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AMERICAN CHAMBER OF COMMERCE

USA OUTLOOK

WEEKLY NEWSLETTER
AUGUST 31 TO SEPTEMBER 04

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AUGUST 31, 2026

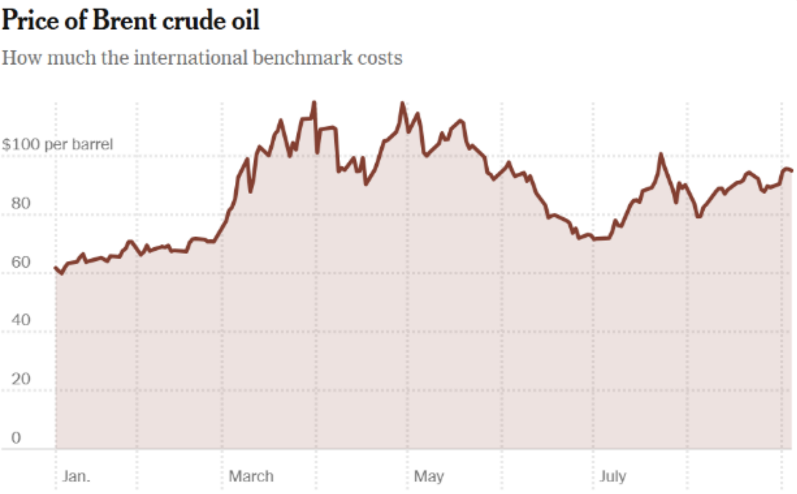

Photo: NY TIMES

Global Oil Prices Jump After U.S. and Iran Trade Attacks

Global oil prices rose sharply after the United States and Iran exchanged attacks for the first time in a month, with Brent crude climbing above $90 a barrel. The renewed tensions have increased concerns over disruptions to energy supplies, particularly as shipping through the Strait of Hormuz remains severely constrained.

The Strait of Hormuz, which previously handled roughly one-fifth of global oil shipments, has seen traffic fall dramatically since the conflict began. Continued attacks on vessels and efforts to clear sea mines are adding further uncertainty for global energy markets and keeping transportation risks elevated.

The impact is also being felt in fuel markets, with the U.S. national average for gasoline remaining around $4.08 per gallon, up 37 percent since the war began, while diesel prices have increased nearly 49 percent. Refinery margins are expected to remain elevated as disruptions to crude and refined-product exports continue, potentially keeping energy costs higher into next year.

Source: https://www.nytimes.com/2026/08/31/business/oil-prices-iran-war.html

SEPTEMBER 01, 2026

Bond Sell-Off Threatens to Squeeze Borrowers Around the World

Global bond markets are facing a broad sell-off as government borrowing costs reach multi-decade highs. Investors are demanding higher returns amid concerns over rising public debt, persistent inflation, expanding fiscal deficits, and higher energy prices linked to the conflict in Iran. The yield on 10-year U.S. Treasury notes briefly reached 4.8 percent, while bond yields also climbed significantly in Japan, the United Kingdom, and Germany, signaling that the pressure is affecting major economies worldwide.

Higher government bond yields could translate into more expensive borrowing for businesses and consumers, affecting mortgages, corporate loans, and other forms of credit. Expectations that central banks may keep or raise interest rates to contain inflation are adding to the pressure, while governments face growing debt burdens and limited fiscal space. The continued rise in borrowing costs could ultimately force policymakers to take stronger action on deficits and debt, as financial markets increasingly impose discipline on government spending.

