

HEADLINE NEWS
Q2 GDP and FOMC Backburnered by Full Week of Earnings

- Second quarter earnings season peaks this week with 203 S&P 500 companies reporting according to data compiled by FactSet Research. Coming into this week, 25% of S&P 500 companies have reported and results have been better than anticipated. 68% of reporting companies have beaten earnings expectations and 57% have exceeded revenue estimates. Both beat rates are slightly ahead of their respective 5-year averages of 67% and 55%. The blended earnings growth rate for the quarter now stands at -3.7%, up from the 6/30 estimate of -5.5%. The increase is due largely to companies beating earnings estimates by a larger margin, with aggregate earnings coming in 6.7% above expectations. Excluding the drag from the Energy sector, earnings improve from -3.7% to 0.0% and revenues improve from +2.6% from -0.3%.
- Aside from earnings, we have several noteworthy events this week starting with the FOMC meeting on Wednesday afternoon. Expectations are for no change but, as always, investors will be parsing the language. Friday will be busy with our first look at second quarter GDP, in addition to a Bank of Japan policy decision and European bank stress test results.

Notable Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
7/26	7:00 AM	VZ-US	Verizon Communications, Inc.
7/26	4:01 PM	AKAM-US	Akamai Technologies, Inc.
7/26	4:15 PM	EW-US	Edwards Lifesciences Corp.
7/26	4:30 PM	AAPL-US	Apple, Inc.
7/27	4:00 PM	AMGN-US	Amgen, Inc.
7/27	4:00 PM	FB-US	Facebook, Inc.
7/28	Before Market	TMO-US	Thermo Fisher Scientific, Inc.
7/28	7:00 AM	AMT-US	American Tower Corp.
7/28	After Market	GOOGL-US	Alphabet, Inc.
7/28	4:01 PM	AMZN-US	Amazon.com, Inc.
7/29	7:45 AM	UPS-US	United Parcel Service, Inc.
7/29	8:00 AM	XOM-US	Exxon Mobil Corp.

Source: API

S&P 500


Source: FactSet Prices

Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
7/26	9:45 AM	Markit PMI Services SA (Preliminary)	JUL	52.5	51.4
7/26	10:00 AM	Consumer Confidence	JUL	96	98
7/27	8:30 AM	Durable Orders ex-Trans SA M/M (Prelim)	JUN	0.4%	-0.3%
7/27	8:30 AM	Durable Orders SA M/M (Prelim)	JUN	-1%	-2.3%
7/27	10:30 AM	EIA Crude Oil Stocks	07/22		-2.3M
7/27	2:00 PM	FOMC Statement - United States			
7/28	8:30 AM	Initial Claims SA	07/23	265K	253K
7/29	8:30 AM	GDP SAAR Q/Q (First Preliminary)	Q2	2.6%	1.1%

Source: API

WTI Crude Oil Spot Price (\$/barrel)

Max: 51.23 (08-JUN-16), Min: 26.19 (11-FEB-16), Last: 44.21 (22-JUL-16)



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FIXED INCOME UPDATE
Current Muni Inflows Streak One of the Strongest Since 2000

- Through the week ending 7/20/2016, municipal bond mutual funds have experienced 42 consecutive weeks of inflows and \$45.9 billion in investor additions. This marks one of the strongest periods of inflow activity in the last 20 years. Investor demand has likely been driven by a flight to quality, still relatively attractive tax-equivalent yields, seasonal trends, and/or the broad stability in municipal credit. While matching the \$65 billion and \$110 billion of inflows experienced in the 2009-2010 and 2011-2013 periods will be difficult, the current trend could continue for an extended period. JP Morgan noted recently that a reversal in inflow trends typically results in an increase in long-dated yields.

INDEX RETURNS (AS OF 7/22/16)

	MTD	YTD
S&P 500	3.74	7.72
Dow Jones Ind. Avg.	3.71	8.18
Barclays MM Short 1-5 Yr.	0.11	1.60
Barclays MM 1-10 Yr.	-0.04	2.84
ML US Gov/Corp 1-10 Yr.	-0.21	3.47

Source: Interactive Data

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