

## Beacon Weekly Investment Insights

Equity markets continued to post positive gains with the Dow Jones Industrial Average achieving an all-time high on Friday, climbing 2.1% for the week. This follows the S&P 500 and NASDAQ Composite records from the prior week. On a year-to-date basis, the Dow is up 5.24%, the S&P 500 is up 15.61%, and the NASDAQ Composite is up 13.35%. Small cap stocks as measured by the Russell 2000 index and the S&P 600 index are up a strong 15.61% and 13.83% respectively.

The rise in equities, despite inflationary pressure, geopolitical tensions, and consumer sentiment measures that are weak, can be largely attributed to a strong corporate earnings season. Approximately 95% of S&P 500 constituents have reported first quarter of 2026 earnings and growth has been stronger than expected at 27% growth relative to expectations heading into the reporting season for about 11% earnings growth. Earnings growth has been quite broad based with 10 of the 11 major S&P sectors showing gains. This illustrates a broader base of growth as opposed to the narrative of the past few years of significant concentration of growth particularly in technology and communications services. This broader earnings growth is also consistent with the market and sector performance we mentioned above.

Reports from last week about significant progress in the peace negotiations between the US and Iran also provided a sense of relief. Oil prices declined 8.5% with West Texas Intermediate closing at \$96.60, however still up 68% on a year-to-date basis. While the narrative is for a rapid decline in energy costs if a resolution unfolds in the near term, skeptics point to infrastructure damage and supply constraints leading to higher prices extending for longer. We have seen the inflationary data reflect the broad impact of higher input costs over the past few reports of producer prices and consumer prices.

The fixed income markets have been particularly active and volatile over the near term and is worth noting that bond yields have been rising globally. In the US, the 30-year US Treasury yield hit 5.20% on May 19th, the highest yield since mid-2007. The 10-year yield rose to 4.68% the same day. While yields have declined slightly since then, the trend remains for higher rates for longer than initially expected. The driver of higher yields, especially on longer dated securities, is twofold; higher inflation expectations and concern over the fiscal situation. Inflation, as discussed above, has been driven in the short run by the increase in energy prices. Fiscally, the US debt held by the public topped 100% of GDP in the first quarter. The record percentage of 106% preceded World War II. The budget deficit (difference between revenues and spending) is estimated to be 5.8% of GDP for calendar 2026 as estimated by the Congressional Budget Office. The deficit is also being pressured by the interest expense associated with it along with the expectations for even more military spending in 2027. The widening deficit position puts upward pressure on interest rates.

Kevin Warsh was sworn in on Friday at the White House as the new Chairman of the Federal Reserve replacing Jay Powell, whose term expired. The expectation was that Warsh would be more likely to guide the FOMC to lower Fed Funds rates given his beliefs and history as Fed Governor during the Great Financial Crisis of 2008. The current environment, however, is clearly not conducive to rate cuts and many economists are forecasting the potential need to hike rates at the end of the year. Chair Warsh will preside over his first FOMC meeting when they convene on June 16-17.

This week will continue to be driven in large part to progress in the Middle East along with a few earnings reports and economic data. Housing will be in focus with FHFA Home Price index, MBA Mortgage Applications, New Home Sales, Building Permits, and the Case-Schiller Home Price Index. Jobless claims will be released as usual on Thursday along with personal income and spending data. Inflation data will be the primary focus with the release

---

of PCE Price Index along with Core PCE. Earnings in focus include retailers Dicks Sporting Goods, Dollar Tree, Gap, and Costco and tech giants Dell Technologies, HP, and Salesforce.

<b>Market Scorecard:</b>	<b>5/22/2026</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	\$50,579.70	5.24%
S&P 500 Index	\$7,437.47	9.17%
NASDAQ Composite	\$26,343.97	13.35%
Russell 1000 Growth Index	\$5,303.13	11.30%
Russell 1000 Value Index	\$2,321.12	12.05%
Russell 2000 Small Cap Index	\$2,869.23	15.61%
MSCI EAFE Index	\$3,086.86	6.71%
US 10 Year Treasury Yield	4.56%	39 basis points
WTI Crude Oil	\$96.60	68.23%
Gold \$/Oz.	\$4,509.40	4.40%

 **Beacon Trust** 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | [BeaconTrust.com](http://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. 00286849