

MONDAY MORNING RECAP - September 23, 2024

Last Week

Dow Jones Industrial Average (DJIA)	42,063.36	+669.58	+1.62%
S&P 500 Index	5,702.55	+76.53	+1.36%
NASDAQ Composite Index	17,948.32	+264.34	+1.49%
U.S. 10 yr. Treasury Note Yield	3.73%	+7 Basis Points	
Gold (\$ per troy oz.)	\$2,619.90	+\$38.60	+1.50%
WTI Oil (\$ per barrel)	\$71.92	+\$3.27	+4.76%

Market Summary

GLOBAL EQUITIES: US equities rallied last week following the Fed's deliverance of its highly anticipated rate cut after holding its policy rate steady for 13 months. The S&P 500 ultimately ended the week 1.36% higher, after notching its best day in six weeks and 39th all-time high of the year on Thursday. Across the pond, both the STOXX 600 and FTSE 100 fell -0.31% and -0.52%, respectively, despite continued disinflation progress in both the Euro Area and the UK.

COMMODITIES: Oil prices rose last week as declining supply helped to offset demand concerns stemming from weak consumption in China. Ultimately, WTI and Brent crude finished the week higher at \$71.92 and \$74.49/bbl, respectively, as Hurricane Francine continued to impact output in the Gulf of Mexico. Meanwhile, gold prices rose to \$2619.90/troy oz, after hitting a fresh all-time high on Friday.

FIXED INCOME: Global bond yields mostly rose amidst a busy week for central banks that resulted in mixed monetary policy decisions. In the US, the 2-Year and 10-Year US Treasury yields closed the week both flat and higher at 3.57% and 3.73%, respectively, behind US manufacturing data coming in well above consensus expectations. In Europe, both the 10-Year German Bund and 10-Year UK Gilt yields climbed higher, ultimately finishing the week at 2.21% and 3.90%, respectively, with the latter rising despite the BoE holding policy rates firm at its September meeting.

FX: The US dollar weakened against a basket of currencies last week despite firmer activity data than consensus had anticipated. Ultimately, the US dollar index fell by -0.22%. Outside of the US, the euro and pound sterling strengthened against the greenback, closing at \$1.12 and \$1.33, respectively. In Japan, the yen weakened against the dollar, ultimately ending the week at ¥143.88.

Economic Summary

MONETARY POLICY: In a widely anticipated move, the FOMC lowered the target range for the fed funds rate by 50bp to 4.75-5.00% at its September meeting. Commentary from the central bank underscored its focus on supporting maximum employment as its dual-mandate has moved into better balance. In the UK, the BoE kept its policy rate unchanged at 5.0% while hinting at a second rate cut of 25bp at the November meeting and that a faster policy normalization would require both a cooling in wage growth and a deceleration in services inflation. In Japan, the BoJ also held its policy rate at 0.25%, as widely expected, and left its economic assessment unchanged, suggesting activity and prices were developing in line with the Bank's projections.

ACTIVITY: Core retail sales in the US rose 0.3% month-over-month in August in line with consensus expectations. Meanwhile, headline retail sales rose 0.1% month-over-month despite an expectation for a decline, further indicating resilience amongst US consumers amidst a recent uptick in recessionary concerns. In China, industrial production grew by 4.5% year-over-year and retail sales grew by 2.1% year-over-year in August, both below consensus estimates, adding pressure to the Chinese government to stimulate the economy further amid slowing growth.

INFLATION: In the UK, CPI annual inflation remained steady at 2.2% in August while core CPI inflation ticked up to 3.6%, both in line with consensus expectations. In Japan, inflation reaccelerated in August with core CPI rising to 2.8% year-over-year, up from 2.7% in July, mostly due to higher food prices in response to a major earthquake warning.



Key Economic Releases

Monday, September 23:

US Manufacturing PMI (Cons: 48.6, Prior: 47.9)
US Services PMI (Cons: 55.3, Prior: 55.7)

Tuesday, September 24:

US CB Cons. Confidence (Cons: 103.5, Prior: 103.3)

Wednesday, September 25:

US New Home Sales (Cons: 700K, Prior: 739K)

Thursday, September 26:

Fed Chair Powell Speech
US 2Q GDP QoQ (Cons: 3.0%, Prior: 1.4%)
US Durable Goods Orders (Cons: -2.8%, Prior: 9.9%)

Friday, September 27:

BoJ Meeting
UK Core Retail Sales MoM (Cons: 0.4%, Prior: 0.5%)

Source: Goldman Sachs Asset Management: "Market Monitor", 9/20/2024

"Fed" refers to Federal Reserve. "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. "BoE" refers to Bank of England. "FOMC" refers to Federal Open Market Committee. "bp" refers to basis point. "Fed" refers to Federal Reserve. "BoJ" refers to Bank of Japan. "CPI" refers to Consumer Price Index. "core CPI" refers to the Consumer Price Index, excluding food and energy.

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