

Macro Monday

TD Ameritrade Institutional Trading Services

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Institutional

October 17 – 21
2022

Key Market Levels:

	Fri 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	3,583	-24.82%	Communications	-14.31%
NASDAQ COMPOSITE	10,321	-34.03%	Discretionary	-12.59%
DJIA	29,635	-18.45%	Energy	+12.83%
Russell 2000	1,682	-25.07%	Financials	-5.31%
Int'l Developed	1,666	-28.70%	Health Care	-4.57%
VIX	31.94	16.3Lo/38.9Hi	Industrials	-6.31%
Oil	85.80	+13.72%	Materials	-9.17%
Gold	1,649	-9.90%	Real Estate	-20.09%
Bitcoin	19,182	-58.70%	Staples	-7.75%
US 10 yr	4.01%	+250 bps	Technology	-14.88%
US 30 yr	3.98%	+208 bps	Utilities	-10.49%

Recapping Last Week

U.S. equities finished a **roller coaster** week lower after a hotter-than-expected **inflation** report. The Nasdaq Composite Index fell 3%+ as technology stocks were pressured by rising interest rates and new restrictions on **semiconductor** exports to China, while the S&P500 and Russell 2000 lost 1-1.5%. Only 3 of 11 S&P500 sectors posted gains - consumer staples, healthcare, and **financials**, which were boosted by positive reactions to bank earnings. **Crude oil** tumbled 8% as recession headlines influenced trading. **Treasury yields** climbed after the inflation data all but cemented another 75bps rate hike at the next FOMC meeting, with the **2-year yield** reaching 4.5% for the first time since 2007. **September CPI** increased 0.4% MoM and 8.2% YoY, driven by a large jump in **food prices**, while the core readings also accelerated beyond estimates. Producer price gains were fueled by services, in particular **traveler accommodations**. Investors seemed to take some solace in **rent growth** easing slightly, which led to the fifth-largest intraday **bullish reversal** in the S&P500's history on Thursday. But ultimately the gains were short lived, as September's **retail sales** came in flat and inflation expectations rose in the **consumer sentiment** report released on Friday. In other news, U.S. small business confidence improved in September as labor shortages abated somewhat, but **gig economy** companies were hurt by a Department of Labor proposal to treat workers as independent contractors. Internationally, turbulence continued in the UK as **finance minister Kwarteng** was fired over criticism of his mini-budget proposals and Prime Minister Truss appeared likely to walk back parts of the plan. The **BoE's** emergency gilt buying ended Friday, having purchased more than \$21B of long-term debt to try to **restore stability**. The British economy was further stressed by a contraction in August's GDP and disappointing **employment** figures. In China, consumer prices rose 2.8% YoY in September on higher pork prices, but core CPI and **producer prices** increased less than forecasted. Finally, the IMF lowered its global growth estimates and predicted much of the world will experience **recession** in 2023.

The Week Ahead

In the **minutes** from the last **FOMC meeting**, several members expressed concern with the pace of rate hikes given the "highly uncertain global economic and financial environment." This week, **earnings season** heats up, which should provide a glimpse into how corporations and consumers are holding up and if **inflation** is starting to relent. Goldman Sachs, Netflix, Tesla, Proctor & Gamble, and American Express are some of the key companies scheduled to report. Also in the U.S., **regional manufacturing** surveys from New York and Philadelphia are expected to remain in contraction territory but may reveal softening **price pressures**. Housing starts and existing home sales for September will be released as **mortgage rates** have surged to 20-year highs. The international calendar kicks off with **China's Q3 GDP**, expected to have expanded to 3.6% growth YoY, while retail sales are forecasted to slip from the prior month. The UK will announce **September CPI** amid the turmoil of the new government's fiscal plans, and retail sales on Friday. Other events of interest include Canadian CPI and **Eurozone economic sentiment** information. ECB President Lagarde will speak at the IMF/World Bank event ahead of the central bank's **October 27 meeting**.

Chart of the Week: Green Shoots?

Last week was much more **volatile** than the S&P500 Index's (SPX) 1.5% loss indicated. The **downtrend** is still intact, with a new low and lower high, but there



were **bullish technical signals** offering hope of a potential turn. Thursday's price action was incredible, opening 2% lower, then closing over 2% higher. That candle engulfed all three of the preceding days and offered **bullish divergences** on both the MACD and RSI. The index hit **resistance** at the 20-day EMA and its downsloping trend line, but reversed on Friday. Both of those will need to be broken before any **uptrend** can begin. Click here to view [chart](#).

Monday:

U.S. Empire St Manufacturing Index
-4.3 exp, -1.5 prior

China GDP q/y
3.5% exp, 0.4% prior

China Retail Sales y/y
3.5% exp, 5.4% prior

Earnings: BAC, BK

Tuesday:

EU German ZEW Economic Sent.
-66.7 exp, -61.9 prior

U.S. Industrial Production m/m
0.1% exp, -0.2% prior

Earnings: GS, JNJ, NFLX, UAL, LMT

Wednesday:

UK CPI y/y
10.0% exp, 9.9% prior

Canada CPI m/m
0.0% exp, -0.3% prior

U.S. Housing Starts
1.46M exp, 1.58M prior

Australia Employment Change
25.0K exp, 33.5K prior

Earnings: PG, TRV, TSLA, IBM, AA

Thursday:

U.S. Philly Fed Manufacturing Index
-5.0 exp, -9.9 prior

U.S. Unemployment Claims
235K exp, 228K prior

U.S. Existing Home Sales
4.69M exp, 4.80M prior

Earnings: T, UNP, FCX, AAL, SNAP

Friday:

UK Retail Sales m/m
-0.5% exp, -1.6% prior

Canada Retail Sales m/m
0.1% exp, -2.5% prior

Earnings: VZ, AXP, SLB

Source: [forexfactory.com](#)

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