Beacon Trust
INNOVATING WEALTH STRATEGY

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Beacon Weekly Investment Insights

Equity indices finished last week firmly in the red, with the S&P 500 down 2.68%, the Dow Jones down 0.94%, and the tech-heavy Nasdaq down 3.37%, as the market digested the results of the midterm elections, which resulted in the Democrats taking control of both the House and the Senate. The S&P 500 rallied by 1.6% post-election on Wednesday with the uncertainty overhang from the election removed, a divided government conceivably lowering the probability of major policy shocks, and many investors citing that stock returns have historically been strong post-midterm elections. To that end, over the last 80 years, the S&P 500 has been positive for 100% of the 12-month periods following a midterm election, with an average return of 14+%. In addition, the hyperscalers such as Microsoft, Alphabet (Google), and Amazon which carry significant weightings in the index, rallied based on a potentially less Capex intensive outlook which would improve margins for these companies. However, this strength was reversed in short order, with Thursday bringing a 4%+ drop for the S&P 500 and a 5%+ drop for the Nasdaq, primarily precipitated by a selloff in the broader AI infrastructure trade driven by fears that Democratic wins in key data center states, including Texas, may slow the data center buildout. Sentiment turned a bit more positive to close out the week, as Texas governor-elect Gina Hinojosa provided some positive commentary on the data center buildout, with President Trump reiterating his support for the buildout.

Amidst the volatility, we continue to espouse investment in a well-diversified portfolio with a long-term outlook, which includes a focus on investing in high-quality/highly profitable companies that have long-term secular growth drivers at their backs despite short-term volatility, as well as high-quality bonds with attractive yields that are meant to serve as a ballast to equity volatility. To the latter point, our shorter-term higher credit quality fixed income positions were in positive territory over the last week amidst the selloff in equity markets, with this posture also having boded well relative to longer-term bond benchmarks throughout the year. We also continue to emphasize ongoing liquidity management, ensuring that sufficient cash is on hand to meet client needs so that stocks do not have to be sold during periods of volatility.

It is also important to note that as we wind down the 3rd quarter earnings season, broader earnings growth for the S&P 500 remains supportive in the midst of the volatility. With close to 90% of companies in the S&P 500 having reported earnings for the third quarter, the aggregate year-over-year earnings growth rate for the S&P 500 is 31.4%, relative to expectations for 29.1% growth headed into the quarter.

Economic data last week included ISM Manufacturing and Services PMI readings that remain in firmly expansionary territory (any reading over 50 denotes expansion), coming in at 55.5 and 54.5, respectively. The week also included much better than expected jobs data, with U.S. nonfarm payrolls increasing by 165,000, well above expectations for 59,000 and substantially above the prior month's reading of 29,000. In addition, August payroll growth was revised up by 53,000 and September was revised up by 31,000. The unemployment rate also ticked down to 4.1% from 4.2%, and average hourly earnings were up 0.4% for October and 3.1% year-over-year, both ahead of expectations. Job growth numbers also came in ahead of expectations for the ADP Employment Report, at 86,000 relative to expectations for 75,000.

Looking ahead to this week, investors will be focused on upcoming inflation data, with the October CPI report due out on Tuesday, and PPI set to be released on Friday. There will also be no shortage of Fedspeak throughout the week, with several Fed governors/officials on the docket. As mentioned, the majority of companies in the S&P 500 have reported earnings. However, some high-profile earnings reports, including the likes of Nvidia which is experiencing volatility due to headlines over a CEO scandal, are still forthcoming. As earnings reports are released, we continue to focus on the fundamentals and long-term growth trajectory for all of the companies that we invest in, rather than short-term volatility.

Market Scorecard:	11/6/2026	YTD Price Change
Dow Jones Industrial Average	51,285.73	6.70%
S&P 500 Index	7,376.86	7.76%
NASDAQ Composite	24,579.42	5.75%
Russell 1000 Growth Index	4,499.52	-5.56%
Russell 1000 Value Index	2,529.47	22.10%
Russell 2000 Small Cap Index	2,754.11	10.97%
MSCI EAFE Index	3,042.60	5.18%
US 10 Year Treasury Yield	4.86%	+69 basis points
WTI Crude Oil	$90.83	58.19%
Gold $/Oz.	$4,074.90	-6.13%

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