MARKET LETTER / WEEKLY REVIEW

U.S. Market Weekly Review

Breadth falls below half as risk accumulates

Period 2026-09-12 · Data through 2026-09-11 · Historical retrospective

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Data through	2026-09-11
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Composite state

58.2

Caution / 100

Market breadth

49.8%

Eligible stocks above 200DMA

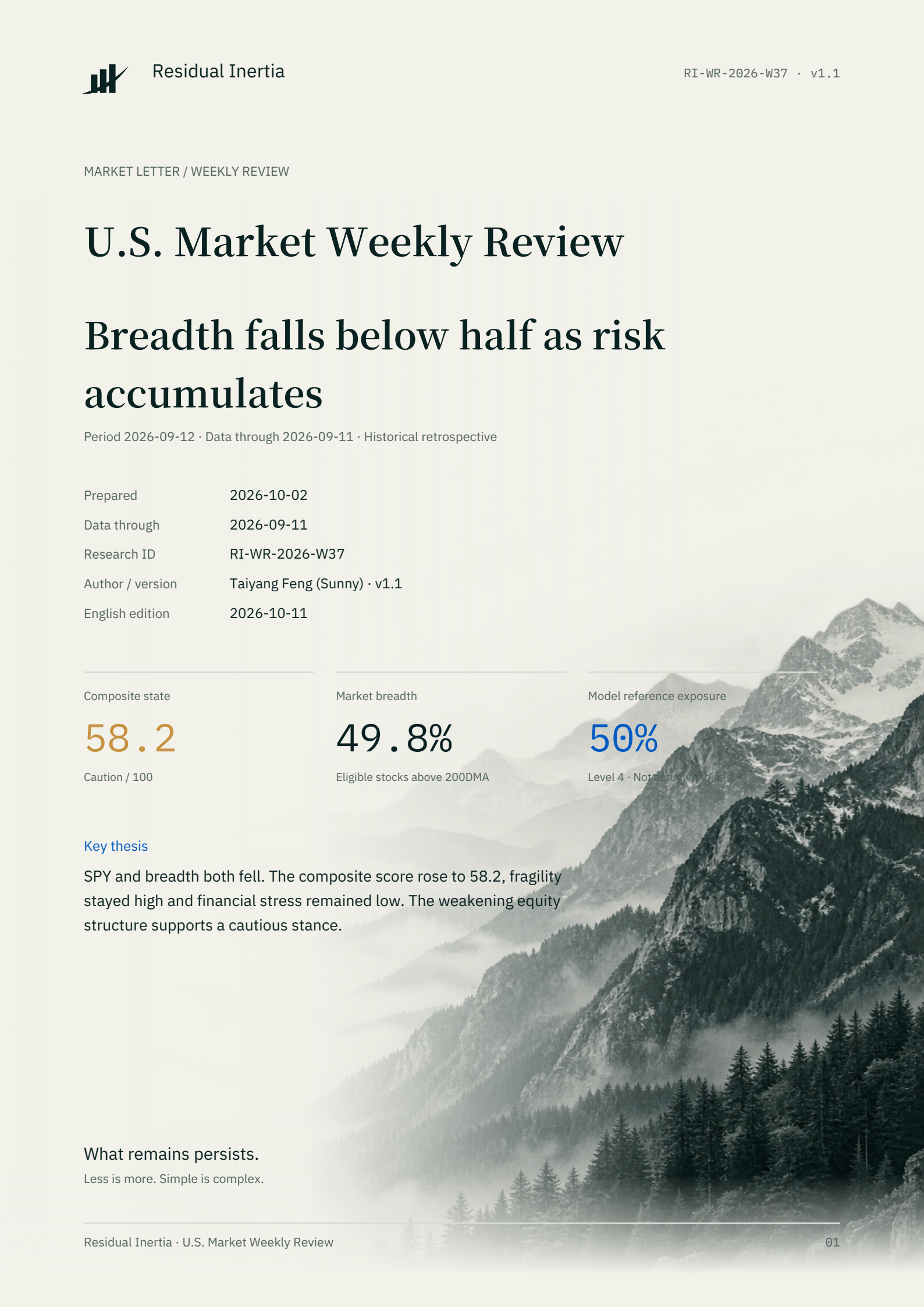
Model reference exposure

50%

Level 4 · Not actu[illegible]

Key thesis

SPY and breadth both fell. The composite score rose to 58.2, fragility stayed high and financial stress remained low. The weakening equity structure supports a cautious stance.



