Internal



Wednesday, 30 September 2026

KBC Sunrise Market Commentary

Markets

- Core bonds swung up and down yesterday. Supported initially by lower energy prices (Brent finished sub $103), things took a turn for the worse in early US dealings. We saw no clear trigger but yields began grinding higher and more so in the US than in Europe. The US 30-yr intraday rose to its highest level since 2002 (5.62%) while the 10-yr tenor fell just a couple of basis points short of such a near-quarter-century high. A sub-par JOLTS job openings report and September consumer confidence and, in late(r) US trading hours, NY Fed Williams came Treasuries to the rescue by pouring cold water on the idea of back-to-back rate hikes. The influential board member said there may be one more hike needed in late 2026 to be certain that inflation doesn't become entrenched. **But Williams also said there's no need for urgency after the September move. The market implied probability for an October hike fell from 70% to less than 50%.** Yields swiftly turned lower, especially at the front. Net daily changes eventually varied between -5.4 (2-yr) to +1.9 bps (30-yr). European swap yields added 3 bps in the 2-yr tenor with the remainder of the curve unchanged, underperforming vs Bunds in the process. The Japanese yes was the strongest performer on FX markets. The US dollar was a close second, leading to little changes in the USD/JPY pair. EUR/USD, on the other hand, temporarily fell through **the now-former YtD low of 1.1325.** At 1.1312, the couple started to recover to eventually finish at 1.1342. The euro lost out against GBP too. EUR/GBP drifted south to 0.857.
- Much of yesterday's moves find their way in today's session as well. For sterling in particular the news down below may have helped. PM Burnham this morning put it as explicit as possible: ***"rejoining the EU is an option for the UK."*** It is a very long shot still but would make a bullish case for GBP. **Interest rate markets recently dialed back their hawkish expectations in all corners of the advanced world.** The implied probability for a back-to-back ECB hike for example is now 30%. The economic calendar today is about to challenge that. Spanish CPI numbers yesterday were already higher than expected. **The big three are scheduled for release today: France, Germany and Italy. In the US, the Fed's preferred PCE inflation gauge is on tap.** The August print is expected to match July's 3.7% on a headline and 3.3% on a core basis. Risks, if any, are probably tilted to the upside. We keep a close eye on EUR/USD. A sustained break below the YtD troughs paves the way for a return towards the 1.12 and then 1.11 area.

News & Views

- **Australian headline inflation rose by 0.4% M/M in August, with the Y/Y-figure accelerating from 3.5% to 4% and moving further away from the RBA's 2-3% inflation target.** Housing was the largest contributor to annual inflation, rising by 5.7%, as builders passed on higher costs for materials and labour. Transport was the second largest contributor, rising by 5.6% due to higher automotive fuel prices. **Core inflation, as measured by the trimmed mean gauge which both excluded fuel and electricity prices), rose by 0.2% M/M to stabilize at 3.6% Y/Y.** Apart from that last figure, all numbers were 0.1 ppt below consensus estimates. Other core indicators hovered between 3.6% Y/Y and 3.9% Y/Y. Goods and services inflation printed at respectively 1% M/% & 4.2% Y/Y and -0.2% M/M and 3.7% Y/Y. Today inflation numbers arrive a day after the RBA raised its policy rate a fourth time this year to the highest level since 2011 (4.6%). RBA governor Bullock said that she hopes this move into restrictive territory will suffice, denting more aggressive rate hike bets. **Markets reverse more hawkish bets this morning, with the market implied probability of another move before year-end dipping to 40%.** AUD/USD extends the decline towards the lower bound of sideways trading channel in place since February (0.6865/34).
- UK PM Burnham told the crowd at the Labour Party's annual conference yesterday that he'll set out options for a new relationship with the EU later this year. **A delayed summit between both will take place before year-end. His spokesman refused to rule out the option of rejoining the EU if such mandate would be given at next general elections.** "Brexit has done more harm than good," Burnham said. "We've lost some of the control we had over our economy, as a decade of low growth has put us in a weaker position, and we've lost some of our control over immigration."

