

MONDAY MORNING RECAP - April 8, 2024

Last Week

Dow Jones Industrial Average (DJIA)	38,904.04	-903.33	-2.27%
S&P 500 Index	5,204.34	-50.01	-0.95%
NASDAQ Composite Index	16,248.52	-130.94	-0.80%
U.S. 10 yr. Treasury Note Yield	4.39%	+19 Basis Points	
Gold (\$ per troy oz.)	\$2,325.70	+\$108.30	+4.88%
WTI Oil (\$ per barrel)	\$86.91	+\$3.74	+4.50%

Market Summary

GLOBAL EQUITIES: US equities slid last week as hawkish Fed rhetoric stoked investors' fears that the Fed may not begin cutting rates in June. Ultimately, the S&P 500 ended last week -0.95% lower, though the index wrapped up the first quarter with a 10% gain, its best first quarter since 2019. International equities fared similarly, with the STOXX 600 ending - 0.34% lower despite Euro area core CPI printing below consensus expectations and at a two-year low.

COMMODITIES: Oil prices rose to their highest levels since October 2023 on hopes that positive global economic data would boost demand while a worsening geopolitical landscape may tighten supply. WTI and Brent crude prices finished higher at \$86.91 and \$91.17/bbl, on the back of crude inventories in the US showing a bigger drawdown than expected by consensus. Meanwhile, gold prices hit a new all time high, ending last week at \$2325.70/troy oz.

FIXED INCOME: US sovereign yields rose on labor data that indicated strong job creation alongside slightly moderating wage growth. The 2-Year and 10-Year US Treasury yields rose to 4.73% and 4.39%, respectively, with the latter notching a new year-to-date high. Outside the US, the 10- Year German bund yield also rose last week, ending at 2.40%, as below-consensus inflation data did little to adjust the potential ECB policy path.

FX: The US dollar depreciated against a basket of currencies last week on the back of mixed economic data. The US dollar index notched a two-week low, ultimately ending last week -0.18% lower, as manufacturing data snapped a streak of 16-consecutive prints below 50 while services data printed below consensus expectations. Elsewhere, the Japanese yen strengthened off its 34-year low on reports of possible monetary intervention, ultimately ending the week at ¥151.54.

Economic Summary

LABOR: The US created 303k jobs in March, beating consensus expectations by 89k, job openings in the US decreased to 8.756M in February, below consensus expectations for a more modest decline, and initial jobless claims increased to 221k in the week ended March 30, above consensus. Additionally, the unemployment rate declined slightly to 3.8% against consensus expectations for no change, and the unemployment rate has now been below 4.0% for 26-consecutive months.

ACTIVITY: The ISM manufacturing index increased to 50.3 in March, ending a streak of sixteen consecutive months in which the index printed in contractionary territory. The composition of the above-consensus report was also strong, as the production, new orders, and employment components all increased. Contrarily, the ISM services index decreased to 51.4, below consensus expectations.

MONETARY POLICY: Several members of the FOMC spoke last week, including Fed Chair Jerome Powell last Wednesday. Powell stressed data-dependence, and that the Fed needs “greater confidence” that inflation is coming down to the 2.0% target.

EURO AREA: In the Euro area, both core and headline inflation printed below consensus expectations; core inflation fell to 2.9% year-over-year, and headline inflation fell to 2.4% year-over-year.

Key Economic Releases

Monday, April 8:

No economic releases

Tuesday, April 9:

No economic releases

Wednesday, April 10:

US CPI (YoY) (Cons: 3.4%, Prior: 3.2%)
US Core CPI (YoY) (Cons: 3.7%, Prior: 3.8%)

Thursday, April 11:

ECB Interest Rate Decision US PPI (MoM)
(Cons: 0.3%, Prior: 0.6%)
US Initial Jobless Claims (Cons: 217k, Prior: 221k)

Friday, April 12:

UK GDP (MoM) (Cons: 0.1%, Prior: 0.2%)
UMich. Cons. Sentiment (Cons: 79.0, Prior: 79.4)

Source: Goldman Sachs Asset Management: "Market Monitor", 4/5/2024

"Hawkish" refers to tighter monetary policy. "Fed" refers to 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. "ECB" refers to European Central Bank. "FOMC" refers to Federal Open Market Committee. "Bp" refers to basis points.

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