

Weekly Market & Strategy Update

Week Ending September 12, 2026

“Subdued Market, Subdued Aug CPI, US Diesel Avg Tops \$6/gallon, and AI Doomsday Debate in the Headlines”

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Dear Valued Clients, Friends, and Acquaintances,

I hope this update finds you well. Below is our recap of market action for the week ended September 12, 2026, along with thoughts on strategy positioning and the outlook ahead.

Market averages declined modestly (S&P500 -0.8%). The US 10yr closed at 4.97%, up 19bps w/w and near the highest levels since 2023. While the bond market seems to have their undies in a knot, the reality is that before the zero-interest rate policy following the GFC, US interest rates on the 10year used to average between 4% and 5% for many years (1998 to 2007 and then from 2023 to the present). Average US diesel prices hit \$6/gallon for the first time and the refining sector gained +3.2% w/w and rose for the 5th consecutive week, adding +27.5% over that time frame. Global refining capacity is estimated as being short 5mm bbl/day relative to demand. The Energy Sector led, gaining +1.7% w/w as crude oil prices surged over 12% w/w. Saudi Arabia reported that it shut down its East-West pipeline after being attacked multiple times from drones fired from Iraq by Iran-backed militias. The pipeline can carry up to 7 mm bbl/d or ~7% of global supply and has been a key back channel to continue exporting crude after Iran closed the Strait of Hormuz. Qamar Energy, a Dubai-based energy consulting firm said that Saudi Arabia is expect to repair the damage “relatively quickly,” but repeat attacks remain an ongoing risk.



Source: WSJ

Oracle (ORCL) posted +31% y/y EPS for the quarter ended July, beat by +10%, guided revenue for F2Q up +30-34%, in line and FY2027 revenue to “at least \$90B” up from \$90B and vs Street at \$89.7B. EPS guided to \$8.10, in line with estimates. The stock surged initially but reversed lower, -1.74%. Leading stocks this week included Advanced Micro Devices (AMD, +8.1%), SK Hynix (SKHY, +7.4%), Ciena (CIEN, +8.9%), Celestica (CLS, +11.0%), Semtech (SMTC, +12.1%), Marvell (MRVL, +5.6%) Bloom Energy (BE, +9.05%), Solaris Energy Infrastructure (SEI, +22.6%), Valero (VLO, +5.3%). Laggards included Howmet Aerospace (HWM, -11.4%) on additional news on increased competition, Nvidia (NVDA, -5.2%), SanDisk (SNDK, -6.1%), Credo Technology (CRDO, -4.4%).

Over the weekend, the CEO of Anthropic, Dario Amodei, published a blog post arguing that the risks being posed by the leading AI tools are too risky to continue at the recent breakneck pace of development. He asked for the AI industry to slow down. In a rare show of unity, Elon Musk and Sam Altman, CEO of OpenAI agreed according to an article in the Wall Street Journal (AI Rivals Agree They Need to Slow It Down). The magnitude of any slowdown was never mentioned. Amodei is not calling for a training halt. He asks for a year or two before models reach “critical levels of capability,” which is odd given that in July OpenAI reported that ~1200 OpenAI agents ran an unsanctioned attack on a company called “Hugging Face” through an unsanctioned messaging board. There was very little if any actual economic damage but the warning was that agents were able to “self-organize, hide, cheat evaluations, and punch out of a sandbox into a real production stack.” That is one reason why Amodei is causing for some kind of industry standards right now. As a first

step he is calling for third party evaluators and is volunteering Anthropic to do so voluntarily. OpenAI CEO, Sam Altman said OpenAI would match the commitment. Elon Musk said that he agreed there should be “some oversight.”

There are no specifics at present which makes sense because of the difficulty in agreeing to what the limits should be, the rate to achieve limits, how to coordinate and enforce limits and then there is the China bogey. Amodeli does not want to hand AI to China and even calls for limits on exports of US semiconductors to China.

The bottom line is that the leading AI CEOs agree that recent incidents are serious and are willing to accept outside oversight. Whether any change will happen, we will have to see if the outside eyes are actually able to publish oversight reports that the leading AI labs would rather bury.

Our initial take on investment implications:

Agent swarms that cheat graders, steal credentials, seize messaging boards increase demand for identity, firewall, cloud, and other security protections. The cyber security names such as CRWD, PANW, FTNT already sell the AI-powered security story so hard to say there is suddenly a larger TAM just because there is some kind of sudden recognition of the need to contain the AI agents. OKTA and SAIL are also in the bucket for identity and entitlements and control of unsanctioned message boards. My belief is that Palantir (PLTR) benefits as the Department of War is likely facing the most vulnerability and likely can use more control-tower software that can diversify away from Anthropic toward other vendors as they cannot have a Hugging Face type of incident given the national security implications. The Amodeli blog post just acts as a catalyst for cyber security budget that was already increasing.

We also believe with Amodeli's call to be more careful about safety and security and to build in more such protections likely, if anything, increase the demand for compute. At the end of the day, at this point we believe demand for compute is more likely to rise. We will keep tracking developments in this area. Important to note is that Nvidia reportedly is considering a \$10B investment in Anthropic's IPO (though recent news makes an IPO this year less likely), and OpenAI CEO Altman has ruled out an IPO this year due to “unacceptable” safety risks according to Reuters.

