Beacon Trust
INNOVATING WEALTH STRATEGY

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Beacon Weekly Investment Insights

Despite the slow start to the week over concern about what the Fed's next move will be, numerous employment reports have removed any doubt that further easing is expected at next week's meeting. Notably ADP undershot expectations to the lowest since Mar-23; initial claims fell to the lowest since Sep-22 and continuing claims dropped sharply; Challenger job cuts rose 24% y/y but fell 53% m/m, with YTD cuts at 1.1M (highest since 2020); layoffs remained concentrated in telecom and tech, largely driven by Verizon, reinforcing the view that labor softening is micro- and firm-specific rather than broad macro weakening. Much of the losses were concentrated among small businesses. Companies with fewer than 50 employees shed more than 120,000 jobs in November. This is relevant because small businesses employ 46% of Americans in the private sector. Mid and large employers, however, experienced a net increase in hiring. The equity markets responded positively as the probability of another 25-basis point cut rose to 90% ensuring that the seasonal "Santa Claus Rally" is intact. On the week the Dow, S&P 500 and Nasdaq rose 0.5%, 0.3% and 0.9% respectively. Interestingly the dovish Fed policy has not resulted in lower bond yields as the US 10-year Treasury hovers around 4.15%. The 1.5% reduction in the federal funds rate since September 2024 has resulted in a rise of 50 basis points for the 10 year which is the benchmark for many key borrowing costs, notably mortgage rates. Clearly a reversal needs to occur to substantially free up the housing market.

In other data, November ISM Services beat, highest in nine months, with the employment component being the best since May (though still in contraction); ISM Manufacturing missed and showed a decline in employment and jump in prices; elsewhere, preliminary December consumer sentiment showed a decline in inflation expectations; finally, September PCE (delayed) was mostly in-line though spending was a touch light.

Relatedly, US holiday spending is tracking ahead of expectations; U.S. shoppers spent $44.2B from Thanksgiving through Cyber Monday (+8.8% y/y), underscoring consumer resilience narrative, though analysts flagged surge "buy now, pay later" and an increase in credit card usage as a potential affordability warning.

In the upcoming week the Bureau of labor Statistics releases the JOLTS report for both September and October followed by the FOMC announcement on Wednesday.

The current earnings season is winding down and 2026 will be here before you know it. But before we get there Adobe, Oracle, Broadcom and Costco will report earnings. These could be market moving as high expectations are already reflected in lofty valuations.

Market Scorecard:	**12/05/2025**	**YTD Price Change**
Dow Jones Industrial Average	$47,954.99	12.72%
S&P 500 Index	$6,870.40	16.81%
NASDAQ Composite	$23,578.13	22.10%
Russell 1000 Growth Index	$4,817.44	19.18%
Russell 1000 Value Index	$2,065.57	13.25%
Russell 2000 Small Cap Index	$2,521.48	13.06%
MSCI EAFE Index	$2,835.50	21.40%
US 10 Year Treasury Yield	4.15%	-42 basis points
WTI Crude Oil	$59.24	-19.50%
Gold $/Oz.	$4,212.90	55.50%

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