



Monthly Market Update | September 2026

A September recap: An interest rate hike and continuing bond sell-off



CTS FINANCIAL GROUP

CONVERSATION | TEAMWORK | SOLUTIONS

MONTHLY MARKET SUMMARY

- During the month of September, the large-cap heavy [S&P 500 index fell -0.5%](#), while the [S&P500 Equal Weight Index declined -4.27%](#). [Nine out of the eleven sectors lost](#) during the month. The financial sector performed the worst, down -7.28%, with materials and real estate losing -6.93% and -6.70%, respectively. The two outliers were the communications sector, which was higher by 4.26%, and information technology, which rose by 4.42%.
- Small and mid-cap stocks underperformed, with the [Russell 2000 declining -5.39%](#) in September. The Dow Jones Industrial Average (DJIA), which is composed of blue-chip stocks, [dropped -4.3%](#), while the technology-dominated [NASDAQ outperformed, gaining 1.9%](#).
- The 10-year Treasury climbed 54 basis points throughout September, [closing the month with a yield of 5.298%](#). Just weeks earlier, [at the end of August, the note was yielding 4.758%](#).

STOCKS NAVIGATE OIL SHOCKS AND AI FEARS

At the [close of last month](#), oil prices soared and equities sold off as the war in Iran continued. The negative sentiment stuck into the start of September. While the month began with a quick comeback, it didn't last long. Instead, rising bond yields and the assumption of a coming interest rate hike sent stocks falling. [Global oil prices hit \\$100 per barrel](#) on September 9, and stocks continued to decline.

A "[firm inflation reading](#)" showing price growth of 3.4% in August actually caused an uptick in the equities market. As the [Wall Street Journal reported](#), it could be because it provided "clarity" for the Federal Reserve's meeting, which would take place the following week. That clarity was a bet that the central bank would hike interest rates to help calm inflation. The turnaround for equities quickly faded as oil prices rose again and [AI companies stepped into the spotlight](#). Calls for a slowdown in AI development from both Anthropic and OpenAI [sent tech company shares lower](#).

The equity market largely turned around during the back half of the month after [the Fed increased its policy rate by 0.25%, saying "inflation remains elevated."](#) On September 21, [oil prices fell, and the S&P500 peaked for the month, while the NASDAQ set a new record](#) that day. Then bond yields were back in the headlines, with yields soaring, in turn, sending stocks lower again. By month-end, [the S&P500 lost -0.5%](#). The [technology-heavy NASDAQ gained 1.9%](#) during that same period despite continued worries of an AI bubble and warnings of the [existential threat of the technology](#).

TREASURY YIELDS REACH HIGHS NOT SEEN IN NEARLY TWO DECADES

After weeks of rising Treasury yields and chaos in the bond market, September brought much of the same. Yields climbed, specifically in the last half of the month. On the 23rd, the latest [manufacturing data from S&P Global suggested a strong economy, in turn adding to inflationary pressure](#). The [news sent the yield on the 10-year Treasury note soaring](#) by around 0.2% to roughly 5.1%. For reference, this is the [largest one day jump in yields since April 2025](#), when the President announced widespread tariffs on trade. It was also the [highest yield for the 10-year since 2007](#).

That wasn't the end, though. The [sell-off in bonds persisted into the final few days of September](#), with yields continuing to climb. By the close of the market on the 30th, the 10-year had risen 54 basis points during September and the Financial Times called it the "[worst month in four years](#)" for Treasuries as a whole. In [its final session of the month, the yield on the 10-year exceeded 5.3% before settling slightly lower at 5.298%](#). The note's yield was [last at this level in May 2002](#).

This Month in Numbers

FIGURE 1

U.S. STYLE RETURNS (SEPTEMBER 2026 IN %)

	Value	Blend	Growth
Large	-3.10%	-0.35%	2.00%
Medium	-5.64%	-4.22%	-2.96%
Small	-5.84%	-5.53%	-5.29%

<https://www.morningstar.com>. Month end trailing returns for 1-month.

FIGURE 2

U.S. STYLE RETURNS (YTD IN %)-

	Value	Blend	Growth
Large	8.90%	12.73%	15.73%
Medium	5.79%	9.86%	13.58%
Small	13.77%	14.13%	14.18%

<https://www.morningstar.com>. YTD, Total Return % NAV.

Style Returns represent the average returns on the investments of fund managers who use specific styles in managing their funds.

Large Cap Value - IVE: iShares S&P 500 Value ETF. This ETF focuses on the value segment of the S&P 500, targeting companies that are considered undervalued compared to their fundamentals. Value investing looks for stocks that are believed to be priced below their intrinsic value.

Mid Cap Value - IJJ: iShares S&P Mid-Cap 400 Value ETF. This targets mid-cap companies that exhibit value characteristics within the S&P MidCap 400 index. Mid-cap refers to companies with a market capitalization typically between \$2 billion and \$10 billion.

Small Cap Value - IJS: iShares S&P Small-Cap 600 Value ETF. This ETF aims at small-cap companies with value characteristics in the S&P SmallCap 600 index. Small-cap companies are typically those with a market capitalization of between \$300 million and \$2 billion.

Large Cap Blend - IVV: iShares Core S&P 500 ETF. This ETF tracks the performance of the S&P 500 Index, representing large-cap companies. Large-cap refers to companies with a market capitalization of more focusing on mid-cap companies that offer a balance between the fast growth of small-cap companies and the stability of large-cap companies.

