Financial Research, Education & Data

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July 2015
Charts as of 07/17/15

The FRED Report – Sector Review

Sector Weight Notes: We raise XLY to an OVER WEIGHT, raise XLU to an EQUAL WEIGHT, and lower XLE and IYZ to UNDER WEIGHT. This changes the Large Cap Sector Portfolio. IN ADDITION: We change the Small Cap Sector portfolio here by raising PSCF to an OVER WEIGHT, and lowering PSCE to an UNDER WEIGHT.

SPY is virtually unchanged (up .48) since the last Sector Review. We are sorry stocks are so dull, but cannot control this fact. Stocks were mostly negative in the second quarter, fulfilling our forecast for a down quarter in the first part of 2015, but not creating the kind of buying opportunity we anticipated. The Dow Industrials had two down quarters (without getting horribly oversold!), and our forecast remains for a rally in the second part of 2015. A breadth surge should confirm this is underway.

We remain with XLF, and add XLY as our over weights. XLF stands to benefit from rising rates and has shown strong improvement. We have expected this to be a second half story. XLY is showing strong improvement, and benefits from low oil prices. Bonds may stabilize for a bit at this support, but then rates should slowly rise. XLE has started to break down, suggesting the technical rally we played earlier in the year did not foreshadow improving fundamentals. IYZ has weakened and the stocks look lackluster. We upgraded XLB to an equal weight earlier last month and while not a great chart it is oversold enough to rally on economic improvement. It looks better than IYZ. We moved XLV to an equal weight at the same time.

XLI is flat and this may be related to the oil patch – there are risks as well as benefits to the oil price decline, and there have started to be effects on employment in the shale oil states. This could get worse, and also affect XLB. XLP has rallied to the top end of a range and looks like an equal weight. IYW remains a concern, as fewer stock charts looks strong in Tech, and the recent rally is due to extreme strength in a few names, rather than broad based participation.

Highlight
Change

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Stock Prices as of 07/17/15

Sector ETF Stock Component Changes

	Absolute Change	Relative Change to ETF (%)
Stocks We Like		
No changes		
Stocks We Dislike		
No changes		

Ticker	Listing Date	Price at Listing	Current Price	Absolute Change	Relative Change to ETF (%)
Consumer Discretionary (XLY)					
Stocks We Like					
CBS	10/11/2013	56.25	54.70	(2.76%)	(34.63%)
VFC	5/16/2014	62.77	72.49	15.49%	(8.67%)
YUM	5/15/2015	93.96	87.88	(6.47%)	(9.81%)
Stocks We Dislike					
M	1/17/2014	56.23	72.31	28.60%	(7.00%)
AMZN	3/13/2015	370.58	483.01	30.34%	(25.03%)
TGT	5/15/2015	78.53	84.69	7.84%	(4.50%)
Consumer Staples (XLP)					
Stocks We Like					
WBA	3/14/2014	67.07	95.75	42.76%	25.17%
CL	3/13/2015	68.46	67.50	(1.40%)	(5.11%)
CVS	6/12/2015	102.22	110.14	7.75%	3.57%
Stocks We Dislike					
MJN	1/18/2013	66.8	87.79	31.42%	6.40%
TSN	1/16/2015	40.24	42.94	6.71%	(5.02%)
KO	3/13/2015	39.91	41.25	3.36%	0.35%

Ticker	Listing Date	Price at Listing	Current Price	Absolute Change	Relative Change to ETF (%)
Energy (XLE)					
Stocks We Like					
HAL	3/14/2014	55.19	39.99	(27.54%)	(11.40%)
TSO	3/13/2015	86.23	102.14	18.45%	21.39%
OXY	6/12/2015	77.78	71.92	(7.53%)	(1.67%)
Stocks We Dislike					
COG	10/17/2014	30.95	29.01	(6.27%)	(6.31%)
NE	10/17/2014	19.5	13.36	(31.49%)	18.91%
SWN	10/17/2014	31.99	21.06	(34.17%)	21.59%
Financials (XLF)					
Stocks We Like					
BAC	9/13/2013	14.49	18.10	24.91%	(0.81%)
BK	7/18/2014	38.43	42.82	11.42%	0.60%
MA	3/13/2015	87.75	96.08	9.49%	5.09%
Stocks We Dislike					
C	6/18/2010	40.01	58.75	46.84%	24.37%
CFR	1/16/2015	62.55	73.24	17.09%	(8.86%)
ACE	6/12/2015	105.48	104.14	(1.27%)	2.67%

Stock Prices as of 07/17/15

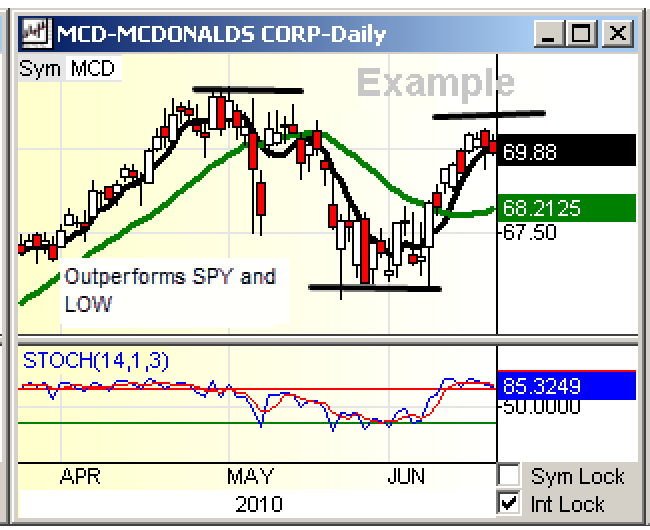
Ticker	Listing Date	Price at Listing	Current Price	Absolute Change	Relative Change to ETF (%)
Health Care (XLV)					
Stocks We Like					
BAX	5/16/2014	37.32	37.36	0.11%	(32.26%)
GILD	10/17/2014	100.75	118.26	17.38%	(8.37%)
STJ	5/15/2015	74.96	77.16	2.93%	(0.71%)
Stocks We Dislike					
BMY	2/13/2015	60.04	69.29	15.41%	(6.57%)
BCR	4/10/2015	170.48	178.84	4.90%	(0.97%)
MRK	5/15/2015	60.23	58.82	(2.34%)	5.99%
Industrial (XLI)					
Stocks We Like					
HON	10/19/2012	62.49	105.54	68.89%	19.61%
ITW	8/15/2014	87.02	93.02	6.89%	3.06%
CSX	10/17/2014	33.86	32.18	(4.96%)	(11.60%)
Stocks We Dislike					
EMR	5/11/2012	48.18	52.59	9.15%	44.81%
DE	8/15/2014	84.8	96.97	14.35%	(10.51%)
PNR	4/10/2015	62.66	63.83	1.87%	(5.47%)
Materials (XLB)					
Stocks We Like					
SHW	10/17/2014	217.01	266.01	22.58%	20.47%
DOW	5/15/2015	51.51	51.17	(0.66%)	6.81%
LYB	6/12/2015	104.28	97.50	(6.50%)	(1.44%)
Stocks We Dislike					
FMC	8/15/2014	66.04	49.75	(24.67%)	20.50%
MOS	10/17/2014	40.76	45.26	11.04%	(8.93%)
IFF	6/12/2015	110.33	112.64	2.09%	(7.15%)

