

Beacon Weekly Investment Insights

The S&P 500 fell 1.4% last week, but the most important financial-related news emanated from the U.S. Department of the Treasury. Scott Bessent, U.S. Secretary of the Treasury, shocked markets with his proclamation that his department would be repurchasing billions of dollars of U.S. Treasury securities in an effort to lower intermediate-to long-term interest rates. Bessent's actions may have been influenced by the 30 Year U.S. Treasury Bond reaching a 19-year high yield of 5.3%. The so-called "bond vigilantes" have been pushing up long-term bond yields due to persistent inflation and large budget deficits. The financial media raised an alarm that the outstanding debt of the U.S. federal government recently exceeded \$40 trillion. The Federal Reserve (Fed) usually conducts U.S. Treasury securities purchases and sales, which has sown confusion among investors about the Fed's independence.

As stocks and bonds modestly fell last week, other asset classes rose sharply on the news. Gold, a traditional safe haven, increased 5.6% last week. The gilded metal is now up almost 15% over the past month and 7.6% year-to-date (YTD). Bitcoin, viewed as an alternative currency by some investors, increased more than 22% last week, although it is still down about 12% YTD. A U.S. trade spat erupted with Canada over the weekend, with each country threatening to enact substantial tariffs on the other. Of course, the military conflict between the U.S. and Iran continues, with no imminent agreement in sight. The combination of these events has resulted in the U.S. Dollar Index (DXY) falling more than 2% over the past month.

The earnings season is largely completed, but there were several noteworthy items reported last week. Walmart, a proxy for the U.S. consumer, reported revenues and earnings that exceeded analyst expectations. However, they stated that their core consumers have been negatively impacted by elevated gasoline prices and other economic anxieties. Accordingly, Walmart issued a less-than-robust future outlook, and its stock fell more than 9% last week. Home Depot issued a similar less-than-stellar outlook, stating its retail customers were focusing on incremental home improvements rather than taking on new, large-scale projects. On a positive note, Merck and Moderna announced positive results from their cancer vaccine trial. The drug trial specifically tested Moderna's mRNA technology, in concert with Merck's Keytruda, in reducing the recurrence of melanoma. The hope is that the technology may be applied to other types of cancer with similar levels of success. Undoubtedly, the most important earnings report this week will occur on Wednesday when NVIDIA announces its earnings. NVIDIA remains at the center of the artificial intelligence revolution, so its results and outlook will be closely scrutinized.

The most important economic event this week is likely not a report, but a speech. Fed Chair, Kevin Warsh, is scheduled to speak on Friday morning at the annual Federal Reserve economic conference in Jackson Hole, Wyoming. Analysts view this speech as particularly important given that there is no Federal Open Market Committee (FOMC) meeting in August and investors were somewhat confused by his comments subsequent to the July FOMC meeting. The turbulence in the U.S. Treasury market amplifies the importance of his expected remarks.

There are several significant reports that will be released before Mr. Warsh's talk on Friday. The recent rise in long-term interest rates may have negatively impacted the housing market. Hence, investors will scrutinize two housing-related reports that are scheduled to be released on Tuesday. The S&P Case-Shiller Index provides a report on national and regional home price values. The New Home Sales report is tracked closely for both prices and supply that may alleviate the current housing shortage affecting many markets.

On Wednesday, the Personal Consumption Expenditures (PCE) Index will be released. It historically has been the Fed's preferred inflation gauge, although Mr. Warsh reportedly has a preference for other inflation metrics, such as the trimmed mean. The revised Q2 GDP report will also be released on Wednesday. The initial estimate for Q2 GDP growth clocked in at a surprisingly low value of 1.5%, so analysts will be focused on any changes or trends to

help them get a better pulse on the economy. The Weekly Jobless Claims report will be released on Thursday, and it historically acts as a leading indicator to the widely followed monthly unemployment rate. On Friday, the University of Michigan will release its revised report on consumer sentiment. Sentiment has been somewhat dour due to high levels of inflation and the ongoing military conflict with Iran. However, it has modestly been trending upward over the past few months, and investors will look for signs of a continuation of that trend.

Market Scorecard:	8/21/2026	YTD Price Change
Dow Jones Industrial Average	53,277.01	10.85%
S&P 500 Index	7,674.37	12.11%
NASDAQ Composite	26,180.46	12.64%
Russell 1000 Growth Index	4,926.73	3.40%
Russell 1000 Value Index	2,526.13	21.94%
Russell 2000 Small Cap Index	3,017.87	21.59%
MSCI EAFE Index	3,243.62	12.13%
US 10 Year Treasury Yield	4.74%	+57 basis points
WTI Crude Oil	\$86.64	50.91%
Gold \$/Oz.	\$4,661.60	7.60%



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