

MARKET INSIGHT WEEK 38

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UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Monday, September 14			
CH PPI (MoM) (Aug)	07:30	0.1%	-0.1%
CA CPI (MoM) (Aug)	13:30	-0.1%	0.5%
Tuesday, September 15			
GB Unemployment Rate (Jul)	07:00	4.9%	4.9%
Wednesday, September 16			
GB CPI (YoY) (Aug)	07:00	3.1%	2.9%
US Retail Sales (MoM) (Aug)	13:30	0.8%	-0.6%
US Crude Oil Inventories	15:30		-0.391M
US Fed Interest Rate Decision	19:00	4.00%	3.75%
US FOMC Press Conference	19:30		
NZ GDP (QoQ) (Q2)	23:45		0.8%
Thursday, September 17			
EU CPI (YoY) (Aug)	10:00	3.3%	3.3%
GB BoE Interest Rate Decision (Sep)	12:00	3.75%	3.75%
US Philadelphia Fed Manufacturing Index (Sep)	13:30	28.9	47.4
US Initial Jobless Claims	13:30	209K	206K
Friday, September 18			
JP BoJ Interest Rate Decision	04:00	1.25%	1.00%

*US moves forward one hour for daylight saving time.

Weekly Recap - September 7-11, 2026 (W37)

Stronger Core Inflation, ECB Tightening and \$100 Oil Push the Fed Toward a September Rate Increase

Week 37 strengthened the case for another Fed increase as U.S. producer and consumer inflation accelerated. Headline CPI rose by 0.4%, while core CPI exceeded expectations at 0.3% and annual PPI reached 5.4%. The ECB also raised rates and oil moved above \$100, pushing September Fed hike expectations toward 90%.

United States

Stronger Inflation Reinforces the Hawkish Fed Case

August inflation confirmed that price pressures are extending beyond energy.

Key developments:

- Headline CPI increased by 0.4%, with annual CPI at 3.4%.
- Core CPI increased by 0.3%, above expectations.
- Headline PPI increased by 0.4%, with annual PPI at 5.4%.
- Producer-goods prices increased by 1.1%.
- Gasoline prices rose by approximately 3.9%.

As a result:

- September hike expectations increased toward 87%-90%.
- Treasury yields rose, with the 10-year approaching 5%.
- USD gained while gold remained under pressure.

Resilient employment and stronger underlying inflation significantly strengthened the case for a 25-basis-point September increase.

Geopolitics

\$100 Oil Intensifies the Inflation Threat

Renewed Middle East tensions increased pressure on global energy markets.

- WTI and Brent moved above \$100.
- Hormuz disruption risks remained elevated.
- Shipping costs increased as supply buffers deteriorated.
- Higher energy prices increased inflation and growth risks.

Oil remained the principal external threat to global disinflation.

Eurozone

ECB Raises Rates as Inflation Risks Persist

The ECB increased its deposit rate by 25 basis points to 2.50% and delivered a more hawkish message than markets expected.

- Inflation is expected to remain above target for longer.
- Energy inflation remains a major concern.
- Further tightening remains possible.
- European bond yields increased.

The decision reinforced the broader shift toward tighter global monetary conditions.

United Kingdom

Higher Global Yields Maintain Policy Pressure

UK markets remained exposed to persistent inflation and rising global borrowing costs.

- Government yields remained near multi-decade highs.
 - Stronger data supported restrictive policy expectations.
 - Higher energy costs increased household pressure.
- Sterling remained supported by relative rate expectations, although stagflation risks increased.

Asia-Pacific

Global Tightening Remains the Key Regional Driver

Regional markets remained sensitive to rising U.S. yields, weaker Chinese domestic demand and expectations of further BoJ normalisation. Tighter global financial conditions continued to limit risk appetite.

Commodities

Gold

Gold recorded its third consecutive weekly decline.

- Higher Treasury yields and Fed tightening expectations pressured prices.
- Geopolitical risk provided partial support.
- Gold finished approximately 1.4% lower.

Oil

Oil moved above \$100 as geopolitical and supply risks intensified.

- Hormuz supply concerns persisted.
- Available supply buffers declined.
- Higher prices increased global inflation risks.

Equities

Higher Rates and \$100 Oil Pressure Risk Assets

U.S. equities recovered on Friday but still ended the week lower.

- S&P 500 declined approximately 0.8%.
- Dow Jones fell approximately 1.6%.
- Nasdaq Composite declined approximately 0.7%.
- Russell 2000 fell approximately 2.4%.
- Higher yields and oil pressured valuations.

Small-cap underperformance highlighted the growing impact of restrictive financing conditions.

Summary

Week 37 strengthened the case for a September Fed increase as both producer and consumer inflation confirmed renewed price pressure. Core CPI exceeded expectations, annual PPI accelerated to 5.4% and oil moved above \$100, while the ECB responded to similar inflation risks with another rate increase. September Fed hike expectations consequently moved toward 90%.

Key Takeaway

- » Stronger core CPI confirmed that inflation pressure extends beyond energy.
- » ECB tightening and \$100 oil reinforced the shift toward more restrictive global monetary conditions.
- » A 25-basis-point September Fed increase has become the dominant market scenario.

U.S. Dollar Index

GBPUSD is struggling below the 1.3540–1.3550 resistance area and showing renewed downside pressure. The current setup favours a corrective move toward 1.3290–1.3300, the next key support zone. As long as price stays below 1.3550, the short-term bias remains negative. A break above this area would reduce downside pressure and expose 1.3600–1.3650.

USDCHF remains in a constructive recovery structure, holding above the 0.8120–0.8130 breakout area and the 55-day moving average. The current setup favours continuation toward 0.8270–0.8280, the next key resistance zone. The bullish scenario remains valid above 0.8120. A break below this area would weaken momentum and expose 0.8070–0.8050.



AUD/USD

AUDUSD is showing short-term weakness after rejecting 0.7220-0.7250 and slipping below the 9-day moving average. The current setup favours a corrective move toward 0.7030-0.7050, where the 55-day moving average may provide support. The broader bullish structure remains valid above 0.7030. A break below would expose 0.6950-0.6900, while a recovery above 0.7180-0.7200 would restore upside pressure.



NZD/USD

NZDUSD remains under bearish pressure after losing the 0.5840-0.5860 area and trading below the key moving averages. The current setup favours further downside toward 0.5650-0.5660, the next key support zone. As long as price stays below 0.5850-0.5870, rebound attempts may remain limited. A recovery above this area would reduce downside pressure and expose 0.5920-0.5950.



Gold (XAU/USD)

Gold remains inside the broader descending channel after rejecting the 4,650–4,700 resistance area. The current setup favours further downside below 4,400–4,450, with support around 4,200–4,250. A break below this zone would expose 3,800–3,750. A recovery above 4,450 would reduce downside pressure, while a break above 4,700 would reopen upside toward 4,840 and 5,000.



WTI Crude

WTI has extended sharply higher and is testing resistance around 104.00 after breaking out from the September consolidation. The current setup favours a corrective pullback toward 90.00–92.00. The broader recovery remains constructive above 85.50–86.00, while a deeper correction could expose the 83.50 gap area. A clear break above 104.00 would reopen upside toward 108.00–110.00.



S&P 500

S&P 500 remains in a broader bullish trend, but short-term momentum is weakening after failing to extend above recent highs. The current setup favours a corrective move toward 7,340-7,350, the next key support zone. The broader bullish structure remains intact above 7,340, where a rebound could develop. A break below this area would weaken the trend and expose 7,200-7,150.



EuroStoxx 50

EuroStoxx 50 is showing a weaker short-term structure after losing momentum and slipping below the key moving averages. The current setup favours a deeper corrective move toward 5,980-6,000, the next key support zone. As long as price stays below 6,350-6,400, rebound attempts may remain limited. A recovery above this area would reduce downside pressure and stabilise the structure.



Strategic Outlook Week 38 (September 14-18, 2026)

Federal Reserve Decision, Dot Plot and Global Central Banks Will Test the New Inflation Regime

Week 38 will be dominated by monetary policy. Following stronger U.S. employment and inflation, markets now assign an 87%-90% probability to a 25-basis-point Fed increase. With the hike largely priced, the dot plot and Warsh's guidance will determine whether markets expect a limited adjustment or a broader tightening cycle.

The macro framework now stands as follows:

- August payrolls increased by 162K.
- Core CPI increased by 0.3%, above expectations.
- Annual PPI accelerated to 5.4%.
- Oil remains near or above \$100.
- The U.S. 10-year yield is close to 5%.
- September Fed hike expectations stand near 90%.

Macro Themes

1. United States

Fed Decision and Dot Plot Become the Main Global Catalyst

The Fed is expected to raise rates by 25 basis points to 3.75%-4.00%. With the decision largely priced, markets will focus on the projected rate path and Warsh's guidance.

Key Focus

- 25-basis-point rate increase.
- 2026 and 2027 dot plot.
- Inflation and growth projections.
- Warsh's press conference.
- Treasury yields.

Strategic Scenarios

Cautious Hike

- Dot plot signals limited additional tightening.
- Treasury yields may stabilise.
- Equities and gold could recover after initial pressure.

Hawkish Hike

- Dot plot projects multiple additional increases.
- Treasury yields and USD rise.
- Gold and technology face renewed pressure.

Surprise Hold

- Treasury yields and USD decline.
- Gold and equities initially rally.

The key question is whether September represents a limited adjustment or the beginning of a new tightening cycle.

USD Bias: Constructive unless Fed guidance is significantly more cautious than expected.

2. Geopolitics

\$100 Oil Remains the Principal External Inflation Risk

Middle East tensions continue to support energy prices.

- Oil remains near \$100.
- Hormuz disruption risks persist.
- Higher costs threaten further inflation.
- Diplomatic progress could provide market relief.

Without meaningful de-escalation, oil is likely to remain elevated and volatile.

3. Eurozone

Markets Assess the Path After the ECB Hike

Following the ECB's 25-basis-point increase, markets will focus on final inflation data and the prospect of further tightening.

- Energy costs remain a key risk.
- European yields remain elevated.
- Further ECB tightening remains possible.

Persistent inflation would reinforce expectations of another increase later in the year.

4. United Kingdom

Inflation Will Test the BoE's Hold

UK inflation is expected to rise toward 3.2% before Thursday's BoE decision.

- The BoE is expected to hold at 3.75%.
 - Energy costs remain inflationary.
 - A hawkish vote split could support sterling.
- Stronger CPI would increase pressure for additional tightening.

5. Asia-Pacific

BoJ Tightening Could Reinforce the Global Policy Shift

Markets assign a high probability to a 25-basis-point BoJ increase. A hike could support JPY and reinforce the shift toward global monetary tightening, while Chinese activity data remain important for AUD, NZD and commodities.

6. Commodities

Gold and Oil Remain Highly Policy Sensitive

- Cautious Fed guidance.
- Lower real yields.
- Fiscal and geopolitical uncertainty.

A hawkish dot plot and higher real yields would create renewed downside pressure.

WTI Crude - Key drivers

- U.S.-Iran tensions.
- Hormuz shipping flows.
- Diplomatic developments.

Oil near \$100 remains a major threat to inflation and central-bank flexibility.

7. Equities

The Hike Is Priced, but the Future Path Is Not

Equities remain supported by resilient growth and earnings but face pressure from yields near 5%, elevated oil and tighter financing conditions.

Equity Scenarios

Cautious Hike

- Initial pressure may fade.
- Equities could stabilise.

Hawkish Hike

- Higher yields pressure technology and small caps.
- Rate-sensitive sectors underperform.

Surprise Hold

- Equities initially rally.
- Lower yields support technology.

The most constructive outcome remains a 25-basis-point increase accompanied by limited additional tightening in the dot plot.

Summary & Key Risks

Summary

Week 38 shifts the policy debate from whether the Fed will tighten to how far the new tightening phase could extend. Strong employment, higher producer inflation, sticky core CPI and \$100 oil have made a 25-basis-point September increase the dominant scenario.

The base case is a Fed increase to 3.75%–4.00% accompanied by cautious but hawkish guidance, with the dot plot leaving room for one additional increase without committing to a prolonged cycle. BoE and BoJ decisions will also determine whether renewed monetary tightening becomes an increasingly global trend.

Key Risks

- a. Hawkish Fed dot plot → Treasury yields and USD rise while technology, gold and rate-sensitive assets face pressure.
- b. Cautious Fed guidance → yields retreat, USD gives back gains and equities and gold recover.
- c. Surprise Fed hold → sharp initial decline in USD and yields, with inflation-credibility risks increasing.
- d. Oil remains above \$100 → inflation pressure persists and central-bank flexibility declines.
- e. Coordinated global tightening → BoJ and hawkish BoE signals reinforce pressure on global bonds and growth-sensitive assets.

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