NOISE TO SIGNAL · VOL 1 · ISSUE 11 · WEEK OF SEP 21, 2026

5% is back. The hurdle rate *just moved.*

The ten-year Treasury yield is back at 5%, raising the hurdle for every investment. Plus the Fed and Bank of Japan hikes, CXMT's chip claim and the one-millisecond NATS outage.

By **Nicusor Popescu** with Ben Jaletzke · Published Sep 22, 2026 · Data as of Sep 20, 2026 · UTC−08:00

Vol 1, Issue 11 — At 5%, the government bond sets the starting point every other investment has to clear. Conceptual illustration.

THE BRIEF

The U.S. ten-year Treasury yield stood at **5.01% on Friday**, while the thirty-year reached **5.34%**. Earlier in the week, the Federal Reserve raised its policy rate by 25 basis points to **3.75–4.00%**. Short-term policy and long-term financing costs are different things, but neither is offering much relief to borrowers.

There is nothing magical about 5%. The significance is what it asks of every investment competing with it. A higher government-bond yield raises the starting point for assessing dollar-denominated investments. Investors still need compensation for business risk, illiquidity and execution. Strong growth can justify paying more, but only if enough of that growth survives the cost of financing it.

This is not a straightforward instruction to buy bonds. A ten-year Treasury is not cash: its market value can fall if yields rise further, and inflation can erode its purchasing power. The relevant comparison is between risks and prospective returns, not headline yields alone.

For companies, the adjustment will arrive unevenly. Fixed-rate debt and hedging can delay the impact. Floating-rate borrowers feel it sooner. Businesses refinancing next year may face a different economic reality from competitors whose funding is secured for another five.

The same distinction applies to new investment. A project can have genuine customer demand and still struggle to earn an adequate return after construction costs, interest and delays. Better operating performance does not automatically rescue an investment made at the wrong price.

OUR BRIEF

The question is not simply which companies can keep growing. It is which can finance that growth without weakening the return to shareholders. Debt maturities, interest coverage and cash generation deserve as much attention as revenue forecasts. At 5%, the alternative use of capital is harder to ignore.

Sources: U.S. Treasury — daily par yield curve, September 2026 · Federal Reserve — FOMC statement, 16 September

Macro

Factor / Theme	Our read
U.S. the Fed raises the bar	The Fed unanimously raised its target range to **3.75–4.00%**, citing resilient spending, strong investment and elevated inflation. The decision makes funding more expensive without resolving how much further tightening may be needed. For investors, the distinction between an isolated adjustment and a longer cycle remains important. Federal Reserve, 16 September
UK a hold, with disagreement	The Bank of England kept Bank Rate at **3.75% by a 6–3 vote**, with three members preferring an increase. August CPI inflation was 3.1%. The unchanged headline rate should not obscure the disagreement beneath it: policymakers are weighing persistent price pressure against the risk of unnecessarily weakening demand. Bank of England, 17 September
Japan another step away from cheap money	The Bank of Japan voted **7–2** to raise its policy rate to **1.25%, effective 24 September**. It cited rising underlying inflation and continued wage-price pressure. The dissent matters: normalisation is continuing, but there is no unanimous view that the economy warrants a faster pace. Bank of Japan, 18 September
China production outpaces consumption	August industrial output increased **5.2% year-on-year**, while retail sales grew just **0.4%**. The divergence remains more informative than either number alone. Stronger factory activity does not establish a broad domestic recovery, particularly for companies relying on households rather than export or industrial customers. NBS, 15 September
U.S. consumer spending rebounds	Retail sales increased **1.2% in August**, reversing July's decline. The control group used in GDP calculations rose 1.4%. These are nominal figures, not inflation-adjusted volumes, but the breadth of the rebound argues against treating the previous month's weakness as a settled consumer trend. Census Bureau, 16 September · TD Economics — control group
Oil rerouting is not normalisation	Trade sources reported plans to move around **60mn barrels of Saudi crude through transfers off Oman for September and October**, partly offsetting disrupted Red Sea exports. Additional cargoes can ease shortages, but alternative routes still depend on shipping availability, insurance and security. More supply reaching buyers is not the same as restoring the original network. Reuters via Zawya

