GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, NOVEMBER 12, 2026
LEAD EDITOR: FABIO CORTES

- **US credit fundamentals continue to improve based on the latest quarterly results** (link)
- **Credit differentiation set to widen as AI capex remains robust** (link)
- **Euro-area equities gain on a rotation into consumer-related stocks** (link)
- **Yen hovers near 160/$ mark amid warnings from Japan's currency chief Mimura** (link)
- **EM equities on track to snap a six-week losing streak** (link)
- **Chinese AI shares slide on chip-access fears; bond-tax debate may add pressure to yields** (link)

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Markets Mixed as the Tech Rally Stalls

European bourses gained but US equity futures signaled an opening in the red, as the rebound in tech stocks stalled. Nvidia shares fell 7% in premarket trading, after investors confronted a leadership crisis in the tech giant. Tech stocks were mostly lower across the globe, with the tech heavy South Korea's Kospi, Taiwan POC's Taiex and Hong Kong SAR's Hang Seng Tech indices dropping 0.6%, 2.6% and 2.4%, respectively. The tech sector also underperformed in Europe, where a rotation into consumer-related stocks lifted the Stoxx 600 index higher on the day. In fixed income markets, advanced economy sovereign bond yields were mixed and traded in narrow ranges while credit spreads were little changed. Elsewhere, oil and gold were lower, while the dollar was slightly stronger. In emerging markets, EM equities are on track to snap a six-week losing streak, with the MSCI EM index rising again on Wednesday, its third consecutive daily gain of at least 1.5%.

Key Global Financial Indicators

Last updated: 11/12/26 7:56 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7619	1.3	-1	-2	11	11
Eurostoxx 50		6404	0.2	3	3	11	11
Nikkei 225		60819	-0.7	0	-10	19	21
MSCI EM		62	2.4	1	-6	12	13
Yields and Spreads					bps		
US 10y Yield		5.00	1.2	17	-23	93	84
Germany 10y Yield		3.30	-1.7	6	-18	66	44
EMBIG Sovereign Spread		197	0	-12	9	8	19
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.0	-0.3	-1	-2	-3	-3
Dollar index, (+) = $ appreciation		102.9	0.0	1	0	3	5
Brent Crude Oil ($/barrel)		92.2	-0.6	-6	-14	47	52
VIX Index (%, change in pp)		18.3	0.8	-10	3	1	3

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

Key Global Inflation and Energy Indicators

Last updated: 11/12/26 7:56 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		92	-0.6	-6	-14	47	52
WTI Crude Oil ($/barrel)		86	-0.8	-5	-8	47	50
Natural Gas (Netherlands TTF)		90	3	5	6	190	224
Breakeven Inflation		%			bps		
USD: 2Y		2.2	-0.4	0	-32	-37	-6
USD: 5Y		2.3	0.2	0	-17	-15	-1
USD: 5Y5Y		2.4	1	0	-5	-8	-8
EUR: 2Y		2.6	3.2	0	-27	87	94
EUR: 5Y		2.2	1	0	-18	41	47
EUR: 5Y5Y		2.1	0	0	-6	-1	0

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

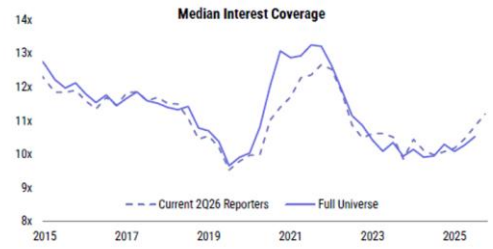
Mature Markets

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United States

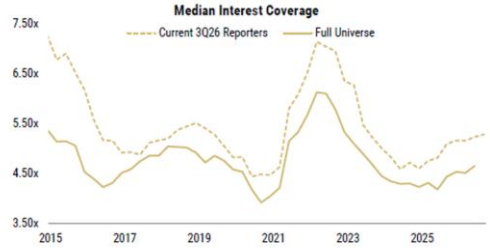
Credit fundamentals have continued to improve, supported by solid earnings growth and stronger debt-servicing capacity. Based on results from roughly 51% of issuers as of last Friday, EBITDA growth remains robust across the credit spectrum ytd, at 9.2% for investment grade (IG) and 9.6% for high yield (HY). This has supported lower leverage and stronger interest coverage and cash generation across both segments. In IG, interest coverage rose to 11.2x, while gross leverage declined and the gap between BBB and single-A issuers narrowed to 0.5x. HY metrics also strengthened, with gross leverage falling to 3.2x alongside an improvement in the ratio of free cash flow to debt. The broad-based improvement should nevertheless be interpreted with some caution, as the reporting sample remains skewed toward higher-quality issuers.

