



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

October 31, 2025

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	47,562.87	355.75 / 0.75%	11.80%
S&P 500 [®]	6,840.20	48.51 / 0.71%	16.30%
Nasdaq	23,724.96	520.09 / 2.24%	22.86%
Russell 2000 [®]	2,479.38	-34.09 / -1.36%	11.18%

	10/28/25 CLOSE	10/31/24 CLOSE
10-Year U.S. Treasury	4.09%	4.28%

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

The Nasdaq (2.24%) benefited this week from **AI**-powered earnings results from *Alphabet* and *Amazon*; the Dow Jones Industrial Average gained 0.75% followed closely by the S&P 500[®] Index (0.71%) while the Russell 2000[®] Index lost 1.36%. Notably, the 16.30% year-to-date (YTD) gains for the (standard) **weighted** S&P 500[®] contrasts to a far-more-modest 8.45% YTD gain for the **equal weight** S&P 500[®]; the calculation reveals the impact of the “Magnificent 7” stocks and a lack of breadth in the overall equity markets. The yield on the 10-year U.S. Treasury Note rose to 4.09% from 4.00% last Friday.

The split reaction to this week’s better-than-expected earnings reports by four “Magnificent 7” stocks emphasize the market’s **AI**-related growth outlooks: *Alphabet* (5.07%) and *Amazon* (7.51%) posted impressive gains while *Meta Platforms* (-13.45%) and *Microsoft* (-12.90%) sold off due to concerns over potentially excessive costs of **AI**-related data center expansions. *Caterpillar*, *Kirby Corporation* and *Quanta Services* also gained as each benefited from **AI**-data center activities including engines, back-up generators and other technology initiatives.

On Wednesday, the Federal Reserve cut interest rates by 25-basis points and announced an upcoming end to *Quantitative Tightening*, which partially unwound the Fed’s pandemic-related stimulus purchases. In his post-meeting comments regarding the economy and possible additional rate cuts, Chair Powell acknowledged “strongly differing views about how to proceed in December.” He added, “**A further reduction in the policy rate at the December meeting is not a foregone conclusion. Far from it.**” He also noted the government shutdown prevents the consideration of certain employment and inflation data that would better inform the Fed.

President Trump met with Chinese President Xi on Thursday; they agreed on a one-year truce which postponed tariffs and export controls. The U.S. and South Korea announced a trade agreement; the U.S. and Japan are also nearing a trade deal.

The month-long government shutdown is exacting a significant toll on unpaid government workers, unfunded assistance programs and deferred consumer spending. Escalating pressure on legislators, especially after next Tuesday's election, may hasten an agreement to finally reopen the government.

So far, the 10.5% blended earnings growth rate of companies in the S&P 500® marks the fourth straight quarter of double-digit growth. Corporate commentaries suggest that the impact of tariffs has been less than feared; but widespread pre-tariff buying activity may obfuscate the delayed cost of tariffs. The continued government shutdown and tariffs may combine to fuel volatility despite the economic benefits from this week's rate cut.

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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