

HEADLINE NEWS
Yellen and Fischer Reiterate Fed is Data Dependent

- Janet Yellen's commentary at Friday's Jackson Hole symposium was not quite as hawkish as the tone taken by a number of her colleagues over the past weeks. In prepared remarks, Chairwoman Yellen stated, "I believe the case for an increase in the federal funds rate has strengthened in recent months," but reiterated that the Fed will remain data dependent. She also acknowledged that fiscal policy was going to be needed to compliment monetary policy in dealing with the next economic downturn. Following Yellen's remarks, Vice Chair Stanley Fischer was interviewed and hinted that Yellen's commentary could be viewed as consistent with more than one hike by the end of 2016. That comment sparked a move up in bond yields and a move down in stocks that held for the remainder of the trading day. As of Tuesday morning, Fischer has softened his tone slightly telling Bloomberg TV that the Fed cannot know if it will be "one and done" without more data from the economy.
- Given the lack of scheduled catalysts in the near term, global monetary policy is likely to steer markets over the coming month. Three of the world's largest central banks are scheduled to hold policy meetings in September: ECB on 9/8, the Bank of Japan on 9/21, and the Fed on 9/21. The team at Appleton will be monitoring these events closely.

Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
8/31	10:30 AM	EIA Crude Oil Stocks	08/26		2.5M
9/1	8:30 AM	Initial Claims SA	08/27	265K	261K
9/1	10:00 AM	ISM Manufacturing SA	AUG	52	52.6
9/2		- Total Light Vehicle Sales	AUG	17.2M	17.8M R
9/2	8:30 AM	Hourly Earnings SA M/M	AUG	0.2%	0.3%
9/2	8:30 AM	Nonfarm Payrolls SA	AUG	185K	255K
9/2	10:00 AM	Durable Orders SA M/M (Final)	JUL	4.4%	4.4%

Source: FactSet and API

S&P 500

Notable Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
8/30 After Market		PANW-US	Palo Alto Networks, Inc.
8/31 After Market		CRM-US	salesforce.com, inc.
9/1	7:15 AM	CPB-US	Campbell Soup Co.
9/1 After Market		AVGO-US	Broadcom Ltd.

Source: FactSet & API

WTI Crude Oil Spot Price (\$/barrel)

Max: 51.23 (08-JUN-16), Min: 26.19 (11-FEB-16), Last: 47.64 (26-AUG-16)


FIXED INCOME UPDATE
Rhode Island Reaches Deal with Banks on 38 Studios Debt

- The State of Rhode Island reached a settlement with Wells Fargo and Barclays this past week, agreeing to receive a combined \$26 million in return for dropping litigation against the banks related to the now infamous 38 Studios financing. The company, 38 Studios, was founded by former Boston Red Sox pitcher Curt Schilling and aimed to develop video games. The company received support from Rhode Island, including a backstop on \$75 million in debt, as an incentive to relocate from Massachusetts. 38 Studios quickly failed and the State was left on the hook to pay interest and principal on the bonds. Lawsuits ensued and Rhode Island has successfully recouped approximately \$42 million through settlements with certain counterparties.

INDEX RETURNS (AS OF 8/26/16)

	MTD	YTD
S&P 500	0.00	7.67
Dow Jones Ind. Avg.	0.15	7.53
Barclays MM Short 1-5 Yr.	0.04	1.83
Barclays MM 1-10 Yr.	0.07	3.18
ML US Gov/Corp 1-10 Yr.	-0.55	3.27

Source: Interactive Data

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