

We are roughly halfway through the Q4 corporate earnings season. Based on reported earnings, we have lowered our 2019 year-end target for the S&P 500 to 2875 (from 2930 at the beginning of the year). This represents a total return (including 2% dividend yield) of 8.5% from current levels.

Important economic data points to watch this week include PMI and ISM data.

The following companies are set to report Q4 earnings this week:

Monday: GOOGL (Alphabet), Gilead (GILD), Sysco (SY), AvalonBay (AVB), Seagate (STX)

Tuesday: Disney (DIS), BP (BP), Estee Lauder (EL), Allstate (ALL), Archer-Daniels (ADM), Electronic Arts (EA), Anadarko Petroleum (APC), Skyworks (SWKS), Viacom (VIA), Ametek (AME)

Wednesday: Eli Lilly (LLY), GlaxoSmithKline (GSK), Twenty-First Century Fox (FOXA), General Motors (GM), MetLife (MET), Humana (HUM), Prudential (PRU), O'Reilly Automotive (ORLY), Fortinet (FTNT)

Thursday: Philip Morris (PM), Yum Brands (YUM), Marathon Petroleum (MPC), Twitter (TWTR)

Friday: Exelon (EXC), Philips 66 (PSX), Hasbro (HAS), Arconic (ARNC), Cleveland Cliffs (CLF)

Our tactical model remains neutral (60/40).

MONDAY FEBRUARY 4, 2019
Chicago Fed National Activity Index
Dallas Fed Manufacturing Index
TUESDAY FEBRUARY 5, 2019
Redbook
S&P/Case-Shiller Home Prices
CB Consumer Confidence
WEDNESDAY FEBRUARY 6, 2019
MBA Mortgage Applications
ADP Employment Change
Fed Interest Rate Decision
THURSDAY FEBRUARY 7, 2019
Challenger Job Cuts
Employment Cost Index
Initial Jobless Claims
Chicago PMI
FRIDAY FEBRUARY 8, 2019
Unemployment Rate
Markit Manufacturing PMI Final
ISM Manufacturing PMI
Michigan Consumer Sentiment Final

GAUGE OF THE GRADE



The adjacent chart, courtesy Bloomberg, illustrates which broad sectors of recent economic data have surprised analyst forecasts either to the upside or downside. As demonstrated by Friday's strong jobs report, the labor sector remains robust and the personal / household sector (includes consumer activity) is also holding up. If these two sectors begin to falter, it may be a signal for investors to position portfolios more defensively.

SECTOR RETURNS					
	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-0.4	13.4	5.0	-10.8	-16.1
Communication Services	-0.8	14.7	1.3	-7.6	-11.0
Consumer Cyclical	0.0	17.0	3.1	-5.3	-2.8
Consumer Defensive	-1.4	6.7	-4.5	-0.5	-8.1
Energy	-1.6	17.6	-6.0	-17.1	-17.7
Financial Services	0.0	16.8	4.1	-7.1	-11.3
Healthcare	-1.1	11.6	2.3	0.7	1.9
Industrials	-0.3	16.1	1.8	-5.9	-10.7
Real Estate	1.3	12.2	4.3	2.6	5.0
Technology	1.1	15.5	-0.1	-5.6	2.3
Utilities	0.4	4.0	-2.0	4.2	10.4



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SOWELL'S WEEK AHEAD

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