

MOOSECALLS

Global Financial News & Analysis
OCT.02.2026 through OCT.11.2026

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EXECUTIVE SUMMARY: OCT.02.2026

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— Risk-OFF (1)

THIS WEEK: 1st Risk-OFF week after 1 MIXED-Risk.

US Stocks DOWN, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

Rising Rates Dampen Spirits

The 30-year T-bond hit 5.61%. With the 10-year yield going to 5.28% and the cash yield dipping to 3.99%, the 3m-10y yield curve steepened to 129 bpts. US long Treasury prices fell 3.4% adding to last week's 3.8% loss, mainly due to the expectation (85%) of at least one (and possibly two) additional 2026 Fed rate hikes. Higher US yields boosted the Dollar (+0.7%) but dampened equity investor enthusiasm. US small-caps (-0.2%) continued to fade and US large-caps (-0.2%) joined them in the red, still exhibiting limited strength in a narrow set of sectors, mostly tech related. The strengthening Dollar smacked gold (-3.4%) and oil (-1.8%) but the commodity index (-0.2%) held up better. Offshore equities were mixed against the stronger Dollar. Latin America (+0.7%) regained most of its prior week's loss while Japan (+1.0%) continued to enjoy US support of the Yen (-0.3%), the only major currency to escape bearishness against the Dollar this week Asia Pacific (-0.2%) perhaps shared a bit in Japan's positive karma, but Europe (-2.6%) broke intermediate support as the Euro (-0.8%) dropped. No changes in the models this week.

GLOBAL OUTLOOK POSITIVE (4 of 4 and unchanged week). The Baltic Dry Index, oil and copper prices and bond yields are all higher, making the outlook very positive.

INFLATION: Benign August PCE Inflation report, still above target but coming down on a yearly basis. WTI oil prices dipped to \$91. Global inflation per the Fed Check (83) still warrants tightening despite the latest rate hike but seems to be cooling.

US ECONOMIC DATA: Jobs, Confidence, Income Weak, Construction, Personal Spending Strong. Yield curve positive and steepening. Recession chances a year out shrinking and minimal. Money market system healthy per SOFR. Above average US growth prospects. GDP Now estimate (Q3) at 3.7% as of 10/01. Q2 GDP revised from 1.5% to 2.2%.

FEDERAL RESERVE: 1st rate hike since 12/25 rate cut two weeks ago. Fed Check (83) remains hawkish. The Fed's balance sheet currently stands at \$6.74 trillion, with the Fed Funds Rate at 3.75-4.00%. By December, at least one more Fed rate HIKE (87%) is likely and possibly two.

INVESTMENT STRATEGIES: There were no model switches this week.

GLOBAL OUTLOOK: POSITIVE (4 of 4)

Indications are positive for the global economy.

An international shipping measure and proxy for current global trade, **the Baltic Dry Index is at 3148 this week, down from 3426 last week and up 36% after 13 weeks, a positive** 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 \$91.11 this week, up 32% in the latest quarter, a positive** economic signal. (Oil remains below its 2022 peak (\$130), but well above the 2020 Covid low (\$10).)

Our proxy for global construction, **copper is \$6.55 this week, and up 5% this quarter, a positive** signal.

Domestically, **the 10Y US bond yield is at 5.28% this week, up 78 basis-points over the past 13 weeks, and a positive** bet on the largest world economy.

REGIONAL RANKING: Asia Has the Lead

Regional
Rankings
through
OCT.11.2026

THIS WEEK: 1st Risk-OFF week after 1 MIXED-Risk.

US Stocks DOWN, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

The best regional market over the last six months per CI is Asia-Pacific, followed by US large caps and Japan which still has a better PMO score thanks to recent US Yen stabilization efforts. Among international equities, Emerging markets (EEM) that are commodity-centric are likely to outperform developed markets (EFA) that have to import raw materials, especially energy. (Europe, Britain, Japan). In addition, developed nations like Japan, Europe, Britain, and the US have all raised interest rates now, some twice— another drag. US small-caps have fallen off as a result and large-caps are reassessing. Of the two US choices, large caps have better prospects than small after the hike. SPY is more likely to rebound from a stronger Dollar which favors US multinational assets over foreign, technology over other sectors, and growth over value.

** 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)**	82%	very bullish	54.1	0.75	positive	deteriorating
2	74%	US Large-caps (SPY)**	89%	very bullish	55.4	0.35	positive	deteriorating
3	57%	Japan (EWJ)**	83%	very bullish	58.0	0.84	positive	deteriorating
4	50%	US Small-caps (IWM)*	32%	bearish	40.0	-1.39	negative	deteriorating
5	18%	Short US Income (SGOV)	93%	very bullish	62.2	0.17	positive	improving
6	-4%	Europe (IEV)*	36%	bearish	35.7	-1.06	negative	deteriorating
7	-30%	Latin America (ILF)*	51%	neutral	50.1	0.02	positive	deteriorating
8	-88%	Very Long US Bonds (EDV)*	0%	very bearish	26.8	-1.94	negative	deteriorating
9	-129%	Gold Bullion (GLD)*	18%	very bearish	38.8	-0.78	negative	deteriorating
		US Dollar**	103%	very bullish	72.6	OB	positive	improving
		Commodities**	96%	very bullish	53.9		positive	deteriorating
		US Oil**	99%	very bullish	52.1		positive	deteriorating
		Ryan/CRB	82%	HIKE RATES				
		Volatility	15.7	normal				

Asian stocks (AAXJ) are the best performing regional choices YTD. Despite weakness in India and China, AAXJ shows persistent strength thanks to tech and semiconductors in Taiwan and South Korea. Japan has shown life of late, thanks to the US-Japan joint foreign exchange intervention which also helps the entire Asian region. Among international equities Emerging markets (EEM) are outperforming Developed (EFA).

YTD	FUND	latest	9/25/26	13wk	26wk	39wk	52wk	3Y
27%	Asia Pacific ex-Japan (AAXJ)	-0.2%	1.9%	2.0%	15.9%	27.5%	30.7%	57.0%
23%	Japan (EWJ)	1.0%	1.0%	6.3%	12.8%	23.3%	31.6%	57.8%
15%	Latin America (ILF)	0.7%	-0.8%	4.3%	-5.2%	16.6%	31.3%	52.9%
14%	US Small-caps (IWM)	-0.2%	-0.7%	-5.7%	8.0%	15.1%	15.7%	31.4%
13%	US Large-caps (SPY)	-0.2%	1.3%	3.5%	13.8%	13.7%	16.2%	37.6%
3%	Europe (IEV)	-2.6%	0.4%	-1.9%	0.9%	5.2%	10.6%	29.9%
0%	Short US Income (SGOV)	0.1%	0.1%	1.0%	1.8%	2.8%	3.7%	8.5%
-4%	Gold Bullion (GLD)	-3.4%	-1.9%	2.6%	-13.2%	-4.1%	6.3%	53.9%
-16%	Very Long US Bonds (EDV)	-3.4%	-3.8%	-12.7%	-13.0%	-12.6%	-15.4%	-23.5%

REGIONAL RANK & SUMMARY

THIS WEEK: 1st Risk-OFF week after 1 MIXED-Risk.

