



August's inflation report of 5.3% rose weaker-than-consensus befuddling equity and bond markets' anticipation of the Fed's guidance. With Treasury yields (10 yr & 30 yr) stabilizing and rising by the end of the week, Sowell's portfolio management team and tactical indicators remain unyielding with full anticipation the Fed will continue to taper and tighten interest rates. With the economy and Fed working in concert to stabilize the rate of growth, the Fed's current zero-interest policy is temporary and impractical.

GAUGE OF THE GRADE



BEARISH

NEUTRAL



BULLISH



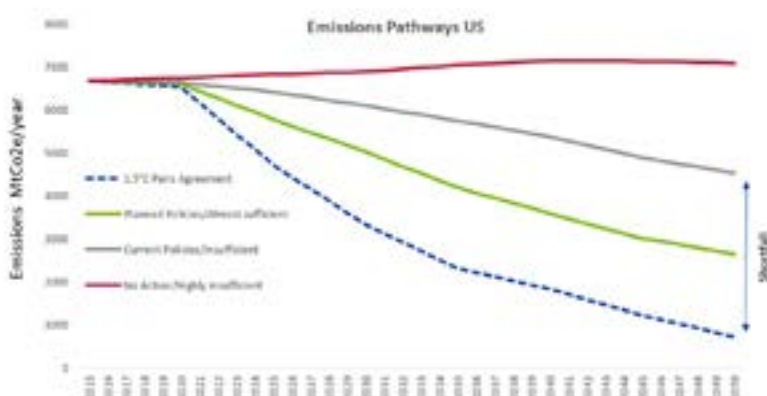
Stocks finished the week lower on mixed economic data. Energy stocks gained for the week as storms in the Gulf of Mexico threatened to disrupt oil production while materials and utilities lagged. The August Consumer Price Index (CPI) came in lower than expected, supporting the Federal Reserve's position that transitory factors are caused by rising prices. Despite a recent decline in consumer sentiment, retail sales for August came in above consensus. The US 10-year Treasury yield finished higher for the week, ending at 1.37%. The month of September has been weak for the stock market so far.

The Federal Reserve meets this week, and investors will be paying close attention to its interest rate forecasts. A two-day event, the meeting starts on Tuesday with an announcement on Wednesday afternoon followed by a press briefing with Fed Chairman Powell. The Fed has been very transparent on their intentions in reducing their bond-buying program, with the expectation now being that

November will be the start of the taper. The other economic event is the release of housing data. On Tuesday, housing permits data will be reported. The existing home sales figures are released on Wednesday, and on Friday, new home sales figures. A few companies also report earnings this week, which will shed light on supply chain issues and rising costs. FedEx reports on Tuesday, and both Nike and Costco report on Thursday.

MONDAY SEPTEMBER 20, 2021	
NAHB Housing Market Index	
Lennar earnings	
TUESDAY SEPTEMBER 21, 2021	
Housing Starts	
Redbook	
Current Account	
Adobe, AutoZone, Cracker Barrel, FedEx, and Stitch earnings	
WEDNESDAY SEPTEMBER 22, 2021	
Existing Home Sales	
Gasoline Inventories	
FOMC Statement	
BlackBerry, General Mills, Jefferies Financial, KB Home, and Steelcase earnings	
THURSDAY SEPTEMBER 23, 2021	
Initial jobless claims (weekly)	
Continuing jobless claims	
US Leading Index	
Manufacturing PMI	
Accenture, Costco, Darden, and Nike earnings	
FRIDAY SEPTEMBER 24, 2021	
Fed Chair Powell Speaks	
New Home Sales	

SOURCE: Climate Action Tracker (<https://climateactiontracker.org/countries/usa/>)



Strong scientific evidence underscores the importance of decarbonizing the global economy to avoid the worst potential impacts of climate change. The US achieving net zero emissions by 2050 set by President Biden, will require action by government, private sector, and the public. This net zero target is essential for limiting global warming to 1.5 degrees Celsius (2.7 degrees Fahrenheit) and with the current and planned policies, it is not enough to achieve net zero (table above). This coming economic transformation will present one of the greatest investment opportunities in our lifetime. A low carbon future begins with the power generation sector and by 2050, the International Energy Agency (IEA) estimates that renewables will account for almost 90% of global electricity generation. IEA also estimates that the annual clean energy investments need to be more than triple by 2030 to over \$4 trillion highlighting the amount of investments needed to achieve net zero.

SECTOR RETURNS						
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS	
S&P 500 Index	(0.54)	(0.20)	5.34	19.18	33.89	
Basic Materials	(3.04)	(4.65)	(1.45)	13.36	25.00	
Comm Services	0.58	3.95	5.89	13.57	33.66	
Consumer Cyclical	(0.65)	(2.35)	2.24	7.05	15.10	
Consumer Defensive	(0.94)	1.82	4.39	21.67	42.56	
Energy	3.23	3.02	(7.76)	31.10	49.43	
Financial Services	(0.28)	(1.69)	2.61	22.58	45.88	
Healthcare	(0.10)	(1.80)	5.68	15.17	26.33	
Industrials	(1.43)	(3.55)	(0.48)	12.58	27.97	
Real Estate	(0.23)	(0.20)	2.73	22.71	28.27	
Technology	(0.31)	1.95	9.66	20.00	41.44	
Utilities	(3.00)	(4.35)	0.22	4.28	11.90	

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