
WEEK OF SEPTEMBER 8, 2026

# Market Navigator

Stock markets were essentially flat last week. Elevated oil prices led to a 2 percent rally in the energy sector. The consumer discretionary sector was the worst-performing part of the market, declining 2 percent. Bond markets were modestly lower as yields on long-term Treasuries rose.

## Quick Hits

1. **Beyond the headlines:** Strong employment report returns focus to inflation.
2. **Report releases:** The creation of 162,000 jobs in August was encouraging for the economy.
3. **Financial market data**: Stocks were essentially flat, masking considerable daily volatility.
4. **Looking ahead:** We expect updates on producer and consumer prices this week.

VERDI WEALTH MANAGEMENT

## Beyond the Headlines: Strong Employment Report Returns Focus to Inflation

At the recently concluded Jackson Hole Economic Policy Symposium, Federal Reserve (Fed) Chair Kevin Warsh described the labor market as being stable and consistent with the central bank's goal of maximum employment. The August employment report, released Friday, may have proved him correct. After a disappointing employment report in July, last month's improved data refocused Fed policy discussions on inflation. This week's reports will be critical to discussions at the Fed's meeting next week.

**Job Creation Rebounds**

So far this year, the labor market has alternated between weakness and strength. That pattern continued with the August employment report, which showed strength across the board. Expectations were that the U.S. economy would create 55,000–60,000 jobs; instead, it created 162,000. In addition, data from June and July was revised higher by a combined 55,000 jobs. Although employment reports have been volatile, the August release takes the weakening jobs market narrative off the table for now.

**Inflation Expected to Accelerate**

Despite improvements in the growth rate of consumer and producer inflation over the past couple of months, inflation remains well above the Fed's 2 percent target. (Inflation hasn't been that low in more than five years.) The Consumer Price Index (CPI) and Producer Price Index (PPI) are expected to accelerate again as oil and gas prices have moved higher.

If these expectations are accurate, the Federal Open Market Committee (FOMC) will meet in September with inflation still far above its target. At the same time, a stable and potentially improving labor market might set the stage for the FOMC to increase interest rates.

**Is the Market Ready for a Rate Increase?**

Despite markets selling off after the August employment report on fears that the Fed would raise rates, expectations for a rate increase have exceeded 50 percent for some time and are currently at 60 percent.

