



Asbury Research

**Investing In 2018:
How To Navigate An Over-Extended Market
In An Uncertain World**

Prepared for AAI San Diego Chapter

May 12th, 2018

About Asbury Research

Research, Methodology & Clientele

- **Our Research:** Asbury Research, established in 2005, produces unique and proprietary **technical, quantitative and behavioral financial market research** for professional and individual investors. We help our clients to navigate the investment seas on a daily, weekly and monthly basis -- charting a course, and changing direction when necessary, to maximize returns and minimize portfolio risk. Our research focuses on the **US stock market, market sectors and industry groups, US interest rates, and economically influential commodities like copper, crude oil and gold.** However, our scope is global as we integrate a broad spectrum of non-US asset prices that are statistically correlated to our domestic markets. This intermarket component of our research **more comprehensively and accurately reflects global market conditions**, resulting in more forward looking and accurate investment strategies.
- **Our Methodology:** Our analysis is derived from a comprehensive list of **strategic inputs** that include investor asset flows, intermarket relationships, market volatility, investor sentiment, seasonality, price patterns and trend, all which are geared toward **determining upcoming market direction 1-2 quarters in advance.** We then implement a conservative, consistent and repeatable **tactical methodology** to **generate entry and exit points** within that larger *strategic* bias.
- **Our Clients:** The typical Asbury Research client is a portfolio manager, hedge fund, or Registered Investment Advisor. However, **our business has recently expanded to include individual investors.**

We have expanded our business to include investment management. [Contact Us](#) for details.



About Asbury Research

John Kosar, Chief Market Strategist

John Kosar, CMT, has more than 35 years of experience and insight in analyzing and forecasting global financial markets. John spent the first half of his career on the trading floor of the Chicago futures exchanges, where he had the opportunity to learn how the US financial markets work from the inside out. This experience, early in his career, became the foundation for his unique analysis, understanding of intermarket relationships, and global perspective. John incorporates a diverse and comprehensive blend of technical and quantitative metrics that tend to be more intuitive and forward-looking than the typical Wall Street approach.

John is a contributor to Forbes and is frequently quoted in the financial press in both the US and abroad including The Wall Street Journal, MarketWatch.com, Barron's, Yahoo! Finance, CNBC.com, and Reuters. He can regularly be seen on U.S. financial television including CNBC, Fox Business, and Bloomberg, and is a frequent speaker at financial seminars and events across the country presented by organizations including the Chartered Financial Analyst (CFA) Society, the National [Association of Active Investment Managers \(NAAIM\)](#), the CMT (Chartered Market Technician) Association, , and the American Association of Individual Investors (AAII).

John has been consistently recognized as a top U.S. financial market analyst throughout his career and was awarded the Chartered Market Technician (CMT) designation in 1999. John served as Vice President of the Market Technicians (now CMT) Association from 2004 to 2006 and was a member of its Board of Directors from 2002-2006. During his career he has been an analyst and trader for Asbury Research, Shearson American Express, NatWest Markets, Greenwich Capital Markets, Deutsche Bank, and Bianco Research.

Investing In 2018: How To Navigate An Over-Extended Market

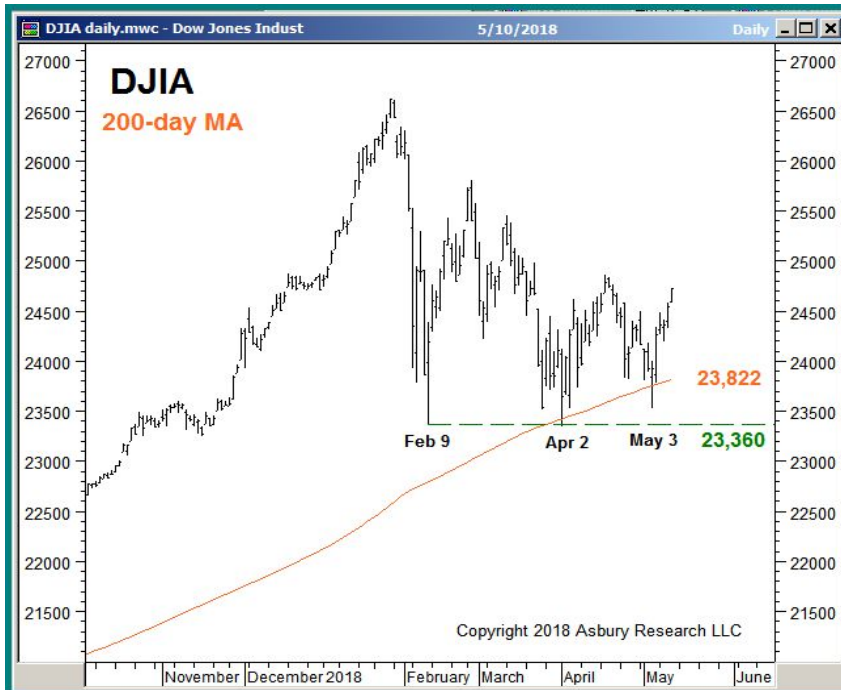
1) *Executive Summary: May 12th 2018*

- **U.S. Stock Market:** Several unsuccessful attempts to break down below major support at the 200-day moving average over the past several months, by a list of US and positively-correlated overseas indexes, has **set the stage for another attempt at the resumption of these indexes' larger bullish trend**. We are watching this attempt unfold today amid constructive market internals. **Should this emerging breakout hold, it targets an additional 8% to 10% advance**. However, a false breakout higher back in mid March, amid similarly positive internals, has us a bit more skeptical this time – especially amid currently weak seasonality. Thus, we would advocate being a bit more cautious in gradually adding more risk while watching for signs of another reversal.
- **Size: Large Cap** stocks are amid favorable conditions for 2nd Quarter relative outperformance versus the S&P 1500 as recent relative outperformance in Small Cap appears to be in its latter to final stages.
- **Style: Growth** stocks' January 2017 trend of relative outperformance remains intact and is expected to continue.
- **Market Sectors:** We are currently **overweight Materials and Utilities** and **underweight Financials**.
- **Industry Groups:** We are **outright positive on Health Care Services** and **Health Care Equipment**.
- **Individual Stocks & ETFs:** We have an existing **long ideas in V, CRM and BBY** and a **short idea in WAT**.
- **US Interest Rates:** Favorable conditions exist for a **near term decline in the yield of the benchmark 10-Year Treasury Note**, from at or near 3.04% back down to the 2.82% to 2.62% area.
- **Crude Oil prices** are **amid favorable conditions for more**, potentially sharp, **2nd Quarter strength**.

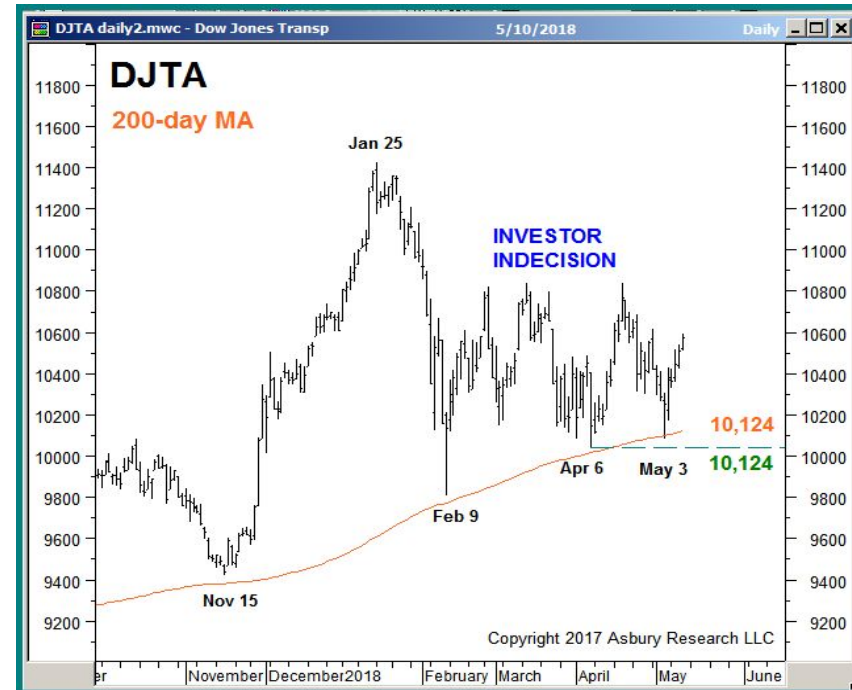


US Stock Market

Price & Trend (1): Dow Industrials, Transports Testing /Holding Major Support



The bellwether Dow Industrials are rebounding from their second test of their 200-day MA (major support) since April. *The uptrend should resume here if valid.*



Meanwhile, the Dow Transports are making their fourth successful test of the 200-day MA since November. **Major decision point.**



US Stock Market

Price & Trend (2): Semis & NYSE Composite Also Testing/Holding Major Support



The market-leading PHLX Semiconductor Index also tested and held its 200-day MA in late April, and for the fifth time is trying to rise and remain above 1362.

