Charts of the Week

Remember

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Higher interest rates pressured public markets this week, with the S&P 500 down 0.8%, the equal-weight index off 1.9%, and REITs down 1.2%. Hotel REITs held up relatively well, however, and remain the best-performing REIT subsector this year with a 31.6% gain.

Public REITs and C-Corps

Weekly Market Update

Company/Index	Ticker	Latest Close	Weekly Change	Weekly Change (%)	YTD Change	YTD Change (%)
Apple Hospitality REIT, Inc.	APLE	15.55	-0.05	-0.32%	4.23	37.39%
Ashford Hospitality Trust, Inc.	AHT	3.16	0.02	0.64%	-1.10	-25.82%
Blackstone Inc.	BX	128.51	-7.64	-5.61%	-20.94	-14.01%
Braemar Hotels & Resorts Inc.	BHR	1.86	-0.04	-2.11%	-1.01	-35.19%
CBRE Group, Inc.	CBRE	140.51	-7.34	-4.96%	-20.28	-12.61%
DiamondRock Hospitality Company	DRH	12.20	0.12	0.99%	3.39	38.50%
Hilton Worldwide Holdings Inc.	HLT	306.19	-4.99	-1.60%	19.34	6.74%
Host Hotels & Resorts, Inc.	HST	22.24	0.19	0.86%	5.34	31.63%
Hyatt Hotels Corporation	H	163.07	-2.78	-1.68%	3.16	1.98%
Marriott International, Inc.	MAR	334.69	-1.82	-0.54%	26.29	8.52%
Park Hotels & Resorts Inc.	PK	15.28	0.02	0.13%	5.24	52.24%
Pebblebrook Hotel Trust	PEB	17.84	-0.19	-1.05%	6.53	57.81%
RLJ Lodging Trust	RLJ	10.88	-0.05	-0.46%	3.67	50.92%
Starwood Property Trust, Inc.	STWD	15.62	-0.46	-2.86%	-1.40	-8.21%
Summit Hotel Properties, Inc.	INN	5.59	-0.20	-3.45%	0.94	20.16%
Sunstone Hotel Investors, Inc.	SHO	10.98	-0.08	-0.72%	2.20	25.03%
Vanguard Real Estate ETF	VNQ	94.80	-1.22	-1.27%	8.01	9.23%
Xenia Hotels & Resorts, Inc.	XHR	17.64	-0.33	-1.84%	3.73	26.82%
S&P 500 Price Return	^GSPC	7,657	-62	-0.80%	811	11.85%
NASDAQ Composite Price Return	^IXIC	26,333	-174	-0.66%	3,091	13.30%
Dow Jones Industrial Average Price Return	^DJI	52,573	-841	-1.57%	4,510	9.38%
SOFR (13-Week T-Bill)	^IRX	3.91%	0.16%		0.37%	
10y US T-Note	^TNX	4.97%	0.19%		0.81%	
Bitcoin	BTC-USD	77,306	-2,418	-3.03%	-10,331	-11.79%

Source: Yahoo Finance

REIT Weekly Update:

The RMZ REIT index fell 1.2% on increasing fears of an interest rate hike and surging long-term Treasury yields, underperforming the broader market by 40 bps, as the S&P 500 declined 0.8% (although the equal-weight index dropped 1.9%). Only three REIT subsectors were positive, with Infrastructure leading with a 0.3% gain. Hotels were the fourth best REIT subsector, losing just 0.1%. The large lead that REITs have held over the S&P 500 for much of the year has evaporated, with REITs just 30 bps ahead of the S&P 500 YTD (+12.2% to +11.9%). Hotels are leading all REIT subsectors with a 31.6% increase YTD.

Source: Baird Research

REIT Sub-Sector	1-Week Change	1-Month Change	YTD Change	FFO/Share Change*	AFFO ('27) Multiple
Cold Storage	0.2%	-6.2%	9.8%	-0.2%	12.2x
Data Centers	0.1%	-0.2%	29.9%	0.2%	22.4x
Healthcare - Lab/OM	-1.9%	1.0%	16.0%	-0.6%	13.3x
Healthcare - Seniors/SNF	-0.3%	3.7%	22.0%	0.7%	31.3x
Hotels	-0.1%	0.4%	31.6%	2.3%	12.7x
Industrial	-0.8%	-2.12%	6.8%	-0.1%	23.3x
Infrastructure	0.3%	4.0%	-2.5%	0.2%	15.0x
Office	-3.4%	-4.3%	6.3%	0.8%	16.3x
Residential	-1.7%	-2.8%	-0.9%	0.0%	17.6x
Retail	-1.9%	-4.8%	11.1%	0.1%	16.9x
Self-Storage	-1.4%	-7.4%	11.0%	0.2%	17.8x
Triple Net	-2.5%	-3.6%	2.2%	0.0%	12.2x
RMZ	**-1.2%**	**-1.8%**	**12.2%**		
S&P 500	**-0.8%**	**-0.9%**	**11.9%**		
S&P 500 (equal-weight)	**-1.9%**	**-2.6%**	**12.2%**		
10-Year Treasury	**+19 bps**	**+28 bps**	**+80 bps**		
2-10 Spread	**-6 bps**	**-12 bps**	**-35 bps**		

**Reflects consensus NTM estimates today vs. one month ago*

Source: Baird Research and FactSet

Research Coverage List

Baird Equity Research
Hotel REITs | Global Hotel Brands | Travel & Technology

	Ticker	Price 8/31/26	Market Cap ($millions)	Dividend Yield	(Discount) to 52-week high	Premium to 52-week low	Avg. Volume (000s)	EV / EBITDA	Price / Earnings	Net debt + pref. / EBITDA
Hotel REITs								2027E	2027E	2026E
Apple Hospitality REIT	APLE	15.95	3,766	6.0%	-8%	47%	2,936	11.4x	12.0x	3.6x
Braemar Hotels & Resorts	BHR	2.02	148	0.0%	-37%	7%	570	11.9x	21.1x	9.9x
DiamondRock Hospitality	DRH	12.31	2,523	3.6%	-11%	65%	2,420	11.0x	12.7x	3.2x
Host Hotels & Resorts	HST	21.93	15,230	4.3%	-15%	40%	9,664	10.6x	12.4x	2.5x
Pebblebrook Hotel Trust	PEB	18.12	2,056	0.2%	-9%	81%	2,465	13.2x	15.6x	7.4x
RLJ Lodging Trust	RLJ	11.04	1,691	5.4%	-14%	69%	1,926	10.7x	4.5x	6.1x
Summit Hotel Properties	INN	5.85	707	5.5%	-18%	47%	1,481	11.2x	9.4x	7.4x
Sunstone Hotel Investors	SHO	11.17	2,078	3.2%	-7%	29%	2,589	11.8x	15.7x	3.9x
Xenia Hotels & Resorts	XHR	18.75	1,786	3.0%	-15%	60%	806	10.9x	12.3x	4.7x
Median			**2,056**	**3.6%**	**-14%**	**47%**	**2,420**	**11.2x**	**12.4x**	**4.7x**

	Ticker	Price 8/31/26	Market Cap ($millions)	Dividend Yield	(Discount) to 52-week high	Premium to 52-week low	Avg. Volume (000s)	EV / EBITDA	Price / Earnings	Net debt / EBITDA
Global Hotel Brands								2027E	2027E	2026E
Choice Hotels International	CHH	103.36	4,665	1.1%	-17%	23%	597	10.0x	13.9x	3.1x
Hilton Inc.	HLT	316.28	71,067	0.2%	-12%	25%	2,126	19.2x	30.6x	3.1x
Hyatt Hotels Corporation	H	166.97	15,742	0.4%	-19%	24%	846	14.5x	34.5x	3.2x
Marriott International	MAR	341.76	89,678	0.9%	-17%	33%	1,605	16.8x	26.5x	2.7x
Wyndham Hotels & Resorts	WH	73.66	5,488	2.3%	-18%	6%	1,367	10.2x	13.6x	3.5x
Median			**15,742**	**0.9%**	**-17%**	**24%**	**1,367**	**14.5x**	**26.5x**	**3.1x**
Travel & Technology								2027E	2027E	2026E
Airbnb	ABNB	183.22	109,710	0.0%	-5%	65%	4,342	17.5x	30.2x	-1.9x
Booking Holdings	BKNG	199.09	149,592	0.8%	-12%	33%	6,770	13.7x	15.7x	1.2x
Expedia Group	EXPE	317.12	38,060	0.6%	-7%	71%	1,567	12.9x	13.6x	3.8x
Median			**109,710**	**0.6%**	**-7%**	**65%**	**4,342**	**13.7x**	**15.7x**	**1.2x**

Source: Baird Research, FactSet; Note: Price / Earnings for Hotel REITs based on Adjusted FFO estimates
Please refer to "Appendix - Important Disclosures" and Analyst Certification; please see research reports for more information

Vanguard Real Estate ETF (VNQ) – One Year Price Chart

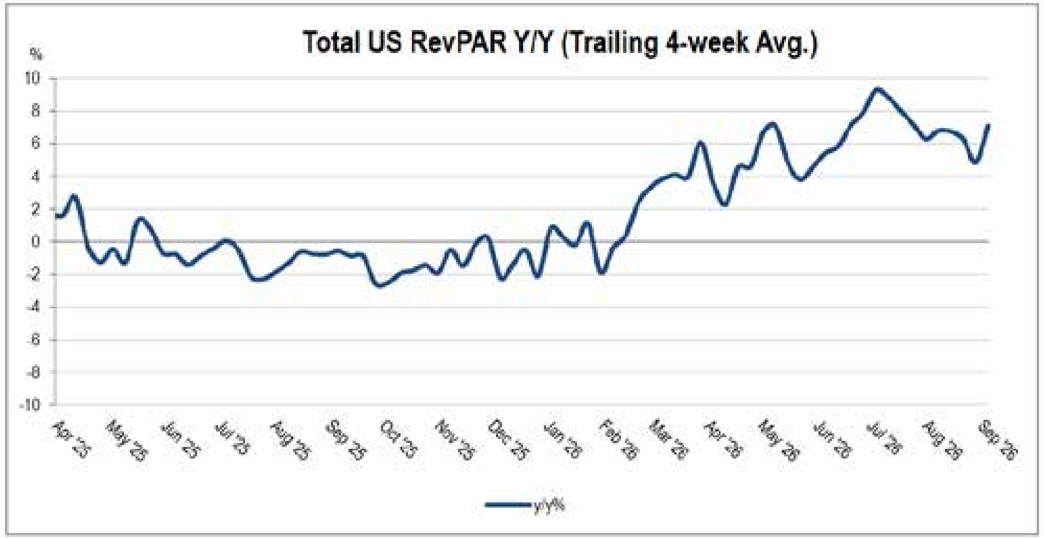
The Vanguard Real Estate ETF, which invests primarily in REITs, fell 1.3% this week, reducing its YTD gain to 7.1% and its 1-year return to 1.7%. Top holdings include Welltower, Prologis, Equinix, American Tower, and Simon Property Group.

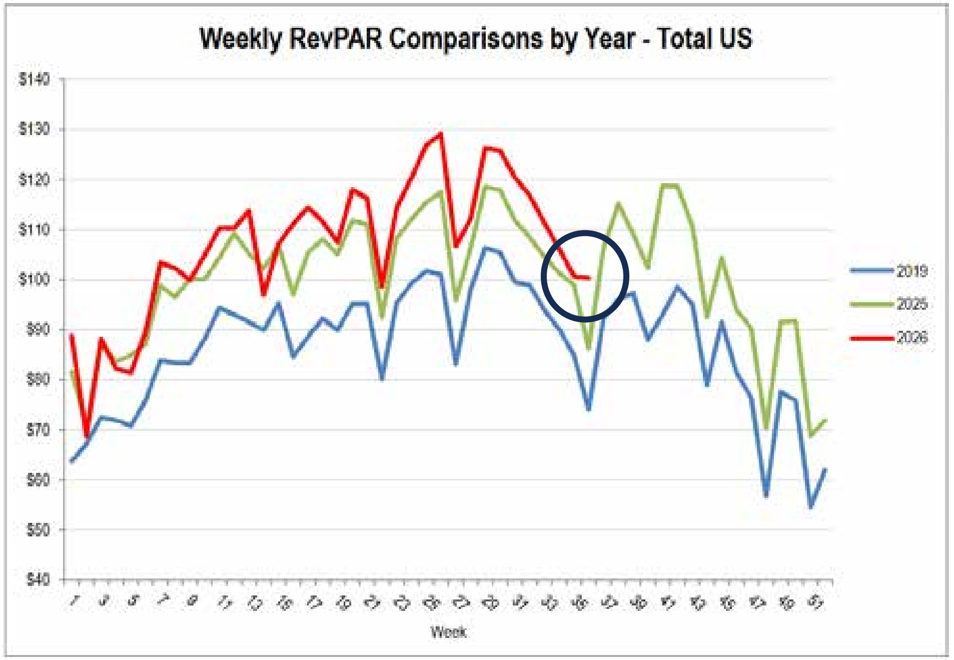
Source: Yahoo Finance, MWC

The Labor Day calendar shift produced unusually strong hotel comparisons, lifting U.S. RevPAR 16.2% for the week with every chain scale posting double-digit growth. The underlying trend remains healthy as well, although international travel remains deeply imbalanced and increasingly concentrated lodging spending highlights the K-shaped consumer economy.

Lodging and Travel

U.S. RevPAR Trends





RevPAR Y/Y	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Week ended 8/22	5%	5%	5%	5%	4%	4%	3%
Week ended 8/29	7%	9%	12%	14%	12%	-5%	-20%
Week ended 9/5	-29%	57%	31%	11%	3%	20%	37%

Wk Ended	9/5/2026	Y/Y%	vs. 2019
Total US		**16%**	**36%**
By Chain Scale:			
Luxury		13%	24%
Upper Upscale		18%	31%
Upscale		19%	34%
Upper Midscale		18%	36%
Midscale		14%	26%
Economy		12%	10%
By Location:			
Urban		15%	25%
Suburban		19%	31%
Airport		24%	35%
Interstate		15%	36%
Resort		13%	51%
Small Metro / Town		13%	43%

Source: Evercore, CoStar

BofA Global Research:

Monthly and Weekly Hotel Data Heatmap

Exhibit 1: Monthly/Weekly data by chain scale, region and major markets across the country

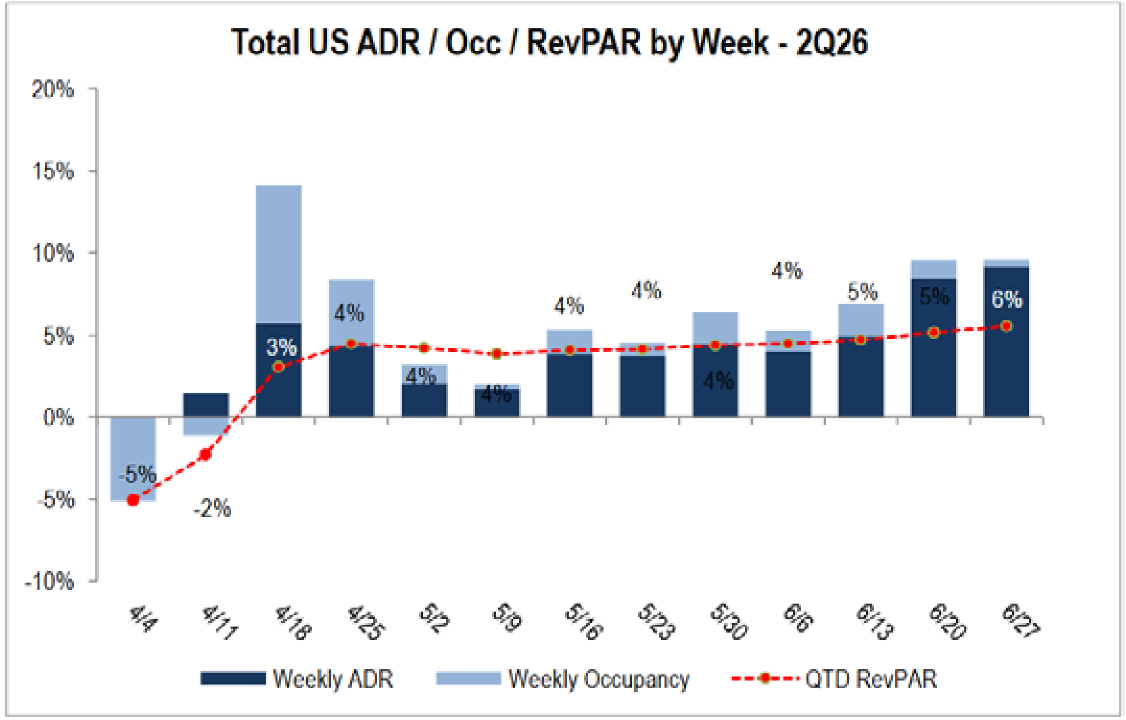
Monthly and Weekly RevPAR Y/Y

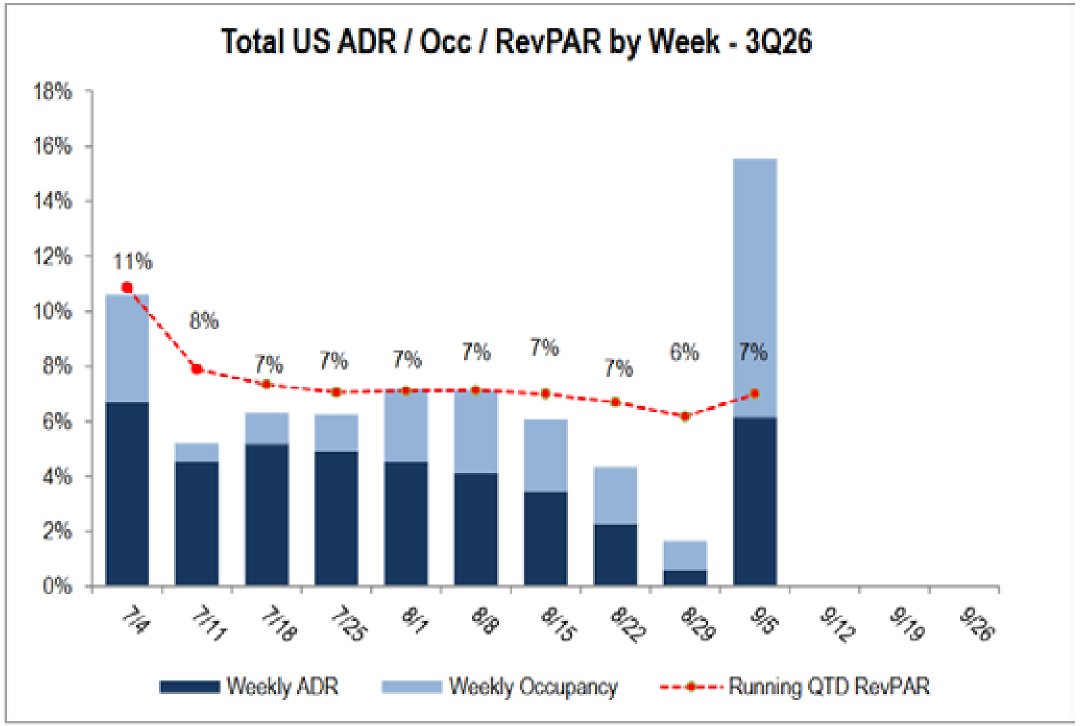
	Monthly							Week ended	
	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26E	08/29	09/05
US - Overall									
RevPAR	4%	6%	4%	4%	8%	8%	2%	2%	16%
Occ	2%	2%	2%	1%	2%	2%	0%	1%	9%
ADR	2%	4%	3%	3%	7%	6%	2%	1%	6%
International									
Europe	15%	7%	4%	5%	3%	5.5%	5.7%	12%	5%
APEC	15%	8%	-2%	4%	0%	5%	2%	5%	5%
China	22%	6%	12%	6%	5%	3%	6%	9%	11%
Caribbean	4%	0%	8%	-1%	-4%	-1%	4%	7%	11%
US - Day of Week									
Weekdays	4%	6%	5%	4%	9%	8%	5%	11%	14%
Weekends	6%	3%	3%	4%	8%	6%	1%	-13%	28%
US - Chainscales									
Luxury	7%	11%	8%	8%	15%	18%	5%	1%	13%
Upper Up	4%	5%	3%	4%	9%	9%	4%	4%	18%
Upscale	4%	5%	4%	2%	8%	8%	3%	2%	19%
Upper Mid	4%	5%	5%	3%	7%	6%	2%	1%	18%
Midscale	2%	3%	4%	1%	5%	5%	1%	0%	14%
Economy	-1%	0%	1%	0%	3%	4%	0%	-2%	12%
US - Locations									
Urban	4%	6%	4%	4%	14%	15%	5%	3%	15%
Resort	6%	10%	6%	8%	5%	6%	-2%	-6%	13%
US - Markets									
Top 8 Markets Avg.	10%	9%	5%	5%	14%	15%	4%	6%	16%
Las Vegas	3%	23%	-4%	18%	7%	-1%	-6%	-11%	33%

Note: Top 8 Markets Avg incl. Boston, Chicago, Los Angeles, Miami, NYC, Orlando, San Francisco, & DC Metro

Source: CoStar, BofA Global Research

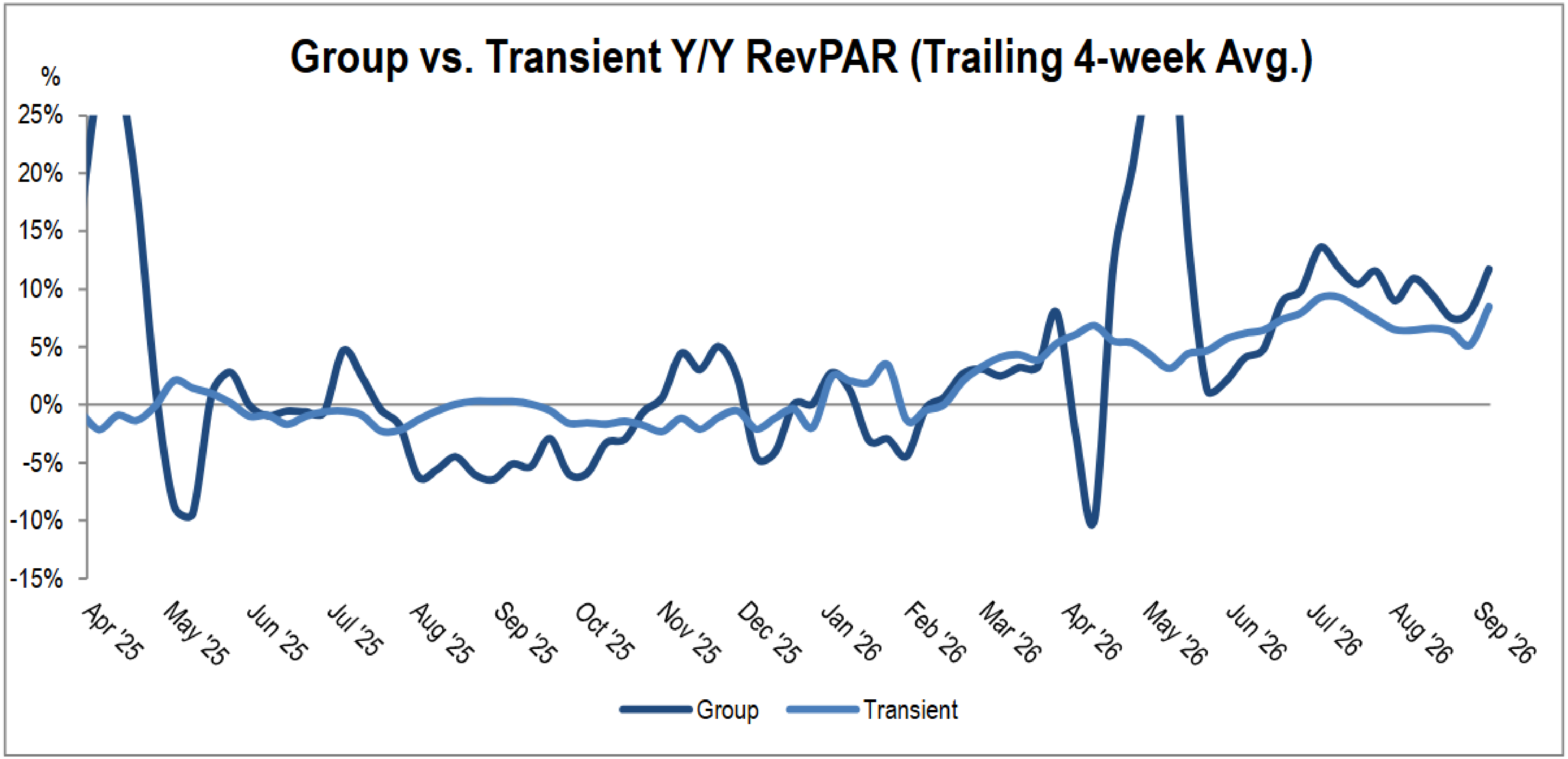
Total U.S. ADR / Occupancy / RevPAR Change Running QTD





