

HEADLINE NEWS
Second Quarter Earnings in Focus

- Friday's jobs report was good enough to propel stocks back towards all-time highs. The momentum has continued into this week, but investors will be looking for confirmation of the move in stocks during the coming earnings season. According to FactSet, the S&P 500's growth rate for the second quarter is -5.6%, which would mark the fifth straight quarter of declines. Whether or not the growth rate actually finishes negative is up for debate. On average over the past four years, the actual growth rate has come in +2.7% higher than the expected rate to start the quarter. Also, the negative impact of the energy sector continues to weigh down the broader index with the S&P 500 decline improving to -2.1% from -5.6% excluding the energy sector.
- Paramount to the earnings reports will be the forward guidance given by companies this quarter. Analysts had been predicting a return to earnings growth in the second half of 2016, but the Brexit referendum and U.S. presidential race are likely to cause some uncertainty. Thirteen S&P 500 companies have reported earnings since the Brexit vote with only six mentioning the Brexit. Of the six, two said it would have a negative impact, with two others stating it would cause uncertainty, but did not mention any specific negative to their business. The team at Appleton will be focused on forward company commentary, specifically how it relates to the Brexit. The market has shaken off the Brexit... have CEO/CFO's?

Key Macroeconomic Data Due this Week

| Date | Time | Event | Period | Consensus | Prior |
|------|----------|-----------------------------|--------|-----------|-------|
| 7/13 | 10:30 AM | EIA Crude Oil Stocks | 07/08 | | -2.2M |
| 7/14 | 8:30 AM | Initial Claims SA | 07/09 | 266.5K | 254K |
| 7/14 | 8:30 AM | PPI ex-Food & Energy SA M/M | JUN | 0.1% | 0.3% |
| 7/14 | 8:30 AM | PPI SA M/M | JUN | 0.3% | 0.4% |
| 7/15 | 8:30 AM | CPI ex-Food & Energy SA M/M | JUN | 0.2% | 0.2% |
| 7/15 | 8:30 AM | CPI SA M/M | JUN | 0.3% | 0.2% |
| 7/15 | 8:30 AM | Retail Sales ex-Auto SA M/M | JUN | 0.4% | 0.4% |
| 7/15 | 8:30 AM | Retail Sales SA M/M | JUN | 0.1% | 0.5% |

Source: API

S&P 500


Source: FactSet Prices

Notable Earnings Due this Week

| DATE | TIME | TICKER | COMPANY NAME |
|------|--------------|--------|--|
| 7/11 | After Market | AA-US | Alcoa, Inc. |
| 7/13 | After Market | CSX-US | CSX Corp. |
| 7/13 | After Market | YUM-US | Yum! Brands, Inc. |
| 7/14 | Unspecified | OMC-US | Omnicom Group, Inc. |
| 7/14 | 6:45 AM | JPM-US | JPMorgan Chase & Co. |
| 7/15 | Unspecified | PNC-US | The PNC Financial Services Group, Inc. |
| 7/15 | 8:00 AM | C-US | Citigroup, Inc. |
| 7/15 | 8:00 AM | WFC-US | Wells Fargo & Co. |

Source: API

WTI Crude Oil Spot Price (\$/barrel)

Max: 53.05 (14-JUL-15), Min: 26.19 (11-FEB-16), Last: 45.36 (08-JUL-16)



©FactSet Research Systems

FIXED INCOME UPDATE
U.S. 10-Year Treasury Records Record Low

- Yields in the fixed income markets continue to grind lower despite the S&P 500 finishing the week near an all-time high. With nearly \$10 trillion in debt presenting negative yields globally, U.S. Treasuries continue to look relatively attractive. Aside from the higher relative yield, the safety and liquidity of Treasuries are likely to keep yields anchored across the curve. In the corporate bond market, a steady supply of new issuance has been coming to market, but demand has kept pace, keeping spreads tight across the curve. For municipals, the story is roughly the same with good volume expected on the calendar this week expected to be met with strong demand on the buy side.

INDEX RETURNS (AS OF 7/8/16)

| | MTD | YTD |
|---------------------------|------|------|
| S&P 500 | 1.55 | 5.45 |
| Dow Jones Ind. Avg. | 1.29 | 5.66 |
| Barclays MM Short 1-5 Yr. | 0.10 | 1.58 |
| Barclays MM 1-10 Yr. | 0.21 | 3.09 |
| ML US Gov/Corp 1-10 Yr. | 0.31 | 4.00 |

Source: Interactive Data

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

This commentary reflects the opinions of Appleton Partners based on information that we believe to be reliable. It is intended for informational purposes only, and not to suggest any specific performance or results, nor should it be considered investment, financial, tax or other professional advice. It is not an offer or solicitation. Views regarding the economy, securities markets or other specialized areas, like all predictors of future events, cannot be guaranteed to be accurate and may result in economic loss to the investor. While the Adviser believes the outside data sources cited to be credible, it has not independently verified the correctness of any of their inputs or calculations and, therefore, does not warrant the accuracy of any third-party sources or information. Specific securities identified and described may or may not be held in portfolios managed by the Adviser and do not represent all of the securities purchased, sold, or recommended for advisory clients. The reader should not assume that investments in the securities identified and discussed were or will be profitable. Any securities identified were selected for illustrative purposes only, as a vehicle for demonstrating investment analysis and decision making.