

Macro Monday

TD Ameritrade Institutional Trading Services

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Institutional

May 16 - 20

2022

Key Market Levels:

	Thurs 4pm ET	YTD	S&P500 Sector	3 Month
S&P 500	4,024	-15.57%	Communications	-12.46%
NASDAQ COMPOSITE	11,805	-24.54%	Discretionary	-15.38%
DJIA	32,197	-11.40%	Energy	+18.71%
Russell 2000	1,793	-20.16%	Financials	-14.51%
Int'l Emerging	1,005	-18.46%	Health Care	+0.85%
VIX	28.87	16.3Lo/38.9Hi	Industrials	-5.33%
Oil	110.44	+46.40%	Materials	-1.63%
Gold	1,809	-1.20%	Real Estate	-3.56%
Bitcoin	29,885	-35.66%	Staples	+1.21%
US 10 yr	2.94%	+143 bps	Technology	-10.88%
US 30 yr	3.09%	+118 bps	Utilities	+7.87%

Recapping Last Week

A strong Friday relief rally wasn't enough to offset another **significant leg down** for U.S. equities, as **inflation pressures** continued to weigh on risk assets. The Nasdaq Composite Index slumped nearly 3%, while the S&P500 and Russell 2000 lost 2.5%. All but one S&P500 sector finished negative, with 3-4% losses in consumer discretionary, real estate, financials, and technology. **Treasury yields eased** on the long end as investors finally sought refuge in traditional risk-off bond holdings. Tremors in the cryptocurrency markets added to volatility, with **Bitcoin** plunging as much as 28% before halving losses after one of the so-called stablecoins pegged to the U.S. dollar collapsed. Hopes for a peak in U.S. inflation were dashed after **April's CPI report** showed an 8.3% increase YoY, above estimates even as energy prices declined. **Producer prices** rose 0.5% MoM and 11% YoY but import prices did cool slightly. Inflation concerns dragged **consumer sentiment** in early May to the lowest levels since 2011, while small business confidence held steady in April after three straight monthly declines despite high prices and **worker shortages**. Internationally, **OPEC cut its growth forecast** for global oil demand based on the war in Ukraine and Covid restrictions. Crude oil bounced back from early-week losses to finish nearly flat. In the UK, **GDP** expanded by 0.8% in Q1 but shrank in March, fueling speculation of further **contractions** this year and sending the pound to fresh lows. In central bank news, **ECB president Lagarde** indicated that asset purchases will likely end early in Q3, with **rate hikes** potentially following soon after. **Economic sentiment** in the EU improved in May but remained at very low readings, while industrial production fell by 1.8% MoM in March. Finally, in China consumer and producer prices rose more than expected in April while **new lending** dropped sharply as lockdowns weakened credit demand.

The Week Ahead

With the S&P down nearly **20% from its peak** and the Nasdaq off to its worst yearly start on record, investors are searching for signs of **capitulation**. Sentiment has been bearish for weeks, and **volatility** has remained stubbornly high but without the signs of panic typically seen near lows (see tweet [here](#)). The unrelenting **interest rate** ascent has slowed, but **weak seasonality** and technical trends are poised to be market headwinds. This week a busy economic calendar looms along with another series of **Fed appearances**. In the U.S., the **consumer** will be in focus with April's **retail sales** report on Tuesday and **earnings releases** from retail giants Walmart, Home Depot, and Target throughout the week. The beleaguered housing market will deliver updates with the NAHB Index on Tuesday, **housing starts** on Wednesday, and existing home sales Thursday. Industrial production and **manufacturing** accounts from the New York and Philadelphia regions round out the U.S. docket. Overseas, the EU kicks off today with **economic forecasts**, while in Britain the **BOE** testifies before Parliament on inflation and the economic outlook. Midweek, **UK CPI** takes center stage with employment figures and retail sales to follow, while the Eurozone will feature revised Q1 GDP and inflation data. **China** issues retail sales and industrial production numbers, expected to have deteriorated due to **lockdowns**.

Chart of the Week: Crypto Crash

It was a rough week in the **cryptocurrency** space. Coins and servicers saw steep declines, vaporizing over \$300 billion in market value. **Bitcoin** futures (/BTC) were down nearly 30% at Thursday's lows but regained more than half that loss by week's end. Despite the recovery, it still broke significant **technical support** that had been building for over a year. As grim as that may seem, Bitcoin held up better than most, with some coins, like **Luna**, becoming nearly worthless. Bitcoin is now down over 50% since the November peak, despite decades-high **inflation**. Click here to view [chart](#).



Source: thinkorswim

Monday:

China Retail Sales y/y
-6.2% exp, -3.5% prior

China Industrial Production y/y
0.5% exp, 5.0% prior

EU Economic Forecasts

UK Monetary Policy Report Hearings

U.S. Empire St Manufacturing Index
15.3 exp, 24.6 prior

Tuesday:

U.S. Retail Sales m/m
1.1% exp, 0.5% prior

U.S. Industrial Production m/m
0.4% exp, 0.9% prior

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

U.S. Fed Chair Powell Speaks

Australia Wage Price Index q/q
0.8% exp, 0.7% prior

Wednesday:

UK CPI y/y
9.1% exp, 7.0% prior

Canada CPI m/m
1.4% prior

U.S. Housing Starts
1.77M exp, 1.79M prior

Australia Employment Change
30K exp, 17.9K prior

Thursday:

U.S. Philly Fed Manufacturing Index
16.2 exp, 17.6 prior

U.S. Existing Home Sales
5.65M exp, 5.77M prior

ECB Monetary Policy Meeting Accts

Friday:

EU German PPI m/m
1.4% exp, 4.9% prior

UK Retail Sales m/m
0.2% exp, -1.4% prior

Source: forexfactory.com

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