

Market Quick Take - Big week ahead as FOMC ECB and BoJ all to meet

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Market drivers and catalysts

- **Macro:** Consumer sentiment stayed near a five-month low as Gulf supply risk kept building
- **Equities:** US and European equities declined amid rising oil prices and earnings concerns, Asian markets opened lower ahead of key central bank decisions.
- **Volatility:** Crude volatility pushed to an extreme while equity gauges held a range-bound footing
- **Digital Assets:** Tokens slipped further over the weekend while the exchange-traded funds extended their outflows
- **Commodities:** Oil retreats on Iran de-escalation hopes as gold steadies after sharp weekly loss
- **Fixed Income:** Global bond yields eased lower early Monday after bouncing Friday as risk sentiment stabilised.
- **Currencies:** Currencies are rangebound ahead of an important week for central bank meets, as the FOMC, ECB and BoJ all meet this week.

Macro

- The University of Michigan consumer sentiment index was revised up to 48.0 in late October but remained a five-month low. Year-ahead business conditions improved but stayed well below last year, while current conditions fell on an 18% drop in buying conditions for durables. Sentiment is 10% below a year ago and 15% below February. Year-ahead inflation expectations rose to 4.7%, and long-run expectations to 3.5%.
- Houthi attacks on Saudi Arabia persisted over the weekend as Riyadh's main airport reopened after a two-week shutdown. Trump said he is close to deciding whether to strike Iran again or pursue a deal, keeping oil markets on edge.
- President Lula reportedly secured a narrow victory over Flavio Bolsonaro in Brazil's presidential runoff, winning around 51% of the vote and halting the region's rightward political shift. The Brazilian real fell sharply in futures trading as investors, who had anticipated a Bolsonaro victory and a more fiscally disciplined government, reassessed the outlook. Lula now faces significant challenges, including widening fiscal deficits, rising debt, deep political polarisation and restoring investor confidence in Brazil's public finances.
- Moody's left France's Aa3 rating unchanged on Friday, with a negative outlook. The OAT-Bund spread surged 29 bps last week—its second-largest weekly rise on record—to about 170 bps, the widest since the 2011 eurozone debt crisis.
- US Composite PMI eased to 57.6 in October from 58.4, still indicating strong expansion. New orders

hit a 4.5-year high, exports and employment strengthened, but rising input costs pushed selling-price inflation to its highest since August 2022, while confidence edged down.

- Canadian retail sales are seen up 0.7% m/m in September after a revised 1.2% gain in August. August growth was led by motor vehicle and parts dealers (+1.2%), gasoline stations (+1.7% in value, –0.5% in volume), and higher sales at food and beverage (+1.1%), general merchandise (+1%), and health and personal care stores (+1.6%).

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Macro calendar highlights (times in GMT)

- 0900 – Germany Oct. IFO Business Climate Survey
- 1230 – US Sep. Chicago Fed National Activity Index
- 1430 – US Oct. Dallas Fed Manufacturing Activity
- 1700 – US Treasury to auction 2-year notes

Earnings events

- 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 0.5% on Friday, the Dow lost 1.2%, while the Nasdaq 100 was broadly unchanged at 28,957.53, as rising oil prices renewed inflation concerns ahead of the Federal Reserve decision. The semiconductor index recovered 0.4% after Thursday's sharp selloff, but broader sentiment remained cautious. Bloom Energy sank 11.3% despite strong revenue growth as investors focused on negative cash flow, while American Express fell 3.7% after narrowly missing revenue expectations and announcing job cuts. Exxon Mobil gained 2.8% alongside higher oil prices, with attention now turning to major technology earnings and the Fed.
- Europe: European equities extended losses on Friday, with the Stoxx 600 down 0.3%, Germany's DAX falling 0.7%, France's CAC 40 losing 0.4%, and the UK's FTSE 100 declining 0.3%, as rising oil prices and disappointing earnings weighed on sentiment. Kering slumped 16.6% after weak Gucci sales raised fresh concerns about luxury demand, while Volvo Cars plunged 24.2% following a quarterly operating loss and further job cuts. Safran dropped 10% as investors questioned slowing growth in its engine spare-parts business, whereas L'Oréal rose 5.6% on stronger-than-expected sales. Attention now turns to the European Central Bank and further earnings releases.

- Asia: Asian equities declined on Monday, with Japan's Nikkei 225 closing 0.8% lower and South Korea's Kospi falling more than 1%, while Hong Kong's Hang Seng traded near flat, as concerns over oil prices and AI spending weighed on sentiment. Fanuc gained 1.2% after raising its annual profit forecast and announcing a share buyback. SK Hynix held up better than the broader Korean market amid reports of a possible \$12 billion special dividend, with details expected alongside Wednesday's earnings. Chinese equities remained fragile despite reported buying by state-backed funds last week, as investors awaited major technology earnings and central bank decisions.

