# Sector Buy/Sell Review: 01-14-19

Each week we produce a chart book of the S&P 500 sectors to review where money is flowing within the market as whole. This helps refine not only decision making about what to own and when, but what sectors to overweight or underweight to achieve better performance.

**HOW TO READ THE CHARTS**

There are three primary components to each chart:

- *The price chart is in orange*
- *The Over Bought/Over Sold indicator is in gray*
- *The Buy / Sell indicator is in blue.*

When the gray indicator is at the TOP of the chart, there is typically more risk and less reward available at the current time. In other words, the best time to BUY is when the short-term condition is over-sold. Likewise when the buy/sell indicator is above the ZERO line investments have a tendency of working better than when below the zero line.
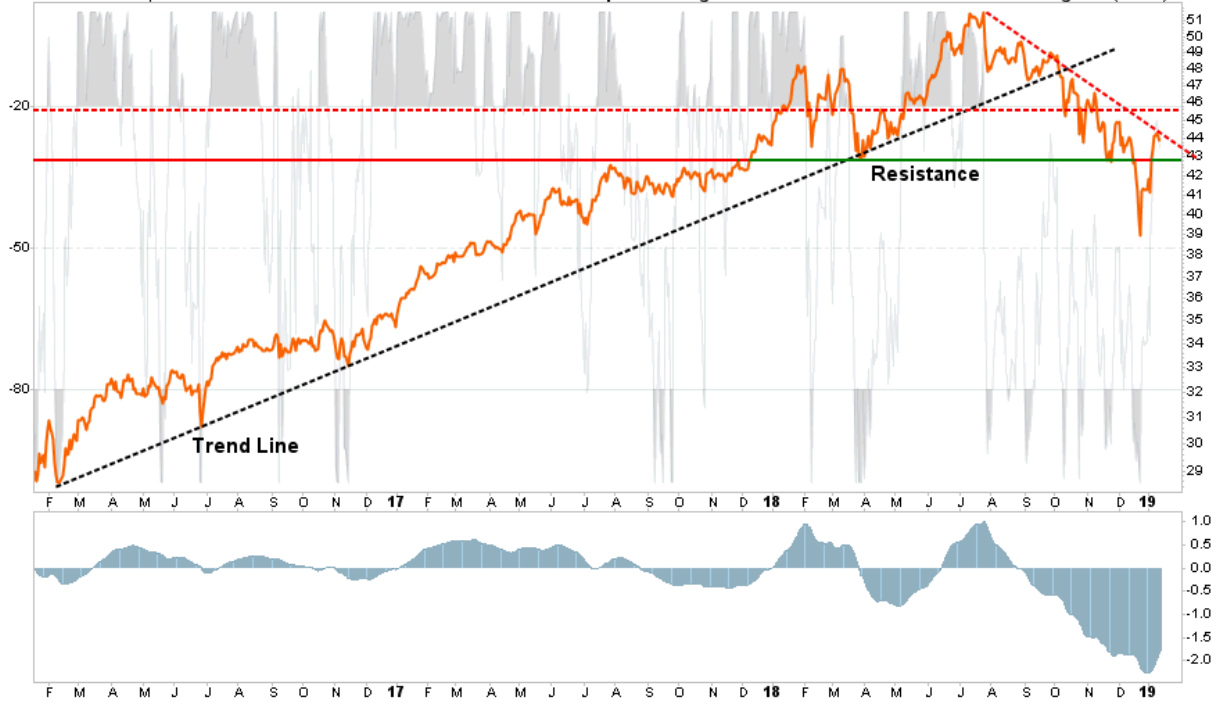


