

Sector Buy/Sell Review: 03-31-20

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. **As noted last previously, the steepness of the decline reset our parameters. Now, the goal is to rebalance portfolio risk. We previously removed sectors most exposed to "COVID-19" and can now start looking for entry points.**

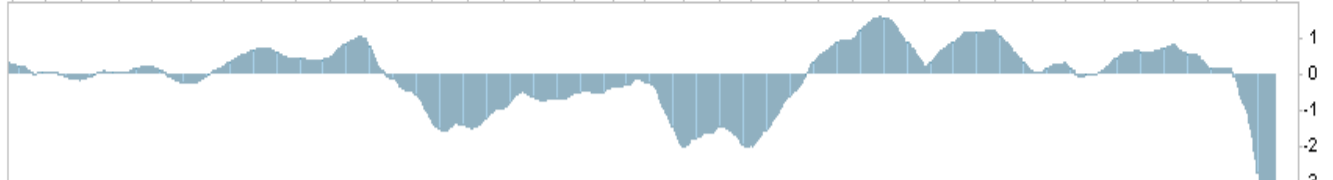
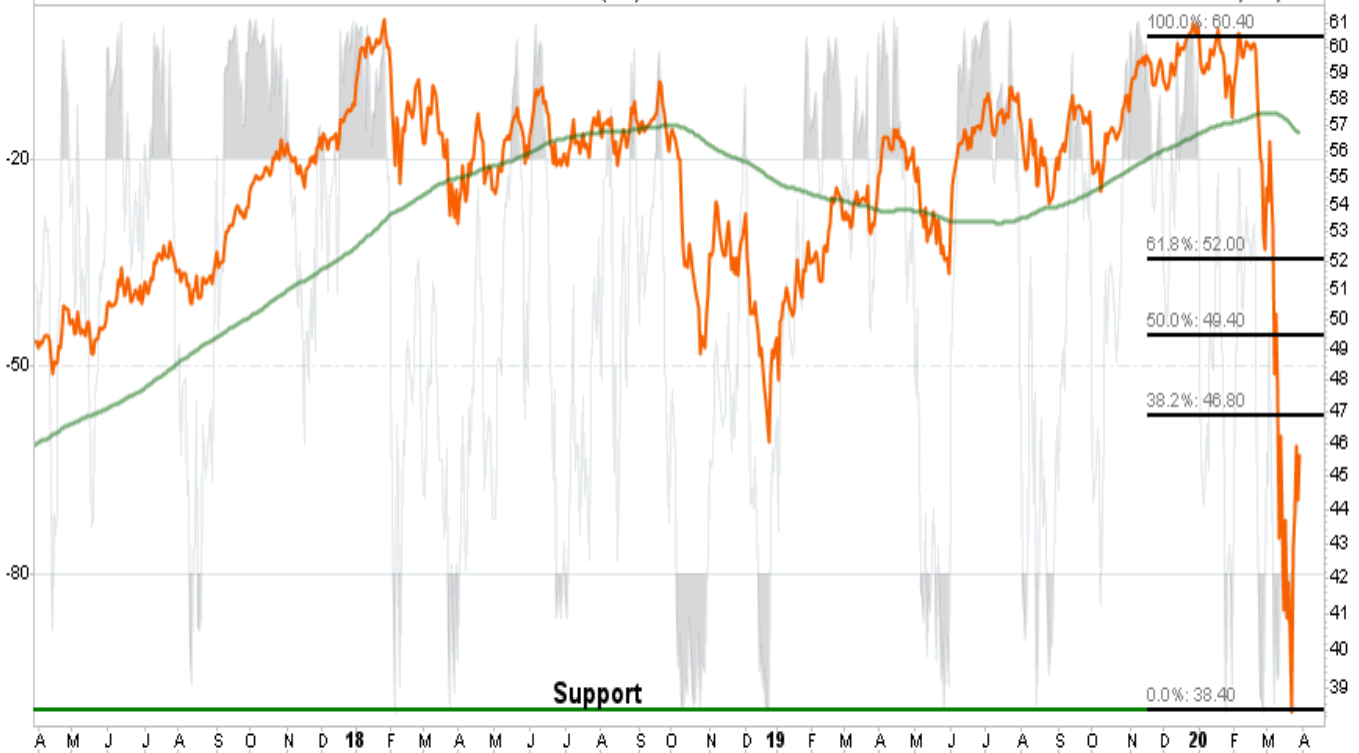
Basic Materials

