



Wall Street edges higher to start October as Treasury yields back away from 24-year highs

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets finished on opposite sides on Thursday, the first trading day of October. Wall Street recovered from early losses and closed modestly higher as Treasury yields retreated from their highest levels since 2002, while European equities fell more than 1% as energy prices climbed. The 10-year Treasury yield touched 5.342% during the session before easing to 5.24% at the close, and WTI crude held above \$91 per barrel as the Iran conflict and China's suspension of fuel exports for October kept energy markets on edge.

U.S. Markets

U.S. stocks began the fourth quarter by erasing early declines, helped by a pullback in bond yields. The Dow Jones Industrial Average closed at 50,926.56, up 20.51 points, or 0.04%. The S&P 500 gained 0.19% to 7,666.45, and the Nasdaq Composite rose 0.04% to a record 26,871.59. Our Birling Capital indexes were weaker: the Puerto Rico Stock Index fell 0.24% to 4,711.32, and the U.S. Bank Index dropped 1.31% to 9,438.81.

The bond market was the main driver. The 10-year Treasury yield reached an intraday high of 5.342%, its highest level since April 2002, and the 30-year yield climbed to a 24-year high. Both reversed course during the session, with the 10-year closing at 5.24% and the 2-year at 4.78%, with the sharpest declines at the short end of the curve. Yields had risen about 50 basis points in just 18 trading days after Fed Chairman Kevin Warsh signaled at Jackson Hole that a rate hike was coming, so some strategists saw fatigue in the move and hoped it would be short-lived. That hope depends on progress toward a resolution in Iran.

The drop in short-term yields reflects growing expectations that the Fed will hold its benchmark rate steady this month. Analysts pointed to softer PCE inflation, a few dovish comments from Fed officials, and positioning ahead of Friday's jobs report. A weaker-than-expected employment number could all but confirm a hold. In recent sessions, stocks have generally risen on days when yields fell, but further gains in crude, which rose 1.6%, limited the enthusiasm as traders waited to see the administration's next move on Iran and whether military action would wait until after the midterm elections.

In corporate news, Micron reported blockbuster quarterly results, with revenue quadrupling, but its shares fell about 1%, since the stock had already risen more than 200% this year. Investors also focused on the company's plan to raise employee pay, which will trim its profit margins, currently around 87%, relative to Wall Street's expectations.

European Markets

European stocks fell sharply on Thursday as rising energy prices and higher bond yields weighed on sentiment at the start of the fourth quarter. The U.K.'s FTSE 100 led the decline, losing 1.68% to close at 10,428.27. Germany's DAX Index fell 1.03% to 24,939.35, and the pan-European Stoxx 600 dropped 1.30% to 626.65. China's decision to suspend fuel exports for October pushed crude oil higher and added to concerns about inflation and the path of interest rates. Eurozone unemployment held steady at 6.4% in September, in line with expectations, pointing to a stable labor market but offering

little offset to pressure from energy costs. The three indexes we follow closed lower: Stoxx 600, down 8.24 points; FTSE 100, down 177.73 points; and DAX Index, down 259.84 points.

Manufacturing keeps expanding, but costs are rising

U.S. factories closed the third quarter on firm footing, though the two main gauges told slightly different stories. The final S&P Global U.S. Manufacturing PMI for September was revised down to 55.9 from the preliminary estimate and missed the 57.0 forecast. Even so, it was the strongest reading in more than four years and the 14th straight month above the 50.0 line that separates growth from contraction. All five components improved, led by output and new orders, and companies added workers to expand capacity. The cost side is the concern: input prices accelerated on tariffs, energy, and material shortages.

The ISM Manufacturing PMI slipped to 54.5, just under the 55.0 consensus. Weaker production, inventories, and supplier deliveries pulled the headline lower, while new orders and employment improved. In our view, the two reports together show healthy underlying demand, which supports the broader economy and the job market, but with cost pressures that could eventually reach consumer prices.

Energy Markets

Oil extended its recent advance after China announced it would suspend fuel exports for October, tightening global supply of refined products. WTI crude traded near \$91 per barrel in the morning and [settled at \$XX, up/down X%]. [Add Brent, natural gas and any inventory or OPEC+ news.] Higher energy prices feed into transportation and production costs, and they add to the inflation pressures already visible in the manufacturing data.

Economic & Policy Outlook

The labor market continues to hold up. Initial jobless claims fell to 197,000 last week, below the 200,000 forecast. Continuing claims dropped to 1.70 million, better than the 1.72 million expected and the lowest level in three years. Layoffs remain limited, which should support household income and consumer spending. A solid job market also gives the Federal Reserve room to keep its focus on inflation, in our view, particularly with energy prices and manufacturing input costs both moving higher. With the 10-year yield near 5.33%, investors will watch Friday's [data/Fed commentary] for confirmation that growth can stay firm without reigniting inflation.

The Final Word

October opened with a familiar tension: an economy that looks strong on production and employment, and markets that worry that strength, together with costlier energy, will keep rates high. Good news on growth is increasingly met with caution on inflation, and we expect that dynamic to shape trading until prices clearly cool.

Economic Data:

- **US ISM Manufacturing PMI:** fell to 54.50, down from 54.60 last month.
- **US Initial Claims for Unemployment Insurance:** fell to 197,000, down from 198,000 last week, decreasing by 0.51%.
- **US Construction Spending MoM:** rose to 0.85%, compared to -0.13% last month.
- **US Consumer Credit Outstanding MoM:** rose to 18.06 billion, up from 14.56 billion last month, increasing 24.10%.
- **30 Year Mortgage Rate:** rose to 7.28%, compared to 7.03% last week.

Eurozone Summary:

- **Stoxx 600:** closed at 626.65, down 8.24 points or 1.30%.
- **FTSE 100:** closed at 10,428.27, down 177.73 points or 1.68%.
- **DAX Index:** closed at 24,939.35, down 259.84 points or 1.03%.

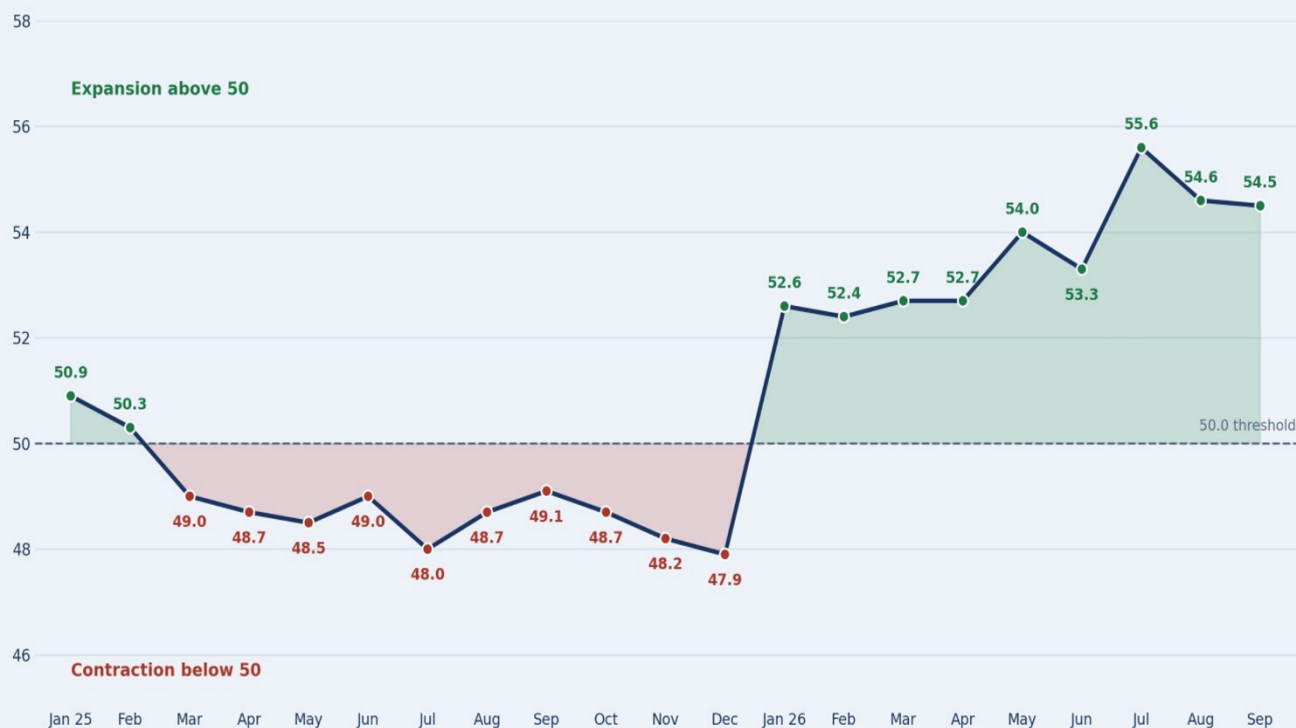
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,926.56, up 20.51 points or 0.04%.
- **S&P 500:** closed at 7,666.45, up 14.91 points or 0.19%.
- **Nasdaq Composite:** closed at a record 26,871.59, up 10.53 points or 0.04%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,711.32, down 11.43 points or 0.24%.
- **Birling Capital U.S. Bank Index:** closed at 9,438.81, down 125.17 points or 1.31%.
- **U.S. Treasury 10-year note:** closed at 5.24%.
- **U.S. Treasury 2-year note:** closed at 4.78%.



