Markets Update - 8/28/26

A look at what happened today impacting US equity, Treasury, and selected commodity markets, and what to watch for next week.

NEIL SETHI

AUG 28, 2026

Note: As Neil's Newsletter will be transitioning to TheStreet Pro starting September 6th, all posts will be without a paywall through August 30th. More information to come Monday. Subscribers you should have received an email regarding the move, if not you can find it here.

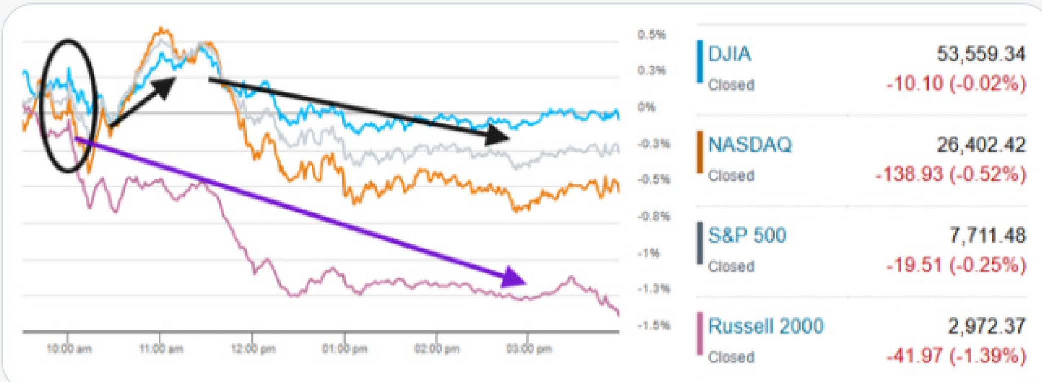
Quick Summary:

- **US equity indices were little changed into Chair Warsh's Jackson Hole speech Friday, which as I mentioned in last night's update "suffice to say expectations are modest although on balance very few are looking for a dovish outcome with some looking for a hawkish speech to gain control of the long end of the yield curve."**
- **And we saw exactly that as detailed in my Warsh + NFP revision piece (see here) with Warsh saying "We must be confident that underlying inflation is moving to our objective, clearly and at sufficient speed. Otherwise, we have work to do," and stating that he didn't see much progress from the July inflation reports, that rates did not show much evidence of being restrictive, and the breadth of inflation was concerning among other items discussed in the linked piece (which I'll expand a bit on in the Week Ahead).**

- **Following the release of the speech bets on rate hikes jumped with September odds moving to 58% from 35% Thursday and two hikes priced in by March. This saw the 2-year Treasury yield surge 12 basis points in what was the largest 2-year yield move following a Jackson Hole Fed Chair speech this century according to JP Morgan data. While the 30-year yield initially fell, it would reverse course seeing the entire curve rise. The DXY dollar index also jumped now back to levels that followed last week's Treasury buyback announcement.**
- **After the speech equity indices parted ways as large caps initially lifted while small caps fell. Large caps though would turn lower soon thereafter led to the downside by Tech giving back some of Thursday's rally. At day's end, the Russell 2000 led declines at -1.4%, the Nasdaq Composite lost 0.5%, the S&P 500 fell 0.3%, and the Dow Jones Industrial Average finished roughly flat.**
- **The index-level weakness was cushioned by strength in non-semiconductor megacap stocks, with Amazon, Alphabet, Apple, and Microsoft helping Consumer Discretionary and Communication Services finish at the top of the sector standings.**
- **But semiconductors were a drag. The PHLX Semiconductor Index fell 3.5%, as Nvidia gave back a sizable portion of Thursday's post-earnings surge, and Marvell lagged after its report.**
- **For the week, the Russell 2000 never really got going and fell -1.5%, while Thursday's Tech-led rally allowed the Nasdaq Composite and S&P 500 to hold weekly gains of +0.9% and +0.5%, respectively. The Dow Jones Industrial Average also gained +0.5% after trading in a narrow range all week.**
- **Attention now turns to next week where we'll get a flurry of reports culminating in Friday's Employment Situation report, a key input into the Fed's September policy decision-making.**

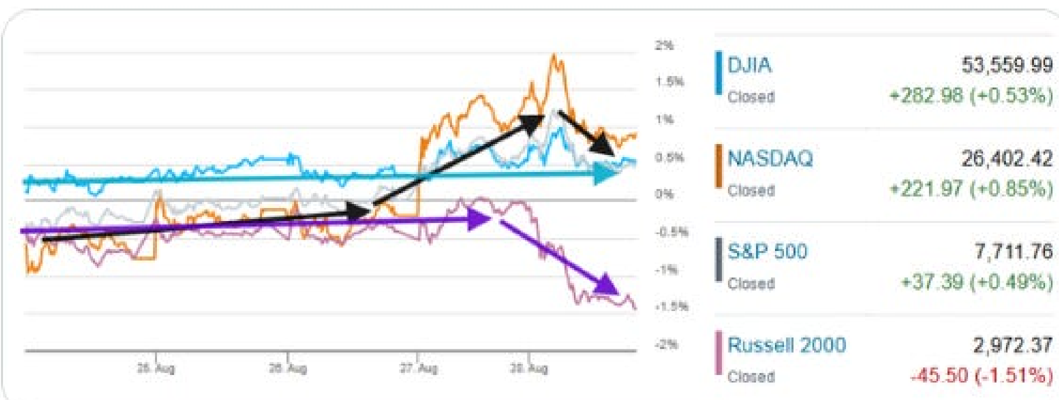
US equity indices were little changed into Warsh's speech (circle) then parted ways with large caps lifting while small caps fell.

Large caps would turn lower led by the Nasdaq on Tech weakness but finish well above the -1.4% for the RUT w/Nasdaq -0.5%, SPX -0.3%, DJIA flat.



For the week, the RUT never really saw any green ending -1.5%, but the Nasdaq & SPX made enough headway Thursday to hold gains of +0.9% & +0.5% respectively.

The DJIA in contrast surfed through the week in a narrow 1% band also ending +0.5%.



Some market commentary:

> US equities:

- “It’s all about artificial intelligence,” said Dave Sekera, chief U.S. market strategist at Morningstar. “And I think that’s going to continue through next week as well as everyone’s trying to reorient where they want to position their AI plays.”

FOMC:

- “I would say Warsh was successful in reestablishing confidence,” said Larry Holzenthaler at Catalyst Funds. “He came across as very focused on inflation and bringing it back in line with the Fed’s 2% target. The market seems to be reacting exactly the way the Fed wants.”
- “I believe he did a very good job of laying out a pathway, a framework, a playbook and the rules of his road on what he’s watching out for and what will guide him in terms of properly calibrating monetary policy as best he can,” said Peter Boockvar, author of The Boock Report.
- “Although we expect incoming data to improve, the risk of a September hike has increased,” said Seema Shah at Principal Asset Management. “The positive market reaction highlights that investors place a premium on policy clarity, even when that clarity carries a more hawkish message.”
- “The caveat is that we think the remaining data likely will show some further incremental progress and suspect Warsh may well also hope that this is the case,” said Krishna Guha at Evercore. “So we hold back from moving odds-on for September at this juncture and instead view this as close to a coin toss.”
- “Warsh’s comments boosted rate-hike odds and terminal-rate pricing, though markets may have overreacted given the Fed’s September decision remains highly dependent on upcoming payrolls and inflation data,” said Oscar Munoz at TD Securities.

