

MONDAY MORNING RECAP - September 11, 2023

Last Week

Dow Jones Industrial Average (DJIA)	34,576.59	-261.12	-0.75%
S&P 500 Index	4,457.49	-58.28	-1.29%
NASDAQ Composite Index	13,761.53	-270.29	-1.93%
U.S. 10 yr. Treasury Note Yield	4.26%	+8 Basis Points	
Gold (\$ per troy oz.)	\$1,918.40	-\$21.40	-1.10%
WTI Oil (\$ per barrel)	\$87.51	+\$1.96	+2.29%

Market Summary

GLOBAL EQUITIES: US equities fell last week in what seemed to reflect the “good news is bad news” narrative. Relative to consensus expectations, a lower trade deficit, stronger ISM services print, and upward revision in labor costs data all weighed on equities. As such, the S&P 500 ended –1.29% lower. In Europe, the STOXX 600 fell –0.96% on the back of renewed focus on weak Chinese data, concern about US inflation pressures, and higher European interest rates.

COMMODITIES: Oil prices increased last week on the back of extensions in voluntary supply cuts by Saudi Arabia and Russia, though gains were pared mid-week following weak Chinese data and concerns over rising output by Iran and Venezuela. Ultimately, WTI and Brent crude closed higher at \$87.51 and \$90.65/bbl, respectively.

FIXED INCOME: Global rates markets remained volatile, with yields across most maturities ending the week higher. In the US, the 2-Year and 10-Year US Treasury yields increased to 4.98% and 4.26%, respectively, as a pick-up of activity in services sectors increased the market-implied odds of a Fed rate hike in November. In the Euro area, the 10-Year German Bund yield increased to 2.61% on the back of an ECB survey indicating that consumers’ inflation expectations had ticked higher.

FX: The US dollar appreciated against a basket of currencies, reaching a 6-month high mid-week, as activity data remained firm. Ultimately, the US dollar index rose by 0.75%. Meanwhile in Asia, the Chinese yuan and Japanese yen both depreciated against the greenback despite central bank and foreign exchange officials from each country signaling that currency interventions may be warranted. Ultimately, the Chinese yuan and Japanese yen weakened to ¥7.228 and ¥147.82, respectively.

Economic Summary

LABOR: In the US, nonfarm productivity was revised down by -0.2 pp in the second quarter to 3.5% quarter-over-quarter, while compensation per hour was revised up by 0.2 pp to 5.7%. Additionally, initial jobless claims fell by -13 k to 216k in the week ended September 2, against consensus expectations for a 4k increase.

MONETARY POLICY: Several FOMC members held speaking engagements last week ahead of the Fed's blackout window that began over the weekend. Officials reiterated that they will remain data-dependent leading into the November meeting.

GROWTH: The third estimate for Euro area GDP growth in the second quarter came in below consensus expectations at 0.1% quarter-over-quarter. In Japan, the second estimate for second quarter GDP growth was revised down sharply to 4.8% annualized quarter-over-quarter, from 6.0% in the first reading. The data indicates that sluggish domestic conditions are exerting a drag on Japan's recovery, which may drive continued policy support despite rising inflationary pressures.

ACTIVITY: In the US, the ISM services index increased by 1.8 pt to 54.5 in August, above consensus expectations for a small decline. The underlying composition was firm, with business activity, new orders, and employment components all increasing. In the Euro area, the composite PMI in August fell to its lowest reading since November 2020, revised down by -0.3 pt from 47.0.

Key Economic Releases

Monday, September 11:
No economic releases

Tuesday, September 12:
UK Average Earnings Index YoY (Cons: -, Prior: 8.2%)
UK Unemployment Rate (Cons: -, Prior: 4.2%)

Wednesday, September 13:
UK GDP YoY (Cons: -, Prior: 0.9%)
US Core CPI MoM (Cons: 0.2%, Prior: 0.2%)

Thursday, September 14:
ECB Interest Rate Decision (Cons: 3.75%, Prior: 3.75%)
US PPI MoM (Cons: 0.4%, Prior: 0.3%)
US Retail Sales MoM (Cons: 0.2%, Prior: 0.7%)

Friday, September 15:
US Industrial Production MoM (Cons: 0.1%, Prior: 1.0%)
UMich Consumer Sentiment (Cons: 69.5, Prior: 69.5)

Source: Goldman Sachs Asset Management: "Market Monitor", 9/8/2023

"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. "Fed" refers to the Federal Reserve. "ECB" refers to the European Central Bank. "Pp" refer to percentage points. "FOMC" refers to the Federal Open Market Committee. "Fed" refers to Federal Reserve. "Blackout Window" refers to a period of time before and after an FOMC meeting in which staff of the Federal Reserve do not speak publicly. "GDP" refers to Gross Domestic Product. "Pt" refers to points. "PMI" refers to Purchasing Managers' Index.

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