Public Markets

Name / Theme	What happened	Our read
Lennar affordability reaches the margin	Quarterly new orders fell **9%**, while the home-sales gross margin declined to **15.8% from 17.5%** a year earlier. Lennar also reduced its full-year delivery target. Lennar, 16 September	Building more efficiently helps, but it does not remove the buyer's financing constraint. Incentives can protect volumes while transferring part of the affordability problem into the builder's margin.
Volkswagen a larger reset	Volkswagen cut its expected 2026 operating margin to **no more than 1%**, from 4.0–5.5%, and flagged roughly **€10bn of one-off charges**, including substantial Porsche impairments. Shares fell 5.6%. Volkswagen, 18 September	Impairments are not equivalent to immediate cash outflows. They do, however, reflect lower expectations for future earnings. The operating recovery must be assessed separately from the accounting reset.
Berkshire Hathaway succession advances	Warren Buffett became **chairman emeritus while remaining a director**. Howard Buffett succeeded him as chairman, with Greg Abel continuing as chief executive. Berkshire Hathaway, 18 September	This completes another stage of a planned transition, rather than an abrupt management change. Future capital-allocation decisions will provide the meaningful test of how much of Berkshire's discipline is institutional.
Barratt Redrow better reservations, fewer completions	The UK housebuilder lowered its FY2027 completion target to **17,500–17,900 homes**. Nevertheless, stronger reservations and better-than-expected adjusted profit helped lift its shares by more than 8%. Barratt Redrow — full-year results	Demand, delivery capacity and profitability need separate assessments. Improved reservations are encouraging, but do not immediately overcome planning delays, affordability constraints or the cost of sales incentives.
MediaTek another premium-chip contender	Taiwan's MediaTek launched its **Dimensity 9600 Pro**, using TSMC's two-nanometre manufacturing technology and targeting premium smartphones. MediaTek, 15 September	A product launch establishes capability, not commercial success. Customer adoption, production availability and the margins earned on those designs will show whether the technology strengthens MediaTek's position.
LPP value retail still finds growth	The Polish fashion group reported quarterly revenue growth of **18.4%** and a **64% increase in net profit**. Its Sinsay business accounted for most of the absolute revenue increase. Reuters, 17 September	The consumer picture is not uniformly weak. Format and price positioning matter. However, favourable currency movements and cost control also supported profit, so the earnings increase should not be attributed entirely to stronger demand.

M&A

Name / Theme	What happened	Our read
Grab Atome Financial	Grab agreed to acquire a **60% stake for $1.49bn in cash**, including $260mn of new growth capital. Completion is expected by Q3 2027, subject to approvals. Grab, 15 September	The acquisition would expand Grab's consumer-lending platform across Southeast Asia. Distribution can accelerate loan growth; the return still depends on underwriting, funding costs and credit losses.
Cohere Aleph Alpha	The companies signed a **definitive combination agreement**, following their April announcement. The combined business would operate as Cohere, with headquarters in Canada and Germany. Regulatory approvals remain outstanding. Cohere, 16 September	The proposed combination emphasises enterprise deployment and customer control. Its commercial test is whether combining research, distribution and customer relationships produces more than the two businesses could achieve separately.
FedEx–Advent consortium InPost	**89.81% of InPost shares** were tendered into the consortium's approximately **€7.8bn offer**, exceeding the 80% acceptance threshold. Delisting is planned after completion. Reuters, 18 September	The acceptance hurdle has been cleared; the transaction is not yet the same as completed integration. The strategic asset is InPost's locker network, whose economics depend on parcel density and sustained customer use.
Essar SGN Retail	Essar's retail business acquired the UK forecourt operator, adding **118 petrol stations** and taking its network to 235. ESM, 14 September	Combining refining and retail distribution provides more control over the route to the customer. It does not eliminate exposure to volatile fuel margins or the need to invest in the retail estate.
Puig ISDIN	Spain's Puig agreed to buy the **remaining 50% of skincare company ISDIN for €1.2bn**, moving towards full ownership. Reuters, 14 September	Full control allows closer integration and captures more of future earnings. The additional ownership only creates value if those earnings justify the price paid for the remaining stake.
AkzoNobel Axalta	The UK Competition and Markets Authority formally launched its **Phase 1 merger review**, with a decision deadline of **11 November**. CMA case page	Opening an investigation is a procedural step, not a finding against the deal. For investors, the relevant variables are the review timetable, potential remedies and any resulting change to the transaction's economics.

Staying Diligent

Things we are watching: 21–25 September

Calendar and analysis as of 20 September; publication 22 September.

