

## MONDAY MORNING RECAP - September 14, 2020

### Last Week

Dow Jones Industrial Average (DJIA)	27665.64	-467.67	-1.66%
S&P 500 Index	3340.97	-85.99	-2.51%
NASDAQ Composite Index	10853.55	-459.59	-4.06%
U.S. 10 yr. Treasury Note Yield	0.67%	-5 Basis Points	
Gold (\$ per troy oz.)	\$1937.80	+\$13.90	+0.72%
WTI Oil (\$ per barrel)	\$37.33	-\$2.44	-6.14%

### Market Summary

**GLOBAL EQUITIES:** Another volatile week of equity performance led the S&P 500 to fall -2.51%, while the FTSE 100 and STOXX 600 were able to emerge from the choppy trading sessions gaining 4.02% and 1.67%, respectively. Unlike the week prior, the equity sell-off in the US has been broad-based, with energy and tech stocks leading the decline. Concerns around stretched tech valuations, a narrowing pre-election window to pass fiscal stimulus, and an expanded list of banned Chinese tech exports have weighed on investor sentiment. In Europe, the direction of Brexit negotiation remains a key concern.

**COMMODITIES:** Crude oil prices fell for the second consecutive week as weak demand and rising COVID-19 cases threatened the recovery and led major oil industry players to cut prices. WTI and Brent prices dropped -6.14% and -6.63%, respectively. Meanwhile, gold prices gained 0.72%.

**FIXED INCOME:** US Treasury yields fell last week on the back of disappointing macro data and equity market volatility. The initial jobless claims report held at 884k as the FEMA funding for unemployment benefits ran out and Congress failed to progress on another stimulus package. UK Gilt yields also fell as Brexit uncertainties reemerged; the 10-year yield ended the week at 0.67%. Meanwhile in Europe, German and French sovereign yields rose after ECB staff projections upgraded growth forecasts for 2020 while still leaving open the potential for additional easing.

**FX:** The US dollar index gained 0.31% last week, primarily due to weakness in the British pound. The pound fell -3.77% against the US dollar after Parliament introduced legislation that would undermine the existing Brexit agreement with the European Commission and increase the potential for a no-deal exit from the European Union.

## **Economic Summary**

**MONETARY POLICY:** The ECB kept policy rate unchanged, pointing to the strong rebound in activity and diminished deflationary risks to support the decision. But, uncertainty around the evolution of the pandemic remains a risk. Minutes expressed modest concerns over a stronger euro.

**SENTIMENT:** August's NFIB Small Business Optimism index improved based on expectations for better earnings, job openings, and business expansion prospects. The index printed at 100.2, up +1.4 points. Yet, the degree of capital investments taking place suggests that small businesses remain defensively positioned.

**BREXIT:** The UK presented an Internal Market Bill to Parliament this week containing provisions that conflict with the EU-UK Withdrawal Agreement reached earlier this year.

**INFLATION:** China's headline inflation for August slowed relative to the month prior, gaining +2.4% year-on-year. The falling print was reflective of lower fuel costs and declining pork prices, both of which helped reduce food and gas price inflation.

## **Key Economic Releases**

**Monday, September 14:**

China Industrial Prod. YoY (Cons: 5.1%,  
Cons: 4.8%)

**Tuesday, September 15:**

US Industrial Prod. MoM (Cons: 1.0%,  
Prior: 3.0%)

**Wednesday, September 16:**

FOMC Rate Decision

**Thursday, September 17:**

US Jobless Claims (Cons: 850k, Prior:  
884k)

Euro Core CPI YoY (Cons: 0.4%, Prior:  
0.4%)

**Friday, September 18:**

UMich Cons. Sentiment (Cons: 75.0, Prior:  
74.1)

Source: Goldman Sachs Asset Management, "Market Monitor", 9/11/20

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. "FEMA" refers to the Federal Emergency Management Agency, a federal agency responsible for preparing, preventing, mitigating, responding to, and recovering from all domestic disasters.
4. "ECB" refers to the European Central Bank.
5. National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of ten seasonally adjusted components that provide an indication of the health of small businesses in the US.

## **Disclosure Statement**

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