GLOBAL MARKETS ANALYSIS
Monetary and Capital Markets

Global Markets Monitor

THURSDAY, NOVEMBER 5, 2026
LEAD EDITOR: JEFFREY WILLIAMS

- **Analysts anticipate a positioning-driven year-end US equity rally** (link)
- **AI infrastructure stocks plunge while hyperscalers rally amid regulatory concerns** (link)
- **Gilt yields rose and the pound firmed after the BOE raised rates as expected** (link)
- **Demand for new JGBs softens amid lower yields** (link)
- **Yields on short-dated bank notes fell to a record low on effective PBOC rate ease** (link)
- **Brazil holds policy rate steady amid persistent inflationary pressures** (link)

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Market Rotation Chips Away at the AI Trade

The US midterm election results have broadly bolstered risk appetite, but AI infrastructure stocks—especially semiconductor firms—are under pressure even as hyperscalers continue to rally. Investors are scaling back growth expectations for infrastructure firms amid concerns about tighter restrictions on data-center development, particularly in states where incoming governors campaigned on such measures. European stocks and S&P 500 futures are higher this morning, while Nasdaq futures are lower. Tech-heavy Asian equity markets also sold off sharply overnight, led by Korea (-5.2%) and Taiwan (-3.2%); Korea's KOSPI index is now about 41% below its June peak. In rates markets, the Bank of England raised rates as expected, but the vote was more hawkish than anticipated: eight MPC members backed a 25bp hike, and one favored a 50bp increase. Gilt yields moved higher following the decision.

Key Global Financial Indicators

Last updated: 11/5/26 8:35 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
S&P 500		7689	1.6	-1	-1	13	12
Eurostoxx 50		6301	0.6	2	1	11	9
Nikkei 225		61078	-1.8	-4	-14	20	21
MSCI EM		62	0.9	-3	-10	12	13
Yields and Spreads					bps		
US 10y Yield		4.90	1.2	-4	-40	74	73
Germany 10y Yield		3.28	0.4	-8	-22	60	42
EMBIG Sovereign Spread		206	0	2	11	1	8
FX / Commodities / Volatility					%		
EM FX vs. USD, (+) = appreciation		45.5	-0.1	1	0	-1	-2
Dollar index, (+) = $ appreciation		101.6	0.1	0	-1	1	3
Brent Crude Oil ($/barrel)		97.3	2.8	-15	-3	53	60
VIX Index (%, change in pp)		16.9	0.3	0	1	-1	2

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: 11/5/26 8:35 AM	Level		Change from Market Close				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Oil and Gas					%		%
Brent Crude Oil ($/barrel)		97	2.8	-15	-3	53	60
WTI Crude Oil ($/barrel)		90	2.0	-12	1	51	57
Natural Gas (Netherlands TTF)		89	5	-14	21	180	222
Breakeven Inflation		%			bps		
USD: 2Y		2.3	0.1	-32	-26	-37	-1
USD: 5Y		2.4	1.5	-17	-15	-16	2
USD: 5Y5Y		2.4	1	0	-4	-8	-7
EUR: 2Y		2.6	0.1	-37	-13	82	95
EUR: 5Y		2.2	-2	-19	-13	40	47
EUR: 5Y5Y		2.1	0	-3	-5	1	1

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

Mature Markets

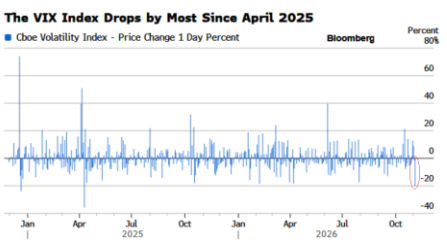
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United States

On Wednesday, the S&P 500 rose 1.6%, with gains across most sectors, while Energy underperformed (-4.8%) amid falling oil prices. Treasury 10Y yields fell 8bp as Democratic control of Congress raised expectations of fiscal restraint and reduced borrowing needs. The dollar dropped 0.3% against major currencies amid lower Treasury yields and interest-rate differentials. This morning, initial jobless claims fell to 189k, below consensus expectations of 196k, while continuing claims rose more than expected (1718k vs. 1710k). The immediate market reaction was muted.

