

## MONDAY MORNING RECAP - April 29, 2019

### Last Week

Dow Jones Industrial Average (DJIA)	26543.33	-16.21	-0.06%
S&P 500 Index	2939.88	+34.85	+1.20%
NASDAQ Composite Index	8146.40	+148.34	+1.85%
U.S. 10 yr. Treasury Note Yield	2.50%	-6 basis points	
Gold (\$ per troy oz.)	\$1284.90	+\$9.10	+0.71%
Oil (\$ per barrel)	\$63.30	-\$0.77	-1.20%

### Market Summary

**GLOBAL EQUITIES:** The US stock market rallied after a busy week of earnings and an unexpectedly strong Q1 GDP print. This past Friday, the S&P 500 notched a new record high to close the week up 1.21%. In Europe, Theresa May's plan for Brexit to happen before European Parliament elections at the end of May appears unlikely to occur. The FTSE 100 struggled against continued geopolitical risk and fell -0.32% while the EuroStoxx 600 saw a slight increase of 0.28%.

**COMMODITIES:** Global oil markets had a choppy week after the US announced that it would not be renewing sanction waivers to eight countries that purchase oil from Iran. WTI and Brent hit six-month highs midweek before falling back, as the market digested ample supply capacity in the US, UAE, and Saudi Arabia, which may ease the transition and maintain stable prices. WTI and Brent ended mixed, moving -1.09% and 0.25%, respectively.

**FIXED INCOME:** Yields fell as weak business sentiment in Germany and a dovish central bank in Canada reminded investors of potential further softening of global growth. The German Bund retreated to negative territory once again, closing at -0.02%. Treasury yields across the maturity spectrum, on the other hand, overcame an early week dip after US GDP release surprised to the upside. Even so, the 10-year Treasury yield still closed moderately lower at 2.50%, down 6 basis points (bps) from the prior week, and were further suppressed by increased demand from Asia in recent auctions.

**FX:** The 0.65% rise in the US Dollar Index last week was led by strong growth momentum in the US and further weakening of economic conditions in the euro area, resulting in the appreciation against most developed market currencies.

## **Economic Summary**

**GROWTH:** US economic growth beat consensus expectations, leading to an annualized growth of 3.2%. This was vastly above the widely expected 2.5% year-on-year growth and was primarily driven by inventories and net exports which helped to offset moderate softness in business investments and consumer spending that were influenced by the earlier government shutdown. With lower core PCE, the Federal Reserve's preferred inflation measure, at 1.3% for the month, and ongoing strength in the labor market, we interpret the economic release as a positive signal of stabilizing US growth.

**SENTIMENT:** Germany's Ifo business climate survey fell for the seventh time in the last eight months, slightly above 2016's low. April's release of 99.2 was below consensus and reflected a dimmed outlook on future economic conditions. The change in Germany's business confidence is in-line with earlier German PMI prints, with both indices showing external demand contraction in manufacturing. In the US, the final release for consumer sentiment was revised up to 97.2, but fell relative to March data. The decline reflected slower economic conditions, which overshadowed improvement in expectations.

## Key Economic Releases<sup>1</sup>

### **Monday, April 29:**

No economic data released.

### **Tuesday, April 30:**

Euro GDP (Cons: 2.3%, Prior: 2.3%)  
Euro area Unempl. (Cons: 7.8%, Prior: 7.8%)

### **Wednesday, May 1:**

China PMI Manuf. (Cons: 50.6, Prior: 50.6)

### **Thursday, May 2:**

BoE Monetary Policy Committee (MPC)  
Minutes Euro area PMI (Cons: 48.0, Prior: 47.5)

### **Friday, May 3:**

Euro area HICP (Cons: --, Prior: 1.4%)  
US Unemployment (Cons: 3.8%, Prior: 3.8%)  
US ISM Non-Manuf. (Cons: 57.0, Prior: 56.1)

Source: Goldman Sachs Asset Management, "Market Monitor", 4/26/19

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

## **Disclosure Statement**

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