

Beacon Weekly Investment Insights

Volatility was pervasive last week across global equity, fixed income, and commodities markets, driven by the expanding conflict with Iran and consequent disruption in energy markets. The S&P 500 was down for a second straight week to the tune of -2.02%, with the Dow Jones down -3.01% and the tech heavy Nasdaq down -1.24%. Risk-off sentiment drove the Russell 2000 (small-cap stocks) index down -4.07%. Not surprisingly, energy was the one sector in the S&P 500 that managed to post a positive return last week, up 0.97% relative to the -2.02% decline for the S&P 500. International equity markets were also volatile with the MSCI EAFE, a proxy for developed international stocks, down -6.7% on the week as many developed nations overseas are more dependent on imported energy than the U.S. Oil prices were up 35% last week, and subsequently spiked over the weekend to close to \$120/barrel for WTI Crude oil as supply disruptions through the Strait of Hormuz persist. Additional reports of declines in oil production also continue to surface, including announcements of production cuts from the likes of the UAE, Iraq, Kuwait, and Saudi Arabia as storage fills up due to the near-standstill at the Strait of Hormuz. WTI Crude oil prices subsequently pared gains as reports surfaced that G7 countries planned to discuss a coordinated release of oil reserves. The 10-yr. treasury yield moved up from 3.96% to close the week at 4.13% as traders priced in higher inflation expectations, which can also generally make it more difficult for the Fed to cut rates. Gold was also down for the week, however fared somewhat better than equity markets on a relative basis with its -1.70% decline. The AI disruption narrative and concerns around private credit have also added to volatility in markets.

Although the events that have transpired and the ensuing volatility can be unnerving for investors, geopolitical conflicts have historically proven to be relatively short-lived in terms of the impact on markets. With the acknowledgement that the past is not always prologue and that each event is unique, it is worth noting that the stock market has generally recovered to pre-event levels within 5-6 weeks, and has historically found a bottom on average within 2-3 weeks of the onset of a geopolitical conflict. On average, these events have caused short-term pullbacks in the 5%-7% range. We continue to espouse patience and a long-term mindset, and emphasize the importance of having a well-diversified portfolio and sufficient liquidity on hand to meet 1-2 years of living expenses as key tenets in navigating the current volatility. It's also important to note our philosophy of generally remaining shorter-term and higher credit quality in fixed income relative to broader bond indices. This has proved to serve as a ballast and provide stability to client portfolios during volatile times in equity markets such as this.

The economic data released last week painted a mixed picture, with both the ISM Manufacturing and ISM Services readings coming in ahead of expectations and firmly in expansionary territory. The ISM Manufacturing reading expanded for a second-straight month, with the ISM Services reading the highest since August 2022. In addition, the ADP employment report for February that was released last week came in ahead of expectations, with private sector jobs increasing by 63,000 relative to expectations for an increase of 48,000. The upbeat economic data released earlier in the week was offset by the more closely watched U.S. payrolls report released last Friday, which showed a decline of 92,000 jobs relative to expectations for a gain of 55,000 jobs. It's worth noting that there were significant impacts on the jobs numbers from major strikes that occurred involving health-care workers. The report also showed a -69,000 downward revision to jobs for the prior two months.

The retail sales report for January was also released with the headline figure declining -0.2%, down from a prior flat reading, but slightly better than expectations for a -0.4% decline. Along these lines, several retail companies reported earnings including the likes of Target, Best Buy, and Ross Stores, each of which saw strong positive reactions to their reports. Amidst the volatility from a geopolitical standpoint it's important to note that aggregate S&P 500 earnings growth for the 4th quarter of 2025 was 14%, well ahead of expectations for roughly 8% earnings growth headed into the quarter, and marking the fifth straight quarter of double-digit earnings growth. In addition,

the current estimate for earnings growth for the S&P 500 for the first quarter of 2026 is 11.5%, with full year 2026 earnings growth currently estimated to be 15%.

Economic data due out this week includes the February CPI report set to be released on Wednesday and the January Core PCE report (the Fed's preferred measure of inflation) set to be released on Friday, alongside the first revision to Q4 GDP, durable-goods orders, job openings, and consumer sentiment readings. Housing data including existing home sales and housing starts are also set to be released this week.

| Market Scorecard: | 3/6/2026 | YTD Price Change |
|------------------------------|-----------------|-------------------------|
| Dow Jones Industrial Average | \$47,501.55 | -1.17% |
| S&P 500 Index | \$6,740.02 | -1.54% |
| NASDAQ Composite | \$22,387.68 | -3.68% |
| Russell 1000 Growth Index | \$4,498.59 | -5.58% |
| Russell 1000 Value Index | \$2,138.52 | 3.23% |
| Russell 2000 Small Cap Index | \$2,525.30 | 1.75% |
| MSCI EAFE Index | \$2,964.26 | 2.47% |
| US 10 Year Treasury Yield | 4.13% | -4 basis points |
| WTI Crude Oil | \$90.90 | 58.31% |
| Gold \$/Oz. | \$5,158.70 | 18.83% |

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