

Kisher Capital — Sept-26 Market Update

October 1st, 2026

Executive Summary

- Oil stopped being only an energy story, with WTI near \$90 and Brent in the upper \$90s still feeding inflation worries and rate expectations.
- The 10-year Treasury yield climbed to about 5.2% in September, its highest level since 2007, after the Fed raised rates for the first time since 2023.
- Together they raised borrowing costs across the economy, and the pressure showed up in bonds and small company stocks.

Market Snapshot

Asset	Ticker	September Return	YTD Return*
S&P 500	SPY	-0.33%	12.71%
Nasdaq	QQQ	3.32%	20.83%
Russell 2000	IWM	-5.21%	13.66%
Core U.S. Bonds	AGG	-2.61%	-2.78%
Bitcoin	IBIT	5.98%	-4.65%

Two Key Stories

1. Oil Is a Macro Variable Again

The Story:

Oil spent September acting like an economy-wide variable, not just an energy-sector story. Brent crude, the global benchmark, climbed above \$100 during the month as attacks and shipping disruptions in the Middle East tightened supply. It has recently traded around the \$100 level, while WTI remains near \$90.

Crude flows from the region have also recovered sharply, with some estimates putting them near prewar levels. The U.S. announced an exchange of up to 40 million barrels from the Strategic Petroleum Reserve as part of the effort to keep global supply available.

Why It Matters:

Energy has become a major source of near-term inflation volatility. In August, gasoline prices were 27.4% higher than a year earlier, while overall CPI inflation ran at 3.4%. Gasoline alone accounted for more than one-third of the monthly increase in consumer prices.

Higher inflation can push expectations for Federal Reserve policy rates higher and put upward pressure on Treasury yields. Because mortgage rates and many other borrowing costs are closely tied to longer-term interest rates, a supply disruption in the Middle East can eventually affect everything from portfolio valuations to the cost of buying a home.

Investor Takeaway:

Crude remains elevated, so the inflation risk has not disappeared. A sustained decline in oil prices would relieve some inflation pressure, while another spike could reinforce it. Oil belongs on the watch list alongside the Fed and the 10-year Treasury yield.

2. Bond Yields Break Above 5%

The Story:

Treasury yields moved sharply higher in September. The 10-year yield climbed from about 4.8% to roughly 5.2%, its highest level since 2007, while the 30-year moved above 5.6%. On September 16, the Federal Reserve raised its target rate by 0.25 percentage points to 3.75%–4.00%, its first increase since 2023. Fed officials also signaled that tightening may not be finished, with 16 of 18 projecting at least one more increase this year.

Why It Matters:

Higher Treasury yields raise borrowing costs across the economy. The average 30-year mortgage rate reached 7.03% in late September, up from 6.76% two weeks earlier. Businesses also face higher financing costs, while rising yields can pressure both stock valuations and existing bond prices.

Investor Takeaway:

September was another reminder that bonds can lose value when rates rise, but higher yields also mean new bond purchases offer more income. The 10-year Treasury remains an important number to watch because its movements affect borrowing costs, bond prices, and valuations across financial markets.

What This Means for Investors

- Oil and inflation feed directly into rates, so Middle East supply news can move a portfolio even if it never touches an energy stock.
- Interest rates are now a significant market mover. Stocks, bonds, and housing all respond to the 10-year yield.
- With bonds and small company stocks both under pressure, diversification and keeping enough cash for near-term needs matter more.

What to Watch

- **10/02/2026:** September Jobs Report (Unemployment Rate)
- **10/07/2026:** FOMC Meeting Minutes
- **10/12/2026:** US bank earnings begin with JPM, GS, C, and WFC
- **10/14/2026:** September Consumer Price Index (CPI) Release
- **10/28/2026:** FOMC Interest Rate Decision

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*YTD returns are adjusted closing prices of 12/31/2025 and 09/30/2026