



## Sector Buy/Sell Review: 07-14-20

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 13-Jul-2020

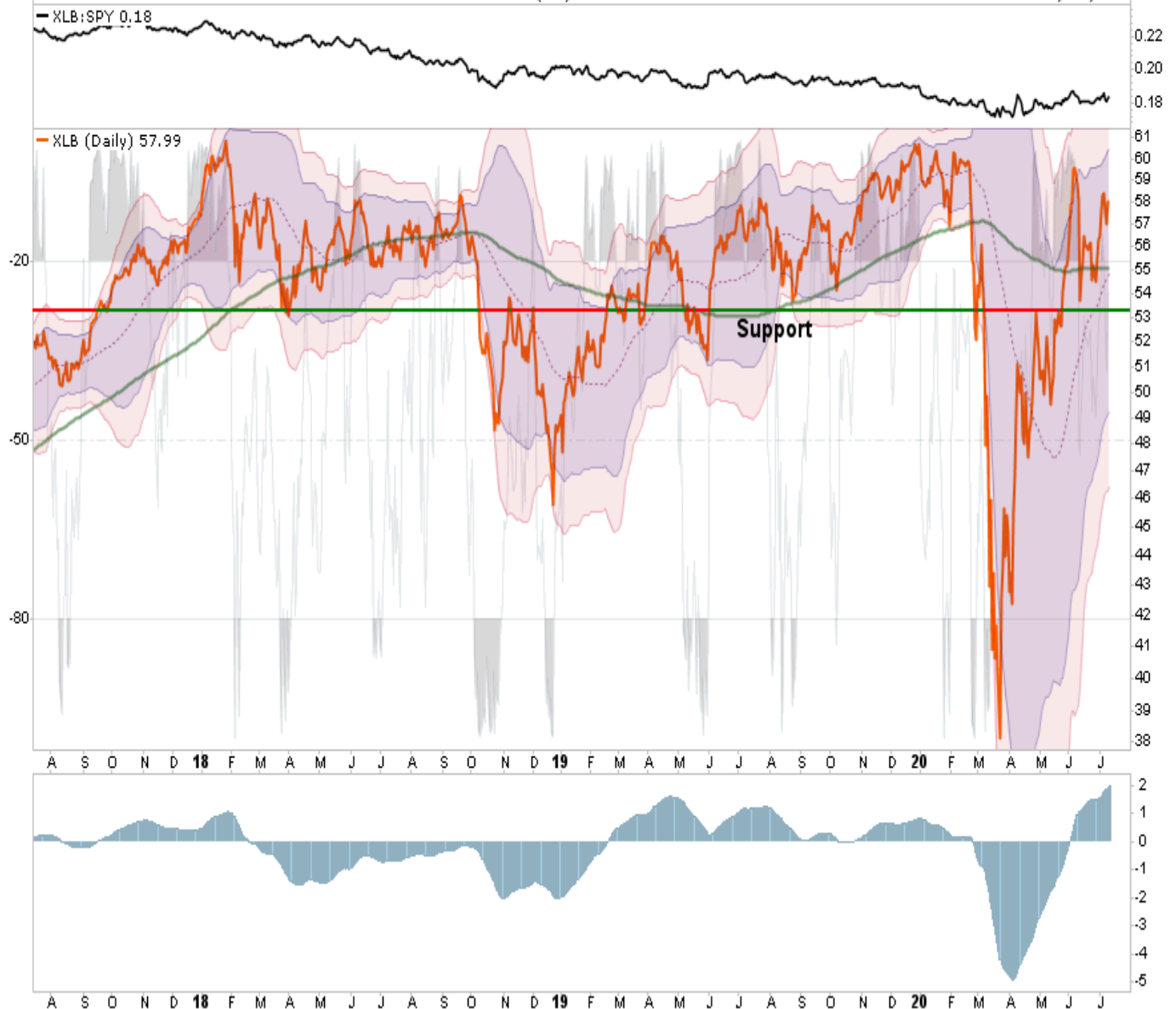
+0.00%

Open: **58.59** Ask: P/E: Options: **yes**  
 High: **59.17** Ask Size: EPS: Annual Dividend: **1.20504**  
 Low: **57.95** Bid: Mkt Cap: **4.12B** Yield: **2.08%**  
 Prev Close: **57.99** Bid Size: Last Size: SCTR (ETF): **75.9**

Chg: **0.00**

Last: **57.99**

Volume: **9,034,617**



- As noted last week, XLB is too overbought currently to chase the sector further, but hold trading positions for now. However, stops should be moved up to \$55.
- Target for trade is \$60-61
- 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 moved up to \$55
- Long-Term Positioning: Bearish

## Communications

Monday 13-Jul-2020

Open: **58.16**    Ask:    P/E:    Options: **yes**  
 High: **58.42**    Ask Size:    EPS:    Annual Dividend: **0.46099**  
 Low: **56.35**    Bid:    Mkt Cap: **9.67B**    Yield: **0.82%**  
 Prev Close: **57.70**    Bid Size:    Last Size:    SCTR (ETF): **84.7**