With this basic tutorial let's get to the sector analysis.
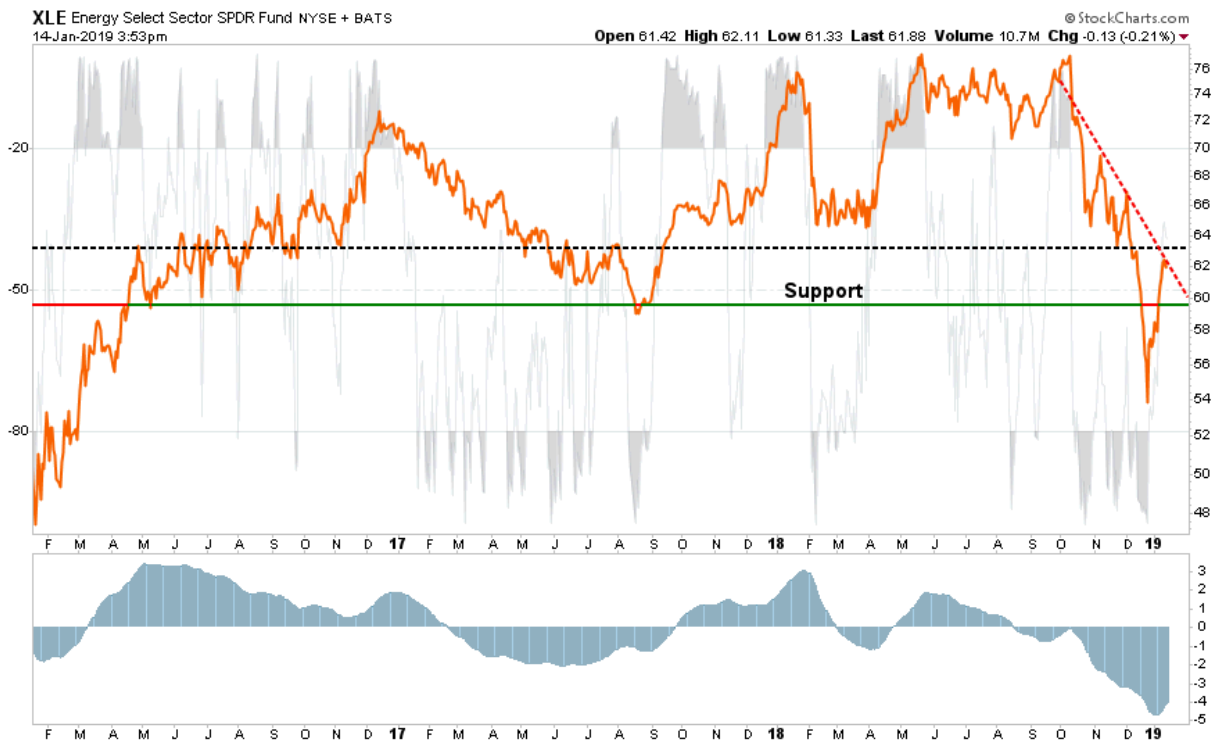
**Basic&#2013266080;Materials**
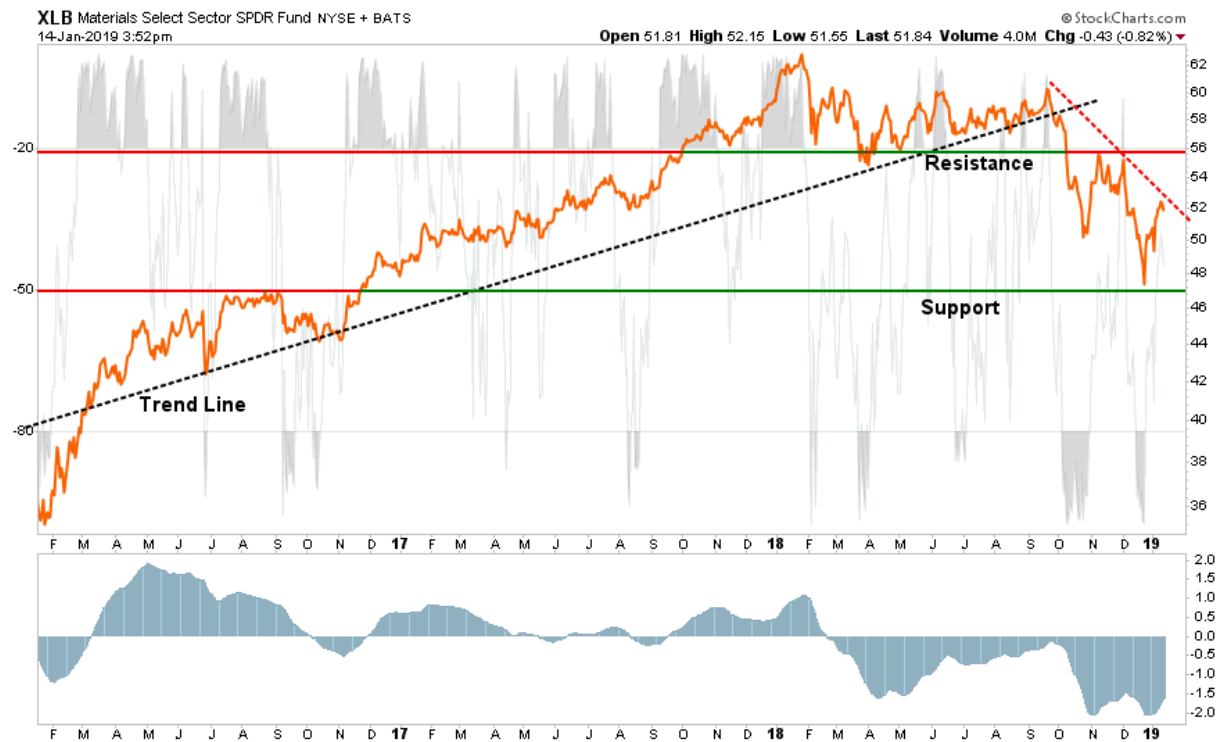
- *Long-term trend line is currently broken*
- *Previous support from February lows has been broken and is now resistance.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition is being reduced. (top panel)*
- *Running into downtrend resistance.*
- *Short-Term Positioning: Neutral*
  - *Last Week: Buy with target of $55*
  - *This Week: Sell 1/2 Position*
  - *Stop-loss moved up to $50*
- *Long-Term Positioning: Bearish*

