

Beacon Weekly Investment Insights

Weekend updates surrounding the broader conflict with Iran and the prolonged saga between Russia and Ukraine grabbed initial headlines to kick off the trading week. Commercial vessels attempting to navigate highly contested Middle East passageways such as the Strait of Hormuz and the Bab al-Mandab Strait continue to experience periodic attacks. Iran-backed Houthi militants also ratcheted up their offensive in Saudi Arabia, causing a prominent investment conference in the region to be canceled (The Future Investment Initiative, often referred to as “Davos in the Desert”). The event was due to feature a number of prominent Wall Street executives and other global leaders, with a primary emphasis on global partnerships and key investment initiatives for the Saudi nation, as it looks to diversify away from its main source of revenue, oil. Furthermore, the U.S. has deepened their involvement in the Russia/Ukraine conflict, with a presumable end goal of stabilizing global energy prices, specifically the cost of diesel – which has skyrocketed to north of \$6/gallon. To provide some additional background, President Trump recently issued a temporary waiver of Russian diesel shipments, unlocking around 2 million barrels for immediate use, with additional supply due to come online over the next several months. Another interesting geopolitical development worth monitoring moving forward is the civil unrest that’s transpiring in France, owing to fiscal deficit concerns and broader political instability.

On the macroeconomic front, the housing market took center stage early in the week with several key reports being released. They were all underwhelming and pointed to a housing market that could be characterized as “stuck in the mud” due to a multitude of factors, including limited supply, surging mortgage rates, and affordability concerns. Pending home sales fell 7.3% and housing starts dropped 5.2% month-over-month in September, with both metrics falling short of consensus. Compounding a string of weak housing data was homebuilder sentiment, which plunged to a 14-year low. On the bright side, an executive order signed by President Trump this week aims to provide future relief for government-backed borrowers in the form of Private Mortgage Insurance (PMI) cancellation (once equity levels breach a certain level) and title insurance waivers on eligible refinances. Surveys that gauge general economic activity were also disseminated for October. The flash PMI (Purchasing Managers’ Index) revealed manufacturing gains, which were offset by a modest pullback in services. The University of Michigan’s Consumer Sentiment Index rounded out the week by beating expectations; however, it registered its second-lowest reading on record in the process.

Earnings were in full swing this week as well, with notable reports flowing in from Meta (first major hyperscaler to report), SpaceX, and Tesla, alongside blue-chip mainstays such as IBM, United Airlines, and Procter & Gamble. With the market increasingly questioning the durability of the AI boom, Meta’s report may have garnered the most attention. Although their report showcased revenue that beat expectations, concerns over capital expenditures and negative free cash flow overshadowed the positives, triggering a post-earnings selloff. Broadly speaking, about 25% of S&P 500 constituents have reported thus far, and overall, it’s shaping up to be another robust quarter of corporate profitability. For reference, the blended earnings per share growth rate for the S&P 500 is predicted to come in just shy of 30% and if this plays out as anticipated, it will mark the third consecutive quarter of 20-plus percent earnings growth, a remarkable feat. Next week will be a similarly busy week of earnings with the likes of Amazon, Alphabet (Google), and Microsoft set to deliver results.

As far as the week’s market action was concerned, it was a choppy week of trading that culminated in two of the three major indices closing lower. A combination of mixed corporate earnings and geopolitical headlines ultimately weighed on performance. As noted above, the sustainability of the artificial intelligence movement came under the microscope too, with many neocloud providers (i.e., AI computing providers) selling off sharply on account of the amount of debt they are utilizing to finance their operations. The Dow Jones Industrial Average managed to secure a positive week (finishing up 0.4%), while the S&P 500 and Nasdaq Composite fell -0.5% and -0.7%, respectively.

Sector-wise, a defensive posture was evident, with healthcare, utilities, and consumer staples all finding themselves near the top of the weekly leaderboard. Of note, small-cap stocks held their ground as rates drifted lower. Turning to the bond market, a flight-to-safety ensued during the week as rates fell across the board. The 2-year Treasury fell 5 basis points, while the 10-year decreased 9 basis points, resting right at an important psychological threshold of 5%. This action brought about a flattening of the yield curve, which has been a rather consistent theme throughout 2026. Lastly, commodities had another strong showing, with crude oil rising several percentage points for the week. Rising geopolitical risks and supply chain disruptions helped fuel the price hike. Gold closed down -4.1% for the week, remaining under pressure from a surging dollar and elevated interest rates.

The focal point for the upcoming trading week will undoubtedly be the Federal Reserve's October meeting, where investors will be eager to hear about the committee's updated views on inflation and its subsequent impact on monetary policy. The two-day meeting is slated to commence on Tuesday, with the highly anticipated interest rate decision publicized the following afternoon. For reference, there's a 90% or so chance that the Fed will hold rates steady, reflecting market expectations that policymakers will be reluctant to act with midterm elections right around the corner. Beyond this, other data on tap includes new home sales for September and weekly jobless claims. Rounding out the economic calendar is September's Personal Consumption Expenditures (PCE) report, the Fed's preferred inflation gauge.

Market Scorecard:	10/23/2026	YTD Price Change
Dow Jones Industrial Average	52,215.16	8.64%
S&P 500 Index	7,623.68	11.37%
NASDAQ Composite	25,955.34	11.67%
Russell 1000 Growth Index	4,817.81	1.12%
Russell 1000 Value Index	2,530.85	22.17%
Russell 2000 Small Cap Index	2,775.90	11.85%
MSCI EAFE Index	3,074.49	6.28%
US 10 Year Treasury Yield	5.00%	+83 basis points
WTI Crude Oil	\$103.27	79.85%
Gold \$/Oz.	\$4,007.90	-7.68%

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