

Treasury Yields Hit Highs Not Seen in more than 24 Years, Pull Wall Street Back from Record Levels

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stocks closed lower Wednesday as government bond yields climbed again and oil prices firmed, testing investors one day after Wall Street set record highs. Treasury yields reached levels not seen in more than two decades before easing after a well-received debt auction, which helped U.S. indexes recover part of their earlier losses. The session showed how closely investors are weighing strong corporate profits against a rising cost of money.

U.S. Markets

The Dow Jones Industrial Average fell 341.41 points to 51,179.87. The S&P 500 lost 17.16 points to 7,801.77, staying above 7,800 for a second straight close after first finishing above that level on Tuesday. The Nasdaq Composite slipped 51.19 points to 27,538.69.

The bond market set the tone. The 10-year Treasury yield touched 5.365% during the session, its highest since April 2002, while the 30-year yield rose to 5.732%, a level last seen in May 2002. Yields pulled back from those peaks after the Treasury's \$39 billion 10-year note auction drew solid demand, and the 10-year note closed at 5.28%, with the 2-year note at 4.77%.

Minutes from the Federal Reserve's September meeting added to the caution. Most officials judged that another rate increase would probably be appropriate before year end, though the minutes gave no timing and noted that future decisions would depend on incoming data.

Higher rates weighed on large banks, which can see lending slow when borrowing costs rise.

Goldman Sachs and Bank of America each fell about 1%, and Wells Fargo, Citigroup, and JPMorgan also ended lower. Technology shares came under pressure as investors worried that costlier financing could slow the buildout of artificial intelligence. CrowdStrike fell nearly 5%, Palo Alto Networks lost more than 3%, and Meta Platforms dropped more than 2%.

Energy added to the pressure, with U.S. crude holding just below \$90 a barrel and Brent trading near \$101.

We felt that the auction was an encouraging sign that buyers will step in at higher yields, but the level of rates leaves less room for disappointment as third-quarter earnings approach. Earnings strength can still support equities, though the bar for justifying current valuations has moved higher.

European Markets

European equities closed lower as concerns about France's fiscal position and political uncertainty ahead of its 2027 presidential election pushed government bond yields higher.

The implications extended beyond France. Rising sovereign financing costs can constrain public spending, increase private-sector borrowing costs, and weaken confidence across regional markets. Pressure on European bonds also contributed to the global repricing of interest rates.

The euro weakened against the dollar as investors weighed Europe's political and fiscal challenges alongside higher U.S. yields.

The three indexes we follow closed lower: Stoxx 600, down 6.38 points; FTSE 100, down 83.19 points; and DAX Index, down 344.83 points.

Energy Markets

Oil prices firmed, with West Texas Intermediate crude holding just below \$90 per barrel and Brent crude trading near \$101. Continued tensions between the U.S. and Iran kept supply risks in focus, complicated the inflation outlook, and added to the upward pressure on bond yields. Higher energy costs affect transportation, manufacturing, agriculture, and household purchasing power. A sustained increase would make it harder for central banks to contain inflation without adding pressure on economic growth.

Economic & Policy Outlook

Third-quarter earnings season will be the next major test of market resilience, with several large U.S. financial institutions scheduled to report next week. Investors will be listening for how higher funding costs are affecting lending, deposits, and margins.

The supplied earnings figures showed S&P 500 earnings per share rising 27.2% year over year in the first quarter and 49.6% in the second, with third-quarter growth expected to exceed 27%. Technology, communication services, consumer discretionary, and energy remained important contributors. Broader profitability was also encouraging. The Bureau of Economic Analysis' measure of corporate profits increased 26.6% year over year in the second quarter, suggesting that earnings strength extended beyond the largest listed companies.

Monetary policy is the other key variable. Minutes from the Federal Reserve's September meeting showed that most officials expect another rate increase to be appropriate by year end, although they gave no timing and said future decisions would depend on incoming data. Solid demand at Wednesday's \$39 billion Treasury auction of 10-year notes suggested buyers remain willing to lend at higher yields, which eased some of the pressure late in the session.

In our view, upcoming reports must show both continued profit growth and the ability to protect margins against elevated financing and operating costs. Management guidance, cash generation, and returns on AI investment will be particularly important.

For fixed income, higher yields improved income on new investments, although further rate increases could cause additional price declines. Bonds continued to serve a strategic role in diversified portfolios, with results depending on credit quality, maturity, and the future path of inflation.

The Final Word: Earnings Must Carry More Weight

Corporate earnings remained the strongest foundation beneath the equity rally. But as Treasury yields climbed, investors demanded more convincing evidence that growth could sustain valuations. The market's next phase would depend on companies turning ambitious investment plans into durable profits and cash flow.