> - “I found this speech in particular to be a very strong kind of message, both a message to the market but also just a kind of message in general that the way the Fed has done business for maybe the last 40 years in some ways has not been as rigorous as it could be,” said Bill Birmingham, managing director at REX Financial. Birmingham added that Warsh’s comments about the composition of CPI in particular signal “that he is very much looking for consensus internally to raise rates,” he added.
> - “I agree with the analysis that the chairman put forth that we’ve been above the target. It was going the wrong way. We’ve gotten a couple of months of more benign readings, but that certainly doesn’t feel like out of the woods,” Chicago Federal Reserve President Austan Goolsbee said in a CNBC interview from the Fed’s symposium in Jackson Hole, Wyo. Though Goolsbee did not commit to a policy path, he said “all eyes got to be for Fed action.”

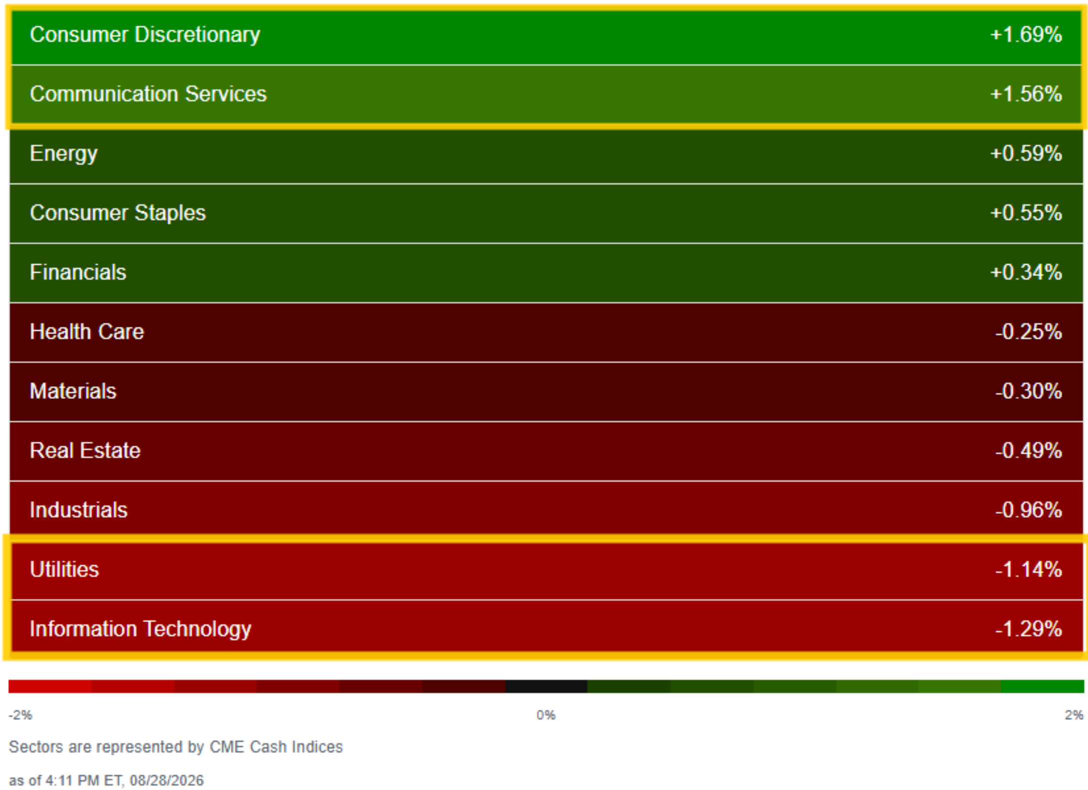
Stock and sector breakdown (in part from Briefing.com):

Tech giveth on Thursday and taketh away on Friday leading six sectors to the downside after soaring +3.4% on Thursday. Utilities also closed down more than 1%. The Tech weakness overpowered the strength in fellow growth sectors Consumer Discretionary and Communication Services which both finished up over 1%.

> BRIEFING.COM The consumer discretionary (+1.7%) and communication services (+1.6%) sectors were lifted by solid gains in Amazon (AMZN 266.43, +10.17, +3.97%) and Alphabet (GOOG 342.88, +5.17, +1.53%) .
>
> Apple (AAPL 319.70, +5.12, +1.63%) and Microsoft (MSFT 513.53, +8.47, +1.68%) also advanced, providing some support for the major averages despite weakness elsewhere in the information technology sector (-1.3%).

> Semiconductor stocks were the largest source of pressure, sending the PHLX Semiconductor Index down 3.5%. NVIDIA (NVDA 217.48, -10.50, -4.61%) gave back a sizable portion of yesterday's post-earnings surge, while Marvell (MRVL 216.62, -24.83, -10.28%) was a notable laggard following its quarterly report.
>
> Software stocks also surrendered some of yesterday's earnings-driven gains, although the selling was considerably less pronounced. The iShares Expanded Tech-Software Sector ETF declined 0.7%, with Workday (WDAY 204.72, +11.15, +5.76%) standing out on the upside following its earnings report.
>
> Six S&P 500 sectors ultimately finished lower. In addition to the information technology sector, the utilities (-1.1%) and industrials (-1.0%) sectors were among the main laggards.
>
> While the financial sector (+0.3%) notched a modest gain, PayPal (PYPL 53.66, -7.81, -12.71%) finished as the worst-performing S&P 500 component after Bloomberg reported that the Advent/Stripe consortium abandoned its planned leveraged buyout valued at more than $50 billion, although the companies could resume discussions at a later date.

[Note: % changes above may differ from chart as chart uses futures.]



Number of large SPX winners (up over 3%) fell to just 14 from ~30 Thursday, 18 Wednesday continuing to remain very subdued (they haven't been above 30 in over a week). **Large losers (down over 3%) had been even less volatile, but jumped to 45 Friday** from 20 Thursday, 7 Wednesday, 17 Tuesday, but still a far cry from elevated levels.

[chart from finviz.com]

While nothing like what we've seen at times earlier this year, **speculation edged back into the Nasdaq with our first stock trading 1 billion+ shares in a couple of weeks** and a couple more near 300 million.

Symbol 3211		Price	Vol	Mkt cap
FNGR	FingerMotion, Inc.	0.3980 USD	1.22 B	10.63 M USD
LGCL	Lucas GC Limited	0.0389 USD	295.19 M	1.66 M USD
CHAI	Core AI Holdings, Inc.	0.4000 USD	292.24 M	10.35 M USD
CYAB	Cyabra, Inc.	0.4467 USD	211.64 M	7.86 M USD
NVDA	NVIDIA Corporation	217.55 USD	193.32 M	5.24 T USD
CHGA	Change Agents Corporation	0.1426 USD	148.01 M	2.84 M USD
NCPL	Netcapital Inc.	0.6916 USD	105.5 M	5.43 M USD
IREN	IREN Limited	35.45 USD	88.7 M	12.65 B USD
INTC	Intel Corporation	89.47 USD	84.86 M	470.12 B USD
ONDS	Ondas Inc	7.90 USD	69.38 M	4.51 B USD
DUO	Fangdd Network Group Ltd.	0.9602 USD	63.14 M	37.01 M USD

Biggest after-hours movers from CNBC (links are to CNBC tickers):

None today, here were the mid-day movers:

- Workday — Shares jumped 6% after the enterprise artificial intelligence platform posted second-quarter results that topped estimates.
- Salesforce — The software company's stock continued its post-earnings rally. Shares gained 3% on Friday, adding to the stock's advance of more than 22% from a day earlier.
- Nvidia — Shares of the chip giant dropped more than 3%.
- Amazon — Shares of the e-commerce giant popped nearly 4% after Evercore ISI hiked its price target on the stock to $355 from $315.

