# 12 stock market charts that caught my attention 📊📈

Some bullish. Some less so. 🤔

SAM RO, CFA

SEP 02, 2026 ∙ PAID

All things considered, it's been a pretty good year for the stock market.

Year to date, the S&P 500 is up over 11%.

Meanwhile, the index has experienced an intra-year max drawdown of 9%, below the historical average of 14%.

In other words, we'd have to get a pretty ugly market sell-off in the next four months for 2026 to go down as an *average* year — which is certainly possible and why investors should always keep their stock market seat belts fastened.

As TKer's 10 Truths remind us, while the long game is undefeated, a lot can go wrong — and right — in the short term.

With that in mind, here are some charts about the present moment that caught my eye.

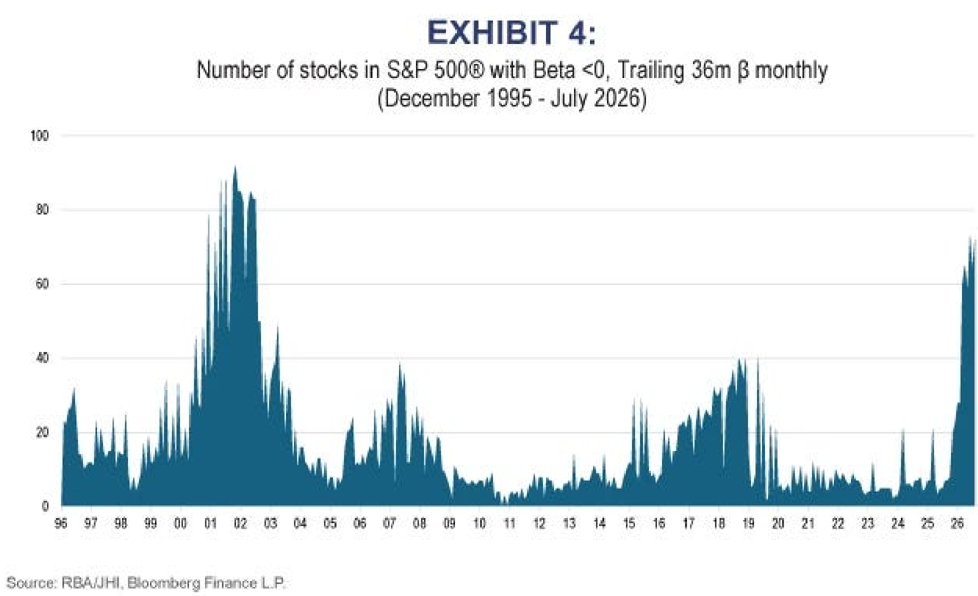
## Many stocks are going in the opposite direction of the market

For those catching up, beta measures how much an individual stock moves relative to the market average (e.g., the S&P 500). For example, if an S&P stock has a beta of 1, then it has historically moved in tandem with the index. If its beta is greater than 1, its moves have been more amplified than the index (e.g., a tech stock that goes up 2% on a day the S&P 500 goes up 1%). If its beta is between 0 and 1, its moves have been more subdued.

If a stock's beta is negative, then it's been moving in the opposite direction of the market. Historically, few S&P stocks have had negative betas.

That brings us to this observation by Janus Henderson's Richard Bernstein.

"The stock market's recent narrow leadership … has left a near-record number of companies with negative betas," Bernstein wrote. "That should sound very odd to everyone, but it was true during and after the Tech Bubble, and it's true again today."




(Source: RBAdvisors)

"Leadership has been so narrow that stocks can diversify stocks!" Bernstein quipped.

This helps us better understand why correlations within the S&P have tumbled.

There's much to be said about this. For now, one point I'll make is that it would not be unprecedented for many stocks to lag even as the market averages continued to trend higher.

But for those of us who lived through the Tech Bubble, this development is understandably unsettling.

