# ON THE EDGE – SEPTEMBER 2026

## Market Review

The major averages posted solid gains in August as they navigated ever-changing yields and headline risks associated with the war in the Middle East. The bulls charged out the gate as oil prices and yields retreated after President Trump initially called off additional attacks on Iran. Investors piled back into AI related and mega-cap technology stocks, sending the major averages on a four-day run of gains, that culminated with the DJIA, S&P 500, NYSE and small-cap Russell 2000 reaching new highs. The Philadelphia Semiconductor Index (SOX) surged 6.5% during the first week, while the Technology (XLK) sector broke above key resistance at its 50-day moving average. Furthermore, a weak jobs report pulled yields lower and gave the Federal Reserve more wiggle room to hold rates steady at the next FOMC meeting. However, the risk-on rally stalled mid-month as talks between the US and Iran failed to produce any positive developments, pushing oil prices higher and stocks lower. The Dow Jones moved lower on six of the next seven sessions. A tame July CPI came in as expected, rising 0.1%, while a lower-than-expected July PPI, was unchanged at +4.7 Y/Y, sparking a modest rally as both the S&P 500 and small cap Russell 2000 reached new all-time highs. The S&P 500 also briefly crossed above 7800 for the first time. Another tick higher in yields mid-month stalled the AI rally on concerns rising rates could slow spending. With dip buyers remaining on the sidelines, investors turned their attention to the July FOMC Meeting.

The Federal Reserve's decision to leave rates unchanged fueled concerns that the Fed could be behind the eight ball in fighting inflation, sending the DJIA down 1,153.18-points (-2.19%), its biggest one-day collapse since last April 2025 "Liberation Day" announcement, while the NASDAQ 100 slipped into correction territory. Despite a blowout earnings report from Nvidia (NVDA), the major averages finished the period mixed with hawkish comments from Fed Chair Kevin Warsh and mixed earnings from big box retailers feeding concerns about a weakening consumer. Rising tensions in the Middle East as the month ended added to the uncertainty with the 10-year yield reaching its highest level since January 2025 at 4.758%, while oil flirted with $90 a-barrel. Energy (XLE), Technology (XLK), Healthcare (XLV), and Materials (XLB) were the top-performing sectors, each gaining 4.4% or more during the period. Meanwhile, Utilities (XLU), Industrial (XLI) and Real Estate (XLRE) finished the month in negative territory.


For the month, the DJIA gained 1073.97 points (2.05%) and settled at 53559.00. The S&P 500 was higher by 196.42 points (2.62%) for the month, closing at 7686.14. The NASDAQ surged 997.04 points (3.93%) and finished at 26370.89. Finally, the small cap Russell 2000 edged up by 25.11 points (0.86%) and settled at 2956.45.

## Market Outlook

The technical condition of the market was little changed, with the technical indicators finishing the month mixed, but market under currents deteriorated. MACD, a short-term trend gauge, finished August in negative to neutral territory for the major averages, while Momentum, as measured by the 14-day RSI, wavered in bullish ground but was slowing. The VIX, however, fell into the 14's, a level last seen in early January, suggesting traders are not yet concerned with a deeper pullback. A look at the weekly charts, however, shows the longer-term outlook for the major averages remains bullish. The NASDAQ 100 gapped back above its 50-day MA the last week of the month, which was a positive development. It wasn't all constructive as the secondary indexes, which include the DJ Transportation Index, small cap Russell 2000 and Philadelphia Semiconductor Index (SOX) underperformed the broader market which shows negative divergence as all three traded below key moving average support levels. The Russell 2000 dipped below its 50-day MA, while the Transports and SOX both closed below their respective 50 and 100-day moving averages. This is a cautionary signal, and a warning that investors may want to be less aggressive over the near-term.

