WELLS FARGO
Investment Institute

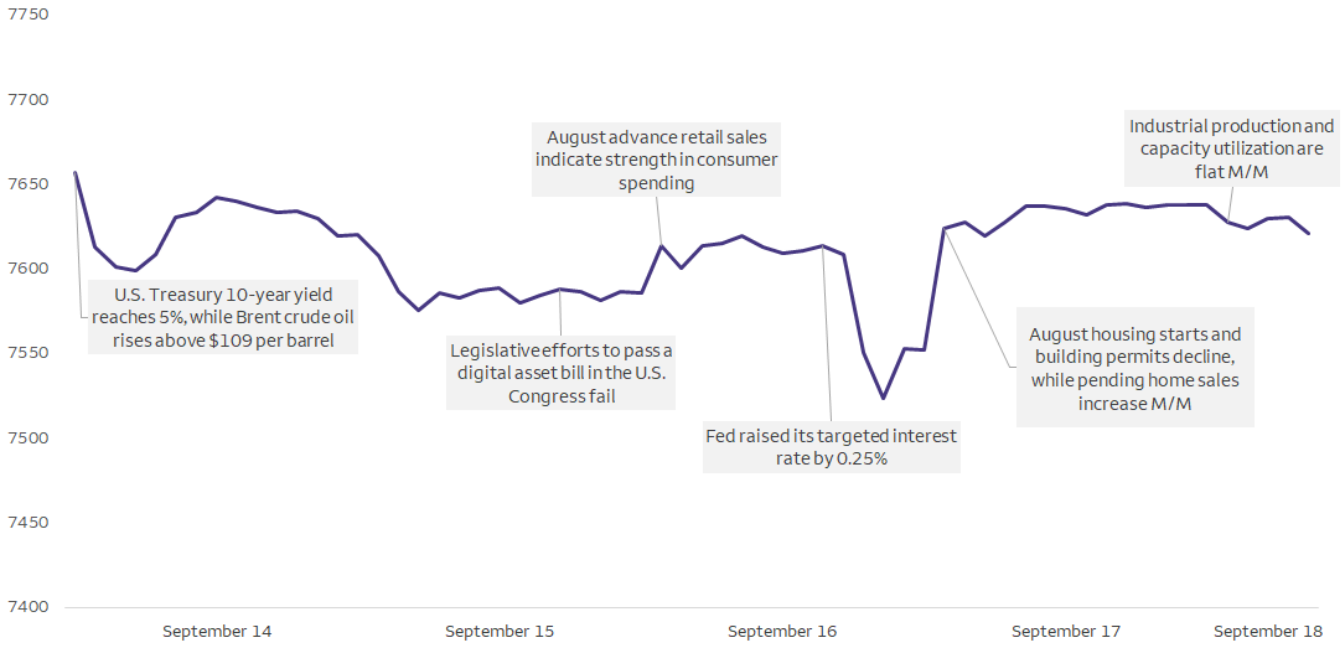
Looking Ahead

September 18, 2026

Markets pause following Fed hike

Equities finished a muted week little changed, as investors navigated ongoing conflict in the Middle East and the Federal Reserve's (Fed's) first interest rate hike in years. Oil prices remain elevated but have eased back toward $100 per barrel from their intraweek peak. Treasury yields also remain elevated with the 10-year reaching 5% and the 2-year climbing above 4.7%. Additionally, second-quarter (Q2) earnings season wrapped up with all but one sector beating earnings growth estimates. On the economic front, consumer spending was a bright spot, with retail sales more than reversing the prior month's decline. Elsewhere, economic data was mixed as the leading index dropped slightly, manufacturing activity softened, housing market challenges persisted, and import prices moved higher. Looking ahead, investors will focus on the Purchasing Managers' Index (PMI) surveys, Q2 current account balance, durable and capital goods orders, and new home sales data for further insight into economic and housing market conditions.

