



SANCTUARY ASSET MANAGEMENT
CIO WEEK AHEAD



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CALENDAR

Monday

Earnings: Tencent Music, Roblox
8:30 a.m. Empire state manufacturing
4:00 p.m. Treasury TIC data

Tuesday

Earnings: Walmart, Home Depot, Agilent, La-Z-Boy, BHP Group
8:30 a.m. Retail sales & Business leaders survey
9:15 a.m. Industrial production
10:00 a.m. Business inventories & NAHB home builders survey
1:30 p.m. Fed Chairman Jerome Powell town hall with educators and students on the Fed and economic education
3:45 p.m. Minneapolis Fed President Neel Kashkari

Wednesday

Earnings: Target, Nvidia, Lowe's, Cisco Systems, Tencent, TJX, Bath and Body Works, Analog Devices
8:30 a.m. Housing starts
2:00 p.m. Fed meeting

Thursday

Earnings: Applied Materials, Macy's, BJ's Wholesale, Petco, Estee Lauder, Kohl's, Ross Stores, Adtalem
8:30 a.m. Jobless claims & Philadelphia Fed manufacturing
10:00 a.m. QSS

Friday

Earnings: Deere, Foot Locker, Buckle

Week of August 16, 2021

Earnings season is wrapping up and insight from the Fed's last FOMC meeting will be the guiding light as we grind towards Labor Day. Fed minutes and economic data, particularly retail sales, should provide some direction for stocks in the week ahead.

As the reflation trade warms up again, cyclicals have garnered investors' attention. This is quite impressive given the nonstop focus on the Covid-19 Delta variant.

Major stock indices were mixed in the past week, with the Dow and the S&P 500 hitting fresh new highs and the Nasdaq remaining nearly unchanged. As I recently forecasted on CNBC, the 10-year Treasury yield is indeed moving back up and popped to 1.36% last Thursday but slipped to 1.29% on Friday amid a surprising drop in consumer sentiment. The University of Michigan's consumer sentiment index tumbled to 70.2 in its preliminary August reading, its lowest level since 2011, as consumers grew worried about the coronavirus and its potential impact on the economy. (Personal note – Boo Michigan)

Mixed Inflation Data: PPI data last week posted the largest annual increase in more than a decade, raising inflation concerns. In contrast, Wednesday's CPI reading indicated the pace appeared to be slowing.

Fed Minutes: On Wednesday, the Fed will release the minutes of its last meeting. While this is viewed as old news, the release will be highly scrutinized for more details on the "tapering" process. The Fed's move to slow and ultimately end its bond buying is important since it is the first

major step away from easy policy and a step toward interest rate hikes. Reducing purchases from \$120B per month to \$100B per month is still tremendously bullish in my opinion. (Remember, tapering is not a bad word.)

Retail Me Yes: Consumers drive 70% of the U.S. economy and a flurry of retail news in the week ahead will put the consumer back in focus. The retail sales report will be released Tuesday morning, and the Dow Jones forecast is for a decline of 0.2%. That same day, retail heavyweights Walmart and Home Depot report their earnings. Macy's, Target, TJX and Lowe's are also among retailers reporting. Investors will be watching for updates on what retailers are facing in the job market and how they are handling rising prices.

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