Chg: **-2.01%**  
 Last: **56.54**  
 Volume: **2,954,683**



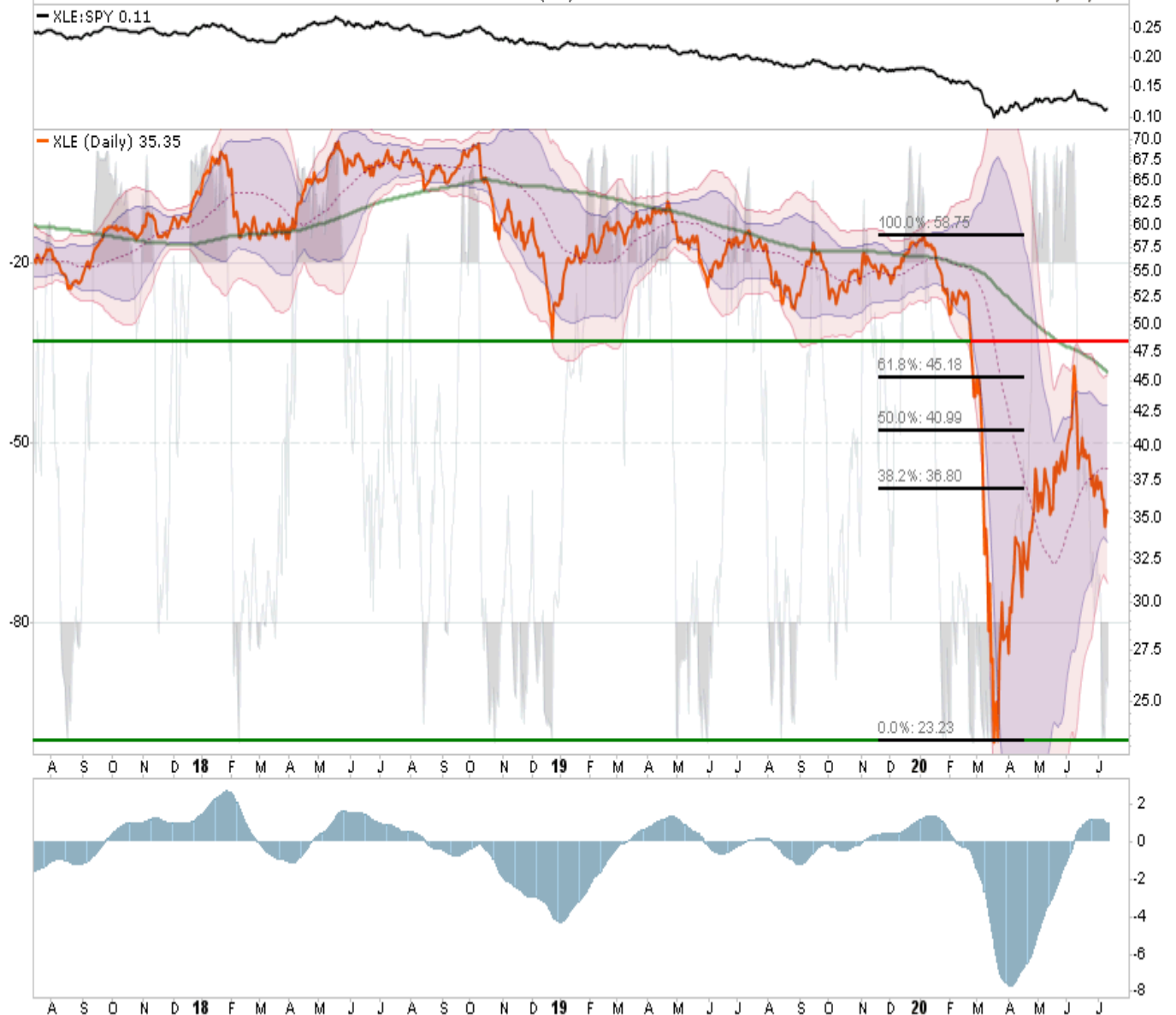
- *XLC broke out to new highs after holding support but quickly failed that breakout.*
- *There is downside risk currently, and the reversal yesterday is not encouraging.*
- *The sector is VERY overbought so hold current positions, but I would not suggest chasing the sector at this juncture.*
- *With the virus resurging, the more defensive quality of the sector should help.*
- *We moved our stop to \$52.*
  - *Short-Term Positioning: Bullish*
  - *Last Week: Hold positions*
  - *This Week: Hold positions*
- *Long-Term Positioning: Neutral*

## Energy

Monday 13-Jul-2020

Open: **35.87**    Ask:    P/E:    Options: **yes**  
 High: **36.01**    Ask Size:    EPS:    Annual Dividend: **2.2206**  
 Low: **35.08**    Bid:    Mkt Cap: **9.72B**    Yield: **6.28%**  
 Prev Close: **35.54**    Bid Size:    Last Size:    SCTR (ETF): **2.5**

