

Expect a busy week with a raft of economic data, including an FOMC rate decision (25bp hike expected). Important economic releases include Consumer Confidence, Durable Goods, GDP and the PCE Price Index.

Last week equities traded on the back of higher bond yields, with rate sensitive sectors moving most – Financials outperforming and Utilities underperforming. We will continue to watch yields this week in light of continually higher oil prices - Goldman Sachs research suggests that, statistically, when yields in 10-year Treasuries rise by more than 1 standard deviation in a month (currently around 20bp - which has happened over the last month), equities can be expected to be flat over the following month.

Our tactical model remains neutral (60/40).

MONDAY SEPTEMBER 24, 2018
Dallas Fed Manufacturing Index
TUESDAY SEPTEMBER 25, 2018
Redbook
S&P/Case-Shiller Home Price
CB Consumer Confidence
Richmond Fed Manufacturing Index
WEDNESDAY SEPTEMBER 26, 2018
MBA Mortgage Applications
New Home Sales
Fed Interest Rate Decision
THURSDAY SEPTEMBER 27, 2018
Durable Goods Orders
GDP Growth Rate
Initial Jobless Claims
Pending Home Sales
FRIDAY SEPTEMBER 28, 2018
PCE Price Index
Personal Income
Personal Spending
Michigan Consumer Sentiment

GAUGE OF THE GRADE



Current sector	New classification				Market cap weight in		Weight in XLC ETF	Difference vs. sector weight
	Ticker	Sub-industry	Industry	Sector	S&P 500	New sector		
Telecom Services	CTL	Alternative Carriers	Telecom	Telecom Services	0.1 %	0.9 %	2.4 %	145 bp
	T	Integrated Telecom	Telecom	Telecom Services	1.0	9.9	4.8	(513)
	VZ	Services	Telecom	Telecom Services	0.9	9.1	5.0	(415)
Consumer Discretionary	OMC	Advertising	Media	Media	0.1	0.6	1.7	104
	IPG	Advertising	Media	Media	0.0	0.4	0.9	57
	CBS	Broadcasting	Media	Media	0.1	0.8	2.1	127
	DISCA	Broadcasting	Media	Media	0.1	0.6	1.6	99
	CHTR	Cable & Satellite	Media	Media	0.7	7.1	5.3	(179)
	DISH	Cable & Satellite	Media	Media	0.2	2.5	5.0	255
	NWSA	Publishing	Media	Media	0.0	0.3	0.9	55
	NFLX	Publishing	Media	Media	0.0	0.3	0.7	42
	DIS	Movies & Entertainment	Media	Media	0.6	6.5	4.2	(224)
	VIAB	Movies & Entertainment	Media	Media	0.3	2.7	4.9	(192)
Information Technology	ATVI	Interactive Home Entertainment	Media	Media	0.0	0.5	1.2	73
	EA	Interactive Home Entertainment	Media	Media	0.2	2.5	5.0	247
	TTWO	Interactive Home Entertainment	Media	Media	0.1	1.4	3.7	228
	GOOGL	Interactive Media & Services	Media	Media	0.1	0.6	1.6	98
	FB	Interactive Media & Services	Media	Media	2.9	29.2	24.8	(446)
Cons. Discretionary	TWTR	Interactive Media & Services	Media	Media	1.6	16.3	17.6	135
	TRIP	Interactive Media & Services	Media	Media	0.1	0.8	2.1	128
New Communication Services sector total					9.9 %	100.0 %	100.0 %	0 bp

Source: Goldman Sachs Global Investment Research

The adjacent exhibit, courtesy of Goldman Sachs, shows last week's migration of a few large equity names from existing sectors to the new Communications sector at the close on Friday. Additionally, sector weightings within the S&P 500 benchmark changed - the Tech sector weighting was reduced from roughly 25% to 20%, Consumer Discretionary from 13% to 10% and the new Communications sector (old Telecoms sector) rose from 2% to 10%.

SECTOR RETURNS						
	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	
Basic Materials	2.8	3.3	5.4	4.1	9.1	
Communication Services	0.8	0.3	1.6	2.5	-2.3	
Consumer Cyclical	0.0	1.5	4.1	11.0	28.5	
Consumer Defensive	1.1	1.5	7.7	8.1	6.0	
Energy	2.4	3.4	3.6	12.4	17.4	
Financial Services	2.0	1.1	4.8	1.0	14.8	
Healthcare	0.7	3.1	10.5	13.6	19.2	
Industrials	1.1	3.0	9.8	5.9	15.0	
Real Estate	-0.4	-0.9	3.3	12.4	3.2	
Technology	-0.8	3.5	7.8	13.1	34.5	
Utilities	-1.2	-0.5	6.2	10.3	4.1	



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SOWELL'S WEEK AHEAD

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