

WEEKLY MARKET OUTLOOK



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EXECUTIVE
SUMMARY

The September hike stopped being a question this week. August CPI rose 0.4% on the month against 0.1% in July, with gasoline up 3.9% and accounting for more than a third of the increase, leaving the annual rate at 3.4%. Core eased to 2.4%. The European Central Bank raised its main rate to 2.65% and the deposit rate to 2.50% on Thursday and lifted both its inflation and growth forecasts. Treasury yields moved sharply across the curve, the 2-year up 19 basis points, the 10-year 17 and the

30-year 13, flattening 2s10s by 8. Equities fell with them. The Russell 2000 lost 2.41%, the Dow 1.57% and the S&P 500 0.80%, with the VIX up 9.02% to 15.84 and credit weaker across investment grade and high yield. Energy extended its run for a third week, Brent up 8.65% and WTI 9.37%. Health care was the weakest sector after a failed Novartis trial, and semiconductors split, AMD gaining 8.07% while Nvidia fell 5.13%. The Fed decides on Wednesday

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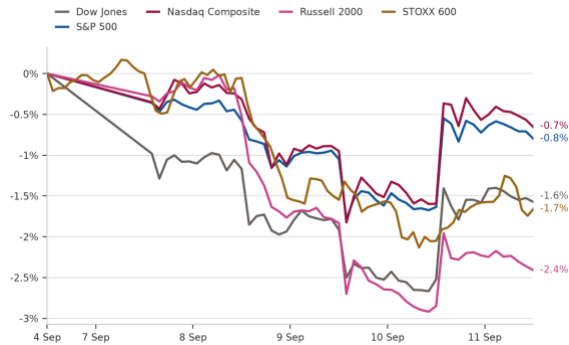
WEEK IN
REVIEW

In the U.S., equities fell with the rate move and the damage sat in the smaller names. The Russell 2000 lost 2.41% and the Dow 1.57%, against the S&P 500 at 0.80% and the Nasdaq Composite 0.66%. Semiconductors rose 0.76% but split sharply beneath: AMD gained 8.07% and Broadcom 1.14% while Nvidia fell 5.13%. Meta added 5.07% and Apple 3.84%. The VIX rose 9.02% to 15.84, and credit weakened across the board, investment grade down 1.10% and high yield 0.71%.

Europe fell across the board, the DAX down 1.83%, the FTSE 100 1.67% and the STOXX 600 1.66%. Asia was mixed: Korea rose 3.33% while Hong Kong fell 3.30% and India 2.27%.

Rates were the week. August CPI rose 0.4% on the month against 0.1% in July, with gasoline up 3.9% and accounting for more than a third of the increase. The annual rate held at 3.4% and core eased to 2.4%. The 2-year rose 19 basis points, the 10-year 17 and the 30-year 13, flattening the 2s10s spread by 8. The ECB raised its main rate to 2.65%

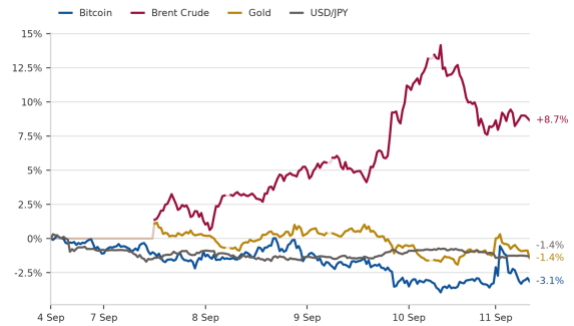
on Thursday and revised both inflation and growth forecasts higher, after eurozone inflation rose to 3.3% in August.



Semiconductors led early, gaining more than 2% before giving all of it back on Thursday alongside the rest of the chart. Friday's recovery lifted every line, leaving semiconductors the only one positive. The Dow and the STOXX 600 tracked each other lower throughout and finished weakest.

Energy extended a third consecutive week of gains, Brent up 8.65% and WTI 9.37%, with European gas adding 10.52%. Health care was the weakest sector, falling after Novartis reported disappointing trial results. Precious metals gave back ground and Bitcoin fell 3.14%, while the dollar index

finished unchanged.



Brent climbed steadily from Monday and peaked above 14% on Thursday before giving back a third of the move into the close. Gold held a narrow range until Thursday and then fell. Bitcoin drifted lower all week, and the yen finished close to where it started.