Source: Evercore, CoStar

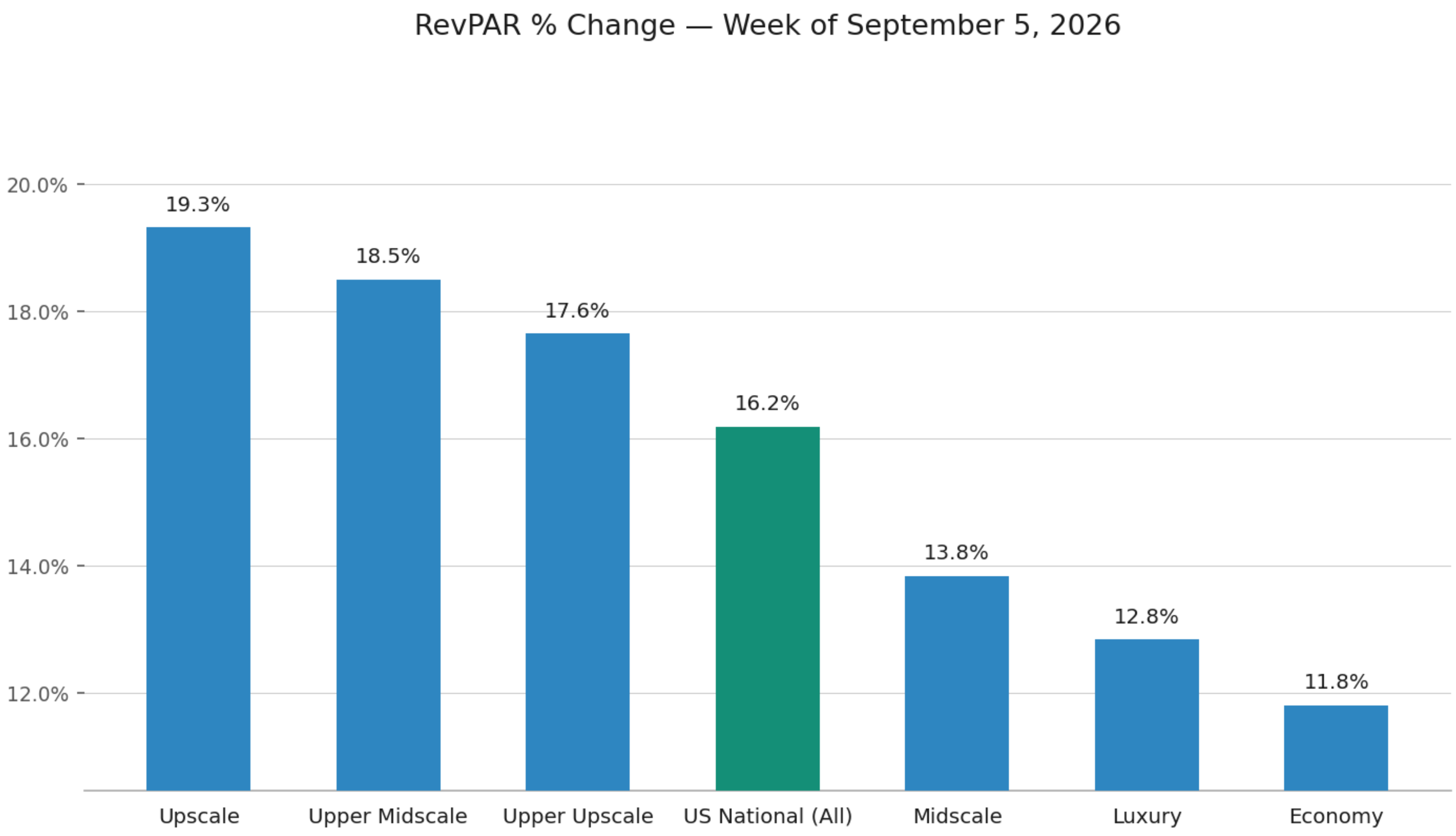
Total U.S. Group vs. Transient – 4-Week Moving Average



Source: Evercore, CoStar

U.S. RevPAR – Weekly Chain Scales

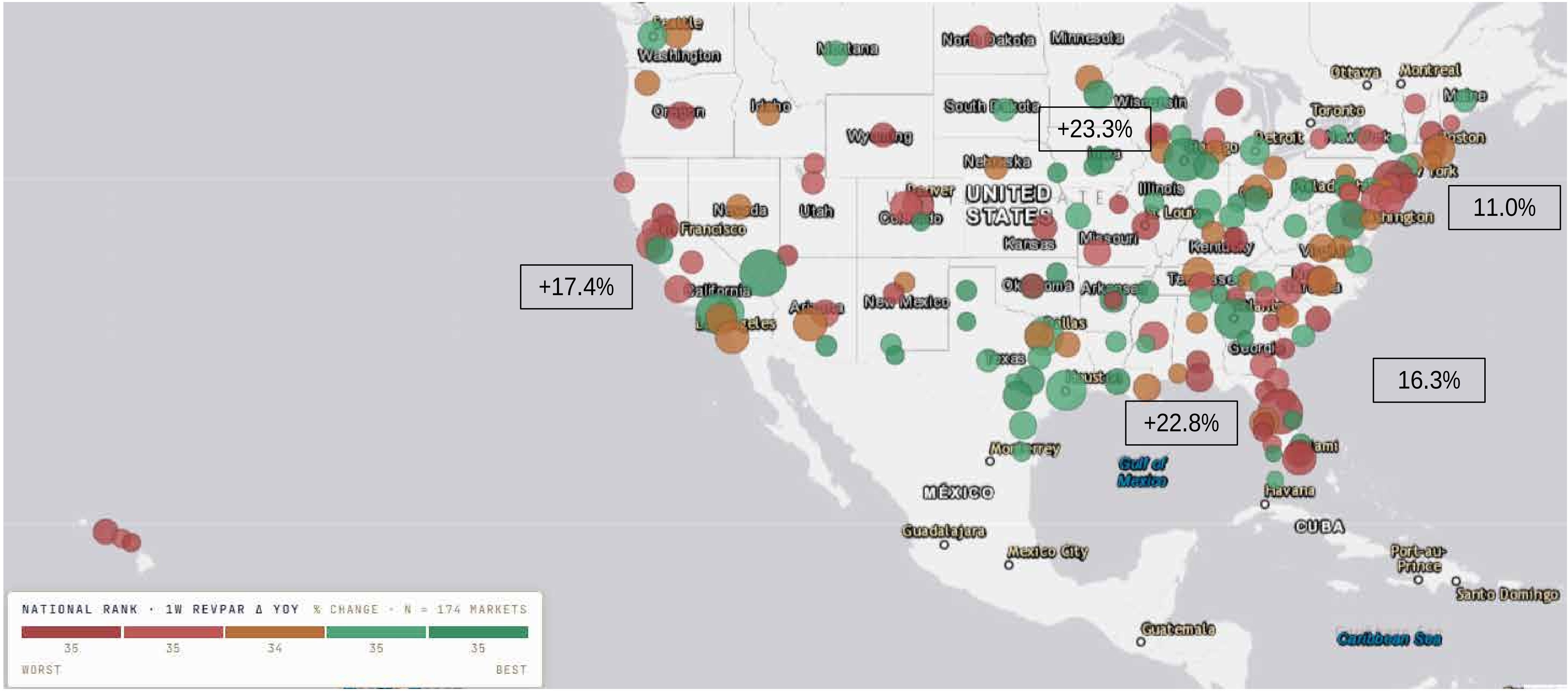
With U.S. national RevPAR gaining 16.2% for the week ended September 5 thanks to the Labor Day calendar shift, Upscale led all chain scales with 19.3% RevPAR growth. All chain scales gained double digits for the week.



Source: CoStar, MWC

U.S. RevPAR – Weekly Performance – All U.S. Markets

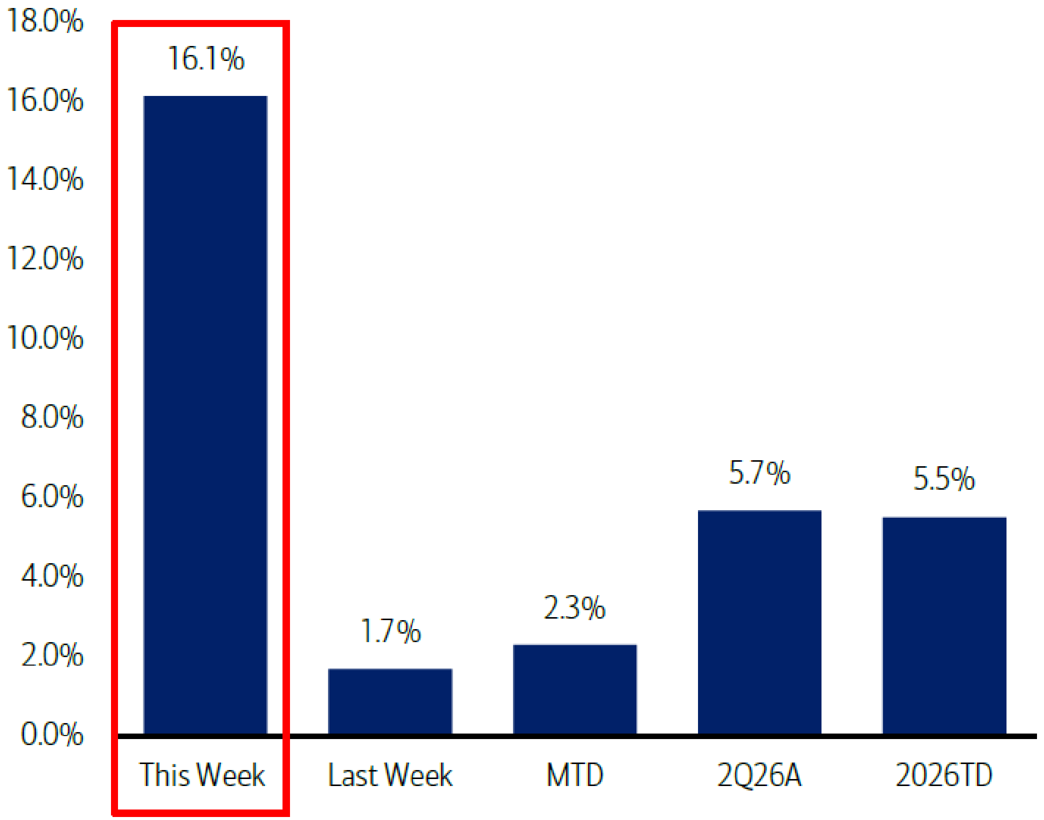
Among CoStar's 174 U.S. markets last week, the Midwest grew 23.3%, followed by the Southwest (+22.8%), the West (+17.4%), the Southeast (+16.3%), and the Northeast (+11.0%). The top 70 markets, ranging from +19.0% to +65.2% (Des Moines, IA), averaged a gain of 29.1%, with nearly all markets (164 of 174) experiencing positive RevPAR growth.



Source: CoStar, MWC

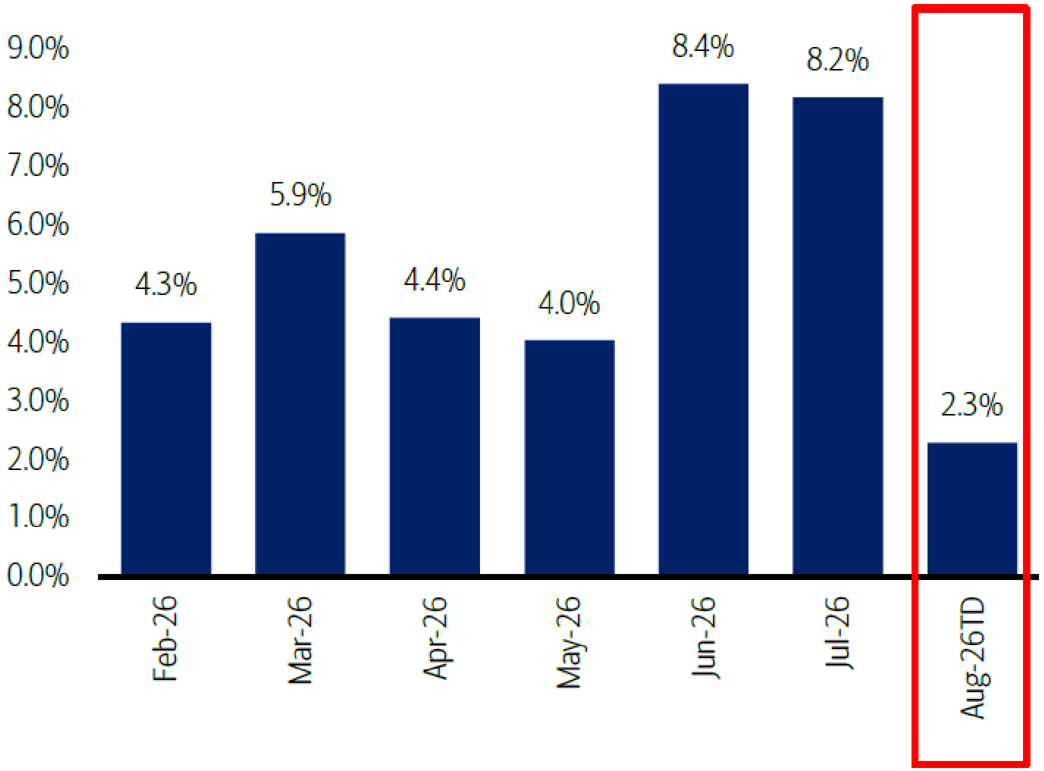
U.S. RevPAR – Weekly, MTD, QTD, and YTD Est.

Exhibit 2: Domestic RevPAR was +16.1% Y/Y this week
US RevPAR Y/Y



Source: CoStar, BofA Global Research

Exhibit 3: We estimate August to date is +2.3%
Monthly US RevPAR



Source: CoStar, BofA Global Research

Source: BofA

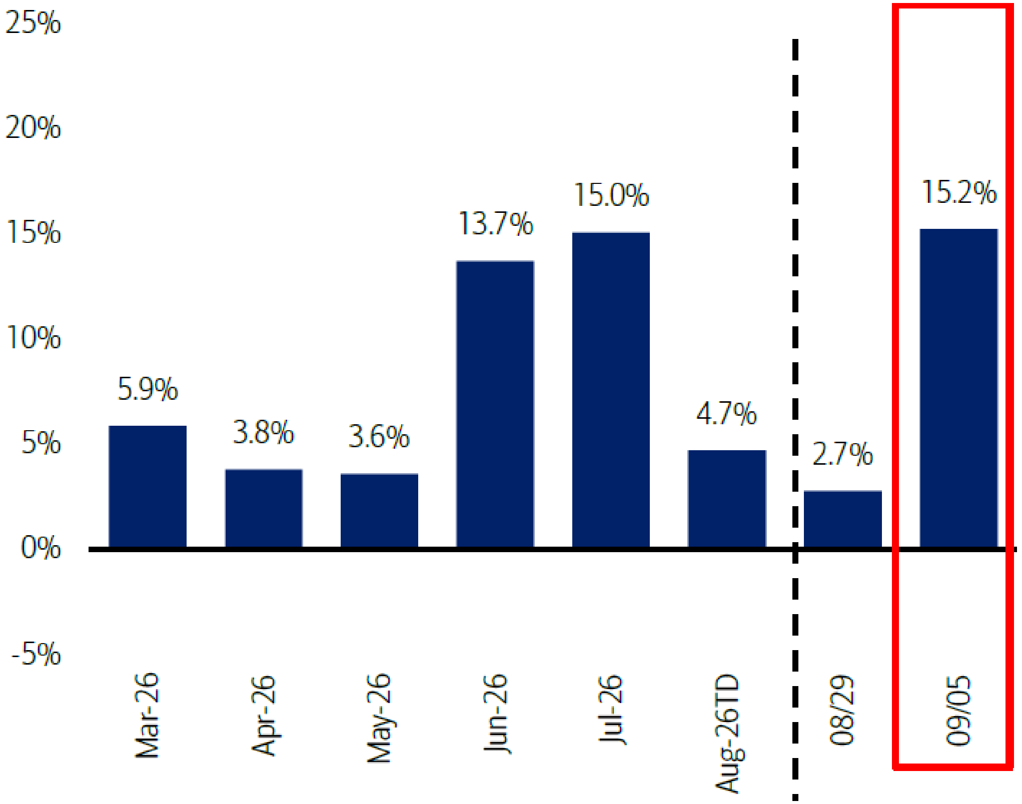
U.S. RevPAR – Weekly Performance – Major Markets

Minneapolis, Atlanta, San Antonio, Las Vegas and Chicago all experienced RevPAR gains of at least 30%, with Los Angeles, Washington, DC, Austin, Palm Beach, and Detroit just below that threshold.

Source: CoStar, MWC

U.S. RevPAR – Urban vs. Resort Weekly Update

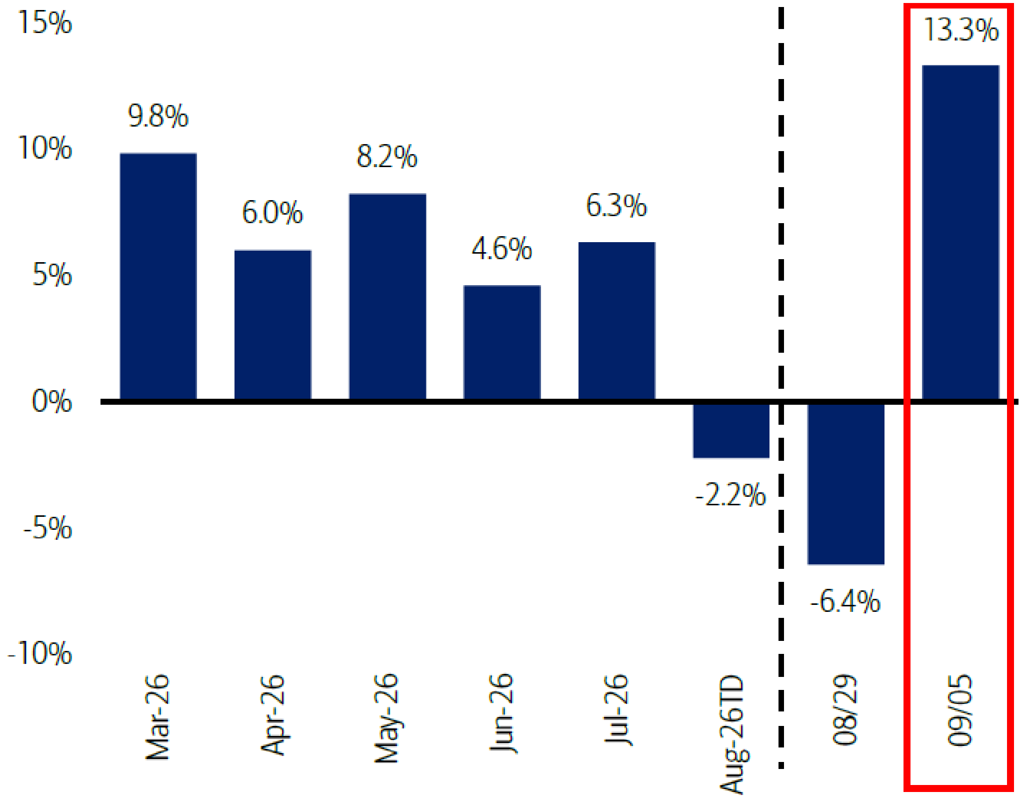
Exhibit 6: Urban RevPAR was +15.2% Y/Y this week
Urban RevPAR Y/Y



Source: CoStar, BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 7: Resort RevPAR was +13.3% Y/Y this week (Labor Day shift)
Resort RevPAR Y/Y



Source: CoStar, BofA Global Research

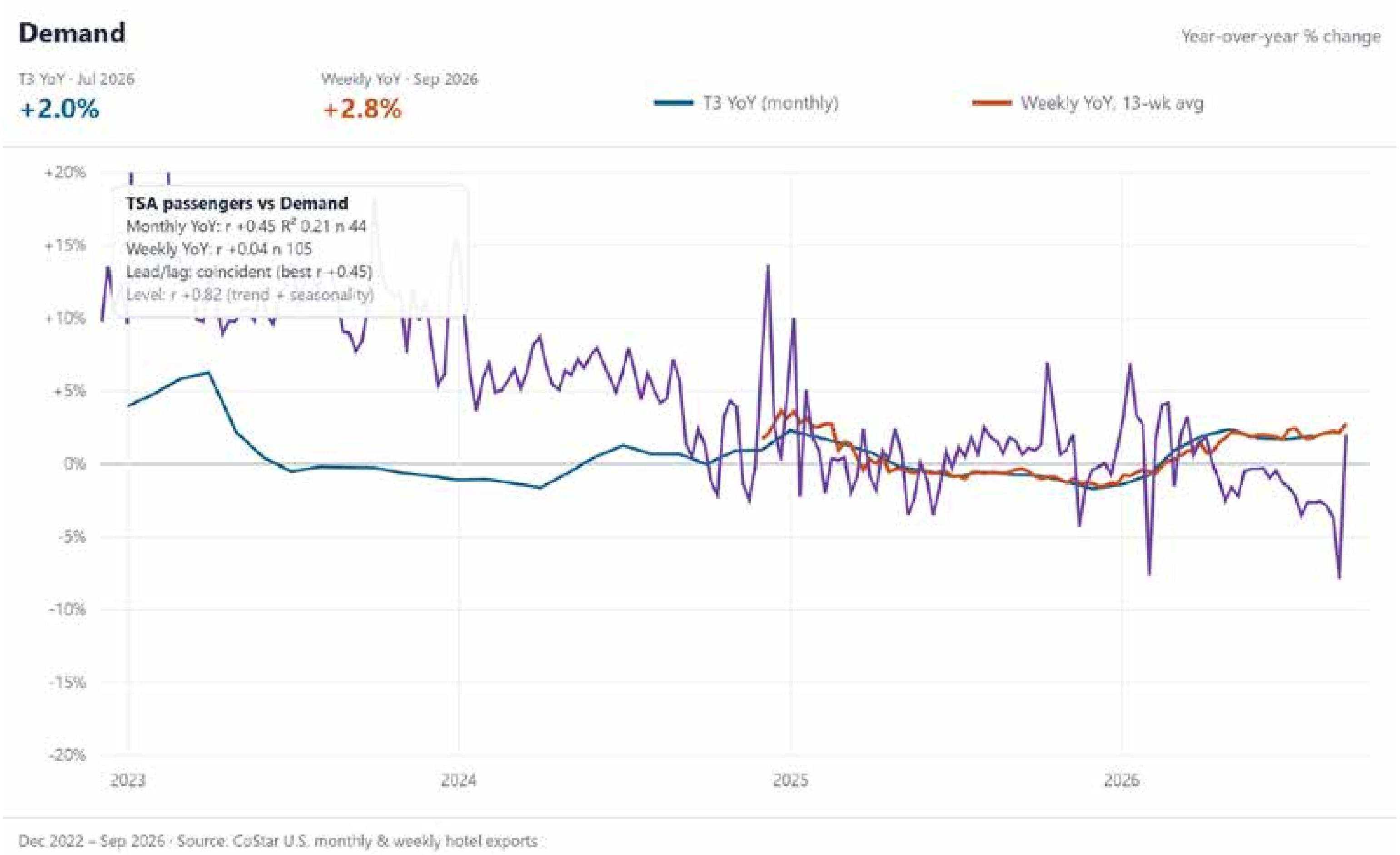
U.S. RevPAR – 4-Week Moving Average – Major Markets

U.S. RevPAR grew 6.8% for the four weeks ended September 5, led by San Francisco (+25.7%), Fort Worth (+22.3%), Washington, DC (+17.9%), Chicago (+17.4%), Los Angeles (+16.1%), and San Antonio (+16.0%). For the four-week period, 145 of CoStar's 174 (83%) markets had positive RevPAR growth.

Source: CoStar, MWC

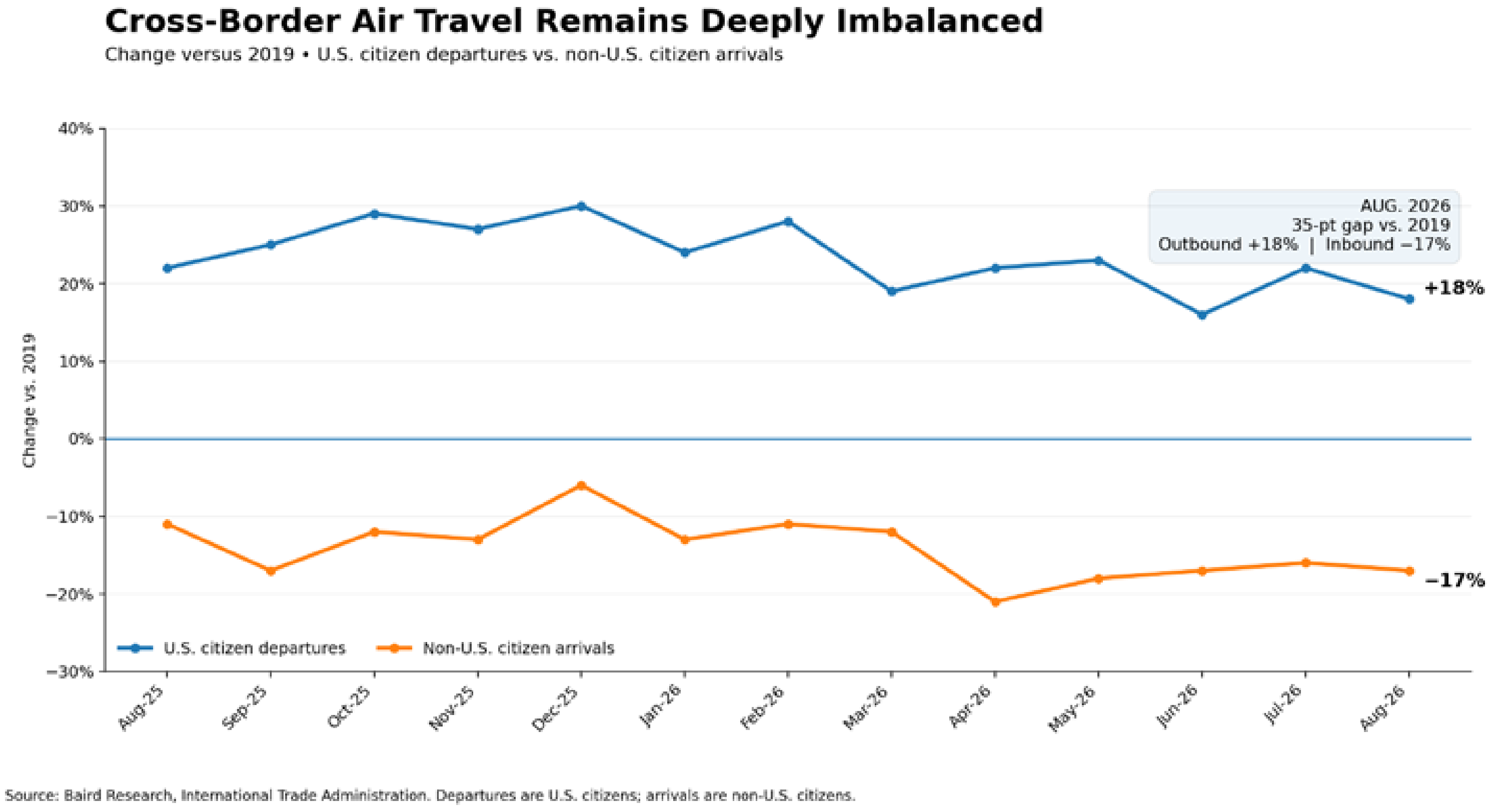
TSA passenger volume had been trending lower for the last several months before spiking this week, but the correlation between passenger throughput and hotel demand isn't strong enough to warrant concern.

