HB Wealth | Market Sense: Weekly Market Recap

For the Week Ending: September 18th, 2026

Week in Review

First Rate Hike in Three Years Calms Bond Vigilantes for Now. The Federal Open Market Committee (FOMC) hiked rates this week to 3.75-4% and suggested another hike to come by the end of the year as inflation remains well above their comfort levels. Markets generally responded well to the news. The chair indicated that recent data indicates a strong economy and labor market and made the move to support price stability. Economic data confirmed the FOMC's view that the economy is on solid footing. Retail sales were extremely strong, rising 1.2% month-on-month versus forecasts for 0.8% and import prices came higher than expected while export prices missed their mark. Initial jobless claims and continuing claims were much lower than forecast, indicating strength in the labor market. Housing starts and building permits missed expectations, showing that housing remains a weak link. On Friday, industrial production, capacity utilization and the Conference Board leading index all missed forecasts slightly.

Oil Flat for the Week, Thanks to the FOMC. West Texas Intermediate (WTI) crude climbed as high as $105/bbl this week heading into the FOMC meeting but slid as the rate hike approached and eventually materialized. At roughly $100/bbl, oil is still roughly 80% above the December low and in the 92nd percentile of readings back to 1995. Crude will likely remain extremely headline driven and could continue to weigh on consumer-sector earnings.

Stocks Continue Their Slide Despite Post-Fed Rally. Stocks' rally on the FOMC's hike wasn't enough to offset losses for the week. Small caps slid the most this week, while growth stocks led. Only health care and tech posted gains in the Russell 3000 with telecom, financials and materials slipping the most. Outside the US, emerging markets led losses though developed markets also slipped.

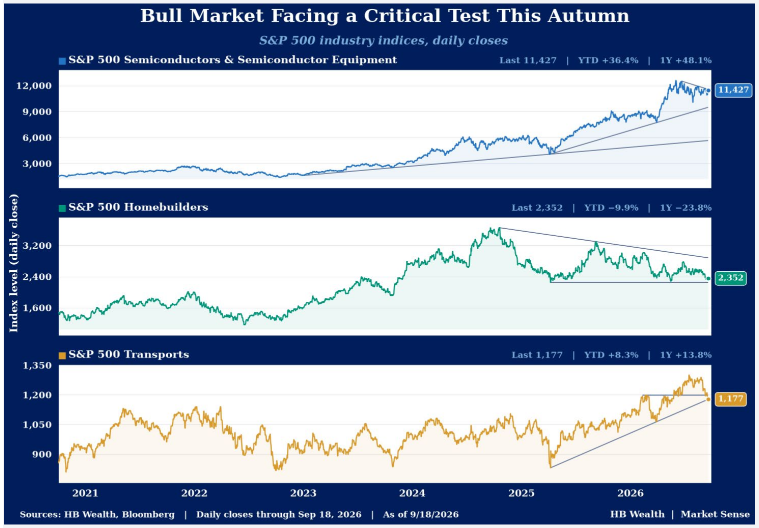
Bond Markets Welcomed Warsh's First Rate Move as Chair. The Fed's dot plot points to more hikes on the horizon, with 8 officials seeing another hike ahead. Futures markets are positioned more aggressively, pricing in three hikes by late 2027, and the 2-year Treasury is now at its highest level since July 2024. The 10yr Treasury retreated from the much-watched 5% mark, pulling back roughly 8bps since the hike, flattening the curve and implying some faith restored in the Fed's reaction function, opaque as it may be.

The Week Ahead

Light Week of Economic Data Ahead. S&P will release their PMIs on Wednesday with both services and manufacturing looking to continue their run of expansionary readings. Initial jobless claims and continuing claims will release on Thursday alongside building permits and new home sales. Friday will see capital goods orders ex aircraft – an important component of our earnings model – release as well as University of Michigan consumer sentiment.

The UN's 81st Session and U.S.-China Presidential Summit Will Headline Policy News in the Week Ahead. The UN meets all week in New York for annual global diplomacy debates, focusing on sustainable development goals, the succession process for UN Secretary-General, and regional conflicts. President Trump will host Chinese President Xi Jinping in Washington D.C on Thursday for the second summit of 2026. Trade, AI competition, critical minerals and war in Iran are all potentially on the docket for discussion.

