

Week Ahead

Last week was more subdued in the equity and fixed income markets. We have grown accustomed to volatility so a more subdued week was nice. The big event last week that had market participants on edge was the issuance of US debt. Last week was not normal on this front as it was slated to be the second largest issuance of US debt over a 3-day period in history and with the recent rise in yields there was worry of how the market would react. The answer was without a hitch. Shorter rates did tick up but this was due to the Wednesday's Fed minutes (more hawkish), as longer rates actually ended the week lower. The Fed Minutes were released on Wednesday and did come off more hawkish as the Fed Governors see the possibility of 4 rate hikes in 2018, as growth in the underlying economy continues to improve. However, Bullard came out later in the week and walked these statements back some. This led to a rally in equity and fixed markets on Friday.

This week the Fed will once again be in the spotlight. Jerome Powell the new Fed Chair will be testifying to the House and Senate on Tuesday and the later on Thursday. We will be keeping a close eye on his remarks as they will be the first on policy we have heard from him since being selected by the President to become the new Chair. We have just about wrapped up this earnings season as 90% of the S&P 500 has reported. This has been another solid slate of earnings releases with the beat rate on the bottom line coming in at 75%. We expect another strong year of top and bottom line growth on the heels of the recently passed tax reform along with deregulation in key industries.

Major Earnings Announcements for the Week:

Monday-

Tuesday- AES, American Tower, AutoZone, Eaton Vance, Macy's, Mallinckrodt Toll Brothers, Eog Resources, Darling Ingredients, Express Scripts, Priceline & Workday

Wednesday- Analog Devices, Lowe's, Snyder-Lance, TJX, Broadcom, L Brands, Mylan, Salesforce.com & Universal Health Services

Thursday- Best Buy, Kohl's, Liberty Interactive, Gap, Nordstrom & VMware

Friday- Foot Locker & JD.com

Economic Calendar/ Market Moving Events:

Monday- New Home Sales MoM 10:00AM

Tuesday- Wholesale Inventories 8:30 AM & Durable Goods 8:30AM

Wednesday- GDP Annualized 8:30AM & Powell Testimony 10:00AM

Thursday- PFE Core YoY 8:30AM, Personal Income 8:30AM, PCE Deflator 8:30AM, Construction Spending 10:00AM & ISM Manufacturing

Friday-