



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

September 19, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE		YTD CHANGE
Dow Jones Industrial Avg.	46,315.27	481.05	/ 1.05%	8.86%
S&P 500 [®]	6,664.36	80.07	/ 1.22%	13.31%
Nasdaq	22,631.48	490.38	/ 2.21%	17.20%
Russell 2000 [®]	2,448.77	51.71	/ 2.16%	9.80%

	09/19/25 CLOSE	09/19/24 CLOSE
10-Year U.S. Treasury	4.14%	3.73%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

The equity markets rallied after the Federal Reserve, as expected, cut interest rates by 25 basis points. The Nasdaq (2.21%) led the major indices followed by the Russell 2000[®] Index (2.16%), the S&P 500[®] (1.22%) and the Dow Jones Industrial Average (1.05%). The Nasdaq, S&P 500[®] and Dow closed at new highs while, on Thursday, the Russell 2000[®] surpassed its November 2021 high. The yield on the 10-Year Treasury Note closed at 4.14%, up from 4.07% last Friday.

The Fed's post-meeting statement explained that the rate cut was justified "in light of the shift in the balance of risks," adding that the labor market could no longer be described as "solid." Chair Powell also commented that labor demand has softened, and job creations appear to be running below a breakeven rate. He noted that the recent downward adjustments to the new jobs reports were in line with Fed data. The updated Fed economic projections anticipate two additional rate cuts before year-end. If realized, the fed funds rate (currently 4.00%-4.25%) would decline to 3.50%-3.75%. Many analysts expect that the rate cut will reduce the likelihood of a recession in the foreseeable future.

Initial jobless claims last week fell to 231,000 compared to projections of 241,000 while continuing claims (1.920 million) also fell below consensus (1.946 million). Retail sales rose by 0.6%, well above expectations for a 0.2% increase; July sales were revised upward from 0.5% to 0.6%. Ongoing tariff negotiations with China included an announcement late Friday of a deal to spin off a new TikTok entity in the U.S. Meanwhile, unresolved issues remain in the tariff deal previously announced with the United Kingdom; negotiations may be extended until after the Supreme Court ruling on reciprocal tariffs following its hearing in November.

The first interest rate cut, and the expectation of additional cuts, may boost economic activity, especially in the slowing housing sector. The investment bias remains positive heading into the last week of the quarter.

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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