Capital Markets Strategy

Essential inCights for the C-Suite

Crossing Critical Thresholds

20 Market Metrics to Watch in the Current Macro Backdrop

SEP 2026

“

The threshold is the place of expectation.

Johann Wolfgang von Goethe,
German writer & central literary figure in German Romanticism, in his book “Wilhelm Miesiter’s Apprenticeship” (1795)

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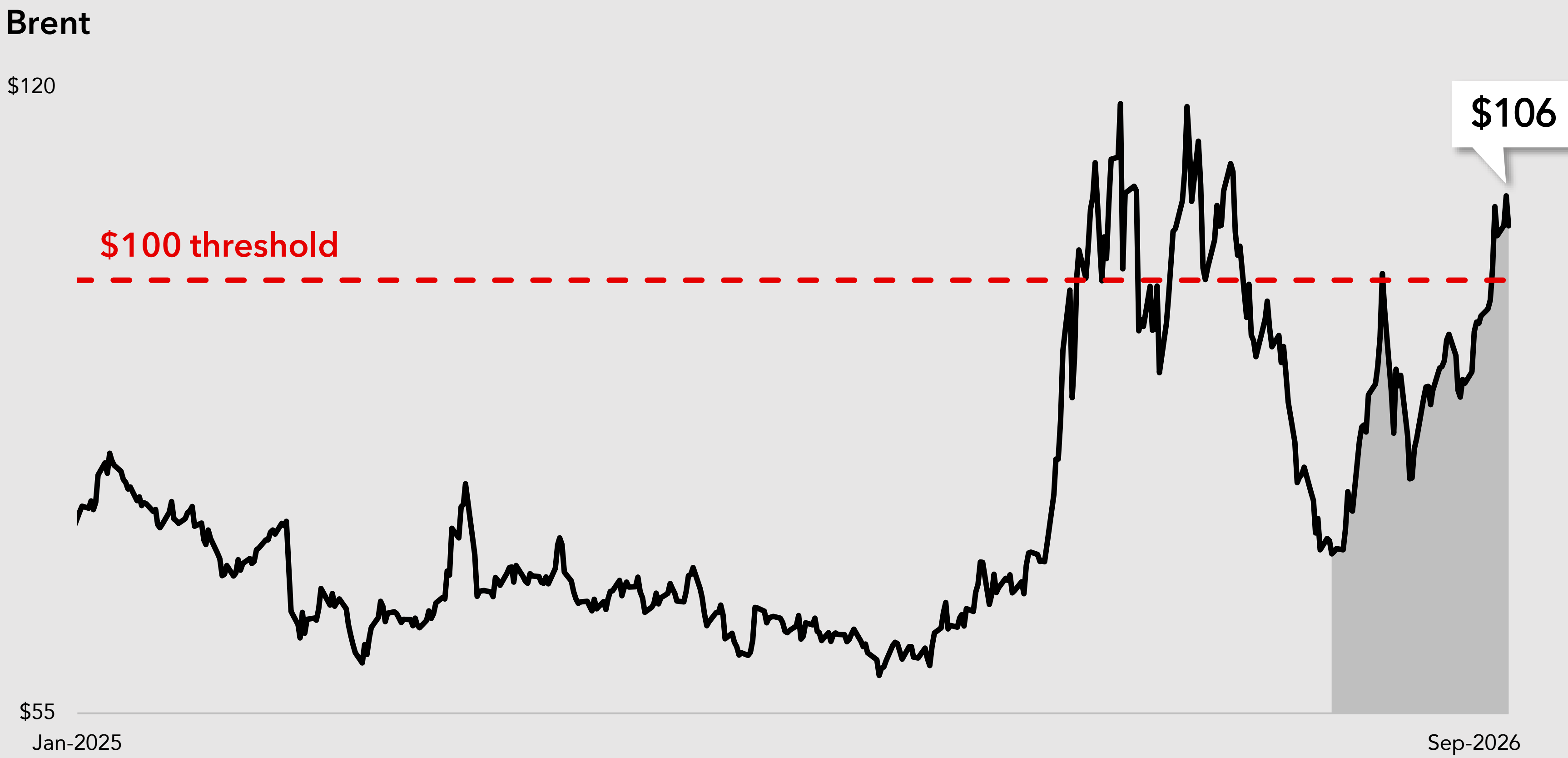
1. Oil (Brent) Above $100 per Barrel

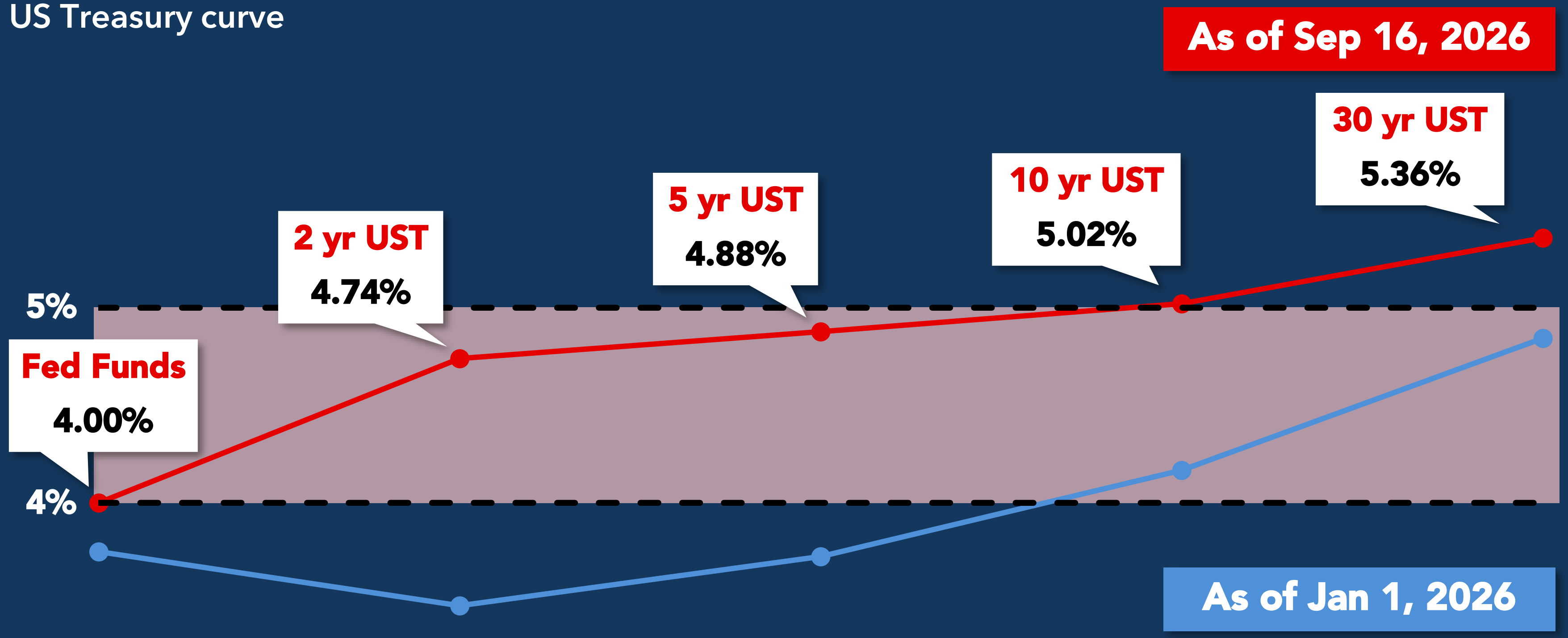


Importance: Resurgent, persistent inflation. Delays monetary easing cycle. Compression on corporate margins. EMFX vulnerabilities. Headwinds for growth. Wider deficits. Wealth transfer to producers. Geopolitical risk premium becomes structural.

Source: (1) Bloomberg. Data as of September 16, 2026.

