

# Market Quick Take - Oil holds firm as Treasury yields hit 2007 highs - 16 September 2026

Saxo Bank · 2026-09-16 · English original

---

## Market drivers and catalysts

- Macro: Oil supply risk and a priced Fed rate increase set a cautious tone before today's decision
- Equities: US and European equities fell as oil and bond yields rose, while Asia traded cautiously ahead of the Federal Reserve.
- Volatility: Short-dated volatility jumped into the Fed decision while the curve stayed calm in contango
- Digital Assets: Crypto spot held steady while exchange and stablecoin shares slumped on failed market-structure legislation
- Commodities: Gold above USD 4,300 as rate hike fully priced; oil holds below USD 110 as Hormuz flows pick up
- Fixed Income: US Treasury yields rolled back lower after new cycle highs Tuesday
- Currencies: USDJPY squeezed up through key 155.00 area ahead of FOMC, elsewhere FX very quiet ahead of FOMC meeting.

## Macro

- Fed rate hike imminent: Markets are pricing in near certainty (94% probability) of a 25bp Fed rate hike at the FOMC meeting today, which would lift the federal funds target range to 3.75%–4.00%. Goldman Sachs and HSBC both revised their calls to include a September hike following last week's hotter-than-expected August CPI print (core CPI +0.3% m/m).
- Mixed economic data: the UK jobless rate held at 4.9% in the three months to July, defying forecasts of 5.0%, while Germany's wholesale prices rose 6.8% year on year in August, the fastest since February 2023, driven by energy and raw materials costs. Japan's exports rose 19.3% year on year in August, beating forecasts and marking a twelfth straight month of growth on a weaker yen and AI-chip demand, though core machinery orders fell for a fourth time this year. The Empire State manufacturing index dropped to 7.6 in September from 20.6, well below expectations: New orders were flat, shipments slipped, supply conditions worsened, and price pressures rose, but firms stayed optimistic, with the future conditions index at 29.
- More in our Macro Analysis & Macroeconomic News

## Macro calendar highlights (times in GMT)

- 0600 – UK Aug. CPI
- 0600 – Sweden Aug. Unemployment Rate
- 0900 – Eurozone Jul. Industrial Production
- 1200 – Poland Aug. CPI
- 1215 – Canada Aug. Housing Starts
- 1230 – US Aug. Retail Sales
- 1400 – US Aug. NAHB Housing Market Index
- 1430 – EIAs Weekly Crude and Fuel Stock Report
- 1730 – Canada Bank of Canada Summary of Deliberations
- 1800 – US FOMC Meeting
- 1830 – US FOMC Press Conference with Fed Chair Warsh

## Earnings events

- Wednesday: Lennar
- Thursday: Carnival Corporation, Next

For all macro, earnings, and dividend events check Saxo's calendar.

## Equities

- USA: The S&P 500 fell 0.5%, the Dow declined 0.6%, and the Nasdaq 100 lost 0.7% as rising oil prices and Treasury yields weighed on risk appetite ahead of the Federal Reserve decision. The 10-year Treasury yield briefly breached 5%, its highest since 2007, while energy bucked the broader decline as Chevron 2.6% and ExxonMobil rose 2.6%. Crypto stocks came under heavier pressure after the Senate failed to advance the Clarity Act, with Coinbase falling 10.1% and Circle Internet dropping 11.4%. Attention now shifts firmly to the Fed's rate decision and guidance.
- Europe: The Stoxx Europe 600 fell 0.3%, the FTSE 100 lost 0.4%, and the DAX slipped 0.2% as higher oil prices and bond yields kept pressure on equities. Financials led the decline, with HSBC down 2.2% and London Stock Exchange Group falling 3.2%, while energy stocks benefited from stronger crude prices. LVMH dropped 2.6%, allowing L'Oréal to overtake it as France's most valuable listed company as pressure on high-end luxury demand continued. Markets now turn to the Federal Reserve decision, followed by the Bank of England meeting on Thursday.
- Asia: Asian equities traded cautiously ahead of the Federal Reserve decision, with the MSCI Asia-Pacific index outside Japan up around 0.4%. The Nikkei 225 gained 0.3%, while the Kospi moved higher as chipmakers rebounded, with Samsung Electronics and SK Hynix recovering from recent AI-driven weakness. Hong Kong remained softer after Tuesday's 1% decline, when CATL fell more than 4%, although Chinese AI-chip shares gained after Beijing outlined a five-year plan supporting semiconductors and advanced computing. With oil easing slightly, the Fed decision remains the main near-term driver before the Bank of Japan meeting on Friday.

