# Week in Review | Reinhart Fixed Income
# By Madison Investments

October 16, 2026

## Inflation

The Consumer Price Index (CPI) rose 0.6% in September. The core CPI, excluding food and energy, rose 0.3%. Year-over-year, consumer prices are up 3.7% while core CPI has risen 2.6%. Producer prices (PPI) were up 1.3% in September and are up 6.3% over the last 12 months, a significant increase from August's numbers. Both the CPI and PPI numbers showed an acceleration in inflation from August, and both were above expectations. Interest rates initially rose following the CPI report but then retraced this move and then fell following the PPI report.

**Our Take:** September inflation data came in much hotter than expected, with both consumer and producer prices showing continued upward pressure. Core CPI also remains elevated, suggesting underlying inflationary pressures have yet to meaningfully ease. With inflation moving further from the Fed's 2% target, the latest data suggest that further Fed tightening will be needed to contain inflation. The market reaction to the hotter-than-expected inflation prints indicates some level of concern that key drivers of recent economic strength may be susceptible to a slowdown.

## Crude

Iran stepped up attacks in the Strait of Hormuz, and reports indicated a likely intensification of the conflict following the midterm elections. President Trump's diesel deal with Russia came into doubt as legislators introduced a bill to block it and Ukraine continued attacks on Russian refineries. Crude prices rose later in the week.

**Our Take:** The Iran conflict looks likely to intensify before there is any resolution, and it also looks less likely that Russia will be an alternate source of fuel supplies. Energy prices are unlikely to subside until the conflict is resolved.

# Contact

| Financial Advisors | Institutional Investors and Consultants | Visit us online |
|---|---|---|
| 888.971.7135 | 888.971.7135 | madisoninvestments.com |
| Find your Regional Director on our coverage map or by visiting madisoninvestments.com/contact. | | |

# About Reinhart Fixed Income

Quality, stability, and predictability are the hallmarks of the Reinhart Fixed Income management philosophy. We believe that successful fixed income management is a product of understanding the role bonds play in a specific client's investment strategy and developing unique portfolios to meet the objectives of the client. Reinhart Fixed Income is part of Madison Investments, an independent investment manager providing active, high-quality, and high-conviction portfolios since 1974.

# Disclosures

"Madison" and/or "Madison Investments" is the unifying tradename of Madison Investment Holdings, Inc., Madison Asset Management, LLC ("MAM"), and Madison Investment Advisors, LLC ("MIA"). MAM and MIA are registered as investment advisers with the U.S. Securities and Exchange Commission. Madison Funds are distributed by MFD Distributor, LLC. MFD Distributor, LLC is registered with the U.S. Securities and Exchange Commission as a broker-dealer and is a member firm of the Financial Industry Regulatory Authority. The home office for each firm listed above is 550 Science Drive, Madison, WI 53711. Madison's toll-free number is 800-767-0300.

Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

Although the information in this report has been obtained from sources that the firm believes to be reliable, we do not guarantee its accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security and is not investment advice.

Madison Investment Holdings, Inc. acquired the fixed income management assets of Reinhart Partners, Inc. on June 11, 2021 and now employs the Investment Team that previously managed the assets at Reinhart. The Investment Team manages the assets using substantially the same strategies and objectives as at Reinhart. Performance information dated prior to the purchase reflects that of Reinhart Partners, Inc.

Quality refers to the bond ratings provided by the various third-party ratings agencies. Stability and predictability refer to the cash flow of individual securities and not to the market value or performance of portfolio holdings. There is no guarantee this strategy will lead to investment success.

In addition to the ongoing market risk applicable to portfolio securities, bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer.

Consumer Price Index (CPI) measures changes in the price level of a weighted average market basket of consumer goods and services purchased by households.

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services.

The federal funds rate is the target interest rate range set by the Federal Open Market Committee (FOMC) for banks to lend or borrow excess reserves overnight. It influences monetary and financial conditions, short-term interest rates, and the stock market.