



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

May 2, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	41,317.43	1,203.93 / 3.00%	-2.88%
S&P 500 [®]	5,686.67	161.46 / 2.92%	-3.31%
Nasdaq	17,977.73	594.79 / 3.42%	-6.90%
Russell 2000 [®]	2,020.74	63.12 / 3.22%	-9.39%

	05/02/25 CLOSE	05/02/24 CLOSE
10-Year U.S. Treasury	4.31%	4.58%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

Economic data, including strong employment numbers for April, and impressive earnings reports by *Microsoft* and *Meta*, fueled the continuing equity rebound this week. The Nasdaq (3.42%) led the major indices, followed by the Russell 2000[®] Index (3.22%), the Dow Jones Industrial Average (3.00%) and the S&P 500[®] Index (2.92%). The yield on the 10-Year U.S. Treasury Note closed at 4.31%, slightly higher than last Friday (4.30%).

New jobs, 177,000, were well above estimates of 130,000 yet below the numbers for March (188,000, revised from 228,000). Unemployment remained at 4.2%. However, new jobless claims rose to 241,000 compared to expectations of 225,000; continuing claims (1.92 million) rose above consensus (1.860 million) to the highest level since Nov. 2021. The market reacted positively to jobs report although analysts noted that tariff-related job cuts were not reflected in the April data. The initial estimate of first quarter GDP (-0.3%), the lowest since 2022, was below projections of a 0.3% increase. March core **Personal Consumption Expenditures (PCE)**, at 0.0%, was better than projections of a 0.1% increase, and February's 0.4% increase. A 0.7% increase in personal spending, ahead of estimates of 0.5%, likely reflected purchases to front run anticipated tariffs. The April **Institute for Supply Management (ISM) Manufacturing Index** edged lower, from March's 49.0 to 48.7.

Both *Microsoft* and *Meta* reported strong revenue and earnings, and provided favorable forecasts which reflected strong demand for AI-related services and cloud storage. Other companies, such as *Kirby* (marine transportation and power generation), *Honeywell* (industrial and aviation products), *Quanta* (electric power generation) and *CVS* (healthcare) also reported favorable results and guidance for the year.

Tariff-related corporate commentaries varied from 'cautious' for those significantly exposed to higher costs to 'manageable' for those who believe the impact will be negligible. The tariff landscape changed somewhat this week as President Trump announced relief from 'stacked' tariffs for the auto industry; also, on Thursday, Japan's trade representatives met with Treasury Secretary Bessent and Commerce Secretary

Lutnick. China has exempted \$40 billion of U.S. products from tariffs, and is considering the possibility of trade talks with the U.S. The Port of Los Angeles expect a 36% reduction in shipments from China next week as the imposition of docking tariffs will make delivery of many goods too expensive. The impact is yet unknown; but China will experience lower export income while the U.S. market may experience shortages in certain products. These developments may hasten discussions on a trade agreement.

Investors have reacted favorably to recent earnings reports and the hope that upcoming actions will lower the tariff threat. First quarter preliminary GDP results provide a stark warning that the U.S. economy could slow or possibly enter a recession. Economic uncertainties present challenges in evaluating headline news and business forecasts; still, many hope that a tariff reset will not derail economic growth. Many investors took advantage of depressed valuations this week; the markets, though, will continue to react positively, or negatively, as economic headlines emerge.

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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