



## Sector Buy/Sell Review: 06-23-20

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:

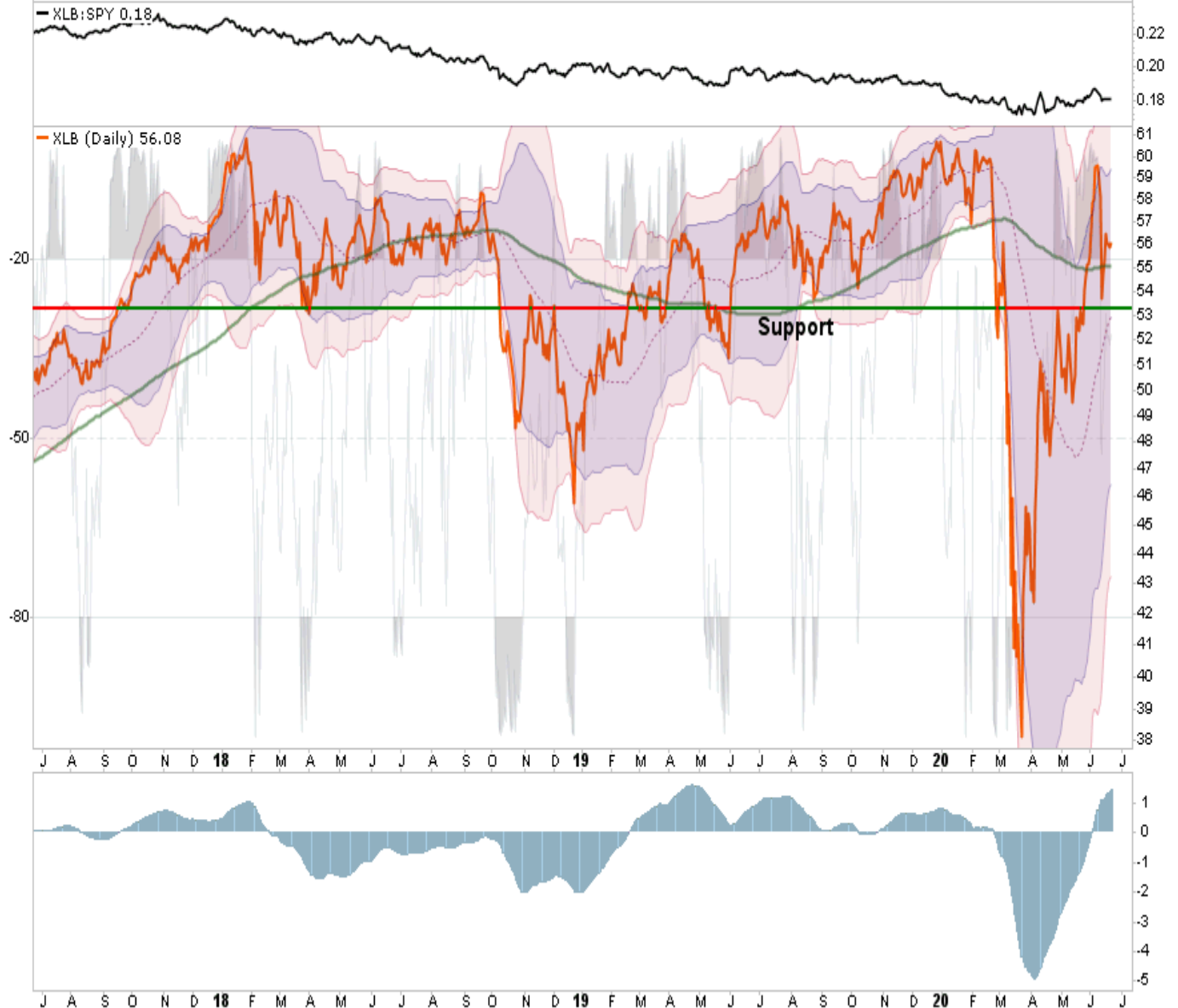
- *The price chart is in orange*
- *Over Bought/Over Sold indicator is in gray in the background.*
- *The Buy / Sell indicator is in blue.*

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 22-Jun-2020

Open: **55.86** Ask: P/E: Options: **yes**  
 High: **56.31** Ask Size: EPS: Annual Dividend: **1.2442**  
 Low: **55.37** Bid: Mkt Cap: **4.32B** Yield: **2.22%**  
 Prev Close: **55.87** Bid Size: Last Size: SCTR (ETF): **57.4**

