

## MONDAY MORNING RECAP - August 10, 2020

### Last Week

Dow Jones Industrial Average (DJIA)	27433.48	+1005.16	+3.80%
S&P 500 Index	3351.28	+80.16	+2.45%
NASDAQ Composite Index	11010.98	+265.71	+2.47%
U.S. 10 yr. Treasury Note Yield	0.57%	+2 Basis Points	
Gold (\$ per troy oz.)	\$2010.10	+\$47.30	+2.41%
Oil (\$ per barrel)	\$41.22	+\$0.95	+2.36%

### Market Summary

**GLOBAL EQUITIES:** Although US fiscal stimulus negotiations soured last week, equities continued their trajectory upward. Stronger-than-expected Q2 earnings, continued tech sector momentum, vaccine hopes, lower jobless claims, and a better-than-expected July jobs report helped the S&P 500 rise 2.45% higher last week. In Europe, major earnings beats buoyed the Euro Stoxx 600, which was up 2.07% over the week. UK equities shrugged off cautionary comments from the Bank of England and the FTSE 100 rose 2.42%.

**COMMODITIES:** Oil prices rose higher last week following continued US dollar weakness and Iraq's planned production cuts. WTI and Brent prices ended the week at \$41.22 and \$44.40 per barrel, respectively. The weaker US dollar and falling returns on US bonds also helped gold advance to record highs again last week, ending 2.41% higher at \$2010 per troy oz.

**FIXED INCOME:** Government bond markets were relatively calm last week, with only slight yield increases across most major developed markets. Yields remained historically low, with no expectations for a rise in rates and longer-term easing policies forecasted to continue. The US 10-year Treasury yield rose to 0.57% after better-than-expected monthly labor market data. Additionally, UK 10-Year Gilt yields rose 4bps to 0.14% after dropping to historical lows mid-week.

**FX:** The euro continued its ascent last week, hitting a multi-year high midweek before closing at 1.1782 EUR/USD. The US dollar index finished the week up 0.35% after a Friday bounce offset weakness amid fears of a slowing US recovery and stalled fiscal stimulus. Meanwhile, the British pound fell -0.40% to 1.3053 GBP/USD.

## **Economic Summary**

**MONETARY POLICY:** The Bank of England's Monetary Policy Committee (MPC) held its Bank Rate steady at 0.1% and kept the target stock of asset purchases at £745bn, as expected. The MPC asserted that it would continue to review the appropriateness of negative interest rates as a policy tool alongside its broader toolkit.

**PRODUCTION:** July's US ISM manufacturing index was stronger than expected, rising to 54.2 from 52.6 in June. The production, new orders, and employment components all improved. The non-manufacturing index also rose to 58.1 in July, against expectations for a decline from June's 57.1.

**LABOR:** The US economy added 1.8 million jobs in July and the unemployment rate declined to 10.2%. Both measures were better than economists expected, though still represented slower improvements than in June when nonfarm payrolls increased by 4.8 million. Renewed virus concerns may have hampered job growth for most of July, but a downturn in weekly jobless claims to 1.2 million for the week ending August 1 suggests the recovery may be getting back on track.

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

### **Monday, August 10:**

No economic data released.

### **Tuesday, August 11:**

No economic data released.

### **Wednesday, August 12:**

US Core CPI YoY (Cons: 1.1%, Prior: 1.2%)

Euro area IP MoM (Cons: 10.0%, Prior: 12.4%)

UK IP MoM (Cons: 9.0%, Prior: 6.0%)

UK GDP QoQ (Cons: - 20.5%, Prior: -2.2%)

### **Thursday, August 13:**

US Jobless Claims (Cons: 1100k, Prior: 1186k)

### **Friday, August 14:**

US Retail Sales (Cons: 1.9%, Prior: 7.5%)

US IP MoM (Cons: 3.0%, Prior: 5.4%)

UMich Cons. Sent. (Cons: 71.9, Prior: 72.5)

Source: Goldman Sachs Asset Management, "Market Monitor", 8/7/20

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

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