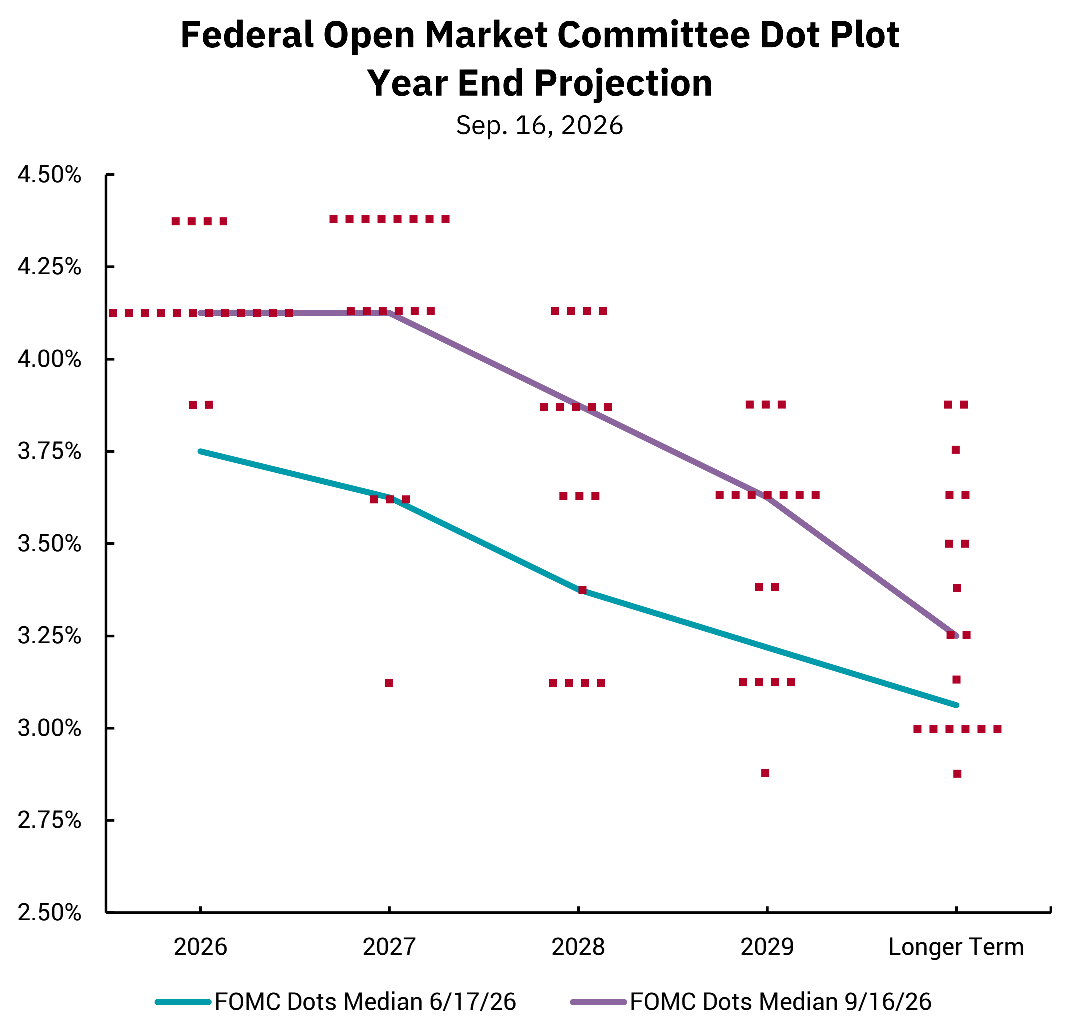
INVESTMENT MANAGEMENT

By the numbers

Chart of the week (Sep. 18, 2026)



The debate over the use and usefulness of the Fed's "dot plot" continues. Our chart this week provides a look at the Federal Open Market Committee's (FOMC) most recent iteration with lines that show the "central tendency" of the dots versus where the central tendency was when they last updated in June. Let's start our discussion with what the dot plot represents.