XLB Materials Select Sector SPDR Fund NYSE

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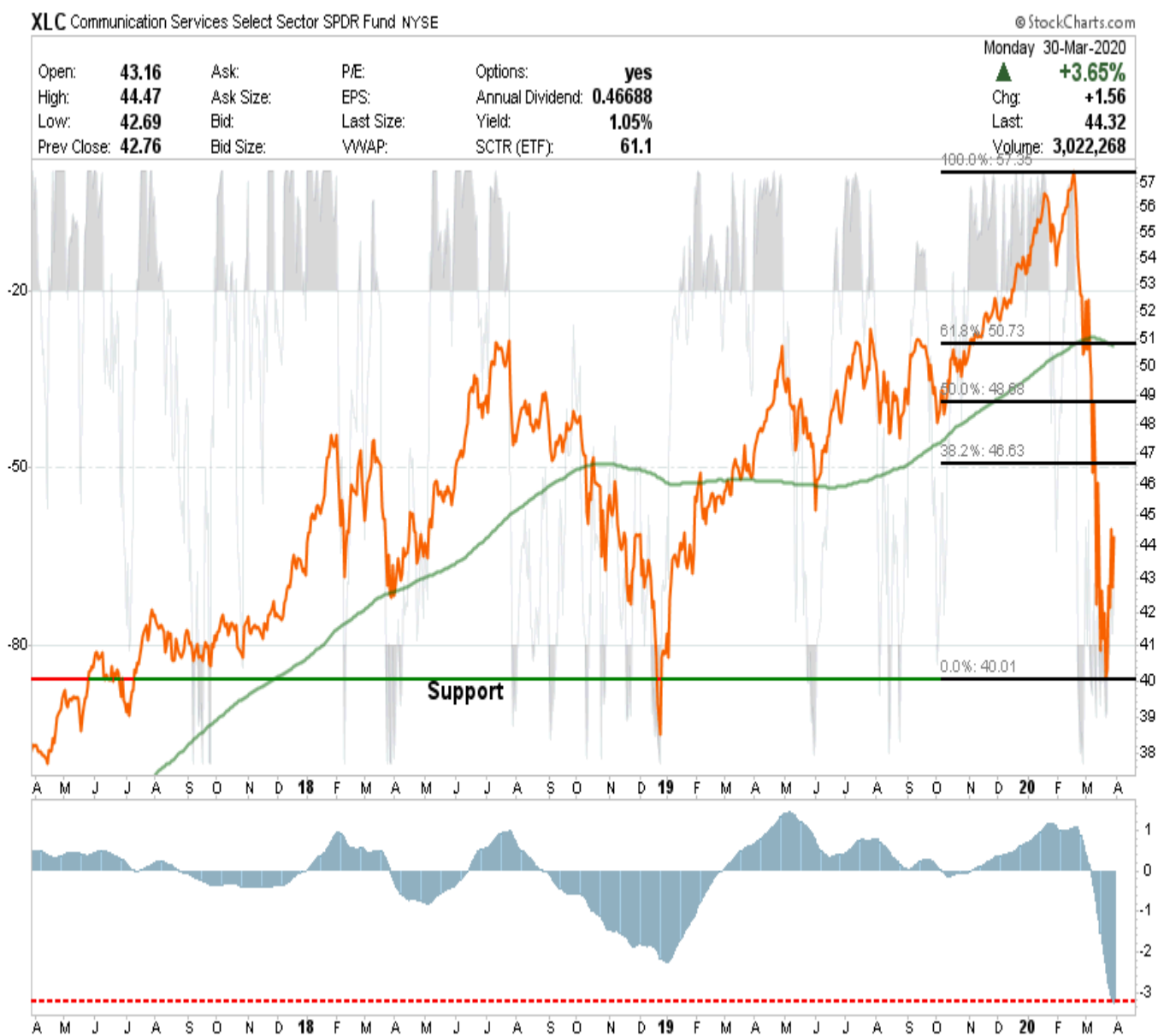
Monday 30-Mar-2020
 ▲ +3.19%
 Chg: +1.41
 Last: 45.67
 Volume: 9,754,165

Open: 44.81	Ask:	P/E:	Options: yes
High: 45.85	Ask Size:	EPS:	Annual Dividend: 1.2442
Low: 44.44	Bid:	Last Size:	Yield: 2.72%
Prev Close: 44.26	Bid Size:	VWAP:	SCTR (ETF): 38.6



- *XLB severely broke down below its 200-dma and is subject to the impact of the virus and the shutdown of the global supply chain.*
- *While XLB is extremely oversold, it is also on a very deep sell signal. The recent rally has done little to restore confidence in the sector and is lagging in terms of relative performance.*
- *We sold all of our holdings previously. Currently, there is a trading opportunity here, but we are going to concentrate our holdings in better performing sectors for now.*
- *Use rallies back to previous support levels to clear positions for the time being. There are too many unknowns currently, and just way to early, to assume a bottom is in.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No Positions*
 - *This Week: No Positions*
- *Long-Term Positioning: Bearish*

