

MONDAY MORNING RECAP - January 13, 2025

Last Week

Dow Jones Industrial Average (DJIA)	41,938.45	-793.68	-1.86%
S&P 500 Index	5,827.04	-115.43	-1.94%
NASDAQ Composite Index	19,161.63	-460.05	-2.34%
U.S. 10 yr. Treasury Note Yield	4.77%	+17 Basis Points	
Gold (\$ per troy oz.)	\$2,708.50	+\$63.50	+2.40%
WTI Oil (\$ per barrel)	\$76.57	+\$2.61	+3.53%

Market Summary

GLOBAL EQUITIES: US equities fell last week amidst an unexpected decline in the US unemployment rate in December. The S&P 500 ultimately ended the week – 1.94% as a rapid increase in yields following the strong labor market print put pressure on the US equity market. Elsewhere, the STOXX Europe 600 and FTSE 100 rose 0.67% and 0.32%, respectively, with the former rising as inflationary concerns continue to be managed in Europe.

COMMODITIES: Oil prices rose last week after the Biden administration announced additional sanctions on Russia before the transition to the Trump administration occurs on January 20. WTI and Brent crude ultimately ended the week at \$76.57 and \$79.76 /bbl, respectively. Meanwhile, gold prices rose to \$2708.50/troy oz amid uncertainty surrounding the future policy path under the incoming Trump administration.

FIXED INCOME: US Treasury yields rose sharply last week following above consensus nonfarm payrolls potentially resulting in a reluctance by the Fed to cut interest rates as aggressively as previously believed. The 2- Year and 10-Year US Treasury yields ended the week at 4.40% and 4.77%, respectively, with the yield on the 10-Year reaching a 52-week high. Across the pond, the 10-Year UK Gilt yield and the 10-Year German Bund yield followed suit, ending the week higher at 4.84% and 2.60%, respectively.

FX: The US dollar strengthened against a basket of currencies last week as strong services activity and job openings further supported the notion of a healthy and growing US economy. Ultimately, the US dollar index ended the week up 0.60%. Meanwhile, the Chinese Yuan continued to weaken against the dollar last week despite strong activity data in December, ultimately ending the week at ¥7.1979.

Economic Summary

LABOR: Labor data in the US came in broadly strong for December, closing out a year in which investors had been concerned of potential growth risks stemming from weakness in the labor market. Specifically, nonfarm payrolls rose 256k in December, well above consensus expectations for 164k. In another positive sign for the labor market, the unemployment rate fell by 1pp to 4.1%, below consensus expectations for 4.2%. Lastly, the JOLTS Job Openings report for November rose to 8.098M, above consensus expectations for 7.730M.

MONETARY POLICY: The FOMC meeting minutes indicated a potentially slower pace of policy rate cuts ahead as participants continued to balance upside risks to inflation and downside risks to growth in the US. Most participants noted that “disinflationary progress continued to be apparent,” though they should take a “careful” approach due to recent strength in inflation and economic activity.

INFLATION: Euro Area headline and core CPI printed at 2.4% and 2.7% year-over-year respectively in December, both in line with consensus expectations.

ACTIVITY: US services activity increased by more than consensus expected in December. Ultimately, the ISM Non-Manufacturing PMI rose from 51.5 to 54.1, versus consensus expectations for 53.5. In China, Caixin services PMI surprised to the upside at 52.2 in December, showing continued expansion at a faster pace than November.



Key Economic Releases

Monday, January 13:

No economic releases

Tuesday, January 14:

US PPI MoM (Cons: 0.3%, Prior: 0.4%)

Wednesday, January 15:

US CPI MoM (Cons: 0.3%, Prior: 0.3%)

US Core CPI MoM (Cons: -0.1%, Prior: 0.3%)

Thursday, January 16:

US Retail Sales MoM (Cons: 0.5%, Prior: 0.7%)

UK GDP MoM (Cons: n/a, Prior: -0.1%)

China GDP 4Q 2024 YoY (Cons: 5.1%, Prior: 4.6%)

Friday, January 17:

Euro Area CPI YoY (Cons: 2.4%, Prior: 2.4%)

Source: Goldman Sachs Asset Management: "Market Monitor", 1/10/2025

"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. "pp" refers to percentage point. "JOLTS" refers to Job Openings and Labor Turnover Survey. "FOMC" refers to Federal Open Market Committee. "bp" refers to basis point. "CPI" refers to Consumer Price Index. "ISM" refers to the Institute for Supply Management. "PMI" refers to Purchasing Managers' Index.

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