

This is another economic data-heavy week. Last week equity markets continued to rally on continued hopes of a China/U.S. trade deal despite weak economic data. The equity market has repriced higher from the December lows over the last few weeks on a more dovish stance from the Federal Reserve, a resolution of the government shutdown and progress on trade talks. Investors will be watching to see whether this week's data shows a continued weakening trend or signs of stabilization. Our S&P 500 target is at 2830 which is about 1% higher from Friday's close. If bond yields continue to tick up, we may see investors start switching out of equities into bonds going into quarter-end. Corporates begin to move into their buyback black period later this month which will also remove a source of support.

Our tactical model remains neutral (60/40).

MONDAY MARCH 4, 2019
ISM New York Index
Construction Spending
TUESDAY MARCH 5, 2019
Redbook
Markit Composite PMI
ISM Non-Manufacturing PMI
IBD/TIPP Economic Optimism
New Home Sales
Monthly Budget Statement
WEDNESDAY MARCH 6, 2019
ADP Employment Change
Balance of Trade
Fed Beige Book
THURSDAY MARCH 7, 2019
Challenger Job Cuts
Unit Labor Costs
Nonfarm Productivity
Initial Jobless Claims
FRIDAY MARCH 8, 2019
Unemployment Rate

GAUGE OF THE GRADE



The adjacent chart shows the S&P 500 closing above the important 2800 level last week. We see the next level of resistance at 2816. As mentioned above, we will be watching the economic data closely this week as we are near our S&P 500 target for the year. A combination of weak economic data, rising yields and the upcoming corporate buyback blackout period may spark some profit-taking toward 2815.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-1.3	3.2	2.5	-7.2	-5.8
Communication Services	0.2	1.5	2.8	-3.8	-2.0
Consumer Cyclical	0.3	3.7	2.6	-5.7	6.5
Consumer Defensive	-0.3	2.3	-2.2	2.0	5.5
Energy	0.9	2.3	0.6	-11.8	1.0
Financial Services	0.7	3.1	0.5	-4.9	-3.2
Healthcare	0.9	3.1	-0.7	-0.2	14.6
Industrials	0.2	6.3	5.6	-1.3	3.7
Real Estate	-1.6	1.0	3.4	2.2	19.3
Technology	0.9	7.3	6.9	-3.4	12.8
Utilities	0.0	4.5	3.5	8.4	21.3



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SOWELL'S WEEK AHEAD

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