

Market & Sector Trend Summary

September 28, 2020



Please refer to Appendix – Important Disclosures.

Cracks Emerging in Broad Market's Foundation

	Rising 50-day Averages	Rising 200-day Averages	Close Above 50-day	Close Above 200-day	50-day Above 200-day	Net Highs Vs Lows	
						13-Wk	52-Wk
International Indexes	37%	32%	19%	47%	60%	-18%	0%
Domestic Indexes	63%	43%	3%	67%	87%	0%	0%
S&P 500 Sectors	64%	55%	9%	64%	73%	-10%	0%
S&P 500 Industry Groups	79%	54%	29%	71%	79%	0%	0%
S&P 500 Sub-Industries	60%	46%	38%	59%	68%	-2%	0%
S&P 500 Companies			34%	56%	62%		

Data Source: FactSet

	Relative Strength Ranking		Relative Strength Trend	Sector Trend Score (-6 to +6)	Sector Comments
	Current	Previous			
Energy	11	11		-4	
Materials	2 **	1		2	Materials fell out of the top spot in the rankings, but sector-level trends have a positive bias
Industrials	4 **	4	Improving	2	Industrials sector has seen improving relative strength trends
Consumer Discretionary	1 **	2		2	Consumer Discretionary returned to the top spot in the rankings this week
Consumer Staples	6	6	Improving	0	Consumer Staples seeing improving relative strength is evidence of a shift toward more defensive leadership
Health Care	7	7		-2	
Financials	10	8		-4	
Information Technology	3 **	3		-2	Technology remains in the leadership group but sector level trends have weakened
Communication Services	5 **	5		-2	
Utilities	8	10		0	
Real Estate	9	9		-4	

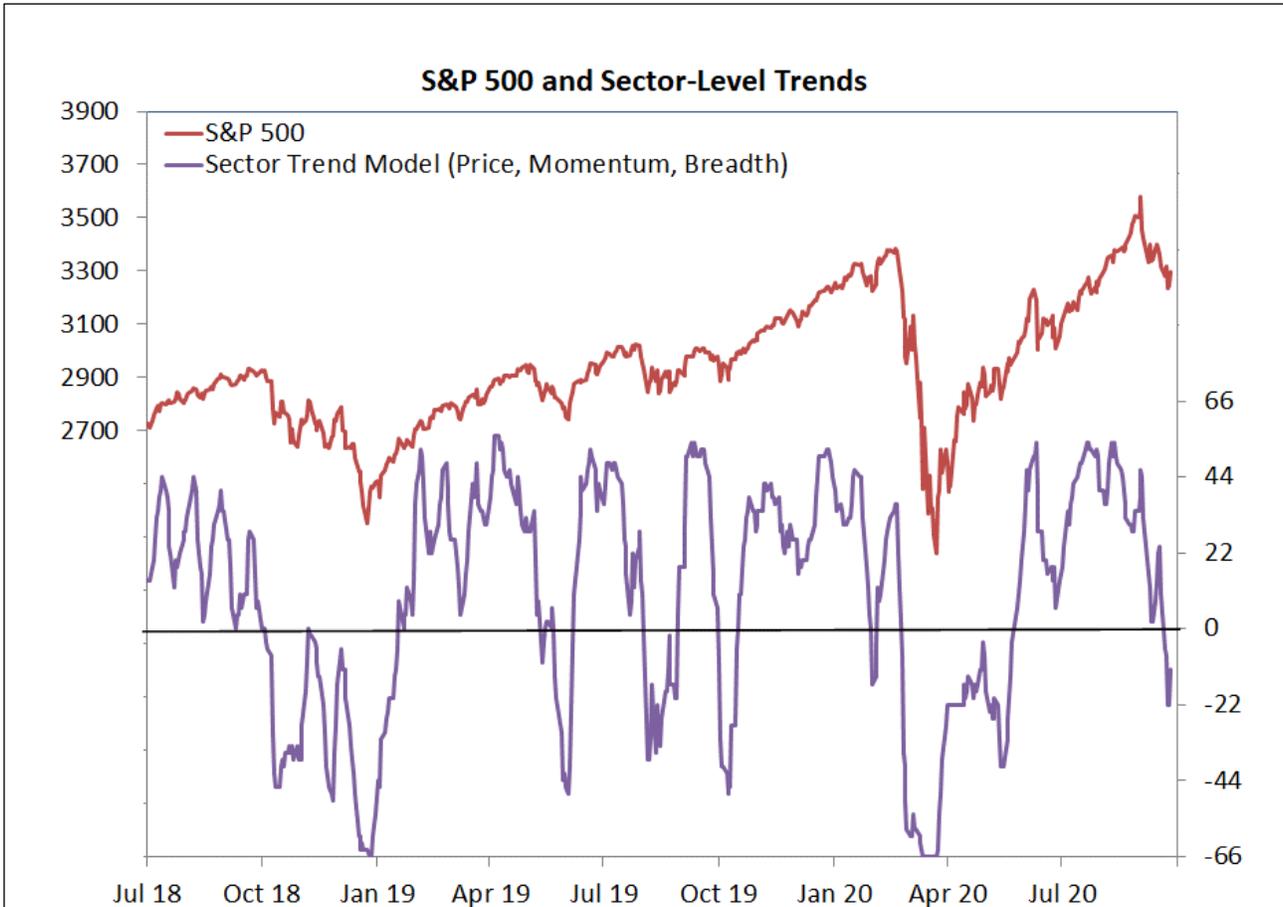
** Denotes Current Relative Strength-Based Leadership Group

