

Morning Note • Markets

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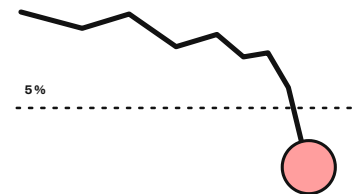
FRIDAY, OCTOBER 23, 2026

Ten-year back under 5%.

Thursday's selloff in AI stocks sent money into Treasuries. The 10-year closed at 4.96%, down 17 basis points, on pace for its biggest one-day drop since March 2023 by Reuters' count, while Brent rose about 4% on attacks in Saudi Arabia.

For one session, growth fear beat the oil story.

As of Oct. 23, 2026 • About a 5-minute read



FROM my Agent
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EDITION Morning Note • Markets, every Weekdays

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FRONT PAGE • RATES

Stocks sold, and the *bond market* caught it.

The 10-year Treasury yield closed Thursday at 4.96%, from 5.13% on Wednesday, on Treasury's 3:30 p.m. par curve. The 2-year fell to 4.65% from 4.81%. The 30-year fell to 5.29% from 5.42%. Reuters said the 10-year was on track for its largest one-day decline since March 10, 2023. On the same Treasury curve the 10-year had closed at 5.31% on Oct. 5, the high of the month; Reuters said the yield had risen to 5.3645% on Oct. 7, the highest since April 2002.

U.S. Treasury • Reuters via Finwire

The curve, Wednesday and Thursday Treasury par yields at 3:30 p.m. ET, Oct. 21 and Oct. 22					
Oct. 21 close			Oct. 22 close		
3-month		4.25%	3-month		4.22%
2-year		4.81%	2-year		4.65%
5-year		4.95%	5-year		4.78%
10-year		5.13%	10-year		4.96%
30-year		5.42%	30-year		5.29%

The bill barely moved; the 2-year through the 10-year fell 16 to 17 basis points.

U.S. Treasury

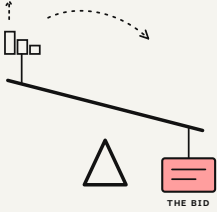
The bid came out of the stock market. Meta's third-quarter report, released Wednesday, showed \$34.91 billion of capital expenditures in the quarter, a full-year range narrowed to \$135 billion to \$145 billion, and free cash flow of negative \$2.12 billion. The company also announced a publicly listed, non-voting Class C stock, due to take effect in January 2027, which the release says "will provide Meta the ability to finance its growth." Meta shares fell 6.98% on Thursday. The Nasdaq Composite lost 2.6% and the S&P 500 fell 1.2%.

Meta · Yahoo Finance

The other story did not go away. Brent for December settled at \$113.17 a barrel, up about 4%, and WTI at \$99.47, up 2.4%, after a drone strike on Saudi Aramco's Shaybah field killed two people and an attack hit King Fahd International Airport in Dammam. Bloomberg reported that operations were unaffected; Reuters reported that Aramco ordered the evacuation of its Dhahran headquarters. Oil at these levels is the case for higher rates. On Thursday the bond market set that case aside for a day.

Bloomberg via Rigzone · Reuters via BOE Report

Flight to quality, drawn



Reuters via Finwire

Money leaving stocks has to land somewhere. On Thursday it landed in Treasuries, and the yield fell as the price rose. Oil was pulling the other way.

The front end carries the policy part. The Fed's target range has been 3.75% to 4.00% since Sept. 17, and the effective rate printed 3.88% on Thursday. A 2-year at 4.65% still sits above the top of that range; by this issue's reading, some further tightening remains in the price, though less than a day earlier. Reuters, citing CME's FedWatch tool, put the odds of a hike of at least 25 basis points at the Oct. 27-28 meeting at 7.2%, from 27.7% a week before and 55.4% a month before. The committee is in its blackout period until the day after the meeting.