US Stocks DOWN, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

#1 ASIA-PACIFIC Resets--

AAXJ fell 0.2% this week, after gaining 1.9% last week. That left it very bullish and ranked 1 globally and more attractive than cash. The index is up 2.0% for the quarter (13 weeks), and up 30.7% for the year (52 weeks).

#2 US LARGE-CAPS Stay the Course--

SPY fell 0.2% this week, after gaining 1.3% last week. That left it very bullish and ranked 2 globally and less attractive than cash. The index is up 3.5% for the quarter (13 weeks), and up 16.2% for the year (52 weeks).

#3 JAPAN Stays the Course-- EWJ rose 1.0% this week, after gaining 1.0% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 6.3% for the quarter (13 weeks), and up 31.6% for the year (52 weeks).

#4 US SMALL-CAPS Test 200-day--

IWM fell 0.2% this week, after losing 0.7% last week. That left it bearish and ranked 4 globally and less attractive than cash. The index is down 5.7% for the quarter (13 weeks), but up 15.7% for the year (52 weeks).

#5 CASH YIELD Dips--

The 3-month yield fell 8 basis points to 3.99%. The 10-year rose to 5.28% steepening the yield curve to 129 basis points. Cash is currently ranked #5 globally. The 3-month T-bill is up 0.95% for the quarter and up 3.74% for the year.

#6 EUROPE Breaks Down at 200-day--

IEV fell 2.6% this week, after gaining 0.4% last week. That left it bearish and ranked 6 globally and more attractive than cash. The index is down 1.9% for the quarter (13 weeks), but up 10.6% for the year (52 weeks).

#7 LATIN AMERICA Tests 200-day--

ILF rose 0.7% this week, after losing 0.8% last week. That left it neutral and ranked 7 globally and more attractive than cash. The index is up 4.3% for the quarter (13 weeks), and up 31.3% for the year (52 weeks).

#8 US LONG T-BONDS At Oversold Low--

EDV fell 3.4% this week, after losing 3.8% last week. That left it very bearish and ranked 8 globally and less attractive than cash. The index is down 12.7% for the quarter (13 weeks), and down 15.4% for the year (52 weeks).

#9 GOLD Retests Summer Lows--

GLD fell 3.4% this week, after losing 1.9% last week. That left it very bearish and ranked 9 globally and more attractive than cash. The index is up 2.6% for the quarter (13 weeks), and up 6.3% for the year (52 weeks).

COMMODITIES Lower As Oil Slips--

CRB fell 0.2% this week, after losing 0.9% last week. That left it very bullish. The index is up 18.7% for the quarter (13 weeks), and up 44.7% for the year (52 weeks).

WTI Crude At \$91—

USO fell 0.6% this week, after losing 3.6% last week. That left it very bullish. The index is up 39.7% for the quarter (13 weeks), and up 101.5% for the year (52 weeks).

US DOLLAR Hits Overbought High--

UUP rose 0.9% this week, after gaining 0.8% last week. That left it very bullish. The index is up 2.5% for the quarter (13 weeks), and up 5.1% for the year (52 weeks).

US ECONOMY: OCT.02.2026

OVERALL: Jobs, Confidence, Income Weak
Construction, Personal Spending Strong

PRODUCTION: Manufacturing Expansion Slows

- (+) 9/26 WEEKLY EIA Crude Oil Inventory (+0.92M) BUILD shrinks as WTIC oil prices drop below \$92
- (-) AUG Industrial Production (+0.0%) flat-- below prior and below consensus.
- (-) AUG Capacity Utilization (76.3) UNCHANGED in line with prior and expectations.
- (+) SEP S&P Global U.S. Manufacturing PMI – (55.9) expanding, BELOW previous.
- (+) SEP S&P Global U.S. Services PMI – (58.7) expanding, UP from previous
- (-) SEP ISM Manufacturing Index (54.5) expanding, BELOW prior and consensus.
- (+) AUG ISM Services Index (55.4) expanding, BEAT prior and consensus.

CONSTRUCTION: Construction Up

- (-) AUG Housing Starts (1275K) BELOW consensus and previous as revised.
- (-) AUG Building Permits (1394K) BELOW prior and consensus.
- (-) AUG Existing Home Sales (3.98M) below previous and consensus.
- (+) AUG New Home Sales (684K) UP from prior and forecasts.
- (+) AUG Construction Spending (+0.9%) ABOVE prior and expectations.

INFLATION: PCE Prices Benign

- (-) AUG CPI (+0.4%) warmer than prior and consensus. (+3.4% y-o-y)
- (-) AUG Core CPI (+0.3%) warmer than prior and in line with consensus. (+2.4% y-o-y)
- (-) AUG PPI: (+0.4%) warmer than prior and in line with consensus. (+5.4% y-o-y)
- (+) AUG Core PPI (+0.2%) cooler than prior and forecasts. (+4.6% y-o-y)
- (-) AUG Import Prices (+0.7%) hot monthly and (+7.0%) year-on-year.
- (-) AUG Export Prices (+0.6%) hot monthly and (+8.6%) year-on-year.
- (+) AUG PCE Prices (+0.3%) more benign than prior and expected. (1yr 3.4% down.)
- (-) AUG PCE Prices – Core (+0.2%) more benign than prior and expected (1yr 3.0% down.)

JOBS: Weak Payrolls, Decent ADP

- (+) Weekly initial Claims (197K) lower than revised prior and consensus.
- (+) Weekly Continuing Claims (1701K) below prior week.
- (+) SEP ADP Private Payrolls (90K) UP more than expected from previous.
- (-) SEP Nonfarm Payrolls (+29K) well BELOW previous and consensus.
- (-) SEP Unemployment rate (+4.2%) ticked higher than prior and consensus.
- (-) SEP Average Hourly Earnings (+0.1%) WEAKER than consensus and prior.
- (+) SEP Average workweek (34.4) unchanged, better than expected.
- (-) AUG JOLTS Job openings (7.08M) BELOW consensus and prior revised higher.
- (+) AUG Challenger Job Cuts (52.9K) UP from JUL but DOWN from a year ago. Lowest AUG since '22.

