MILLER TABAK + CO., LLC

September 13, 2026

1) Long term readers of Sunday Comments are well-aware that my most important indicator for equities remains HYG for a plethora of reasons enumerated in past pieces. This indicator, with an excellent longer term record, kept this writer steadfastly bullish off the March lows of this year as it had in previous upside moves. There has been a significant deterioration in HYG over the past two weeks causing significant concern for equities. The Index is within striking distance of its low for the year and is markedly below both its downward sloping 50 and 200 day moving averages. Credit investors have generally had a keen early eye as to what a deterioration in this etf portends across the entire corporate market and it has historically been followed by substantial weakness in equity prices. Investors therefore must factor this ominous indicator into their thinking.

2) Continuing with the theme of the impact of the fixed income market on equities, Secretary Bessent's efforts have not produced his desired results and his reputation by participants in the government market has certainly been lessened. Will the warning by Waller this week that the traditional safety premium attached to US Treasuries can easily disappear prove to be true? If so, then the equilibrium level of interest rates may be substanially higher than investors have assumed. This would have a deleterious impact on any discounted cash flow model used to value equities.

3) There is a strong argument being made that bond market participants have already done the tightening work for the Fed. Thus, the move in bonds after the action by the Fed on Wednesday could produce a "buy the news" scenario in the fixed income market. While our Economist, Paul Shea, reluctantly assumes the Fed will raise rates this week, he asserts in a piece you received Friday afternoon that such a move will "further batter the housing market and further strain low-middle income consumers." Certainly, the action in the ITB etf and a number of retail stocks that depend on lower-income consumers underscores this point. Mortgage rates exceeding 7% will do nothing for consumer confidence.

4) Equity bears are relishing the fact that the recent under-performance by the semiconductor indices relative to the S+P 500 despite excellent earnings remains an ominous sign for the overrall market. They also point with glee to the deterioration in RSP (equal weight etf in which every company in the S+P is rebalanced quarterly so

that mathematically each component accounts for 0.20% of the total portfolio.) Over the past month, the RSP has underperformed the SPY by about 1.65%. Bears also include in their argument the notable deterioration in the Russell of over 5% since the August highs.

5) Contrariwise, the equity bulls have taken delight in the fact that the S+P 500 exceeded its upward sloping 50 day moving average at which point the rally of the midweek lows accelerated. The quants, who are not interested in fundamentals, were clearly responsible for this upward thrust as this has been the "right" move previously for this investor class. The S+P cash closed about 50 points above the 50 day; the bulls will also essay to take out this week's high which was below the previous week's close. If such a move occurs, this will almost certainly produce additional quant buying. Fundamentally, the bulls focus on the excellent earnings season we are finishing as well as the power catalyst that the capex boom is proving to be in multiple industries. The bulls will further note the slight improvement in CDS spreads, even for the poster-child ORCL.

6) The DSI in crude reached 91 on Friday; such a reading on any commodity often suggests a short-term top. Energy bulls will argue that any pullback will be a buying opportunity. Supply disruptions have worsened with the Saudis being forced to shut its east-west pipeline after Houthi attacks on infrastructure and the US can no longer deplete from the SPR without doing structural damage to the facility. Moreover, the demand for oil from China (statistics are somewhat opaque), which fell sharply in the first half of the year showed a significant increase in both July and August.

7) As a corollary to this, note the deterioration in the Transpos, an index about which few pundits write. The Index declined 2% this past week and is down 17% from the late April highs. The losses have been across all sub segments of the Index which almost by definition has ominous implications for the economy. A break below the 200 day moving average would certainly require new thoughts on GDP growth. (Note there is one so-called "meme" stock in the Index--CAR--which has fallen 80% since its April high which causes many observers to dismiss the overall action in the Transpos.)

8) Physical gold/digital gold: The price movement in GLD is very susceptible to the 200 day moving average of which it is currently below. The high this week in GLD was also below the previous week's close. Exceeding that previous week's close as well as moving through the upward sloping 200 day will be the focus of the bulls. A weaker dollar is often perceived as a positive for GLD which has been occurring but higher yields in the Treasury market would be a significant negative. As for digital gold, the bulls will argue that bitcoin has broken decisively above a well-defined sideways base. Most importantly, bitcoin has witnessed a "golden cross" as the 50 day moving average has exceeded the 200 day with both being upward sloping, a powerful technical development. Fundamentally, the Holy Grail for crypto will be the passage of The Clarity Act.

Jeff
Have a productive week.

Jeffrey Tabak
Miller Tabak + Co.,LLC
(212) 348-5101 office
(917) 208-3317 mobile

Although the information contained in this report (not including disclosures contained herein) has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. This report is for informational purposes only and under no circumstances is it to be construed as an offer to sell, or a solicitation to buy, any security. Any recommendation contained in this report may not be appropriate for all investors. Trading options is not suitable for all investors and may involve risk of loss.