MOOSECALLS

Global Financial News & Analysis

AUG.28.2026 through SEP.06.2026

EXECUTIVE SUMMARY: AUG.28.2026

This weekly global Investment newsletter tracks investment strategy performance, including buy-and-hold and market timing using ETFs as proxies for indices.

GLOBAL MARKETS: WEEK'S ACTION— MIXED-Risk (1)

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

FED MIXES THINGS UP

This week, hawkish Fed-speak out of Jackson Hole raised the odds of a rate hike at the 9/16 FOMC meeting and strengthened the Dollar (+1.0%) for the first week in five. Bonds rose 1.9% on the news, but commodities (-1.5%) including oil (-3.7%) and gold (-3.4%) lost ground. US stocks were mixed. Large caps (+0.5%) tolerated the idea of higher US rates, but small-caps (-1.4%) which are more sensitive to higher capital costs did not. Cash yield added 2 ticks to 3.73% and the ten-year fell to 4.72% flattening the yield curve to 99 bps. Offshore equities were also mixed with Europe (-0.8%) and Latin America (-0.1%) down and Japan (+0.7%) and Asia-Pacific (+0.5%) up. (Note: Asian markets had closed for the week by the time the Jackson Hole speech came out on Friday in the US.) Next week's payroll report will provide more clarity as to the Fed's next move. There were no changes to the models this week.

GLOBAL OUTLOOK NEUTRAL (2 of 4 and down this week). War has the Baltic Dry Index and oil down over the last quarter, while copper prices and bond yields are higher, leaving the outlook neutral.

INFLATION: PCE inflation a bit warmer in July and still above target. WTI oil prices fell almost 4% this week and are now back below $85 per barrel, and still down this quarter. Global inflation per the Fed Check (85) still warrants tightening. It improved assisted by rate hikes in Europe and Japan in June but has since begun to fade again.

US ECONOMIC DATA: July PCE Warmed, Personal Incomes Up, but Personal Spending Not So Much. Recession chances a year out shrinking and minimal. Money market system healthy per SOFR-T spread. GDP Now estimate (Q3) up to 4.6% as of 8/26.

FEDERAL RESERVE: This week, hawkish Fed-speak out of Jackson Hole raised the odds of a rate hike at the 9/16 FOMC meeting to 60% and strengthened the Dollar (+1.0%) for the first week in five. By December, at least one Fed rate HIKE (88%) and possibly two are likely. The Fed's balance sheet currently stands at $6.75 trillion, with the Fed Funds Rate at 3.50-3.75%. Fed Check (85) remains hawkish since 1/30/2026 (market price of hard assets going up faster than the market price of paper promises.

INVESTMENT STRATEGIES: There were no changes to the models this week pending next week's jobs report.

GLOBAL OUTLOOK: NEUTRAL (2 of 4)

Indications are neutral for the global economy.

An international shipping measure and proxy for current global trade, **the Baltic Dry Index is at 3186 this week, up from 2841 last week and down -5% after 13 weeks, a negative signal**. (After opening 2026 at 1882, BDI is still well below its 2010 peak @4640.)

Meanwhile, another proxy for world activity, **WTI oil price is at $84.92 this week, down 3% in the latest quarter, a negative** economic signal. (Oil remains below its 2022 peak ($130), but well above the 2020 Covid low ($10).)

Our proxy for global construction, **copper is 6.64 this week, and up 4% this quarter, a positive** signal.

Domestically, the **10Y US bond yield is at 4.72% this week, up 27 basis-points over the past 13 weeks, and a positive** bet on the largest world economy.

GLOBAL RANKING: US Small-caps Losing Steam

Index Moose ETF Rankings through SEP.06.2026

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

The best regional alternative over the last six months this week is AAXJ, but its technical and PMO scores continue to lag. The regional model sticks with incumbent #1 US small-caps (CI second place) which are technically bullish with a positive but deteriorating PMO. Equities are still the best place to be, but a month-long decline in the Dollar after rate hikes in Japan and Europe has induced a rotation from US (dollar-based) assets into foreign assets and gold. The recent US-Japan joint foreign exchange intervention to smooth out “disorderly Yen movements” and last week’s Treasury action to double bond buy-backs fostered the rotation by weakening the Dollar more. This week, hawkish Fedspeak out of Jackson Hole raised the odds of a rate hike September 16 and strengthened the Dollar.

* *Working off a stop-loss*. Assets are ranked by CI, the *“confidence index”. It combines the relative strength (rank), and technical strength (TS). The Trend is based on the TS reading. **Working off a buy-stop.*

	CI%	FUND	TS+	READ	RSI	PMO	+/-	condition
1	**100%**	**Asia Pacific ex-Japan (AAXJ)**	85%	**very bullish**	56.0	0.86	**positive**	**improving**
2	88%	US Small-caps (IWM)	77%	bullish	45.4	0.63	positive	deteriorating
3	81%	Japan (EWJ)	80%	very bullish	54.5	1.03	positive	deteriorating
4	53%	US Large-caps (SPY)	93%	very bullish	56.7	0.90	positive	deteriorating
5	49%	Latin America (ILF)	64%	bullish	53.1	0.25	positive	improving
6	46%	Europe (IEV)	**102%**	**very bullish**	53.5	1.16	positive	deteriorating
7	12%	Short US Income (SGOV)	88%	very bullish	100.0	0.14	positive	deteriorating
8	-13%	Gold Bullion (GLD)	64%	bullish	54.6	**2.64**	**positive**	**improving**
9	-45%	Very Long US Bonds (EDV)	11%	very bearish	51.1	-0.67	negative	improving
		US Dollar	65%	bullish	53.5		negative	deteriorating
		Commodities	100%	very bullish	59.8		positive	improving
		US Oil	85%	very bullish	53.8		positive	improving
		Ryan/CRB	85%	HIKE RATES				
		Volatility	14.9	reduced fear				

AAXJ and IWM are the best performing regional choices YTD. IWM, however, is less volatile. Japan has shown life lately, thanks to the US-Japan joint foreign exchange intervention, but that would appear to be temporary until stabilization is realized. Among international equities Emerging markets (EEM) are outperforming Developed (EFA).

YTD	FUND	08/28/26	08/21/26	13wk	26wk	39wk	52wk	3Y
25.5%	Asia Pacific ex-Japan (AAXJ)	0.5%	0.4%	-1.0%	**19.1%**	**31.1%**	**40.4%**	71.2%
20.1%	US Small-caps (IWM)	-1.4%	-1.7%	2.1%	15.7%	21.6%	27.1%	41.7%
18.7%	Japan (EWJ)	0.7%	-3.1%	**4.4%**	12.3%	27.3%	33.8%	53.3%
13.8%	Latin America (ILF)	-0.1%	3.2%	-0.6%	2.8%	21.1%	36.5%	54.1%
12.8%	US Large-caps (SPY)	0.5%	-1.4%	2.8%	13.5%	14.9%	20.6%	41.7%
9.7%	Europe (IEV)	-0.8%	0.3%	4.3%	10.3%	18.9%	22.9%	42.4%
3.2%	Gold Bullion (GLD)	-3.4%	**5.4%**	0.1%	-12.3%	7.6%	28.6%	**78.3%**
0.3%	Short US Income (SGOV)	0.1%	0.1%	0.9%	1.8%	2.8%	3.8%	8.7%
-6.7%	Very Long US Bonds (EDV)	**1.9%**	0.1%	-2.7%	-7.8%	-8.6%	-1.2%	-16.0%

Global Economy through SEP.06.2026

GLOBAL RANKING: TECHNICAL OVERVIEW

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

#1 ASIA-PACIFIC Firms at Support--
AAXJ rose 0.5% this week, after gaining 0.4% last week. That left it very bullish and ranked 1 globally and more attractive than cash. The index is down 1.0% for the quarter (13 weeks), but up 40.4% for the year (52 weeks).

#2 US SMALL-CAPs Settle Lower-- IWM fell 1.4% this week, after losing 1.7% last week. That left it bullish and ranked 2 globally and more attractive than cash. The index is up 2.1% for the quarter (13 weeks), and up 27.1% for the year (52 weeks).