CONSUMPTION: Confidence, Incomes Down, Spending Up

- (-) AUG Consumer Confidence (81.9) DOWN from prior and below consensus.
- (+) AUG Durable Orders flat (+0.0%) BELOW prior but ABOVE consensus.
- (-) AUG Personal Income (+0.2%), BELOW consensus and prior.
- (+) AUG Personal Spending (+0.9%) ABOVE prior and forecasts.
- (+) SEP Michigan Consumer Sentiment (48.1) pessimistic but ABOVE preliminary and consensus.
- (+) JUL NFIB Small Business Optimism (99.8) strong and ABOVE prior (97.4).
- (+) AUG Retail Sales (+1.2%) ABOVE consensus after loss previously.
- (-) JUL Trade Deficit (-\$88.6) WORSENS from prior, better than expected.
- (+) AUG Federal Budget (-\$166.8) deficit less than July's.

GDP & RELATED DATA: Q2 GDP Revised Higher

- (-) AUG Leading Economic Index (-0.1%) BELOW consensus and prior.
- (+) Q2 GDP – 2rdEST (+2.2%) UP from previous and consensus.
- (+) Q2 GDP Deflator – 3rdEST (+6.1%) less hot than previous and forecasts.
- Q2 Employment Cost Index (+0.9%) hotter than consensus and previous.
- (+) Q2 Productivity – (1.4%) revised in line with prior and consensus. Up more than labor costs.
- (+) Q2 Unit Labor Costs – revised (+1.2%) a tick lower than previous and consensus. Cooler than inflation.
- (-) Q2 Current Account Balance (-\$246.0B) deficit greater than previous quarter and consensus forecast.

RECESSION THREAT: MINIMAL, FALLING

US recession chances one year out: 13.88% (AUG 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 at 3.7%

Atlanta Fed Current GDP Model (10/01/2026): Q3 Annualized 3.7% (Last week: Q3 Annualized +5.0%)

US ECONOMY: FEDERAL RESERVE

FED BALANCE SHEET (\$6.74T); FFR @ (3.75-4.00%)

Federal Reserve:
week of
OCT.02.2026

Currently, **the Fed's balance sheet is down to \$6.743 trillion** in the latest week 10/2/26. **The Fed Funds Rate was raised 25 BPS to 3.75-4.00%** at the SEP16 FOMC meeting. It was the first time rates have changed since the Fed cut in DEC 2025.

The next FOMC meeting is October 28. The new chairman since May 22, Kevin Warsh, chaired his first FOMC meeting June 17. There has been a sense that supply-side inflation pressures brought on by the war with Iran would eventually force two rate hikes by year-end. **After the latest hike, the odds of at least one more rate hike by year-end is still 83%.**

The Fed Check is at 83% and hawkish since 1/30/2026 (tighter monetary policy needed to combat global inflation pressures.) The US 2-Year yield at 4.84%, however, is now 97 bps HIGHER than the Fed overnight rate (3.875%), implying **near-term US domestic conditions make another Fed rate hike increasingly likely.**

The **3m-10y yield curve rose to a slope of 129 bps** this week, as the 10-year US Treasury yield rose to 5.28% and the 3-month cash yield dipped to 3.99%. 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 4.64% is above its 200-day at 4.05%. **A rising median yield and a steepening yield curve are both bullish for stocks.**

3-month SOFR yield is 3.87%, while the 3-month T-bill is 3.99%. That puts the SOFR/T-Bill (SOF-T) spread at -12 basis points, below its 200-day average of -7.5 bps. A falling SOF-T spread signals a safer, more confident financial system. A widening SOF-T spread reflects tighter repo funding or unusually strong demand for 3-month Treasury bills.

FED CHECK: TIGHTER INDICATED (-1)
RATE POSTURE: TIGHTENING (-1)
BALANCE SHEET: STEADY (0)
FED SPEAK: HAWKISH (-1)
FED OVERALL: HAWKISH (-3)

Latest FOMC Assessment (2026.9.16) The Committee decided to raise the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 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. While uncertainty remains elevated owing, in part, to geopolitical developments, domestic spending has been resilient. Productivity growth is strong, and capital investment is robust. Job gains have kept pace with the workforce, and the unemployment rate has changed little. Inflation remains elevated. Today's policy action will support a timelier return to the Committee's 2 percent goal. The Committee will deliver price stability. (Next Meeting: 10/28/2026)

US Currency Market: US DOLLAR Overbought Near High



US Dollar: UUP rose 0.9% this week, after gaining 0.8% last week. It is currently very bullish—up 2.5% for the quarter (13 weeks), and up 5.1% in the last year. At \$28.89, UUP is above its short-term (50-day) average and above its intermediate-term (200-day) average. Momentum in the greenback is positive but improving. RSI14 @ 72.6 is overbought. As for other major currencies vs the Dollar, the Australian \$ (FXA) is bearish, and down 1.4% this week. The British Pound (FXB) is very bearish, and down 0.9%. The Canadian Dollar (FXC) is very bearish, and down 1.0%. The Euro Dollar (FXE) is very bearish, and down 0.8%. The Swiss Franc (FXF) is very bearish, and down 0.8%. The Japanese Yen (FXJ) is bullish, and down 0.3%.

The Dollar put in another overbought high this week and remained overbought at Friday's close. Long term bond yields added another 10 basis points or so with the 30-year reaching 5.61% and the 10-year hitting 5.28%. The Dollar broke out of its six-week downtrend two weeks ago when rates began to

surge. Before that, the US tariff regime, the Treasury's Yen bailout policy, and Treasury's bond buybacks all pressured the Dollar. With long rates now at over-bought highs and in corrective territory, the Dollar should get some respite soon. This week's benign PCE inflation and weak payroll numbers could hasten that, but US economic fundamentals have had less to do with higher US rates than changing expectations and a narrowing gap between US monetary policy and that of other major central banks.

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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)	bearish	US\$ Investors outperform hedged
British Pound (FXB)	very bearish	US\$ Investors outperform hedged
Canadian Dollar (FXC)	very bearish	US\$ Investors outperform hedged
Euro Dollar (FXE)	very bearish	US\$ Investors outperform hedged (IEV>HEDJ)
Swiss Franc (FXF)	very bearish	US\$ investors outperform hedged
Japanese Yen (FXJ)	bullish	US\$ investors underperform hedged (EWJ<DXJ)
US Dollar	very bullish	

US Treasury Market: #8 US LONG T-BONDS At Oversold Low



US Long Treasury Bonds: EDV fell 3.4% this week, after losing 3.8% last week. That left it very bearish and ranked #8 globally and less attractive than cash. Long bonds are down 12.7% for the quarter (13 weeks) and down 15.4% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield rose 18 ticks to 5.28% and the 3-month yield fell 4 to 3.99% with the yield curve steepening to 129 basis points. That reduces the odds of a recession before late 2027. At US \$54.64, EDV is below its short-term (50-day) average and below its intermediate-term (200-day) average. Momentum (PMO) is negative and deteriorating, and its 14-day RSI of 26.8 means EDV is 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.

