

## Beacon Weekly Investment Insights

The S&P 500 increased nearly 2% in a holiday shortened week to close at an all-time high. Performance last week was a microcosm of year-to-date performance (YTD). Growth, and especially technology stocks, led the way. For example, last week the Russell 1000 Growth Index increased 3.7%, the Russell 1000 Value Index increased 0.4%, and the Russell 2000 Index of small cap stocks fell 1%. Long-term interest rates declined modestly last week, with the benchmark 10-year U.S. Treasury Note falling 7 basis points, helping to push the Bloomberg Barclays Aggregate Bond Index back into positive YTD territory.

Stock market performance last week was another case of “bad news is good news.” More specifically, the bad news of weak economic data is often good news for the stock and bond markets since it often portends a future drop in interest rates. The forward-looking Institute for Supply Chain Management (ISM) Purchasing Manager Indexes (PMI) published last week both forecasted modest declines in future business activity. The ISM Manufacturing Index declined from 48.7 to 48.5, while a figure greater than 50 signifies expected expansion. The ISM Manufacturing Index has largely been below 50 for the past year and a half, but the market was surprised by the ISM Services Number also falling sharply from 53.8 to 48.8.

Last Friday’s nonfarm payroll or jobs report showed that the unemployment rate ticked up from 4.0% to 4.1%, another sign of economic weakness, despite the creation of 206,000 new jobs. The net result is futures markets are now pricing in a roughly 75% chance of an interest rate cut after the Federal Reserve’s Federal Open Market Committee (FOMC) meeting in September.

In company specific news, Tesla continued its recent surge after a rough start to the year. The electric vehicle pioneer leaped 27% last week on investor enthusiasm for its “robo taxi” service and after reporting vehicle production numbers that were better than expected. Embattled commercial aircraft manufacturer, Boeing, advanced nearly 2% last week after it announced it was acquiring parts maker Spirit AeroSystems in an attempt to fix some of its well documented quality control problems. At Beacon we focus on the fundamentals of a company and do not attempt to purchase meme stocks. However, we note that internet meme sensation Keith Gill, also known as “Roaring Kitty”, purchased a 6.6% stake in online pet retailer, Chewy. Owning over 5% of a company results in reporting requirements with the SEC, hence potentially moving Mr. Gill into the “activist” investor realm.

Turning to this week’s economic calendar, Federal Reserve Chair, Jay Powell will speak with the U.S. Senate on Tuesday and with the U.S. House of Representatives on Wednesday. Although it is almost a forgone conclusion that the Fed will hold short-term rates constant after its next meeting in late July, Powell’s commentary often moves markets. On Thursday the Consumer Price Index (CPI) report will be released and will be followed on Friday by the Producer Price Index (PPI), a measure of wholesale inflation. If either report comes in too hot it has the potential to further delay Fed rate cuts and negatively impact asset prices.

A measure of business confidence, the National Federation of Business (NFIB) Small Business Optimism Index, will be released on Tuesday. Since small businesses generate the bulk of new jobs in the U.S., it bears watching. On Friday the University of Michigan Consumer Sentiment Index will be released, which often provides a pulse on consumer spending. Also on Friday, JP Morgan will kick off another round of earnings reports. In short, it may be an eventful week in the financial markets in advance of the deluge of earnings reports that will be released next week.

<b>Market Scorecard:</b>	<b>7/5/2024</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	39,375.87	4.47%
S&P 500 Index	5,567.19	16.72%
NASDAQ Composite	18,352.76	22.36%
Russell 1000 Growth Index	3,806.23	24.73%
Russell 1000 Value Index	1,710.80	4.99%
Russell 2000 Small Cap Index	2,026.73	-0.02%
MSCI EAFE Index	2,364.30	5.73%
US 10 Year Treasury Yield	4.272%	+41 basis points
WTI Crude Oil	\$83.44	16.98%
Gold \$/Oz.	\$2,399.80	15.83%



**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. 00217070