Inflation Nowcasting for September 2026

- **CPI:** 3.60%
- **Core CPI:** 2.39%
- **PCE:** 3.56%
- **Core PCE:** 3.02%

Economic Data:

- **ADP Employment Change:** 90,000, up from 36,000 last month, an increase of 150.0%.
- **ADP Median Pay YoY:** is unchanged at 3.00%, compared to 3.00% last month.
- **US Crude Oil Stocks WoW:** fell to 922,000, down from 2.969 million last week, a change of -68.95%.
- **Japan Business Conditions Composite Coincident Index:** fell to 118.70, down from 120.60 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 630.25, down 6.38 points, or 1.00%.
- **FTSE 100:** Closed at 10,458.50, down 83.19 points, or 0.79%.
- **DAX Index:** Closed at 25,104.36, down 344.83 points, or 1.35%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,179.87, down 341.41 points or 0.66%.
- **S&P 500:** closed at 7,801.77, down 17.16 points or 0.22%.
- **Nasdaq Composite:** closed at 27,538.69, down 51.19 points or 0.22%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,849.07, down 23.14 points or 0.47%.
- **Birling Capital U.S. Bank Index:** closed at 9,475.03, up 19.67 points or 0.21%
- **U.S. Treasury 10-year note:** closed at 5.28%.
- **U.S. Treasury 2-year note:** closed at 4.77%.



ADP Employment Change

Monthly change in private payrolls, January 2025 to September 2026



Source: ADP, Birling Capital Advisors

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ADP Median Pay Year over Year

Pay change for job stayers, January 2025 to August 2026



Source: ADP, Birling Capital Advisors

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Inflation Nowcasting: Federal Reserve Bank, September 2026

Nowcast, year-over-year percent change, updated 10/07



Source: Cleveland Fed Inflation Nowcasting, Birling Capital Advisors

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Eurozone indexes close

Wednesday, October 7, 2026

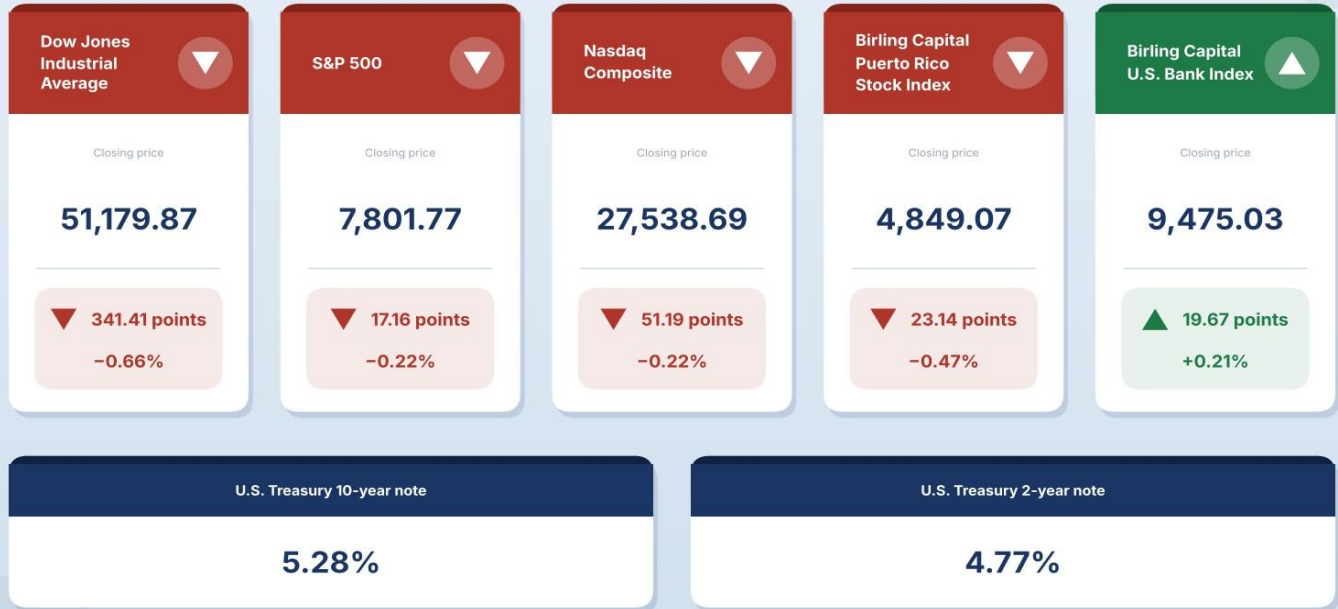
Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
630.25	10,458.50	25,104.36
▼ 6.38 points -1.00%	▼ 83.19 points -0.79%	▼ 344.83 points -1.35%

Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Wednesday, October 7, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street Recap

October 7, 2026



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