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The Week Ahead

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THINGS TO WATCH

Was Inflation Too Hot in August?
Friday's August Consumer Price Index (CPI) release could determine whether Federal Reserve officials vote to raise interest rates at next week's policy meeting. Driven by higher gasoline prices, headline CPI is projected to accelerate to 0.4% monthly (3.4% Y/Y). Core CPI, which excludes food and energy costs, is expected to post a milder 0.2% monthly gain (2.5% Y/Y). Following last week's rebound in nonfarm payrolls, Fed Governor Christopher Waller noted that the upcoming inflation data will heavily influence whether he supports a rate hike or a pause. Given Waller's position as a reliable proxy for the committee's central consensus, a hotter-than-expected print would significantly raise the probability of a rate hike next week.

iPhone Launch
Apple's (AAPL) September 9 "Surprise and Shine" event marks its most consequential launch in nearly a decade, featuring new CEO John Ternus in place of Tim Cook. Highlighted by the debut of a foldable iPhone alongside widespread Pro price increases of $200–$500, the showcase tests consumer appetite at premium tiers. Morgan Stanley models 6.5 million foldable iPhone shipments in the December quarter, generating roughly $14 billion or 16% of quarterly iPhone revenue, with the new 512GB model starting at $2,399.

Oracle (ORCL)
Oracle (ORCL) reports fiscal 1Q27 results after Thursday's close, with markets ready for a fresh assessment of its ability to translate a massive $638 billion remaining performance obligation (RPO) into accelerating cloud revenue. Following full-year fiscal 2026 revenue of $67.4 billion (+17% Y/Y) and Q4 cloud infrastructure growth of 93%, focus will anchor on RPO conversion rates and capital expenditure requirements. Investors will also scrutinize management commentary regarding an ambitious $90 billion fiscal year 2027 revenue target as the company navigates the capital-intensive scaling of its AI infrastructure footprint.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing PMI	54.6	54.0	▲
ISM Services PMI	55.4	54.5	▲
JOLTS Job Openings (Millions)	7.271	7.585	▼
Non-Farm Payrolls (Thousands)	162	63	▲
Unemployment Rate	4.1%	4.3%	▼
Average Hourly Earnings (Y/Y)	3.1%	3.3%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	53414.25	-0.16%	12.39%	19.57%
NASDAQ	26506.99	0.42%	14.51%	22.88%
S&P 500	7718.60	0.13%	13.63%	20.45%
MSCI EAFE	3239.16	-0.14%	14.60%	22.08%
BB U.S. Aggregate	2339.55	-0.18%	-0.25%	0.84%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	3.84%	3.79%	4.00%
10-Year Treasury	4.78%	4.65%	4.07%

REPORTS DUE THIS WEEK	LATEST
NFIB Small Business Optimism	99.8
Producer Price Index (Y/Y)	4.7%
Consumer Price Index (Y/Y)	3.4%
Core Consumer Price Index (Y/Y)	2.5%
U. of Mich. Consumer Sentiment	51.7

Total returns are as of 9/4/26. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

28.97%

Quarter-to-date through September 4, the iShares Expanded Tech-Software Sector ETF (IGV) has outperformed the VanEck Semiconductor ETF (SMH) by 28.97%. This marks a sharp reversal from the first half of the year, when SMH crushed IGV (82.13% vs. -14.36%). The recent outperformance of IGV could indicate a cooling of fears that widespread adoption of agentic AI capabilities will disrupt most software business models.

61.1

The Bureau of Labor Statistics' Manufacturing Payrolls Diffusion Index rose to a four-year high of 61.1 in August, signaling broad-based hiring across 72 U.S. industries. Job gains were notably strong in machinery, computers, and electronics. The sector's expansion is being propelled by the ongoing AI data center buildout and tax incentives in the OBBBA legislation that encourage companies to pull forward capital investments in equipment and facilities.

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