

**HEADLINE NEWS**
**Full Slate of Macro this Week, Q3 Earnings Next Week**

- The team at Appleton will be focused on a number of macroeconomic data points due out this week. The manufacturing and service ISMs, vehicle sales, and durable goods orders will be released throughout the week, but the highlight will be Friday's jobs report. With the November FOMC meeting roughly one month away (11/2), this jobs report will be the last one the Fed, and investors, will get to assess the health of the labor market.
- Third quarter earnings season unofficially kicks off next week with Alcoa's report on Tuesday, 10/11. Analysts have brought down their earnings estimates by just under 3% over the past three months. Third quarter S&P 500 earnings are now expected to decline by -2.1%. We would note that actual earnings have come in an average of +4.3% higher than analysts' expectations over the past six quarters. This gives us hope that the S&P 500's negative earnings growth quarterly streak can be halted at five.
- A couple other items are worth watching over the course of the coming week. First, is the ongoing situation with Deutsche Bank. The bank's shares got a boost Friday, when rumors circulated of a settlement with the US DoJ for \$5.4 billion. Any settlement would be a clear positive for the global banking sector, which has been under pressure of late. The second item is the second presidential debate scheduled for Sunday night. The debate will feature a town-hall style format with questions being accepted from the online audience.

**Notable Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
10/4	After Market	MU-US	Micron Technology, Inc.
10/5	Unspecified	AYI-US	Acuity Brands, Inc.
10/5	Before Market	STZ-US	Constellation Brands, Inc.
10/5	8:00 AM	MON-US	Monsanto Co.
10/5	After Market	YUM-US	Yum! Brands, Inc.

Source: FactSet &amp; API

**S&P 500**


Source: FactSet Prices

**Key Macroeconomic Data Due this Week**

Date	Time	Event	Period	Consensus	Prior
10/3	10:00 AM	ISM Manufacturing SA	SEP	50.5	49.4
10/4		- Total Light Vehicle Sales	SEP	17.4M	16.9M R
10/5	10:00 AM	Durable Orders SA M/M (Final)	AUG	0%	0%
10/5	10:00 AM	Factory Orders SA M/M	AUG	-0.2%	1.9%
10/5	10:00 AM	ISM Non Manufacturing SA	SEP	53	51.4
10/5	10:30 AM	EIA Crude Oil Stocks	09/30		-1.9M
10/6	8:30 AM	Initial Claims SA	10/01	255K	254K
10/7	8:30 AM	Hourly Earnings SA M/M	SEP	0.3%	0.1%
10/7	8:30 AM	Nonfarm Payrolls SA	SEP	173K	151K R
10/7	8:30 AM	Unemployment Rate	SEP	4.9%	4.9%

Source: FactSet and API

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

Max: 51.23 (08-JUN-16), Min: 26.19 (11-FEB-16), Last: 48.11 (30-SEP-16)



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**FIXED INCOME UPDATE**
**While State Collections Decline, Local Taxes Grow**

- In contrast to reports last week that states experienced a decline in second quarter tax revenues, local governments saw a 2.4% increase over the same timeframe. The period ending June 30th marks the fourth consecutive quarter of growth and 12 of the last 14 for local governments.
- Compared to weakness in personal and corporate income taxes, local government tax revenue growth is primarily driven by property taxes, which tend to be more resilient. Property taxes, which account for close to 80% of local government revenue, are not subject to short-term economic volatility and typically lag long-term changes in the economy due to the assessment process.
- Although growth may appear to be slowing down, continued increases in revenues for local governments allow them to boost reserves, fund infrastructure and address pension obligations.

**INDEX RETURNS (AS OF 9/30/16)**

	MTD	YTD
S&P 500	0.02	7.84
Dow Jones Ind. Avg.	-0.41	7.21
Barclays MM Short 1-5 Yr.	-0.44	1.27
Barclays MM 1-10 Yr.	-0.33	2.70
ML US Gov/Corp 1-10 Yr.	0.13	3.63

Source: Interactive Data

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