REGIONS ASSET MANAGEMENT

Weekly Market Commentary

SEPTEMBER 14, 2026

MARKET UPDATES

September 11, 2026:
Recorded Leadership Discussion Featuring: Regions Chief Investment Officer, Chief Economist, and Chief Market Strategist.

September 18, 2026:
For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING

The Federal Open Market Committee (FOMC) concludes its two-day meeting on Wednesday. The futures market is placing around an 85% probability on a 25-basis point rate hike with the likelihood rising late last week on the heels of 'hotter' wholesale and consumer inflation readings from August.

Control group retail sales for August are released on Wednesday and are expected to rise 0.4% month over month after falling 0.4% in July.

August Industrial Production is released Friday and is expected to rise 0.3% month over month, which compares to a 0.2% rise in July.

KEY OBSERVATIONS

U.S. stocks faced tough sledding throughout the course of the holiday-shortened week as a combination of rising energy prices and Treasury yields weighed on sentiment and risk appetite. Within the S&P 500, energy was the top performing sector, while economically sensitive sectors such as consumer discretionary, financials, and industrials, along with health care were weak. Encouragingly, information technology finished the week with only a modest loss and outperformed the broader S&P 500 despite the back-up in Treasury yields, lending some credence to the idea that sometimes offense is the best defense.

The upheaval in cyclically oriented pockets of the market weighed on small cap indices as the combination of rising input costs and expectation of tighter monetary conditions contributed to the worst week for the S&P Small Cap 600 since mid-May.

Treasury yields across the curve rose over the balance of the week as an 'underwhelming' $6B buyback announcement, higher energy prices, and August inflation data joined forces to spur selling in higher quality bonds. The 10-year Treasury yield jumped by over 19 basis points on the week to close at 4.97%, the highest level seen since May of 2024. We will be watching to see if buyers step in as the yield approaches a key round number of 5%. The FOMC meets next week and following 'hot' August inflation data, the futures market has the likelihood of a rate hike at around 88%. A rate hike might help put a cap on long-term yields, but higher energy prices and concerns surrounding demand for Treasuries will likely persist and limit potential downside for yields in the near-term.

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	Price/Yield	Total Return (%)					
	9/11/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,656.98	-0.78	-1.06	12.77	17.61	21.31	13.03
NASDAQ 100	29,368.44	-0.58	-1.17	16.84	23.20	25.23	14.61
S&P Mid Cap 400	3,714.14	-1.85	-4.63	13.36	13.45	14.64	8.35
S&P Small Cap 600	1,726.18	-2.17	-4.58	18.87	20.06	15.33	7.20
MSCI World ex US	480.97	-1.09	-0.28	16.16	23.60	20.29	9.03
MSCI EM	1,721.53	-0.23	2.49	24.32	33.90	23.48	8.20
Bloomberg U.S. Aggregate	5.27	-1.04	-1.16	-1.43	-0.73	3.98	-0.50
Bloomberg Corporate	5.74	-0.93	-1.04	-1.52	-1.09	4.94	-0.35
Bloomberg U.S.High Yield	7.62	-0.54	-0.44	2.01	3.54	8.36	3.93
Bloomberg EM USD Aggregate	6.39	-0.81	-0.83	0.53	2.78	8.17	1.48
Bloomberg Global Agg ex-USD	3.64	-0.97	-1.47	-1.76	-1.50	2.22	-0.80
Bloomberg Municipal Bond	4.28	-1.23	-2.70	-1.55	-0.04	2.87	0.19

Source: Bloomberg (3- and 5-Year Returns Annualized)

	Price/Yield						
	9/11/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.62	3.65	3.64	4.49	4.41	5.30	0.05
30 Year Mortgage (average rate)	6.81	6.76	6.77	7.28	6.50	7.59	3.01
2 Year Treasury (yield)	4.63	4.37	4.21	4.24	3.54	4.99	0.21
10 Year Treasury (yield)	4.97	4.78	4.69	4.57	4.02	4.29	1.34
30 Year Treasury (yield)	5.35	5.24	5.24	4.78	4.65	4.37	1.93
WTI Crude (closing price)	100.05	91.48	83.20	71.72	62.37	87.29	69.72
Gold (NYM $/oz)	4,374.80	4,441.90	4,383.00	2,641.00	3,645.00	1,929.20	1,789.90

Source: Bloomberg (3- and 5-Year Returns Annualized)

WHAT HAPPENED LAST WEEK?