▲ **+0.37%**  
 Chg: **+0.21**  
 Last: **56.08**  
 Volume: **3,369,402**



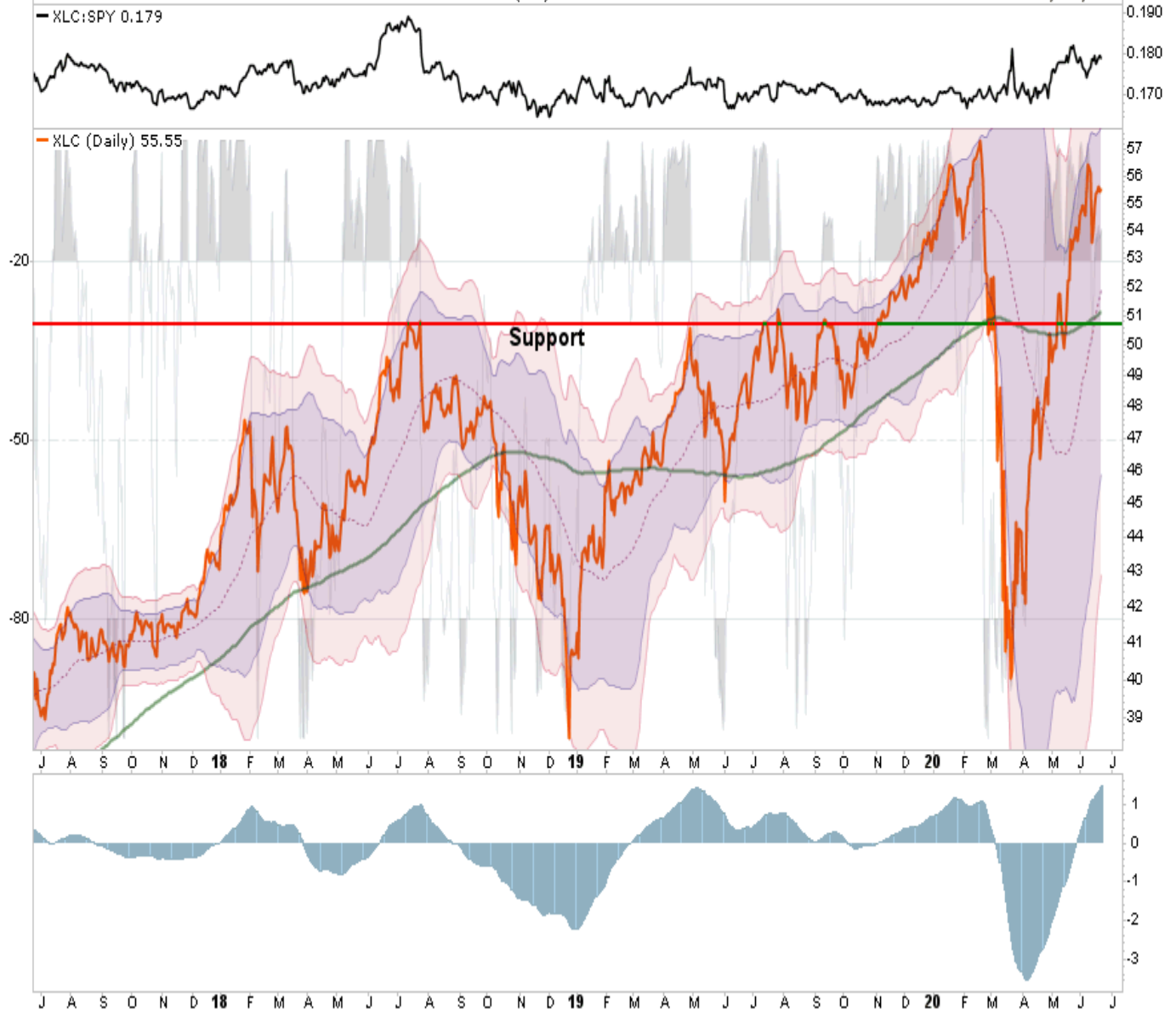
- As noted last week, XLB held support at \$54, but remains very overbought short-term.
- Trading positions can be added with a tight stop at \$54.
- Short-Term Positioning: Bullish
  - Last Week: No Positions
  - This Week: No Positions
- Stop-Loss set at \$54
- Long-Term Positioning: Bearish

## Communications

Monday 22-Jun-2020

Open: **55.38** Ask: P/E: Options: **yes**  
 High: **55.63** Ask Size: EPS: Annual Dividend: **0.46688**  
 Low: **55.19** Bid: Mkt Cap: Yield: **0.84%**  
 Prev Close: **55.43** Bid Size: Last Size: SCTR (ETF): **86.5**

▲ **+0.22%**  
 Chg: **+0.12**  
 Last: **55.55**  
 Volume: **1,995,784**



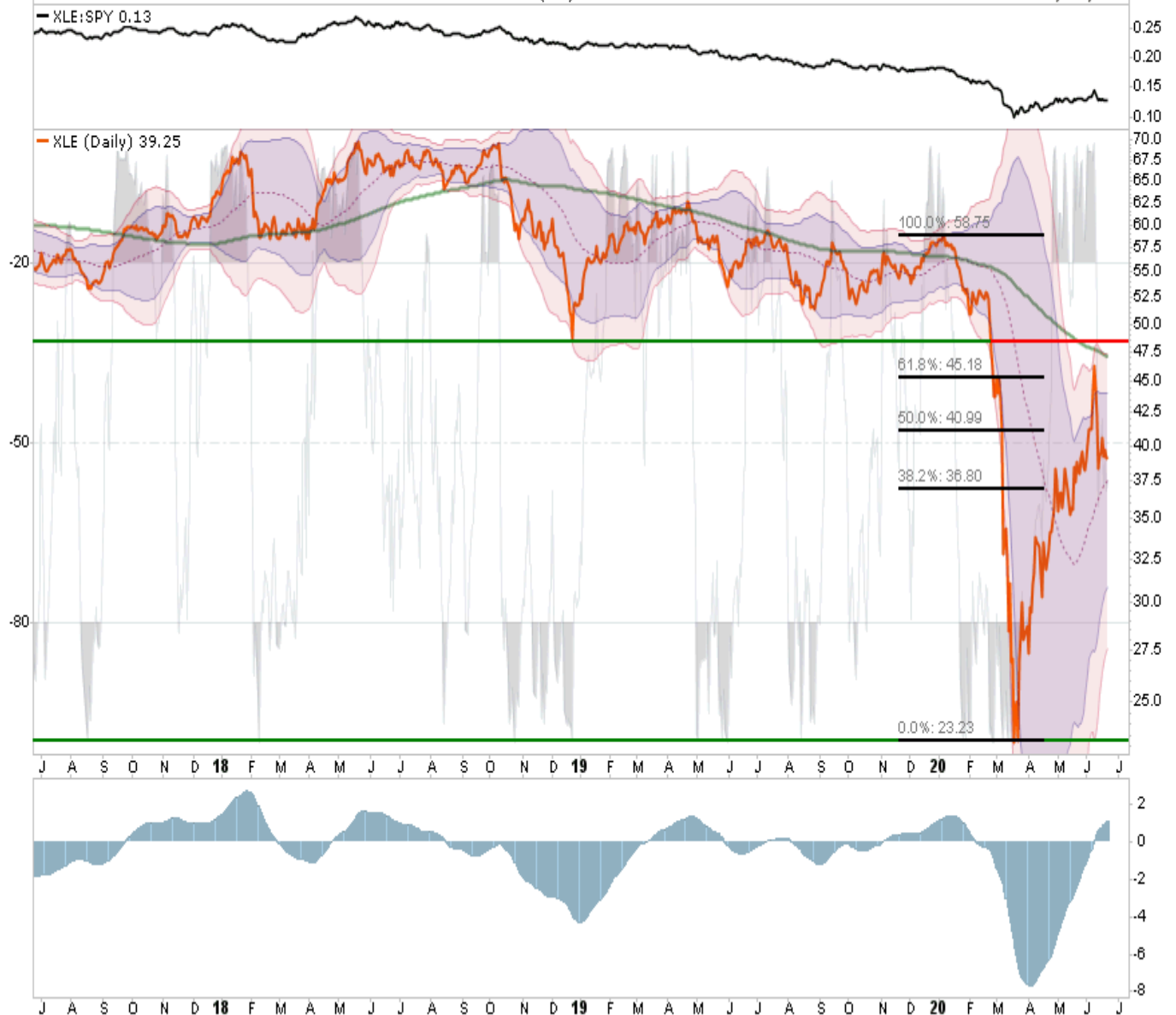
- Even with the correction last week, XLC remains very overbought. We took some profits previously. [#2013266080](#);
- We continue to like the more defensive quality of the sector, so we continue to look for a pullback to add back to our holdings. We haven't had enough of a correction to generate an entry point.
- 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 22-Jun-2020