Event / Theme	Why we care
U.S.–China summit implementation over headlines	The leaders are scheduled to meet on **Thursday 24 September**, following preparatory talks covering trade, critical minerals and AI. Watch for specific changes to market access, licensing and delivery commitments. Announcements matter less commercially than when, and under what conditions, they take effect. SCMP — Beijing confirms the visit · CSIS — summit tracker
Flash PMIs demand versus costs	September's preliminary business surveys arrive this week, including the U.S. release on **Wednesday 23 September**. New orders, employment and input prices will help distinguish resilient demand from activity sustained at increasingly uncomfortable costs. One month's survey is a signal, not confirmation of a new trend. Release schedule
UK public finances the interest bill	August public-finance data are due on **Tuesday 22 September**. Borrowing, receipts and debt-interest spending will provide a useful check on the fiscal position. Higher market yields do not reprice the entire debt stock immediately; the timing and composition of the interest bill matter. ONS release
Swiss National Bank a different policy setting	The SNB publishes its monetary-policy assessment on **Thursday 24 September**. After the Fed and Bank of Japan raised rates, its inflation forecast and discussion of the franc will help show how differently the same global pressures are being transmitted across economies. SNB meeting calendar
Costco membership meets household budgets	Costco reports on **Thursday 24 September**. Traffic, average spending, membership renewals and discretionary categories should provide a more useful consumer assessment than revenue alone. The question is whether customers are buying more, paying more, or changing what goes into the basket. Costco investor relations
U.S. housing and investment two financing tests	**New-home sales arrive Thursday 24 September; durable-goods orders follow Friday 25 September.** Housing will test affordability, while core capital-goods orders offer a view of business investment beyond headline aircraft orders. Both matter when borrowing costs are rising. Census release schedule

The Unhedged View

China's chip progress still has to pass the cost test.

More dies per wafer is not the same as more working chips at a competitive cost.

China's CXMT said on Sunday that its fifth-generation memory-chip platform had entered mass production. The company claims **at least 50% more gross chip dies per wafer** than its previous generation. That is output before defective chips are excluded, not a verified 50% increase in usable production. That distinction is where the investment argument begins.

The announcement comes while U.S. export controls restrict access to certain advanced manufacturing equipment and software. Continued technical progress and continuing constraints can therefore coexist. One product announcement cannot establish either that restrictions have stopped progress or that their effects have been overcome.

For investors, the more useful question is what that progress costs. A manufacturer can demonstrate a smaller feature size without demonstrating a lower cost per working chip. Additional production steps, defective output, testing requirements and equipment utilisation all affect the economics. A more advanced process is valuable only if customers can obtain qualified products reliably and at a competitive price.

This creates two separate tests. The first is technological: can the company produce the chip? The second is commercial: can it repeatedly produce enough usable chips, secure customer approvals and earn an acceptable return on the capital invested?

Neither should be confused with complete supply-chain independence. Nor should a constrained production process automatically be dismissed as commercially irrelevant. The answer depends on actual operating results.

OUR VIEW

CXMT's announcement deserves attention, but the next evidence should come from reliable shipments, customer adoption and manufacturing economics. The competitive implications will be clearer when those measures accompany the technical milestones. The important number is not simply the manufacturing generation. It is the cost of a chip that works.

Sources: TechNode — CXMT fifth-generation DRAM enters mass production · Global Times, 20 September

In Other News

The dashboard may be green while the departure board is still red.

One millisecond. Days of disruption.

A preliminary NATS report published on **18 September** traced Britain's air-traffic disruption on **8 September** to a software defect triggered during a sequence of operations lasting around a millisecond. More than **2,000 flights were delayed, cancelled or diverted**.

A request to allocate an aircraft identification code was interrupted by a higher-priority process. When it resumed, the defect corrupted information used by controllers. Traffic restrictions followed to maintain safety.

NATS operations returned to normal that evening. Clearing the passenger backlog took **more than two days**. NATS said safety was maintained throughout.

That gap is the important part. Restoring a system is not the same as restoring the service built around it. Aircraft, crews and passengers still need to be in the right places. A technical restart does not erase the work accumulated while the system was unavailable.

Businesses often measure resilience by how quickly their technology can recover. Customers experience something different: how long it takes to receive the service they were promised.

The distinction changes what a useful contingency plan should test. Can the business operate at reduced capacity? Can it manage the backlog? Can suppliers and customers recover alongside it? Preventing the next software defect matters. So does limiting how far one defect can spread.

The lesson: measure recovery from the customer's side of the system. The dashboard may be green while the departure board is still red.

Sources: NATS — preliminary report on the 8 September incident · Airways — flight-disruption figures

The Thinking Corner

When an investment depends on financing, technology and infrastructure all working as expected, how should we identify which assumption could fail first, and whether the expected return adequately compensates us for that risk?

FROM THE FELIX VIEW

Latest from the team