Beacon Trust
INNOVATING WEALTH STRATEGY

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Beacon Weekly Investment Insights

The S&P 500 fell 1.1% last week, catching its proverbial breath from its red hot performance in December and January. Earnings season is largely in the books, but some prominent stragglers shared their quarterly results last week. Disney went back to the future bringing back legendary CEO Bob Iger. Mr. Iger shared his vision for reshaping Disney and tackling the streaming wars head on. The stock briefly surged 6% after the earnings release, but ultimately ended the week down a shade. Once venerable investment bank, Credit Suisse, continued to grapple with client defections and billion-dollar losses as new management tries to reorganize the Zurich based firm yet again. Adidas is grappling with more than a billion dollars of inventory from its failed business partnership with Kanye West. Both European firms fell more than double digits for the week.

Chat GPT, the AI program taking the world by storm, poses the most significant threat to Alphabet/Google in recent memory. Alphabet released their own AI chatbot in demo form, known as Bard, but their advertisement fizzled since Bard's response to a question handpicked by Google employees was erroneous. An "oops" to the tune of shaving more than $100 billion from Alphabet's market cap.

Fed Governors continued to make the rounds after their recent interest rate hike. Jay Powell spoke to the Economic Club of Washington (D.C.) last Tuesday and reiterated his stance that the Fed "has more work to do" and that the "disinflationary process has begun." The market initially cheered his remarks since they were not as draconian as some feared. Long-term interest rates edged up 10 basis points for the week with the benchmark 10 Year Treasury Note yielding 3.75% at Friday's close.

Oil is down slightly for the year after a strong 2022, but "black gold" surged almost 9% last week. Part of the reason for last week's strong performance occurred in the aftermath of Russia announcing a surprise production cut to its aggregate oil output. Rumors of a new military offensive campaign by Russia against Ukraine later this month continue to swirl, upping the ever-present geopolitical risk that always concerns investors. Also worth noting on the geopolitical front is the increasingly chilled relations between the U.S. and China after America shot down a Chinese espionage balloon that floated across much of the continental U.S.

The most anticipated economic report for the week will arrive on Tuesday when the Consumer Price Index (CPI) is released. Inflation is one of the few items that is of equal concern to Wall Steet and Main Street. The CPI is still expected to increase 6.2% year over year, a far cry from the Fed's desired 2% goal. If inflation increases from its prior month reading of 6.5% it may change the Fed's narrative on disinflation and be a source of stock market volatility.

The Retail Sales report will be released on Wednesday. Since the consumer accounts for roughly 70% of GDP the report will provide an important barometer of the economy's health. The Housing Starts report will be released on Thursday. This report may provide an indicator of the impact of higher long-term interest rates on the housing market. The Conference Board's Leading Economic Index (LEI) will be released on Friday. It is expected to decline for the eleventh consecutive month keeping the specter of recession fresh in the minds of investors.

Market Scorecard:	2/10/2023	YTD Price Change
Dow Jones Industrial Average	33,869.27	2.18%
S&P 500 Index	4,090.46	6.54%
NASDAQ Composite	11,718.12	11.96%
Russell 1000 Growth Index	2,363.36	9.51%
Russell 1000 Value Index	1,562.86	4.39%
Russell 2000 Small Cap Index	1,918.81	8.95%
MSCI EAFE Index	2,085.32	7.27%
US 10 Year Treasury Yield	3.74%	-13.5 basis points
WTI Crude Oil	$79.76	(0.93)%
Gold $/Oz.	$1,876.40	2.53%

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