#3 JAPAN Edges Higher—
EWJ rose 0.7% this week, after losing 3.1% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 4.4% for the quarter (13 weeks), and up 33.8% for the year (52 weeks).

#4 US LARGE-CAPS Meander Higher—
SPY rose 0.5% this week, after losing 1.4% last week. That left it very bullish and ranked 4 globally and more attractive than cash. The index is up 2.8% for the quarter (13 weeks), and up 20.6% for the year (52 weeks).

#5 LATIN AMERICA Treads Water—
ILF fell 0.1% this week, after gaining 3.2% last week. That left it bullish and ranked 5 globally and more attractive than cash. The index is down 0.6% for the quarter (13 weeks), but up 36.5% for the year (52 weeks).

#6 EUROPE Maintains Upward Trend—
IEV fell 0.8% this week, after gaining 0.3% last week. That left it very bullish and ranked 6 globally and more attractive than cash. The index is up 4.3% for the quarter (13 weeks), and up 22.9% for the year (52 weeks).

#7 CASH Yield Rises—
The 3m-10y yield curve flattened to a slope of 99 bps this week, as the 3-month cash yield rose to 3.73% and the 10-year US Treasury yield fell to 4.72%. Cash rose 0.1% this week, after gaining 0.1% last week. That left it very bullish and ranked 7 globally. The index is up 0.9% for the quarter (13 weeks), and up 3.8% for the year (52 weeks). The cash yield is 10 bps above the Fed overnight rate (3.625%). Meanwhile, the two-year Treasury is yielding 4.35%, up 11 bps this week and a 73 basis-point premium to cash.

#8 GOLD Tests 200-day-- GLD fell 3.4% this week, after gaining 5.4% last week. That left it bullish and ranked 8 globally and less attractive than cash. The index is up 0.1% for the quarter (13 weeks), and up 28.6% for the year (52 weeks).

#9 LONG US T-BONDS Rally on Data--
EDV rose 1.9% this week, after gaining 0.1% last week. That left it very bearish and ranked #9 globally and less attractive than cash. Long bonds are down 2.7% for the quarter (13 weeks) and down 1.2% for the year (52 weeks) as yields have risen.

US DOLLAR Rallies on Inflation Concerns—
UUP rose 1.0% this week, after losing 0.7% last week. It is currently bullish—up 2.4% for the quarter (13 weeks), and up 2.5% in the last year (52 weeks).

COMMODITIES Dip on Oil Weakness—
A CRB fell 1.5% this week after gaining 4.2% last week. That left commodity prices up 0.3% for the quarter (13 weeks), and up 39.7% for the year (52 weeks).

Crude Oil Drops Below $85—
The broader oil complex (USO) fell 3.7% this week, following last week's gain of 6.4% and currently very bullish. That leaves US oil prices down 9.0% for the quarter (13 weeks), and up 73.7% for the year (52 weeks).

US ECONOMY: AUG.28.2026

OVERALL: July PCE Warms, Incomes Up, Spending Less So

PRODUCTION:

(-) WEEKLY EIA Crude Oil Inventory (+0.10M) build slips as WTIC oil prices fall to $84.
(-) JUL Industrial Production (+0.2%) below prior and below consensus.
(+) JUL Capacity Utilization (76.3) above previous in line with expectations.
(+) JUL S&P Global U.S. Manufacturing PMI – (53.2) expanding, DOWN from previous.
(+) JUL S&P Global U.S. Services PMI – (56.8) expanding, UP from previous.
(+) JUL ISM Manufacturing Index (55.6) expanding, above prior and consensus.
(+) JUL ISM Services Index (54.1) expanding, up from prior but less than expected.

CONSTRUCTION:

(-) JUL Housing Starts (1239K) well below consensus and previous.
(+) JUL Building Permits (1443K) above consensus and prior.
(-) JUL Existing Home Sales (4.06M) below previous and consensus.
(-) JUL New Home Sales (607K) DOWN from prior and forecasts.
(-) JUN Construction Spending (-0.1%) below prior and expectations.

INFLATION:

(+) JUL CPI (+0.1%) cooler than prior and consensus. (+3.4% y-o-y)
(+) JUL Core CPI (+0.2%) cooler than prior and forecasts. (+2.5% y-o-y)
(+) JUL PPI:(+0.0%) cooler than prior and consensus. (+4.7% y-o-y)
(+) JUL Core PPI (+0.2%) cooler than prior and forecasts. (+4.2% y-o-y)
(-) JUL Import Prices (-0.4%) cooling but still hot. (+5.9% y-o-y)
(+) JUL Export Prices (-1.3%) cooling, but still hot. (+8.2% y-o-y)
(-) JUL PCE Prices (+0.2%) warmer than prior and expected. (1yr 3.7% up.)
(-) JUL PCE Prices – Core (+0.2%) warmer than prior and expected (1yr 3.3% up.)

JOBS:

(+) Weekly initial Claims (203K) BELOW previous and expectations.
(+) Weekly Continuing Claims (1778K) BELOW previous this week.
(-) BLS lowered US job estimates by 79K for 12 months through March 2026.
(-) JUL ADP Private Payrolls (44K) Down from previous more than expected.
(-) JUL Nonfarm Payrolls (-23K) unexpectedly contracted from prior; well below consensus.
(+) JUL Unemployment rate (+4.1%) down a tick due to shrinking labor force participation.
(-) JUL Average Hourly Earnings (+0.1%) weaker than previous, and below expectations.
(-) JUL Average workweek (34.3) unchanged.
(-) JUN JOLTS Job openings (7.359) DOWN from prior below revision lower.

CONSUMPTION:

(-) AUG Consumer Confidence (89.4) DOWN from prior and below consensus.
(+) JUL Durable Orders (+1.1%) BEAT prior and consensus.
(+) JUL Personal Income (+0.4%), ABOVE consensus and prior.
(-) JUL Personal Spending (+0.2%) BELOW prior in line with consensus.
(+) AUG Michigan Consumer Sentiment (51.7) positive, ABOVE consensus and prior.
(+) JUL NFIB Small Business Optimism (99.8) strong and above prior (97.4).
(-) JUL Retail Sales (-0.6%) unexpectedly contracted.
(-) JUL Trade Deficit (-$118.8) WORSENS from prior.
(+) JUL Federal Budget (-$432.3B) in deficit and worse than June.

GDP & RELATED DATA:

(+) Q2 GDP – 2ndEST (+1.5%) in line with previous and consensus.
(-) Q2 GDP Deflator – 2ndEST (+6.4%) hotter than previous and forecasts.
Q2 Employment Cost Index (+0.9%) hotter than consensus and previous.
(-) Q2 Productivity – (+0.3%) revised weaker than prior and consensus
(-) Q2 Unit Labor Costs – Warm (+1.3%) in line with previous but below consensus. Cooler than inflation.
(-) Q1 Current Account Balance (-$226.8) deficit greater than previous quarter and consensus forecast.

RECESSION THREAT: MINIMAL, FALLING

US recession chances one year out: 15.19% (JULY 2027) per NY Fed. The Fed model's chance of recession has been below 30% (the threshold signaling a recession one year out) and falling since 2025. It reached a recent low of 15 in MAY 2026. The risk of recession was the highest in 40 years in May 2024, but it was avoided amid three years of massive Federal deficit spending and historic data falsification at the Bureau of Labor Statistics.

ATLANTA FED: US Q3 GDP NOW up to 4.6%

Atlanta Fed Current GDP Model (08/26/2026): Q3 Annualized 4.6% (Last week: Q3 Annualized +4.0%)

US ECONOMY: FEDERAL RESERVE
FED BALANCE SHEET ($6.75T); FFR @ (3.50-3.75%)

Federal Reserve: week of AUG.28.2026

Currently, the Fed's balance sheet is $6.746T, unchanged in the latest week 8/26/26. The **Fed Funds Rate was lowered 25 BPS to 3.50-3.75% at the DEC10 FOMC** meeting. **No change since** at the January, March, April, June or July FOMC meetings.

