

Domestic equities moved higher last week (with the Nasdaq continuing to make all-time highs) on a strong jobs report that showed the US economy added nearly 5 million jobs in June. This market optimism contrasted with the US also having a record number of daily coronavirus cases last week. The bond market didn't have as much faith in the positive jobs report as yields fell slightly lower following the Thursday release.

We will be light on economic data this week, but the initial and continuing jobless claims data that is released every Thursday will become increasingly important as the second wave of coronavirus cases and furloughs begins to show up. The consensus forecast for the jobless claims report this week is at 1.375 million, which is slightly higher than last week's forecast, but lower than last week's actual print.

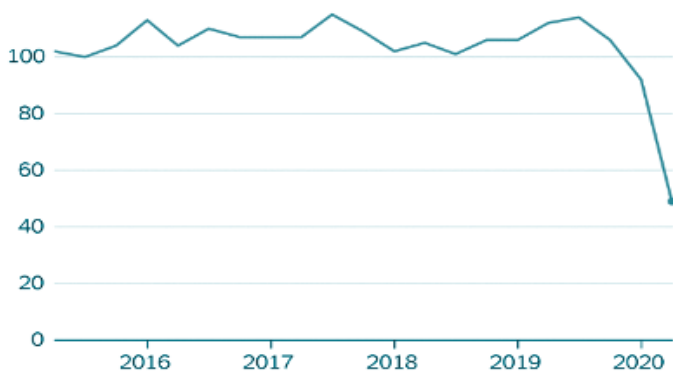
Our tactical model remains neutral (60/40).

MONDAY JULY 6, 2020
Markit Composite PMI Final (JUNE)
Total Vehicle Sales
TUESDAY JULY 7, 2020
Redbook
Economic Optimism Index
US Job Openings
WEDNESDAY JULY 8, 2020
Consumer Credit Change (MAY)
Manufacturing PMI Final (JUNE)
MBA 30 Year Mortgage Rate
THURSDAY JULY 9, 2020
Initial Jobless Claims
Continuing Jobless Claims
Wholesale Inventories
FRIDAY JULY 10, 2020
Producer Prices Index

GAUGE OF THE GRADE



Number of S&P 500 companies giving quarterly earnings guidance



By The New York Times | Source: FactSet

Q2 earnings season will continue this week with reports from the following S&P 500 companies: Paychex (PAYX), Walgreens (WBA), and Delta Air Lines (DAL). The pandemic has produced a lot of uncertainty, and according to FactSet, nearly 200 S&P 500 companies have pulled their yearly forecasts. The adjacent chart also shows that the number of companies that are providing quarterly guidance has been cut in half. This can create a wide dispersion of earnings estimates among analysts, making it more difficult to gauge a company's performance against a skewed "consensus."

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	4.13	1.77	32.49	-4.03	-0.04
Communication Services	0.56	0.82	28.57	2.22	11.26
Consumer Cyclical	2.2	2.66	38.02	2.78	8.96
Consumer Defensive	1.15	-0.58	8.25	-4.29	2.91
Energy	-1.27	-6.72	25.43	-36.08	-35.23
Financial Services	-2.63	-3.16	15.35	-24.95	-15.42
Healthcare	2.93	-0.53	16.51	0.42	11.19
Industrials	2.36	0.85	21.34	-15.86	-8.81
Real Estate	3.85	0.97	21.54	-5.28	-1.45
Technology	1.63	6.77	34.76	13.62	34.34
Utilities	3.82	-3.97	8.69	-7.55	-0.63



SOWELL'S WEEK AHEAD

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