

Sub-Sector Buy/Sell Review: 11-21-19

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.

We are now adding a NEW REPORT looking at some of the SUB-SECTORS of the major S&P 500 sectors. This new report is from reader requests asking about specific sectors like Biotech, Oil Services, etc.

Each week we will highlight 8 of these sub-sectors which have caught our attention either for an investment, trade or sell.

HOW TO READ THE CHARTS

There are three primary components to each chart:

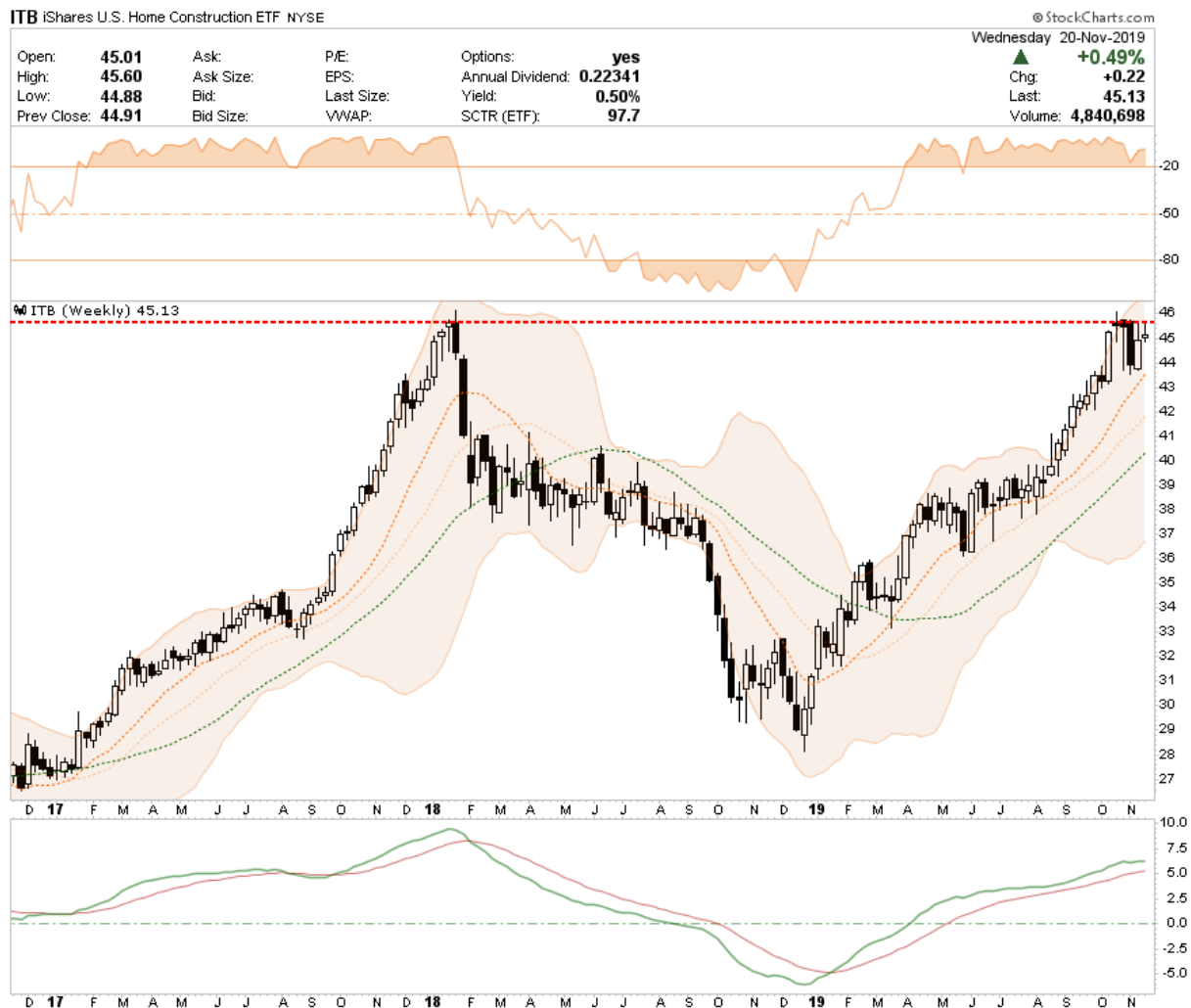
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.

