

# Market Quick Take - First Fed hike since 2023 lifts the dollar - 17 September 2026

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## Market drivers and catalysts

- Macro: The Fed delivers its first hike in three years with a hawkish message on more to come
- Equities: Wall Street fell after a hawkish Fed hike, Europe advanced before the decision, while Asian markets traded mixed.
- Volatility: Equity volatility firmed after the Fed while rates volatility compressed
- Digital Assets: Crypto spot steadied through the hike as a House panel advanced a crypto tax framework
- Commodities: Oil fell sharply on Saudi pipeline repair prospects while gold gave back its pre-Fed gains
- Fixed Income: US Treasury yields
- Currencies: USD rallies sharply on hawkish FOMC meeting.

## Macro

- The Fed raised the funds rate 25 bps to 3.75%–4.00% in September 2026, its first hike since 2023, citing elevated inflation and the need to move back toward 2%. Most officials see at least one more hike this year, but market projections suggest at least three more Fed rate hikes by mid-2027. Growth forecasts for 2026–27 were nudged up, inflation projections for 2028 are slightly higher, and the unemployment outlook was lowered to 4.1% through 2028. At the Fed Chair Warsh press conference, Warsh positioned the rate hike as “removing a dose of accommodation” and said that he was “hard pressed to describe financial conditions as restrictive”.
- US President Trump threatened “very serious” tariffs and even a halt in trade in some goods with the EU over talk of Canada becoming the first associate member of the EU. Canada’s Prime minister Carney will speak before the eu Parliament later today.
- Saudi Arabia expects to restore about half of its East-West pipeline capacity within days and full flows in six weeks after drone damage, and is temporarily shipping more crude through the Strait of Hormuz with US military support. Earlier this week, 18 million barrels of crude and products moved through Hormuz, according to US Energy Secretary Chris Wright.
- US retail sales rose 1.2% m/m in August 2026, the strongest in five months, after a 0.5% drop in July and above the 0.8% forecast. Gains were broad-based, led by gas stations and online retailers, while building materials/garden stores slipped. Core retail sales jumped 1.4%, far above the 0.4% consensus..
- New Zealand’s GDP grew 0.2% QoQ in Q2 2026, slightly above forecasts but down from 0.9% in Q1, the weakest pace since Q2 2025. Growth was supported by goods-producing industries and exports, while primary industries contracted and domestic demand was soft. GDP rose 2.6% yoy, beating

expectations.

- More in our Macro Analysis & Macroeconomic News

## Macro calendar highlights (times in GMT)

- 0930 – Canada Prime Minister Mark Carney to speak before EU Parliament
- 1030 – Canada PM Carney and European Parliament President Metsola to hold press conference
- 1100 – UK Bank of England Rate Decision
- 1230 – US Weekly Initial Jobless Claims
- 1230 – US Aug. Housing Starts

## Earnings events

- 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 Jones dropped 1.2%, while the Nasdaq 100 finished essentially flat after the Federal Reserve raised rates by 25 basis points and Chair Kevin Warsh stressed that inflation remained too high. Financials led losses, with Huntington Bancshares down 5.6%, while J.B. Hunt plunged 13.3% after warning that high diesel costs would pressure third-quarter profits. AI infrastructure remained a bright spot as Lumentum surged 9.6% and Coherent gained 6.9% on continued optimism around data-centre demand. Markets now face the prospect of another Fed hike before year-end.
- Europe: The Stoxx Europe 600 rose 0.5%, while Germany's DAX gained 0.5% and the FTSE 100 added 0.3% as falling oil prices provided some relief ahead of the Fed decision. Industrial and cyclical stocks led the advance. Barratt Redrow jumped 11.7% after annual results showed profits in line with expectations despite a difficult UK housing market, while Soitec surged 13.4% after JPMorgan upgraded the semiconductor equipment group. Babcock gained 2.8% after maintaining its full-year outlook. Attention now shifts to the Bank of England, with rates expected to remain unchanged.
- Asia: Asian equities traded mixed as investors absorbed the Fed's first rate hike since 2023 and a stronger US dollar. The Nikkei 225 traded around 0.3% higher, the Kospi rose roughly +0.6%, while the Hang Seng fell about 0.8% as early gains faded across the region. Samsung Electronics edged 0.6% higher and SK Hynix gained 0.3% as Korean chipmakers gave back early gains, while investors continued to digest the outlook for global interest rates. Focus now turns to Friday's Bank of Japan meeting, where markets expect another rate increase.
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## Volatility

VIX 17.71 | VIX FUTURES: 18.50 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (145.95) | MOVE: 80.73 | MARKET REGIME: TRANSITIONING | AS OF ~06:00 CET

- The Fed's hawkish hike is the trigger. VIX rose 3% to 17.71 while VIX1D eased to 17.01 after Tuesday's spike and the front VIX future slipped to 18.50; VVIX held near 95. Rates volatility

compressed instead: MOVE fell 3.6% to 80.7 and Treasury ETF volatility dropped almost 8%.

