Global Cross-Asset Tape

THE ENERGY SHOCK NOW HAS TWO CENTRAL BANKS IN FRONT OF IT — AND BOTH DECIDE THIS WEEK. Brent SETTLED $101.21 on 9 September (+3.4%), its first close above $100 since July, and marks $101.09. Wall Street fell for a third straight session — S&P 500 7,636.36 (-0.48%), Dow 52,380.66 (-0.77%) — while the UST 10y jumped 6.5bp to 4.841%, a level last seen before 1 November 2023 — and it did so on the day the Treasury tripled its longer-dated buyback to $6bn, an operation the market judged too small. Europe took it harder: DAX -1.66%, Euro Stoxx 50 -1.58%, and a synchronised euro-area bond selloff — Bund +7.7bp, BTP +11.0bp, GGB +10.9bp. The ECB decides today (25bp to 2.50%, ~99% priced) into euro-area August inflation of 3.3% with energy at +14.3%; the US August CPI lands tomorrow; the FOMC is Wednesday 16 September with a HIKE at ~57%. This is no longer an oil story with a policy footnote. It is a policy story with an oil engine.

US EQUITIES — 9 SEP CASH CLOSE (THIRD CONSECUTIVE DOWN DAY)

ASSET	LAST	CHG
S&P 500	7,636.36	-0.48%
Nasdaq 100	29,421.55	-0.29%
Russell 2000	2,921.24	-1.32%
VIX	16.46	fr 15.72

RATES — 10 SEP MARKS; 10Y AT A CYCLE HIGH AGAINST THE BUYBACK

ASSET	LAST	CHG
UST 2y	4.424%	+6.9bp on 9 Sep
UST 10y	4.841%	high since Nov-23
10y breakeven	2.386%	+3.4bp on 9 Sep
Sept hike odds	~57%	no cut priced

COMMODITIES — 10 SEP. BRENT THROUGH $100; GAS THE QUIETER TAIL

ASSET	LAST	CHG
Brent	$101.09	settled 101.21, +3.4%
TTF gas	EUR78.71	+3.8%; +29% m/m
Gold	$4,411	+0.3%; muted
Copper	$6.85/lb	firm — not a growth scare

FX & EUROPE/ATHENS — 9 SEP CLOSE; FX 10 SEP

ASSET	LAST	CHG
DXY / EURUSD	98.76 / 1.1638	USD soft into ECB
DAX	25,576.45	-1.66%
EU banks SX7E	317.82	-1.15%
Athens ASE	2,701.69	-0.18%; banks -1.14%

Read. Read the shape of the selloff, not just its size. Equities fell, yields ROSE, breakevens ROSE (+3.4bp), real yields rose less (+4.2bp on the 10y real to 2.452%), and **gold did almost nothing** while **copper stayed firm at $6.85/lb**. That combination is not a growth scare — it is an **inflation-and-policy repricing**. The tell is the long end: the 10y took out a cycle high on the same day the Treasury tripled its long-dated buyback to **$6bn** — an operation the market called too small. **When a tripled official bid is dismissed as insufficient, the level is not being set by supply.** Overnight into 10 September Asia extended it — **MSCI Asia-Pacific -0.8%, Hang Seng -1.4%, ASX 200 -1.5%, Nikkei 64,915.53**, Kospi off more than 1%.

Session Read

Four threads: a bond market taking out cycle highs against an official bid; an ECB hiking into an energy shock it cannot look through; a US CPI that decides Wednesday's FOMC; and a Hormuz corridor whose CRUDE channel may be at zero even as aggregate flow holds.

The tape — three down days, and the leadership tells you why

S&P 500 7,636.36 (-0.48%), **Dow 52,380.66 (-0.77%)**, **Nasdaq Composite 26,253.34 (-0.64%)** — a third consecutive decline. But the dispersion is the information. **Russell 2000 -1.32%** underperformed sharply, which is what a higher-for-longer rate path does to leveraged small caps. **Energy held up** and is the year's best S&P sector at **+41.6% YTD**. **VIX rose only to 16.46** — still a market that has repriced rates without yet repricing risk. Europe was the harder hit: **DAX -1.66%**, **CAC -1.94%**, **Euro Stoxx 50 -1.58%**, **EU banks -1.15%**. The asymmetry makes sense — Europe imports the energy shock and gets the central bank that is tightening into it today.

The long end — a cycle high struck AGAINST an official bid

The single most important price in the world yesterday was the 10-year. It rose 6.5bp to **4.841% — a level last seen before 1 November 2023** — on the same day the Treasury announced it was **tripling its buyback of longer-dated debt to $6bn** in the 10-20y sector, with the Secretary's "I am the house now" framing attached. **Be precise about why yields rose into the announcement:** the market had positioned for a LARGER operation and read $6bn as too small. That is not a rebuttal of our point — it is the sharper version of it. An intervention sized in billions cannot move a level set by the economic outlook and the policy path. Our standing position is unchanged and this strengthens it: **this is a POLICY repricing, not a fiscal accident**. Note the decomposition — **breakevens +3.4bp to 2.386%** against **the 10y real +4.2bp to 2.452%**: roughly evenly split, so this is not yet the pure breakeven-led steepening that would mark a genuine de-anchoring. **Read the official bid precisely: it CAPS the overshoot, it does not conquer the level.** Base case stays a 10y in a 4.00-5.00% range; the euro-area move was larger still (**Bund +7.7bp, BTP +11.0bp, Gilt +8.8bp**).

The ECB today — hiking into an energy shock is the harder call, not the easier one

The ECB is ~99% priced to raise the deposit rate 25bp to 2.50% today, a Reuters poll of 65 economists unanimous on the move. The case built itself: euro-area **August HICP hit 3.3%**, up from 2.9% in July and the highest since September 2023, with **energy inflation at 14.3% from 10.3%**. **The rate is not the question; the guidance is.** A central bank tightening into a supply shock is choosing to defend the expectations channel at the cost of demand it did not weaken — and it does so with **TTF at EUR78.71 (+3.8% on the day, +29% on the month)**, European storage below the seasonal average, and winter ahead. Watch whether President Lagarde frames energy as a level to look through or a path to lean against. **The euro-area periphery is already pricing the second reading:** BTP +11.0bp and **GGB +10.9bp to 4.149%** on the day.

Oil & Hormuz — the composition of the flow, not the size of it

Today's SoH Monitor **holds Phase 2 (Fragile — RE-ESCALATING)** but cuts velocity to **DETERIORATING** and puts a **new physical trigger** on the board. The escalation became a campaign: **CENTCOM destroyed FIVE Iranian crude carriers in a single action on 8 September** — eight hulls in four days — with video of one sinking; Iran answered on 9 September claiming attacks on ten ships and firing twenty ballistic missiles at Jordan's al-Azraq base, eighteen intercepted. **But the payload is a flow observation: no VLCC had exited the Strait since Wednesday 2 September** (as at 8 Sep), and a Saudi-loaded products tanker was **turned back**. Our 8.6 mb/d aggregate and ~10 transits a day can both hold while laden crude outflow in the largest hull class is at zero — a **composition collapse, not a volume reassurance**. **Split the drivers honestly:** the 8 September Houthi salvoes on Aramco at Abha, Najran and Jizan (73 wounded) are a Red Sea and Saudi-domestic supply event, not a Hormuz transit event.

Regime & Technical Radar

Archetype unchanged, energy overlay now dominant: late-cycle, tightening-dominant, higher-for-longer — NOT Goldilocks. Inflation is elevated as a LEVEL on both sides of the Atlantic, and the barrel is now pushing the forward path in front of two live central-bank decisions.

MARKET REGIME	
Archetype	NEUTRAL / TRANSITIONAL — tightening-dominant late cycle
Growth	NEUTRAL — copper firm, but small caps -1.32%
Monetary / Liquidity	UP — ECB hikes today; Fed hike ~57% on 16 Sep
Inflation	UP — EA HICP 3.3%, energy +14.3%; Brent >$100
Risk / Stress	Firming but not stressed — VIX 16.46, MOVE 76.7

TECHNICAL RADAR	
UST 10y	4.841% — a level last seen before 1 Nov 2023
Brent	$101.21 settle — first close >$100 since July
S&P 500	7,636.36 — third straight down day
Athens ASE	2,701.69 — held, but banks -1.14%

What we're watching this week

- **10 Sep (Thu)** — ECB — 25bp to 2.50% ~99% priced; the GUIDANCE is the event
- **11 Sep (Fri)** — US August CPI — cons. 3.4% y/y; 25bp m/m core is the line
- **16 Sep (Wed)** — FOMC — 25bp HIKE at ~57%, with the SEP and dots
- **Hormuz** — Does a laden VLCC clear outbound — or does the stall extend
- **Greece** — 18 Sep rebalance, 21 Sep Developed Market reclassification

Read. The axes have not rotated; the **weight** on them has. Inflation and Monetary/Liquidity were already the two dominant UP axes; an energy shock through $100 into an ECB hike and a coin-toss FOMC pushes both harder in the same direction, while Growth stays ambiguous — copper firm, small caps weak. **Do NOT read Goldilocks.** The honest description remains late-cycle with **disinflation on trial**, and this week the defence has to answer two central banks in six days.

Theme of the Day

THE BOND MARKET ASKED FOR A BIGGER BAZOOKA — WHICH TELLS YOU IT IS NOT A SUPPLY PROBLEM.

