

MONDAY MORNING RECAP - June 24, 2024

Last Week

Dow Jones Industrial Average (DJIA)	39,150.33	+561.17	+1.45%
S&P 500 Index	5,464.62	+33.02	+0.61%
NASDAQ Composite Index	17,689.36	+0.48	+0.00%
U.S. 10 yr. Treasury Note Yield	4.25%	+5 Basis Points	
Gold (\$ per troy oz.)	\$2,316.40	-\$15.00	-0.64%
WTI Oil (\$ per barrel)	\$80.73	+\$2.68	+3.43%

Market Summary

GLOBAL EQUITIES: US equities rose last week, with the S&P 500 finishing last week 0.61% higher, notching its 31st all-time high of the year midweek despite data reflecting continued subdued consumer activity in May. Across the pond, the FTSE 100 rose 1.17% last week as inflation reached its lowest level since 2021 and the Bank of England delivered commentary that appeared to be consistent with an August cut.

COMMODITIES: Oil prices rose last week as increased concern of escalating tensions in the Middle East and declining stockpiles in the US indicated supply risks and firm demand, respectively. WTI and Brent crude finished the week higher at \$80.73 and \$85.24/bbl, respectively, as US crude oil inventories declined by more than consensus had anticipated. Meanwhile, the price of gold fell last week to \$2316.40/troy oz.

FIXED INCOME: US sovereign yields rose modestly last week on the back of firm US activity data. The 2-Year and 10-Year US Treasury yields ultimately ended the week at 4.73% and 4.25%, respectively, as US industrial production growth and the manufacturing PMI surpassed consensus expectations. Across the pond, the 10-Year UK Gilt yield slightly rose to 4.08% as the BoE held its policy rate steady in its June meeting.

FX: The US dollar appreciated against a basket of currencies last week as strong manufacturing and services activity offset weak consumer spending. Ultimately, the US dollar index ended last week 0.24% higher. Across the pond, the euro and pound sterling remained relatively stable against the greenback, closing at \$1.07 and \$1.26, respectively. Finally, in Japan, the yen weakened to ¥159.55 as inflation rose less than consensus expected in Japan, though market participants continue to expect interest rate hikes from the BoJ in coming months.

Economic Summary

INFLATION: UK CPI slowed in line with consensus expectations to 2.0% YoY in May, returning to the Bank of England's inflation target for the first time since July 2021. However, core inflation remained elevated at 3.5% YoY, underpinned by sticky services prices, contributing to the BoE's decision to keep interest rates on hold for now. Meanwhile in Japan, core CPI rose to 2.5% YoY in May, 0.3pp higher than the prior month's print but slightly below consensus expectations.

MONETARY POLICY: The Bank of England held its policy rate steady at 5.25%. While the decision and the vote split were widely expected, the commentary leaned dovish. The Monetary Policy Committee stressed that part of the recent strength in services inflation had been driven by volatile components while some members viewed today's decision as "finely balanced."

ACTIVITY: US industrial production increased by 0.9% MoM in May, well above consensus expectations. Similarly, the manufacturing and Services PMIs increased to 51.7 and 55.1, respectively, both above consensus expectations. In the Euro area, the composite PMI slid to 50.8 in June. By sector, service activity growth slowed to 52.6 while manufacturing activity growth sank further to 45.6.

CONSUMER: US core retail sales contracted by -0.1% MoM in May, below consensus expectations for a modest rise. In the UK, core retail sales bounced back sharply from the prior month's contraction, rising 2.9% MoM in May.

Key Economic Releases

Monday, June 24:

No economic releases

Tuesday, June 25:

Conference Board Consumer Confidence
(Cons: 100.0, Prior: 102.0)

Wednesday, June 26:

US New Home Sales (Cons: 650k, Prior:
634k)

Thursday, June 27:

No economic releases

Friday, June 28:

Core PCE YoY (Cons: -, Prior: 2.8%)

Source: Goldman Sachs Asset Management: "Market Monitor", 6/21/2024

"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. "Oz" refers to ounce. "PMI" refers to a Purchasing Managers Index. "BoJ" refers to the Bank of Japan. "CPI" refers to a consumer price index. "YoY" refers to year-over-year. "Japan Core CPI" refers to a consumer price index, excluding fresh food prices. "Pp" refers to percentage points. "MoM" refers to month-over-month. "Core Retail Sales" refers to retail sales excluding spending on food and energy.

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