



PACIFIC GLOBAL  
Investment Management Company

## Weekly Recap

May 9, 2025

### Market Returns

INDEX <sup>1</sup>	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	41,249.38	-68.05 / -0.16%	-3.04%
S&P 500 <sup>®</sup>	5,659.91	-26.76 / -0.47%	-3.77%
Nasdaq	17,928.92	-48.81 / -0.27%	-7.16%
Russell 2000 <sup>®</sup>	2,023.07	2.33 / 0.12%	-9.29%

  

	05/09/25 CLOSE	05/09/24 CLOSE
10-Year U.S. Treasury	4.39%	4.45%

Data: The Wall Street Journal, Federal Reserve

### The Bottom Line

Investors, following two weeks of gains, adopted a “wait and see” approach on tariff negotiations. For the week, the Russell 2000<sup>®</sup> Index (0.12%) eked out a small gain as the other major indices retreated: the Dow Jones Industrial Average lost 0.16%, followed by the Nasdaq (-0.27%) and the S&P 500<sup>®</sup> Index (-0.47%). The yield on the 10-Year U.S. Treasury Note rose to 4.39%, up from 4.31% last Friday.

The U.S. and the United Kingdom announced a preliminary trade agreement which lowers, or eliminates, tariffs on specific sectors. Meanwhile, President Trump, in advance of talks this weekend between U.S. and Chinese trade officials, wrote that a revised “80% tariff on China seems about right.” Reportedly, other countries have also reached out with proposals to establish a pathway to tariff negotiations.

The Federal Reserve left interest rates unchanged on Wednesday; the post-meeting policy statement noted that risks of higher unemployment and higher inflation have risen. Chair Powell shared that the costs of waiting to learn more about the economy were “fairly low,” allowing the Fed to wait and see before taking any action. He also stated that “if the large increases in tariffs that have been announced are sustained, they’re likely to generate a rise in inflation, a slowdown in economic growth, and an increase in unemployment.”

The **Institute of Supply Management (ISM)** services index rose to 51.6 in April, ahead of consensus (50.2) and a nine-month low of 50.8 in March. The increase reflected increases in inventories and new orders, both likely in anticipation of higher tariffs. Initial Jobless Claims, 228,000, were in line with estimates while continuing claims, 1.879 million, were modestly below estimates of 1.890 million. Both readings were somewhat lower than the previous week.

88% of companies in the S&P 500<sup>®</sup> have reported earnings; of these, 77% exceeded consensus estimates with aggregate earnings outperforming expectations by 8.5%. Corporate commentaries have stressed adaptability while expressing caution as to the overall effect of tariffs on economic growth. Market volatility has receded as many investors view the announced tariffs as a bargaining tool in anticipated negotiations.

However, growing pressure on inflation and unemployment may force investors to reassess their economic outlook.

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<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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