

Market Quick Take - Yields hit 24-year highs after hawkish Fed minutes - 08 October 2026

Saxo Bank · 2026-10-08 · English original

Market drivers and catalysts

- Macro: Fed minutes showed unanimous backing for the September hike and mortgage costs kept climbing
- Equities: Wall Street snapped its winning run while European banks and Korean chipmakers fell hardest
- Volatility: Index volatility stayed subdued even as one-day pricing firmed and rates volatility eased
- Digital Assets: Tokens drifted lower and listed crypto proxies fell much harder than the coins
- Commodities: Supply risks underpin oil and copper; gold rebounds after testing key support
- Fixed Income: French debt concerns rebounded sharply. US long-date yields tamed after intraday cycle highs Wednesday.
- Currencies: EUR weakness eased slightly, JPY broadly weak

Macro

- The September FOMC minutes showed a unanimous decision to hike 25bp, but a meaningful split over reasons for tightening policy: some officials were focused on preventing supply/energy shocks from unanchoring inflation expectations, while others saw demand-driven inflation as the bigger problem. Most participants still judged that another hike before year-end would likely be appropriate, but there was little sense of urgency around October. Overall, the minutes reinforced a hawkish bias, but with a preference to wait for more data before moving again. US short-dated treasury yields ended the day lower.
- Housing costs kept rising. The 30-year fixed mortgage rate jumped 19 basis points to 7.49% for the week ended 2 October, the highest since November 2023 and a seventh consecutive weekly increase. Mortgage applications fell 4.2%, with purchases down 2.1% and refinancings down 7.5%. The New York Fed's survey showed one-year inflation expectations rising to 3.9% from 3.6%.

More in our Macro Analysis & Macroeconomic News

Macro calendar highlights (times in GMT)

- 1230 – US Weekly Initial Jobless Claims

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 gave back ground on Wednesday. The S&P 500 fell 0.22% to 7,801.77, snapping a four-day winning streak, the Nasdaq 100 eased 0.21% to 31,160.08 and the Dow dropped 0.66% to 51,185.13. The Russell 2000 was the weakest, down 1.31% to 2,793.20. Industrials led the sector losses, down 2.18%, with Caterpillar off 5.8%, the largest single-stock drag. Meta was the weakest megacap, down 2.38%, and Nvidia slipped 0.74%, while Apple, Amazon and Alphabet all firmed. Broadcom is arranging more than USD 50 billion of financing for the custom chip it is developing with OpenAI. After the close, Wolfspeed surged 27% after securing a USD 1.5 billion conditional loan commitment, Levi Strauss fell 1.5% after reporting its slowest direct-to-consumer growth since late 2022, and Applied Digital reported revenue up 322% with leases representing about USD 36 billion of contracted revenue.
- Europe: European equities sold off sharply, banking weakness and French fiscal concerns cited as the drivers. The Euro Stoxx 50 fell 1.47% to 6,180.30, its largest single-day decline since 1 October, and the Stoxx Europe 600 dropped 1.00% to 630.26. Banks were the worst of it, the Euro Stoxx Banks index down 3.38% to 295.93, with Societe Generale and Deutsche Bank both falling more than 5%. HSBC declined 4.4% and Prudential 4.7% on the FTSE 100, which lost 0.8% to 10,458.50. The DAX fell 1.35% to 25,104.36 and the CAC 40 1.22%. Pannon Group was the largest individual drop in the Stoxx 600, down 20.1% to a 52-week low. The Swiss SMI bucked the trend, up 0.14% with Roche gaining 2.9%.
- Asia: Thursday's session is broadly lower at the 06:05 CET snapshot, elevated oil prices and renewed technology weakness cited as the weight. Korea is the weakest, the Kospi down 2.11% to 6,660.13, after Samsung Electronics guided third-quarter operating profit above 100 trillion won for the first time, a fourth consecutive record but short of consensus. The Nikkei 225 is 1.12% lower at 69,252.08 and the Hang Seng 0.69% lower at 23,963.32, with its technology sub-index down 1.93%. The ASX 200 eased 0.64% and mainland China returns from the Golden Week holiday, the CSI 300 printing 4,338.67. Japan Exchange Group announced its biggest-ever Topix reshuffle, earmarking 683 companies for removal and 35 for addition.

