



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

June 20, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE		YTD CHANGE
Dow Jones Industrial Avg.	42,206.82	9.03	/ 0.02%	-0.79%
S&P 500 [®]	5,967.84	-9.13	/ -0.15%	1.47%
Nasdaq	19,447.41	40.58	/ 0.21%	0.71%
Russell 2000 [®]	2,109.27	8.76	/ 0.42%	-5.42%

	06/20/25 CLOSE	06/20/24 CLOSE
10-Year U.S. Treasury	4.38%	4.25%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

The Israel-Iran conflict, now in its second week, continued to dominate headlines. In an abbreviated week, the equity markets were mixed as the Russell 2000[®] Index (0.42%) led the major indices followed by the Nasdaq (0.21%), the Dow Jones Industrial Average (0.02%) while the S&P 500[®] Index (-0.15%) fell marginally. The yield on the 10-Year Treasury Note declined to 4.38% from 4.41% last Friday.

Israel's bombing campaign, aimed at derailing Iran's development of nuclear weapons, sparked Iran's reprisal bombings in Israel along with threats to close the Strait of Hormuz. President Trump's has indicated that he will defer any decision as to whether or not the U.S. will participate in Israel's campaign for two weeks to see if negotiations might halt the nuclear threat.

The Federal Reserve, as expected due to the uncertainties surrounding the President's tariffs policies, left interest rates unchanged. Chair Powell, in his Wednesday post-meeting comments, stated, "We haven't been through a situation like this, and I think we have to be humble about our ability to forecast it." The Fed's unanimous decision, along with its unrevised forecast for two rate cuts in 2025, suggests that the earliest interest rate cut may be in September. The Fed lowered its 2025 GDP forecast from 1.7% in March to 1.4% and raised, by 0.1%, the forecast unemployment rate at year-end to 4.5%.

May retail sales declined by 0.9% compared with consensus of (-0.7%) and April's downwardly revised (-0.1%). The May decrease was the largest since January (-0.9%). Interestingly, the spending habits of wealthy consumers, who account for about half of consumer spending, were largely unchanged. Initial jobless claims, 245,000, were slightly below estimates of 250,000 while continuing claims, 1.945 million, were higher than projections of 1.940 million.

Often, international threats elicit an immediate reaction on the equity and fixed income markets; longer-term, though, the influence on market momentum is typically temporary. Attention, in the run-up to quarter-end, will transition to second-quarter pre-announcements followed by corporate earnings reports

beginning in mid-July. July 9th, the expiration of the President's 90-day tariff postponement, may, or may not, trigger the implementation of onerous tariffs; unresolved discussions continue with several countries. The equity and fixed income markets are likely, absent new events, to remain in a trading range as tariffs, pending legislation and geopolitical events evolve.

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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