



With Washington’s political attention over President Biden’s recent economic and social stimulus bills and the global debate over greenhouse gases, beneath the surface could the electric vehicle revolution be laying the groundswell for another industrial revolution. Tesla’s market-cap now at \$1.1 trillion exceeds Toyota, Volkswagen, Daimler, GM, and Ford’s combined. New EV entrants Rivian, recent IPO (\$100 bn) and Lucid Motors (\$90 bn) combined market-cap already exceed Ford and GM. A strong jobs report with a healthy manufacturing sector, despite inflation concerns, continue to point Sowell’s tactical indicators in positive territory.

GAUGE OF THE GRADE

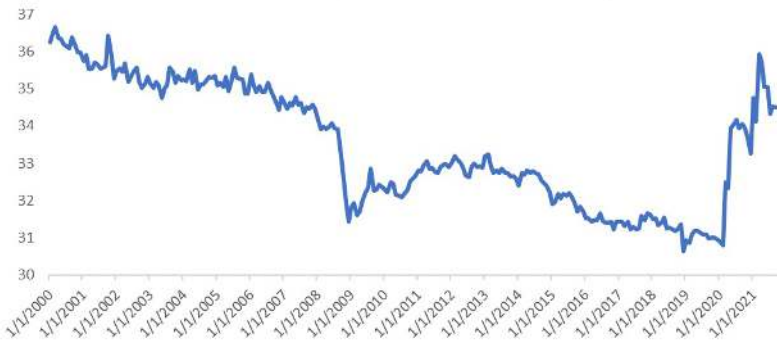


Equities were generally higher last week, buoyed by better-than-expected economic data. October’s retail sales came in strong despite higher inflation and weak consumer confidence. Philadelphia Fed manufacturing index also showed better activity. Growth stocks outperformed value peers. Consumer discretionary stocks with the help of Amazon and Tesla performed well while energy shares fell with oil prices after both China and the U.S. discussed releasing oil reserves from strategic reserves. The U.S. Treasury yields ended the week lower with the 10-Year finishing below 1.55%. Germany and Austria implemented another nationwide lockdown to fight Covid-19 resurgence and that pulled yields lower.

Despite a shortened trading week, there are some key economic data being reported. The personal consumption expenditure data which includes the Federal Reserve’s preferred inflation measure is an important one to watch released on Wednesday. The PCE price index is expected to rise, but the question is by how much. Uncertainty over Jerome Powell’s continued role as Chairman of the Federal Reserve might add some volatility this week. President Biden is considering other candidates for the role including Fed Governor Lael Brainard who is considered more dovish than Powell.

Source: Refinitiv Datastream/Fathom Consulting

U.S. Goods Consumption as % of Total Consumption



As in most major economies, the U.S. inflation rise has been driven by a sharp increase in the prices of goods rather than services. This has occurred as there has been an increase in the goods share of household consumption. Historically, as income per capita has risen, households have allocated a smaller percentage to purchasing goods and a greater share to services. With many consumer services industries forced to close during the pandemic, the consumption of goods increased dramatically. As economies have reopened, the goods share has remained elevated. If this continues, economies that rely on exporting goods, such as emerging markets, will benefit the most.

Decision could be made this week. Durable goods orders for the month of October are released on Wednesday and despite supply chain disruptions, it is expected to rise. We will also get some earnings numbers from notable technology and retail companies such as HP, Dell Technologies, Best Buy and Nordstrom.

MONDAY NOVEMBER 22, 2021
Existing Home Sales
Chicago Fed National Activity
Euro Zone Consumer Confidence
Agilent, Korn Ferry, Urban Outfitters, and Zoom Video earnings
TUESDAY NOVEMBER 23, 2021
Mfg PMI
Services PMI
Euro Zone Mfg PMI
Analog Devices, Autodesk, Best buy, BHP, Burlington, Dell, Dick’s Sporting Goods, Dollar Tree, Gap, HP, Medtronic, Nordstrom, and Vmware earnings
WEDNESDAY NOVEMBER 24, 2021
Wholesale Inventories
GDP
Initial jobless claims (weekly)
Continuing jobless claims
Deere earnings
THURSDAY NOVEMBER 25, 2021
Thanksgiving Day Holiday - markets closed
Germany GDP
FRIDAY NOVEMBER 26, 2021
Euro Zone Money Supply
China Industrial Profit

SECTOR RETURNS					
	1 WEEK	1 MONTH	3 MONTHS	YTD	12 MONTHS
S&P 500 Index	0.36	4.07	6.97	26.56	32.91
Basic Materials	(2.14)	5.00	7.68	24.74	31.26
Comm Services	(2.14)	(2.20)	(0.60)	17.76	24.59
Consumer Cyclical	3.02	9.75	17.43	27.80	38.71
Consumer Defensive	(0.93)	2.25	(0.08)	8.81	10.92
Energy	(5.18)	(6.44)	20.89	46.17	56.15
Financial Services	(3.18)	(3.92)	2.07	25.00	35.22
Healthcare	(1.04)	2.36	(1.56)	24.24	19.87
Industrials	(1.05)	2.93	4.87	20.12	23.07
Real Estate	(0.28)	2.50	3.62	26.78	27.95
Technology	2.21	9.05	14.23	33.92	44.68
Utilities	0.91	2.02	(1.92)	5.71	6.28

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.