

Beacon Weekly Investment Insights

Last week was marked by continued volatility as jobs data and Fed speak caused meaningful changes in expectations for rate cuts, with Nvidia's earnings release and retailers also in focus. The odds for a rate cut in December initially fell last week after the Bureau of Labor Statistics (BLS) had confirmed that they would not be releasing an October payrolls report and that the November data would not be released until December 16th which is after the December Fed meeting. The BLS had also announced that the November CPI report would be delayed until December 18th. The FOMC meeting minutes also had some hawkish takeaways, with many committee members saying they did not think that the Fed should cut in December as it could add to the risk of higher inflation becoming more entrenched. However, the odds for a rate cut in December subsequently jumped after the September labor market data was released. Headline payrolls did come in better than expected, however downward revisions brought August payrolls to a contraction of 4,000 jobs, the unemployment rate ticked up to 4.4%, and wages growth was weaker than expected.

Odds of a rate cut rose further at the end of the week (currently a 75% chance of a rate cut in December), as New York Fed President John Williams noted on Friday that he sees room for a rate cut in the near-term. Equity markets ultimately finished lower for the week, with the S&P 500 index down -1.95%, the Dow Jones down -1.91%, and the tech-heavy Nasdaq down -2.74%. The 10-year treasury moved down meaningfully to close the week from 4.14% to 4.06% alongside some of the softer than expected labor market data. Gold was down -0.4% for the week with WTI crude oil down 3.4% as the dollar increased by 0.9% for the week.

As mentioned and as is typically the case, Nvidia's earnings release was a key focal point for markets as well. The company posted strong results beating expectations for both revenue and earnings. Nvidia CEO Jensen Huang noted that sales of the company's Blackwell AI chips are "off the charts" and that cloud GPU's are sold out, with the company reporting that data center revenues grew by over 65%. The stock initially reacted positively and helped to ease broader concerns about the AI trade before reversing course as high expectations, broader concerns around the enormous amount of spending, and questions around the return on that spend and valuations for many companies that are part of the AI trade continued to weigh on markets.

Several retailers also reported earnings, with Walmart reporting better than expected revenue growth and raising its sales growth forecast for the second time this year, highlighting consistent consumer spending, while Target saw traffic deceleration and some share loss. Off-price retailers TJX and Ross Stores both reported significantly better than expected sales growth, benefiting from cost-conscious consumers seeking value, strong back-to-back school sales, and noting strong momentum heading into the holiday season. From a broader perspective, earnings have come in significantly better than expected for the third quarter, following the same trend in the prior quarter. With 95% of S&P 500 companies having reported earnings, aggregate S&P 500 earnings growth for the third quarter is 13.5%, relative to expectations for earnings growth of just shy of 8% heading into the quarter.

As we look ahead to the shortened holiday week, delayed reports for September U.S. retail sales and PPI will be released on Tuesday, alongside the Consumer Confidence report for November and Pending Home Sales reports for October. The delayed September Durable Goods report is also set to be released on Wednesday, alongside initial jobless claims. From all of us at Beacon, we wish you and your families a very Happy Thanksgiving!

Market Scorecard:	11/21/2025	YTD Price Change
Dow Jones Industrial Average	\$46,245.41	8.70%
S&P 500 Index	\$6,602.99	12.26%
NASDAQ Composite	\$22,273.08	15.34%
Russell 1000 Growth Index	\$4,602.33	13.85%
Russell 1000 Value Index	\$1,994.47	9.35%
Russell 2000 Small Cap Index	\$2,369.59	6.25%
MSCI EAFE Index	\$2,723.25	20.40%
US 10 Year Treasury Yield	4.07%	-50 basis points
WTI Crude Oil	\$58.06	-19.05%
Gold \$/Oz.	\$4,079.50	54.47%

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