- *The chart shows weekly TSA % change (purple line) and hotel room night demand: 3-month moving average (MMA) monthly room night demand (blue line), and 13-week MMA demand (orange line).*
- *Since December 2022, the monthly correlation between TSA volume and hotel demand is just 45%.*



Outbound international travel from the U.S. declined this summer, falling 3% in June, 2% in July, and 3% in August. While inbound international travel stopped declining in June (0%), it fell again in July and August, dropping 3% and 6%, respectively.

- *For the 12 months ended August, outbound U.S. travel totaled 74.8M passengers, flat for the 12-month period and 23% above 2019 levels*
- *Inbound international travel totaled 55.7M passengers in the past 12 months, a 4% TTM decline and 14% below 2019 levels*



Source: Baird, MWC

Updated U.S. Hotel Forecasts – 2026-2027

United States Hotel Industry Forecasts

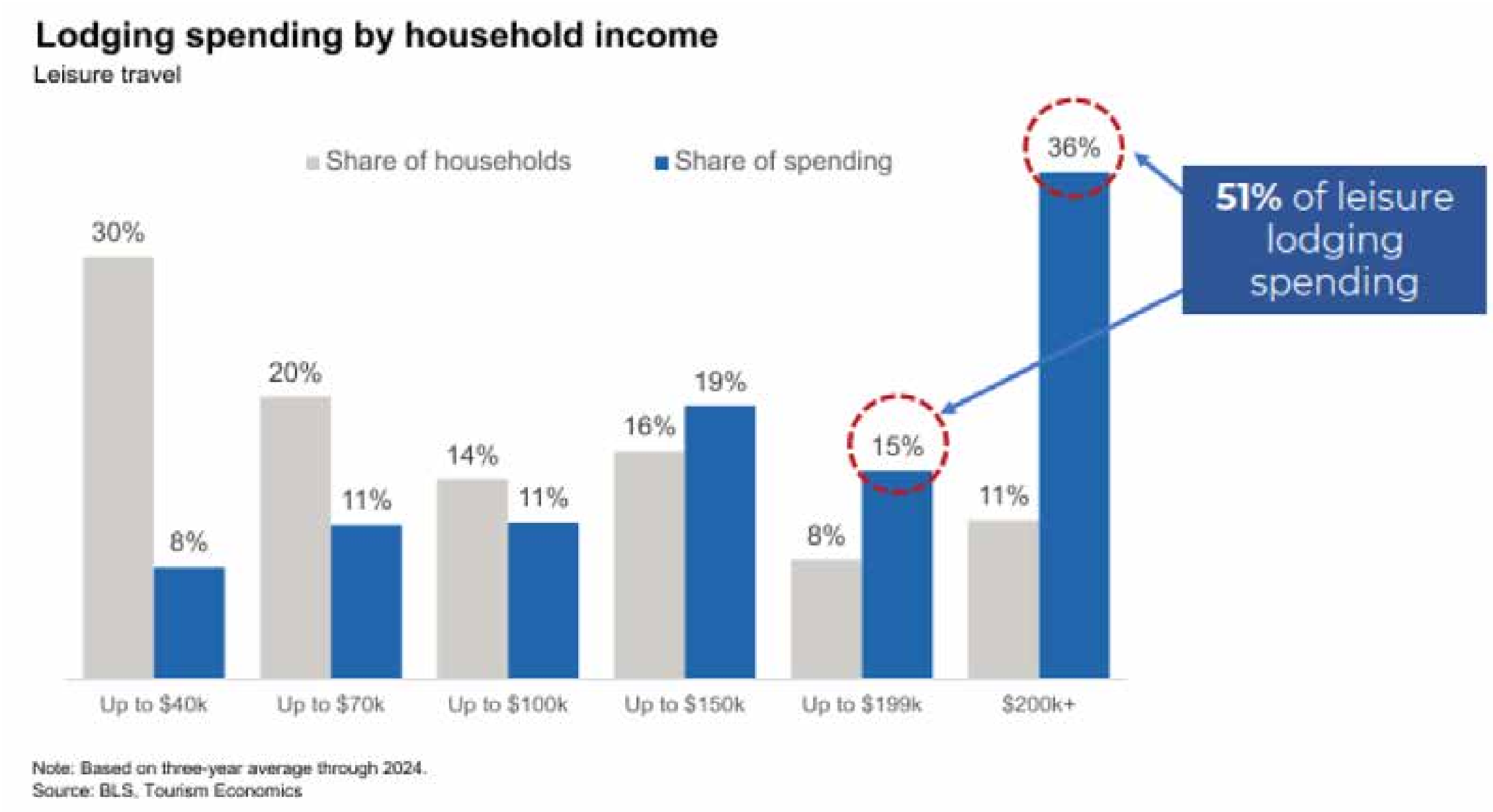
	2019	2020	2021	2022	2023	2024	2025	2026E		2027E	
								Baird	STR	Baird	STR
Supply	2.0%	1.4%	1.4%	0.6%	0.5%	0.5%	0.7%	0.5%	0.4%	0.8%	0.6%
Demand	2.0%	-35.7%	37.7%	11.0%	1.1%	0.6%	-0.6%	2.1%	1.7%	0.9%	1.1%
Occupancy %	0.0%	-36.6%	35.8%	10.3%	0.6%	0.1%	0.3%	1.6%	1.3%	0.1%	0.5%
Average Rate	1.0%	-21.3%	20.7%	19.1%	4.3%	1.8%	1.0%	2.6%	3.1%	1.5%	1.6%
RevPAR	**0.9%**	**-50.1%**	**63.9%**	**31.4%**	**4.9%**	**1.9%**	**-0.3%**	**4.2%**	**4.4%**	**1.7%**	**2.1%**

	vs. '19 2021	*vs. '19* 2022	*vs. '19* 2023	*vs. '19* 2024	*vs. '19* 2025
				calculated	*calculated*
Supply	0.9%	2.7%	2.8%	3.3%	4.0%
Demand	-11.8%	-2.3%	-1.7%	-1.1%	-1.7%
Occupancy %	-12.6%	-4.9%	-4.4%	-4.3%	-4.0%
Average Rate	-4.8%	13.6%	18.4%	20.5%	21.7%
RevPAR	**-16.8%**	**8.1%**	**13.2%**	**15.4%**	**15.0%**

Note: 2020A-2022A y/y data reflect total rooms inventory; vs. 2019 comparisons use standard methodology

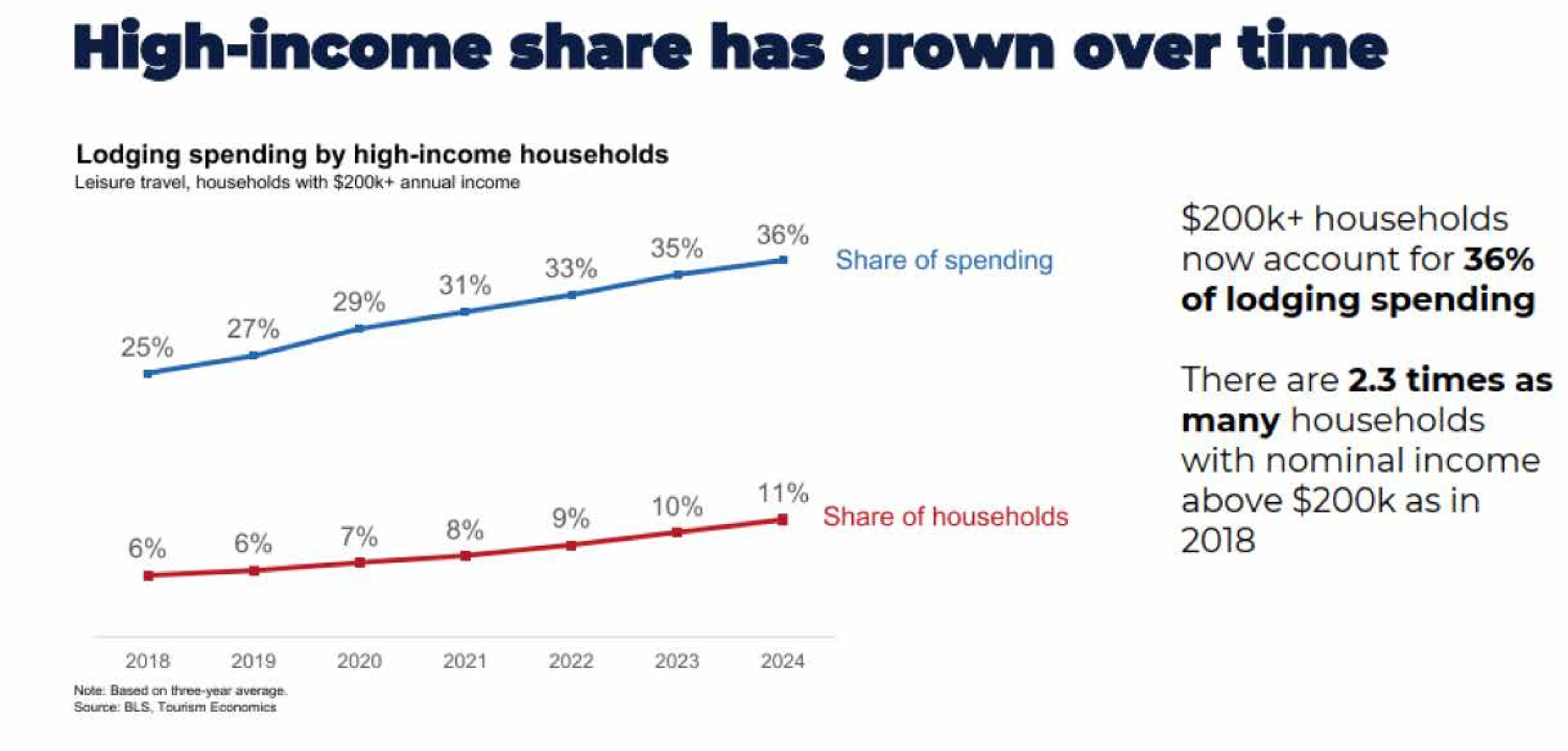
Source: Baird Research, CoStar

Top of the K-shaped economy represents 51% of lodging spending, with 36% from those with incomes of $200k+…



Source: Woodworth Core Hospitality

…up from 25% in 2018, as the number of households with that level of income has more than doubled since then



Source: Woodworth Core Hospitality

CMBS spreads were mostly unchanged this week, with 10-year AAAs at 69 bps (-1 bp), AAs at 118 bps (unchg), As at 168 bps (unchg), and BBB- spreads at 477 bps (unchg).

CRE Debt & Equity Markets

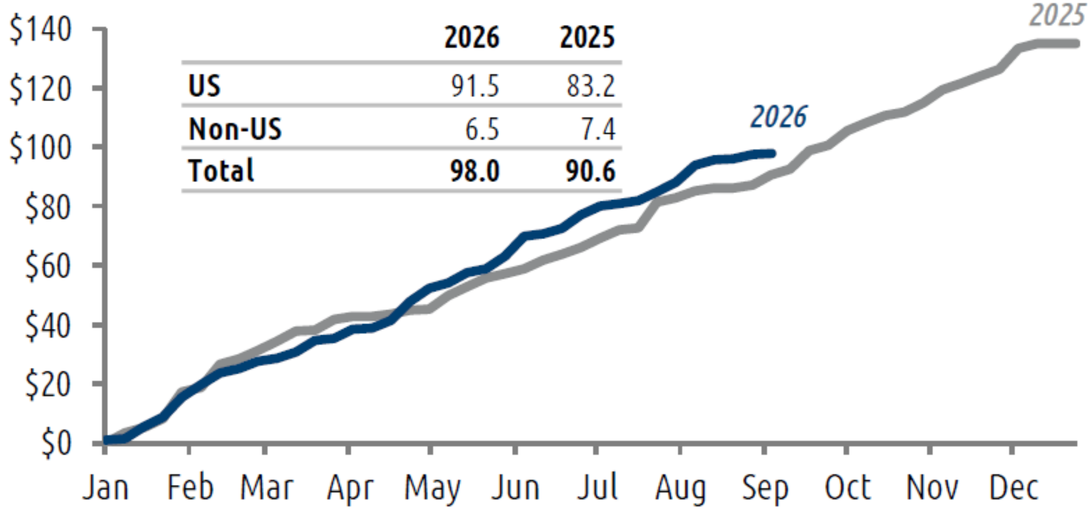
CRE Issuance and Spread Trends

Sources: Commercial Mortgage Alert, Green Street, Trepp

U.S. CMBS issuance volume is $91.5 billion year to date, up about $8.3 billion (10%) from this time last year. Two-year, 3% SOFR cap pricing has increased roughly 42% over the past 5 months.

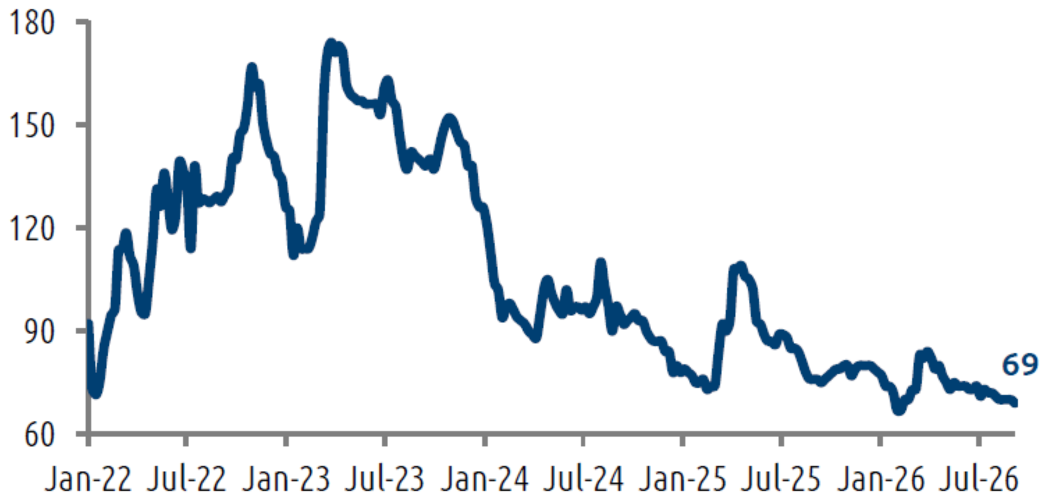
WORLDWIDE CMBS

Year-To-Date Issuance Volume ($Bil.)



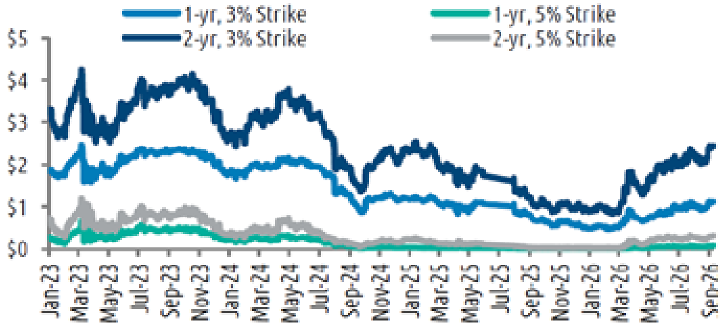
CMBS SPREADS

10-Year AAA Recent-Issue Spread Over Treasury



SOFR CAP PRICING

1-Month Term SOFR Cap Pricing for $100 Mil. Loan ($Mil)

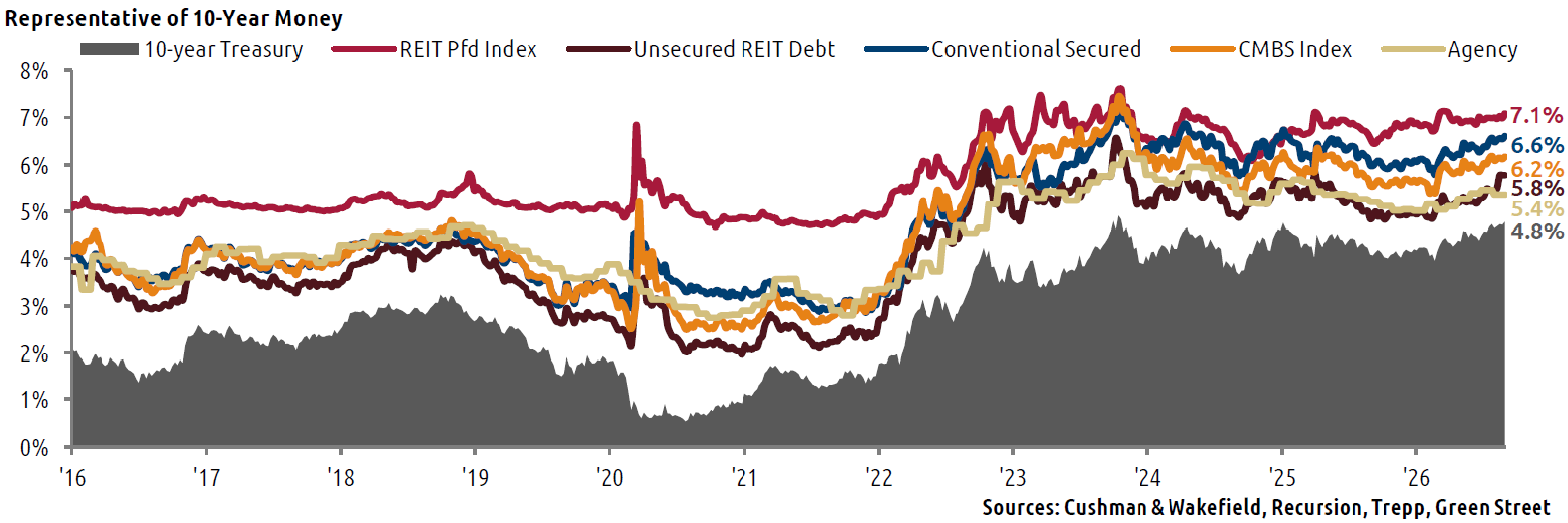


Source: Chatham Financial

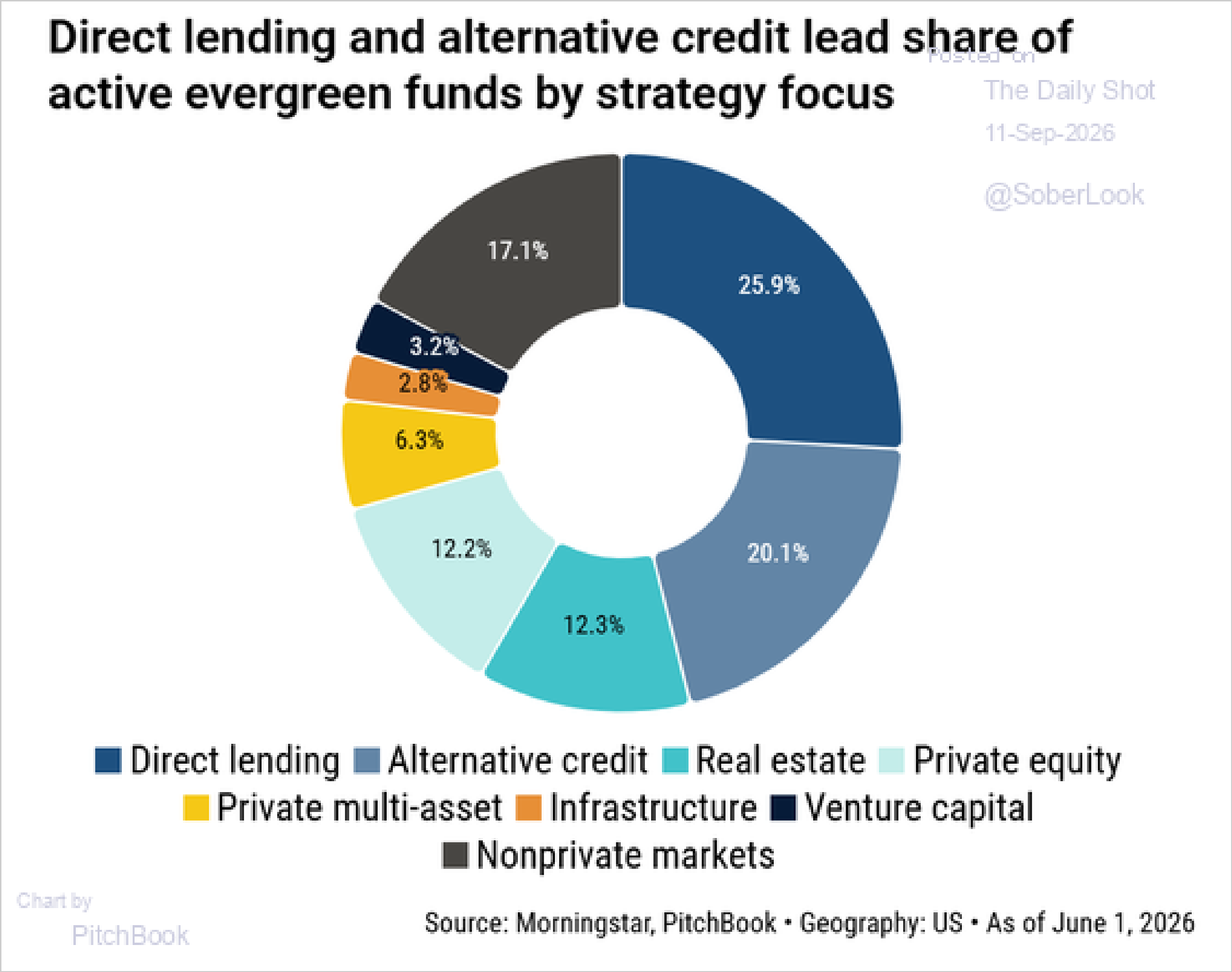
		Spread (bp)		
	Avg. Life	9/9	Week Earlier	52-wk Avg.
AAA	5	J+88	J+89	J+97
AAA	10	J+69	J+70	J+75
AA	10	J+118	J+118	J+136
A	10	J+168	J+168	J+191
BBB-	10	J+477	J+477	J+478

CRE Debt Costs by Type

Conventional secured-debt costs are 6.6% on average, up 52 bps year to date.



Real estate accounts for 12% of all evergreen funds



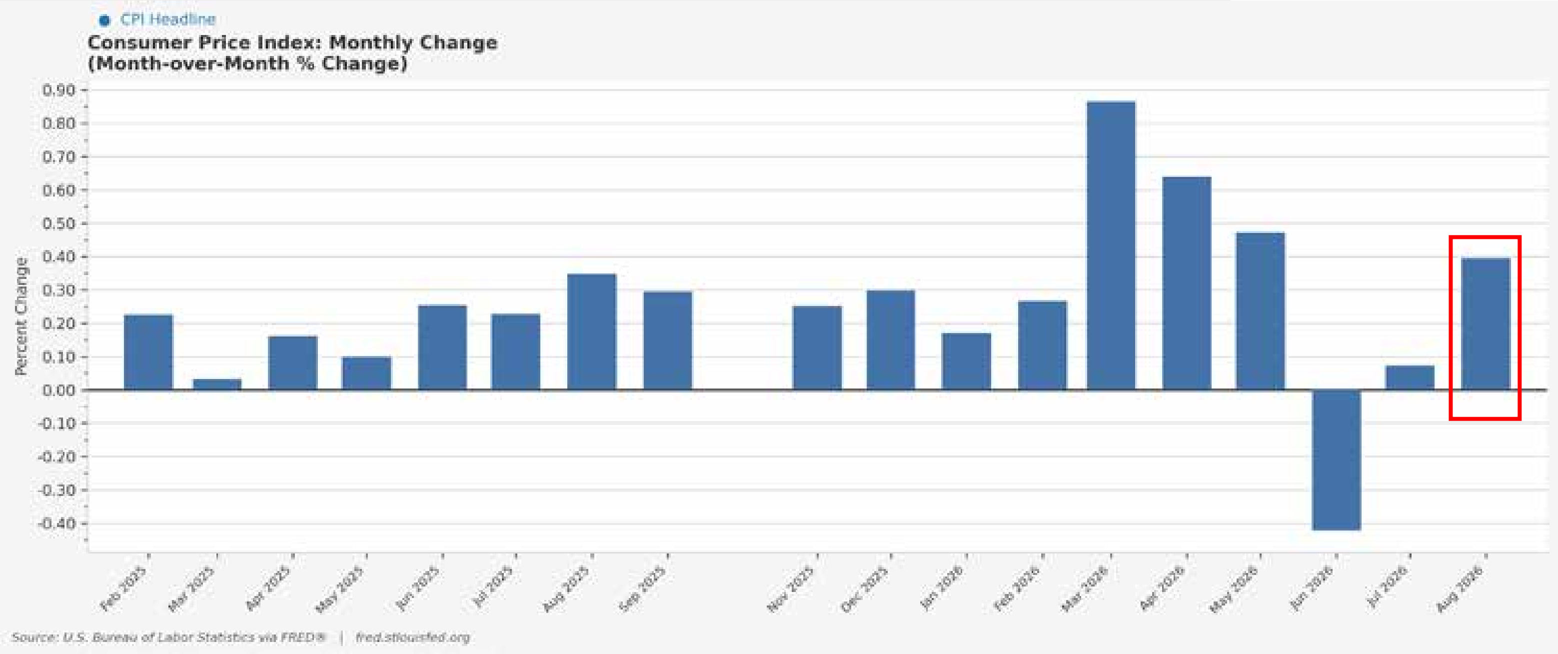
Inflation was hotter than desired in August but largely in line with expectations, with higher energy costs increasingly visible in both consumer and producer prices. Meanwhile, jobless claims remain low, business surveys strengthened, and GDPNow still points to robust 4.4% third-quarter growth.