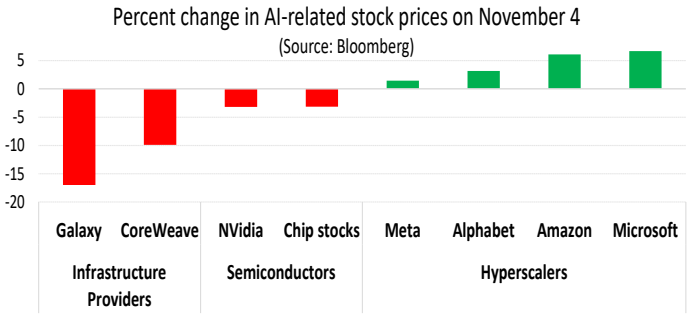
Item	Period	Surveyed	Actual	Prior	Revised
Initial Jobless Claims	Oct 31	196k	**189k**	194k	*195k*
Continuing Claims	Oct 24	1710k	**1718k**	1701k	*1695k*





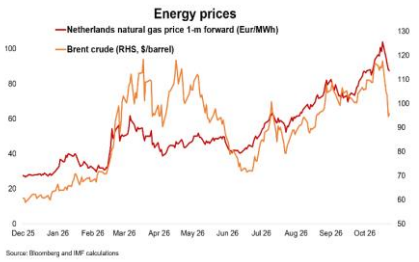
Wall Street strategists see scope for a year-end US equity rally, supported by reduced institutional positioning and the unwinding of election-related hedges, according to a Bloomberg report. As the left chart shows, systematic investors' equity positioning has fallen to its lowest level since March, while hedge funds have also reduced exposure and increased short positions following October's technology selloff. With the midterm elections over, investors have begun unwinding downside protection, contributing to the largest one-day decline in the VIX since April 2025 (right chart). JPMorgan, Nomura, and Citadel Securities see potential for a tactical rebound as reduced positioning leaves substantial room for renewed risk-taking. The anticipated rally appears driven primarily by a normalization of investor positioning and risk appetite, rather than an improvement in the underlying economic outlook.

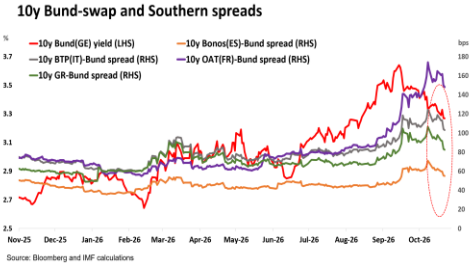
AI-related equities diverged sharply following the midterm elections, reflecting a reassessment of the implications of tighter data-center regulation. Democrat Gina Hinojosa's victory in the Texas gubernatorial race, following her call for an immediate moratorium on new data-center development, alongside Democratic victories in Ohio and Georgia, raised concerns about tighter permitting and construction restrictions. As the chart shows, expectations of slower AI infrastructure expansion weighed heavily on infrastructure providers, particularly Galaxy Digital (−17%) and CoreWeave (−10%), while semiconductor stocks also declined. Conversely, hyperscaler shares rallied, partly reflecting expectations that constraints on data-center expansion could moderate capital spending, improve free cash flow, and strengthen incumbents' pricing power by increasing the scarcity value of existing computing capacity, provided AI demand remains resilient. Hyperscaler CDS spreads also tightened.