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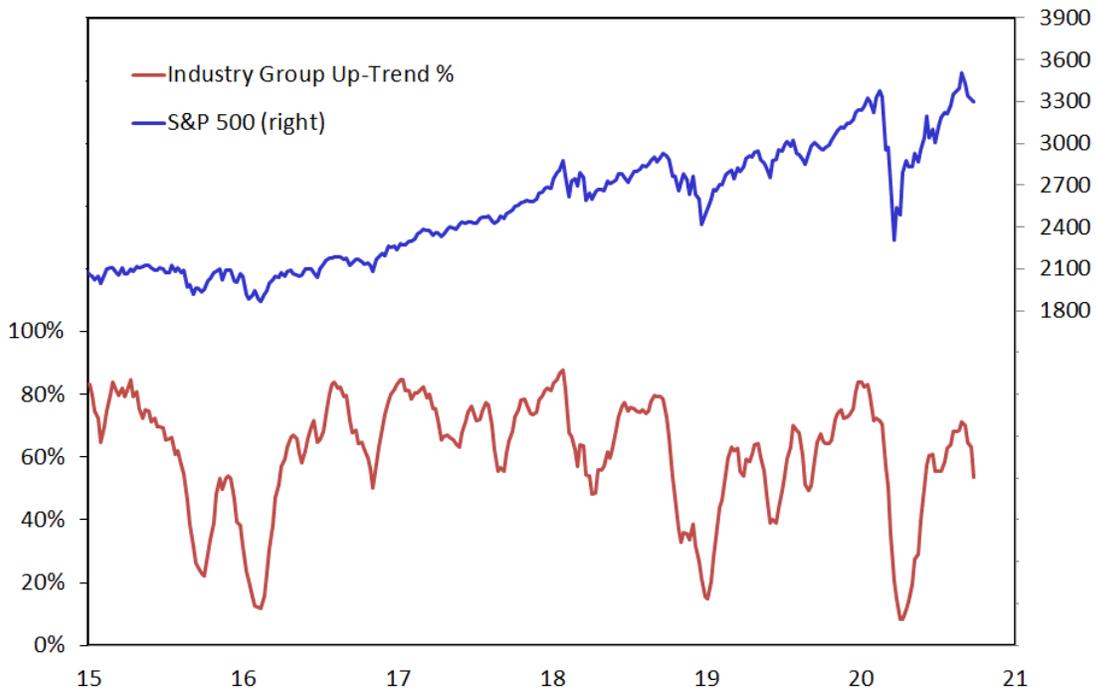


Source: FactSet, RW Baird Calculations

	Price		Momentum		Breadth		Sector Trend Score (-6 to +6)
	Current vs. Trend	Trend Direction	Current vs. Trend	Trend Direction	Current vs. Trend	Trend Direction	
Energy	Neg	Neg	Neg	Neg	Neg	Pos	-4
Materials	Pos	Pos	Neg	Neg	Pos	Pos	2
Industrials	Pos	Pos	Neg	Neg	Pos	Pos	2
Consumer Discretionary	Pos	Pos	Neg	Neg	Pos	Pos	2
Consumer Staples	Pos	Pos	Neg	Neg	Neg	Pos	0
Health Care	Neg	Pos	Neg	Neg	Neg	Pos	-2
Financials	Neg	Neg	Neg	Neg	Neg	Pos	-4
Information Technology	Pos	Pos	Neg	Neg	Neg	Neg	-2
Telecom Services	Neg	Pos	Neg	Neg	Neg	Pos	-2
Utilities	Neg	Pos	Neg	Neg	Pos	Pos	0
Real Estate	Neg	Neg	Neg	Neg	Neg	Pos	-4
Indicator Summary (-11 to +11)	-1	5	-11	-11	-3	9	-12

- Sector-level momentum remains negative, and trends for both price and breadth have deteriorated.
- Our sector-level trend indicator has moved into negative territory as cracks have emerged in our breadth indicators.

S&P 500 and Industry Group Breadth



Source: FactSet, RWB Calculations

Industry Group Relative Strength Trend Heat Map

Industry Groups		Improving/Deteriorating			Top/Bottom				
		S&P 500	S&P 400	S&P 600	S&P 500	S&P 400	S&P 600		
Energy	0/3				BOT	BOT	BOT		
Materials	0/1			DET					
Capital Goods	1/1	IMP		DET					
Commercial Services & Supplies	0/0								
Transportation	1/0				TOP				
Automobiles & Components	0/2		DET	DET					
Consumer Durables & Apparel	4/0	IMP			TOP	TOP	TOP		
Hotels, Restaurants & Leisure	2/0	IMP				TOP			
Media	0/0								
Retailing	1/0				TOP				
Food & Staples Retailing	1/1	IMP	DET						
Food, Beverage & Tobacco	0/0								
Household & Personal Products	0/2		DET	DET					
Health Care Equipment & Services	0/0								
Biotechnology	1/0						TOP		
Pharmaceuticals	0/1		DET						
Banks	0/3				BOT	BOT	BOT		
Diversified Financials	0/0								
Insurance	0/0								
Real Estate	0/1						BOT		
Software & Services	1/0				TOP				
Technology Hardware & Equipment	1/0				TOP				
Semiconductors & Semiconductor Equipment	1/1		DET		TOP				
Telecommunication Services	1/2	IMP		DET		BOT			
Utilities	0/2					BOT	BOT		
		Improving	5	0	0	6	2	2	Top
		Deteriorating	0	5	5	2	4	4	Bottom

- Industry group trend deterioration has accelerated, with our indicator undercutting its June low.
- Large-cap groups are seeing improving trends, while small-cap and mid-cap strength is fading.

Market & Sector Trend Summary

	Price Trends (Absolute)		Price Trends (Relative to S&P 500)		High/Low		Seasonals (Relative To S&P 500)	Intra-Sector Sub-Industry Trends			
	10-Week	40-Week	10-Week	40-Week	13-Week	52-Week		Leaders	Laggards	Improving	Deteriorating
Energy	Down	Down	Down	Down	L		Pos	0	5	0	0
Materials	Up	Up	Up	Up			Neg	2	0	0	1
Industrials	Up	Down	Up	Down			Neg	6	0	0	3
Consumer Discretionary	Up	Up	Up	Up			Pos	6	1	4	3
Consumer Staples	Up	Up	Up	Down			Pos	1	2	1	0
Health Care	Down	Up	Down	Down			Pos	1	1	0	2
Financials	Down	Down	Down	Down			Pos	0	4	0	0
Information Technology	Up	Up	Up	Up				3	1	0	1
Communication Services	Down	Up	Down	Up			Pos	1	1	1	0
Utilities	Down	Down	Down	Down			Pos	0	0	1	0
Real Estate	Down	Down	Down	Down	L		Pos	0	4	0	0

Sub-Industry Detail:

