

Sector Buy/Sell Review: 02-04-19

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�Materials



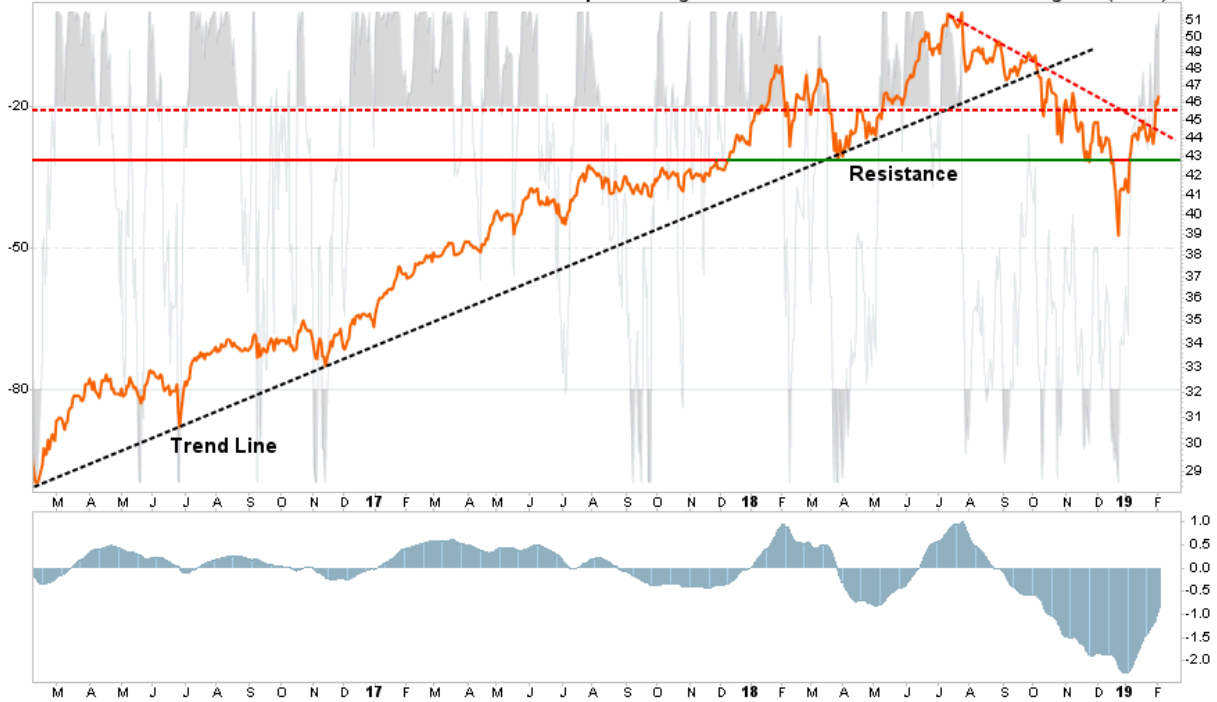
- Long-term trend line is currently broken
- Previous support from February lows has been broken and is now resistance.
- Sell-signal is reversing (bottom panel)
- XLB back to extreme overbought conditions (top panel)
- Running into downtrend resistance in channel.
- Short-Term Positioning: Neutral
 - Last Week: Recommend to hold; 1/2 position.
 - This Week: Hold
 - Stop-loss moved up to \$62
- Long-Term Positioning: Bearish

Communications

XLC Communication Services Select Sector SPDR Fund NYSE
4-Feb-2019

Open 46.01 High 46.40 Low 45.86 Close 46.40 Volume 3.7M Chg +0.43 (+0.94%)

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- Long-term trend line is currently broken
- XLC finally broke above resistance due to rally in NFLX
- Still on a deep sell-signal (bottom panel)
- Sector is back to extreme overbought.
- Short-Term Positioning: Neutral
 - Last Week: Recommended to "hold" 1/2 position
 - This Week: Hold 1/2 position
 - Stop-loss moved up to \$45
- Long-Term Positioning: Bearish

Energy

XLE Energy Select Sector SPDR Fund NYSE
4-Feb-2019

Open 64.45 High 65.06 Low 63.97 Close 65.04 Volume 9.8M Chg +0.15 (+0.23%)

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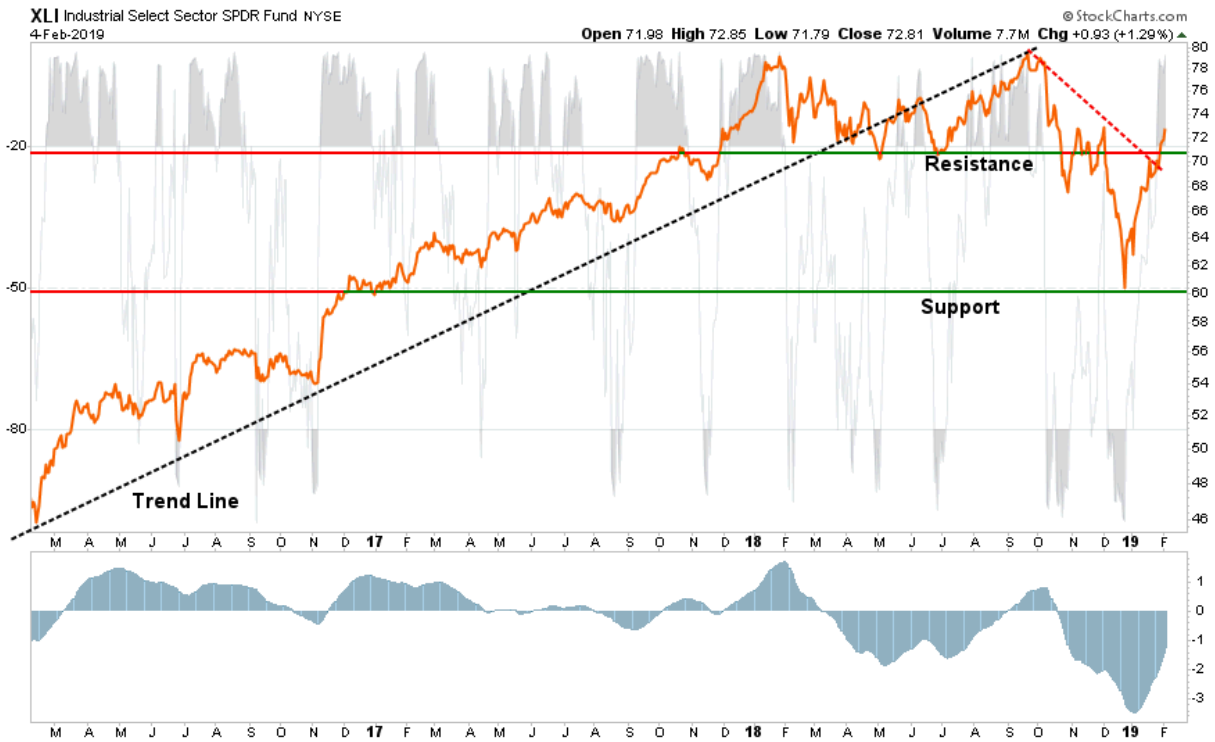
- Long-term trend line is currently broken
- Previous support from February lows and has rallied back to resistance.
- 200-Day Moving average is sloping downward providing additional price pressure.
- Currently on very deep sell-signal (bottom panel)
- Back to extreme overbought condition..
- Short-Term Positioning: Neutral
 - Last week: Recommend "hold" 1/2 position
 - This week: Hold 1/2 position
 - Stop-loss moved up to \$63
- Long-Term Positioning: Bearish

