

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:

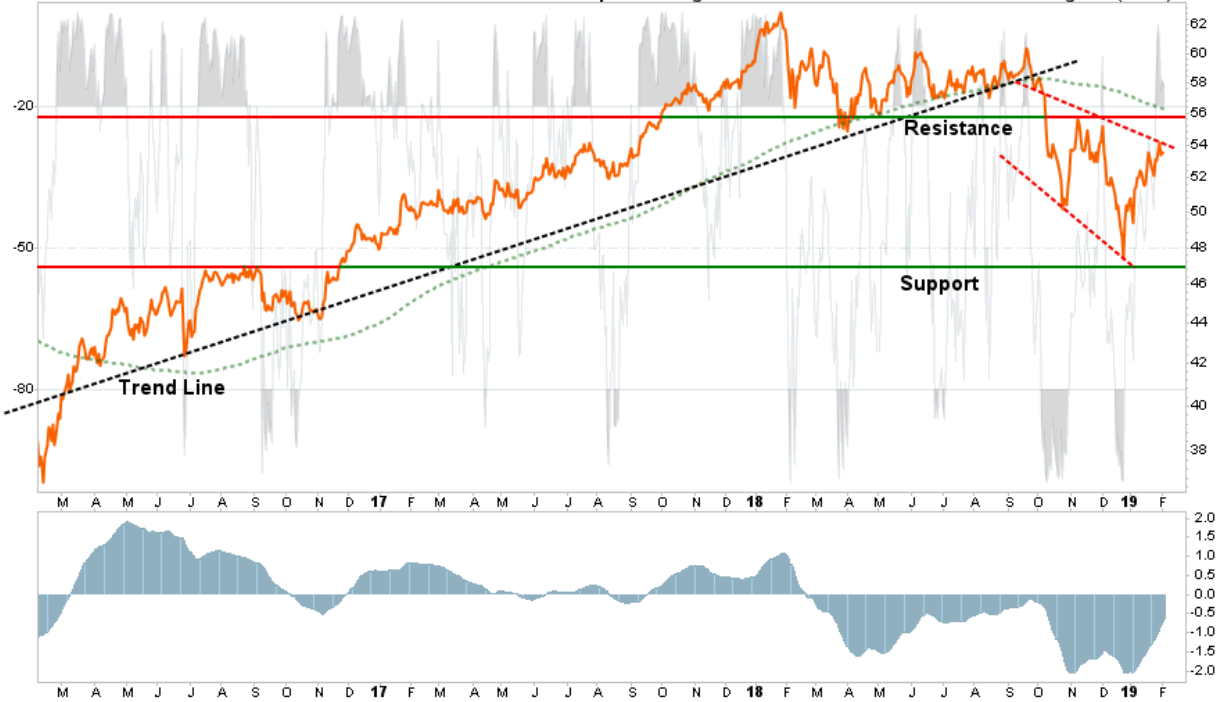
- The price chart is in orange
- The Over Bought/Over Sold indicator is in gray
- The Buy / Sell indicator is in blue.

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.



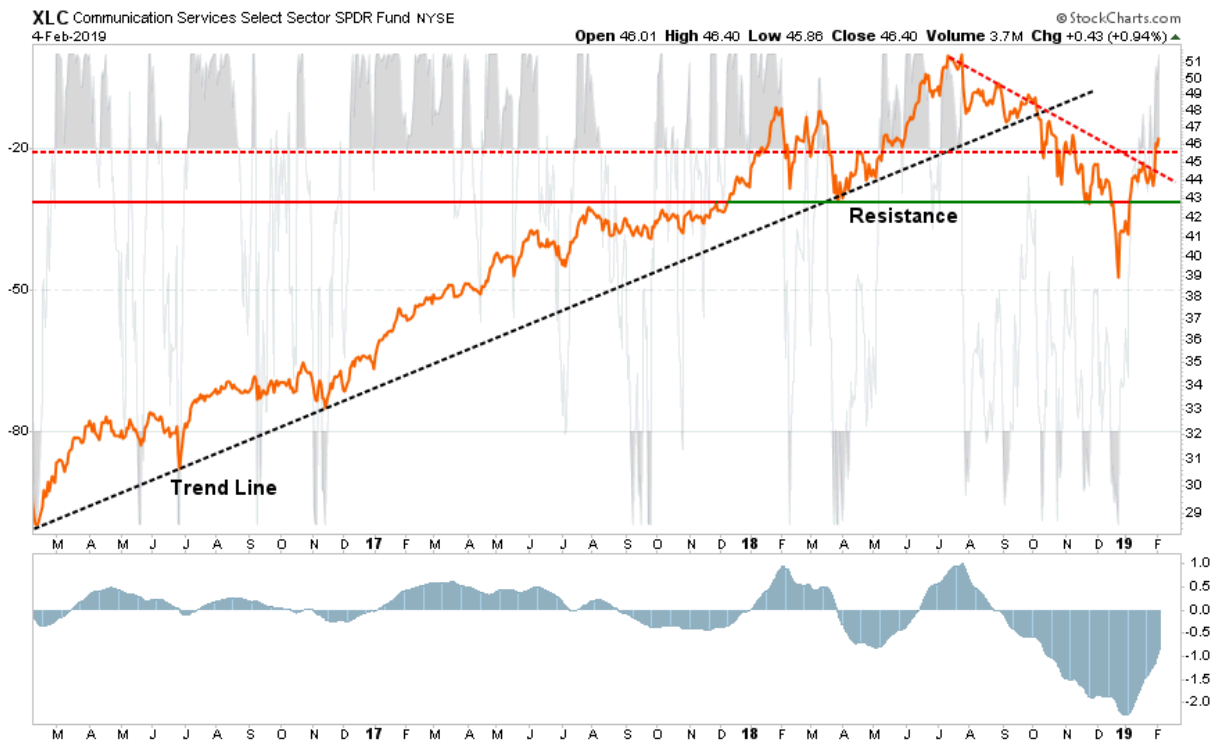
With this basic tutorial let's get to the sector analysis.

