

## MONDAY MORNING RECAP - November 15, 2021

### Last Week

Dow Jones Industrial Average (DJIA)	36100.31	-227.64	-0.63%
S&P 500 Index	4682.85	-14.68	-0.31%
NASDAQ Composite Index	15860.96	-110.63	-0.69%
U.S. 10 yr. Treasury Note Yield	1.63%	+18 basis points	
Gold (\$ per troy oz.)	\$1867.90	+\$51.50	+2.84%
WTI Oil (\$ per barrel)	\$80.79	-\$0.48	-0.59%

### Market Summary

**GLOBAL EQUITIES:** US equities retreated from record highs following a midweek technology sell-off fueled by hotter-than-expected inflation readings. The S&P 500 hit a new all-time high of 4700, its 65th record this year, before ending the week down - 0.31%. Meanwhile, European equities hit record highs as markets digested Q3 earnings. The STOXX Europe 600 and FTSE 100 finished up 0.70% and 0.71%, respectively.

**COMMODITIES:** Brent crude oil and WTI settled at \$82.17 and \$80.79 per barrel, respectively, following midweek highs. The prices reflected the competing influences of a stronger US dollar, rising inflation concerns, OPEC's lower oil demand forecast, and the White House's focus on reducing energy costs. Precious metals surged midweek as inflation fears spooked markets. Gold neared a five-month high before ending last week up 2.84%.

**FIXED INCOME:** Sovereign yields jumped higher this past week on the back of higher inflation across markets. The 10-Year US Treasury yield rose to 1.63% following a hotter-than-expected US CPI print, with some investors fearing that underestimating the persistence of inflation may prove costly. Investors similarly cited inflation fears in Europe, with 10- Year UK Gilt and German bund yields ending the week higher at 0.91% and -0.26%, respectively.

**FX:** The US dollar climbed higher last week, hitting a 16-month high and rising 0.89% against a basket of peers. The jump in the greenback followed speculation that the Fed may hike rates sooner than expected following a surge in consumer prices. Meanwhile in Europe, the euro and pound sterling ended this past week lower at \$1.1444 and \$1.3415, respectively.

## **Economic Summary**

**INFLATION:** US CPI rose by 0.9% MoM in October, 30 bps higher than consensus expectations, and 6.2% YoY, the highest inflation print in 31 years. The rise was driven by supply chain shocks and rising food, energy, and vehicle prices. Meanwhile, US core PPI increased by 0.4% MoM, reflecting inflation pressures and the higher cost of goods. In China, October CPI rose 1.5% YoY and PPI came in above consensus at 13.5% YoY, marking a 26-year high, as still-rising production costs passed through to essential goods.

**GROWTH:** UK GDP growth decelerated to 1.3% QoQ on the back of rising infection rates, supply chain disruptions, and high energy prices. The shortfall in quarterly GDP stood at 2.1% relative to its pre-pandemic level. While the pace of recovery slowed from Q2's 5.5% QoQ increase, recent soft data point to a re-acceleration in momentum into Q4.

**LABOR:** US job openings slipped to 10.4 mn in September, edging below August's 10.6 mn, but still well above pre-pandemic levels, reflecting a lingering fall labor shortage. Quits increased by 164k to a record 4.4 mn, hinting at a healthy labor market.

## Key Economic Releases

### **Monday, November 15:**

No economic data released.

### **Tuesday, November 16:**

Euro area GDP QoQ (Cons: 2.2%, Prior: 2.2%)

US Retail Sales MoM (Cons: 1.1%, Prior: 0.7%)

US IP (Cons: 0.7%, Prior: - 1.3%)

### **Wednesday, November 17:**

UK CPI YoY (Cons: 3.9%, Prior: 3.1%)

Euro area CPI YoY (Cons: 4.1%, Prior: 4.1%)

### **Thursday, November 18:**

Philly Fed Bus. Survey (Cons: -, Prior: 24.2)

### **Friday, November 19:**

No economic data released.

Source: Goldman Sachs Asset Management: "Market Monitor", 11/12/21

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "Brent" is a global benchmark for oil prices worldwide.
3. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices.
4. "OPEC" refers to the Organization of the Petroleum Exporting Countries.
5. "US CPI" refers to the US Consumer Price Index.
6. "Fed" refers to the Federal Reserve.
7. "MoM" refers to month-over-month.
8. "US Core PPI MoM" refers to the to the US Producer Price Index excluding food and energy month-over-month.
9. "China CPI YoY" refers to the China Consumer Price Index year-over-year.
10. "China PPI YoY" refers to the China Producer Price Index year-over-year.
11. "UK GDP" refers to the United Kingdom's Gross Domestic Product.
12. "QoQ" refers to quarter-over-quarter.
13. "Q2" refers to the second quarter.
14. "Q4" refers to the fourth quarter.
15. "Mn" refers to millions.

## **Disclosure Statement**

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