MARKET LETTER / WEEKLY REVIEW

U.S. Market Weekly Review

A steady index, rising fragility

Period 2026-09-05 · Data through 2026-09-04 · Historical retrospective

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Data through	2026-09-04
Research ID	RI-WR-2026-W36
Author / version	Taiyang Feng (Sunny) · v1.1
English edition	2026-10-11

Composite state

52.5

Caution / 100

Market breadth

54.4%

Eligible stocks above 200DMA

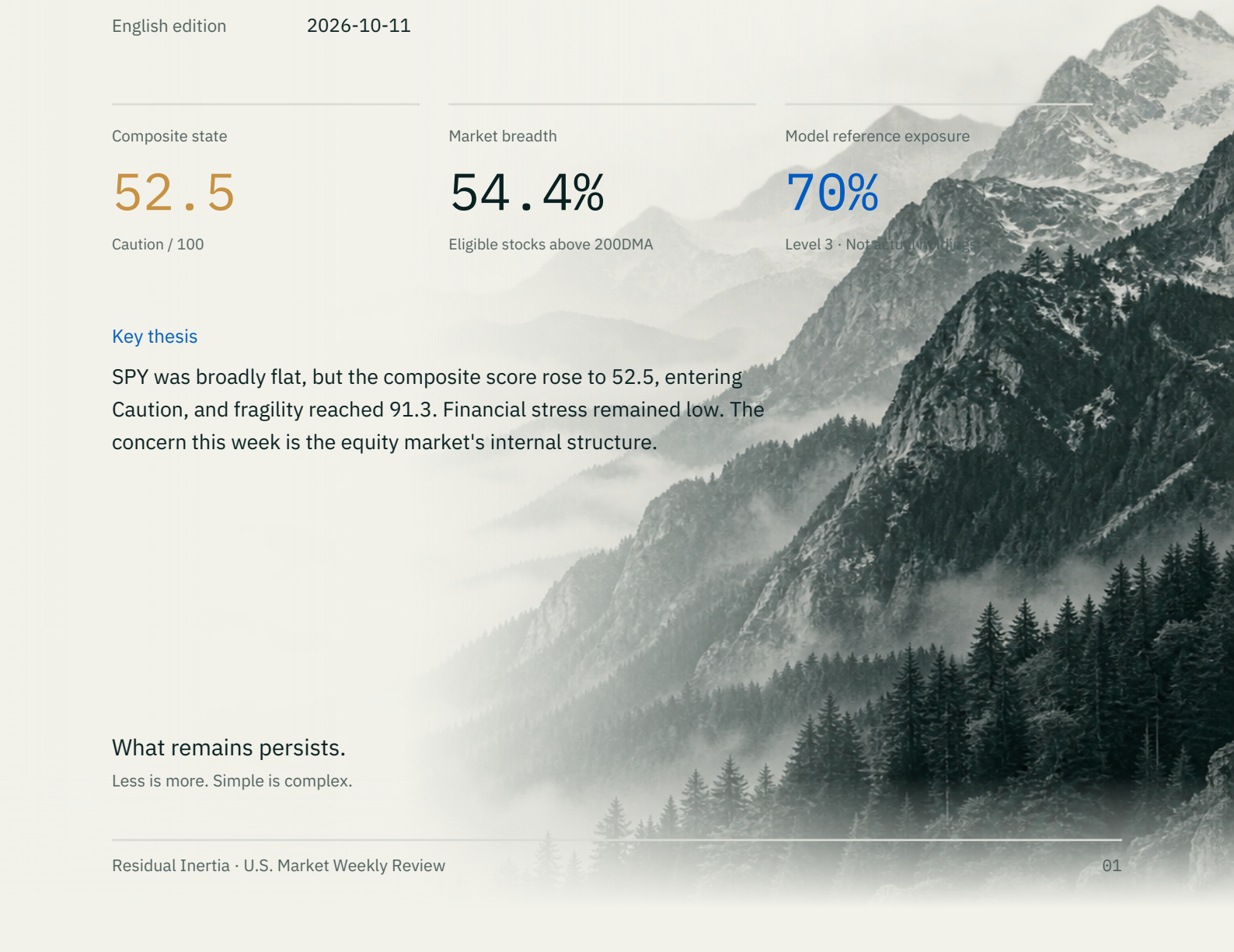
Model reference exposure

70%

Level 3 · Not actu[illegible]

Key thesis

SPY was broadly flat, but the composite score rose to 52.5, entering Caution, and fragility reached 91.3. Financial stress remained low. The concern this week is the equity market's internal structure.



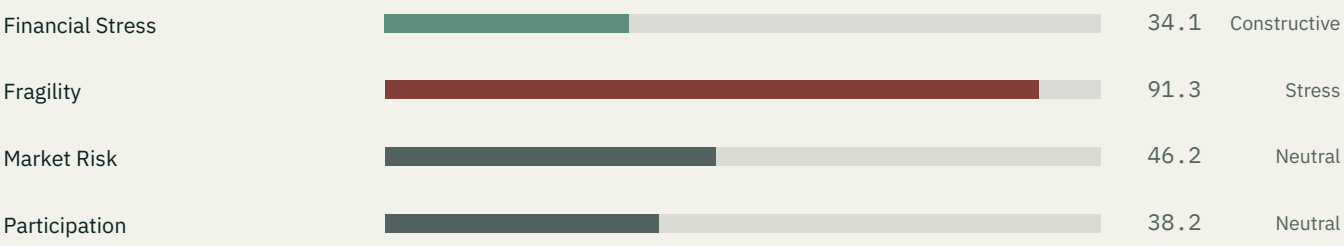
What remains persists.

