GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

FRIDAY, NOVEMBER 20, 2026
LEAD EDITOR: SANJAY HAZARIKA

- **Global market selloff improves valuations** (link)
- **Investors get more pessimistic about markets and the economy** (link)
- **Pace of US AI investment expected to slow in 2027** (link)
- **Stocks in Europe fall sharply as technology stocks lose ground** (link)
- **Japanese equities plunge while JGBs rally on safe haven demand** (link)
- **Mexican peso weakens to 17-month low versus US dollar** (link)
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Global Selloff Intensifies as Technology Trade Unwinds

The global market selloff intensified this morning as technology shares continued their descent on worries about the AI sector. The MSCI All World Equity Index fell, pointing to a seventh consecutive day of declines, the longest such streak since September 2023. US equity index futures are selling off again, with the Nasdaq in full correction mode and the S&P 500 not far behind. The Anthropic IPO got off to a strong start yesterday, but the share price is now down significantly from its highs. The benchmark 10-year Treasury yield fell below 5% for the first time in over three weeks as market participants ran for cover. Japanese and European government bonds also rallied, and the dollar continued to appreciate on safe haven flows. The global equity market has declined despite very strong corporate earnings in both emerging markets and advanced economies, raising hopes among some that further losses will be limited because fundamentals remain strong. Others are more pessimistic, warning that more pain may lie ahead.

Key Global Financial Indicators

Last updated: 11/20/26 7:54 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7176	-2.0	-5	-7	10	5
Eurostoxx 50		5974	-2.3	-6	-2	7	3
Nikkei 225		56437	-5.1	-8	-10	16	12
MSCI EM		57	-2.0	-7	-10	7	4
Yields and Spreads					bps		
US 10y Yield		4.97	-7.8	-17	-14	88	80
Germany 10y Yield		3.31	-9.3	-7	-9	59	45
EMBIG Sovereign Spread		218	6	21	18	28	40
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		44.2	0.0	-1	-4	-4	-5
Dollar index, (+) = $ appreciation		103.7	-0.2	0	2	4	6
Brent Crude Oil ($/barrel)		91.7	-0.3	-4	-16	45	51
VIX Index (%, change in pp)		30.8	2.3	11	13	4	16

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: 11/20/26 7:55 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		92	-0.3	-4	-16	45	51
WTI Crude Oil ($/barrel)		83	-0.7	-7	-19	40	44
Natural Gas (Netherlands TTF)		87	2	-4	2	180	214
Breakeven Inflation		%			bps		
USD: 2Y		2.1	-2.2	-14	-47	-36	-14
USD: 5Y		2.2	-3.5	-13	-29	-19	-9
USD: 5Y5Y		2.3	-3	-7	-8	-11	-13
EUR: 2Y		2.5	-4.8	-17	-49	74	85
EUR: 5Y		2.2	-3	-11	-27	34	40
EUR: 5Y5Y		2.1	-1	-2	-7	-2	-1

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

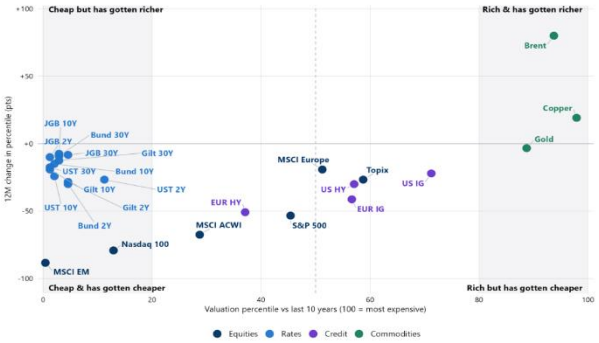
Mature Markets

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Global Markets

The ongoing selloff in risk assets has greatly improved the risk-return profile for many asset classes. Valuations for stocks and corporate bonds have become much more attractive as they get cheaper. The price-earnings ratio (P/E) of the S&P 500 is no longer elevated compared to historical levels and those of the MSCI Europe and Japan TOPIX indexes are back to the middle of their ranges, according to Morgan Stanley. Despite the lingering risk of inflation, even advanced economy government bonds are now beginning to look more appealing, especially if market expectations of just two or three more central bank rate hikes are realized (more hikes would derail these incipient hopes for these government bond markets). Some analysts expect AI-related productivity gains to gain prominence in 2027, making risk assets even more attractive. In contrast, commodities such as oil, gold, and copper screen as very expensive under current market conditions.

