

One Thing Leads to Another

Seven Months On, a Closed Strait Is Still Moving Every Price That Matters.

September 24, 2026 • All data as of market close, September 23, 2026

The Federal Reserve raised interest rates on September 16, its first increase in three years. The vote was unanimous, the funds rate moved from 3.75% to 4%, and sixteen of nineteen policymakers expect another before year end. We wrote last month that a hike rather than a cut was the thing to prepare for.

Warsh gave one reason: inflation has been too high for too long. He did not say why it has been. Tariffs and services costs are part of it, though the piece that actually moved this year is energy. Diesel set a record above \$5.90 a gallon and Brent traded back above \$100, because a fifth of the world's seaborne oil moves through a strait that has been closed since February. A waterway in the Gulf is a long way from a rate decision in Washington, and the chain does not stop at the Fed. It runs on into the price of almost everything a portfolio holds.

Rates, oil, the war, and an election look like four separate things to worry about. They are one thing, arriving in sequence.

+0.25% FED FUNDS HIKE FIRST SINCE JULY 2023	5.14% 10-YEAR TREASURY HIGHEST SINCE 2007	5.45% 30-YEAR TREASURY HIGHEST SINCE 2004	\$104 BRENT CRUDE PEAK, SEPTEMBER 11	-95% HORMUZ SHIP TRAFFIC VERSUS PREWAR NORMAL
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One Chain, Not Four Stories

How a Closed Strait Ends Up in Your Portfolio

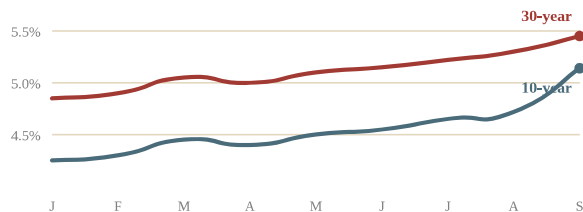
The sequence behind almost every market move of 2026



And almost every price you own moves with it.

Treasury Yields, 2026

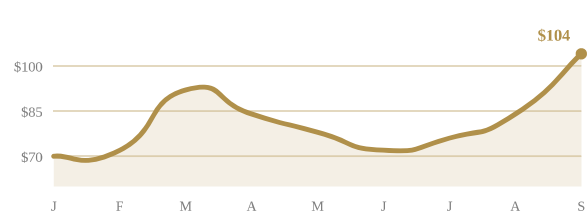
Ten and thirty year



Both finished September at generational highs.

Brent Crude, 2026

Dollars per barrel



A war premium in March, and again in September.

Long rates are rising because inflation will not fall while energy sits here. Business activity just hit a five year high. Yields are month end levels, September as of the 23rd; oil is stylized with endpoints at reported prices.

The Fed Has Two Ways to Get This Wrong

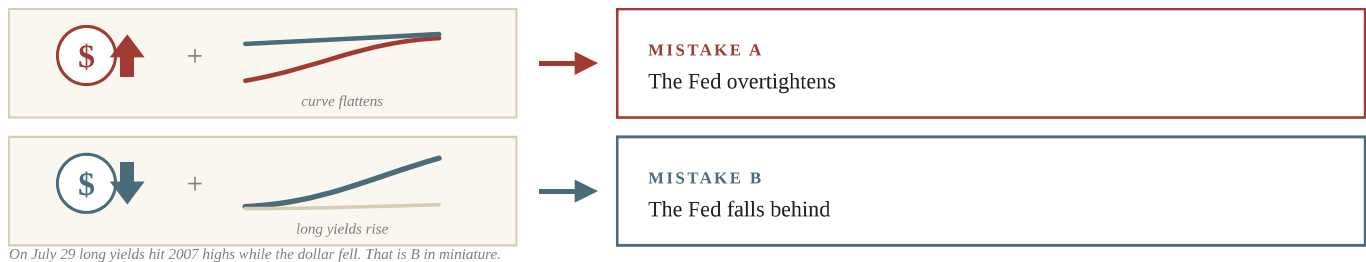
Oil moves inflation over the next year or two. Fiscal and monetary policy move it over decades. Conflating the two is why so many forecasts missed 2022, and it is the fault line running under every rate decision from here.



The market is pricing neither.
Which is how the S&P sits near a record with crude near \$100 and the 10-year at 5%.

The Dollar Tells You Which One You Are Getting

A firm dollar is not a separate thesis. It is what a tight Fed looks like in the currency market, and it is the cleanest single tell for which mistake is underway.



Where We Are in the Cycle

Our Investment Committee maps the turn in five phases. Rates move first, the data follows, the market last. We have just entered the second, where the two year yield rises faster than the ten year.



Each phase has historically taken far longer to arrive than anyone expects.

Phase map from the GLR Partners Three Pillars framework, September 2026. Illustrative of how prior cycles have sequenced; not a forecast.

A hike does not by itself make policy restrictive. With the funds rate near 4% against inflation above 3%, real rates are barely positive and the curve has not inverted. Monetary policy still reads neutral, and the regime has not changed.