Open: **38.88**    Ask:    P/E:    Options: **yes**  
 High: **39.38**    Ask Size:    EPS:    Annual Dividend: **2.29602**  
 Low: **38.42**    Bid:    Mkt Cap: **9.62B**    Yield: **5.85%**  
 Prev Close: **39.07**    Bid Size:    Last Size:    SCTR (ETF): **2.5**

▲ **+0.46%**  
 Chg: **+0.18**  
 Last: **39.25**  
 Volume: **19,445,730**



- As noted last week, the pullback in energy stocks came last week, and after taking profits we are looking for a buyable entry point to add back into our current holdings.
- If support can hold here, we can add to 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

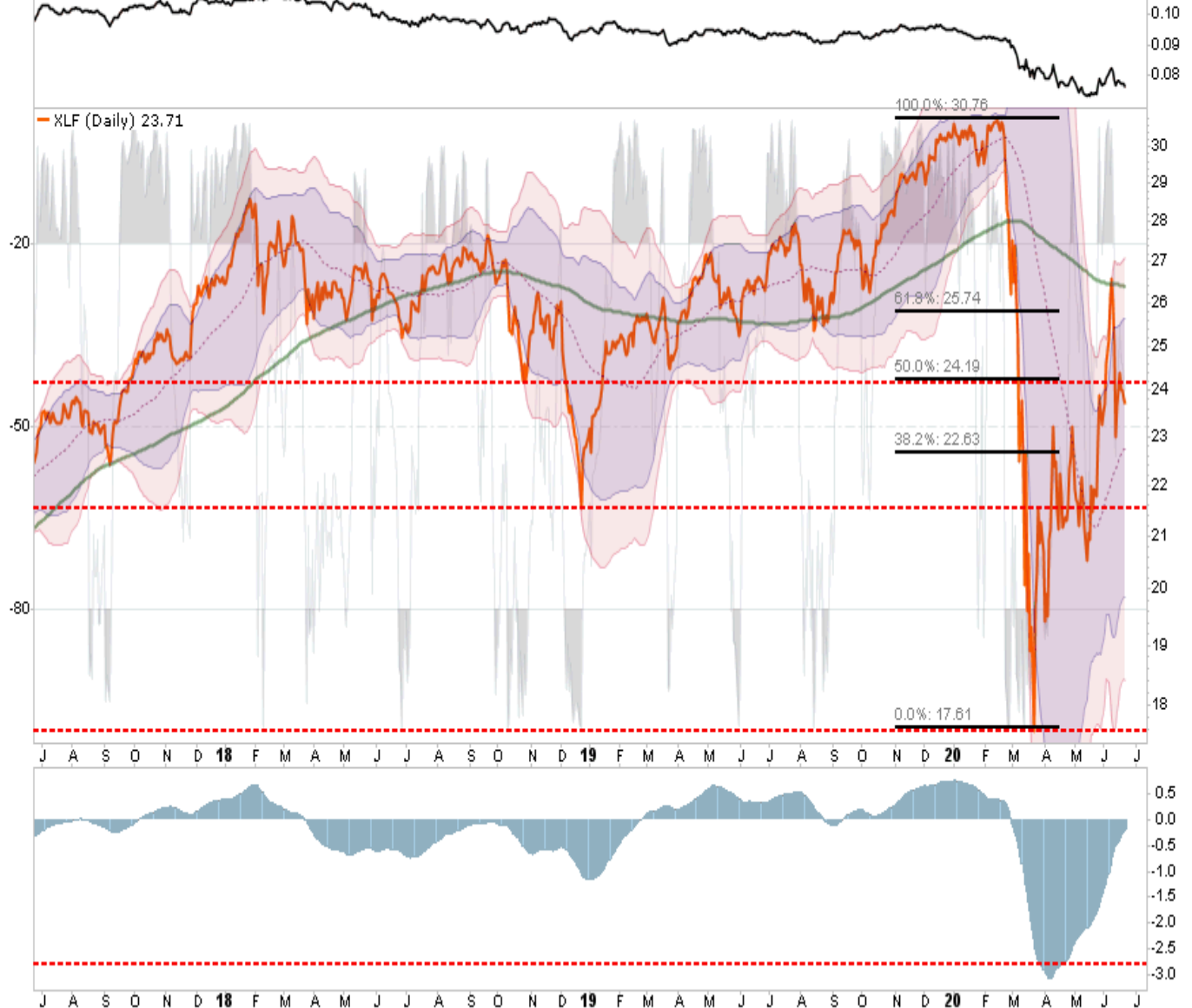
## Financials

Open: **23.68** Ask: P/E: Options: **yes**  
 High: **23.88** Ask Size: EPS: Annual Dividend: **0.59932**  
 Low: **23.53** Bid: Mkt Cap: **26.2B** Yield: **2.53%**  
 Prev Close: **23.83** Bid Size: Last Size: SCTR (ETF): **11.9**

