

Beacon Weekly Investment Insights

Weekend hostilities involving Iran spilled over into the shortened trading week as reports began flowing in that the two sides had exchanged fire in the highly contested Strait of Hormuz. The conflict expanded beyond the vital passageway as well, when Iranian-backed militants launched attacks on a Saudi Arabian oil facility. The U.S. responded by ratcheting up their economic offensive, announcing sanctions on Iranian airlines and other key entities (particularly in the banking sector). President Trump followed up on this with remarks that shed light on his views of the conflict overseas and its economic impact, specifically with respect to commodity prices. He went on to signal that the conflict is likely to be over after mid-term elections and he also predicted energy prices will drop precipitously around this time too, without offering much in the way of details. With midterm elections right around the corner, many of the aforementioned subjects will be top of mind for voters. Speaking of midterms, the President caused quite a stir when he proclaimed that he would issue \$5k “Trump dividends” to all Americans, should Republicans sweep both the House and the Senate – a proposition that is highly unlikely to go anywhere, given it would cost north of a trillion dollars to implement.

In other news, global tariffs resurfaced as Canada slapped the U.S. with reciprocal tariffs on around \$20 billion worth of goods (as a refresher, this is in response to late August trade measures enacted by our administration). This provoked the President to issue a swift response, in the form of an expanded list of products subject to these tariffs in addition to outright bans on certain items. Of note, Canada is the United States’ second-largest trading partner, and the primary concern here is that these levies will have a ripple effect and further accelerate consumer inflation. On a separate note, new details emerged regarding the government’s recent decision to intervene in the bond market. Treasury Secretary Scott Bessent revealed this week that the size of their bond buyback program increased to \$6 billion from an earlier disclosed figure of \$4 billion (first purchases occurred on September 15th). This operation stems from longer-dated yields hitting multi-year highs, with the end goal of providing liquidity and curbing long-term borrowing costs. To expand upon this, rates on the long end of the curve have been on the move this year due to a multitude of factors: inflation, fiscal deficit worries, and debt issuance related to the massive amounts of infrastructure required to bolster the artificial intelligence movement. For reference, maturities between 10 and 30 years are being targeted.

Inflation took center stage on the macroeconomic front this week. Investors were eager to analyze the recent readings, which will undoubtedly have an impact on the future direction of monetary policy – especially with the Federal Reserve laser-focused on this side of their dual mandate. In an unusual twist, the Producer Price Index (or PPI) was disseminated before the Consumer Price Index (or CPI); normally the order is reversed. The headline PPI figure for August rose 0.4% month-over-month, pushing the annual rate to 5.4%. Rising energy prices were certainly a clear driver; and with diesel fuel being relied on heavily to transport goods and services, companies are very sensitive to these cost fluctuations. When unexpected spikes in these inputs occur, businesses must decide whether they want to raise prices or absorb the extra costs (resulting in margin compression). Notably, the cost of diesel recently breached \$6/gallon, hitting an all-time high in the process. The Core PPI (which excludes food and energy) reading was a little tamer, rising 0.2% month-over-month and 4.6% on an annual basis. The Consumer Price Index (CPI) headline and core readings fell right in line with expectations for the most part. The headline reading rose 0.4% month-over-month and 3.4% year-over-year. Core CPI jumped 0.4% in August and 2.4% from a year ago. On account of these persistent inflationary forces, the probability of the Federal Reserve hiking rates at their next meeting jumped to just shy of 90%. Turning to the state of the housing market, existing home sales fell 2% to an annual rate of 3.98 million units. Despite the highest level of supply in nearly a decade, homebuyers are still navigating lofty home prices and rising mortgage rates, with the 30-year mortgage rate noticeably crossing 7%. Lastly, the preliminary University of Michigan Consumer Sentiment Index missed analysts’ expectations, falling 7.5% from the late-August readout. Inflation was the main culprit for the downbeat sentiment, as it continues to

pressure household budgets. As an interesting tidbit, if the reading holds through the final release, it will be the second lowest reading on record.

