Beacon Trust
INNOVATING WEALTH STRATEGY

October 13, 2025

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%

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