



ELSER FINANCIAL PLANNING

3rd Quarter 2026 Newsletter

- The earnings of the companies within the S&P 500 Index have grown by over 31% in 2026 as of 8/31.¹ However, the price of the index has only increased by 12.75% year-to-date, so the Price/Earnings ratio has declined to 19.4. Rising interest rates, inflationary pressures, and geopolitical unrest have reduced what investors are willing to pay for future earnings. For long-term investors, periods of slower price growth relative to earnings create more attractive valuations.
- Ten-year treasury yields have risen to 5.24%, the highest since 2007. High oil prices coupled with a resilient economy point to the possibility of elevated inflation. While bond prices decline when rates increase, bond holders begin to receive higher income.
- With mortgage fraud and identity theft continuing to rise, one way to add protection is to enroll in your county's property fraud alert services. Many counties have recently rolled out their version of this service. To sign up visit: www.propertyfraudalert.com/select and choose your county.

1: [https://am.ipmorgan.com/us/en/asset-](https://am.ipmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/)

[management/adv/insights/market-insights/guide-to-the-markets/](https://am.ipmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/)

2: <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>

3: <https://www.bls.gov/cpi/>

4: <https://www.dimensional.com/fi-en/insights/surprisingly-benign-how-stocks-respond-to-hikes-in-fed-funds-rate>

Contact Us

Phone: **317-731-5615**

Email: admin@elserfp.com

Website: www.elserfp.com

Address: **8900 Keystone Crossing, Ste. 450
Indianapolis, IN 46240**



News & Observations

- At the September Federal Reserve meeting, policymakers hiked interest rates for the first time in three years. The federal funds target range increased 0.25% to 3.75%–4.0%. The market is currently pricing in an 84% chance of additional hike(s) before yearend, according to CME Group.²
- August inflation came in at 3.4%, remaining well above the Fed's 2% target. Stubbornly high inflation remains the priority of Fed officials and continues to give reason for additional rate hikes.³
- Federal Reserve tightening (rate increases) has typically been followed by short-term market volatility. Gradual hiking cycles supported by a resilient labor market have tended to result in milder volatility and stronger economic outcomes than fast cycles. Historically, when rates are hiked steadily, market returns tend to be in line with long term averages.⁴
- Elser Financial is soon moving to a new office! Look for an email confirming the exact date of our move to the building next door. Our new address will be:
9100 Keystone Crossing Suite 450,
Indianapolis, IN 46240

Market Index Returns

Q3

YTD

S&P 500 (Large Cap)	2.30%	12.75%
Russell 2000 (Small Cap)	-7.23%	13.71%
MSCI International Index	0.97%	10.64%
MSCI Emerging Markets	-0.24%	23.73%
S&P Global REIT Index	-5.80%	5.73%
BofA 1-3 yr Corporate & Govt. Bond Index	-0.15%	0.66%

Elser Financial Planning is an SEC registered investment adviser. Information presented is for educational purposes only. Elser Financial Planning is not giving tax, legal or accounting advice. Consult a professional tax or legal representative if needed. All returns as of 9/30/2026 market close.

We sincerely appreciate your business and referrals.

Looking Past the Headlines

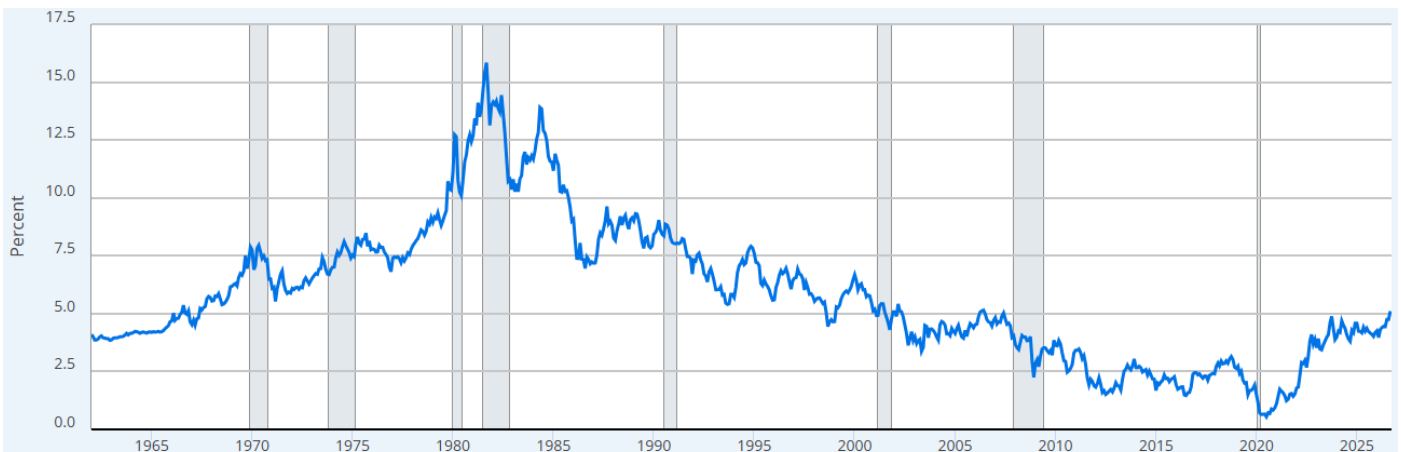
Investors face a steady stream of headlines emphasizing market risks and financial uncertainty. Consider these recent examples:

1. “Credit card debt surges in U.S. as high interest rates make it harder to pay off”
2. “What every investor needs to know about an alarming increase in margin borrowing”
3. “10-year Treasury yield hits 5.1% for first time in 19 years”

Unfortunately, fear sells. While the data in these articles is accurate, it’s how the information is framed that might lead investors to panic. Taking a closer look at the data can often paint a very different picture. Considering a longer time horizon allows you to reframe the figures mentioned in the three headlines.

1. Total U.S. credit card debt is near an all-time high of more than \$1.25 trillion, but that figure lacks important context. In a growing economy, debt typically rises alongside wages and prices. A more useful measure is debt payments as a percentage of disposable income, which currently stands at roughly 10% below the 20-year average. Credit card delinquency rates are also about 22% below their 30-year average, and have declined for nearly 24 consecutive months.⁵
2. Margin debt is near an all-time high of more than \$1.4 trillion, but the headline figure does not account for the market’s growth. As stock values rise, borrowing typically increases as well. Margin debt as a percentage of total market value provides a more meaningful measure of leverage. At 1.89%, it remains a little below the 30-year average of 1.98%.⁶
3. After more than a decade of historically low interest rates from 2008 to 2021 (when 10-year Treasury yields fell as low as 0.55% and never eclipsed 4%), today’s 5% yield may appear unusually high. Over the long history of the bond market, a 5% yield is relatively normal.

10-Year Treasury Yields



Source: Board of Governors of the Federal Reserve System (US) via FRED®

5: <https://fred.stlouisfed.org>

6: https://www.gurufocus.com/economic_indicators/4265/finra-investor-margin-debt-relative-to-total-market-cap