

As expected, G-20 talks over weekend resulted in no new developments. One positive outcome from the meeting was that no additional tariffs were imposed, removing the worst-case scenario of across-the-board tariffs in the short-term. As such, the continued status quo should provide some relief to markets in the early part of the week.

This is a holiday-shortened trading week, (NYSE open half-day on Wednesday/closed Thursday), and many participants will most likely be taking Friday off for a long weekend. That said, this will be a busy week for important economic releases. PMIs in the US, UK and China are published, as well as closely watched US employment data. Additionally, we receive releases on German factory orders and retail sales, and Japanese consumer confidence. Several Fed officials also speak throughout the week.

We will publish the Q2 Review / Q3 Preview next week.

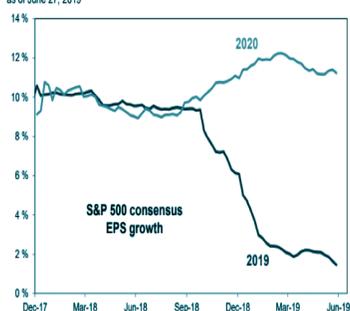
Our tactical model remains bullish (100% equity invested).

<b>MONDAY JULY 1, 2019</b>
Markit Manufacturing PMI Final JUN
ISM Manufacturing PMI JUN
Construction Spending MoM MAY
<b>TUESDAY JULY 2, 2019</b>
Redbook YoY 29/JUN
ISM New York Index JUN
<b>WEDNESDAY JULY 3, 2019</b>
MBA Mortgage Applications 28/JUN
Challenger Job Cuts JUN
ADP Employment Change JUN
Balance of Trade MAY
Initial Jobless Claims JUN/29
Markit Services PMI Final JUN
ISM Non-Manufacturing PMI JUN
Factory Orders MoM MAY
Total Vehicle Sales
<b>FRIDAY JULY 5, 2019</b>
Unemployment Rate JUN
Average Hourly Earnings

## GAUGE OF THE GRADE

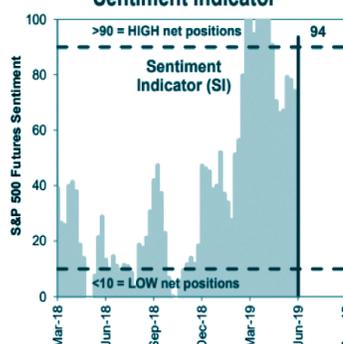


Exhibit 2: Negative revisions to 2019 EPS growth, but not to 2020 EPS growth as of June 27, 2019



Source: FactSet and Goldman Sachs Global Investment Research

## Sentiment Indicator



As we trade around all-time highs, and we begin to focus on Q2 corporate earnings season mid-July, we thought we should highlight a few points of caution. The adjacent charts, courtesy Goldman Sachs, illustrate both a fundamental and technical argument to apply some caution here. The first chart shows 2020 EPS growth expectation vs 2019 expectations. The chart suggests that 2020 EPS growth expectations will likely be lowered going forward, pressuring forward valuations. The second chart shows Goldman's sentiment indicator indicating extreme bullish sentiment. The last time the indicator showed a reading above 90 (in April) the market sold off the following month (May).

## SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	1.9	10.4	5.5	17.9	-0.2
Communication Services	-0.9	1.0	4.2	17.9	2.7
Consumer Cyclical	-0.2	5.8	4.8	21.0	7.2
Consumer Defensive	-0.9	3.1	3.8	15.3	13.5
Energy	0.2	5.0	-4.2	12.6	-16.1
Financial Services	1.3	4.3	7.8	18.7	4.5
Healthcare	-0.8	5.8	2.7	11.4	11.6
Industrials	0.7	7.4	6.3	24.3	10.3
Real Estate	-2.2	1.2	1.4	19.5	12.2
Technology	-0.2	6.9	6.5	28.4	17.8
Utilities	-2.0	2.3	3.9	14.8	18.3



## SOWELL'S WEEK AHEAD

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