



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

April 4, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	38,314.86	-3,269.04 / -7.86%	-9.94%
S&P 500 [®]	5,074.08	-506.86 / -9.08%	-13.73%
Nasdaq	15,587.79	-1,735.20 / -10.02%	-19.28%
Russell 2000 [®]	1,827.03	-196.24 / -9.70%	-18.08%

	04/04/25 CLOSE	04/04/24 CLOSE
10-Year U.S. Treasury	4.00%	4.31%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

Uncertainties in the wake of President Trump's more-onerous-than-expected tariff announcements rocked the markets. The worst week since the beginning of the Covid lockdown in 2020 dropped the Russell 2000[®] Index and the Nasdaq into bear market territory with losses of 25.93% and 22.85%, respectively, from recent highs; the S&P 500[®] Index and the Dow Jones Industrial Average both closed in correction territory with 17.46% and 15.00% losses from recent highs. For the week, the Dow Jones Industrial Average lost 7.86%, followed by the S&P 500[®] (-9.08%), the Russell 2000 (-9.70%), and the Nasdaq (10.02%). The yield on the 10-Year Treasury Note tumbled from 4.25% last Friday to 4.00% as demand for safety surged.

Speculation as to whether the tariffs would launch a persistent, damaging trade war, or start country-by-country trade negotiations left analysts and investors rattled. President Trump told reporters that he could be open to negotiation if the U.S. received something "phenomenal" in return for relaxing tariffs; however, following China's announcement of a 34% retaliatory tariff on Friday, President Trump wrote that his policies will "Never Change."

On Friday, Federal Reserve Chair Powell stated, "While uncertainty remains elevated, it is now becoming clear that the tariff increases will be significantly larger than expected. While tariffs are highly likely to generate at least a temporary rise in inflation, it is also possible that the effects could be more persistent." He added, "**We are well positioned to wait for greater clarity before considering any adjustments to our policy stance.**" Analysts now anticipate no changes in interest rates before June.

Meanwhile, economic data were mixed; the non-farm payroll report unexpectedly jumped from a downwardly revised 117,000 jobs added in February to 228,000 jobs added in March; the unemployment rate rose 0.1% to 4.2%. The **ISM Manufacturing Index** fell into contraction, dropping from 50.3 in February to 49.0; the **ISM Services Index** fell from 53.5 to 50.8.

The tariffs have prompted consumers to delay spending and companies to postpone IPOs, delay business investments and stock buybacks, and announce layoffs. The World Trade Organization, which earlier projected a nearly 3% increase in global trade, warned that the tariffs could lead to a 1% global contraction. The emerging uncertainties over tariffs, inflation and recession risks will dominate market sentiment as first quarter earnings season begins next week. Company executives will no doubt emphasize short-term caution; investor patience, to await further clarity on the likely impact on the economy and individual companies, may be the best course of action.

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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