Exhibit 9: Cross-asset valuations have cheapened over the last twelve months, with commodities the notable exception

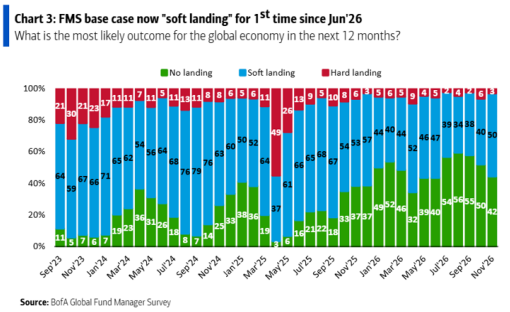


Source: Bloomberg, Morgan Stanley Research; Note: Percentiles calculated over the last 10 years. We use the following valuation metrics: forward P/E for equities, nominal yields for rates, spreads for credit, and inflation-adjusted (core CPI) prices for commodities.

United States

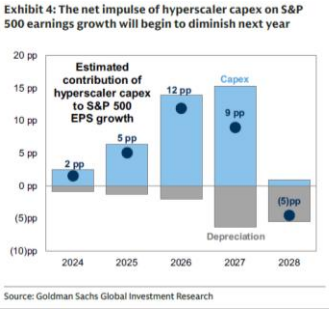
Investors have become more pessimistic about markets and the economy, according to the latest fund manager survey from Bank of America. The bank's proprietary sentiment indicator is back down to where it was in June, indicating a reduction of confidence in the investment outlook. Regarding the global economy, 50% of the respondents now expect a soft landing and 40% expect continued strength, an exact reversal of the previous survey. The earlier euphoria about AI and the investment cycle has dissipated and investors are cutting their exposure to technology by the largest amount since 2006. Fears about an AI bubble or AI hyperscaler credit event have risen sharply to 34% and 31% of respondents respectively. On the brighter side, only 3% expect a recession, and cash allocations remain very low at 3.6%, indicating that investment managers are putting almost all their funds to work. Investors identified international stocks (36%), US stocks (24%) and gold (17%) as the asset classes that will do best in 2027. Managers cut back their allocation to fixed income to the lowest since November 2025, identifying a 10-year US Treasury yield of 5.80% as the tipping point for them to return to bonds in size.





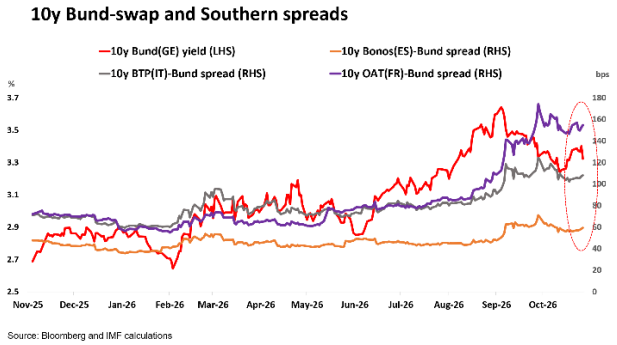
The pace of AI investment is expected to slow down in 2027 relative to the surge in investment seen in 2026, according to Goldman. About half of the S&P 500's earnings per share (EPS) growth this year has come from AI-related companies, but that is expected to decrease as well in the midst of a slower pace of AI spending and rising AI depreciation expenditures. The "indirect effect of the AI boom" on earnings due to the consumer wealth effect caused by rising equity markets will also likely fade. The broader market is also likely to see a slowdown in EPS growth as the fiscal stimulus of 2025 and 2026 dissipates and financial conditions to tighten with Fed rate hikes. The market expects three more rate hikes by July, with the first expected to be delivered next month. However, Goldman does expect the US equity market to rally in 2027, with a price target of 8700 by year end. The analysts predict that earnings will grow faster than equity prices again in 2027 as they did this year, keeping a lid on the price-earnings (P/E) ratio and keeping valuations attractive on a historical basis.

