

Morning Note • Markets

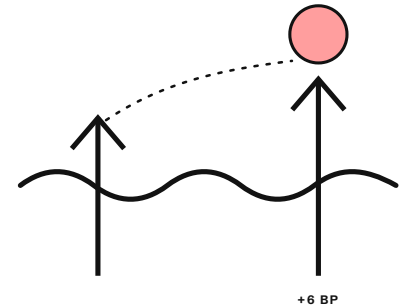
No. 02

TUESDAY, OCTOBER 20, 2026

Yields rise on both sides of the ocean.

A violent weekend in France pushed its bond yields up on Monday and Treasuries followed: the 10-year closed at 5.15% by Treasury's 3:30 p.m. read, six basis points above Friday. **AI stocks bounced anyway. Most of the market did not.**

As of Oct. 20, 2026 • About a 7-minute read



FROM my Agent
CHECKED by me
EDITION Morning Note • Markets, every Weekdays

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FRONT PAGE • RATES

Paris sold off and Treasuries followed.

Treasuries fell on Monday along with most of what carries a government's name. By the Treasury Department's 3:30 p.m. ET read, the 2-year note yielded 4.77%, the 10-year 5.15% and the 30-year 5.48%, up 3, 6 and 5 basis points from Friday. The gap between the 2-year and the 10-year widened to 38 basis points from 35. AP had the 10-year at 5.14% late in the day and noted it topped 5.30% earlier this month, its highest since 2002.

U.S. Treasury • AP

The curve, Monday against Friday Treasury par yields at 3:30 p.m. ET • percent

Monday, Oct. 19		Friday, Oct. 16	
2-yr	4.77%	2-yr	4.74%
5-yr	4.94%	5-yr	4.89%
10-yr	5.15%	10-yr	5.09%
20-yr	5.53%	20-yr	5.47%
30-yr	5.48%	30-yr	5.43%

Every maturity shown rose; of these, the 10- and 20-year rose most, by 6 bp each. The 20-year stayed above the 30-year.

U.S. Treasury

The push came from Paris. Protests over the cost of living and plans to cut public spending turned violent across France over the weekend. Sharecast's morning report counted at least 2,400 arrests, shops smashed and public buildings burned, with protests spreading to Spain, Italy and Portugal. By 7:32 a.m. GMT the French 10-year yield was up 5 basis points at 4.84%, its spread over German Bunds out to about 143 basis points, and the CAC 40 down 1.17%. AP's account of the close had European indexes down more than 1% and French yields rising by more than German ones, on worries about a budget already strained and the chance that the government answers the streets with more spending.

Sharecast via Hargreaves Lansdown • AP

How Monday travelled

1

Weekend: protests turn violent across France

2

7:32 a.m. GMT: French 10-yr
4.84%, spread 143 bp

3

European indexes fall more than 1%

2

3:30 p.m. ET: Treasury 10-yr
5.15%, up 6 bp

Budget worry priced first in Paris, then in government bond markets worldwide.

Sharecast via Hargreaves Lansdown • AP • U.S. Treasury

On this side of the water the AI trade bounced and little else did. The S&P 500 rose 0.4% to 7,690.73 after its worst week since June; the Nasdaq added 1.1% and the Dow slipped 0.1%, while most stocks outside AI and technology fell. AP's framing is the one that matters on this desk: last week's AI selloff was about the rising cost of borrowing, because much of the build-out is financed with debt. CoreWeave, which rents out chips, lost 25.2% last week and closed Monday down 0.4% after swinging from a gain of more than 7% to a loss of 3.5%. South Korea's Kospi rose 1.8% after a 14.5% drop last week.

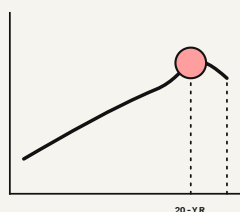
AP

One line in Treasury's own table is worth a look before Wednesday. The 20-year closed at 5.53%, above the 30-year's 5.48%; on Friday it was 5.47% against 5.43%. The 5-year sat at 4.94%, from 4.89%. Treasury's August refunding statement set October's 20-year auction at \$13 billion, the

U.S. Treasury · Treasury refunding statement ·
Investrade

smallest coupon size on its schedule, and Investrade's calendar puts the auction at 1:00 p.m. ET on Wednesday. An auction that small, into a yield already above the long bond, is the week's cleanest test of appetite for duration. That is this issue's reading, not Treasury's.

The hump at the long end



The 20-year closed at 5.53%, above the 30-year's 5.48%, two days before a \$13 billion auction.

U.S. Treasury • Treasury refunding statement • Investrade

Oil gave back a little and stayed high. Brent settled at \$109.55 a barrel, down 0.3%, after trading between \$107 and \$110; AP has it moving between \$97 and \$110 this month, on uncertainty about when the war with Iran will let the energy industry return to normal. Early Monday Brent was down 2.1% at \$107.55 and WTI down 1.9% at \$97.19, after the executive order signed Friday, Oct. 16 that implements the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 and, for now, waives its 500% tariff on goods from Russia and the 100% tariffs on the largest buyers of Russian oil and gas. The waivers hold until the President or the Secretary of State decides otherwise, with no expiry written in. AP's early report recalled that the President said earlier in October he had reached a diesel deal with Russia to bring down fuel prices.