Relative Strength Leaders

Materials - Diversified Chemicals
 Materials - Metal & Glass Containers
 Industrials - Building Products
 Industrials - Construction & Engineering
 Industrials - Agricultural & Farm Machinery
 Industrials - Diversified Support Services
 Industrials - Air Freight & Logistics
 Industrials - Railroads
 Cons Discret - Homebuilding
 Cons Discret - Household Appliances
 Cons Discret - Footwear
 Cons Discret - Restaurants
 Cons Discret - General Merchandise Stores
 Cons Discret - Computer & Electronics Retail
 Cons Staples - Hypermarkets & Super Centers
 Health Care - Health Care Supplies
 Info Tech - Application Software
 Info Tech - Technology Hardware, Storage & Peripherals
 Info Tech - Semiconductors
 Communication Services - Cable & Satellite

Relative Strength Laggards

Energy - Oil & Gas Equipment & Services
 Energy - Integrated Oil & Gas
 Energy - Oil & Gas Exploration & Production
 Energy - Oil & Gas Refining & Marketing
 Energy - Oil & Gas Storage & Transportation
 Cons Discret - Specialized Consumer Services
 Cons Staples - Drug Retail
 Cons Staples - Brewers
 Health Care - Health Care Services
 Financials - Diversified Banks
 Financials - Regional Banks
 Financials - Life & Health Insurance
 Financials - Multi-line Insurance
 Info Tech - Communications Equipment
 Communication Services - Advertising
 Real Estate - Hotel & Resort REIT's
 Real Estate - Office REIT's
 Real Estate - Residential REIT's
 Real Estate - Retail REIT's

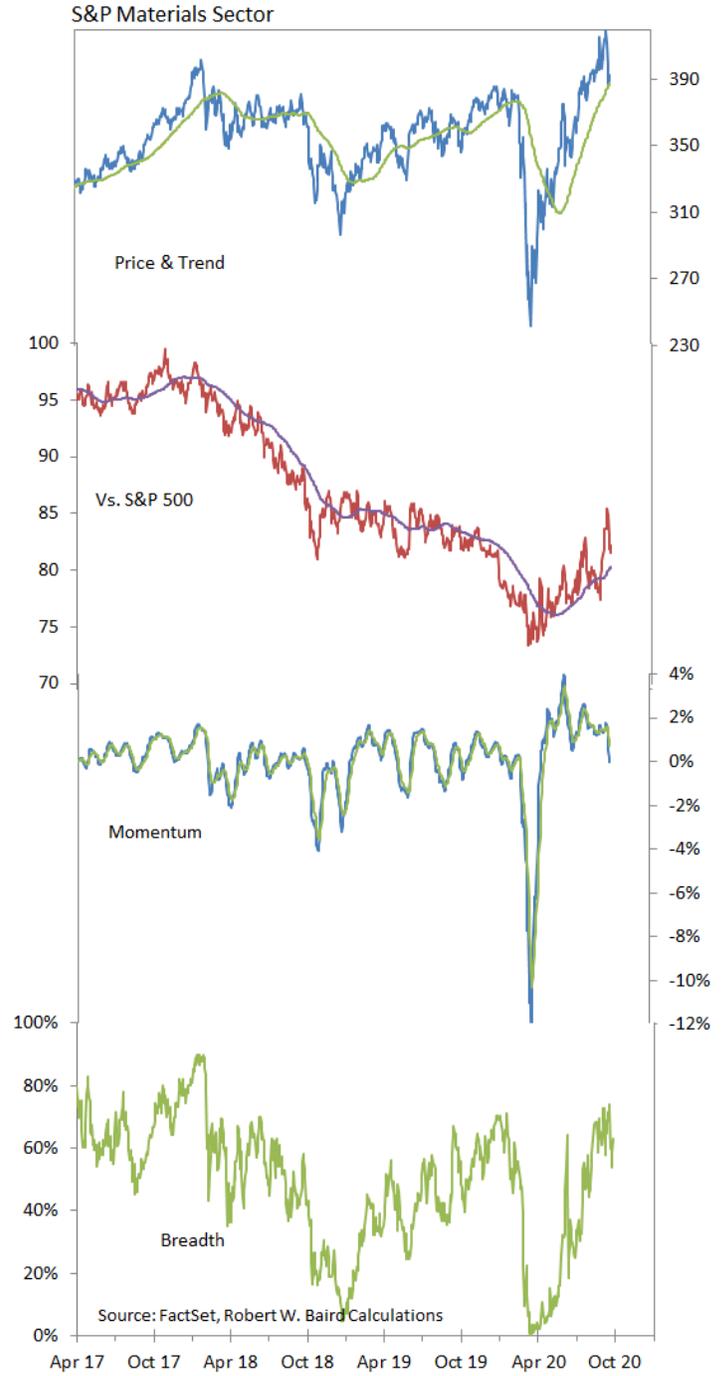
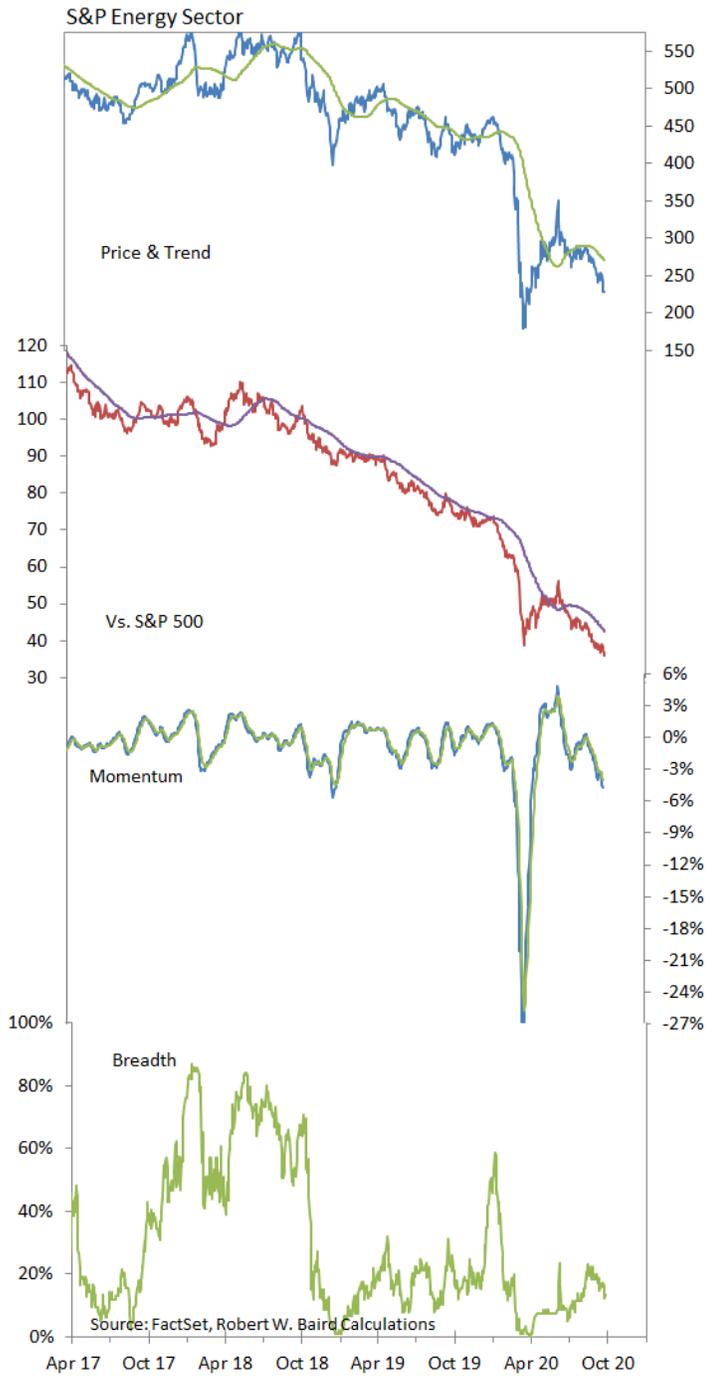
Relative Strength Improving

