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ECONOMIC REVIEW¹

- University of Michigan consumer sentiment was finalized at 48.1 in September, slightly above the preliminary reading of 47.8 but down from 51.7 in August as views of personal finances in the near-term economic outlook deteriorated.
 - Inflation concerns remained elevated, with one-year inflation expectations rising to 4.6% from 4.0% and 5-10-year expectations increasing to 3.4% as higher fuel prices and broader cost of living concerns continue to weigh on consumers.
- The S&P Global U.S. Services Purchasing Managers' Index (PMI) rose to 58.7 in September from 56.5 in August, above expectations of 56.0 and signaling an acceleration in services sector activity. (Readings above 50 indicate expansion; below 50 indicate contraction).
 - Within the reading, strong demand supported increased hiring, while higher energy and transportation costs contributed to renewed inflationary pressure.
- Manufacturing activity strengthened in September with the S&P Global U.S. Manufacturing PMI rising from 57.0 from 53.9, above expectations of 53.6.
 - Within the Manufacturing PMI survey, production, new orders, and employment improved, while supply chain delays and higher input costs pointed to continued inflationary pressure.

How does the most recent economic data impact you?

- Strong business activity, alongside weakening consumer confidence, points to an increasingly uneven economy, with corporate momentum remaining resilient even as households remain more cautious.
- Continued strength in demand and hiring suggests the economy may be able to sustain above-trend growth in the near term, reducing concerns around an immediate economic slowdown.
- Persistent cost pressures complicate the outlook for interest rates, as resilient growth combined with elevated inflation could keep monetary policy tighter for longer and place additional pressure on interest rate-sensitive areas of the economy.



A LOOK FORWARD¹

- Investors face a data-heavy week highlighted by the Job Openings & Labor Turnover Survey (JOLTS) on Tuesday, Personal Consumption Expenditures (PCE) inflation and consumer spending on Wednesday, ISM Manufacturing on Thursday, and Friday's September Employment Report.

How does this week's slate of economic data impact you?

- The upcoming data should provide a clear read on whether recent economic strength is carrying into the fourth quarter, particularly as business activity remains strong while consumer confidence has weakened.
- Labor market data will be an important test of whether hiring remains resilient, with a meaningful slowdown in job creation potentially signaling that higher interest rates are beginning to weigh more heavily on the economy.
- Inflation remains the key variable for the Federal Reserve (Fed), and another firm PCE reading alongside resilient spending and employment could reinforce expectations that interest rates may need to remain higher for longer.



MARKET UPDATE²

Market Index Returns as of 9/25/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.23%	3.52%	14.09%	17.92%	23.52%	13.30%
NASDAQ	2.07%	3.40%	16.98%	21.11%	28.35%	13.29%
Dow Jones Industrial Average	0.28%	-0.57%	9.13%	13.89%	17.57%	10.36%
Russell Mid-Cap	0.02%	-1.56%	13.50%	14.16%	18.18%	7.68%
Russell 2000 (Small Cap)	-0.79%	-5.92%	15.31%	18.00%	18.82%	6.22%
MSCI EAFE (International)	0.20%	1.37%	10.95%	17.61%	18.68%	8.91%
MSCI Emerging Markets	1.29%	1.11%	25.22%	33.19%	24.95%	9.07%
Bloomberg U.S. Agg Bond	-0.82%	-2.88%	-2.28%	-0.99%	4.22%	-0.59%
Bloomberg High Yield Corp.	-0.92%	-1.14%	0.80%	2.24%	8.30%	3.68%
Bloomberg Global Agg	-0.76%	-2.07%	-2.27%	-1.55%	3.91%	-1.94%



OBSERVATIONS

- U.S. large-cap equities moved higher last week, led by the tech-oriented NASDAQ, which gained +2.07%, while the S&P 500 rose +1.23% and the Dow Jones gained +0.28%.
 - Technology and growth-oriented stocks led the advance, supported by strength in AI-related companies.
- Small and midcap stocks lagged, with the Russell 2000 falling -0.79% and the Russell Mid-Cap essentially flat at +0.02% as higher interest rates continued to weigh on more rate-sensitive areas of the market.
- International equities were positive, with developed markets gaining +0.20% and emerging markets rising +1.29%.
- Fixed income moved lower alongside small and mid-cap equities, with the Bloomberg U.S. Aggregate Bond Index falling -0.82%, international bonds declining -0.76%, and high yield bonds falling -0.92% as stronger economic data, inflation concerns, and weak Treasury bond auctions pushed yields higher.



BY THE NUMBERS

Nor'easter Makes Its Presence Felt: A powerful Nor'easter battered the East Coast from North Carolina through New England over the weekend, bringing damaging winds, flooding and widespread power outages. Hundreds of thousands of customers lost electricity during the storm, with about 110,500 still without power by Sunday afternoon, including more than 21,000 in New York and nearly 12,000 in New Jersey. More than 5,000 U.S. flights were delayed and nearly 550 canceled, while Boston's Logan Airport experienced a temporary ground delay. The storm also produced significant coastal flooding and dangerous surf, with the National Weather Service expecting heavy rain to persist into Monday in parts of the Mid-Atlantic and New England. At least one person was killed after a tree fell in Brooklyn, while New York declared a state of emergency across New York City and several surrounding counties.³

Stars, Stripes and Singles Sunday: The United States rallied from a 10.5-to-7.5 deficit entering Sunday singles to defeat the international team 17-to-13 at Medina Country Club. The Americans won nine of the 12 singles matches and halved another, producing the most lopsided single session in Presidents Cup history. The victory marked the U.S. team's 11th consecutive Presidents Cup and improved its all-time record in the event to 14-1-1 (W-L-T). Jacob Bridgeman secured the clinching point with a 1-up victory over Min Woo Lee, while the U.S. overcame a four-point deficit after Friday and a three-point deficit entering Sunday. The international team's only Presidents Cup victory remains 1998, with the teams also tying in 2003.⁴

Economic Definitions

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitudes, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates. The Present Situation index is a sub-index that gauges consumer sentiment about current business and labor market conditions. The Expectations index is a sub-index that assesses consumers' 6-month outlook on business, employment, and income.

Employment Report (Jobs Report): Formally known as the Employment Situation, the monthly Bureau of Labor Statistics report provides a broad view of U.S. labor-market conditions using two surveys. It includes key measures such as nonfarm payroll growth, the unemployment rate, labor-force participation, average hourly earnings and the average workweek, along with employment trends across major industries.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing PMI: Measures the direction of U.S. manufacturing activity based on a monthly survey of supply management executives across industries, covering areas such as new orders, production, employment, supplier deliveries and inventories; readings above 50 generally indicate manufacturing expansion, while readings below 50 indicate contraction.

Job Openings and Labor Turnover Survey (JOLTS): This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Personal Consumption Expenditures PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

S&P Global U.S. Manufacturing PMI: Measures changes in U.S. manufacturing business conditions based on monthly surveys covering new orders, output, employment, supplier delivery times and inventories, with readings above 50 signaling overall improvement and below 50 signaling deterioration.

S&P Global U.S. Services PMI: Measures changes in U.S. service-sector business activity based on monthly surveys covering factors such as business activity, new business, employment and prices, with readings above 50 signaling overall improvement and below 50 signaling deterioration.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100).

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

NASDAQ-100: The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 9/25/26.

² Data obtained from Morningstar as of 9/25/26.

³ [Nor'easter Makes Its Presence Felt | theguardian.com](https://www.theguardian.com)

⁴ [Stars, Stripes and Singles Sunday | sports.yahoo.com](https://sports.yahoo.com)



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