Financials



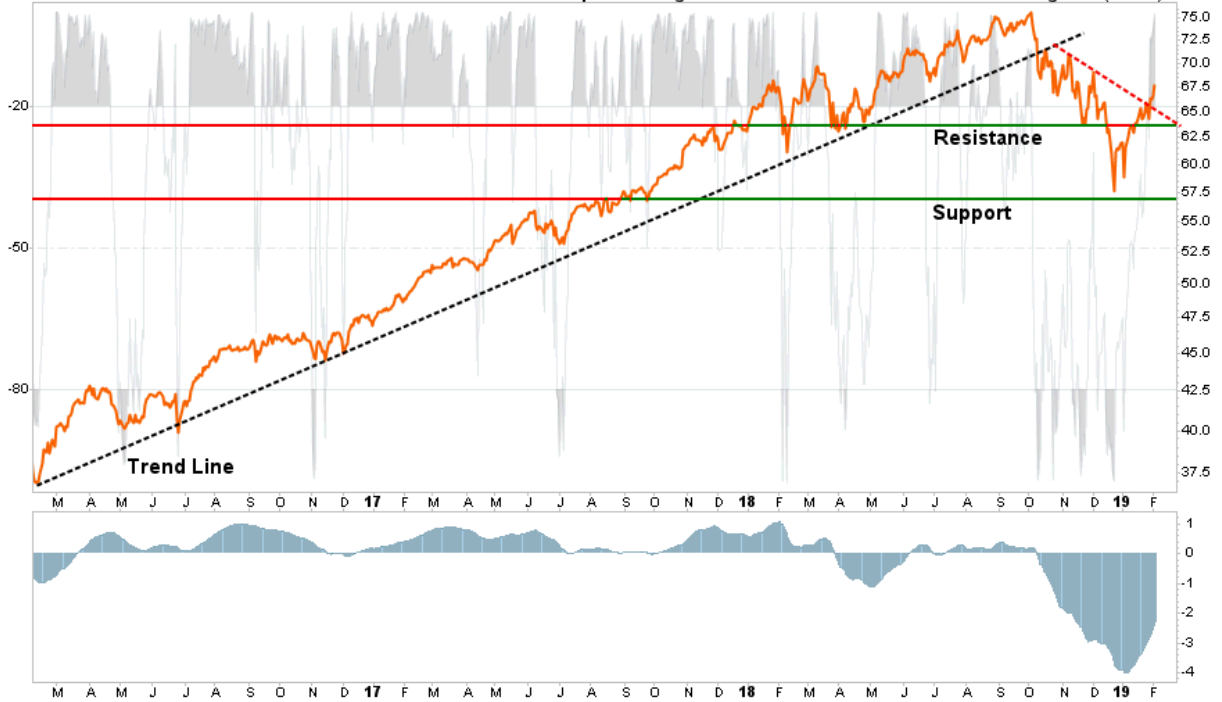
- Long-term trend line is currently broken
- Previous support from 2017 consolidation is currently holding.
- Currently on very deep sell-signal (bottom panel)
- XLF back to extreme overbought condition short-term.
- Short-Term Positioning: Neutral
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position
 - Stop-loss moved up to \$25.50
- Long-Term Positioning: Bearish

Industrials



- Long-term trend line is currently broken
- Finally broke above resistance from February lows.
- Currently on very deep sell-signal (bottom panel)
- Back to extreme; overbought conditions term.
- Sector pushed up above downtrend; resistance
- Short-Term Positioning: Bullish
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position, add on pullback to \$70
 - Stop-loss moved up to \$70
- Long-Term Positioning: Neutral

Technology



- Long-term trend line is currently broken
- Broke above February low; resistance
- Currently on very deep sell-signal (bottom panel)
- Back to extreme overbought conditions term.
- Pushed above downtrend resistance
- Short-Term Positioning: Bullish
 - Last week: Recommended sell; "hold" 1/2 position
 - This week: Hold; 1/2 position, Add; on
 - Stop-loss remains at \$62.50
- Long-Term Positioning: Neutral

Staples



- Long-term trend line is currently broken
- Previous support from 2016 and 2017 is holding and pushed above the 400-dma.
- Currently on an early sell-signal (bottom panel)
- Oversold condition begin reversed.
- Short-Term Positioning: Bullish
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position.
 - Stop-loss moved up to \$52.50
- Long-Term Positioning: Neutral

Real Estate



- Long-term trend line is currently holding.
- Just broke out to all-time highs.
- Early sell-signal has reversed back to buy. (bottom panel)
- Back to extreme overbought condition short-term. (top panel)
- Short-Term Positioning: Bullish
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position
 - Add on any weakness that is bought condition.
 - Stop-loss remains at \$33.00
- Long-Term Positioning: Bullish

Utilities



- Long-term trend line remains intact.
- Previous support continues to hold.
- Sell signal close to reversing. (bottom panel)
- Heading back to overbought, upside & #
- Short-Term Positioning: Bullish
 - Last week: Recommended "buy" 2-weeks ago
 - This week: Hold
 - Stop-loss moved up to \$53 with a target of \$56
- Long-Term Positioning: Bullish

Health Care



- Sector has broken the longer term trend; but recovered; on
- Currently on a very deep sell-signal (bottom panel)
- Oversold condition is being worked off. (top panel)
- Short-Term Positioning: Neutral
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position
 - Stop-loss moved up to \$87
- Long-Term Positioning: Neutral

Discretionary



- Long-term trend line has been broken.
- Previous support was violated; but was reclaimed.
- Downtrend resistance has been broken but overhead resistance remains short-term.
- Sell signal being reversed. (bottom panel)
- Back to extreme overbought conditions term.
- Short-Term Positioning: Neutral
 - Last week: Recommended "hold" 1/2 position
 - This week: Hold 1/2 position
 - Stop-loss moved up to \$106.00
- Long-Term Positioning: Neutral

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: Recommended "hold" 1/2 position
 - This week: Hold 1/2 of position
 - Stop-loss moved up to \$56
- Long-Term Positioning: Bearish