- Strategy, Coinbase — The crypto stocks fell 7% and 6%, respectively, as bitcoin prices pulled back.
- ServiceNow — The enterprise software platform's stock popped 3%, heading for a second straight winning day after Finance chief Gina Mastantuono spoke at Deutsche Bank's technology conference this week and said that ServiceNow's AI business is on track for its full-year target of $1.5 billion.
- Affirm — Shares jumped 5% after the buy now, pay later company reported revenue and guidance also above estimates.
- Gap — Shares popped nearly 13% after the retail company announced Michael Francis will take the helm at Old Navy, starting Nov. 2.
- Elastic N.V. – Shares jumped over 17% for the data analytics company after full-year guidance topped analysts' expectations.
- Marvell Technology — Shares dropped 10% after Marvell called for current quarter adjusted earnings of $1.10 per share, plus or minus 5 cents, while analysts polled by LSEG anticipated $1.07 per share.
- Rubrik — Shares dropped over 11% for the security and AI operations company.
- Autodesk — Shares dropped 4% for the maker of 3D design software after its earnings projections failed to beat estimates.

Some other corporate news from BBG (links to BBG):

- A consortium of buyout firm Advent and payment processor Stripe has decided to abandon its pursuit of fintech pioneer PayPal Holdings Inc., a potential deal that would have ranked as one of the biggest-ever leveraged buyouts, according to people familiar with the matter.
- Gap Inc. named a retail industry veteran to head Old Navy while profit outpaced estimates, offsetting a sales decline at the value chain and lower sales guidance.

- Rivian Automotive Inc. announced that Chief Financial Officer Claire McDonough would step down from the electric-vehicle manufacturer in the coming months to take the same role at turbine maker GE Vernova Inc.
- Eli Lilly & Co.'s blockbuster diabetes drug Mounjaro won US approval to reduce the risk of serious cardiovascular problems, broadening the medicine's reach beyond controlling blood sugar and strengthening its position in the increasingly competitive market for GLP-1 drugs.
- BioNTech SE and Roche Holding AG abandoned a trial of a personalized cancer vaccine, dashing hopes that had been raised by a rival drugmaker's recent success in the field.

> Note on all charts the colored lines are moving averages (the average price over the lookback period (days on the daily charts, weeks on the weekly charts)):
> 20 = green
> 50 = purple
> 100 = blue
> 200 = brown
>
> Exception is monthly charts where blue is 10-month moving average and brown is 20-month moving average.
>
> MACD = Moving average convergence/divergence line, a measure of momentum that compares longer term and shorter term momentum to gauge if a move is strengthening or weakening. This is probably my favorite individual indicator (it's also the favorite of Katie Stockton, a very fine technician).
>
> RSI = Relative Strength Index (basically what it sounds like) = measures the strength of the move comparing gains to losses over the given lookback window (I use the standard 14 periods).

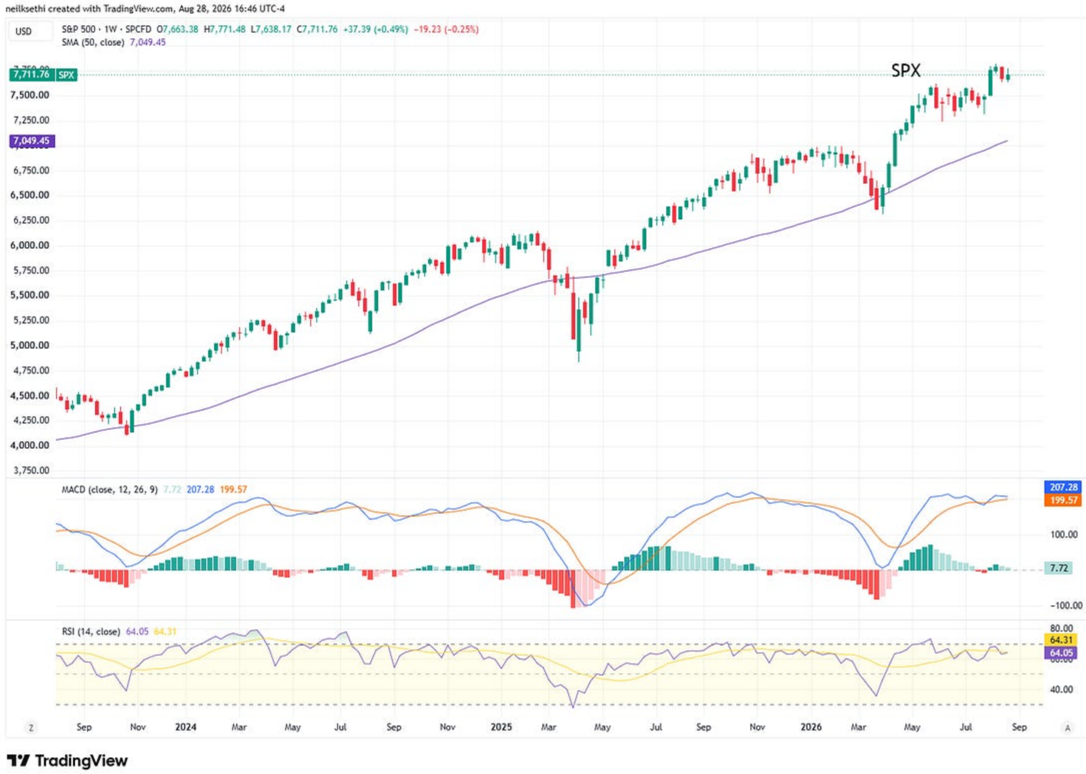
Turning to the charts, **SPX fell back to its rising 20-DMA, just a little more than 1% away from an all-time closing high.** As noted a week ago though the SPX along with the other three indices below have seen their MACD cross over to “sell longs” positioning. RSIs remain in better shape so technicals are inconclusive, but nothing yet to turn bearish.

Nasdaq Composite also on its 20-DMA. It remains further from all-time high territory.

The Russell 2000 (RUT) slightly more concerning falling under its 50-DMA, but not something we haven't seen as recently as the start of the month.

The equal-weighted SPX also on its 20-DMA.

Weekly charts overall not in bad shape but a preference for the SPXE and SPX as the Nasdaq and RUT have seen their weekly MACDs slip negative.


neilksethi created with TradingView.com, Aug 28, 2026 16:46 UTC-4
S&P 500 · 1W · SPCFD O7,663.38 H7,771.48 L7,638.17 C7,711.76 +37.39 (+0.49%) −19.23 (−0.25%)
SMA (50, close) 7,049.45
SPX
MACD (close, 12, 26, 9) 7.72 207.28 199.57
RSI (14, close) 64.05 64.31
TradingView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Nasdaq Composite Index · 1W · NASDAQ O26,065.32 H26,700.68 L25,910.82 C26,402.42 +221.97 (+0.85%) −138.93 (−0.52%)
SMA (50, close) 24,058.52
Nasdaq Composite
MACD (close, 12, 26, 9) −45.26 733.25 778.50
RSI (14, close) 58.66 60.45
TradingView