Monday 22-Jun-2020

▼ **-0.50%**Chg: **-0.12**Last: **23.71**Volume: **47,921,124**

XLF:SPY 0.08



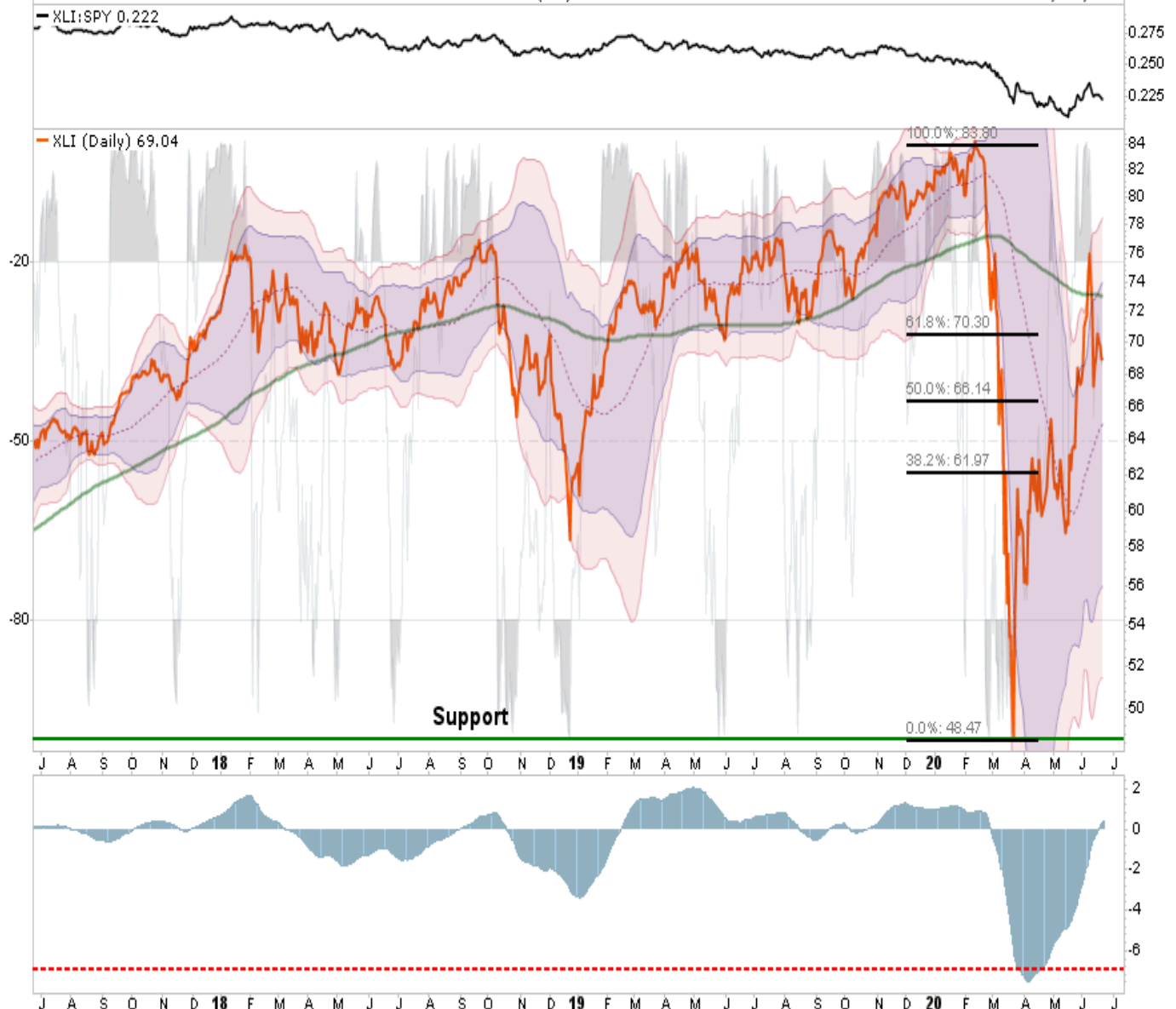
- The surge in XLF came and went. Now financials are back to underperforming
- Initial support was at \$24, which was violated. Now that level of tested as "resistance."
- We have an alert set at \$23 to start evaluating holdings, but we aren't excited about the sector currently.
- Short-Term Positioning: Neutral
  - Last week: No position
  - This week: No position
- Long-Term Positioning: Bearish

## Industrials

Monday 22-Jun-2020

Open: **68.51** Ask: P/E: Options: **yes**  
 High: **69.26** Ask Size: EPS: Annual Dividend: **1.55109**  
 Low: **67.94** Bid: Mkt Cap: **12.4B** Yield: **2.25%**  
 Prev Close: **68.92** Bid Size: Last Size: SCTR (ETF): **27.8**

▲ **+0.17%**  
 Chg: **+0.12**  
 Last: **69.04**  
 Volume: **7,931,954**



- 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."#2013266080;
- 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.
- However, if we get a bit more consolidation, trading positions can be added with a stop at \$66.
- Short-Term Positioning: Bullish
  - Last week: No position.
  - This week: No position.
- Long-Term Positioning: Bearish

## Technology



Open: <b>102.09</b>	Ask:	P/E:	Options: <b>yes</b>	Monday 22-Jun-2020
High: <b>103.97</b>	Ask Size:	EPS:	Annual Dividend: <b>1.19716</b>	▲ <b>+1.88%</b>
Low: <b>101.93</b>	Bid:	Mkt Cap: <b>31.5B</b>	Yield: <b>1.15%</b>	Chg: <b>+1.92</b>
Prev Close: <b>101.96</b>	Bid Size:	Last Size:	SCTR (ETF): <b>95.6</b>	Last: <b>103.88</b>
				Volume: <b>7,362,353</b>



- Technology continues push higher and we continue to hold our exposure to the sector.
- The rally had started to fade a bit, but money quickly rotated back into the sector.
- As stated last week: "We added to our holdings for a rotation trade out of Materials, Financials, and Industrials back to liquidity and fundamental balance sheet strength."
- That was precisely what occurred.
- Short-Term Positioning: Bullish
  - Last week: Hold positions
  - This week: Hold positions.
  - Long-Term Positioning: Bullish

