



Week Ahead

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September 21, 2026

The Fed Moves The Punch Bowl

At the September 16 meeting, the Federal Open Market Committee (FOMC) under Federal Reserve (Fed) Chair Kevin Warsh made the decision to raise the fed funds rate by 25 basis points to the range of 3.75%-4.00%, the first rate hike in three years.

The move was supported unanimously by the Board. The dot plot (which Chair Warsh did not participate in) had 16 of 18 forecasters expecting another rate hike this year. Chair Warsh outlined the following rationale for the rate hike:

- Warsh noted in his press conference that, since the last FOMC meeting, the U.S. labor market looked solid, inflation trends remained concerning, and geopolitics were bothersome. Those factors helped swing the committee toward the rate hike decision.
- Financial conditions were not believed to be restrictive. Warsh described the neutral rate concept as “academic,” indicating a degree of fuzziness around where that number is. Even with the September hike, the policy rate is probably still in the neighborhood of neutral, since there was not a strong consensus on whether we were looking at accommodation or restriction.
- Warsh described the action as reducing a dose of accommodation. Taking that framework at face value, what the FOMC appears to be doing in 2026 is taking back the rate cuts that were made in 2025.
- Warsh noted that competition for capital, especially from the tech hyperscalers, could be affecting the U.S. bond market (i.e., driving yields up somewhat).
- Warsh was not interested in prejudging decisions by other foreign central banks. But the price pressures seen domestically are clearly evident globally. Other global central banks, such as the European Central Bank (ECB), have already begun an interest rate hike cycle.

Conclusion of FOMC meeting: *The Fed believes the economy is expanding at a solid pace with the labor market at full employment. Inflation has remained elevated and the Fed is now focused on price stability. There were three rate cuts last year, so by that logic, there could be up to two more rate hikes in the coming months. One more rate hike is expected this year and another possibly next year, removing the accommodation from 2025.*

It is important to remember that monetary policy operates with a lag of 12 to 18 months. But it is clear that the Fed is taking away the punch bowl and the move should have an impact — but not quickly.

THE WALL STREET JOURNAL.

DOW JONES | *Market Gains* | THURSDAY, SEPTEMBER 17, 2026 • VOL. CCLXXXVIII NO. 66 | WSJ.com | ★★★★★ \$5.00
S&P 500 5140.90 ▲ 61.21 1.21% NASDAQ 25970.42 ▲ 626 STOCKS 637.09 ▲ 0.3% 10-YR TREAS. 3.75% ▲ 0.01% OIL 57.02 ▲ 0.46 5.00% GOLD \$4,346.30 ▲ \$54.70 EURO \$1.064 YEN 156.29

| Fed Delivers First Rate Hike in 3 Years



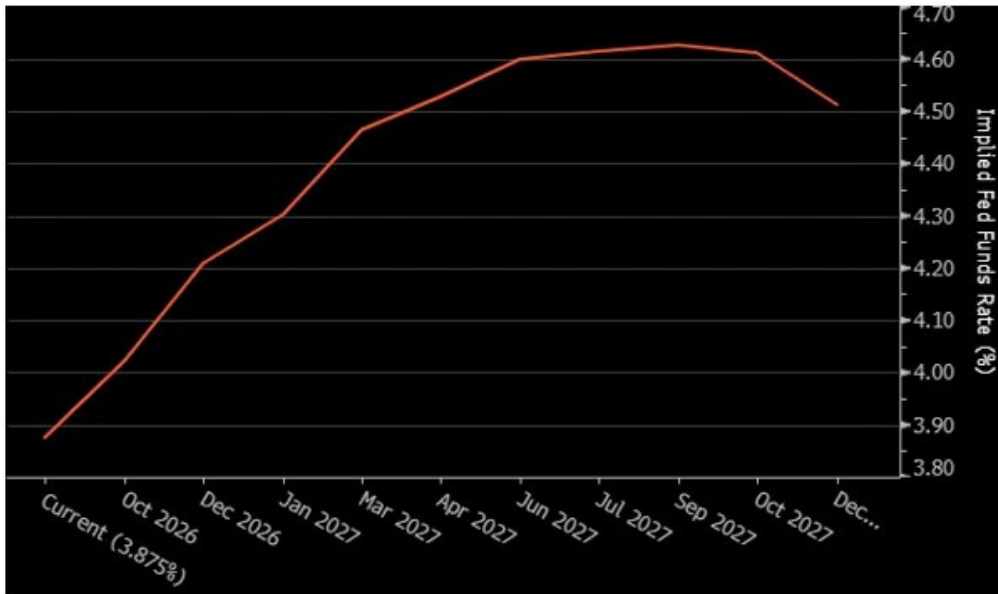
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Markets Expect More Rate Hikes

The fed funds futures market is pricing in more tightening than indicated by the FOMC's latest Summary of Economic Projections (SEP), which shows a median federal funds rate of 4.1% at year-end 2026. As of last Thursday, futures implied a 53% probability of another 25-basis-point rate hike at the October 28 FOMC meeting. If the Fed holds rates steady in October, the probability of a hike at the December 9 meeting rises to 76%, with markets also pricing in additional rate hikes in 2027.

