

Sector Buy/Sell Review: 05-20-20

Each week we produce a Sector Buy Sell 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
- 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. **NEW PORTFOLIO TOOL: Under the PORTFOLIO tab you will see [a new tool called ALERTS](#). When you click on the link, any position that you in a WATCHLIST or PORTFOLIO will show up in the ALERTS window. You can add SELL TARGETS, STOP LOSS, and Daily % Changes. When those levels are triggered, you will be sent an email and the alerts will show on your dashboard. We are using this system for all our current positions and will be reporting our targets in these daily updates. Basic Materials**

XLB Materials Select Sector SPDR Fund NYSE

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- *XLB reclaimed the 61.8% retracement with Monday's rally, but remains overbought, and is underperforming the market.*
- *We are out of the sector for now due to the underperformance. However, if we do enter a trade, parameters will be very tight as the outlook for earnings remains dismal*
- *We raising our trading alert to \$46 which may set up a tradeable opportunity.*
- *Short-Term Positioning: Bearish*
 - *Last Week: No Positions*
 - *This Week: No Positions*
- *Long-Term Positioning: Bearish*

Communications



- *XLC continues to perform better than the overall market.*
- *We added to this sector on Monday as the 200-dma retracement level was taken out.*
- *We continue to like the more defensive quality of the sector, BUT on a short-term basis it is very overbought. We are looking for a pullback to add further to our holdings.*
- *Our have set an alert at \$49 to revisit adding to our holdings.*
 - *Short-Term Positioning: Bullish*

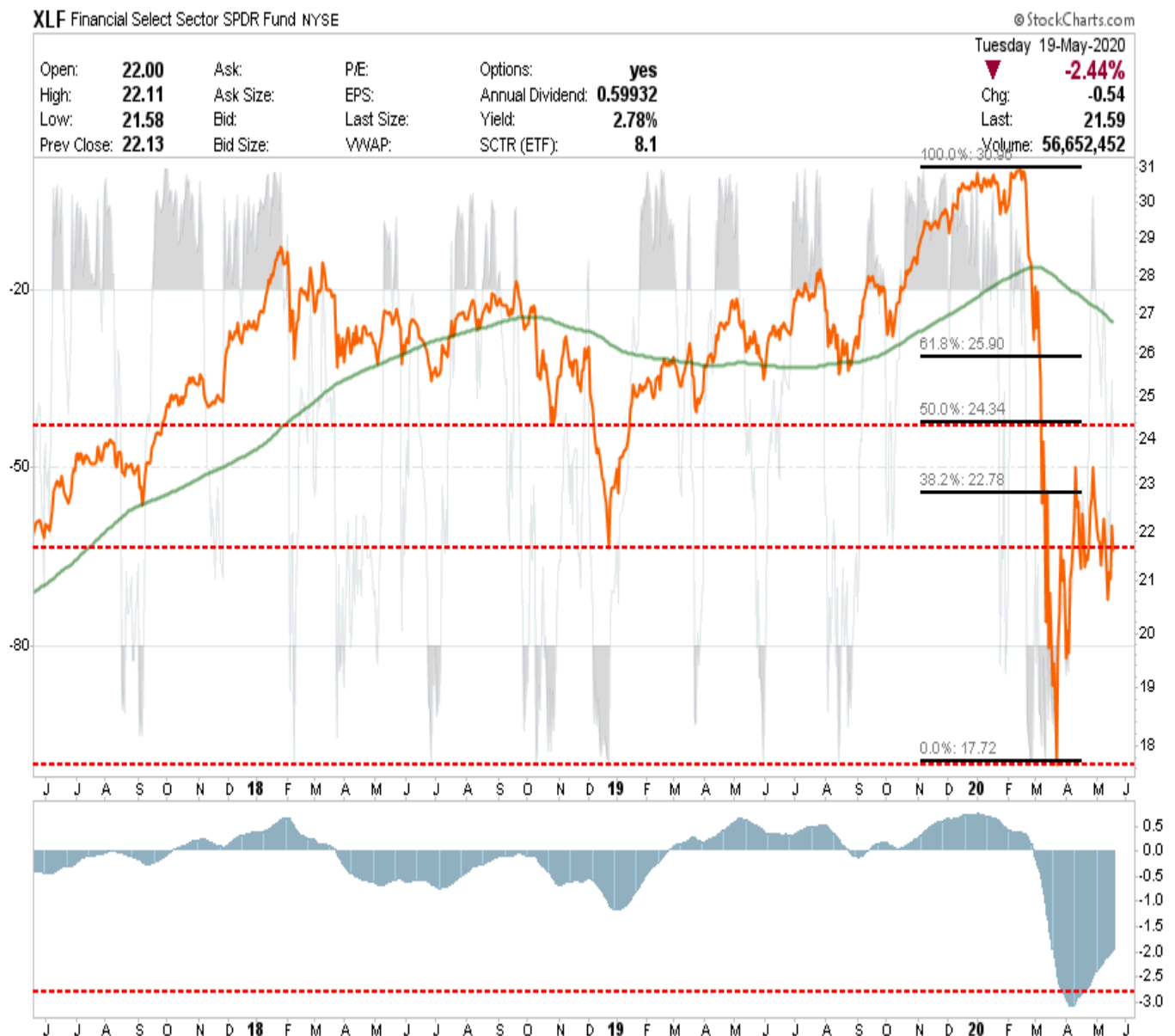
- Last Week: Hold positions
- This Week: Added slightly.
- Long-Term Positioning: Neutral

