Internal



Tuesday, 29 September 2026

Daily Market Overview

Markets

- Oil prices hit their lowest in about a week today with Brent hovering around $103/barrel, dragging refined and related (such as gas) prices down with it. **The Saudi's able to resume flows through the East-West Pipeline appears to blunt some of the sharpest edges of the energy crunch**. The Wall Street Journal yesterday also reported on Iran's **diminishing ability to choke off oil flowing to the Strait of Hormuz.** It wrote that the US Navy and Gulf oil producers have become better at fending off or evading Iranian attacks, which allows fore more tankers to cross the narrow. All in all, shipments via Hormuz and bypass routes (such as the East-West pipeline) were delivering just under 80% of their prewar regional flows, according to the WSJ. US yields initially shed around 2 bps but reversed course when US investors joined the market. Current changes vary between +1 and 3.4 bps. Bunds outperform although they are off the highs as well. Rates are down 2.9-3.7 bps. ECB president Lagarde yesterday's appearance before the European Parliament has capped front end EUR yields with her speech. That helps explain why markets largely shrug off **hotter-than-expected Spanish inflation.** Headline CPI accelerated from 4.6% to 5%, the quickest rate since February 2023. Core CPI (national reading) also picked up more than expected, from 2.9% to 3.1%. The jury isn't out yet on what this means for the balance of risks to the European print this Friday. Key member states including Germany, France and Italy have yet to report their inflation numbers (all due tomorrow). **Our September nowcasts in any case point to headline HICP inflation of 3.63% YoY and 2.33% YoY for core inflation.** The headline projection is being driven primarily by the sharp increase in energy prices, which we expect to exceed 19% YoY. However, food prices are also beginning to contribute more meaningfully. Risks remain tilted to the upside, particularly due to rising drought-related transport and logistics costs, which could place additional upward pressure on goods prices. In services, price expectations eased marginally in September. The nowcast nevertheless foresees a monthly price impulse of 0.2%, corresponding to annual growth of almost 3% YoY.
- Currency markets trade subdued and with a slight dollar bias despite a positive risk attitude. EUR/USD drifts further south towards key support at 1.1340 (38.2% retracement on the 2025-2026 ascent) and the YtD low of 1.1325. Snapping lower would imply a return to 1.1214/02 from a technical POV. DXY (101.35) is focusing on the June/July highs at 101.8 and 101.64 respectively. Sterling steadies around EUR/GBP 0.8578 after a strong start of the week.
- **Bulgaria successfully tapped the euro market today with another triple trancher**, the second one after the one in July. Spreads were set at MS+60 bps, MS+95bps and MS+160bps for taps of the 4.375% May2031, 4.625% September2034 and 4.25% September2044, a tightening of 15-20 bps vs IPT and for an amount of €1bn, €750mln and €500m respectively. **Today's syndicated sale came after rating agency Fitch lifted the country's outlook on the BBB+ rating to positive from stable.**

News & Views

- **Belgian inflation quickened in September to 4.69% from 3.97%** the month before on a 0.39% monthly pace. It's the fastest annual print since June 2023. **Core inflation, which excludes energy and unprocessed food, stood at 3%, virtually the same as in August. Services prices were 5.25% higher** compared to one year ago, revving from 4.7% last month. The most significant price increases were registered for motor fuels (+6.5% m/m), natural gas (6.9%), electricity (4.2%), package holidays (3.2%) and domestic heating oil (7.1%). Inflation measured according to HICP rules amounts to 4.6% compared to 4.2% in the previous month.
- The Swiss KOF Economic Barometer increased by 1.6 points in September to 109.1 after a revised 107.5 in the previous month. **The indicator has been rising steadily since April of this year to an above-medium term average. The September print is the highest in exactly five years.** KOF said the indicators for manufacturing, services, as well as for construction show particularly positive developments. A slightly weakened outlook, however, is shown by the indicators for foreign demand and financial and insurance services. Within the producing industry (manufacturing and construction), the majority of the sub-indicators exhibit positive developments; in particular for exports, stockpiling of intermediate products and for the general business situation. The sub-indicators for employment prospects, however, are under pressure. The strong KOF print left few traces on CHF (EUR/CHF around 0.946).

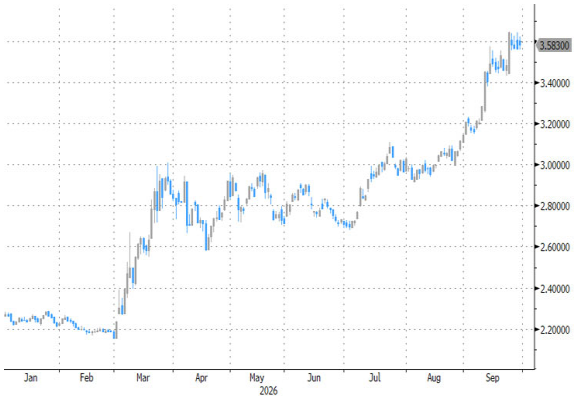
Graphs & Table



Brent oil eases a few dollars on the barrel, offering some minor reprieve to global markets



EUR/USD grinding lower along the path of least resistance



European 2-yr swap yield steadies near the recent highs after ECB's Lagarde capped its upside before EP



Nasdaq looks for direction near the record highs

Data source: Bloomberg

German yield	td	-1d	US yield	td	-1d	Stocks	td	-1d
2	3,27	-0,03	2	4,93	0,00	DJ euro-50	6339,24	37,96
5	3,41	-0,04	5	5,08	0,01	DAX	25470,47	96,05
10	3,60	-0,04	10	5,25	0,01	S&P 500	7683,8	0,11
30	3,93	-0,03	30	5,57	0,02	Nikkei 225	65481,27	-396,35
Spread vs GE (bps)	td	-1d	Currencies	td	-1d	Commodities	td	-1d
BE 10y	72	3,40	EUR/USD	1,1344	-0,0027	CRB	414,23	0,00
FR 10y	117	4,40	EUR/GBP	0,8573	-0,0005	Gold	4187,70	19,30
IT 10y	97	2,50	USD/JPY	157,41	0,0200	Brent	103,83	-1,45

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