

Market Quick Take - Korea slides as Brent holds near 110 - 20 October 2026

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Market drivers and catalysts

- Macro: US builder sentiment slid to a multi-year low; Fed enters blackout period ahead of 28 October decision
- Equities: US equities rebounded on technology gains, Europe declined as banks weighed, Asian markets remained under pressure despite Wall Street's recovery.
- Volatility: Volatility gauges unwound sharply with the shortest-dated measures giving back the most
- Digital Assets: Listed crypto shares drifted lower while the tokens themselves barely moved at all
- Commodities: Energy supply fears lift oil and European gas prices while gold remains rangebound
- Fixed Income: Yield rebound with risk sentiment recovery and higher oil prices
- Currencies: USD weakens slightly after Monday rise, EUR weak in crosses.

Macro

- The NAHB housing market index fell to 29 in October from 32, the lowest reading since June 2012 and below forecasts, with current and expected sales and buyer traffic all weaker. Price cuts spread to 43% of builders, averaging 6%. September housing starts are due today, forecast at 1.30 million against 1.275 million previously.
- Middle East supply developments remain a central commodity and macroeconomic input. The US Energy Secretary put Persian Gulf oil flows back at about 80% of pre-war levels, and sanctioned tankers from the roughly 1,600-vessel dark fleet may re-enter legal trade. Iran is reported to be tightening control of the Strait of Hormuz amid attacks on shipping, while Saudi-Houthi and Russia-Ukraine strikes on energy infrastructure have resumed..
- The Fed is in blackout before the 28 October decision, with markets pricing a hold while pricing in three 25 basis point rate hikes by next July. National Economic Council Director Kevin Hassett said inflation, once described as under control, now needs some work.

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Macro calendar highlights (times in GMT)

- 0600 – UK Aug. Unemployment Rate and Employment Change
- 0600 – UK Aug. Average Weekly Earnings
- 0600 – UK Sep. Jobless Claims Change and Claimant Count Rate

- 0900 – Germany Oct. ZEW Survey
- 1215 – US Weekly ADP Employment Change (four weeks ending Oct 3)
- 1230 – US Sep. Housing Starts and Building Permits

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 rose 0.4%, the Nasdaq 100 gained 1.2%, while the Dow Jones ended flat on Monday as technology and consumer discretionary stocks led a recovery. The Philadelphia Semiconductor Index climbed 1.6%, ending an eight-session losing streak, its longest since 2008, after the sector had lost around \$2.3 trillion in market value. Amazon surged 5% after Morgan Stanley named it a top pick, while storage stocks Western Digital and SanDisk gained around 6% as investors returned to technology shares. The rebound offered some relief after last week's sharp selloff, with attention now turning to earnings results for signs of how companies are navigating the current environment.
- Europe: European equities declined on Monday, with the Stoxx 600 falling 0.8%, Germany's DAX losing 1.2% and the UK's FTSE 100 dropping 1.1%, as banks led losses and political uncertainty weighed on sentiment. France's CAC 40 also fell 1.1% following weekend unrest, with French equities now trading at their steepest discount to German peers since early 2009. BNP Paribas, Société Générale, HSBC and Crédit Agricole all lost more than 2%, while HSBC declined 2.2% and Norwegian investment company Aker fell 7.1%. Technology was the only sector to finish higher, highlighting the contrast with Wall Street's recovery as investors assessed political risks and the upcoming earnings season.
- Asia: Asian equities traded lower on Tuesday despite Wall Street's technology rebound, with the MSCI Asia Pacific index falling 0.3% in early trading as South Korean stocks remained under pressure. Japan's Nikkei 225 opened lower, although mining and energy shares offered some support, while Samsung Electronics and SK Hynix continued to weigh on South Korea's Kospi following last week's semiconductor selloff. Australia's ASX 200 dropped 1.1%, with BHP falling as much as 2.3% after reporting weaker copper production in Chile, while National Australia Bank slipped following plans to cut up to 2,500 jobs. Hong Kong markets were closed for a public holiday, while US technology futures pointed to modest gains.

