

Market Analysis Comment

Technical globetrotting

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We update our charts and views from our 2024 Equity Technical Year Ahead (see our report, [2024 Equity Technical Strategy Year Ahead](#)) for the following indices: Euro Stoxx 50 (SX5E), DAX (DAX), FTSE MIB (FTSEMIB), Borsa Istanbul 100 (XU100), Nikkei 225 (NKY), TOPIX (TPX), S&P/BMV IPC (MEXBOL), Brazil Ibovespa Index (IBOV), Shanghai SE Composite (SHCOMP) and Hang Seng (HSI).

SX5E: Cup and handle targets 5230-5360 and 5500s

Like the SPX, the Euro Stoxx 50 (SX5E) has a bullish breakout from a 2-year cup and handle pattern. Holding supports from 4590 to 4415-4380 (breakout and retest zone) would keep the cup and handle firmly in place with upside counts to 5320-5360 (measured moves) and into the 5500s (cup and handle count).

DAX: Cup and handle targets 19,200-20,000 and 20,700

Like the SPX and the SX5E, the German DAX (DAX) has broken higher from a 2-year bullish cup and handle. This big base remains firmly in place above supports from 17,000 to 16,520-16,290 with upside potential to 19,200-20,000 (measure moves) and 20,700 (cup and handle count). The rising 40-week MA at 16,073 underpins this support.

NKY finally surpasses the 1989 peak at 38,957.44

The Nikkei 225 closed above its December 1989 peak at 38,957.44 last week. Applying a long-term measured move does not rule out upside potential to the 44,000 area. Unlike the NKY, the TOPIX has some room to run to its 1989 peak at 2886.50.

MEXBOL: Bullish breakout and retest watch

Holding 54,600-54,300 in early 2024 would make the case for a bullish breakout and retest from a 2022-2023 triangle pattern on the S&P/BMV IPC Index (MEXBOL). This would support the case for a rally to pattern counts at 62,500 and 66,000.

SHCOMP broke down but held the 2020 low near 2646

Early 2024 weakness on the Shanghai SE Composite (SHCOMP) broke support and retested the 2020 low at 2646 prior to a bullish reversal. This reversal triggered an undercut low at 2635 prior to a surge back above 2885-2863, which shifts back to first support. The push above first resistance at 2975 favors a move to the next resistance level at 3082-3090 (declining 40-week MA and lower high from November).

Hang Seng: Tactically bullish after retest of late 2022 low

The Hang Seng Index (HSI) dropped to 14,794 in late January to retest the late 2022 low near 14,597. The ensuing upside reversal above 16,335-15,972, which is first support, is tactically bullish with upside potential to 17,135 next and potentially higher into chart resistance at 18,000-18,235 and the August 2023 downside gap at 18,792-19,030.

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Market Analysis
United States

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BofA Technical Strategy notes
[Market Analysis Comment: Growing YTD 2024 bearish divergences](#)

[Market Analysis Comment: Nothing magical about SPX 5000](#)

Acronyms

A-D: Advance-decline
CPI: Consumer price index
GICS: Global Industry Classification Standard
HY: High yield
ICI: Investment Company Institute
IG: Investment grade
INDU: Dow Jones Industrial Average
MA: moving average
MACD: Moving average convergence divergence
MLP: Master Limited Partnership
NYA: NYSE Composite
OAS: Option adjusted spread
P&C: Property and Casualty
SPX: S&P 500

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Refer to important disclosures on page 27 to 28.

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Technical globetrotting

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SX5E: Cup and handle targets 5230-5360 and 5500s

Like the SPX, the Euro Stoxx 50 (SX5E) has a bullish breakout from a 2-year cup and handle pattern. Holding supports from 4590 to 4415-4380 (breakout and retest zone) would keep the cup and handle firmly in place with upside counts to 5320-5360 (measured moves) and into the 5500s (cup and handle count).

Chart 1: Euro Stoxx 50 (SX5E): Weekly chart with moving averages

The SX5E has a bullish breakout from a 2-year cup and handle pattern. Holding supports from 4590 to 4415-4380 (breakout and retest zone) would keep the cup and handle firmly in place with upside counts to 5320-5360 (measured moves) and into the 5500s (cup and handle count)..



Source: BofA Global Research, Bloomberg

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SX5E: 2024 upside potential from huge bottom breakout

The SX5E has pushed above big resistance at the 2007 and 2001 peaks in the 4550-4617 range. This moves the SX5E to 2-decade+ plus highs and suggests a potential big base without any major resistance until the November 2000 peak at 5125 and then the September and March 2000 peaks from 5398 to 5522. The 4415-4380 range offers big support for the SX5E.

Chart 2: Euro Stoxx 50 (SX5E): Monthly chart with moving averages

The SX5E has pushed above big resistance at the 2007 and 2001 peaks in the 4550-4617 range. This moves the SX5E to 2-decade+ plus highs and suggests a potential big base without any major resistance until the November 2000 peak at 5125 and then the September and March 2000 peaks from 5398 to 5522. The 4415-4380 range offers big support for the SX5E.



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DAX: Cup and handle targets 19,200-20,000 and 20,700

Like the SPX and the SX5E, the German DAX (DAX) has broken higher from a 2-year bullish cup and handle. This big base remains firmly in place above supports from 17,000 to 16,520-16,290 with upside potential to 19,200-20,000 (measure moves) and 20,700 (cup and handle count). The rising 40-week MA at 16,073 underpins this support.

Chart 3: DAX Index (DAX): Weekly chart with moving averages

The DAX has broken higher from a 2-year bullish cup and handle. This big base remains firmly in place above supports from 17,000 to 16,520-16,290 with upside potential to 19,200-20,000 (measure moves) and 20,700 (cup and handle count).



Source: BofA Global Research, Bloomberg

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FTSEMIB: Massive base with potential to 34,700-35,000

The FTSE MIB (FTSEMIB) shows a massive base from the 2009, 2012, 2016 and 2020 lows. Holding support from 30,860 to 29,925-29,750 would keep the pattern bullish with upside potential beyond the 61.8% retracement of the 2009-2012 decline near 32,100 to chart resistance at 34,700-35,000. The rising 40-week MA near 29,000 bolsters this bullish trend.

Chart 4: FTSE MIB Index (FTSEMIB): Weekly chart with moving averages

The FTSEMIB shows a massive base from the 2009, 2012, 2016 and 2020 lows. Holding support from 30,860 to 29,925-29,750 would keep the pattern bullish with upside potential beyond the 61.8% retracement of the 2009-2012 decline near 32,100 to chart resistance at 34,700-35,000.



