

Market Quick Take - Oil extends its slide before the Trump-Xi summit - 21 September 2026

Saxo Bank · 2026-09-21 · English original

Market drivers and catalysts

- Macro: "Very successful" US-China talks on AI, trade, and investment, and easing Middle East supply fears framed a quiet Monday open
- Equities: Wall Street closed narrowly mixed, Europe fell for a third week and Asia opened firmer
- Volatility: Equity volatility eased into the weekend while rates volatility picked back up
- Digital Assets: Crypto-linked shares surged as bitcoin reclaimed the eighty thousand dollar level on Friday
- Commodities: Crude fell for a fourth session as Hormuz shipments reached a six-month high
- Fixed Income: Global yields rose to close near or at cycle highs again. Germany-France yield spread spikes to new 14-year high.
- Currencies: JPY volatility in focus as sharp weakening move Friday seemingly countered by official action. USD steady at strong levels.

Macro headlines

- On the Middle East, President Trump said the Iran war will "end soon" and confirmed talks with the Houthis, while Tehran has told mediators it will resume talks only if fighting and the naval blockade end. US Central Command reported oil and LNG flows through the Strait of Hormuz at a six-month high.
- US and Chinese officials began talks in New York to prepare for the Trump–Xi summit, aiming to preserve and possibly extend the fragile trade truce. Ahead of the summit US Treasury Secretary Scott Bessent described talks with his Chinese counterparts that spanned artificial intelligence, trade and investment as "very successful"
- US industrial production was flat in August against a 0.3% forecast, with manufacturing output down 0.3%, ending a seven-month run, and capacity utilisation unchanged at 76.3%. Euro area consumer inflation expectations rose to 3.0% for the next 12 months.
- Besides the Trump-Xi summit on Thursday, the week ahead brings flash PMIs for September from around the world on Wednesday, US retailer Costco's results on Thursday, and a heavy Fed speaking calendar throughout.

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Macro calendar highlights (times in GMT)

1030 – Fed's Goolsbee speaks 1230 – US Aug. Chicago Fed National Activity Index 0310 – Australia RBA Governor Bullock Fireside Chat G7 foreign ministers meet on the sidelines of the UN General Assembly in New York

Earnings events

- Tuesday: Autozone
- Wednesday: Cintas, Paychex
- Thursday: Costco, H&M Hennes & Mauritz

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

Equities

• US. Friday's session closed narrowly mixed, and the equal-weight index lagged, which may point to leadership still concentrated in technology. The S&P 500 added 0.17% to 7,650.50 and the Nasdaq 100 rose 0.67% to 29,644.17, while the Dow slipped 0.18% to 51,688.16 and the Russell 2000 fell 0.50% to 2,860.40, a three-month low; the equal-weight S&P 500 lost 0.48%. Semiconductors carried the tape, with the SMH ETF up 2.21%, Broadcom 2.97% and AMD 2.70%, against Meta down 2.43% and Microsoft 0.80% lower. Steel names lagged after below-consensus third-quarter guidance, Nucor falling about 4.8% and Steel Dynamics about 3.8%, and carmakers slid after Volkswagen cut its profit outlook, with General Motors down about 4.9% and Ford about 3.9%. SpaceX's Nasdaq 100 weighting was confirmed at 2.82% at today's quarterly rebalance, up from about 1.28%. S&P 500 futures are 0.41% higher and Nasdaq 100 futures 0.57% higher this morning.

• Europe. Equities fell sharply on Friday for a third consecutive weekly decline, with the ten-year yield back at 5% weighing on sentiment. The Stoxx 600 dropped 1.11% to 635.46, the DAX 1.60% to 25,304.06, the CAC 40 1.49% to 8,065.02 and the Euro Stoxx 50 1.37% to 6,236.21, while the FTSE 100 lost about 1.5% to 10,659. Banks were the weakest major sector, the Euro Stoxx banks index falling 2.25%. Volkswagen was the standout mover, down 5.6% after cutting its operating margin forecast on a contracting Chinese car market and a writedown on its Porsche stake. Greece's reclassification as a developed market takes effect today.

• Asia. Regional equities are edging higher this morning, the MSCI Asia Pacific gauge up about 0.2% on optimism around the summit. Japan is closed for a public holiday, leaving the Nikkei at Friday's 65,018.73 after a 1.38% gain. The Kospi is the standout at 7,020.23, up 1.83%, with technology leading after foreign selling snapped a seven-day streak on Friday. The Hang Seng is 0.56% higher at 24,889.76, extending Friday's best session since 4 September, which was led by Alibaba and Lenovo alongside a tenth consecutive day of net mainland buying through Stock Connect. The CSI 300 is up 0.42% and the ASX 200 flat. Grab's purchase of a 60% stake in buy-now-pay-later platform Atome Financial for USD 1.5 billion is the notable Singapore development.

