



Sector Buy/Sell Review: 06-30-20

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:

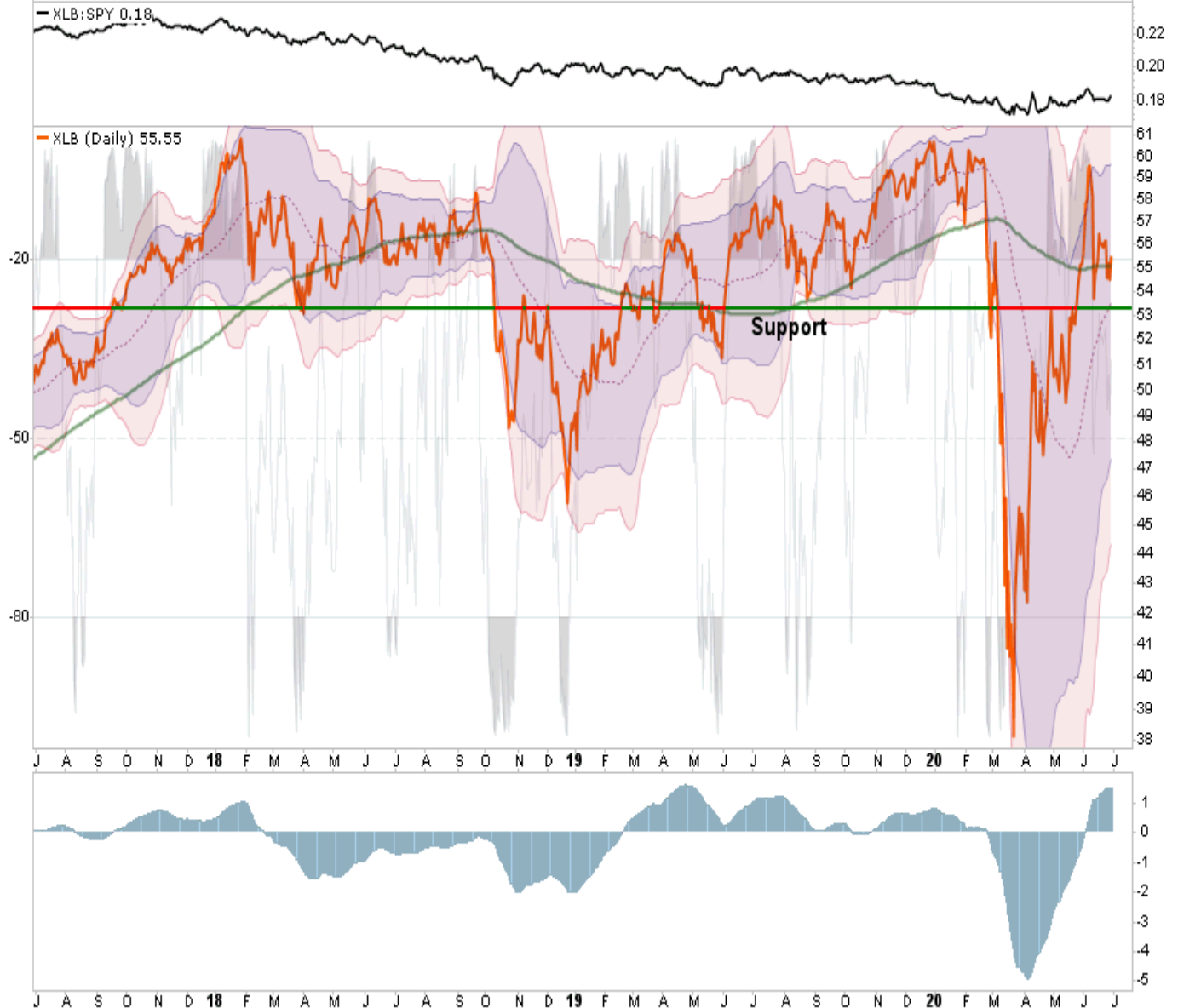
- *The price chart is in orange*
- *Over Bought/Over Sold indicator is in gray in the background.*
- *The Buy / Sell indicator is in blue.*

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 29-Jun-2020

Open: **54.95** Ask: P/E: Options: **yes**
 High: **55.79** Ask Size: EPS: Annual Dividend: **1.20504**
 Low: **54.82** Bid: Mkt Cap: **4.28B** Yield: **2.17%**
 Prev Close: **54.49** Bid Size: Last Size: SCTR (ETF): **57.9**