There are 19 members of the Federal Open Market Committee. Of these 19, 12 are voting members and seven are non-voting members. All members are part of the discussions pertaining to monetary policy and provide their forecasts on items like gross domestic product (GDP) growth, unemployment and inflation. As part of that process, each member also provides their outlook for interest rates over the short, intermediate and long term. Based on these dots, the bond market can try to ascertain what the majority of the committee is thinking about the future of interest rates. There are no names assigned to each dot, although based on comments or speeches by FOMC members, we can generally get an idea of who is thinking what.

Immediate-past Fed Chair Jay Powell was adamant that the "dot plot" was not a forecast, but it was part of the "forward guidance" offered by the FOMC which impacted rates and capital markets. I have always been a bit fascinated by the dot plot for a secondary reason. The members of the FOMC are all highly intelligent and economically versed individuals. They have access to the best information possible, and the Fed employs hundreds of PhD economists who build incredibly detailed and complex econometric models. And yet, armed with all this, the dispersion in the rate outlooks is materially wide. Differences in the short run are generally less than the intermediate term, which is understandable, but the dispersion of the long-term forecasts shows a broad range of opinions on what the longer-term neutral rate, or R*, should be. To me, this always has been interesting. I would hope that the FOMC might have a better idea of what rate is neither accommodative nor restrictive for the U.S. economy than what the dot plot reveals.

There is another part of looking at this dot plot over time which is interesting. We came into this year with a dot plot showing the central tendency of the FOMC at that time was for two rate CUTS in 2026. The Fed just RAISED rates, and the new dot plot shows an outlook for another rate increase this year and the potential for another in 2027. This helps explain why former Chair Powell said this was not a forecast because, if it was, the forecast was dead wrong.

And here's the problem: Markets already had built in this outlook for cuts. This means that, if an investor had decided to invest based on this outlook, they are now facing losses in their holdings.

In sum, Forward guidance from the Fed has proven to be less than accurate, so ending it would not necessarily introduce a new level of risk to the markets: it would just mean investors would demand compensation for a risk they are already taking. In short, as an investor, I want to be compensated for the risk I am taking, so in that sense, ending forward guidance is a good thing.

One last point, you might notice there are only 18 dots on this graph; Chair Warsh does not put his forecast on the dot plot. At least you cannot say he is wrong in his "forecast."

Chart data source: Federal Reserve Bank via Bloomberg.

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By the numbers

BOK FINANCIAL

Commentary (Sep. 18, 2026)

Domestic equities

- U.S. stocks had mixed reactions during the week to the Fed's interest rate hike, volatile energy prices and headline-making corporate developments.
- On Wednesday, the Fed raised its benchmark short-term interest rate by a 0.25% as expected. While stocks initially dropped following the announcement due to projections of a restrictive policy stance, large caps rallied into the end of the week. Rate-sensitive small caps remained negative for the week.
- AI companies faced pressure early in the week after industry leaders publicly warned that a slowdown in development is required to address existential safety risks. The headline weighed on chipmakers and hyperscaler's early in the week, but those sectors recovered in the broad market rally Thursday.
- Berkshire Hathaway's Warren Buffett announced that he was stepping down as chairmen of the company on Friday, marking the end of an era on Wall Street. The conglomerate's stock prices reached an all-time high before Buffett announced he was stepping down as CEO in May 2025 and have declined since then, while the S&P 500 has increased over 30%.

Bonds

- The U.S. Treasury yield curve bear-flattened driven, largely by the FOMC's decision to hike the fed funds target rate by 0.25% to 3.75%-4.00%. Fed Chair Warsh cited inflation data failing to improve as the rationale for the hike. As per the Summary of Economic Projections (SEP), most Fed officials expect a brief tightening cycle with one additional hike in December then a pause. As of the end of the week, fed fund futures are fully pricing in another hike in December and two additional hikes in 2027.
- The Bank of Japan (BoJ) also hiked its main policy rate by 0.25%, as widely expected. However, two voting members dissented, which was taken as a dovish signal by the market, sending the Yen lower against the U.S. dollar and the steepening JGB curve. The Bank of England (BoE) decided to hold rates unchanged in 6-3 vote on Thursday, but signaled it was prepared to hike if inflation risks persist. The central bank also announced a six-month pause in sales of long-dated U.K. government bonds and a slower pace of its quantitative tightening (QT) leading to a rally in 30-year gilts and a flattening of the yield curve.

