

# Market Quick Take - Chipmakers extend their slide as Brent holds above 107

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## Market drivers and catalysts

- Macro: The Fed chair damped hike expectations while industrial output ran hotter than forecast
- Equities: US equities suffered another AI-led selloff, Europe outperformed as investors rotated into defensive sectors, Asian markets remained under pressure.
- Volatility: Index volatility jumped and the shortest-dated gauges repriced hardest of all
- Digital Assets: Listed crypto shares and miners fell hard while the tokens themselves barely moved
- Commodities: Oil retreats from five-month high as gold steadies and LME Week begins
- Fixed Income: Long yields rose on Friday before easing back through the Asian morning
- Currencies: The dollar slipped on Fed hold bets with the Australian dollar leading gains

## Macro

- Fed Chair Warsh offered no guidance on this month's policy decision, saying hotter inflation had not changed his outlook, which was cited as further reducing market-implied odds of an October increase. He said inflation is still too high but broadly in line with expectations. The Fed lifted rates to 3.75% to 4% in September, its first increase since 2023, and most officials still expect one more this year with the next meeting due on 28 October.
- US industrial production rose 0.7% month on month in September, the most in five months and above the 0.4% forecast, with manufacturing output up 0.3%, mining 0.2% and utilities 3.5%. For the third quarter, industrial output grew at a 2.8% annualised rate. Capacity utilisation climbed to 76.9%, the highest since December 2023 and above the 76.5% forecast, though still 2.5 points below its long-run average of 79.4%.
- Further Middle East supply disruption was reported over the weekend. Saudi and Houthi fighting continued, with a Saudi helicopter down near Yemen and Houthi strikes on Yanbu, while three tankers were damaged in the Strait of Hormuz as Iran's Revolutionary Guard tightened control of the waterway. Ukrainian drones struck oil sites in St Petersburg.
- President Trump said he had struck a diesel export deal with Russia and delayed new sanctions to safeguard Ukraine peace talks, though US lawmakers have introduced a bill to block the transaction. Meanwhile, Ukrainian President Volodymyr Zelenskyy accused Donald Trump of trying to pressure Kyiv into surrendering to Russia, escalating a week-long row with the US president.
- China's economy beat expectations in Q3, expanding by 4.5%, while retail sales growth picked up more than expected to 1.1% and industrial production growth accelerated to 5.5% year-on-year in September. Meanwhile, home prices fell at a slower pace in September, raising hopes that the five-year

property downturn, which has weighed on economic growth, may finally be easing as the latest stimulus measures begin to take effect.

More in our Macro Analysis & Macroeconomic News

## Macro calendar highlights (times in GMT)

- 1230 – Canada Sep CPI

## Earnings events

- Today: 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

- USA: The S&P 500 fell 1.1% on Friday, while the Dow Jones lost 0.3%, as technology stocks dragged the Nasdaq down 2.5%, capping Wall Street's worst week in months. AI and semiconductor stocks led the decline, with chipmakers recording their longest losing streak since 2008 as investors questioned the scale and financing of AI infrastructure spending. CoreWeave lost more than 20% over the week amid concerns about its funding needs, highlighting growing scrutiny of the AI investment boom. Still, S&P 500 futures rose 0.5% and Nasdaq 100 futures gained 0.9% early Monday, suggesting some relief ahead of a busy earnings week.
- Europe: European equities bucked Wall Street's weakness on Friday, with the Stoxx 600 rising 0.7%, the FTSE 100 gaining 0.4%, and Switzerland's SMI advancing 0.3%. Banks and food and beverage stocks led gains as investors shifted away from US technology shares towards more defensive and attractively valued European companies. British American Tobacco and defence group Babcock helped lift the FTSE 100 to its highest close since late August. The Stoxx 600 gained 2.1% over the week, marking its strongest relative performance against the S&P 500 since April 2025. Attention now turns to the upcoming earnings reports.
- Asia: Asian equities recovered from steep early losses on Monday, with Japan's Nikkei 225 narrowing its decline to around 0.7%, while South Korea's Kospi rebounded to gain 0.6%. SK Hynix dropped 1.3% and Samsung Electronics was flat, following a difficult week marked by fears of stronger Chinese competition in memory chips. Samsung Biologics bucked the trend, gaining more than 8%, while mainland Chinese equities showed greater resilience after third-quarter economic growth reached 4.5%, slightly above expectations. Hong Kong's market was closed for the Chung Yeung Festival, leaving investors focused on corporate earnings and whether the technology selloff would stabilise.