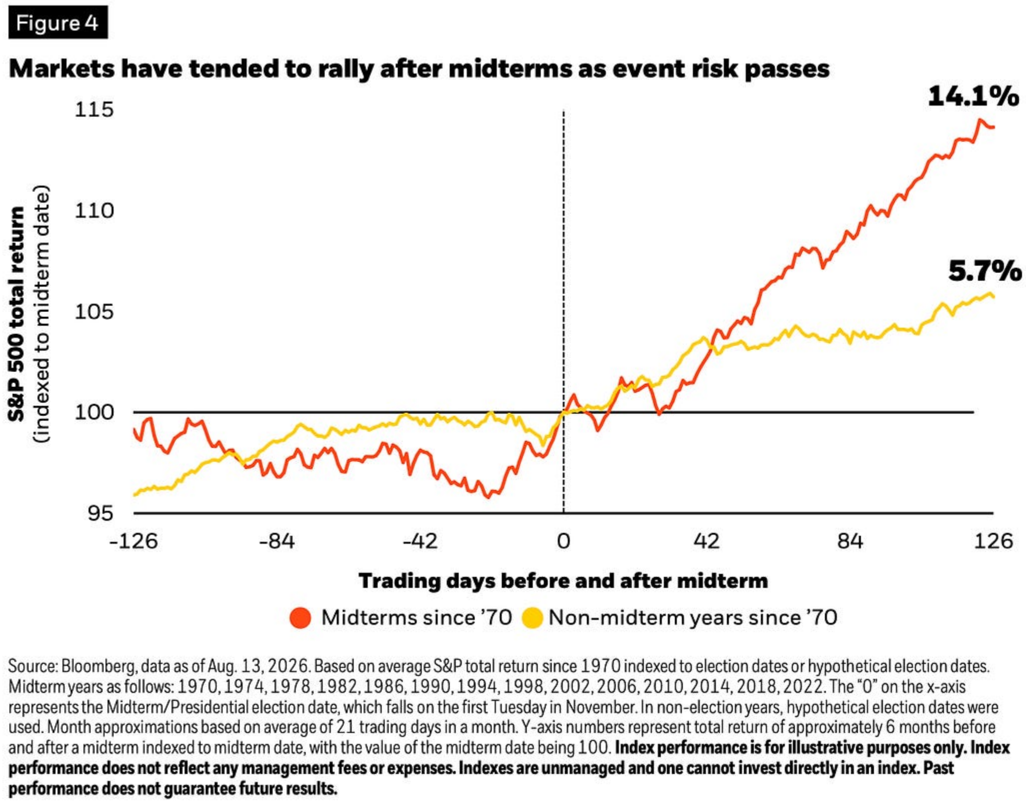
*Related: The first half of 2026 confirmed a valuable stock market lesson* 🤔

## Getting the midterms behind us could be bullish

The second year of a president's term tends to be the weakest of the four years. Strategists typically blame midterm elections for raising uncertainty.

On the plus side, the stock market has performed consistently well once we get a clearer indication of what the results could look like.

"Since 1970, the market has started to rally on average around a month (22 trading days) before a midterm election, as polling data provides clearer indications of results," BlackRock analysts wrote. "As event risk passes post-election, equities have historically experienced tailwinds, with an average return of 14.1% in the following six months compared to 5.7% in non-midterm years."




(Source: BlackRock)

Interestingly, election results don't necessarily have to be "good" or "bad" relative to your political leanings.

"Regardless of the outcome, midterms can help reduce uncertainty, with markets often rallying after the event," the analysts added.

This is true of presidential elections too.

You could make the case that some outcomes are more favorable for business than others.

But in the business world, the only thing worse than a less favorable outcome is uncertainty about the future.

