

Hot Flash PMIs Push Yields to a 19-Year High, Pulling Stocks Lower

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The U.S. and European stock markets closed lower on Wednesday as a stronger-than-expected round of September flash PMI data sent bond yields sharply higher. The preliminary purchasing managers' surveys showed business activity expanding on both sides of the Atlantic, but they also revealed stubborn price pressures, and investors read that combination as a green light for more central bank tightening. The 10-year Treasury yield climbed to its highest level since July 2007, and the odds of another Federal Reserve rate hike in October rose sharply.

U.S. Markets

Wall Street gave ground as rising yields overshadowed solid economic data. The S&P 500 fell 0.75%; the Nasdaq Composite dropped 1.13% a day after closing at a record, and the Dow Jones Industrial Average lost 352.10 points. Utilities, consumer discretionary, and communication services led to the decline, each falling more than 1%. The bond market drove the session: the U.S. flash composite PMI jumped to 58.4, its highest reading in more than five years, and the 10-year Treasury yield surged to close at 5.11%, its largest one-day move since April 2025. The 2-year yield closed at 4.85%, its highest since May 2024. Fed Governor Michael Barr reinforced the hawkish tone, warning that inflation is not moving toward the 2% target quickly enough and that "further policy adjustments are likely to be needed." Market-implied odds of a quarter-point hike in October climbed above 68%, up from 55% on Tuesday and under 9% a month ago. Investors increasingly see inflation spreading beyond energy into services, a shift that makes a Fed pause unlikely in the near term.

European Markets

European equities closed lower as investors digested the strongest eurozone business activity reading in more than three years. The eurozone composite PMI advanced to 53.1 in September, its best level since April 2023, with services doing most of the heavy lifting. In the United Kingdom, activity continued to expand, although the composite PMI eased modestly to 51.7. Rising input costs tempered the encouraging growth figures, as higher oil prices continue to feed through to businesses across the region. The Stoxx 600 gave back early gains as Brent crude climbed back above \$100 a barrel, and dueling speeches by Iran and the United States at the UN General Assembly offered little hope of an end to the conflict. Germany's 10-year Bund yield stood near 3.55%, while the U.S. 10-year Treasury yield rose to 5.085%, its highest level since 2007. Energy was the lone sector in positive territory, up 1.3%, while insurers and construction and materials led the declines, falling 1.7% and 1.3%, respectively, and banks slipped 0.4%. Among individual companies, Arcadis fell 2.9% after WSP Global abandoned its takeover bid for the Dutch engineering consultancy; German seed producer KWS dropped 9% after annual sales declined 3% to €1.63 billion, short of estimates, on reduced sugarbeet and corn acreage; and Adyen slid 4.7% after naming Klarna's Niclas Neglen as its next chief financial officer, effective February 1, 2027. Despite the pullback, the Stoxx 600 remains up 0.8% for the week after three consecutive weekly declines. The three indexes we follow closed lower: Stoxx 600, down 2.86 points; FTSE 100, down 3.07 points; and DAX Index, down 168.22 points.

Midterm Elections: What History Tells Investors

With Midterm Election Day a little more than a month away, it is worth examining how equities have behaved around these contests. Over a full calendar year, midterm election years have historically produced subdued results. Since 1970, the S&P 500 has delivered an average total return of 3.6% in midterm years, well below the 12.5% average annual return across all years from 1970 to 2025. The two most recent midterm cycles were especially difficult, with the index falling 18.1% in 2022 and 4.4% in 2018.

This year has broken the pattern. The S&P 500 is up roughly 14% year to date, including dividends, well ahead of the typical midterm-year pace. The calendar ahead is also historically favorable. In the month leading up to Election Day, the S&P 500 has averaged a 4.5% gain, finishing positive in 78.6% of midterm years. In the six months after the vote, the index has averaged a 15.5% return and has advanced following every one of the 14 midterm elections since 1970.

History offers no guarantees, and this cycle will unfold on its own terms. Still, the record makes a compelling case for staying disciplined and keeping political views out of portfolio decisions.

Energy Markets

Energy was the lone bright spot in the European equity market as oil prices rebounded, snapping a five-session losing streak. WTI crude closed at \$91.71, while Brent closed at \$102.45, back above \$100 amid doubts over a deal to reopen the Strait of Hormuz. Elevated crude prices remain the principal source of the input-cost pressures flagged in all three PMI reports. On the supply side, the latest EIA data showed U.S. commercial crude inventories rose by 2.97 million barrels to 426.4 million, against expectations for a draw.