With both the Consumer Price Index (CPI) and Producer Price Index (PPI) showing persistent inflation, and prices for oil and related products such as diesel remaining elevated, interest rates rose across the yield curve. The sharpest move came in the 2-year Treasury yield, which rose to 4.7%, while the 10-year yield tested 5.0% before closing just below that level at 4.996%. The 2-year Treasury faces strong resistance in the 4.7%–5.0% range, while the 10-year continues to respect resistance at 5.0%.

Fed Funds Futures Implied Policy Rate Has Rates Rising



Source: Bloomberg, September 18, 2026

2-Year Treasury Yield Has Risen Sharply And Into Resistance

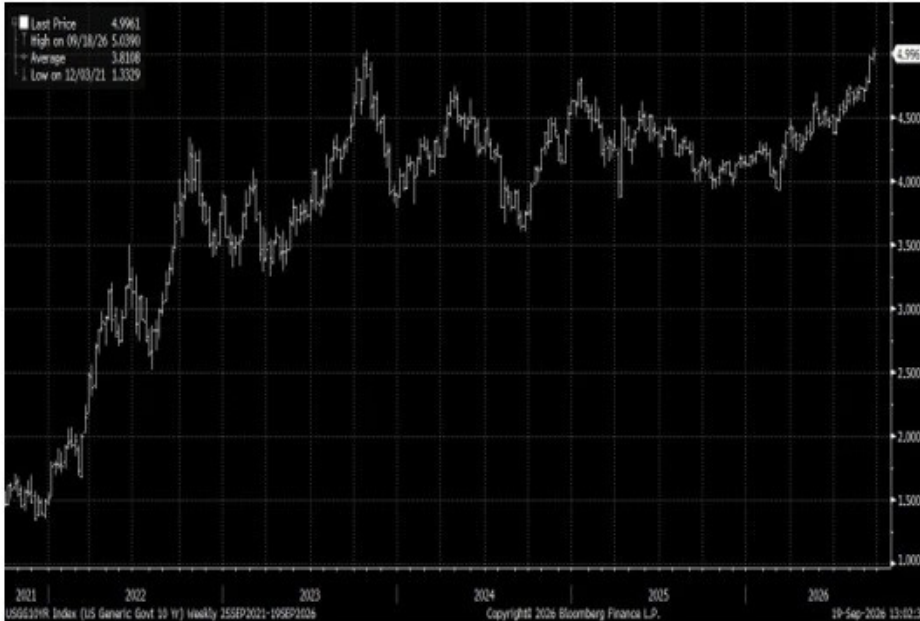


Source: Bloomberg, Sanctuary Wealth, September 19, 2026



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10-Year Treasury Yield Respecting 5.0% Level... For Now



Source: Bloomberg, Annotations by Sanctuary Wealth, September 19, 2026

Earnings Momentum Is Robust

Equity prices tend to follow forward earnings momentum, which is the change in expected earnings growth. The discount rate that investors apply to those expected earnings is important. Higher yields do not automatically stop a bull market, but they can raise the hurdle rate. If earnings momentum stays strong, stocks can absorb some rate pressure. If rates begin to weigh on earnings expectations, stocks can be negatively impacted.

An old Wall Street adage holds that, with interest rate hikes, the Fed takes away the “punch bowl” from the bull market party. But there’s another longstanding market saying, “three steps and a stumble,” that suggests it traditionally takes several hikes before stocks falter. We are not there... yet!

