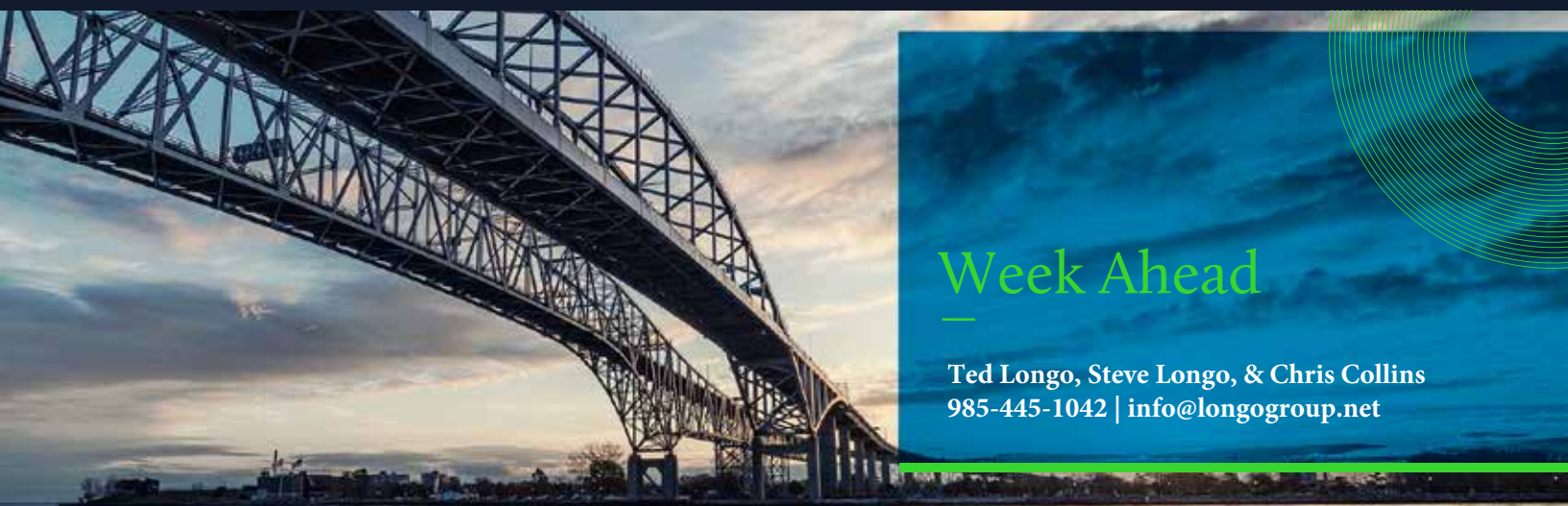




Week Ahead

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September 15, 2025

Good Inflation Data Leads To Lower Interest Rates & Record Highs In Stocks

Markets cheered last week as a much better-than-expected Producer Price Index (PPI) and an as-expected Consumer Price Index (CPI) sent interest rates lower and propelled stocks to record highs.

