ETFSector.com

Monthly Insights: September Outlook

Financials Sector

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Sector Price Action & September Outlook: Financials



August recap. Financials (VFH) enters September as a model-supported overweight, but the setup is more selective than last month. VFH gained +1.2% over one month versus +2.7% for the S&P 500 (VOO), while the stronger signal remains the +11.7% three-month return and +12.2% six-month return.

Model message. The ETFSector.com Macro Model ranks Financials (VFH) tied for first with a +1.0 final score and an Overweight stance. The 63-day relative-strength input is +10.4%, one of the best readings in the sector universe, while the broader macro regime is Mixed / Transition rather than an all-clear cyclical signal.

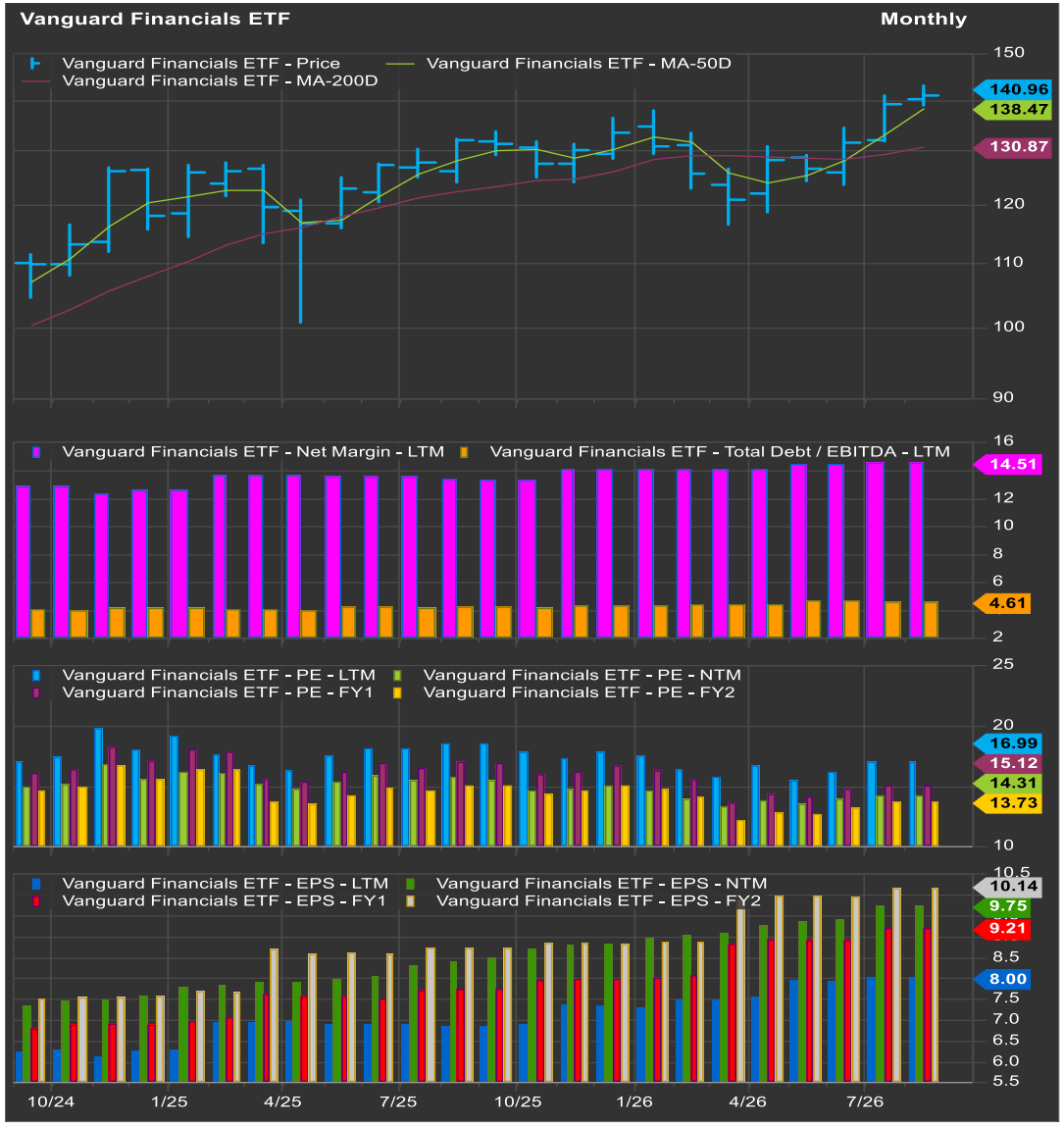
Stock evidence. The sector is not broad-based at the stock level: average one-month excess return was -1.1% and only 37% of names beat the S&P 500 (VOO). Leadership came from Capital Markets, alternative managers, trading platforms and market data: Coinbase (COIN), Robinhood (HOOD), FactSet (FDS), Blackstone (BX), Ares (ARES), Invesco (IVZ), Interactive Brokers (IBKR), Apollo (APO), Jack Henry (JKHY) and KKR (KKR).