Less is more. Simple is complex.

01 / THIS WEEK'S EVIDENCE

Prices, breadth and risk state

Measure	Previous	Current	Change
Composite score	47.16	52.48	+5.32 points
Market breadth	54.81%	54.40%	-0.41 pp
Financial stress	25.42	34.10	+8.68 points
Fragility	83.56	91.32	+7.76 points
Market risk	55.53	46.24	-9.29 points
Participation risk	24.12	38.25	+14.13 points



Weekly model: Level 3, 70% reference risk exposure; signal date 2026-08-28. Composite and breadth observations end 2026-09-04.[1]

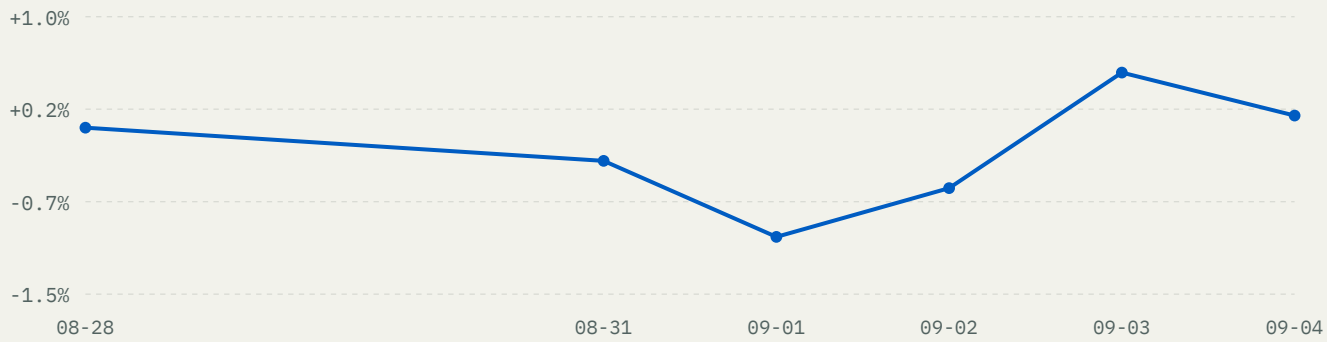
As of September 4, SPY rose 0.11% from the preceding week. The proportion of eligible stocks above their 200-day moving averages was 54.40%, down 0.41 percentage points. The index stabilized and breadth did not contract sharply, but the spread of gains did not improve.[1][2]

The composite score rose from 47.2 to 52.5 and fragility increased from 83.6 to 91.3, the clearest changes this week. Market risk fell to 46.2, while participation risk increased to 38.2. The indicators did not move in one direction: index stabilization did not establish a comprehensive structural recovery.[1]

02 / RESEARCH VIEW

Steady employment still constrains the case for easing

SPY weekly adjusted-price path



Base: prior observation close = 0; adjusted price, not dividend-reinvested total return.[2]

U.S. nonfarm payrolls increased by 162,000 in August, the unemployment rate remained 4.1%, and average hourly earnings grew 3.1% year over year. Employment did not weaken materially; the economy remained resilient.[3] The July FOMC held the target range at 3.50%-3.75%, with three members preferring an increase. In that context, slower employment alone provides insufficient grounds to expect easier policy.[4]

Financial stress was 34.1, still in the Constructive range. Current risk is concentrated inside the equity market rather than in widespread financing stress. The allocation interpretation remains cautious: index stability is worth monitoring, but confirmation requires improving trends across more stocks. The archived weekly model remained Level 3 with a 70% reference risk exposure. Its signal dates to August 28 and must not be described as a new signal for this week.

Watch	Observation
Market breadth	Watch whether the proportion above the 200-day moving average recovers, rather than the index alone stabilizing.
Structural risk	Track fragility and participation risk, particularly whether elevated readings decline.
Policy constraints	Monitor the next inflation release and policy developments ahead of the September meeting.

03 / NOTES

Data definitions and sources

Observation window: 2026-08-28 to 2026-09-04. Model readings use the archived vintage for that period. SPY prices use records frozen on October 2, 2026.[1][2]

Breadth is the proportion of eligible U.S. equities trading above their 200-day moving averages. Coverage varies; this is not S&P 500-only breadth. Historical denominators were not fully preserved.

Weekly SPY price changes use adjusted closes. Dividend reinvestment was not independently reconstructed; these changes are not strategy returns.[2]

Composite states use the unrounded score: below 35 Constructive; 35 to below 50 Neutral; 50 to below 65 Caution; 65 to below 80 Defensive; 80 or above Stress. Lower-frequency components and weekly signals can lag. Scores are not crisis probabilities.

This is a retrospective prepared on October 2, 2026, not a publication made during the historical week. Version 1.1 revised commentary while retaining the original data vintage. Screenshots and subsequently recalculated histories may differ.

Limitations

This report focuses on internal U.S. equity-market structure and uses SPY as an index price proxy. It does not perform event-level causal analysis or incorporate releases after the observation cutoff.

Archived quality checks passed; the source freshness label was stale. Signal dates are stated separately. Passing quality checks does not mean that all inputs have been updated.

Sources

[1] RI archived market snapshot
https://residualinertia.com/snapshots/2026-09-05/

[2] Massive SPY price data methodology
https://massive.com/docs/rest/stocks/aggregates/custom-bars

[3] August employment report
https://www.bls.gov/news.release/archives/empsit_09042026.htm

[4] July FOMC statement
https://www.federalreserve.gov/newsevents/pressreleases/monetary20260729a.htm

Disclosure

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