ITB - iShares - US Home Construction



- Home builders are extremely far ahead of the underlying fundamentals. However, the price rise over the last year has been breathtaking nonetheless.
- We stated last time that if ITB is going to continue its advance it needs to break out to all-time highs. It failed to do so at the first attempt.
- While it is currently on a buy signal, it is "crazy" overbought on many levels. Look for a reversal of the buy signal as a signal to move out of the sector.
- I would NOT try to initiate a position until either there is a confirmed breakout or a pullback.
- My hunch is this will likely be a better "short" opportunity in the not so distant future.
- Short-Term Positioning: Neutral
- Stop-loss on open holdings at \$43
- Long-Term Positioning: Bearish

IHE - iShares U.S. Pharmaceuticals

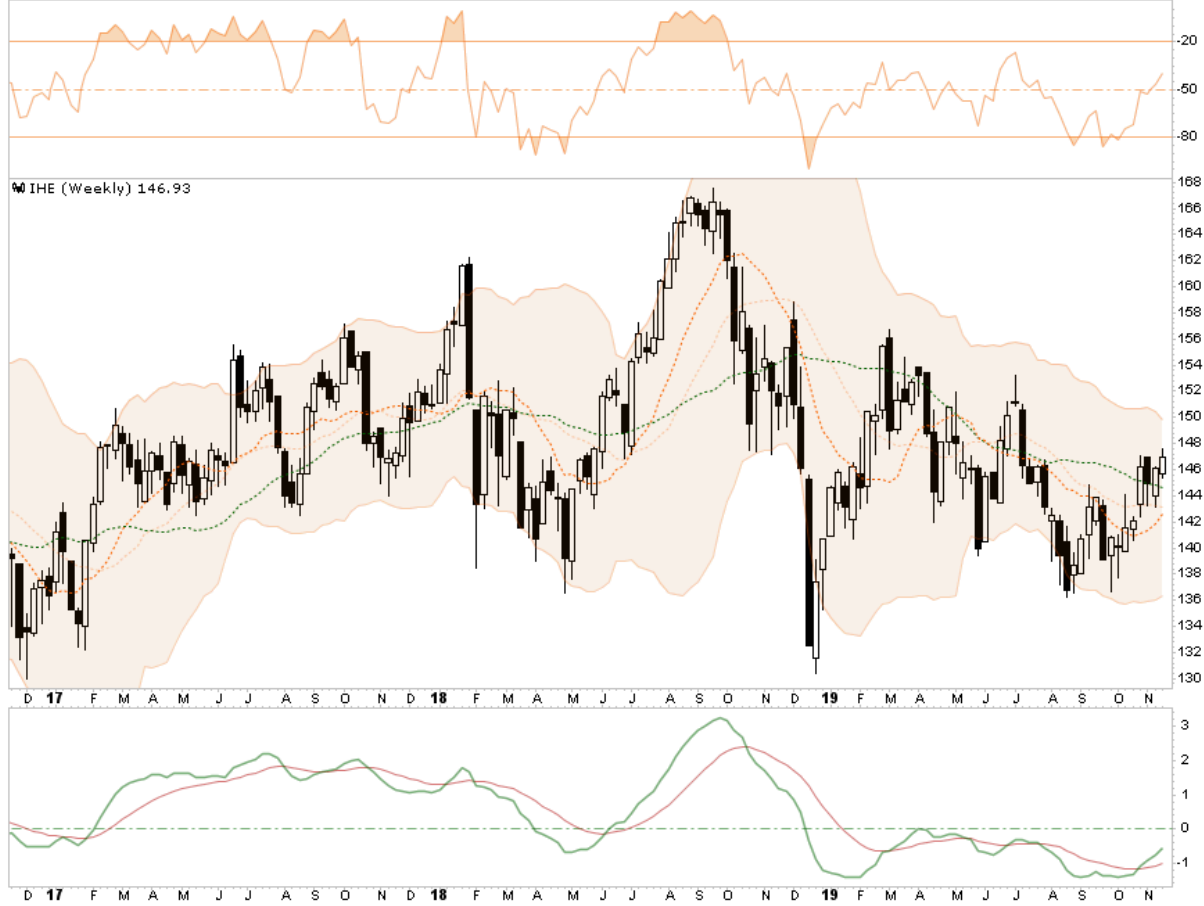
IHE iShares U.S. Pharmaceuticals ETF NYSE

