



Fluctuating from flight-to-safety to last week's flight-to-quality is a fundamental indication there's a momentary pause in the economic re-opening given the market uncertainty seen from the yield-curve tightening. That being said, Sowell's tactical indicators remain in stable territory.

## GAUGE OF THE GRADE



BEARISH

NEUTRAL



BULLISH



Equities struggled last week as economic data pointed to slowing economic growth. Energy shares along with small-cap stocks lagged while health care outperformed. Disappointing consumer confidence numbers and slumping retail sales data have investors worried that economic growth might have peaked. The U.S. Treasury yields decreased during the week, and the yield curve flattened slightly as fears over the delta variant and weaker than expected retail sales data pushed yields lower. We did receive some positive economic news as the jobless claims continue to moderate, and the U.S. Index of leading economic indicators (LEI) pointed to further economic recovery in July, according to Reuters.

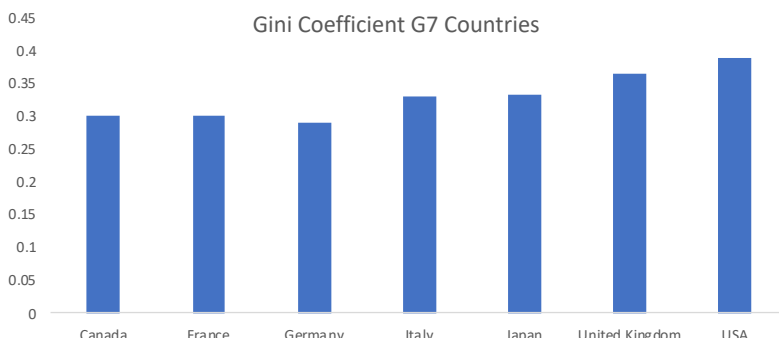
This week, we will have economic reports around manufacturing, services, home sales, personal income, and spending. The U.S. existing home sales for July will be released on Monday and new home sales on Tuesday. The housing market has been cooling, and these reports are expected to show continued slowing. U.S. personal spending and income data are being reported on Friday, and the expectations are that spending slowed in July. Both EU and U.S. manufacturing data will be released on Monday,

shedding further light on supply chain disruptions and possible manufacturing slowing globally. Earnings season continues this week with more retailers reporting. Best Buy, Dollar General, and Dollar Tree are some of the notable names reporting.

MONDAY AUGUST 23, 2021	
Existing Home Sales	
Manufacturing Purchasing Managers Index (PMI)	
Services PMI	
JD.com, Palo Alto Networks, and Riot Blockchain earnings	
TUESDAY AUGUST 24, 2021	
New Home Sales	
API Crude Oil Stock	
Redbook	
Best Buy, Intuit, Medtronic, Nordstrom, Toll Brothers, and Urban Outfitters earnings	
WEDNESDAY AUGUST 25, 2021	
Housing Starts	
Gasoline Inventories	
Mortgage Market Index	
Autodesk, Dick's Sporting Goods, NetApp, Salesforce, Snowflake, Splunk, Ulta Beauty, and Williams-Sonoma earnings	
THURSDAY AUGUST 26, 2021	
Initial jobless claims (weekly)	
Continuing jobless claims	
U.S. GDP	
China Industrial Profit	
Dell, Dollar General, Gap, HP, Toronto Dominion Bank, VMware, and Workday earnings	
FRIDAY AUGUST 27, 2021	
Retail and Wholesale Inventories	
PCE and Core PCE Price Index	
Michigan Inflation Expectations	
Big Lots earnings	

SOURCE: OECD data.oecd.org

### Gini Coefficient G7 Countries



President Joe Biden is looking to abolish some of the loopholes in the U.S. tax system, such as shelters and international havens that have long allowed multinational companies and the affluent to dodge taxes in ways that ordinary households cannot. Biden's intention is for two reasons: First, to help pay for the trillions in proposed spending, and second, to narrow the income inequality. The natural question then is how bad is income inequality in the U.S.? Using the Gini coefficient as the measure of inequality, the U.S. has the highest level of inequality among the G7 countries. The growth in income in the U.S. in recent decades has been primarily for the upper-income households. The middle-class income share of the U.S. has shrunk, from being 62% in 1970 to 43% as of 2018, according to Pew Research Center.

SECTOR RETURNS						
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS	
S&P 500 Index	(0.55)	2.89	7.14	19.28	33.06	
Basic Materials	(4.11)	3.41	(3.56)	16.45	35.53	
Comm Services	(0.72)	1.75	6.47	19.81	37.65	
Consumer Cyclical	(2.24)	(0.43)	4.14	9.93	29.88	
Consumer Defensive	(0.03)	2.08	3.25	9.29	17.26	
Energy	(7.28)	(4.65)	(11.53)	21.30	29.26	
Financial Services	(2.05)	2.69	1.38	23.27	46.78	
Healthcare	1.44	4.22	8.78	16.76	27.04	
Industrials	(2.37)	0.18	0.02	15.01	35.77	
Real Estate	(0.21)	0.57	8.36	23.04	30.27	
Technology	0.25	4.10	14.53	18.89	36.59	
Utilities	1.59	5.88	5.88	10.10	17.54	

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