

Fed easing optimism prompts record-setting week

The stock market ended the week on a strong note, driven by renewed clarity on monetary policy following Wednesday's FOMC decision.



As widely expected, the Fed cut the target range for the federal funds rate by 25 basis points to 4.00–4.25%, leaving markets focused on updated guidance for further easing. Officials remain split on the pace of additional cuts this year: nine project one more, ten forecast two, and one anticipates none. Following the announcement, CME FedWatch probabilities for a 25-basis point cut in October rose to 91.9%, with a December cut now at 80.6%.

Mega-cap leadership continued to drive broad market gains, with the S&P 500 (+1.2%), Nasdaq Composite (+2.2%), and DJIA (+1.1%) capturing fresh record intraday and closing highs. The Russell 2000 (+2.2%) was a standout, eclipsing its prior intraday record from November 2024 and its record closing high from November 2021, reflecting strong small-cap appetite amid supportive policy expectations. The S&P MidCap 400

(+0.1%) advanced more modestly.

Sector performance was led by communication services (+3.4%) and information technology (+2.1%) sectors, fueled by gains in Alphabet (+4.0% WTD) and Apple (+3.6% WTD). The consumer discretionary sector (+1.5%) also captured a nice gain. In contrast, consumer staples (-1.3%), real estate (-1.4%), and materials (-0.9%) sectors lagged.

Economic data released this week offered a mixed backdrop. Retail Sales for August (+0.6%; Briefing.com consensus: +0.3%) and Industrial Production for August (+0.1%; Briefing.com consensus: 0.0%) pointed to continued consumer and manufacturing activity, while Housing Starts for August (-8.5%; Briefing.com consensus: 1.375M) and Building Permits for August (-3.7%; Briefing.com consensus: 1.312M) reflected affordability pressures. Initial Jobless Claims for the week ending September 13 declined to 231,000 (Briefing.com consensus: 245,000), and the Philadelphia Fed Index for September surged to 23.2 (Briefing.com consensus: 3.0), signaling stronger regional manufacturing growth.

Overall, the week was defined by record highs for large and small caps, broad outperformance in mega-cap tech, and market optimism for further Fed easing. The Russell 2000's strong performance highlighted continued risk appetite, while macro data provided context for the Fed's guidance and the pace of future rate adjustments.

- Nasdaq Composite: +2.2% WTD
- Russell 2000 +2.2% WTD
- S&P 500: +1.2% WTD
- DJIA: +1.1% WTD
- S&P Mid Cap 400: +0.1% WTD

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