

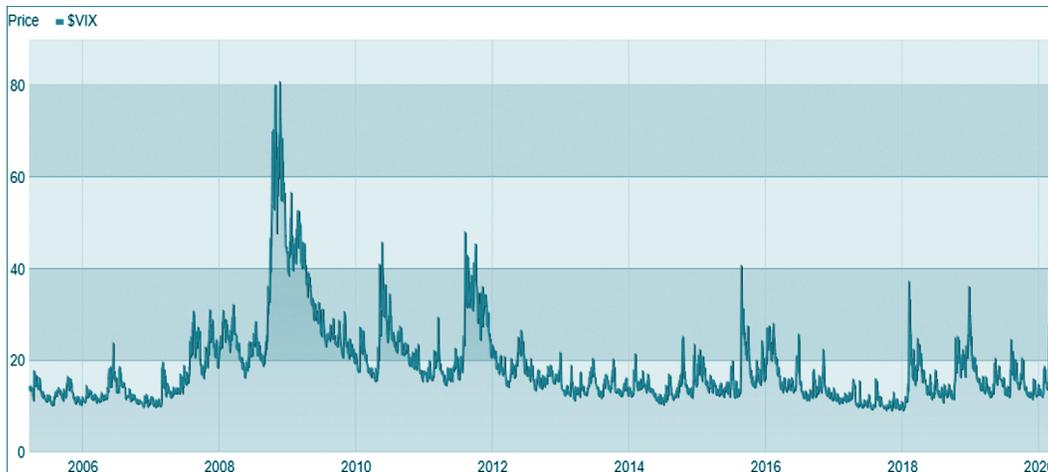
All eyes will be on the nation's capital this week as we await an announcement regarding an economic stimulus package that has reportedly risen to about \$2 trillion. The package is projected to include both direct assistance to individuals (via rebate checks) and to small businesses (via bridge loans that allow them to stay open). In the long term, investors will most likely still be more interested in a plateau in COVID-19 cases as recent financial interventions by the Fed (2 emergency rate cuts this month and liquidity injections into the repo markets) didn't seem to ease their fears. However, a stimulus bill and the recent announcement by the Fed of unlimited asset purchases during this round of QE could prop markets up in the short term.

We should continue to get an idea of the economic impact of the pandemic through various data points this week, such as manufacturing activity reports from the Kansas and Richmond Fed, and weekly updates on continuing and initial jobless claims.

Our tactical model is bearish (100% cash or cash-like instrument).

MONDAY MARCH 23, 2020
Chicago Fed National Activity Index
TUESDAY MARCH 24, 2020
Redbook
Markit Composite PMI Flash
New Home Sales
Richmond Fed Manufacturing Index
WEDNESDAY MARCH 25, 2020
GDP Growth Rate Final (Q4)
Initial Jobless Claims
Continuing Jobless Claims
THURSDAY MARCH 26, 2020
GDP Growth Rate Final (Q4)
Initial Jobless Claims
Continuing Jobless Claims
Kansas Fed Manufacturing Index
Wholesale Inventories
FRIDAY MARCH 27, 2020
Personal Income
Personal Spending
Michigan Inflation Expectations
Michigan Consumer Sentiment

GAUGE OF THE GRADE



March has been incredibly volatile so far, with the average daily move in the S&P 500 around 5%. The adjacent chart shows the CBOE Volatility Index over the past 15 years. While we have come down a bit from the March 16 top, we are still at historically high levels.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-12.6	-32.9	-33.1	-29.8	-25.1
Communication Services	-12.3	-27.9	-24.1	-18.4	-11.9
Consumer Cyclical	-12.5	-32.0	-27.0	-24.5	-19.1
Consumer Defensive	-11.2	-21.8	-19.9	-15.4	-6.0
Energy	-19.6	-52.7	-56.6	-56.2	-59.1
Financial Services	-18.0	-39.1	-38.3	-32.3	-26.4
Healthcare	-13.0	-23.7	-22.7	-13.3	-12.4
Industrials	-18.4	-38.9	-37.0	-33.6	-29.4
Real Estate	-22.9	-34.8	-28.8	-29.7	-20.9
Technology	-15.2	-29.8	-21.4	-10.7	-1.3
Utilities	-17.2	-32.2	-26.1	-24.6	-14.8



SOWELL'S WEEK AHEAD

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