WJ Charts of the Month

September 2026

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WJ Charts of the Month Intro

"WJ Charts of the Month" is a comprehensive monthly slide deck designed to showcase recent significant financial events and data. The presentation is organized into four sections, beginning with a "Highlights" slide that sets the stage for the subsequent content.

1. What Happened Last Month: This section features a curated collection of charts and images from various publications, offering a visual summary of the previous month's key events.

2. WJ State of the Economy: Our team at WJ has created an array of charts to emphasize crucial economic factors and trends.

3. WJ State of the Markets: Similarly, this section comprises a series of charts crafted by WJ to provide an overview of the core markets we monitor.

We strive to maintain consistency across the charts to facilitate easy comparison month-over-month. However, we may adjust or emphasize specific charts if their relevance shifts over time.

Our objective with this publication is to establish a "One-Stop Shop" for the most vital financial information, presented in a concise and easily digestible format. **We value your feedback to help us achieve this goal.** If you have suggestions regarding the format, or if there's particular information you'd like to see in future editions, please don't hesitate to let us know.

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Highlights

Global Interest-Rates Rise

Data-Centers Enter Politics

Housing Market in Shambles

The $Trillion Question For AI

Energy Prices Continue to Hurt Consumers

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What Happened

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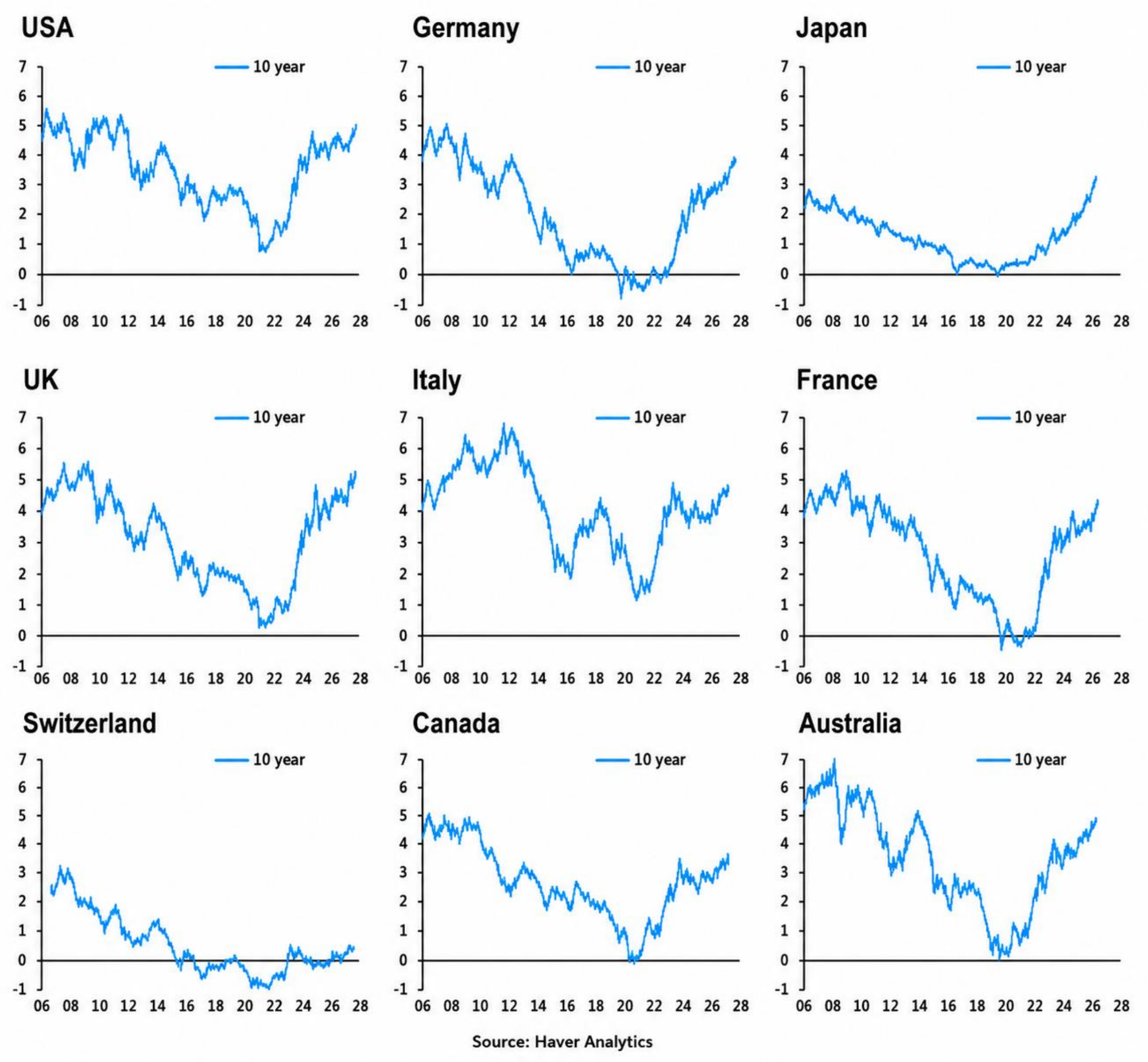
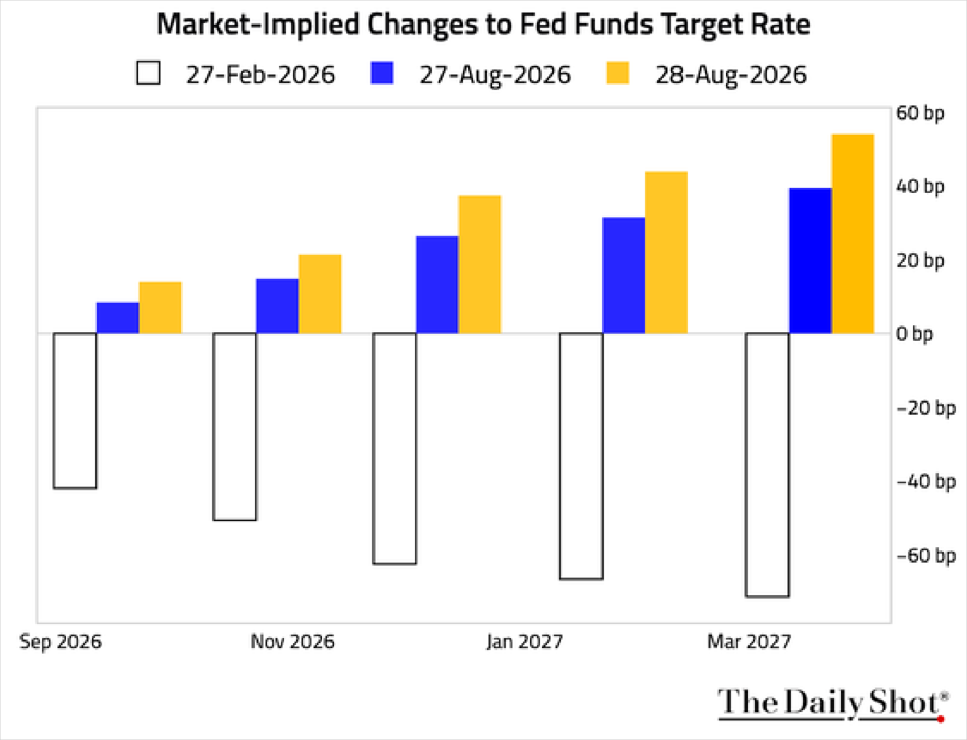
Global Interest-Rates Rise



Perhaps the most important economic story outside of AI is the dramatic move in long-term interest rates. The move higher **is global, not just a U.S. story**, despite the talking heads wanting to blame it all on US debt.

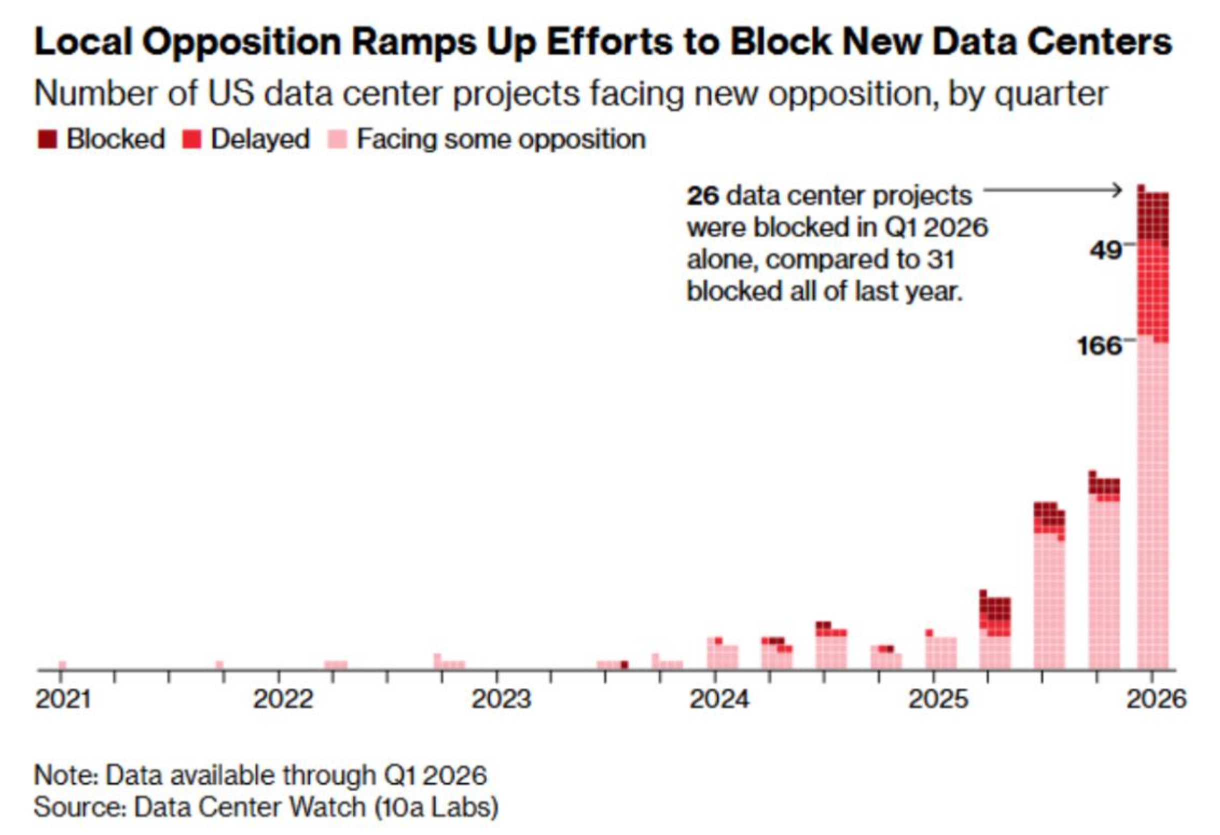
Meanwhile, the Federal Reserve's outlook has swung from expected **cuts** in February to expected **increases** by late August. These are market prices, not promises from policymakers. Together, the charts challenge the assumption that cheaper borrowing is just around the corner.

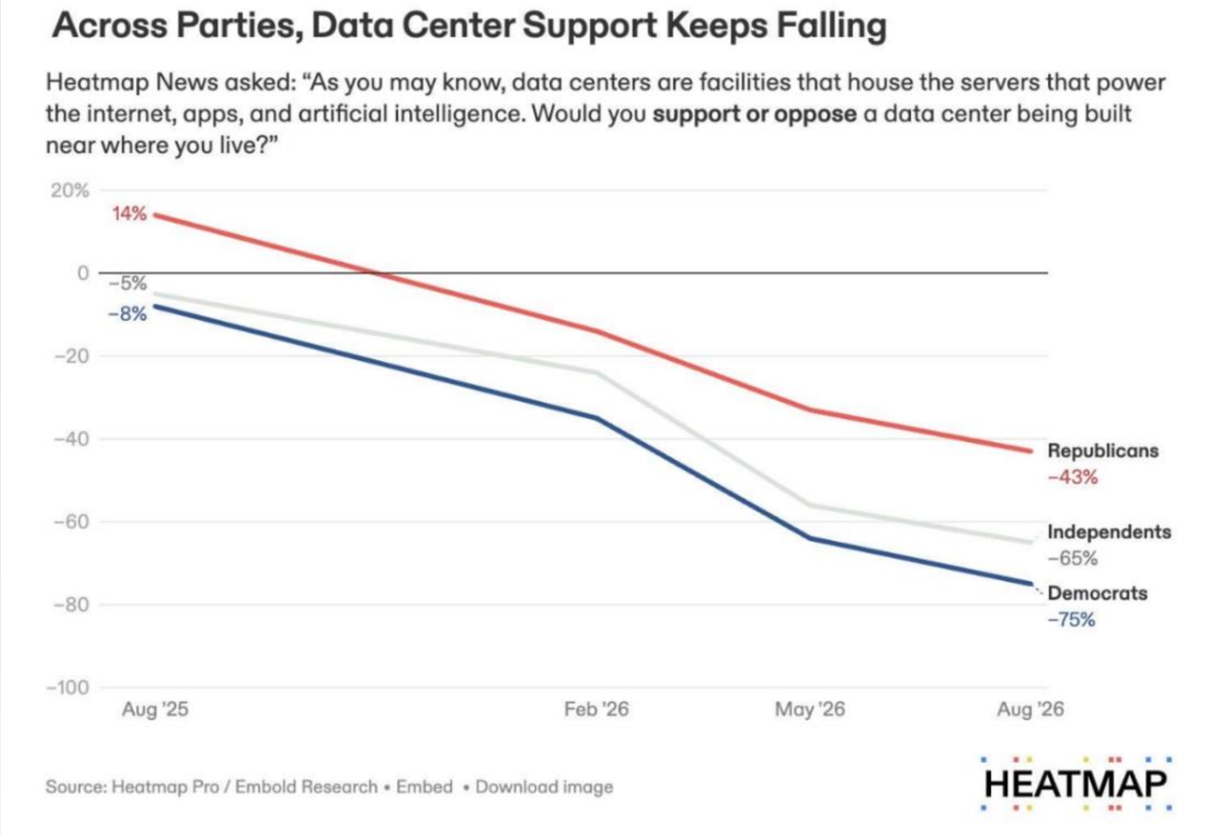


Data-Centers Become Hot Political Issue

The AI buildout is becoming a huge political issue. More projects face opposition, delays or outright blocks, while net support for nearby data-centers has fallen across party lines. Announced investments, of which there are many, still need permission to become the operating capacity hyperscalers need. That makes community acceptance an important risk to construction schedules, and to the revenue expected from these projects.

Ironically, the issue is bipartisan, though the President has been outspoken in his support. Elected officials on both sides of the isle are pushing back against new data-center construction. In Texas, for example, Governor Abbott announced a temporary moratorium on new data-center buildouts.

