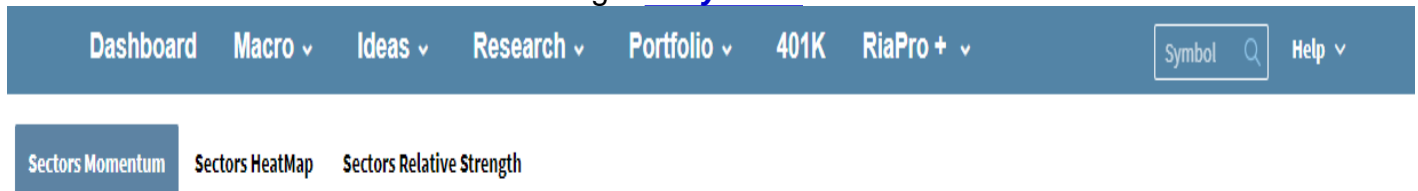


Sector Buy/Sell Review: 10-06-20

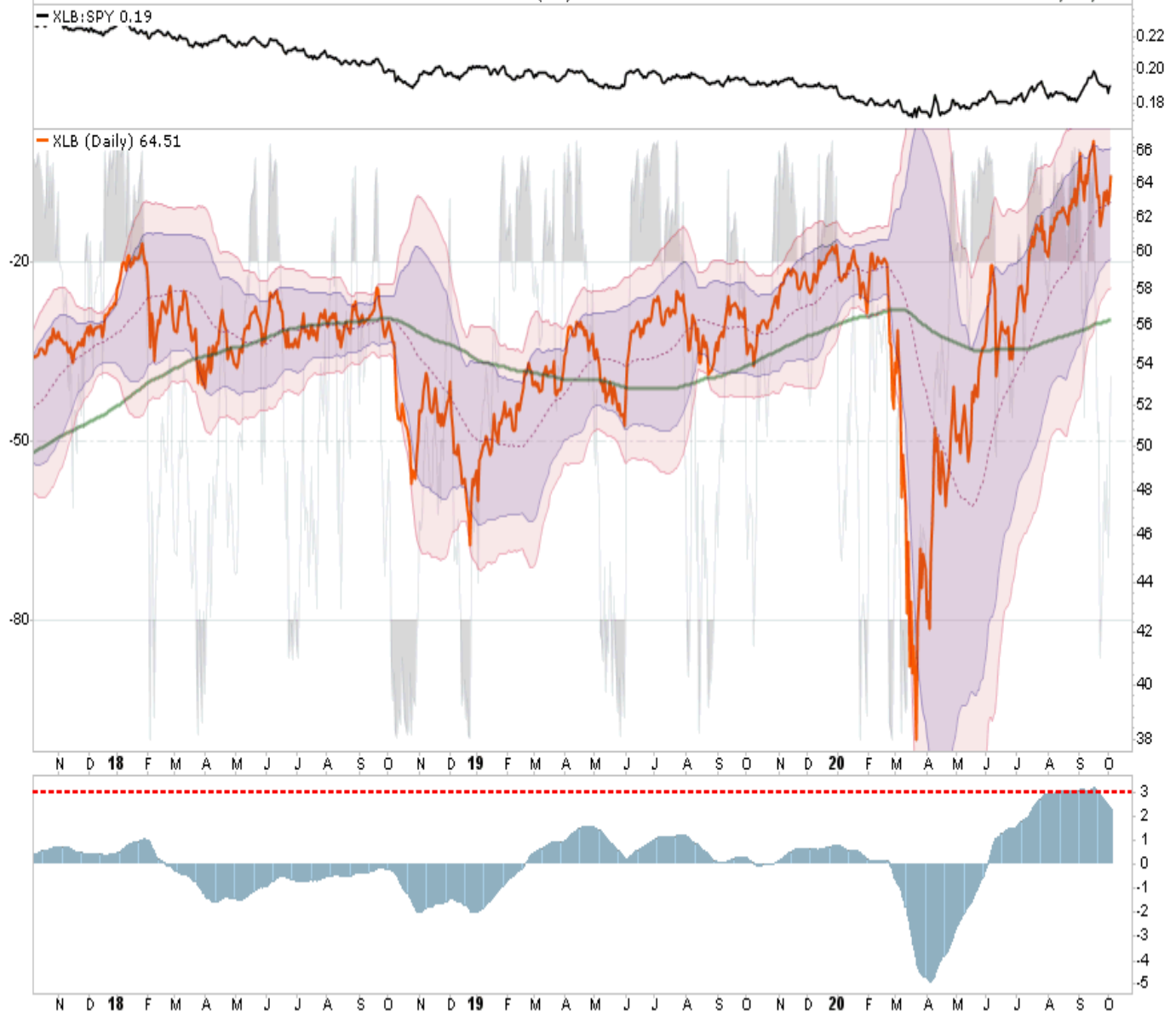
HOW TO READ THE SECTOR BUY/SELL REVIEW: 10-06-20 Each week we produce a **"Sector Buy/Sell Review"** chartbook of the S&P 500 sectors to review where the money is flowing within the market as a whole. Such helps refine decision-making about what to own and when. It also guides what sectors to overweight or underweight to achieve better performance. You can also view sector momentum and relative strength [daily here](#).



Monday 5-Oct-2020

Open: **63.81** Ask: P/E: Options: **yes**
 High: **64.94** Ask Size: EPS: Annual Dividend: **1.21829**
 Low: **63.79** Bid: Mkt Cap: **3.94B** Yield: **1.89%**
 Prev Close: **63.30** Bid Size: Last Size: SCTR (ETF): **83.2**

▲ **+1.91%**
 Chg: **+1.21**
 Last: **64.51**
 Volume: **9,319,709**



- As stated last week, the "relation trade" is likely over. More importantly, with 10-year Treasury yields popping higher recently, such will put a crimp on economic growth.
- Looking at XLB, you will see the same in Industrials and Transportation, which bounced on Monday, but there hasn't been enough correction in the sector for a good entry point.
- The relative performance has also weakened, which keeps us cautious.
- Trading positions are reasonable with a stop at the 50-dma and profit-taking at previous highs.
- Short-Term Positioning: Bullish
 - Last Week: No Positions
 - This Week: Trading positions only.
 - Stop-Loss moved up to \$60
- Long-Term Positioning: Bearish