S&P 500 Forward Earnings Momentum Is Strong For Now



Source: Bloomberg, Sanctuary Wealth, September 12, 2026

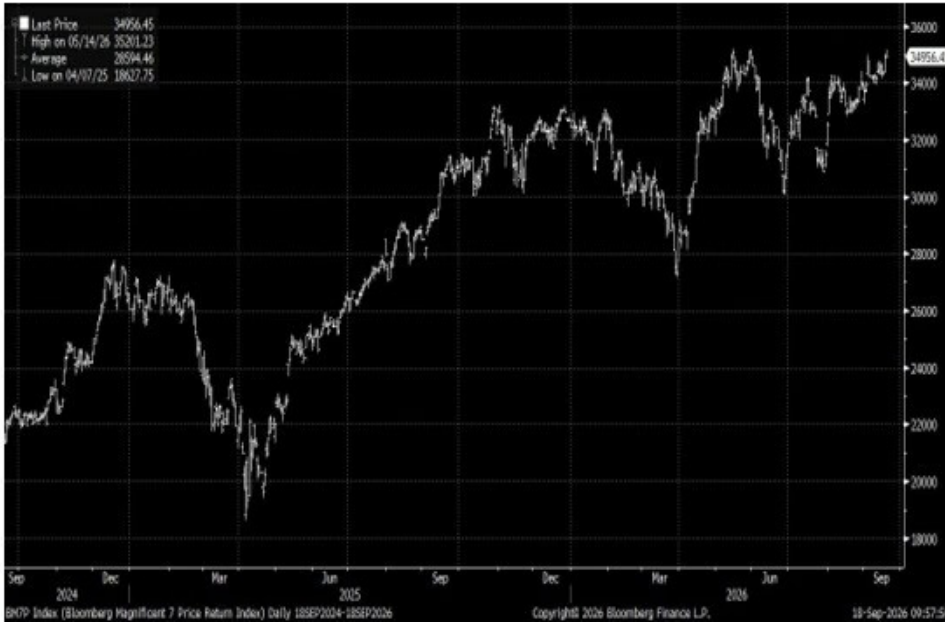


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The Relative Performance Of Technology Not Sensitive To Higher Rates

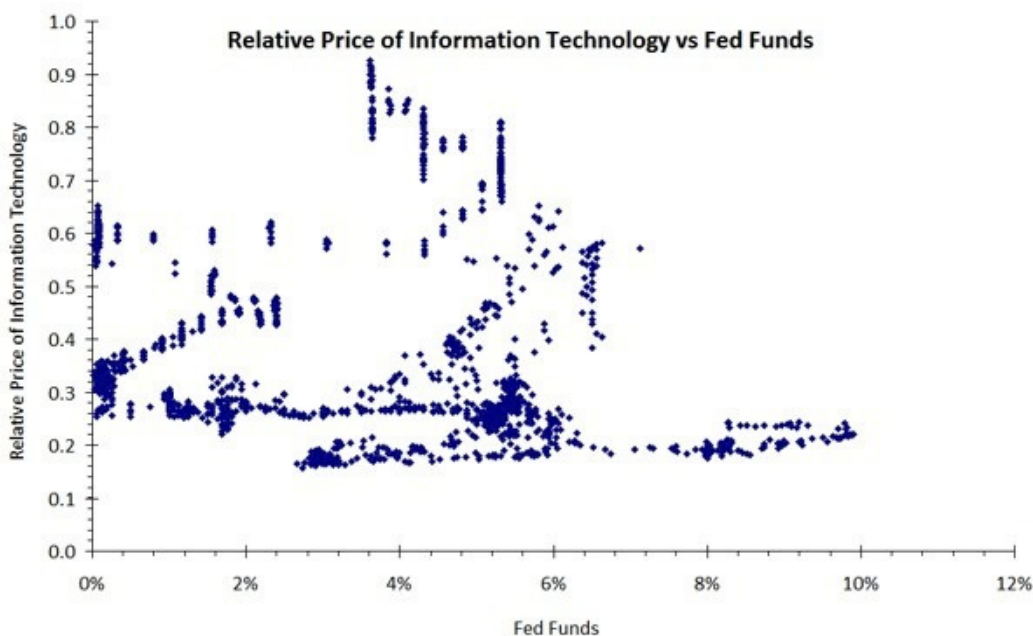
Technology historically is not sensitive to the Fed raising interest rates. This is important because Technology is the leadership of this market. In fact, the Magnificent 7 (Mag 7) is positioned to break to the upside.

Mag 7 Index Positioned To Breakout To New Highs



Source: Bloomberg, September 18, 2026

Relative Price Of Technology To Higher Fed Funds Rate – No Correlation!