2. Entire US Treasury Curve Above 4%

US Treasury curve

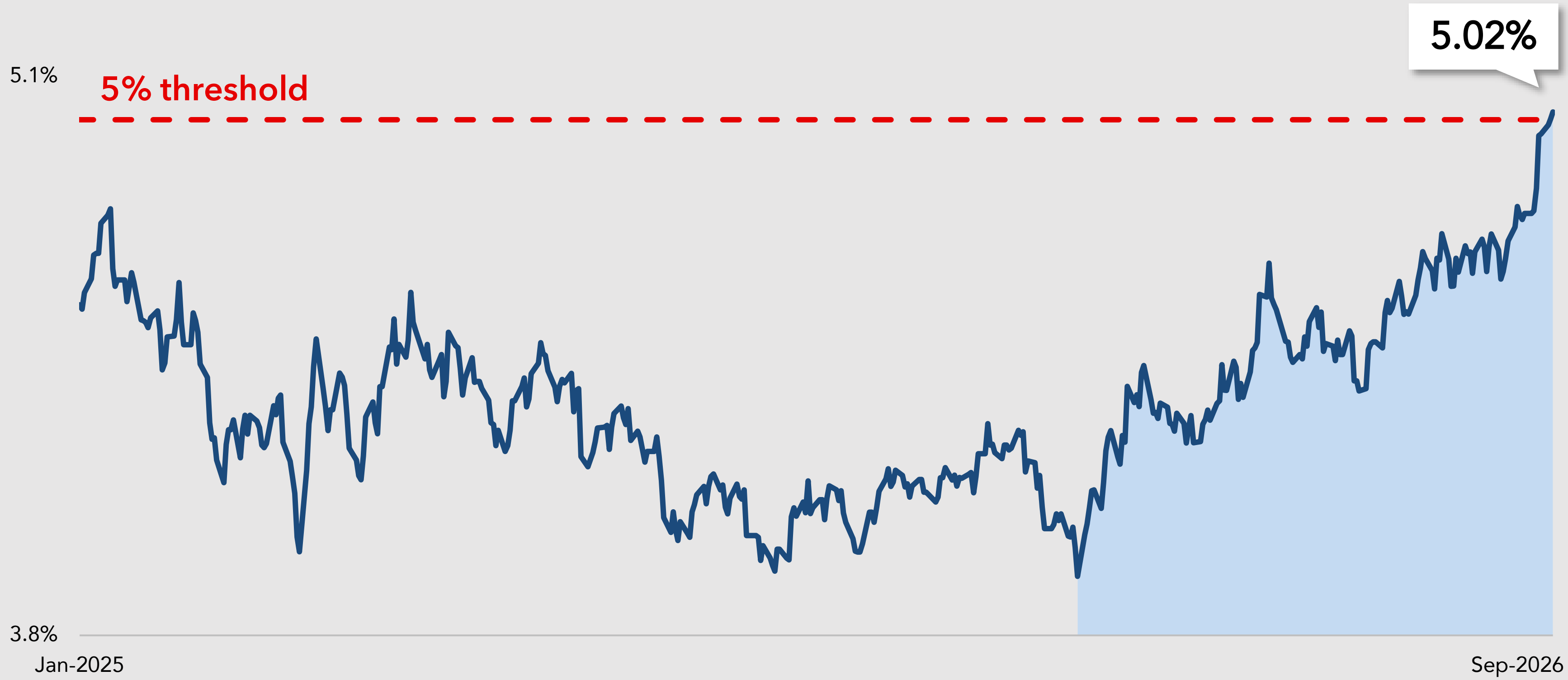


Importance: Higher cost of capital baseline across financial system. Tightening financial conditions. Reshapes risk asset valuations. Compresses equity multiples. Credit spread widening. Squeezes carry trade. USD tailwinds. Regional bank & CRE balance sheet marks. Augments UST debt servicing strain.

Source: (1) Bloomberg. Data as of September 16, 2026. Fed funds is upper bound.

3. 10 Year UST Yields Above 5%

10 yr UST

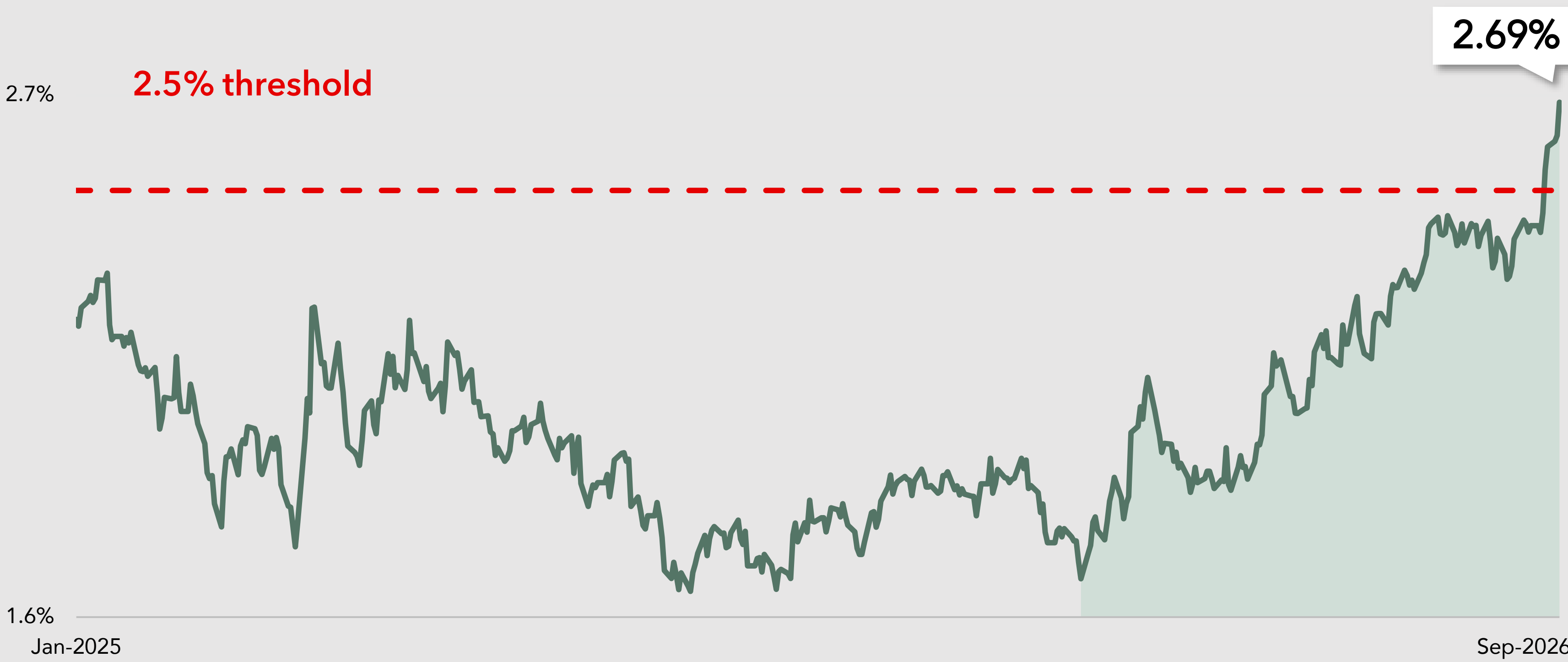


Importance: Direct impact to mortgage rates. Reprices cost of capital across financial system. Spike in corporate debt capital costs. Tightens private sector financial conditions. Rate & FX volatility. Bank portfolio unrealized losses. Treasury auction tails. Curve steepening on term premia.

Source: (1) Bloomberg. Data as of September 16, 2026.

4. 10 Year TIPS Real Yields Breaching 2.5%

US 10 year TIPS real yield

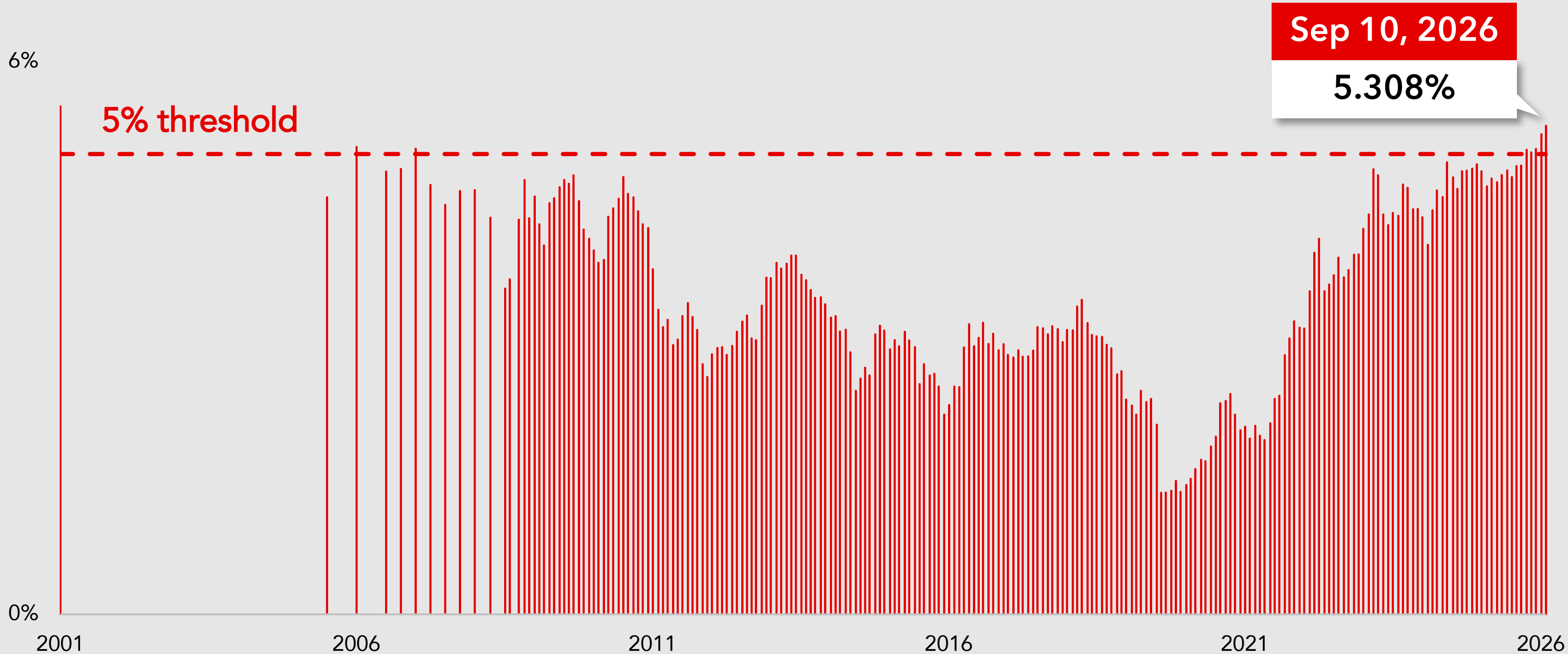


Importance: Weakens anchor for long duration equity valuations (especially for unprofitable tech). Housing affordability more closely linked to real rates. PE & VC hurdle rates, write-downs and selling pressure. Cash-flow discipline ripples through capex & buybacks. Downward pressure on insurance & pension liability values (a net positive). EM outflows.

