SpirePoint
PRIVATE CLIENT

WEEKLY MARKET OUTLOOK

Week Ahead – September 8, 2026

WEALTH MANAGEMENT & ADVISORY
VERO BEACH & PALM BEACH GARDENS, FL

THIS WEEK'S THEME | *Markets in Conflict — Oil Ripped and Payrolls Beat, Yet the Fed Path Eased: Friday's Inflation Report Decides September*

EXECUTIVE BRIEF · PUBLISHED SEPTEMBER 8, 2026

The S&P 500 finished the week almost exactly where it started, **+0.09%** to **7,718.60**, about 1% below its August record. Beneath that flat line, the week delivered two of the strongest inflation signals of the year. Crude oil jumped **9.3% to $91.22**, up 59% for 2026, and the premium for barrels delivered this December over next December widened to **$14**, the steepest of the year. On Friday, August payrolls came in at **162,000** against a forecast of 53,000, the best month since March, and July's previously reported decline was revised to a gain.

The bond market's response is the week's puzzle. Expected inflation rose 7 basis points. Yet the rate the futures market prices for December *fell* 4 basis points, because three Federal Reserve officials said in the same week they would hold if inflation is moderating. Strong jobs, expensive oil, and a central bank that has told the market only inflation counts: that leaves Friday's consumer price report as the single number that decides the September 16 meeting. Meanwhile the quieter trends continued. Barely 47% of the index trades above its 50-day average, the weakest credit tier sold off sharply, and the market-based fear gauge fell into fear. The tape is calm at the surface and busy underneath.

01 Index Performance Dashboard

1-WK · YTD

S&P 500	NASDAQ COMPOSITE	DOW INDUSTRIALS	RUSSELL 2000	DOW TRANSPORTS
+0.09%	+0.40%	−0.27%	+0.11%	−1.72%
YTD +12.75%	YTD +14.05%	YTD +11.13%	YTD +19.89%	YTD +21.05%
flat, 1% below the record	semiconductors carried it	drifted lower	flat, still +19.9% for 2026	the week's laggard, still the year's leader

Value	LARGE-CAP VALUE	+0.52% YTD +18.57%
Growth	LARGE-CAP GROWTH	−0.10% YTD +8.78%

Value edged ahead again, +0.52% against −0.10% for growth, restoring the year's pattern after last week's reversal. Value now leads by almost **ten percentage points** for 2026. The interesting split was inside growth itself: semiconductors rose 2.32% and the seven largest growth companies 1.05%, while the broad growth basket slipped. That is a narrow bid inside an already narrow group, and it is the same pattern the breadth figures below describe from the other side.

02 S&P 500 Sector Dashboard

INDUSTRIALS DOWNGRADED · ENERGY LED

SECTOR	1-WK	YTD	STRATEGY CALL	WHAT IT MEANS
S&P 500 ETF SPY	+0.11%	+12.94%	Cautious	Effectively unchanged on a week when four of eleven sectors rose and one was exactly flat. A market holding its level on shrinking participation is the setup we have described for three weeks; it has not resolved.
Communication Svcs XLC	−0.85%	−4.83%	Lagging	Fell 0.85% and remains the weakest sector of 2026 at −4.8%. Nothing here has changed.
Consumer Discretionary XLY	−1.96%	−3.77%	Lagging	The week's worst sector at −1.96%, deepening its loss for the year to −3.8%. Fuel at $91 crude is a direct tax on discretionary budgets, and the market priced it that way.
Consumer Staples XLP	−1.02%	+8.88%	Neutral	Fell 1.02%, unusual for a defensive sector in a cautious week. Still ahead of the index for the year at +8.9%, though the margin narrowed.
Energy XLE	+2.20%	+43.28%	Leading	The week's leader at +2.20% as crude jumped 9%, extending its lead as the best sector of 2026 at **+43.3%**. The upgrade two weeks ago is doing its job. We are not adding into a 9% weekly move in the underlying commodity.
Financials XLF	0.00%	+6.08%	Leading	Exactly unchanged on the week. Banks are caught between a steeper curve, which helps them, and the first signs of stress in the weakest credit tier, which does not. The call holds on the trend since June.
Health Care XLV	+0.17%	+10.76%	Leading	Edged up 0.17% and continues to hold its gains from the summer advance. Steady rather than spectacular, which in a week like this one is the point.
Industrials XLI	−1.06%	+12.99%	▾ Lagging	**Downgraded to lagging after two weeks on downgrade watch.** Fell 1.06% and its relative strength against the S&P 500 set a fresh 2026 low during the week, adding conviction to the call. Still +13.0% for the year, which is precisely why a strong year-to-date figure is not the measure.
Materials XLB	−1.39%	+15.63%	Lagging △ watch	Fell 1.39% with the metals flat and copper barely higher. Still +15.6% for the year and ahead of the index, so it stays on **upgrade watch**, but this week did not help the case.
Real Estate XLRE	−1.24%	+8.87%	Lagging	Fell 1.24% as the 10-year rose 5 basis points. The most rate-sensitive sector behaving as expected in a week yields rose. The call is unchanged.
Technology XLK	+0.86%	+30.08%	Lagging	Rose 0.86%, a second consecutive gain since the downgrade. As we said last week, one good week does not reverse a trend measured since June; two is worth noting. A third would prompt a formal review.
Utilities XLU	+0.82%	+0.91%	Lagging	Rose 0.82%, one of only four sectors higher, likely on the flight from cyclicals rather than anything specific. Still barely positive for 2026.

