Thackray Newsletter

— Know Your Buy & Sells a Month in Advance —

Published the 10th Calendar Day of Every Month

Volume 20, Number 9, September 2026

Written by Brooke Thackray

Trapped!

The Fed raised its federal funds rate to 4% on Wednesday September 16. The vote was 12-0, with 12 supporting a hike.

Was Warsh trapped by the market to raise its rate? In the futures market there was an expectation with a 94% probability that the Fed would raise rates. Typically, when the odds get above 80% of a decision so close to the meeting, the Fed does not disappoint.

Of course, Trump objected and stated that he believed that the rate should be 1%. Aside from his comment, he left Warsh alone. Maybe it had something to do with the 12-0 vote. Even Stephan Miran, the most dovish governor and one of Trump's considerations for the Federal Chairperson voted to hike.

Although there was a 94% probability of a hike, I have never seen such opposition from a number of analysts that were staunchly against the hike, despite the probability that there was going to be a hike.

There has been much discussion that because of fiscal dominance the Fed cannot hike as it will raise inflation etc.

S&P 500 Technical Status

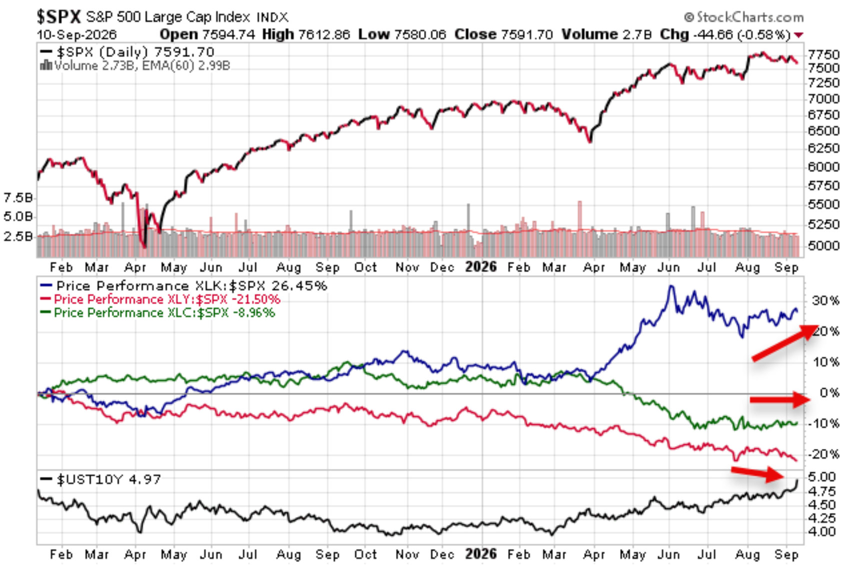
The S&P 500 is still in uptrend. However, it is in a rising wedge consolidation formation. It does not necessarily have to resolve to the downside, but it will be important to watch for a possible break lower and below the bottom trendline.

Recently, the RSI has been moving lower, confirming the price move lower in the S&P 500.

In the short-term, watch for more consolidation and then a break either higher or lower.

On a seasonal basis, volatility tends to increase at this time of the year.

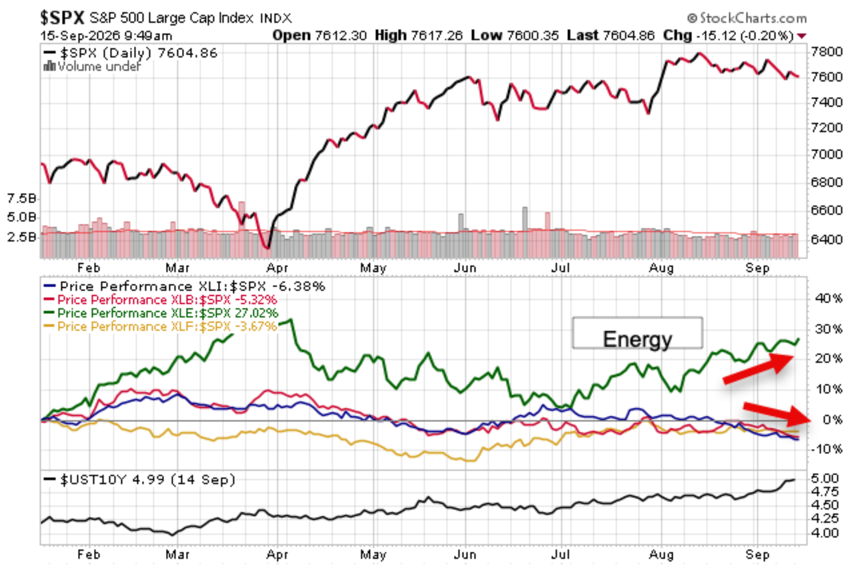
Growth Sectors



The technology sector is once again carrying the load for the S&P 500.

The technology sector has been positive relative to the S&P 500, as the S&P 500 has moved lower since August.

