

Market Quick Take Meltdown in AI stocks yields to late recovery

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Market drivers and catalysts

- Macro: Producer prices surged on energy while retail sales were flattered by costlier petrol
- Equities: Money left the chipmakers and went looking for healthcare, banks and the smaller companies
- Volatility: Index volatility unwound the inflation spike while rates volatility pushed the other way
- Digital Assets: Listed crypto shares bounced back sharply even as the tokens themselves barely moved
- Commodities: Commodities steady as oil supply risks linger and gold attempts a recovery
- Fixed Income: US yields dropped sharply Thursday, found lows after release of hot PPI inflation data before rebounding.
- Currencies: US dollar modestly weaker , sterling outperforms

Macro

- US producer prices jumped 1.3% month on month in September, the largest rise since March 2022 and well above the 0.5% forecast. A 10.8% rise in energy was cited as the largest contributor, with higher transport, trade and food costs alongside. Core producer prices rose 0.7%, while the annual rate climbed to 6.3%, the highest since December 2022.
- Retail sales rose 0.8% on the month, after a revised 1.3% gain in August and above the 0.3% forecast. The composition was narrower than the headline: a 6.4% jump at petrol stations, coinciding with higher fuel prices, accounted for most of it, sales excluding fuel rose 0.2%, and the control group used for GDP added just 0.1% after 1.2% in August.
- The survey data softened. The Philadelphia Fed manufacturing index fell to 20.9 in October from 37.8, below expectations and the weakest reading since June, with new orders, shipments and employment all slowing while staying positive. Jobless claims rose 1,000 to 199,000 in the week to 10 October, just under forecast, and continuing claims fell to 1,710,000.

More in our Macro Analysis & Macroeconomic News

Macro calendar highlights (times in GMT)

- 1215 – Canada Sep. Housing Starts
- 1230 – US Sep. Import and Export Price Indices
- 1315 – US Sep. Industrial Production

Earnings events

- Today: Investor AB, Truist Financial
- Monday: Fifth Third Bancorp, Steel Dynamics
- Tuesday: GE Aerospace, Netflix, RTX Corporation, ABB Ltd, Intuitive Surgical, Chubb, Capital One, 3M Company, General Motors, Northrop Grumman, United Airlines
- Wednesday: Meta, Tesla, Lam Research, Philip Morris, SAP, Thermo Fisher Scientific, Texas Instruments, IBM, Abbott Laboratories, NextEra Energy, AT&T, Iberdrola, Danaher
- Thursday: Procter & Gamble, Gilead Sciences, Union Pacific, Western Digital, Valero Energy, Blackstone, Newmont, Lockheed Martin, Spotify, Atlas Copco
- Friday: ExxonMobil, American Express, Eni S.p.A, SLB

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

Equities

- US. The S&P 500 snapped a three-day losing streak, closing 0.33% higher at 7,744.06, while the Dow outperformed with a 1.08% gain to 52,183.23 and the Nasdaq 100 pared a steep intraday loss to finish at 29,935.59, down 0.05%. In our view breadth was broader than the headline suggests: the equal-weighted S&P rose 1.36% and the Russell 2000 1.38%. The session was characterised by a rotation out of AI and chip names into healthcare, financials and materials. Nvidia fell 1.84%, AMD 1.50% and Tesla 1.29%, with the semiconductor ETF down 1.04%, while healthcare gained 1.86%, financials 1.38% and retail 3.68%. Microsoft was a rare large-cap gainer, up 1.08%. CoreWeave rebounded about 5% after comments from Nvidia's chief executive on its financial health, and BNY Mellon added 3.2% and Marsh McLennan 4.6%, both having reported earnings beats. After the close Interactive Brokers beat, at USD 0.69 against USD 0.67 expected on revenue of USD 1.91 billion, and raised its dividend, though the shares traded about 2% lower.
- Europe. European equities were resilient despite the global chip selloff. The Stoxx 600 rose 0.38% to 640.17, led by healthcare, with AstraZeneca up 3.2% and Barry Callebaut 7.7%. The FTSE 100 climbed 1.1% to around 10,840, with banks firmer after comments from the UK Chancellor that were read as making a windfall tax less likely. The CAC 40 added 0.78% to 7,934.70 and the DAX 0.33% to 25,382.62, while the Euro Stoxx 50 slipped 0.36%. Chipmakers were hit hard, ASML down 5.7%, ASM International 8.6% and Infineon 8.0%. Ericsson surged about 11% after beating on sales and profit.
- Asia. Asian equities are broadly recovering this morning. The Kospi leads, up 4.11% to 5,782.62, with Samsung Electronics and SK Hynix steadying after Thursday's session, when the index fell as much as 6.5% amid concern over AI spending. The Nikkei 225 is up 1.80% to 65,584.61 and the Hang Seng 1.21% to 24,353.70, with Hang Seng Tech adding 2.16%. The CSI 300 rose 0.75% and Australia's ASX 200 1.11%. Taiwan's Taiex had fallen 3.4% on Thursday, its sixth-largest one-day point decline, with TSMC the main drag.