▲ **+1.95%**
 Chg: **+1.06**
 Last: **55.55**
 Volume: **4,939,074**



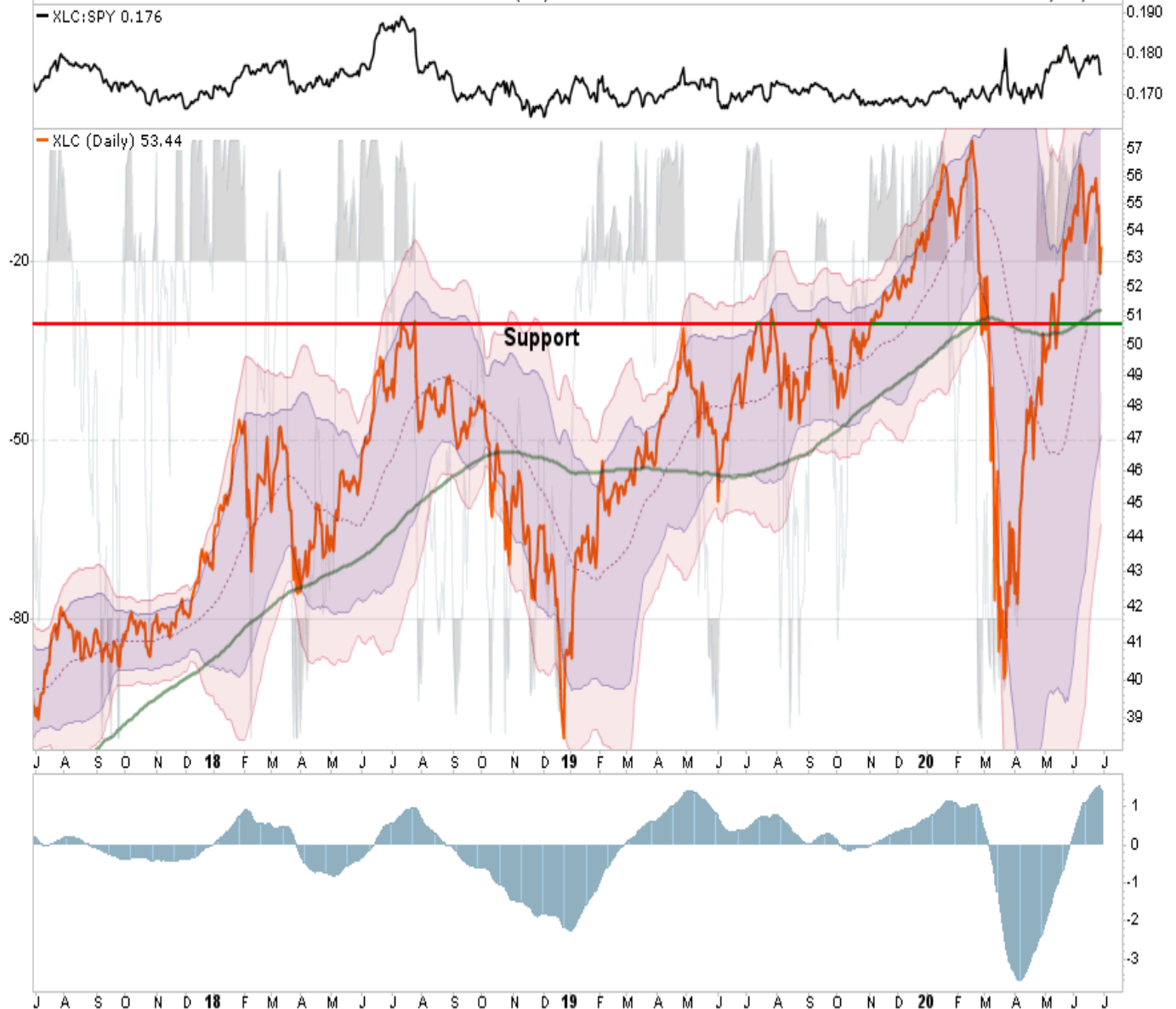
- As noted last week, XLB held support at \$54, but remains very overbought short-term.
- Trading positions can be added with a tight stop at \$54.
- The sector looks weak overall so caution is advised as we head into earnings season.
- Short-Term Positioning: Bullish
 - Last Week: No Positions
 - This Week: No Positions
- Stop-Loss set at \$54
- Long-Term Positioning: Bearish

Communications

Monday 29-Jun-2020

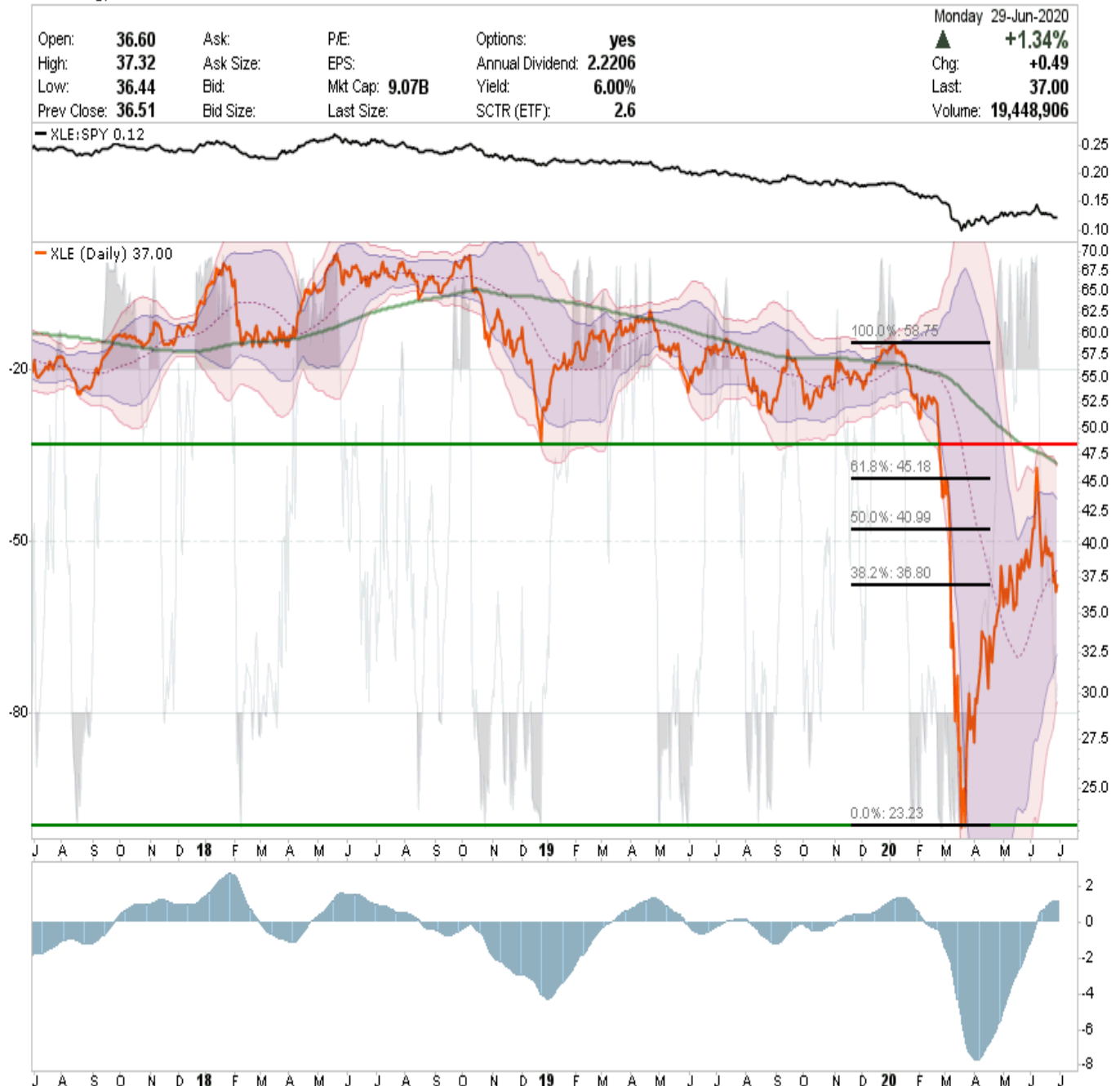
Open: **52.18** Ask: P/E: Options: **yes**
 High: **53.44** Ask Size: EPS: Annual Dividend: **0.46099**
 Low: **51.92** Bid: Mkt Cap: Yield: **0.86%**
 Prev Close: **52.47** Bid Size: Last Size: SCTR (ETF): **70.5**

