What's on Our Minds

September 28, 2026

MARKET HIGHLIGHTS

- **Equity indexes rose despite a notable spike in interest rates,** though the advance was driven mainly by AI-related names, leaving broader market breadth narrow. The more cyclical sectors likely have the most to lose in an extended tightening cycle.
- **President Donald Trump rejected Iran's offer to reopen the Strait of Hormuz** in exchange for eased military pressure, despite Saudi Arabia restarting its East–West pipeline. US Central Command also claimed that energy shipments through the Strait of Hormuz are at a six-month high.
- **The September S&P Global US Flash Composite PMI surged to 58.4,** a six-year high, fueling bond market angst as multiple Federal Open Market Committee speakers reiterated a hawkish tone. October rate-hike odds rose to 65% by week's end, with the yield curve steepening.
- **Trump's summit with President Xi Jinping of China produced only a modest two-month extension** of the trade truce to January 2027, short of the three- to six-month extension investors had anticipated.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.82%	-2.28%
Municipal Bonds 1-10Y	-1.54%	-2.77%
U.S. High Yield	-0.93%	0.70%
S&P 500	1.23%	14.09%
Russell 2500 (SMID cap)	-0.55%	16.62%
MSCI EAFE (International)	0.20%	10.95%
MSCI Emerging Markets	1.29%	25.22%
MSCI ACWI (Global)	0.95%	14.31%
Crude Oil (NYMEX WTI)	-4.88%	61.09%
Gold LBMA PM	-1.46%	-2.44%
60/40 ACWI/Agg Portfolio	0.24%	7.67%

WHAT CAUGHT OUR EYES THIS WEEK

A Powder Keg of Upside Catalysts

Long-end US Treasury yields finally broke out of their range from the past five years. The list of upside catalysts for interest rates is lengthy, including sticky inflation, elevated energy prices, Federal Reserve (Fed) rate hikes, a flood of new bonds from hyperscalers, competitive yields globally, and concerns of fiscal sustainability. Another simple explanation is the one we put the most weight behind: strong economic growth. Nominal GDP (i.e., before inflation) is growing by over 6% year over year. With the Atlanta Fed estimating 5% real (i.e., *after* inflation) GDP growth for Q3, it looks like this environment is set to continue. This was corroborated last week by the S&P Global composite PMI measure of economic expansion, which hit its highest level since July 2021. To us, the moves we're seeing in yields still fall more in the camp of normalization than crisis. In fact, in a simple regression of nominal GDP growth to 10-year Treasury yields, the current data point sits just about on the regression line. In other words, Treasury yields are just about where they should be for the current economic backdrop.

US Treasury Yields

Please see important disclosures and other key information on page 4.

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OUR KEY THEMES FOR 2026 (updated as of September)

1) Monetary policy moves to neutral or slightly restrictive, fiscal policy moves to neutral or slightly positive, and the AI infrastructure buildout remains a key structural tailwind.
2) OBBBA corporate tax changes are spurring a reacceleration in non-AI business investment.
3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
4) Broader economic activity lifts employment, while labor force growth remains sluggish.
5) Inflation remains above the Fed target, but progress should resume when the current supply shock fades.
6) We see a handful of rate hikes at the most, not another full-scale hiking cycle.
7) We see stability or slight upward pressure for long-term rates, based on strong economic activity.
8) We believe it's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
9) Better earnings breadth was delayed, not canceled.
10) International stocks still offer diversification benefits, and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

A Primer for New Investment Committee Members

Frequently Asked Questions About Wealth and Tax Planning for International Entrepreneurs