Long term bond yields added another 10 basis points or so with the 30-year reaching a 20-year high at 5.61% and the 10-year hitting 5.28%. That happened despite a benign PCE inflation report this week and a rather pathetic payroll report that helped the TIPs market to continue to

back off. Meanwhile, sharply rising energy costs, ongoing massive US fiscal deficits, and tax-induced public and private sector credit demand all continue to pressure interest rates. Treasury's plan to double its buybacks of long-term T-Bonds in order 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 began in September. It may have some impact but sustained lower long-term rates will require improvements in the fiscal outlook, inflation trajectory, or other structural factors rather than buybacks alone—and that probably includes another short term rate hike.

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 LARGE-CAPS Stay the Course



US Large-Cap Stocks: SPY fell 0.2% this week, after gaining 1.3% last week. That left it very bullish and ranked 2 globally and more attractive than cash. The index is up 3.5% for the quarter (13 weeks), and up 16.2% for the year (52 weeks). At \$769.64, 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 55.4 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.

The US large-cap index continues to hold above 50-day support. It has been rangebound since early August with a declining and weak average directional change (ADX<10), just enough to keep PMO positive and improving. SPY is still technically bullish, and the Dollar is improving favoring US assets globally. There's no reason to sell it at this point, as US large caps are among the few assets we track that haven't started to break down. A benign

PCE inflation report this week and a rather pathetic payroll report seemed to give investors hope that another rate hike in October (22%) might not be inevitable. That said, US stocks face the same headwinds they've faced all year-- war-induced inflation and a global tariff regime. Equities are still much more attractive than bonds, cash or even gold. The USES and TSP models both switched to US large caps last week.

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 SMALL-CAPs Test 200-day



US Small-Cap Stocks: IWM fell 0.2% this week, after losing 0.7% last week. That left it bearish and ranked 4 globally and less attractive than cash. The index is down 5.7% for the quarter (13 weeks), but up 15.7% for the year (52 weeks). At \$281.52, IWM is below its short-term (50-day) average and above its intermediate-term (200-day) average. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 40.0 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.

The US small-cap index continued to slide lower reaching oversold levels just above its 200-day support this week before a thoroughly pathetic payroll report saved its bacon. (Benign PCE inflation this week and a weak payroll report seemed to give investors hope that another rate hike in October (22%) might not be inevitable.) That said, US stocks still face the same headwinds they've faced all year - war-induced inflation, a global tariff regime and a widespread

fascination—public and private-- with debt. Oversold on Wednesday, IWM's average directional change had strengthened to the downside (ADX>34), with money flow decidedly negative. PMO is negative and deteriorating. Major support at the 200-day, also the 38% Fibonacci retracement, induced a high-volume bounce to end the week. Small-caps, for whom additional borrowing costs are an important consideration are disproportionately affected by higher interest rates. Long rates are currently overbought and could go down from here sending small caps higher.

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: Semiconductors, Technology, Internet, Telcom

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 slows but remains slightly positive -- 56% of our sectors are buy or hold (L70%). **BUYS fell to 30%** (L33%) and **HOLDS fell to 26%** (L37%). **Avoids are up to 44%** (L30%). **Top buys this week:** Semiconductors, Technology, Internet. **Week's Worst:** Gold Miners, Insurance, Banks, REITs, Oil Services *stop-loss **buy-stop

CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
100%	Semiconductors (SMH)	46%	97%	very bullish	68.6	2.35	positive	improving
74%	US Technology (IYW)	36%	112%	very bullish	70.2	2.10	positive	improving
60%	Oil/Gas Expl & Prod (XOP)	18%	72%	bullish	50.4	0.83	positive	deteriorating
56%	Software (XSW)	27%	94%	very bullish	50.4	0.98	positive	deteriorating
52%	US Health Providers (IHF)	17%	61%	bullish	42.2	-0.56	negative	deteriorating
41%	Biotechnology (IBB)	17%	107%	very bullish	47.3	1.34	positive	deteriorating
35%	DJ Internet Index (FDN)	19%	96%	very bullish	53.7	0.83	positive	deteriorating
30%	US Pharmaceuticals (IHE)	9%	68%	bullish	35.6	-0.39	negative	deteriorating
23%	S&P 500 (SPY)	10%	89%	very bullish	55.4	0.35	positive	deteriorating
11%	KBW Insurance (IAK)	1%	42%	neutral	36.6	-1.25	negative	deteriorating
10%	Capital Markets (KCE)	4%	36%	bearish	34.5	-1.34	negative	deteriorating
9%	US Oil Equip & Serv (IEZ)	-6%	26%	bearish	32.5	-1.77	negative	deteriorating
2%	REITs (VNQ)	-5%	14%	very bearish	26.2	-1.93	negative	deteriorating
1%	KB Banks (KBE)	-3%	32%	bearish	37.5	-1.76	negative	deteriorating
-2%	Bitcoin (BLOK)	-3%	39%	bearish	33.3	-0.33	negative	deteriorating
-2%	Transports (IYT)	-4%	13%	very bearish	42.9	-2.09	negative	deteriorating
-5%	CASH	-2%	31%	bearish	46.3	-0.12	negative	deteriorating
-5%	Industrials (XLI)	-5%	14%	very bearish	44.6	-1.56	negative	improving
-5%	Telecommunications (FCOM)	-1%	51%	neutral	48.8	0.69	positive	deteriorating
-10%	Select Materials (XLB)	-8%	21%	bearish	35.2	-1.43	negative	deteriorating
-12%	Media Portfolio (XLC)	-5%	34%	bearish	45.1	0.21	positive	deteriorating
-12%	Consumer Staples (XLP)	-8%	22%	bearish	34.8	-1.04	negative	deteriorating
-17%	Retail (XRT)	-7%	29%	bearish	41.9	-1.60	negative	improving
-19%	Food & Beverage (PBJ)	-11%	6%	very bearish	35.4	-1.52	negative	deteriorating
-20%	Utilities (XLU)	-14%	1%	very bearish	35.4	-2.57	negative	deteriorating
-23%	Gold Miners (GDX)	-17%	51%	neutral	41.0	0.54	positive	deteriorating
-26%	US Aerospace & Def (PPA)	-15%	9%	very bearish	29.8	-2.71	negative	deteriorating
-34%	US Medical Devices (IHI)	-15%	40%	neutral	34.2	-1.05	negative	deteriorating
-41%	Home Construction (XHB)	-20%	7%	very bearish	41.5	-2.21	negative	improving

US Sector Top Performers: Last 2 weeks (10/02/26)

