

## MONDAY MORNING RECAP - January 8, 2024

### Last Week

Dow Jones Industrial Average (DJIA)	37,466.11	-223.43	-0.59%
S&P 500 Index	4,697.24	-72.59	-1.52%
NASDAQ Composite Index	14,524.07	-487.28	-3.25%
U.S. 10 yr. Treasury Note Yield	4.05%	+17 Basis Points	
Gold (\$ per troy oz.)	\$2,042.40	-\$20.00	-0.97%
WTI Oil (\$ per barrel)	\$73.81	+\$2.16	+3.01%

### Market Summary

**GLOBAL EQUITIES:** US equities fell last week as many investors reassessed the magnitude and timeline of Fed rate cuts in 2024. This was most apparent in the tech-heavy Nasdaq which started the year with consecutive daily drawdowns of at least 1% for the third time in its history. Ultimately, the S&P 500 ended last week -1.52% lower. Elsewhere, the STOXX Europe 600 fell -0.54% despite core inflation falling for the fifth consecutive month.

**COMMODITIES:** Oil prices rose last week as tensions in the Middle East continued to disrupt supply chains through the Red Sea. WTI and Brent crude ultimately finished higher at \$73.81 and \$78.76/bbl, respectively, as US crude inventories declined. Meanwhile, the price of gold ended the week lower at \$2042.40/troy oz.

**FIXED INCOME:** Global sovereign yields rose last week as firm jobs growth in the US more than offset weak manufacturing data in key developed economies. In the US, the 2-Year and 10-Year US Treasury yields rose to 4.39% and 4.05%, respectively, despite manufacturing activity contracting for the 14th consecutive month in December. Across the pond, the 10-Year German Bund and 10-Year UK Gilt yields closed the week higher at 2.16% and 3.79%, respectively.

**FX:** The US dollar strengthened against a basket of currencies last week on the back of strong labor market data. The US dollar index ended the week 1.10% higher on below consensus initial jobless claims and an above consensus print for December nonfarm payrolls. Outside the US, the Japanese yen weakened against the dollar amidst uncertainty around future BoJ policy decisions, ultimately ending the week at ¥144.57.

## **Economic Summary**

**EMPLOYMENT:** US labor market data was firm last week. Nonfarm payrolls exceeded consensus expectation, printing at 216k for December while initial jobless claims fell by –18k to 202k in the week ended December 30. Meanwhile, US job openings printed below consensus expectations for November, declining by –62k to 8.790M and the quits rate fell to 2.2%.

**MONETARY POLICY:** The release of December FOMC meeting minutes showed that many participants “reaffirmed that it would be appropriate for policy to remain at a restrictive stance for some time until inflation was clearly moving down sustainably toward the Committee’s objective.”

**ACTIVITY:** The US ISM Manufacturing PMI edged up to 47.4 in December, above consensus expectations. On the other hand, the ISM Services PMI fell sharply to 50.6, led by the employment component falling to its lowest level in over three years. In the UK, the Services PMI rose to 53.4 in December from 50.9 in November, marking the fastest pace of growth since June 2023. The UK Manufacturing PMI recorded 46.2 in December, slightly below November's seven-month high of 47.2.

**INFLATION:** Euro area headline CPI rose to 2.9% year-over-year in December, in line with consensus expectations. This marked the first uptick in inflation since April, primarily driven by energy-related base effects. Core CPI fell to 3.4% year-over-year, also in line with consensus expectations.

## Key Economic Releases

### **Monday, January 8:**

Euro area Unemployment (Cons: N/A, Prior: 6.5%)

### **Tuesday, January 9:**

No economic releases

### **Wednesday, January 10:**

No economic releases

### **Thursday, January 11:**

US CPI YoY (Cons: N/A, Prior: 3.1%)

US Core CPI MoM (Cons: 0.3%, Prior: 0.3%)

US Initial Jobless Claims (Cons: N/A, Prior: 202K)

### **Friday, January 12:**

US PPI MoM (Cons: 0.2%, Prior: 0.0%)

UK GDP MoM (Cons.: 0.1%, Prior: -0.3%)

UK Manuf. Production MoM (Cons: N/A, Prior: -1.1%)

Source: Goldman Sachs Asset Management: "Market Monitor", 1/5/2024

"Dovish" refers to expansionary monetary policy. "FOMC" refers to Federal Open Market Committee. "Fed" refers to the US Federal Reserve. "CPI" refers to Consumer Price Index. "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. "BoJ" refers to the Bank of Japan. "ISM" refers to the Institute of Supply Management. "PMI" refers to the Purchasing Managers Index. "CPI" refers to Consumer Price Index. "Core CPI" refers to a Consumer Price Index, excluding food and energy.

### **Disclosure Statement**

Benefit Financial Services Group is a Registered Investment Advisor.

This publication is only intended for clients and interested investors residing in jurisdictions in which the Adviser is qualified to provide investment advisory services. This material is provided for informational purposes only and does not in any sense constitute a solicitation or offer for the purchase or sale of securities. Furthermore, the opinions expressed do not constitute investment advice and views expressed solely reflect those of the Adviser. The Adviser does not attempt to furnish personalized investment advice or services through this publication. Any subsequent, direct communication with a prospective client will be conducted by the Adviser's investment advisory representatives. Some of the information given in this publication has been produced by unaffiliated third parties and, while it is deemed reliable, the Adviser does not guarantee its timeliness, sequence, accuracy, adequacy, or completeness and makes no warranties with respect to results to be obtained from its use. Permission to reprint or distribute any content from this publication requires the written approval of the Adviser.

Information discussed in this report contains forward or backward-looking statements relating to anticipated financial performance, business prospects, returns, market forces, new services, technological developments, and other matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, Adviser notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward or backward-looking statements. Please remember that past performance may not be indicative of future results. Indices are not available for direct investment.