Communications

Open: 59.43	Ask:	P/E:	Options: yes	Monday 5-Oct-2020
High: 60.06	Ask Size:	EPS:	Annual Dividend: 0.46559	▲ +1.64%
Low: 59.35	Bid:	Mkt Cap: 10.1B	Yield: 0.78%	Chg: +0.97
Prev Close: 59.06	Bid Size:	Last Size:	SCTR (ETF): 70.8	Last: 60.03
				Volume: 2,122,174



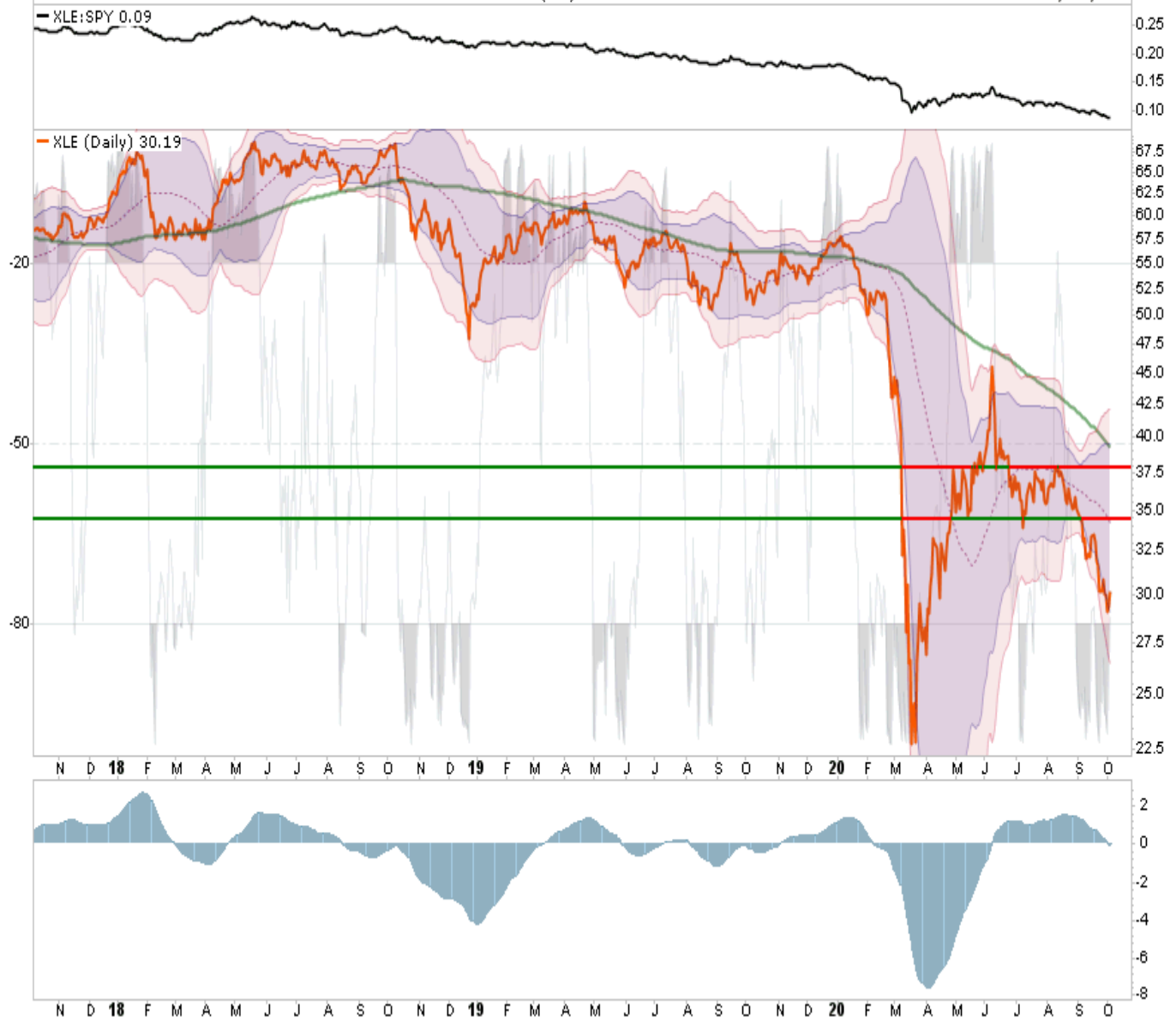
- Communications also bounced on Monday, as the sector had become oversold short-term.
- We suggested taking profits and reducing risks, and that correction has now happened.�
- XLC did regain the 50-dma, so trading positions are still intact.�
- Traders can add positions with a very tight stop at \$56.
- Short-Term Positioning: Bullish
 - Last Week: Hold positions
 - This Week: We added to communications last week.�
- Long-Term Positioning: Bearish

Energy

Monday 5-Oct-2020

Open: **29.57** Ask: P/E: Options: **yes**
 High: **30.21** Ask Size: EPS: Annual Dividend: **2.18647**
 Low: **29.50** Bid: Mkt Cap: **8.42B** Yield: **7.24%**
 Prev Close: **29.31** Bid Size: Last Size: SCTR (ETF): **0.5**