▲ **+1.85%**
 Chg: **+0.97**
 Last: **53.44**
 Volume: **3,508,334**



- *XLC has continued to correct its very overbought condition. We took some profits previously.*
- *We continue to like the more defensive quality of the sector. We have been looking for a pullback to \$51 to add to our holdings. We are approaching that level.*
- *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

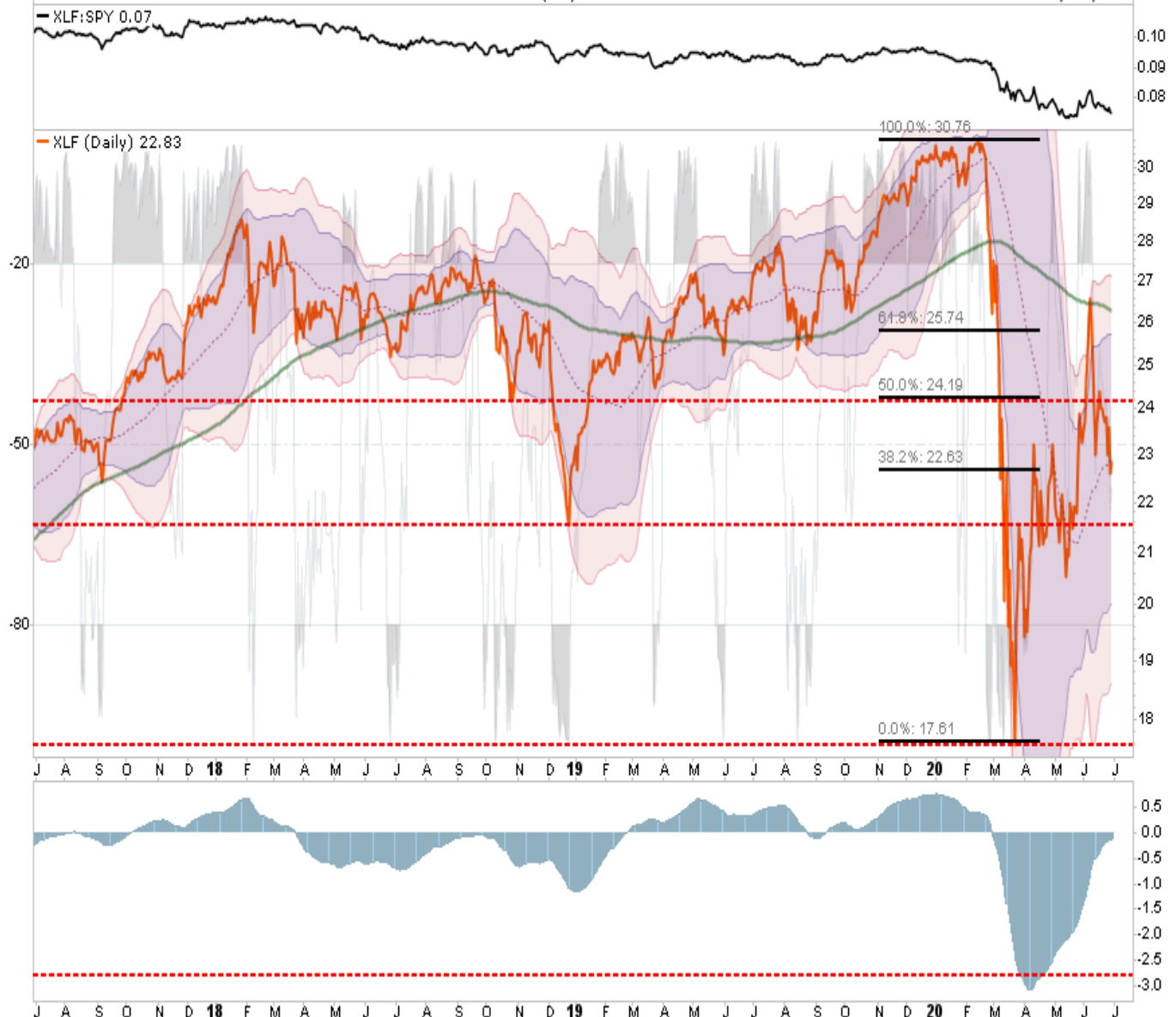


- The pullback in energy stocks has moved the sector back to oversold. We were a bit early adding to our holdings but we were close to the short-term bottom.
- If support can hold here, our positions should play out.
- We maintaining fairly close stops however.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions
- Stop loss adjusted to \$36.00
- Long-Term Positioning: Bearish

Financials

Open: **22.82** Ask: P/E: Options: **yes**
 High: **22.98** Ask Size: EPS: Annual Dividend: **0.61146**
 Low: **22.63** Bid: Mkt Cap: **25.2B** Yield: **2.68%**
 Prev Close: **22.58** Bid Size: Last Size: SCTR (ETF): **7.2**

Monday 29-Jun-2020
 ▲ **+1.11%**
 Chg: **+0.25**
 Last: **22.83**
 Volume: **69,100,624**



- Financials are back to underperforming and remain a sector to avoid currently.
- Initial support was at \$24, which was violated. Now that level of tested as "resistance."
- We have an alert set at \$22 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