## Staples

Monday 22-Jun-2020

Open: **59.10** Ask: P/E: Options: **yes**  
 High: **59.22** Ask Size: EPS: Annual Dividend: **1.60647**  
 Low: **58.78** Bid: Mkt Cap: **8.49B** Yield: **2.72%**  
 Prev Close: **59.16** Bid Size: Last Size: SCTR (ETF): **44.9**

Chg: **-0.29%**  
 Last: **58.99**  
 Volume: **9,039,625**



- Last week, we noted that XLP corrected, and that we added a bit more to our holdings for the defensive nature of the sector.&#2013266080;
- 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.&#2013266080;
- 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

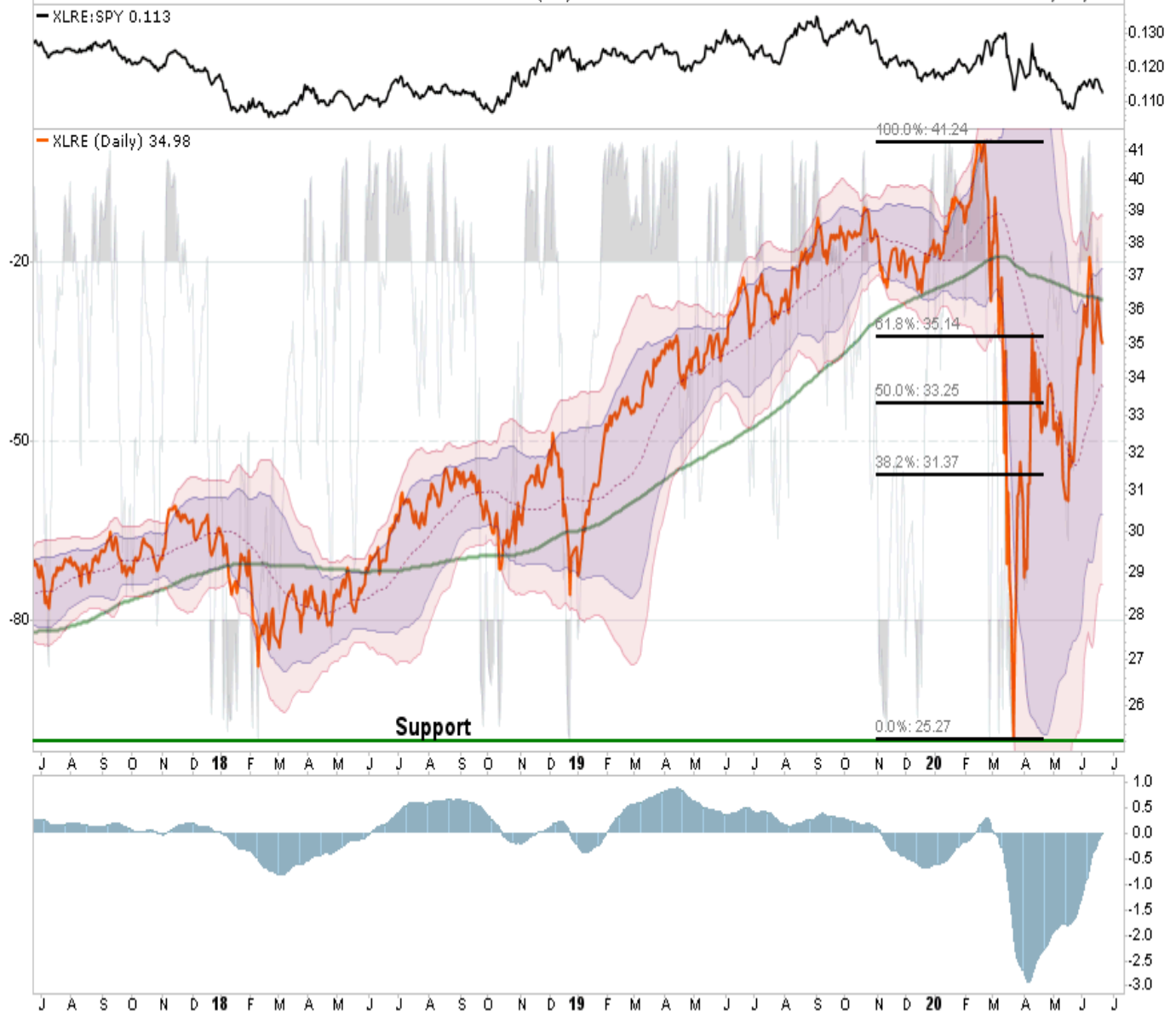
Real&#2013266080;Estate



Monday 22-Jun-2020

Open: **34.97** Ask: P/E: Options: **yes**  
 High: **35.10** Ask Size: EPS: Annual Dividend: **1.18107**  
 Low: **34.51** Bid: Mkt Cap: **2.55B** Yield: **3.38%**  
 Prev Close: **35.08** Bid Size: Last Size: SCTR (ETF): **40.0**

