

# Chart of the Day

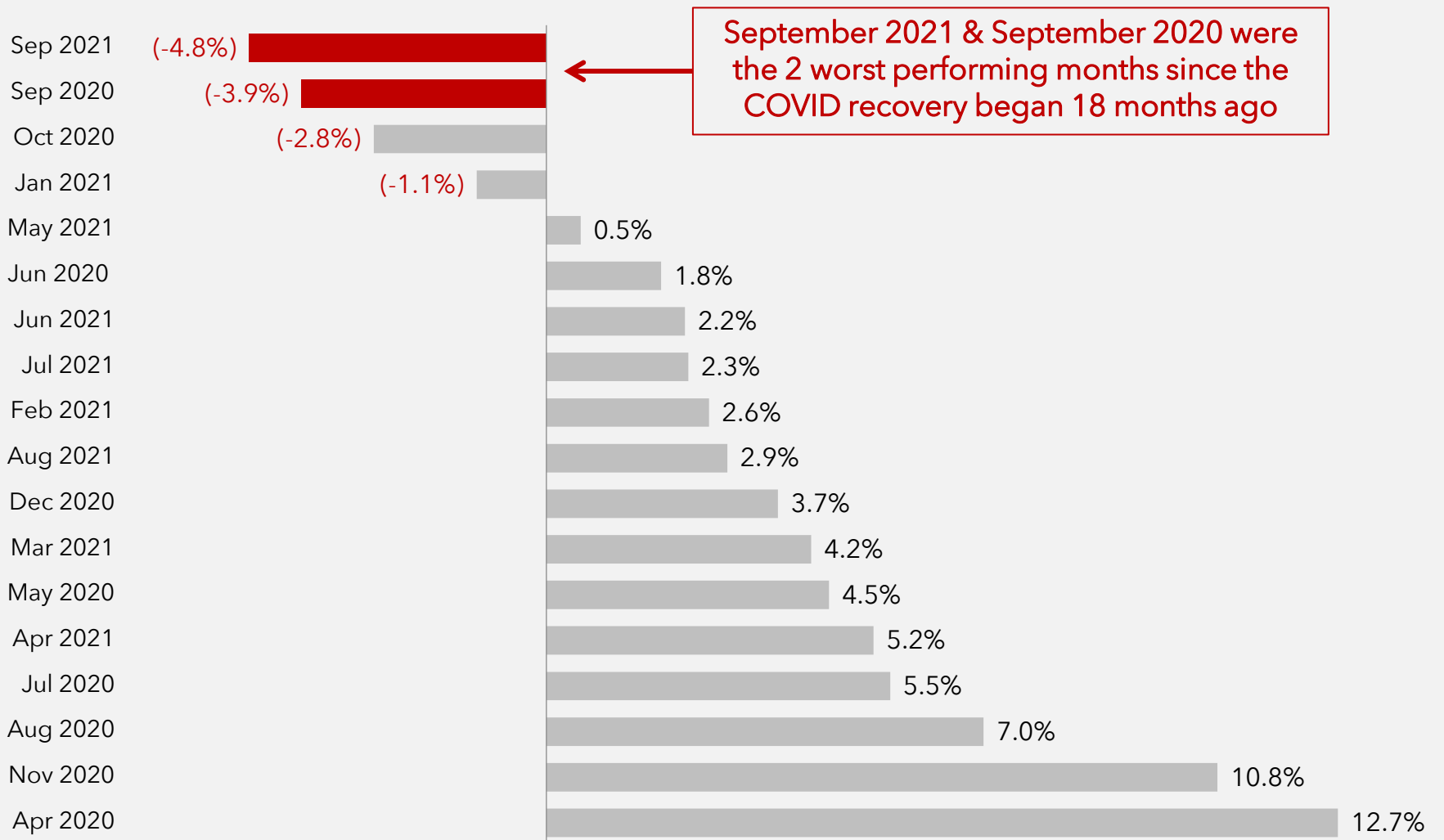
Over the last two decades, September has seasonally been the worst performing month for US equities and this year was no exception. **Down nearly 5% in September, the S&P 500 ended a 7 month positive streak, having its worst performing month since the COVID recovery began in April 2020.** September 2020 was the second worst monthly performance for equities over this 18 month period of the COVID recovery.

Declines this September were broad based across all industry sub-sectors, with the exception of **energy, which was up 9% on the month, and outperforming technology by 15 percentage points.** In credit markets, IG energy spreads tightened 7 bps on the month, more than any other industry sub-segment. **The Bloomberg Commodity Index, up nearly 30% YTD, is having its largest annual gain in more than 42 years.**

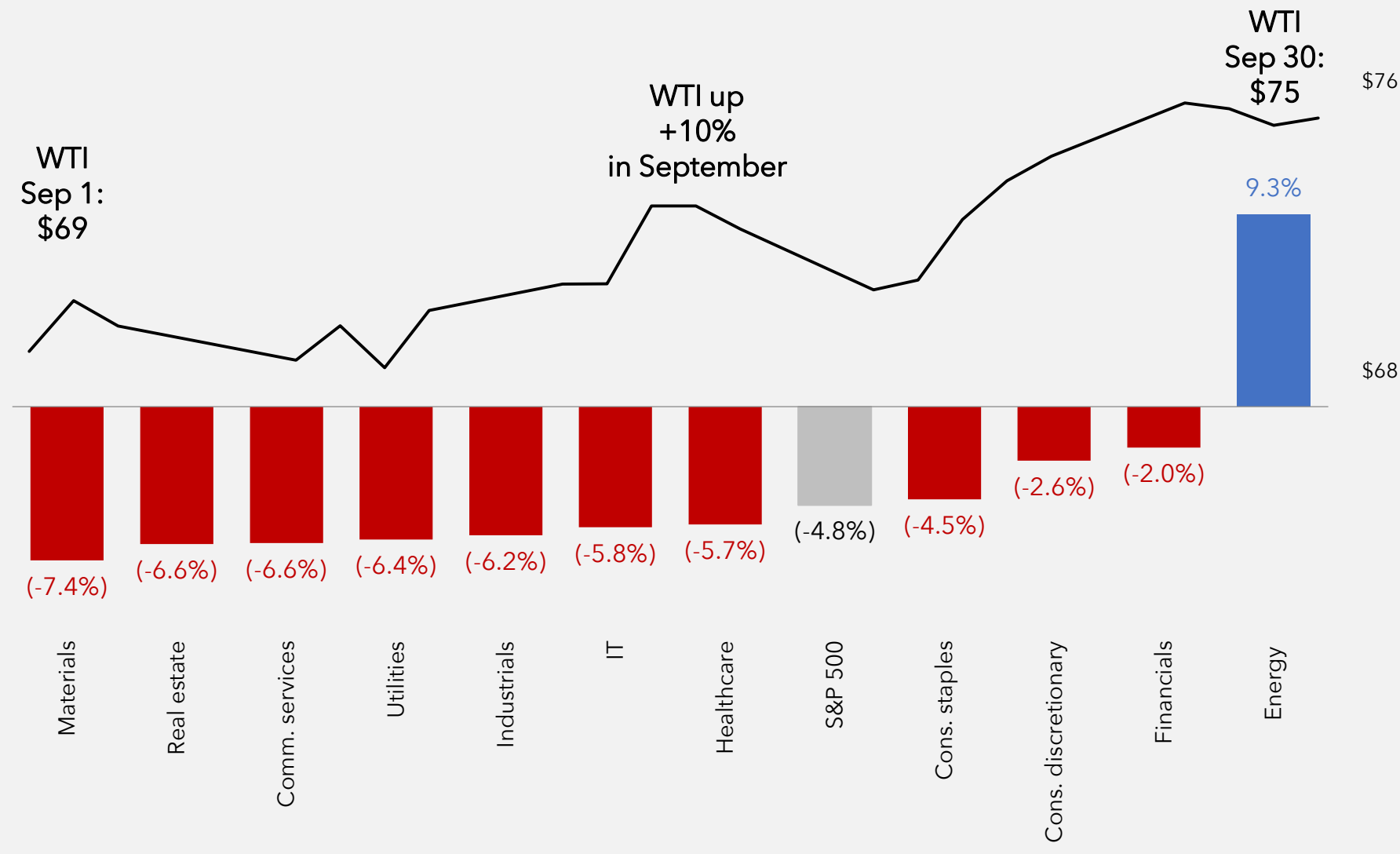
Rising energy prices, of course, will feed into the prevailing macro story driving global markets; that is, **decelerating global growth** (alongside virus related restrictions, China's slowdown, modestly tightening financial conditions, supply chain dislocations and inflationary pressures - all headwinds for growth).

To this end, MUFG research analyst, Ehsan Khoman, has just increased his Q4 2021 Brent oil forecast from \$70 to \$83, and his Q2 2022 forecast from \$60 to \$75.

