

Market & Sector Trend Summary

January 27, 2020



Please refer to Appendix – Important Disclosures.

Uncertainty Fueling Flight to Safety

	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	81%	68%	85%	87%	81%	6%	8%
Domestic Indexes	97%	100%	93%	100%	100%	3%	3%
S&P 500 Sectors	82%	91%	73%	91%	91%	10%	10%
S&P 500 Industry Groups	75%	92%	79%	92%	96%	8%	8%
S&P 500 Sub-Industries	70%	75%	67%	82%	84%	-2%	3%
S&P 500 Companies			67%	78%	79%		

	Relative Strength Ranking		Relative Strength Trend	Sector Trend Score (-6 to +6)	Sector Comments
	Current	Previous			
Energy	11	11		-2	Energy sector is back to the bottom of the rankings.
Materials	10	10		0	Materials sector remains week on a relative strength basis.
Industrials	8	5		4	Industrials fell out of the leadership group this week and are moving toward the bottom of the rankings.
Consumer Discretionary	7	7	Improving	2	Consumer Discretionary sector is struggling to gain traction in the rankings despite some improving trends.
Consumer Staples	6	8		4	Consumer Staples is rising in the rankings as defensive areas gain strength.
Health Care	4	** 3		4	Health Care sector slipped a spot in this week's rankings, but remains in the leadership group.
Financials	9	6	Deteriorating	0	Lower bond yields are weighing on Financials, which fell out of the leadership group this week.
Information Technology	1	** 1		6	Continued leadership by Technology reflects its status as a perceived safe haven.
Communication Services	3	** 2		4	Communication Services remains in the leadership group.
Utilities	2	** 4		6	Utilities sector has gained strength as bond yields have fallen and has joined the leadership group.
Real Estate	5	9		4	Real Estate has perked up as stock market investors have responded to declining bond yields.

** Denotes Current Relative Strength-Based Leadership Group

Data Source: FactSet

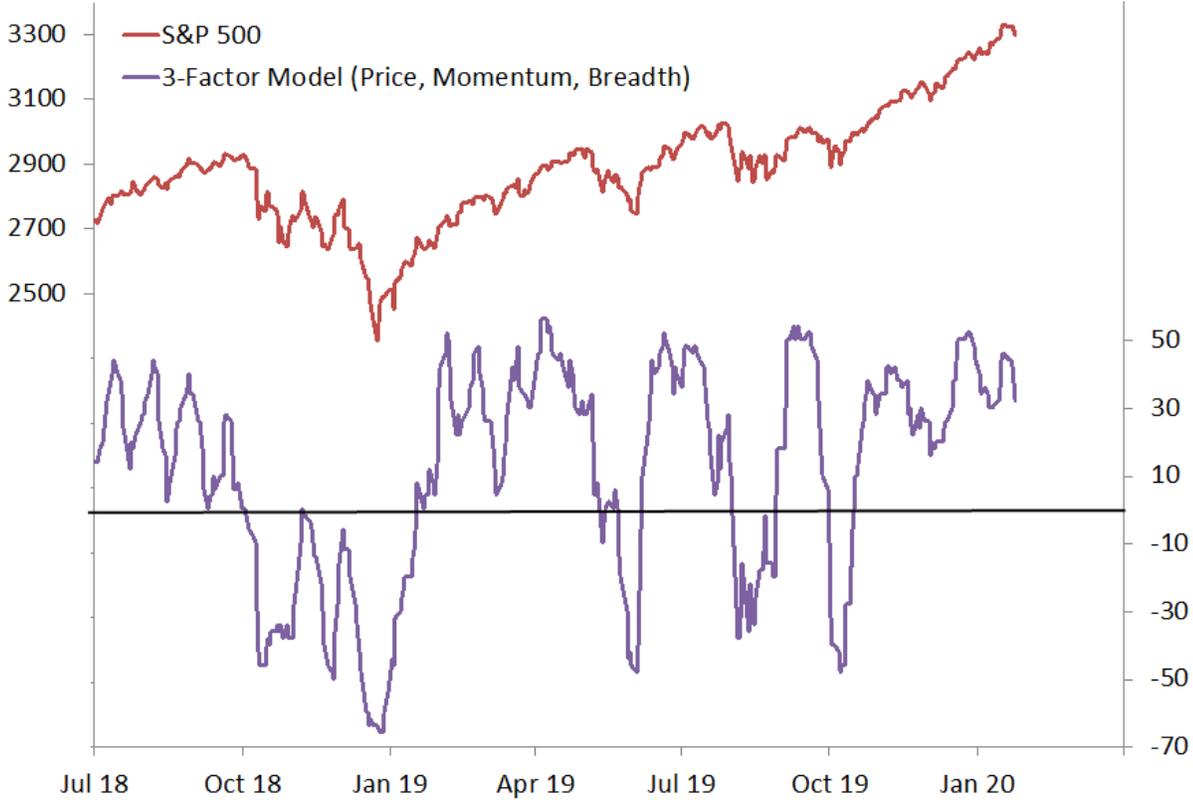
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S&P 500 and Sector-Level Trends

