August 10, 2026

Beacon Weekly Investment Insights

The recent collapse of the $45B hedge fund, Situational Awareness, who sold their publicly traded securities to Citadel retaining $10B of private equity, seems to have been the low point of the July correction. Investors turned the light switch to “risk on” as underperformers (anything related to AI) once again became the darlings in the market. Helping too was President Trump and Treasury Secretary Scott Bessent publicly stating an agreement on the Straits would happen by Wednesday sending oil prices down. Not surprisingly this expected agreement remains elusive. Apparently, an agreement has been brokered by Oman and Iran, the two bordering countries, to open the Strait to their supporters and no one else including the US and Israel providing safe passage for a fee. Though unconfirmed it’s unlikely this will be acceptable. Under international law charging a fee on a natural waterway is forbidden. Fees for passage on the Panama and Suez canals, in contrast, are permissible because they are manmade. In any event, the Strait of Hormuz remains hostage with the Iranians in control. Expect markets to continue vacillating on future developments until this is permanently resolved.

The first week of each month is chock full of economic data spanning growth and labor statistics from the prior month. This week’s data came in a bit softer than expected with Q2 productivity at 1.3% vs consensus of 1.7% and Q1 revised down to 1.3%. Employment broadly was weaker with July non-farm payrolls at a negative 23,000 vs 83,000 expected. Both May and June were reduced and the unemployment rate declined to 4.1%. Some impact can be explained by the end of the World Cup but why the prior months’ revisions? Those should have reflected WC hiring. ADP, continuing claims and job openings support that labor is challenged. On a somewhat brighter note, ISM manufacturing remains strong while services were virtually unchanged. Key inflation data, the second part of the dual mandate, will come this week with the CPI and PPI along with retail sales and U of M consumer sentiment. Though markets interpreted the payroll numbers as reason to believe the FOMC will stand pat in September Warsh stated in a recent interview that he’s committed to raising rates if inflation remains elevated. So upcoming July & August CPI, PPI and PCE will determine the direction of rates through year end.

Corporate earnings continue to be the lifeline of the market. We are approximately 90% through the earnings season with S&P earnings tracking up at 50%. This would be the 7th consecutive quarter of double-digit growth; quite unprecedented. This growth in earnings has depressed valuations, making the market and individual equities appear cheap. The Achilles heel, however, is that expectations are high and there’s little room for disappointment. Large capital spend will also put downward pressure on margins. So far investors appear unfazed in anticipation of productivity gains. Just this past week all the major indices rose between 3- 5%. As risk managers we always want to factor into our decision tree the headwinds and “what ifs” to optimize portfolio positioning.

Market Scorecard:	8/7/2026	YTD Price Change
Dow Jones Industrial Average	$54,036.93	12.43%
S&P 500 Index	$7,757.84	13.32%
NASDAQ Composite	$26,690.62	14.84%
Russell 1000 Growth Index	$5,019.31	5.35%
Russell 1000 Value Index	$2,531.49	22.20%
Russell 2000 Small Cap Index	$2,931.34	22.26%
MSCI EAFE Index	$3,246.86	10.20%
US 10 Year Treasury Yield	4.67%	+50 basis points
WTI Crude Oil	$78.18	44.20%
Gold $/Oz.	$4,340.70	0.55%

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