VIEWS | SEPTEMBER 18, 2026

Weekly market update: Market volatility rises along with oil prices and yields.

The market and economy

- U.S. equities saw mixed performance for the week ending September 18 amid concerns regarding higher oil prices stemming from the ongoing war in the Middle East and rising U.S. Treasury yields. (Bond prices move inversely to yields.) These worries offset a market turnaround on Thursday due to investors' optimism regarding Federal Reserve (Fed) monetary policy after the central bank implemented a 0.25% interest-rate hike and reaffirmed its commitment to combatting inflation. Investors interpreted the Fed communication favorably, leading to declines in oil prices and lower Treasury yields. A rally in the technology sector also contributed to the upturn. The tech-heavy Nasdaq Composite ended the week in positive territory, while the Dow Jones Industrial Average and the broad-market S&P 500 Index moved lower.
- The Federal Open Market Committee (FOMC) voted unanimously to raise the federal funds rate by 0.25% to a range of 3.75% to 4.00% at its meeting on Tuesday and Wednesday, marking the first interest-rate hike since July 2023. In its statement announcing the rate decision, the FOMC noted ongoing resilience in the U.S. economy. "While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust," the central bank stated. However, the FOMC cautioned, "Inflation remains elevated. Today's policy action will support a timelier return to the committee's 2 percent goal."
- The Fed's so-called dot plot of economic projections indicated a median federal funds rate of 4.1% at the end of 2026, up from its forecast of 3.8% in July, signaling that the central bank anticipates one more rate hike this year.
- During a news conference on Wednesday afternoon following the FOMC meeting, Fed Chair Kevin Warsh acknowledged that inflation is "too high and has been for too long … This summer's inflation readings do not tell me that underlying trends have meaningfully improved."
- In the Middle East, the conflict expanded as Iran-backed Houthi forces intensified attacks on shipping routes and Saudi energy infrastructure, while Iran reported striking a tanker in the Strait of Hormuz. Regional tensions remained elevated despite reports that U.S. and Iranian negotiators were nearing a draft agreement aimed at reopening the strategic waterway.
- Both the Brent crude and West Texas Intermediate crude oil prices declined on Friday as supply disruption concerns eased somewhat, but ended the week hovering around $100 per barrel. However, ongoing attacks on regional energy infrastructure and shipping routes continued to support elevated geopolitical risk premiums.
- On the economic front, the Census Bureau announced that retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—rose 1.2% in August, exceeding expectations and representing a notable upturn from the 0.5% decline in July. Sales for gasoline stations increased 3.1% in August, benefiting from higher prices, while nonstore retailers saw a 2.6% sales gain. Conversely, sales for building material and garden equipment and supplies dealers dipped 0.2% during the month. Sales for gasoline stations, miscellaneous store retailers, and sporting goods, hobby, musical instrument, and bookstores climbed by corresponding margins of 21.0%, 14.0%, and 10.7% year-over-year. Food and beverage store sales were relatively sluggish, posting a modest gain of 0.5% year-over-year.
- The Census Bureau also reported that new housing starts fell 2.6% to a lower-than-expected annual rate of 1,275,000 in August and dipped 1.2% year-over-year. The slump in August was attributable to declines of 44.5%, 12.0%, and 1.3% in new construction activity in the Northeast, Midwest, and South regions, respectively, which offset a 32.0% surge in the West region. The year-over-year downturn in housing starts resulted from corresponding decreases of 10.8% and 1.3% in the Midwest and South. The number of building permits, an indicator of new construction activity in the near term, decreased 2.7% in August, but were up 3.5% year-over-year.

Stocks

- Global equities declined during the week. Developed markets outperformed emerging markets.
- U.S. stocks ended mixed for the week. Healthcare and communication services were the top-performing sectors within the broad-market S&P 500 Index, while utilities and financials were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed their small-cap counterparts.

Bonds

- The 10-year U.S. Treasury note yield rose to 5.01% during the week.
- The U.S. bond market ended the week in positive territory.
- Investment-grade corporate led the market, followed by government bonds and high-yield bonds.

As of September 18, 2026				
Global Equity Indexes				
MSCI ACWI ($)	-0.5%	12.1%	16.2%	1137.4
MSCI EAFE ($)	-0.5%	9.8%	15.1%	3177.4
MSCI Emerging Mkts ($)	-2.0%	20.2%	25.4%	1687.9
US & Canadian Equities				
Dow Jones Industrials ($)	-1.7%	7.5%	12.0%	51680.7
S&P 500 ($)	-0.2%	11.7%	15.3%	7643.5
NASDAQ ($)	0.7%	14.1%	18.0%	26522.5
S&P/ TSX Composite (C$)	0.2%	12.8%	21.4%	35764.5
UK & European Equities				
FTSE All-Share (£)	0.2%	7.3%	15.0%	5743.6
MSCI Europe ex UK (€)	0.3%	8.5%	15.2%	2229.8
Asian Equities				
Topix (¥)	1.6%	20.0%	29.5%	4091.1
Hong Kong Hang Seng ($)	-0.2%	-3.4%	-6.8%	24750.8
MSCI Asia Pac. Ex-Japan ($)	-1.8%	20.2%	23.7%	867.7
Latin American Equities				
MSCI EMF Latin America ($)	-1.7%	14.7%	23.1%	3107.3
Mexican Bolsa (peso)	-0.9%	-1.5%	3.3%	63339.1
Brazilian Bovespa (real)	-1.0%	15.0%	27.3%	185256.9
Commodities ($)				
West Texas Intermediate Spot	1.9%	77.5%	60.3%	101.9
Gold Spot Price	0.5%	1.4%	20.2%	4382.9
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.4%	-1.1%	0.0%	2323.6
Bloomberg Global Aggregate	-0.2%	-1.1%	-1.1%	495.6
JPMorgan Emerging Mkt Bond	-0.1%	1.3%	4.5%	1030.7
10-Year Yield Change (basis points*)				
US Treasury	4	84	90	5.01%
UK Gilt	-5	82	62	5.29%
German Bund	1	66	79	3.52%
Japan Govt Bond	0	92	139	2.99%
Canada Govt Bond	-6	45	69	3.88%
Currency Returns**				
US$ per euro	-1.0%	-2.2%	-2.6%	1.149
Yen per US$	2.0%	0.0%	5.9%	156.73
US$ per £	-1.0%	-0.6%	-1.2%	1.340
C$ per US$	0.9%	1.9%	1.4%	1.399

Source: Bloomberg. Equity index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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