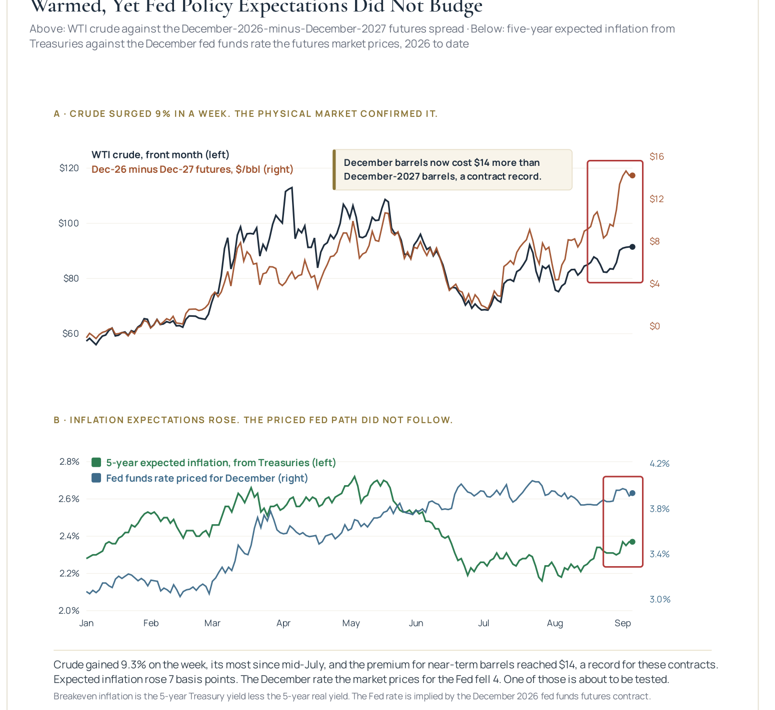
Industrials (XLI) have been downgraded to lagging after two weeks on downgrade watch. It has trailed the index since midsummer, this week's 1.06% decline came with the broader cyclical complex, and its relative strength against the S&P 500 fell to a fresh 2026 low during the week, adding conviction to the downgrade. Materials remains on upgrade watch. Beyond the calls, the week was narrow: four sectors up, one flat, six down. Energy led amid oil strength. Consumer discretionary and consumer staples fell in tandem, but the outperformance of the traditionally more defensive staples over discretionary, both on the week and for the year, highlights an ongoing theme of investor concern about the health of the U.S. consumer and increasingly pressured household budgets. Technology has now risen two weeks running since its downgrade; a third would prompt a review.

03 Chart of the Week

OIL, SPREADS, AND THE FED

Oil Surged, Physical Market Signals Confirmed, Survey-Based Inflation Data Warmed, Yet Fed Policy Expectations Did Not Budge

Above: WTI crude against the December-2026-minus-December-2027 futures spread · Below: five-year expected inflation from Treasuries against the December fed funds rate the futures market prices, 2026 to date



Crude gained 9.3% on the week, its most since mid-July, and the premium for near-term barrels reached $14, a record for these contracts. Expected inflation rose 7 basis points. The December rate the market prices for the Fed fell 4. One of those is about to be tested.
Breakeven inflation is the 5-year Treasury yield less the 5-year real yield. The Fed rate is implied by the December 2026 fed funds futures contract.
Sources: Yahoo Finance; U.S. Department of the Treasury. Daily, December 31, 2025 to September 4, 2026.

