

September 2026

Prepared by Crew Capital Management, a registered investment adviser. Market data as of September 30, 2026. Please see the sources, index-proxy note and disclosures at the end.

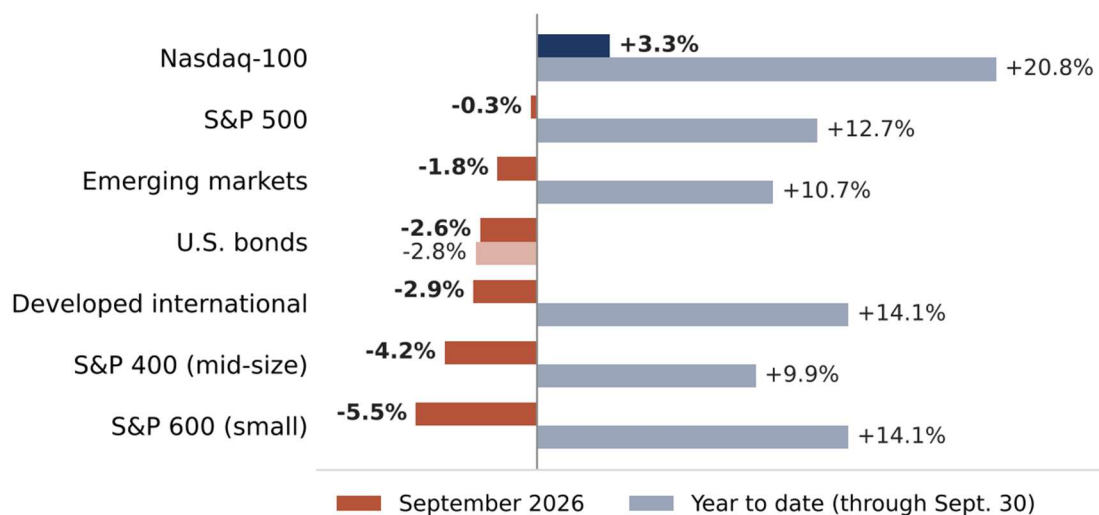
1. The month in brief

Interest rates jumped. The interest rate on the 10-year U.S. Treasury bond climbed from about 4.75% to 5.29% in September, its highest level since 2007. Higher rates pushed down the prices of bonds, smaller companies, real estate, and almost everything else that depends on borrowing.

The Federal Reserve raised its benchmark rate for the first time since 2023. On September 16, the Fed lifted rates by a quarter of a percentage point, to a range of 3.75% to 4.00%, because inflation has been stuck near 3.4% for three months. Fed officials signaled that one or two more increases may come before year-end.

The S&P 500 looked flat, but most stocks fell. The index slipped just **0.3%**, because the technology sector gained **5.1%** and makes up a large share of the index. The average large stock lost about **4.8%**, small companies lost **5.5%**, and U.S. bonds lost **2.6%**. For the year so far, though, the S&P 500 is still up about **12.7%**, and most markets remain comfortably positive, as the scoreboard below shows.

Only the Nasdaq-100 gained in September; most markets fell, but 2026 is still positive for stocks



Total returns. Source: Morningstar, iShares, as of Sept. 30, 2026. Index proxies listed in the footnote.

2. What moved markets, and why

Oil stayed elevated, and that kept inflation stuck

The conflict between the United States and Iran flared again in early September, with new strikes on September 1 and fighting around the Strait of Hormuz, the narrow waterway that carries roughly a fifth of the world's oil. Brent crude, the global oil benchmark, peaked at \$100 a barrel on September 15. It started to settle at about \$90 at month-end.

Oil matters because it feeds into gasoline, shipping, plastics and food. The chain runs like this: higher oil prices → higher inflation → the Fed stays cautious → interest rates rise → prices of existing bonds fall & the cost of borrowing increases. Consumer prices in August were 3.4% higher than a year earlier, the same as July and well above the Fed's 2% goal. Energy stocks slipped **3.3%** in September but remain up about **40%** for the year.

