

The S&P 500 Index continued to be range-bound last week, trading between a level of support around 2792 established in early April and a level of resistance around 2934 that it initially failed to breach at the end of April (refer back to the Fibonacci retracement chart in our Week Ahead piece from 5/4/20 for more on this).

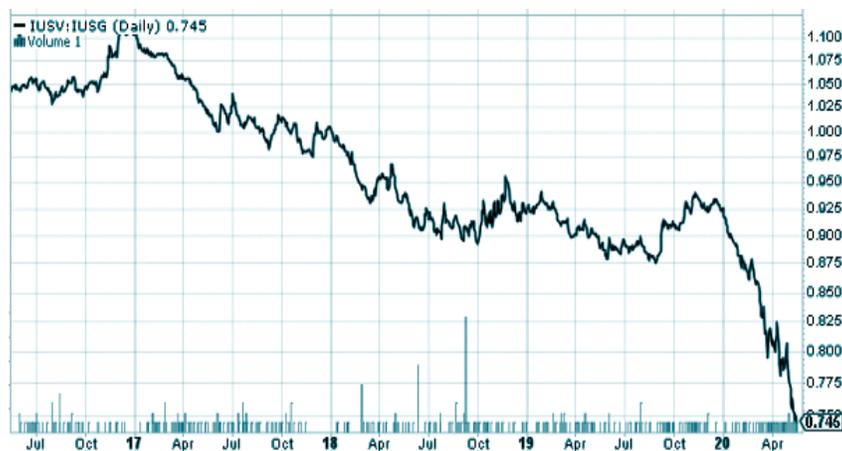
The support level was briefly broken intraday last Wednesday following Fed Chair Jerome Powell's comments about economic uncertainty but moved higher into the close. Expect more comments from Fed members this week, including two more speeches from Powell on Tuesday and Thursday.

Q1 earnings season continues to wind down with reports this week from Advanced Auto Parts (AAP), Home Depot (HD), Khol's (KSS), Walmart (WMT), Expedia (EXP), McKesson (MCK), Target (TGT), Take-Two Interactive Software (TTWO), Best Buy (BBY), Intuit (INTU), Medtronic (MDT), and Nvidia (NVDA).

Our tactical model remains neutral (60/40).

MONDAY MAY 18, 2020
NAHB Housing Market Index
TUESDAY MAY 19, 2020
Building Permits
Housing Starts
Redbook
Fed Chair Powell Testimony
WEDNESDAY MAY 20, 2020
MBA Mortgage Applications
FOMC Minutes
Crude Oil Imports Change
THURSDAY MAY 21, 2020
Initial Jobless Claims
Continuing Jobless Claims
Philadelphia Fed Manufacturing Index
Composite PMI Flash
Existing Home Sales
Fed Chair Powell Speech
FRIDAY MAY 22, 2020
Baker Hughes Oil Rig Count

GAUGE OF THE GRADE



The adjacent chart compares returns over the past 4 years from two popular market factors – growth and value. In this particular chart, an up-trend would show outperformance by value stocks, whereas a down-trend would show outperformance by growth stocks. A reversal that favors value stocks would be expected during the recent market sell-off (especially with the pandemic-related earnings growth concerns), but declining oil prices and near-zero interest rates have had negative impacts on the energy and financial sectors, which are typically overweight in value indices.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-3.1	4.8	-15.2	-14.4	-3.5
Communication Services	-1.2	6.5	-9.8	-2.4	6.4
Consumer Cyclical	-1.0	6.1	-9.3	-0.3	4.0
Consumer Defensive	-1.5	-3.3	-11.1	-5.4	2.3
Energy	-7.0	12.0	-32.8	-36.7	-39.5
Financial Services	-5.7	-2.7	-32.0	-28.4	-19.5
Healthcare	0.9	3.9	-3.0	4.6	17.1
Industrials	-5.8	-2.2	-29.3	-26.8	-18.8
Real Estate	-7.2	-8.2	-25.6	-18.2	-12.2
Technology	-1.5	7.3	-8.0	8.0	26.1
Utilities	-2.4	-6.4	-21.4	-11.3	-2.3



SOWELL'S WEEK AHEAD

Advisory services offered through Sowell Management, a Registered Investment Advisor. The views expressed represent the opinion of Sowell Management. The views are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and non-proprietary sources that have not been independently verified for accuracy or completeness. While Sowell Management believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and Sowell Management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in securities involves risks, including the potential loss of principal. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Past performance is not indicative of future results.



5320 Northshore Drive
North Little Rock, AR 72118
501-219-2434 Phone
501-812-6380 FAX
800-399-2391
sowellmanagement.com