



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

November 8, 2024

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	43,988.99	1,936.80 / 4.61%	16.71%
S&P 500 [®]	5,995.54	266.74 / 4.66%	25.70%
Nasdaq	19,286.78	1,046.86 / 5.74%	28.48%
Russell 2000 [®]	2,399.64	189.51 / 8.57%	18.38%

	11/08/24 CLOSE	11/08/23 CLOSE
10-Year U.S. Treasury	4.30%	4.49%

Data: Bloomberg, Federal Reserve

The Bottom Line

The equity markets rallied on the election results with the expectation that the new administration's agenda of lower taxes, tariffs and other incentives would stimulate the economy. Small cap stocks outperformed: the Russell 2000[®] Index gained 8.57%, its best week in 4 ½ years, followed by the Nasdaq (5.74%), the S&P 500[®] Index (4.66%) and the Dow Jones Industrial Average (4.61%). The post-election, pro-business sentiment triggered a 15-basis point jump in long-term Treasury yields before reversing direction; the yield on the 10-year U.S. Treasury ended the week at 4.30%, down from 4.39% last Friday.

On Thursday, as expected, the Federal Reserve lowered interest rates by 25-basis points. Chair Powell commented that the "economy continues to expand at a solid pace" and that any decisions about future rate cuts would depend on incoming data. He then responded to inquiries at the post-meeting press conference that he intends to complete his term as Chair through 2026. He added that it was too soon to say how the next administration's policies would reshape the economic outlook. "We don't guess, we don't speculate, we don't assume what policies will be put into place . . . In the near term, the election will have no effects on our policy decisions."

The October **Institute for Supply Management (ISM) Services** index rose to 56.0, higher than consensus of 53.8 and September's 54.9. The **University of Michigan consumer sentiment report**, pre-election, rose to 73.0, above estimates of 71.0 and October's 70.5. Initial jobless claims of 221,000 were on target with consensus while continuing claims rose to 1.892 million, the highest level since November 2021, compared to estimates of 1.861 million.

Over 90% of S&P 500[®] companies have reported third quarter results; these companies have reported an average growth rate of 5.3%, higher than estimates of 4.3%. The markets reacted favorably to the prospect of the incoming administration's pro-business agenda although his pre-election vows to raise higher tariffs would add inflationary pressures. Volatility fell sharply this week with the resolution of pre-election uncertainties. The growing economy should provide a near-term boost to the equity markets.

¹The 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.

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