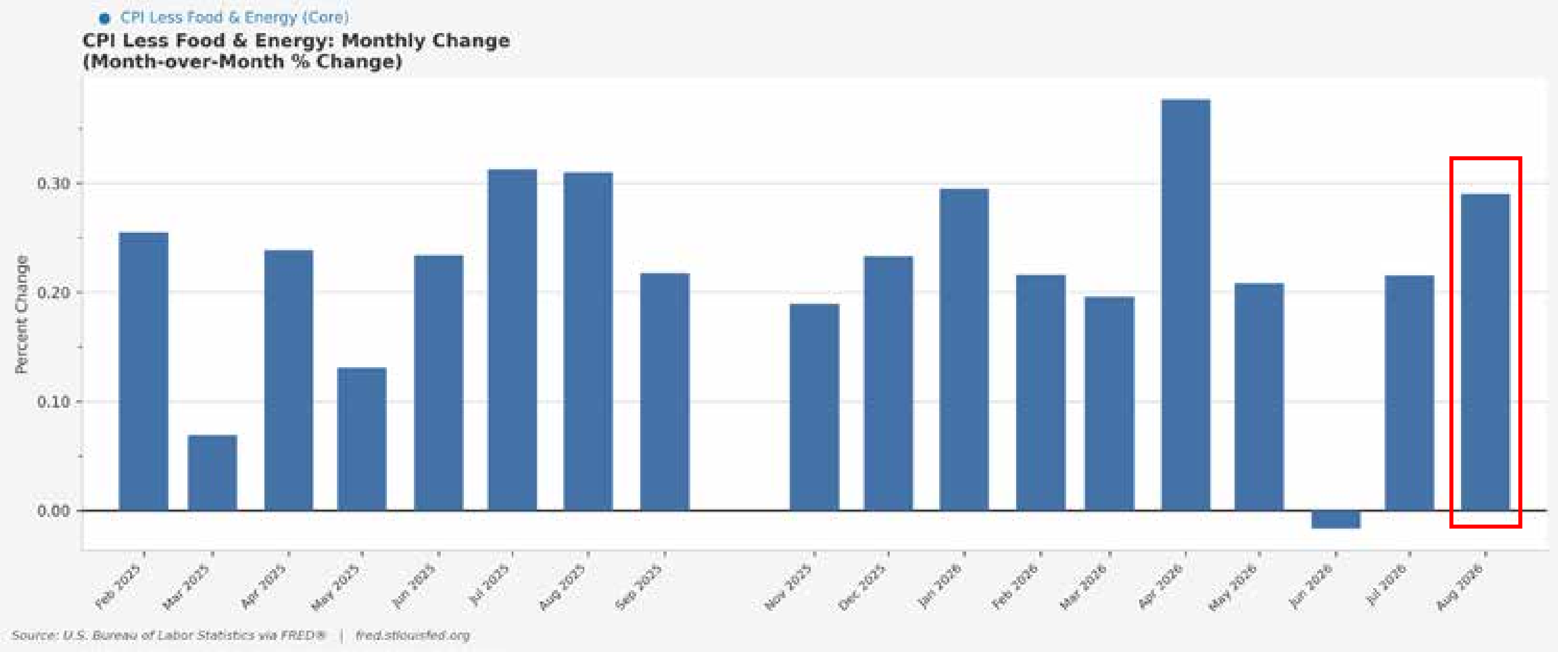
U.S. Economic Data

Last Week's Major U.S. Economic Reports					
Time (ET)	**Report**	**Period**	**Actual**	**Median Forecast**	**Previous**
Monday, Sep. 7					
No events scheduled					
Tuesday, Sep. 8					
6:00 AM	NFIB Index of Small Business Optimism	Aug.	98.7	-	99.8
3:00 PM	Consumer Credit	Jul.	18.1B	11B	14.2B
Wednesday, Sep. 9					
No events scheduled					
Thursday, Sep. 10					
8:30 AM	Weekly Jobless Claims	Sept. 5	206K	205K	206K
8:30 AM	PPI	Aug.	0.4%	0.4%	0%
8:30 AM	Ex-Food & Energy PPI, M/M%	Aug.	0.2%	0.3%	0.2%
8:30 AM	PPI,Y/Y%	Aug.	5.4%	5.3%	4.7%
10:00 AM	Monthly Wholesale Trade	Jul.	1.3%	1.3%	0.2%
10:00 AM	Existing Home Sales	Aug.	4.0M	4.0M	4.1M
Friday, Sep. 11					
8:30 AM	CPI	Aug.	0.4%	0.4%	0.1%
8:30 AM	Core CPI, M/M%	Aug.	0.3%	0.2%	0.2%
8:30 AM	CPI, Y/Y%	Aug.	3.4%	3.4%	3.4%
8:30 AM	CPI Core, Y/Y%	Aug.	2.4%	2.4%	2.5%
10:00 AM	U. Michigan Prelim Consumer Survey	Sep	47.8	51.4	51.0

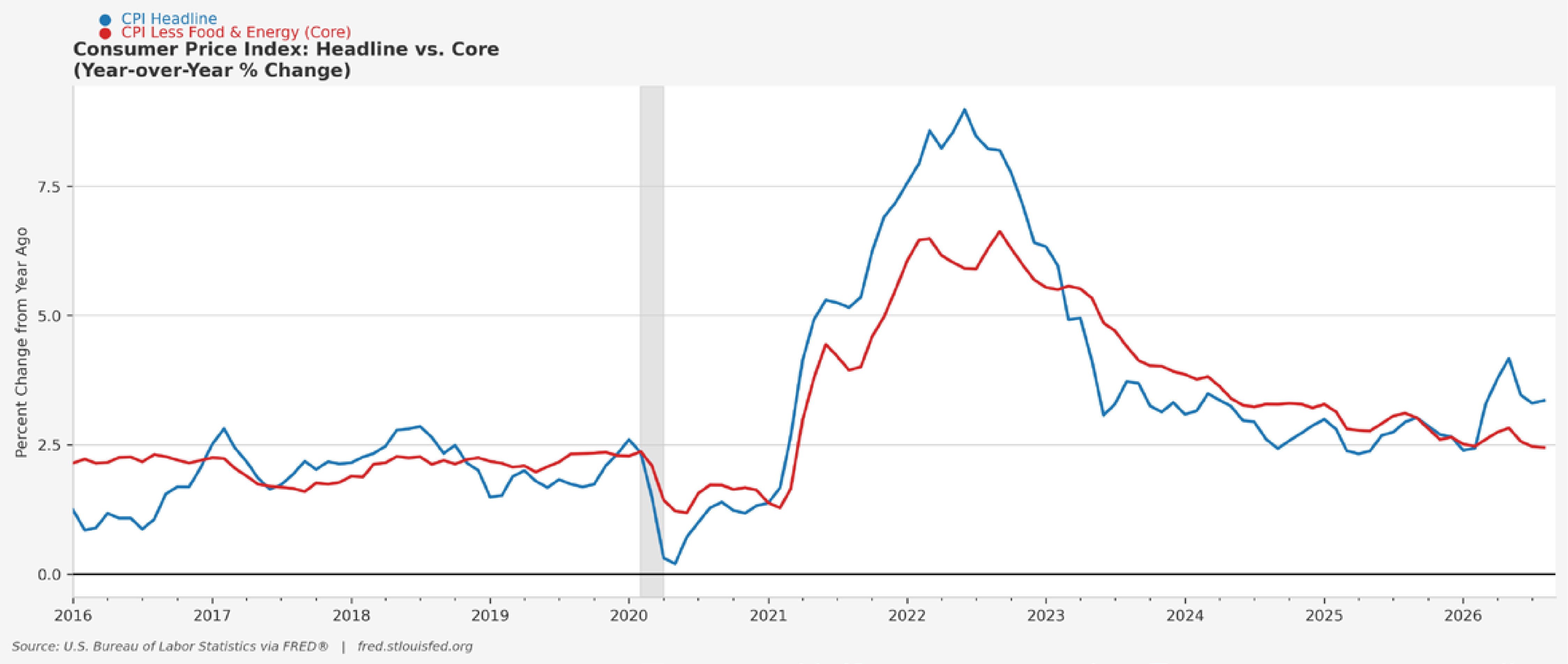
Source: MarketWatch.com

The much-anticipated August CPI report came in hotter than desired but close to expectations, with headline CPI of 0.4% for the month and core CPI of 0.3%…

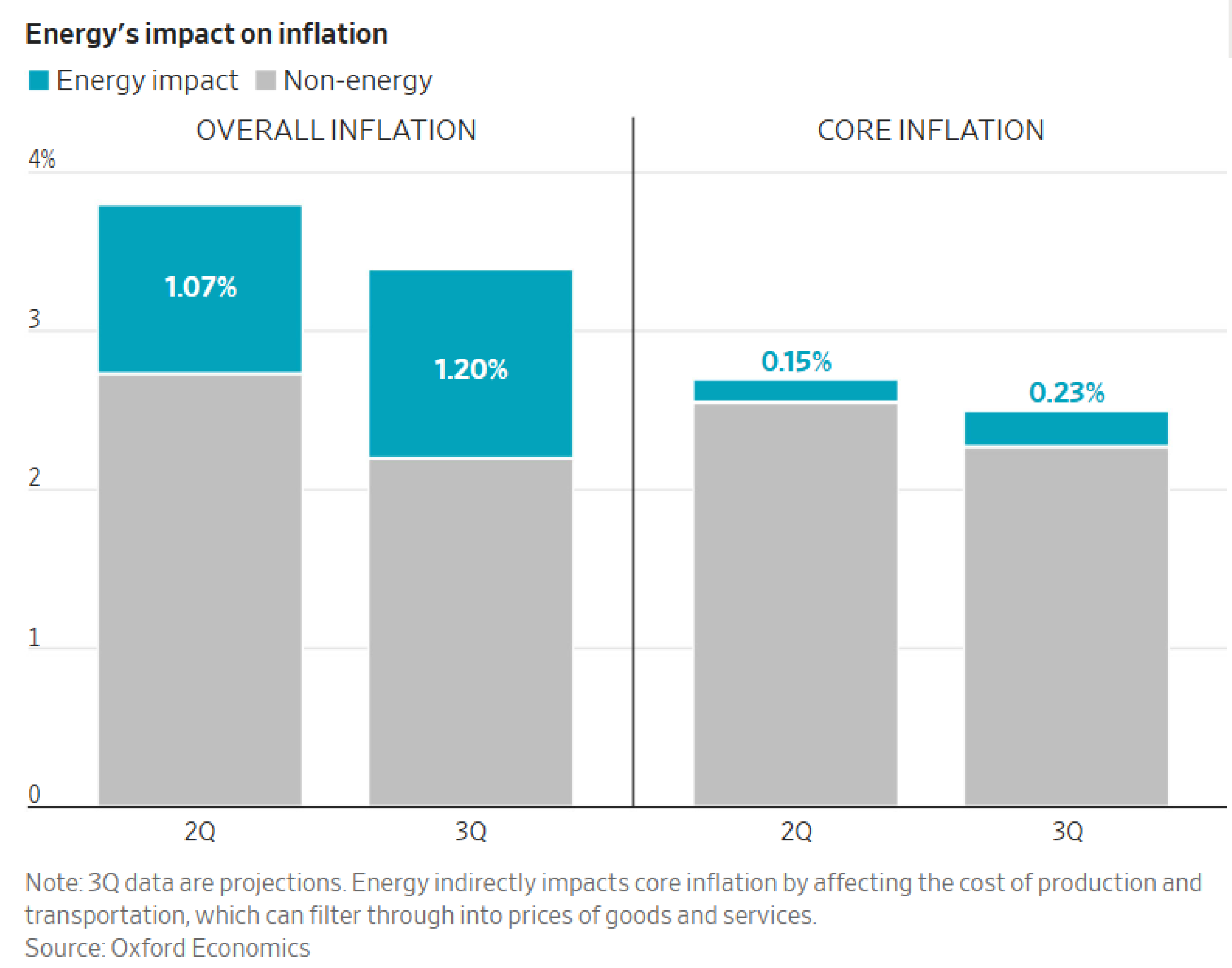




…with year-over-year results of 3.4% for headline CPI and 2.4% for core CPI in line with forecasts

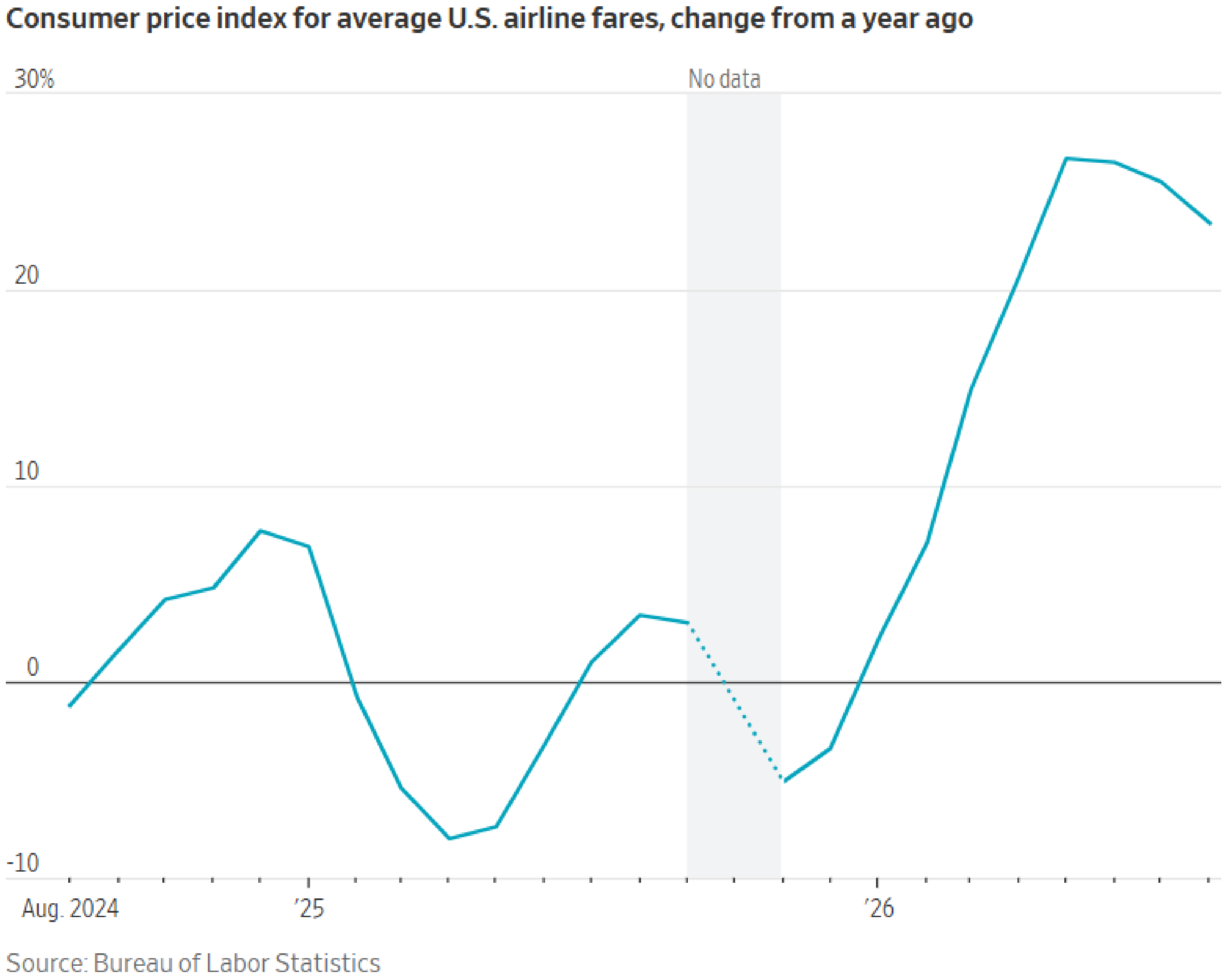


Elevated energy prices are having a meaningful impact on both headline inflation and core inflation, as rising diesel prices impact all goods that are shipped…



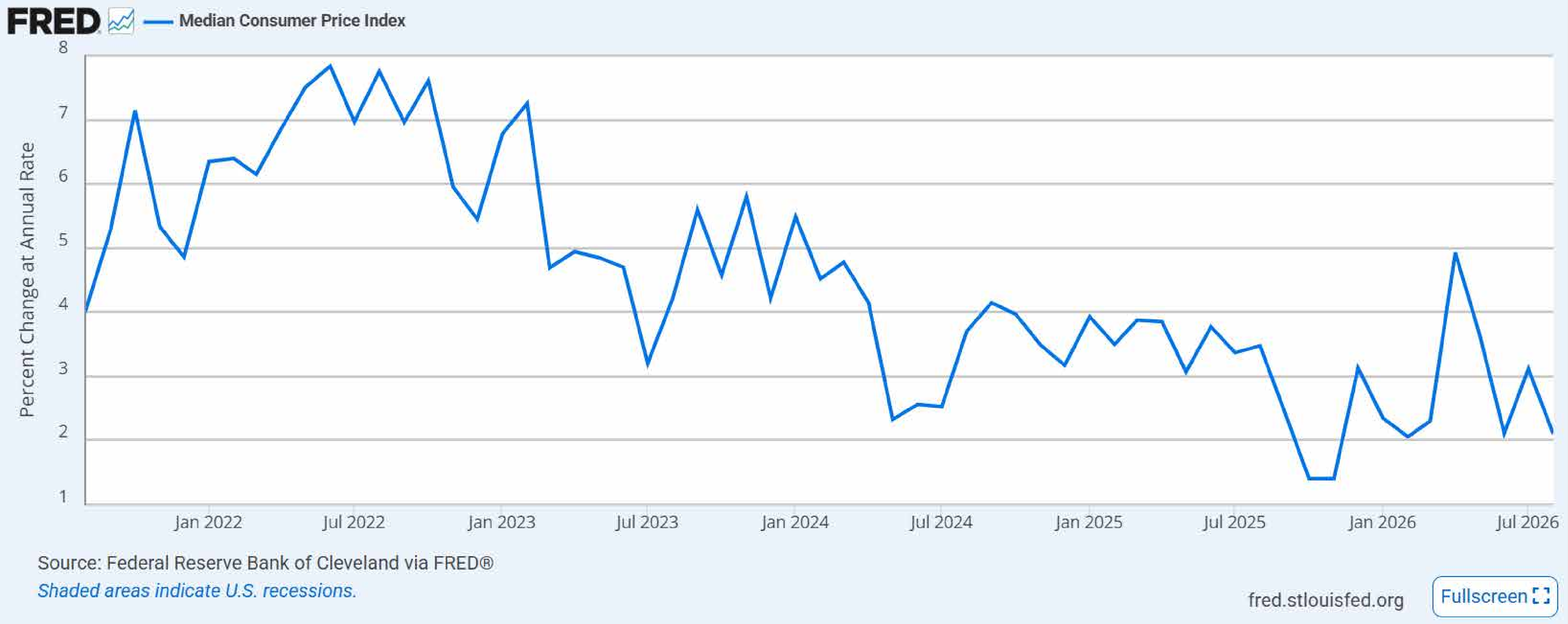
Source: Wall Street Journal

...while airfares increased 23% in August



Source: Wall Street Journal

The Cleveland Fed's Median Consumer Price Index* showed a continued downward trend from the 2023 peak of 6.9% to 2.10% in August

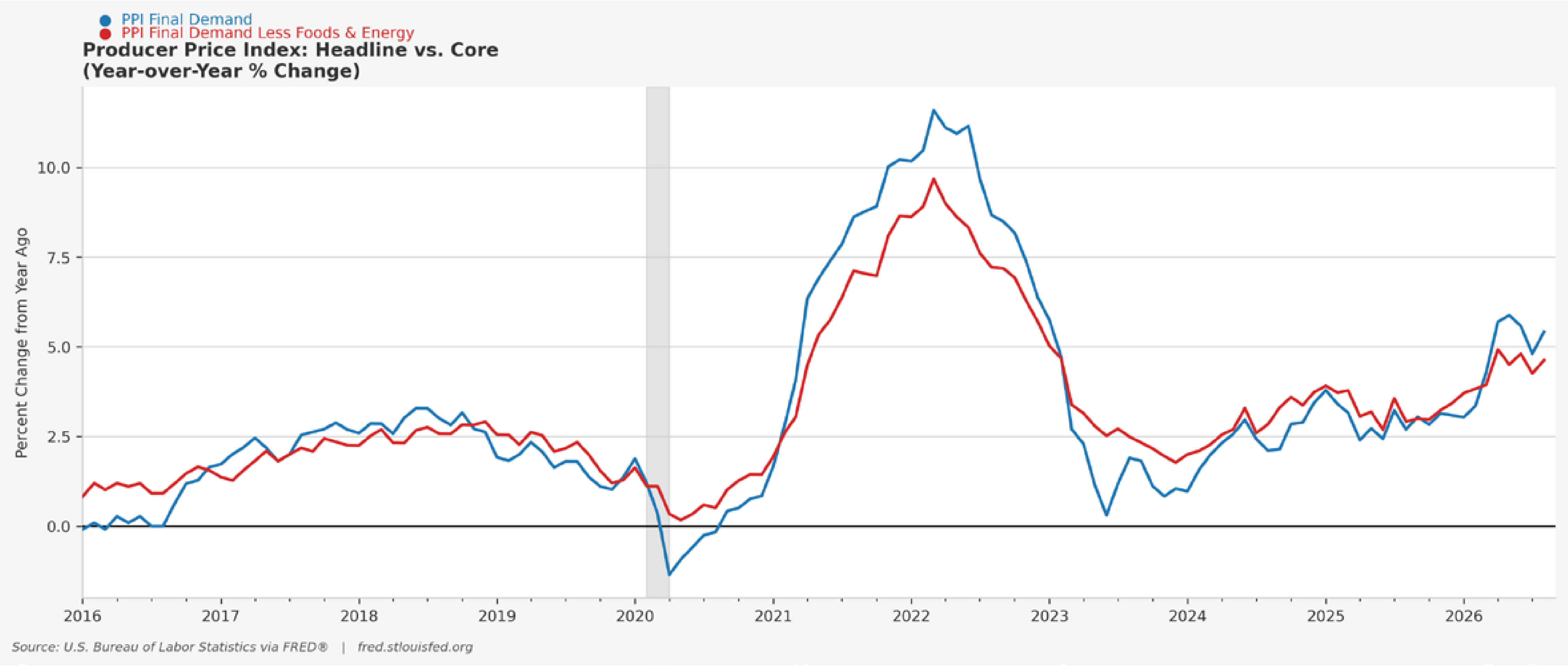


*The Cleveland Fed's Median CPI is a measure of core inflation that analyzes the median price change of the goods and services published by the BLS, excluding 49.5% of the CPI components with the highest and lowest one-month price changes. According to the Cleveland Fed, the Median CPI provides a better signal of the inflation trend than headline CPI, core CPI, or core PCE.

Meanwhile, the Truflation "real-time" inflation indicator fell 3 bps this week to 2.28% as of September 10, leaving it 112 bps below the August headline CPI of 3.4%, 12 bps below August's core CPI of 2.4%, and 102 bps below the July core PCE level of 3.3%.

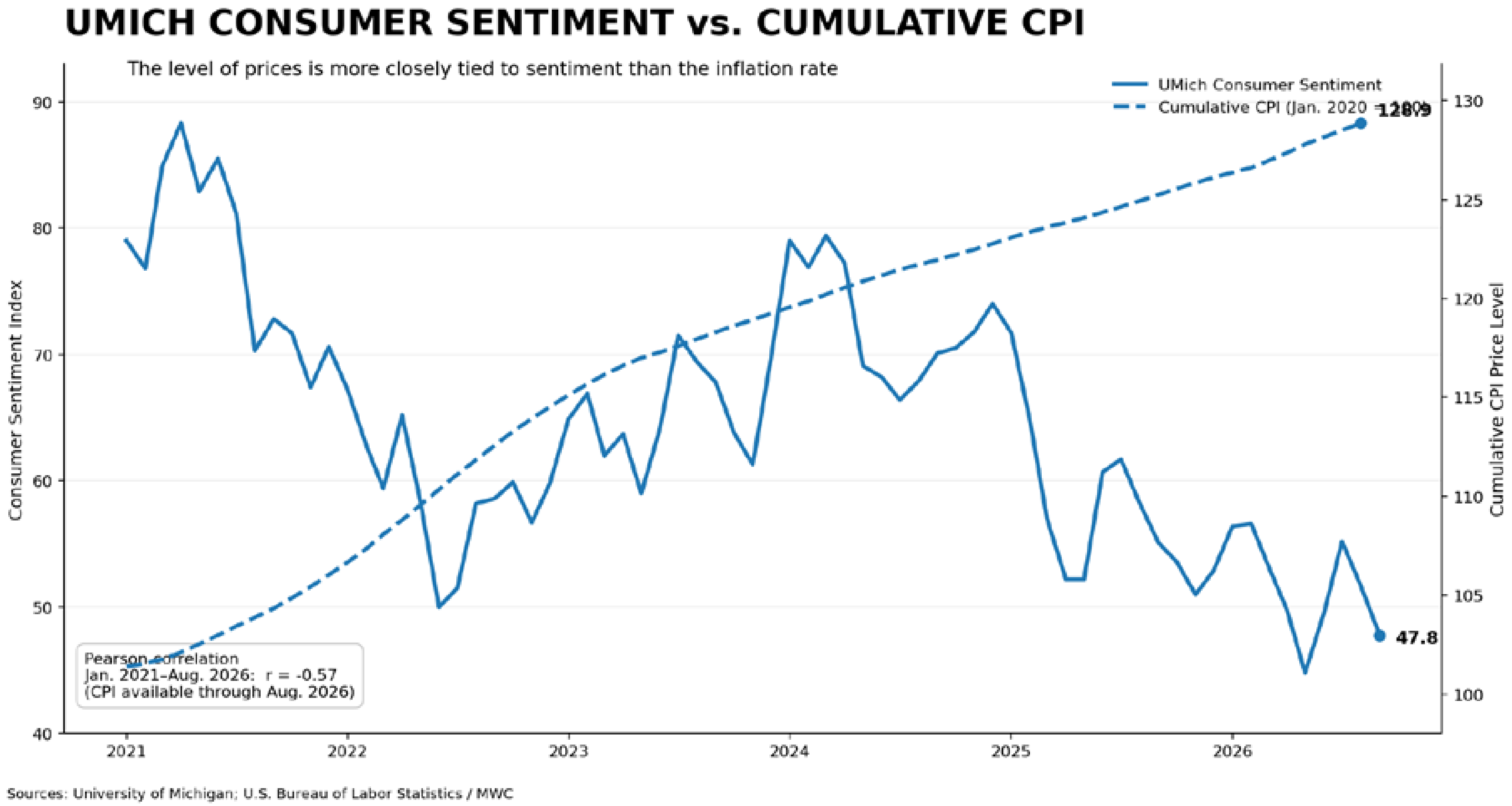
Source: Truflation.com

The August Producer Price Index (PPI) report was similarly hot but unsurprising, with headline PPI of 5.4% and core PPI of 4.6% YoY. Both measures are higher than desired, and they moved the wrong direction in August. Energy prices were pushed higher by the conflict with Iran, with producer energy prices jumping 4.2% and diesel up 24.1% MoM.