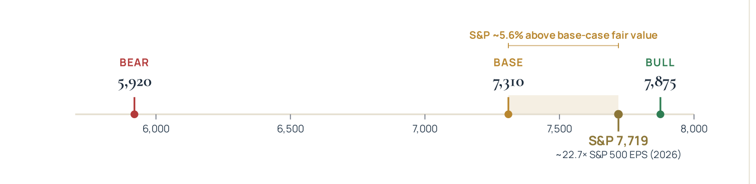
The top panel shows crude oil and, in rust, the premium a barrel for delivery this December commands over one for next December. When that premium rises, buyers want oil *now* and will pay for it; when it collapses, the shortage is easing. This week the price jumped 9% and the premium widened to **$14**, the widest in these two contracts' history, which dates to 2018: a record set Thursday and held into Friday's close. The physical market is confirming the price, not doubting it. The bottom panel is the puzzle. The green line is the inflation rate the Treasury market expects over five years; it rose this week as oil did. The blue line is the fed funds rate the futures market prices for December; it *fell*. Normally these move together. They diverged because three Federal Reserve officials said they would hold if monthly inflation is moderating, and the market chose to believe the inflation data will cooperate. Why this matters: one of those two lines will be proved wrong on Friday, when the August consumer price report arrives with a $91 barrel already inside it. If inflation surprises to the upside, the blue line has a long way to move in a single day, and it will take short-term bond prices and rate-sensitive stocks with it. If CPI comes in cool, the market was right to look through the oil move, and the September meeting passes quietly. We would rather be positioned for the first outcome than surprised by it.

04 Valuation & Earnings Power

MULTIPLE LEVELS · EARNINGS YIELD

S&P 500 — Fundamental Valuation Targets

Scenario fair values from earnings × multiple, plotted against the index level · the index is trading above its base-case fair value



50-Day Moving Average: 7,592 · 100-Day Moving Average: 7,474 · 200-Day Moving Average: 7,142

BEAR CASE	BASE CASE	BULL CASE
5,920	7,310	7,875
18.5× · $320 EPS	21.5× · $340 EPS	22.5× · $350 EPS
23.3% downside	5.3% downside	2.0% upside

EARNINGS YIELD VS. THE RISK-FREE RATE

S&P 500 earnings yield	4.41%
10-Year Treasury	4.78%

Equity risk premium below zero. The S&P 500's earnings yield of 4.41% sits *below* the 4.78% available on a risk-free 10-Year Treasury: investors are accepting roughly **37 basis points less** to own stocks than to own government bonds, against 32 basis points a week ago. The gap widened because the 10-Year rose 5 basis points while the index barely moved.

Our scenario assumptions are unchanged this month. On a central estimate of roughly 21.5 times about $340 of expected earnings, fair value sits near **7,310**. At **7,718.60** the index trades about **5.6% above** that center. The comparison on the other side moved further against equities this week: the earnings the index produces relative to its price is about **4.41%**, while a risk-free 10-year Treasury pays **4.78%**. Investors are accepting roughly **37 basis points less** to own stocks than government bonds, the widest gap of the summer, because yields rose while the index stood still. Scenario multiples and the earnings estimate are provided by DTR Capital Management and are not sourced from any licensed data vendor.