Source: BofA Global Research, Bloomberg

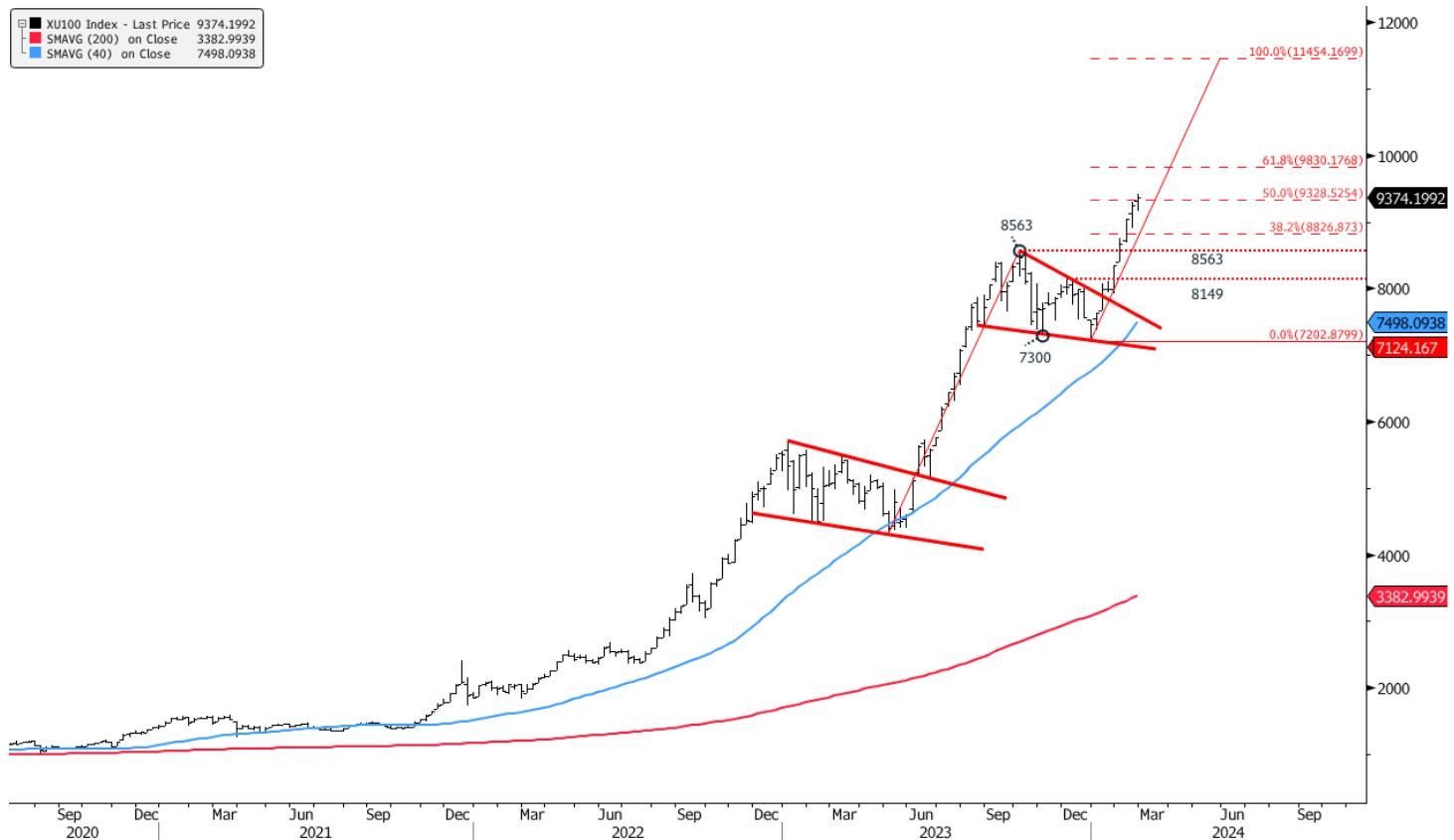
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XU100: Bullish consolidation breakout points higher

The Borsa Istanbul 100 (XU100) broke out from a late 2023 into early 2024 bullish consolidation pattern that points higher in early 2024. The push above the 7800s confirmed this view and has triggered new highs beyond the October 2023 peak at 8563 that have tested Fibonacci extension levels near 8800 (38.2%) and 9300 (50%). Further strength to 9,800 (61.8%) and 11,400 (full measured move or 100% extension level) is not ruled out. Supports move up to 8563 and 8149.

Chart 5: Borsa Istanbul 100 Index (XU100): Weekly chart with moving averages

The Borsa Istanbul 100 broke out from a late 2023 into early 2024 bullish consolidation pattern that points higher in early 2024.



Source: BofA Global Research, Bloomberg

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NKY: Bullish breakouts exceed upside targets

The Nikkei 225 (NKY) has had a strong technical pattern with a breakout above and bullish retest of the highs 2021 as support in 2023. Clearing the 33,800 area in early 2024 confirmed a mid 2023 into early 2024 bullish consolidation pattern, suggesting further upside to 36,700-37,000, which the NKY has exceeded.

Chart 6: Nikkei 225 Index (NKY): Weekly chart with moving averages

The NKY has had a strong technical pattern with a breakout above and bullish retest of the highs 2021 as support in 2023. Clearing the 33,800 area in early 2024 confirmed a mid 2023 into early 2024 bullish consolidation pattern, suggesting further upside to 36,700-37,000, which the NKY has exceeded.



Source: BofA Global Research, Bloomberg

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NKY finally surpasses the 1989 peak at 38,957.44

The NKY closed above its December 1989 peak at 38,957.44 last week. Applying a long-term measured move does not rule out upside potential to the 44,000 area.

Chart 7: Nikkei 225 Index (NKY): Weekly chart with moving averages

The NKY closed above its December 1989 peak at 38,957.44 last week. Applying a long-term measured move does not rule out upside potential to the 44,000 area.



Source: BofA Global Research, Bloomberg

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TOPIX: Bullish breakouts exceed upside targets

The TOPIX Index (TPX) has achieved targets for recent upside breakouts, including the 2600 area signaled on the index's early January breakout from a September 2023 into January bullish consolidation pattern.

Chart 8: TOPIX Index (TPX): Weekly chart with moving averages

The TOPIX Index (TPX) has achieved targets for recent upside breakouts, including the 2600 area signaled on the index's early January breakout from a September 2023 into January bullish consolidation pattern.



Source: BofA Global Research, Bloomberg

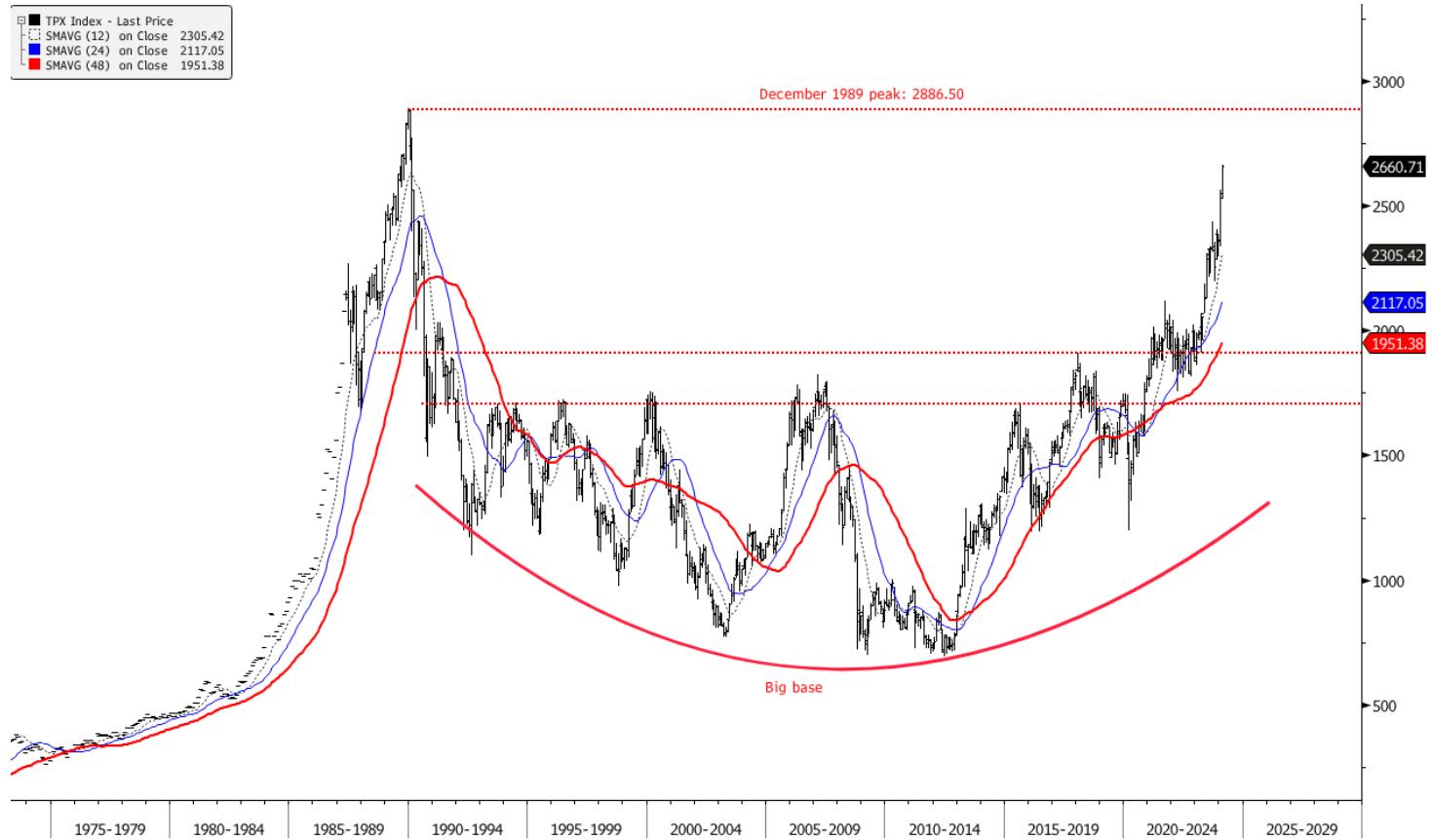
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TOPIX has some room to run to its 1989 peak at 2886.50

