



Uncertainty is staying alive. With U.S. inflation coming in at an annual rate of 7.9%, the highest in 40 years, and the Russia-Ukraine conflict extending the risk of high inflation and market uncertainty further, Sowell's tactical signals currently remain in negative territory. The U.S. labor market remains positive, but market volatility is likely to persist as long as there's market uncertainty and fear.

GAUGE OF THE GRADE



BEARISH



NEUTRAL



BULLISH

Another week of volatility caused by the Russian invasion of Ukraine moved stocks lower. Consumer staples underperformed as companies such as Coca-Cola announced their intention to suspend operations in Russia, but a commodity prices surge from the war seemed to have dominated sentiment. Earlier in the week, the Biden administration weighed placing an embargo on Russian crude oil while oil prices surged past \$130 per barrel. According to AAA, gasoline prices averaged \$4.31 nationally. On Tuesday, President Biden did follow through with cutting off all imports of Russian oil and gas to the U.S. pushing prices higher. On the economic front, the data should continue to show rising inflation and weak consumer sentiment. The consumer price index reached the highest since 1982 in February year over year. Higher prices continue to weigh on consumer sentiment as the University of Michigan preliminary gauge of consumer sentiment in March fell more than expected. The U.S. Treasury yields increased during the week on inflation fears and the 10-year Treasury yield closed just below 2%.

The Federal Reserve meets on Tuesday for a two-day Federal Open Market Committee (FOMC), and it is widely expected that they will raise rates by a quarter-percentage-point the following day. Investors will also pay attention to economic news as retail sales data, U.S. housing data, and producer inflation data are due. February Producer Price Index (PPI) is released on Tuesday, and it is expected that prices have also surged for producers as they have for consumers. U.S. retail sales data for February is reported on

Wednesday and the expectation is a decline in sales growth because of weaker sentiment. U.S. existing home sales data is being released on Friday. Earnings season continues with FedEx, Dollar General, and Accenture reporting.

MONDAY MARCH 14, 2022

Germany Wholesale Price Index

Russia Trade Balance

China Industrial Production

Vail Resorts earnings

TUESDAY MARCH 15, 2022

OPEC Monthly Report

Producer Price Index and Core PPI

API Weekly Crude Oil Stock

Lithium America, and Sentinel One earnings

WEDNESDAY MARCH 16, 2022

Retail Sales

Gasoline Inventories

Fed Interest Rate Decision

Exelon, Jabil, Lennar, Prudential, and Williams-Sonoma earnings

THURSDAY MARCH 17, 2022

Initial jobless claims (weekly)

Continuing jobless claims

Housing Starts

Industrial Production

Accenture, Dollar General, FedEx, GameStop, and Warby Parker earnings

FRIDAY MARCH 18, 2022

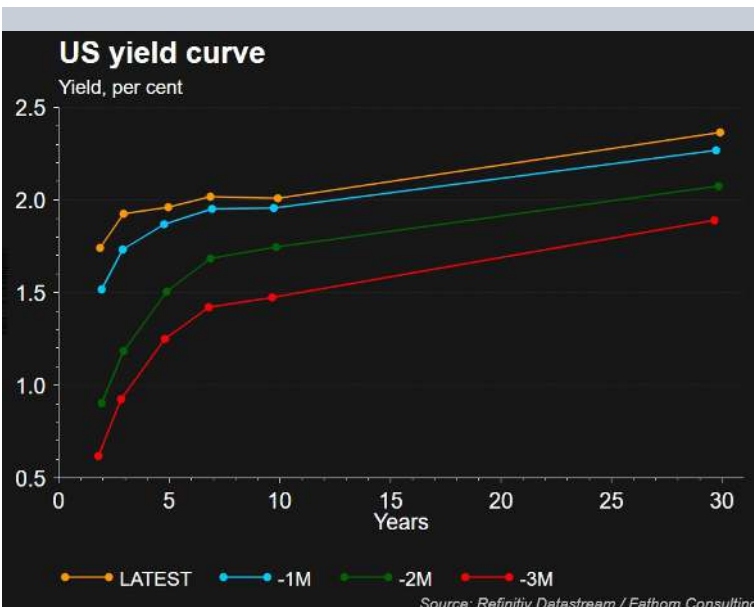
Composite US Leading Index

Existing Home Sales

Euro Zone Trade Balance

SELECT INDICES

	YTD Daily	1 Wk Daily	1 Mo Daily	3 Mo Daily	1 Yr Daily	3 Yr Annualized Daily
S&P 500 Index	(11.53)	(2.84)	(4.71)	(10.45)	8.24	16.72
S&P 500 Growth Index	(17.18)	(3.28)	(6.06)	(17.07)	8.13	19.51
S&P 500 Value Index	(5.23)	(2.42)	(3.34)	(2.79)	7.77	12.62
Bloomberg US Agg Bond	(4.79)	(1.76)	(1.39)	(4.66)	(3.52)	2.60
Bloomberg Long Term US Treasury	(8.52)	(3.60)	(2.11)	(8.46)	(1.44)	5.44
Basic Materials	(8.46)	(1.35)	(1.06)	(5.46)	8.29	17.32
Communication Services	(18.42)	(3.18)	(7.09)	(18.12)	(13.35)	12.98
Consumer Cyclical	(19.18)	(2.89)	(8.38)	(19.08)	(4.88)	19.21
Consumer Defensive	(7.44)	(5.61)	(4.57)	(3.59)	10.99	13.64
Energy	36.79	1.68	9.32	34.31	50.37	11.32
Financial Services	(8.86)	(2.11)	(9.39)	(8.25)	0.82	13.06
Healthcare	(10.01)	(2.80)	(1.93)	(5.51)	7.72	13.68
Industrials	(8.64)	(1.93)	(1.37)	(7.76)	2.18	11.86
Real Estate	(11.09)	(1.57)	(0.10)	(6.25)	17.59	9.55
Technology	(18.53)	(4.00)	(7.37)	(18.98)	7.96	26.83
Utilities	(1.77)	(0.79)	5.00	2.37	17.02	9.39



A surge in commodity prices after the Russian invasion of Ukraine combined with multi-year high inflation has many worried about the risk of stagflation. Stagflation happens when the economy is experiencing either stalling or falling output while experiencing high inflation. The last time this happened in the U.S. was in the 1970s, when the creation of OPEC sent energy prices soaring. Consumer confidence in the U.S. is already at a multi-year low and could get worse given rising prices. The Federal Reserve is in a tough situation because it needs to tame inflation by raising rates but at the same time does not want to weaken the economy further. The Russian invasion of Ukraine has raised the risk of recession as economic growth estimates have been revised down. The U.S. yield curve has flattened over the last three months (graph). The Fed is expected to raise rates this Wednesday after their FOMC meeting.

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.