How to Help Protect Your Portfolio if the Fed Raises Interest Rates – 09/10/2026

Macro Views

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Following last Friday's strong jobs report, inflation concerns resurfaced, with bond markets pricing in nearly a 70% chance of a rate hike at next week's FOMC meeting. Rising tensions in the Middle East have pushed oil above $100 per barrel for the first time since May, adding inflationary pressure as 10-year yields move above 4.8% and bring our 5.2% upside target into play. Equities have remained resilient, with the S&P 500 holding above key support at 7,600 and the VIX at 17.5%. Beneath the surface, however, the equal-weight S&P 500 has begun to lag, signaling narrower leadership and weaker participation. Commodities, led by energy, and utilities are the only outperforming sectors, while industrials, software, health care, financials, consumer discretionary, consumer staples, and real estate have weakened. As the FOMC meeting approaches, a break below 7,600 could open the door to a sell-off toward 7,100.

For more information, please watch the replay video.

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Trade Idea

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Something isn't adding up in this market right now. Stocks remain near their highs and the VIX isn't registering volatility, even as market leadership narrows and former leaders continue to weaken. At the same time, rates have been rising, oil has moved above $100 per barrel, and the Fed meets next week with markets pricing in the odds of a rate hike. With internals deteriorating, the equal-weight S&P 500 lagging, and key support now in focus, I want to use a SPY put debit spread while downside protection remains relatively inexpensive. I'm looking to buy the Nov. 760/720 put vertical at a $10.10 debit.

SPY @ $759.48	BUY 1 NOV 20TH 760 PUT AT $18.75
	SELL 1 NOV 20TH 720 PUT AT $8.65
09.10.2026	DEBIT ($18.75 – $8.65) * 100 = $1,010
	($760 – $720 – $10.10) * 100 = MAX GAIN OF $2,990
SPY BEAR PUT SPREAD	($18.75 – $8.65) * 100 = MAX RISK OF $1,010

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At first glance, Zoom Communications' (ZM) headline profitability appears unusually strong due to a one-time investment gain. Even on a normalized basis, the valuation remains compelling, with ZM generating strong margins while trading at a discount to many software peers. Given the pullback to a well-established support level and ZM's strong relative strength, I want to use a bull put spread to pursue a bounce while keeping my risk limited. I'm selling the Oct. 95/90 put vertical at a credit of $2.00.

ZM @ $95.59	BUY 1 OCT 16TH 90 PUT AT $2.40
	SELL 1 OCT 16TH 95 PUT AT $4.40
09.10.2026	CREDIT ($4.40 – $2.40) * 100 = $200
	($4.40 – $2.40) * 100 = MAX GAIN OF $200
ZM BULL PUT SPREAD	($95 – $90 – $2.00) * 100 = MAX RISK OF $300

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Tony's Lookback

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Last month, I laid out a bullish thesis with the Arista Networks (ANET) Sep. 200/240 call spread at $14.20. It's now trading at $2.70 with about a week left to go. Holding until expiration will likely result in the full loss of what's left in value. That's why I want to cut my losses and apply that value to my next trade.

ANET 08.13.2026 $208.18

BUY 1 SEP 18TH 200 CALL AT $18.60
SELL 1 SEP 18TH 240 CALL AT $4.40
NET DEBIT = $1,420

ANET BULL CALL SPREAD

ANET 09.10.2026 $192.53

SELL 1 SEP 18TH 200 CALL AT $2.80
BUY 1 SEP 18TH 240 CALL AT $0.10
CURRENT NET CREDIT = $270
LOSS IF CLOSED = $1,150

For more information, please watch the replay video.

Before investing in any exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, an offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Past performance is no guarantee of future results.

Options trading entails significant risk and is not appropriate for all investors. Certain complex options strategies carry additional risk. Before trading options, contact Fidelity Investments by calling 800-544-5115 to receive a copy of Characteristics and Risks of Standardized Options. Supporting documentation for any claims, if applicable, will be furnished upon request.

There are additional costs associated with option strategies that call for multiple purchases and sales of options, such as spreads, straddles, and collars, as compared with a single option trade.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Technical analysis focuses on market action — specifically, volume and price. Technical analysis is only one approach to analyzing stocks. When considering which stocks to buy or sell, you should use the approach that you're most comfortable with. As with all your investments, you must make your own determination as to whether an investment in any particular security or securities is right for you based on your investment objectives, risk tolerance, and financial situation. Past performance is no guarantee of future results.

Greeks are mathematical calculations used to determine the effect of various factors on options.

Indexes are unmanaged. It is not possible to invest directly in an index.

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