## Basic•Materials



- Long-term trend line is currently broken
- Previous support from February lows has been broken and is now resistance.
- Sell-signal is reversing (bottom panel)
- XLB back to extreme overbought conditions (top panel)
- Running into downtrend resistance in channel.
- Short-Term Positioning: Neutral
  - Last Week: Recommend to 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
- XLC finally broke above resistance due to rally in NFLX
- Still on a deep sell-signal (bottom panel)
- Sector back to extreme overbought.
- Short-Term Positioning: Neutral
  - Last Week: Recommended to "hold" 1/2 position
  - This Week: Hold 1/2 position
  - Stop-loss moved up to \$45
- Long-Term Positioning: Bearish

## Energy



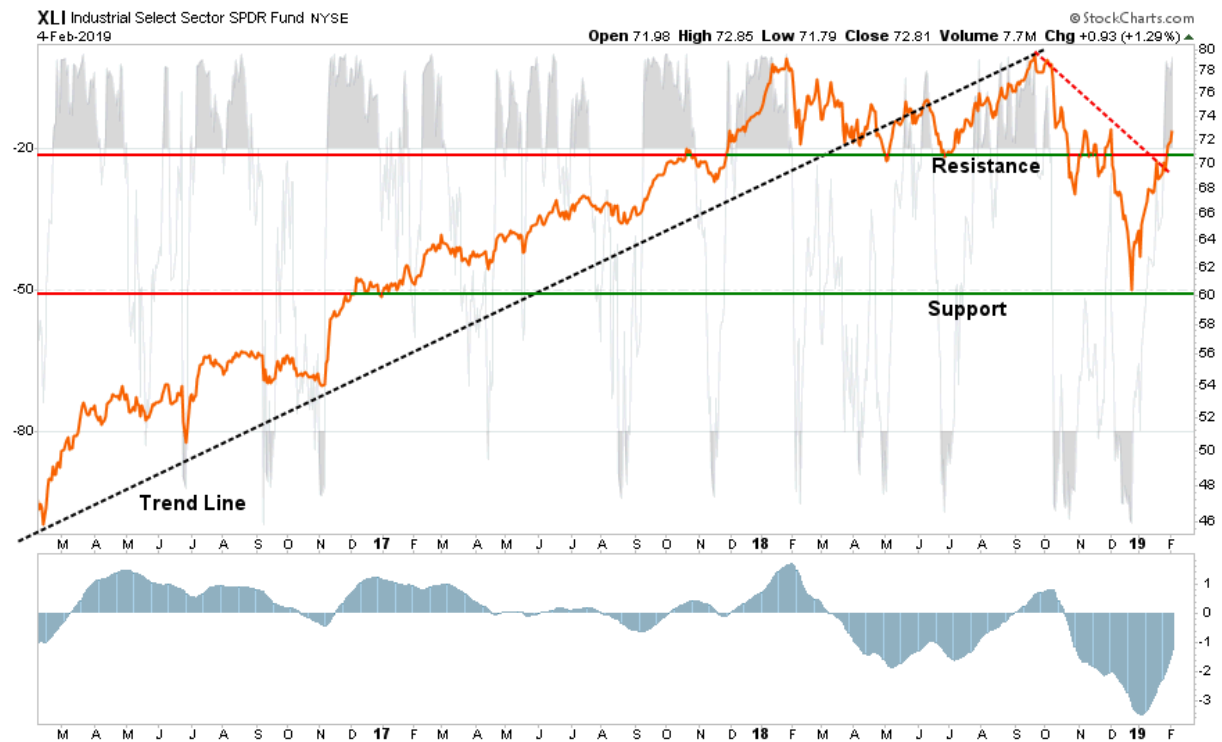
- Long-term trend line is currently broken
- Previous support from February lows and has rallied back to resistance.
- 200-Day Moving average is sloping downward providing additional price pressure.
- Currently on very deep sell-signal (bottom panel)
- Back to extreme overbought condition..
- Short-Term Positioning: Neutral
  - Last week: Recommend•"hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$63
- Long-Term Positioning: Bearish