The NYSE Composite is making its third attempt to test and hold its 200-day MA since Feb 9th. *All these indexes generally rise and fall together.*

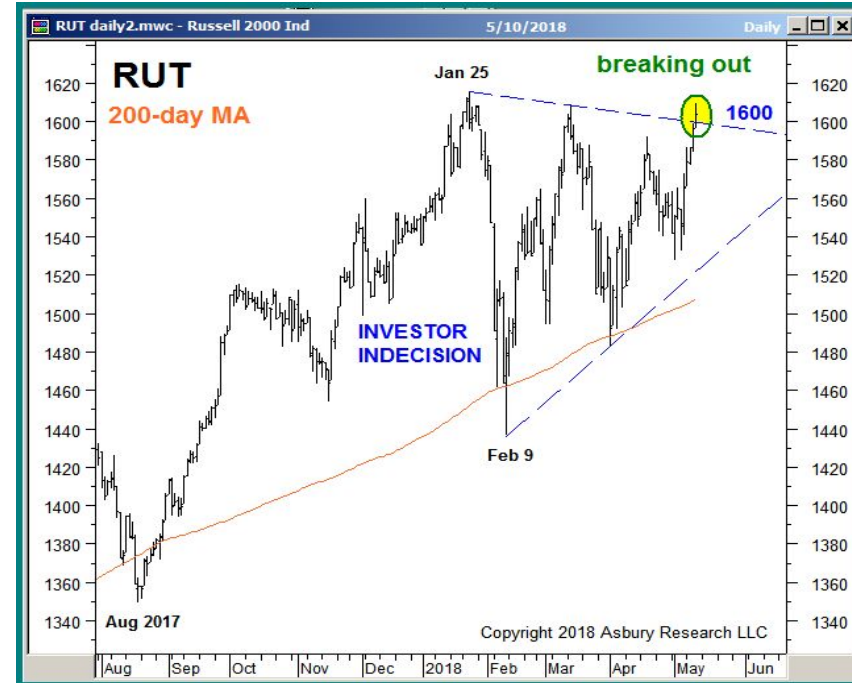


US Stock Market

Price & Trend (3): Emerging Breakouts In SPX, RUT Target 9%-10% Advance



The benchmark S&P 500 appears to be resuming its 2016 advance after more than three months of sideways indecision. Targets a rise to 3000 above 2709.

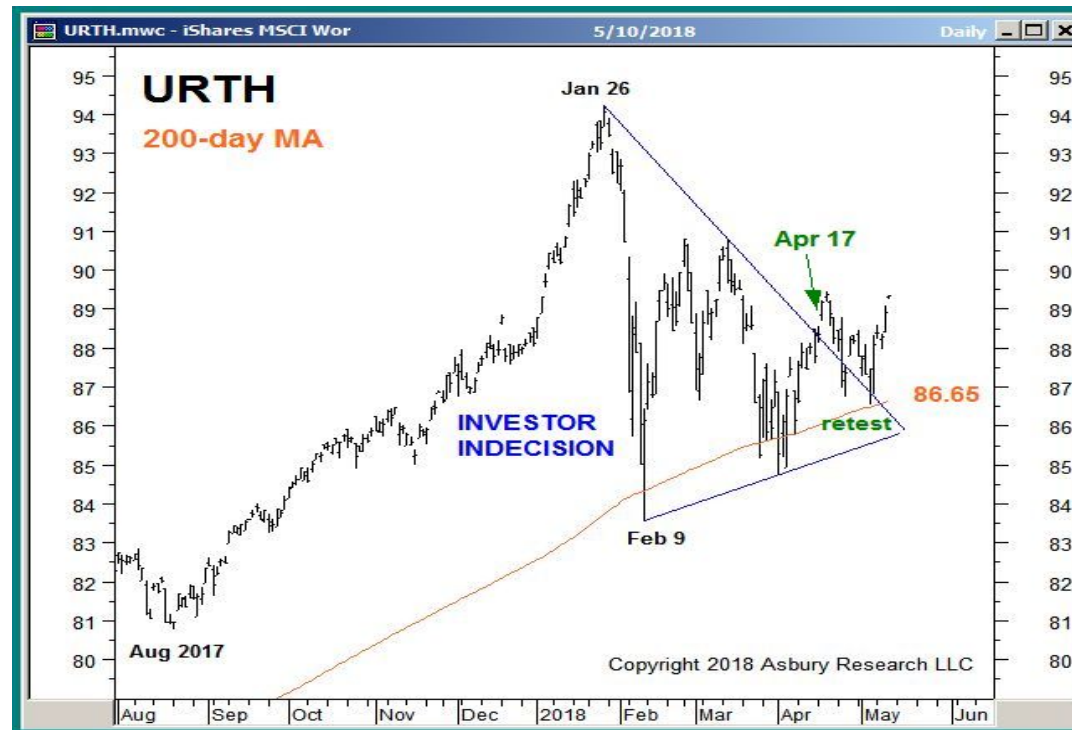


The small cap Russell 2000 is also breaking out higher from a similar pattern which indicates the larger uptrend is resuming. A sustained rise above 1600 targets 1750.



US Stock Market

Intermarket Analysis (1): World Index Testing Major Support, Resuming Uptrend?



The iShares MSCI World ETF, an index composed of developed market equities, also appears to be resuming its larger uptrend following months of investor indecision. Above 86.65 it targets a move to new highs.



US Stock Market

Intermarket Analysis (2): China Resuming Previous Uptrend?



The iShares China Index ETF also appears to be resuming its larger uptrend following months of investor indecision. A sustained rise above 69.40 targets new highs.



The tight and stable positive correlation between MCHI and the S&P 500 suggests that *as goes China, so is likely to go the US broad market.*

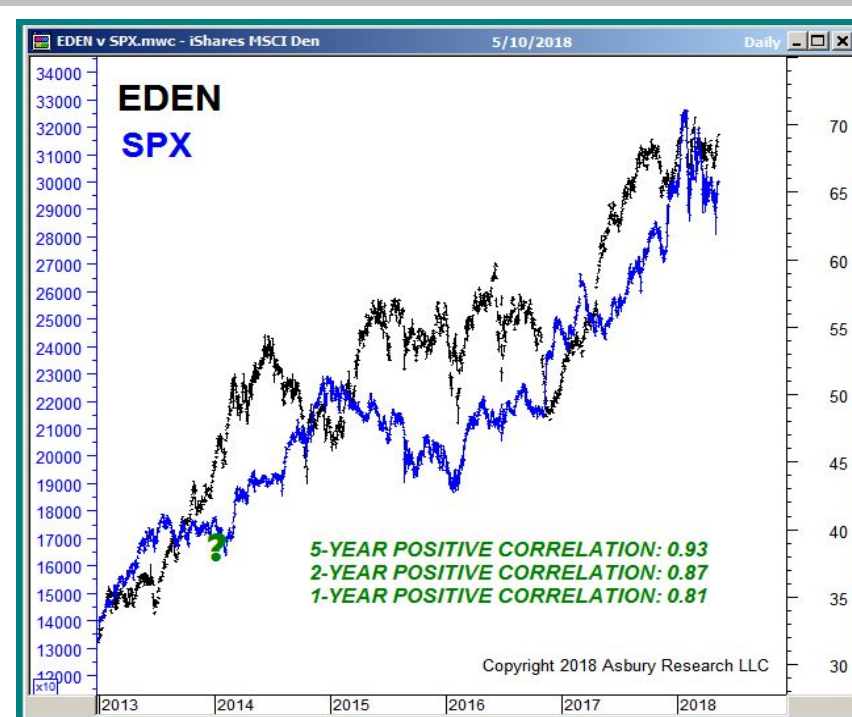


US Stock Market

Intermarket Analysis (3): Denmark Also Resuming Major Uptrend?



The iShares Denmark ETF is another global index that appears to be resuming its larger bullish trend. A sustained rise above 68.90 targets a rise to 75.00.



The tight and stable 5-year positive correlation between EDEN and the S&P 500 suggests that *as goes Denmark, so is likely to go the US broad market.*

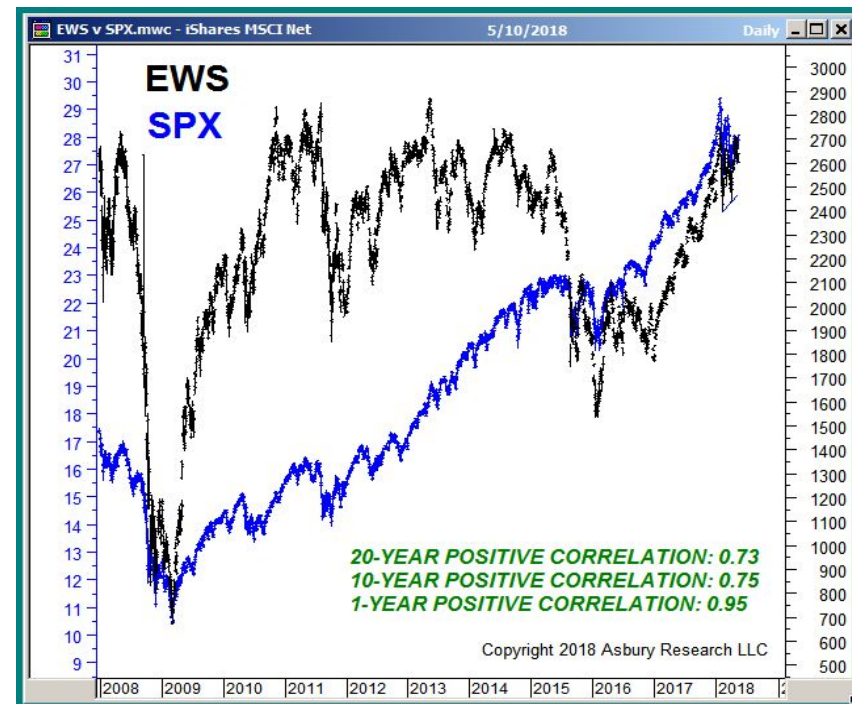


US Stock Market

Intermarket Analysis (4): Singapore Targets 8% Advance



The iShares MSCI Singapore ETF's mid April breakout from investor indecision targets an additional 8% rise to 29.50.