Figure 1. Investment Grade: Median Interest Coverage Ratio



Source: FactSet, Morgan Stanley Research

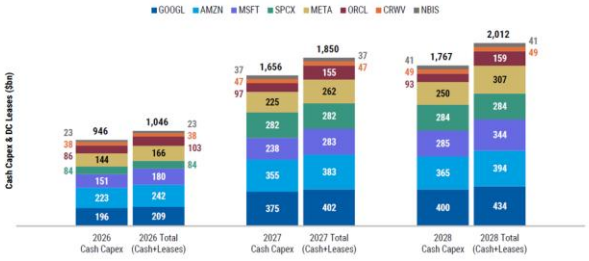
Figure 2. High Yield: Median Interest Coverage Ratio



Source: FactSet, Bloomberg, Morgan Stanley Research

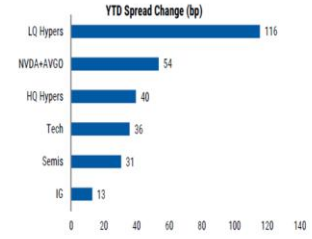
Against a backdrop of strong credit fundamentals, elevated AI-related capex and greater financing scrutiny could drive credit differentiation further. Aggregate capex expectations have so far been little changed following the US midterms, with Morgan Stanley maintaining its estimates of about $1.66 tn for 2027 and $1.77 tn for 2028, as demand for compute capacity remains strong (Figure 1). The investment cycle is nevertheless becoming increasingly credit-intensive: AI-related issuance in the US public investment grade market has reached roughly $321 bn, while spreads have widened considerably more for lower-quality hyperscalers than for their higher-quality peers (Figure 2). Looking ahead, AI-related funding needs are expected to rise further in 2027, but tighter scrutiny of new construction financing and potential policy constraints could increasingly favor the largest, better-capitalized hyperscalers, which have greater flexibility to relocate or rephase investment, absorb higher construction costs, and improve utilization of existing infrastructure. This could reinforce a growing divergence in credit quality across the AI ecosystem, even as aggregate investment remains robust.

Figure 1. Combined 2027 and 2028 company cash capex estimates are now at ~$1.66tr and ~$1.77tr, respectively



Source: Morgan Stanley Research current estimates from models dated as of: 10/29/26 for AMZN, 10/29/26 for GOOGL, and 10/22/26 for META (covered by Brian Nowak); 10/9/26 for MSFT and 10/23/26 for CRWV (covered by Adam Wood); 10/23/26 for SPCX (covered by Adam Jonas); 9/11/26 for ORCL (covered by Sanjit Singh); 8/13/26 for NBIS (covered by Ryan Lountzis). Leases are in line with figures disclosed by GVAT as of 10/15/26. Company-level capex figures are rounded to the nearest $bn; total capex is calculated using unrounded figures and may differ slightly from the sum of displayed labels.

Figure 2. YTD widening most severe for the LQ Hyperscaler cohort, IG Index now 13bps wider

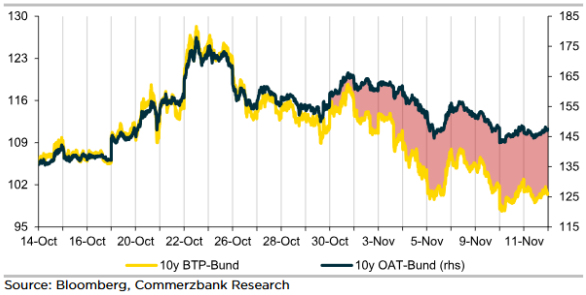


Source: Bloomberg, Morgan Stanley Research. Data as of 11/6/2026. Note: HQ Hypers includes AMZN, GOOGL, META, and MSFT. LQ Hypers include ORCL and SPCX

