September 9, 2026

HIGHLIGHTS

- Recipe for a September Rally: Three Ingredients Needed, None Guaranteed
- Yields Remain Key (Geopolitics and Inflation in Focus)
- Economic Cheat Sheet: CPI (Friday 9/11) is the Key Report
- Fintech Spotlight: What is Tokenization

STOCKS

"Stocks finished the unofficial final week of summer little changed, as higher oil and yields drove declines earlier in the week, while dovish Fed speak helped spark a rally on Wednesday and Thursday."

- ✓ **What is Outperforming:** AI-related tech, cyclical sectors.
- ✓ **What is Underperforming:** Defensive sectors, energy.

Recipe for a September Rally: Three Ingredients Needed, None Guaranteed

August was another positive month for U.S. equities, with the S&P 500 gaining approximately 2.6%, the Nasdaq Composite rising 3.9%, and the Dow Jones Industrial Average advancing 1.3%. The gains came despite increased volatility late in the month as higher Treasury yields, renewed concerns surrounding the AI trade, inflation uncertainty, and escalating tensions in the Middle East weighed on investor sentiment.

As we enter September, those same issues remain the primary headwinds facing stocks. While none of them individually signal the end of the broader bull market, further deterioration could produce a more meaningful pullback of -5% or more.

The good news is that September also brings several important events that could reduce those pressures. Three events have the potential to positively surprise markets and help equities build on August's gains.

Event 1: Oil Drops Back to Manageable Levels

For financial markets, the primary concern surrounding the U.S.-Iran conflict is not simply the conflict itself, but its impact on oil prices, inflation, and global economic growth.

The market does not necessarily need a ceasefire for oil prices to move meaningfully lower. What investors need is greater confidence that energy supplies can continue moving through the Strait of Hormuz without repeated disruptions or an escalating cycle of attacks.

If oil flows stabilize and Brent crude retreats toward the mid-to-low $80s or potentially the upper $70s, the inflationary pressure created by the conflict could ease considerably.

That would be important for September because **lower energy prices would address two market concerns at once**: **inflation** and **interest rates**. A meaningful decline in oil could therefore provide a positive catalyst for stocks even if a formal resolution to the conflict remains elusive.

Event 2: A Dovish Rate Hike

Federal Reserve uncertainty has become one of the **market's most significant headwinds** heading into September.

The September 15–16 Fed meeting provides an opportunity to resolve some of that uncertainty.

One potentially constructive outcome would be a measured 25-basis-point rate hike accompanied by guidance suggesting that additional increases are not immediately necessary. That combination could allow the Fed to reinforce its inflation-fighting credibility without signaling the beginning of an aggressive new tightening cycle.

In other words, **one hike followed by a pause** may ultimately be easier for markets to digest than continued uncertainty over how far the Fed intends to go.

Such an outcome could help stabilize Treasury yields, reduce pressure on equity valuations, and remove one of the major uncertainties that developed during August.

Event 3: Tame CPI

Inflation remains at the center of nearly **every major macroeconomic concern** facing the market.

It influences Fed policy, Treasury yields, consumer purchasing power, corporate profit margins, and ultimately the valuation investors are willing to place on stocks.

That makes the **August CPI report**, scheduled for **September 11**, one of the most important economic releases of the month.

A CPI report that meets or ideally comes in below expectations would provide evidence that inflationary pressures remain contained despite higher energy prices. That could reduce pressure on Treasury yields and give the Fed greater flexibility following its September meeting.

More importantly, it would address one of the market's biggest current concerns: that higher oil prices could reignite broader inflation and force the Fed into a sustained tightening cycle.

Bottom Line:

August demonstrated that stocks could continue to advance even in the face of higher yields, geopolitical uncertainty, and questions surrounding inflation and AI. However, September is likely to test that resilience.