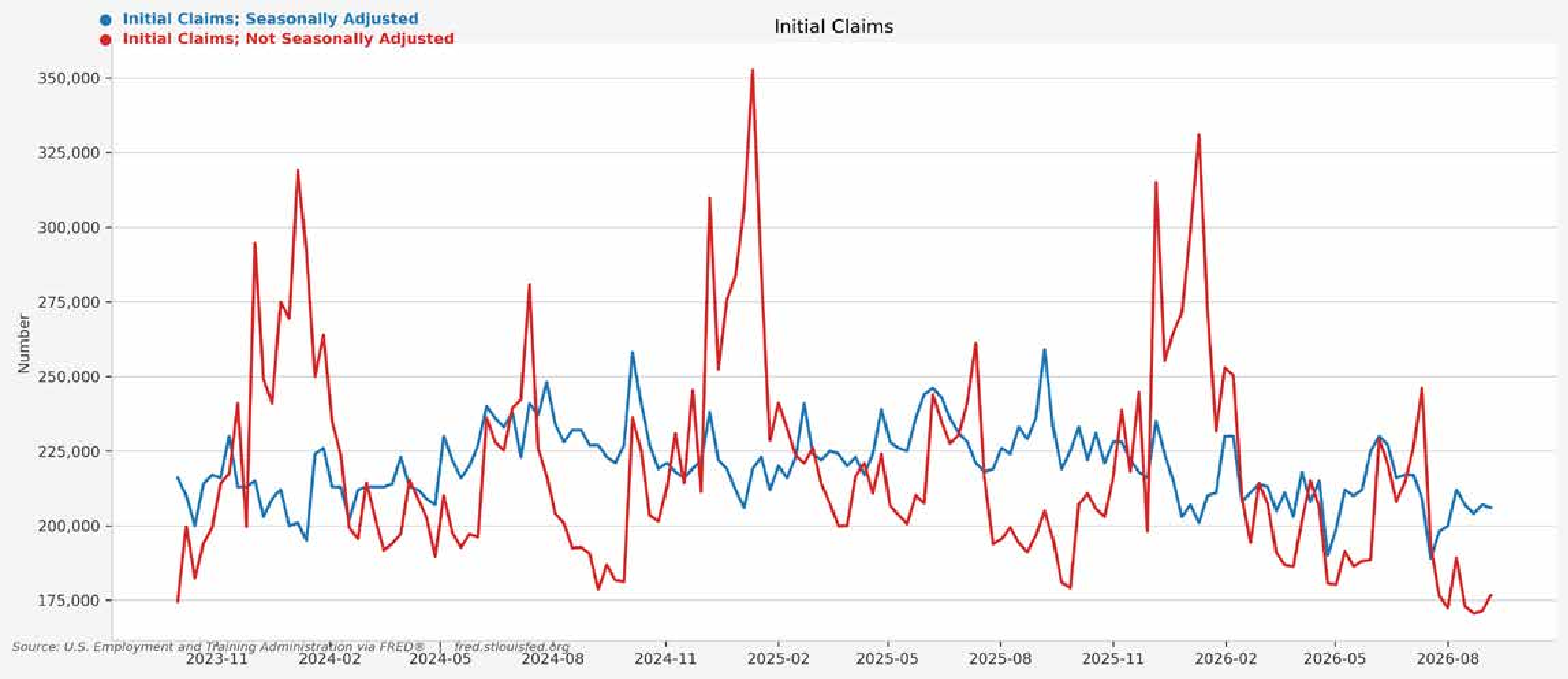
Consumer sentiment appears more tied to the actual price level than to the inflation rate

Prices are nearly 30% higher than in January 2020, and consumer sentiment remains near post-pandemic lows and trending lower.

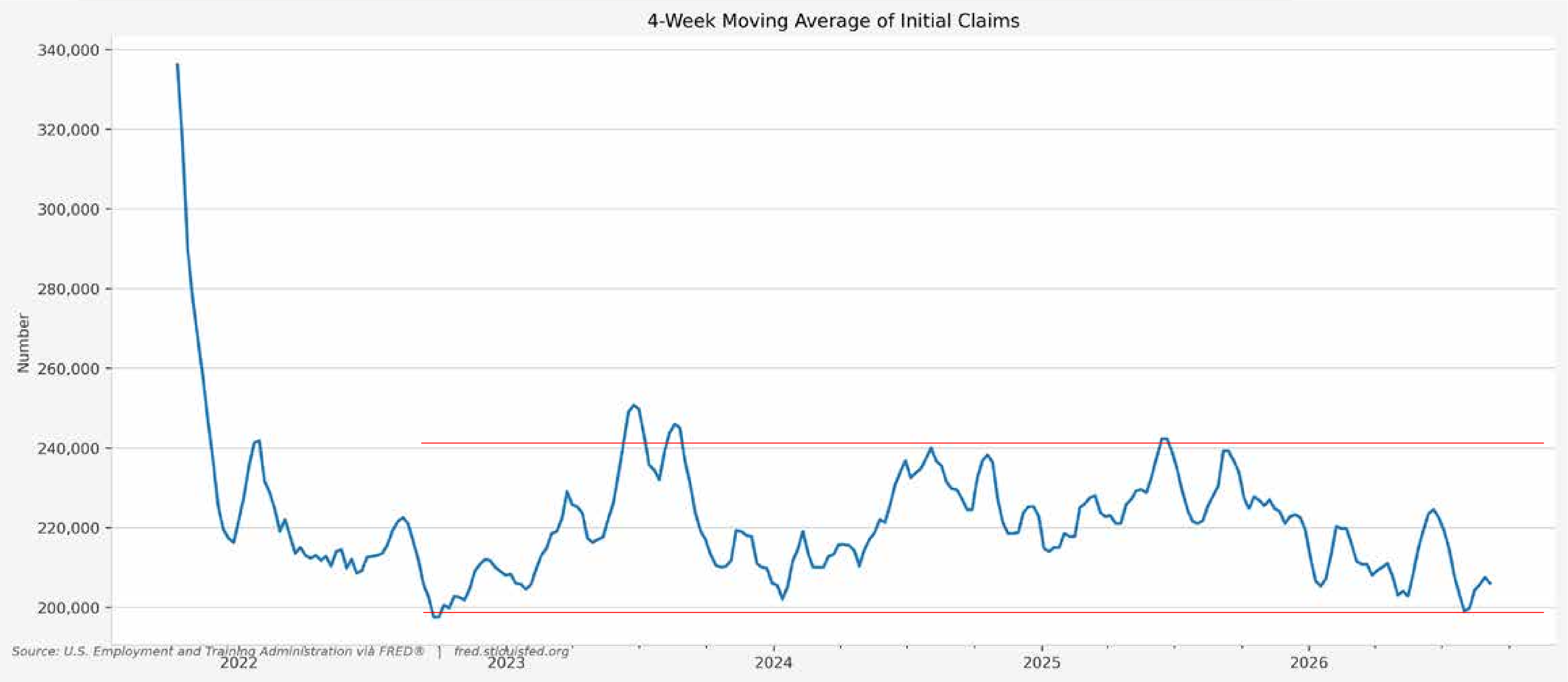


Source: University of Michigan, MWC

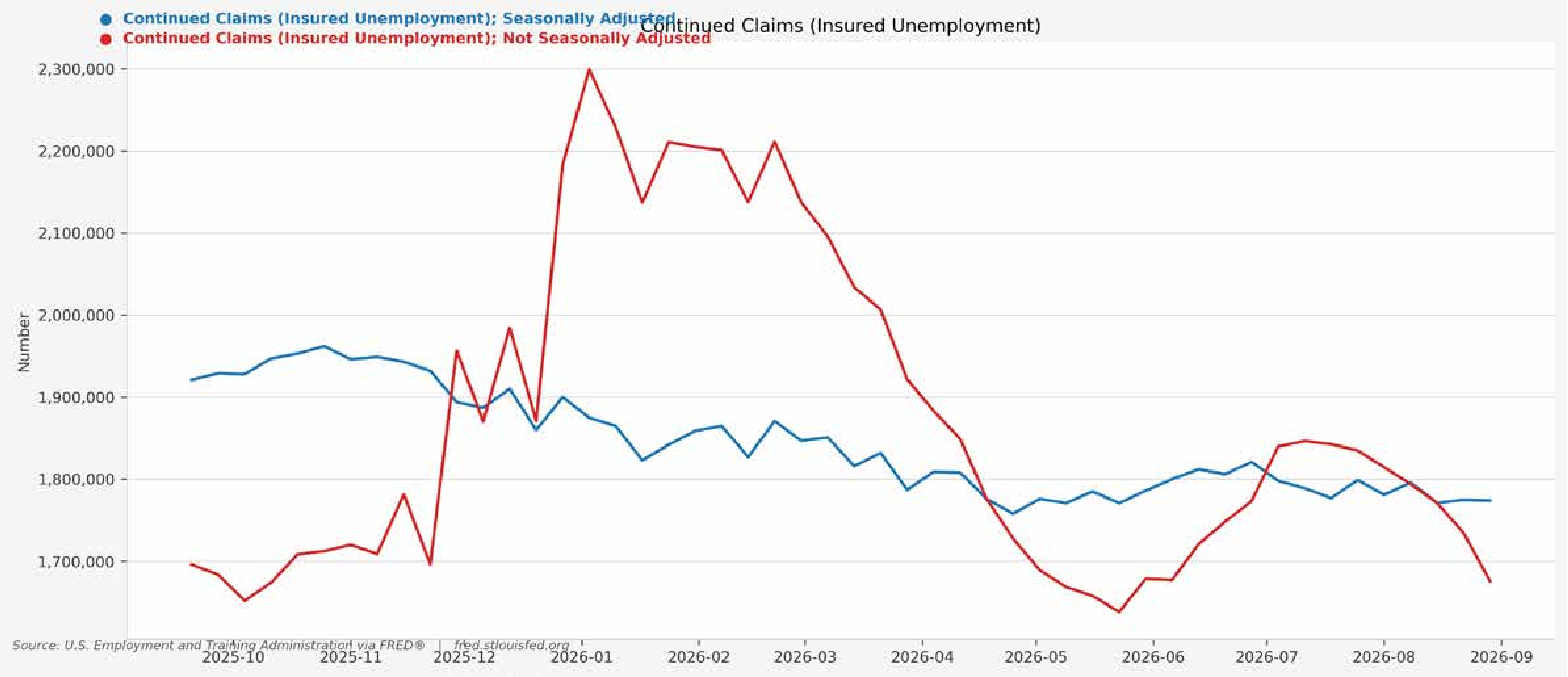
Seasonally adjusted initial jobless claims fell 1,000 to 206,000 (blue line), while unadjusted claims rose 5,200 to 176,600 (red line)…



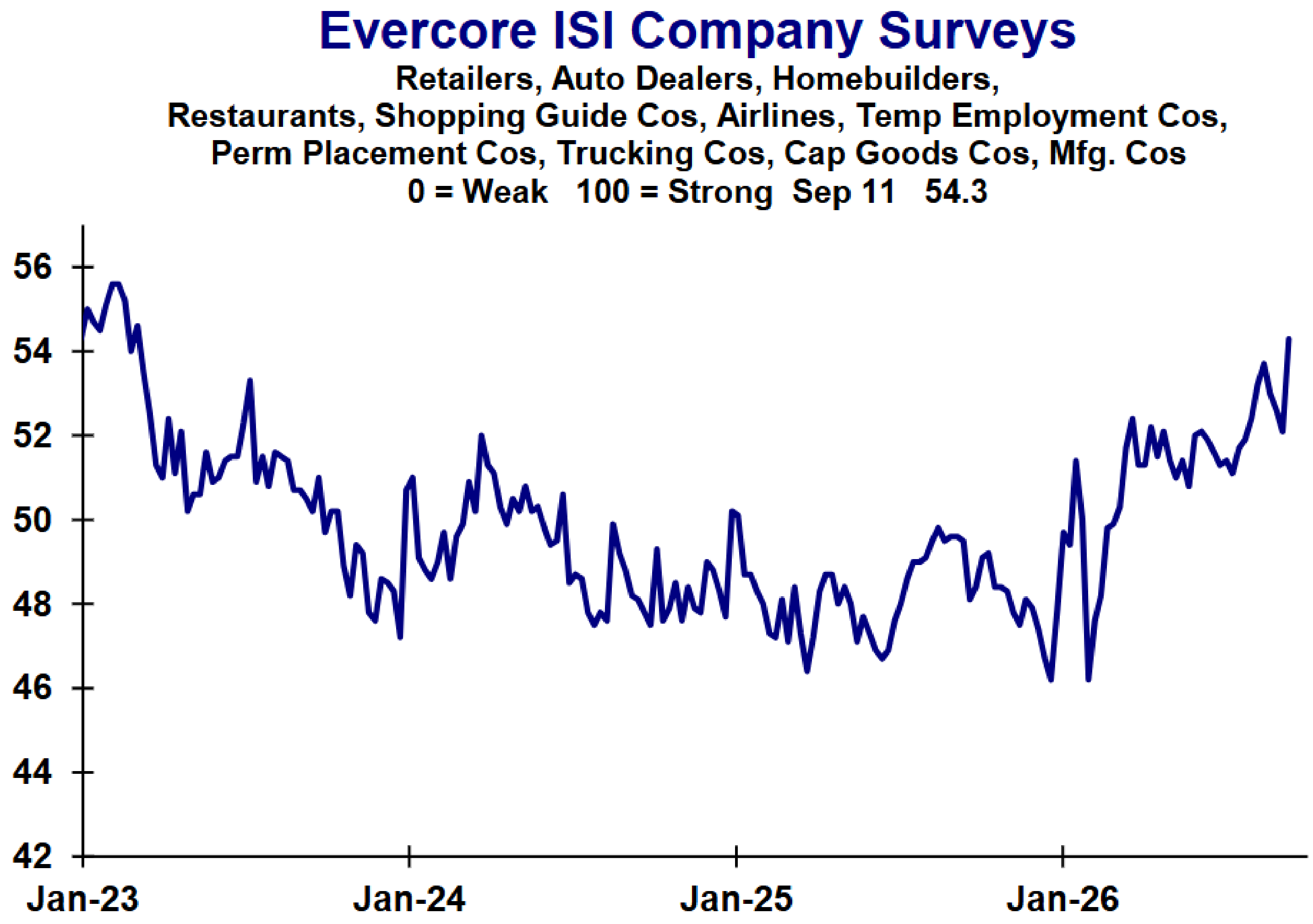
...while the 4-week moving average of seasonally adjusted initial claims fell 1,500 to 206,000, and the 13-week moving average fell 1,850 to 208,400, putting the 1-, 4-, and 13-week averages in a tight bandwidth.



Seasonally adjusted continuing claims fell 1,000 to 1,774,000, the 4-week MA fell 1,750 to 1,779,000, and the 13-week MA fell 900 to 1,792,200. Unadjusted continuing claims were 1,676,000, a decline of 58,500 from the prior week.

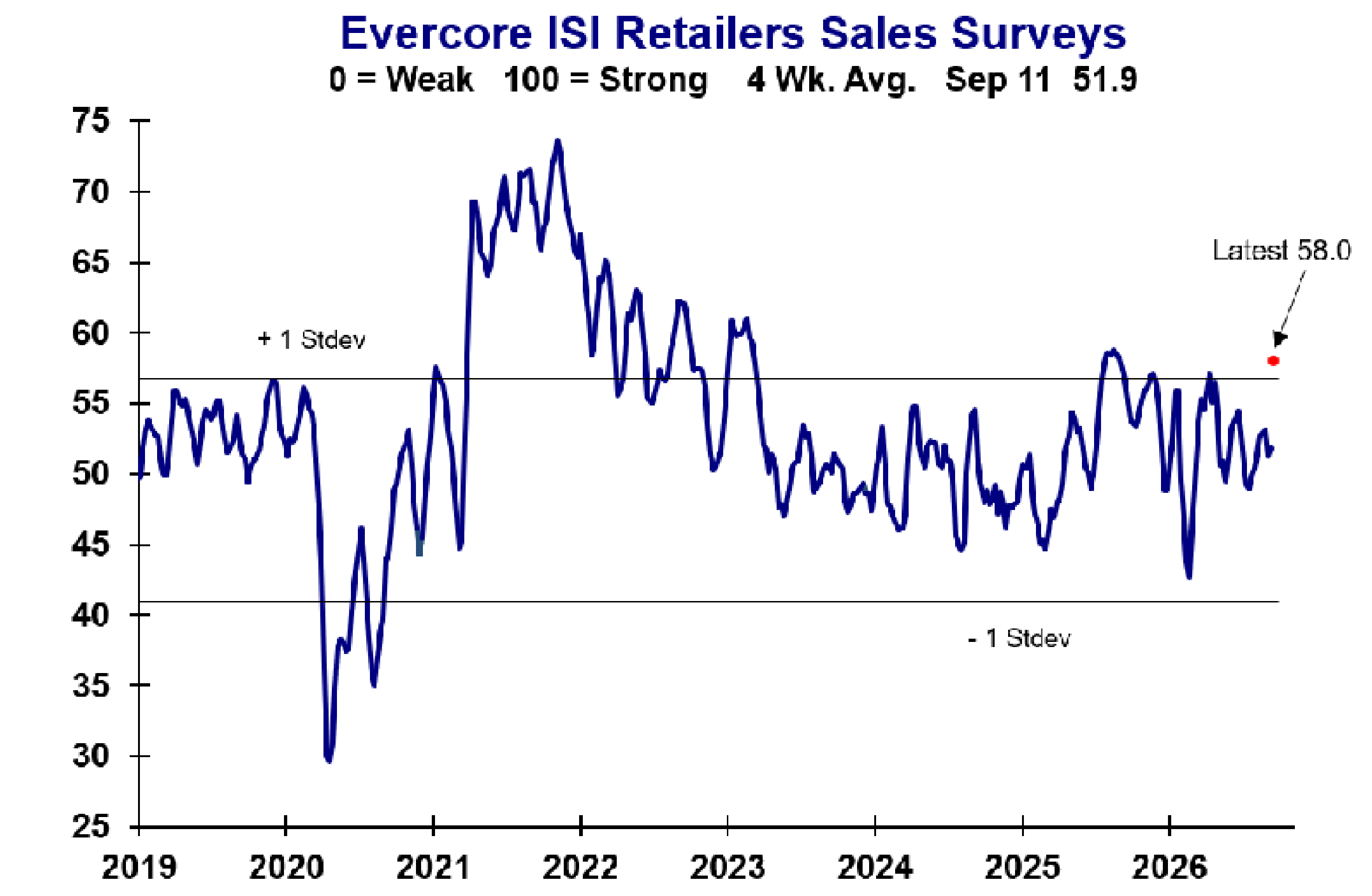


Evercore's company surveys jumped this week to a 3-year high…



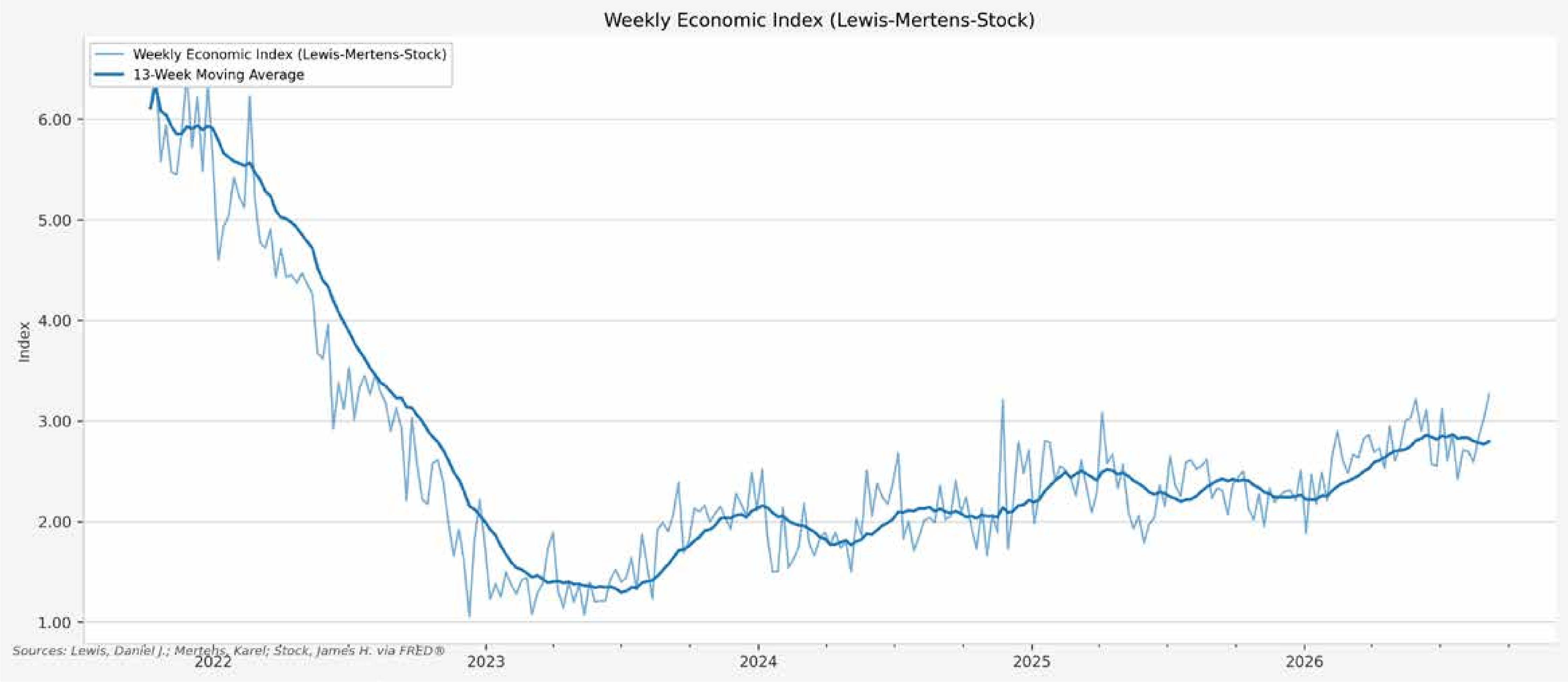
Source: Evercore ISI

…and Labor Day weekend looks like it was good to retailers

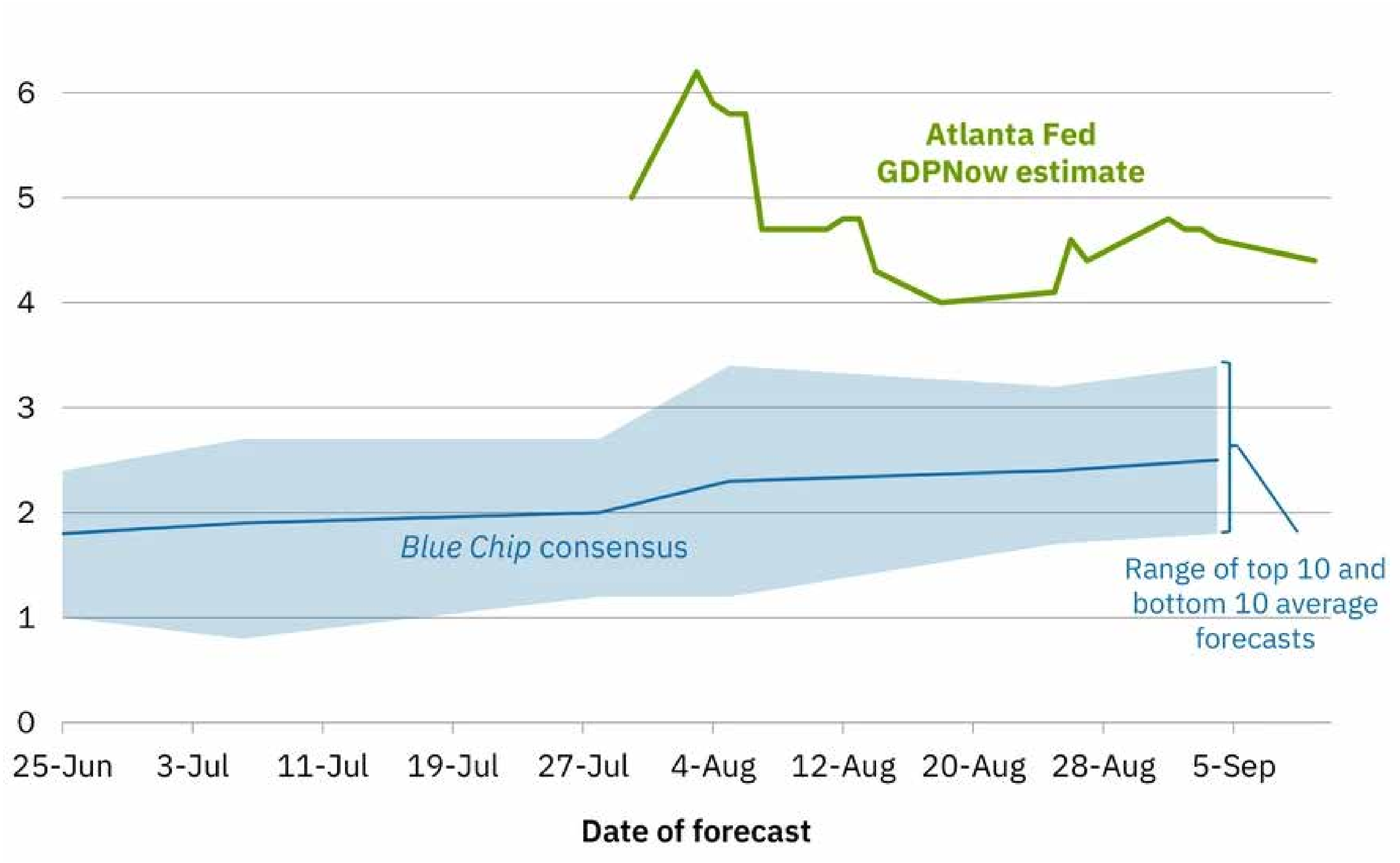


Source: Evercore ISI

The Weekly Economic Index rose 25 bps to 3.27%, while the 13-week moving average increased 3 bps to 2.80% as of September 5…



