

Surging Long-Term Yields Weigh on Wall Street for a Second Straight Session

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The U.S. and European stock markets moved in different directions on Tuesday, yet the same force shaped both: a relentless climb in borrowing costs. Wall Street slipped for a second straight session as long-term Treasury yields pushed to fresh multiyear highs, with the 30-year yield topping 5.6% at one point and the 10-year yield ending at 5.26%, while European equities ended mixed. Higher oil prices added to the strain, leaving investors to weigh the durability of corporate earnings against an ever-rising cost of financing.

Today's economic releases added another dimension to that debate. August job openings remained near 7.1 million, while September consumer confidence deteriorated, suggesting that a relatively stable labor market had not insulated households from mounting economic concerns.

U.S. Markets

Wall Street gave ground for a second consecutive session as another leg higher in long-term Treasury yields tested investor patience. The Dow Jones Industrial Average closed down 131.59 points, or 0.26%, after recovering well from its low of the day. The S&P 500 slipped 0.17%, and the Nasdaq Composite lost 0.09%. Financial stocks led the retreat: Goldman Sachs fell about 1%, JPMorgan Chase, Morgan Stanley and Bank of America also traded lower, and the sector's largest exchange-traded fund slipped about half a percent.

The bond market set the tone. The 30-year Treasury yield climbed above 5.6%, its highest level in more than two decades, while the 10-year yield closed at 5.26% after touching roughly 5.28% during the session, keeping it near levels last seen in 2007. The pairing of costlier oil and higher yields has weighed on equities in recent sessions. On Monday, the Dow lost more than 300 points, while the S&P 500 and Nasdaq fell 0.8% and 0.9%, respectively.

In our view, the message from the market was a bet that inflation would eventually cool, but at the price of softer demand. That mix lifts rates and pressures equity prices at the same time, and it is uncomfortable for companies that depend on both steady consumer spending and affordable financing. For banks, sharp moves in long-term yields can also reduce the value of securities holdings even as funding costs rise.

The selling left major indexes with mixed results for the month and the quarter. In September, the Dow was down about 3.7% and the S&P 500 about 0.3%, while the Nasdaq was ahead by more than 1%. A decline of that size for the Dow would end its five-month winning streak. For the third quarter, the S&P 500 and Nasdaq were each higher by roughly 2%, while the Dow was lower by about 2%.

European Markets

European equities initially showed a firmer tone following a mostly weaker Asian session, but the early firmness gave way to a mixed close. The global rise in borrowing costs, with the U.S. 10-year Treasury yield hovering above 5.2%, remained an important constraint on how much risk investors were willing to add.

The day's split was telling. The DAX edged higher, and the Stoxx 600 finished essentially flat, while the FTSE 100 was the weakest of the three, giving back nearly half a percent. In our view, the narrow range across the region suggested investors were reluctant to make large directional bets ahead of

Wednesday's U.S. inflation reading and Friday's employment report.

The region faced the combined challenge of expensive financing and sensitivity to energy costs. Recent increases in oil prices had reinforced concerns that inflation could remain elevated, adding pressure on companies already contending with higher funding costs. In our view, a sustained improvement in European equities would require greater confidence that businesses could protect margins without a meaningful deterioration in demand. Any relief in oil prices would help, but persistent energy uncertainty continued to complicate the outlook. The three indexes we follow closed mixed: Stoxx 600, down 0.60 points; FTSE 100, down 48.17 points; and DAX Index, up 24.79 points.

Energy Markets

Energy remained a critical link between geopolitical developments, inflation expectations, and bond yields. Recent increases in oil prices had reinforced concerns that inflation could remain elevated even as some measures of economic activity softened.

The broader risk extended beyond gasoline. Higher transportation, freight, manufacturing, and agricultural costs could work through supply chains, squeezing corporate margins or reaching consumers through higher prices.

In our view, temporary relief in crude prices would be welcome, but a sustained reduction in energy costs would matter more for the inflation outlook and the Federal Reserve's policy decisions.

Economic & Policy Outlook

Labor demand remained broadly stable. August's JOLTS report showed approximately 7.1 million job openings, with hiring near 5.2 million and layoffs and discharges near 1.6 million. The figures pointed to limited overall change in labor-market turnover. Our interpretation was that employers remained cautious, without evidence in this report of a broad acceleration in layoffs.

Consumer confidence weakened materially. The Conference Board's Consumer Confidence Index fell 6.7 points to 81.9 in September from 88.6 in August. Assessments of current conditions and expectations both declined, with the Expectations Index falling to 63.6. Consumers expressed greater concern about prices, particularly fuel costs, highlighting the pressure on household sentiment.

In our view, the contrast mattered: employment conditions remained relatively steady, but consumers were becoming less comfortable with the economic environment. Confidence alone does not determine spending, yet persistent deterioration would warrant closer attention to discretionary purchases and household financial flexibility.

