FX Volatility		6.7	0.0	0.2	0.0	-1.2	-0.2
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		69	0	1	1	-1	10
Italy		84	1	1	5	-4	14
France		88	0	2	9	7	17
Spain		45	0	0	1	-16	2

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

Emerging Market Financial Indicators

9/3/2026 8:01 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		6.72	0.0	0.0	0.5	6.3	4.0		1.8	0	1	-1	-8	-17
Korea*		1359	0.0	1.7	5.2	2.2	6.3		4.5	5	9	16	176	125
Indonesia		17679	0.5	0.4	1.8	-7.1	-5.7		7.1	6	12	-15	84	109
India		94	0.5	1.1	0.9	-6.8	-4.9		8.0	-1	17	9	105	88
Philippines		63	0.1	-1.1	-2.5	-8.3	-5.7		6.0	-6	6	-14	123	131
Thailand		33	0.6	-0.4	1.1	-2.2	-4.6		2.3	4	9	10	91	56
Malaysia		4.04	0.1	-0.2	1.3	4.5	0.4		3.9	-2	6	19	49	40
Argentina		1511	0.1	0.2	-1.1	-10.0	-3.9		0.0	0	0	0	-4649	-3237
Brazil		5.09	1.2	1.1	-0.1	7.3	7.9		14.2	-13	-11	-16	28	66
Chile		938	-0.2	-1.8	-1.5	3.7	-4.0		5.6	1	3	2	19	35
Colombia		3160	0.3	-0.9	2.3	26.7	19.5		12.6	-13	35	38	91	-29
Mexico		17.03	-0.3	-0.3	1.8	9.8	5.8		9.2	-4	14	8	25	21
Peru		3.4	-0.1	-0.6	1.0	5.2	0.0		6.3	1	9	23	10	54
Uruguay		40	0.0	0.0	0.0	-0.6	-2.8		7.6	-2	6	12	-43	11
Hungary		317	0.2	-1.1	0.0	6.6	3.4		5.6	3	22	11	-117	-92
Poland		3.73	0.3	-0.2	0.5	-2.1	-3.7		5.5	7	29	34	59	96
Romania		4.5	0.1	-0.3	0.7	-3.9	-4.3		6.9	2	16	18	-58	19
Russia		86.8	0.7	-0.9	-7.2	-6.7	-9.2							
South Africa		16.1	-0.1	-0.5	2.8	9.9	3.0		9.0	-1	17	7	-99	42
Türkiye		48.31	-0.1	-0.4	-1.6	-14.8	-11.1		33.9	-1	-8	-165	125	432
US (DXY; 5y UST)		99	-0.4	0.0	-0.7	1.1	0.9		4.54	1	14	15	85	81

	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		4,553	0.1	-1.7	0.2	2.1	-1.7		88	-2	-1	-26	13
Korea*		6,579	0.3	-4.8	5.1	106.6	56.1		22	0	-1	2	0
Indonesia		6,668	1.1	2.2	7.0	-15.4	-22.9		107	-3	-8	20	21
India		76,554	1.1	-0.5	-2.7	-5.0	-10.2		92	-2	-2	-2	2
Philippines		6,069	0.3	-1.1	-4.2	-0.2	0.3		93	-1	-2	24	18
Thailand		1,577	0.1	-1.5	-2.8	25.2	25.2						
Malaysia		1,715	0.4	-1.9	-0.6	8.7	2.1		61	-2	-1	-6	2
Argentina		3,106,216	1.9	2.7	-5.1	60.6	1.8		508	-18	68	-398	-61
Brazil		185,205	3.1	6.1	4.0	32.4	14.9		183	-4	-3	-18	-20
Chile		11,315	-1.1	-0.5	2.7	26.8	8.0		93	-3	-4	-10	2
Colombia		2,489	0.8	0.0	4.4	36.2	20.4		210	14	3	-70	-67
Mexico		64,884	0.6	-2.0	-2.7	8.8	0.9		197	-1	-10	-37	-20
Peru		3,507	1.4	-2.8	2.7	62.7	35.7		90	-3	-1	-15	-19
Hungary		148,344	1.1	-0.9	0.7	43.8	33.6		109	0	-4	-32	-30
Poland		152,018	-0.1	0.7	2.4	45.5	29.7		99	3	5	1	8
Romania		34,640	0.9	-2.3	-5.0	68.0	41.7		184	3	6	-33	8
South Africa		116,020	0.8	-0.7	3.0	14.3	0.2		196	-4	-12	-92	-22
Türkiye		13,908	-1.0	-4.6	3.7	29.5	23.5		248	-2	-13	-34	14
EM total		67	-0.2	0.0	4.4	34.3	22.7		267	-5	-10	-93	-4

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

*Not an EM Under IMF Classification.

back to top