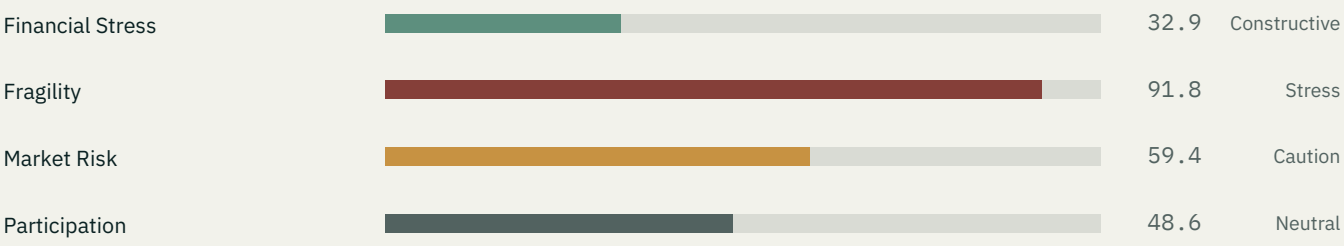
What remains persists.

Less is more. Simple is complex.

01 / THIS WEEK'S EVIDENCE

Prices, breadth and risk state

Measure	Previous	Current	Change
Composite score	52.48	58.18	+5.70 points
Market breadth	54.40%	49.79%	-4.61 pp
Financial stress	34.10	32.95	-1.15 points
Fragility	91.32	91.78	+0.46 points
Market risk	46.24	59.37	+13.13 points
Participation risk	38.25	48.62	+10.37 points



Weekly model: Level 4, 50% reference risk exposure; signal date 2026-09-11. Composite and breadth observations end 2026-09-11.[1]

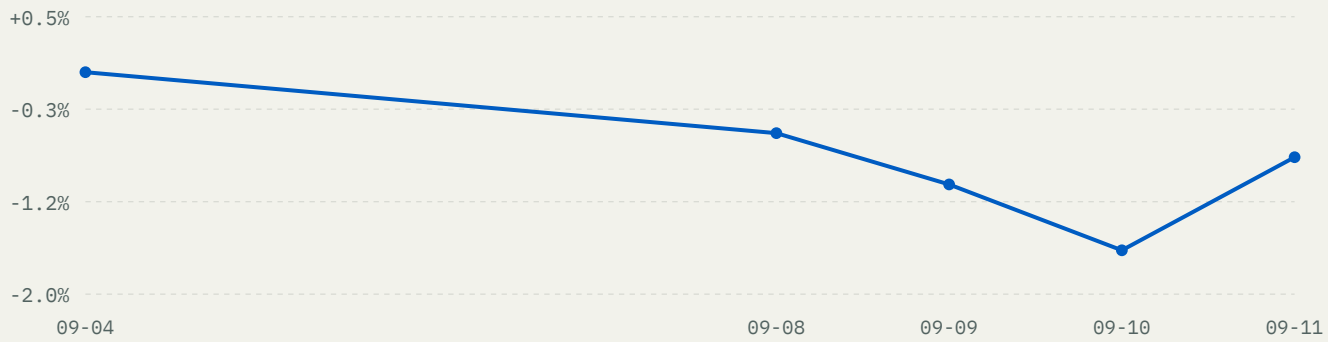
As of September 11, SPY fell 0.77% from the prior week. The share of eligible stocks above their 200-day averages fell to 49.79%, a weekly decline of 4.61 percentage points. Compared with the previous issue, the change was more direct: the index declined while the foundation of participation contracted.[1][2]

The composite score rose from 52.5 to 58.2, remaining in Caution. Market risk increased to 59.4, participation risk to 48.6, and fragility reached 91.8; financial stress was only 32.9. Risk is spreading through participation structure without yet appearing as widespread financing stress.[1]

02 / RESEARCH VIEW

Inflation constrains policy; a rebound needs broader participation

SPY weekly adjusted-price path



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

August CPI increased 0.4% month over month and 3.4% year over year. Core CPI rose 0.3% month over month and 2.4% year over year. Headline inflation remained elevated, and higher energy prices complicated the policy assessment. With the September FOMC approaching, expectations of easing must be tested against new data.[3]

The risk model was Level 4 and reference risk exposure declined to 50%. Contracting breadth combined with elevated fragility provides no present basis for increasing overall risk exposure. Even if the index rebounds, watch whether gains spread to more stocks. Without improving participation, the rebound would still rest on a narrow foundation.

Watch	Observation
Market breadth	Watch whether breadth expands again and participation risk stops rising.
Risk exposure	Retain the Level 4 model reference and monitor persistent high fragility.
September FOMC	Check the rate decision, statement language and economic projections, with particular attention to the inflation constraint.

03 / NOTES

Data definitions and sources

Observation window: 2026-09-04 to 2026-09-11. 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 current. 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/2026-09-12/

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

[3] August CPI release
https://www.bls.gov/news.release/archives/cpi_09112026.htm

Disclosure

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