▲ **+3.00%**
 Chg: **+0.88**
 Last: **30.19**
 Volume: **31,560,616**



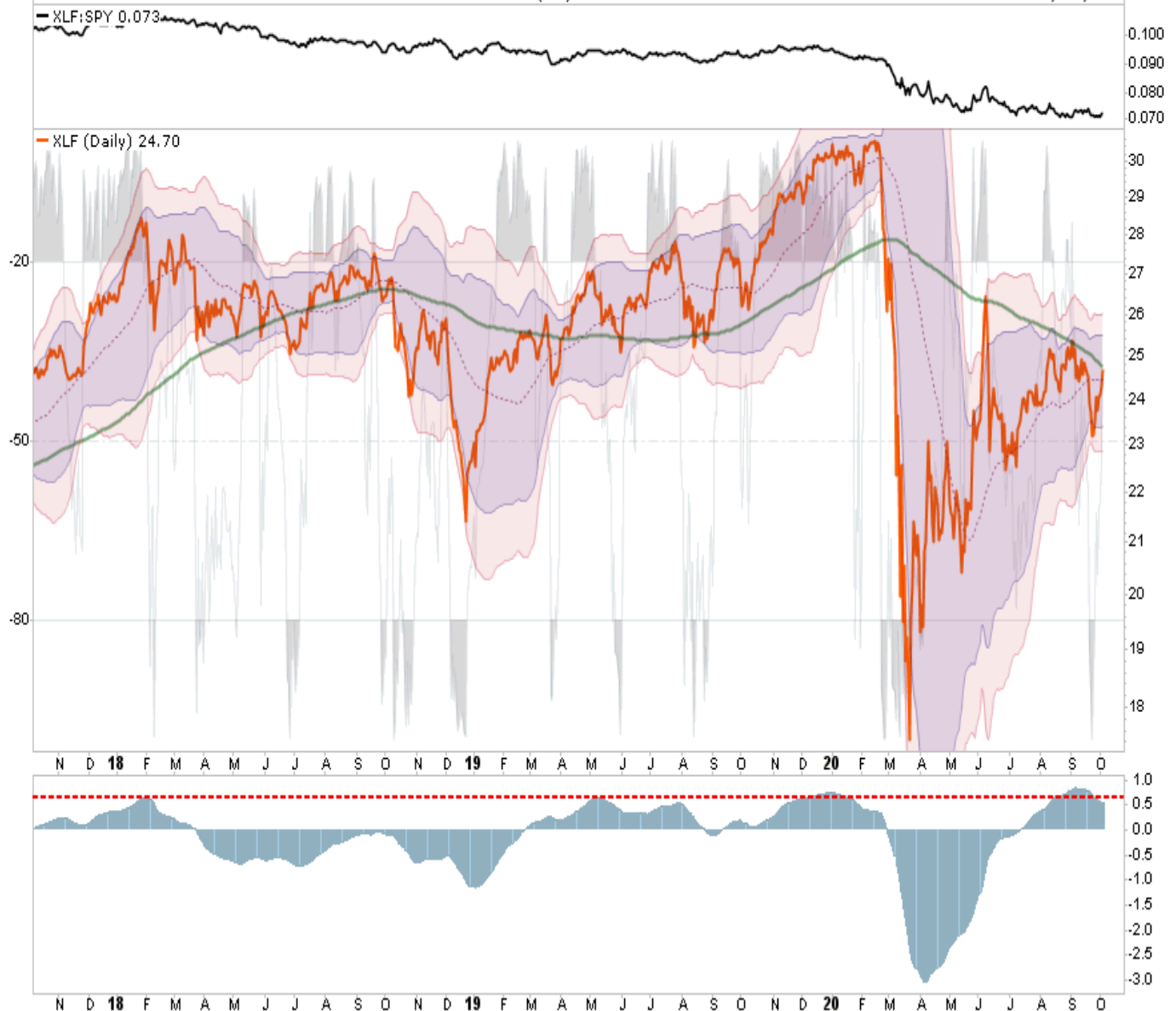
- As we noted last week: "Energy is deeply oversold and due for a bounce. However, there is not much support for the sector currently."�
- The sector did bounce on Monday. However, it has done little to change the overall trend or establish a bottom at this point. Stay clear for now.�
- Short-Term Positioning: Bearish
 - Last week: Hold positions
 - This week: Hold positions.
- Stop-loss violated.
- Long-Term Positioning: Neutral

Financials

Monday 5-Oct-2020

Open: **24.53** Ask: P/E: Options: **yes**
 High: **24.78** Ask Size: EPS: Annual Dividend: **0.60246**
 Low: **24.47** Bid: Mkt Cap: **17.2B** Yield: **2.44%**
 Prev Close: **24.30** Bid Size: Last Size: SCTR (ETF): **34.3**

