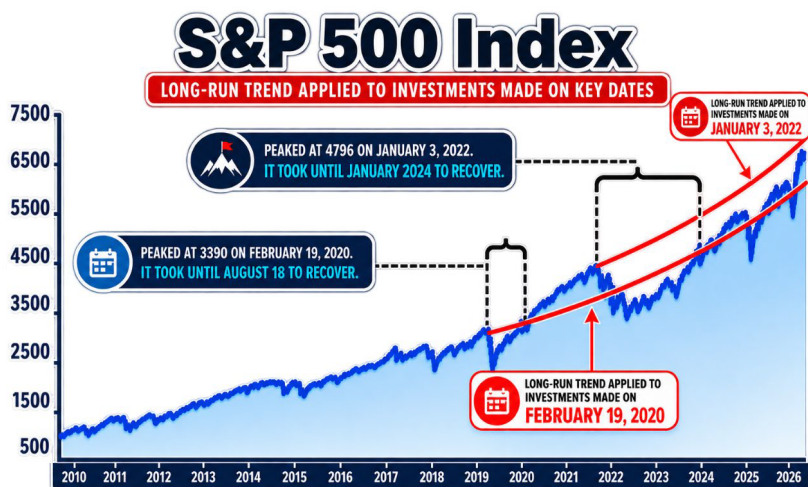


Briefing

- In the 1950s, fewer than 10% of U.S. households owned stock. Today, almost 60% own stock either directly or indirectly through, for example, mutual funds and pension plans (**Figure 1**).
- The S&P 500 (SPX) is a weighted (by capitalization) average index of the stock prices of 500 of the largest companies traded on U.S. stock exchanges. Because of the weighting, the 30 largest companies (6% of the 500) comprise 50% of the S&P 500 (**Figure 2**). Just four stocks (Apple, Microsoft, Nvidia and Amazon) together comprise more than 20% of the S&P 500.
- The unweighted S&P 500 (SPXEW) gives equal weights to each of the 500 stocks (**Figure 3**). The unweighted S&P 500 grows faster by around 0.7% per year. However, because of the frequency with which smaller companies are moved into and out of the set, rebalancing an unweighted S&P 500 portfolio involves more transaction and management fees.
- Following a decline, the S&P 500 takes an average of 75 days to return to its previous high. Since 2009, the longest recovery followed the market's peak on Jan. 3, 2022, at 4,794. More than two years elapsed before the market again reached 4,794 (**Chart of the Week**).

Chart of the Week



Commentary

Since 2009, the S&P 500 has grown at an average annual rate of 11.9%. Someone who invested \$1,000 in the S&P 500 on Jan. 1, 2009, would have almost \$8,000 today (ignoring taxes, transaction fees and dividends).

Over shorter time horizons, however, the return can vary significantly. For example, someone who invested \$1,000 on Feb. 19, 2020, would have seen the investment lose money before turning around and getting back to \$1,000 on Aug. 18, six months after the original investment (**Chart of the Week**). It gets worse: Had the investment been earning the long-run return of 11.9% over that period, it would have been worth around \$1,060 on Aug. 18, not \$1,000. It would take until Dec. 17 for the investment to catch up to the long-run return, at which time it would be worth around \$1,100.

Timing matters: Had the person waited just one month, investing \$1,000 on Mar. 19 instead of Feb. 19, they would have missed the market drop and the investment would have been worth over \$1,600 by Dec. 17. Rather than investing a sum all at once, with dollar cost averaging, one invests in multiple rounds over time. This avoids investing the full amount at a peak, though at the cost of also avoiding investing at a trough.

