MARKET LETTER / WEEKLY REVIEW

U.S. Market Weekly Review

A rate hike lands as market breadth keeps shrinking

Period 2026-09-19 · Data through 2026-09-18 · Historical retrospective

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Composite state

61.1

Caution / 100

Market breadth

46.4%

Eligible stocks above 200DMA

Model reference exposure

50%

Level 4 · Not actu[illegible]

Key thesis

The FOMC raised rates by 25 bp as equity breadth weakened further. The composite score reached 61.1 and fragility 92.9. The post-meeting rebound did not repair participation, leaving the cautious stance intact.



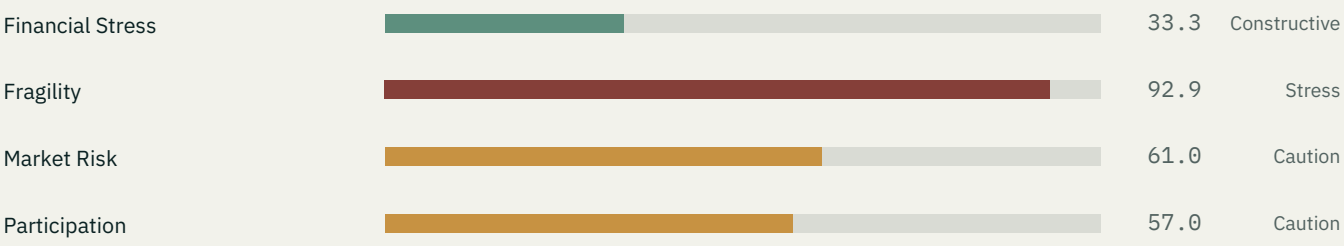
What remains persists.

Less is more. Simple is complex.

01 / THIS WEEK'S EVIDENCE

Prices, breadth and risk state

Measure	Previous	Current	Change
Composite score	58.18	61.06	+2.88 points
Market breadth	49.79%	46.40%	-3.39 pp
Financial stress	32.95	33.33	+0.38 points
Fragility	91.78	92.93	+1.15 points
Market risk	59.37	60.98	+1.61 points
Participation risk	48.62	56.99	+8.37 points



Weekly model: Level 4, 50% reference risk exposure; signal date 2026-09-11. Composite and breadth observations end 2026-09-18.[1]

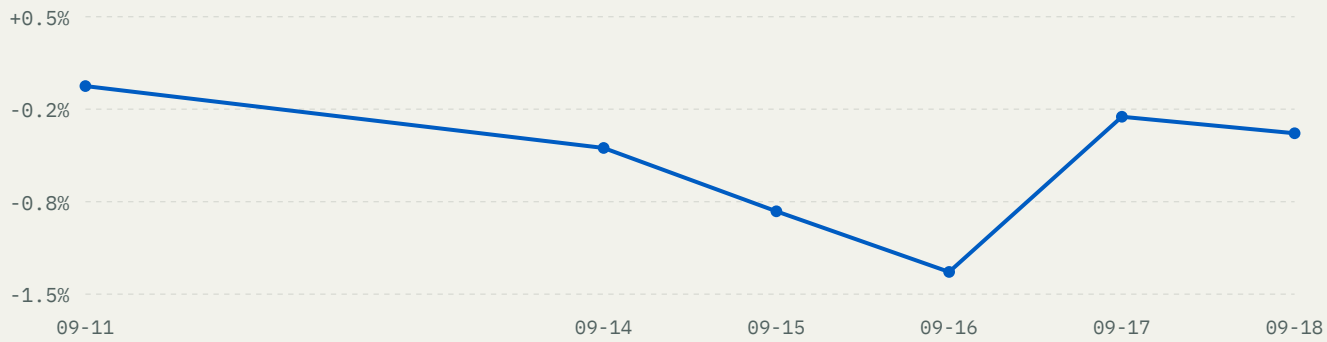
As of September 18, SPY fell 0.34% over the week. A rebound occurred on September 17, but end-of-week breadth still fell to 46.40%, down 3.39 percentage points. The post-meeting price recovery did not change the weakening trends across more stocks.[1][2]

Market risk at 61.0 and participation risk at 57.0 were both in Caution. Fragility rose to 92.9 and remained the main risk source; financial stress at 33.3 was still Constructive. The composite remained Caution, with risk concentrated in equity-market structure rather than already realized systemic financing stress.[1]

02 / RESEARCH VIEW

Tighter policy; the rebound still lacks structural confirmation

SPY weekly adjusted-price path



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

The FOMC raised the target range to 3.75%-4.00%, with all 12 voters in favor. Three members had dissented against holding rates in July; the move to a unanimous increase made the policy direction clearer.[3] Economic projections also raised the median end-2026 and end-2027 policy rates to 4.1%. The constraint from higher rates had not disappeared.[4]

Restrictive policy can increase valuation pressure, although economic resilience may still support earnings. For this week, the more direct evidence remains falling breadth and rising participation risk. The model continued to indicate Level 4 with a 50% reference risk exposure. Remain cautious until price gains receive broader participation; a single positive session does not justify changing that assessment.

Watch	Observation
Rebound quality	Check whether gains spread to more stocks and breadth recovers.
Participation structure	Track whether participation risk declines and elevated fragility eases.
Financial conditions	Monitor whether financial stress starts rising alongside tighter policy.

03 / NOTES

Data definitions and sources

Observation window: 2026-09-11 to 2026-09-18. 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/2026-09-19/

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

[3] September FOMC statement
https://www.federalreserve.gov/newsevents/pressreleases/monetary20260916a.htm

[4] September economic projections
https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20260916.htm

Disclosure

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