

MONDAY MORNING RECAP - July 1, 2024

Last Week

Dow Jones Industrial Average (DJIA)	39,118.86	-31.47	-0.08%
S&P 500 Index	5,460.48	-4.14	-0.08%
NASDAQ Composite Index	17,732.60	+43.24	+0.24%
U.S. 10 yr. Treasury Note Yield	4.36%	+11 Basis Points	
Gold (\$ per troy oz.)	\$2,327.70	+\$8.60	+0.37%
WTI Oil (\$ per barrel)	\$81.54	+\$0.81	+1.00%

Market Summary

GLOBAL EQUITIES: US equities fell slightly last week on the back of a quiet week of economic data. The S&P 500 fell by -0.08% despite a slight revision higher in real GDP growth. Across the pond, the STOXX 600 and FTSE 100 ended the week - 0.69% and -0.82% lower, respectively, as political uncertainty in French and British elections lowered confidence in their respective equity markets.

COMMODITIES: Oil prices rose last week as the first US presidential debate increased uncertainty about global policy moving forward. WTI and Brent crude ultimately finished the week higher at \$81.54 and \$86.41, with tensions in the Middle East raising concerns for global supply restraints. Meanwhile, the price of gold rose to \$2385.60/troy oz.

FIXED INCOME: US sovereign yield movements were relatively modest throughout a quiet week and were mixed following a below-consensus inflation print. Ultimately, the 2-Year and 10-Year US Treasury yields fell and rose to 4.72% and 4.36%, respectively, as inflation registered slightly below consensus expectations. Movements were similar in the Euro area with the exception of France, which continued to see a rise in risk premia on the back of political uncertainty. The 10-Year German Bund and 10- Year French OAT yields rose to 2.50% and 3.30%, respectively.

FX: The US dollar remained relatively flat against a basket of currencies last week, with the US dollar index appreciating 0.07%. Likewise, the euro and pound sterling traded flat against the greenback, closing the week at \$1.07 and \$1.26, respectively. In Japan, the yen slid to a 38-year low against the dollar, prompting commentary from Japan's Finance Minister which signaled that further currency intervention may be in store. Ultimately, the yen closed the week at ¥160.81.

Economic Summary

GROWTH: Real GDP growth in the US was revised up to 1.4% year-over-year in 1Q2024, in line with consensus expectations. The composition was weak however, as consumption growth and gross domestic income growth were both revised downward. Across the pond, UK GDP growth was revised up to 0.7% quarter-over-quarter, the fastest pace since 2021.

POLITICS: The first US presidential debate kicked off Thursday night, leaving investors with further uncertainty about the November outcome. President Biden currently polls roughly even with former President Trump nationally, but still trails by around 2pp in the swing state most likely to decide the election—Pennsylvania, in our view. In Europe, French voters headed to the ballot box on Sunday in the first round of the French parliamentary election. The latest polls show Marine Le Pen’s far-right Rassemblement National on course to win the most seats in the National Assembly, followed by the leftwing Nouveau Front Populaire bloc. French President Emmanuel Macron’s centrist Ensemble alliance is expected to come in third place, according to polls.

INFLATION: In the US, core PCE printed slightly below consensus expectations at 2.6% year-over-year for May, its smallest increase since March 2021 after rising 2.8% in April. Despite hawkish commentary from Fed speakers, the print reaffirmed market expectations for the Fed to start its easing cycle in September.

CONSUMER: The Conference Board index of consumer confidence decreased slightly in June to 100.4, in line with consensus expectations. While the print reported an increase in the percent of respondents saying jobs are hard to get, consumers’ perceived likelihood of a US recession decreased to 66%, after rising in both May and April.

Key Economic Releases

Monday, July 1:

US ISM Manuf. PMI (Cons: 49.0 , Prior: 48.7)
UK Manuf. PMI (Cons: 51.4, Prior: 51.2)
Euro Area Manuf. PMI (Cons: 45.6, Prior: 47.3)

Tuesday, July 2:

Euro Area CPI (Cons: 2.5%, Prior: 2.6%)
US JOLTS Report (Prior: 8.059M)
Euro Area Unemployment (Prior: 6.4%)

Wednesday, July 3:

US Services PMI (Cons: 55.1, Prior: 54.8)
Euro Area Services PMI (Cons: 52.6, Prior: 53.2)
US ADP Nonfarm Employment Change (Cons: 170K, Prior: 152K)

Thursday, July 4:

US Independence Day
UK General Election

Friday, July 5:

US Nonfarm Payrolls (Cons: 180K, Prior: 272K)
US Unemployment Rate (Cons: 4.0%, Prior: 4.0%)

Source: Goldman Sachs Asset Management: "Market Monitor", 6/28/2024

"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. "OAT" refers to Obligations Assimilables du Tresor, or the government bonds issued by the French Treasury. "GDP" refers to Gross Domestic Product. "Pp" refers to percentage point. "Core PCE" refers to Personal Consumption Expenditures, excluding food and energy. "Hawkish" refers to restrictive monetary policy sentiment. Forecast for the French elections are sourced from Politico polls.

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