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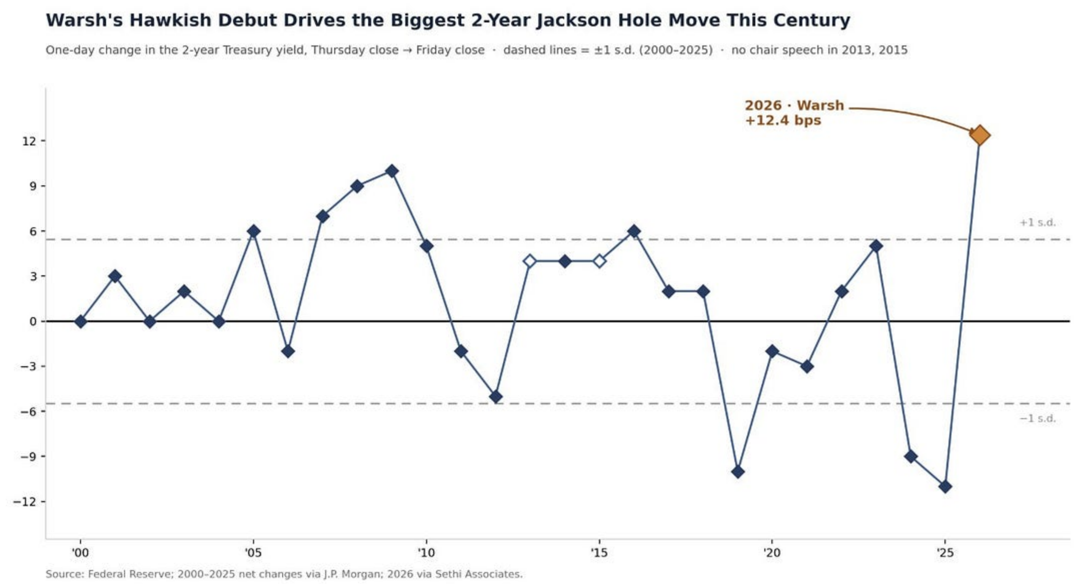
US Small Cap 2000 Index · 1W · TVC O3,015.0570 H3,019.3956 L2,972.3688 C2,972.3720 −45.4990 (−1.51%) −41.9676 (−1.39%)
SMA (50, close) 2,685.2965
Russell 2000 (RUT)
MACD (close, 12, 26, 9) −6.6172 102.5789 109.1961
RSI (14, close) 59.76 65.89
TradingView


neilksethi created with TradingView.com, Aug 28, 2026 16:45 UTC-4
S&P 500 EQUAL WEIGHTED · 1W · ICE O8,969.7100 H9,009.8200 L8,913.7200 C8,928.8800 −40.8300 (−0.46%) −32.5400 (−0.36%)
SMA (50, close) 8,124.0836
Equal-weight SPX
MACD (close, 12, 26, 9) 26.6539 248.8230 222.1691
RSI (14, close) 69.65 68.04
TradingView

Treasury yields rose across the curve for a third day Friday in a big "bear flattening" meaning shorter maturity yields rose more than longer maturities (bearish because it's associated with Fed rate hikes):

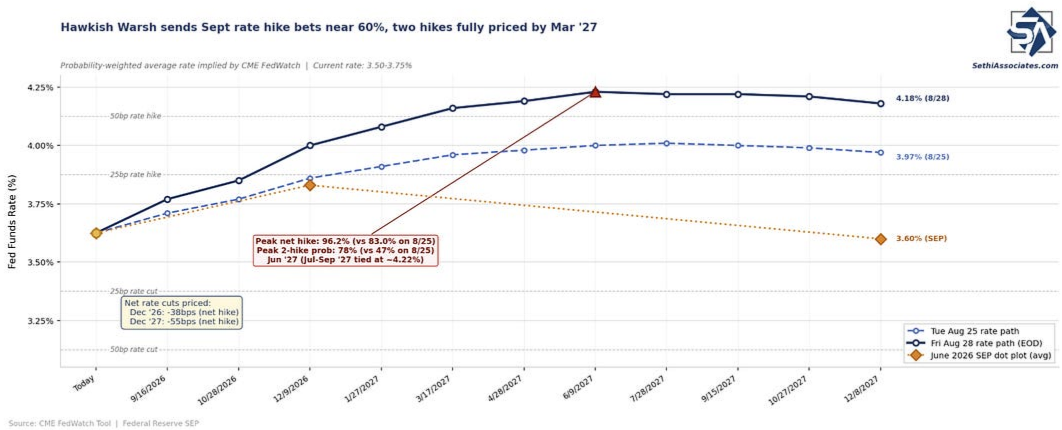
I said yesterday "if Chair Warsh does tip his hand about the likelihood of rate hikes this could see a big move tomorrow." And while he didn't really do that I don't think, he most certainly was more hawkish than expected, and the **two-year Treasury yield reacted jumping over 12 basis points (the largest move post-Jackson Hole Fed Chair speech this century) to 4.38%, the highest close since January 2025**.

They are ~73 basis points above the Effective Fed Funds rate (red line), now yelling for rate hikes.



That's the furthest above the EFFR since November 2022.

And with that sort of move in the 2-year as you would expect **Fed rate hike bets jumped** according to the CME's Fedwatch tool with the chance of a September hike now 57% from 34% Thursday and a hike this year at 89% from 75%. Two hikes are 51% priced this year and 100% priced by March.



From @C_Barraud's as normal packed morning Brief is a post from former Fed Whisperer Nick Timiraos (it appears that role has for now been moved to the FT, as Nick to his great credit has not sugarcoated his coverage of the Fed to the apparent dismay of the administration) who notes that **the administration's focus on bringing long end rates lower runs in direct conflict with the numerous Fed members that want to see more restrictive financial conditions as well as Warsh's own statement at the July press conference** implying that raising rates was less necessary when the markets were tightening financial conditions on their own.

This obviously puts Warsh in an uncomfortable position. "Bessent's words and actions are a real pain for Warsh," given broader concerns that monetary policy could be subordinated to financing the government at a time of elevated inflation, said Jon Faust, an adviser to the last three Fed chairs. **"Doing it now, just before Jackson Hole, strikes me as pretty inconsiderate if not a slap in the face."**

If Bessent's bond market interventions succeed in lowering long-term rates and borrowing costs, **it "would definitely push most everyone on the FOMC further toward a rate increase,"** said Faust.

Nick also notes **some other ways Bessent has tread into the Fed's territory**:

"Earlier this month, Bessent pressed the Fed to make more dollars available to foreign central banks to support his recent effort to help Japan prop up the yen. He has also taken an interest in who runs the Federal Reserve Bank of Atlanta, which has been without a chief executive since March. He has argued for more than a year that the Fed is too concerned about inflation, breaking with his predecessors' custom of not commenting on monetary policy."

Click through for the full post and more great stuff from Christophe.

Nick Timiraos
@NickTimiraos

The Fed is divided over whether policy is tight enough and now comes a new complication: what if Bessent's push on bond yields works? Lower long-term yields would ease financial conditions right as the Fed may not want that.

Debt management has always been Treasury's job. Using policy to shape the level of long-term rates and broader credit conditions has been the Fed's.

A policy shift is "a real pain for Warsh," says one former Fed adviser. “Doing it now, just before Jackson Hole, strikes me as pretty inconsiderate if not a slap in the face.”

From wsj.com

5:31 PM · Aug 27, 2026 · **95.7K** Views

10-year yields up five basis points to 4.73% the second highest close this year.

30-year yields reversed from early losses to finish up two basis points at 5.21%, well off the highs but also in their uptrend since October.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United States 30 Year Government Bonds Yield · 1D · TVC O5.193% H5.218% L5.155% C5.213% +0.018 (+0.35%) +0.018 (+0.35%)
30-year UST yield
5.213%
47:09
US30Y
5.350%
5.300%
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5.150%
5.100%
5.050%
5.000%
4.950%
4.900%
4.850%
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TradingView

Fed watchers at JPMorgan, Apollo Global, and Morgan Stanley are among a number of analysts calling for a hawkish Warsh.

