

Week Ahead

On Monday, the market action appeared to be a continuation of the previous week with all major indices moving higher however as the day worn on the market began to slide finishing lower. This move was the beginning of a 4-day slide which was no surprise given the current political and economic turmoil. Monday's rally began to wane as investors continued to worry about future escalation of a trade war between the US and its major trading partners. Whispers out of Washington mentioned future tariffs on China and also reducing the trade deficit by 100 billion. This led to a selloff in the industrial and materials sectors as investors began to fear higher input costs for these companies.

On Tuesday, the market once again was poised for an increase until word was leaked that Donald Trump would be replacing his Chief Diplomat Rex Tillerson with former CIA Director Mike Pompeo. For those that follow the rumors in Washington, this was no surprise but it still sent a jolt through the market as this was the 2nd high ranking member of Trump's team leaving within the past two weeks. As you may remember, Trump's Chief Economic Advisor Gary Cohn left just two weeks earlier and was replaced by Larry Kudlow.

Special Investigator Robert Mueller provided the shock on Thursday as he subpoenaed documents related to the Trump Organization. Those documents might not seem significant but it was the first-time documents have been requested from a Trump related business. It will be interesting to see what comes out of this investigation. It appears corruption inside the FBI and other State Departments ran deeper than anyone anticipated with former FBI Director James Comey possibly committing perjury while testifying to congress. The whole fiasco will be closely monitored and evaluated as more information is released.

This week all eyes will be on the Federal Reserve. This will be the first Federal Open Market Committee meeting with new Fed Chairman Jay Powell at the helm. A rate hike at this meeting is very likely, as growth and inflation numbers have been strong for most of the year. However, the real focus will be on forward guidance on future policy moves. The amount and timing of future rate hikes will help guide our thoughts on rates and the markets in general going forward.

Major Earnings Announcements for the Week:

Monday-	Oracle
Tuesday-	FedEx
Wednesday-	General Mills
Thursday-	Accenture, Conagra, Darden Restaurants, Micron Tech & Nike
Friday-	

Economic Calendar/ Market Moving Events:

Monday-	
Tuesday-	
Wednesday-	Current Account Balance 8:30AM, Existing Home Sales MoM 10:00AM & FOMC Rate Decision 2:00PM
Thursday-	Markit US Manufacturing PMI 9:00AM, Leading Index 10:00AM, Markit US Services PMI 10:45AM & Markit US Composite PMI 10:45AM
Friday-	Durable Goods Orders 8:30AM & New Home Sales MoM 10:00AM