

MONDAY MORNING RECAP - December 11, 2023

Last Week

Dow Jones Industrial Average (DJIA)	36,247.87	+2.37	+0.01%
S&P 500 Index	4,604.37	+9.74	+0.21%
NASDAQ Composite Index	14,403.97	+98.94	+0.69%
U.S. 10 yr. Treasury Note Yield	4.23%	+1 Basis Point	
Gold (\$ per troy oz.)	\$1,998.30	-\$72.70	-3.51%
WTI Oil (\$ per barrel)	\$71.23	-\$2.84	-3.83%

Market Summary

GLOBAL EQUITIES: US equities broadly rose last week as job openings fell well below consensus expectations, indicating an easing of inflationary pressures. The S&P 500 closed the week 0.21% higher, continuing a five-week streak of consecutive gains. In Europe, the STOXX 600 and FTSE 100 ended last week 1.32% and 0.34% higher, respectively, also continuing a five-week streak of gains. The rally has continued despite weak confidence in Europe's economic strength as it continued to combat both growth and inflation risk.

COMMODITIES: Oil prices reached their lowest levels since June, continuing a six-week decline last week, despite reports from the Energy Information Administration stating that US crude oil inventories fell for the first time in seven weeks. WTI and Brent crude prices fell to \$71.23 and \$75.84/bbl, respectively, as declining global demand continued to dominate many investors' focus.

FIXED INCOME: Global sovereign yields mostly declined last week as futures markets continued to price an elevated probability of rate cuts from major central banks in early 2024. In the US, the 2-Year and 10-Year US Treasury yields fell to 4.73% and rose to 4.23%, respectively, as labor demand continued to come into better balance with labor supply. Outside of the US, the 10-Year German Bund yield and 10-Year UK Gilt yield both ended the week lower at 2.28% and 4.04%, respectively.

FX: The US dollar appreciated slightly last week against a basket of currencies as the US unemployment rate decreased from the prior period. The US dollar index ultimately ended last week 0.78% higher. Outside the US, the Japanese yen had its biggest one-day jump since January on Thursday as the Bank of Japan indicated that they may move away from its ultra-low interest rate policy, ultimately ending the week at ¥144.96.

Economic Summary

LABOR: US labor market data was mixed last week, beginning with US job openings falling by –617k, well below consensus expectations of –50k. The print reached a two and a half year low, signaling a cooling of labor market strength as higher interest rates have decreased demand for workers. Meanwhile, nonfarm payrolls increased by 199k in November, above consensus expectations for a 180k increase. The unemployment rate fell from 3.9% in October to 3.7% in November, demonstrating continued resilience in the labor market.

ACTIVITY: The US ISM services index increased by 0.9 to 52.7 in November, above consensus expectations for a smaller increase. The underlying components came in strong, as the employment and business activity components both increased while new orders remained unchanged in expansionary territory. The print revealed continued strength in the US services industry, as the index has only dipped into contractionary territory once since the beginning of the pandemic. In Europe, the November final Composite PMI came in above consensus expectations at 47.6, driven by upward revisions to services.

CONSUMER: The University of Michigan's index of consumer sentiment jumped 8.1 pt to 69.4 in December, well above consensus expectations for a 0.7 pt increase. This was the strongest reading since August, driven primarily by the expected trajectory of inflation. In Europe, the volume of Euro area retail sales reached positive territory and increased by +0.1% MoM in October, after 3 consecutive months of decline. While sales volumes have stabilized in recent months on the back of lower inflation, consumer demand is likely to remain subdued due to elevated borrowing costs.

Key Economic Releases

Monday, December 11:

No economic releases

Tuesday, December 12:

US Core CPI YoY (Cons: 4.0%, Prior: 0.2%)

US CPI YoY (Cons: 3.1%, Prior: 3.2%)

UK Unemployment (Cons: , Prior: 4.2%)

Wednesday, December 13:

FOMC Rate Decision (Cons: 5.50%, Prior: 5.50%)

US PPI MoM (Cons: 0.1%, Prior: – 0.5%)

Thursday, December 14:

ECB Rate Decision (Cons: 4.50%, Prior: 4.50%)

BOE Rate Decision (Cons: 5.25%, Prior: 5.25%)

US Retail Sales (MoM) (Cons: –0.1, Prior: – 0.1%)

Friday, December 15:

US Services PMI (Cons: , Prior: 50.8)

US Manufacturing PMI (Cons: , Prior: 49.4)

Euro Services PMI (Cons: 44.5, Prior: 44.2)

Source: Goldman Sachs Asset Management: “Market Monitor”, 12/8/2023

“WTI” refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. “Brent” refers to a global benchmark for oil prices worldwide. “Bbl” refers to barrel. “ISM” refers to Institute of Supply Management. “PMI” refers to Purchasing Managers Index. “MoM” refers to month-over-month.

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