Cyclical Sectors



Energy is the only cyclical sector that is outperforming the S&P 500.

Defensive Sectors

Rising rates are having a toll on the performance of the defensive sectors relative to the S&P 500.

Still, when the S&P 500 is heading lower and the defensive sectors are underperforming the S&P 500, it is a warning sign of potential weakness ahead.

An opportunity could be developing after the first Fed rate hike. On average, after a quick blip higher the S&P 500 tends to move lower for 6 to 8 weeks and then rally. The markets initially get concerned of the impact of a higher federal funds rate and then rally after they believe the Fed has it under control.

I discuss this concept in a recent article for BNNDigital.

https://www.bnnbloomberg.ca/investing/opinion/2026/09/17/dont-fight-the-fed-opportunity-coming-up-brooke-thackray/

Did we forget about the mid-terms?

A strange thing is happening, but could be about to change. Everyone seems to have forgotten about the mid-term elections in the U.S. Typically, the mid-term elections dominate the media starting in August. This time around, people are focused on so many other things that are happening...wars etc.

Why does it matter? Because mid-terms bring uncertainty, which typically brings volatility to the markets.

I discussed this concept in an article that I wrote for BNN Digital: U.S. midterm elections set to bring a buying opportunity.

To read the article:

https://www.bnnbloomberg.ca/investing/opinion/2026/09/10/government-bonds-are-no-longer-a-good-hedge-for-equity-declines-brooke-thackray/

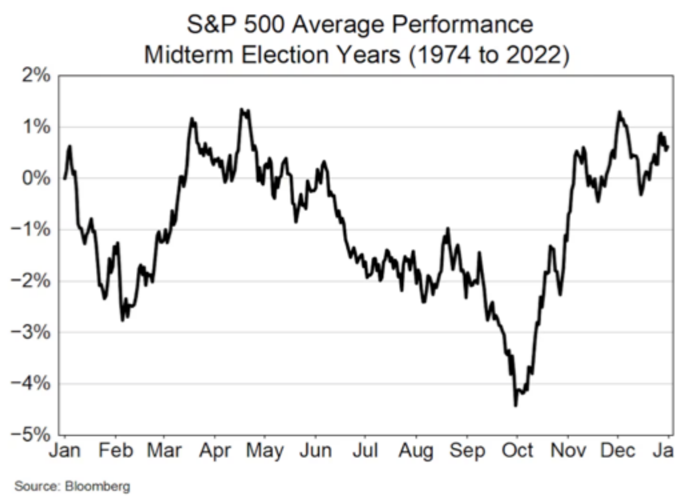

U.S. midterm elections set to bring a buying opportunity: Brooke Thackray

By Brooke Thackray

Published: September 03, 2026 at 7:09a.m. EDT

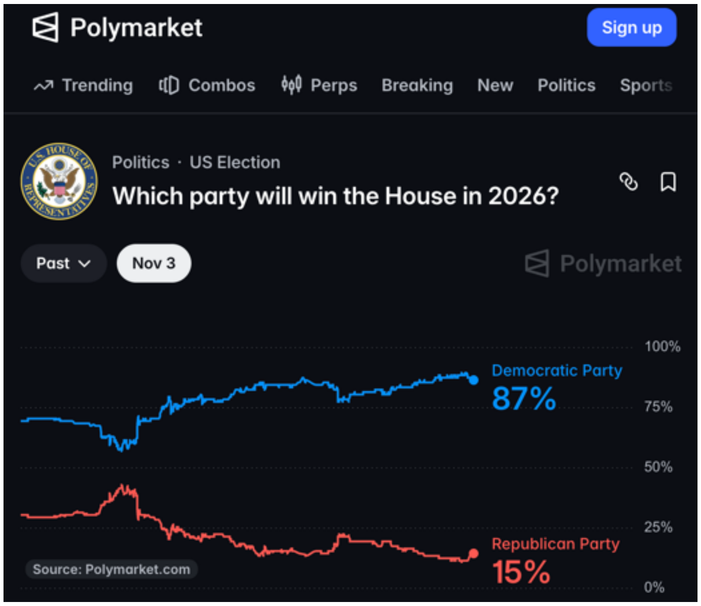
The U.S. Capitol is seen from Pennsylvania Avenue, Sunday, Aug. 30, 2026, in Washington. (AP Photo/Julia Demaree Nikhinson)

The graph below shows the average trend for mid-term years in the S&P 500 for mid-term election years. On average, the S&P 500 tends to decline in September because of heightened uncertainty and then starts to rally in October as the mid-term election uncertainty is priced into the markets. It is important to note that this is a relatively small sample size and it is an average. Every year is different.

