

February 1, 2017

Open ETF Trades

Date Opened	Ticker	Market	Stop Loss	Strategy & Update
2/13/16 @ \$39.00	QID	Short QQQ (-2x)	-	Bearish on the Nasdaq-100
6/16/16 @ \$38.48	BIS*	Short Biotech (-2x)	-	Run-up has given us a short setup
8/19/16 @ \$66.50	EDC*	Emerging Mrkts (2x)	-	Long EM stocks
12/5/16 @ \$49.05	DXJ	Japan Stocks	\$46	Long Japan equities
12/8/16 @ \$23.29	BKLN	Bank Loan	-	Long bank loans
12/8/16 @ \$27.27	HACK*	Cybersecurity	\$25	Bullish on this emerging sector
12/29/16 @ \$26.34	FCG*	Natural Gas	-	Bullish on nat gas stocks
1/19/17 @ \$52.55	MOO*	Agri-business stocks	-	Sector trend is up
1/23/17 @ \$12.43	SEA	Shipping stocks	-	Bullish on global trade

***This ETF ticker is also covered & synchronized with Weekly ETF picks**

Key S&P 500 Pivot Points

Pivot Points	Pivot Level	<u>S1</u>	<u>S2</u>	<u>R1</u>	<u>R2</u>
Weekly	2284	2267	2241	2310	2327
Monthly	2274	2249	2219	2304	2329
Closing Price	2279				