Snapshots

Figure 1. Fraction of US Households Owning Stock

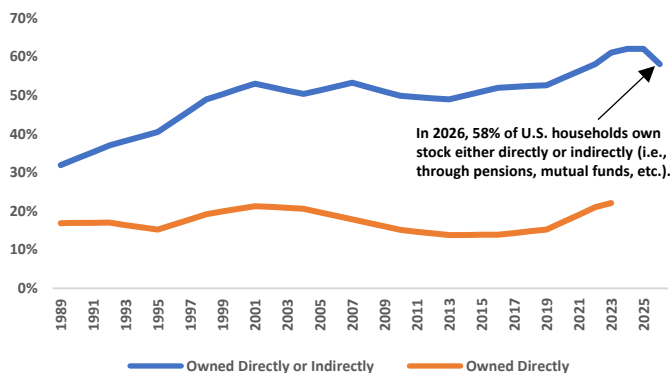


Figure 2. Cumulative Index Weights of the S&P 500 Stocks

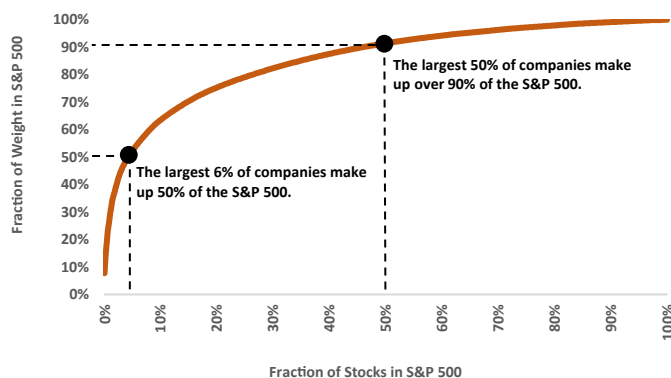
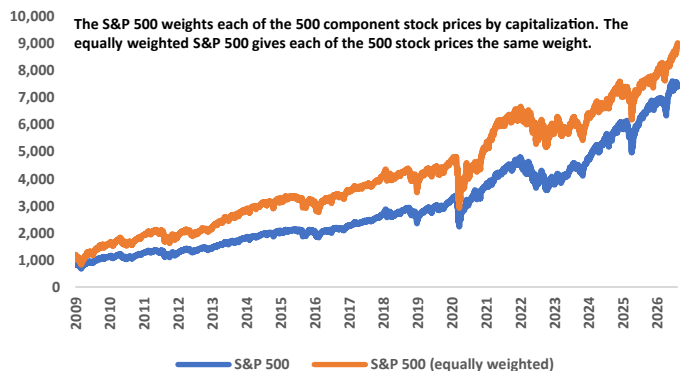


Figure 3. Weighted and Unweighted S&P 500



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Key Indicators

INTEREST RATES ¹	2026			2027		
	Current	Q3	Q4	Q1	Q2	Q3
Fed Funds Target ² (%)	4.00	4.00	4.50	4.75	5.00	5.00
SOFR (%)	3.90	3.65	3.69	3.71	3.66	3.58
2Y UST (%)	4.91	4.12	4.05	3.98	3.90	3.82
5Y UST (%)	5.04	4.26	4.19	4.14	4.09	4.04
10Y UST (%)	5.23	4.59	4.52	4.47	4.43	4.39
30Y UST (%)	5.53	5.13	5.07	5.02	4.98	4.94

ECONOMY	2026			2027		
	Current	Q3	Q4	Q1	Q2	Q3
PCE Inflation (YoY %)	3.7	2.5	2.9	2.7	2.4	2.2
CPI Inflation (YoY %)	3.4	2.9	2.7	2.5	2.4	2.1
Real GDP (QoQ %)	1.5	1.9	1.9	2.0	2.1	2.1
Unemployment (%)	4.1	4.2	4.3	4.3	4.3	4.3
Consumer Spending (QoQ %)	3.2	1.7	1.9	1.9	2.0	2.0
Industrial Production (YoY %)	1.4	1.2	2.1	2.3	1.8	2.0

Equities & Currency

	Current	Year ago	YoY Δ
DJIA	51,580	46,316	11.4%
Nasdaq	26,929	22,591	19.2%
S&P 500	7,712	6,661	15.8%
US Dollar Index	\$1,214.46	\$1,202.32	0.8%

Commodities

	Current	Year ago	YoY Δ
Crude Oil (Per Barrel)	\$93.90	\$63.45	48.3%
Natural Gas (Per MMBtu)	\$3.13	\$3.27	(4.2%)
Coal (Per Short Ton)	\$14.38	\$10.68	35.1%
Gold (Per Ounce)	\$4,154.50	\$3,833.30	8.5%
Corn (Per Bushel)	\$5.18	\$4.22	22.9%
Soybean (Per Bushel)	\$12.85	\$10.11	27.2%

Industry

	Current	Year ago	YoY Δ
Natural Gas Storage (Billion Cubic Feet)	3,351	3,497	(4.2%)
U.S. Daily Power Consumption (MWh)	10,990,679	11,239,887	(2.2%)
World Container Index (Per 40ft)	\$4,468	\$1,761	153.7%

¹ Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters.

² Target rate forecast is based on futures market contracts.

Sources: © Oxford Economics, Blue Chip Financial Forecasts, Trading Economics, Moody’s Analytics, Statista, Oxford Economics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration, U.S. Treasury Department, Federal Reserve Bank of Atlanta, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, University of Michigan, The Conference Board.

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Forecasts