Euro Area

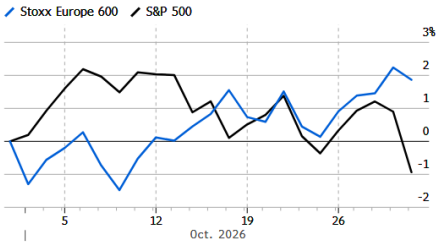
Equities extended gains for the fourth day in a row, **with investors rotating from tech stocks into healthcare and consumer stocks.** The Stoxx 600 index added +0.4%, with Germany outperforming as the DAX (+0.8%) hit its record high led by the rise of Siemens' shares by more than +4% after record profits linked to data-center demand. The euro was broadly flat against the dollar at $1.109/€. **European government bonds** (EGB) **were slightly lower and traded in narrow ranges**, with Bund yields falling by about 2 bps across the curve (2-year yield at 3.08% and 10-year at 3.29%). **Italy** was in focus today, **ahead of S&P's review on Friday**, with analysts at **Citi** reportedly seeing the chance of an upgrade to single-A from BBB+ despite Italy's upward revision of its fiscal targets in October. **Bloomberg** argued that an upgrade would support BTPs relative to Spanish bonds by expanding eligibility for some higher-rated bond indices. Italy's 2033 auction cleared €3.25 bn at 4.04% today, with a 1.54 bid-cover ratio. Investor positioning in euro-area sovereign bonds is still cautious, though, with **JP Morgan**'s recent survey showing EGB duration broadly unchanged for multi-currency real money investors (at +0.16 years vs benchmark), while single-currency investors increased duration modestly (to +0.41 years vs benchmark). At the same time, net overweight exposure to intra-EMU spreads fell to 20% from 27%.

Still lagging
10y BTP-Bund and OAT-Bund spreads, intra-day, in bp



Source: Bloomberg, Commerzbank Research

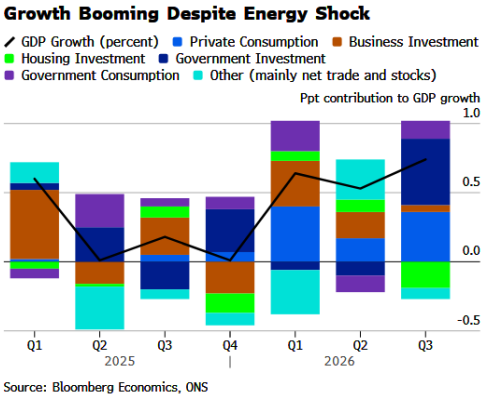
Europe Has Outperformed US Stocks Over the Past Few Weeks

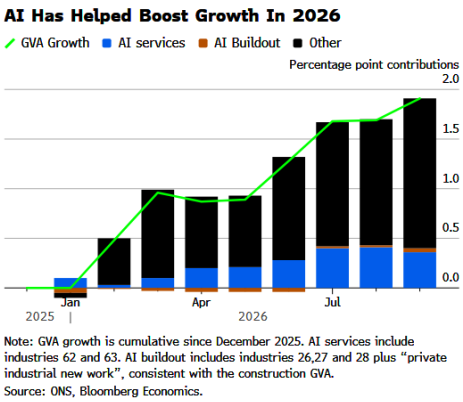


Note: Percent normalized since Sept. 30, 2026
Source: Bloomberg

United Kingdom

Gilts were little changed along European peers, while UK equities rose +0.4%, after the overall stronger than expected domestic activity data released today. UK GDP rose by +0.7% q/q in Q3 (+1.9% y/y), in line with consensus and up from +0.5% q/q (+1.4% y/y) in Q2, while September industrial production rose +0.3% m/m (+3.1% y/y) despite expectations of a -0.4%m/m decline. Manufacturing output jumped +0.7% m/m (+4.4% y/y) vs a -0.5% m/m fall expected, and services and construction also surprised positively. **UBS, Goldman Sachs and Bank of America** highlighted stronger domestic demand and AI-related investment, while **Deutsche Bank** points to robust household spending and business investment. Most analysts expect now momentum to slow over the winter as higher energy costs and tighter financial conditions weigh on households, with **UBS** expecting only 0.1% q/q in Q4 and Q1 2027. **Goldman Sachs**, however, has raised its Q4 GDP forecast to 0.3% q/q from 0.2%. The pound sterling was little changed at $1.3272/£.

