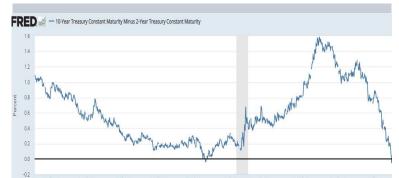
After more than two years of Covid being the top issue, inflation, interest rates, and the economy have come back to the center stage. Sowell's tactical signals remain neutral with strong employment fundamentals and defensive but predictable interest rate sentiment.

GAUGE OF THE GRADE

BEARISH BULLISH

Equity markets ended last week lower as the Federal Reserve minutes and Fed officials suggested that more aggressive steps would be taken to tame inflation. The technology-heavy Nasdaq underperformed both the Dow and the S&P 500. The jump in government yields resulting from the Fed's hawkish tone caused bond prices to fall dramatically. The oil markets were volatile as oil prices fluctuated under \$100 per barrel. The U.S. and other nations are preparing to release strategic crude oil reserves to reduce high energy prices. The U.S. labor market continues to show strength as jobless claims came in at the lowest level since 1968, according to MarketWatch.com, the second-lowest reading since recordkeeping began. This is great news for workers as they are tempted to jump positions for higher-paying jobs. Less good news for businesses as their cost are going up, and they cannot find enough labor to produce enough goods and services to meet high demand. Overall, the good news is that a strong labor market is a buffer against recession, which gives ammunition for the Fed to be more aggressive in raising rates to tame inflation. The 10 minus 2-year yield spread turned positive as the 10-year yield closed last week above 2.7%.

This week, earnings season picks up with some of the largest financial firms reporting, such as Goldman Sachs, Wells Fargo, BlackRock, Citigroup, and JPMorgan Chase. On the economic front, the Consumer Price Index (CPI) and Producer Price Index (PPI) will be released on Tuesday and Wednesday, which all investors will be paying close attention to. CPI is expected to increase from the previous month as costs of goods and services continue to rise. Retail sales data and the University of Michigan's preliminary reading of its Consumer sentiment Index for April will be released on Thursday. The preliminary reading of the Consumer sentiment index



The U.S. Treasury 10-year yield rose to near a three-year high last week, and the 10 minus 2-year yield spread widened as investors adjusted their view of how aggressive the Federal Reserve will be in raising rates. Hawkish comments from Fed Governor Lael Brainard and confirmation from the Fed minutes that the Fed will be aggressive in reducing its balance sheet led the 10-year yield higher versus the 2-year. The 10-2 yield curve went positive last week as the previous week it had inverted. The 10-year yield closed last week above 2.7%, and the 2-year closed above 2.5%. The brief inversion of the yield curve sounded alarms about a pending recession over the next 18 months. Inversions reflect the Fed's belief to move strongly to push interest rates above the long-term neutral estimates embedded in 10-year rates to slow demand. Thus, the economy will control inflation. History shows that the Fed usually ends most economic cycles. Here is the 10 minus 2-year yield spread as of Friday. SOURCE: https://fred. stlouisfed.org/series/T10Y2Y

will provide insight into inflation's effect on consumers. Consumer sentiment has been at a multi-year low. Retail sales have held strong over recent months despite rising prices.

MONDAY APRIL 11, 2022						
Factory orders						
Durables ex-Defense K Industrial Production						
TUESDAY APRIL 12, 2022						
CPI and Core CPI						
Redbook						
NFIB Small Business Optimism						
Albertsons, CarMax, and Washington Federal earnings						
WEDNESDAY APRIL 13, 2022 PPI and Core PPI						
Gasoline Production						
Bed Bath & Beyond, Blackrock, Delta, First Republic, and JP Morgan earn-						
ings						
THURSDAY APRIL 14, 2022						
Initial jobless claims (weekly) Continuing jobless claims						
Retail Sales						
UMich Consumer Sentiment						
Ally Financial, Citigroup, Ericsson, Goldman Sachs, Morgan Stanley,						
PNC Financial, Rite Aid, State Street, U.S. Bancorp, UnitedHealth, and Wells Fargo earnings						
FRIDAY APRIL 15, 2022						
Industrial Production						
Mfg Production						
Capacity Utilization Rate						
SELECT INDICES						
	YTD	1 Wk	1 Mo	3 Mo	1 Yr	3 Yr
	Daily	Daily	Daily	Daily	Daily	Annualized Daily
S&P 500 Index	(5.46)	(1.24)	7.76	(3.69)	11.08	17.71
S&P 500 Growth Index	(10.90)	(2.69)	8.73	(6.73)	9.92	20.76
S&P 500 Value Index	0.60	0.25	6.81	(0.49)	11.78	13.38
Bloomberg US Agg Bond	(7.89)	(1.82)	(4.01)	(6.46)	(6.71)	1.10
Bloomberg Long Term US Treasury	(15.10)	(5.29)	(8.96)	(11.40)	(8.03)	2.09
Basic Materials	(1.52)	(1.46)	10.69	0.12	14.65	18.52
Communication Services	(13.95)	(2.88)	6.16	(11.31)	(11.83)	13.30
Consumer Cyclical	(13.63)	(3.53)	8.83	(10.97)	(2.09)	19.54
Consumer Defensive	2.62	2.69	9.58	2.37	16.30	16.53
Energy	43.99	2.86	4.30	30.89	72.55	11.15
Financial Services	(4.67)	(1.85)	7.04	(8.53)	4.38	13.83
Healthcare	(0.29)	2.75	11.68	5.08	17.66	16.79
Industrials	(7.14)	(3.04)	2.94	(6.89)	0.24	11.20
Real Estate	(5.05)	(0.60)	7.79	(0.78)	19.47	10.93
Technology	(14.14)	(4.65)	5.48	(8.92)	7.11	26.62
Utilities	7.87	1.73	9.42	9.57	21.51	12.78

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