

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:

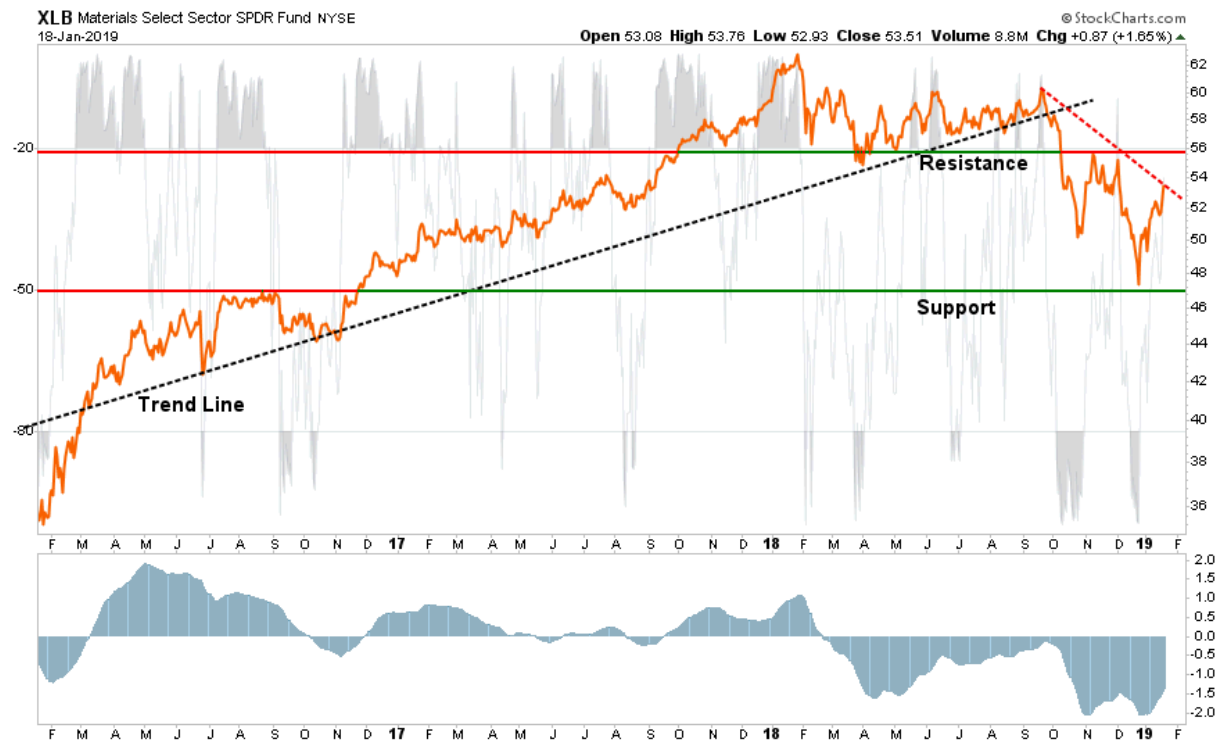
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.



With this basic tutorial let's get to the sector analysis.