Chg: **-0.19**  
 Last: **35.35**  
 Volume: **37,220,472**



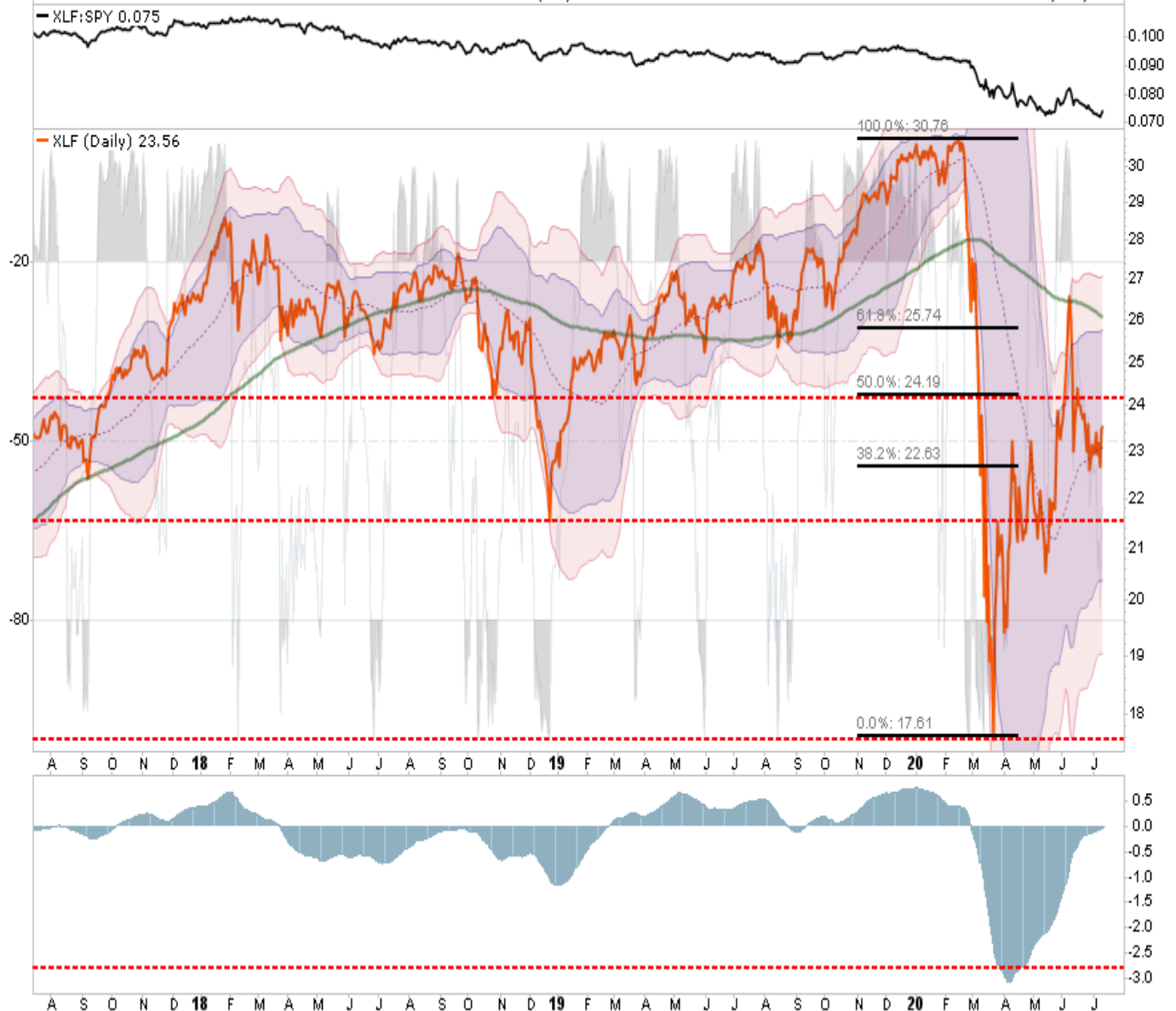
- The pullback in energy stocks has moved the sector back to oversold. We were a bit early adding to our holdings but we were close to the short-term bottom.
- If the current levels can hold, we will look to add to our holdings of XOM and CVX.
- We maintaining fairly close stops however.
- Short-Term Positioning: Bullish
  - Last week: Hold positions
  - This week: Hold positions
- Stop loss adjusted to \$34.00
- Long-Term Positioning: Bearish

## Financials

Monday 13-Jul-2020

Open: **23.76** Ask: P/E: Options: **yes**  
 High: **23.91** Ask Size: EPS: Annual Dividend: **0.61146**  
 Low: **23.42** Bid: Mkt Cap: **16.7B** Yield: **2.60%**  
 Prev Close: **23.46** Bid Size: Last Size: SCTR (ETF): **14.8**

