

In this week's selected portfolio positions review, we want to review a few of the trades we made on Monday. As noted in yesterday's post, "[It's time to take on defensive positioning](#)," I stated:

*"With the vast majority of stocks being above the 50- and 200-dma moving averages, all short-term momentum indicators are now egregiously overbought. As noted by the vertical red lines, when every measure is at historically overbought levels, corrections are frequent."*



The crux of the article is the discussion of these extreme conditions and the potential for a "risk-off"

trade. Which led us to our latest actions:

*"While we did increase our exposure to the markets yesterday, as the bullish trend continues, we did so in more ?defensive? areas. With the momentum ?junk? trade now very extended, **we should see a rotation back into utilities, real estate, health care, and technology.** (Which may already be underway.)"*

In today's position review, I will review a few of our recent adds and the reasoning.

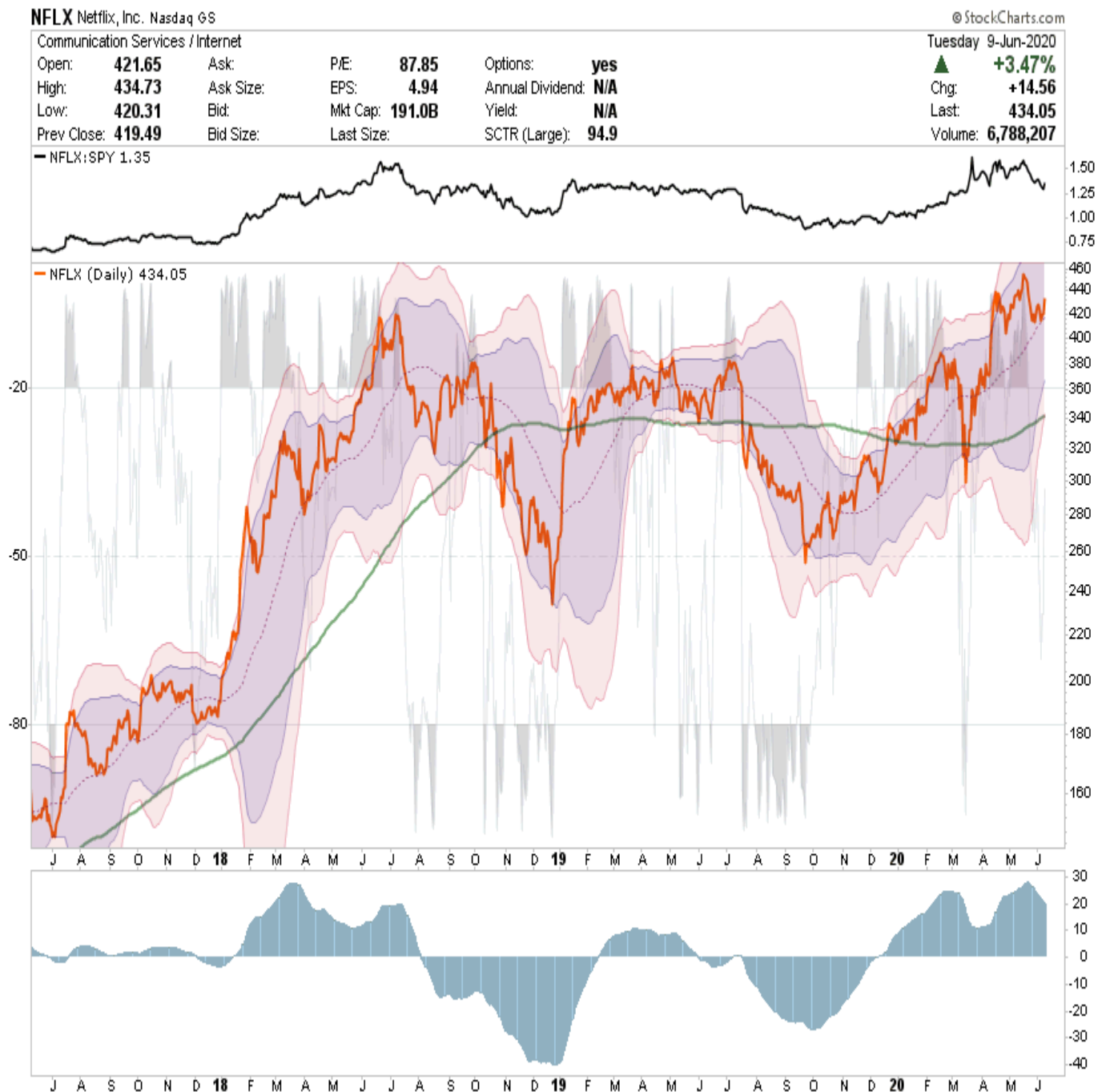
## AAPL - Apple, Inc.



