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Newsletter for Week Ending 9/11/26

Youtube Channel

News Station Adds Chick-Fil-A Drive Thru Wait Times To Traffic Report

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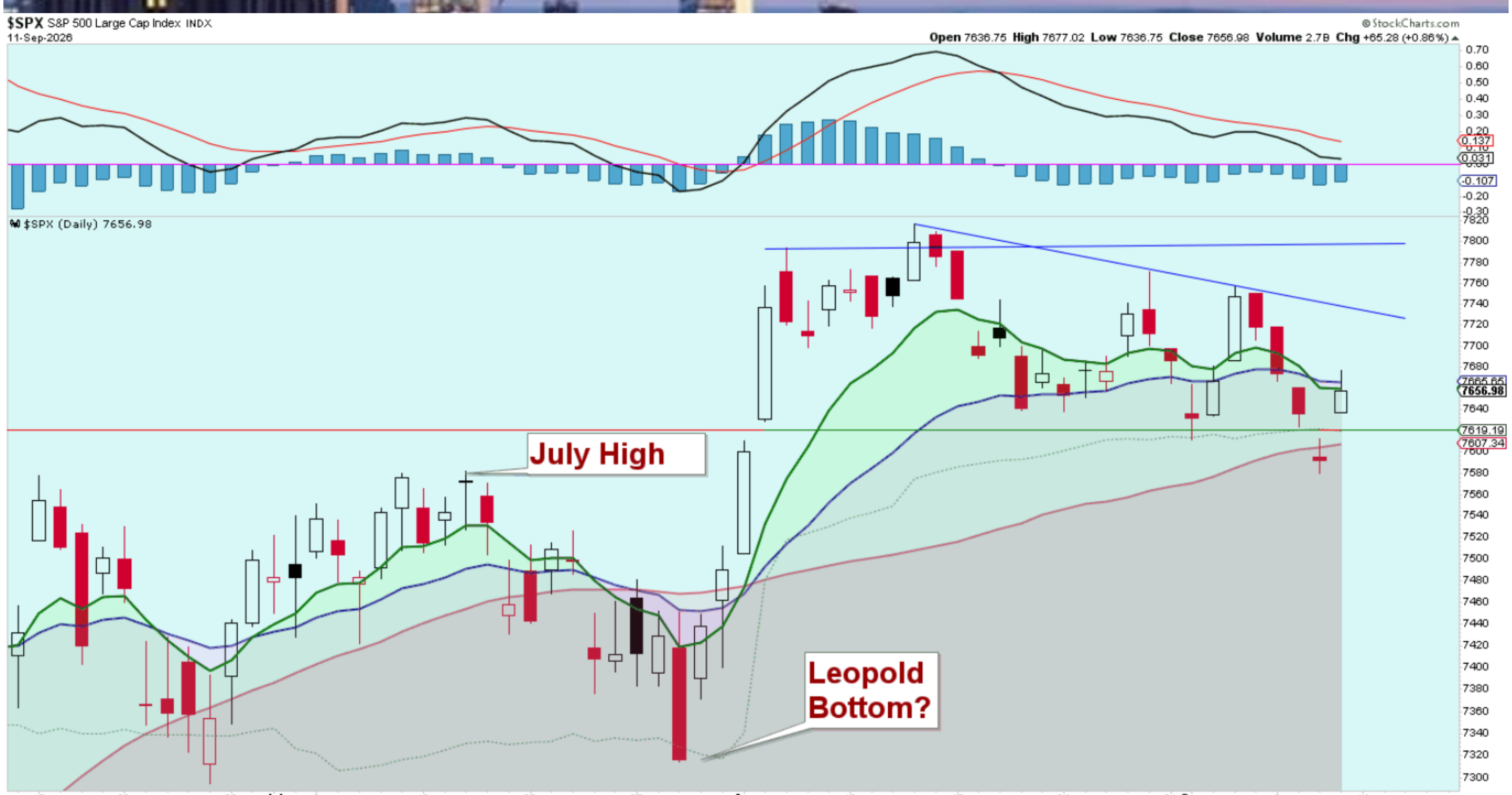
Most of the charts shown in this newsletter are courtesy of StockCharts.com and can be found on the website shown at the top of the page. Here is a link to the StockCharts.com pricing and if you sign up, I would appreciate if you used my email as a referral (danbyrd@comcast.net)

Service Levels, Data Plans and Pricing | StockCharts.com

Date	Overall %	ST %	MT %	LT %
9/11/2026	58%	44%	60%	69%
9/10/2026	57%	41%	60%	69%
9/9/2026	62%	54%	61%	71%
9/8/2026	63%	54%	62%	72%
9/4/2026	62%	53%	61%	71%
9/3/2026	62%	54%	62%	71%
9/2/2026	62%	52%	62%	71%



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Economic Calendar for Last Week:

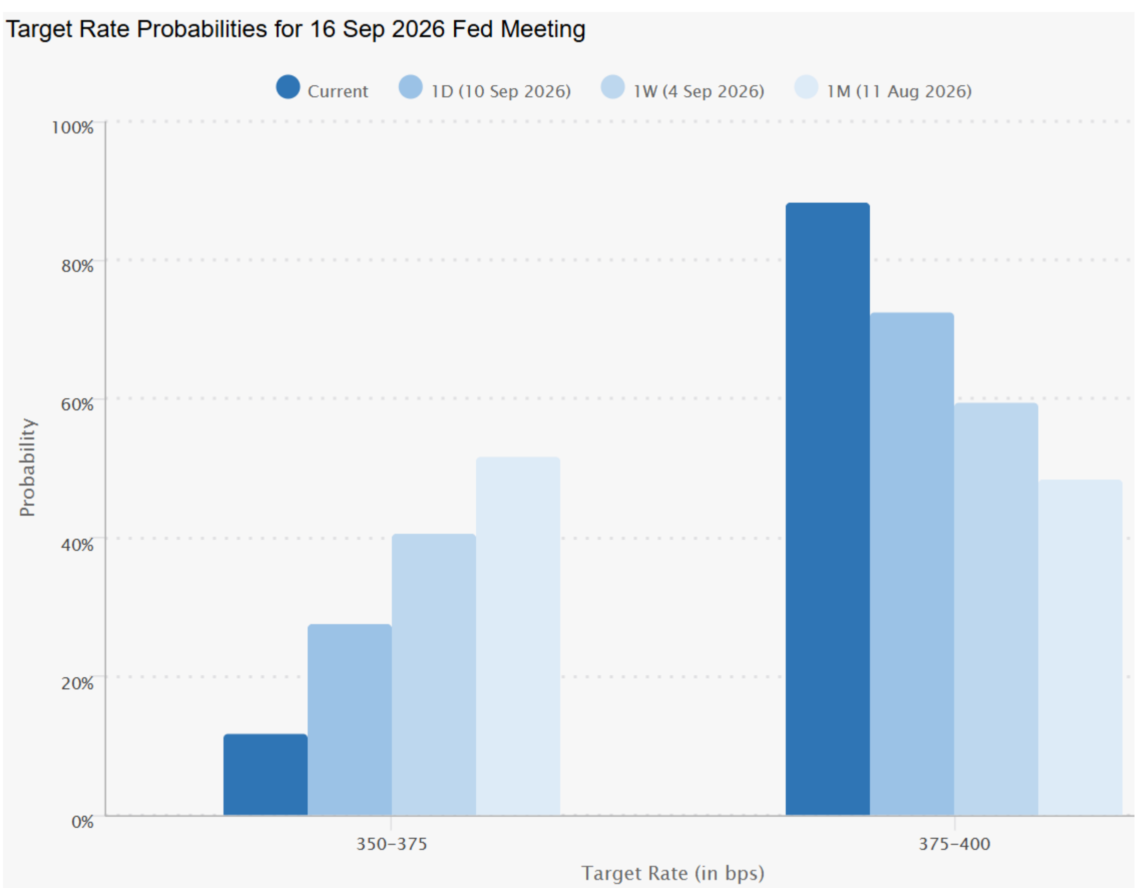
Time	Cur.	Event	Imp.	Actual	Forecast	Previous
		Monday, September 7, 2026				
All Day	US	United States - Labor Day	**Holiday**			
		Wednesday, September 9, 2026				
13:00	US	10-Year Note Auction	★★★	**4.834%**		4.683%
21:15	US	U.S. President Trump Speaks	★★★			
		Thursday, September 10, 2026				
08:30	US	PPI (MoM) (Aug)	★★★	**0.4%**	0.4%	0.1%
08:30	US	Initial Jobless Claims	★★★	**206K**	205K	207K
10:00	US	Existing Home Sales (Aug)	★★★	**3.98M**	3.98M	4.06M
12:00	US	Crude Oil Inventories	★★★	**-0.391M**	-1.400M	-4.450M
13:01	US	30-Year Bond Auction	★★★	**5.308%**		5.216%
		Friday, September 11, 2026				
08:30	US	CPI (MoM) (Aug)	★★★	**0.4%**	0.4%	0.1%
08:30	US	CPI (YoY) (Aug)	★★★	**3.4%**	3.4%	3.4%
08:30	US	Core CPI (MoM) (Aug)	★★★	**0.3%**	0.2%	0.2%

Economic Calendar for Next Week:

Time	Cur.	Event	Imp.	Actual	Forecast	Previous
		Wednesday, September 16, 2026				
08:30	US	Core Retail Sales (MoM) (Aug)	★★★			-0.3%
08:30	US	Retail Sales (MoM) (Aug)	★★★			-0.6%
10:30	US	Crude Oil Inventories	★★★			-0.391M
14:00	US	Fed Interest Rate Decision	★★★			3.75%
14:00	US	FOMC Economic Projections	★★★			
14:00	US	FOMC Statement	★★★			
14:30	US	FOMC Press Conference	★★★			
		Thursday, September 17, 2026				
08:30	US	Philadelphia Fed Manufacturing Index (Sep)	★★★			47.4
08:30	US	Initial Jobless Claims	★★★			206K

A 25-bps rate hike is all but assured, with one more likely before year end.

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	**350-375**	**375-400**	**400-425**	**425-450**	**450-475**
9/16/2026	13.71 %	86.29 %	0.00 %	0.00 %	0.00 %
10/28/2026	0.00 %	65.00 %	35.00 %	0.00 %	0.00 %
12/9/2026	0.00 %	0.00 %	97.89 %	2.11 %	0.00 %
1/27/2027	0.00 %	0.00 %	60.00 %	40.00 %	0.00 %
3/17/2027	0.00 %	0.00 %	2.86 %	97.14 %	0.00 %
4/28/2027	0.00 %	0.00 %	0.00 %	75.00 %	25.00 %
6/9/2027	0.00 %	0.00 %	0.00 %	44.07 %	55.93 %
7/28/2027	0.00 %	0.00 %	0.00 %	33.00 %	67.00 %
9/15/2027	0.00 %	0.00 %	0.00 %	26.85 %	73.15 %
10/27/2027	0.00 %	0.00 %	0.00 %	28.00 %	72.00 %
12/8/2027	0.00 %	0.00 %	0.00 %	29.35 %	70.65 %



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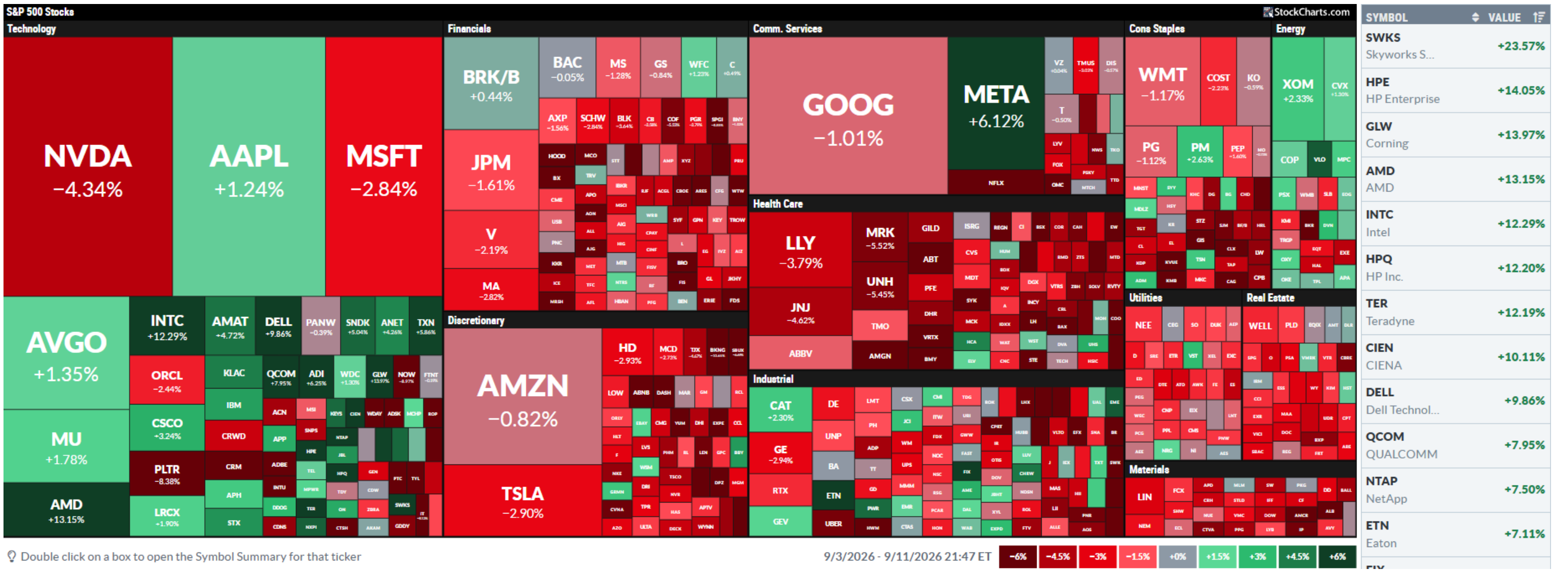
Weekly Performance:



TIMEFRAME

One Week | Columns | Send Daily Report | Send Weekly Report | Search Table

	NAME	LAST	CHG	% CHG	+/-	DATE
☰	Defensive - 11 - XLE - Energy Select Sector SPDR Fund	65.14	+1.08	+1.69%		09-11, 16:00
☰	Aggressive - 02 - XLC - Communication Services Select Sector SPDR Fund	112.60	+0.57	+0.51%		09-11, 16:00
☰	Aggressive - 01 - XLK - Technology Select Sector SPDR Fund	187.67	+0.39	+0.21%		09-11, 16:00
☰	z2 $NDX - Nasdaq 100 Index	29,368.44	-175.72	-0.59%		09-11, 16:31
☰	z1 $SPX - S&P 500 Large Cap Index	7,656.98	-61.62	-0.80%		09-11, 16:20
☰	Defensive - 08 - XLRE - Real Estate Select Sector SPDR Fund	43.42	-0.51	-1.16%		09-11, 16:00
☰	Defensive - 06 - XLP - Consumer Staples Select Sector SPDR Fund	83.38	-1.20	-1.42%		09-11, 16:00
☰	Aggressive - 04 - XLF - Financial Select Sector SPDR Fund	57.25	-0.85	-1.46%		09-11, 16:00
☰	Defensive - 07 - XLU - Utilities Select Sector SPDR Fund	42.39	-0.69	-1.60%		09-11, 16:00
☰	Aggressive - 05 - XLI - Industrial Select Sector SPDR Fund	172.37	-2.90	-1.65%		09-11, 16:00
☰	Aggressive - 03 - XLY - Consumer Discretionary Select Sector SPDR Fund	112.96	-1.95	-1.70%		09-11, 16:00
☰	z4 GLD - SPDR Gold Shares	398.77	-8.00	-1.97%		09-11, 16:00
☰	z3 IWM - iShares Russell 2000 ETF	288.89	-7.12	-2.41%		09-11, 16:00
☰	Defensive - 10 - XLB - Materials Select Sector SPDR Fund	50.95	-1.49	-2.84%		09-11, 16:00
☰	z5 $BTCUSD - Bitcoin to US Dollar	77,333.30	-2,364.40	-2.97%		09-11, 20:31
☰	Defensive - 09 - XLV - Health Care Select Sector SPDR Fund	165.36	-6.09	-3.55%		09-11, 16:00

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Sector Rotation:

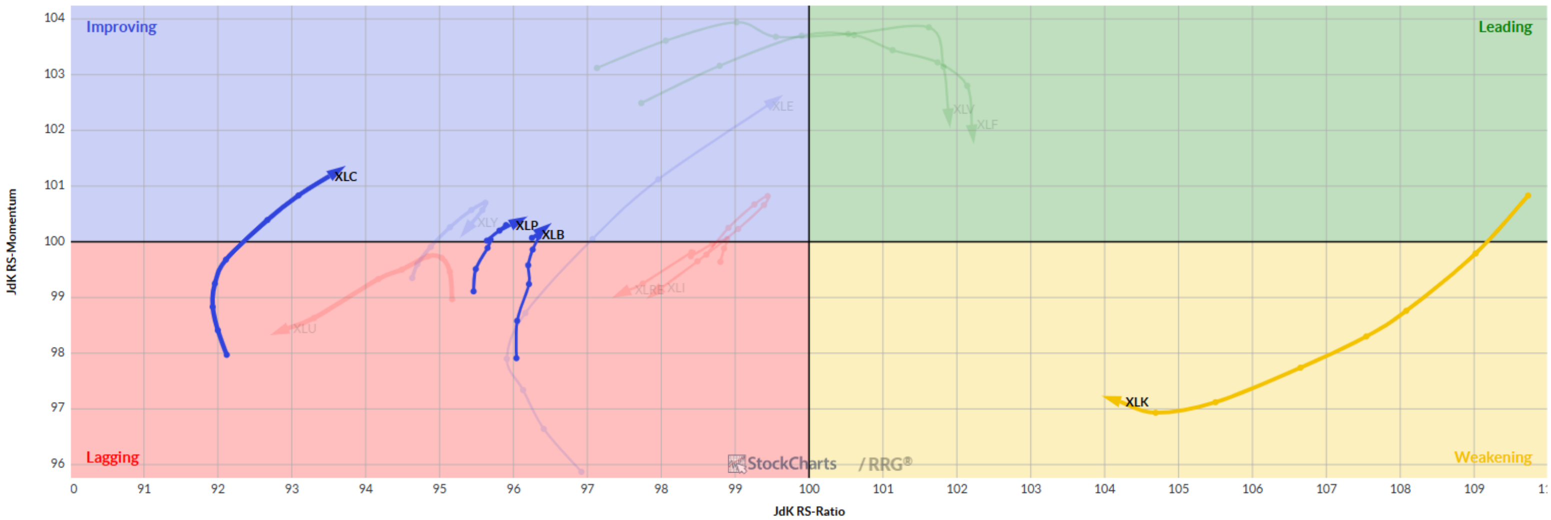
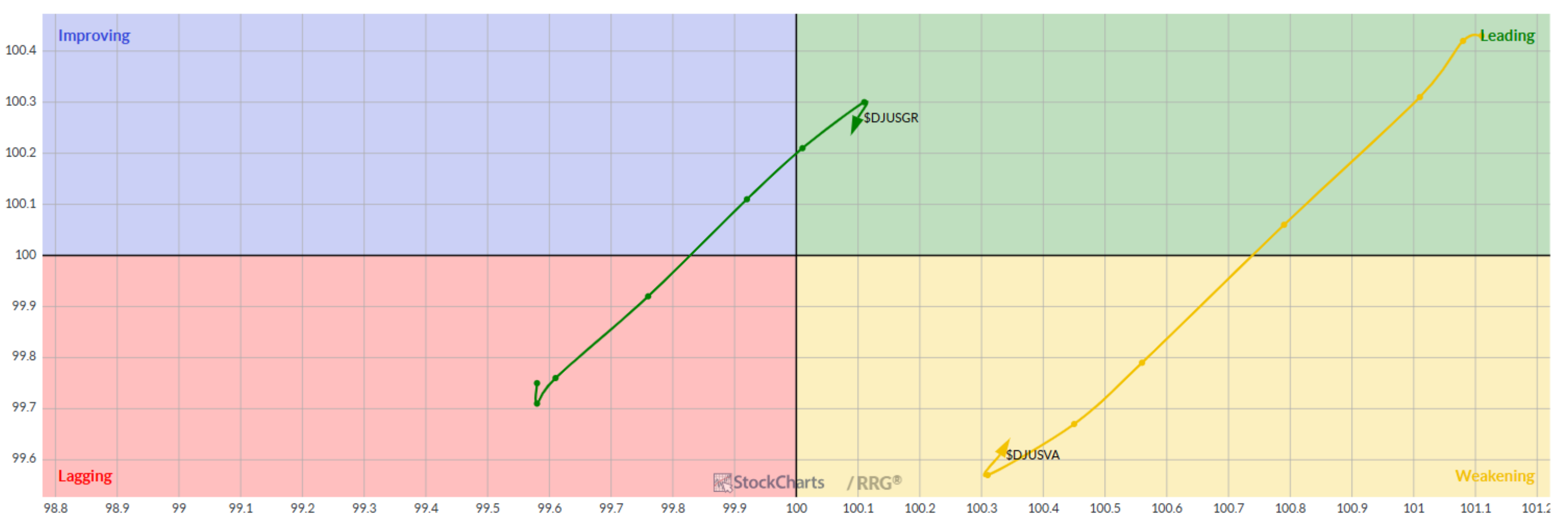


CHART	VISIBLE	TAIL	SYMBOL	NAME	SECTOR	INDUSTRY	PRICE	% CHG
	☑		XLF	Financial Select Sector SPDR Fund			$57.25	+1.67%
	☑		XLV	Health Care Select Sector SPDR Fund			$165.36	+1.72%
	☑		XLK	Technology Select Sector SPDR Fund			$187.67	+6.70%
	☑		XLU	Utilities Select Sector SPDR Fund			$42.39	-8.43%
	☑		XLRE	Real Estate Select Sector SPDR Fund			$43.42	-5.51%
	☑		XLI	Industrial Select Sector SPDR Fund			$172.37	-5.63%
	☑		XLC	Communication Services Select Sector SPDR Fund			$112.60	+5.93%
	☑		XLY	Consumer Discretionary Select Sector SPDR Fund			$112.96	+3.24%
	☑		XLP	Consumer Staples Select Sector SPDR Fund			$83.38	-0.89%
	☑		XLB	Materials Select Sector SPDR Fund			$50.95	-0.60%
	☑		XLE	Energy Select Sector SPDR Fund			$65.14	+9.26%
			SPY	SPDR S&P 500 ETF			$764.29	+3.43%

Growth vs Value:



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SYMBOL	NAME	LAST	CHG	% CHG	+/-
$VIX	$VIX - Volatility Index - New Methodology	15.84	+1.31	+9.02%	
$BRENT	$BRENT - Brent Crude Oil - Spot	104.40	+8.12	+8.44%	
$TNX	$TNX - CBOE 10-Year US Treasury Yield	49.75	+1.91	+3.99%	
DBC	DBC - Invesco DB Commodity Index Tracking Fund	33.16	+1.26	+3.95%	
XLE	XLE - Energy Select Sector SPDR Fund	65.14	+1.08	+1.69%	
MTUM	MTUM - iShares MSCI USA Momentum Factor ETF	307.04	+2.18	+0.72%	
MAGS	MAGS - Roundhill Big Tech ETF	69.89	+0.45	+0.65%	
DBA	DBA - Invesco DB Agriculture Fund	28.93	+0.08	+0.28%	
DTCR	DTCR - Global X Data Center & Digital Infrastructure ETF	28.26	+0.08	+0.28%	
SMH	SMH - VanEck Semiconductor ETF	568.53	+1.52	+0.27%	
XLK	XLK - Technology Select Sector SPDR Fund	187.67	+0.39	+0.21%	
$USD	$USD - US Dollar - Cash Settle	99.09	-0.06	-0.06%	
VGT	VGT - Vanguard Information Technology ETF	121.07	-0.20	-0.16%	
CHAT	CHAT - Roundhill Generative AI & Technology ETF	89.13	-0.43	-0.48%	
$OEX	$OEX - S&P 100 Index	3,803.99	-20.14	-0.53%	
QQQ	QQQ - Invesco QQQ Trust	714.88	-4.08	-0.57%	
SPY	SPY - SPDR S&P 500 ETF	764.29	-5.90	-0.77%	
XLF	XLF - Financial Select Sector SPDR Fund	57.25	-0.85	-1.46%	
DIA	DIA - SPDR Dow Jones Industrial Average ETF	525.79	-8.29	-1.55%	
TLT	TLT - iShares 20+ Year Treasury Bond ETF	80.87	-1.34	-1.63%	
$MID	$MID - S&P 400 Mid Cap Index	3,714.14	-70.85	-1.87%	
GLD	GLD - SPDR Gold Shares	398.77	-8.00	-1.97%	
$SML	$SML - S&P 600 Small Cap Index	1,726.18	-38.91	-2.20%	
IWM	IWM - iShares Russell 2000 ETF	288.89	-7.12	-2.41%	
IGV	IGV - iShares Expanded Tech-Software Sector ETF	101.52	-3.05	-2.92%	
XRT	XRT - SPDR S&P Retail ETF	84.79	-2.80	-3.20%	
$BTCUSD	$BTCUSD - Bitcoin to US Dollar	77,156.05	-2,695.87	-3.38%	
XHB	XHB - SPDR S&P Homebuilders ETF	98.46	-4.79	-4.64%	
XBI	XBI - SPDR S&P Biotech ETF	156.20	-7.61	-4.65%	

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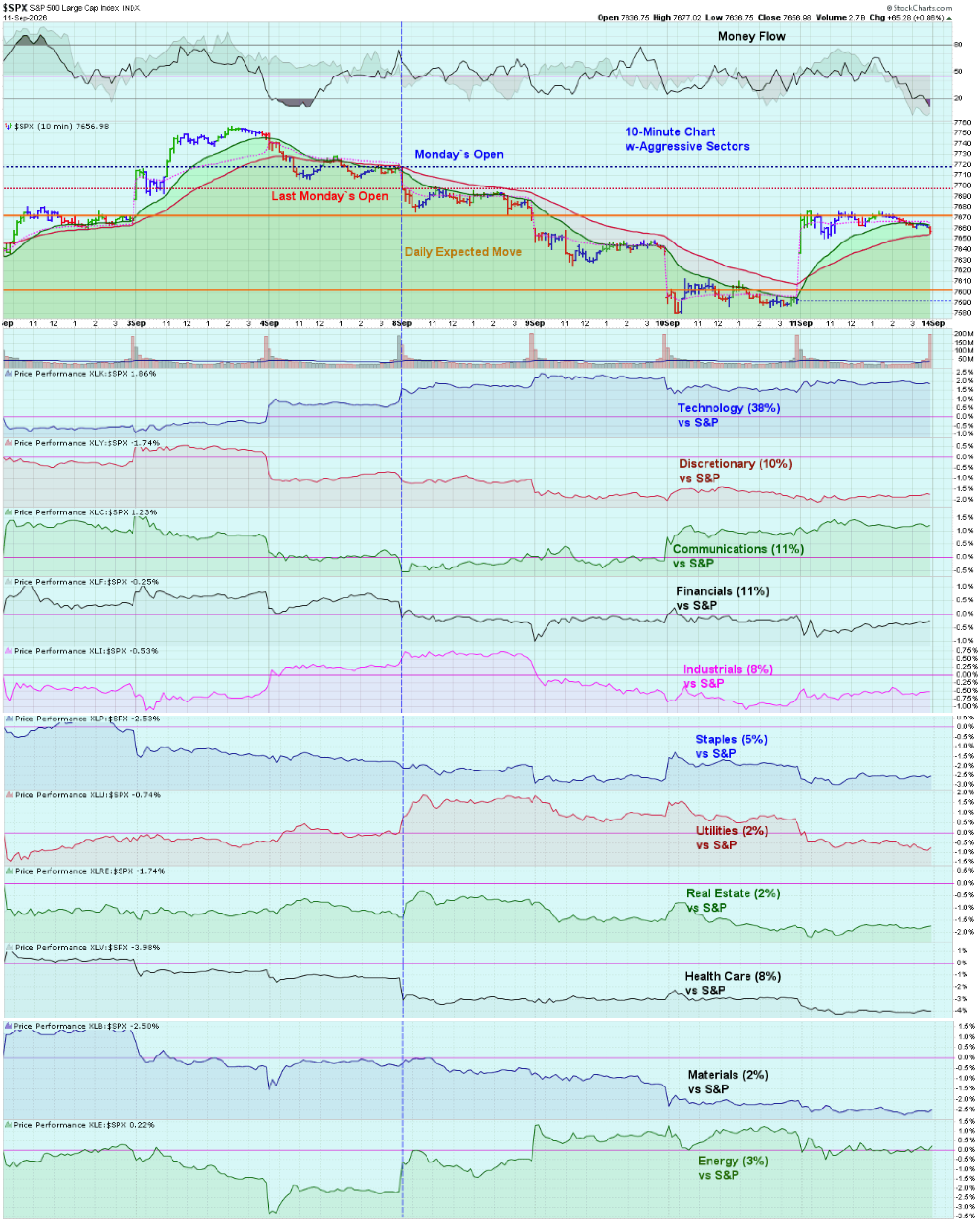
10-Minute Charts:



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Top 10 Best & Worst Large Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
AMD - Advanced Micro Devices, Inc.	Technology	Semiconductors	516.13	+38.56	+8.07%		99.4	lrg
QCOM - QUALCOMM Inc.	Technology	Semiconductors	181.97	+13.23	+7.84%		88.4	lrg
INTC - Intel Corp.	Technology	Semiconductors	102.94	+7.14	+7.45%		98.1	lrg
MRVL - Marvell Technology Inc	Technology	Semiconductors	236.10	+12.55	+5.61%		99.5	lrg
META - Meta Platforms, Inc.	Comm. Services	Internet	648.03	+31.26	+5.07%		64.1	lrg
ARM - Arm Holdings Plc	Technology	Semiconductors	264.79	+12.70	+5.04%		97.7	lrg
PM - Philip Morris Intl Inc.	Staples	Tobacco	191.06	+8.53	+4.67%		64.8	lrg
ADI - Analog Devices, Inc.	Technology	Semiconductors	378.78	+16.53	+4.56%		75.5	lrg
XOM - Exxon Mobil Corp.	Energy	Integrated Oil & Gas	165.99	+6.52	+4.09%		72.5	lrg
TXN - Texas Instruments, Inc.	Technology	Semiconductors	268.70	+10.26	+3.97%		84.0	lrg

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
AMGN - Amgen, Inc.	Health Care	Biotechnology	377.35	-59.88	-13.70%		39.3	lrg
SHOP - Shopify, Inc.	Technology	Software	128.79	-16.30	-11.23%		31.9	lrg
CPRT - Copart, Inc.	Industrial	Transportation Services	29.95	-3.77	-11.18%		13.8	lrg
BKNG - Booking Holdings Inc.	Discretionary	Travel & Tourism	173.92	-18.90	-9.80%		20.8	lrg
MSTR - Strategy Inc	Technology	Software	130.97	-11.83	-8.28%		41.7	lrg
TRI - Thomson Reuters Corp.	Comm. Services	Publishing	97.35	-8.33	-7.88%		29.6	lrg
GEHC - GE HealthCare Technologies Inc.	Health Care	Medical Equipment	63.93	-4.93	-7.16%		12.3	lrg
AXON - Axon Enterprise, Inc.	Industrial	Defense	479.34	-36.33	-7.05%		12.9	lrg
BKR - Baker Hughes Company	Energy	Oil Equipment & Services	59.06	-4.44	-6.99%		43.3	lrg
ABNB - Airbnb Inc.	Discretionary	Travel & Tourism	170.19	-11.75	-6.46%		81.8	lrg

WEEKLY VIEW

WEEKLY VIEW

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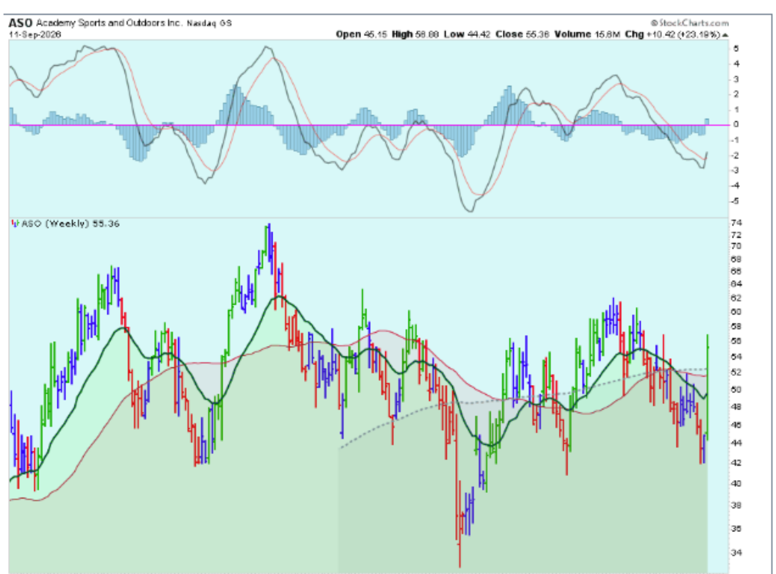
Top 10 Best & Worst Small/Mid-Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
ASO - Academy Sports and Outdoors Inc.	Discretionary	Specialty Retailers	55.36	+10.42	+23.19%		71.4	mid
MXL - MaxLinear Inc.	Technology	Semiconductors	74.57	+11.83	+18.86%		99.8	mid
SIG - Signet Jewelers Ltd.	Discretionary	Apparel Retailers	100.26	+14.96	+17.54%		83.0	mid
ROIV - Roivant Sciences Ltd.	Health Care	Biotechnology	40.82	+5.89	+16.86%		95.4	lrg
INSP - Inspire Medical Systems, Inc.	Health Care	Medical Equipment	73.00	+9.92	+15.73%		87.7	sml
QRVO - Qorvo, Inc.	Technology	Semiconductors	116.65	+13.81	+13.43%		94.5	mid
SMTC - Semtech Corp.	Technology	Semiconductors	167.24	+19.36	+13.09%		98.8	lrg
COHU - Cohu, Inc.	Technology	Semiconductors	57.08	+6.36	+12.54%		97.8	mid
CVI - CVR Energy Inc.	Energy	Exploration & Production	49.66	+5.16	+11.60%		98.7	mid
VIAV - Viavi Solutions Inc.	Technology	Telecom Equipment	38.75	+3.89	+11.16%		73.8	lrg

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
TBBK - Bancorp Bank	Financial	Banks	50.63	-16.24	-24.29%		6.5	mid
RWT - Redwood Trust, Inc.	Real Estate	Mortgage REITs	3.55	-0.96	-21.29%		12.1	sml
CASY - Caseys General Stores, Inc.	Staples	Food Retailers	615.47	-140.62	-18.60%		4.8	lrg
RCUS - Arcus Biosciences, Inc.	Health Care	Pharmaceuticals	24.59	-5.07	-17.09%		31.7	mid
CABO - Cable One, Inc.	Comm. Services	Fixed Telecommunications	21.31	-4.16	-16.33%		2.9	sml
QDEL - QuidelOrtho Corporation	Health Care	Medical Supplies	11.78	-2.19	-15.68%		13.0	sml
FUN - Six Flags Entertainment Corp.	Discretionary	Recreational Services	13.12	-2.39	-15.41%		2.7	mid
EMBC - Embecta Corp.	Health Care	Medical Equipment	4.94	-0.86	-14.83%		17.6	sml
IBP - Installed Building Products Inc.	Discretionary	Durable Household Products	204.28	-34.29	-14.37%		4.5	mid
GT - Goodyear Tire & Rubber Co.	Discretionary	Tires	5.37	-0.88	-14.08%		19.9	sml

WEEKLY VIEW



WEEKLY VIEW

From Real Investment Advice:

This Time Is Different? Earnings and Price Break 90-Year Trends - RIA

Excerpt:

🏛 Market Brief – A Bond Scare

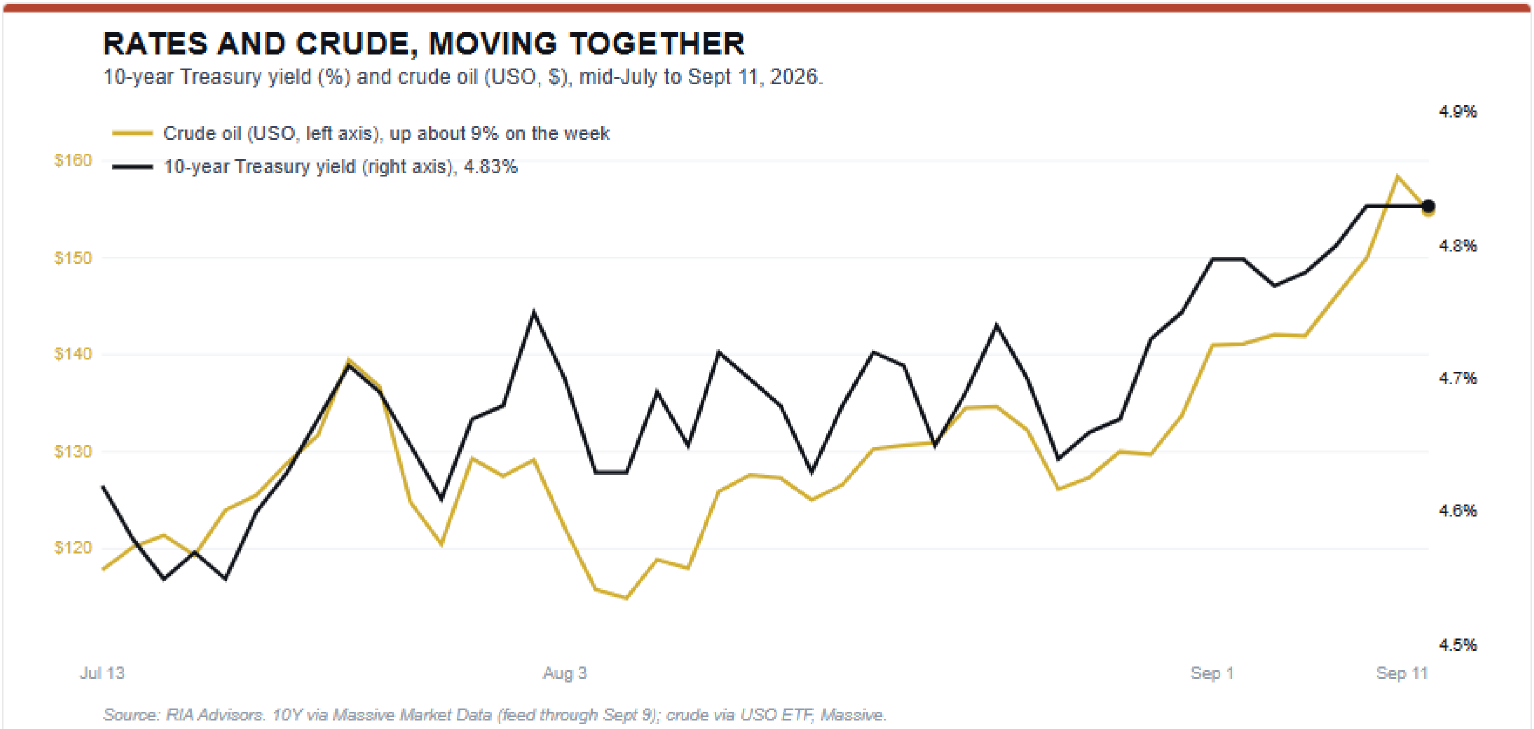
September, so far, is living up to its reputation. The market slipped to the 50-day moving average, with the tape taking orders from crude oil. For the week, crude rose about 9% over four sessions, which pulled the 10-year Treasury yield higher right along with it, closing just under 5%. The corners of the market that hate higher rates slid while the S&P 500 dipped 0.68% to close the week at 7,666. However, that rather lackluster headline conveniently hides the real story beneath it.

Take a look at the spread between markets. Small caps fell 2.38% while the Dow dropped 1.51%. The equal-weight S&P index gave up 1.87% while the cap-weighted index, by contrast, lost less than a point. The Nasdaq-100 barely budged, declining just 0.52%. **When the average stock falls three times as hard as the index, leadership is narrowing, not broadening.** As we have flagged in recent notes on the *AI complex*, a market carried by a handful of names runs with a thin margin for error.

Of course, the big news this week was the inflation data, which gave the bond market the excuse it needed. Headline CPI ran at 3.4% over the past year, and remains sticky, while core CPI remained at 2.4%, just above the Fed's target.

On the producer price side, inflation told a louder story, with PPI jumping 0.4% on the month and the annual rate accelerating to 5.4% from 4.8%. However, that number, while higher than expected, will be revised lower with the benchmark revisions at the end of the month.

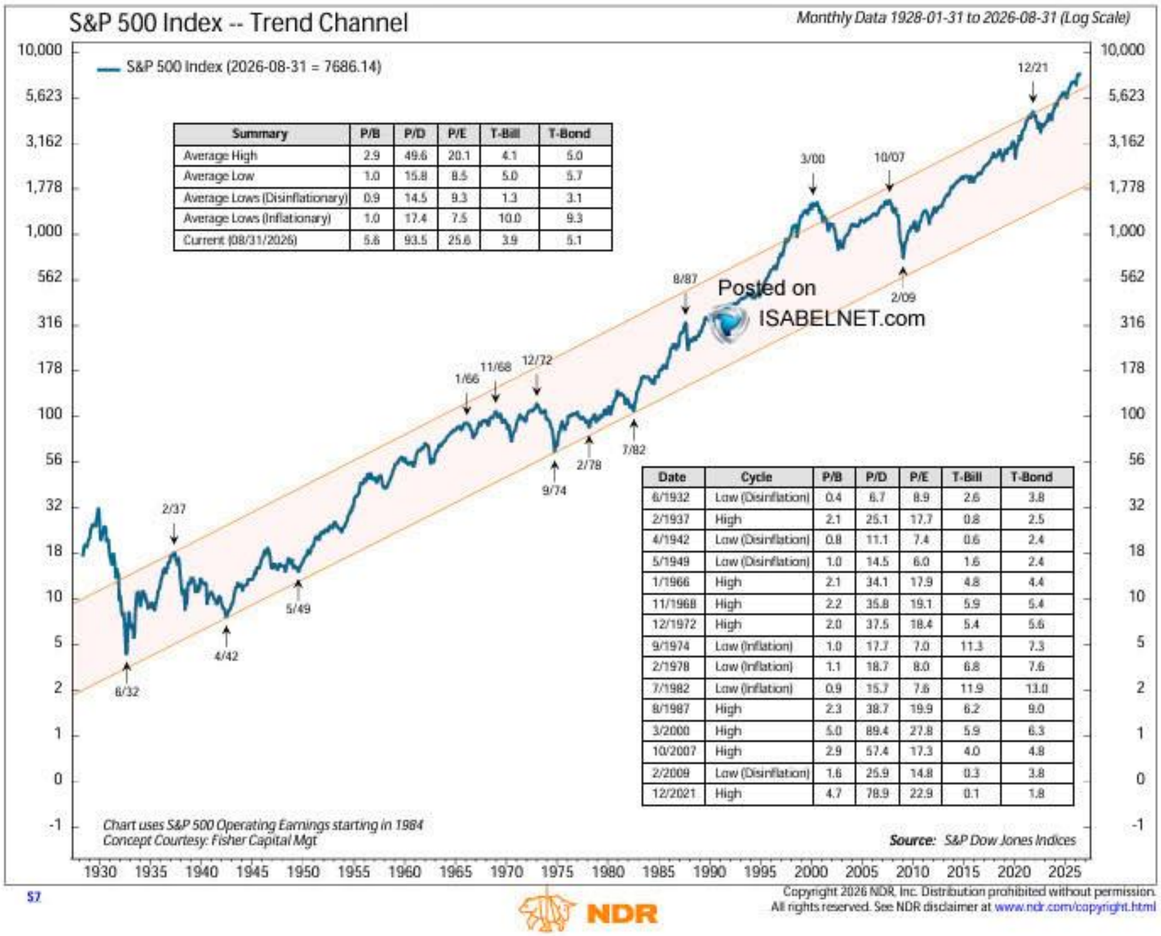
Overall, it was goods pricing that did the damage, which rose 1.1%, with diesel alone leaping 24%. Even core producer prices printed at 4.6%. However, while the bond market was jolted, the reality is that this was an oil shock rather than a sign of an overheating economy. The former doesn't justify a Fed rate hike; the latter would. Neither report was a disaster, but neither one gives the Fed a clean reason to hike rates.