## Communications

XLC Communication Services Select Sector SPDR Fund NYSE + BATS  ©StockCharts.com
14-Jan-2019 3:52pm   Open 43.76  High 44.04  Low 43.55  Last 43.86  Volume 1.9M  Chg -0.19 (-0.43%) ▼

Resistance

Trend Line

- *Long-term trend line is currently broken*
- *Previous support from February lows was broken and is now being&#2013266080;tested*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold&#2013266080;condition&#2013266080;is&#2013266080;being&#2013266080;worked&#2*
- *Running into resistance at downtrend.*
- *Short-Term Positioning: Neutral*
  - *Last Week: Buy with target of $47*
  - This Week: Sell 1/2 position
  - *Stop-loss moved up to $42*
- *Long-Term Positioning: Bearish*

**Energy**

- *Long-term trend line is currently broken*
- *Previous support from February lows has been broken but sector is currently sitting on very minor support.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold&#2013266080;condition&#2013266080;is&#2013266080;being&#2013266080;worked&#2*
- *Running into downtrend resistance*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy with target of $64*
  - *This week: Sell 1/2 position*
  - *Stop-loss moved up to $60*
- *Long-Term Positioning: Bearish*

## Financials

- *Long-term trend line is currently broken*
- *Previous support from 2017 consolidation is currently holding.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold condition being worked off.*
- *Short-Term Positioning: Bullish*
  - *Last week: Buy with target of $26*
  - *This week: Sell 1/2 position*
  - *Stop-loss moved up to $24*
- *Long-Term Positioning: Bearish*

