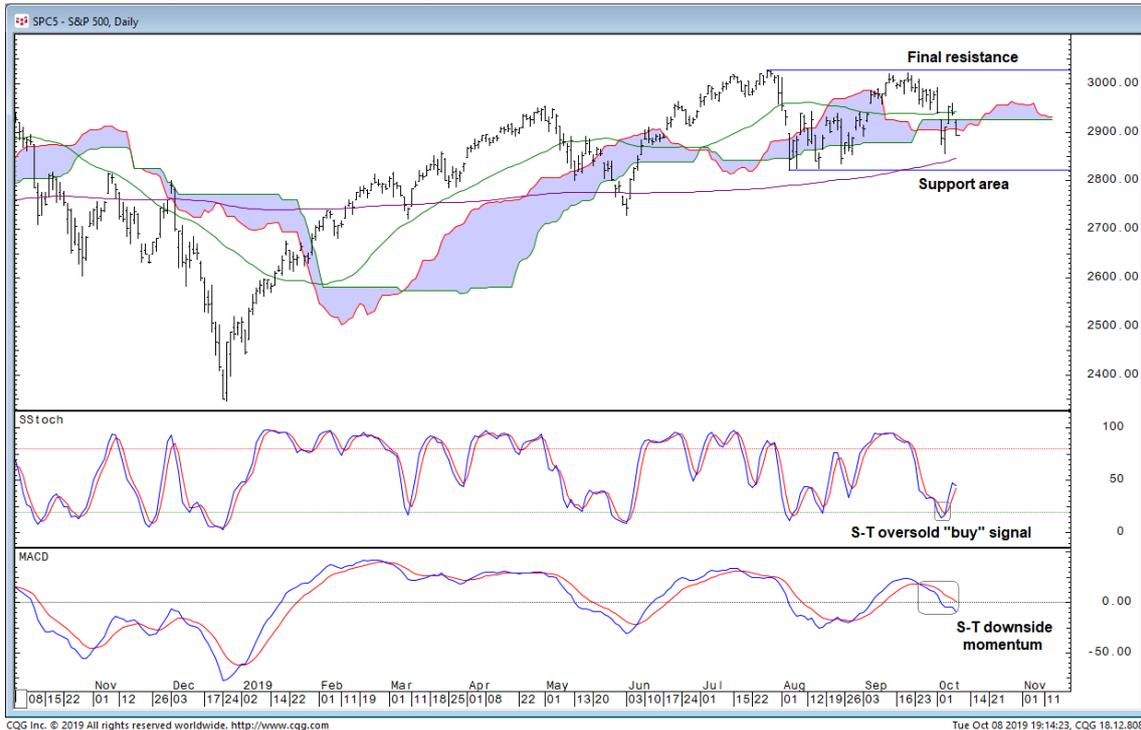


U.S. Equities

S&P 500 Index (SPX, 2893.06)

Daily Bar Chart + 50- & 200-day MAs + Cloud Model + Stochastic Oscillator + MACD Indicator