September pivots. The critical tests are payrolls, CPI/PPI, credit spreads, the yield curve, capital-market issuance and the September 15–16 FOMC. Higher-for-longer rates help asset yields and spread income, but they also raise the bar on credit quality, loan growth and consumer-finance exposure.

Investment narrative. Financials (VFH) is helped by high nominal growth, trading volatility, capital-return confidence, IPO/issuance activity and demand for market data, fixed-income electronification and alternatives. The sector is hurt if inflation forces a hawkish Fed while labor data weaken, because that mix would pressure credit, regional banks, cards and high-beta payments.

Portfolio view. Keep Financials (VFH) overweight for September, with emphasis on Capital Markets, exchanges/data, alternative managers, wealth platforms and high-quality large banks. Be selective in Banks, Insurance and Consumer Finance, where the stock file shows weaker one-month price confirmation.

Fundamentals and September Earnings Setup: Financials



Fundamentals support the overweight. The 2026 Fed stress test found that all 32 tested large banks stayed above minimum capital requirements under a severe recession scenario, even after nearly $708B of projected losses. That keeps capital return, dividends and buybacks central to the September Financials (VFH) story.

Large banks remain sound, but not the only story. JPMorgan (JPM), Bank of America (BAC), Citi (C) and Wells Fargo (WFC) continue to show strong capital and income generation, while the stock file says regional banks need better confirmation. Banks averaged negative one-month excess return, and only 23% of bank names were above their 50-day moving average.

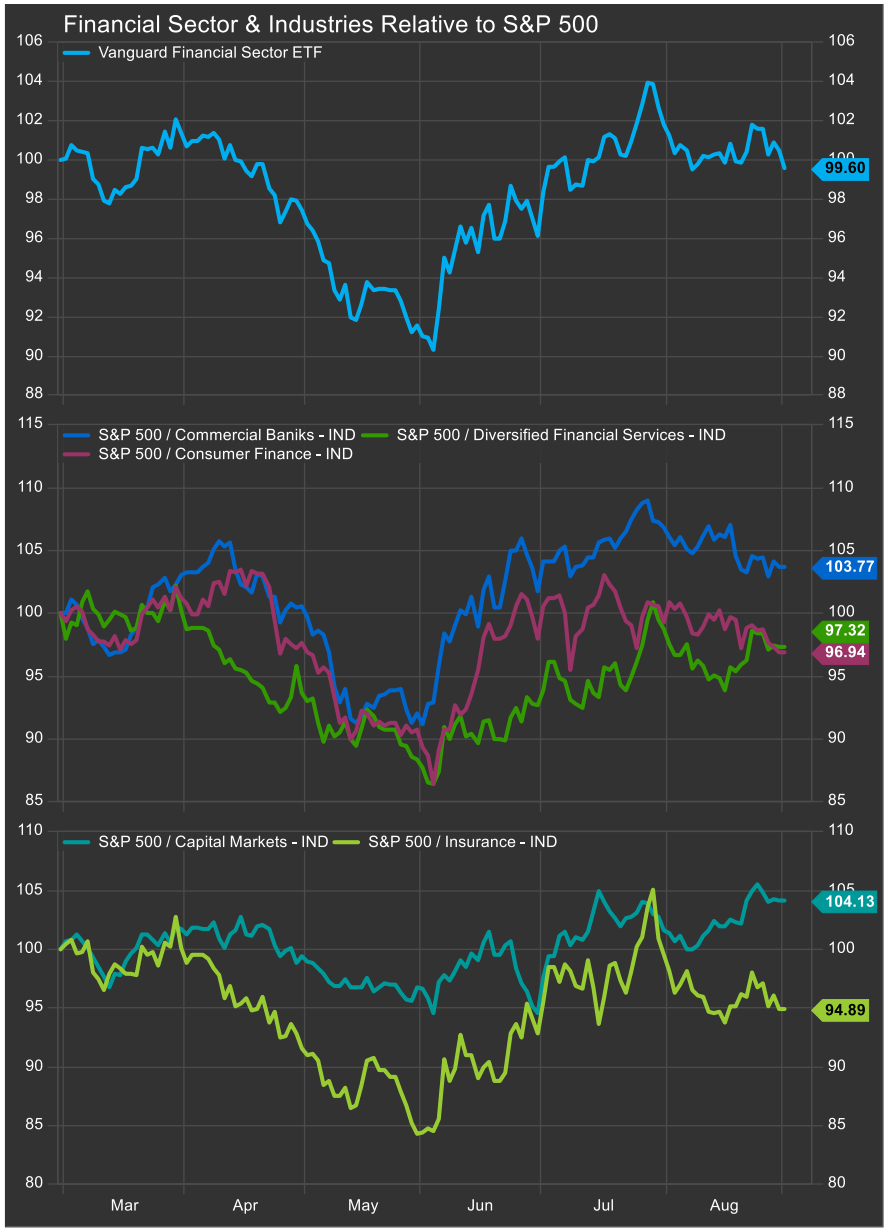
Capital Markets is the leadership sleeve. The industry averaged +4.0% one-month excess return with 65% of names positive. The top table is dominated by Coinbase (COIN), Robinhood (HOOD), FactSet (FDS), Blackstone (BX), Ares (ARES), Invesco (IVZ), Interactive Brokers (IBKR), Apollo (APO) and KKR (KKR). That mix ties Financials to trading activity, market data, private assets and capital formation rather than just net-interest income.

