

As we move to the halfway mark in earnings season, a few themes emerged last week. Tech earnings were generally constructive, while guidance by industrial CEOs sparked worries of a top in the economic cycle, and healthcare stocks reported better-than-expected earnings. Looking to the bond market, despite 10-year Treasury yields breaching the 3% level during the week (highest level since 2014), yields actually finished the week 2bp lower.

This week will be driven again by corporate Q1 earnings releases and economic data. Important economic releases include the Fed rate decision on Wednesday (no change expected at this meeting), PCE, ISM and jobs data. Corporate earnings releases include the following:

- Monday:** MCD, AGN, TMUS, L, VNO, AKAM, ARNC, RIG, TXRH
- Tuesday:** AAPL, PFE, MRK, BP, GILD, AABA, SU, MDLZ, AET, AMT, MPC, APC, ALL, ETN, CMI, ADM, STX, DVN, NBL, VOYA, JNPR, UA
- Wednesday:** MA, CVS, KHC, EL, ADP, MET, AIG, TSLA, MFC, SO, HUM, ZTS, EXC, YUM, S, AME, TAP, MRO, APA, HFC, LNT, BLUE, MUR, LOPE
- Thursday:** DWDP, EOG, ATVI, CI, SCCO, ED, K, MSCI, KKR
- Friday:** BRKB, BABA, CELG, AON, VFC, LNG, NWL

Our tactical model remains neutral (60/40).

MONDAY APRIL 30, 2018
PCE Price Index
Personal Income
Personal Spending
TUESDAY MAY 1, 2018
ISM Manufacturing PMI
Total Vehicle Sales
WEDNESDAY MAY 2, 2018
ADP Employment Change
Fed Interest Rate Decision
THURSDAY MAY 3, 2018
Challenger Job Cuts
Balance of Trade
Initial Jobless Claims
Unit Labour Costs
Factory Orders
ISM Non-Manufacturing PMI
FRIDAY MAY 4, 2018
Average Hourly Earnings
Non Farm Payrolls
Unemployment Rate

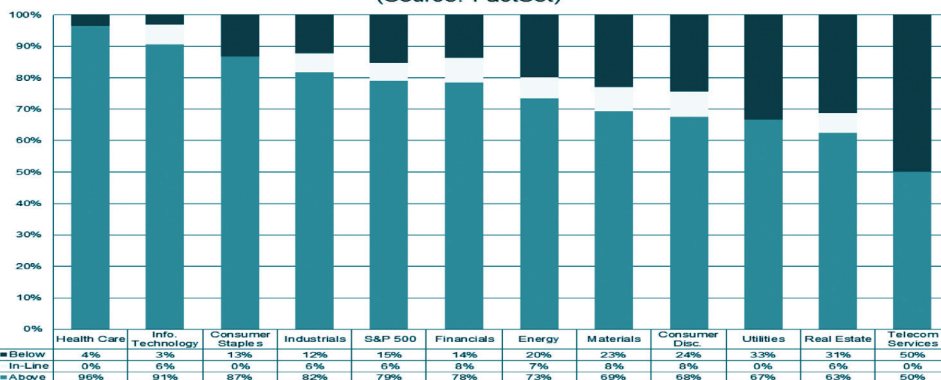
GAUGE OF THE GRADE

BEARISH

NEUTRAL

BULLISH

S&P 500 Earnings Above, In-Line, Below Estimates: Q1 2018
(Source: FactSet)



We continue tracking corporate earnings as 53% of S&P 500 companies have reported Q1 earnings to date. According to FactSet, 79% of reporting companies have beat estimates at the bottom line EPS level, with earnings typically beating estimates by 9.1%. On the top line, 74% of companies are beating sales estimates, with the average beat 1.7% above forecasts.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-2.3	2.6	-9.0	-9.0	10.1
Communication Services	0.5	5.5	-5.1	-5.1	-7.3
Consumer Cyclical	0.9	2.7	-4.8	-4.8	15.3
Consumer Defensive	0.5	-1.0	-12.2	-12.2	-5.0
Energy	0.6	10.1	-3.7	-3.7	12.1
Financial Services	-0.4	2.1	-6.7	-6.7	17.1
Healthcare	1.4	3.6	-7.7	-7.7	14.0
Industrials	-3.1	-0.2	-8.6	-8.6	10.1
Real Estate	3.2	3.6	-3.2	-3.2	-4.5
Technology	-0.9	1.5	-4.0	-4.0	25.1
Utilities	3.0	3.4	2.5	2.5	4.0



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SOWELL'S WEEK AHEAD

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