

The theme of a strong domestic economy continued last week with positive Philly Fed Manufacturing and Retail Sales data, along with good earnings from Banks and Industrials. However, weak economic data from abroad (disappointing Chinese Industrial Production numbers), talk that the Trump administration is prepared to increase Chinese tariffs to \$500bn, and Fed Chair Jerome Powell's testimony to Congress indicating no let-up in rate hike plans, left equities little-changed on the week.

This week sees more of the same, with key economic releases including Home Sales, Markit PMI, Durable Goods and GDP numbers, while a raft of corporate earnings are scheduled to be released:

Monday: Alphabet (GOOGL), Haliburton (HAL), Whirlpool (WHR)

Tuesday: Verizon (VZ), AT&T (T), 3M (MMM), Texas Instruments (TXN), United Technologies (UTX), Eli Lilly (LLY), Lockheed Martin (LMT), Biogen (BIIB), Chubb (CB), Kimberly-Clark (KMB), Centene (CNC)

Wednesday: Facebook (FB), Visa (V), Boeing (BA), Coca-Cola (KO), PayPal (PYPL), Glaxo-SmithKline (GSK), Gilead (GILD), United Parcel Service (UPS), Qualcomm (QCOM), Anthem (ANTM), General Dynamics (GD), Northrop Grumman (NOC), General Motors (GM), Norfolk Southern (NSC), Ford (F)

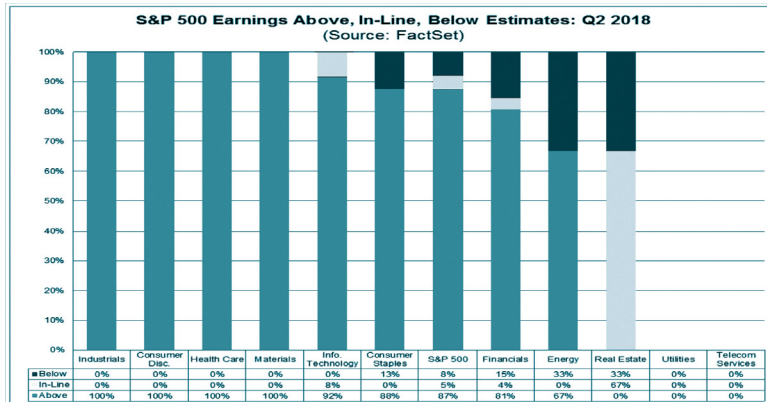
Thursday: Amazon (AMZN), Royal Dutch Shell (RDSA), Intel (INTC), Mastercard (MA), Anheuser-Busch (BUD), Comcast (CMCSA), Total (TOT), Amgen (AMGN), McDonalds (MCD), British American Tobacco (BTI), Altria (MO), Diageo (DEO), Bristol-Myers Squibb (BMY), AstraZeneca (AZN), ConocoPhillips (COP)

Friday: Exxon Mobil (XOM), Chevron (CVX), Merck (MRK), AbbVie (ABBV), Colgate Palmolive (CL), Phillips 66 (PSX), Moody's (MCO), Twitter (TWTR)

Our tactical model remains neutral (60/40).

| MONDAY JULY 23, 2018 | |
|-------------------------------------|--|
| Chicago Fed National Activity Index | |
| Existing Home Sales | |
| TUESDAY JUNE 24, 2018 | |
| Redbook | |
| House Price Index | |
| Markit Composite PMI Flash | |
| Richmond Fed Manufacturing Index | |
| WEDNESDAY JUNE 25, 2018 | |
| MBA Mortgage Applications | |
| New Home Sales | |
| THURSDAY JUNE 26, 2018 | |
| Goods Trade Balance | |
| Continuing Jobless Claims | |
| Durable Goods Orders | |
| Initial Jobless Claims | |
| Wholesale Inventories | |
| FRIDAY JUNE 27, 2018 | |
| GDP GROWTH RATE | |
| PCE PRICES | |
| MICHIGAN CONSUMER SENTIMENT FINAL | |

GAUGE OF THE GRADE



According to FactSet, 17% of S&P 500 companies had reported Q2 earnings as of Friday. So far, 87% of companies have beat bottom line (EPS) estimates, with an average beat of 4.5%. Regarding topline (Sales) numbers, 77% are beating estimates, with an average beat of 1.4%.

SECTOR RETURNS

| | 5 DAYS | 1 MONTH | 3 MONTHS | 6 MONTHS | 12 MONTHS |
|------------------------|--------|---------|----------|----------|-----------|
| Basic Materials | -0.3 | 0.2 | -0.7 | -6.5 | 7.8 |
| Communication Services | -2.2 | -0.2 | -0.3 | -3.5 | -2.0 |
| Consumer Cyclical | 0.1 | -0.2 | 8.8 | 5.4 | 23.0 |
| Consumer Defensive | 0.2 | 3.0 | 5.7 | -6.6 | -0.1 |
| Energy | -1.8 | -0.2 | 3.4 | 0.3 | 18.9 |
| Financial Services | 2.3 | 0.7 | 0.2 | -4.5 | 13.1 |
| Healthcare | -0.7 | 1.6 | 7.3 | 1.4 | 11.6 |
| Industrials | 0.8 | 1.3 | 0.0 | -4.9 | 10.2 |
| Real Estate | -1.4 | 1.6 | 10.5 | 5.0 | 1.1 |
| Technology | 0.2 | 1.2 | 10.1 | 8.6 | 29.3 |
| Utilities | -0.5 | 3.8 | 5.6 | 7.1 | 3.7 |



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SOWELL'S WEEK AHEAD

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