The next FOMC meeting is September 16. The new chairman since May 22, Kevin Warsh, chaired his first FOMC meeting June 17. No near-term rate hikes were expected or delivered but a more hawkish tone suggests supply-side inflation pressures brought on by the war with Iran may eventually force two rate hikes by year-end. **The odds that rates will go up at the next meeting have risen from 40 to 60% after Warsh's Jackson Hole address this week in which he remarked that the US economy is at "full employment" but inflation figures "are more concerning".**

The Fed Check at 85% turned hawkish (below 95%) as of 1/30/2026 (tighter monetary policy needed to combat global inflation pressures.) The US 2-Year yield at **4.35%,** however, is now 73 bps higher than the Fed overnight rate (3.625%), implying **near-term US domestic conditions make a Fed rate hike increasingly likely.**

The **3m-10y yield curve flattened to a slope of 99 bps** this week, as the 10-year US Treasury yield fell to 4.72 and the 3-month cash yield rose to 3.73. Intermediate term the curve is positive and steepening. (The curve was inverted from 11/22 through 12/24 but has been positive since.) The 30d-10y median yield (4.23%) is above its 200-day 3.99%. A rising median yield and a steepening yield curve are generally positive for the economic outlook and bullish for stocks.

3-month SOFR yield is 3.64, while the 3-month T-bill is 3.73. That puts the SOF-T spread at -9 basis points, below its 200-day average of 3 bps. **A falling SOF-T spread signals a safer, more comfortable short term funding environment.**

FED OVERALL THIS WEEK: SLIGHTLY MORE HAWKISH
FED CHECK: TIGHTENING INDICATED
RATE POSTURE: STEADY
BALANCE SHEET: STEADY
FED SPEAK: HAWKISH

Latest FOMC Assessment (2026.7.29) The Federal Open Market Committee approved the following statement for release by a 9 – 3 vote: The Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent, in support of the Federal Reserve's dual mandate. The Committee is continuing its policy of maintaining ample reserves in the banking system. Economic activity is expanding at a solid pace despite elevated uncertainty that owes, in part, to the conflict in the Middle East. Productivity growth and capital investment are strong. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy. The Committee will deliver price stability. (Next Meeting: 9/16/2026)

US Currency Market:
US DOLLAR Rallies on Inflation Concerns

US Dollar: UUP rose 1.0% this week, after losing 0.7% last week. It is currently bullish—up 2.4% for the quarter (13 weeks), and up 2.5% in the last year. At $28.18, UUP is below its short-term (50-day) average and above its intermediate-term (200-day) average. Momentum in the greenback is negative but deteriorating. RSI14 @ 53.5 is neither overbought nor oversold. As for other major currencies vs the Dollar, the Australian $ (FXA) and British Pound (FXB) are very bullish. The Canadian Dollar (FXC) and Euro Dollar (FXE) are bullish. The Swiss Franc (FXF) is bearish, and the Japanese Yen (FXY) is neutral.

In a seeming reversal of a four-week swoon in the greenback this Friday's hawkish tone at the Fed's Jackson Hole Confab boosted the Dollar when a 9/16 Fed rate hike suddenly seemed more probable. The Dollar initially sank when Europe and Japan hiked rates and the US didn't. The recent US-Japan joint foreign exchange intervention to smooth out "disorderly Yen movements" and Treasury's plan to double bond buy-backs continued to weigh on the Dollar, but increased chances of a rate hike before the election pushed past that this week. One week does not a trend make, however. Overall, the dollar is still in a downtrend reflecting changing interest rate expectations and a narrowing gap between US monetary policy and that of other major central banks rather than a sharp deterioration in US economic fundamentals. Sticky, elevated oil prices pose a supply-side problem, and a US economy judged to be at full employment impacts demand. Next week's payroll numbers should provide additional clarity. Cooler US growth, while Europe and Japan move toward tighter policies, could keep the dollar under pressure. A call for near term Fed rate hikes on the other hand could put "King Dollar" back on top.

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Carry-trade This Week

Moose guidance is based on US Dollar denominated ETF proxies. Investors seeking to maximize profits when investing in offshore securities may wish to incorporate a "carry-trade" currency strategy into the decision, (Basically, if a foreign currency is weakening (bearish) against the Dollar, using a Dollar-denominated ETF to invest in that country's assets will outperform using a hedged vehicle. If, however, the foreign currency is bullish vs. the Dollar, the Dollar-denominated investment will underperform. In the event of a weak Dollar there may be currency-hedged foreign equity ETFs available at least for Europe (HEDJ) and Japan (DXJ) that will outperform.

Description	**READ**	US $ investors in Foreign Assets
Australian $ (FXA)	very bullish	US$ Investors underperform hedged
British Pound (FXB)	very bullish	US$ Investors underperform hedged
Canadian Dollar (FXC)	bullish	US$ Investors underperform hedged
Euro Dollar (FXE)	bullish	US$ Investors underperform hedged (IEV<HEDJ)
Swiss Franc (FXF)	bearish	US$ investors outperform hedged
Japanese Yen FXY)	neutral	US$ investors match hedged (EWJ<DXJ)
US Dollar	bullish	

#9 LONG US T-BONDS Rally on Data Concerns

US Long Treasury Bonds: EDV rose 1.9% this week, after gaining 0.1% last week. That left it very bearish and ranked #9 globally and less attractive than cash. Long bonds are down 2.7% for the quarter (13 weeks) and down 1.2% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield fell 2 ticks to 4.72% and the 3-month yield rose 2 ticks to 3.73% with the yield curve flattening to 99 basis points. That reduces the odds of a recession in late 2027. At US $60.66, EDV is below its short-term (50-day) average and below its intermediate-term (200-day) average. Momentum (PMO) is negative but improving, and its 14-day RSI of 51 means EDV is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes Dollar-denominated assets more attractive. Over time, a bullish Dollar improves return to Dollar investors in US assets.

Weaker than expected consumer confidence and warmer than expected PCE inflation gave bonds a boost early this week, but by Friday though higher they failed to break past short term resistance. Last week, Treasury announced a plan to double its buybacks of long-term T-Bonds after the 30-year yield reached levels not seen since the 2008 financial crisis. The idea is to ease pressure on long-term borrowing costs for the government, businesses, and consumers at the end of the fiscal year (9/30) and before the elections. Long term interest rates initially fell about 10 bps, US stocks rose and the Dollar weakened. This week yields returned to preannouncement levels or above, stocks are mixed, and the Dollar is up. Essentially fundamentals took over and yields recovered, underscoring that sustained lower long-term rates will likely require improvements in the fiscal outlook, inflation trajectory, or other structural factors rather than buybacks alone.

ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

(Charts reprinted with permission from stockcharts.com.)

US Equity Market:
#4 US LARGE-CAPS Meander Higher

US Large-Cap Stocks: SPY rose 0.5% this week, after losing 1.4% last week. That left it very bullish and ranked 4 globally and more attractive than cash. The index is up 2.8% for the quarter (13 weeks), and up 20.6% for the year (52 weeks). At $769.35, SPY is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and deteriorating, and its 14-day RSI of 57 means SPY is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes Dollar-denominated assets more attractive. Over time, a bullish Dollar improves return to Dollar investors in US assets.

Weaker than expected consumer confidence and warmer than expected PCE inflation gave stocks pause this week. US large-cap equities tip-toed higher until hawkish Fed-speak out of Jackson Hole raised the odds of a rate hike at the 9/16 FOMC meeting and cooled the enthusiasm. With the economy at full employment and inflation officially a concern, next week's jobs report will shed more light on the Fed's next move. Meanwhile, a global increase in demand for credit from private and public sources is elevating interest rates as economic data points to moderate but resilient growth, healthy consumer spending, and steady business activity-- easing fears of an imminent recession. Strong corporate earnings and continued enthusiasm for artificial intelligence have outweighed concerns about rising interest rates until last week's Treasury buy-back announcement and this week's Fed Jackson Hole remarks sent investors spooky vibes. GDP Now data indicates 4.6% Q3 growth. Healthy consumer spending despite labor market woes helps reduce recession concerns and support confidence in continued corporate profit growth. Normally, a downtrend in the US dollar works against US multinationals curbing their export competitiveness and the value of overseas earnings, but the buck rallied this week. Whether that continues remains to be seen.

ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

(Charts reprinted with permission from stockcharts.com.)

US Equity Market:
#2 US SMALL-CAPs Settle Lower

US Small-Cap Stocks: IWM fell 1.4% this week, after losing 1.7% last week. That still left it bullish and ranked 2 globally and more attractive than cash. The index is up 2.1% for the quarter (13 weeks), and up 27.1% for the year (52 weeks). At $295.75, IWM is below its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and deteriorating, and its 14-day RSI of 45.4 means IWM is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes Dollar-denominated assets more attractive. Over time, a bullish Dollar improves return to Dollar investors in US assets.

Weaker than expected consumer confidence and warmer than expected PCE inflation gave stocks pause this week. US large-cap equities tip-toed lower until hawkish Fed-speak out of Jackson Hole raised the odds of a rate hike at the 9/16 FOMC meeting and cooled small-cap enthusiasm. With the economy at full employment and inflation officially a concern, next week's jobs report will shed more light on the Fed's next move. Meanwhile, a global increase in demand for credit from private and public sources is elevating interest rates—not helpful for small-cap business. Economic data has been pointing to moderate but resilient growth, healthy consumer spending, and steady business activity-- easing fears of an imminent recession. Small-cap companies generate most of their revenues within the United States and suffer more amid an unfavorable domestic outlook. Strong corporate earnings and continued enthusiasm for artificial intelligence have outweighed concerns about rising interest rates until last week's Treasury buy-back announcement and this week's Fed Jackson Hole remarks sent stock investors spooky vibes. A Fed decision to hike interest rates this month would disproportionately affect small-caps, as additional borrowing costs are an important consideration for smaller companies that depend more heavily on bank financing. Economically sensitive industries include financials, industrials, and consumer discretionary, which are well represented in small-cap indices.

ETF Breakdown: IWM-- A cap-weighted index fund. **Countries:** US (99%). **Top Sectors:** Finance (22%), Health Technology (12%), Technology Services (12%), Producer manufacturing (8%), Electronic Technology (7%), Industrial Services (4%), Energy Minerals (4%), Commercial services (4%), Consumer services (3%), Process industries (3%).

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US Equity Market: Week's Top Sectors:
Software, Internet, Capital Markets

The table below ranks 27 primary US sector ETFs in order of relative momentum this week. Sectors ranked higher than cash are bullish (**buy** or **hold**), and those ranked below cash are bearish (**sell or avoid**). **This week's** US equity sector momentum contracts but remains broadly positive -- 81% of our sectors are buy or hold (L81%) with **BUYS down at 41%** (L44%) and **HOLDS up at 48%** (L37%). **Avoids are down at 11%** (L19%). **Top performers this week:** Software, Internet, Capital Markets. **Week's Worst:** Semiconductors, Aerospace, Utilities, Homebuilders.

CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
100%	Semiconductors (SMH)	39%	47%	neutral	45.0	-0.42	negative	deteriorating
80%	Oil/Gas Expl & Prod (XOP)	36%	105%	very bullish	62.3	**3.32**	**positive**	**improving**
67%	US Oil Equip & Serv (IEZ)	23%	66%	bullish	59.2	1.75	positive	improving
44%	US Technology (IYW)	21%	92%	very bullish	54.4	0.95	positive	deteriorating
40%	US Pharmaceuticals (IHE)	21%	109%	very bullish	51.2	2.10	positive	deteriorating
35%	Biotechnology (IBB)	22%	118%	very bullish	58.8	4.04	positive	improving
28%	US Health Providers (IHF)	13%	109%	very bullish	51.6	1.05	positive	deteriorating
26%	Industrials (XLI)	7%	65%	bullish	37.8	0.01	positive	deteriorating
25%	Transports (IYT)	10%	84%	very bullish	47.0	0.28	positive	deteriorating
22%	Select Materials (XLB)	7%	105%	very bullish	56.9	1.16	positive	improving
20%	KB Banks (KBE)	7%	74%	bullish	42.0	0.37	positive	deteriorating
20%	**S&P 500 (SPY)**	**9%**	**93%**	**very bullish**	**56.7**	**0.90**	**positive**	**deteriorating**
16%	REITs (VNQ)	7%	90%	very bullish	42.8	0.11	positive	deteriorating
15%	US Aerospace & Def (PPA)	-5%	41%	neutral	36.4	-0.11	negative	deteriorating
14%	Consumer Staples (XLP)	4%	98%	very bullish	49.8	0.53	positive	deteriorating
12%	Capital Markets (KCE)	6%	111%	very bullish	66.8	**2.53**	**positive**	**improving**
10%	KBW Insurance (IAK)	8%	96%	very bullish	49.2	0.60	positive	deteriorating
9%	DJ Internet Index (FDN)	6%	98%	very bullish	64.2	2.06	positive	deteriorating
9%	Food & Beverage (PBJ)	4%	75%	bullish	50.8	0.22	positive	improving
5%	Software (XSW)	7%	118%	very bullish	69.8	4.60	positive	improving
4%	Gold Miners (GDX)	5%	109%	very bullish	62.9	**7.76**	**positive**	**improving**
0%	Utilities (XLU)	-2%	6%	very bearish	35.8	-1.09	negative	deteriorating
-2%	Home Construction (XHB)	-10%	27%	bearish	42.4	-0.36	negative	deteriorating
-2%	Bitcoin (BLOK)	-2%	67%	bullish	51.3	0.81	positive	improving
-6%	Retail (XRT)	-4%	64%	bullish	44.1	0.03	positive	deteriorating
-6%	**CASH**	**-3%**	**26%**	**bearish**	**44.4**	**0.01**	**positive**	**improving**
-12%	Telecommunications (FCOM)	-6%	28%	bearish	53.6	0.07	positive	improving
-14%	Media Portfolio (XLC)	-6%	34%	bearish	56.3	0.50	positive	improving
-27%	US Medical Devices (IHI)	-13%	75%	bullish	55.1	2.46	positive	deteriorating

US Sector Top Performers: Last 2 weeks (8/28/26)

YTD	Description	THIS wk	LAST wk	2 wks	13wk	26wk	39wk	52wk	3Y
16.2%	Gold Miners (GDX)	-3.1%	**14.3%**	**11.2%**	15.9%	-6.2%	37.8%	**63.8%**	**164.3%**
23.8%	Biotechnology (IBB)	-2.2%	7.7%	5.6%	23.6%	19.8%	27.4%	51.1%	43.3%
11.8%	Software (XSW)	**3.7%**	0.7%	4.4%	**29.2%**	**40.0%**	19.3%	10.7%	36.5%
47.3%	Oil/Gas Expl & Prod (XOP)	-1.9%	5.0%	3.1%	9.0%	22.4%	**45.7%**	43.5%	41.7%
9.1%	Bitcoin (BLOK)	-1.4%	3.7%	2.3%	-3.5%	16.5%	11.9%	4.1%	84.9%
14.3%	Capital Markets (KCE)	**1.0%**	0.8%	1.8%	12.6%	17.3%	24.6%	10.5%	48.6%
22.6%	US Pharmaceuticals (IHE)	-2.7%	4.0%	1.4%	15.3%	16.1%	29.0%	48.8%	50.9%
17.3%	Select Materials (XLB)	-0.7%	1.9%	1.2%	6.3%	0.4%	26.6%	16.6%	19.7%
9.4%	DJ Internet Index (FDN)	**2.7%**	-1.6%	1.1%	8.4%	23.5%	15.2%	7.4%	46.8%
7.6%	Food & Beverage (PBJ)	-0.9%	1.2%	0.3%	-0.5%	-4.1%	11.2%	2.0%	6.9%

INTERNATIONAL MARKETS:
#8 GOLD Tests 200-day

Gold Bullion: GLD fell 3.4% this week, after gaining 5.4% last week. That left it bullish but ranked 8 globally and less attractive than cash. The index is up 0.1% for the quarter (13 weeks), and up 28.6% for the year (52 weeks). At $408.89, GLD is above its short-term (50-day) average and below its intermediate-term (200-day) average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 55 means GLD is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

Warmer than expected PCE inflation set the week's tone. Gold was already giving back some of its recent three-week rally when hawkish Fed-speak out of Jackson Hole on Friday raised the odds of a rate hike at the 9/16 FOMC meeting, spiked the Dollar and took the legs out from beneath the precious metal. With the economy at full employment and inflation officially a concern, next week's jobs report will shed more light on the Fed's next move. Gold looking for rate cuts and that prospect appears non-existent. The likelihood of a Fed rate hike in 2 weeks is now greater than 50-50 (60%). That, along with recent rate hikes in Europe and Japan would appear top make gold's prospects in a rising-rate-world dim. US interest rates and the Dollar are the key drivers, but on the positive side for gold, a large and persistent US deficit remains, and geopolitical uncertainty (Venezuela, Iran, Ukraine) continues to influence demand. Financial threats (global recession or a severe equity market panic) evidenced by equity margin calls are not in evidence.

