

Weekly review: high yields support banks and make artificial intelligence financing more selective

Hello,

Over the past week, markets were driven by third-quarter bank earnings and by September inflation, which accelerated to 3.7%. High yields on long-term US Treasuries supported the net interest margin of the big banks. At the same time, they raised the cost of debt for data centers and chips and made financing more selective. Part of the commitments still sits off the main balance sheets, which shifts risk to structures that do not show up in the reports right away.

United States

Index	Close 16.10	Day	Week
S&P 500	7,659.44	-1.1%	-1.9%
Nasdaq Composite	26,140.03	-2.1%	-4.5%
Dow Jones	52,002.41	-0.3%	+0.7%

Data: Yahoo Finance, Friday close, 16.10.2026; the weekly change is against the close on 09.10.2026.

Earnings from JPMorgan, Goldman Sachs, Citigroup and Wells Fargo showed that net interest margin is holding up with the 10-year yield above 5%. Higher rates let banks reprice loans faster than deposits.

Investment banking sent mixed signals, while provisions stayed under control. Controlled provisions, however, do not rule out a delayed deterioration. With high yields and tighter lending, problems usually show up with some lag.

High yields are not yet stopping the financing of artificial intelligence infrastructure, but they are making it more expensive and more selective. Risk is shifting to off-balance-sheet structures and private credit.

Europe

Index	Close 16.10	Day	Week
DAX	25,622.61	+0.9%	+2.1%
CAC 40	7,956.70	+0.3%	+2.0%
Euro Stoxx 50	6,204.23	+0.6%	+0.5%

European indices held up better than Asian ones because the technology sector carries less weight. That shielded them from the correction in chipmakers. High US yields, however, keep weighing on valuations here too, because more expensive debt also hits European companies that fund capital spending with outside money.

Asia

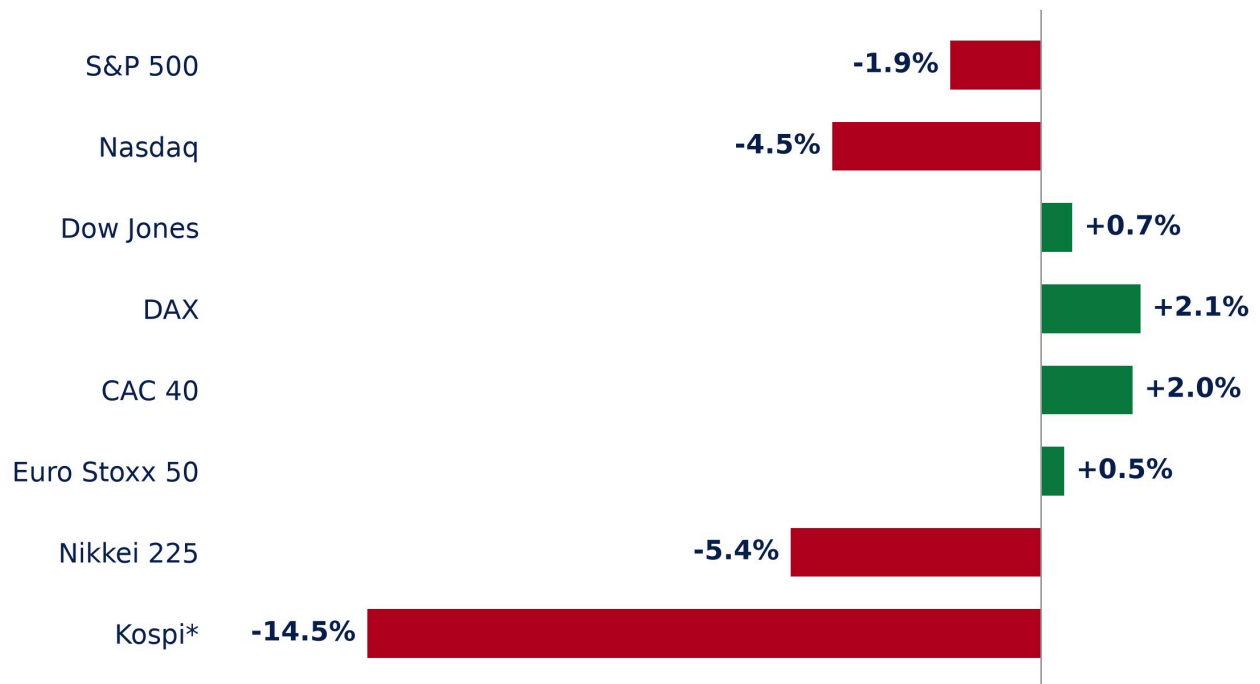
Index	Close 16.10	Day	Week
Nikkei 225	65,324.29	+1.4%	-5.4%
Kospi	5,668.05	+2.0%	-14.5%

Kospi: the weekly change is against 08.10, because the Seoul exchange was closed on 09.10.

