

BIGGEST BOND REPRICING OF 21ST CENTURY

gold to touch \$5300?

**NO
VOLATILITY**

*Stocks
ignoring
risk from
Bonds*



**S&P500
at
8,000?**

**20 & 30
YEAR BOND
MATURITY
YIELDS ARE
RISING**



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Fed Hiked to 3.75-4.00%

4.1%

The Fed raised rates 25bp on 16 September. Its own projections put the median at 4.1% for end-2026, implying about one more rise, and at 4.1% again through 2027.

Source: Federal Reserve SEP

October Odds Jump to 70%

70%

Futures now put roughly a 70% chance on a further quarter-point rise in October and about 95% on another by December, up sharply from earlier in the week.

Source: CME FedWatch, 25 September

Policymakers Sound Hawkish

New York Fed President John Williams said the central bank still has work to do to bring inflation down. Those remarks helped drive this week's move in yields.

Source: Federal Reserve via NBC News

Goldman Still Sees 2027 Cuts

Goldman keeps two US cuts in its 2027 forecast, though later than before, reading the September hike as a response to market pricing rather than to inflation fundamentals.

Source: Goldman Sachs via Reuters

November Hike Back in Play

4.8%

Markets price a solid probability of a 25bp rise in November. The SONIA curve on 22 September implied Bank Rate near 4.4% by March 2027 and 4.8% by September 2027.

Source: SONIA curve



Deputies Shift Their Language

Sarah Breen said it could become increasingly appropriate to respond to inflation risks by raising rates, and Clare Lombardelli said rates may need to rise if energy stays high.

Source: Bank of England speeches

The Bank's Survey Says 3.25%

3.25%

Market participants surveyed by the Bank expected Bank Rate near 3.25% at the two and three year horizons, roughly 150bp below what the futures curve now implies.

Source: Bank of England survey

QT Plan Rewritten

GBP 20bn

The Bank halted long-dated gilt sales and reset its unwind to about GBP 20bn of sales a year, pausing auctions until April. Long gilts rallied sharply on the announcement.

Source: Bank of England via Reuters

Yields Hit 2007 Highs

5.18%

The 10-year Treasury touched 5.225% on Thursday, the highest since 2007, and traded near 5.18% on Friday after a week in which strong data lifted rate expectations.

Source: US Treasury market

The Long End Goes Further

5.50%

The 30-year yield reached 5.502%, its highest since 2004, and the five-year pushed above 5% for the first time since 2007, leaving most of the curve at or near that level.

Source: US Treasury market



A Global Bond Repricing

4.04%

The average yield on Bloomberg's global sovereign bond index stood at 4.04%, the highest since 2000. This is not a US-only story, and it reprices every discount rate you use.

Source: Bloomberg indices

Gilts Near Two-Decade Highs

5.40%

The 10-year gilt traded around 5.40% on Friday, close to its highest since 2008, with long gilts near multi-decade highs and pressure building ahead of the November Budget.

Source: UK gilt market

Hormuz Talks Knock Prices

\$104.32

Brent settled at \$104.32 and WTI at \$92.41 on Friday, each down about 2%, on reports that Washington and Tehran are discussing a phased deal to reopen the Strait of Hormuz.

Source: Reuters, CNBC

OECD Assumes a \$105 Peak

\$105

The OECD baseline has Brent averaging \$105 a barrel in the fourth quarter and European gas at EUR 82 per MWh, with both easing through 2027. Spot sits close to that level now.

Source: OECD Interim Outlook

EIA Sees \$74 Next Year

\$74

The US Energy Information Administration expects Brent near \$90 in the second half of 2026, falling to an average of \$74 in 2027 as supply rises and inventories rebuild.

Source: EIA Short-Term Energy Outlook



The Scenarios Are Miles Apart

Goldman sees above \$120 if Gulf output stays 4mb/d below pre-war levels, or the \$60s if it runs 1mb/d above. Citi's base case has the strait reopening and a 3-4mb/d surplus.

Source: Goldman Sachs, Citi

Gold Lags Its Forecast Path

\$4,280

Gold traded near \$4,280 on Friday, down for the week on higher real yields and a firmer dollar, and well short of the \$4,600 that UBS pencils in for December.

Source: Market data, UBS

UBS Still Maps \$5,400

\$5,400

UBS holds a path of \$4,600 in December, \$5,000 in March 2027, \$5,200 in June and \$5,400 by September 2027, with a downside case near \$3,850 if real rates stay high.

Source: UBS

Dollar at a Two-Month High

1.14

The dollar firmed as hike bets grew, leaving EUR/USD near 1.14 against a late-August consensus of about 1.16 by December. Rate expectations are driving the pair, not growth.

Source: Market data, consensus forecasts

Real Rates Do the Work

With nominal yields above 5% and inflation easing only slowly, the cost of holding gold has risen. UBS argues fiscal and geopolitical risk could still offset much of that drag.

Source: UBS



Stocks Shrug Off the Bond Rout

7,743

The S&P 500 closed Friday at 7,743, higher on the week despite yields at two-decade highs, while the Dow snapped a three-week losing streak on AI-related news.

Source: Market data

Goldman's 8,000 Still Stands

8,000

Goldman's year-end target of 8,000 is now roughly 3% above the index. It rests on 2026 earnings of \$340 a share, up 24%, with a further 13% pencilled in for 2027.

Source: Goldman Sachs via Bloomberg

Morgan Stanley Eyes 8,300

8,300

Morgan Stanley's mid-2027 target is 8,300, supported by expected earnings growth of 23% in 2026 and 12% in 2027 as the AI capital spending cycle continues.

Source: Morgan Stanley

Targets Follow Earnings

Strategists lifted targets after a strong reporting season. Treat any year-end number as an earnings forecast plus a multiple assumption, and stress-test the two separately.

OECD Sees 2.9% Then 3.0%

2.9%

The OECD's September update puts global growth at 2.9% in 2026 and 3.0% in 2027, raising this year by 0.1 point and trimming next year by the same amount.

Source: OECD Interim Outlook



Inflation Peaks, Then Eases

4.1%

The OECD projects G20 headline inflation at 4.1% in 2026, easing to 3.6% in 2027. For advanced G20 economies it expects 3.2% this year and 2.6% next.

Source: OECD Interim Outlook

US Data Keeps Surprising

58.4

The US composite PMI rose to a five-year high of 58.4 in September, with input costs climbing at their fastest pace since 2022. Strong data now reads as a hawkish signal.

Source: S&P Global

The IMF Is More Upbeat

3.4%

The IMF's July outlook had global growth at 3.0% in 2026 and 3.4% in 2027, with the war shock hitting energy importers while AI demand lifts technology exporters.

Source: IMF World Economic Outlook

Everything Rests on Energy

A phased Hormuz deal would reset every number in this pack: oil, inflation, rate paths and growth. Build the reopening case now rather than after the headline appears.

Forecasts Age in Days

On 14 September one strategist raised his year-end 10-year yield call to 5.2%. The market reached it inside two weeks. Date every assumption you put into a model.

Source: Standard Bank via Bloomberg



Mind the Market Gap

UK pricing implies about 4.8% by late 2027 while the Bank's own survey respondents say 3.25%. Both are defensible; carry them as scenarios rather than choosing one.

Model the Range

Goldman's oil cases span the \$60s to above \$120 on one base view. Plan around the range and the triggers that move you between cases, not a single point estimate.





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