



The markets reacted positively to the jobs reports rising above ongoing concerns for inflation – improved job openings and jobless claims. Sowell's tactical indicators remain in positive territory as economic activity remains in expansionary mode albeit with a close eye on how the Fed nurses interest rates with ongoing focus towards long-term consumer prices from supply chain bottlenecks and huge demand possibly from President Biden's spending policy.

GAUGE OF THE GRADE



BEARISH

NEUTRAL



BULLISH



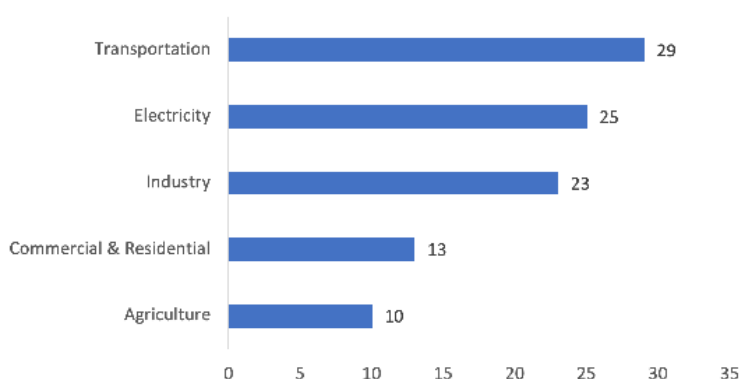
After struggling earlier in the week, equities rallied to finish the week higher on back of strong earnings and positive economic news. Real estate, materials and consumer discretionary sectors outperformed while communication services lagged. Core consumer prices came in line with expectations and producer prices lower than consensus, both numbers alleviating some fears of runaway inflation. Investors might have also welcomed the minutes from the Fed's September policy meeting which indicated that officials are inclined in keeping short term interest rates at or near zero for the next couple of years. Weekly jobless claims reached a new pandemic low last week which comforted investors that the drag from the delta variant on the economy was easing. The 10-year Treasury yield which greatly influences the performance of technology and growth shares fell below 1.6% to finish the week at 1.57%.

Big earnings week this week with dozens of companies reporting from various sectors including technology. Some of the notable name's reporting are Netflix, Tesla, IBM, American Express, Johnson & Johnson, and Honeywell. Supply chain disruptions and shortages of everything from chips to labor has been the reason

for companies revising down their earnings forecasts. Besides earnings, there are a few economic reports to watch also. The Federal Reserve's beige book on the economy is released on Wednesday. The existing homes sales and the Philadelphia Fed manufacturing survey are reported on Thursday. And on Friday, the Markit manufacturing and services PMI data is released. The first bitcoin futures exchange-traded fund could begin trading this week when ProShares Bitcoin Strategy ETF is expected to debut. This news pushed Bitcoin to rise above \$60,000 for the first time in six months.

SOURCE: <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

Total U.S. GHG Emissions by Sector 2019



What does a net zero greenhouse gas (GHG) emissions target mean when countries and corporations are setting this goal? Net zero GHG emissions refers to the difference between the amount of GHG emissions we produce in the atmosphere and the amount that is removed from the atmosphere. Net zero is achieved when the two amounts are equal. In order to limit the global temperature increase this century to well below 2 degrees Celsius (preferably to no more than 1.5 degrees Celsius) set by The Paris Accords, net zero GHG emissions globally need to be reached by 2050. To reach this goal, global emissions need to be cut by half by 2030. This means that all industries including the energy intensive ones need to cut emissions soon. This will transform the high polluting sectors by investing in new "green" technologies. The largest sources of GHG emissions in the U.S. are burning fossil fuel for electricity, heat, and transportation. Transportation sector which includes emissions from cars, trucks, ships, trains, and planes, accounted for 29% of all GHG emissions in the US in 2019 according to EPA. Electricity production generates the second largest share of GHG emissions. An estimated 62% of our electricity comes from burning fossil fuels (coal and natural gas). Industry accounts for 23% of 2019 GHG emissions and its primarily coming from burning fossil fuels for energy.

MONDAY OCTOBER 18, 2021	
China GDP	
U.S. Industrial Production	
Albertsons, Hexcel, PacWest Bancorp, State Street, and Zions Bancorp earnings	
TUESDAY OCTOBER 19, 2021	
Housing Starts	
Building Permits	
Redbook	
Bank of New York, Fifth Street Bancorp, Haliburton, Johnson & Johnson, Netflix, Philip Morris, Procter & Gamble, Travelers, and United Airlines earnings	
WEDNESDAY OCTOBER 20, 2021	
Mortgage Market Index	
Gasoline Inventories	
Abbott Labs, Anthem, ASML, Biogen, CSX, Graco, IBM, Lam Research, Las Vegas Sands, Northern Trust, Tesla, and Verizon earnings	
THURSDAY OCTOBER 21, 2021	
Initial jobless claims (weekly)	
Continuing jobless claims	
Existing Home Sales	
AT&T, Blackstone, Dow, Intel, Mattel, Snap, Southwest Airlines, Union Pacific, Valero, and Whirlpool earnings	
FRIDAY OCTOBER 22, 2021	
Services and Mfg PMI	
FOMC Mary Daly Speaks	
UK Retail Sales	
American Express, HCA, Honeywell, Roper, and Seagate earnings	

SECTOR RETURNS						
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS	
S&P 500 Index	1.83	(0.12)	2.88	20.31	30.12	
Basic Materials	4.11	1.12	2.55	18.37	31.75	
Comm Services	0.11	(3.29)	0.31	18.82	34.54	
Consumer Cyclical	3.05	1.74	4.22	15.47	27.79	
Consumer Defensive	1.34	(1.01)	(0.47)	6.60	9.81	
Energy	1.39	15.42	15.64	54.41	89.28	
Financial Services	1.37	4.23	5.31	28.73	49.99	
Healthcare	0.90	(3.60)	(0.12)	10.89	18.58	
Industrials	1.92	1.35	0.64	15.90	28.62	
Real Estate	3.59	(0.38)	1.17	23.18	29.01	
Technology	3.14	(0.74)	5.18	20.54	31.15	
Utilities	1.53	(2.22)	0.07	4.38	4.65	

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