## Industrials
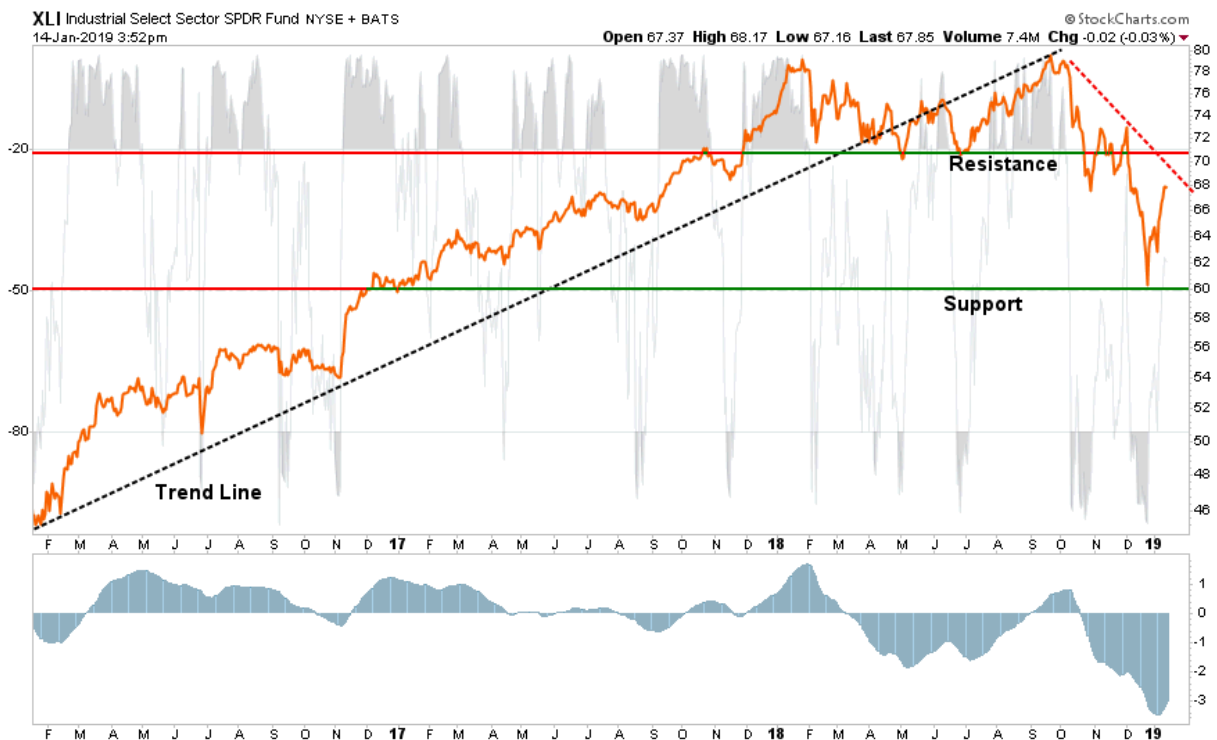
- *Long-term trend line is currently broken*
- *Previous minor support from late 2016 is currently holding.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold&#2013266080;condition&#2013266080;being&#2013266080;worked&#2013266080;off.*
- *Sector pushing up into downtrend resistance*
- *Short-Term Positioning: Neutral*
    - *Last week: Buy with target of $70*
    - *This week: Sell 1/2 position*
    - *Stop-loss moved up to $65*
- *Long-Term Positioning: Bearish*

## Technology



- *Long-term trend line is currently broken*
- *Previous minor support from 2017 is holding for now.*
- *Currently on very deep sell-signal (bottom panel)*
- *Oversold&#2013266080;condition&#2013266080;being&#2013266080;worked&#2013266080;off.*
- *Pushing up into downtrend resistance*
- *Short-Term Positioning: Neutral*
    - *Last week: Buy with target of $64*
    - *This week: Sell&#2013266080;1/2&#2013266080;position*
    - *Stop-loss moved up to $60*
- *Long-Term Positioning: Bearish*