Three developments could determine the direction of markets this month:

1. **Oil prices are moving back toward more manageable levels.**
2. **A measured Fed decision that provides greater clarity on the path of interest rates.**
3. **Inflation data showing that price pressures remain under control.**

If those three pieces fall into place, several of the headwinds that emerged late in August could begin to fade, potentially allowing stocks to resume their advance. Conversely, further escalation in the Middle East, persistently elevated oil prices, hotter-than-expected inflation, or a Fed that signals a more aggressive tightening cycle could put additional pressure on equities. Under that scenario, a pullback of 5% or more would not be surprising. For now, the broader market backdrop remains constructive, but September will likely be determined less by corporate earnings and more by **oil, inflation, and the Federal Reserve**.

Economic Data (What You Need to Know in Plain English)

Economic Growth Remains Solid, but Inflation Risks Persist

Economic data released at the beginning of September reinforced one of the more important themes from August: **the U.S. economy remains resilient.**

The August employment report showed the economy added 162,000 jobs, well above expectations of roughly 56,000. Unemployment remained unchanged at 4.1%, while wage growth moderated to 3.1% year over year.

From a market perspective, **strong employment is ultimately positive**. Sustainable economic growth and a healthy labor market are foundational supports for corporate earnings and equity markets.

However, there is a tradeoff.

The stronger-than-expected jobs report also reinforced the possibility that the Federal Reserve may raise interest rates in September. Treasury yields moved higher following the report, creating additional pressure on equity valuations.

In other words, the **labor market remains healthy but perhaps a little stronger than investors hoping for lower interest rates would prefer**.

Growth Remains Broadly Healthy

August business activity also remained solid.

The ISM Manufacturing PMI registered **54.6**, comfortably above the 50 level that separates expansion from contraction.

The Services PMI strengthened to **55.4**, while New Orders jumped to **60.9**, signaling continued strength in the much larger service side of the U.S. economy.

These readings suggest there has been no meaningful loss of economic momentum heading into September.

That remains an important positive for stocks. Even if higher interest rates create periods of volatility, continued economic expansion should help support corporate revenues and earnings and potentially limit the severity of broader market declines.

Inflation Remains the Concern

The less encouraging part of the August economic data was inflation.

The ISM Manufacturing Prices Index remained elevated at **71.1**, while the Services Prices Index rose to **72.6**, its highest level since 2022.

These measures are not direct inflation reports, but they provide insight into the prices businesses are paying for materials and services. Their continued strength suggests inflationary pressures have not completely disappeared.

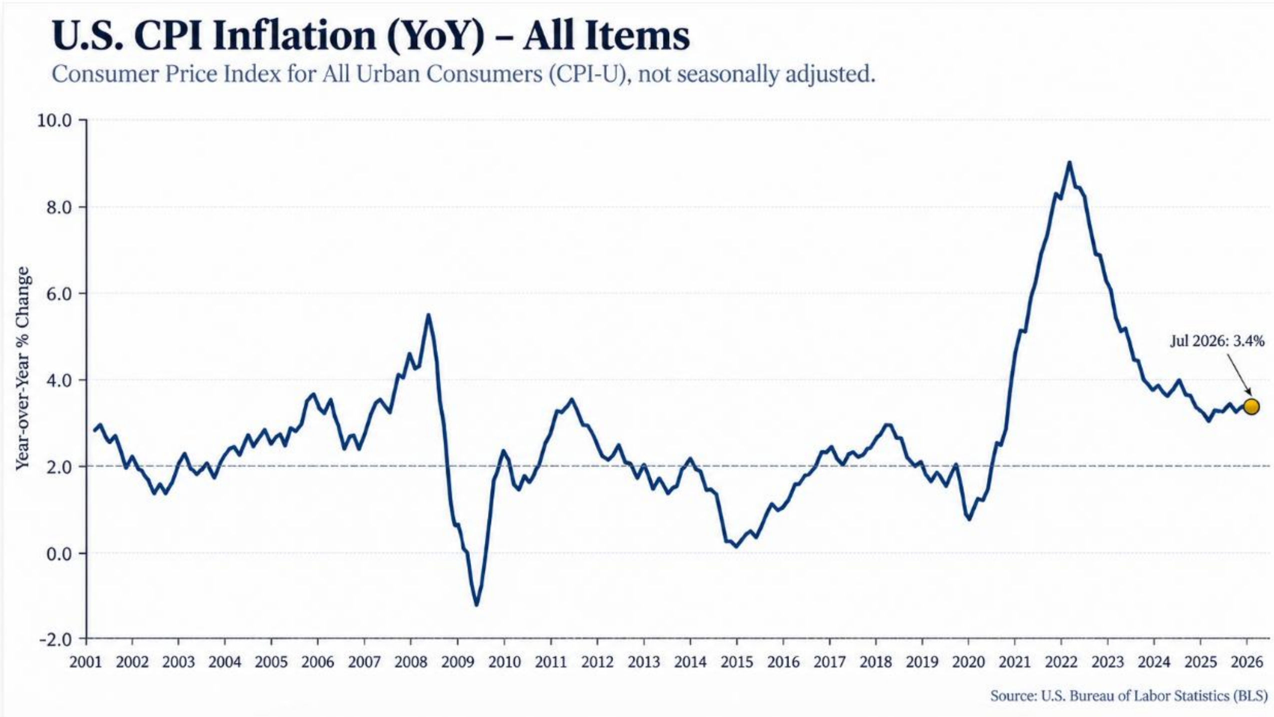
That helps explain why Treasury yields remain elevated and why the Federal Reserve continues to consider another rate increase.