Cons Discret - Home Furnishings
 Cons Discret - Apparel, Accessories & Luxury Goods
 Cons Discret - Footwear
 Cons Discret - Restaurants
 Cons Staples - Food Distributors
 Communication Services - Cable & Satellite
 Utilities - Independent Power Producers

Relative Strength Deteriorating

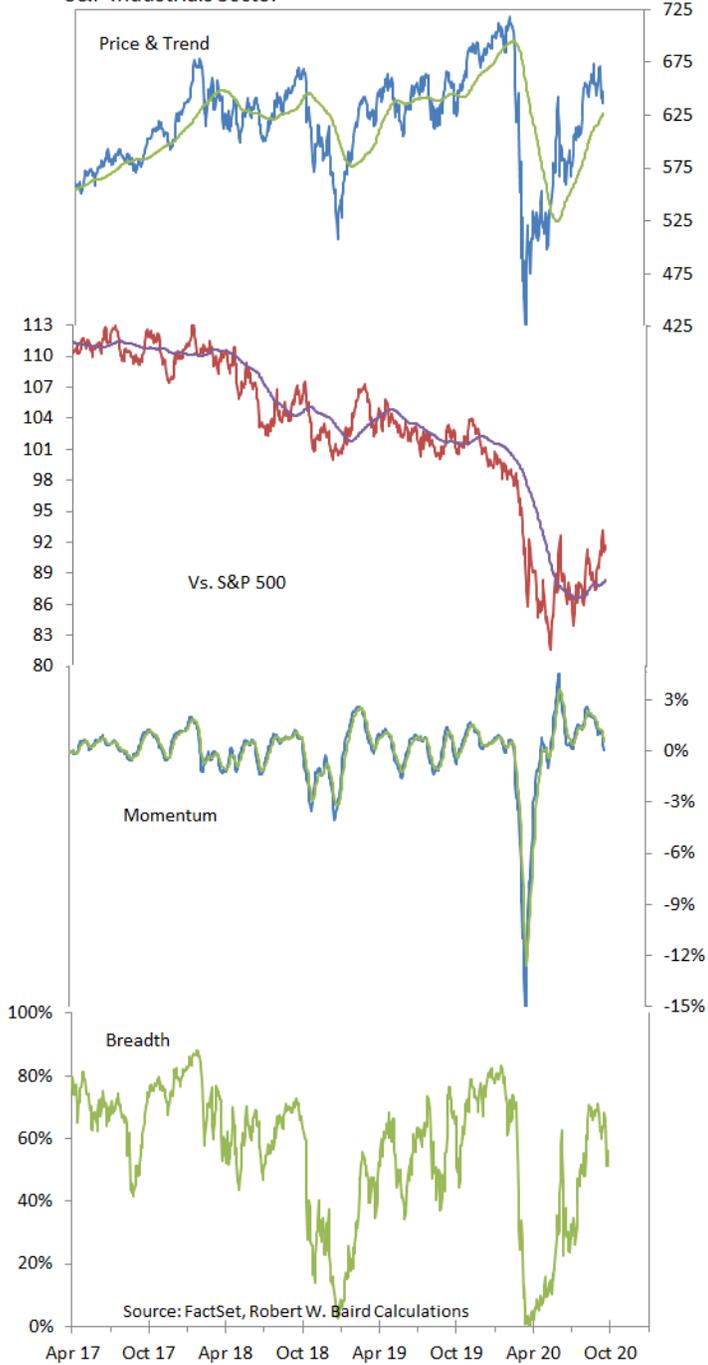
Materials - Industrial Gases
 Industrials - Trading Companies & Distributors
 Industrials - Research & Consulting Services
 Industrials - Trucking
 Cons Discret - Consumer Electronics
 Cons Discret - Internet Retail
 Cons Discret - Automotive Retail
 Health Care - Managed Health Care
 Health Care - Life Sciences Tools & Services
 Info Tech - Systems Software

• Sector-Level Trends:

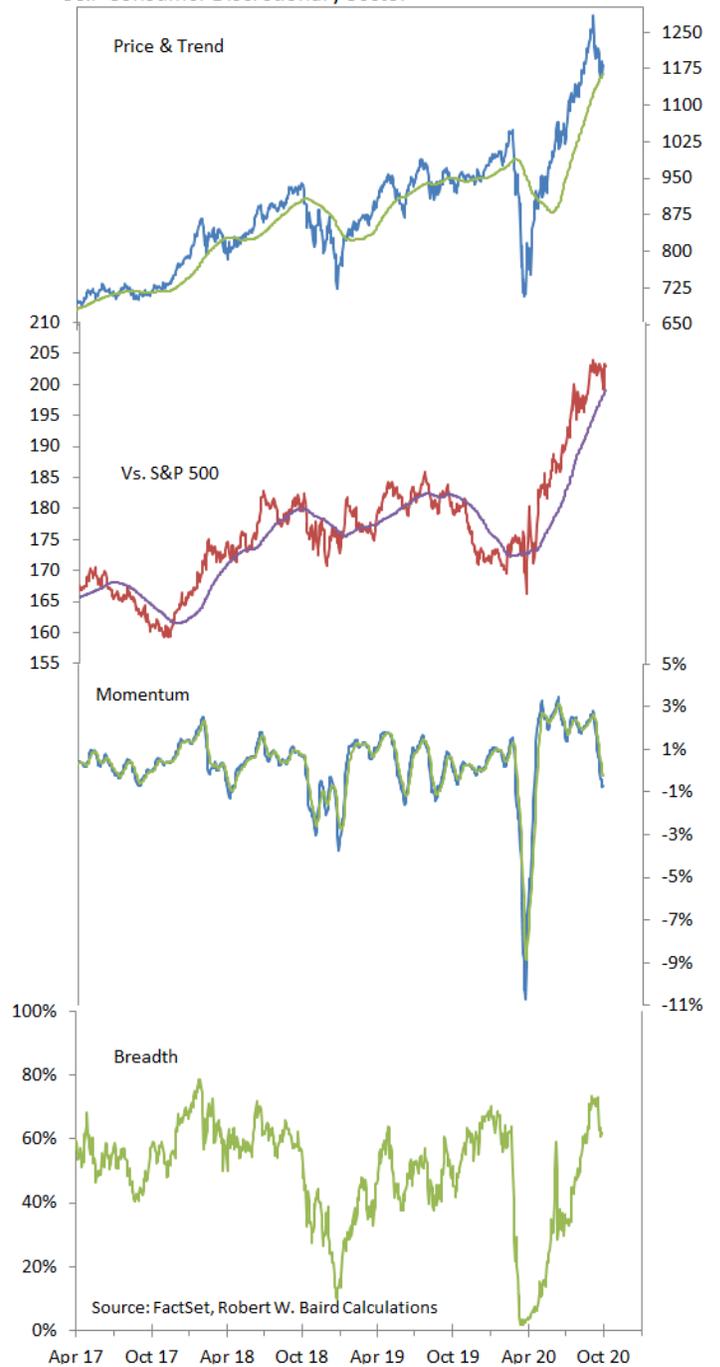


- Energy sector remains in a downtrend versus the S&P 500
- Materials sector is stumbling a bit, but the pattern of higher highs and higher lows versus the S&P 500 remains intact.