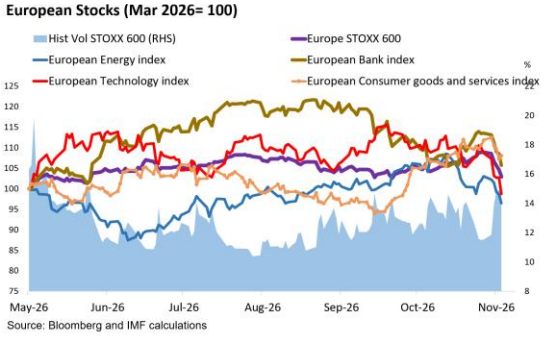




Euro area

European equities sold off sharply this morning, as the global AI trade unwind deepened. The Stoxx 600 index fell -1.2%, taking its weekly decline to about -5.5%, the worst since March. The technology sector fell by 4.5% and is down by 8.4% this week, with ASML losing -6% today. Barclays argues the equity decline is running ahead of fundamentals. Government bonds rallied strongly across the region on safe-haven demand, declining oil prices, and wage data a touch softer-than-expected. The Bund yield curve moved by about 9bps lower, with the 2y yield at 3.07%, the 5y at 3.14% and the 10y yield at 3.32%. Markets still price a 93% probability of a 25bps ECB hike in December, but the implied October 2027 policy rate fell 15bps to 3.05%, leaving about 61bps of cumulative tightening from the current 2.50% level of the ECB deposit rate. Deutsche Bank expects a final December hike to 2.75%, with a hike to 3% in early 2027 possible but not justified by current data. Peripheral spreads widened slightly.

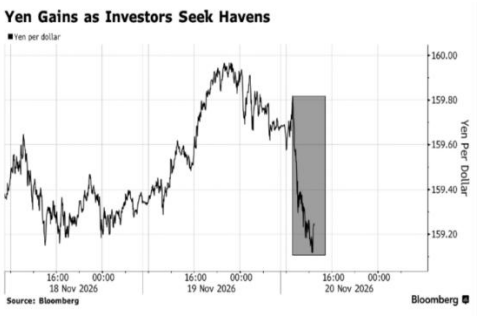


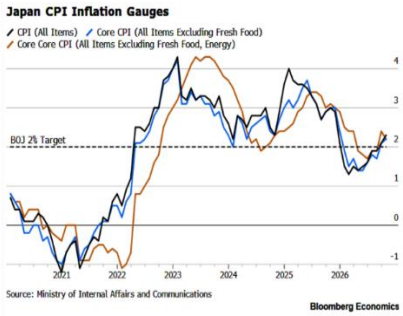


United Kingdom

UK markets moved defensively this morning, despite strong domestic data. The pound sterling strengthened marginally against the dollar, to $1.3114/£, and gilts rallied, with the yield curve shifting by about 6bps lower (2y yield at 4.89%, 5y at 4.92% and the 10y at 5.25%). UK stocks held up relatively well with the FTSE 100 index falling just -0.3% despite today's renewed global technology sell-off. October retail sales surprised to the upside, rising 0.7%m/m after a revised 0.6% fall in September, versus expectations for no change. November GfK confidence rose two points to -22; appetite for major purchases increased five points and the economic outlook improved. UK October public borrowing of £17bn was below the £18bn consensus. Deutsche Bank notes that cash borrowing was around £5bn below expectations, which should reduce near-term gilt supply. Money markets price in a 25bps BoE rate hike in December with 75% likelihood, and an implied terminal policy rate near 4.82% (from 4% today) by November 2027, 5bps higher than yesterday. Yesterday's hawkish MPC comments keep a December hike alive, but UBS expects only one further hike, in February 2027, and sees the 2-year gilt yield falling toward 4.5% by end-2027.

