

Beacon Weekly Investment Insights

Headlines on the geopolitical front were a little lighter than usual this week. Our elected officials have seemingly pumped the brakes on military operations overseas, opting to apply economic pressure through the ongoing naval blockade and other economic sanctions instead — with the end goal of bringing Iran back to the bargaining table. Meanwhile, one mainstream headline keeps barreling forward: the artificial intelligence mega-theme, more specifically the infrastructure required to meet the market's ever-increasing need for computing power. Intel was the first to make a splash early in the week with news that they are undertaking a \$20 billion secondary stock offering. The funds will be utilized to expand chip production and for general corporate purposes. Nvidia followed up on this with an announcement of their own that they'll be partnering with several major alternative asset managers (Apollo, KKR, and Blackstone amongst others) to unlock capital and provide financing to their vast customer base, potentially to the tune of \$500 billion.

On the macroeconomic front, inflation took center stage this week as the Consumer Price Index (CPI) and Producer Price Index (PPI) readings for July were released. CPI was the first to hit the tape and it showcased headline and core (excludes food and energy) readings that fell in line with expectations. Headline inflation now stands at 3.4%, while core clocked in at 2.5% (both figures reflect year-over-year changes for reference). The respective Producer Price Index (PPI) figures followed this by coming in below forecast. The headline figure was flat month-over-month compared to expectations for a 0.2% increase, and Core PPI rose 0.2%, below the 0.3% consensus as well. Both reports were subsequently well-received by the market, as investors cheered tamer readings across the board. In light of this, the odds of a rate hike in September decreased markedly — from approximately 70% just a month ago to around 30%. In other news, although initial jobless claims came in slightly above estimates (209k vs. 202k), the four-week moving average stands just shy of 200k, reinforcing overall stability in the labor market. The consumer also came into focus by way of July's retail sales and the University of Michigan's preliminary consumer sentiment survey for August. Retail sales missed the mark, falling 0.6% month-over-month (economists had expected a gain of 0.2%), and may have weighed on the aforementioned consumer sentiment reading, which reversed course after showing signs of improvement in June and July. For reference, the index dropped from 55.2 in July to 51 in August. Existing home sales rounded out the calendar and there were no real surprises. Housing conditions have remained rather static due to a combination of factors such as low inventory, higher rates, and record-setting prices.

Breaking down this week's market action, equities had another strong showing with the S&P 500 closing at an all-time high, rising 0.40% and recording its third straight weekly advance in the process. Additionally, the Dow Jones Industrial Average and Nasdaq Composite are currently sitting within striking distance of record territory. For the week, the Dow dipped 0.5%, while the Nasdaq Composite finished up 0.20%. There's no doubt the recent momentum is being driven by strong earnings. With Q2 earnings nearing the finish line, results have been nothing short of astonishing and companies have shattered estimates by a wide margin, precipitating the blended year-over-year earnings growth rate for the S&P 500 to surge over 50%. Lower inflation, a steady labor market, and easing global tensions should serve as additional tailwinds for the broader asset class moving forward. Of note, Q3 GDP (Gross Domestic Product) estimates are on track to register much higher than prior quarters (north of 4%), according to the Atlanta Fed's GDPNow barometer. Small-cap stocks continue to trade well too, possibly owing to a valuation-driven catch-up trade and a more cyclical sector representation. Speaking of sectors, even though technology was certainly a focal point during the week, notable outperformance was witnessed in healthcare, consumer staples, and energy. From a fixed income standpoint, the 2-year Treasury fell 2 basis points for the week, as market participants digested some softer than expected data and reassessed the outlook for future rate cuts. On the other hand, the 10-year rose 3 basis points on account of sticky inflation and increased debt issuance. Volatility in the commodities complex remains centered on oil, as control over the Strait of Hormuz has contributed to uncertain transportation costs. Crude finished up 5% for the week on lingering supply concerns related to this

ongoing instability. Gold had a good showing recently as well, with the prospect of lower rates and a falling dollar driving inflows.

Next week will feature a combination of housing data (July housing starts) and key indicators of broader economic health, such as the August Flash Purchasing Managers' Index (PMI) for Manufacturing and Services, alongside the Empire State Manufacturing Survey. On the labor market front, the customary weekly jobless claims report will provide an update on current employment conditions, which have proven to be quite resilient throughout the course of the year. Lastly, further insights into the Federal Reserve's monetary policy stance will be disseminated via the Federal Open Market Committee's meeting minutes.

Market Scorecard:	8/14/2026	YTD Price Change
Dow Jones Industrial Average	53,732.41	11.80%
S&P 500 Index	7,785.76	13.74%
NASDAQ Composite	26,729.16	15.00%
Russell 1000 Growth Index	5,044.29	5.87%
Russell 1000 Value Index	2,540.26	22.62%
Russell 2000 Small Cap Index	3,068.42	23.63%
MSCI EAFE Index	3,262.58	12.79%
US 10 Year Treasury Yield	4.70%	53 basis points
WTI Crude Oil	82.40	43.50%
Gold \$/Oz.	4,437.30	2.22%

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