



Sector Buy/Sell Review: 06-16-20

Each week we produce a "**Sector Buy/Sell Review**" 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 SECTOR BUY/SELL REVIEW CHARTS** There are three primary components to each chart:

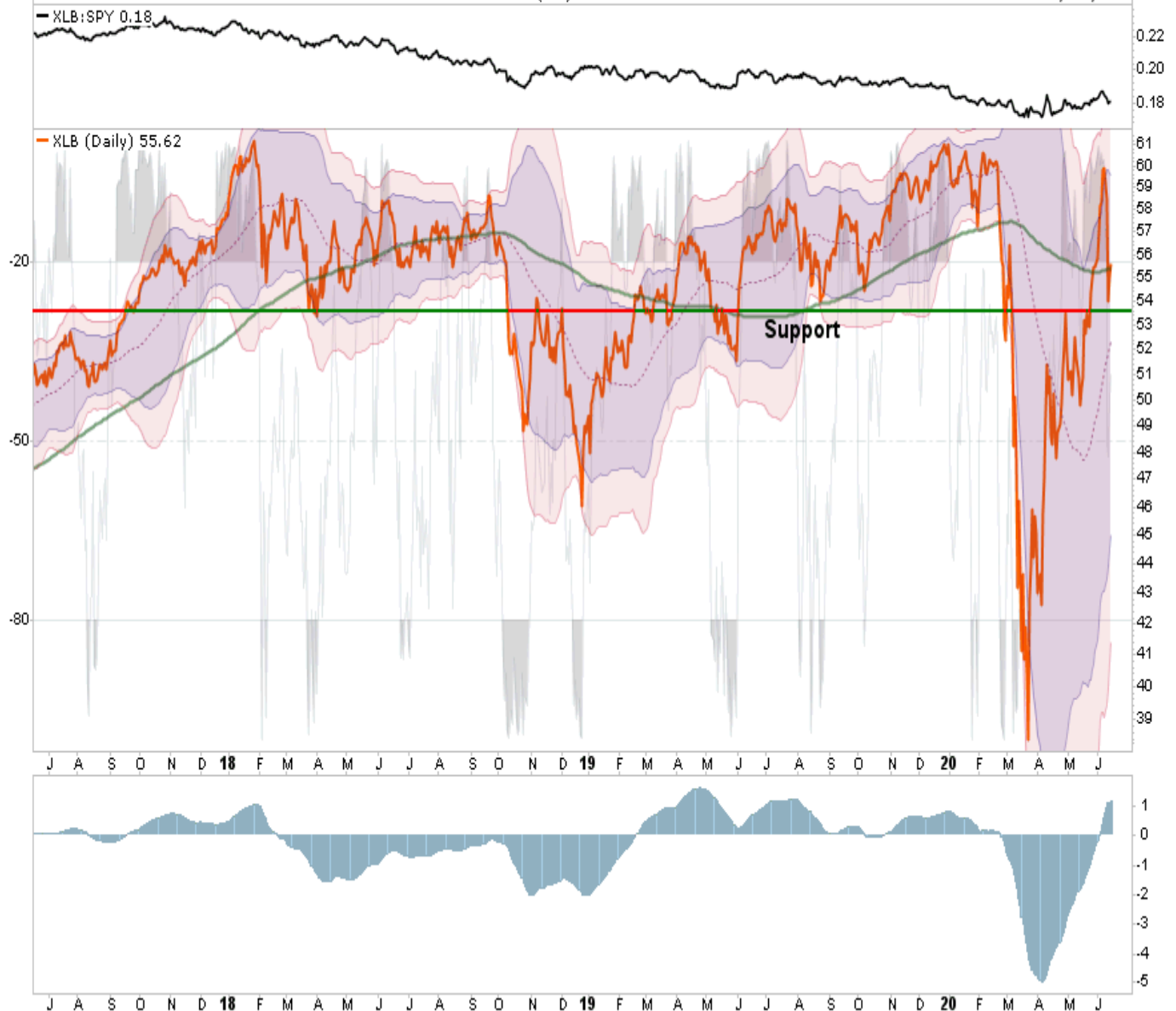
- *The price chart is in orange*
- *Over Bought/Over Sold indicator is in gray in the background.*
- *The Buy / Sell indicator is in blue.*

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. **We added 2- and 3-standard deviation extensions from the 50-dma this week. We are back to "stupid" overbought on many levels. Caution is advised. Basic Materials**

Monday 15-Jun-2020

Open: **53.59** Ask: P/E: Options: **yes**
 High: **55.95** Ask Size: EPS: Annual Dividend: **1.2442**
 Low: **53.29** Bid: Mkt Cap: **4.28B** Yield: **2.24%**
 Prev Close: **55.04** Bid Size: Last Size: SCTR (ETF): **56.5**

▲ **+1.05%**
 Chg: **+0.58**
 Last: **55.62**
 Volume: **6,790,267**



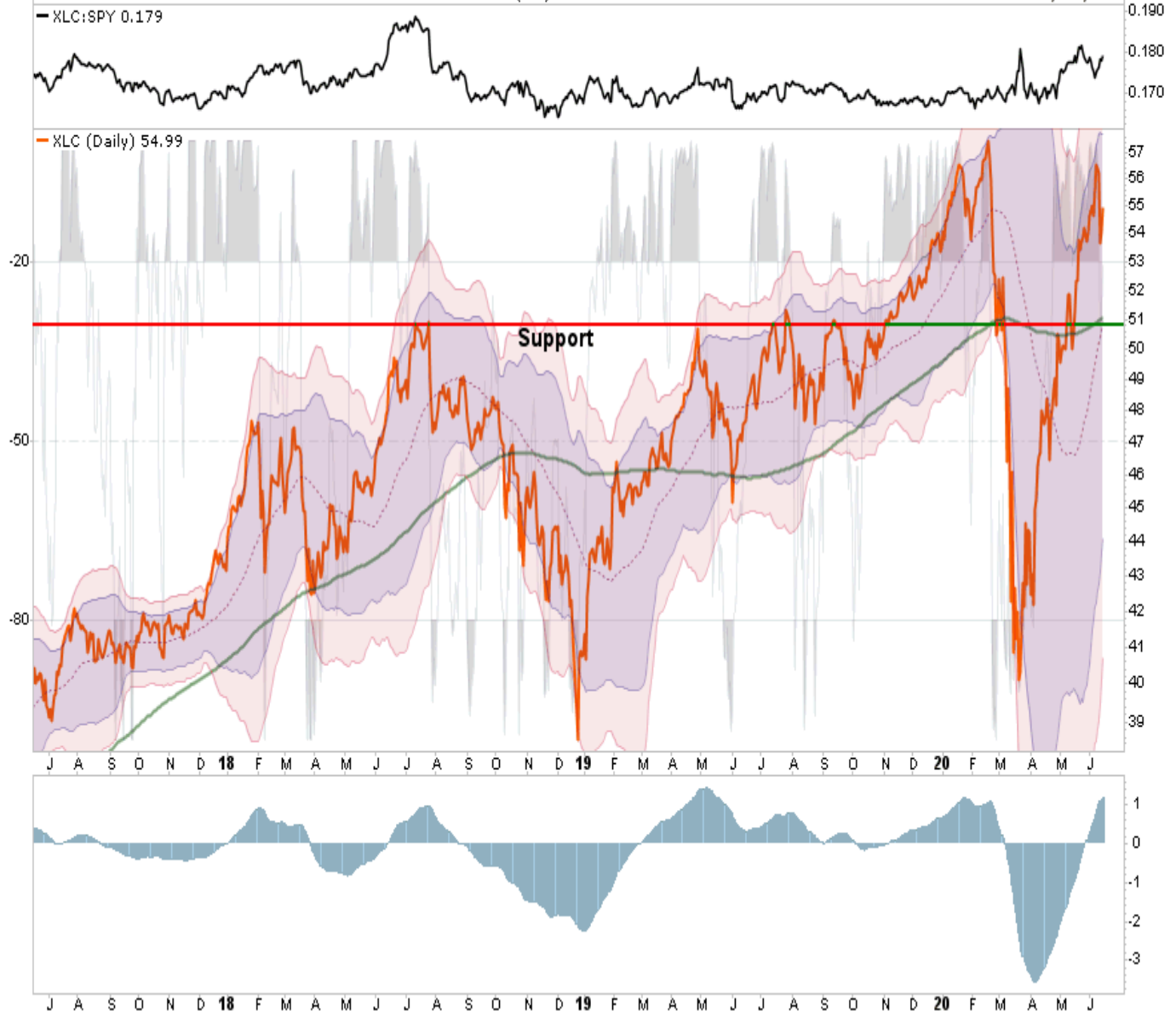
- As noted last week, "This is a catch up, momentum, rotation trade that will end quickly. Take profits and rebalance risk accordingly." That correction came swiftly on Thursday.
- XLB held support at \$54, but remains very overbought short-term.
- Trading positions can be added with a tight stop at \$54.
- Short-Term Positioning: Bullish
 - Last Week: No Positions
 - This Week: No Positions
- Stop-Loss set at \$54
- Long-Term Positioning: Bearish

Communications

Monday 15-Jun-2020

Open: **53.33** Ask: P/E: Options: **yes**
 High: **55.18** Ask Size: EPS: Annual Dividend: **0.46688**
 Low: **53.24** Bid: Mkt Cap: Yield: **0.85%**
 Prev Close: **54.12** Bid Size: Last Size: SCTR (ETF): **89.8**

▲ **+1.61%**
 Chg: **+0.87**
 Last: **54.99**
 Volume: **4,114,251**



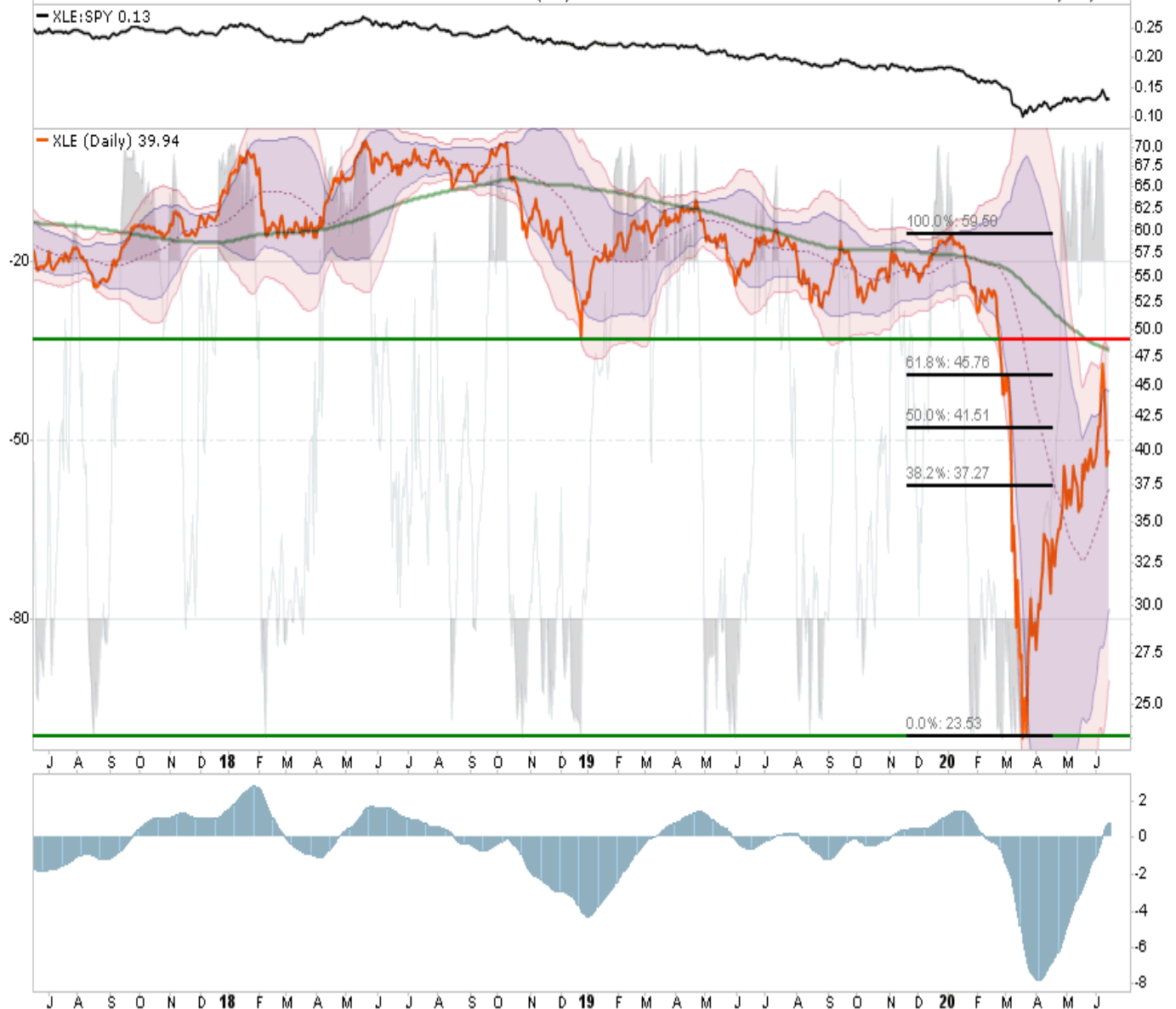
- Even with the correction last week, XLC remains very overbought. We took some profits previously. [#2013266080](#);
- We continue to like the more defensive quality of the sector, so we continue to look for a pullback to add back to our holdings.
- We moved our alert to \$51 to revisit adding to our holdings.
 - Short-Term Positioning: Bullish
 - Last Week: Hold positions
 - This Week: Hold positions
- Long-Term Positioning: Neutral

Energy

Monday 15-Jun-2020

Open: **38.12** Ask: P/E: Options: **yes**
 High: **40.35** Ask Size: EPS: Annual Dividend: **2.29602**
 Low: **37.70** Bid: Mkt Cap: **9.79B** Yield: **5.75%**
 Prev Close: **39.82** Bid Size: Last Size: SCTR (ETF): **2.4**

Chg: **+0.30%**
 Last: **39.94**
 Volume: **32,634,408**



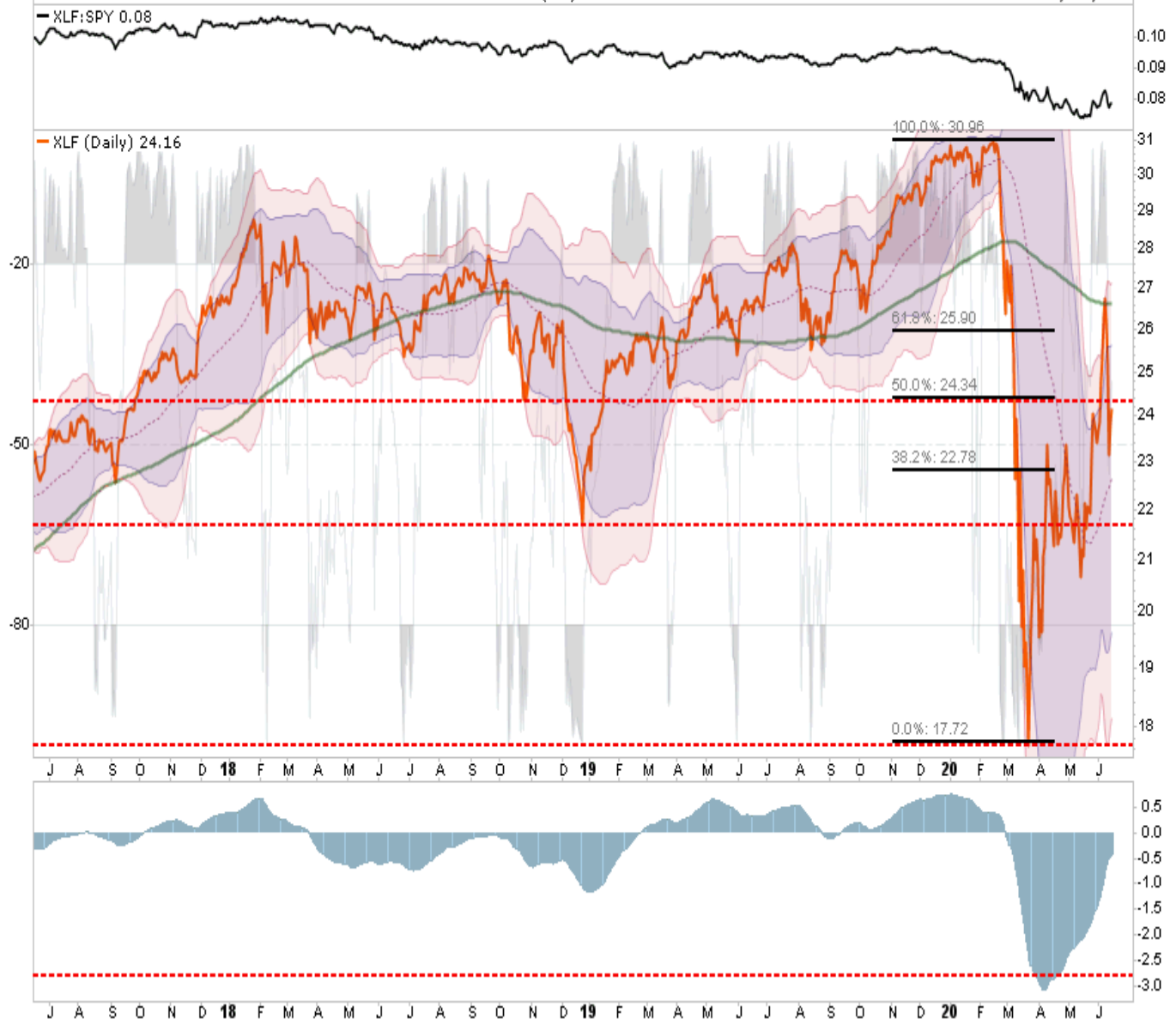
- As noted last week: "Energy stocks are now extremely overbought short-term and a pullback is coming and likely soon."
- That pullback came last week, and after taking profits we are looking for a buyable entry point to add back into our current holdings.�
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions
- Stop loss adjusted to \$37.50
- Long-Term Positioning: Bearish

Financials

Monday 15-Jun-2020

Open: **23.01** Ask: P/E: Options: **yes**
 High: **24.24** Ask Size: EPS: Annual Dividend: **0.59932**
 Low: **22.96** Bid: Mkt Cap: **26.7B** Yield: **2.48%**
 Prev Close: **23.83** Bid Size: Last Size: SCTR (ETF): **13.9**

▲ **+1.38%**
 Chg: **+0.33**
 Last: **24.16**
 Volume: **92,415,304**



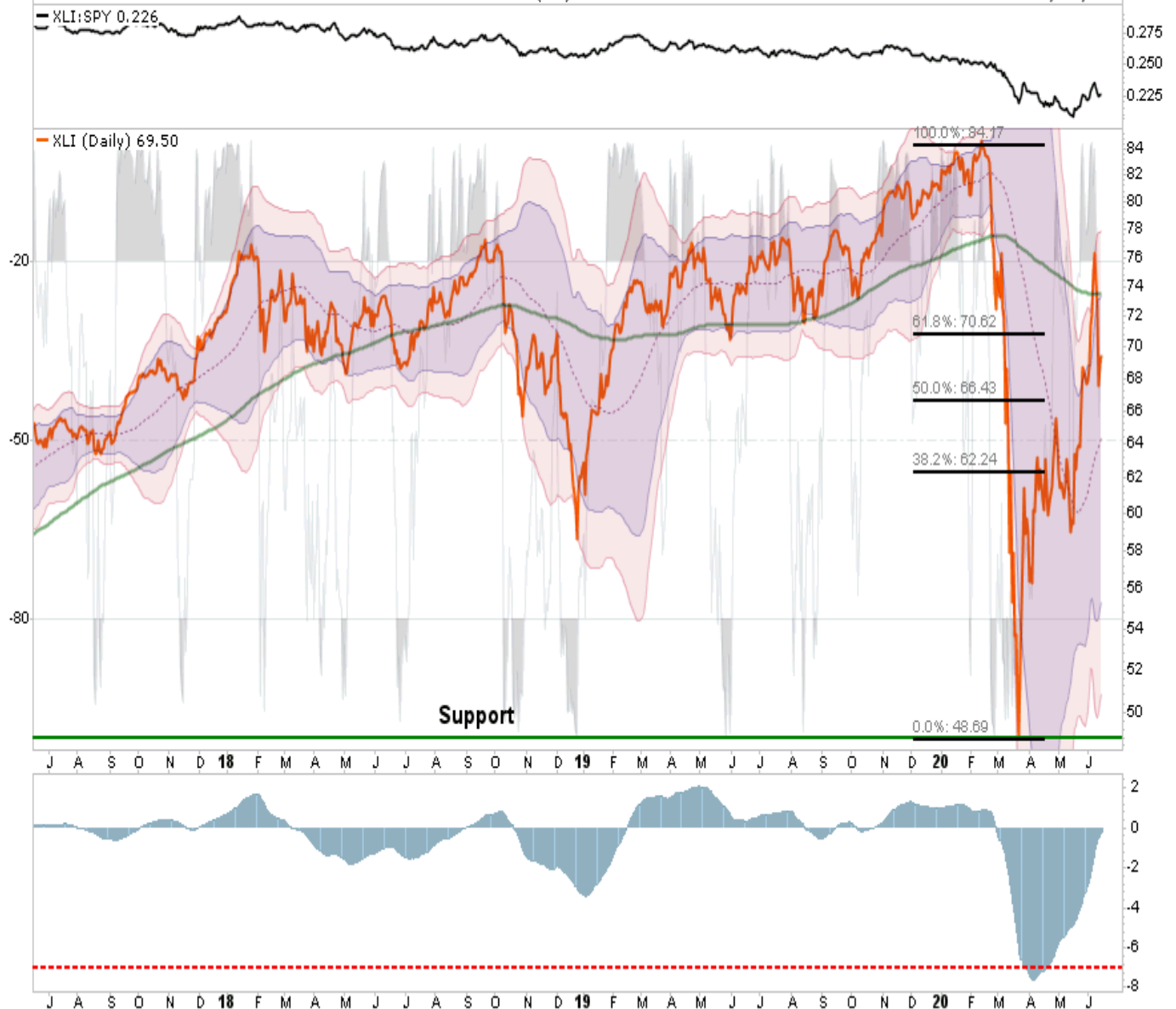
- As noted previously: "That move [in XLF] is more than 3-standard deviations extended so take profits and reduce weightings."
- That was good advice as financials were hit hard last week. Now they are once again struggling with resistance.�
- Initial support was at \$24, which was violated. And there is still a potential for a further correction back to \$22.
- We have an alert set at \$23 to start evaluating holdings.
- Short-Term Positioning: Neutral
 - Last week: No position
 - This week: No position
- Long-Term Positioning: Bearish

Industrials

Monday 15-Jun-2020

Open: **66.63** Ask: P/E: Options: **yes**
 High: **69.93** Ask Size: EPS: Annual Dividend: **1.55109**
 Low: **66.36** Bid: Mkt Cap: **12.5B** Yield: **2.23%**
 Prev Close: **68.82** Bid Size: Last Size: SCTR (ETF): **34.9**

▲ **+0.99%**
 Chg: **+0.68**
 Last: **69.50**
 Volume: **18,116,220**



- Last week we noted that "XLI is playing catch-up with the market, and the move last week is a gross extension. It will correct and likely sharply."�
- The suggestion to take profits and rebalance holdings accordingly worked out well. Now, we can look for an opportunity to add exposure. The sector remains very overbought.
- Short-Term Positioning: Bullish
 - Last week: No position.
 - This week: No position.
- Long-Term Positioning: Bearish

Technology



- *Technology continues push higher and we continue to hold our exposure to the sector.*
- *As noted last week: "The rally is starting to fade here a bit as the sector runs into the bottom of the uptrend line from the July 2017 lows. However, unlike every other sector, it is not grossly overbought."*
- *Importantly, we stated "We added to our holdings on Monday for a rotation trade out of Materials, Financials, and Industrials back to liquidity and fundamental balance sheet strength."*
- *That was precisely what occurred and portfolios were shielded against the decline.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold positions*
 - *This week: Hold positions.*
 - *Long-Term Positioning: Bullish*

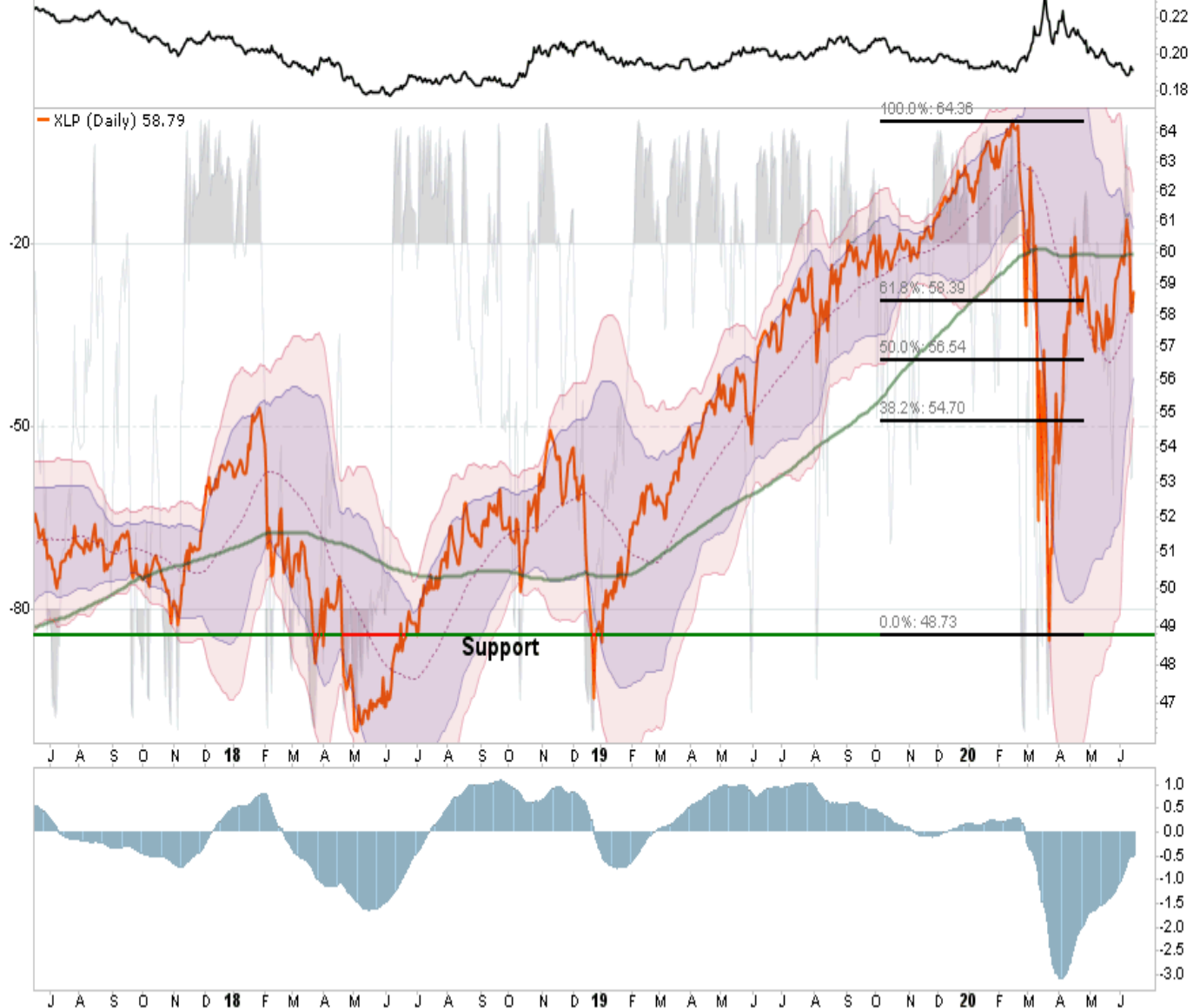
Staples

Monday 15-Jun-2020

Open: **57.58** Ask: P/E: Options: **yes**
 High: **58.87** Ask Size: EPS: Annual Dividend: **1.60647**
 Low: **57.19** Bid: Mkt Cap: **8.47B** Yield: **2.73%**
 Prev Close: **58.12** Bid Size: Last Size: SCTR (ETF): **39.9**

▲ **+1.15%**
 Chg: **+0.67**
 Last: **58.79**
 Volume: **11,366,688**

XLP:SPY 0.19



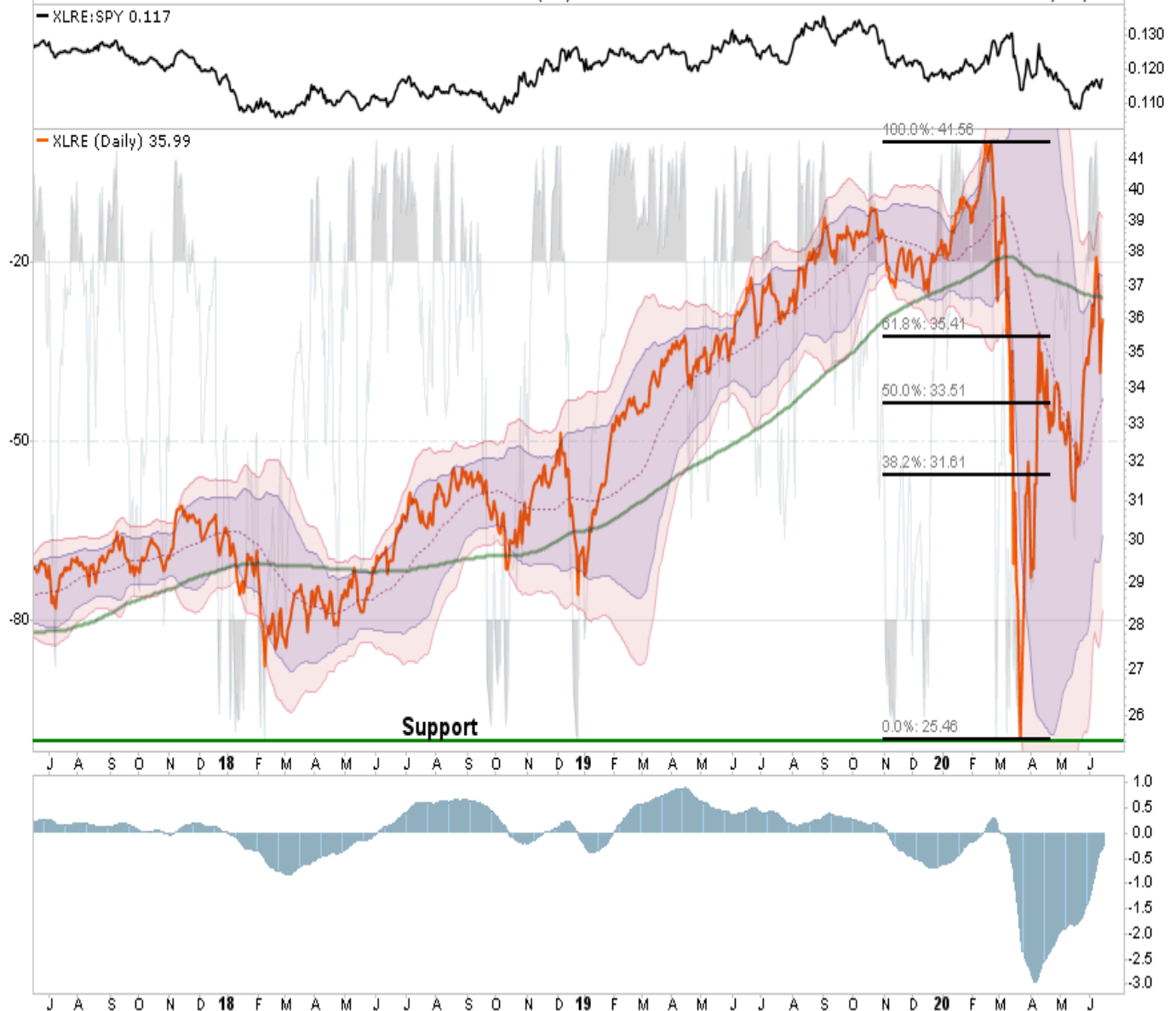
- Last week, XLP corrected and on Friday we added a bit more to our holdings for the defensive nature of the sector.�
- XLP is not overbought after working off the previous extension, so there is "fuel" for a further rally on a rotation trade. Look for an offense to defense rotation to see a pickup in the sector.�
- We are moving our stop-loss alert to \$55 as our stop-level.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions
 - Long-Term Positioning: Bullish

Real&#2013266080;Estate

Monday 15-Jun-2020

Open: **34.58** Ask: P/E: Options: **yes**
 High: **36.12** Ask Size: EPS: Annual Dividend: **1.18107**
 Low: **34.53** Bid: Mkt Cap: **2.63B** Yield: **3.28%**
 Prev Close: **35.54** Bid Size: Last Size: SCTR (ETF): **76.0**

▲ **+1.27%**
 Chg: **+0.45**
 Last: **35.99**
 Volume: **5,146,375**



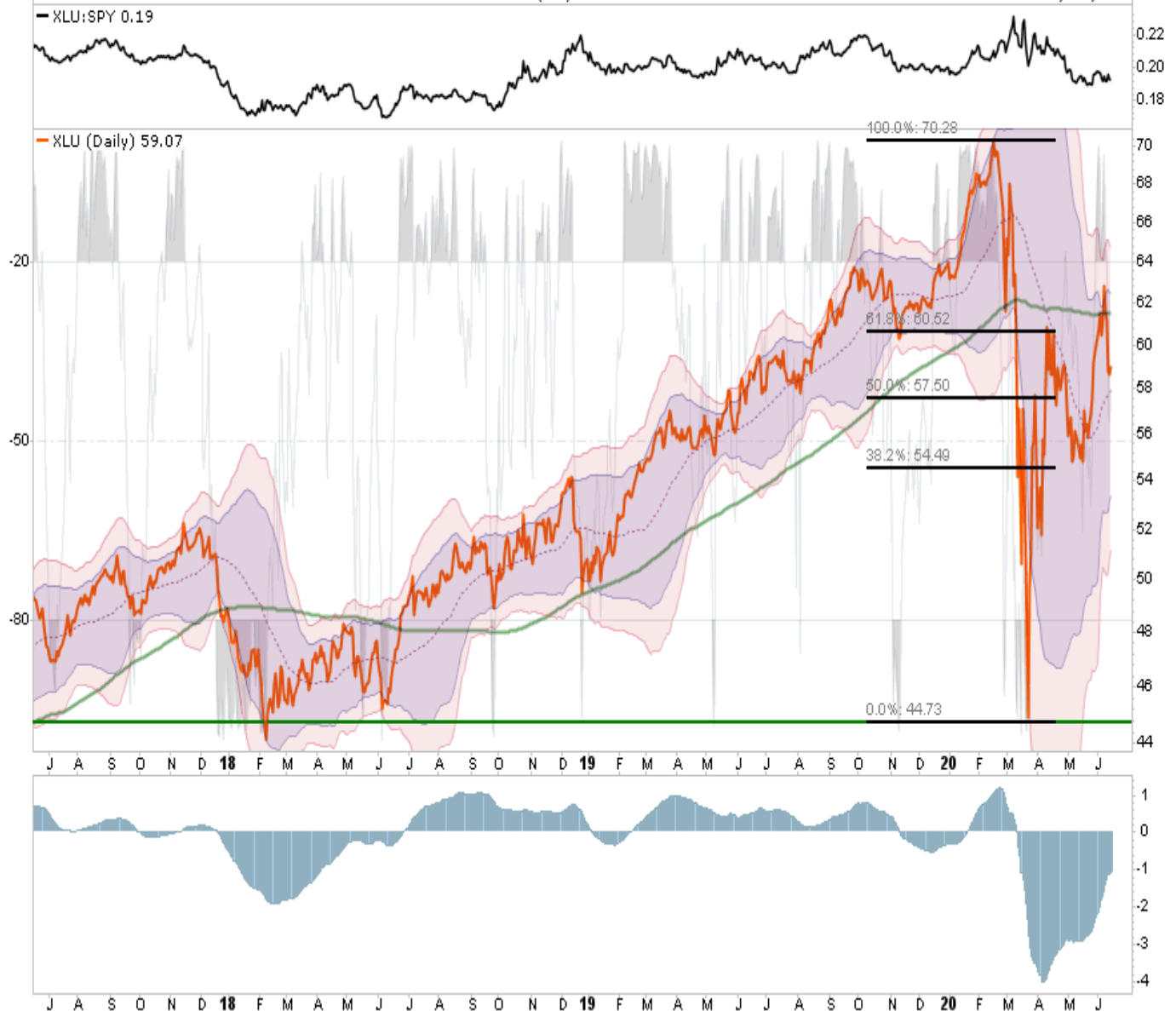
- *XLRE broke out above the 200-dma but failed last week with the broad market selloff.*
- *The sector is not grossly overbought and a further defensive rotation in the market should see this sector rally.*
- *We have a low limit alert at \$31 as our stop-loss level.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold positions*
 - *This week: Hold positions.*
 - *Long-Term Positioning: Bullish*

Utilities

Monday 15-Jun-2020

Open: **57.63** Ask: P/E: Options: **yes**
 High: **59.50** Ask Size: EPS: Annual Dividend: **1.95274**
 Low: **57.12** Bid: Mkt Cap: **8.33B** Yield: **3.31%**
 Prev Close: **58.67** Bid Size: Last Size: SCTR (ETF): **42.4**

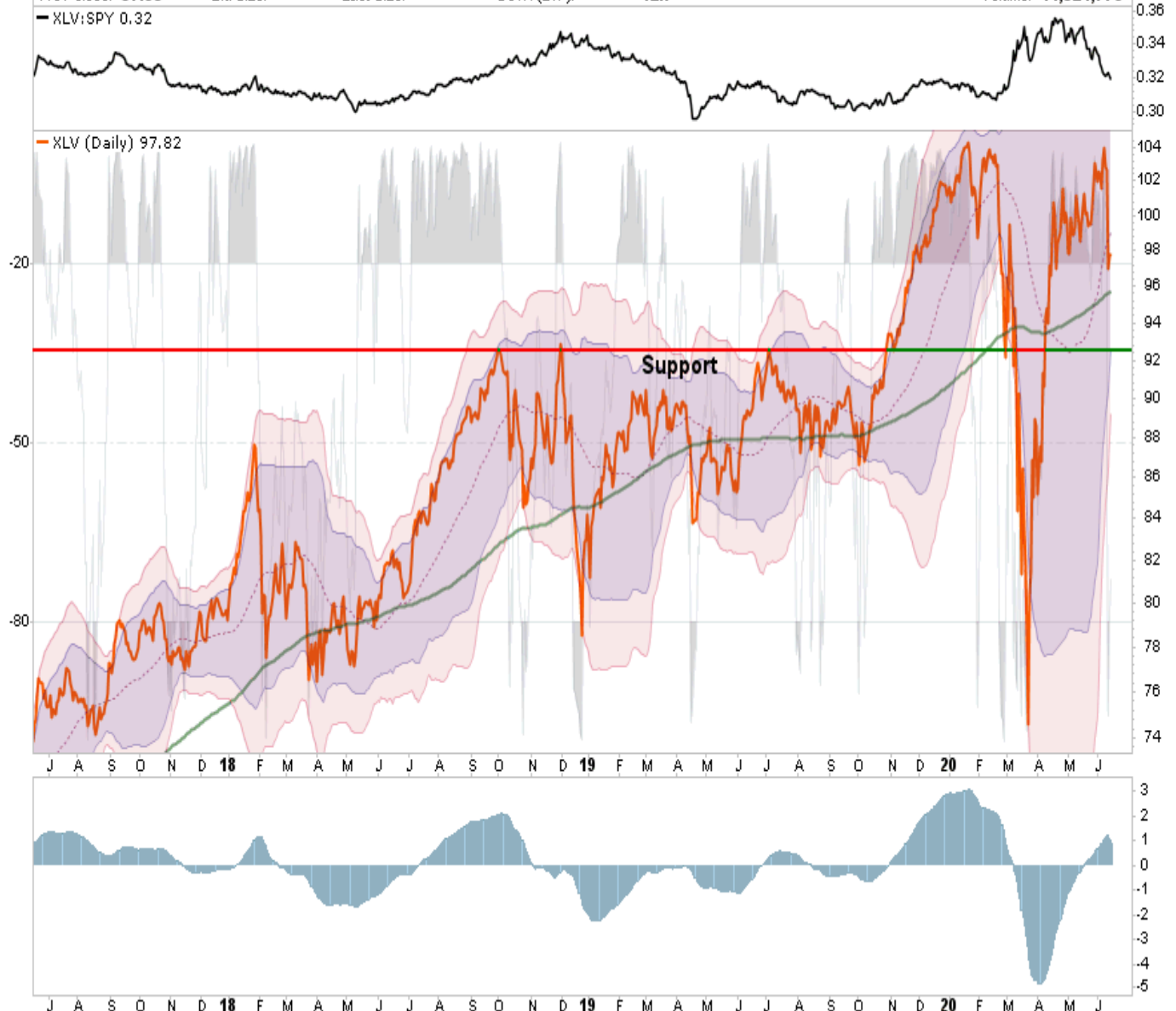
Chg: **+0.68%**
 Last: **59.07**
 Volume: **16,712,927**



- As with XLRE, XLU also held support on the sell-off last week.�
- We previously added some exposure again to the sector in anticipation of the risk rotation into more defensive names.�
- If there is further weakness in the market over the next few weeks, we will likely see a rotation in to XLU for defense and safety.�
- We have an alert set at \$58
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions
- Long-Term Positioning:�Bullish

Health�Care

Open: 96.14	Ask:	P/E:	Options: yes	Monday 15-Jun-2020
High: 98.38	Ask Size:	EPS:	Annual Dividend: 1.58174	▲ +0.23%
Low: 95.42	Bid:	Mkt Cap: 20.8B	Yield: 1.62%	Chg: +0.22
Prev Close: 97.60	Bid Size:	Last Size:	SCTR (ETF): 42.7	Last: 97.82
				Volume: 14,521,776



- We noted previously that XLV was "not extremely overbought, and we added to our holdings for a rotation trade out of the sectors that have gotten over-extended over the last two weeks."
- On Thursday, XLV was sold off with the rest of the market, but is now very oversold relative to the market as a whole.
- We are still looking for XLV to pick up with a defensive rotation in the market. However, XLV has had a phenomenal run from the lows, so the recent pullback was not unwarranted.
- The 200-dma is now important support and needs to hold, along with the previous tops going back to 2018.
- We have an alert set at \$95 as a stop.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions.
- Long-Term Positioning: Bullish

Discretionary

XLY Consumer Discretionary Select Sector SPDR Fund NYSE

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Open: **122.59** Ask: P/E: Options: **yes**
 High: **126.93** Ask Size: EPS: Annual Dividend: **1.65172**
 Low: **121.92** Bid: Mkt Cap: **15.9B** Yield: **1.31%**
 Prev Close: **125.34** Bid Size: Last Size: SCTR (ETF): **88.9**

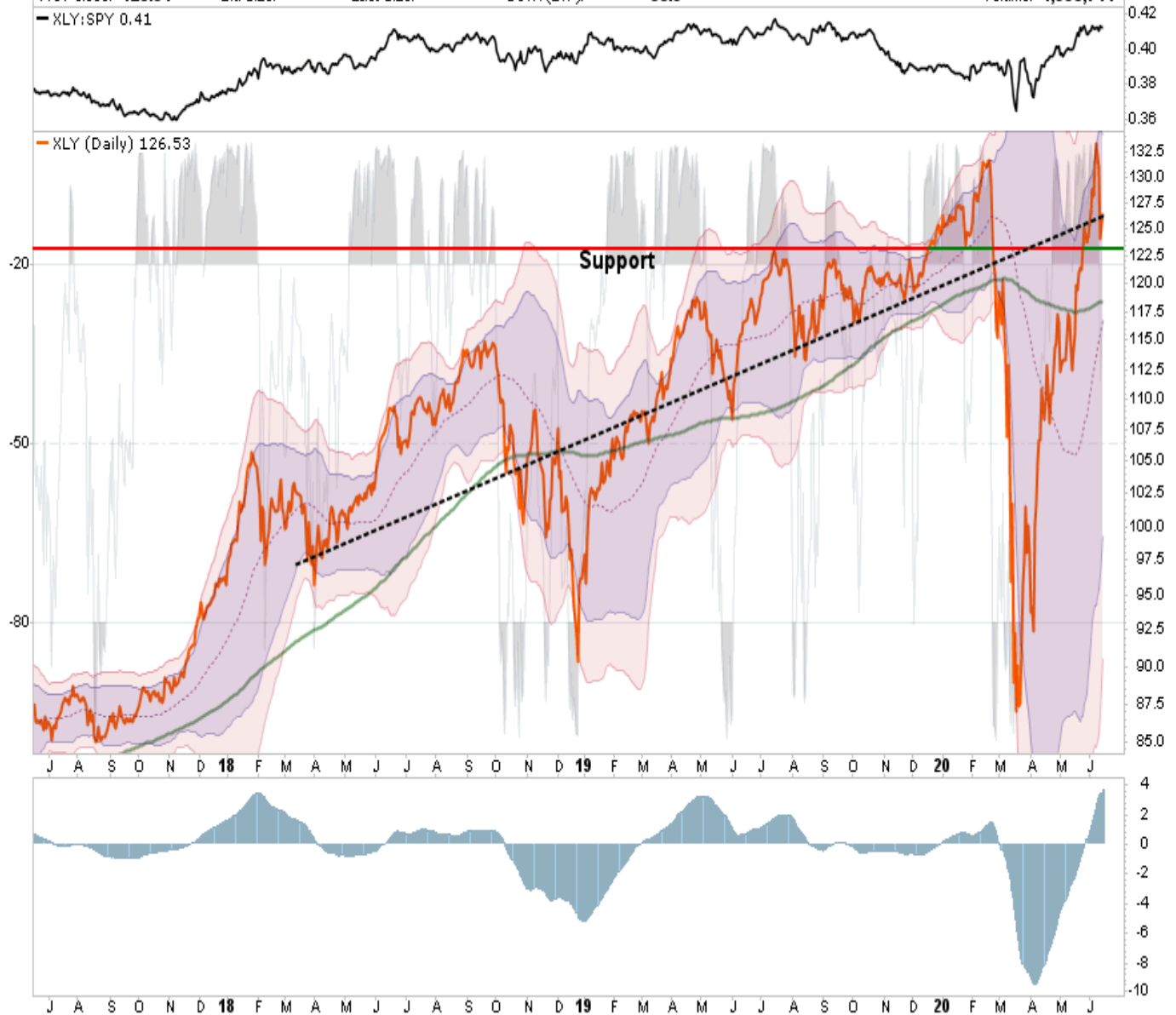
Monday 15-Jun-2020

▲ **+0.95%**

Chg: **+1.19**

Last: **126.53**

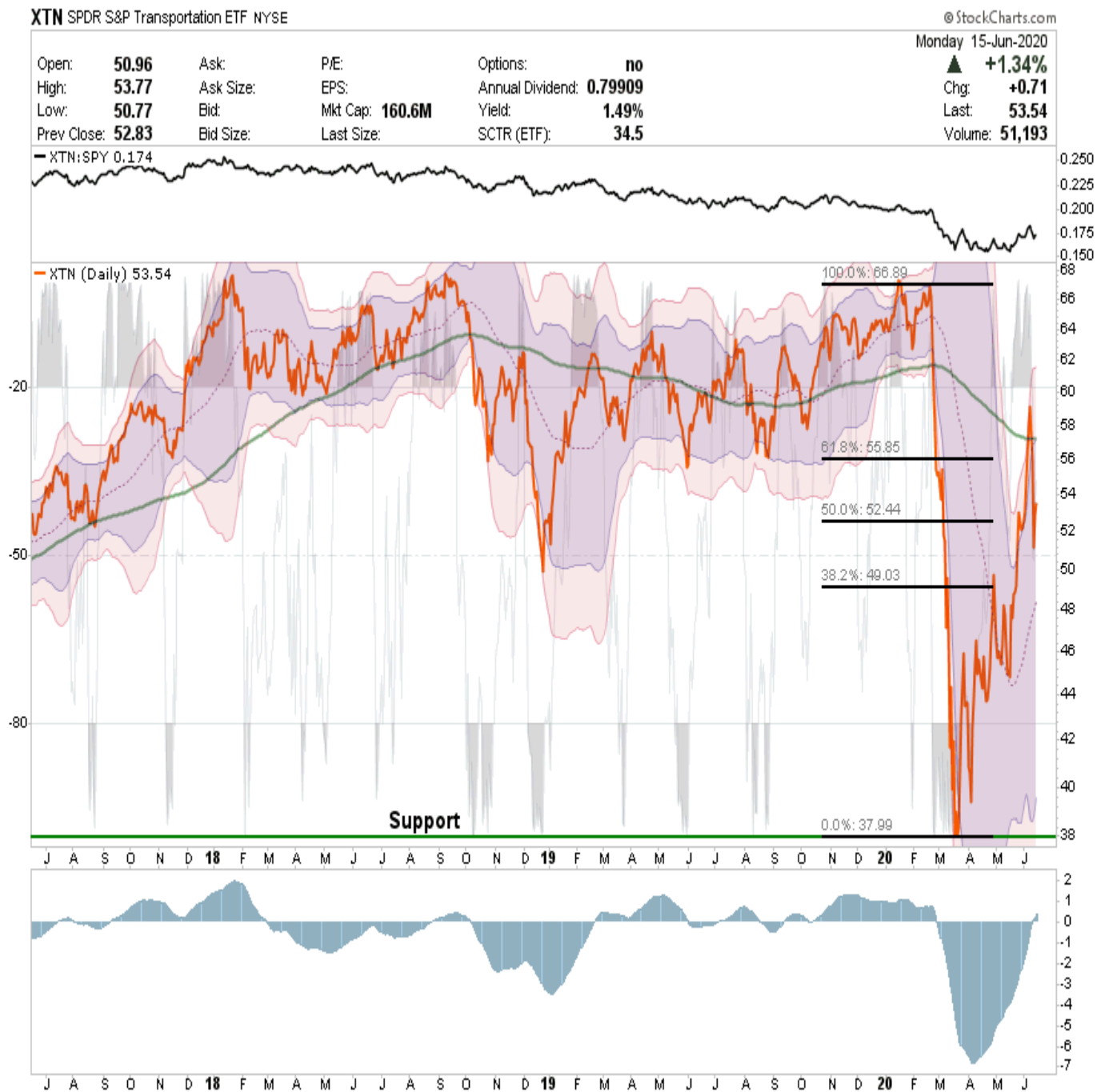
Volume: **4,995,744**



- As noted last week: "Discretionary performance is now just "crazy" overbought and it is primarily AMZN driving the sector higher. We added to our AMZN holdings with its breakout to all-time highs. The sector is VERY overbought, so a pullback is likely. So, use pullbacks to add exposure but beware of the more extreme extension."
- The pullback occurred, and support held at the 2019 peaks. The fundamentals aren't great for the sector overall, but the pullback does provide an entry point for trading positions.
- Buy at current levels with a stop at \$122.50
- Stop loss is set at \$122.50
- Short-Term Positioning: Bullish
 - Last week: No position
 - This week: No position

- Long-Term Positioning: Neutral

Transportation



- As noted last week: "XTN finally broke out and rallied on a catchup trade with the other fundamentally weak sectors of the market. There is a trading opportunity for transports, but the sector is very overbought and extended. Look for a pullback to \$52 for a trading entry."
- XTN bounced at \$52 so a trading entry can be made with a target of \$58 and a stop of \$50.
- Stop loss set at \$50
- Short-Term Positioning: Neutral
 - Last week: No position
 - This week: Added IYT to the portfolio.
- Long-Term Positioning: Bearish