



Sector Buy/Sell Review: 04-14-20

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:

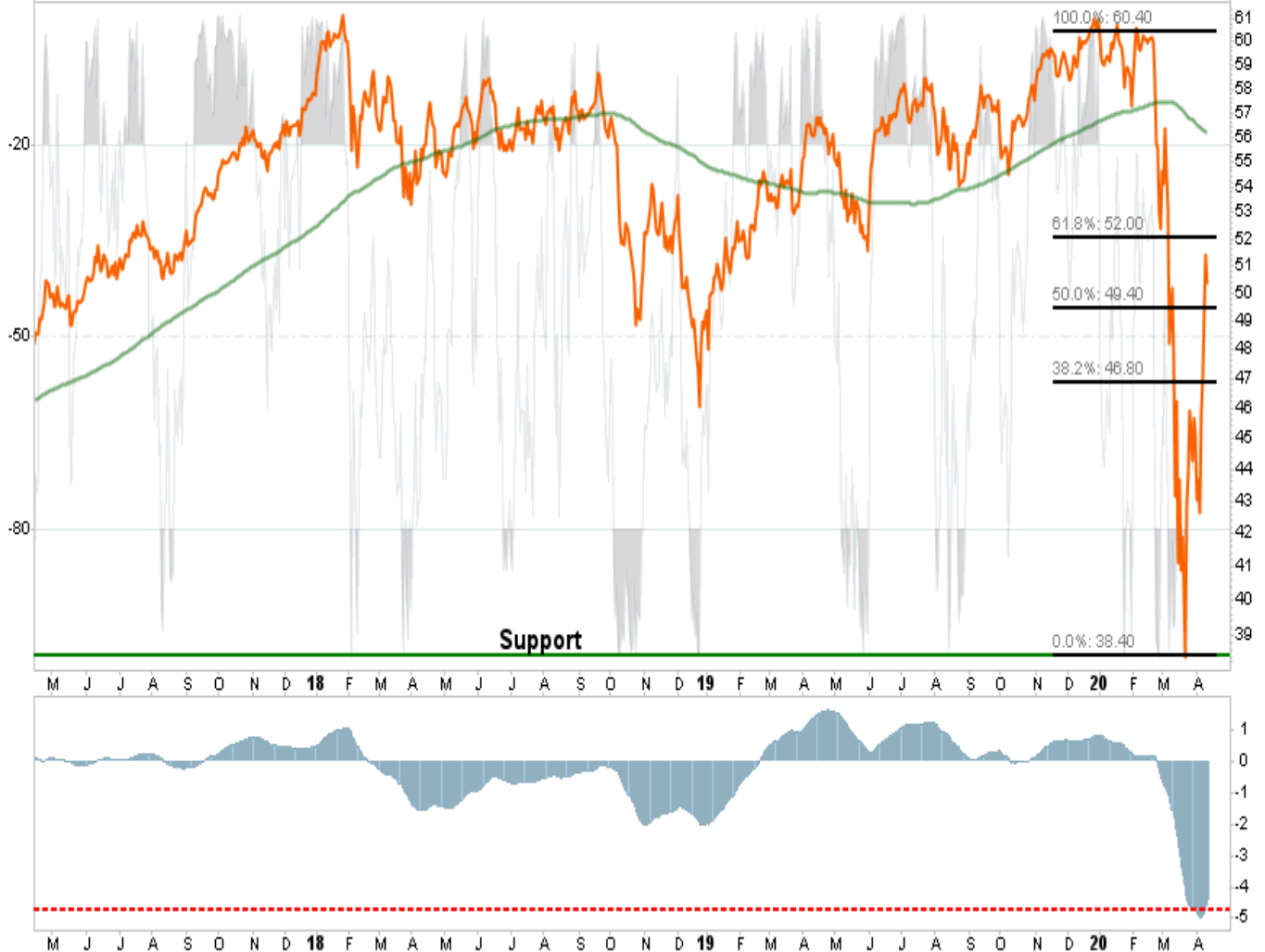
- *The price chart is in orange*
- *The Over Bought/Over Sold indicator is in gray*
- *The Buy / Sell indicator is in blue.*

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. **As noted last previously, the steepness of the decline reset our parameters. Now, the goal is to rebalance portfolio risk. We previously removed sectors most exposed to "COVID-19" and can now start looking for entry points.**

Basic Materials

Open: **51.02** Ask: P/E: Options: **yes**
 High: **51.16** Ask Size: EPS: Annual Dividend: **1.2442**
 Low: **49.59** Bid: Last Size: Yield: **2.47%**
 Prev Close: **51.42** Bid Size: VWAP: SCTR (ETF): **64.7**

Monday 13-Apr-2020
 ▼ **-2.20%**
 Chg: **-1.13**
 Last: **50.29**
 Volume: **15,849,904**

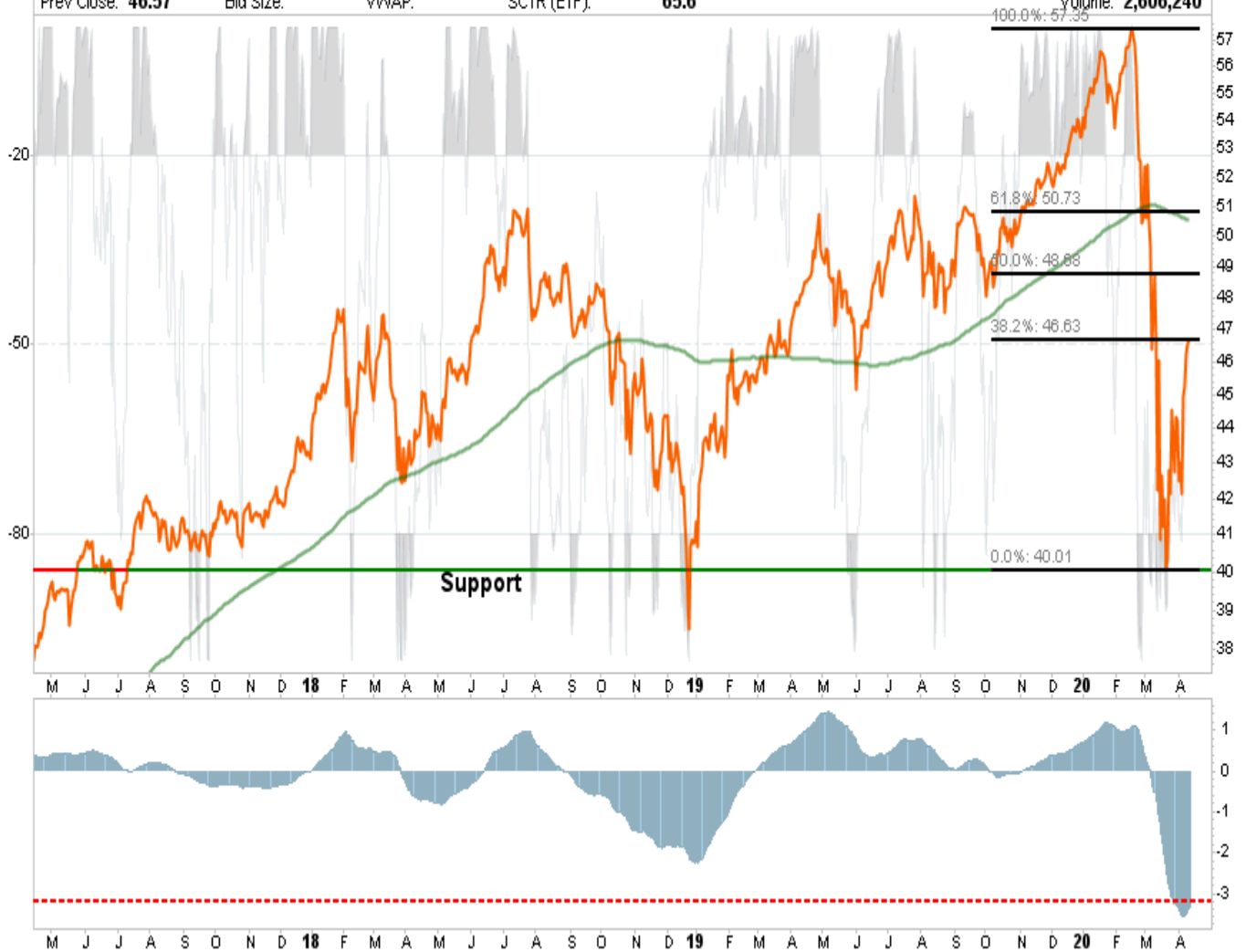


- *XLB rallied last week sharply as a lot of short-covering in the sector rallied some of the most beaten up stocks. The rally failed at resistance on Monday.*
- *The recent rally has done little to restore confidence in the sector and is lagging in terms of relative performance. But on a very short-term basis, is back to very overbought.*
- *We sold all of our holdings previously.*
- *Use this rally to clear positions for the time being. There are too many unknowns currently, and just way to early, to assume a bottom is in.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No Positions*
 - *This Week: No Positions*
- *Long-Term Positioning: Bearish*

Communications

Open: 46.45	Ask:	P/E:	Options: yes
High: 46.73	Ask Size:	EPS:	Annual Dividend: 0.46688
Low: 45.56	Bid:	Last Size:	Yield: 1.00%
Prev Close: 46.57	Bid Size:	VWAP:	SCTR (ETF): 65.6

Monday 13-Apr-2020
 ▲ **+0.15%**
 Chg: **+0.07**
 Last: **46.64**
 Volume: **2,606,240**



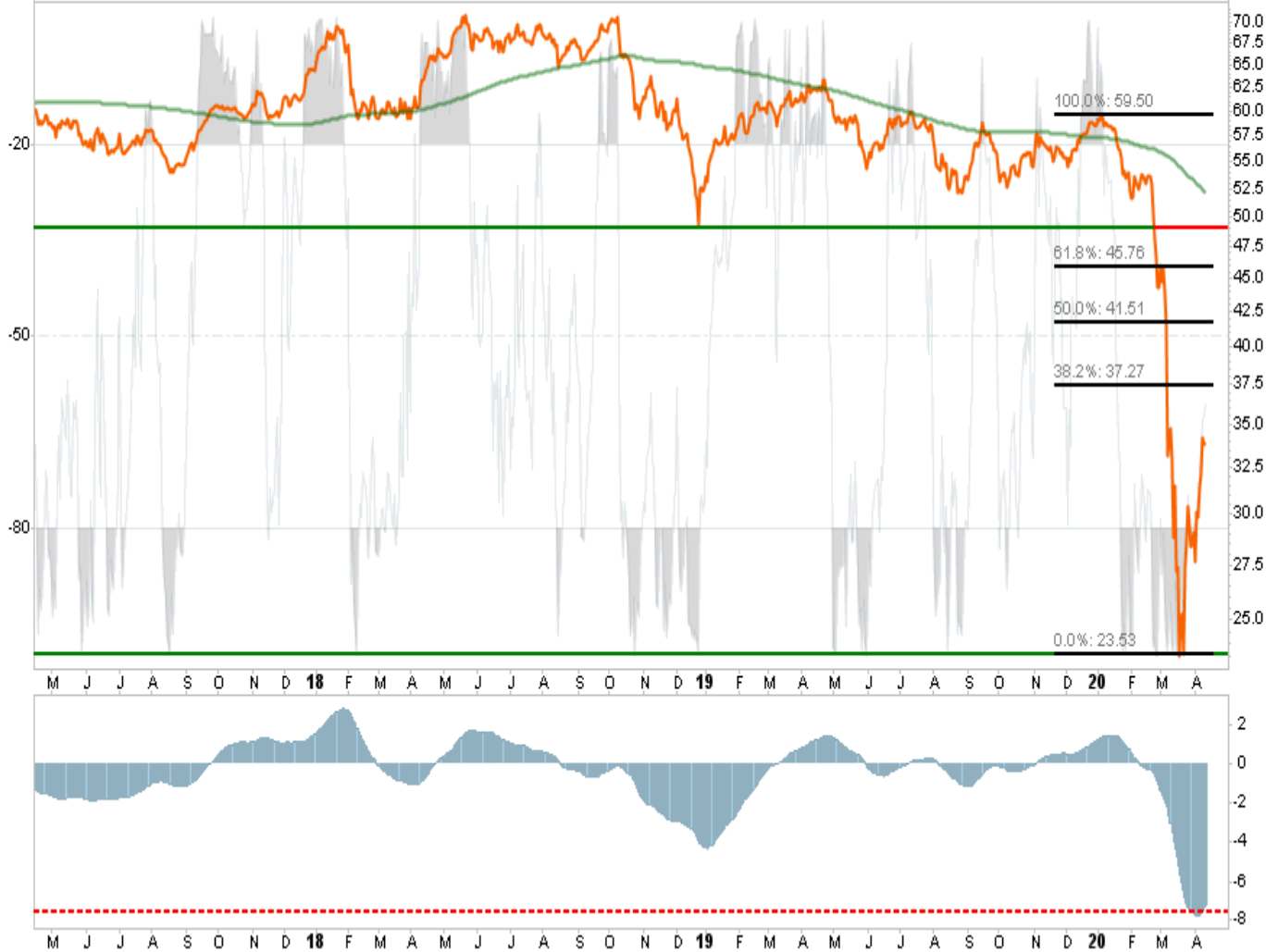
- XLC continues to perform better than the overall market and on Monday was positive, along with Technology, versus the overall negative return for the market.
- We added to this sector recently and the 38.2% retracement level has been reached.�
- We continue like the more defensive quality of the sector for now as Communications has an "anti-virus" bid to it, BUT, on a short-term basis is very overbought. Look for a pullback to add to holdings.
- Short-Term Positioning: Bullish
 - Last Week: Hold positions
 - This Week: Added to holdings up to 3%.
- Long-Term Positioning: Neutral

Energy

Monday 13-Apr-2020

Open: 35.09	Ask:	P/E:	Options: yes
High: 35.22	Ask Size:	EPS:	Annual Dividend: 2.29602
Low: 33.26	Bid:	Last Size:	Yield: 6.79%
Prev Close: 33.91	Bid Size:	VWAP:	SCTR (ETF): 4.8

▼ -0.32%
Chg: -0.11
Last: 33.80
Volume: 33,830,260

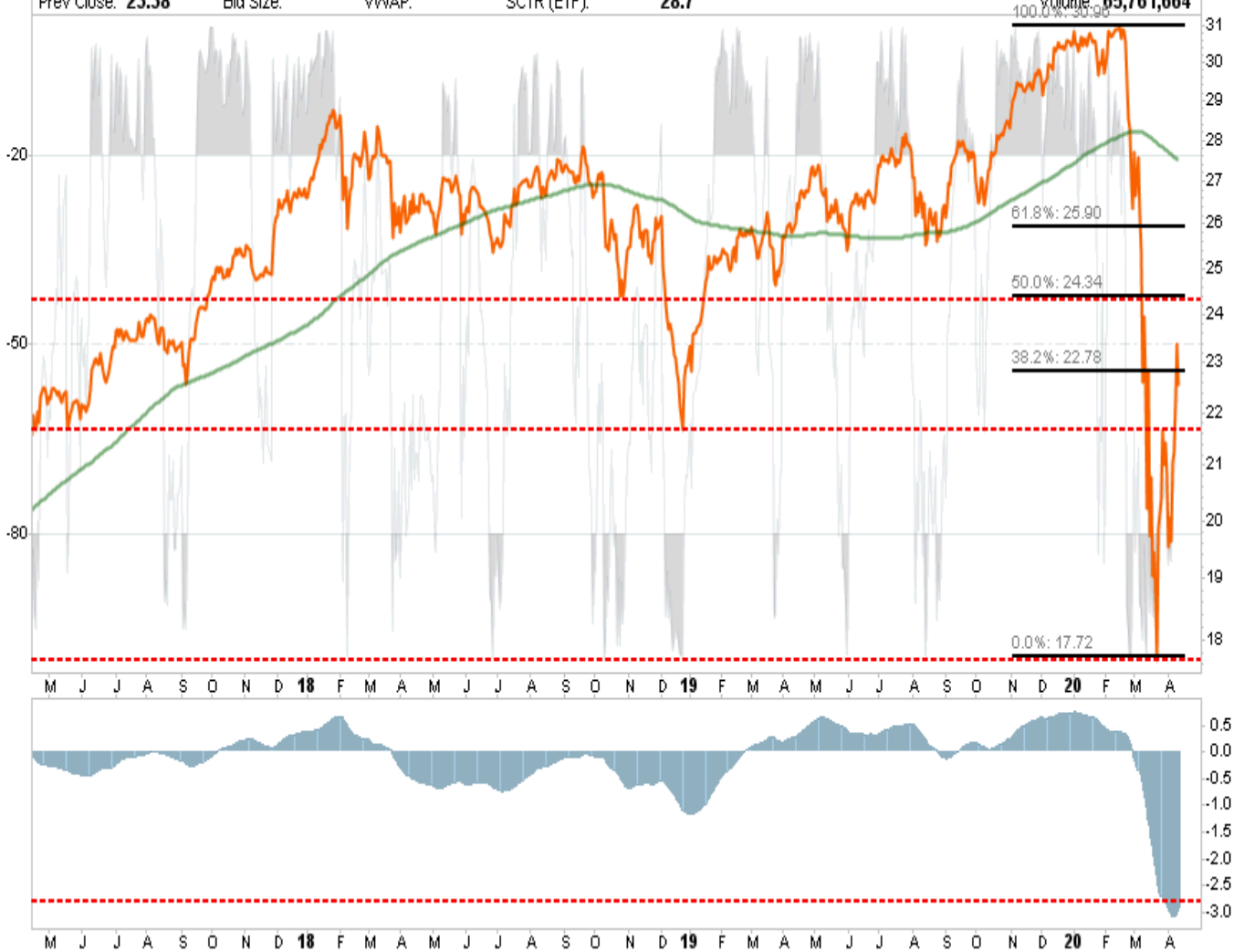


- *The oil cut everyone was hoping for was a bit of a let down.*
- *Continue to use this rally to clear positions, there remains downside risk heading into the summer for energy stocks.*
- *Be patient, we have plenty of time to build a position in energy correctly.*
- **Short-Term Positioning: Bearish**
 - *Last week: Sell into rally.*
 - *This week: Sell positions*
 - *No position currently*
- **Long-Term Positioning: Bearish**

Financials

Open: **23.31** Ask: P/E: Options: **yes**
 High: **23.33** Ask Size: EPS: Annual Dividend: **0.59932**
 Low: **22.33** Bid: Last Size: Yield: **2.66%**
 Prev Close: **23.38** Bid Size: VWAP: SCTR (ETF): **28.7**

Monday 13-Apr-2020
 ▼ **-3.64%**
 Chg: **-0.85**
 Last: **22.53**
 Volume: **65,761,664**

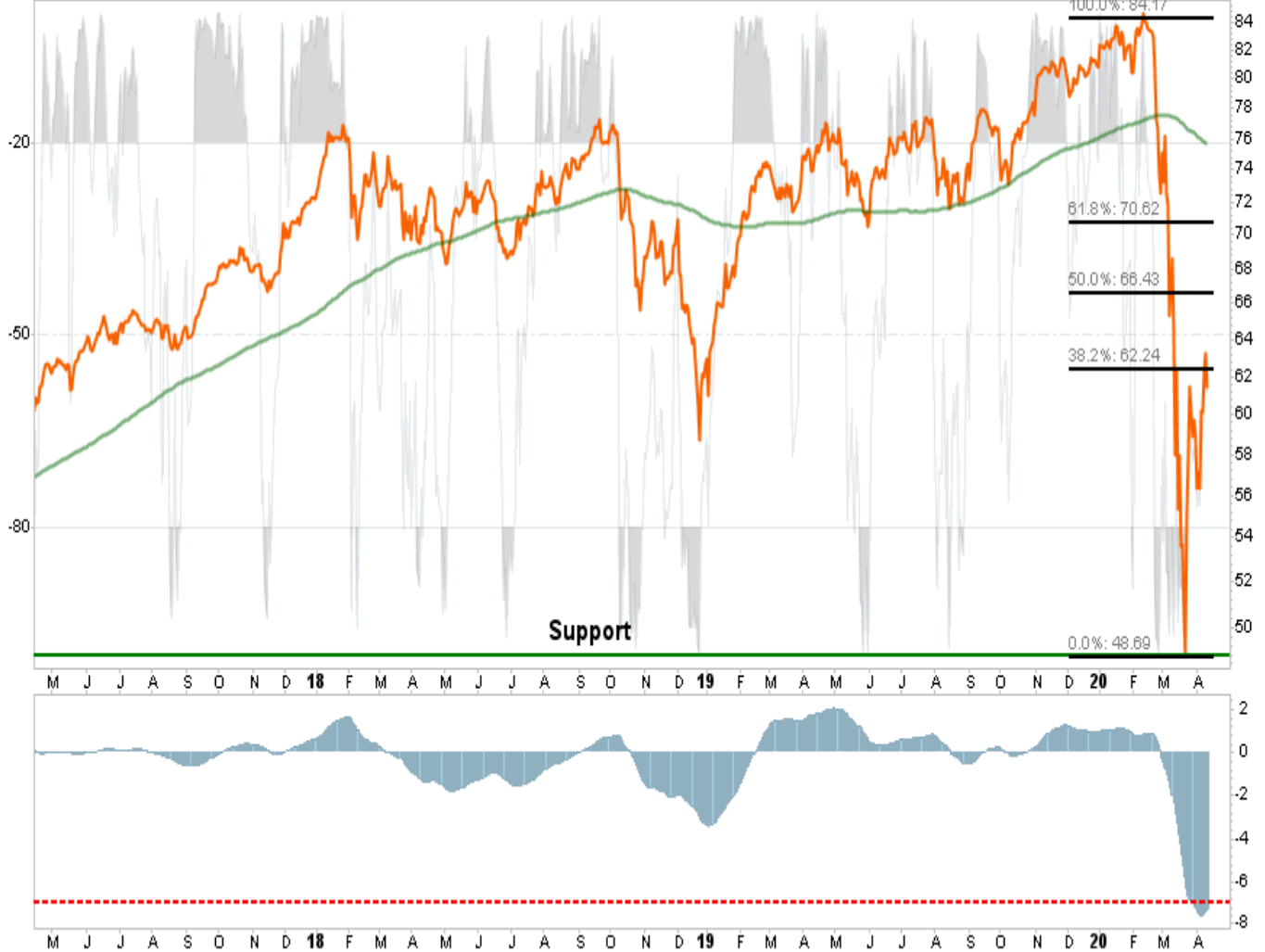


- *Financials failed hard on Monday as defaults are rising and the Fed's backstop isn't good for bank profits.�*
- *We sold out of financials previously and will re-evaluate once the market calms down and finds a bottom.�*
- *Sell this rally.�*
- *Short-Term Positioning: Neutral*
 - *Last week: No position*
 - *This week: No position*
- *Long-Term Positioning: Neutral*

Industrials

Open: 62.82	Ask:	P/E:	Options: yes
High: 62.86	Ask Size:	EPS:	Annual Dividend: 1.55109
Low: 60.79	Bid:	Last Size:	Yield: 2.53%
Prev Close: 63.22	Bid Size:	VWAP:	SCTR (ETF): 21.9

Monday 13-Apr-2020
 ▼ **-2.93%**
 Chg: **-1.85**
 Last: **61.37**
 Volume: **11,084,216**



- As with XLB, so goes XLI.
- XLI had a good rally but failed at the 32.8% retracement level on Monday. That selloff also underperformed the broader market.
- We sold all of our holdings previously and will opt to wait for a better market structure to move back into the sector.�
- Short-Term Positioning: Bearish
 - Last week: No position.
 - This week: No position.
- Long-Term Positioning: Bearish

Technology

Open: **84.86** Ask: P/E: Options: **yes**
 High: **85.51** Ask Size: EPS: Annual Dividend: **1.19716**
 Low: **83.65** Bid: Last Size: Yield: **1.40%**
 Prev Close: **85.20** Bid Size: VWAP: SCTR (ETF): **90.4**

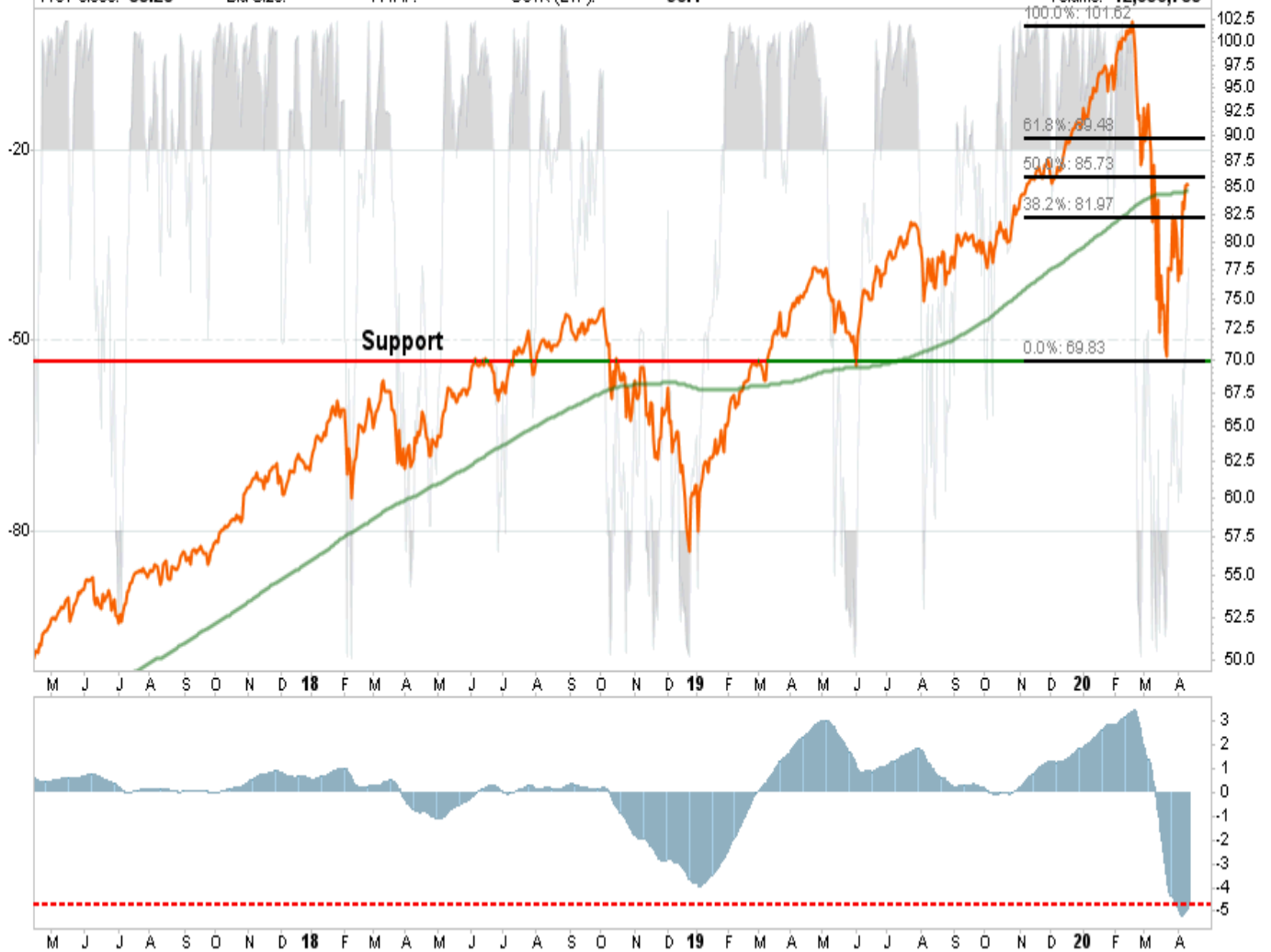
Monday 13-Apr-2020

▲ **+0.22%**

Chg: **+0.19**

Last: **85.39**

Volume: **12,636,785**



- We recently added to our Technology holdings which technically is the best looking chart available.
- The rally on Monday cleared both last week's high AND the 38.2% retracement.
- If we get a pullback that holds that support level OR closes above the 200-dma, we will add more weight to the sector for now.
- Short-Term Positioning: Bullish
 - Last week: Holding positions.
 - This week: Holding positions.
 - Long-Term Positioning: Bullish

Staples

Open: 57.94	Ask:	P/E:	Options: yes
High: 58.24	Ask Size:	EPS:	Annual Dividend: 1.60647
Low: 57.14	Bid:	Last Size:	Yield: 2.78%
Prev Close: 58.13	Bid Size:	VWAP:	SCTR (ETF): 75.9

Monday 13-Apr-2020
 ▼ **-0.74%**
 Chg: **-0.43**
 Last: **57.70**
 Volume: **10,669,268**



- XLP also has a very good technical setup currently. The recent rally cleared the 50% retracement level but is not short-term very overbought.
- Look for a pullback to the 50%, or the 38.2% retracement levels, that holds to add to holdings.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Look to add 1/2 position on a pullback.
 - Long-Term Positioning: Bullish

RealEstate

Open: 35.33	Ask:	P/E:	Options: yes
High: 35.39	Ask Size:	EPS:	Annual Dividend: 1.18107
Low: 33.69	Bid:	Last Size:	Yield: 3.48%
Prev Close: 35.53	Bid Size:	VWAP:	SCTR (ETF): 55.6

Monday 13-Apr-2020
 ▼ **-4.59%**
 Chg: **-1.63**
 Last: **33.90**
 Volume: **9,877,343**

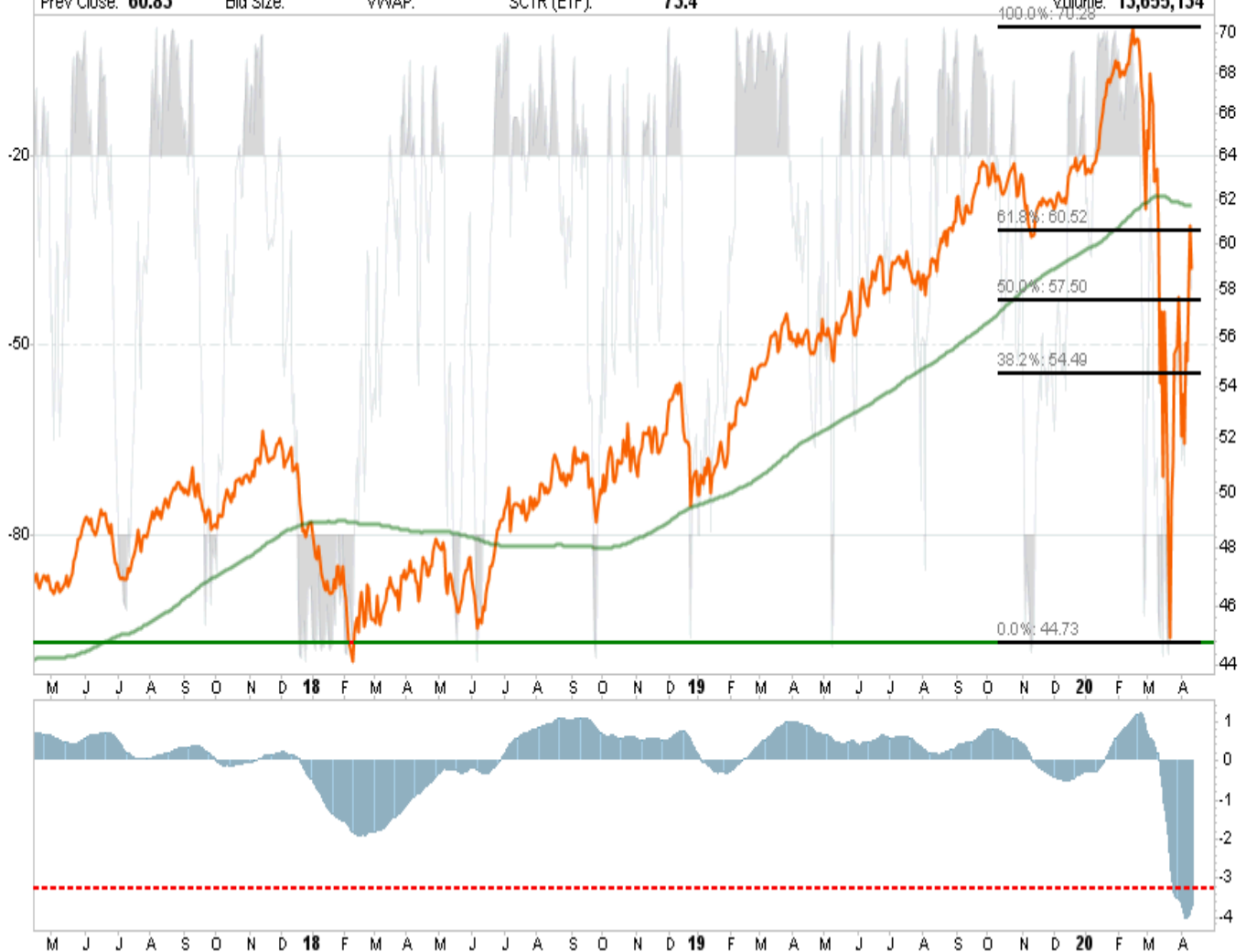


- *XLRE has recently rallied back to the 50% retracement level, and failed to close at that level.*
- *The selloff on Monday is taking the sector back to initial support at the 38.2% retracement level which needs to hold.*
- *There is a lot of credit risk in the sector currently, but we are going to add back to REIT's opportunistically.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold position.*
 - *This week: Be patient.*
- *Long-Term Positioning: Bullish*

Utilities

Open: 60.52	Ask:	P/E:	Options: yes
High: 60.52	Ask Size:	EPS:	Annual Dividend: 1.95274
Low: 58.31	Bid:	Last Size:	Yield: 3.32%
Prev Close: 60.83	Bid Size:	VWAP:	SCTR (ETF): 73.4

Monday 13-Apr-2020
▼ **-3.17%**
 Chg: **-1.93**
 Last: **58.90**
 Volume: **13,655,134**



- We noted last week: "XLU rebounded nicely over the last week back to the 50% retracement level. This is the level where most retracements fail."
- That is precisely what happened as XLU pulled back and Monday's rally failed and underperformed the S&P overall.�
- XLU is very overbought short-term, so be patient for a pullback to add more exposure.
- Short-Term Positioning: Bullish
 - Last week: Hold position.
 - This week: Add on pullback to support.
- Long-Term Positioning:�Bullish

Health�Care

Open: 94.49	Ask:	P/E:	Options: yes
High: 94.82	Ask Size:	EPS:	Annual Dividend: 1.58174
Low: 92.66	Bid:	Last Size:	Yield: 1.68%
Prev Close: 94.83	Bid Size:	VWAP:	SCTR (ETF): 92.5

Chg: -0.83	Volume: 9,551,531
Last: 94.00	



- *XLV held support and rebounded nicely back to, and broke above, the 50% retracement level and now the 62.8% level as well. XLV's next target is all-time highs.*
- *Look for a short-term pullback that holds the 62.8% retracement level and the 200-dma and consolidates a bit here before adding weight. The sector is very overbought short-term.*
- **Short-Term Positioning: Neutral**
 - *Last week: Hold positions*
 - *This week: Look to add*
- **Long-Term Positioning: Bullish**

Discretionary

Open: **106.26** Ask: P/E: Options: **yes**
 High: **107.05** Ask Size: EPS: Annual Dividend: **1.65172**
 Low: **104.65** Bid: Last Size: Yield: **1.55%**
 Prev Close: **106.68** Bid Size: VWAP: SCTR (ETF): **61.4**

Monday 13-Apr-2020
 ▼ **-0.03%**
 Chg: **-0.03**
 Last: **106.65**
 Volume: **3,411,711**

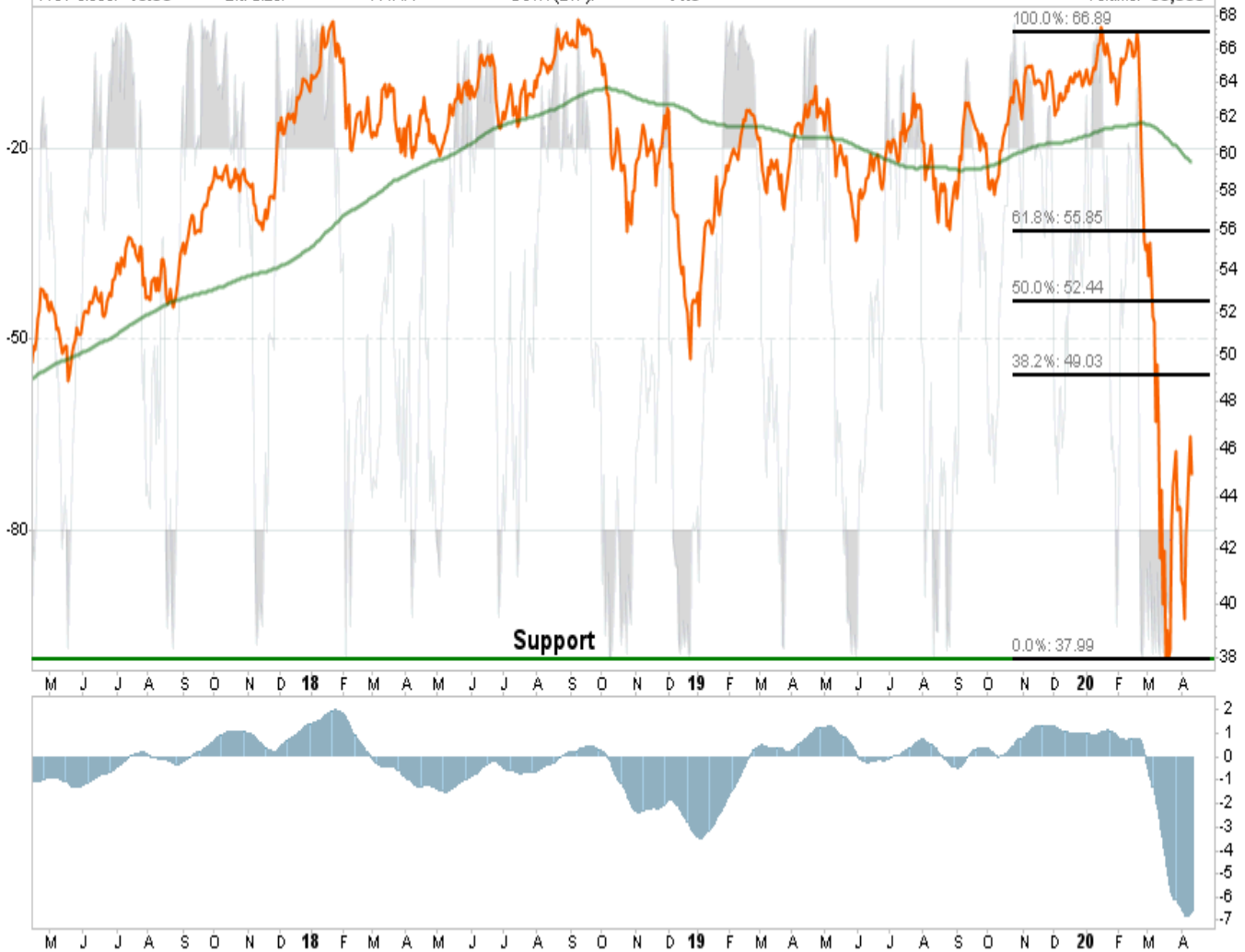


- *We sold the entire position previously due to exposure to the economic shutdown from the virus.�*
- *There is no reason at the moment to add the sector back until we see "some signs of life" in the economy.�*
- *We are focusing on Staples for the time being but will watch for recovery in Discretionary.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold position*
 - *This week: No position*
- *Long-Term Positioning:�Neutral*

Transportation

Open: **46.86** Ask: P/E: Options: **no**
 High: **46.86** Ask Size: EPS: Annual Dividend: **0.79909**
 Low: **44.51** Bid: Last Size: Yield: **1.78%**
 Prev Close: **46.50** Bid Size: VWAP: SCTR (ETF): **11.9**

▼ **-3.40%**
 Chg: **-1.58**
 Last: **44.92**
 Volume: **39,805**



- *We have remained out of the economically sensitive sector and as noted last week the impact of the "coronavirus" will likely have global supply chain impacts.*
- *The sector is oversold short-term, which could elicit a reflexive bounce. However, such a bounce should be used to sell positions into for now.*
- *Short-Term Positioning: Neutral*
 - *Last week: No position*
 - *This week: No position*
- *Long-Term Positioning: Bearish*