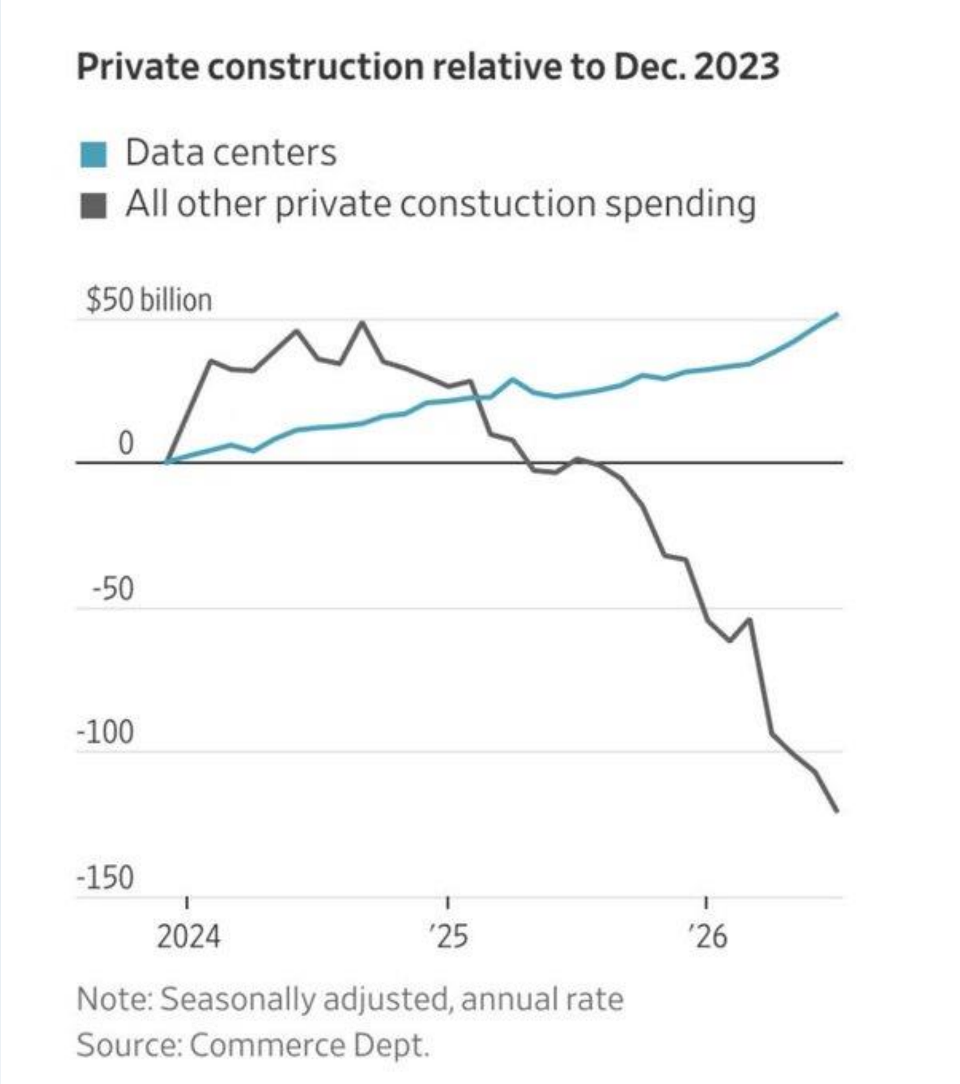




Data-Centers Takeover Construction Capacity

Despite the push back, construction on data-centers continues full speed ahead, and there's an enormous backlog of new projects in waiting. The right chart shows data-center spending climbing while all other private construction, notably housing, is shrinking.

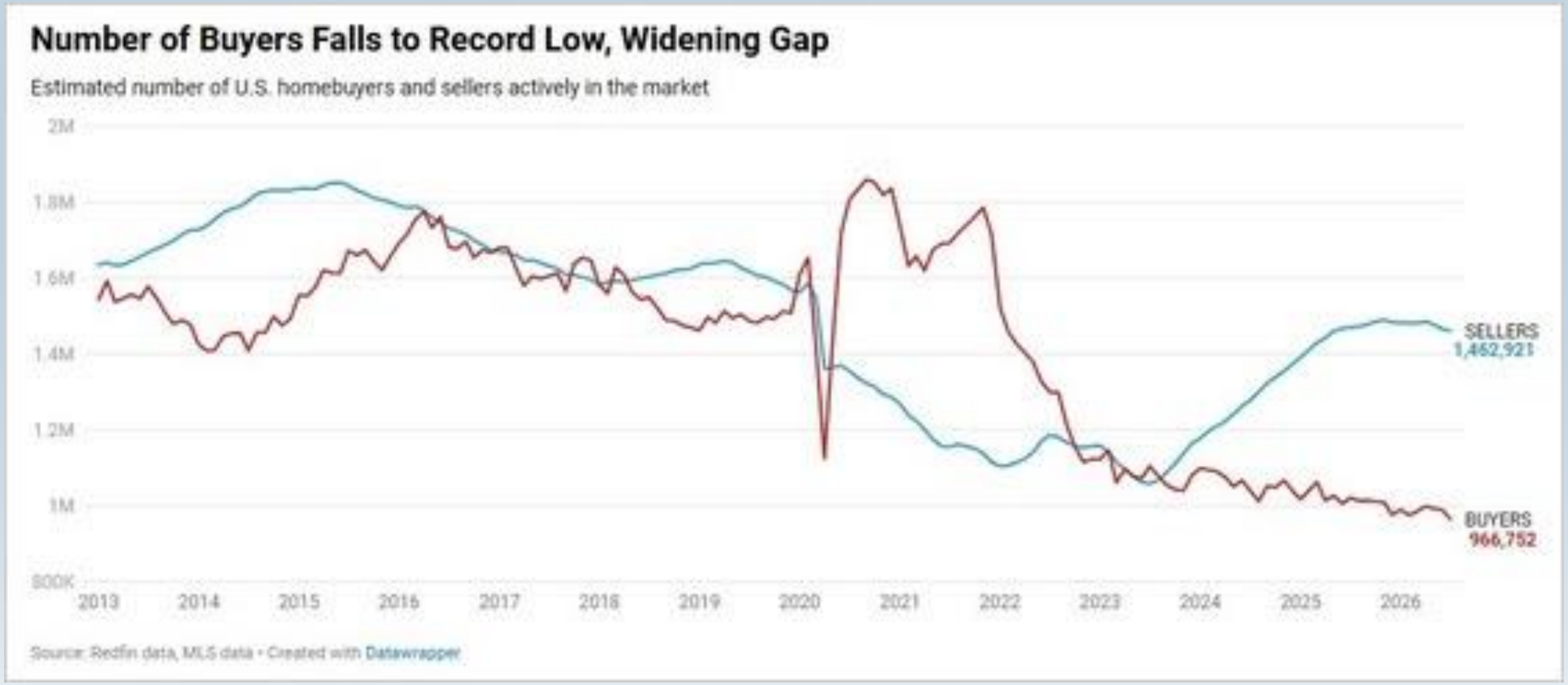
Falling lumber prices highlight this dynamic. As more of the total construction capacity gets absorbed by data-centers, more lumber intensive builds like housing fall. Steel prices, on the other hand, are up 54% in the last 12 months.



The Housing Market is in Shambles

Another reason for low housing construction is a lack in demand. The chart below shows the number of buyers and sellers active in the housing market. Prospective-buyer traffic remains at historic lows, while sellers substantially outnumber buyers.

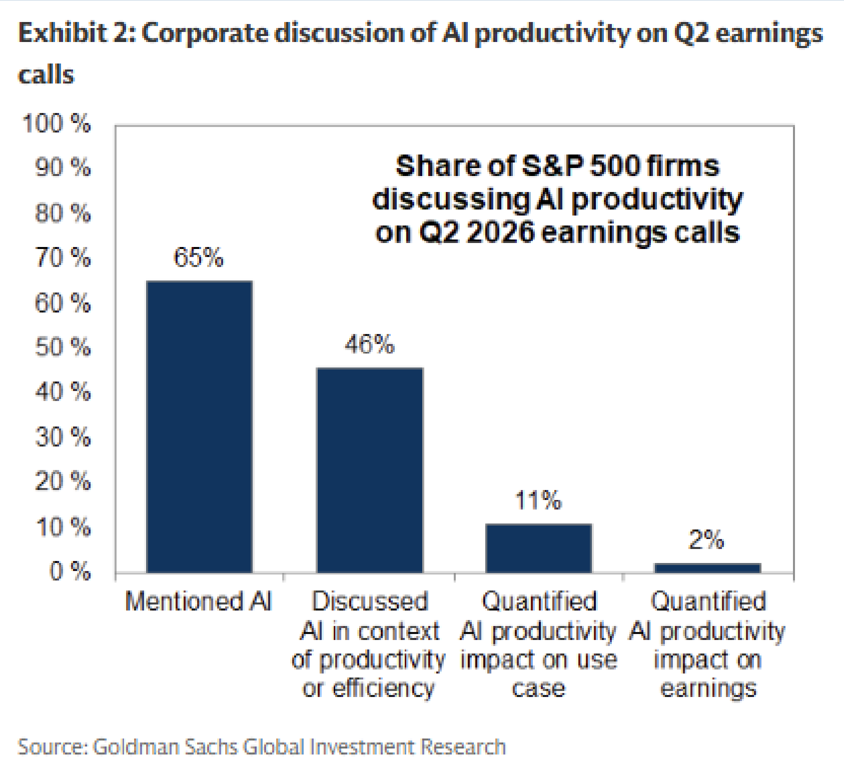
You would think that with so many more sellers than buyers, home prices would have to come down as the buyers have all the leverage. That has not been the case, however, as sellers refuse to sell at a loss to their recent values, and buyers struggle to afford houses at near 7% mortgage rates.

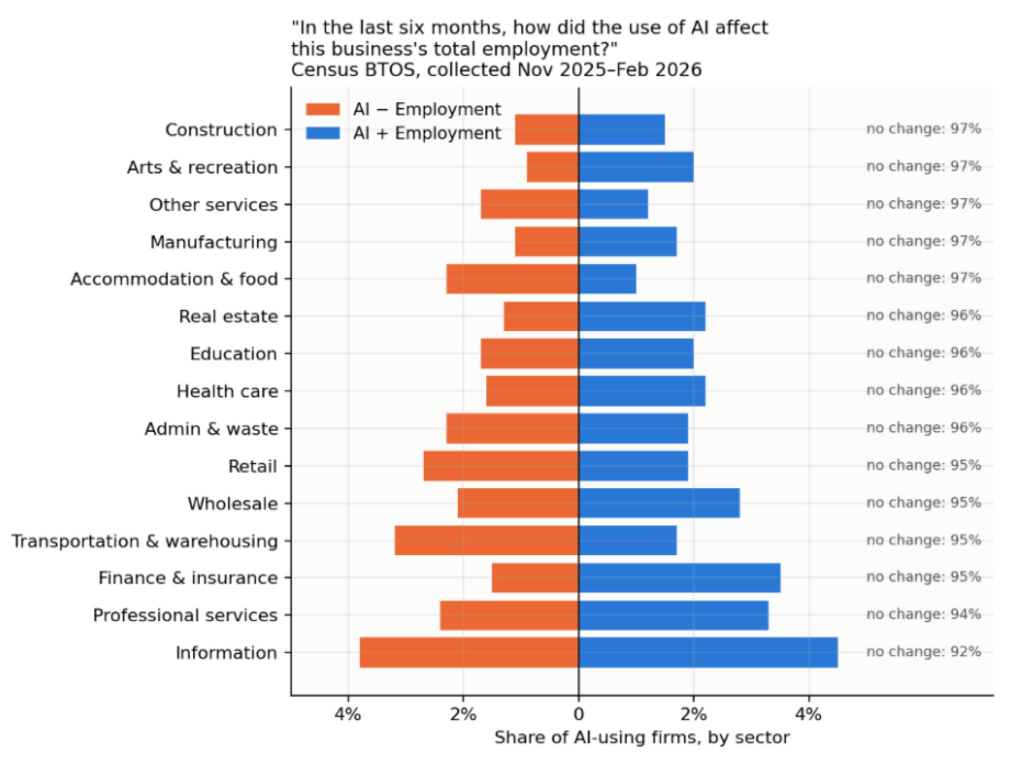


Corporate Use of AI Still Slow

AI continues to dominate the attention in markets, but measurable business results are still lagging. While 65% of S&P 500 companies mentioned AI on earnings calls, only 2% quantified its earnings impact. One could take this as a negative, as AI appears to have had little effect on companies' daily operations. Or a positive, with the implication that companies are barely scratching the surface of incorporating AI and we're in the early innings.

The orange/blue chart is an employment survey by firms that actively use AI. The orange bars mean they reduced headcount, and blue means they increased. As you can see the net affect has essentially been no change at all. There is a great deal of anxiety that AI might be coming for everyone's job, but so far at least, the evidence doesn't support that.





The Big Question for AI

Can AI providers make money as their product gets cheaper? This is the $trillion question.

This is a confusing chart so bear with me. Tokens are the small chunks of text an AI reads and writes. They are generally used as the unit of how much information an AI processes, and model providers generally charge based on the number of tokens used. A decent analogy is electricity: you use it to do a variety of things, and you're charged based on how much you consume.

The dark blue line measures how much customers are paying for tokens, and that price is dropping quickly. That's great for AI users but potentially concerning for the companies selling those tokens. If the price of a token falls in half, you need to sell twice as many just to maintain the same revenue.

The lighter blue line is the cost of renting an H100 GPU, one of the chips used to perform AI computation. What's interesting is that despite the rapidly falling price of tokens, the price of the computing capacity needed to produce it remains high. That suggests demand for AI compute remains strong even as AI itself gets dramatically cheaper to use. It's like how our homes and appliances have gotten more energy efficient, yet our electricity usage never seems to fall. We just find ways to use more.