Donor-Advised Funds: A Powerful and Flexible Tool for Charitable Giving

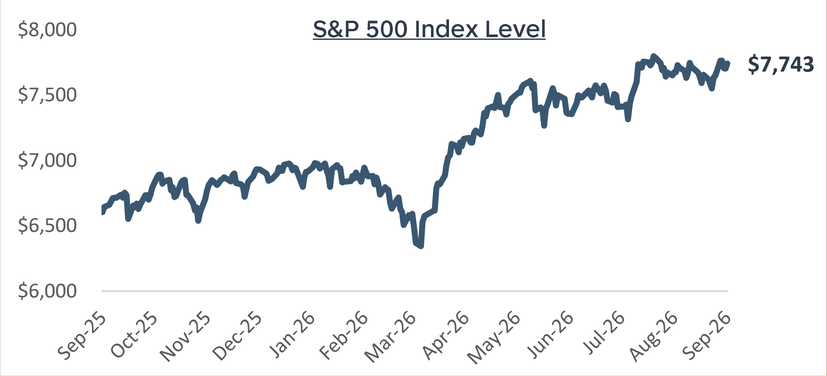
ARCHIVE

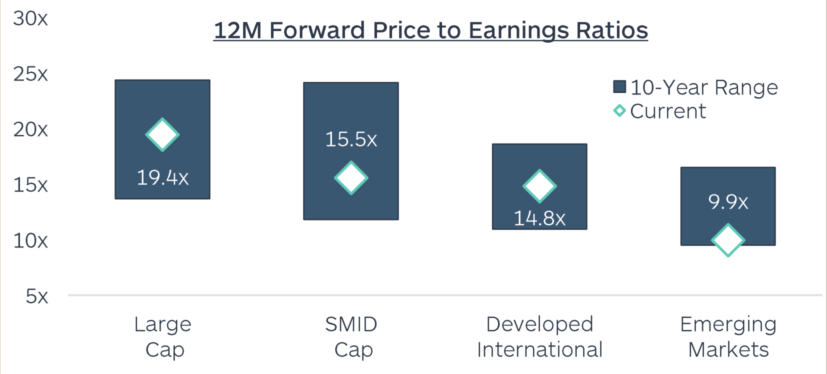
Historical Economic and Market Outlooks Insights

WEBINARS

Recording: Q3 2026 Market & Economic Outlook

EQUITIES





S&P 500 SECTOR	1-WEEK	YTD
Information Technology	3.1%	28.9%
Comm. Services	2.2%	5.9%
Health Care	1.7%	11.7%
Industrials	0.7%	10.8%
Materials	0.3%	11.1%
Consumer Staples	0.2%	7.9%
Consumer Discretionary	-0.5%	-4.5%
Real Estate	-1.3%	6.9%
Financials	-1.6%	1.4%
Energy	-3.0%	41.3%
Utilities	-3.1%	-5.4%

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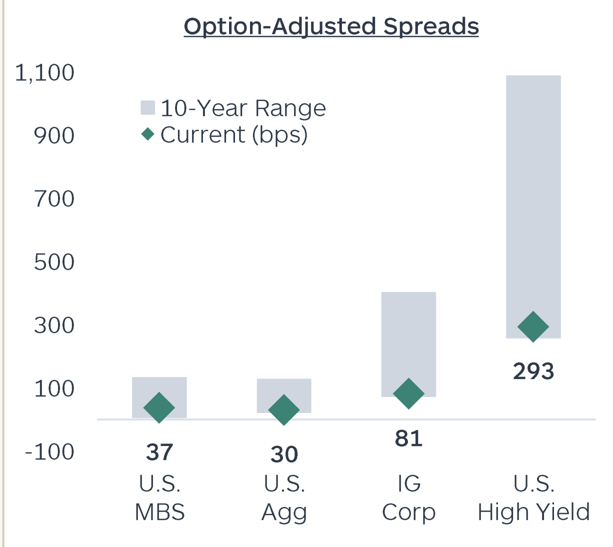
FIXED INCOME

KEY INTEREST RATES	9/25/2026	Δ YTD
Effective Federal Funds Rate	3.88%	0.24%
3M T-Bill	4.17%	0.54%
Municipal Bonds 1-10Y	4.24%	1.27%
10Y Treasury Yield	5.16%	0.99%
U.S. Aggregate	5.46%	1.14%
Prime Rate	7.00%	0.25%
30Y Mortgage Rate	7.13%	0.88%
U.S. High Yield	8.20%	1.12%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	9/25/2026
Crude Oil	$92.24
Gold	$4,261.05
U.S. Dollar Index	$100.97
Bitcoin	$83,671.72

From headlines to horizon, discover how smart insights can shape your financial future. Visit the Cerity Partners website for more information.

THE WEEK AHEAD

Sep. 28 (Mon.)

Sep. 29 (Tue.)
- Sep. Consumer Confidence
- Aug. JOLTS Job Openings
- Jul. FHFA Home Price Index

Sep. 30 (Wed.)
- Sep. ADP Employment
- Aug. Personal Income and Expenditures

Oct. 1 (Thu.)
- Weekly Initial Claims
- Sep. ISM Manufacturing PMI

Oct. 2 (Fri.)
- Oct. Employment Report
- Aug. Factory Orders

Coming Up
- FOMC Minutes (10/7)
- Sep. CPI (10/14)
- Sep. PPE (10/14)
- FOMC (10/28)

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ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, YCharts, 9/25/2006–9/26/2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 9/25/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 9/25/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 9/25/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 9/25/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 9/25/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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