

Beacon Weekly Investment Insights

Last week increased volatility in financial markets as investors struggled with mixed geopolitical headlines from the middle east, the questions surrounding the ultimate returns on the AI spending boom, and persistent inflation data. By Friday, both the NASDAQ Composite and S&P 500 indices had declined in each of the five trading days. For the week, the decline totaled 4.6% and 1.95% respectively. The Dow managed to post a modest weekly gain of 0.6%. From a sector perspective, communication services and information technology fell by 6.2% and 5.4%, which is consistent with the heavier sector representation within the NASDAQ and S&P 500.

From the geopolitical standpoint, the recently signed Memorandum of Understanding (MOU) had been violated by Iran with an attack against a commercial vessel heading through the Strait of Hormuz. This led to weekend retaliatory strikes from both sides until the renewed truce was announced late Sunday. The importance of this ceasefire cannot be understated and from an economic perspective as traffic was uninterrupted through the Strait for the majority of the week, oil prices declined by roughly 10%.

The balancing act from the substantial AI buildout continues to benefit and pressure the indices. Last week happened to be more questions regarding the ultimate return on these massive capital investments. Chip maker Micron Technology reported very strong earnings during the week and offered strong forward guidance, but even that was not enough to dispel the overriding questions regarding return. Also, both Apple and Microsoft reported end product price increases for iPads and Xboxes to offset the ever-increasing costs of memory chips.

Inflation data from last week came from the Personal Consumption Expenditures Index, which has been the Federal Reserve's preferred gauge of inflation. The headline index rose 0.4% during the month of April, taking the year-over-year figure to 4.1%. The core index, which excludes volatile food and energy costs, rose 0.3% month over month and 3.4% for the year ended April 30. The read-through for the broader economy is that the rise in energy costs is starting to percolate through to increased cost of many other goods outside of fuel. As mentioned above, from an economic perspective, it will be important to have lower energy costs as we move forward.

Rising prices have not seemed to have an adverse impact on the consumers' broader spending patterns. Personal spending for the month of May was reported up 0.7% from April. The data, which is not adjusted for inflation did outpace inflation, which suggests that consumers remain resilient. Personal income, reported at the same time, also grew 0.7% in May, twice the median forecast, and also supportive of resilient spending.

This is a holiday shortened trading week as financial markets will be closed on Friday July 3rd, in observance of the July 4th holiday. We are concentrating on a number of important data releases throughout the week. Tuesday will be an update on consumer confidence along with the Job Opening-Labor Turnover Survey (JOLTS). ADP will report on private sector employment on Wednesday along with the ISM Manufacturing survey. Thursday will end the week with durable goods and factory orders, initial jobless claims, along with the full non-farm payrolls report and unemployment rate.

Best wishes for a safe and happy July 4th holiday!

Market Scorecard:	6/26/2026	YTD Price Change
Dow Jones Industrial Average	\$51,876.11	7.93%
S&P 500 Index	\$7,354.02	7.43%
NASDAQ Composite	\$25,297.62	8.84%
Russell 1000 Growth Index	\$4,795.87	0.66%
Russell 1000 Value Index	\$2,389.34	15.34%
Russell 2000 Small Cap Index	\$3,010.08	21.28%
MSCI EAFE Index	\$3,085.46	6.66%
US 10 Year Treasury Yield	4.37%	+20 basis points
WTI Crude Oil	\$69.23	20.57%
Gold \$/Oz.	\$4,088.74	-5.34%

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