Unlike the NKY, the TPX has some room to run to its 1989 peak at 2886.50.

Chart 9: TOPIX Index (TPX): Monthly chart with moving averages

the TPX has some room to run to its 1989 peak at 2886.50.



Source: BofA Global Research, Bloomberg

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MEXBOL: Bullish breakout and retest watch

Holding 54,600-54,300 in early 2024 would make the case for a bullish breakout and retest from a 2022-2023 triangle pattern on the S&P/BMV IPC Index (MEXBOL). This would support the case for a rally to pattern counts at 62,500 and 66,000.

Chart 10: S&P/BMV IPC Index (MEXBOL): Weekly chart with moving averages

A bullish triangle remains intact on the MEXBOL above 54,600-54,400 with potential to 62,500 and 66,000



Source: BofA Global Research, Bloomberg

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IBOV: Big base points higher to 148k

The Brazil Ibovespa Index (IBOV) broke out from a mid 2021 into late 2023 big base pattern. If 2024 corrections on IBOV do not decisively break below the base breakout point at 123-122k, then the potential remains for a rally beyond the 2021 peak at 131k toward a measured move at 137-138k and then to the pattern count at 148k.

Chart 11: Brazil Ibovespa Index (IBOV): Weekly chart with moving averages

A big base breakout remains intact on the IBOV while above 123-122k with potential to 137k and 148k



Source: BofA Global Research, Bloomberg

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SHCOMP broke down but held the 2020 low near 2646

The Shanghai SE Composite (SHCOMP) entered 2024 with a vulnerable chart pattern and risk below the 2022 lows at 2885-2863 without any major support until the August 2019 and March 2020 lows near 2733 and 2646, respectively. Early 2024 weakness broke support and retested the 2020 low at 2646 prior to a bullish reversal. This reversal triggered an undercut low at 2635 prior to a surge back above 2885-2863, which shifts back to first support. The push above first resistance at 2975 favors a move to the next resistance level at 3082-3090 (declining 40-week MA and lower high from November).

Chart 12: Shanghai SE Composite Index (SHCOMP): Weekly chart with moving averages

SHCOMP: Bullish reversal after a downside test of the March 2020 low near 2646.



Source: BofA Global Research, Bloomberg

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Hang Seng: Tactically bullish after retest of late 2022 low

The Hang Seng Index (HSI) dropped to 14,794 in late January to retest the late 2022 low near 14,597. The ensuing upside reversal above 16,335-15,972, which is first support, is tactically bullish with upside potential to 17,135 next and potentially higher into chart resistance at 18,000-18,235 and the August 2023 downside gap at 18,792-19,030.

Chart 13: Hang Seng Index (HSI): Monthly chart with moving averages

The HSI dropped to 14,794 in late January to retest the late 2022 low near 14,597. The ensuing upside reversal above 16,335-15,972, which is first support, is tactically bullish with upside potential to 17,135 next and potentially higher into chart resistance at 18,000-18,235 and the August 2023 downside gap at 18,792-19,030.



Source: BofA Global Research, Bloomberg

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The 3Rs: Ranks, Rotations, and Relatives

Sector and group trend ranks and screens

We highlight the 11 S&P 500 GICS Level 1 sectors and other subgroup indices. We sort these groups by their tactical trend rank and show their 40-, 26-, and 13-week absolute and relative trends. The tactical relative rank is a technical/quantitative screen using short- to intermediate-term moving averages (13-, 26-, and 40-week; the 40-week trend is the most important) to determine the relative price ranks of the stocks within each sector. We flag changes in weekly trends over the last week – green for improvement and red for deterioration in trend.

We show 13-week and 52-week absolute and relative highs and lows (High or Low) from the last four weeks and highlight if these changes occurred in the most recent week – green for High and red for Low. See our report, [Technical Explained: Equity technical analysis for the fundamental investor](#). All data are as of the Friday, Feb 23, close.

Table 1: Weekly price and moving average (13-, 26-, 40-, and 200-week) trend positions

Price and moving average trend positions are determined by 1) the slope of the moving average and 2) the price relative (above or below) the moving average.

Moving average trend

- Bullish
- Bullish at risk
- Bearish at risk
- Bearish

Source: BofA Global Research, Bloomberg

Criteria used on both an absolute & relative price basis

- Weekly closing price ABOVE a RISING or bullish MA
- Weekly closing price BELOW a RISING or bullish MA
- Weekly closing price ABOVE a FALLING or bearish MA
- Weekly closing price BELOW a FALLING or bearish MA

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Ranks: GICS 1 ranks wrap-up

Tactical ranks: Top Five: Technology, Comm Services, Financials, Industrials and Health care. Bottom Five: Utilities, Energy, Real Estate, Staples and Materials.

52-week ranks: Top Five: Technology, Comm Services, Discretionary, Industrials and Health care. Bottom Five: Utilities, Energy, Real Estate, Staples and Materials.

Trading cycles: Bullish (rising 26 and 40-week MAs): Tech, Comm Services and Financials. Bearish (declining MAs): Utilities.

New highs and new lows: 52-week closing basis highs: The SPX and the following sectors: Financials, Industrials, Health Care, Discretionary and Materials. No 13-week or 52-week highs for any sectors versus the SPX. Real Estate dropped to a 52-week low relative to the SPX.

Table 2: S&P 500 GICS Level 1 Sectors with 40-, 26-, and 13-week absolute & relative price trends sorted by Tactical Trend rank

Top Five: Technology, Comm Services, Financials, Industrials and Health care. Bottom Five: Utilities, Energy, Real Estate, Staples and Materials.

Name	Price	Tactical trend		52-week trend		40-week trend vs. SPX		26-week trend vs. SPX		13-week trend vs. SPX		13-week high/low vs. SPX		52-week high/low vs. SPX		
		rank	week	Rank	trend	SPX	trend	SPX	trend	SPX	trend	SPX	high/low	SPX	high/low	SPX
S&P 500 INFO TECH INDEX	3721.99	1	1	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High	High	
COMSVSSLCTPR	416.18	2	2	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High	High	
S&P 500 FINANCIALS INDEX	669.07	3	6	Bullish	Bullish		Bullish	Bullish	Bullish	Bullish	Bullish	High	High		High	
S&P 500 INDUSTRIALS IDX	1016.05	4	4	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish at risk	Bullish	Bullish	High	High	High		
S&P 500 HEALTH CARE IDX	1720.80	5	5	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish	High	High	High		
S&P 500 CONS DISCRET IDX	1461.27	6	3	Bullish	Bullish at risk	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	High	High		
S&P 500 MATERIALS INDEX	546.67	7	7	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	Low	High		
S&P 500 CONS STAPLES IDX	793.18	8	8	Bearish at risk	Bearish	Bullish		Bearish	Bearish	Bullish	Bearish	High	Low	Low		
S&P 500 REAL ESTATE IDX	242.95	9	9	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	Bullish at risk	Bearish	Low		Low		
S&P 500 ENERGY INDEX	652.35	10	10	Bullish	Bearish	Bullish	Bearish	Bearish	Bearish	Bearish at risk	Bearish	High	Low	Low		
S&P 500 UTILITIES INDEX	313.42	11	11	Bearish	Bearish	Bearish	Bearish at risk	Bearish	Bearish	Bearish	Bearish	Low	Low	Low		

Source: BofA Global Research, Bloomberg

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

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Consistent leaders/laggards in tactical ranks

- Consistent among top five over last eight weeks: Technology, Communication Services, and Financials. Industrials in seven of the last eight weeks.
- Consistent among bottom five over last eight weeks: Utilities, Energy, Staples and Materials. Real Estate for the last six weeks.

Table 3: Tactical trend ranks – current and historical sector rankings

Consistent top five over last eight weeks: Technology, Communication Services, and Financials. Consistent bottom five over last eight weeks: Utilities, Energy, Staples and Materials.

Sector	23-Feb-24	16-Feb-24	09-Feb-24	02-Feb-24	26-Jan-24	19-Jan-24	12-Jan-24	05-Jan-24
S&P 500 Consumer Discretionary	6	6	5	5	6	4	6	7
S&P 500 Consumer Staples	8	9	8	7	8	9	9	10
S&P 500 Energy	10	10	10	10	10	11	11	11
S&P 500 Financials	3	3	3	3	3	3	3	1
S&P 500 Health Care	5	5	6	6	5	6	5	6
S&P 500 Industrials	4	4	4	4	4	5	7	5
S&P 500 Technology	1	1	1	2	1	1	1	4
S&P 500 Materials	7	7	9	9	9	8	8	8
S&P 500 Communication Services	2	2	2	1	2	2	2	2
S&P 500 Utilities	11	11	11	11	11	10	10	9
S&P 500 Real Estate	9	8	7	8	7	7	4	3

Source: BofA Global Research, Bloomberg

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Consistent leaders/laggards in 52-week ranks

- Consistent among top five over last eight weeks: Technology, Communication Services, Discretionary and Industrials.
- Consistent among bottom five over last eight weeks: Utilities, Energy, Real Estate and Staples. Materials over the last seven weeks.

Table 4: 52-week ranks – current and historical sector rankings

Consistent top five over last eight weeks: Technology, Communication Services, Discretionary and Industrials. Consistent bottom five over last eight weeks: Utilities, Energy, Real Estate and Staples.

Sector	23-Feb-24	16-Feb-24	09-Feb-24	02-Feb-24	26-Jan-24	19-Jan-24	12-Jan-24	05-Jan-24
S&P 500 Consumer Discretionary	3	3	3	3	3	3	3	3
S&P 500 Consumer Staples	8	8	7	7	7	7	9	10
S&P 500 Energy	10	9	10	9	10	10	10	9
S&P 500 Financials	6	6	6	6	5	5	5	5
S&P 500 Health Care	5	5	5	5	6	6	6	8
S&P 500 Industrials	4	4	4	4	4	4	4	4
S&P 500 Technology	1	1	1	1	1	1	1	1
S&P 500 Materials	7	7	8	8	8	8	8	6
S&P 500 Communication Services	2	2	2	2	2	2	2	2
S&P 500 Utilities	11	11	11	11	11	11	11	11
S&P 500 Real Estate	9	10	9	10	9	9	7	7

Source: BofA Global Research, Bloomberg

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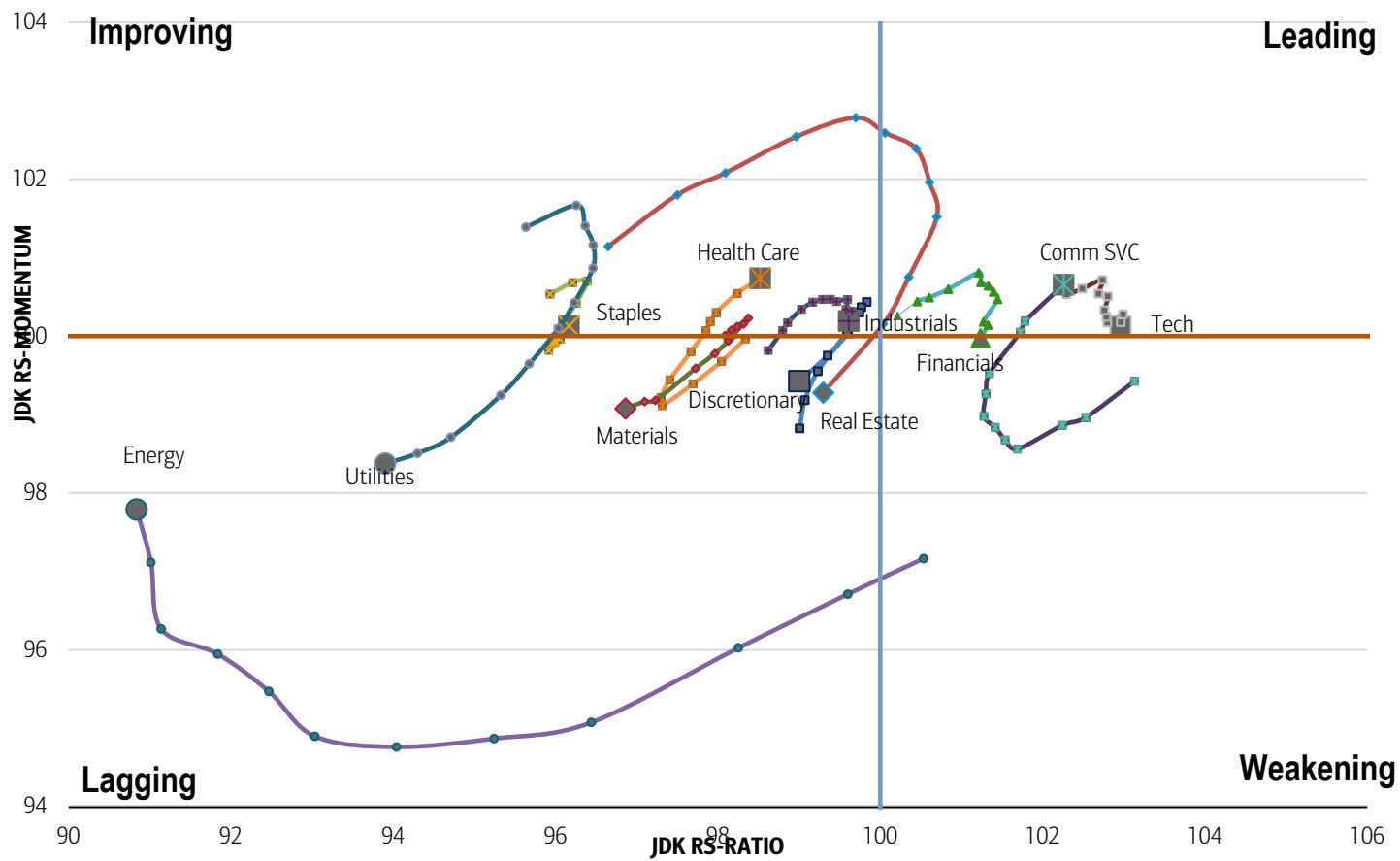


