

**HEADLINE NEWS**
**U.S. Consumer and Retail Sales in Focus**

- The focus this week will likely be on the health of the US consumer. Companies across various sectors, such as Disney, Electronic Arts, Macy's, Kohl's, and Nordstrom are scheduled to release first quarter earnings results this week. We anticipate that the reports from the brick-and-mortar chains will show continuing challenges coming from the shift to online shopping. Disney will be closely watched to see if continued success at the box office can counter the "cord-cutting" trend that has weighed on the stock. This past weekend, Disney's *Captain America: Civil War* and *The Jungle Book* topped the worldwide revenue charts. Finally, we get the retail sales report on Friday with expectations for a headline month-over-month gain of +0.9%, +0.5% ex-autos.

**Key Macroeconomic Data Due this Week**

Date	Time	Event	Period	Consensus	Prior
5/11	10:30 AM	EIA Crude Oil Stocks	05/06		2.8M
5/12	8:30 AM	Initial Claims SA	05/07	270K	274K
5/13	8:30 AM	PPI ex-Food & Energy SA M/M	APR	0.1%	-0.1%
5/13	8:30 AM	PPI SA M/M	APR	0.3%	-0.1%
5/13	8:30 AM	Retail Sales ex-Auto SA M/M	APR	0.5%	0.2%
5/13	8:30 AM	Retail Sales SA M/M	APR	0.9%	-0.3%

Source: API

**S&P 500**


Source: FactSet Prices

**Oil Down to Start the Week**

- As we start the week, two issues regarding the oil market caught our eye. First is the ongoing wildfires that are continuing to spread across central Canada. Reports are that the fire is now over 600 square miles, twice the area of New York City, and has disrupted oil production to the tune of nearly one third of daily capacity. The second item was a shake-up of power in Saudi Arabia as a new Minister of Petroleum, al-Falih, was appointed over the weekend. Many believe that the change signals that the Saudis will not be open to a freeze deal as al-Falih will continue the country's "stable petroleum policies." Oil is trading down overall as investors believe the long term impact from the Saudi regime change will outweigh the short term impact of the lost Canadian production.

**Notable Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
5/10	Before Market	AGN-US	Allergan Plc
5/10	After Market	DIS-US	The Walt Disney Co.
5/10	After Market	EA-US	Electronic Arts, Inc.
5/11	Before Market	M-US	Macy's, Inc.
5/12	Before Market	KSS-US	Kohl's Corp.
5/12	8:00 AM	RL-US	Ralph Lauren Corp.
5/12	After Market	JWN-US	Nordstrom, Inc.

Source: API

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

Max: 61.37 (10-JUN-15), Min: 26.19 (11-FEB-16), Last: 44.59 (06-MAY-16)



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**FIXED INCOME UPDATE**
**California Tax Revenues Hit a Bump in the Road**

- Preliminary personal income tax revenues collected by the State of California for the key month of April *declined* by 2.8% year-over-year to \$13.6 billion compared to projections for a 4.6% *increase*. The underperformance likely points to lower capital gains experienced in 2015 due to weaker performance in financial markets and not necessarily a downturn in the state's economic activity.
- The Governor and the bipartisan Legislative Analyst's Office will release new budget projections later in May, which will provide better clarity on the State's fiscal trajectory.

**INDEX RETURNS (AS OF 5/6/16)**

	MTD	YTD
S&P 500	-0.33	1.40
Dow Jones Ind. Avg.	-0.10	2.73
Barclays MM Short 1-5 Yr.	0.07	1.14
Barclays MM 1-10 Yr.	0.21	2.19
ML US Gov/Corp 1-10 Yr.	0.18	2.60

Source: Interactive Data

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