Weekly Market Analysis

Vital Quantitative Research, LLC | Subscriber's Weekly Market Report

Sunday, September 13, 2026 | For VitalQuant.com Premium Subscribers

Market at a Glance: Week of September 8–11, 2026

Index / Asset	Close (Fri. Sep. 11)	Week Change	Context
S&P 500	7,656.98	–0.8%	Broke four-session skid Friday
Nasdaq Composite	26,333.04	–0.7%	Tech led Friday's rebound
Dow Jones Industrials	52,573.29	–1.6%	Weakest major index; –840.96 pts
Russell 2000	2,903.94	–2.4%	Small caps hit hardest by yields
CBOE VIX	15.84	–11.2% Fri.	Fear drained once CPI landed
10-Yr Treasury Yield	~4.94%	Multi-year high	Highest since October 2023
30-Yr Treasury Yield	5.36%	5.373% Thu.	Highest level since 2007
WTI Crude	$100.05	~+10%	Above $100 first time since May
Brent Crude	$104.61	~+9%	Thu. close $107.63, high since 5/19
August CPI (YoY)	3.4%	In line	Core +0.3% m/m vs. +0.2% expected
Sept. FOMC hike odds	87%	from 69%	CME FedWatch, post-CPI reading

Note: A four-session week; markets were closed Monday, September 7 for Labor Day. Year to date, the S&P 500 is up approximately 11.9%, the Dow 9.4%, the Nasdaq 13.3%, and the Russell 2000 17.0%. The S&P 500 closed Friday roughly 2% below its record close of August 13.

Executive Summary

Equities fell for four consecutive sessions and then recovered roughly half the damage in a single Friday rally, leaving every major index lower on the week. The S&P 500 declined 0.8% to 7,656.98, the Nasdaq lost 0.7% to 26,333.04, the Dow fell 1.6% to 52,573.29, and the Russell 2000 dropped 2.4% to 2,903.94. The cause was not equity fundamentals. It was the simultaneous repricing of two inputs that sit upstream of every valuation model: crude oil, which pushed above $100 for the first time since May on renewed strikes in the Persian Gulf, and long-dated Treasury yields, which reached levels not seen in years.

Friday’s August CPI report was the release the entire week had been waiting for, and it split the difference. Headline inflation rose 0.4% month over month and 3.4% year over year, matching expectations, while core CPI rose 0.3% against a 0.2% consensus. Oil pulled back from its highs, the VIX collapsed 11.2% to 15.84, and the S&P 500 gained 0.86% in a broad advance with nine of eleven sectors higher and advancers outpacing decliners by roughly 2.1 to 1. Yet the hotter core reading did the opposite for rate expectations: CME FedWatch odds of a September hike jumped from 69% before the print to 87% after it. Markets now head into the September 15–16 FOMC meeting pricing a rate increase as the base case.

Oil Above $100: The Week's Dominant Variable

Crude was the week's engine of price action from Tuesday's open. Renewed fighting in the Persian Gulf, including attacks on Saudi energy facilities, drove Brent above $101 by Wednesday's close and to a Thursday settlement of $107.63 — its highest close since May 19. West Texas Intermediate settled Thursday at $102.48, up 6.7% on the session alone. Friday brought relief as both benchmarks gave back roughly 2.5%, with WTI settling at $100.05 and Brent at $104.61, but both still finished the week higher by approximately 8% to 10%. Since the Iran conflict began at the end of February, WTI has risen roughly 53%, and it is up about 79% year to date.

> *"Oil is now the inflation story. Nearly every other input in the macro picture is downstream of it."*

— Vital Quantitative Research, LLC — Weekly Market Analysis, September 13, 2026

The transmission mechanism matters more than the headline price. Higher crude feeds directly into transportation costs across the entire economy, which then appear in producer prices, then in consumer prices, and finally in the inflation expectations that shape Federal Reserve policy. Friday's University of Michigan survey showed exactly that chain at work: sentiment missed badly at 47.8, while one-year inflation expectations came in hotter than forecast at 4.6%. Energy has been the only S&P 500 sector higher over the past month, and consumer discretionary stocks have fallen roughly 6.5% since mid-August — the visible cost of fuel prices pulling money out of household budgets.

The Bond Market Sets the Ceiling

Treasury yields did the rest of the work. On Wednesday the 10-year note reached 4.857%, its highest level since November 2023, after the Treasury Department announced it would triple its buyback operation of longer-dated debt to $6 billion. Thursday brought a further 11-basis-point surge to the highest level since October 2023, with the 10-year finishing the week near 4.94%. The long end moved further still: the 30-year bond touched 5.373% on Thursday, a level last seen in 2007, before settling the week at roughly 5.36%. Rising global yields have been driven by higher oil, heavy corporate issuance funding AI capital expenditure, and an elevated term premium.