Economic & Policy Outlook

The September PMIs reinforce a picture of global activity that remains firm across the three largest developed economies we track. In the U.S., the composite PMI rose to 58.4, the highest reading in more than five years. The persistent challenge is inflation: input costs rose in the U.S., the eurozone, and the U.K. alike, a reminder that energy prices continue to complicate the policy outlook. Even so, the global economy's resilience has underpinned solid equity performance in 2026, with international developed large-cap stocks up 12% and the S&P 500 up 14% through Tuesday's close.

The Final Word

Wednesday's flash PMIs delivered a familiar message for 2026: growth is holding up, but inflation is not going quietly. The bond market priced that reality swiftly, with the 10-year Treasury yield hitting its highest level since 2007 and markets now leaning toward another Fed hike in October. Higher rates may test equity valuations in the near term, but we continue to see attractive opportunities over the coming months, supported by durable economic activity and strong corporate profit growth. With the midterms approaching, history argues patience over reaction, and investors are best served by a disciplined strategy rather than one driven by headlines or politics.

Economic Update:

- **US Crude Oil Stocks WoW:** fell to -640,000, down from -391,000 last week and down from 3.939M one year ago.

Eurozone Summary:

- **Stoxx 600:** closed at 639.92, down 2.86 points or 0.44%.
- **FTSE 100:** closed at 10,705.26, down 3.07 points or 0.03%.
- **DAX Index:** closed at 25,410.63, down 168.22 points or 0.66%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,511.59, down 352.10 points or 0.68%.
- **S&P 500:** closed at 7,706.03, down 58.61 points or 0.75%.
- **Nasdaq Composite:** closed at a record 26,936.03, down 308.24 points or 1.13%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,841.37, down 56.82 points or 1.16%.
- **Birling Capital U.S. Bank Index:** closed at 9,813.72, down 273.13 points or 2.71%.
- **U.S. Treasury 10-year note:** closed at 5.11%.
- **U.S. Treasury 2-year note:** closed at 4.85%.

