

Week Ahead

Last week, economic data releases were positive across the board. The most notable being the revision to 3rd quarter GDP, which was revised up to 3.3% from 3%. This was important because for the first time since 2007, actual GDP outpaced potential GDP, which is calculated by the Congressional Budget Office. The PCE Deflator came in better than expected at 1.6% vs. 1.5% expected, which is the Fed's favorite indicator for inflation. The strong economic data also pushed rates on the benchmark 10-year yield back to 2.4%. This affirms our belief of ongoing improvement in corporate earnings, and the fact that AMB believes we are in the midst of a secular bull market.

Surprisingly, news coming out of Washington last week led the market to believe that the GOP tax plan would pass the Senate. This helped propel equities into a very strong week, being led by a rally of the beaten down retailers due to Black Friday sales being up 6% over last year in addition to Cyber Monday, the largest online shopping day in history. The financial sector added another 5% for the week, with the regional banks being the best performers. Energy stocks also moved higher, with many companies hitting new 52-week highs. As we mentioned before, AMB believes we are in an earnings driven bull market with years left to run; however, we would not be surprised to see some weakness in the near future, which we will use as a buying opportunity.

This week will be pretty heavy on economic data releases. The biggest market moving event will be on Friday with the U.S. Labor Department releasing this year's final jobs report. Current expectations are for 205,000 jobs to be added this month, with the unemployment rate staying at 4.1%. Our focus will remain on wage growth as we continue to believe wages will have the biggest impact on U.S. inflation and growth statistics.

Major Earnings Announcements for the Week:

Monday -

Tuesday - AutoZone & Toll Brothers

Wednesday - American Eagle, Broadcom, Brown-Forman, and H&R Block

Thursday - Dollar General

Friday -

Economic Calendar/ Market Moving Events:

Monday - US Factory Orders & Durable Goods 10:00 AM

Tuesday - Markit US Services PMI - 9:45 AM

ISM Non-Manf. Composite - 10:00 AM

Wednesday -

Thursday - Challenger Job Cuts - 9:45 AM

Friday -

Consumer Credit - 3:00 PM

Nonfarm Payrolls - 8:30 AM

Unemployment Rate - 8:30 AM

Avg. Hourly Earnings - 8:30 AM

Labor Force Participation - 8:30 AM

Wholesale Inventories - 10:00 AM