- [More in our Equity Trading - Stock Market Analysis & News](#)

## Volatility

VIX 17.20 | VIX FUTURES: 18.45 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (146.61) | MOVE: 83.71 | MARKET REGIME: TRANSITIONING | AS OF ~06:00 CET

- Today's FOMC decision is the session's dominant risk event, with a 25 basis point increase widely priced. VIX firmed to 17.20 while VIX1D jumped to 17.14, more than 40% higher, as short-dated hedging picked up into the announcement; VVIX held flat near 94.9.
- The cash curve holds contango out to 21.88 at one year; SKEW eased slightly to 146.6, still elevated, and MOVE held near 83.7. SPX options imply a 0.80% move to today's close and 1.29% to Friday, a range spanning the Fed decision. Options carry a high risk of rapid loss.
- [More in our Options Trading - Stock Market Analysis & News](#)

## Digital Assets

BITCOIN ~75,730 (+0.13%) | ETHEREUM ~2,400 (+0.08%) | IBIT 43.11 (-3.64%) | ETHA 18.20 (-5.06%) | AS OF ~05:55 CET

- Crypto spot is little changed this morning, bitcoin near \$75,730 and ether near \$2,400, but Tuesday's Senate failure to advance the Clarity Act hit listed crypto names hard: Coinbase fell over 10%, Circle over 11% and Bitmine Immersion 8.4%, while miners and IBIT/ETHA also slid, an unusually sharp equity-only reaction to a spot-flat session.
- The failed cloture vote effectively shelves US crypto market-structure legislation for the rest of 2026, wires reported, after banks objected to stablecoin interest provisions; the setback follows years of industry lobbying and hundreds of millions in spend.

## Commodities

- Brent crude settled near USD 109 on Tuesday, extending its September gain to almost 20%, after talks on a temporary Hormuz shipping corridor were reportedly postponed. Prices have eased this morning as some risk premium unwinds after API reported a weekly rise in US crude and fuel stockpiles, and Kpler data showed flows through the Strait of Hormuz rising to 12 million b/d, the fastest pace since June/July. The pickup may signal that the recent supply-risk rally had become stretched following drone attacks that shut Saudi Arabia's East-West pipeline, for which there is still no restart timeline.
- Gold has moved back above USD 4,300, finding renewed demand below that level as traders conclude that a US rate hike today is largely priced in, while some profit-taking on short bond positions has also supported the rebound. Recent pressure has reflected a combination of rising oil prices, a now fully priced US rate hike, a stronger dollar and, not least, long-end bond yields reaching levels last seen in 2023. The coming days will show whether demand from less interest-rate-sensitive investors seeking protection against fiscal and geopolitical risks is sufficient to prevent a deeper correction. In our view, a move back above USD 4,350 and not least USD 4,425 is needed to ease the current downside pressure.
- [More in our Commodity News, Analysis & Commentary](#)

## Fixed Income

- US treasury yields rose to new cycle highs all across the curve on Tuesday, but treasuries rallied late in the day, sending yields lower late Tuesday and overnight on Wednesday. The benchmark 2-year treasury yield topped out at 4.686% before rolling over to 4.65%, while the benchmark 10-year treasury yield saw its first post-2007 peak of the cycle at just shy of 5.04% before easing back to below 4.99% by early Wednesday and ahead of today's FOMC meeting, which is seen nearly certain to bring a 25-basis point rate hike to take the Federal funds target range, 3.75-4.00%.
- US high-yield corporate bonds are under strain amidst the general risk-off tone and the recent rush higher in US treasury yields. The Bloomberg measure of the high yield corporate spread to US treasuries we track rose 11 basis point to 276 basis points from very low levels, but it was the highest reading since the end of July.

## Currencies

- Currencies traded very quietly ahead of the FOMC meeting late today. The chief focus has been on USDJPY, as the JPY fizzled to the weak side once again and USDJPY crossed above 155.00 for the first time in over a week, posting a 155.49 local high in early Wednesday hours. The broader USD rally of recent days failed to find fresh fuel ahead of a key FOMC meeting today and the uncertainty of how the Warsh Fed delivers an almost certain rate hike today and how it positions the reasons for the policy move and other comments and concerns on the outlook for the economy and especially inflation after Fed Chair Warsh's Jackson Hole speech highlighted inflation as the primary concern. US President Trump's response to a rate hike, if any, will also garner considerable attention.
- More on currencies in our dedicated section: [Forex Trading News & Analysis](#)

---

Source: <https://www.home.saxo/content/articles/macro/market-quick-take---oil-holds-firm-as-treasury-yields-hit-2007-highs---16-september-2026-16092026>