



September 2026 Market Recap

The broader markets finished September in the doldrums while tech continued to deliver gains. Worries over inflation, the war with Iran, and employment pushed the already pessimistic US consumer to lows unseen since 2014. The Federal Reserve (Fed) raised interest rates 0.25%, a widely anticipated move. Hiring rebounded significantly, with US companies adding 162,000 jobs in September, far outpacing expectations.

Nasdaq Defies September Slump as Dow and S&P Retreat

September delivered a mixed bag of results for stocks. The tech-heavy NASDAQ Composite Index (COMP) finished higher again, gaining 1.9% compared to August. The broad market S&P 500® (SPX) and the popular Dow Jones Industrial Average® (DJIA) succumbed to the September doldrums -- a typically lackluster month for stocks -- finishing down 0.05% and 4.3% respectively.

The broader markets are reacting to on-going inflation fears, the Fed's rate hike, and geopolitical concerns, especially the war with Iran that has once again pushed oil prices over \$100 a barrel. The yield on the 10-year Treasury note had its largest monthly increase since 2022 as investors eschewed stocks for less risky fixed income. With stubborn inflation and uncertainty surrounding persistently high energy costs, investors and companies are also worried that higher borrowing costs will tamp down future earnings and wage growth. The COMP continues to be buoyed by strong tech earnings and an AI-driven trade that appears to continue unabated.



Source: [Wall Street Journal](#)

Consumer Confidence Falls to Lowest Level Since 2014

The Conference Board Consumer Confidence Index® fell to 81.9 in September, down 6.7 points from 88.6 in August. That marks the lowest level of consumer confidence since 2014 and confirms a downward trend that has persisted for years.

The Present Situation Index -- which assesses how consumers feel about the current business and labor market conditions -- dropped 7.9 points to 109.3. The Expectations Index -- which assesses how consumers feel about the short-term outlook for income, business, and labor market conditions -- fell by 5.9 points to 63.6, its third consecutive monthly decline. A reading below 80 for the expectation index is generally associated with a potential recession over the next year.

According to Dana Peterson, Chief Economist, "the Consumer Confidence Index deteriorated notably in September, following two prior months of softening. The Present Situation Index fell sharply, while the Expectations Index slipped further into negative territory."

Consumers' write-in responses were mostly pessimistic in September. Weighing on consumers included higher costs of goods and services, with particular emphasis on oil and gas prices. Consumers also continued to worry about the war with Iran, although that eased somewhat in September. Concerns over politics, trade, and employment were also cited by consumers. [Conference Board](#)

Fed Raises Rates for First Time Since 2023

In a much anticipated move, the Fed raised interest rates 0.25% following its September meeting. The federal funds target range now stands at 3.75% to 4.00%. The rate hike marked the first rate adjustment in 2026 and the first increase since 2023. The measure passed with a unanimous vote of 12-0.

According to the Fed statement, the US central bank remains primarily concerned with inflation, which has been stubbornly above the Fed's target rate of 2% for years. The tone of the Fed's comments regarding inflation also indicated that the central bank remains firmly committed to bringing prices down and inflation under control. "Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2 percent goal. The Committee will deliver price stability."

The central bank also noted that economic activity was "expanding at a solid pace" while acknowledging that uncertainty remains elevated due to geopolitical concerns. Still, it pointed out that domestic spending has been resilient, productivity growth strong, capital spending robust, and job gains have kept pace with the workforce.

During a news conference, Chairman Kevn Warsh said that inflation has been too high for too long and that "we must be confident that underlying inflation is moving to our objective clearly and at sufficient speed. Today, the FOMC decided that this standard has not been satisfied."

Updated projections from the Fed indicate that a strong majority of officials think another rate hike is possible later this year. The Fed rarely makes interest moves once, preferring to make a series of incremental rate decisions when they think inflation is too high. [Federal Reserve](#), [CNBC](#)

Hiring Rebounds as Workers Return to the Labor Force

The US job market took everybody by surprise in August, adding a robust 162,000 jobs. Those results far exceeded expectations, which called for just 65,000 jobs being added to payrolls. The unemployment rate remained at a relatively low 4.1%.

The labor department's revisions to prior estimates were also positive. Employers added 21,000 jobs in July according to updated figures that originally said 23,000 jobs had been cut. All told, 55,000 new jobs were added in June and July.

Restaurants and bars added 59,000 jobs in August, construction added 22,000, and manufacturers upped payrolls by 16,000. Factory jobs are up 58,000 since December. So far this year, employers -- including companies, government

agencies, and nonprofit organizations -- have added an average of 80,000 a month. That's a significant improvement over the monthly average of 9,700 last year.

The US labor force -- the number of people working or looking for work -- jumped by 683,000 in August. That reversed the labor force trend in June and July and suggests that people are returning to the labor market. Since the employment rate remained steady at 4.1%, that also indicates that entering job seekers are being absorbed into the economy, a positive sign. [AP News](#)

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The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Nasdaq Composite Index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures.

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded "blue chip" stocks, primarily industrials, but includes financials and other service-oriented companies. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks.

The Conference Board creates the Present Situation Index (PSI) from survey data of approximately 5000 households across the United States to gauge public opinion about the US economy. When the index is positive, people feel good about the current economic situation. When negative, people are less optimistic. The (PSI) along with the Expectations Index are used by The Conference Board to create the Consumer Confidence Index (CCI) which tells us how optimistic (or not) people are about the future of the economy.

The Expectations Index is a component of the Consumer Confidence Index® (CCI), which is published each month by the Conference Board. The CCI reflects consumers' short-term—that is, six-month—outlook for, and sentiment about, the performance of the overall economy as it effects them. The Expectations Index is made up of the average of the CCI components that deal with six-month outlooks for business, employment, and income.

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