05 Cross-Asset Tape

TREND · 1-WK · YTD

ASSET	PRIMARY TREND	1-WK	YTD	WHAT IT MEANS
S&P 500 U.S. equities · 7,718.60	Flat · Below Record	+0.09%	+12.75%	Unchanged on the week and 1.03% below the August 13 record. Holding above all three major moving averages, the 50-day now at 7,592, while fewer than half its members hold above their own.
WTI Crude front-month · $91.22	Breakout · Above $90	+9.32%	+58.89%	Jumped **9.32%** to $91.22, its largest weekly gain since mid-July, and is now up **58.9%** for 2026. This is the week's defining move and the largest single input into Friday's inflation print. Services companies already reported paying four-year-high prices for fuel in August.
WTI Dec'26–Dec'27 calendar spread · $14.08	Extreme · Widest of 2026	+$4.53	+$14.08	Widened **$4.53 to $14.08**, the widest weekly close in the two contracts' history, which dates to 2018; Thursday's $14.65 was the record session. A barrel for delivery this December now commands a $14 premium over one for next December. That is the physical market saying the shortage is immediate, not speculative, and it confirms the price move rather than contradicting it.
Gold futures · $4,477.20	Consolidating	−0.60%	+3.35%	Slipped 0.60%, and silver 0.40%, in a week crude rose 9%. Two weeks ago the metals led the inflation trade; this week the trade went entirely through oil. That is a supply story, not a currency one.
Copper futures · $6.67	Uptrend · Steady	+0.42%	+17.11%	Rose 0.42%, holding near its highs. Industrial demand is not the source of this week's inflation worry; energy is.
U.S. Dollar DXY · 99.16	Range · Below 100	−0.52%	+0.89%	Fell 0.52% back below 99.50 despite the strong jobs report. A currency that weakens on good domestic data is one where the market is more focused on what the Federal Reserve will not do than on what the economy is doing.

06 Sentiment & Risk Internals

FEAR RETURNS, RETAIL DISAGREES

VIX	CBOE SKEW	PUT / CALL RATIO	CNN FEAR & GREED	AAII BULL–BEAR
14.53	151.58	0.58	42	+2.1%
▲ from 14.43	▲ from 149.77	▼ from 0.59	▼ −12 · Fear	▲ +13.6 pts
barely moved, still low	a fourth week of tail hedging	unchanged in substance	into fear for the first time since spring	retail swung to net bullish

S&P > 50-day avg	47%	▼ −6
S&P > 100-day avg	58%	▼ −2
S&P > 200-day avg	64%	▼ −4
NYSE advance-decline line	1,136 ▼ −14	*flat on the week, well off its highs for the year*

A divergence worth pausing on. The market-based gauge fell **12 points into fear**, its first fear reading since the spring, driven by weakening breadth and the move in credit. In the same week, retail investors swung sharply the other way: the AAII bull-bear spread rose **13.6 points** to net bullish for the first time in six weeks. Prices and people rarely disagree this much. When they do, the market-based measure has the better record, because it reflects money actually moving rather than survey answers. To boot, the cost of deep crash protection, as measured by the SKEW index, rose for a fourth straight week, a largely overlooked development worth monitoring in the sessions and weeks ahead.

07 Rates, Credit & the Fed

YIELDS UP, FED PATH DOWN

TREASURY YIELDS

+3 bp	2-Year POLICY-SENSITIVE YTD +90 bp	4.37%
+5 bp	10-Year BENCHMARK YTD +60 bp	4.78%
+2 bp	30-Year FISCAL/INFLATION-SENSITIVE YTD +40 bp	5.24%

Yields rose across the curve, led by the middle: the 5-year and 7-year each up 6 basis points, the 10-year up 5 to **4.78%**, the 2-year up 3 to **4.37%**. Five-year expected inflation rose **7 basis points to 2.37%**, so most of the move in nominal yields was inflation expectations rather than real rates. That is exactly what a 9% jump in crude should do, and it is the first inflation signal of the week. The 30-year, near the highest of the cycle at 5.24%, barely moved.

YIELD CURVE

+2 bp	10Y–2Y Bear-steepened	+41 bp
+4 bp	10Y–3M Bear-steepened	+87 bp

Both measures steepened modestly as the middle of the curve rose faster than the front. The 10-year-to-2-year gap widened 2 basis points to +41 bp and the 10-year-to-3-month 4 to +87 bp. After last week's flattening, this is a partial reversal, and it fits the week: the market added inflation compensation at the 5-to-10-year tenors while leaving its view of near-term policy almost unchanged.

FED POLICY PATH · FED FUNDS FUTURES

– HIKE AT THE SEP 16 MEETING	▾ RATE PRICED FOR DECEMBER	– PEAK RATE PRICED
56%	3.93%	4.24%
unchanged	was 3.97%	was 4.23%

The odds of a September 16 increase finished the week near **56%**, about where they started, but only after a round trip that tells the week's story. They rose to roughly **66% by Tuesday** as crude climbed and the services survey reported four-year-high prices, then **collapsed to about 47% on Thursday** after Governors Waller and Barr and New York Fed President Williams each said they would prefer to hold if monthly inflation is moderating, and recovered to the high 50s on Friday's payroll report. Net of all that, the December rate eased 4 basis points to **3.93%**. The market heard a central bank that has stopped watching the labor market and is watching one number: Friday's consumer price report. The strip still prices **61 basis points** of tightening from today's 3.63% effective rate to a peak near 4.24% in late 2027. *Figures are our own, computed from the fed funds futures strip; the intraweek path uses daily settlements of the September contract.*

