

In light of disappointing Chinese PMI data over the weekend (due to coronavirus-linked supply chain disruptions), focus shifts toward US economic data this week. Important releases include ISM Manufacturing, ISM Services data, as well as employment data on Friday. On the international front, Eurozone PMI surveys and retail sales data will also be closely watched. Politically, we have super Tuesday Democratic primaries where a clearer picture of the Democratic presidential nominee should emerge.

Several retailers report earnings, including AutoZone (AZO), Costco (COST), Dollar Tree (DLTR), Nordstrom (JWN), Kroger (KR), Kohl's (KSS), Ross Stores (ROST) and Target (TGT).

Our tactical model has shifted to 60/40 (equity / fixed income) from 100% equity invested.

MONDAY MARCH 2, 2020
Markit Manufacturing PMI
ISM Manufacturing PMI
TUESDAY MARCH 3, 2020
Redbook
ISM New York Index
IBD/TIPP Economic Optimism
WEDNESDAY MARCH 4, 2020
MBA Mortgage Applications
ADP Employment Change
Markit Composite PMI
ISM Non-Manufacturing PMI
Fed Beige Book
THURSDAY MARCH 5, 2020
Challenger Job Cuts
Initial Jobless Claims
Factory Orders
FRIDAY MARCH 6, 2020
Balance of Trade
Unemployment Rate
Wholesale Inventories

**GAUGE OF THE GRADE**



The adjacent chart, courtesy Stockcharts.com, shows weekly data on the S&P 500. Notice the volume bars at the bottom of the chart. The chart indicates that when market falls are accompanied by heavy volume spikes, as indicated by (poorly) circled areas, it is generally a selling climax, indicating fear-induced and / or mechanical forced-selling by option traders, trend-following CTA funds and volatility parity funds. These volume spikes coincide with short-term market bottoms. We expect the worst of the selling is over in the short-term, aided by quarterly rebalancing and share buyback activity. Additionally, should the rate of reported coronavirus infections slow, we should see equity buyers re-enter the market.

**SECTOR RETURNS**

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-12.7	-11.2	-12.9	-4.2	-5.5
Communication Services	-9.7	-8.2	-3.2	4.3	9.6
Consumer Cyclical	-12.0	-7.2	-4.4	1.1	6.7
Consumer Defensive	-10.4	-8.9	-6.2	-3.3	7.1
Energy	-15.5	-17.8	-20.5	-16.5	-28.2
Financial Services	-13.6	-12.1	-11.4	1.3	1.1
Healthcare	-10.5	-8.9	-5.9	5.0	3.5
Industrials	-12.2	-10.9	-10.3	0.5	-0.8
Real Estate	-12.3	-8.4	-5.6	-2.7	7.7
Technology	-11.0	-9.0	-0.4	13.0	23.4
Utilities	-11.9	-9.4	-1.7	0.4	10.7



## SOWELL'S WEEK AHEAD

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