For a long-term investor, the lesson is that a conflict in one region can move prices and markets everywhere. That is a big reason we own a mix of assets rather than betting on any single outcome.

The Fed raised rates for the first time in three years

On September 16 the Federal Reserve raised its benchmark interest rate by a quarter of a percentage point, to a range of 3.75% to 4.00%. It was the first increase since July 2023, and the vote was unanimous. Chair Kevin Warsh said plainly that "inflation is too high," and the Fed's projections showed most officials expect one or two more increases before year-end. In short, their tone was **hawkish** (leaning toward higher rates because the Fed is still worried about inflation).

The Fed's rate sets the base for credit cards, car loans and business loans, and its signals shape longer-term rates. The increase itself was widely expected. The firm tone is what moved markets: stocks fell that day, the 10-year Treasury rate pushed above 5%, and the dollar strengthened. Central banks in Europe and Japan raised rates the same month, so this was a global turn toward tighter money. By September 30, after a cooler inflation reading, investors had lowered the odds of another increase in October.

- The U.S. dollar strengthens when interest rates rise primarily because higher rates attract global investors seeking better returns on dollar-denominated assets like U.S. Treasuries and bonds

Long-term interest rates reached their highest level since 2007

The 10-year Treasury **yield** (the interest rate a bond pays, based on its current price) rose from 4.75% to 5.29%. More than half a percentage point in one month is a very large move for the bond market. The 30-year Treasury reached 5.64%, a level last seen in the early 2000s. Lenders were demanding more interest for three reasons: inflation near 3.4%, a Fed that is raising rates, and heavy borrowing by the government and by companies building data centers for artificial intelligence.

When yields rise, the prices of existing bonds fall, and anything valued on borrowing costs feels it. U.S. bonds lost **2.6%** for the month. Real estate, utilities and financial stocks, the sectors most sensitive to rates, fell around 6% to 7%. Gold dropped about **3.7%**, because when safe government bonds pay more, an asset that pays no interest looks less attractive. Mortgage rates climbed back above 7%.

This is painful for bond prices today, but bonds now pay the most income they have in years, and money reinvested now earns more than it did a month ago.

3. The economy in plain English

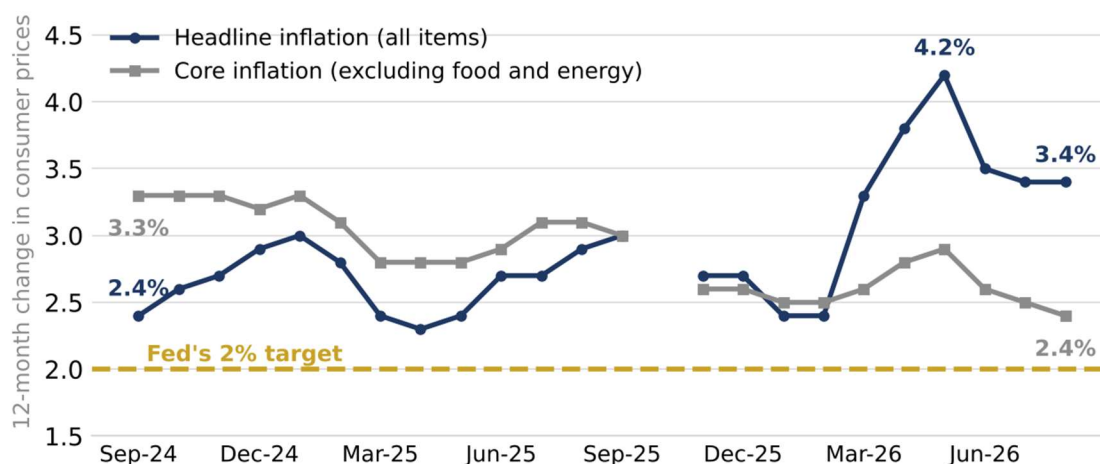
The economy is growing at a moderate pace, a bit faster than it looked earlier in the summer. The government's final estimate of second-quarter growth was revised up to 2.2% **annualized** (if that quarter's pace continued for a full year), from 1.5% in the earlier estimate, and the first quarter was revised up to 2.5%. The Atlanta Fed's running estimate for the third quarter is close to 3.6%, helped by shoppers who kept spending: retail sales rose 1.2% in August alone. A growing economy supports company profits, which support stock prices.