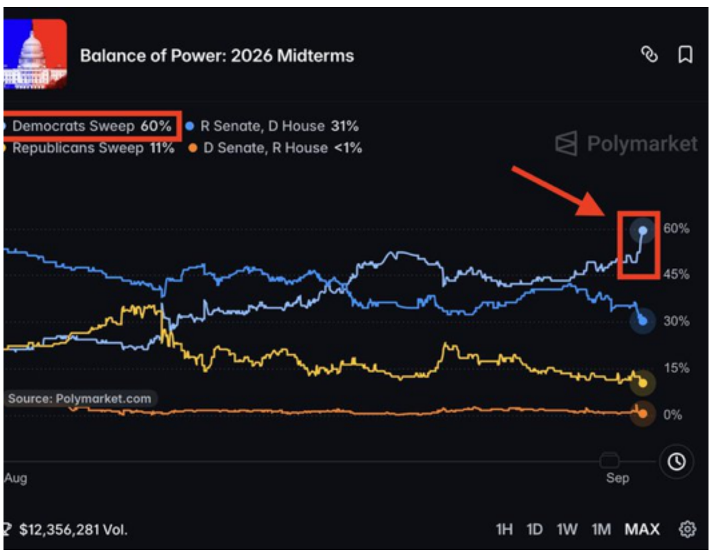


This time could be a bit different. Maybe the uncertainty has been delayed? Maybe this year the uncertainty starts in October? If this were the case, it would still be expected, from a seasonal point of view, that the market would bottom some time before the actual election.

Currently, according to Polymarket, the Democrats have a 87% probability of winning the House in 2026.



Polymarket has the odds of a Democratic sweep at 60%.



If the Democrats sweep in this election, the Republicans are in big trouble... If the Democrats win the House, then it is going to be very difficult to pass laws and Trump will have to almost entirely rely on Executive Orders.

Trump is offering $5000 to U.S. adults (each) if the GOP wins the mid-terms. I am not sure how this works, but it is definitely inflationary. Expect more uncertainty over the next few weeks.

Trump is starting to position for the mid-term elections.

Bond Markets Blowing Up

Yikes...bond yields have been moving significantly higher recently- around the world.

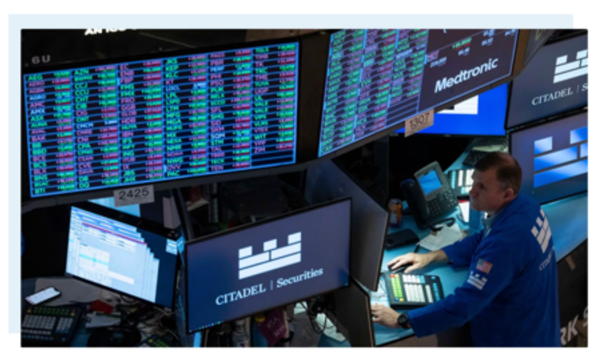
Investors are starting to realize that governments are not going to stop their fiscal irresponsibility (stop their excessive spending). When interest rates were falling from 1981 to 2020, increased government spending was absorbed partly by falling interest rates mitigating an increasing payment.

Recently, I wrote an article for BNN Digital.

https://www.bnnbloomberg.ca/investing/opinion/2026/09/10/government-bonds-are-no-longer-a-good-hedge-for-equity-declines-brooke-thackray/

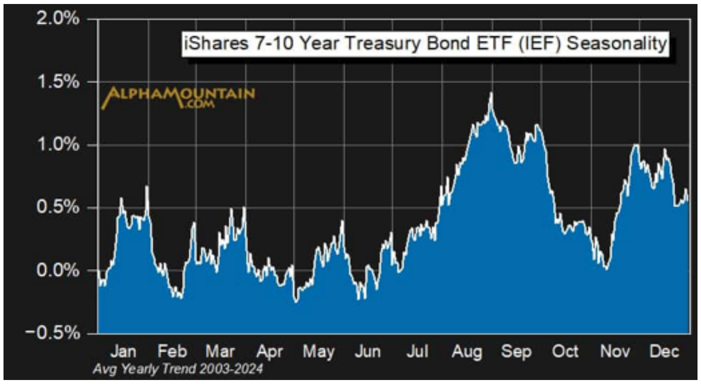
Government bonds are no longer a good hedge for equity declines: Brooke Thackray

By Brooke Thackray
Updated: September 10, 2026 at 9:18a.m. EDT
Published: September 10, 2026 at 9:12a.m. EDT

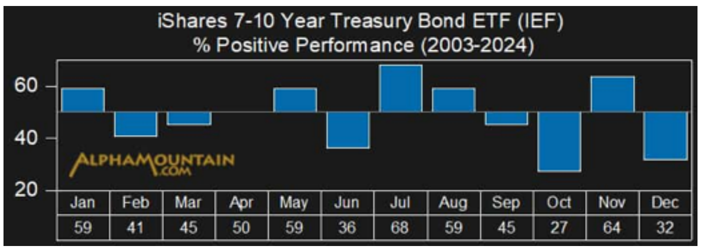


A screen shows stock prices on the floor of the New York Stock Exchange, Friday, Aug. 7, 2026, in New York. (AP Photo/Yuki Iwamura)

What was not included in the BNN article was a seasonal trend analysis.