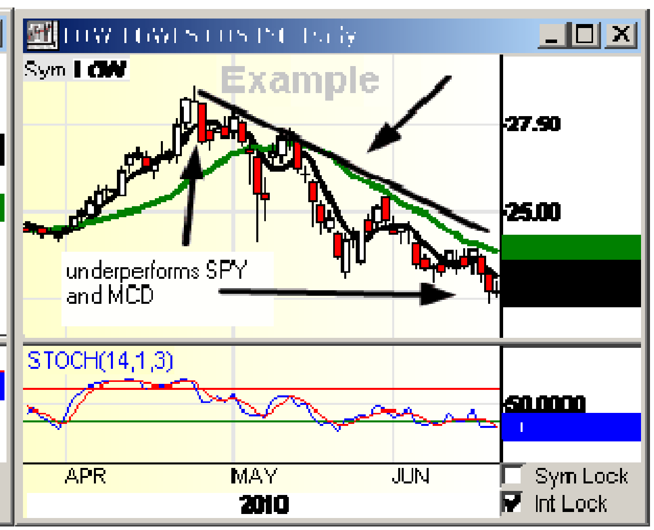
Ticker	Listing Date	Price at Listing	Current Price	Absolute Change	Relative Change to ETF (%)
Utilities (XLU)					
Stocks We Like					
WEC	12/16/2011	33.44	47.86	43.12%	17.62%
NEE	6/15/2012	67.77	103.65	52.94%	35.56%
SO	1/16/2015	51.59	43.51	(15.66%)	(4.93%)
Stocks We Dislike					
PEG	6/15/2012	32.33	41.41	28.09%	(10.70%)
PCG	9/14/2012	43.25	51.33	18.68%	(0.04%)
PPL	1/16/2015	35.60	31.10	(12.64%)	1.91%
Technology (IYW)					
Stocks We Like					
INTU	1/17/2014	76.99	106.77	38.68%	15.33%
GOOGL	5/16/2014	528.30	699.62	32.43%	11.43%
CSCO	6/12/2015	28.54	28.18	(1.26%)	(3.01%)
Stocks We Dislike					
ORCL	7/18/2014	40.00	40.40	1.00%	42.59%
NTAP	10/17/2014	38.82	31.14	(19.78%)	35.88%
CA	4/10/2015	31.545	30.53	(3.22%)	6.26%
Telecom (IYZ)					
Stocks We Like					
T	12/20/2010	29.21	35.01	19.86%	(6.44%)
AMT	7/12/2013	77.84	96.95	24.55%	16.67%
RKUS	6/12/2015	11.79	10.71	(9.16%)	(5.62%)
Stocks We Dislike					
FTR	9/14/2012	4.65	5.14	10.54%	4.63%
USM	6/13/2014	39.66	36.88	(7.01%)	6.36%
VZ	6/12/2015	47.25	47.59	0.72%	(4.26%)

Sector Report Investing Methodology:

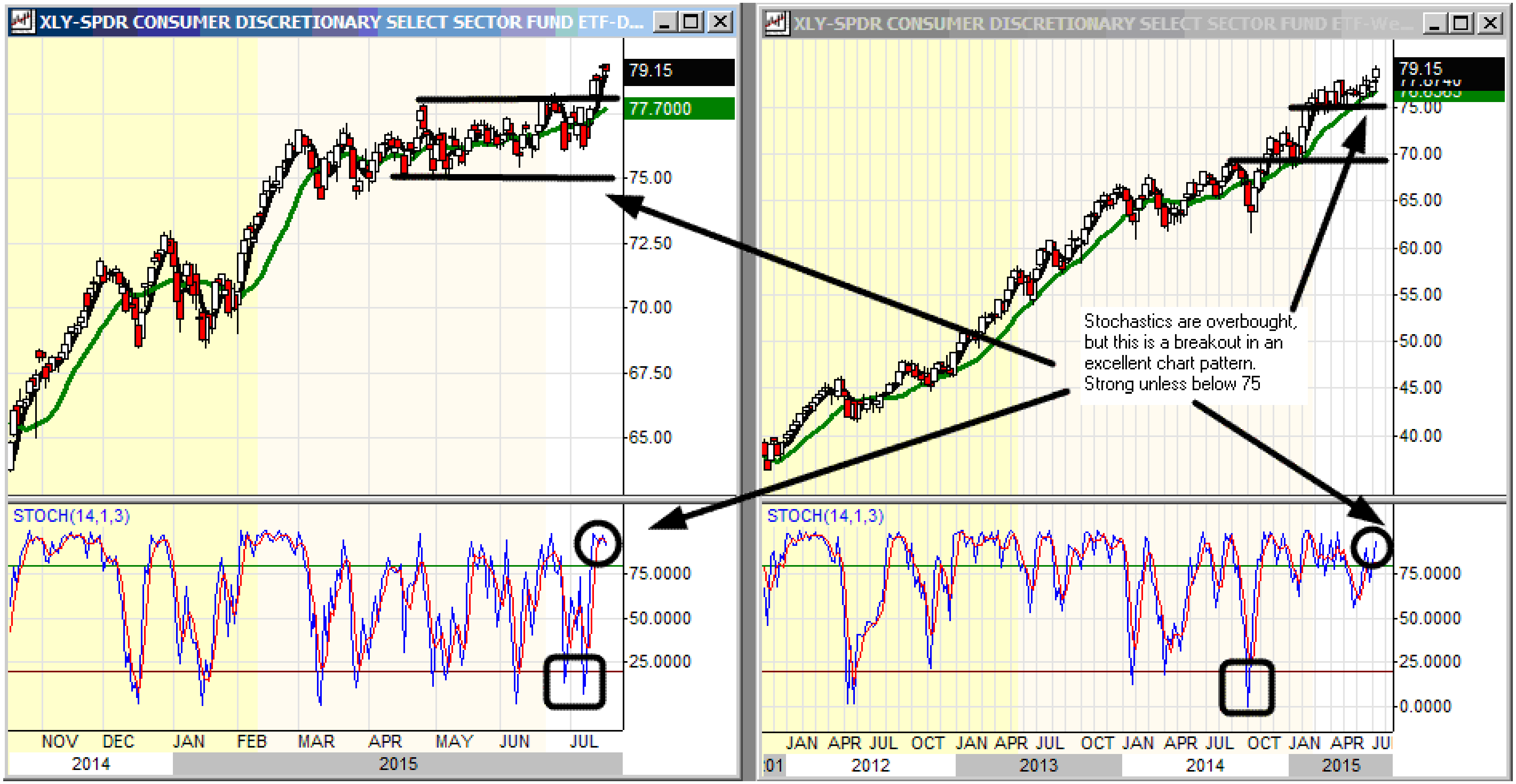
We treat stock and ETF Investing in this section of the website differently from the “Idea Generation” sections of the site. The difference is that here we are aiming for RELATIVE, and NOT absolute performance. In addition, these ideas are meant to be longer-term in nature. A key difference is that chart patterns are more important in relative performance, whereas indicator patterns get the nod when trying to create absolute returns. In practice this could mean, for example, using the stochastic as a measure of risk, and buying when it is in the upper part of the range rather than waiting for a move into the lower part of the range, which is riskier. This can mean, paradoxically, that stocks we dislike can have stronger short-term moves, as they are more oversold. Look at the examples below. MCD is overbought when looking at the Stochastic, and therefore riskier short-term, but it has outperformed longer-term, a trend we expect to continue.