## Basic Materials



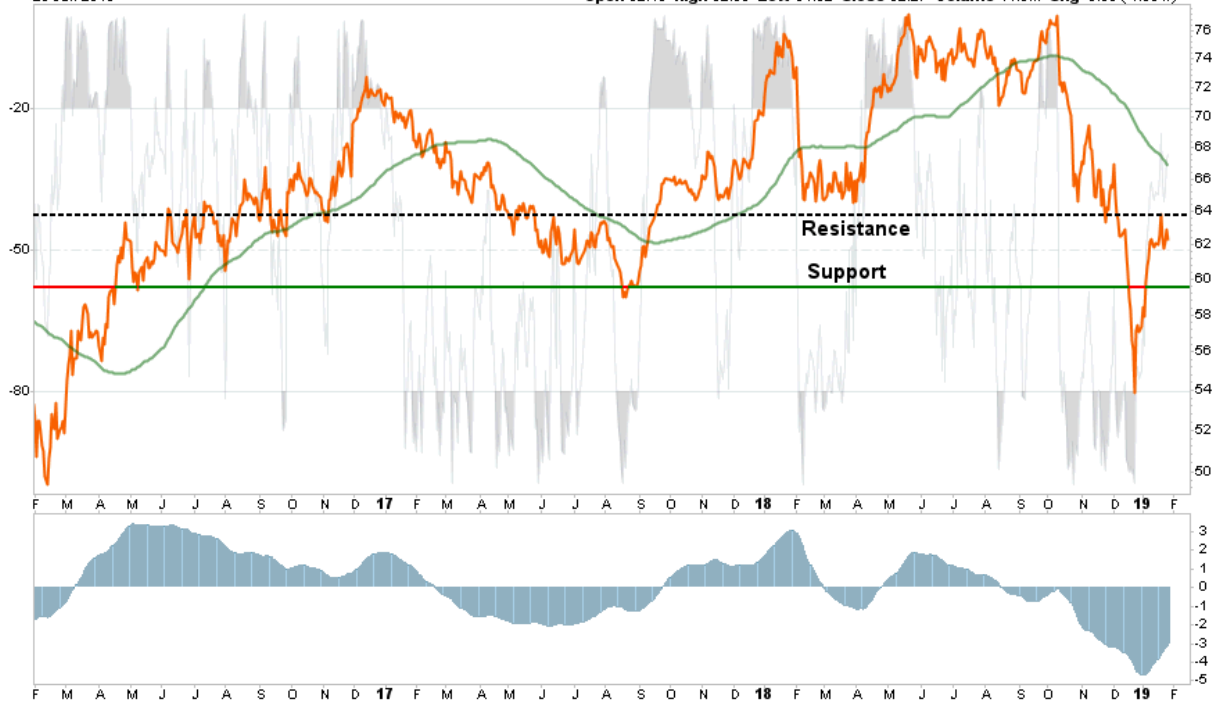
- Long-term trend line is currently broken
- Previous support from February lows has been broken and is now resistance.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition is being reduced. (top panel)
- Running into downtrend resistance.
- Short-Term Positioning: Neutral
  - Last Week: Recommended "hold" 1/2 position
  - This Week: Hold
  - Stop-loss moved up to \$62
- Long-Term Positioning: Bearish

## Communications



- Long-term trend line is currently broken
- Previous support from February lows was broken and is now being tested
- Currently on very deep sell-signal (bottom panel)
- Sector back to very overbought.
- Running into resistance at downtrend.
- Short-Term Positioning: Neutral
  - Last Week: Recommended to "hold" 1/2 position
  - This Week: Hold 1/2 position
  - Stop-loss moved up to \$44
- Long-Term Positioning: Bearish

## Energy



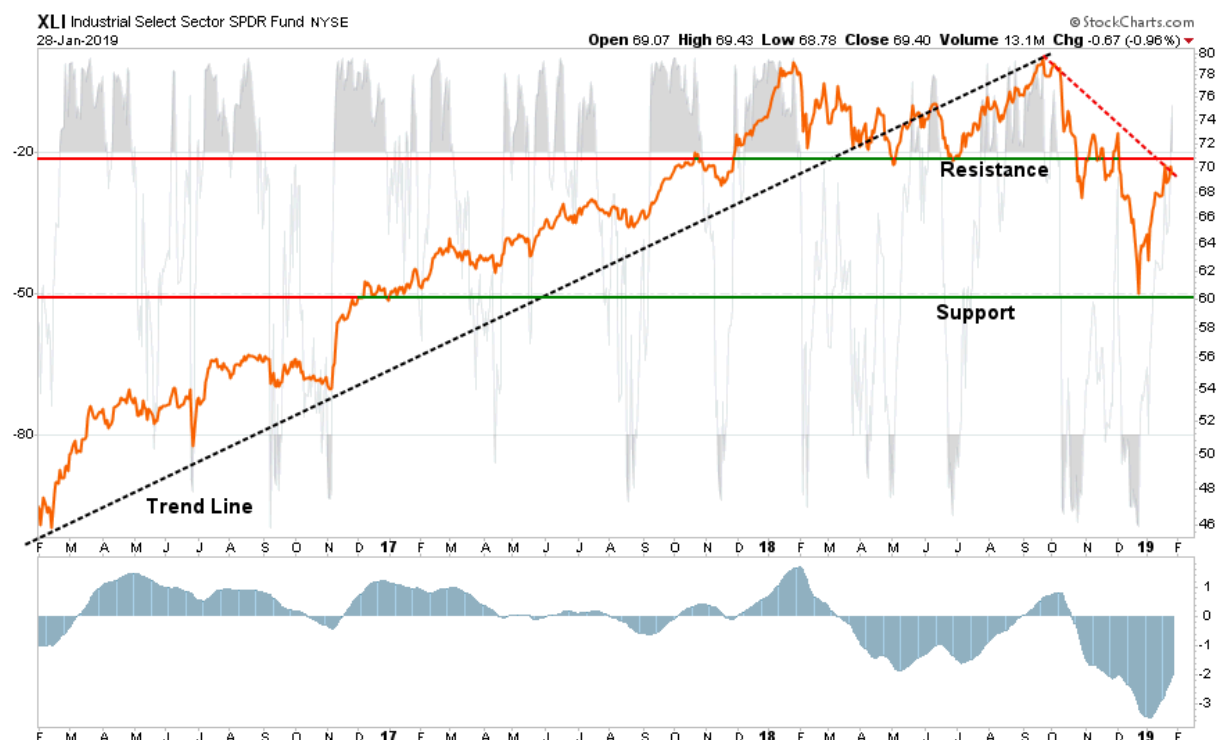
- Long-term trend line is currently broken
- Previous support from February lows and has rallied back to resistance.
- Moving average is sloping downward providing additional price pressure.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition is being worked off.
- Short-Term Positioning: Neutral
  - Last week: Recommend "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$62
- Long-Term Positioning: Bearish