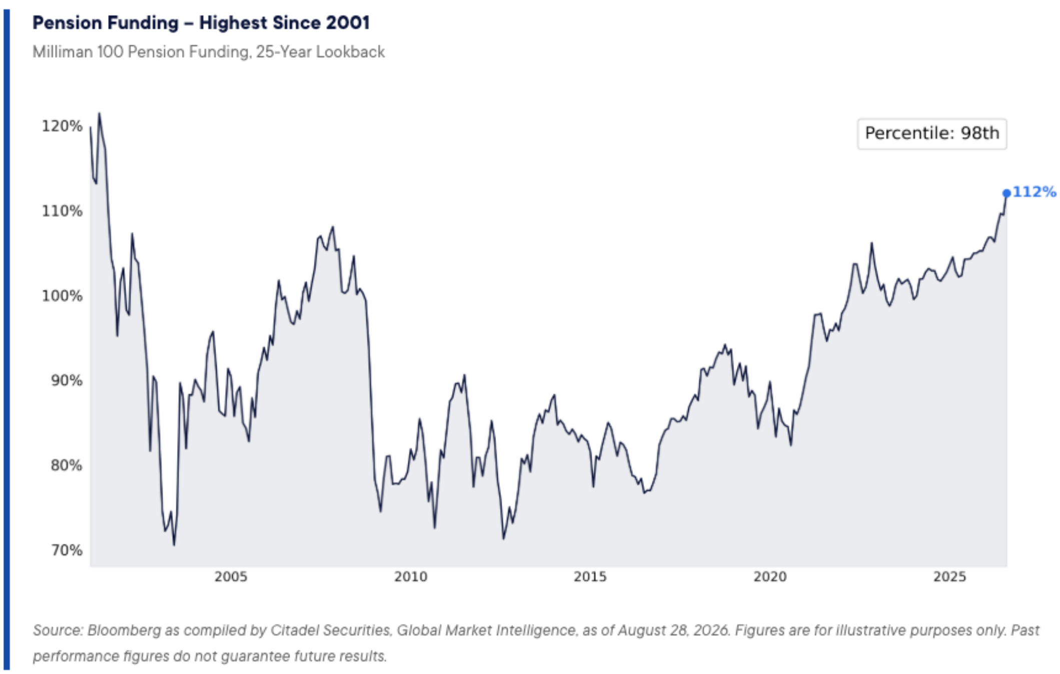
*Related: If you think things are bad now, just keep in mind that they could get much worse* 📉

## Pension funds have been doing well, which could be a headwind for stocks

The stock market's impressive gains have been a win for those invested.

Ironically, this may have created a headwind for … the stock market.

From Citadel Securities' Scott Rubner: "The top 100 U.S. pension plans are approximately 112% funded, their highest funding levels since 2001. Strong funding levels continue to incentivize plans to de-glide and immunize portfolios, creating the potential for mechanical equity selling and fixed income buying into quarter-end."




(Source: Citadel Securities)

It makes sense. If I were tracking well ahead of my savings goals, I might adjust my allocations to reduce risk in my portfolio, too.

That said, I'm not sure I'd personally trade this development.

I only highlight it because it's one of the countless things going on in the market that may or may not explain why prices do what they do in the short term.

## It's more complicated than 'higher interest rates are bad for stocks'

All else equal, higher interest rates mean higher financing costs. All else equal, higher interest rates mean lower theoretical valuations.

But the stock market's relationship with interest rates is far more complicated than that. Consider the simple chart below.

From a late August Deutsche Bank note, the chart shows the yield on the 10-year Treasury note versus the S&P 500 over the past three years.