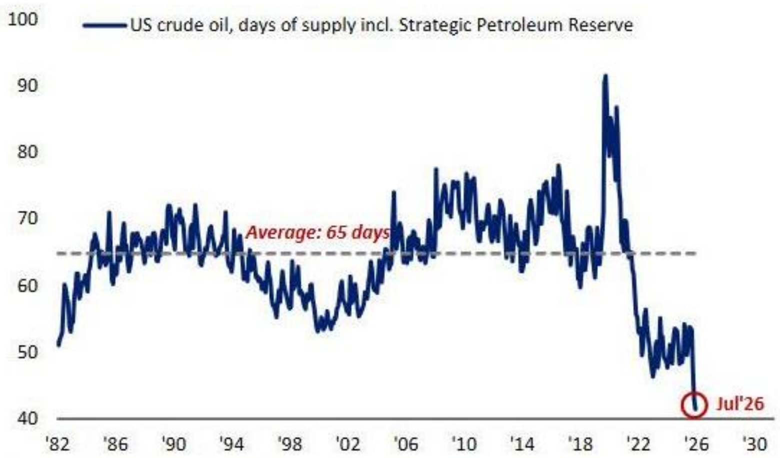
This is the bet AI companies are making. Lower prices can drive much greater consumption, while technological improvements allow each GPU to produce more tokens (do more tasks). AI providers' profitability ultimately depends on whether growing usage and productivity gains can outpace falling revenue per token. This chart highlights that tension.

Source: Ornn, Silicon Data, Bloomberg, as compiled by Citadel Securities, data as of Aug 2026. Figures are for illustrative purposes only. Past performance figures do not guarantee future results.

Energy Prices Continue to Be a Problem

Chart 8: US crude inventories (incl SPR) at 40-50 year lows

US crude oil, days of supply incl. Strategic Petroleum Reserve



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

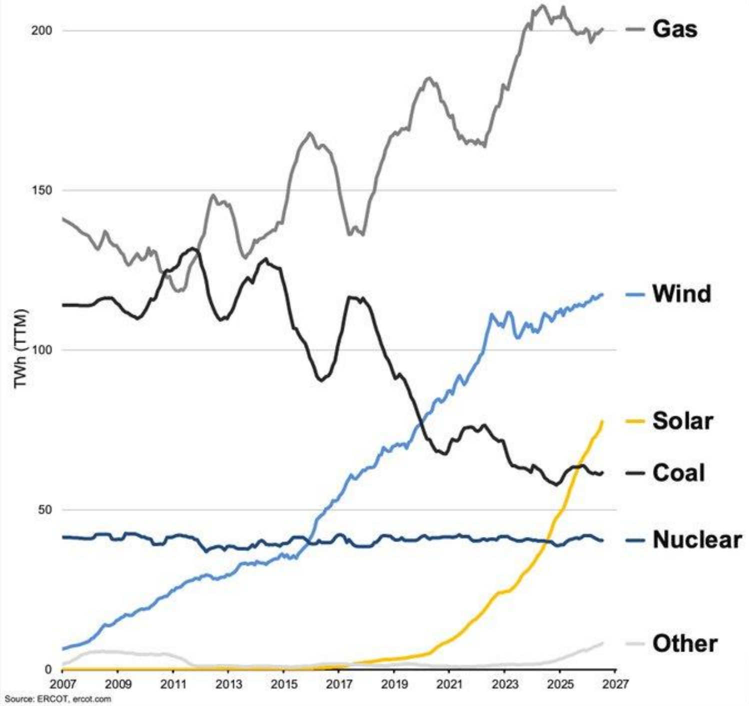
Diesel-Making Margins Are At All-Time Highs

The crack spread settled above $100 a barrel for the first time ever on Monday

Energy problems aren't going away. Most focus on the price of crude, and yes that's an issue. U.S. crude inventories, including the Strategic Petroleum Reserve, are at historic lows. But this bleeds into the cost of other fuels and products. The diesel crack spread, the gap between diesel and crude prices, has surged. Diesel is a major input cost of everything, since all goods travel via the vehicles that rely on it.

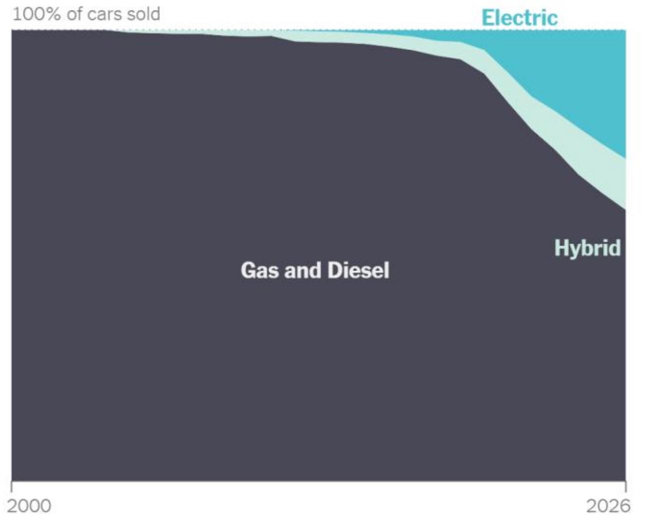
Perhaps this contributes to the next two charts. Texas, a state with a major economic stake in fossil fuels, is leading the charge on developing renewals. While electricity generation from natural gas continues to rise, the contribution from wind and solar is skyrocketing. Another potential side effect of high gas prices is electric vehicle demand, as now 1 of 4 cars sold are electric.

ERCOT Electricity Generation



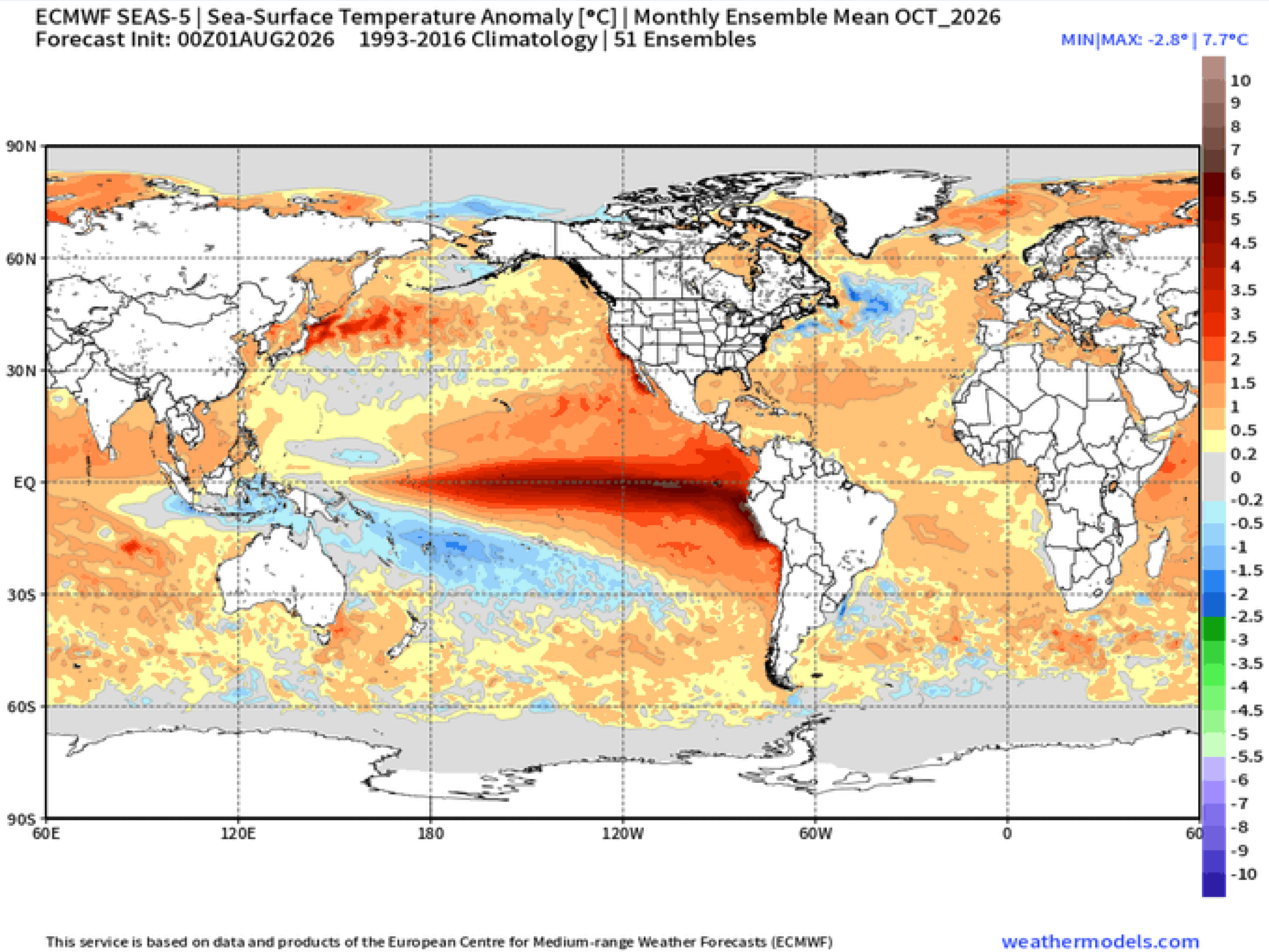
Source: ERCOT, ercot.com

This year, a record one in four cars sold worldwide will be electric. War in Iran is speeding the shift.



Source: IEA. Note: Electric category includes plug-in hybrids. Sales for 2026 are estimated.

El Nino: Record Temps Ahead



The October forecast shows unusually warm water across the equatorial Pacific, consistent with an El Niño pattern. Such warming can lift global temperatures and alter rainfall, with implications for crops, energy demand and weather-sensitive businesses.

El Niño's are a natural, periodic warming of the central and eastern Pacific, however this year is unusual because of how quickly and strongly its developing. It's likely to be one of the strongest on record.

Expect this winter to be wetter and stormier than normal. Drier and warmer up in the northern US. Particularly affected are places like Australia and India, where El Niño often raises the risk of drought by suppressing rainfall.

As for hurricane activity in the Atlantic, warmer oceans create the conditions for increased tropical activity, however increased wind shear typically lowers the amount that make it to land.

WJ State of the Economy

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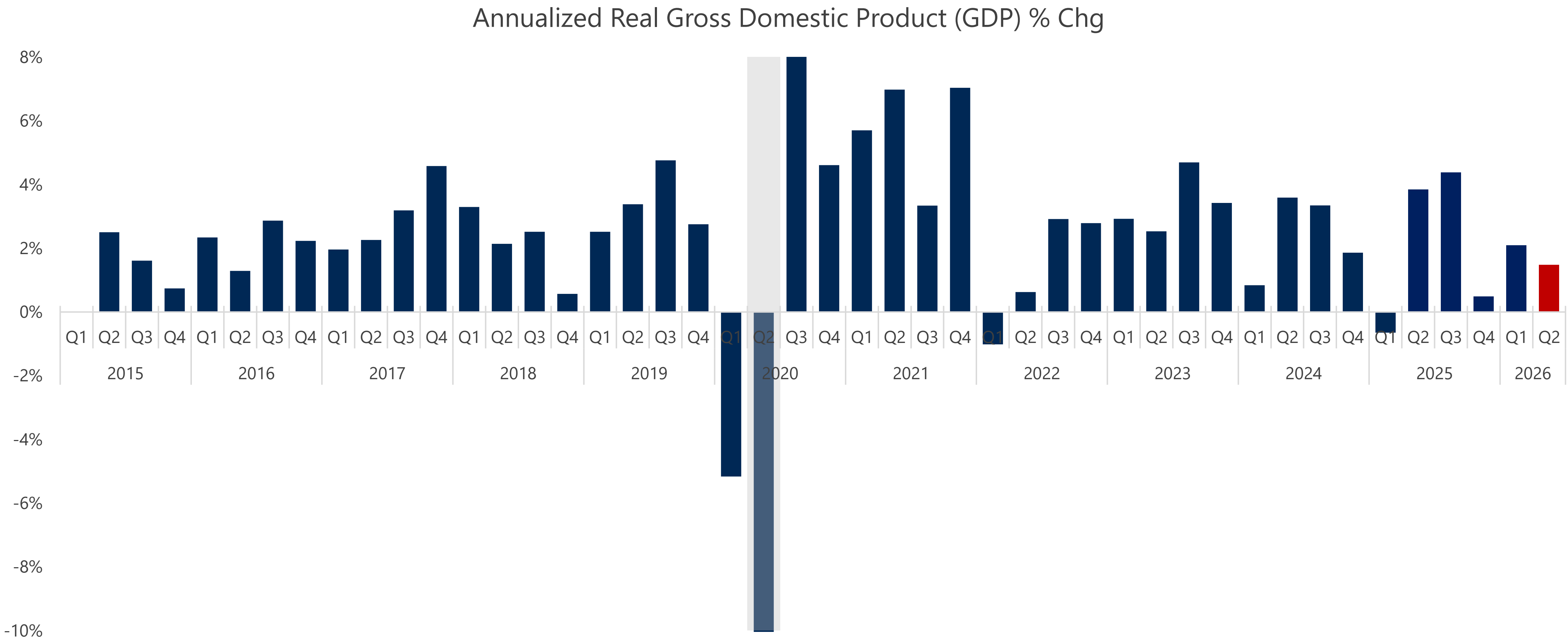
Q2 GDP Below Expectations at 1.5%



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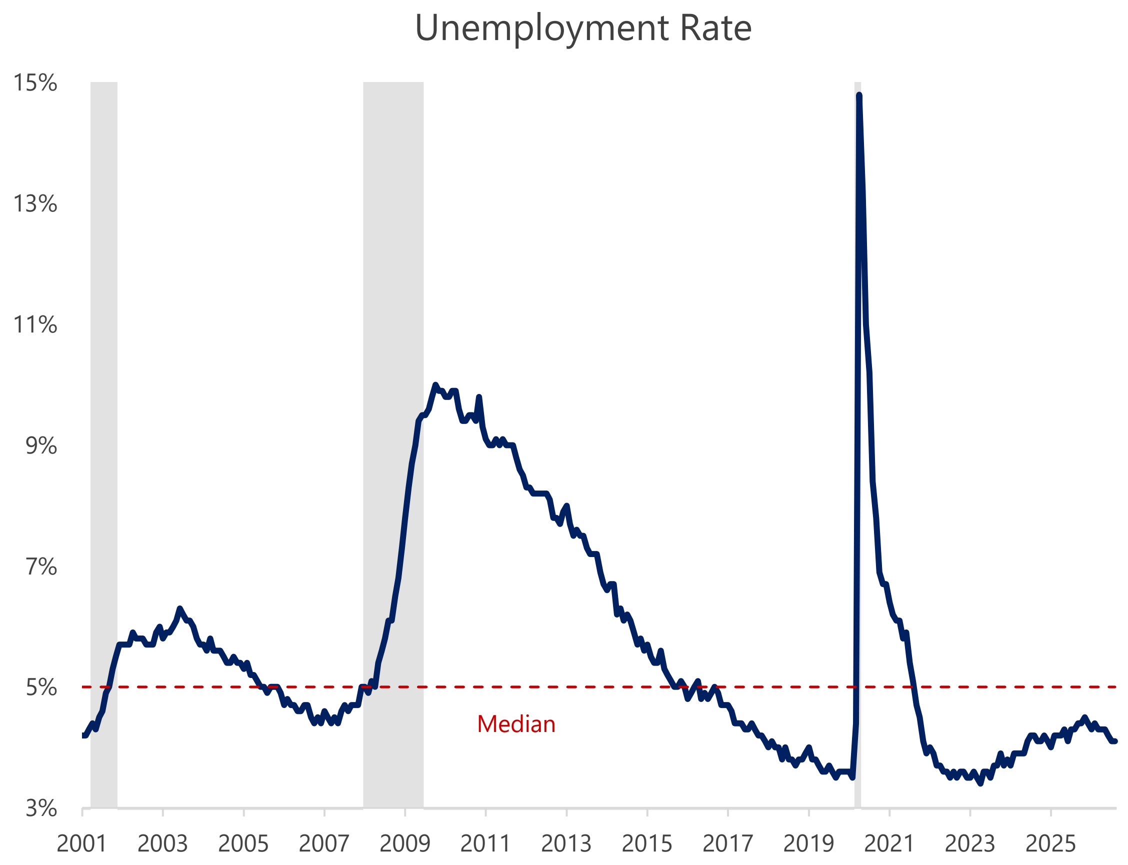
Source: Federal Reserve Economic Database (FRED). Real Gross Domestic Product (left). Components from U.S. Bureau of Economic Analysis, "Table 1.1.6. Real Gross Domestic Product, Chained Dollars" (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Employment Situation Remains Strong