Mid Cap Blend - IJH: iShares Core S&P Mid-Cap ETF. It mirrors the performance of the S&P MidCap 400 Index, focusing on mid-cap companies that offer a balance between the fast growth of small-cap companies and the stability of large-cap companies.

Small Cap Blend - IJR: iShares Core S&P Small-Cap ETF. This follows the S&P SmallCap 600 Index, concentrating on small-cap companies. These companies often offer higher growth potential but with greater volatility and risk compared to mid- and large-cap stocks.

Large Cap Growth - IVW: iShares S&P 500 Growth ETF. This ETF targets the growth segment of the S&P 500, focusing on companies expected to grow at an above-average rate compared to the market. Growth investing involves buying stocks of companies that are anticipated to grow at a significantly faster rate than the overall market.

Mid Cap Growth - IJK: iShares S&P Mid-Cap 400 Growth ETF. It aims at mid-cap companies with growth characteristics within the S&P MidCap 400 index. Growth companies are those expected to grow sales and earnings at a faster rate than the average company in their industry or the market.

Small Cap Growth - IJT: iShares S&P Small-Cap 600 Growth ETF. This focuses on small-cap companies within the S&P SmallCap 600 index that exhibit growth characteristics. Growth stocks are often more volatile than value stocks but offer the potential for higher returns.

FIGURE 3

U.S. SECTOR RETURNS (AUGUST 31, 2026 IN %)

GICS Sector	September 2026 in %	YTD in % (as of 9.30.26)
Real Estate	-6.1%	5.3%
Utilities	-5.9%	-5.7%
Financials	-7.2%	-1.4%
Industrials	-4.4%	8.5%
Basic Materials	-6.7%	8.8%
Healthcare	-0.9%	10.2%
Energy	-2.7%	40.3%
Staples	-3.3%	6.0%
Consumer Discretionary	-5.8%	-5.8%
Information Technology	4.5%	28.4%
Communication Services	4.3%	4.5%

<https://www.nasdaq.com/articles/september-2026-review-and-outlook>

FIGURE 4

U.S. SECTOR RETURNS (SEPTEMBER 30, 2026 IN %)

		Level	Month Return	QTD Return	YTD Return
Equities	S&P 500	7,652	-0.3%	2.3%	12.7%
	Nasdaq	26,861	1.9%	2.6%	16.1%
	Dow Jones	50,906	-4.1%	-2.3%	7.2%
	Russell 1000 Value	2,438	-3.1%	2.6%	19.2%
	Russell 1000 Growth	5,044	2.2%	0.9%	6.3%
	Russell 2000 Value	3,132	-5.2%	-4.8%	17.2%
	Russell 2000 Growth	1,822	-5.3%	-9.4%	10.8%
	MSCI EAFE	3,126	-3.0%	0.9%	10.9%
	MSCI EM	1,705	-0.7%	-0.4%	23.5%

		Yield	Month Return	QTD Return	YTD Return
Fixed Income	US Treasurys	5.13%	-2.2%	-3.0%	-2.8%
	US IG Corporates	6.04%	-2.7%	-3.9%	-3.1%
	US HY Corporates	8.35%	-2.5%	-1.8%	0.1%

		Level	Month Return	QTD Return	YTD Return
Commodities	Oil (\$/barrel)	\$90	5.4%	30.1%	57.5%
	Gold (\$/oz)	\$4,157	-6.3%	3.7%	-3.7%
	Copper (\$/mt)	\$14,294	0.1%	8.3%	16.1%

		Level	Prior Month	Prior Quarter	Prior Year
Currencies	EUR (\$/€)	\$1.13	\$1.16	\$1.14	\$1.17
	JPY (\$/¥)	¥157	¥160	¥163	¥157
	GBP (\$/£)	\$1.33	\$1.35	\$1.33	\$1.35

<https://www.sofi.com/article/investment-strategy/september-2026-market-lookback/>

Disclosures

CTS Financial Planning, Inc. ("CTS") is an SEC registered investment adviser with its principal place of business in the State of Illinois. Registration does not imply a certain level of skill or training. For information pertaining to the registration of CTS, please contact CTS or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov). For additional information about CTS, including its fees and services, please send us a written request for our disclosure brochure. This newsletter is provided for informational purposes only. The information contained herein should not be construed as the provision of personalized investment advice. Information contained herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Past performance is no guarantee of future results. Investing in the stock market involves the risk of loss, including loss of principal invested, and may not be suitable for all investors.

An index is a portfolio of specific securities whose performance is often used as a benchmark in measuring the performance of a specific asset class. Any references to a benchmark index are included for informational purposes only as it is not possible to directly invest in an index. The historical performance results of each index do not reflect the deduction of transaction and custodial charges, nor the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. It should not be assumed that your account performance or the volatility of any securities held in your account will correspond directly to any comparative benchmark index.

This content contains certain forward-looking statements which indicate future possibilities. Actual results may differ materially from the expectations portrayed in such forward-looking statements. As such, there is no guarantee that any views and opinions expressed in this letter will come to pass. Additionally, this letter contains information derived from third party sources. Although we believe these sources to be reliable, we make no representations as to the accuracy of any information prepared by any unaffiliated third party incorporated herein, and take no responsibility therefore. For information about your particular account holdings, please review the statements you receive directly from the custodian of your accounts or contact us. All expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice.