

Weekly Market & Strategy Update

Week Ending September 26, 2026

“Nasdaq Hits New High as AI Rally Reloads, Pres Xi In Washington, US-10yr Jumps to 5.18%, AMD Joins \$1T Club”

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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 26, 2026, along with thoughts on strategy positioning and the outlook ahead.

Market chop continued. The major averages did an upside reversal vs last week. After the AI doomsday Monday, the Nasdaq punched back, surging +2.26% Monday and set another record Tuesday (27,244). Despite the first Fed rate hike in three years and a hawkish press conference from Fed Chair Warsh, all three major averages finished higher for the week. Infrastructure PLUS rode the AI rally reload with memory, interconnect, and optical leading the way. The refining sector fell for the first time after 6 consecutive weeks in the plus column, falling -6.15%. But the sector is still up +25.6% over the last seven weeks and +41% in the 3rd quarter.

The US 10-year climbed nearly 19bps w/w hitting 5.18%, the highest level since 2007. But to put that into context, before the ZIRP which lasted for many years, 4% to 5% on the US 10-year was considered normal. Crude oil sold off from mid-week highs on Strait of Hormuz headlines with WTI finishing the week lower vs the prior Friday at nearly \$92 while Brent peaked over \$103 during the week before closing near \$98, well above where it started the month. Diesel still rose w/w to \$6.53/gallon from \$6.29/gallon though it eased late in the week.

Petrol prices moved on sidelines talk at the UN General Assembly meeting where Iran Foreign Minister Araghchi proposed a seven-day plan to reopen the Strait of Hormuz and restart nuclear talks – lift the US naval blockade, waive oil sanctions, cease fire, and open the Strait on day 7. Essentially a do over on the June MOU. But President Trump rejected the cease fire proposal and said he expects to resume attacks after US midterms.

More headlines on AI with more reports of data breaches (Another-openai-sandbox-failed) and the White House summoned Anthropic CEO Dario Amodei to a White House private dinner meeting tonight. The visit by President Xi was long on ceremony but short on changes. Two more meetings are scheduled for this year and any changes in tariff policy were pushed out to January.

As far as changes in the market, it was leadership rotation, not a change in thesis. Meta's (META) Muse AI agent exploded onto download charts and translated to META's best month in over a decade (+31%). Advanced Micro Devices (AMD, +12.7% w/w) joined the \$1 trillion market cap club for the first time, Intel (INTC, +13.3%), Credo Technology (CRDO, +19.9%), Celestica (CLS, +9.9%), Bloom Energy (BE, +8.7%), Amphenol (APH, +8.4%), Marvell (MRVL, +7.2%) all ripped higher and the SOXX was up over +7%. On Friday we also got two more confirmation data points: Microsoft (MSFT, +4.5% w/w) announced a Copilot refresh and Akami (AKAM, +9.0% w/w) announced an \$11.6B cloud deal with Anthropic. The bottom line is that end of humanity hyperbole can slap the sector for a day or two but it has not stopped the AI buildout. The weakest area of the infrastructure trade remains the E&C names which are on the front line of worries regarding any slowdown and despite cap ex estimates that continue to climb.

Looking forward, despite the various headwinds from geopolitics, AI end of humanity hyperbole, inflation above Fed targets, the start of another Fed rate hike cycle have been largely offset by the tremendous tail winds in S&P500 3Q EPS estimates which stand at +29% y/y and which have climbed higher by +1.6% for 3Q bucking the usual trend of falling into the print by an average -3%. Full year 2026E EPS are for +32% and CY2027E EPS are at +15.4% against a forward P/E at 19.2x, below the 5-year average of 19.8 despite the outlook being well above the historical average.

Seasonally, we are entering the strongest quarter of the year. In midterm years Q4 market returns have averaged +6.6% and the 12 months after election day has averaged in the mid-teens with almost no down cycles since 1950. However, the caveat is that there is a small sample with only roughly 20 postwar midterms. Further 2026 has not followed the script on three soft quarters followed by a strong Q4 pop and the index has been up a lot more than the midterm year average so far into late September.

Sunday night futures are lower with the S&P500 down -0.3%, Nasdaq futures -0.3%, DJIA futures down -0.3%. Crude oil futures were up +1.2% and the US 10yr at 5.165%.

Index Performance:

- **S&P 500:** +1.2% | -0.8% from ATH, holding above 50dma
- **S&P 500 Equal Weight:** -0.56% | lagging the market cap weighted index
- **Nasdaq Composite:** +2.06% | Record close Tuesday, +3.4% above 50dma
- **Dow Jones Industrial Average:** +0.28% | -5.3% from ATH below 21ema and 50dma
- **Russell 2000:** -0.75% | -7.6% from ATH

- **US 10 year:** 5.18%, +18bps

Market Technicals

The major averages remain in a broader rally structure, but the power trend, while on shaky legs for both the Nasdaq and S&P 500 has improved and the moving averages are still stacked in constructive order. The equal-weighted S&P 500 (RSP) is now lagging and raises concerns about a narrowing of the rally. Oil prices fell w/w but President Trump rejected the Iran surge with both Brent Crude and Western Texas Intermediate up over +12% w/w.



Source: **MARKETSURGE**
BY INVESTOR'S BUSINESS DAILY

AI Infrastructure Capex Update

The capital spending outlook as far as AI and AI infrastructure build out as of 13Sept2026 per Grok. Barron's roundtable broadcast posted an estimate in excess of \$10.3T for the period 2025 to 2032 was based on the Brookings/Columbia published estimate which amounted to 3.6% of US GDP per year and is a US kitchen-sink physical forecast which would be larger than the railroads share of GDP at peak. The estimate sits above the McKinsey Global 2025-2030 kitchen-sink figures of \$5.2T base/\$6.7T all DCs / \$7.9T bull case.

Year

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

On the horizon is Oct 28 FOMC meeting, US Midterms, 3Q earnings season.

Near term events for this week shown below. Key earnings release will be Micron Technology (MU, 9/30) which moves but the broad market and Infrastructure tape. PCE payrolls move the US 10-year. Fed speeches all week.

9/29: JOLTS, Conference Board confidence.

9/30: August PCE (core ~0.3% m/m / +3.3% y/y, headline 3.7%).

10/1: Jobless claims, ISM Manufacturing, Accenture, Nike earnings.

10/2 Sept payrolls (+90k to 110k vs +162k in August, unemployment rate still 4.1%)

Last week's performance was strong, but several headwinds remain: the U.S. 10-year yield at 5.18%, oil prices reacting to headlines, continued weakness in E&C, a U.S.–China tariff truce that expires January 10, and another U.S.–Iran MOU that appears unlikely to advance. The tailwinds are also intact, led by massive, contracted capital spending on AI and AI infrastructure—the central theme of the past three years. I remain constructive on both the AI infrastructure theme and the broader opportunity for high-quality growth companies that can convert sustained capital investment into revenue. That said, I expect the choppy conditions that have persisted since the summer highs to continue into the midterms. After that, the market enters a seasonally strong period that has historically been especially favorable in midterm election years in general though there are caveats this time around as mentioned above.

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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