The long term positive correlation between EWS and the S&P 500 suggests that *as goes Singapore, so is likely to go the US broad market.*

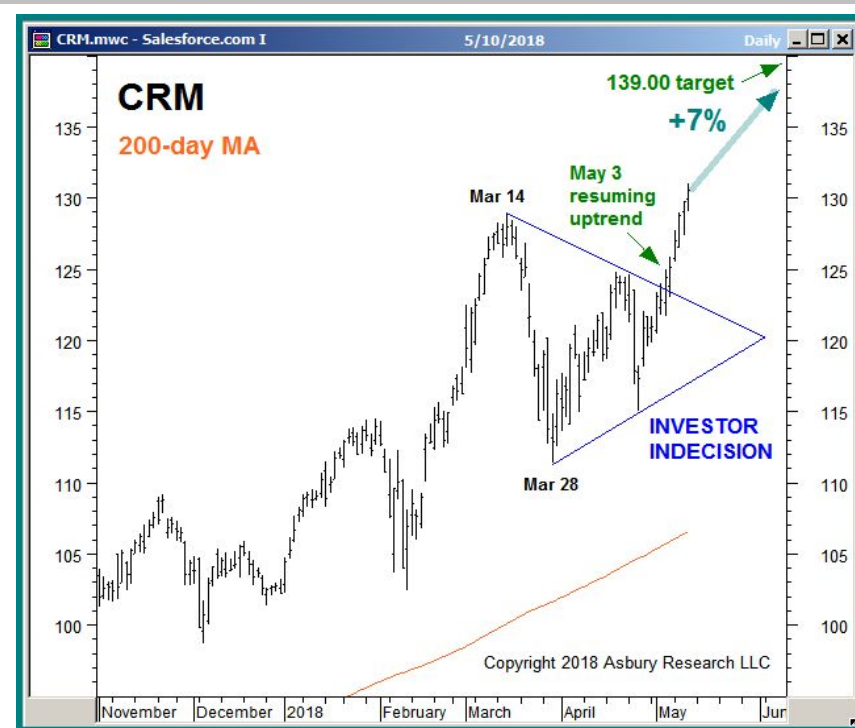


US Stock Market

Trade Ideas (1): V, CRM Target Additional 7% Advances



The Apr 26th resumption of Visa’s larger 2017 advance targets an additional 7% rise to 140.00. *Positive correlation to SPX.*



The May 3rd resumption of Salesforce.com’s 2017 uptrend targets an additional 7% rise to 139.00. *Also positively correlated to SPX.*



US Stock Market

Trade Ideas (2): BBY Resuming Uptrend, Bearish Trend Change In WAT



Best Buy has spent the past two weeks trying to rise and remain above its January downtrend line at 75.23, which would target a rise to 88.50.



In late April Waters Corp signaled a major bearish trend change and is retesting that initial breakdown now. A sustained decline below 195.08 targets 164.00



About Asbury Research

Stock & ETF Ideas: Where To Be Invested

ASBURY RESEARCH CLOSED OUT TRADE IDEAS										
10/13/2016 through 9/29/2017										
Trade #	Entry Date	Asset	Ticker	Long/Short	Entry Price	Target	Exit Price	Exit Date	Days In Trade	% Profit/Loss
61	3/13/2017	Applied Materials	AMAT	Long	48.16	54.00		3/26/2017	6	-3%
60	3/11/2017	Apartment Investment/Mgmt Co	AIV	Long	46.31	53.20		3/25/2017	11	-4%
53	8/9/2017	Boston Properties	BXP	Short	121.83	72.00		3/21/2017	31	0%
58	8/3/2017	Dominion Resources	D	Long	78.24	33.00		3/20/2017	34	-1%
57	8/25/2017	SPDR Industrials Sector ETF	XLI	Long	67.62	70.50		3/15/2017	16	4%
56	8/17/2017	AbbVie Inc.	ABBV	Long	70.87	31.00		3/15/2017	23	2%
55	5/8/2017	SPDR Health Care ETF	XLV	Long	75.31	35.50	78.75	8/17/2017	72	4%
54	5/30/2017	SPDR Industrial Sector ETF	XLI	Long	67.22	70.30	67.82	8/10/2017	52	1%
53	7/11/2017	Affiliated Managers Group	AMG	Long	172.71	227.50	177.01	8/10/2017	23	3%
52	2/22/2017	SPDR Homebuilders ETF	XHB	Long	36.03	45.50	38.12	8/10/2017	120	6%
51	4/24/2017	Northrup Grumman	NOC	Long	243.13	273.00	273.00	8/9/2017	76	10%
50	8/8/2017	iShares Finland ETF	EFNL	Long	40.27	42.10	39.63	8/9/2017	1	-2%
49	7/3/2017	iShares MSCI India Index	INDA	Long	32.36	38.00	34.02	8/9/2017	27	5%
48	4/5/2017	VeriSign, Inc.	VRSN	Long	38.73	110.00	38.4	8/9/2017	33	1%
47	2/23/2017	Moody's Corp	MCO	Long	111.28	144.00	130.15	8/2/2017	110	1%
46	12/2/2016	Rockwell Collins Inc.	COL	Long	35.17	112.00	108.01	7/21/2017	160	15%
45	7/13/2017	Citizens Financial Group	CFG	Long	36.60	42.00	35.27	7/13/2017	5	-4%
44	6/7/2017	PulteGroup	PHM	Long	23.60	26.20	24.17	7/18/2017	23	2%
43	4/10/2017	ProLogis Inc.	PLD	Long	54.28	62.00	57.23	7/6/2017	62	6%
42	5/26/2017	Sempra Energ	SRE	Long	114.46	141.00	111.43	7/5/2017	27	-3%
41	5/26/2017	New Zealand Index	ENZL	Long	44.13	47.00	47.00	7/3/2017	25	7%
40	4/16/2017	Genuine Parts Company	GPC	Short	80.23	61.00	39.83	6/11/2017	33	-4%
39	4/24/2017	Nisource, Inc.	NII	Long	24.32	25.25	25.25	5/23/2017	21	4%
38	5/12/2017	iShares Latin America 40 ETF	ILF	Long	32.66	35.00	29.00	5/18/2017	4	-1%
37	5/10/2017	Foot Locker	FL	Long	77.58	89.00	74.37	5/15/2017	3	-4%
36	4/17/2017	Equity LifeStyle Properties	ELS	Long	73.75	83.00	83.00	5/15/2017	20	4%
35	3/23/2017	JB Hunt Transport Services	JBHT	Long	32.05	114.00	88.70	5/4/2017	26	-4%
34	3/23/2016	Master Card	MA	Long	100.61	120.00	117.85	4/13/2017	147	1%
33	2/14/2017	3M Company	MMM	Long	181.19	196.00	188.65	4/13/2017	41	4%
32	3/17/2017	SPDR Gold Trust ETF	GLD	Short	115.84	104.50	120.40	4/11/2017	25	-4%
31	3/20/2017	Darden Restaurants	DRI	Long	76.78	83.50	83.5	3/31/17	3	9%
30	2/3/2017	Aetna Inc.	AET	Long	122.61	152.00	129.26	3/22/17	32	5%
29	2/10/2017	SPDR S&P Biotech ETF	XBI	Long	67.17	81.00	69.19	3/21/17	26	3%
28	2/16/2017	Intel Corp	INTC	Long	36.38	46.00	34.83	3/14/17	17	-4%
27	1/9/2017	Real Estate Sector SPDR ETF	XLRE	Long	31.4	33.70	31.40	3/8/17	40	0%
26	1/26/2017	CBRE Group, Inc.	CBG	Long	30.38	36.50	35.24	2/27/17	32	14%
25	1/24/2017	iShares GI Timber Forestry ETF	WOOD	Long	55.23	57.00	57.00	2/21/2017	13	3%
24	2/6/2017	SPDR Consumer Staples ETF	XLP	Long	53.00	55.00	55.00	2/21/2017	10	4%
23	1/23/2017	KLA-Tencor Corp.	KLAC	Long	81.75	83.00	83.00	2/12/2017	20	3%
22	1/27/2017	Analog Devices Inc.	ADI	Long	75.50	80.50	80.50	2/15/2017	14	7%
21	12/14/2016	Hologic Inc.	HOLX	Long	40.58	49.00	38.25	2/14/2017	42	-6%
20	11/23/2016	Intel Corp	INTC	Long	35.33	46.00	36.19	2/9/2017	53	2%
19	1/6/2017	Facebook, Inc.	FB	Long	123.42	131.00	131.00	1/25/2017	13	6%
18	12/23/2016	Aetna Inc.	AET	Long	125.63	152.00	119.27	1/23/2017	106	-5%
17	8/19/2016	Skworks Solutions	SWKS	Long	72.23	32.00	32.00	1/24/2017	13	2%
16	4/15/2016	Dow Jones Industrial Avg	DJA	Long	17403	20400	19111	1/19/2017	131	13%
15	1/6/2017	Pfizer Inc.	PFE	Long	33.55	36.80	32.05	1/17/2017	7	-5%
14	6/30/2016	London FTSE 100	FTSE	Long	6504	7300	7300	1/11/2017	133	12%
13	11/23/2015	Exxon Mobil Corp	XOM	Long	86.74	101.00	86.6	1/10/2017	32	0%
12	11/15/2016	SPDR Gold Trust ETF	GLD	Short	117.12	104.50	112.5	1/10/2017	38	4%
11	12/13/2016	iShares Silver Trust ETF	SILV	Short	16.01	13.00	15.42	1/4/2017	14	5%
10	7/13/2016	Russell 2000	RUT	Long	1201	1400	1335	12/12/2016	104	16%
9	10/31/2016	Financial Sector SPDR ETF	XLF	Long	19.74	24.00	23.7	12/9/2016	27	20%
8	10/24/2016	SPDR S&P Semiconductor ETF	XSD	Long	51.74	57.50	57.5	12/9/2016	32	+11%
7	8/9/2016	iShares Timber/Forestry ETF	WOOD	Long	48.82	60.00	52.57	11/2/2016	72	+6%
6	8/18/2016	McDonald's	MCD	Short	117.13	101.00	117.35	11/14/2016	53	-1%
5	11/1/2016	GlobalX Copper Miners ETF	COPX	Long	17.50	21.00	21.00	11/11/2016	8	+20%
4	10/4/2016	PowerShares Commodity ETF	DBC	Long	15.10	16.20	14.60	11/11/2016	27	-3%
3	10/18/2016	United States Brent Oil Fund	BNO	Long	15.04	17.00	14.08	10/31/2016	3	-6%
2	3/27/2016	US Nat Gas FD ETF	UNG	Long	8.73	3.75	3.43	10/14/2016	12	+8%
1	3/2/2016	Roper Technologies	ROP	Long	182.15	212.00	174.45	10/13/2016	27	-4%