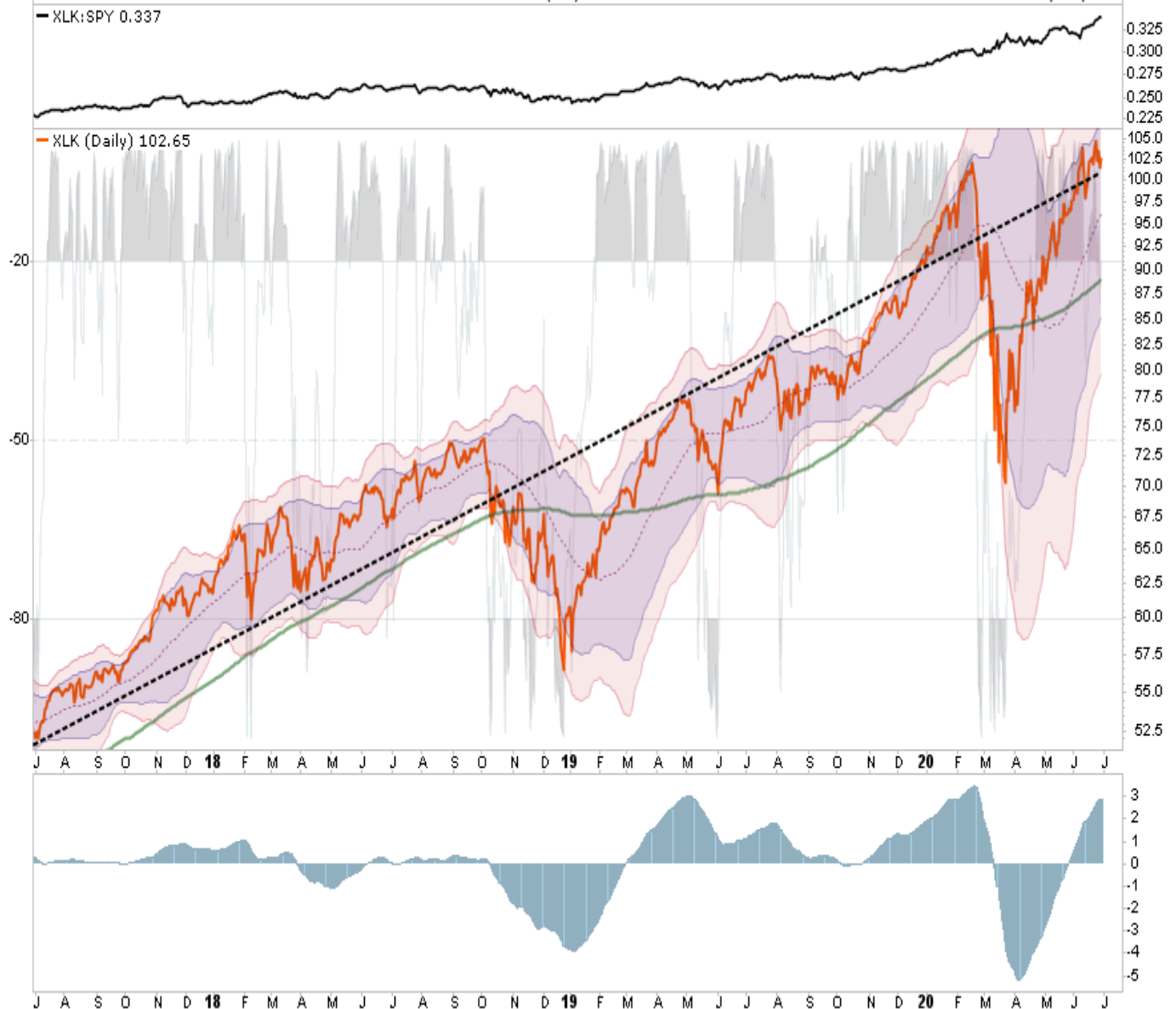
Industrials



- *Industrials bounced of support at the 50% retracement level and triggered a buy signal. Sector performance has improved as well.*
- *We are now looking for an opportunity to add exposure. The sector remains very overbought short-term but we may get a good entry point here soon.*
- *Short-Term Positioning: Bullish*
 - *Last week: No position.*
 - *This week: No position.*
- *Long-Term Positioning: Bearish*

Technology

Open: 101.53	Ask:	P/E:	Options: yes	Monday 29-Jun-2020
High: 102.66	Ask Size:	EPS:	Annual Dividend: 1.19937	▲ +1.09%
Low: 100.31	Bid:	Mkt Cap: 31.1B	Yield: 1.17%	Chg: +1.11
Prev Close: 101.54	Bid Size:	Last Size:	SCTR (ETF): 95.8	Last: 102.65
				Volume: 9,270,662



- 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 previously: "We added to our holdings for a rotation trade out of Materials, Financials, and Industrials back to liquidity and fundamental balance sheet strength."��
- We remain long the sector currently. We need a decent pullback to add more exposure.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Hold positions.
 - Long-Term Positioning: Bullish

