

MONDAY MORNING RECAP - August 26, 2024

Last Week

Dow Jones Industrial Average (DJIA)	41,175.08	+515.32	+1.27%
S&P 500 Index	5,634.61	+80.36	+1.45%
NASDAQ Composite Index	17,877.79	+246.07	+1.40%
U.S. 10 yr. Treasury Note Yield	3.81%	-8 Basis Points	
Gold (\$ per troy oz.)	\$2,508.40	+\$9.80	+0.39%
WTI Oil (\$ per barrel)	\$74.83	-\$0.71	-0.94%

Market Summary

GLOBAL EQUITIES: Global equities broadly appreciated last week. In the US, the S&P 500 closed the week 1.45% higher as commentary from monetary policymakers pointed to a September rate cut. In the Euro area, the STOXX 600 gained 1.32% as activity data registered in line with consensus expectations. Finally, the TOPIX continued to recover losses from its steep selloff earlier in the month, gaining 0.23% on the week.

COMMODITIES: Oil prices continued to trade well off their highs reached earlier in the month, as fears of a global economic slowdown continued to weigh on the market. Ultimately, WTI and Brent crude closed the week lower at \$74.83 and \$79.02/bbl, respectively. Meanwhile, the price of gold reached an all-time high midweek before closing at \$2,508.40/troy oz on the back of subdued interest rates and a weaker US dollar.

FIXED INCOME: Global bond yields mostly fell last week. The 2-Year US Treasury yield closed the week lower at 3.91% while 10-Year US Treasury yield reached a year-to-date low midweek before eventually settling at 3.81%. Across the pond, the 10-Year German Bund yield declined, closing the week at 2.23%. Finally, the 10-Year Japanese Government Bond yield edged slightly higher to 0.90% as inflation registered in line with consensus expectations.

FX: The US dollar weakened against a basket of currencies last week as a large revision to prior job gains prompted further expectations of a Federal Reserve rate cut in September among investors. Ultimately, the US dollar index declined by -1.83%. Meanwhile the euro strengthened against the greenback to its highest level since July 2023, closing at \$1.12. Similarly, in Japan, the yen appreciated against the dollar and closed the week at ¥144.29.

Economic Summary

LABOR: Preliminary revisions to US payroll growth indicated job gains between April 2023 and March 2024 were –818k, or –68k jobs per month, lower than originally reported. While this suggested labor market moderation began sooner than many had thought, Goldman Sachs economists believe the revision was overstated because 1) the numbers likely exclude many unauthorized immigrants and 2) preliminary revisions themselves have tended to be revised higher in recent years.

MONETARY POLICY: The minutes to the FOMC’s July meeting noted that the “vast majority” of participants said “it would likely be appropriate to ease policy at the next meeting” if the economy evolved as expected. Additionally, several members expressed concern that the recent easing in the labor market could transition into a more serious deterioration. Chair Powell reiterated these comments in Jackson Hole, saying “the time has come for policy to adjust.”

ACTIVITY: The US S&P Manufacturing PMI slipped further into contractionary territory to 48.0, below consensus expectations, while the Services PMI rose further into expansionary territory to 55.2, above consensus expectations for a decline. In Euro area, the composite PMI registered above consensus expectations at 51.2. This was mainly driven by an expansion in services, particularly in France following the Olympic Games, while manufacturing activity remained in contraction.

INFLATION: Euro area negotiated pay increased by 3.6% YoY in Q2, down from 4.7% the quarter prior. In Japan, core CPI rose to 2.7% YoY in July, in line with consensus expectations.



Key Economic Releases

Monday, August 26: No economic releases
Tuesday, August 27: Conference Board Consumer Confidence (Cons: 100.1, Prior: 100.3)
Wednesday, August 28: No economic releases
Thursday, August 29: No economic releases
Friday, August 30: Euro area CPI YoY (Cons: 2.3%, Prior: 2.6%) US PCE YoY (Cons: -, Prior: 2.5%)

Source: Goldman Sachs Asset Management: "Market Monitor", 8/23/2024

"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 the Federal Open Market Committee. "Bps" refers to basis points. "Fed" refers to the Federal Reserve. "PMI" refers to a purchasing managers' index. "YoY" refers to year-over-year. "ECB" refers to the European Central Bank. "Core CPI" refers to Consumer Price Index, less food and energy. "Pp" refers to percentage points.

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