10-year Treasury yield and crude oil (USO) since mid-July. The two have climbed together into September, with crude up about 9% on the week. Source: RIA Advisors. Data via Massive Market Data (10Y through Sept 9).

💰 This Time Is Different?

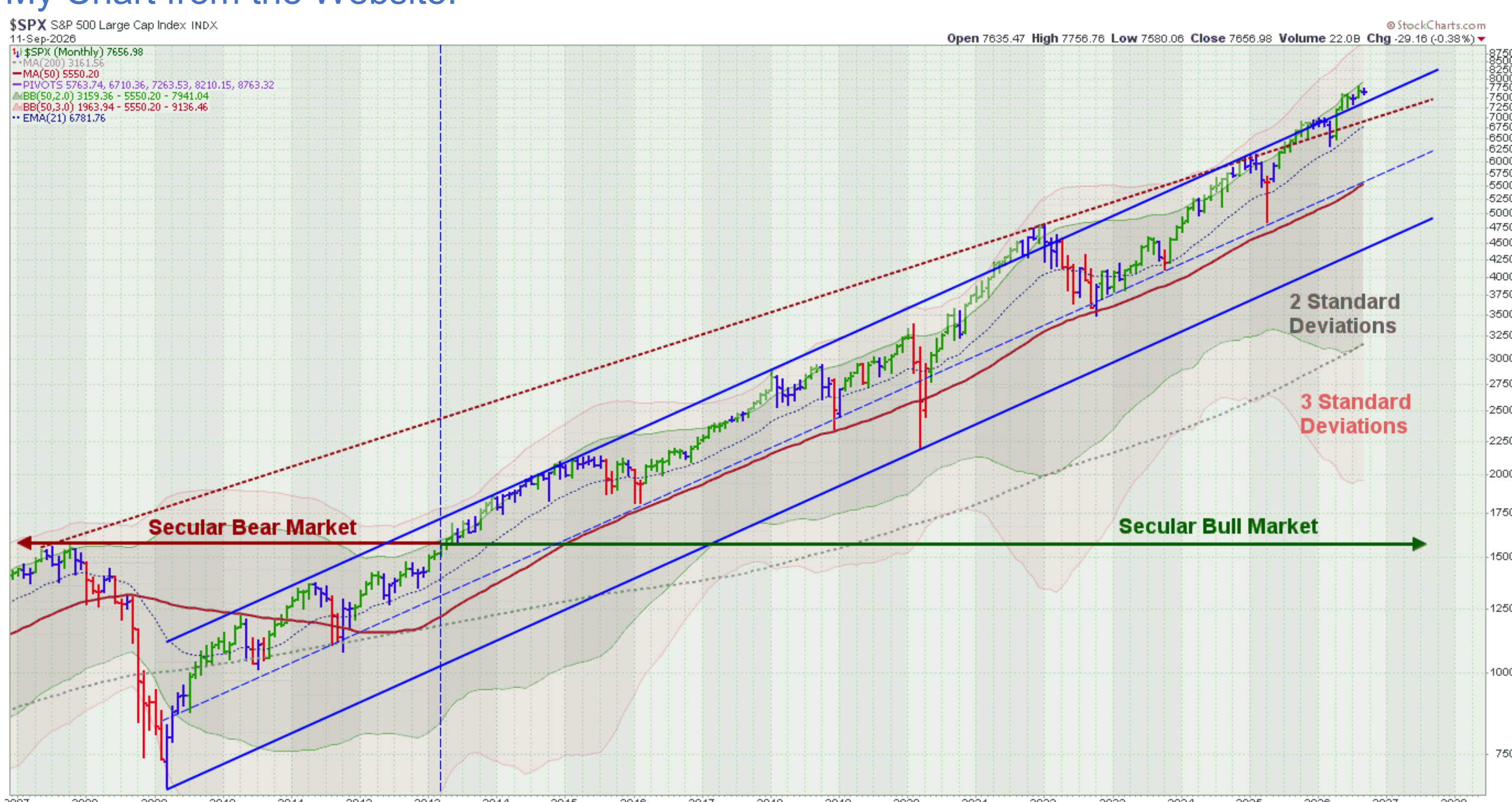
For every secular bull market, there is an eventual secular bear market. The next leg of the *full-market cycle* inevitably begins where everyone believes *"this time is different."* There were two important charts this past week that should at least lend a momentary pause. The first was from Ned Davis Research, showing the market (on a log scale) is now trading above the upper limit of its long-term trend. The previous extreme was in early 2000, for reference.



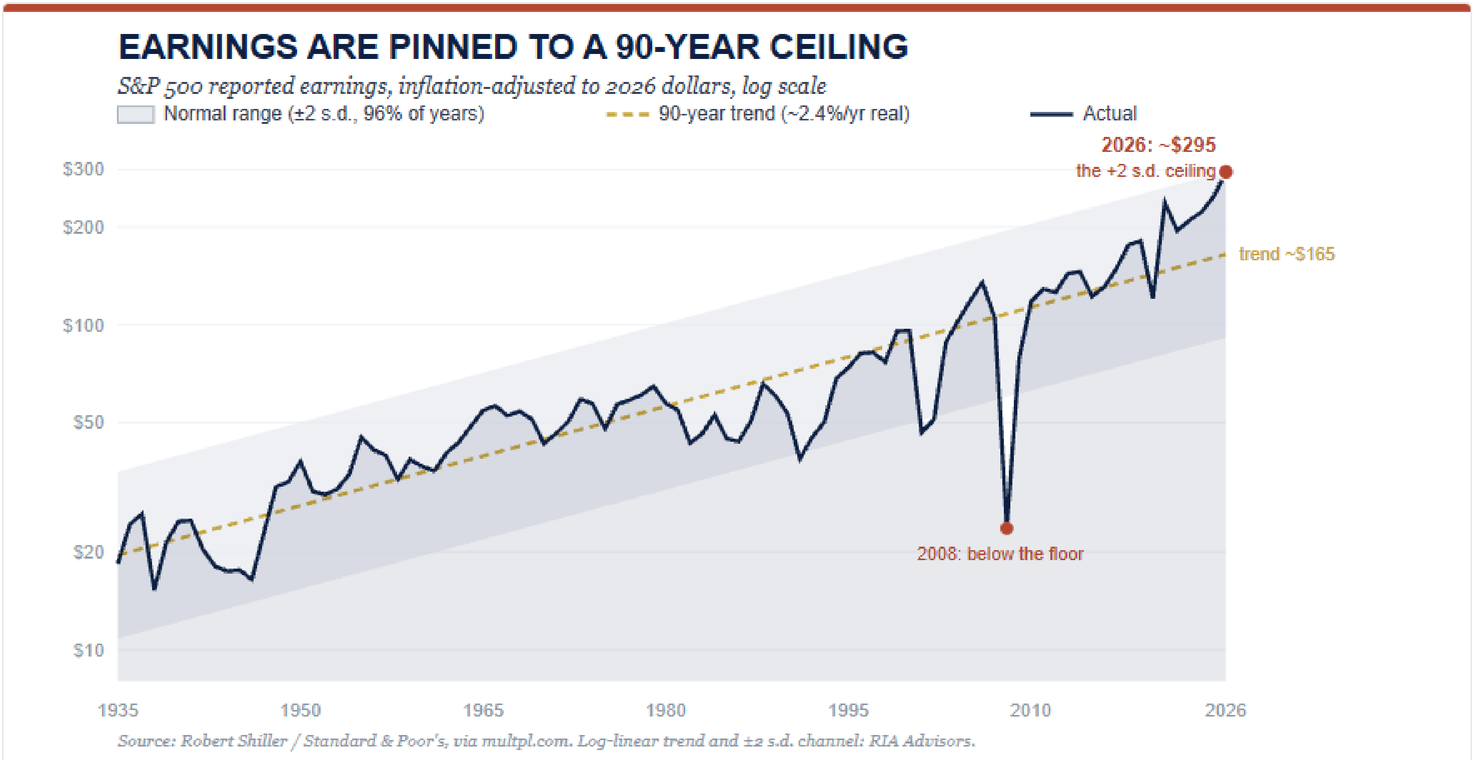
Summary	P/B	P/D	P/E	T-Bill	T-Bond
Average High	2.9	49.6	20.1	4.1	5.0
Average Low	1.0	15.8	8.5	5.0	5.7
Average Lows (Disinflationary)	0.9	14.5	9.3	1.3	3.1
Average Lows (Inflationary)	1.0	17.4	7.5	10.0	9.3
Current (08/31/2026)	5.6	93.5	25.6	3.9	5.1

Date	Cycle	P/B	P/D	P/E	T-Bill	T-Bond
6/1932	Low (Disinflation)	0.4	6.7	8.9	2.6	3.8
2/1937	High	2.1	25.1	17.7	0.8	2.5
4/1942	Low (Disinflation)	0.8	11.1	7.4	0.6	2.4
5/1949	Low (Disinflation)	1.0	14.5	6.0	1.6	2.4
1/1966	High	2.1	34.1	17.9	4.8	4.4
11/1968	High	2.2	35.8	19.1	5.9	5.4
12/1972	High	2.0	37.5	18.4	5.4	5.6
9/1974	Low (Inflation)	1.0	17.7	7.0	11.3	7.3
2/1978	Low (Inflation)	1.1	18.7	8.0	6.8	7.6
7/1982	Low (Inflation)	0.9	15.7	7.6	11.9	13.0
8/1987	High	2.3	38.7	19.9	6.2	9.0
3/2000	High	5.0	89.4	27.8	5.9	6.3
10/2007	High	2.9	57.4	17.3	4.0	4.8
2/2009	Low (Disinflation)	1.6	25.9	14.8	0.3	3.8
12/2021	High	4.7	78.9	22.9	0.1	1.8

My Chart from the Website:



Secondly, corporate earnings just broke above a trend that had contained them for more than 90 years.



S&P 500 reported earnings, adjusted for inflation and drawn on a log scale back to 1935. Earnings now sit at the very top of the ±2 standard-deviation channel that has held for ninety years, near $295 against a trend around $165. The 2008 collapse below the floor is the reversion risk in a single data point. Source: Robert Shiller / Standard & Poor's via multpl.com. Trend channel by RIA Advisors.

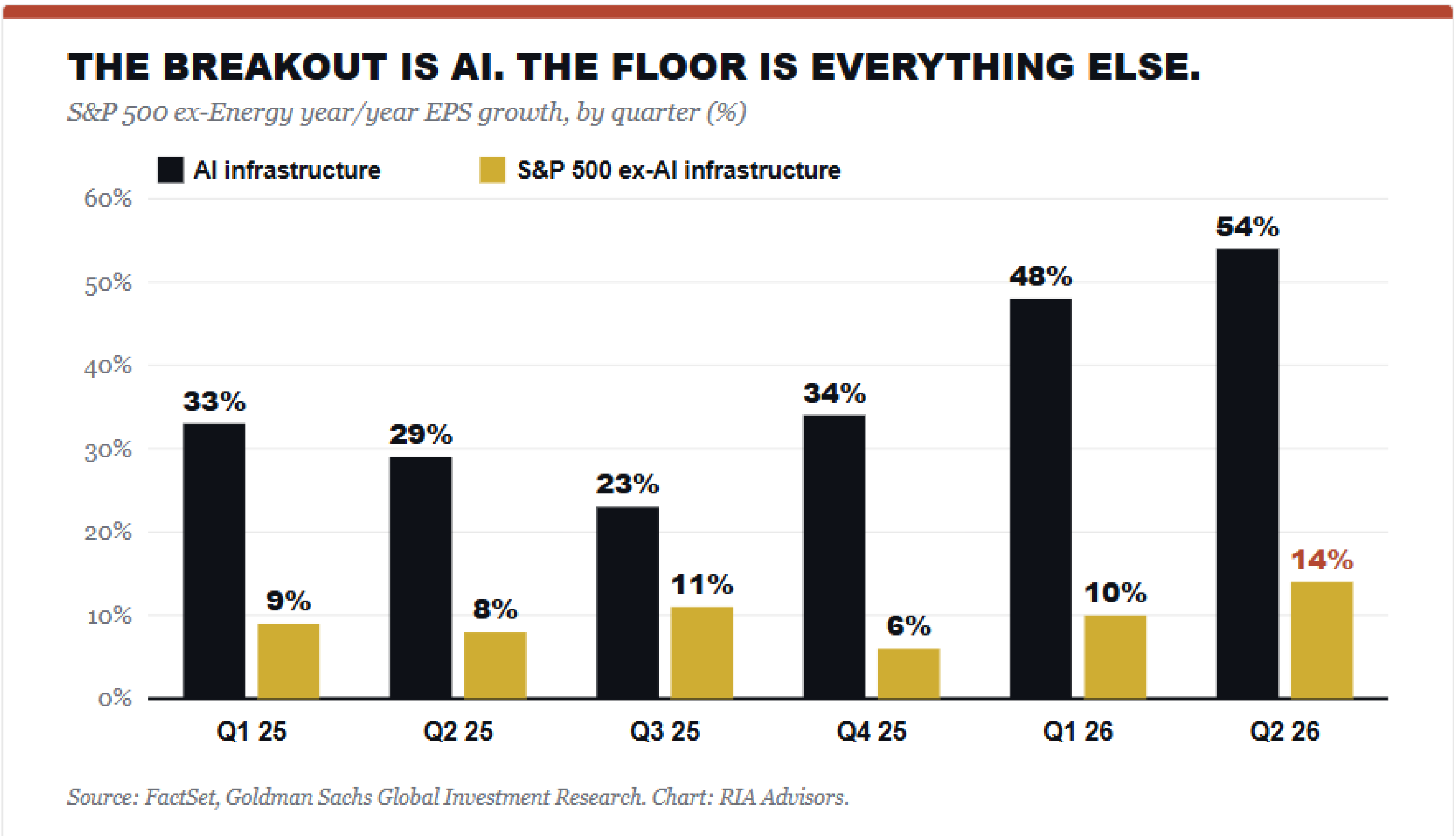
Currently, it is not surprising that, given the advancement of AI, surging earnings growth, and bullish markets, investors inevitably come to believe that *"this time is different."* The question we want to explore today is *"Is it really different this time,"* or just a normal secular cycle playing out in real time?