Chg: **-0.28%**  
 Last: **34.98**  
 Volume: **2,523,935**

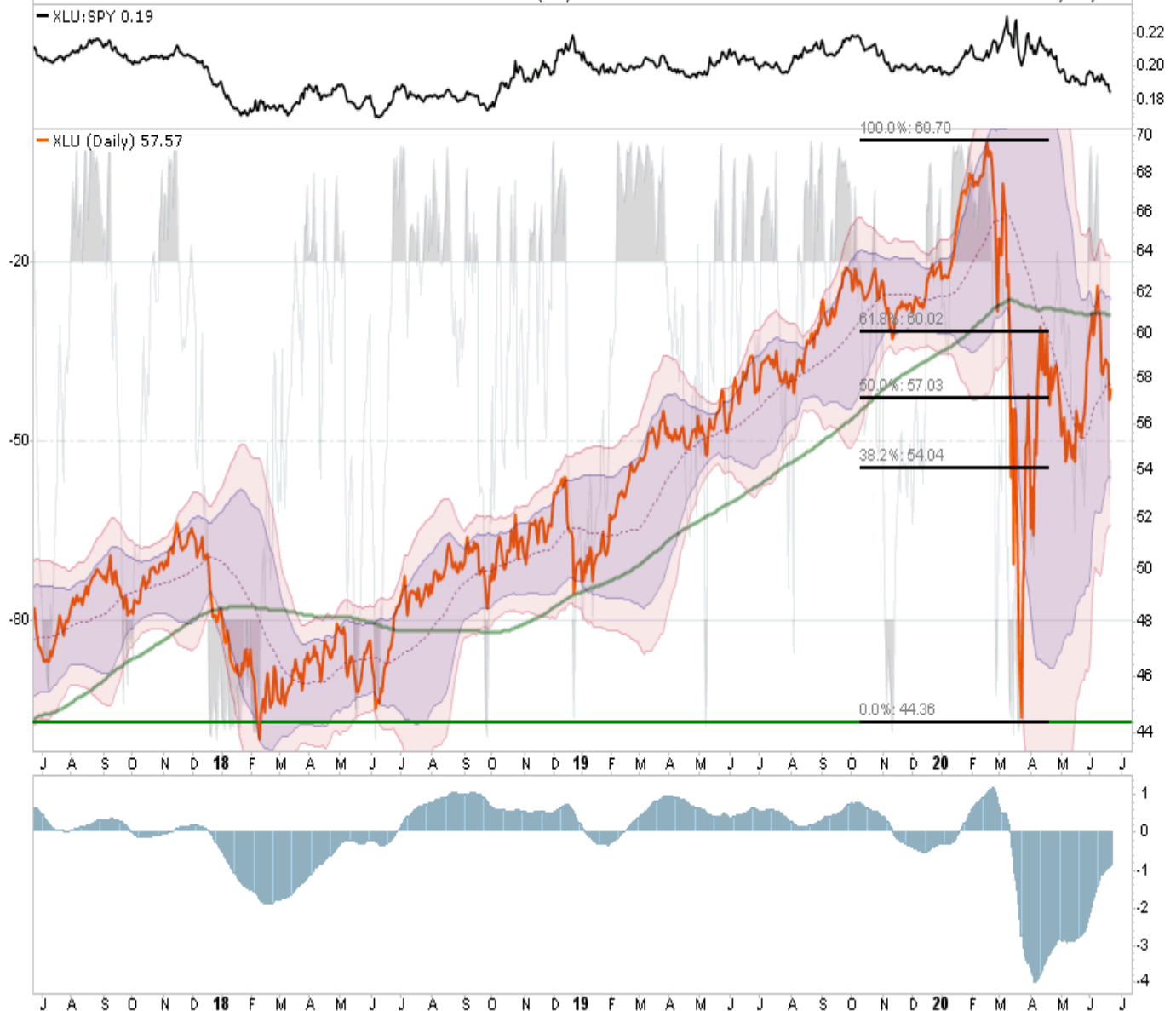


- XLRE broke out above the 200-dma but failed last week with the broad market selloff.
- The sector is not grossly overbought and a further defensive rotation in the market should see this sector rally.
- XLRE failed a second time at the 200-dma, however, if there is a risk-off rotation in the market we should see the sector gain some traction.
- We have \$31 as our stop-loss level.
- Short-Term Positioning: Neutral
  - Last week: Hold positions
  - This week: Hold positions.
  - Long-Term Positioning: Bullish

## Utilities

Open: **56.98** Ask: P/E: Options: **yes**  
 High: **57.93** Ask Size: EPS: Annual Dividend: **1.95274**  
 Low: **56.45** Bid: Mkt Cap: **8.12B** Yield: **3.39%**  
 Prev Close: **57.01** Bid Size: Last Size: SCTR (ETF): **24.9**

Monday 22-Jun-2020  
 ▲ **+0.97%**  
 Chg: **+0.56**  
 Last: **57.57**  
 Volume: **12,952,856**



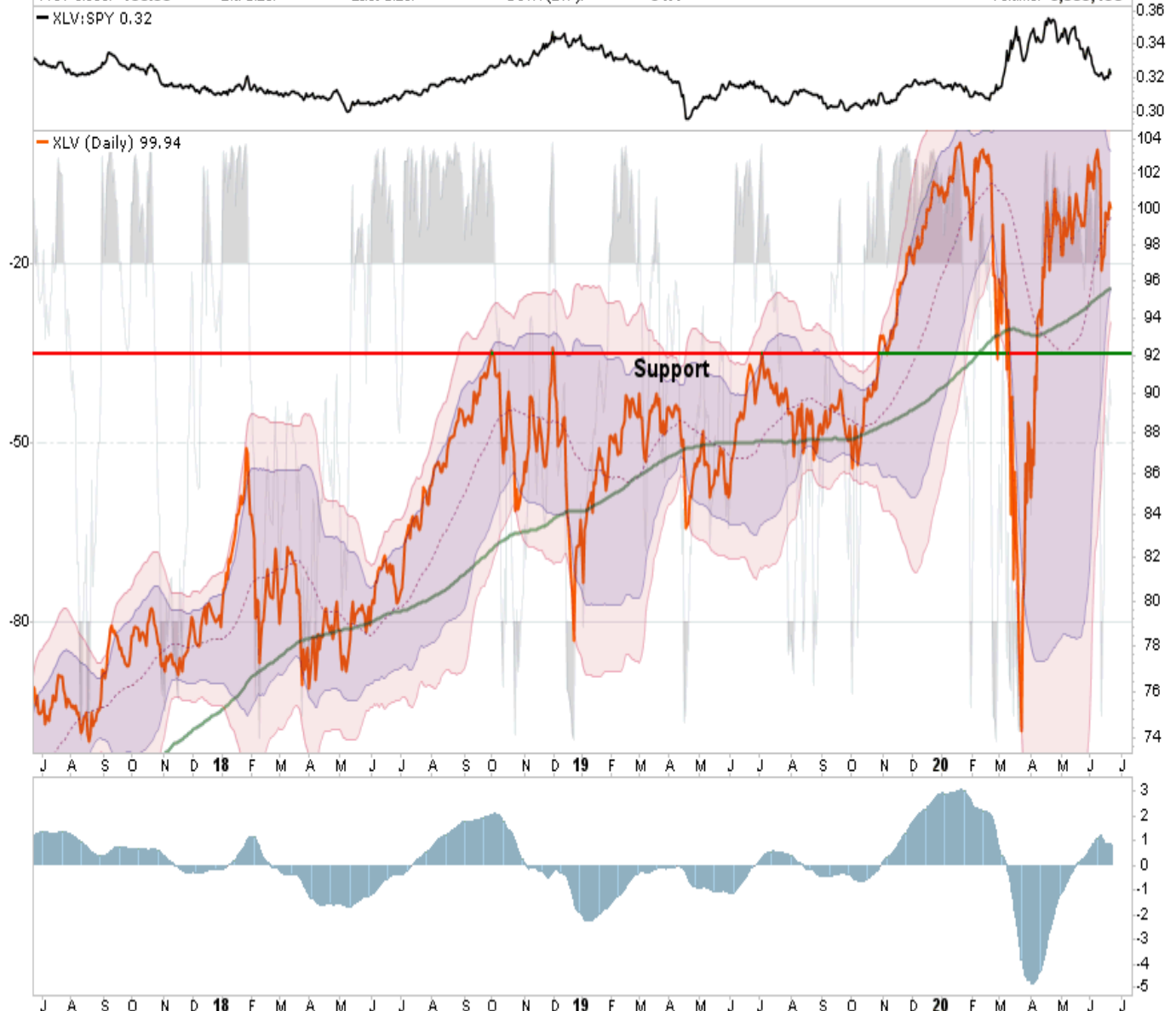
- XLU held support on Monday and rallied slightly off the 50% correction retracement.
- We previously added some exposure again to the sector in anticipation of the risk rotation into more defensive names.
- If there is further weakness in the market over the next few weeks, we will likely see a rotation in to XLU for defense and safety.
- We have an alert set at \$54
- Short-Term Positioning: Bullish
  - Last week: Hold positions
  - This week: Hold positions
- Long-Term Positioning: Bullish

