

## MONDAY MORNING RECAP - April 26, 2021

### Last Week

|                                     |           |                |        |
|-------------------------------------|-----------|----------------|--------|
| Dow Jones Industrial Average (DJIA) | 34043.49  | -157.18        | -0.46% |
| S&P 500 Index                       | 4180.17   | -5.30          | -0.13% |
| NASDAQ Composite Index              | 14016.81  | -35.53         | -0.25% |
| U.S. 10 yr. Treasury Note Yield     | 1.58%     | -1 Basis Point |        |
| Gold (\$ per troy oz.)              | \$1777.00 | -\$2.00        | -0.11% |
| WTI Oil (\$ per barrel)             | \$62.14   | -\$1.05        | -1.57% |

### Market Summary

**GLOBAL EQUITIES:** US stock markets declined on news of potential tax hikes after the Biden Administration proposed nearly doubling the capital gains tax rate and raising taxes on higher incomes. The S&P 500 Index ended -0.13% lower as taxes overshadowed strong Q1 earnings reports. Similarly, other global equity markets declined as global COVID-19 cases increased. The FTSE 100 Index also sold off as British tobacco companies reacted to the US considering a nicotine cut in cigarettes sold domestically.

**COMMODITIES:** Oil prices declined last week as global COVID-19 cases rose, heightening concerns for the recovery of consumer demand. Oil also faced headwinds as crude inventories rose by 594k barrels versus expectations of a 4,400k decline. WTI and Brent crude prices fell to \$62.14 and \$66.11 per barrel, respectively. Copper prices jumped 4.03% on the back of strong activity and global PMI prints.

**FIXED INCOME:** US rates continued their downward trend last week despite strong data releases, as renewed concerns around virus spread globally may have stoked demand for the haven asset. The 10-Year Treasury yield fell to 1.58%. The 10-Year German bund yield held at -0.26% as the European Central Bank (ECB) emphasized its accommodative and data-dependent policy stance. And in the UK, 10-Year Gilt yields edged down to 0.74% as the government revised down its bond sale plans after the budget deficit undershot official forecasts.

**FX:** The US dollar was challenged by lower Treasury yields last week as markets anticipate continued dovish commentary from the next Federal Reserve meeting on April 28. Against a basket of peers, the US dollar index fell -0.59%. The Japanese yen benefited from narrower global yield differentials, rising 107.93 USD/JPY.

## **Economic Summary**

**INFLATION:** In March, UK core CPI rose +1.1% Year-on-Year (YoY), above consensus of 1.0% and up from 0.9% in February. The YoY increase was mostly driven by goods prices which stopped declining in March after four consecutive months in negative territory. In Japan, the national new core CPI (excl. fresh food and energy) accelerated to +0.3% YoY, in line with expectations.

**POLICY:** The ECB's governing council kept interest rates unchanged and provided limited news. President Lagarde acknowledged recent positive macro improvement while stressing that uncertainty around the pandemic remains.

**PRODUCTION:** Strong activity in April was evident in last week's PMI prints, with services, manufacturing, and composite levels improving even more than consensus expected. The US saw record expansion, with composite output at 62.2, services at 60.4, and manufacturing at 57.2. The UK posted a robust 60.0 composite, with 60.1 in services and 59.1 in manufacturing. Euro area composite PMI increased to 53.7, with 50.3 in services and 63.3 in manufacturing.

**JOBS:** Initial jobless claims continued to fall, hitting a new low since the beginning of the COVID-19 pandemic at 547k for the week ending April 17.

## **Key Economic Releases**

**Monday, April 26:**

No economic data released.

**Tuesday, April 27:**

No economic data released.

**Wednesday, April 28:**

No economic data released.

**Thursday, April 29:**

US Jobless Claims (Cons: 550k, Prior: 547k)

US Q1 GDP (Cons: 6.9%, Prior: 4.3%)

US Core PCE (Cons: 2.4%, Prior: 1.3%)

Japan IP MoM (Cons: - 2.0%, Prior: -1.3%)

**Friday, April 30:**

Euro area unemp. (Cons: 8.3%, Prior: 8.3%)

Euro area core CPI (Cons: 0.8%, Prior: 0.9%)

Euro area Q1 GDP (Cons: -0.8%, Prior: -0.7%)

Source: Goldman Sachs Asset Management: "Market Monitor", 4/23/21

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.
3. "Brent" is a global benchmark for oil prices worldwide.
4. "PMI" refers to the Purchasing Manager's Index, a measure of private sector activity.
5. "CPI" refers to the consumer price index.

## **Disclosure Statement**

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