

HEADLINE NEWS
All Eyes on Yellen at Jackson Hole

- Janet Yellen is set to speak this Friday at the Kansas City Federal Reserve's symposium in Jackson Hole, WY. Investors are eager to find out if Yellen will either convey a data-dependent, wait-and-see approach or take a more hawkish tone, as her Fed colleagues have done over the past week. Market implied odds of a rate hike have been on the rise, with 26% odds for the September meeting and 52% odds for the December meeting according to Bloomberg. Over the weekend, Vice Chairman of the Fed, Stanley Fischer, hinted that a hike this year is on the table with the Fed "close to our targets." The team at Appleton believes that a hike prior to the U.S presidential election is unlikely, and that a December hike is in play. Either way, domestic rates are unlikely to move meaningfully higher given where debt is trading globally. According to data by Fitch Ratings, there is approximately \$13.4 trillion in negative yielding bonds, nearly one third of all sovereign debt outstanding.
- As we have mentioned in this space before, the darlings of the 2016 equity market have been high dividend-yielding stocks. Bond-proxy sectors, such as Utilities and Telecoms, had outperformed their peers by a wide margin as of 6/30. Since then, however, the gap has closed, as investors digest the relative valuations of the sectors and the prospect of the Fed raising rates. We will be monitoring the price action in the different sectors to see if the rotation continues as we get further clarification on interest rate policy.

Notable Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
8/23	7:00 AM	BBY-US	Best Buy Co., Inc.
8/24	After Market	HPQ-US	HP, Inc.
8/25	Unspecified	DG-US	Dollar General Corp.
8/25	Before Market	TIF-US	Tiffany & Co.
8/25	7:30 AM	DLTR-US	Dollar Tree, Inc.
8/25	After Market	ULTA-US	Ulta Salon, Cosmetics & Fragrance, Inc.
8/25	4:01 PM	ADSK-US	Autodesk, Inc.

Source: FactSet & API

S&P 500


Source: FactSet Prices

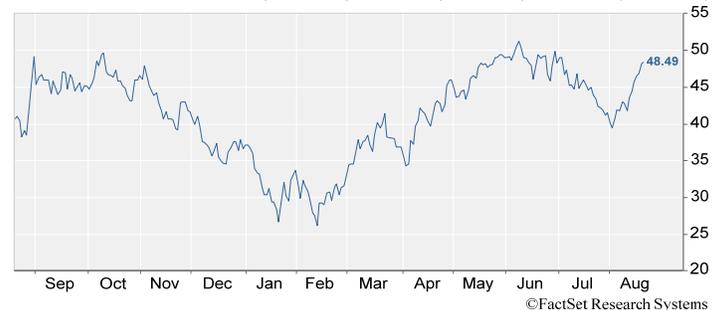
Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
8/23	9:45 AM	Markit PMI Manufacturing SA (Prelim)	AUG	52.7	52.9
8/24	10:00 AM	Existing Home Sales SAAR	JUL	5,500K	5,570K
8/24	10:30 AM	EIA Crude Oil Stocks	08/19		-2.5M
8/25	8:30 AM	Durable Orders SA M/M (Preliminary)	JUL	3.5%	-3.9%
8/25	8:30 AM	Initial Claims SA	08/20	265K	262K
8/25	9:45 AM	Markit PMI Services SA (Preliminary)	AUG	52.1	51.4
8/26	8:30 AM	GDP SAAR Q/Q (Second Preliminary)	Q2	1.1%	1.2%
		Yellen speaks at Kansas City Fed's			
8/26	11:00 AM	symposium			

Source: FactSet and API

WTI Crude Oil Spot Price (\$/barrel)

Max: 51.23 (08-JUN-16), Min: 26.19 (11-FEB-16), Last: 48.49 (19-AUG-16)



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FIXED INCOME UPDATE
Municipals and Corporates Tighten on Strong Demand

- Last week, the yield on the 10-Year Treasury moved up slightly as a number of Fed speakers hit the tape with hawkish commentary. However, municipal bonds traded tighter throughout the curve as continued strong demand was met with a light new issue calendar. Municipal bond funds saw \$1.1 billion of net inflows, the 46th straight week of net inflows, per Reuters and Lipper. A similar story played out for corporates as new issuance was not able to keep up with demand. According to Raymond James, the Bloomberg U.S. Investment Grade Corporate Bond Index tightened to a new 2016 low.

INDEX RETURNS (AS OF 8/19/16)

	MTD	YTD
S&P 500	0.67	8.39
Dow Jones Ind. Avg.	1.00	8.45
Barclays MM Short 1-5 Yr.	0.03	1.82
Barclays MM 1-10 Yr.	0.00	3.11
ML US Gov/Corp 1-10 Yr.	-0.31	3.52

Source: Interactive Data

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