

## MONDAY MORNING RECAP - January 18, 2021

### Last Week

Dow Jones Industrial Average (DJIA)	30814.26	-283.71	-0.91%
S&P 500 Index	3768.25	-56.43	-1.48%
NASDAQ Composite Index	12998.50	-203.47	-1.54%
U.S. 10 yr. Treasury Note Yield	1.11%	-2 Basis Points	
Gold (\$ per troy oz.)	\$1829.30	-\$4.80	-0.26%
WTI Oil (\$ per barrel)	\$52.36	+\$0.12	+0.23%

### Market Summary

**GLOBAL EQUITIES:** Global equity markets were mixed last week as investors weighed the prospects of fiscal stimulus in the US against extended lockdown measures to combat the pandemic. The S&P 500 ended the week down 1.48% after investors digested President-elect Biden's proposed \$1.9 trillion COVID-19 relief plan and attention turned to stimulus negotiations. European equities also fell, as coronavirus restrictions sent the Eurostoxx 600 and FTSE 100 down 0.79% and 1.98%, respectively.

**COMMODITIES:** Oil prices rose early this past week as US crude inventories fell more than expected and OPEC maintained its forecast for 2021 global demand to rise, led by a recovery in transportation and industrial fuels. However, surges in COVID cases and a drop in US retail sales led WTI and Brent crude oil to end the week close to flat at \$52.36 and \$55.10 per barrel, respectively.

**FIXED INCOME:** US 10-Year Treasury yields fell 2 basis point (bp) this past week as bond markets digested dovish comments from the Fed that boosted inflation expectations and the unveiling of President-elect Biden's new stimulus package. The new year has seen Treasury yields become increasingly sensitive to fiscal policy expectations rather than monetary policy alone. In the UK, 10-Year Gilt yields ended flat at 0.29% despite a brief boost from remarks from the BoE that deemphasized the prospect of negative rates.

**FX:** The US dollar index rose 0.82% last week, hitting pause on the persistent decline seen during the last few months of 2020. Risk-off sentiment saw investors seeking safe haven in the US dollar, despite expanded vaccine rollouts and Biden's call for another round of stimulus checks. The euro, the largest component of the US dollar index, fell to a four-week low of \$1.2078.

## **Economic Summary**

**JOBS:** US initial jobless claims surged to a seasonally adjusted 965k for the week ending January 9, the highest level since August and significantly above expectations. The increase occurs as a sharp rise in coronavirus cases across the US led to more containment measures.

**INFLATION:** The US Consumer Price Index (CPI) rose 1.4% year-over-year (YoY) in December, slightly above consensus expectations and an increase from November's 1.2% print. Gasoline prices accounted for most of the monthly increase of 0.4%. Core CPI, which excludes the volatile food and energy components, rose 1.6% YoY.

**MANUFACTURING:** US Industrial Production (IP) increased 1.6% in December, higher than the +0.4% expected, but still below pre-pandemic levels. Utilities drove most of the gains, following a rebound in heating demand after November's unseasonably warm weather. Meanwhile, euro area IP rose 2.5% in November, significantly better than expectations of +0.2%, and nearing pre-pandemic levels. The gains were driven by an increase in intermediate goods output and capital goods production, often viewed as an early indicator of investing trends, which helped offset a decline in energy and consumer goods.

## **Key Economic Releases**

**Monday, January 18:**

US Markets closed in observance of Martin Luther King, Jr. Day.

**Tuesday, January 19:**

No economic data released.

**Wednesday, January 20:**

UK CPI YoY (Cons: 0.5%, Prior: 0.3%)

**Thursday, January 21:**

US Jobless Claims (Cons: 923k, Prior: 965k)

Philly Fed Survey (Cons: 11.3, Prior: 9.1)

Japan CPI (Cons: -1.3%, Prior: -0.9%)

ECB Refi. Rate (Cons: 0.00%, Prior: 0.00%)

**Friday, January 22:**

Euro area Manuf. PMI (Cons: 54.5, Prior: 55.2)

UK Manuf. PMI (Cons: 53.3, Prior 57.5)

Source: Goldman Sachs Asset Management: "Market Monitor", 1/15/21

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "OPEC" refers to the Organization of the Petroleum Exporting Countries.
3. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices.
4. "Brent" is a global benchmark for oil prices worldwide.
5. "Dovish" refers to an indication that a central bank may be looking to stimulate the local economy.
6. "Fed" refers to the Federal Reserve.
7. "BoE" refers to the Bank of England.

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