Equity market action was choppy throughout the week and resulted in the major indices retreating modestly. The Dow Jones Industrial Average fared the worst of the bunch, falling 1.6%, as it has more of an economically sensitive profile – compared to the S&P 500 and Nasdaq Composite, which shed 0.80% and 0.60%, respectively. Sector wise, energy found itself at the top of the leaderboard by virtue of the strife overseas and rising energy prices. Communication services were the only other sector in positive territory, primarily attributable to strength in Meta (or Facebook). The release of their long-awaited AI agent, Meta Muse, was well received by the investment community. On the other hand, healthcare, industrials, and materials lagged. Within the fixed income space, yields were on the move this week. The 10-year Treasury is on the verge of hitting 5%, closing up 18 basis points week-over-week, and the 2-year saw an even steeper increase – finishing up 26 basis points. The yield curve flattened rather substantially as a result of these movements. As a corollary to the above-mentioned geopolitical uncertainties, crude oil had another strong showing, as supply constraints linger. Both crude oil benchmarks (Brent and U.S. West Texas Intermediate) concluded the week above \$100/barrel, an unwelcome sign for both businesses and consumers, since this has the ability to weigh on manufacturing costs and ultimately discretionary spending.

On the docket for the upcoming week, all eyes will be on the Federal Reserve as their September meeting is due to commence on Tuesday, leading to a highly anticipated interest rate decision the following afternoon. Outside of that, the health of the consumer will be scrutinized with the release of August's retail sales report, along with an updated read on housing conditions (housing starts for August) and the labor market (via weekly jobless claims). The Empire State Manufacturing Survey rounds out the weekly calendar.

Market Scorecard:	9/11/2026	YTD Price Change
Dow Jones Industrial Average	52,573.29	9.38%
S&P 500 Index	7,656.98	11.85%
NASDAQ Composite	26,333.04	13.30%
Russell 1000 Growth Index	4,921.11	3.29%
Russell 1000 Value Index	2,506.91	21.01%
Russell 2000 Small Cap Index	2,903.94	17.00%
MSCI EAFE Index	3,194.03	10.42%
US 10 Year Treasury Yield	4.97%	+80 basis points
WTI Crude Oil	\$100.05	74.24%
Gold \$/Oz.	\$4,408.90	1.56%

 **Beacon Trust** 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | BeaconTrust.com

Important Information: Beacon Investment Advisory Services, Inc. ("BIAS") is an SEC registered investment adviser, under the name Beacon Trust, and is wholly owned by Beacon Trust Company ("BTC"), which is a subsidiary of Provident Bank. Provident Bank is a subsidiary of Provident Financial Services, Inc., a holding company whose common stock is traded on the New York Stock Exchange. Beacon Trust may only transact business in those states where they are notice filed or qualify for a corresponding exemption from notice filing requirements. BIAS may be engaged to manage a portion of BTC clients' assets either directly or as a manager of a Mutual Fund. Complete Investment Advisory and transaction fees schedules are available upon request. Additional information is contained in the respective Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>.

SECURITIES AND INVESTMENT PRODUCTS: Not FDIC Insured | Not Bank Guaranteed | May Lose Value

This publication is limited to the dissemination of general information pertaining to the wealth management products and services offered by Beacon to U.S. residents of those states where not prohibited by applicable law. No portion is to be construed as a solicitation to effect transactions in securities or the provision of personalized investment, tax, or legal advice. Any discussion of tax matters contained within this communication should not be used for the purpose of avoiding U.S. tax related penalties or promoting, marketing, or recommending to another party any transaction or matter addressed herein. Beacon Trust does not provide legal advice. Certain information contained in this report is derived from sources that Beacon Trust believes to be reliable; however there is no guarantee as to the accuracy or completeness of such information. Opinions expressed are as of the date of publication, are subject to change, and should not be considered investment advice.

Investing involves risks which may lead to losses, including loss of principal. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable.

Past performance is not a predictor of future results. It should not be assumed that any information discussed herein will prove to be profitable or that decisions in the future will be profitable or provide specific performance results. Beacon Trust does not make any representation that any of its investments on behalf of clients or any other investments will or are likely to achieve returns similar to those shown in the performance results presented.

Benchmark returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. Any reference to a market index is included for illustrative purposes only, as it is not possible to directly invest in an index. Indices are unmanaged vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. Calculation methodologies are available from BIAS upon request. 00286849