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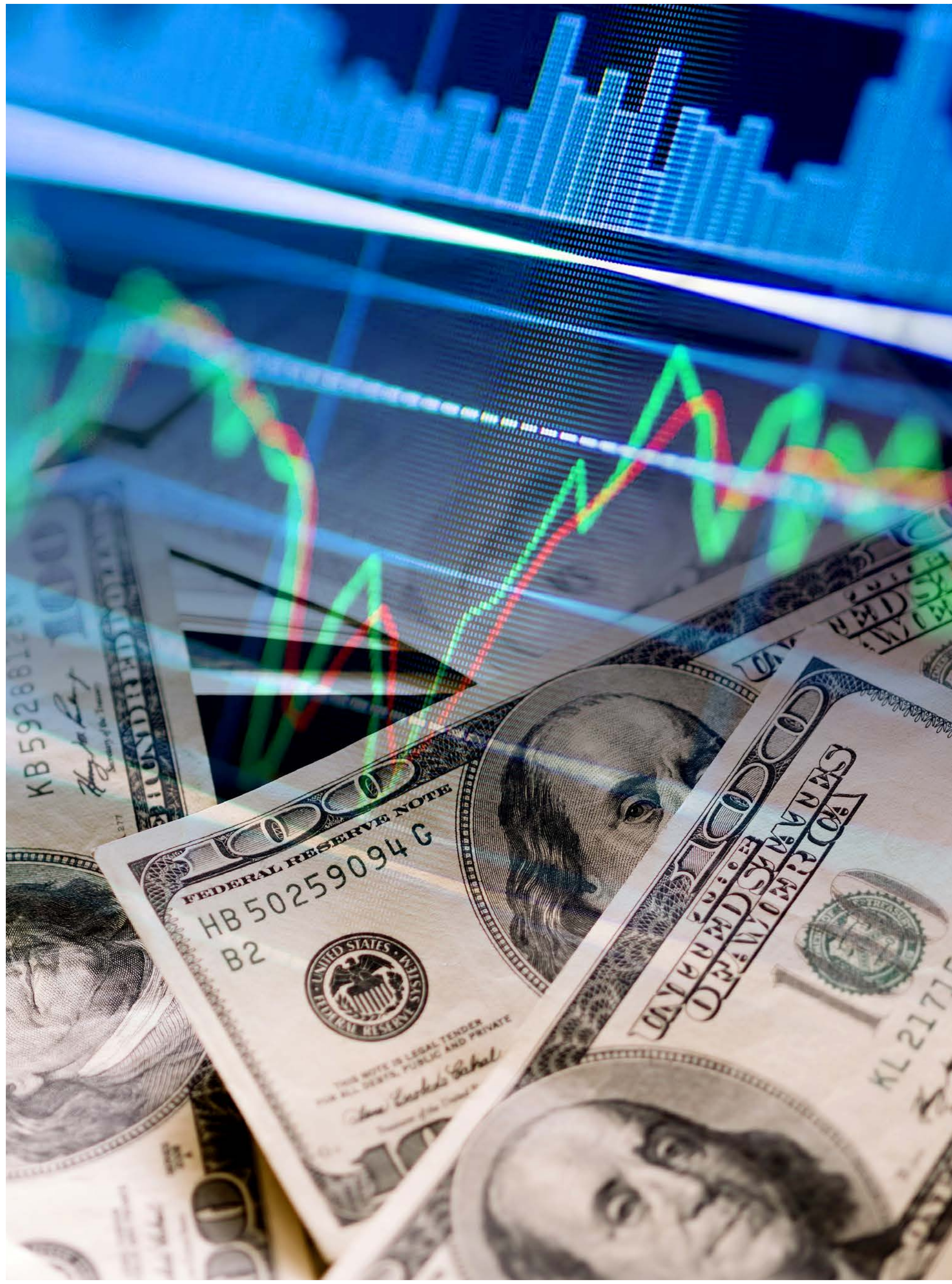
Concerns about the Fed raising interest rates, which have weighed on investors for most of 2026, have intensified since Warsh became chair in May. Markets could breathe a sigh of relief if the Fed raises rates this month. In this scenario, markets could rally after the uncertainty of a rate hike is lifted, allowing investors to focus again on the strong fundamentals underlying the market.



## Report Releases: August 31–September 4, 2026

**ISM Manufacturing Index**
August
(Tuesday)

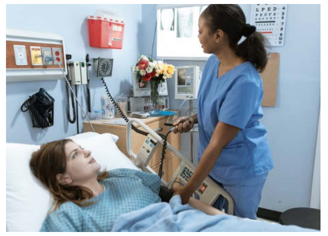
Although manufacturing activity fell last month, the index remained solidly in expansionary territory, indicating continued growth for manufacturers.

- Expected/prior month ISM Manufacturing index: 55.2/55.6
- Actual ISM Manufacturing index: 54.6

**ISM Services Index**
August
(Thursday)

Service sector confidence improved last month due to a rise in new orders. Despite the improvement in the index, the employment subindex slid further into contractionary territory.

- Expected/prior month ISM Services index: 54.1/54.1
- Actual ISM Services index: 55.4



**Employment Report**
August
(Friday)

Hiring rebounded last month, with 162,000 jobs added, well above expectations. The unemployment rate remained unchanged at 4.1 percent.

- Expected/prior change in nonfarm payrolls: +55,000/+21,000
- Actual change in nonfarm payrolls: +162,000

### >> The Takeaway

- It was a strong week for economic data, with manufacturing and services confidence remaining in expansionary territory.
- The highlight was a strong August employment report, with 162,000 jobs created. This encouraging sign may allow the Fed to refocus on reining in inflation.

## Financial Market Data

### Equity

Stocks swung between gains and losses, with major indices closing the week essentially unchanged. The Dow Jones Industrial Average dipped slightly while the Nasdaq Composite, S&P 500, and Russell 2000 were marginally higher. Oil prices rose 10 percent, helping the energy sector rally by more than 2 percent. The technology sector rose more than 1 percent. Declining sectors included consumer discretionary, materials, real estate, and industrials, each of which declined 1 percent–2 percent. International developed markets and emerging markets outperformed U.S. equities.

