

Beacon Weekly Investment Insights

The bulls continued to run on Wall Street with the S&P 500 increasing a modest 0.25% last week and reapproaching its all-time highs. The sharp, but quick, pullback that occurred earlier in August has now largely been forgotten. A confluence of events has led to the continued stock market rise. Investors are still reading the economic tea leaves from Fed Chair, Jerome Powell's, comments from the prior week at the Federal Reserve's annual Jackson Hole Symposium. The magic words that Powell uttered, "The time has come for policy to adjust" seemed to confirm that a cut in short-term interest rates is imminent and may have put a bid under U.S. stocks.

The case for an interest rate cut was bolstered by signs of continued decelerating inflation according to the Personal Consumption Expenditure (PCE) Report, the Fed's preferred measure of inflation. The PCE inflation rate increased 2.5% year-over-year, slightly below the market's expected increase of 2.6%. The Core PCE figure, which excludes volatile food and energy prices, showed a 2.6% year-over-year increase, once again below the consensus estimate of 2.7%.

On the earnings front last week, all eyes were on artificial intelligence (AI) titan, Nvidia. The firm delivered sales and earnings figures that beat expectations and announced a \$50 billion stock buyback plan, but tempered its outlook somewhat. The stock fell nearly 8% last week, but some perspective is warranted. Nvidia remains up more than 140% for the year and the firm did enough to keep the AI train rolling in the minds of most investors.

Positive views on the U.S. economy were further reinforced by the upward revision of Q2 U.S. GDP growth estimates from 2.8% to 3.0%. The services side of the economy has continued to perform well despite the long-term sluggishness that continues to persist in the manufacturing sector. The Case-Shiller National Home Price Index was released last week and reached an all-time high, increasing 5.4% on a year-over-year basis. Home prices got a second wind as 30-year mortgage rates have come down from roughly 7.5% to 6.5% within the past year.

As we have mentioned in our past writings, the lower income consumer continues to struggle with the ravages of inflation. Dollar General, an important bellwether for the cost-conscious consumer, issued a disappointing earnings report and outlook. Its stock plummeted a harrowing 33% last week, its biggest drop on record. Chinese consumer firm, Pinduoduo, owner of the low cost Temu marketplace, announced similarly disappointing earnings the week prior.

The turn of the calendar month usually results in the release of a number of important economic reports. The Institute for Supply Chain Management (ISM) releases its Manufacturing Report on Tuesday and its Services Report on Thursday. The ISM trends have been fairly consistent for the past one to two years. Namely, mild weakness in the manufacturing sector offset by moderate strength in the services sector.

The nonfarm payrolls or jobs report will be released on Friday. Since this report produces the unemployment rate statistic it will be watched very closely and may foretell the Fed's next move. Currently the odds are skewed towards a 25 basis points cut in September, but if unemployment rises further, a 50 basis point cut may be on the table. Two Federal Reserve governors, John Williams and Christopher Waller, will be on the road Friday, perhaps further clarifying the Fed's thought process on future rate cuts. We hope you enjoyed the unofficial end of summer over Labor Day weekend.

Market Scorecard:	8/30/2024	YTD Price Change
Dow Jones Industrial Average	41,563.08	10.28%
S&P 500 Index	5,648.40	18.42%
NASDAQ Composite	17,713.63	18.00%
Russell 1000 Growth Index	3,679.12	20.56%
Russell 1000 Value Index	1,848.05	13.42%
Russell 2000 Small Cap Index	2,217.63	9.40%
MSCI EAFE Index	2,453.44	9.72%
US 10 Year Treasury Yield	3.911%	5 basis points
WTI Crude Oil	\$73.65	3.25%
Gold \$/Oz.	\$2,536.00	22.40%



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. 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 | May Lose Value | No Bank Guarantee

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. 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. 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.

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. 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. 00217078