Source: Bloomberg, Sanctuary Wealth, September 18, 2026

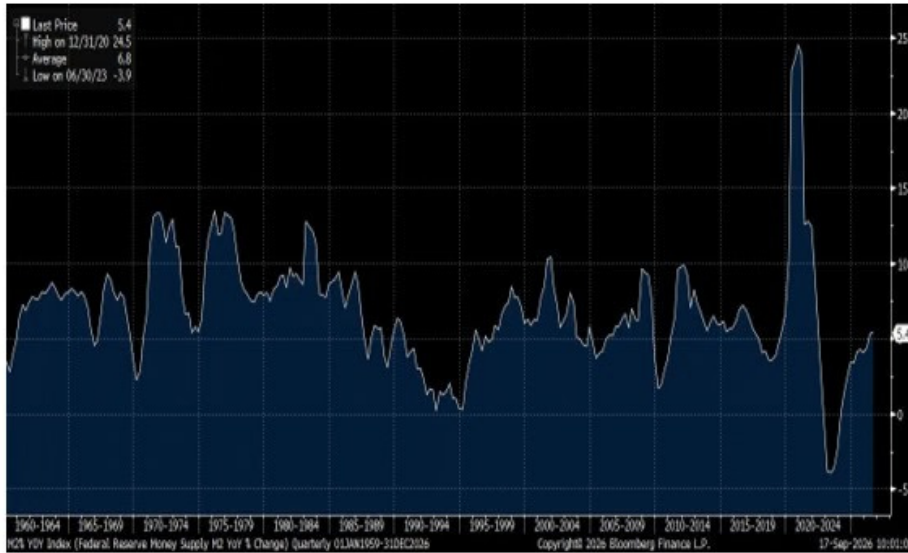


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Growing Money Supply Should Cushion Higher Rates

Money Supply, as measured by M2 — a broad measure of the total money circulating in an economy, including physical cash, checking accounts, savings deposits, and easily accessible short-term financial assets — is growing at a 5.4% rate. This should help cushion higher rates in the near term.

M2 Money Supply Year To Year Growing At 5.4%



Source: Bloomberg, September 17, 2026

Markets Are Pricing Conditions They Expect For Early 2027

Markets tend to price about six months ahead. With the September rate hike behind us, investors are now pricing the first half of 2027. Historically, higher short-term interest rates have not necessarily hurt the relative performance of Technology stocks. That is important because Technology remains the secular market leader. The caveat in this cycle is balance-sheet risk. Hyperscalers are raising large amounts of debt to fund the artificial intelligence (AI) data-center buildout, and Fed Chair Warsh highlighted that demand for capital at last Wednesday's FOMC meeting.

Higher rates should not change the value of rate-insensitive cash flows, but they can raise financing costs for companies funding the next wave of AI infrastructure. The impact of higher borrowing costs on AI investment is something to watch.

Rate Hikes Are Rarely One And Done

There have been 10 rate-hiking cycles since 1980. In the table below, each episode of rising rates is labeled with the name of the Fed Chair at the time; the new cycle is labeled Warsh and is excluded from the following calculations. Rate increase cycles have lasted 16.2 months on average, with a median of 15.7 months. The shortest cycle lasted only 17 days in 1980, when Fed Chair Paul Volcker was fighting double-digit inflation. The longest cycle lasted 36 months in 2015–2018. The average cycle had 8.2 hikes, with a median of 8.0 increases; the minimum was just one in March 1997, the lone one-and-done so far.

Past Interest Rate Increase Cycles

Cycle	Label	First Hike	Last Hike	Duration	# of Hikes	Start Rate	Peak Rate	S&P Start	S&P End	Performance
1	Volcker I	2/15/1980	3/3/1980	0.6	2	14.00%	20.00%	115.41	112.5	-2.52%
2	Volcker II	8/7/1980	5/8/1981	9	9	9.50%	20.00%	123.3	131.66	6.78%
3	Volcker III	5/2/1983	8/21/1984	15.7	4	8.50%	11.75%	162.11	167.83	3.53%
4	Greenspan I	4/30/1987	2/24/1989	21.9	16	6.00%	9.75%	288.36	287.13	-0.43%
5	Greenspan II	2/4/1994	2/1/1995	11.9	7	3.00%	6.00%	469.81	470.4	0.13%
6	Greenspan III	3/25/1997	3/25/1997	—	1	5.25%	5.50%	789.07	789.07	0.00%
7	Greenspan IV	6/30/1999	5/16/2000	10.5	6	4.75%	6.50%	1372.71	1466.04	6.80%
8	Greenspan/Bernanke	6/30/2004	6/29/2006	23.9	17	1.00%	5.25%	1140.84	1272.87	11.57%
9	Yellen/Powell I	12/16/2015	12/19/2018	36.1	9	0.25%	2.50%	2073.07	2506.96	20.93%
10	Powell II	3/16/2022	7/26/2023	16.3	11	0.25%	5.50%	4357.86	4566.75	4.79%
11	Warsh	9/16/2026	—	—	1	3.75%	4.00%	7551.81	—	—
Average										5.16%
Median										4.16%
Standard Deviation										6.99%

