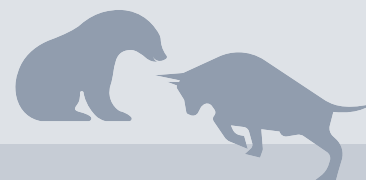




The Debt ceiling crisis, President Biden's infrastructure bill gridlock in the House – linked to the Build Back Better plan, and inflation fears battered the markets this week. Although the market retreat was extensive, strong manufacturing reports and a healthy yield curve continues to keep Sowell's tactical indicators in steady territory.



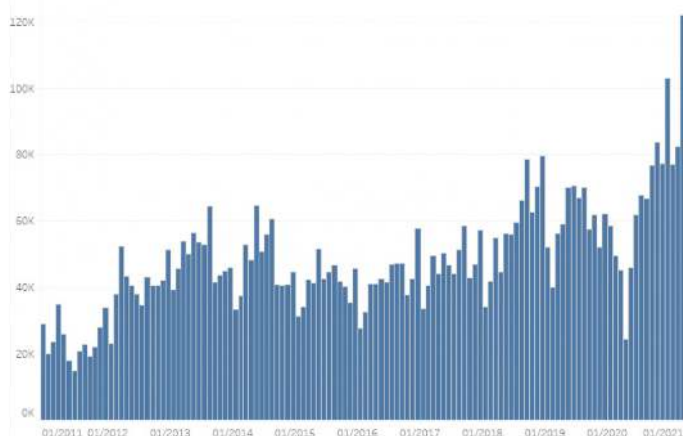
SOWELL TACTICAL MODEL

Since 1950, the Dow Jones Industrial Average has averaged a 0.8% decline, and the S&P 500 had a 0.5% drop during September, according to Investopedia. This annual anomaly is named "The September Effect." This September was no different. Last week, equities pulled back on inflation and interest rate fears to close the month in the red for major equity indexes. Energy stocks performed the best on higher oil prices while growth lagged value stocks. Higher interest rates led the technology-heavy Nasdaq Composite Index to underperform. Ongoing supply chain issues combined with higher labor costs and rising oil prices fed to inflation worries. The U.S. 10-Year Treasury yield finished the week close to where it started only after a sharp drop in yields on Friday.

This week, earnings season starts with few notable names such as PepsiCo, Levi Strauss & Co., and Constellation Brands reporting. We will also get an update on the strength of the U.S. labor market with ADP's national employment report and the Department of Labor's nonfarm payrolls report for September. The services PMI readings from major countries around the world will be released.

SOURCE: Bureau of Transportation Statistics (<https://www.bts.gov/data-spotlight/electric-vehicle-use-grows>)

Electric Vehicles Sold in U.S. (Monthly): Dec. 2010- Mar. 2021



Earlier this year, General Motors announced that it would join other automakers by selling only zero-emission vehicles by 2035. The company also announced last week that it plans to achieve its goal to source 100% renewable energy to power its U.S. sites by 2050. Its rival Ford also announced its EV-related expansion plans. The company is expanding its electric vehicle ecosystem in North America, with investments of \$7 billion planned to construct a large campus in Tennessee and battery plants in Kentucky. It is the largest manufacturing investment at one time by any automotive manufacturer in the U.S. Ford's announcement follows a commitment made earlier to increase its investments in EVs to more than \$30 billion BY 2025. With President Biden announcing the goal of 50% EV sales by 2030 and EV sales currently account for less than 3% of all car sales, major U.S. auto companies are positioning themselves to benefit from the future demand for EVs. According to the Bureau of Transportation Statistics, EV sales in the U.S. reached a record high monthly volume in March 2021.

Services PMI reflects manager's views on growth and economic outlook from the service industries. The U.S. reading is expected to show continued optimism about the recovery despite COVID-19 variants, labor, and supply shortages. This Friday's employment report is potentially one of the few remaining economic indicators left before the Federal Reserve decides to reduce its bond purchase program.

MONDAY OCTOBER 4, 2021	
Factory Orders	
OPEC Meeting	
Duckhorn Portfolio earnings	
TUESDAY OCTOBER 5, 2021	
Trade Balanced	
Services PMI	
API Weekly Crude Oil Stock	
Pepsico earnings	
WEDNESDAY OCTOBER 6, 2021	
China FX Reserves	
ADP Non-farm Employment Change	
Gasoline Production and Inventories	
Acuty Brands, Constellation Brands, Levi Strauss, and RPM earnings	
THURSDAY OCTOBER 7, 2021	
Initial jobless claims (weekly)	
Continuing jobless claims	
Consumer Credit	
GDP	
ConAgra Brands, Helen of Troy, and Tilray earnings	
FRIDAY OCTOBER 8, 2021	
Wholesale Inventories	
Unemployment Rate	
Manufacturing Payrolls	

SECTOR RETURNS					
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS
S&P 500 Index	(2.19)	(3.59)	1.18	17.17	30.65
Basic Materials	(0.57)	(5.20)	(3.21)	12.80	32.10
Comm Services	(1.73)	(4.68)	(0.61)	19.08	37.16
Consumer Cyclical	(2.46)	(2.05)	0.02	11.44	27.64
Consumer Defensive	(2.39)	(4.60)	(1.42)	3.92	10.51
Energy	5.71	14.44	(0.72)	44.98	90.27
Financial Services	(0.35)	(0.19)	1.89	24.77	49.87
Healthcare	(3.49)	(5.75)	(0.73)	10.49	20.93
Industrials	(1.37)	(4.16)	(3.47)	12.00	31.20
Real Estate	(1.81)	(6.21)	0.96	19.41	26.24
Technology	(3.72)	(4.69)	3.07	16.48	31.61
Utilities	(1.92)	(7.56)	(0.76)	1.15	7.01

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.