This data is provided for informational purposes only. Past performance is not indicative of future results. No information or guarantee of profitability are being made by Asbury Research LLC. The risk of loss in trading financial assets can be substantial. Therefore, you should thoroughly consider with the stock trading results for you in light of your financial condition.

Asbury Trades Performance Data: August 2016 through the present	
# of trades	90
Cum % P/L	376 %
Avg % gain per trade	4.3 %
% winners	59%
Avg win	8.9 %
Avg loss	3.5 %
Avg days in trade	34
Avg Rel Performance Per Trade v SPX	1.9%

- Our model utilizes quantitative and technical inputs to screen the entire S&P 500, plus ETFs that track US sectors and industry groups, foreign stock indexes, and commodities for special opportunities that produce:
 - 1> a high percentage of winning trades,
 - 2> significantly larger winning trades than losing trades,
 - 3> very small drawdowns, and
 - 4> relative outperformance vs. the S&P 500.

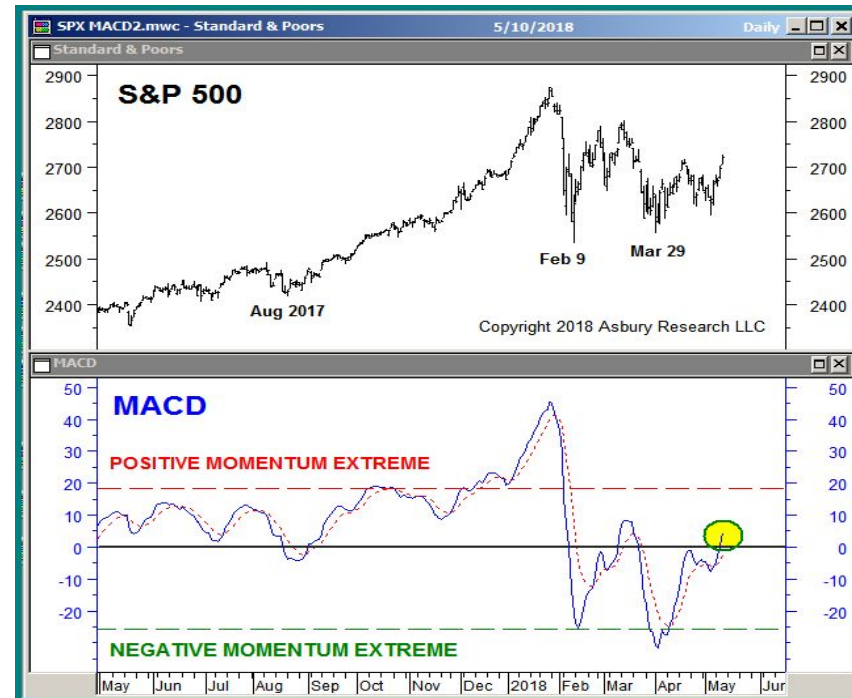


US Stock Market

Momentum: Near Term, Intermediate Term Positive



SPX's 1-month rate of change, a *near term* momentum gauge, remains *positive (bullish)* above 2709 to 2645.

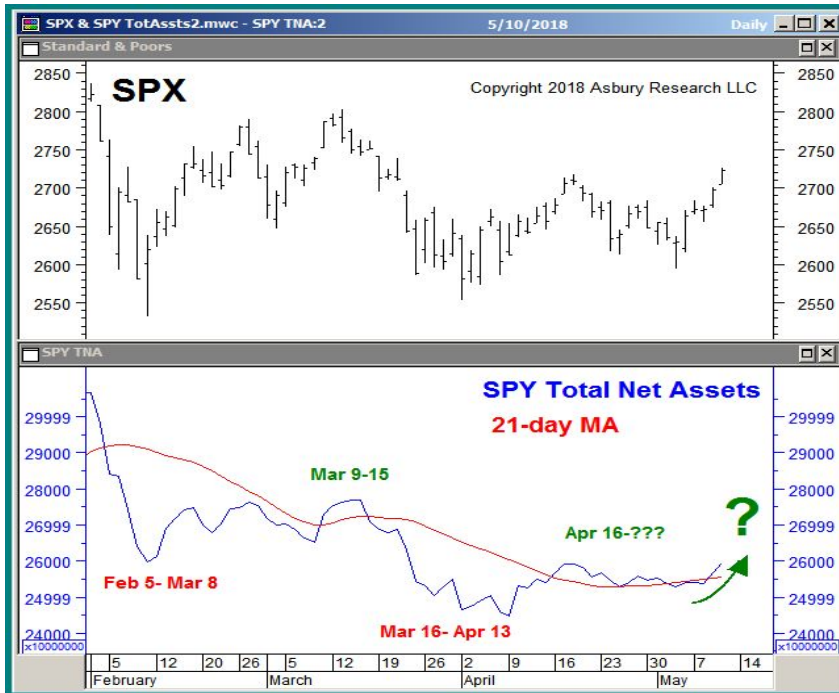


SPX's MACD, an intermediate term momentum gauge, is rising from a late May negative momentum extreme and is now rising above its zero line. Bullish.

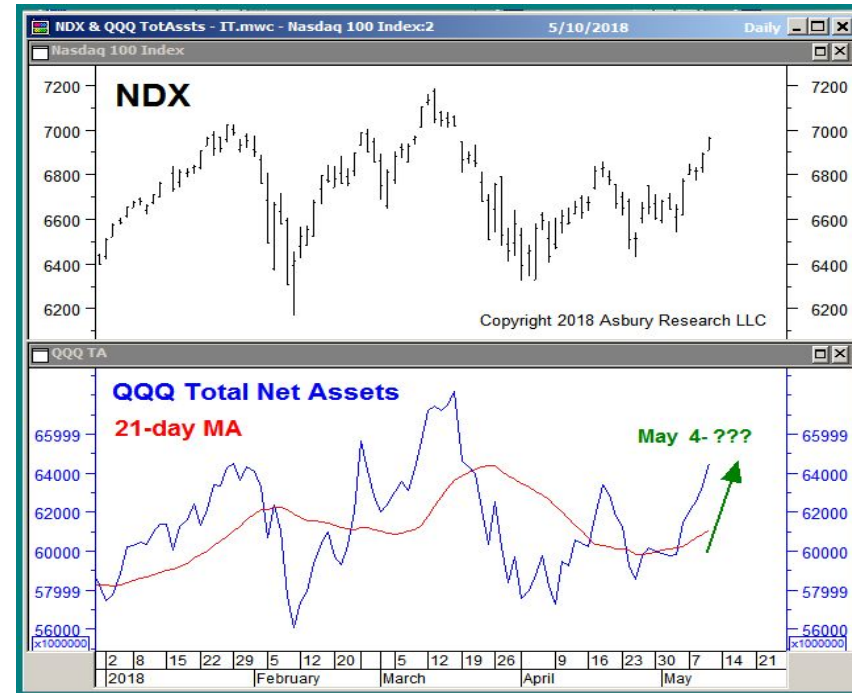


US Stock Market

ETF Asset Flows: Near Term Positive



The total net assets invested in the SPDR S&P 500 ETF edged back above their 21-day MA in mid April, but must expand more aggressively to fuel a new advance.