## Financials



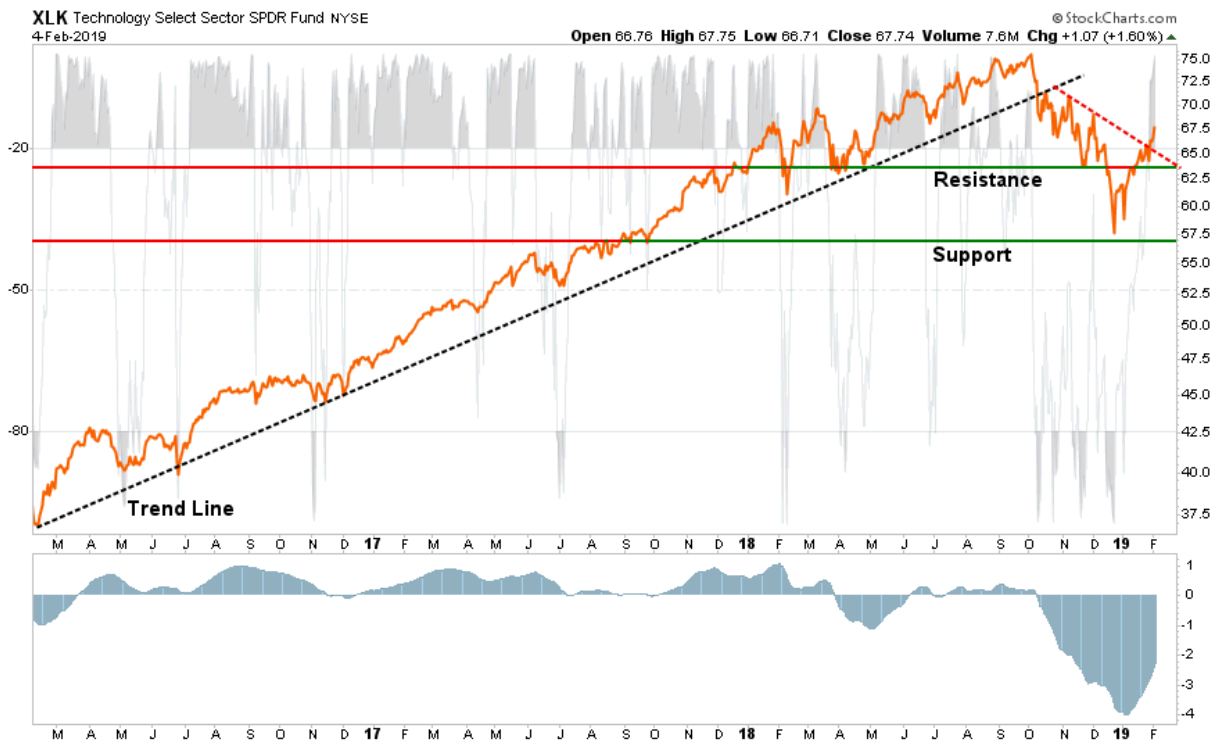
- Long-term trend line is currently broken
- Previous support from 2017 consolidation is currently holding.
- Currently on very deep sell-signal (bottom panel)
- XLF back to extreme overbought condition short-term.
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$25.50
- Long-Term Positioning: Bearish

## Industrials



- Long-term trend line is currently broken
- Finally broke above resistance from February lows.
- Currently on very deep sell-signal (bottom panel)
- Back•to•extreme•overbought•conditions•short-term.
- Sector pushed•up•above•downtrend•resistance.
- Short-Term Positioning: Bullish
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position,•add•on•pullback•to•\$71
  - Stop-loss moved up to \$70
- Long-Term Positioning: Neutral

## Technology



- Long-term trend line is currently broken
- Broke above February low resistance level.
- Currently on very deep sell-signal (bottom panel)
- Back to extreme overbought conditions short-term.
- Pushed above downtrend resistance
- Short-Term Positioning: Bullish
  - Last week: Recommended sell "hold" 1/2 position
  - This week: Hold 1/2 position, Add on pullback to \$65
  - Stop-loss remains at \$62.50
- Long-Term Positioning: Neutral