…while the Atlanta Fed's GDPNow estimate of 3Q26 growth fell 30 bps this week to 4.4% as of September 10…



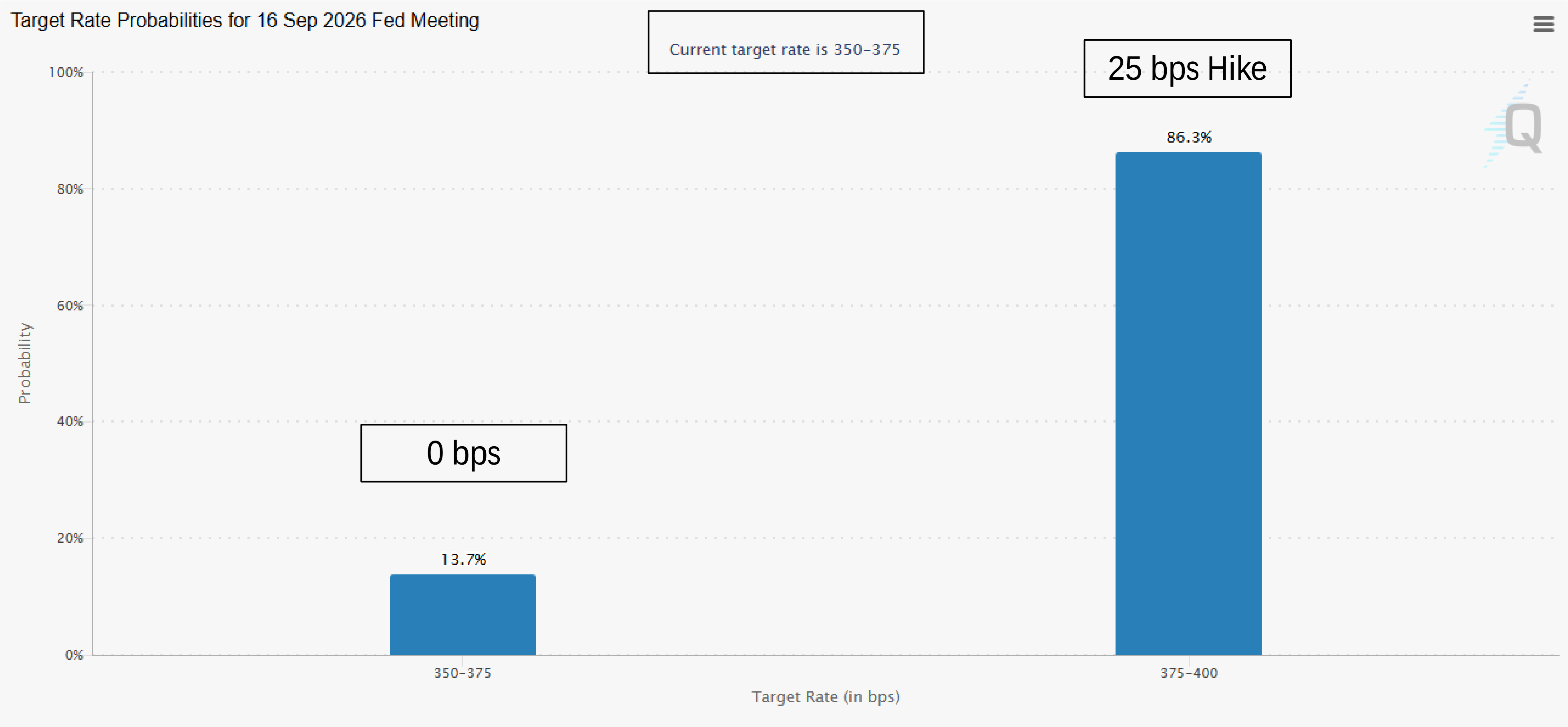
Source: Federal Reserve Bank of Atlanta

Markets and many prominent economists now expect the Fed to raise rates 25 bps next week, with futures assigning an 86% probability to a hike. While it seems fully baked, the decision is less obvious than the odds suggest, as growth remains strong and headline inflation is too high, but labor data are stable and several underlying inflation measures continue to improve.

Central Bank Policy

Market-based Probability for Rate Adjustments at the September 2026 Fed Meeting

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
16 Sep 2026	ZQU6	30 Sep 2026	96.2688	74,346	258,168	0.0 %	13.7 %	86.3 %

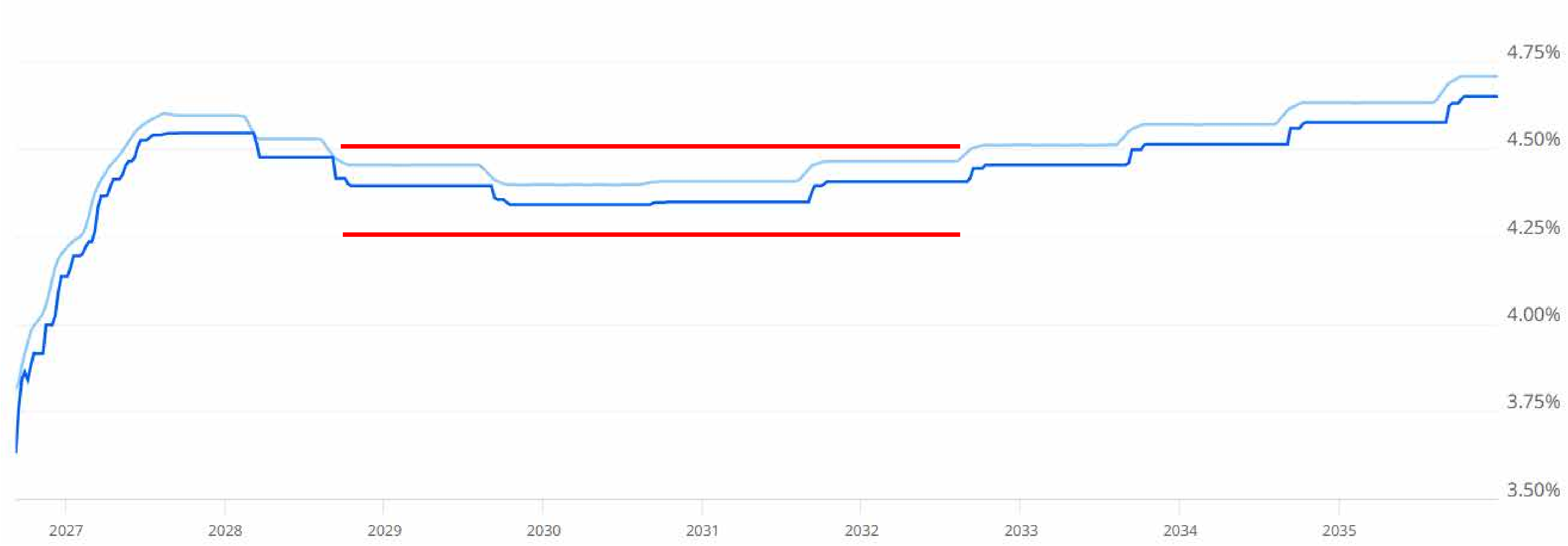


TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 10 SEP 2026	1 WEEK 4 SEP 2026	1 MONTH 11 AUG 2026
350-375 (Current)	13.7%	27.6%	40.6%	51.6%
375-400	86.3%	72.4%	59.4%	48.4%

* Data as of 11 Sep 2026 02:02:48 CT

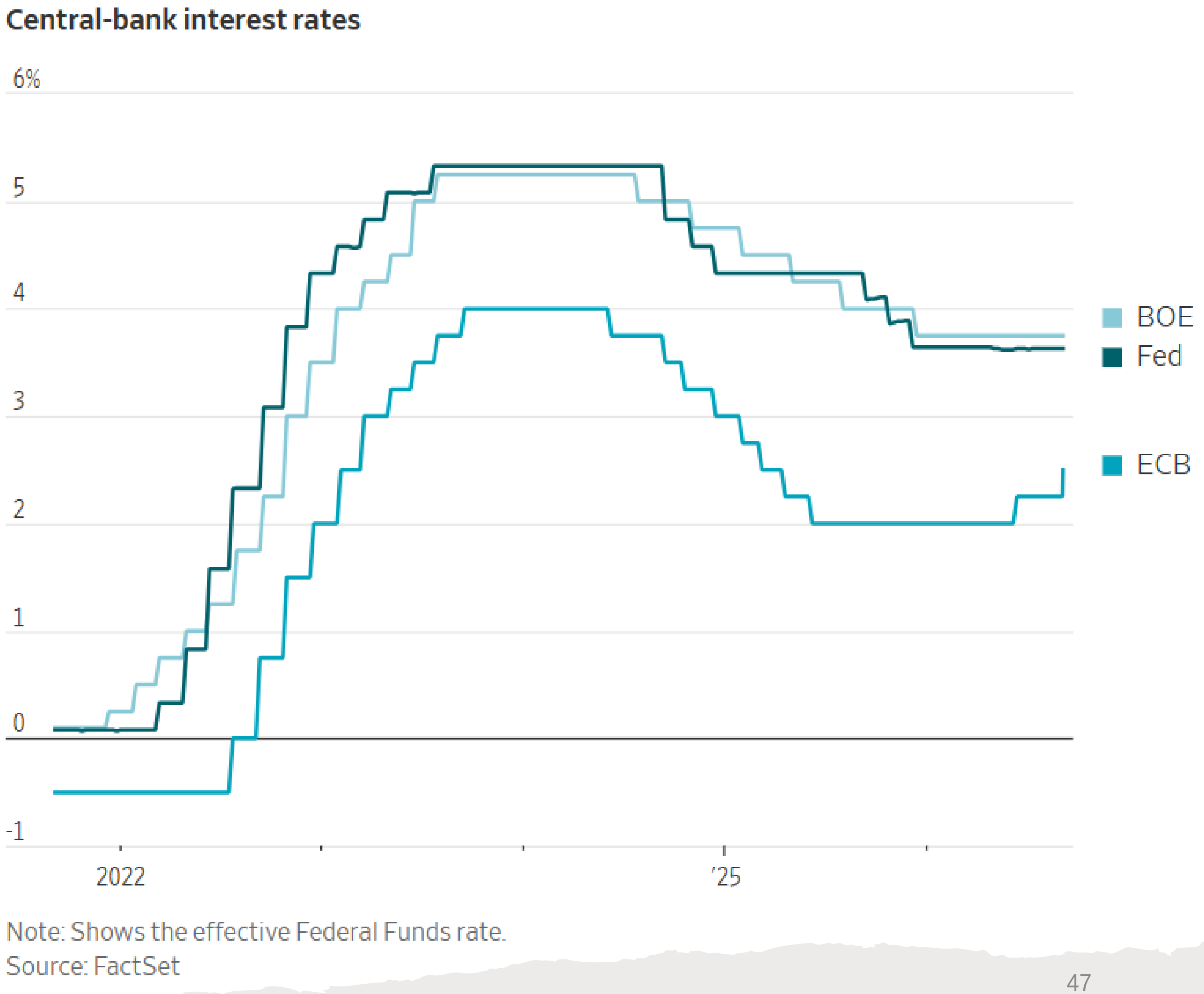
Source: CME Group

Fed Funds (dark blue) and SOFR futures continue to point to a higher-for-longer rate environment. 1-month term SOFR, currently 3.817%, is expected to rise ~75 bps to 4.59% by next August before settling into a 25-bps range from 4.25%-4.50% for the next several years. These levels are 25 bps higher than they were a week ago.



Source: Pensford

As expected, the European Central Bank hiked rates for the second time this year due to continued inflation concerns, suggesting they might tighten again. Eurozone inflation hit a three-year high of 3.3% in August.



Source: Wall Street Journal

Stocks retreated as Treasury yields surged, with weak breadth beneath relatively modest declines in the headline indexes. The entire Treasury curve moved higher, leaving intermediate and long-term yields dramatically above year-end levels and reinforcing the higher-for-longer message from the rates market.

U.S. Equity and Fixed-Income Markets

S&P 500 Index – One Year Price Chart

The S&P 500 fell 0.8% for the week, putting its YTD return to 11.9%, while its one-year return declined to 16.2%.

Source: Yahoo Finance

Nasdaq Composite Index – One Year Price Chart

The tech-heavy Nasdaq Composite fell 0.7% for the week, leaving it up 13.3% YTD and 19.5% for the last year.

Source: Yahoo Finance

Weekly Performance – S&P 500 Index Components

Source: Finviz.com

Top 20 S&P 500 stock performances for the week

Energy and Information Technology led all sectors this week, with only 3 of 11 sectors in positive territory. Hewlett Packard and Skyworks both gained 19% for the week, while 17 of the top 20 stocks were IT-related. A total of 122 S&P 500 stocks were positive for the week with a simple average gain of 2.8%...

Ticker	Company	Sector	Last Close Sep 11, 2026	Daily %	Weekly %	MTD %	YTD %	52-Wk %	% Off 52-Wk High
HPE	Hewlett Packard Enterprise	Information Technology	$62.09	12.44%	19.40%	18.86%	160.92%	156.30%	0.00%
SWKS	Skyworks Solutions	Information Technology	$88.35	5.14%	19.36%	31.85%	42.23%	22.50%	0.00%
HPQ	HP Inc.	Information Technology	$35.48	8.40%	9.76%	19.34%	65.39%	33.31%	0.00%
CIEN	Ciena	Information Technology	$349.54	4.48%	8.89%	-8.69%	49.46%	166.26%	-44.25%
COHR	Coherent Corp.	Information Technology	$305.37	4.16%	8.34%	9.91%	65.45%	196.50%	-28.47%
DELL	Dell Technologies	Information Technology	$567.29	11.98%	8.23%	24.40%	354.78%	359.47%	0.00%
AMD	Advanced Micro Devices	Information Technology	$516.13	2.49%	8.07%	9.65%	141.00%	225.49%	-11.15%
GLW	Corning Inc.	Information Technology	$166.40	2.01%	7.84%	11.88%	91.05%	117.88%	-34.80%
QCOM	Qualcomm	Information Technology	$181.97	2.88%	7.84%	7.32%	8.05%	14.79%	-26.84%
INTC	Intel	Information Technology	$102.94	2.61%	7.45%	15.00%	178.97%	327.49%	-26.96%
NTAP	NetApp	Information Technology	$199.28	8.54%	7.38%	7.55%	88.52%	63.52%	-3.77%
TER	Teradyne	Information Technology	$379.72	2.57%	6.36%	8.59%	96.41%	238.97%	-21.49%
FLEX	Flex Ltd.	Information Technology	$115.78	7.19%	5.73%	5.98%	91.63%	102.09%	-28.56%
FICO	Fair Isaac	Information Technology	$985.39	2.57%	5.70%	-14.11%	-41.71%	-36.18%	-47.57%
MRVL	Marvell Technology	Information Technology	$236.10	4.03%	5.61%	11.55%	178.24%	251.30%	-25.37%
FFIV	F5, Inc.	Information Technology	$411.71	3.32%	5.44%	1.12%	61.29%	27.99%	-4.53%
HCA	HCA Healthcare	Health Care	$426.94	1.36%	5.42%	3.01%	-8.23%	6.10%	-21.41%
VLO	Valero Energy	Energy	$390.42	1.29%	5.31%	8.78%	143.38%	154.40%	0.00%
LITE	Lumentum	Information Technology	$927.03	-0.93%	5.19%	1.34%	151.51%	468.66%	-11.97%
META	Meta Platforms	Communication Services	$648.03	0.57%	5.07%	13.22%	-1.65%	-13.95%	-16.67%

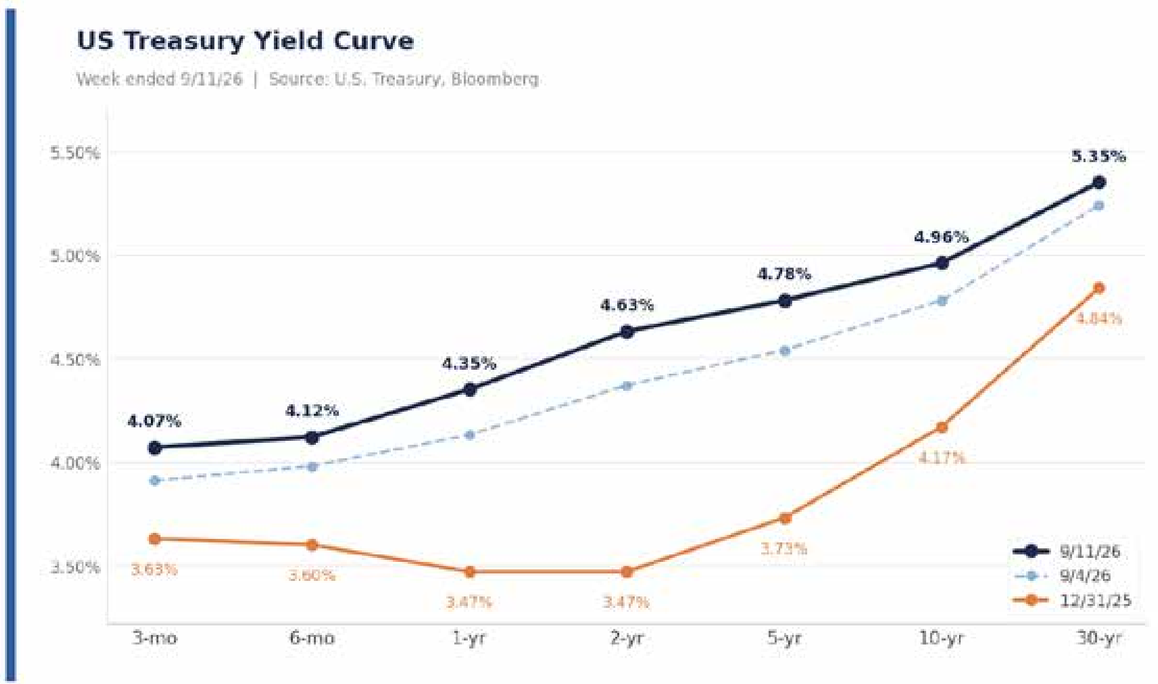
Bottom 20 S&P 500 stock performances for the week

…while the bottom 20 stocks were more eclectic. The median stock in each of Health Care, Consumer Discretionary, and Materials lost at least 3% for the week. 338 stocks declined, losing an average of 3.3%.

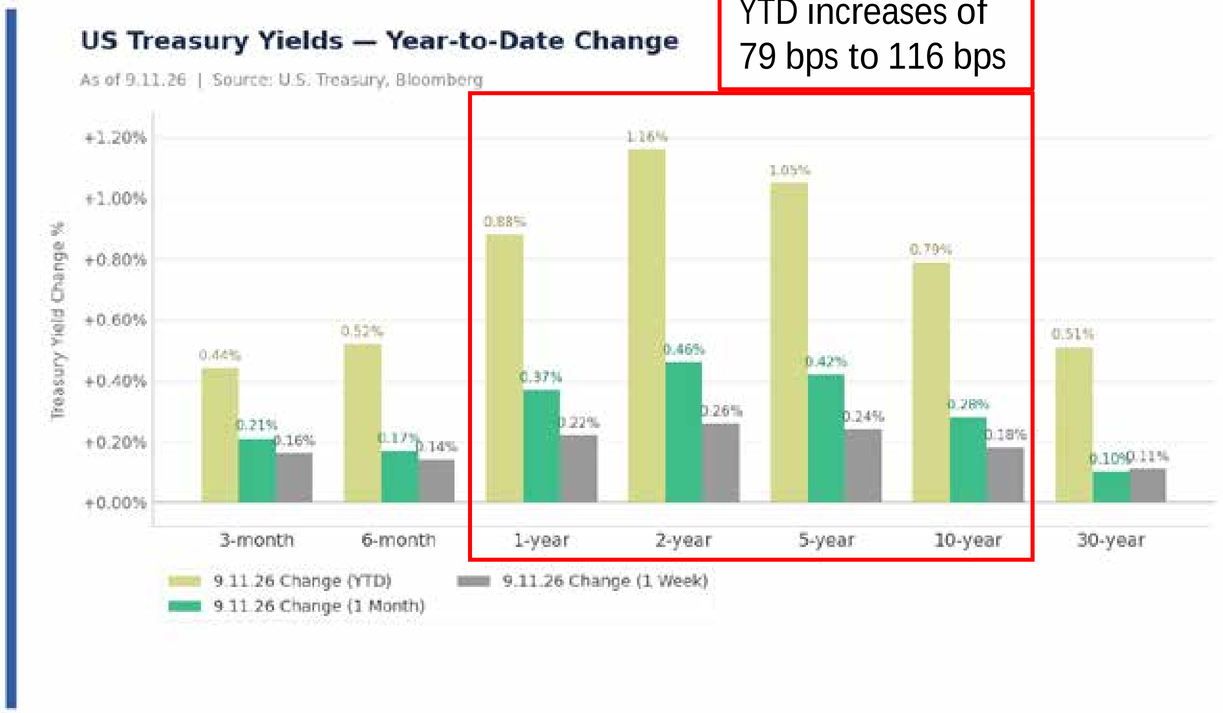
Ticker	Company	Sector	Last Close Sep 11, 2026	Daily %	Weekly %	MTD %	YTD %	52-Wk %	% Off 52-Wk High
COO	Cooper Companies (The)	Health Care	$53.91	-0.48%	-22.53%	-23.08%	-34.22%	-19.15%	-36.06%
CASY	Casey's	Consumer Staples	$615.47	-1.94%	-18.60%	-18.18%	11.62%	11.50%	-32.78%
FDS	FactSet	Financials	$259.71	-1.22%	-13.99%	-17.17%	-9.26%	-26.94%	-26.94%
AMGN	Amgen	Health Care	$377.35	-1.34%	-13.70%	-12.22%	17.65%	40.32%	-15.03%
HWM	Howmet Aerospace	Industrials	$229.61	0.75%	-11.44%	-6.26%	12.16%	23.86%	-21.54%
CPRT	Copart	Industrials	$29.95	-2.60%	-11.18%	-9.21%	-23.50%	-38.12%	-38.12%
PODD	Insulet Corporation	Health Care	$131.96	-2.02%	-10.52%	-11.23%	-53.57%	-61.39%	-61.90%
BSX	Boston Scientific	Health Care	$42.98	-0.28%	-10.08%	-11.01%	-54.92%	-58.15%	-59.06%
DLTR	Dollar Tree	Consumer Staples	$118.17	-0.41%	-10.08%	-6.65%	-3.93%	21.26%	-16.32%
BKNG	Booking Holdings	Consumer Discretionary	$173.92	-0.24%	-10.02%	-12.64%	-18.42%	-19.81%	-21.49%
SYK	Stryker Corporation	Health Care	$275.56	2.06%	-9.10%	-14.90%	-21.18%	-27.38%	-28.50%
FIS	Fidelity National Information Services	Financials	$38.14	-0.99%	-8.95%	-6.45%	-41.46%	-41.43%	-42.91%
DPZ	Domino's	Consumer Discretionary	$311.60	-1.80%	-8.64%	-8.90%	-24.40%	-29.74%	-29.74%
VRT	Vertiv	Industrials	$257.06	3.60%	-8.37%	-0.64%	58.74%	90.85%	-31.66%
AJG	Arthur J. Gallagher & Co.	Financials	$240.32	-1.23%	-8.27%	-8.08%	-6.29%	-18.21%	-21.69%
BLDR	Builders FirstSource	Industrials	$60.37	2.37%	-8.24%	-9.08%	-41.33%	-57.70%	-57.70%
BAX	Baxter International	Health Care	$23.80	-1.57%	-7.86%	-8.46%	24.72%	-0.60%	-16.02%
HOOD	Robinhood Markets	Financials	$112.57	-0.67%	-7.81%	7.40%	-0.47%	-2.14%	-26.16%
IP	International Paper	Materials	$34.36	0.20%	-7.73%	-9.41%	-9.57%	-21.59%	-27.58%
SWK	Stanley Black & Decker	Industrials	$89.24	0.01%	-7.54%	-6.59%	23.84%	19.98%	-13.45%

U.S. Treasury Yield Curve

- *2- and 5-year yields were 4.63% (+26 bps for the week, +116 bps YTD) and 4.78% (+24 bps), respectively*
- *10- and 30-year yields were 4.96% (+18 bps for the week, 79 bps YTD) and 5.35% (+11 bps), respectively*