Chg: **+0.43%**  
 Last: **23.56**  
 Volume: **102,383,968**



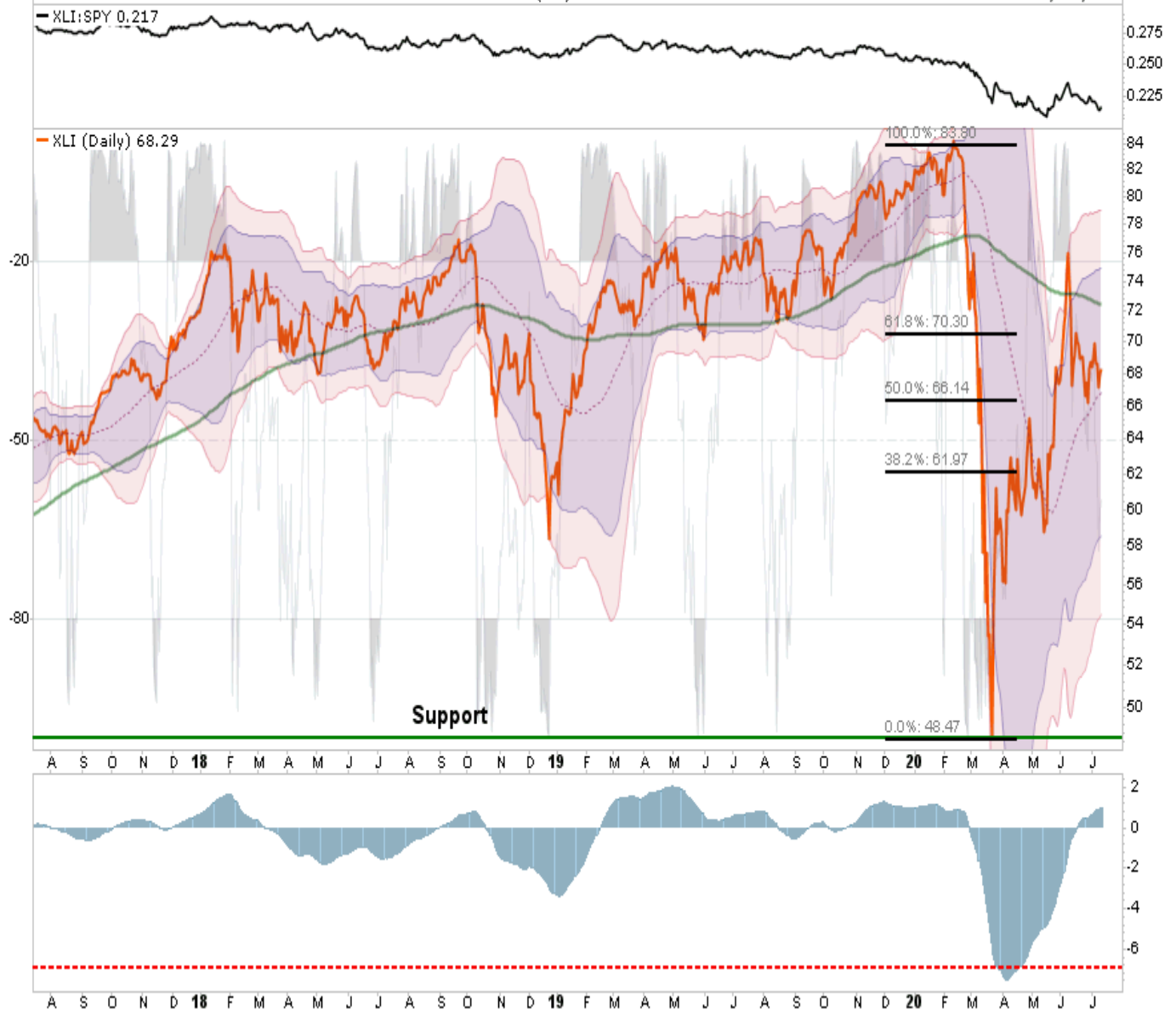
- *Financials are back to underperforming and remain a sector to avoid currently.*
- *Initial support was at \$24, which was violated. Now that level will be tested as "resistance."*
- *We have an alert set at \$22 to start evaluating holdings, but we aren't excited about the sector currently.*
- *Earnings may provide a short term boost to the sector, which may prove a good time if you have to exit underwater positions.*
- *Short-Term Positioning: Neutral*
  - *Last week: No position*
  - *This week: No position*
- *Long-Term Positioning: Bearish*

## Industrials

Monday 13-Jul-2020

Open: **68.60** Ask: P/E: Options: **yes**  
 High: **69.46** Ask Size: EPS: Annual Dividend: **1.52001**  
 Low: **67.93** Bid: Mkt Cap: **9.42B** Yield: **2.23%**  
 Prev Close: **68.01** Bid Size: Last Size: SCTR (ETF): **22.2**

▲ **+0.41%**  
 Chg: **+0.28**  
 Last: **68.29**  
 Volume: **14,570,091**



- *Industrials bounced off support at the 50% retracement level and triggered a buy signal.*
- *However, since then, the sector performance has not improved much.*
- *We may look to add a position if relative performance to the market improves but will do so with a tight stop.*
- **Short-Term Positioning: Neutral**
  - Last week: No position.
  - This week: No position.
- **Long-Term Positioning: Bearish**

## Technology





- Technology continues push higher as the "virus trade" is back on. However, on Monday there was a sharp reversal in the sector/
- Technology stocks, and the Nasdaq, are extremely overbought.&#2013266080;
- We are holding our positions currently, but as noted last week, we took profits and reduced our weightings slightly.&#2013266080;
- The deviation above the moving averages will be resolved likely sooner than later.&#2013266080;
- Short-Term Positioning: Bullish
  - Last week: Hold positions
  - This week: Reduced positioning slightly. See trade commentary.
  - Long-Term Positioning: Bullish

## Staples

Monday 13-Jul-2020

Open: **60.58** Ask: P/E: Options: **yes**  
 High: **60.99** Ask Size: EPS: Annual Dividend: **1.61874**  
 Low: **59.97** Bid: Mkt Cap: **13.2B** Yield: **2.69%**  
 Prev Close: **60.29** Bid Size: Last Size: SCTR (ETF): **64.2**