Source: (1) Bloomberg. Data as of September 16, 2026. Generic 10-year government TIPS.

5. 30 Year UST Auctions Breaching 5%

US 30yr bond auction yield



Importance: Structural drag on LT borrowing. Higher US Gov debt servicing costs. Mark-to-market capital losses for longer-dated life insurance and pension fund liabilities. MBS valuations. Municipal & long dated public debt markets. Structural discounting of very long-duration growth assets (i.e., tech, green energy, capital intensive AI infrastructure).

Source: (1) Bloomberg. US Treasury. Data as of September 16, 2026.

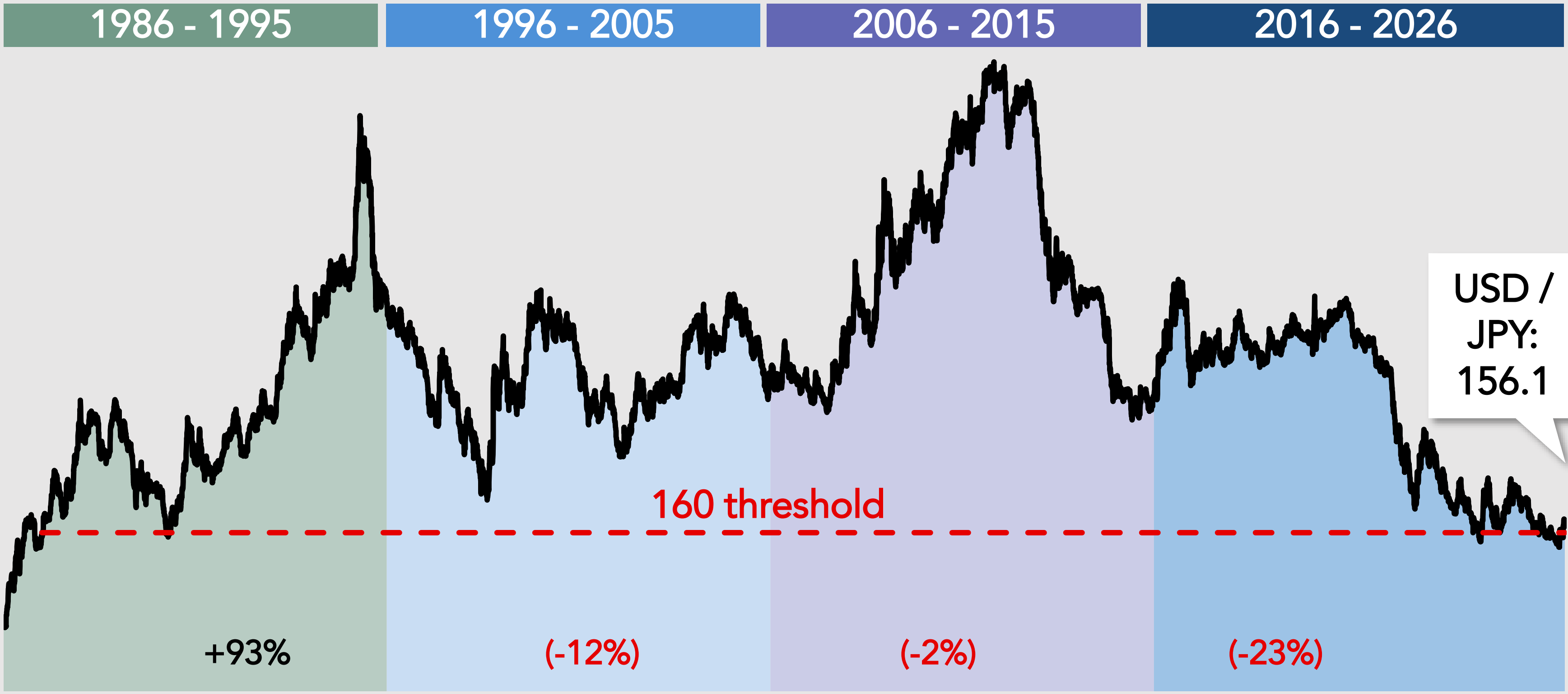
6. 10 Year JGB Yields Above 3%

Importance: Squeezes Yen carry trade. Higher Japanese debt-servicing costs. Yen appreciation & export headwinds. Structural pivot for JGB policy after multi-decade easing. Downward pressure on domestic equities. Crowds out foreign investment. Impact of repatriation flows on US Treasuries.

Source: (1) Bloomberg. Data as of September 16, 2026.

7. Dollar / Yen Below 160

USD / JPY



Importance: Yen weakness supercharges carry trade. Heightens MOF/BOJ intervention risk. Tightens financial conditions for dollar-exposed economies. Higher FX hedging cost adversely impact UST demand. Correlation shifts in G10FX. BOJ policy pressure and disorderly capital flows.

Source: (1) Bloomberg. Data as of September 16, 2026. Appreciation & depreciation data is JPY vs. USD. Graph shows USD vs. JPY, inverted.

8. Gold Above $3,000 per Oz

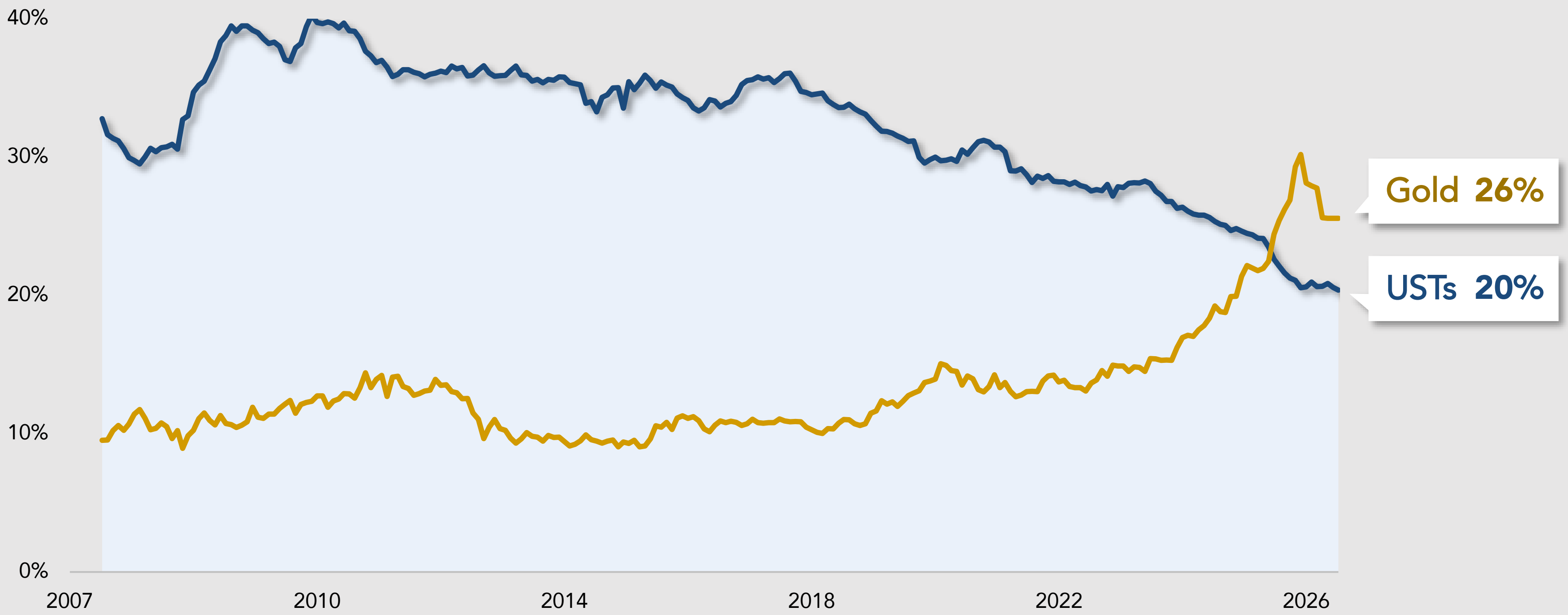
Gold

Importance: Currency debasement hedge. Impacts portfolio diversification strategies as real yields simultaneously rise. Accelerates CB diversification & de-dollarization. Amplifies geopolitical risk premia concerns. Erodes sovereign bond safe haven dominance.

Source: (1) Bloomberg. Data as of September 16, 2026.

9. Gold Above USTs as #1 Reserve Asset

Share of total global central bank reserves, % of total



Importance: Erodes dollar dominance. Reinforces heightened concerns around sanctions policy. Debases long-end sovereign yield safe haven flows. Establishes new floor for gold more driven by sovereign than cyclical dynamics. Encourages multi-polar reserve system. Upward pressure on UST yields. Geopolitical realignment of monetary power.

Source: (1) Bloomberg. Data is latest through July 2026. USTs is official Treasury holdings by central banks at the Fed and non-Fed official holdings (Euroclear, Clearstream and other offshore nodes. UST data through September 2026. Gold data through July 2026.