Japan





Japanese equities fell sharply (Nikkei 225: -5.1%) amid persistent concerns over the AI trade, driving safe-haven demand for the yen (+0.5% vs. the dollar) and JGBs (10y: -4.5 bp to 2.79%). The equity selloff was concentrated in AI and semiconductor-related shares, while the broader TOPIX posted a fifth consecutive decline to end down 3.9% with its worst weekly drop since April 2025. Separately, core CPI excluding fresh food accelerated to 2.2% y/y in October from 2.1% in September, the fastest pace this year but slightly below the 2.3% consensus, while headline inflation rose to 2.3% from 2.1%, according to the Ministry of Internal Affairs and Communications report. Economists attributed the softer-than-expected print partly to temporary factors, including government measures and falling rice prices, but some expect inflation to accelerate toward 3% as the Middle East conflict raises import costs, keeping the BOJ attentive to upside inflation risks. The print was not viewed as materially changing near-term tightening expectations, although OIS pricing for a 25 bp BOJ hike on Dec. 18 fell to around 79% from 85% in the previous session.

Emerging Markets

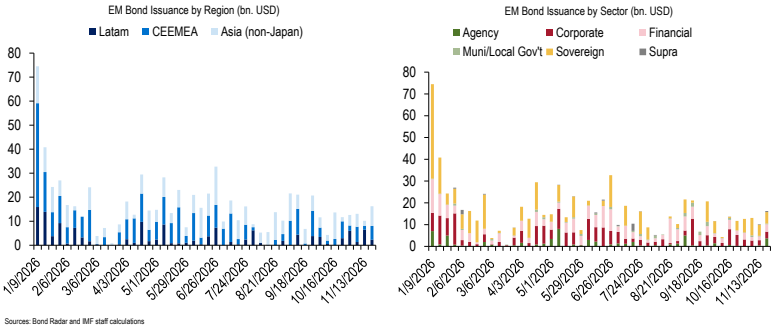
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EMEA risk assets sold off this morning, showing stronger spillovers from the global AI-centered selloff than previously seen. CE3 stocks were down 1–2%, while Turkish stocks underperformed (-2.5%). **EM Asian equities were hard hit by the global selloff, with technology stocks suffering the most.** Taiwan POC led the decline (TWSE: -6.2%), taking its weekly loss to nearly 18%, the steepest since 1991, while Korea (KOSPI: -5.2%) lost about 8% over the week. Taiwan POC's Financial Supervisory Commission further tightened short-selling restrictions to help stabilize the market, while analysts noted that margin calls and retail deleveraging continued to amplify the selloff. **Latin American markets joined the global selloff.** Local currencies depreciated, led by the Colombian peso (2.2%).

EM Bond Issuance

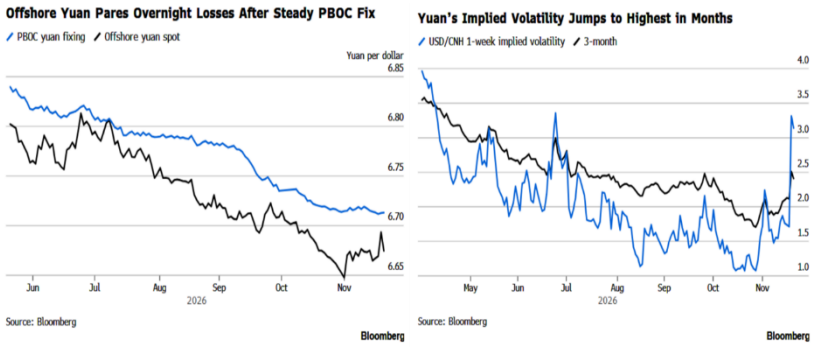
EM bond issuances accelerated to their highest in eight weeks to $16.2 bn through Thursday. Bond issuance was up 60% this week with Asia ex-Japan issuance accounting for 50.5% of total volume, followed by CEEMEA (35.5%), and Latam (14.0%). By sector, sovereigns contributed 32.3%, agencies 22.7%, financials 21.0%, and corporates 18.8%, with supra nationals and municipal/local government each below

