

Week Ahead

Copious data from U.S. companies and the overall U.S. economy continued to report last week. Meanwhile on the earnings front, a great deal of positive data was reported; however it came from only a few of the world's largest companies. MetLife, Allstate, Becton Dickinson and Company, Aetna, Allergan, and Apple all beat analyst expectations, while the biggest move came from Becton, Dickinson and Company, which traded up over 7% on their announcement. The largest market mover was Apple, and the world's largest company blew through expectations on the top and bottom line thanks to better than expected iPhone X sales and pre-orders, carrying the S&P 500 and Dow Jones Industrial Average to new record highs. The biggest news to come out of last week was on Friday, when Bloomberg reported Broadcom was in talks with Qualcomm. Now, it is known that Broadcom is placing a \$105 billion hostile takeover bid for Qualcomm, which would be the largest technology deal in history. Meanwhile, earnings continue to come in ahead of expectations as 77% of reported companies have beat on the bottom-line while 67% have beat on the top-line. This continues to underscore our belief the U.S. is in the midst of an earnings driven bull market.

In economic news, strong consumer sentiment readings continue to indicate consumers feel the economy and their economic situations will continue to improve. Last week, non-farm payrolls were the one fault on the data front as the number missed expectations. Most notably, wage growth missed expectations once again. AMB continues to gauge wage growth and places it in the forefront of our models on predicting a spike in inflation. Currently, we still do not see that coming to fruition. On that news, yields moved lower at the end of the week. We continue to believe the 10-year Treasury will trade within our predicted range as long as wage growth remains subdued. The Federal Reserve meeting was also held last week where they unsurprisingly left rates unchanged. We still expect to see the next rate hike in December, regardless of the data. The new Fed Chair was also announced last week, and as expected, it was Jay Powell, who we believe will continue Yellen's policies.

This week, economic data releases are on the light side with no market moving events; however, we are still in the middle of earnings season, and numerous retailers will be reporting this week. Macy's, Kohl's, Nordstrom, Michael Kors and CVS are all set to announce. The earnings from CVS's will be of particular interest, as we are likely to get some questions answered on their recent bid for health insurance giant, Aetna.

Major Earnings Announcements for the Week:

Monday - Cardinal Health, CVS Health, Michael Kors, Mylan, and Sysco

After Close

Int'l Flavors, Microchip Technology, Priceline, and Trip Advisor

Tuesday - Emerson Electric, Royal Caribbean Cruises, and Welltower

After Close

DaVita and Marriott Int'l

Wednesday - Humana, MGM Resorts, Rockwell Automation, and Sealed Air

After Close

Albemarle, CenturyLink, Equifax, Hologic, Monster Beverage, and Twenty-First Century Fox

Thursday - Coty, Dish Network, DR Horton, Johnson Controls, Kohl's, Macy's, and Transdigm

After Close

News Corp, Nordstrom, Nvidia, and Walt Disney

Friday -

Economic Calendar/ Market Moving Events:

Monday -

Tuesday - JOTLS 10:00AM and Consumer Credit 3:00PM

Wednesday -

Thursday - Wholesale Inventories 10:00AM

Friday -