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Chris Hyzy: This is Chris Hyzy, Chief Investment Officer for the Market Update for September 21st. As we head into almost the fourth quarter of this year, a lot of headlines are still out there that are worrisome. Many concerns have come and gone, but the one concern that still is out there is rising yield that we consistently are asked about. But the market is also still giving that concern each and every week as we see those tick up in conjunction with the price of energy, particularly oil prices, given the ongoing conflict in the Middle East.

So, how do we view all this? We look at this from the standpoint of the concern list. It continues to be out there. Geopolitics continues to be a major concern with the two wars still continuing. Even though recently oil prices have backed off of most recent highs, and they are now somewhere in the mid-90s per barrel level on West Texas Intermediate and Brent, somewhere just a tick below $100.00 a barrel. What's more concerning, however, is diesel. Diesel prices in the United States have hit a record at about $6.50 a gallon. That also feeds into potential concerns around slower manufacturing growth overall if this continues. That's just not in the United States, but also in Europe.

Another concern out there is AI governance. We hear a lot of talk about potential guardrails are needed, auditing some level of regulation. We'll see how all this plays out from week to week. But as we move forward into the fourth quarter, that continues to be something that investors care deeply about.

Also, we mentioned rising yields. What's not rising though is credit spreads, and that gives us some good positive momentum in the overall credit markets that we do not see the deterioration concern that many people felt we would have with the level of costs that are going up as well as where oil prices are. So overall, spreads remain tame even in the face of yields backing up. That leads us to believe that these are real yields that are going up, and that's on the basis of growth, not necessarily on worries over long-run inflation. Inflation continues to be a concern, as we saw last week, the Federal raised rates by 25 basis points and signaled somewhat that another 25 could be in the cards. We still haven't heard from the inflation framework or the other task forces that are out there. We'll get more information on that up ahead of the October meeting, which only has one employment report and one inflation report prior to that meeting. That happens to be one month before the election.

Overall, what's our view? We focus on earnings. Earnings momentum right now, it's hard to see because we don't have any announcement at this point here, we are in the third week of September. But we will start to get them as we pierce the October month, and we fully expect earnings momentum to show its positive tone once again, which would balance out a lot of the concerning headlines that we consistently see. So overall, we continue to focus on earnings momentum. Yes, more volatility up ahead of midterm elections, and yes, more volatility because of where yields and the two wars that are still going on, and yes, more volatility for concerns around AI capital investment. Is it going to back off if there's going to be a slowdown on the growth of it, et cetera? All of these headlines will be out there through year-end, but we continue to point to the most important factor, which is the denominator, and that is earnings. We expect earnings to be up over 30% year over year, '26 over '25, and we expect double-digit earnings growth as we sit here today for '27, which is still above normal and still provides that positive tone and lets investors continue to climb the wall of worry.

That'll do it for today. Thanks for listening.

Operator: Please see important disclosures provided on this page.

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