YTD	Description	THIS wk	LAST wk	2 wks	13wk	26wk	39wk	52wk	3Y
75.1%	Semiconductors (SMH)	4.0%	5.9%	9.8%	3.1%	65.6%	72.4%	89.6%	151.8%
35.1%	US Technology (IYW)	1.3%	3.6%	4.9%	12.6%	49.9%	33.0%	36.9%	77.7%
8.4%	DJ Internet Index (FDN)	0.0%	1.2%	1.3%	12.9%	24.8%	7.0%	4.8%	37.3%
12.9%	S&P 500 (SPY)	-0.2%	1.3%	1.0%	5.8%	19.9%	12.4%	16.4%	37.6%
-3.1%	Retail (XRT)	0.2%	0.7%	0.9%	-6.7%	3.8%	-4.6%	-3.4%	9.2%
-6.1%	Home Construction (XHB)	-1.6%	2.6%	0.9%	-15.9%	-0.7%	-7.0%	-12.3%	-19.5%
-2.0%	Telecommunications (FCOM)	-2.1%	2.5%	0.4%	5.1%	7.8%	-2.0%	2.6%	33.6%
5.8%	Software (XSW)	1.2%	-0.8%	0.4%	18.1%	37.8%	3.6%	0.5%	23.5%
21.6%	Biotechnology (IBB)	-2.1%	2.5%	0.4%	9.6%	24.2%	19.4%	38.5%	42.9%
9.6%	Industrials (XLI)	-0.3%	0.7%	0.4%	-6.0%	5.9%	9.0%	11.8%	29.6%

INTERNATIONAL MARKETS: #9 GOLD Retests Summer Lows



Gold Bullion: GLD fell 3.4% this week, after losing 1.9% last week. That left it very bearish and ranked 9 globally and less attractive than cash. The index is up 2.6% for the quarter (13 weeks), and up 6.3% for the year (52 weeks). At \$380.14, GLD is below its short-term (50-day) average and below its intermediate-term (200-day) average. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 38.8 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.

GLD gapped further below its 50-day this week after dropping below its 200-day a month ago, making it classically bearish. Despite a benign PCE read and weak payroll numbers this week, long-term interest rates again rose, threatening a new tightening cycle. Higher interest rates devolve from war-induced inflation, a global US tariff regime, an US economy

increasingly at full employment, and massive government deficits. As a result, the US has joined Europe, Japan and Britain in what has now become a rising rate world that is strengthening the Dollar. That would appear to make gold's prospects dim unless the yield curve flattens. Gold competes with bonds in the "safe-haven" space and bond yields are overbought on the very long end and still near highs set in 2008. Another rate hike is expected by year-end.

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INTERNATIONAL MARKETS: COMMODITIES Lower As Oil Slips



Commodities: A very bullish DBC fell 0.2% this week after losing 0.9% last week. That left commodity prices up 18.7% for the quarter (13 weeks), and up 44.7% for the year (52 weeks). At \$32.54, the CRB is above its short-term (50-day) average and above its intermediate-term (200-day) average at 122. Its momentum (PMO) is positive and deteriorating, and its 14-day RSI of 53.9 means the CRB 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.

Crude Oil: Meanwhile, the broader oil complex (USO) fell 0.6% this week, following last week's loss of 3.6% and currently very bullish. That leaves US oil prices up 39.7% for the quarter (13 weeks), and up 101.5% for the year (52 weeks). At \$147.37, USO 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 52.1 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.

The shortfall in global oil supply due to the US-Iran conflict continues, but WTI crude dipped further (to \$91) this week, two weeks after the Fed's first rate hike in over three years. Despite a benign PCE read and weak payroll numbers this week, long-term interest rates again rose. (Higher interest rates devolve from war-induced inflation, a global US tariff regime, an US economy increasingly at full employment, and massive government deficits.) Rising rates make for a stronger Dollar and contribute to oil's weakness. Oil's moves are primarily supply-risk/geopolitical rather than evidence of stronger global economic demand. Global supply of LNG (Liquified Nat Gas) down 20%, but the US is adding supply out of Alaska by pipeline to Asia.

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INTERNATIONAL EQUITIES: #6 EUROPE Breaks Down at 200-day



European Large-Cap Stocks:

IEV fell 2.6% this week, after gaining 0.4% last week. That left it bearish and ranked 6 globally and less attractive than cash. The index is down 1.9% for the quarter (13 weeks), but up 10.6% for the year (52 weeks). At \$70.80, IEV is below its short-term (50-day) average and below its intermediate-term (200-day) average. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 35.7 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 broke down at 200-day support closing the week below it. The Dollar-based European equity index has been fading ever since the Euro topped out in early August on rumors the US would hike rates. At 2.25%-2.50% the new ECB deposit facility rate is still well below the new US Fed overnight rate (3.75-4.00%), but Europe has an inflation problem due to a sharp increase in energy

prices out of the Middle East and it's moving toward tighter monetary policy even as it projects 2026 euro-area growth of only 0.9%-- creating a potentially difficult combination of higher inflation and slower growth. US trade policy also remains a headwind, particularly for Europe's export-oriented automobile and industrial sectors. The US rate hike could slow US demand for EU exports, but it does come amid better-than-average US Q3 GDP. Among international equity choices, emerging economies (commodity-centric) have better prospects during a commodity boom than slow-growth developed regions like Europe that are hiking rates. NOTE: A weakening Euro puts dollar-based Europe (IEV +5) behind Europe's hedged version (HEDJ +7) per 6-month Price-Performance. Europe continues to underperform the US market (VTI +18) even after the US rate hike. Ireland (EIRL +17), Netherlands (EWN +17), Italy (EWI +10), Spain (EWP +8), Denmark (EDEN +5), Germany (EWG +5), Britain (EWU +1), Switzerland (EWL +1), and France (EWQ -1) are lagging it.

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 Stays the Course



Japanese Stocks: EWJ rose 1.0% this week, after gaining 1.0% last week. That left it very bullish and ranked 3 globally and more attractive than cash. The index is up 6.3% for the quarter (13 weeks), and up 31.6% for the year (52 weeks). At \$98.92, 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 58.0 means EWJ is neither overbought nor oversold. As for currency effects, a weaker Yen this week makes foreign assets, commodities and gold more attractive. Over time, a bullish Yen limits return to Yen investors in foreign equities, commodities and gold, and reduces Japan's trade competitiveness.

