

MONDAY MORNING RECAP - February 12, 2024

Last Week

Dow Jones Industrial Average (DJIA)	38,671.69	+17.27	+0.04%
S&P 500 Index	5,026.61	+68.00	+1.37%
NASDAQ Composite Index	15,990.66	+361.71	+2.31%
U.S. 10 yr. Treasury Note Yield	4.17%	+14 Basis Points	
Gold (\$ per troy oz.)	\$2,023.30	-\$12.80	-0.63%
WTI Oil (\$ per barrel)	\$76.84	+\$4.56	+6.31%

Market Summary

GLOBAL EQUITIES: US equities rose last week, trading over the 5000- threshold for the first time in history. As many companies continued to report strong earnings, the S&P 500 ultimately ended the week 1.37% higher. Conversely, the FTSE 100 fell – 0.56%, as earnings were mixed and the BOE’s path for rate cuts remains unclear.

COMMODITIES: Oil prices rose last week on the back of diminishing prospects for a de-escalation in the Middle East. WTI and Brent crude ended last week higher at \$76.84 and \$82.19/bbl, respectively, as a slowdown in US crude production put an ease to worries of potential oversupply in the market. Meanwhile, gold ended the week slightly lower at \$2023.30 troy/oz.

FIXED INCOME: US yields rose last week as Fed Chair Powell’s hawkish remarks in a 60 Minutes interview suggested that rate cuts may begin later than what market pricing reflected. Ultimately, the 2-Year and 10-Year US Treasury yields ended last week higher at 4.49% and 4.1%, respectively. Outside the US, the 10-Year German Bund yield and 10-Year UK Gilt yield both closed higher at 2.38% and 4.09%, respectively, amidst continued conflict in the Middle East exposing supply chain vulnerabilities.

FX: The US dollar strengthened slightly against a basket of currencies on firm activity data and a decline in jobless claims. Ultimately, the US dollar index ended last week 0.13% higher, as growth in the US services sector picked up in January. Outside of the US, the euro and pound sterling weakened against the dollar to \$1.07 and \$1.26, respectively, with the former falling on the back of ECB messaging hinting towards a more patient approach to cutting interest rates.

Economic Summary

MONETARY POLICY: Early last week the television show 60 Minutes released an interview with Jerome Powell, whose comments broadcasted during the episode largely mirrored those from the post-FOMC press conference in January. The most significant takeaway, in our view, was the continued emphasis on the year-over-year rate of inflation and the apparent retirement of the six-month annualized rate.

LABOR: US initial jobless claims fell by -9k to 218k in the week ended February 3, roughly in line with consensus expectations. The print emphasizes the continued resilience of labor market strength in the US, despite the Fed's efforts to cool down the economy. In Japan, wage growth remained firm in December, with basic pay increasing by a solid 1.6% year-over-year, a welcomed development for the BOJ.

INFLATION: In China, headline CPI inflation fell further for a second month in a row to -0.8% year-over-year in January. The disinflation trend, stemming from the prolonged property downturn, point towards a delayed reflation path for China.

ACTIVITY: The US ISM services index increased to 53.4 in January, somewhat above consensus expectations. The underlying composition was strong, as the employment and new orders components increased alongside no change to the business activity component, which remains in expansionary territory. The prices paid measure increased notably and may be attributed to shipping disruptions in the Red Sea, in our view.

Key Economic Releases

Monday, February 12:

No economic releases

Tuesday, February 13:

US CPI YoY (Cons: 3.0%, Prior: 3.3%)
 US Core CPI YoY (Cons: 3.8%, Prior: 3.9%)
 UK Unemployment Rate (Cons: 4.0%, Prior: 4.2%)

Wednesday, February 14:

UK CPI YoY (Cons: 4.2%, Prior: 4.0%)
 Eura Area GDP YoY Q4 (Cons: 0.1%, Prior: 0.1%)
 Euro Area Industrial Production MoM (Cons: -0.3%, Prior: -0.3%)

Thursday, February 15:

US Retail Sales MoM (Cons: 0.1%, Prior: 0.6%)
 Philadelphia Fed Manuf. Index (Cons: -8.0, Prior: -10.6)
 UK GDP YoY Q4 (Cons: N/A, Prior: 0.3%)

Friday, February 16:

US PPI MoM (Cons: 0.1%, Prior: -0.1%)
 Michigan Consumer Sentiment (Cons: 80.0, Prior: 79.0)
 UK Retail Sales MoM (Cons: 1.5%, Prior: -3.2%)

Source: Goldman Sachs Asset Management: "Market Monitor", 2/9/2024

"BOE" refers to the Bank of England. "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. "Hawkish" refers to tighter monetary policy. "ECB" refers to the European Central Bank. "FOMC" refers to Federal Open Market Committee. "BOJ" refers to the Bank of Japan. "CPI" refers to Consumer Price Index. "ISM services" refers to the Institute of Supply Management NonManufacturing Purchasing Managers' Index (PMI) (also known as the ISM Services PMI).

Disclosure Statement

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