S&P 500 Index performance: week of September 14 – 18



Sources: Bloomberg, Wells Fargo Investment Institute. Data from September 14, 2026, through September 18, 2026, at 12:00 p.m. ET. M/M = month over month. An index is unmanaged and not available for direct investment. Past performance is no guarantee of future results.

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Week in review: September 14 – 18

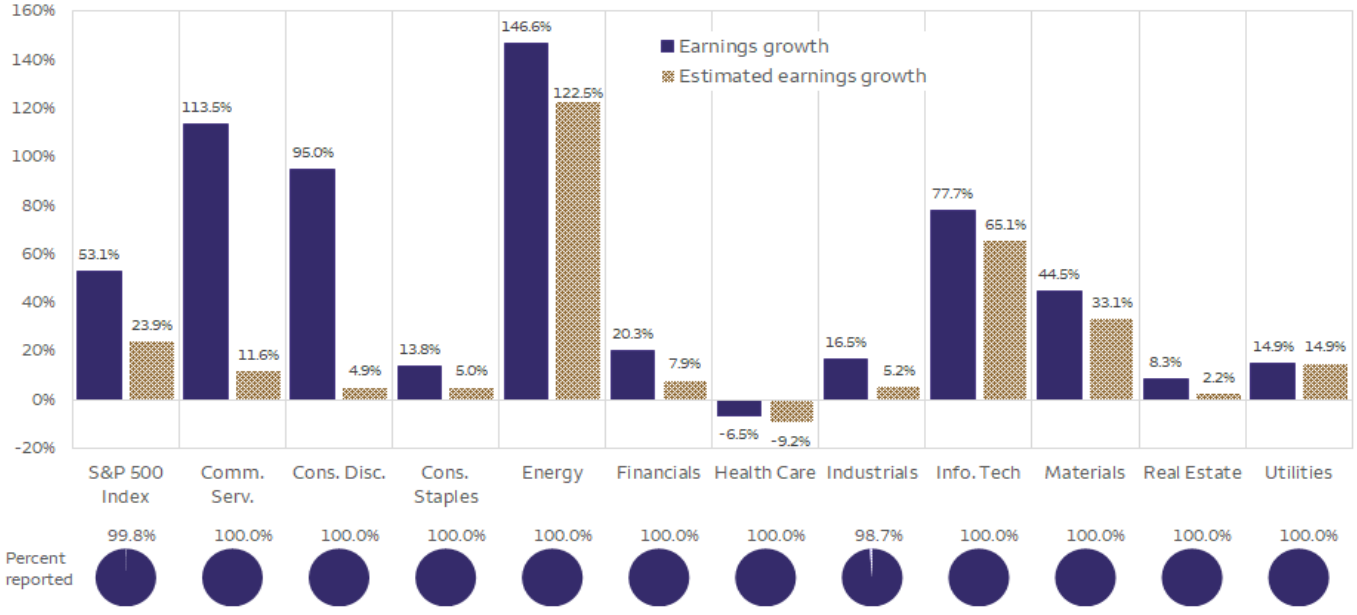
Economic news

- The Federal Open Market Committee (FOMC) unanimously raised its targeted federal funds rate range by 25 basis points (0.25%) to 3.75% to 4.00%. Updated Fed projections also signaled a more hawkish outlook, with 16 of the 18 officials who submitted estimates expecting at least one additional 25-basis-point (0.25%) rate hike by year-end.
    - Economic forecasts were largely unchanged, with gross domestic product (GDP) and 2026 inflation revised slightly higher and unemployment revised lower to 4.1% for 2026 and 2027.
- August retail sales showed strength in U.S. consumers. Sales rose 1.2% month over month (M/M), the largest increase in five months and well above expectations for a 0.8% M/M gain. Strength remained broad across categories, with 12 of 13 retail categories posting increased sales. The one category to post declining sales was building material and garden equipment stores.
- August's leading index, a gauge designed to signal the future direction of economic activity, fell 0.1% M/M to 99.5, below median estimates for a 0.1% M/M increase.
- July business inventories rose 0.8% M/M following a revised 0.1% M/M increase in June, remaining in line with economists' expectations surveyed by Bloomberg.
- August industrial production stalled, with output unchanged M/M, falling below expectations of a 0.3% M/M increase.
- The housing market remains under pressure, and recent data suggests those challenges are likely to persist. Building permits fell 2.7% M/M in August, a larger decline than economists expected, while August housing starts dropped 2.6% M/M despite forecasts for a 6.7% M/M increase. August pending home sales rose 0.3% during the month but remained 4.9% lower than sales seen a year ago. Together, these reports highlight ongoing affordability challenges as elevated home prices and mortgage rates continue to weigh on demand.
- Import prices for the month of August climbed by 0.7% M/M, well above economists' expectations of a softer 0.4% M/M increase. Import prices are up 7.0% year over year.
    - Nonfuel import prices rose 0.8% M/M and fuel import prices declined 0.1% M/M.