There are two assumptions here. The first is that one is trying to build a position over time. The second is that, as part of the first assumption, one is adding to the position over time. So, one could take a baseline position, and then add to it when the Stochastic falls. Again, see the examples below. This becomes especially important when advisors are evaluating fundamental recommendations from their own firms. Look for relative outperformance as measured by such things as the position of lows in a stock relative to other stocks, and the market indexes. We show some charts below to further illustrate these ideas.





ETF Sector Charts: Consumer Discretionary (XLY)



Consumer Discretionary continues to improve: This sector remains long-term positive. We upgraded to an equal weight in the January Sector Review. The recent breakout has improved this enough to upgrade to an overweight, unless XLY starts trading below 75. Many analysts are overweight this sector because of low oil prices, but in fact, the trading pattern in oil has not affected this at all. XLY is a strong technical chart after consolidation and in this narrowing market money could flow into these names. **OVERWEIGHT**

ETF Sector Charts: Consumer Discretionary (XLY) – Stocks we like/buys

CBS: This stock may have moved into an intermediate trading range from 50 to 65 or so. CBS is testing short-term support and the sector is strong. The stochastics are down, suggesting CBS is timely.

VFC: The intermediate breakout is strong, and this held short-term support in the 70 area. The stock now has objectives in the high 70's to low 80's. This is a timely buy, with intermediate support at 60.

YUM: After several years this has finally given a strong breakout signal. This could be a top performing stock in the sector and test the 140 area on a trading basis. Recent test of the breakout is strong.

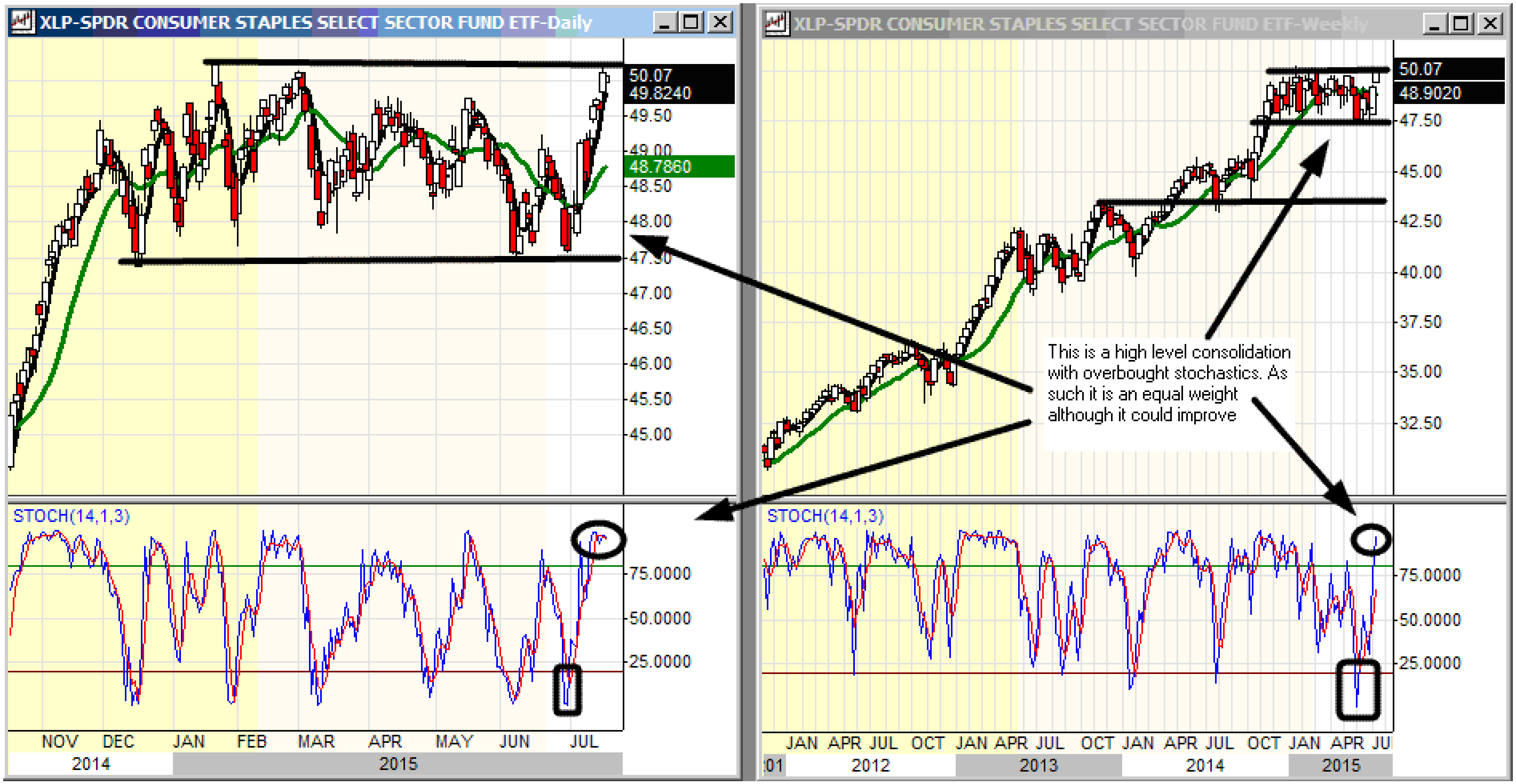
ETF Sector Charts: Consumer Discretionary (XLY) – Stocks we **dislike/avoid**

M: M started to weaken after the holidays but has rebounded. The stock has rallied enough to be short-term overextended, although the intermediate chart is improving and this is fairly strong. There is more potential in our liked names, although this is strong.

AMZN: The stock had a nice rally off support, and has broken out of a consolidation. AMZN is not a horrible chart but it is now overextended and below 440 would be a concern suggesting 380 could be tested.

TGT: We had a good run on this name and it is now overextended and signaling an intermediate consolidation. Not a bad chart but may be "dead money" for a while. The sector is strong, though.

ETF Sector Charts: Consumer Staples (XLP)



Consumer Staples is a defensive sector that also benefits from low oil prices: XLP is a high level consolidation. The market seems to be moving away from defensive issues so this is understandable and XLP is a holding pattern and may not act defensive in a market correction. Stochastics have moved into overbought configurations so this may be peaking. XLP is an improving equal weight, nothing to write home about, but improving. EQUAL WEIGHT

ETF Sector Charts: Consumer Staples (XLP) – Stocks we like/buys

WBA: This stock fell into support on news relating mostly to taxes and not their core business and is now a great chart. WBA is a breakout that could test the low 100's.