▲ **+1.65%**
 Chg: **+0.40**
 Last: **24.70**
 Volume: **58,857,056**

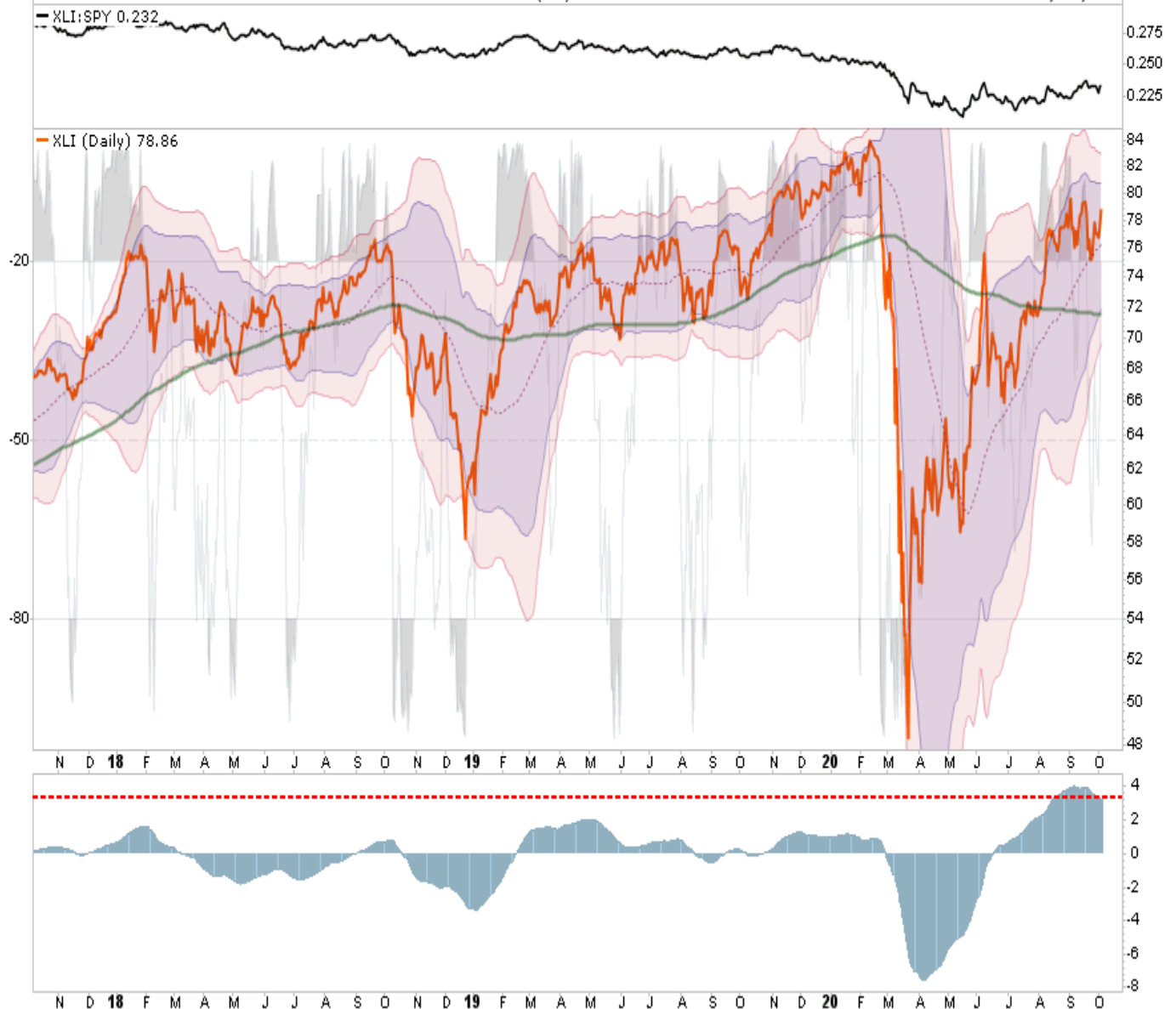


- Financials continue to underperform and remain a sector to avoid currently.
- XLF bounced yesterday on hopes of more fiscal stimulus but was weak relative to the index.
- Financials remain constrained by the 200-dma. Earnings start next week, so that will be their best chance to break out. #2013266080;
- Banks remain out of favor. #2013266080;
- Short-Term Positioning: Neutral
 - Last week: No position
 - This week: No position
- Long-Term Positioning: Bearish

Industrials

Open: **78.27** Ask: P/E: Options: **yes**
 High: **79.03** Ask Size: EPS: Annual Dividend: **1.41074**
 Low: **78.27** Bid: Mkt Cap: **12.5B** Yield: **1.79%**
 Prev Close: **77.61** Bid Size: Last Size: SCTR (ETF): **76.5**

Monday 5-Oct-2020

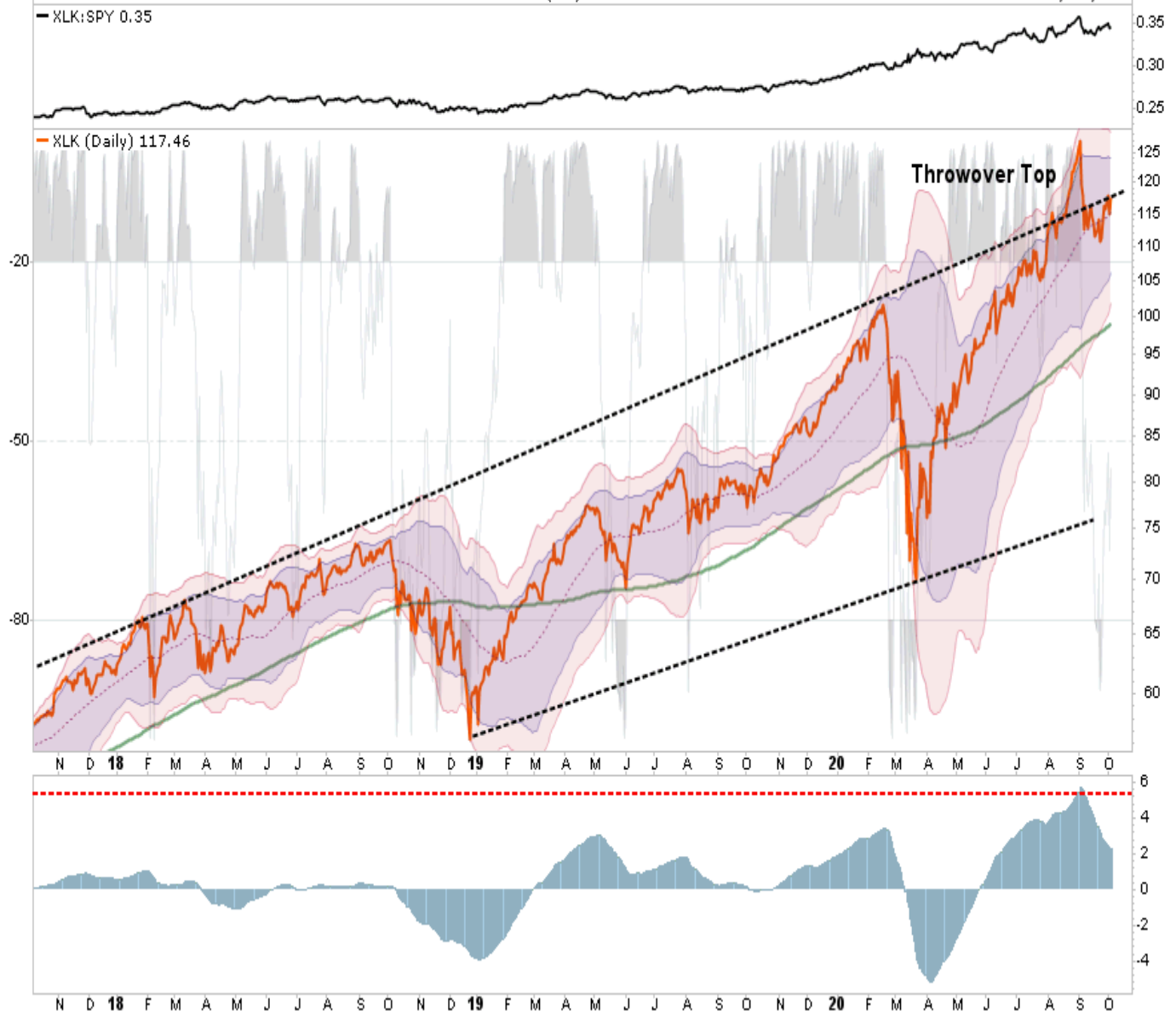
▲ **+1.61%**Chg: **+1.25**Last: **78.86**Volume: **8,871,064**

- As noted, like materials, XLI rallied sharply on Monday under the premise of more fiscal support. Such could be disappointing.�
- We have grossly reduced our exposure to the sector and are looking for a better opportunity to add back to our position. We haven't seen an excellent oversold entry point yet.
- As suggested previously, take profits and rebalance risk.�
 - Short-Term Positioning: Bullish
 - Last week: No change.
 - This week: No change.
- Long-Term Positioning: Bearish

Technology

Open: 115.76	Ask:	P/E:	Options: yes
High: 117.53	Ask Size:	EPS:	Annual Dividend: 1.19319
Low: 115.69	Bid:	Mkt Cap: 34.2B	Yield: 1.02%
Prev Close: 114.94	Bid Size:	Last Size:	SCTR (ETF): 88.1

