

Market Quick Take France debt drama intensifies US payrolls

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Market drivers and catalysts

- Macro: US payrolls in focus today as market pulls back on Fed hike expectations. European sovereign debt dynamics have risen to the top of the market's agenda.
- Equities: A record one day gain for a consultancy met a broad European retreat
- Volatility: One day expectations firmed into the payrolls print while bond volatility quietly eased
- Digital Assets: Tokens drifted higher while listed miners lagged and flow trackers disagreed on the month
- Commodities: Oil jumps on Middle East escalation risks, gold bounce reducing an overall weekly loss
- Fixed Income: ECB hike anticipation collapses on troubled French debt market. Credit conditions continue to deteriorate.
- Currencies: Euro weakens sharply as focus on France's debt intensifies. EURUSD this new lows for year and EURCHF hits an air pocket.

Macro

- Crude's renewed rally set the macro tone. Brent rose above USD 102 after the Wall Street Journal reported that the US is deploying a third aircraft carrier strike group and 10,000 more troops to the Middle East, which was cited as reviving fears of renewed US-Iran conflict. The move coincided with renewed inflation concern across Asian and European trade.
- Fed speakers pulled in opposite directions. Vice Chair Philip Jefferson and Governor Michelle Bowman both signalled a preference for holding rates steady, saying policymakers need more time to assess the economy before deciding on further increases. Dallas President Lorie Logan struck a more hawkish tone, saying rates need to rise an additional 50 basis points or more, and Minneapolis President Kashkari sees one more increase this year and one in 2027.
- The September US ISM Manufacturing survey came in slightly weaker than expected on the headline index at 54.5 vs. 55.0 expected and 54.6, but still suggested a manufacturing sector in solid expansion. The New Orders component was slightly stronger than expected at 55.3 and Prices Paid rose further to 77.9 vs. 73.0 expected and 71.1 in August, suggesting accelerating inflation pressures.
- Labour data stayed firm into today's print. Initial jobless claims fell 1,000 to 197,000 in the week to 26 September, below the 200,000 consensus and the lowest since July, while continuing claims dropped 11,000 to 1.701 million, a three-year low. The September ISM manufacturing prices-paid component beat sharply, which coincided with an extension of the Treasury selloff before yields reversed later in the session. Tokyo headline CPI reached 2.7% against 2.5% expected, the highest this year, with the

measure excluding fresh food and energy at 3.0%. September non-farm payrolls are due at 14:30 CET, consensus near 90,000 after 162,000 in August.

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Macro calendar highlights (times in GMT)

- 0900 – Eurozone Flash Sep. CPI
- 1230 – US Sep. Nonfarm Payrolls Change, Unemployment Rate
- 1230 – US Sep. Average Hourly Earnings

Earnings events

- Thursday: Accenture, Nike

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

Equities

- US: Wall Street closed modestly higher after a volatile session, the S&P 500 up 0.19% to 7,666.45, the Nasdaq 100 up 0.31% to 30,501.56, the Dow essentially flat at 50,932.10 and the Russell 2000 up 0.35%. A rebound in Treasuries from multi-decade high yields was cited as providing relief. Accenture climbed about 16%, described as its biggest one-day gain on record, after fourth-quarter revenue and bookings beat estimates, with IT services and software peers firmer alongside it, IGV up 1.64% and SMH 1.45%. Energy led the sectors, coinciding with the crude move, XLE up 1.95%, while healthcare lagged, XLV down 1.32% and the biotech proxy XBI down 2.01%. Citigroup fell as much as 4.6% intraday. Among megacaps Nvidia added 1.09%, Alphabet fell 1.70% and Broadcom 2.15%. After the close Nike sank 8.6% after reporting first-quarter revenue of USD 11.21 billion against USD 11.33 billion expected and guiding for a high-single-digit revenue decline this fiscal year, while ON Semiconductor fell about 9% and Synaptics rose 12% to 15% after announcing an agreed all-cash takeover valued near USD 7 billion.
- Europe: European equities fell sharply, with rising bond yields and fiscal concerns in France and the UK cited as weighing on sentiment. The Stoxx Europe 600 lost 1.14% to 627.65, its lowest close since June, and the Euro Stoxx 50 fell 1.49% to 6,175.46. Banks were the standout decliner, the Euro Stoxx banks index dropping 3.90%. The FTSE 100 fell about 1.7% in its worst session since May, with 30-year gilt yields reaching 6%, HSBC down 4.1% and Games Workshop 6.2% lower. The DAX lost 1.03%, with Bayer the weakest constituent at minus 5.3%, while the CAC 40 fell 1.62% and the BEL 20 1.74%.
- Asia: Asian equities are broadly lower this morning, with crude above USD 100 cited as reviving inflation concern. Hong Kong is the weak point, the Hang Seng down 2.64% to 23,964 and the Hang Seng Tech index down 2.45%, reported as the sharpest fall since March and the heaviest loss in the region. The Nikkei 225 is 0.85% lower at 68,372, giving back part of Thursday's 3.3% advance, which followed a rebound in chip stocks after Micron's results. The Kospi opened lower and has recovered to 6,984, up 0.18%, while the CSI 300 is 0.29% higher and the ASX 200 added 0.47%.

