

**HEADLINE NEWS**
**Markets in Show-Me Mode**

- After a sharp rally following the November election, stocks have mostly traded sideways since the middle of December. There has been growing skepticism from investors on the Trump administration's big three growth initiatives: corporate tax reform, deregulation, and infrastructure spending. The "Trump trade" has shown signs of stalling to start 2017 as bond yields have rallied and the U.S. dollar has given back some of its gains. The team at Appleton believes that investors will need to see more action, and less talk, from politicians before taking the market materially higher from here.
- Fourth quarter earnings season is underway and the results have been mixed so far. With 12% of the S&P 500 reporting, only 61% have beaten earnings expectations and 47% have beaten sales estimates. The blended earnings growth rate for the quarter has moved up to 3.4% on stronger than anticipated results from the banks. Investors will be anxious to find out what CEO's have to say regarding the potential policy impacts on their businesses.

**Notable Earnings Due this Week**

| DATE | TIME          | TICKER   | COMPANY NAME                  |
|------|---------------|----------|-------------------------------|
| 1/24 | Unspecified   | SYK-US   | Stryker Corp.                 |
| 1/25 | After Market  | QCOM-US  | QUALCOMM, Inc.                |
| 1/25 | After Market  | T-US     | AT&T, Inc.                    |
| 1/26 | Before Market | NOC-US   | Northrop Grumman Corp.        |
| 1/26 | 07:00 AM      | BMJ-US   | Bristol-Myers Squibb Co.      |
| 1/26 | 07:00 AM      | SHW-US   | The Sherwin-Williams Co.      |
| 1/26 | After Market  | GOOGL-US | Alphabet, Inc.                |
| 1/26 | 04:04 PM      | SBUX-US  | Starbucks Corp.               |
| 1/26 | 04:05 PM      | PYPL-US  | PayPal Holdings, Inc.         |
| 1/26 | 04:09 PM      | MSFT-US  | Microsoft Corp.               |
| 1/27 | Unspecified   | CVX-US   | Chevron Corp.                 |
| 1/27 | Before Market | HON-US   | Honeywell International, Inc. |
| 1/27 | 07:00 AM      | ABBV-US  | AbbVie, Inc.                  |

Source: FactSet & API

**S&P 500**


Source: FactSet Prices

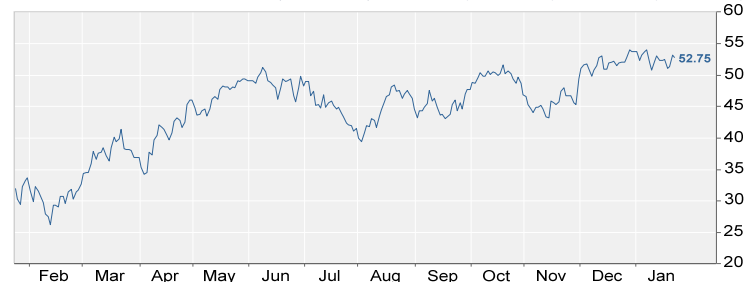
**Key Macroeconomic Data Due this Week**

| Date | Time     | Event                           | Period | Consensus | Prior  |
|------|----------|---------------------------------|--------|-----------|--------|
| 1/25 | 10:30 AM | EIA Crude Oil Stocks            | 01/20  |           | 2.3M   |
| 1/26 | 8:30 AM  | Initial Claims SA               | 01/21  | 245K      | 234.0K |
| 1/26 | 9:45 AM  | Markit PMI Services SA (Prelim) | JAN    | 54.4      | 53.9   |
| 1/27 | 8:30 AM  | Durable Orders SA M/M (Prelim)  | DEC    | 2.7%      | -4.5%  |
| 1/27 | 8:30 AM  | GDP SAAR Q/Q (First Prelim)     | Q4     | 2.2%      | 3.5%   |
| 1/27 | 1:00 PM  | Baker Hughes U.S. Rig Count     | 01/27  |           | 694.0  |

Source: FactSet and API

**WTI Crude Oil Spot Price (\$/barrel)**

Max: 54.01 (28-DEC-16), Min: 26.19 (11-FEB-16), Last: 52.75 (23-JAN-17)



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**FIXED INCOME UPDATE**
**Muni Defaults Remain Rare**

- Moody's reported that four issuers within its public finance portfolio defaulted for the first time in 2016, matching the same amount from the prior year. However, all four were associated with the Commonwealth of Puerto Rico, which has experienced a decade-long economic and fiscal decline.
- Excluding the Puerto Rico issuers, 2016 would have been only the second year in the last 14 in which no Moody's-rated municipal issuer defaulted. We would expect rated-issuer defaults to be infrequent, but the very low numbers coincide with a multi-year improvement in overall credit strength.

**INDEX RETURNS (AS OF 1/20/17)**

|                           | MTD  | YTD  |
|---------------------------|------|------|
| S&P 500                   | 1.54 | 1.54 |
| Dow Jones Ind. Avg.       | 0.43 | 0.43 |
| Barclays MM Short 1-5 Yr. | 0.71 | 0.71 |
| Barclays MM 1-10 Yr.      | 0.82 | 0.82 |
| ML US Gov/Corp 1-10 Yr.   | 0.05 | 0.05 |

Source: Interactive Data

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