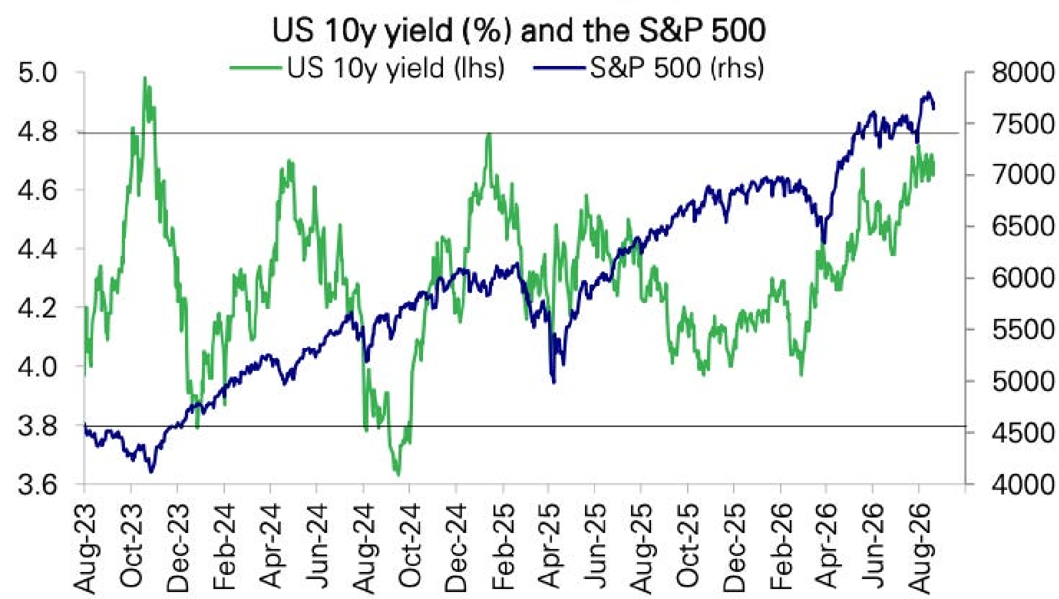



Figure 6: The 10y is also within the 1pp range it has inhabited for the last 3 years even as the S&P 500 has trended strongly higher

*Source : FRB, Bloomberg Finance LP, Deutsche Bank Asset Allocation*

(Source: Deutsche Bank)

As you can see, the 10-year yield has risen to levels last seen in early 2025, mid-2024, and late 2023. And yet, the S&P 500 has rallied significantly since those seemingly challenging periods.

Three quick comments: 1) No level of interest rates is obviously bad; 2) The direction of change isn't as important as the rate of change; and 3) Corporate balance sheets are pretty strong.

On that third point, I'll add that interest expense is just one of many things that affect earnings, so we should be mindful of the other things going on in the world, both bullish and bearish. Also, profit margins are at record highs, which means many companies have a decent amount of financial wiggle room before high financing costs become a major problem.

*Related: 3 stock market charts to consider as interest rates rise* 📊📉📈

## Market volatility could accompany the next Fed rate hike

Traders have assigned a 66% probability that the Federal Reserve will announce an interest rate hike after its September monetary policy meeting. This would be consistent with the arguably hawkish tone in Fed Chair Kevin Warsh's recent speech from Jackson Hole.

In a note to clients on Tuesday, Societe Generale's Manish Kabra cautioned that, "Markets hate the hikes. Then they rally."

He wrote that the stock market goes through a "digestion phase for 1-3 months" before recovering losses — and then some — within six months.

**S&P 500 PLAYBOOK: WHEN THE FED HIKES AGAIN**

| | | Before the Hike | | | After the Fed Hike | | |
|---|---|---|---|---|---|---|---|
| Cycle | First Hike Date | 6m | 3m | 1m | 1m | 3m | 6m |
| 1987 | 31-Mar | 26% | 20% | 3% | -1% | 4% | 10% |
| 1994 | 04-Feb | 5% | 3% | 1% | -1% | -4% | -2% |
| 1997 | 25-Mar | 15% | 5% | -3% | -3% | 13% | 19% |
| 1999 | 30-Jun | 11% | 6% | 5% | -3% | -7% | 7% |
| 2004 | 30-Jun | 3% | 1% | 2% | -3% | -2% | 6% |
| 2015 | 16-Dec | -1% | 4% | 1% | -9% | -2% | 0% |
| 2022 | 16-Mar | -3% | -7% | -3% | 1% | -16% | -11% |
| Average | | 8% | 5% | 1% | -3% | -2% | 4% |
| Hit Ratio (% Positive) | | 71% | 86% | 71% | 14% | 29% | 71% |

*Source: Refinitiv, Bloomberg, SG Cross Asset Research / Equity Strategy, Asset Allocation*

(Source: Societe Generale)

As always, I'm not crazy about trading in and out of the market based on expectations for events in the near future.

However, I'll note that the odds of weak stock market performance across all backdrops are relatively high over very short periods. And the odds of positive returns improve as you extend your holding period. Kabra's findings are consistent with this.

Zooming out a bit, it remains my view that in most circumstances, the timing of the Fed's next move is not as important as the economic conditions that motivate such a decision. This is something I've been saying repeatedly since early 2024.

