

Week Ahead

Tax reform and the Federal Reserve dominated headlines last week. As expected, the Federal Reserve hiked interest rates to 1.25% - 1.50%. This was the fifth hike since the tightening cycle began in December of 2015. The Fed also upgraded its outlook for GDP growth in the U.S. from 2.1% to 2.5%. In what was Yellen's last meeting as Fed Chair, she stated, "At the moment, the U.S. economy is performing well." Yellen also does not believe that the growth we have experienced is partially due to reasons potentially detrimental in the long term, such as being completely fueled by debt. This was reassuring in that next year, the make-up of the Federal Reserve Board will have a more hawkish group of governors, and we believe stronger growth will be needed if the current tightening cycle is to continue.

Tax reform will be taking center stage this week. Both the House and the Senate are set to vote on the reconciled version of the Tax Reform Bill. In economic data news, we are set to receive inflation and GDP data this week. Last week, inflation data came in weaker than expected, which continued the pattern of flattening in the yield curve. This week, the PCE Deflator is announced. This is the Fed's favorite proxy for inflation, so we will be watching closely. GDP data will also be released, in which we do not expect a change from the last reading of 3.3%.

Major Earnings Announcements for the Week:

Monday -

Tuesday - Carnival Corp, Darden Restaurants, FactSet, FedEx, Micron, and Red Hat

Wednesday - General Mills and Bed Bath & Beyond

Thursday - Accenture, CarMax, ConAgra Brands, Finish Line, Paychex, and Nike

Friday -

Economic Calendar/ Market Moving Events:

Monday -

Tuesday -

Wednesday -

Thursday - GDP Annualized QoQ - 8:30AM

Friday - Personal Income, Personal Spending - 8:30 AM

PCE Deflator MoM and YoY - 8:30 AM

PCE Core MoM and YoY - 8:30 AM

Durable Goods Orders - 8:30 AM