Beacon Trust
INNOVATING WEALTH STRATEGY

April 28, 2025

Beacon Weekly Investment Insights

Last week began with plenty of negativity in the financial markets over the continued pressure from the Trump Administration on the Federal Reserve and its current interest rate policy. The Administration would prefer the Federal Reserve to preemptively lower short-term interest rates in an effort to boost economic activity in the face of weakening consumer and business sentiment. Once the President walked back comments he had made about possibly replacing the FOMC Chairman, Jay Powell, financial markets breathed a collective sigh of relief. This along with comments from Treasury Secretary Scott Bessent regarding the unsustainability of the current 145%+ tariffs on China and the possibility for a trade deal in the near future, set a positive tone for the remainder of the week.

The economic calendar was on the lighter side, but a few releases of note. The housing market continues to exhibit weakness as mortgage rates remain stubbornly around 7%, while median prices rose to $403,700.00 up 2.7% year over year. Existing home sales in March fell 5.9% to a seasonally adjusted rate of 4.02 million homes. The monthly decline is the largest since November 2022, while the pace of sales is the lowest since March 2009. Additional hard data came from durable goods orders, which were stronger than expected, driven primarily by categories like autos and auto parts as buyers try to get ahead of anticipated tariffs later in the year.

The Conference Board leading economic indicator index fell by 0.7% in March after falling 0.2% in February. While five of the 10 indicators showed positive trends, sharp declines in consumer expectations, equity prices, and ISM new orders contributed to the negative reading. LEI has now been negative in 34 of the past 36 months.

On a positive note, the corporate earnings scorecard is off to a strong start. Slightly more than one-third of S&P 500 constituents have thus far reported, and profits are up by about 17% on a year over year basis, on revenue growth of 4%. Google was a widely anticipated report last week and exceeded estimates. More importantly, the company reiterated their capital spending plans and had a positive outlook on advertising revenue. Other tech companies such as ServiceNow and Texas Instruments also delivered positive results, relieving some investor concerns for the group.

For the week, the NASDAQ Composite Index led performance, rising 6.7%, followed by the S&P 500, up 4.6%, and the Dow Jones Industrials up 2.5%. Interest rates moved down slightly in a calmer trading week with the benchmark 10-year US Treasury Note falling 9 basis points to 4.24%. Energy prices continued to fall with WTI crude oil closing down 2.6% to $63.02 per barrel.

This week will have a number of important economic data releases focused on the employment environment. Tuesday brings the Job Opening/Labor Turnover Survey (JOLTS), ADP (private sector) Employment Report on Wednesday, initial jobless claims on Thursday and the April Unemployment report on Friday. Additionally, we will see Q1 GDP with personal consumption data and the employment cost index. The Personal Consumption Expenditures Price Index is released Wednesday along with personal income and spending. Corporate earnings will also be in focus as tech giants Meta, Microsoft, and Apple report this week along with Amazon, Visa, Mastercard, Exxon, Chevron, and Berkshire Hathaway.

Market Scorecard:	04/25/2025	YTD Price Change
Dow Jones Industrial Average	41,113.50	-5.71
S&P 500 Index	5,525.21	-6.06%
NASDAQ Composite	17,382.94	-9.98%
Russell 1000 Growth Index	3,674.65	-9.09%
Russell 1000 Value Index	1,775.73	-2.64%
Russell 2000 Small Cap Index	1,957.62	-12.22%
MSCI EAFE Index	2,460.46	8.78%
US 10 Year Treasury Yield	4.24%	-34 basis points
WTI Crude Oil	$63.02	-12.13%
Gold $/Oz.	$3,319.72	26.49%

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