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A slowdown in oil prices helped release some of the recent market pressure and this helped the market to end higher for the first time in three weeks.

The S&P added 1.2% to finish at 7743 while the Nasdaq gained 2% for the week to end t 27, 069. These were the best gains since the week of August 7th and even though the Dow added a fraction for the week to 51, 827, it still ended lower for the week for the fourth straight time.

Stocks benefited after the price of Brent oil dropped by 2.8% to $97.44 a barrel. It has been going back and forth lately about when the war with Iran will permit its price to flow freely again from the Middle East.

But trading was shaky again, after a report on U.S. consumer sentiment sent Treasury yields higher in the morning. This report from the U. of Michigan said that consumers are bracing for 4.6% inflation in the coming year, higher than the 4% from the month before.

The rising expectations for high inflation are potentially dangerous for the economy because they could encourage behavior that leads to a vicious cycle that makes the price of living spiral even higher. If many rush to make purchases at the same time, it could encourage sellers to raise prices further.

After the report on consumer spending, the yield on the 10-year Treasury briefly jumped to 5.22%, up from 5.18% late Thursday and was near its highest level since 2007. This yield has been jumping since the start of the war with Iran, when it was at 3.97%.

But yields eased later in trading as the price of oil dropped and the 10-year fell back to 3.16% which helped the stock market do better into the close.

Despite it all, the S&P remains stuck in a range, with the market bulls seeing it weather an interest rate hike with more expected and the Iran war, but at the same time the potential for strong earnings has prevented it from tumbling.

But as we move from September, which is traditionally the weakest month of the year into October, the start of third-quarter earnings will begin with earnings growing by 21% again even as the price/earnings multiple slides to 20 to 1. The growth gap between AI-centric companies and the rest of the market should narrow as a result.

The earnings calendar for this week has one important item coming up with the following lineup: today – Vail Resorts; Tuesday – KMX; Wednesday – FDS, JBL and MU, which will have to justify its earnings gains of $31.40 a share to propel it forward from these high prices; Thursday – NKE, which will have to justify its projected earnings of $.44 a share to get it to stabilize its very low price.

Economic reports will have: Tuesday – September consumer confidence, August JOLTS job openings; Wednesday – 2Q G.D.P, August personal consumption index forecast at 3.7%. The core index which excludes food and energy is projected to gain 3.3%; Thursday – August construction spending, weekly jobless claims; Friday – the September non-farm payroll report with expectations of 100,000 versus 162,000 the prior month, unemployment rate still at 4.1% in addition to August factory orders.

After the meeting with President Xi from China last week, here are some observations from the New York Times.

For China and its top leader, Mr. Xi, the biggest prize from a summit in Washington, notably free from confrontation, may be simple: time.

Time to cope with a housing market crash that has wiped away the savings of tens of millions of Chinese families. Time to deal with local governments running short of money as land-use revenue collapses. Time to make China even less vulnerable to economic pressure from the United States and other industrialized countries.

And perhaps most consequentially, time to prepare for the once-in-five-years Communist Party national congress next autumn, which will choose a new slate of top leaders to work under Mr. Xi.

By trying to stabilize relations with the U.S., China can better concentrate on its own priorities, is the feeling about the meeting.

When President Trump returned to office last year, Beijing had little reason to expect such breathing room.

Mr. Trump had campaigned on imposing very steep tariffs on imports from China as part of an effort to rebuild America's industrial base. Three months after taking office, he briefly raised tariffs to 145%, while his administration imposed stringent new restrictions on technology trade with China.

But the confrontation did not unfold the way Beijing had initially feared.

China demonstrated that it had economic weapons of its own, most importantly its dominance of rare earth metals and magnets essential to the production of cars, electronics and weapons.

After Beijing restricted rare-earth exports to the United States, Washington backed away from some of its most aggressive measures. Tariffs fell from their peaks, some export controls were eased, and the two governments began negotiating a series of temporary truces.

Economic brinkmanship continues between the two countries, especially in emerging industries such as artificial intelligence and robotics. But the Trump administration has shifted from the extraordinary escalation of its first months to a less confrontational relationship in which China has shown that it, too, can inflict considerable pain on the American economy.

Trade frictions with the United States have consequently receded as an immediate concern in China after seeming to pose a severe threat early in Mr. Trump's second term. Beijing, however, has not slowed in its longstanding push to become less dependent on the rest of the world for technology or energy.

For two decades, China has pursued a consistent policy of replacing high-tech imports with domestic production. That push has helped China become a dominant producer of everything from batteries and solar panels to telecommunications equipment and electric vehicles. It has also made China less vulnerable to foreign economic pressure while leaving other industrialized countries increasingly dependent on Chinese supplies of key raw materials or manufactured goods.

Beijing has pursued a similar strategy of energy self-reliance. Its enormous investments in electric vehicles and wind and solar powers well as its national electricity grid, have reduced its dependence on imported fossil fuels, helping to insulate its economy from high oil prices and supply shortages caused by the war in Iran.

China is also using the lull in trade tensions productively.

Its overall trade surplus has surged since Mr. Trump returned to office and is on course to match or surpass last year's record of roughly $1.2 trillion. Chinese exporters have expanded rapidly into Southeast Asia, Latin America and other markets, reducing their direct dependence on the United States even as many goods reach American consumers through third countries.

Treasury Secretary Scott Bessent said at the start of the summit that China and the United States had agreed to extend their trade truce until January 10th. China's Ministry of Commerce confirmed an extension, without specifying a duration.

The relatively short extension could reflect a calculation in Beijing that its bargaining position may improve with time, especially if the Republican Party loses badly in the midterm elections.

Suddenly, the negotiation price changes because Trump will be on his back foot, he'll be weak against China, and he'll need China even more than he does today.

For U.S. negotiators, the extension allows them to continue seeking a deal as soon as possible after the midterm elections.

The summit has also given Mr. Xi a chance to portray himself at home as a powerful and respected world leader. Mr. Trump welcomed Mr. Xi as he disembarked from his plane, whereas Mr. Xi sent Vice President Han Zheng to the airport to welcome Mr. Trump to Beijing in May.

A display of Mr. Xi’s stature — and, by extension, China’s — is particularly useful as Beijing seeks a tranquil international environment ahead of next year’s Communist Party congress. Mr. Xi appears highly likely to remain in charge even as leaders around him may change. But the gathering will still require extensive maneuvering over senior appointments and policy priorities.

Repeated meetings with Mr. Trump could help keep China’s most important foreign relationship stable as Mr. Xi turns his attention to domestic politics.

And few domestic problems are more pressing than the country’s housing market crash.

The property downturn has created a cascade of problems. Falling apartment prices have eaten into household savings, while the collapse in property development has gutted the land-use revenue many local governments depended on. Apartment prices have already fallen twice as far as they did in the United States during the American housing market debacle nearly two decades ago.

Chinese families have responded by cutting back sharply on spending. Restaurants, shopping malls and car dealerships are struggling, while weak domestic demand has left China increasingly reliant on its export industries to sustain growth.

Mr. Trump returned to office threatening tariffs severe enough to reshape China’s export economy. Nearly halfway through the American president’s second term, those tariffs are modest, China’s trade surplus shows no signs of slowing, and Beijing has demonstrated considerable economic leverage.

For Mr. Xi, then, another summit that ends without the steep American tariffs once threatened against Chinese exports may represent the biggest victory of all.

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