## Staples
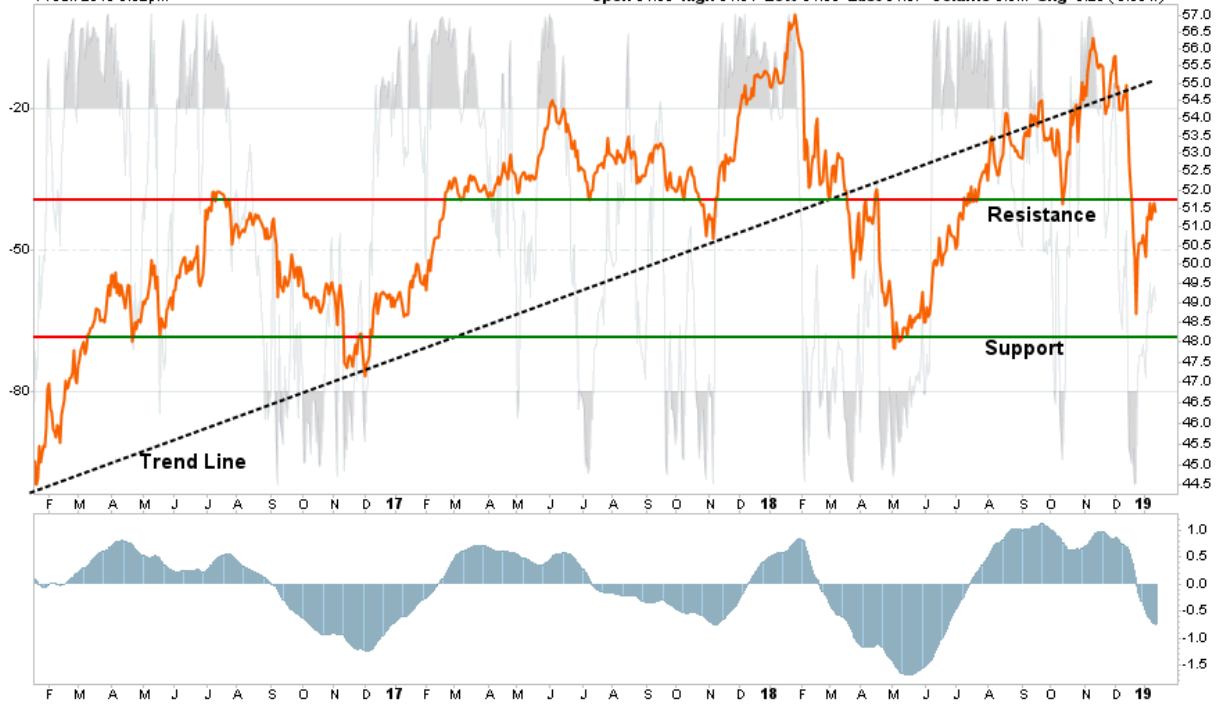
- *Long-term trend line is currently broken*
- *Previous support from 2016 and 2017 is holding.*
- *Currently on an early sell-signal (bottom panel)*
- *Currently oversold on short-term basis.*
- *Short-Term Positioning: Bullish*
    - *Last week: Buy with target of $54*
    - *This week: Sell 1/2 position.*
    - *Stop-loss is currently $50*
- *Long-Term Positioning: Bearish*

## Real&#2013266080;Estate

- *Long-term trend line is currently holding.*
- *Lots of resistance at previous price peaks going back to 2016.*
- *Currently on an early sell-signal (bottom panel)*
- *Currently oversold (top panel)*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy with target of $31.50*
  - *This week: Sell 1/2 position*
  - *Stop-loss moved up to $31.50*
- *Long-Term Positioning: Bearish*