The total net assets invested in the ProShares QQQ, which tracks the market-leading NASDAQ 100, are indeed expanding aggressively this week. *Near term bullish.*



US Stock Market

Volume: Near Term Positive

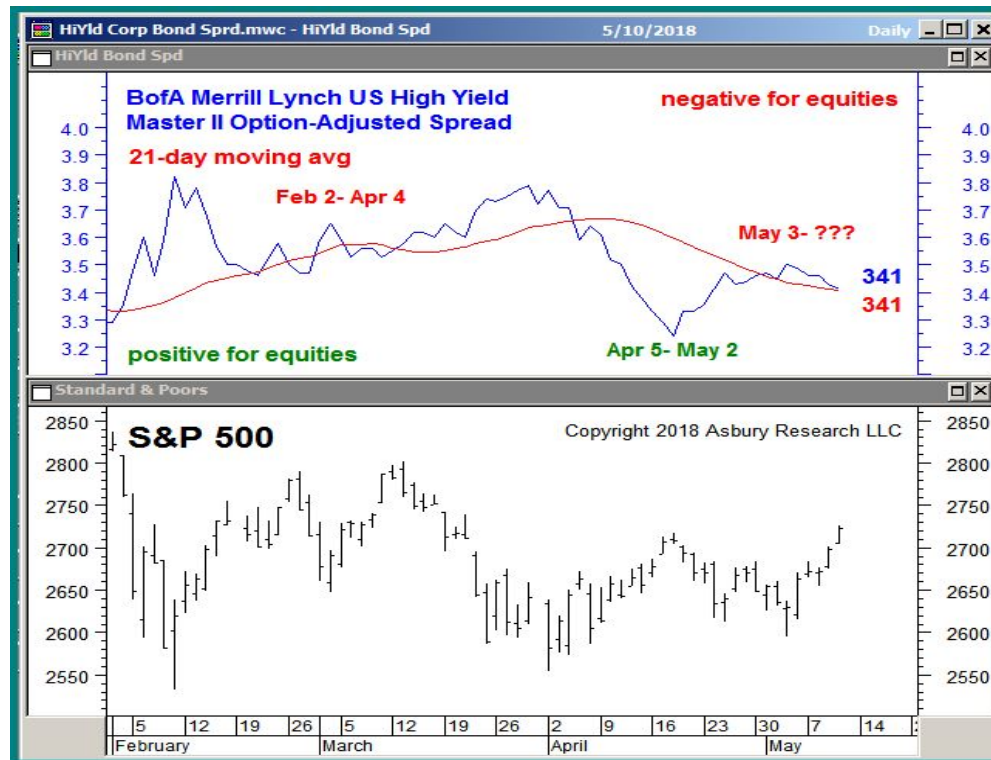


On Balance Volume (OBV) in the S&P 500 moved back above its 21-day MA on April 9th, indicating a trend of *monthly expansion* characteristic of near term market advances. *It represents near term urgency to buy.*



US Stock Market

Corporate Bond Spreads: Near Term Negative, Turning Positive?

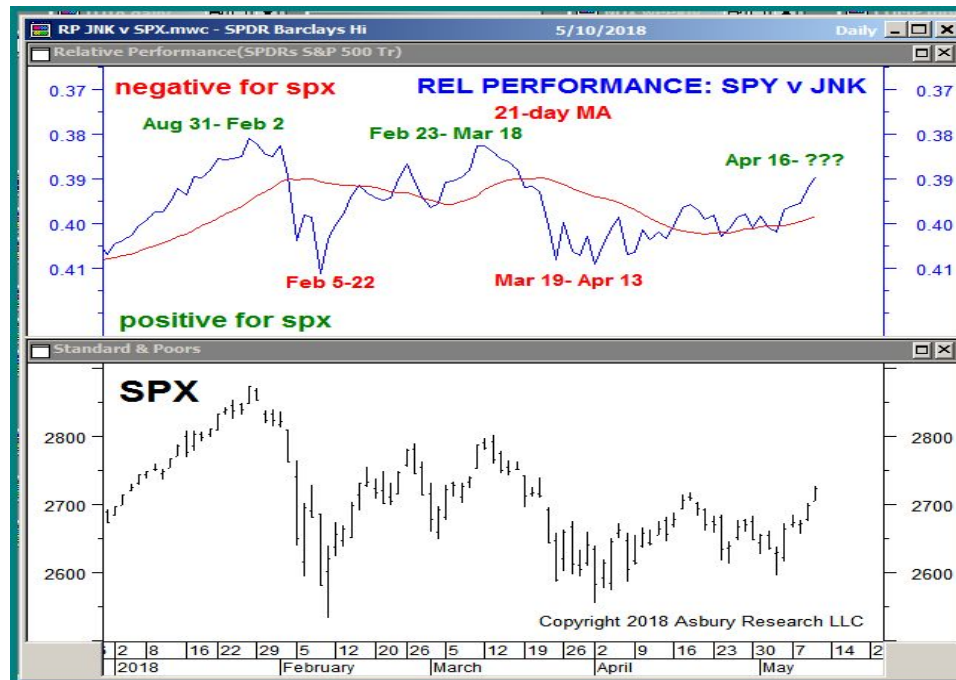


Widening high yield corporate bond spreads are a drag on equity prices. A trend of *monthly widening* has been in place since May 3rd, but may be coming to an end, which would be near term *positive* for stocks.



US Stock Market

Relative Performance: Near Term Positive



The S&P 500 (SPY) has been in a trend of *monthly relative outperformance* versus junk bond prices (JNK) since Aril 16th. *This has historically coincided with near term strength in the S&P 500* (lower panel). Monthly outperformance by SPY over JNK previously coincided with the Aug 2017-Feb 2018 broad market advance.



US Stock Market

Volatility: Intermediate Term Positive



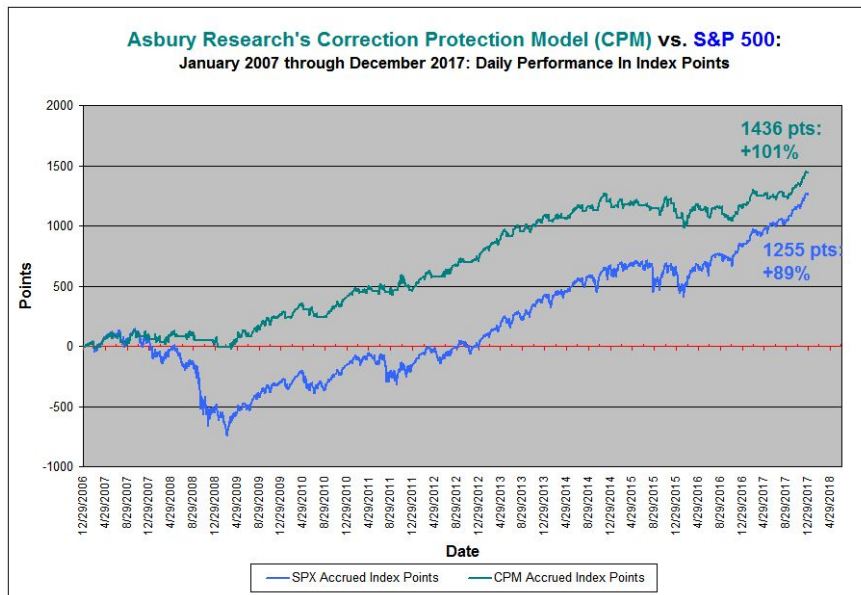
The VIX has been retracting from an early February multi-year high extreme of 48.00, indicating an extreme in *investor fear*. The two previous instances of this coincided with the past two major bottoms in the S&P 500 in 2011 and 2015.



About Asbury Research

Correction Protection Model (CPM): When To Be Invested

PERFORMANCE DATA: AR CORRECTION PROTECTION MODEL (CPM) vs. S&P 500 (SPX) through Q4 2017												
	S&P 500				CORRECTION PROTECTION MODEL (CPM)				EXCESS PERFORMANCE			
	10D	30D	60D	90D	10D	30D	60D	90D	10D	30D	60D	90D
Average Return	0.29%	3.84%	1.64%	2.45%	0.37%	1.06%	2.19%	3.31%	1.2%	0.3%	0.5%	0.9%
Median Return	0.60%	1.48%	2.97%	3.87%	0.00%	0.67%	1.93%	3.02%	0.0%	0.0%	0.0%	-0.2%
Max Drawdown	-25.09%	-30.40%	-41.70%	-39.93%	-8.72%	-8.99%	-10.33%	-9.81%	-20.8%	-20.4%	-21.9%	-26.1%
Max Gain	20.80%	27.54%	38.75%	36.93%	9.00%	15.13%	17.21%	20.71%	25.1%	29.9%	36.4%	37.5%
Standard Deviation	19.67%	18.93%	18.97%	19.44%	11.77%	11.25%	10.58%	10.14%				
Reward to Risk Ratio	0.44	0.46	0.46	0.45	1.14	1.19	1.27	1.32				



Purpose & Key Features:

- The model is a **defensive hedge** against market corrections and bear markets that can decimate investor portfolios.
- The model utilizes **4 quantitative inputs**.
- The model uses **the S&P 500** as a proxy for the market.
- The model is **binary: either in the market (Risk On) or out of it (Risk Off)**. There are no short positions, leveraged longs, or hedging via derivatives.
- The model was designed to: 1) **be in the market** as much as possible, 3) **exit on meaningful declines**, and 4) **quickly re-enter** as soon as a positive trend has been reestablished.
- Since 2007, the model has been in the market **74% of the time**
- Since 2007, the model has averaged **4.6 signals per year or approximately 1 per quarter**.

