STRATOS
Investments of OneSeven



Stratos S&P 500

Market Analysis

Year-End Target:
8127

Primary Target:
7792

Today's S&P Level:
7765

Initial Support:
7483

Intermediate Support:
7171

Primary Support:
6861

Base Camp:
6552

Line in the Sand:
6322

September 22nd,2026

WEEKEND AT BERNARD'S

Surprise, Surprise We're On Record Highs Again. What's Next?

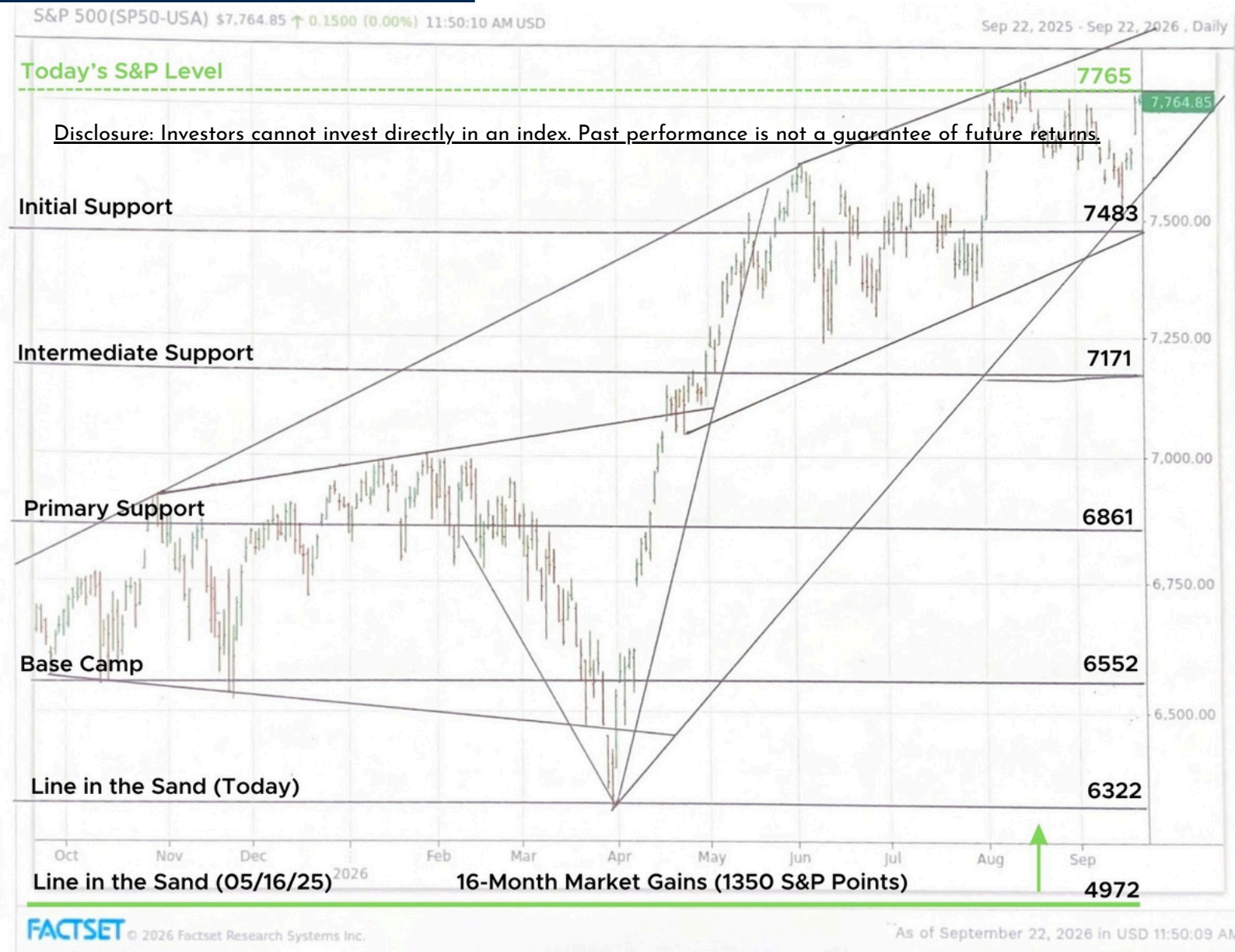
The U.S. stock market continues its momentum higher, making another step up by testing Stratos Primary Support of 7792, on August the 13th when the S&P 500 (7765) closed at 7798, so far the highest level ever. I believe momentum has been the primary driver to moving U.S. stocks higher. Recent sell offs have been met with AI buying, which will not likely be able to sustain the market moving forward. Over the last three months, the S&P has managed to go up about 5%, which is quite remarkable in my opinion. During this same period, we've seen the U.S. 10-year bond move up about three-quarters of a percent. We've seen oil prices ($89.37) go from under $70, to above $100 recently. With the record deficit, the Iranian war, and the election coming up, I find it unlikely that momentum can continue to drive U.S. stocks up during the next few weeks.

Stratos is raising my Initial Support Level from 7301 to 7483. The recent low on September 16th of 7507 did test this level for a moment. I expect once this level has been breached, the likelihood of the S&P testing 7171, Stratos Intermediate Support Level, or 6861, my Primary Support, which I predict could be a good re-entry level. My Base Camp Level is 6552, and I am raising my Stratos Line In the Sand from 6183 to 6322. Since the S&P 500 has not experienced a typical correction over the last three quarters (see chart), it is reasonable to expect a technical correction into the U.S. election in early November.

I have consistently recommended clients be fully invested right before most U.S. elections, anticipating a rebound that normally takes place after investors sell holdings based on election concerns. With this year's elections under a microscope, it's unlikely the results will be compromised, but with the current rhetoric concerning election fraud, it's not beyond my comprehension that the House of Representatives will choose not to certify the results. This uncertainty has never existed before, so I am going to be cautious about what might take place after our elections.

Last week, the Federal Reserve raised interest rates by a quarter of a percent, on concerns of higher inflation. Residential mortgages are above 7%, compared to under 6% at the beginning of the year. Energy and grocery prices have all gone up, taking away any advantage that increased earnings that workers have gained. In addition, the U.S. deficit is growing at a faster pace under this administration than ever before. Since there is little importance placed on a strong dollar, this will most likely lead to higher costs and more inflation. In spite of this, U.S. stocks have ignored these fundamentals and focused primarily on earnings. With such great earnings, this quarter for the S&P, the market is unlikely to meet these future expectations given the world bond markets moving higher and the cost of energy being so unpredictable.

I continue to expect ownership of material, mining, agricultural, and energy securities as a way to protect against the likelihood of higher interest rates, a weaker dollar, and inflation. Until I see a change in the direction of the U.S. deficit, I believe this cycle will continue indefinitely. I expect gold ($4407) to retest $5,000 and silver ($68), eventually, to go much higher. WIth higher energy costs and reduced world food surplus, agricultural prices are destined to go higher. I think inflation is our biggest problem and will not go down significantly as long as the wars continue.



Good Trading for the Long Term

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Typically, after such a strong performance in U.S. stocks, I could see another 20%+ year, this year again, making it four in a row. The possibility that the U.S. stock market ignores higher world bond prices, inflation, and many other issues, is possible. If history is a good example, then it is more likely to happen again this year. My concern is next year. For now, I am going to stand fairly optimistic that U.S. stocks may keep their momentum up for the next few quarters. With no big surprises, I expect, by the end of the year, that we could very well see new record highs.

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