5%. Most issues had fixed coupons, with maturities ranging from two years to perpetual (one issue). Total issuance reached $39.5 bn in the first three weeks of November, already equivalent to about 87% of the $45.2 bn issued during all of October.



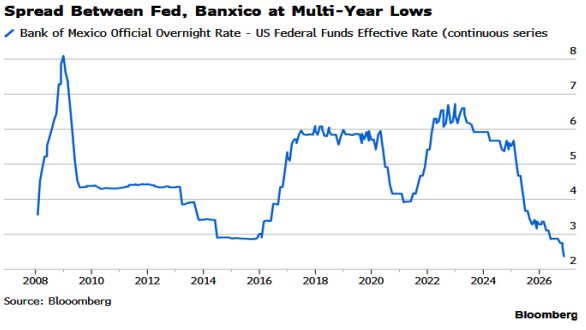
China

The yuan strengthened (+0.3%) against the dollar, reversing much of its sharp overnight decline, after the PBOC set a steady RMB fixing at 6.7131/$ (vs. 6.7128/$ previously). Traders attributed the overnight selloff largely to an unwinding of long-yuan positions and some energy-related dollar demand. Following the fixing, both onshore and offshore yuan strengthened beyond 6.67/$, further supported by increased client FX settlement, with the onshore turnover exceeding $46 bn by mid-afternoon, around 60% higher than the previous session. Strategists viewed the fixing as signaling the PBOC's preference for measured currency moves and broad stability. Nevertheless, FX volatility remained elevated, with one-month offshore implied volatility rising to 2.6%, a four-month high. Meanwhile, analysts viewed the APEC leaders' meetings as constructive in tone but limited in substantive outcomes, cautioning that US-China strategic competition persists, particularly over technology and export controls. Today, the stock market declined modestly (CSI 300: -0.8%) despite turnover in nine ETFs associated with state-backed buying rising to RMB121 bn ($18.1bn), a 10-month high.



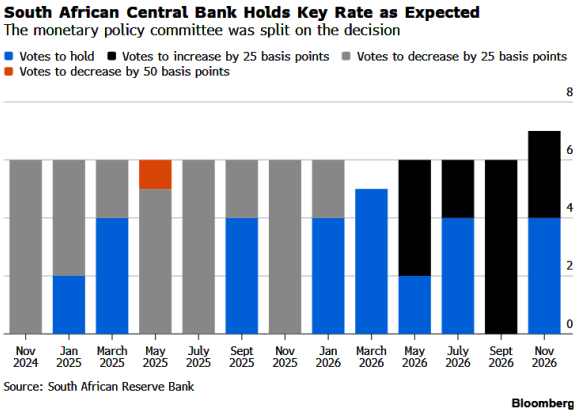
Mexico

The Mexican peso hit a 17-month low amid hawkish Fed and dovish Banxico minutes. The Mexican peso fell 1.2% on Thursday to 19.08/$, its lowest level since June 2025, after minutes from Mexico's latest central bank meeting reinforced its dovish policy stance. This was after the central bank unexpectedly cut its rate by 25 bps earlier this month. Meanwhile, minutes from the Federal Reserve's October FOMC meeting showed that almost all participants considered further rate increases to be appropriate. The resulting policy divergence narrowed the Mexico-US policy rate differential to about 237 bps, based on the midpoint of the Fed's target range, reducing the attractiveness of peso-funded carry trades. Some investors have interpreted Banxico's dovish stance as reflecting greater tolerance for a weaker currency, which could support the nation's tourism industry and its export competitiveness.