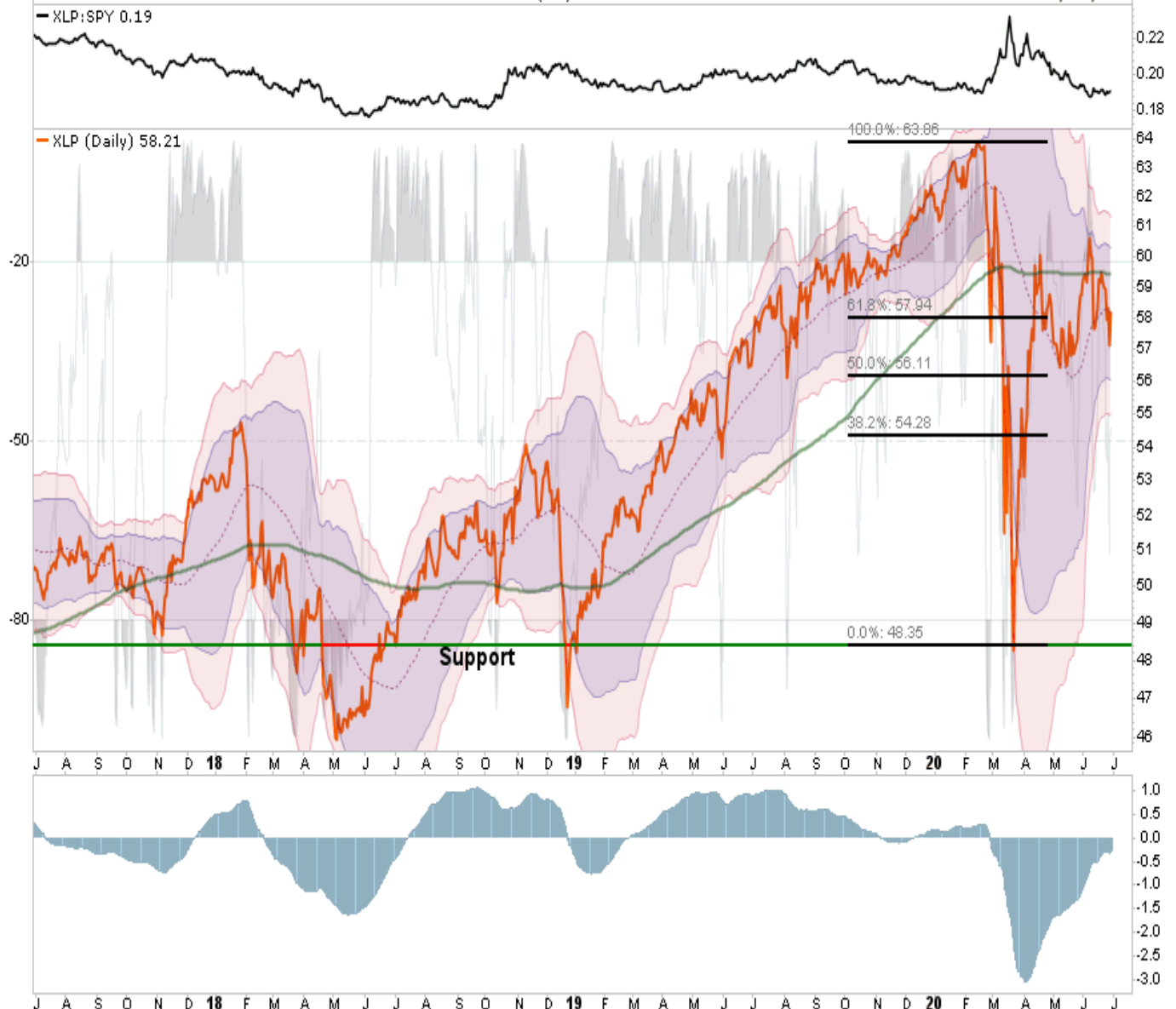
Staples

Monday 29-Jun-2020

Open: **57.50** Ask: P/E: Options: **yes**
 High: **58.32** Ask Size: EPS: Annual Dividend: **1.61874**
 Low: **57.45** Bid: Mkt Cap: **8.38B** Yield: **2.78%**
 Prev Close: **57.13** Bid Size: Last Size: SCTR (ETF): **47.9**

▲ **+1.89%**
 Chg: **+1.08**
 Last: **58.21**
 Volume: **9,654,292**

XLP:SPY 0.19

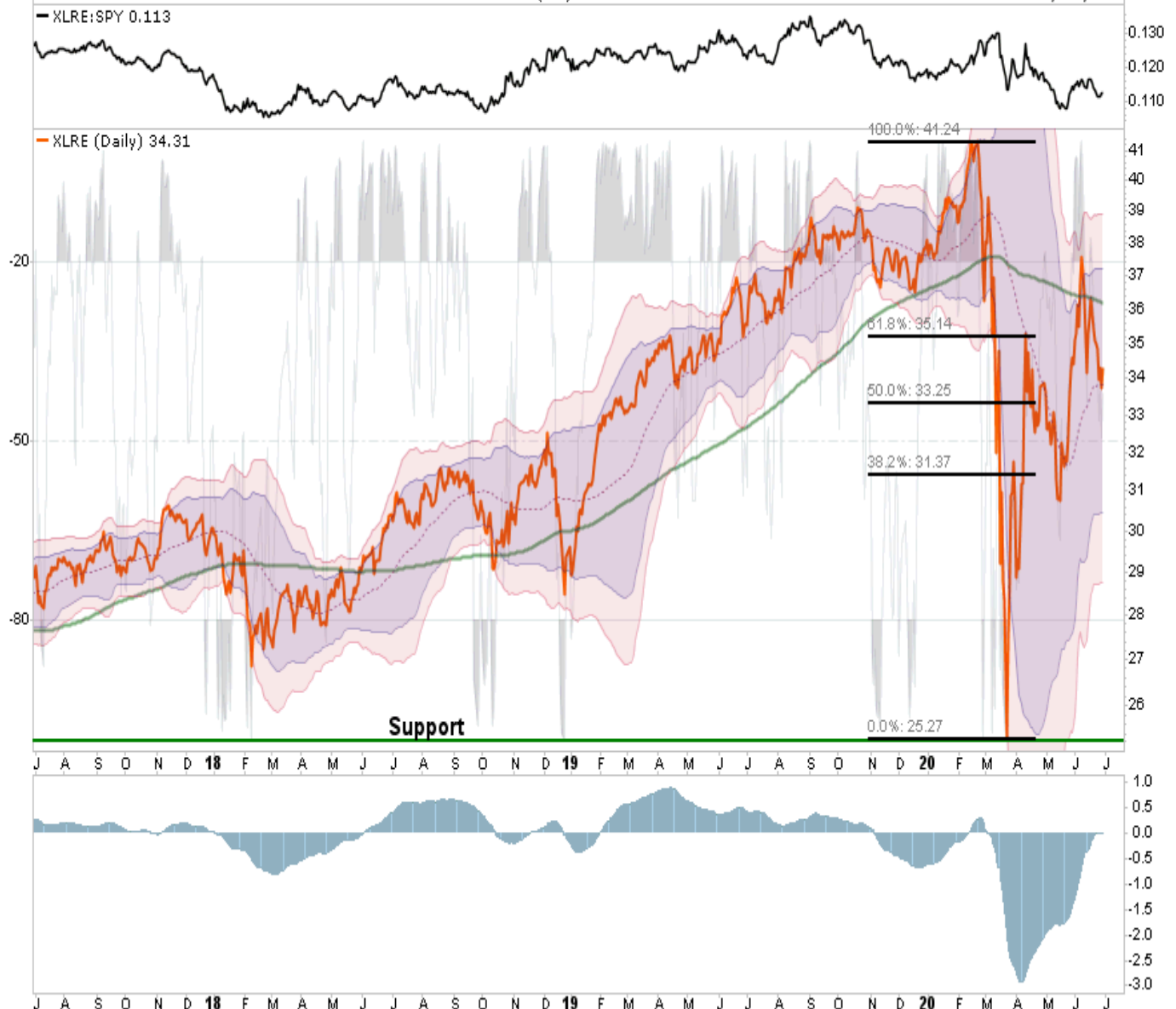


- XLP has corrected, and after we added a bit more to our holdings for the defensive nature of the sector, the sector is close to triggering a buy signal.
- XLP is not overbought after working off the previous extension, so there is "fuel" for a further rally on a rotation trade. Look for an offense 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

