Market Down & Dirty
September 7, 2026

The Data

- Major equity indices were mostly higher last week.
    - S&P 500 +0.11% Dow -0.27% Russell 2000 +0.09%, Nasdaq +0.40%[1]
        - The All-Country World Index rose +0.46%.[1]
    - S&P 500 sub-sectors were mixed for the week.
        - Tech & Energy led to the upside.[1]
        - Materials & Consumer Discretionary led to the downside.[1]
    - The CBOE Volatility Index (VIX) was marginally higher to close at 14.52.[1]

- US Treasury bond yields were biased higher.
    - US 2yr +0.02% at 4.37%, 10yr +0.05% to 4.78%, 30yr -0.01% to 5.24%.[1]
    - Stronger job data & higher oil prices put upward pressure on the yield curve.

- Commodities as an aggregate asset class were higher last week.
    - WTI Crude shot higher by +9.36%.[1]
    - Gold declined -0.59%.[1]
    - The US Dollar index closed lower by -0.55%.[1]

- In our opinion, U.S. economic data was mixed last week.
    - Payroll data showed a gain of 162k jobs as the unemployment rate remained at 4.1%.[1]
    - The ISM Manufacturing Index ticked lower to 54.1 but remained in expansion territory.[1]
    - The Services component of ISM showed a gain to 55.4.[1]

- An index of equities outside the US (FTSE All-World ex-US) rose +1.08%.[1]

[1] Source: Bloomberg –9/4/2026

Conclusion

- US equity markets closed slightly higher but continued to trade in a narrow range for the 4th consecutive week.
    - The S&P 500 & Nasdaq rose despite sharply higher oil prices and continued pressure from elevated interest rates.[1]
    - Under the surface, mega caps have maintained a relative performance advantage as small caps and equal-weight indices have started to lag in recent weeks.
        - That divergence is worth watching if borrowing costs stay elevated and financing remains more expensive for smaller companies.
        - Tech and semiconductors also began to reassert relative outperformance after a lengthy consolidation versus the broader market.
    - The biggest market driver last week was renewed escalation in the U.S.-Iran conflict, which pushed WTI Crude up nearly 10%.[1]
        - Higher energy prices have put renewed upward pressure on inflation expectations at a time when the Fed is already focused on sticky prices.
- S&P 500 sectors were mixed last week.
    - Energy led to the upside as crude oil surged, while Tech also posted gains.
        - Semiconductors finished higher on the week and continue to show improving relative strength versus the S&P 500.
    - Consumer Discretionary led to the downside as higher rates and uneven consumer results weighed on the group.
        - Materials also lagged while much of the market remained range-bound underneath the major indices.
- US Treasury yields continue to feel pressure to the upside.
    - Both the 2yr & 10yr rose to year-to-date high yields last week before softening.
        - The 30yr closed at 5.24%, just below its recent 2 decade high of 5.31%.[1]
    - Payroll data showed a sharp turnaround from last month with a gain of 162k jobs.[1]
        - This was almost 3x the number of jobs most economists had estimated.
        - Probability of a September Federal Reserve rate hike increased on the data.
- From a near-term risk management perspective, here are some of the things we're watching:
    - Inflation…PPI and CPI this week could quickly shift the market's expectations for a September Fed hike.
    - Oil…continued strength tied to the U.S.-Iran conflict and Strait of Hormuz disruptions could keep inflation expectations elevated.
    - Key levels we're watching are the recent highs on the S&P 500, support in semiconductors and recent lows in TLT (long US Treasuries).
    - Volatility remains subdued with the VIX near 14.5, but CPI, the Sept. 16 FOMC meeting and quarterly options expiration create a catalyst-heavy stretch ahead.

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