

**HEADLINE NEWS**
**Stocks Make Fresh Highs; Retailers in Focus**

- The three major U.S. stock indices (S&P 500, Dow Industrials, & NASDAQ) each hit all-time highs last week amid low trading volume, little volatility, and a rebound in oil. Given that the next scheduled potential catalyst (Yellen's Jackson Hole speech) isn't until late August, we believe that the market is likely to continue to trade sideways on light volume for the remainder of the month.
- With over 90% of S&P 500 companies reporting, the overall takeaway from second quarter earnings season may be that results came in better than feared, helping stocks advance to all-time highs. According to data from FactSet Research, 19 out of the next 35 companies in the index scheduled to report earnings results are retailers. Company reports that we will be watching include home improvement giants, HD and LOW, along with discounters, TJX, TGT, and WMT. These reports are of particular interest because they come on the heels of a disappointing retail sales report this past Friday. Month-over-month retail sales growth came in flat at 0.0% versus analysts' consensus estimate of +0.4%. The online category was the biggest winner, with Amazon.com making up the majority of the volume. The home improvement category has been healthy as it is somewhat immune from the impact from Amazon, but it will be interesting to see if the large brick and mortar retailers continue to suffer from the continued growth of the online leader.

**Key Macroeconomic Data Due this Week**

Date	Time	Event	Period	Consensus	Prior
8/16	8:30 AM	CPI ex-Food & Energy SA M/M	JUL	0.2%	0.2%
8/16	8:30 AM	CPI SA M/M	JUL	0%	0.2%
8/16	8:30 AM	Housing Starts SAAR	JUL	1,180K	1,189K
8/16	9:15 AM	Industrial Production SA M/M	JUL	0.2%	0.6%
8/17	10:30 AM	EIA Crude Oil Stocks	08/12		1.1M
8/17	2:00 PM	FOMC Minutes - United States			
8/18	8:30 AM	Initial Claims SA	08/13	267K	266K

Source: FactSet &amp; API

**S&P 500**


Source: FactSet Prices

**Notable Earnings Due this Week**

DATE	TIME	TICKER	COMPANY NAME
8/16	Unspecified	HD-US	The Home Depot, Inc.
8/16	Before Market	AAP-US	Advance Auto Parts, Inc.
8/16	9:30 AM	TJX-US	The TJX Cos., Inc.
8/17	Unspecified	LOW-US	Lowe's Cos., Inc.
8/17	Unspecified	SPLS-US	Staples, Inc.
8/17	Unspecified	TGT-US	Target Corp.
8/17	4:30 PM	CSCO-US	Cisco Systems, Inc.
8/18	Unspecified	WMT-US	Wal-Mart Stores, Inc.
8/19	Before Market	DE-US	Deere & Co.

Source: FactSet and API

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

Max: 51.23 (08-JUN-16), Min: 26.19 (11-FEB-16), Last: 44.46 (12-AUG-16)



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**EARNINGS UPDATE**
**Rate Hike Odds Dip on Weaker than Expected Retail Sales**

- Following two consecutive months of stronger than anticipated nonfarm payroll growth, the implied odds of a Fed rate hike had increased modestly. According to data from CME Group (<http://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>), those odds retreated slightly after the weaker than expected retail sales report from Friday. The latest GDP report was buoyed by strong consumer spending, and the Fed is going to need to see continued resilience from the U.S. consumer if they are to raise interest rates. The team at Appleton believes that political uncertainty, in addition to stubbornly low inflation, is likely to keep the Fed on hold until next year at the earliest.

**INDEX RETURNS (AS OF 8/12/16)**

	MTD	YTD
S&P 500	0.61	8.32
Dow Jones Ind. Avg.	0.98	8.43
Barclays MM Short 1-5 Yr.	0.03	1.82
Barclays MM 1-10 Yr.	0.03	3.15
ML US Gov/Corp 1-10 Yr.	-0.15	3.68

Source: Interactive Data

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