



PACIFIC GLOBAL  
Investment Management Company

## Weekly Recap

October 24, 2025

### Market Returns

INDEX <sup>1</sup>	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	47,207.12	1,016.51 / 2.20%	10.96%
S&P 500 <sup>®</sup>	6,791.69	127.68 / 1.92%	15.47%
Nasdaq	23,204.87	524.90 / 2.31%	20.17%
Russell 2000 <sup>®</sup>	2,513.47	61.30 / 2.50%	12.70%
	<b>10/24/25 CLOSE</b>	<b>10/24/24 CLOSE</b>	
10-Year U.S. Treasury	4.00%	4.21%	

Data: The Wall Street Journal, Federal Reserve

### The Bottom Line

Strong earnings reports and lower-than-expected inflation data spurred record highs for the major indices. For the week, the Russell 2000<sup>®</sup> Index (2.50%) led, followed by the Nasdaq (2.31%), the Dow Jones Industrial Average (2.20%) and the S&P 500<sup>®</sup> Index (1.92%). The yield on the 10-Year U.S. Treasury Note declined to 4.0% from 4.01%, last Friday.

Nearly 30% of companies in the S&P 500<sup>®</sup> have reported earnings; their combined growth rate is 9.1%. 84% of these companies reported earnings which surpassed expectations; the five-year average is 70%. *General Motors, Ford, O'Reilly Automotive* and *Lithia Motors* were among the companies which outperformed analysts' estimates. *Ford* and *General Motors* commented that various tariff waivers kept costs in check; both also stated and that they would shift resources from electric vehicles (EVs) to hybrid and internal combustion engines. Auto dealers including *Lithia* reported that manufacturers' incentives and the phase out of the government's \$7,500 EV incentive enabled the dealers to significantly reduce their EV inventories. Notably, one company reported that 63% of vehicles on the road are more than 9 years old; this surprising statistic suggests that sales of new and used cars may increase as interest rates decline.

Inflation data and corporate commentaries indicate that the impact of tariffs has been more modest than headline reports suggest; delays, carveouts and waivers to benefit specific domestic industries complicate analyses. On Thursday, President Trump abruptly cancelled trade negotiations with Canada citing the province of Ontario's television ads in which President Reagan, in 1987, criticized tariffs. *On Friday, the Ontario Premier stated that he would pause the ads after this weekend's first two World Series games.* Elsewhere, the Administration announced a rare earth mineral agreement with Australia, the 4<sup>th</sup> largest source of these minerals. The agreement may factor into trade negotiations when President Trump is scheduled to meet with Chinese President Xi next week.

Most economic data, with the exception of September **CPI**, are delayed by the government shutdown. The **September CPI**, up 0.3%, was slightly below estimates of 4.0%. **Core CPI** rose 0.2%, again lower than

consensus (0.3%). Existing home sales increased 1.5%, the highest level since February. Lower interest rates have also encouraged refinancing activity. The University of Michigan Consumer Sentiment for October fell to 53.6, the lowest in five months and below September's 55.1 and projections of 55.0.

The Federal Reserve is widely expected to lower interest rates, by 25 basis points, at next week's meetings. Credit card spending has remained robust with delinquencies easing. Lower interest rates, including the possibility of more cuts to follow, will likely stimulate demand for homes, autos and other larger purchases. The fourth quarter is historically strong for the equity markets; that trend may well continue this year.

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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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