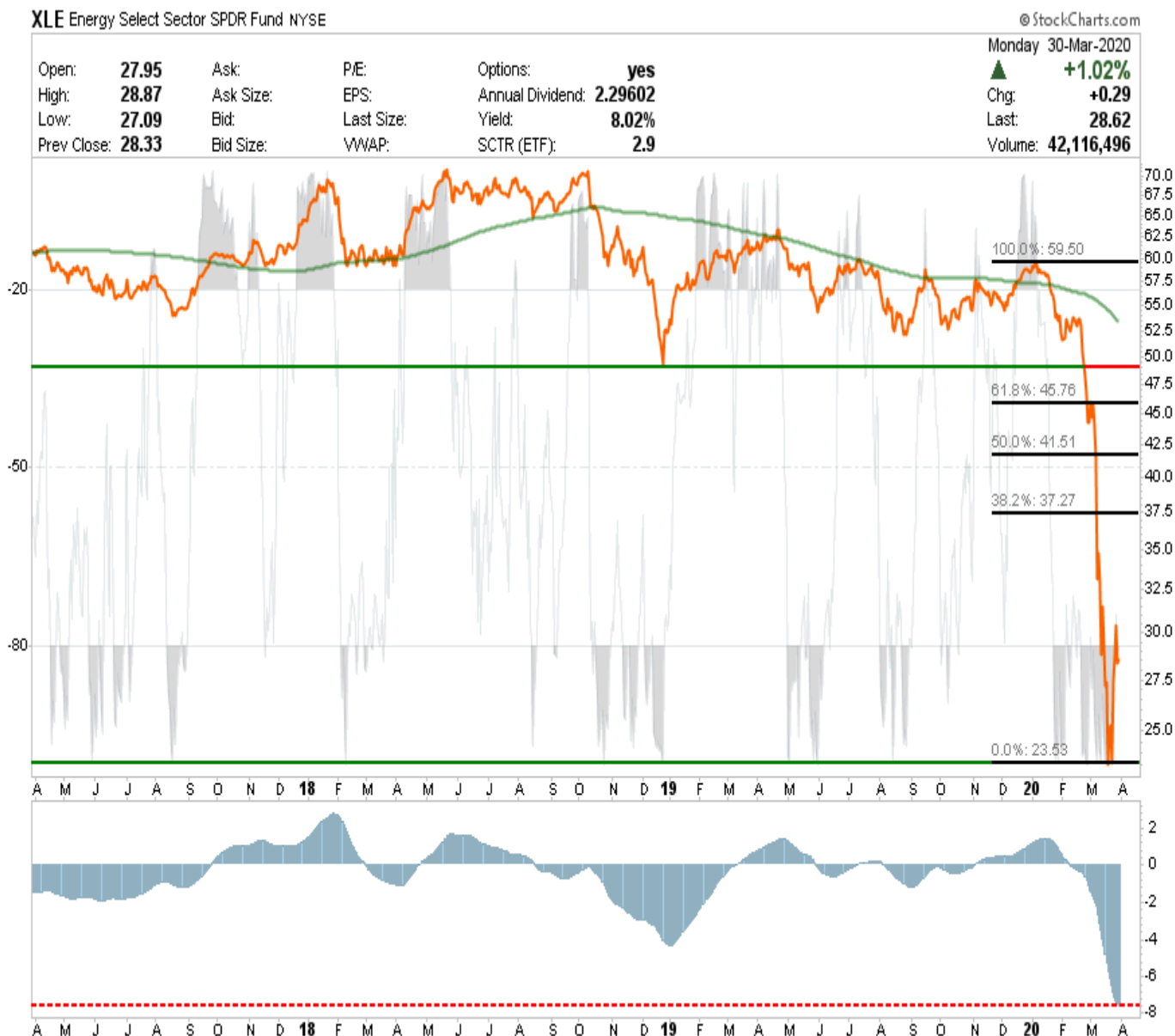
Communications



- *XLC is deeply oversold and is performing better than the overall market. We added to this area recently and there is currently upside to the 38.2% retracement level.*

- *Currently on a sell signal, and deeply oversold, we like the more defensive quality of the sector for now as Communications has an "anti-virus" bid to it.*
- *Short-Term Positioning: Bullish*
 - *Last Week: Hold positions*
 - *This Week: Added to holdings up to 3%.*
- *Long-Term Positioning: Neutral*

Energy



- *"Ain't nothin' good goin' on."*
- *For now, use rallies in energy to clear positions BUT we want to watch for a bottoming process to begin building long-term exposure.*
- *Be patient, we have plenty of time to do this correctly.*
- *Short-Term Positioning: Bearish*
 - *Last week: Sell into rally.*
 - *This week: Sell into rally.*
 - *No position currently*
- *Long-Term Positioning: Bearish*

Financials

XLF Financial Select Sector SPDR Fund NYSE

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Open: 21.04	Ask:	P/E:	Options: yes
High: 21.52	Ask Size:	EPS:	Annual Dividend: 0.59932
Low: 20.60	Bid:	Last Size:	Yield: 2.80%
Prev Close: 21.01	Bid Size:	WWAP:	SCTR (ETF): 26.2