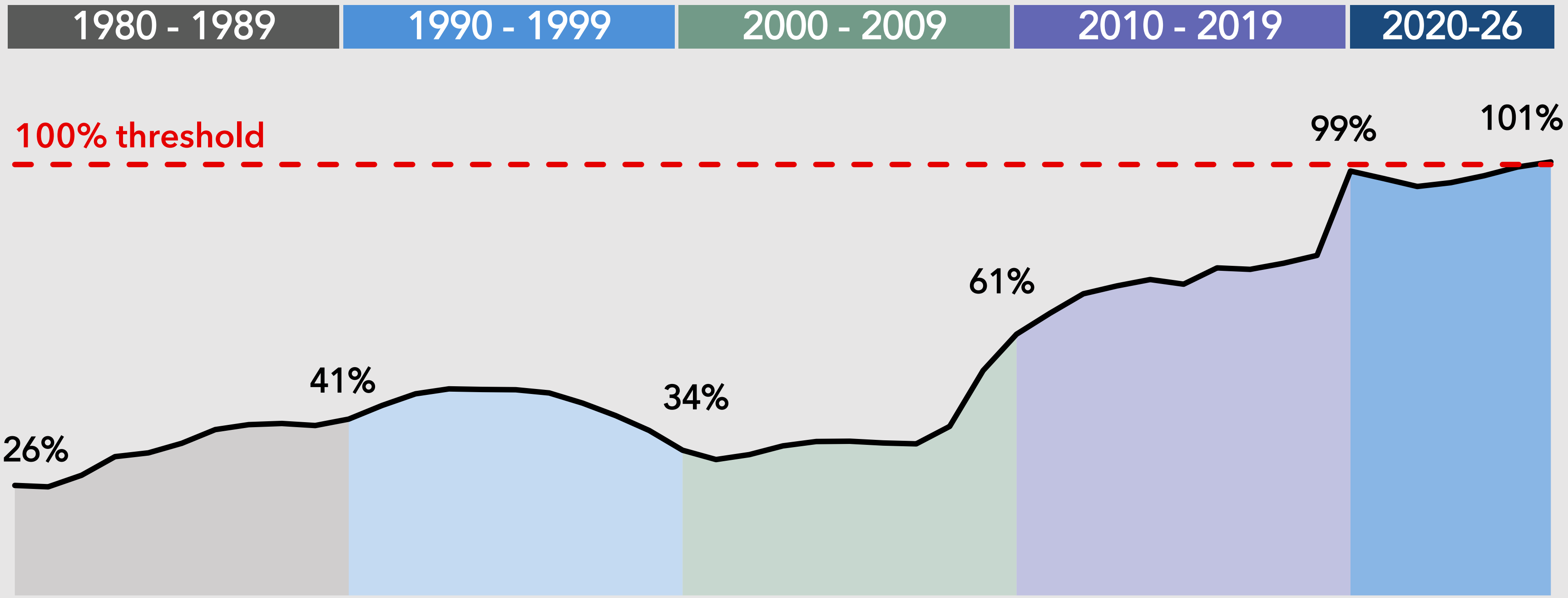
10. Silver Above $50 per Oz

Importance: Repricing high tech manufacturing costs. Supply squeeze on physical delivery. Narrows historical gold-silver ratio and gold's historical outperformance. Less confidence in fiat currency purchasing power. Augments retail demand for physical product. Embodies silver's evolving role from investment asset to strategic industrial input. Tighter pricing correlation with grid buildout.

Source: (1) Bloomberg. Data as of September 16, 2026.

11. US Gov Debt Above 100% of GDP

Federal debt held by the public, % of GDP



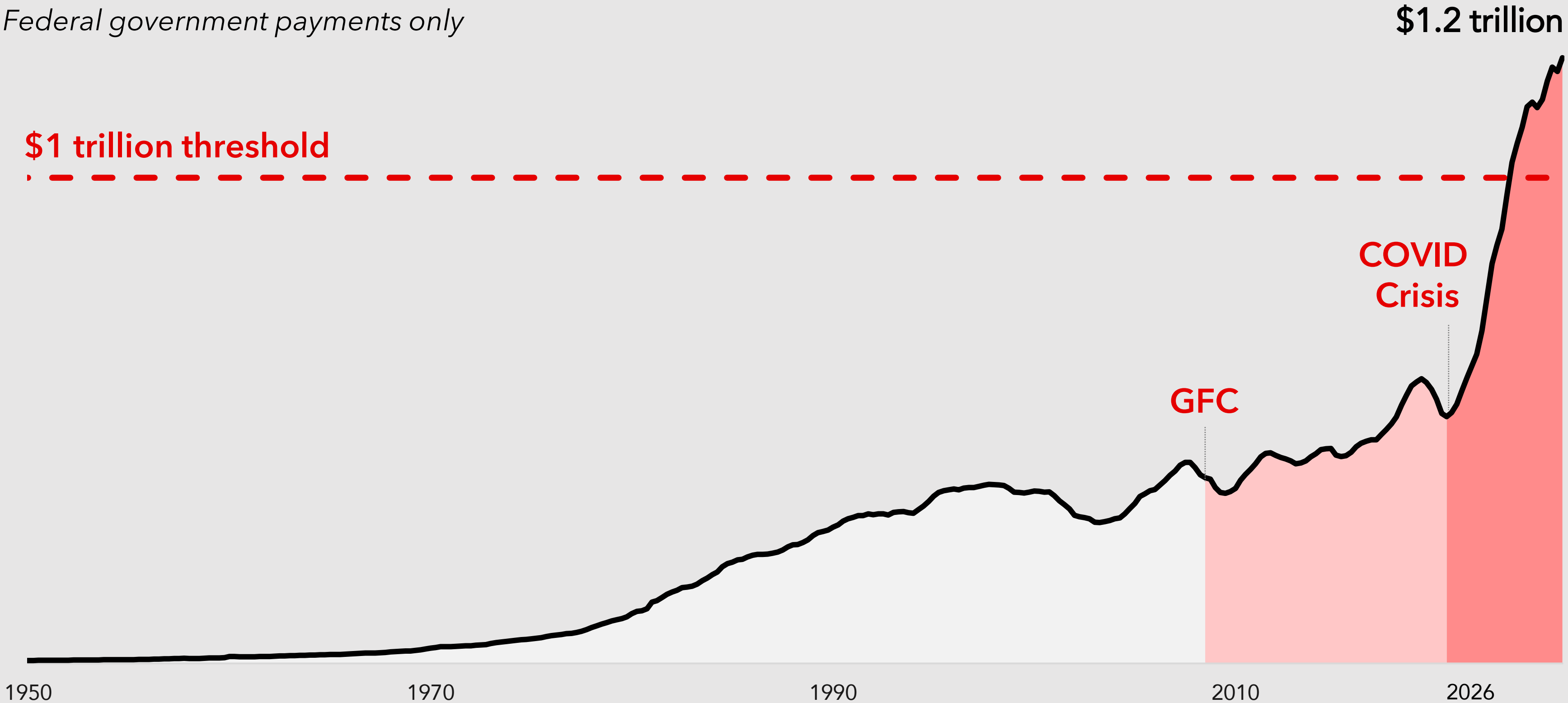
Importance: Upward pressure on term premia becomes more structural than cyclical. Regime change toward fiscal dominance. Erosion of UST risk-free premium at the margin. Compromises fiscal agility & discretionary spending. Debt trajectory becomes self-reinforcing as yields rise. Refi walls building. Sovereign credit rating pressure. Competition for global capital intensifies. LT inflation & currency risk.

Source: (1) Congressional Budget Office. Long-Term Budget Projections (Feb 2026). Historical Data on federal Debt Held by the Public. 2026 federal debt is CBO estimate.

12. US Debt Interest Payments Above $1 Trillion

US government interest payments, annualized, USD bn

Federal government payments only



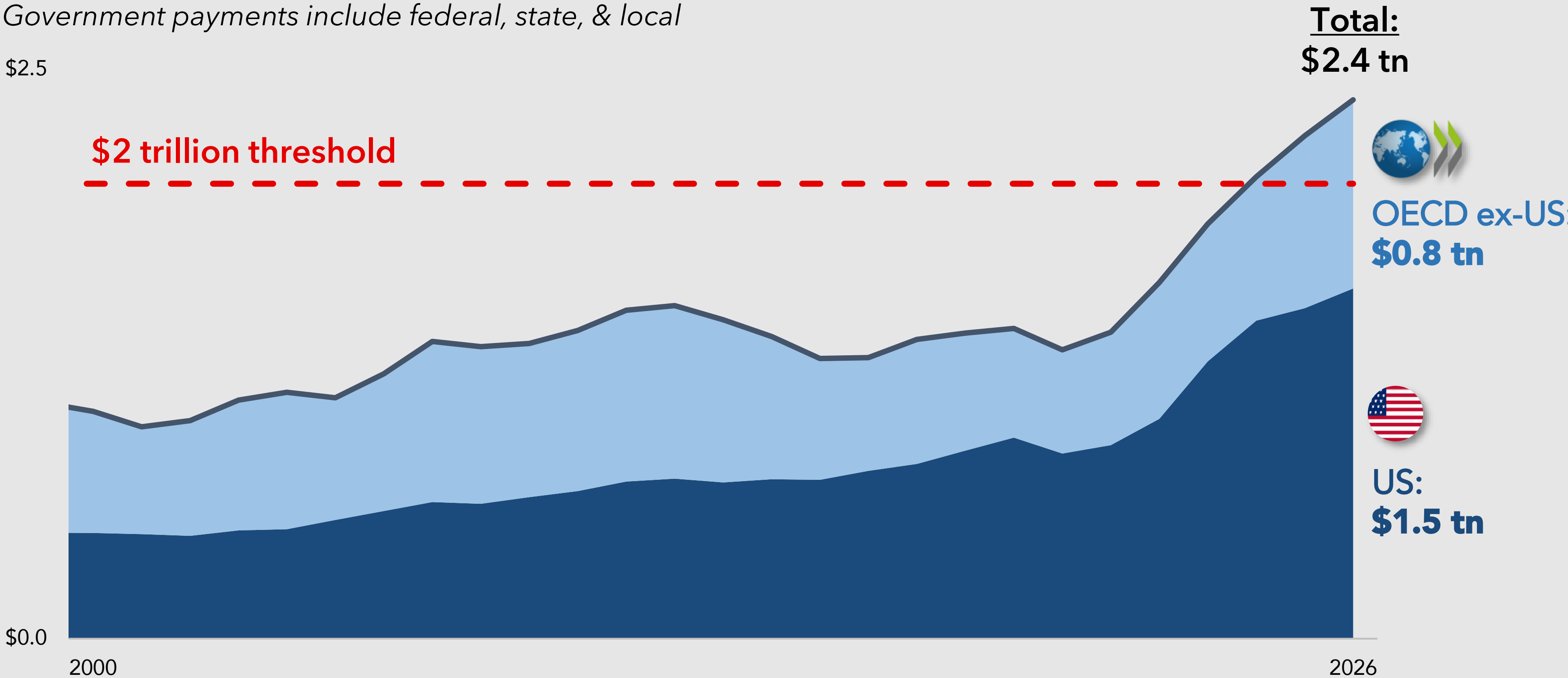
Importance: Net interest surpasses key federal outlays. Compounds deficit expansion. Squeezes discretionary spending. Elevated term premia and market yields. Structural fiscal dominance. Pro-cyclical fiscal tightening. Debt-service feedback loops and risk asset valuations.