CORPORATE BONDS & CREDIT SPREADS

High-yield credit spread	265 bp	+2 bp
CCC-rated bond yield	14.92%	+34 bp

A second divergence, and the one we flagged last week as the thing most likely to change our view. The broad high-yield spread barely moved, **+2 basis points to 265 bp**, still near its best level of the year. But the weakest tier broke ranks: **CCC-rated yields rose 34 basis points to 14.92%**, the largest weekly move since the spring, and are now up **243 basis points** for 2026. Investment-grade yields rose 13 to 15 basis points, in line with Treasuries. So the market is not repricing corporate credit broadly; it is repricing the companies least able to absorb higher fuel costs and higher rates at the same time. The broad spread says calm. The bottom of the ladder does not.

Yields and breakeven inflation rates are sourced from the U.S. Department of the Treasury (Daily Par Yield Curve Rates and Daily Real Yield Curve Rates); credit spreads from the ICE BofA index family; policy-rate expectations computed by DTR Capital Management from CME Group fed funds futures, as of the September 4 close.

08 Economic Snapshot

WEEK OF AUGUST 31 – SEPTEMBER 4

August BLS Employment Report

+162K PAYROLLS · 53K CONSENSUS

The strongest month since March and three times the forecast. Unemployment held at 4.1%, wages rose 3.1% over the year, and participation edged up. Restaurants and local schools led the gains; information-sector employment fell. This was not the weak report the summer had set up.

BUREAU OF LABOR STATISTICS · SEP 4

Payroll Revisions to June and July

+21K JULY, REVISED · −23K AS FIRST REPORTED

A correction to our own record. Two weeks ago we reported July payrolls as a 23,000 decline, the figure then published. It has been revised to a **21,000 gain**, and June to 31,000 from 20,000, adding 55,000 between them. The summer hiring stall was real but shallower than the first prints suggested.

BUREAU OF LABOR STATISTICS · SEP 4

ISM Services Survey

55.4 ACTIVITY INDEX · 72.6 PRICES PAID

The strongest services reading in six months, with new orders at 60.9. But the prices-paid gauge hit **72.6, a four-year high**, and respondents named petroleum products, diesel and gasoline specifically. Employment contracted for a second month. Strong demand, rising costs, and hiring restraint in the same report.

INSTITUTE FOR SUPPLY MANAGEMENT · SEP 3

ISM Manufacturing Survey

54.6 ACTIVITY INDEX · 53.7 NEW ORDERS

Eased from July's four-year high of 55.6, missing the 55.2 forecast, with new orders slowing three points. Still an eighth consecutive month of expansion and production near 58. The factory sector is cooling from a hot reading, not contracting.

INSTITUTE FOR SUPPLY MANAGEMENT · SEP 1

Five-Year Breakeven Inflation

2.37% BREAKEVEN RATE · +7 bp ON THE WEEK

The second inflation signal of the week, and the one the bond market itself produced. Five-year breakevens rose 7 basis points and are now up 11 for the year. Two weeks ago they were falling; oil reversed that.

U.S. DEPARTMENT OF THE TREASURY · SEP 4

Fed Officials' Remarks This Week

Hold IF INFLATION MODERATES · Raise IF IT DOES NOT

Governors Waller and Barr and President Williams each set the same condition: stay on hold as long as monthly inflation is moderating, and be prepared to raise if it is not. That framing is why strong jobs and $91 oil did not move the September odds, and why Friday's consumer price report now carries the decision.

FEDERAL RESERVE · SEP 1–3

Every release this week pointed toward more inflation pressure, not less: the strongest hiring since March, services companies paying four-year-high prices for fuel, and expected inflation rising with crude. The Federal Reserve's response was to say, three times, that it will decide on the inflation data. That makes the consumer price report on Friday, September 11, the most consequential release before the September 16 meeting, and it arrives with a $91 barrel already in the August numbers. *(Employment figures are from the U.S. Bureau of Labor Statistics; survey readings from the Institute for Supply Management; breakeven inflation derived from U.S. Department of the Treasury yields; policy remarks from the Federal Reserve.)*

09 Risk Checklist

WHAT WE'RE WATCHING

I **Oil is now a first-order inflation problem**
Crude rose **9.3% to $91.22** and is up 59% for the year. The premium for near-term barrels reached **$14**, a record for the contracts, which says the shortage is physical and immediate. Services firms already report four-year-high fuel costs. This is in the August inflation data that arrives Friday.