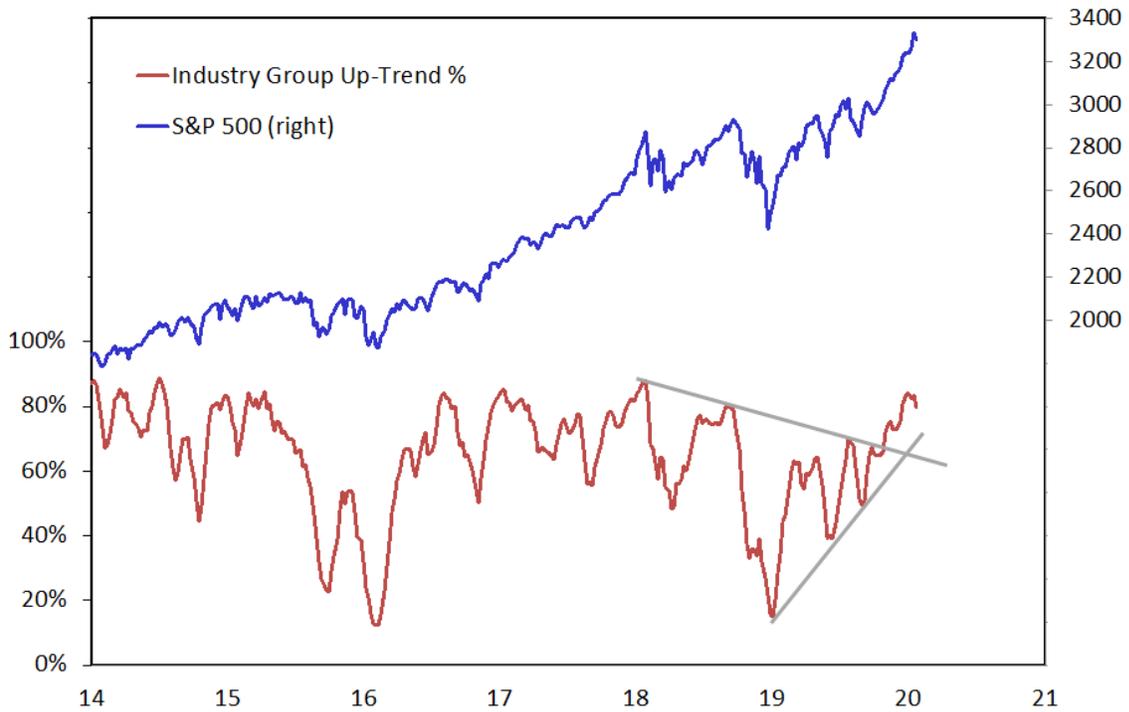


Source: FactSet, RW Baird Calculations

	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	Pos	Neg	Neg	Neg	Pos	-2
Materials	Neg	Pos	Neg	Pos	Neg	Pos	0
Industrials	Pos	Pos	Neg	Pos	Pos	Pos	4
Consumer Discretionary	Pos	Pos	Neg	Neg	Pos	Pos	2
Consumer Staples	Pos	Pos	Pos	Pos	Neg	Pos	4
Health Care	Pos	Pos	Neg	Pos	Pos	Pos	4
Financials	Pos	Pos	Neg	Neg	Neg	Pos	0
Information Technology	Pos	Pos	Pos	Pos	Pos	Pos	6
Telecom Services	Pos	Pos	Neg	Pos	Pos	Pos	4
Utilities	Pos	Pos	Pos	Pos	Pos	Pos	6
Real Estate	Pos	Pos	Pos	Pos	Pos	Neg	4
Indicator Summary (-11 to +11)	7	11	-3	5	3	9	32

- Sector-level momentum trends are deteriorating, with cyclical sectors showing the most weakness.
- Our overall sector-level trend indicator remains in positive territory, as price and breadth trends remain relative robust.

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

- Our industry group breadth indicator is off of its recent peak, but remains in an uptrend.
- Strength and improving trends being seen in Technology, Communication Services and Utilities groups.

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			Neg	0	4	0	1
Materials	Down	Up	Down	Down				1	4	0	2
Industrials	Up	Up	Down	Down				2	2	2	4
Consumer Discretionary	Up	Up	Down	Down	H	H		3	6	3	5
Consumer Staples	Up	Up	Down	Down	H	H	Neg	0	1	3	0
Health Care	Up	Up	Up	Up			Pos	3	0	0	1
Financials	Up	Up	Down	Down				0	0	0	2
Information Technology	Up	Up	Up	Up	H	H	Pos	7	0	3	1
Communication Services	Up	Up	Up	Up	H	H	Neg	1	1	0	0
Utilities	Up	Up	Up	Up	H	H	Neg	1	0	1	0
Real Estate	Up	Up	Down	Down	H	H	Neg	2	2	4	0

Sub-Industry Detail:

Relative Strength Leaders

Materials - Gold
 Industrials - Diversified Support Services
 Industrials - Research & Consulting Services
 Cons Discret - Homebuilding
 Cons Discret - Footwear
 Cons Discret - Computer & Electronics Retail
 Health Care - Health Care Equipment
 Health Care - Managed Health Care
 Health Care - Life Sciences Tools & Services
 Info Tech - Data Processing & Outsourced Services
 Info Tech - Internet Software & Services
 Info Tech - Application Software
 Info Tech - Systems Software
 Info Tech - Technology Hardware, Storage & Peripherals
 Info Tech - Semiconductor Equipment
 Info Tech - Semiconductors
 Communication Services - Home Entertainment Software
 Utilities - Electric Utilities
 Real Estate - Specialized REIT's
 Real Estate - Real Estate Services

Relative Strength Laggards

Energy - Oil & Gas Drilling
 Energy - Oil & Gas Equipment & Services
 Energy - Integrated Oil & Gas
 Energy - Oil & Gas Refining & Marketing
 Materials - Commodity Chemicals
 Materials - Diversified Chemicals
 Materials - Specialty Chemicals
 Materials - Steel
 Industrials - Construction Machinery & Heavy Trucks
 Industrials - Air Freight & Logistics
 Cons Discret - Automobile Manufacturers
 Cons Discret - Motorcycle Manufacturers
 Cons Discret - Apparel, Accessories & Luxury Goods
 Cons Discret - Specialized Consumer Services
 Cons Discret - Distributors
 Cons Discret - Department Stores
 Cons Staples - Drug Retail
 Communication Services - Broadcasting
 Real Estate - Hotel & Resort REIT's
 Real Estate - Retail REIT's

