

This holiday-shortened week we get readings on global PMI economic data as well as interest rate decisions out of Europe and Japan. As mentioned in our 2019 outlook, we believe U.S. economic releases will carry more weight in determining the Federal Reserve's next rate move as they have stressed that they are watching economic data closely to gauge the pace of rate hikes.

U.S. corporate earnings season continues with results from:

Tuesday: Johnson & Johnson (JNJ), IBM (IBM), Capital One (COF), Travelers (TRV), Haliburton (HAL)

Wednesday: Procter & Gamble (PG), Comcast (CMCSA), Abbott Labs (ABT), Texas Instruments (TXN), United Technologies (UTX), Kimberly Clark (KMB), Progressive (PGR), Ford (F)

Thursday: Intel (INTC), Union Pacific (UNP), Starbucks (SBUX), Bristol-Myers Squibb (BMY), Intuitive Surgical (ISRG), Celgene (CELG), Norfolk Southern (NSC), Discover Financial (DFS), Freeport-McMoran (FCX)

Friday: AbbVie (ABBV), Colgate Palmolive (CL)

Our tactical model remains neutral (60/40).

TUESDAY JANUARY 22, 2019
Bank of Japan Interest Rate Decision
Existing Home Sales
6-Month Bill Auction
3-Month Bill Auction
WEDNESDAY JANUARY 23, 2018
Japan PMI
European Consumer Confidence
MBA Mortgage Applications
Redbook
House Price Index
Richmond Fed Manufacturing Index
WEDNESDAY JANUARY 23, 2018
European PMI
European Interest Rate Decision
Initial Jobless Claims
Markit Composite PMI
CB Leading Index
Kansas Fed Manufacturing Index

GAUGE OF THE GRADE



The adjacent chart shows that the S&P closed above its 50-day moving average. We have now entered a consolidation area with the next resistance at 2712 (61.8% Fibonacci retracement from last year's high to low) then the 200-day moving average at 2741. The 50-day moving average now provides support at 2625 and we will be watching to see if any weakness is contained at the 50-day MA as a sign that the recent rally can continue.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	2.4	7.0	-1.2	-10.7	-15.0
Communication Services	1.5	5.9	-2.8	-7.0	-8.6
Consumer Cyclical	2.1	7.0	-0.8	-6.5	0.3
Consumer Defensive	1.7	1.1	-1.1	0.9	-5.2
Energy	3.0	8.8	-12.7	-15.5	-15.1
Financial Services	5.9	9.7	-1.4	-6.7	-9.4
Healthcare	2.6	5.3	-2.6	1.9	4.5
Industrials	3.3	7.0	-3.8	-6.0	-10.1
Real Estate	2.2	2.6	3.8	0.7	6.1
Technology	2.9	3.8	-5.5	-6.6	1.8
Utilities	0.2	-1.5	-0.1	3.7	10.6



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SOWELL'S WEEK AHEAD

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