

Market Quick Take - SP 500 sets a fourth record before Fed minutes

Saxo Bank · 2026-10-07 · English original

Market drivers and catalysts

- Macro: A widening trade deficit met official reassurance on the debt burden
- Equities: Wall Street extended its record run while Asian memory names went the other way
- Volatility: Index volatility eased across every tenor and rates volatility fell hardest of all
- Digital Assets: Tokens sold off against record equity highs as a major ether fund restructured
- Commodities: Ship attacks in Black Sea and Hormuz lift oil and wheat; gold struggles for direction
- Fixed Income: French debt stress eases again. US treasuries quiet, but long-dated yield perched near 24-year highs.
- Currencies: USD firms again ahead of FOMC minutes. EURGBP eyes 17-month lows.

Macro

- The US trade deficit widened sharply. August's shortfall rose 13.7% month on month to USD 105.6 billion, above the USD 102.1 billion consensus and the largest since early 2025. Imports rose 4.3% to a record USD 420.8 billion and exports 1.4% to USD 315.2 billion, with US goods exports to China down 12.5% on the month.
- France's Marine Le Pen unveiled a sweeping fiscal plan Tuesday aimed at bolstering the National Rally's economic credibility ahead of the 2027 election. She proposed €140 billion in net savings by 2032, a constitutional "golden rule" forcing annual deficit reduction, and a return below the EU's 3% deficit ceiling by 2030. The plan also targets lower EU contributions, tighter immigration-linked spending, pension reform and cuts to state agencies and taxes. The plan may rely on unrealistic saving assumptions, but French bonds rallied on the announcement.
- US same-store retail sales rose 8.6% year on year in the week to 3 October, with Amazon's Prime Big Deal Days and competing promotions cited as the lift.
- The debt burden drew competing commentary. Treasury Secretary Scott Bessent sought to reassure markets that US debt is manageable through a combination of growth and spending restraint, though market strategists were broadly sceptical. Ray Dalio warned that China and Japan may pull back from US Treasuries, noting that the US relies on foreign capital for roughly a third of its debt.
- Japan's real wages rose for an eighth straight month in August, the longest run in nearly a decade, with August real earnings up 1.5% year on year on 3.8% base-pay gains.
- Vitol's chief executive warned that a tanker shortage is disrupting Gulf oil flows and pushing charter costs higher, sketching a USD 200 a barrel scenario.

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Macro calendar highlights (times in GMT)

- 0600 – Germany August Industrial Production
- 1430 – EIA's Weekly Crude and Fuel Stocks Report
- 1800 – US FOMC Meeting Minutes
- 1900 – US August Consumer Credit

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 extended its advance on Tuesday. The S&P 500 rose 0.58% to a record 7,818.93, a fourth consecutive gain, the Nasdaq 100 added 0.48% to 31,224.69 and the Nasdaq Composite gained 0.5% to 27,599.79, its twenty-fourth record close of 2026. The Dow rose 0.49% to 51,526.14 and the Russell 2000 fell 0.59% to 2,830.30. Utilities led the sectors, up 2.98%, coinciding with Alphabet's twenty-year nuclear power agreement with Constellation Energy, which gained 12.2%. Broadcom rose 3.67% and AMD 2.80%, while Nvidia added 0.14% as it approached a USD 6 trillion market value, reports that SpaceX is seeking USD 40 billion to buy its chips cited as the driver. Biotech fell 3.39% and memory names lagged, the DRAM index down 3.49%. Constellation Brands beat after the close but guided full-year earnings below estimates, and Penguin Solutions rose 5.12% after hours on record AI memory revenue.
- Europe: Tuesday brought a third consecutive advance. The Stoxx 600 rose 0.48% to 636.64, led by banks, with SAP up 1.9% the largest contributor and Valeo up 5.5% the top individual mover. The DAX added 0.77% to 25,449.19, the FTSE 100 climbed 0.4% to 10,541.69 and the SMI rose 0.62% to 13,788.93. Softer oil and a rally in French government bonds, after Marine Le Pen proposed bringing France's deficit below 3% of GDP by 2032, were cited as support. Goldman Sachs reiterated an underweight stance on European equities, citing political risk in France, Italy and Spain.
- Asia: Wednesday's session is lower at the 06:05 CET snapshot, against a record Wall Street handoff. The Nikkei 225 is down 0.73% at 70,166.50 after Tuesday's advance, and the Hang Seng is 0.53% lower at 24,151.90 with its technology sub-index off 0.91%. Korea is the weakest, the Kospi 0.90% lower near 6,879, with memory heavyweights tracking overnight weakness in US peers cited as the drag and foreign investors selling a net 940.2 billion won. Samsung Electronics firmed ahead of results while SK Hynix eased. The ASX 200 is little changed and mainland China remains shut for Golden Week.