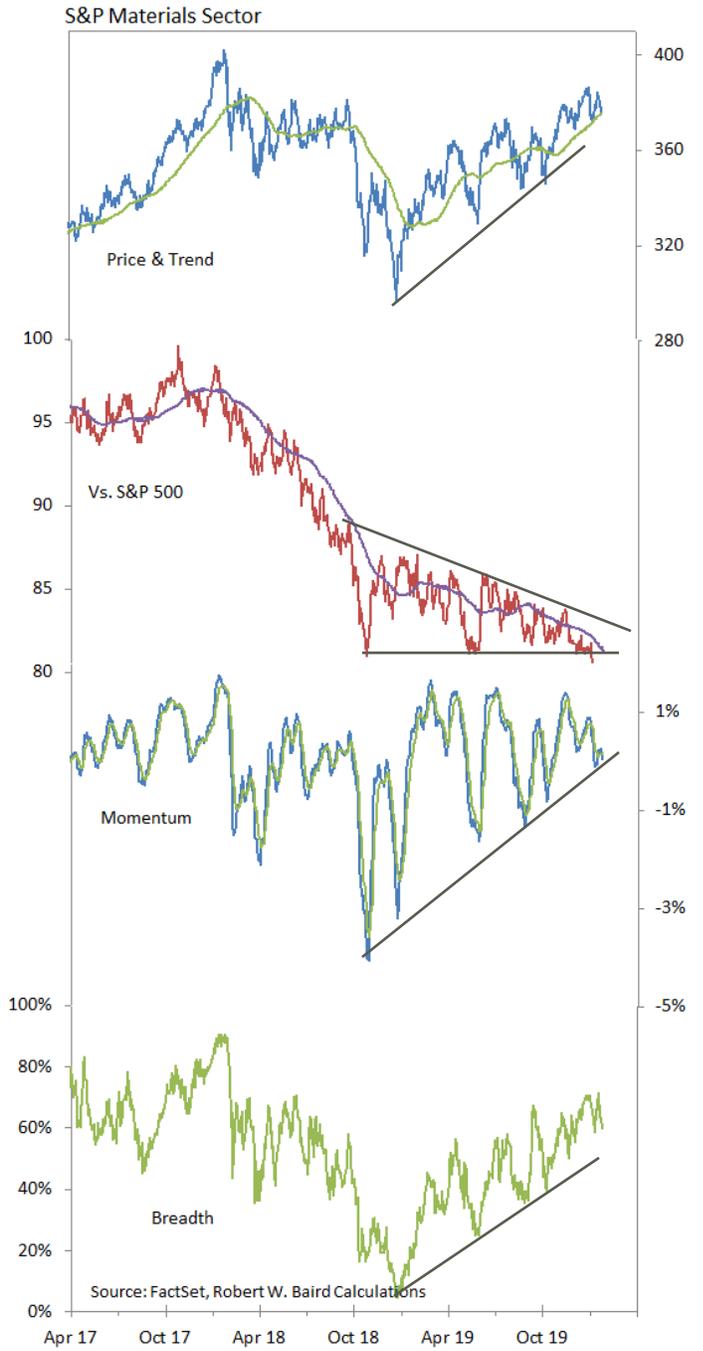
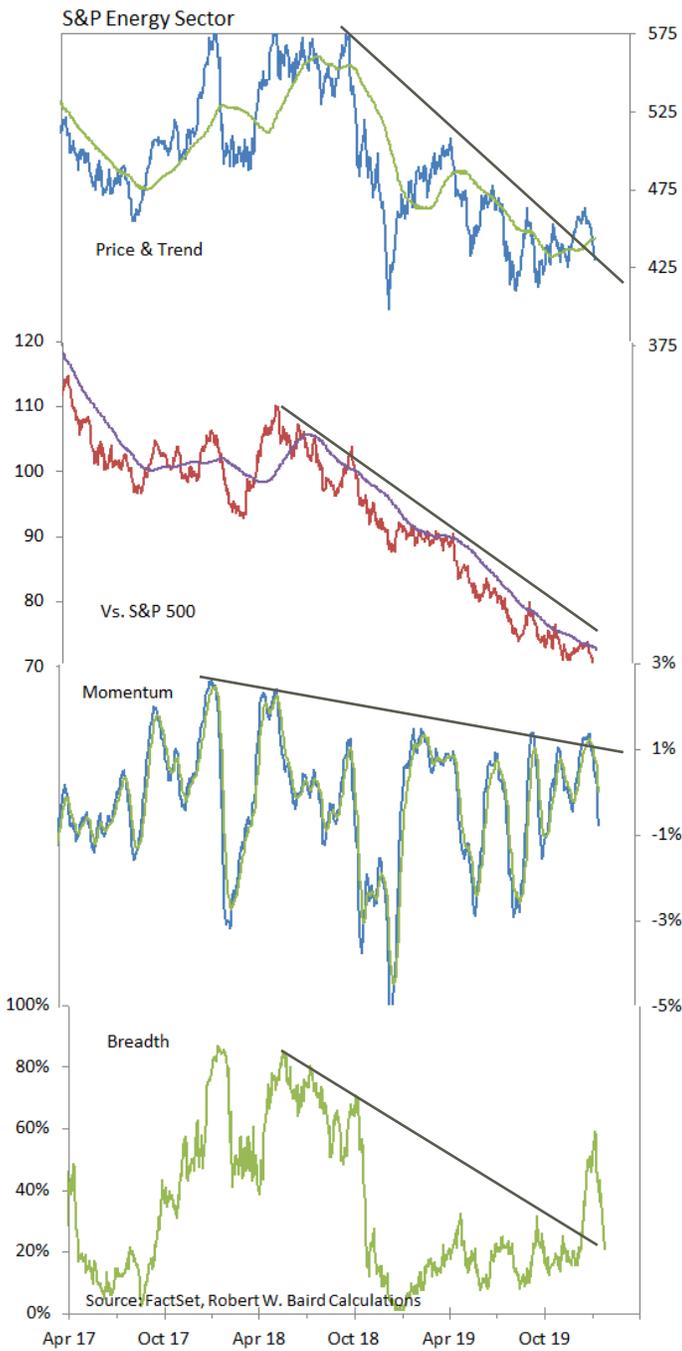
Relative Strength Improving

