Beacon Trust
INNOVATING WEALTH STRATEGY

August 3, 2026

Beacon Weekly Investment Insights

Last week investors withstood another round of volatility, this time driven by several factors. We had a busy week in terms of S&P earnings releases, a FOMC interest rate policy meeting, economic data, and the US/Iran tensions continuing to fluctuate. By the end of the week, the net result was the Dow Industrials and S&P 500 were up by about 1.04% and the NASDAQ Composite up 1.6%. The US Treasury yield curve steepened quite a bit with long rates measured by the 10- and 30-year maturities rising by 6 and 12 basis points respectively. The 30-year yield at 5.27% is the highest yield since 2007. Energy markets, most affected by the geopolitical tensions, eased during the week with WTI Crude prices declining by just over 5% to finish the week at $80.74 per barrel.

Second quarter earnings season is progressing quite well. Approximately 61% of the S&P constituents have reported and earnings thus far are up 57% on a year-over-year basis. [CC1.1] Technology companies garnered most of the headlines last week with reports from Microsoft and Amazon being well received, while Apple and Meta were not. The issues on investors' minds continue to revolve around AI strategy, cap-ex spending budgets and the ultimate return on those expenditures. Outside of technology the breadth of earnings is impressive. All eleven sectors of the S&P are reporting positive earnings growth on a year over year basis, with three (energy, consumer discretionary, and communications services) posting triple digit growth.

On Wednesday, the FOMC decided by a 9-3 committee vote to leave short term interest rates unchanged at a range of 3.50% - 3.75%. The three dissenting votes favored a quarter of a percentage point increase in rates due to inflationary pressures. Chairman Warsh during the press conference reiterated that the Fed's implicit inflation target remains 2% and their goal is to achieve that. Warsh was elusive [CC2.1]in his comments as to how they will achieve this target or their overall approach to measuring inflation. The market reaction to his press conference was a selloff in equities and sharp rise in long interest rates. Warsh also commented later in the week that he may want to change the frequency of the FOMC meetings to have fewer than the 8 they have currently.

The economic data released last week included the first read of second quarter GDP. The result was an economy growing at 1.5%, slower than the 2.1% rate for the first quarter. Consumer spending on both goods and services was quite robust, despite inflationary pressures and business spending, driven by IT equipment and software related to AI remained strong. Two measures of consumer confidence/sentiment released last week were mixed with the University of Michigan's survey rising 9.9% while the Conference Board's survey declined despite improved inflation expectations.

Other significant events last week involved currency markets when the US and Japanese governments joined forces to support the falling Japanese Yen. The US looked to sell Euros to purchase Yen, while the Bank of Japan would most likely be selling a portion of their US Treasury portfolio to buy Yen. The move is widely seen to promote financial stability and prevent a more rapid and disorderly decline that could affect other financial asset prices.

This week we will have indicators of July's economic activity with the release of ISM manufacturing and ISM services on Monday and Wednesday respectively. A full array of employment indicators is also set for release with JOLTS job openings data on Tuesday, ADP Private Sector Employment on Wednesday, weekly unemployment claims on Thursday and the full non-farm payroll report and unemployment rate on Friday. On top of this data, more than 130 S&P constituents will report their second quarter results.

Market Scorecard:	7/31/2026	YTD Price Change
Dow Jones Industrial Average	$52,485.03	9.20%
S&P 500 Index	$7,489.72	9.41%
NASDAQ Composite	$25,373.85	9.17%
Russell 1000 Growth Index	$4,764.82	0.07%
Russell 1000 Value Index	$2,389.34	15.34%
Russell 2000 Small Cap Index	$2,931.34	18.11%
MSCI EAFE Index	$3,176.14	9.80%
US 10 Year Treasury Yield	4.74%	57 basis points
WTI Crude Oil	$80.74	47.46%
Gold $/Oz.	$4,067.00	-6.33%

BeaconTrust 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | BeaconTrust.com