S&P Industrials Sector

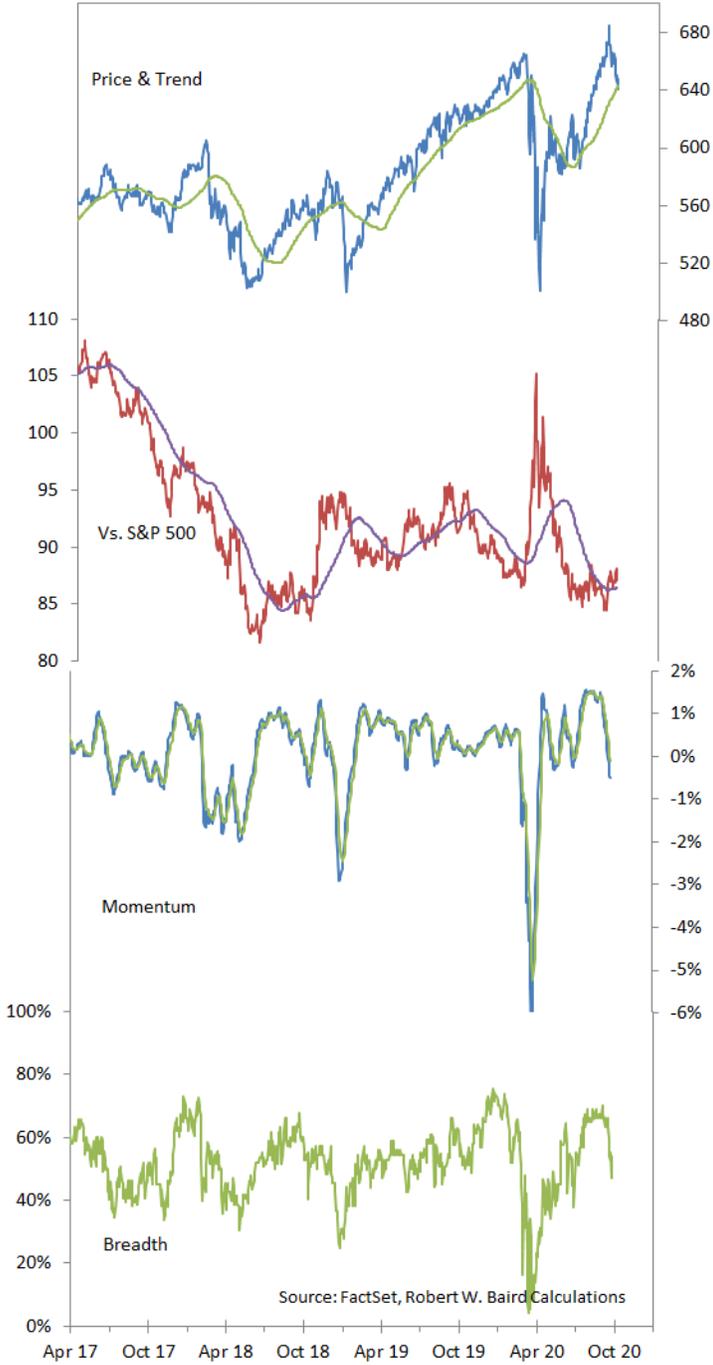


S&P Consumer Discretionary Sector

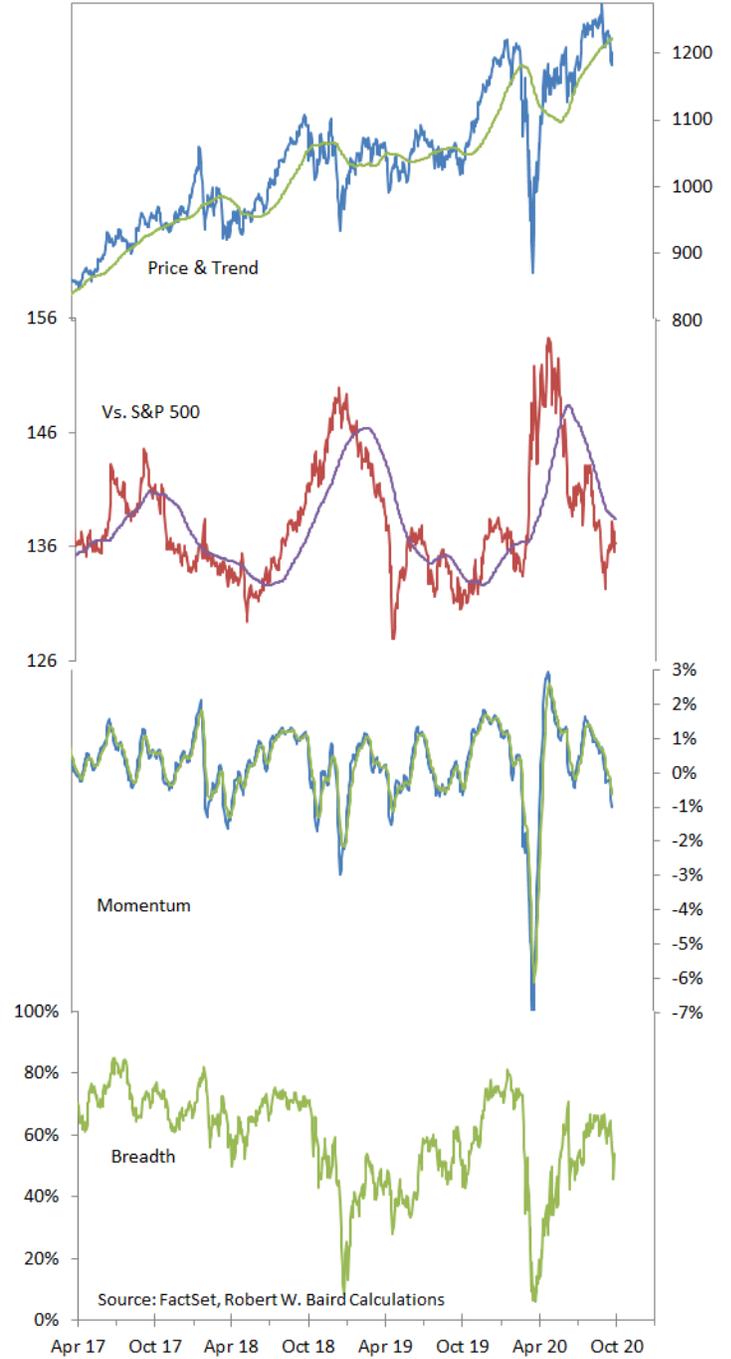


- Industrials sector breadth and momentum are faltering, suggesting the recent relative strength gains in the sector could be tested.
- Consumer Discretionary sector momentum has deteriorated, but the sector has held steady relative to the S&P 500.