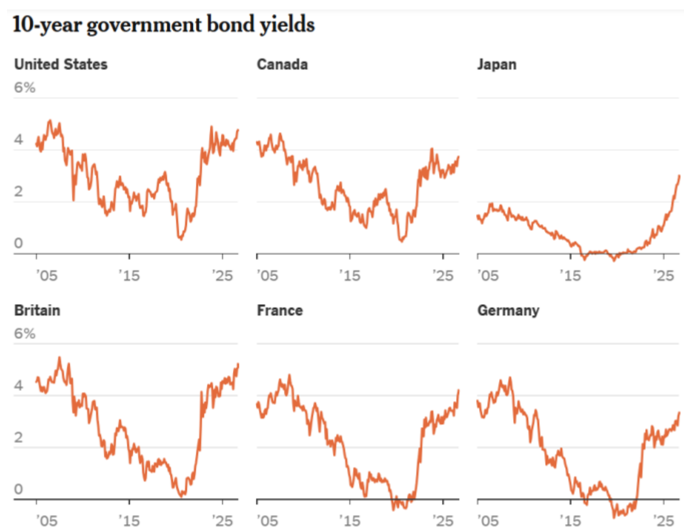

Photo: NYTIMES

Source: https://www.nytimes.com/2026/09/01/business/bond-yields-debt.html

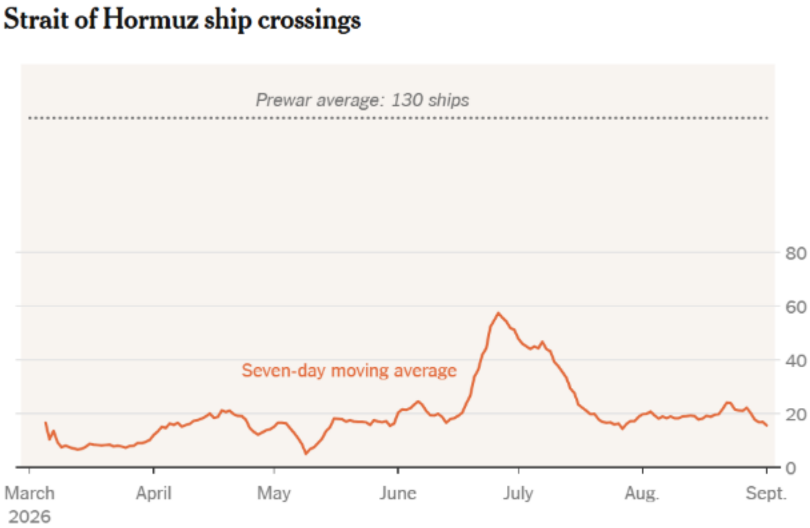

Photo: NY TIMES

Investors Still on Edge Over War, Debt and Inflation

The escalation of the conflict between the United States and Iran continues to weigh on financial markets, particularly through its impact on energy prices and inflation expectations. Brent crude remains around $95 per barrel, more than 30% above prewar levels, while disruptions in the Strait of Hormuz continue to affect global shipping. This has pushed gasoline and diesel prices higher and increased the risk of renewed inflationary pressures worldwide.

At the same time, investors remain concerned about elevated government debt and fiscal deficits. Sovereign bond yields continue to rise, with the U.S. 10-year Treasury yield hovering around 4.8%, increasing borrowing costs for consumers and businesses. The combination of geopolitical tensions, inflation and higher financing costs is keeping markets volatile and could further constrain the ability of central banks and governments to respond to a potential economic slowdown.

Source: https://www.nytimes.com/2026/09/02/business/oil-bond-yields-iran.html

Rate Rise in Play as Fed Officials Await Inflation Data

The Federal Reserve is considering a possible interest-rate increase at its Sept. 15–16 meeting as policymakers assess whether inflation is continuing to ease. Governor Christopher Waller said he would support keeping rates unchanged if upcoming data show further progress toward the Fed's 2% target, but would consider a hike if inflation comes in higher than expected.

The key data point will be the August Consumer Price Index report, scheduled for Sept. 11. Fed officials remain divided, with some seeing recent inflation pressures as temporary while others are concerned that broader price increases could persist. The strength of economic growth and a relatively stable labor market are also giving policymakers more room to focus on inflation.

The Fed's decision comes as higher energy prices, tariffs and geopolitical tensions add uncertainty to the economic outlook. At the same time, U.S. government bond yields remain elevated, increasing borrowing costs for households and businesses. A rate hike could reinforce those pressures, while holding rates steady could risk allowing inflation to remain above target for longer.

Photo: NYTIMES

Source: https://www.nytimes.com/2026/09/03/business/interest-rates-inflation-federal-reserve.html

Photo: NYTIMES

The Bond Markets Are Pushing Up Rates. Will Central Banks Follow?

The global sell-off in government bonds is pushing borrowing costs to their highest levels in decades, as investors increasingly expect central banks to keep interest rates higher for longer. Bond yields have risen sharply in major economies, with the 30-year U.S. Treasury yield reaching a two-decade high, while borrowing costs in Japan, Germany and Britain have climbed to levels not seen in more than a decade. The shift reflects concerns over persistent inflation, resilient economic growth and the growing demand for debt from governments and large corporations, signaling that financial markets may be anticipating a return to a higher-rate environment.

Inflationary pressures are adding to the uncertainty. The war in Iran has pushed energy prices higher and increased concerns that inflation could become more persistent, while elevated government spending and debt are putting additional pressure on bond markets. The United States faces a widening budget deficit alongside more than $40 trillion in debt, while Japan, Germany and France are also increasing spending. At the same time, technology companies are borrowing heavily to finance artificial intelligence infrastructure, with major technology firms issuing more than $200 billion in debt this year, intensifying competition for available capital and giving investors greater influence over borrowing costs.

The rise in bond yields, however, is not necessarily a sign of economic weakness. Analysts argue that higher rates also reflect a more resilient global economy, supported by strong investment in artificial intelligence and growth that has remained relatively stable despite tariffs and geopolitical conflicts. The IMF expects global growth of 3% this year and 3.4% in 2027, suggesting that economies may be better positioned to absorb higher borrowing costs than during the post-2008 period of exceptionally low rates. Nevertheless, major central banks are increasingly moving toward tighter monetary policy, with the European Central Bank widely expected to raise rates next week, the Bank of Japan expected to increase rates this month, and markets assigning a 50% probability of a quarter-point Federal Reserve hike in September.

Source:

https://www.nytimes.com/2026/09/04 /business/bond-yields-rates-central-banks.html