Rotations: Relative rotation graph (RRG)

- **Leading** (positive relative trend and positive relative momentum): Communication Services and Technology.
- **Weakening** (positive relative trend and negative relative momentum): Financials (from Leading).
- **Lagging** (negative relative trend and negative relative momentum): Energy, Real Estate, Utilities, Discretionary and Materials.
- **Improving** (negative relative trend and positive relative momentum): Health Care, Staples (from Lagging) and Industrials.

Chart 1: S&P 500 GICs Level 1 sector weekly relative rotation graph

Leading: Communication Services and Technology. Weakening: Financials. Lagging: Energy, Real Estate, Utilities, Discretionary and Materials. Improving: Industrials, Staples and Health Care.



Source: BofA Global Research, Bloomberg

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A visit with the sector relatives

Cyclical sectors: Financials and Industrials stable relative to the SPX

Financials are building a 2023 into 2024 base versus the SPX. Clearing relative resistance would confirm this bullish pattern and suggest sustainable leadership for Financials. Industrials have struggled but may form a double bottom if the sector can hold the relative low from November 2023 and rally above the December 2023 peak.

Chart 2: Financials relative to the S&P 500: Weekly Chart

Builds a 2023 into 2024 base / bottom relative to the SPX.



Source: BofA Global Research, Bloomberg

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Chart 3: Industrials relative to the S&P 500: Weekly Chart

On alert for a double bottom if the November 2023 low versus the SPX holds.



Source: BofA Global Research, Bloomberg

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Materials below 2020 low as a H&S top vs SPX provides an overhang for Energy

The break below support at the mid-2023 and late-2021 lows for Materials versus the SPX suggested risk back to the 2020 relative low, which this lagging sector has broken below. Materials must regain broken supports versus the SPX to improve the outlook. Energy broke out from a 2020 into 2022 head and shoulders (H&S) bottom versus the SPX that resembled the bottom from 1999-2000. After a 2-year leadership trend, the sector has stalled and broke down from a H&S top relative to the SPX, which is bearish.

Chart 4: Materials relative to the S&P 500: Weekly Chart

Lagging sector below prior support. Hit lowest level versus SPX since 2000.



Source: BofA Global Research, Bloomberg

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Chart 5: Energy relative to the S&P 500: Weekly Chart

Breakdown from 2022-2023 head and shoulders top provides an overhang.



Source: BofA Global Research, Bloomberg

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Growth sectors: Tech stronger than Discretionary

Technology achieved a major leadership breakout on the move above its 2021 and 2000 peaks versus the SPX in May 2023. Holding this breakout has kept Technology's long-term leadership trend intact with the sector hitting another new high versus the SPX last week. Discretionary failed to hold weekly closes above its 26- and 40-week MAs, which means that the sector is at risk to continue its lagging trend from late 2020.

Chart 6: Technology relative to the S&P 500: Weekly Chart

Bullish: Massive breakout remains intact above 2000-2021 peaks versus the SPX.



Source: BofA Global Research, Bloomberg

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Chart 7: Discretionary relative to the S&P 500: Weekly Chart

Below weekly MAs. At risk to continue lagging trend from 2020.



Source: BofA Global Research, Bloomberg

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Comm Services near relative resistance, SOX broke out from big base versus SPX

Comm Services remains in a leadership trend from late 2022. The breakout from a bull flag after holding rising 26-and 40-week MAs versus the SPX as support corroborates this view, but the sector hit some resistance versus the SPX. Semiconductors (SOX) remain in a leadership trend. The SOX broke out above the June 2000 peak versus the SPX to confirm a big base and reassert its leadership. This is bullish for the SOX. The next resistance is the March 2000 peak.

Chart 8: Comm Services relative to the S&P 500: Weekly Chart

Uptrend from late 2022 hits resistance in early 2024



Source: BofA Global Research, Bloomberg

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Chart 9: Semiconductors (SOX) versus the S&P 500: Weekly Chart

Leadership is bullish. Breakout above Jun 2000 peak targets Mar 2000 peak



Source: BofA Global Research, Bloomberg

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Lack of defensive strength bullish: Utilities and Staples hit new lows vs the SPX

Long-term lagging trends for defensive sectors are a bullish market signal. The SPX bottomed in late 2022. Utilities and Staples peaked relative to the SPX in September and December 2022, respectively. Breakdowns for these sectors below relative uptrend lines from late 2021 and the weekly MAs confirmed a less defensive equity market in early 2023. Weak defensive sectors remain a bullish market signal in early 2024. Utilities hit an all-time relative low. Staples hit its lowest level versus the SPX since late 2000.

Chart 10: Utilities relative to the S&P 500: Weekly Chart

A weak relative trend drops to another all-time low vs the SPX.



Source: BofA Global Research, Bloomberg

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Chart 11: Staples relative to the S&P 500: Weekly Chart

A weak relative trend for this defensive sector hits new lows once again.



Source: BofA Global Research, Bloomberg

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Real Estate at new lows vs SPX, Health Care holds big support versus SPX

The 2022 relative breakdown for Real Estate resembled past bearish breaks and shifts to lagging trends in 2013, 2016, and 2019. After tactical strength stalled at its declining 40-week MA versus the SPX, this sector has once again dropped to new relative lows within a long-term lagging trend. Health Care has struggled and looks vulnerable. The loss of the 30-year uptrend line versus the SPX is a big risk, but massive support at the late 2021 relative low is holding so far.

Chart 12: Real Estate relative to the S&P 500: Weekly Chart

New lows vs SPX after relative rally stalled within long-term lagging trend.

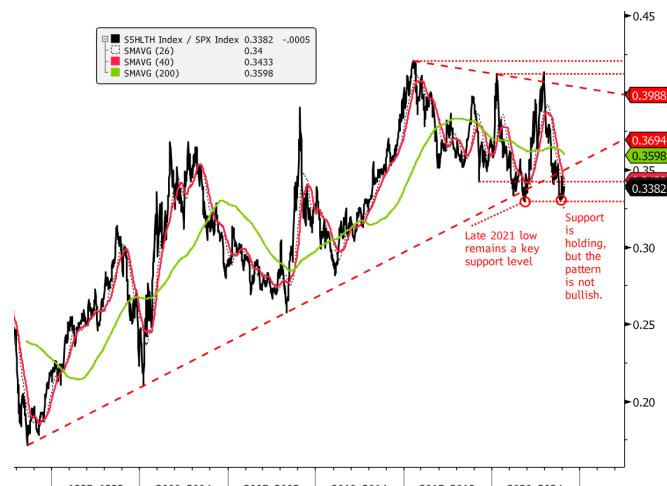


Source: BofA Global Research, Bloomberg

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Chart 13: Health Care relative to the S&P 500: Weekly Chart

Below 30-year uptrend line but holding big support from late 2021 so far.