Euro area

European equities extended their post-US-midterm rally, with the Stoxx 600 index gaining 0.6%, while the euro was little changed against the dollar. Materials (+1.8%) and other cyclical sectors led gains, while energy stocks (-0.5%) underperformed. European gas prices rose as the Dutch front-month future added 5.2%, remaining about 15% lower on the week. The fundamental gas backdrop nevertheless remains tight, with EU storage at 74% versus a five-year seasonal average of 90%, and below 61% in Germany. Most European government bond yield curves flattened today, with the 2y Bund yield marginally higher at 3% while the 10y edged 2bp lower to 3.25%. The 10y OAT-Bund spread tightened further (-3bp) to 147bp while the BTP-Bund and the Bonos-Bund spreads were little changed at 104bp and 55bp respectively. Today's data showed German factory orders rising by 4.4%m/m in September after the sharp August decline (-10.1%), while core orders excluding large items increased 5.1%m/m, providing evidence of improving industrial momentum. France remained weak, as September manufacturing output rose 0.5%m/m, but total industrial production fell 0.5%. ECB communication stayed hawkish, as Executive Board member Schnabel warned that fiscal strains should not constrain monetary policy and argued that persistent supply shocks require a timely rate response.

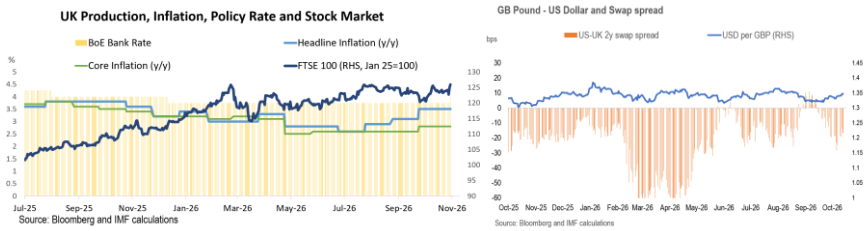




United Kingdom

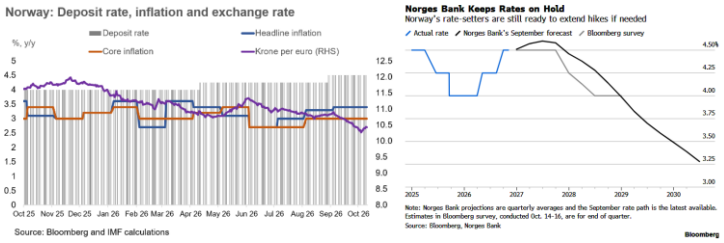
Gilt yields rose at shorter tenors while the pound was firm, after the Bank of England raised the Bank Rate by 25bp to 4% as expected, its first increase in more than three years. The vote was more hawkish than expected, as eight MPC members backed the 25bp move, while Catherine Mann preferred a 50bp hike. The pound recovered from an earlier decline to trade flat against the dollar after the decision. Gilts sold off with the yield curve bear-flattening, as the 2y yield added 3bp to 4.77% and the 5y yield 2bp to 4.80%, while the 10y yield was little changed at 5.14%. The FTSE 100 held onto earlier gains (+0.7%), supported by the broader post-US-midterm risk-on move and strong earnings. Money markets increased expectations of further tightening, with the implied Bank Rate reaching 4.70% by September 2027. The

repricing reflected the BoE's higher inflation forecast, with CPI now expected to peak near 4.9% in Q2 2027, and policymakers' concern that persistent energy costs could generate second-round effects.



Norway

Norges Bank kept today its policy rate unchanged at 4.50% as expected but maintained a hawkish tone. The krone strengthened against the dollar (+0.2%) and the euro (+0.3%), after the central bank stated that inflation remains too high (CPI printed at 3.4%y/y in September) and that it is prepared to raise rates again if needed. Still, the government yield curve bull-flattened modestly, with the 2y yield falling by 2bp to 4.69%, the 5y by 3bp to 4.46% and the 10y yield by 4bp to 4.34%, showing that investors see the tightening cycle near its peak according to Bloomberg. Money markets now price about a 29% probability of a 25bp hike in December, with the implied policy rate reaching 4.60% by March 2027.