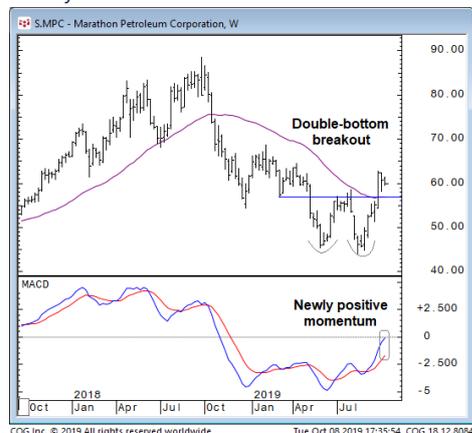

SUPPORT: ~2822 | RESISTANCE: ~3028

- § **SHORT-TERM BIAS – NEUTRAL:** The SPX remains in the grips of a pullback, falling 1.5% yesterday in a retracement of its relief rally from late last week. Short-term momentum remains to the downside according to the daily MACD indicator, but the daily stochastics have turned up from oversold territory which suggests the pullback is maturing. Support is intact at the August low near 2822, and the 200-day MA often acts as a cushion after corrective periods.
- § **LONG-TERM BIAS – BULLISH:** The major indices have maintained their long-term uptrends despite having seen momentum falter recently. A short-term oversold bounce appears likely and would help regenerate "buy" signals in our intermediate- and long-term trend-following indicators, which turned up in September. Market sentiment is conducive to a relief rally from a contrarian perspective, which differentiates the current environment from Q4 of last year. We would view a breakout to new highs by the SPX as a positive technical catalyst for global equities.
- § **TACTICS:** Continue to overweight stocks that are in long-term uptrends like the major indices. Hold long positions in those that have avoided breakdowns, placing stop losses below key support levels. Add exposure to stocks that have discovered support within their uptrends and consider those that exhibit upside leadership on strong up-days like Friday. Concentrate short exposure in stocks that are long-term laggards, which continue to be the primary source of breakdowns.

Technical Long / Short Ideas

Marathon Petroleum Corp. (MPC, \$59.82)

Weekly Bar Chart + 40-week MA +MACD Indicator



Target Corporation (TGT, \$108.52)

Weekly Bar Chart + 20-, 35- & 50-week MAs + RS vs. SPX



§ **ADDITIONS:** We added **ADBE** to our long ideas because it has an intermediate-term oversold “buy” signal within its long-term uptrend. We also added **GL** given its recent breakout from a cup-and-handle pattern, in addition to **MPC** as a turnaround play given its recent breakout from a double-bottom pattern. Finally, we added **TGT** because it has formed a bullish flag pattern as it has outperformed the SPX.

We added **LB** to our short ideas given a failed relief rally within its long-term downtrend.

§ **REMOVALS:** We removed Akamai Technologies (**AKAM**), Comcast Corporation (**CMCSA**), and Keysight Technologies (**KEYS**) from our long ideas because they have signs of exhaustion according to the DeMARK Indicators® that are made more pressing by their recent loss of momentum.

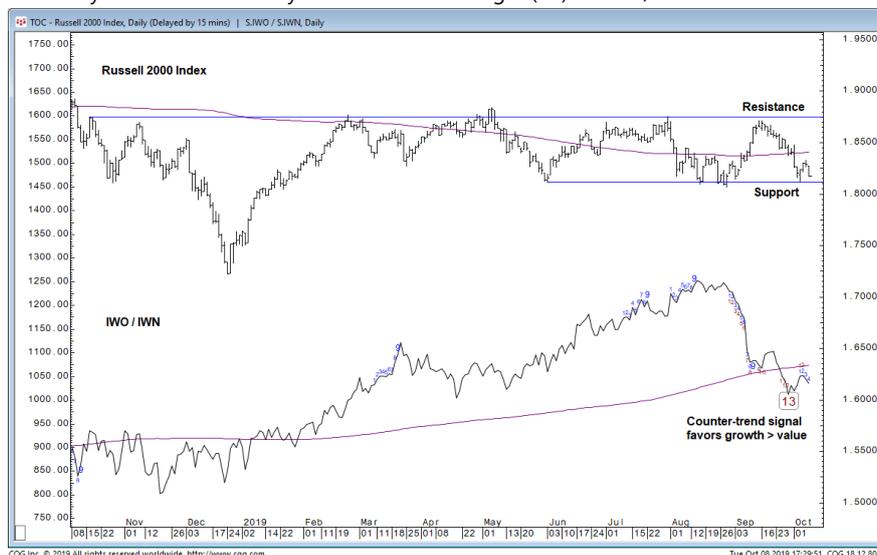
LONG IDEAS		Last Price	200-day MA	Date Added
ADBE	ADOBE INC	\$270.83	\$272.27	10/9/2019*
AJG	ARTHUR J GALLAGHER & CO	\$86.76	\$83.25	8/7/2019
AKAM	AKAMAI TECHNOLOGIES INC	\$88.17	\$77.21	9/18/2019
BF/B	BROWN-FORMAN CORP-CLASS B	\$61.58	\$53.51	9/4/2019
BKNG	BOOKING HOLDINGS INC	\$1,938.19	\$1,837.63	9/11/2019
CDNS	CADENCE DESIGN SYS INC	\$63.64	\$62.83	10/2/2019
DHI	DR HORTON INC	\$52.92	\$43.66	8/21/2019
EW	EDWARDS LIFESCIENCES CORP	\$218.03	\$187.51	8/14/2019
EXPE	EXPEDIA GROUP INC	\$131.55	\$125.39	10/2/2019
GL	GLOBE LIFE INC	\$92.36	\$86.37	10/9/2019*
IQV	IQVIA HOLDINGS INC	\$144.53	\$142.20	9/11/2019
ISRG	INTUITIVE SURGICAL INC	\$509.00	\$519.77	9/25/2019
IT	GARTNER INC	\$140.59	\$146.06	9/25/2019
JBHT	HUNT (JB) TRANSPRT SVCS INC	\$105.99	\$100.22	8/7/2019
KMI	KINDER MORGAN INC	\$20.01	\$19.66	9/18/2019
MPC	MARATHON PETROLEUM CORP	\$59.82	\$56.82	10/9/2019*
TGT	TARGET CORP	\$108.52	\$83.08	10/9/2019*
TMUS	T-MOBILE US INC	\$77.62	\$73.95	7/31/2019
TWTR	TWITTER INC	\$39.70	\$36.29	8/21/2019
WDC	WESTERN DIGITAL CORP	\$55.52	\$48.89	9/25/2019
WU	WESTERN UNION CO	\$23.16	\$19.70	10/2/2019