Energy



- Energy stocks have been trading much better than the commodity as relative strength has improved for the sector.
- We added to our holdings on Monday by increasing exposure in XOM and CVX in the equity model and adding those two positions to the ETF model.
- We have a stop-loss alert set at \$30, with a high-alert set at \$40. The sector is about at the same level as last week, so no action taken.
- Short-Term Positioning: Bearish
 - Last week: Hold positions
 - This week: Added slightly
 - Stop loss is \$30.
- Long-Term Positioning: Bearish

Financials



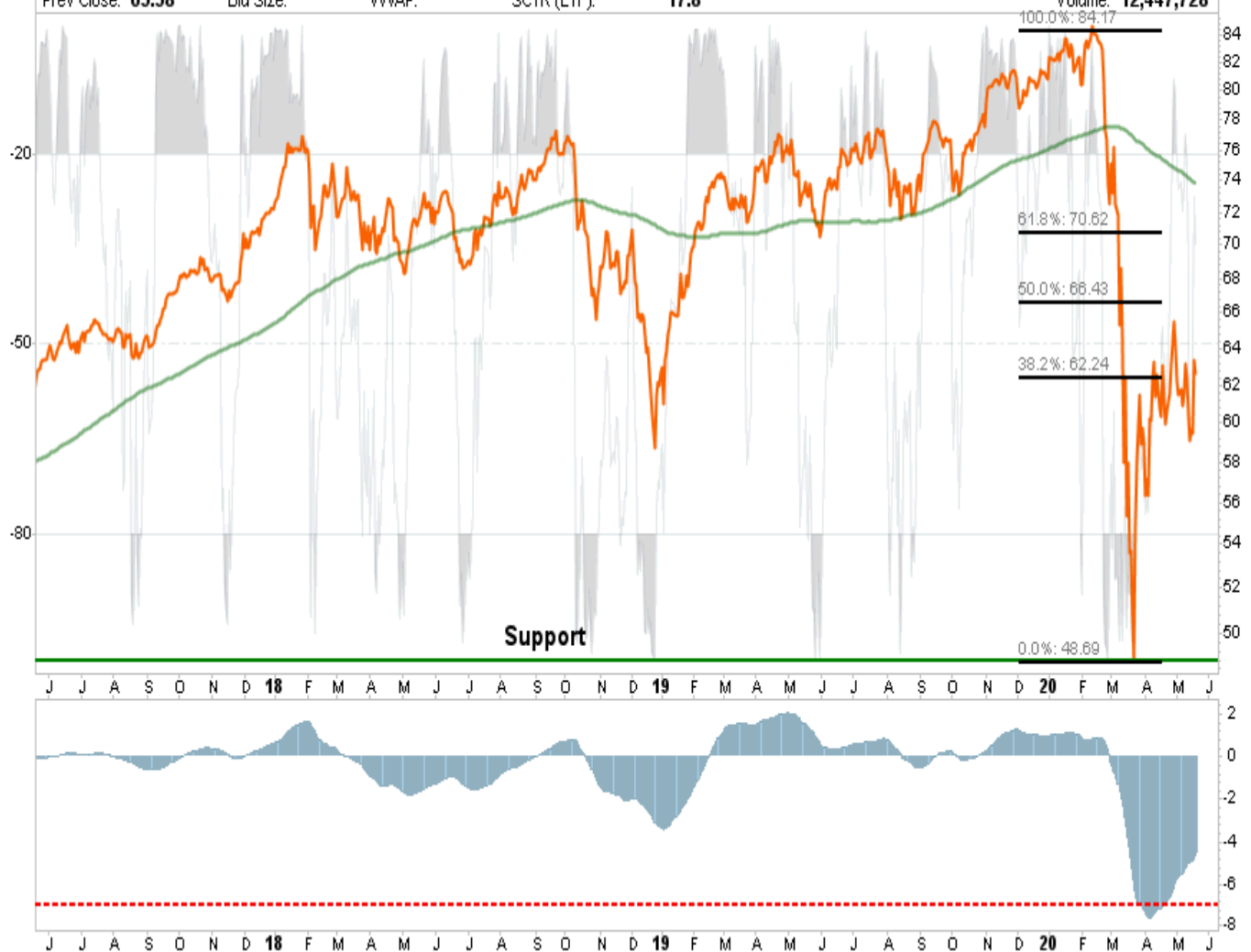
- *Financials have lagged the bear market rally badly, and continue to underperform.*
- *We sold out of financials previously and will re-evaluate once the market calms down and finds a bottom.*
- *We continue to suggest selling rallies in financials.*
- *We have an alert set at \$21 to start evaluating holdings.*
- *Short-Term Positioning: Neutral*
 - *Last week: No position*
 - *This week: No position*
- *Long-Term Positioning: Neutral*

