

# Macro Monday

TD Ameritrade Institutional Trading Services

**TD Ameritrade**  
Institutional

April 18 - 22  
2022

## Key Market Levels:

	Thurs 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	4393	-7.84%	Communications	-7.95%
NASDAQ COMPOSITE	13,351	-14.66%	Discretionary	-1.12%
DJIA	34,451	-5.19%	Energy	+27.86%
Russell 2000	2005	-10.70%	Financials	-3.43%
Int'l Emerging	1,117	-9.37%	Health Care	+7.08%
VIX	22.70	16.3Lo/38.9Hi	Industrials	-1.25%
Oil	106.38	+40.99%	Materials	+5.97%
Gold	1,976	+7.90%	Real Estate	+3.99%
Bitcoin	39,732	-14.46%	Staples	+3.79%
US 10 yr	2.83%	+132 bps	Technology	-4.98%
US 30 yr	2.92%	+101 bps	Utilities	+10.53%

## Recapping Last Week

U.S. equity performance was mixed in a shortened week as **inflation** and interest rates weighed on sentiment. The S&P500 and Nasdaq Composite indexes fell 2%+, while the Russell 2000 rose 0.5%. Sector breadth was marginally negative, with losses in healthcare and technology, while **financials** dropped 2.5% after bank earnings disappointed. U.S. inflation numbers stayed hot, with **producer prices** climbing 1.4% MoM and 11.2% YoY and **CPI** remaining elevated. Investors initially took solace in the **core reading** coming in slightly below expectations, but interest rate yields surged into the weekend. **Crude oil** jumped 8.5% despite a large U.S. inventory build and demand concerns from China. In other economic news, U.S. **retail sales** figures for March, which are not adjusted for inflation, rose from the prior month largely due to a huge jump in gasoline prices, while online sales plunged. **Consumer sentiment** unexpectedly reached a 3-month high in early April as job and wage growth optimism outweighed high inflation. **Industrial activity** in New York state rebounded from March's drop, while production across the country rose for the third straight month. Internationally, the **ECB** kept rates unchanged but confirmed its bond buying program would end in Q3, while the **Bank of Canada** raised its benchmark rate by half a point to 1%, as expected. **British growth** slowed more than anticipated in February, while soaring food, fuel, and energy costs pushed **UK and German consumer inflation** to multi-decade highs. Finally, in China, investors grew hopeful for government **policy support** as Covid outbreaks continued to disrupt the economy. New bank lending and credit growth managed gains in March, as **consumer price increases** remained subdued.

## The Week Ahead

**Earnings season** accelerates, with Q1 reports due from companies in several key industry groups, including banks, **trucking**, airlines, **metals**, and technology. Netflix releases Tuesday, having seen its share price halved since November under intense competition, while Tesla's report Wednesday may shed light on automotive **supply chain** disruptions. On the economic calendar, the week begins with **China's GDP** and retail sales numbers. China's growth is forecast to slow to 5.0% in 2022, but likely grew 4.2% YoY in Q1 versus 4% in Q4. The U.S. docket is sparse, but with **mortgage rates** surpassing 5% for the first time in over a decade, housing starts and existing home sales data will be closely scrutinized. On Thursday, the Philly Fed Manufacturing Index emerges followed by **flash PMIs** on Friday. Overseas, Germany's **PPI** arrives Wednesday, expected to double from the prior month. The Eurozone's final **CPI** reading is expected to confirm a 7.5% inflation rate, pressuring the **ECB** to outline an interest rate hike plan. The week wraps up with **flash PMIs** from Australia, Germany, and the UK, along with Britain's March retail sales.

## Chart of the Week: Dollar Flies Despite Inflation

The whole idea of **inflation** in America is that things cost more because the value of the dollar drops. So why is the **U.S. Dollar Index** (\$DXY) back above \$100 and at 2-year highs? The index isn't calculated by its purchasing power. It compares the dollar with six other major world **currencies**, also experiencing record levels of inflation. The Euro accounts for nearly 60% of the index. Combine that with the U.S. dollar's perceived **stability**, it is less surprising to see the strength. At the height of pandemic **volatility**, \$DXY peaked and then dropped for almost a year afterwards. It reversed in early 2021 with a weekly **MACD divergence**, confirmed with a higher low that May and hasn't looked back since. Will there be enough **momentum** to propel it past the pandemic highs? We may soon find out. Click here to view [chart](#).



### Monday:

U.S. NAHB Housing Market Index  
77 exp, 79 prior

China GDP q/y  
4.2% exp, 4.0% prior

China Retail Sales y/y  
-3.0% exp, 6.7% prior

**Earnings: BAC, BK, JBHT**

### Tuesday:

U.S. Housing Starts  
1.74M exp, 1.77M prior

IMF Meetings

**Earnings: JNJ, HAL, LMT, NFLX, IBM**

### Wednesday:

EU German PPI m/m  
2.7% exp, 1.4% prior

Canada CPI m/m  
0.9% exp, 1.0% prior

U.S. Existing Home Sales  
5.78M exp, 6.02M prior

**Earnings: TSLA, AA, UAL, PG, STLD**

### Thursday:

U.S. Philly Fed Manufacturing Index  
20.6 exp, 27.4 prior

EU Final CPI y/y  
7.5% exp, 7.5% prior

Australia Flash PMIs  
57.3/57.9 prior

**Earnings: T, AAL, NUE, UNP**

### Friday:

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

EU German Flash PMIs  
54.6/55.4 ex, 56.9/56.1 pr

U.S. Flash PMIs  
58.1/58.0 ex, 58.8/58.0 pr

Canada Retail Sales m/m  
-0.5% exp, 3.2% prior

**Earnings: CLF, VZ, AXP, KMB**

Source: [forexfactory.com](#)

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