Japan

Demand for new JGBs softens amid lower yields. The bid-to-cover ratio for the new 10-year JGB auction (3.21) fell below demand seen previously (3.76) and was below the 12-month average (3.24). The "tail", or difference between the average and lowest-accepted price, widened to 0.25 from 0.02 last month. The benchmark 10-year JGB yield fell from a peak of 3.12% in late September to 2.76%, as domestic demand recovered and inflows from overseas investors rose. Strategists from BNP Paribas indicated that current yield levels are unappealing to investors given expected tightening in monetary policy; yields could thus rise modestly given lackluster investor demand. Overnight index swaps suggest a 79% probability of a rate hike by the BOJ by December, with a 25bp increase fully priced by next January.



Emerging Markets

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Tech-heavy Asian bourses came under pressure as investors diversify away from tech hardware and pure AI positions. Korea (-5.2%) and Taiwan (-3.2%) bore the brunt of the losses. The Hong Kong Hang Seng Index benefitted from this rotation (+3.7%) with the sub-tech index rising as much as 6%. By contrast, China's CSI index posted modest gains (+0.3%). In Malaysia, BNM kept the overnight policy rate unchanged at 2.75%, in line with consensus expectations. Analysts noted that BNM's decision suggests that it prefers to maintain the current degree of policy accommodation while assessing whether rising input cost pressures could spill over into broader and more persistent consumer price inflation. Asian currencies mostly gained against the dollar, with the Philippine peso (+0.9%) outperforming. Philippine inflation in October accelerated to the fastest pace in almost four years and raised expectations for another rate hike from the BSP.

EMEA equities mostly extended gains this morning while currencies were little changed. South

Africa outperformed on rising gold prices (+1.6% today), with equities gaining 5.1%, the rand strengthening against the dollar (0.2%), and the yield on South African 10y domestic government bonds falling 17bp. The rally was reinforced by a favorable fiscal revision, as the South African Treasury said debt-to-GDP peaked at 74.6% in FY2025–26, versus previous 78.4% estimate. In CEE, equities were broadly in the green across the region, with Poland taking the lead (+0.6%) and Romania underperforming (-0.5%), while currencies were little changed against the euro, with the koruna steady before the decision of the Czeck National Bank later today, where it is expected to raise its policy repo rate by 25bp. Equities slid (-0.3%) in Türkiye as the investment-fund crisis remains the main domestic driver, while the lira was broadly flat against the dollar. GCC equities traded mostly higher, led by Qatar (+1.5%).

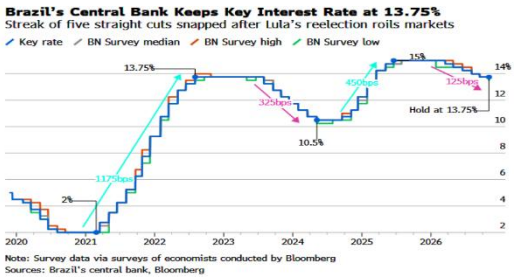
LatAm markets mostly rallied on Wednesday alongside a broader risk-on rally. Currencies largely strengthened against a broadly weaker dollar, led by the Chilean Peso (+1.7%). The Paraguayan guarani bulked the regional trend and continued weakening (-1.4%), amidst concerns over the banking sector, with credit agencies downgrading Ueno bank's ratings by multiple notches to D, citing imminent default. Regional equities rebounded (MSCI LATAM +1.4%), although performance was mixed across countries, with Chile's IPSA index leading (+2.5%), while Colombia's COLCAP marginally declined (-0.8%). Local yields also eased, with the 10-year Brazil, Colombia and Mexico yields declining 37, 18 and 13 bp respectively.