SHORT IDEAS		Last Price	200-day MA	Date Added
BEN	FRANKLIN RESOURCES INC	\$26.28	\$31.82	10/2/2019
CNC	CENTENE CORP	\$42.76	\$54.18	7/10/2019
HCA	HCA HEALTHCARE INC	\$116.64	\$129.30	10/2/2019
IP	INTERNATIONAL PAPER CO	\$38.43	\$43.62	8/7/2019
LB	L BRANDS INC	\$17.70	\$24.34	10/9/2019*
PM	PHILIP MORRIS INTERNATIONAL	\$76.37	\$80.22	9/18/2019
SPG	SIMON PROPERTY GROUP INC	\$145.87	\$167.77	8/21/2019
XRX	XEROX HOLDINGS CORP	\$28.31	\$30.56	8/7/2019

Technical Themes

Russell 2000 Index (RTY, 1472.60) & Russell 2000 Growth iShares (IWO) / Russell 2000 Growth iShares (IWN)

Daily Bar Chart + 200-day MA + Relative Strength (RS) Ratio w/TD Combo® Model



SUPPORT: ~1460 | RESISTANCE: ~1600

- ⌘ The small-cap RTY has pulled back (again) within the context of its intermediate-term trading range. Short-term oversold conditions favor a successful test of support, which would likely give way to improved intermediate-term momentum. We think small-cap growth stocks will be responsible for getting the RTY out of its range, with signs of downside exhaustion versus small-cap value stocks (e.g. IWO vs. IWN) per the DeMARK Indicators®. A breakdown by the RTY (two Fridays below 1460) would be cause for concern.

German Stock Index (DAX, 11,970.20)

Monthly Candlestick Chart + Cloud Model + MACD Indicator

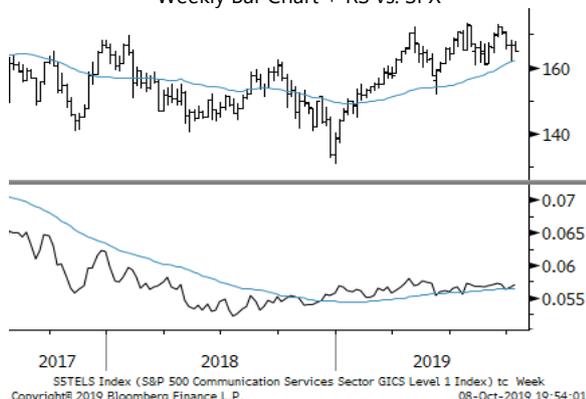


SUPPORT: ~11,700 | RESISTANCE: ~13,600

- ⌘ Germany's DAX has regained long-term momentum according to the monthly MACD indicator, which had been on a "sell" signal since February. Past "buy" and "sell" signals are denoted by green and red arrows, and they have been timely indications of major trend shifts. The DAX and most other major European equity indices have support according to the monthly cloud model and a good deal of room to resistance.