- Over the last couple of years, we have bought AAPL, taken profits, added more on dips or breakouts.
- On Monday, we increased our holdings in AAPL to catch a "risk-off" rotation out of the momentum chase in fundamentally poor quality stocks.

- With AAPL not in the 3-standard deviation overbought zone, like many of the market sectors, and with a high liquidity ratio, we expect money to "hide" in Apple during a rotation.
- Stop loss is at \$310

## NFLX - Netflix



- Like AAPL, we added to our holdings of NFLX. The stock has built a consolidation over the last month.
- A breakout to all-time highs is likely on a rally, and we can maintain a tight stop loss due to our recent entry point on the position.
- Stop set at \$385

## AMZN - Amazon, Inc.

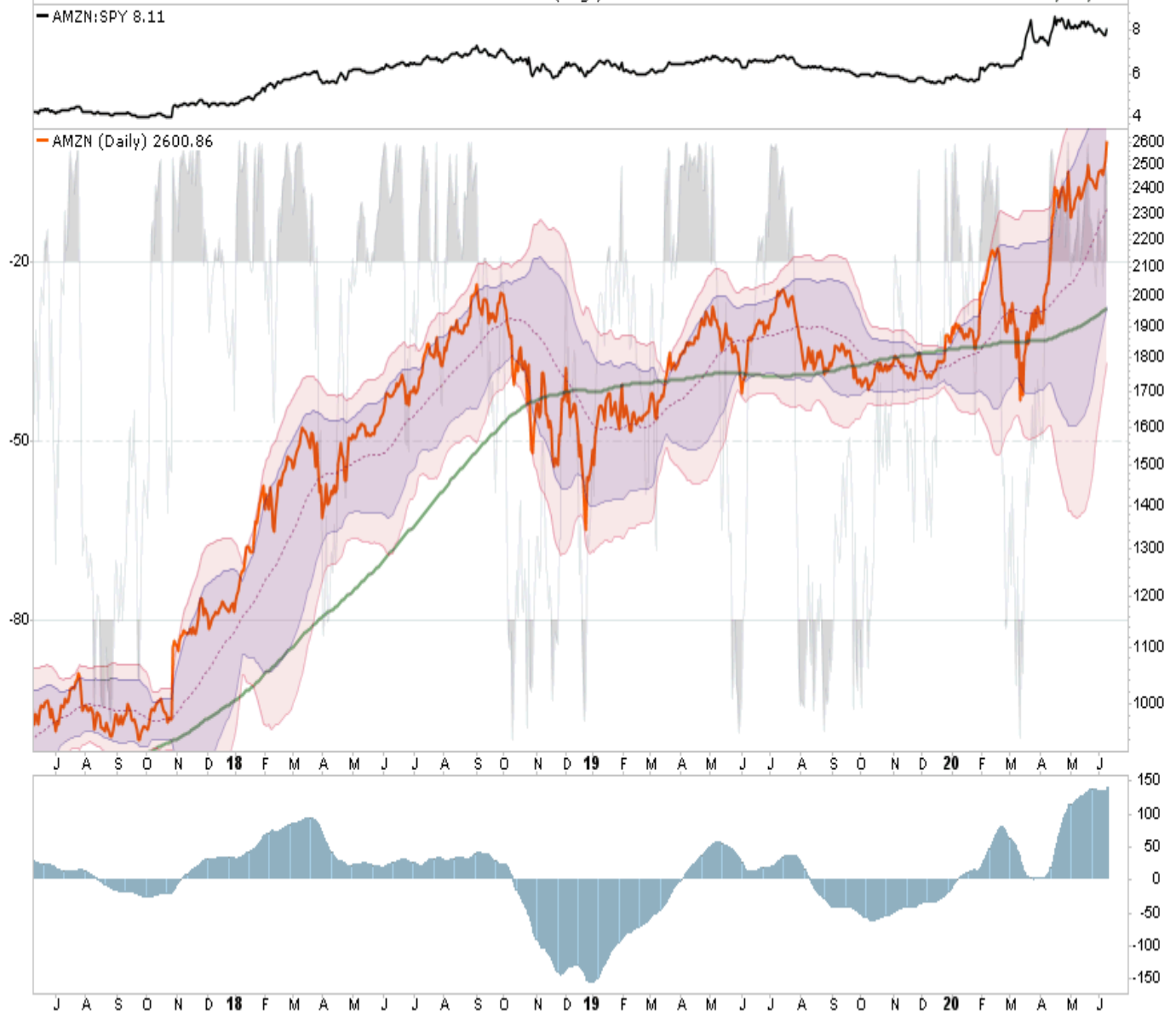
**AMZN** Amazon.com, Inc. Nasdaq GS

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Consumer Discretionary / Broadline Retailers

Open: **2529.44** Ask: P/E: **124.24** Options: **yes**  