China



Yields on short-dated bank notes fell to a record low on effective PBOC rate ease. The PBOC formally shifted its primary policy anchor to the overnight reverse repo rate on Monday, November 2nd, having initially announced the overhaul at the end of October. It noted that that it would transition daily operations away from the long-standing seven-day benchmark rate (1.40%) to standing daily overnight repo operations fixed at 1.25%. The move is seen as a de facto easing and lowered interbank funding costs across the financial system. Yields on one-year negotiable certificates of deposit, or NCDs, issued by China's top-rated lenders, dropped to 1.39%, according to Bloomberg. CGB yields also fell, with the 10-year yield falling about 30 bp from its peak in early January to 1.6%, near a historic low (it fell 1 bp on the day). Analysts from Guosheng Securities expect further declines in CGB yields and NCD rates as the shift in the policy benchmark rate has lowered the effective anchor for market rates. The RMB is little change on the day.

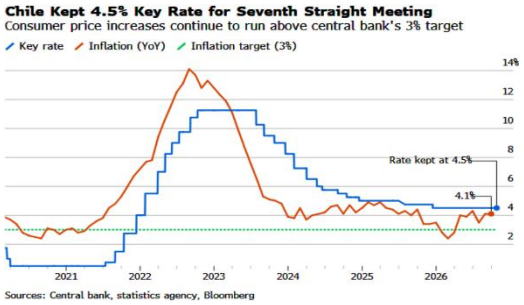
Brazil



The BCB held its policy rate held steady amid persistent inflationary pressures. Brazil's central bank maintained its benchmark Selic rate unchanged at 13.75%, as widely expected, ending a five-meeting easing cycle as post-election market volatility and rising inflation expectations clouded the outlook. In its policy statement, the central bank described the monetary policy environment as increasingly challenging, citing heightened uncertainty around the baseline scenario, higher inflation expectations and a more pronounced economic slowdown. While weakening retail activity, industrial production and job creation would typically support further rate cuts, currency depreciation and uncertainty over fiscal policy are adding to inflationary pressures, complicating efforts to bring down inflation towards target. Bloomberg analysts note that the policy statement was largely unchanged, suggesting that the central bank is maintaining policy flexibility, with no explicit signal of an imminent resumption of rate cuts or a shift toward tightening.

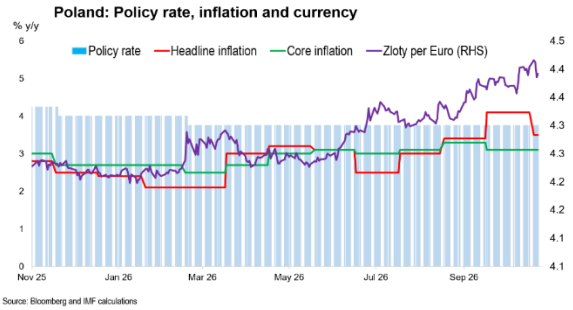
Chile

Hawkish policy meeting minutes support the Chilean peso. The October meeting minutes struck a more hawkish tone than the post-meeting statement, revealing that Board members considered both holding rates and a 25bp hike as plausible options. Goldman Sachs analysts noted that policymakers were concerned that higher cost pressures from oil prices, El Niño-related food inflation and CLP depreciation could make inflation more persistent, while inflation expectations were also rising. The minutes described the case for a 25bp hike as having "a solid base of support", given elevated inflation and demand evolving "in line with expectations". Nevertheless, policymakers opted to keep rates unchanged. Bloomberg analysts noted that some Board members cautioned that weak demand could prove more persistent, potentially dampening medium-term inflationary pressures. Following the release of the minutes, alongside easing oil prices, the Chilean peso outperformed regional peers.