Industrials

Tuesday 19-May-2020

Open: **63.26** Ask: P/E: Options: **yes**
 High: **63.87** Ask Size: EPS: Annual Dividend: **1.55109**
 Low: **62.56** Bid: Last Size: Yield: **2.48%**
 Prev Close: **63.38** Bid Size: VWAP: SCTR (ETF): **17.8**

Chg: **-1.28%**
 Last: **62.57**
 Volume: **12,447,728**



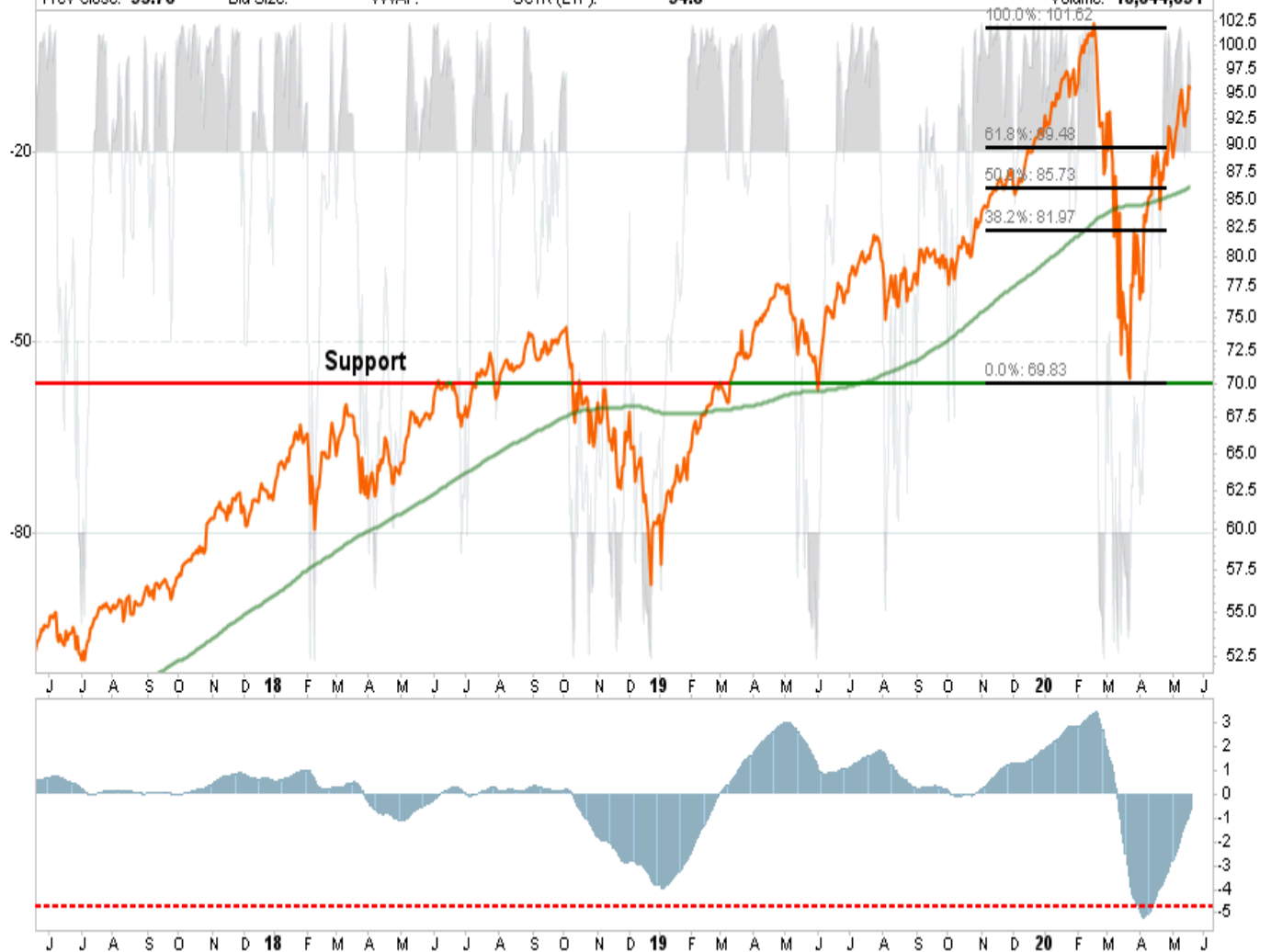
- As with XLB, so goes XLI.
- XLI had a good rally on Monday but failed to break out of its consolidation.
- We sold all of our holdings previously and will opt to wait for a better market structure to move back into the sector.
- We have an alert set at \$58 to evaluate positions
- Short-Term Positioning: Bearish
 - Last week: No position.
 - This week: No position.
- Long-Term Positioning: Bearish