Source: (1) Bloomberg. Data through Q2 2026, as of September 14, 2026.

13. OECD Debt Interest Payments Above $2 Trillion

OECD annual government interest payments, USD tn

Government payments include federal, state, & local

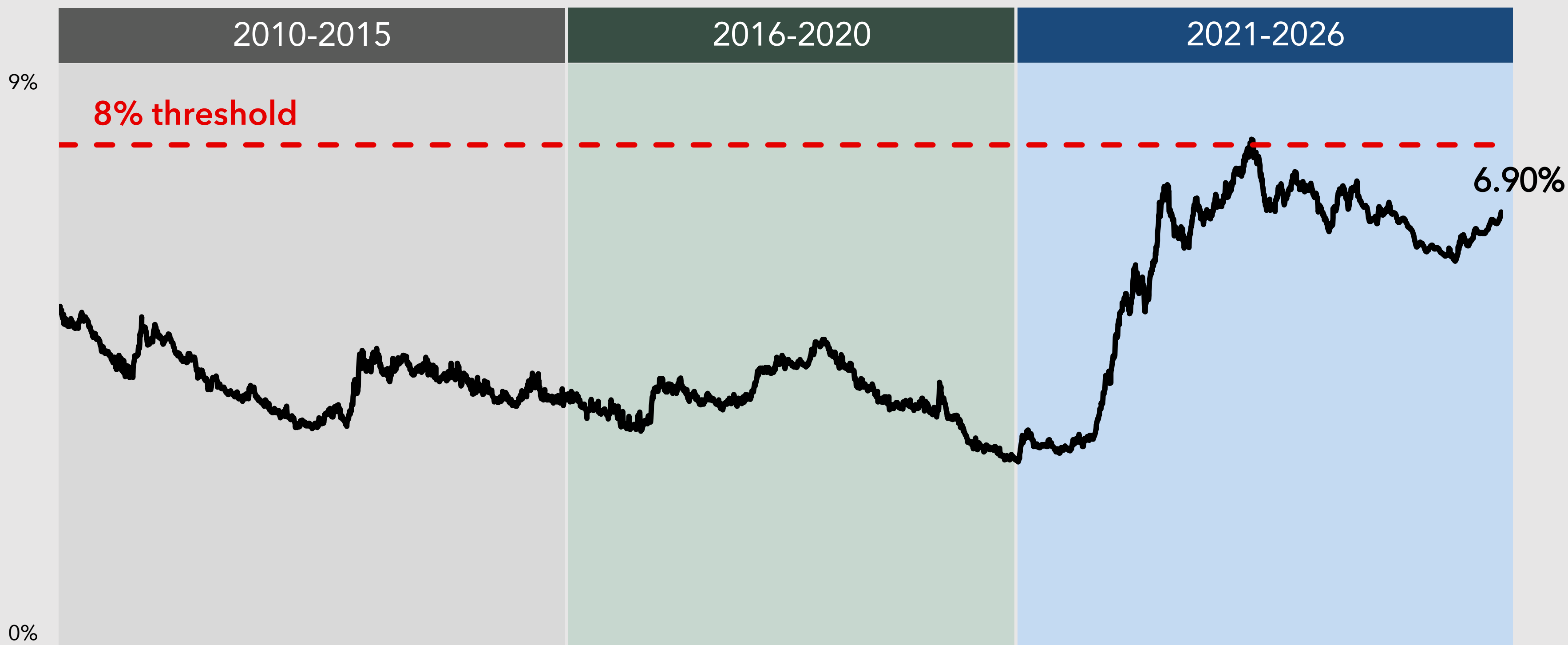


Importance: Synchronized global fiscal strain. Pressure on public investment. Refinancing wall & term structure shifts. Structural rise in sovereign yields. Increased fiscal consolidation & tax pressure. DM fiscal deficits driven by debt service line. More price-sensitive sovereign buyer base. Elevates global cost of capital.

Source: (1) Bloomberg. Data through 2026. OECD, "OECD Economic Outlook, Volume 2026 Issue 1". Flags represent all OECD member countries. Chart data excludes Chile, Costa Rica, Mexico, and Türkiye due to no available data.

14. US 30-Year Fixed Mortgage Rates Above 8%

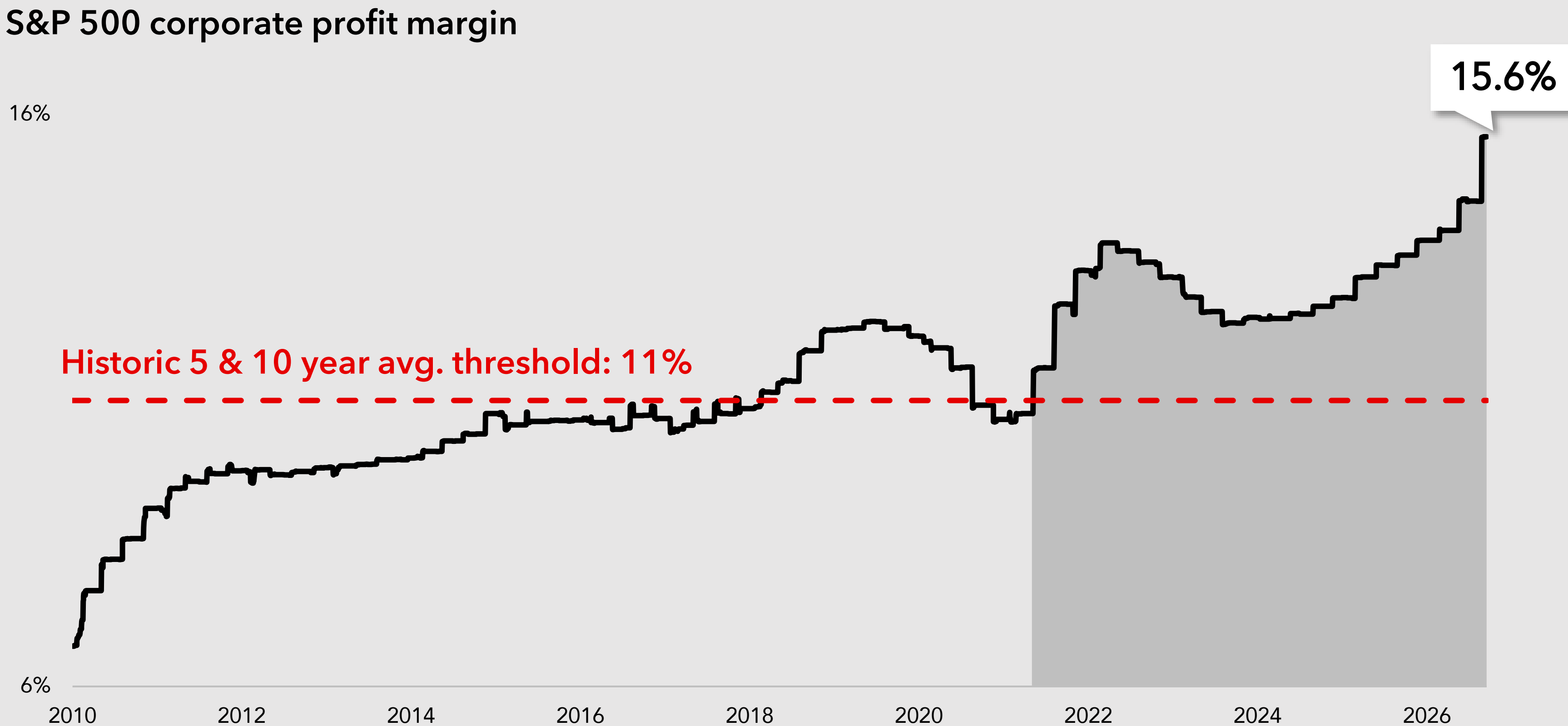
US 30-year fixed mortgage rate, national average



Importance: Adversely impacts home affordability. Amplifies housing “lock-in” dynamics. Revenue contraction for real estate ecosystems. Structural shift toward rental demand. Drags home equity and remodeling capex. Valuation implications for MBS. Downward pressure on homebuilder volumes, housing starts and economic activity.

Source: (1) Bloomberg. Data as of September 16, 2026. Bankrate.com US Home Mortgage 30 Year Fixed National Average.

