

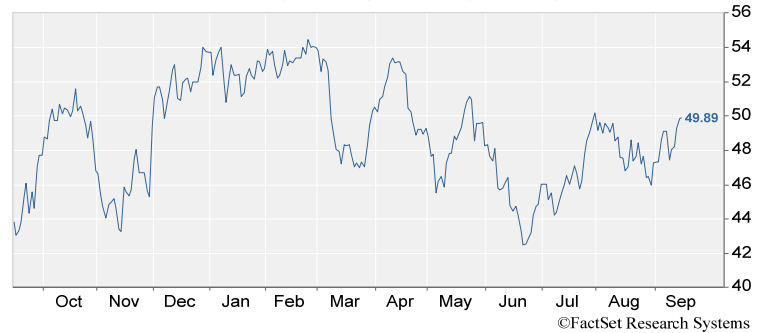
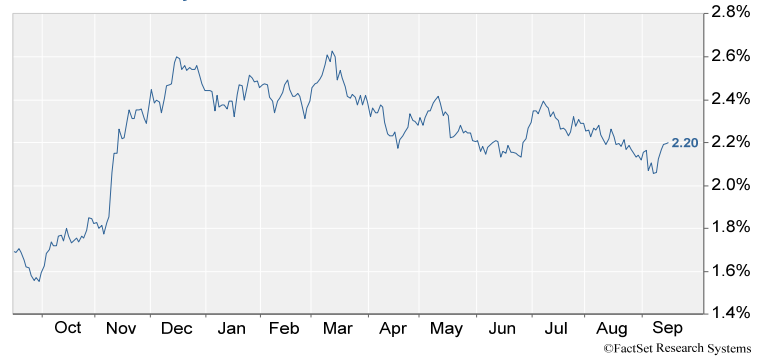
HEADLINE NEWS
All Eyes on the Fed

- With little in the way of macroeconomic releases or earnings reports this week, all eyes will be on the Federal Reserve this Wednesday afternoon. The FOMC will release its latest policy statement at 2:00PM, and Chairwoman Yellen will hold a press conference at 2:30PM. According to the CME Group, the market-implied probability of a hike at this meeting is 0%, but there are a number of items worth monitoring. First, is the Fed's plan for reducing the balance sheet with many investors expecting the official announcement this week. The Fed is likely to start unwinding the balance sheet in October and will stress to investors that the normalization process will be measured and deliberate. The team at Appleton believes that the market impact should be muted with the Fed gradually reducing (or capping) the amount it reinvests in US Treasuries and mortgage-backed securities. The second item we will be focused on is any mention in the policy statement or during the press conference regarding a hike in December. The current probability of a hike at the December FOMC meeting is 57%. Lastly, we'll be watching the "dot plot" for changes to the Fed's economic forecasts. This might be where they signal a December hike and set market expectations for further hikes in 2018 and 2019. It will also be worth listening for how the Fed believes Hurricanes Harvey and Irma impacted economic growth in the short term.
- The stock market traded higher to start the week following a 1.5% gain for the S&P 500 last week. Despite cautious commentary on trading revenues, financials outperformed as bond yields backed up and the yield curve steepened. All of the major US stock averages touched all-time highs last week, as investors were able to largely shrug off another missile launch from North Korea and weaker than anticipated retail sales. Besides the FOMC decision this week, investors are looking ahead to next Monday when the GOP is set to reveal their latest tax blueprint.

S&P 500

WTI Crude Oil Spot Price (\$/barrel)

Max: 54.48 (23-FEB-17), Min: 42.48 (21-JUN-17), Last: 49.89 (15-SEP-17)


US 10Y Treasury Yield

NOTABLE EARNINGS DUE THIS WEEK

DATE	TIME	TICKER	COMPANY NAME
9/19	Before Market	AZO	AutoZone, Inc.
9/19	04:05 PM	ADBE	Adobe Systems, Inc.
9/19	04:15 PM	FDX	FedEx Corp.
9/20	07:00 AM	GIS	General Mills, Inc.

Source: FactSet and API

KEY MACROECONOMIC DATA DUE THIS WEEK

DATE	TIME	EVENT	PERIOD	CONSENSUS	PRIOR
9/20	10:30 AM	EIA Crude Oil Stocks	09/15		5.9M
9/21	08:30 AM	Initial Claims SA	09/16	308K	284K
9/22	09:45 AM	Markit PMI Manufacturing SA (Prelim)	SEP	53.2	52.8
9/22	09:45 AM	Markit PMI Services SA (Prelim)	SEP	55.8	56.0
9/22	01:00 PM	Baker Hughes U.S. Rotary Oil Rigs	09/22		749.0

Source: FactSet and API

INDEX RETURNS (AS OF 9/15/2017)

	MTD	YTD
S&P 500	1.25	13.33
Dow Jones Ind. Avg.	1.54	14.75
Barclays MM Short 1-5 Yr.	-0.12	2.78
Barclays MM 1-10 Yr.	-0.22	4.41
ML US Gov/Corp 1-10 Yr.	-0.22	2.16

Source: Interactive Data

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

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