



Major averages ended the shortened week higher. The S&P set a fresh record high on Monday as the coronavirus relief bill was signed by President Trump on Sunday evening after first threatening not to sign it. The Nasdaq closed out the year also higher, giving its best annual performance since 2009. In general, health care and consumer discretionary companies outperformed during the week

while energy stocks lagged. On the economic front, initial jobless claims came in below consensus pointing to a job market that is still under stress. Also, home prices rose at a faster pace than expected in October, but November's pending home sales unexpectedly fell. Internationally, the week also saw the signing of the long-awaited Brexit deal between the U.K. and the European Union.



Source: Refinitiv Datastream / Fathom Consulting

There were significant differences in the performance of equity markets globally in 2020. The U.S. led the way, driven by the performance of technology heavy Nasdaq, which ended the year up by 43%. Large-cap US equities outperformed small-cap earlier in the year, but small cap roared back to finish the year on par, propelled by the fiscal stimulus. Outside the US, Chinese A-shares led the equity markets mostly due to the smaller impact of COVID-19 on their economy and a large infrastructure spending. Emerging markets in general posted positive return for the year on the back of a weaker USD. The FTSE 100 underperformed and ended the year below the level it started, on part because of Brexit uncertainties and also due to the composition of the index with lower weight in technology and higher weights in financials and energy.

SECTOR RETURNS

| | 1 WEEK | 1 MONTH | 3 MONTHS | YTD | 12 MONTHS |
|------------------------|--------|---------|----------|---------|-----------|
| Basic Materials | 1.16 | 3.21 | 15.84 | 16.91 | 16.91 |
| Communication Services | 1.08 | 3.63 | 17.08 | 25.82 | 25.82 |
| Consumer Cyclical | 1.20 | 5.39 | 16.64 | 47.61 | 47.61 |
| Consumer Defensive | 0.98 | 1.54 | 6.98 | 11.42 | 11.42 |
| Energy | (0.45) | 4.53 | 27.15 | (35.78) | (35.78) |
| Financial Services | 1.99 | 6.28 | 20.77 | 1.85 | 1.85 |
| Healthcare | 0.97 | 3.81 | 9.12 | 15.56 | 15.56 |
| Industrials | 0.53 | 1.92 | 16.99 | 9.51 | 9.51 |
| Real Estate | 1.17 | 2.15 | 7.76 | (7.57) | (7.57) |
| Technology | (0.01) | 5.88 | 14.31 | 46.39 | 46.39 |
| Utilities | 2.41 | 0.62 | 6.84 | (3.83) | (3.83) |

MONDAY JANUARY 4, 2021

Construction Spending

TUESDAY JANUARY 5, 2021

ISM Manufacturing Index

WEDNESDAY JANUARY 6, 2021

ADP Employment

Factory Orders

THURSDAY JANUARY 7, 2021

Initial jobless claims (weekly)

Continuing jobless claims (weekly)

ISM Non-manufacturing Index

Micon Technology, Constellation Brands, Walgreens, Conagra and Bed Bath & Beyond earnings

FRIDAY JANUARY 8, 2021

Unemployment Rate

Avg Hourly Earnings

Nonfarm Payrolls

Wholesale Inventories

Infosys earnings

An additional round of federal stimulus to aid the labor markets continues to provide momentum for the tactical model to remain in positive territory as signs of positive sentiment emerge.

GAUGE OF THE GRADE



BEARISH

NEUTRAL

BULLISH





SOWELL'S WEEK AHEAD

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