Graphs



GE 10y yield

Confidence that inflation is returning to 2% **allowed the ECB to reduce to policy rate to 2%, reaching neutral territory.** The ECB moved to an outright data-dependent approach, but overall uncertainty remains elevated. **German bunds ever more gain safe haven status** as uncertainty with respect to US assets intensifies. This slowed the rise in LT yields with market focus fluctuating between tariff wars to public finances.



US 10y yield

The Fed's **priority stays on inflation until the labour market is visibly weakening.** Downward revisions in the July payrolls report boosted odds that the September FOMC meeting could be a tipping point. **LT bond yields' trend higher on President Trump's big, beautiful, deficit-increasing bill recently stalled on growth concerns.** This flip-flopping between the fiscal and economic theme is here to stay.



EUR/USD

Trump's explosive policy mix (DOGE, tariffs, big beautiful bill) triggered uncertainty on future US economic growth and sustainability of public finances with markets **showing a loss of confidence in the dollar. EUR/USD is in a buy-the-dip pattern on track with a medium term target at 1.2349.** The end to the ECB's easing cycle and German/European spending plans help the euro-part of the equation.



EUR/GBP

Long end Gilt underperformance due to fiscal risks weighed on sterling earlier this year. The Bank of England is on a quarterly 25 bps cutting cycle since August of last year (4% policy rate currently), with next action expected in November. EUR/GBP tested the November 2023 high at 0.8768, but a break higher didn't materialize (yet).

Calendar & Table

Wednesday, 30 September		Consensus	Previous
US			
14:15	**ADP Employment Change (Sep)**	**75k**	**38k**
14:30	Retail Inventories MoM (Aug)	0.30%	0.80%
14:30	Personal Income/Spending (Aug)	0.50%/0.90%	0.40%/0.20%
14:30	Real Personal Spending (Aug)	0.50%	0.00%
14:30	**PCE Price Index MoM/YoY (Aug)**	**0.30%/3.70%**	**0.20%/3.70%**
14:30	Core PCE Price Index MoM/YoY (Aug)	0.30%/3.30%	0.20%/3.30%
14:30	GDP Annualized QoQ (2Q T)	1.50%	1.50%
14:30	Advance Goods Trade Balance (Aug)	-$115b	-$118.8b
14:30	Advance Goods Exports/Imports MoM SA (Aug)	1.20%/1.00%	-2.90%/3.70%
14:30	Wholesale Inventories MoM (Aug P)	0.50%	1.30%
15:45	MNI Chicago PMI (Sep)	51.0eco	47.1
Japan			
01:50	Retail Sales MoM/YoY (Aug)	-1.20%A/2.70%A	2.10%/3.70%
01:50	Industrial Production MoM/YoY (Aug P)	-1.70%A/3.40A%	-0.20%/3.90%
07:00	Housing Starts YoY (Aug)	7.00%	8.20%
UK			
01:01	Lloyds Business Barometer (Sep)	41A	53
01:01	Lloyds Own Price Expectations (Sep)	52A	51
08:00	GDP QoQ/YoY (2Q F)	0.40%/1.20%	0.40%/1.20%
Germany			
08:00	Import Price Index MoM/YoY (Aug)	0.70%/8.00%	0.20%/6.80%
08:00	Retail Sales MoM/SA YoY (Aug)	1.50%/-0.50%	-3.40%/-2.50%
09:55	Unemployment Change (000's) (Sep)	0.5k	4.0k
09:55	Unemployment Claims Rate SA (Sep)	6.40%	6.40%
14:00	CPI MoM/YoY (Sep P)	0.50%/3.10%	0.20%/2.90%
14:00	**CPI EU Harmonized MoM/YoY (Sep P)**	**0.50%/3.20%**	**0.20%/2.90%**
France			
08:45	**CPI EU Harmonized MoM/YoY (Sep P)**	**-0.50%/3.20%**	**0.70%/2.60%**
08:45	CPI MoM/YoY (Sep P)	-0.50%/2.80%	0.70%/2.40%
08:45	PPI MoM/YoY (Aug)	--/--	1.10%/3.40%
08:45	Consumer Spending MoM/YoY (Aug)	0.00%/--	0.50%/1.40%
Italy			
10:00	Consumer Confidence Index (Sep)	94.4	94.5
10:00	Economic Sentiment (Sep)	--	96.9
10:00	Manufacturing Confidence (Sep)	90.5	89.9
11:00	**CPI EU Harmonized MoM/YoY (Sep P)**	**1.70%/3.70%**	**0.10%/3.20%**
11:00	CPI NIC incl. tobacco MoM/YoY (Sep P)	0.30%/3.70%	0.50%/3.30%
China			
03:30	Manufacturing PMI (Sep)	50.1A	49.8
03:30	Non-manufacturing PMI (Sep)	50.2A	49
03:30	**Composite PMI (Sep)**	**50.7A**	**49.5**
03:45	**RatingDog China PMI Composite (Sep)**	**52.4A**	**52.1**
03:45	RatingDog China PMI Services (Sep)	51.6A	51.4
03:45	RatingDog China PMI Mfg (Sep)	52.1A	51.5
Poland			
09:30	**CPI MoM/YoY (Sep P)**	**0.80%/4.00%**	**0.30%/3.40%**
Sweden			
08:00	Retail Sales MoM (Aug)	--	-0.20%
08:00	Retail Sales WDA YoY (Aug)	--	6.20%
08:00	Wages Non-Manual Workers YoY (Jul)	--	3.40%
Events			
05:35	Japan to Sell 2-Year Bonds		
11:30	Germany to Sell Bonds		
14:30	BEA Releases Annual Revisions to GDP and Personal Income		
17:45	**ECB's Schnabel Speaks in Luxembourg**		
19:30	Fed's Barkin Gives Welcome Remarks at Rural America Conference		
21:25	Fed's Cook Speaks at Investing in Rural America Conference		
23:10	Fed's Goolsbee Gives Keynote Address		