Monday 5-Oct-2020
 ▲ **+2.19%**
 Chg: **+2.52**
 Last: **117.46**
 Volume: **6,134,040**



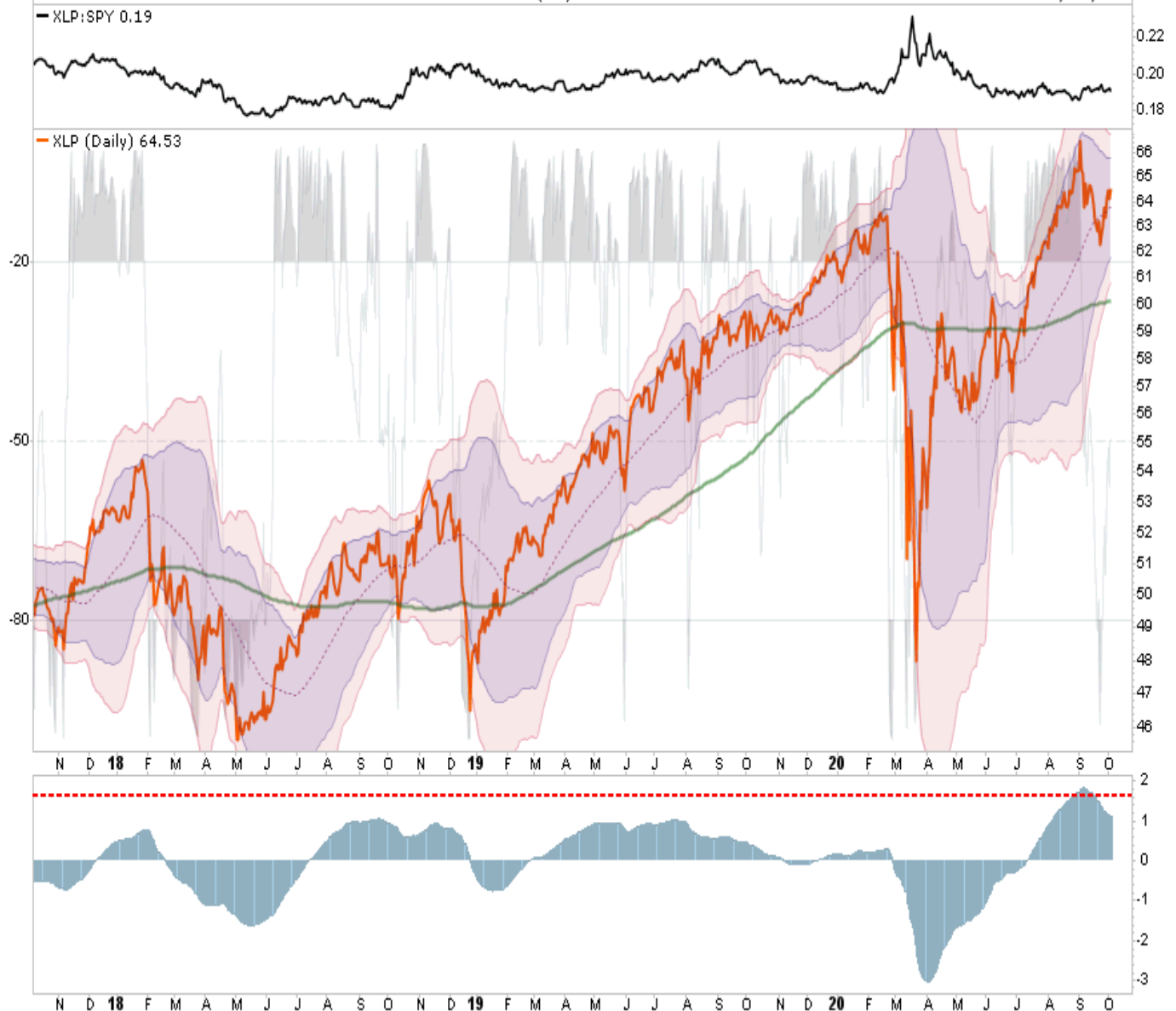
- Technology stocks, and the Nasdaq, found some buying yesterday after a fairly brutal correction over the last couple of weeks.�
- While the sector remains has worked off some of its overbought condition, it is now running into the previous uptrend resistance.�
- Such is still the sector investors will likely chase for now as the momentum trade continues.�
- Short-Term Positioning: Bullish
 - Last week: No changes.
 - This week: Added to our Technology holdings.
- Stop-loss set at \$105
- Long-Term Positioning: Bullish

Staples

Monday 5-Oct-2020

Open: **64.25** Ask: P/E: Options: **yes**
 High: **64.61** Ask Size: EPS: Annual Dividend: **1.63759**
 Low: **64.15** Bid: Mkt Cap: **13.8B** Yield: **2.54%**
 Prev Close: **64.10** Bid Size: Last Size: SCTR (ETF): **41.6**

