Friday, 28 August 2026

Daily Market Overview

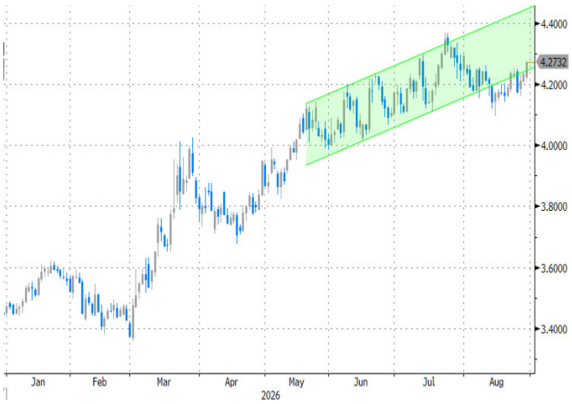
Markets

- **France, Spain and Belgium** were the first European nations to report **August CPI inflation figures** today. French inflation accelerated more than expected, from 0.6% M/M in July to 0.8% (vs 0.7% consensus). The Y/Y-print was a tad stronger as well, at 2.7% (up from 2.4% vs 2.6% consensus). **Apart from this year's May figure (2.8%), that's the hottest French CPI print since February 2024.** Spanish inflation rose by 0.6% M/M and quickened from 3.9% Y/Y to 4.5% Y/Y (vs 4.6% consensus). The Y/Y-gauge has been rising unabrupt since the start of this year, to currently its **highest level since February 2023.** While largely energy-driven, core CPI remains sticky as well (2.9% from 3%). Belgian inflation (see below) approached the 4% Y/Y highs from 2025 and earlier this year (national, not EU harmonized figure). The new pick-up in price pressures didn't went unnoticed with bear steepening of European yield curves. The move was initially supported by **first €70+/MWh gas prices since mid-March. Both inflation dynamics and the persistence of price pressures suggest that the ECB will be missing its inflation target for months to come.** ECB chief economist Lane already warned for 3%-readings at least until year-end with food prices posing upside risks for next year. Within the ECB's framework guidance, this will keep tightening bets alive even after the September policy meeting. Some intraday market relief came in both gas prices and yields as the European reference contract failed to pierce through this level. The EU 10-yr swap rate traded at 3.31% intraday, the highest level since October 2023. The EU 30-yr swap rate traded at 3.41% for the first time since August 2011.
- **Fed Chair Warsh gave his read on the economy** at the Fed's Jackson Hole meeting. He is **impressed by the overall performance of the economy,** which appears to have strengthened since the July FOMC meeting. Both Main and Wall Street have been remarkably resilient given economic shocks. O**n the employment side of the Fed's dual mandate, the US is doing well.** Labor markets are quite stable. The jobless rate, at 4.1%, remains low by historical standards and has not changed much for a couple of years. **On the price stability side of the mandate, the numbers are more concerning.** While this summer's PCE and CPI readings were better than expected, **they do not tell Warsh that underlying trends have meaningfully improved.** Market prices show confidence that the Fed will deliver price stability: ***"And I can assure you… they're right."*** Warsh holds a clear standard: *"We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do. That's our job... our mandate... and our charge to keep.*"**"** **Looking at the market response, Warsh manages to reconfirm the inflation credibility he showed at his inaugural June FOMC meeting.** The US yield curve bear steepens with yields 5 bps higher at the front end of the curve and marginally lower at the very long end. The dollar profits with EUR/USD sliding towards 1.1615 currently.

News & Views

- **The Swedish economy enjoyed its best quarter since 2024Q1.** The economy in Q2 expanded at a **1.6%** clip, better than the 1.4% expected and rebounding sharply from Q1's 0.1% contraction. In yearly terms, GDP is now **3.3% larger than in the same period in 2025.** Statistics Sweden noted **a significant contribution from gross fixed capital formation,** which rose 3.5% q/q. **Household consumption (0.9%), government expenditures (0.7%) and net exports all contributed as well.** An inventory drawdown acted as a drag, shaving off 0.5 ppts of growth. As per production approach, the services sector took the lead with a quarterly 2% growth rate. Goods producing sector followed with 1.5% with government production (0.7%) next. The Swedish crown drew no conclusions from the strong growth numbers and money markets are only marginally adding to tightening bets. **A Riksbank rate hike is fully priced in by December.**
- **Belgian inflation accelerated from 3.56% in July to 3.97% in August,** supported a by monthly 0.4% increase. **Core inflation,** which filters for energy and unprocessed foods, **eased marginally to 2.99% from 3.13%,** suggesting the excluded items had a sizeable impact, **energy in particular.** Gas prices shot up by 9.8% m/m while electricity added 1%. Domestic heating oil and motor fuels increased by 2.8% and 4.7% m/m respectively. Taken as a whole, energy inflation accounted for 1.44 ppts to total inflation. Plane tickets, household appliances and package holidays have had a decreasing effect on the index. **Services CPI went from 5.17% to 4.7%.** Belgium's first inflation estimate according to the European harmonized approach amounts to 4.2%.

Graphs & Table



US 2-y yield extends rebound as Fed Chair Warsh reconfirms Fed's commitment to price stability.

EUR/USD eases as dollar gains traction on Fed Warsh's Jackson Hole speech.

S&P 500: going nowhere on Jackson Hole message.

EUR/SEK: Swedish krone stays in the defensive despite strong Q2 growth.

Data source: Bloomberg

German yield	td	-1d	US yield	td	-1d	Stocks	td	-1d
2	2,89	0,03	**2**	4,29	0,06	**DJ euro-50**	6471	46,27
5	3,01	0,03	**5**	4,44	0,04	**DAX**	26500,64	133,40
10	3,27	0,01	**10**	4,69	0,02	**S&P 500**	7717,89	-13,10
30	3,76	0,00	**30**	5,18	-0,01	**Nikkei 225**	66405,56	273,58
Spread vs GE (bps)	td	-1d	**Currencies**	td	-1d	**Commodities**	td	-1d
BE 10y	55	-0,20	**EUR/USD**	1,1613	-0,0040	**CRB**	405,17	0,00
FR 10y	85	-0,40	**EUR/GBP**	0,8569	-0,0004	**Gold**	4635,20	-28,80
IT 10y	82	-0,60	**USD/JPY**	159,82	0,4300	**Brent**	89,15	-0,55

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