Beacon Trust
INNOVATING WEALTH STRATEGY

November 2, 2026

Beacon Weekly Investment Insights

Last week, the S&P 500 dipped 0.6% and the Nasdaq Composite Index dropped 2.0% in an action-packed period for the financial markets. Is the artificial intelligence (AI) investment case cracking? Market participants expressed some AI-related doubts last week. Intel experienced its biggest daily loss since 1974, falling 24% on Friday and 43% over the past month. The chipmaker cited a slowdown in the personal computer (PC) market and continued losses in its foundry unit. Perhaps even more surprising, Alphabet lost roughly $500 billion in market value, falling nearly 13% on Thursday after reporting negative free cash flow and weak growth in its core search business. ServiceNow reignited fears of the “software apocalypse," falling 27% on Thursday and 33% for the week. The market carnage was not limited to technology stocks. Boeing surprised market participants with a weak earnings outlook amid problems with fulfilling its backlog, falling 10% on Tuesday. On the positive side, Healthcare stocks found a bid as many tech stocks faltered. Eli Lilly, the most valuable pharmaceutical firm, rose 11% last week, hitting an all-time high on the strength of its obesity and diabetes franchise.

The divergence in performance between value stocks and growth stocks for the year is an underreported financial story that bears close attention. It supports our long-held belief in portfolio diversification as an effective risk management tool. As shown in the table below, the Russell 1000 Value Index is up an impressive 22.7% year-to-date, in contrast to the 0.6% decline in the Russell 1000 Growth Index. In addition to Healthcare, Energy stocks have been big winners in value indexes, due in part to the 79% rise in oil prices YTD. A similar, but less dramatic story has unfolded with the outperformance of small-cap stocks relative to their large-cap brethren. Of course, growth stocks have dominated value and small-cap stocks for most years since the COVID-19 pandemic.

The Federal Reserve (Fed) kept short-term interest rates unchanged last week in the range of 3.75%-4.00%. The Fed’s actions were expected in advance of this week's midterm elections. However, market participants are estimating that the Fed will raise short-term rates another 0.25% at next month’s Federal Open Market Committee (FOMC) meeting. Inflation remains elevated, with the Personal Consumption Expenditures (PCE) inflation index increasing 3.6% over the past year. Real GDP grew at a solid rate of 3.4% in Q3. The Atlanta Fed is forecasting a similar GDP growth rate for Q4.

Perhaps the only safe-haven asset class to increase last week was investment-grade bonds. The Bloomberg Barclays Aggregate Bond Index increased 0.4% last week as longer-term interest rates drifted down. Gold broke below the $4,000 per ounce barrier for the first time this year, falling roughly 3% last week and 10% YTD. Despite the drop-in longer-term interest rates, some investors may have sold gold to meet margin calls due to the decline in equities and turmoil in the cryptocurrency market. Binance, the largest cryptocurrency exchange, was the victim of more than $6 billion in cryptocurrency theft, the largest loss ever due to crime in that market.

Of course, we must begin our discussion of this week’s calendar with the midterm elections on Tuesday. In our view, the pertinent differences for the stock market after the election results will occur at the industry and sector levels, rather than with the market as a whole. Rumors of an escalation of the military conflict with Iran after the election continue to be pervasive. We would not be surprised to see stock market volatility continue this week, but politically related market movements are usually short-term in nature.

The turn of the calendar month always brings fresh insights from the Institute for Supply Management (ISM). The forward-looking ISM Manufacturing report will be released on Monday and will be followed by the ISM Services report on Wednesday. Both surveys are expected to project continued growth for the economy. Friday will feature economic reports on consumer sentiment and the widely followed Employment Report. The unemployment rate is projected to remain steady at 4.2%. Despite some potential near-term volatility, we are heading toward a historically

strong period for equities. With Halloween behind us, the unofficial start to the holidays has begun. All of us at Beacon wish you and your family a wonderful, healthy, and happy holiday season.

Market Scorecard:	10/30/2026	YTD Price Change
Dow Jones Industrial Average	51,770.31	7.77%
S&P 500 Index	7,580.07	10.73%
NASDAQ Composite	25,437.00	9.44%
Russell 1000 Growth Index	4,735.57	-0.61%
Russell 1000 Value Index	2,542.64	22.74%
Russell 2000 Small Cap Index	2,811.84	13.29%
MSCI EAFE Index	3,100.62	7.18%
US 10 Year Treasury Yield	4.93%	+77 basis points
WTI Crude Oil	$102.95	79.32%
Gold $/Oz.	$3,884.90	-10.33%

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