Stock market recap

By Friday morning, performance for the major indexes was mixed for the week. As of 12:00 p.m. ET, the S&P 500 Index was lower by 0.5%, the Nasdaq was higher 0.2%, while the Dow shrank 2.0%.

Second quarter (Q2) earnings surprises are higher for all but one sector with most companies reporting



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of September 18, 2026, at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of June 26, 2026, at 8:30 a.m. ET. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

Looking ahead to next week: September 21 – 25

U.S.

- The week's key economic data will provide a first look at September PMI readings for both the manufacturing and service sectors on Wednesday, followed on Friday with August's update on capital and durable goods orders.
- Other reports that could influence markets include the University of Michigan's final September consumer sentiment and inflation expectations survey. Additionally, investors will be watching August new home sales and final building permits for additional signals on the health and direction of the housing market.
- Rounding out the docket is the Q2 current account balance. Beyond the data, investors will also be monitoring several high-profile geopolitical developments. In New York, the United Nations General Assembly's High-level Week will bring together global leaders for discussions on economic, security, and foreign policy issues.
- Meanwhile in Washington, D.C., new tariffs are on hold until after the U.S. and Chinese presidents meet.

Asia

- The focus of an otherwise data-light week from China will be the one and five-year loan prime rates for September.
- In Japan, attention will likely center on preliminary September PMI readings for the manufacturing and service sectors, along with August department store sales.
- Elsewhere in the region, South Korea's September consumer confidence will hit the tape, along with Australia's preliminary September PMI readings and August labor market data.

Europe

- In Europe, investors will be focused on September's preliminary PMI and consumer confidence readings. In the U.K., key releases include September house prices and August public sector net borrowing.
- Elsewhere, investors will be watching Germany's September Ifo business climate survey and France's September manufacturing confidence index for additional insight into business sentiment across Europe.

