

## MONDAY MORNING RECAP - August 19, 2024

### Last Week

Dow Jones Industrial Average (DJIA)	40,659.76	+1,162.22	+2.94%
S&P 500 Index	5,554.25	+210.09	+3.93%
NASDAQ Composite Index	17,631.72	+886.42	+5.29%
U.S. 10 yr. Treasury Note Yield	3.89%	-5 Basis Points	
Gold (\$ per troy oz.)	\$2,498.60	+\$66.50	+2.73%
WTI Oil (\$ per barrel)	\$76.65	-\$0.19	-0.25%

### Market Summary

**GLOBAL EQUITIES:** US equities had their best week of 2024 behind fresh economic data helping to restore confidence in the market around the stability of the US economy. The S&P 500 ultimately ended the week up 3.93%, as retail sales exceeded consensus expectation in July, showing signs of strength for the US consumer. In Europe, the FTSE 100 and the STOXX 600 rose by 2.08% and 2.55%, respectively, with the latter moving higher on the back of above consensus growth in the Euro Area.

**COMMODITIES:** Commodity prices remained relatively flat last week as continued tensions in the Middle East kept markets on edge. WTI and Brent Crude closed the week at \$76.65 and \$79.68/bbl, respectively, behind optimism around potential US rate cuts boosting economic activity and energy demand. Meanwhile, gold prices rose to \$2,498.60/troy oz.

**FIXED INCOME:** US sovereign yields were mixed last week while mortgage rates fell to their lowest level in more than a year despite declines in both housing starts and building permits. The 2-Year and 10- Year US Treasury yields closed the week at 4.07% and 3.89%, respectively, on the back of an improvement in consumer sentiment for the first time in five months. Across the pond, the 10-Year UK Gilt yield fell to 3.93% last week despite strong disinflation progress across both headline and core categories.

**FX:** The US dollar weakened against a basket of currencies last week behind consumer price growth registering below 3% for the first time since March 2021. Ultimately, the US dollar index closed the week -0.37% lower. In Japan, the yen weakened against the dollar last week as growth in the second quarter came in above consensus expectations, increasing the prospect of additional BOJ rate hikes to be delivered later this year. Ultimately, the yen ended the week at ¥147.67.

## **Economic Summary**

**INFLATION:** The US continued to see strong disinflation progress in July as core CPI rose 0.17% month-over-month, roughly in line with consensus expectations. The composition of the print was mixed, as large declines in the volatile used cars and airfares components were offset by above-trend increases in the car insurance and rent components. Additionally, July PPI rose by 0.1% month-over-month, below consensus expectations for a 0.2% increase. Outside of the US, both UK headline and core CPI inflation rose less than expected in July, coming in at 2.23% and 3.29% year-over-year, respectively.

**ACTIVITY:** US core retail sales rose 0.3% in July, 0.2pp above consensus expectations, which softened recession concerns and lowered market-based probabilities for a 50bp rate cut in September. UK GDP grew by 0.6% quarter-over-quarter in 2Q, driven by strong government consumption and investment, and retail sales rebounded in July, suggesting momentum remained strong into 3Q. Meanwhile, Japan GDP beat analysts' expectations, growing by 0.8% quarter-over-quarter in 2Q.

**HOUSING:** US single-family homebuilding fell sharply in July as still elevated mortgage rates and home prices kept prospective buyers on the sidelines. Housing starts declined by 6.8% in July, well below consensus expectations for a smaller decrease. The bulk of the decline came from the South, which was likely impacted by Hurricane Beryl. Building permits also decreased more than expected in July.

**CONSUMER SENTIMENT:** The University of Michigan's index of consumer sentiment increased by 1.4pt to 67.8 in the August preliminary report, slightly above consensus expectations for a smaller increase. The report's 1-year and 5–10-year measures of inflation expectations both remained unchanged at 2.9% and 3.0%, respectively.



## **Key Economic Releases**

**Monday, August 19:**  
No economic releases

**Tuesday, August 20:**  
Euro Area CPI YoY (Cons: 2.6%, Prior: 2.5%)

**Wednesday, August 21:**  
FOMC Meeting Minutes

**Thursday, August 22:**  
US Existing Home Sales (Cons: 3.89M, Prior: 3.89M)  
US Manufacturing PMI (Cons: N/A, Prior: 49.6)  
US Services PMI (Cons: N/A, Prior: 55.0)

**Friday, August 23:**  
US New Home Sales (Cons: 630K, Prior: 617K)

Source: Goldman Sachs Asset Management: "Market Monitor", 8/16/2024

"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. "BoJ" refers to Bank of Japan. "core CPI" refers to Consumer Price Index, less food and energy. "PPI" refers to Producer Price Index. "pp" refers to percentage points. "bp" refers to basis point. "GDP" refers to Gross Domestic Product.

### **Disclosure Statement**

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