International equities

- Foreign stock markets experienced sluggishness during the week due to mounting inflation concerns, with investors closely tracking policy rate decisions by key central banks worldwide.
- Developed markets faltered with European markets falling in value. The Bank of England (BoE) decided to keep its policy rate unchanged at 3.75% but left open the possibility of future hikes if energy prices continue to drive inflation. The Bank of Japan (BoJ) raised its benchmark interest rate to 1.25%, the highest level in 30 years, and signaled further increases may be on the horizon.
- Emerging markets were largely weaker as key markets struggled to capture much upward momentum due to sluggish performance in technology stocks. Brazil's central bank cut its policy rate to 13.75% from 14%, marking its fifth consecutive rate cut. The cut comes as Brazil's annual inflation slowed to 4.22% in August. Taiwan's central bank kept its policy rate at 2.0% for the tenth straight quarter. Strong economic growth with modest inflation has allowed the central bank to hold off on rate hikes.

Economics

- On Wednesday, retail sales for August grew 1.2% month-over-month, rebounding from July's revised figure of -0.5% and beating the consensus estimate of 0.7%. Excluding gasoline, retail sales still posted meaningful growth, emphasizing the overall resilience of the U.S. consumer.
- Also on Wednesday, crude oil inventories declined by 0.6 million barrels week-over-week. While the draw was smaller than the forecast 1.4 million drop, it marked the third consecutive week of declines. Meanwhile, the Strategic Petroleum Reserve fell by over 400,000 barrels and now sits at 285 million barrels.
- On Thursday, weekly jobless claims came in at 196,000, dropping below the previous week's 206,000 and the consensus estimate of 208,000. Combined with the month's earlier strong employment data and subdued layoffs, this provides the Fed with enough leeway to maintain its focus on its price stability mandate.

Weekly Market Update

For Week Ending September 18, 2026

Markets

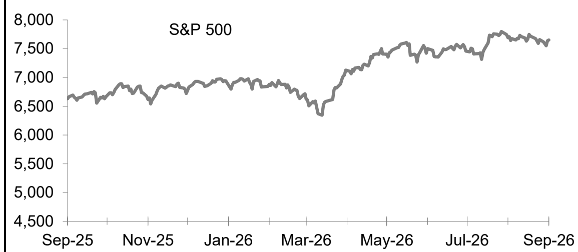
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	51,682.64	-1.6%	8.8%	13.8%
S&P 500 Index	7,650.50	-0.1%	12.7%	16.7%
NASDAQ Composite	26,522.54	0.7%	14.6%	18.7%
S&P 400 Midcap Index	3,650.73	-1.7%	11.5%	11.8%
S&P 600 Smallcap Index	1,690.89	-2.0%	16.5%	16.7%
MSCI EAFE	11,742.54	-1.6%	10.7%	16.6%
MSCI Emerging Markets	947.60	-0.5%	23.6%	29.6%
Bloomberg US Agg	2,314.44	0.0%	-1.5%	-0.4%
Bloomberg Municipal 5 Yr	515.54	-0.3%	-0.7%	-0.8%
Bloomberg US Corporate	3,495.93	0.1%	-1.4%	-0.7%
Bloomberg Glb Agg ex US Hdg	609.61	0.1%	0.0%	0.6%
Bloomberg High Yield	2,964.95	-0.3%	1.7%	3.0%
MSCI US REIT Index	2,625.50	-1.9%	11.8%	10.5%
Bloomberg Commodity Index	376.01	0.2%	36.1%	46.0%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.00%	3.75%	3.75%	4.25%
3-Month Treasury	4.07%	4.00%	3.63%	3.97%
1-Year Treasury	4.40%	4.32%	3.47%	3.60%
2-Year Treasury	4.74%	4.63%	3.47%	3.56%
5-Year Treasury	4.86%	4.78%	3.73%	3.66%
7-Year Treasury	4.92%	4.87%	3.94%	3.85%
10-Year Treasury	5.00%	4.97%	4.17%	4.10%
30-Year Treasury	5.33%	5.35%	4.84%	4.72%
Consumer Rates				
30-Year Mortgage	7.03%	6.81%	6.25%	5.83%
BOKF National Prime Rate	7.75%	7.50%	7.50%	8.00%
SOFR	3.85%	3.62%	3.71%	4.14%
Commodities				
Gold	4,378.63	4,349.08	4,319.37	3,644.28
Crude Oil WTI	100.30	100.05	57.42	63.57
Gasoline	4.48	4.31	2.83	3.20
Natural Gas	2.91	2.83	3.69	2.94
Copper	6.62	6.47	5.68	4.54