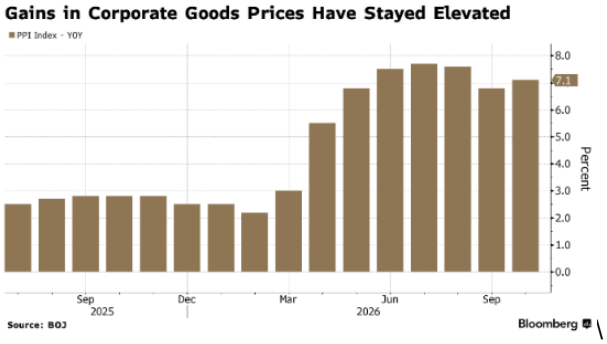




Japan

The yen hovered near the 160/$ mark after weakening on Wednesday and Tuesday, prompting the country's currency chief Mimura to warn that recent moves were "too fast" and recall this summer's intervention. Domestic inflation pressures also intensified, with corporate goods prices rising 7.1% y/y in October, reinforcing expectations of another BOJ hike in December, with an 83% probability of a 25 bps hike in the OIS market. Still, dovish board member Asada urged caution over the pace of tightening given weak consumption. Benchmark bond yields somewhat stabilized (2-year +0.5 bp at 1.85%; 10-year + 1 bp at 2.80%; 30-year -0.5 bp at 3.93%), after a solid 5-year auction produced a 3.67 bid-to-cover ratio (vs. a 12-month avg. of 3.40), supported by domestic real-money and foreign demand. Overseas investors have now bought Japanese bonds for six consecutive weeks, totaling JPY6.04 trn. Nikkei reported that planned accounting changes could further improve life insurers' appetite for JGBs over the longer term.





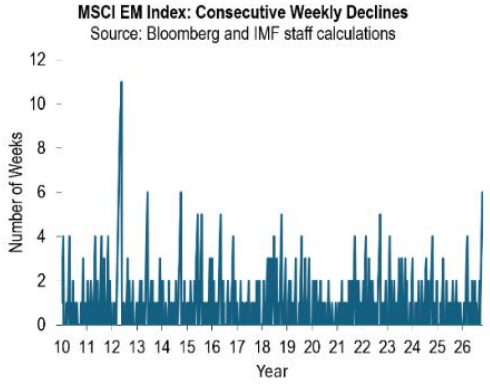
Emerging Markets

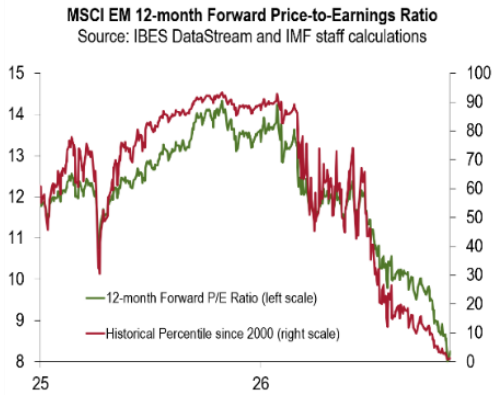
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In **Asia**, currencies were mixed, with the Philippine peso (-0.7%) and the Indonesian rupiah (-0.5%) underperforming. Bank Indonesia said today that it remains in the market to maintain the stability of the rupiah exchange rate. Asian equities retreated, driven by Taiwan POC (TAIEX: -2.6%) and Hong Kong SAR (Hang Seng: -1.3%). In **EMEA**, equites advanced this morning while currencies were mixed. In CEE, equities gained across the region led by Poland (+1%), while currencies strengthened to the euro. In **Romania**, the leu was broadly unchanged against the euro, near RON5.35/€, before the decision of the central bank later today, when this is expected to keep its policy rate at 6.5% after inflation accelerated to 6.94% y/y (vs. est. 6.85%, from 6.61%) in the October figures released this morning. South Africa's equities were flat this morning, while the rand weakened -0.3%. GCC equities lagged today, as the Brent price slipped (-0.6%) to $92 a barrel. In **Latam**, currencies appreciated while equities were mixed yesterday. The Colombian peso (+0.7%) and Brazilian real (+0.4%) led the regional currency appreciation. Equities gained in Brazil (+0.4%) and Mexico (+0.2%), but Colombia (-1.7%) experienced a sharp decline.