CL: This is a slow intermediate uptrend, and CL is a bit less dependent on European earnings and foreign currency trading than others in the sector. It is a range also and is testing intermediate support. If this base resolves in upside behavior CL would be strong.

CVS: We replaced WMT with this last month. The stock is a solid breakout and, while overextended, is a healthcare play within the sector. We think a test of 130 is possible, as that is the measuring implication.

ETF Sector Charts: Consumer Staples (XLP) – Stocks we **dislike/avoid**

MJN: This broke 98 support and may have made a spike low. This could bounce from here and it is an aggressive trading idea, but it remains vulnerable. If it starts making new lows look for the high 70's, manage risk carefully.

TSN: This is not a bad chart, except on a relative basis. TSN is a high level consolidation since January while the sector has done well. Short-term TSN is now testing support. We still see more attractive charts in this sector.

KO: This has moved down to test the bottom end of the range, and has started to rebound. KO will benefit from a stable Euro and this looks likely, so a move to the 43 area or slightly higher is possible.

ETF Sector Charts: Energy (XLE)

<u>XLE has declined to test intermediate support, and looks like it could break this:</u> XLE fell along with oil in the major decline, and then rallied to first resistance in the 82.50 area. Now, XLE has declined to test intermediate support, and our concern is that this has happened during a strong seasonal period. We thought this summer could see a move above 82.50 with 85 being the next resistance, but it is acting much weaker, and small cap stocks (see PSCE in the Small Cap Sector Review) have made solid new lows. Because of this we make XLE and underweight in this report, as it could under perform even on a stock market advance. **UNDERWEIGHT**

ETF Sector Charts: Energy (XLE) – Stocks we like/buys

HAL: HAL has tested the 38 – 40 support and may have bottomed. First targets in the high 40's to low 50's have been hit, but it is pulling back more than expected although still showing relative strength.

TSO: This is a high relative strength name that is performing well in spite of recent price moves. TSO traded 101 per last months notes, so is now a hold although we think higher prices could ensue.

OXY: We have removed XOM in favor of this name. The chart is also weak, as are all the integrated oil companies. We feel we have to have an integrated on this list but invest cautiously.

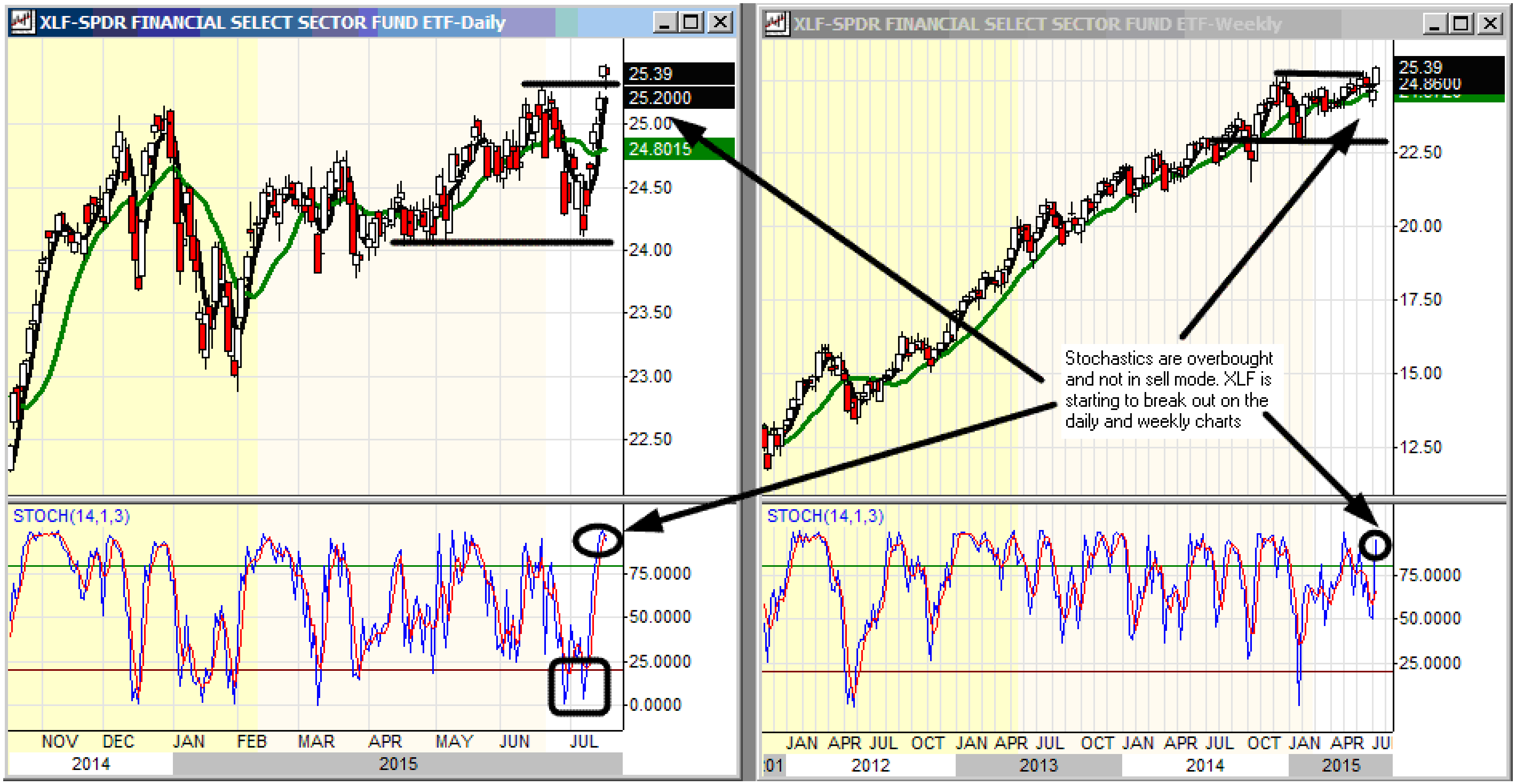
ETF Sector Charts: Energy (XLE) – Stocks we dislike/avoid

COG: This came very close to our objective in the 25 area and may have bottomed. However, May was noted as a trading sell and the stock continues to weaken. Below 27.50 would be a concern and target 21 or so.

NE: This is an example of one of the weak service stocks, and it declined with the price of oil. Resistance at 18 has held the stock. Last month we mentioned it was a trading sell. If below 13, NE could test 8.

SWN: This was showing some bottoming signs but now looks like a breakdown is occurring. SWN is an example of why we do not want to own second tier names although they may be cheaper.

ETF Sector Charts: Financials (XLF)



XLF is starting to break out on the daily and weekly charts: XLF remains weak relative to other sectors on a very long-term basis. XLF has started a breakout on the daily and weekly charts, and accumulation models continue to improve substantially. Slowly rising rates would improve bank earnings; TLT has broken support and while it could rally a bit the uptrend in bonds is likely over. It looks like our forecast of a TLT peak in January may end up being correct. KBWB and KBWR (not shown), are strong subgroups within XLF and these should also advance in the second half. We have consistently said this is a second half story, and it is now the second half – let's see how we do! OVER WEIGHT

ETF Sector Charts: Financials (XLF) – Stocks we like/buys

BAC: BAC is again at last year's 18 target, now resistance. We look for a rise to 21 to 22 over the next 12 months, and support is 14.80. BAC has started to slowly break out, and this could accelerate.