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.84	19.14	5.72	1.46
S&P 500	19.12	23.33	5.60	1.11
S&P 500 Value	17.93	19.72	3.87	1.78
S&P 500 Growth	20.16	27.42	8.86	0.56
NASDAQ	23.55	31.22	7.58	0.58
S&P Midcap 400	15.66	17.26	2.76	1.58
S&P Smallcap 600	14.60	16.21	2.07	2.20
MSCI EAFE	15.22	17.32	2.39	2.86
MSCI Emerging Markets	9.66	14.84	2.38	2.57

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	-1.55	-0.41	0.54
Mid	-4.60	-5.18	-5.72
Small	-4.49	-5.57	-6.69

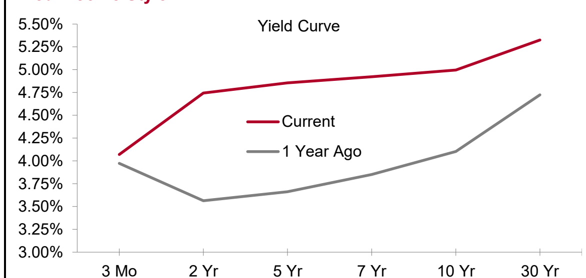
> 10% / 0% - 10% / <0%

Year to Date*

	Value	Core	Growth
Large	10.82	12.69	14.26
Mid	8.98	11.46	13.88
Small	16.70	16.49	16.25

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	-0.66	-1.27	-0.49
Corp	-0.55	-1.08	0.03
HY	-0.17	-0.62	-0.79

> 10% / 0% - 10% / <0%

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.50	-0.96	-4.10
Corp	1.15	-0.62	-3.03
HY	2.43	1.73	1.39

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.4%	2.9%
CPI Core Inflation	2.4%	3.1%
Personal Consumption Exp (PCE) Core	3.3%	2.9%
Jobs		
Unemployment Rate (U3)	4.1%	4.3%
Broader Unemployment Rate (U6)	7.7%	8.1%
JOLT Survey (in millions)	7.27	7.09
Jobless Claims (000's)	196	233
Change in Non-Farm Payroll (000's)	162	-70
Average Hourly Earnings (Y/Y % Change)	3.1%	4.0%
Consumer & Spending		
Consumer Confidence (Conf Board)	89.4	97.8
Consumer Spending ($ Bil)	22,250	21,007
Consumer Credit ($ Bil)	5,186	5,056
Retail Sales ($ Bil)	774	730
Housing		
Housing Starts (000's)	1,275	1,291
Case-Shiller Home Price Index	336.66	331.61
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	24,270	23,771
Quarter over Quarter Change	1.5%	3.8%
Year Over Year Change	2.1%	2.1%
ISM Manufacturing	54.60	48.90
Capacity Utilization	76.27	76.11
Markit US Composite PMI	56.00	54.60
U.S. General		
Leading Economic Indicators	99.5	100.2
Trade Weighted Dollar Index	118.2	120.0
EUR / USD	1.15	1.18
JPY / USD	156.88	148.00
CAD / USD	0.72	0.72
AUD / USD	0.71	0.66

S&P 500 Sector Returns

	1 Month	YTD
Energy	1.08%	45.61%
Information Technology	2.65%	24.81%
Materials	-2.61%	10.78%
Health Care	-0.69%	9.84%
Industrials	-7.52%	9.83%
Real Estate	-4.66%	7.62%
Consumer Staples	-3.12%	7.12%
Communication Services	4.09%	3.63%
Financials	-3.36%	2.65%
Utilities	-6.60%	-2.38%
Consumer Discretionary	-3.41%	-3.96%

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