Source: BofA Global Research, Bloomberg

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Sub-sector & group ranks & screens

Sectors & groups with bullish trading cycles

We list the bullish trading cycles as defined by rising 26- and 40-week moving averages (MAS) on both an absolute and relative basis: Semiconductors, P&C Insurance, Road & Rail, Retailing, Media, Housing, Information Technology, Communication Services, Financials and Software & Services.

Sectors with bearish trading cycles

We list the bearish trading cycles, as defined by falling 26- and 40-week moving averages on both an absolute and relative basis: NYSE ARCA Biotechnology, Utilities and Gold & Silver.

Table 5: Sectors, groups and sub-groups

40-, 26-, and 13-week absolute & relative price trends sorted by Tactical Trend rank, new absolute, and relative highs and lows

Name	Price	Tactical	52-	40-week	40-week	26-week	26-week	13-week	13-week	13-week	52-week
		trend	week		trend vs.		trend		high/low vs. SPX	high/low vs. SPX	high/low vs. SPX
PHILA SEMICONDUCTOR INDEX	4615.03	1	2	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 PROP&CASULTY IDX	1138.10	2	10	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 ROAD & RAIL INDEX	3268.30	3	8	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 RETAILING INDEX	4345.11	4	6	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 Media & Ent	1129.62	5	1	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
PHILA HOUSING INDEX	672.78	6	5	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish at risk	High	High
S&P 500 INFO TECH INDEX	3721.99	7	3	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High
COMSVCSSLCTPR	416.18	8	7	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High
S&P 500 FINANCIALS INDEX	669.07	9	20	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High
S&P 500 SFTW & SVCS INDEX	4565.25	10	4	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish at risk	High	High
S&P 500 PHARM INDEX	1130.39	11	12	Bullish	Bearish at risk	Bullish	Bearish at risk	Bullish	Bullish	High	High
S&P 500 INSURANCE INDEX	707.24	12	16	Bullish	Bearish at risk	Bullish	Bearish at risk	Bullish	Bearish at risk	High	High
S&P 500 MACHINERY INDEX	2090.94	13	14	Bullish	Bullish	Bullish	Bearish at risk	Bullish	Bullish	High	High
S&P 500 INDUSTRIALS IDX	1016.05	14	15	Bullish	Bearish	Bullish	Bearish at risk	Bullish	Bullish	High	High
S&P 500 TRANSPN INDEX	1071.16	15	17	Bullish	Bearish	Bullish	Bearish at risk	Bullish	Bullish	High	High
KBW BANK INDEX	95.88	16	33	Bullish	Bullish	Bullish	Bearish at risk	Bullish	Bullish at risk		
ALERIAN MLP INDEX	274.92	17	13	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish at risk	High	Low
S&P 500 HEALTH CARE IDX	1720.80	18	18	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish	High	High
KBW CAPITAL MARKETS INDEX	608.52	19	22	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish at risk		
S&P 500 HC EQUIP&SVC IDX	2013.06	20	19	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	High
S&P 500 TELECOMM SVCS IX	123.76	21	29	Bullish	Bearish	Bullish	Bullish at risk	Bullish	Bullish	High	Low
S&P 500 CONS DISCRET IDX	1461.27	22	9	Bullish	Bullish at risk	Bullish	Bearish	Bullish	Bearish	High	High
NASDAQ BIOTECH INDEX	4490.57	23	21	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish at risk	High	High
S&P 500 LIFE&HLTH IN IDX	490.34	24	26	Bullish	Bullish	Bullish	Bearish	Bullish	Bearish	Low	
S&P 500 MATERIALS INDEX	546.67	25	23	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	Low
S&P 500 AERO & DEFNS IDX	1491.24	26	24	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	Low	
S&P 500 CONS STAPLES IDX	793.18	27	25	Bearish at risk	Bearish	Bullish	Bearish	Bullish	Bearish	High	Low
S&P 500 REAL ESTATE IDX	242.95	28	27	Bullish	Bearish	Bullish	Bearish	Bullish at risk	Bearish	Low	
KBW REGIONAL BANKING INX	98.31	29	34	Bullish	Bearish	Bullish	Bearish	Bullish at risk	Bearish	Low	
NYSE Arca Biotechlgry Idx	5183.93	30	30	Bearish at risk	Bearish	Bearish at risk	Bearish	Bullish at risk	Bearish	Low	
S&P 500 ENERGY INDEX	652.35	31	28	Bullish	Bearish	Bearish	Bearish	Bearish at risk	Bearish	High	Low
S&P 500 TECH HW & EQP IX	3424.60	32	11	Bullish	Bearish	Bullish	Bearish	Bullish at risk	Bearish	Low	
S&P 500 UTILITIES INDEX	313.42	33	32	Bearish	Bearish	Bearish	Bearish at risk	Bearish	Bearish	Low	
PHILA GOLD & SILVER INDX	106.72	34	31	Bearish	Bearish	Bearish	Bearish	Bearish	Bearish	Low	

Source: BofA Global Research, Bloomberg

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions



GICS Level 2 trend ranks & screens

Sectors with bullish trading cycles

Bullish trading cycles as defined by rising 26- and 40-week moving averages on both an absolute and relative basis: Semiconductors & Semiconductor Equip, Retailing, Media & Entertainment, Banks and Software & Services.

Sectors with bearish trading cycles

We list the bearish trading cycles, as defined by falling 26- and 40-week moving averages on both an absolute and relative basis: Food Beverage & Tobacco and Utilities.

Table 6: S&P 500 GICS Level 2 Sectors

40-, 26-, & 13-week absolute & relative price trends sorted by Tactical Trend rank, new absolute, and relative highs and lows