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INTERNATIONAL MARKETS:
COMMODITIES Dip on Oil Weakness

Commodities: A bullish DBC fell 1.5% this week after gaining 4.2% last week. That left commodity prices up 0.3% for the quarter (13 weeks), and up 39.7% for the year (52 weeks). At $30.79, the DBC is above its short-term (50-day) average at 29 and above its intermediate-term (200-day) average at 27. Its momentum (PMO) is positive and improving, and its 14-day RSI of 60 means commodities neither overbought nor oversold. A pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves their trade competitiveness.

Crude Oil: Meanwhile, the broader oil complex (USO) fell 3.7% this week, following last week's gain of 6.4% and is currently very bullish. That leaves US oil prices down 9.0% for the quarter (13 weeks), and up 73.7% for the year (52 weeks). At $129.70, USO is above its short-term (50-day) average and above its intermediate-term average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 54 means USO is neither overbought nor oversold. A pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

Oil fell below $85 this week, pushing commodities lower. US sanctions and economic pressure on Iran have reportedly shut down most of their ability to export oil but some appears to be getting through if this week’s price decline tells us anything. The decline is primarily a supply-risk/geopolitical price move rather than evidence of weaker global economic demand.

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INTERNATIONAL EQUITIES:
#6 EUROPE Maintains Upward Trend

European Large-Cap Stocks: IEV fell 0.8% this week, after gaining 0.3% last week. That left it very bullish and ranked 6 globally and more attractive than cash. The index is up 4.3% for the quarter (13 weeks), and up 22.9% for the year (52 weeks). At $75.27, IEV is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and deteriorating, and its 14-day RSI of 53.5 means IEV is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

IEV pushed to a new all-time high on Tuesday but eventually pulled back and closed lower on the week after the Jackson Hole meeting reinforced expectations that US monetary policy would remain restrictive, keeping Treasury yields relatively high and limiting the valuation support available to European equities. Continuing uncertainty over Iran and the Strait of Hormuz kept an inflationary risk premium in crude oil while signs of possible diplomatic progress over shipping pushed oil prices lower, providing some relief to European consumers and energy-intensive industries. US trade policy remains another headwind, particularly for Europe's export-oriented automobile and industrial sectors. Technology stocks were additionally influenced by US semiconductor and AI developments. In short, European equities balanced improving economic activity against higher global yields, energy uncertainty and trade risks. NOTE: An improving Euro vs. Dollar keeps Europe (IEV +1) underperforming Europe's hedged version (HEDJ +2) and weaker than the US market (VTI +10). Ireland (EIRL +10) and Italy (EWI +10) are matching the US, but Denmark (EDEN +9), Netherlands (EWN +8), and Spain (EWP +7) are lagging it. Germany (EWG +0), Britain (EWU -1), Switzerland (EWL -2) and France (EWQ -4) are weakening.

ETF Breakdown: IEV-- A cap-weighted index fund. **Countries:** UK (24%), France (18%), Switzerland (16%), Germany (13%), Netherlands (7%), Denmark (7%), Energy Minerals (6%), Utilities (4%), Consumer durables (4%), Technology Services (5%), Process industries (3%).

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INTERNATIONAL EQUITIES:
#3 JAPAN Edges Higher

Japanese Stocks: EWJ rose 0.7% this week, after losing 3.1% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 4.4% for the quarter (13 weeks), and up 33.8% for the year (52 weeks). At $95.87, EWJ is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and deteriorating, and its 14-day RSI of 54.5 means EWJ is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

Japanese equities remained strongly supported by global risk appetite. In addition, the US Fed's policy signal from Jackson Hole that US rates would remain elevated, supporting the dollar and keeping the yen near ¥160 per dollar, benefits Japan's large exporters. That along with higher global oil prices brought increased concern about imported inflation. With Japan heavily dependent on imported energy, rising crude prices threaten corporate margins and household purchasing power, although resource-related companies benefited. Geopolitical risk surrounding the Strait of Hormuz also remained important as any disruption to Middle Eastern energy supplies disproportionately affects Japan. Finally, renewed US-China trade tensions, including the prospect of additional US tariffs on Chinese goods, reinforced demand for Japanese technology and industrial companies as investors sought alternatives to China. Overall, the external backdrop remained favorable for exporters but less favorable for domestic consumers. Strong global risk appetite and earnings have been supportive of EWJ, while yen volatility, rising yields and BOJ tightening expectations created countervailing pressure. NOTE: For Dollar investors the hedged version of Japanese equities (DXJ @5) is preferable to the dollar-based Japanese equities we track (EWJ @2) but not to US stocks (VTI @10).

ETF Breakdown: EWJ-- A cap-weighted index fund. **Countries:** Japan (100%) **Top Sectors:** Finance (15%), Consumer durables (14%), Producer manufacturing (14%), Electronic Technology (12%), Health Technology (9%), Process industries (5%), Technology Services (5%), Consumer non-durables (5%), Communications (5%), Distribution services (4%).

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INTERNATIONAL EQUITIES:
#1 ASIA-PACIFIC Firms at Support

Asia-Pacific ex-Japan: AAXJ rose 0.5% this week, after gaining 0.4% last week. That left it very bullish, ranked 1 globally and more attractive than cash. The index is down 1.0% for the quarter (13 weeks), but up 40.4% for the year (52 weeks). At $116.85, AAXJ is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 56 means AAXJ is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

Asian equities remained above 50-day support this week capping a 5-week rally. China remains a mixed influence: government support measures provide some encouragement, but the property sector continues to weigh on confidence, with housing demand and developer financing still weak. Trade friction developed this week over US concerns about excess industrial capacity in China. A new tariff could threaten Chinese exporters and increase uncertainty across Asian supply chains. At the same time, China's export strength and improving performance by technology and semiconductor companies provided some support. India remained under pressure from foreign capital outflows, elevated oil prices and concerns about relative valuations; foreign investors have redirected funds toward Japan, South Korea and Taiwan, where valuations and AI-related opportunities appear more attractive. Even so, Asian equity markets (AAXJ +8) remains less attractive than US stocks (VTI +10). Taiwan (EWT +39) is still a standout along with South Korea (EWY +18) followed by Singapore (EWS +18). Australia (EWA -1), Hong Kong (EWH -4), China (FXI -6), and India (IMVP -14) lag the US and are struggling due to energy dependence and US tariffs.

ETF Breakdown: AAXJ-- A cap-weighted index fund. **Countries:** Hong Kong (36%), Taiwan (17%), India (16%), Korea (14%), Mainland China (4%), Singapore (4%), Thailand (2%), Indonesia (2%), Malaysia (2%), US (1%). **Top Sectors:** Finance (24%), Electronic Technology (20%), Technology Services (10%), Retail (7%), Consumer non-durables (5%), Consumer durables (4%), Producer manufacturing (4%), Transportation (4%), Energy (4%), Health Technology (3%).

