

Market Quick Take - Chipmakers tumble and the ten-year drops below 5

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Market drivers and catalysts

- Macro: US Treasuries rally, US jobless claims fell and Japanese inflation picked up
- Equities: US equities fell sharply as concerns over AI spending and rising oil prices weighed on technology stocks and global sentiment.
- Volatility: Index gauges jumped right across the curve with the one-day measure rising by a third
- Digital Assets: Tokens firmed overnight while the listed crypto shares and the miners were sold heavily
- Commodities: Oil climbs on Middle East tensions as gold and copper extend losses
- Fixed Income: Huge US treasury rally on risk sentiment shift.
- Currencies: JPY, CHF and NOK advance, USD sideways

Macro

- US Treasuries staged their strongest rally in more than two years as an AI-led equity selloff, French market turmoil and renewed Middle East tensions drove safe-haven demand. Short-term yields fell as much as 20 basis points, while the 10-year yield recorded its biggest daily decline since August 2024, dropping below 5% for the first time in a month. Growing doubts about the sustainability and returns of AI investment accelerated the rotation from equities into bonds.
- US initial jobless claims fell by 6,000 to 194,000 in the week to 17 October, below expectations and the lowest since mid-July, which has been cited as evidence of labour market resilience. Continuing claims rose by 25,000 to 1.728 million in the week to 10 October.
- Japan's annual inflation rose to 2.1% in September from 1.9%, the highest since December 2025, with core inflation excluding fresh food also at 2.1%, just above the Bank of Japan's 2% target. Monthly consumer prices were flat.
- Australia's services PMI fell to 47.8 in October from 51.9, moving into contraction. New business growth slowed, with weaker demand, higher borrowing costs and inflation cited, while employment and both input and output prices rose.
- Houthi attacks on Saudi oil infrastructure and the possibility of renewed US strikes on Iran have been cited as raising Middle East supply risk, although Persian Gulf crude exports remain near prewar levels. Ukraine has also intensified attacks on Russian refineries, against a reported US to Russia diesel supply arrangement.

More in our Macro Analysis & Macroeconomic News

Macro calendar highlights (times in GMT)

- 0600 – UK Sept Retail Sales
- S&P Global Preliminary PMIs: France (0715), Germany (0730), Eurozone (0800), and the UK (0830)
- 0800 – ECB CPI Expectations
- 1345 – US Oct PMI (Preliminary)
- 1400 – University of Michigan Sentiment for October

Earnings events

- Today: American Express, Eni S.p.A, SLB
- Monday: Verizon, Welltower, Cadence Design Systems, Nucor
- Tuesday: Visa, Coca Cola, HSBC, Novartis, Boeing, Seagate Technology, S&P Global, Corning, HCA Healthcare, Waste Management, Freeport McMoRan, Robinhood, UPS
- Wednesday: Alphabet, Microsoft, SK Hynix, GE Vernova, KLA Corp, Amphenol, Airbus, T-Mobile US, ServiceNow, Advantest, UBS, Fortinet, Automatic Data Processing, FedEx
- Thursday: Amazon.com, Eli Lilly, Samsung, Mastercard, Intel, Merck, Caterpillar, Shell, Linde, TotalEnergies, Gilead Sciences, SanDisk, Starbucks, Monster Beverage
- Friday: ExxonMobil, AbbVie, Chevron, AstraZeneca, Tokyo Electron, Kioxia, BP, General Dynamics.

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

Equities

- USA: The S&P 500 fell 1.2% on Thursday, the Nasdaq 100 dropped 2.9%, and the Dow was broadly unchanged as rising oil prices and renewed concerns over artificial intelligence investments weighed on technology stocks. The Philadelphia Semiconductor Index plunged 6.7%, while Meta fell 7.0% despite stronger-than-expected revenue, as investors questioned its \$135–145 billion annual capital spending plans and decision to introduce non-voting shares to help finance its AI expansion. Tesla declined 3.1% despite cutting its 2026 spending plans, as investors assessed its profitability and future AI investments, with attention increasingly turning to whether massive technology spending can deliver sustainable returns.
- Europe: The Stoxx Europe 600 fell 1% on Thursday, Germany's DAX lost 1.1%, and the UK's FTSE 100 slipped 0.3% as rising oil prices, French political uncertainty and mixed earnings weighed on sentiment. Banks led the decline, with Barclays down 2.3% after weaker-than-expected quarterly profit, while luxury group Hermès dropped almost 5% as sales disappointed. ASML lost 5% amid the global semiconductor selloff, but London Stock Exchange Group gained 7.7% after raising its revenue outlook, highlighting how company-specific news still created winners in difficult markets. Attention now turns to upcoming earnings for further clues about demand and profit margins.
- Asia: Asian equities also retreated on Friday, with Japan's Nikkei 225 down 0.6%, while South Korea's Kospi rebounded sharply from an early decline of nearly 4% to trade broadly flat. SK Hynix surged 3.8%, reversing earlier losses despite broader concerns over AI spending and semiconductor demand. In Japan, defensive stocks such as Kao and Secom outperformed as investors sought more stable

businesses. Meanwhile, Australia's Zip plunged after disclosing a fraud incident in its US operations Taiwan's market remained closed because of a typhoon, while investors looked ahead to further technology earnings for signs of resilience.

