

## MONDAY MORNING RECAP - July 22, 2024

### Last Week

Dow Jones Industrial Average (DJIA)	40,287.53	+286.63	+0.72%
S&P 500 Index	5,505.00	-110.35	-1.97%
NASDAQ Composite Index	17,726.94	-671.51	-3.65%
U.S. 10 yr. Treasury Note Yield	4.25%	+7 Basis Points	
Gold (\$ per troy oz.)	\$2,395.50	-\$18.50	-0.77%
WTI Oil (\$ per barrel)	\$80.13	-\$2.08	-2.53%

### Market Summary

**GLOBAL EQUITIES:** US large cap equities stumbled last week, as political rhetoric surrounding tariffs and global semiconductor trade increased investor concerns. The S&P 500 fell by -1.97%, its worst week since April. Meanwhile, small caps rallied sharply in the beginning of the week before paring gains, with the Russell 2000 ending 1.69% higher. Outside the US, the STOXX 600 and FTSE 100 followed suit, falling by -2.68% and -1.18%, respectively.

**COMMODITIES:** Commodity prices fell last week, as the economic slowdown in China and softening labor market conditions in the US increased investor concerns towards oil demand. WTI and Brent Crude closed the week at \$80.13 and \$82.63/bbl, respectively, despite the EIA reporting a larger-than-expected decline in crude oil inventories. Meanwhile, gold prices rose to \$2395.50/troy oz.

**FIXED INCOME:** US sovereign yields rose last week on the back of firm retail sales and an increase in market pricing of a Fed rate cut in September. The 2-Year and 10-Year US Treasury yields closed the week at 4.51% and 4.25%, respectively, as Fed speakers indicated that the latest economic data improved their confidence in the US' return to target inflation. Across the pond, the 10-Year German Bund yield fell to 2.47% following the ECB's decision to hold its policy rate at the current level.

**FX:** The US dollar appreciated slightly against a basket of currencies last week as polling markets indicated a greater probability of a Republican presidency. Ultimately, the US dollar index ended last week 0.20% higher. Outside the US, the euro and pound sterling weakened against the greenback, closing at \$1.08 and \$1.29, respectively. The Japanese yen strengthened amid potential interventions from the BoJ, closing the week at ¥157.50.

## Economic Summary

**POLITICS:** The Republican National Convention kicked off last Wednesday, shortly after former President Trump announced Senator JD Vance, R-Ohio, as his running mate. Prediction markets are now assigning a 62% probability of a Trump presidency, and a 45% of a Republican sweep. Though it is still too close to predict any outcome. As we approach November's election, key policy issues such as tariffs and trade, tax and fiscal policy, and regulation should remain top of mind for investors.

**MONETARY POLICY:** FOMC speakers last week noted that the second quarter inflation data were "closer to a disinflationary trend that we're looking for," though they would like to see more data to gain further confidence. Meanwhile, the ECB left its key policy rates unchanged and stressed data-dependence going forward, leaving the door "wide open" for a September cut.

**CONSUMER:** Core retail sales in the US rose by 0.4% month-over-month, its most in three months and above consensus expectations for a 0.1% increase. The figure reflects unexpected resilience in the US consumer despite signs of pullback among lower-income spenders.

**INFLATION:** In the UK, core CPI for June came in at 3.52% year-over-year, a tenth above consensus expectations of 3.4%. The lack of progress likely points to a close decision at the August meeting and may increase the risk that the BoE delays the first cut to September.

## **Key Economic Releases**

**Monday, July 22:**

No economic releases

**Tuesday, July 23:**

US Existing Home Sales (Cons: 4.0M, Prior: 4.11M)

**Wednesday, July 24:**

US Manuf. PMI (Prior: 51.6)

US New Home Sales (Cons: 640K, Prior: 619K)

Euro Area Manuf. (Cons: 46.3, Prior: 45.8)

UK Manuf. PMI (Prior: 50.9)

**Thursday, July 25:**

US GDP QoQ (Cons: 2.0%, Prior: 1.4%)

US Initial Jobless Claims

**Friday, July 26:**

US Core PCE YoY (Prior: 2.6%)

Michigan Consumer Sentiment (Cons: 66.0, Prior: 68.2)

Source: Goldman Sachs Asset Management: "Market Monitor", 7/19/2024

"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. "EIA" refers to Energy Information Administration. "Fed" refers to Federal Reserve. "ECB" refers to European Central Bank. "BoJ" refers to Bank of Japan. "FOMC" refers to the Federal Open Market Committee. Prediction market probabilities for elections are as of July 19, 2024, sourced to Polymarket, PredictIt.org. "Core CPI" refers to the Consumer Price Index, excluding food and energy. "BoE" refers to Bank of England.

### **Disclosure Statement**

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