

Weekly Viewpoint

September 14, 2026

Stocks Fall as Rate Hike Probability Rises

Performance for Week Ending 9.11.2026

The Dow Jones Industrial Average (Dow) fell 1.6 percent, the Standard & Poor's 500 Index (S&P 500) lost 0.8 percent, and the Nasdaq Composite Index (Nasdaq) finished down 0.7 percent for the week ending Sept. 11. Sector breadth was negative with nine of the 11 S&P sector groups closing lower. The healthcare sector (-3.6 percent) was the weakest performer while the energy sector (2.0 percent) was the strongest.

Index*	Closing Price 9.11.2026	Percentage Change for Week Ending 9.11.2026	Year-to-Date Percentage Change Through 9.11.2026
Dow	52573.29	-1.6%	+9.4%
S&P 500	7656.98	-0.8%	+11.9%
Nasdaq	26333.04	-0.7%	+13.3%

Market Observations: 9.7.2026–9.11.2026

The S&P 500 finished the week modestly lower as a jump in oil prices fanned inflation worries and pushed interest rates higher. Last week's reports on consumer and producer inflation also underscored a firming in prices, raising the likelihood the Federal Reserve (Fed) will tighten policy at this week's Federal Open Market Committee (FOMC) meeting. In recent weeks Fed officials have warned that if inflation did not begin to moderate, they were likely to raise rates. While Fed officials could still pass on a rate hike at this week's meeting as they await additional data, Bloomberg's World Interest Rate Probability tool shows the probability of a 25 basis point rate hike has climbed to nearly 90 percent.

Seasonality–Buy the Dip: The month of September historically has proven to be the weakest month of the year. When looking at S&P 500 performance over the past 25 years, the broader market has fallen on average by 1.15 percent. However, the pullback in September typically sets the stage for strong results during the fourth quarter. During the same 25-year period, the S&P has posted an average fourth quarter gain of 4.62 percent, with positive results in 21 out of the 25 years (84 percent).

Economic Roundup: The headline Consumer Price Index (CPI) increased by 0.4 percent month over month in August reflecting higher energy costs, persistent shelter inflation, and increased prices for other services like education, communications, and transportation. The figure matched the consensus forecast, which called for an increase of 0.4 percent, though the reading represented a reacceleration from July's gain of just 0.1 percent. On an annual basis, headline CPI increased by 3.4 percent. Meanwhile, core CPI (which excludes food and energy) increased 0.3 percent on a month-over-month basis and was ahead of the consensus expectation for a 0.2 percent gain. On a 12-month basis, core CPI increased by 2.4 percent, down slightly from the reading of 2.5 percent a month ago. On the housing front, sales of previously owned homes in the United States slowed to their weakest pace in more than a year, as would-be buyers waited for relief on mortgage rates. Contract closings slipped 2 percent to an annualized rate of 3.98 million in August, according to data released by the National Association of Realtors, marking only the second time since the Fall of 2024 that sales have dipped below 4 million. Separately, the contract rate on a 30-year mortgage rose 6 basis points to 6.85 percent during the week ended Sept. 4, according to Mortgage Bankers Association.

The Week Ahead: The main event this week will be the Fed's decision on rates on Wednesday. According to Bloomberg's World Interest Rate Probability tool investors are betting that the Fed will hike rates, with the probability of a 25 basis point increase at nearly 90 percent. The Fed will also release an updated Summary of Economic Projections, which will give investors an updated view on the Fed's thinking on economic growth, inflation, and the labor market. On the data front, August economic activity indicators are due out with retail sales on Wednesday and industrial production on Friday. Other reports of interest include August housing starts, weekly jobless claims and the August Leading Index. Outside of the FOMC meeting, two Fed officials are set to deliver speeches on Friday, with Fed Vice Chair Bowman speaking on bank stress tests and Kansas City Fed President Schmid speaking on the banking system. On Tuesday, Treasury Secretary Bessent will deliver annual testimony on the state of the international financial system before the House Financial Services Committee.

Definitions

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

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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 Feb. 5, 1971.

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