

Sector Report 5/13/18



Lone Wolf Trading

Financials and industrials moving up after successful false breakdowns. “Defensive” sectors back at the bottom ranks. Market participants clearly positioning for a “risk-on” environment.

Sector Rankings

Rank	Ticker	Change
1	XLE	→ 0
2	XLK	→ 0
3	XLF	↑ 3
4	XLI	↑ 4
5	XLY	→ -1
6	XLV	→ 1
7	XLB	→ -2
8	XLU	↓ -5
9	XLP	→ 0

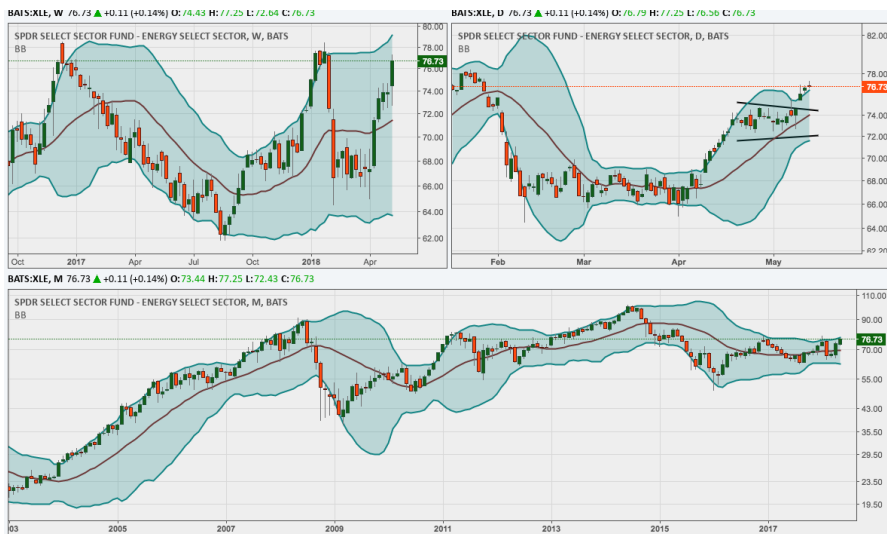
Market: XLE (Energy ETF)

Reason for observation: Daily bull flag trigger

Short-term bias: Bullish

Long-term bias: Neutral

Energy stocks going higher, good time to look for individual names in this sector.



Market: XLF (Financials ETF)

Reason for observation: False breakdown confirmed

Short-term bias: Neutral

Long-term bias: Bullish

This is exactly how a false breakdown should look. A failure below a potential support area that is quickly reversed, followed by a few days of strength. Need more upside before we would be willing to buy pullbacks in financials.



Here the relative performance of risk on and risk off to the general market continues to spread. Money flow into risky assets is obvious when shown as such.