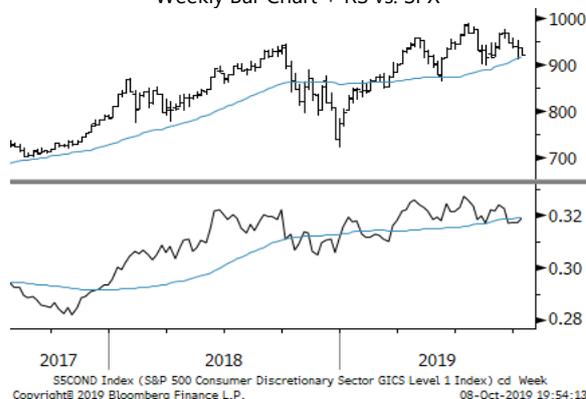
U.S. Sectors

S&P 500 Communication Services Index
Weekly Bar Chart + RS vs. SPX



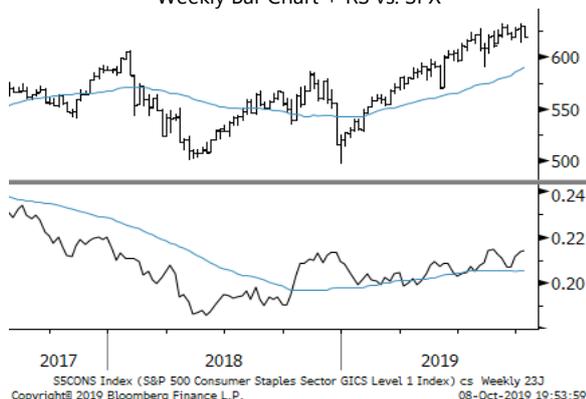
§ The communication services sector has had a neutral bias from a relative strength perspective, remaining range-bound versus the SPX in fickle short-term price action.

S&P 500 Consumer Discretionary Index
Weekly Bar Chart + RS vs. SPX



§ Consumer discretionary stocks have had a lower bias relative to the broader market since mid-July, but breakdowns have been generally avoided.

S&P 500 Consumer Staples Index
Weekly Bar Chart + RS vs. SPX



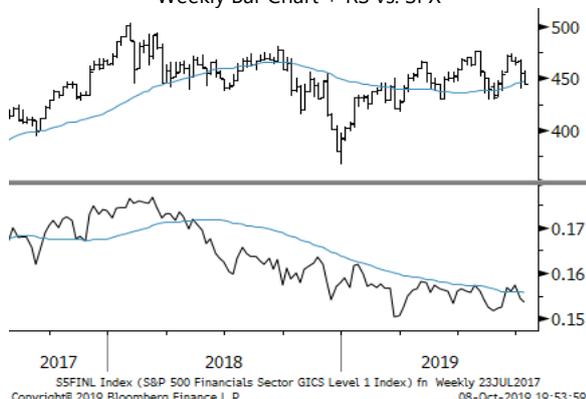
§ The consumer staples sector has held up relatively well, boosted by defensive positioning during the latest pullback, but it has lost momentum in absolute terms.

S&P 500 Energy Index
Weekly Bar Chart + RS vs. SPX



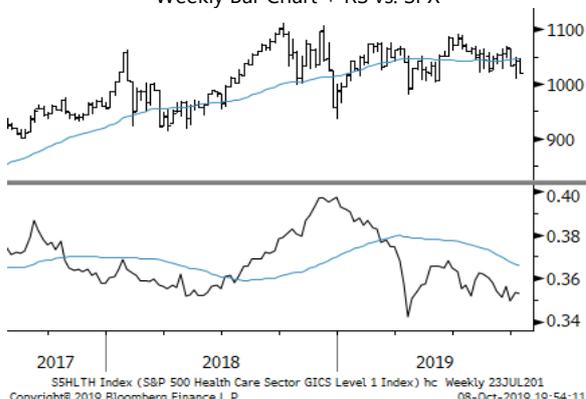
§ The energy sector has extended its downtrend, reaching a new low versus the SPX. The benchmarks look poised for an oversold bounce which would preserve key support.