Technology

Tuesday 19-May-2020

Open: 95.80	Ask:	P/E:	Options: yes
High: 96.89	Ask Size:	EPS:	Annual Dividend: 1.19716
Low: 95.37	Bid:	Last Size:	Yield: 1.25%
Prev Close: 95.76	Bid Size:	VWAP:	SCTR (ETF): 94.8

▼ **-0.37%**
 Chg: **-0.35**
 Last: **95.41**
 Volume: **10,044,691**



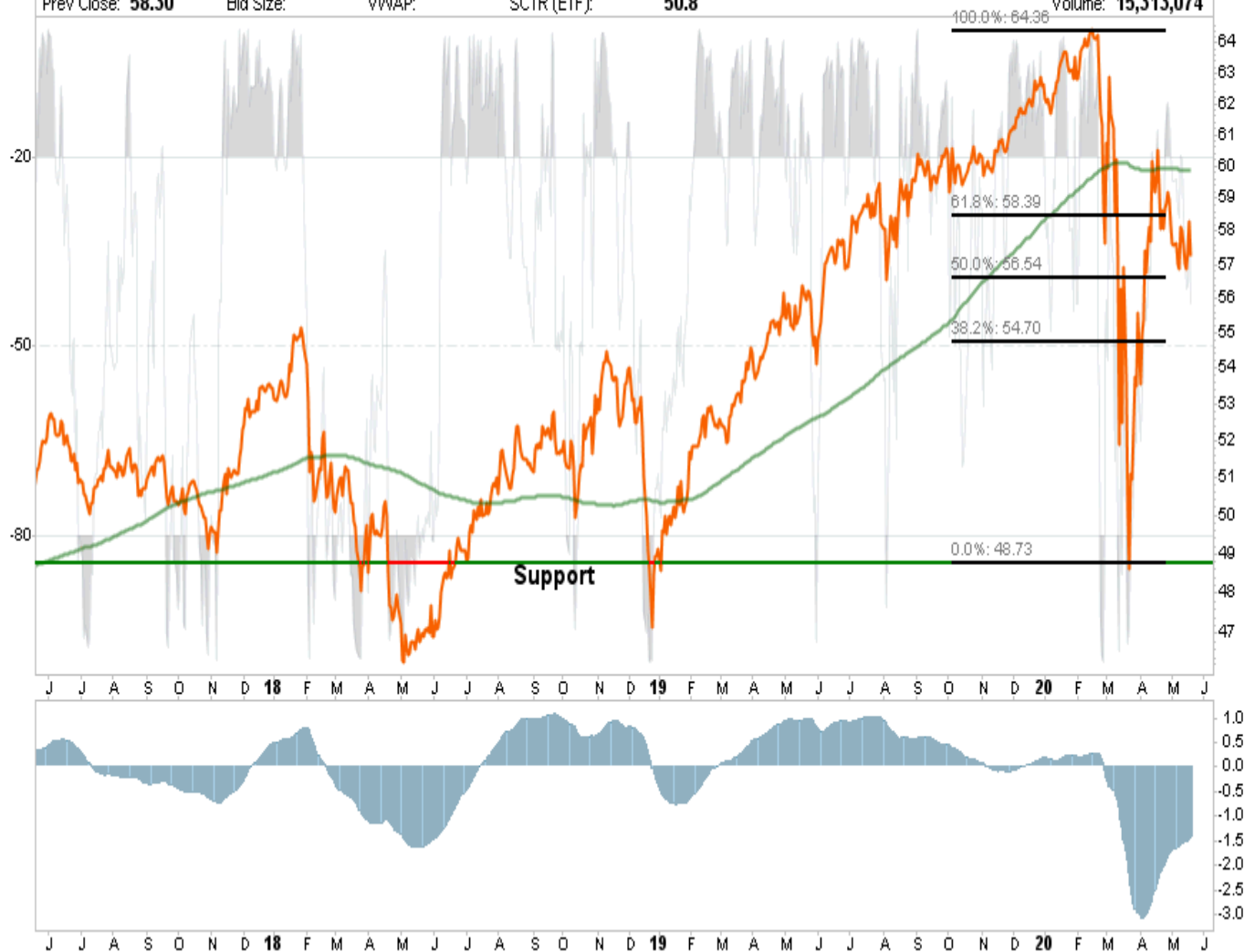
- Technology continues to be our strong suit and we added more exposure to the sector on Monday.
- The rally on Monday continues the push toward all-time highs and is back into positive territory for year. However, it is a narrow advance driven by the 5-major constituents. So goes AAPL, so goes the market.
- If we get a pullback that holds support at the 200-dma and the 50% retracement level, we will look add more weight to the sector. We have an alert set at \$86.
- Short-Term Positioning: Bullish
 - Last week: Holding positions.
 - This week: Added slightly
 - Long-Term Positioning: Bullish

Staples

Tuesday 19-May-2020

Open: **58.38** Ask: P/E: Options: **yes**
 High: **58.41** Ask Size: EPS: Annual Dividend: **1.60647**
 Low: **57.23** Bid: Last Size: Yield: **2.81%**
 Prev Close: **58.30** Bid Size: VWAP: SCTR (ETF): **50.8**

