Monthly Market Review

Multi-Asset Class | September 2026

U.S. Equity

- U.S. equities advanced in August with both the S&P 500 Index the Russell 3000 Index retuning 2.7% for the month, as strong earnings from companies related to energy and artificial intelligence helped support stocks.[1]
- Five of the 11 S&P 500 sectors posted positive returns in August. Energy led with a 7.0% return, followed by Information Technology at 6.2%, Materials at 6.0%, and Healthcare at 4.9%. Utilities was the weakest sector, declining 4.8%, while Industrials and Real Estate fell 2.6% and 1.9%, respectively.
- Returns were positive across market capitalizations. Large-caps, represented by the Russell 1000 Index, gained 2.8%; mid-caps, represented by the Russell Midcap Index, returned 1.9%; and small-caps, represented by the Russell 2000 Index, gained 1.0%. Growth stocks outperformed value stocks across all capitalizations.
- According to FactSet Earnings Insight as of August 28, 2026, the blended year-over-year (YoY) earnings growth rate for the S&P 500 in Q2 was 52.0%, well above the five- and 10-year averages of 15.2% and 11.2%, respectively. Ten of the 11 sectors reported YoY earnings growth, and nine of those sectors posted double-digit gains. Energy, Communication Services, Consumer Discretionary, and Information Technology led the increase. For Q3 2026, analysts are currently projecting earnings growth of 28.2%.

Non-U.S. Equity

- Non-U.S. equities rose in line with U.S. equities in August. As represented by the MSCI ACWI ex-U.S. Index, international equities returned 2.6% for the month.
- Emerging markets (MSCI EM Index) advanced 3.4% in August, supported by rebounds in Taiwanese and Korean markets (MSCI Taiwan Index and MSCI Korea Index) which returned returning 6.4% and 5.9% respectively, after a deeply negative July. In contrast, China (MSCI China Index) and India (MSCI India Index) each fell 0.3%. Developed-market equities also rose in August, returning 2.0%. Within developed markets, Japan (MSCI Japan Index) returned 3.3%, while Europe (MSCI Europe Index) returned 1.4%.
- Within the MSCI ACWI ex-U.S. Index, seven of the 11 sectors posted positive returns. Materials led with a 12.9% gain, followed by Information Technology at 5.1%. Real Estate was the weakest sector, declining 2.5%, while Consumer Staples fell 1.8%.

Fixed Income

- The Treasury yield curve flattened in August. The two- and five-year yields each rose 5 basis points (bps), ending the month at 4.3% and 4.5%, respectively. The 10-year yield increased 1 bp to 4.7%, while the 30-year yield declined 3 bps to 5.2% after reaching a 19-year high of 5.3% earlier in the month. At month-end, after Federal Reserve (Fed) Chairman Kevin Warsh's remarks at Jackson Hole Symposium, markets assigned a 64.3% probability to a rate hike at the September Federal Open Market Committee meeting.
- Fixed income posted positive returns in August. The U.S. Treasury Index returned 0.3%, while the Bloomberg U.S. Aggregate Index gained 0.4%. Within credit, lower-quality securities outperformed with investment-grade (IG) credit returning 0.4%.High-yield credit gained 1.0%.
- IG spreads were unchanged at 78 bps, while high-yield spreads narrowed 18 bps to 261 bps. Spreads in both segments remained near historical lows.

Listed Real Assets

- Real estate investment trusts (REITs) declined in August, with the FTSE NAREIT All Equity REITs Index returning -2.7%. Within listed real estate, data centers were approximately flat and were the best performing sector, supported by continued investment in artificial intelligence and related demand for computing infrastructure. Lodging and resorts was the weakest segment, followed by retail.
- Listed infrastructure also declined in August. The FTSE Global Core Infrastructure 50/50 Index returned -1.8%, as utilities posted negative returns in both U.S. and global markets.