## Cyclical Trend Index (CTI): Positive

The CTI is Positive at +9, up twenty-four notches from the previous month. The counts for Cycles B, C and D are bullish while Cycles A and E are bearish. The CTI is projected to remain in a positive configuration into October.

| Cycle | Average # Of Weeks In The Cycle | # Of Weeks Since Previous Bottom | Bullish Or Bearish Connotation |
|---|---|---|---|
| A | 6 + or -1 Week | 4 Weeks | Bearish |
| B | 18 + or -2 Weeks | 4 Weeks | Bullish |
| C | 36 + or -4 Weeks | 4 Weeks | Bullish |
| D | 72 + or -7 Weeks | 4 Weeks | Bullish |
| E | 216 + or -20 Weeks | 202 Weeks | Bearish |

The following are projected CTI readings through the week ending 9/25/26.

| Week Ending | CTI | Connotation |
|---|---|---|
| 8/28/26 (Actual) | 9 | Bullish |
| 9/04/26 (Projected) | 9 | Bullish |
| 9/11/26 (Projected) | 7 | Bullish |
| 9/18/26 (Projected) | 7 | Bullish |
| 9/25/26 (Projected) | 7 | Bullish |

** The CTI is the total of the plus and minus values assigned to each cycle based on the number of weeks that have passed since their previous cyclical bottom. For a detailed explanation of the market timing models, click "Market Letter Help" at the top of the 'Market Letter.'

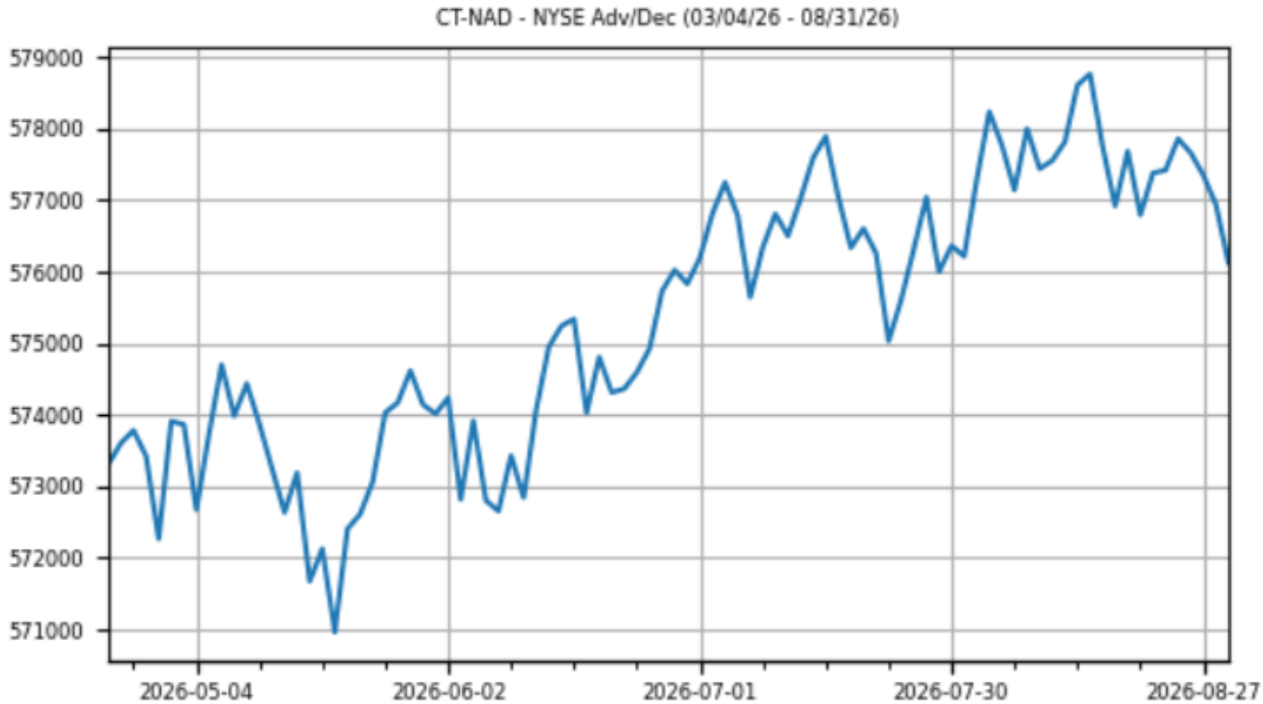
## Momentum Index: Negative

As of the close on 8/28/26, the Momentum Index is Negative at -6, up two notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes vs. the DJIA. Conversely, readings of -4 or lower are regarded as bearish. Below is a chart of the performance of seven of the major broad market indexes included in the Momentum Index vs. the DJIA since the last major cyclical highs.

