

## Beacon Weekly Investment Insights

As we enter the month of September, many articles are written about this being a historically “choppy” month for the equity markets. Last week displayed that despite some evidence of economic and consumer resilience, equity markets drifted lower. Headwinds outside of a few industry specific events, include higher interest rates, higher energy costs, and uncertainty over the future path of inflation. For the week, the Dow Industrials declined 0.75%, the S&P 500 declined 1.29%, and the NASDAQ Composite fell 1.93%. Interest rates, as measured by the benchmark 10-Year US Treasury Note, added 9 basis points to yield 4.27%, while the price of West Texas Intermediate Crude oil rose 2.3% to \$87.51 per barrel.

The biggest industry specific event of last week affected many large technology companies as the Chinese Government is said to begin banning officials and agencies from using Apple I-Phones, putting pressure on the share price of Apple and many suppliers. Geopolitical events like this act to create near term angst for shareholders, but rarely lead to long term significant issues. Additionally, headlines are focused on the American Auto Workers Union, who’s contract with the Detroit auto makers expires this coming Thursday at midnight and a strike has already been authorized if an agreement is not reached.

Economically, as mentioned above, the data flow remains positive. On Tuesday, the Institute for Supply Management’s service index rose to 54.5 in August, 3.4% higher than July’s reading. Within the index, prices paid, the employment outlook, and new orders all rose during the month. The service economy, which accounts for more than two-thirds of GDP, continues to show strength as a resilient US consumer continues to spend. The strong employment situation and increasing measures of confidence continue to support spending. In the prior week, the ISM manufacturing index for August did rise, but remains in contractionary territory.

With only 1 S&P 500 company left to report second quarter earnings, I think it is fair to declare the season complete. Aggregate earnings declined 5.8%, slightly better than the 6.4% decline expected as the season began. Revenue growth amongst these companies is up about 1%. Sector wise, Consumer Discretionary and Communication Services companies showed double digit earnings growth. On the negative side, Energy, Healthcare, and Materials companies posted double digit year over year declines. For the third quarter, analyst’s consensus is for an earnings rise of 0.5%. Reporting will begin in mid-October.

This week will be a busier week for data releases. Wednesday the Consumer Price Index will be released and is expected to show headline inflation of 3.6%. Thursday, along with weekly jobless claims, the Producer Price Index will give us the indication of pricing at the wholesale level. Also, Advance Retail Sales will be released for a gauge on consumer spending. Friday, we will end the week with industrial production and capacity utilization will give us a view of manufacturing and the University of Michigan’s consumer sentiment index will give us another read on the consumer. Company wise, Apple is expected to host a launch event on Tuesday possibly introducing the I-Phone 15.

<b>Market Scorecard:</b>	<b>9/8/2023</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	34,576.59	4.31%
S&P 500 Index	4,457.49	16.10%
NASDAQ Composite	13,761.53	31.48%
Russell 1000 Growth Index	2,798.92	29.69%
Russell 1000 Value Index	1,546.05	3.27%
Russell 2000 Small Cap Index	1,851.54	4.39%
MSCI EAFE Index	2,077.17	6.85%
US 10 Year Treasury Yield	4.27%	38 basis points
WTI Crude Oil	\$87.51	9.03%
Gold \$/Oz.	\$1,919.11	5.21%



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