

Market Quick Take - Risk sentiment crumbling US treasuries a safe haven

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Market drivers and catalysts

- Macro: Risk sentiment suffers as US inflation reaccelerates, triggering wild swings in Treasuries
- Equities: A chipmaker rout spread from Wall Street into Korea and Japan overnight
- Volatility: Short-dated index volatility repriced sharply higher while the longest tenors barely moved
- Digital Assets: Mining shares bore the brunt, with higher rates meeting heavy debt loads
- Commodities: Oil steadies despite demand concerns; gold rebounds as silver struggles
- Fixed Income: US Treasuries see wild session, selling off on hot US CPI data before strong demand entirely reverses move and sends yields sharply lower.
- Currencies: US dollar tracks US treasury yields as rally to new cycle high on CPI later erased

Macro

- US inflation reaccelerated in September. Headline CPI rose to 3.7% year on year from 3.4%, above the 3.6% forecast, with the monthly print at 0.6%. Energy did most of the work: gasoline rose 34.2% year on year and 9.1% on the month, and fuel oil 74.2%. Shelter climbed to 3.2% while food eased to 2.5%. Core inflation increased to 2.6%, with monthly core steady at 0.3%.
- Pricing for a Federal Reserve hike at the 28 October FOMC fell slightly by the end of the day Wednesday after the wild pump and dump in US treasury yields on the September US CPI release. Implied odds briefly spiked above 50% intraday before easing back below 30%, a slight drop from the prior day. San Francisco Fed president Mary Daly said further increases were likely needed but that there was no urgency to decide this month.
- German wholesale prices rose 8.7% year on year in September, up from 6.8% and the fastest since February 2023, with mineral oil products up 48.8% and metals 24.9%; the monthly gain of 1.9% beat a 0.7% forecast. Japan's core machine orders rose 5.2% on the month in August, reversing July's decline. Australia shed 39,300 jobs in September against an expected 20,000 gain, and unemployment held at 4.7%, the highest since October 2021.
- Middle East supply risk may remain live. A container ship sank in the Strait of Hormuz after being hit by unidentified projectiles, alongside Houthi strikes on Saudi Arabia that included a reported hit on Saudi Aramco's headquarters. Russia accused Ukraine of striking two refineries, among them the 400,000 barrel a day Ryazan plant..

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Macro calendar highlights (times in GMT)

- 1230 – US Sep. PPI
- 1230 – US Sep. Retail Sales
- 1230 – US Weekly Initial Jobless Claims

Fed speakers: Goolsbee (1400), and Hammack (2030)

Earnings events

- Thursday: TSMC, Charles Schwab, Interactive Brokers, Prologis

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

Equities

- US: Wednesday brought the worst session since late July. The S&P 500 fell 1.11% to 7,718.94, ending its longest run without a 1% decline in more than six years, the Nasdaq 100 dropped 2.02% to 29,950.82, the Dow was little changed at 51,626.17 and the Russell 2000 fell 1.93% into correction territory, more than 10% below its August peak. The Philadelphia Semiconductor Index sank 4.5%, with AMD down 5.73%, Nvidia 3.16% lower and CoreWeave off more than 15%, concern over its AI debt load cited. Bank of America fell 4.8%, weaker trading revenue and a USD 1.2 billion regulatory fine cited, and Morgan Stanley fell 2.75% despite a record IPO haul at its wealth arm. BlackRock beat, with assets under management at USD 15.49 trillion. Healthcare was the one firm sector, its ETF up 2.53%.
- Europe: European equities bucked the global move on Wednesday. The Stoxx Europe 600 rose 0.43% to 637.76, its highest close since 29 September, and the Euro Stoxx 50 added 0.38% to 6,190.38. The DAX edged 0.15% higher to 25,298.61, Rheinmetall up 3.1%, while the FTSE 100 advanced 0.7%, with AstraZeneca and Barratt Redrow among the leaders. The Swiss SMI climbed 1.45%, its largest daily gain since July, with Roche and Lonza leading. Rotation into defensive healthcare and food and beverage names coincided with the US inflation print. ASML raised its full-year sales outlook, though the initial gain faded.
- Asia: The chipmaker selloff deepened sharply this morning. The Kospi has fallen 8.02% to 5,527.12, a fourth consecutive decline, with Samsung Electronics and SK Hynix each down more than 10%, doubts over the AI trade cited. The Nikkei 225 is 5.13% lower at 64,267.09 after finishing Wednesday near 67,744, and the Hang Seng is down 1.47% at 23,955.59, its technology sub-index 2.94% weaker. The CSI 300 fell 2.00%. HSBC cut its end-2026 targets for the mainland indices by 9% to 15%, tighter global liquidity cited. The Singapore desk had the Kospi 5.7% lower around 03:00 CET.