Hiring is slowing, but layoffs remain rare. The August jobs report, released September 4, showed a surprisingly strong 162,000 jobs added, later revised down to 133,000. The September report, released October 2, showed just

29,000, and the unemployment rate ticked up to 4.2% from 4.1%. Wages are rising 3.9% a year, slightly more than inflation of 3.4%, so the average paycheck is gaining a little ground to prices. Workers staying in their current jobs saw a 3.4% rise, while job switchers averaged 4.7%. At the same time, weekly claims for unemployment benefits are near 197,000, which is very low by historical standards. Employers are not hiring much, but they are not letting people go either. A softer job market is one thing that could make the Fed more careful about further increases.

Inflation is stuck at 3.4%, but the details underneath were a little better. As the chart below shows, overall consumer prices were 3.4% higher in August than a year earlier, unchanged from July. **Core inflation** (prices excluding food and energy, which swing the most month to month) eased to 2.4% from 2.5%. The Fed's preferred measure, core PCE, came in at 3.0% for August, down from 3.3% in July, and that cooler reading on September 30 is what lowered expectations for an October rate increase. Energy is doing most of the work holding headline inflation up, and the underlying trend is improving slowly. The Fed's target remains 2%. October 2025 data for CPI is missing due to last year's government shutdown.

Inflation is stuck around 3.4%, well above the Fed's 2% target



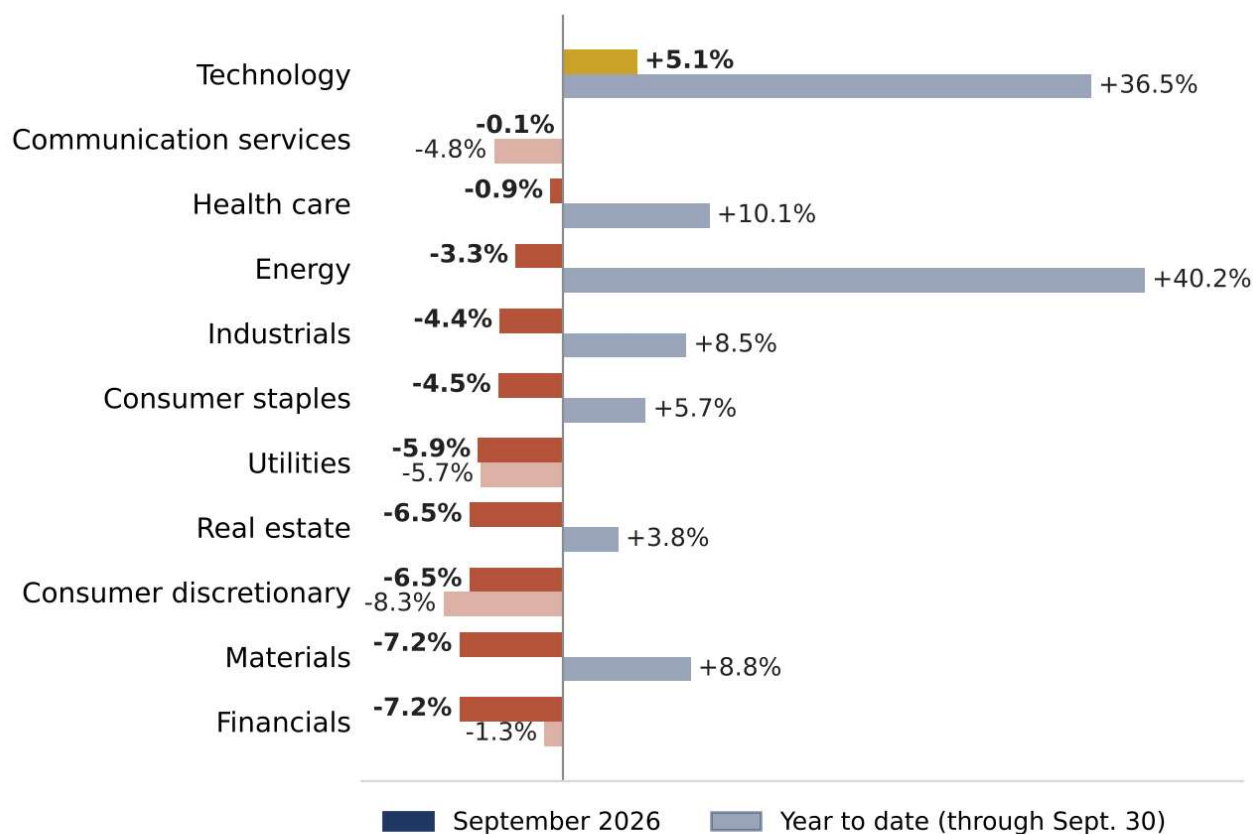
Source: Bureau of Labor Statistics (CPI), as of Aug. 2026 (released Sept. 11, 2026). Oct. 2025 was not published.