Earlier this month, I argued the *AI bears are right about the excess but may be wrong on the trade*. So let's put the bull case on trial and see what holds.

What's Actually Driving The Breakout

Let's start with the good news, because there is plenty of it. Second-quarter S&P 500 earnings grew roughly 31% year over year on an adjusted basis, well ahead of the 23% the Street had penciled in before the season. Bloomberg calls it the strongest non-recession-recovery profit growth in its data going back to 1992. AI infrastructure did most of the heavy lifting. By BlackRock's math, AI-related names drove close to 60% of the index's earnings growth, and three hyperscalers account for roughly 70% of what analysts expect for the full year.ar.

Yes, there are reasons to be skeptical of the earnings growth, such as one-time investment gains that are boosting the numbers. However, there is a part that the bears keep glossing over. The rest of the index is finally pulling its weight as well. When you strip out energy, and the AI build, and the other roughly 490 companies still grew earnings 14% in the second quarter, a number that would headline most years on its own. The "*broadening*" everyone keeps asking for is finally showing up in the profit data itself, not the hope column.



S&P 500 ex-Energy year/year EPS growth. AI infrastructure has led every quarter, but the rest of the index reaccelerated to 14% in Q2 2026. Source: FactSet, Goldman Sachs Global Investment Research.

This rally is earnings-led, not multiple-led, and that single fact is what separates it from 2000. Look at the revisions. Forward earnings estimates have climbed for most of the year, while the forward multiple has drifted lower. Price has been chasing profits, not the other way around. Hyperscaler capital spending is running north of $700 billion this year, up more than 80%, funded out of cash flow rather than junk debt. **Furthermore, the hyperscaler capex is REAL. The question was never whether the spending exists. The question is what you pay to own the earnings it produces.**

The Pain Trade Still Points Higher

However, the real risk to the bear case lies in the sentiment. You have a market compounding 30% earnings growth, and investors are positioned as if a recession just started. Sentiment across both the AAII survey and Goldman's own indicator sits firmly bearish. Nasdaq-100 short interest is up 35% since June. A sharp third-quarter de-grossing has pushed fundamental long/short net leverage into the 6th percentile of the past year, gross tech exposure sits in the 43rd percentile, and roughly $163 billion in cash is parked on the sidelines waiting for a pullback that refuses to arrive.

Of course, the obvious is: *"If everyone is already bearish, isn't that itself the bullish tell?"* The answer to that is *"mostly, yes."* Strong earnings, light positioning, elevated shorts, and a mountain of idle cash are the exact ingredients of a *"pain trade"* that grinds higher and forces the underinvested to chase. Such is the setup that keeps me long into the highs even while I distrust them.

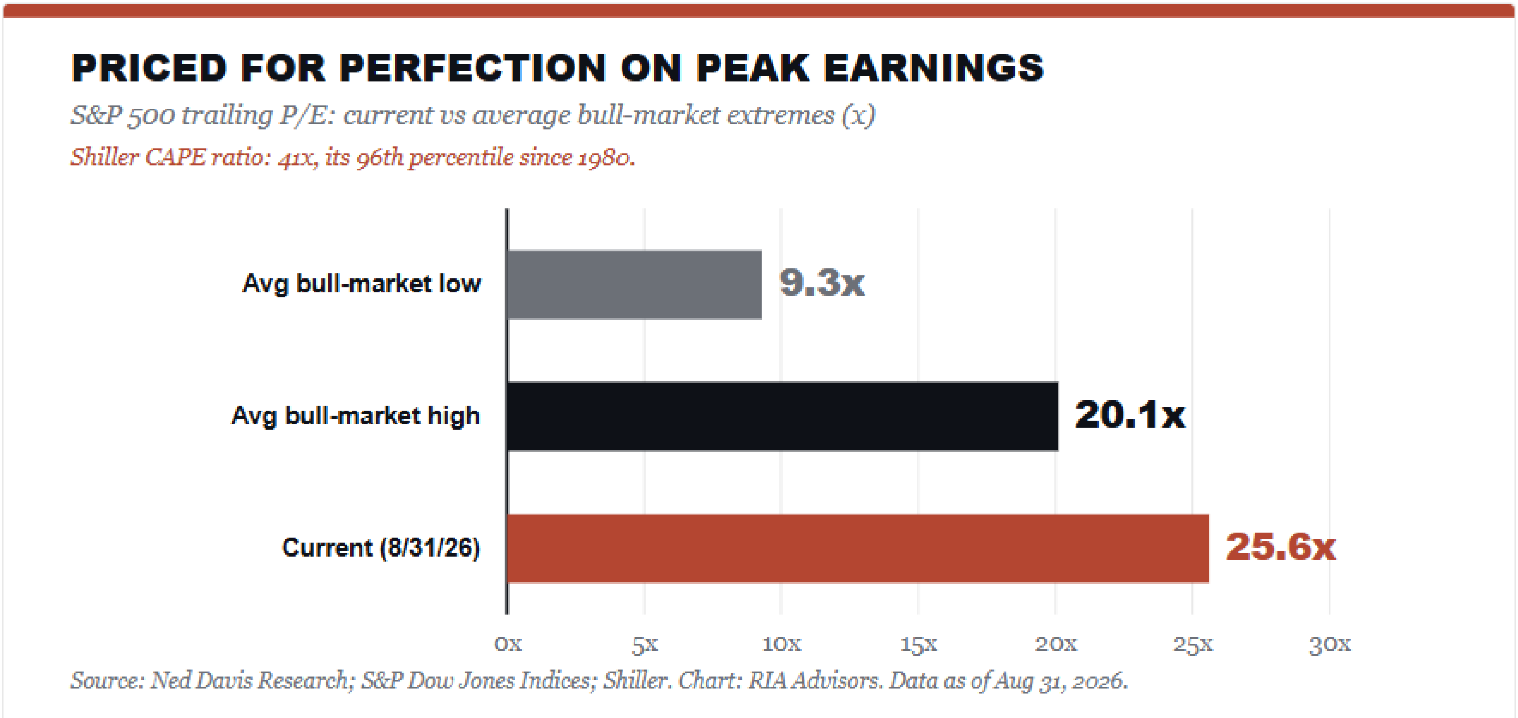
POSITIONING & SENTIMENT GAUGE	LATEST READING	WHAT IT TELLS US	DIR.
Q2 2026 S&P 500 EPS growth	~+31% y/y (adjusted)	Strongest non-recession-recovery quarter since 1992	▲
AAII & Goldman sentiment	Firmly bearish	Optimism is nowhere near the highs	▼
Nasdaq-100 shorts	+35% since June	Shorts pressing into rising prices	▲
US long/short net leverage	6th percentile (1yr)	Funds have de-grossed hard into Q3	▼
Gross exposure to US tech	43rd percentile	Room to add, not trim	—
Cash on the sidelines	~$163 billion	Dry powder waiting for a dip that hasn't come	▲
Single-stock short interest	15-year high	The most crowded short base since 2010	▲

Source: Goldman Sachs sales & prime desk (via @themarketear); AAII; Barchart. Compiled by RIA Advisors.

A good example is that single-stock short interest just hit its highest level in more than fifteen years. **Every one of those shorts is a future buyer the moment the tape refuses to break.** That's fuel, not a warning, at least for now. The warning is in the next section.

The Asterisk On "This Time Is Different"

Here's the problem with the clean bull story. The multiple only looks reasonable because it's sitting on peak earnings. The S&P trades near 25.6 times trailing profits. That runs above the long-run average, and it runs above the typical reading at prior bull-market peaks. The Shiller CAPE just hit 41, its 96th percentile since 1980, a zone AQR ties to something like 3.9% annual returns over the next decade.



The forward multiple compressed this year, but the absolute level still sits above the average bull-market peak, and it rests on record earnings. Source: Ned Davis Research; S&P Dow Jones Indices; Shiller.

While there is a lot of focus on the market price, the risk was never really the ***"P."*** It's the ***"E."*** When earnings break above a trend that held for ninety years, they are, by definition, above trend. **And above-trend things are the things that mean-revert.** A *"reasonable"* forward multiple computed on earnings that later prove to be a cycle peak is one of the oldest traps in the book. Such is the quiet danger in every "this time is different" market: the story is usually true right up until the math stops cooperating.

> *"The debate will rage on as to whether this is a sustainable new plateau or an artificial period of AI-related elevated earnings."*
>
> **— Deutsche Bank Asset Allocation, on the S&P 500 breaking a 90-year earnings trend**

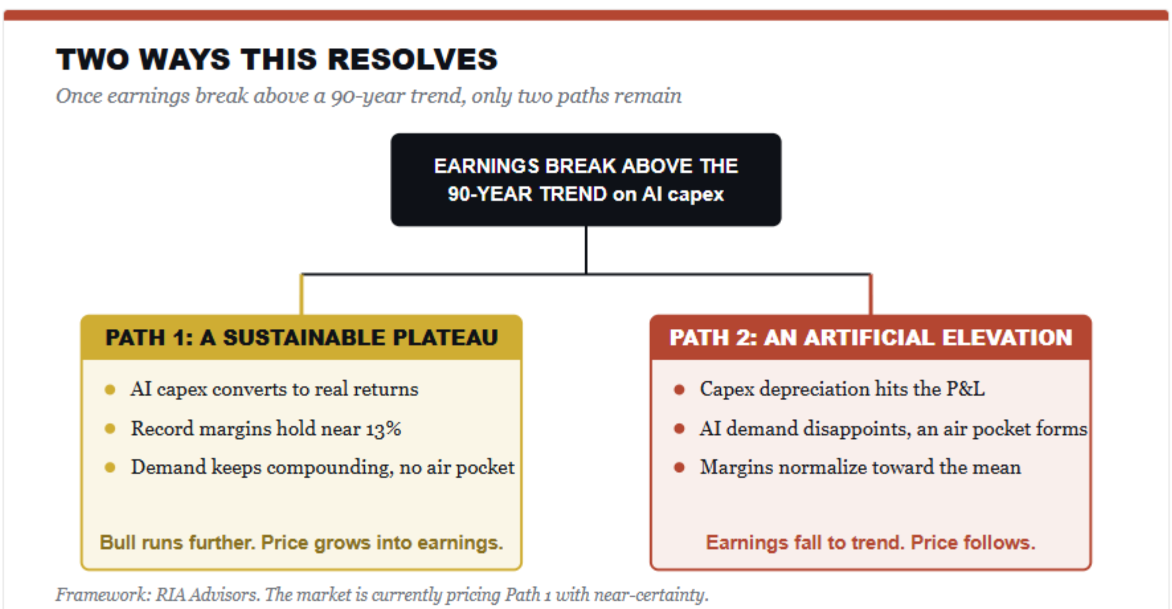
How These Breakouts Usually End

As we have discussed previously, *Bob Farrell's Rule #4* has aged well for a reason. *"Exponential moves,"* he wrote, *"usually go further than you think, but they do not correct by going sideways."* That's the uncomfortable geometry of a breakout above a nine-decade trend. It can extend beyond the skeptics' ability to stay solvent, and it can still end with a snap rather than a slow drift back. **Both things are true at once.**

So, in my view, there are only two ways this will eventually resolve, and the market is currently pricing the first option with near 100% certainty.

1. *Either AI capital spending converts into durable returns and record margins hold, in which case earnings grow into the price, and the bull runs on. Or,*
2. *Capex depreciation starts hitting the income statement, AI demand hits an air pocket, margins normalize, and profits fall back toward the trend they just escaped.*

Here is the most important point. Whatever event causes the *"E"* to revert towards its long-term mean, the *"P"* will be repriced lower. I laid out the arithmetic of that second path in *Why Crashes, Timing and Valuations Still Matter*, and the math is unforgiving.



The bull case needs Path 1. History, and the long-term trend channels flagged by Deutsche Bank and Ned Davis Research, warns that Path 2 has the longer track record. Framework: RIA Advisors.

Nothing about a valid breakout tells you which path you're on until you're well down it. That's precisely why you don't have to pick. You participate in the move while it runs, and you pre-commit to the exit before it ends.

