Capital Markets Strategy
Essential inCights for the C-Suite

MUFG

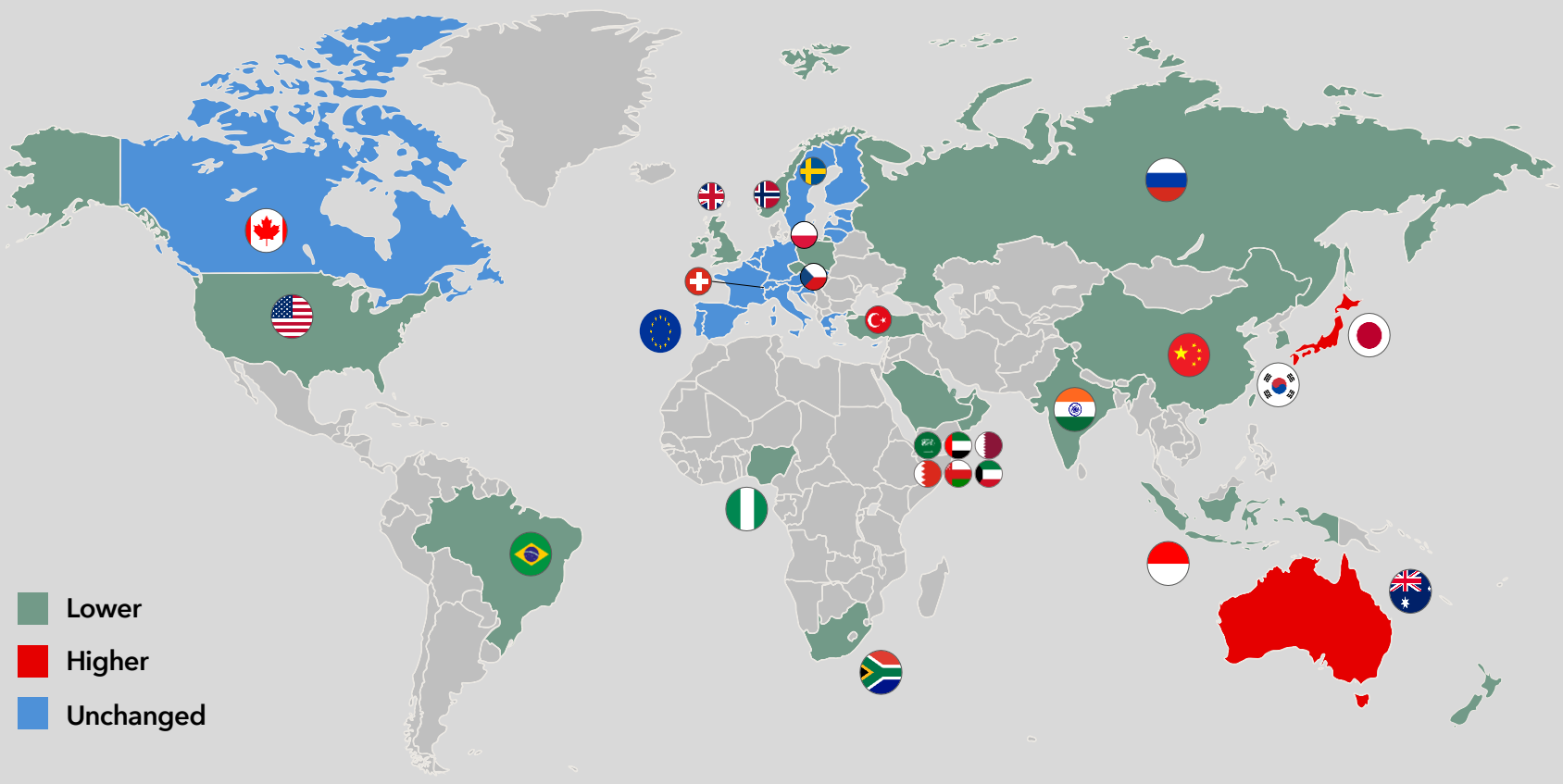
Chart of the Day

Among roughly 200 central banks and monetary authorities globally, about 60 are considered systemically relevant (i.e., BIS members and major EM institutions), and a smaller group of 20-30 matter most for markets (i.e., Fed, ECB, BoE, BoJ, PBOC, etc.).

Accommodative Monetary Policy Expected in 2026

While the bulk of global monetary easing in the current cycle occurred in 2024-2025, global monetary policy should nonetheless be fairly accommodative in 2026 with several large central banks either easing further (i.e., Fed, BoE, Norges, PBOC) or keeping rates on hold (i.e., ECB, BoC, SNB, Riksbank). A small minority of central banks (i.e., BoJ, RBA) are expected to tighten policy in the year ahead.