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INTERNATIONAL EQUITIES:
#5 LATIN AMERICA Treads Water

Latin America 40: ILF fell 0.1% this week, after gaining 3.2% last week. That left it bullish and ranked 5 globally and more attractive than cash. The index is down 0.6% for the quarter (13 weeks), but up 36.5% for the year (52 weeks). At $34.65, ILF is above its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is positive and improving, and its 14-day RSI of 53 means ILF is neither overbought nor oversold. As for currency effects, a pricier Dollar this week makes foreign assets, commodities and gold less attractive. Over time, a bullish Dollar limits return to Dollar investors in foreign equities, commodities and gold, but improves the region's trade competitiveness.

ILF recovered and held its 50 and 200-day support this week. The Fed's Jackson Hole communications suggested higher-for-longer US interest rates. That would strengthen the dollar and reduce the relative attractiveness of Latin American assets. This was especially relevant for countries dependent on foreign portfolio investment. (Mexico was a partial exception: the peso remained exceptionally strong, trading below 17 per dollar and having appreciated almost 20% since January 2025, although that strength is increasingly challenging exporters and domestic companies.) Brazil faced a separate external headwind from US tariffs. Washington's 25% duties on selected Brazilian products continued to affect expectations for Brazilian exports and corporate earnings, while trade negotiations between Presidents Trump and Lula remained unresolved. Oil and other commodities provided an offset, supporting resource-producing economies. Overall, global monetary conditions and US trade policy remained more important than domestic developments. ILF's performance has been very volatile making the more diversified Emerging markets (EEM +6) a more attractive market timing choice. That is increasingly true with 6-month momentum in Latin equities negative (ILF -6) and no longer outperforming its US cousin (VTI +10) in Price-Performance vs cash. Colombia (COLO +22) is the only Latin equity market outperforming the US. Argentina (ARGT +1), Mexico (EWW -6), Chile (ECH -8) and Brazil (EWZ -10) are all lagging the US, as is Canada (EWC +5) which is not in ILF, but a key player in the Americas.

ETF Breakdown: ILF-- A cap-weighted index fund. **Countries:** Brazil (58%), Mexico (26%), US (8%), Chile (6%), Colombia (2%) **Top Sectors:** Finance (31%), Non-energy minerals (20%), Energy Minerals (14%), Consumer non-durables (10%), Retail (7%), Communications (5%), Technology Services (4%), Utilities (3%), Process Industries (2%), Producer manufacturing (2%).

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INVESTMENT STRATEGIES:
PASSIVE DIVERSIFIED: BUY-AND-HOLD

This site compares passive and active investment strategies. The passive strategy is represented by two diversified ETFs, moderate growth (AOM) and aggressive growth (AOA). AOM is comprised of 60% income instruments and 40% equity assets. AOA is 80% equity and 20% income. AOA (mostly stocks) outperforms in bull market scenarios and AOM (mostly bonds) works better when equities are weak.

Passive Buy-and-Hold Strategies
TOP Buy and Hold Strategy: Aggressive Growth (AOA)

2026 has been difficult. US stocks have lagged globally and bonds have been lackluster. Buy & Hold strategies have positive but still relatively modest returns year-to-date. Bond returns out-paced equity returns early on making moderate growth and income (bond-heavy) portfolios the more profitable buy-and-hold choice, but that changed from April on as Aggressive Growth (equity-heavy) became more profitable.

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

Technical readings are very bullish among both moderate (40-60) portfolios (AOM) and (80-20) aggressive portfolios (AOA). The differences are still minor and could reverse quickly, as new exogenous variables come into play. Cash is a good option.

CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
40%	**(AOA) Aggressive Growth**	**6%**	**86%**	**very bullish**	**55.0**	**0.69**	**positive**	**deteriorating**
12%	(AOM) Moderate Growth & Inc	2%	80%	bullish	52.8	0.32	positive	deteriorating

YTD	Description	this wk	last wk	13wk	26wk	39wk	52wk	3Y
10.7%	**(AOA) Aggressive Growth**	**0.1%**	-0.7%	**2.6%**	**6.5%**	**16.0%**	**17.3%**	**34.8%**
4.4%	(AOM) Moderate Growth & Inc	0.1%	-0.5%	1.0%	2.1%	7.5%	9.2%	19.4%

PR/HI	Description	SL	PRICE	BS	52w HI	52w LO	50d avg	210d avg
99.1%	(AOA) Aggressive Growth	96.57	99.12	100.03	100.03	84.55	97.70	93.02
99.3%	(AOM) Moderate Growth & Inc	49.05	49.81	50.16	50.16	46.25	49.52	48.41

Market Timing v. Diversified Buy & Hold: Performance*

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	**23.8%**	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	10.7%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	4.4%	11.0%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%
Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
S&P Benchmark	**12.8%**	14.5%	24.5%	24.3%	-19.5%					
US Strategy Moose	5.1%	16.7%	26.1%	12.3%	-7.0%	22.2%	20.9%	23.6%	1.2%	28.5%

The Index Model crushed all competitors in 2025 and is excelling again in 2026. It has outperformed in three of the last ten years. US Strategy Moose has outperformed in six of the last 10 years. In total, one of our two momentum models has outperformed buy-and-hold in nine of the last ten years. For buy and hold investors: Aggressive (AOA) is outperforming more moderate (AOM) diversifications.

This performance data may not reflect total return. Dividends and interest are not included, and the numbers may understate true model, ETF, and benchmark performance by 2-3%. The table above covers the last decade, the period since the models went from weekly to daily and since stop-losses were incorporated. It illustrates several points: (1) Success of any one strategy can be highly variable year-to-year. Just because it worked last year doesn't mean it will next year. (2) Buy-and-hold is preferable in years with few lasting or deep corrections, i.e., trendless volatility. (3) When stocks are trending strong, in either direction, timing is safer. (4) Market timing is most profitable when there is one predominant asset choice, or in extended bear market scenarios. When stocks turn bearish buy-and-hold can be a huge loser. (5) To avoid substantial losses, buy-and-hold investors should have a separate exit plan, whereas such plans are implicit in index targeting (a loss-minimization strategy).

INVESTMENT STRATEGIES: THE US EQUITY STRATEGY TIMING MODEL

USE Strategy: HOLD US Small-Caps (IWM) since 7/15/2026.

The USES Model began as an equity-only construct for determining the optimum equity strategy for the US large cap stock portion of one's portfolio. It monitored and ranked US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) using our momentum methodology. The 7 US equity strategies included US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, and US equal weight. As of 4/8/2026 US Small-caps were added into the mix.

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

The US Equity Strategy (USES) Model ***HOLDS US Small-Caps (IWM) since 7/15/2026*** *after* MTUM triggered a stop-loss.

MTUM leads in overall confidence and ROC among USES assets, but it lags in technical strength and has a negative price momentum (PMO). It triggered a buy-stop (8/13) but price is down since, leaving **incumbent IWM in the USES model's top slot.** IWM's technical strength is bullish and its PMO is positive but deteriorating.

Best Alternatives: US High Dividend (SPYD) has a better chart and strong technicals as well as a positive (but deteriorating) PMO.

Volatility Alert: IWM has an unfilled downside gap (249-259) from April 8.

*Stop-loss, **Buy-stop, ***note

	CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
1	**100%**	**US Momentum (MTUM)**	15%	47%	neutral	42	-0.41	negative	deteriorating
2	86%	US Small-Caps (IWM)	12%	77%	bullish	45	0.63	positive	deteriorating
3	70%	US High Dividend (SPYD)	12%	**103%**	**very bullish**	51	0.93	positive	deteriorating
4	61%	S&P Equal Weight (RSP)	10%	102%	very bullish	55	**1.17**	**positive**	deteriorating
5	58%	US Growth (IUSG)	10%	93%	very bullish	54	0.85	positive	deteriorating
6	52%	US Large-caps (SPY)	9%	93%	very bullish	57	0.90	positive	deteriorating
7	50%	US Fundamentals (QUAL)	8%	92%	very bullish	54	0.89	positive	deteriorating
8	47%	US Value (IUSV)	8%	101%	very bullish	100	0.14	positive	deteriorating
9	23%	US Low Volatility (SPLV)	3%	78%	bullish	42	0.04	positive	deteriorating
10	12%	Cash (SGOV)	2%	88%	very bullish	100	0.14	positive	deteriorating

NOTE: All of the strategies in this model are derivative of and highly correlated to the S&P. When SPY's TS and/or CI is bearish, when it hits a stop-loss, is overbought, or gives some other sell signal, adopting any sub-strategy that is highly correlated to it is not recommended. To initiate a switch both SPY and the strategy ETF must have TS>50% and CI>0 or better, not be overbought, and be working off a buy-stop.