*Related: 'When will the Fed cut rates?' is not the right question for investors right now* ✂️

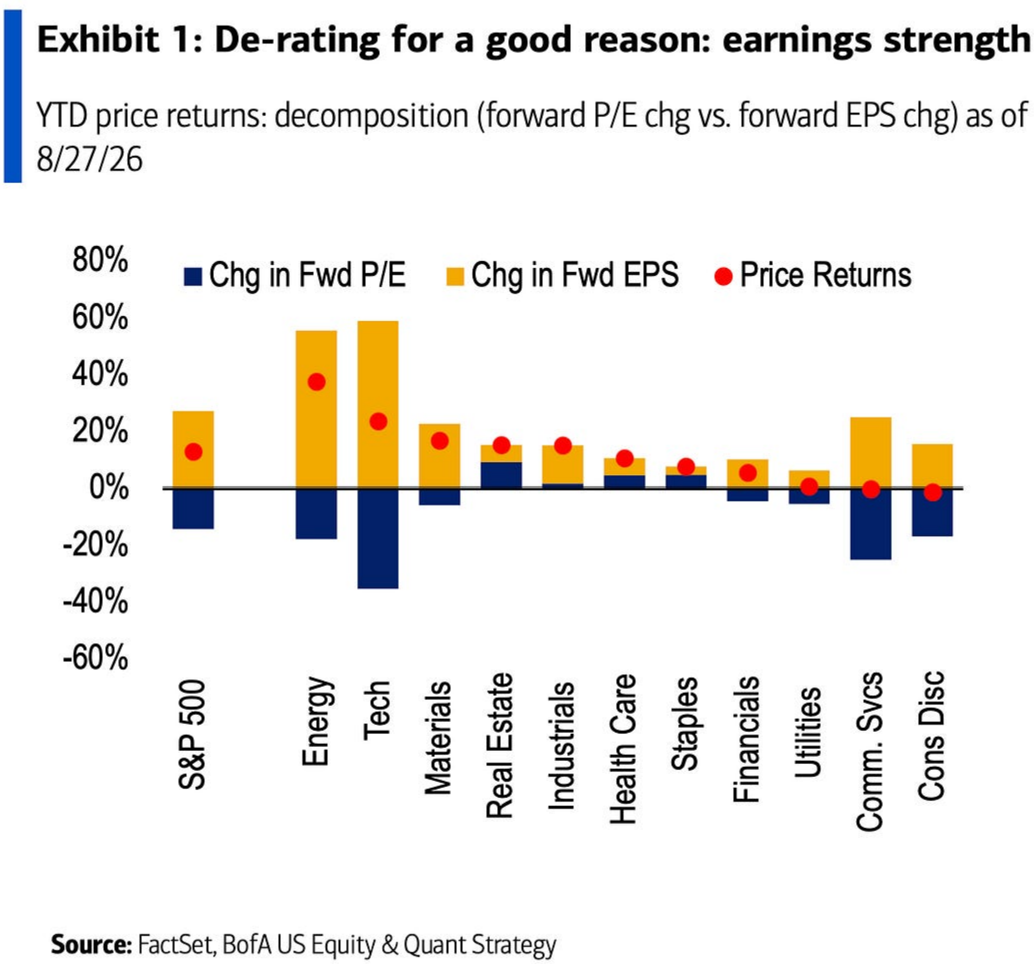
## Stocks have become less expensive

One of the bigger stories in the stock market right now is how valuation metrics have cooled in recent months. (Perhaps investors are anticipating slower earnings growth.)

Notably, price-to-earnings (P/E) ratios have come down even as prices have gone up.

That’s because expectations for earnings growth have outpaced prices.

As BofA’s Savita Subramanian observed in a note to clients on Monday, this has been happening in more than a few industries.



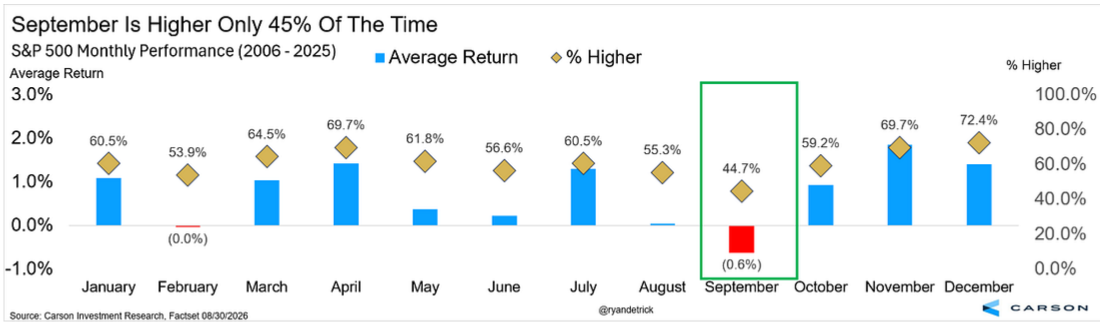

(Source: BofA)

This is a good reminder that prices don’t have to fall for valuations to become more attractive.