Important Economic Data in September

Inflation will likely be the most important economic variable for markets during September.

July CPI increased **3.4% year over year**, while Core CPI rose **2.5%**, still above the Federal Reserve's 2% inflation objective.

The next major test will be the **August Producer Price Index on September 10**, followed by the **August Consumer Price Index on September 11**. The Federal Reserve then meets **September 15–16**.



Source: U.S. Bureau of Labor Statistics (BLS), Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPI-U), Series CUUR0000SA0. July 2026 CPI: 3.4% year over year. Chart prepared by Vann Equity Management

Markets would welcome evidence that inflation is stabilizing or moving lower despite higher energy prices.

A **softer-than-expected CPI report could push Treasury yields** lower and reduce expectations for an extended series of rate hikes. Conversely, hotter inflation would reinforce concerns that the Fed may need to remain restrictive for longer and potentially raise rates more than once.

Bottom Line:

August economic data reinforced that the underlying U.S. economy remains healthy. Employment is solid, manufacturing and services remain in expansion, and there are few signs of an imminent economic slowdown. That is fundamentally positive for stocks. The challenge entering September is that **strong growth combined with persistent inflation creates additional pressure on interest rates and Treasury yields.**

For markets, the ideal outcome remains a Goldilocks environment: **economic growth strong enough to support corporate earnings, but inflation soft enough to allow interest rates to stabilize or decline.** September's inflation reports and Federal Reserve meeting should provide important clarity regarding whether the economy is moving closer to that balance. For now, **growth remains a tailwind, while inflation and higher yields remain the primary risks.**

Commodities & Currencies

Commodities

Commodities posted another strong month in August, led primarily by energy. The Invesco DB Commodity Index Tracking Fund (DBC) gained approximately 6.3% during the month, reflecting continued strength in oil and other raw materials.

Energy remained the dominant driver. Brent crude finished August above $90 per barrel as renewed U.S.-Iran hostilities and continued uncertainty surrounding shipping through the Strait of Hormuz kept a significant geopolitical risk premium embedded in oil prices.

Importantly, the oil market appears less concerned about an immediate, dramatic escalation than about a prolonged period of intermittent disruptions that keeps global supply routes unstable. That distinction matters. Even without a formal ceasefire, evidence that shipping through Hormuz is becoming more reliable could remove some of the geopolitical premium from oil and push prices lower.

Gold also remained strong during August, gaining roughly 10% for the month as investors continued to seek protection against inflation, geopolitical uncertainty, and concerns surrounding fiscal and monetary policy.