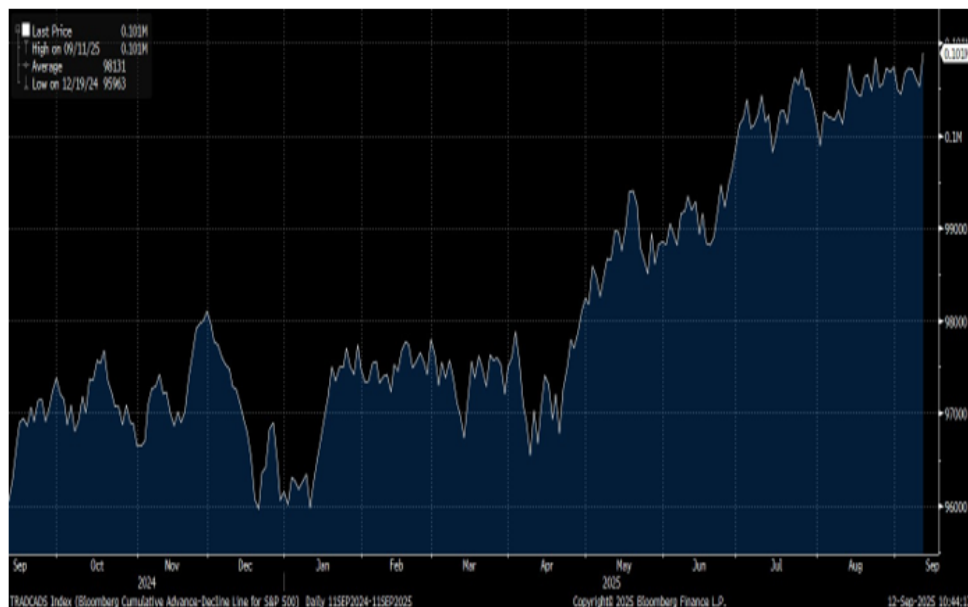
Also supporting the move higher in stocks was the earnings report from Oracle (ORCL), which had blowout earnings growth, underscoring continued strong demand for artificial intelligence (AI) products.

The market is pricing in 100% probability that the Federal Reserve (Fed) will cut interest rates this week by 25 basis points and that the Fed will cut twice more this year, in October and December. Lower rates support the economy, the consumer, and risk assets (which includes equities). We continue to believe the S&P 500 is tracking toward 7000, representing a 6% gain from current levels. We also are expecting the rally to continue into the first quarter of 2026, with the S&P 500 achieving 7200, which would be a nearly 10% gain. In our view, this Bull has got legs and is still charging ahead.

Stocks Can Go Higher But May Be Choppy

September is known for its volatility and October is known for opportunity, typically offering favorable entry points. The S&P 500 Cumulative Advance/Decline line last week hit a record high, reinforcing the bull market and the breakout to new highs. But as stocks have been rallying, the price momentum indicators are weakening. Both the Moving Average Convergence Divergence (MACD) and the Relative Strength Index (RSI) are falling, a sign of weakening momentum. This tells us there is a risk of either a market correction or a choppy trading range with sector rotation. If the market does indeed correct, we believe it's in the range of 5%-10% - a reset that could set the stage for additional new highs.

S&P 500 Cumulative Advance Decline Line Hits Record High





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S&P 500 With MACD And RSI With Weakening Price Momentum



The Cboe Volatility Index (VIX) Still In Neutral Range

The Cboe Volatility Index (VIX) did tick up but has fallen to a more neutral rate near 14. The risk grows as the VIX drops to 12, 11, and especially 10. So, we continue to monitor the index to signal when more volatility might occur in the equity market. For now, low volatility is giving stocks room to rally.

