

Beacon Weekly Investment Insights

Last week saw equity indices in positive territory, despite on-going geopolitical tensions as the U.S. announced a new round of sanctions on Iran. There were also increasing tensions on the trade/tariff front, as the U.S. hit Canada with 50% tariffs on around \$20 billion in Canadian goods following the breakdown of recent trade talks, and Canada retaliated with 50% tariffs of its own on hundreds of U.S. products. WTI crude oil prices did end the week down by 4.2% despite still reduced transit volumes through the Strait of Hormuz, and escalating tensions between Russia and Ukraine. The decrease in oil prices was precipitated by more headlines as of late about transit volumes through the Strait of Hormuz increasing, and reports that Iran was willing to put together a list of conditions to restore normal traffic through the strait.

Equity indices also received a tailwind from a strong earnings report and subsequent strong stock reaction from Nvidia, which was up over 8% last Thursday after reporting earnings, providing another jolt of enthusiasm for the AI trade, before subsequently giving back some of those gains on Friday. Nvidia's earnings report detailed strong datacenter growth, overall revenue doubling for the quarter, and guidance for 70% revenue growth for fiscal year 2028 relative to expectations for 45% growth. Software stocks have been outperforming as of late as well after a significant sell-off earlier this year, with strong earnings reports last week from the likes of Salesforce, and cybersecurity companies CrowdStrike and Okta, each producing positive double-digit moves for the stocks and providing an additional tailwind. With 97% of companies in the S&P 500 having reported earnings to this point, aggregate earnings growth for the second quarter is 52%, more than double expectations for 23% growth headed into the quarter. The S&P 500 ultimately ended the week up 0.49%, with the Dow Jones up 0.53% and the tech-heavy Nasdaq increasing 0.85%.

Another significant area of focus for markets last week was of course Fed Chair Warsh's speech at Jackson Hole on Friday. The speech was viewed as hawkish, with Chair Warsh explicitly stating that the Fed's inflation target remains 2% as measured by PCE (personal consumption expenditures), and that rates are the Fed's primary policy tool. This led the market to price in an increased probability of a rate hike as soon as the upcoming September meeting, with potentially two rate hikes occurring before year-end. The yield curve flattened, with the higher probability of Fed rate hikes bringing short-end rates higher, as long-end yields dropped with the explicit statements around the 2% inflation target as measured by PCE. Chair Warsh also commented on the economic and employment picture, saying the economy is doing well as investment is strong and consumer spending is resilient. He noted that limited growth in labor supply is leading to lower monthly job figures, but that labor market data is broadly consistent with full employment. In addition, Chair Warsh reiterated his stance in terms of being opposed to providing forward guidance outside of economic or financial crises, as he wants markets to freely react to data as opposed to expectations of what the Fed will do.

Economic data released last week included New Homes Sales, which came in at 607,000, slightly lower than expectations of 615,000. Durable Goods Orders, however, came in well ahead of expectations, growing 1.1% in July, more than double the expected 0.5% increase. The afore-mentioned PCE index, which was reaffirmed as the primary measure of inflation for the Fed, increased 3.7% year over year at the headline level, ahead of expectations for a 3.6% increase. Core PCE (excludes food and energy prices) increased 0.2% for July, which was in line with expectations, and was up 3.3% year-over-year, which was also in line with expectations but remains well above the Fed's 2% target. Personal Income and Consumer Spending readings were both ahead of expectations, with income increasing 0.4% for July relative to expectations for a 0.2% increase, and consumer spending up 0.2% for the month relative to expectations for a 0.1% increase. Weekly jobless claims remain at low levels, falling to 203,000 last week from 206,000 in the prior week, and below expectations for 208,000. The University of Michigan's Final Consumer Confidence Survey was slightly ahead of expectations for a reading of 51, coming in at 51.7.

On the docket for this week are the ISM Manufacturing and Services PMI readings, as well as FedSpeak from the likes of Federal Reserve Governor Christopher Waller, as well as Federal Reserve Bank of Cleveland President Beth Hammack and Federal Reserve Bank of Chicago President Austan Goolsbee. The labor market will be a key focus for markets this week, with the Job Openings & Labor Turnover Survey, ADP Employment Report, as well as the more closely watched U.S. Employment Report all set to be released.

Market Scorecard:	8/28/2026	YTD Price Change
Dow Jones Industrial Average	53,559.99	11.44%
S&P 500 Index	7,711.76	12.65%
NASDAQ Composite	26,402.42	13.60%
Russell 1000 Growth Index	4,942.18	3.73%
Russell 1000 Value Index	2,535.69	22.40%
Russell 2000 Small Cap Index	2,972.37	19.76%
MSCI EAFE Index	3,246.34	12.22%
US 10 Year Treasury Yield	4.72%	+55 basis points
WTI Crude Oil	\$83.40	45.25%
Gold \$/Oz.	\$4,529.90	4.35%



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