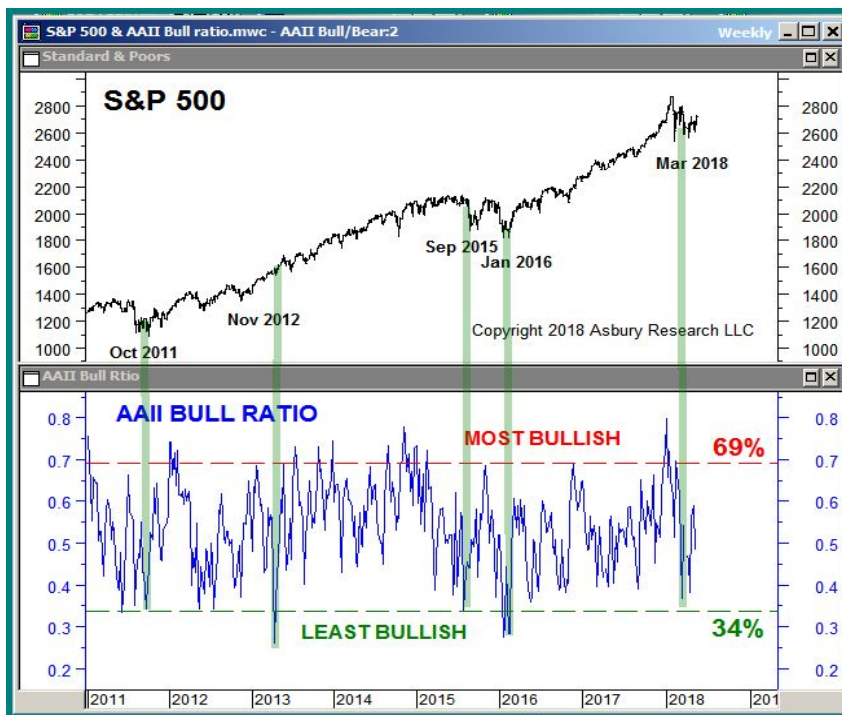


US Stock Market

Investor Sentiment: Near Term, Intermediate Term Positive



A survey of *near to intermediate term* oriented futures traders is reversing from April *least bullish* extremes on SPX that has historically lead *near term* market advances.



Meanwhile, the *intermediate to long term* AAI data is also reversing from a *least bullish* extreme that has coincided with larger multi-quarter market bottoms.



US Stock Market

Market Breadth: Near Term Positive



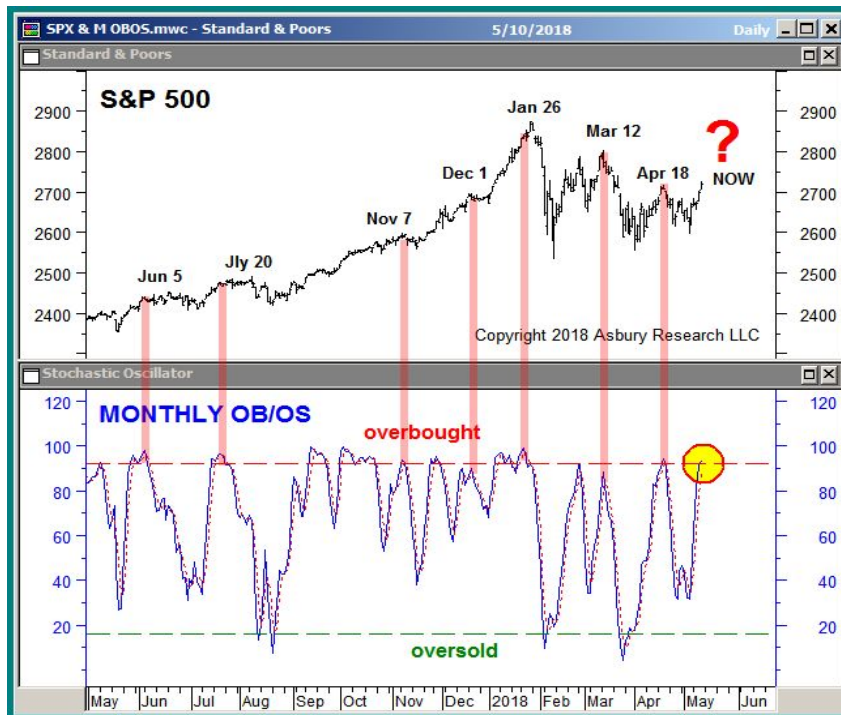
The NYSE Composite's A/D line has been in a monthly rising trend since early April. Improving breadth is necessary to fuel sustainable market advances.

The percentage of NYSE Composite stocks trading above their 40-day MA is rising from an Apr 2nd low extreme of 33% that has historically coincided with *near term* market advances.



US Stock Market

Overbought/Oversold: Near Term Negative, Intermediate Term Positive



SPX has just reached *monthly overbought* extremes that have previously coincided with a number of *minor* broad market peaks during the past year.

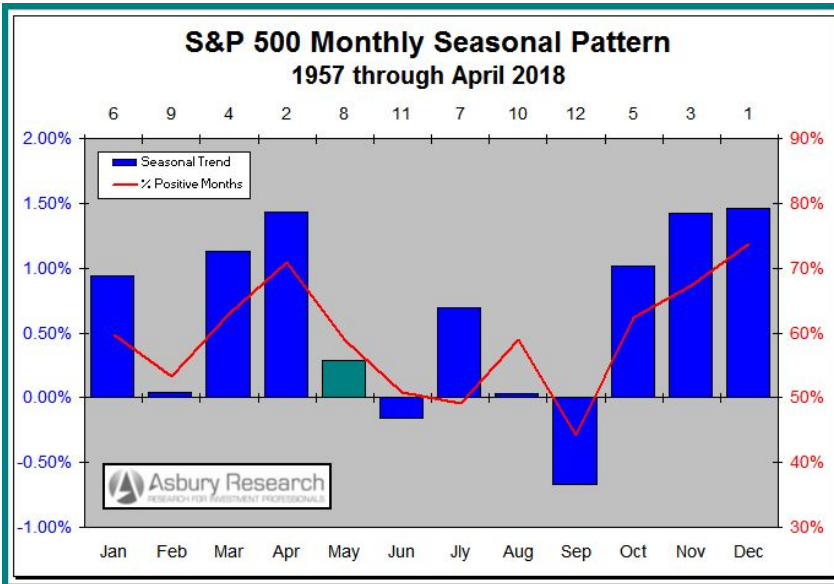


Meanwhile, SPX appears to be stabilizing at a secondary *quarterly oversold* extreme of 47% that since 2009 has coincided with multi-quarter market bottoms.

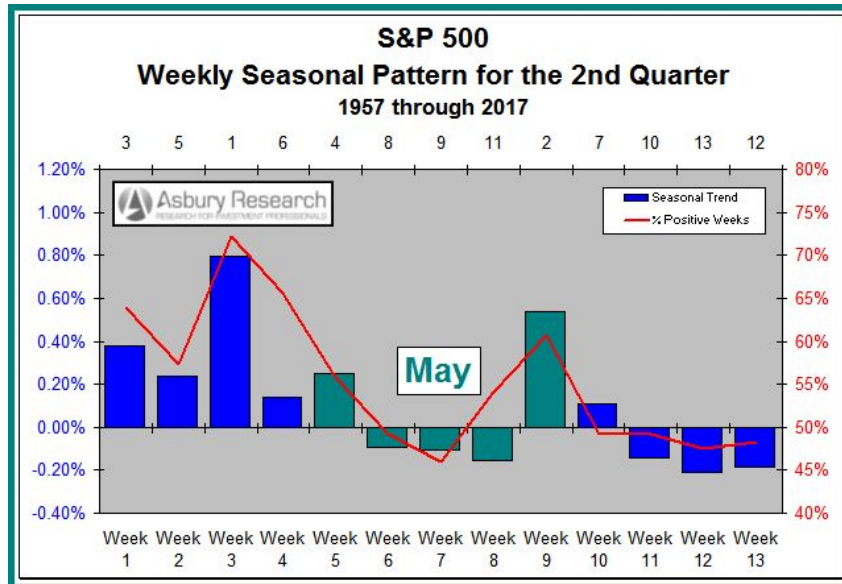


US Stock Market

Seasonality: Near Term, Intermediate Term Negative



May is the 8th seasonally strongest or 5th weakest month of the year in the S&P 500 based on data since 1957, and kicks off the “sell in may and go away” phenomenon that runs through September.



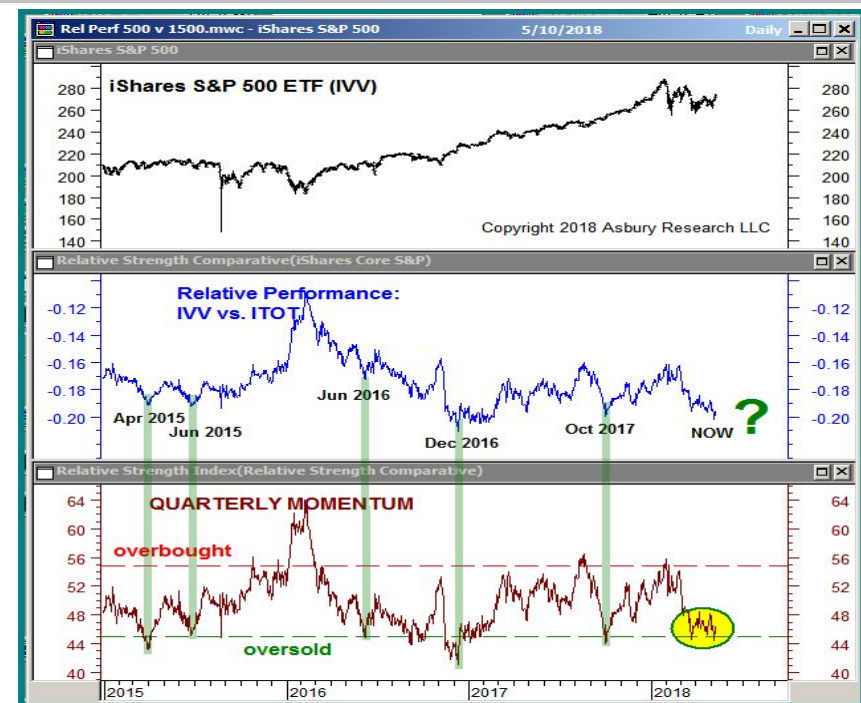
This chart shows that, after peaking during the 3rd week of April, the middle three months of May and the final three weeks of June are the weakest of the 2nd Quarter.