PERFORMANCE: IWM leads YTD and over 39 and 52 weeks but it is fading as rate hikes appear more likely.

Best Alternative: SPYD has a better chart and stronger technicals.

	YTD	Description	This Wk	Last Wk	13wk	26wk	39wk	52wk	3Y
1	**20%**	**US Small-Caps (IWM)**	-1.4%	-1.7%	5.0%	12.3%	**30.1%**	**26.7%**	41.7%
2	20%	US Momentum (MTUM)	-1.8%	-3.8%	-0.7%	**17.9%**	26.6%	23.4%	**55.7%**
3	16%	US High Dividend (SPYD)	-0.8%	0.0%	5.9%	5.2%	21.9%	14.9%	22.9%
4	15%	S&P Equal Weight (RSP)	-0.4%	-0.5%	**7.8%**	8.6%	22.1%	18.3%	32.0%
5	14%	US Growth (IUSG)	**0.7%**	-2.3%	2.6%	15.4%	19.7%	21.7%	51.6%
6	13%	US Large-caps (SPY)	0.5%	-1.4%	3.9%	12.2%	18.9%	20.3%	41.6%
7	13%	US Fundamentals (QUAL)	0.2%	-1.2%	5.3%	9.8%	18.9%	19.2%	29.8%
8	12%	US Value (IUSV)	0.0%	-0.4%	5.4%	8.1%	18.5%	18.5%	29.0%
9	5%	US Low Volatility (SPLV)	-0.3%	-1.4%	1.9%	-0.4%	6.3%	3.6%	11.7%
10	0%	Cash (SGOV)	0.1%	**0.1%**	1.0%	1.9%	2.9%	3.9%	8.7%

INVESTMENT STRATEGIES:
THE GLOBAL INDEX TIMING MODEL

TOP Index Model Move: HOLD US Small-caps (IWM)

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

The Global Index Model *HOLDS US Small-caps (IWM) 7/13/2026.*

US Small-caps (IWM) lead in overall 6-month Momentum (CI) among Global assets. but it lags in its very bullish technical strength and positive price momentum (PMO). Equities are still the best place to be, but there has been a 4-week rotation from US (dollar-based) assets into foreign assets and gold. The recent US-Japan joint foreign exchange intervention to smooth out "disorderly Yen movements" and this week's Treasury action to double bond buy-backs both fostered the rotation by weakening the Dollar, but this week's hawkish tone to FedSpeak at Jackson Hole reversed that. The Dollar jumped as a 9/16 Fed rate hike became more probable-- good for US assets, but not necessarily for small-cap US equities. Higher rates could make a switch out of small caps imminent unless next week's August payroll report is another stinker.

Best Alternative: Emerging Markets (EEM), Developed Markets (EFA) and gold (GLD) are benefitting from US government currency interventions these days. It remains to be seen how permanent their impact may be.

Volatility Alert: IWM has an unfilled downside gap (249-259) from April 8.

The Global Index Model continues to outperform the S&P, all Buy-and-Hold allocations, and the USES and TSP models in a major way. *stop-loss, **buy-stop, ***note

	CI%	FUND	TS+	READ	RSI	PMO	+/-	condition
1	**88%**	**US Small-caps (IWM)**	77%	bullish	45.4	0.63	positive	deteriorating
2	76%	Emerging Markets (EEM)	85%	very bullish	55.2	0.82	**positive**	**improving**
3	55%	Developed Markets (EFA)	**97%**	**very bullish**	54.6	1.17	positive	deteriorating
4	53%	US Large-caps (SPY)	93%	very bullish	56.7	0.90	positive	deteriorating
5	12%	Short US Income (SGOV)	88%	very bullish	100.0	0.14	positive	deteriorating
6	-13%	Gold Bullion (GLD)	64%	bullish	54.6	**2.64**	**positive**	**improving**
7	-45%	Very Long US Bonds (EDV)	11%	very bearish	51.1	-0.67	negative	improving

Performance-wise, EEM holds year-to-date 26, 39 and 52-week honors this week, but incumbent IWM is a close second. The last quarter has been volatile, with Foreign equities currently besting US equities due to a weaker Dollar from tariffs and from FedSpeak. US small caps show occasional rotational strength domestically.

	YTD	FUND	08/28/26	08/21/26	13wk	26wk	39wk	52wk
1	**22.7%**	**Emerging Markets (EEM)**	0.0%	0.8%	-1.3%	**17.2%**	**27.3%**	**37.6%**
2	20.1%	US Small-caps (IWM)	-1.4%	-1.7%	2.1%	15.7%	21.6%	27.1%
3	12.8%	US Large-caps (SPY)	0.5%	-1.4%	2.8%	13.5%	14.9%	20.6%
4	12.2%	Developed Markets (EFA)	-0.5%	-0.4%	**4.4%**	11.5%	17.7%	23.3%
5	3.2%	Gold Bullion (GLD)	-3.4%	**5.4%**	0.1%	-12.3%	7.6%	28.6%
6	0.3%	Short US Income (SGOV)	0.1%	0.1%	0.9%	1.8%	2.8%	3.8%
7	-6.7%	Very Long US Bonds (EDV)	**1.9%**	0.1%	-2.7%	-7.8%	-8.6%	-1.2%

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	**23.8%**	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	10.7%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	4.4%	11.0%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%

INVESTMENT STRATEGIES:
THE THRIFT SAVINGS PLAN TIMING MODEL

TSP Momentum & Performance

The Thrift Savings Plan, or TSP, is the government's 401K-style retirement plan. Beginning 12/21/2018, the revised TSP model began incorporating actual fund data and monitoring ten TSP funds instead of five index fund proxies alone. While having ten asset choices offers myriad possibilities, our primary concern involves the overall strategic decision: Should TSP investors use index targeting (market timing) to manage their portfolio or rely on a diversified buy-and-hold approach. **Answer:** it depends on the investor and on what's working.

The TSP Model: HOLD US Small-caps (Fund S)

THIS WEEK: 1st MIXED-Risk week after 1 Risk-OFF week.
US Stocks MIXED, Foreign Stocks MIXED, Bonds UP and Gold DOWN

This week: The TSP Model *holds US Small-caps (Fund S) since* 7/2/26 @117.55.)

A 4-week decline in the Dollar put Fund I (International) on top among TSP assets in overall confidence, technical strength and positive, improving PMO. This week, however, hawkish Fedspeak out of Jackson Hole revived the buck on Friday favoring US assets and buying incumbent Fund S (Small-caps) a few more days in the model's top slot.

Best Alternative: Fund (I) is currently benefitting from US programs to support the Yen and buy-down US debt weakening the Dollar, but the risk of a near-term rate hike (that would boost the greenback) is up.

OVERALL, aggressive Lifetime Portfolios are outperforming TSP timing and the more moderate B&H portfolios.

	CI%	Fund	ROC	TS+	READ	RSI	PMO	+/-	condition
1	**100%**	**International Fund (I)**	**13%**	**105%**	**very bullish**	58.8	**1.15**	**positive**	**improving**
2	88%	US Small-caps (S)	9%	91%	very bullish	47.0	0.80	positive	deteriorating
3	82%	Lifetime 2060	10%	94%	very bullish	56.2	0.96	positive	deteriorating
4	68%	US Large-caps (C)	9%	94%	very bullish	56.8	0.90	positive	deteriorating
5	67%	Lifetime 2050	8%	93%	very bullish	56.2	0.82	positive	deteriorating
6	59%	Lifetime 2040	7%	93%	very bullish	56.5	0.74	positive	deteriorating
7	45%	Lifetime 2030	6%	93%	very bullish	57.3	0.60	positive	deteriorating
8	24%	Long-term Inc (L)	3%	101%	very bullish	60.0	0.39	positive	deteriorating
9	3%	Short-term Inc (G)	1%	101%	very bullish	100.0	0.18	positive	improving
10	-16%	Fixed Income (F)	-2%	25%	bearish	48.5	0.00	negative	improving

TSP Lifetime & Index Funds: Performance Progression

US equities are gaining traction. Fund S leads over 13 weeks and Fund C leads over 26. International Fund (I) still leads YTD, over 39 and 52 weeks and over 3Y. European and Japanese rate hikes in June put Fund I performance at risk and generated a stop-loss. Fund I, however, has recently benefitted from US programs to support the Yen and buy-down US debt weakening the Dollar. This week, however, hawkish Fedspeak out of Jackson Hole revived the buck on Friday helping US assets including fixed income and large-cap equities.

