

HEADLINE NEWS
Fed Likely to Hike Rates, Investors Eye Dots and Balance Sheet

• There are a number of macroeconomic data releases worth watching this week, including the latest PPI and CPI inflation readings and May's retail sales report. However, most investors will be focusing on Wednesday afternoon's FOMC policy rate decision. Consensus, Appleton included, expects a 25 basis point rate hike to the federal funds rate, but far less certain is the language in the policy statement and the subsequent press conference. Chairwoman Yellen is likely to get questions regarding the Fed's balance sheet and how they intend to unwind it. That, and the Fed's economic forecast update, are more likely to influence the market than the expected rate increase.

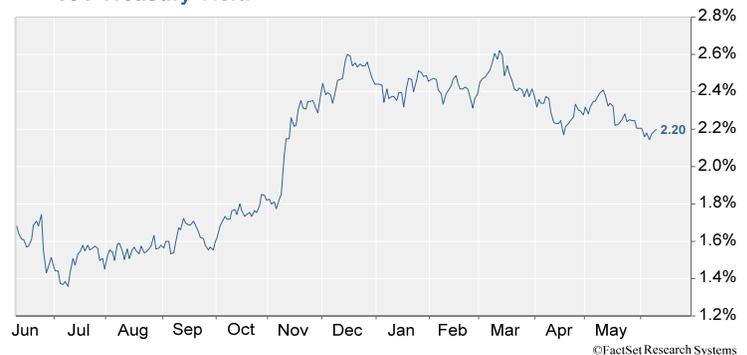
NASDAQ Stumbles after Hitting All-Time High

• Last week's big market events were supposed to be the ECB rate decision, former FBI Dir. Comey's testimony, and the U.K. general election. While all three grabbed their fair share of headlines, none materially impacted the broader investment narrative or moved the market. Over the weekend, the majority of market news was focused on the selloff in technology shares on Friday. Despite hitting an all-time high in early morning trade, the NASDAQ finished down nearly 2% for the day. Coming into Friday, the tech-heavy NASDAQ was up ~18% for the year, nearly double the S&P 500. Tech giants such as Apple, Facebook, and Alphabet (formerly Google) were up anywhere from 25%-40% YTD. The team at Appleton believes that the drop in tech shares on Friday was more of a rotational trading phenomena rather than the start of a broader decline. The drop in tech shares led to only a 0.08% drop in the S&P 500, as banks, energy companies, and smaller cap stocks (all laggards on the year) buoyed the index. Tech shares stabilized Monday morning, and have rebounded modestly early Tuesday, giving us further comfort that the drop was more a function of profit taking rather than a signal of further declines.

S&P 500

WTI Crude Oil Spot Price (\$/barrel)

Max: 54.48 (23-FEB-17), Min: 39.50 (02-AUG-16), Last: 45.83 (09-JUN-17)


US 10Y Treasury Yield

NOTABLE EARNINGS DUE THIS WEEK

DATE	TIME	TICKER	COMPANY NAME
6/13	Unspecified	HRB-US	H&R Block, Inc.
6/15	Before Market	KR-US	The Kroger Co.

Source: FactSet and API

KEY MACROECONOMIC DATA DUE THIS WEEK

DATE	TIME	EVENT	PERIOD	CONSENSUS	PRIOR
6/14	08:30 AM	CPI ex-Food & Energy SA M/M	MAY	0.20%	0.10%
6/14	08:30 AM	CPI SA M/M	MAY	0.0%	0.20%
6/14	08:30 AM	Retail Sales ex-Auto SA M/M	MAY	0.20%	0.30%
6/14	08:30 AM	Retail Sales SA M/M	MAY	0.10%	0.40%
6/14	10:30 AM	EIA Crude Oil Stocks	06/09		3.3M
6/14	02:00 PM	FOMC Meeting			
6/15	08:30 AM	Initial Claims SA	06/10	240K	245.0K
6/16	01:00 PM	Baker Hughes U.S. Rotary Oil Rigs	06/16		741.0

Source: FactSet and API

INDEX RETURNS (AS OF 6/9/2017)

	MTD	YTD
S&P 500	0.87	9.61
Dow Jones Ind. Avg.	1.31	8.89
Barclays MM Short 1-5 Yr.	0.02	2.38
Barclays MM 1-10 Yr.	0.12	3.91
ML US Gov/Corp 1-10 Yr.	-0.02	1.59

Source: Interactive Data

APPLETON PARTNERS, INC ONE POST OFFICE SQ. BOSTON, MA 02109 TEL. 617.338.0700 WWW.APPLETONPARTNERS.COM

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