

Week Ahead

Markets, this morning, are flat which I would consider a blessing considering the debacle at the G-7 meeting over the weekend. Prime Minister Trudeau and President Trump continued their ongoing spat this weekend resulting in the President not signing the joint communiqué which stresses the importance of a rules-based international trading system. Trudeau asserted Canada's strength and independence and criticized U.S. tariffs on Canadian metals in a speech following the meeting to which the President replied via Twitter "PM Justin Trudeau of Canada acted so meek and mild during our @G7 meetings only to give a news conference after I left saying that, "US Tariffs were kind of insulting" and he "will not be pushed around." Very dishonest & weak. Our Tariffs are in response to his of 270% on dairy:" Withdrawing support for the communiqué is and unprecedented move that left the allies divided which was seen in German Chancellor Angela Merkel's comments in a TV interview late Sunday that it was "sobering and somewhat depressing" to learn Trump wouldn't endorse the final communiqué. These ongoing trade spats will be a key focus throughout the year.

Geopolitics, monetary policy and economic data will be in the news this week. The main Geopolitical event will be the North Korean summit in which the leaders of the US and North Korea will sit down for a discussion in Singapore. This meeting will hopefully continue building rapport between the two nations. The ECB will be the most important Central Bank meeting this week as some are expecting Draghi to taper the \$30b in purchases a month. This could be a sign that the ECB is throwing in the towel on quantitative easing as economic data in the Eurozone has not met current mandates that would warrant a taper. The Fed will also be holding its meeting this week. The market is expecting a rate hike which is already priced in at more than a 90% probability. The true information will be in the form of the dot plots chart which will give us an idea on how many more rate hikes committee members are projecting for the rest of the year. Our main economic data point this week will be CPI. Current estimates are for core CPI to come in at 2.2% which is above the Fed's 2% mandate. Ongoing inflation worries in our view will force the Fed to continue to tighten to try and keep the economy from overheating.

Major Earnings Announcements for the Week:

Monday-

Tuesday- H&R Block

Wednesday-

Thursday- Adobe

Friday-

Economic Calendar/ Market Moving Events:

Monday-

Tuesday- CPI MoM/YoY 8:30AM

Wednesday- PMI 8:30AM and FOMC Rate Decision 2:00 PM

Thursday- Retail Sales 8:30AM

Friday- Industrial Production 9:15AM