

## MONDAY MORNING RECAP - March 13, 2023

### Last Week

Dow Jones Industrial Average (DJIA)	31,909.64	-1481.33	-4.44%
S&P 500 Index	3,861.59	-184.05	-4.55%
NASDAQ Composite Index	11,138.89	-550.12	-4.71%
U.S. 10 yr. Treasury Note Yield	3.70%	-27 bps	
Gold (\$ per troy oz.)	\$1,862.00	+\$14.30	+0.77%
WTI Oil (\$ per barrel)	\$76.68	-\$3.00	-3.77%

### Market Summary

**GLOBAL EQUITIES:** Last week, the S&P 500 fell -4.55% on the back of Fed Chairman Jerome Powell's remarks to Congress, a hotter-than-expected payroll report, and potential concerns surrounding regional banks. The sentiment also contributed to a negative week in Europe, with the STOXX 600 and the FTSE 100 ending -2.19% and -2.40% lower, respectively. Meanwhile, Japan's TOPIX ended 0.60% higher following the BoJ's decision to hold its policy rate.

**COMMODITIES:** Oil prices fell last week on the back of increased US recession fears, fueled by renewed concern over the Fed's pace of tightening. Furthermore, a lower-than-expected Chinese inflation print created doubts about the strength of China's demand, also weighing on oil prices. WTI and Brent crude ultimately closed lower at \$76.68 and \$82.78/bbl, respectively.

**FIXED INCOME:** The 10-Year US Treasury yield fell last week to 3.69% despite Fed Chairman Powell signaling a potentially higher terminal policy rate. Meanwhile, the 2-Year US Treasury yield topped 5% mid-week, the highest level since 2007, but also ended the week lower at 4.59% following potential concerns surrounding regional banks. The 2s10s curve remained deeply inverted at -0.89%. Similarly, the 10-Year German Bund yield closed -20 bps lower to 2.51%.

**FX:** The US dollar depreciated against a basket of major currencies last week despite the Fed's suggestion of a possible return to 50 bps rate hikes instead of 25 bps. Ultimately, the US dollar index closed -0.25% lower. The euro appreciated to \$1.0643, and the pound sterling depreciated to \$1.2032.

## **Economic Summary**

**MONETARY POLICY:** Last week during his semiannual report to Congress, Fed Chairman Jerome Powell noted that a) the terminal federal funds rate was “likely to be higher than previously anticipated” in light of recent growth and inflation data and b) the FOMC would be “prepared to increase the pace of rate hikes” if needed. In Japan, the BoJ maintained the status quo across all monetary policy parameters, including yield curve control (YCC) and asset purchase programs. This decision leaves options for incoming Governor Ueda, who will need to navigate rapidly rising core inflation amid weak economic activity.

**FISCAL POLICY:** China released its Government Work Report last week and indicated a growth target of “around 5%” for 2023, below the 2022 target of 5.5%. This conservative target, combined with a lower-than-anticipated inflation print for February of 1.0% YoY, raised some concerns about the speed and strength of the reopening.

**LABOR:** US job openings fell by 0.4m to 10.8m in January, a smaller drop than expected. This decline suggests that there are now 1.82 job openings for every unemployed individual, falling from 1.96 the previous month but remaining elevated. Nonfarm payrolls exceeded consensus expectations for the 11th straight month, rising 311k in February against consensus expectations for a 225k increase. The unemployment rate increased 0.2 pp to 3.6%, reflecting a large increase in the size of the labor force.

## Key Economic Releases

**Monday, March 13:**  
No economic releases

**Tuesday, March 14:**  
US CPI YoY (Cons: 6.0%, Prior: 6.4%)  
UK Unemployment Rate (Cons: 3.8%, Prior: 3.7%)

**Wednesday, March 15:**  
US Retail Sales MoM (Cons: 0.2%, Prior: 3.0%)  
Euro Area Industrial Production MoM (Cons: 0.5%, Prior: -1.1%)

**Thursday, March 16:**  
ECB Deposit Facility Rate (Cons: 3.00%, Prior: 2.50%)

**Friday, March 17:**  
US U. Michigan Consumer Sentiment (Cons: 67.5, Prior: 67.0)  
US Industrial Prod. MoM (Cons: 0.4%, Prior: -1.0%)  
Euro Area CPI YoY (Cons: 8.5%, Prior: 8.5%)

Source: Goldman Sachs Asset Management: "Market Monitor", 3/10/2023

"Fed" refers to the Federal Reserve. "Hawkish" refers to more aggressive monetary policy. "BoJ" refers to the Bank of Japan. "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, and the price per barrel for oil indices. "Bps" refers to basis points. "Fed" refers to the Federal Reserve. "FOMC" refers to the Federal Open Market Committee. "Bps" refers to basis points. "BoJ" refers to the Bank of Japan. "YoY" refers to year-over-year.

### **Disclosure Statement**

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