

MONDAY MORNING RECAP - September 30, 2024

Last Week

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|-------------------------------------|------------|-----------------|--------|
| Dow Jones Industrial Average (DJIA) | 42,313.00 | +249.64 | +0.59% |
| S&P 500 Index | 5,738.17 | +35.62 | +0.62% |
| NASDAQ Composite Index | 18,119.59 | +171.27 | +0.95% |
| U.S. 10 yr. Treasury Note Yield | 3.75% | +2 Basis Points | |
| Gold (\$ per troy oz.) | \$2,644.30 | +\$21.90 | +0.84% |
| WTI Oil (\$ per barrel) | \$68.18 | -\$2.82 | -3.97% |

Market Summary

GLOBAL EQUITIES: Global equities rose last week, as a variety of monetary and fiscal easing measures were announced by leaders in China and inflation continued to fall in the US. The S&P 500 reached several all-time highs throughout the course of the week, ultimately ending the week 0.62% higher. International equity markets followed suit with the STOXX 600 and FTSE 100 rising by 2.73% and 1.17%, respectively, while the Hang Seng index surged 13.03% on the week.

COMMODITIES: Oil prices fell last week on the back of news that Saudi Arabia is abandoning hopes for driving higher oil prices and is shifting its focus on recapturing lost market share. Additionally, OPEC+ committed to raising production in December, encouraging the price of WTI and Brent crude to finish the week lower at \$68.18 and \$71.98/bbl. Meanwhile, the price of gold rose to an all-time high midweek before ultimately closing at \$2644.30/troy oz, reflecting Fed officials' commitment to further cut rates.

FIXED INCOME: In the US, the 2-Year and 10-Year US Treasury yields remained roughly flat at 3.56% and 3.75%, respectively, as several members of the Fed reaffirmed the committee's decision to cut rates by 50bps due to unemployment pressures. Outside of the US, the 10-Year German Bund yield fell to 2.13% while the 10-Year Japanese Government Bond yield held steady at 0.85% as headline inflation in Japan registered in line with consensus expectations.

FX: The US dollar depreciated against a basket of currencies last week. The US dollar index depreciated by -0.34% as downside surprises in PMIs and month-over-month inflation readings relative to consensus expectations suggested future monetary easing in the US is appropriate. Despite this, the euro remained relatively flat against the dollar, closing the week at \$1.12 as activity data was weaker than consensus expected.

Economic Summary

INFLATION: Headline PCE rose 0.1% in August from the month prior, bringing the annual rate down to 2.2%. Similarly, core PCE rose 0.1% while the year-over-year rate ticked slightly higher to 2.7%. Each measure was either in line or below consensus expectations, indicating further incremental progress on disinflation.

CHINA: In China, policymakers surprised market participants with new measures aimed at stabilizing the economy amid concerns over deflation and slowing growth. After the PBoC unveiled a package of broader than expected policy easing on Tuesday, fiscal policymakers called for stepping up counter-cyclical fiscal stimulus at an off-schedule meeting. The new fiscal package is reported to include a RMB1tn capital injection into top Chinese banks and RMB2tn of special sovereign bond issuance to stimulate consumption and alleviate local government debt issues.

ACTIVITY: In the US, real GDP growth was unrevised at 3.0% annualized in the second quarter while real GDI growth was revised up substantially in last week's annual update. Additionally, the saving rate was revised up by 1.9pp to 5.2% in 2Q2024, largely reflecting upward revisions to employee compensation. Finally, the S&P Global manufacturing and services PMIs contracted in September to 47.0 and 55.4, respectively. Meanwhile, in the Euro area, growth appeared to slow further as the composite PMI registered at 48.9, below consensus expectations of 50.6. In the UK, the composite PMI for September remained in expansionary territory at 52.9.

CONSUMER: The Conference Board consumer confidence index decreased to 98.7 in September, against consensus expectations for an increase, as the difference between the percent of respondents saying jobs are plentiful and those saying jobs are hard to get decreased.



Key Economic Releases

Monday, September 30:
No economic releases

Tuesday, October 1:
Euro area CPI YoY (Cons: 1.9%, Prior 2.2%)
ISM Manufacturing PMI (Cons: 47.6, Prior 47.2)
JOLTS Job Openings (Cons: 7.640M, Prior: 7.673M)

Wednesday, October 2:
ADP Nonfarm Employment Change (Cons: 124K, Prior 99K)

Thursday, October 3:
ISM Services PMI (Cons: 51.6, Prior: 51.5)

Friday, October 4:
Nonfarm Payrolls (Cons: 144K, Prior: 142K)
Unemployment Rate (4.2%, Prior: 4.2%)

Source: Goldman Sachs Asset Management: "Market Monitor", 9/27/2024

"OPEC+" refers to the Organization of the Petroleum Exporting Countries Plus. "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. "Fed" refers to Federal Reserve. "Bps" refers to basis points. "PMI" refers to purchasing managers' index. "PCE" refers to the Personal Consumption Expenditure. "Core PCE" refers to the Personal Consumption Expenditure, less food and energy. "GDP" refers to gross domestic product. "GDI" refers to gross domestic income. "Pp" refers to percentage points. "PBoC" refers to the People's Bank of China.

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