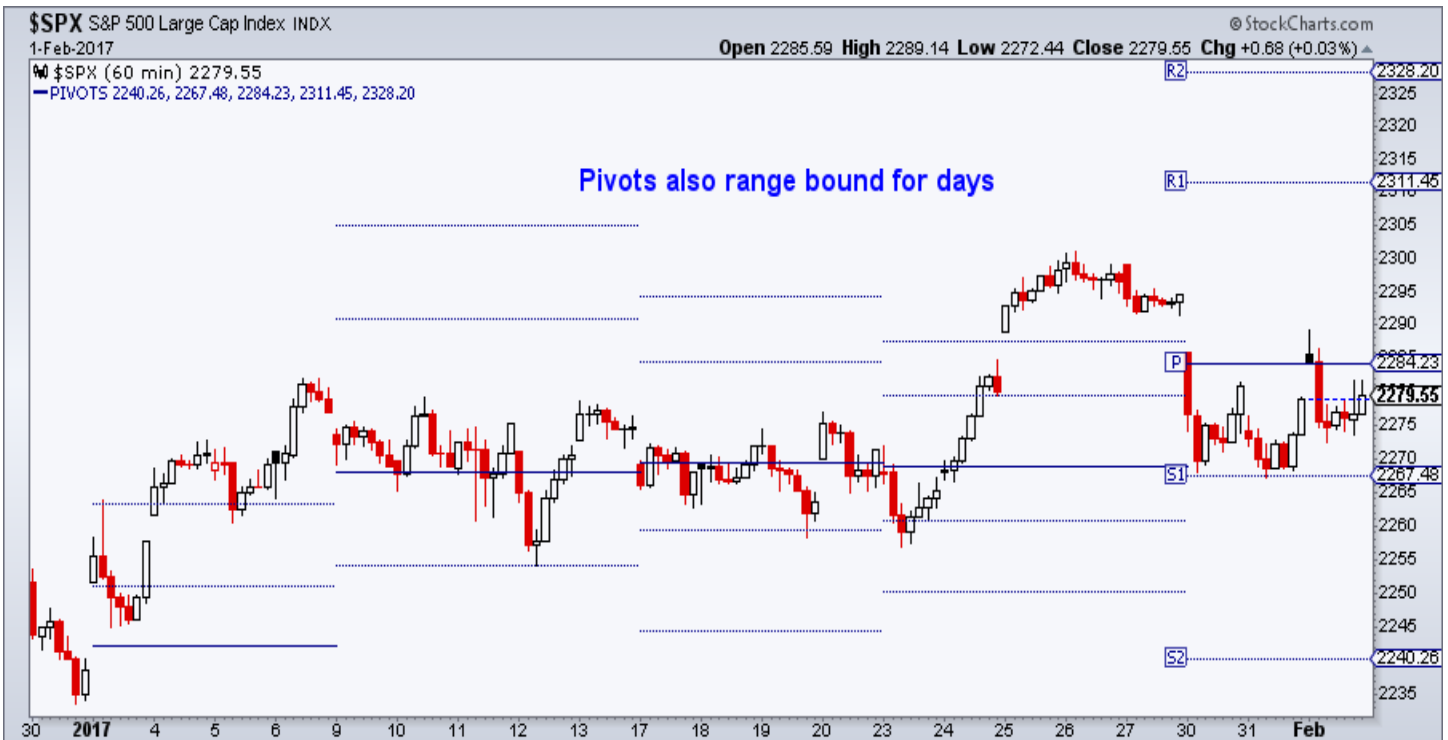
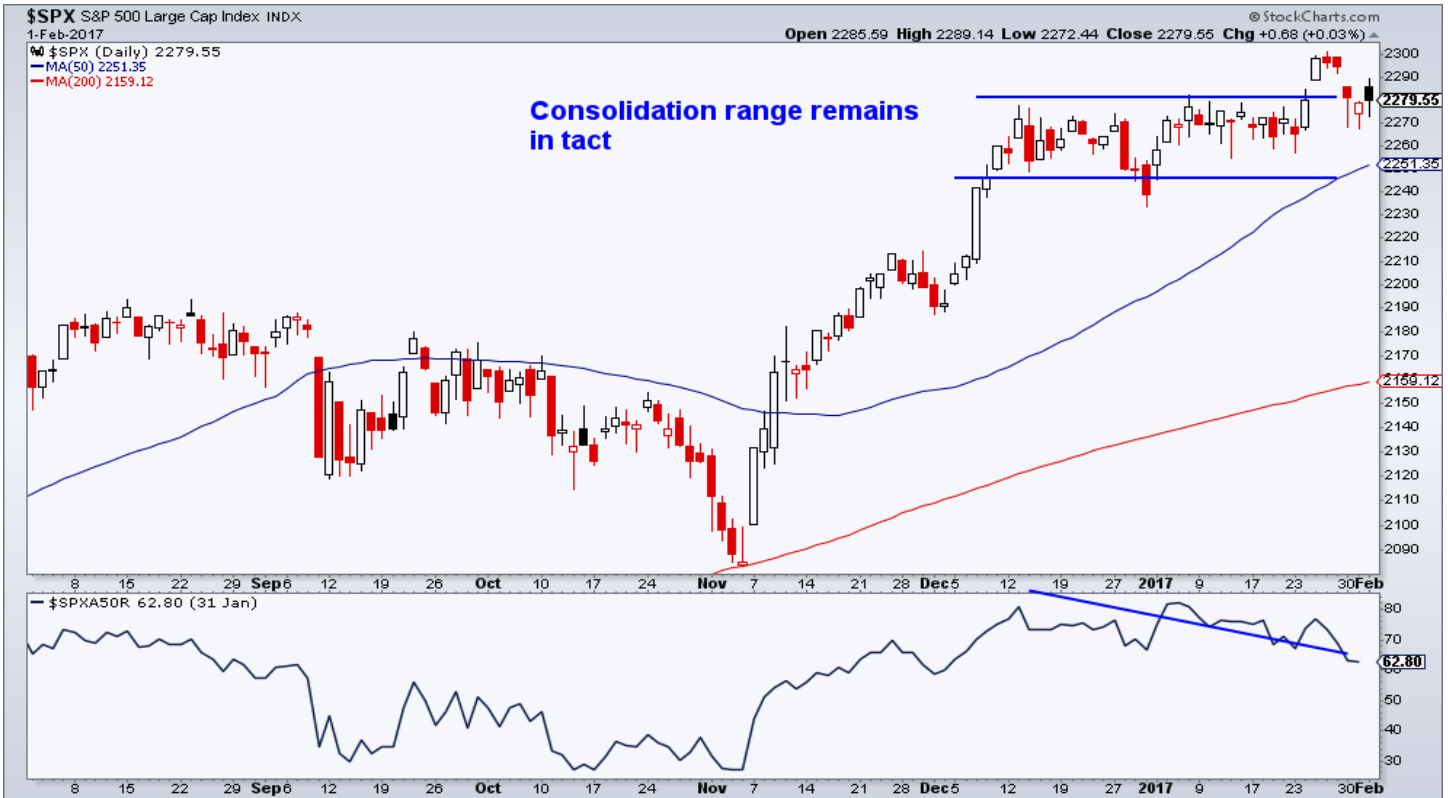
Monthly pivots updated

U.S. equities closed mostly higher on Wednesday after the Federal Reserve kept interest rates unchanged, as was widely expected. The Federal Open Market Committee — the central bank's policy-making arm — kept its benchmark overnight lending rate target at 0.5 percent to 0.75 percent. Ahead of the announcement, market expectations for a rate hike were just 4 percent.

