

Week Ahead

Volatility in the US markets continues just as investors witnessed last week. Monday began strong with markets within an arm's reach of their all-time highs. As we previously mentioned, the focus for last week was on the new Fed chair who made his debut on Tuesday. While his monologue was not well received by the equity markets, it is another case of good news is bad news. Powell rallied for continued growth and inflation but spoke strongly of further expansion of the US economy. Market participants took his remarks as a hawkish stance which can indicate an increase in the speed of rate hikes. On Thursday however, the new Fed chair clarified his hawkish stance as he conveyed the low probability of wage growth and steady rate hikes which gave the market some relief. The markets saw a bounce off of the lows which did not last long. President Trump announced on Thursday that he would be imposing a tariff on steel and aluminum imports which shook the market (as it should) causing the markets to finish on a weak note. What do the proposed tariffs mean for US markets? Currently we do not know as we will have to wait until we see what the retaliations are going to be from our trade partners. We have already seen cyclical in the US take a hit as their input prices are positioned to increase dramatically. This week is full of economic data releases including Nonfarm Payrolls on Friday, however, we predict all attention will continue to be focused on Washington.

Major Earnings Announcements for the Week:

Monday-

Tuesday- Target, H&R Block, Ross Stores & Urban Outfitters

Wednesday- Brown-Forman, Dollar Tree & Costco

Thursday- American Eagle & Kroger

Friday-

Economic Calendar/ Market Moving Events:

Monday- US Services Market PMI 9:45AM and ISM Non-Manf. Comp 10:00AM

Tuesday- Factory Orders 10:00AM and Durable Goods Orders 10:00AM

Wednesday- Trade Balance 8:30AM, Beige Book 2:00PM and Consumer Credit 3:00PM

Thursday-

Friday- Nonfarm Payrolls, Unemployment Rate, Avg. Hourly Earnings 8:30AM and Wholesale Inventories 10:00AM