Consumers feel worse than they are spending. The Conference Board's consumer confidence index fell to 81.9 in September from 88.6, its lowest reading since 2014 (excluding the Covid pandemic). Yet actual spending held up, which happens often; people say one thing to surveys and do another at the store. Business activity stayed solid, with the manufacturing index at 54.5 (above 50 means the sector is growing) for a ninth straight month of growth, although the prices factories report paying rose sharply.

4. Stocks and bonds

A handful of technology giants carried the market in September, and almost everything else fell. The S&P 500 slipped 0.3% while the Nasdaq-100 rose 3.3% and the Magnificent 7 group of mega-cap technology stocks gained 4.3%. The **equal-weighted** S&P 500 (every company counts the same, rather than the biggest companies counting the most) lost 4.8%. Enthusiasm for artificial intelligence did the lifting: Meta's stock jumped 11% on September 21 on enthusiasm for its new AI assistant, pushing the Nasdaq to a record, and Nvidia announced a record \$150 billion share buyback.

Technology was the only sector to rise in September; energy still leads for the year



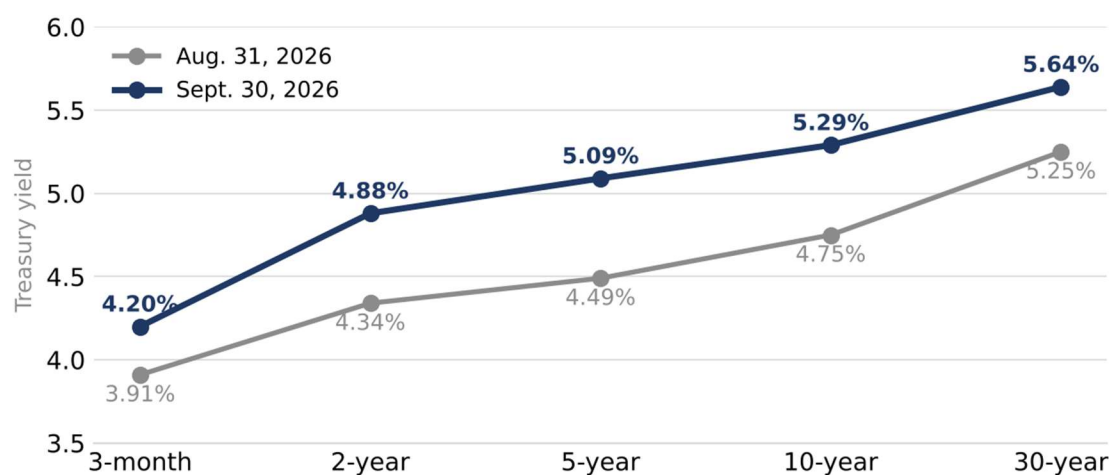
Total returns. Source: State Street, as of Sept. 30, 2026. Index proxies listed in the footnote.