Stocks

Risk Appetite Limited by Rising Energy Prices, Higher Treasury Yields During The Holiday-Shortened Week; Rising Crude Oil Prices Buoy Energy Stocks, But Moves On The Equity Side Were Far More Muted; Small Caps Strained By Cyclical Sectors.

• **Narrow Market During The Holiday-Shortened Week, But Little To Be Gleaned.** The S&P 500 finished the week lower by 0.7% and the small cap S&P 600 index fell by 2.1% as buyers were tough to find and trading desks were sparsely populated due to the Labor Day holiday on Monday. At the sector level, energy rose 1.7% as West Texas Intermediate (WTI) and Brent crude oil approached levels last seen in mid-May around $103 and $108 per barrel, respectively, as Iran-backed proxy forces attacked energy infrastructure in Saudi Arabia, leading to concerns the conflict could continue to spread. Outside of energy, communication services and information technology – both secular growth-oriented sectors, were relative outperformers with the former rising 1% and the latter falling 0.1%. The relative strength in those sectors is encouraging as we would have expected these longer duration sectors to see outflows given the sharp rise in Treasury yields which would typically weigh on valuations for faster-growing companies expected to earn profits farther out in time. There were continued signs of rotation within the information technology sector with software seeing outflows and profit taking while capital shifted back into semiconductors and memory names after weakness in August and a steep selloff in July.

The back-up in Treasury yields and the rise in energy prices last week had the most detrimental impact on the health care sector, which has been a big winner in recent months but saw a 3.5% drop for the week. Economically sensitive sectors such as consumer discretionary, financials, and industrials were noticeably poor performers with each falling 1.2% or more on the week. The rise in crude oil prices and higher Treasury yields could weigh on the outlook for U.S. economic growth in the months to come and limit disposable income for consumers at the margin. For the industrials, weakness has been worrisomely broad-based in recent months, and transportation-related stocks – one of the more economically sensitive industry groups, have led the sector lower. The S&P 500 industrials sector closed last week in oversold territory with a 14-day relative strength index (RSI) reading of 29, so if the sector is going to mount a rally, now would be a logical time to stage such a comeback.

• **Jump In Yields And Commodity Prices Cramping Small Cap's Cyclical Style.** The runup in input prices and sharp rise in bond yields contributed to selling pressure in the S&P Small Cap 600 with the index lower by 2.1% on the week, marking its fourth consecutive weekly decline. Higher oil prices and a new all-time high in the national average diesel price of $6.05 a gallon to end the week hampered industrials appear to be in a slow-motion roll over since their July peak and industrials and consumer discretionary were the worst performing sectors with the small cap. Another consideration was the uptick in yields, specifically on the front end of the curve as market expectations of a hike to the fed funds rate bled over into the 2-year yields which moved higher by 24 basis points on the week. From what we're seeing on the technical side, small caps could be cruising for a near-term washout as the S&P Small Cap 600 finished the week on the verge of oversold territory with a relative strength index reading (RSI) of 37 at Friday's close. That short-term weakness may be overdone, especially if the index can keep its head above the 100-day moving average that it narrowly closed above on Friday, but investors are likely best suited to be patient.

Bonds

‘Underwhelming’ Buyback Announcement, August Inflation Data Force Yields Higher; FOMC Expected To Hike The Funds Rate This Week Following CPI, PPI; Investment Grade Tech Issuers Looking To Tap Foreign Markets Amid Demand Concerns Stateside.

