

MONDAY MORNING RECAP - February 26, 2024

Last Week

Dow Jones Industrial Average (DJIA)	39,131.53	+503.54	+1.30%
S&P 500 Index	5,088.80	+83.23	+1.66%
NASDAQ Composite Index	15,996.82	+221.17	+1.40%
U.S. 10 yr. Treasury Note Yield	4.26%	-4 Basis Points	
Gold (\$ per troy oz.)	\$2,038.60	+\$27.10	+1.35%
WTI Oil (\$ per barrel)	\$76.49	-\$1.97	-2.51%

Market Summary

GLOBAL EQUITIES: US equities moved higher last week on the back of strong 4Q 2024 earnings releases for the technology sector. The S&P 500 finished 1.66% higher after its best day in over a year last Thursday. Outside the US, the STOXX Europe 600 ended last week 1.20% higher and notched its own record high for the first time since January 2022, as services PMIs printed in expansionary territory for the first time in six months.

COMMODITIES: Oil prices fell last week as hawkish rhetoric from Fed Governor Waller signaled that rate cuts may be delayed beyond current market expectations. Ultimately, WTI and Brent crude closed lower at \$76.49/bbl and \$81.62/bbl, respectively, as the American Petroleum Institute reported higher than expected crude inventories in the US. Meanwhile, gold prices rose to \$2038.60 troy/oz as gold purchases by global central banks have increased.

FIXED INCOME: Sovereign yields were little changed last week. In the US, the 2-Year and 10-Year US Treasury yields closed higher at 4.69% and lower at 4.26%, respectively, as the January FOMC Minutes had a slightly hawkish tilt. Across the pond, movements in the 10-Year German Bund and 10-Year UK Gilt yields were also modest, eventually closing the week lower at 2.36% and 4.04%, respectively.

FX: The US dollar slightly depreciated against a basket of currencies last week despite a hawkish US interest rate bias. Ultimately, the US dollar index closed – 0.42% lower. Accordingly, the euro and pound strengthened against the greenback to \$1.08 and \$1.27, respectively. Finally, the Japanese yen held relatively steady, closing the week at ¥150.46, despite growing optimism that the BOJ will end its eight-year negative interest rate policy in April.

Economic Summary

MONETARY POLICY: The January FOMC minutes revealed a hawkish tone as members of the Fed remain highly attentive to inflationary risks and expressed hesitancy to deliver rate cuts sooner than markets expect. Most participants warned against cutting rates too soon, while only a few participants expressed concern for holding a restrictive stance for too long. Although the minutes acknowledged major inflation progress over the past year and Fed members' expectations for inflation to fall further, the current momentum of US economic activity may increase inflation sensitivity to early rate cuts.

ACTIVITY: In the US, the Manufacturing PMI rose to a 17-month high in January, printing at 51.5. The above-consensus print was boosted largely by a strong increase in new orders. Meanwhile, the US Services PMI fell to a three-month low of 51.3, but remained in expansionary territory. In the Euro area, the composite flash PMI increased to 48.9 in February, above consensus expectations. This points toward an improvement in activity in the Euro area, fueled by the prospects of lower cost of living pressures and the anticipation of future rate cuts.

INFLATION: Euro area CPI for January lowered to 2.8% year-over-year, in line with consensus expectations. The gradual downward shift to the ECB's 2% target is building anticipation for rate cuts, though the central bank has reiterated its commitment to fighting inflation.

HOUSING: US existing home sales increased 3.1% to 4.0 million for January on the back of lowering mortgage rates. Although home sales are still lower compared to January 2023, the recent easing in housing supply offers optimism for future home-buying.



Key Economic Releases

Monday, February 26:

New Home Sales (Cons: 675K, Prior: 664K)

Tuesday, February 27:

Core Durable Goods Orders (Prior: 0.6)
CB Consumer Confidence (Cons: 114.0,
Prior: 114.8)

Wednesday, February 28:

GDP QoQ (Cons: 3.3%, Prior: 4.9%)

Thursday, February 29:

Core PCE Price Index YoY (Prior: 0.2%)
PCE Price Index YoY (Prior: 2.6%)
Initial Jobless Claims (Prior: 201K)

Friday, March 1:

Euro area CPI YoY (Cons: 2.5%, Prior:
2.9%)
Euro area Unemployment (Cons: 6.4%, Pri-
or: 6.4%)
US ISM Manuf. PMI (Cons: 49.1, Prior:
49.1)

Source: Goldman Sachs Asset Management: "Market Monitor", 2/23/2024

"4Q2024" refers to the 4th quarter of 2024. "FOMC" refers to the Federal Open Market Committee. "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 Bank of Japan. "PMI" refers to a purchasing managers index. "GIR" refers to Goldman Sachs Global Investment Research. "1Q2024" refers to the 1st quarter of 2025. "CPI" refers to a consumer price index. "PPI" refers to a producer price index. "Pp" refers to percentage points. "ECB" refers to the European Central Bank. "BoE" refers to the Bank of England. "GIR" refers to Goldman Sachs Global Investment Research.

Disclosure Statement

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