

HEADLINE NEWS
Can Earnings Beat Lowered Analyst Revisions?

- First quarter earnings season unofficially begins next week with Alcoa's report on Monday, 4/11. According to data from FactSet Research, analysts are predicting declines to both earnings and revenues, with estimated quarterly growth of -8.5% and -1.1%, respectively. Consensus estimates do not turn positive until the third quarter of this year. Recent dollar weakness and oil price stability has us hopeful for upside to the downward revisions.

Central Bankers Highlight the Macro This Week

- There are few catalysts on the macroeconomic calendar for the coming week. We will be focused on central bankers with the latest FOMC minutes release on Wednesday, a number of ECB speakers on Thursday, and Chairwoman Yellen speaking Thursday night.

S&P 500 Earnings Due this Week

DATE	TIME	TICKER	COMPANY NAME
4/5	Before Market	DRI-US	Darden Restaurants, Inc.
4/5	7:00 AM	WBA-US	Walgreens Boots Alliance, Inc.
4/6	Before Market	MON-US	Monsanto Co.
4/6	Before Market	STZ-US	Constellation Brands, Inc.
4/6	After Market	BBBY-US	Bed Bath & Beyond, Inc.
4/7	Before Market	KMX-US	CarMax, Inc.
4/7	7:30 AM	CAG-US	ConAgra Foods, Inc.

Source: API

S&P 500


Source: FactSet Prices

Rally Leaves Market in Short-Term Overbought State

- The S&P 500 has rallied over 13% after hitting a 52-week low on 2/11/16. We attribute the rebound to several reasons: fears over an economic slowdown in both the U.S and China have abated, a reversal in the U.S dollar and the price of oil, and continued accommodative monetary policy from global central bankers. After the sharp move higher, overbought signals are starting to flash with the S&P 500 Relative Strength Index at 70, the VIX at 14, a forward P/E of ~17x, and the majority of stocks trading above their moving averages. We anticipate that stocks are likely to consolidate some of their recent gains and trade sideways until we get a tell from the upcoming Q1 2016 earnings season.

Key Macroeconomic Data Due this Week

Date	Time	Event	Period	Consensus	Prior
4/4	10:00 AM	Durable Orders SA M/M (Final)	FEB	-2.8%	-2.8%
4/4	10:00 AM	Factory Orders SA M/M	FEB	-1.7%	1.6%
4/5	9:45 AM	Markit PMI - Services SA (Final)	MAR	50.8	51
4/5	10:00 AM	ISM-NMI SA	MAR	54.1	53.4
4/6	10:30 AM	EIA Crude Oil Stocks	04/01		2.3M
4/6	2:00 PM	FOMC Minutes - United States			
4/7	8:30 AM	Initial Claims SA	04/02	269K	276K

Source: API

WTI Crude Oil Spot Price (\$/barrel)

Max: 61.37 (10-JUN-15), Min: 26.19 (11-FEB-16), Last: 36.76 (01-APR-16)



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FIXED INCOME UPDATE
Congress Floats Potential Puerto Rico Legislation

- Republican members of the House Natural Resources Committee released a discussion draft of legislation that aims to aid Puerto Rico in its mission to restructure its financial obligations. Key components of the bill include restructuring authority (but not access to Ch. 9), a federally-appointed oversight board, a possible stay on creditor litigation for 18 months, and enhanced federal aid. A quick approval of the bill may be difficult, as Democrats and Puerto Rico officials scoffed at the broad authority granted to the oversight board, including the ability to decide what obligations are reduced, to implement Puerto Rico's annual budget for five years, and approve capital investment on the island.

INDEX RETURNS (AS OF 4/1/16)

	MTD	YTD
S&P 500	0.63	1.99
Dow Jones Ind. Avg.	0.61	2.82
Barclays MM Short 1-5 Yr.	0.03	0.79
Barclays MM 1-10 Yr.	0.06	1.40
ML US Gov/Corp 1-10 Yr.	-0.07	2.25

Source: Interactive Data

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

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