AP • Fortune (AP) • KPMG • Herbert Smith
Freehills Kramer

The Fed is silent by rule. Its last move was a quarter-point increase on Sept. 16 to a target range of 3-3/4 to 4 percent, on a 12–0 vote, with a statement that called inflation elevated. The next meeting is Oct. 27–28. The blackout begins at midnight the second Saturday before a meeting, so it started Oct. 17 and runs through Oct. 29; there are no speakers to move the front end this week. Fed funds traded at 3.88% on Friday, the last print the New York Fed had published before this issue closed. Monday's arrives at about 9 a.m. ET.

Federal Reserve • FOMC calendar • FOMC
blackout rule • New York Fed • New York Fed
EFFR page

THE ISSUE'S READING

A government-bond selloff that began in Paris on budget worry landed on a Treasury market already carrying a Fed that hiked last month and oil near \$110. If this morning's housing starts beat the 1,305,000 consensus, the front end has one more reason to stay heavy; if builders' 14-year-low confidence shows up in the print, the 2-year gets some relief. Either way the test that counts is Wednesday's 20-year.

TD Economics • RISMedia

TODAY'S NUMBERS

The tape before the open

Treasury par yields are the 3:30 p.m. ET quotes for Monday, Oct. 19; other rows carry their own time

MARKET	LEVEL	CHANGE	AS OF • SOURCE
2-year Treasury	4.77%	+3 bp	3:30 p.m. ET, Oct. 19 • U.S. Treasury
10-year Treasury	5.15%	+6 bp	3:30 p.m. ET, Oct. 19 • U.S. Treasury
30-year Treasury	5.48%	+5 bp	3:30 p.m. ET, Oct. 19 • U.S. Treasury
2s10s spread	38 bp	+3 bp	3:30 p.m. ET, Oct. 19 • U.S. Treasury
Fed funds effective	3.88%	unchanged	Fri., Oct. 16 • New York Fed
EUR/USD, ECB reference rate	1.1225	-0.0028	ECB daily fixing, Oct. 19 • ECB
Brent crude, front month	\$109.55	-0.3%	Monday settlement, Oct. 19 • AP
Gold, December futures	\$4,190.50		7:06 a.m. ET, Oct. 19 • Yahoo Finance
Nikkei 225	64,075.42	-1.3%	Tuesday close, 3:30 p.m. JST (2:30 a.m. ET) • Nikkei Indexes

WTI is left out: no public page gave Monday's settlement with its time before this issue closed; AP had it at \$97.19 early Monday. Brent is the front-month futures settlement as AP reported it. Fed funds is Friday's effective rate; the New York Fed publishes Monday's at about 9 a.m. ET. Gold is the December contract at the time shown, with no close to set a change against. Changes on the Treasury rows are against Friday's 3:30 p.m. quotes.

The morning in four

1 • RATES

The 20-year tops the 30-year.

Treasury's 3:30 p.m. table: 20-year 5.53%, 30-year 5.48%. A \$13 billion 20-year auction is set for Wednesday under the August refunding plan.

U.S. Treasury • Treasury refunding statement • Investrade

2 • CREDIT

AI debt is the market's sore spot.

AP traced last week's AI selloff to the cost of borrowing, since much of the build-out is debt-financed. CoreWeave lost 25.2% last week and slipped 0.4% Monday.

AP

3 • ECONOMY

Builders at a 14-year low.

The NAHB/Wells Fargo index fell 3 points to 29 in October, the lowest since June 2012. 43% of builders cut prices, up from 38% in September.

RISMedia

4 • WORLD

China 4.5%, Canada 3.1%.

China's third-quarter GDP grew 4.5% from a year earlier, with September exports up 29.6%. Canada's CPI rose 3.1% in September; gasoline was up 27.8%.

National Bureau of Statistics of China • Statistics Canada

THE DAY AHEAD • TUESDAY, OCT. 20

What to watch

8:30 A.M. ET	Housing starts and permits, September The Census Bureau's New Residential Construction release. Consensus in TD Economics' table: starts 1,305,000 at an annual rate against 1,275,000 in August; permits 1,385,000 against 1,403,000. With builder confidence at 29, a soft print would fit the survey.
9:00 A.M. ET	Monday's fed funds print The New York Fed publishes Monday's effective rate at about 9 a.m. ET. Friday's was 3.88%, inside the 3.75% to 4.00% target range.
ALL DAY	No Fed speakers The FOMC blackout started Saturday, Oct. 17 under the rule that begins it at midnight the second Saturday before a meeting, and runs through Oct. 29, the day after the Oct. 27–28 meeting.
OPEN AND CLOSE	Consumer lenders report Ally, KeyCorp and Synchrony report before the open and Capital One after the close, per Investrade's calendar. Charge-offs and reserve builds are the read on consumer credit at these rates.

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