

## Beacon Weekly Investment Insights

Plenty of economic data permeated the headlines throughout last week mainly centered on the previous month's inflation data along with expectations, and retail sales data that are indicative of the consumer spending activity. Later in the week, geopolitics took center stage ahead of the meeting between President Trump and Russian President Putin to discuss the possible halt to their conflict with Ukraine. Through it all, the major equity indices continued to show resilience, with the DOW, NASDAQ, and S&P500 positing gains of 1.74%, 0.81% and 0.94% respectively.

On the inflation front, the Consumer Price Index (CPI) was reported to be up 2.7% year over year through July, slightly less than the 2.8% expectations. The Core CPI was reported as slightly higher than expectations at 3.1%. Core excludes volatile prices for energy and food, so the narrative for the everyday consumer was positive. Prices for services such as auto repairs and healthcare services were the strongest gainers, while groceries, fuel, and shelter costs were stable to slightly lower. This benign report led to speculation by investors and some economists that the Federal Reserve, based upon the tameness of the inflation data, would possibly look to be more aggressive in cutting short-term rates at their meeting in September with a 50-basis point rate cut.

Producer Price Index, a gauge of wholesale pricing was reported on Thursday, and was hotter than many expected. Prices increased 0.9% on a month over month basis, representing the largest jump since June 2022. On a year over year basis, process increased 3.3%. Some attribute the strong increase to tariff related issues finally showing up in the data. The example pointed to was a 30% surge in machinery and equipment wholesale prices. The rhetoric around a more aggressive Fed move quieted quickly, but many still expect a 25-basis point reduction of the Federal Funds rate at the September meeting. The emphasis in the commentary may point more towards the labor market as opposed to inflation. Of note, this week the Kansas City Federal Reserve hosts its annual economic symposium in Jackson Hole, Wyoming. Chairman Jay Powell will be addressing the conference on Friday and his comments will be a well-covered event.

Advanced Retail Sales data showed a rise of 0.5% during the month of July, just shy of expectations. However, prior month upward revisions point to a resilient spending environment for the US consumer. Demand was diverse amongst all retail categories over the month.

Finally, corporate earnings season is nearing an end with over 90% of the S&P constituents having reported second quarter results. To date, earnings are up 11.3% on a year-over-year basis with revenue increases of 5.9%. Eight of the eleven S&P sectors have reported positive growth with 3 of the more cyclical sectors, communication services, information technology, and financials, showing double digit growth. For perspective, the analyst expectations entering the quarterly reporting season was for growth of only 4.8%.

This week, there is a bit of a slowdown in the economic calendar with data leveraged more toward the housing environment. On Tuesday, we will have data on new housing starts and building permits, followed by Thursday's report on existing home sales. On Wednesday, the Federal Reserve will release the minutes from its prior open market committee meeting, where we saw two dissenting opinions from the majority opinion to hold rates steady. Earnings this week are retail heavy with the likes of Home Depot, Walmart, Target and Lowe's on the calendar. As mentioned before, we will be monitoring Chairman Powell's speech at Jackson Hole scheduled for Friday.

Market Scorecard:	8/15/2025	YTD Price Change
Dow Jones Industrial Average	44,946.12	5.65%
S&P 500 Index	6,449.80	9.66%
NASDAQ Composite	21,622.98	11.97%
Russell 1000 Growth Index	4,519.13	11.80%
Russell 1000 Value Index	1,948.63	6.84%
Russell 2000 Small Cap Index	2,286.52	2.53%
MSCI EAFE Index	2,740.81	21.18%
US 10 Year Treasury Yield	4.32%	-25 basis points
WTI Crude Oil	\$62.80	-12.44
Gold \$/Oz.	\$3,336.19	27.12%



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