



PACIFIC GLOBAL
Investment Management Company

Weekly Recap

February 6, 2026

Market Returns

INDEX ¹	CLOSE	WEEKLY CHANGE		YTD CHANGE
Dow Jones Industrial Avg.	50,115.67	1,223.20	/	2.50%
S&P 500®	6,932.30	-6.73	/	-0.10%
Nasdaq	23,031.21	-430.61	/	-1.84%
Russell 2000®	2,670.34	56.60	/	2.17%
	02/06/26 CLOSE	02/06/25 CLOSE		
10-Year U.S. Treasury	4.21%	4.45%		

Data: The Wall Street Journal, Federal Reserve

The Bottom Line

On Friday, the Dow Jones Industrial Average surged to close above 50,000. For the week, the Dow (2.50%) led the market indices; also, the Russell 2000® Index (2.17%) recovered last week's losses and continued to outpace the broader market. The S&P 500® Index (-0.10%) declined fractionally while the Nasdaq (-1.84%) selloff in the *Technology* sector continued. The contrast in year-to-date performance between the equally-weighted S&P 500® Index (3.6%) and the market-weighted S&P 500® (1.27%) highlights the *Tech* selloff. The yield on the 10-Year U.S. Treasury Note closed at 4.21%, down from 4.24% last Friday.

The potential impact of **AI** on software companies, and, especially, the capital spending plans for **AI** data centers, continued to concern investors. *Amazon* reported accelerated growth of 24% yet the stock fell more than 5% after announcing capital spending of \$200 billion, well above estimates of \$150 billion. Several software firms sold off after suggestions that newly-emerging **AI** firms may replace existing technologies. Data center construction projects also face pushback from communities concerned about the scale of operations and the demands on local electricity and water supplies.

Economic data were somewhat mixed as the January **ISM Services Index** was unchanged at 53.8 while the **ISM Manufacturing Index** unexpectedly rose from 47.9 to 52.6, the first 'expansion' reading (above 50) in twelve months. The **December Jobs Openings and Turnover Survey (JOLTS)** reported the lowest level (6.452 million) since September 2020, well below estimates of 7.146 million. Initial jobless claims rose to 231,000 versus the prior week's 209,000; similarly, continuing claims (1.844 million) rose from the prior week's 1.819 million. The impact of severe winter storms may complicate assessing trends from the January data.

So far, more than 60% of companies in the S&P 500® have reported fourth quarter earnings; their 13% average annual growth rate exceeds estimates of 8.3%. The stock rotation from *Technology* into the broader markets reflects the increased investor optimism for continued economic growth, lower interest rates and lower inflation. Also, many analysts expect that 2025 tax refunds, anticipated to exceed 2024's refunds by \$55-\$75 billion, will likely bolster consumer spending. Still, market momentum for both the equity and fixed income

markets remain subject to the Supreme Court's tariff decision and geopolitical events in the Middle East and elsewhere.

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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