



Weekly Market Review

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The Week Ending April 21, 2018

Politics took a bit of a break from dominating headlines last week as focus comes back to earnings and economics. Eighty-nine of the S&P 500 companies (17%) have reported their 1st quarter earnings with 79% of those companies beating their analyst expectations. If this trend persists, we could see a 20% earnings increase from the 1st quarter of last year. This would be the fastest earnings growth in the previous 25 years. But it won't be until next week when the big tech companies Apple, Microsoft, Alphabet, Facebook, and Twitter all report on May 1st till we can really know the breadth of earnings growth.



Crude oil prices have crept up to levels near \$70 per barrel which is as high as it's been in three years. Some different themes are coming together to put upward pressure on the commodity. For years, OPEC ran at a high level of production in an attempt to wash out the U.S. shale-based energy industry. At the low, oil traded below \$30 per barrel in early 2016. Since then, OPEC has been gradually restricting supply to push the price back up to levels of higher profitability. Trump tweeted on Friday, "Looks like OPEC is at it again. With record amounts of Oil all over the place, including the fully loaded ships at sea, Oil Prices are artificially Very High! No good and will not be accepted!". A more recent factor putting upward pressure on oil prices is a quickly approaching May 12th deadline for President Trump to reinstate sanctions on Iran that were lifted as part of the 2015 agreement under former President Obama relating to country's nuclear program. While Trump is hard to predict, the market thinks he'll reinstate the sanctions and continue the theme of undoing Obama era deals and aggressive trade negotiations. Trump has repeatedly criticized the Iranian deal throughout his presidential campaign and in the early days of his presidency. OPEC represents more than 80% of the world's oil reserves, and Iran has the third largest portion of reserves within the organizations.



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