



CAPITAL GROUP

THE WEEK AHEAD

April 17th-April 21st, 2023

Weekly insights from Strategic Partner Jeff Kilburg -

After a superb kick-off for earnings by JPMorgan last week, earnings season picks up momentum with 58 S&P 500 companies rolling out reports. Roughly 30 S&P 500 companies have already reported, with 90% of them beating Q1 estimates. Investors prepare for a diverse group of names this week: Tesla, IBM, United Airlines, J&J, Goldman, and Morgan Stanley.

Stocks were mixed as the week began, with finally a ray of sunlight revealing that inflation is abating faster than expectations. Consumer prices (CPI) rose below expectations at 5% in March, and producer prices' 12-month gain sank to 2.7%. However, traders did not love the messaging from the March FOMC minutes articulating the staff suggestion of a "mild recession" in the wake of the banking crisis. That being said, market participants have become conditioned to the Fed's issues with predicting. For the week, the Dow Jones Industrial Average popped 1.2%, to 33,886; the S&P 500 rose 0.79%, to 4137; and the Nasdaq Composite nudged higher by 0.29%, to 12,123.

Earnings: Expectations have continually been diminished as of late, so the actual numbers themselves could look decent to investors. The consensus among analysts is that S&P 500 earnings will fall 5.2% in Q1 was followed by a 4% decline in Q2, according to Refinitiv. That's before an expected rebound of 2.6% in Q3 and a 10.2% boom in Q4, the predictive data shows.

Banks: JPMorgan Chase (JPM – an Essential 40 name) which is the largest bank in the United States, with \$3.67 trillion in AUM and a bellwether for the US economy, jumped 7% higher on their earnings report by beating on revenue, earnings, and even deposits. Citigroup and even the laggard Wells Fargo also topped forecasts. This helped reduce anxiety about the collapse of Silicon Valley Bank.

Fed Speak: Grab some earplugs as FOMC members Bowman, Williams, Waller, and Fed Governor Cook all pound the microphone over the next few days.

With volatility via the VIX back down at 17, investors need to be vigilant and make sure that complacency has not crept into the marketplace. 4200 remains the short-term target of Bulls & Bears to engage in battle for the benchmark index of the S&P 500. Be nimble.

Calendar

Monday

- 8:30 a.m. ET: Empire State manufacturing index
- (April)
- 10 a.m. ET: NAHB Housing Market Index (April)
- Earnings: Charles Schwab, M&T Bank, State
- Street, J.B. Hunt Transport

Tuesday

- 8:30 a.m. ET: Housing Starts and building permits (March)
- Earnings: Johnson & Johnson, Bank of America, Goldman Sachs, Bank of N.Y. Mellon,
- Netflix, United Airlines, Western Alliance, Interactive Brokers

Wednesday

- 7 a.m. ET: New York Fed President John Williams speaks at New York University
- Earnings: Travelers Cos., Morgan Stanley, U.S. Bancorp, Abbott Laboratories, Baker Hughes,
- IBM, Tesla, Alcoa

Thursday

- 8:30 a.m. ET: Jobless claims | Philadelphia Fed manufacturing index (April)
- 10 a.m. ET: Existing home sales (March)
- 7:45 p.m. ET: Philadelphia Fed President Patrick Harker speaks on the economic outlook
- Earnings: AT&T, American Express, D.R. Horton, AutoNation, Blackstone, Truist Financial, Fifth Third Bank, Comerica, Taiwan Semiconductor, Huntington Bancshares, CSX, Seagate Technology

Friday

- 9:45 a.m. ET: S&P Global U.S. composite PMI (April)
- Earnings: Freeport-McMoRan, Regions Financial, Procter & Gamble and Schlumberger

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