Market Down & Dirty
September 14, 2026

The Data

- Major equity indices declined last week with a sharp rise Friday helping to limit the damage.
  - S&P 500 -0.8% Dow -1.6% Russell 2000 -2.4%, Nasdaq -0.6%[1]
    - The All-Country World Index declined -1.06%.[1]
  - S&P 500 sub-sectors were mixed for the week.
    - Energy & Communication Services were the only positive sectors.[1]
    - Healthcare & Materials led to the downside.[1]
  - The CBOE Volatility Index (VIX) only rose 3.5% to end at 15.83.[1]

- US Treasury bond yields skyrocketed higher across the curve.
  - US 2yr +0.25% at 4.62%, 10yr +0.19% to 4.97%, 30yr +0.11% to 5.35%.[1]
  - The 10yr & 30yr both hit levels last seen 2 decades ago.

- Commodities as an aggregate asset class were higher last week.
  - WTI Crude rose +9.28%.[1]
  - Gold declined -1.26%.[1]
  - The US Dollar index closed lower by -0.09%.[1]

- In our opinion, U.S. economic data was mixed last week.
  - The Consumer Price Index came in unchanged at an annual rate of +3.4%.[1]
    - The monthly change was higher than expected.
  - The Producer Price Index came in higher than expected at a +5.4% rise in the last year.[1]
  - The Small Business Optimism Index fell slightly last month.[1]

- An index of equities outside the US (FTSE All-World ex-US) lost -1.47%.[1]

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[1] Source: Bloomberg –9/4/2026

Conclusion

- US equity markets ended the holiday-shortened week lower.
    - The S&P 500 & Nasdaq were the best performers, losing less than a percent.[1]
    - The small-cap tracking Russell 2000 led to the downside with a loss of -2.4%.
        - Higher borrowing costs as a result of the run higher in interest rates seemed to weigh heavily on these smaller companies that are heavily reliant on financing.
    - Mega-caps continue to drive any positive performance as the equal-weight version of the S&P 500 was down over 1% more than the standard index.
        - The semi/AI theme areas of the market have outperformed of late as the breadth of companies performing well has contracted.
        - Major AI labs came out at the end of the week discussing "slowing down" their development which could decrease investors' appetites for the same areas of the market that have been driving returns.
- S&P 500 sectors were mostly lower last week.
    - Energy led to the upside as crude oil continued its swift move higher.
    - Materials & Healthcare led to the downside.
- US Treasury yields exploded higher last week.
    - Both the Consumer & Producer Price Indices showed sticky inflation.
    - Market participants are now pricing in a 90% chance of the Fed hiking this week.
        - Note that this rise actually acted as a stabilizing factor for longer dates yields.
    - While all maturities rose last week, the 2yr which most closely tracks expected Federal Reserve policy rose 0.25% to close at its highest rate in 2 years.[1]
        - The 10yr briefly crossed 5% for the first time since 2007.[1]
        - The 30yr closed at 5.35%, its highest level in 20 years.[1]
- Equity markets have been digesting this sharp and significant rise in interest rates with notable resilience.
    - We believe this most likely comes down to recent earnings being very strong and global economic growth being underpinned by AI capex.
    - Although the earnings backstop offers a buffer, it also sets a high bar for future earnings, especially if interest rates stay high.
        - Earnings multiples have already contracted so far this year.
    - Additionally, we've entered the corporate black out period so most of them won't be buying back any of their shares which acts as a tailwind for prices.
- From a near-term risk management perspective, here are some of the things we're watching:
    - Will oil make new highs or will it roll over similarly to past instances this year.
    - Despite the rise in bond yields, bond market volatility, as tracked by the MOVE Index, has been remarkably tame…does this change.
    - How do market participants respond to news of major AI labs considering "slowing down" development.
    - The S&P 500 sits at a critical level…any move lower will change the plumbing as it moves market makers into "negative gamma" while price/vol based inst'l investors also would become sellers at these same levels.

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