

## MONDAY MORNING RECAP - July 13, 2020

### Last Week

Dow Jones Industrial Average (DJIA)	26075.30	+247.94	+0.96%
S&P 500 Index	3185.04	+55.03	+1.76%
NASDAQ Composite Index	10617.44	+409.81	+4.01%
U.S. 10 yr. Treasury Note Yield	0.65%	-3 Basis Points	
Gold (\$ per troy oz.)	\$1798.20	+\$14.20	+0.80%
Oil (\$ per barrel)	\$40.55	-\$0.10	-0.25%

### Market Summary

**GLOBAL EQUITIES:** Equity markets finished higher last week despite as a resurgence in COVID-19 cases that swept the globe. The US had over 60k new daily cases, its highest rate thus far, while Italy and Australia grappled with deploying restrictions again. The S&P 500 Index gained 1.76%, though price levels seesawed throughout the week and ultimately leveled out to 3,185 as investors worried over another round of business shutdowns. The Euro Stoxx 600 Index moved 0.45% higher, with roughly half of the sectors traded in negative territory.

**COMMODITIES:** Improved US demand for gasoline, combined with a decline in the number of active US oil rigs, supported a favorable supply-demand backdrop this past week. Even so, WTI prices remained relatively unchanged at \$40.55 per barrel (bbl). Brent prices improved by 1.03% and ended the week at \$43.24 per bbl. Gold prices closed flat at \$1798.20 per troy oz.

**FIXED INCOME:** Global sovereign yields contracted meaningfully over renewed fears of an economic pullback amidst an acceleration of confirmed COVID-19 cases. Investors poured into safe-haven assets, leading 10-year yields on US Treasuries, UK Gilts, and German Bunds to all fall by 4 basis points to 0.65%, 0.15%, and -0.47%, respectively. In the latest round of Treasury auctions, investors bought \$19 billion of 30-year bonds at an upper yield of 1.33%, which reflected a historical low borrowing cost for the government.

**FX:** The US Dollar Index posted 96.65 for the week, contracting -0.72% for the third week in a row. Both the viral path and further tensions brewing between the US and China may weigh on the greenback going forward. The latest round of announcements on government contract restrictions for US companies using Chinese technology may also dampen existing weak relations.

## **Economic Summary**

**SERVICES:** June's US ISM Non-Manufacturing Index came in substantially above consensus estimates, rising by 11.7 points to 57.1 (anything above a reading of 50 is considered expanding), the sharpest increase on record. Composition was strong as business activity, new orders, and employment components all saw significant increases.

**JOBS:** Initial jobless claims for the week leveled off at a four-month low of 1.31 million, reflecting the 14th consecutive week of declines since hitting a peak in late March. While labor market recovery is underway, weakness is still persistent with continuing jobless claims making up roughly 12.4% of the workforce.

**INFLATION:** Chinese headline CPI for June came in at 2.5% YoY, +0.1% from the prior month and in-line with consensus expectations. Inflation remained weak relative to pre-COVID levels in January and February which averaged 5.3% YoY. In the US, core PPI printed at 0.1% YoY for June, retracing some improvements from the prior month's read of 0.3%. The report missed consensus estimates, which assumed a sharper rise in producer prices of 0.4%, signaling a potential for continued subdued inflation.

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

**Monday, July 13:**

No economic data released.

**Tuesday, July 14:**

NFIB Small Business Optimism (Cons: 98.0, Prior: 94.4) US Core CPI (Cons: 1.1%, Prior: 1.2%) German CPI (Cons: 0.9%, Prior: 0.9%)

**Wednesday, July 15:**

US Industrial Prod. (Cons: 4.3%, Prior: 1.4%)

**Thursday, July 16:**

US Jobless Claims (Cons: 1250k, Prior: 1314k) Philly Fed Survey (Cons: 19.1, Prior: 27.5)

**Friday, July 17:**

UMich Cons. Sentiment (Cons: 79.0, Prior: 78.1)

Source: Goldman Sachs Asset Management, "Market Monitor", 7/10/20

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

### **Disclosure Statement**

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