Technology was the only sector to rise, as the chart shows. The biggest losers were the sectors most sensitive to interest rates: financials and materials fell 7.2%, real estate 6.5% and utilities 5.9%. Small companies (down 5.5%) and mid-size companies (down 4.2%) fell more than large ones because they rely more on borrowed money, and borrowing just became more expensive. International stocks also slipped, with developed markets down 2.9% and emerging markets down 1.8%, partly because the dollar rose ~2.6% (a stronger dollar makes foreign holdings worth fewer dollars). Over the year, though, both developed international stocks and small U.S. companies are up 14.1%, ahead of the S&P 500.

Are stocks expensive? The S&P 500's **P/E ratio** (the price investors pay today for a dollar of expected annual profit) ended September at 19.0, compared with a five-year average of 19.8 and a ten-year average of 19.1. In plain terms, stocks are priced about where they usually are, not cheap and not stretched. Profits are the reason: analysts expect third-quarter earnings for S&P 500 companies to be about 30% higher than a year ago, so prices have risen alongside profits rather than ahead of them.

Bond prices fell as yields rose, but the income bonds pay is now the highest in years. The chart below shows the menu of interest rates for different loan lengths, before and after September. Every rate rose: the 2-year Treasury from 4.34% to 4.88% and the 10-year from 4.75% to 5.29%. Because bond prices and yields move in opposite directions, the broad U.S. bond market lost 2.6%, high-quality corporate bonds lost 2.7%, and high-yield bonds lost 2.9%. Bonds did not cushion stocks this month, because rates were the cause of both declines.

Interest rates rose for every loan length in September; the 10-year Treasury ended at 5.29%



Source: U.S. Treasury daily par yield curve, as of Sept. 30, 2026.

Mortgages are the everyday example. The average 30-year mortgage rate rose from 6.71% in the first week of September to 7.03% by September 24, compared with 6.30% a year earlier, and it kept climbing into October. On a \$400,000 loan, the monthly payment at 7.03% is about \$2,669, versus about \$2,476 at last year's rate, roughly \$190 more every month. (We calculated those figures using the standard 30-year fixed-payment formula for principal and interest only; taxes and insurance would come on top.) That is how a move in the bond market reaches a family's kitchen table.

5. Concept of the month: the bond seesaw

Bond prices and yields sit on opposite ends of a seesaw: when one goes up, the other goes down. Imagine you own a bond that pays 4.75% a year. In September, newly issued bonds began paying 5.29%. Nobody will pay full price for your 4.75% bond when they can get 5.29% elsewhere, so your bond's price drops until its payout, measured against the lower price, matches the new rate. The longer the bond, the farther it sits from the center of the seesaw, so a 30-year bond swings more than a 2-year bond. That is why bonds lost 2.6% in September. Why should a long-term investor care? Because the seesaw is temporary pain with a lasting benefit: a bond held to maturity still pays back in full, and every dollar reinvested now earns more than it did a month ago.

6. What it means for your portfolio, and what we're watching

Here is how September flowed through a diversified portfolio. Rates rose, so bonds fell. Rates rose, so the companies most dependent on borrowing, which are often smaller ones, fell more than giant ones. A few technology leaders rose on AI enthusiasm, so the headline S&P 500 barely moved while the average stock fell. The dollar strengthened, so international holdings lost a little in translation. A portfolio that holds all of these pieces, which is what diversification means, had a harder month than the headline index suggested.

Three timeless principles apply, and this month supplied the evidence for each. First, diversification is judged over years, not months. Developed international stocks and small U.S. companies both had a rough September, yet both are up 14.1% for the year, ahead of the S&P 500's 12.7%. Second, rising yields are the bond investor's friend over time, because income resets higher as money is reinvested, even though prices fall first. Third, concentration cuts both ways. The same handful of companies that carried the index in September could just as easily weigh on it in another month, which is why we favor quality and balance over guessing which group leads next, and why periodically bringing the mix back to its targets, known as rebalancing, matters after a run like technology's.