The next major inflation test was Wednesday, September 30, with the scheduled release of the personal consumption expenditures price index. Friday, October 2, would bring September's employment report, followed by the Consumer Price Index on October 14. Together, these releases would help clarify whether inflation pressures were easing sufficiently or whether further monetary tightening remained warranted.

The Final Word

Earnings remained the market's anchor, but higher yields were making that anchor work harder. With consumer confidence weakening, the next test was whether businesses could sustain profits and investment as households grew more cautious. Balance-sheet strength and disciplined valuations mattered increasingly.

Economic Data:

- **US Job Openings: Total Nonfarm:** fell to 7.079 million, down from 7.335 million last month, decreasing -3.49%.
- **US Retail Gas Price:** rose to \$4.61, up from \$4.455 last week, increasing 3.48%.

- **Case-Shiller Composite 20 Home Price Index YoY:** rose to 2.08%, compared to 1.64% last month.
- **Case-Shiller Home Price Index: National:** rose to 331.89, up from 331.45 last month.
- **Canada Real GDP MoM:** fell to 0.00%, compared to 0.37% last month.
- **Japan Industrial Production Index MoM:** is at -0.19%, compared to 1.95% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 120.60, up from 118.90 last month.

Eurozone Summary:

- **Stoxx 600:** closed at 638.08, down 0.60 points or 0.09%.
- **FTSE 100:** closed at 10,636.71, down 48.17 points or 0.45%.
- **DAX Index:** closed at 25,399.21, up 24.79 points or 0.10%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,349.92, down 131.59 points or 0.26%
- **S&P 500:** closed at 7,670.84, down 12.85 points or 0.17%.
- **Nasdaq Composite:** closed at 26,797.54, down 22.84 points or 0.09%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,866.56, up 24.66 points or 0.51%.
- **Birling Capital U.S. Bank Index:** closed at 9,807.67, up 105.09 points or 1.08%.
- **U.S. Treasury 10-year note:** closed at 5.26%.
- **U.S. Treasury 2-year note:** closed at 4.89%.

US Job Openings: Total Nonfarm

Monthly, January 2025 to August 2026. August openings of 7.079M are down 256K from July.



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey — Birling Capital Advisors

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US Retail Gas Price

Weekly, January 5 to September 21, 2026, dollars per gallon

+57.6%

Since January 5 (\$2.925 to \$4.61)

+11.3%

Since August 10 low (\$4.141)

+3.5%

Week over week (September 14 to 21)



Source: Weekly retail price data — Birling Capital Advisors

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Case-Shiller Home Price Index: National

Monthly, January 2025 to June 2026. Index level and percent change on separate scales.

Index level



Percent change

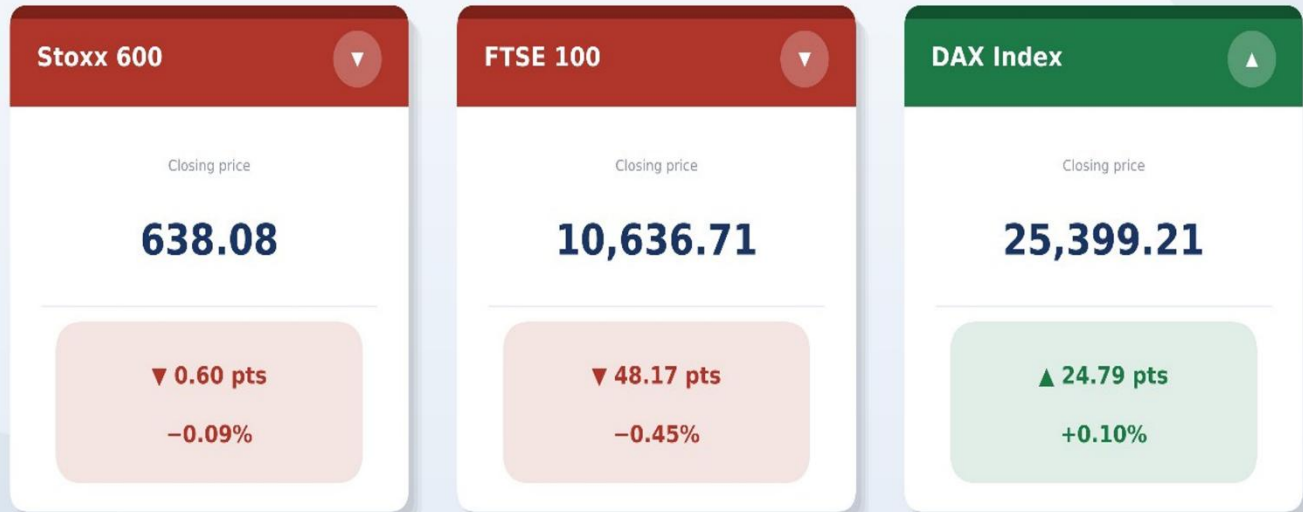


Source: Case-Shiller data as supplied — Birling Capital Advisors

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European Markets

Tuesday, September 29, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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Wall Street and Birling Capital indexes close

Tuesday, September 29, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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