Health&Care

Monday 22-Jun-2020

Open: **99.91** Ask: P/E: Options: **yes**  
 High: **100.08** Ask Size: EPS: Annual Dividend: **1.58174**  
 Low: **98.91** Bid: Mkt Cap: **21.3B** Yield: **1.58%**  
 Prev Close: **100.33** Bid Size: Last Size: SCTR (ETF): **61.4**

Chg: **-0.39**  
 Last: **99.94**  
 Volume: **6,889,198**



- 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."
- XLV continues to consolidate in a fairly tight range, and rallied on Monday. 2020-06-22; 2020-06-22
- We are still looking for XLV to pick up with a defensive rotation in the market. The consolidation was needed following the massive rally from the lows.
- The 200-dma is now important support and needs to hold, along with the previous tops going back to 2018. 2020-06-22; 2020-06-22
- 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: **126.87** Ask: P/E: Options: **yes**  
 High: **128.50** Ask Size: EPS: Annual Dividend: **1.65172**  
 Low: **126.30** Bid: Mkt Cap: **16.2B** Yield: **1.29%**  
 Prev Close: **127.08** Bid Size: Last Size: SCTR (ETF): **86.8**

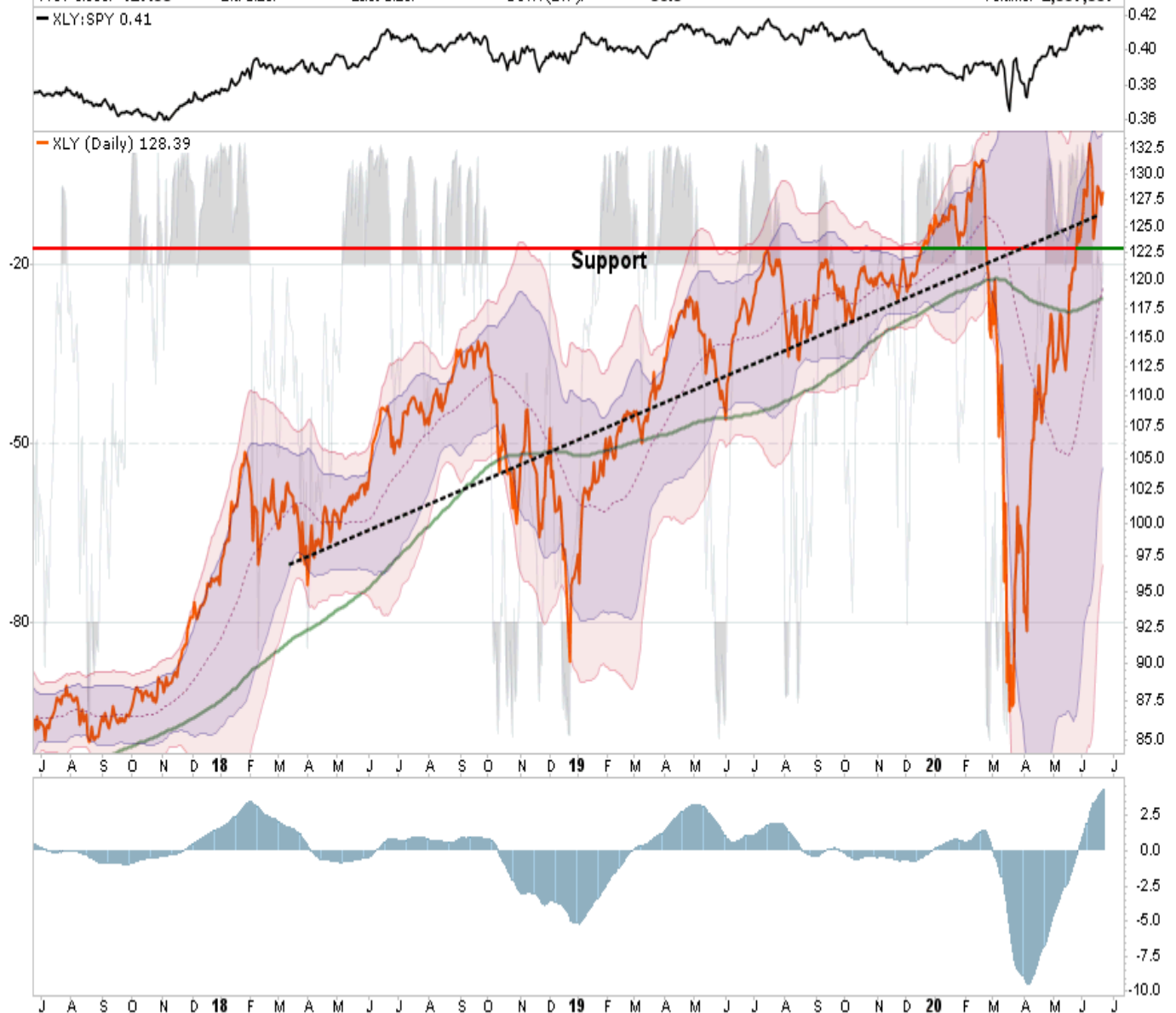
Monday 22-Jun-2020

▲ **+1.03%**

Chg: **+1.31**

Last: **128.39**

Volume: **2,837,857**



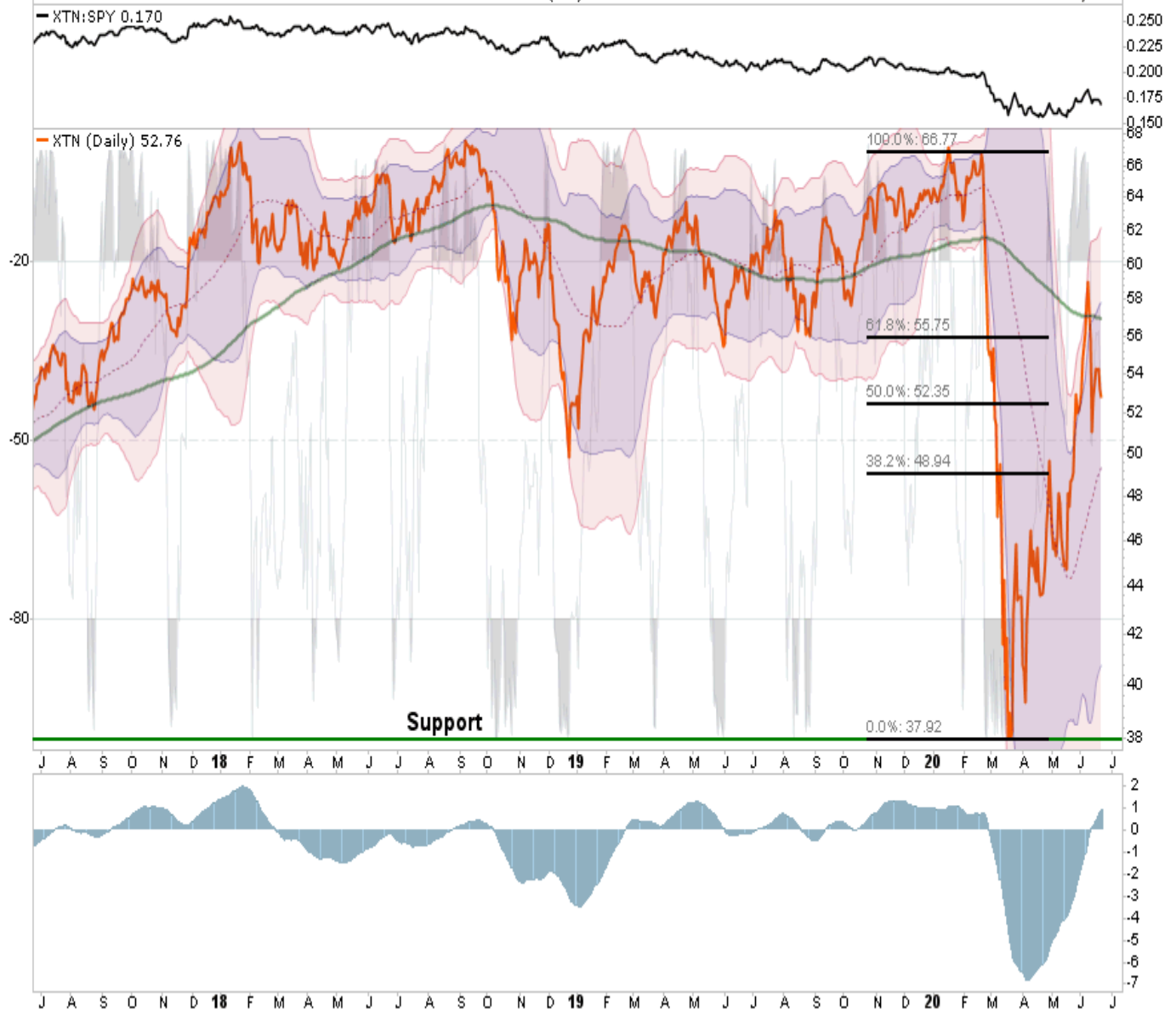
