

Macro Monday

TD Ameritrade Institutional Trading Services

TD Ameritrade
Institutional

November 7 – 11
2022

Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	3,771	-20.89%	Communications	-23.34%
NASDAQ COMPOSITE	10,475	-33.04%	Discretionary	-19.07%
DJIA	32,403	-10.83%	Energy	+16.50%
Russell 2000	1,799	-19.84%	Financials	-4.64%
Int'l Developed	1,770	-24.22%	Health Care	-2.10%
VIX	24.55	16.3Lo/38.9Hi	Industrials	-4.78%
Oil	92.60	+22.73%	Materials	-7.03%
Gold	1,686	-7.90%	Real Estate	-20.53%
Bitcoin	21,101	-54.57%	Staples	-4.85%
US 10 yr	4.16%	+265 bps	Technology	-19.67%
US 30 yr	4.25%	+244 bps	Utilities	-12.55%

Recapping Last Week

U.S. equities ended the week lower as investors were conflicted about interpreting the latest **FOMC statement** and payroll numbers. The Nasdaq Composite Index sank 5.5%, while the S&P500 dropped 3%+ and the Russell 2000 slid 2.5%. Eight of 11 S&P sectors were down, as communications, **technology**, and consumer discretionary all lost 5-6%+. Energy stocks managed gains as **crude oil** jumped nearly 5% on demand optimism. After another 75bps rate hike, **Treasury yields** rose as Fed chair Powell said that it was “very premature” to be thinking about pauses, reversing initial buoyancy provided by hopes of a deceleration in **hawkish policy**. October’s jobs reports were still stronger than expected, with the **ADP private payrolls** rising by 239K and the government’s figures adding 261K. The **unemployment rate** did tick up to 3.7%, but job openings in September surged to 10.72M and **wage growth** remained high, which is likely to keep **inflation** elevated. In other news, U.S. **ISM PMIs** stayed in expansion territory as higher prices shifted from goods to services. **Worker productivity** rebounded less than anticipated in Q3, while **factory orders** showed a loss in momentum as **borrowing costs** rose and exports declined. Internationally, the **Bank of England** raised interest rates by 75bps even while forecasting a prolonged **recession**. Australia’s central bank opted for a smaller 25bps hike but indicated more **tightening** would be needed. In Europe, **CPI soared** to 10.7% YoY in October, while German factory orders plunged 4% MoM in September as **energy costs** weighed. Finally, China’s manufacturing and services sectors slipped into contraction, but **reopening hopes** boosted equity valuations (see chart below).

The Week Ahead

As is typical following the **labor report**, this week’s economic calendar is lighter but contains a few impactful events. In the U.S., Tuesday’s **midterm elections** may set the tone for markets into year end, especially if the result is a split Congress and **gridlock** ensues. With the FOMC meeting in the rearview mirror, there will be a flurry of **committee member speeches** this week to parse. On Thursday, **U.S. CPI** is expected to accelerate compared to the prior month, as companies pass higher costs on to consumers and **core prices** continue to rise. The first look at November’s **consumer sentiment** figures will close the week. Other announcements of note include consumer credit, small business sentiment, and 10- and 30-year **Treasury auctions**. In the UK, Friday’s preliminary **Q3 GDP** reading is anticipated to show a contraction of -0.5%, but that may understate the economic malaise being felt by British households. The European Commission will release its quarterly **economic forecasts**, while the region’s retail sales and investor confidence reports along with German **industrial production** are sprinkled throughout the week. Finally, **China’s factory gate inflation** is expected to fall for the first time in nearly two years, with headline CPI easing to 2.4% YoY.

Chart of the Week: Asian Candles Flicker Bullish

A wave of **optimism** swept through Chinese stocks on the hope of improved relations with the U.S. and loosening **Covid restrictions**. A momentum shift in Hong Kong’s Hang Seng Index (HSI:HK) produced a weekly **bullish engulfing** candlestick pattern.



Source: thinkorswim

Prices dipped to a low of 14,597 but rallied the rest of last week to set up the **engulfing pattern**, a potential **bullish reversal** signal. Click here to view [chart](#).

Monday:

EU German Industrial Production
0.2% exp, -0.8% prior

EU Sentix Investor Confidence
-35.2 exp, -38.3 prior

U.S. Consumer Credit m/m
31.5B exp, 45.7 prior

Tuesday:

U.S. Midterm Elections

EU Retail Sales m/m
0.4% exp, -0.3% prior

U.S. NFIB Small Business Index
91.3 exp, 92.1 prior

China CPI/PPI y/y
2.4/-1.6% exp, 2.8/0.9% prior

Wednesday:

U.S. Crude Oil Inventories
-3.1M prior

U.S. Final Wholesale Inventories
0.8% exp, 0.8% prior

U.S. 10-y Note Auction
3.93 b/c, 2.3% WI prior

Thursday:

U.S. CPI m/m
0.6% exp, 0.4% prior

U.S. Unemployment Claims
220K exp, 217K prior

Japan PPI y/y
8.8% exp, 9.7% prior

Friday:

UK Prelim GDP q/q
-0.5% exp, 0.2% prior

EU Economic Forecasts

U.S. Prelim Consumer Sentiment
59.5 exp, 59.9 prior

Source: forexfactory.com

**Questions or comments?
Want to subscribe?**

Contact our Strategy Desk:

✉ inststrategydesk@tdameritrade.com
strategydesk@schwab.com

☎ 1-800-227-0816

Hungry for more?

▪ Follow us on Twitter!

@MikeTurvey_TDA >>

@MFollett_TDA >>

▪ Earn CE credits at our
weekly webcasts >>