

Market Quick Take Weak euro in focus

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Market drivers and catalysts

- Macro: Soft jobs print cooled hike expectations; political and fiscal turmoil in the Eurozone
- Equities: Chipmakers carried the technology benchmark to a fresh high on narrow breadth
- Volatility: One day pricing collapsed once the week's biggest event had cleared the calendar
- Digital Assets: Tokens held steady over the weekend while listed exchanges lagged the mining names
- Commodities: Strong dollar weighs on gold; limited price impact from G7 oil and fuel release
- Fixed Income: US long end yields remain near multi-decade highs while French spreads widen further
- Currencies: Euro falls to a new cycle low amid Eurozone turmoil and French debt concerns

Macro

- US Jobs Miss: September non-farm payrolls came in at just 29,000, well below the 84,000 consensus estimate. Prior months were revised down by a combined 60,000. The unemployment rate ticked up to 4.2% from 4.1%, materially reducing the probability of a Fed rate hike at the October meeting to 20%.
- Fed Speak: Fed Vice Chair Bowman signalled no urgent need for further rate action, joining a growing chorus of officials favouring a pause. Dallas Fed President Logan, however, maintained that rates need to rise an additional 50bp or more. Fed minutes from the September meeting are due Wednesday and will be closely watched for further colour on the rate path.
- Brazil's presidential election will go to a run-off on October 25 after neither the incumbent Lula nor the right-leaning challenger Flavio Bolsonaro gaining 50% of the vote in the first round of voting at the weekend. But Bolsonaro is seen likely to take the second round after getting 47% of the vote, more than most polls suggested, as he is likely to gain more support from those who voted for other candidates in the first round. Brazil's currency and equity markets are likely to open higher Monday on the result.
- US-Iran War / Middle East: Geopolitical risk remains elevated. The US reportedly deployed a third aircraft carrier strike group to the Middle East. Saudi-backed Yemeni forces launched a full-scale military bid to recapture Houthi-controlled areas, pushing Brent above \$100. The Australian Treasurer described the US-Iran conflict as an economic "disaster," citing its inflationary and growth-dampening effects globally.
- G7 Oil Reserve Release: The G7 agreed to release 100 million barrels of crude and fuel from emergency reserves over the next four months to counter elevated energy prices, following US pressure.
- European Bond Contagion Risk: French bond spreads widened sharply amid fiscal concerns and missed deficit targets, with contagion spreading to Italian and Belgian bonds. Traders flagged echoes of the 2011 European debt crisis..

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Macro calendar highlights (times in GMT)

- 1400 – US Sep. ISM Services survey
- 2330 – Australia Oct. Westpac Consumer Confidence Survey

Earnings events

- Thursday: PepsiCo, Fast Retailing, Progressive, Tesco
- Friday: Delta Air Lines,

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

Equities

• US: Wall Street rallied on Friday, with the soft payrolls print cited as paring near-term Fed hike expectations. The S&P 500 rose 0.73% to 7,722.72, the Nasdaq 100 gained 1.00% to 30,807.93 for a fresh record close, the Dow added 0.49% to 51,182.11 and the Russell 2000 0.94% to 2,832.89. Breadth was narrow: the equal-weight S&P 500 rose only 0.33%. Semiconductors led, the SOX index up 2.4% with Teradyne, KLA and Applied Materials out in front, the chip ETF SMH up 2.07% and the technology sector 1.01%. Among the megacaps Tesla rose 4.65%, Broadcom 3.35% and AMD 2.95%, while Nvidia added 1.34%, Alphabet 1.56% and Meta just 0.30%. Banks have continued to lag, the KBW Bank Index around 14% below its August peak, though the sector ETF closed 0.06% higher on the day. After the close Fair Isaac fell 6.3% and TransUnion 2.7%, which coincided with a press report of a two-bureau mortgage credit plan for conforming loans.

• Europe: Friday brought a partial recovery after a week in which rising bond yields were cited as the weight. The Stoxx Europe 600 gained 0.75% to 631.36, the DAX 1.17% to 25,231.20, the Euro Stoxx 50 1.02% to 6,238.51, the CAC 40 0.79% to 7,897.19 and the FTSE 100 about 0.3%. The weekly picture was weaker, the Stoxx 600 down 1.1% and the CAC 40 down 2.24%, its worst week since April, with French fiscal concern cited as the weight. IG Group was the standout single-stock move, down 27% after cutting its 2026 revenue growth outlook to mid-single digits from 10% to 15%.

• Asia: Asian equities are modestly higher in early Monday trade, led by Japan. The Nikkei 225 is up 2.22% at 69,822.57, with AI and semiconductor names outperforming after TSMC's ADRs rallied 3% on Friday and the ADR premium widened to near 20%. The Hang Seng is little changed at 23,952.28, down 0.08%, while the Hang Seng Tech index is 0.27% higher and the ASX 200 0.14%. Mainland China and South Korea are shut for holidays, which was described as limiting regional breadth, and the MSCI Asia Pacific index is up about 0.4%. Early Golden Week data from China point to flat traffic and softer spending, a potential drag on consumer and travel names when those markets reopen.