The Nikkei 225 and the Kospi posted sharp losses for the week (-5.4% and -14.5%), despite the rebound on Friday. The correction hit mainly chip and memory makers. Investors keep asking who will take on the next round of capital spending, and at what price. The same question applies to US companies: the volume of financing is not shrinking sharply yet, but the terms are getting tighter.

Weekly index moves

Change 09.10 - 16.10.2026, Friday close



Source: Yahoo Finance. *Kospi vs 08.10 (09.10 was a market holiday in Korea).

Stocks

Banks profit from high rates in the short term. More expensive debt, however, makes large technology projects more selective. Shares of companies that rely on cheap financing for chips and data centers stayed under pressure.

Bonds and commodities

Indicator	Close 16.10	Day	Week
10-year Treasury yield (US)	5.10%	+0.01 pp	-0.15 pp
Brent crude (USD per barrel)	109.65	+3.5%	+4.7%
Gold (USD per ounce)	4,188.00	+0.4%	-0.7%

Data: Yahoo Finance, Friday close, 16.10.2026; the weekly change is against the close on 09.10.2026. Brent and gold are front-month futures.

The 10-year yield stayed at high levels, although it eased from 5.24% to 5.10% over the week. That supports bank margins but raises debt service costs for the big technology companies and for projects such as SpaceX. Brent crude at around \$110 a barrel, after a 3.5% jump on Friday, and gold at around \$4,190 keep up the inflationary and defensive pressure.

Key levels

Friday close, 16.10.2026, and weekly change

10-year Treasury yield (US)	5.10%	-0.15 pp
Brent crude	\$109.65	+4.7%
Gold	\$4,188	-0.7%

Source: Yahoo Finance. Brent and gold: front-month futures.

Currencies and crypto

The dollar moved without a clear direction against the euro, with EUR/USD ending the week at around 1.124. Bitcoin traded at around \$81,600, about 1.2% lower than the previous Friday. The crypto market followed moves in stocks and yields and gave no signal of its own.

Geopolitics

Tension around energy supplies in the Middle East is keeping oil prices up. Through oil, it affects inflation expectations and central bank decisions more strongly than individual corporate earnings.

What to watch next week

September CPI has already come in at 3.7%. Next week, markets will watch whether the energy component and high yields keep up the pressure on rate expectations.

If long-term yields stay above 5%, bank margins will hold up in the short term, while financing for AI infrastructure will stay more expensive and more selective.

A drop in yields would give tech valuations a temporary breather, but it would not settle the question of who carries the risk on off-balance-sheet commitments, or whether the controlled provisions at banks will stay that way.

Video and articles



Video: The absurd scale of AI and the cost of financing it (in Bulgarian)

On the ReVizia show on Nova News, I discussed capital spending on artificial intelligence and how it is financed. Part of the commitments still sits off the main balance sheets, and high yields make debt more expensive and more selective without stopping the projects. The question is not whether the need for computing power is real, but who carries the risk and at what price.

[Watch the recording \(in Bulgarian\)](#)

Hot Inflation and Expensive AI Infrastructure Debt

US inflation accelerated to 3.7%, and CoreWeave bonds approached a 15% yield. Why expensive AI infrastructure debt rattled the markets.

[Read the article](#)

Banks Report, Inflation Decides: What JPMorgan, Goldman and the Others Showed Ahead of CPI

Energy shocks push inflation up, inflation forces the central bank to raise rates, and higher rates change the terms of credit.

[Read the article](#)

Major Tom and the SpaceX report

Starlink makes the profit, xAI carries the valuation. What the SpaceX report shows at \$171.92 a share, and what the 17 November results can settle.

[Read the article](#)

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Until next week,

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