

MONDAY MORNING RECAP - May 3, 2021

Last Week

Dow Jones Industrial Average (DJIA)	33874.85	-168.64	-0.50%
S&P 500 Index	4181.17	+1.00	+0.02%
NASDAQ Composite Index	13962.68	-54.13	-0.39%
U.S. 10 yr. Treasury Note Yield	1.65%	+7 Basis Points	
Gold (\$ per troy oz.)	\$1767.30	-\$10.00	-0.56%
WTI Oil (\$ per barrel)	\$63.58	+\$1.44	+2.32%

Market Summary

GLOBAL EQUITIES: US stock markets rallied last week amid a robust corporate earnings season, strong economic data releases, and continued vaccination progress. The S&P 500 ended 0.02% higher, setting a new record high and largest monthly gain since November. Meanwhile, the FTSE 100 rose by 0.50% and the Euro Stoxx 600 notched its third consecutive month of gains as continued loosening COVID-19 restrictions drove consumer spending, boosting Q1 corporate profits and economic recovery.

COMMODITIES: Oil prices climbed to a six-week high as inelastic short-term supply and bullish forecasts of recovering demand provided a macro tailwind. WTI and Brent crude prices rose to \$63.58 and \$67.25 per barrel, respectively.

FIXED INCOME: Global rates largely rose last week as strong economic data and the prospect of additional fiscal stimulus prompted investors to sell off government debt in favor of riskier assets. The 10-Year US Treasury yield climbed 7 basis points (bps) to 1.65%, even after the Federal Reserve's latest meeting maintained its monthly pace of asset purchases at \$120 billion. In Europe, a pick up in vaccinations sent the 10-Year German Bund yield 6 bps higher to -0.20%. The 10-Year UK Gilt yield rose to 0.84% as investors await the upcoming Bank of England meeting.

FX: The US dollar index rose 0.23% last week, driven in part by positive spending, income, and manufacturing data. Signs of economic recovery outside of the US also helped push other currencies higher against the greenback, with the euro and sterling edging higher to \$1.20 and \$1.38, respectively.

Economic Summary

INFLATION: Euro area inflation is expected to edge higher in April's final read with the CPI flash estimate rising 1.6% YoY, up from 1.3% in March. This jump in prices was primarily due to higher energy costs (10.3% YoY in April compared to 4.3% in March).

UNEMPLOYMENT: Euro area unemployment stood at 8.1% in March, beating consensus expectations of 8.3%, resuming its decline after being flat for 3 months as vaccination campaigns pick up speed and restrictions ease.

PRODUCTION: US Q1 GDP grew by 6.4%, driven by the stimulus, accelerated vaccine distribution, pent-up savings, and economic reopening. As daily COVID-19 cases have been declining, lockdown restrictions have eased resulting in a boost of personal consumption, real estate investment and government spending. The Euro area economy contracted by -0.6% QoQ in the first quarter of 2021 mainly driven by Germany which posted a QoQ GDP growth of -1.7%.

JOBS: Initial jobless claims declined to the lowest level since the beginning of the COVID-19 pandemic, falling to 553k for the week ending April 24.



Key Economic Releases

Monday, May 3:

HK Q1 GDP (Cons: 0.7%; Prior: 0.2%)

Tuesday, May 4:

UK Manuf. PMI (Cons: 60.7; Prior: 60.7)

Wednesday, May 5:

No economic data released.

Thursday, May 6:

US Jobless Claims (Cons: 540k; Prior: 553k)

Friday, May 7:

US Unempl. Rate (Cons: 5.7%; Prior: 6.0%)

Source: Goldman Sachs Asset Management: "Market Monitor", 4/30/21

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. "Bullish" is characterized by rising asset values.
5. "GDP" stands for Gross Domestic Product.
6. "YoY" stands for year-over-year.
7. "QoQ" stands for quarter-over-quarter.

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