- The VIX cash curve stays in contango from 17.40 at nine days to 22.07 at one year; SKEW is steady at 145.9, still elevated. SPX options imply a 0.77% move to today's close and 1.07% to Friday, the quarterly expiry. Options carry a high risk of rapid loss.

- More in our Options Trading - Stock Market Analysis & News

## Digital Assets

BITCOIN ~76,360 (+0.28%) | ETHEREUM ~2,430 (+0.67%) | IBIT 43.04 (-0.16%) | ETHA 18.15 (-0.27%) | AS OF ~05:55 CET

- Crypto spot traded through the Fed hike with little net change, bitcoin swinging between roughly \$75,000 and \$76,500 around the decision, while listed crypto names extended Tuesday's slide: Coinbase fell 4.4% and Circle 6.8%, though miners diverged with Cipher up 10.8%. Spot bitcoin ETFs saw their largest daily outflow since June on Tuesday.

- A day after the Clarity Act stalled, the House Ways and Means Committee approved the first federal crypto tax framework, 38 to 5, applying wash-sale rules to digital assets, while the SEC and CFTC signalled they would push ahead with rules of their own.

## Commodities

- Brent crude has fallen back below USD 106 after Wednesday's 2.7% drop, reversing much of this week's supply-risk spike. Saudi Arabia is reportedly offering additional cargoes to Asian refiners via ship-to-ship transfers off Oman's Sohar port, providing a workaround for the disruption to the East-West pipeline and Yanbu export terminal. Saudi Arabia also reported that some half of East-West pipeline capacity will be returned to service in coming days after a complete shutdown due to recent attacks. Meanwhile, EIA data showed US crude stocks falling by only 0.6 million barrels last week, less than expected, while gasoline and distillate inventories rose. Brent is down again this morning after settling at USD 105.83, although the geopolitical risk premium is unlikely to disappear while Yanbu remains disrupted and traffic through the Strait of Hormuz remains severely constrained.

- Gold trades in choppy fashion around the USD 4,300 level early Thursday after an exceptionally volatile Fed session. Spot gold initially rallied as high as USD 4,366 yesterday before plunging to around USD 4,240 after the Fed delivered the expected 25-basis-point hike and Chair Warsh signalled that further tightening remains possible. The subsequent recovery to around USD 4,305 has come despite the dollar reaching a seven-week high, helped by some easing in long-end Treasury yields even as the front end repriced further Fed tightening. The price action arguably strengthens the case that gold demand is no longer being driven solely by the traditional rates-and-dollar relationship, with fiscal, geopolitical and central-bank diversification demand continuing to provide support. Technically, USD 4,240–4,250 is now the near-term support area, while a recovery through USD 4,350–4,365 would begin to repair the recent downside momentum.

- More in our Commodity News, Analysis & Commentary

## Fixed Income

- US treasury yields spiked higher at the front-end of the US treasury yield curve as the FOMC hiked rates and surprised on the hawkish side in the accompanying staff economic projections on the economy and in Fed Chair Warsh's press conference (see more above). The benchmark 2-year treasury yield rose seven basis points to close the day near 4.74% after dipping as low as 4.60% ahead of the Fed decision. At the the long end of the curve, the benchmark US 10-year yield only ended the day two basis points higher, just above the key 5.00% level, perhaps in part in the belief that the Fed will stay sufficiently hawkish to keep ahead of the inflation threat.

## Currencies

- The US dollar jumped higher late Wednesday on the hawkish FOMC surprise as the front-end of the US yield curve priced in further tightening well beyond what the Fed's own "dot plot" forecasts anticipate. EURUSD slipped to new lows and as low as 1.1456 before finding support, while USDJPY rose as high as 156.30 before finding resistance and slipping back below 156.00 by early trading in Europe on Thursday.
- The Swiss franc weakened broadly and USDCHF spiked higher on Wednesday, taking the pair above local resistance and to new highs above 0.8250, the highest since June of 2025 as sharply higher front-end US yields intensified the focus on the widening of the yield spread between the US and Switzerland, which maintains its zero interest rate policy for now.
- More on currencies in our dedicated section: [Forex Trading News & Analysis](#)

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