Internal



Wednesday, 14 October 2026

Daily Market Overview

Markets

- **US CPI came in hotter than expected. Prices in September climbed 0.6% m/m to be up 3.7% on a yearly basis. That's slightly more than the 3.6% consensus forecast.** Energy obviously is the main culprit, with the component jumping 5.1% m/m and 20.4% y/y. Energy commodities (the likes of gasoline) soared 9.3%. That alone accounted for half of the overall monthly increase. **Accelerating core CPI, however, suggests that it's not at all an energy story alone. Both the monthly 0.3% and yearly 2.6% were 0.1 ppts higher than expected.** For the monthly reading it's the third acceleration in a row and bad news speaking in terms of trends – as Fed Warsh prefers to do. **The annualized three-month moving average stands at 3.4%, complicating the Fed's eyed return to 2%.** The price increase was broad-based with less than a handful of subcategories posting a price drop. **Another key gauge – the supercore services CPI which excludes housing – printing a lofty 0.42% m/m (3.13% y/y) after an already outsized 0.51% in August.** We're upping our October nowcast to 3.9% (headline) and 2.74% (core). The release triggers a sharp repositioning across the US yield curve. The front end evidently underperforms with the 2-yr yield surging 15 bps at some point. Market odds for an October hike jump from +/- 20% to 50% and cumulative tightening priced in mounts to almost four additional hikes by end-2027 compared to a little over three prior to the publication. Long-term yields rally as well with the 10-30yr bucket adding 6-10 bps, brutally upending the calm that had barely returned to this particular part of the curve. Fed's Waller was the latest governor to point out the tightening impact of their recent ascent, which added to the case for skipping October and resuming hikes in December at the earliest. Money markets are clearly calling that into question again. German Bunds suffer from Treasury fall-out, although they obviously still outperform them. Yields add between 2.1 and 2.6 bps in a daily perspective. UK Gilts initially gained, banking on Bank of England chief economist sounding skeptical on markets pricing about four rate hikes. They had to return every single bit of it. UK yields are now flat on the day.
- **The US dollar emerges as the undisputed winner** on FX markets. EUR/USD stumbles to 1.112, yet another 1.5 year low. The pair came just shy of the 1.1111 support level intraday (50% retracement on the 2025-2026 EUR/USD rally). We're spotting some euro weakness as well, which could be related to the an uptick in French credit spreads. It seems that every abrupt move higher in long-term bond yields puts the spotlights on the theme. EUR/GBP drops to fresh lows around 0.843. Wall Street trades mixed with DJI adding 0.3% but the tech heavy Nasdaq down 0.5%.

News & Views

- **The International Energy Agency forecasts oil market balances to remain in deficit through the end of the year despite lower demand.** World oil consumption is now expected to decline by 2.6mn b/d this year to average 102.4mn b/d and to grow by 2mn/ b/d in 2027. Both are below last month's projections. This year's deficit is seen at 1.68mn b/d. **The depletion of stocks during the war has left global observed inventories 509mn barrels below pre-conflict levels, and on-land stockpiles near their lowest in at least a decade,** according to the IEA. "As the remaining buffers in the system continue to erode, in the absence of a resolution to the conflicts in the Middle East, oil markets may experience more turmoil in the months ahead before any eventual surplus emerges in 2027." **Constrained middle distillate supplies will likely to persist well into 2027 with diesel under extreme pressure.** The gasoil market balance will remain tight well into 2027 and is dependent on a recovery of product supply from the Middle East. Failing this, further demand reductions and the economic costs these will entail may be needed to balance markets.
- **More members of the National Bank of Poland are shifting towards a potential rate hike this year.** MPC Maslowska plots a path towards such outcome should inflation hold above the central bank's target by December or should household energy price hikes be announced. For now, she'd see it more as a one-off move. MPC Wnorowski on Monday even was open to action in November should updated inflation projections warrant to. MPC Kotecki last week referred to the new updates as well, projecting two potential scenarios. If the November projection shows inflation returning to ~2.5% in Q4 2027 or early 2028, the Council should hold back; if it does not return to target, action may be warranted. NBP President Glapinski after last week's policy decision (status quo) made a hawkish turn suggesting that the **MPC is fully prepared to act if inflation risks continue to rise.** The Polish zloty tries to fight back after testing the EUR/PLN 4.40 resistance area earlier since the end of September.

Graphs & Table



US 2-yr yield: Hotter-than-expected CPI brutally awakes bond market with front-end now reconsidering an October move



Strong dollar and feeble euro push EUR/USD towards 1.1111 support level



EUR/PLN: zloty tries to leave behind the recent lows as NBP policymakers prepare for rate hike in the near term



EUR/SEK: crown under pressure after regulator found material shortcomings in the credit-risk models of the country's largest bank

Data source: Bloomberg

German yield	td	-1d	US yield	td	-1d	Stocks	td	-1d
2	3,16	0,01	2	4,90	0,11	DJ euro-50	6205,73	38,72
5	3,28	0,01	5	5,10	0,10	DAX	25403,09	143,19
10	3,49	0,02	10	5,29	0,08	S&P 500	7778,62	-26,83
30	3,83	0,02	30	5,60	0,05	Nikkei 225	67744,29	-33,23
Spread vs GE (bps)	td	-1d	Currencies	td	-1d	Commodities	td	-1d
BE 10y	86	1,70	EUR/USD	1,1125	-0,0074	CRB	418,14	0,00
FR 10y	140	2,50	EUR/GBP	0,8437	-0,0012	Gold	4122,10	-55,20
IT 10y	108	2,20	USD/JPY	158,92	0,5900	Brent	105,96	0,27

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