

# Macro Monday

TD Ameritrade Institutional Trading Services

**TD Ameritrade**  
Institutional

**November 21 – 25**  
2022

## Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
<b>S&amp;P 500</b>	3,965	-16.80%	<b>Communications</b>	-10.21%
<b>NASDAQ COMPOSITE</b>	11,146	-28.76%	<b>Discretionary</b>	-11.70%
<b>DJIA</b>	33,746	-7.13%	<b>Energy</b>	+10.61%
<b>Russell 2000</b>	1,849	-17.62%	<b>Financials</b>	+4.89%
<b>Int'l Developed</b>	1,922	-17.71%	<b>Health Care</b>	+5.72%
<b>VIX</b>	23.12	16.3Lo/38.9Hi	<b>Industrials</b>	+4.10%
<b>Oil</b>	80.20	+6.40%	<b>Materials</b>	+2.33%
<b>Gold</b>	1,751	-4.30%	<b>Real Estate</b>	-11.47%
<b>Bitcoin</b>	16,952	-63.50%	<b>Staples</b>	+0.31%
<b>US 10 yr</b>	3.82%	+231 bps	<b>Technology</b>	-5.57%
<b>US 30 yr</b>	3.93%	+212 bps	<b>Utilities</b>	-9.06%

## Recapping Last Week

An up-and-down week saw U.S. equities finish lower as **optimism waned** for a Fed policy shift. The Nasdaq Composite and Russell 2000 Indexes fell 1.5%+, while the S&P500 slid 0.7%. Only the three **defensive S&P sectors** ended positive, while consumer discretionary shed 3% after retailer **Target** plunged 17% on weak earnings before recovering slightly. **Crude oil** traded as if an impending recession is a forgone conclusion, plunging 10% to \$80 per barrel. Stability in the **U.S. dollar** and fading supply concerns pressured the commodity. U.S. **Treasury yields** eased slightly, but comments from several **FOMC** members suggested that the **federal funds rate** is going at least another percentage point higher, as the tightening campaign thus far has had “limited effects” on observed **inflation**. U.S. economic data was mixed, with **producer prices** slowing their ascent in October but still up 8% YoY, while regional manufacturing reports reflected persistent **inflation pressures**. Industrial production contracted by 0.1% MoM as capacity utilization decreased. **Retail sales** jumped 1.3% in October on strong vehicle purchases, but Q3 household debt surged at the quickest pace in 15 years as **credit card usage** rose. Unemployment claims remained low despite an increase in **layoffs**, particularly in the tech sector. Finally, U.S. **housing starts** and existing home sales slumped once again as reduced affordability weighed on buyers, evidenced by **median home prices** continuing to rise despite high mortgage rates. In international news, **UK inflation** reached a 41-year high of 11.1% YoY in October, while retail sales rebounded only slightly from September’s drop. Finance minister Hunt forecasted the economy would shrink by 1.4% in 2023 as he introduced numerous **tax increases** and reduced public spending. In China, regulators issued sweeping plans to prop up the beleaguered **property sector**, while October’s **industrial production** and retail sales figures missed the mark. China’s pivot from zero-covid policy appears to be imminent, yet surging cases into the winter is likely to create further policy and **economic uncertainty**. Lastly, Japan’s economy unexpectedly contracted in Q3 as the **yen’s historic slide** hampered growth.

## The Week Ahead

A shortened week awaits with the U.S. markets closed **Thursday** for the **Thanksgiving** holiday followed by an abbreviated session on Friday. But there’s plenty packed into the economic calendar before the festivities get underway. Most of the action occurs Wednesday, starting with the latest **flash PMI** readings from Europe, the UK, and the U.S. **Durable goods** orders and new homes sales are also on the U.S. agenda. The main event will be the minutes from the most recent **FOMC meeting**, which could shed light on how concerned the Fed is about lags in monetary policy and their **economic impact**. Investors now seem more comfortable with where the peak in rates may be next year and that the **pace** of hikes is likely to slow in December and beyond. It seems likely the Fed will keep rates in **restrictive territory** for some time, but that is a 2023 problem. In Europe, the **ECB meeting** minutes are featured along with Germany’s producer prices, business and **consumer sentiment**, and a final Q3 GDP update. Finally, **core CPI** data in Japan will be released, and although it still lags the rest of the world it continues to plague the central bank’s attempts to reduce **import costs**.

## Chart of the Week: Crude Forecasting Trouble?

Crude oil futures (/CL) dropped significantly last week as **recession fears** took hold. Rising COVID cases in China and elsewhere threaten to stymie travel and **reduce demand** even further. Oil prices fell every day but one last week, nearing the **2022 lows**. The downtrend from May into that September nadir appears to



be resuming, as the **MACD** has turned negative and price is now below **declining moving averages** on multiple timeframes. It appears that **cheaper oil** may stick around as traders assess the heightened risk of an **economic downturn**. Click here to view [chart](#).

Source: thinkorswim

## Monday:

EU German PPI m/m  
0.9% exp, 2.3% prior

Japan BOJ Core CPI y/y  
2.2% exp, 2.0% prior

## Tuesday:

U.S. Richmond Manufacturing Index  
-9 exp, -10 prior

Canada Retail Sales m/m  
1.1% exp, 0.7% prior

Australia Flash PMIs  
52.7/49.3 prior

## Wednesday:

EU German Flash PMIs  
45.3/46.4 exp, 45.1/46.5 prior

UK Flash PMIs  
45.7/48 exp, 46.2/48.8 prior

U.S. Flash PMIs  
50.0/48.0 exp, 50.4/47.8 prior

U.S. FOMC Meeting Minutes

U.S. Durable Goods Orders m/m  
0.4% exp, 0.4% prior

U.S. New Home Sales  
570K exp, 603K prior

## Thursday: U.S. Markets Closed

EU German ifo Business Climate  
85.0 exp, 84.3 prior

ECB Monetary Policy Meeting Accts

Japan Tokyo Core CPI y/y  
3.5% exp, 3.4% prior

## Friday:

EU German GfK Consumer Climate  
-39.5 exp, -41.9 prior

EU German Final GDP q/q  
0.3% exp, 0.3% prior

Source: [forexfactory.com](#)

## Questions or comments? Want to subscribe?

### CONTACT OUR STRATEGY DESK:

✉ [inststrategydesk@tdameritrade.com](mailto:inststrategydesk@tdameritrade.com)  
[strategydesk@schwab.com](mailto:strategydesk@schwab.com)

☎ 1-800-227-0816

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