*Related: [It’s like we fell down an escalator that’s going up](#) ↙*

# Septembers have been weak, BUT…

Carson Group's Ryan Detrick reminds us that September has historically been the worst month of the year for stocks.




(Source: Carson Group)

But he also notes that history's worst Septembers often followed pretty bad years to date.

**The Worst Septembers Saw Weakness Coming Into Them**

10 Worst Septembers Ever And S&P 500 YTD Coming Into Those Months (1950 - Current)

| Year | September | YTD End Of August |
|---|---|---|
| 1974 | -11.9% | -26.0% |
| 2002 | -11.0% | -20.2% |
| 2022 | -9.3% | -17.0% |
| 2008 | -9.1% | -12.6% |
| 1986 | -8.5% | 19.7% |
| 2001 | -8.2% | -14.1% |
| 2011 | -7.2% | -3.1% |
| 1957 | -6.2% | -3.1% |
| 1960 | -6.0% | -4.9% |
| 1981 | -5.4% | -9.6% |

Source: Carson Investment Research, FactSet 08/28/2026
@ryandetrick

CARSON

(Source: Carson Group)

NOTABLY, strong Septembers have been preceded by pretty good years to date.

**The Best Septembers Ever Tend To See Strength Into Them**

10 Best Septembers Ever And YTD Coming Into Them (1950 - Current)

| Year | September | YTD End Of August |
|---|---|---|
| 2010 | 8.8% | -5.9% |
| 1954 | 8.3% | 20.2% |
| 1998 | 6.2% | -1.4% |
| 1950 | 5.6% | 9.7% |
| 1996 | 5.4% | 5.9% |
| 1997 | 5.3% | 21.4% |
| 1958 | 4.8% | 19.4% |
| 1995 | 4.0% | 22.3% |
| 1973 | 4.0% | -11.7% |
| 1988 | 4.0% | 5.8% |

Source: Carson Investment Research, FactSet 08/28/2026
@ryandetrick

CARSON

(Source: Carson Group)

Ryan scrutinizes the data further in his post.

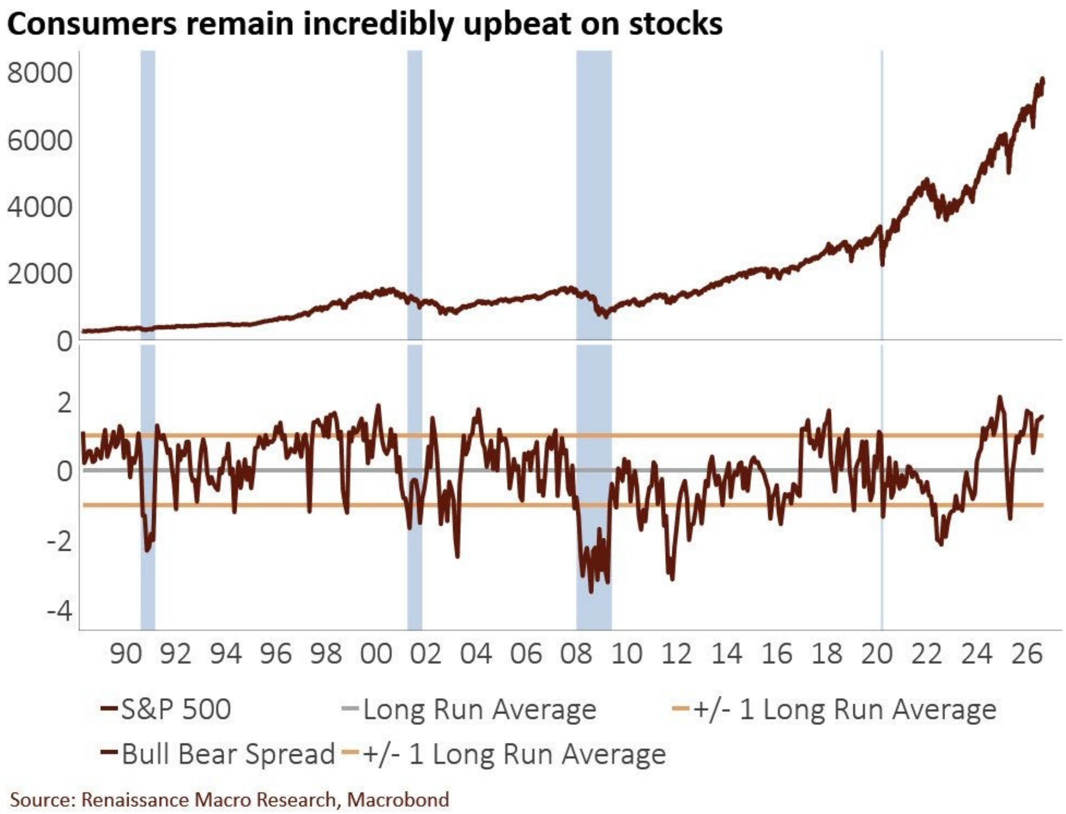
Again, I'm not one to trade in and out of the market based on short-term expectations.

