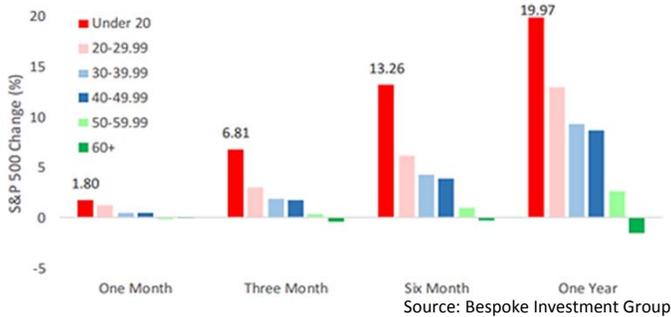


**HEADLINE NEWS**
**Market Already Looking Ahead to Fed**

The major stock averages moved higher last week as investors seemingly became more comfortable with the prospect of a summer rate hike from the Fed. But, under the surface, there has been a change in leadership. Rate sensitive sectors of the market that behave like bond proxies (Utilities, Telecommunications, and Consumer Staples) have underperformed the broader index recently after leading much of the year. Stocks are likely to stay range bound in the short term as investors look past the macro items this week (U.S. data, OPEC, ECB), and focus on the Fed's potential path to rate normalization.

**Few Bulls Left, Historically Bullish Indicator**

The chart below, courtesy of Bespoke Investment Group, shows subsequent returns following bullish sentiment readings from the American Association of Individual Investors (AAII). If historical trends hold, last week's reading of 17.8% could signal positive returns over the coming year.

**S&P 500 Following Various Levels of Bullish Sentiment: 1987 -2016**

**Notable Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
5/31	6:45 AM MDT-US	MDT-US	Medtronic Plc
6/1	Before Market	KORS-US	Michael Kors Holdings Ltd.
6/2	After Market	AVGO-US	Broadcom Ltd.

Source: API

**Key Macroeconomic Data Due this Week**

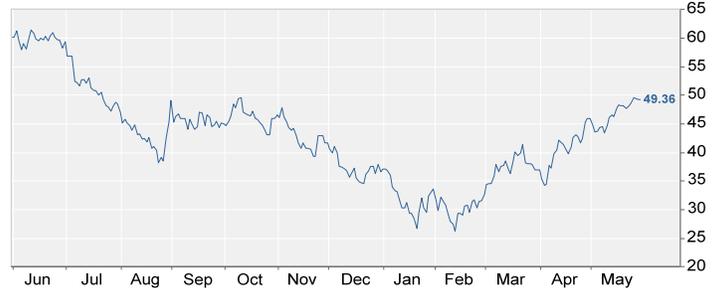
Date	Time	Event	Period	Consensus	Prior
6/1	10:00 AM	ISM Manufacturing SA	MAY	50.5	50.8
6/2		- Total Light Vehicle Sales	MAY	17.3M	17.3M
6/2	8:30 AM	Initial Claims SA	05/28	269K	268K
6/2	10:30 AM	EIA Crude Oil Stocks	05/27		-4.2M
6/3	8:30 AM	Hourly Earnings SA M/M	MAY	0.2%	0.3%
6/3	8:30 AM	Nonfarm Payrolls SA	MAY	160K	160K
6/3	8:30 AM	Unemployment Rate	MAY	5%	5%
6/3	9:45 AM	Markit PMI Services SA (Final)	MAY	51.2	51.2
6/3	10:00 AM	ISM Non Manufacturing SA	MAY	55.3	55.7

**S&P 500**

Source: API


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

Max: 61.37 (10-JUN-15), Min: 26.19 (11-FEB-16), Last: 49.36 (30-MAY-16)


**FIXED INCOME UPDATE**
**Yields Hold Steady, Waiting on Yellen**

Bond yields traded off inside of 10 years with a host of Fed speakers hitting the tape with a hawkish tone. On Friday, Chairwoman Yellen capped off the week of "Fedspeak" by stating that a rate increase in the coming months is likely "appropriate." With the slew of macroeconomic data due out this week, Yellen and the FOMC will have a fresh set of data to digest. The team at Appleton will be focused on Friday's jobs report, specifically hourly earnings and the average workweek. In our opinion, Fed Chair Yellen craves transparency so we will also be monitoring her speech on June 6<sup>th</sup> to see if she uses the occasion to tip her hand ahead of the June 15<sup>th</sup> FOMC meeting.

**INDEX RETURNS (AS OF 5/27/16)**

	MTD	YTD
S&P 500	1.89	3.67
Dow Jones Ind. Avg.	0.95	3.81
Barclays MM Short 1-5 Yr.	-0.20	0.86
Barclays MM 1-10 Yr.	-0.26	1.71
ML US Gov/Corp 1-10 Yr.	-0.14	2.27

Source: Interactive Data

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