A week ago, a September hike was more likely than not. It is now the consensus expectation for Wednesday's decision, and a 19-basis point move in the 2-year is the market closing that question rather than debating it. What the meeting still must settle is what follows, and the committee publishes projections alongside the decision

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MACRO OUTLOOK

Macro Outlook			September 2026 – Calendar Week 38		
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	-	UK Unemployment Rate (July); Germany ZEW Sentiment (Sep)	UK Inflation Rate (Aug)	BoE Interest Rate Decision	UK Retail Sales (Aug)
US/Canada	Canada Inflation Rate (Aug)	-	Retail Sales (Aug); Fed Interest Rate Decision; FOMC Projections; Press Conference	Building Permits; Housing Starts	-
Asia	-	China Industrial Production and Retail Sales (Aug)	Japan Balance of Trade (Aug)	-	Japan Inflation Rate (Aug); BoJ Interest Rate Decision

What we're watching & why

Wednesday's Fed decision is the event of the week and consensus now has a hike to 4% from 3.75%. The decision itself is close to priced, so the projections and the press conference carry the information. This is the first set of forecasts under the new chair, and after a summer in which the committee split 9 to 3 with three members voting to hike, the dots will show whether Wednesday is the start of a sequence or a single move.

Retail sales land the same morning, with consensus at 0.9% after a 0.6% contraction in July. A weak print alongside a hike would be an awkward combination.

The Bank of Japan decides on Friday and is expected to raise to 1.25% from 1%. That would be the third major central bank to move in eight days, after the ECB last Thursday and the Fed on Wednesday. The Bank of England is expected to hold at 3.75% on Thursday, with UK inflation seen rising to 3.1% the day before.

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Sector COMMENTARY

Financials**-2.0%**

Fell despite the rate move, with regional banks down 1.82% as the curve flattened 8 basis points and removed the margin support a steepening would offer.

Industrials**-0.7%**

Lower but among the more resilient sectors, with higher fuel costs weighing against no clear catalyst.

Health Care**-4.7%**

The weakest sector by a wide margin, falling after Novartis reported disappointing trial results for a muscle-wasting treatment.

**Information
Technology****+0.8%**

Second strongest, and the only sector with real internal dispersion. AMD rose 8.07% while Nvidia fell 5.13%, leaving semiconductors up just 0.76%.

Energy**+1.0%**

The strongest sector, extending a third week of gains as Brent rose 8.65% and WTI 9.37%, though US natural gas fell 4.84%.

Materials**-3.5%**

Second weakest as silver down 2.26%, copper 1.93% and gold 1.44% against firmer yields.

**Communication
Services****-0.2%**

Close to flat, with Meta's 5.07% gain offsetting weakness elsewhere.

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MARKET SOLUTIONS

Short-to-Medium Term Tactical Solutions			
		Base Case	Key Risks
Investment Backdrop	Macro	Headline CPI rose 0.4% on gasoline while core eased to 2.4%. The ECB hiked and raised both forecasts. A Fed hike is consensus for Wednesday.	The projections matter more than the decision. A hawkish set of dots turns one hike into a sequence the market has not priced.
	Fixed Income	Keep duration light. The 2-year moved 19 basis points and the curve flattened 8, so the front end has now done most of the repricing.	If the dots show more than one further move, the front end has further to go and the flattening continues.
	Equities	Stay selective. Small caps fell 2.41% against the S&P at 0.80%, so the rate move is landing hardest on the most rate-sensitive names.	Credit weakened across both investment grade and high yield. That is the first broad risk signal in several weeks.
	Alternatives	Oil has now risen three weeks running, Brent up 8.65%, and remains the cleanest expression of the supply risk.	Brent gave back a third of its gain after Thursday's peak. The premium is still reversing quickly in both directions.
	FX	The dollar index finished unchanged despite the 19 basis point move in the 2-year, so the rate advantage is not being rewarded.	The Bank of Japan is expected to raise to 1.25% on Friday, two days after the Fed, which narrows the differential further.

CONTRIBUTORS

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DISCLAIMER

This document reflects the views of D+A Strategies investment leadership going into CW 38 2026. Past performance does not predict future returns. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement.

REFERENCES AND SOURCES

CNBC, Reuters and Bloomberg market wraps; the Bureau of Labor Statistics for the August CPI report; the European Central Bank for the 10 September decision and staff projections; Novartis for trial results; Trading Economics for Brent, index and commodity data; CME FedWatch for rate probabilities; Trading Economics economic calendar; Finviz sector and industry performance; TradingView S&P sector performance data; yfinance, the FRED API and Python for the graphs.

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