

Week Ahead

Equity markets continued the robust start to the new year last week with the NASDAQ hitting a new inflation adjusted all-time high. Thus far, this year has looked much like 2017 with growth leading the charge. Currently, U.S. growth is outpacing U.S. value by approximately 200 bps; however, AMB believes this trend will reverse with value outperforming growth in 2018.

As fourth quarter earnings continued to report last week, they were better than expected for the most part. Only 10% of companies have reported, and over 80% have beaten expectations on both the top and bottom lines. We like seeing the bottom line get beaten, but beating the top-line is what really get us excited at AMB. Once again, this week is scheduled full of earnings releases with some of the largest U.S. companies reporting, including Johnson & Johnson and Intel.

On the economic front, the second reading on fourth quarter U.S. GDP will also be released this week. This is expected to come in at 3%, down from the previously released 3.2%. Interest rates in the U.S. have escalated higher over the past few weeks based on an expected increase in inflation; however, we believe this is premature as our key indicator still shows a lack in wage inflation. Until we see a change in wages, AMB believes rates will remain low in the intermediate to longer end of the curve.

Major Earnings Announcements for the Week:

- Monday -** Halliburton, Netflix & Zions Bancorp
- Tuesday -** Fifth Third, Huntington, Johnson & Johnson, Kimberly-Clark, Proctor and Gamble, State Street, Travelers, Verizon, Capital One, Texas Instruments, Total System & United Continental
- Wednesday -** Abbott Labs, Baker Hughes, Comcast, General Dynamics, General Electric, Illinois Tool Works, Norfolk Southern, Northern Trust, Progressive Corp, Rockwell Automation, Royal Caribbean, Stanley Black and Decker, United Tech, Ameriprise, Ford, Raymond James, United Rentals & Whirlpool
- Thursday -** 3M, American Airlines, American Electric Power, Biogen, Caterpillar, Celgene, Praxair, Raytheon, Sherwin-Williams, Southwest Airlines, Union Pacific, E*Trade, Intel, Intuitive Surgical, PerkinElmer, Starbucks & Wynn Resorts
- Friday -** Abbvie, Air Products, Colgate-Palmolive, Honeywell, NextEra Energy & Rockwell Collins

Economic Calendar/ Market Moving Events:

- Monday -**
- Tuesday -** Richmond Fed Man. Index - 10:00 AM
- Wednesday -** MBA Mortgage Apps - 7:00 AM
FHFA House Price - 9:00 AM
Markit U.S. Services and Manufacturing PMI - 9:45 AM

DOE U.S. Gas and Oil Inventories - 10:30 AM

Thursday - Wholesale Inventories - 8:30 AM

New Home Sales - 10:00 AM

Leading Indicators - 10:00 AM

Kansas City Fed Manufacturing Activity

Friday - GDP Annualized - 8:30 AM

Durable Goods - 8:30 AM

Core PCE - 8:30 AM

Baker Hughes Rig Count - 8:30 AM