Poland

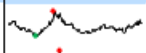
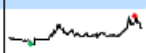
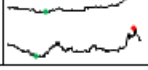
The zloty gave up part of yesterday's gains against the euro (-0.1% today). The zloty had appreciated by 0.6% against the euro yesterday when the central bank (NBP) kept its policy rate unchanged at 3.75%, in line with expectations. Polish equites (+0.5%) and government bonds extended gains, with yields on domestic government bonds falling by about 6bp at longer tenors after having declined by about 8bp across the curve yesterday. The NBP's decision came despite a sharp upward revision to its inflation forecast, with average inflation now projected at 4.2% for 2027 vs 2.8% in the July forecast, before easing to 2.9% in 2028. Headline inflation, however, slowed in October to 3.5%y/y from 4.1% in September, helped by government measures to lower fuel prices. Core inflation also eased to 3.1% y/y in September. JP Morgan interpreted yesterday's decision as evidence that the NBP sees the current inflation shock as temporary, driven by energy prices and not feeding second-round effects. ING agrees but still expects a cumulative 50bp of tightening after Q1 2027. UBS also expects about 50bp of rate hikes over the winter, while Goldman Sachs sees inflation risks tilted upward but stresses that current market pricing of 100–125bp of implied NBP tightening over the next 12 months is excessive.



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Global Financial Indicators

Last updated: 11/5/26 8:35 AM	Level		Change				
	Last 12m	Latest	1 Day	7 Days	30 Days	12 M	YTD
Equities					%		%
United States		7,660	1.6	-0.8	-1.5	12.7	12
Europe		6,301	0.6	1.5	0.9	11.1	9
Japan		61,078	-1.8	-4.5	-13.6	20.0	21
China		4,113	0.3	1.8	-5.6	-12.4	-11
Asia Ex Japan		107	0.8	-3.1	-10.5	13.1	15
Emerging Markets		62	0.9	-3.0	-10.3	11.8	13
Interest Rates					basis points		
US 10y Yield		4.9	1	-4	-40	74	73
Germany 10y Yield		3.3	0	-8	-22	60	42
Japan 10y Yield		2.8	-4	-6	-32	112	72
UK 10y Yield		5.1	2	-15	-27	68	67
Credit Spreads					basis points		
US Investment Grade		123	0	-1	4	2	10
US High Yield		352	-4	-7	5	3	12
Exchange Rates					%		
USD/Majors		101.6	0.1	-0.4	-0.5	1.4	3
EUR/USD		1.12	-0.1	0.3	-0.1	-2.4	-5
USD/JPY		158.5	0.0	0.5	0.4	2.8	1
EM/USD		45.5	-0.1	0.6	-0.5	-0.8	-2
Commodities					%		
Brent Crude Oil ($/barrel)		97.3	2.8	-12.2	-0.3	53.8	62
Industrials Metals (index)		174.6	1.2	-0.4	-0.4	15.1	7
Agriculture (index)		56.8	0.4	-2.0	-8.8	-0.2	6
Gold ($/ounce)		4114.3	1.3	2.3	-0.6	3.4	-5
Bitcoin ($/coin)		79615.1	-0.7	2.8	-7.2	-23.2	-9
Implied Volatility					%		
VIX Index (%, change in pp)		16.9	0.3	-0.3	1.4	-1.1	1.9
Global FX Volatility		6.5	0.0	-0.1	-0.7	-0.4	-0.4
EA Sovereign Spreads					10-Year spread vs. Germany (bps)		
Greece		84	0	-10	-16	21	25
Italy		104	-1	-11	-10	28	34
France		148	-2	-8	11	70	77
Spain		56	1	-6	-7	5	13