Monday 29-Jun-2020

Open: **34.01** Ask: P/E: Options: **yes**
 High: **34.31** Ask Size: EPS: Annual Dividend: **1.14873**
 Low: **33.63** Bid: Mkt Cap: **2.50B** Yield: **3.35%**
 Prev Close: **33.73** Bid Size: Last Size: SCTR (ETF): **36.6**

▲ **+1.72%**
 Chg: **+0.58**
 Last: **34.31**
 Volume: **4,052,672**

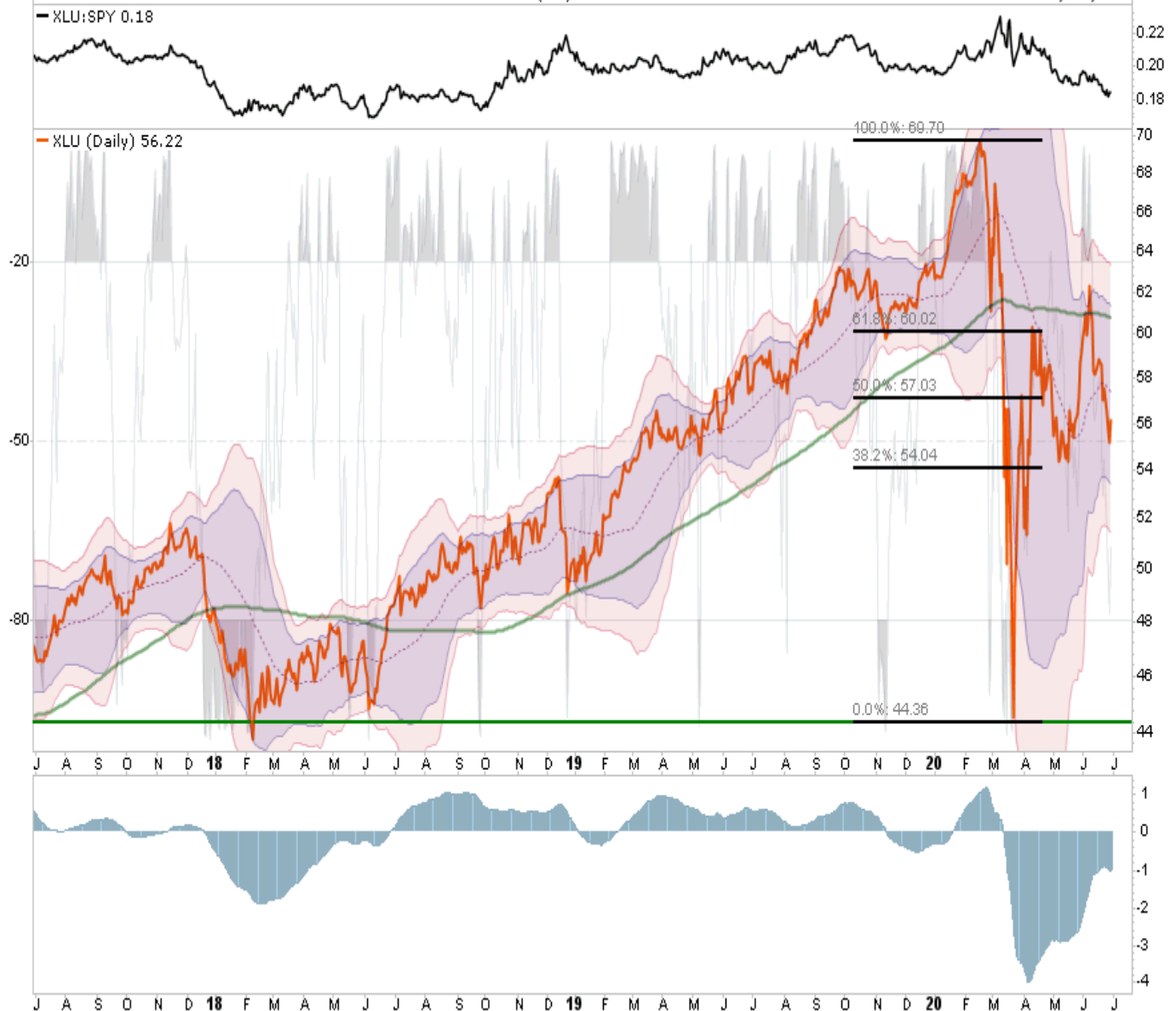


- Like XLP, XLRE is very close to triggering a buy signal.
- The sector is not grossly overbought and a further defensive rotation in the market should see this sector rally.
- XLRE failed a second time at the 200-dma, however, if there is a risk-off rotation in the market we should see the sector gain 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: **55.62** Ask: P/E: Options: **yes**
 High: **56.25** Ask Size: EPS: Annual Dividend: **1.94304**
 Low: **55.03** Bid: Mkt Cap: **7.93B** Yield: **3.46%**
 Prev Close: **55.18** Bid Size: Last Size: SCTR (ETF): **23.0**

Monday 29-Jun-2020
 ▲ **+1.88%**
 Chg: **+1.04**
 Last: **56.22**
 Volume: **14,865,697**



