

Beacon Weekly Investment Insights

A plethora of economic data released last week suggests the US economy remains quite resilient in the face of higher interest rates, stubbornly high inflation, an uncertain geopolitical environment, and consumer sentiment measures that remain at very low levels. Interest rates from 10 to 30 years on the US Government Bond Yield curve have risen steadily since March and most recently, the 30-year maturity hit 5.30%, the highest yield since 2007. Some have argued that this rise reflects the strength of the US economy, while others would say the rise reflects the size of the debt market having recently eclipsed \$40 trillion. Interest costs on this outstanding debt are also reported to have eclipsed \$1 trillion per year.

Key economic releases last week included the Institute for Supply Management's Manufacturing Index and Services Index. The manufacturing index fell by 1 point to 54.6 but continued to signal expansion. This August reading marks the eighth consecutive month of expansion, and the reading continues to hover close to a 4-year high. The Services Index rose in August by 1.3 points to 55.4, also signaling expansion. Pricing pressures in both surveys are notable as tariffs and increased energy/transport costs were the most cited issues for supply chains.

The August unemployment report released Friday revealed that the Economy added 162,000 jobs in August, well ahead of expectations. The unemployment rate remained steady at 4.1% primarily because the labor force participation rate rose to 61.6%, the first rise in 11 months. The participation rate measures the number of people actively working or actively looking for work. Additionally, the underemployment rate fell to 7.7%, the lowest since June 2025. This is a measure of people working part-time for economic reasons but would prefer to be working full-time. This strong employment report immediately triggered a rise in expectations that the Federal Reserve will move short-term interest rates higher at their next meeting on September 16. The market is now pricing in a 60% chance of a rate hike up from less than 50% before the report.

We have commented over the past few weeks about the strength of corporate earnings being reported for the second quarter. With 496 S&P 500 constituents having reported, earnings growth stands at an astonishing 53% on a year-over-year basis. Ten of the eleven major sectors are experiencing earnings growth with nine of those at double digit or greater growth.

This week, the primary data focus will be inflation linked with the release of the producer price index on Thursday and the consumer price index on Friday. Housing data is also on the calendar with mortgage applications on Wednesday and existing home sales on Thursday. Consumer sentiment is gauged by the University of Michigan data on Friday. Along with economic data, we will monitor the escalating tensions in the Middle East as energy prices continue to escalate along with any developments on tariff/trade negotiations between the US and Canada and other trading partners.

Market Scorecard:	9/4/2026	YTD Price Change
Dow Jones Industrial Average	53,414.25	11.13%
S&P 500 Index	7,718.60	12.75%
NASDAQ Composite	26,506.99	14.05%
Russell 1000 Growth Index	4,968.82	4.29%
Russell 1000 Value Index	2,527.49	22.01%
Russell 2000 Small Cap Index	2,975.65	19.89%
MSCI EAFE Index	3,239.16	11.98%
US 10 Year Treasury Yield	4.78%	+61 basis points
WTI Crude Oil	\$91.48	59.87%
Gold \$/Oz.	\$4,429.98	2.56%

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