Are Bond Yields Running Out of Steam? – 10/15/2026

Macro Views

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A hotter-than-expected September CPI report pressured stocks, but the bond market may be sending a more important signal. Headline CPI rose in September, lifting annual inflation, while core inflation increased to 2.6%, which was above expectations. Rate-hike expectations increased, but longer-term yields fell. After briefly reaching 5.35%, the 10-year Treasury yield reversed lower, suggesting rates may already be high enough to cool the economy. The recent move below 5.10% in the 10-year yield reinforces the view that yields may have peaked. The S&P 500 fell below 7,800 and is testing key support at that level. Leadership has shifted toward defensive sectors, while semiconductors and small caps have broken below key support. I'm shifting from selectively optimistic to cautious on stocks, though potentially peaking yields provide an important offset. A break below key support would warrant a defensive stance, while a rebound in stocks and lower yields would suggest this is a temporary pullback.

For more information, please watch the replay video.

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Trade Idea

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September's hotter-than-expected CPI report initially pushed Treasury yields higher, but the move quickly reversed, suggesting rates may already be high enough to cool the economy. When bad news can no longer push yields higher, it often signals a potential turning point. With yields reversing from their post-inflation highs and long-term Treasurys near their lows, I'm using a limited-risk bull put spread on the iShares 20+ Year Treasury Bond ETF (TLT) to position for bonds to hold above approximately $79. For this trade, I'm selling the TLT Nov. 80/78 put spread at a $0.74 credit.

TLT @ $80.18	BUY 1 NOV 20TH 78 PUT AT $0.58
	SELL 1 NOV 20TH 80 PUT AT $1.32
10.15.2026	CREDIT ($1.32 – $0.58) * 100 = $74
	($1.32 – $0.58) * 100 = MAX GAIN OF $74
TLT BULL PUT SPREAD	($80 – $78 – $0.74) * 100 = MAX RISK OF $126

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Yum! Brands (YUM) was hit by a temporary foodborne-illness setback at Taco Bell, but customer traffic is gradually recovering. The company continues to benefit from its franchise-heavy business model and is returning capital through stock buybacks. With the stock reclaiming key technical levels and relative strength improving, I'm using a limited-risk bull call spread to position for a move toward my $160 upside target. For this trade, I'm buying the Nov. 145/160 call spread at a debit of $6.30.

YUM @ $150.58	BUY 1 NOV 20TH 145 CALL AT $8.85
	SELL 1 NOV 20TH 160 CALL AT $2.55
10.15.2026	DEBIT ($8.85 – $2.55) * 100 = $630
	($160 – $145 – $6.30) * 100 = MAX GAIN OF $870
YUM BULL CALL SPREAD	($8.85 – $2.55) * 100 = MAX RISK OF $630

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Tony's Lookback

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A little over a month ago, I sold the Oct. 95/90 put spread on Zoom (ZM) for about $2.00. It's been a choppy ride since entering the trade, and the spread is now trading at $0.90. I want to close out of this position and take profits, now that ZM is back above that $95 level. My overall thesis remains intact. Net margins and cash flow are strong, which is why I remain bullish.

ZM 09.10.2026	$95.59	ZM 10.15.2026	$96.19
BUY 1 OCT 16TH 90 PUT AT $2.40		SELL 1 OCT 16TH 90 PUT AT $0.12	
SELL 1 OCT 16TH 95 PUT AT $4.40		BUY 1 OCT 16TH 95 PUT AT $1.02	
NET CREDIT = $200		CURRENT NET DEBIT = $90	
		GAIN IF CLOSED = $110	

ZM BULL PUT SPREAD

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I'm looking to roll this out to the November expiration, using the same 95/90 strikes. It's virtually the same trade, but I'm just moving it out until November. By rolling in the profits from the first trade, I'm flipping the risk-reward ratio in my favor.

ZM @ $96.19	BUY 1 NOV 20TH 90 PUT AT $2.40
	SELL 1 NOV 20TH 95 PUT AT $4.30
10.15.2026	CREDIT ($4.30 – $2.40) * 100 = $190
COMBINED MAX GAIN = $300	($4.30 – $2.40) * 100 = MAX GAIN OF $190
COMBINED MAX RISK = $200	($95 – $90 – $1.90) * 100 = MAX RISK OF $310

ZM BULL PUT SPREAD

For more information, please watch the replay video.

Tune in tomorrow for more details on this week's trade ideas.

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