II **The market has made a one-sided bet**
Payrolls tripled the forecast, expected inflation rose 7 basis points, and the priced Fed path still *eased*. That is a bet that Friday's consumer price report comes in soft. If it does not, the repricing toward a September 16 increase happens in a single session, from 56% odds.

III **The weakest credit has begun to crack**
CCC-rated yields rose **34 basis points** in a week while the broad high-yield spread moved 2. That is the market singling out the companies least able to carry higher fuel costs and higher rates together. We said this was the indicator we would act on first; it is now moving.

IV **Participation keeps thinning under a flat index**
Barely **47%** of the index trades above its 50-day average, down from 70% three weeks ago and below half for the first time since spring. Four of eleven sectors rose. The index is being held up by fewer names each week, and it has now done so for three.

V **Valuation offers no cushion**
At **7,718.60** the index trades roughly **5.6% above** the 7,310 center of our valuation range. Its earnings yield of 4.41% sits *below* the 4.78% 10-year Treasury, 37 basis points less for accepting equity risk, the widest gap of the summer.

VI **Sentiment gauges disagree**
The market-based fear index fell 12 points into fear while retail investors swung 13.6 points to net bullish. When surveyed optimism rises as measured caution deepens, the measured reading has the better record.

10 Key Levels — Tying It All Together

WHAT TO WATCH

CROSS-ASSET KEY LEVELS

S&P 500	Closed at **7,718.60**, essentially unchanged, and **1.03% below** the August 13 record of 7,798.99. Above all three major averages, the 50-day at **7,592**, the 100-day 7,474 and the 200-day 7,142, while only 47% of its members hold above their own 50-day.
TREASURY YIELDS	Up across the curve, led by the middle: 2-year **4.37%** (+3 bp), 10-year **4.78%** (+5 bp), 30-year **5.24%** (+2 bp). The 10Y–2Y gap widened to +41 bp and the 10Y–3M to +87 bp.
REAL YIELDS & INFLATION	Five-year expected inflation rose **7 basis points to 2.37%**, now up 11 for the year. With the 5-year nominal up 6, almost the entire move was inflation compensation rather than real rates, which is what a 9% week in crude should produce.
INTEREST-RATE OUTLOOK	September 16 hike odds held near **56%**. Futures price **3.93%** by December, down 4 basis points on the week, and a peak of **4.24%** in late 2027, still **61 basis points** above the 3.63% effective rate. Friday's CPI decides which way this moves next.
CREDIT & VOLATILITY	High-yield spreads +2 bp to **265 bp**, but CCC-rated yields **+34 bp to 14.92%**, the largest weekly move since spring. VIX **14.53**, the cost of crash protection 151.58 and rising for a fourth week, put/call 0.58.
VALUATION	Our scenarios span **5,920** (bearish) to **7,875** (bullish), centered near **7,310**. At 7,718.60 the index sits about 5.6% above that center, with an earnings yield roughly 37 bp *below* the 10-year Treasury.

The S&P 500 rose 0.09% to 7,718.60, a week that will not register in most memories. But it should. Crude oil jumped 9.3% to $91.22, its largest weekly gain since mid-July, and the futures curve confirmed it: a barrel for delivery this December now costs $14 more than one for next December, the widest gap in the two contracts' history and a clear signal that the shortage is physical rather than speculative. On Friday, August payrolls came in at 162,000 against a 53,000 forecast, the strongest month since March, and July's previously reported decline was revised to a gain. Expected inflation, as priced by the Treasury market, rose 7 basis points. Three separate readings, all pointing the same direction.

Here is the puzzle. With all of that in hand, the market priced the Federal Reserve *less* hawkish, not more: the expected Fed policy rate in December eased 4 basis points, and the odds of a September 16 increase finished near 56% after a round trip through 66% and 47% inside the week. The reason is that three Fed officials said, in the same week, that they would hold as long as monthly inflation is moderating. The market took them at their word, which means it has quietly stopped watching jobs and oil and is awaiting one thing: consumer price data due this Friday, September 11. That report includes an average August oil price of $82 a barrel, up from $79 in July. Whether the August CPI report runs hot and tops estimates, or comes in cool and undershoots them, has the potential to make or break market expectations for next week's Fed meeting. And that could meaningfully roil markets in the sessions ahead.