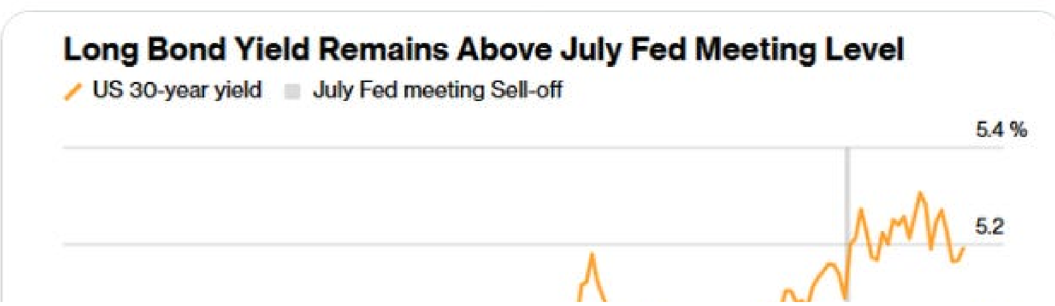
-If he can convince the market that managing inflation is his priority, then "**some of the angst on Fed credibility will reduce**," said Priya Misra, a portfolio manager at JPMorgan Investment Management. Misra said **a clear condemnation of high inflation from Warsh would result in lower term premium.**

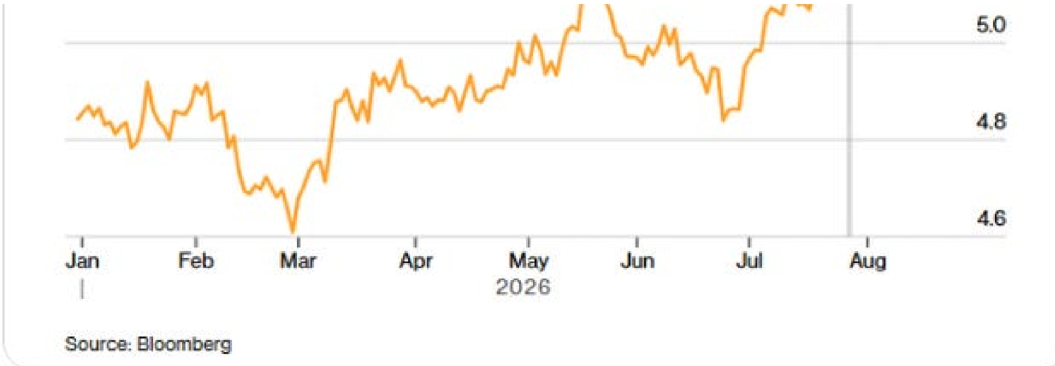
-"**If the Fed is focused on inflation, term premium should get crushed** because now the Fed is a lot more credible," said Vishal Khanduja, head of broad markets fixed income at Morgan Stanley Investment Management.

-**If Warsh walks back some of his comments from his press conference following the central bank's July meeting on Friday, "this would likely bearishly flatten the Treasury curve,"** which happens when short-term rates rise faster than long-term ones, according to Jay Barry, JPMorgan's head of global rates strategy.

-"**He will have to deliver something that is clearer than the July press conference,**" Torsten Slok, chief economist at Apollo Global Management, said in a Bloomberg Television interview. While Warsh doesn't need to telegraph the Fed's next move on interest rates, Slok said the Chairman should offer his view on the state of inflation and the job market to make his priorities clear. "**If he does not give any framework guidance, the risk is that that it will involve a much higher move in long rates,**" Slok said. "The whole yield curve is at risk of moving higher," he added.

bloomberg.com/news/articles/...



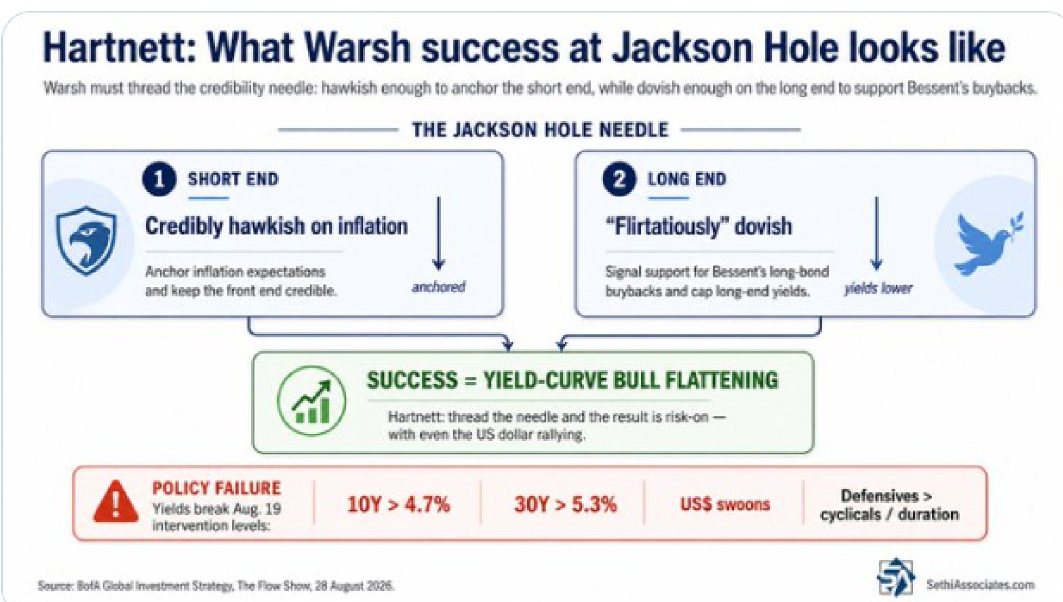


BofA's Hartnett (Flow Show) says "**Warsh bull success at Jackson Hole is yield curve bull flattening."**

Warsh needs to be **both "credibly hawkish on inflation to anchor short-end", as well as "flirtatiously long-end dovish** in support of Bessent buybacks".

If he should "thread [this] credibility needle then **risk-on and even US$ rallies".**

Failure though "= yields rip through Aug 19th intervention levels (4.7% [10-yr Treasury], 5.3% [30-year]), US$ swoons, and defensives over cyclicals/duration."

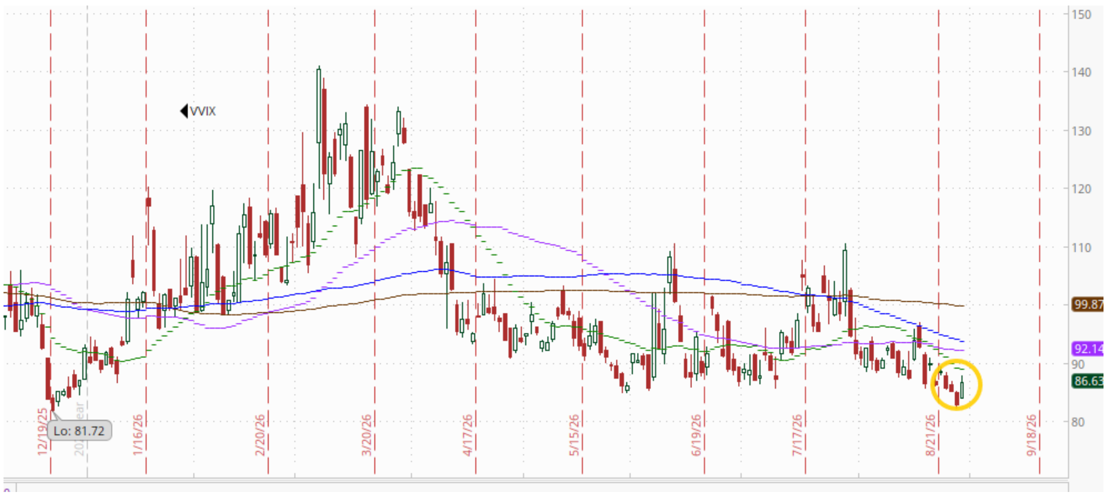


So much for that bull flattening as we've now got a bear flattening with the 30-year yield reversing to now up 2 basis points on the day while the 2-year yield extends to up 12 basis points.