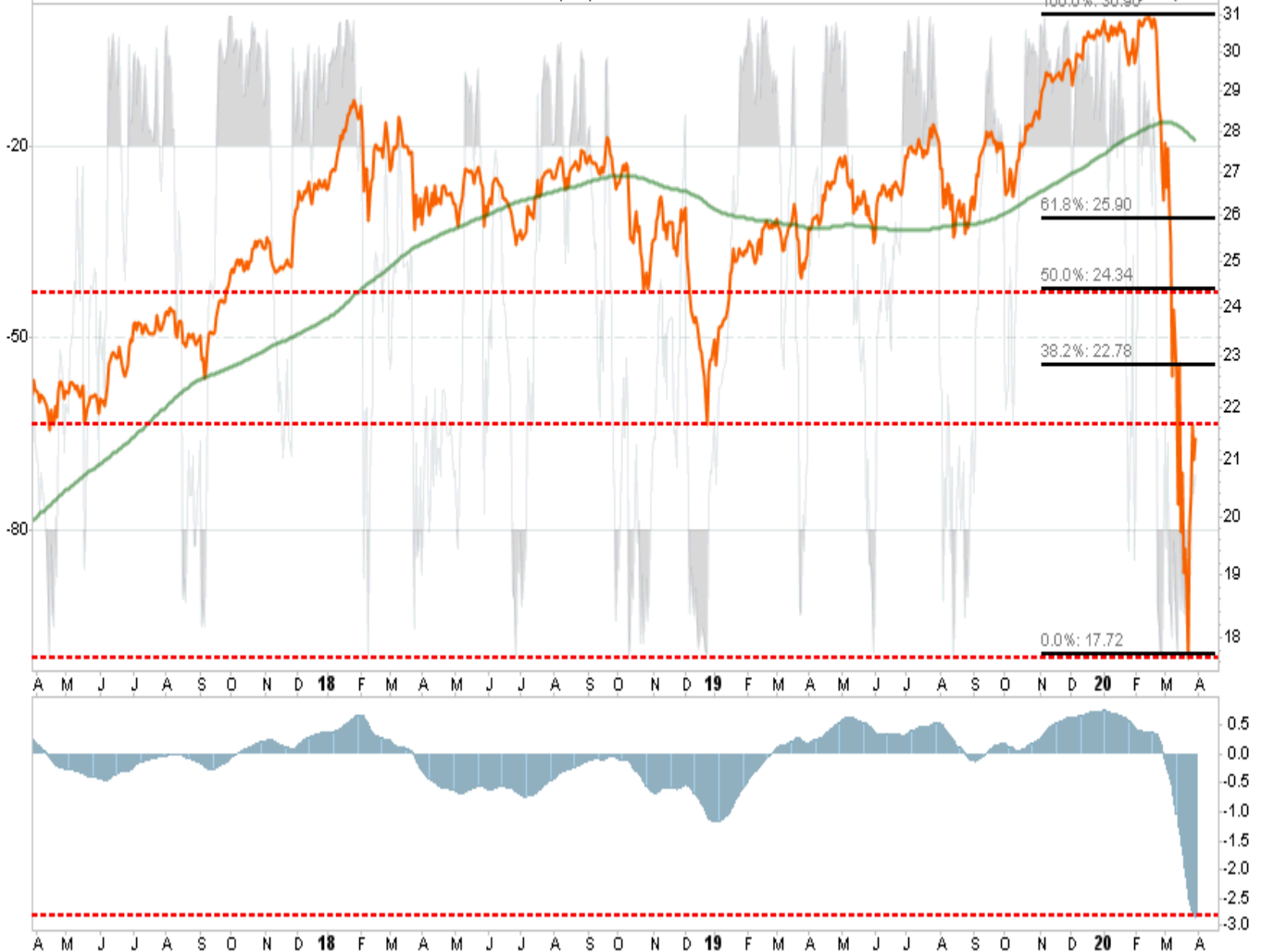
Monday 30-Mar-2020

▲ **+1.90%**

Chg: **+0.40**

Last: **21.41**

Volume: **67,287,536**

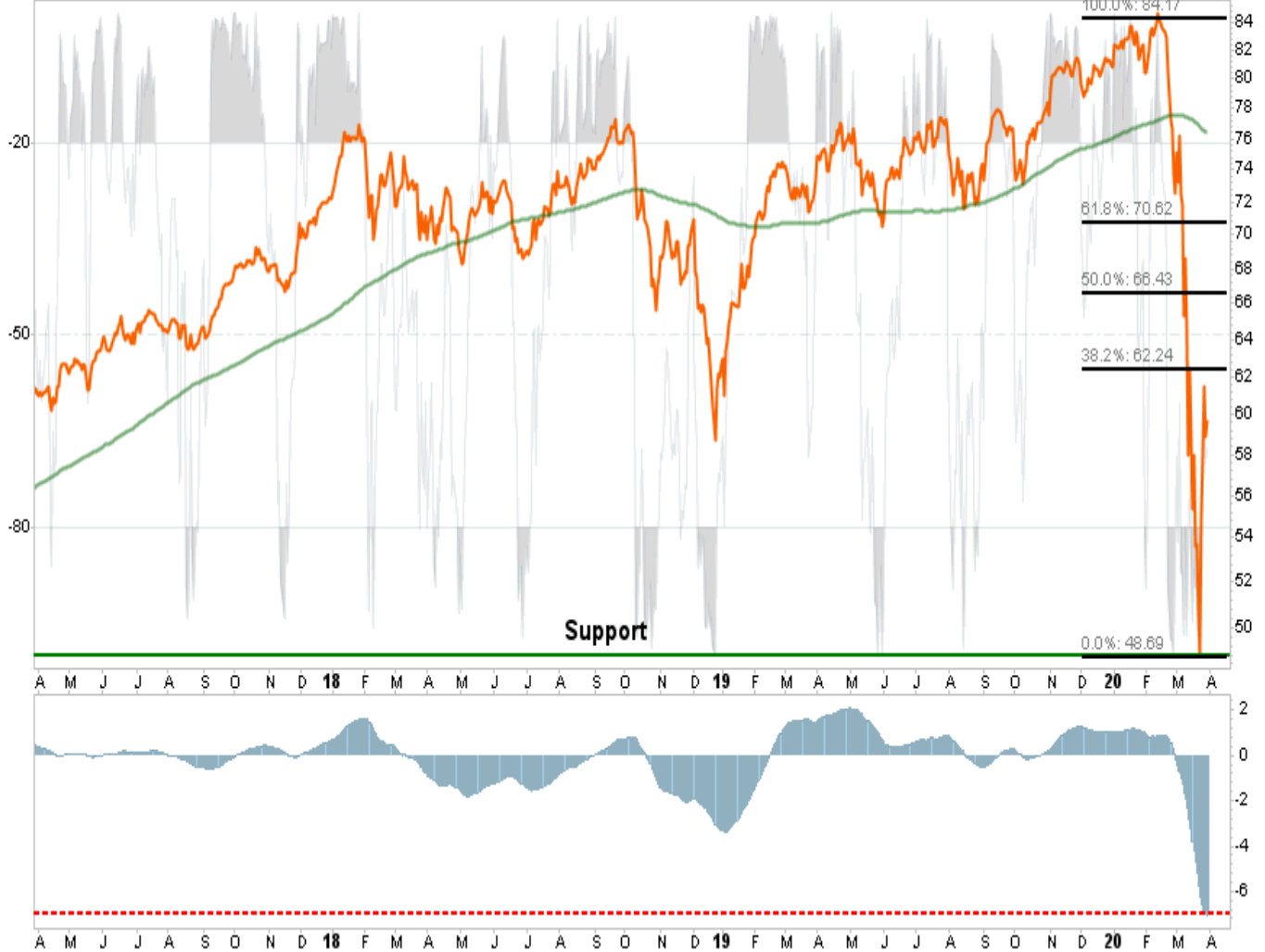


- *Financials are rallying on hopes of a turnaround, but there is a LOT of credit risk outstanding currently which is going to hurt their balance sheets and earnings.*
- *Financials are being impacted by both the a credit crisis stemming from the energy sector, rising defaults from a crashing economy, and "zero interest rates" from the Fed is a negative for net interest margins.*
- *We sold out of financials previously and will re-evaluate once the market calms down and finds a bottom.*
- *Sell on any rally.*
- *Short-Term Positioning: Neutral*
 - *Last week: No position*
 - *This week: No position*
- *Long-Term Positioning: Neutral*

Industrials

Open:	58.92	Ask:	P/E:	Options:	yes
High:	60.04	Ask Size:	EPS:	Annual Dividend:	1.55109
Low:	57.98	Bid:	Last Size:	Yield:	2.60%
Prev Close:	58.89	Bid Size:	VWAP:	SCTR (ETF):	29.2

Monday 30-Mar-2020	▲ +1.46%
Chg:	+0.86
Last:	59.75
Volume:	15,756,878

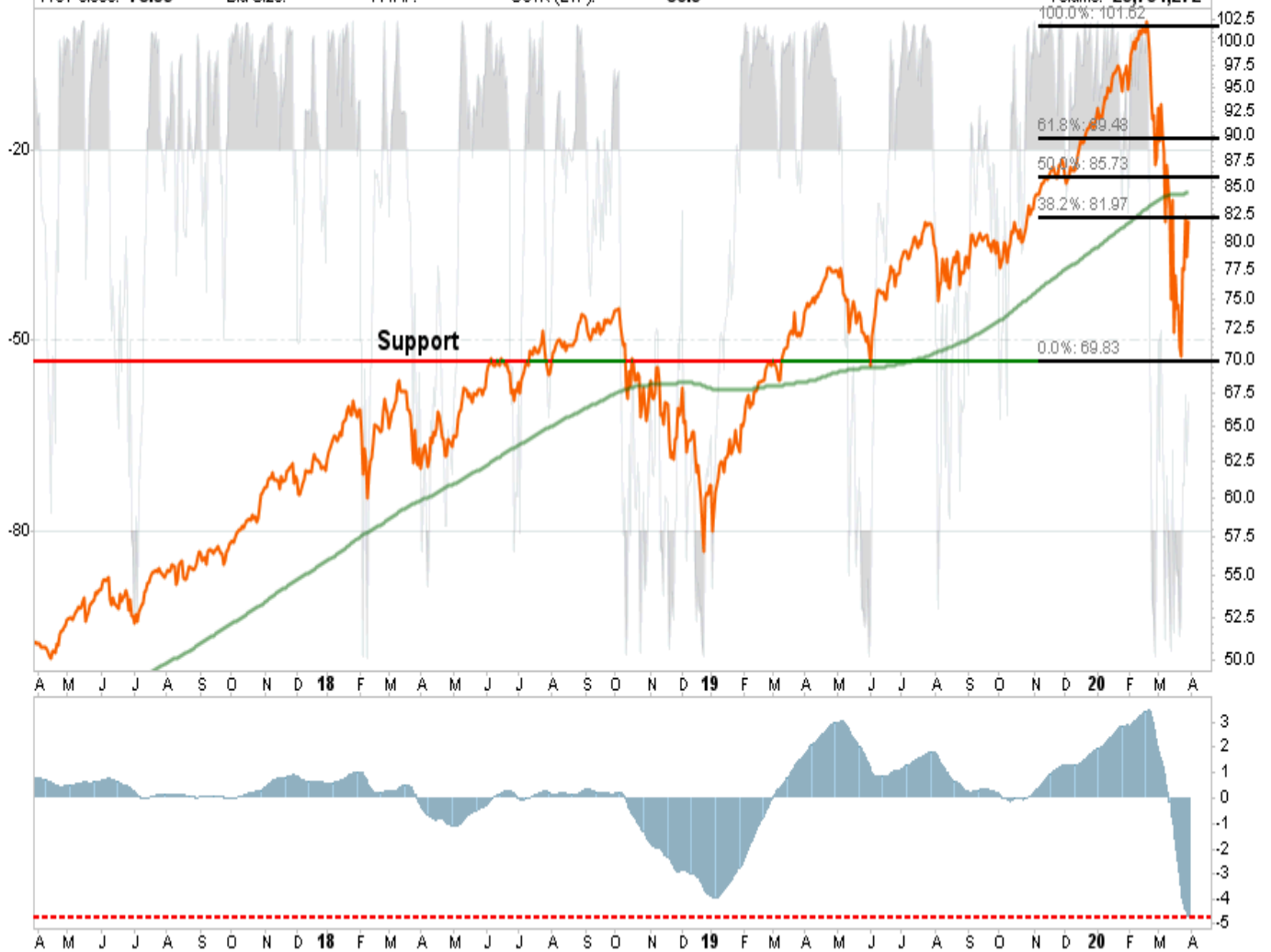


- *As with XLB, so goes XLI.*
- *We sold all of our holdings previously and will opt to wait for a better market structure to move back into the sector.*
- *Short-Term Positioning: Bearish*
 - *Last week: No position.*
 - *This week: No position.*
- *Long-Term Positioning: Bearish*

Technology

Open: **79.64** Ask: P/E: Options: **yes**
 High: **82.09** Ask Size: EPS: Annual Dividend: **1.19716**
 Low: **79.39** Bid: Last Size: Yield: **1.46%**
 Prev Close: **78.59** Bid Size: VWAP: SCTR (ETF): **86.3**

Monday 30-Mar-2020
 ▲ **+4.21%**
 Chg: **+3.31**
 Last: **81.90**
 Volume: **23,731,272**