What we're watching next month:

- **October 14:** the September inflation report. Another 3.4% reading would keep pressure on the Fed; a lower one would ease it.
- **October 27–28:** the next Fed meeting. Investors are split on whether another increase comes now or in December.
- **October 29 and November 6:** the first estimate of third-quarter growth, then the October jobs report, which together will show whether slower hiring is spreading.
- **Starting October 13:** third-quarter company earnings, beginning with the large banks. Profits are what ultimately support stock prices.

As always, this recap describes markets in general, not your plan in particular. If you would like to talk through what September means for your own portfolio, goals or timeline, we would welcome the conversation.

7. Words we used

Yield	the interest rate a bond pays, based on its current price. Yields and bond prices move in opposite directions.
Hawkish	leaning toward higher interest rates because of concern about inflation.
Annualized	if a quarter's pace continued for a full year.
Core inflation	price changes excluding food and energy, which swing the most month to month.
Equal-weighted	an index where every company counts the same, rather than the biggest companies counting the most.
P/E ratio	the price investors pay today for a dollar of a company's expected annual profit.

8. By the numbers

Measure	Latest	Prior	Context
10-year Treasury yield	5.29% (Sept. 30)	4.75% (Aug. 31)	Highest since 2007
Fed benchmark rate	3.75–4.00%	3.50–3.75%	First increase since July 2023
Inflation (CPI, all items)	3.4% (Aug.)	3.4% (Jul.)	2.9% a year ago; Fed target 2%
Core inflation (CPI)	2.4% (Aug.)	2.5% (Jul.)	3.1% a year ago
Core PCE (Fed's preferred gauge)	3.0% (Aug.)	3.3% (Jul.)	Fed target 2%
Jobs added	29,000 (Sept.)	133,000 (Aug., revised)	About 45,000/month average over prior 12 months

Measure	Latest	Prior	Context
Unemployment rate	4.2% (Sept.)	4.1% (Aug.)	Wages up 3.9% vs. 3.4% inflation
Economic growth (GDP)	2.2% (Q2, final)	2.5% (Q1)	Q3 running estimate about 3.6%
30-year mortgage rate	7.03% (Sept. 24)	6.71% (Sept. 3)	6.30% a year ago
Oil (U.S. crude, per barrel)	\$90.42 (Sept. 30)	\$85.76 (Aug. 31)	Peaked at \$105.83 on Sept. 15
Consumer confidence	81.9 (Sept.)	88.6 (Aug.)	Lowest since 2014
S&P 500 P/E ratio (next 12 months)	19.0	20.4 (June 30)	5-yr avg 19.8; 10-yr avg 19.1

Sources: Bureau of Labor Statistics (CPI, employment), Bureau of Economic Analysis (GDP, PCE), Federal Reserve (policy statement and projections, Sept. 16, 2026), Federal Reserve Bank of Atlanta (GDPNow), U.S. Treasury (daily yield curve), Freddie Mac (Primary Mortgage Market Survey), The Conference Board, Institute for Supply Management, FactSet (earnings and valuation), Morningstar, iShares and State Street (fund returns). Market data as of September 30, 2026; economic data as of October 9, 2026. Figures are subject to revision by the issuing agencies.

Index proxies. Index and asset-class returns in this recap are represented by the following exchange-traded funds, using the same proxies every month: S&P 500 (VOO), Nasdaq-100 (QQQ), S&P 500 Equal Weight (RSP), Magnificent 7 (MAGS), S&P MidCap 400 (IJH), S&P SmallCap 600 (IJR), developed international (VEA), emerging markets (VWO), U.S. aggregate bonds (AGG), investment-grade corporate bonds (USIG), high-yield bonds (JNK), S&P 500 sectors (XLK, XLV, XLF, XLE, XLY, XLP, XLI, XLU, XLB, XLRE, XLC), and Gold (BAR). Returns are total returns at market price. Indexes are unmanaged and cannot be invested in directly.

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