## Financials



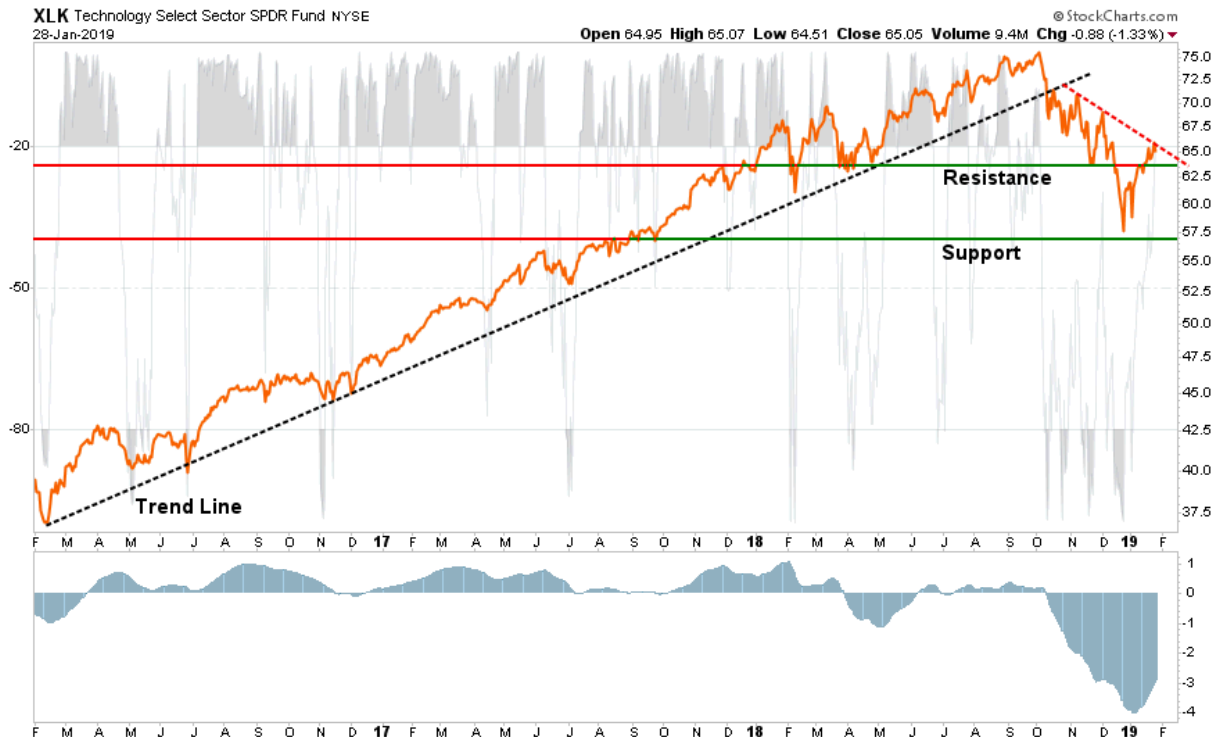
- Long-term trend line is currently broken
- Previous support from 2017 consolidation is currently holding.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition being worked off.
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$25
- Long-Term Positioning: Bearish

## Industrials



- Long-term trend line is currently broken
- Previous minor support from late 2016 is currently holding.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition being worked off.
- Sector pushing up into downtrend resistance
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$68
- Long-Term Positioning: Bearish

## Technology



- Long-term trend line is currently broken
- Previous minor support from 2017 is holding for now.
- Currently on very deep sell-signal (bottom panel)
- Oversold condition being worked off.
- Pushing up into downtrend resistance
- Short-Term Positioning: Neutral
  - Last week: Recommended sell "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss remains at \$62.50
- Long-Term Positioning: Bearish