US Stock Market

Size: Small Cap Peaking? Large Cap Poised For Outperformance.



March relative outperformance by small cap IJR (S&P 600) versus ITOT (S&P 1500) appears to be nearing an end following 25% of outperformance since Feb 27th.



Large cap IVV (S&P 500) is hovering at *quarterly oversold extremes* vs. ITOT that have previously led multi-month *relative outperformance* by Large Cap.



US Stock Market

Style: Growth Stocks' 2017 Outperformance Trend Remains Intact



Despite multiple tests of the S&P 500 Value ETF's (SPYV) January 2017 trend of *quarterly relative outperformance* versus the S&P 500 (SPY), the trend remains intact while outperforming by 8% during the past 16 months.



US Stock Market

Sectors (1): Investor Assets Moving Into Energy, Out Of Staples & Industrials

SECTOR SELECTOR:RELATIVE PERFORMANCE				
Sector	Asbury Bias	Date Initiated	Rel Performance vs. SPY	Asbury Performance
ENERGY (XLE)	NEW MARKET PERFORM FROM OUTPERFORM	May 7	NEW	+3% FROM 4-16 OUTPERFORM
HEALTH CARE (XLV)	NEW MARKET PERFORM FROM UNDERPERFORM	May 7	NEW	-2% FROM 4-30 UNDERPERFORM
MATERIALS (XLB)	OUTPERFORM	Apr 23	-2%	-2%
UTILITIES (XLU)	OUTPERFORM	Mar 26	+2%	+2%
FINANCIALS (XLF)	UNDERPERFORM	Mar 26	-2%	+2%
TECHNOLOGY (XLK)	MARKET PERFORM	Mar 26		
CONSUMER DISCRETIONARY (XLY)	MARKET PERFORM	Feb 5th		
CONSUMER STAPLES (XLP)	MARKET PERFORM	Nov 20th		
INDUSTRIALS (XLI)	MARKET PERFORM	Sep 19th		
REAL ESTATE (XLRE)	MARKET PERFORM	May 15th		

OUR EXPECTATIONS FOR RELATIVE PERFORMANCE

FOR THE WEEK OF MAY 7, 2018

green font in +/- column: a positive return on the Asbury Market Call
red font in +/- column: a negative return on the Asbury Market Call

Asbury's sector rotation model is currently **overweight Materials** (Apr 23) and **Utilities** (March 26th) and **underweight Financials** (Mar 26th).

ASBURY RESEARCH: ASSET FLOWS in MARKET SECTOR ETFs				
May 7, 2018				
Sector (Symbol)	As of 05-03-2018	1 Week Ago	1 Month Ago	3 Months Ago
FINANCIALS (XLF)	23.8%	24.4%	24.1%	24.2%
ENERGY (XLE)	14.1%	14.0%	13.2%	13.4%
TECHNOLOGY (XLK)	15.2%	14.8%	15.2%	14.8%
UTILITIES (XLU)	5.6%	5.1%	5.3%	5.1%
INDUSTRIAL (XLI)	9.2%	9.5%	9.7%	10.3%
CONSUMER STAPLES (XLP)	5.7%	5.7%	6.4%	5.8%
CONSUMER DISCRETIONARY (XLY)	9.8%	9.6%	9.6%	9.2%
HEALTH CARE (XLV)	11.2%	11.5%	11.4%	12.0%
MATERIALS (XLB)	3.6%	3.7%	3.5%	3.7%
REAL ESTATE (XLRE)	1.8%	1.7%	1.8%	1.6%

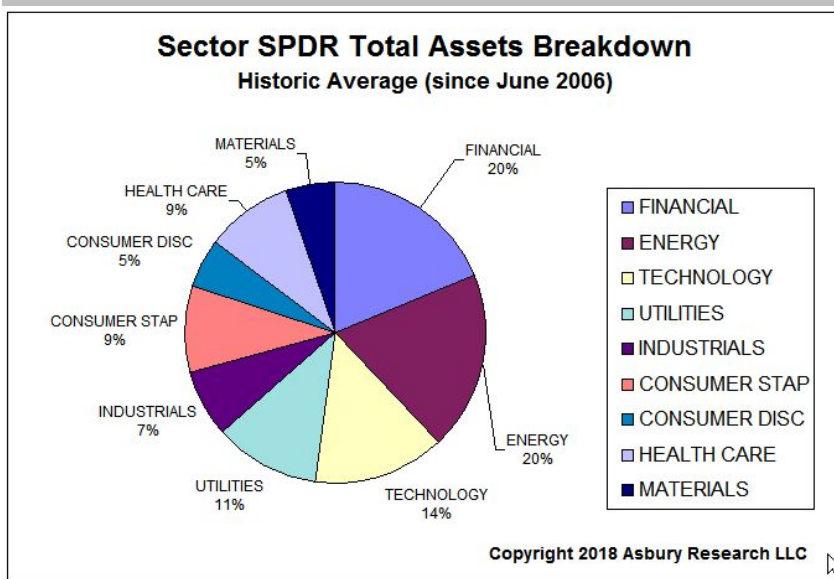
Biggest inflows during period shown Biggest outflows during period shown Copyright 2018 Asbury Research LLC

The biggest **inflows** over the **past 1 month and 3 month** periods went to **Energy**. The biggest **outflows** over the **past month** came from **Consumer Staples**. The biggest **outflows** over the **past 3 months** came from **Industrials**.

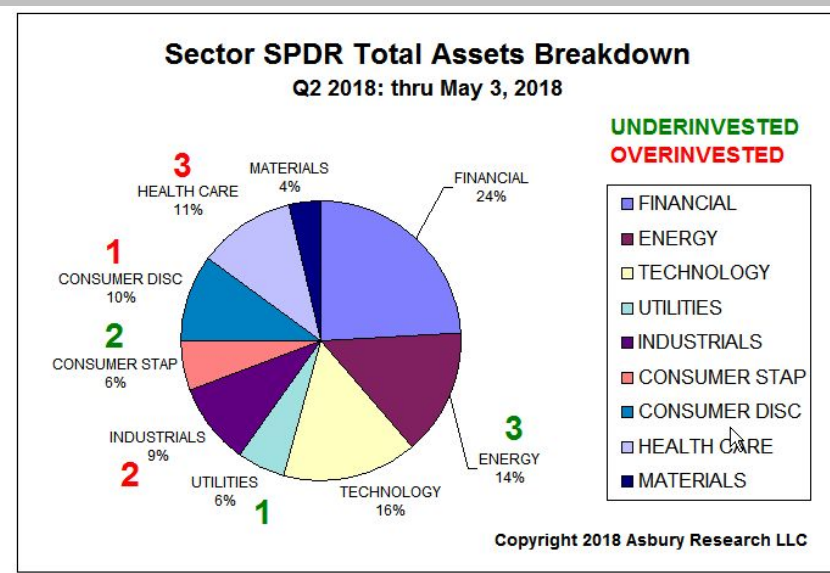


US Stock Market

**Sectors (2): Utilities, Consumer Staples Under-Invested.
Consumer Discretionary, Industrials Over-Invested.**



This chart shows the **historic** daily average distribution of assets invested in the original 9 Sector SPDR ETFs since the series began in May 2006.



This chart shows the **current** distribution of these assets through April 12th. The most *under-invested* sectors are **1) Utilities, 2) Consumer Staples** and **3) Energy**.

The most *over-invested* sectors are **1) Consumer Discretionary, 2) Industrials** and **3) Health Care**.



US Stock Market

Industry Groups (1): Health Care Services Targets Additional 9% Advance

SECTOR / INDUSTRY SELECTOR: OUTRIGHT PERFORMANCE					May 7, 2018
Asset	Ticker	Date Initiated	Positive/Negative	Target	Asbury Performance
SPDR KBW Insurance ETF	KIE	5/7/2018	Negative	28.00	NEW
SPDR Health Care Services	XHS	4/30/2018	Positive	73.00	+1%
KBW Bank Sector Index	BKX	3/26/3018	Negative	101.00	+1%
SPDR Industrials ETF	XLI	3/26/3018	Negative	67.50	+3%
SPDR Health Care Equipment ETF	XHE	3/12/2018	Positive	75.50	+2%

This table displays our current price targets for **Sector and Industry Group ETFs**, the date we made the target available to subscribers, and how the asset has performed since then.