THE THREE PILLARS: WHERE WE STAND NOW

ECONOMY Constructive Constructive, though less comfortably. Energy squeezes real incomes and hiring has cooled.	MONETARY POLICY Neutral Hiking from a low base. Real rates barely positive, the curve not yet inverted.	MARKET CONDITIONS Stretched Near its high on narrow leadership, now competing with a 5% risk free rate.
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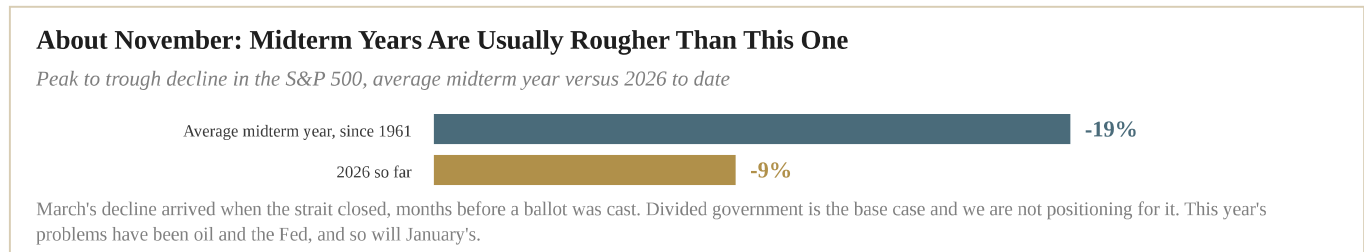
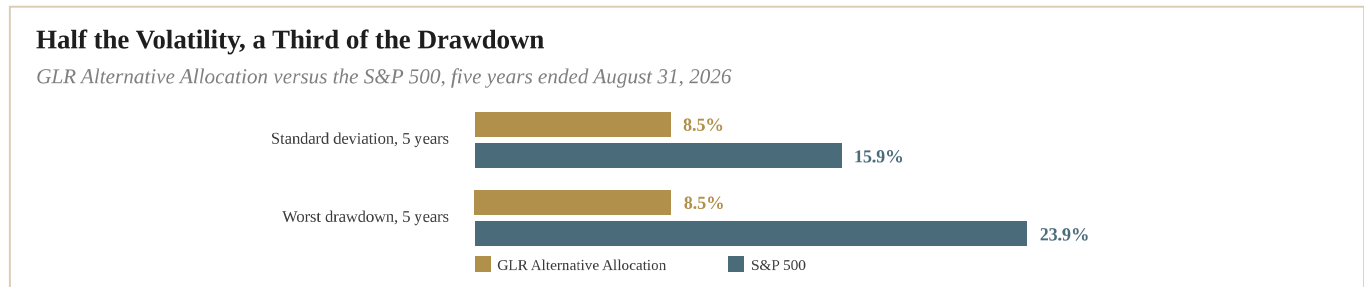
Which Means Changing What We Own, Not How Much

The framework reads the three pillars and produces one answer: how much risk to carry. That answer moved recently from Aggressive to Neutral, the regime in which composition does the work while overall exposure stays where it is.



Two Areas We Have Been Highlighting

Portfolios remain broadly diversified and we still own growth. These two are not the whole allocation. They are areas we have pointed to all year for what they deliver per unit of risk taken.



None of this was forecastable. What we control is what a portfolio depends on, and ours depends on cash generating businesses and on strategies with different drivers rather than on guessing the Fed's next move. We would welcome the chance to review yours.

With regards, **GLR Partners**, *Independent Wealth Advisory*

Performance note. GLR Alternative Allocation results are for a representative model portfolio, gross of advisory fees and net of underlying fund expenses. Advisory fees would reduce these results. Model results do not reflect client cash flows, timing, or taxes. The Alternative Allocation refers to a representative model portfolio consisting of managed assets and is materially different from the referenced indices with respect to holdings, risk exposures, volatility, objectives, liquidity and the use of alternative investments. Comparisons are provided solely for general market context. **Past performance does not guarantee future results and any portfolio may lose value.**

Sources and disclosures. Builds on prior GLR Partners commentary, February through August 2026. Rate, inflation, energy, and index data from the Federal Reserve, the U.S. Treasury, S&P Dow Jones Indices, the International Energy Agency, CNBC, Reuters, and public market data, September 2026. Election odds are from public prediction markets and polling averages as of September 24, 2026 and are not a forecast or an endorsement of any party, candidate, or outcome. The Three Pillars framework, the regime classification, and the cycle phase map are proprietary GLR Partners research describing our process, not forecasts. The two policy scenarios are risks we monitor, not predictions. Drawdown ranges reference the 1973, 1980, 1990, and 2022 episodes. Five year risk statistics apply the allocation's current target weights across the trailing five years ended August 31, 2026, time weighted and gross of advisory fees, measured against the SPDR S&P 500 ETF. Results derived by applying current weights to prior periods are hypothetical and do not reflect actual trading; other periods would produce different figures. Charts are illustrative and, where noted, stylized rather than exact index tracking. This material is for informational purposes only and does not constitute investment advice. The views expressed are opinions as of the publication date and are subject to change without notice. Nothing here should be construed as a forecast or guarantee of future results. References to specific securities are illustrative only, are not recommendations, and do not reflect any specific client account. Alternative investments involve additional risks including derivatives and leverage, limited liquidity, and higher expenses, and are not a substitute for the principal preservation characteristics of bonds. Diversification does not ensure a profit or protect against loss. All investments involve risk, including possible loss of principal. Data are believed reliable but not guaranteed as to accuracy or completeness. GLR Partners is a registered investment adviser; registration does not imply any level of skill or training. Visit adviserinfo.sec.gov and search for our firm name.