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Volatility

VIX 19.45 | VIX FUTURES: 19.450 (Nov) | TERM STRUCTURE: CONTANGO | SKEW: ELEVATED (151.80) | MARKET REGIME: NEUTRAL / CHOP | AS OF ~06:00 CET

- With a decision on Iran pending, VIX closed Friday at 19.45, up 2.21%, and VIX1D jumped 10.74% to 16.81. Crude carried the standout move, OVX rising 7.87% to 60.02 with its ratio to VIX at 3.09, while VXN eased 1.46% to 28.30 and MOVE fell 3.30% to 103.32.

- The cash curve held its contango, VIX9D at 18.70 against VIX3M 20.48 and VIX1Y 22.82, with VVIX up 1.63% to 109.70 and SKEW easing to 151.80. SPXW implies 59 points, or 0.78%, for today's expiry and 136 points, or 1.78%, into Friday 30 October, with Wednesday's Fed decision the main scheduled catalyst.

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Digital Assets

BITCOIN ~79,350 -0.87% | ETHEREUM ~2,294 -1.42% | IBIT 45.96 -0.22% | ETHA 54.08 +0.37% | AS OF ~06:00 CET

- Tokens drifted lower through the weekend, bitcoin touching a session low near 79,330 before steadying, with XRP down 1.67% and SOL down 1.37%. Friday's listed complex was softer, Coinbase falling 2.74% and the miners led lower by Cipher at 4.57%, while Strategy added 0.14%. DVOL eased 0.93% to 38.44.

- US spot bitcoin funds recorded net outflows of about USD 773m across 22 and 23 October, ending a three-day run of inflows, with IBIT and FBTC accounting for USD 472m of the larger day. An estimated USD 11bn of bitcoin options expires on 30 October.

Commodities

- Oil: Brent reversed lower in Asian trading to trade near USD 114 after surging above USD 117 on Friday amid concerns that Trump could resume strikes against Iran following the US midterm elections on 3 November. Since then, Trump has signalled that he is nearing a decision on Iran, raising hopes of de-escalation. Meanwhile, fighting between Iran-backed Houthis in Yemen and Saudi Arabia continued over the weekend. Refined products also trade softer, although diesel and distillate contracts in New York and London remain near USD 200 per barrel. Goldman Sachs warns that supply tightness could extend well into 2027, reflecting constrained exports and an inevitable maintenance season that has so far been deferred.

- Gold holds above USD 4,000 after briefly breaking below that level on Friday, ending the week down more than 4%, its largest weekly decline since June, with rising real yields cited as a key drag. Gold

ETFs, a recent source of support, saw holdings decline by 12.8 tonnes towards the end of the week. For now, gold's performance remains closely linked to broader risk sentiment, with last week's AI-led equity correction and oil price surge adding to market pressures. The partial reversal of both moves has given markets, including gold, some breathing space, further supported by a softer dollar and easing bond yields.

More in our Commodity News, Analysis & Commentary

Fixed Income

- Global bond yields rebounded Friday after Thursday's significant slide as risk sentiment steadied and oil prices surged. The benchmark US 2-year treasury yield ended Friday up four basis points at 4.68% before easing slightly lower in early trading Monday as oil prices also dipped in Asian trading hours. It 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.
- The Germany-France sovereign yield spread tightened Friday, with the 10-year spread ending the day some seven basis points lower at 167 basis points after its widest daily close for the cycle since 2011 on Thursday.

Currencies

- The US dollar remains rangebound, chopping indecisively back and forth ahead of an important week for central bank meetings, as the RBNZ, Bank of Canada and the Fed are all set to meet this Wednesday, the ECB will meet on Thursday and the Bank of Japan will meet Friday. The RBNZ and Bank of Canada are expected to hike their policy rate 25 basis points while the Fed is widely expected to hold on interest rates, with creeping uncertainty on whether Chair Warsh and company will hike in December, though that remains the market's base case. The ECB is universally expected to hold rates at this Thursday's meeting, with forward guidance the focus for whether the bank will hike in December, where the odds have dipped recently on the retreat in global bond yields and on the recent turbulence in French sovereign bonds. Similarly, the Bank of Japan is expected to keep its rate unchanged at 1.25%, with guidance for a December hike the focus, which is 77% priced into forward expectations.
- EURUSD traded near the 1.1220 level early Monday, up slightly from the Friday closing level, USDJPY found support Friday at a 1-month low of 156.08 and has bounced back to the 157.00 area since then, where it remained in early trading Monday after chopping back and forth in Tokyo trading hours.
- EURGBP found support Friday at a 17-month low below 0.8360 and has bounced to near the 0.8390 area ahead of this Wednesday's Autumn Budget Statement from Chancellor Healey,

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

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