Japanese equities continue to follow their positively-sloping 50-day higher, two weeks after raising its bank rate to 1.25%, making for the highest Japanese rate since 1995 (31 years). Average directional strength is weak (ADX<11) denoting a rangebound index. PMO is positive, but deteriorating. EWJ is still technically bullish, and the Yen has more or less stabilized

with US help. There's no reason to sell EWJ at this point. Coming just 3 months after the previous rate hike in June, the latest hike represents the shortest interval between rate hikes since 1990 as Japan's central bank continues to shift away from decades of ultra-loose monetary policy. Persistent inflation risks, a gradually recovering Japanese economy, and external shocks—including elevated crude oil prices linked to the Middle East conflict—were primary drivers for normalizing rates. Counterintuitively, the Japanese yen weakened following the announcement. Currency markets interpreted the 7–2 split decision as slightly more dovish than expected, and exporter stocks responding to the softer yen kept EWJ above short and intermediate trends and bullish. Overall, the external backdrop remained favorable for Japan's exporters but less favorable for its domestic consumers. Strong global risk appetite, solid earnings, and US-backed Yen stability are supportive of EWJ, while rising yields and BOJ tightening expectations create countervailing pressure. Note: EWJ (+15) is slightly outperforming its hedged version, DXJ (+13), slightly lagging six-month US equity performance (VTI @ +18).

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 Resets



Asia-Pacific ex-Japan: AAXJ fell 0.2% this week, after gaining 1.9% last week. That left it very bullish and ranked 1 globally and more attractive than cash. The index is up 2.0% for the quarter (13 weeks), and up 30.7% for the year (52 weeks). At \$118.20, AAXJ 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 54.1 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.

Asia-Pacific equities continue to follow their positively-sloping 50-day higher, two weeks after Korea, Hong Kong, Singapore and Australia tightened monetary policy. Average directional strength is weak (ADX<9) denoting a rangebound index. PMO is positive, but deteriorating. AAXJ is still technically bullish. Strong gains in semiconductor and AI-related

names have benefitted equities in Korea and Taiwan the most. China (weak banking and property sectors) and India (foreign capital outflows) continue to fall behind amid slower growth and trade disagreements with the US. Overall, foreign investors have redirected funds toward Japan, South Korea and Taiwan, where valuations and AI-related opportunities appear more attractive. Asian equity markets (AAXJ +22) are more attractive than US stocks (VTI +18) in 6-month Price-Performance. Taiwan (EWY +62) is still a standout along with South Korea (EWY +52) followed by Singapore (EWS +18). Australia (EWA +2), Hong Kong (EWH -6), India (IMVP -6), and China (FXI -6) lag the US and are struggling due to energy dependence and US tariffs. As for international equity choices, emerging economies (commodity-centric) have better prospects during a commodity boom than slow-growth developed regions that are hiking rates (Europe and Japan).

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: #7 LATIN AMERICA Tests 200-day



Latin America 40: ILF rose 0.7% this week, after losing 0.8% last week. That left it neutral and ranked 7 globally and less attractive than cash. The index is up 4.3% for the quarter (13 weeks), and up 31.3% for the year (52 weeks). At \$34.98, ILF 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 50.1 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.

Latin American equities fell for a 4th week after the US, Europe and Japan all hiked rates two weeks ago. The US rate hike boosted the dollar, which reduces the relative attractiveness of Latin American assets and makes dollar denominated loans, a Latin favorite, more expensive and harder to repay. Brazil faces a separate external headwind as

trade negotiations between Presidents Trump and Lula remain unresolved. Washington's 25% duties on selected Brazilian products continue to affect expectations for Brazilian exports and corporate earnings. Emerging economies (commodity-centric) do have better prospects during a commodity boom than slow-growth developed regions that are hiking rates. So oil, gold, copper and other commodities provide an offset, supporting this hemisphere's resource-producing economies like Canada, Colombia, and Chile. Overall, global monetary conditions and US trade policy remained more important than domestic developments. That is increasingly true with momentum in Latin equities (ILF -1) under-outperforming its US cousin (VTI +18) in 6-month Price-Performance. Colombia (COLO +19) is by far the strongest Latin equity market, and outperforming the US. The rest lag including Brazil (EWZ +0), Mexico (EWW -6), Chile (ECH -7), Argentina (ARGT -9), and Canada (EWC +7), which is not in ILF, but a key player in the Americas also lags the US.

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 better than average for US stocks though they lagged international equities and bonds until March. As the 4th quarter begins VTI (the Total US Stock Index) is nominally 15.6% higher over 12 months, above its 11.3% post-WWII (1945-2025) annualized average. Bonds, however, have been miserable. 7-10 year Treasuries are nominally down -3.9% in 12 months, considerably below their long-term annual average of +4.8%. The drag from bonds has dampened Diversified Buy & Hold strategies leaving relatively modest nominal returns year-to-date. Moderate portfolios are weaker than aggressive, but both AOM (+5.6%) and AOA (+12.8%) are still positive over 12 months.

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

Technical readings are still bullish for (80-20) aggressive portfolios (AOA) but have deteriorated to neutral for (40-60) moderate portfolios (AOM). The differences are widening, as another Fed rate hike threatens both bonds and equities.

CI%	Metrics	ROC	TS	READ	RSI	PMO	+/-	Condition
24%	(AOA) Aggressive Growth	4%	63%	bullish	48.4	-0.08	negative	deteriorating
2%	(AOM) Moderate Growth & Inc	-1%	36%	bearish	43.0	-0.33	negative	deteriorating
YTD	Performance	this wk	last wk	13wk	26wk	39wk	52wk	3Y
9.0%	(AOA) Aggressive Growth	-0.5%	0.6%	2.1%	13.3%	9.7%	13.2%	29.7%
1.9%	(AOM) Moderate Growth & Inc	0.0%	-1.5%	-0.6%	5.9%	3.5%	5.8%	15.5%
PR/HI	Pricing	SL	PRICE	BS	52w HI	52w LO	50d avg	210d avg
97.6%	(AOM) Moderate Growth & Inc	96.61	97.63	99.54	100.03	85.90	98.00	93.49
96.9%	(AOA) Aggressive Growth	48.53	48.63	49.95	50.16	46.60	49.16	48.11

Market Timing v. Diversified Buy & Hold: Performance*

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	20.7%	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	9.0%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	1.9%	11.0%	4.9%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%
Strategy										
US Strategy Moose	5.6%	16.7%	26.1%	12.3%	-7.0%	22.2%	20.9%	23.6%	1.2%	28.5%
S&P Benchmark	12.9%	14.5%	24.5%	24.3%	-19.5%					

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, thanks to massive government borrowing. 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 the 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 Momentum (MTUM) since buy-stop 9/21/2026

The USES Model is an equity-only construct for determining the optimum equity strategy for the US stock portion of one's portfolio. It monitors and ranks 9 US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) using our momentum methodology. The 9 US equity strategies included US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, US equal weight, US Large-cap benchmark, and US Small-caps.

THIS WEEK: 1st Risk-OFF week after 1 MIXED-Risk.

