PACIFIC GLOBAL
Investment Management Company

Weekly*Recap*

October 23, 2026

Market*Returns*

INDEX[1]	CLOSE	WEEKLY CHANGE	YTD CHANGE
Dow Jones Industrial Avg.	52,215.16	212.75 / 0.41%	8.64%
S&P 500®	7,623.68	-35.76 / -0.47%	11.37%
Nasdaq	25,955.34	-184.69 / -0.71%	11.67%
Russell 2000®	2,775.90	54.53 / 2.00%	11.85%

	10/23/26 CLOSE	10/23/25 CLOSE
10-Year U.S. Treasury	5.00%	4.01%

Data: The Wall Street Journal, Federal Reserve

The*Bottom*Line

On Thursday, *Meta*'s earnings report stoked anxieties over the costs of funding **AI** projects. In response, investors rotated from *Technology* to the broader market and Treasuries. For the week, the Russell 2000® Index outperformed (2.00%) followed by the Dow Jones Industrial Average (0.41%) while the S&P 500® Index (-0.47%) and the Nasdaq (-0.71%) declined. The equal-weight S&P 500® Index outperformed the weighted index by 160 basis points. The yield on the 10-Year U.S. Treasury Note fell to 5.00%, down from 5.08% last Friday.

Meta's earnings and revenues exceeded estimates, yet concerns over negative cash flow raised doubts about the company's ability to generate profits. The stock lost 9%; other *technology* stocks also declined. And *Anthropic's* losses widened to $80.7 billion for the first six months of the year. Investors are questioning the unprecedented debt levels needed to build out data centers. Notably, hedge funds reduced their *Technology* positions at the fastest pace since 2016. Corporate earnings calls reveal a somewhat measured approach in assessing costs against the potential gains in reliability, productivity and security.

Oil prices rose sharply this week, closing at over $100 per barrel, as attacks on tankers in the Strait of Hormuz increased and the U.S. and Israel raised the prospect of further attacks. Shipping costs have skyrocketed even as shipping volumes returned to pre-war levels.

Initial Jobless Claims (194,000) were below consensus (200,000) while **Continuing Claims** (1.728 million) were modestly above estimates (1.720 million). The final **October University of Michigan Consumer Sentiment** reading, 48.0, was higher than projections of 46.3.

24% of companies in the S&P 500® have reported results; sales and results are modestly (1% to 2%) above historical averages. Consumer resilience continues to benefit companies such as *Tractor Supply* and *Pool* (consumer); both reported better-than-anticipated sales and earnings. *Lockheed Martin* reported record earnings on increased demand for defense products. Increased demand, and higher prices, for shipping benefited *Transportation* companies *CSX* (railroad) and *Knight* (trucking). *East West Bank* and *Capital One* also reported better-

than-expected earnings growth along with an optimistic outlook for the fourth quarter and into 2027. Following their earnings announcements, these companies outperformed as investors rotated to the broader market.

Earnings reports, events in Ukraine and the Middle East, and economic data continue to determine market momentum. Election results may provide another catalyst. Investors will also monitor the sustainability of the markets' rotation as the Russell 2000® reclaimed its year-to-date leadership amongst the major indices.

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[1]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® 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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