

## Week Ahead

Earnings season is now in full swing and we will be giving it our full attention. We recently mentioned in our quarterly letter that our main focus this earnings season will be profit margins. We have seen a continued expansion in margins since the financial crisis driven by continued cost reductions. One of the main forces in these cost reductions has been the suppression of wages. Wages growth has not kept pace with earnings growth over the last decade which in our view is one of the main reason's inflation has stayed subdued. If margins squeeze, we would expect it to weigh on the market going forward. We will also get our first look at first quarter GDP which we will be paying very close attention too. Estimates have continued to increase throughout the quarter and a strong number will put recession fears out of mind.

### Major Earnings Announcements for the Week:

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| <b>Monday-</b>    | WW Grainger, Halliburton, Kimberly Clark & Whirlpool   |
| <b>Tuesday-</b>   | Centene, Fifth Third, Hasbro, Harley-Davidson, Coke, Lockheed, NextEra, Nucor, P&G, Sherwin Williams, State Street, Twitter, United Technologies, Verizon, eBay, Stryker, Total Systems & Texas Instruments  |
| <b>Wednesday-</b> | Anthem, Air Products, Amphenol, Boeing, Biogen, Caterpillar, DTE Energy, FLIR Systems, General Dynamics, Iron Mountain, Moody's, Nasdaq, Norfolk Southern, Stanley Black and Decker, AT&T, TE Connectivity, Thermo Fisher, Ameriprise, Cincinnati Financial, Chipotle, Facebook, Fortune Brands, F5, Lam Research, Microsoft, PayPal, Universal Health, Visa & Xilinx  |
| <b>Thursday-</b>  | AbbVie, Alliance Data, American Electric Power, Allegion, Alexion, Baxter, BMY, BorgWarner, Comcast, Freeport-McMoRan, Huntington Bancshares, Hess, Hershey, International Paper, Illinois Tool Works, LKQ, Southwest Airlines, Marsh & McLennan, 3M, Newmont Mining, Rockwell Automation, Roper Tech, Raytheon, Tractor Supply, UPS, Valero, Wabtec, Waste Management, Ford, Altria, Aflac, Amazon.com, Capital One, Discover Financial, Eastman Chemical, Intel, Mattel, National Oilwell Varco, Principal Financial Group & Starbucks |
| <b>Friday-</b>    | Archer-Daniels-Midland, AON, Franklin Resources, Colgate-Palmolive, Chevron, Interpublic Group, LyondellBasell, Weyerhaeuser, Exxon, Zimmer Biomet & American Airlines   |

### Economic Calendar/ Market Moving Events:

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|-------------------|--|
| <b>Monday-</b>    | Chicago Fed Nat Activity 8:30AM & Existing Home Sales 10:00AM  |
| <b>Tuesday-</b>   | Richmond Fed Manf. Activity 10:00AM & New Home Sales 10:00AM   |
| <b>Wednesday-</b> | None   |
| <b>Thursday-</b>  | Durable Goods 8:30AM, Durable Goods ex Trans 8:30AM, Capital Goods Orders 8:30AM & Kansas City Fed Manf Activity 11:00AM |
| <b>Friday-</b>    | GDP 8:30AM, Personal Consumption 8:30AM, GDP Price Index 8:30AM & Core PCE 8:30AM  |