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Volatility

VIX 14.81 | VIX FUTURES: 17.86 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (148.10) | MARKET REGIME: Transitioning | AS OF ~06:00 CET

- Equity volatility eased into the weekend as Middle East supply fears receded. The VIX closed Friday at 14.81, down 4.1%, with VIX1D down 13.0% to 11.42 and VIX9D down 8.4% to 12.27. The front VIX future has eased a further 1.0% to 17.86 overnight.
- The cash curve stayed steeply in contango, with VIX3M at 18.24, about 1.23 times spot, while SKEW rose 1.7% to 148.10 and VVIX was little changed at 87.38. Rates volatility diverged, the MOVE index up 5.8% to 80.64. SPXW pricing implies about 38 points, 0.50%, for today and 86 points, 1.13%, into Friday.

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Digital Assets

BITCOIN ~81,353 +0.25% | ETHEREUM ~2,662 +0.67% | IBIT 46.02 +6.28% | ETHA 19.92 +7.85% | AS OF ~06:00 CET

- Crypto-linked equities surged on Friday as bitcoin reclaimed USD 80,000 for the first time in two weeks, helped by short liquidations and a new five-year exemption for tokenised stock trading. Strategy rose 16.4%, Coinbase 11.7%, Marathon 13.8% and Riot 8.6%. Spot has been steady since.
- US spot bitcoin ETFs drew about USD 433 million on Friday and ether ETFs about USD 144 million, led by Fidelity and BlackRock respectively. Circle gained 7.9% and IREN 7.4%, while Deribit's DVOL eased 1.2% to 35.21.

Commodities

- Crude oil is lower for a fourth consecutive session, with Brent at USD 102, down 1.8%, and the front-month November WTI contract at USD 94.00, down 2.2%. Supply concerns are easing as shipments through the Strait of Hormuz reach a six-month high and Saudi Arabia works to restore its East-West pipeline, while Qatar has confirmed an exchange of messages between the US and Iran. Houthi missile and drone attacks on Saudi Arabia on Saturday failed to reverse the decline, suggesting traders currently expect any resulting disruption to be manageable. Crude implied volatility eased 3.3% to 50.39, although it remains historically elevated.
- Gold has started the week on a softer footing, down 0.6% at USD 4,355, following last week's hawkish US rate hike. The decline comes despite another drop in oil prices and rising bond futures pointing to lower yields after fresh cycle highs were reached on Friday. Notably, the US 10-year real yield ended the week at 2.67%, its highest level in more than 20 years, maintaining a significant headwind for non-yielding gold. For now, resistance ahead of USD 4,400 has triggered some profit-taking as traders continue to weigh persistent inflation risks against the outlook for interest rates and bond yields.
- The Bloomberg Commodity Index (BCOM) ended last week broadly unchanged, leaving it up 36% year-to-date, as profit-taking across grains and soft commodities offset gains elsewhere, most notably in energy and industrial metals. Cocoa, cotton, sugar and coffee led the declines, while copper, diesel, silver and gasoline topped the performance table.

More in our Commodity News, Analysis & Commentary

Fixed Income

- US Treasury yields rose sharply all along the curve on Friday, even as oil price pressures eased slightly. The benchmark 2-year treasury yield rose eight basis points to close at a new cycle high above 4.74%, while longer-dated yields are still below the cycle highs as the benchmark 10-year yield backed up about seven basis points to the key 5.00% area after the yield briefly breached the 2023 high last week above 5.02%, the highest since 2007.
- The Germany-France 10-year sovereign yield spread widened sharply on Friday to over 104 basis points, a new 14-year high amidst concerns that rising yields will threaten France's financial stability as the national debt there has risen to 120% of GDP. The country continues to run large deficits far above the EU limit of 3% of GDP. France's 10-year OAT bond yield rose 12 basis points Friday to close at 4.565%, the highest since 2008.

Currencies

- The Japanese yen was sharply weaker Friday until the Bank of Japan reportedly (according to the Nikkei newspaper) performed a "rate check" – asking market participants about the yen exchange rate levels, a move that often precedes intervention. USDJPY had run up to as high as 158.00+ after starting the day near 156.00 and was pushed back as far as 156.60 before ending the day closer to 157.00, which is also near the level early Monday in Europe with Japan's markets closed for a holiday through Wednesday.
- Sterling traded on the soft side even as the Bank of England signaled Thursday that it will have to tighten policy again, although market expectations were already pricing in a hike for the November 5 BoE meeting and the bank said that there was "little evidence so far of material second-round effects" and an overhaul of the bank's QT programme
- The US dollar remained firm within the recent range after rallying in the wake of last Wednesday's FOMC meeting.

More on currencies in our dedicated section: [Forex Trading News & Analysis](#)

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