Cboe Volatility Index (VIX) Stuck In Neutral



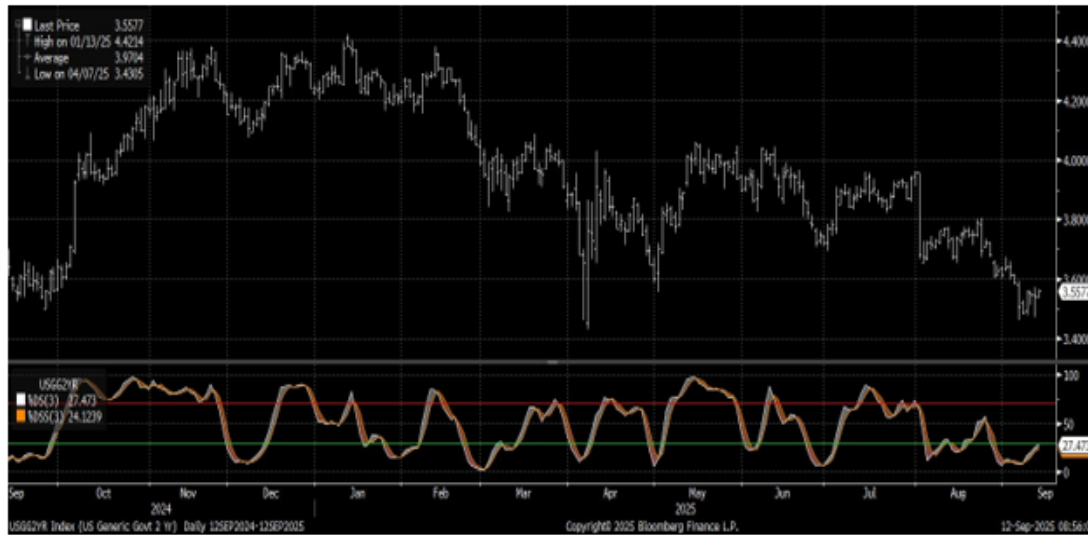


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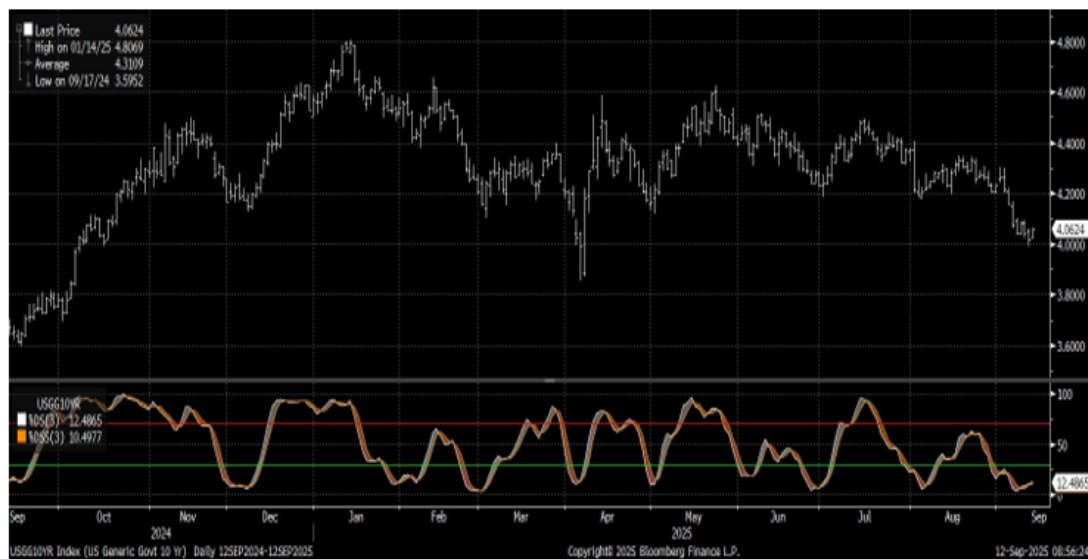
Interest Rates Falling But Very Oversold

Interest rates have fallen sharply this year but not in a straight line. We have had periods where interest rates tick up but only to fall again. We believe this could happen again as both the 2-year and 10-year Treasury yields have pulled back to key support levels and are deeply oversold. So, we may see a modest uptick in rates. The catalyst could be this week's Fed meeting when they are expected to lower rates. Now that the market has priced in a rate cut with certainty, rates could rise on the Fed's announcement. This is known as "buy the rumor and sell the news."

2-Year Treasury Yield Down To Support And Oversold: Risk Ticks Higher



10-Year Treasury Yield At Support & Oversold: Risk Ticks Higher



Source: Bloomberg. Annotations by Sanctuary Wealth



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The U.S. Dollar Is Extremely Oversold

The U.S. dollar is extremely oversold using the Stochastic price momentum indicator, and the dollar is holding key support levels. If interest rates move higher, we could get a rally in the dollar.