## Staples



- Long-term trend line is currently broken
- Previous support from 2016 and 2017 is holding and pushed above the 400-dma.
- Currently on an early sell-signal (bottom panel)
- Oversold condition begin reversed.
- Short-Term Positioning: Bullish
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position.
  - Stop-loss moved up to \$52.50
- Long-Term Positioning: Neutral

## Real Estate



- Long-term trend line is currently holding.
- Just•broke•out•to•all-time•highs.
- Early sell-signal has reversed back to buy. (bottom panel)
- Back to extreme overbought condition short-term. (top panel)
- Short-Term Positioning: Bullish
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Add•on•any•weakness•that•works•off•over-bought•condition.
  - Stop-loss remains at \$33.00
- Long-Term Positioning: Bullish

## Utilities



- Long-term trend line remains•intact.
- Previous support continues•to•hold.
- Sell signal close to reversing. (bottom panel)
- Heading•back•to•overbought,•upside•remains.
- Short-Term Positioning: Bullish
  - Last week: Recommended•"buy" 2-weeks•ago
  - This week: Hold
  - Stop-loss moved up to \$53 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 \$87
- Long-Term Positioning: Neutral

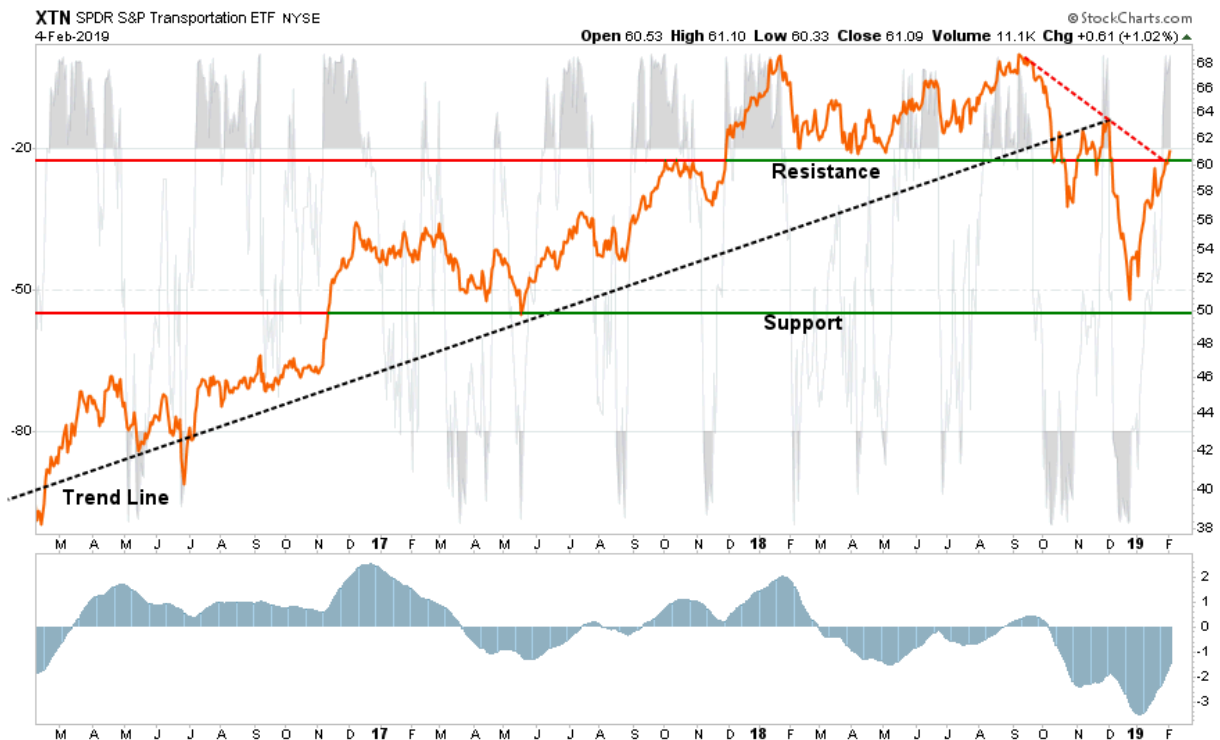
## Discretionary



- Long-term trend line has been broken.

- Previous support was violated but was reclaimed.
- Downtrend resistance has been broken but overhead resistance remains short-term.
- Sell signal being reversed. (bottom panel)
- Back to extreme overbought conditions short-term.
- Short-Term Positioning: Neutral
  - Last week: Recommended "hold" 1/2 position
  - This week: Hold 1/2 position
  - Stop-loss moved up to \$106.00
- Long-Term Positioning: Neutral

## 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