

Sector Rotation Analysis

January 25, 2026

S&P 500 Sector ETF Performance Comparison

Sector Performance Ranking

Rank	Sector	ETF	Return	Volatility	Sharpe
1	Healthcare	XLV	+17.03%	14.5%	1.902
2	Energy	XLE	+14.45%	18.4%	1.286
3	Technology	XLK	+11.33%	18.8%	0.969
4	Consumer Disc.	XLY	+10.94%	17.7%	0.978
5	Industrials	XLI	+7.81%	13.6%	0.808
6	Consumer Staples	XLP	+3.43%	11.6%	0.208
7	Utilities	XLU	+2.41%	12.9%	0.046
8	Financials	XLF	+0.68%	13.8%	-0.196

BEST PERFORMING SECTOR

Healthcare

WORST PERFORMING SECTOR

Financials

SECTOR SPREAD

16.3%

AVG SECTOR VOLATILITY

15.2%

Sector Rotation Insights:

- Wide sector spread indicates differentiated performance opportunities
- Defensive sectors (Utilities, Staples) typically outperform in risk-off environments
- Cyclical sectors (Tech, Discretionary) lead in risk-on markets

Methodology: Sector ETFs from State Street SPDR family. Returns computed over 6-month period. Volatility annualized using $\sqrt{252}$. Sharpe ratio uses 5% risk-free rate.

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Data Source: Yahoo Finance