



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

January 17, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	43,487.83	1,549.38 / 3.69%	2.22%
S&P 500 [®]	5,996.66	169.62 / 2.91%	1.96%
Nasdaq	19,630.20	468.57 / 2.45%	1.65%
Russell 2000 [®]	2,275.88	86.65 / 3.96%	2.05%
	01/17/25 CLOSE	01/17/24 CLOSE	
10-Year U.S. Treasury	4.63%	4.10%	

Data: Bloomberg, Federal Reserve

The Bottom Line

The equity and bond markets rallied this week on the strength of bank earnings and favorable inflation data. The Russell 2000[®] Index (3.96%) led the major indices followed by the Dow Jones Industrial Average (3.69%), the S&P 500[®] Index (2.91%) and the Nasdaq (2.45%). The yield on the 10-Year U.S. Treasury Note declined from last Friday's 4.77%, the highest since November 2023, to 4.63%.

December's **Consumer Price Index (CPI)** rose 0.4%, slightly higher than consensus (0.3%), a repeat of November's increase. However, the **core CPI** increased 0.2%, which was below estimates and November's (0.03%). The 3.2% year-over-year increase in **Core CPI** fell below projections of 3.3%. The **Producer Price Index (PPI)** rose 3.3% year-over-year, above the prior month's 3.0% but below consensus of 3.4%. December retail sales rose 0.4%, below expectations of 0.5% and November's upwardly revised 0.8%. Initial jobless and continuing claims were in line with estimates. Federal Reserve spokesperson Waller indicated that the improved inflation data could potentially support three to four 25-basis point rate cuts in 2025.

Robust earnings reports from the major banks, including *JPMorgan Chase*, *Citigroup*, *Wells Fargo* and *Goldman Sachs*, provided the catalyst for the equity market rally. Investor sentiment rose on better-than-anticipated interest rate margins, trading income and positive commentary on the economy. *JPMorgan* CFO Barnum stated, "There's no question that there's a significant amount of increase in optimism in the overall environment . . . We're obviously happy to see more optimism in the C-suite of the country, and even globally in some pockets." However, *JPMorgan* CEO Jamie Diamond cautioned, "Ongoing and future spending requirements will likely be inflationary, and therefore may persist for some time."

Strong bank earnings, combined with their outlook for continued economic growth, provided a major stimulus for both the equity and bond markets this week. Bond investors, in particular, responded as interest rates dropped dramatically. Next week, the increased pace of earnings reports will provide a more in-depth look at the growth prospects across a variety of industries. Volatility has declined and may remain modest over the near-term absent earnings season surprises or negative geopolitical headlines.

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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