

Beacon Weekly Investment Insights

Last week's financial market performance should be viewed by investors as a cooling as opposed to the beginning of a sustained drawdown. While there appeared to be some profit taking especially amongst "big tech" companies, funds flowed into more defensive sectors such as energy, utilities, and real estate, not just into cash or fixed income. Yields on the week were also 5 basis points higher, as measured by the benchmark 10-Year US Treasury. For the week, the three major US equity indexes posted negative returns, but only 0.15% for the Dow Jones Industrials, 0.31% for the S&P 500, and 0.65% for the NASDAQ Composite.

After the Federal Reserve cut the fed funds rate by 25 basis points at the September meeting, most of the fed governors were on the road speaking at a variety of events. Most have the same consistent message that they will continue to monitor the labor market for continued weakness as their focus has shifted from inflation. On the inflation front, the personal consumption index was released on Friday and showed headline inflation up 0.2% on a month over month basis. The 12-month reading is 2.7%, up from July's 2.6%. The core index, which excludes food and energy costs, rose 0.3% month over month, and 2.9% on a 12-month basis which was unchanged. This is the Federal Reserve's preferred inflation gauge and continues to come in above their 2.0% target. Analysts are digging sharply into inflation measures to see if tariff related costs are creeping into the economy, which thus far has not been heavily prevalent.

Global energy prices rose last week in part over concerns that increased sanctions on Russian oil could reduce current supply. West Texas Intermediate oil prices were up 4.9% but remain down 8.4% on a year-to-date basis. There continues to be concern over global economic growth tied to tariff related constraints which has pressured prices along with adequate levels of production and supply.

The final revision of second quarter US GDP showed an increase to 3.8% from 3.3%. Upwardly revised consumer spending fueled the revision as more dollars were spent on services such as restaurants, transportation, insurance and healthcare. Also contributing is the increase in business investment on intellectual property and equipment to power artificial intelligence.

The housing market continues to send mixed signals with sales of new homes reported to have risen 20.5% in August over July. Sales of existing homes, however, the larger part of the market, continue to slump, falling 0.2% in August. Mortgage rates fell earlier in the month to 11 month lows but have risen in recent weeks back above 6% after the Fed cut short term rates.

Finally, two measures on consumer confidence were released last week and both fell. The University of Michigan survey declined 5.3% due to a sharp drop in longer-term expectations for rising inflation. The Conference Board's confidence index also fell 1.3%, citing the same long-term inflation expectations.

This week, the economic calendar is quite full. More housing data on Monday and Tuesday with pending home sales and Case Shiller Home Price Index respectively. Employment is also in focus with the JOLTS job opening survey on Tuesday, ADP Employment change on Wednesday, initial claims on Thursday, and the full non-farm payroll data released on Friday. The caveat to some of the data releases will be the pending government shutdown looming for 11:59 pm on Tuesday. As of this writing, the President will be meeting Congressional leadership on Monday morning to hopefully reach a budget compromise.

Market Scorecard:	9/26/2025	YTD Price Change
Dow Jones Industrial Average	\$46,247.29	8.70%
S&P 500 Index	\$6,643.70	12.96%
NASDAQ Composite	\$22,484.07	16.43%
Russell 1000 Growth Index	\$4,678.29	15.73%
Russell 1000 Value Index	\$1,999.14	9.60%
Russell 2000 Small Cap Index	\$2,434.32	9.15%
MSCI EAFE Index	\$2,741.79	21.22%
US 10 Year Treasury Yield	4.13%	-40 basis points
WTI Crude Oil	\$65.72	-8.37%
Gold \$/Oz.	\$3,759.99	43.27%



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