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Volatility

VIX 16.46 | VIX FUTURES: 17.850 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (160.45) | MARKET REGIME: TRANSITIONING | AS OF ~06:00 CET

- Hot producer prices were followed by a Treasury rally, and index volatility eased. VIX fell 2.43% to 16.46 and the nine-day measure 4.25% to 13.97, unwinding most of Wednesday's spike, while one-day volatility held at 13.90. VVIX slipped 1.99% to 92.57.
- The curve stayed in contango from 13.97 out to 21.77 at one year, and SKEW rose 2.00% to 160.45. Rates volatility went the other way, MOVE up 3.45% to 102.50. SPX options imply 41.65 points, 0.54%, for today's expiry and 100.25 points, 1.29%, into 23 October. The 28 October Fed decision is the next catalyst.

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Digital Assets

BITCOIN ~82,089 -0.05% | ETHEREUM ~2,438 -0.06% | IBIT 46.59 +0.76% | ETHA 55.41 +0.95% | AS OF ~06:00 CET

- Bitcoin trades near \$82,000, unchanged on the week and 35% below the October 2025 high of \$126,210. Ether holds below \$2,511, with \$2,400 the base and \$2,600 the reclaim that opens \$2,700. A \$771m liquidation cluster over 72 hours cleared leverage rather than spot, and large holders rebuilt below \$81,000 while retail sold.
- Spot Bitcoin ETFs stand at net outflows of \$386.3m for October, though IBIT concentration means a single allocator flips the category's daily sign - one session saw \$207.7m leave that fund alone. Support runs \$81,500, the ETF cost basis, then \$80,000. Fear & Greed reads 56, down from 82 in August.

Commodities

- BCOM: The Bloomberg Commodity Index trades unchanged on the week but remains 35% higher year-to-date, with pockets of strength in energy and soft commodities offsetting broader losses elsewhere. EU natural gas, sugar and WTI crude are among the top performers, all gaining more than 4%, while losses are led by silver, platinum, gasoline and soybeans.
- Oil: Brent is heading for a second consecutive, albeit modest, weekly gain as Middle East supply risks continue to linger amid ongoing attacks on ships in and around the Strait of Hormuz. The IEA has pledged to complete the release of the remaining 100 million barrels under the March agreement in an effort to contain elevated fuel prices, particularly diesel. Brent holds above USD 105 per barrel and is on course to record its narrowest weekly trading range since early July.
- Metals: Gold trades higher for a second consecutive day as it attempts to break the downtrend that has prevailed since August. Hotter-than-expected consumer and producer inflation readings have failed to trigger renewed selling, with the rebound instead supported by falling bond yields, a softer dollar and a midweek wobble in equity markets, particularly technology stocks. The price resilience despite inflation surprises suggests that broader risk sentiment and shifting expectations for monetary policy are increasingly influencing investor demand. Key resistance remains around USD 4,235, a level breached during the late-September sell-off and one that gold needs to reclaim to strengthen the case for a more sustained recovery.

More in our Commodity News, Analysis & Commentary

Fixed Income

- US treasury yields fell sharply Thursday despite on the strong bid for treasuries despite Wednesday's hot US September CPI number, finding a low intraday Thursday around the release of a higher than expected PPI (see above). The benchmark 10-year yield bottomed out below 5.04% before rising back above 5.08% by early Friday, still down some 12 basis points from the levels mid-week before the US CPI data release. At the front of the yield curve, the benchmark 2-year yield is steadier near 4.75%, down around five basis points from levels before the inflation releases as odds for an October 28 FOMC rate hike have dropped back to 15%.
- US high yield bonds found support Thursday as the Bloomberg index we track of the spread between high yield bonds and US treasuries tightened three basis points to 321 basis points after Wednesday's six-month high.

Currencies

- The US dollar weakened slightly, especially early Friday as USDJPY rolled back below 158.00 after squeezing back above that level late Thursday. EURUSD is steady in the 1.1220 area after finding resistance at the six-day high early Thursday and again early Friday near the 1.1240 area. GBPUSD firmed to the 1.3300 area and posted a two-week high as sterling outperforms the single currency.
- Elsewhere, while AUDUSD recovered from its local lows on a turn in risk sentiment and weaker US dollar, AUD underperformed NZD as AUDNZD posted a new 1-month low below 1.2295 on the follow-on reaction to Australia's weak jobs report Thursday.

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

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