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## Volatility

VIX 19.99 | VIX FUTURES: 18.500 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (168.59) | MARKET REGIME: NEUTRAL / CHOP | AS OF ~06:00 CET

- Index volatility repriced sharply alongside the chip rout. VIX rose 21.45% to 19.99, the nine-day measure 44.02% to 20.12 and the one-day measure 67.41% to 23.27, leaving the shortest tenors above spot. VVIX jumped 18.73% to 109.91 and SKEW 5.07% to 168.59. Six-month realised correlation across S&P names sits at 0.01, the lowest since 2001, so index vol had an unusually low base to reprice from.
- Beyond the near term the curve held contango, 20.50 at three months to 22.61 at one year, with November VX at 17.92 carrying the midterm hump. Rates volatility eased, MOVE down 1.35% to 101.11. SPX options imply 61.5 points, 0.80%, for today's expiry and 118.3 points, 1.54%, into 23 October.

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## Digital Assets

BITCOIN ~82,386 +0.45% | ETHEREUM ~2,420 +0.54% | IBIT 46.15 -0.94% | ETHA 54.51 -1.62% | AS OF ~06:00 CET

- The listed complex fell hard while the tokens held steady. Strategy dropped 9.56%, Coinbase 5.79% and Circle 5.46%, and the miners fared worst, Riot down 11.48%, IREN 11.19% and Cipher 10.56%, moves that coincided with the unwind in artificial intelligence names rather than with spot.
- Bitcoin holds the low \$81,000s and Ether trades at \$2,365, down 2.1%, with token volatility little changed, DVOL at 38.80. Liquidations cooled to \$359 million, 78% longs, from the \$937 million peak on 15 October. Spot Ether ETFs lost \$320.1 million over 12-16 October, ETHA accounting for 93.4%, while Bitcoin ETFs shed \$228 million as IBIT finished flat. Support runs \$81,000-\$82,000, resistance \$84,100, ETH's 15 October low \$2,325.

## Commodities

- Oil: Brent's December contract trades down 1.7% at USD 108 per barrel, having reached a five-month high of USD 110 last week. Supply disruption fears surrounding the Strait of Hormuz and the Black Sea, Houthi strikes on Saudi Aramco's headquarters and damage to three tankers have all been cited as drivers of the rally. This morning's decline, meanwhile, coincides with signs that Middle East supply is holding near pre-war levels. Elsewhere, US lawmakers have introduced a bill to block the Trump-Putin fuel purchase agreement, while Moscow and Kyiv continue to trade tit-for-tat attacks.
- Gold: Spot gold trades 0.2% higher at USD 4,175 after ending last week's roller-coaster ride little changed. The market remains caught in a tug of war between short-term selling pressure from macro-focused traders and demand from less interest-rate-sensitive investors seeking a safe haven amid multiple geopolitical and fiscal tensions. In our view, key resistance remains at USD 4,235, while support continues to emerge below USD 4,100. ETF holdings reached a fresh four-year high on Friday while continued net selling by hedge funds saw bullish futures bets cut to a four-month low.
- Industrial metals: LME Week kicks off in London today, bringing together producers, consumers, traders and investors from across the global metals industry. The event provides an important opportunity to assess supply-demand trends and the outlook for industrial metals, with discussions often helping to shape market sentiment and price expectations for the year ahead, particularly for copper and other growth-sensitive metals.

## Fixed Income

- The Treasury curve steepened on Friday. The ten-year yield rose 2.4 basis points to 5.087% and the thirty-year 2 basis points to 5.428%, while the one-year fell 1.8 basis points to 4.44%, widening the five to thirty-year spread to 54.2 basis points. The oil surge and the primary dealer survey for the November refunding, which asked about long-end buyback operations, were cited as exacerbating the long-end weakness; Citi strategists read the survey as signalling a potential reduction in long-bond issuance.
- Despite Friday's long-end softness, ten-year yields fell about 17 basis points over the week, a move that coincided with the wobble in the AI trade. In early European trading the ten-year at 5.065%, the thirty-year at 5.406% and the two-year at 4.721%.

## Currencies

- The dollar weakened on Friday, the Bloomberg Dollar Spot Index down 0.2%, capping its worst week since early September after Chair Warsh's comments were read as favouring a hold. The softer dollar coincided with the euro breaking a five-week losing streak and with a broad rally in emerging market currencies and equities. Little action has been seen so far today with the dollar index, euro and yen trading near unchanged while the Australian dollar is the clear G10 outperformer this morning, up 0.4% after Friday's risk-on session, while the Canadian dollar also firmed, USDCAD down 0.14%, with higher crude prices cited as support.
- COT on forex in the week to 13 October saw the gross dollar long against eight IMM currency futures surge 27% to USD 44.6 billion, an 11-week high and a remarkable USD 37 billion increase over the past four weeks. The euro net short reached a ten-year high, the sterling short climbed to a nine-year high, while the Australian dollar short reached a record high. An increasingly one-sided trade raising the risk of a sharp reversals should the fundamental or technical backdrop shift

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

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