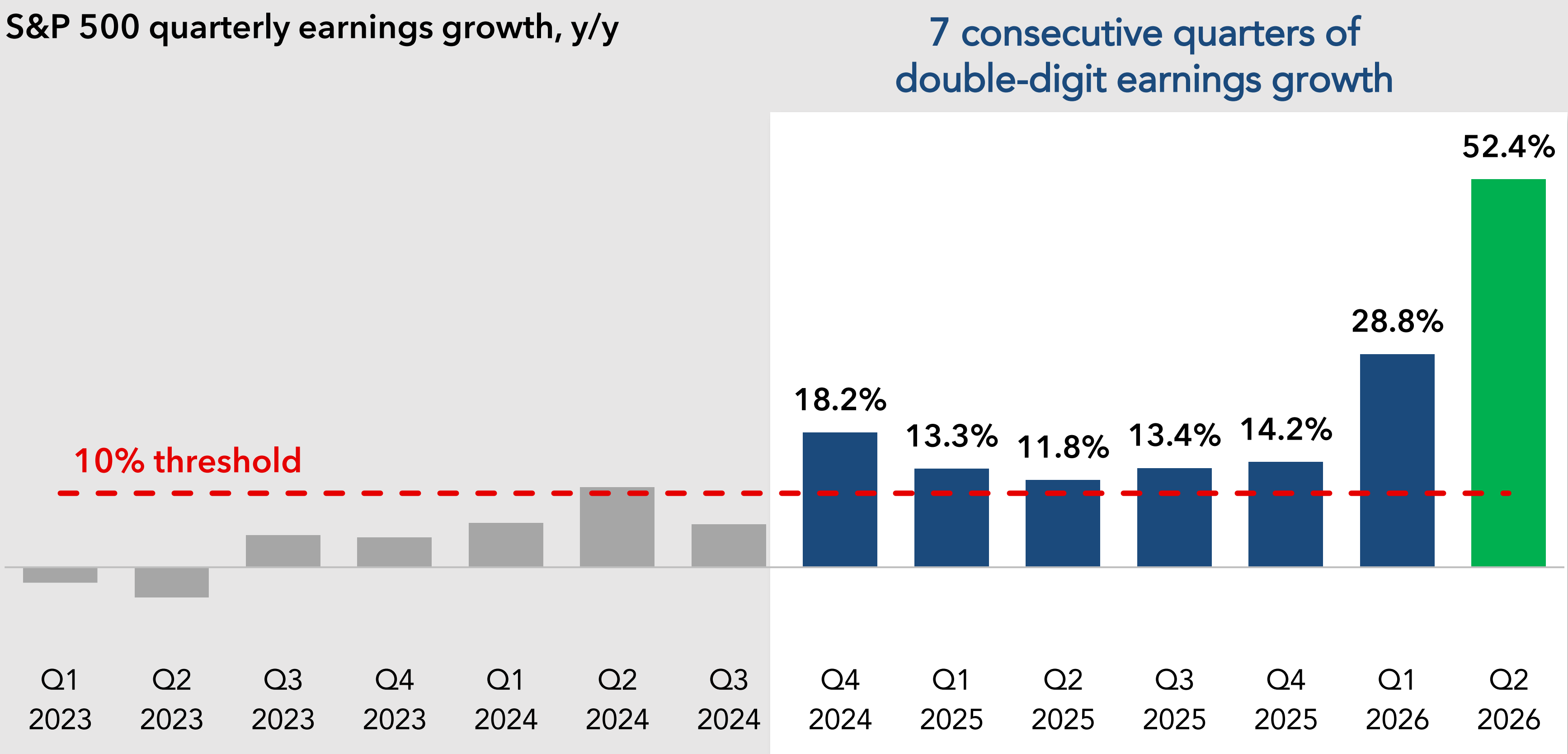
15. Corporate Profit Margins Above Historic 11% Threshold



Importance: More earnings driven equity markets. Reduces labor share of total income. Drives sustained, elevated corporate capex and M&A cycles. Incentivizes market entry, margin compression. Higher buyback volumes. Tailwind for economic growth.

Source: (1) Bloomberg. Data as of September 16, 2026. Corporate profit margin is trailing 12 months.

16. Corporate Earnings Growth in Double Digit Territory

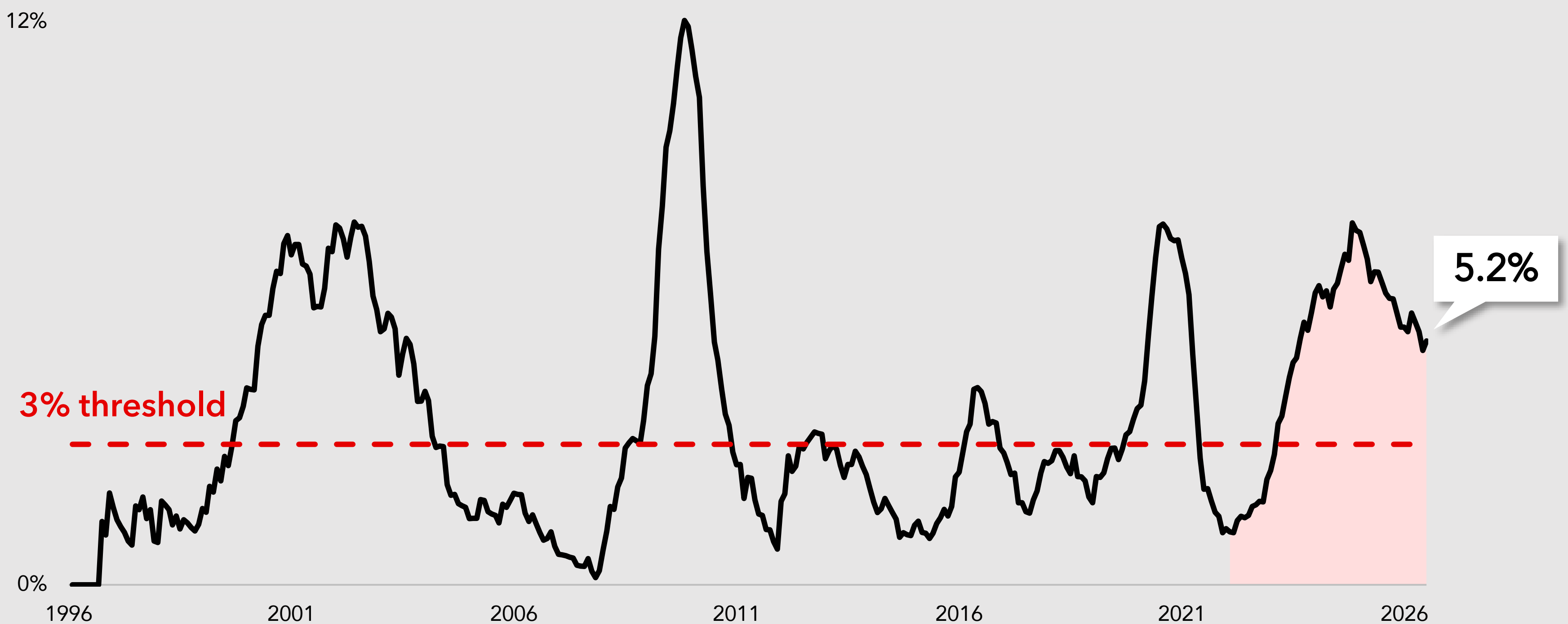


Importance: Equity market re-rating. Extends corporate capex and R&D cycle. Resilient wage growth & hiring. Surging M&A deal activity. Sustains equity capital return to shareholders. Drives growth in more financialized economies.

Source: (1) FactSet, Earnings Insight Report (September 4, 2026).

17. Leverage Loan Default Rates Above 3%

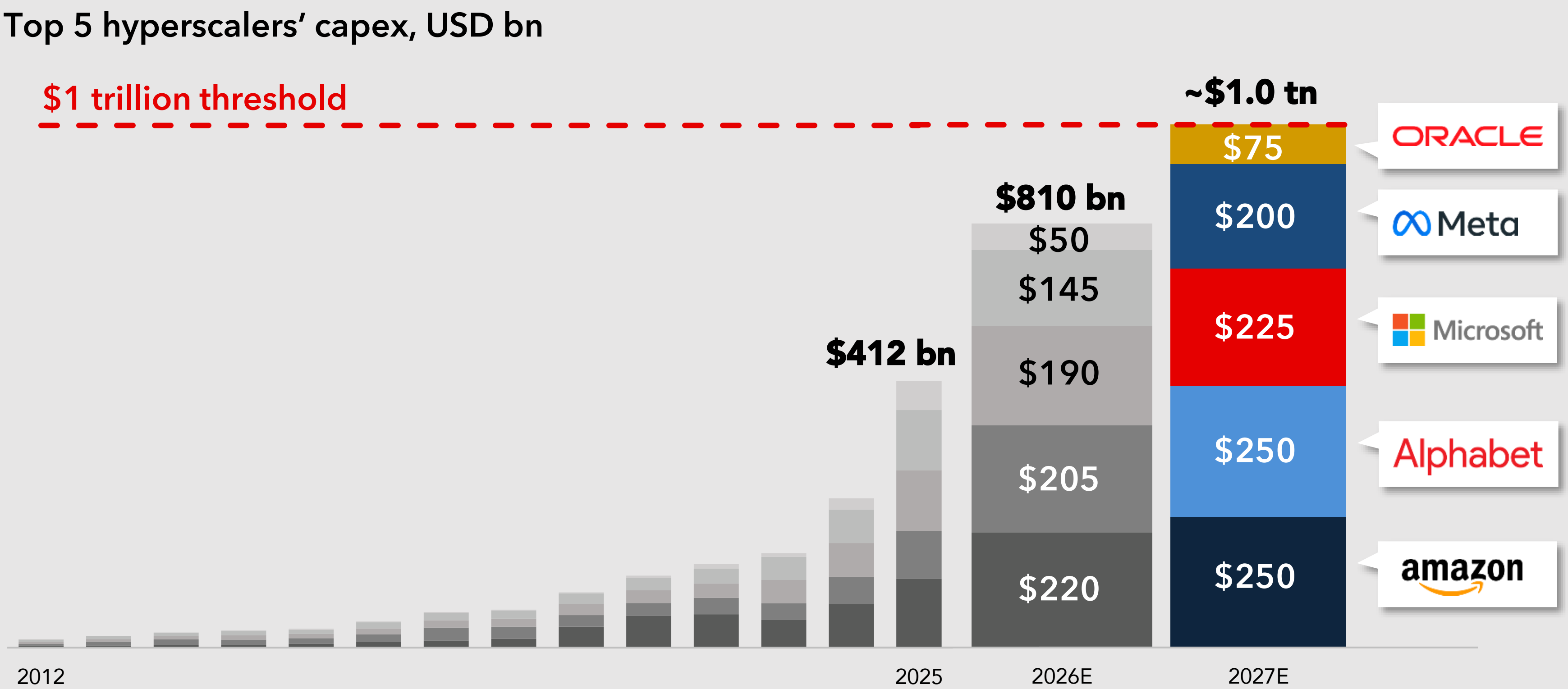
Leverage loan default rates, trailing 12 months