That said, don't be surprised if September turns out to be a green month.

## Consumers have gotten increasingly optimistic about stocks

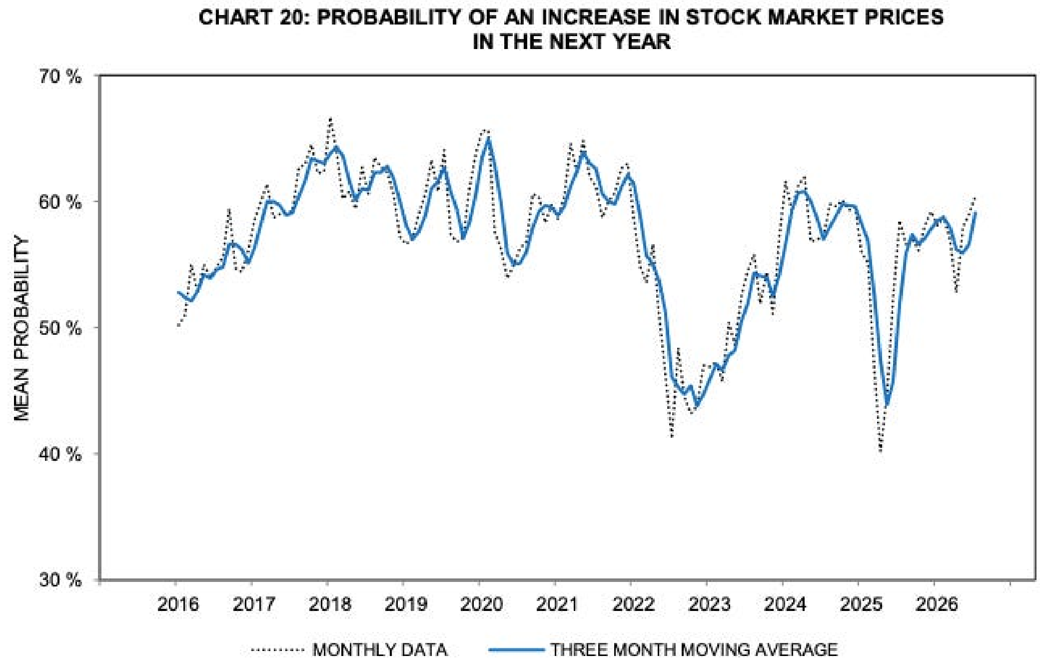
According to the Conference Board's latest Consumer Confidence Survey, consumers feel pretty good about stocks.

Here's Renaissance Macro on the report: "Bullish on stocks. According to the Conference Board, even though expectations declined in August, consumers remain upbeat on stocks. Net percent of respondents expecting stock prices to rise over the next 12 months remains well above normal."



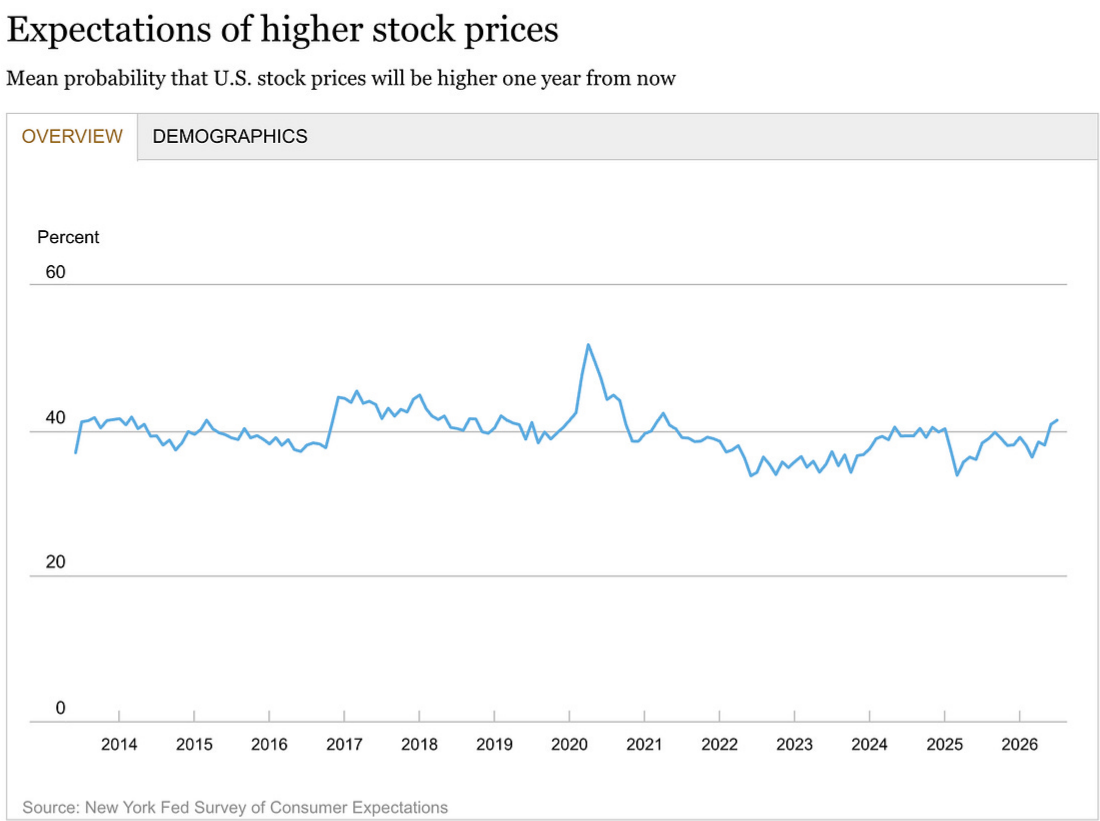

(Source: Renaissance Macro)

The University of Michigan's August Surveys of Consumers also found favorable overall sentiment toward stocks.




(Source: University of Michigan)

Similarly, here's the New York Fed's recent Survey of Consumer Expectations: "The mean perceived probability that U.S. stock prices will be higher 12 months from now increased by 0.5 percentage point to 41.4%, the highest level of the series since April 2021."




(Source: NY Fed)

Personally, I don't care to read too much into sentiment surveys, so I'm reluctant to say bullish sentiment is a contrarian indicator.

## Zooming way out 🔭

In the stock market, there are always a lot of reasons to be bullish or bearish about the near future. Good luck figuring out which direction the scale tilts.

I remain optimistic about the stock market's long-term outlook.

That said, I also won't be surprised if the long path upward continues to be a bumpy one.

-

***Related from TKer:***

- *10 truths about the stock market* 📈
- *The first half of 2026 confirmed a valuable stock market lesson* 🤔
- *2026 could be crappy for the stock market, and that would be normal* 📉
- *Getting to 'the other side' of election uncertainty* 🌤️
- *For markets, there's one thing worse than bad news* 📉📈
- *'When will the Fed cut rates?' is not the right question for investors right now* ✂️