

The Week in Brief

Oil and the Federal Reserve (Fed) shaped the week. Iran stepped up its attacks on tankers in the Strait of Hormuz, and a hurricane in the Gulf of Mexico forced producers to cut output, lifting Brent crude to \$104.70 a barrel. On Wednesday the Fed released the minutes of its September meeting. Every official had backed that month's rate increase, and most expect another this year.

Stocks rose anyway. The S&P 500 gained 1.0%, led by energy, consumer staples and utilities, while chipmakers fell after a Financial Times report questioned OpenAI's revenue. Energy and defensive sectors led the week. That suggests oil prices and the Fed now set the market's direction more than enthusiasm for artificial intelligence (AI) does.

Three Things That Mattered

The Fed is united on tightening The minutes showed no dissent over September's increase, and most officials expect another one this year. That makes it likely borrowing costs stay high through the late-October meeting.

Oil is the inflation risk to watch Brent gained 2.4% as Gulf output was cut and tankers came under attack. Higher fuel costs feed directly into the price readings the Fed is weighing.

The chip trade lost its footing A press report casting doubt on OpenAI's sales hit semiconductor makers hard. Leadership in American stocks moved to sectors that hold up when growth slows.

Market Dashboard

INDEX / ASSET	LEVEL	WEEKLY	YTD
S&P 500	7,800.76	+1.0%	+14.0%
Nasdaq Composite	27,346.62	+0.6%	+17.7%
Dow Jones Industrial Avg.	51,456.94	+0.5%	+7.1%
Russell 2000	2,801.24	-1.1%	+12.9%
Nikkei 225 JPY	69,030.92	+1.1%	+37.1%
STOXX Europe 600 EUR	631.49	+0.0%	+6.5%
Hang Seng HKD	24,211.35	+1.0%	-5.5%
U.S. 10-Yr Treasury Yield	5.27	0 bps	+111 bps
Brent Crude	104.70	+2.4%	+72.1%
Gold	4,207.30	+1.1%	-3.1%
VIX	14.98	-0.33	+0.03

Weekly and YTD are price returns and exclude dividends. All figures are index and asset returns, not the performance of any strategy or client account. Yields in basis points, VIX in index points. Levels and returns in US dollars unless the row is marked with another currency; international indices are quoted in their own currency, so a US dollar result will differ with exchange-rate moves. Levels as at 11:00 AM New York, Friday, October 9, 2026; changes for markets still open then are not final, and closed markets are at their close. A dash means the figure could not be verified. Source: exchange and index-provider data; Cboe for Treasury yields.

A unanimous Fed leans toward another increase The minutes of the Federal Open Market Committee (FOMC) meeting held in mid-September came out Wednesday. They show that every official supported the quarter-point increase that set the fed funds target range at 3.75% to 4.00%, the Fed's first increase in three years. Most officials judged that another rise would likely be needed this year. Many described financial conditions, including rising stock prices, as supportive of growth, which makes the equity rally part of the case for tightening. The committee meets next on October 27 and 28.

Oil puts inflation back on the agenda The latest Consumer Price Index (CPI), for August, showed prices up 3.4% from a year earlier, according to the Bureau of Labor Statistics. The core measure, which excludes food and energy, rose 2.4%. Energy accounts for much of that gap, and the war with Iran, now in its eighth month, added to it this week through tanker attacks, as did a Gulf hurricane. The September CPI arrives Wednesday. If fuel costs show up in core prices, the case for another increase gets stronger; a steady core would weaken it.

Households grow gloomier The University of Michigan's preliminary October survey, released Friday, showed consumer sentiment at its lowest since May, with high prices weighing on households. Hiring has slowed as well: according to the Bureau of Labor Statistics, payrolls grew by just 29,000 in September and the unemployment rate rose to 4.2%. Retail spending was still strong in August. Thursday's September retail sales figures will show whether weaker confidence has started to reach the checkout.

Rates Check

10-year: 5.27%

The 10-year Treasury yield ended the week unchanged at 5.27%. That level keeps mortgage and corporate borrowing costs high while the Fed considers another increase.

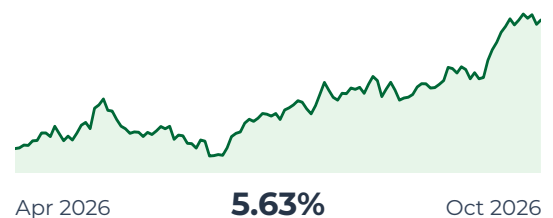
30-year: 5.63%

Longer-dated bonds are the most exposed to inflation driven by oil and to the scale of federal borrowing. The Treasury puts public debt outstanding at \$40.28 trillion.

