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Beacon Weekly Investment Insights

The longest government shutdown on record ended last week, but the market was not celebrating. The S&P 500 (+0.08%) was virtually flat last week, driven in part by a 1.7% drop on Thursday, its largest daily drop since tariff-related tensions between the U.S. and China flared up on October 10th. Much of the market angst seems to be focused on the heightened valuations of technology and artificial intelligence (AI) related stocks, as well as comments from some Federal Reserve governors questioning the need to cut interest rates in December. Rates on long-term bonds also drifted upward last week, with the yield on the benchmark 10-Year U.S. Treasury Note increasing from 4.12% to 4.15%.

Last week leading technology related firms, Oracle, Robinhood, and Tesla fell 6.9%, 6.0%, and 5.9%, respectively. In contrast, healthcare firms seemed to garner increased investor attention and confidence. For example, last week pharmaceutical giants Eli Lilly, Merck, and Johnson & Johnson increased 10.9%, 7.7%, and 5.0%, respectively. Merck was in the news due to its plans to acquire Cidara Therapeutics for \$9.2 billion, as it deals with the looming patent expiration of its blockbuster oncology drug, Keytruda.

Earnings season from Q3 is largely in the rearview mirror, with the exception of some prominent firms, such as NVIDIA, Walmart and Target, set to report this week. However, there were a few earnings reports released last week that are worth noting. Disney fell nearly 5% last week amid a slightly disappointing quarterly report which pointed to some signs of consumer weakness. The prospect of a \$2,000 tariff related “dividend” paid to most American families was discussed last week as one way of easing consumer’s pain, although this proposal remains far from certain to be implemented. In contrast to Disney, two technology infrastructure names, Cisco Systems and Applied Materials, exceeded expectations and rose on the day of their earnings announcements.

In other noteworthy company specific news, Warren Buffett’s Berkshire Hathaway purchased roughly \$4.3 billion of Alphabet / Google stock over the third quarter. This stock purchase opened some eyes on Wall Street due to Buffett’s well-known aversion to technology stocks. The Oracle of Omaha continued to trim Berkshire’s positions in Apple and Bank of America in Q3.

Federal Reserve Bank Governors will be on the speaker circuit virtually every day this week. Their remarks, in concert with the minutes that will be released from the Fed’s October meeting on Wednesday, will help market participants further calibrate the odds of a rate cut at the Fed’s last meeting of 2025 on December 10th. Although the manufacturing sector of the economy has lagged the services sector in recent years, its renaissance remains a focus of the Trump Administration. Accordingly, analysts will scrutinize reports related to the Empire State Manufacturing Survey on Monday, Industrial Production on Tuesday, and the Philly Fed Manufacturing Survey on Wednesday.

The idea of a 50-year mortgage was floated last week by Bill Pulte, Director of the Federal Housing Finance Agency, and President Trump. However, the logistics and potential wisdom of such a long-dated security were challenged and the idea was largely withdrawn by the end of the week. The housing market remains a focus, due in part to its large influence on inflation. Hence, increased attention may be given to the Housing Starts and Building Permit reports which are both scheduled to be released on Wednesday.

Arguably, the most important economic report of the week is scheduled to be released on Thursday. The Unemployment Report from September is slated to be released on that day, with the October report likely lost forever due to the government shutdown. The Conference Board’s forward-looking Leading Economic Index (LEI) is also slated to be reported on Thursday. LEI relies on government data so its findings may come with appropriate

caveats. Lastly, Friday will see the release of the University of Michigan Consumer Sentiment Index as well as S&P's forward-looking Purchasing Managers Indexes (PMI).

Market Scorecard:	11/14/2025	YTD Price Change
Dow Jones Industrial Average	\$47,147.48	10.82%
S&P 500 Index	\$6,734.11	14.49%
NASDAQ Composite	\$22,900.59	18.59%
Russell 1000 Growth Index	\$4,738.72	17.23%
Russell 1000 Value Index	\$2,011.88	10.30%
Russell 2000 Small Cap Index	\$2,388.23	7.09%
MSCI EAFE Index	\$2,819.42	24.65%
US 10 Year Treasury Yield	4.148%	-43 basis points
WTI Crude Oil	\$59.95	-16.59%
Gold \$/Oz.	\$4,084.40	54.75%

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

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