Looking ahead, commodities will remain highly sensitive to developments in the Middle East. A meaningful decline in oil prices would help ease inflation expectations and could provide relief to both Treasury yields and equities. Conversely, continued disruptions or escalation could keep energy prices elevated and reinforce inflationary pressures.

Bottom Line: Commodities continue to provide diversification in an environment characterized by elevated inflation and geopolitical uncertainty. However, oil remains the key variable for markets entering September.

Treasury Yields & Currencies

Treasury yields remained elevated throughout August as investors balanced resilient economic growth against persistent inflation concerns.

The 10-year Treasury yield finished in August at nearly 4.76%, close to its highest level in several years. Although the yield changed relatively little over the full month, it moved sharply at times as markets reacted to oil prices, inflation expectations, and changing expectations for Federal Reserve policy.

Higher yields remain one of the most significant headwinds facing equities. As Treasury yields rise, bonds become more competitive with stocks and the discount rate applied to future corporate earnings increases, placing particular pressure on higher-valuation companies.

September therefore brings an important test. Oil prices, inflation data, and the Federal Reserve meeting will likely determine whether Treasury yields push toward new highs or begin to retreat.

A move sustainably above the recent 4.8% area would likely create additional pressure on equities. Conversely, softer inflation data or a less-hawkish Fed could pull yields lower and provide a meaningful tailwind for stocks.

The U.S. dollar was somewhat softer in August, with the Dollar Index posting its second consecutive monthly decline and ending the month near 99.4. Currency trading continues to be driven largely by shifting expectations for global interest rates and relative central-bank policy.

The Japanese yen remains particularly important after strengthening from levels that had raised concerns about potential intervention. Expectations for additional Bank of Japan tightening have helped support the currency, while the euro and British pound have remained comparatively stable.

Bottom Line: Treasury yields remain the more important variable for U.S. equity markets. The dollar is currently broadly neutral, but persistent increases in yields would create additional pressure on stocks. A reversal lower in yields would be a meaningful positive catalyst as September progresses.

SPECIAL REPORTS AND EDITORIAL

Tokenization Moves Closer to the Mainstream

What do NYSE, Nasdaq, CME Group, DTCC, BlackRock, Goldman Sachs, JPMorgan, State Street, Invesco, Société Générale and other major financial institutions have in common?

> ***Answer***: They are actively developing, testing, or using tokenized financial assets. DTCC stands for **The Depository Trust & Clearing Corporation**. Think of DTCC as part of the **backbone of the U.S. financial system**. It does not mainly exist to help investors pick stocks or manage money. Its job is to ensure trades are processed, cleared, settled, and recorded correctly. In simple terms, when one investor sells a stock and another investor buys it, DTCC helps handle the machinery behind the scenes. It completed live production trades using tokenized securities with more than 30 major market participants, including NYSE, Nasdaq, CME Group, BlackRock, Goldman Sachs, JPMorgan, Invesco, Société Générale and State Street.

Tokenization simply means creating a digital representation of a traditional asset, such as a stock, bond, fund, commodity or real estate interest, on a blockchain. Technology can enable faster settlement, lower transaction costs, greater transparency and potentially around-the-clock market access.

