



PACIFIC GLOBAL  
Investment Management Company

## Weekly Recap

February 21, 2025

### Market Returns

| INDEX <sup>1</sup>        | CLOSE     | WEEKLY CHANGE      | YTD CHANGE |
|---------------------------|-----------|--------------------|------------|
| Dow Jones Industrial Avg. | 43,428.02 | -1,118.06 / -2.51% | 2.08%      |
| S&P 500 <sup>®</sup>      | 6,013.13  | -101.50 / -1.66%   | 2.24%      |
| Nasdaq                    | 19,524.01 | -502.76 / -2.51%   | 1.10%      |
| Russell 2000 <sup>®</sup> | 2,195.35  | -84.63 / -3.71%    | -1.56%     |

  

|                       | 02/21/25 CLOSE | 02/21/24 CLOSE |
|-----------------------|----------------|----------------|
| 10-Year U.S. Treasury | 4.43%          | 4.32%          |

Data: Bloomberg, Federal Reserve

### The Bottom Line

Weaker-than-anticipated economic data, and continuing tariff uncertainties, roiled the equity markets this week as investors rotated from growth to defensive positioning. The S&P 500<sup>®</sup> Index (-1.66%) posted the smallest loss followed by identical 2.51% losses in the Nasdaq and Dow Jones Industrial Average and the Russell 2000<sup>®</sup> Index (-3.71%). The yield on the 10-Year U.S. Treasury Note declined to 4.43% from 4.45% last Friday.

The addition of lumber and forest products to the Administration's list of proposed tariffs weighed on the market despite the commentary suggesting that the White House was holding negotiations with a number of countries. February's preliminary **Purchasing Manager Manufacturing Index (PMI)** came in at 51.6, just above projections while the **Services PMI (49.7)** fell to into contraction (below 50), for the first time in over two years. January existing home sales fell 4.9% month-over-month. Also, the February Michigan Consumer Sentiment unexpectedly fell from 67.5 to 64.7 as participants noted concern for rising long-term inflation. Initial jobless claims and continuing claims remained within the range of previous reports.

*Walmart* and other retailers have cited weaker consumer demand in forecasting lower-than-anticipated sales projections. Severe weather throughout the country, and the recent California fires may well explain a slowdown in sales activity and weakened demand. Nevertheless, confidence amongst CEOs hit a 3-year high amid optimism on the labor market and economy even as they await details on tariff policies and the potential impact on their business and customers.

A cautious approach here acknowledges that, while various economic issues are creating uncertainty, the computer models, which consider raw data without human analysis, that largely determine market momentum; the result is often volatility. Better data should provide a clearer picture of economic trends as weather conditions improve. And, tariff policy details will enable investors to adapt to a slower pace of interest rate cuts and falling inflation.

<sup>1</sup>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<sup>®</sup> 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<sup>®</sup> Index measures the 800 smallest companies within the Russell 1000<sup>®</sup> Index based on a combination of their market cap and current index membership. The Russell 2000<sup>®</sup> 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<sup>®</sup> Index. It is not possible to invest in the Indices.

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