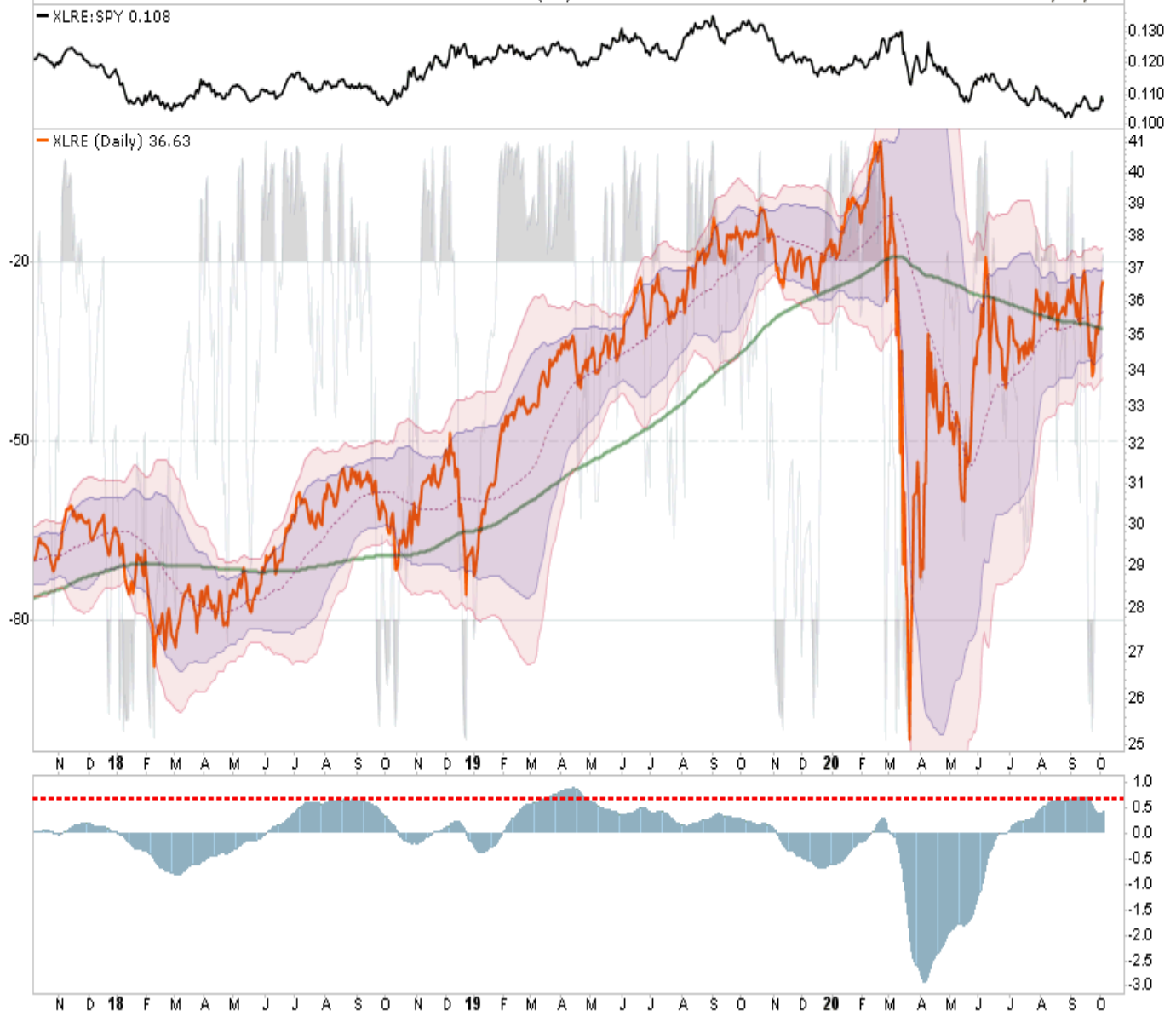
▲ **+0.67%**
 Chg: **+0.43**
 Last: **64.53**
 Volume: **4,477,771**



- Over the last couple of weeks, we have discussed the correction of XLP.
- That correction came and has pushed XLP down to its 50-dma, where it did hold support.
- However, the rally yesterday was a bit disappointing relative to the index.
- Rebalance holdings and tighten up stop-losses on any rally for now.
- The sector has gotten oversold enough for a rally, but we need to see relative performance improve.
- We are moving our stop-loss alert to \$60 as our stop-level.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions.
- Long-Term Positioning: Bullish

Open: **36.53** Ask: P/E: Options: **yes**
 High: **36.68** Ask Size: EPS: Annual Dividend: **1.09849**
 Low: **35.88** Bid: Mkt Cap: **2.34B** Yield: **3.00%**
 Prev Close: **36.43** Bid Size: Last Size: SCTR (ETF): **47.7**

Monday 5-Oct-2020

▲ **+0.55%**Chg: **+0.20**Last: **36.63**Volume: **2,185,885**

- *There is still a lot of risk to the real estate space, specifically in the Commercial side. However, investors are back to chasing the yield and ignoring the danger.*
- *On Monday, XLRE rallied back above resistance and is now testing its previous resistance. Such is a good time to take profits and rebalance this sector.*
- *With XLRE oversold, use rallies to rebalance exposures and make sure you are in the right REIT areas.*
- *Short-Term Positioning: Neutral*
 - *Last week: No change.*
 - *This week: Hold positions.*
- *Long-Term Positioning: Bullish*

Utilities

Monday 5-Oct-2020

Open: **60.85** Ask: P/E: Options: **yes**
 High: **61.62** Ask Size: EPS: Annual Dividend: **1.94948**
 Low: **60.44** Bid: Mkt Cap: **11.8B** Yield: **3.17%**
 Prev Close: **60.69** Bid Size: Last Size: SCTR (ETF): **45.7**