Good Luck Trading…

Per Redfin, home sellers outnumbered buyers in August by a whopping 58%...biggest gap on record and up from 52% a month earlier

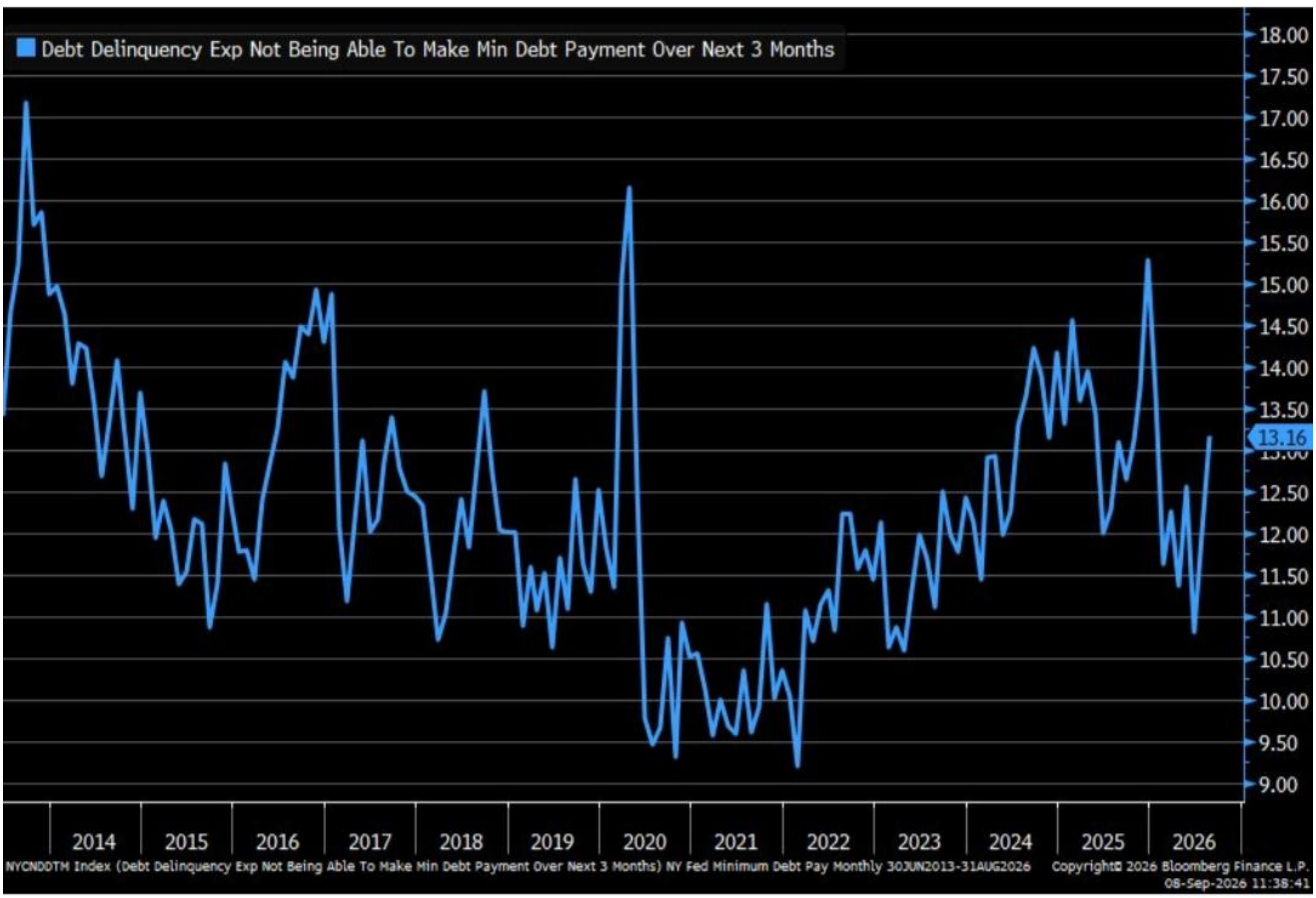
Months' supply of existing homes hit 4.9 in August, highest level in over a decade…not exactly a shock with mortgage rates approaching 7%

Global food prices, as tracked by the FAO (Food & Agriculture Organization) Price Index, rose in August to their highest level since November 2022 but remain below March 2022's historic peak...increases were across all commodity groups and driven by severe weather combined with war-related supply disruptions

Expectations for general business conditions worsened in August and was the largest contributor to the decline in overall small business optimism

National Federation of Independent Business (NFIB)

Notable rise (up >2 percentage points since June) in share of consumers expecting not being able to make minimum debt payments over next three months according to latest Federal Reserve Bank of New York survey

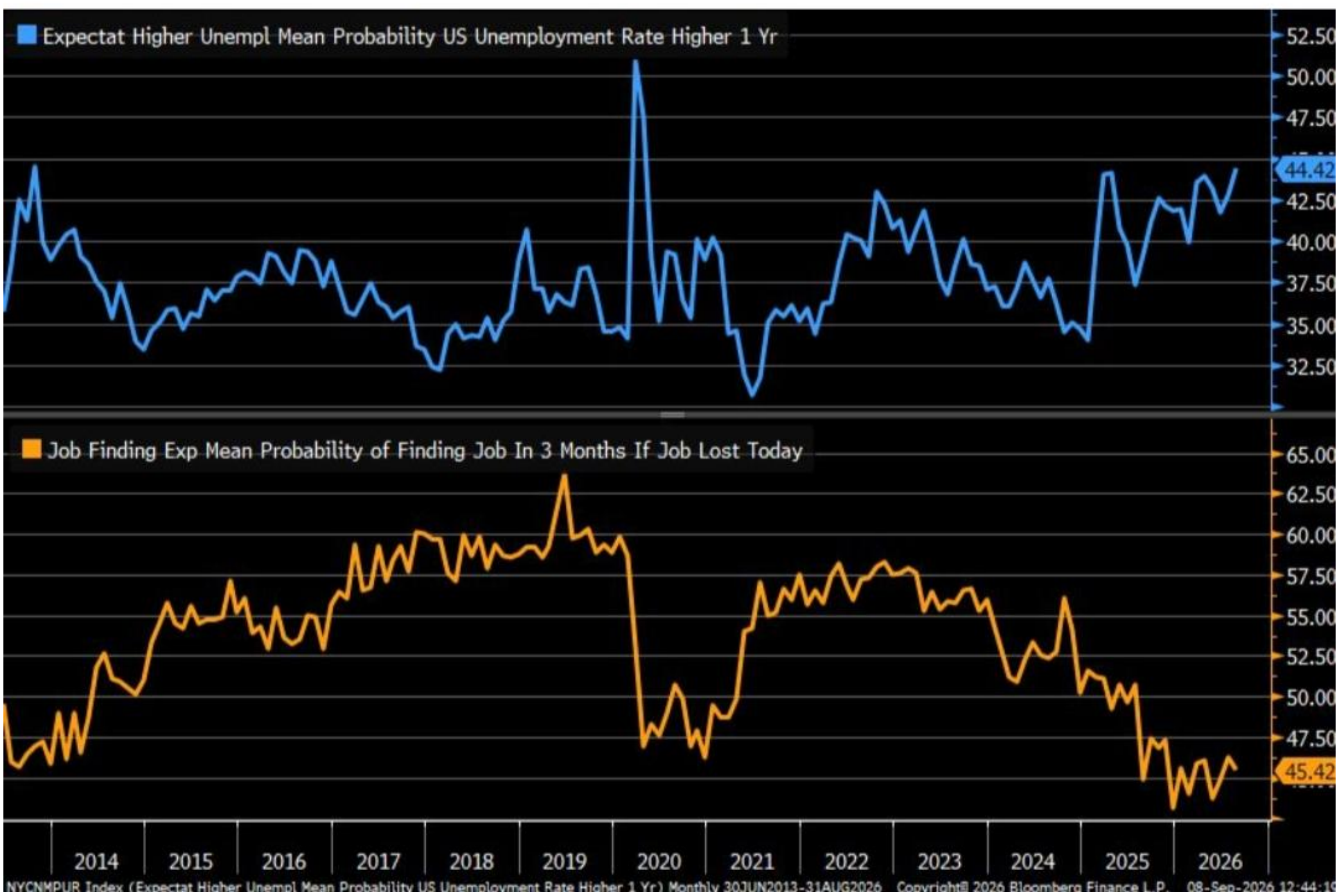


Following its pullback from the July peak of +11.5%, Johnson Redbook Index (proxy for consumer spending) continues to recover and now sits at +9.6%

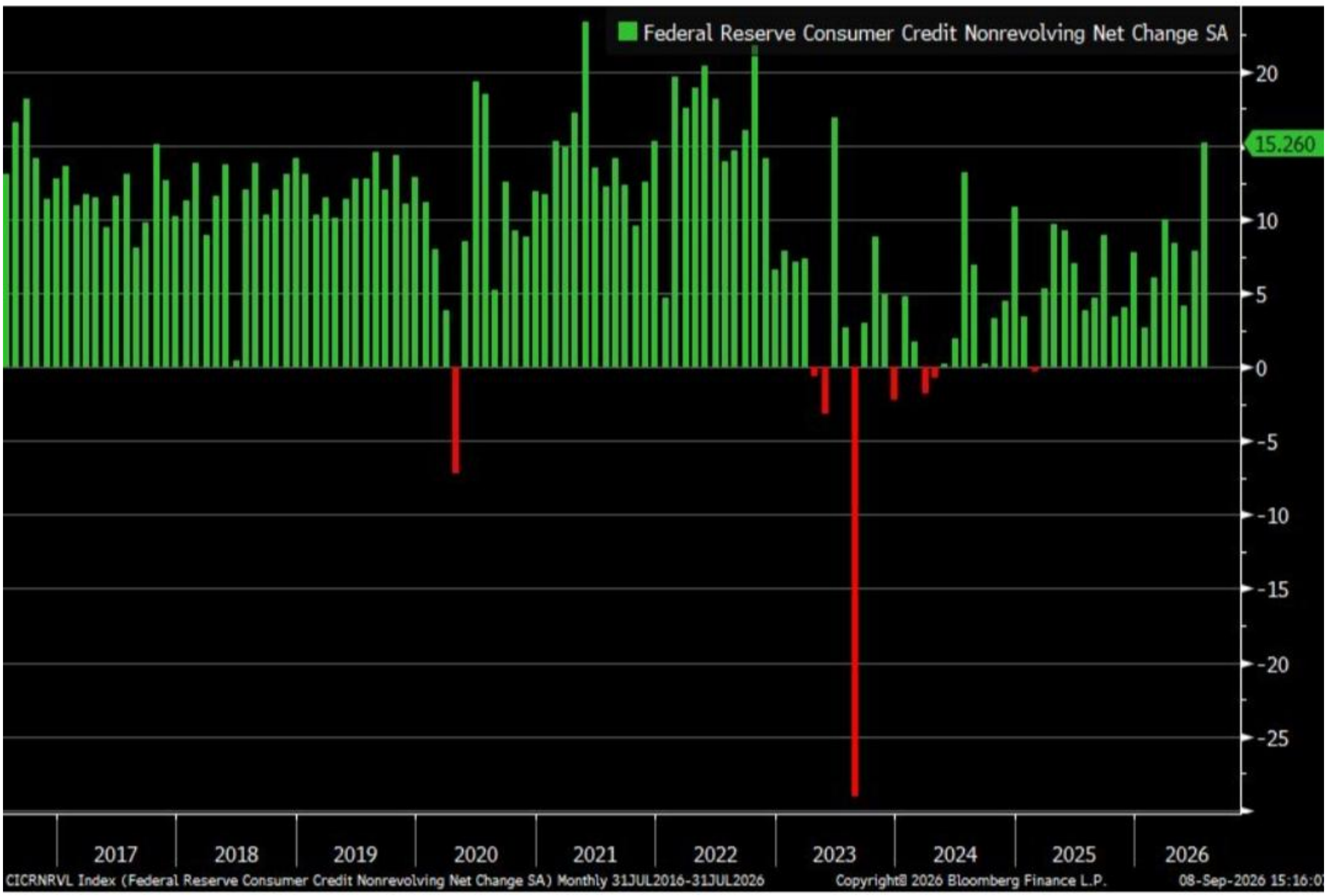
Total light vehicle sales jumped to 16.76M in August vs.16.33M prior…continued strength in sales points to solid household demand and is a positive sign for consumer spending

Mortgage Bankers Association 30-year fixed rate for week ended Sept. 4 rose to 6.85%, highest since June 2025 and up 36bps from a year earlier...MBA refinance index (measures loan apps) dropped 6.2% and sits at its lowest level since May 2025

Federal Reserve Bank of New York August SCE (Survey of Consumer Expectations) underscores consumer pessimism on the labor market…probability of higher unemployment a year from now at highest level since the pandemic, while confidence in finding a job if one's current job is lost remains below pandemic-era levels



Outstanding non-revolving consumer credit (think auto and student loans) jumped to $15.3B in August, its largest advance in three years



Energy prices (+4.2% m/m) accounted for much of the increase in August PPI #inflation, driven largely by a +24% m/m jump in diesel

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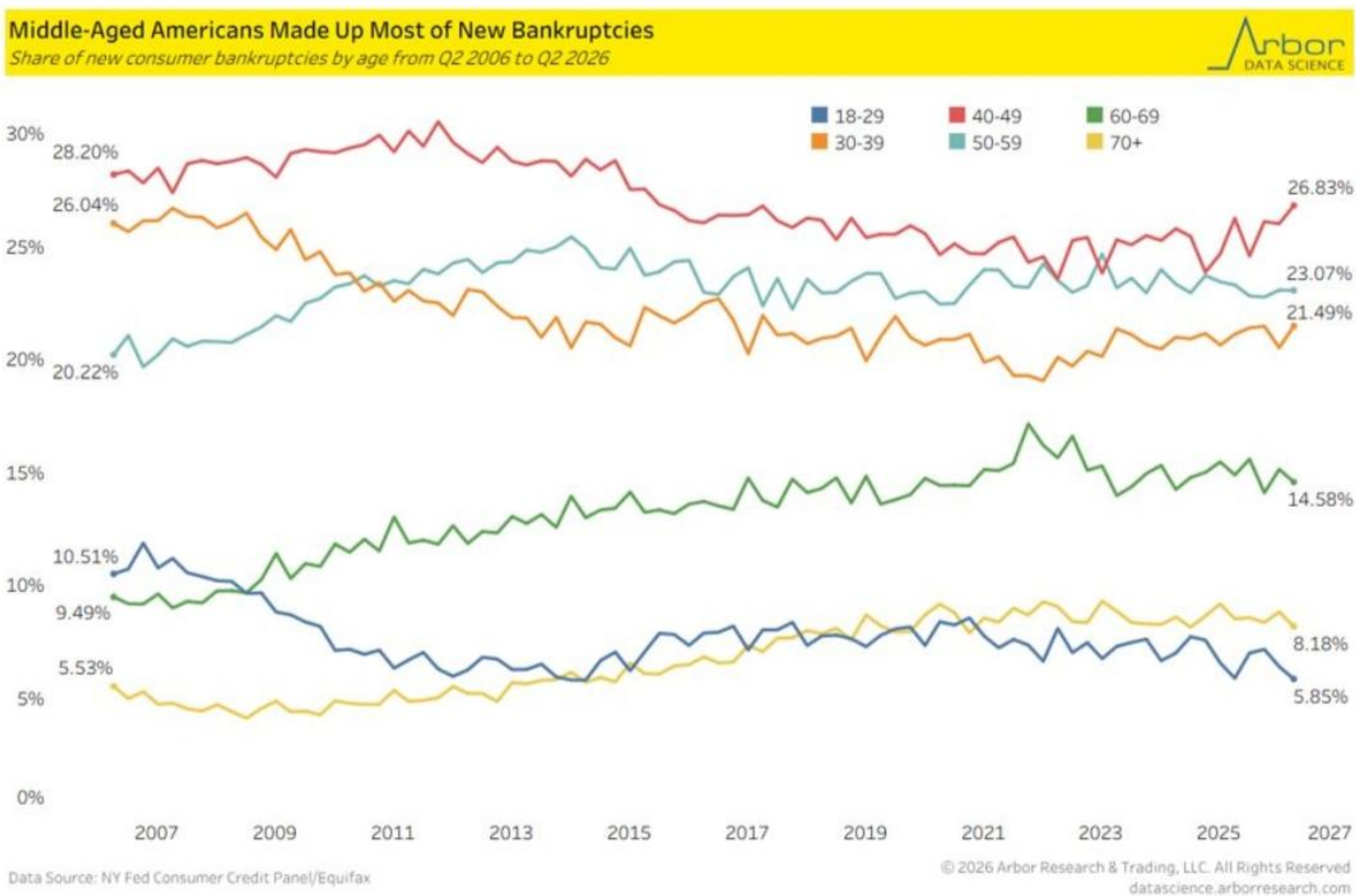
Of the 136,000 new consumer bankruptcies in 2Q26, more than a quarter (26.8%) were among 40-49 year olds, followed by 50-59 year olds (23.1%) Arbor Data Science