- **Breadth on the S&P 500 is fading**
- **Small-caps continue to remain range bound**
- **Biotech stocks could see short-term strength**
- **Airlines are breaking down following earnings**
- **The materials sector is solidly positioned for a move higher**
- **Europe stocks have been out-performing the US**

How to Trade it:

While the S&P remains nestled safely within its consolidation range, we are seeing breadth begin to fade. The percentage of stocks above their 50-day moving averages looks to have topped and now has entered into a downtrend. In terms of absolute price changes, the S&P is putting up quite the fight. Price broke of the tight of 2260-2300 but has since retraced that breakout. Prices seem poised to make another run at 2300 but the deteriorating breadth may impact the longevity of it.



Small-Caps (IWM)

After making all-time highs last month, the Russell continues to trade sideways. In the short-term, \$135 has been support but it may be deteriorating. Longer-term, there may be support around the \$129-130 level because this was the top and an all-time high in June of 2015.

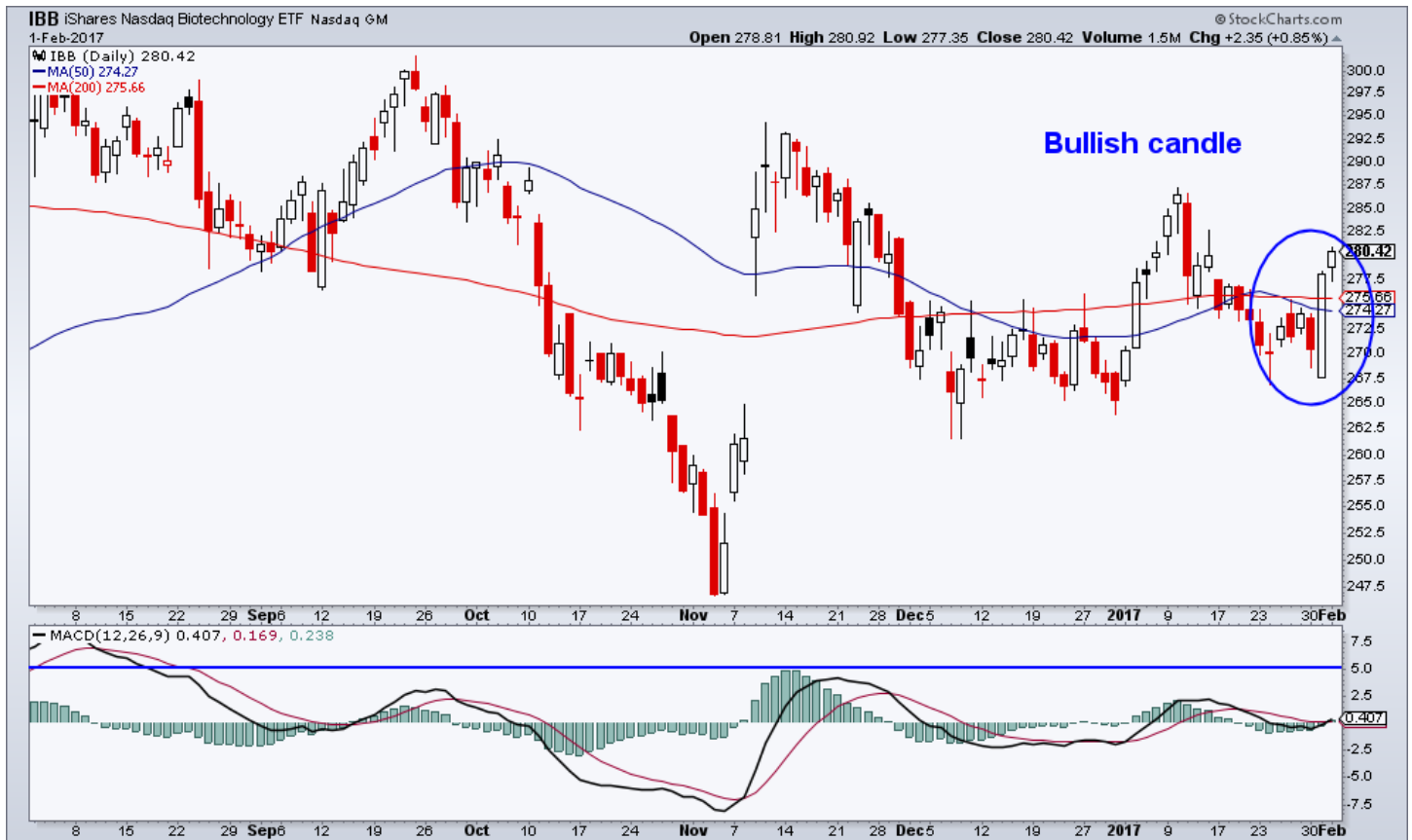


Part of the weakness in IWM can be attributed to the weakening of the Dollar. Below, you can see how closely the relative performance of small-caps to large-caps tracks the greenback.