EM Equities

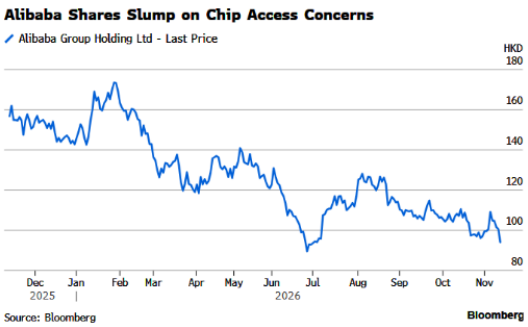
EM equities are on track to snap a six-week losing streak, with the MSCI EM index rising again on Wednesday, its third straight daily gain of at least 1.5%. The three-day rally marks the longest winning streak since September. Regionally, Asia (+5.7%) has been the main driver, although EMEA (+1.6%) and Latam (+0.8%) are also higher. The recent rally puts the index on track to end its longest run of weekly declines since October 2014 (left chart). The index closed last Friday at its lowest level since early April, and as of yesterday is still almost 8% lower than the start of October. Forward earnings estimates have continued to rise, whereas a compression in valuation has been the driver of losses. The 12-month forward price-to-earnings ratio is now at 8.2x, the lowest since 2011 and below the 2nd percentile of its range since 2000 (right chart).

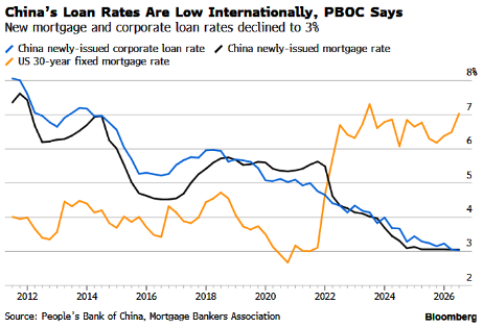




China

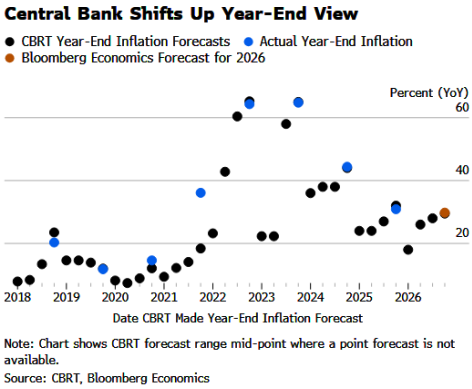
Chinese AI shares tumbled as speculation of tighter US scrutiny of access to advanced Nvidia chips renewed geopolitical concerns. Alibaba fell as much as 7.3% being closing down 4.8%, weighing on the Hang Seng Tech Index (-2.4%), as investors assessed risks to Chinese cloud operators' chip supplies. Overall, both onshore equities and offshore equities declined. Government bond yields consolidated today (10-year flat at 1.59%; 30-year unchanged at 2.04%) after rising yesterday, as the People's Bank of China (PBOC) highlighted in its latest monetary policy report that tax exemptions suppress sovereign yields, and reportedly sounded out banks on a possible 25% tax on government-bond interest income. While implementation remains uncertain, such a change could reduce bank demand, raise government funding costs and weigh on bank earnings. The PBOC also stressed in the same report that loan rates are already relatively low, reinforcing expectations that it may favor targeted measures over broad rate cuts. Today, both the onshore CNY (+0.1%) and offshore CNH (+0.1%) strengthened, following a stronger PBOC fixing at 6.7174/$.

