



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

August 1, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	43,588.58	-1,313.34 / -2.92%	2.45%
S&P 500 [®]	6,238.01	-150.63 / -2.36%	6.06%
Nasdaq	20,650.13	-458.19 / -2.17%	6.94%
Russell 2000 [®]	2,166.78	-94.29 / -4.17%	-2.84%

	08/01/25 CLOSE	08/01/24 CLOSE
10-Year U.S. Treasury	4.22%	3.99%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

President Trump's tariff announcements and a weaker-than-expected jobs report ignited a selloff on Friday which erased Thursday's highs for the S&P 500[®] Index and the Nasdaq. For the week, the Nasdaq (-2.17%) fell the least on the strength of several technology company earnings reports. The S&P 500[®] fell 2.36% followed by the Dow Jones Industrial Average (-2.92%) and the Russell 2000[®] Index (-4.17%). The yield on the 10-Year U.S. Treasury Note declined 14 basis points on Friday, to 4.22%, down from 4.39% last Friday.

During the week, the Administration announced 15% reciprocal tariff agreements with the European Union and South Korea. Late Thursday, President Trump updated tariff rates for others including a 35% rate for Canadian goods (not otherwise covered by existing agreements), 39% for Switzerland, 25% for India and 20% rate for Taiwan. Mexico received a 90-day extension to complete a trade agreement with tariffs remaining at 25%, and discussions with China continue. Meanwhile, on Thursday, the Federal Circuit Court of Appeals heard oral arguments on the Administration's use of the International Emergency Economic Powers Act to impose tariffs using a series of executive orders; several judges sharply questioned the President's ability to apply tariffs without Congressional authorization. The lawsuit is likely headed, regardless of the decision by the Court of Appeals, for the Supreme Court.

The surprisingly low jobs report, 73,000, well below estimates of 110,000, included downward revisions totaling 258,000 for May and June. The resulting 35,000 three-month average payroll growth rate was the lowest level since the pandemic. The unemployment rate rose 0.1% to 4.25%; job openings (7.437 million) were slightly ahead of consensus (7.425 million). July **ISM** Manufacturing index fell to 48.0, below projections (49.5) while June **Core PCE** increased, as expected, from 0.2% to 0.3%. Initial jobless claims of 218,000 were below projections (225,000) while continuing claims (1.946 million) were also below consensus (1.960 million).

On Wednesday, as expected, the Federal Reserve left the fed funds rate unchanged even though two governors voted for a 25-basis point reduction. Chair Powell, in commenting on the potential timing of a rate cut, stated, “If we move to soon, you wind up maybe not getting inflation all the way fixed and you have to come back [and raise rates]. That’s inefficient. If you move too late, you might do unnecessary damage to the labor market.” The economy advanced 3.0% in the second quarter, exceeding expectations (2.0%). A weaker jobs report and the impact of tariffs create a cloudy picture for the economy moving forward, increasing the likelihood of a rate cut in September.

The better-than-expected earnings reports continue: 66% of the companies in the S&P 500® have so far reported earnings; of these, 82% exceeded earnings projections. Notably, *Meta*, *Microsoft* and *Apple* exceeded revenue and earnings on the strength of growth in their respective businesses. Corporate commentaries continue to emphasize tariff-related caution with the possibility for carveouts to aid various industries. Additionally, some companies reported a ‘pause’ or production slowdown due to pending regulatory updates.

This week’s events highlighted market uncertainties as numerous factors, including White House policies and court decisions, may stoke inflation and slow economic growth. Most companies believe they can adapt once the “rules of the road” become clear; until then, volatility will remain a constant variable for investors.

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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