GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

Stocks Fall as Oil Surges and 10-Year Yield Hits 19-Year High Impacting Investor Sentiment

September 15, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed lower Tuesday, posting back-to-back losses as another surge in oil prices and a renewed global bond selloff intensified concerns over inflation, monetary policy and equity valuations. The Dow Jones Industrial Average lost 328 points, or 0.6%. The S&P 500 fell about 0.5%, while the Nasdaq Composite dropped by 0.8%. Losses in the S&P 500 and Nasdaq were tempered by gains in several AI-linked names that had been under pressure the prior session, including Coherent, AMD, and Qualcomm. Meanwhile, the 10-year U.S. Treasury yield touched an intraday high of 5.041%, its highest level since 2007, before easing slightly to trade near 5.01%. Japan's benchmark yield rose above 3% to a fresh 30-year high.

Global bond markets have been under mounting pressure in recent weeks as investors weigh the inflationary implications of the ongoing U.S.-Iran conflict, a more hawkish tone from central banks, mounting federal deficits, and oil prices back above $100 a barrel. Market strategists note that the confluence of $40 trillion-plus in U.S. government debt, persistently elevated inflation, and crude above the psychological $100 threshold has sharpened investor focus on rate risk.

Investor attention is firmly centered on Wednesday's Federal Reserve decision. Fed funds futures assign roughly a 90% probability to a 25-basis-point increase, lifting the target range to 3.75%–4.00% and marking the first hike under Chairman Kevin Warsh. The rate move itself is largely priced in; the bigger question for markets is whether Warsh signals for further tightening is likely. Barclays strategists cautioned in a Tuesday note that the approach toward the 5% threshold on the 10-year marks a historically significant inflection point, beyond which higher rates tend to become a more persistent drag on equities.

U.S. Markets

Wall Street posted back-to-back losses Tuesday as oil's continued surge and Treasury yields at multiyear highs weighed on sentiment ahead of Wednesday's Fed decision. The Dow fell 328 points, or 0.6%, the S&P 500 slipped by about 0.5%, and the Nasdaq declined 0.8%.
Oil extended its advance after Saudi Arabia shut a key pipeline that bypasses the Strait of Hormuz. Brent crude futures for November delivery rose roughly 3% to above $109 a barrel Tuesday, while WTI futures gained about 5% to trade above $106 — building on Monday's settlement above $105 for Brent and above $101 for WTI.
Technology shares were mixed. AI-linked names that had sold off the prior session found buyers, with Coherent up more than 1%, AMD up 2%, and Qualcomm advancing 5%, while weakness in some of the mega-cap names limited the broader sector's performance.
The Empire State Manufacturing Survey added another layer of uncertainty. Its general business conditions index declined to 7.6 in September from 20.6 in August, indicating that manufacturing activity continued to expand but at a considerably slower pace. More concerning the inflation outlook, measures of prices paid and prices received moved higher.

European Markets

European stocks closed broadly lower on Tuesday, September 15, 2026. The Stoxx Europe 600 slipped 0.28%, the FTSE 100 fell 0.37% and the DAX Index eased 0.15%. Banks led the pullback as investors weighed concerns over softer investment-banking activity, higher funding costs, and the potential impact of additional monetary tightening.

UBS, Deutsche Bank, UniCredit, and Standard Chartered were among the financial institutions trading lower. The continued rise in oil prices is also renewing inflation concerns across the region, shortly after the European Central Bank raised interest rates by 25 basis points.

European markets face the same challenge as Wall Street: stronger inflationary pressures are colliding with slowing economic momentum and increasingly restrictive financial conditions, though today's declines were modest across all three indexes.

Energy Markets

Oil prices are extending their advance as attacks on Saudi energy infrastructure deepen concerns over global supply. West Texas Intermediate crude is trading near $103.50 per barrel, while Brent crude is trading around $107.50.

The shutdown of Saudi Arabia's East-West Pipeline is particularly significant because the system provides an alternative export route that avoids the Strait of Hormuz. The pipeline disruption, together with continuing regional hostilities and reduced maritime traffic through key shipping corridors, has increased the geopolitical risk premium embedded in energy prices.

The economic implications extend well beyond the energy sector. Persistently elevated crude prices could raise transportation and production costs, pressure household purchasing power, and slow the recent moderation in inflation.

Economic & Policy Outlook

All eyes are now on the Federal Reserve. Markets expect policymakers to raise the federal funds target range by 25 basis points on Wednesday, responding to renewed inflation risks, elevated energy prices, and evidence that price pressures remain persistent.