Name	Price	Tactical	52-	40-week	40-week	26-week	26-week	13-week	13-week	13-week	52-week	
		trend	week		trend vs.	SPX	trend		SPX	trend vs.	SPX	
S&P 500 SEMI & SEMI EQP	4161.81	1	1	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 RETAILING INDEX	4345.11	2	4	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 Media & Ent	1129.62	3	2	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 FOOD/STPL RETAIL	771.65	4	8	Bullish	Bearish at risk	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 BANKS INDEX	365.88	5	18	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish at risk	High	High	High
S&P 500 SFTW & SVCS INDX	4565.25	6	3	Bullish	Bullish	Bullish	Bullish	Bullish	Bullish at risk	High	High	High
S&P 500 DIV FINANCIAL IX	1166.08	7	11	Bullish	Bearish at risk	Bullish	Bullish	Bullish	Bullish	High	High	High
S&P 500 INSURANCE INDEX	707.24	8	10	Bullish	Bearish at risk	Bullish	Bullish at risk	Bullish	Bearish at risk	High	High	High
S&P 500 CAPITAL GDS IDX	1067.10	9	9	Bullish	Bearish at risk	Bullish	Bearish at risk	Bullish	Bullish at risk	High	High	High
S&P 500 Comm & Prof Serv	621.49	10	5	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish at risk	High	High	High
S&P 500 PHRM BIO & LF SC	1401.59	11	12	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish	High	High	High
S&P 500 TRANSPN INDEX	1071.16	12	13	Bullish	Bearish	Bullish	Bearish	Bullish	Bullish	High	High	High
S&P 500 HC EQUIP&SVC IDX	2013.06	13	14	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	High	High
S&P 500 TELECOMM SVCS IX	123.76	14	21	Bullish	Bearish	Bullish	Bullish at risk	Bullish	Bearish	High	Low	High
S&P 500 CONS SRV IDX	1678.70	15	7	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	Low	High
S&P 500 CON DUR&AP INDEX	428.80	16	15	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	Low		
S&P 500 MATERIALS INDEX	546.67	17	16	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish	High	Low	High
S&P 500 HH & PR PDTs IDX	860.88	18	17	Bearish at risk	Bearish	Bullish	Bearish	Bullish	Bearish	High	High	Low
S&P 500 REAL ESTATE INDX	242.29	19	19	Bullish	Bearish	Bullish	Bearish	Bullish	Bearish at risk	Bearish	Low	Low
S&P 500 ENERGY INDEX	652.35	20	20	Bullish	Bearish	Bearish	Bearish	Bearish	Bearish at risk	High	Low	Low
S&P 500 TECH HW & EQP IX	3424.60	21	6	Bullish	Bearish	Bearish	Bearish	Bearish	Bearish at risk	Bearish	Low	Low
S&P 500 FD BEV & TOB IDX	792.53	22	23	Bearish	Bearish	Bearish at risk	Bearish	Bullish	Bearish	Bearish	Low	Low
S&P 500 UTILITIES INDEX	313.42	23	24	Bearish	Bearish	Bearish at risk	Bearish	Bearish	Bearish	Bearish	Low	Low
S&P 500 AUTO & COMP IDX	110.42	24	22	Bullish at risk	Bearish	Bearish	Bearish	Bearish	Bearish	Bearish	Low	Low

Source: BofA Global Research, Bloomberg

Note: This screen is not a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions



Net Tabs stall

Net Tab: Overhang on drop from overbought

After a +5 oversold (inverted scale) helped to confirm a low near SPX 3500 in late 2022, the Net Tab finally hit a -3 overbought (-3 to -6) to confirm the cyclical rally in late December 2023 and early January 2024. However, the Net Tab moved out of overbought, deteriorating zero even as the SPX surpassed 5000. We view this as a bearish divergence and potential overhang for the SPX that is aligned with the lackluster, or sideways, seasonal pattern for the index during the first half of the Presidential election year (see our report, [2024 Equity Technical Strategy Year Ahead](#)).

Table 7: Net Tab Indicator: Components and values

The Net Tab remained at 0 last week. The move out of a late December into early January overbought is a potential overhang.

	Level	Change	Current Week	Last Week	Change
S&P 500					
NYSE Stocks over 200 DMA	0	0	66.61%	66.85%	-0.24%
5 week A/D Diffusion	0	0	52.21%	51.81%	0.40%
Investment Services Bearish	-1	0	*	*	*
BofA Short Term Sentiment	-1	0	47.70%	48.20%	-0.50%
30 Day Arms Index	1	0	1.17	1.18	-1.17%
25 day CBOE Put/Call	1	0	92.72	92.28	0.48%
This Week net	0				
Last Week net	0				

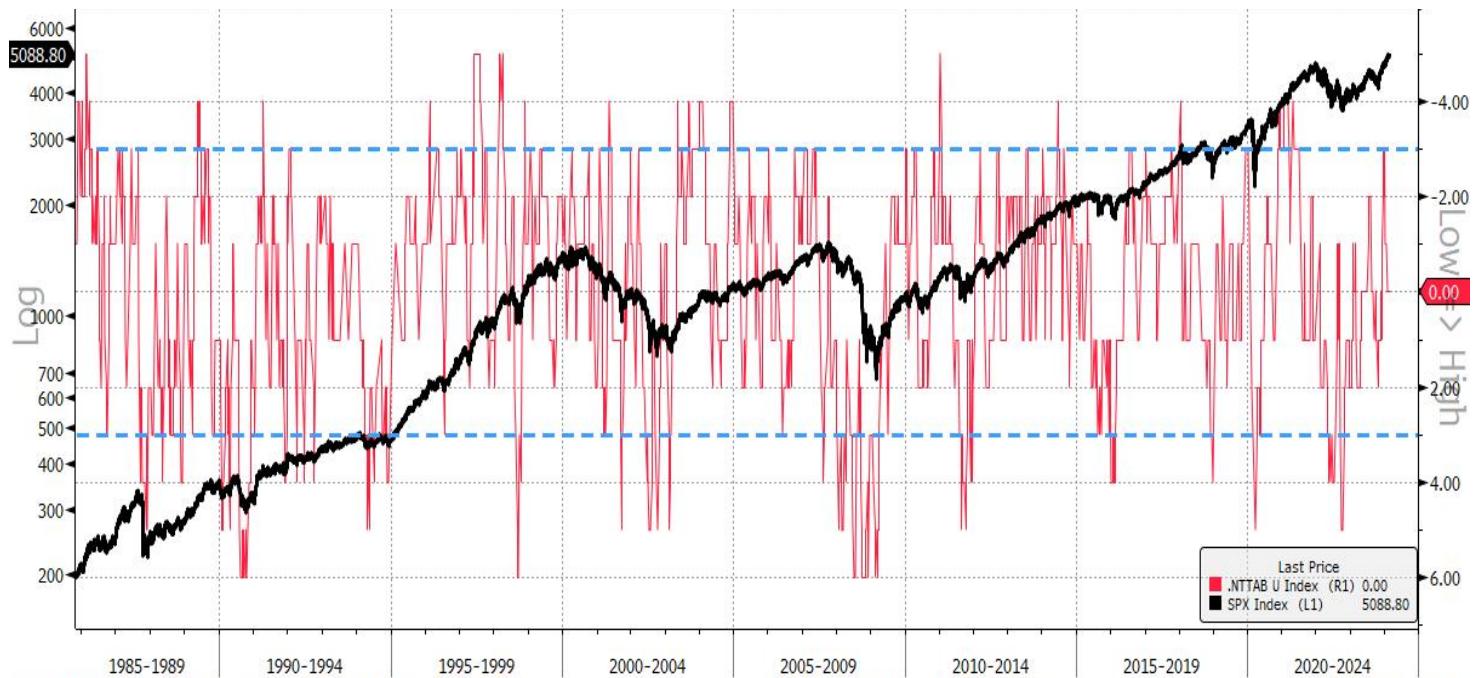
Source: BofA Global Research, Bloomberg

*Data restricted by provider

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Chart 14: Net Tab Indicator: Components and values

After a +5 oversold (inverted scale) helped to confirm a low near SPX 3500 in late 2022, the Net Tab finally hit a -3 overbought (-3 to -6) to confirm the cyclical rally in late December 2023 and early January 2024. However, the Net Tab moved out of overbought, deteriorating zero even as the SPX surpassed 5000. We view this as a bearish divergence and potential overhang for the SPX.



Source: BofA Global Research, Bloomberg

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Net Tab Bands: Bullish off a +3 oversold but stalled at -2

Oversold levels (+3 to +6) from 10/27 through 11/10 (inverted scale) triggered a rally into yearend and early 2024, but a “bullish confirming” overbought from -3 to -6 has proven to be elusive with the Net Tab Bands stalling at -2 since mid December. The Net Tab Bands improved to -2 from -1 last week, which is encouraging.