CHART OF THE WEEK

The long bond carries the inflation risk

U.S. 30-year Treasury yield, %



The 30-year yield closed the week at 5.63%. This is the part of the curve most sensitive to oil-driven inflation and the federal borrowing outlook.

Source: Cboe Global Markets, Cboe 30-Year Treasury Bond Yield Index (TYX), via Yahoo Finance.

Energy and defensives lead Within the S&P 500, energy shares climbed 4.6% as crude rose. Consumer staples and utilities were close behind, sectors that typically hold up when growth and rates look uncertain. Smaller companies did worse. The Russell 2000, whose members rely more on floating-rate debt, fell 1.1%, a reminder of what higher-for-longer rates cost businesses that borrow heavily.

A revenue report hits chipmakers On Thursday the Financial Times reported that OpenAI's revenue was lower than previously estimated, and makers of chips sold into AI data centers fell. Intel was already under pressure from Monday, when Elon Musk confirmed talks about Taiwan Semiconductor joining Terafab, his Texas chip venture. Intel fell 10.7% on the week, and technology was the weakest sector in the S&P 500.

Deals behind the biggest gains

PTC rose 35.0%, the largest gain in the S&P 500, after Schneider Electric agreed to buy the industrial software maker in an all-cash deal.

Constellation Energy rose 14.5% after signing a 20-year agreement to supply Google with nuclear power, the latest sign of AI data centers seeking long-term electricity contracts.

Crown Castle gained 16.4%. SpaceX agreed to buy a nationwide block of low-band spectrum, a move Bernstein said keeps alive the possibility that SpaceX builds a ground network, which would need towers. SBA Communications rose with it.

MOVERS OF THE WEEK

GAINED			DECLINED		
PTC	PTC Inc.	+35.0%	SWKS	Skyworks Solutions	-11.6%
CCI	Crown Castle	+16.4%	INTC	Intel	-10.7%
CEG	Constellation Energy	+14.5%	CHRW	C.H. Robinson	-10.0%
SBAC	SBA Communications	+13.8%	TER	Teradyne	-9.6%
CIEN	Ciena	+12.9%	STX	Seagate Technology	-8.3%

Largest weekly moves across 501 index members, by price return.

THE BOTTOM LINE

This week's equity gains came from energy and defensive sectors, while the Fed signaled that more tightening is likely, so the rate pressure on portfolios has not eased. Wednesday's September CPI is the next test. A firm core reading would strengthen the case for an October increase; a softer one would relieve bonds and technology shares.

International

Japan The Nikkei 225 rose 1.1% on the week, and the dollar ended at 158.42 yen. A weak yen raises the yen value of exporters' overseas earnings. Japan imports most of its energy, though, so expensive crude cuts into that benefit.

Europe The STOXX Europe 600 ended the week flat, and the euro slipped against the dollar. Like the U.S., Europe faces inflation pressure from oil. The European Central Bank (ECB) next sets rates on October 29.

Hong Kong The Hang Seng rose 1.0% in a week when mainland Chinese markets reopened after the Golden Week holiday. Even so, the index is still 5.5% lower this year, well behind the gains in Tokyo.

Commodities

Brent crude up 2.4% Iran stepped up attacks on tankers just as traffic through Hormuz neared prewar levels. Hurricane Isaias led Shell, Chevron and others to cut Gulf of Mexico output. The International Energy Agency (IEA) agreed to speed up releases from emergency stocks, prioritizing diesel. On Thursday, President Trump said the U.S. would not attack Iran before the midterm elections.

Copper and gold higher Copper rose 3.2% as Chinese buyers returned after the national holiday. Gold gained 1.1% while silver fell, so the two precious metals went in opposite directions despite the same backdrop of high yields and a firmer dollar.

The Week Ahead

Monday, Oct 12	U.S. bond markets are closed for Columbus Day; stock markets are open.
Tuesday, Oct 13	JPMorgan Chase reports third-quarter results before the open.
Wednesday, Oct 14	Consumer Price Index for September. The Federal Reserve releases its Beige Book.
Thursday, Oct 15	Retail sales for September. Producer Price Index for September. Federal Reserve Chairman Kevin Warsh in conversation with International Monetary Fund (IMF) Managing Director Kristalina Georgieva.
Friday, Oct 16	Industrial production and capacity utilization for September. Import and export prices.

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