

## MONDAY MORNING RECAP - December 12, 2022

### Last Week

Dow Jones Industrial Average (DJIA)	33,476.46	-953.42	-2.77%
S&P 500 Index	3,934.38	-137.32	-3.37%
NASDAQ Composite Index	11,004.62	-456.88	-3.99%
U.S. 10 yr. Treasury Note Yield	3.57%	+6 bps	
Gold (\$ per troy oz.)	\$1,798.10	+\$2.20	+0.12%
WTI Oil (\$ per barrel)	\$71.02	-\$8.96	-11.20%

### Market Summary

**GLOBAL EQUITIES:** Equity markets gave back some recent gains, ending last week broadly lower. In the US, stronger-than-expected economic data reinforced the continued need for monetary policy tightening. Ultimately, the S&P 500 index fell – 3.37%. In Europe, the STOXX 600 fell –0.93%, with the market looking to potential additional rate hikes at next week’s ECB meeting. Lastly, the Hang Seng Index rose 6.57% as the government cautiously continued its path towards economic reopening.

**COMMODITIES:** Oil prices plummeted to a one-year low, with rising global recession risk weighing on demand expectations. Additionally, the G7 Russian oil price cap went into effect. Still, new Turkish insurance rules on tankers carrying Russian oil may constrain supply and drive upward price risk. Ultimately, WTI and Brent closed at \$71.02/bbl and \$76.10/bbl. The price of gold stayed largely range-bound at \$1,798.10/troy oz.

**FIXED INCOME:** US Treasury yields wavered last week before finally closing higher, reflecting a hotter-than-expected inflation print. Overall, the 2-Year US Treasury yield rose 5 bps while the 10-Year yield rose 6 bps. Despite this slight slope normalization, the 2s10s spread remained near a 40-year low. In Europe, the 10-Year UK Gilt yield rose 3 bps to 3.18%, while the 10-Year German Bund yield rose 7 bps to 1.93%.

**FX:** The US dollar remained relatively flat last week, appreciating 0.05% against a basket of currencies after being supported by lingering global recession fears but pressured by the potential slowing pace of rate hikes. In Europe, the euro and pound sterling also ended the week in line with where they started relative to the US dollar, closing at \$1.0546 and \$1.227, respectively.

## **Economic Summary**

**INFLATION:** China CPI YoY fell to 1.6% in November, 0.5 pp lower than consensus expected, as demand weakened further on the back of still-strict mobility restrictions. The cooling in food price inflation on the back of base effects also contributed to last month's decline relative to underlying core inflation.

**ACTIVITY:** The US ISM Services Index printed at 56.5, above consensus expectations of 53.5, reflecting resilient demand in the holiday season. Strong growth across a breadth of industries also shows the challenge of continued easing in near-term price pressures. Euro area 3Q GDP was revised up to 0.3% QoQ on the back of strong consumer spending and investment. Still, Euro area retail sales data showed a decline of -1.8% MoM in October, pointing to a sharp deceleration in consumer activity.

**LABOR:** US initial jobless claims increased by 4k to 230k, exactly in line with consensus expectations.

**SENTIMENT:** The University of Michigan Consumer Sentiment Index printed at 59.1, above consensus expectations of 57.0. The reading was the eighth consecutive below 60, the longest streak on record.

## Key Economic Releases

### **Monday, December 12:**

No economic releases

### **Tuesday, December 13:**

US Headline CPI YoY (Cons: 7.3%, Prior: 7.7%)

US Core CPI YoY (Cons: 6.1%, Prior: 6.3%)

### **Wednesday, December 14**

China Retail Sales, year-over-year (Cons: –3.9%, Prior: 0.5%)

UK CPIH YoY (Cons: 9.6%, Prior: 9.6%)

FOMC Rate Decision (Cons: 4.5%, Prior: 4.0%)

### **Thursday, December 15:**

BoE Rate Decision (Cons: 3.5%, Prior: 3.0%)

ECB Rate Decision (Cons: 2.5%, Prior: 2.0%)

US Retail Sales MoM (Cons: –0.2%, Prior: 1.3%)

### **Friday, December 16:**

United Kingdom Retail Sales, month-over-month (Cons: 0.3%, Prior: 0.6%)

Source: Goldman Sachs Asset Management: “Market Monitor”, 12/09/2022

“ECB” refers to the European Central Bank. “G7” refers to Canada, France, Germany, Italy, Japan, the UK, and the US. “WTI” refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. “Brent” refers to a global benchmark for oil prices worldwide. “bbl” refers to barrel. “bps” refers to basis points. “2s10s” refers to the difference between the 10-Year US Treasury yield and the 2-Year US Treasury yield. “China CPI YoY” refers to the change in the China Consumer Price Index, year-over-year. “pp” refers to percentage points. “ISM Services Index” refers to Institute for Supply Management’s Services Index. “Euro area GDP QoQ” refers to the Euro Area’s Gross Domestic Product, quarter-over-quarter.” “Euro area Retail Sales MoM” refers to Eurostat Retail Sales Eurozone Volume month-over-month. “US initial jobless claims” refers to the measure of people filing for unemployment insurance for the first time during the week ending December 3.

### **Disclosure Statement**

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