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Volatility

VIX 15.01 | VIX FUTURES: 17.24 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (141.21) | MARKET REGIME: LOW VOL BULL | AS OF ~06:00 CET

- The record equity close was the cited trigger. Spot VIX fell 3.29% to 15.01, with VIX1D down 3.23% to 8.69 and VIX9D 6.38% lower at 12.03. VVIX eased 3.36% to 82.59 and VXN 2.53% to 21.15, while the front VIX future sits at 17.240.
- The cash curve holds a clean contango, VIX3M at 17.64 and VIX1Y at 21.65, with SKEW elevated at 141.21. Rates volatility fell hardest, MOVE down 7.39% to 105.21. SPX expected move: 30.15 points, or 0.39%, for today's expiry and 58.35 points, or 0.75%, for Friday 9 October.

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Digital Assets

BITCOIN ~84,203 -1.57% | ETHEREUM ~2,614 -3.08% | IBIT 48.49 -0.14% | ETHA 60.89 -0.65% | AS OF ~06:00 CET

- Tokens sold off against record equity highs. Spot fell across the majors, with ether the weakest, XRP down 2.00% and Solana 1.92%. The listed complex held up better: Strategy was flat and IREN rose 1.98%, while Coinbase eased 1.32%, Riot 2.02% and Marathon 1.79%. Deribit's bitcoin volatility gauge was little changed at 36.05.
- BlackRock's iShares Ethereum Trust completed a 1-for-3 reverse share split, effective 6 October, with fractional interests redeemed in cash. The consolidation changes the quoted share price but not the fund's underlying exposure.

Commodities

- Oil: Brent trades near USD 101.5 after Tuesday's supply-led slump to USD 97 was reversed as Iran stepped up attacks on vessels attempting to cross the Strait of Hormuz. At the same time, Middle East supply continues to recover, helped by Saudi Arabia now pumping around 5.8 mb/d through its East-West pipeline. WTI continues to trade at a discount of more than USD 10 to Brent, while Brent remains heavily backwardated and gasoil trades near USD 185 per barrel, all pointing to continued tightness despite the recovery in crude supply.
- Gold continues to trade sideways, easing to USD 4,130 today after Tuesday's advance to USD 4,180 was met with fresh selling as oil prices rebounded and long-end bond yields remained near multi-year highs. Notably, ETF demand remains firm, with total holdings reaching a fresh four-year high of 3,145 tonnes, having risen by 69 tonnes during a six-week period in which the 10-year Treasury yield has surged by around 56 basis points to 5.31%. The gold-silver ratio trades near 68, where it has been pivoting for the past three months, highlighting the lack of an independent directional driver for silver beyond movements in gold.
- Wheat futures in Paris and Chicago rose for a fourth straight session as drone attacks on cargo vessels in the Black Sea raised concerns about disruption to vital grain export routes from the region. Two ships were struck on Tuesday in Bulgaria's exclusive economic zone, including one carrying wheat from Ukraine, while another vessel was hit on Monday outside Romanian territorial waters in an attack Ukraine blamed on Russian drones. The incidents have effectively widened the high-risk area, potentially exposing commercial shipping to greater danger as soon as vessels enter the Black Sea

rather than only when approaching Ukrainian ports.

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Fixed Income

- The US Treasury yields were little changed Tuesday, as the benchmark 2-year treasury yield treads water around the 4.81%, while the 10-year yield dipped slightly, only to recover back to 5.31% early Wednesday, hovering just below the 24-year high posted intraday on Friday at 5.347%.
- Pressure eased again on France's sovereign bonds Tuesday, in part on the National Rally's Le Pen of her party's budget plan (see above). The spread between Germany and French 10-year yields tightened another ten basis points to 127 basis points after trading as high as 159 basis points late week. The French benchmark 2-year OAT yield fell ten basis points to 3.56%, still 45 basis points higher than Germany's 2-year Schatz yield.
- US high yield bonds rallied Tuesday, a sign of improving credit conditions. The Bloomberg measure we track of the spread between high yield bonds and US treasuries tightened nine basis points to 298 basis points.

Currencies

- USD strength returned late Tuesday and in early trading Wednesday in Asia. After rallying as high as 1.1277 early Tuesday EURUSD rolled over and traded closer to 1.1230 early Wednesday in Europe, while USDJPY rose to test the 200-day moving average near 158.50.
- Sterling remains firm versus the euro despite the calming in French debt stress in recent sessions. EURGBP posted its lowest daily close since July on Tuesday at 0.8481.

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

Source: <https://www.home.saxo/content/articles/macro/market-quick-take---sp-500-sets-a-fourth-record-before-fed-minutes---07-october-2026-07102026>