BK: We continue to like big banks and recent trading tends to reinforce that view. BK is trading well as long as the 35-area support continues to hold. This has held support and could test the high 40's.

MA: MA is a strong chart that could do well. The pattern is favorable short-term as long as above 91and intermediate term above 85. We expect 103 on MA in the next twelve months.

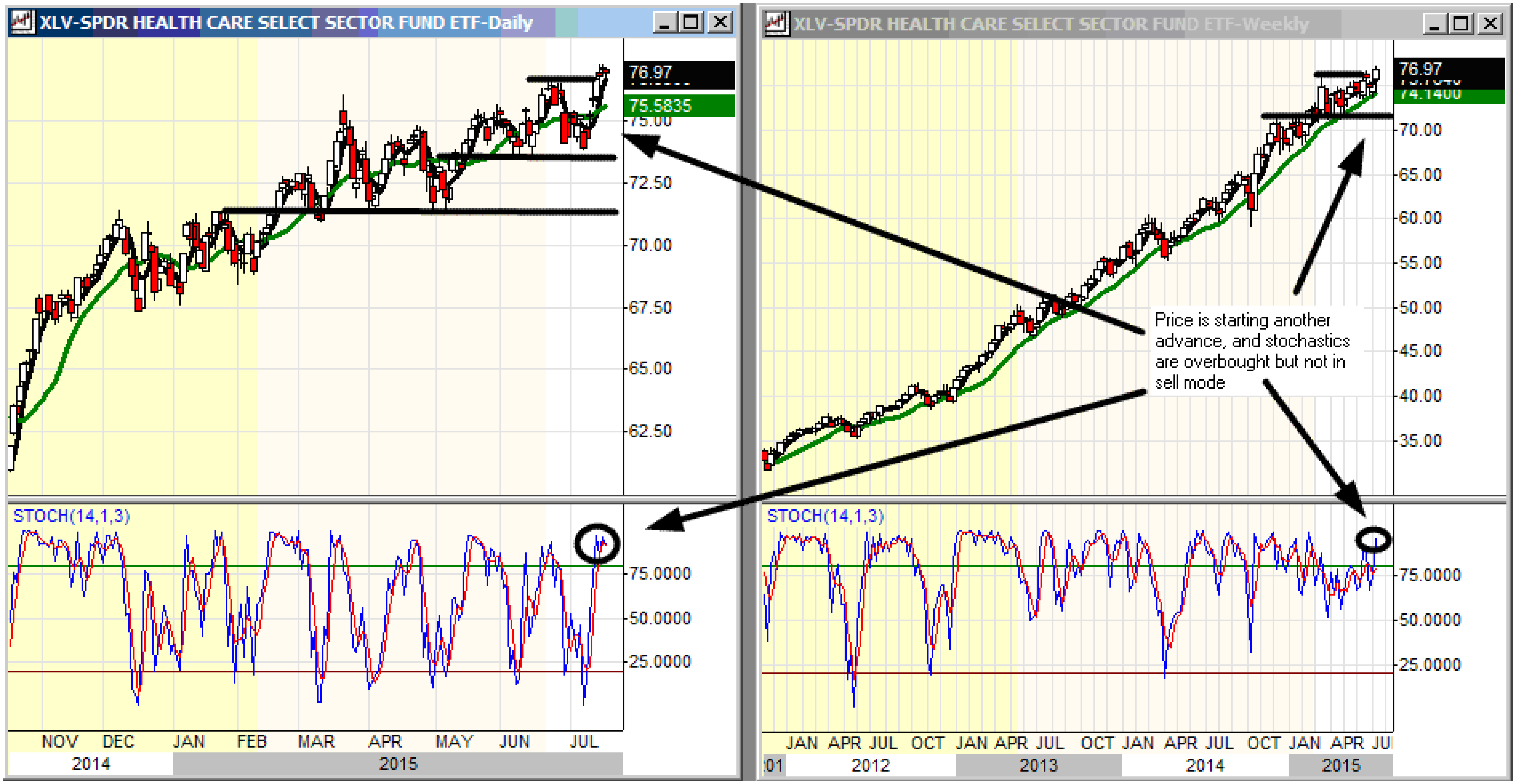
ETF Sector Charts: Financials (XLF) – Stocks we dislike/avoid

C: This is the weakest large cap bank. Intermediate support has held and this has broken out but it may be less strong than other big banks. We are concerned on a relative basis only – big banks should all do well.

CFR: This is a San Antonio bank that normally has high exposure to the oil industry. This oil decline could have an effect on other business. Short-term tried to improve and below 73 could test 68 - 65.

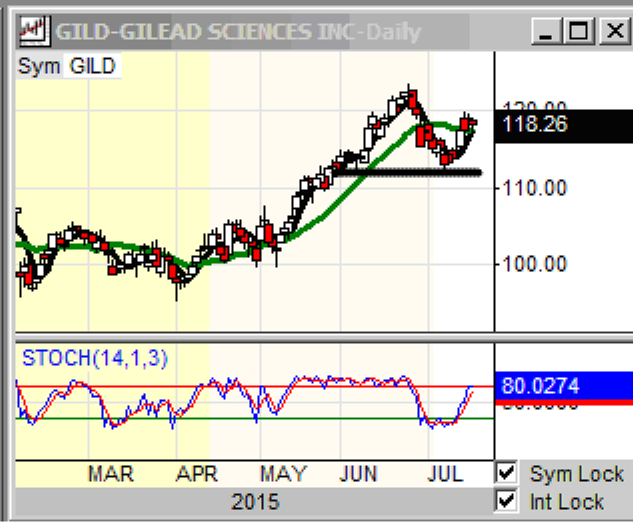
ACE: Again, it is hard to find weak financials, but this is weak on a relative basis, especially as long as below 110, recently tested. Above this would target 115, but the short-term is down in an improving sector.

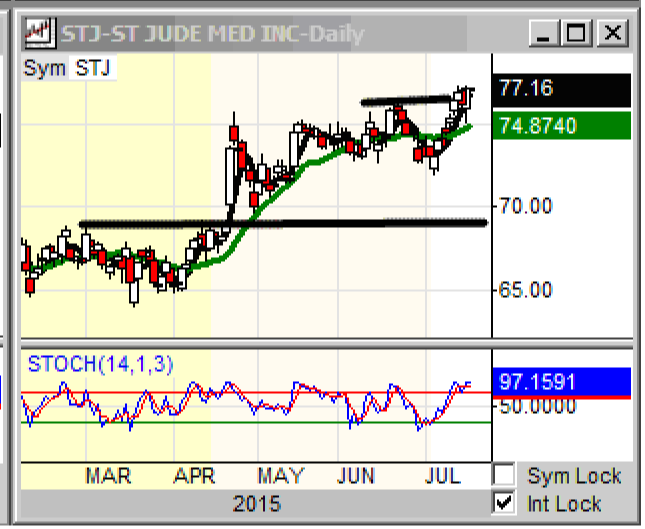
ETF Sector Charts: Health Care (XLV)



XLV has started to slow just a bit: XLV outperformed the SPY and traded at all-time highs for much of 2014. XLV staged a breakout and is holding, although trading in XLV (and the market!) is somewhat lackluster. We downgraded XLV to an equal weight after the Obamacare ruling last month as this suggested much of the good news was out of the sector and it did not advance on that news. This is starting a slow breakout but for now is less interesting than XLY or XLF - our "Over Weights". EQUAL WEIGHT

ETF Sector Charts: Health Care (XLV) – Stocks we like/buys





BAX: BAX has held intermediate support in the 35 area. We forecast consolidation in this name in Q2 2015 but this could be a stronger second half investment. Short-term BAX has improved.

