

Beacon Weekly Investment Insights

The markets entered the week with high anticipation for what the FOMC would announce on Wednesday despite the fact the futures markets were predicting a 90% chance of a rate hike, the first in 3 years. Warsh & Co did not disappoint with a unanimous 25 bps increase to 3.75-4%. Many argue whether this was the right decision. Is inflation transitory, much like Covid, and therefore the increase unnecessary? Did Warsh paint himself in a corner at Jackson Hole? Did he want to show solidarity with other members or as he stated in the press conference that we are far from the target 2% and the data is supportive of a raise? Maybe all? History will determine the answer but for the moment inflation is here and probably not going away until Iran and the US are willing to come to a resolution to end the war. Currently, there does not appear to be the appetite for either to do so. Therefore, elevated inflation will persist most likely resulting in at least another increase before year end. The prediction markets show a 51% probability in October and 87% in December. Globally rates are rising too as the closure of the Straits of Hormuz and other distribution channels in the middle east are being shuttered. The lack of oil and its byproducts is and will be more painful internationally than here in the US, especially as winter approaches. The upcoming UN General Assembly in NY will bring global leaders together, where Iran is likely to be top of mind. President Xi of China will be visiting Washington on Thursday. The Administration will press him on their Iranian support in the conflict among other topics.

Market movements during the week were also influenced by statements made by the CEOs of OpenAI, Tesla/SpaceX, and Anthropic to slowdown or pace AI development. Concerns surround the need for guardrails to assure the safety of AI, its applications and possible rogue behavior. These comments received a lot of press both supportive and in opposition, scaring investors, putting downward pressure on any AI related stocks. It is unlikely that AI development will be curtailed as it is here to stay and shows promising benefits to efficiency. That said, expect congressional hearings and some legislation may be enacted in time. Interestingly as the week ended the tech heavy Nasdaq was positive, rising 0.72% while the Dow and S&P were down 1.69% and 0.08 respectively.

Investors were preoccupied by the aforementioned developments, but there were a few economic announcements worth noting. Retail sales came in at 1.2% (1.4% ex autos). Not surprising both housing starts and building permits declined 2.6% and 2.7% respectively as the 10-year treasury hovers around 5% and mortgages exceeded 7%. Weekly jobless claims were 196,000 vs 207,000.

Next week's economic data will include ADP weekly private-employment estimate and September's Richmond Fed manufacturing (Tuesday); S&P global PMIs (Wednesday); jobless claims, and August new-home sales (Thursday); and preliminary August durable goods and the final UMich consumer sentiment and inflation expectations readings for September. Fedspeak will restart in earnest next week, with scheduled appearances by Goolsbee, Williams, Jefferson, Barkin, Barr, Hammack, and Paulson.

Market Scorecard:	9/18/2026	YTD Price Change
Dow Jones Industrial Average	51,682.64	7.53%
S&P 500 Index	7,650.50	11.76%
NASDAQ Composite	26,522.55	14.11%
Russell 1000 Growth Index	4,967.01	4.25%
Russell 1000 Value Index	2,478.47	19.64%
Russell 2000 Small Cap Index	2,860.40	15.25%
MSCI EAFE Index	3,194.03	8.82%
US 10 Year Treasury Yield	4.94%	+73 basis points
WTI Crude Oil	\$100.05	75.36%
Gold \$/Oz.	\$4,408.90	1.06%

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