Chg: **-1.84%**
 Last: **57.23**
 Volume: **15,313,074**



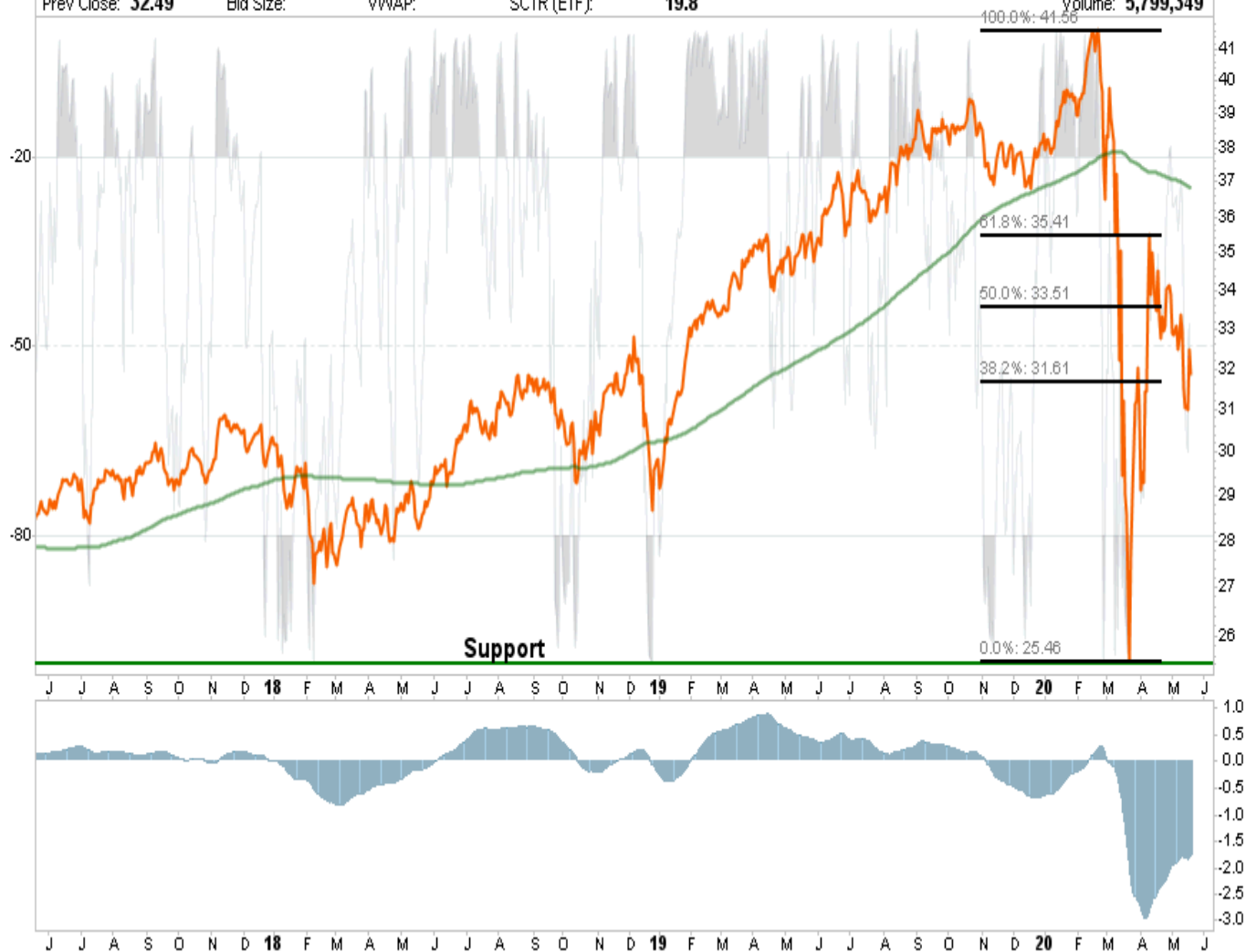
- We also added to XLP this week a smidge.
- XLP is working off the overbought condition somewhat, but still has more to go. Importantly, XLP continues to hold support at the 50% retracement.
- We have an alert set at \$55 as our stop-level.
- Short-Term Positioning: Bullish
 - Last week: Hold positions
 - This week: Added slightly
 - Long-Term Positioning: Bullish

Real Estate

Tuesday 19-May-2020

Open: 32.32	Ask:	P/E:	Options: yes
High: 32.44	Ask Size:	EPS:	Annual Dividend: 1.18107
Low: 31.86	Bid:	Last Size:	Yield: 3.71%
Prev Close: 32.49	Bid Size:	VWAP:	SCTR (ETF): 19.8