10-year	Close	-1d
US	5,24	0,00
DE	3,63	-0,02
BE	4,35	0,02
UK	5,41	-0,01
JP	3,08	-0,01

2-year	Close	-1d
US	4,88	-0,05
DE	3,29	-0,01
BE	3,40	0,00
UK	4,91	-0,01
JP	1,95	-0,02

Stocks	Close	-1d
DOW	51349,92	-131,59
NASDAQ	26797,54	-22,84
NIKKEI	66930,38	1449,11
DAX	25399,21	24,79
DJ euro-50	6320,26	18,98

IRS	EUR	USD	GBP
3y	3,63	4,77	4,76
5y	3,64	4,77	4,79
10y	3,70	4,85	4,96

EUR	-1d	-2d
€STR	2,4390	-0,0010
Euribor-1	2,4900	0,0060
Euribor-3	2,6170	0,0230
Euribor-6	3,1030	0,0370

USD	-1d	-2d
SOFR-1	3,9103	0,0113
SOFR-3	4,0587	-0,0237
SOFR-6	4,2328	-0,0432

Currencies	Close	-1d
EUR/USD	1,1342	-0,0029
USD/JPY	157,29	-0,10
GBP/USD	1,3232	-0,0023
AUD/USD	0,6986	-0,0032
USD/CAD	1,419	0,0016

Currencies	Close	-1d
EUR/JPY	178,4	-0,56
EUR/GBP	0,8571	-0,0007
EUR/CHF	0,9457	-0,0003
EUR/SEK	11,3337	0,0055
EUR/NOK	10,8846	0,0385

Commodities	Close	-1d
CRB	409,45	-4,78
Gold	4179,70	11,30
Brent	102,59	-2,69

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