Source: Bloomberg, Sanctuary Wealth, September 17, 2026



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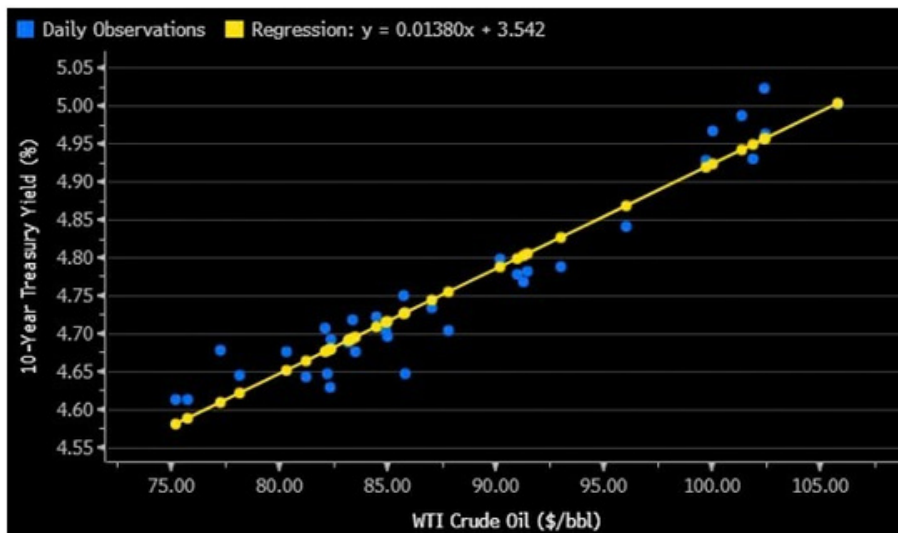
Oil Prices Are Now A Driver Of The 10-Year Treasury Yield

Oil supply risks stemming from escalating attacks tied to Iran and its allies in the Persian Gulf and Red Sea pushed WTI crude oil above \$100 per barrel last week. Since the beginning of August, the 10-year Treasury yield has moved closely with oil prices. A regression produces an R^2 of 0.9249, indicating a very strong relationship between the two over this period.

For every \$1-per-barrel increase in oil prices, the 10-year Treasury yield has risen by roughly 1.38 basis points. If oil moves toward \$110 or \$115 per barrel, that relationship would imply a 10-year Treasury yield near 5.06% or 5.13%, respectively.

The point is not that oil mechanically sets the 10-year yield; it is that oil is currently the market's inflation shock

10-Year Treasury Yields Are Tightly Coupled To WTI Crude Prices Right Now



Source: Bloomberg, Sanctuary Wealth, September 18, 2026

West Texas Intermediate Crude Oil Prices Have Breached \$100 Per Barrel



Source: Bloomberg, Annotations by Sanctuary Wealth, September 18, 2026



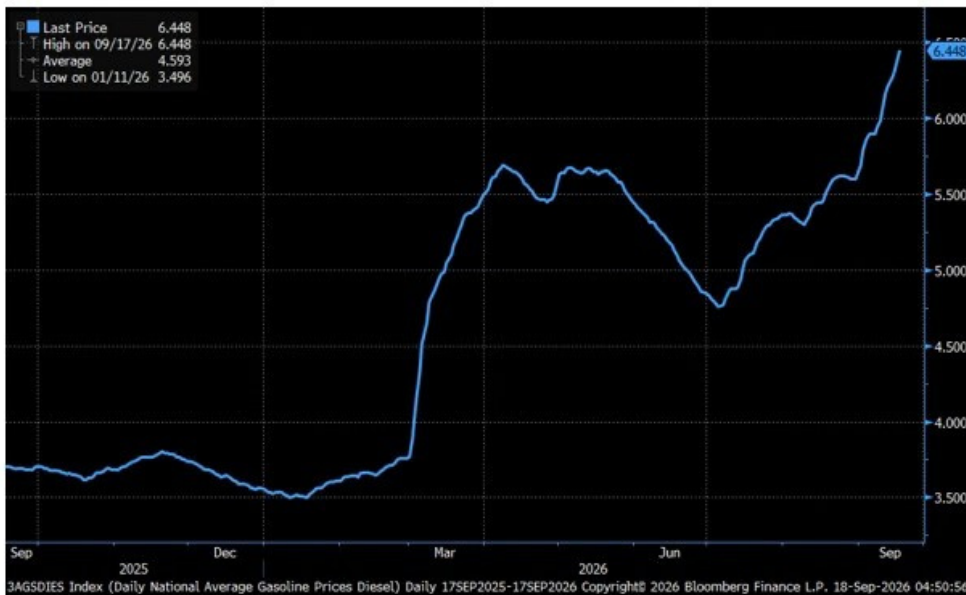
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Higher Oil Prices Squeeze Transportation Margins

