Internal



Tuesday, 13 October 2026

Daily Market Overview

Markets

- We run through the major themes of late. First, **the French 10-yr OAT swapspread holds near 130 bps but at least the widening drift doesn't continue. EUR/USD equally holds around 1.12.** French parliament today starts debating the 2027 budget bill with focus turning to the social security bill next week. The secretary general of the French Prudential Supervision and Resolution Authority today also suggested that the exposure of the country's banking sector to the nation's public debt remains limited. They hold around €190bn in public debt (end 2025) representing 24% of all sovereign securities and 2% of total assets. Second, **energy prices remain elevated following Houthi attacks against Saudi Arabia with especially gas prices pushing to new cycle highs beyond €86/MWh.** Some weather models point to chances of very cold temperatures across much of Europe later next week which could keep prices elevated due to competition for supplies given low inventory levels. Third, **general risk sentiment is dwindling with especially US AI-names prone for correction.** US investment banks kicked off Q3 earnings today with only JP Morgan slightly missing analyst expectations. Details showed divergence in trading desks with equity trading surging while FICC was mixed-to-weak. Credit quality remained resilient across the board. Finally, there **the global sell-off at the (very) long end of the curve which takes a breather today** with long-term bond yields coming off around 4-5 bps. Fed Waller joined the growing chorus of central bankers who thinks that higher yields do some of the Fed's work on (weakening) demand.
- **The Bank of Japan tends to play it safe.** About a fortnight before any policy decision, *"people familiar with the matter"* inform the media with a head's up on the outcome ceteris paribus. This time was no different with Bloomberg citing its sources as **leaning against back-to-back hikes in October.** They still eye the possibility of another move as soon as December. Japanese money markets align with that scenario, attaching a 90% probability to a 25 bps rate hike to 1.5%. That would still be the third such move in six months time which is a stellar pace from a BoJ point of view. The BOJ officials see **little need for consecutive rate hikes in the absence of signs that upside inflation risks will increase abruptly.** Back in September, BoJ governor Ueda announced a new phase of monetary policy, moving from fighting deflation to preventing inflation from overshooting the 2% target.

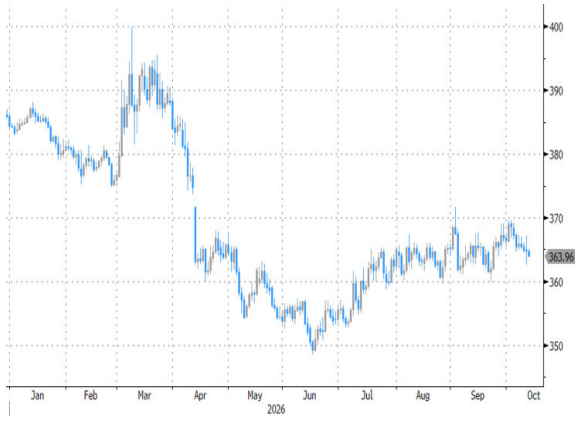
News & Views

- **Fitch in its latest regional credit analysis warned Hungary of a potential credit rating downgrade** if the government fails to install credible fiscal reforms and stop the rise in public debt. **Hungary holds a BBB-rating with a negative outlook at the agency,** one notch above investment grade. **Fitch forecasts a 7.3% deficit in 2026,** way more than its previous projection, with a moderate reduction in the years after to 5.8% by 2028. The 2026 deterioration is the result of pre-election spending, along with energy-related measures taken by the government. **The debt ratio would rise from 74.6% in 2025 to 78.1% by 2028,** the highest among the 11 CEE countries covered in the analysis. The HUF's appreciation does help to contain the burden of Hungary's FX-denominated debt, Fitch noted. Local Hungarian media report that **the government plans to release its 2027 budget and multiannual fiscal trajectory next week.** Fitch forecasts GDP growth to accelerate from 1.9% this year to 2.5% in 2027 and 3% in 2028. It believes rapid disinflation to just 1.3% in August offers the central bank room for one more rate cut this year to 5.25% and two more in 2027 to 4.75%. Fitch reconsiders Hungary's current rating on **December 4.**
- **Final Czech CPI for September matched the preliminary 2.5% released last week.** The final figure comes with core CPI as well as central bank comments. The CNB said the rise in annual inflation was due mainly to fuel prices. However, excluding for fuel, food and administered prices, **core inflation also edged up to 3.1% from 3%, more than the 2.9% expected in the CNB's summer Monetary Policy Report.** Price growth in both market services prices and goods prices accelerated slightly. **The year-on-year decline in food prices continues to dampen inflation.** However, that decline slowed in September, also contributing to the increase in headline inflation, the central bank said. It exp**ects inflation to hover between 2% and 3% for the rest of the year before temporarily rising above 3% early 2027.** KBC Economics flipped to a November rate hike to 4% last week, referring to the expected acceleration in core CPI.

Graphs & Table



US 30-yr yield follows up last week's early correction process



EUR/HUF 364: countdown to next week's government budget proposal



S&P 500 tries to reach for new all-time high with robust Q3 bank earnings balancing struggling tech names



EUR/USD mimicks the intraday stablization in 10-yr OAT-swapspread

Data source: Bloomberg

German yield	td	-1d	US yield	td	-1d	Stocks	td	-1d
2	3,14	-0,01	2	4,79	0,01	DJ euro-50	6186,68	-14,53
5	3,24	-0,02	5	5,00	-0,02	DAX	25278,69	1,01
10	3,45	-0,03	10	5,20	-0,04	S&P 500	7801,94	-5,30
30	3,80	-0,04	30	5,55	-0,05	Nikkei 225	67777,52	-1253,40
Spread vs GE (bps)	td	-1d	Currencies	td	-1d	Commodities	td	-1d
BE 10y	85	-1,20	EUR/USD	1,1200	0,0045	CRB	417,10	0,00
FR 10y	138	-4,40	EUR/GBP	0,8451	0,0006	Gold	4207,70	17,10
IT 10y	107	-2,90	USD/JPY	158,30	-0,3100	Brent	105,03	-1,62

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