Importance: Tightens bank lending & private credit standards. Divergence from lower bond default rates. Higher risk for covenant-lite structures. Higher stress on private sector market. Pressure on CLO markdowns and new product formation. Surge in corporate restructuring & bankruptcies. Downward pressure on PE & LBO volumes.

Source: (1) Moody's, "Easing credit risk masks a fragmented landscape". Data is latest through July 2026.

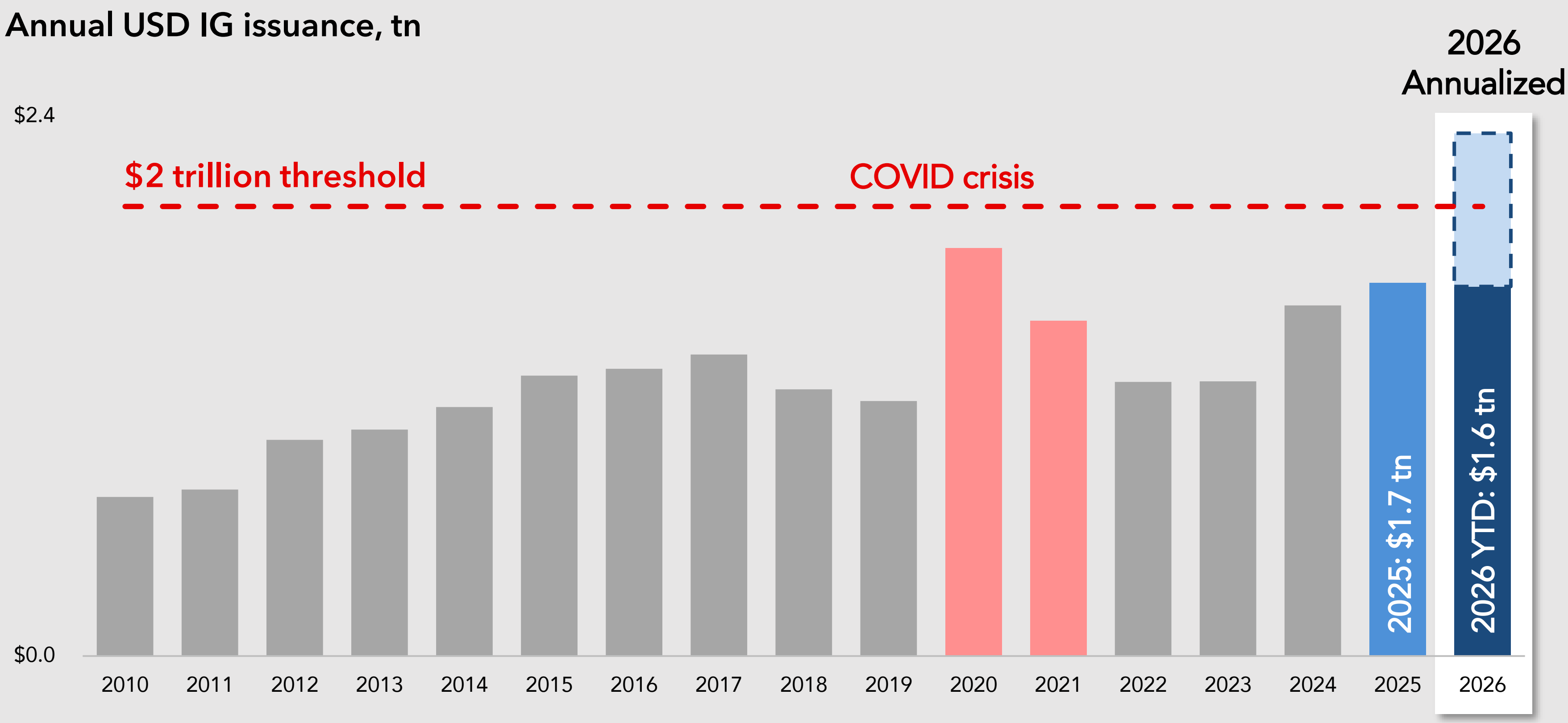
18. Hyperscalers' Capex > $1 Trillion Per Annum



Importance: Transforms tech business models from asset light to asset intensive. Structural FCF compression. Increased demand on corporate credit markets. Transformative driver of capital market volumes. Heightens competition for global capital and sovereign issuance. Heightens focus on ROI and depreciation cycles. More elevated concentration & systemic risks. Supply chain repricing.

Source: (1) Bloomberg, "The AI Spending Boom Is Huge But Not Unprecedented". Data trailing 12 months. Oracle's quarters end a month earlier than the other companies. 2026E data is based on company announcements, including Q2. Oracle estimate for FY 2026. Alphabet 2026 and 2027 projections based on high-end of analyst estimates.

19. Annual USD IG Bond Issuance Above $2 Trillion

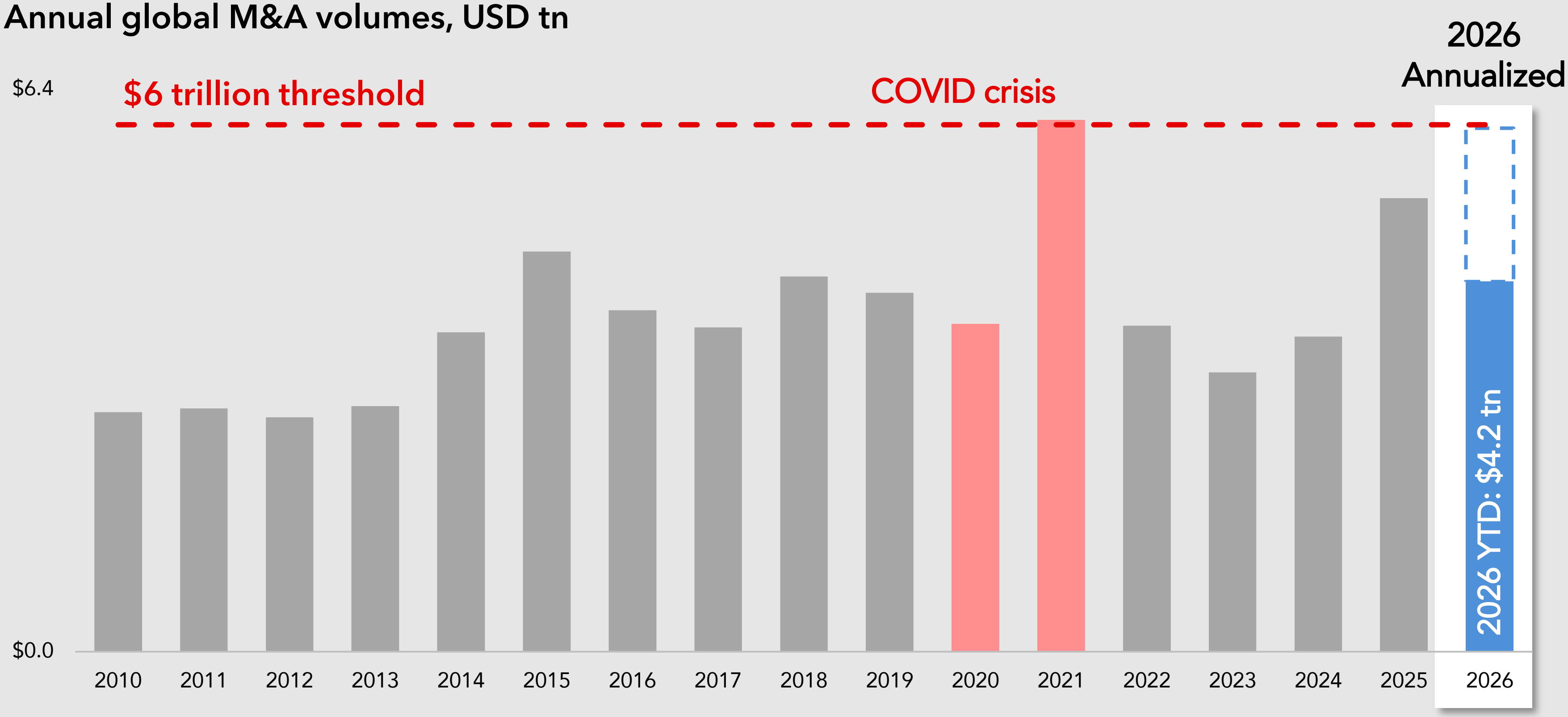


Importance: Direct competition for sovereign debt flows. Refinancing walls and duration realignment. Corporate sector leverage expansion. Concentration shift in bond indices toward capital intensive sectors. Upward pressure on new issue concessions. Global competition for capital intensifies. Higher demand for global capital increases currency & hedging requirements.

