

Beacon Weekly Investment Insights

Volatility was on full display last week, with a number of factors driving crosscurrents in markets throughout the week. The S&P 500 set new record highs on multiple days last week as the AI Capex/infrastructure buildout theme continued to drive optimism, particularly with networking/communications company Cisco up 22% for the week on the back of a strong earnings report. However, questions around the sustainability of the strong moves for many of these stocks, as well as concerns over the impact of higher energy prices and inflation in general on the consumer, tempered enthusiasm. The geopolitical backdrop also continued to drive volatility as the uncertainty around a resolution to the Iran conflict and traffic through the Strait of Hormuz continued to weigh on the markets. To that end, WTI crude oil prices rose 10.5% for the week.

Treasury yields also moved significantly higher across the curve, with a much hotter than expected inflation reading released on Wednesday for April's PPI (Producer Price Index) report following hotter-than-expected readings for Core CPI (Consumer Price Index) released on Tuesday. In addition, despite low expectations, the summit between President Trump and China's leader Xi Jinping seemed to underwhelm, with few deals confirmed. Talks look set to continue as President Trump invited Xi Jinping to visit the White House in September. Ultimately, the S&P 500 managed to finish in positive territory up 0.13% for the week, with the Dow and Nasdaq down 0.17% and 0.08%, respectively.

As noted above, both the CPI and PPI reports were released last week, which were the key focus for markets from an economic data perspective. On a headline basis, the increase in CPI for April was in line with expectations at 0.6%, however was slightly above expectations on a year-over-year basis at 3.8% relative to the 3.7% increase that was expected. Higher energy/gas, food, and shelter prices pushed the reading to a 3-year high. Both the monthly and year-over-year Core CPI (excludes food and energy) readings came in ahead of expectations as well, with the monthly increase coming in at 0.4% relative to expectations for a 0.3% increase, and a year-over-year increase of 2.8% relative to expectations for a 2.7% increase. Shelter costs also figured prominently into the higher-than-expected core readings, with spillover effects from higher energy prices bleeding into broader economic costs including transportation services and other consumer goods.

The increase in PPI for April was almost triple what was expected at the headline level, up 1.4% for the month relative to expectations for a 0.5% increase, with a year-over-year increase of 6.0% relative to expectations for a 4.9% increase. As with the CPI reading, energy/gas prices were the primary culprit for the significant increase at the headline level, with spillover effects driving broader pricing pressures at the core level. The increase in Core PPI for April (excluding food, energy and trade services) came in at 0.6%, also significantly higher than expectations, which were for a 0.3% increase, with the year-over-year figure increasing 4.4%. U.S. retail sales figures for April were also released last week, increasing by 0.5%, which was in-line with expectations. Higher gas prices and inflation in general played into the increase in retail sales figures.

In the midst of all of the crosscurrent from a macroeconomic and geopolitical perspective, strong corporate earnings have driven resilience in equity markets. With 91% of S&P 500 companies having reported earnings to this point, earnings growth for Q1 '26 currently stands at 27%, more than double the expectation for 13% earnings growth headed into the quarter. Although the majority of S&P 500 companies have reported, the upcoming week will be a consequential one as Nvidia is set to report on Wednesday, and several retailers are set to report earnings including the likes of Walmart and Target.

From an economic data perspective, the minutes of the Fed's May FOMC meeting are set to be released on Wednesday. There will also be a variety of FedSpeak occurring throughout the week, as Kevin Warsh takes the helm as Fed Chair after being confirmed by the Senate last week. A variety of housing data such as pending home sales and housing starts is also set to be released, as are S&P flash U.S. services and manufacturing PMI readings. Consumer sentiment and U.S. leading economic indicators readings are also due out at the end of the week.

Market Scorecard:	5/15/2026	YTD Price Change
Dow Jones Industrial Average	\$49,526.17	3.04%
S&P 500 Index	\$7,408.50	8.22%
NASDAQ Composite	\$26,225.14	12.84%
Russell 1000 Growth Index	\$5,007.49	5.10%
Russell 1000 Value Index	\$2,281.27	10.12%
Russell 2000 Small Cap Index	\$2,793.30	12.55%
MSCI EAFE Index	\$3,024.90	4.57%
US 10 Year Treasury Yield	4.59%	42 basis points
WTI Crude Oil	\$105.42	83.59%
Gold \$/Oz.	\$4,561.90	5.09%

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