Industrials - Environmental & Facility Services
 Industrials - Railroads
 Cons Discret - Leisure Products
 Cons Discret - Restaurants
 Cons Discret - Internet Retail
 Cons Staples - Brewers
 Cons Staples - Distillers & Vintners
 Cons Staples - Soft Drinks
 Info Tech - IT Consulting & Other Services
 Info Tech - Communications Equipment
 Info Tech - Electronic Manufacturing Services
 Utilities - Electric Utilities
 Real Estate - Office REIT's
 Real Estate - Health Care REIT's
 Real Estate - Residential REIT's
 Real Estate - Retail REIT's

Relative Strength Deteriorating

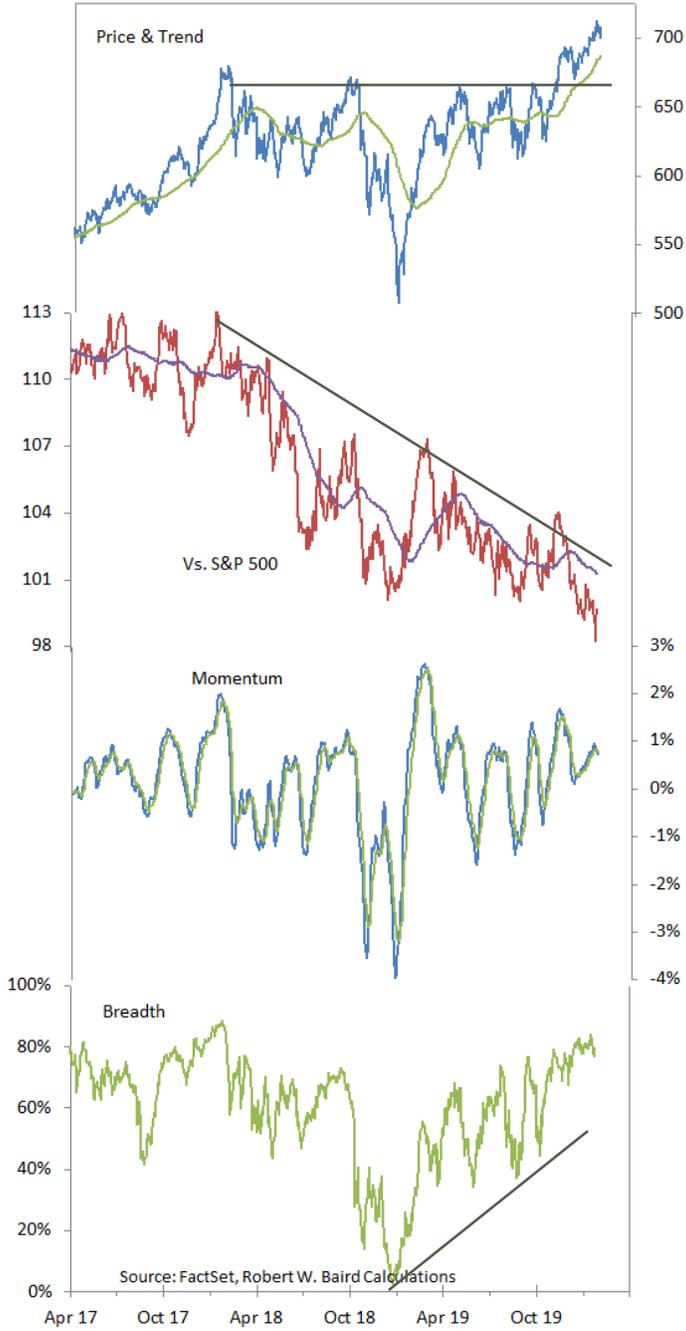
Energy - Oil & Gas Refining & Marketing
 Materials - Commodity Chemicals
 Materials - Industrial Gases
 Industrials - Building Products
 Industrials - Construction Machinery & Heavy Trucks
 Industrials - Agricultural & Farm Machinery
 Industrials - Trading Companies & Distributors
 Cons Discret - Auto Parts & Equipment
 Cons Discret - Consumer Electronics
 Cons Discret - Household Appliances
 Cons Discret - Distributors
 Cons Discret - General Merchandise Stores
 Health Care - Biotechnology
 Financials - Diversified Banks
 Financials - Multi-line Insurance
 Info Tech - Electronic Equipment & Instruments

• Sector-Level Trends:

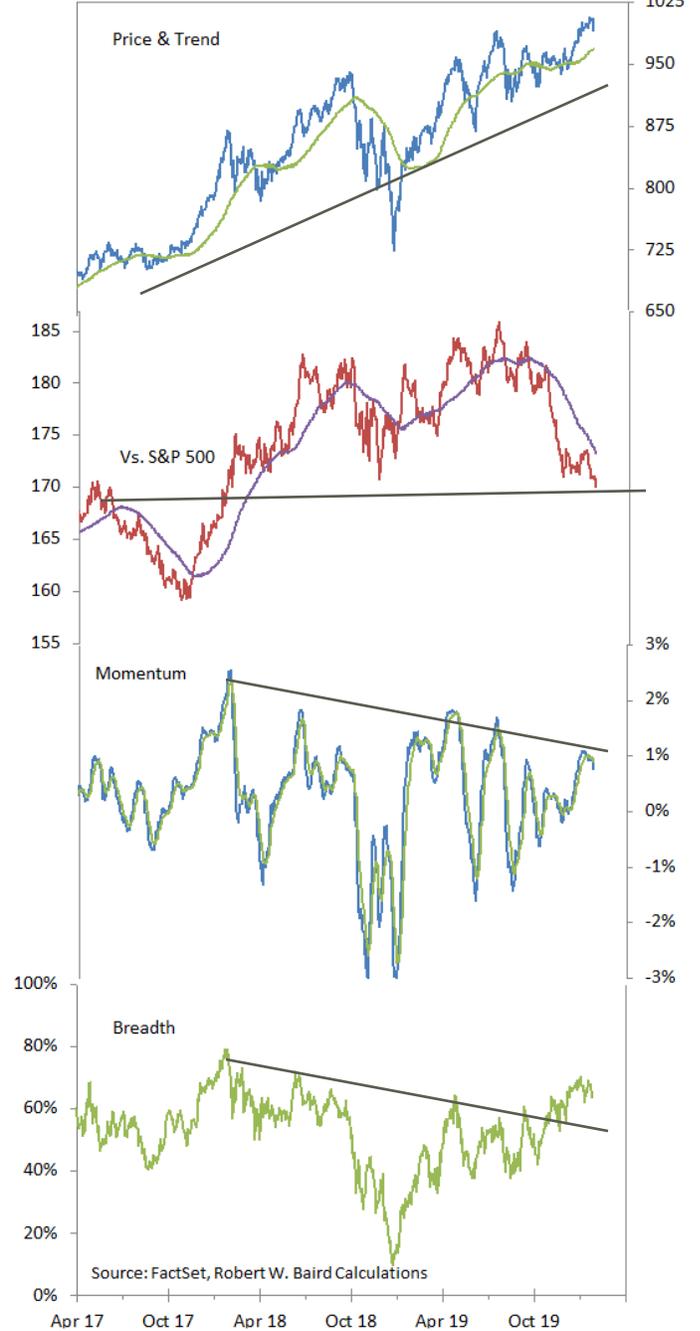


- Breadth in the Energy sector has given back almost all of the ground gained in late-2019.
- Materials sector is at new lows versus the S&P 500 as price, momentum and breadth are pulling back to support.

