

Equity markets fell last week with the S&P 500 returning -2.3%. Sentiment voiced by many market strategists have described last week's market performance as changing of the guard with value stocks and small-cap stocks leading the way. Before we make such a determination, lets recap the year. Year-to-date as of 8/28/2020, large cap stocks and growth stocks returned 10.8% and 28.5% outperforming value stocks and small-cap stocks by 37% and 15%, respectively. If market cycles were measured by days maybe, but in reality, last week value and small-cap stocks returned -1.2% and -2.70%, respectively, versus peer growth and large cap stocks of -3.4% and -2.3% measurably not enough evidence yet of changing of the guard, but profit taking yes.

The U.S. reported positive gains of 1.4 million jobs in August with the unemployment rate dropping to 8.4% from 10.2%. The U.S. economic recovery continues to gain strength, ahead even, with a stalemate in Congress over another financial-rescue package and as uncertainties remain with major companies warn of pending job losses.

Although a short week for the markets, this week marks the 19th year anniversary and remembrance of the September 11, 2001 terror attacks. This week will feature important economic indicators with the release of the jobs report, jobless claims and inflation as an important barometer on the sustainability of the economic recovery.

Our tactical model remains positive (100% long equities) with a cautious sentiment as we continue to monitor the relative strength of the environment.

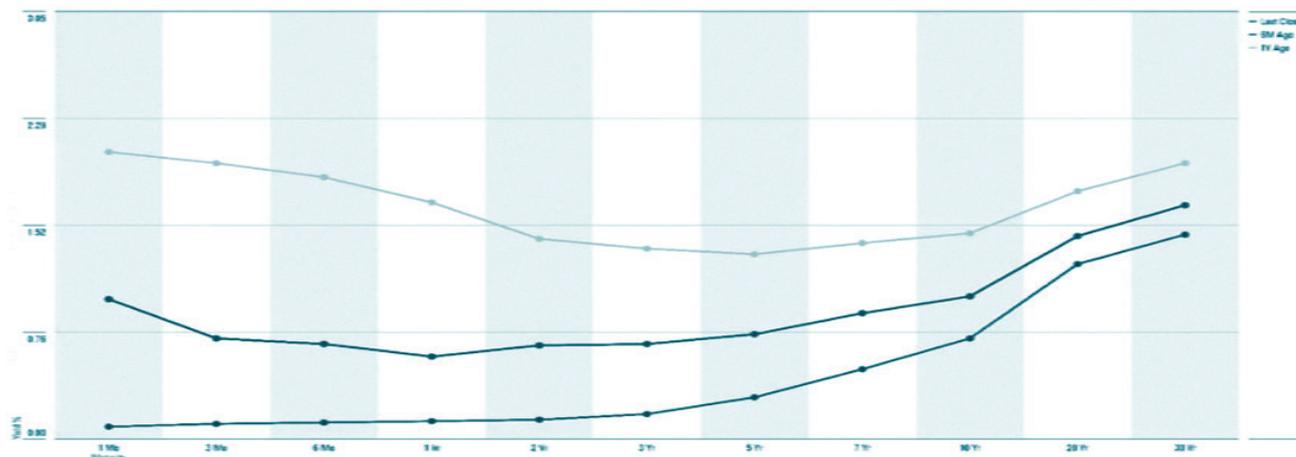
MONDAY SEPTEMBER 7, 2020
Labor Day Holiday
TUESDAY SEPTEMBER 8, 2020
Lululemon Athletica Earnings
WEDNESDAY SEPTEMBER 9, 2020
Job Openings Report
Oracle Corp Earnings
THURSDAY SEPTEMBER 10, 2020
Initial Jobless Claims
Continuing Jobless Claims
Producer Price Index
FRIDAY SEPTEMBER 11, 2020
Inflation (consumer prices index and core cpi)

GAUGE OF THE GRADE

BEARISH

NEUTRAL

BULLISH



U.S. Treasury Yield Curve (rates)

SECTOR RETURNS

	5 DAYS	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
Basic Materials	0.27	5.02	10.47	13.63	13.92
Communication Services	(2.65)	4.17	10.42	14.52	12.08
Consumer Cyclical	(2.74)	8.63	20.07	29.48	34.94
Consumer Defensive	(0.70)	3.28	10.52	6.48	8.78
Energy	(4.66)	(6.48)	(15.74)	(24.12)	(37.56)
Financial Services	(1.71)	4.75	2.07	(4.79)	(1.65)
Healthcare	(2.25)	(1.30)	4.13	6.89	19.54
Industrials	(1.46)	6.60	6.56	0.27	1.82
Real Estate	(0.91)	0.16	1.39	(13.38)	(11.75)
Technology	(4.05)	3.10	19.12	27.09	48.74
Utilities	0.23	(2.99)	(2.48)	(14.24)	(8.92)



SOWELL'S WEEK AHEAD

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