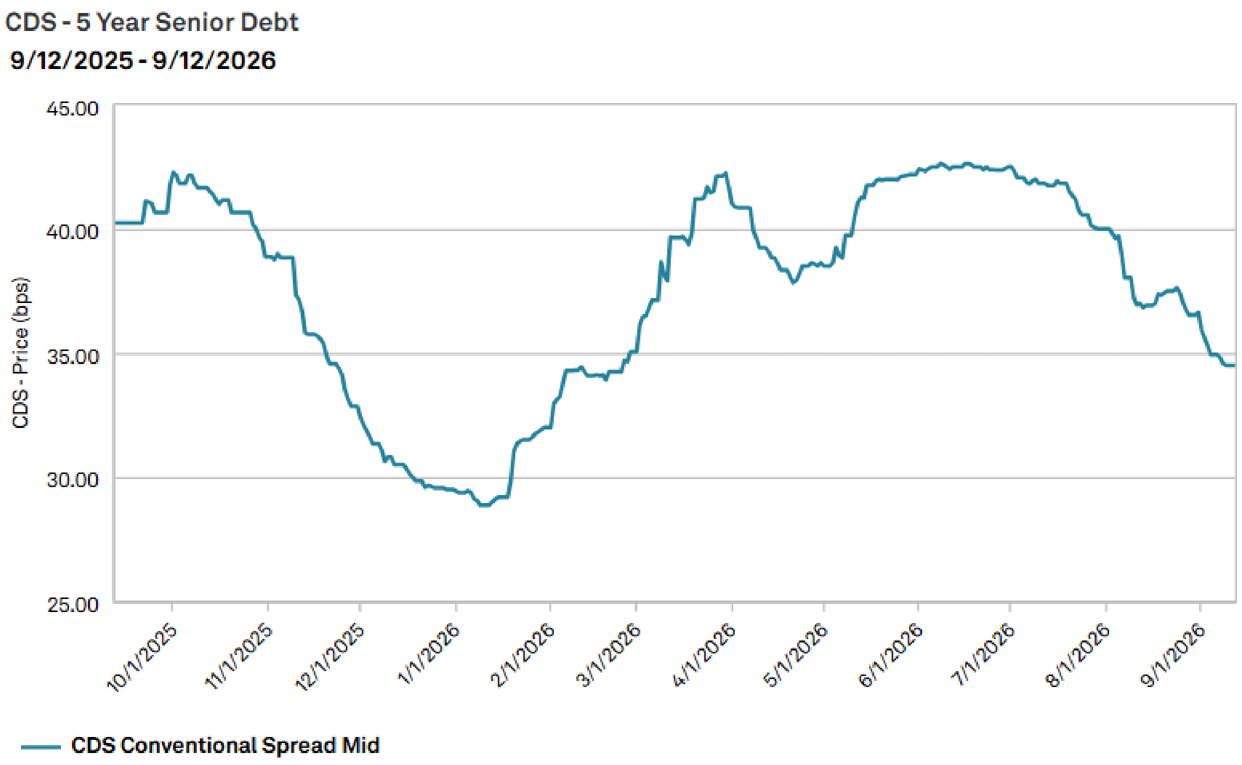


YTD increases of 79 bps to 116 bps



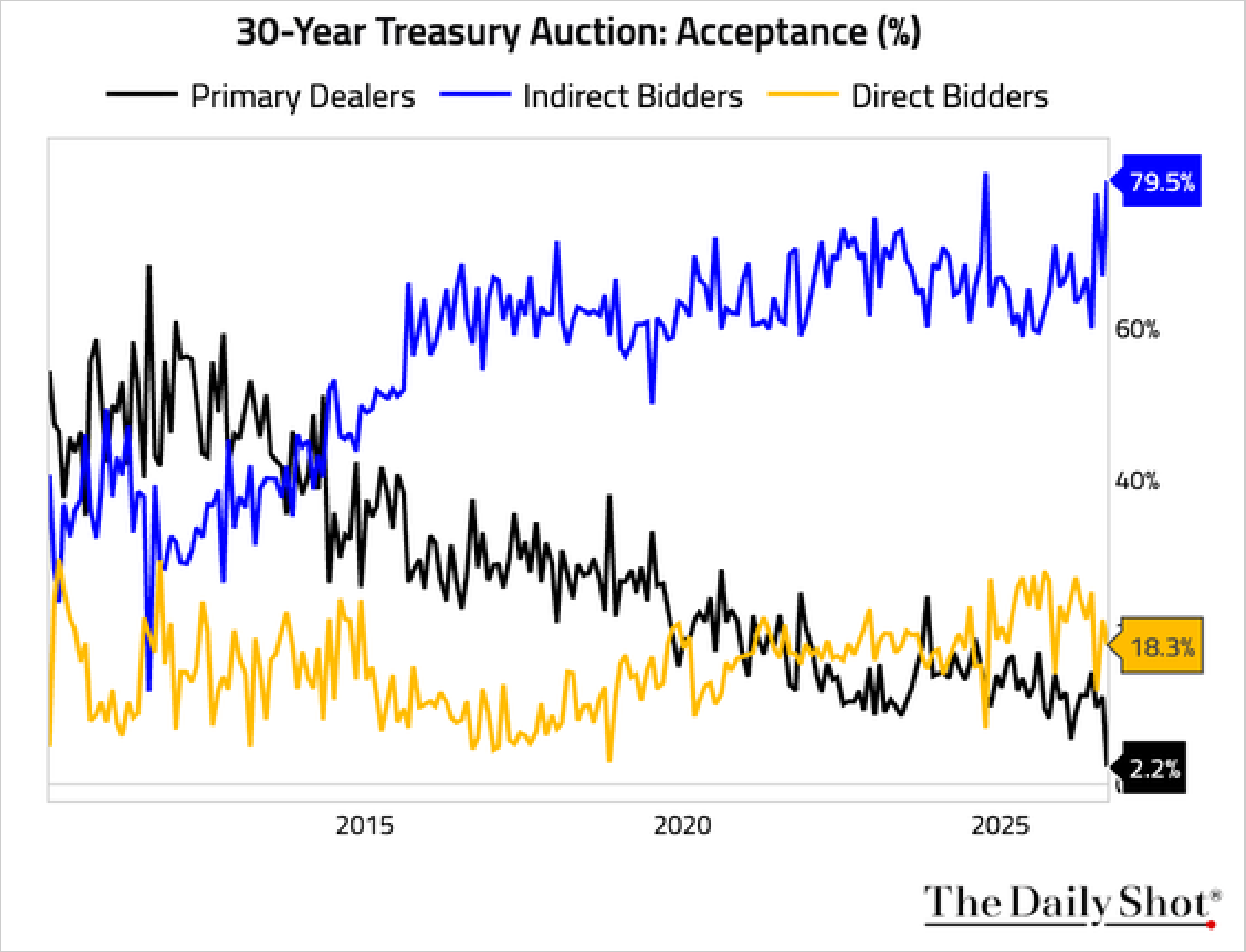
Yields on Treasury 2s and 10s are both up ~100 bps from 2026 lows

Despite the administration's promise of $5,000 checks to every adult if Republicans sweep the midterms and surging Treasury yields, credit default swap spreads on U.S. Treasuries fell again this week...



Source: S&P Global

...and the week's $22 billion 30-year auction was well received, with primary dealers taking a record-low 2.2% share as investors seemingly consider the 5%+ yield to be attractive



Bitcoin – One Year Price Chart

Bitcoin fell 3% this week (~$2,400), trading at $77,306 on Friday afternoon. Bitcoin is down 14.7% YTD and 39% from its all-time high of $126k.

Source: Yahoo Finance

Gold – One Year Price Chart

Gold fell 0.9% this week (~$40), closing just under $4,400/ounce.

Source: Yahoo Finance

Energy markets surged again as hostilities in the Gulf intensified, pushing WTI to roughly $100 per barrel and up 74% for the year. The increase is rapidly feeding through to gasoline, diesel, transportation costs, and inflation, complicating the outlook just as the Fed prepares for its September meeting.

Energy and Commodities

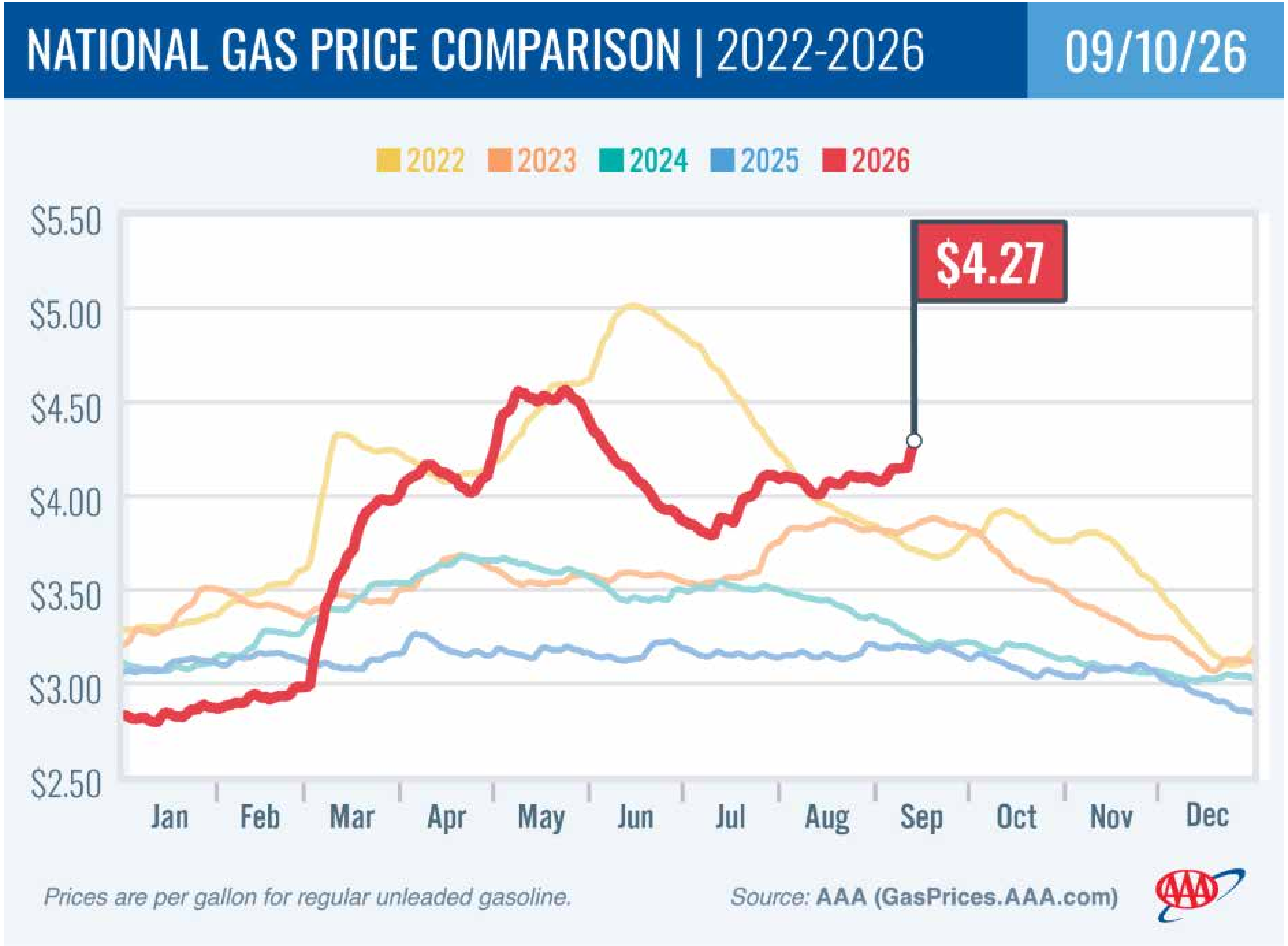
WTI Crude Oil – One Year Price Chart

Crude oil prices jumped $9 this week to $99.99/barrel, thanks to renewed hostilities in the Gulf, including direct attacks on naval ships, tankers, production facilities, and Saudi pipelines. WTI is already up 17% month-to-date, putting its year-to-date increase at 74%. It has increased 82% from its 52-week low of $55/barrel.

Brent Oil Holds Near $101 as Iran Says Ready for Intense War

Source: Yahoo Finance

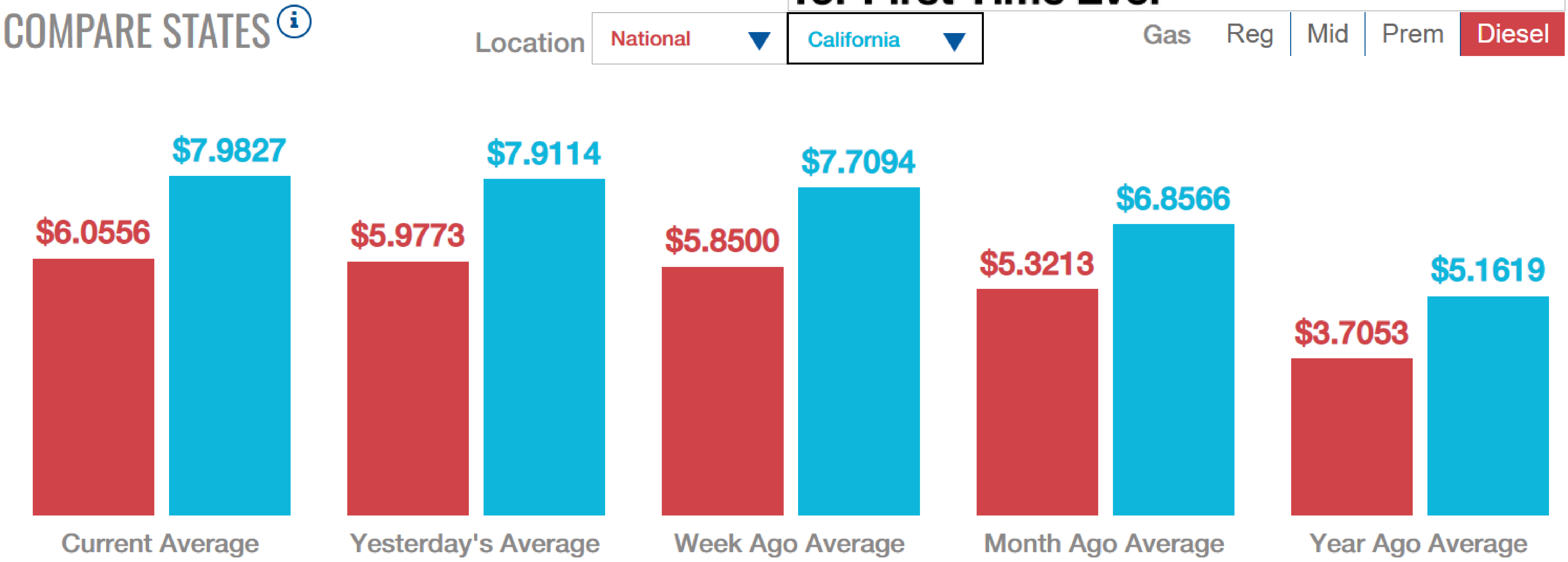
U.S. national gas prices rose another 13 cents this week to $4.27/gallon as of September 10, more than $1 above the same time last year…



Source: AAA.com

…while U.S. diesel prices surged to $6.05/gallon nationally, a 63% increase YoY, while California's diesel prices are nearing $8/gallon.

US Diesel Prices Rise Past $6 a Gallon for First Time Ever



Source: AAA.com

Higher energy costs are becoming an increasingly important global macro story, particularly across energy-importing, product-exporting Asian economies. China is seeing renewed producer-price inflation and sharply higher shipping costs, Germany’s recovery stumbled, and the yen strengthened further as markets anticipate tighter Bank of Japan policy.

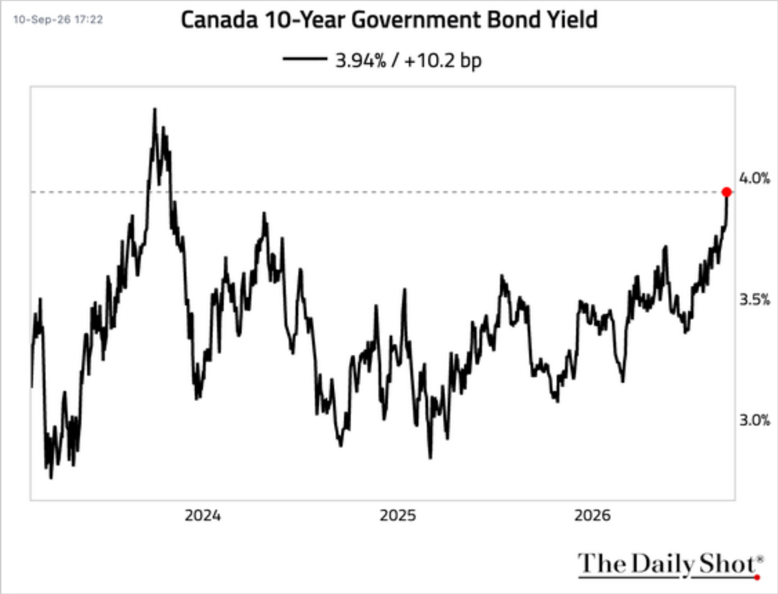
Global Markets and Economic Data

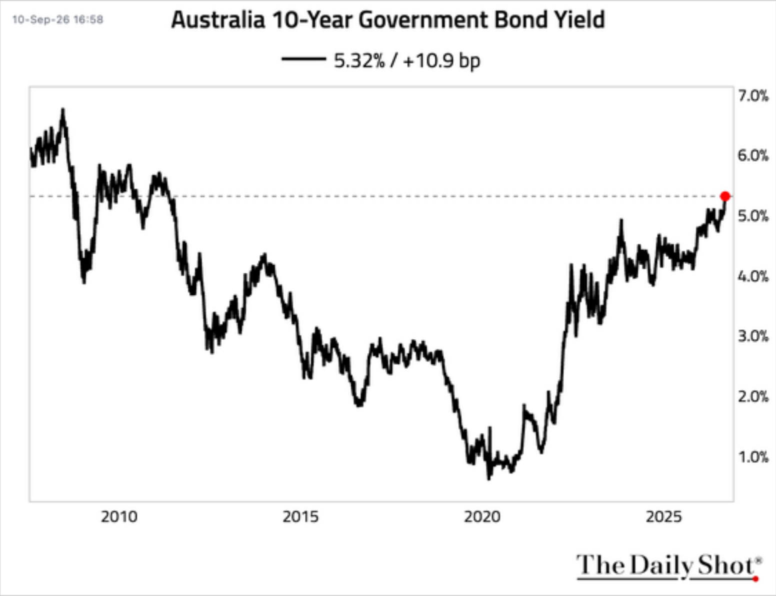
Major Global Equity Markets

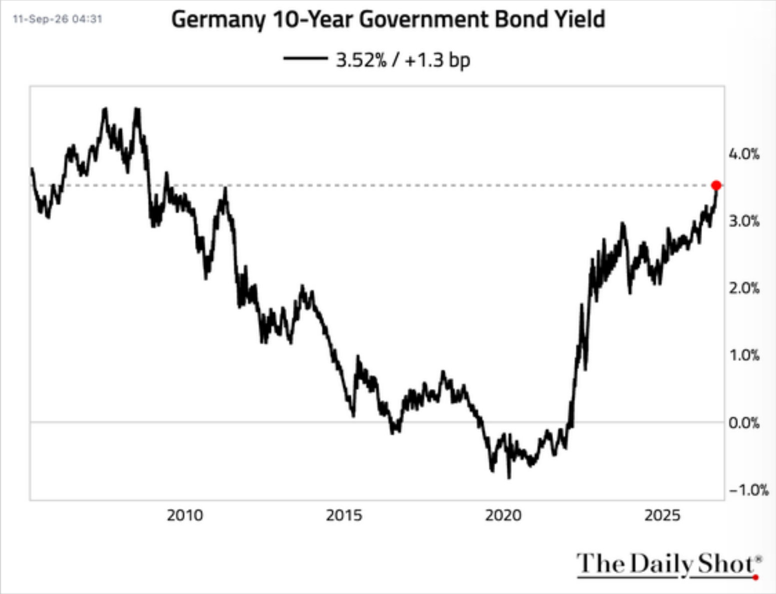
Source: S&P Global

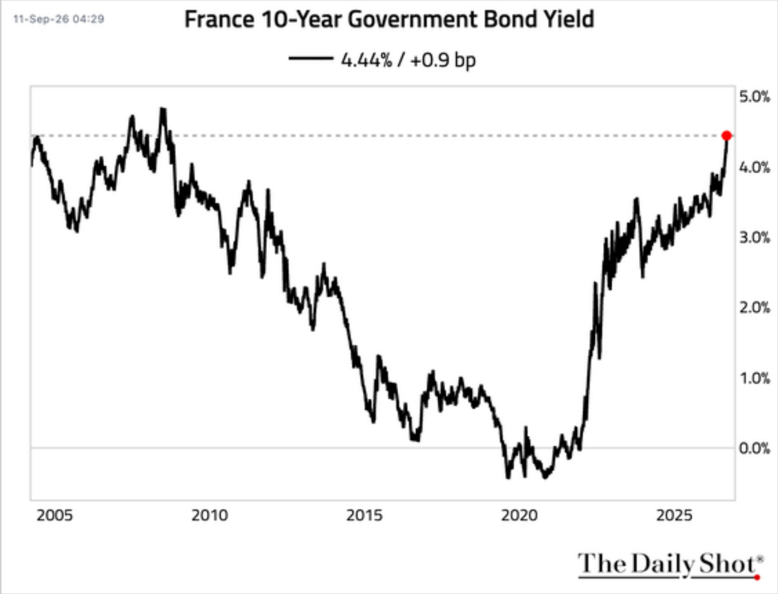
Ticker	Entity Name	Last Price (Report...	Net Chg (Reported)	Chg (%)	1 Week Pct. Change (%)	MTD Pct. Change (%)	3 Month Pct. Change (%)	YTD Pct. Change (%)	52 Week High (Reported)	52 Week Low (Reported)
Americas										
^DJI	Dow Jones Industrial Average Price Return	52,573.29	+509.19	+0.98%	-1.57%	-1.15%	+3.39%	+9.38%	54,744.33	45,057.30
^SPX	S&P 500 Price Return	7,656.98	+65.28	+0.86%	-0.80%	-0.38%	+3.55%	+11.85%	7,816.70	6,316.91
^SPXE	S&P 500 EQUAL WEIGHTED Price Return	8,686.19	+70.06	+0.81%	-1.92%	-2.10%	+2.43%	+11.88%	9,040.51	7,369.40
^MID	S&P 400 Mid Cap Price Return	3,714.14	+30.50	+0.83%	-1.89%	-1.25%	-1.49%	+12.35%	3,928.98	3,107.41
^SML	S&P 600 Small Cap Price Return	1,726.18	+9.47	+0.55%	-2.20%	-1.68%	-0.16%	+17.61%	1,832.20	1,364.94
^COMP	Nasdaq Composite Price Return	26,333.04	+251.31	+0.96%	-0.66%	-0.14%	+2.03%	+13.30%	27,190.21	20,690.25
^GSPTSE	S&P TSX Composite Price Return	35,697.49	+191.21	+0.54%	-2.24%	-1.58%	+2.96%	+12.57%	36,957.63	29,315.23
^IBOV	Brazil IBOVESPA Index Price Return	187,206.89	-1,061.70	-0.56%	+1.11%	+5.52%	+9.16%	+16.19%	198,657.33	140,680.34
Europe										
^SX5E	EURO STOXX 50 Price Return	6,325.13	+56.16	+0.90%	-1.06%	-1.48%	+4.43%	+9.22%	6,551.22	5,369.70
^PX1	CAC 40 Price Return	8,179.77	+63.01	+0.78%	-1.20%	-1.86%	-2.05%	+0.37%	8,726.03	7,665.62
^DAXK	Germany DAX Index (Kursindex) Price Return	9,332.56	+75.70	+0.82%	-1.83%	-2.63%	+3.71%	+1.72%	9,698.09	8,329.21
^UKX	FTSE 100 (GBP) Price Return	10,650.44	+41.52	+0.39%	-1.67%	-1.61%	+1.71%	+7.24%	10,989.50	9,177.09
^I	IBEX 35 Price Return	19,838.50	+178.70	+0.91%	-1.06%	-0.68%	+5.72%	+14.62%	20,213.60	15,082.50
Asia										
^000001	China Shanghai SE Composite Price Return	3,888.11	-46.29	-1.18%	-1.07%	-2.46%	-3.56%	-2.03%	4,242.57	3,764.15
^HSCEI	Hang Seng China Enterprises Index Price Return	8,246.33	-28.45	-0.34%	-3.61%	-3.13%	-1.53%	-7.49%	9,770.21	7,404.47
^HSI	Hang Seng Index Price Return	24,805.63	-148.84	-0.60%	-3.30%	-2.98%	+0.35%	-3.22%	28,056.10	22,518.00
^N225	Nikkei 225 Stock Average Price Return	64,011.34	-1,259.61	-1.93%	-1.55%	-3.47%	-3.04%	+27.16%	72,366.34	44,550.85
^KS200	KOSPI 200 Index Price Return	1,090.22	-21.91	-1.97%	+5.56%	+1.71%	-11.16%	+79.91%	1,477.22	462.74
^NIFTY50	Nifty 50 Index Price Return	23,398.10	-79.70	-0.34%	-2.09%	-2.83%	-0.95%	-10.45%	26,373.20	22,182.55

Global bond yields are surging along with those of the U.S.