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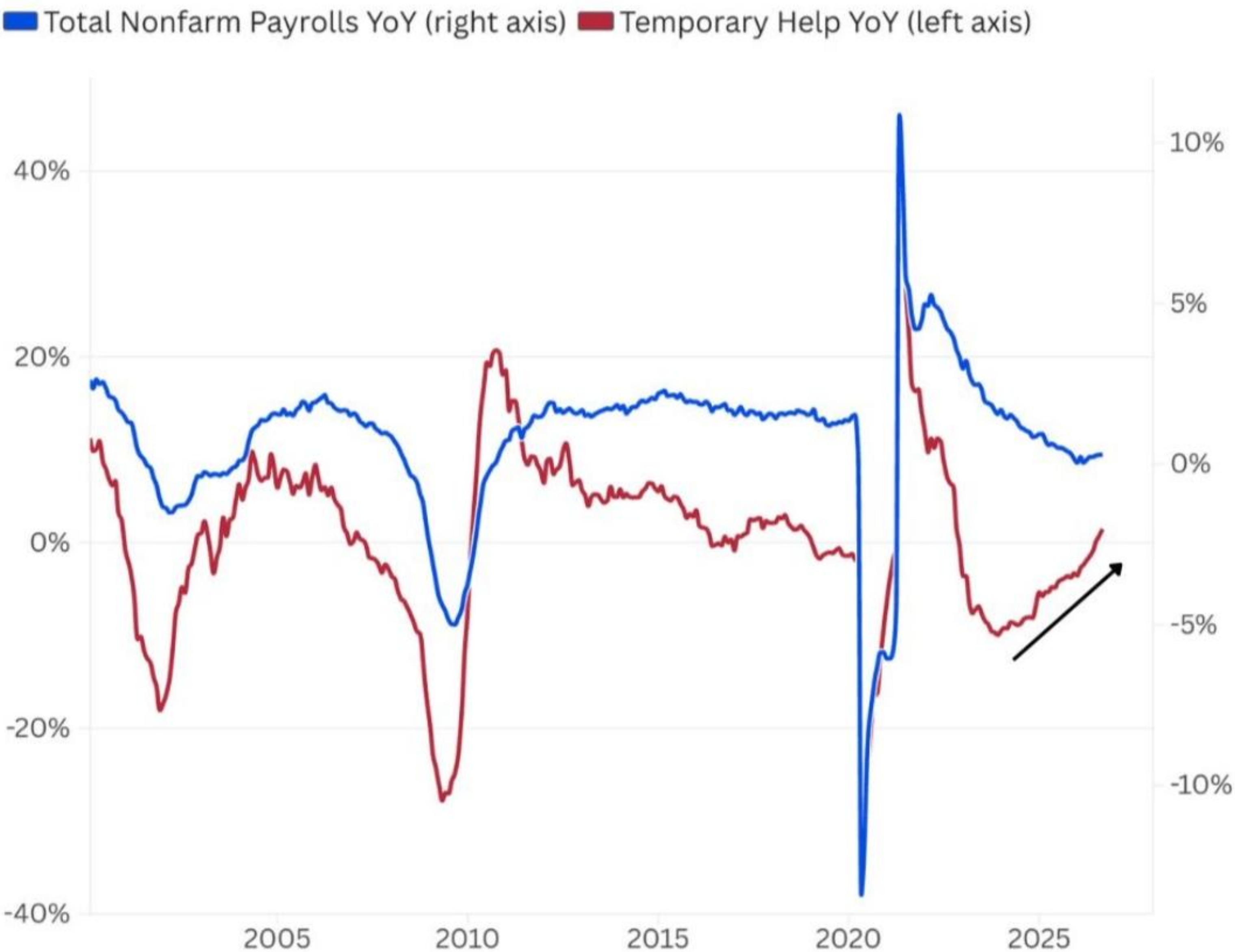
Temporary Help Turns Before Payrolls

Temp help YoY is positive for the first time since the pandemic, pointing to firmer payroll growth into Q4 2026



Source: Bloomberg, Arkevium Research

ARKEVIUM

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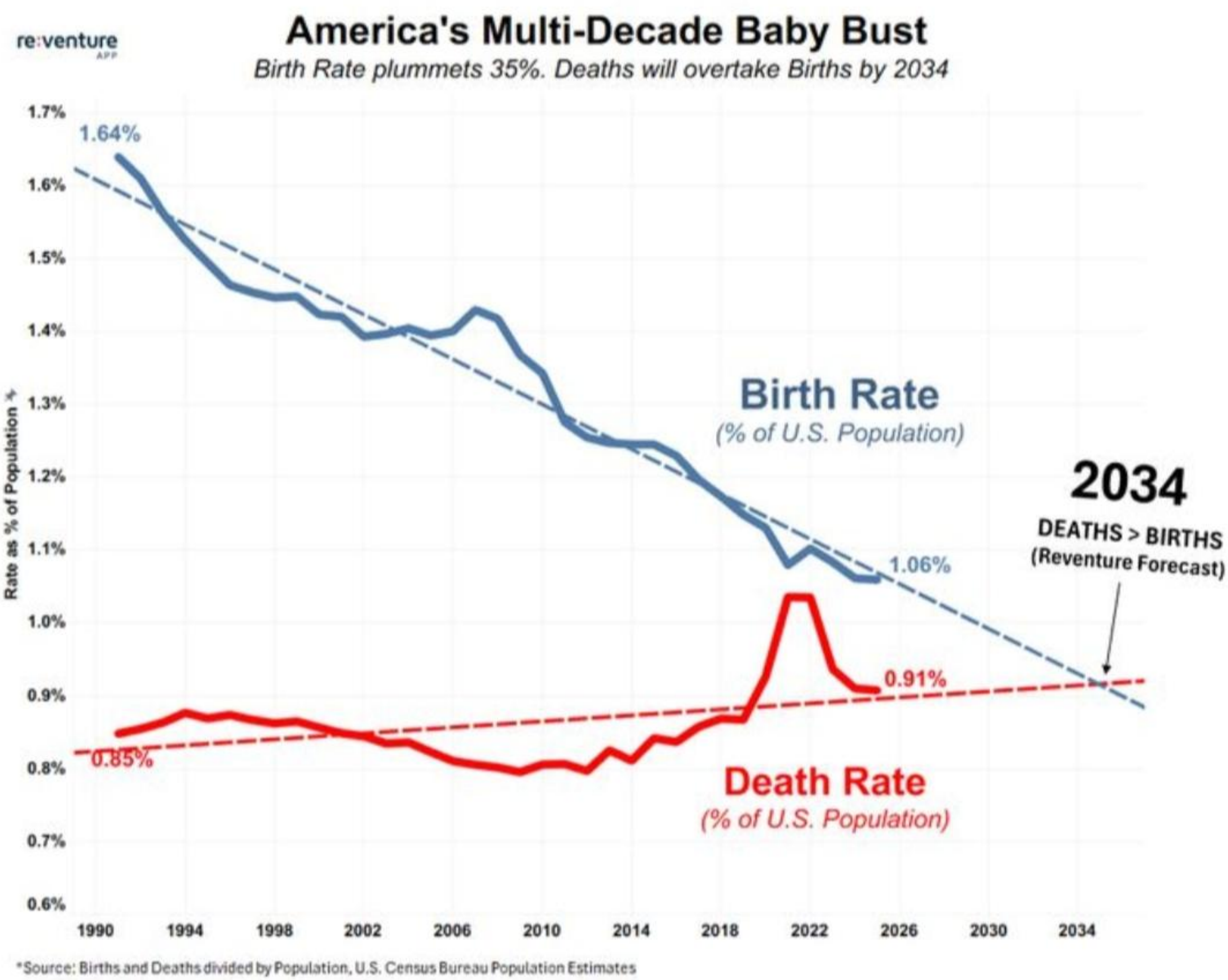

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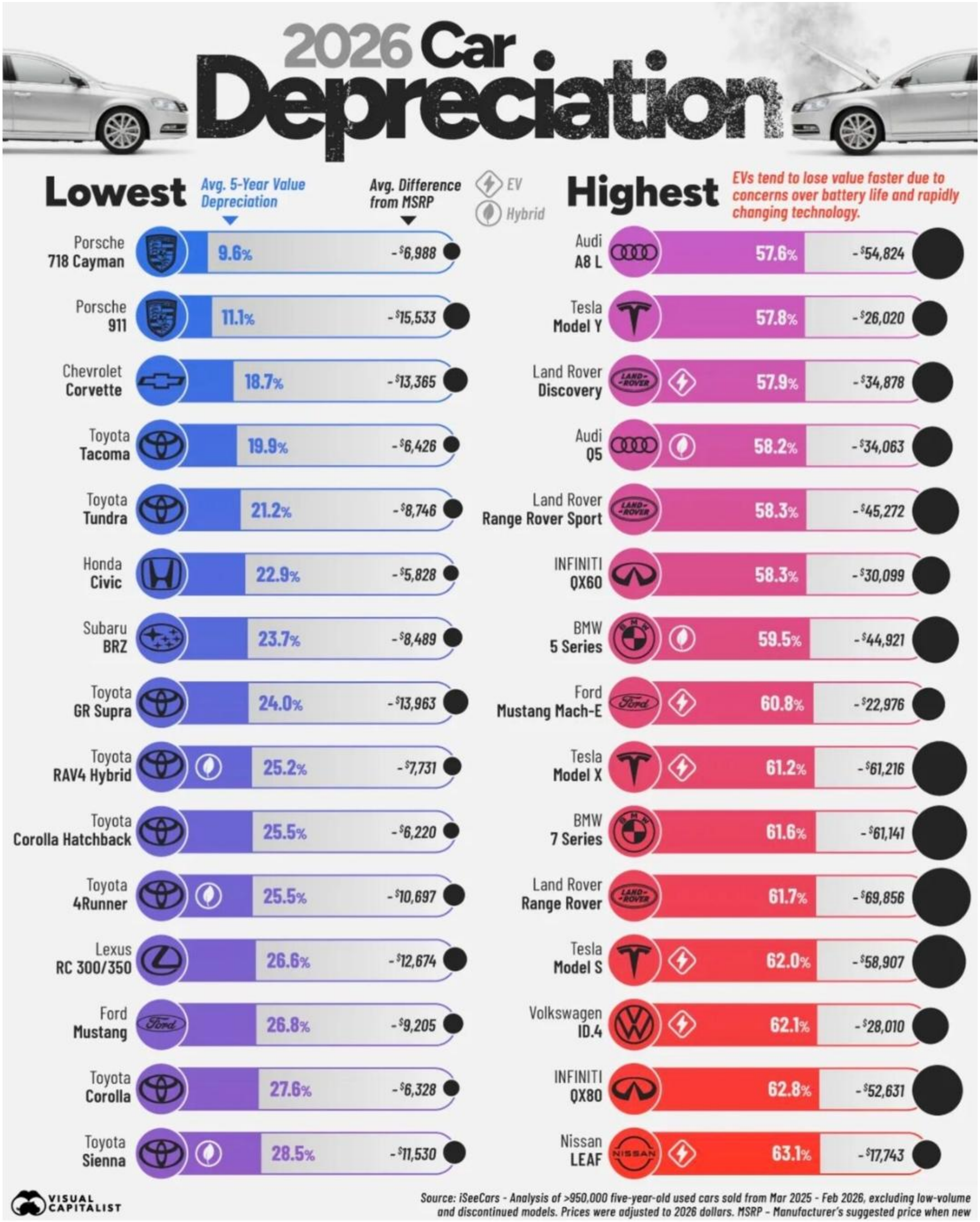

