Financial HARTbeat

Yields
Sept 15th 2026

Good Morning,

US 10 year bond hitting 19 year highs…

Bond Yields globally soaring….what will peak exuberance look like

Can anyone stop this train, and a side question isn't this what generational buying opportunities look like?

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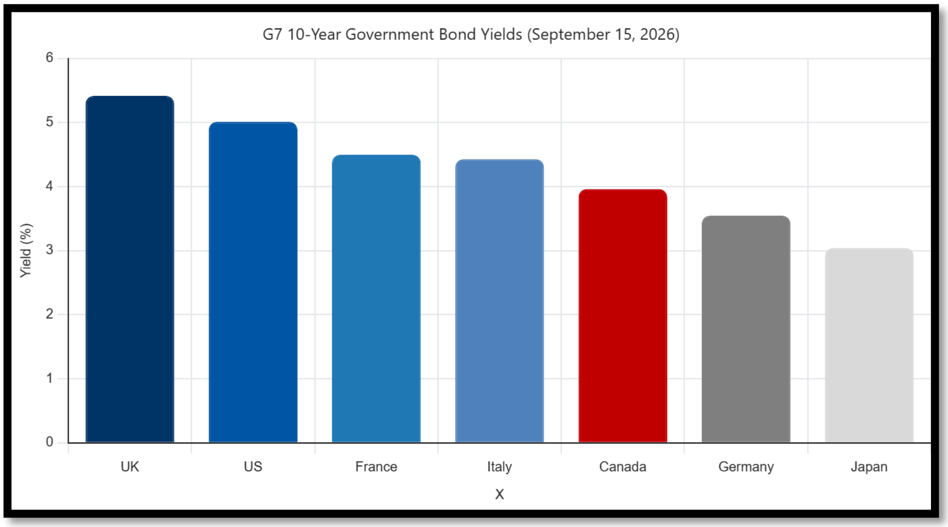
Chart of the Day: Global Yields…



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Top News

Futures lower on Tuesday as traders looked ahead to this week's Federal Reserve's policy decision which could send ripples through the economy and as Treasury yields rise to multiyear highs. The yield on the benchmark U.S. 10-year Treasury note hit its highest since 2007, as investors girded for what many suspect will be just the first in a series of rate increases. It was last up 6.76 basis points at 5.0286%.

The latest bout of anxiety was driven by calls from top AI companies to slow the development of the technology, citing safety concerns. While there is little clarity so far on how such a slowdown would work, the declines have added to the gloom in markets at a time when above-target inflation and fears of higher borrowing costs have already clouded the backdrop for equities.

Oil prices also edged higher after Saudi Arabia shuttered a key pipeline that bypasses the Strait of Hormuz, leading Brent futures to close above $105 a barrel and West Texas Intermediate crude to settle over $101 European shares hit three-month lows on Tuesday, with banks leading losses, as surging oil prices and bond yields sapped risk appetite ahead of the U.S. Federal Reserve's interest rate decision this week.

German wholesale prices rose at their fastest rate in more than three years in August, as the conflict in Iran and the Middle East drives up costs for energy products and raw materials in particular, the federal statistics office said on Tuesday. German investor morale stabilised in September, while the assessment of the current economic situation improved significantly. Investor morale rose less than expected to 34.7 points in September, the ZEW economic institute said on Tuesday.

Japan's Nikkei share average climbed as technology investor SoftBank Group rebounded from a selloff in the previous session, while traders reassessed calls by executives in U.S. artificial intelligence companies for a slowdown in AI development. The Nikkei recouped early losses to rise roughly 1% to 64,082.36 by the midday break. The broader Topix was flat at 4,057.06. Shares of SoftBank surged 9.13%, recouping part of the previous session's 10.7% loss after a selloff in AI-linked stocks sparked by warnings from industry leaders about the technology's risks.

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China and Hong Kong stocks fell on Tuesday, as a mild rebound in AI hardware shares failed to offset losses elsewhere, with mixed August data pointing to persistently weak domestic demand. China's industrial sector showed renewed strength in August as the AI-driven tech boom fuelled factory output, though sluggish consumption and a worsening investment slump reinforced concerns over deepening economic imbalances. Industrial output grew 5.2% from a year earlier in August, quickening from a 4.5% increase in July and beating expectations for a 4.8% rise, figures released by the National Bureau of Statistics showed. Strong expansion in equipment and high-tech manufacturing underpinned the production upturn.

Expecting a Rate Hike (Argus)

We are raising our estimate for the fed funds rate as we expect the Federal Open Market Committee (FOMC) will tighten policy by a quarter point on Wednesday, lifting the target range to 3.75% to 4.0%. We expect an additional quarter-point increase before the end of the year. Our previous expectation was for the Fed to hold policy steady through 2026 and cut once in 2H27, but employment is surprisingly healthy while inflation has been obstinate and the bond market has agita. With such uncertainty, the Fed needs to be a risk manager. We do not expect that two rate hikes will derail earnings growth or stunt innovation. Our focus is on where the economy is headed and what the Fed must do now for slow-acting policy to be appropriate in the future.

Two rate increases should keep the Fed from falling out of step if inflationary shocks persist, while not over-medicating the economy if inflation moderates. What changed our outlook? There are increasing signs that money is too "easy" for an economy at full employment, with aggressive corporate investment and inflation well above the Fed's target. Fed Chairman Warsh offered the following at the Jackson Hole conference: "The responsibility for 65 months of sustained, elevated inflation sits squarely with the central bank." The yield on the 2-year Treasury has jumped about a half point to 4.65% over the last month. It shows that the market's policy prescription is a percentage point tighter than that of the Fed. Then there is the standard that Warsh set: "We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do." Well we believe the Fed does have work to do. While the FOMC cannot open the Strait of Hormuz, rescind tariffs, or reduce $40

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trillion of federal debt, rate hikes can cool aggregate demand and forestall a resurgence of underlying inflation. Evidence of Fed resolve might contain 10-year yields, which is vital for housing, autos, and stock valuations.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: **Key Interest Rates (Canada & U.S.)**

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.66%	-1.4
CDA Prime	4.45%	0.0	CDA 10 year	3.96%	-0.5
CDA 3 month T-Bill	2.35%	0.0	CDA 20 year	4.19%	0.3
CDA 6 month T-Bill	2.61%	-0.5	CDA 30 year	4.30%	0.3
CDA 1 Year	3.06%	-2.0			
CDA 2 year	3.37%	-2.8			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.83%	3.8
US Prime	6.75%	0.0	US 10 year	5.00%	4.1
US 3 month T-Bill	3.96%	-0.4	US 30 year	5.37%	4.4
US 6 month T-Bill	4.20%	-0.5	5YR Sovereign CDS	35.75	
US 1 Year	4.36%	1.0	10YR Sovereign CDS	44.72	
US 2 year	4.65%	1.8			
Preferred Shares Indicators			**Last**	**Daily %**	**YTD**
S&P Preferred Share Index			710.97	-0.02%	2.12%
BMO Laddered Preferred Shares (ETF)			13.04	-0.11%	5.76%

Source: LSEG

Keep looking forward! Have a great day!

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