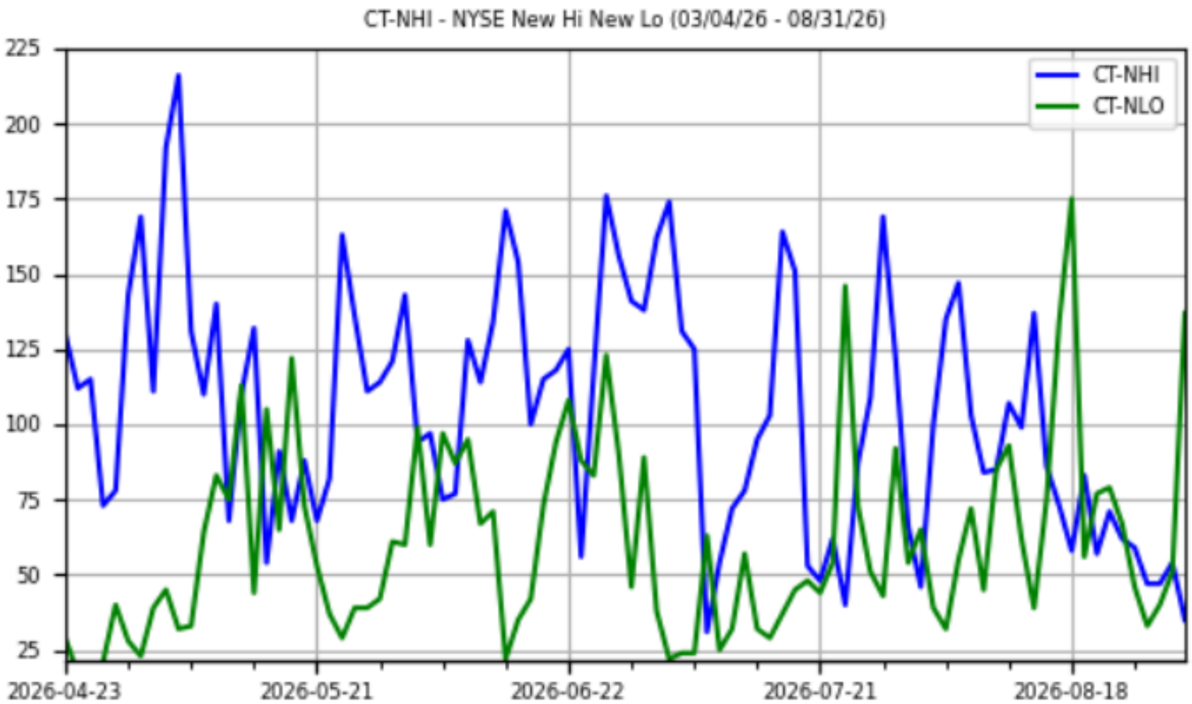
| Prev Lows | DJIA | DJTA | S&P 500 | NYSE | R-2000 | NASDAQ | UTIL | A/D LINE |
|---|---|---|---|---|---|---|---|---|
| July 2026 | 49363.88 | 20604.18 | 7266.99 | 22797.67 | 2747.07 | 2442.94 | 1100.70 | 579478 |
| 8/31/2026 | 53185.90 | 21302.01 | 7686.14 | 24461.95 | 2956.45 | 26370.89 | 1063.16 | 584333 |
| **%Change** | **7.7%** | **3.4%** | **5.8%** | **7.3%** | **7.6%** | **7.9%** | **-3.4%** | **0.8%** |

**Average % Change of the Broad Market Indices: +4.7%**

The broader market indexes are upon average +4.7% from their July 2026 closing lows vs. +7.7% gain for the DJIA resulting in a Negative -6 reading. Breadth was mixed for the month at the NYSE as the Advance/Decline Line lost 390 units vs. a gain of 391 units in July while the number of new 52-week highs exceeded the number of new lows on 15 of 21 sessions. Breadth was positive at the NASDAQ as the A/D line gained 1939 units vs. a loss of 7684 units in July.



