

MONDAY MORNING RECAP - March 4, 2024

Last Week

Dow Jones Industrial Average (DJIA)	39,087.38	-44.15	-0.11%
S&P 500 Index	5,137.08	+48.28	+0.95%
NASDAQ Composite Index	16,274.94	+278.12	+1.74%
U.S. 10 yr. Treasury Note Yield	4.19%	-7 Basis Points	
Gold (\$ per troy oz.)	\$2,086.90	+\$47.50	+2.33%
WTI Oil (\$ per barrel)	\$79.97	+\$3.48	+4.55%

Market Summary

GLOBAL EQUITIES: US equities were little changed last week as both headline and core inflation registered roughly in line with consensus expectations. Ultimately, the S&P 500 ended last week 0.95% higher and returned 5.3% for the month of February, the best February for the index since 2015. Elsewhere, the STOXX 600 and FTSE 100 ended last week 0.09% higher and -0.23% lower, respectively, with the latter dropping on weaker earnings releases than consensus expected.

COMMODITIES: Oil prices rose last week on the back of reports that OPEC+ is expected to extend its production cuts through at least the second quarter. WTI and Brent crude closed higher at \$79.97 and \$83.62/bbl despite crude inventories in the US rising above consensus expectations. Meanwhile, gold prices rose to \$2086.90/troy oz. as tensions between NATO country members and Russia were voiced.

FIXED INCOME: Movements in global sovereign yields were mixed last week. In the US, the 2-Year and 10-Year US Treasury yields decreased to 4.53% and 4.19%, respectively, as inflation data did not surprise forecasters predictions. Across the pond, the 10-Year German Bund yield slightly rose to 2.41% despite year-over-year inflation in the Euro area falling in February by -19bps from the prior month.

FX: The US dollar remained roughly flat against a basket of currencies last week despite a deeper-than-expected contraction in manufacturing activity. Ultimately the US dollar index rose by 0.03%. Elsewhere, the euro appreciated and pound sterling depreciated to \$1.0842 and \$1.2663, respectively. In Japan, the yen appreciated against the greenback to ¥150.10, on the back of higher-than-expected inflation and hopes among market participants that the BoJ will end its negative interest rate policy.

Economic Summary

INFLATION: The core PCE price index increased 0.42% month-over-month in January while the year-over-year rate declined to 2.85%. Similarly, Headline PCE rose 0.34% month-over-month, with the year-over-year rate falling to 2.40% from 2.62% the prior month. In the Euro area, February inflation data came in firmer than consensus expected. Flash core HICP registered at 3.1% year-over-year, slightly above consensus expectations of 2.9%. GIR now expects the ECB to begin cutting its policy rate in June (previously April). In Japan, the January national new core CPI slowed to 3.5% year-over-year, but exceeded consensus expectations, supporting the case for the BoJ to normalize policy.

US POLITICS: On Wednesday, US congressional leaders reached a deal that averted a government shutdown. Spending bills scheduled to expire last Friday were extended to March 8th, while the bills scheduled to expire March 8th were extended to March 22nd. If Congress continues to operate under extensions for the remainder of the year instead of reaching a deal on full-year spending for all 12 bills, an automatic –1% cut to “discretionary” funding would kick in.

ACTIVITY: In the US, the ISM Manufacturing PMI contracted for the 16th consecutive month in February, registering at 47.8, well below consensus expectations. Meanwhile, real GDP growth was revised down by –0.1pp to 3.2% annualized in 4Q2023.

CONSUMER: The Conference Board index of consumer confidence declined by –4.2pt to 106.7, well below consensus expectations. The present situation component, expectations component, and labor component each contributed to the decline. In the Euro area, the unemployment rate edged slightly lower to 6.4% in January, reaffirming tight labor market conditions.

Key Economic Releases

Monday, March 4:

No economic releases

Tuesday, March 5:

Euro area PPI MoM (Cons: -, Prior: -0.8%)

ISM Services PMI (Cons: 53.3, Prior: 53.4)

Wednesday, March 6:

Euro Area Retail Sales MoM (Cons: -, -1.1%)

ADP Nonfarm Employment Change (Cons: -, Prior: 107k)

JOLTS Job Openings (Cons: -, Prior: 9.026M)

Thursday, March 7:

ECB Meeting Japan Household Spending MoM (Cons: 0.4%, Prior: -0.9%)

Friday, March 8:

Nonfarm Payrolls (Cons: 188k, Prior: 353k)

Unemployment Rate (Cons: 3.7%, Prior: 3.7%)

China CPI YoY (Cons: 0.4%, Prior: -0.8%)

Source: Goldman Sachs Asset Management: "Market Monitor", 3/1/2024

"OPEC+" refers to the Organization of the Petroleum Exporting Countries and other non-OPEC members. "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. "NATO" refers to the North Atlantic Treaty Organization. "BOJ" refers to Bank of Japan. "PCE" refers to the Personal Consumption Expenditures price index. "HICP" refers to the Harmonized Index of Consumer Prices. "ISM" refers to the Institute for Supply Management. "GIR" refers to Goldman Sachs Global Investment Research. "ECB" refers to the European Central Bank. "CPI" refers to a consumer price index. "PMI" refers to a purchasing managers index.

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