Benefit Financial Services Group

MONDAY MORNING RECAP - September 7, 2020

Last Week

Dow Jones Industrial Average (DJIA)	28133.31	-520.56	-1.82%
S&P 500 Index	3426.96	-81.05	-2.31%
NASDAQ Composite Index	11313.13	-382.50	-3.27%
U.S. 10 yr. Treasury Note Yield	0.72%	-2 Basis Points	
Gold ($ per troy oz.)	$1923.90	-$40.70	-2.07%
WTI Oil ($ per barrel)	$39.77	-$3.20	-7.45%

Market Summary

GLOBAL EQUITIES: Major US stock indices hit an all-time high on Wednesday before reversing course. Investors reacted to an improving labor market, but slower pace in the recovery. Gains were primarily taken from the S&P 500 info tech sector which posted its worst day since March this past Thursday. The S&P 500 ended 2.31% lower for the week. Investors' concerns rippled through markets outside the US, leading many to re-position their investment out of 2020's top stock performers in preparation for the volatility ahead. Euro STOXX 600 and FTSE 100 both fell 1.83% and 2.68%, respectively.

COMMODITIES: Crude oil prices fell on fears of slower economic recovery and weaker demand. The Energy Information Administration (EIA) data showed US gasoline demand falling 11% to 8.78 mn barrels per day from the prior week. WTI and Brent prices ended lower at $39.77 and $42.66 per barrel, respectively.

FIXED INCOME: The US equity sell-off late last week spooked investors and dragged global yields lower. Investors cautiously turned to safe haven assets following the two-day bout of volatility. A combination of mixed economic data, rising COVID-19 cases, and vaccine optimism contributed to the market uncertainty. The US 10-year Treasury yield ended the week moderately lower at 0.72% despite some yield increase after the strong unemployment print. Meanwhile, yields on the German bund and Japanese 10-year government bond fell to -0.47% and 0.04%, respectively.

FX: The US dollar recovered against a basket of G10 currencies following weeks of consecutive dollar weakness. The better-than-expected ISM manufacturing and labor market data pointed to a healthier US growth outlook, which helped the US Dollar Index move off of its two-year low. Against the euro, the US dollar also gained 0.34%.

Economic Summary

PRODUCTION: The August US ISM Manufacturing Purchasing Managers' Index (PMI) reading came in at 56.0, near its two-year high as new orders surged (+6.1pt). Production (+1.2pt) and employment (+2.1pt) components showed signs of recovery. The China Caixin Manufacturing PMI Index came in at 53.1 in August, the strongest reading in nearly a decade.

SERVICES: US services sector continued to recover at a slightly slower pace than in July. ISM Non-Manufacturing Index slipped to 56.9 from 59.1 in July as business activity and new orders slowed, but the employment component (+5.8pt) improved meaningfully.

JOBS: The US unemployment rate dropped to 8.4% in August as the economy added 1.4 mn jobs during the month. The latest data showed that more than 22 mn jobs lost since March have been recovered so far, but the pace of labor market recovery has lagged prior months. New weekly jobless claims totaled 881K and continuing claims fell to 13.3 mn for the week ending August 29th.

Key Economic Releases

Monday, September 7: US Markets closed in observance of Labor Day.	**Thursday, September 10:** US PPI YoY (Cons: -0.4%, Prior: -0.4%) US Core PPI YoY (Cons: 0.3%, Prior: 0.3%) US Jobless Claims (Cons: 830k, Prior: 880k)
Tuesday, September 8: US ISM Manuf. (Cons: 54.5, Prior: 54.2) China CPI YoY (Cons: 2.4%, Prior: 2.7%) Japan M3 YoY (Cons: 6.7%, Prior: 6.5%)	**Friday, September 11:** US CPI YoY (Cons: 1.2%, Prior: 1.0%) US Core CPI (Cons: 1.6%, Prior: 1.6%)
Wednesday, September 9: China M2 Money (Cons: 10.7%, Prior: 10.7%)	

Source: Goldman Sachs Asset Management:, "Market Monitor", 9/4/20

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices. "Brent" is a global benchmark for oil prices worldwide.
3. "Safe-haven asset" refers to asset classes that investors typically seek to limit their exposure to losses in the event of market downturns. The Group of Ten (G10) is made up of eleven industrial countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States) which consult and co-operate on economic, monetary and financial matters.