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Volatility

VIX 16.87 | VIX FUTURES: 18.550 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (157.30) | MARKET REGIME: TRANSITIONING | AS OF ~06:00 CET

- Spot VIX rose 10.48% to 16.87 on the hot US inflation print, with the front of the curve moving hardest - VIX1D up 31.62% to 14.11 and VIX9D up 21.68% to 14.59, both still below spot. The cash curve holds clean contango from VIX1D at 14.11 out to VIX1Y at 21.94. Demand concentrated in the wings rather than at the money: SKEW sits at 157.30 and VVIX gained 10.62% to 94.45.

- Rate volatility moved the other way, MOVE 2.01% lower at 99.07, leaving equity and Treasury options markets priced for different readings of the same CPI. SPXW implies 47.65 points for today's expiry, 0.62%, and 65.05 points into Friday, with producer prices at 14:30 CET.

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Digital Assets

BITCOIN ~80,833 -0.95% | ETHEREUM ~2,356 -2.62% | IBIT 46.24 -1.89% | ETHA 54.89 -3.16% | AS OF ~06:00 CET

- Bitcoin trades near \$81,560, down 2% and roughly 35% below its October 2025 peak, with ether the weaker leg at \$2,372 after a 5.27% decline. The inflation print forced \$220 million of liquidations across the session against perpetual open interest of \$67.7 billion and turnover at 19.2 times spot, though implied volatility eased, DVOL 0.95% lower at 38.75.

- Listed names carried more of the move: Cipher fell 12.35% and IREN 12.18% on borrowing costs for debt-funded buildouts, Coinbase 4.90% and Strategy 5.87%. Strategy bought 250 bitcoin at an average \$86,194 in the week to 11 October while directing \$192.4 million to STRC preferred repurchases. The \$85,000 zone has rejected price three times; \$81,000 marks the structural cost basis, with \$77,200 below it.

Commodities

- Oil: Brent trades around USD 105 after falling on Wednesday as concerns over Middle East supply disruptions eased and the IEA raised its forecast for the decline in global oil demand this year to 2.6 million barrels per day, while lowering expectations for next year's rebound. Following several days of Houthi attacks, it remains unclear whether Saudi Arabian oil infrastructure and supply flows have suffered any meaningful setbacks. Meanwhile, the refined product market remains tight and could tighten further after Ukraine told the FT it plans to resume strikes on Russian oil refineries. Ahead of today's delayed EIA inventory report, API data showed an 11-million-barrel draw in US crude stocks, which, if confirmed, would be the largest since June 2025.

- Gold trades around USD 4,135, having recovered most of Wednesday's sharp post-CPI losses that briefly pushed prices towards, but not below, the recent low at USD 4,066. The volatile session was driven by sharp swings in US Treasury yields, initially surging on stronger-than-expected inflation before reversing abruptly as traders covered increasingly stretched short Treasury positions amid a sell-off in technology stocks. Key resistance remains around USD 4,235, a level breached during the late-September sell-off.

- Silver, meanwhile, continues to struggle for traction, partly weighed down by broader weakness across industrial metals, with copper heading for a third consecutive daily decline. The gold-silver ratio has broken above key resistance around 72.60, now turned support, signalling renewed relative weakness in silver and raising the risk of further underperformance against gold.

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Fixed Income

- US treasury yields swung wildly on the release of the hot US September CPI data, first spiking higher and with the yield curve flattening as the benchmark 2-year yield rose as much as 16 basis points before getting crushed lower as weak risk sentiment across the board saw a strong bid in the treasury market, sending yields back to unchanged on the day and then lower still early Thursday. The benchmark 2-year yield is near 4.73%, down five basis points from Wednesday's starting point. At the longer end of the yield curve, the 10-year treasury yield rose 12 basis points after the US CPI data but then fully erased that move and then some early Thursday, trading below 5.11%, down more than ten basis points from where it opened the prior day and suddenly at a three-week low.
- Japan's yields dropped heavily Thursday, inspired by the drop in US treasury yields. While the front end of the yield curve was relatively anchored near 1.91% by late trading in Tokyo on Thursday, only down two basis points, longer-dated JGBs saw strong demand, with the benchmark 10-year JGB yield, for example, pushing nearly eight basis points lower to below 2.93%, the lowest in over a month.

Currencies

- The US dollar spiked higher to new cycle highs on the release of the hot US CPI numbers, but that move was fully reversed late Wednesday and into early trading Thursday as EURUSD, for example, bottomed out at 1.1113 Wednesday before rising as high as 1.1240 in Asian trading hours Thursday and then settling back toward 1.1215.
- Weak Australian employment data and weak global risk sentiment saw the AUD trading sharply weaker Thursday, testing the lows of the week in AUDUSD despite a weak USD near 0.6950, while AUDNZD tumbled back below 1.2400 from a peak of 1.2494 before the data.
- The Japanese yen strengthened versus the US dollar late Wednesday and early Thursday, but was well off its broader intraday highs from early Thursday that were likely inspired by fresh verbal warnings from Finance Minister Katayama, who said she is prepared to take action in the FX market if needed. After USDJPY hit a local intraday high Wednesday on the hot US CPI numbers near 158.90, it dropped back to as low as 157.60 early Thursday before bounding back toward 157.95. EURJPY bottomed out early Thursday at 176.51 before rising back above 177.00.

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

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