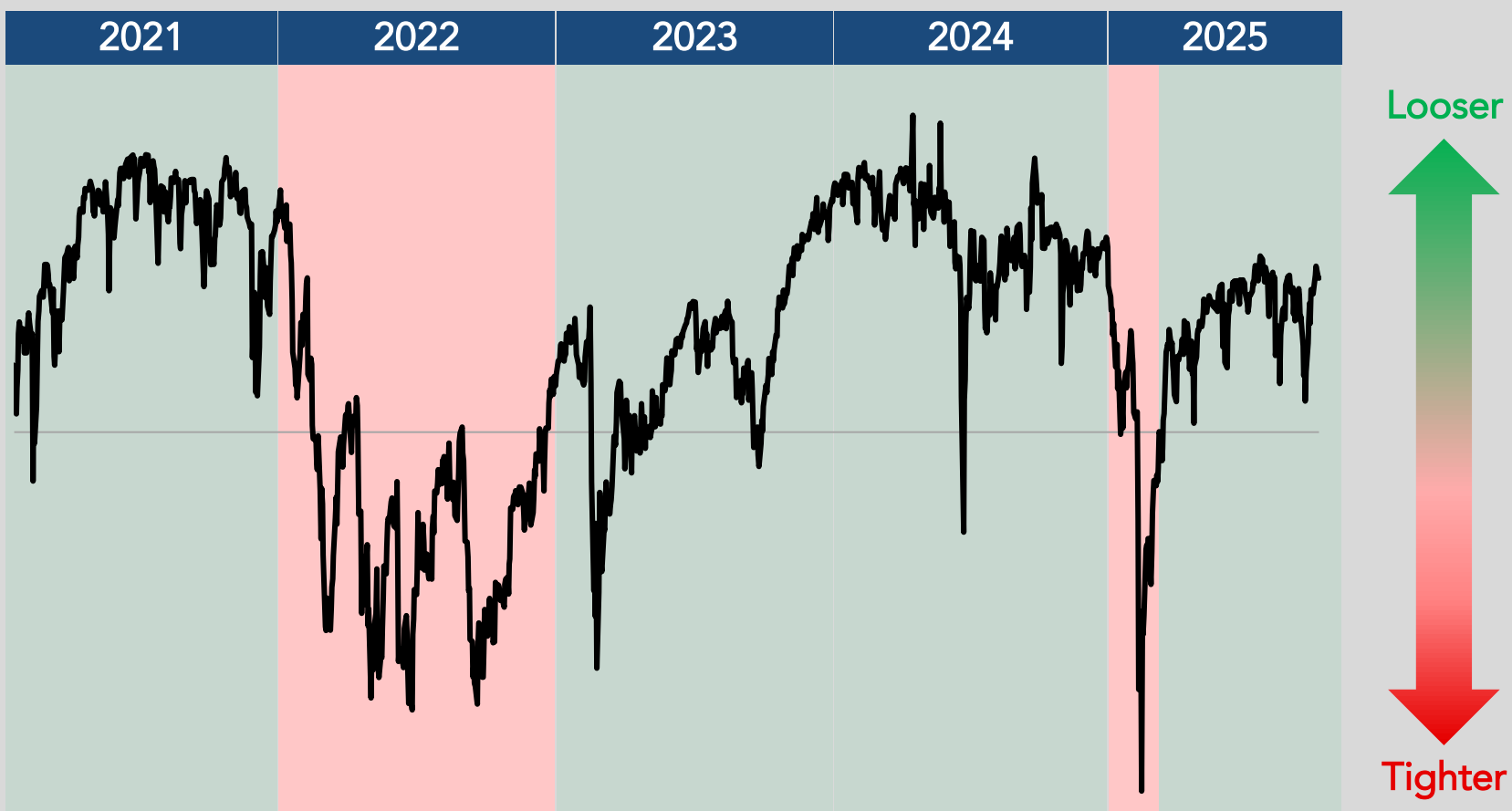
Consensus expectations for YE 2026 central bank policy rates



Financial Market Conditions Remain Easy

Key Drivers: Strong equities, tight credit spreads, range-bound rates, low oil prices, weaker US Dollar