S&P Industrials Sector

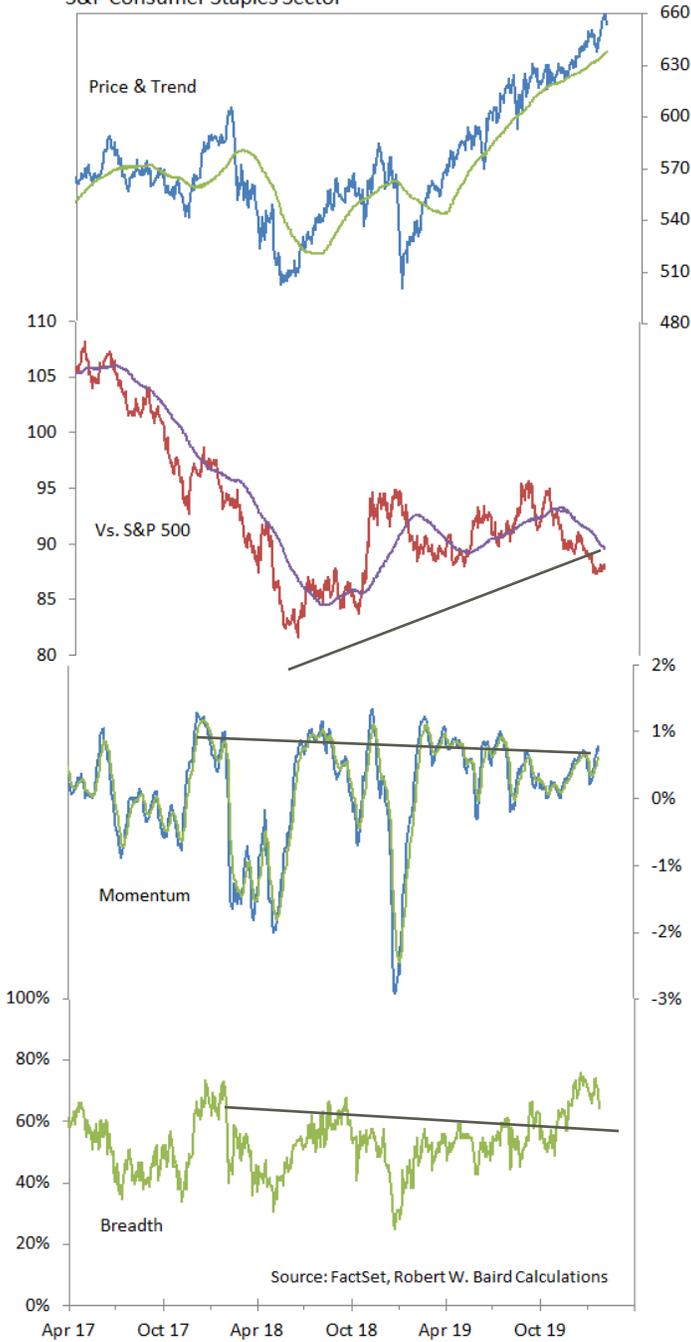


S&P Consumer Discretionary Sector

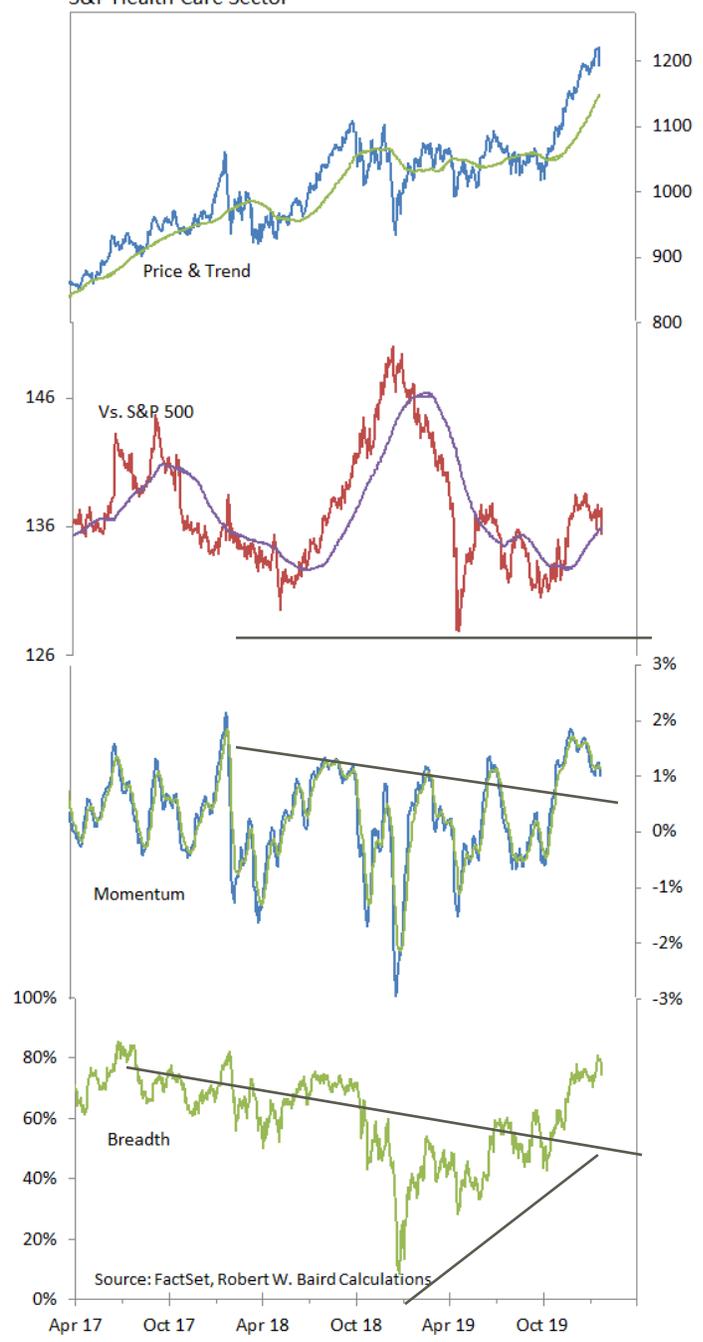


- Industrials sector continues to lose ground versus the S&P 500, as that downtrend remains intact.
- Momentum has not broken out to the upside and Consumer Discretionary is faltering versus the S&P 500.

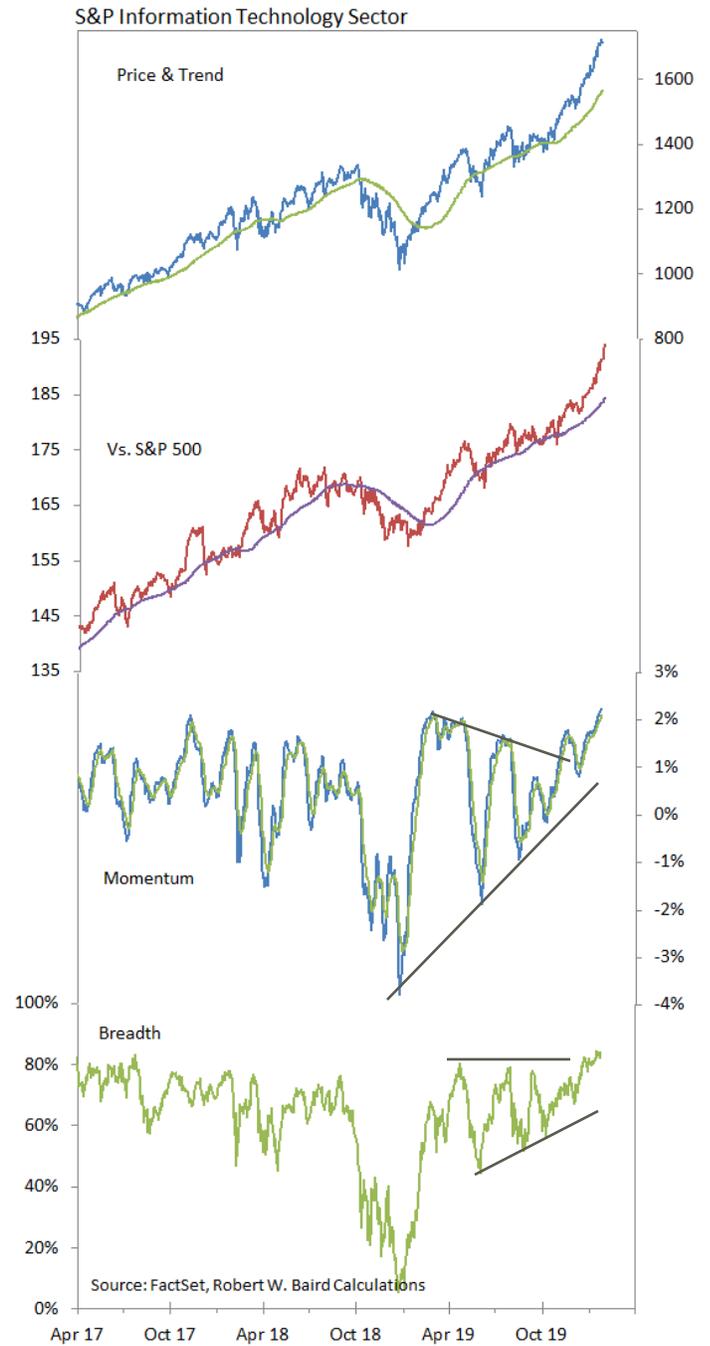
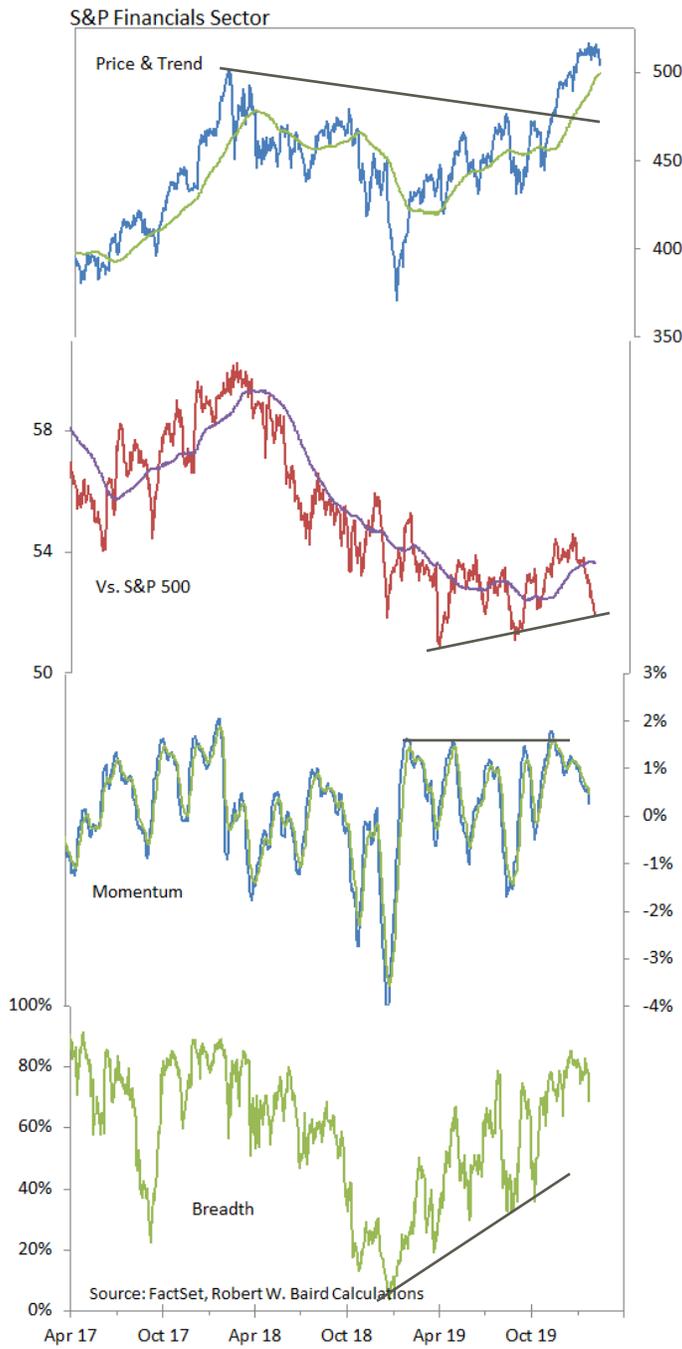
S&P Consumer Staples Sector