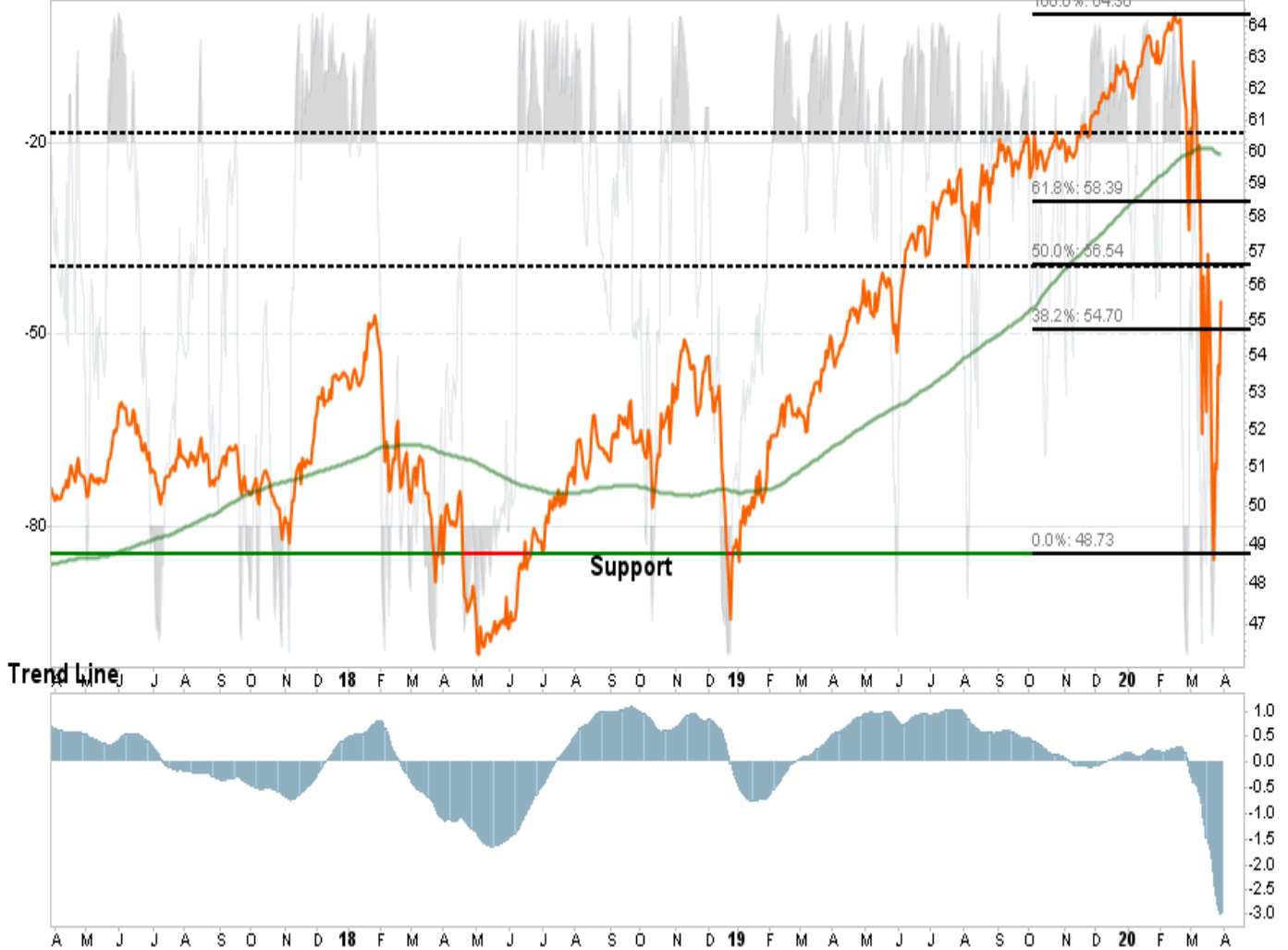


- *Technology is holding up better than the overall market and only started flirted with critical support. We added to XLK as discussed last week, taking our position to full weight currently. We will look to overweight the position opportunistically*
- *Short-Term Positioning: Bullish*
 - *Last week: Holding positions.*
 - *This week: Add to our holdings - full weight.*
 - *Long-Term Positioning: Bullish*

Staples

Open: **54.03** Ask: P/E: Options: **yes**
 High: **55.76** Ask Size: EPS: Annual Dividend: **1.60647**
 Low: **54.03** Bid: Last Size: Yield: **2.89%**
 Prev Close: **53.51** Bid Size: VWAP: SCTR (ETF): **78.1**

Monday 30-Mar-2020
 ▲ **+3.91%**
 Chg: **+2.09**
 Last: **55.60**
 Volume: **15,892,597**

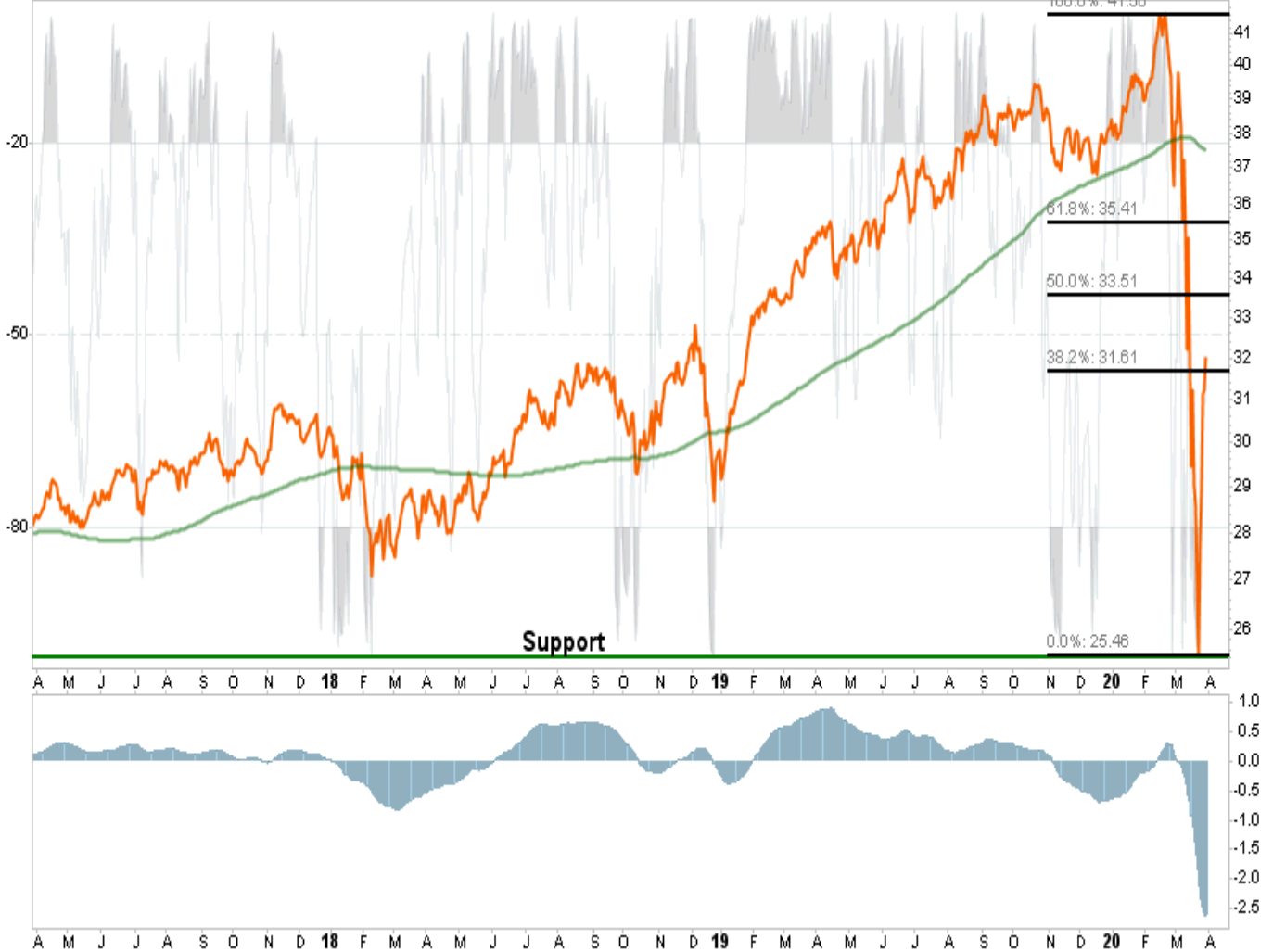


- *The correction has gotten XLP extremely oversold and is trying to hold support. XLP is holding up better than the market and we are looking to add to our position. We will do so on come corrective action in the sector and market.*
- *However, as with everything, it is too soon to know if the sell-off is over. We are going to wait for a better bottom to form.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold positions*
 - *This week: Holding 1/2 position.*
 - *Long-Term Positioning: Bullish*