Chg: **-0.15%**  
 Last: **60.20**  
 Volume: **10,904,550**



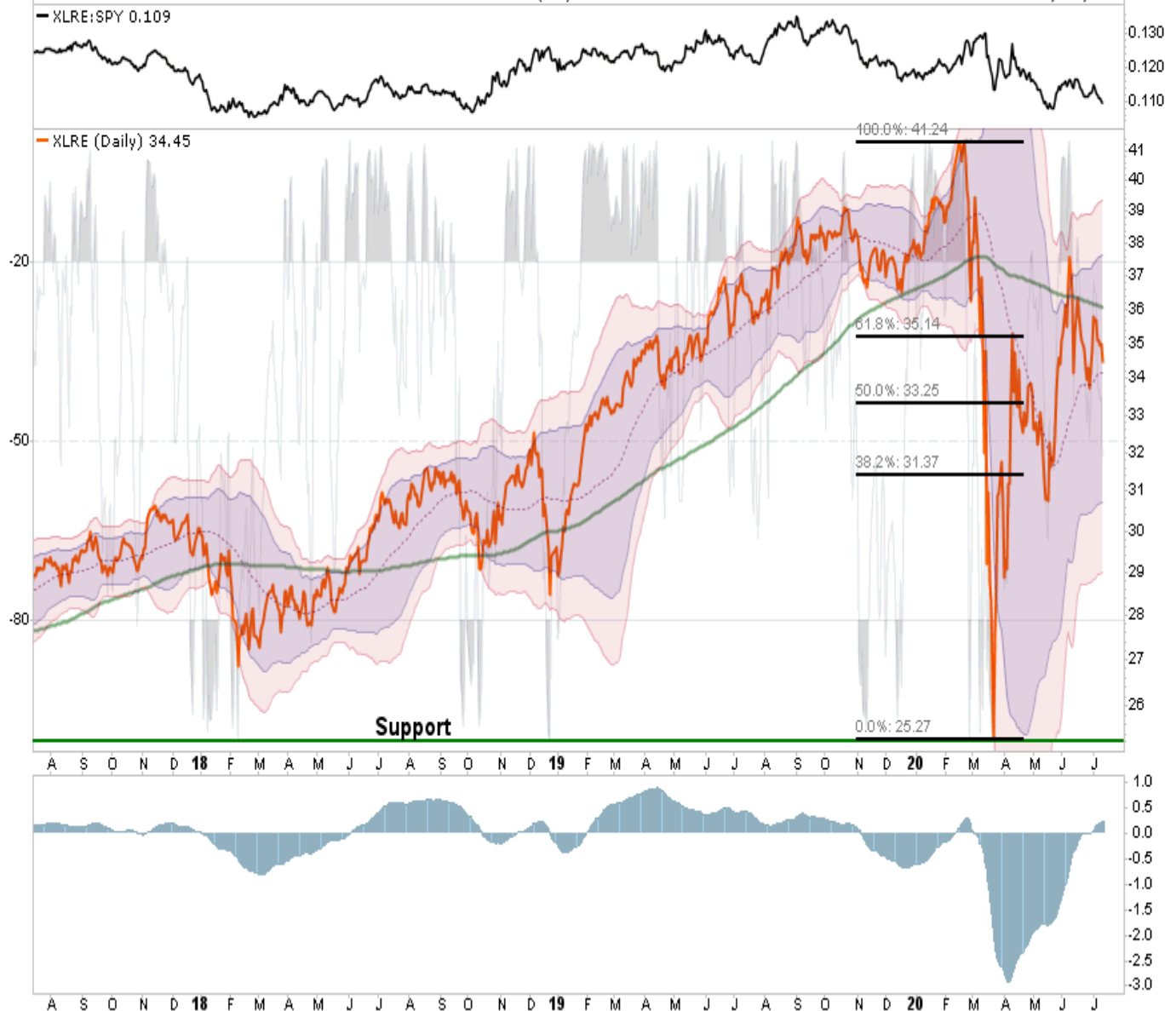
- XLP has corrected, and after we added a bit more to our holdings for the defensive nature of the sector, the sector is close to triggering a buy signal.
- As noted last week: "XLP is not overbought after working off the previous extension, so there is "fuel" for a further rally on a rotation trade. Look for a defense rotation to see a pickup in the sector."
- We saw that defensive rotation on over the last couple of sessions.
- We are moving our stop-loss alert to \$57 as our stop-level.
- Short-Term Positioning: Bullish
  - Last week: Hold positions
  - This week: Hold positions
  - Long-Term Positioning: Bullish



Monday 13-Jul-2020

Open: **35.12** Ask: P/E: Options: **yes**  
 High: **35.19** Ask Size: EPS: Annual Dividend: **1.14873**  
 Low: **34.36** Bid: Mkt Cap: **3.93B** Yield: **3.33%**  
 Prev Close: **35.00** Bid Size: Last Size: SCTR (ETF): **28.4**