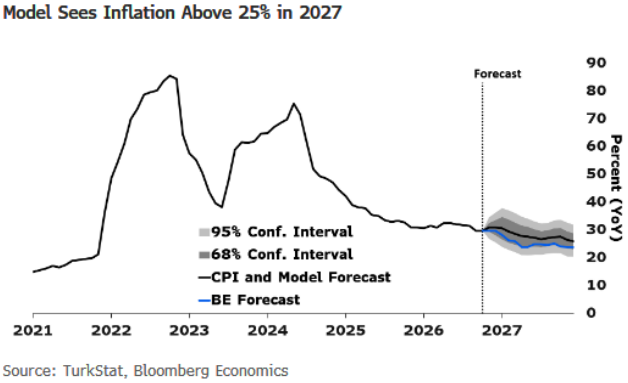




Türkiye

The Turkish lira was little changed after the central bank (CBRT) **raised its inflation forecasts**. The CBRT raised its end-2026 inflation forecast to 29.5% from 28%, and its end-2027 forecast and target to 21% from 15%. The 2028 forecast was lifted to 13.5% from 9%. Governor Karahan linked the revisions to the Iran-war energy shock and market volatility from the investment fund crisis. Analysts at Bloomberg expected, however, the easing cycle to continue, arguing that cooling growth and improving underlying inflation should outweigh the hawkish forecast revisions. They see the policy rate falling from 36% currently to 35% by end-2026 and 27% by end-2027, with the CBRT using liquidity tightening first before considering outright rate hikes if inflation risks intensify.

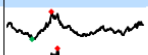
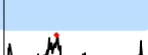
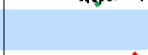




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Global Financial Indicators

Last updated: 11/12/26 7:55 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,619	1.3	-0.9	-2.4	11.2	11
Europe		6,404	0.2	2.8	3.3	10.7	11
Japan		60,819	-0.7	-0.4	-10.3	18.6	21
China		4,044	-0.8	-1.7	-5.7	-13.0	-13
Asia Ex Japan		107	2.7	0.5	-6.1	13.1	15
Emerging Markets		62	2.4	0.7	-6.2	11.6	13
Interest Rates					basis points		
US 10y Yield		5.0	1	17	-23	93	84
Germany 10y Yield		3.3	-2	6	-18	66	44
Japan 10y Yield		2.8	1	3	-21	112	75
UK 10y Yield		5.2	2	11	-20	84	76
Credit Spreads					basis points		
US Investment Grade		123	-1	-3	5	1	11
US High Yield		350	-5	-13	6	1	9
Exchange Rates					%		
USD/Majors		102.9	0.0	1.4	0.3	3.5	5
EUR/USD		1.11	0.0	-1.2	-0.6	-4.4	-6
USD/JPY		159.7	-0.1	1.2	0.7	3.1	2
EM/USD		45.0	-0.3	-1.1	-1.7	-2.6	-3
Commodities					%		
Brent Crude Oil ($/barrel)		92.2	-0.6	-6.2	-10.7	48.1	53
Industrials Metals (index)		170.0	-0.9	-0.9	-3.1	10.2	4
Agriculture (index)		56.6	-0.4	0.7	-8.6	0.0	6
Gold ($/ounce)		3937.4	-1.3	-3.7	-5.6	-6.1	-9
Bitcoin ($/coin)		72877.4	-2.0	-3.7	-12.2	-28.5	-17
Implied Volatility					%		
VIX Index (%, change in pp)		18.3	0.8	-9.9	3.1	0.8	3.4
Global FX Volatility		6.6	0.0	0.2	-0.3	-0.4	-0.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		86	1	-4	-8	25	27
Italy		103	1	-6	-6	30	34
France		149	2	-5	6	75	78
Spain		57	0	-3	-6	7	13

