Beacon Trust
INNOVATING WEALTH STRATEGY

October 2, 2023

Beacon Weekly Investment Insights

Financial markets limped out of the month of September, in what historically is a weak month. The Dow Industrials declined 1.3% for the week and 3.5% for the month, the S&P 500 lost 0.7% for the week and 4.9% for the month, and the NASDAQ Composite gained 0.1% for the week, but fell 5.8% for the month. Fixed income markets also declined for the week as evidenced by the benchmark 10-Year US Treasury notes 14 basis point rise to 4.57%, a 16 year high! Rising rates are consistent with the theme that the Federal Reserve will maintain it's higher interest rate policy for longer than initially expected in its effort to drive inflationary pressures back down to their preferred 2% target.

Additionally, the threat of a US Government shutdown loomed large over investor sentiment during the week. Luckily, over the weekend, a continuing resolution was agreed to and signed late Saturday evening extending funding through mid-November. This stop-gap measure allows members of Congress to continue to debate issues such as assistance for Ukraine, border security spending, along with other key areas of federal spending. The measure will expire on November 17. Sentiment measures released during the week, did point toward declining consumer moods. The Conference Board's measure showed sentiment declining 5.2% in September while the University of Michigan's Index slid 2% during the month.

Inflation data released last week continues to indicate the persistence of inflation. The personal consumption expenditures index, which is the Fed's preferred measure, did increase 0.4% for the month of August, taking the 12 month change in inflation to 3.5%. The primary driver of this is the move higher in energy costs, particularly gasoline prices. The core figure which excludes food and energy prices moved higher by 0.10% to a 3.9% annual rate.

Part of the ongoing concern with inflation rests within the labor market. We still see plenty of evidence of a tight labor market. Weekly jobless claims remain rangebound in the lower 200,000 range while continuing claims hovers around 1.7 million. Labor unions are adding to the pressure on wages by authorizing strikes. Last week, Hollywood writers ended their 5 month long strike this week by agreeing to a contract proposal from the studios, networks, and streaming service. Earlier in the year, pilots from Delta and American Airlines, drivers from United Parcel Service, and West Coast dockworkers all won wage increases. Currently, the United Auto Workers Union has a growing strike at various manufacturing and assembly plants at the Big 3 automakers. Even though union membership has dramatically declined over the years, we see the ripple effects to other sectors of the economy. One final point on the labor market as we move into the year-end holiday's, look for more seasonal hiring especially from companies like Amazon which will impact the overall statistics.

Now that the US Government will remain open for the time being, we expect a full slate of economic data releases this week. On Monday, ISM Manufacturing will be released along with a reading on overall construction spending. More manufacturing data on Wednesday with factory orders and durable goods orders. ISM will release the Services index as well on Wednesday. Friday will be the full September labor report with non-farm payrolls, the unemployment rate, and the labor force participation rate.

Market Scorecard:	9/29/2023	YTD Price Change
Dow Jones Industrial Average	33,507.50	1.09%
S&P 500 Index	4,288.05	11.68%
NASDAQ Composite	13,219.32	26.30%
Russell 1000 Growth Index	2,678.45	24.11%
Russell 1000 Value Index	1,497.60	0.03%
Russell 2000 Small Cap Index	1,785.10	4.39%
MSCI EAFE Index	2,077.17	0.64%
US 10 Year Treasury Yield	4.57%	68 basis points
WTI Crude Oil	$90.79	13.12%
Gold $/Oz.	$1,848.63	1.35%

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