

MONDAY MORNING RECAP - October 28, 2024

Last Week

Dow Jones Industrial Average (DJIA)	42,114.40	-1,161.51	-2.68%
S&P 500 Index	5,808.12	-56.55	-0.96%
NASDAQ Composite Index	18,518.61	+29.05	+0.16%
U.S. 10 yr. Treasury Note Yield	4.25%	+17 Basis Points	
Gold (\$ per troy oz.)	\$2,740.90	+\$27.20	+1.00%
WTI Oil (\$ per barrel)	\$71.78	+\$3.09	+4.50%

Market Summary

GLOBAL EQUITIES: US equities fell last week despite more than one-third of S&P 500 companies reporting earnings and 74% of those companies beating consensus expectations. The S&P 500 ultimately ended the week -0.96% lower, on the back of existing home sales in the US falling to a 14-year low. Outside of the US, the STOXX 600 and FTSE 100 followed suit, falling by -1.17% and -1.29%, respectively, following weak activity data and employment falling for a third month in a row in Europe. In China, the Hang Seng index continued its decline last week despite the PBoC cutting rates, ultimately ending the week -1.02% lower.

COMMODITIES: Oil prices rose last week despite the Energy Information Administration reporting an increase in oil inventories above consensus expectations. WTI and Brent crude finished the week higher at \$71.78 and \$76.05/bbl, respectively, as the PBoC's stimulus plan potentially increased consumer demand for oil. Meanwhile, the price of gold continued its streak of record highs, ultimately ending the week at \$2740.90/troy oz.

FIXED INCOME: In the US, the 2-Year and 10-Year US Treasury yields ended the week higher at 4.10% and 4.25%, respectively, as the presidential race remains close during its final weeks before the election, increasing uncertainty towards the future of the US economy. Outside of the US, the 10-Year German Bund and the 10-Year UK Gilt yield rose to 2.29% and 4.23%, respectively, on the back of weak manufacturing data in the UK potentially indicating further BoE rate cuts in November.

FX: The US dollar strengthened against a basket of currencies last week amid strong manufacturing data for October. Ultimately, the US dollar index rose by 0.56%. Elsewhere, the Chinese Yuan weakened against the dollar, following the PBoC delivery of a 25bp rate cut, ultimately ending the week at ¥7.1242.

Economic Summary

ACTIVITY: In the US, the manufacturing and services PMIs came in at 47.8 and 55.3, respectively, both above consensus expectations and higher than the month prior, providing some relief to investor concerns for potential weakness in the US economy. In the Euro area, the October manufacturing PMI remained in contractionary territory at 45.9, while services activity decelerated to 51.2. In the UK, October composite PMI dropped to 51.7 from 52.6 in September, below consensus expectations, signalling a potential slowdown ahead.

HOUSING: In the US, existing home sales for September fell to the lowest level since 2010, declining by -1.0% to 3.84M, below consensus expectations. On the other hand, new home sales increased by 4.1% to 738k, well above consensus expectations. Despite the increase in new home sales, the latest data indicates further tightness in the US housing markets as mortgage rates remain elevated.

ELECTIONS: In the final weeks before election day, the presidential race remains tight, with polls from FiveThirtyEight indicating that VP Harris is now slightly ahead of former President Trump by 2pp, whereas she was 4pp ahead about one month ago. While this could indicate changing momentum, historical presidential polling prior to the election has been inconsistent in predicting the outcome, with an error of 5.1% in both 2016 and 2020, according to 270towin.

CHINA: The PBoC cut their loan prime rate by 25bp at both the 1-year and 5-year points, slightly above consensus expectations for 20bp. This reflects the PBoC's continuous efforts towards lower financing costs to boost consumption and support the housing sector.

Key Economic Releases

Monday, October 28:
No economic releases

Tuesday, October 29:
CB Consumer Confidence (Cons: 99.2, Prior: 98.7)
US JOLTS Job Openings (Cons: 7.920M, Prior: 8.040M)

Wednesday, October 30:
ADP Nonfarm Employment (Cons: 101K, Prior: 143K)
US GDP QoQ (Cons: 3.0%, Prior: 3.0%)
EUR GDP QoQ (Cons: 0.2%, Prior: 0.2%)

Thursday, October 31:
US Core PCE MoM (Cons: 0.3%, Prior: 0.1%)
US Initial Jobless Claims (Cons: 231K, Prior: 227K)
EUR Unemployment Rate (Cons: 6.4%, Prior: 6.4%)

Friday, November 1:
US Unemployment Rate (Cons: 4.1%, Prior: 4.1%)
US Manufacturing PMI (Cons: 47.9, Prior: 47.3)
UK Manufacturing PMI (Cons: 50.3, Prior: 51.5)

Source: Goldman Sachs Asset Management: "Market Monitor", 10/25/2024

"PBoC" refers to People's Bank of China. "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. "bps" refers to basis points. "PMI" refers to Purchasing Managers' Index. "pp" refers to percentage point.

Disclosure Statement

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