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Volatility

VIX 16.39 | VIX FUTURES: 18.00 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (142.77) | MARKET REGIME: TRANSITIONING | AS OF ~06:00 CET

- One-day pricing did most of the moving ahead of today's payrolls. VIX1D jumped 13.52% to 13.85 while spot VIX added 0.31% to 16.39 and VIX9D eased 1.41% to 14.00. VVIX rose 2.83% to 92.01, and the front VIX future sits at 18.00.
- The curve stays in contango, VIX3M at 18.58 against spot, with SKEW elevated at 142.77; cross-asset readings diverged, MOVE easing 2.11% to 108.14 while crude vol held high, OVX 51.69. SPX expected move: 52.50 points, or 0.685%, for today's expiry and 115.75 points, or 1.510%, for Friday 9 October.

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Digital Assets

BITCOIN ~85,504 +0.80% | ETHEREUM ~2,719 +0.52% | IBIT 47.96 +1.31% | ETHA 20.37 +1.24% | AS OF ~06:00 CET

- Tokens firmed through the Asian session alongside firmer crude, XRP up 0.97% and Solana 2.35%. The listed complex split: spot ETF proxies gained while miners lagged, Riot down 2.68%, CleanSpark 2.80% and Cipher 2.31%.
- Strategy rose 4.84% to 160.50, the strongest of the crypto-linked equities, with no single corporate disclosure surfacing on the wires to account for it. Public US spot bitcoin ETF flow trackers disagree on where September's net flow finished, so no monthly figure is published here.

Commodities

- Oil: Brent trades near USD 102 this morning, down 0.4%, after settling 4.4% higher at USD 102.31 on Thursday amid renewed risk of military escalation in the Middle East. The Pentagon, according to a US official, is deploying a third aircraft carrier group and 10,000 additional troops. Despite signs of normalising Middle East crude flows - albeit at punitive freight and insurance costs, and with no barrels from Iran - prices failed to move sustainably lower this week, highlighting that the bigger crisis remains the shortage of refined products and the lack of a peace deal, keeping the risk of renewed escalation elevated. Persistent product tightness remains with gasoil, a key benchmark for diesel and other middle distillates, continues to trade above USD 200 per barrel, underlining where the real physical stress remains.
- Metals: Gold spot trades at USD 4,186, up 0.4%, reducing its weekly loss to around 2.3% with bond yields continuing to be a major source of directional input, having risen strongly earlier in the week before retreating ahead of today's US jobs report. Despite the latest rebound, silver remains down around 5% on the week, while copper has lost 2.6%. The bond selloff and elevated oil prices are stoking concerns about the near-term demand outlook, while Chinese markets remain closed for Golden Week.
- Commodities: The BCOM Total Return Index trades down 1.7% on the week – reducing the year-to-date gain to 33% - led by losses across grains and metals. Energy is broadly flat, with a near 10% drop in natural gas offset by continued strength in crude oil and fuel products. Softs are mixed, with a sharp drop in cotton countered by gains in coffee and sugar. RBOB gasoline, ULSD Diesel, Brent crude and Arabica coffee are among the week's top performers.

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Fixed Income

- The US Treasury yield curve steepened again as short-dated yields fell sharply on Thursday, even while longer yields were only slightly lower after testing new highs for the cycle. The benchmark U 2-year Treasury yield dropped back nine basis points to just below 4.80%, while the benchmark 10-year Treasury yield fell four basis point to trade near 5.25% late by early Friday, though only after testing new highs for the cycle at 5.34% intraday on Thursday.
- US high yield corporate bonds saw further selling pressure on Thursday as the Bloomberg index we track of the spread between US high yield bonds and US treasuries widened another seven basis points to 318 basis points, the widest since a brief spurt to as high as 335 basis points in March.
- Short-date European sovereign debt yields collapsed Thursday as the market lowers anticipation for ECB tightening given the intensified focus on the sharply widening spread between German and French bond yields. After a 2027 budget was introduced to France National Assembly yesterday, the Germany-France 10-year yield spread widened to 141 basis points, up 14 bps on the day and a fresh 14-year high. Thursday marked the first time for this cycle that the market showed signs of safe haven seeking in German 10-year Bunds, as the yield dropped sharply toward 3.51%, while France's 10-year yield rose another five basis points on the day, ending the day near 4.92%.

Currencies

- The Euro caught a cold as the focus intensified on France's fiscal stability and bond markets Thursday. EURUSD dropped to new lows since early 2025, marking a new low water mark at 1.1215 before rebound toward 1.1250. EURCHF saw the most drama in relative terms after its recent rise, reversing lower and hitting an air pocket as the support for carry trades was withdrawn on collapsing short European rates. The EURCHF rate fell all the way to the 0.9330 after starting the day above 0.9460. Elsewhere, EURGBP fell sharply again to a new low since July at 0.8515 and has fallen fully 1% this week.
- JPY crosses traded in choppy fashion as the currency is pulled in two different directions. On the one hand, sharply lower anticipation of central bank tightening elsewhere improves the JPY's yield disadvantage, but on the other hand, still high long-dated yields failed to drop and concerns remain on the stability of Japan's sovereign debt. USDJPY was slightly lower early Friday, trading near 157.90 after a high Thursday of 158.45 (very close to the 200-day moving average at 158.50) EURJPY was volatile, rising as high as 179.29 before the negative Euro focus saw it drop below 177.00 at one point and then bounce to 177.50.

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

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