The Net Tab Bands initiated a bullish trend continuation signal for US equities on the 2/3 move to -1 after reaching deep oversold levels of +5 to +6 (inverted scale) to suggest a bottoming process for US equities in mid-to-late 2022 (see our report, [Bullish continuation signals from Net Tabs and sentiment](#)).

Table 8: Net Tab Bands Indicator: Components and values

The Net Tab Bands improved to -2 from -1 last week, which is encouraging.

	Level	Change	Current Week	Last Week	Change
S&P 500					
NYSE Stocks over 200 DMA	0	0	66.61%	66.85%	-0.24%
McClellan Summation Index	0	0	668.00	652.91	2.31%
Investment Services Bearish	-1	-1	*	*	*
BofA Short Term Sentiment	-1	0	47.70%	48.20%	-0.50%
30 Day Arms Index	0	0	1.17	1.18	-1.17%
25 day CBOE Put/Call	0	0	92.72	92.28	0.48%
This Week net	-2				
Last Week net	-1				

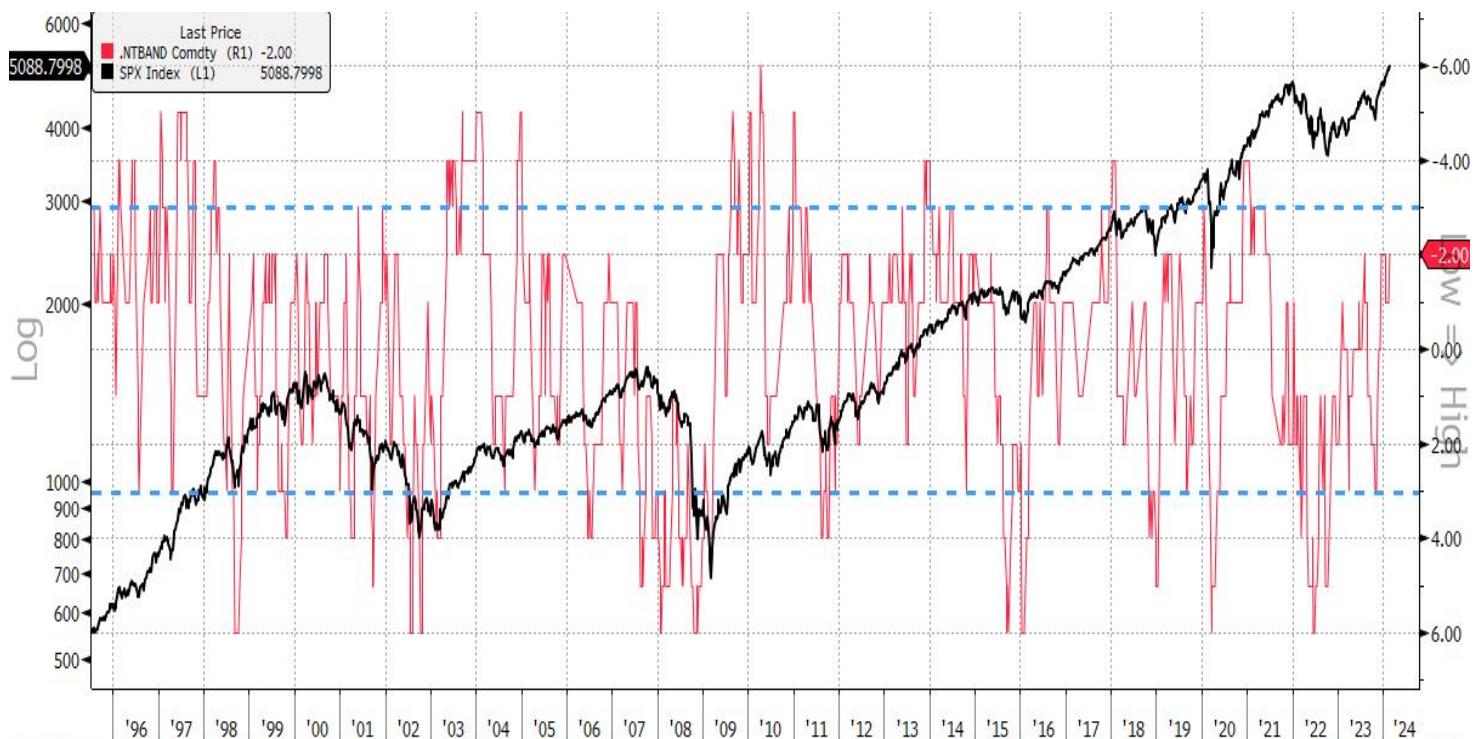
Source: BofA Global Research, Bloomberg

*Data restricted by provider

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Chart 15: S&P 500 with the Net Tab Bands: Weekly Chart

Oversold levels (+3 to +6) from 10/27 through 11/10 (inverted scale) triggered a rally into yearend and early 2024, but a “bullish confirming” overbought from -3 to -6 has proven to be elusive with the Net Tab Bands stalling at -2 since mid December. The Net Tab Bands improved to -2 from -1 last week, which is encouraging.



Source: BofA Global Research, Bloomberg

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Appendix

Net Tab methodology

The Net Tab is a leading breadth and sentiment indicator designed to measure macro overbought and oversold conditions. The indicator is made up of six factors, each of which employs a different method to measure investor sentiment and market breadth. The values achieved by each component factor of +1 (oversold), -1 (overbought) or 0 (neutral) are summed to produce the Net Tab. A variation of the Net Tab, the "Net Tab Bands," is composed in the same way with a slight variation in the factors used and how overbought, oversold and neutral scores are achieved. The underlying idea powering these indicators is that extreme overbought and oversold conditions should achieve consistent readings across various measures of market health.

Net Tab methodology

The Net Tab is a composite indicator of six separate indicators that gauge market breadth (NYSE Stocks > 200-day MA, 5-week A/D Diffusion and 30-day Arms Index) and sentiment (Investors Intelligence % Bears, BofA Short-term Sentiment, and 25-day CBOE Put/Call ratio). Each of these indicators is assigned a +1 (oversold), 0 (neutral), or -1 (overbought) reading. These readings are summed up or "tabbed" to get the Net Tab reading, which is on a scale of +6 to -6. Readings of +6 to +3 are oversold, +2 to -2 are neutral and -3 to -6 are overbought.

Bands Net Tab methodology

The Net Tab Bands is a companion to the traditional Net Tab. It also has six components (retaining five from the original Net Tab), but the overbought/ oversold readings are dynamic, not constant, reflecting the fact that the market is dynamic. The overbought/oversold extremes are based on a one standard deviation envelope around the 208-week moving average (MA) of the indicator being analyzed. The 208-week MA was chosen to be in harmony with the well-known and well-regarded Four-Year Cycle.

Five of the six components are the same as the traditional Net Tab; the exception is that we have replaced the Five-Week Advance Decline Diffusion Index with the McClellan Summation Oscillator. As is the case with the original Net Tab, buy readings are +3 or higher, and sell readings are in the -3 to -6 range. Both types of signals tend to occur as one-time events or as a cluster of such readings. Trend lines are also important.

Market bottoms tend to be more emotional than tops and take less time to develop. To help confirm a buy signal, we usually also want to see the indicator reverse from buy readings of +3 or higher to neutral readings of +2 or lower. We also like to see a confirming reversal through a dominant downtrend line.

During a bull market, history suggests that, following a confirmed reversal from a buy signal of +3 or higher, the Net Tab tends to move to the -3 to -6 sell range. During bear markets, the indicator may only achieve a reading of -2.

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