U.S. Dollar With Monthly Stochastic With Oversold Reading





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Sector Readings: Communication Services Strongest, Health Care Still Weakest

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Last week, Communication Services took the leading position, followed by Information Technology and Consumer Discretionary. Health Care remained in last place for the 19th consecutive week, dating back to May 9, followed by Energy and Real Estate. Growth sectors continue to outperform Value sectors.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Sep 12	Sep 5	Aug 29	Aug 22	Aug 15	Aug 8	Aug 1	Jul 25
Consumer Discretionary	3	3	4	4	5	5	6	5
Consumer Staples	8	8	10	8	8	7	7	8
Energy	10	10	8	10	10	10	8	10
Financials	5	5	5	6	6	6	5	4
Health Care	11	11	11	11	11	11	11	11
Industrials	4	4	3	3	3	3	3	3
Information Technology	2	2	2	1	1	1	1	1
Materials	7	7	7	7	7	8	9	7
Communication Services	1	1	1	2	2	2	2	2
Utilities	6	6	6	5	4	4	4	6
Real Estate	9	9	9	9	9	9	10	9

Source: Bloomberg, Sanctuary Wealth, September 13, 2025

OBOS List: Communication Services Overbought, Information Technology Near Overbought; Consumer Staples And Industrials Oversold

Earnings growth remains strongest in Communication Services, which is overbought, and Information Technology, which is near overbought. The outright oversold sectors were Consumer Staples and Industrials, while Health Care, Real Estate, and Utilities were near oversold. We believe the market is in a sector rotation, relieving some overbought and oversold conditions. Equity markets tend to revert to the mean when extremes occur, and we believe this could be occurring now.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 12 September 2025

rank	S&P Sector	normalized Oscillator
1	Communication Services	1.1420 <i>Overbought</i>
2	Information Technology	0.6174 <i>Near Overbought</i>
3	Consumer Discretionary	0.4919 <i>Neutral</i>
4	Energy	-0.3052
5	Materials	-0.4554
6	Financials	-0.5708 <i>Neutral</i>
7	Utilities	-0.6400 <i>Near Oversold</i>
8	Real Estate	-0.8828
9	Health Care	-0.9115
10	Industrials	-1.0024 <i>Oversold</i>
11	Consumer Staples	-1.5411

