AI Safety Warnings Rattle Wall Street as the 10-Year Treasury Yield Tests 5% and Oil Holds Above $100

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed mostly lower Monday as investors confronted a new challenge to the artificial-intelligence investment narrative, another increase in oil prices, and the return of the 10-year U.S. Treasury yield to the psychologically important 5% threshold.

Wall Street's technology sector absorbed the greatest pressure after Anthropic CEO Dario Amodei called for slowing the development of advanced AI models to allow safety protections to keep pace with rapidly expanding capabilities. Support for the proposal from other prominent technology executives raised questions about whether greater oversight could moderate the extraordinary capital-spending cycle that has powered semiconductor earnings and market returns.

The S&P 500 declined 0.48%, while the Nasdaq Composite fell 0.56%. The Dow Jones Industrial Average lost 152.09 points, or 0.29%. Losses were considerably larger earlier in the session, but the major averages recovered from their lows as investors distinguished between a debate over AI safety and an actual reduction in corporate investment.

Meanwhile, West Texas Intermediate crude settled at $101.39 per barrel as the closure of a critical Saudi pipeline intensified concerns about global energy supplies. Higher oil prices reinforced inflation fears ahead of this week's Federal Reserve meeting, briefly pushing the 10-year Treasury yield to its highest level since October 2023 before it retreated to 4.987%.

U.S. Markets

Wall Street began the week on the defensive as weakness in semiconductor and artificial-intelligence-related stocks outweighed a partial afternoon recovery.

The S&P 500 fell 36.86 points, or 0.48%, to close at 7,619.98. The Nasdaq Composite declined 146.63 points, or 0.56%, to 26,186.41, while the Dow Jones Industrial Average dropped 152.09 points, or 0.29%, to finish at 52,421.20.

Selling pressure was more pronounced earlier in the session. At their respective lows, the S&P 500 was down 0.8%, the Nasdaq had fallen 1.3%, and the Dow had lost nearly 300 points. The recovery suggested that investors viewed the weekend's AI warnings as a potential constraint on the pace of development—not yet as evidence that the broader investment cycle had materially weakened.

The selloff followed Anthropic CEO Dario Amodei's call for AI companies to moderate the development of their most advanced models because safety protections may not be evolving quickly enough. OpenAI CEO Sam Altman and other prominent technology leaders supported the broader concern, bringing greater attention to the regulatory, competitive, and governance risks confronting the industry.

The market's immediate concern was whether a coordinated slowdown—or stricter regulation—could reduce spending on semiconductors, data centers, networking equipment, and other infrastructure supporting AI development. NVIDIA fell 3%, Broadcom and Advanced Micro Devices declined more than 4%, Intel lost over 5%, and Marvell Technology dropped 7%.

However, the longer-term financial impact remains uncertain. A moderation in capital expenditures could slow revenue and earnings growth for chipmakers and infrastructure providers. At the same time, lower spending could improve free cash flow among the large technology companies financing the AI buildout. For now, the announcements represent a new valuation risk rather than confirmation that companies have begun canceling or delaying major investments.

OpenAI CEO Sam Altman added another dimension to the uncertainty by indicating that an initial public offering during 2026 would be ill-advised. His comments raised questions about the timetable for one of the market's most anticipated potential technology listings and the broader pipeline of AI-related public offerings.

Outside technology, Bank of America declined 5% after CEO Brian Moynihan warned that third-quarter investment-banking fees were likely to fall by more than 10% from the prior year, while trading revenue was expected to remain approximately unchanged. The outlook pressured the bank's shares and introduced another concern for the financial sector.

Energy and interest rates remained equally important drivers of the session. West Texas Intermediate crude rose 1.34% to settle at $101.39 per barrel, while Brent crude advanced 1.02% to $105.68. Oil initially traded higher after Saudi Arabia closed a strategically important pipeline used to transport crude to the Red Sea while bypassing the Strait of Hormuz, although prices moderated from their intraday peaks.

The renewed increase in crude prices kept inflation concerns elevated and contributed to another rise in Treasury yields. The 10-year yield briefly touched 5%, its highest level since October 2023, before pulling back to approximately 4.987% late in the session.

Attention now turns to the Federal Reserve's September policy meeting. Fed-funds futures reflected an approximately 90% probability of an interest-rate increase, leaving investors to consider whether persistent inflation and rising energy costs could compel the central bank to extend its tightening campaign.

Monday's price action demonstrated that the market remains capable of recovering from sharp intraday losses. Nevertheless, with oil above $100, the 10-year Treasury yield near 5%, and questions emerging about the future pace of AI investment, Wall Street entered the week facing a substantially more demanding combination of valuation, inflation, and geopolitical risks.

European Markets

European stocks closed lower Monday as weakness in technology and semiconductor shares outweighed gains in healthcare and select energy names. The pan-European Stoxx 600 declined as investors weighed the potential fallout from slower AI development alongside another sharp jump in global oil prices.