GILD: This has been our favorite Biotech stock for several years. We added this in the October 2014 turbulence and another advance is under way. Support has held. Targets are in the 130's.

STJ: This was a negative chart that has had a significant breakout. A test of 100 is possible on a trading basis, and it could do more intermediate-term if above 76.

ETF Sector Charts: Health Care (XLV) – Stocks we **dislike/avoid**

BMY: BMY is slowing. Drugs are improving but we want a drug in "dislikes" and BMY has started to show some sell bars. Below 60 would be a concern. Not a bad chart except on a relative basis.

BCR: The intermediate trend is up but weakening, and the short-term chart is weakening and could test 150 if below 165. Again, finding good "dislikes" is tough in a strong sector.

MRK: MRK has started to lag the sector and while the chart is objectively positive it is weak on a relative basis. A test of 50 is possible if below 57, but overall the stock is a hold.

ETF Sector Charts: Industrial (XLI)

<u>XLI is weakening after the false breakout on the short-term chart:</u> We remain an equal weight but the short-term is now a false breakout and slightly weakening – below 54 would target 50 or lower. Low oil prices have hurt industrial names that supply the (once) -burgeoning oil boom. Weekly stochastics are in buy mode but the price chart has weakened over the last month. In this instance this is a sign of poor relative performance over the last few months, and a concern. EQUAL WEIGHT

ETF Sector Charts: Industrial (XLI) – Stocks we like/buys

HON: The intermediate pattern is up, and a short-term consolidation is underway. Targets are now up to 116 or so. This is an aggressive trading buy, as there is a short-term flag formation. It is starting to work.

ITW: This traded well into the first part of 2015 but now is a consolidation. The intermediate trend remains up and ITW is testing support. This is a strong chart that has targets of 105 or so as long as above 90. XLI is weaker than ITW.

CSX: The intermediate chart is strong as long as above 32, which is now being tested. Targets are high 30's, 37 – 39, the previous highs, and this looks possible.

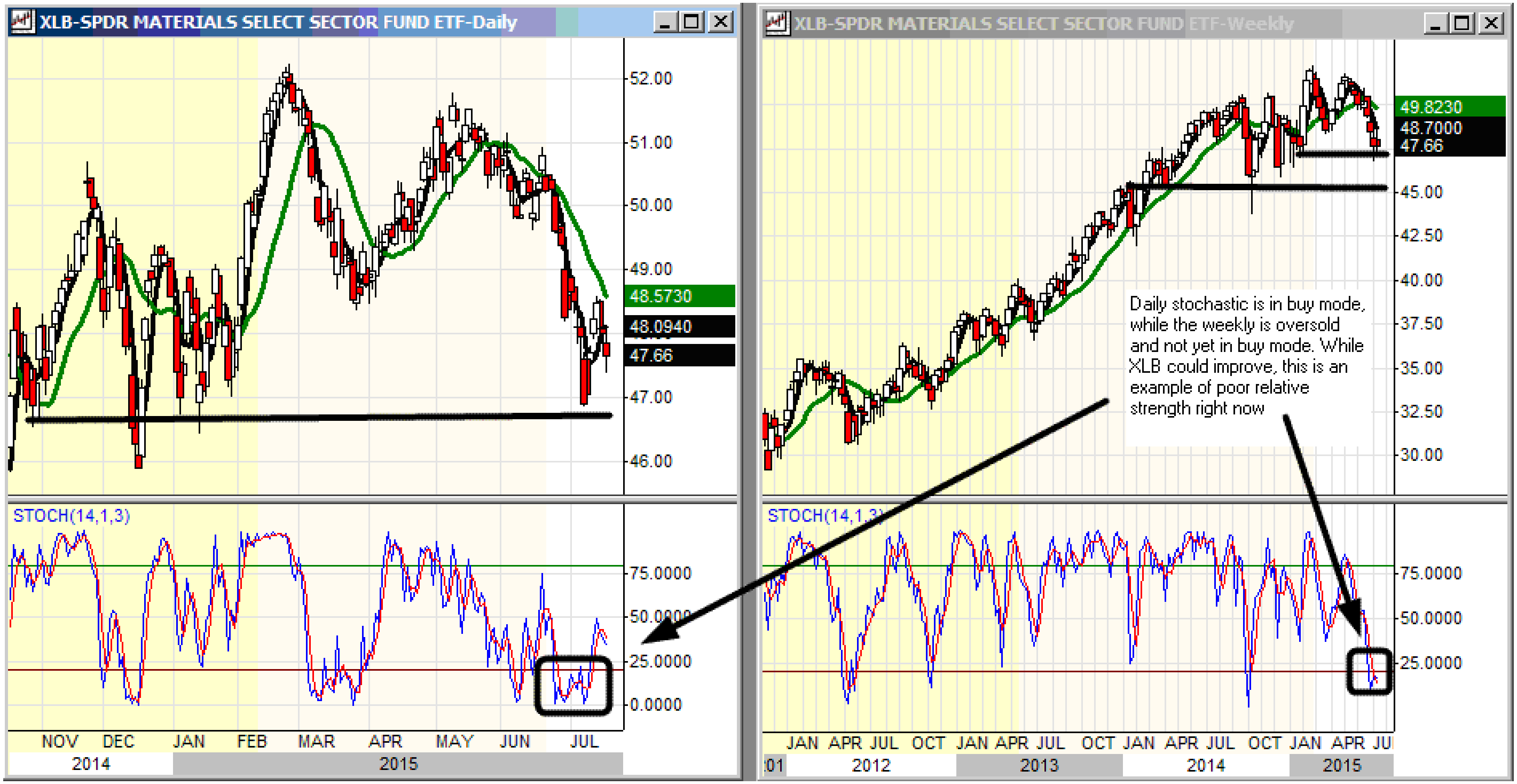
ETF Sector Charts: Industrial (XLI) – Stocks we **dislike/avoid**

EMR: Support at the 55 area has broken. Above 58 again would improve this chart. This is a weaker chart than XLI, and shows the results of a narrowing market and sector.

DE: This may have broken out above 95 resistance, but the intermediate pattern could be a false breakout, similar to XLI itself. DE has improved and if DE stays above 95, the trend is positive.

PNR: This is a flat chart in a weaker sector. In other words, objectively this is an okay chart but it is weak on a relative basis. PNR has a false breakout similar to the XLI.