Last week, U.S. retail gasoline prices were \$4.47 per gallon, while diesel was \$6.45 per gallon. Diesel prices can contribute to inflationary pressures because diesel powers trucks, trains, and other parts of the goods-distribution system. Higher diesel prices squeeze transportation margins and can push more freight from trucks to rail, where fuel efficiency is better.

J.B. Hunt (JBHT) issued a rare earnings warning, citing higher costs, including energy prices, as a drag on earnings. Investors should monitor whether such higher costs lead analysts to adjust their earnings projections.

Diesel Prices Are Squeezing Transportation Costs



Source: Bloomberg, American Automotive Association (AAA), September 18, 2026

SEC Permits A Tokenization Testbed, But Not An Exchange

On Thursday, the Securities and Exchange Commission (SEC) issued a five-year Innovation Exemption for Tokenized Securities Venues (TSVs). These venues may use permissioned onchain liquidity pools to trade tokenized National Market System (NMS) stocks — listed U.S. shares that retain the same dividend and voting rights as the underlying stock. Tokens that only track a stock's price are not currently permitted. Issuers can object to third-party tokenization and block trading of their stocks.

TSVs must operate onshore, comply with Office of Foreign Assets Control (OFAC) rules, adhere to limits on the number of securities and volume traded, and publish trade data. This is a supervised experiment, not a replacement for the New York Stock Exchange or Nasdaq. It will allow regulators to test whether listed stocks can eventually trade on blockchain rails, but it is not a public market today; participation is limited to permissioned participants.

In our view, the SEC's action is another clear sign of the financial markets' movement toward greater use of blockchain-based trading infrastructure.



Reuters

US securities regulator rolls out five-year exemption for tokenized stock trading

By Hannah Lang

September 17, 2026 8:02 AM CDT · Updated 15 hours ago

- Platforms trading tokenized stocks get five-year relief from exchange definition under SEC rules
- Liquidity providers in tokenized stocks get five-year exemption from dealer registration requirements
- Move follows Senate's failure to advance Trump-backed cryptocurrency legislation days earlier



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Sector Readings: Energy Led, Followed By Information Technology; Utilities Last Again, Then Consumer Discretionary And Consumer Staples

Energy continued oncemore to lead the market last week, followed by Information Technology. Utilities is still the market laggard, now for 7 weeks in a row; Consumer Discretionary was next, then Consumer Staples.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Sep 18	Sep 11	Sep 4	Aug 28	Aug 21	Aug 14	Aug 7	Jul 31
Consumer Discretionary	10	10	8	7	9	10	8	10
Consumer Staples	9	9	10	10	8	8	9	8
Energy	1	1	1	2	1	2	3	1
Financials	4	3	4	3	4	4	5	5
Healthcare	3	4	3	4	2	5	2	2
Industrials	7	6	6	6	6	3	4	4
Information Technology	2	2	2	1	3	1	1	3
Materials	6	5	5	5	5	6	6	7
Communication Services	5	8	9	9	10	9	10	11
Utilities	11	11	11	11	11	11	11	9
Real Estate	8	7	7	8	7	7	7	6

Source: Bloomberg, Sanctuary Wealth, September 18, 2026



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OBOS List: Energy And Healthcare Overbought; Industrials, Utilities, And Consumer Discretionary Oversold; Materials Near Oversold

Energy was again overbought last week, as was Healthcare. Industrials, Utilities, and Consumer Discretionary were oversold; Materials was near oversold. There was nothing near overbought.