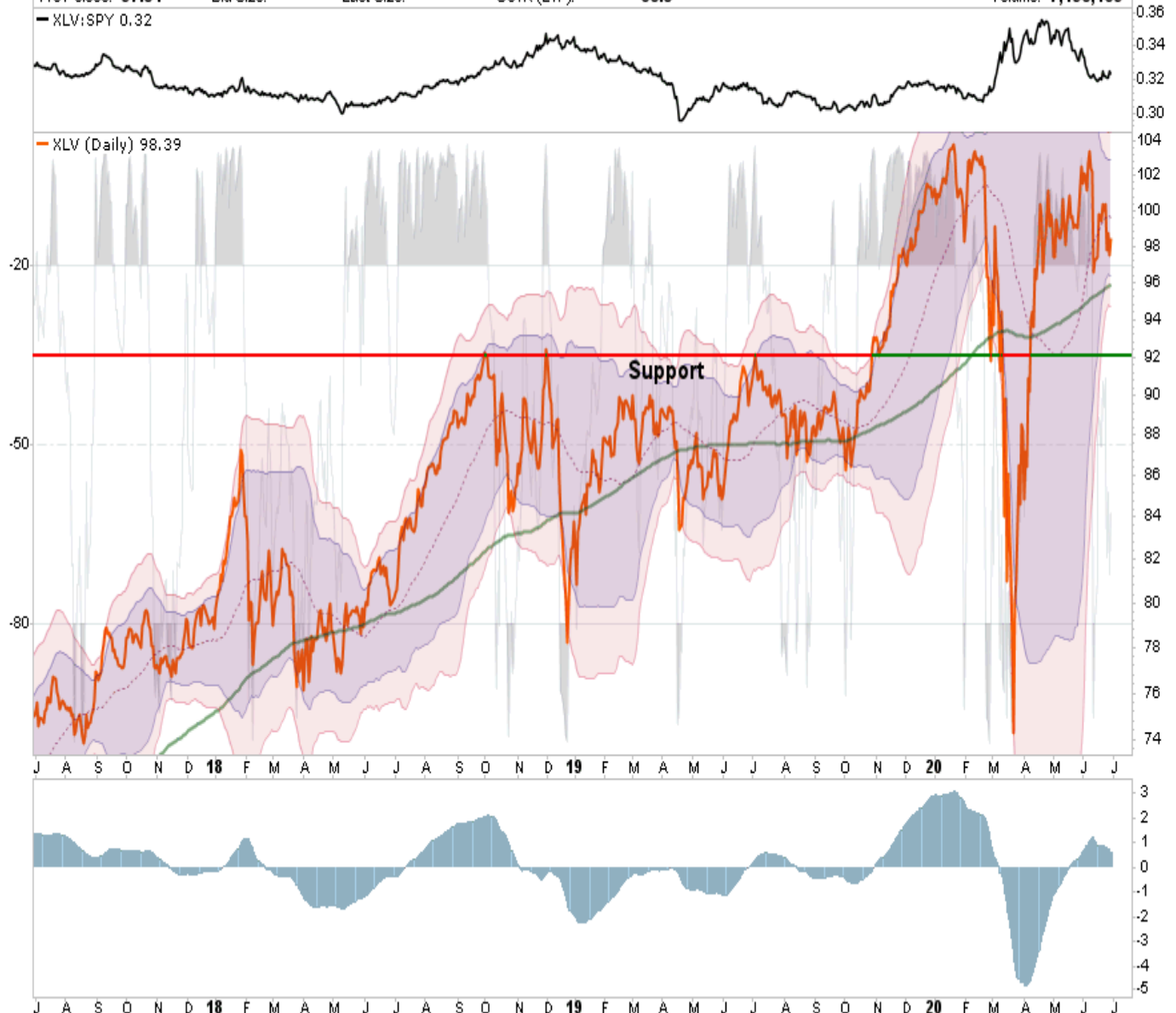
- XLU has been lagging but is working off its previous sell signal.
- We previously added some exposure again to the sector in anticipation of the risk rotation into more defensive names.
- If there is further weakness in the market over the next few weeks, we will likely see a rotation in to XLU for 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 29-Jun-2020

Open: **98.28** Ask: P/E: Options: **yes**
 High: **98.57** Ask Size: EPS: Annual Dividend: **1.60818**
 Low: **97.51** Bid: Mkt Cap: **21.0B** Yield: **1.63%**
 Prev Close: **97.51** Bid Size: Last Size: SCTR (ETF): **60.5**

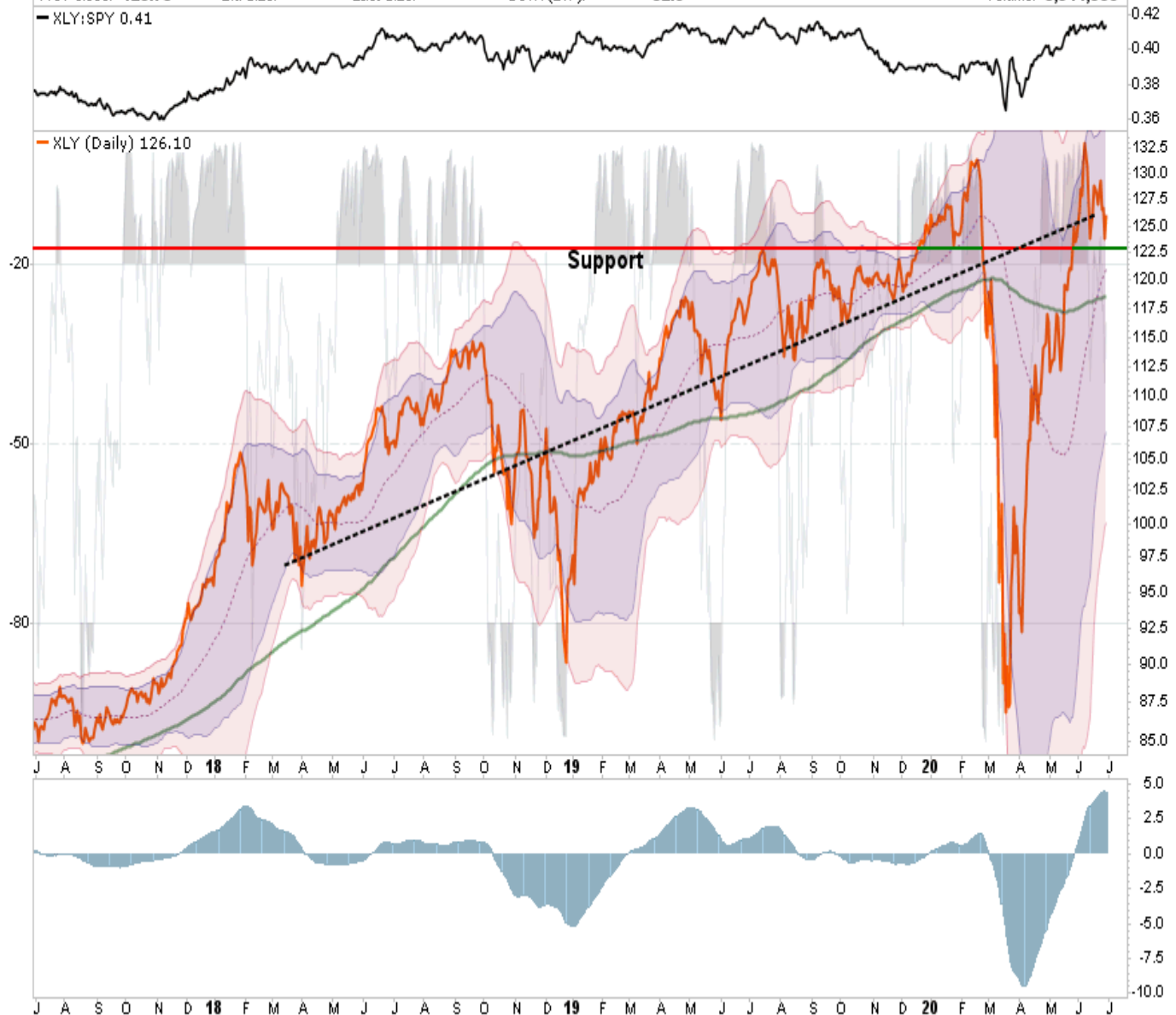
Chg: **+0.90%**
 Last: **98.39**
 Volume: **7,490,169**



