



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

February 7, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	44,303.40	-241.26 / -0.54%	4.13%
S&P 500 [®]	6,025.99	-14.54 / -0.27%	2.45%
Nasdaq	19,523.40	-104.04 / -0.53%	1.10%
Russell 2000 [®]	2,279.71	-7.98 / -0.35%	2.22%

	02/07/25 CLOSE	02/07/25 CLOSE
10-Year U.S. Treasury	4.50%	4.09%

Data: Bloomberg, Federal Reserve

The Bottom Line

Mixed economic data, tariffs and corporate earnings news fed investor uncertainty regarding the equity markets. The S&P 500[®] Index (-0.27%) recorded a slight loss followed by the Russell 2000[®] Index (-0.35%), the Nasdaq (-0.53%) and the Dow Jones Industrial Average (-0.54%). The yield on the 10-Year U.S. Treasury Note declined to 4.50% from 4.55% last Friday.

The status of tariffs is uncertain as President Trump tabled for 30 days his announced 25% tariffs on Canadian and Mexican goods. A 10% tariff on Chinese products remained which led China to respond with 15% countermeasure tariffs on certain energy-related products. The absence of an anticipated discussion between the countries' leaders seemed to escalate the trade dispute. The February University of Michigan consumer sentiment declined to 67.8, well below consensus of 72.0 and January's 71.1. The survey revealed negative expectations on buying conditions and inflation due to the administration's tariff policies.

In January, the economy added 143,000 jobs, below estimates of estimates of 170,000 and the prior month's upwardly revised 307,000. Unemployment rate fell 0.1% to 4.0%. Hiring and quitting activity slowed with layoffs remaining at long-time lows. Wages (0.5%) grew faster than inflation. Job openings at 7.6 million were below projections of 7.925 million with decreases in business services, health care and finance while arts, entertainment and recreation increased. Initial and continuing claims remain near recent levels. January **Institute for Supply Management (ISM)** services index fell slightly to 52.8, below consensus and December's 54.0. Meanwhile, the **ISM** manufacturing index rose to 50.9, the first expansion of factory orders (*i.e.*, a reading of 50 or above) in 26 months.

Amazon and *Alphabet* beat earnings estimates but slower growth and increased spending on **AI** initiatives led to selloffs in both companies. In contrast, *Tapestry* (*Coach*, *Kate Spade*, etc.) and *Ralph Lauren* reported strong sales trends on the strength of consumer spending. *Cummins* (truck manufacturer) also reported strong sales and outlook for the year. So far, 62% of companies in the S&P 500[®] have reported results with average earnings, well-above expectations at 16.4% growth, the highest level since the fourth quarter of 2021.

The economy, supported by strong consumer spending and employment trends, continues to perform well. Investors are rewarding individual companies which demonstrate durable growth opportunities. However, the uncertainties of tariffs, future rate cuts and other geopolitical events may stall overall market momentum near-term as investors await more clarity on the impact of these concerns.

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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Pacific Global • 101 N Brand Blvd • Suite 1950 • Glendale, California 91203 • (800) 989-6693 • www.pacificglobal.us