

## MONDAY MORNING RECAP - December 16, 2024

### Last Week

Dow Jones Industrial Average (DJIA)	43,828.06	-814.46	-1.82%
S&P 500 Index	6,051.09	-39.18	-0.64%
NASDAQ Composite Index	19,926.72	+66.95	+0.34%
U.S. 10 yr. Treasury Note Yield	4.40%	+25 Basis Points	
Gold (\$ per troy oz.)	\$2,656.00	+\$17.40	+0.66%
WTI Oil (\$ per barrel)	\$71.29	+\$4.09	+6.09%

### Market Summary

**GLOBAL EQUITIES:** US equities fell last week on the back of elevated uncertainty towards the future policy mix under the next administration. Ultimately, the S&P 500 ended the week down -0.64%, with healthcare stocks suffering in particular. Elsewhere, the STOXX 600 fell by -0.77%, with weakening trade in China impacting investor sentiment towards European equities. However, the Hang Seng index in China ended the week up 0.53%, after spiking early in the week on hopes of easier credit policies.

**COMMODITIES:** Oil prices rose on the back of OPEC's decision to delay bringing production back to the market and the EU agreeing to further sanctions that may threaten Russian oil exports. WTI and Brent crude ended the week at \$71.29 and \$74.49/bbl, respectively. Meanwhile, the price of gold rose, hitting a five-week high on Thursday ahead of the Fed's expected rate cut this week, before ending last week at \$2656.00/troy oz.

**FIXED INCOME:** US Treasury yields fell last week despite higher-than-expected wholesale prices and fears about the US' growing budget deficit, although a rise in jobless claims tempered the increase. Ultimately, the 2- Year and 10-Year US Treasury yields ended the week at 4.24% and 4.40%, respectively. In Europe, the 10-Year German Bund yield rose, ending the week at 2.26% after the ECB cut rates for the fourth time this year on Thursday.

**FX:** The US dollar strengthened against a basket of currencies last week as sticky inflation led market participants to price in more hawkish Fed policy, even though a rate cut next week is still widely anticipated. The US dollar index ended the week up 0.60%. Elsewhere, the pound sterling fell sharply against the dollar on Friday after an unexpected contraction in UK GDP, ultimately ending the week at \$1.26.

## **Economic Summary**

**INFLATION:** US CPI printed at 2.7% year-over-year, in line with consensus expectations. Core CPI on the other hand rose by slightly more than expected, although it was down slightly to 3.3% year-over-year. Meanwhile, headline PPI increased by more than consensus had expected on a month-over-month basis, increasing by 0.4% as opposed to 0.2%. Core PPI was in line with expectations, printing at 0.2% month-over-month.

**MONETARY POLICY:** In the Euro area, the ECB cut policy rates by 25bp, as widely expected. President Lagarde reiterated that the direction for policy was “very clear” and the Euro system staff made limited downgrades to growth and inflation.

**CHINA:** Chinese export growth slowed sharply in November, down to 6.7% in November from 12.7% the month prior and below consensus expectations. Meanwhile, despite expectations for a 0.3% increase, imports were down by -3.9%, the biggest drop since September 2023. With the Chinese economy still struggling, authorities endorsed plans to adopt “moderately loose” monetary policy and to increase government spending.

**ACTIVITY:** In Japan, GDP growth was revised upwards to 1.2% quarter-over-quarter for 3Q 2024, from the initial 0.9% reported. This notable increase was mainly driven by higher revisions in capital investment and exports.

## **Key Economic Releases**

### **Monday, December 16:**

US Services PMI (Cons: 55.7, Prior: 56.1)  
US Manuf. PMI (Cons: 49.4, Prior: 49.7)  
Euro area Manuf. PMI (Cons: 45.3, Prior: 45.2)  
UK Manuf. PMI (Cons: 48.4, Prior: 48.0)

### **Tuesday, December 17:**

US Core Retail Sales (Cons: 0.4%, Prior: 0.1%)

### **Wednesday, December 18:**

FOMC Rate Decision  
UK CPI YoY (Cons: 2.6%, Prior: 2.3%)  
Euro area CPI YoY (Cons: 2.3%, Prior: 2.0%)

### **Thursday, December 19:**

BoJ Rate Decision  
BoE Rate Decision  
US GDP QoQ (Cons: 2.8%, Prior: 2.5%)

### **Friday, December 20:**

US Core PCE YoY (Cons: -, Prior: 2.3%)  
UK Core Retail Sales YoY (Cons: -, Prior: -)

Source: Goldman Sachs Asset Management: "Market Monitor", 12/13/2024

"OPEC" refers to the Organization of the Petroleum Exporting Countries. "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 the Federal Reserve. "ECB" refers to European Central Bank. "Core CPI" refers to Consumer Price Index, excluding food and energy. "Core PPI" refers to Producer Price Index, excluding food and energy. "FOMC" refers to Federal Open Market Committee. "bp" refers to basis point. "GDP" refers to Gross Domestic Product.

### **Disclosure Statement**

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