Rate-sensitive assets absorbed the impact in proportion to their duration and balance sheet exposure. The Russell 2000's 2.4% weekly loss — triple the S&P 500's decline — reflects the reality that smaller companies carry more floating-rate debt and less access to capital than large caps with investment-grade balance sheets. On Thursday the S&P 500 closed below its 50-day moving average for the first time since late July. Breadth has been narrowing for several weeks, with leadership concentrating in energy while the broad market drifts.

August CPI and the September FOMC

Friday's inflation report was mixed in a way that favored the hawks. Headline CPI rose 0.4% on the month, up sharply from July's 0.1%, and held at 3.4% year over year. Core CPI eased to 2.4% annually from 2.5%, matching estimates, but the monthly core figure came in at 0.3% against a 0.2% forecast — the detail that moved rate markets. The print followed Thursday's producer price index, which ran slightly hot and triggered the week's fourth consecutive decline. Governor Christopher Waller had said he would be "inclined to support" a hold absent an inflation surprise; the core reading is the kind of surprise that tips that calculus.

Chair Kevin Warsh arrives at Wednesday's decision having spent Jackson Hole establishing that the 2% objective is a firm target rather than a flexible one, and having eliminated forward guidance as a communication tool. The result is a meeting with unusually low visibility and unusually high stakes. Consensus among forecasters now points toward a 25-basis-point increase to a 3.75%–4.00% range, with the Summary of Economic Projections and the dot plot expected to signal whether a second increase follows before year end.

> *"The Fed's price-stability objective of 2 percent is a firm, fixed target."*

— Kevin Warsh, Chair, Federal Reserve (Jackson Hole Keynote, August 28, 2026)

Look Ahead: Key Factors for the Week of September 14–18, 2026

1. FOMC Decision and Dot Plot (Wednesday, September 16)

The Federal Open Market Committee convenes Tuesday and concludes Wednesday with the policy statement, the Summary of Economic Projections, and Chair Warsh's press conference. With hike odds at 87%, the decision itself is largely priced. The market-moving content will be the dot plot and the Chair's characterization of the path ahead — specifically whether the median 2026 dot shifts high enough to imply a second increase before year end. The July meeting produced three dissents in favor of a hike, and the committee remains visibly divided.

2. August Retail Sales (Wednesday, September 16)

August retail sales land the same morning as the Fed decision. July's headline figure fell 0.6%, distorted by lower gasoline prices and the timing of promotional events, and forecasters expect a rebound of roughly 0.7%. With consumer sentiment at 47.8 and discretionary stocks under pressure, this release carries more weight than usual as a read on whether household spending is genuinely deteriorating or simply rotating toward energy and essentials.

3. Bank of England and Bank of Japan (Thursday and Friday)

The European Central Bank raised rates this past week as expected, and two more decisions follow. The Bank of England is expected to hold Thursday while maintaining a hawkish tone, with UK inflation data preceding it Wednesday. The Bank of Japan is widely expected to hike 25 basis points Friday alongside August CPI, after the yen rallied to a seven-month high against the dollar on tightening expectations. A global synchronized tightening cycle puts additional upward pressure on U.S. long yields.

4. Persian Gulf Developments and the Oil Complex

Crude remains the single largest swing factor in the inflation outlook. Any escalation involving Gulf energy infrastructure would push Brent back toward the $107 area and revive the yield pressure that defined Tuesday through Thursday. Any de-escalation would do the reverse. Thursday's Philadelphia Fed survey and Friday's industrial production report will show how much of the energy shock has reached the production side of the economy.

Strategist’s Note

This was a week that rewarded systematic discipline and punished narrative trading. An investor who read Tuesday’s oil spike as the start of a sustained decline would have sold into Thursday’s low and missed Friday’s 0.86% recovery. An investor who read Friday’s in-line CPI as an all-clear would have missed that the same report pushed September hike odds from 69% to 87%. Both readings were reasonable. Both were incomplete. Weeks like this one are precisely why discretionary judgment applied to fast-moving macro data produces such inconsistent outcomes.

The Vital Risk Control™ framework does not attempt to forecast the FOMC decision, the path of crude, or the trajectory of the 30-year yield. It measures what the market is actually doing across breadth, trend, and volatility, and it adjusts exposure accordingly. Narrowing breadth and a 50-day moving average break are inputs the system evaluates continuously and without emotion. The work of monitoring these conditions belongs to VitalQuant, not to subscribers. Follow your strategy’s current signals without modification, and review your positions at VitalQuant.com before Tuesday’s open ahead of Wednesday’s decision.