▲ **+1.25%**
 Chg: **+0.76**
 Last: **61.45**
 Volume: **11,037,642**

XLU:SPY 0.18

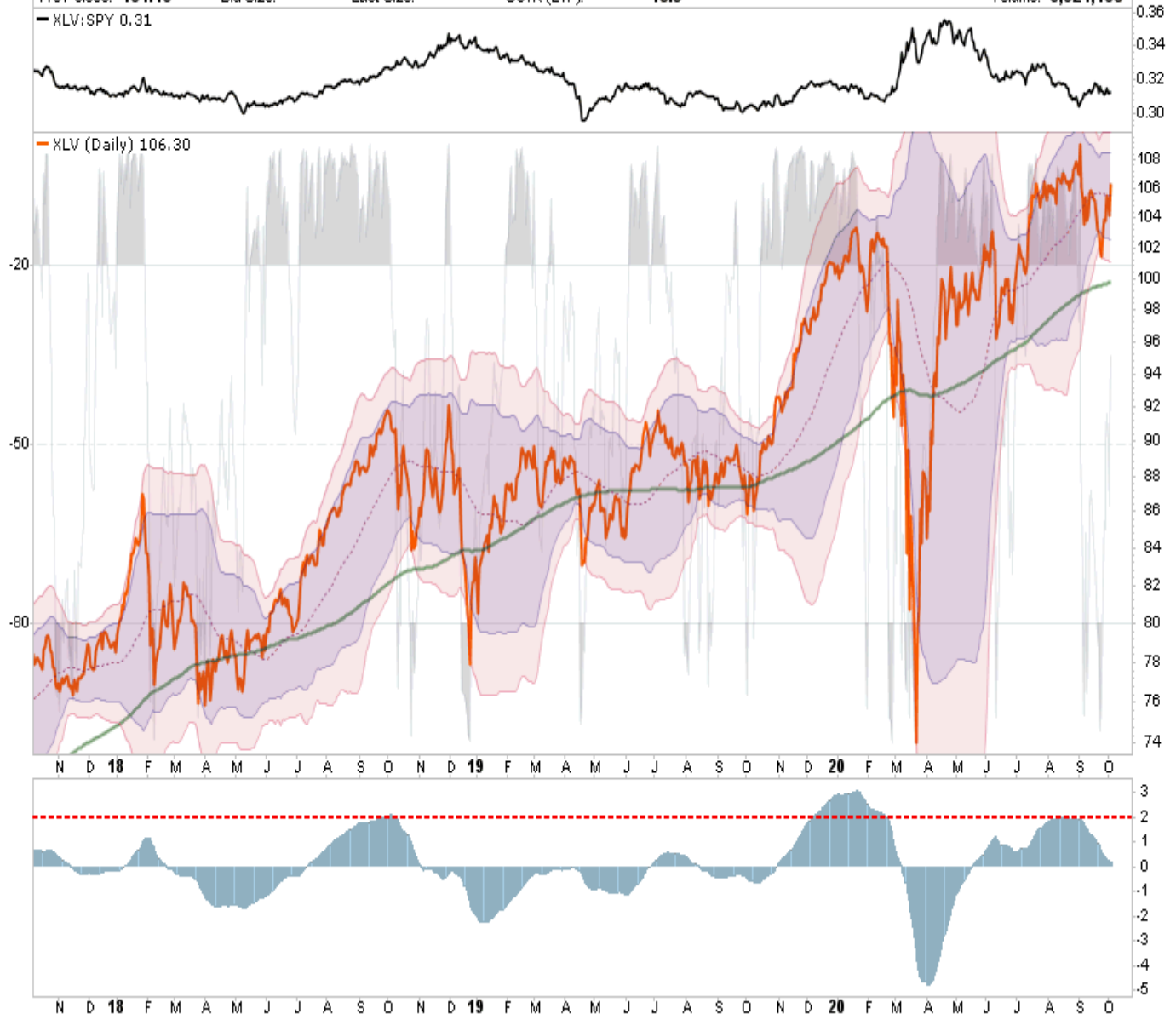


- *XLU had been struggling with resistance at the 200-dma. However, over the last couple of sessions, and opposed to the 10-year yield rising, XLU has surged back to very overbought conditions.*
- *Performance has been disappointing, so take profits and rebalance accordingly.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold positions*
 - *This week: Hold positions.*
- *Long-Term Positioning: Bullish*

Health&Care

Open: **104.91** Ask: P/E: Options: **yes**
 High: **106.41** Ask Size: EPS: Annual Dividend: **1.64435**
 Low: **104.88** Bid: Mkt Cap: **23.8B** Yield: **1.55%**
 Prev Close: **104.16** Bid Size: Last Size: SCTR (ETF): **48.3**

Monday 5-Oct-2020
 ▲ **+2.05%**
 Chg: **+2.14**
 Last: **106.30**
 Volume: **6,621,408**

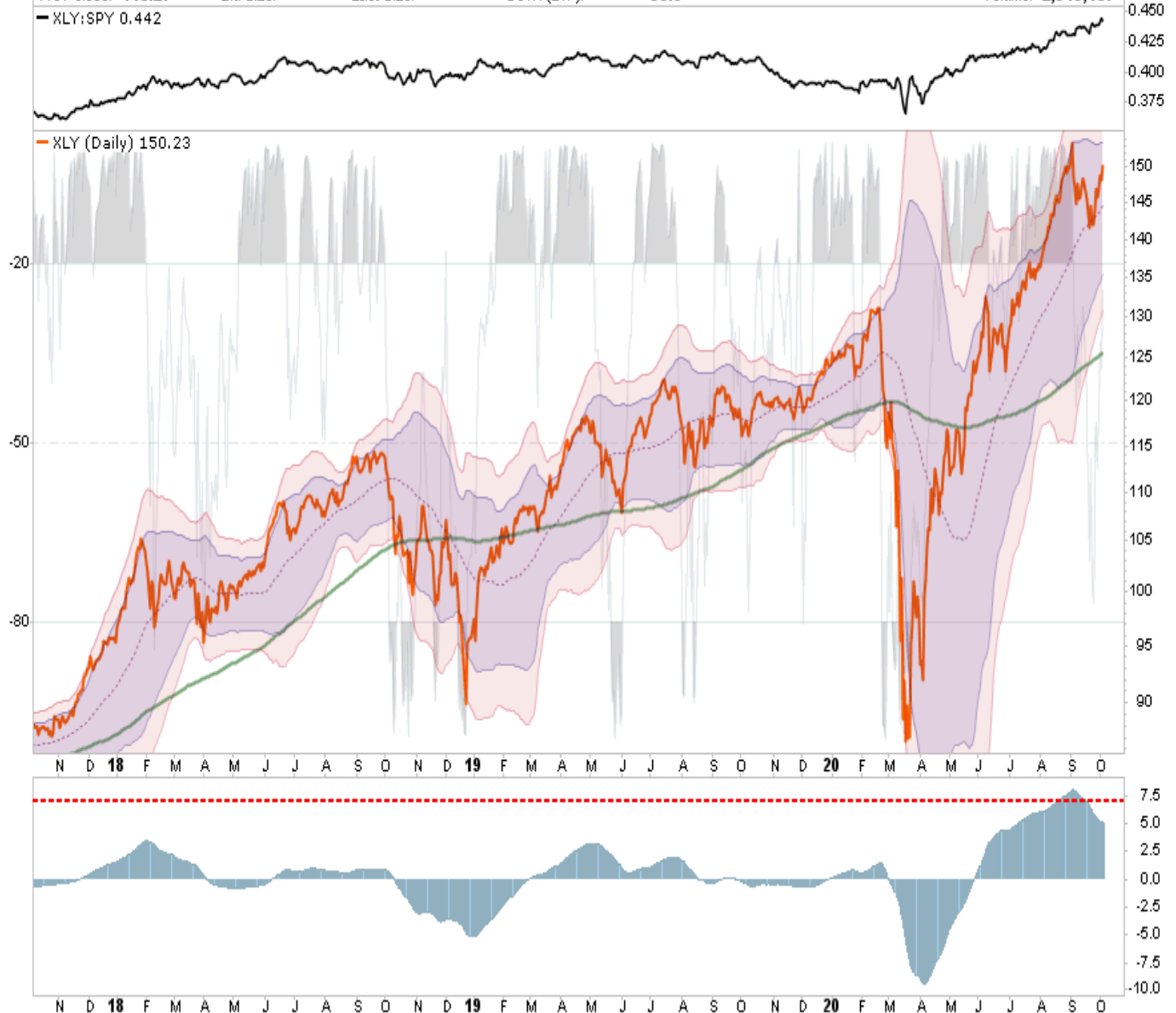


- *XLV broke below its 50-dma but recovered it on Monday, keeping support intact.*
- *We stated previously; there was an opportunity to add exposure, which we did.*
- *The 200-dma is now essential price support for XLV.*
- *We are moving our absolute stop to \$100*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold positions*
 - *This week: Added to Healthcare holdings.*
- *Long-Term Positioning: Bullish*

