

Beacon Weekly Investment Insights

Stocks continued their upward march, with several U.S. equity indexes hitting all-time highs during the week. The S&P 500 increased 0.6% last week and is within striking distance of logging its first positive monthly gain in September in 5 years, with one more trading day to go. U.S. equities have demonstrated strong momentum, increasing 6 out of the past 7 weeks. Perhaps the main catalyst for last week's rise was the largest stimulus added by the Chinese government to its economy since the pandemic, in an effort to stave off the forces of deflation precipitated by a decline in its all-important real estate market and a marked drop in consumer confidence.

China's central bank requested lenders cut mortgage rates by a half point and the down payment for second homes was also lowered from 25% to 15%. Additional government subsidies were provided to encourage consumer and business spending. Legendary hedge fund manager, David Tepper, made extremely bullish comments on China during his appearance on CNBC last week. The net effect resulted in the CSI 300 Index, China's analog to the S&P 500, surging nearly 16% last week, its biggest weekly gain since 2008. Since China is an important export market for the U.S. and many other nations, other global markets rose in sympathy.

With the Fed's rate-cutting cycle now firmly underway, intermediate to long-term bonds have also risen in price. The Bloomberg Barclays Aggregate Bond Index is now up a respectable 4.8% YTD after being slightly underwater merely a few months ago. Bonds were supported by last week's weaker-than-expected Personal Consumption Expenditures (PCE) inflation report. The PCE is reportedly the Federal Reserve's preferred inflation gauge, in contrast to the better-known Consumer Price Index (CPI). The PCE index increased 2.2% year-over-year, the lowest since February 2021. The figure was below the consensus forecast of 2.3% and down noticeably from the prior month's value of 2.5%.

The decline in inflation is in line with the Fed's goal of steering the economy towards a soft landing rather than a recession. Other economic reports released last week support the optimistic economic scenario. For example, the Q2 GDP growth report was revised upward to a solid 3.0%. The S&P Case-Shiller Index of national home prices hit a new record, increasing 5.0% over the past year.

In roughly two weeks, Q3 earnings reports will kick off in earnest. Nevertheless, important company-related news continues to emanate from a variety of sources. For example, the artificial intelligence (AI) exemplar, Nvidia, had a rollercoaster of a week but ultimately ended up 4.6%. The stock increased on an extremely bullish AI spending report from the highly regarded consulting firm, Bain. However, some of this enthusiasm was tempered near the end of the week after a report stated that the Chinese government was directing companies in its country to purchase computer chips from domestic firms.

As we turn the page on September, a fresh batch of important economic reports are usually released during the first week of the month. The Institute for Supply Chain Management (ISM) will release its forward-looking ISM Manufacturing and Services Reports on Tuesday and Thursday, respectively. The widely followed Nonfarm Payrolls or Unemployment Report will be released on Friday. Currently, markets are pricing in the odds of a 25 or 50 basis point cut after the Fed's next meeting at roughly a coin flip. A higher-than-expected unemployment rate would tilt the odds further in favor of a larger cut. The Fed meets 8 times a year so the next meeting will occur shortly after the November elections. In the interim, a number of Federal Reserve governors will be on the road, sharing their views on the economy while providing some signals on future interest rate policy. With summer now officially over, we wish you and your family a wonderful fall season.

Market Scorecard:	9/27/2024	YTD Price Change
Dow Jones Industrial Average	42,313.00	12.27%
S&P 500 Index	5,738.17	20.30%
NASDAQ Composite	18,119.59	20.71%
Russell 1000 Growth Index	3,762.68	23.30%
Russell 1000 Value Index	1,865.49	14.49%
Russell 2000 Small Cap Index	2,224.70	9.75%
MSCI EAFE Index	2,506.69	12.10%
US 10 Year Treasury Yield	3.749%	-12 basis points
WTI Crude Oil	\$68.64	-3.77%
Gold \$/Oz.	\$2,680.80	29.40%



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. 00217082