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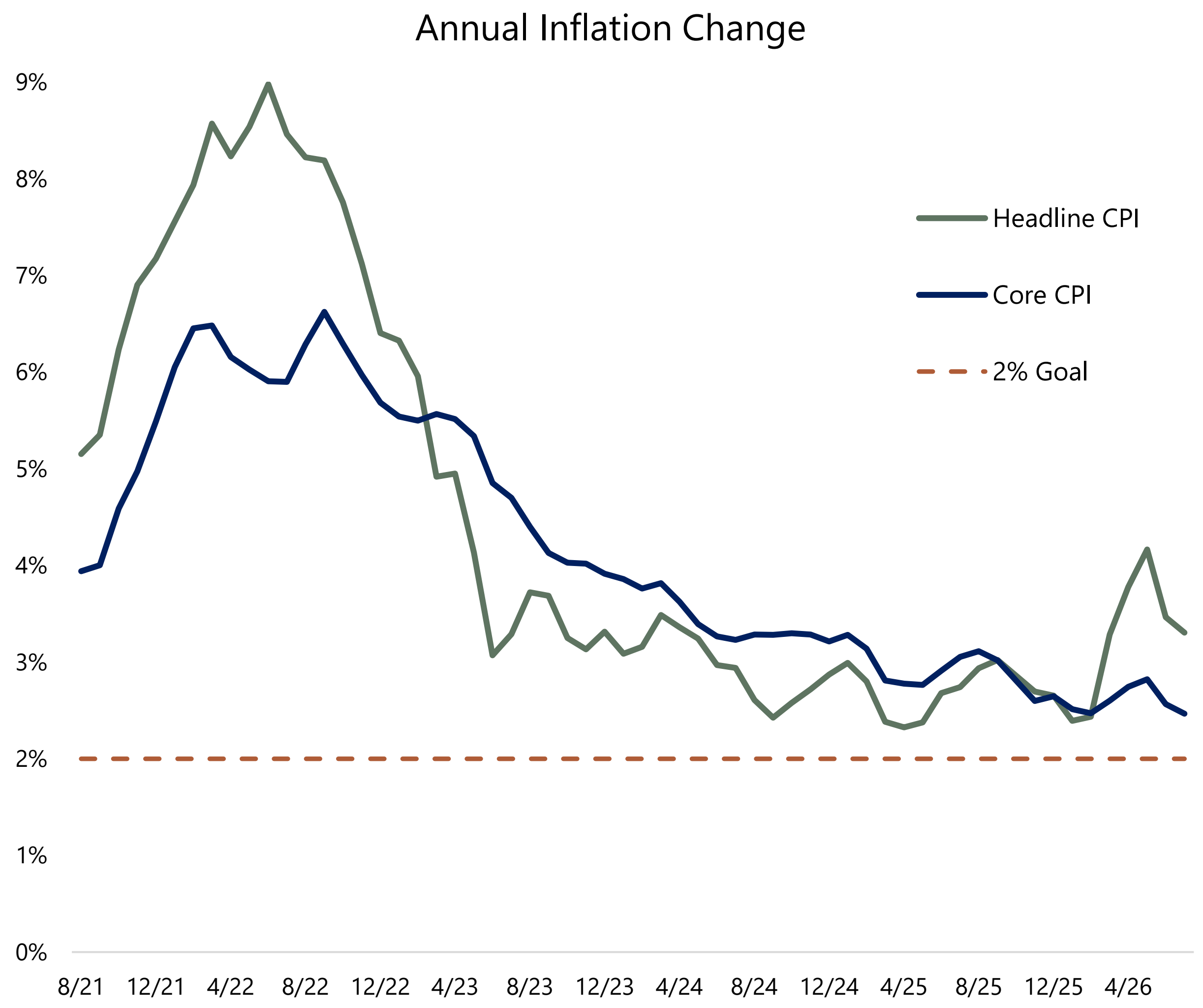
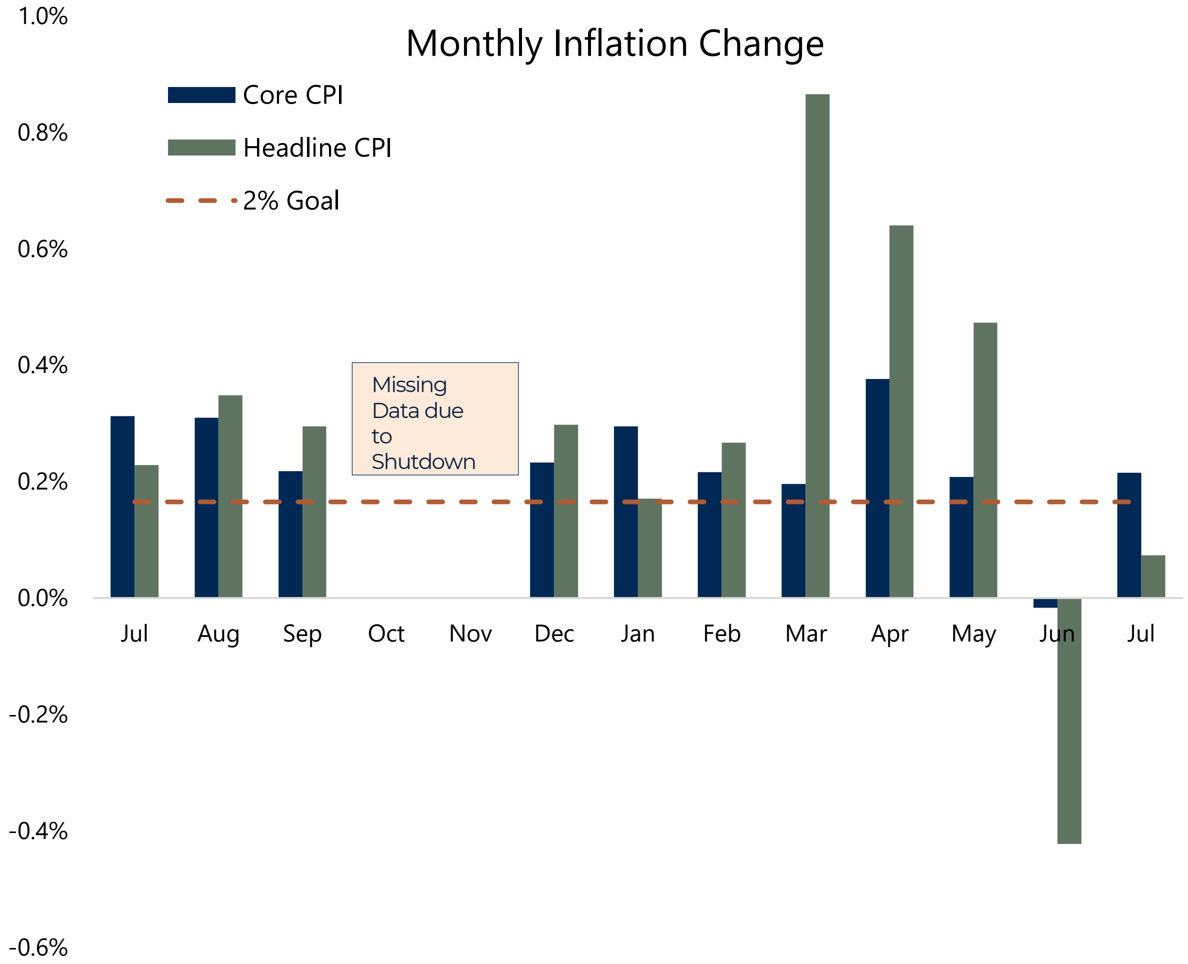
Source: Federal Reserve Economic Database (FRED). Unemployment Rate (left) and Job Openings: Total Nonfarm divided by Unemployment Level as well as Quits: Total Nonfarm (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

A Soft July Inflation Helps Get Closer to Target





Source: Federal Reserve Economic Database (FRED). Consumer Price Index. Annual CPI Forecasts are made by WJ using past month over month CPI data and extrapolating forward with different growth rates.

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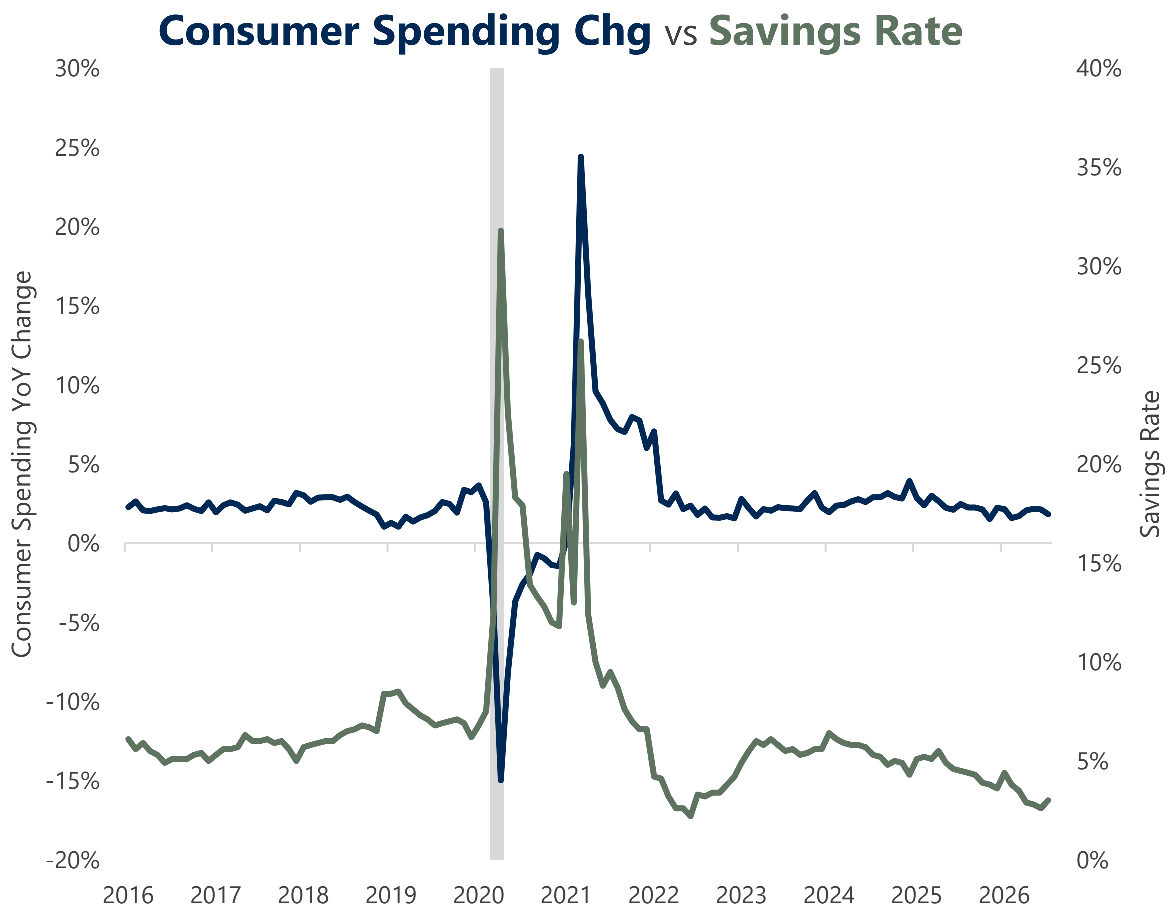
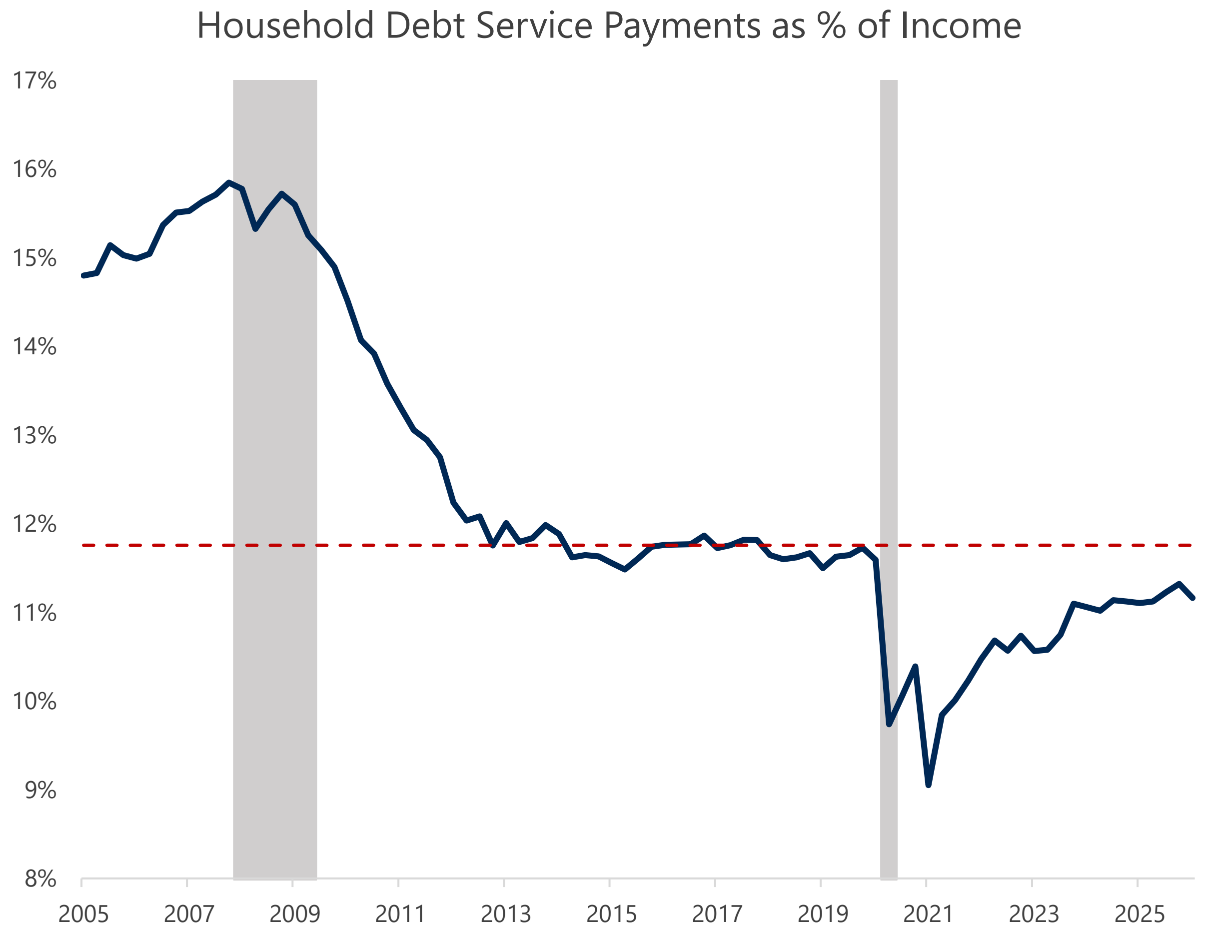
Savings Rate Starting to Fall