 High: **2626.43** Ask Size: EPS: **20.93** Annual Dividend: **N/A**  
 Low: **2525.00** Bid: Mkt Cap: **1.30T** Yield: **N/A**  
 Prev Close: **2524.06** Bid Size: Last Size: SCTR (Large): **98.1**

Tuesday 9-Jun-2020

▲ **+3.04%**Chg: **+76.80**Last: **2600.86**Volume: **5,164,402**

- We added AMZN on Monday, expecting a breakout in the position on a "risk-off" rotation out of the momentum chase. That breakout occurred on Tuesday.
- Like AAPL, AMZN is a high liquidity, very visible, stock for major funds to own. With low liquidity in many areas of the market, AAPL, AMZN, and NFLX provide an "easy in, easy out" trade.
- AMZN is overbought now, but not yet trading to the top of its Bollinger bands, so there may be more room after yesterday's surge.
- Stop set at \$2350.

**ABBV - Abbvie Inc.**

**ABBV** AbbVie Inc. NYSE

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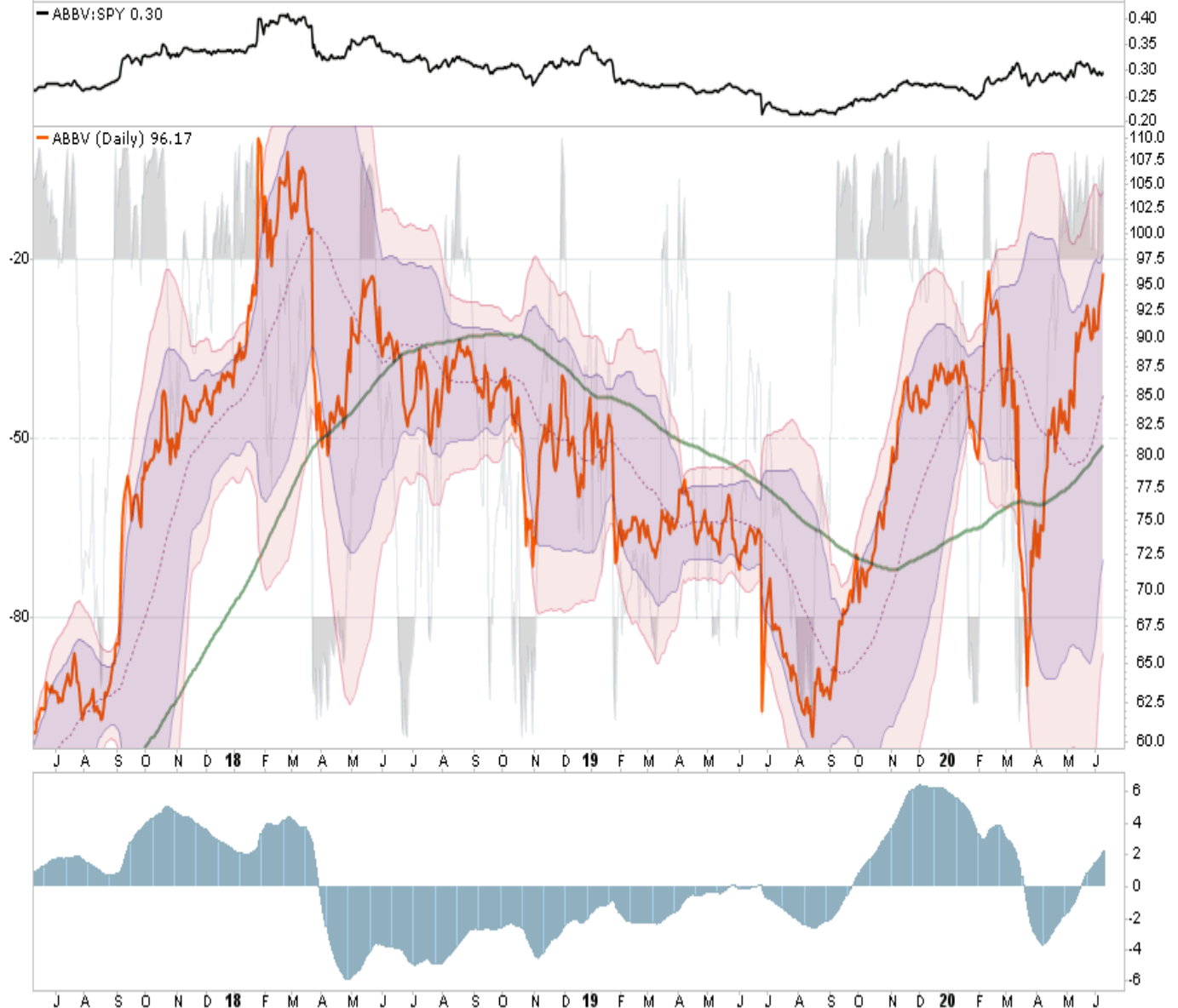
Health Care / Biotechnology