S&P 500 Financials Index
Weekly Bar Chart + RS vs. SPX



§ Financial stocks have shown signs of life from a relative strength standpoint, with September's outperformance leaving a higher low in the S&P 500 Financials Index versus the SPX.

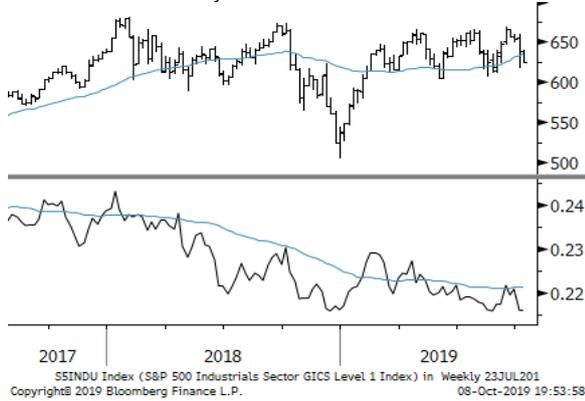
S&P 500 Health Care Index
Weekly Bar Chart + RS vs. SPX



§ The healthcare sector has had a neutral bias as many of its constituents test support on their charts. The relative strength outlook remains weak overall, but there are some spots of strength.

U.S. Sectors

S&P 500 Industrials Index
Weekly Bar Chart + RS vs. SPX



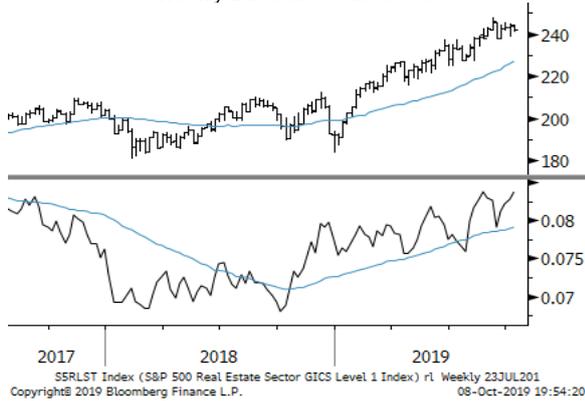
§ The industrial sector has retraced September's rally, giving back its phase of outperformance and leading to a retest of support versus the SPX.

S&P 500 Materials Index
Weekly Bar Chart + RS vs. SPX



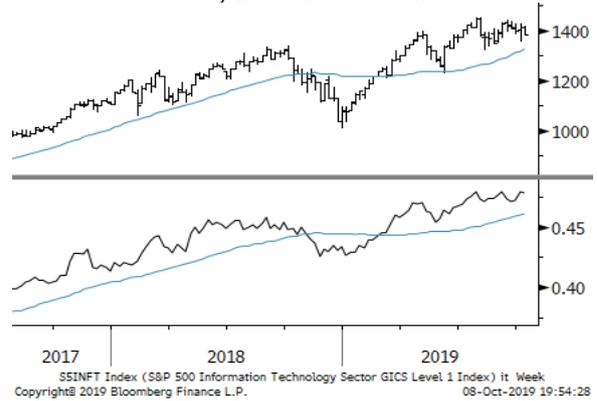
§ Materials stocks have had a lower bias in absolute and relative terms, although support levels remain intact for the benchmarks which are range-bound.

S&P 500 Real Estate Index
Weekly Bar Chart + RS vs. SPX



§ The real estate sector has been digesting its gains in a consolidation phase, outperforming the broader market as it has pulled back. Overbought conditions present a headwind for most REITs.