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Volatility

VIX 19.03 | VIX FUTURES: 19.410 | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (152.39) | MARKET REGIME: NEUTRAL / CHOP | AS OF ~06:00 CET

- Volatility rose broadly alongside the risk-off move. VIX rose 14.09% to 19.03, VIX9D 21.76% to 18.86 and VIX1D 33.39% to 15.18. VVIX added 14.16% to 107.94, SKEW 1.35%. MOVE jumped 11.36% to 106.85, with VXN up 17.61% and GVZ 13.06%.
- The cash curve held contango from VIX1D to VIX1Y at 22.62, VIX3M at 20.12, though the front future at 19.410 sits above the second at 19.270. SPX options imply 55.45 points, or 0.723%, for today's expiry and 145.40 points, or 1.895%, into Friday 30 October, covering next week's Federal Reserve decision.
- The futures curve carries a kink at the front: November trades near 19.4, above December near 19.2, as the 28 October FOMC, megacap earnings and the 3 November midterms all fall inside the November window. S&P 500 realised volatility runs near 16.6 on a 20-day basis, leaving implied volatility only about 2.4 points above realised. Brent near \$112 keeps an energy risk in the mix.

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Digital Assets

BITCOIN ~81,871 +0.64% | ETHEREUM ~2,410 +0.95% | IBIT 46.06 -3.72% | ETHA 53.88 -4.52% | AS OF ~06:00 CET

- Tokens edged higher overnight while the listed crypto complex was sold hard through the US session. Miners led the decline, CIFR off 8.87%, IREN 8.37% and RIOT 8.06%, with CleanSpark and MARA both near 7% lower. Strategy fell 5.00% and Coinbase 4.51%, while Circle lost 3.44%.
- US spot bitcoin ETFs recorded net outflows of USD 635m on 22 October, the largest single source being BlackRock's IBIT at USD 254m. Ether ETFs have shed about USD 1.08bn across October, reported as their largest monthly outflow of 2026.

Commodities

- Oil: Brent trades above USD 114 and is heading for a third consecutive weekly gain as intensifying attacks on Saudi Arabia raise the risk of wider Middle East supply disruptions. Iran-backed Houthi militants have claimed responsibility for recent attacks on the Saudi Red Sea port of Yanbu, as well as deadly strikes on an oil field and airport in the kingdom. Meanwhile, the New York Times reported this week that the US and Israel have developed plans for renewed strikes against Iran following the US midterm elections early next month. WTI trades firmer at USD 100.50, leaving the Brent premium near USD 13.60.
- Precious metals: Spot gold dipped below USD 4,000 during the Asian session as momentum-driven and technical selling accelerated following Thursday's break below support around USD 4,060, triggering further long liquidation. For now, the inflationary impact of rising energy prices continues to outweigh support from safe-haven demand and the short-covering-driven rally in bonds. Silver has fallen

to an 11-month low near USD 54, while the gold-silver ratio has climbed to an 11-month high above 74, highlighting silver's relative weakness.

- Copper: HG copper trades near USD 6.46 per pound after breaking below support around USD 6.52 on Thursday and is heading for its third weekly decline in four weeks. The AI-led equity selloff has weighed on short-term risk appetite, partly reflecting concerns that a slowdown in data centre investment could weaken future copper demand. Additional uncertainty surrounds whether Washington will refrain from imposing tariffs on refined copper imports. Such a decision could potentially release some of the substantial copper inventories accumulated in the US back into the global market, easing to supply tightness elsewhere.
- The BCOM Total Return Index is heading for a modest weekly loss but remains up more than 34% year-to-date. The energy sector is once again doing the heavy lifting, led by gasoil and Brent, while all other sectors are trading lower. Losses are led by precious metals, with silver down 5.5%, and grains, where wheat has slumped 5%. Meanwhile, performance across industrial metals and softs is mixed, with copper and sugar declining while most other commodities have gained, most notably nickel and coffee.

More in our [Commodity News, Analysis & Commentary](#)

Fixed Income

- US Treasuries rallied strongly Thursday as risk sentiment in the equity market cratered. The benchmark US 2-year treasury yield dropped nearly 20 basis points at one point to 4.61% before rebounding to the 4.65% area by early Friday, while the benchmark 10-year yield trades early Friday some 16 basis points below its Wednesday close at 4.96%, the first daily close below 5.0% in a month.
- Germany-France sovereign yield spreads widened again Thursday, with the 10-year spread ending the day at its widest daily close for the cycle since 2012, up over fifteen basis points to over 174 basis points. The benchmark French 10-year OAT sovereign bond yield rose to new 24-year highs, posting a 5.14% high intraday before rolling back below 5.08%. The Germany-Italy 10-year spread posted its highest daily close since early 2025, rising eight basis points to 124 basis points.
- US High Yield bond yields failed to rally together with US treasuries, sending the Bloomberg measure we track of the spread between US high yield bonds and US treasuries sharply higher, up 11 basis points and to thie highest level since April 2025.

Currencies

- The US dollar traded mostly sideways as its traditional safe haven role conflicted with recent drivers of its strength, like the higher oil prices that formerly helped to drive US treasury yields higher. EURUSD remains frozen in its tracks just above 1.1200, while AUDUSD dipped back closer to 0.7000, still trading just above that level early Friday.
- The strongest currencies Thursday were NOK, CHF and JPY. NOK continued its persistent rally as EURNOK dipped below 10.50 Thursday for the first time since late 2022, while CHF and JPY jolted stronger on the combination of weak risk sentiment and lower global bond yields. EURCHF dropped below its 200-day moving average near 0.9240 that had supported the price action earlier this week, trading below 0.9200 at one point before finding support. USDJPY traded as low as 156.08 early Friday after a steep sell-off Thursday from above 158.00, though it bounced to the 156.90 area by early Friday, while EURJPY dipped as low as 175.20 before rebounding to 175.90.

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

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