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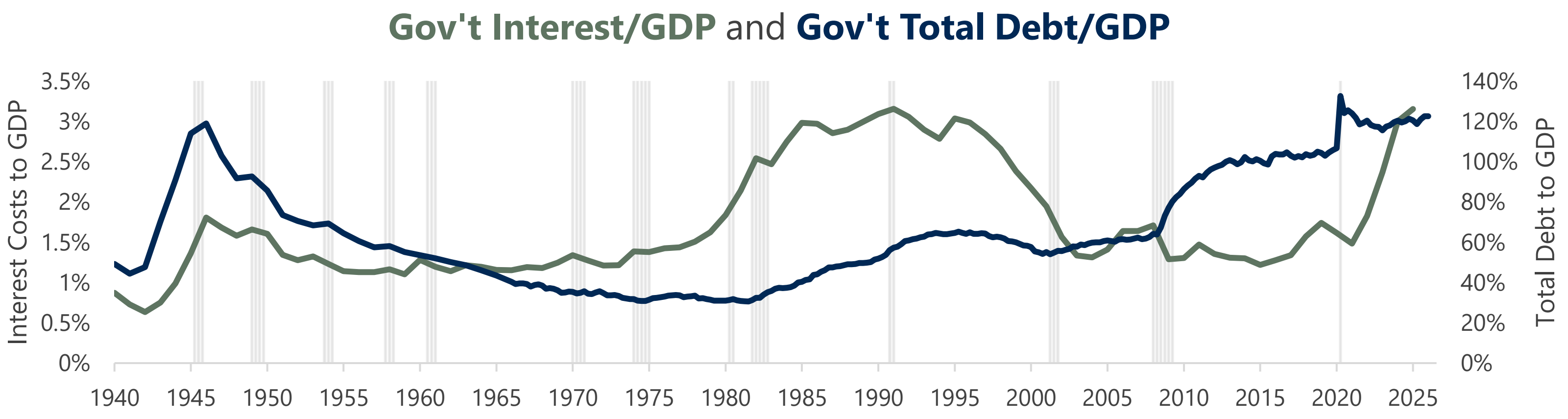
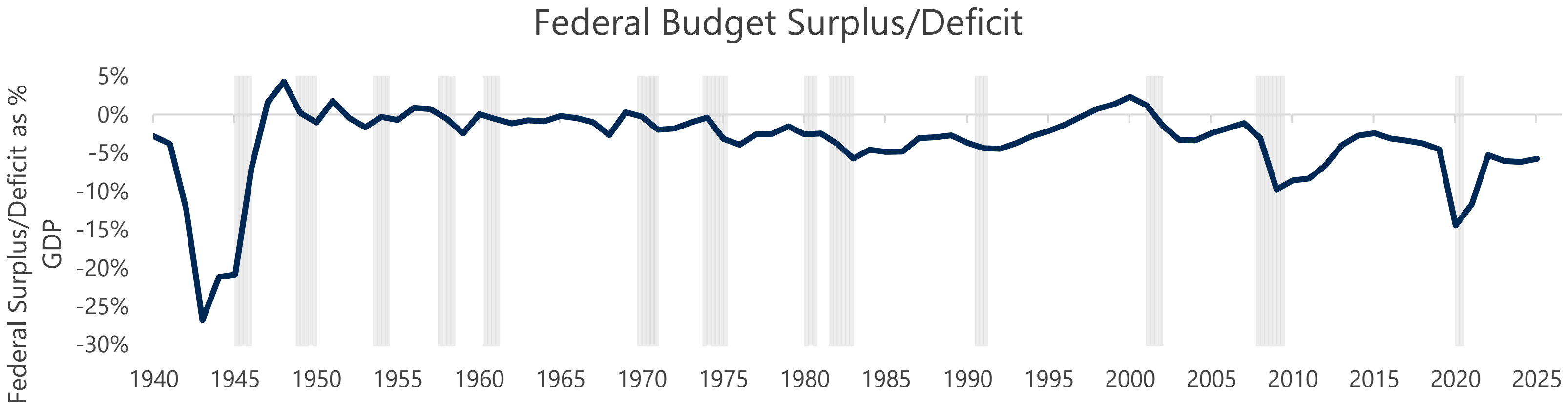
Source: Federal Reserve Economic Database (FRED). Personal Saving Rate plus Real Personal Consumption Expenditures (left) and Household Debt Service Payments as a Percent of Disposable Personal Income (right). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Interest Costs and the Deficit Rising





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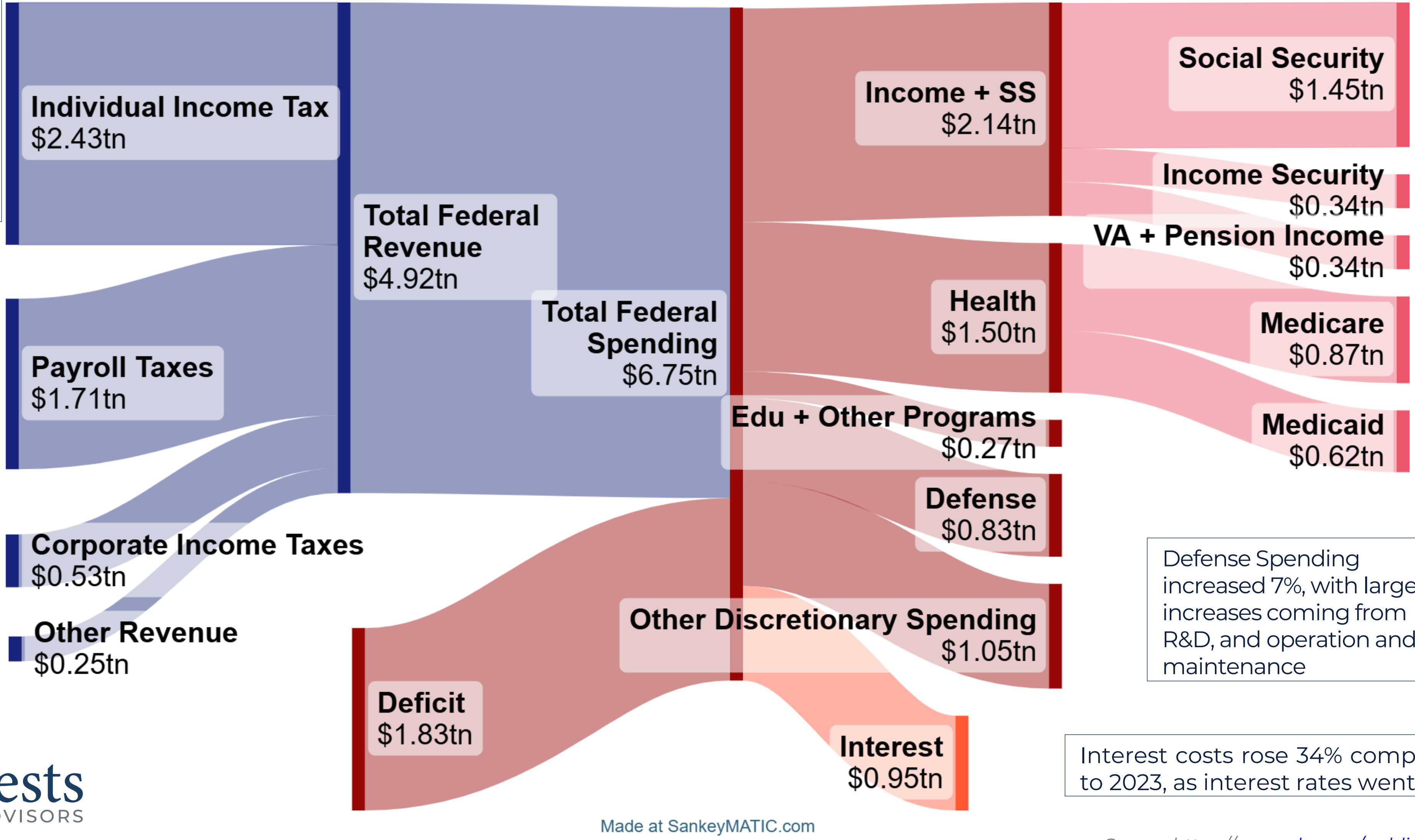
Source: Federal Reserve Economic Database (FRED) Federal Surplus or Deficit [-] as Percent of Gross Domestic Product (top) and Federal Debt: Total Public Debt as Percent of Gross Domestic Product plus Federal Outlays: Interest as Percent of Gross Domestic Product (bottom). Recessions from NBER based Recession Indicators for the United States from the Period following the Peak through the Trough

Government Expenditures 2024

This is an in depth look at how the US makes and spends money. On the spending side, the top 3 categories are known as "mandatory spending" and are unable to change without major reform. That leaves "Defense" and "Other Discretionary Spending" as the two categories congress can change on any year.

Total Receipts were up 11% in fiscal year 2024 compared to 2023. Most of these came from higher income tax receipts, and deferalls from 2023 that were paid in 2024.



Total Outlays were up 10% in fiscal year 2024 compared to 2023

SS and Medicare rose 8% and 9% respectively, due to cost of living adjustments and more beneficiaries.

Defense Spending increased 7%, with largest increases coming from R&D, and operation and maintenance

Interest costs rose 34% compared to 2023, as interest rates went up.

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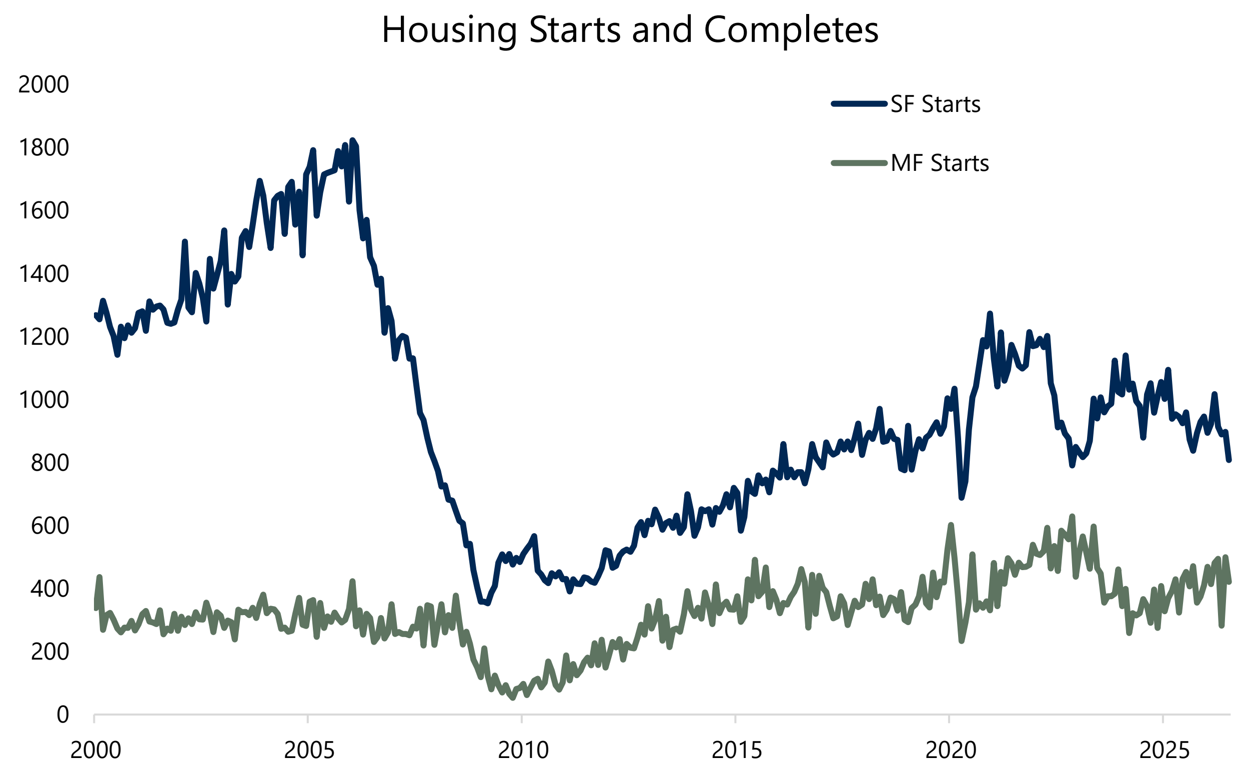
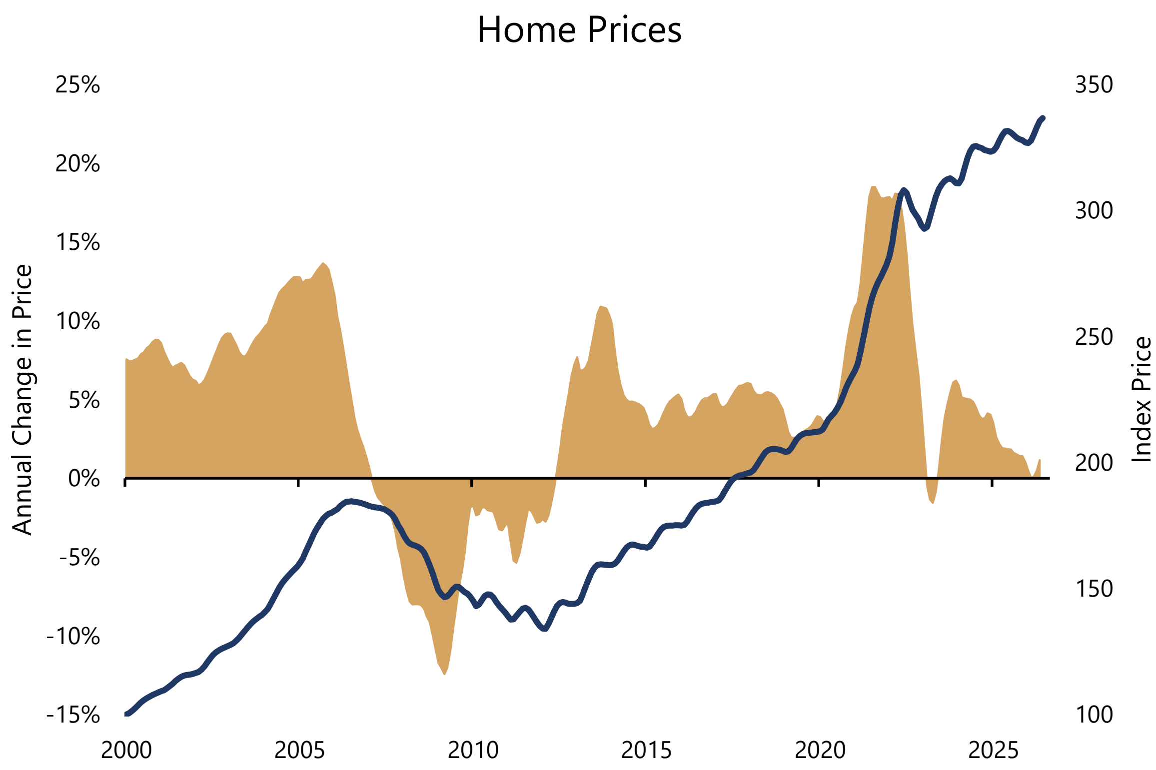
Source: https://www.cbo.gov/publication/59544/html