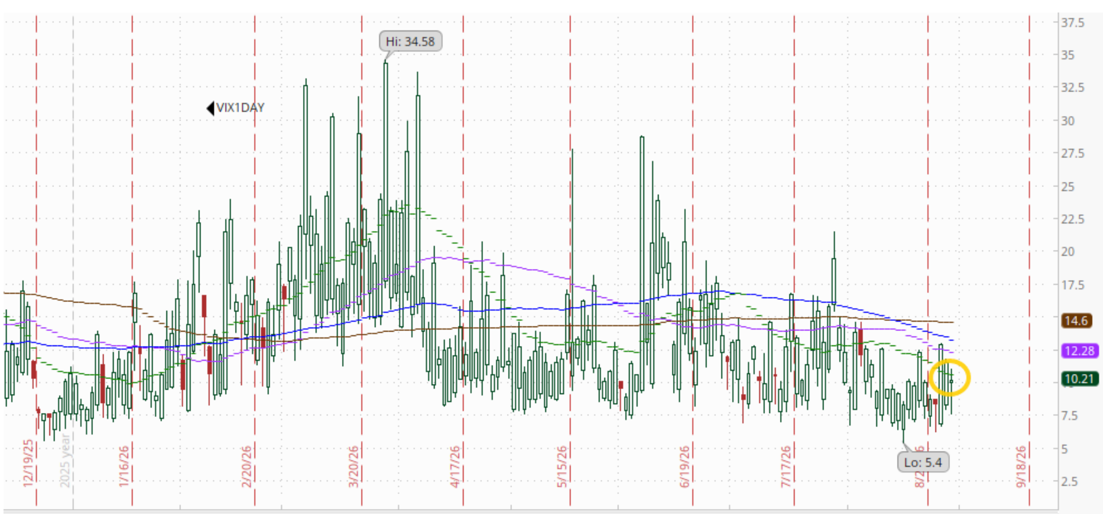
A "spot down-vol down" day with the VIX easing back to 14.4. The indicator is at the bottom of its "normal" range post-GFC, consistent with ~0.90% average daily moves in the SPX over the next 30 days.

The VVIX (VIX of the VIX) bounced from the lows of the year to 86.6.

The current level is **consistent with "moderate" daily moves in the VIX** over the next 30 days (historically, normal is 80-100, but we've been above 90 most of the time since July '24). Above 100 is the level flagged by Charlie McElligott as indicating higher stress.



Even adding the extra weekend day the 1-day VIX fell back to 10.2, continuing the streak of low Friday closes since early August. The current reading is consistent with a move of 0.65% in the SPX next session.



WTI little changed remaining in the middle of its range over the past month.

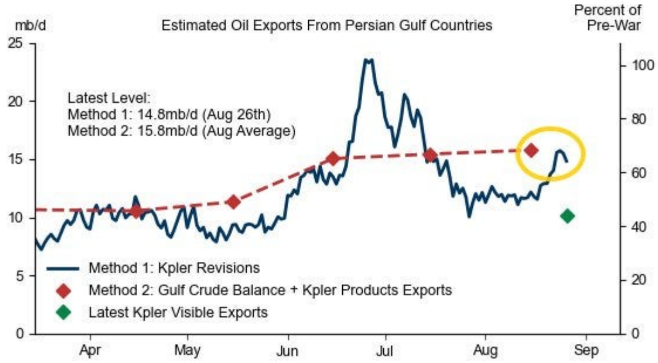
Goldman: **Using two independent methods, we estimate recent total Gulf exports at roughly 15-16mb/d** (Exhibit 2)—still 7-8mb/d below pre-war levels, but 5-6mb/d above the March trough (Exhibit 3).

...

The rise in dark crossings by specialized shippers and in ship-to-ship transfers shows that **producers and shippers are adapting to the Mideast conflict. Shipping markets now price in disruptions likely continuing well into 2027** (Exhibit 7).

Still, potential additional dark flows and price-sensitive China net crude imports may moderate the upside to crude oil prices even if Mideast disruptions last longer. We continue to see greater price upside to European natural gas prices and deferred oil product prices in persistent disruption scenarios than for crude.

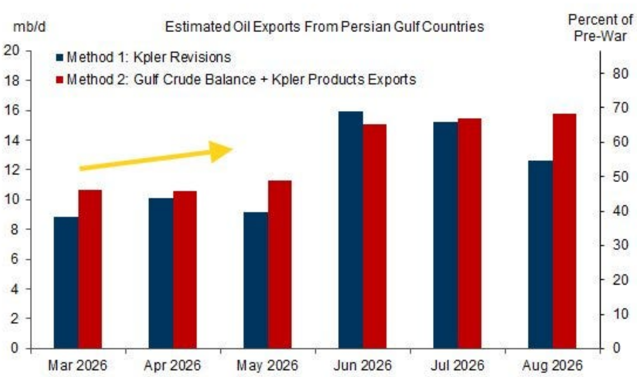
Exhibit 2: Using Two Independent Methods, We Estimate Recent Total Oil Exports from the Persian Gulf at 15-16mb/d



Oil includes crude, refined products, and LPG. For Kpler flows as currently reported and assuming no revisions, Persian Gulf exports are defined as the sum of flows through the Strait of Hormuz, Yanbu, Fujairah, Gulf of Oman, and Botas Ceyhan. For revisions, crude balance, and Kpler products exports, Persian Gulf exports are defined as the sum of exports from Saudi Arabia, UAE, Iran, Iraq, Qatar, and Kuwait.

Source: OPEC Secondary Sources, IEA, Kpler, PetroLogistics, Goldman Sachs Global Investment Research

Exhibit 3: Estimated Persian Gulf Oil Exports Remain Around 7-8mb/d Below Pre-War Levels But 5-6mb/d Above the March Trough



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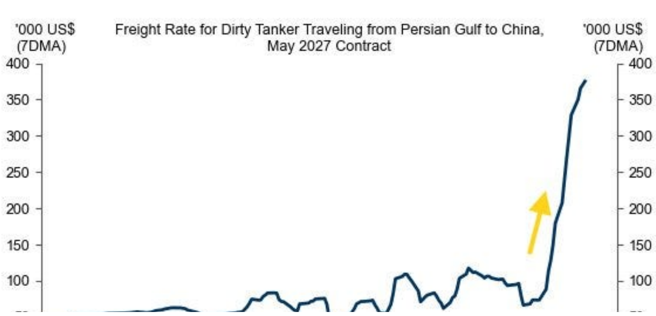
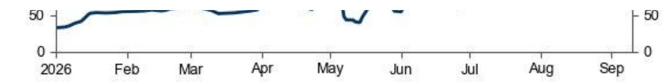
Source: OPEC Secondary Sources, IEA, Kpler, PetroLogistics, Goldman Sachs Global Investment Research

Adaptation Amid Higher Perceived Risk of Persistent Shipping Disruptions

Exhibit 7: The May 2027 Freight Rate for Tankers Traveling from the Persian Gulf to China Increased Fivefold this Month, Reflecting a Sharp Increase in the Perceived Probability of Disruptions Persisting Well into 2027





Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

The DXY dollar index (which is fixed weighted with a heavy (57%) weighting vs the euro), took advantage of the Warsh speech to finally push through the 200-DMA and from there run higher to the 100-DMA now recovering all of the losses post-Treasury buyback announcement.

