Beacon Trust
INNOVATING WEALTH STRATEGY

October 27, 2025

Beacon Weekly Investment Insights

The three major equity indices we consistently refer to in this weekly piece all closed at record high levels on Friday. Driven by a perceived ease in trade tensions, a better than expected inflation report, and solid corporate earnings, the Dow closed up 2.2%, the S&P 500 closed up 1.9% while the NASDAQ Composite climbed 2.3%. Sliding down the cap scale, small cap domestic equities as measured by the Russell 2000 index increased by 2.6% on the week. Fixed income markets were fairly stable on the week, but we did see the 10-year US treasury at some points below the 4.0% level but closed the week right on that psychological level of 4.0%. Gold lost a bit of its luster last week declining by 3.5% for the week, but still up an amazing 57% on a year-to-date basis.

The US Government remains in "shutdown" and there seems to be not much progress for resolution. The Bureau of Labor Statistics did come back to work to parse through September data and compile the CPI (consumer price index) report. The Friday release was slightly below expectations. The index on a month-over-month basis rose 0.3% versus expectations for a rise of 0.4%. Year over year inflation remains "sticky" hovering around the 3.0% level. This number was particularly important to release as the figures are used to calculate the annual cost of living adjustment to social security payments which was announced to be 2.8% for 2026.

On the corporate earnings front, we have close to 30% of the S&P constituents reported thus far and the growth has been about 15%. Estimates were pegged in third quarter to grow at 8%, so we are off to a solid start. Thus far we have seen a variety of sector reports. Early on we had financials begin the season with strong results from the money centers with interest spread and capital markets leading the way. Regional banks followed with strong activity from lending and interest spreads. Staple companies such as Proctor and Gamble had strong earnings and interestingly during their earnings conference call, decreased their tariff related expenses that they expected. While we expect different outlooks for different sectors and industries, thus far earnings are supporting the positive market momentum.

This week we have plenty of activity to be mindful of. The Federal Reserve will conduct their open market committee meeting on Tuesday and Wednesday. Market expectations are for a 25-basis point reduction in the overnight lending rate to a range of 3.75% to 4.00%. The seemingly benign inflation environment has shifted their focus to the employment side of their dual mandate. While we have not received the official government statistics due to the current shutdown, enough private and anecdotal data continue to point to weakness in the labor market. Additionally, Chairman Powell's press conference that will follow will be scrutinized for further direction of interest rate policy. Currently futures markets are looking for another 25-basis point reduction at their December meeting. Earnings will also be in focus this week as 172 S&P constituents are expected to report. Five of the "Magnificent 7" are on tap this week – Alphabet (Google), Amazon, Apple, Microsoft, and Meta (Facebook). Booking Holdings, the global online travel company, will start the week and be watched for consumer travel trends. Large Dow constituents, Visa, United Healthcare, Verizon, Caterpillar, Boeing, and Chevron will also report. As has become the norm these days, we will also be mindful of any trade related headlines that tend to move markets.

Market Scorecard:	10/24/2025	YTD Price Change
Dow Jones Industrial Average	$47,207.12	10.96%
S&P 500 Index	$6,791.69	15.47%
NASDAQ Composite	$23,204.87	20.17%
Russell 1000 Growth Index	$4,801.98	18.79%
Russell 1000 Value Index	$2,029.27	11.26%
Russell 2000 Small Cap Index	$2,513.47	12.70%
MSCI EAFE Index	$2,810.88	24.28%
US 10 Year Treasury Yield	4.00%	-86 basis points
WTI Crude Oil	$62.06	-13.47%
Gold $/Oz.	$4,077.61	55.37%

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