Underneath, the trends we have described for three weeks continued without pause. Fewer than half the index's members now trade above their 50-day average, down from 70% in mid-August; a flat week for the index was a down week for most of what is in it. The weakest tier of corporate credit sold off hard, CCC yields up 34 basis points, while the broad high-yield spread barely moved, which is the market punishing the companies with the weakest balance sheets and the least cash flow as high borrowing costs, upside inflation risk and already rising input costs all chip away at low-rated companies' ability to service their debt. And the market-based sentiment gauge fell into fear as retail investors swung sharply to bullish; those two rarely disagree this much, and when they do, the money tends to be right. So far, recent market developments have proven it is not a time to be complacent, but rather to increase awareness of a long and growing list of lingering, mostly underlying market risks. That said, the latest observations are not yet enough to warrant material adjustments to portfolio exposure. Friday's CPI report has the potential to change that.

PORTFOLIO IMPLICATIONS

IMPLICATION I
Hold the inflation protection; do not add into a spike. Energy is the best sector of 2026 at +43% and crude just rose 9% in a week. These positions did their job this week and exist for exactly this scenario. But buying more after a 9% move is chasing, and calendar spreads at $14 have a history of mean-reverting. We hold what we have.

IMPLICATION II
Keep bond maturities short into Friday. The market has bet that Friday's inflation report comes in cool. If it does not, the front end reprices toward a September increase in a single session. Short and intermediate maturities are paid to wait and carry far less risk in that outcome. We are not reaching for duration ahead of the number.

IMPLICATION III
Do not read a flat index as a quiet market. Four of eleven sectors rose, participation fell below half, and the index held only because a handful of large names kept rising. A diversified portfolio underperformed the index this week for that reason, and that is the cost of not being concentrated in the names that happen to be carrying it.

IMPLICATION IV
Treat the credit signal as live. CCC-rated yields rose 34 basis points while the broad spread moved 2. We said this was the indicator we would act on first. It has now moved materially; if the broad high-yield spread follows over the next two weeks, our stance changes. For now, we avoid the lowest-quality credit and watch.

11 This Week's Catalysts

WEEK OF SEPTEMBER 7

Markets are closed Monday for Labor Day, so this is a four-day week with one release that matters more than everything else combined. **Friday's consumer price report for August is the last major inflation reading before the Federal Reserve meets on September 16**, and after a week in which crude rose 9% and payrolls tripled expectations, the futures market has positioned for it to come in soft. The producer price report the day before is the preview.

DAY	TIME	RELEASE	WHY IT MATTERS
Thu SEP 10	8:30 am	Producer Prices AUGUST	The wholesale inflation reading, one day ahead of the consumer report. Watch the energy and services components; the services survey already reported four-year-high fuel costs for August.
Thu SEP 10	8:30 am	Jobless Claims WEEKLY	Still near six-decade lows. With payrolls now revised to show summer hiring never turned negative, claims would have to rise materially to change the labor picture.
Thu SEP 10	10:00 am	Existing Home Sales AUGUST	Mortgage rates near 6.7% have held sales close to cycle lows. A useful read on how much higher long-term yields are already restraining the largest household purchase.
Fri SEP 11	8:30 am	Consumer Prices AUGUST	**The week's decisive release, and likely the month's.** Headline inflation was 3.4% in July with core at 2.5%. August includes a 9% rise in crude. The Federal Reserve has said it will hold if monthly inflation is moderating and raise if not; this number tells it which.
Fri SEP 11	10:00 am	Consumer Sentiment SEPTEMBER, PRELIMINARY	August finished at 51.7, near the weakest of the cycle, with households citing fuel prices. The one-year inflation expectation inside this survey is the figure to watch after a month of $85-to-$91 crude.

Times are Eastern. Markets closed Monday, September 7. Sources: U.S. Bureau of Labor Statistics, U.S. Department of Labor, National Association of Realtors, University of Michigan. The Federal Reserve announces its decision Wednesday, September 16, at 2:00 pm. Consensus estimates are not shown; we prefer to publish outcomes rather than forecasts.

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