Source: (1) CFR. Data as of September 16, 2026.

20. Global M&A Volumes Above $6 Trillion

Annual global M&A volumes, USD tn



Importance: New market entrants. Business disintermediation risk. Business strategy shocks. Capital markets volumes. Historic reallocation of corporate capital. Heightened regulatory and anti-trust scrutiny. Heightens post-merger integration challenges & goodwill impairment risks. Sector specific valuation resets.

Source: (1) Dealogic. Cortex. Data through September 16, accessed on September 16, 2026.


80
100
120
140
160
180
200

2026 Global Growth Revised Lower

GDP growth forecasts, y/y (January 2026 vs. September 2026)

Region	Jan 2026	Sep 2026	
North America			
US	2.5%	2.2%	↓
Mexico	1.4%	1.2%	↓
Canada	0.9%	1.0%	↑
Eurozone	0.9%	1.0%	↑
Spain	2.4%	2.7%	↑
Germany	0.7%	1.0%	↑
Italy	0.6%	0.9%	↑
France	0.8%	0.5%	↓
Other Europe			
Poland	3.8%	3.4%	↓
Sweden	2.4%	2.4%	—
Norway	2.2%	1.4%	↓
Switzerland	0.9%	1.2%	↑
UK	1.0%	1.0%	—
Russia	(-0.1%)	0.7%	↑
LatAm			
Colombia	3.0%	3.0%	—
Argentina	2.3%	2.2%	↓
Brazil	1.6%	2.0%	↑
Chile	2.2%	0.4%	↓

Region	Jan 2026	Sep 2026	
MENA			
Iran	2.1%	?	↓
Israel	4.2%	4.8%	↑
Saudi Arabia	4.3%	(-2.4%)	↓
UAE	4.5%	(-1.5%)	↓
Qatar	6.4%	(-22.1%)	↓
Kuwait	3.4%	(-21.2%)	↓
Oman	2.3%	2.3%	—
Bahrain	3.0%	(-16.0%)	↓
Egypt	4.9%	4.6%	↓
Türkiye	3.0%	2.5%	↓
APAC			
India	6.5%	7.6%	↑
Singapore	3.1%	5.2%	↑
Indonesia	5.1%	5.1%	—
China	4.5%	4.7%	↑
South Korea	2.1%	3.4%	↑
Philippines	5.4%	3.0%	↓
Thailand	1.5%	2.1%	↑
Australia	2.5%	2.0%	↓
Japan	0.7%	0.5%	↓

Source: (1) Oxford Economics. Data as of September 16, 2026. Bahrain, Iran, Israel Jan 2026 forecast is Bloomberg consensus.

Global Currency Forecasts

Currency pair	Spot (Sep 16)	Q3 2026	Q4 2026	Q1 2027	Q2 2027
EUR / USD	**1.15**	1.15	1.18	1.20	1.20
GBP / USD	**1.35**	1.35	1.36	1.38	1.37
USD / JPY	**155**	158	156	154	152
USD / CNY	**6.71**	6.70	6.65	6.60	6.60
AUD / USD	**0.71**	0.71	0.72	0.73	0.74
NZD / USD	**0.58**	0.58	0.59	0.60	0.61
USD / CAD	**1.39**	1.41	1.39	1.38	1.36
USD / NOK	**9.35**	9.48	9.32	9.25	9.25
USD / SEK	**9.78**	9.74	9.58	9.25	9.08
USD / CHF	**0.82**	0.81	0.79	0.77	0.76
USD / MXN	**17.14**	17.10	17.00	16.85	16.50
USD / BRL	**5.15**	5.25	5.15	5.00	4.90
USD / CLP	**954**	930	915	880	870

Source: (1) Bloomberg. MUFG Foreign Exchange Outlook – September 2026 (Derek Halpenny). Data as of September 16, 2026.

MUFG Global Rates Forecasts

	Spot (Sep 16)	Q3 2026		Q4 2026		Q1 2027		Q2 2027	
		MUFG	Consensus	MUFG	Consensus	MUFG	Consensus	MUFG	Consensus
Fed Funds	4.00%	4.00%	3.94%	4.25%	4.00%	4.25%	3.93%	4.25%	3.80%
2 yr UST	4.74%	4.38%	4.38%	4.25%	4.18%	4.13%	4.04%	4.00%	3.92%
5 yr UST	4.88%	4.60%	4.53%	4.38%	4.32%	4.25%	4.21%	4.13%	4.09%
10 yr UST	5.02%	**4.75%**	**4.79%**	**4.63%**	**4.64%**	**4.50%**	**4.55%**	**4.38%**	**4.47%**
30 yr UST	5.36%	5.25%	5.24%	5.00%	5.15%	4.88%	5.06%	4.75%	4.99%

Source: (1) MUFG Global Macro Research (George Goncalves). Bloomberg. Data as of September 16, 2026. Fed funds is upper bound.

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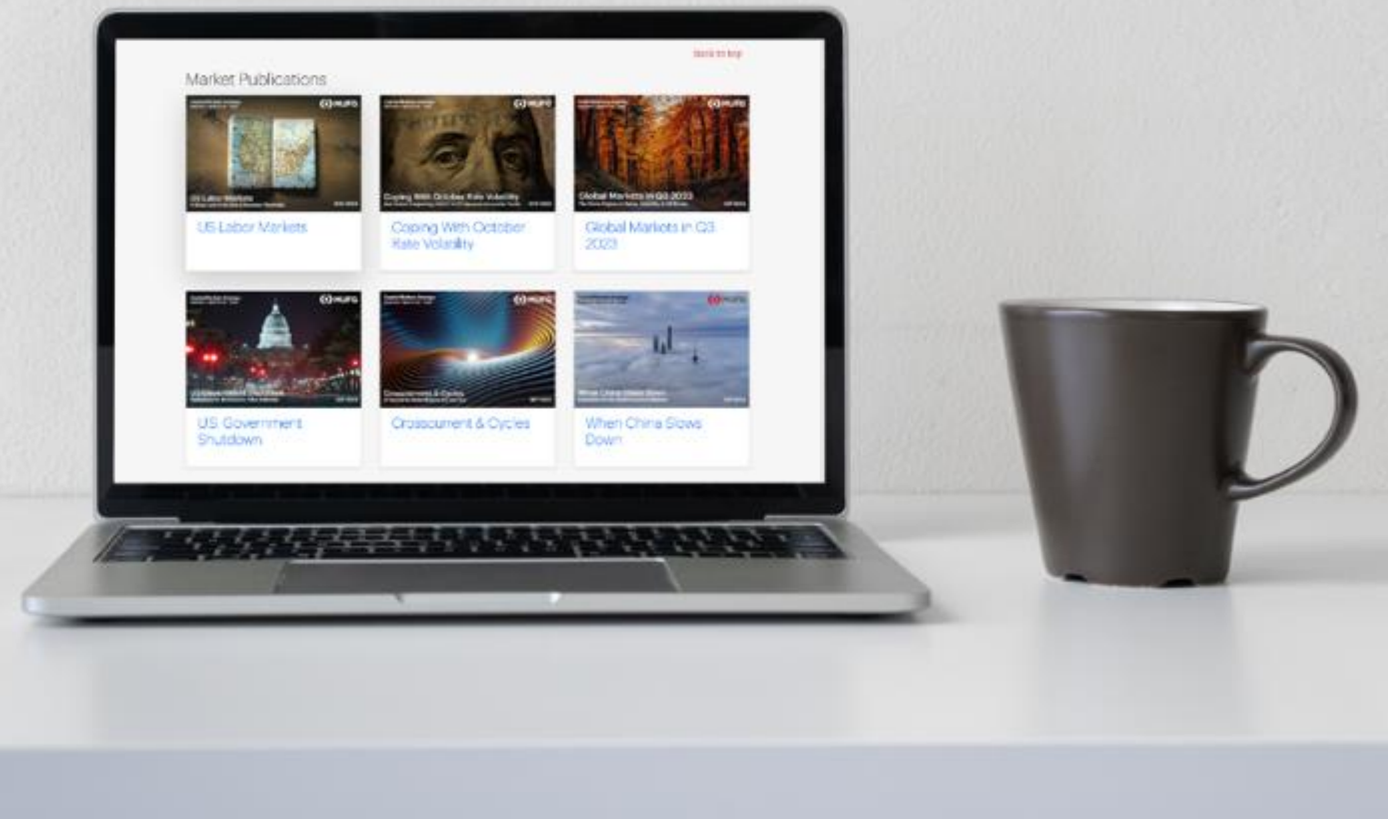

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Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

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Stephanie Kendal is a Director in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Stephanie has spent nearly 10 years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.

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Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.


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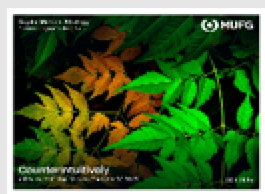


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