The current environment, however, remains substantially different from March 2022, when the Fed began its previous tightening cycle. Core CPI was increasing at a 6.5% annual rate then, compared with 2.4% in August 2026. Labor-market conditions have also become considerably more balanced, reducing the wage and demand pressures that contributed to the earlier inflation surge.

For these reasons, we expect any renewed tightening cycle to be more limited in scope and duration than the one experienced between 2022 and 2023. Nevertheless, oil above $100, the 10-year Treasury yield near 5%, and continued fiscal concerns have complicated the Fed's task.

The Final Word: Bond Yields Reach Their Highest Levels Since 2007

The 10-year U.S. Treasury yield moved above 5%, while the 30-year yield approached 5.40%, leaving both benchmarks near their highest levels since 2007.

Several forces are contributing to the selloff: persistent inflation concerns, resilient economic activity, rising oil prices, expanding federal deficits, heavy Treasury and corporate issuance, and expectations for tighter monetary policy across several major economies.

Higher yields create near-term pressure on bond prices, but they also improve the longer-term return potential of high-quality fixed-income investments. At current levels, investment-grade bonds can once again provide meaningful income, portfolio diversification, and a more attractive risk-adjusted alternative for investors.

With significant uncertainty surrounding inflation and monetary policy, maintaining balanced exposure across shorter- and longer-maturity investment-grade bonds remains appropriate.

The Final Word: The Fed Decision Is Expected—Its Message Will Move the Markets

A 25-basis-point rate increase on Wednesday is largely priced in. The key question is whether Chairman Kevin Warsh frames the move as a limited adjustment to renewed inflation risks or the start

of a broader tightening cycle.
With oil above $100 and the 10-year Treasury yield at 5%, markets need clarity, not more uncertainty. The Fed's message—not merely its rate decision—will determine the next direction for stocks, bonds, and investor confidence.

Economic Update:

- **US Retail Gas Price:** rose to $4.295, up from $4.207 last week, a change of 2.09%.
- **Canada Wholesale Sales MoM:** rose to 0.44%, up from -2.91% last month.
- **Japan Machinery Orders YoY:** rose to 12.79%, compared to 5.10% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 634.18, down 1.81 points or 0.28%.
- **FTSE 100:** closed at 10,658.13, down 39.44 points or 0.37%.
- **DAX Index:** closed at 25,402.28, down 38.53 points or 0.15%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,093.11, down 328.09 points or 0.63%.
- **S&P 500:** closed at 7,585.73, down 34.25 points or 0.45%
- **Nasdaq Composite:** closed at 25,981.57, down 204.84 points or 0.78%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,025.04, up 46.44 points or 0.93%
- **Birling Capital U.S. Bank Index:** closed at 10,230.45, down 316.88 points or 3.00%
- **U.S. Treasury 10-year note:** closed at 5.00%.
- **U.S. Treasury 2-year note:** closed at 4.67%.


US retail gas prices
Weekly average, January 2025 - September 2026
+33.0%
since Jan 20, 2025
$/gallon
4.75
4.50
4.25
4.00
3.75
3.50
3.25
3.00
$3.229
$4.295
Jan '25
Mar '25
May '25
Jul '25
Sep '25
Nov '25
Jan '26
Mar '26
May '26
Jul '26
Sep '26

BIRLING
CAPITAL ADVISORS, LLC

Eurozone markets close

Tuesday, September 15, 2026

	Stoxx 600	FTSE 100	DAX Index
Closing price	634.18	10,658.13	25,402.28
	▼ 1.81 pts	▼ 39.44 pts	▼ 38.53 pts
	▼ 0.28%	▼ 0.37%	▼ 0.15%

Source: Bloomberg, LSEG — Birling Capital Advisors

birlingcapital.com

BIRLING
CAPITAL ADVISORS, LLC

Wall Street and Birling Capital indexes close

Tuesday, September 15, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing price	Closing price	Closing price	Closing price	Closing price
52,093.11	7,585.73	25,988.57	5,025.44	10,230.45
▼ 328.09	▼ 34.25	▼ 204.84	▲ 46.44	▼ 316.88
-0.63%	-0.37%	-0.78%	+0.93%	-3.00%

U.S. Treasury 10-year note	U.S. Treasury 2-year note
5.00%	4.67%

Source: Bloomberg, LSEG — Birling Capital Advisors

birlingcapital.com

Wall Street Recap
September 15, 2026

BIRLING CAPITAL ADVISORS, LLC
www.birlingcapital.com