



MONDAY MORNING KICKOFF

YOUR MARKET PRIMER FOR THE WEEK AHEAD

Has The Fed Found the Data It Has Been Looking For To Justify A December Rate Hike?

The stock market continued to grind its way higher last week, even as it traded off following Friday's substantially weaker than expected September Employment Report, which led the market to finish the week with a stubbed toe. Candidly following the missed relative to expectations results from restaurant company Darden (DRI), we were bracing for a weaker than expected print and we were not disappointed.

We expect to see further hurricane reverberations this week in economic data and the earnings reports to be had. We talked about some of this on last week's Cocktail Investing Podcast as well as reviewed the growing number of 2017 holiday shopping forecasts that favor online and mobile shopping. We see that as confirming not only for our [Connected Society](#) investing theme, but for our position in [Amazon \(AMZN\)](#) on the Tematica Investing Select List.

On the Economic Front

Following last week's economic smorgasbord, which we recapped for your reading pleasure in [Friday's Weekly Wrap](#), the coming week sees a far slower pace of economic data. Make no mistake, while the number of reports is smaller week over week, there are still a few doozies to be had this week. These include the inflation-bearing figures in the September PPI and CPI reports. Over the last few months, the PPI report has not sparked a sense of rising prices, and excluding the rise in gasoline prices the other components of the monthly CPI report echoed the PPI readings.

As we discussed in last week's [Cocktail Investing Podcast](#), "Inflationistas" were harping on the surge in Prices component of the September ISM Manufacturing Report and odds are we will see some confirming data this week. As we shared, that month over month jump was likely due impact of the

ECONOMIC CALENDAR		OCT 9-13, 2017
MONDAY, OCTOBER 9		
None Scheduled		.
TUESDAY, OCTOBER 10		
NFIB small-business index		Sept.
WEDNESDAY, OCTOBER 11		
Job openings		Aug.
FOMC minutes		9/20
THURSDAY, OCTOBER 12		
Weekly jobless claims		10/7
Producer price index		Sept.
FRIDAY, OCTOBER 13		
Consumer price index		Sept.
Core CPI		Sept.
Retail sales		Sept.
Retail sales ex-autos		Sept.
Consumer sentiment		Oct.
Business inventories		Aug.

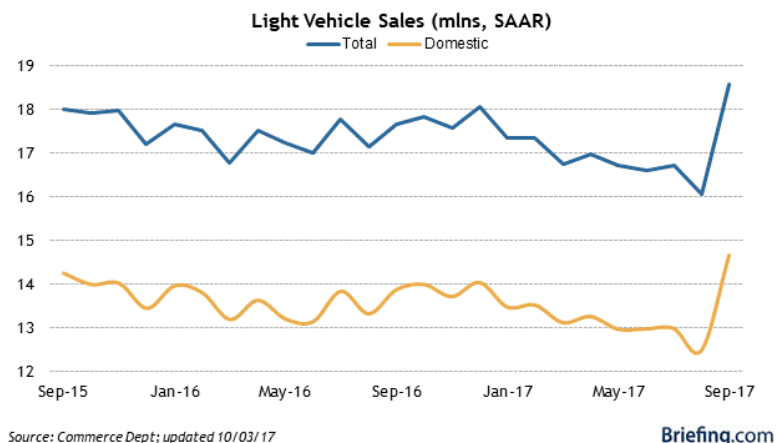
ABOUT THE MONDAY MORNING KICKOFF

In order to get ready for the week ahead, the team at Tematica traces the key happenings of the past week and looks at the economic and earnings calendars slated to come out for the coming week in order to identify key catalysts that are bound to shape the market in the near-term, and in-turn impact our tematics.

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hurricane trifecta that hit during September, and is more likely than not going to be transitory in nature. That said, this could be the data the Fed has been looking for to justify its expected December rate hike.

We're likely to see some disruption in the September Retail Sales as the impact of all three hurricanes is felt. September auto & truck sales moved sharply higher for the month at all manufacturers, and odds are Hurricane Irma means another strong month is to be had in October. We're likely to see other retail categories "thrown a bone" as consumers replace what was lost or destroyed. However, given the state of the consumer (rising debt, tepid wage growth, and generally under saved) this near-term bump in retail sales is likely to be a pull-forward in demand, plain and simple.