S&P 500 Information Technology Index
Weekly Bar Chart + RS vs. SPX



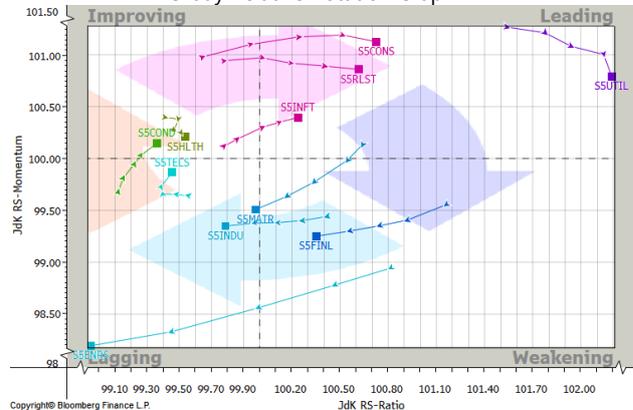
§ Relative strength remains healthy behind the technology sector, which has been hovering near its highs within its long-term uptrend. Breakouts would develop with only a little upside follow-through.

S&P 500 Utilities Index
Weekly Bar Chart + RS vs. SPX



§ The utility sector has maintained its strong uptrend, outperforming during recent pullbacks. There are signs of upside exhaustion per the DeMARK Indicators® that support a weaker Q4.

S&P 500 Sector Indices vs. SPX
5-day Relative Rotation Graph®

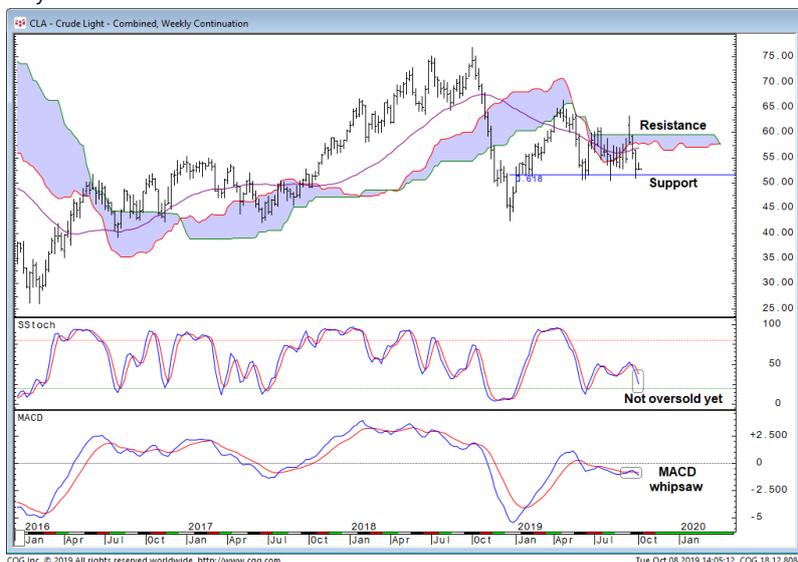


§ After a couple weeks of outperformance, defensive sectors are losing upside momentum in a normalized 5-day view of relative strength. The technology and consumer discretionary sectors appear best positioned in the coming days.

WTI Crude Oil and Gold

WTI Crude Oil (CL1, \$52.63/bbl.)

Weekly Bar Chart + 40-week MA + Cloud Model + Stochastic Oscillator + MACD Indicator