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Volatility

VIX 15.08 | VIX FUTURES: 17.41 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (141.84) | MARKET REGIME: LOW VOL BULL | AS OF ~06:00 CET

- Hawkish minutes and a 24-year high in yields were the cited trigger. Spot VIX firmed 0.47% to 15.08, while VIX1D jumped 7.02% to 9.30 and VIX9D eased 2.08% to 11.78. VVIX rose 0.71% to 83.18 and VXN fell 0.71% to 21.00, with the front VIX future at 17.410.
- The cash curve holds a clean contango, VIX3M at 17.72 and VIX1Y at 21.67, with SKEW elevated at 141.84. Rates volatility eased, MOVE down 2.52% to 102.56. SPX expected move: 32.55 points, or 0.417%, for today's expiry and 47.55 points, or 0.610%, for Friday 9 October.

Digital Assets

BITCOIN ~82,717 -0.71% | ETHEREUM ~2,566 -0.30% | IBIT 47.21 -2.64% | ETHA 58.10 -4.58% | AS OF ~06:00 CET

- Tokens drifted lower while the listed complex fell much harder, Strategy down 6.79%, Coinbase 3.92% and the miners between 2% and 6%. Bitcoin funds took in about USD 119 million on Tuesday while ether funds shed USD 202 million, a sixth straight session of outflows.
- The SEC published IEX's rule filing establishing listing standards for options on single and multi-asset crypto trusts, and raising position and exercise limits on iShares Bitcoin Trust options to one million contracts from 250,000. It took effect on filing, with comments due 28 October.

Commodities

- Oil: Brent gained further ground, trading near USD 102.50, while WTI is back above USD 90 amid concerns the Middle East conflict could flare up again ahead of the US midterms after the White House reportedly asked the Pentagon to draw up strike options. Meanwhile, a storm in the Gulf of Mexico has forced the shutdown of around 500 kb/d of US production. Combined with recent attacks on vessels in the Strait of Hormuz, these developments underline just how far the global oil market remains from normalisation. Crude continues to be shipped at exceptionally high cost, while curtailed fuel exports are keeping product markets tight. Gasoil - the key pricing benchmark for diesel, jet fuel, marine and heating fuels - has climbed back above USD 191 per barrel.
- Gold trades near USD 4,130 after briefly tumbling through support at USD 4,100 on Thursday as bond yields and the dollar climbed to fresh cycle highs. The price action highlights an ongoing battle between macro- and technically focused traders selling gold in response to higher funding costs and dollar strength, and investors seeking protection against the potential fiscal fallout from rising debt and borrowing costs. The latter remains evident in ETF demand, with total holdings reaching a fresh four-year high on Wednesday. Gains during today's Asian session may also have been supported by the return of Chinese investors following the week-long Golden Week holiday.
- Copper rose alongside other metals as Chinese traders returned from a week-long holiday, restoring liquidity to Asian markets. Prices are also being supported by a strike at a major mine in Chile. More broadly, copper in London and New York has spent the past couple of months consolidating near record highs, underpinned by expectations for robust demand and persistent challenges in expanding mine supply. The longer-term demand outlook remains supported by several structural themes, including electrification, renewable energy, electric vehicles, grid expansion and rapidly growing power demand from data centres.

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Fixed Income

- The US Treasury yields fell slightly Wednesday after a rise intraday, possibly as US treasuries at the front end of the curve found safe haven appeal. The benchmark 2-year treasury yield dipped toward 4.77%, down four basis points on the day and closing at the lowest level in more than two weeks. At the longer end of the curve, the 10-year treasury yield spiked to a new 24-year high intraday above 5.36% before easing back lower to close near unchanged at 5.28% and then backing up slightly in early trading Thursday to 5.31%.

- Pressure rebounded again on France's sovereign bonds Wednesday, a reversal of the prior two days of improvement. The France-Germany 10 year yield spread widened 12 basis points to 140 basis points. The ECB's Moulin yesterday said that the situation for France's debt is complicate and serious, but doesn't require intervention from the ECB. Protests by students and sympathizers are widespread and have turned violent in some cases.
- US high yield bonds sold off Wednesday, a sign of worsening financial conditions. The Bloomberg measure we track of the spread between high yield bonds and US treasuries widened seven basis points to 305 basis points.

Currencies

- EUR weakness eased late Wednesday as EURUSD recovered back above 1.1200 by early Thursday after dipping as low as 1.1165 on Wednesday, not quite touching the recent 17-month low. EURGBP bounced back to 0.8480 after testing 17-month lows below 0.8455 on Wednesday.
- The JPY was broadly weak, even after strong demand was seen Thursday in an auction of 30-year JGB's. USDJPY jumped back higher to 158.23 after trading as low as 157.59 after surprisingly sharp downside action that some might see as a sign of official intervention or price checking, though there was no official confirmation of such moves. EURJPY traded 177.28 after a 176.53 low.

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

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