WEEK OF SEPTEMBER 28, 2026

Market Navigator

Paced by strong performance in large-cap technology stocks, equities generally moved higher. This led to strong gains for the Nasdaq Composite and the S&P 500. With Treasury yields continuing to move higher, interest rate–sensitive equity sectors came under pressure. Fixed income markets were also weaker across the board.

Quick Hits

1. **Beyond the headlines:** What to watch as the fourth quarter starts.
2. **Report releases:** The durable goods report provided further evidence of a strengthening economy.
3. **Financial market data**: Stocks were mostly higher on strength in the technology sector. Treasury yields surged and dragged bonds lower.
4. **Looking ahead:** The September employment report is expected to show a second consecutive month of positive job growth.

Beyond the Headlines: What to Watch as the Fourth Quarter Starts

The arrival of fall also marks the end of the third quarter. Although stocks and bonds have experienced volatility throughout the quarter, equities have generally finished September on a strong note.

Volatility isn't likely to dissipate as the year ends, however. Many concerns that have weighed on investors will continue to do so. But fundamentals also remain strong, and they have helped markets climb the wall of worry over the past two years.

As we enter the fourth quarter, some major issues to watch include midterm elections, interest rates, the Federal Reserve (Fed), and third-quarter earnings reports.

Election Uncertainty Is Nothing New

Headlines about the upcoming elections are everywhere. History indicates that markets will worry about the political outcome and what it means for future policy. This year is no different. Investors are weighing how different election outcomes could affect future policy, including whether Democrats secure a blue wave or Republicans successfully limit their losses.

We are in one of the most volatile parts of an election cycle. Markets typically underperform during midterm years, often from summer through October, compared with other years. That is the peak level of election uncertainty.

But history also provides insight into what ultimately matters. After the election, uncertainty typically dissipates, stocks rally, and the following year is often a good one for investors. The power-sharing arrangement in Washington has very little effect on returns. Over the long term, returns don't show a significant difference based on which party controls the White House, Senate, or House of Representatives.

Fundamentals are far more important than politics when it comes to long-term investment returns.

Bond Yields Are Surging; How Much Will the Fed Do?

For the first time since July 2007, the 10-year Treasury yield reached 5.2 percent. Although much of the move higher in yields over the past month has been driven by inflation expectations, last week's move appeared to reflect stronger economic growth.

While strong economic growth and accelerating inflation have different implications for investors, both could support additional interest rate increases. Chair Kevin Warsh has commented that the Fed should take signals from the bond market when evaluating monetary policy.

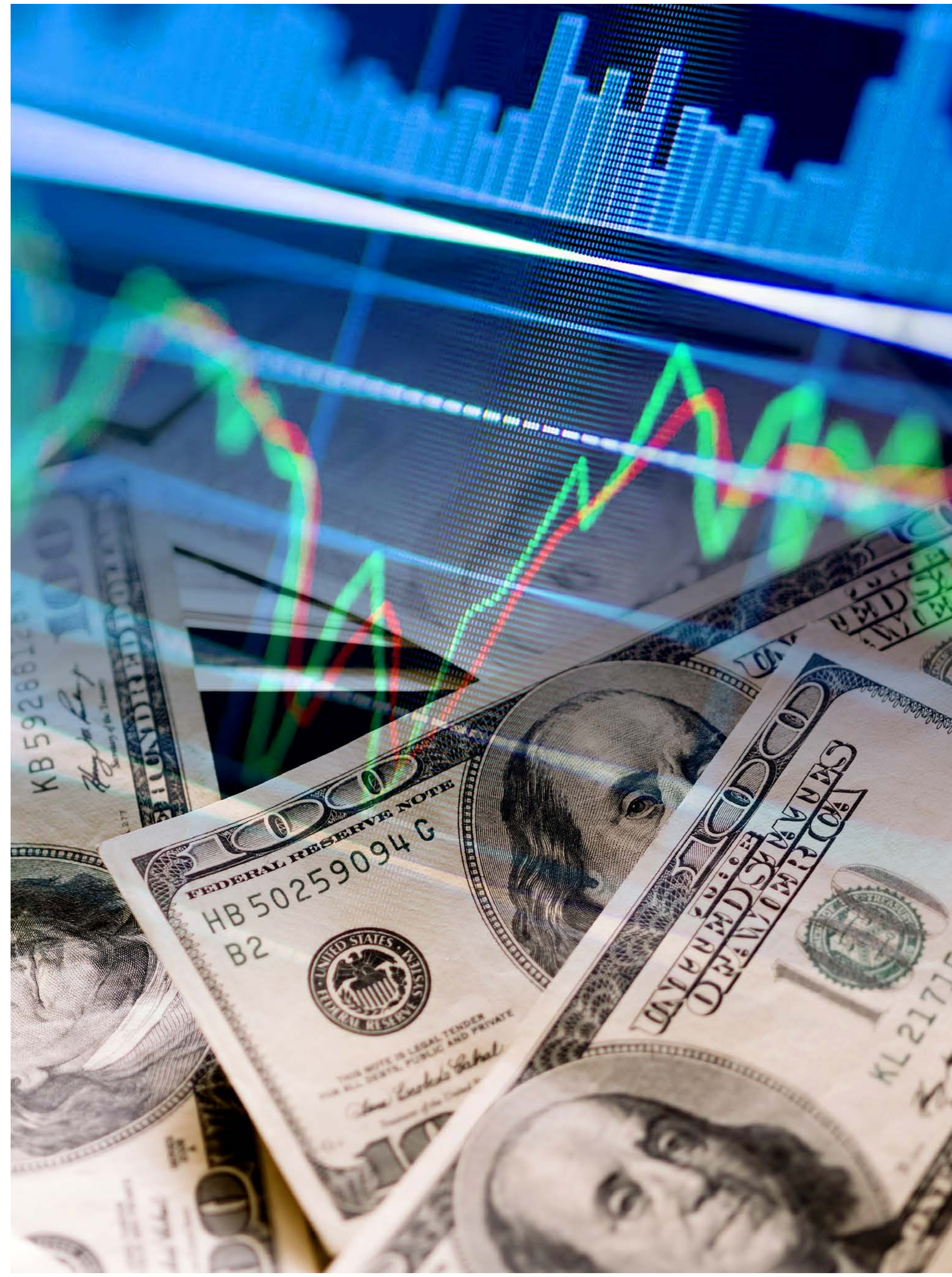
We are in one of the most volatile parts of an election cycle. Markets typically underperform during midterm years, often from summer through October, compared with other years.