▼ **-1.94%**
 Chg: **-0.63**
 Last: **31.86**
 Volume: **5,799,349**



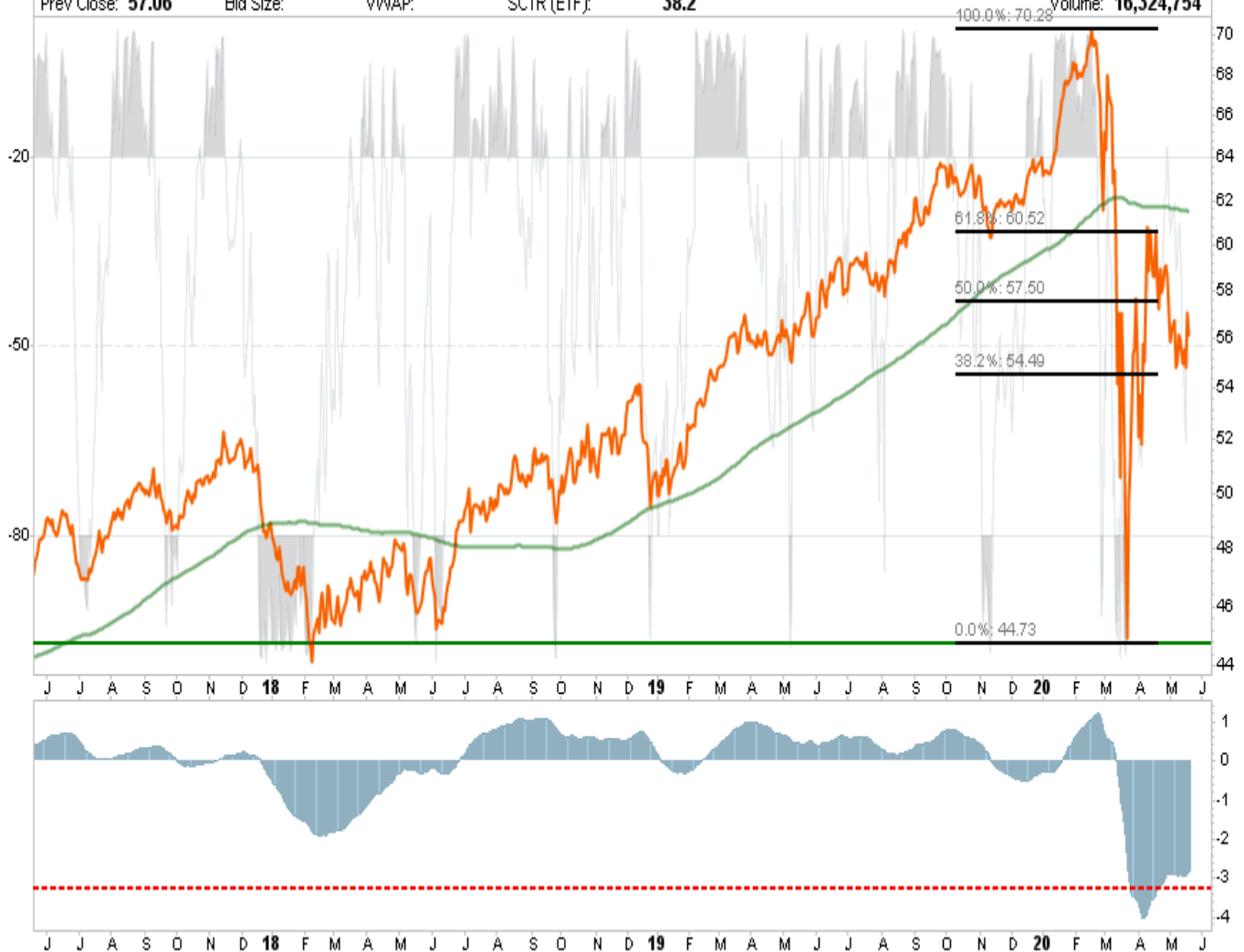
- *XLRE held support at the 38.2% retracement and rallied. We added some exposure to our holding on Monday.*
- *The sector is not overbought and is oversold relative to the market.*
- *We have a low limit alert at \$30 if lower support is getting threatened.*
- *Short-Term Positioning: Bullish*
 - *Last week: No position*
 - *This week: Added slightly*
 - *Long-Term Positioning: Bullish*

Utilities

Tuesday 19-May-2020

Open: **56.82** Ask: P/E: Options: **yes**
 High: **56.98** Ask Size: EPS: Annual Dividend: **1.95274**
 Low: **56.11** Bid: Last Size: Yield: **3.48%**
 Prev Close: **57.06** Bid Size: VWAP: SCTR (ETF): **38.2**

Chg: **-1.65%**
 Last: **56.12**
 Volume: **16,324,754**



- *XLU, like XLRE, held support at the 38.2% retracement level and turned up. We added some exposure to the sector as we look for a rotation into more defensive names.*
- *We should see a relative "risk off" safety trade with XLU if we see a pullback in the broader market.*
- *We have an alert set at \$54.*
- *Short-Term Positioning: Bullish*
 - *Last week: Hold position.*
 - *This week: Added slightly*
- *Long-Term Positioning: Bullish*

