

HEADLINE NEWS
Oil, Fed in Spotlight as Markets Look Beyond DC

- Despite the S&P 500 suffering its worst single day performance of the year on Wednesday, May 17th (-1.8%), investors once again quickly bought the dip and shrugged off Trump/Comey memo news as markets rallied at the end of the week. The VIX rallied over 50% that day, but has subsequently retraced nearly all of that move. While there are legitimate concerns about these administration distractions/controversies potentially delaying what is considered largely bullish legislature, corporate earnings forecasts appear to be maintaining investor optimism.
- Oil prices have continued to retrace off their recent lows to settle back above \$50 a barrel. While some of the strength may be due to US dollar weakness, much is attributed to further production limit agreements. The next such pivot point may come this Thursday as OPEC and non-OPEC members meet to discuss policy. Meanwhile, supply capacity should continue to expand for the foreseeable future as technology improves.
- We will hear from a number of Fed speakers throughout the week, including five different voting members with speaking engagements. Furthermore, Fed minutes from the May 3rd meeting, which was largely status quo, will be released Wednesday. Currently interest rates remain at the low end of the recent range, as what was initially expected to be an almost certain Fed rate raise in June is now potentially being cast with some doubt.
- Over the weekend, President Trump finalized the details of a \$110 billion (potentially up to \$350 billion over the next ten years) defense deal with Saudi Arabia. Based on early details, it appears that Lockheed Martin is the largest beneficiary of the deal, with \$28 billion in orders.

NOTABLE EARNINGS DUE THIS WEEK

DATE	TIME	TICKER	COMPANY NAME
5/23	After Market	INTU-US	Intuit, Inc.
5/24	Unspecified	LOW-US	Lowe's Cos., Inc.
5/25	07:30 AM	DLTR-US	Dollar Tree, Inc.
5/25	04:15 PM	COST-US	Costco Wholesale Corp.

Source: FactSet and API

KEY MACROECONOMIC DATA DUE THIS WEEK

DATE	TIME	EVENT	PERIOD	CONSENSUS	PRIOR
5/23	09:45 AM	Markit PMI Manufacturing SA (Preliminary)	MAY	53.0	52.8
5/23	09:45 AM	Markit PMI Services SA (Preliminary)	MAY	53.0	53.1
5/24	10:30 AM	EIA Crude Oil Stocks	05/19		-1.8M
5/24	02:00 PM	FOMC Minutes			
5/25	08:30 AM	Initial Claims SA	05/20	238.0K	232.0K
5/26	08:30 AM	GDP SAAR Q/Q (Second Preliminary)	Q1	0.80%	0.70%
5/26	01:00 PM	Baker Hughes U.S. Rotary Oil Rigs	05/26		720.0

Source: FactSet and API

INDEX RETURNS (AS OF 5/19/2017)

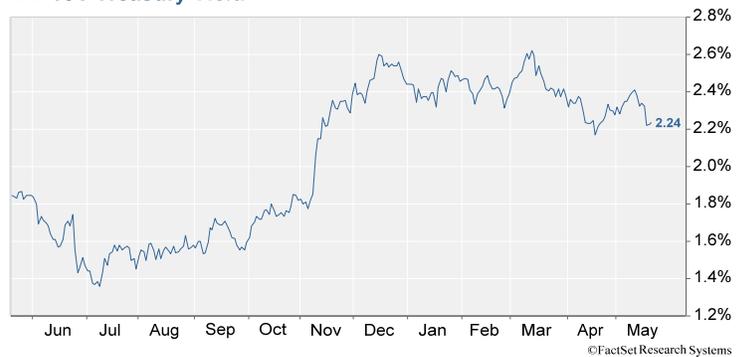
	MTD	YTD
S&P 500	0.08	7.24
Dow Jones Ind. Avg.	-0.34	6.35
Barclays MM Short 1-5 Yr.	0.42	2.18
Barclays MM 1-10 Yr.	0.77	3.27
ML US Gov/Corp 1-10 Yr.	0.25	1.42

Source: Interactive Data

S&P 500

WTI Crude Oil Spot Price (\$/barrel)

Max: 54.48 (23-FEB-17), Min: 39.50 (02-AUG-16), Last: 50.33 (19-MAY-17)


US 10Y Treasury Yield

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