The graph below shows the monthly frequency of positivity of US Treasuries 10YR. October has been the weakest month of the year.



When a sector does not have positive performance in a strong seasonal trend, this is often a signal of further weakness. In other words, it is possible we could see further weakness for bonds.

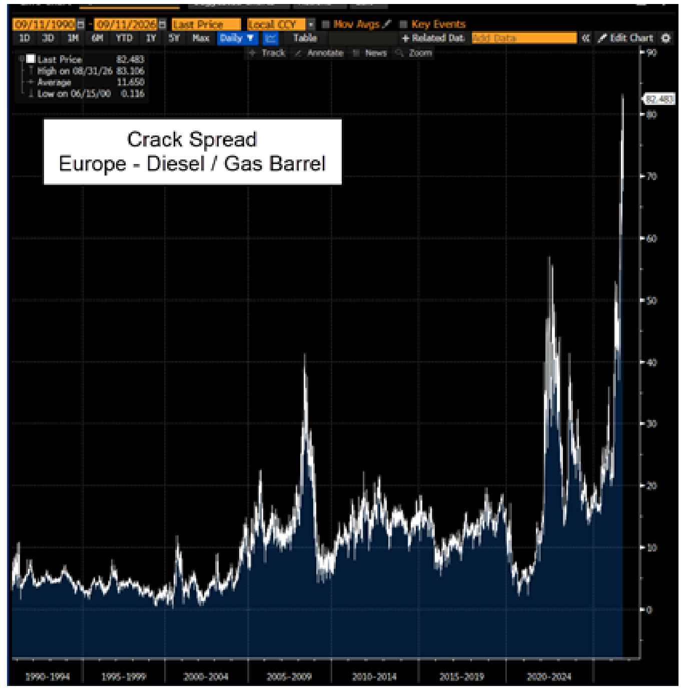
Watch Diesel

Diesel is going through the roof. The Russia-Ukraine war is problematic as each countries takes out the energy production capacity of the other. In particular, Ukraine has made it one of their key strategies. The result is diesel price moving higher.

The US-Iran war is also helping to push the price of diesel higher.

A barrel of oil can be cracked into different products such as gas, diesel, jet fuel and other products.

Diesel typically trades close to the price of gas. The spread has recently rocketed higher to all time highs. Why has the spread widened? Diesel is used for trucking and farming and as a result is more price inelastic. Truckers need to truck.



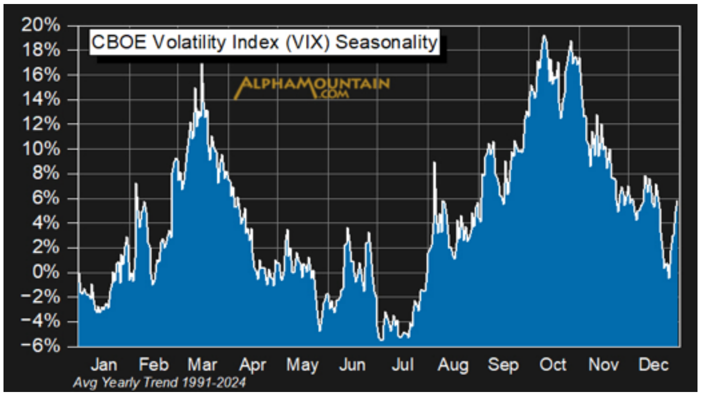
The price of diesel in Europe has reached $209 US dollars a barrel.

The problem with rising diesel prices is that the transportation costs get passed on to the consumer...rising food prices etc. This shows up in the official inflation numbers and is one of the reasons that the inflation numbers are sticky and in some cases moving higher.

VIX- starting to stir

The VIX has remained remarkably low for an extended period of time

The VIX typically starts to increase in July and tops out in October.



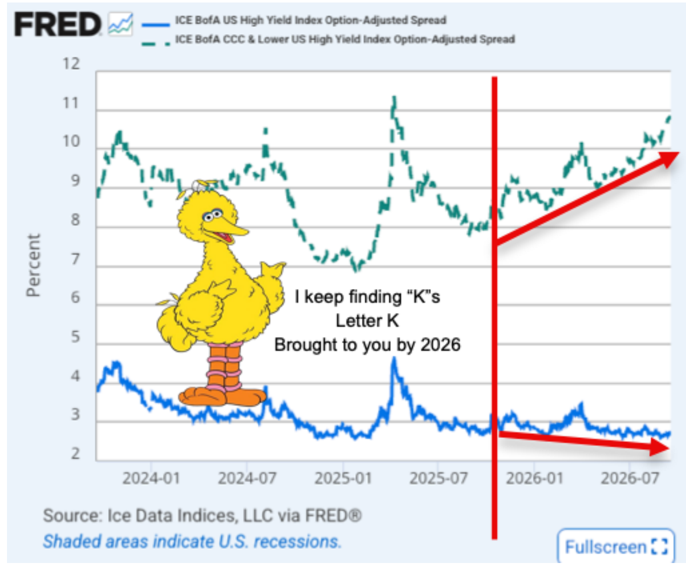
So far this year, up until September, the VIX remained below 16 and only now has just started to awaken. September and October tend to be volatile months. The VIX might be a bit late, but there is still time for it to get back on its seasonal track...especially with the midterm election coming up.

