Internal

Tuesday, 08 September 2026

Daily Market Overview

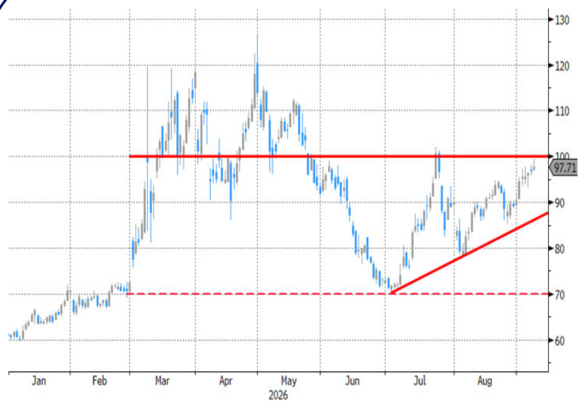
Markets

- **Brent oil is closing in on the psychologically important $100 barrier,** touching an intraday top of $99.46 before paring gains somewhat. Tensions between the US and Iran flared up again militarily, crushing any hope for a near-term solution in the Hormuz Strait. Adding to the supply concerns are the **Iran-backed Houthis that have targeted several energy facilities in Saudi Arabia.** There's also a **demand aspect** in today's rise. Customs data today showed that Chinese imports of crude have strengthened in August. China has long buffered the initial impact of the oil supply shock by drawing on reserves. But these are not infinite. Natural gas (Dutch TTF) rips higher too with prices on track for their first €75/MWh close since end-2022. These recent developments are all but certain to turn Thursday's ECB meeting into a hawkish one. Considering the cut-off date of the June forecasts (May 21), Brent is about <$5 lower but natural gas prices are substantially higher. **Expect higher inflation forecasts.** European yields built on yesterday's increase at first but momentum faded afterwards, resulting in small declines at the long end of the curve in a daily perspective. They remain near the recent multiyear highs though. In the decomposition **Germany's 10-yr real yield** stood out by closing at its highest level since 2011 yesterday on a combination of factors including public finance risk premia, the upcoming monetary tightening and a higher long-term neutral rate. US Treasuries returned from the long weekend (Labour Day on Monday) with some gains, pushing yields down 0.4-2.7 bps in a bull flattener. The UK's Debt Management Office meanwhile sold 30-yr bonds at the highest rate ever since it's inception in 1998. The auction went without problems but it sets the stage for a daunting Autumn Budget exercise end-October. Rising interest rates are biting hard in government's finances: **the Financial Times today reported that OECD nations spent 3% of their combined GDP, or a whopping $2tn, to debt servicing costs in 2025. That number is set to increase** even further. Currency markets still center around JPY. The Japanese yen rallied further after breaking through USD/JPY 155 resistance yesterday. When the next reference around 152 (Jan-Feb highs) appeared on the horizon, some caution kicked in. Expectations for a more hawkish monetary policy has been the backbone of the recent JPY strengthening and it's now up to the Bank of Japan to deliver. The central bank meets September 18. EUR/USD is going nowhere but EUR/GBP is losing ground for a third day straight. Failure to retake 0.86 last week has prompted some return action lower.