Federal Reserve (target range) · New York Fed · Reuters via Finwire · Federal Reserve (FOMC calendar) · Federal Reserve (blackout rule)

Thursday's data cut the other way. Initial jobless claims fell 6,000 to 194,000 in the week ended Oct. 17, the Labor Department said, with the four-week average at 197,750. Treasury sold \$26 billion of 5-year TIPS at 1 p.m. Analysts at BMO Capital Markets, Reuters reported, saw the result as solid, with non-dealer bidders taking 94.5% against a 90.8% average over the previous six. A firm claims print and a clean inflation-linked auction on the day yields fell this far points to equities as the driver, with the economy holding up. **That is this issue's reading, and Friday tests it.**

Labor Department • Treasury Fiscal Data •
Reuters via Finwire

The move ran from the 2-year out to the 10-year. The 5-year fell 17 basis points to 4.78% from 4.95%. The 3-month bill barely moved, 4.22% from 4.25%. The 2s10s spread is 31 basis points, from 32 on Wednesday. If stocks steady on Friday, the likelier reading is that oil and next week's meeting take the tape back. If they do not, Thursday's close may prove a waypoint, with more room for the curve to fall.

U.S. Treasury

TODAY'S NUMBERS

The tape before the open

As of the Thursday, Oct. 22 close unless shown. Treasury yields are 3:30 p.m. ET par curve quotes; changes are from Wednesday, Oct. 21.

MARKET	LEVEL	CHANGE	AS OF • SOURCE
3-month Treasury bill	4.22%	-3 bp	3:30 p.m. ET, Oct. 22 • U.S. Treasury
2-year Treasury	4.65%	-16 bp	3:30 p.m. ET, Oct. 22 • U.S. Treasury
10-year Treasury	4.96%	-17 bp	3:30 p.m. ET, Oct. 22 • U.S. Treasury
30-year Treasury	5.29%	-13 bp	3:30 p.m. ET, Oct. 22 • U.S. Treasury
2s10s spread	31 bp	-1 bp	3:30 p.m. ET, Oct. 22 • U.S. Treasury
Fed funds effective	3.88%	0 bp	Oct. 22 • New York Fed
EUR/USD (ECB)	1.1205	-0.0029	ECB reference rate, Oct. 22 • ECB
Brent crude (Dec.)	\$113.17	+4%	Settlement, Oct. 22 • Bloomberg via Rigzone
WTI crude (Dec.)	\$99.47	+2.4%	Settlement, Oct. 22 • Bloomberg via Rigzone
Nikkei 225	62,693.16	-0.34%	Tokyo close, Oct. 23 • FRED (Nikkei 225)

Gold is left out: no public page gave a closing price with its time before this issue's deadline. Oil changes are as reported by Bloomberg; the Brent change is rounded. The Nikkei row is Friday's Tokyo close, 2:30 a.m. ET.

The morning in four

1 • RATES

Note yields fell 16 to 12 bp.

The 2-year through the 10-year fell 16 to 17 basis points on Treasury's par curve Thursday; the 30-year fell 13. The 3-month bill moved 3.

U.S. Treasury

2 • CREDIT

Meta's cash went negative.

Free cash flow of negative \$2.12 billion, long-term debt of \$80.92 billion and a new non-voting share class to finance growth. This issue's reading: AI spending has reached the balance sheet.

Meta

3 • ECONOMY

Claims fell to 194,000.

Initial jobless claims fell 6,000 to 194,000 in the week ended Oct. 17. Insured unemployment rose 25,000 to 1,728,000 in the week ended Oct. 10.

Labor Department

4 • WORLD

Brent at \$113.25 overnight.

Brent was up 58 cents to \$113.75 and WTI up 66 cents to \$100.13 at 12:39 a.m. ET, Reuters reported, after Houthi attacks in Saudi Arabia stoked concerns of further disruption.

Reuters via BOE Report

THE DAY AHEAD • FRIDAY, OCT. 23

What to watch

9:45 A.M.

S&P Global flash PMIs for October

Manufacturing, services and composite. The September readings were 55.9, 58.8 and 58.4. The one scheduled U.S. print of the day.

ALL DAY

No BLS or Census releases

Neither agency has a release scheduled for Friday. Next week: durable goods and new home sales on Tuesday, Oct. 27.

SETTLEMENT

\$13 billion 20-year bond settles

Wednesday's 19-year 10-month reopening settles today. Treasury's auction data lists no sale for Friday; the \$26 billion 5-year TIPS sold Thursday settles Oct. 30.

ALL DAY

Fed blackout

The blackout rule keeps FOMC participants off policy talk until the day after the Oct. 27-28 meeting. It began Oct. 17.

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