Markets currently expect the Fed to raise interest rates four more times over the next 12 months. If bond investors continue to push yields higher, that could increase pressure on the Fed to tighten policy further and may create additional headwinds for equity markets.

Will Corporate America Continue to Carry the Day?

Despite the many headwinds companies have faced over the past couple of years, their ability to deliver strong earnings has not slowed. Analysts currently expect third-quarter earnings to increase more than 29 percent. That would mark three consecutive quarters with earnings growth exceeding 25 percent.

Over the past seven quarters, companies have delivered earnings that have exceeded expectations. As those expectations increase, however, the bar rises—and the possibility for disappointment increases. Nonetheless, it's encouraging that all 11 sectors are expected to show year-over-year growth.



Report Releases: September 21–25, 2026

Preliminary Durable Goods Orders
August
(Friday)

Headline and core durable goods orders were mixed last month. Headline orders were flat despite expectations for a decline, but core orders increased less than expected.

- Expected/prior durable goods orders monthly change: –0.3%/+1.1%
- Actual durable goods orders monthly change: +0.0%
- Expected/prior core durable goods orders monthly change: +0.6%/+0.4%
- Actual core durable goods orders monthly change: +0.3%

>> The Takeaway

- Expectations for a stronger economy have contributed to the recent increase in Treasury yields.
- Market participants now believe the Fed will raise interest rates several more times.

Financial Market Data

Equity

Global stocks were mostly higher. U.S. markets were led by strong performance from large technology companies. This led to rallies in the Nasdaq Composite, which rose more than 2 percent, and the S&P 500, which increased 1.23 percent. The Dow Jones Industrial Average was up marginally, and the Russell 2000 declined 0.79 percent. The technology, communication services, and health care sectors led the market higher. Utilities, energy, financials, and real estate were underperforming sectors because of higher interest rates and a modest drop in oil prices. International developed markets and emerging markets also finished the week lower.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.23%	0.84%	14.07%	18.60%
Nasdaq Composite	2.07%	2.71%	16.98%	21.66%
DJIA	0.28%	−2.38%	9.13%	14.64%
MSCI EAFE	0.20%	−2.48%	11.50%	19.02%
MSCI Emerging Markets	1.29%	0.94%	25.50%	31.77%
Russell 2000	−0.79%	−3.92%	15.47%	19.31%

Source: Bloomberg, as of September 25, 2026

Fixed Income

Higher yields in the Treasury bond market were the story of the week. Stronger economic data and continued concerns about inflation led to the market repricing expectations for interest rate increases. Yields across the curve moved higher, with the 10-year Treasury yield touching 5.2 percent before settling at 5.16 percent on Friday. The moves in yields caused weakness across fixed income markets. Core bonds, Treasuries, and mortgages declined marginally, while the municipal market dropped more.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.82%	−1.98%	−2.28%	−1.00%
U.S. Treasury	−0.66%	−1.76%	−2.28%	−1.19%
U.S. Mortgages	−0.96%	−2.43%	−2.36%	−0.63%
Municipal Bond	−1.81%	−3.82%	−3.63%	−2.05%

Source: Bloomberg, as of September 25, 2026

>> The Takeaway

- Stocks were mostly higher due to strength from large technology companies. The Nasdaq Composite and the S&P 500 were the best-performing indices.
- Yields in the Treasury market continued to move higher on stronger growth and inflation concerns. Fixed income markets were lower.

Looking Ahead

Economic data takes center stage this week with the all-important September employment report. Continued job growth would support the narrative that the Fed will raise rates to offset accelerating inflation.

- The week kicks off on Tuesday with the Conference Board Consumer Confidence Index for September. It's anticipated that consumer confidence will rebound slightly in September after falling the previous two months.
- On Thursday, we'll see the Institute for Supply Management (ISM) Manufacturing index for September. If confidence improves as expected, it would mark nine consecutive months in expansionary territory for the index, a good sign for economic growth.
- The week wraps up on Friday with the September employment report. Economists expect a modest slowdown in hiring, with 100,000 new jobs created, after 162,000 jobs were added in August.

Sequoia National Park, California

This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Diversification does not assure a profit or protect against loss in declining markets, and diversification cannot guarantee that any objective or goal will be achieved. Please contact your financial professional for more information specific to your situation.

Bonds are subject to availability and market conditions; some have call features that may affect income. Bond prices and yields are inversely related: when the price goes up, the yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than $50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®.

Mike Graziano, CMT®, CRPC®, CFP®, Chief Investment Officer

Graziano Budny Wealth Management Group, LLC
8400 E Prentice Ave, Suite 735 | Greenwood Village, CO 80111
720.583.6363 | 720.458.0773 fax | www.grazianobudny.com | mgraziano@grazianobudny.com