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Open: 145.69	Ask:	P/E:	Options: yes
High: 147.55	Ask Size:	EPS:	Annual Dividend: 2.07174
Low: 145.38	Bid:	Last Size:	Yield: 1.41%
Prev Close: 146.10	Bid Size:	VWAP:	SCTR (ETF): 29.7

Wednesday 20-Nov-2019

▲ **+0.57%**
Chg: **+0.83**
Last: **146.93**
Volume: **38,936**



- *IHE has been under pressure this year due to the calls for "Medicare for All" and attacks on Pharmaceutical companies in general from both prescription drug pricing and a litany of lawsuits from the opioid epidemic.*
- *Currently, the sector has flipped to a "buy signal," which makes it attractive for an entry point particularly as it broke above moving average resistance.*
- *You can buy a position with a fairly tight stop.*
- *Short-Term Positioning: Neutral*
 - *Stop set at \$142*
- *Long-Term Positioning: Neutral*

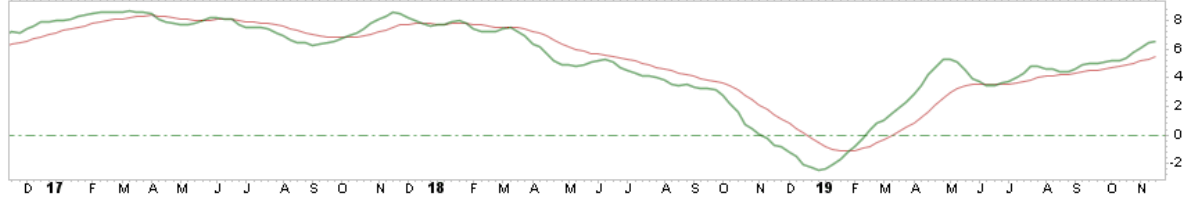
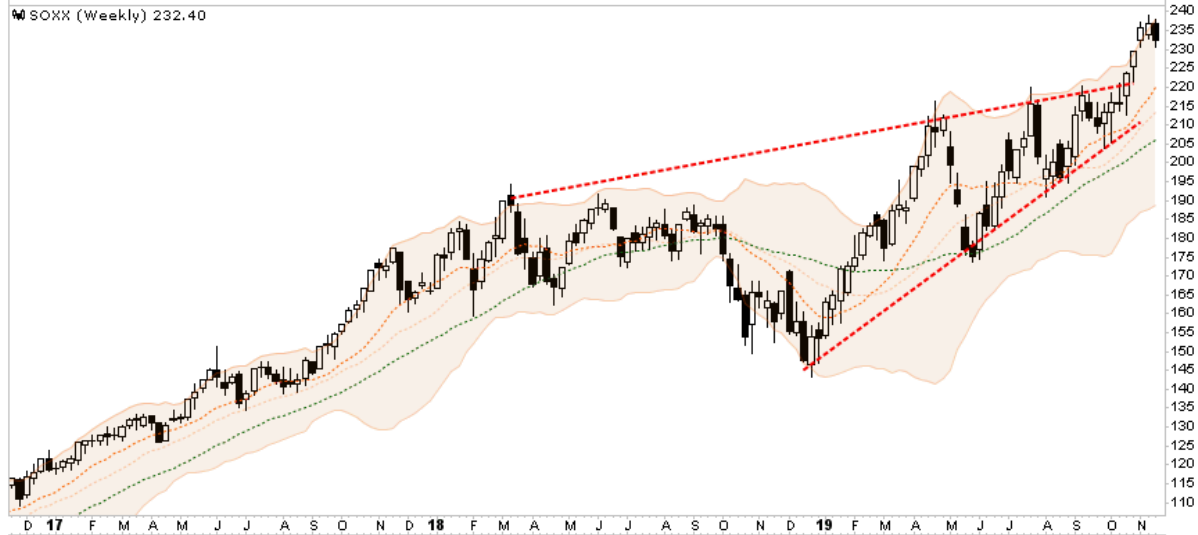
SOXX - iShares Semiconductor Index