- As noted last week: "The pullback occurred, and support held at the 2019 peaks. The fundamentals aren't great for the sector overall, but the pullback does provide an entry point for trading positions."&#2013266080;
- Buy at current levels with a stop at \$122.50
- Stop loss is set at \$122.50
- Short-Term Positioning: Bullish
  - Last week: No position
  - This week: No position
- Long-Term Positioning:&#2013266080;Neutral

## Transportation

Monday 22-Jun-2020

Open: **52.88** Ask: P/E: Options: **no**  
 High: **52.92** Ask Size: EPS: Annual Dividend: **0.79909**  
 Low: **52.21** Bid: Mkt Cap: **158.3M** Yield: **1.51%**  
 Prev Close: **53.25** Bid Size: Last Size: SCTR (ETF): **18.5**

Chg: **-0.49**  
 Last: **52.76**  
 Volume: **29,573**



- The rally in XTN is coming to a conclusion after a previous sharp advance.
- There is a trading opportunity for transports, but the sector is performing weakly so caution is advised.&#2013266080;
- XTN is holding the 50% correction retracement level so far, but there is mounting risk it will fail this support level.
- Stop loss set at \$50
- Short-Term Positioning: Neutral
  - Last week: Hold positions
  - This week: Hold positions
- Long-Term Positioning:&#2013266080;Bearish