Tuesday 9-Jun-2020

Open: <b>94.95</b>	Ask:	P/E: <b>17.02</b>	Options: <b>yes</b>
High: <b>96.66</b>	Ask Size:	EPS: <b>5.65</b>	Annual Dividend: <b>4.5</b>
Low: <b>94.76</b>	Bid:	Mkt Cap: <b>142.0B</b>	Yield: <b>4.68%</b>
Prev Close: <b>94.59</b>	Bid Size:	Last Size:	SCTR (Large): <b>87.1</b>

▲ **+1.67%**  
 Chg: **+1.58**  
 Last: **96.17**  
 Volume: **9,540,286**

— ABBV:SPY 0.30



- *ABBV has been a steady winner since last year; we have bought and sold the position a couple of times, taking profits.*
- *The position is on the risk-off rotation play and is close to breaking out above the previous high from February of this year. Our short-term target is \$100 if that happens.*
- *Stop set at \$87.50*

**TLT - 20-Year Bond ETF**



Tuesday 9-Jun-2020

Open: <b>159.05</b>	Ask:	P/E:	Options: <b>yes</b>
High: <b>159.64</b>	Ask Size:	EPS:	Annual Dividend: <b>2.87377</b>
Low: <b>158.30</b>	Bid:	Mkt Cap: <b>10.9B</b>	Yield: <b>1.81%</b>
Prev Close: <b>156.71</b>	Bid Size:	Last Size:	SCTR (ETF): <b>66.1</b>

▲ <b>+1.14%</b>
Chg: <b>+1.78</b>
Last: <b>158.49</b>
Volume: <b>9,094,295</b>



As I noted in yesterday's report:

*As opposed to the S&P 500, bonds are more than 3-standard deviations oversold. On Friday, bonds began a reversal rally. We recently added to our positions to take advantage of a risk rotation.)*

Importantly, was this supporting view of our position.

*"Even if we get a V-shaped recovery, we are going to be stuck in a deflationary pricing situation for a very long time. You have one-in-five Americans either unemployed or underemployed even after what was a blockbuster jobs report. There is still too much idle capacity to be bidding up inflationary expectations at the moment. That's why Treasuries are a very good buy right now." ? David Rosenberg*

We remain long bonds at this point for a hedge against our equity risk and rotation from the "risk-on" trade that has gotten the markets way ahead of itself. A short-term reversal is likely.