| Index | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|---|---|---|---|---|
| S&P 500 | 0.13% | 0.46% | 13.63% | 20.09% |
| Nasdaq Composite | 0.42% | 0.54% | 14.51% | 22.86% |
| DJIA | −0.16% | 0.54% | 12.39% | 18.99% |
| MSCI EAFE | 0.90% | 0.90% | 15.36% | 23.09% |
| MSCI Emerging Markets | 2.21% | 2.21% | 27.07% | 40.72% |
| Russell 2000 | 0.15% | 0.68% | 21.01% | 26.77% |

*Source: Bloomberg, as of September 4, 2026*

### Fixed Income

Bond markets moved lower as yields across the Treasury curve rose on the strength of the employment report. The 10-year Treasury yield rose 5 basis points (bps) to 4.79 percent, the 2-year yield increased 2 bps, and the 30-year yield moved above 5.2 percent again. The move resulted in a flattening of the yield curve. Core bonds, Treasuries, and mortgages were down slightly, and the municipal market underperformed.

| Index | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|---|---|---|---|---|
| U.S. Broad Market | −0.09% | −0.09% | −0.40% | 0.87% |
| U.S. Treasury | −0.08% | −0.08% | −0.61% | 0.32% |
| U.S. Mortgages | −0.01% | −0.01% | 0.06% | 2.01% |
| Municipal Bond | −0.81% | −0.52% | −0.33% | 2.66% |

*Source: Bloomberg, as of September 4, 2026*

### >> The Takeaway

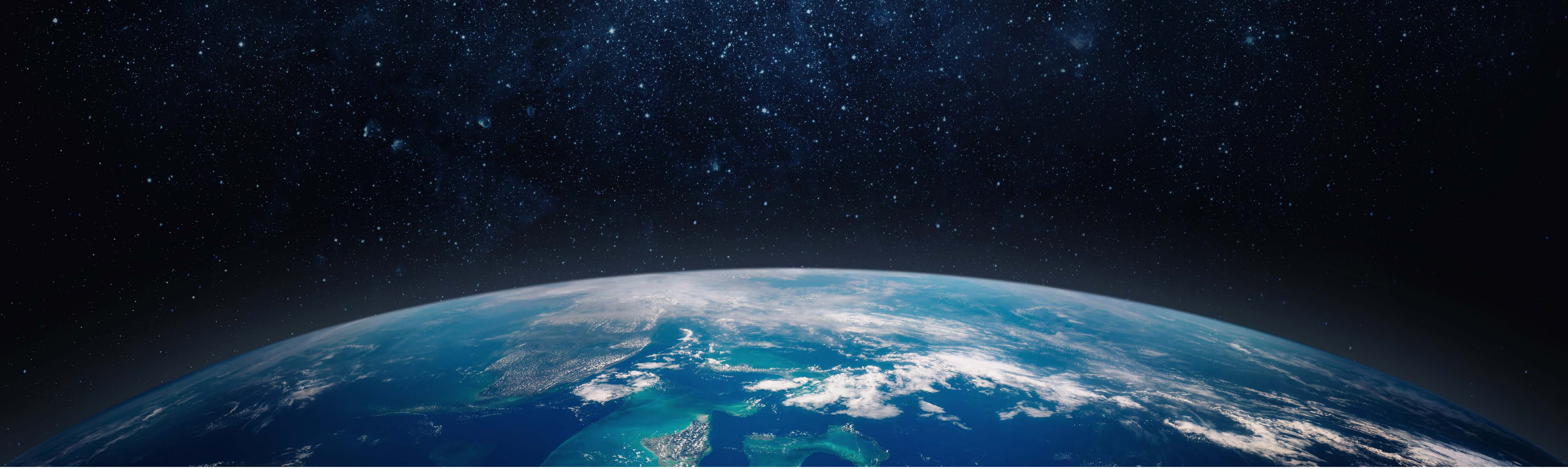
- Stocks were essentially unchanged. Crude oil prices rallied 10 percent, lifting the energy sector. Consumer discretionary was the worst-performing sector.
- Fixed income markets were marginally lower, with Treasury yields moving higher.

## Looking Ahead

Economists and investors will turn their attention to inflation data, with updates on producer and consumer prices expected this week.

- The week kicks off on Thursday with the PPI report for August. Producer prices are expected to rise after a couple of months of slower growth.
- On Friday, we'll see the CPI report for August. Consumer prices are also expected to rise, which could indicate that inflation is reaccelerating.
- Lastly, also on Friday, we'll see the preliminary University of Michigan consumer sentiment survey for September. Sentiment is expected to be mostly unchanged.


Oklahoma



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