	Fund	THIS	LAST	13wk	26wk	39wk	52wk	YTD	3Y
1	**International Fund (I)**	-0.1%	**-0.1%**	6.4%	9.0%	**24.6%**	**30.1%**	**19.3%**	**47.2%**
2	US Small-caps (S)	-1.3%	-2.0%	**8.4%**	12.6%	22.1%	19.1%	16.5%	38.8%
3	Lifetime 2060	0.0%	-1.0%	5.6%	11.7%	20.0%	23.7%	15.9%	42.6%
4	US Large-caps (C)	**0.5%**	-1.4%	4.5%	**13.4%**	16.6%	20.8%	13.5%	40.5%
5	Lifetime 2050	0.1%	-0.8%	4.9%	9.8%	16.8%	20.0%	13.4%	36.2%
6	Lifetime 2040	0.1%	-0.7%	4.4%	8.9%	15.2%	18.1%	12.1%	32.7%
7	Lifetime 2030	0.1%	-0.5%	3.7%	7.3%	12.5%	15.1%	9.9%	27.9%
8	Long-term Inc (L)	0.1%	-0.2%	2.5%	4.8%	7.8%	9.5%	6.4%	17.8%
9	Short-term Inc (G)	0.1%	0.1%	1.3%	2.4%	3.5%	4.4%	2.9%	9.1%
10	Fixed Income (F)	0.1%	-0.1%	0.6%	-1.4%	0.5%	2.0%	-0.1%	4.8%

****Stop-loss hit,** no buy-stop since—default to highest ranked alternative.*

TSP Moose v. TSP Lifetime Funds: Long-Term Performance

Strategy	2026 YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017
L2060	**15.9%**	22.6%	16.3%	23.3%	-15.9%	19.9%	new	--	--	--
L2050	13.4%	19.7%	14.0%	20.0%	-13.4%	16.3%	14.8%	23.3%	-6.0%	18.8%
L2040	12.1%	17.8%	12.9%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
TSP Moose	10.0%	15.3%	11.8%	16.5%	-3.4%	13.3%	21.8%	14.9%	6.5%	21.0%
L2030	9.9%	15.6%	11.5%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%

OBSERVATION: The most aggressive Lifetime Funds have been the best performers since Covid (2020) thanks to the trillions in Federal deficit spending under Trump and Biden. An added bonus: Lifetime funds are a lot less work than timing the markets. The drawback is that buying and holding a Lifetime fund can be a disaster in a cyclical bear market (2022). The risk-reward is better with timing. Fortunately (or unfortunately as one's politics may dictate) the likelihood of a cyclical bear market occurring diminishes as government becomes an ever-larger portion of the US economy and as Fed market manipulation becomes more prevalent. The likelihood of a permanent bear market, however, becomes greater and when that reckoning does eventually come, however, it will be far worse, shaking our national institutions as well as the economy.

MOOSPEAK

TREASURY BUYBACKS AND CRYPTO

Last week, the US Treasury announced larger buybacks of longer-term bonds, paid for by increasing the issuance of shorter-term Treasury bills, in what is known as a “Treasury Twist”. In retrospect, more than a few people, me included, were somewhat befuddled by the timing of the decision. Generally, the Twist is viewed as an effort to bail out the long-term bond market and lower 10-year-plus yields, reducing long-term government interest expense at the expense of shorter-term instruments. Since short-term interest rates are currently (and normally) lower than long, “twisting” lowers the near-term expense of paying off the government’s debt.

Twisting doesn’t get pulled out of the Treasury toolkit on a regular basis, however. It’s generally thought of as something reserved for emergency situations. Lately the bond market had shown little evidence of the sort of distress that might merit its use, but the moment that Treasury announced it, folks started to wonder if the government knew something distressing that the markets didn’t.

True, Twisting came as America's national debt hit $40 trillion last week. To small government guys like me that number is certainly distressing. (My every-man mind balks at the thought of being on the hook to repay so many zeros.) But government debt has been in the trillions for decades, We haven’t seen a Federal surplus since 2001. In truth, about $30T or three-fourths of the current damage appeared from 2009 on. Between the financial crisis, the nationalization of health insurers, the shuttering of US energy production, the Covid pandemic, and untold millions of illegal migrants, politicians found government profligacy a much easier sell than responsible stewardship.

Not everyone considers the debt a problem, which is exactly what makes it one. The doom and gloom crowd has been warning about the perils of high debt for years, predicting a devastating fiscal crisis should the government keep spending more than it takes in. Others pooh-pooh that, maintaining that as long as US GDP is growing faster than the interest rate it is paying on its debt, Treasury should be able to keep rolling over its bonds without too much of a problem.

Both sides of the argument demonstrate occasional empirical validity, with economic conditions being the determining factor. The endless rollover hypothesis works best for example, when GDP growth is well below average, interest rates are historically low for an extended period and disinflation is more of a concern than inflation. (e.g., 2009-12). Deficit spending becomes far less attractive when GDP is above average, interest rates are elevated, and supply-side inflation is troublesome (e.g., 2020-21).

At the moment GDP Now is above average, 30-year interest rates are their highest in 19 years, and oil is making supply-side inflation a concern-- conditions that normally mitigate against unbridled deficit spending. A grid-locked Congress has failed to provide the responsible stewardship the situation requires, but even so, we're nowhere near anything resembling a failure of the US Treasury market. The yield curve does not indicate an impending recession, and the SOF-T spread does not indicate a money market system at risk.

If you have to borrow short-term money to buy back long-term debt you may lower long term yields, but in doing so you’ll raise short-term yields. It doesn’t lower the debt or do much of anything in the long run. It’s basically akin to rearranging the deck chairs on the Titanic. So why the Treasury Twist?

Maybe it’s just a coincidence (or maybe not), but President Trump this past week hosted crypto executives at the White House to urge passage of the Clarity Act, which is meant to regulate certain aspects of the crypto markets. The Clarity Act has been caught in a dispute between banks and crypto companies about percentage rewards to hold stablecoins that, to lenders, aim to compete with yields on bank deposits. The Securities and Exchange Commission also proposed a new regulatory framework for crypto assets this past week.

The Clarity Act is a follow-on to the Genius Act passed last year— a crypto regulatory law establishing US-issued “stablecoins” that aim to stay fixed to the value of the dollar. The connection is that under the Genius Act— stablecoins issued in the US can only be backed by certain assets, including US Treasurys that mature within 93 days-- the proverbial three-month T-bill. Treasury Secretary Bessent has mentioned stablecoins as a big potential new source of demand for Treasury bills. Demand that would appreciably lower the yield on short-term debt.

With a market value around $300 billion (and US money-market funds close to $8 trillion) stablecoins are still small potatoes. Bitcoins are mined at data centers, however, and what are we building more of than anything else right now? It has been projected that stablecoins could grow into a nearly $4 trillion market, significantly lowering government borrowing costs on the short end. It could also lead to a shorter weighted average maturity of issuance, the objective of the Treasury Twist.

A recent review published by the Brookings Institution’s Hutchins Center on Fiscal and Monetary Policy suggests stablecoins could create substantial net new demand for Treasury bills, particularly if money shifted into stablecoins either from bank accounts or if they were bought by foreigners. Much of the demand might come from savers in countries with less-stable currencies who lack access to US bank accounts. But there is a long row to hoe before we reach that point. The world of digital finance is just getting started. No better time for some clarity.