

MONDAY MORNING RECAP - April 22, 2019

Last Week

Dow Jones Industrial Average (DJIA)	26559.54	+147.24	+0.56%
S&P 500 Index	2905.03	-2.38	-0.08%
NASDAQ Composite Index	7998.06	+13.90	+0.17%
U.S. 10 yr. Treasury Note Yield	2.56%	No Change	
Gold (\$ per troy oz.)	\$1271.90	-\$18.70	-1.45%
Oil (\$ per barrel)	\$64.00	+\$0.11	+0.17%

Market Summary

GLOBAL EQUITIES: Markets had a mixed week that saw the S&P 500 pull back from near-record highs to close the week down 0.08%. Downward pressure on health-care stocks from proposed healthcare legislation served to offset a stronger-than-expected start to the Q1 US earnings season and risk-positive global economic data. In Europe, the UK FTSE 100 and Europe-wide STOXX 50 rose 0.36% and 1.55%, respectively, as positive news from China pointed toward continued growth.

COMMODITIES: Oil prices continued to climb with Brent hitting yet another 2019 high mid-week. Combined supply pressures from OPEC, plus production cuts and geopolitical uncertainties in major oil-producing nations have pushed oil prices over 40% up this year, overcoming mixed demand signals. WTI and Brent finished the week up 0.17% and 0.59%, respectively. Gold fell 1.48% on positive growth sentiment and contained equity volatility.

FIXED INCOME: Sovereign debt yields rose on the week as long-awaited economic data sparked risk-on sentiment. Evidence that China's stimulus was working to improve GDP spurred a selloff in related "haven" assets. US and Australian 10-Year rates rose 1 bps and 7 bps, respectively. The German 10-Year Bund yield held positive at 0.03%.

FX: The positive economic data from China boosted the yuan, which surged midweek against the US dollar, then ended flat. Western currencies had a mixed week, with the US dollar index finishing up 0.47% after the euro and British pound slipped 0.59% and 0.74% against the dollar, respectively. There, the bump from China was offset by reports that a significant minority of European Central Bank officials expressed doubt that the region's economy will rebound in the second half of the year.

Economic Summary

MANUFACTURING: US manufacturing data disappointed economists' expectations for the outlook to improve from the winter slump. March PMI held steady from the month prior at 52.4. Industrial production continued to struggle, slipping 0.1% from February. The Philly Fed said its April manufacturing index declined to a reading of 8.5, lower than the expected slip to 10.5 from 13.7 in March.

INFLATION: UK CPI came out flat at 1.9% YoY in March, below consensus expectations but in line with those of the Bank of England. Averaging 1.88% through Q1, this was the lowest quarterly rate since late 2016.

CHINA: Chinese GDP prints for Q1 outpaced consensus expectations by 0.1% and held steady from the prior quarter at 6.4% Year-on-Year (YoY). The economic momentum was largely supported by the acceleration in industrial production (IP), loosening of monetary and fiscal policies, and added clarity around trade. Seasonal effects from the Chinese New Year may have also resulted in an uptick in March data. Much of the quarter's surprise came from an unexpected rise in production growth across all sectors, lifting the month's IP reading to 8.5% YoY versus the market's expectation of 6.0%.

Key Economic Releases¹

Monday, April 22:

No economic data released.

Tuesday, April 23:

Euro Area Consumer Conf. (Cons: -7.0, Prior: -7.2)

Wednesday, April 24:

ECB Eco Bulletin

Thursday, April 25:

UK CBI Business Optimism (Cons: -16, Prior: -23)

Friday, April 26:

US GDP (Cons: 2.0%, Prior: 2.2%)
US Core PCE (Cons: 1.3%, Prior: 1.8%)

Source: Goldman Sachs Asset Management, "Market Monitor", 4/19/19

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.

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