What are Junk Bonds Telling Us?

The year 2026 is brought to you by the letter “K”.

The economy and markets are full of “K”s. One segment doing well and others not. One part of the economy performing well (top income earners) vs the rest of the income groups.

Here is another “K”. Junk bonds CCC spreads have been moving higher over the last year and half - at the same time BBB spreads have been moving lower. The top green line is CCC spread and the bottom blue line is the BBB spread.



It could be the underlying constituents driving the divergence, but not that I have seen. There is something else is going on. Stay tuned. If the triple B’s start to move higher... this will not be good and will show that investors are starting to really get concerned with risk.

Seasonal Trends & Opportunities

Gold

Back in August, the direction of gold was questionable. It was trading at support at $4,000 for over a month, after forming a process of lower highs.

The U.S. dollar started to head lower in late July, which helped to support a higher gold price, despite rising rates.

After a breakout of its downward trend, gold reached over $4,500, but has since pulled back to $4,300 and could possibly test the $4,000 level again.

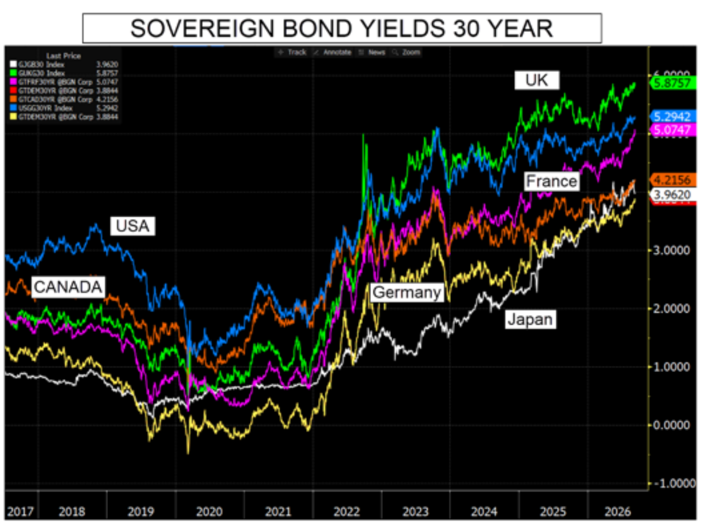
Investors should note that October tends to be a weak month on a seasonal basis for gold. It is possible that we could see weakness in gold, despite gold having a long term positive tailwinds.

My Call: Gold will probably start to head lower in October, but maintain support at around $4,000

Government Bonds

Government bonds have a strong seasonal period that ends on October 3

Government bonds have performed poorly in a time period when they typically perform well. This has been an international phenomenon. Long term government bond yields are moving higher (see graph below).



The yield on the UST 10Year yield has broken to new highs and is getting dangerously close to 5%. This is the level that makes the news and investors focus on.

The result is UST 10Year bonds are losing ground.

On a seasonal basis, government bonds typically perform poorly starting in early October.

Overall, government bonds are not looking good at this time.

Consumer Staples

Consumer Staples tends to be one of the top performing sectors in October, at least up until late in the month.

On an absolute basis, the sector has broken its upward trend. Relative to the S&P 500, the sector has been flat.

However, the seasonal trend of the consumer staples sector performing well in October is strong.

My Call: The consumer staples sector will probably outperform the S&P 500 into late October.

Canadian Banks

Canadian banks have been a rock star in the market since April of this year. As I have written about in the past, a lot of the bump came from foreign investors redirecting money from the US.

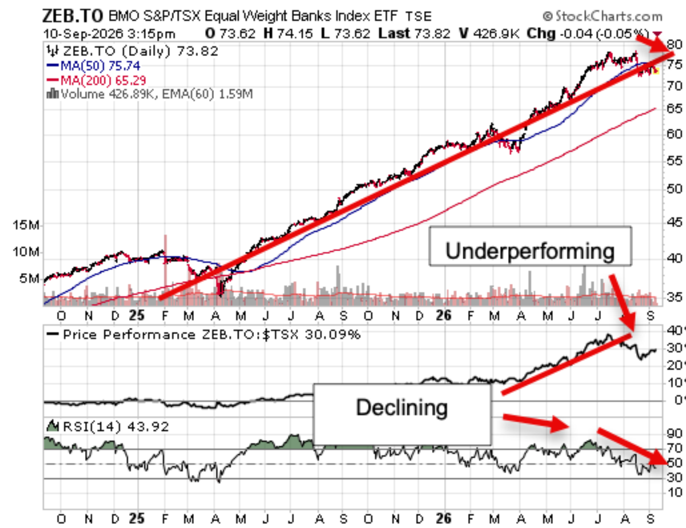
The problem is that Canadian banks have become very overvalued by traditional metrics. I wrote about this phenomenon in a BNNDigital article:

Are the best times in the rear-view mirror for Canadian banks?: Brooke Thackray

https://www.bnnbloomberg.ca/investing/opinion/2026/08/28/canadian-banks-are-the-best-times-in-the-rear-view-mirror-brooke-thackray/

Canadian banks have started to underperform the Canadian stock market. It has just broken its upward trend line.

Canadian bank earnings have been strong, including last quarter's results. What is important is to gauge the reaction of investors to the earnings results. After strong results, the investor reaction was not supportive.

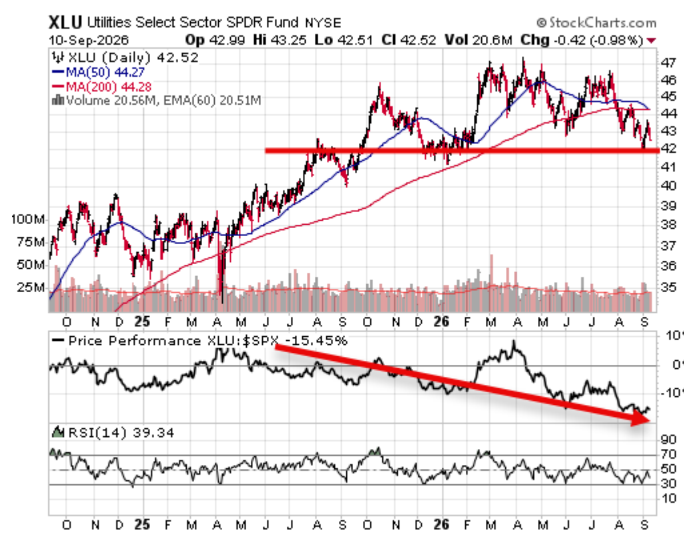


My Call: Canadian banks will probably perform at market into October, and possibly underperforming before the next earnings releases for banks in late November.

Utilities

The utilities sector has been underperforming. It typically underperforms at this time of the year. It is back to support.

Rising interest rates have not been beneficial for this sector. Also, with AI build out slowing down, the utilities sector is becoming less attractive.



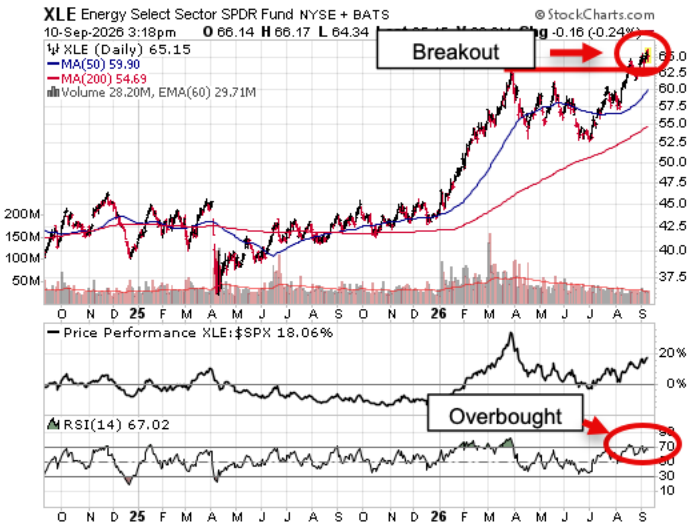
My Call: The utilities sector will probably underperform over the next few months.

Energy

The energy sector typically performs well from late July into late September. It is not a strong seasonal period relative to the February to May period. Nevertheless, the energy sector can perform well at this time of the year.

The energy sector has performed well since late June due to the Middle East War. Every week there is another declaration that the war is coming to an end. It never seems to end.

It is possible that Iran is holding out until after the mid term elections, hoping that the war will weigh on the Republicans chances of winning the election.