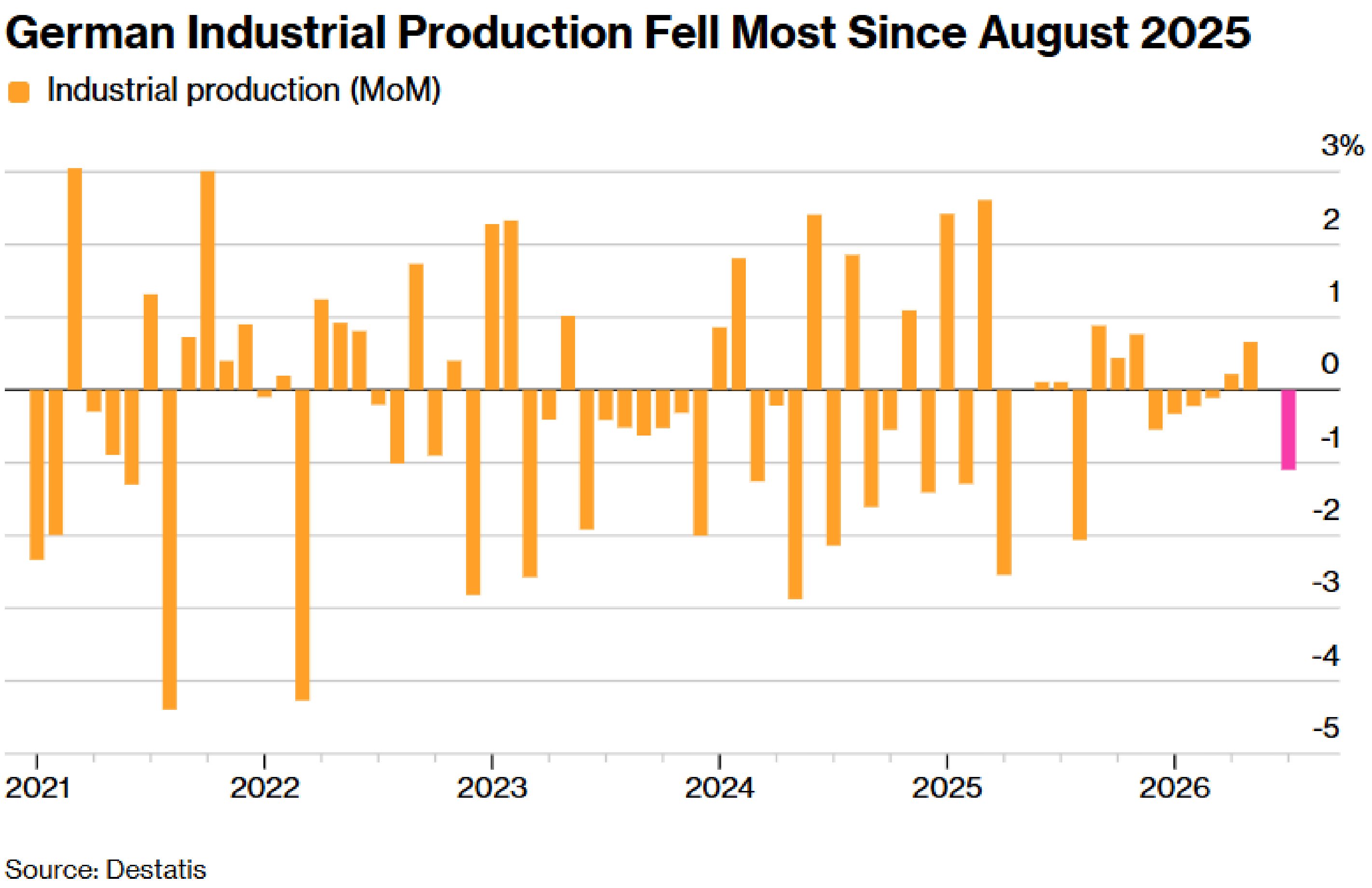








Germany's recent economic expansion hit a speed bump last month, with industrial production surprising to the downside and posting its biggest drop in 12 months.

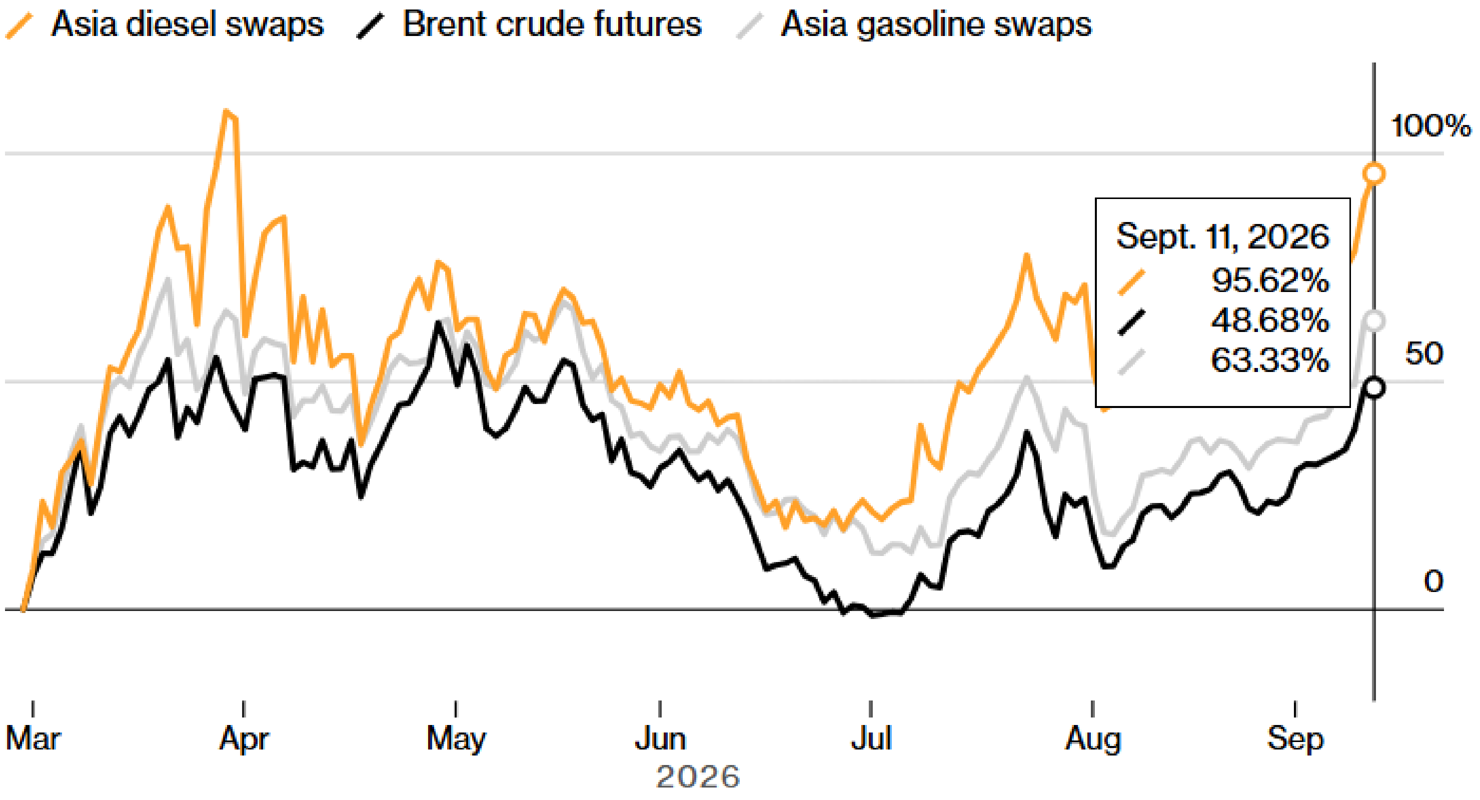


Source: Bloomberg

Asia Fuel Price Gains Outpace Crude

Asia's economies are heavily reliant on imported energy, so this year's spike in oil and gas prices is leading to significant inflationary pressures…

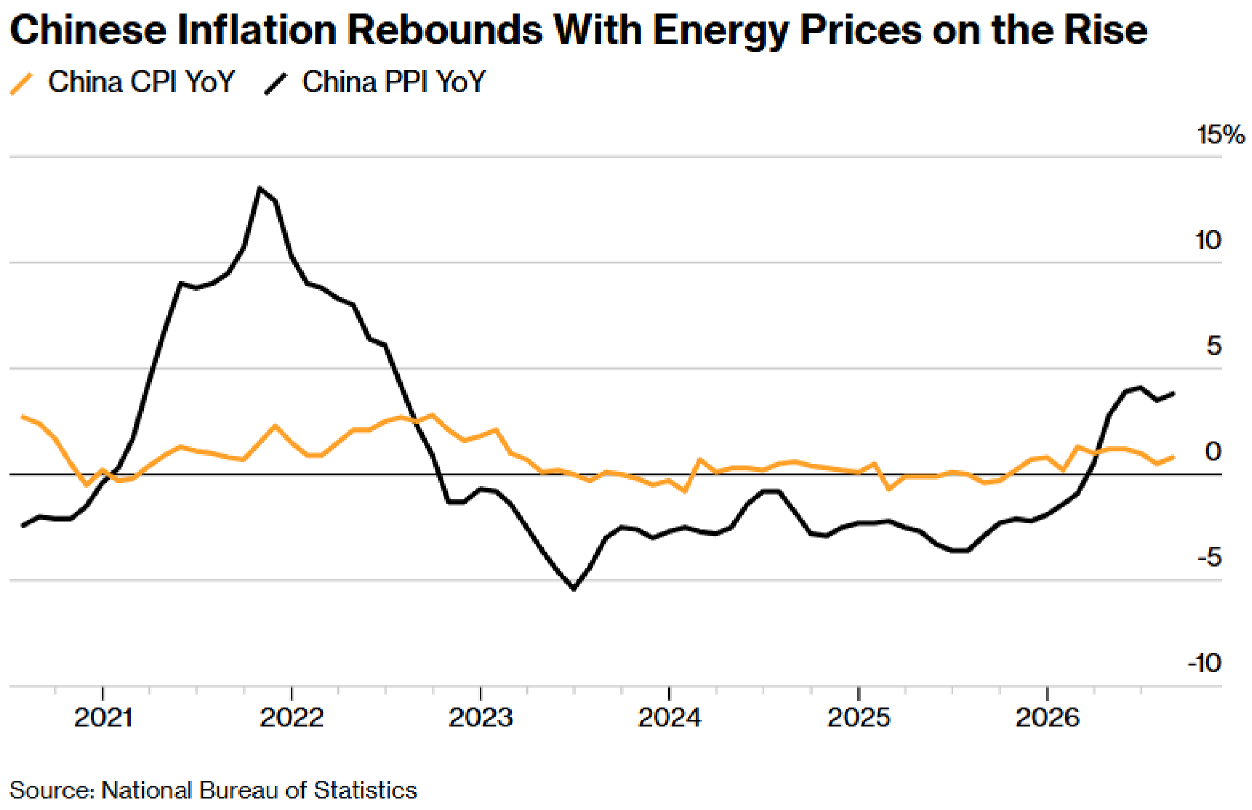
Transport fuel pain threatens inflationary impact



Note: Chart normalized to reflect percentage change since start of Iran war
Source: ICE, Bloomberg Fair Value

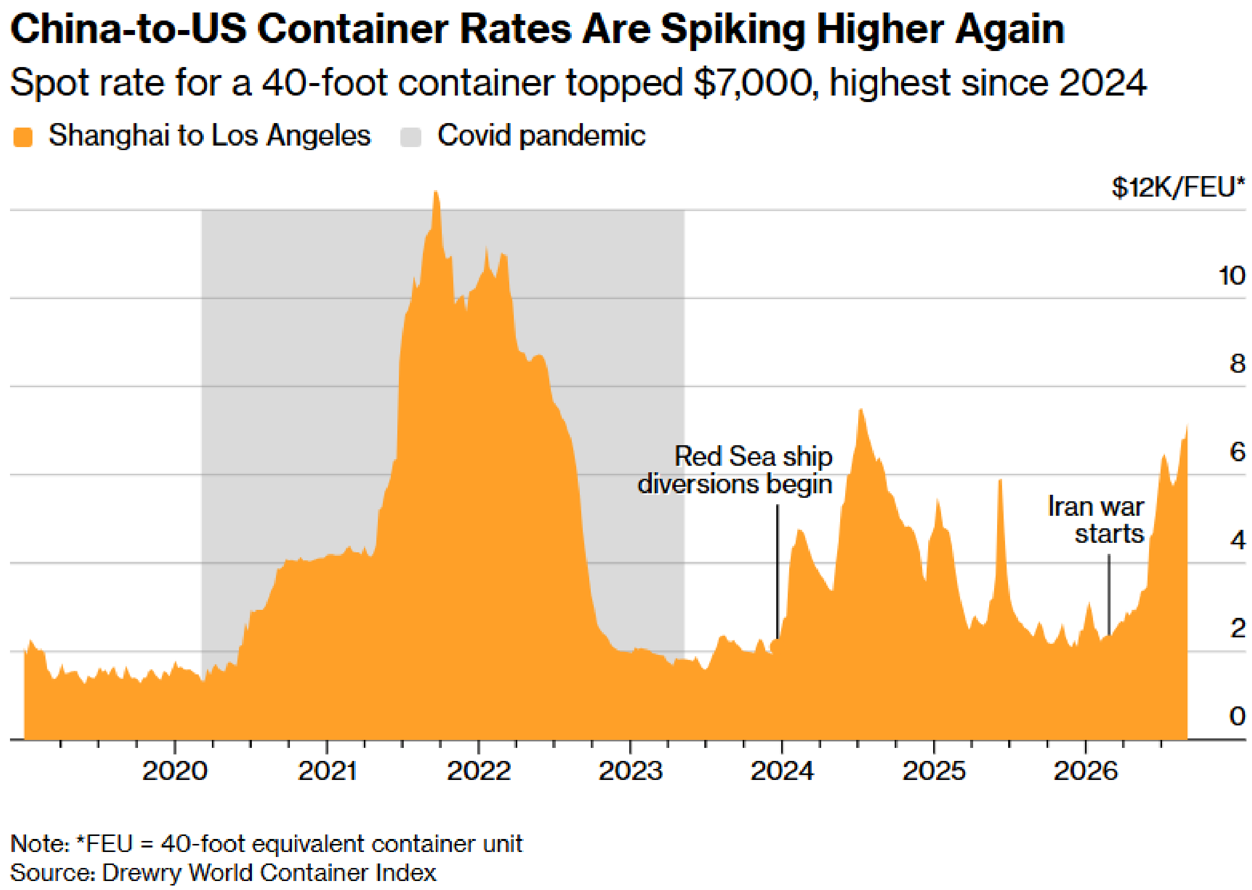
Source: Bloomberg

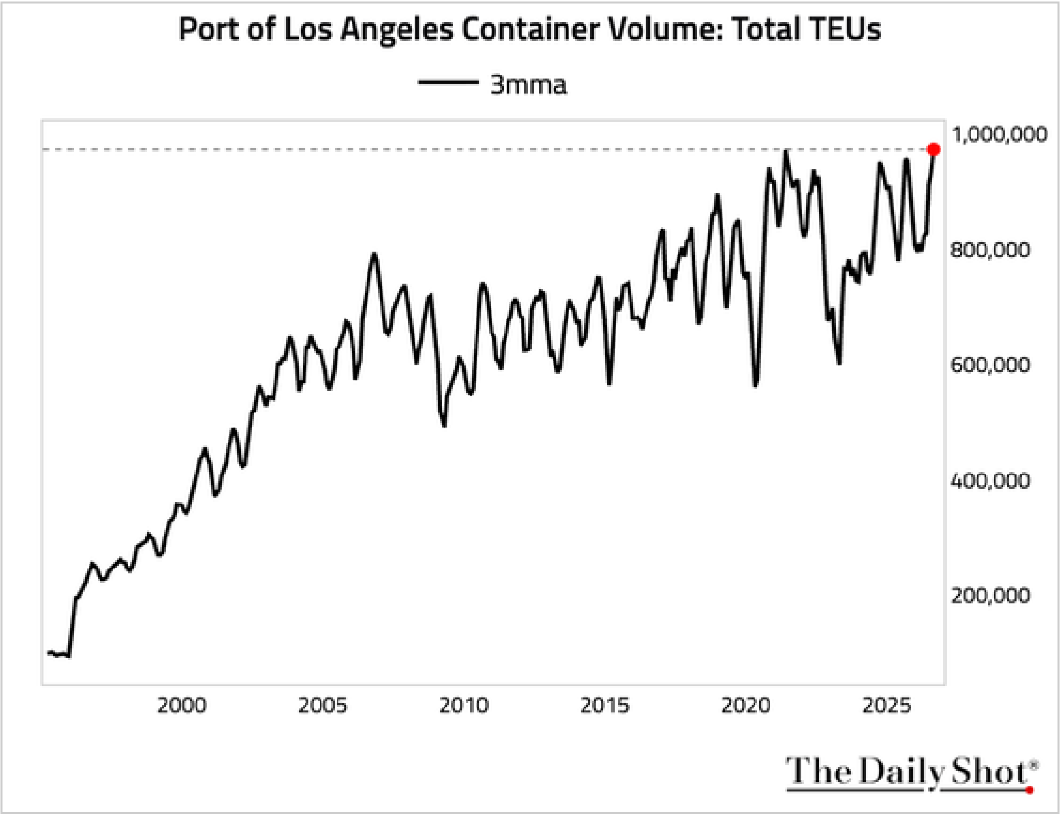
…evident in China's Producer Price Index, which had been in a deflationary spiral since 2023 but has surged to 4% in the wake of the U.S.-Iran conflict. China's consumer inflation also increased last month for the first time since April…



Source: Bloomberg

...while spot rates for China-to-U.S. container shipping have nearly tripled since the beginning of the Iran war, while the Port of Los Angeles just completed its busiest three-month run on record. Combined with record-high diesel prices, particularly in California, something has to give.

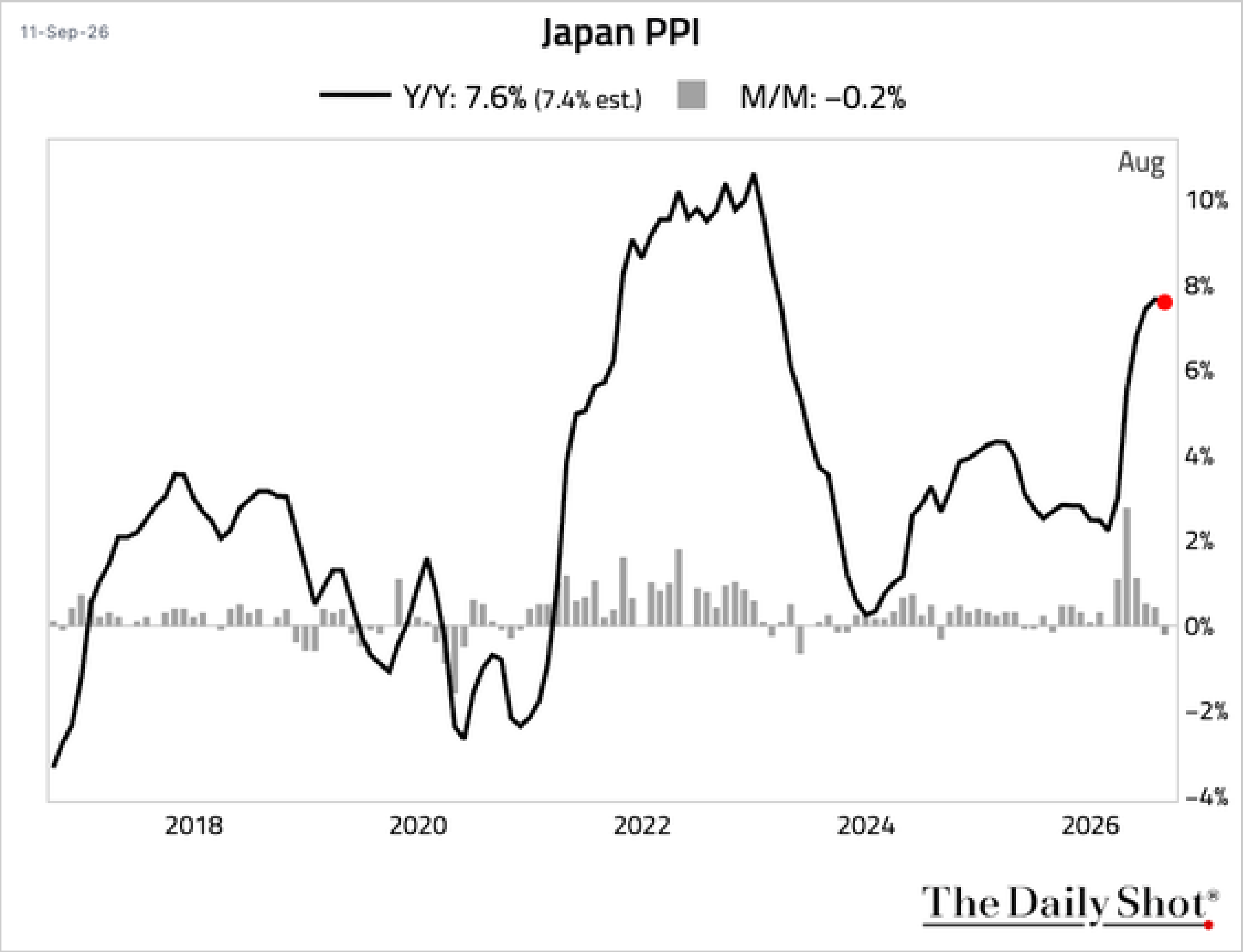




Sources: Bloomberg, The Daily Shot

Japan Producer Price Index remains elevated

Producer prices exceeded forecasts and remained elevated year over year. However, prices fell month over month, driven by lower electricity, rice, and petroleum prices.



Source: The Daily Shot

The Japanese yen strengthened again this week, improving to 153.54 yen per U.S. dollar, as traders anticipate rate hikes from the Bank of Japan and speculate that the U.S. and Japan coordinated another round of currency support.

Source: CNBC

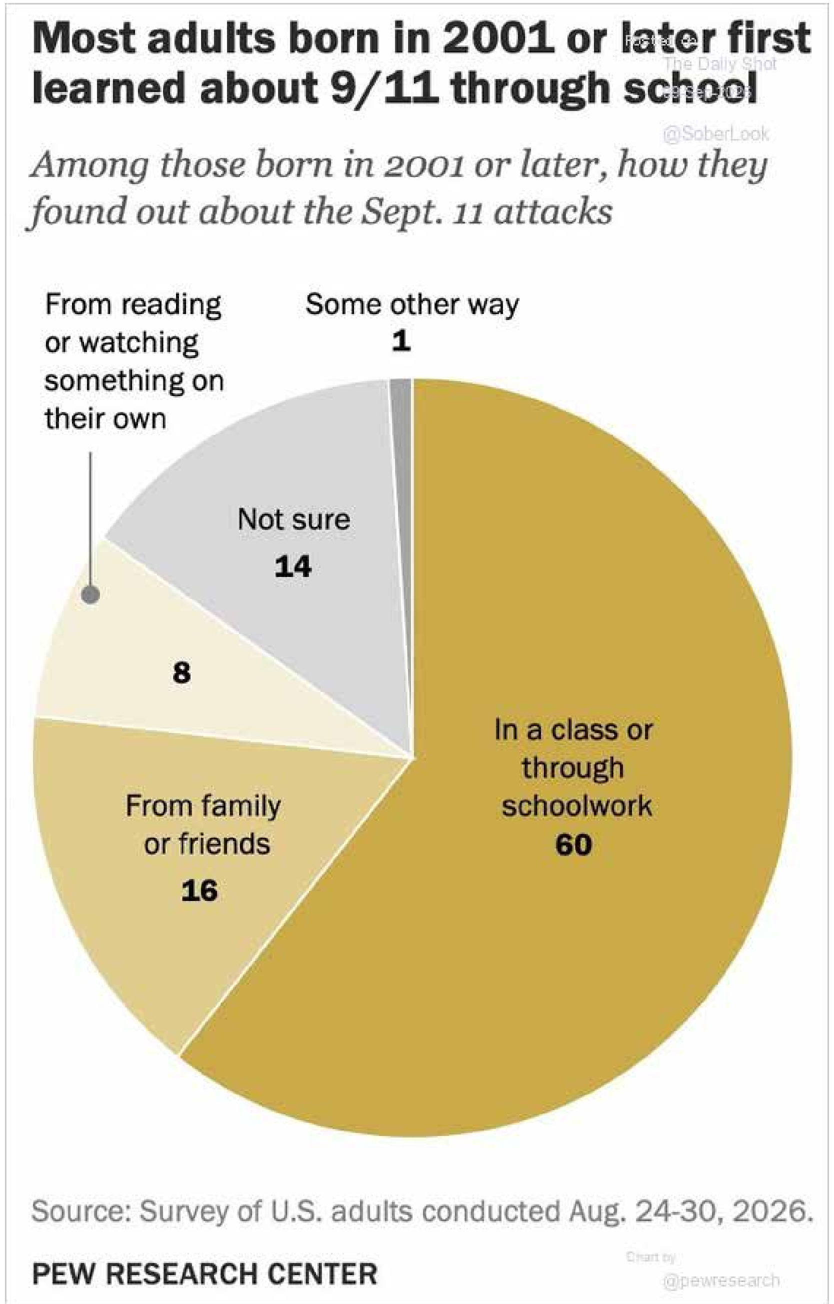
U.S. Dollar Index (DXY) – One Year Price Chart

The U.S. Dollar index was flat this week, leaving it up 0.8% YTD and 1.6% over the last 12 months

Source: Yahoo Finance

Random Charts

Roughly one in ten U.S. adults are too young to have a firsthand memory of 9/11. Among adults born in 2001 or later, 60% say they first learned about the attacks in class or through schoolwork.



All eyes are on the Fed, with Wednesday’s rate decision coming after markets moved decisively toward a 25-bp hike. Retail sales, housing, jobless claims, industrial production, and leading indicators will help determine whether growth is cooling enough to alter the path beyond September.

Economic Calendar

This Week's Major U.S. Economic Reports				
Time (ET)	**Report**	**Period**	**Median Forecast**	**Previous**
Monday, Sep. 14				
No events scheduled				
Tuesday, Sep. 15				
8:30 AM	Empire State Manufacturing Survey	Sep	11.1	20.6
TBA	U.S. Federal Open Market Committee meeting	-	-	-
Wednesday, Sep. 16				
8:30 AM	Retail Sales	Aug.	0.8%	-0.6%
8:30 AM	Import Prices	Aug.	-0.1%	-0.4%
10:00 AM	Manufacturing & Trade: Inventories	Jul.	0.3%	0%
10:00 AM	NAHB Housing Market Index	Sep	34.0	35.0
2:00 PM	U.S. FOMC interest rate decision	-	-	Unchg
Thursday, Sep. 17				
8:30 AM	Housing Starts	Aug.	1.3M	1.2M
8:30 AM	Philadelphia Fed Business Outlook Survey	Sep	27.5	47.4
8:30 AM	Weekly Jobless Claims	Sept. 12	205K	206K
10:00 AM	Pending Home Sales Idx, M/M%	Aug.	-	-2.3%
Friday, Sep. 18				
9:15 AM	Industrial Production, M/M%	Aug.	0.3%	0.2%
9:15 AM	Capacity Utilization %	Aug.	76.5%	76.3%
10:00 AM	Leading Indicators	Aug.	0.2%	0.2%

Source: MarketWatch.com

Return to Weekly Themes

Charts of the Week

Thanks for reading! Please send me any feedback, other charts you like, your favorite sources for economics and investment ideas, book recommendations, etc. Have a great week!

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