Everybody knows the Fed is shutting down its massive bond-buying program, QE3, this month. Until recently, the market had handled that knowledge exceedingly well. Now the final month is here, and a key reason underlining the market’s aplomb seems to be crumbling, and the markets are trembling along with it.

The market’s ace in the hole, so to speak, has been all the other world’s central banks, especially the ECB, which appeared poised to take the stimulus baton from the Fed. After all, the market doesn’t need to worry who specifically is supplying the punch bowl, merely that it is there. That assumption is getting challenged today, and that’s why the market is selling off so sharply.

Mario “Whatever It Takes” Draghi, the head of the ECB, delivered a speech in Washington, D.C., that left the markets unimpressed. Mr. Draghi did promise, again, to put the ECB’s muscle behind efforts to drive up inflation. “We will do exactly that,” he said. It sounded similar to his “whatever it takes” speech from 2012, which was instrumental in turning the markets around. But that speech was pure jawboning, and for years Mr. Draghi has not had to back up his words.

The market is looking for action now, and so far, it’s not getting action. The ECB’s policy meeting in September was a disappointment, as was this speech on Thursday. Meanwhile, Germany’s Bundesbank – which looks like the last conservative central bank on Earth these days – is doing its own jawboning.
Jens Weidmann said the **ECB risked putting monetary policy hostage to politics**, and maintained flat-out opposition to ECB buying government bonds. The market sees all this, and it is vexed by it.

“Markets fear a divergence growing among central banks as Mario is no longer magic amidst concerns that his tool box is empty,” UBS’s Art Cashin wrote in a midday note. “Other central bank figures are still due to talk so bumper cars may continue.”

While equities prices have been falling, market stress has been rising. The St. Louis Fed’s Financial Stress Index hit a five week high last week. At -1.087, it is still close to its historic low, and anything under zero signifies little stress. Still, it’s rising, and the latest sounding is for the week ended Oct. 3. You can bet it’s going to rise again this week.

The markets have been betting that no matter the world’s problems, the central banks would be there with the spigots wide open, fire-hosing money into the system. Every risk asset you can imagine has been driven up in price because of it: junk bonds, small-caps, Spanish bonds, everything. That assumption is getting tested now, and with everybody on one side of the bet, it could be a messy shake-out.