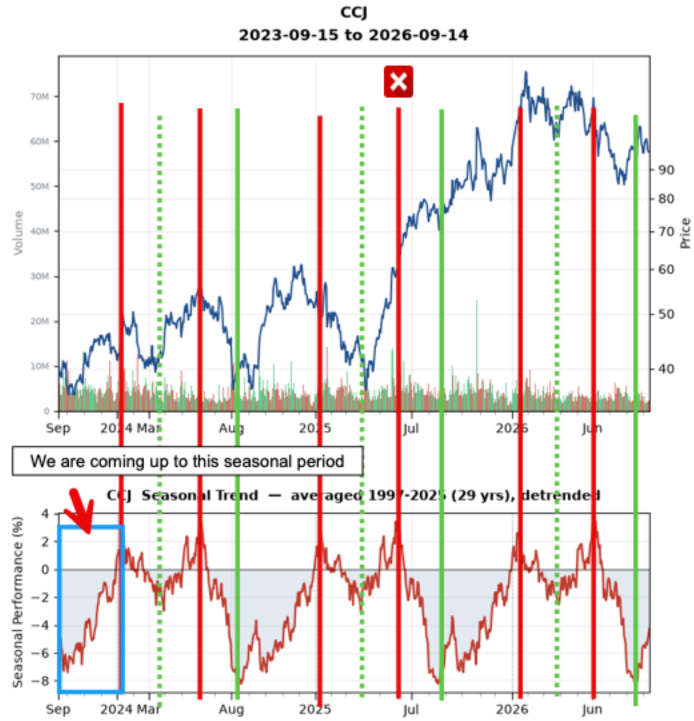
My Call: The energy sector will probably continue to outperform past the end of its strong seasonal period.

Uranium

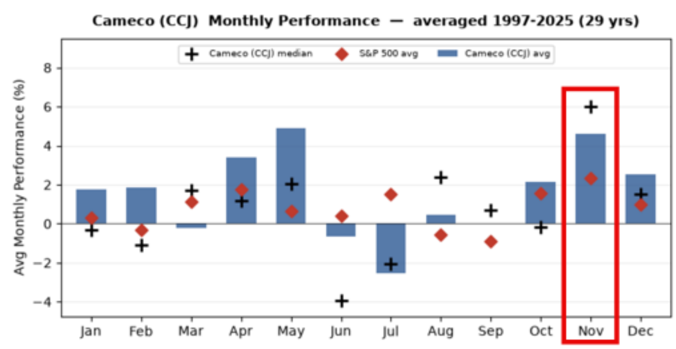
The uranium sector has a strong seasonal period from early October to late January.

Below is a graph of Cameco (CCJ) showing its recent performance above a second panel, which shows its seasonal trend from 1997 to 2025 (de trended). The red vertical lines represent peaks. The green solid lines represent a major trough and the green dotted lines represent a minor trough. Cameco has generally followed its seasonal trend over the last three years. The exception was in June of 2025 when Cameco typically peaks, it continued higher.

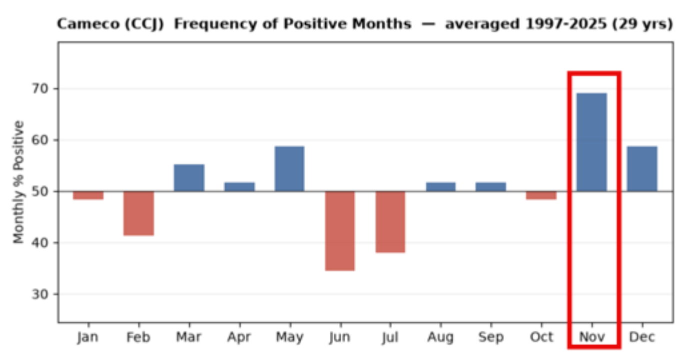
The blue box at the start of the de trended graph represents the period that we are heading into on a seasonal basis. In other words, there is a strong seasonal trend for Cameco on the horizon.



November is the strongest month of the year for Cameco on an average and median basis.



November is the strongest month of the year for Cameco on frequency of positivity.

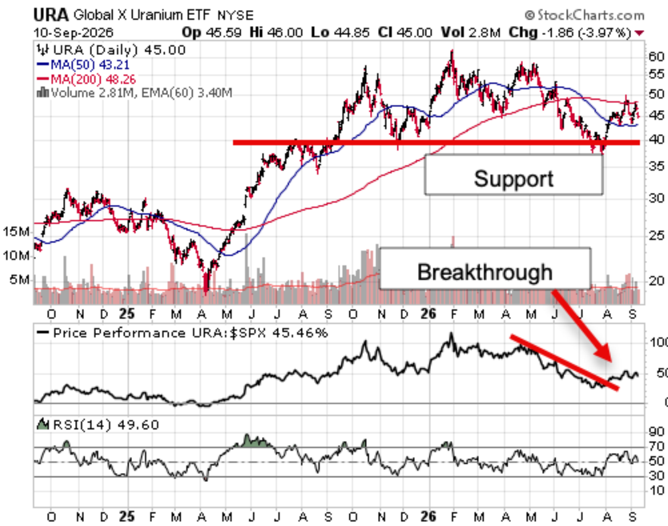


Uranium has broken its downtrend relative to the S&P 500 and has been performing well since August. It is currently above support.

After a strong run that started in April 2025, uranium has been consolidating since October 2025.

From a technical perspective, as long as it stays above support, it is in good shape.

It should be noted that the month of November tends to be the strongest month of the year for uranium. It is possible that uranium already bottomed in early August.



My Call: Uranium will probably start to outperform the S&P 500 shortly and continue on outperforming into the new year.