ETF Sector Charts: Materials (XLB)



XLB is weakening, and it remains a weak pattern unless above 52: XLB has weakened again, and it is related to oil, which looks surprisingly weak given the strong seasonal tendency to have a summer rally. We raised this to an equal weight on this last dip, as it could improve along with the economy in the second half of 2015. XLB has extremely bifurcated stock performance, with some great, and some lousy, charts. This is a trend-less and inconsistent pattern that remains a concern. EQUAL WEIGHT

ETF Sector Charts: Materials (XLB) – Stocks we like/buys

SHW: This stock remains a strong intermediate picture. Targets in the 240 area were hit and there are upside targets at 314. Below 270 is a surprise but it was on news and above 275 would correct this chart.

DOW: DOW is a strong intermediate chart that could test the 59 area by mid 2016. It is one of the most attractive charts in the sector with intermediate support in the 45 area and short-term support at 50.

LYB: We replaced AA with LYB last month. There are short-term targets at 112 to 114, as long as above the 90 support. The sector has been weak, hurting many of these names – but this is stronger than the sector.

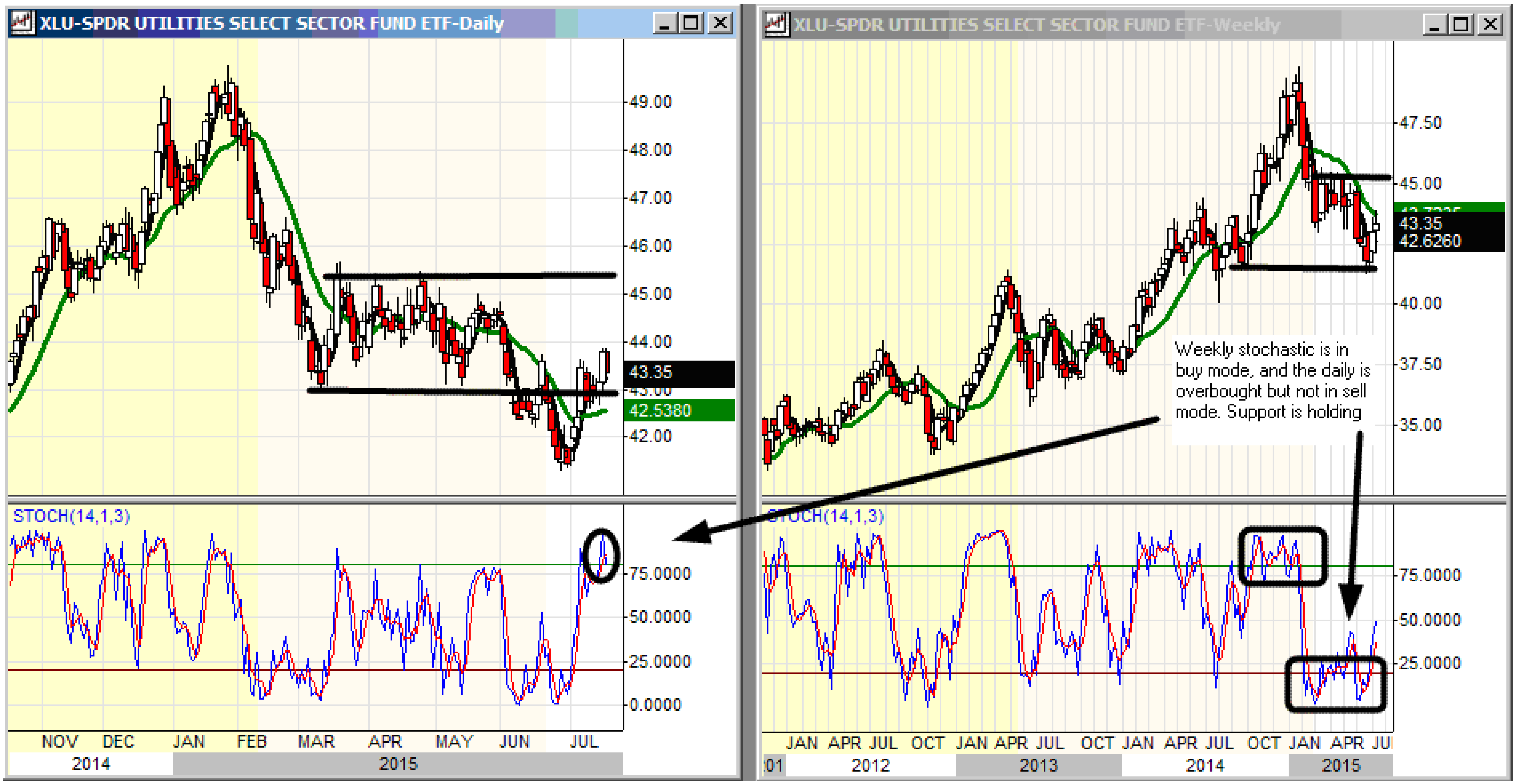
ETF Sector Charts: Materials (XLB) – Stocks we **dislike/avoid**

FMC: This has continued to weaken. Below 50, now being tested, suggests a multi-year downtrend is under way in this name. Shorts should cover as 50 was hit, but if not exceeded again soon FMC looks weak.

MOS: This tried to improve short-term but the intermediate chart remains weaker than the sector. There is a possible trading bottom in MOS, but the stock remains intermediate-term weak. Below 45 would be a concern and suggest a test of the mid-30's.

IFF: IFF is fully testing 110 support and a break of this would target 102 and then the mid-90's or below. This is a name that could bounce off support but if it does not it could be a fiasco as the chart is elevated.

ETF Sector Charts: Utilities (XLU)



<u>XLU has layers of support between 42 and 40 that is holding, so far</u>: This sector should outperform bonds on a sustained rise in rates. We move to an equal weight in this report as bonds are in an area of key support and the indicators have improved on the 30-year such that a September rise in short rates might spark a surprise rally in the bonds. In addition this has been the weakest sector for most of 2015, and we may see some snapback behavior. **EQUAL WEIGHT**

ETF Sector Charts: Utilities (XLU) – Stocks we like/buys

WEC: The intermediate-term chart broke 47-area support, but has revalidated. XLU is holding support and this is doing a bit better than the index. This is one of the strongest utilities.

NEE: NEE looks strong above 90 and is our favorite in this sector. This has hit 100-area price targets and as such is a hold for us but it could lead a short-term rally in the sector.

SO: This is very choppy and the short-term support is being tested. But, intermediate support in this 43 to 40 area should hold for now, and this may be a strong buy point for this name.

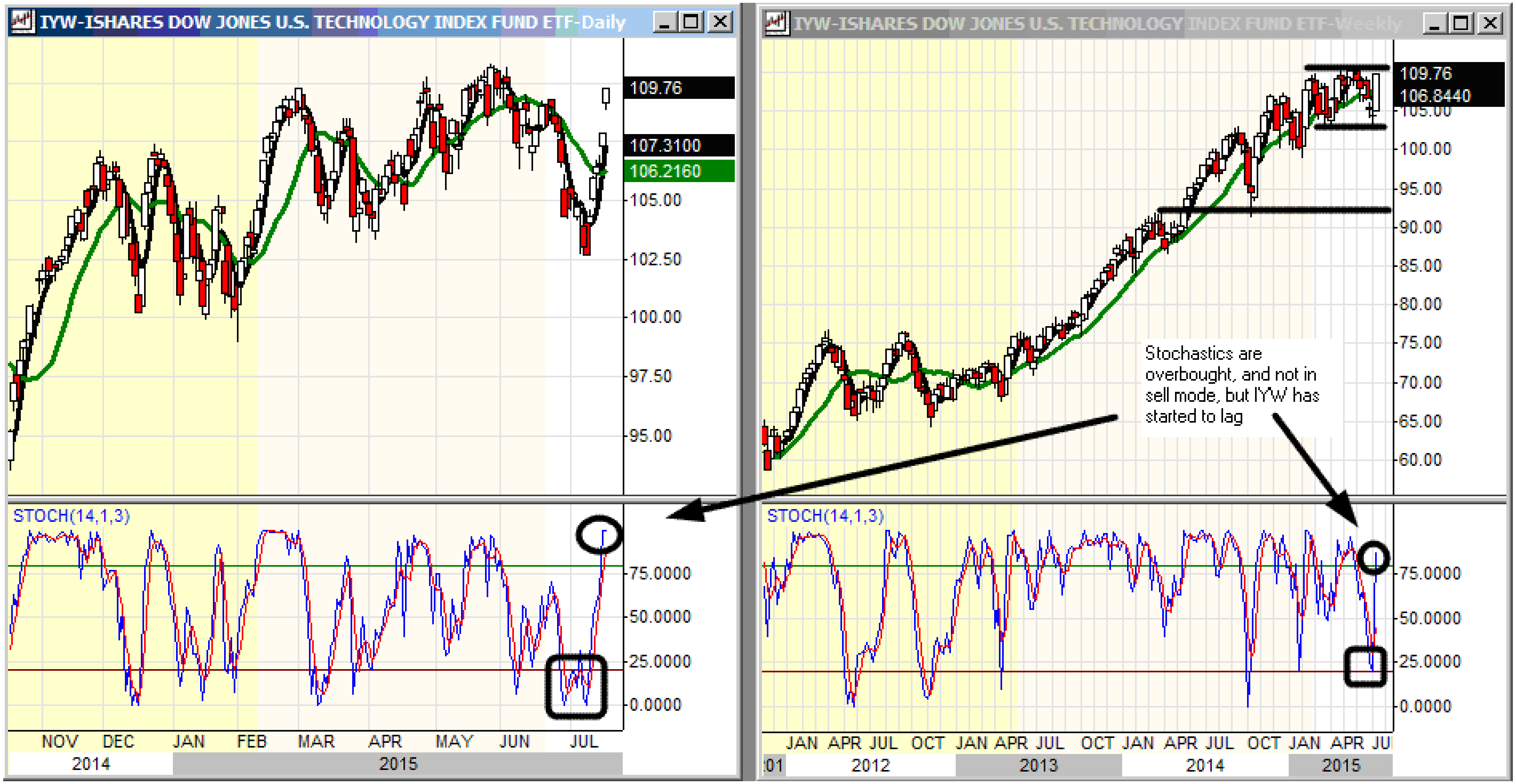
ETF Sector Charts: Utilities (XLU) – Stocks we dislike/avoid

PEG: This stock finally staged an intermediate breakout but this has led to consolidation and now, failure. The intermediate-term chart is improving a bit and PEG could rally from here.

PCG: This stock finally made new highs along with strong stocks in the sector, and it weakened right along with the sector as well. Below 50 would be a concern. This is weak but on support.

PPL: The breakout looked strong but has failed. The recent gap down is also a problem and if 30 breaks then a test of 25 is likely. Overall this remains a weaker stock than XLU with caution flags.

ETF Sector Charts: Technology (IYW)



<u>IYW has improved a bit on a price basis but this was largely due to a couple of large cap stocks:</u> IYW has weakened over the last few months, and leading stocks have started to falter as well. This remains an equal weight but we have concerns as everyone is overweight the sector. The stocks are volatile, witness GOOGL and AAPL. There are layers of support from 105 – 100 and this has held for now, though. This sector carries above average risk, as it is everybody's favorite overweight yet leading stocks are faltering. AAPL in particular could have issues. EQUAL WEIGHT

ETF Sector Charts Technology (IYW) – Stocks we like/buys

INTU: This is a solid, indeed impeccable chart that is not widely discussed. INTU beat targets and is a breakout as the actual sector falters. Targets are in the 120's.

GOOGL: This held 500 – 510 support and is now a breakout. WE will hold the stock in the absence of other strong ideas in Tech. Consolidation, as occurred after the last big up move, could easily occur, however.

CSCO: CSCO is an addition to "liked" stocks last month. The intermediate chart is a strong picture that is not overbought, and the short-term chart has held support and started to rally.

<u>ETF Sector Charts</u>: Technology (IYW) – Stocks we **dislike/avoid**

<u>ORCL:</u> This stock continues weaker than other tech names. ORCL broke 42 support and on a gap. Caution is still indicated but this could consolidate. This is still a risky chart, though.

<u>NTAP:</u> This has broken down through intermediate support in a strong market for tech. Resistance at 35 needs to be penetrated soon, if not a test of the 23 area is possible. Above 35 would improve the chart.

<u>CA:</u> CA has failed at resistance, which is lower highs - not a strong name on a relative basis. If below 30 CA could test 22 to 25. Above 32 would help the chart. Not an attractive picture.

ETF Sector Charts: Telecom (IYZ)

IYZ has weakened a bit more than we thought should happen: Telecom had been slowly improving, and is defensive with some stocks that have great yields. IYZ was the second worst sector in 2014, and has recovered now. The sector held support at 29.50 at first, but has weakened and broken through that area. The lower yielding stocks in this sector historically have outperformed, at least on a trading basis. Most analysts are underweight this sector, and we will remains an equal weight, but we are beginning to have our doubts. EQUAL WEIGHT

ETF Sector Charts: Telecom (IYZ) – Stocks we like/buys

AMT: AMT is now a hold for us as targets at 92 have been exceeded. While AMT is strong as long as above 90, this could see some pullback and consolidation after the large advance it had in 2014. Resistance at 97.50 is being tested.

T: T was removed from the Dow Industrials, and one of our rules, per Norman Fosback, is to buy stocks that are removed from the index as they often outperform the index in the following two years. Buy it now.

RKUS: This is a relatively new issue but it has held support at 10 and could challenge 15. This stock corrected enough to get a rebound, and we would consider sale at 12 - 15.

ETF Sector Charts: Telecom (IYZ) – Stocks we **dislike/avoid**

FTR: Trading objective on FTR was the 8 area, and it has traded down from there. This was a strong trading idea but not a great investment. Stock has declined to support and may rally again.

USM: This has failed at the 42.50 area several times and now is potentially a base. USM has held 35-area support and could bounce, but below this could make new multi-year lows.

VZ: This stock is trading badly when compared to T and has started to gap down. A test of the triple bottom in the 45 area seems likely. Not horrible, but we would not buy it until it gets to 45.

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