Chg: **-1.57%**  
 Last: **34.45**  
 Volume: **10,021,660**



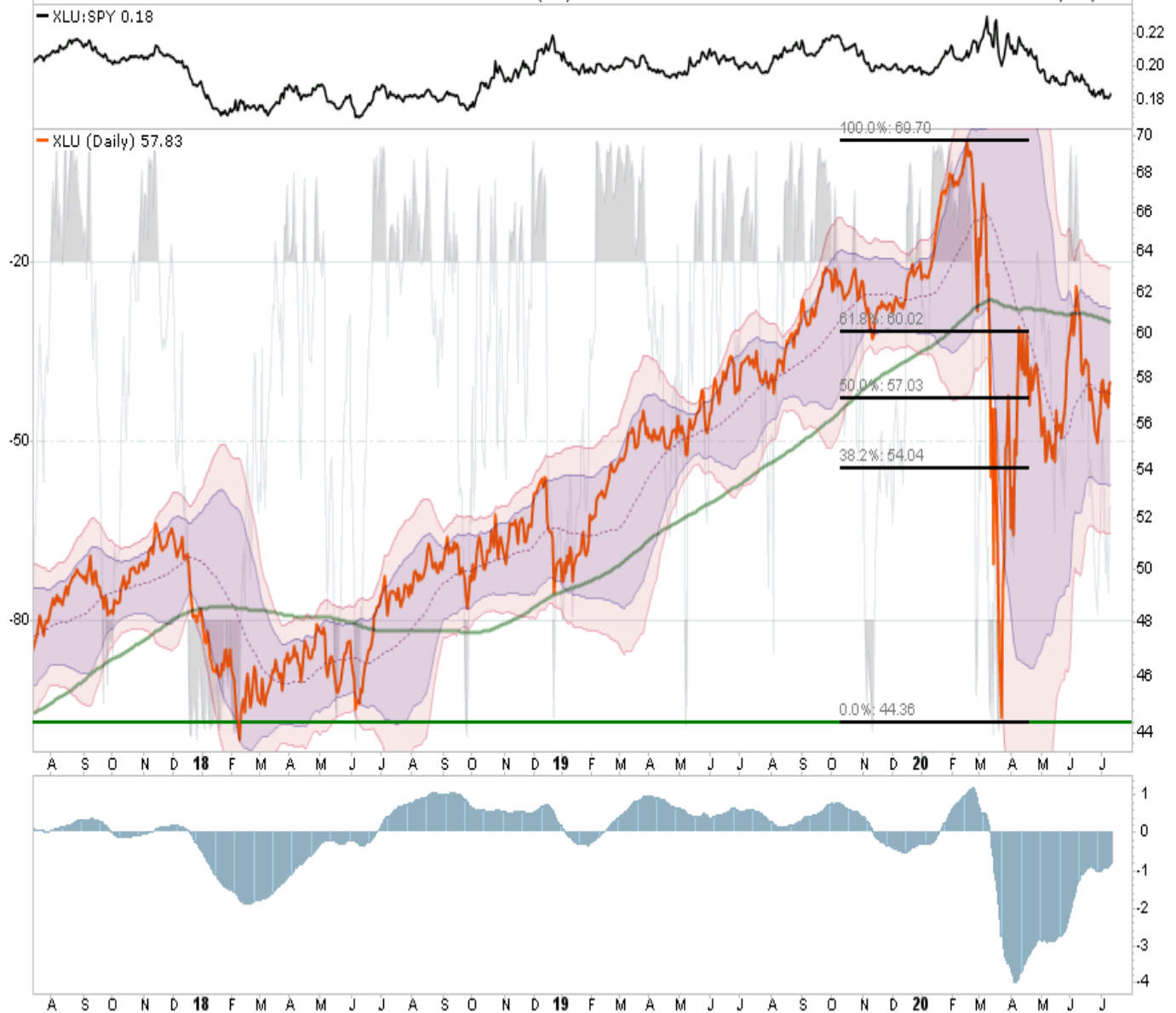
- Like XLP, XLRE has triggered a buy signal.
- The sector is not grossly overbought and a further defensive rotation in the market should see this sector rally. However, that has yet to be much of the case.
- XLRE tested and failed the 200-dma again, turning us bearish on the sector for now.
- We have sold all our holdings for the time being until we get better clarity on the fundamental underpinnings.
- Short-Term Positioning: Neutral
  - Last week: Hold positions
  - This week: Sold 100% of positions
  - Long-Term Positioning: Bullish

## Utilities

Monday 13-Jul-2020

Open: **57.77** Ask: P/E: Options: **yes**  
 High: **58.40** Ask Size: EPS: Annual Dividend: **1.94304**  
 Low: **57.56** Bid: Mkt Cap: **11.4B** Yield: **3.36%**  
 Prev Close: **57.77** Bid Size: Last Size: SCTR (ETF): **34.5**

▲ **+0.10%**  
 Chg: **+0.06**  
 Last: **57.83**  
 Volume: **17,764,818**



- XLU has been lagging but is working off its previous sell signal.
- Relative performance has been improving however.
- XLU held support on the recent pullback, and looks set to move higher in the short-term.
- We have an alert set at \$54
- Short-Term Positioning: Neutral
  - Last week: Hold positions
  - This week: Hold positions
- Long-Term Positioning: Bullish

