

Beacon Weekly Investment Insights

In what was a shortened holiday week, equity markets closed out last week in positive territory, with the U.S. and Iran peace agreement being the primary driver. The memorandum of understanding between the U.S. and Iran was signed on Wednesday by President Trump and Iranian President Masoud Pezeshkian, which calls for a halt to military operations on all fronts and spells out provisions for reopening the Strait of Hormuz. The agreement also states that Iran will “not procure or develop nuclear weapons,” grants waivers on sanctions on Iran, and commits the U.S. and regional partners to developing a \$300 billion reconstruction fund for Iran. However, talks planned for Friday in Switzerland between the U.S. and Iran which Vice President JD Vance had been scheduled to attend to further discuss the details of the agreement, were postponed as fighting between Israel and Hezbollah in Lebanon intensified. It was subsequently reported over the weekend that progress had been made during peace talks held in Switzerland, with the U.S. and Iran agreeing to a roadmap for ongoing discussions and aiming to finalize a deal to end the war within 60 days.

Ultimately, WTI crude oil prices moved down 10.6% last week and the S&P 500 closed the shortened week up 0.93%, with the Dow Jones up 0.71% and the tech-heavy Nasdaq outperforming, up 2.43%. To that end, an announcement that Apple will be partnering with Intel on U.S. chip design sent Intel shares sharply higher last Thursday, providing a boost to chip stocks and the broader market. The 10-year treasury yield moved down slightly to close the week at 4.46%, while the 2-year treasury yield moved up by 0.09% to roughly 4.2%. This move continued/hastened the trend of yield-curve flattening in which shorter-term rates are rising faster than long-term rates (or while long-term rates decline) as the market prices in an increased probability of the Fed hiking interest rates this year, and declining oil prices served to ease inflation fears and contributed to a decline in longer-term rates.

Federal Reserve Chair Kevin Warsh’s first meeting ended with no change to the policy rate as expected. However, the meeting was perceived by many as being more hawkish than anticipated as the emphasis was firmly focused on delivering price stability, and the summary of economic projections dot plot showed that 9 of 18 committee members expect at least one rate hike this year. Markets are now pricing in at least 2 quarter point rate hikes by year end. Several changes were also enacted including a dramatically shorter policy statement which removed forward guidance. In addition, Chair Warsh announced the establishment of five different task forces with the aim of overhauling the Fed’s monetary policy operations, focusing on Fed communications, the balance sheet, data sources, productivity and jobs, and the inflation framework.

Economic data released last week included mixed housing data with housing starts coming in at 1.2 million in May down from the prior month’s reading of 1.5 million, and below expectation for 1.4 million starts. Pending home sales came in higher than expected, increasing 3.8% in May, up from the prior month’s increase of 1.4% and well outpacing expectations for a 1% increase. The retail sales report was also released, coming in stronger than expected with a 0.9% increase in May, up from the prior reading and outpacing expectations for a 0.5% increase. Weekly jobless claims were in line with expectations, ticking down to 226,000 from the prior reading of 229,000, continuing to point to a resilient labor market. Amidst the broader macro crosscurrents, fundamentals have been very strong and are expected to remain supportive. With earnings season for the first quarter of 2026 essentially concluded, aggregate S&P 500 earnings growth came in at 28% relative to expectations for roughly 13% growth headed into the quarter. Earnings for the 2nd quarter are currently expected to grow by 22%, with expectations for full year 2026 earnings growth currently at 23%.

Economic data on the docket for this week includes the U.S. Flash Manufacturing and Services PMI readings set to be released on Tuesday, and New Home Sales on Wednesday. Inflation data will be a primary focus, with the

PCE (personal consumption expenditures) Price Index reading for May set to be released on Thursday, alongside personal income and consumer spending data, weekly jobless claims, and the 3rd estimate for first quarter GDP. An updated read on consumer confidence is also scheduled, with the release of the University of Michigan Final Consumer Survey on Friday.

Market Scorecard:	6/18/2026	YTD Price Change
Dow Jones Industrial Average	\$51,564.70	7.28%
S&P 500 Index	\$7,500.58	9.57%
NASDAQ Composite	\$26,517.93	14.09%
Russell 1000 Growth Index	\$4,964.85	4.20%
Russell 1000 Value Index	\$2,383.09	15.04%
Russell 2000 Small Cap Index	\$2,979.77	20.06%
MSCI EAFE Index	\$3,141.16	8.59%
US 10 Year Treasury Yield	4.46%	+29 basis points
WTI Crude Oil	\$76.60	33.40%
Gold \$/Oz.	\$4,245.90	-2.19%

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