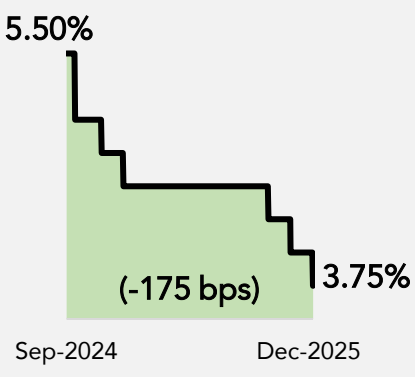
US financial conditions index



Key Drivers of Easy Financial Market Conditions

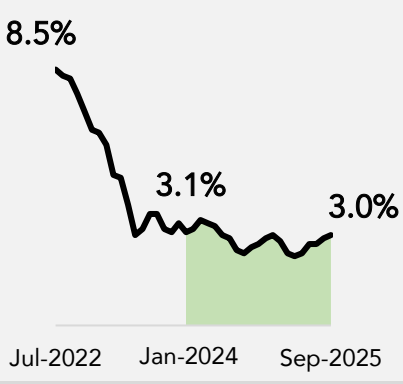
Fed policy easing

Fed funds rate



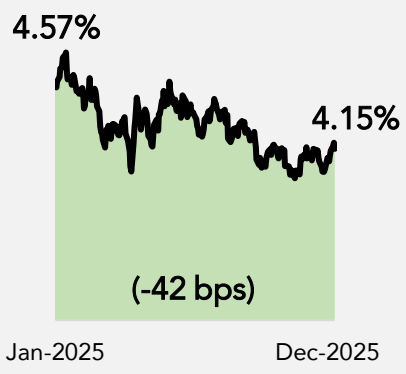
Modest disinflation

Headline CPI, y/y



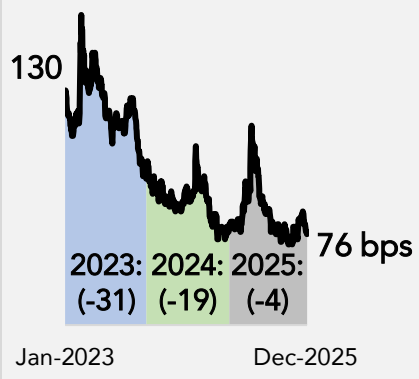
Range-bound rates

10 yr UST



Tight credit spreads

IG OAS (bps)

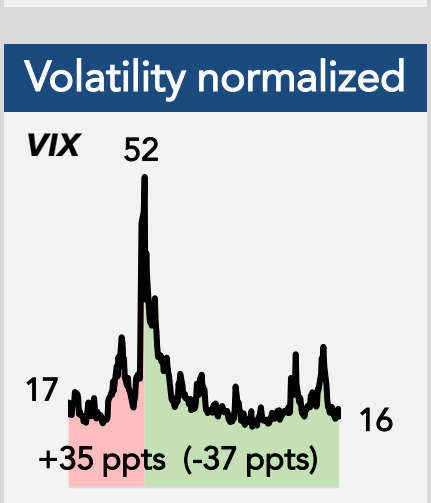


New highs for equities

MSCI World

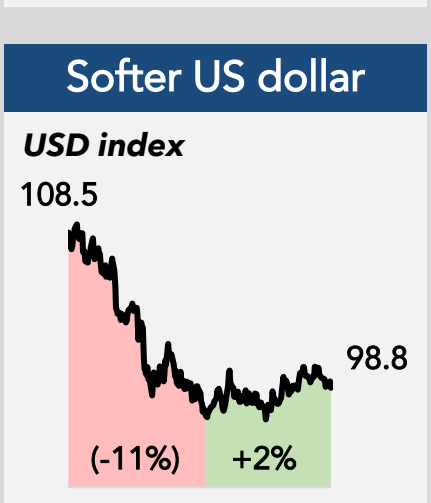
Volatility normalized

VIX



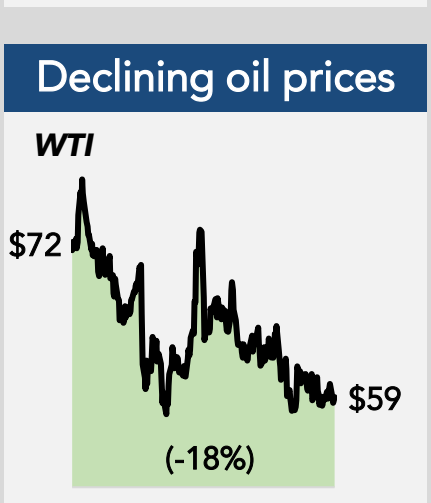
Softer US dollar

USD index



Declining oil prices

WTI



Source: Bloomberg. Data is based on Bloomberg Consensus forecasts. Financial conditions index is Bloomberg. Fed funds is upper bound. Data as of December 10, 2025.

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"Macro stability isn't everything, but without it, you have nothing."