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Volatility

VIX 18.44 | VIX FUTURES: 18.670 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (161.86) | MARKET REGIME: NEUTRAL / CHOP | AS OF ~06:00 CET

- Index volatility unwound alongside the chip rebound. VIX fell 7.75% to 18.44, the nine-day measure 10.88% to 17.93 and the one-day measure 48.73% to 11.93, leaving the front below spot. VVIX eased 2.71% to 106.93, the Nasdaq gauge 5.79% to 25.56 and SKEW 3.99% to 161.86. The curve holds contango from 19.60 at three months to 22.30 at one year, extending a streak past 130 sessions.
- Rates volatility was little changed, MOVE at 101.31. SPX options imply 42.1 points, 0.55%, for today's expiry and 92.9 points, 1.21%, into 23 October. Tomorrow's October VX settlement measures a window containing Election Day on 3 November.

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Digital Assets

BITCOIN ~81,995 +0.09% | ETHEREUM ~2,413 +0.28% | IBIT 46.30 +0.33% | ETHA 54.11 -0.73% | AS OF ~06:00 CET

- Bitcoin trades at \$81,636 to \$82,125 depending on venue, holding above the \$80,427 low as daily Bollinger Band width sits at its tightest in two and a half years. Ethereum is at \$2,396 to \$2,431, down about 5% on the week from \$2,562. US spot bitcoin ETFs have seen \$539.8m of outflows this month, but the flows are concentrated: IBIT's \$65.4m exit on 12 October was the entire category's outflow that day.
- Listed crypto shares drifted lower while the tokens barely moved. Coinbase fell 2.72% and Strategy 0.59%. Miners were mixed, with Marathon down 2.06%, Riot up 1.82% and IREN up 2.74%, after double-digit falls on Friday. Token volatility was little changed, with DVOL at 37.38.

Commodities

- Oil: Brent trades near USD 110 after rebounding on Monday towards a five-month high, supported by tightening Iranian control over the Strait of Hormuz. This has raised concerns about renewed disruptions to Middle East oil flows and a further reduction in refined-product supplies, with diesel holding near USD 200 per barrel. Meanwhile, the Trump administration is authorising the sale of sanctioned oil tankers, allowing them to resume legitimate crude shipments.
- Metals: Gold trades little changed around USD 4,135 after falling 0.6% on Monday as rising energy prices pushed bond yields higher. Overall, bullion remains confined to a relatively narrow range with key resistance located around USD 4,230 and support below US, caught between macroeconomic headwinds and continued demand from investors seeking protection against fiscal and geopolitical risks. Silver trades slightly firmer at USD 57.25, while copper is broadly unchanged at USD 6.56 per pound.
- European natural gas extended last week's advance, with benchmark futures reaching their highest level since December 2022 near EUR 90 per MWh amid concerns over low storage levels and a fragile winter supply balance. The latest gains followed reports of an LNG tanker coming under fire near Yemen, adding to supply concerns. European inventories are just over 74% full, well below the five-year seasonal average of 89%, while prices have more than doubled from pre-war levels.

More in our Commodity News, Analysis & Commentary

Fixed Income

- US Treasury yields rebounded Monday as risk sentiment staged a recovery and oil prices rose to new highs for the cycle, with the benchmark US 2-year treasury yield rising six basis points to 4.77% before easing back slightly in early trading Tuesday. The 10-year benchmark rose nearly seven basis points to 5.14% before easing back below 5.12% in early trading Tuesday.
- The Germany-France sovereign yield spread widened sharply Monday and posted its highest daily close since the sovereign debt crisis more than 14 years ago at 148 basis points for the 10-year yield differential. Unrest across France has spooked holders of French debt once again. The spread between 10-year yield Italian BTP's and Germany Bunds also widened Monday, but at 111 basis points is below the prior high daily close at the beginning of the month of 119 basis points.
- US high yield spreads tightened slightly Monday, with the Bloomberg measure of the spread between high yield corporate bonds and US treasuries two basis points tighter at 329 basis points. Friday's close at 331 basis points was the highest level posted since the end of March, which saw a local cycle high of 335 basis points .

Currencies

- The dollar weakened slightly early Tuesday after a slightly firming on Monday, with EURUSD rising back above 1.1230 despite the focus on France's shaky finances. USDJPY rolled back below 158.20 after closing at 158.50 Monday.
- The Euro remains weak against other European currencies, especially sterling as EURGBP hit a new 17-month low just below 0.8400 before bouncing early Tuesday, while EURSEK tested the 11.10 area, which was an important resistance level on its way to the 11.367 high posted earlier this month. High oil and gas prices continue to support NOK, with EURNOK posting a new cycle low below 10.55 Monday before finding support, the lowest level since January 2023.

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

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