

## MONDAY MORNING RECAP - September 19, 2022

### Last Week

Dow Jones Industrial Average (DJIA)	30822.42	-1329.29	-4.13%
S&P 500 Index	3873.33	-194.03	-4.77%
NASDAQ Composite Index	11448.40	-663.90	-5.48%
U.S. 10 yr. Treasury Note Yield	3.45%	+12 basis points	
Gold (\$ per troy oz.)	\$1671.70	-\$44.50	-2.59%
WTI Oil (\$ per barrel)	\$85.11	-\$1.68	-1.94%

### Market Summary

**GLOBAL EQUITIES:** Global equities sold off sharply last week amid renewed fears of aggressive monetary policy across central banks, driving the MSCI World Index down -4.20%. In the US, the S&P 500 fell - 4.77% following a higher-than-anticipated CPI print. Meanwhile, in Europe, the FTSE 100 and STOXX 600 ended the week lower by -1.55% and -2.88% respectively, despite better-than-feared UK inflation.

**COMMODITIES:** Oil prices fell last week on the back of weakening Chinese demand, with the IEA forecasting a drag of -2.7% this year. Brent and WTI closed lower at \$91.35 and \$85.11/bbl respectively. Gold prices fell to \$1671.70.

**FIXED INCOME:** Global sovereign yields largely rose last week off the back of higher US inflation prints, fueling market expectations for the Fed to deliver at least a 75 bps policy rate hike in September. The US 10-Year Treasury yield finished the week at 3.45%. The US 2-Year Treasury topped 3.85% mid-week, ultimately ending the week higher at 3.85%. Similarly, the 10-Year German Bund yield rose to 1.76%.

**FX:** The US dollar index appreciated 0.67% against a basket of currencies, reflecting hawkish market pricing of the Federal Reserve Bank's September policy decision. The euro moved closer to parity against the US dollar, despite the European Central Bank's historic 75 bps interest rate hike. The pound sterling continued to fall, ending the week at \$1.14 against the US dollar.

## **Economic Summary**

**INFLATION:** In the US, August's consumer price index (CPI) rose 8.3% year-over-year (YoY) and 0.1% month-over-month (MoM). The increase was larger than consensus expectations, which anticipated that the recent drop in energy prices would have alleviated pressure on the headline print. However, high rents and food prices continue to keep inflation elevated. Meanwhile, PPI rose less than consensus expectations to 8.7% YoY, reflecting the second consecutive month where the pace of increase slowed. Similarly, in the UK, August CPI inflation came in at 9.9%. The breakdown showed continued intense energy cost pressures and still accelerating food and services prices.

**ACTIVITY:** US retail sales rose 0.3% month-over-month in August, higher than consensus expectations. Though gasoline prices have declined, inflation has likely limited additional spend. Industrial production contracted by -0.2% month-over-month in August versus consensus expectations of +0.2%. Meanwhile, in the UK, a slump in retail sales in August (-1.6% MoM) suggests that UK households are reducing their spending as they fear rising energy bills.

**LABOR:** US initial jobless claims fell for a fifth-straight week to 213k for the week ended September 10. In the UK, the labor market continued to display strength with ILO unemployment rate ticking down by 0.2pp to 3.6% in July and the number of payroll employees reaching a record 29.7 million last month.

## Key Economic Releases

### **Monday, September 19:**

No economic data released.

### **Tuesday, September 20:**

German PPI (MoM) (Cons: 1.5%, Prior: 5.3%)

### **Wednesday, September 21:**

Fed Interest Rate Decision

### **Thursday, September 22:**

Bank of England Interest Rate Decision US IJC (Cons: 218k, Prior: 213k)

### **Friday, September 23:**

German Manuf. PMI (Cons: 48.3, Prior: 49.1)

Euro area Manuf. PMI (Cons: 48.8, Prior: 49.6)

US Manuf. PMI (Cons: 51.2, Prior: 51.5)

Source: Goldman Sachs Asset Management: "Market Monitor", 9/16/22

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "Fed" refers to the Federal Reserve.
3. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices.
4. "Brent" is a global benchmark for oil prices worldwide.
5. "Bbl" refers to a barrel of crude oil.
6. "Hawkish" refers to a state of less accommodative monetary policy.
7. "CPI" refers to the Consumer Price Index.
8. "IEA" refers to the International Energy Agency.
9. "Bps" refers to basis points.
10. "Bps" refers to basis points.
11. "YoY" refers to year-over-year.
12. "MoM" refers to month-over-month.
13. "US CPI" refers to US Consumer Price Index, year-over-year.
14. "UK CPI" refers to UK Consumer Price Index, year-over-year.
15. "US PPI" refers to US Producer Price Index, year-over-year.
16. "US Retail Sales" refers to US Retail Sales, month-over-month.
17. "UK ILO Unemployment" refers to the UK International Labour Organization's unemployment rate.
18. "PM" refers to Prime Minister.



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