S&P Consumer Staples Sector

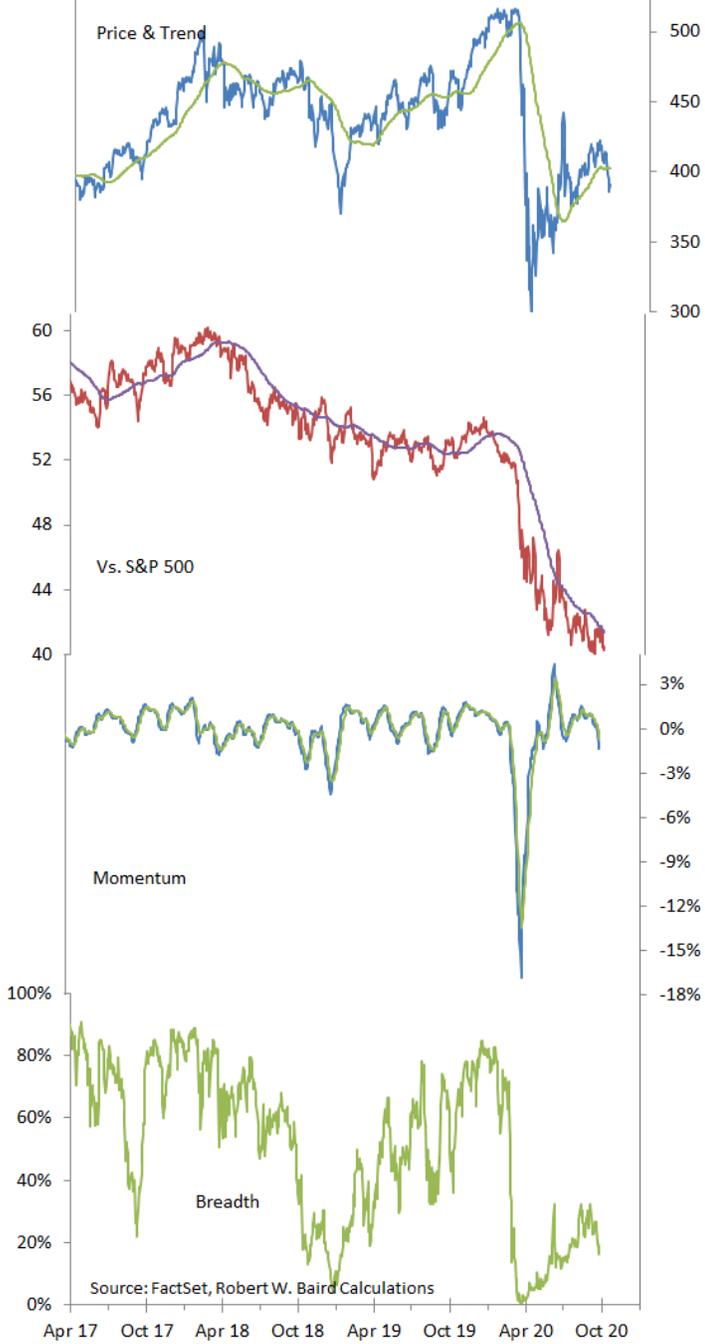


S&P Health Care Sector

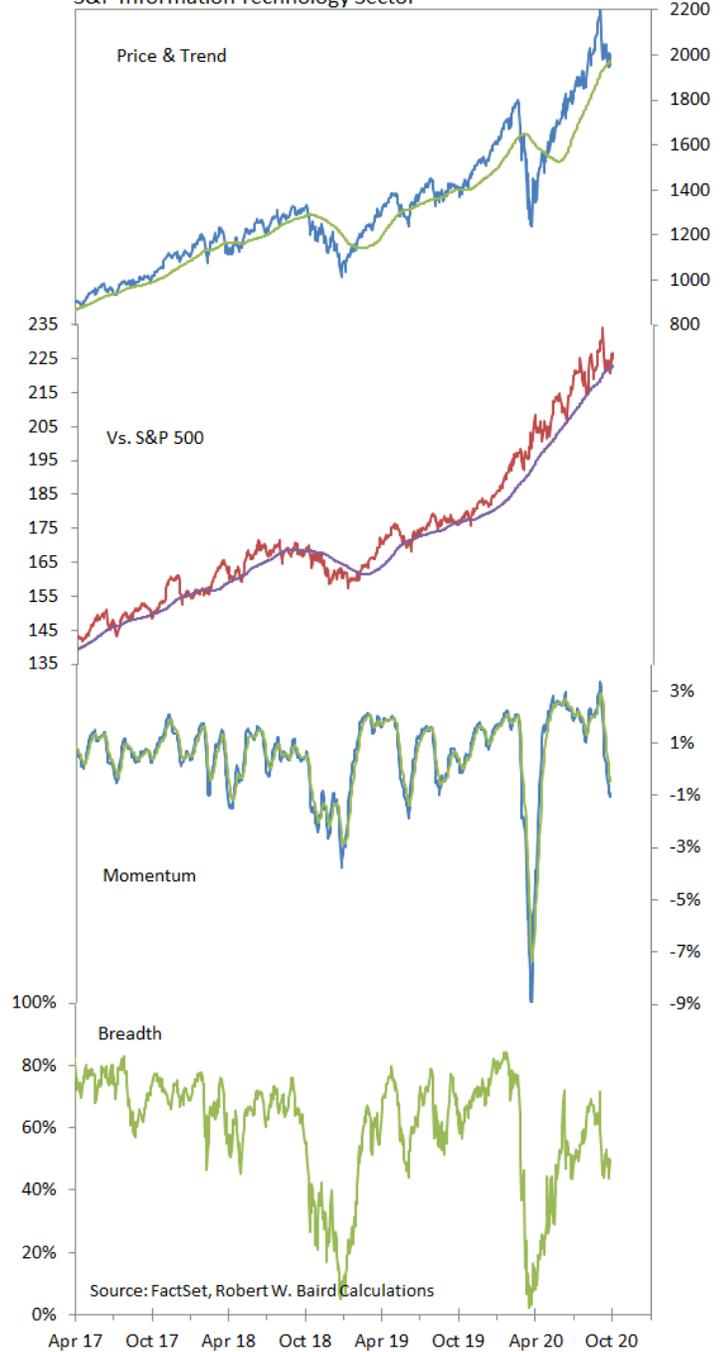


- Consumer Staples is seeing improving relative strength even as breadth and momentum have rolled over.
- Health Care sector breaking down from a price and momentum perspective.

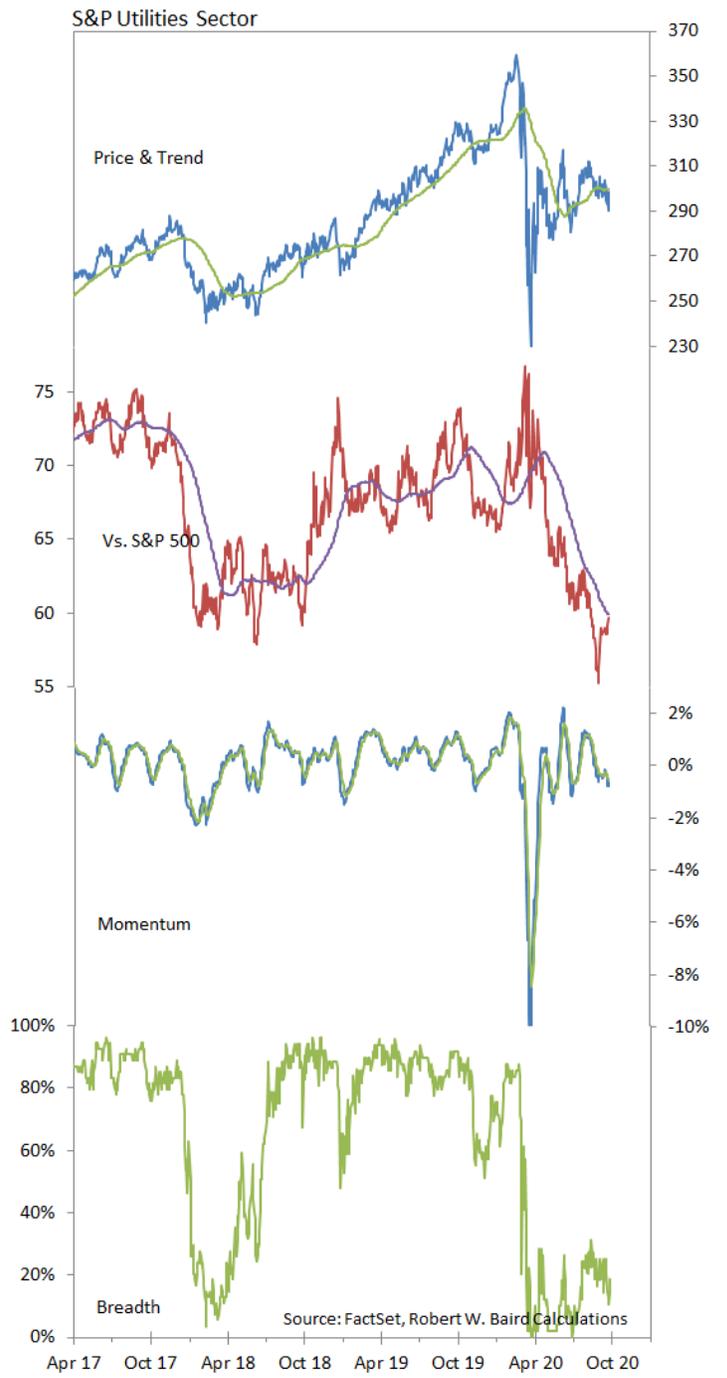
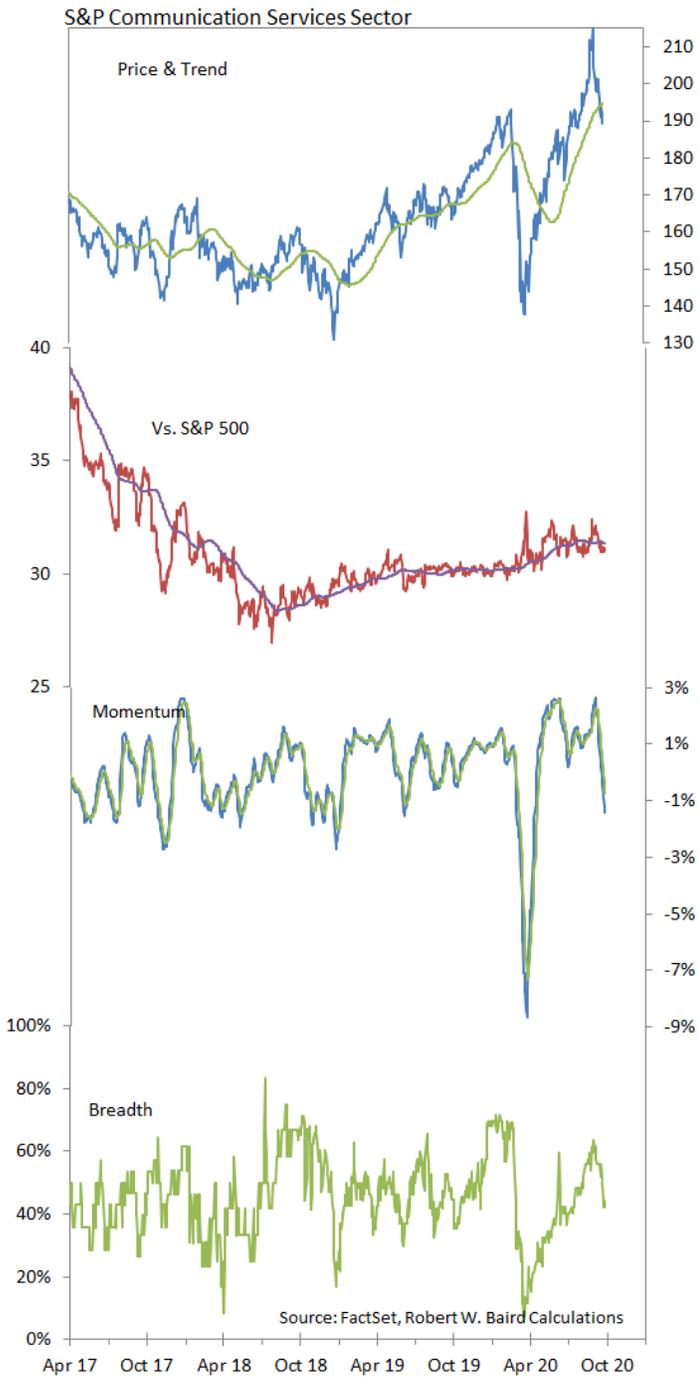
S&P Financials Sector



