



▲ Domestic services demand outpaced supply in September, adding to price pressures.

Markets

	Prev. Close	% Ch
S&P 500	7,773.95	▲ 0.66%
NASDAQ	27,477.31	▲ 1.05%
FTSE 100	10,497.90	▲ 0.34%
Stoxx 50	6,242.14	▲ 0.06%
Oil (Brent)	100.32	▼ 1.89%
Gold	4,156.80	▼ 0.13%
Copper	6.59	▲ 1.44%

Market close 05/10/2026

Economic Calendar

Monday

Sentix Investor Confidence (EUR), Producer Price Index (EUR), SP Global Composite PMI (USD), ISM Services PMI (USD)

Tuesday

Retail Sales (EUR), ADP Employment Change 4wk avg. (USD), Labor Cash Earnings (JPY)

Wednesday

FOMC Minutes (USD), Current Account (JPY)

Thursday

ECB Monetary Policy Meeting Accounts (EUR), Initial Jobless Claims (USD)

Friday

Michigan Consumer Survey (USD)

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- ISM Services PMI Suggests Price Pressures Are Building
- US 30-Year Yield Hits 5.70% as Junk Bonds Hit 17%

Headlines

ISM Services PMI Suggests Price Pressures Are Building

US services activity slowed in August with the headline ISM index falling to 54.9 from 55.2, which, whilst still high, fell below the consensus estimate of 55.2. Respondents repeatedly highlighted high fuel costs as a drag on supply with the broader survey pointing to building price pressures in the sector as domestic demand outweighed supply.

The employment component deviated from last Friday's weak nonfarm payrolls report too; services sector employment returned to growth after two months of contraction, mirroring last week's manufacturing PMI, which also showed strong hiring. Taken together, the data suggest a more resilient labour market than implied by BLS data, even as inflationary pressures remain persistent.

US 30-Year Yield Hits 5.70% as Junk Bonds Hit 17%

US yields extended their climb on Monday, with the 10-year reaching 5.34% and the 30-year rising to 5.70%, their highest levels since 2022. The move came despite Friday's soft BLS report, which showed the US added only 29k jobs in September and triggered a sharp drop in Fed rate hike expectations.

US Treasuries' continued sell off, despite weak economic data, suggests that the market is being driven by a structural shift in supply and demand dynamics rather than markets simply pricing in higher expected inflation. Over the last year there has been a drastic increase in corporate bond issuance, especially from Hyperscalers and AI-related firms, that has outpaced demand for bonds.

Junk bonds have also seen a rapid rise in yields as investors continue to ask for more compensation for holding bonds. The risk premium for America's lowest credit-rated companies has hit 12%, with overall yields rising to 17%. This is especially prevalent at the long-end of the curve as demand for short term issuance wains. The lack of demand at the short end is further exacerbating the supply-demand problem as firms prefer to issue short term notes during periods of rates with the view to refinance at lower rates in the future.

So far, equity markets have allowed this upward march in yields to go largely unpunished. Though, investors will be monitoring firm profits closely as we move into earnings season to make sure that corporations can keep up with rising borrowing costs.

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