Beacon Trust
INNOVATING WEALTH STRATEGY

August 11, 2025

Beacon Weekly Investment Insights

Equity markets finished in positive territory last week, with the S&P 500 climbing 2.43%, the Dow Jones up 1.35%, and the Nasdaq up 3.87% despite continued tariff and geopolitical uncertainty. Better than expected earnings growth for the S&P 500 thus far, coupled with increased expectations for rate cuts, are providing support to the equity market amidst the uncertainty. As of the time of this writing (with 90% of companies in the S&P 500 having reported earnings), S&P 500 aggregate earnings growth for the 2nd quarter is 11.8% as compared to expected earnings growth of roughly 5% headed into the quarter. In addition, following a substantially weaker than expected U.S. jobs report for July that also included significant downward revisions for May and June, the odds of the Fed cutting rates in September increased substantially.

It's important to note that the return profile for the S&P 500 has been exceptionally concentrated, with 10 stocks, namely mega-cap tech stocks such as Nvidia, Microsoft, Alphabet, and Broadcom, accounting for about 80% of the returns of the S&P 500 since the beginning of the 2nd quarter. This dynamic continued last week with the tech-heavy Nasdaq significantly outpacing the S&P 500 and Dow Jones indices. Gold also continued its ascent, up 2.7% for the week and finishing Friday at a record high amidst gold tariff uncertainty, while WTI crude oil was down -5.1% in part due to the OPEC+ announcement that eight members would unwind voluntary output cuts in September.

President Trump announced last week that Stephen Miran, the current chair of the Council of Economic Advisers, has been nominated to take a temporary spot on the Fed Board of Governors subsequent to Fed Governor Adriana Kugler's resignation. Stephen Miran is widely viewed as dovish and likely to push for rate cuts. In addition, Fed Governor Waller (also dovish), was reported as the front-runner to replace Chair Powell. At the time of this writing, there is a roughly 85% chance the Fed will cut rates in September, with 2-3 0.25% rate cuts expected by the end of the year.

From an economic data perspective, last week was a fairly light week. The ISM Services Index was released last Tuesday, narrowly holding in expansionary territory after posting a decline from 50.8% in the prior month to 50.1% and lower than expectations for 51.1%. The index looked to be showing impacts from the effects of tariffs/tariff uncertainty as higher inflation and lower employment numbers were reported, with businesses seeking additional clarity on the tariff front. Initial jobless claims came in slightly higher than expected last week at 226,000, relative to the prior reading of 219,000 and expectations for 221,000 claims. All in all, the data continue to point to a dynamic in which businesses aren't hiring or laying off many people.

This week will see significantly more activity in terms of economic data. CPI (consumer price inflation) figures will be released on Tuesday, followed up by PPI (producer price inflation) data set to be released on Thursday. In addition, the U.S. retail sales report is set to be released on Friday, alongside preliminary consumer sentiment data. There will also be a significant amount of Fedspeak occurring throughout the week.

Market Scorecard:	8/8/2025	YTD Price Change
Dow Jones Industrial Average	44,175.61	3.83%
S&P 500 Index	6,389.45	8.63%
NASDAQ Composite	21,450.02	11.08%
Russell 1000 Growth Index	4,489.54	11.06%
Russell 1000 Value Index	1,923.19	5.44%
Russell 2000 Small Cap Index	2,218.42	-0.53%
MSCI EAFE Index	2,679.76	18.48%
US 10 Year Treasury Yield	4.29%	-28 basis points
WTI Crude Oil	$63.88	-10.93
Gold $/Oz.	$3,491.30	32.20%

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

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