From a technical view, the power trend remains on for both the S&P500 and the Nasdaq (but just barely) and the rally is still ongoing but just barely as well.

Monday night futures are lower with the S&P500 down -0.5%, Nasdaq futures down -1.0%, and DJIA futures down -0.3%. Crude oil figures were up +2.2%. .

Looking ahead, Federal reserve policy makers meet on Tuesday and Wednesday to consider a move on interest rates. Futures are pricing in an +86% chance of a 25bp rate hike, to a target of 3.75% to 4.00%. Not much in the way of earnings this week. Forgent Power Systems (FPS) and homebuilder Lennar (LEN) are due to report.

Index Performance:

- **S&P 500:** -0.80% | -1.9% from ATH, down 4 out of last 5 days, bounced off 50dma Friday (+86%).
- **S&P 500 Equal Weight:** -1.89% | -3.8% from ATH, broke below 50dma
- **Nasdaq Composite:** -0.66% | Rally barely hanging on, but only -2.8% below ATH.
- **Dow Jones Industrial Average:** -1.57% | down 4 out of the last 5 weeks, -3.8% from ATH
- **Russell 2000:** -2.41% | -5.3% from ATH.

Mixed week. Nvidia ended the week up +5.9% and is well positioned for potential breakout. Sandisk (SNDK, +17.2%), Micron Technology (MU, +9.0%), Dell Technologies (DELL, +14.9%), Semtech (SMTC, +12.7%), Nebius (NBIS, +8.2%), Oracle (ORCL, +5.3%), Marathon petroleum (MPC, +5.55%) posted strong gains. However, despite strong earnings reports, Ciena (CIEN, -15.2%), Credo Technology (CRDO, -26.7%), Broadcom (AVGO, -2.95%), fell hard.

Market Technicals

The major averages remain in a broader rally structure, but the power trend, while still ongoing, is on shaky legs on both the Nasdaq and S&P 500 even though the moving averages are still stacked in constructive order. The equal-weighted S&P 500 (RSP) continues to look more resilient. Gold, silver, copper, and bitcoin all fell. Oil surged with both Brent Crude and Western Texas Intermediate up over +12% w/w.



Source: **MARKET SURGE**
BY INVESTOR'S BUSINESS DAILY

Strategy Conviction

Conviction in the AI infrastructure theme remains intact, though similar to last week, there were both boosts and hits week. As mentioned above both AVGO and DELL delivered strong results and NVDA stock gained +5.9% and is in a solid technical position. SK Hynix (SKHY) jumped +9.9% and the KOSPI jumped +4.6% from Friday's close on Monday and is up +0.7% in early Tuesday trade. But interest rates are up as well. The FOMC meeting will give us more info on his inclinations for the future. Political backlash against datacenters has been rising but more labor unions are speaking out in favor. Mauldin Economics has taken a good stab at explaining the facts: AI in Your Backyard: The Water and the Wires and Jobs, Growth, and the Race We're Actually In. However, other hits include the trade spat with Canada and the ongoing conflict with the US and Iran.

AI Infrastructure Capex Update

Given the weekend developments, I thought it made sense to update/reframe the capital spending outlook as far as AI and AI infrastructure build out:

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Year	Narrow: US listed hyperscalers	Wide-but-clean: Goldman “global AI investment” (adds private labs + non-US, tries to strip lease double-count)	Kitchen-sink physical: compute + data halls + power (GS Global Institute / McKinsey-style)
2025	~\$400–\$470B	~\$0.55–\$0.65T (implied by GS cumulative \$1.8T 2022–26)	n/a as a clean annual
2026	~\$750–\$800B consensus; some \$870B if you add SpaceX	~\$1.0T global; ~\$580B of that in the US	~\$0.75–\$1.0T GS GI baseline ~\$765B (compute \$494B + halls \$232B + power \$39B)
2027	~\$0.92–\$1.14T GS; ~\$1.3T S&P six-name set incl. SpaceX	~\$1.3–\$1.5T if you scale GS 2026 global by their US GDP-share step-up (1.8%→2.5% of US GDP)	~\$1.0–\$1.2T GS GI baseline \$1.01T (compute \$661B + halls \$300B + power \$50B)
2028	not a stable consensus	GS: US AI capex ~2.8% of GDP, global ~1.4% of world GDP	GS GI baseline ~\$1.22T
2025–30 cumulative	S&P: \$3–4T for top US CSPs	—	McKinsey: \$5.2T AI data centers central case; \$6.7T all DCs ; bull \$7.9T AI

Source: Company Reports & Commentary, Grok AI

Week Ahead

Attention The key economic event is the Fed meeting and more important the market’s reaction to the narrative surrounding the decision.

Although headwinds are appearing, we believe a lot of such headwinds are already more than discounted in stock prices. As such I remain constructive on the AI infrastructure theme and the broader setup for high-quality growth companies positioned to benefit from

sustained capital investment. As always, this letter is for informational purposes only and does not constitute investment advice. Please reach out with any questions.

Best regards,

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