SOXX iShares PHLX Semiconductor ETF Nasdaq GM

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Open: **236.87** Ask: P/E: Options: **yes**
 High: **237.80** Ask Size: EPS: Annual Dividend: **2.57602**
 Low: **230.62** Bid: Last Size: Yield: **1.11%**
 Prev Close: **236.89** Bid Size: VWAP: SCTR (ETF): **99.6**

Wednesday 20-Nov-2019
 ▼ **-1.90%**
 Chg: **-4.49**
 Last: **232.40**
 Volume: **983,144**



- *SOXX has had very good performance this year despite ongoing trade wars and concerns about inventory problems.*
- *The "buy signal" is intact with SOXX breaking out of its consolidation recently. As we noted, this set up the sector up for higher highs. However, that trade is now very overdone.*
- *Take profits and pull in exposures. Look for a test of support at \$220 for the next setup.*
- *Short-Term Positioning: Bullish*
 - *Stop set at \$210*
- *Long-Term Positioning: Bullish*

IBB - iShares Biotechnology



- *IBB has finally broken above the downtrend AND has triggered a "buy signal."*
- *The sector is not extremely overbought, which gives some decent upside to the sector.*
- *We noted last time, we need a break above resistance at \$110 to add a position. That has occurred and positions can now be added on any minor pullbacks that hold support above \$110.*
- *Short-Term Positioning: Bullish*
 - *Stop-loss after purchases \$104.00*
- *Long-Term Positioning: Neutral*

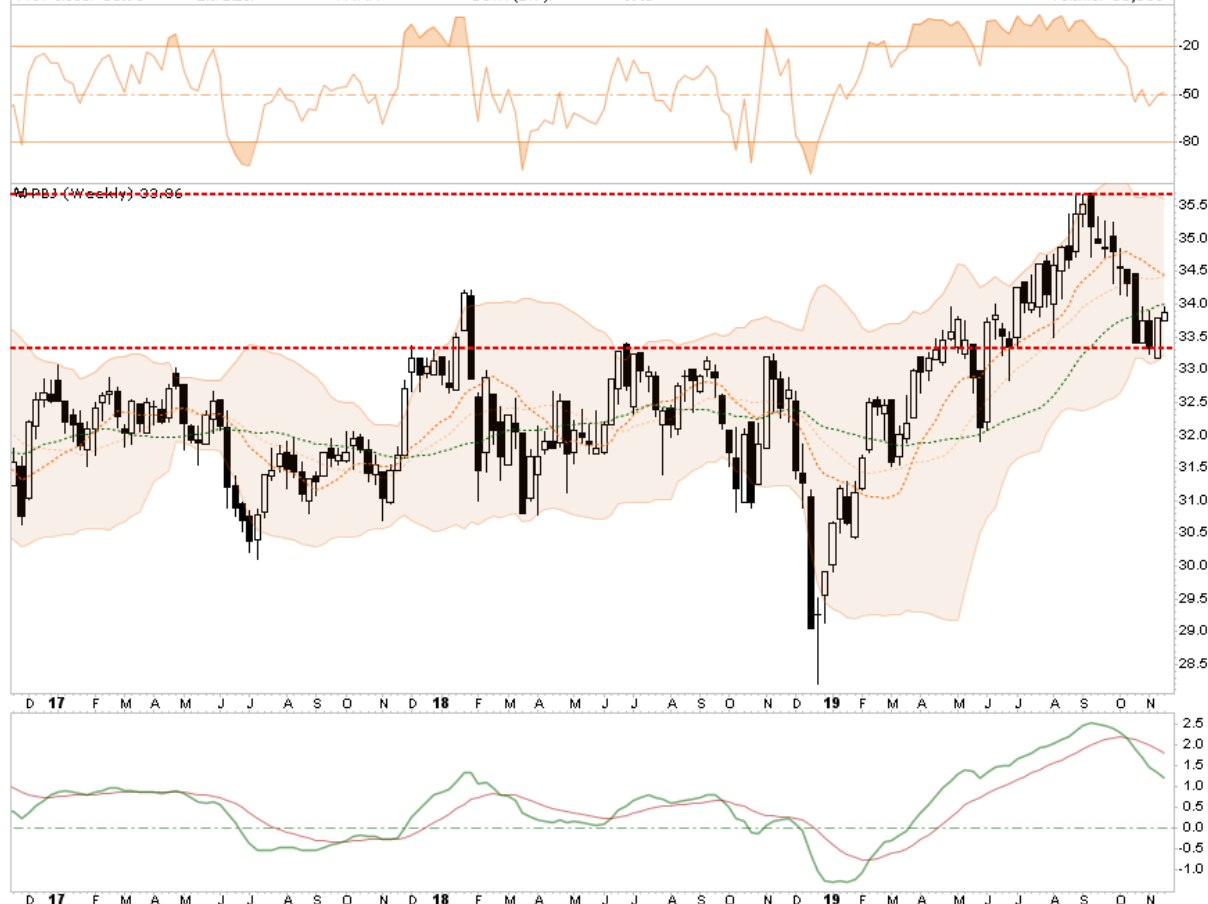
PBJ - iShares Food & Beverage

PBJ Invesco Dynamic Food & Beverage ETF NYSE

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Open: **33.74** Ask: P/E: Options: **yes**
 High: **33.95** Ask Size: EPS: Annual Dividend: **0.38298**
 Low: **33.74** Bid: Last Size: Yield: **1.13%**
 Prev Close: **33.79** Bid Size: VWAP: SCTR (ETF): **17.9**

Wednesday 20-Nov-2019
 ▲ **+0.23%**
 Chg: **+0.08**
 Last: **33.86**
 Volume: **39,509**



- *PBJ had a terrific advance earlier this year but the rotation from "defense" to "offense" has taken hold. (This is why we sold MDLZ and YUM in our portfolios.)*
- *Currently on a "sell signal" the sector is in full correction mode and is NOT grossly oversold yet.*
- *We recommend reducing or eliminating holdings if long for now and look for a better entry point later.*
- *Short-Term Positioning: Bearish*
 - *Stop-loss set at \$33*
- *Long-Term Positioning: Neutral*

IYK - iShares Consumer Goods

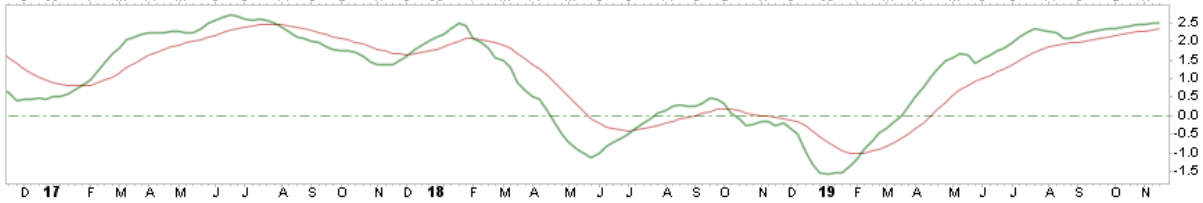
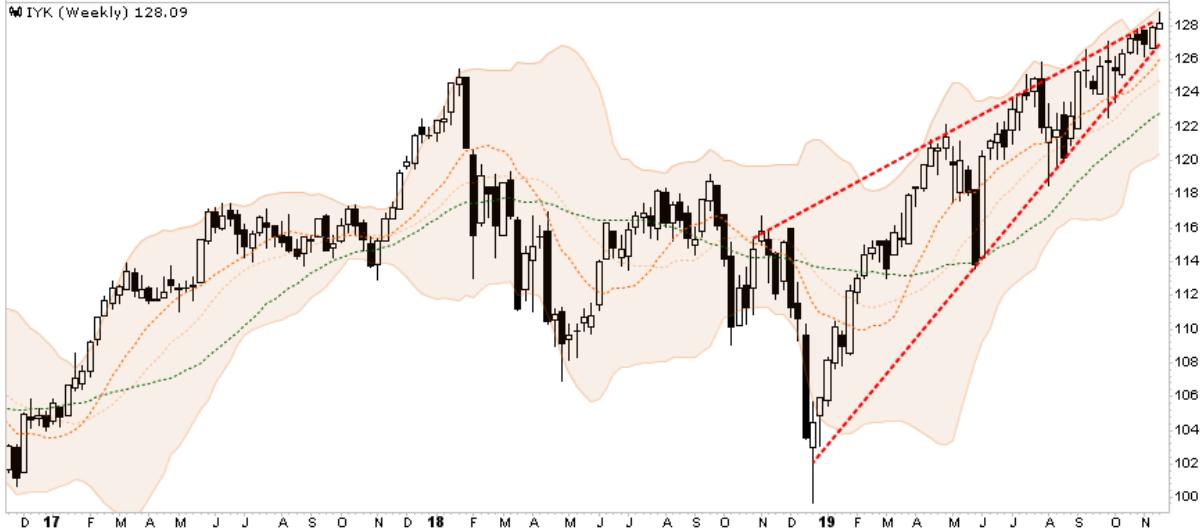
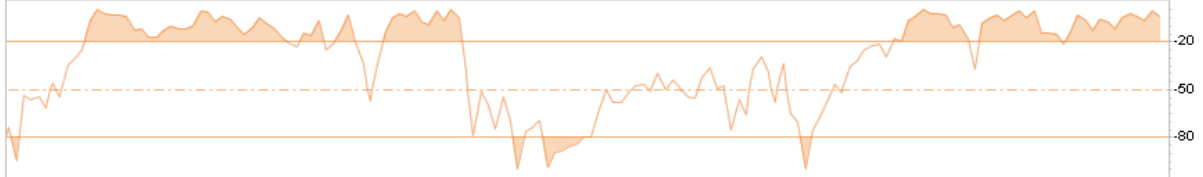
IYK iShares U.S. Consumer Goods ETF NYSE

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Open: 127.78	Ask:	P/E:	Options: no
High: 128.75	Ask Size:	EPS:	Annual Dividend: 2.79364
Low: 127.78	Bid:	Last Size:	Yield: 2.18%
Prev Close: 127.90	Bid Size:	VWAP:	SCTR (ETF): 65.5

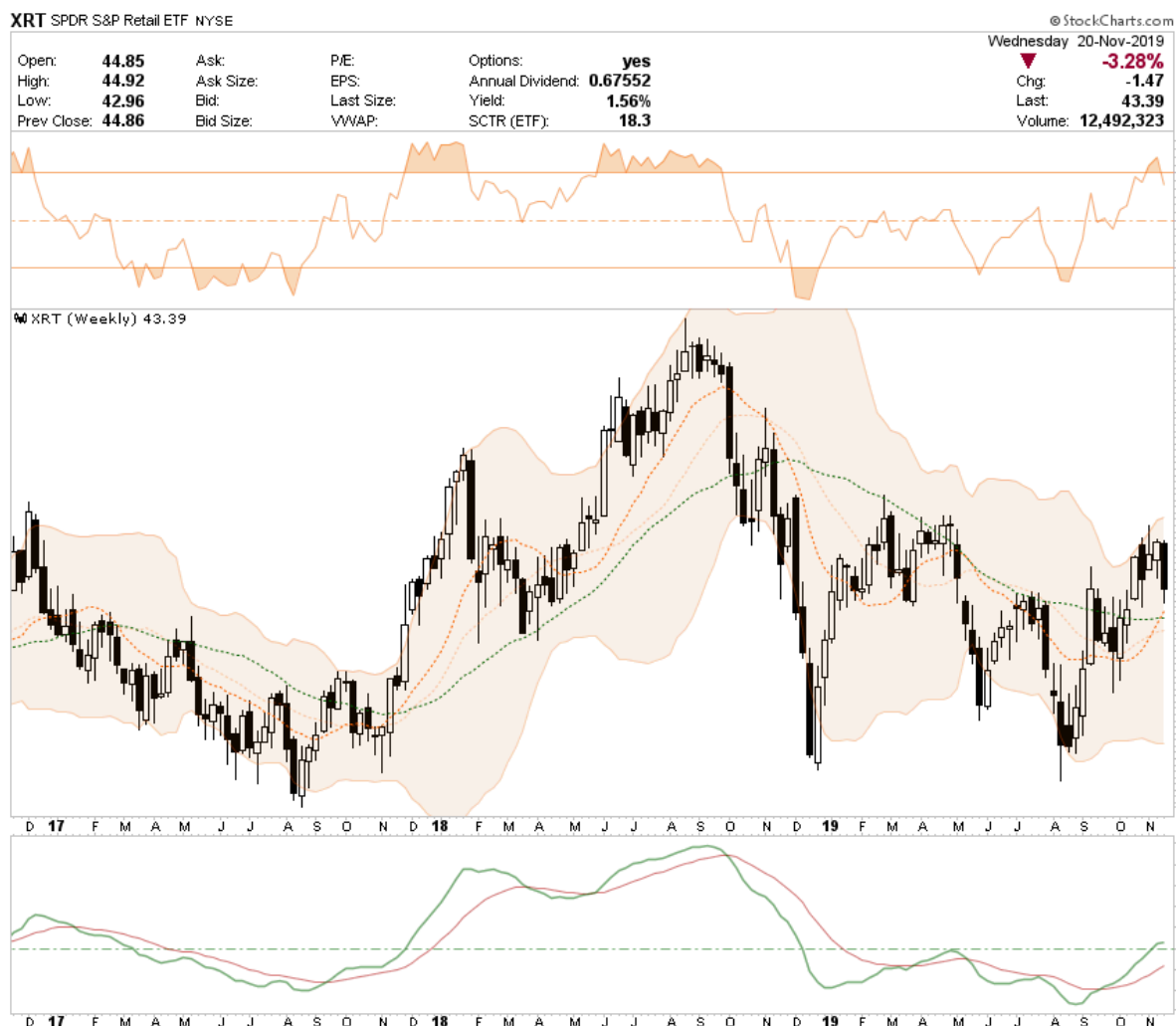
Wednesday 20-Nov-2019

▲ **+0.15%**
Chg: **+0.19**
Last: **128.09**
Volume: **47,059**



- Consumer goods have continued to perform well so far, but are in a very tight trading range.
- A break to the downside will likely be very sharp so we suggest taking profits if you are long the sector.
- The sector is grossly overbought on multiple levels so be patient adding exposure to portfolios.
- Short-Term Positioning: Neutral
 - Stop-loss set at \$125
 - Long-Term Positioning: Neutral

XRT - iShares Retail



- *So goes retail, so goes the consumer. There are many hopes currently penned on the consumer supporting the economy but recent announcements from retailers, and subsequent performance, suggests there are problems.*
- *We noted last time, the breakout of consolidation was encouraging but with the sector very overbought look for a bit of a pullback to add exposure. That pullback has occurred.*
- *A buy signal is in place which supports the idea of a further given the entry point for a trade. With the Christmas shopping season ahead, we could see a move a bit higher. This is a trade only with a tight stop*
- *Short-Term Positioning: Neutral*
 - *Buy at current levels.*
 - *Stop-loss set at \$42*
- *Long-Term Positioning: Neutral*

IEZ - iShares Oil & Equipment Services

Open: 17.41	Ask:	P/E:	Options: yes	Wednesday 20-Nov-2019	▼ -1.77%
High: 17.51	Ask Size:	EPS:	Annual Dividend: 0.42739	Chg: -0.31	
Low: 16.77	Bid:	Last Size:	Yield: 2.48%	Last: 17.23	
Prev Close: 17.54	Bid Size:	VWAP:	SCTR (ETF): 1.2	Volume: 127,221	



- We recently added to our holdings of XOM in the Equity Portfolio because the sector is very beaten up.
- We noted last time that while IEZ had been deeply routed and was extremely oversold, we needed to see a "buy signal" get triggered. That has occurred, but the sector has been unable to clear \$18 to provide a tradeable opportunity short-term.
- The risk reward for a trade is not bad with an entry at \$18 and a stop at \$16. However, it is not a good entry at this juncture.
- Wait for a confirmed buy signal and break above the trendline before buying.
- Short-Term Positioning: Bearish / Trading Opportunity
 - Stop-loss after entry set at \$16
- Long-Term Positioning: Bearish