

Economically, next week the focus will be on the US jobs numbers, ISM non-manufacturing and trade balance data. The jobs numbers should provide more insight into labor market tightness (and expectations for wage inflation), while the trade balance, as well as monetary policy decisions from Europe and Japan, should impact currency markets, which have been driving short-term equity moves – especially as talk of trade wars escalate.

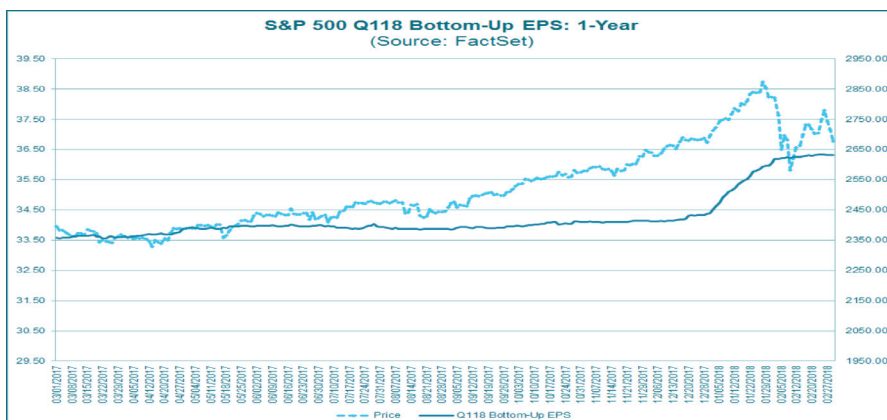
Equity markets continue to chop back and forth, weighing a very good corporate earnings season, recent tax cuts and increased corporate buyback activity against expectations of higher inflation, higher bond yields, and a more aggressive Fed rate hike outlook, as well as the prospect of increased protectionist policies between the US and its major trading partners.

Technically, the 100-day moving average (currently 2655 on the S&P 500) provides near-term support, with the key 200-day MA at 2543 and February 9 low at 2529 providing intermediate support.

We remain neutral in our tactical models – with a 60/40 exposure to equities and bonds.

<b>MONDAY MARCH 5, 2018</b>
ISM Non-Manufacturing PMI
<b>TUESDAY MARCH 6, 2018</b>
Redbook
IBD/TIPP Economic Optimism
Factory Orders
<b>WEDNESDAY MARCH 7, 2018</b>
Balance of trade
ADP Employment Change
Unit Labour Costs
Nonfarm Productivity
Fed Beige Book
<b>THURSDAY MARCH 8, 2018</b>
Challenger Job Cuts
Continuing Jobless Claims
Initial Jobless Claims
<b>FRIDAY MARCH 9, 2018</b>
Average Hourly Earnings
Participation Rate
Unemployment Rate
Wholesale Inventories

**GAUGE OF THE GRADE**



According to FactSet, analysts have increased 2018 earnings expectations by 7.3% from \$147.24 to \$157.97) from December 31 to February 28. However, as per the adjacent chart, stock prices and earnings tend to follow each other, and the current level of earnings suggest fair value on the S&P 500 around 2600 – approximately 3.5% below current levels. If the market approaches the 2600 level, we would view this as a good opportunity to start adding to long equity positions.

**SECTOR RETURNS**

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-3.2	-2.0	0.5	7.6	13.5
Communication Services	-0.6	-4.0	-3.8	-5.4	-7.2
Consumer Cyclical	-2.7	-2.5	5.9	14.1	19.4
Consumer Defensive	-1.0	-4.6	-3.5	-0.4	-0.3
Energy	-2.7	-7.3	-3.4	7.8	-4.9
Financial Services	-2.0	-2.7	3.1	15.2	15.1
Healthcare	-1.7	-3.2	1.6	4.7	14.1
Industrials	-3.1	-3.8	1.4	9.6	13.2
Real Estate	-2.1	-4.8	-11.9	-10.7	-9.4
Technology	-0.6	2.6	7.8	17.4	33.3
Utilities	-2.9	-2.2	-12.5	-8.9	-1.8