PACIFIC GLOBAL
Investment Management Company

Weekly *Recap*

November 1, 2024

Market *Returns*

INDEX[1]	CLOSE	WEEKLY CHANGE		YTD CHANGE
Dow Jones Industrial Avg.	42,052.19	-62.21 /	-0.15%	11.58%
S&P 500®	5,728.80	-79.32 /	-1.37%	20.10%
Nasdaq	18,239.92	-278.69 /	-1.50%	21.51%
Russell 2000®	2,210.13	2.14 /	0.10%	9.03%

	11/01/24 CLOSE	11/01/23 CLOSE
10-Year U.S. Treasury	4.39%	4.77%

Data: Bloomberg, Federal Reserve

The *Bottom* Line

Mixed results from "Magnificent Seven" companies weighed on the equity markets this week. The Russell 2000® Index (0.10%) eked out a fractional gain while the Dow Jones Industrial Average (-0.15%), the S&P 500® Index (-1.37%) and the Nasdaq (-1.50%) declined. The yield on the 10-Year U.S. Treasury Note rose to 4.39% from 4.24% last Friday. Treasury yields have increased 69 basis points (bps) from the day of the Federal Reserve's rate cut in September; concerns about the increasing budget deficit have driven investors toward more attractive opportunities in the fixed income and equity markets.

Alphabet and *Amazon* gained after reporting stellar results on the strength of cloud computing and AI initiatives. In contrast, *Meta* and *Microsoft* declined despite reporting strong results as each tempered outlooks as capital spending rose to facilitate AI initiatives. Investors are expressing some concern about how quickly companies will be able to increase revenues and earnings to validate the elevated spending. To date, over 70% of companies in the S&P 500® have reported third quarter results; their 5.1% average earnings growth, while above 4.3% estimates, fell short of both one- and five-year averages.

The October non-farm jobs report tumbled to 12,000, well below estimates of 113,000 and September's downwardly revised 223,000 due to the Boeing strike and hurricane disruptions. Subsequent reports will likely provide a revised assessment of employment trends; also, the upcoming holiday season which will add temporary jobs. The unemployment rate remained at 4.1%. Jobs opening in September fell to 7.443 million, the lowest level since March 2021, and significantly below consensus of 7.9 million. Also, initial jobless claims (216,000) fell below projections of 227,000 and continuing claims (1.862 million) were below consensus of 1.941 million.

Preliminary 2.8% GDP growth for the third quarter was above estimates of 2.6% but below the second quarter's 3.0% growth rate. The October **Institute of Supply Management** (**ISM**) manufacturing index, 46.5, fell below both consensus of 47.6 and September's 47.2.

Personal spending, which rose 0.5% in September, and corporate investment initiatives reinforce the markets' optimism of continuing economic growth. Next week's election results and the Fed's likely 25 bp rate cut will reset investor expectations. Volatility is likely to continue with the ebb and flow of corporate news, economic and monetary policy updates, and geopolitical events.

[1]The Dow Jones Industrial Average is an unmanaged, price weighted measure of 30 U.S. stocks selected by the Averages Committee to represent the performance of all U.S. stocks outside the Transportation and Utilities sectors. The S&P 500® Index is an unmanaged, market capitalization weighted index which measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy. The Nasdaq Composite Index is an unmanaged, market capitalization weighted measure of all domestic and international common stocks listed on The Nasdaq Stock Market. The Russell Midcap® Index measures the 800 smallest companies within the Russell 1000® Index based on a combination of their market cap and current index membership. The Russell 2000® Index is an unmanaged, market-weighted measure of stock market performance. It contains stocks of the 2,000 smallest publicly traded companies of the Russell 3000® Index. It is not possible to invest in the Indices.