Health&#2013266080;Care

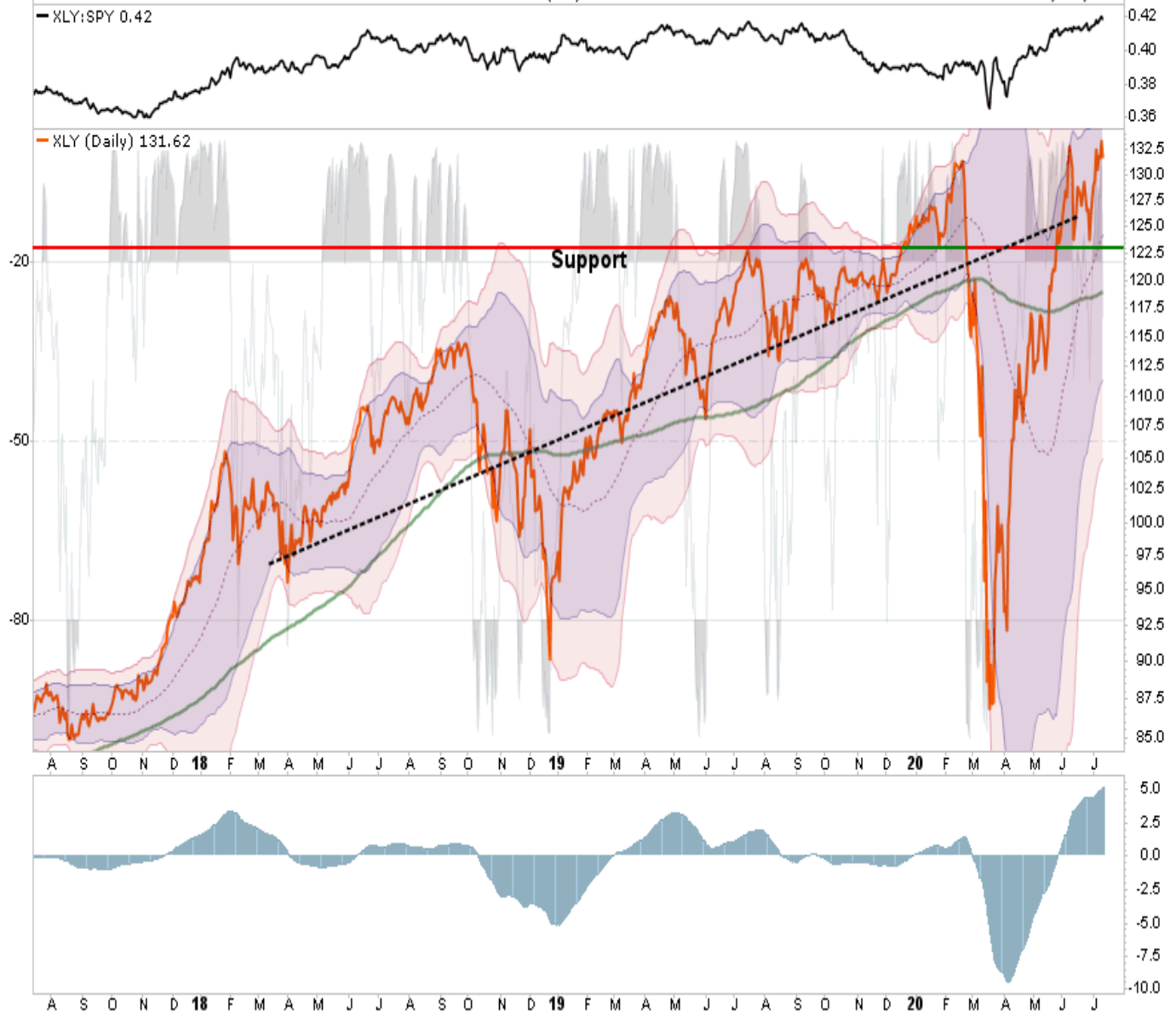
Open: <b>101.29</b>	Ask:	P/E:	Options: <b>yes</b>	Monday 13-Jul-2020
High: <b>103.14</b>	Ask Size:	EPS:	Annual Dividend: <b>1.60818</b>	▲ <b>+0.57%</b>
Low: <b>101.02</b>	Bid:	Mkt Cap: <b>23.3B</b>	Yield: <b>1.59%</b>	Chg: <b>+0.57</b>
Prev Close: <b>100.71</b>	Bid Size:	Last Size:	SCTR (ETF): <b>72.0</b>	Last: <b>101.28</b>
				Volume: <b>10,167,216</b>



- *XLV continues to consolidate. With a buy signal in place, a defensive rotation in the market could push the sector higher.*
- *The consolidation was needed following the massive rally from the lows. So, if the market begins to look for areas with better fundamentals for a catch up trade, XLV will likely be it. That is what we saw on Monday.*
- *The 200-dma is now important support and needs to hold, along with the previous tops going back to 2018.*
- *We are moving our stop to \$96*
- *Short-Term Positioning: Bullish*
  - *Last week: Hold positions*
  - *This week: Hold positions.*
- *Long-Term Positioning: Bullish*

## Discretionary

Open: <b>134.51</b>	Ask:	P/E:	Options: <b>yes</b>	Monday 13-Jul-2020
High: <b>136.50</b>	Ask Size:	EPS:	Annual Dividend: <b>1.53389</b>	▼ <b>-1.27%</b>
Low: <b>131.25</b>	Bid:	Mkt Cap: <b>13.6B</b>	Yield: <b>1.17%</b>	Chg: <b>-1.69</b>
Prev Close: <b>133.31</b>	Bid Size:	Last Size:	SCTR (ETF): <b>86.4</b>	Last: <b>131.62</b>
				Volume: <b>6,640,947</b>



