

Beacon Weekly Investment Insights

The calmness in stock prices that existed since the “tariff tantrum” last spring was shattered on Friday with the S&P 500 plunging 2.7%. It was the largest one-day loss for the index since April 4th. The catalyst was a social media post from President Trump claiming that China was placing unreasonable constraints on rare earth mineral exports and that he did not see a reason to meet with Chinese President Xi at a trade conference in November. The U.S. threatened to place an additional 100% tariff by November 1st on many Chinese goods and limit exports of important software and computer chip products. In response, China threatened a further trade war escalation. Negotiations continue between the two economic superpowers with President Trump stating on Sunday evening, “It will all be fine.” Stock prices seem poised to rise Monday on the news.

Rare earth elements are used in the creation of many consumer and industrial technological products. China is estimated to produce and process between 70%-80% of the world’s rare earth minerals. Over the past year the U.S. government has sought to increase its domestic supply of these crucial minerals, but these mines and the corresponding processing plants take several years to achieve full production capacity. The geopolitical spat between the U.S. and China has deflected attention from a peace agreement between Israel and Hamas in the Middle East. President Trump is flying to Tel-Aviv on Monday to highlight the ceasefire agreement and to meet the remaining hostages who were recently released.

The stock market turmoil that erupted last week occurred with most equity indexes trading near all-time highs, making the pullback slightly more palatable. Importantly, diversification helped limit losses during this extremely short time window. As stocks fell, the Bloomberg Barclays Aggregate Bond Index and gold increased 0.4% and 1.0%, respectively, on Friday. Gold surpassed \$4,000 per ounce for the first time ever last week and remains up a staggering 52.9% year-to-date.

The federal government shutdown has continued into its second week and threatens to spill over into the broader economy. Past shutdowns were always resolved with furloughed workers receiving backpay. However, some federal workers have been laid off in the current stalemate with no assurances of a return once the shutdown inevitably ends.

Earnings season kicked off last week with Delta and Pepsi leading the charge. Both leaders of their respective industries exceeded earnings expectations and increased in value last week. Large financial firms will garner most of the earnings report headlines this week with JP Morgan, Wells Fargo, BlackRock, and Charles Schwab all reporting. Important non-financial companies reporting earnings this week include Johnson & Johnson, ASML, and TSMC.

The release of several economic reports may be impacted by the continued government shutdown. Specifically, Retail Sales, the Producer Price Index, Housing Starts, and Industrial Production are all slated to be reported this week but rely on federal government workers for their creation. Columbus Day will be celebrated on Monday resulting in an uncommon occurrence in the financial markets, with the bond market closed while the stock market remains open.

Several Federal Reserve Governors will be on the speaker circuit Monday through Thursday this week. Their remarks may give a clue to the outcome of the October 29th Federal Reserve Open Market Committee (FOMC) meeting. Futures markets are pointing to a 98% likelihood of another 0.25% cut and that is one reason equity prices were strong prior to Friday’s drop.

Market Scorecard:	10/20/2025	YTD Price Change
Dow Jones Industrial Average	\$45,479.60	6.90%
S&P 500 Index	\$6,552.51	11.41%
NASDAQ Composite	\$22,204.43	14.98%
Russell 1000 Growth Index	\$4,625.24	14.42%
Russell 1000 Value Index	\$1,962.50	7.60%
Russell 2000 Small Cap Index	\$2,394.60	7.37%
MSCI EAFE Index	\$2,757.98	21.94%
US 10 Year Treasury Yield	4.051%	-52 basis points
WTI Crude Oil	\$58.24	-18.96%
Gold \$/Oz.	\$4,035.50	52.91%

 **Beacon Trust** 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | BeaconTrust.com

Important Information: Beacon Investment Advisory Services, Inc. ("BIAS") is an SEC registered investment adviser, under the name Beacon Trust, and is wholly owned by Beacon Trust Company ("BTC"), which is a subsidiary of Provident Bank. Provident Bank is a subsidiary of Provident Financial Services, Inc., a holding company whose common stock is traded on the New York Stock Exchange. Beacon Trust may only transact business in those states where they are notice filed or qualify for a corresponding exemption from notice filing requirements. BIAS may be engaged to manage a portion of BTC clients' assets either directly or as a manager of a Mutual Fund. Complete Investment Advisory and transaction fees schedules are available upon request. Additional information is contained in the respective Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>.

SECURITIES AND INVESTMENT PRODUCTS: Not FDIC Insured | Not Bank Guaranteed | May Lose Value

This publication is limited to the dissemination of general information pertaining to the wealth management products and services offered by Beacon to U.S. residents of those states where not prohibited by applicable law. No portion is to be construed as a solicitation to effect transactions in securities or the provision of personalized investment, tax, or legal advice. Any discussion of tax matters contained within this communication should not be used for the purpose of avoiding U.S. tax related penalties or promoting, marketing, or recommending to another party any transaction or matter addressed herein. Beacon Trust does not provide legal advice. Certain information contained in this report is derived from sources that Beacon Trust believes to be reliable; however there is no guarantee as to the accuracy or completeness of such information. Opinions expressed are as of the date of publication, are subject to change, and should not be considered investment advice.

Investing involves risks which may lead to losses, including loss of principal. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable.

Past performance is not a predictor of future results. It should not be assumed that any information discussed herein will prove to be profitable or that decisions in the future will be profitable or provide specific performance results. Beacon Trust does not make any representation that any of its investments on behalf of clients or any other investments will or are likely to achieve returns similar to those shown in the performance results presented.

Benchmark returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. Any reference to a market index is included for illustrative purposes only, as it is not possible to directly invest in an index. Indices are unmanaged vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. Calculation methodologies are available from BIAS upon request. 00270521