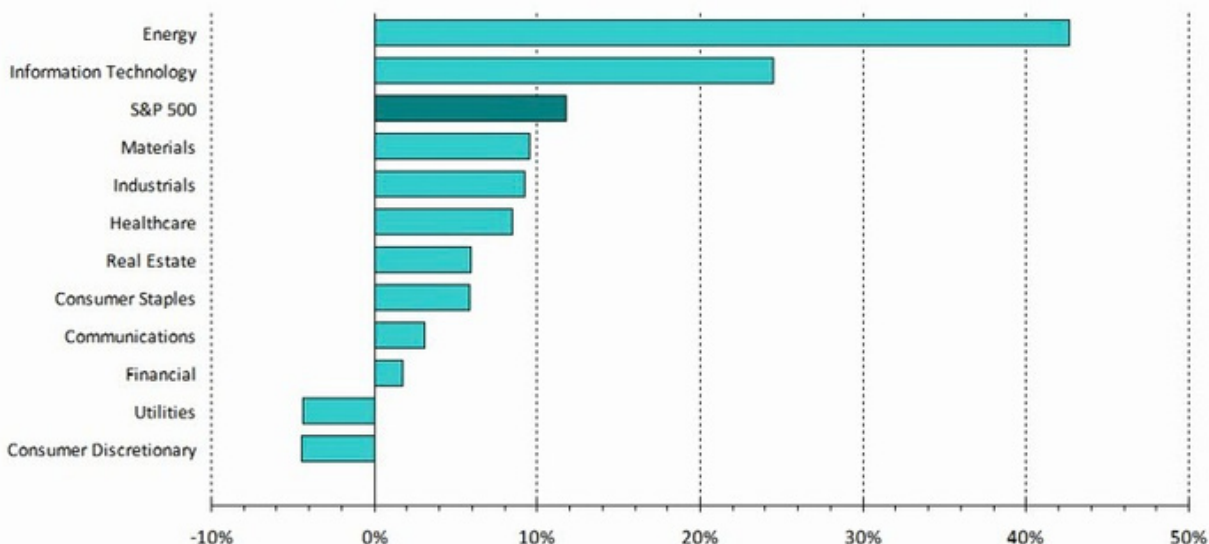
Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 18 September 2026		
rank	S&P Sector	normalized Oscillator
1	Energy	1.9500
2	Healthcare	1.6992 <i>Overbought</i>
3	Financials	0.4005 <i>Neutral</i>
4	Information Technology	-0.0309
5	Communication Services	-0.2993
6	Consumer Staples	-0.5340
7	Real Estate	-0.5529 <i>Neutral</i>
8	Materials	-0.6909 <i>Near Oversold</i>
9	Consumer Discretionary	-1.1130 <i>Oversold</i>
10	Utilities	-1.2869
11	Industrials	-2.0165

Source: Bloomberg, Sanctuary Wealth, September 18, 2026

Year-To-Date Performance Of The S&P 500 Sectors



Source: Bloomberg, Sanctuary Wealth, September 18, 2026



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Market Performance: Energy Still The Standout Best Performing Asset Year To Date. Silver Was Weakest, Nudging Bitcoin From The Bottom Position.