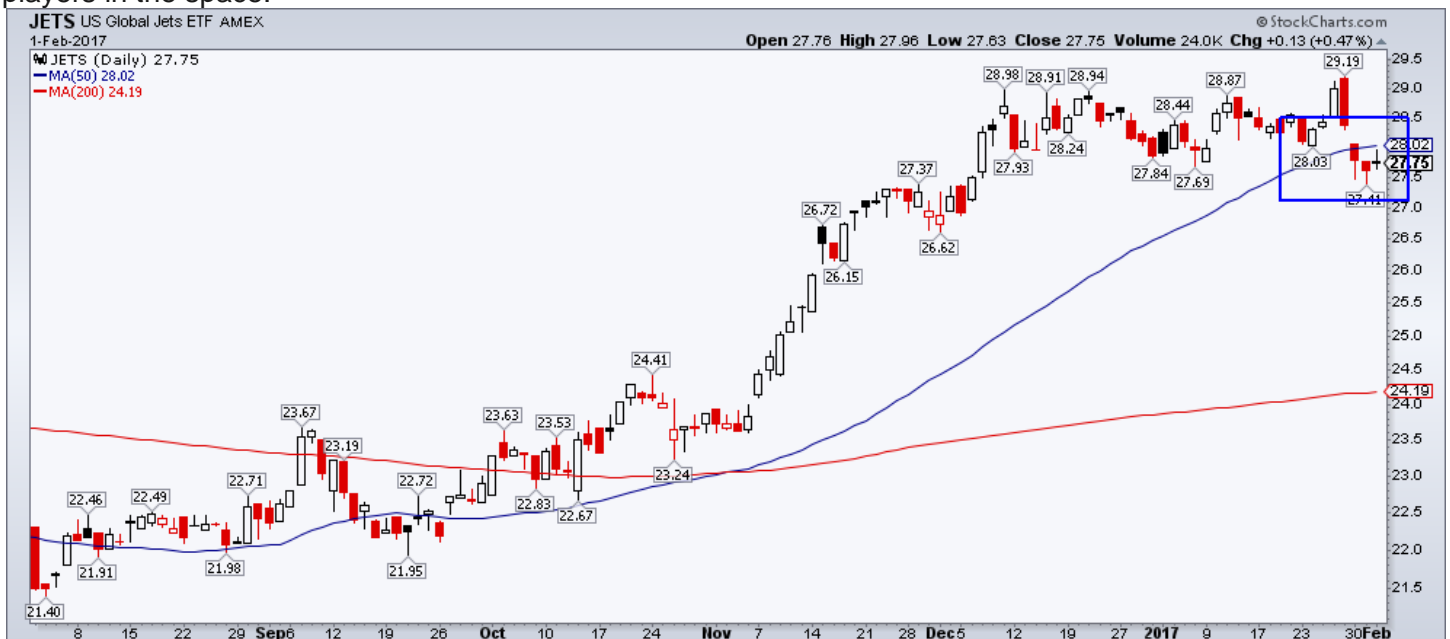
Biotech (IBB)

Quite an interesting candle has formed in the biotech ETF this week. On Tuesday, we saw a very bullish candle pattern form which suggests that biotech stocks may be due for a pop. Price are still below resistance but we would keep a close watch for an upside breakout.



Airlines (JETS)

Airlines enjoyed a strong rally following the election but they seem to now be stalling out. Prices traded in a sideways consolidation range since December and prices have finally broken below the 50-day moving average. Weakness in the space was driven by some missed earnings expectations among some of the larger players in the space.



Materials (XLB)

The XLBs gapped up to all-time highs and have become overbought after breaking resistance around the \$52 level. As expected there was resistance at this level because it was the all-time high in early 2015. Longer-term, \$49 was the top of the range from the middle of July throughout the early part of September so there may be some support at that level if there is selling or profit-taking.



Europe (VGK)

European stocks have been on quite a rally in 2017, actually beating out US stocks. That's hard to believe considering the DOW hit 20,000 but European stocks have shown some real strength. VGK faced some resistance at \$50 but we are currently seeing a bullish golden cross of the moving averages.