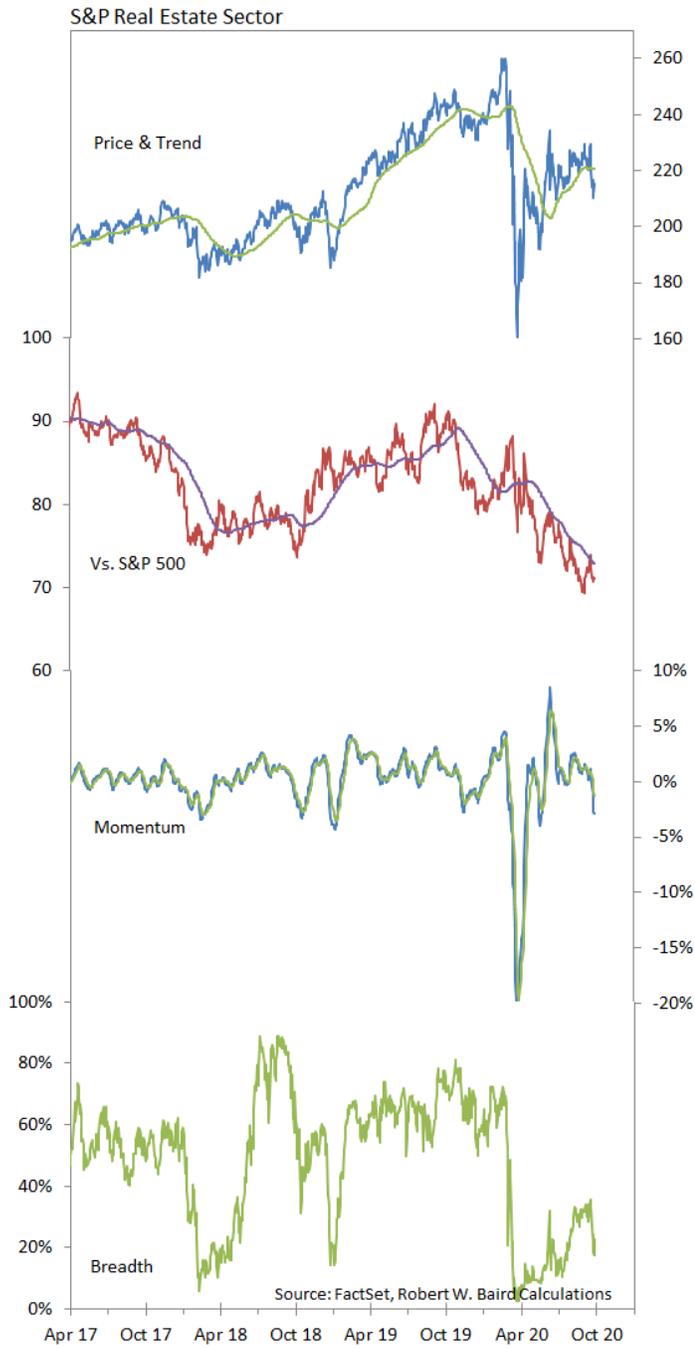
S&P Information Technology Sector



- Bouts of Financials sector strength remain unsustainable.
- Technology sector remains off its peak on both an absolute and relative basis, while momentum and breadth continue to work lower.



- Communication Services sector trends are deteriorating.
- Utilities continue to gain strength versus the S&P 500.



- Real Estate sector trends are faltering.

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