

Beacon Weekly Investment Insights

As we approach the end of the first half of calendar 2024, we find ourselves in a very similar situation as 2023. The capitalization weighted S&P 500 index has a year-to-date gain of about 15.4%, with very narrow participation concentrated in technology and communication services. By contrast, the equally weighted S&P 500 has a gain of only 5.5%. The Dow Jones ended the week with the best performance rising 1.5% while the tech dominated NASDAQ Composite finished basically flat on the week. Interest rates, as measured by the benchmark 10 Year US Treasury, rose only 3 basis points last week to yield 4.26% after significant declines during the previous week.

We were also swamped by the media coverage of the “market cap horse race” within the S&P 500 between Microsoft, Apple, and Nvidia. In the previous week, Apple eclipsed Microsoft while last week Nvidia briefly eclipsing Microsoft early in the week as the largest US company, before pulling back later in the week. I only mention this in the context that, as mentioned earlier, the highest cap components of the weighted index have diverged on an equally weighted basis. Our expectations remain and we continue to exercise patience for a broadening of performance similar to Q4 of last year in an environment of moderating inflation and growth, which would allow the Federal Reserve to begin their process of lowering short-term interest rates.

Recent economic data has softened but remains consistent with an economy that continues to grow at a moderate pace. For example, last week retail sales were reported as rising by only 0.1% during the month of May versus consensus for a rise of 0.3%. Additionally, the previous month’s report (April) was revised down from a 0.6% increase to a 0.0% figure. May’s figures showed strength in components such as sporting goods, clothing and motor vehicle parts and dealers. In contrast, the detractors came from gasoline stations, furniture stores, and food service and drinking establishments. The implications of these softer figures from consumer sales could lead to a softer GDP print for Q2. On the positive side, softer demand could help to moderate inflationary pressures.

Also last week, the index of leading economic indicators was released and declined by 0.5% in May, a steeper decline than the 0.3% anticipated. Five of the 10 data points were negative including building permits and jobless claims. This index has started a new streak of negative readings in February 2024 after a slight tick positive that month.

This week we will be focused on a solid week of data releases. Housing will be in focus with mortgage application data and new home sales on Wednesday, pending home sales on Thursday, followed by existing home sales data on Friday. Consumer sentiment is released with the Conference Board Consumer Confidence index on Tuesday and the University of Michigan Sentiment index on Friday. Thursday’s releases include durable and capital goods orders, final GDP for Q1 and the initial jobless claims. Friday will have the most anticipated release of the week with the Personal Consumption Expenditures Index (PCE Deflator), which is the Federal Reserve’s favored measure of inflation.

Market Scorecard:	6/21/2024	YTD Price Change
Dow Jones Industrial Average	39,150.33	3.88%
S&P 500 Index	5,464.62	14.57%
NASDAQ Composite	17,689.36	17.84%
Russell 1000 Growth Index	3,663.89	20.06%
Russell 1000 Value Index	1,772.55	8.78%
Russell 2000 Small Cap Index	2,022.03	-0.25%
MSCI EAFE Index	2,307.56	3.19%
US 10 Year Treasury Yield	4.26%	38 basis points
WTI Crude Oil	\$80.73	12.67%
Gold \$/Oz.	\$2,321.98	12.55%



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

Important Information: Beacon Investment Advisory Services, Inc. ("BIAS") is an SEC registered investment adviser, under the name Beacon Trust, and is wholly owned by Beacon Trust Company ("BTC"), which is a subsidiary of Provident Bank. Provident Bank is a subsidiary of Provident Financial Services, Inc., a holding company whose common stock is traded on the New York Stock Exchange. Beacon Trust may only transact business in those states where they are notice filed or qualify for a corresponding exemption from notice filing requirements. Additional information is contained in the respective Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>.

SECURITIES AND INVESTMENT PRODUCTS: Not FDIC Insured | May Lose Value | No Bank Guarantee

This publication is limited to the dissemination of general information pertaining to the wealth management products and services offered by Beacon to U.S. residents of those states where not prohibited by applicable law. No portion is to be construed as a solicitation to effect transactions in securities or the provision of personalized investment, tax, or legal advice. Investing involves risks which may lead to losses, including loss of principal. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable. Any reference to a market index is included for illustrative purposes only, as it is not possible to directly invest in an index. Indices are unmanaged vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. Calculation methodologies are available from BIAS upon request.

Past performance is not a predictor of future results. It should not be assumed that any information discussed herein will prove to be profitable or that decisions in the future will be profitable or provide specific performance results. Any discussion of tax matters contained within this communication should not be used for the purpose of avoiding U.S. tax related penalties or promoting, marketing, or recommending to another party any transaction or matter addressed herein. Beacon Trust does not provide legal advice. 00217068