Housing Starts Are Falling





A housing start is the beginning of construction on a new residential housing unit and indicates how much new housing supply is on the horizon. On the right we show home prices over time, as well as the annual rate of change. Prices surged in 2021-2022 but have stopped growing altogether. What they do next will depend on how much pent-up demand there is, and how much housing we build going forward. Note of how significantly starts dropped after the 2008 crisis, and led to the undersupply we have today.

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Source: Federal Reserve Economic Database (FRED) (LEFT)New Privately-Owned Housting Units Starts: Single-Family Units and New Privately-Owned Housting Units Started: Units in Buildings with 5 units or More. (RIGHT) S&P CoreLogic Case-Shiller U.S. National Home Price Index

WJ State of the Markets

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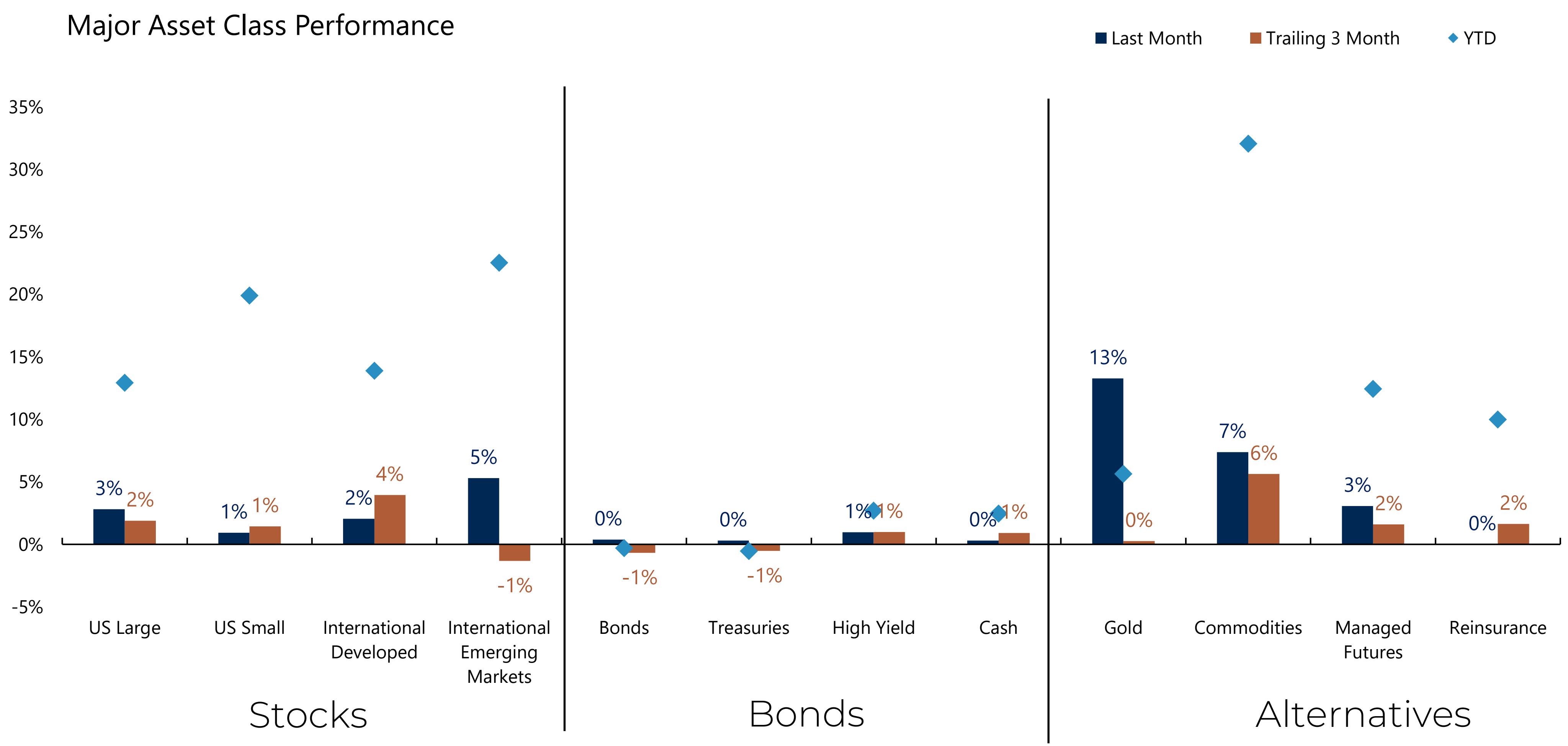
Great Year for All but Bonds



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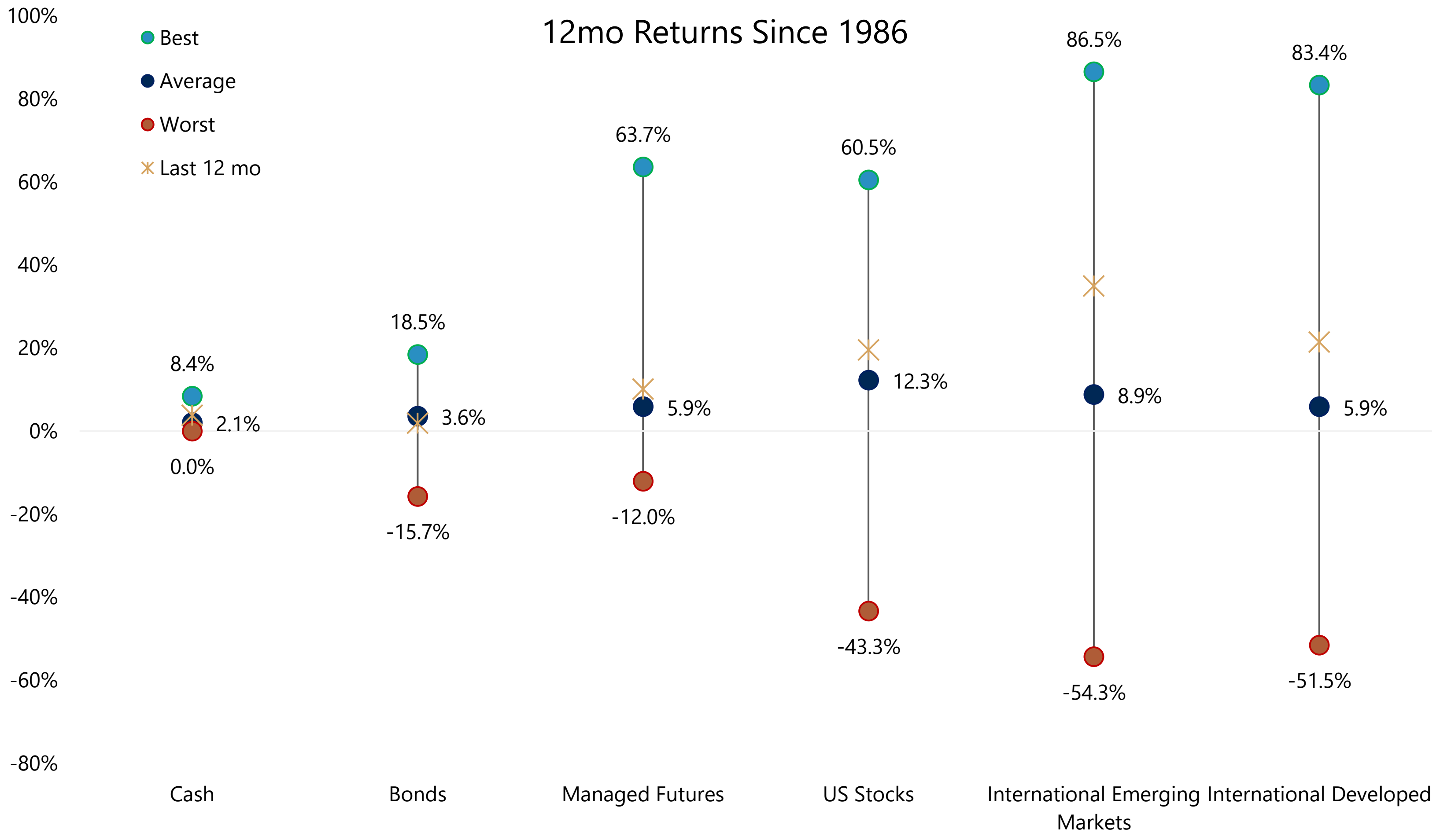
Source: Morningstar Direct. Categories in table are represented by (left to right) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI EM (IEMG), Bloomberg US Agg Bond TR, Bloomberg US Treasury TR USD, Bloomberg US Corporate High Yield TR USD, IA SBBI US 30 Day TBill TR USD, SPDR Gold Shares, Bloomberg Commodity TR USD, CISDM CTA EW USD, Stone Ridge Reinsurance Fund

Historical Asset Class Return Range



This chart shows the range of 12 month returns historically, by asset class. As you'd expect, the riskier investment leads to a greater potential gain, as well as loss.

The X on the line represents the last 12 months.

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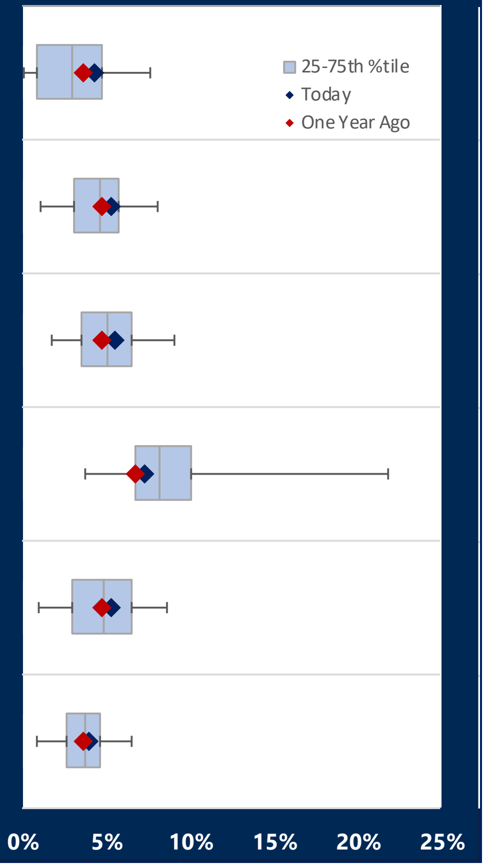
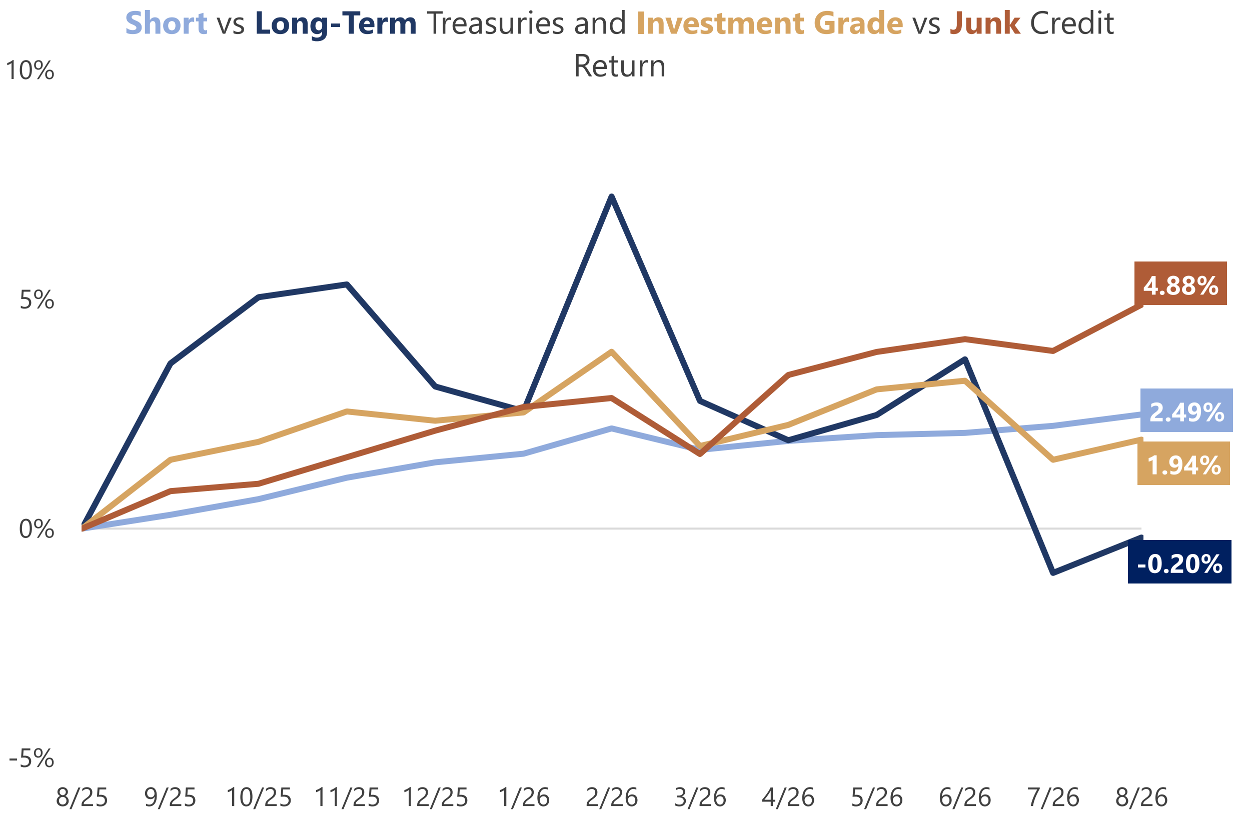
Source: Morningstar Direct. Categories in table are represented by (left to right) IA SBBI US 30 Day TBill TR US, Bloomberg US Agg Bond TR USD, CISDM CTA EW USD, iShares Russell 1000 (IWB), iShares Core MSCI EM (IEMG). Historical data starts at common inception in 1985.

