

Week Ahead

Last week, the Federal Reserve left rates unchanged as expected. In October of this year, the Fed will begin to unwind the \$4.5 trillion balance sheet they have accumulated since the start of quantitative easing programs. Yields and the U.S. dollar both moved higher on this news. The 10-year Treasury is now trading at 2.23%, which is up from a low of 2.03% just a few weeks ago. Concurrently, the front-end of the yield curve has moved dramatically as two-year notes are now trading at levels not seen since 2008. We still feel the place to be invested is the intermediate part of the curve where monetary policy will not have as much of an effect on rates.

There is a heavy docket of U.S. economic releases this week, including another gauge of inflation, which could help determine the odds of a December rate hike, along with the final estimate for second quarter GDP. Geopolitical tensions remain high as words between the U.S. and North Korea continue to be exchanged. With the current state of the markets, we expect volatility in the short run to remain elevated but remain bullish on the long term.

Major Earnings Announcements for the Week:

- Monday -** Red Hat
- Tuesday -** Darden Restaurants, Carnival Corp, Micron Technology, Nike & Cintas
- Thursday -** Conagra Brands, McCormick & Accenture plc

Economic Calendar/ Market Moving Events:

- Tuesday -** New Home Sales 10:00 AM
- Wednesday -** Durable Goods Orders 8:30 AM
- Thursday -** Jobless Claims 8:30 AM, GDP 8:30 AM & International Trade 8:30 AM
- Friday -** Personal Income and Outlays 8:30 AM