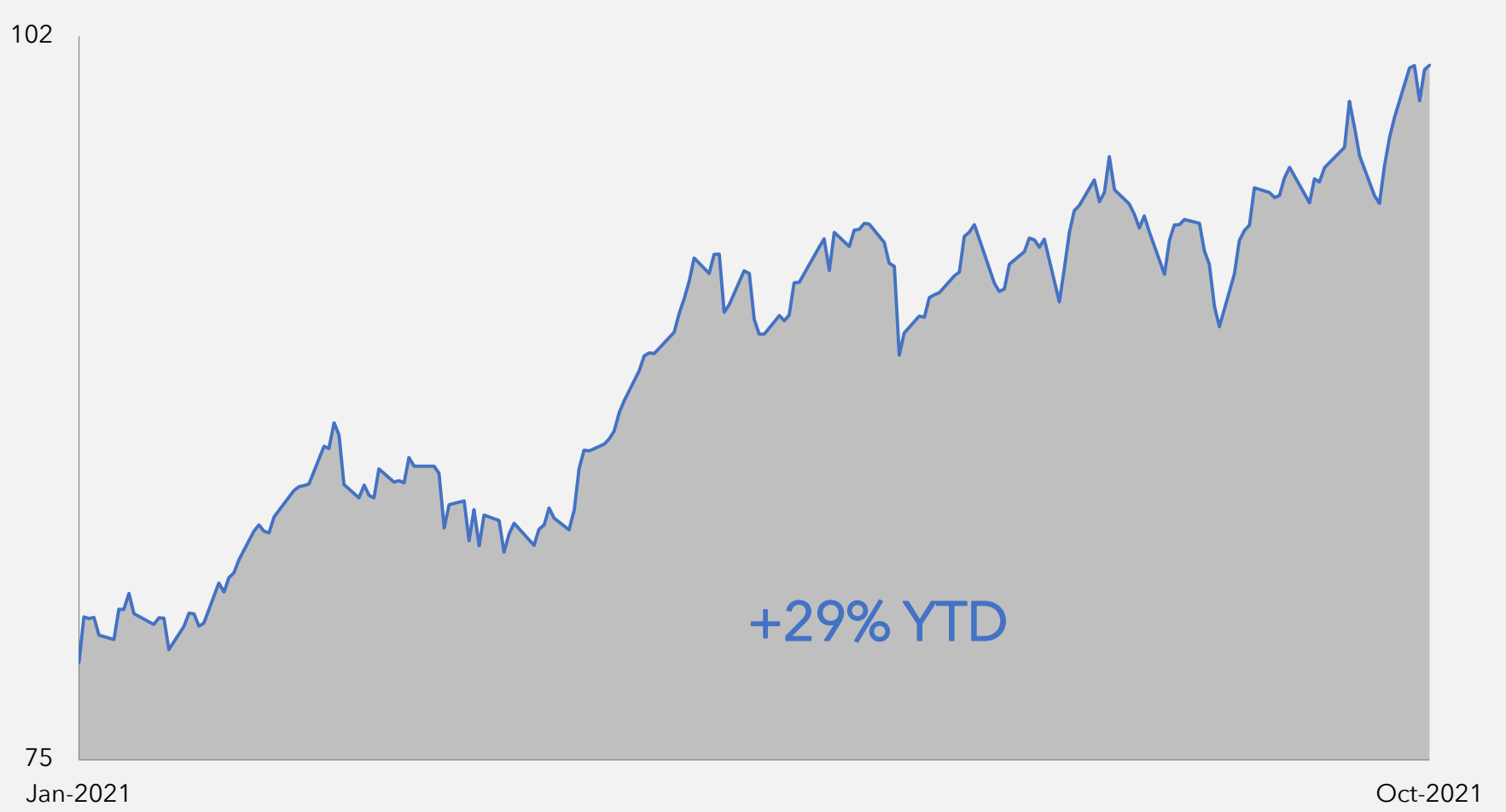
September 2021 and September 2020 were the first and second worst performing months for the S&P 500 since the COVID recovery began 18 months ago



Energy was the only positively performing of the 11 S&P 500 sub sectors in September, outperforming tech by 15 percentage points



Year-to-date, the Bloomberg Commodity Index is having its largest gain (+29%) in more than 42 years (1979)



Source: (1-3) Bloomberg. Data as of October 3, 2021.

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