

# Macro Monday

TD Ameritrade Institutional Trading Services

**TD Ameritrade**  
Institutional

October 3 – 7  
2022

## Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
<b>S&amp;P 500</b>	3,586	-24.77%	<b>Communications</b>	-15.55%
<b>NASDAQ COMPOSITE</b>	10,576	-32.40%	<b>Discretionary</b>	-2.68%
<b>DJIA</b>	28,726	-20.95%	<b>Energy</b>	+1.51%
<b>Russell 2000</b>	1,665	-25.86%	<b>Financials</b>	-5.36%
<b>Int'l Developed</b>	1,661	-29.90%	<b>Health Care</b>	-7.37%
<b>VIX</b>	31.58	16.3Lo/38.9Hi	<b>Industrials</b>	-5.77%
<b>Oil</b>	79.62	+5.53%	<b>Materials</b>	-6.86%
<b>Gold</b>	1,670	-8.80%	<b>Real Estate</b>	-12.66%
<b>Bitcoin</b>	19,431	-58.16%	<b>Staples</b>	-8.46%
<b>US 10 yr</b>	3.80%	+229 bps	<b>Technology</b>	-10.60%
<b>US 30 yr</b>	3.77%	+187 bps	<b>Utilities</b>	-6.17%

## Recapping Last Week

It was another rough week for U.S. equities as the tight U.S. **labor market** kept inflation pressures elevated in volatile trading. The S&P500 Index dropped 3% to reach a **new YTD low**, while the Nasdaq Composite fell 2.5%+ as **Apple** backed off plans to increase iPhone production on soft demand. The Russell 2000 outperformed with a loss of less than 1%. Ten of 11 S&P500 sectors finished lower, as both **utilities** and real estate plunged 8.5%+ and 4% respectively under the weight of higher interest rates. The **U.S. dollar** and Treasury yields slowed their parabolic ascents, but Fed policy makers pressed on with **hawkish rhetoric** despite economic data revealing pockets of worsening conditions. A midweek stock rally was quickly squashed on Thursday when **jobless claims** came in at 193K, signaling that the employment picture is strengthening even as the Fed tries to cool things off. The resulting **inflation stresses** reflected in the August **Core PCE** Price Index, which rose 0.6% MoM and 4.9% YoY, both above estimates and higher than the prior month. **Durable goods** orders excluding aircraft rose 1.3% in August, but some of the surge was attributed to higher prices. U.S. **home prices** tumbled in July at the quickest rate in the index's history as nominal pending sales fell to April 2020 levels. The U.S. **trade balance** narrowed in August, suggesting a tailwind for Q3 GDP, but imports and exports both declined due to the strong dollar, **rising inventories**, and slowing domestic demand. On the bright side, **consumer confidence** lifted, supported by rising wages and lower gas prices, as **personal income** rose 0.3% in August and spending gained 0.4%. Five-year inflation expectations declined to 2.7%, the lowest since July 2021. Internationally, the **Bank of England** suspended its planned gilt-selling program and will instead buy longer-dated bonds to stabilize market conditions. The **pound rallied** from historic lows after the announced action. On the continent, **Eurozone CPI** reached 10% YoY in September, and skyrocketing energy prices were further threatened by suspicious leaks discovered in the **Nord Stream** natural gas pipelines. **ECB president** Lagarde promised additional rate hikes despite cooling economic activity. Finally, China's official **manufacturing PMI** turned positive in September, but services slowed and the private Caixin survey showed **declining output**, new orders, and employment.

## The Week Ahead

This week is filled with more **Fed speak** along with the monthly U.S. **employment data**. Estimates are pointing towards around 250K jobs added for September, and the JOLTS report is expected to show over **11M openings** still available. Unless those figures start to come down or the economy starts to exhibit significant **stress signals**, the Fed is likely to stay on an aggressive hiking path. Today and Tuesday will feature U.S. **ISM PMIs** and factory orders, which are expected to turn positive in August. Overseas, the week kicks off with Australia's **central bank** decision on interest rates. The RBA is anticipated to deliver a fifth straight 50bps hike even as the **housing market** shows signs of slowing. On Wednesday, **OPEC+** meets as the organization considers lowering production by up to 1 million barrels per day to support prices. **Crude oil** has closed below \$80 for two consecutive weeks. In Europe, **final PMIs** will be updated along with producer prices and **retail sales** for the region, while Germany's factory orders and industrial production numbers will shed light on how the **energy crisis** is impacting manufacturing.

## Chart of the Week: Cable's Rollercoaster

The **British pound**/U.S. dollar currency pair (GBP/USD, also known as "cable") hit a record low on Monday as investors rejected the new government's **tax and spending plans**. Cable has been under pressure for some time due to **dollar strength**, but this poured fuel on the fire, sending the pair down 27% from last May's highs and 23% YTD as of last Monday's low.



**Sentiment** stretched to extreme levels, allowing a **slight rebound** the rest of the week, but the struggles are far from over. The pair's record high since being allowed to float freely in 1971 was \$2.649 a year later. After hitting \$1.03 last week and with analysts expecting **parity by November**, it's had quite the fall from grace. Click here to view [chart](#).

## Monday:

U.S. ISM Manufacturing PMI  
52.5 exp, 52.8 prior

Japan Tokyo Core CPI y/y  
2.8% exp, 2.6% prior

Australia RBA Rate Statement

## Tuesday:

EU PPI m/m  
4.9% exp, 4.0% prior

U.S. JOLTS Job Openings  
11.35M exp, 11.24M prior

U.S. Factory Orders m/m  
0.2% exp, -1.0% prior

## Wednesday:

U.S. ADP Employment Change  
200K exp, 132K prior

U.S. ISM Services PMI  
56.9 prior

OPEC-JMMC Meetings

## Thursday:

EU German Factory Orders m/m  
-0.5% exp, -1.1% prior

EU Retail Sales m/m  
-0.3% exp, 0.3% prior

EU ECB Monetary Policy Mtg Minutes

U.S. Unemployment Claims  
205K exp, 193K prior

## Friday:

U.S. Non-Farm Employment Change  
265K exp, 315K prior

EU German Industrial Prod m/m  
-0.5% exp, -0.3% prior

U.S. Consumer Credit m/m  
25.0B exp, 23.8B prior

Canada Employment Change  
22.5K exp, -39.7K prior

China Caixin Services PMI  
54.6 exp, 55.0 prior

Source: [forexfactory.com](#)

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