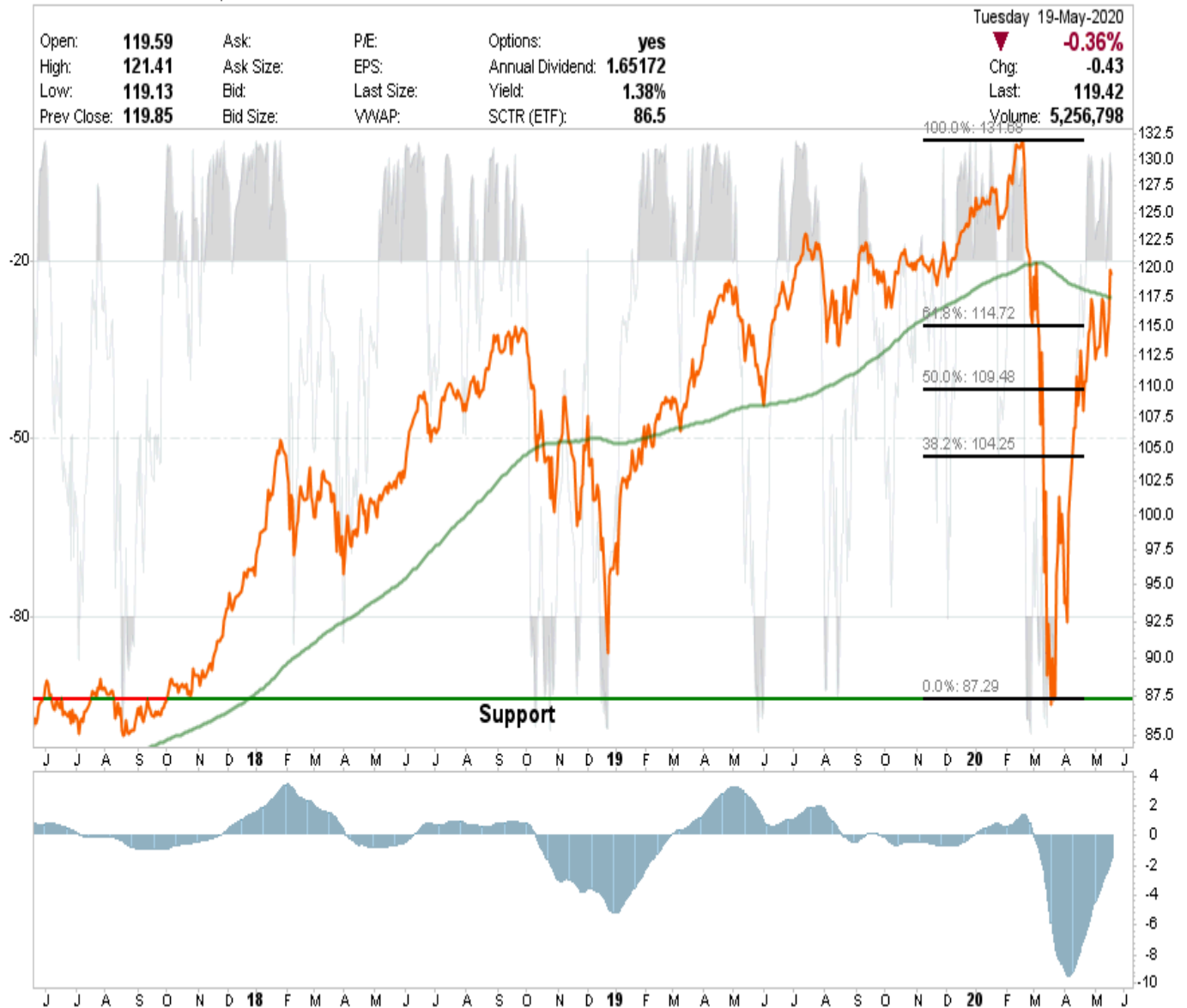
Health Care

Open: 100.93	Ask:	P/E:	Options: yes	Tuesday 19-May-2020
High: 101.44	Ask Size:	EPS:	Annual Dividend: 1.58174	▼ -1.20%
Low: 100.02	Bid:	Last Size:	Yield: 1.58%	Chg: -1.22
Prev Close: 101.25	Bid Size:	VWAP:	SCTR (ETF): 86.6	Last: 100.03
				Volume: 10,560,984



- *XLV finally ran into resistance near all-time highs and has been consolidating.*
- *The 200-dma is now important support and needs to hold.*
- *The sector is very overbought short-term.*
- *We have an alert set at \$95 to add more to our holdings.*
- *Short-Term Positioning: Neutral*
 - *Last week: Hold positions*
 - *This week: Added slightly*
- *Long-Term Positioning: Bullish*