## Staples



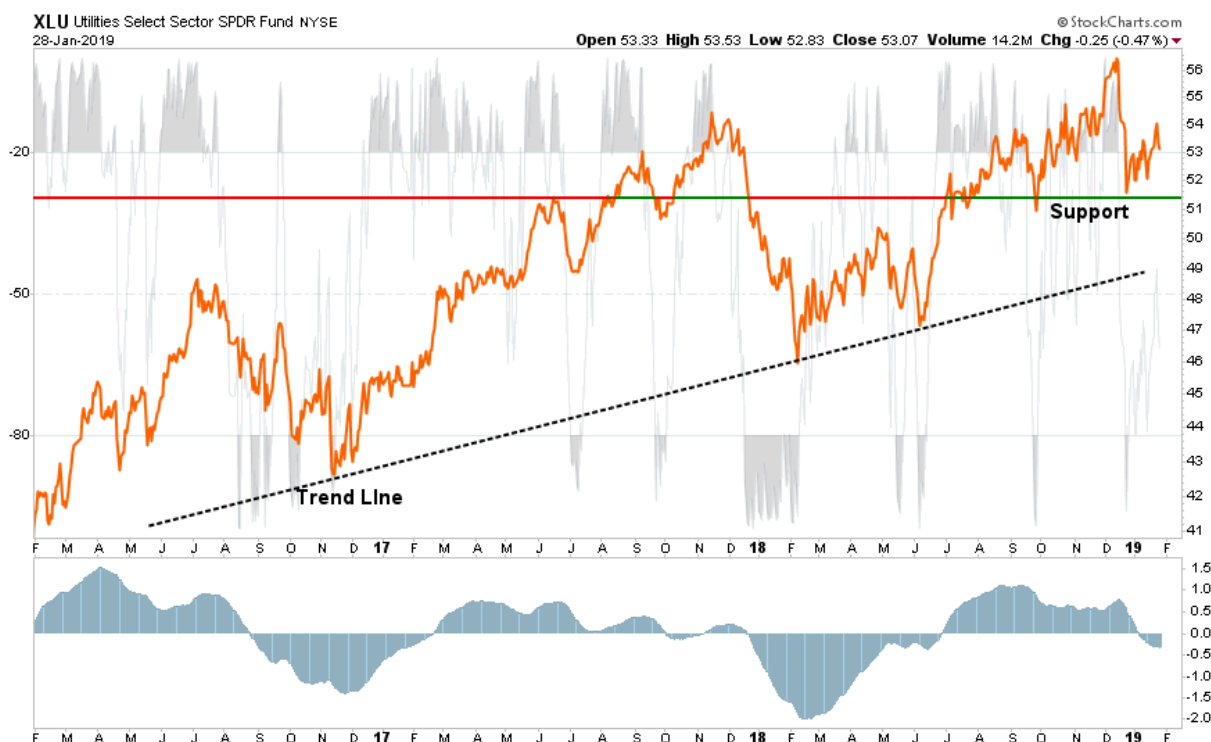
- Long-term trend line is currently broken
- Previous support from 2016 and 2017 is holding.
- Currently on an early sell-signal (bottom panel)
- Currently oversold on short-term basis.
- Short-Term Positioning: Bullish
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position.
  - Stop-loss is currently \$51
- Long-Term Positioning: Bearish

## Real Estate



- Long-term trend line is currently holding.
- Lots of resistance at previous price peaks
- Currently on an early sell-signal (bottom panel)
- Oversold condition being reversed. (top panel)
- Short-Term Positioning: Bullish
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss remains at \$33.00
- Long-Term Positioning: Neutral

## Utilities



- Long-term trend line remains intact.
- Previous support continues to hold.
- Currently close to an early sell signal. (bottom panel)
- Oversold on a short-term basis but reversing,
- Short-Term Positioning: Neutral
  - Last week: Recommended "buy" 2-weeks ago
  - This week: Hold
  - Stop-loss is currently \$51 with a target of \$56
- Long-Term Positioning: Bullish

## Health Care





- Sector broke the longer term trend but recovered on rally.
- Currently on a very deep sell-signal (bottom panel)
- Oversold condition is being worked off. (top panel)
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$86
- Long-Term Positioning: Neutral

## Discretionary



- Long-term trend line has been broken.

- Previous support was violated but was reclaimed.
- Currently on a very deep sell signal. (bottom panel)
- Oversold condition being reversed
- Sector pushing into downtrend resistance.
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$102.50
- Long-Term Positioning: Bearish

## Transportation



- Long-term trend line has been violated.
- Previous support is holding for now.
- Currently on a very deep sell signal. (bottom panel)
- Oversold on a short-term basis.
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 of position
  - Stop-loss moved up to \$56
- Long-Term Positioning: Bearish