

There's not much to hang our hat on this week. On the economic front we have Redbook data, FOMC minutes, PMI data and the central banker meeting at the Jackson Hole Economic Policy Symposium. A few companies still report this week: Tuesday: Medtronic (MDT), TJX Companies (TJX), Wednesday: Lowe's (LOW), Target (TGT), Thursday: Alibaba (BABA), Intuit (INTU), Friday: Foot Locker (FL).

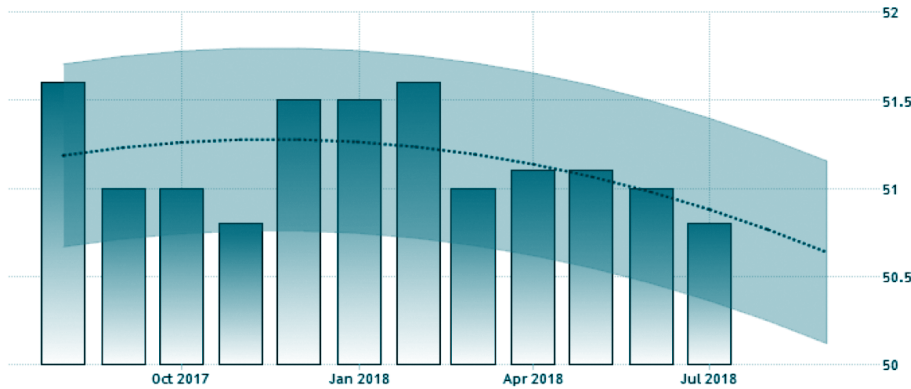
Last week saw a few disappointing reads on the economy – out of the US we had disappointing Consumer Sentiment numbers, as well as negative surprises from Philly Fed, Industrial Production and Housing Starts data. China, the world's second largest economy, also showed weak Industrial Production and Retail Sales data.

Within equities, we will continue to take our cues from US Dollar moves and watch for any hangover from Venezuela's 95% currency devaluation over the weekend. Regarding fixed income, last week's plunge in commodities, seen as a driver of inflation, has seen 10-year yields move lower. We will watch to see if continued pressure in yields forces a further short-covering rally in bonds, which would further flatten the yield curve and put pressure on financial stocks.

Our tactical model remains neutral (60/40).

MONDAY AUGUST 20, 2018
Fed Bostic Speech
3-Month Bill Auction
6-Month Bill Auction
TUESDAY AUGUST 21, 2018
Redbook YoY 18/AUG
4-Week Bill Auction
API Crude Oil Stock Change 17/AUG
WEDNESDAY AUGUST 22, 2018
MBA Mortgage Applications 17/AUG
Existing Home Sales JUL
FOMC Minutes
THURSDAY AUGUST 23, 2018
Initial Jobless Claims 18/AUG
House Price Index MoM JUN
Markit Composite PMI Flash AUG
New Home Sales JUL
Kansas Fed Manufacturing Index AUG
FRIDAY AUGUST 24, 2018
Durable Goods Orders MoM JUL
Jackson Hole Economic Policy Symposium

GAUGE OF THE GRADE



Source: tradingeconomics.com

The adjacent chart shows Chinese PMI data. The last three months have seen a consistent deterioration in the data. Part of the recent weakness in the commodity complex has been due to weak economic data out of China. As alluded to above, Chinese data can have an influence on US economic policy as commodity prices filter into the inflation interest rate equation.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-0.6	-1.2	-2.2	-2.6	11.4
Communication Services	-0.5	-1.6	4.3	-1.8	-2.9
Consumer Cyclical	0.0	-0.3	7.1	7.2	26.8
Consumer Defensive	3.2	3.8	10.9	1.2	3.5
Energy	-3.6	-3.4	-7.1	9.0	23.0
Financial Services	0.8	2.3	0.5	-1.1	16.9
Healthcare	1.6	3.7	10.0	8.8	20.8
Industrials	1.3	3.4	3.1	1.0	16.2
Real Estate	2.8	3.4	12.0	13.8	5.8
Technology	0.5	1.6	7.2	11.7	33.9
Utilities	2.8	3.8	11.9	11.5	5.5



sowell

managementservices

SOWELL'S WEEK AHEAD

Advisory services offered through Sowell Management Services, a Registered Investment Advisor. The views expressed represent the opinion of Sowell Management Services. The views are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and nonproprietary sources that have not been independently verified for accuracy or completeness. While Sowell Management Services believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and Sowell Management Services' view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in securities involves risks, including the potential loss of principal. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Past performance is not indicative of future results.

sowell

managementservices

7301 River Pointe Drive
North Little Rock, AR 72113
501-219-2434 Phone
501-812-6380 FAX
800-399-2391
sowellmanagement.com