Rates Up Sharply Over Last Year

Bond Type	Yield (%) Last Month	Last Year	Change
ST Treasury	4.34	3.65	0.69
LT Treasury	5.29	4.78	0.51
Investment Grade	5.49	4.81	0.68
High-Yield	7.27	6.7	0.57
Mortgage-Backed	5.29	4.74	0.55
Municipal Bonds	3.98	3.66	0.32

Yield History





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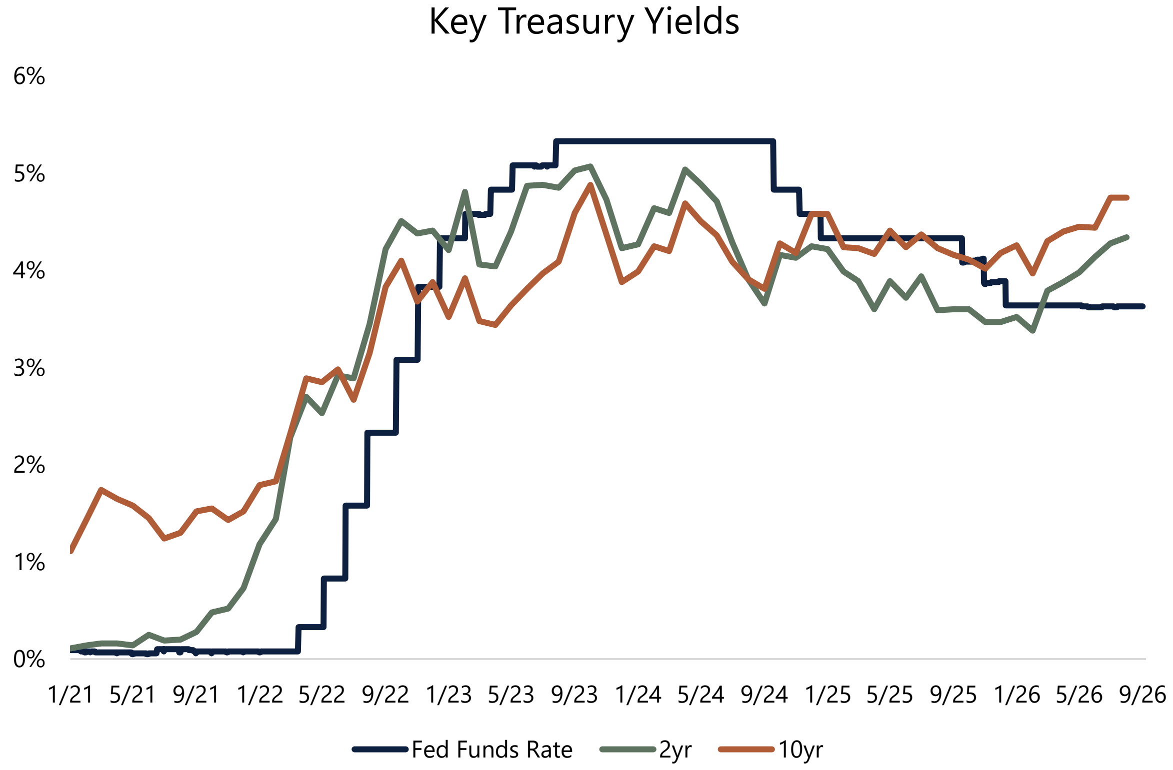
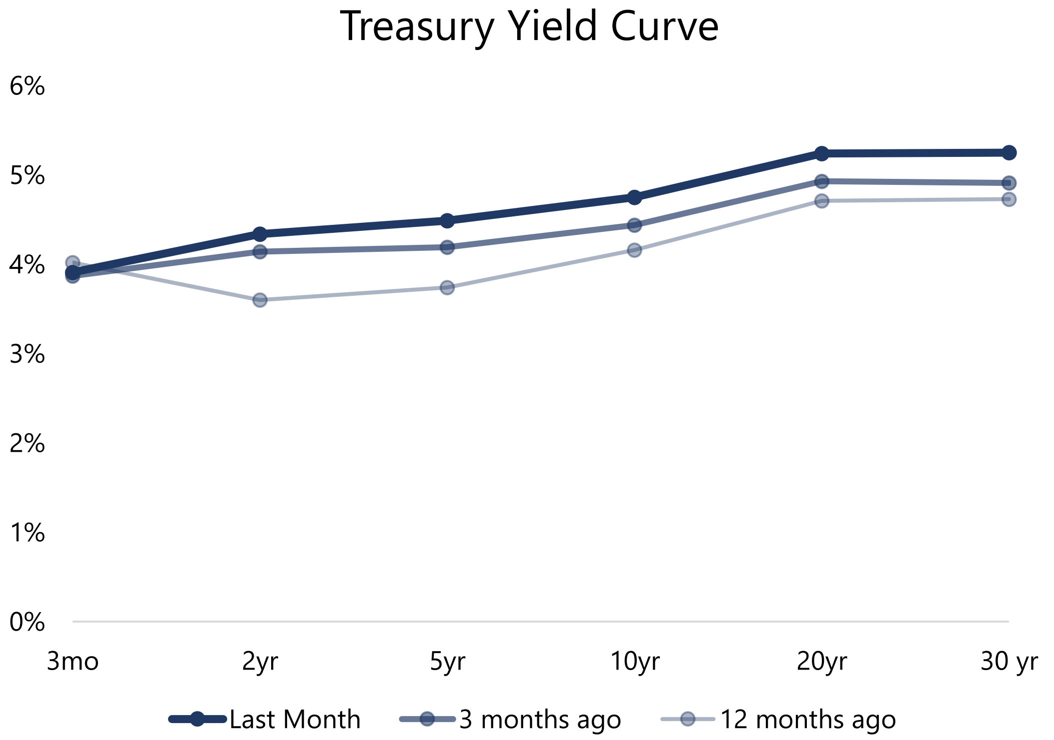
Source: Morningstar Direct. Categories in table are represented by (top to bottom) Bloomberg US Treasury 1-3 Yr Yld USD, Bloomberg US 20+Yr Yld USD, Bloomberg US Corp Bond Yld USD, Bloomberg US Corp High Yield Yld USD, Bloomberg US MBS Yld USD, Bloomberg Municipal Yld USD

Rates Continue Higher Across the Board





	3mo	2yr	5yr	10yr	20yr	30 yr
Last Month	3.9%	4.3%	4.5%	4.8%	5.2%	5.3%
3 months ago	3.9%	4.1%	4.2%	4.4%	4.9%	4.9%
12 months ago	4.0%	3.6%	3.7%	4.2%	4.7%	4.7%

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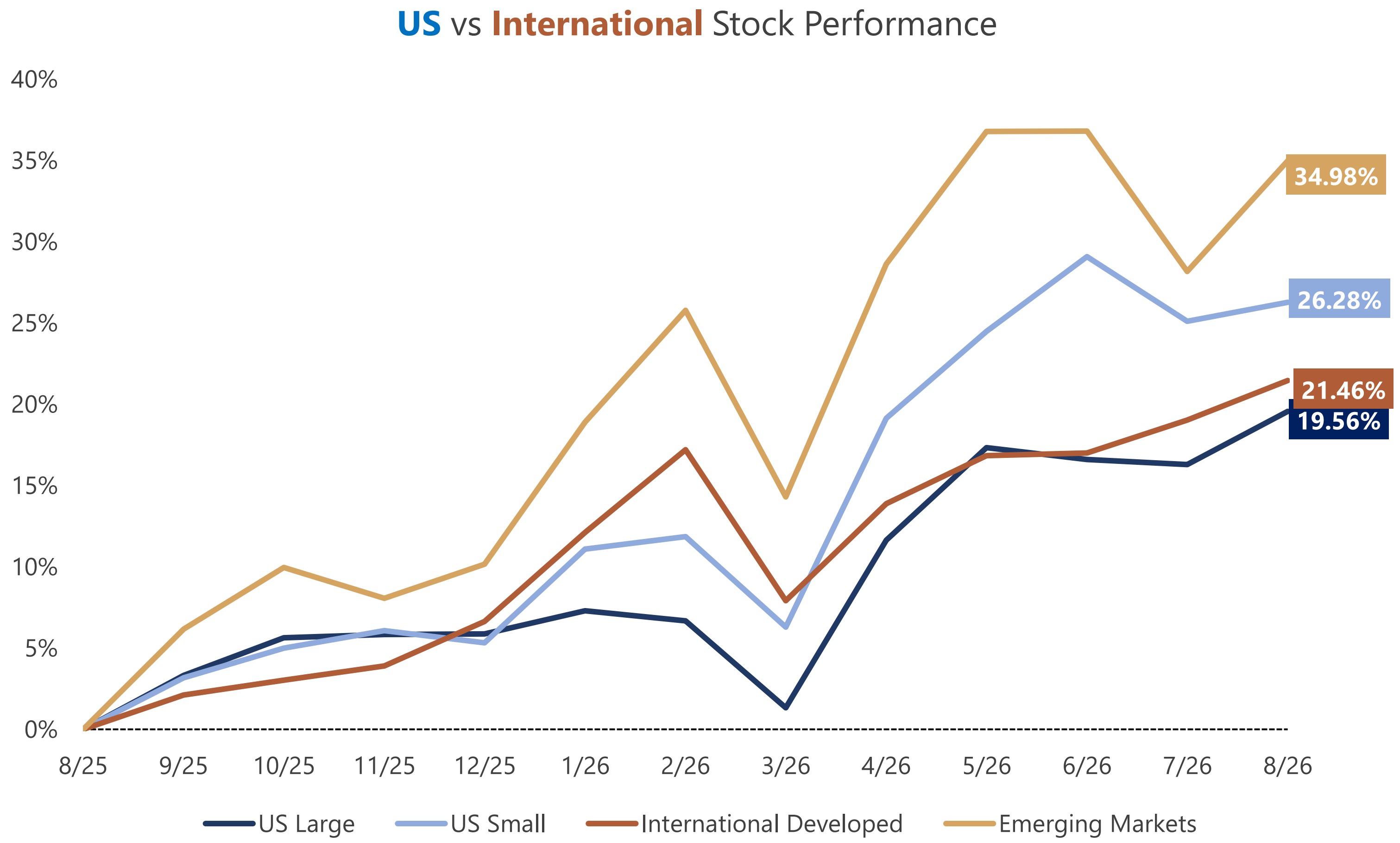
Source: Morningstar Direct. USTREAS T-Bill Cnst Mat Rate 3mo, USTREAS T-Bill Cnst Mat Rate 2 yr, USTREAS T-Bill Cnst Mat Rate 5yr, USTREAS T-Bill Cnst Mat Rate 10 Yr, USTREAS T-Bill Cnst Mat Rate 20 Yr, USTREAS T-Bill Cnst Mat Rate 30 Yr. Effective Fed Funds Rate from FRED Database.

Small Caps and Emerging Markets Continue to Dominate

	Stock Type	Last Month	Last 3 Months	Last 12 Months
Core	US Large	2.8%	1.9%	19.6%
Core	US Small	0.9%	1.4%	26.3%
Core	International Developed	2.0%	3.9%	21.5%
Core	International Emerging	5.3%	-1.3%	35.0%
Other	US Value	2.0%	8.3%	29.5%
Other	US Growth	3.7%	-3.9%	10.6%
Other	Nasdaq	4.2%	-2.8%	26.3%



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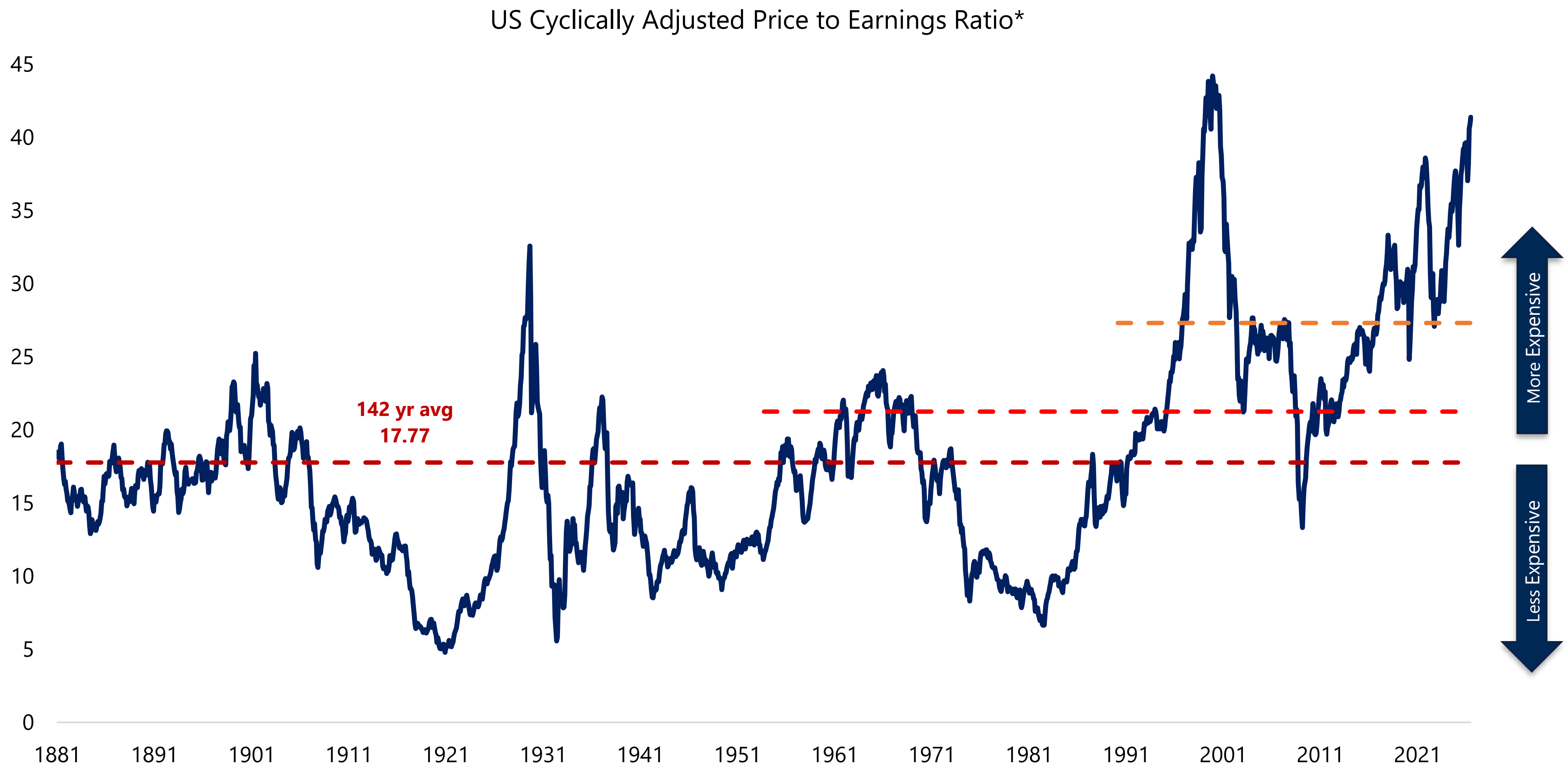
Source: Morningstar Direct. Categories in table are represented by (top to bottom) iShares Russell 1000 (IWB), iShares Russell 2000 (IWM), iShares Core MSCI EAFE (IEFA), iShares Core MSCI Emerging Markets (IEMG), iShares Russell 1000 Value ETF (IWD), Russell 1000 Growth ETF (IWF), Nasdaq 100 ETF (QQQ).