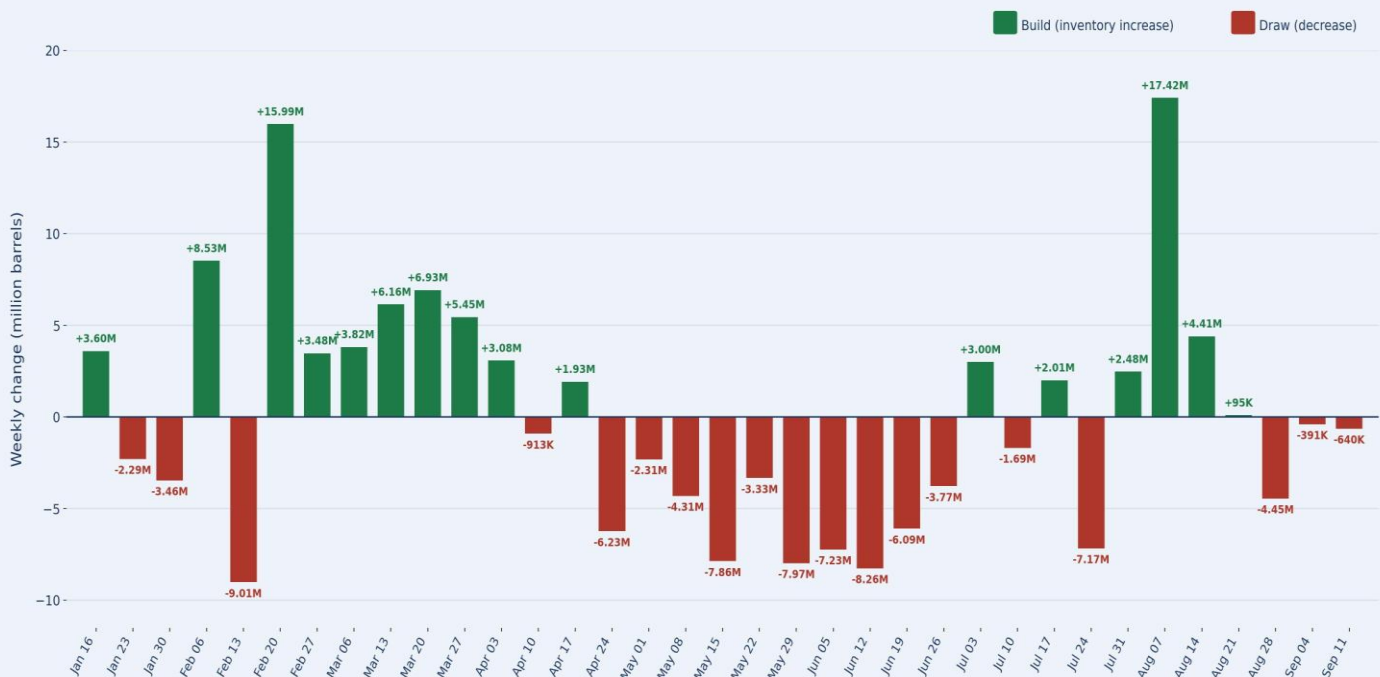


U.S. Crude Oil Stocks: Weekly Change

EIA weekly crude inventory change, week ending January 16 – September 11, 2026

Net change over period: +0.98M barrels

16 builds · 19 draws · latest: -640K



Source: U.S. Energy Information Administration (EIA) — Birling Capital Advisors

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Eurozone Markets Close

Wednesday, September 23, 2026

Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
639.92	10,705.26	25,410.63
▼ -2.86 pts -0.44%	▼ -3.07 pts -0.03%	▼ -168.22 pts -0.66%

Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Wednesday, September 23, 2026



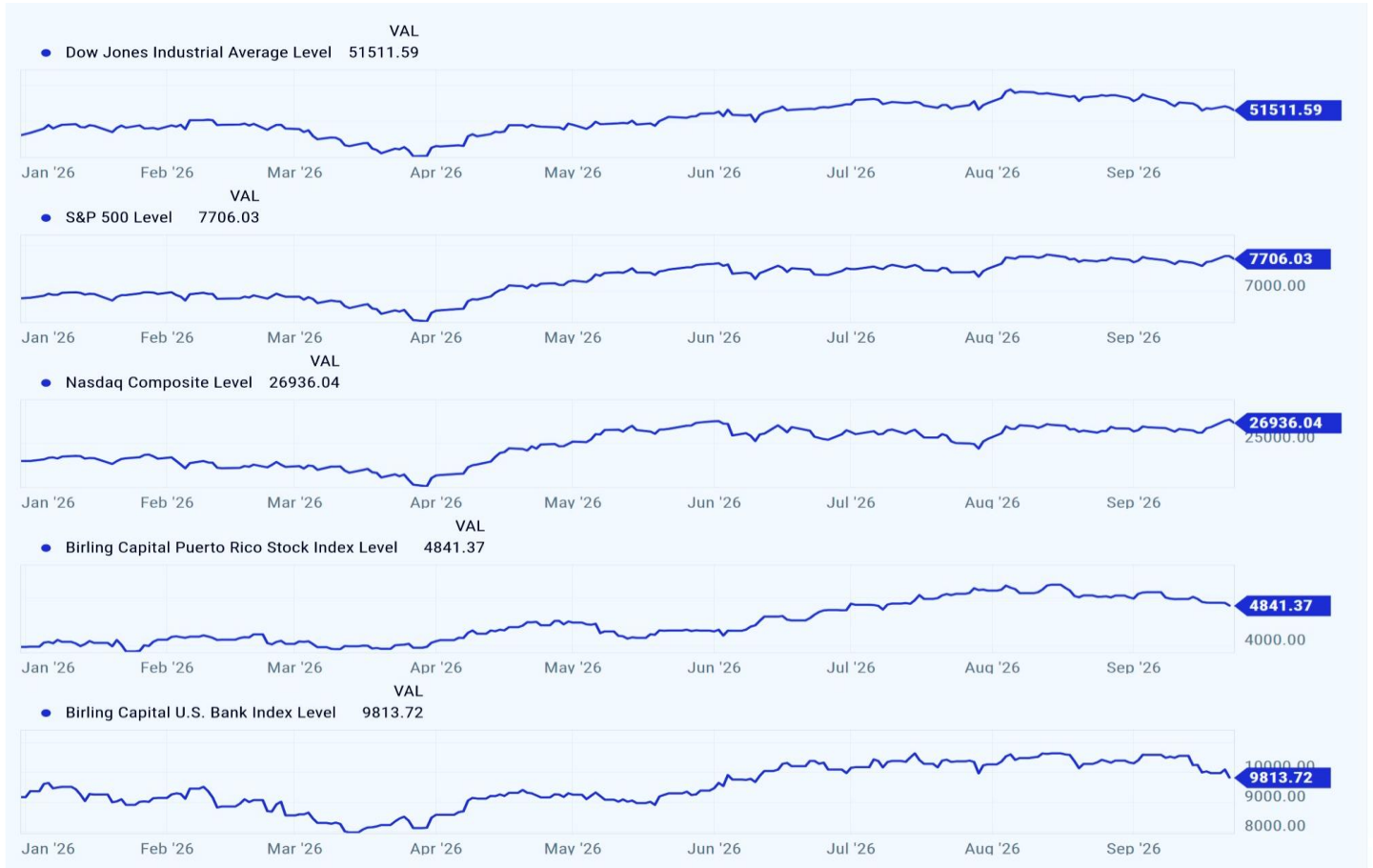
Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street Recap

September 23, 2026



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