The daily MACD also flipped positive while the RSI is just about to 50, so it has some technical momentum vs the not unsubstantial resistance above.

Gold futures (/GC) fell back to levels from last Wednesday as they continue their consolidation. Technicals are also starting to deteriorate with the daily MACD close to crossing more negative and the RSI falling from over to well under 70, a signal of a potential consolidation. If they are lower on Monday I will likely exit my position or at least the add from when they cleared the 50-DMA.

US copper futures (/HG) eased back to just over the 20-DMA, remaining in the uptrend from March (in addition to the longer term uptrend running to February 2020). Technicals are mixed, but no reason to sell.

Another weekly all-time high for copper, and its technicals continue to look solid.

US natural gas futures (/NG) fell back after taking a shot above the 50/100-DMA confluence Thursday. As I said then, “if they actually can close above, a run up towards the 200-DMA is not unlikely.” The daily MACD as noted two weeks ago flipped to more bullish and the RSI is over 50.

Bitcoin futures gave back most of this week's gains. Daily technicals remain solid for now but the RSI is close to falling from well over to under 70, a signal of a potential consolidation. I'll stay long as long as it stays above the 200-DMA (and will add there if it holds).

Rejected at the 50-week moving average but the weekly MACD and RSI are solid.


neilksethi created with TradingView.com, Aug 28, 2026 16:55 UTC-4
USD
Bitcoin CME Futures · 1W · CME O77,260 H81,925 L75,835 C77,675 +495 (+0.64%) −2,605 (−3.24%)
SMA (50, close) 81,076
Bitcoin futures
BTCU2026
MACD (close, 12, 26, 9) 2,058 −2,644 −4,702
RSI (14, close) 57.02 39.75
TradingView

Misc:

Three-month intra-stock correlation in the S&P 500 has fallen to 0.1, the lowest level in data going back to 1990, according to Truist Wealth.

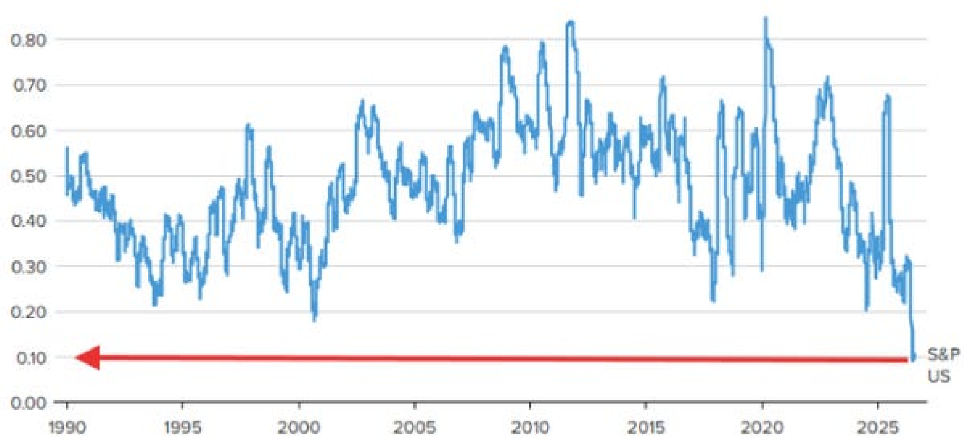
But much of that dispersion is centered in technology where investors are getting more choosy inside the artificial intelligence story, as well as in consumer discretionary stocks, according to Keith Lerner, investment chief at Truist Wealth.

“What you’re really just seeing is more winners and losers,” Lerner said. “It’s not just one overall trade. It’s not just one big macro trade. It’s really getting down to company fundamentals.”

Lerner expects the bull market to remain intact, saying the current environment appears to reward active investing rather than passive indexing. “Doing the extra homework on individual stocks actually can make a difference,” Lerner said.

S&P 500: 3-month intra-stock correlations

Correlation measures how closely stocks move together. A reading of 1.0 indicates stocks moving in tandem, while 0 indicates independent movement.



Source: Truist Wealth IAG, FactSet, Macrobond, S&P Dow Jones

CNBC

CNBC @CNBC · Aug 27

There's one metric that shows investors are being pickier about the stocks they buy cnbc.com/2026/08/27/one...

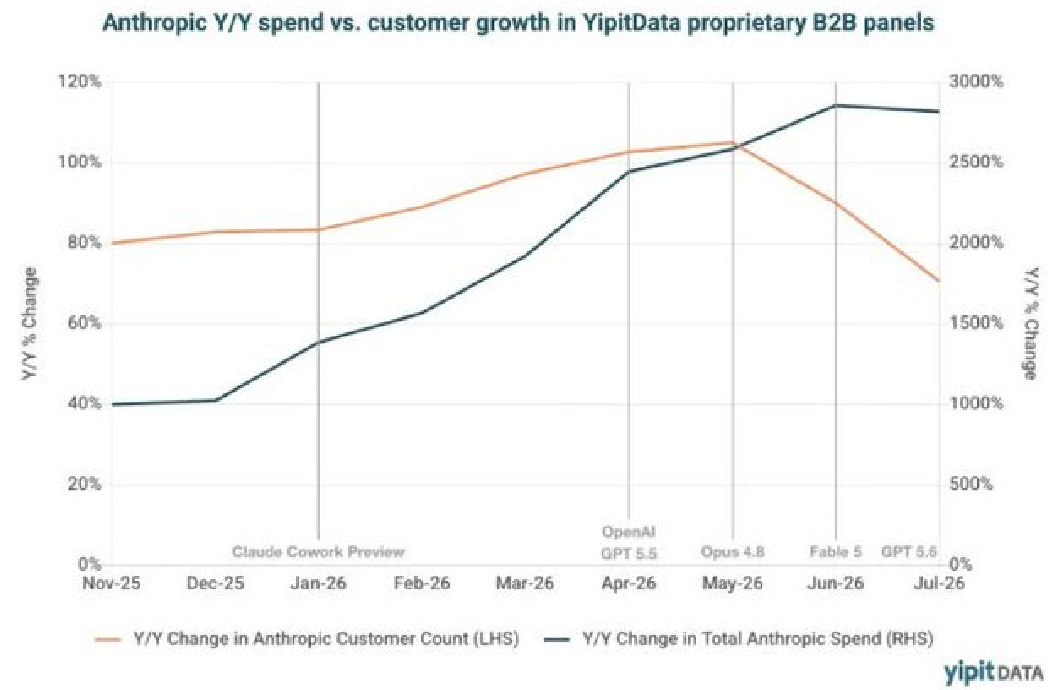
I posted last weekend on @C_Barraud's thoughts on AI-model pricing, adding that **the closed AI labs could perhaps rhyme with Cisco in the late '90s: a very strong but decelerating business that stayed highly profitable even as cheaper entrants ate into its market share, but saw its valuation fall sharply as the deceleration wasn't adequately priced in.**

Last night's compilation from @DailyChartbook (dailychartbook.com) has both halves of that story. @yipitdata's estimate (also posted on by Christophe) is that **Anthropic's Y/Y customer-spend growth decelerated for the first time** — still up ~2,800%, but the second-derivative has rolled over, and customer growth has decelerated for a second straight month.

@gavinsbaker adds the nuance that **this isn't a shrinking pie so much as a redistribution: open-source token share at Vercel went from 28% to 62% in two months, even as OpenAI and Anthropic grew in absolute terms** — so total AI demand accelerated even faster, consistent with forecasts for AI adoption to keep compounding.