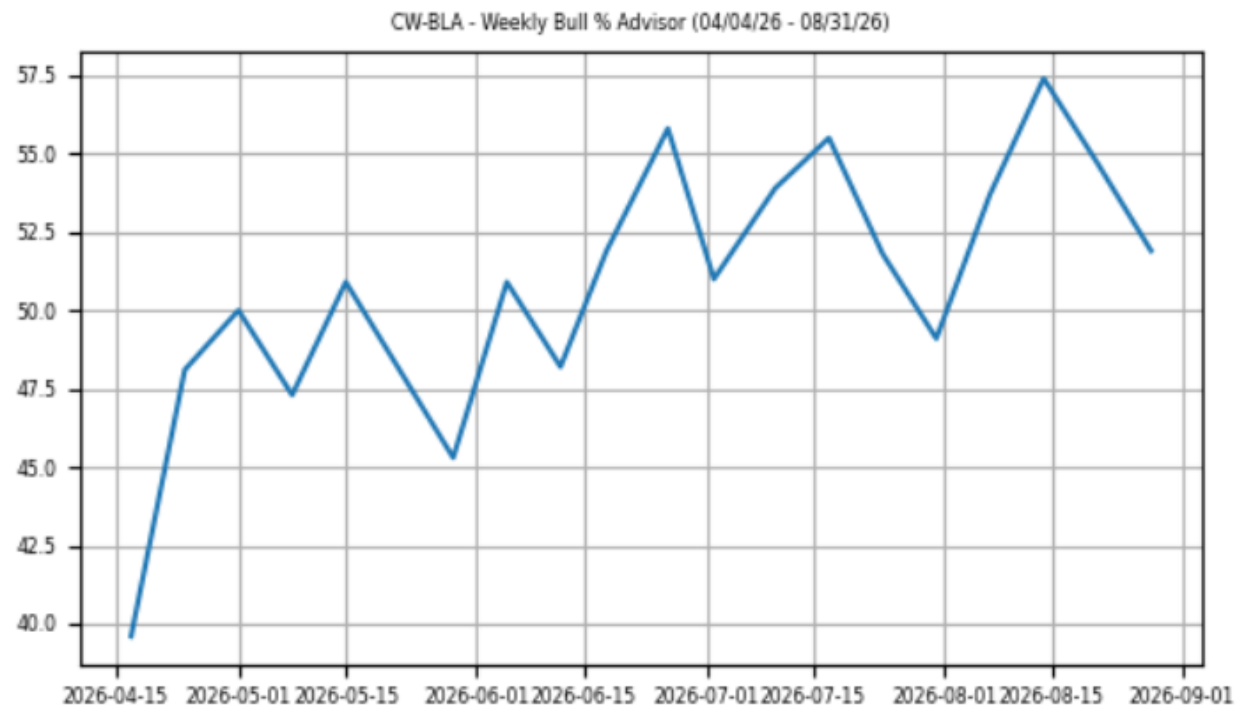

The number of new 52-week highs exceeded the number of new lows at the NASDAQ on 17 of 21 sessions. Finally, the percentage of stocks above their 50-day moving average rose to 56.5% vs. 49.1% from the previous month while those above their 200-day moving average increased to 60.7% vs. 57.2%. Readings above 70.0% denote an overbought condition.




**Sentiment Index: Negative**

The Sentiment Index ended the period at a Negative -4, down two notches from the previous month. The Sentiment Index tracks thirteen market indicators that measure excessive bullish or bearish conditions prevalent in the market. Whenever the crowd becomes overly optimistic (a bearish condition), the readings from the Sentiment Index will drop into negative ground. Conversely, when fear is rampant (a bullish condition), the index will be in the +3 to +8 area.

NYSE short interest was down -2.6% and 2.8 days of average volume for the period ending 8/14/26 vs. being down -2.8% and 2.8 days of average volume to cover at the end of July. Short interest at the NASDAQ was up +7.0% and 2.3 days of average volume to cover mid-August vs. a +0.5% increase and 2.2 days average volume to cover on 7/31/26. The AAII Bull-Bear Ratio (0.7 vs. 0.8) is Bullish. The Percentage of Bullish Investment Advisors (51.9% vs. 49.1%), the VIX, a measurement of fear in the market (14.13 vs. 15.99) and the Fear and Greed Index (56.4 vs. 37.8) are Neutral. The Dividend Yield Spread (-3.23 vs. -3.31), the Total Put/Call Ratio (0.91 vs. 0.96), the Bullish-Bearish Investment Advisors Ratio (3.0 vs. 2.9), the Percentage of Bearish Investment Advisors (17.3% vs. 17.0%) and the National Association of Active Investment Advisors (NAAIM) Exposure Index (102.7 vs. 79.7) are Bearish. VIX readings under 13.00 are regarded as bearish while those above 30.0 are bullish.