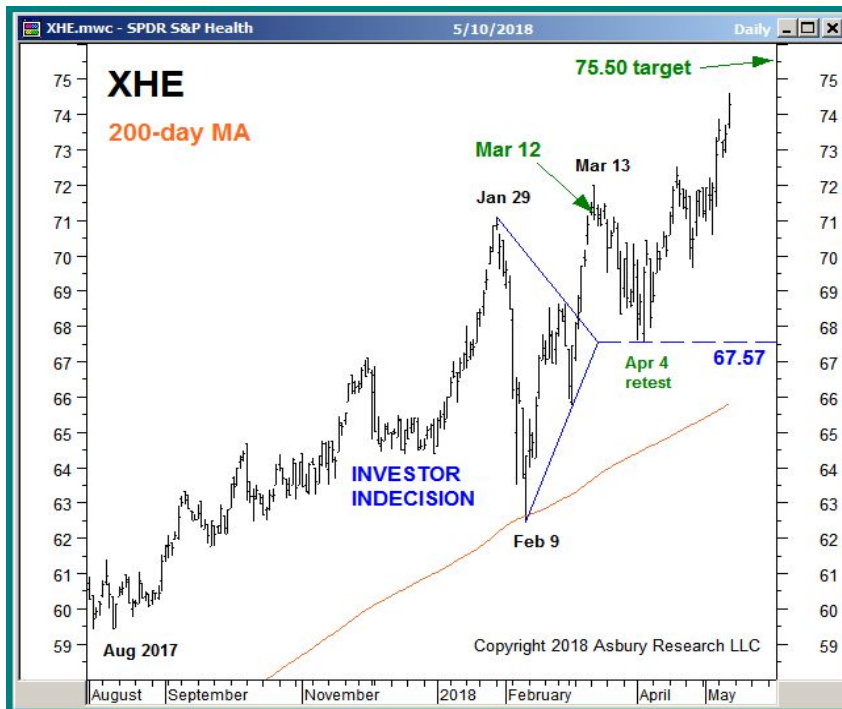


US Stock Market

Industry Groups (2): Health Care Services, Equipment Point Higher



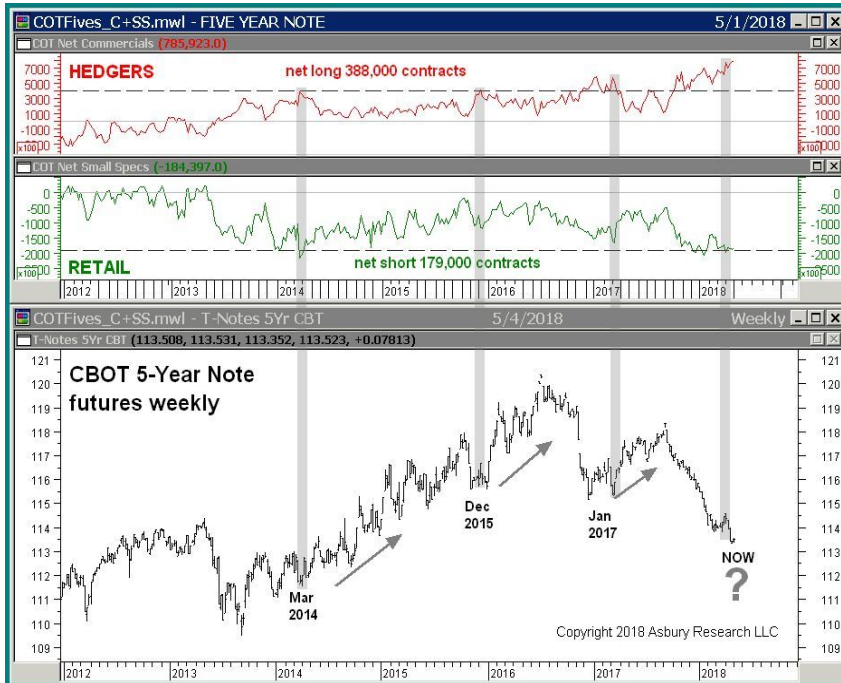
The SPDR Health Care Services ETF is tentatively resuming its late 2016 advance. A sustained rise above 64.80 targets a rise to 73.00 per share. *Positive correlation to SPX.*



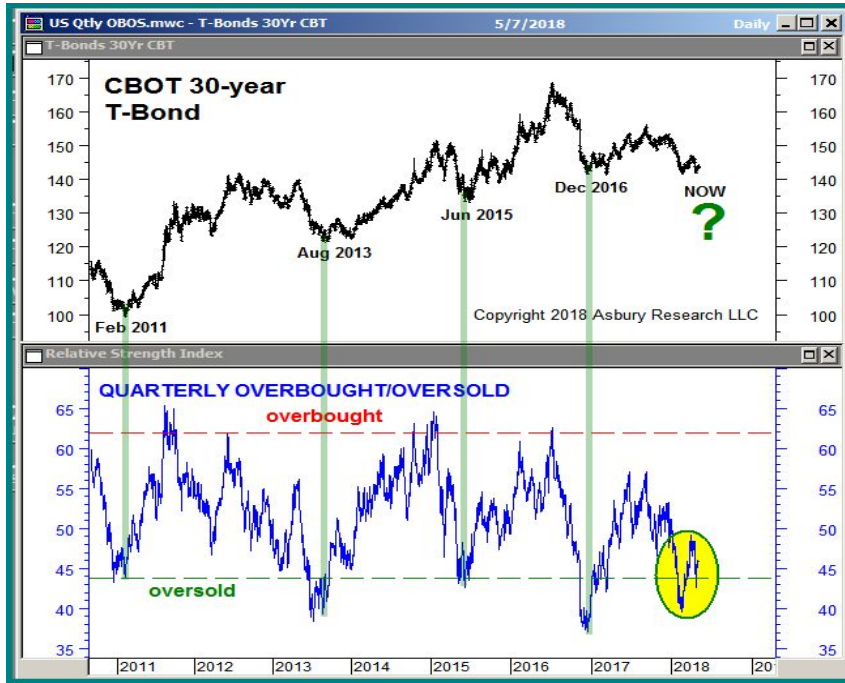
The SPDR S&P Health Care Equipment ETF is closing in on our 75.50 upside target following the March resumption of its long term 2012 advance.

US Interest Rates

Commercial Hedgers, Oversold Conditions Suggest Long Term Rates Are Peaking



“Smart money” commercial hedgers are at a record *net long (bullish)* extreme in CBOT 5-Year Notes, while “dumb money” retail traders are at an opposite *net short* extreme. *This is bullish for prices.*



Meanwhile, the price of the 30-year T-Bond is hovering at a quarterly oversold extreme that has historically been characteristic of intermediate term market bottoms.

US Interest Rates

Look For A Peak In The 10-Year At Or Near 3.04%



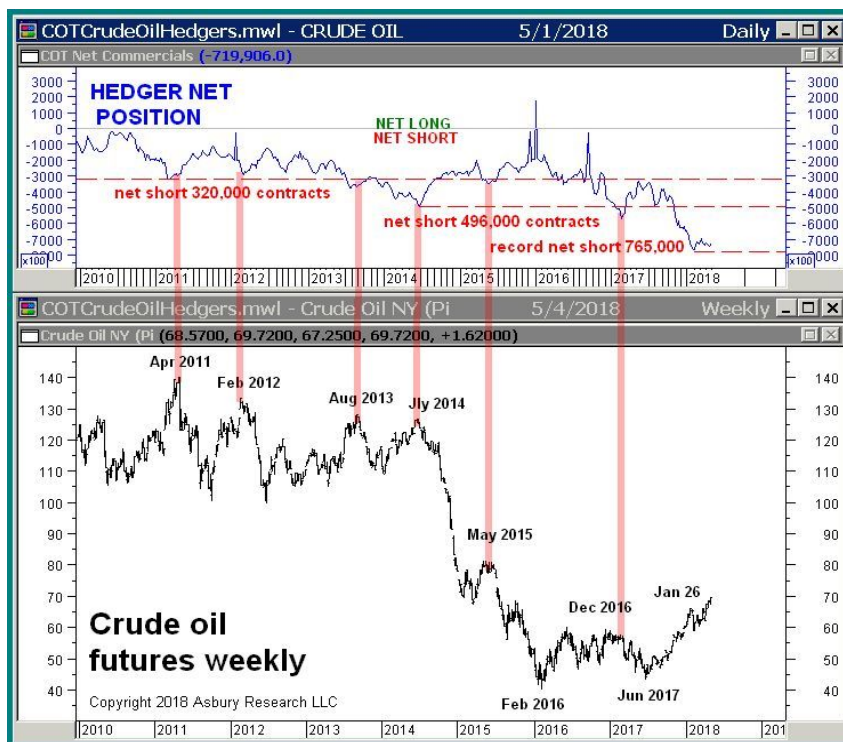
If 10-Year Treasury yields are indeed peaking, look for a decline from 3.04% - 3.13% -- and a potential move back down to the 2.82% to 2.62% area.



Meanwhile, the SPDR Portfolio Long Term Treasury ETF is attempting to rebound from important support at 33.72. Watch for a rally to begin here.

Crude Oil

Mis-Positioned Commercial Hedgers Could Drive Oil-Related Assets Much Higher



Commercial hedgers are holding a huge net short position in crude oil futures that equates to \$4.5 billion of open trade losses just between October and January.



One way to potentially participate in a continued rise in oil-related assets is via the SPDR S&P Oil & Gas Equipment & Services ETF, which is breaking out higher.

2 Ways To Get The Asbury Edge



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