

MONDAY MORNING RECAP - November 18, 2024

Last Week

Dow Jones Industrial Average (DJIA)	43,444.99	-544.00	-1.24%
S&P 500 Index	5,870.62	-124.92	-2.08%
NASDAQ Composite Index	18,680.12	-606.66	-3.15%
U.S. 10 yr. Treasury Note Yield	4.43%	+13 Basis Points	
Gold (\$ per troy oz.)	\$2,565.70	-\$121.80	-4.53%
WTI Oil (\$ per barrel)	\$67.02	-\$3.36	-4.77%

Market Summary

GLOBAL EQUITIES: US equities fell last week on the back of elevated uncertainty towards the policy mix in 2025, as Republicans secured control of Congress. Ultimately, the S&P 500 ended the week down – 2.08%. Europe’s equity market followed suit with the STOXX 600 down by –0.66% and the FTSE 100 closing at 0.02% despite the lower-than-expected consensus GDP growth in the UK indicating potential economic weakness.

COMMODITIES: Oil prices fell last week on the Energy Information Administration reporting a net increase in inventories, well above consensus expectations. WTI and Brent Crude ended the week at \$67.02 and \$71.04/bbl, respectively. Meanwhile, gold prices were down for the third consecutive week on the back of reignited inflationary concerns and potentially slower rate cuts in 2025 following Jerome Powell’s recent commentary, ultimately ending the week at \$2565.70/troy oz.

FIXED INCOME: US Treasury yields rose last week on the back of inflation in October rising from the month prior. Ultimately, the 2-Year and 10-Year US Treasury yields ended the week at 4.30% and 4.43% as the Fed dampened investor excitement for a quicker pace of interest rate cuts. In Europe, the 10-year German Bund yield spiked following the collapse of Germany’s coalition government, ultimately ending the week at 2.36%.

FX: The US dollar strengthened against a basket of currencies last week on the back of strong retail sales in the US indicating that despite any potential post-election uncertainty, the US consumer remains strong. Ultimately, the US dollar index ended the week up 1.51%. Meanwhile, the Chinese yuan depreciated against the dollar to ¥7.1891, amidst deflationary concerns in China behind a softer than expected inflation print.

Economic Summary

INFLATION: Inflation data in the US was mixed last week, with headline CPI rising in October from the month prior while core CPI was unchanged. Both prints came in line with consensus expectations. Headline CPI rose to 2.6% year-over-year and core CPI printed at 0.3% month-over-month for the third month in a row. Meanwhile, PPI rose 0.2%, month-over-month, in line with consensus expectations. In China, the October inflation report revived deflationary concerns with both CPI and PPI coming in softer at 0.3% and -2.9% year-over-year, respectively.

ACTIVITY: In the US, retail sales came in above consensus expectations at 0.4% month-over-month for October, while core retail sales printed below consensus expectations at 0.1% month-over-month for October. Outside the US, UK GDP grew by 0.1% quarter-over-quarter in 3Q 2024, below expectations, as its trade deficit rose further compared to the previous quarter.

US ELECTIONS: The Republican party has officially secured a majority 218 seats in the House, winning complete control in Washington heading into Trump's presidency. This should allow for the president-elect to more easily roll out his policy plan, though thin leadership margins and ideological partisanship continue to pose challenges for the legislative process. In other news, Trump was swift to begin appointing his cabinet, in contrast with his 2016 term which saw a slower process.

MONETARY POLICY: In a speech on Thursday, Fed Chair Jerome Powell emphasized that the FOMC does not need to be "in a hurry to lower rates" and will approach each decision carefully. He also highlighted labor market strength in support of his commentary.

Key Economic Releases

Monday, November 18:

No economic releases

Tuesday, November 19:

Euro Area CPI YoY (Cons: 2.0%, Prior: 2.0%)

Wednesday, November 20:

UK CPI YoY (Prior: 1.7%)
US Crude Oil Inventories (Prior: 2.089M)

Thursday, November 21:

US Initial Jobless Claims (Cons: 215K, Prior: 217K)
US Philadelphia Fed Manuf. Index (Prior: 10.3)
US Existing Home Sales (Cons: 3.88M, Prior: 3.84M)

Friday, November 22:

US Manufacturing PMI (Prior: 48.5)
US Services PMI (Prior: 55.0)

Source: Goldman Sachs Asset Management: "Market Monitor", 11/15/2024

"GDP" refers to Gross Domestic Product. "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. "CPI" refers to consumer price index. "PPI" refers to producer price index. "FOMC" refers to Federal Open Market Committee.

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