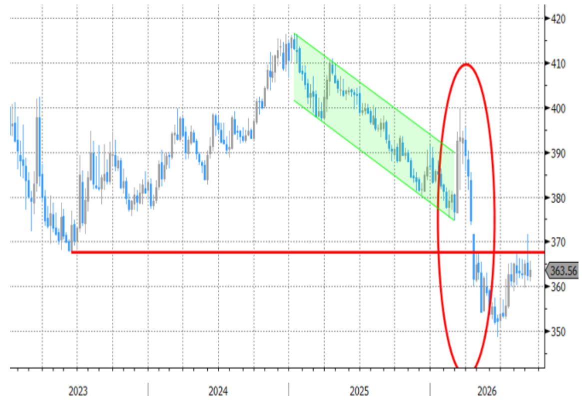
News & Views

- **Hungarian headline inflation quickened to 0.2% M/M in August, matching expectations.** Details showed a stagnation in electricity, gas and other fuel prices. Food prices were cut by 0.2% on average while service prices increased by 0.8% on average. **The Y/Y-figure ticked up less than expected though, from 1.2% to 1.3%** (vs 1.4% consensus). Food prices were 1.4% lower Y/Y, electricity etc was down 4.3% Y/Y while price for consumer durable goods and services became respectively 1.5% and 5% more expensive. **Core CPI quickened to 0.3% M/M and 2% Y/Y** (up from 1.9%). Today's inflation readings back the central bank's summer offensive during which it cut the policy rate by a cumulative 75 bps. To determine Q4 plans, the central bank will present a new inflation report at the next, September 22 policy meeting. **Recent rumours suggested an unchanged decision with the focus on lowering the inflation target (a first time) from 3% to 2.5%.** The long-term aim is to bring it in line with ECB's 2% target as it fits with government plans to join the euro zone. The forint weakened today but that has probably more to do with the continued increase in energy prices. Those also limit the MNB's easing scope given domestic inflation risks but also as they potentially accelerate global central banks' tightening plans. HUF swap yields rises 8 to 10 bps across the curve.
- A BTG Pactual/Nexus survey showed that **Flavio Bolsonaro polled ahead of Lula da Silva in a possible runoff election.** The advantage (46% vs 45%) is within the poll's 2% margin of error, but Bolsonaro is gaining momentum in recent weeks/months having trailed for most of the time. Brazilian general elections take place on October 4 with a potential presidential run-off on October 25 if no candidate receives a majority in the first round of voting. From a market point of view, a Bolsonaro victory is seen as the more friendly outcome as it raises chances of a fiscal overhaul. The Brazilian real today gains slightly ground after the survey with USD/BRL trading at 5.10 compared to last week's close at 5.13.

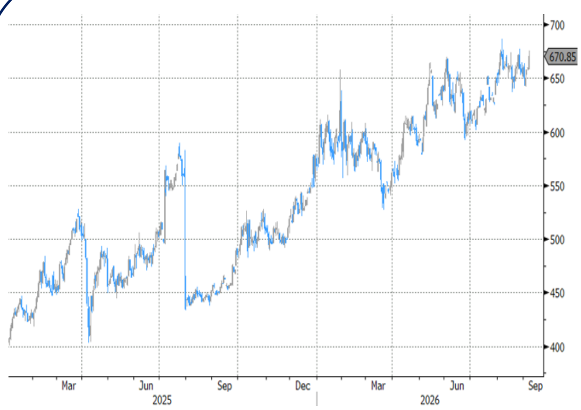
Graphs & Table



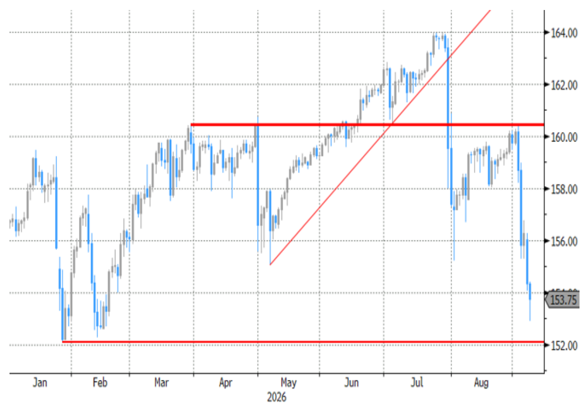
Brent crude closes in on the psychologically important $100 barrier ahead of Thursday's ECB meeting.



EUR/HUF: Hungarian August CPI vindicates MNB's summer easing offensive. Forint shrugs.



Not only energy prices can rise, copper bounces back to (record) highs



USD/JPY: Japanese yen extends recent gains but proximity of 152 resistance prompted some caution ahead of BoJ

Data source: Bloomberg

German yield	td	-1d	**US yield**	td	-1d	**Stocks**	td	-1d
2	2,99	-0,01	**2**	4,38	0,01	**DJ euro-50**	6408,03	4,04
5	3,12	-0,02	**5**	4,55	0,01	**DAX**	25993,39	-13,14
10	3,36	-0,02	**10**	4,78	0,00	**S&P 500**	7699,25	-19,35
30	3,82	-0,03	**30**	5,24	0,00	**Nikkei 225**	65269,33	-1130,51
Spread vs GE (bps)	td	-1d	**Currencies**	td	-1d	**Commodities**	td	-1d
BE 10y	57	-0,10	**EUR/USD**	1,1621	-0,0002	**CRB**	416,41	0,00
FR 10y	87	0,10	**EUR/GBP**	0,8574	-0,0010	**Gold**	4445,20	-31,40
IT 10y	82	0,00	**USD/JPY**	153,75	-0,6100	**Brent**	98,30	1,30

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