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Volatility

VIX 15.31 | VIX FUTURES: 17.75 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (144.88) | MARKET REGIME: LOW VOL BULL | AS OF ~06:00 CET

• Short-dated pricing collapsed once the payrolls print had cleared. VIX1D fell 22.31% to 10.76 and VIX9D 13.86% to 12.06, while spot VIX dropped 6.59% to 15.31. VVIX eased 5.42% to 87.02 and the front VIX future sits at 17.75.

• The curve stays in steep contango, VIX3M at 18.01 against spot, with SKEW elevated at 144.88. Cross-

asset readings eased, MOVE down 0.78% to 107.30 and VXN 5.82% to 21.20, while crude vol stayed high at 51.00. SPX expected move: 39.25 points, or 0.51%, for today's expiry and 87.70 points, or 1.14%, for Friday 9 October.

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Digital Assets

BITCOIN ~86,243 -0.32% | ETHEREUM ~2,720 -0.25% | IBIT 47.73 -0.48% | ETHA 20.11 -1.28% | AS OF ~06:00 CET

- Tokens held broadly steady across the weekend while CME bitcoin futures reopened 2.07% higher. Friday's listed session split the complex: Coinbase fell 3.32% and Circle 2.00%, while the miners firmed, IREN up 2.73%, CleanSpark 1.76% and Cipher 1.62%.
- US spot bitcoin ETFs took in USD 2.65 billion in September, reported as their second-largest monthly net inflow since October 2025 and down from USD 3.52 billion in August, while spot ether ETFs drew USD 832 million against USD 1.85 billion the prior month.

Commodities

- Gold has started the week near unchanged at USD 4,140, supported by lower Treasury yields after softer US jobs data reduced pressure on the Fed to keep raising rates. However, the metal is increasingly facing a headwind from a stronger dollar, most notably against the euro, which has lifted the Dollar Index to an 18-month high. With limited US economic data this week, market focus will likely remain on the dollar and the political and fiscal turmoil in the Eurozone. A break below support just above USD 4,100 could signal a deeper retracement, while initial resistance is seen around USD 4,230.
- Oil: Brent trades near USD 101.50 this morning, down 0.7%, after pushing back above USD 100 last week. The move was partly driven by reports that a third US carrier strike group is heading to the Middle East, alongside renewed operations against Houthi-held areas in Yemen.
- Refined products: Following political pressure from the US, the G7 said it plans to release 100 million barrels of crude and diesel over the next four months. While this provided some short-term relief on Friday, the release may not be enough to drive spreads to crude materially lower. It does little to address the structural constraints facing the refined-products market, including shrinking Russian supply, curtailed Middle East exports and China's suspension of fuel exports for October. Together, these developments risk keeping distillate markets tight and prices elevated as the Northern Hemisphere enters the peak winter demand season.
- Commitment of traders: Managed money remained firmly on the defensive in the week to 29 September as a stronger dollar and surging US Treasury yields hurt the sector. Funds sold 18 of 25 major commodity futures, led by crude oil, natural gas, gold, silver, soybeans and corn. The combined WTI and Brent net long fell 31k contracts to a five-week low. Gold continues to highlight a notable divergence: hedge funds cut 2.7 million ounces of exposure during September, while ETF investors added 1.7 million ounces, lifting holdings to a four-year high. Agriculture positioning remains relatively sticky, with a 6% price decline since early September triggering only an 11% reduction in the record net long.

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Fixed Income

- The US Treasuries saw choppy trading Friday on the US jobs data and turmoil in European bond markets. The benchmark 20-year Treasury yield fell as low as 4.69% after the soft employment report, only to rise back to finish the day slightly higher at 4.80%. Longer-dated treasuries saw similar action, with the 10-year treasury yield finishing the day slightly higher near 5.26% after a dip on the jobs data.
- US high yield corporate bonds finally saw some relief Friday after several days of selling pressure. The Bloomberg index we track of the spread between US high yield bonds and US treasuries tightened 12 basis points to 306 basis points.
- European sovereign debt markets saw further turmoil Friday, as the spread between Germany and French 10-year yields widened as much as 18 basis points to a new cycle high of 159 basis points before tightening sharply and ending the day near unchanged at 141 basis points. Likewise, signs of safe-haven seeking in German bonds eased after the benchmark 10-year German Bund yield fell as low as 3.37%, down 12 basis points on the day before rising back toward 3.46% by the close of trading. France's 10-year OAT yield rose as high as 4.995% before dropping back to 4.87% at the close.

Currencies

- The Euro traded sharply weaker to start the week, dipping to a new cycle low versus the US dollar on Monday. EURUSD traded as low as 1.1161 after closing on Friday near 1.1255 and EURGBP plunged to 0.8465 after falling sharply and ending trading last week near 0.8500. EURCHF dipped back to 0.9280 after rallying back above 0.9325 on Friday on stabilising French bond yields. Turmoil in Eurozone and especially French debt markets has weighed over the last week, even as French sovereign debt yields stabilised Friday (see above).
- The US dollar was broadly stronger despite the weak US September payrolls data Friday. Besides EURUSD's plunge noted above, USDJPY squeezed back above 158.00 Monday, while AUDUSD fell and even USDCHF traded higher.

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

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