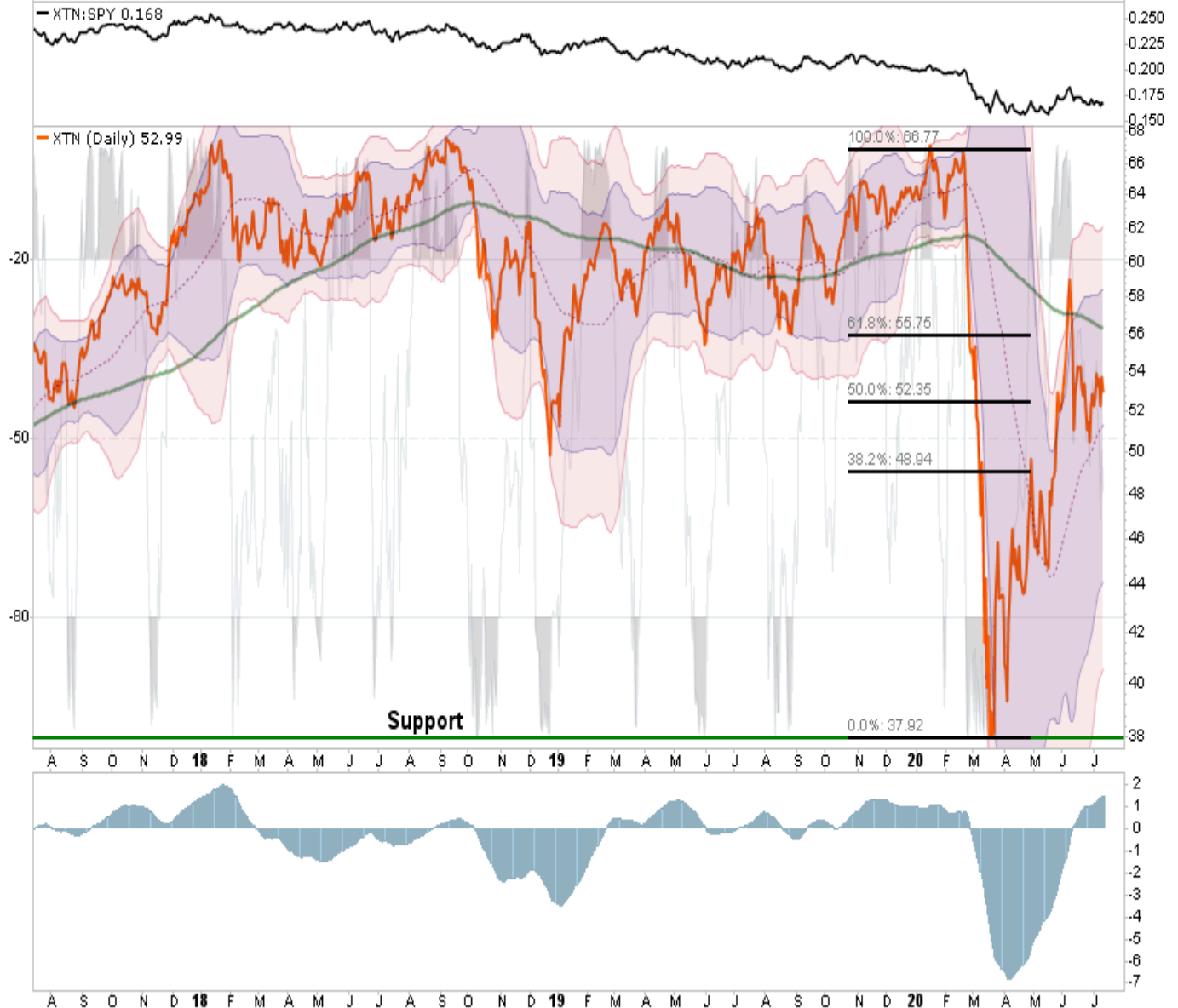
- *AMZN is still driving this sector, and that stock reversed sharply yesterday dragging the sector down with it.*
- *The overall retail sector looks terrible from an earnings standpoint which starts this week.&#2013266080;*
- *Hold current positions but maintain your stop levels. We recommend taking profits.*
- *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 13-Jul-2020

Open: **54.06** Ask: P/E: Options: **no**  
 High: **54.28** Ask Size: EPS: Annual Dividend: **0.57877**  
 Low: **52.99** Bid: Mkt Cap: **159.0M** Yield: **1.09%**  
 Prev Close: **53.76** Bid Size: Last Size: SCTR (ETF): **21.9**

Chg: **-1.43%**  
 Last: **52.99**  
 Volume: **15,438**



- The rally in XTN is losing traction and failed at resistance and now is in a downtrend.
- The sector is performing weakly so caution is advised.
- XTN is trying to hold support at the 50% retracement, but with earnings season approaching downside risk is mounting.
- Stop loss set at \$50
- Short-Term Positioning: Neutral
  - Last week: Hold positions
  - This week: Hold positions
- Long-Term Positioning: Bearish