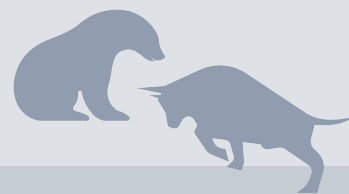




This week's market volatility caused by headlines from China is proof of Thomas Friedman's description of globalization – The World is Flat. Sowell's tactical indicators were tested and wrestled above the herd behavior and stabilized by the end of the week. That unyielding footing was on the backbone of the state of the economy, corporate earnings, and the yield curve.



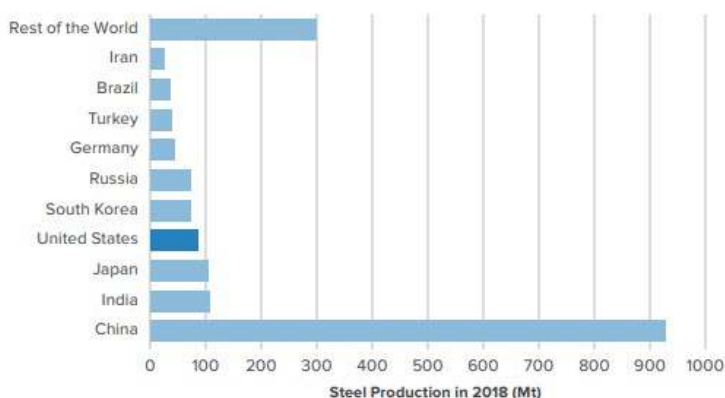
## SOWELL TACTICAL MODEL

The equity market bounced back from a sell-off on Monday to finish the week positive. Fears of financial contagion coming from Chinese developer Evergrande, the country's second largest, sent stocks diving at the start of the week. By Thursday, the losses were reversed as investors became more confident that the damage was mostly limited to China. The 10-year US Treasury rate finished the week higher at 1.45% according to CNBC. The rising yields helped financials sector higher for the week. Energy stocks also outperformed while utilities lagged. The Federal Reserve signaled this past Wednesday that they expect to begin reducing its \$120 billion in monthly bond purchases soon. The Fed also released a new forecast for interest rates indicating that rates will be raised sometime next year.

Attention this week will once again be given to the Federal Reserve Chairman Jerome Powell when he testifies before Congress. Any clues on the timing of reducing the monthly bond purchases and indication of when rates will be raised will again be the focus of investors' attention. There are also a handful of economic data being reported this week. Durable goods data is reported on

Monday and the ISM manufacturing on Friday. The personal income and consumer spending for August is also released on Friday, informing us whether the slowing trend in spending continued into last month. The Conference Board releases its Consumer Confidence Index for September on Tuesday which will give us an indication on consumer morale given rising inflation and the continued impact of the Covid-19 variants. Attention will also be paid to Congress as lawmakers attempt to pass a funding plan to avert a government shutdown by Thursday.

SOURCE: <http://www.bluegreenalliance.org/wp-content/uploads/2021/04/HowCleanistheUS.SteelIndustry.pdf>



Steel is the most used metal in the world. It is the backbone of today's economy and will be a part of tomorrow's decarbonized future. It is used in everything from bridges and buildings to cars and consumer goods. But the process to produce steel is carbon intensive. According to the Carbon Brief, the steel industry emits around 9% of the total carbon dioxide worldwide. Now there's a "green" method for making steel using a hybrid process powered by hydrogen. SSAB, a steel-making company in Sweden, has produced the first fossil fuel-free steel. This "green" method uses electricity from renewable sources to create clean-burning gas. In so doing, hydrogen replaces fossil fuels both in the manufacture of iron pellets and the carbon purification process. The news is significant in the context of efforts to limit climate change. The biggest steel producing country by far is China, accounting for more than 50% of world steel production.

MONDAY SEPTEMBER 27, 2021	
Durable Goods Orders	
Fed Governor Lael Brainard Speech (NABE) - Economic Outlook	
TUESDAY SEPTEMBER 28, 2021	
Wholesale Inventories	
Retail Inventories	
S&P/Case-Shiller Housing Price Index	
FactSet, IHS Markit, Micron Technology, and Thor earnings	
WEDNESDAY SEPTEMBER 29, 2021	
China Manufacturing PMI	
Pending Home Sales Index	
Fed Chair Powell Speaks at European Central Bank Forum	
Cintas, Herman Miller, and Jabil earnings. Warby Parker IPO	
THURSDAY SEPTEMBER 30, 2021	
Initial jobless claims (weekly)	
Continuing jobless claims	
Retail Consumer Spending	
GDP	
Bed Bath and Beyond, CarMax, Jefferies, McCormick and Paychex earnings	
FRIDAY OCTOBER 1, 2021	
Manufacturing PMI	
PCE and Core PCE Index	
Construction Spending	

SECTOR RETURNS					
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS
S&P 500 Index	0.52	(0.58)	4.76	19.79	39.13
Basic Materials	0.08	(4.50)	(1.98)	13.45	34.56
Comm Services	(0.41)	(0.84)	2.08	21.17	46.02
Consumer Cyclical	0.60	1.62	3.96	14.25	38.93
Consumer Defensive	(0.56)	(1.75)	1.97	6.46	16.44
Energy	4.62	7.27	(6.33)	37.16	72.59
Financial Services	2.14	0.02	3.03	25.21	56.73
Healthcare	(0.60)	(2.08)	4.42	14.48	30.16
Industrials	0.87	(2.65)	(1.28)	13.56	36.05
Real Estate	(0.90)	(0.61)	(2.43)	21.61	35.41
Technology	0.82	0.26	8.78	20.98	45.26
Utilities	(1.11)	(4.59)	2.23	3.12	13.09

Advisory services offered through Sowell Management, a Registered Investment Advisor. The views expressed represent the opinion of Sowell Management. The views are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and non-proprietary sources that have not been independently verified for accuracy or completeness. While Sowell Management believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and Sowell Management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in securities involves risks, including the potential loss of principal. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Past performance is not indicative of future results.