Technology was among the weakest sectors of the session. Soitec, Infineon, ASML, and ASMI all fell sharply as the AI-related sell-off spread from Asia into Europe. Mining shares also slipped, while healthcare stocks outperformed after GSK reported encouraging clinical trial results.

European investors had an added reason for concern: the region remains heavily dependent on imported energy, and higher crude prices threaten to worsen the inflation outlook and raise the odds of further monetary tightening — coming just a week after the European Central Bank raised interest rates.

Energy Markets

Oil prices rose after delays in talks between Iran and several Gulf countries reduced the chances of a near-term agreement to improve shipping conditions through the Strait of Hormuz.

As a result of the attacks, Saudi Arabia was forced to close the East-West pipeline. This strategically important route transports crude oil to terminals on the Red Sea by going around the Strait of Hormuz. The pipeline is likely to remain mostly out of service for several weeks, further limiting the region's export capacity.

West Texas Intermediate crude oil climbed above $103 a barrel, and Brent crude oil rose above $108. This rise has increased concerns that higher transportation, manufacturing, and fuel costs could once again exert upward pressure on inflation and limit household discretionary spending.

Economic & Policy Outlook

The week started with investors contending with three closely related risks: a possible slowdown in AI investment, inflation driven by energy costs, and tighter monetary policy.

The first thing to consider about artificial intelligence is whether the industry's safety warnings will lead to actual changes. Even voluntary restrictions, regulatory mandates, or extra funding for governance and testing might influence the speed of AI adoption—but not necessarily its long-term course. Until companies cut back on capital spending or put off infrastructure projects, their reaction on Monday should be seen mainly as a revision of expectations, not proof that the AI investment cycle has ended.

At the same time, higher oil prices pose a more direct economic problem. If crude oil prices remain above $100, this could push up headline inflation, raise transportation costs, squeeze corporate profit margins, and reduce households' ability to afford goods and services. With the Federal Reserve set to announce its latest interest rate decision, financial markets increasingly expect another rate hike.

Despite these pressures, the broader economic and corporate environment remains resilient. Continued improvement in labor market conditions, manufacturing activity, consumer spending, and earnings growth is providing support. However, high valuations and rising Treasury yields mean technology shares are becoming more sensitive to any development that could threaten their expected growth.

The Final Word

Monday's market decline showed how much market leadership relies on three assumptions: continuous AI investment, stable energy supplies, and manageable interest rates. All three of these assumptions were undermined at the same time.

The discussion about AI might lead to improved safeguards without disrupting the investment cycle; the more pressing danger is oil prices rising above $100 alongside the 10-year Treasury yield reaching 5%, since this combination could sustain high inflation and keep financial conditions tight.

The argument for equities over the long term remains valid, but the path ahead has become more volatile. Under these conditions, diversification is not just defensive—it is essential.

Economic Update:

- **Canada Consumer Price Index YoY:** rose to 3.03%, compared to 2.80% last month.
- **Canada Inflation Rate:** rose to 3.03%, compared to 2.80% last month.
- **Canada Manufacturing Shipments:** rose to 78.82 billion, up from 78.75 billion last month.

Eurozone Summary:

- **Stoxx 600:** closed at 635.99, down 3.11 points, or 0.49%.
- **FTSE 100:** closed at 10,697.57, up 47.13 points, or 0.44%.
- **DAX index:** closed at 25,440.81, down 127.75 points, or 0.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,421.20, down 152.09 points or 0.29%
- **S&P 500:** closed at 7,619.98, down 37.00 points or 0.48%
- **Nasdaq Composite:** closed at 26,186.41, down 146.62 points or 0.56%

- **Birling Capital Puerto Rico Stock Index:** closed at 4,978.61, up 2.10 points or 0.04%
- **Birling Capital U.S. Bank Index:** closed at 10,547.33, up 67.17 points or 0.39%
- **U.S. Treasury 10-year note:** closed at 4.97%.
- **U.S. Treasury 2-year note:** closed at 4.65%

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Eurozone markets close

Monday, September 14, 2026

	Stoxx 600	FTSE 100	DAX index
Closing price	635.99	10,697.57	25,440.81
Change	▼ 3.11	▲ 47.13	▼ 127.75
% Change	-0.49%	+0.44%	-0.50%

Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Monday, September 14, 2026

	Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing price	52,421.20	7,619.98	26,186.41	4,978.61	10,547.33
	▼ 152.09	▼ 37.00	▼ 146.62	▲ 2.10	▲ 67.17
	0.29%	0.48%	0.56%	0.04%	0.39%

U.S. Treasury 10-year note	U.S. Treasury 2-year note
4.97%	4.65%

Source: Bloomberg, LSEG — Birling Capital Advisors

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VAL
Dow Jones Industrial Average Level 52421.20
52421.20
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26
Sep '26
VAL
S&P 500 Level 7619.98
7619.98
7000.00
VAL
Nasdaq Composite Level 26186.41
26186.41
VAL
Birling Capital Puerto Rico Stock Index Level 4978.61
4978.61
4000.00
VAL
Birling Capital U.S. Bank Index Level 10547.33
10547.33
9000.00
8000.00