Source: Bloomberg, Sanctuary Wealth, September 13, 2025



September 15, 2025

Market Performance: Gold Is Still The Best Performing Asset Year-To-Date

	Last 9/12/2025	Month End 8/29/2025	Month to Date	Quarter End 6/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 9/12/2024	Year To Year
S&P 500	6584.29	6460.26	1.9%	6204.95	6.1%	5881.63	11.9%	5595.76	17.7%
NASDAQ Composite	22141.10	21455.55	3.2%	20369.73	8.7%	19310.79	14.7%	17569.68	26.0%
NASDAQ 100	586.66	570.40	2.9%	551.64	6.3%	511.23	14.8%	473.22	24.0%
Russell 2000	2397.06	2366.42	1.3%	2175.04	10.2%	2230.16	7.5%	2129.43	12.6%
S&P Consumer Discretionary Sector	1914.00	1860.03	2.9%	1753.81	9.1%	1831.16	4.5%	1538.95	24.4%
S&P Consumer Staples Sector	888.90	887.23	0.2%	897.10	-0.9%	853.65	4.1%	891.87	-0.3%
S&P Energy Sector	672.40	686.39	-2.0%	648.68	3.7%	654.85	2.7%	649.07	3.6%
S&P Financial Sector	892.69	896.53	-0.4%	871.95	2.4%	804.44	11.0%	735.97	21.3%
S&P Health Care Sector	1606.00	1598.13	0.5%	1572.52	2.1%	1604.75	0.1%	1813.01	-11.4%
S&P Industrials Sector	1278.24	1284.04	-0.5%	1249.13	2.3%	1115.65	14.6%	1091.07	17.2%
S&P Information Technology Sector	5406.67	5234.57	3.3%	4964.64	8.9%	4609.52	17.3%	4269.76	26.6%
S&P Materials Sector	582.12	584.18	-0.4%	556.09	4.7%	529.77	9.9%	577.37	0.8%
S&P Real Estate Sector	265.11	265.17	0.0%	260.30	1.8%	255.92	3.6%	280.99	-5.7%
S&P Communications Sector	424.25	400.45	5.9%	377.94	12.3%	341.66	24.2%	294.94	43.8%
S&P Utilities Sector	431.78	426.24	1.3%	414.79	4.1%	384.95	12.2%	391.03	10.4%
S&P 500 Total Return	14588.18	14304.68	2.0%	13712.71	6.4%	12911.82	13.0%	12235.06	19.2%
3 month Treasury Bill Price	98.99	98.96	0.0%	98.93	0.1%	98.92	0.1%	98.76	0.2%
3 month Treasury Bill Total Return	264.84	264.42	0.2%	262.44	0.9%	256.97	3.1%	253.27	4.6%
10 Year Treasury Bond Future	113.28	112.50	0.7%	112.13	1.0%	108.75	4.2%	115.19	-1.7%
10 Year Treasury Note Total Return	315.19	312.52	0.9%	309.38	1.9%	293.94	7.2%	307.62	2.5%
iShares 20+ Year Treasury Bond ETF	89.95	86.60	3.9%	88.25	1.9%	87.33	3.0%	100.14	-10.2%
S&P Municipal Bond Total Return	285.29	279.26	2.2%	277.66	2.8%	278.14	2.6%	279.99	1.9%
iShares S&P National Municipal Bond NAV	106.25	104.30	1.9%	104.29	1.9%	106.40	-0.1%	108.23	-1.8%
S&P 500 Investment Grade Corporate Bond Total Return	496.86	488.90	1.6%	483.50	2.8%	465.24	6.8%	478.08	3.9%
S&P Investment Grade Corporate Bond	93.37	92.17	1.3%	91.77	1.7%	90.28	3.4%	93.65	-0.3%
S&P Investment Grade Corporate Bond Total Return	529.28	521.75	1.4%	515.54	2.7%	495.89	6.7%	507.67	4.3%
SPDR Bloomberg High Yield Bond ETF	97.69	97.51	0.2%	97.27	0.4%	95.47	2.3%	96.76	1.0%
iShares iBoxx High Yield Corporate Bond ETF	80.96	80.86	0.1%	80.65	0.4%	78.65	2.9%	79.41	2.0%
Gold	3643.14	3447.95	5.7%	3303.14	10.3%	2624.50	38.8%	2557.90	42.4%
Bitcoin	116255.31	107800.31	7.8%	107606.61	8.0%	93714.04	24.1%	58194.64	99.8%

Source: Bloomberg, Sanctuary Wealth, September 13, 2025

All Eyes On Fed As Powell Hoists The Axe

This week the market will happily accept delivery of long-awaited rate cut and parse the dot plots for the rate road ahead.

This Wednesday, the Fed will announce its decision on interest rates and release its updated “dot plots” – the projections from each FOMC (Federal Open Market Committee) member showing where they expect rates to head over the next few years. The market is pricing in a 25 basis point cut this week, followed by another 50 basis points in total from two more cuts later this year. That path could bring short-term rates down to the 3% range next year, which would likely stimulate the economy, push mortgage rates lower, and propel equities to additional new highs. Commentary from Fed Chair Jerome Powell alongside the dot plots will shape expectations for the pace and path of future rate moves.

30-Year Mortgage Rates Are Falling: Next Stop 6%? Could We Get 5.50%?





Calendar

Mon.

8:30 am Empire State manufacturing survey

Tue.

8:30 am U.S. retail sales, Import price index
9:15 am Industrial production, Capacity utilization
10:00 am Business inventories, Home builder confidence index

Wed.

8:30 am Housing starts, Building permits
2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
Earnings Cracker Barrel Old Country Store*

Thu.

8:30 am Initial jobless claims, Philadelphia Fed manufacturing survey
10:00 am U.S. leading economic indicators
Earnings FedEx

Fri.

2:30 am San Francisco Fed President Mary Daly speech

*Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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