Two things happened on 9 September that belong in the same sentence. The **US Treasury tripled its buyback of longer-dated debt to $6bn** in the 10-20y sector, with the Secretary declaring "I am the house now." And the **10-year yield rose 6.5bp to 4.841% — a level last seen before 1 November 2023**. **The bid was announced and the level went the other way. Read the reaction function carefully, because it is the week's most useful information.** Yields rose in part because the operation was judged TOO SMALL against positioning — the market wanted a bigger number. But notice what that admission concedes: if a tripled official bid is dismissed as insufficient, then the level is not being set at the margin by supply at all. It is being set by the economic outlook and the policy path, which is exactly where a bond market should be looking and exactly what no buyback can fix. What is left is the fundamental case: **above-target inflation on both sides of the Atlantic, an energy shock running through it, and a policy path that has removed cuts entirely and put a HIKE at ~57%.** Read the Put for what it is: it raises the odds 5.00% is not breached — which makes duration near 5% more attractive, not less — but it does not change the regime. **Now stack this week's calendar on top.** The **ECB tightens today into 3.3% euro-area inflation with energy at +14.3%**; the **US August CPI prints tomorrow** with consensus at 3.4% y/y and the practical trigger a **25bp m/m core**; the **FOMC decides Wednesday 16 September**. Three decisions, six days, one energy shock feeding all of them. **We continue to fade the dovish reflex and we do not fade the oil** — but we insist on the attribution discipline: Jizan and the Houthi salvoes are Red Sea supply events, and Hormuz is one author among several. What we watch in the corridor is no longer the aggregate but the **composition**: a crude channel with zero VLCC departures since 2 September is a different object from a corridor at 43% flow, and today's SoH Monitor arms a trigger on exactly that.

Catalyst Watch

TODAY — THURSDAY 10 SEPTEMBER

- **ECB decision 13:15 CET, press conference 13:45.** 25bp to 2.50% is ~99% priced — trade the guidance, not the rate.
- **ATHEX opens 10:30** with banks off 1.14% and refiners bid; eight sessions to reclassification.
- **Star Bulk's Athens book-build runs**, price range EUR23.00-25.50, pricing tomorrow.
- **Watch the Hormuz VLCC tape** — a laden very large crude carrier clearing outbound would defuse the trigger we armed today.

THIS WEEK

- **Fri 11 Sep — US August CPI, 08:30 ET.** Consensus 3.4% y/y; 25bp m/m core is the practical Fed-acts line.
- **Fri 11 Sep — Star Bulk prices** its Athens offering; settlement 15 Sep, Euronext Athens trading from 16 Sep.
- **Mon 14 Sep — Safe Bulkers' 12m new shares** begin trading in Athens after the EUR80.4m placement at EUR6.70.
- **Wed 16 Sep — FOMC.** A 25bp HIKE is the modal outcome at ~57%, with the SEP and the dots attached.

Risks to the Call

- **A hot CPI tomorrow.** A 25bp+ m/m core converts Wednesday's hike from a coin toss to near-certain, onto a 10y already at a cycle high and a barrel above $100.
- **The VLCC-exit stall extends.** If no laden VLCC clears Hormuz through mid-September, the crude channel is physically shut whatever the aggregate flow number says — Brent $100-115, $120 if the campaign widens.
- **The complacency gap has narrowed but not closed.** VIX 16.46 and MOVE 76.7 against a $101 barrel, a cycle-high long end and two central-bank decisions in six days. Rates have repriced; equity vol has not.
- **An ECB that leans hawkish on guidance.** Periphery already moved 11bp on the day; a Governing Council that treats energy as a path rather than a level widens spreads into a Greek reclassification trade that has already run.
- **Gas is the quieter tail.** TTF +29% on the month with storage below seasonal average. A cold-start winter does more to euro-area core than another five dollars of Brent.

Synthesis

THE CALL — fade the dovish, do not fade the oil, and stop reading the corridor by its aggregate.

The spine holds. No cut is priced anywhere on this curve; the modal 16 September outcome is a 25bp tightening; the ECB tightens today. We continue to **fade any dovish rally** into tomorrow's CPI, sized for a genuinely two-sided binary — consensus 3.4% y/y with the practical trigger a 25bp m/m core, which is one tick above where the Street's central case sits. **What changed yesterday is the quality of the evidence, not the direction.** An enlarged official bid in the 10-20y sector failed to hold the long end, which retires the plumbing explanation and leaves the fundamental one. Breakevens and reals both rose, roughly evenly — so this is a policy-and-inflation repricing, not yet a de-anchoring. That distinction is the thing to monitor through the CPI: **a breakeven-led move from here is a different and worse regime than the one we are describing. On the corridor we are changing what we look at.** Today's SoH Monitor holds Phase 2 — every hull destroyed was a belligerent's, and the taxonomy turns on transit, not tonnage sunk — but cuts velocity to DETERIORATING and arms a new physical trigger on the VLCC-exit stall. **The honest reading is that our own aggregate has stopped being the right measure.** Eight point six mb/d with zero laden VLCC departures since 2 September describes a corridor whose composition is failing faster than its volume, and we would rather name that than keep re-cutting a scalar. **Greece is running its own race, and it wobbled.** Athens held at 2,701.69 (-0.18%) but the banks index fell 1.14% while refiners ripped — **HELLENiQ +6.29% to EUR17.73, Motor Oil +3.38% to EUR67.20**. That is the energy shock arriving in the index composition rather than the index level, eight sessions before a Developed Market reclassification the market has already largely priced.