US Stock Valuations Near Tech Bubble Highs



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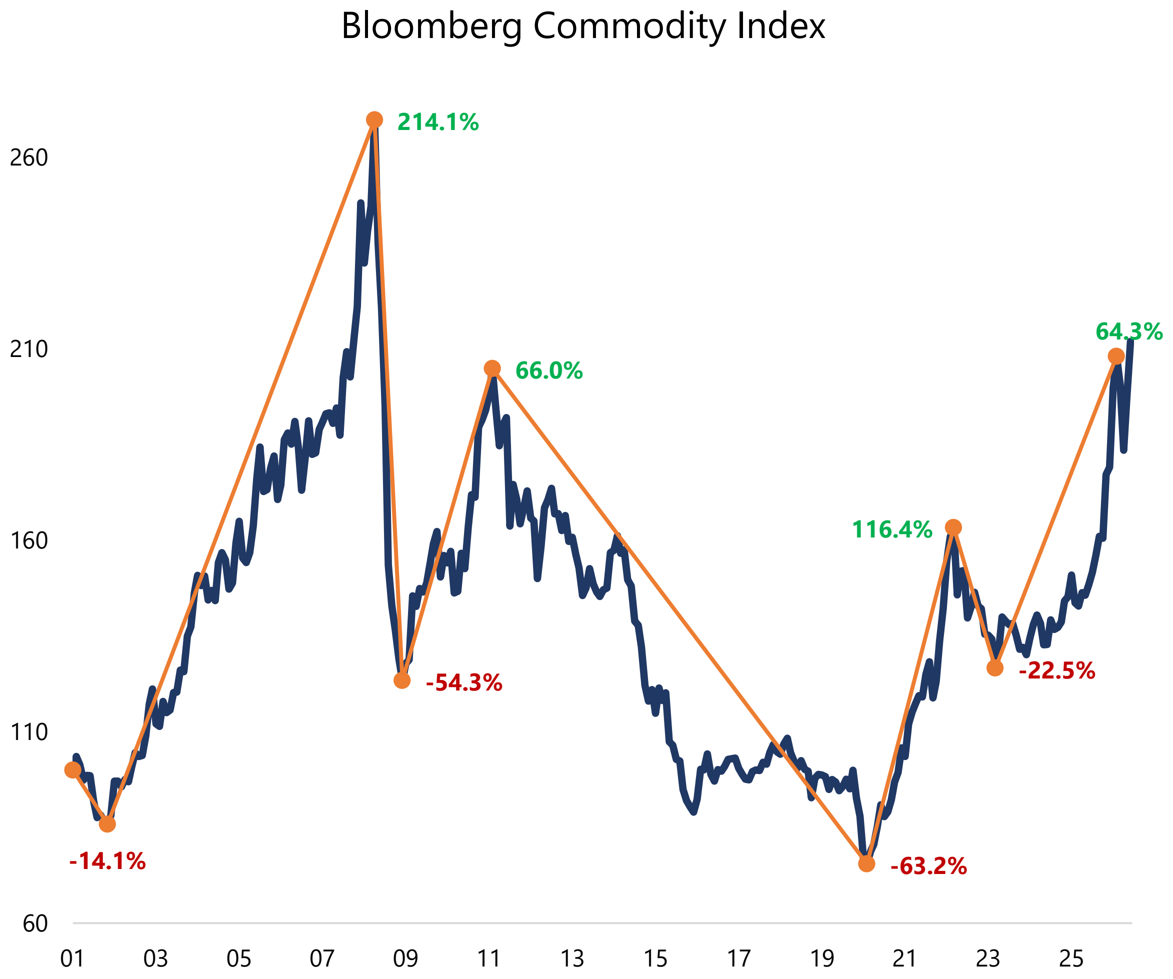
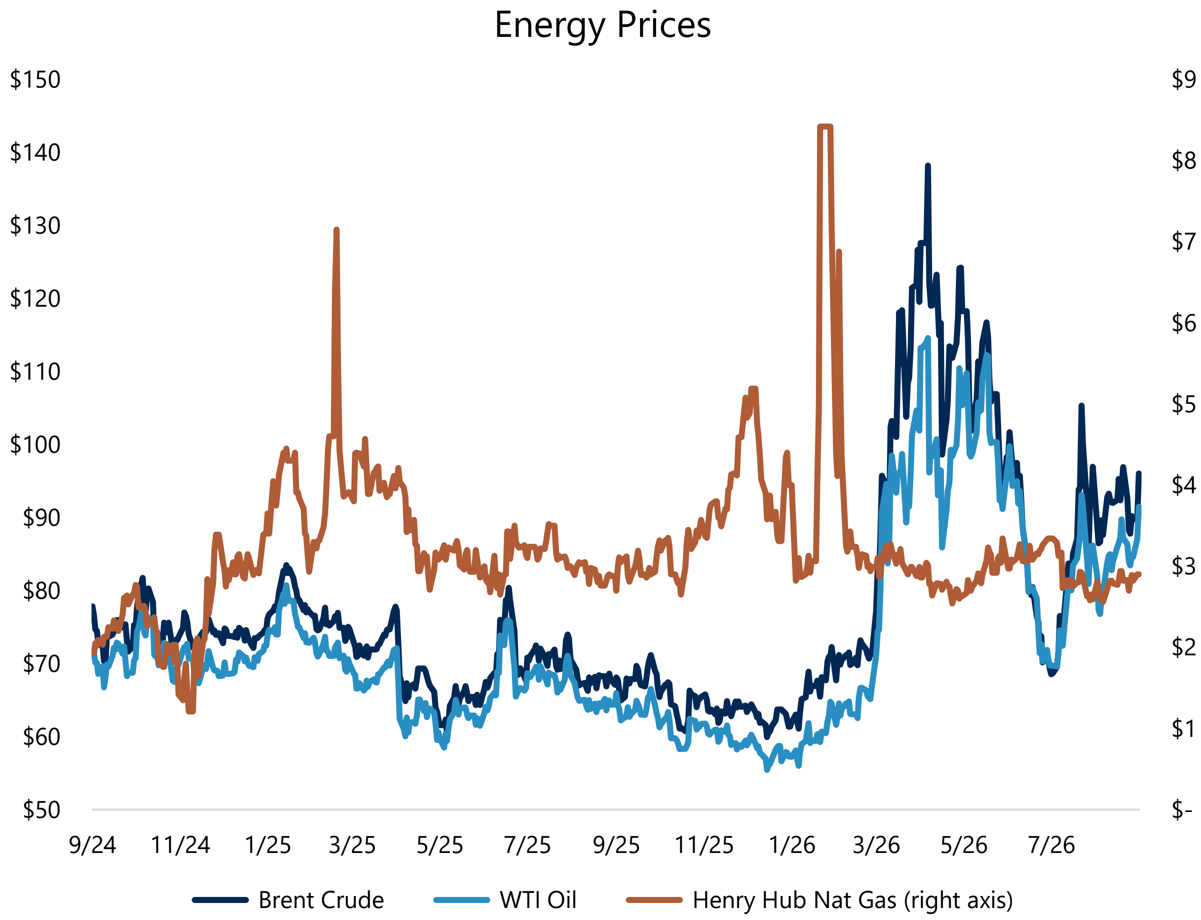
CAPE or Cyclically Adjusted Price to Earnings Ratio takes the current price and divides it by the last 10 years average earnings for the S&P 500 and adjusts it for inflation. It is thought to be more predictive of future returns than trailing 12 month or Forward PE.

Source: Data and CAPE Ratio were developed by Robert Shiller using various public sources.

Commodities Continue to Accelerate Higher





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Source: Bloomberg Commodity TR USD (left) and Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma, Crude Oil Prices: Brent – Europe, Henry Hub Natural Gas Spot Price from U.S.

Energy Information Administration (right)

Periodic Table of Asset Class Returns

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2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Through Last Month End 8/31/2026 5 Yr	10 Yr
US Small Stock 22%	Intl Emerging Stk 37%	Cash 2%	US Large Stock 31%	US Large Stock 21%	US Large Stock 26%	Trend Following 22%	Reinsurance 44%	Reinsurance 31%	Intl Emerging Stk 33%	Intl Emerging Stk 23%	Reinsurance 22%	US Large Stock 15%
US Large Stock 12%	Intl Developed Stk 27%	Bonds 0%	US Small Stock 25%	US Small Stock 20%	US Small Stock 15%	Reinsurance 3%	US Large Stock 26%	US Large Stock 24%	Intl Developed Stk 32%	US Small Stock 20%	US Large Stock 12%	US Small Stock 10%
Intl Emerging Stk 10%	US Large Stock 22%	US Large Stock -5%	Intl Developed Stk 23%	Intl Emerging Stk 18%	Intl Developed Stk 12%	Cash 2%	Intl Developed Stk 18%	TAA 12%	Reinsurance 30%	Intl Developed Stk 14%	Intl Developed Stk 9%	Intl Developed Stk 10%
Reinsurance 6%	TAA 19%	Reinsurance -6%	TAA 20%	Moderate Blended Port 13%	Moderate Blended Port 11%	Bonds -12%	US Small Stock 17%	US Small Stock 11%	Moderate Blended Port 18%	US Large Stock 13%	Intl Emerging Stk 8%	Intl Emerging Stk 9%
Moderate Blended Port 6%	Moderate Blended Port 17%	Moderate Blended Port -7%	Moderate Blended Port 20%	Intl Developed Stk 8%	TAA 10%	TAA -12%	Moderate Blended Port 17%	Moderate Blended Port 10%	US Large Stock 17%	Reinsurance 13%	TAA 8%	Reinsurance 9%
TAA 5%	US Small Stock 15%	TAA -8%	Intl Emerging Stk 18%	Reinsurance 7%	Trend Following 5%	Moderate Blended Port -15%	Intl Emerging Stk 12%	Intl Emerging Stk 7%	TAA 16%	TAA 12%	Moderate Blended Port 7%	Moderate Blended Port 8%
Intl Developed Stk 2%	Bonds 5%	US Small Stock -11%	Bonds 8%	Bonds 7%	Cash 0%	Intl Developed Stk -15%	TAA 12%	Cash 5%	US Small Stock 13%	Moderate Blended Port 10%	US Small Stock 7%	TAA 7%
Bonds 1%	Trend Following 2%	Trend Following -13%	Trend Following 4%	Trend Following 3%	Bonds -1%	US Large Stock -19%	Bonds 6%	Intl Developed Stk 3%	Bonds 7%	Trend Following 10%	Trend Following 4%	Cash 2%
Cash 0%	Cash 1%	Intl Developed Stk -14%	Cash 2%	Cash 0%	Intl Emerging Stk -1%	Intl Emerging Stk -20%	Cash 5%	Trend Following 3%	Cash 4%	Cash 2%	Cash 4%	Bonds 2%
Trend Following -6%	Reinsurance -11%	Intl Emerging Stk -15%	Reinsurance -4%	TAA -2%	Reinsurance -5%	US Small Stock -20%	Trend Following -3%	Bonds 1%	Trend Following -4%	Bonds 0%	Bonds 0%	Trend Following 1%

Disclaimer

PAST PERFORMANCE IS NOT A GUARANTEE OF CURRENT OR FUTURE RESULTS. Examples of historical information included in this presentation do not, nor are they intended to, constitute a promise of similar future results. Specific client portfolio allocations, risks and returns can and may deviate from these examples depending on accounts and types of investments available through each account. Future market views by WJ Interests, LLC may vary significantly from the historical examples presented herein and no one receiving this summary should assume that WJ Interests, LLC will be able to replicate successful views in the future.

Moderate Blended Portfolio is for illustrative purposes only. It is calculated by taking a weighted average of the following asset classes and represents a moderate risk portfolio incorporating leverage and the asset classes in the table:

27%	US Large Stock: iShares Russell 1000 (IWB)
6%	US Small Stock: iShares Russell 2000 (IWM)
21%	Intl Developed Stock: iShares Core MSCI EAFE (IEFA)
6%	Intl Emerging Stock: iShares Core MSCI Emerging Markets (IEMG)
40%	Bonds: Vanguard Total Bond Market (BND)
-15%	Cash: Morningstar USD 1M Cash TR USD
5%	Reinsurance: Stone Ridge Reinsurance Fund (SRRIX)
5%	Managed Futures: SG Trend Index, PIMCO Trends (PQTIX), Virtus Alphasimplex (ASFYX), Standpoint (BLNDX)
5%	TAA: GMO Benchmark Free (GBMIX) and Strategy Shares Nwfnd/Rslv Rbt ETF (ROMO)

Assumes annual rebalancing. All data represents total return for stated period.

WJ Interests
WEALTH ADVISORS