- *XLV has been consolidating over the last several weeks. With the previous sell signal heading higher, a defensive rotation in the market could push the sector higher.*
- *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.*
- *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

Open: 124.30	Ask:	P/E:	Options: yes	Monday 29-Jun-2020
High: 126.20	Ask Size:	EPS:	Annual Dividend: 1.53389	▲ +1.90%
Low: 122.93	Bid:	Mkt Cap: 15.9B	Yield: 1.22%	Chg: +2.35
Prev Close: 123.75	Bid Size:	Last Size:	SCTR (ETF): 82.6	Last: 126.10
				Volume: 3,911,306



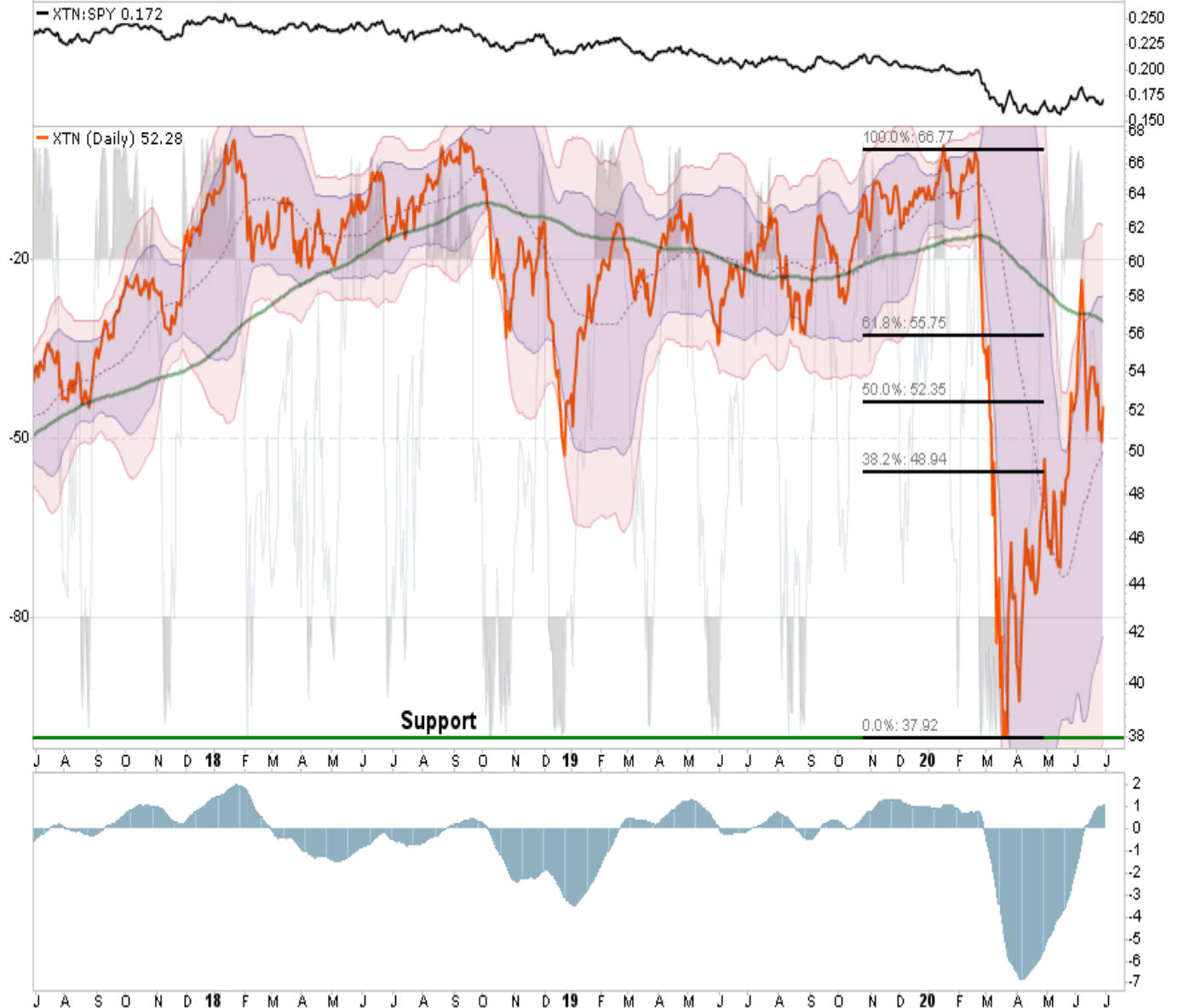
- *AMZN is still driving this sector. The overall retail sector looks terrible and with earnings coming we are looking for weakness in the sector..*
- *Hold current positions but maintain your stop levels.*
- *Stop loss is set at \$122.50*
- *Short-Term Positioning: Bullish*
 - *Last week: No position*
 - *This week: No position*
- *Long-Term Positioning: Neutral*

Transportation

Monday 29-Jun-2020

Open: **50.93** Ask: P/E: Options: **no**
 High: **52.28** Ask Size: EPS: Annual Dividend: **0.57877**
 Low: **50.37** Bid: Mkt Cap: **156.8M** Yield: **1.11%**
 Prev Close: **50.46** Bid Size: Last Size: SCTR (ETF): **23.5**

▲ **+3.61%**
 Chg: **+1.82**
 Last: **52.28**
 Volume: **12,415**



- The rally in XTN is losing traction and failing at resistance.
- The sector is performing weakly so caution is advised.
- XTN failed the 50% correction retracement level so 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: Bearish