PACIFIC GLOBAL
Investment Management Company

Weekly*Recap*

April 11, 2025

Market*Returns*

INDEX[1]	CLOSE	WEEKLY CHANGE			YTD CHANGE
Dow Jones Industrial Avg.	40,212.71	1,897.85	/	4.95%	-5.48%
S&P 500®	5,363.36	289.28	/	5.70%	-8.81%
Nasdaq	16,724.46	1,136.67	/	7.29%	-13.39%
Russell 2000®	1,860.20	33.17	/	1.82%	-16.59%

	04/11/25 CLOSE	04/11/24 CLOSE
10-Year U.S. Treasury	4.49%	4.56%

Data: The Wall Street Journal, Federal Reserve

The*Bottom*Line

Repercussions from President Trump's tariff announcements and updates roiled both the equity and fixed income markets this week. Wednesday's 90-day pause in implementing many of last week's tariffs powered a notable equity recovery even as market watchers remain wary of headline news updates. For the week, the Nasdaq (7.9%) led the recovery followed by the S&P 500® Index (5.70%), the Dow Jones Industrial Average (4.95%) and the Russell 2000® Index (1.82%). The yield on the 10-Year U.S. Treasury Note soared almost 50 basis points, the largest weekly increase on record, to 4.49%, up from 4.40% last Friday.

The markets' response reflected concerns by investors and economists that the announced tariffs would lead to a serious recession, higher inflation, and higher unemployment. This week's highly unusual jump in long Treasury yields may have prompted the Administration's tariff pause. Speculation on the factors contributing to the soaring Treasury yields include the urgent unwinding of leveraged Treasury positions by hedge funds, and the liquidation of Treasuries by foreign governments (likely China and Japan) in favor of German government bonds and other safe havens. President Trump emphasized that the 90-day pause would enable the administration to negotiate with over 75 countries. Further, the Administration commented that the President was "optimistic" that China will seek a deal on tariffs which rose to 145% for imports and 125% for U.S. exports; a translation of the Chinese finance ministry stated, "Even if the U.S. continues to impose higher tariffs, it will no longer make economic sense and will become a joke in the history of world economy." Meanwhile, comments by Fed governors included an assurance that, while the financial markets were functioning well, the Fed "absolutely remains ready to stabilize if market functioning and liquidity issues emerge." Others acknowledge some upside risk of higher inflation due to tariffs.

Economic data this week were weaker-than-anticipated. The March **Core CPI** increased 0.1% compared to consensus of 0.3% and February 0.2% increase. The annualized rate (2.8%) fell below 3% for the first time since April 2021. Lower prices for gasoline and eggs were contributing factors. March **PPI** fell 0.4% compared to estimates of a 0.2% increase. The annualized rate (2.7%) was well below projections (3.3%) and February's 3.2%. The preliminary April **University of Michigan consumer survey included a 1-year inflation expectation which soared to 6.7%, the**

steepest increase since 1981. Initial jobless claims and continuing claims were below consensus and in line with prior periods.

Delta reported strong earnings results for the first quarter yet withdrew annual guidance given the tariff uncertainty. *JPMorgan Chase*, *Wells Fargo, Blackrock* and *Morgan Stanley* all posted better-than-expected earnings while also noting tariff risks. *Blackrock* CEO Larry Fink commented, "In the short run, we have an economy that is at risk." *Wells Fargo* CFO Michael Santomassimo said during a call with reporters, "I think a lot of people are taking a step back saying, 'I need to get more clarity, certainty about where things are going.'"

The volatility index, which rose to twice the level of recent readings, reflects investor anxiety. The Administration now appears anxious to seek trade agreements rather than continue its heavily criticized tariff policies. Many companies, while evaluating various contingency plans, are holding back investments, acquisition strategies and preserving cash pending policy clarifications. Some, such as *Apple*, have taken actions to lessen exposure to China tariffs by moving more production to India. Stock prices for many companies are oversold, yet uncertainties may keep investors on the sidelines for now. Market volatility will likely continue until the economic outlook becomes clearer.

Due to next week's holiday-shortened schedule, we will not publish a Weekly Recap.

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[1]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® 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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