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REGIME INTELLIGENCE · RATES · OCTOBER 2026

The Hike That Moved — and the Hike That Disappeared

How October was pushed toward December while a second hike vanished from the rate path

By: [Sherif Saad @sheriffanous](#) [Regime Intelligence](#) — October 9, 2026. Sourced from the Federal Reserve, BLS, BEA, FRED, and CME FedWatch. See Sources.

KEY TAKEAWAYS

From September 29 to October 2 the market got three soft signals in a row. Williams said there was no urgency for another hike. The September 30 BEA release put August core PCE at 3.0 percent. The October 2 BLS release put September payrolls at +29,000 and the unemployment rate at 4.2 percent. FedWatch's own table shows the October 28 hike probability falling from 64.2% on September 25 to 22.1%, and the no-change probability rising from 35.8% to 77.9%. That was not only a change of date. The chance of at least one hike by December 9 slipped from 92.6% to 85.2%. The chance of two hikes by then fell from 51.0% to 17.9%. Expected tightening fell at every meeting on the curve: October from 16bp to 6bp, December from 36bp to

26bp, January 2027 from 49bp to 36bp. One hike moved. A second one was priced out (Figure 1). The market is now pricing about 26bp of additional tightening by December 9, almost exactly the Fed's September projection of one further 25bp hike. It got there by moving, from about 36bp a week earlier. The cash curve did not confirm any of it. On October 2, the day of the weak jobs report, both the 2-year and the 10-year closed higher than the day before. On this desk's own earlier calls: the September hold was wrong; the July 29 credibility claim stays downgraded; the CPI-PCE wedge narrowed, but not for the reason Article 2 gave. Article 3's event study is the series' principal quantitative finding, still awaiting independent replication.

00 THESIS

The October hike is nearly gone. The December hike isn't.

Between September 25 and October 3, the probability of an October 28 hike fell from 64.2% to 22.1%. That part is straightforward.

The more interesting move was underneath it.

The probability of at least one hike by December 9 slipped only from 92.6% to 85.2%. But the probability of two hikes by then collapsed from 51.0% to 17.9%. Expected tightening fell at every point on the curve: from 16bp to 6bp for October, 36bp to 26bp for December, and 49bp to 36bp for January 2027.

One hike moved. Another disappeared.

That distinction matters. The market did not simply push October's hike into December. It also abandoned a large part of the tightening it had previously expected.

The result is now strikingly close to the Fed's own September projection. The market is pricing about 26bp of additional tightening by December 9, almost exactly one further 25bp hike.

That is a real change in the rate path. It is also a useful correction to the story this series was telling three weeks ago.

The September 16–17 rally in the long end did not mark a lasting disinflationary repricing. It was a bounce. By late September, the long end had returned to—and then exceeded—its earlier highs.

The durable move came somewhere else: in meeting-specific rate pricing.

And there is an important complication. The cash Treasury market did not confirm the move. On October 2, the day of the weak payrolls report, both the 2-year and 10-year yields closed higher than the previous day.

So the market has moved toward a softer Fed path.

Treasuries have not yet agreed.

That tension is the real story of this note.

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THE SCORECARD — ARTICLE BY ARTICLE



PRIOR NOTE

Article 4 — The Day After the Fed

The September 16–17 long-end rally this note treats as a bounce, not a lasting disinflationary repricing.

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October's hike was pushed toward December. A second hike was priced out.

FedWatch turned dovish. The 2-year and 10-year closed higher on payrolls day.

Scorecard, yields, and what this series still does not re-test — inside.

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