Items to Watch

- The second estimate of Q2 2026 GDP growth was unchanged at a 1.5% annualized rate. However, real final sales to private domestic purchasers (the sum of consumer spending and gross private fixed investment) were revised 0.3% higher to a 4.2% annualized rate. This improvement was offset by an upward revision to imports. Looking to Q3, the path of trade flows remains uncertain following the U.S. administration's imposition of 50% tariffs on approximately $20 billion of Canadian goods and Canada's announcement of comparable retaliatory tariffs on a range of U.S. goods, effective September 8.
- The Personal Consumption Expenditures Price Index, the Fed's preferred inflation measure, held at a 3.7% annual pace in July. The core measure, which excludes volatile food and energy prices, also was unchanged from June at 3.3%. Durable goods remained in disinflation for the month while non-durable goods inflation picked up, pointing to an uneven, progress toward the Fed's 2% target.
- The contribution of the large technology and AI related names has been a major driver of earnings in Q2 and remains an important trend to watch. The top four contributors to earnings growth for the S&P 500 for Q2 2026 were (in order) Alphabet, Amazon. com, Micron Technology, and NVIDIA. These four companies contributed 30.1% of the 52.0% earnings growth for the quarter, driven by AI related revenues and investment income. Looking forward, these same names are currently estimated to contribute 9.9% of the 28.2% earnings growth projected for Q3. As the AI investment trend continues, we are watching for the durability of these earnings in Q3 and beyond.

Sources

- Bloomberg
- FactSet

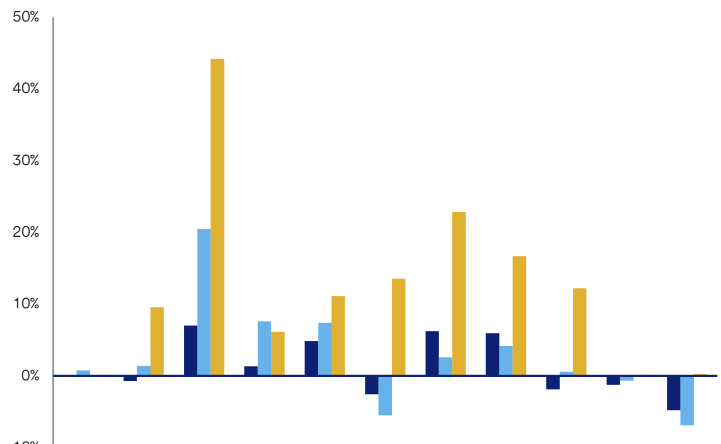
1 - All returns are expressed as total returns (price returns net of dividends).

us bancorp Asset Management

Total Return of Major Indices				
Domestic Equity	**MTD**	**QTD**	**YTD**	**1 YR**
S&P 500	2.7%	2.7%	13.1%	20.3%
Russell 3000	2.7%	2.3%	13.4%	20.1%
Russell 2000	1.0%	-2.0%	20.2%	26.6%
Russell 1000	2.8%	2.4%	13.0%	19.7%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	2.6%	2.9%	17.0%	27.3%
MSCI EAFE	2.0%	4.0%	13.8%	21.6%
MSCI Emerging Markets	3.4%	0.2%	24.1%	39.2%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg U.S. Agg	0.4%	-0.9%	-0.3%	1.9%
Bloomberg Global Agg	0.5%	-0.1%	-0.3%	0.6%
ICE BofA U.S. HY	1.0%	0.7%	2.6%	4.8%
Listed Real Assets	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI U.S. REIT	-3.0%	-0.9%	15.9%	14.6%
FTSE NAREIT All Equity REITs	-2.7%	-0.4%	14.5%	12.5%
MSCI World Core Infrastructure	-0.3%	1.4%	10.6%	12.3%
FTSE Global Core Infrastructure 50/50	-1.8%	-1.3%	9.2%	12.3%