Discretionary



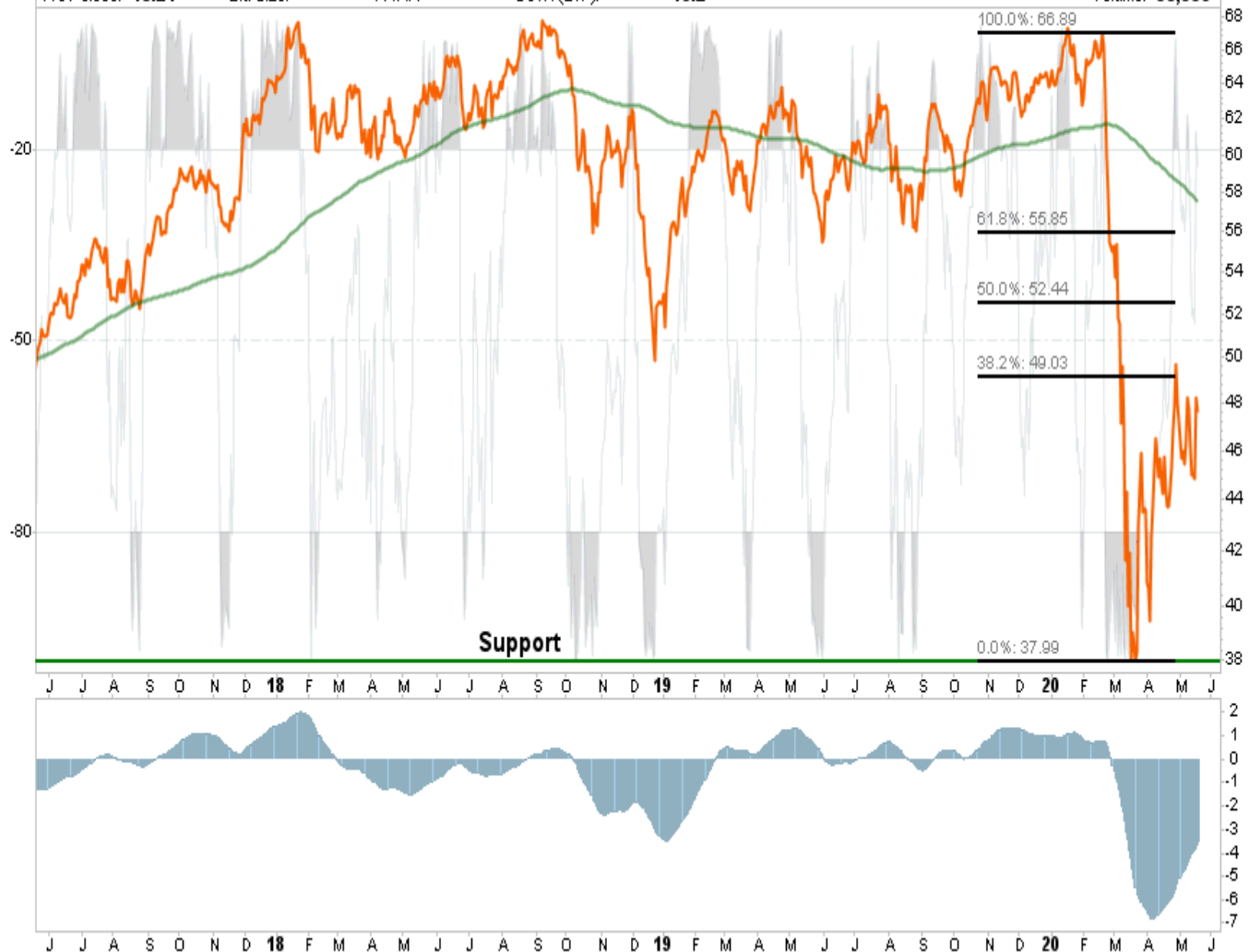
- Discretionary is performing better now.
- XLY rallied to the 200-dma and finally broke above it.
- AMZN makes up about 70% of the entire ETF, so this is really an AMZN story more than discretionary retail overall.
- The sector is VERY overbought, so a pullback is likely, but there is a trading opportunity if XLY can hold this break above the 200-dma.
- We are focusing on Staples for the time being but have an alert set to add Discretionary as a trading position at \$110.00 on a pullback or \$118 on a breakout.
- Short-Term Positioning: Neutral
 - Last week: No position
 - This week: No position
- Long-Term Positioning: Neutral

Transportation

Tuesday 19-May-2020

Open: **48.22** Ask: P/E: Options: **no**
 High: **48.75** Ask Size: EPS: Annual Dividend: **0.79909**
 Low: **47.58** Bid: Last Size: Yield: **1.68%**
 Prev Close: **48.21** Bid Size: VWAP: SCTR (ETF): **16.2**

▼ **-1.29%**
 Chg: **-0.62**
 Last: **47.59**
 Volume: **38,006**



- We have remained out of the economically sensitive sector as the impact of the "coronavirus" continues to rip through earnings in this sector.
- The sector mustered a weak rally from lows back to the 38.2% retracement level, got very overbought, and has now failed at resistance.
- We have an alert set for a trading opportunity set at \$44, but we aren't excited about it.
- Short-Term Positioning: Neutral
 - Last week: No position
 - This week: No position
- Long-Term Positioning: Bearish