Chart of the Week & Commentary



The S&P 500's leading industries – semiconductors, homebuilders and transports – are each at or approaching critical support levels, hinting that the war in Iran and a self-imposed AI-slowdown may be beginning to take a toll on the outlook for stocks.

Prior to this month, homebuilders were the lone holdouts yet to break out of their trading range and confirm the overall strength in equities as building permits and housing starts have been in a rut for nearly four years. Now, the industry will have to contend with a renewed rate hike cycle that may push mortgage rates higher. The industry could soon breach downside support in the 2050-2080 range.

In a positive sign for the index, semiconductors and transports had been making a series of new highs this year. However, transports are breaking down as diesel prices have surged to a new all-time high, up nearly 35% since early July thanks to the war. Sub-industries – air freight & logistics (-6.1%), passenger airlines (-16.4%) and ground transportation (-5.4%) – have been extremely weak on the rise in fuel cost. That group is now testing support formed by the series of higher lows and the year-to-date high around 1180. Semiconductors remain somewhat above the lower bound of their uptrend since 2025 but have hit a period of weakness over the summer that could snowball should calls for AI-regulations slow the pace of hyperscaler capex.

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Equities

	Level	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
S&P 500	7,651	-0.1%	2.3%	12.7%	16.7%	78.6%
NASDAQ	26,523	0.7%	1.3%	14.6%	18.7%	97.6%
Dow Jones 30	51,683	-1.6%	-0.9%	8.8%	13.8%	57.4%
Russell 3000	4,336	-0.2%	1.6%	12.6%	16.0%	76.5%
Russell 1000	4,160	-0.1%	1.9%	12.4%	15.8%	77.2%
Russ. 1000 Growth	4,967	0.9%	-0.6%	4.7%	6.9%	81.9%
Russ. 1000 Value	2,478	-1.1%	4.3%	21.2%	26.1%	69.7%
S&P 400	3,651	-1.7%	-5.0%	11.5%	11.8%	48.8%
S&P 600	1,699	-1.5%	-5.5%	17.1%	17.3%	51.6%
Russell 2000	2,860	-1.5%	-5.1%	16.4%	17.5%	62.6%
Russ. 2000 Growth	1,848	-1.5%	-8.1%	12.4%	12.5%	60.2%
Russ. 2000 Value	3,229	-1.5%	-2.0%	20.7%	23.0%	65.1%
MSCI ACWI Ex US	476	-0.9%	1.3%	15.5%	21.9%	74.5%
MSCI Developed Ex US	3,258	-0.5%	2.7%	12.6%	19.1%	69.0%
MSCI EM	1,688	-1.9%	-1.4%	22.2%	28.2%	87.1%

Index Characteristics

	NTM P/E	P/B	Div. Yld.	Mkt Cap (B)
S&P 500	19.1	5.6	1.1	68149
NASDAQ	23.5	7.5	0.5	48926
Dow Jones 30	19.8	5.7	1.5	26629
Russell 3000	19.2	5.0	1.1	78821
Russell 1000	19.1	5.3	1.1	75324
Russ. 1000 Growth	21.4	13.3	0.5	50608
Russ. 1000 Value	17.4	3.4	1.6	49433
S&P 400	15.6	2.8	1.3	3686
S&P 600	14.6	2.1	1.6	1882
Russell 2000	26.8	2.5	1.5	3497
Russ. 2000 Growth	37.9	4.5	0.5	2310
Russ. 2000 Value	17.2	1.5	2.4	2166
MSCI ACWI Ex US	12.9	2.4	2.4	60330
MSCI Developed Ex US	15.3	2.4	2.6	30856
MSCI EM	9.6	2.4	2.0	29474

Fixed Income

	Yield	Spread	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
U.S. Aggregate	5.25	--	0.4%	-1.7%	-1.1%	0.0%	12.9%
U.S. Municipal	4.34	--	-0.1%	-3.9%	-1.7%	-0.5%	8.8%
U.S. Agency MBS	5.51	32	0.5%	-1.9%	-0.9%	0.8%	14.3%
U.S. IG Corporates	5.70	76	0.5%	-1.9%	-1.0%	-0.3%	16.2%
U.S. High Yield	7.67	270	-0.1%	0.0%	1.9%	3.2%	27.1%
EM $ Corporates	6.52	186	-0.1%	-0.7%	1.0%	1.5%	22.3%

Factor Returns - US (Russell 3000)

