

Beacon Weekly Investment Insights

Friday, February 6, 2026 was the day the Dow Jones Industrial Average crossed the 50,000 mark for the first time with a powerful 1,200 point rally. The S&P 500 index along with the NASDAQ Composite both rallied more than 2% that day as well but were not able to breach positive territory for the week, given the extent of the earlier selloff. For these two indices, the pressure primarily on technology and communication services would have defined a much more negative week. Concerns continued to mount not only over AI's ultimate effect on software companies, but also over the expanding capital expenditures budgets of large tech companies, with Amazon and Alphabet being in focus last week. During their earnings calls, Amazon pegged their cap ex at \$200 billion for calendar 2026 while Alphabet targeted \$175 billion. While the case can be made that this spending ultimately is good for the economic growth story, the company specific question lies with the potential return on this investment, which remains unclear for investors.

From an economic standpoint, last week's data pointed broadly toward a stable to slightly expanding economy. The Institute for Supply Management (ISM) index for manufacturing activity rose sharply to a level of 52.6, signaling expansion. The index has not been above 50 since late 2022 and reflects a strong rise in new orders and a small increase in the employment outlook. The services index was unchanged for the month at 53.8. The service sector is the largest part of the US economy and has been consistently in expansionary territory.

Due to the short-lived partial government shutdown, the Bureau of Labor Statistics non-farm payroll report to be released last Friday was delayed until this coming Wednesday, February 11. However, other labor market data was released and reflected some potential tightening. The Job Openings survey (JOLTS) showed a large decline in open positions at just over 6.5 million, down from 7.5 million at the end of 2024. Weekly jobless claims also rose unexpectedly to 231,000 from the prior weeks figure of 209,000 claims. Private payroll data from ADP saw only 22,000 hires last month from 37,000 in December. We will comment next week on the full employment report coming this Wednesday.

Earnings season remains busy and we expect about 80 more releases this week. So far, 291 of the S&P constituents have reported and gains are up about 13.5% on a year-over-year basis on revenue growth of just over 9%. Before reporting season, analysts had expected gains of about 8.3% for earnings.

As you will see below, we have been experiencing quite a rotation in equity market participation. We generally comment on the three major equity indices investors follow, but on a year-to-date basis, we have experienced a noteworthy shift. Small cap stocks, as measured by the quality focused S&P 600 index have returned 9.7% in calendar 2026 followed by the S&P 400 mid cap index up 8.5%. International markets have also started with stronger gains with the MSCI EAFE Developed Market Index returning 5.7% and the MSCI Emerging Markets Index up 7.3%. In our view, this broader return participation is one of the main reasons we recommend having diversified exposure in investment portfolios.

As mentioned earlier, we will have the BLS unemployment report released on Wednesday. Additionally, Advance Retail Sales data is scheduled for Tuesday with inflation data on Friday with the Consumer Price Index. Notable earnings reports from Apollo Global, Coca Cola, Ford Motor, McDonalds, CVS, Gilead Sciences, Vertex Pharmaceuticals, and Anheuser Busch, to name a few.

Market Scorecard:	2/06/2025	YTD Price Change
Dow Jones Industrial Average	\$50,115.67	4.27%
S&P 500 Index	\$6,932.30	1.27%
NASDAQ Composite	\$23,031.21	-0.91%
Russell 1000 Growth Index	\$4,599.44	-3.46%
Russell 1000 Value Index	\$2,210.03	6.68%
sRussell 2000 Small Cap Index	\$2,670.34	7.59%
MSCI EAFE Index	\$3,057.92	5.71%
US 10 Year Treasury Yield	4.21%	4 basis points
WTI Crude Oil	\$63.55	11.06%
Gold \$/Oz.	\$4,964.36	14.93%

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