

Macro Monday

TD Ameritrade Institutional Trading Services

Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	4,329	-9.18%	Communications	-13.31%
NASDAQ COMPOSITE	13,313	-14.90%	Discretionary	-16.29%
DJIA	33,615	-7.49%	Energy	+31.43%
Russell 2000	2,001	-10.89%	Financials	-4.66%
Int'l Emerging	1,144	-7.13%	Health Care	-1.53%
VIX	32.01	16.3Lo/38.9Hi	Industrials	-4.71%
Oil	115.10	+52.55%	Materials	-5.93%
Gold	1,972	+7.70%	Real Estate	-5.12%
Bitcoin	39,435	-15.10%	Staples	+2.26%
US 10 yr	1.72%	+21 bps	Technology	-14.37%
US 30 yr	2.15%	+24 bps	Utilities	+2.52%

Recapping Last Week

Russia's invasion of Ukraine intensified, sending global **commodity prices** soaring and sustaining equity index volatility. U.S. stocks ended modestly lower, with the Nasdaq Composite Index off by 2.75%, while the S&P500 and Russell 2000 slid 1.25-2.0%. Sector performance was mixed. **Energy** jumped 9% as crude oil spiked 25%, while **financials** plunged 5% as interest rates sank. Investors continued to flock to safe-haven assets, with the **dollar** rallying to a 2-year high while U.S. Treasury prices advanced, sending the 10-year yield down to 1.72%. The widely tracked **CRB Commodity Index** is off to its strongest start since 1915, according to BofA. Supply concerns from Russia and Ukraine have sent wheat and corn prices rocketing higher along with raw materials such as **aluminum** and steel. Crude oil settled near \$115 as **OPEC** stayed with small output rises despite Russian supply disruption fears. Earlier the IEA said it would release 60M barrels, second in size only to the first Gulf War in 1991, with half coming from the U.S. reserve. **Gold** rose another 4% and is within 6% of its all-time high. Monetary policy has taken a back seat in the headlines, but **Fed chair Powell** voiced support for a 25bps hike in his testimony. Inflation seems likely to get worse before getting better, something Powell alluded to, and Friday's **NFP report** was much stronger than expected, with 678K jobs created in February and the unemployment rate falling to 3.8%. In other news, **U.S. productivity** rose 6.6% in Q4 2021, with average hourly earnings surging 5.7% in January. The U.S. trade deficit continued to widen to record levels in January, as businesses increased imports to restock depleted **inventories**. Manufacturing activity rose more than anticipated in February as Covid cases dropped, with the **ISM index** increasing to 58.6 from 57.6, while the services PMI slipped to 56.5 from 59.9. Chicago PMI weakened for the first time in 4 months as new orders slowed. Internationally, the **Bank of Canada** instituted their first interest rate hike since October 2019 after Q4 GDP showed rapid expansion of 6.7% annualized. The **RBA** kept rates unchanged, as Australia's inflation remains lower than other countries even as consumer spending fuels strong GDP. In Europe, Germany's February **CPI** registered +5.1% YoY, in line with expectations, while the broader Eurozone CPI remained at a record high of +5.8% YoY and **producer prices** jumped a staggering 5.2% MoM in January on zooming energy costs. Finally, China's PMIs saw manufacturing rebound to **expansion** while services lagged.

The Week Ahead

Uncertainty is only mounting, and with the spike in commodity prices, global central banks' mission to curtail inflation becomes increasingly more difficult. While the **ECB** meets on Thursday, the focus remains on **Ukraine**. Little progress has been made in talks with Russia and the attack on the Zaporizhzhia **nuclear plant** has alarmed the world. Europe's central bank has alluded to a more hawkish shift since their last engagement, but current events complicate the **outlook**. European equities were hammered last week, now 14% below their January highs. Equity positioning is light by active investment managers, with the **NAAIM Exposure Index** at its lowest level since April 2020, so any positive news could see a sharp recovery in risk assets. In the U.S., the final **inflation** update before the Fed's March 16 meeting is expected to show consumer prices rising 0.8% since January and nearly 8% YoY. A 50bps **rate increase** would seem to be off the table given the international situation, with traders pricing in a 95% probability of a 25bps hike. Also featured on the U.S. calendar are the **JOLTS** job openings report and 10- and 30-year Treasury auctions. The week wraps up with February's **consumer sentiment** numbers. Overseas, China will release yearly **CPI and PPI** figures late Tuesday, while retail sales, industrial production, and factory orders mark the European calendar.

Chart of the Week: Wheat Limit Up

Wheat futures (/ZW) rose as much as the rules allowed them to last week, with the front-month contract reaching **limit up** prices all 5 trading days. Russia and Ukraine are both significant wheat producers, so the combination of western **sanctions** on Russia's supply and damage to **Ukrainian ports** is causing significant uncertainty in the global wheat market. This is coming on top of already elevated prices due to the **pandemic and droughts**, totaling a near 300% increase since the March 2020 low. Click here to view [chart](#).



Institutional

March 7 - 11

2022

Monday:

EU German Factory Orders m/m
1.5% exp, 2.8% prior

EU German Retail Sales m/m
1.9% exp, -5.5% prior

U.S. Consumer Credit m/m
24.2B exp, 18.9B prior

China Trade Balance
605B prior

Tuesday:

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

U.S. Trade Balance
-87.5B exp, -80.7B prior

China CPI y/y
0.9% exp, 0.9% prior

China PPI y/y
8.5% exp, 9.1% prior

Australia RBA Gov Lowe Speaks

Wednesday:

U.S. JOLTS Job Openings
10.97M exp, 10.93M prior

U.S. 10-y Note Auction
1.90 WI, 2.7 b/c

UK Annual Budget Release

Thursday:

EU ECB Monetary Policy Statement

U.S. CPI m/m
0.8% exp, 0.6% prior

U.S. Unemployment Claims
220K exp, 215K prior

U.S. 30-y Bond Auction
2.34 WI, 2.3 b/c

Friday:

U.S. Prelim UoM Consumer Sentiment
62.2 exp, 62.8 prior

UK GDP m/m
0.2% exp, -0.2% prior

Canada Employment Change
-200.1K prior

Source: forexfactory.com

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