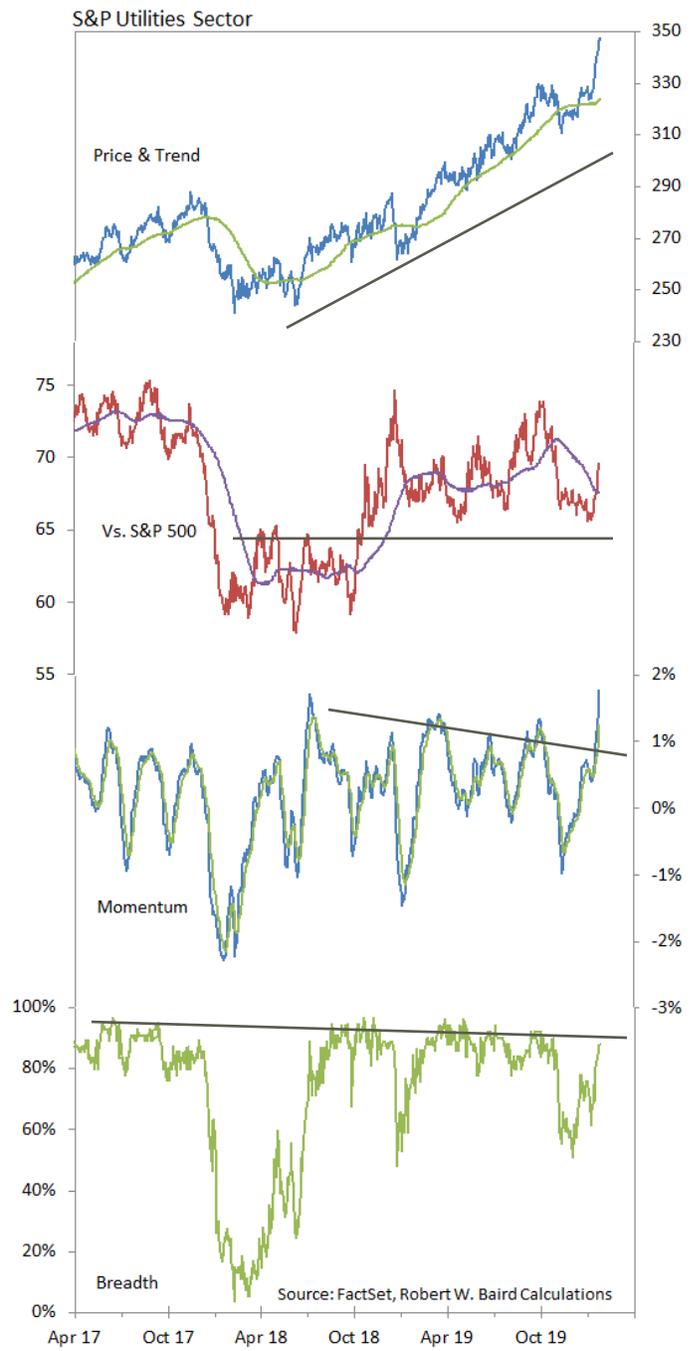
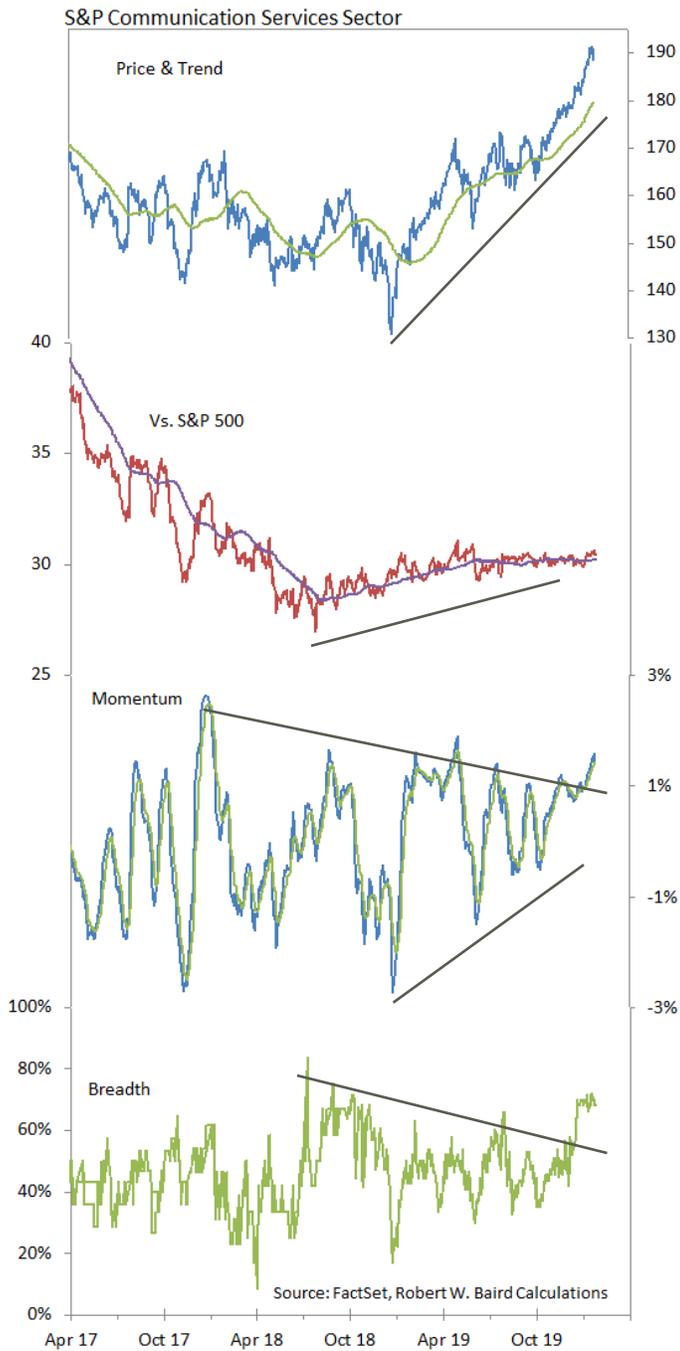
S&P Health Care Sector