## Utilities



- *Long-term trend line remains intact.*
- *Previous support continues to hold.*
- *Currently close to an early sell signal. (bottom panel)*
- *Oversold on a short-term basis.*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy at current levels*
  - *This week: Buy or Add to position*
  - *Stop-loss is currently $51*
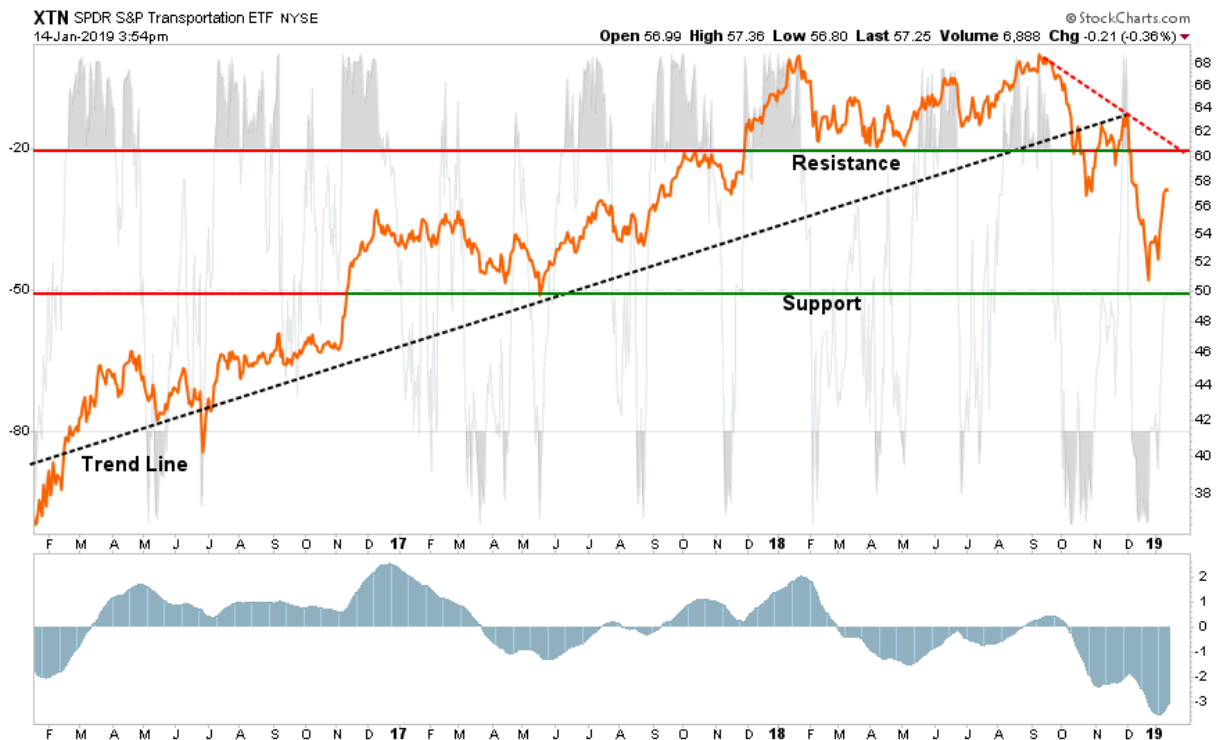- *Long-Term Positioning: Bullish*

## Health Care

- *Sector broke the longer term trend which is now*
- *Currently on a very deep sell-signal (bottom panel)*
- *Overbought condition is being worked off. (top panel)*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy on pullback to $80*
  - *This week: Sell 1/2 position*
  - *Stop-loss moved up to $84*
- *Long-Term Positioning: Neutral*

## Discretionary

- *Long-term trend line‑has‑been‑broken.*
- *Previous support was‑violated‑but‑sector‑is‑[...]*
- *Currently on a very deep sell signal. (bottom panel)*
- *Oversold‑condition‑being‑reversed*
- *Sector pushing into downtrend resistance.*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy at‑current‑levels‑with‑target‑[...]*
  - *This week: Sell 1/2 position*
  - *Stop-loss moved up to $100*
- *Long-Term Positioning:‑Bearish*

## Transportation



- *Long-term trend line has‑been‑violated.*
- *Previous support is‑holding‑for‑now.*
- *Currently on a very deep sell signal. (bottom panel)*
- *Oversold‑on‑a‑short-term‑basis.*
- *Short-Term Positioning: Neutral*
  - *Last week: Buy at‑current‑levels*
  - *This week: Sell 1/2 of position*
  - *Stop-loss moved up to $54*
- *Long-Term Positioning:‑Bearish*