

Last week, investors received positive geopolitical news on several key fronts. We received news of positive progress around US / China trade talks, a landslide victory for the Conservative party in the UK opens the way for a potentially swift Brexit resolution, and the Fed indicated it would not hike rates until it sees meaningful inflation. Positive developments on the US / China trade front should improve corporate sentiment, which should in turn lead to improving PMI readings in the new year.

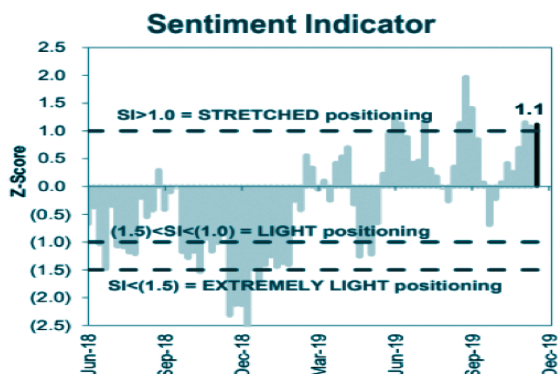
Important economic releases due this week include PMI (pre last week's positive US / China trade talks), industrial production, jobless claims and consumer sentiment.

Several companies report earnings: FedEx (FDX), Micron (MU), Nike (NKE), Darden (DRI), Conagra (CAG)

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

MONDAY DECEMBER 16, 2019					
NY Empire State Manufacturing Index					
Markit Composite PMI					
TUESDAY DECEMBER 17, 2019					
Building Permits					
Housing Starts					
Redbook					
Industrial Production					
Capacity Utilization					
JOLTs Job Openings					
MBA Mortgage Applications					
THURSDAY DECEMBER 19, 2019					
Current Account					
Initial Jobless Claims					
CB Leading Index					
FRIDAY DECEMBER 20, 2019					
Personal Income					
Personal Spending					
GDP Growth Rate					
Michigan Consumer Sentiment					

GAUGE OF THE GRADE



Note: Sentiment Indicator measures stock positioning across retail, institutional, and foreign investors versus the past 12 months. Readings below -1.0 or above +1.0 indicate extreme positions that are significant in predicting future returns.

Source: Haver, EPFR, FactSet, CFTC, and Goldman Sachs Global Investment Research.

The adjacent chart, courtesy Goldman Sachs, shows their proprietary Sentiment Indicator. The current reading of +1.1 indicates that investor positioning may be overly bullish in the short-term. Readings above 1 have generally been followed by short-term market weakness. As investors take RMDs, sell stocks for tax-loss harvesting strategies, and lock in profits from a strong year, we would not be surprised by a bout of market weakness.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	0.6	0.9	3.1	5.6	18.8
Communication Services	-0.6	1.3	2.3	8.3	18.5
Consumer Cyclical	1.1	2.3	0.8	5.1	18.2
Consumer Defensive	0.1	2.2	3.0	7.3	15.1
Energy	1.3	1.2	-1.3	-1.7	-4.9
Financial Services	1.1	3.5	7.6	13.4	27.3
Healthcare	0.4	6.1	10.7	11.2	12.4
Industrials	0.6	0.6	3.8	9.1	23.9
Real Estate	-2.7	-1.2	-0.6	2.6	15.9
Technology	1.7	3.1	10.3	16.1	36.3
Utilities	0.3	1.5	1.0	6.3	13.9



SOWELL'S WEEK AHEAD

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