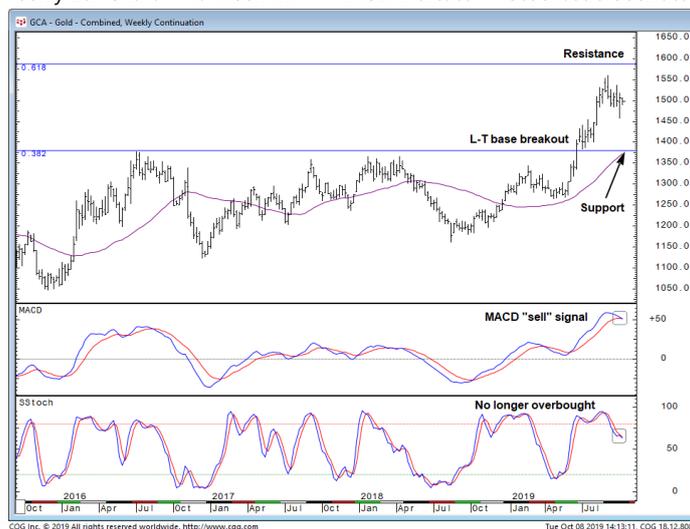


SUPPORT: ~52 | RESISTANCE: ~60

⌘ WTI crude oil has pulled back within its intermediate-term trading range. Support remains intact near \$51.60/bbl. despite the loss of momentum that has occurred within the range. Resistance is defined by the upper boundary of the cloud model near \$59.60/bbl. Short-term oversold conditions support stabilization near current levels and another relief rally within the range. However, we would await improvement in short-term momentum before adding exposure because there is room to intermediate-term oversold territory.

Gold (GC1, \$1497.20/oz.)

Weekly Bar Chart + 40-week MA + MACD Indicator + Stochastic Oscillator



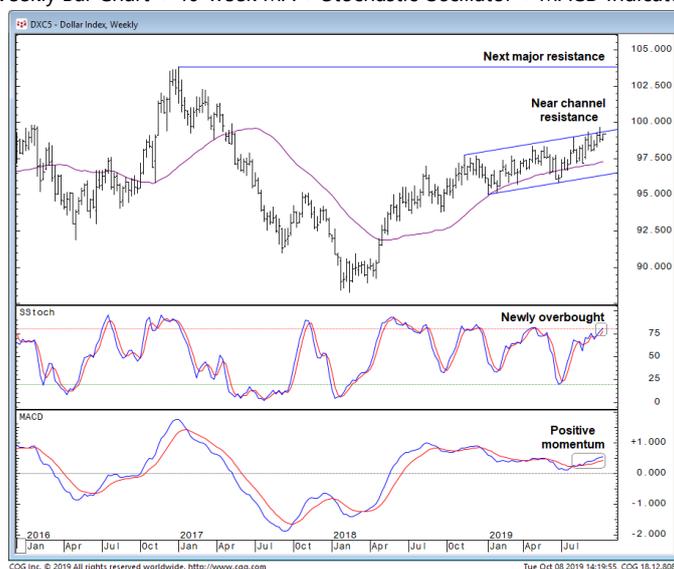
SUPPORT: ~1470 | RESISTANCE: ~1590

⌘ Gold has been digesting its gains in a consolidation phase that reflects a loss of intermediate-term momentum. The new "sell" signal in the weekly MACD indicator supports downside follow-through in the coming weeks. We would be wary of a breach of short-term support near \$1470/oz., according to the cloud model (not shown), with secondary support at former resistance near \$1380/oz. Nevertheless, we would view additional weakness in gold as counter-trend given its long-term base breakout.

U.S. Dollar and 10-Year Treasury Yields

Dollar Index (DXY, 99.13)

Weekly Bar Chart + 40-week MA + Stochastic Oscillator + MACD Indicator



SUPPORT: ~98.00 | RESISTANCE: ~99.50

⌘ The Dollar Index is showing signs of short-term exhaustion as it hovers near resistance defined by the upper boundary of a year-long uptrend channel. Overbought conditions have returned according to the weekly stochastics, which creates a headwind combined with the posture of the DeMARK Indicators®. We expect additional consolidation for the dollar within the framework of the positive intermediate-term momentum that has characterized the chart since July.

U.S. 10-Year Treasury Yields (USGG10YR, 1.53%)

Weekly Bar Chart + 40-week MA + MACD Indicator + Stochastic Oscillator



SUPPORT: ~1.38% | RESISTANCE: ~2.00%

⌘ 10-year Treasury yields have pulled back following a strong relief rally in early September, bringing our attention back to final support at the 2012-2016 lows. We think another oversold bounce will leave support intact, noting the weekly MACD indicator has crossed up for the first time in almost a year, and there is a subtle positive divergence in the weekly stochastics. A relief rally in 10-year Treasury yields would face minor resistance near 1.8% before widely-watched resistance near 2.0% becomes relevant.

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