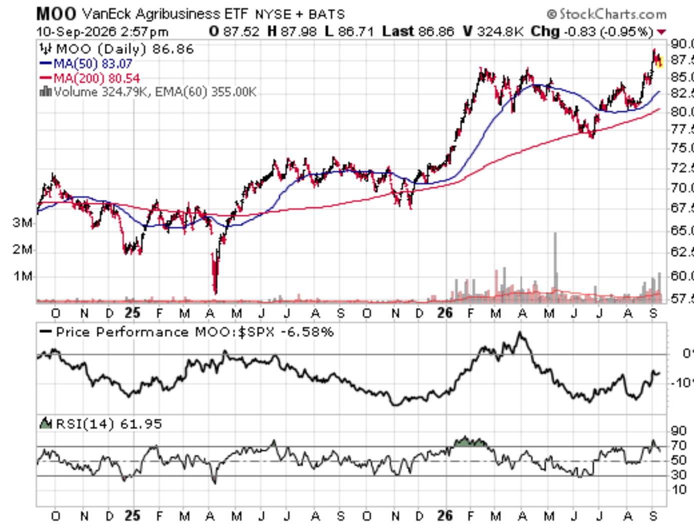
Agriculture

Agriculture has a strong seasonal period from late September to mid-November and can extend into early new year.

The agriculture sector has been a stealth performer recently. It is not on the radar of most investors.

The sector is an unfortunate beneficiary of the Russia-Ukraine war, which has pushed up grain prices.

In general, commodity prices have been in a stealth rally since July of this year.



My Call: The agriculture sector will probably continue to outperform the S&P 500 into the new year.

CADUSD

The Canadian dollar has a weak seasonal period relative to the US dollar from mid-September to mid-December.

After rallying since July, the Canadian dollar has broken its upward trend.

The main reason that the Canadian dollar has been rising relative to the US dollar is the rising oil price. Although the price of oil may continue to rise, the Canadian dollar has to overcome the seasonal trend for a strong US dollar at this time.

My Call: The Canadian dollar will probably underperform the US dollar into mid-December.

Rants

Rant #1
Iceland Votes NOT to join the EU

From zerohedge.com

Iceland voted note to join the EU in a recent national vote.

North Americans have a perspective that the Europe and EU are synonymous. They are not.

Europeans are great people. The EU is an overregulated bureaucracy that is starving innovation and hampering economic growth of its member countries.

Iceland voted against joining the EU mainly because they wanted to maintain control over their fishing territorial waters. Fishing is a large contributor to the GDP of Iceland. Some people may say that Iceland could negotiate with the EU regarding the fisheries. History says otherwise.

Iceland did the right thing - rejecting the EU.

Rant #2
India introduces "soft" capital controls on gold

'Don't buy gold, don't marry abroad': PM Modi reviv
swadeshi pitch amid India's GDP growth

In a selfie-style video message, PM Modi congratulated the country for recording 7.8%
growth in Q1.

Updated on: Sep 1, 2026, 09:54:28 IST

By HT News Desk

So why is India asking its citizens to NOT buy gold?

India is trying to protect its currency. When people in India buy gold they are essentially exporting the Indian Rupee and driving down the value of the Rupee.

The world is fragmenting in numerous ways (it is not all because of Trump).

This is important because it is likely that we will see countries in the future starting to implement capital controls of different varieties.

The EU has already started, by saying that citizens that are resident in Europe can no longer have a foreign bank account, as of January 1, 2027.

Rant #3
Trump wants the Canadian dollar to be stronger

This is a bit of a ridiculous statement. Trump cannot drive the Canadian dollar up in value. In fact, the aggressive tariffs that he is putting in place, do the opposite, they weaken the Canadian dollar.

What Trump is ultimately saying is that the U.S. dollar is too strong. Over time, watch for the U.S. to find ways to lower the value of its dollar. The administration has alluded to this numerous times.

Rant #4
EU is coming for your savings...
I love Europe, but the EU is another story

Recently, Ursula Von der Leyen stated that $10 trillion of EU savings is lazy and should be redirected to benefit the state.

First, I want to say that this shows that Von der Leyen does not understand the basic laws of economics. In Economics 101, everyone is taught that savings = investment. In basic terms, money is placed in bank accounts and banks loan out the money to fund investment. So no, there is no such thing as lazy savings.

Second, the lazy money statement shows that governments have become myopic in their view that they are the answer—government spending is better than the free market. Which is absolutely not the case.

Third, the EU is moving to a CBDC as fast as possible, which is ultimately a surveillance and control currency. During COVID, the EU implemented negative interest rates. It did not work because people removed money from the banks rather than lose money in a savings account. A CBDC in the EU would allow the EU to once again use negative interest rates, but this time force the population to accept it.

The EU refuses to curtail its spending, but this is also true for many other western governments. Watch for governments to come up with more creative ways to get more money from its citizens, including using their savings.