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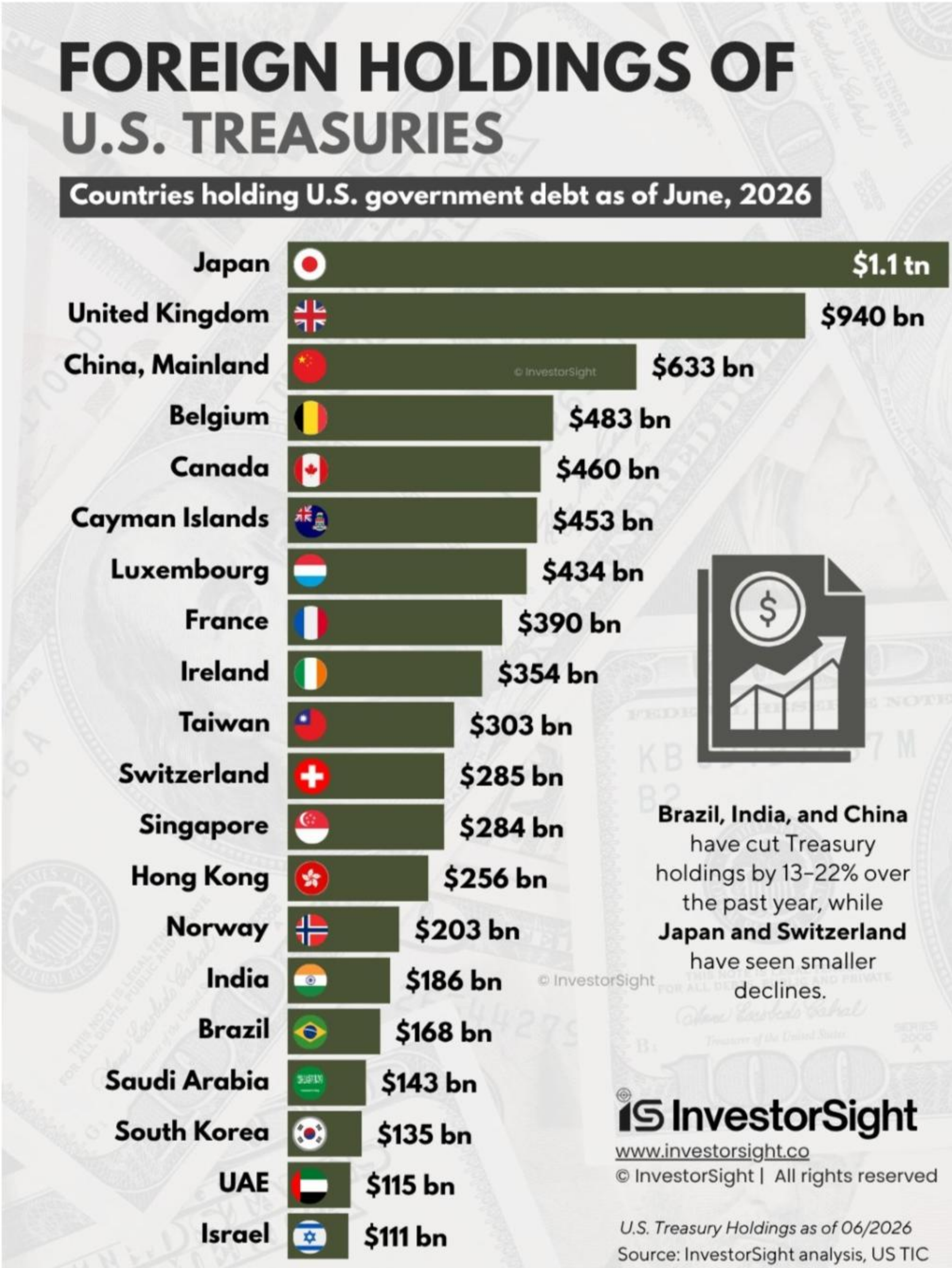

RankingRoyals

BIGGEST ECONOMIES

GDP 2026

United States	$32.38T
China	$20.85T
Germany	$5.45T
Japan	$4.37T
United Kingdom	$4.26T
India	$4.15T
France	$3.60T
Italy	$2.74T
Russia	$2.66T
Brazil	$2.64T
Canada	$2.51T
Australia	$2.12T
Mexico	$2.12T
Spain	$2.09T
South Korea	$1.93T
Türkiye	$1.64T
Indonesia	$1.54T
Netherlands	$1.45T
Saudi Arabia	$1.39T
Switzerland	$1.15T

GDP 2030

United States	$37.68T
China	$26.05T
Germany	$6.18T
India	$6.17T
United Kingdom	$5.15T
Japan	$5.00T
France	$4.00T
Brazil	$3.20T
Italy	$3.05T
Canada	$3.01T
Russia	$2.59T
Mexico	$2.55T
Australia	$2.48T
Spain	$2.47T
South Korea	$2.27T
Indonesia	$2.08T
Türkiye	$1.93T
Netherlands	$1.66T
Saudi Arabia	$1.65T
Poland	$1.39T

Source: IMF World Economic Outlook

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How English can get you killed.
CROCODILES
DO NOT SWIM HERE

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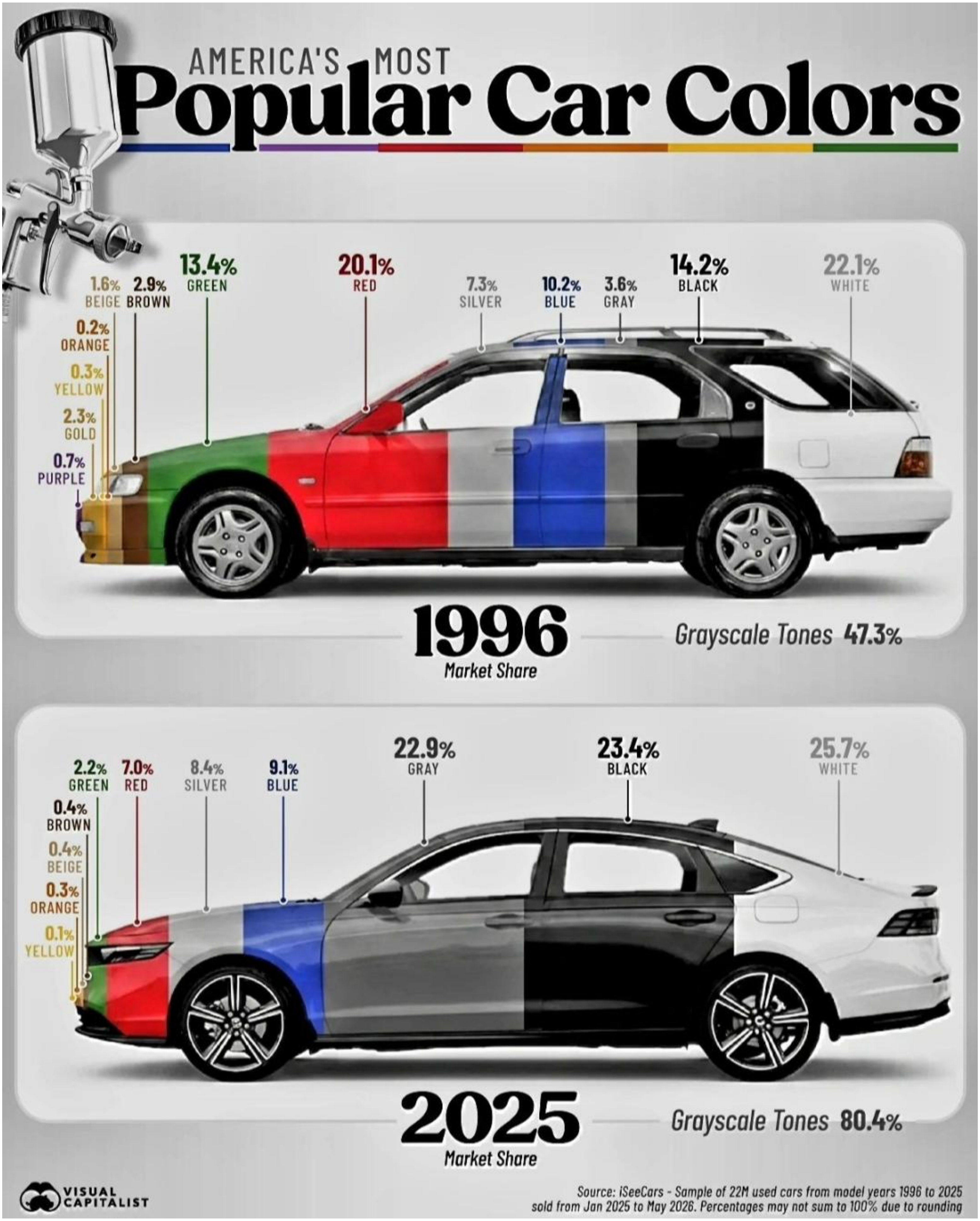

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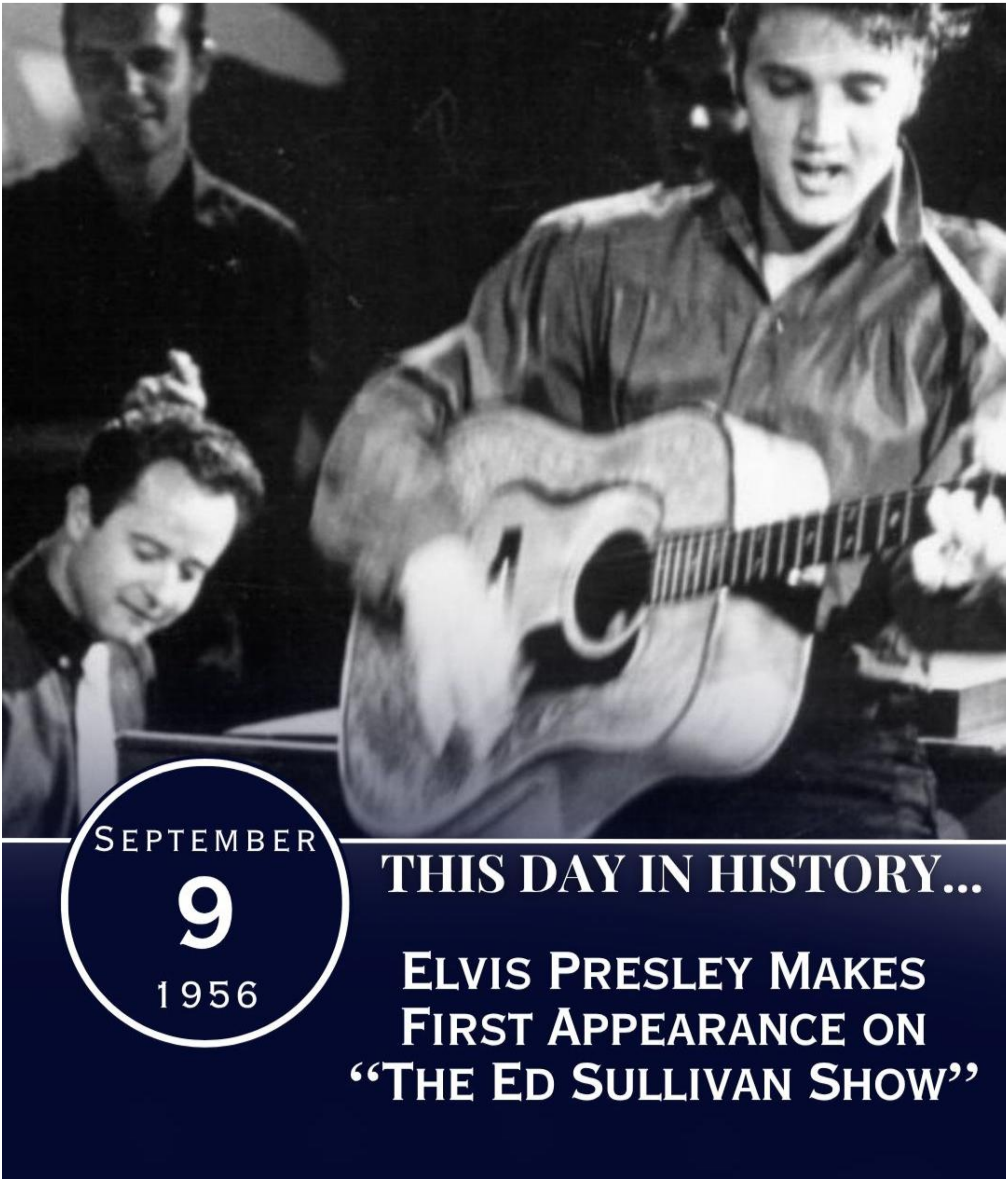

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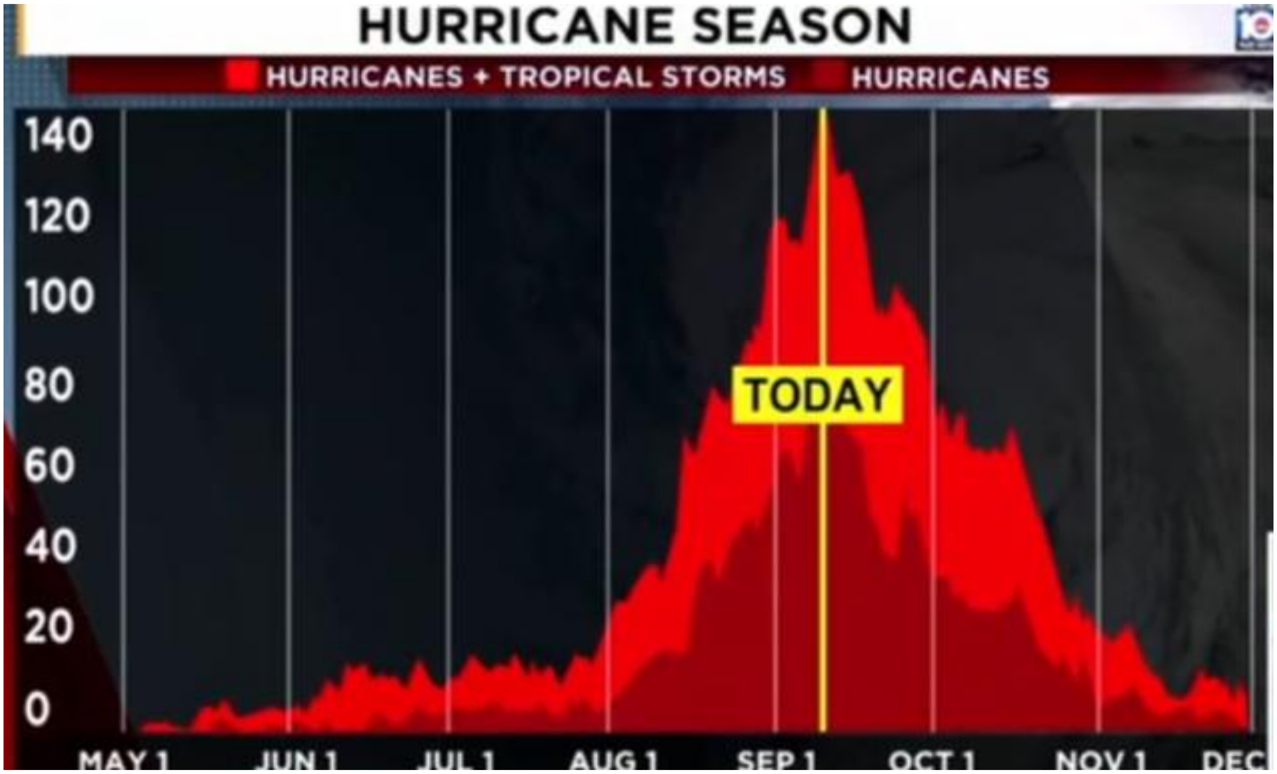

Zero debt.

7-8 hours of sleep per night.

Low body fat percentage.

Nutrition is perfect.

Mental health on track.

Zero alcohol and extremely hydrated.

This was my peak. I was 8 years old.