



Last week, the good swing was helped by better-than-expected earnings surprise by major companies, particularly from core sectors settling investor confidence. Sowell's tactical signals ended the week in neutral territory, but directionally stronger indicators towards positive territory as economic and employment indicators are trending better.

GAUGE OF THE GRADE



BEARISH



BULLISH

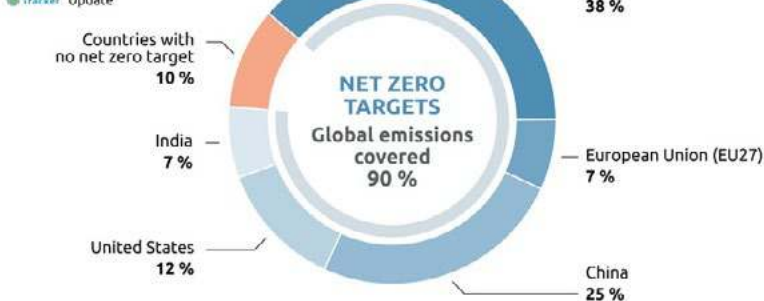
After a very volatile week, equities managed to end the week higher, with technology-heavy Nasdaq outperforming the S&P 500 and the Dow. Earnings reports from some mega-cap names drove much of the volatility. Technology stocks started the week higher, but Meta Platforms, Facebook parent company, disappointing earnings on Thursday led all technology shares lower. A late Friday rally helped the indexes higher for the week, helped by Amazon's better than expected earnings. Value shares have been outperforming growth since November, but last week they performed similarly. Mid and small caps outpaced larger caps. Energy shares continued to do well as oil prices rose above \$90 per barrel on continued geopolitical tensions with Russia and Ukraine. We received mixed economic data on the health of the US economy last week. Factory activity rose in January, but services sector activity fell. The Labor Department jobs report showed a higher-than-expected gain in January. The unemployment rate rose to 4%, but this reflects an increase in the labor force participation rate. The jobs data pushed yields higher, with the 10-year Treasury rising above 1.9%.

We could see further volatility this week as more companies report earnings. Notable companies such as Pfizer, Disney, Coca-Cola, Twitter, and Uber will be reporting earnings. Much attention will be given to Thursday's Consumer Price Index (CPI) numbers, indicating whether the pace of inflation eased in January or not. The expectation is that inflation has slowed slightly from the previous month of December. We will also get the University of Michigan's preliminary estimate of consumer sentiment for February on Friday.

Source: <https://climateactiontracker.org/global/cat-net-zero-target-evaluations/>

Net zero emissions target announcements

Agreed in law, as part of an initiative, or under discussion
Nov 2021 Update



A growing number of countries have announced net zero emissions targets. 'NetZero' means that any emissions are balanced by absorbing an equivalent amount from the atmosphere. To meet the 1.5-degree Celsius global warming target in the Paris Agreement set in 2015, global carbon emissions must reach net zero by 2050. According to the Climate Action Tracker, an independent research organization that tracks climate pledges and policies by countries, it estimates that over 140 countries have announced or are considering net zero emissions targets, which cover about 90% of global emissions. The US, along with China, India, and the EU, together represent more than half of global greenhouse gas emissions. Given that these pledges are voluntary, only a smaller subset of these countries have made their pledges legally binding. Without making countries accountable for their emissions and making them legally binding, the likelihood of meeting the Paris target would be slim.

MONDAY FEBRUARY 7, 2022	
CB Employment Trends Index	
Consumer Credit	
China FX Reserves	
Amgen, CNA Financial, Hasbro, Loews, Simon Property, Take-Two, Tenet, Teradata, and Tyson Foods earnings	
TUESDAY FEBRUARY 8, 2022	
NFIB Small Business Optimism Index	
RedBook	
Trade Balance	
Alibaba, Aramark, BP, Chipotle, Dupont, Gartner, Harley-Davidson, KKR, Lyft, Peloton, Pfizer, S&P Global, Sysco, Taylor Morrison, Valvoline, Warner Music, and Yum Brands earnings	
WEDNESDAY FEBRUARY 9, 2022	
Mortgage Market Index	
Gasoline Inventories	
Wholesale Inventories	
Ares, Avaya, CDW, CME, Equifax, Fox, International Flavors, LegalZoom, Mattel, Motorola, O-Reilly Automotive, Teva, Toyota Motors, Twilio, Uber and Walt Disney earnings	
THURSDAY FEBRUARY 10, 2022	
Initial jobless claims (weekly)	
Continuing jobless claims	
CPI and Core CPI Index	
Real Earnings	
Bio-Rad, Coca-Cola, Expedia, Kellogg, Mister Car Wash, Mohawk, PG&E, PepsiCo, Philip Morris, Twitter, Zebra Technologies, and Zillow earnings	
FRIDAY FEBRUARY 11, 2022	
UMich Inflation Expectations	
Fed Monetary Policy Report	
UMich Consumer Sentiment Expectations	
Apollo Management, Dominion Energy, Goodyear, Newell Brands, Under Armour, and Warby Parker earnings	

SELECT INDICES

	YTD Daily	1 Wk Daily	1 Mo Daily	3 Mo Daily	6 Mo Daily	1 Yr Daily	3 Yr Annualized Daily
S&P 500 Index	(5.47)	1.57	(6.01)	(3.50)	17.90	20.28	20.16
S&P 500 Growth Index	(9.02)	2.01	(8.82)	(7.58)	15.59	24.71	24.23
S&P 500 Value Index	(1.52)	1.13	(2.95)	1.16	20.12	14.56	14.80
Basic Materials	(8.95)	0.40	(9.01)	(4.88)	17.69	18.50	23.09
Communication Services	(9.20)	0.28	(9.20)	(13.31)	(0.50)	18.83	21.55
Consumer Cyclical	(10.30)	3.26	(11.91)	(13.41)	4.07	24.21	28.25
Consumer Defensive	(2.65)	0.37	(3.05)	2.61	17.32	16.44	18.85
Energy	22.55	4.78	14.97	19.39	70.50	7.16	6.83
Financial Services	1.18	2.33	(2.18)	(1.14)	23.59	17.50	20.74
Healthcare	(7.32)	1.63	(5.21)	(4.72)	8.53	14.87	17.26
Industrials	(6.85)	0.69	(7.89)	(6.09)	12.08	13.69	18.84
Real Estate	(9.37)	0.08	(8.62)	(3.39)	21.68	10.94	15.27
Technology	(9.97)	2.12	(9.28)	(7.65)	15.05	33.12	38.98
Utilities	(4.42)	0.58	(3.30)	3.42	11.20	10.47	12.93

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.