

**HEADLINE NEWS**
**After This Week, Macro Calendar Sparse Until June**

- The start of a new month brings a slew of macroeconomic data that we will be watching this week. Monday morning's manufacturing ISM came in at 50.8, below consensus estimates of 51.5, but above the key expansion threshold of 50. Later this week, we get auto sales, the service ISM, and Friday's jobs report. The calendar is sparse the remainder of May and doesn't pick up until we hit June. Both OPEC and the ECB will hold policy meetings separately on June 2<sup>nd</sup>. The Fed does not meet again until mid-June, and the referendum vote on Britain's exit from the Eurozone is scheduled for June 23<sup>rd</sup>. With first quarter earnings season wrapping up, we anticipate that stocks are likely to remain range-bound given the lack of any scheduled catalysts.

**Key Macroeconomic Data Due this Week**

Date	Time	Event	Period	Consensus	Prior
5/2	10:00 AM	ISM Manufacturing SA	APR	51.5	51.8
5/3		- Total Light Vehicle Sales	APR	17.5M	16.5M R
5/4	10:00 AM	ISM Non Manufacturing SA	APR	54.8	54.5
5/5	8:30 AM	Initial Claims SA	04/30	259K	257K
5/6	8:30 AM	Hourly Earnings SA M/M	APR	0.3%	0.3%
5/6	8:30 AM	Nonfarm Payrolls SA	APR	200K	215K
5/6	8:30 AM	Unemployment Rate	APR	5%	5%

**Q1 Earnings Better Than Feared**

- First quarter earnings reports continue to come in this week, and the overall feeling from investors has been that results have been better than anticipated. According to data from FactSet, 62% of S&P 500 have reported so far with 74% of those companies beating analysts' earnings expectations and 55% beating revenue estimates. The blended earnings growth rate for the quarter has moved up over the past week, rising from -8.9% to -7.6% this week, largely due to upside surprises from the Consumer Discretionary sector. Energy and Materials stocks continue to be the largest contributors to the earnings decline with growth rates of -107.7% and -15.3%, respectively. This week, 124 S&P 500 companies report earnings.

**Notable S&P 500 Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
5/3	Before Market	CVS-US	CVS Health Corp.
5/3	Before Market	PFE-US	Pfizer Inc.
5/3	Before Market	VLO-US	Valero Energy Corp.
5/4	7:00 AM	PCLN-US	The Priceline Group, Inc.
5/4	After Market	WFM-US	Whole Foods Market, Inc.
5/5	Unspecified	MRK-US	Merck & Co., Inc.
5/5	After Market	EOG-US	EOG Resources, Inc.

**S&P 500**


Source: FactSet Prices

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

**FIXED INCOME UPDATE**
**Yields Lower After Fed, Puerto Rico Defaults**

- The 10-Year U.S. Treasury yield started last week continuing the trend of following equities and oil higher, but dropped on Wednesday with the release of the Fed's latest policy statement. The Fed's statement was largely viewed as passive with the committee in no hurry to raise rates. Given that stance, the implied probabilities of rate hikes dropped across all future meeting dates.
- Puerto Rico's Governor invoked a debt moratorium on \$422 million of the Government Development Bank's (GDB) payment due May 2, meaning the Bank will default on the principal and interest owed investors.

**INDEX RETURNS (AS OF 4/29/16)**

	MTD	YTD
S&P 500	0.39	1.74
Dow Jones Ind. Avg.	0.62	2.83
Barclays MM Short 1-5 Yr.	0.30	1.06
Barclays MM 1-10 Yr.	0.62	1.97
ML US Gov/Corp 1-10 Yr.	0.09	2.41

Source: Interactive Data

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