South Africa

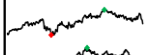
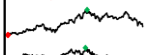
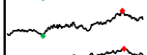
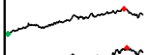
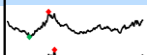
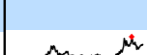
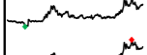
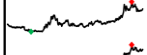
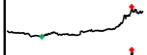
South Africa's central bank held its policy rate at 7.25% yesterday, while signaling readiness to tighten further. The hold followed two 25 bps hikes in May and September, which reversed part of the earlier easing cycle. The decision was widely expected, with four MPC members supporting a hold and three favoring a 25 bps hike. The governor indicated that there had been broad agreement on the direction of policy, but with disagreement over timing. The SARB expects inflation to peak at 5.4% y/y in November, but highlighted upside risks from energy prices, global monetary tightening, and potential rand weakness. Goldman Sachs added a 25 bps January hike to its forecast and delayed expected cuts from Q2 to Q3 2027. Barclays still expects no further hikes, but sees increased risks from higher oil prices, global yields, or inflation expectations.



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Global Financial Indicators

Last updated: 11/20/26 7:58 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,176	-2.0	-5.5	-7.0	9.7	5
Europe		5,974	-2.3	-6.5	-2.4	7.3	3
Japan		56,437	-5.1	-7.7	-10.0	16.1	12
China		3,955	-0.8	-1.5	-3.7	-11.2	-15
Asia Ex Japan		98	-2.0	-7.3	-10.0	8.2	5
Emerging Markets		57	-2.0	-7.2	-10.4	6.9	4
Interest Rates					basis points		
US 10y Yield		5.0	-8	-17	-14	88	80
Germany 10y Yield		3.3	-9	-7	-9	59	45
Japan 10y Yield		2.8	-4	-7	-10	98	73
UK 10y Yield		5.3	-6	-8	-16	67	77
Credit Spreads					basis points		
US Investment Grade		128	2	7	7	3	15
US High Yield		379	10	38	22	14	39
Exchange Rates					%		
USD/Majors		103.7	-0.2	0.3	2.0	3.6	6
EUR/USD		1.10	0.1	-0.4	-2.3	-4.8	-7
USD/JPY		158.8	-0.6	-0.6	0.4	0.8	1
EM/USD		44.2	0.0	-1.4	-3.5	-4.1	-5
Commodities					%		
Brent Crude Oil ($/barrel)		91.7	-0.3	-4.3	-12.7	48.2	52
Industrials Metals (index)		157.5	-1.3	-6.1	-9.0	5.0	-4
Agriculture (index)		55.5	-0.1	-2.3	-8.2	-0.7	4
Gold ($/ounce)		3571.4	-1.5	-8.1	-13.4	-12.4	-17
Bitcoin ($/coin)		61673.0	0.3	-5.1	-25.5	-29.3	-30
Implied Volatility					%		
VIX Index (%, change in pp)		30.8	2.3	11.5	13.5	4.3	15.8
Global FX Volatility		6.6	0.0	0.0	-0.2	-0.5	-0.3
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		94	2	5	-2	31	35
Italy		109	2	5	-3	33	40
France		156	3	2	3	79	85
Spain		60	2	4	-3	10	17