Factor	1 Wk %	QTD %	YTD %	1 Yr %
Multi Factor	0.2%	6.2%	17.5%	20.7%
Size	-1.1%	6.0%	14.7%	16.9%
Value	-0.8%	4.6%	19.3%	21.5%
Quality	0.0%	6.2%	13.8%	15.5%
Dividend Yield	-0.3%	5.4%	20.0%	21.0%
Momentum	0.7%	10.6%	16.9%	24.0%
Low Volatility	-0.2%	4.6%	10.4%	12.0%

Key Rates

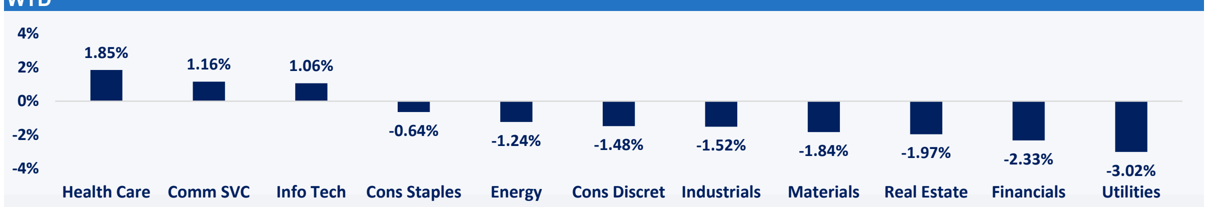
Rate	Yield	Prior Wk	Qtr-End	Yr-End	1 Yr Ago	Expectations
SOFR	3.85	3.62	3.68	3.87	4.14	3.56
2-yr U.S. Treasury	4.75	4.63	4.17	3.47	3.56	3.84
5-yr U.S. Treasury	4.86	4.78	4.23	3.73	3.66	4.01
10-yr U.S. Treasury	5.00	4.97	4.47	4.17	4.10	4.42
30-yr U.S. Treasury	5.32	5.35	4.95	4.84	4.72	4.95
10-yr German Bund	3.52	3.50	2.86	2.85	2.72	3.16
10-yr UK Gilts	5.30	5.34	4.76	4.48	4.68	
30-yr Fixed Mortgage	6.94	6.81	6.55	6.25	6.39	
1-yr Breakeven	2.42	2.45	1.42	2.29	2.75	
5-yr Breakeven	2.34	2.41	2.27	2.27	2.48	

Currencies & Commodities

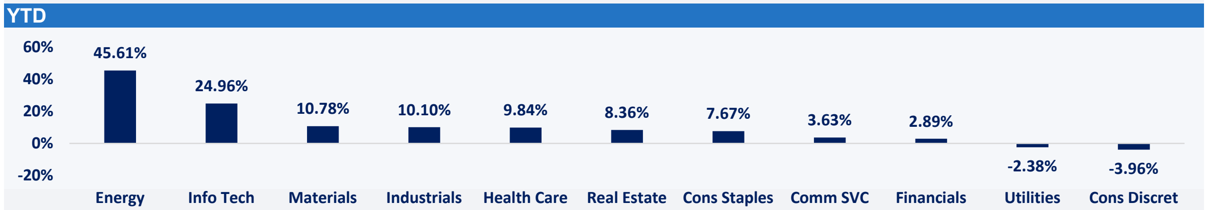
	Current	Prior Wk	Yr-End	1 Yr
$ per € (EUR/USD)	1.15	1.16	1.17	1.18
$ per £ (GBP/USD)	1.34	1.35	1.35	1.36
¥ per $ (USD/JPY)	156.88	153.61	156.71	148.00
Dollar Index	100.21	99.12	98.32	97.35
Gold ($/oz)	4378.50	4349.08	4319.37	3644.28
Silver ($/oz)	66.26	64.49	71.66	41.83
Copper	662.15	646.95	568.20	454.10
WTI Oil ($/bbl)	99.47	100.05	57.42	63.57
Brent Oil ($/bbl)	103.06	104.61	60.85	67.44

S&P 500 Sector Returns

WTD



YTD



Style Returns

YTD

	Value	Blend	Growth
Large	21.2%	12.4%	4.7%
Mid	17.7%	13.5%	0.6%
Small	20.7%	16.4%	12.4%

WTD

	Value	Blend	Growth
Large	-1.1%	-0.1%	0.9%
Mid	-1.4%	-1.2%	-0.5%
Small	-1.5%	-1.5%	-1.5%

Disclosure:

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