Real Estate

Open: **31.38** Ask: P/E: Options: **yes**
 High: **32.18** Ask Size: EPS: Annual Dividend: **1.18107**
 Low: **30.69** Bid: Last Size: Yield: **3.69%**
 Prev Close: **31.21** Bid Size: VWAP: SCTR (ETF): **54.7**

Monday 30-Mar-2020
 ▲ **+2.60%**
 Chg: **+0.81**
 Last: **32.02**
 Volume: **10,377,675**

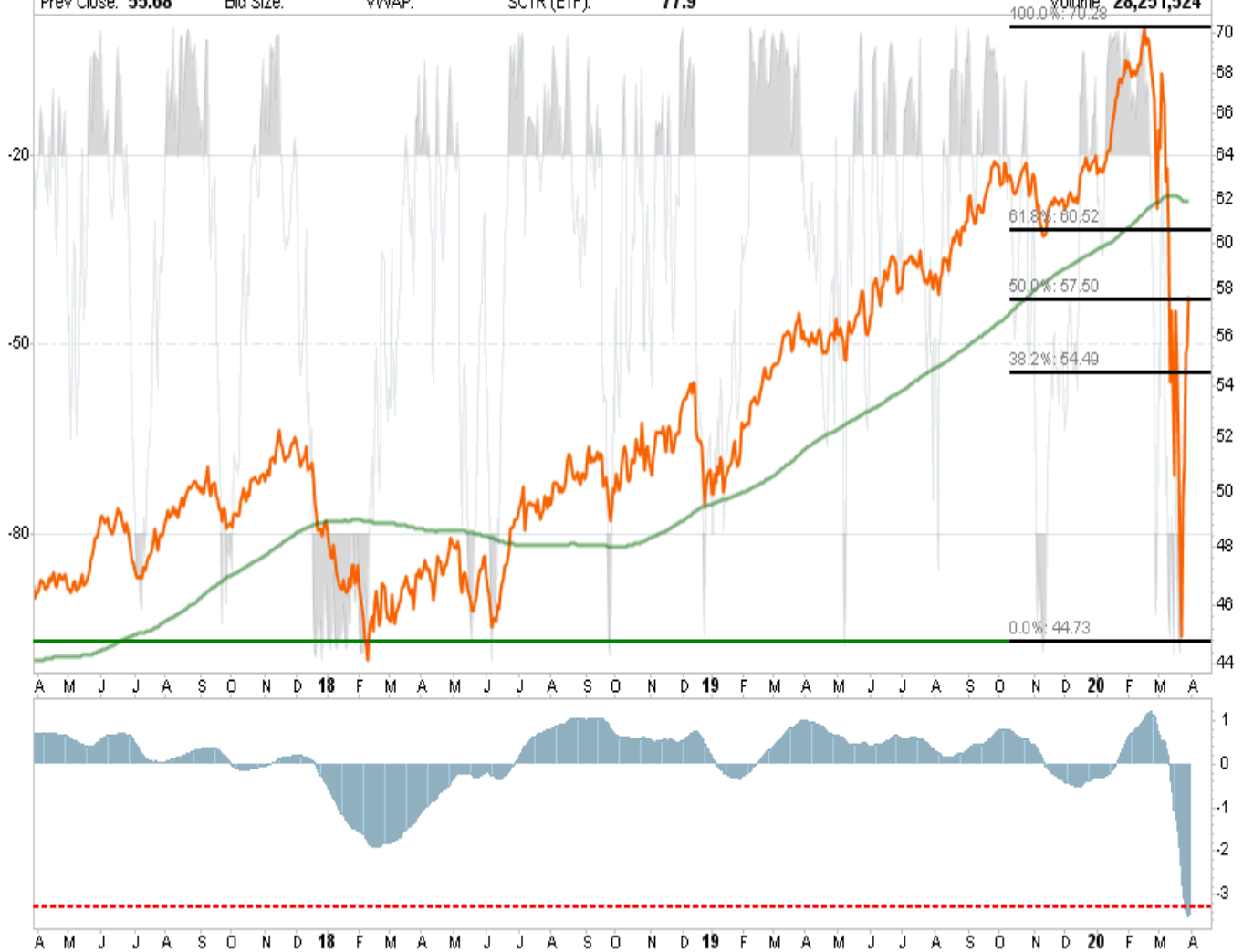


- *XLRE broke all supports. But has recently rallied back to the 38.2% retracement level.*
- *There is a lot of credit risk in the sector and we are going to add back to REIT's opportunistically.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold position.*
 - *This week: No position currently.*
- *Long-Term Positioning: Bullish*

Utilities

Open: **56.16** Ask: P/E: Options: **yes**
 High: **58.09** Ask Size: EPS: Annual Dividend: **1.95274**
 Low: **55.92** Bid: Last Size: Yield: **3.38%**
 Prev Close: **55.68** Bid Size: VWAP: SCTR (ETF): **77.9**

Monday 30-Mar-2020
 ▲ **+3.70%**
 Chg: **+2.06**
 Last: **57.74**
 Volume: **28,251,524**



- *XLU rebounded nicely over the last week back to the 50% retracement level. This is the level where most retracements fail.*
- *A pullback to support that does not violate it, will be an opportunity to add back into the sector.*
- **Short-Term Positioning: Bullish**
 - *Last week: Hold position.*
 - *This week: No position.*
- **Long-Term Positioning: Bullish**