	Last 9/18/2026	Month End 8/31/2026	Month to Date	Quarter End 6/30/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 9/18/2025	Year To Year
S&P 500	7650.50	7686.14	-0.5%	7499.36	2.0%	6845.50	11.8%	6631.96	15.4%
NASDAQ Composite	26522.54	26370.89	0.6%	26213.72	1.2%	23241.99	14.1%	22470.72	18.0%
NASDAQ 100	721.45	716.76	0.7%	736.40	-2.0%	614.31	17.4%	595.32	21.2%
Russell 2000	2860.40	2956.45	-3.2%	3024.37	-5.4%	2481.91	15.2%	2467.70	15.9%
S&P Consumer Discretionary Sector	1842.68	1920.67	-4.1%	1907.12	-3.4%	1928.43	-4.4%	1935.03	-4.8%
S&P Consumer Staples Sector	915.32	933.49	-1.9%	923.02	-0.8%	864.89	5.8%	879.51	4.1%
S&P Energy Sector	980.52	971.77	0.9%	810.95	20.9%	687.34	42.7%	680.92	44.0%
S&P Financial Sector	927.67	958.36	-3.2%	892.84	3.9%	911.60	1.8%	898.07	3.3%
S&P Healthcare Sector	1958.81	1984.28	-1.3%	1852.15	5.8%	1805.89	8.5%	1596.86	22.7%
S&P Industrials Sector	1433.94	1479.83	-3.1%	1568.73	-8.6%	1313.14	9.2%	1287.96	11.3%
S&P Information Technology Sector	7074.89	6959.48	1.7%	6788.21	4.2%	5684.00	24.5%	5455.35	29.7%
S&P Materials Sector	628.99	663.71	-5.2%	638.08	-1.4%	574.41	9.5%	575.57	9.3%
S&P Real Estate Sector	270.13	280.86	-3.8%	279.70	-3.4%	255.03	5.9%	262.56	2.9%
S&P Communications Sector	466.48	450.98	3.4%	454.40	2.7%	452.39	3.1%	436.29	6.9%
S&P Utilities Sector	414.92	426.86	-2.8%	460.68	-9.9%	433.81	-4.4%	426.07	-2.6%
S&P 500 Total Return	17154.36	17219.95	-0.4%	16774.07	2.3%	15220.46	12.7%	14698.08	16.7%
3 month Treasury Bill Price	98.98	99.04	-0.1%	99.05	-0.1%	99.09	-0.1%	99.00	0.0%
3 month Treasury Bill Total Return	275.13	274.59	0.2%	272.87	0.8%	268.01	2.7%	264.98	3.8%
10 Year Treasury Bond Future	105.83	107.66	-1.7%	109.89	-3.7%	112.44	-5.9%	112.98	-6.3%
10 Year Treasury Note Total Return	307.62	312.33	-1.5%	316.03	-2.7%	316.61	-2.8%	314.57	-2.2%
iShares 20+ Year Treasury Bond ETF	81.25	82.52	-1.5%	86.42	-6.0%	87.16	-6.8%	89.19	-8.9%
S&P Municipal Bond Total Return	285.15	290.87	-2.0%	296.00	-3.7%	290.00	-1.7%	286.21	-0.4%
iShares S&P National Municipal Bond NAV	102.63	104.95	-2.2%	107.51	-4.5%	106.85	-4.0%	106.61	-3.7%
S&P 500 Investment Grade Corporate Bond Total Return	493.33	498.16	-1.0%	504.11	-2.1%	499.46	-1.2%	496.57	-0.7%
S&P Investment Grade Corporate Bond	88.89	89.96	-1.2%	91.57	-2.9%	92.75	-4.2%	93.26	-4.7%
S&P Investment Grade Corporate Bond Total Return	528.13	533.21	-1.0%	538.40	-1.9%	532.99	-0.9%	529.06	-0.2%
SPDR Bloomberg High Yield Bond ETF	94.55	96.06	-1.6%	96.37	-1.9%	97.21	-2.7%	98.02	-3.5%
iShares iBoxx High Yield Corporate Bond ETF	78.53	79.81	-1.6%	79.97	-1.8%	80.63	-2.6%	81.23	-3.3%
Gold	4378.63	4437.38	-1.3%	4008.02	9.2%	4319.37	1.4%	3644.28	20.2%
Bitcoin	81096.84	78853.76	2.8%	58642.15	38.3%	87647.54	-7.5%	117579.51	-31.0%
Silver	66.26	66.58	-0.5%	58.60	13.1%	71.66	-7.5%	41.83	58.4%

Source: Bloomberg, Sanctuary Wealth, September 18, 2026

What Markets Are Watching This Week

This week the focus shifts to Fed signals, geopolitical risk, and China.

This week, investors will focus on purchasing managers' indexes, jobless claims, new home sales, durable goods, and the first wave of post-rate-hike Federal Reserve commentary. Fed Chair Warsh is not scheduled to speak, making other Fed officials' appearances more important, though their comments may be less definitive. The market question is whether officials validate expectations for more tightening or push back against them.

Thursday's scheduled meeting between President Trump and China's General Secretary Xi Jinping adds another source of uncertainty, with trade, technology, critical minerals, energy, Iran, and Taiwan among the issues in focus. With oil supply already strained, the meeting could add to market volatility.

We remain bullish on the secular equity story, but higher oil prices, higher yields, and geopolitical risk argue for patience. We continue to expect elevated volatility, but investors should remain fearless.



Calendar

Mon.

No events scheduled

Tue.

1:00 PM Federal Reserve Bank of Richmond President Thomas Barkin speaks to the CFA Society Baltimore Earnings AutoZone*

Wed.

9:45 AM US Flash Manufacturing PMI
9:45 AM US Flash Services PMI
Earnings Paychex

Thu.

8:30 AM Weekly Jobless Claims
8:30 AM Economic Club of Washington, DC event with Federal Reserve Bank of Richmond President Thomas Barkin
10:00 AM New Home Sales
11:00 AM Kansas City Fed Survey
Earnings Darden Restaurants, Costco Wholesale

Fri.

8:30 AM Durable Goods
10:00 AM U. Michigan Final Consumer Survey

*Earnings reflect highlights

Sources: MarketWatch/Kiplinger's

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