

Week Ahead

Last week was full of ups and downs as the market could not decide on risk on or risk off which was due to a culmination of factors in the US and abroad. The main story to start the week was Italy. After no majority vote in March, the two populist parties (Five Star Movement and the Lega Party) seemed to end the turmoil by forming a coalition, however the President of Italy then vetoed the Five Star Movement candidate for Finance minister which sent the market into a frenzy. Since a coalition could not be formed, it seems Italy will be headed for another vote this summer. Why this is a big deal? Analyst fear that this second vote could lead to a referendum vote pertaining to EU membership.

If that was not enough turmoil, later in the week the President of the United States announced that tariffs on steel and aluminum would be imposed on Mexico, Canada and the EU. These were the tariffs that the US had previously implanted but gave reprieve to certain allies. According to Wilbur Ross, trade negotiation talks were not advancing fast enough or in the right direction. This sparked fear of trade wars once again as all three announced that they would be imposing their own tariffs in the coming weeks.

On Friday, we did get a reprieve as it seems Italy may be able to avoid a second vote this summer as the populist coalition put forth a less anti EU candidate for Finance minister. We also received a blowout jobs report which sent yield and stocks higher on Friday and all but guarantees a rate hike at the next FOMC meeting. This week we will be paying close attention to continued trade talks with the EU, Canada and Mexico.

Major Earnings Announcements for the Week:

Monday-

Tuesday-

Wednesday- Signet Jewelers, Brown-Forman & Five Below

Thursday- JM Smucker and Broadcom

Friday-

Economic Calendar/ Market Moving Events:

Monday- Factory Orders 10:00AM, Durable Goods Orders 10:00AM & Capital Goods Orders 10:00AM

Tuesday- US Market Services and Composite PMI 9:45AM & JOLTS 10:00AM

Wednesday-

Thursday-

Friday- Wholesale Inventories 10:00AM