Discretionary

Open: **149.06** Ask: P/E: Options: **yes**
 High: **150.40** Ask Size: EPS: Annual Dividend: **1.43512**
 Low: **148.93** Bid: Mkt Cap: **15.9B** Yield: **0.96%**
 Prev Close: **148.27** Bid Size: Last Size: SCTR (ETF): **93.0**

Monday 5-Oct-2020

▲ **+1.32%**Chg: **+1.96**Last: **150.23**Volume: **2,319,487**

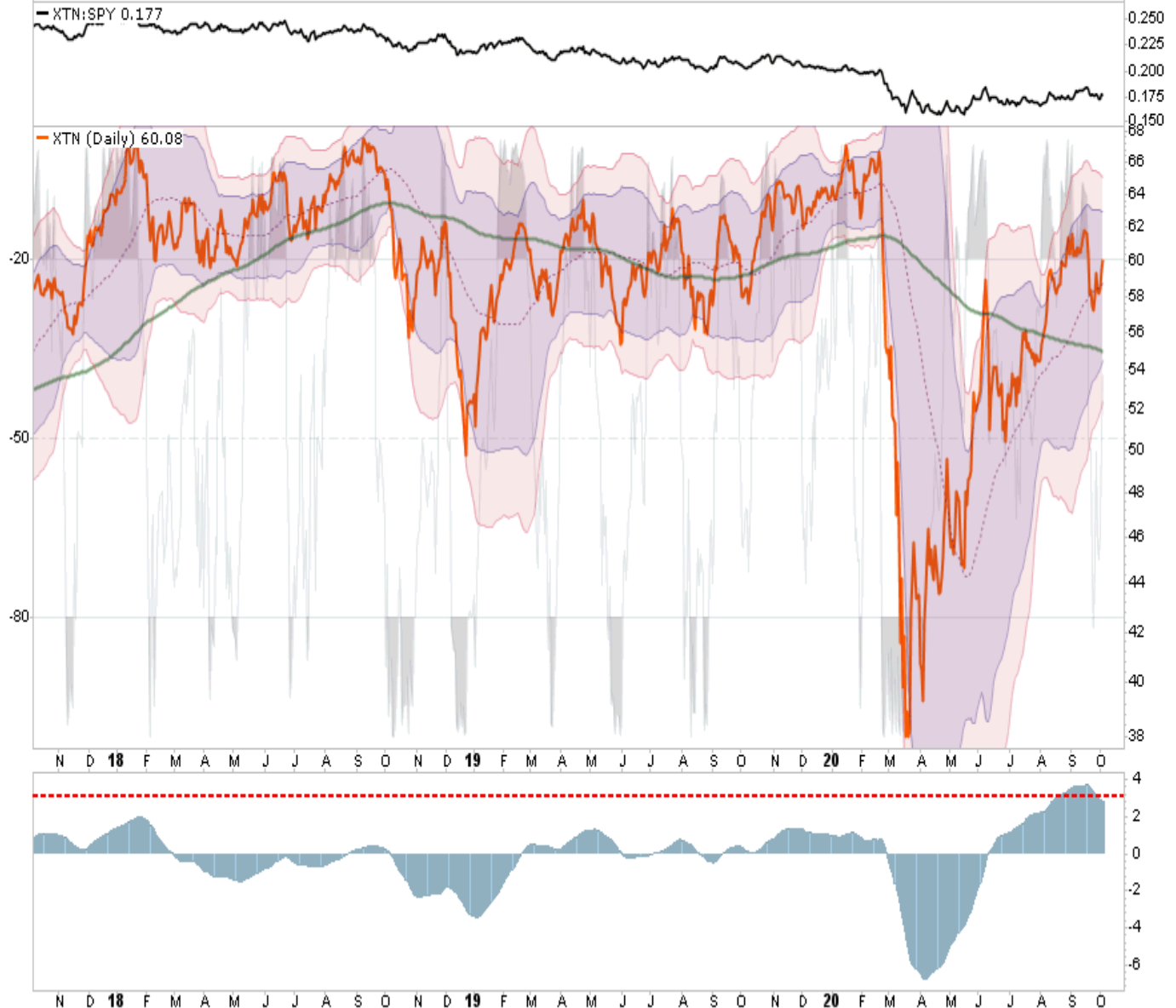
- *XLY has corrected back to its 50-dma and is holding support for now.*
- *On Monday, the sector rallied but underperformed the market as a whole.*
- *The sector has not gotten oversold yet, which suggests a limit to the upside at the moment.*
- *Without more fiscal support, the money flows into discretionary stocks could well see some weakness.*
- *Stop-loss moved to \$135*
- *Short-Term Positioning: Bullish*
 - *Last week: No changes.*
 - *This week: No changes.*
- *Long-Term Positioning: Neutral*

Transportation

Monday 5-Oct-2020

Open: **59.79** Ask: P/E: Options: **no**
 High: **60.25** Ask Size: EPS: Annual Dividend: **0.48991**
 Low: **59.62** Bid: Mkt Cap: **240.3M** Yield: **0.82%**
 Prev Close: **59.38** Bid Size: Last Size: SCTR (ETF): **78.8**

▲ **+1.19%**
 Chg: **+0.70**
 Last: **60.08**
 Volume: **14,413**



- Transportation rallied on Monday, but that rally underperformed other sectors of the market.
- The sector is not oversold, and the "buy signal" remains very extended. Much of the sector also maintains relatively weak fundamentals.
- We took profits in the sector and are waiting for a better entry point to add to our holdings.
- Maintain an absolutely stop-loss at \$56
- Short-Term Positioning: Neutral
 - Last week: No change
 - This week: No change
- Long-Term Positioning: Bearish