

MONDAY MORNING RECAP - November 22, 2021

Last Week

Dow Jones Industrial Average (DJIA)	35601.98	-498.33	-1.38%
S&P 500 Index	4697.96	+15.11	+0.32%
NASDAQ Composite Index	16057.44	+196.48	+1.24%
U.S. 10 yr. Treasury Note Yield	1.54%	-4 basis points	
Gold (\$ per troy oz.)	\$1851.20	-\$16.70	-0.89%
WTI Oil (\$ per barrel)	\$76.10	-\$4.69	-5.81%

Market Summary

GLOBAL EQUITIES: US equities saw a choppy week of trading based on mixed sentiment from strong retail sales and labor data versus elevated inflation and Fed policy concerns. The S&P 500 finally ended the week higher at 0.32%. In the UK, the FTSE 100 declined -1.64% following the UK's decade-high inflation print, which fueled BoE rate hike expectations. The EuroStoxx 600 ended relatively flat at -0.11% as inflation data reversed positive, earnings-driven sentiment.

COMMODITIES: Concerns over dwindling inventories were alleviated following the API's report of a crude inventory build and OPEC's monthly report, which stated that rising supply could ease oil market tightness. Moreover, a potential effort to add crude supply from US, Chinese, and Japanese strategic stockpiles may also ease near-term price surges. Brent and WTI finally ended the week lower at \$76.10 and \$78.89 per barrel, respectively.

FIXED INCOME: US Treasury yields saw mixed performance this past week, as strong economic data reflecting favorable consumer sentiment and improving labor conditions was offset by speculation around the Fed chair election and the associated policy outcomes. These movements finally drove the 10-Year US Treasury yield lower to 1.54%. In Europe, worsening COVID-19 cases and potential lockdown concerns led the 10-Year UK Gilt and German Bund yields lower to 0.88% and -0.34%, respectively.

FX: The US dollar index rose last week as expectations for a potentially more hawkish Fed continued to prop up the US dollar, ultimately leading the greenback to rise 0.71% against a basket of peers. In Europe, higher than-expected UK CPI drove the sterling higher to \$1.3447 while the euro ended the week lower at \$1.1289.

Economic Summary

ACTIVITY: US retail sales rose by a greater-than-expected 1.7% in October, reflecting robust spending even amid rising prices and supply chain constraints. The print was driven by non-store retail, gasoline stations, and electronics categories, but offset by weaker sales in clothing and health-related stores.

GROWTH: The first estimate of Japan's Q3 GDP growth posted significantly lower than expected, at -3.0% quarter-over-quarter (QoQ) annualized. The reading came as state of emergency and infection control measures weighed on the economy, with capex, consumer spending, and exports seeing the sharpest declines.

LABOR: US initial jobless claims moved lower for the seventh week in a row, posting 268k for the week ended November 13, down from 269k in the week prior. The print marks a new pandemic-era low, suggesting that the economy is continuing on its recovery track. UK labor market improved further in September with the ILO unemployment rate at 4.3%, beating market consensus of 4.4%. Coupled with higher-than-expected consumer price annual inflation (4.2% vs. 3.9%), UK labor market tightness points to a December liftoff.

Key Economic Releases

Monday, November 22:
No economic data released.

Tuesday, November 23:
Euro area Composite PMI (Cons: 53.0,
Prior: 54.2)

Wednesday, November 24:
Germany Ifo Business (Cons: 96.7, Prior:
97.7) US Jobless Claims (Cons: 261k, Prior:
268k) UMich Cons. Sentiment (Cons: 66.9,
Prior: 66.8)

Thursday, November 25:
Markets closed in observance of Thanksgiv-
ing Day

Friday, November 26:
No economic data released.

Source: Goldman Sachs Asset Management: "Market Monitor", 11/19/21

1. "Cons." and "Prior" refer to current consensus expectations and the previous data release, respectively.
2. "Fed" refers to the US Federal Reserve.
3. "BoE" stands for Bank of England.
4. "API" stands for American Petroleum Institute.
5. "OPEC" stands for Organization of the Petroleum Exporting Countries.
6. "Brent" is a global benchmark for oil prices worldwide.
7. "WTI" stands for West Texas Intermediate crude oil, a common US benchmark for oil prices.
8. "UK CPI" refers to the United Kingdom's Consumer Price Index.
9. "QoQ" stands for quarter-over-quarter.
10. "GDP" stands for Gross Domestic Product.
11. "ILO" stands for International Labor Organization.
12. "Liftoff" refers to an increase in interest rates by a central bank after a period of no change in rates

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