

Beacon Weekly Investment Insights

The primary focus last week was on inflation and employment data, with both the PPI (producer price inflation) and CPI (consumer price inflation) reports having been released, as well as the BLS annual revision to nonfarm payrolls for the April 2024 through March 2025 time period. PPI data for August came in significantly lower than expected, with the headline figure down -0.1% from a prior reading of 0.7% and relative to expectations for a 0.3% increase. The report showed a 2.6% increase on a year-over-year basis, slowing from a 3.1% increase. Core PPI came in at 0.3% for August which was in line with expectations and down from the prior reading of 0.6%, with the year-over-year figure ticking up to 2.8% from 2.7%. Tariff-linked categories were mixed, with electronics and apparel coming in hotter than expected, but other categories such as furniture showing a cooldown. The downside surprise for the PPI report was followed up with an August CPI report that posted a somewhat hotter than expected headline reading, and in-line results for the core reading. Headline CPI came in at 0.4% for the month up from 0.2% in the prior month and above expectations for a 0.3% increase, with the year-over-year figure coming in at 2.9% as expected and up from the prior reading of 0.2%. Core CPI (excludes more volatile items like food and energy) stayed static and was in line with expectations on both a monthly and year-over-year basis, up 0.3% and 3.1%, respectively.

As noted above, revisions to payrolls were also released, showing a significant downward revision of over 911,000 jobs from April 2025 through March 2025, suggesting that job growth was already slowing prior to tariffs. Unemployment claims released last Thursday came in higher than expected at 263,000 relative to expectations for 236,000 claims and up from the prior reading of 237,000 (important to note that the data was for the shortened Labor Day holiday week, which can drive volatility). All-in-all, the inflation data alongside jobs data that continues to point to a weakening labor market, served to further solidify expectations for a 0.25% rate cut at the upcoming Fed meeting this week, and an additional two 0.25% rate cuts by year-end. Rate cut expectations as well as a backdrop of better-than-expected corporate earnings, helped equity markets finish in positive territory last week. The S&P 500 closed the week up 1.59%, with the Dow Jones up 0.95%, and the tech-heavy Nasdaq up 2.03%. Yields have also come down meaningfully across the curve given the significantly weaker than expected jobs numbers, with the 10-year yield continuing its downward trajectory last week moving down from 4.08% to 4.06%.

With the 2nd quarter earnings season essentially wrapped up, aggregate S&P 500 earnings growth came in meaningfully better than expected at roughly 12%, relative to expectations for just shy of 5% growth headed into the quarter. As we look towards the back half of the year, analysts are projecting earnings growth to come in at 7%-8%. Current expectations are for earnings growth to subsequently reaccelerate from those levels to low double-digit earnings growth in 2026. These estimates can of course change meaningfully, however the earnings growth outlook broadly continues to be supportive for equities.

As we look towards the upcoming week, all eyes will be on the Fed and Chair Powell with the rate announcement and press conference for the upcoming Fed meeting scheduled to take place on Wednesday. As mentioned, a 0.25% rate cut is expected to be announced at the meeting. Investors will be listening closely to try to glean more clarity around the pace and magnitude of potential further rate cuts towards the end of the year and next year, and for commentary surrounding a further slowing of or possible end to quantitative tightening (the process of the Fed reducing its balance sheet by allowing securities to mature and not reinvesting the proceeds, which reduces liquidity). With the slowdown in the labor market taking center-stage, investors will also be closely watching the U.S. retail sales report for an updated read on the consumer, with the report set to be released on Tuesday.

Market Scorecard:	9/12/2025	YTD Price Change
Dow Jones Industrial Average	\$45,834.22	7.73%
S&P 500 Index	\$6,584.29	11.95%
NASDAQ Composite	\$22,141.10	14.66%
Russell 1000 Growth Index	\$4,629.89	14.54%
Russell 1000 Value Index	\$1,987.86	8.99%
Russell 2000 Small Cap Index	\$2,397.06	7.48%
MSCI EAFE Index	\$2,758.96	21.98%
US 10 Year Treasury Yield	4.06%	-51 basis points
WTI Crude Oil	\$62.69	-12.59%
Gold \$/Oz.	\$3,686.40	39.58%



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