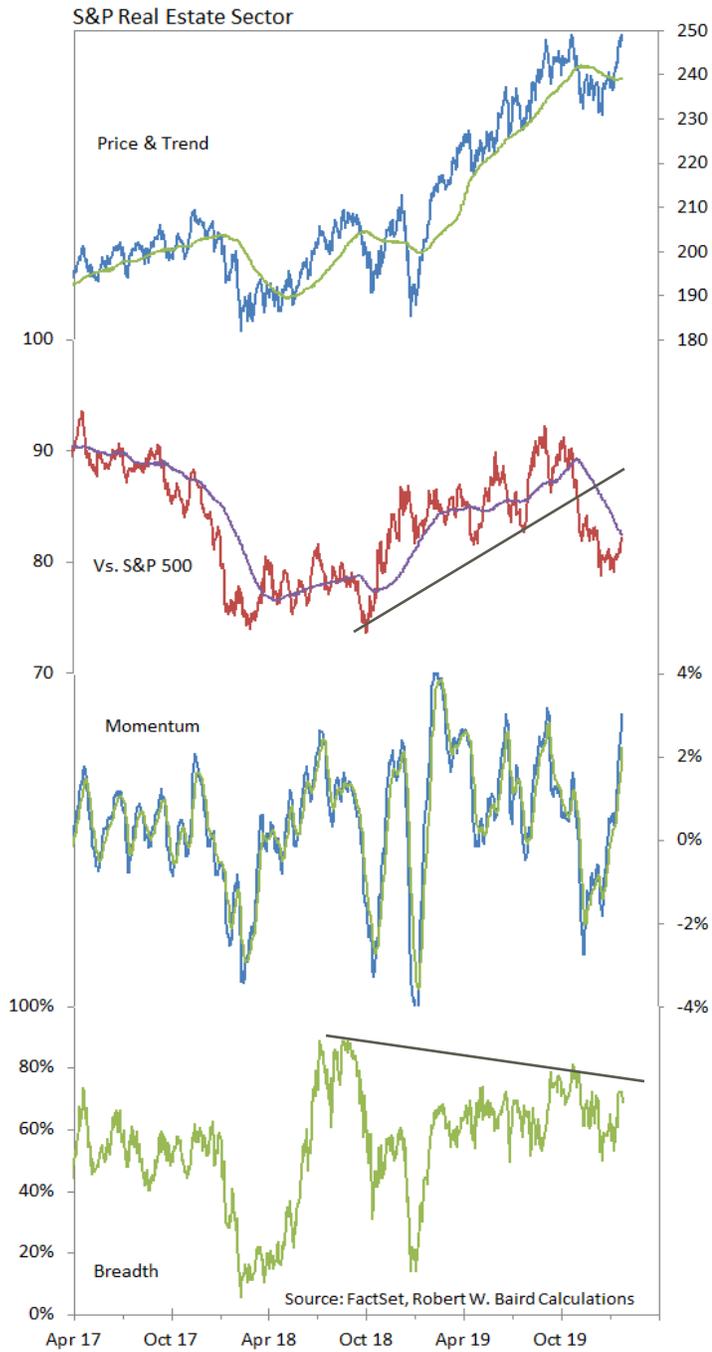
- Consumer Staples sector is losing ground versus the S&P 500 even though price continues to trend higher.
- Momentum in the Health Care sector has yet to decisively turn higher, which could work against price in the near term.



- Financials sector momentum has deteriorated and the sector is losing ground versus the S&P 500.
- Information Technology sector breadth and momentum remain strong and are fueling price gains.



- Momentum in Communication services sector is expanding and breadth is supportive of further price gains.
- Utilities sector showing leadership versus the S&P 500 as surging momentum has carried sector to a new price high.



- Real Estate benefitting from drop in bond yields – momentum is expanding and sector has turned higher relative to the S&P 500.

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