

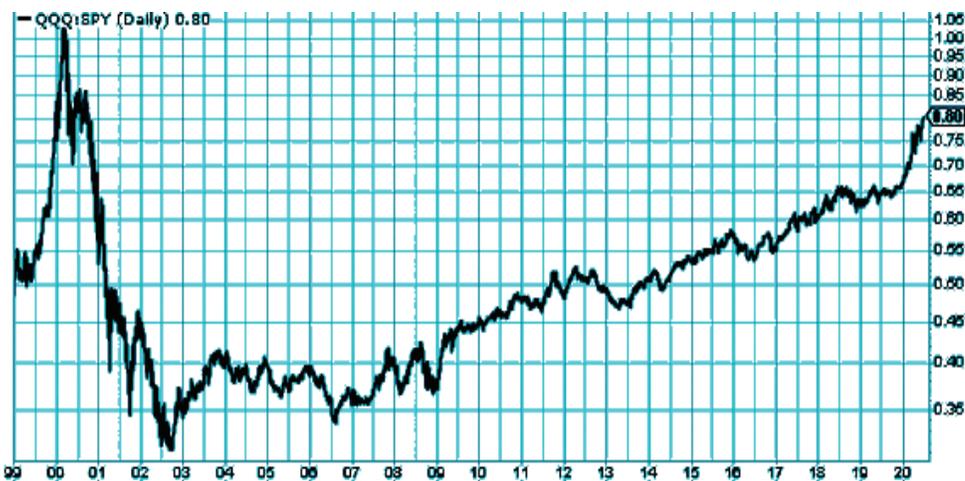
The S&P 500 fell around 2.5% last week after a record spike in coronavirus cases in the US, closing in on the important 3000 level. A handful of states, most notably Texas and Florida, were forced to reverse some of the progress they had made in reopening their economies. The Fed also released their bank stress test results last week, concluding that banks would have sufficient capital in a variety of down-turn scenarios but still setting precautionary measures in place anyway. Banks will not be allowed to repurchase shares during Q3 and will be capped to the same dividends they paid in Q2, given they have sufficient earnings to do so.

This holiday-shortened week will be heavy on economic data, including the final print of the Manufacturing PMI index for the month of June. Earnings season will also continue this week with reports coming from Micron (MU), FedEx (FDX), General Mills (GIS), and Constellation Brands (STZ).

Our tactical model remains neutral (60/40).

MONDAY JUNE 29, 2020
Pending Home Sales
Dallas Fed Manufacturing Index
TUESDAY JUNE 30, 2020
Redbook
S&P/Case-Shiller Home Price Index
Chicago PMI
Fed Chair Powell Testimony
WEDNESDAY JULY 1, 2020
US Job Cuts
Manufacturing PMI Final (JUNE)
Construction Spending
Total Vehicle Sales
THURSDAY JULY 2, 2020
Initial Jobless Claims
Continuing Jobless Claims
Unemployment Rate
Non Farm Payrolls
Balance of Trade
Factory Orders
ISM New York Current Business Conditions
FRIDAY JULY 3, 2020
MARKET CLOSED

GAUGE OF THE GRADE



There has been large discrepancy in returns between the tech-heavy Nasdaq 100 and the S&P 500 so far this year as the largest technology stocks (Apple, Microsoft, Google, Facebook) have outperformed the broader market during the pandemic. The adjacent chart shows that the QQQ to SPY return ratio is approaching levels that haven't been seen since the dot-com bubble.

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	-2.5	0.8	19.3	-10.1	-3.6
Communication Services	-5.3	-2.4	18.0	-2.7	9.4
Consumer Cyclical	-2.6	0.7	22.3	-1.1	6.2
Consumer Defensive	-3.4	-0.4	-7.1	-8.0	1.3
Energy	-6.6	-6.5	21.7	-37.0	-37.4
Financial Services	-5.2	-1.5	4.9	-25.7	-14.1
Healthcare	-2.8	-1.5	12.8	-3.7	8.9
Industrials	-4.0	-0.1	8.1	-18.3	-11.6
Real Estate	-3.9	0.7	9.2	-10.5	-4.1
Technology	-0.4	5.6	23.7	11.4	32.3
Utilities	-3.2	-2.1	0.5	-12.4	-3.8



SOWELL'S WEEK AHEAD

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