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

Emerging Market Financial Indicators

11/5/2026 8:36 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	-0.1	0.6	6.9	4.8		1.7	-1	-1	-6	-15	-25
Korea*		1345	-0.3	-0.2	-0.2	7.2	7.4		4.0	-4	-16	-39	101	74
Indonesia		18082	0.5	0.3	-0.9	-7.5	-7.8		7.7	-1	7	55	162	162
India		94	0.2	0.8	1.9	-6.2	-4.9		8.2	-6	-17	-19	136	110
Philippines		63	0.8	1.3	-0.6	-6.6	-6.4		6.3	-3	-7	15	161	158
Thailand		33	0.6	0.9	0.8	-2.8	-5.8		2.2	0	-6	-21	34	47
Malaysia		4.05	0.4	0.3	1.0	3.6	0.3		3.8	-3	-10	-17	33	33
Argentina		1544	0.2	-0.4	-1.6	-6.1	-6.0		0.0	0	0	0	-3073	-3237
Brazil		5.44	0.4	-1.0	-8.1	-1.4	1.1		15.0	-34	-5	101	126	145
Chile		968	-0.3	2.4	0.5	-2.4	-7.0		5.9	-1	-5	-10	53	61
Colombia		3215	0.2	-1.4	-0.3	19.3	17.4		12.9	-12	-10	-31	129	3
Mexico		18.58	0.2	1.5	-2.7	0.1	-3.1		9.0	-15	-26	-44	20	-1
Peru		3.4	0.5	0.2	-0.3	-1.7	-2.4		6.6	-1	-13	4	56	83
Uruguay		40	0.0	-0.3	-0.1	-1.1	-2.8		7.9	3	6	8	6	37
Hungary		324	-0.2	1.1	1.2	4.0	1.2		5.5	-2	-8	-26	-109	-104
Poland		3.91	-0.2	0.4	-0.2	-5.4	-8.3		5.6	-9	-28	-15	84	101
Romania		4.8	0.0	0.4	0.0	-7.0	-8.9		6.8	-3	-4	-44	-4	15
Russia		81.6	0.1	-0.5	3.9	-0.4	-3.5							
South Africa		16.4	0.1	1.3	1.4	6.1	0.9		8.7	0	-13	-41	-53	15
Türkiye		50.05	0.0	-0.3	-1.8	-15.9	-14.2		34.6	-1	3	5	233	498
US (DXY; 5y UST)		102	0.1	-0.4	-0.5	1.4	3.4		4.71	2	-3	-35	95	98

	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		4,113	0.3	1.8	-5.6	-12.4	-11.2		6	0	4	-1	-1
Korea*		5,384	-5.3	-9.3	-22.4	33.7	27.8		23	-2	-1	1	1
Indonesia		5,030	2.2	-1.3	-18.8	-39.7	-41.8		123	3	23	50	48
India		79,310	2.6	7.0	8.5	-4.8	-6.9		102	-2	9	23	26
Philippines		5,778	1.5	2.2	1.8	-1.0	-4.5		107	2	17	48	45
Thailand		1,498	-0.3	-3.0	-5.3	14.1	18.9						
Malaysia		1,636	1.2	1.5	0.2	1.0	-2.6		68	0	9	8	11
Argentina		88,778	0.5	-6.2	-11.5	-12.1	-12.0		846	100	246	219	280
Brazil		168,018	1.2	-1.7	-18.8	9.6	4.3		195	6	37	2	-4
Chile		5,382	2.5	1.7	-3.6	9.7	-0.7		102	0	7	5	12
Colombia		2,506	-0.8	0.0	-3.0	23.1	21.2		230	2	-3	-27	-48
Mexico		70,820	0.9	1.6	9.0	11.7	10.1		222	-1	10	5	3
Peru		3,247	2.4	-3.9	-8.2	40.1	25.7		119	-1	6	-5	-10
Hungary		147,364	-0.2	0.1	3.9	37.1	32.7		111	0	-2	-8	-21
Poland		159,588	0.9	-1.2	1.9	43.1	36.1		113	4	3	31	25
Romania		34,738	-0.7	-0.2	3.2	53.0	42.1		203	3	6	19	33
South Africa		113,852	4.2	3.7	5.1	4.6	-1.7		201	-1	-16	-26	-14
Türkiye		11,357	-1.1	1.7	-8.7	3.5	0.8		260	5	2	23	41
EM total		62	-1.4	-3.0	-10.3	11.8	12.6		206	2	11	1	8

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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