# Weekly Economic Brief

*Collaboration with The Investing Group (TIG)*

by Saied Toossi | Week of September 14, 2026

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The first two weeks of September delivered a mix of strong labor market and persistent inflation data that put an end to the "will they, won't they" rollercoaster that characterized the market's attempt to price the upcoming Federal Reserve rate decision absent explicit forward guidance, as well as rising geopolitical tensions with both friend and foe.

The month started with the likelihood of a September rate hike near 70%, dropping two days later to 50% after Fed Governor Waller delivered what was interpreted to be a dovish speech, before rising again to 60% the next day after a stronger than expected employment report for August. Firm PPI and CPI prints the following week cemented expectations that the Fed will hike interest rates, with the likelihood now standing at about 90%.

The employment report for August continued to point to a stable, if not improving, labor market, with preliminary nonfarm payrolls surging by 162,000 in that month, alongside a net upward revision of 55,000 jobs to the prior two months. The unemployment rate remained unchanged at 4.1%. Price metrics for August, on the other hand, continued to point towards risks to the other side of the Fed's dual mandate.

Headline and core inflation for August as measured by the Consumer Price Index (CPI) rose 0.4% and 0.3% month-over-month, respectively, keeping the annual rates steady at 3.4% and 2.4%. Costs upstream of consumer prices accelerated, with the August Producer Price Index (PPI) jumping to 5.4% on a year-over-year basis, driven by mounting energy prices, particularly for diesel. Together, the firm CPI and PPI prints indicate that the Fed's preferred Personal Consumption Expenditures (PCE) inflation metric will remain stuck above the 2% target, with ongoing war and trade frictions contributing to cost-push pressures.

The war in the Middle East has intensified, with the U.S. and Iran both engaged in targeting tankers as transits through the Strait of Hormuz and the Bab al-Mandab Strait remain inhibited, with Iran's Yemeni allies consolidating their control over the latter in recent days. Saudi Arabia's East-West oil pipeline circumventing the Strait of Hormuz was also attacked and disabled. On the other side of the globe, trade relations between the U.S. and Canada deteriorated following the collapse of renewal talks for the USMCA free trade agreement, with the former imposing additional tariffs and the latter responding in-kind.

**Week ahead for economic data:** The defining moment of the week will be Wednesday's FOMC rate decision. The decision will serve as a test of the Federal Reserve's resolve in tackling rising prices after more than five years of above-target inflation, amidst political pressure for lower rates, a Chair eschewing forward guidance, and rising bond yields.

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