US Stocks DOWN, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

The US Equity Strategy (USES) Model bought US Momentum (MTUM) on 9/21/2026 exiting Cash (MMF)

Momentum leading in CI and rate of change, triggered a buy-stop on 09/21/2026. Technical Strength was very bullish and Price Momentum Oscillator was positive and improving. Momentum and Growth are the only strategies that beat the SPY benchmark at the moment, and all three have triggered buy-stops. The rest are all working off stop losses.

Best Alternatives: US Growth IUSG lags in CI and ROC, but has higher technical score and higher positive, improving PMO.

Most Recent STOP: *Stop-loss, **Buy-stop, ***note

	CI%	Description	ROC	TS	READ	RSI	PMO	+/-	Condition
1	100%	US Momentum (MTUM)	24%	100%	very bullish	66	1.21	positive	improving
2	65%	US Growth (IUSG)	16%	106%	very bullish	63	0.88	positive	improving
3	45%	US Large-caps (SPY)	10%	87%	very bullish	55	0.28	positive	deteriorating
4	36%	US Fundamentals (QUAL)	8%	100%	very bullish	60	0.32	positive	improving
5	32%	US Small-Caps (IWM)	4%	32%	bearish	40	-1.39	negative	deteriorating
6	21%	S&P Equal Weight (RSP)	2%	43%	neutral	39	-0.88	negative	deteriorating
7	21%	US Value (IUSV)	3%	50%	neutral	41	-0.45	negative	deteriorating
8	11%	Cash (SGOV)	2%	91%	very bullish	100	0.14	positive	improving
9	8%	US High Dividend (SPYD)	-4%	27%	bearish	23	-1.85	negative	deteriorating
10	-19%	US Low Volatility (SPLV)	-7%	14%	very bearish	28	-1.60	negative	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 switch-in both SPY and the strategy ETF must have TS>50% and CI>50 or better, have a positive PMO, not be overbought, and be working off a buy-stop.

THIS WEEK: 1st MIXED-Risk week after 2 Risk-OFF.

US Stocks MIXED, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

Performance-wise, MTUM holds year-to-date 26, 39, 52-week and 3Y honors this week. QUAL leads ever so slightly over the most recent quarter.

	YTD	Description	This Wk	Last Wk	13wk	26wk	39wk	52wk	3Y
1	29%	US Momentum (MTUM)	1.4%	2.9%	-0.7%	36.0%	27.1%	27.0%	61.6%
2	17%	US Growth (IUSG)	0.5%	2.1%	8.0%	28.1%	15.6%	19.3%	50.5%
3	14%	US Small-Caps (IWM)	-0.2%	-0.7%	-5.9%	14.3%	12.7%	17.3%	31.4%
4	13%	US Fundamentals (QUAL)	0.4%	2.0%	5.3%	18.5%	12.3%	15.7%	27.7%
5	13%	US Large-caps (SPY)	-0.2%	1.3%	5.6%	19.6%	12.1%	16.1%	37.2%
6	9%	S&P Equal Weight (RSP)	-0.7%	-0.2%	0.1%	10.6%	9.5%	12.1%	21.5%
7	8%	US Value (IUSV)	-1.0%	0.0%	1.5%	10.1%	8.4%	12.7%	21.5%
8	5%	US High Dividend (SPYD)	-1.7%	-1.9%	-5.6%	2.9%	7.8%	7.3%	10.1%
9	0%	Cash (SGOV)	0.1%	0.1%	1.0%	1.9%	2.8%	3.8%	8.5%
10	-1%	US Low Volatility (SPLV)	-0.6%	-1.6%	-5.9%	-1.3%	0.3%	-0.7%	3.6%

INVESTMENT STRATEGIES: THE GLOBAL INDEX TIMING MODEL

TOP Index Model Move: HOLD Emerging Markets (EEM)

THIS WEEK: 1st Risk-OFF week after 1 MIXED-Risk.

US Stocks DOWN, Foreign Stocks MIXED, Bonds DOWN and Gold DOWN

The Global Index Model HOLDS Emerging Markets (EEM) since 9/11/2026.

New #1 US large-caps (SPY) lead in overall confidence, technical strength, and a bullish RSI. Incumbent #1, Emerging Market equities' (EEM) technicals and confidence are slipping, but they still have a more positive PMO. PMO governs switches. The rule of thumb when PMO is positive but deteriorating is hold unless you're switching to something with a higher PMO that is both positive and improving. Both EEM and SPY have deteriorating PMO's <1 that could go negative. Both are rangebound and flat, essentially "correcting in place". Chances of a big move in either, however, appear muted. Average directional change (ADX) is weak (near 10 for both with 25 normal). Two of the three models are in US Large-caps. Having the third in Emerging Markets for awhile longer provides some diversification.

Best Alternative: US large-caps (SPY) are the best replacement for incumbent EEM, once SPY's PMO is positive and improving. Avoid buying into an asset with a deteriorating PMO, even if it is positive. Short US income is the fallback if both go negative.

	CI%	FUND	TS+	READ	RSI	PMO	+/-	condition
1	74%	US Large-caps (SPY)	89%	very bullish	55.4	0.35	positive	deteriorating
2	70%	Emerging Markets (EEM)	77%	bullish	52.9	0.59	positive	deteriorating
3	50%	US Small-caps (IWM)	32%	bearish	40.0	-1.39	negative	deteriorating
4	18%	Short US Income (SGOV)	93%	very bullish	62.2	0.17	positive	improving
5	13%	Developed Markets (EFA)	54%	neutral	42.2	-0.53	negative	deteriorating
6	-88%	Very Long US Bonds (EDV)	0%	very bearish	26.8	-1.94	negative	deteriorating
7	-129%	Gold Bullion (GLD)	18%	very bearish	38.8	-0.78	negative	deteriorating

Performance-wise, EEM holds year-to-date 26, 39 and 52-week honors this week. SPY leads ever so slightly over the last quarter while former favorite IWM is fading from view.

	YTD	FUND	10/02/26	09/25/26	13wk	26wk	39wk	52wk
1	24%	Emerging Markets (EEM)	-0.5%	1.4%	1.8%	12.9%	24.5%	27.4%
2	14%	US Small-caps (IWM)	-0.2%	-0.7%	-5.7%	8.0%	15.1%	15.7%
3	13%	US Large-caps (SPY)	-0.2%	1.3%	3.5%	13.8%	13.7%	16.2%
4	8%	Developed Markets (EFA)	-1.5%	0.6%	0.9%	3.6%	9.0%	13.0%
5	0%	Short US Income (SGOV)	0.1%	0.1%	1.0%	1.8%	2.8%	3.7%
6	-4%	Gold Bullion (GLD)	-3.4%	-1.9%	2.6%	-13.2%	-4.1%	6.3%
7	-16%	Very Long US Bonds (EDV)	-3.4%	-3.8%	-12.7%	-13.0%	-12.6%	-15.4%

Strategy	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Index Moose	20.7%	58.7%	5.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	5.1%	9.0%
Aggressive G&I (AOA)	9.0%	19.3%	11.5%	15.6%	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%
Moderate G&I (AOM)	1.9%	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.