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

Emerging Market Financial Indicators

11/20/2026 8:00 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		6.68	0.2	-0.1	0.0	6.6	4.7		1.7	-1	-1	-3	-17	-25
Korea*		1340	-0.4	-0.3	-1.0	10.0	7.8		4.0	-3	0	-23	80	72
Indonesia		18270	-0.1	-0.4	-1.5	-8.4	-8.7		7.6	-2	8	31	163	160
India		93	0.7	1.7	2.4	-4.3	-3.0		8.3	-11	-1	-1	136	127
Philippines		64	-0.2	-0.1	-1.2	-7.5	-7.6		6.2	0	0	-6	159	156
Thailand		34	0.2	-0.1	-1.0	-4.4	-7.1		2.1	0	-3	-20	33	39
Malaysia		4.11	0.0	-0.6	-0.7	1.2	-1.3		3.8	-3	-6	-6	37	30
Argentina		1565	-0.4	-1.3	-2.6	-10.1	-7.2		0.0	0	0	0	-3229	-3237
Brazil		5.94	-1.0	-5.1	-15.3	-10.2	-7.5		15.5	26	37	251	194	192
Chile		1018	-0.4	-2.3	-4.3	-8.7	-11.6		6.0	-2	7	3	78	67
Colombia		3422	0.3	-3.0	-7.2	10.0	10.3		12.9	6	13	-9	73	4
Mexico		19.06	0.2	-2.7	-3.3	-3.5	-5.5		9.3	5	6	10	44	28
Peru		3.4	-0.5	-1.4	-0.4	-2.0	-2.5		7.1	1	17	38	108	128
Uruguay		41	0.0	-0.1	-1.2	-2.1	-3.7		8.0	8	10	23	18	47
Hungary		340	0.1	-2.7	-4.7	-2.5	-3.8		5.5	6	4	1	-122	-104
Poland		4.06	-0.3	-1.6	-4.3	-9.5	-11.6		5.6	-5	-1	-18	84	105
Romania		4.9	0.1	-0.4	-2.7	-9.4	-11.0		6.9	0	9	5	8	27
Russia		82.1	0.0	0.3	0.6	-2.6	-4.1							
South Africa		17.5	0.3	-3.0	-6.1	-1.2	-5.1		8.9	-6	14	-10	-8	35
Türkiye		50.58	-0.1	-0.4	-2.0	-16.2	-15.1		35.0	-8	28	51	266	544
US (DXY; 5y UST)		104	-0.1	0.3	2.0	3.6	5.5		4.77	-9	-19	-16	112	104

	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		3,955	-0.8	-1.5	-3.7	-11.2	-14.6		5	1	2	-4	-2
Korea*		4,870	-5.2	-7.9	-12.3	26.4	15.6		23	1	-1	0	1
Indonesia		5,146	-0.9	-3.7	-5.4	-38.8	-40.5		131	13	12	49	56
India		83,920	1.1	2.9	14.8	-1.5	-1.5		98	2	-1	18	22
Philippines		5,307	-3.1	-5.1	-7.4	-11.5	-12.3		111	10	13	43	49
Thailand		1,453	-1.3	-3.4	-7.0	15.9	15.4						
Malaysia		1,557	-0.6	-1.6	-3.4	-3.8	-7.4		68	3	2	5	11
Argentina		80,893	-1.9	-5.1	-17.4	-15.1	-19.8		936	101	262	301	370
Brazil		166,376	-0.7	-2.9	-18.9	7.5	3.3		220	27	56	17	21
Chile		5,155	-0.3	-3.6	-6.0	1.1	-4.9		111	16	13	15	21
Colombia		2,324	-1.0	-5.3	-8.3	14.5	12.4		248	27	22	-8	-30
Mexico		68,714	-0.6	-4.6	-0.8	11.4	6.9		240	21	17	14	21
Peru		2,797	-2.0	-10.2	-21.3	27.2	8.3		132	15	15	8	3
Hungary		139,085	-2.8	-4.8	-3.0	29.3	25.3		117	15	14	-17	-15
Poland		152,724	-3.3	-5.6	-3.5	38.4	30.3		121	14	17	35	33
Romania		34,280	-0.6	-0.7	-2.7	48.2	40.3		210	13	21	19	40
South Africa		104,587	-1.5	-6.9	-5.3	-6.5	-9.7		225	23	17	1	10
Türkiye		11,156	-2.1	-5.8	-5.4	1.6	-0.9		268	19	14	31	49
EM total		57	-3.8	-7.2	-10.4	6.9	3.7		218	21	18	28	40

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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