

Beacon Weekly Investment Insights

For the third consecutive week, equity markets declined, as investors weighed the risks associated with a prolonged conflict in the Middle East. Crude oil prices have surged 47% since the end of February, increasing inflationary pressures that have yet to be reflected in economic data releases. Key shipping lanes through the Strait of Hormuz remain mostly closed to shipping traffic as Iran continues to threaten attacks on vessels attempting to pass through. Approximately 20% of the world's crude oil passes through the strait primarily destined for Asian economies. However, it's not just oil that passes through the strait, as tankers carrying liquified natural gas, fertilizers, and textiles are also stalled. This threat to supplies is what threatens global economic activity and brings the fear of "stagflation" into the global conversation. Stagflation is an environment characterized by high inflation and slow economic growth, creating a challenge for policy makers to combat inflation, but also stimulate economic growth. Over the weekend, there were reports that President Trump is asking allied nations to form a coalition to escort ships through the waterway, in an effort to release the pressure commodity prices.

Certainly, volatility in the financial markets will persist until tensions in the Middle East subside. However, we will continue to monitor underlying economic and corporate data to gauge areas of opportunity. For instance, the 4Q 2025 corporate earnings season has all but concluded and results were stronger than expected. Overall earnings growth was 13.6% with revenue gains of 9.2%. Ten of the eleven S&P sectors reported earnings growth and approximately 75% of companies exceeded analyst estimates. This is encouraging given the second revision for fourth quarter GDP growth was revised down to just 0.7% from the previous 1.4%.

Last week, we saw inflation data in the form of the Consumer Price Index (CPI) for February and the January Personal Consumption Expenditures Index (PCE). The headline CPI report remained steady month over month at 2.4%, with the core figure remaining at 2.5%. The Federal Reserve's preferred measure of inflation, the PCE, moderated in January by one-tenth of a percent to 2.8%. The core reading did tick up one-tenth of a percent to 3.1%. Of course, these figures are dated but still reflect persistent inflation in the 2.5% - 3.0% range. US Treasury markets have moved higher on expectations for a pivot higher in inflation. The benchmark 10-Year US Treasury rose 14 basis points during the week to close at a yield of 4.28%.

Measures of consumer sentiment and confidence had two different readings. The University of Michigan's consumer sentiment survey slid 1.9% led by a 4.4% decline in respondent's long-term outlook. The other release, the Conference Board's confidence index rose 2.5% due to an improvement in long-term expectations. While the surveys are conducted and measured in different ways, the results are reflective of the volatility we are experiencing on a day-to-day basis.

This week the FOMC is in focus as their two-day policy meeting concludes on Wednesday. We expect no change to interest rate policy and will focus on Chair Powell's press conference that follows. Last week, futures markets pushed out expectations for interest rate cuts and only have a slight chance for one 25 basis point reduction at the end of the year, where prior at least two cuts were priced in. Other data of note will be industrial focused, with industrial production/capacity utilization data scheduled for Monday followed by durable goods orders on Wednesday. Housing data set for Tuesday and Thursday are pending home sales and new home sales respectively.

Market Scorecard:	3/13/2026	2026 Price Change
Dow Jones Industrial Average	\$46,558.47	-3.13%
S&P 500 Index	\$6,632.19	-3.12%
NASDAQ Composite	\$22,105.36	-4.89%
Russell 1000 Growth Index	\$4,409.76	-7.45%
Russell 1000 Value Index	\$2,107.49	1.73%
Russell 2000 Small Cap Index	\$2,480.05	-0.07%
MSCI EAFE Index	\$2,901.06	0.29%
US 10 Year Treasury Yield	4.48%	11 basis points
WTI Crude Oil	\$98.71	72.51%
Gold \$/Oz.	\$5,019.49	16.21%

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