TSP Strategy: HOLD C Fund (9/23/2026)

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

This week: TSP Model HOLDS Fund C from G via buy-stop on 9/23/2026

US LARGE CAPS (C) are more attractive than cash, bonds, and gold. CI, ROC, Technical strength and PMO are tops in the model as of the switch date. Fed rate hikes strengthen the Dollar, and make dollar-denominated assets like US Large-caps (Fund C) more attractive than foreign equities (Fund I) and Small-caps (Fund S)

Best Alternative: CASH (G) is the only choice in the model for which a positive PMO is improving.

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%	US Large-caps (C)	10%	92%	very bullish	55.3	0.35	positive	deteriorating
2	86%	Lifetime 2060	7%	79%	very bullish	50.5	0.04	positive	deteriorating
3	76%	US Small-caps (S)	6%	44%	neutral	46.8	-0.83	negative	deteriorating
4	70%	International Fund (I)	4%	64%	bullish	46.3	-0.10	negative	deteriorating
5	69%	Lifetime 2050	6%	73%	bullish	50.0	0.01	positive	deteriorating
6	61%	Lifetime 2040	5%	76%	bullish	50.2	0.02	positive	deteriorating
7	48%	Lifetime 2030	4%	77%	bullish	50.7	0.06	positive	deteriorating
8	26%	Long-term Inc (L)	2%	82%	very bullish	52.9	0.10	positive	deteriorating
9	6%	Short-term Inc (G)	1%	101%	very bullish	100.0	0.19	positive	deteriorating
10	-47%	Fixed Income (F)	-6%	0%	very bearish	30.4	-0.66	negative	deteriorating

TSP Lifetime & Index Funds: Performance Progression

I Fund remains best YTD and over 39, and 52 weeks and 3 years. but C Fund has overtaken it of late and is best over 13 and 26 weeks, a key metric in determining current model confidence (CI).

	Fund	THIS	LAST	13wk	26wk	39wk	52wk	YTD	3Y
1	International Fund (I)	-0.9%	0.4%	1.6%	15.1%	17.7%	25.1%	16.9%	43.7%
2	Lifetime 2060	-0.4%	0.8%	3.1%	16.5%	14.4%	20.1%	14.8%	39.8%
3	US Large-caps (C)	-0.2%	1.2%	5.2%	18.0%	13.3%	18.3%	13.8%	38.6%
4	US Small-caps (S)	0.1%	0.2%	-1.0%	14.9%	10.5%	14.8%	13.4%	33.9%
5	Lifetime 2050	-0.4%	0.6%	2.5%	13.6%	12.1%	17.0%	12.4%	33.6%
6	Lifetime 2040	-0.3%	0.6%	2.3%	12.2%	11.0%	15.4%	11.3%	30.5%
7	Lifetime 2030	-0.2%	0.4%	2.1%	9.9%	9.2%	13.0%	9.4%	26.2%
8	Long-term Inc (L)	-0.1%	0.2%	1.6%	6.0%	6.3%	8.6%	6.3%	16.7%
9	Short-term Inc (G)	0.1%	0.1%	1.3%	2.5%	3.5%	4.6%	3.4%	9.2%
10	Fixed Income (F)	-0.6%	-0.8%	-3.2%	-2.5%	-2.6%	-1.5%	-2.7%	0.8%

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

Strategy	2026 YTD	2025	2024	2023	2022	2021	2020	2019	2018	2017
L2060	14.8%	22.6%	16.3%	23.3%	-15.9%	19.9%	new	--	--	--
L2050	12.4%	19.7%	14.0%	20.0%	-13.4%	16.3%	14.8%	23.3%	-6.0%	18.8%
L2040	11.3%	17.8%	12.9%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
L2030	9.4%	15.6%	11.5%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%
TSP Moose	8.3%	15.3%	11.8%	16.5%	-3.4%	13.3%	21.8%	14.9%	6.5%	21.0%

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

How We Doin'?

Many people have unwarranted expectations about the markets. It's good to know what you should expect on average from your investments. Problem is it varies depending on the investments you choose and the circumstances that prevail at the time you choose them. The best one can do is set up a current benchmark and revise it periodically. That will at least let you confirm whether your investing skills exceed mediocrity or not.

The benchmarking period I prefer for liquid assets (stocks, bonds, and cash) roughly tracks my lifetime and is generally known as the post-WWII era (1946-2025). Arithmetic averages of prices from the 1945 close to 2525's close give us our benchmarks. For gold, we have to amend that since the US gold price was effectively fixed at \$35/oz until 1971, so gold's annual postwar return was essentially zero through 1970.

Using Aswath Damodaran's historical US total-return series, the average annual nominal returns from 1945 through 2025 are as follows:

US Large-cap Stocks —	11.3% (S&P 500, dividends included)
Gold —	6.2%
10-yr US Treasury bonds —	4.8% (coupons and price appreciation)
3-mo Treasury bills —	3.9%

Note that these estimates do not include taxes, management fees or inflation. Moreover, The distinction between arithmetic average and compound average matters. For example, Damodaran's full 1928–2025 dataset produces an arithmetic average of about 11.85% for stocks but a CAGR of about 10.02%; volatility causes the compound return to be lower. So does inflation. Adjusted for a 3.7% inflation CAGR, the real average annual return is as follows:

US Large-cap Stocks —	7.3% (S&P 500, dividends included)
Gold —	2.5%
10-yr US Treasury bonds —	1.1% (coupons and price appreciation)
3-mo Treasury bills —	0.2%

This illustrates the enormous difference between nominal and real returns over a very long period. Stocks earned roughly 11.3% nominally, but inflation consumed about 3.7% of annual purchasing power, leaving roughly 7.3% compounded real growth. One particularly striking result is cash: its nominal return of about 3.9% was only slightly above the roughly 3.7% inflation rate, producing a real return of only about 0.2% annually.

So how do 2026 returns compare to long term averages? Actual (nominal) market performance over the last 12 months is mixed. Equities and gold are outperforming and bonds are lagging.

	ACTUAL	NOMINAL	REAL
US Large-cap Stocks —	16.5%	11.3%	7.3%
Gold —	7.5%	6.2%	2.5%
10-yr US Treasury bonds —	-3.8%	4.8%	1.1%
3-mo Treasury bills —	3.8%	3.9%	0.2%

2026 seems like it has been a more difficult year than it needed to be. Necessary or not, war and tariffs haven't helped financially. Nevertheless, 2026 is providing above average nominal and real return in stocks and gold and average returns in cash. The only miserable returns are in bonds, but they're oversold, approaching a long-term bottom, and due for a bounce.