**To view the charts and graphs of the major market indexes and pertinent technical indicators that are incorporated in the Momentum and Sentiment indexes, go to the Market-At-A-Glance section located under Market Recap on the Market Edge home page.

**Market Posture: Bullish**
Based on the status of the Market Edge, market timing models, the 'Market Posture' is Bullish as of the week ending 8/07/2026 (DJIA – 54036.93).

## Market Posture Performance 2023-2026

The following is the performance record of the Market Edge 'Market Posture' for 2023 - 2026.

| **Projected Strong Periods:** | | **Actual Results – DJIA** |
|---|---|---|
| 03/24/23 - 05/05/23 (32237.53 – 33674.38) | DJIA Gain/Loss | +1436.85 |
| 07/21/23 - 08/18/23 (35227.69 – 34500.66) | DJIA Gain/Loss | -727.03 |
| 10/13/23 - 12/01/23 (33670.29 – 36245.50) | DJIA Gain/Loss | +2575.21 |
| 05/03/24 - 07/12/24 (38675.68 – 40000.90) | DJIA Gain/Loss | +1325.22 |
| 08/23/24 - 11/01/24 (41175.08 – 42052.19) | DJIA Gain/Loss | +877.11 |
| 12/06/24 - 02/28/25 (44642.52 – 43840.91) | DJIA Gain/Loss | -801.61 |
| 04/18/25 - 07/11/25 (39142.23 – 44371.51) | DJIA Gain/Loss | +5229.28 |
| 08/22/25 - 10/10/25 (45631.74 – 45479.60) | DJIA Gain/Loss | +152.14 |
| 11/28/25 - 02/13/26 (47716.42 – 49500.93) | DJIA Gain/Loss | +1784.51 |
| 08/07/26 - 02/13/26 (54036.93 – ??? ) | DJIA Gain/Loss | ??? |

| **Projected Weak Periods:** | | **Actual Results – DJIA** |
|---|---|---|

| | | |
|---|---|---|
| 05/26/23 - 07/14/23 (33093.34 – 34509.03) | DJIA Gain/Loss | +1415.69 |
| 08/18/23 - 10/13/23 (34500.66 – 33670.29) | DJIA Gain/Loss | -830.37 |
| 01/05/24 - 03/28/24 (37466.11 – 39475.90) | DJIA Gain/Loss | +2009.79 |
| 07/19/24 - 08/23/24 (40287.53 – 41175.08) | DJIA Gain/Loss | +887.55 |
| 11/01/24 - 12/06/24 (42052.19 – 44642.52) | DJIA Gain/Loss | +2590.33 |
| 02/28/25 - 04/18/25 (43840.91 – 39142.23) | DJIA Gain/Loss | -4698.68 |
| 08/01/25 - 08/22/25 (43588.58 – 45631.74) | DJIA Gain/Loss | +2043.16 |
| 10/24/25 - 11/28/25 (47207.12 – 47716.42) | DJIA Gain/Loss | +509.30 |
| 02/27/26 - 04/10/26 (48977.92 – 47916.57) | DJIA Gain/Loss | -1061.35 |
| 05/15/26 - 08/07/26 (49526.17 – 54036.93) | DJIA Gain/Loss | +4510.76 |

While the CTI is typically regarded as either a Bullish or Bearish connotation, at times mixed readings from several indicators related to the CTI will result in a Neutral - Market Posture. The dates not presented in the above tables were periods where the Market Posture was Neutral. For a closer look at the technical indicators and studies that make up the market timing models, check out the 'Market Letter (Weekly)' located on the Market Edge home page. (www.marketedge.com).

**ETF Center:**
The top performing ETF categories for the period ending 8/27/26 were: Sector-Basic Materials, Specialty Financial, Sector-Internet, Specialty Technology and Commodity-Precious Metals. The weakest categories were: Commodity-Energy, Sector-Energy, Shorts and Sector-Real Estate. To review all the categories in the Market Edge universe, click on the ETFs tab.

**Industry Group Segment Rankings: What's Hot (90) – What's Not (82)**
The following are the strongest and weakest Industry Group Segments for the period ending 8/27/26. Strongest: Security Software & Systems, Oil & Gas Refining Marketing, Other Business Services and Movie Theaters. Weakest: Pulp & Paper Products, Other Infrastructure, Semiconductors and Parcel Delivery. To review all the Industry Group Segment rankings, click on the Industries tab, then click on the Segment section.