

## MONDAY MORNING RECAP - August 12, 2024

### Last Week

Dow Jones Industrial Average (DJIA)	39,497.54	-239.72	-0.60%
S&P 500 Index	5,344.16	-2.40	-0.04%
NASDAQ Composite Index	16,745.30	-30.86	-0.18%
U.S. 10 yr. Treasury Note Yield	3.94%	+14 Basis Points	
Gold (\$ per troy oz.)	\$2,432.10	+\$6.40	+0.26%
WTI Oil (\$ per barrel)	\$76.84	+\$3.32	+4.52%

### Market Summary

**GLOBAL EQUITIES:** US equities were volatile last week, with 3 of 5 trading days finishing at least 1% higher or lower. The S&P 500 ultimately ended the week down – 0.04%, despite an end-of-week rally on the back of initial jobless claims decreasing by more than expected. Indices outside the US experienced similar volatility but mixed performance on the week’s close, with the STOXX 600 and TOPIX closing 0.34% higher and –2.14% lower, respectively.

**COMMODITIES:** Commodity prices rose last week as tensions in the Middle East remain elevated and crude oil inventories decreased by more than expected. WTI and Brent Crude closed the week at \$76.84 and \$79.66/bbl, respectively, following the Energy Information Administration reporting that crude oil inventories decreased by – 3.728M, as opposed to consensus expectations for a –3.436M decline. Meanwhile, gold prices rose to \$2,432.10/troy oz.

**FIXED INCOME:** Global sovereign yields broadly rose last week on the back of above-consensus services activity. In the US, the 2-Year and 10- Year US Treasury yields closed the week higher at 4.06% and 3.94%, despite FOMC speaker Daly indicating that she expects interest rates to lower later this year. Outside the US, the 10-Year German Bund and 10- Year UK Gilt yields followed suit, rising to 2.23% and 3.94%, respectively.

**FX:** The US dollar weakened against a basket of currencies last week as futures markets implied a more dovish policy path, pricing 4 cuts by the end of 2024 relative to 2 cuts 1 month ago. Ultimately, the US dollar index closed the week –0.16% lower. In Japan, the yen saw a sharp strengthening against the dollar midweek but ended flat at ¥146.62, as BoJ meeting minutes revealed hawkish sentiment reflecting its original intention to hike rates in order to counteract the yen’s prior bout of depreciation.

## **Economic Summary**

**ELECTIONS:** At a Philadelphia rally, Vice President Kamala Harris announced Minnesota Gov. Tim Walz as her running mate. National polls from FiveThirtyEight now indicate that VP Harris is ahead of former President Trump by 2.1pp, whereas Trump was ahead by 3.2pp before President Biden had dropped out of the race. While Harris has certainly built momentum since entering the race, early swing state polls reflect tight races with Trump still leading in several key states.

**ACTIVITY:** The US ISM Services index printed above consensus expectations at 51.4 for July, a modest increase from 48.8 in June. The composition was strong, as the business activity, new orders, and employment components all increased back into expansionary territory. Across the pond, the UK services PMI rose to 52.5 in July, marginally above consensus expectations. Meanwhile, the final reading on the Euro area composite PMI was revised 0.1 points higher to 50.2 in July but still marked a five-month low and a decline from the prior reading of 50.9.

**LABOR:** US labor data last week countered some recessionary fears stemming from the previous week's data. US initial jobless claims decreased to 233k, below consensus expectations in the week ended August 3.

**MONETARY POLICY:** BoJ meeting minutes demonstrated the Board's desire to "raise the Japanese policy interest rate in a timely and gradual manner". However, in light of market moves over the past week, Deputy Governor Uchida sounded a more cautious tone this week, citing the latest volatility in domestic and global markets as grounds to "maintain current levels of monetary easing for the time being". Meanwhile, FOMC speaker Daly said she expects that interest rates will be cut later this year and did not have concerns about the July unemployment and jobs data.

## Key Economic Releases

### **Monday, August 12:**

No economic releases

### **Tuesday, August 13:**

US PPI MoM (Cons: 0.2%, Prior: 0.2%)  
UK Unemployment Rate (Cons: 4.5%, Prior: 4.4%)

### **Wednesday, August 14:**

UK CPI YoY (Cons: 2.3%, Prior: 2.0%)  
US CPI YoY (Cons: 3.0%, Prior: 3.0%)

### **Thursday, August 15:**

UK GDP QoQ (Cons: 0.6%, Prior: 0.7%)  
US Core Retail Sales (Cons: 0.1%, Prior: 0.4%)  
Philadelphia Fed Manuf. Index (Cons: 5.6, Prior: 13.9)

### **Friday, August 16:**

UK Retail Sales MoM (Cons: 0.6%, Prior: -1.2%)  
US Housing Starts (Cons: 1.340M, Prior: 1.353M)  
US Mich. Cons. Sentiment (Cons: 66.7, Prior: 66.4)

Source: Goldman Sachs Asset Management: "Market Monitor", 8/9/2024

"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. "FOMC" refers to Federal Open Market Committee. "BoJ" refers to Bank of Japan. "Dovish" refers to a central bank stance that prioritizes stimulating growth over controlling inflation, typically achieved through lower interest rates. "Hawkish" refers to a central bank stance that prioritizes controlling inflation often at the expense of economic growth, typically achieved through higher interest rates. "ISM" refers to the Institute for Supply Management. "VP" refers to vice President. "pp" refers to percentage points.

### **Disclosure Statement**

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