U.S. ISM Manufacturing PMI

Monthly readings, January 2025 to September 2026 (September: 54.5)



Source: Institute for Supply Management — Birling Capital Advisors

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U.S. Initial Jobless Claims

Weekly, week ending January 3 to September 26, 2026 (latest: 197,000)



Source: U.S. Department of Labor — Birling Capital Advisors

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U.S. 30-Year Fixed Mortgage Rate

Weekly average, January 15 to October 1, 2026 (latest: 7.28%)

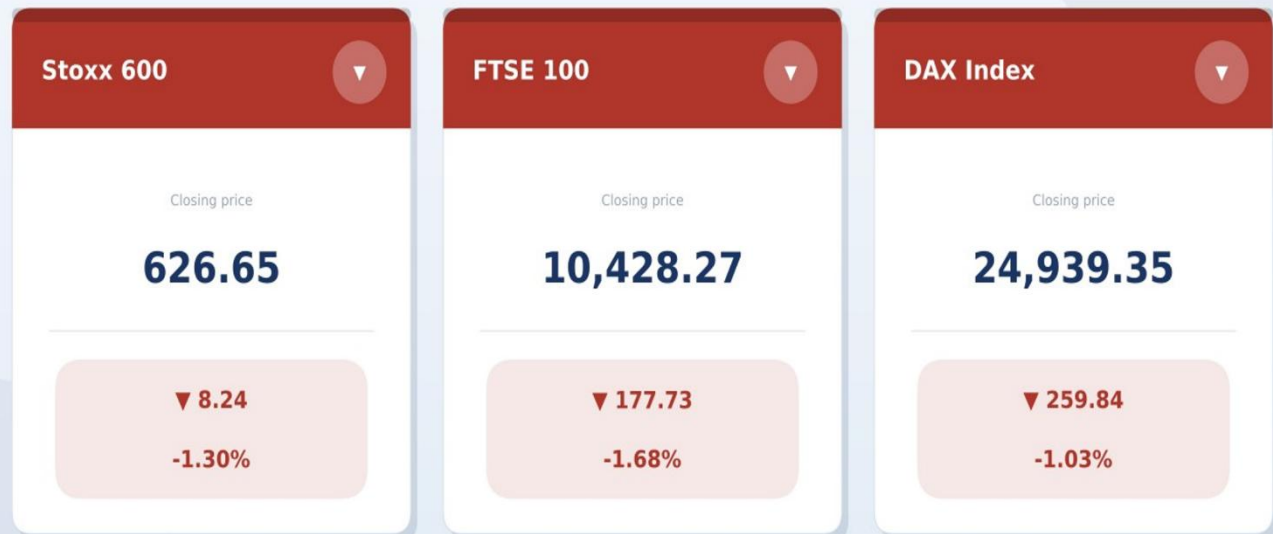


Source: Freddie Mac — Birling Capital Advisors

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Eurozone indexes close

Thursday, October 1, 2026

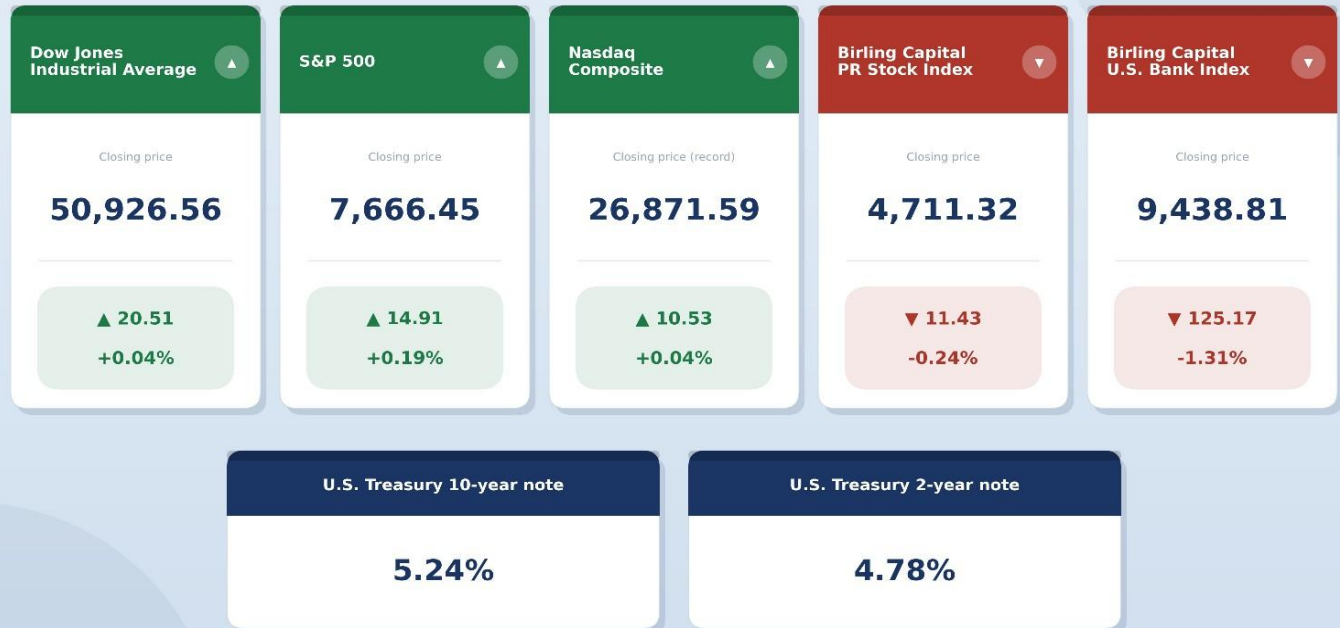


Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Thursday, October 1, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street Recap October 1, 2026



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