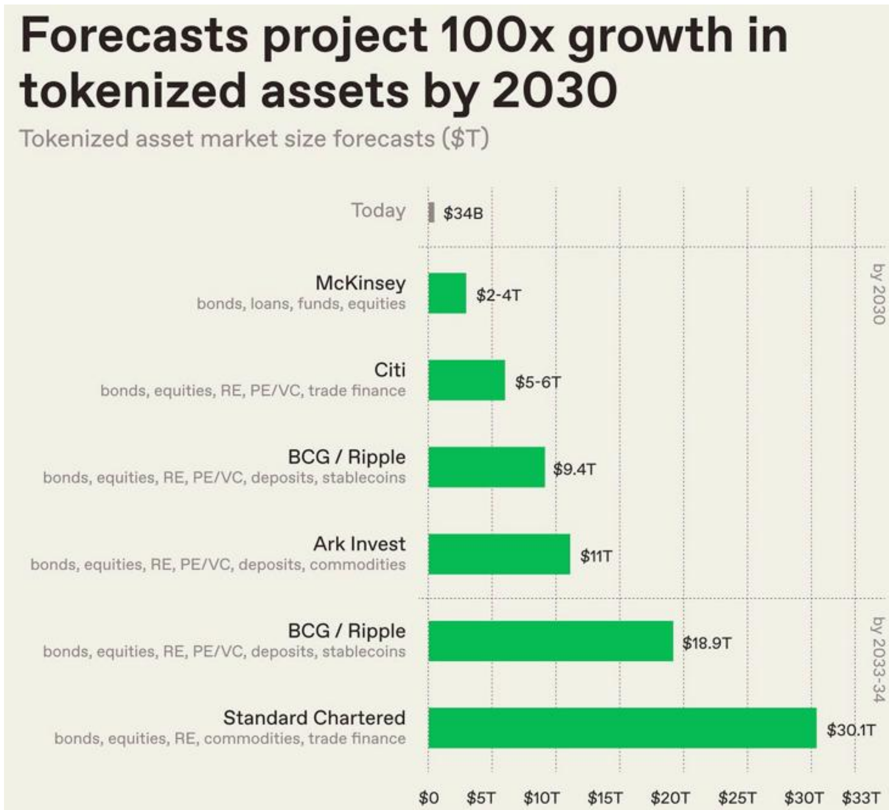
The concept is similar to earlier financial innovations such as ETFs; if a new structure makes capital easier, faster or cheaper to move, adoption tends to follow.

We are already seeing meaningful traction. Franklin Templeton's BENJI platform had nearly $2 billion in assets across its tokenized fund suite earlier this year, while BlackRock has continued expanding its tokenized money-market offerings.

Regulators are also preparing for broader adoption. SEC Chairman Paul Atkins has said tokenization could become a significant part of U.S. financial markets within only a few years, and the SEC's 2026 regulatory agenda specifically addresses trading and custody of tokenized securities.

The long-term opportunity could be substantial. McKinsey estimates tokenized assets could reach roughly **$2 trillion by 2030**, with an upside scenario near $4 trillion, while BCG projects considerably larger potential depending on adoption.

Various projections by respected firms, as you can see from the accompanying chart, have the tokenized securities market growing from billions to trillions.



Here are some ETFs that have at least partially targeted exposure to the growth in tokenization:

- **Amplify Tokenization Technology Leaders ETF (TKNQ).** This fund probably has the best true fit, by investing in tokenization technology companies and digital asset ETPs supporting the tokenization ecosystem. However, it has gathered only about $1MM in assets since its December 2025 launch.
- **iShares Ethereum Trust ETF (ETHA).** Ethereum is the number one platform for tokenized assets, holding ~60% of total tokenized asset market share. ETHA is the largest Ethereum ETF, in terms of assets, by a large margin.
- **Bitwise 10 Crypto Index ETF (BITW)/Bitwise Crypto Industry Innovators ETF (BITQ).** This combo provides access to the 10 largest crypto assets weighted by market cap (while screening out some with idiosyncratic risks) and 30 companies leading the rapidly emerging crypto economy. Not a bad place to start crypto and tokenization exposure.
- **ARK Blockchain & Fintech Innovation ETF (ARKF)** or **State Street Financial Select Sector SPDR ETF (XLF).** ARKF owns Securitize, Bullish, Circle, Coinbase, Robinhood, SoFi, and Canton (all involved in

tokenization), and XLF holds many of the aforementioned legacy names that are moving into tokenization.

Bottom Line: Tokenization could be of interest because the growth potential is substantial and it is the type of "cutting edge" financial innovation and technology that appeals to growth-focused investors (and it is something we should all be aware of because its adoption will rise).