Health Care

Open: **86.52** Ask: P/E: Options: **yes**
 High: **89.14** Ask Size: EPS: Annual Dividend: **1.58174**
 Low: **86.51** Bid: Last Size: Yield: **1.78%**
 Prev Close: **84.99** Bid Size: VWAP: SCTR (ETF): **86.0**

Monday 30-Mar-2020
 ▲ **+4.68%**
 Chg: **+3.98**
 Last: **88.97**
 Volume: **13,761,584**



- *XLV held support and rebound nicely back to the 50% retracement level.*
- *As with XLU look for a short-term correction back to support to add to holdings.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold positions*
 - *This week: Hold 1/2 position, look to add.*
- *Long-Term Positioning: Bullish*

Discretionary

Open: 98.64	Ask:	P/E:	Options: yes
High: 100.49	Ask Size:	EPS:	Annual Dividend: 1.65172
Low: 96.93	Bid:	Last Size:	Yield: 1.65%
Prev Close: 98.05	Bid Size:	VWAP:	SCTR (ETF): 50.7

Monday 30-Mar-2020
 ▲ **+2.09%**
 Chg: **+2.05**
 Last: **100.10**
 Volume: **6,659,569**

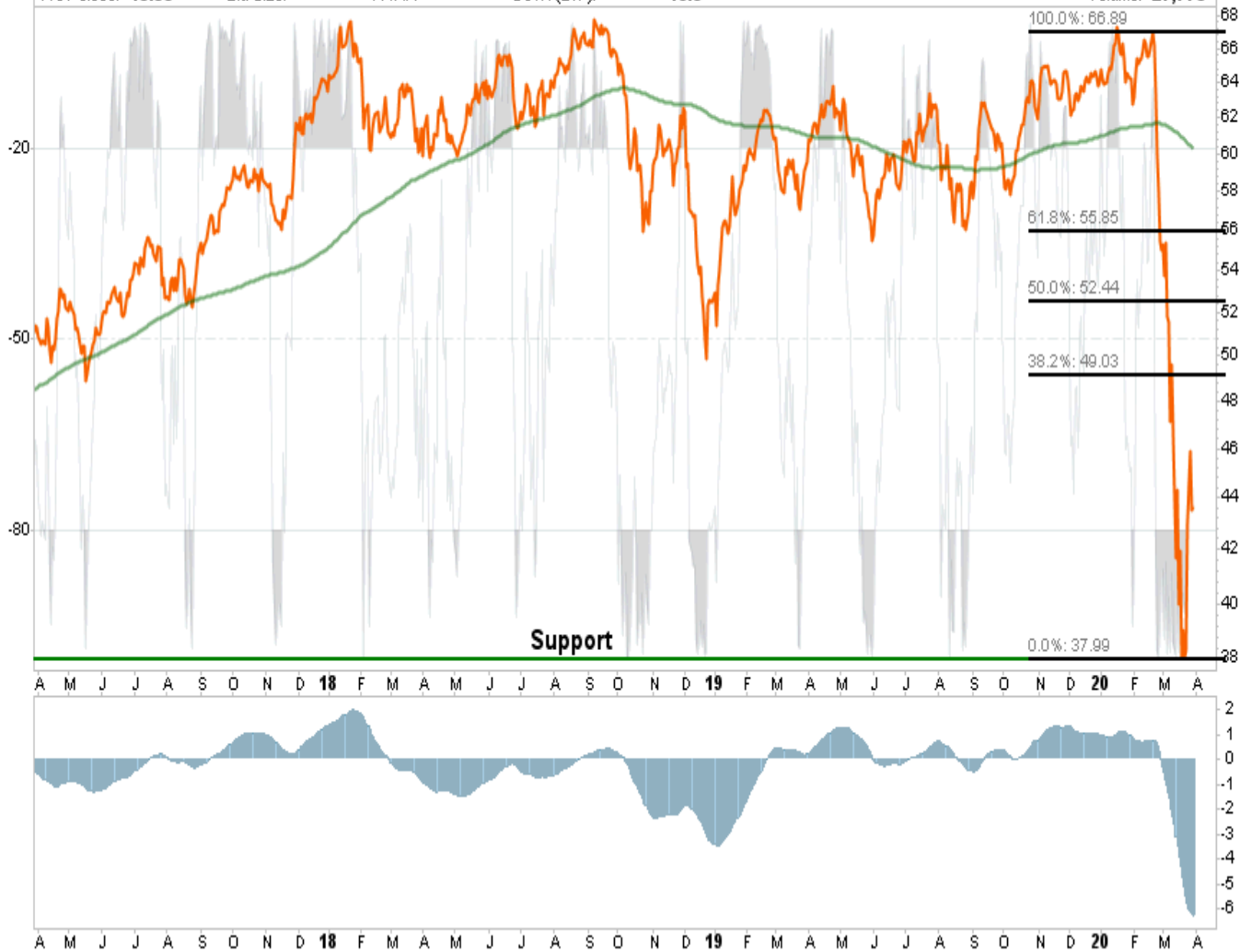


- *We sold the entire position previously due to exposure to the economic shutdown from the virus.*
- *There is no reason at the moment to add the sector back until we see "some signs of life" in the economy.*
- *We are focusing on Staples for the time being but will watch for recovery in Discretionary.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold position*
 - *This week: No position*
- *Long-Term Positioning: Neutral*

Transportation

Open: **43.44** Ask: P/E: Options: **no**
 High: **44.24** Ask Size: EPS: Annual Dividend: **0.79909**
 Low: **42.25** Bid: Last Size: Yield: **1.83%**
 Prev Close: **43.53** Bid Size: VWAP: SCTR (ETF): **16.0**

▲ **+0.21%**
 Chg: **+0.09**
 Last: **43.62**
 Volume: **27,775**



- *We have remained out of the economically sensitive sector and as noted last week the impact of the "coronavirus" will likely have global supply chain impacts.*
- *The sector is oversold short-term, which could elicit a reflexive bounce. However, such a bounce should be used to sell positions into for now.*
- **Short-Term Positioning: Neutral**
 - *Last week: No position*
 - *This week: No position*
- **Long-Term Positioning: Bearish**