

Macro Monday

TD Ameritrade Institutional Trading Services

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Institutional

October 24 – 28
2022

Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	3,752	-21.26%	Communications	-13.53%
NASDAQ COMPOSITE	10,859	-30.58%	Discretionary	-8.51%
DJIA	31,082	-14.46%	Energy	+21.17%
Russell 2000	1,742	-22.40%	Financials	-2.27%
Int'l Developed	1,679	-28.09%	Health Care	-2.93%
VIX	29.69	16.3Lo/38.9Hi	Industrials	-2.25%
Oil	85.14	+12.84%	Materials	-4.33%
Gold	1,662	-9.17%	Real Estate	-17.33%
Bitcoin	19,180	-58.55%	Staples	-5.23%
US 10 yr	4.21%	+270 bps	Technology	-10.63%
US 30 yr	4.30%	+249 bps	Utilities	-7.56%

Recapping Last Week

U.S. equities closed the week on a high note as the **U.S. dollar's** run up temporarily stalled out. A story from the WSJ's "Fed Whisperer" alluded to Fed officials considering a reduction in the pace of their **interest rate** hikes after November's meeting. The Russell 2000, S&P500, and Nasdaq Composite Indexes rallied over 3%, 4% and 5% respectively while **all 11 S&P sectors** ended the week in the green, led by energy, basic materials, and technology. **Treasury yields** continued their climb, pulling the entire curve above 4%, while the 2-year yield closed above 4.5% for the second straight week. It was a busy week in the UK as the new **finance minister** slammed Prime minister **Truss's** fiscal measures just days before she resigned as the shortest termed PM in British history. UK **consumer prices** rose 10.1% YoY, largely concentrated in food and energy and contributing to retail sales falling by 1.4%. German investor sentiment came in slightly better at -59.2 vs -61.9 expectations, and Australia reported a consistent **3.5% unemployment rate**. To our north, Canada's CPI dropped to 6.9% in September from 7.0% the month prior, while their retail sales rose by 0.7%. The **Chinese National Bureau of Statistics** made a rather unusual move by delaying the publication of its GDP data indefinitely, which suggests disappointing data. Domestically, U.S. industrial production increased 0.4%, driven by the auto sector, despite declines in both the **Empire State** and **Philly Fed** manufacturing indexes. Home builder sentiment fell to half of what it was 6 months ago, and housing starts dropped 8.1% as **mortgage rates** averaged nearly 7%, quite a jump from the 3% in January. Lastly, unemployment claims fell to 214K, much lower than the 230K expectation.

The Week Ahead

The week kicks off with **flash PMIs** from the U.S., UK, and Eurozone as investors look for insights into recession risks. Several **GDP** reports arrive as well, adding to the slate of growth specific data, with the U.S. expected to return to **positive territory** after two straight negative quarters. **Monetary policy** statements will be coming in all week, with reports from the **BOC, BOJ**, and the **ECB**. The ECB, like the Fed, is standing firm in its rate hiking policy to try and curb **inflation** and is expected to hike 50bps but may even stretch to 75bps. Earnings season continues with some of the largest names in the market like AAPL, AMZM, MSFT, GOOG, META, and XOM reporting. Later in the week, **U.S. durable goods** orders are released as well as the **Core PCE Price index**, giving further insight into the state of inflation. Some housing data will also arrive with U.S. **pending home sales** and new home sales.

Chart of the Week: Gold's Potential

Gold futures (/GC) started last week off heading lower just like most of the last eight months, but rumors of the **Fed slowing** down in its rate hikes gave it a major boost on Friday. It appears as though the downward **momentum** was already weakening, with the chart setting up clear bullish divergences on both the **MACD** and **RSI** indicators. Friday's low was nearly the same as the low from a month earlier, so if that support holds and gold rallies through the recent high at \$1736, it would form a **double bottom** reversal, but it's still got work to do to get there. Click here to view [chart](#).



Source: thinkorswim

Monday:

EU German Flash PMIs
46.9/45 exp, 47.8/45.0 prior

UK Flash PMIs
47.9/48 exp, 48.4/50.0 prior

U.S. Flash PMIs
51/49.6 exp, 52.0/49.3 prior

Tuesday:

EU German ifo Business Climate
83.4 exp, 84.3 prior

U.S. CB Consumer Confidence
105.7 exp, 108.0 prior

Australia CPI q/q
1.6% exp, 1.8% prior

Earnings: UPS, GM, MSFT, GOOG, V

Wednesday:

Canada BOC Rate Statement

U.S. New Home Sales
579K exp, 685K prior

U.S. Goods Trade Balance
-87.4B exp, -87.3B prior

Earnings: BA, F, META, BMY, KHC

Thursday:

U.S. Advance GDP q/q
2.3% exp, -0.6% prior

EU ECB Monetary Policy Statement

U.S. Durable Goods Orders m/m
0.6% exp, -0.2% prior

Japan BOJ Monetary Policy Stmt.

Earnings: CAT, MCD, AAPL, AMZN

Friday:

U.S. Core PCE Price Index m/m
0.5% exp, 0.6% prior

U.S. Pending Home Sales m/m
-4.9% exp, -2.0% prior

EU German Prelim CPI m/m
0.6% exp, 1.9% prior

U.S. Personal Income/Spending
0.4/0.4% exp, 0.3/0.4% prior

Earnings: XOM, CVX, CL

Source: forexfactory.com


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