Market infrastructure is a secular tailwind. Nasdaq (NDAQ) reported strong Q2 revenue and recurring-revenue growth, while ICE's fixed-income/data push through its MarketAxess deal reinforces the long-term value of exchanges, data and electronified credit markets. AI infrastructure financing also helps capital formation, private credit and alternative-asset managers.

The September risk is credit, not capital. A hawkish Fed, higher oil and sticky inflation can support asset yields, but they can also pressure credit-card losses, consumer delinquencies, CRE exposure and regional-bank funding costs. That argues for a Financials (VFH) overweight, but not indiscriminate risk-taking across every industry.

ETF	Price	1D	1W	1M	3M	6M	RSI
VOO	$767.05	-0.3%	+0.5%	+2.7%	+1.1%	+11.8%	54.0
VFH	$140.96	-0.7%	-0.9%	+1.2%	+11.7%	+12.2%	52.5

Macro Model & Industry Scorecard: Financials



Indicator	Latest Reading	September Message	Investment Interpretation
ETFSector.com Macro Model score	+1.0	Overweight band	Financials (VFH) is tied for the top model score with Health Care (VHT) and Energy (VDE).
ETFSector.com Macro Model rank	T-1 / 11	Leadership tier	The model supports keeping Financials above benchmark into September.
Model stance	Overweight	Active overweight	VFH remains a preferred sector while credit and capital-market conditions stay contained.
63-day relative strength	+10.4%	Strong	Medium-term price leadership remains intact despite a one-month pause.
VFH 1M return	+1.2%	Paused	Lagged S&P 500 (VOO) at +2.7%, so September needs renewed breadth.
VFH 3M return	+11.7%	Leadership	Three-month strength is the strongest ETF-level evidence for staying long.
VFH 6M return	+12.2%	Leadership	Six-month performance confirms broadening beyond the mega-cap growth trade.
VFH RSI	52.5	Neutral / constructive	Momentum is not stretched, which supports measured exposure rather than chase.
Capital Markets avg. 1M excess	+4.0%	Leader	Trading platforms, exchanges, data and alternative managers are the strongest industry sleeve.
Banks avg. 1M excess	-5.2%	Weak pocket	Regionals lag; use large-bank quality and capital-return visibility rather than broad bank beta.
Insurance avg. 1M excess	-4.7%	Reset	Insurance remains defensive, but one-month price action is not carrying the sector.
Fed/stress-test backdrop	$708B projected losses; banks above minimums	Capital support	Stress-test clarity supports buybacks/dividends; September Fed risk keeps credit discipline central.

Top 10 Stock Level Performers: Financials

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.	Beta
COIN	Coinbase	Financials	Capital Markets	Support	+25.9%	12.70	5.6	0.00	4.25
HOOD	Robinhood	Financials	Capital Markets	Bullish Reversal	+18.4%	2.09	15.4	0.00	3.64
FDS	FactSet	Financials	Capital Markets	Bullish Reversal	+16.8%	0.82	25.0	1.07	0.41
BX	Blackstone	Financials	Capital Markets	Consolidation	+10.5%	1.06	17.4	2.79	1.38
ARES	Ares	Financials	Capital Markets	Consolidation	+9.0%	1.08	11.8	2.85	1.06
IVZ	Invesco	Financials	Capital Markets	Bullish Reversal	+8.8%	0.54	12.6	1.94	1.59
IBKR	Interactive Brokers	Financials	Capital Markets	Uptrend	+7.8%	1.65	12.4	0.27	1.74
APO	Apollo	Financials	Financial Services	Consolidation	+6.5%	0.70	8.2	1.24	1.14
JKHY	Jack Henry	Financials	Financial Services	Consolidation	+6.3%	1.15	11.3	1.09	0.21
KKR	KKR	Financials	Capital Markets	Bullish Reversal	+5.7%	0.79	10.8	0.54	1.78

The top 10 list is a Capital Markets and platform-recovery table. Coinbase (COIN) and Robinhood (HOOD) led the sector, but the broader read-through is not just crypto beta. FactSet (FDS), Blackstone (BX), Ares (ARES), Invesco (IVZ), Interactive Brokers (IBKR), Apollo (APO), Jack Henry (JKHY) and KKR (KKR) point to demand for market data, private assets, brokerage activity and financial technology.

The strongest industry evidence comes from Capital Markets, which averaged +4.0% one-month excess return and had roughly two-thirds of names positive. That is why the September overweight should lean into market infrastructure, exchanges/data, alternatives and trading-sensitive platforms rather than a simple money-center bank basket.

There is still risk in the leadership profile. Coinbase (COIN) trades at a very high valuation multiple and Robinhood (HOOD) carries high beta, so both are tactical rather than core defensive Financials. The cleaner long-term evidence comes from FactSet (FDS), Blackstone (BX), Ares (ARES), Apollo (APO), KKR (KKR), Nasdaq (NDAQ), ICE (ICE), CME (CME) and S&P Global (SPGI).

Bottom 10 Stock Level Performers: Financials

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.	Beta
AON	Aon	Financials	Insurance	Consolidation	-13.3%	0.82	-7.1	0.73	0.40
FIS	FIS	Financials	Financial Services	Downtrend	-11.7%	0.32	-12.5	3.29	0.72
AFL	Aflac	Financials	Insurance	Consolidation	-11.4%	0.81	-4.2	1.57	0.28
PYPL	PayPal	Financials	Financial Services	Bullish Reversal	-10.7%	0.48	5.5	0.48	1.01
WRB	W.R. Berkley	Financials	Insurance	Consolidation	-9.6%	0.71	-3.6	1.53	0.23
L	Loews	Financials	Insurance	Consolidation	-9.3%	N/A	-4.1	N/A	0.29
GL	Globe Life	Financials	Insurance	Bullish Reversal	-8.0%	0.55	4.6	0.53	0.69
MTB	M&T Bank	Financials	Banks	Consolidation	-7.7%	0.59	0.7	1.96	0.97
FITB	Fifth Third	Financials	Banks	Bullish Reversal	-7.6%	0.64	0.7	2.25	1.29
CINF	Cincinnati Financial	Financials	Insurance	Consolidation	-7.1%	0.99	-0.2	1.63	0.50

The bottom 10 table explains why the Financials (VFH) overweight should be targeted. The weakest names are mostly Insurance, Financial Services and Banks: Aon (AON), FIS (FIS), Aflac (AFL), PayPal (PYPL), W.R. Berkley (WRB), Loews (L), Globe Life (GL), M&T Bank (MTB), Fifth Third (FITB) and Cincinnati Financial (CINF).

Banks are the most important caution. The industry averaged -5.2% one-month excess return and had no names beating the S&P 500 (VOO). Large-bank balance sheets and capital return remain attractive, but regional banks need better evidence on funding costs, deposit stability, commercial credit and loan growth before they become the preferred Financials sleeve.

Insurance is also resetting after prior strength. The group still offers low beta and dividend support, but property/casualty pricing, catastrophe exposure and life-insurance sensitivity to rates are now more important filters. Payments remain stock-specific: PayPal (PYPL) and FIS (FIS) show that low valuation alone is not enough without durable revenue and margin confirmation.

Economic & Policy Drivers: Financials

September macro pivot. Financials (VFH) is one of the sectors most exposed to the month's event path: August payrolls, CPI/PPI, credit spreads, Treasury yields and the September 15–16 FOMC. A firm economy with contained credit risk supports Financials. A hawkish Fed plus weaker labor data would shift the focus from income to credit risk.

Banks. Higher policy rates and elevated real yields can support asset yields and net-interest income, while Fed stress-test results give large banks capital-return credibility. Regional-bank price action remains the caution: M&T (MTB), Fifth Third (FITB), KeyCorp (KEY), PNC (PNC), Citizens (CFG) and Regions (RF) lagged in the stock file. Favor high-quality large banks and disciplined regionals after price confirmation.

Capital Markets. This is the preferred Financials industry. Coinbase (COIN), Robinhood (HOOD), FactSet (FDS), Blackstone (BX), Ares (ARES), Invesco (IVZ), Interactive Brokers (IBKR), Apollo (APO) and KKR (KKR) show investors rewarding trading activity, data, alternatives, brokerage and asset-management leverage. AI infrastructure financing, IPOs, credit trading and volatility are September tailwinds.

Financial Services and payments. Jack Henry (JKHY), Global Payments (GPN), Corpay (CPAY), Visa (V) and Mastercard (MA) remain important quality/processing exposures, but PayPal (PYPL) and FIS (FIS) highlight the risk in turnarounds. Prefer platforms with visible volume growth and margin control; avoid buying cheap processors solely on valuation.

Insurance. Insurance provides low-beta ballast, but it was not the leadership sleeve this month. Aon (AON), Aflac (AFL), W.R. Berkley (WRB), Loews (L), Globe Life (GL) and Cincinnati Financial (CINF) lagged. Retain high-quality brokers and P&C names selectively, but do not count on Insurance to drive the VFH overweight unless price momentum repairs.

Consumer Finance. Credit-card and consumer-lending names are the macro pressure point. Sticky inflation, higher oil and any labor-market weakness would raise concern around delinquencies and loss normalization. American Express (AXP), Synchrony (SYF) and Capital One (COF) should be used selectively until spending quality and credit costs remain benign.

What shapes the September narrative. Financials (VFH) should continue to outperform if yields stay firm without a credit shock, deal activity improves and capital markets stay active. Warning signs are wider credit spreads, weaker jobs, regional-bank underperformance, falling loan demand or a Fed decision that tightens financial conditions faster than earnings can absorb.

Appendix: Sources

ETFSector.com Macro Model, updated August 31, 2026 — macro regime index, sector final scores, sector ranks, 63-day relative strength, model stance and Vanguard ETF mappings.

FactSet / ETFSector.com 20260901_SP50_Stock_Data.xlsx — Financials stock-level excess return, valuation multiple relative to index, momentum score, dividend-yield multiple, beta, industry and chart pattern.

FactSet / ETFSector.com model data — Vanguard ETF return streams, VFH/VOO price performance, RSI, real yields, breakevens, volatility, credit and commodity indicators through August 31, 2026.

Federal Reserve 2026 Bank Stress Test Results, June 24 / July 9, 2026 — large-bank capital resilience, projected losses, credit-card and CRE stress assumptions, and CET1 framework.

Federal Reserve FOMC Statement, July 29, 2026, and July FOMC minutes released August 19, 2026 — 3.50%–3.75% target range, policy vote, inflation assessment and September setup.

JPMorgan, Bank of America, Citigroup and Wells Fargo Q2 2026 earnings releases — net income, revenue, capital ratios, net interest income, credit costs, deposits, loans and capital return.

Goldman Sachs and Morgan Stanley Q2 2026 earnings releases — investment banking, trading, wealth management, net revenue, EPS, ROE/ROTCE and capital-markets activity.

Nasdaq Q2 2026 results and ICE / MarketAxess transaction materials — market data, indexing, fintech solutions, fixed-income electronification and exchange infrastructure themes.

PayPal, Robinhood, Progressive and other company materials / market coverage — payments, trading-platform, consumer-finance and insurance industry read-throughs.

BLS, BEA, Census and ISM September 2026 economic release calendars — labor, inflation, retail sales, manufacturing and policy-event calendar for the September outlook.

Appendix: Metric Interpretation/Descriptions

Valuation Multiple Relative to Index. (Company Price / NTM EPS) divided by (S&P 500 price / NTM EPS). Lower values indicate cheaper earnings versus the index; higher values indicate premium valuation.

Momentum Score. Weighted average of excess returns versus the S&P 500 (VOO): 20% one-month, 50% three-month and 30% six-month. Higher scores indicate stronger relative momentum.

Dividend Yield Relative to Index. Company FY1 rolling dividend yield divided by S&P 500 FY1 rolling dividend yield. Higher values indicate more income support versus the benchmark.

Price Structure. Uptrend = sustained outperformance; Bullish Reversal = sharp improvement from prior weakness; Consolidation = sideways trend; Retracement = pullback after strength; Distributional = topping risk; Downtrend = sustained underperformance; Support/Basing = long-term bottoming area.