

MONDAY MORNING RECAP - November 4, 2024

Last Week

Dow Jones Industrial Average (DJIA)	42,052.19	-62.21	-0.15%
S&P 500 Index	5,728.80	-79.32	-1.37%
NASDAQ Composite Index	18,239.92	-278.69	-1.50%
U.S. 10 yr. Treasury Note Yield	4.37%	+12 Basis Points	
Gold (\$ per troy oz.)	\$2,738.60	-\$3.60	-0.13%
WTI Oil (\$ per barrel)	\$69.49	-\$2.29	-3.19%

Market Summary

GLOBAL EQUITIES: US equities closed lower for the second straight week on the back of disappointing labor market data. Ultimately, the S&P 500 ended the week down -1.37%, as another week of big tech earnings worsened investor sentiment towards the potential payoffs of artificial intelligence. Equities outside the US followed suit, with the STOXX 600 and FTSE 100 closing down -1.50% and -0.87%, respectively, as inflation in the Euro area came in slightly hotter than consensus expected.

COMMODITIES: Oil prices fell last week despite the Energy Information Administration reporting a net decline in inventories, against consensus expectations for an increase. WTI and Brent Crude ended the week at \$69.49 and \$73.10/bbl, respectively, on the back of improved manufacturing activity in the US. Meanwhile, gold prices snapped a seven-week streak of consecutive gains last week, falling to \$2738.60/troy oz.

FIXED INCOME: US sovereign yields rose last week on the back of Core PCE printing slightly hotter than consensus had expected. The 2-Year and 10-Year US Treasury yields ultimately closed the week at 4.20% and 4.37%, respectively. Across the pond, the 10-Year German Bund yield fell to 2.40% as growth in the Euro area improved by more than consensus expected.

FX: Global currencies were volatile in the week leading up to the 2024 US election. The US dollar ultimately closed flat against a basket of currencies as the unemployment rate held steady from the month prior, with the US dollar index closing 0.01% higher. Elsewhere, the Japanese yen weakened against the dollar to ¥152.96, despite hawkish commentary from the BoJ following its decision to hold the policy rate steady.

Economic Summary

LABOR: In a busy week for economic data in the US, labor data was particularly mixed. Job openings for September printed below consensus expectations at 7.443M, with openings mostly declining in the private education and health services sectors. Meanwhile, job creation in October slowed to its weakest pace since 2020, with nonfarm payrolls increasing 12k, below consensus expectations for 100k. The unemployment rate printed in line with consensus expectations, holding steady at 4.1% for October.

INFLATION: Headline PCE rose 2.1% year-over-year for October, in line with consensus expectations and down from 2.3% the month prior. Core PCE was unchanged from the month prior, printing at 2.7%, slightly hotter than consensus expected. Meanwhile, Euro area CPI inflation for October came in slightly above expectations at 2.0% year-over-year.

ACTIVITY: Real GDP for the third quarter in the US rose 2.8% year-over-year, slightly below consensus expectations for 3.0%. The composition was strong, with above-consensus increases in consumption and business fixed investment. Meanwhile, manufacturing in the US improved in October from the month prior, but remained in contractionary territory, with the manufacturing PMI printing at 48.5. In the Euro area, GDP grew by 0.9% year-over-year, above consensus expectations for 0.8%.

MONETARY POLICY: The BoJ maintained its policy rate at 0.25% last week but signaled it will continue to raise rates if its economic and price projections are met.



Key Economic Releases

Monday, November 4:

Euro area Manuf. PMI (Cons: 45.9, Prior: 45.9)

Tuesday, November 5:

US Election Day
US Services PMI (Cons: 55.3, Prior: 51.8)
US ISM Non-Manufacturing PMI (Cons: 55.3, Prior: 59.4)
UK Services PMI (Cons: 51.8, Prior: 51.8)

Wednesday, November 6:

Euro area Services PMI (Cons: 49.7, Prior: 51.2)

Thursday, November 7:

FOMC Interest Rate Decision
BoE Interest Rate Decision

Friday, November 8:

US Michigan Consumer Sentiment (Cons: 70.0, Prior: 70.5)

Source: Goldman Sachs Asset Management: "Market Monitor", 11/1/2024

"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. "Core PCE" refers to personal consumption expenditures, excluding food and energy. "PCE" refers to personal consumption expenditures. "Core CPI" refers to consumer price index, excluding food and energy. "ECB" refers to European Central Bank. "PMI" refers to Purchasing Managers' Index. "GDP" refers to Gross Domestic Product.

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