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

Emerging Market Financial Indicators

11/12/2026 7:55 AM	Exchange Rates							Local Currency Bond Yields (GBI EM)						
	Level		Change (in %)					Level		Change (in basis points)				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
		vs. USD	(+) = EM appreciation						% p.a.					
China		6.67	0.1	0.0	0.4	6.6	4.8		1.7	1	1	-5	-16	-24
Korea*		1333	0.3	2.0	0.1	10.2	8.4		4.0	8	-1	-41	90	73
Indonesia		18239	-0.5	-0.9	-1.8	-8.3	-8.5		7.5	4	-13	41	150	149
India		94	-0.4	0.5	1.9	-5.8	-4.4		8.4	7	18	4	145	128
Philippines		64	-0.7	-1.1	-1.5	-7.1	-7.4		6.2	-1	-1	6	162	157
Thailand		34	-0.2	-1.1	-0.6	-4.3	-6.8		2.1	4	-7	-26	22	39
Malaysia		4.08	-0.1	-0.8	0.1	1.4	-0.5		3.9	-1	1	-1	#VALUE!	35
Argentina		1545	0.1	0.2	-1.8	-8.5	-6.0		0.0	0	0	0	-3063	-3237
Brazil		5.60	-0.5	-1.8	-10.9	-5.4	-1.8		14.9	0	-11	246	140	134
Chile		989	-0.5	-1.0	-1.1	-6.0	-9.0		5.9	-1	-4	-9	56	57
Colombia		3277	0.7	-1.7	-2.4	14.1	15.2		12.8	-6	-11	-14	106	-8
Mexico		18.67	-0.4	0.5	-2.2	-2.0	-3.5		9.1	2	17	1	23	16
Peru		3.4	0.1	1.0	0.9	-1.3	-1.4		6.9	34	33	37	86	111
Uruguay		40	0.0	-0.6	-0.7	-1.8	-3.4		7.9	0	3	15	12	40
Hungary		329	0.0	-1.3	-0.6	0.8	-0.5		5.4	5	-8	-22	-118	-111
Poland		3.98	0.1	-1.4	-1.1	-8.2	-9.7		5.5	0	-3	-22	78	98
Romania		4.8	-0.1	-1.4	-0.9	-9.1	-10.2		6.8	2	-1	-26	-2	14
Russia		82.8	0.3	-1.6	1.4	-1.9	-4.9							
South Africa		16.7	-0.4	-1.1	-0.8	2.5	-0.7		8.8	10	1	-36	-44	16
Türkiye		50.26	0.0	-0.3	-1.9	-16.2	-14.5		34.7	13	12	43	188	510
US (DXY; 5y UST)		103	0.0	1.4	0.3	3.5	4.7		4.84	2	24	-17	117	112

	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		4,044	-0.8	-1.7	-5.7	-13.0	-12.7		4	-2	2	-4	-3
Korea*		5,343	-0.6	-0.8	-11.5	28.1	26.8		22	-1	-1	0	0
Indonesia		5,251	2.7	4.4	-11.4	-37.3	-39.3		117	-8	17	38	42
India		81,911	0.0	3.3	12.2	-3.0	-3.9		98	-4	5	19	22
Philippines		5,661	-0.6	-2.0	-0.7	-1.2	-6.5		100	-8	8	36	38
Thailand		1,499	-0.2	0.1	-4.6	16.4	19.0						
Malaysia		1,586	-0.6	-1.9	-2.3	-2.8	-5.6		66	-1	6	6	9
Argentina		83,562	-0.8	-1.4	-15.3	-16.0	-17.1		856	-70	264	246	290
Brazil		172,060	0.4	2.7	-17.7	9.2	6.8		192	-10	34	-7	-7
Chile		5,314	-0.4	1.2	-4.2	3.3	-2.0		98	-6	4	-2	8
Colombia		2,486	-1.6	0.1	-1.8	19.5	20.2		222	-12	6	-24	-56
Mexico		72,006	0.2	1.7	7.9	14.0	12.0		221	-6	13	0	2
Peru		3,179	-0.1	-2.1	-11.7	34.0	23.0		118	-4	6	-7	-11
Hungary		146,817	0.2	1.6	2.7	35.8	32.2		98	-13	-5	-41	-34
Poland		160,498	1.1	1.5	1.0	42.3	36.9		104	-8	5	16	16
Romania		34,392	0.3	-0.6	3.4	47.7	40.7		190	-15	12	-2	20
South Africa		113,392	0.0	0.1	4.3	0.4	-2.1		196	-9	-11	-30	-19
Türkiye		11,866	1.7	4.7	-2.3	11.5	5.4		246	-19	8	3	27
EM total		62	-1.7	0.7	-6.2	11.6	13.4		197	-12	9	8	19

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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