

We expect markets to continue to trade off geopolitical headlines this holiday-shortened week. We'll be watching consumer confidence, manufacturing, and PMI data for signs that tariffs are beginning to impact sentiment and business conditions. Expect exaggerated moves in thinner-than-average trade as investors stay sidelined awaiting clarity ahead of the G20 summit later in June.

Several companies report Q1 earnings on Thursday including Costco (COST), Uber (UBER), Dell (DELL), Dollar General (DG), Dollar Tree (DLTR), Lululemon (LULU), Ulta Beauty (ULTA) and Marvell (MRVL).

Our tactical model remains bullish (100% equities).

TUESDAY MAY 28, 2019	
S&P/Case-Shiller Home Price Index	
CB Consumer Confidence	
Dallas Fed Manufacturing Index	
WEDNESDAY MAY 29, 2019	
MBA Mortgage Applications	
Redbook	
Richmond Fed Manufacturing Index	
THURSDAY MAY 30, 2019	
Goods Trade Balance	
Wholesale Inventories	
GDP Growth Rate	
Initial Jobless Claims	
Pending Home Sales	
FRIDAY MAY 31, 2019	
PCE Price Index	
Personal Income	
Personal Spending	
Chicago PMI	
Michigan Consumer Sentiment	

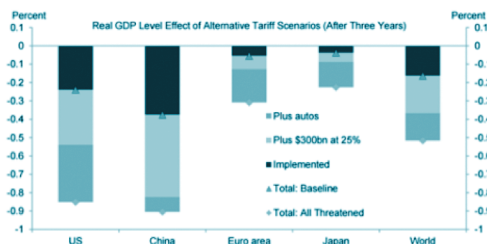
GAUGE OF THE GRADE

BEARISH

NEUTRAL

BULLISH

Exhibit 1: An across-the-board 25% tariff could hit Chinese GDP by 0.8%



Source: Goldman Sachs Global Investment Research

Global GDP and China macro forecast

GS macro forecasts			
Real GDP (% yoy)	2019	2020	2021
US	2.6	2.2	2.0
Europe	1.4	1.6	1.6
Japan	0.9	0.7	0.9
China	6.5	6.1	5.7
Asia ex Japan	6.0	6.0	5.9
World	3.5	3.7	3.7
Output and Prices (% yoy)			
Industrial production	5.5	5.4	5.0
CPI	2.5	2.7	2.3
China's rates and FX			
7D repo rate (%)	2.8	2.5	2.5
USD/CNY	6.63	6.80	6.70

Source: Goldman Sachs Global Investment Research

The adjacent charts, courtesy Goldman Sachs, show the impact of tariffs on GDP to various economies, as well Goldman's forecasts of GDP for each economy. Given expectations of low growth for Japan, the tariffs may have a relatively large impact, but for other regions, the impact is not enough to tip the economies into recession.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-2.0	-7.7	-4.9	-0.5	-11.1
Communication Services	-1.4	-3.6	4.8	10.9	4.6
Consumer Cyclical	-2.2	-5.9	2.1	9.2	4.9
Consumer Defensive	-0.5	0.9	4.8	6.3	17.0
Energy	-4.2	-11.4	-6.3	-7.2	-21.1
Financial Services	-0.2	-2.0	1.2	3.9	-3.4
Healthcare	1.1	2.1	-2.0	1.3	7.7
Industrials	-1.3	-5.9	-1.7	6.8	-0.3
Real Estate	0.2	2.8	4.8	12.0	18.3
Technology	-2.7	-7.0	4.7	15.2	9.9
Utilities	1.7	3.9	5.9	11.7	22.9



SOWELL'S WEEK AHEAD

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