Inside the monthly Retail Sales report, we'll be looking for evidence of the accelerating shift to digital shopping as we soon enter the 2017 holiday shopping season. On [last week's podcast](#), we recap the several 2017 holiday shopping forecasts that have been published, and discuss the growing influence of digital shopping, especially mobile shopping.

On the Earnings Front

The trickle of corporate earnings reports we saw last week picks up some this week, but it's still small potatoes compared to what will be unleashed beginning next Monday (Oct. 16). Among the reports to be had, we'll be digging into comments from [Barracuda Networks \(CUDA\)](#) on recent cyber attacks and what they mean for our [Safety & Security](#) theme. While [Delta Air Lines \(DAL\)](#) likely saw some hurricane disruption, it's comments on international travel trends will be fodder for our [Rise & Fall of the Middle Class](#) investing theme.

As we mentioned above, last week we parsed the 2017 holiday shopping forecasts, but we'll look for further insight from [Cashless Consumption](#) contender [Blackhawk Networks \(HAWK\)](#) this week. Amid conflicting September economic data that we discussed in Friday's Weekly Wrap, we'll look to comments and guidance from [JB Hunt Transportation \(JBHT\)](#) to get a clearer view on the true speed of the economy. Finally, comparing results at [Del Frisco's Restaurant \(DFRG\)](#) with the recent Retail Sales reports should reveal the resiliency to be had with our [Affordable Luxury](#) theme.

Thematic Signals

Each week we look for data points pertaining to our 17 investment themes, or as we call them Thematic Signals. These signals can be confirming or they can serve to raise questions as to whether a theme's tailwinds are strengthening or ebbing. Be sure to check out the [Thematic Signals](#) section of our website to read more about these stories and others we publish throughout the week. Here are some of the highlights we saw this week:

Rise & Fall of the Middle Class

Gallup data confirms the rising middle class in Asia is more than China & India

Nothing better than having an organization like Gallup issue confirming data for our Rise & Fall of the Middle-Class investing theme. While most tend to understandably focus on China and India given the size of their respective populations, Gallup's finding reminds us upward economic mobility is occurring in other emerging Asian economies. This target market expansion is poised to attract U.S. companies looking to offset waning growth in more mature economies that are contending with the falling middle-class as well as *Cash-Strapped Consumer*. [Read More >>](#)

Disruptive Technologies

Amazon's stealth play for Alexa - the car

We at Tematica have shared our view that **Amazon (AMZN)** is the innovator to watch as it continues to disrupt existing business models. Amazon is not always successful as evidenced by its flopping in the smartphone market, but like any true innovator they keep working at it and sometimes that means outflanking a competitor where they least expect it. Despite all the talk of **Apple's (AAPL)** CarPlay and **Alphabet's (GOOGL)** Android Auto, it's Amazon that continues to expand its footing in the automotive market with Alexa. As Alexa's reach is expanded from smart speakers by Amazon as well as third-party ones from Sonos, it is moving beyond that and penetrating the appliance and automotive markets with Apple and **Alphabet** yet to catch up. Once again, Amazon is out-innovating the disruptors, making Alexa an even stickier part of our lives with linkages to Nissan, BMW and others. [Read More >>](#)

Fattening of the Population

CDC findings show 40% percent of cancers linked to Fattening of the Population

We have shared many a data point on the hidden costs associated with our Fattening of the Population investing theme. Recently the Center for Disease Control and Prevention reminded that us the vast majority of people do not realize the degree to which obesity and being overweight leads to cancer and other healthcare issues. We see this as proof positive of the pain point created by our Fattening of the Population theme, one that screams for solutions as simple adopting our *Food with Integrity* theme to ones that fit with our Disruptive Technology theme and the fountain of youth aspect of our *Aging of the Population* theme. We expect our Fattening of the Population theme to come to the forefront of the healthcare debate as people look to wrangle costs lower and adopt a more preventative posture to health issues. [Read More >>](#)

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