• ‘Underwhelming’ Buyback Announcement, August Inflation Data Push Yields Higher Still. Last Wednesday brought fireworks to the bond market with the U.S. Treasury auctioning off $39B of 10-year notes, but most market participants were focused on the announcement of the size of the Treasury’s monthly buyback which was released hours before the 10-year auction. Speculation ran rampant in the lead-up to the announcement that the monthly buyback could far exceed the $4B mark, with ‘whisper numbers’ settling in the $6B to $8B range. Ultimately, Treasury announced it would repurchase up to $6B of off-the-run 10- to 20-year bonds this month which came in at the lower-end of the expected range. We have seen the $6B figure described as “underwhelming,” and that’s how bond market participants reacted as long-dated Treasuries sold off following the announcement with the 10-year yield rising 5-basis points that day to 4.85%.

The 10-year yield continued to charge higher into the weekend as the August Producer Price Index (PPI) was released on Thursday and the August Consumer Price Index (CPI) on Friday. On the PPI front, the core reading rose 0.2% month over month which was in-line with the July reading and 0.1% below the consensus estimate, but Final Demand PPI rose 5.4% year over year, above the 5.3% estimate and the 4.7% reading in July. The latter reading likely has the attention of policymakers given the components of PPI that flow directly into PCE, the FOMC’s preferred inflation gauge, were on the ‘hotter’ side. On balance, the PPI reading was taken by market participants as ‘hot,’ and the 10-year yield continued to climb in its wake, rising 11-basis points on the day to close at 4.95%.

Friday’s CPI release proved somewhat anticlimactic following Thursday’s volatility in the rates market as core CPI rose 0.3% month over month – modestly above the 0.2% estimate, and 2.4% year over year, in-line with the consensus estimate. The data continued to point to inflationary pressures remaining sticky, and with energy prices rising sharply thus far in September, it’s anticipated that headline CPI looks even hotter next month. Prior to the CPI release, Fed funds futures were pricing in a 70% chance of a rate hike this week, but following the release the probability of a hike jumped to 89%, and there is now even a 64% chance of another 25-basis point hike in December priced in. With the market doing the Fed’s job for it to some degree and with short-term rates rising sharply in recent weeks, we would be surprised of FOMC Chair Warsh and Company don’t raise the funds rate this week. Perhaps ironically, with a September rate hike now viewed as a slam dunk by market participants, the 10-year Treasury rallied, finishing the day lower by 2-basis points at 4.92%. The adage, “bond investors stop panicking when policymakers start panicking” held true, at least for one day, but volatility in the rates market is likely here to stay, increasing the importance of diversification and a more active approach to investing in fixed income.

• 10-Year Treasury Auction Met By Solid Demand, But The Buyback Announcement Dominated Headlines And Dictated The Path Of Travel For Rates. Last Wednesday, the U.S. Treasury auctioned off $39B of 10-year notes at a 4.834% high yield – 15-basis points above the awarded yield at last month’s auction, and the highest level seen since 2007. Notably, the 4.834% yield was below the 4.849% prevailing market yield when bids had to be submitted, a sign of relatively robust demand for the issue. The bid-to-cover ratio on the offering came in at 2.71, the highest figure seen since 2016 and above the 2.52 average of the prior six auctions. Primary dealers took down just 4.3% of the issue, the lowest percentage on record, while indirect bidders, typically foreign central banks and asset managers, took down 79.2% of the issue, providing evidence of substantial demand for longer duration Treasuries from abroad after the back-up in yields.

• Datacenter Debt Issuance Going Global. Corporate borrowers got off to a hot start last week with a total $68B in new paper making its way into the U.S. investment grade bond market, but one deal abroad caught our attention last week. Amazon floated roughly $5.4B in its first British pound-denominated debt offering across the pond, and the deal was almost 3 times oversubscribed. That order book resulted in spread compression ranging from roughly 50-90 bps across the mixed maturity deal. Amazon is just the latest hyperscaler to take its bond issuance abroad as Alphabet has tapped the Australian and Japanese bond market in recent months. At least part of the decision to go global is limiting the risk of oversaturation as investor demand for AI-related debt has already started to wane in the domestic bond market. Technology companies with the size and scale to tap various markets and maturities can diversify their investor base - a strategic way to lower potential borrowing costs and preserve margins.

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