Scheduled economic releases for week of September 21, 2026

Date	Time	Country	Release	For	Consensus	Prior
Wednesday, 9/23	1:00 AM	India	HSBC India Manufacturing PMI	September Prelim		52.8
Wednesday, 9/23	3:30 AM	Germany	S&P Global/BME Germany Manufacturing PMI	September Prelim	54.0	54.3
Wednesday, 9/23	4:00 AM	Eurozone	S&P Global Eurozone Manufacturing PMI	September Prelim	52.6	52.7
Wednesday, 9/23	4:00 AM	Eurozone	S&P Global Eurozone Composite PMI	September Prelim	52	52
Wednesday, 9/23	4:00 AM	Eurozone	S&P Global Eurozone Services PMI	September Prelim	51.4	51.6
Wednesday, 9/23	4:30 AM	U.K.	S&P Global UK Manufacturing PMI	September Prelim	51.5	51.7
Wednesday, 9/23	4:30 AM	U.K.	S&P Global UK Services PMI	September Prelim	52.0	52.5
Wednesday, 9/23	9:45 AM	U.S.	S&P Global US Manufacturing PMI	September Prelim	53.5	53.9
Wednesday, 9/23	9:45 AM	U.S.	S&P Global US Services PMI	September Prelim	56.0	56.5
Wednesday, 9/23	9:45 AM	U.S.	S&P Global US Composite PMI	September Prelim		56
Wednesday, 9/23	8:30 PM	Japan	S&P Global Japan Manufacturing PMI	September Prelim		54.9
Wednesday, 9/23	9:30 PM	Australia	Unemployment Rate	August	4.5%	4.5%
Thursday, 9/24	4:00 AM	Germany	IFO Business Climate	September	89.0	88.8
Thursday, 9/24	4:00 AM	Germany	IFO Expectations	September	89.3	89.1
Thursday, 9/24	8:30 AM	U.S.	Current Account Balance	2Q	-258.70b	-226.83b
Thursday, 9/24	10:00 AM	U.S.	New Home Sales	August	620k	607k
Friday, 9/25	8:00 AM	Brazil	IBGE Inflation IPCA-15 YoY	September		4.24%
Friday, 9/25	8:30 AM	U.S.	Durable Goods Orders	August Prelim	-0.3%	1.1%
Friday, 9/25	8:30 AM	U.S.	Durables Ex Transportation	August Prelim	0.5%	0.4%
Friday, 9/25	8:30 AM	U.S.	Cap Goods Orders Nondef Ex Air	August Prelim	0.6%	0.0%

Source: Bloomberg. Data as of September 14, 2026, as of 12:00 P.M. ET. Times in table are in Eastern Time. YoY = year-over-year.

Scheduled earnings releases for week of September 21, 2026

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
AZO	AutoZone, Inc.	Tuesday, 9/22	10:00 AM	$6.71	$54.30	$48.71
CTAS	Cintas Corporation	Wednesday, 9/23	10:00 AM	$2.98	$1.35	$1.20
GIS	General Mills, Inc.	Wednesday, 9/23	9:00 AM	$4.35	$0.72	$0.86
PAYX	Paychex, Inc.	Wednesday, 9/23	9:30 AM	$1.63	$1.32	$1.22
COST	Costco Wholesale Corporation	Thursday, 9/24	5:00 PM	$94.86	$6.53	$5.87
DRI	Darden Restaurants, Inc.	Thursday, 9/24	8:30 AM	$3.21	$2.05	$1.97

Source: FactSet. Data as of September 18, 2026, as of 8:30 A.M. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

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Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

Real personal spending or consumer/household spending (also referred to as consumption) tracks consumer expenditures on goods and services. This concept is adjusted for inflation.

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Conference Board Leading Index of economic indicators includes economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

Import price indexes track changes in the prices of goods produced abroad and sold domestically (imports).

The Institute for Supply Management (ISM) Manufacturing Index and Services Index track the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

International transactions statement (or current account) tracks all transactions, excluding financial transactions, that involve economic values and occur between residents of a country and nonresidents. Major components include trade in goods, trade in services, income and current transfers. The balance of payments is a record of a country's overall international transactions with the rest of the world (i.e. transactions between residents of a country and nonresidents). The balance of payments is divided into current, capital and financial accounts.

Durable goods orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Capital goods orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

New home sales tracks sales of newly constructed homes during the reference period.

Business inventories track inventories (either goods ready for sale or shipment that are still being held by the producer, or goods acquired for the purpose of reselling them without further processing) in the manufacturing, as well as retail and wholesale trade industries.

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

Building permits (or building approvals) track the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Pending home sales tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

Consumer confidence (or consumer sentiment) tracks sentiment among households or consumers.

Department store sales tracks the resale of new and used goods to the general public, for personal or household consumption. Specifically these data measure sales at department stores.

House prices track changes in residential property prices.

The government budget balance (or net borrowing) is the difference between government revenues and government expenditures. A budget surplus would mean revenues are higher than expenditures. A deficit means expenditures are greater than revenues.

The German Ifo Business Climate survey tracks the general state of the economy as it relates to businesses.

Manufacturing confidence tracks business sentiment within the industry sector.

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