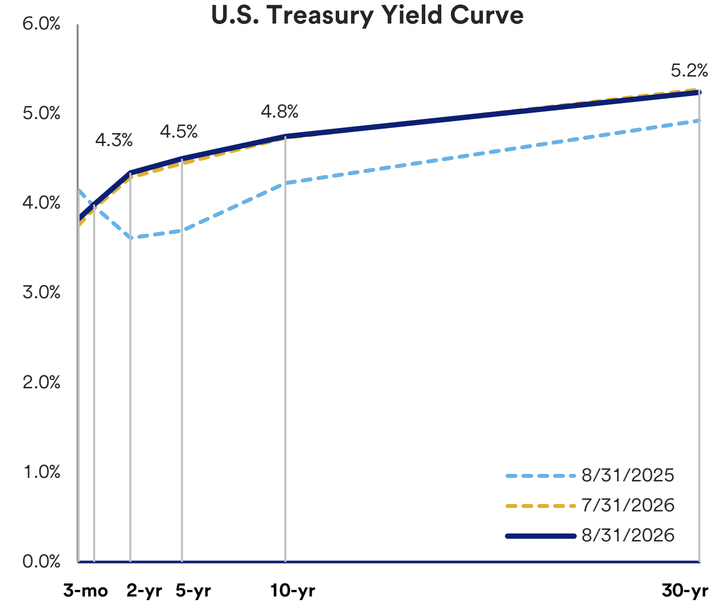
Economic Indicators		
Domestic	**Current**	**Previous**
Unemployment Rate (%)	4.1%	4.2%
Initial Jobless Claims (four week average)	205.5 K	204.3 K
CB Leading Economic Indicators	0.2	-0.1
Capacity Utilization	76.3%	76.2%
GDP (annualized growth rate)	1.5%	2.1%
University of Michigan Consumer Confidence	51.7	55.2
New Home Starts	607 K	678 K
Existing Home Sales	4.1 MM	4.1 MM
Retail Sales (YoY)	5.0%	6.8%
U.S. Durable Goods (MoM)	1.1%	0.5%
Consumer Price Index (YoY)	3.4%	3.5%
Producer Price Index (MoM)	-0.7%	-1.4%
Developed International*		
EAFE GDP (annualized growth rate)	0.8%	1.2%
EAFE Unemployment	5.1%	5.1%
EAFE Inflation	2.5%	2.5%

Stock Market Sector Performance (S&P 500)

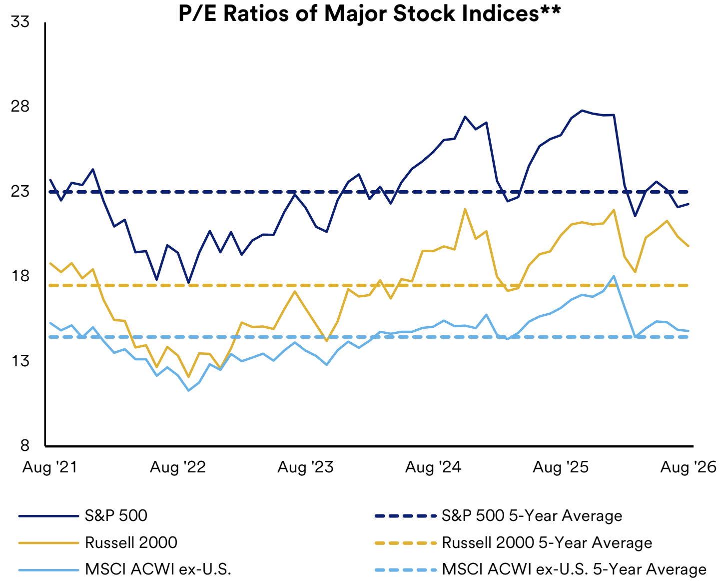


	Cons. Disc.	Cons. Staples	Energy	Financial	H'lthcare	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	0.0%	-0.7%	7.0%	1.3%	4.9%	-2.6%	6.2%	6.0%	-1.9%	-1.2%	-4.8%
QTD	0.8%	1.4%	20.5%	7.6%	7.4%	-5.5%	2.6%	4.2%	0.6%	-0.7%	-6.9%
YTD	0.0%	9.6%	44.2%	6.2%	11.1%	13.6%	22.9%	16.7%	12.2%	0.1%	0.3%

U.S. Treasury Yield Curve



P/E Ratios of Major Stock Indices**



Source: Bloomberg, FactSet. Data as of August 31, 2026, unless otherwise noted.

**Developed market data excluding the U.S. and Canada. Aggregate figure calculated by FactSet Economics.*

***P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.*

Indices shown are not available for investment. The index data reference herein is the property of the index provider and/or its licensors. The index provider assumes no liability in connections with its use and does not sponsor, endorse or recommend the products or services contained herein. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE