Market Quick Take - Warsh turns hawkish as Hormuz risk returns

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Market drivers and catalysts

Macro: A weekend strike near Hormuz collided with a hawkish Fed chair to reset the week

Equities: US stocks slipped on hawkish Fed signals, Europe rebounded, Asia recovered from early losses as rate fears and higher oil hit technology.

Digital Assets: Miners and treasury companies were sold hard while the coins themselves barely moved

Commodities: Crude jumps on renewed supply risks as Warsh drives precious metals slump; speculators rush into agriculture at record pace

Fixed Income: US Treasury yield curve bear flattens on hawkish Fed Chair Warsh speech Friday. Global yields follow US Treasury yields higher.

Currencies: USD stronger on hawkish Warsh speech, USDJPY briefly traded above 160.00.

Macro

Fed Chair Kevin Warsh delivered a hawkish speech at the Fed's Jackson Hole, Wyoming symposium on Friday as he declared that inflation is not slowing and that interest rates are the “predominant tool” for the Fed to achieve its mandate, though he continued to criticize the notion of the Fed's former forward guidance policy or to provide any specific hints on policy tightening. “I stand here today committed to a discipline, not to a decision”.

US Treasury Secretary Scott Bessent said he expects the Bank of Japan will “do the right thing” on policy and said he expected to meet with Bank of Japan governor Ueda on the sidelines of the upcoming G20 summit, which starts today in North Carolina. Japan's Ministry of Finance said Friday that its intervention to support the JPY had deployed over JPY 15 trillion (USD 96 billion).

A weekend military exchange reset the geopolitical backdrop. The US struck Iranian rocket launchers reportedly preparing to mine the Strait of Hormuz on Sunday, its first such attack in over a month, alongside increased sanctions pressure. Roughly 6 to 8 million barrels of crude still transit the strait each day. An Iranian official said renewed talks with Washington are not impossible.

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Earnings events

Tuesday: Palo Alto Networks, Medtronic, MongoDB, Credo Technology, NIO, GitLab, Dell Technologies

Wednesday: Broadcom, Snowflake, Hewlett Packard Enterprise, NetApp, Five Below

Thursday: Zscaler, Lululemon, Ciena, Samsara, DocuSign, Planet Labs

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

Equities

USA: The S&P 500 fell 0.3%, the Dow slipped less than 0.1% and the Nasdaq 100 dropped 0.7% on Friday as Fed Chair Kevin Warsh's hawkish Jackson Hole remarks lifted rate expectations and hit technology shares. Nvidia fell 4.6%, while Marvell Technology sank 10.3% despite beating estimates as its outlook failed to clear elevated AI expectations. PayPal tumbled 12.7% after Stripe and Advent International abandoned takeover talks, while Amazon gained 4.0% after an analyst raised its price target on improving AI-driven retail efficiency. Markets now turn to US jobs data and the September Fed decision.

Europe: The Stoxx 600 rose 0.5%, Germany's DAX gained 0.8%, the FTSE 100 added 0.3% and France's CAC 40 rebounded 1% on Friday as French stocks recovered and autos led gains. BMW jumped 4.5% and Forvia rose 5.1% after Citi placed both on positive catalyst watches, pointing to depressed expectations and potential upside from upcoming company and policy events. EssilorLuxottica gained 2.4% after announcing a share buyback, while French banks also recovered from Thursday's selloff. European investors now face the same uncomfortable mix of firmer oil prices and higher-rate risk.

Asia: Asian equities recovered sharply from steep opening losses on Monday, with Japan's Nikkei down 0.2% and South Korea's Kospi 0.3% lower after earlier falling more than 2% and 3%, respectively. Markets initially sold off as Fed Chair Kevin Warsh's hawkish remarks and higher oil prices raised concerns over rates and inflation, but buyers quickly returned to technology shares. Chinese brokerages remained in focus after listed securities firms reported combined first-half profits up more than 40%, while BYD said overseas revenue exceeded domestic revenue for the first time in the first half of 2026.

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Digital Assets

The listed crypto complex was sold hard on Friday even as the coins barely moved over the weekend. IREN fell 12.53% after fiscal fourth-quarter results in which AI cloud revenue overtook mining for the first time but impairments weighed. Marathon lost 10.11%, CleanSpark 9.96%, Cipher 9.54% and Riot 9.05%, with Strategy down 7.34% and Coinbase 6.33%.

US spot bitcoin funds drew about USD 924 million over the 24 to 28 August week, keeping the month's intake above USD 3 billion. Flow was uneven, with IBIT taking USD 228 million against redemptions elsewhere.

Commodities

Crude jumped, with Brent trading back above USD 90, as fresh fighting flared in the Middle East and the US signalled it was likely to unveil new secondary sanctions on Iran. The US struck Iranian rocket launchers that were reportedly preparing to deploy mines into the Strait of Hormuz, while Jordan's army intercepted eight missiles after Tehran's military claimed attacks against American forces in the kingdom. These developments have once again reduced the prospects of bringing the conflict to an end. However, with an estimated 6–8 million barrels per day of crude flowing through the Strait, the upside risk is for now being capped.

Gold led the precious metals sector sharply lower following Kevin Warsh's hawkish Jackson Hole speech, in which he pledged to fight inflation, lifting expectations that the Fed could raise rates before year-end. The weakness extended into Monday's session after bullion closed back below its 200-day moving average on Friday, currently at USD 4,528, forcing traders to reassess the short-term technical outlook. The next key support is around USD 4,328, the 50% retracement of the August rally. Focus remains on the dollar and bond yields, while the longer-term fiscal challenge posed by US debt at around USD 40 trillion has not disappeared.

The recent rally across key agricultural commodities, supported by war and weather-related supply concerns, has triggered a record two-week accumulation of speculative length. In the two weeks to 25 August, the managed-money net long across ten major grain and soft commodity futures jumped by a record 523,000 contracts to more than 1 million contracts, the highest in four years and representing a nominal value of more than USD 40 billion. The speed of the turnaround has been particularly striking, potentially leaving the recently established longs exposed to a sudden change in the bullish narrative.

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Fixed Income

The US Treasury yield curve bear flattened Friday in reaction to the more hawkish than expected speech from Fed Chair Warsh. Yields eased slightly in early Monday trading in Asia, but the benchmark two-year yield is still some seven basis points higher than it was before Warsh's speech, trading near the top of the range since late 2024 as the odds of a September 16 FOMC rate hike rose above 50%. The benchmark 10-year Treasury yield is some three basis points higher than before the speech at 4.71% as the Treasury market eyes the key 4.75% area that has marked the top of the range on multiple occasions over the last month.

Global bond yields rose in line with US Treasuries late Friday and early Monday in the wake of Fed Chair Warsh's hawkish speech. The benchmark German two-year yield lifted four basis points to close the week just below 2.91%, the highest level for the year and since mid-2024. Japan's benchmark two-year JGB yield rose two basis points to 1.73%, a new modern high since the mid-1990s.

Currencies

The US dollar rose sharply on Fed Chair Warsh's hawkish speech. USDJPY traded through 160.00 Friday and briefly in early Monday trading for the first time since the official intervention in late July and at the beginning of August. By early European hours, USDJPY returned to the 159.80 area, only slightly above the levels trading before Warsh's speech. The reaction in EURUSD was stickier, as it remained below 1.1600 by early Monday in Europe, solidly below the 1.1640–1.1650 area trading before Warsh's speech.

The Swedish krona stands out among the weaker G10 currencies as the Riksbank has yet to hike its policy rate for the cycle and is seen as likely slow to do so. EURSEK rose from 11.09 to nearly 11.15 in the wake of US Fed Chair Warsh's speech on Friday, posting its highest level in almost exactly a year.

More on currencies in our dedicated section: Forex Trading News & Analysis

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