Which raises again the valuation question: if the labs are tracking the Cisco arc, the risk isn't on the business side — it's the multiple. Cisco's stock fell ~90% while its revenue kept climbing.

29. Anthropic growth. "Anthropic Y/Y spend growth decelerated in July as user growth slows. Total customer spend with Anthropic was up ~2,800% Y/Y but decelerated for the first time, while customer growth also decelerated for the 2nd consecutive month."



@yipitdata

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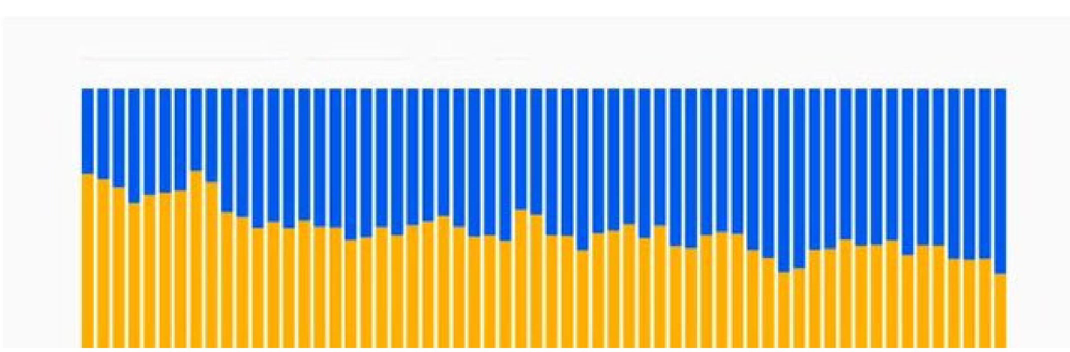
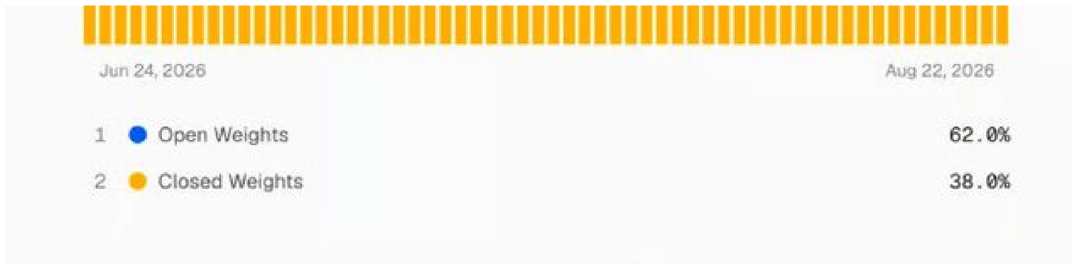
30. Open vs. closed source AI. "Open source has gone from 28% token share to 62% token share [at Vercel] over the last 2 months ... Super impressive given that the sum of OpenAI and Anthropic accelerated in July. So net token/AI infra demand accelerated even more than the acceleration we saw at the frontier."





@gavinsbaker

X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

Wrap-up

I said yesterday:

> We'll get our last "clearing event" (at least until next week) in the Chair Warsh speech tomorrow morning (which comes alongside the NFP benchmark revision). I have no better idea than anyone else what he's going to say, but if the FT piece earlier this month is any indication, it's likely to be more of the same with perhaps some clarification on some points.

And while that was broadly accurate, that "clarification" came in a much more hawkish than expected fashion with Warsh hewing to the Fed consensus that if inflation doesn't moderate appreciably in due course rate hikes or other policy moves are forthcoming. But as discussed in the piece today, and as I'll expand on this weekend, Warsh went beyond that to hawk territory saying he didn't see much progress from the July inflation reports, that rates did not show much evidence of being restrictive, and the breadth of inflation was concerning.

That said, overall we remain where we were with the August payrolls report next week and CPI the week after the determining factors in whether we get a rate hike in September.

Given the sharp move in short-term rates and reversal in longer-term rates equities broadly hung in fairly well keeping me optimistic for next week, but I want to go through all the indicators this weekend to see where things stand with positioning, etc.

So, more this weekend.

The Week Ahead

Unfortunately for traders wanting one last pre-Labor Day vacation, next week is not particularly conducive as Tuesday we start September and a flurry of reports culminating the week with one of the critical inputs to the Fed's September rate decision calculus in the August Employment Situation report.

In addition, we'll get **August ADP monthly employment, Challenger job cuts, PMIs, and auto sales**, **July JOLTS, construction spending, and factory orders, as well as the standard weekly reports** (jobless claims, mortgage applications, and US petroleum inventories (not ADP though with the monthly report this week)).

I don't have a good calendar of Fed speakers at this point, but **we will hear (again) from regional Fed presidents Hammack and Goolsbee**. We'll also get the **Beige Book for the September meeting Wednesday.**

In terms of non-Bill (>1yr in maturity) **US Treasury auctions, we're off next week.**

In terms of earnings, we continue to wrap up Q2 earnings season with **10 SPX components reporting including the last of our top 20 in market cap with Broadcom (AVGO).** But there are **three other components >$100B in market cap in DELL, MDT, PANW.**

TIME (ET)	REPORT	PERIOD	ACTUAL	FORECAST	PREVIOUS
Monday, Aug. 31					
	No events scheduled				
Tuesday, Sep. 1					
9:45 AM	US Manufacturing PMI	Aug.	-	-	53.9
10:00 AM	ISM Report On Business Manufacturing PMI	Aug.	-	-	55.6
10:00 AM	Construction Spending	Jul.	-	-	-0.1%
10:00 AM	Job Openings & Labor Turnover Survey	Jul.	-	-	7.4M
Wednesday, Sep. 2					
8:15 AM	ADP National Employment Report	Aug.	-	-	44,000
10:00 AM	Factory Orders	Jul.	-	-	-0.3%
2:00 PM	Federal Reserve Beige Book	-	-	-	-
Thursday, Sep. 3					
8:30 AM	U.S. Trade Balance	Jul.	-	-	-73.3B
8:30 AM	Weekly Jobless Claims	Aug. 29	-	-	203K
9:45 AM	US Services PMI	Aug.	-	-	54.6
10:00 AM	ISM Report On Business Services PMI	Aug.	-	-	54.1
3:00 PM	Federal Reserve Bank of Cleveland President Beth Hammack and Federal Reserve Bank of Chicago President Austan Goolsbee special remarks at 'Connecting Communities' online event	-	-	-	-
Friday, Sep. 4					
8:30 AM	Employment Report	Aug.	-	-	-23K
8:30 AM	Unemployment Rate	Aug.	-	-	4.1%
8:30 AM	Avg Hourly Earnings, M/M%	Aug.	-	-	0.1%

⌄	8:30 AM	Avg Hourly Earnings, Y/Y%	Aug.	-	-	3.1%

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Ticker	Name	↑ Next Earnings Date	Market Cap
DELL	Dell Technologies Inc.	Sep 1, 2026	305.15B
MDT	Medtronic plc.	Sep 1, 2026	115.16B
PANW	Palo Alto Networks, Inc.	Sep 1, 2026	312.02B
AVGO	Broadcom Inc.	Sep 2, 2026	1,767.63B
BF.B	Brown-Forman Corporation	Sep 2, 2026	12.52B
NTAP	NetApp, Inc.	Sep 2, 2026	37.41B
HPE	Hewlett Packard Enterprise Comp...	Sep 2, 2026	72.05B
CPRT	Copart, Inc.	Sep 3, 2026	30.33B
LULU	lululemon athletica inc.	Sep 3, 2026	13.06B
CIEN	Ciena Corporation	Sep 3, 2026	56.60B

Link to X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

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To invite others to check it out,