



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

January 24, 2025

Market Returns

| INDEX ¹ | CLOSE | WEEKLY CHANGE | YTD CHANGE |
|---------------------------|-----------|----------------|------------|
| Dow Jones Industrial Avg. | 44,424.25 | 936.42 / 2.15% | 4.42% |
| S&P 500 [®] | 6,101.24 | 104.58 / 1.74% | 3.73% |
| Nasdaq | 19,954.30 | 324.10 / 1.65% | 3.33% |
| Russell 2000 [®] | 2,307.74 | 31.86 / 1.40% | 3.48% |

| | 01/24/25 CLOSE | 01/24/24 CLOSE |
|-----------------------|----------------|----------------|
| 10-Year U.S. Treasury | 4.62% | 4.18% |

Data: Bloomberg, Federal Reserve

The Bottom Line

The equity markets rally continued this week as President Trump suggested that he would implement tariffs on a selective basis as a bargaining tool. The Dow Jones Industrial Average (2.15%) led the major indices followed by the S&P 500[®] Index (1.74%), the Nasdaq (1.65%) and the Russell 2000[®] Index (1.40%). The yield on the 10-Year U.S. Treasury Note closed at 4.62%, slightly lower than last Friday's closing yield of 4.63%.

President Trump, following his inauguration, indicated that there were no immediate or universal tariffs being implemented; he would use tariffs only if trade talks were unsuccessful. *JPMorgan Chase* CEO Dimon's commented on tariffs: "if it's a little inflationary, but it's good for national security, so be it. I mean, get over it." Notably, the U.S. has been more receptive to imports than many European or Asian countries; and, in some cases, European and Asian countries have supported their own economies by pricing domestic goods below cost of production. The President also advocated increasing oil production as a means to lessen the inflationary impact of gasoline prices; this, however, will likely prove challenging as investors in U.S. oil producers are focused on profitability and foreign sovereign countries rely on higher prices to support their economies.

Earnings season ramped up this week with mixed results. *Netflix* reported strong revenues and earnings and increased the 2025 outlook. *Knight-Swift Transportation* reported better than expected results and indicated that demand is beginning to improve from bear market trucking conditions over the past three years. Initial jobless claims and continuing claims were slightly higher than projections; continuing claims rose to the highest level since November 2021.

So far, only 16% of companies in the S&P 500[®] have reported fourth quarter results; earnings season accelerates next week with reports and commentaries from 40% of the companies in the S&P 500[®]. Declining volatility and market breadth provide an encouraging outlook for the New Year. The current rally may continue, in the absence of surprise geopolitical events, if earnings reports and commentaries are favorable.

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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