

This tutorial was originally titled *Make Sector Trading Your Greatest Relative Strength* and was recorded at the Online Trading Expo

Sector Trading Strategies

Turning Steady Profits Even in Stubborn Markets

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Introduction

- Learn how to trade various market sectors
- Based on relative strength or weakness
- Increase daily trading opportunities
- Minimize risk
- Maximize profits

Fundamentals of sector trading

- Follow institutional money flow
- Rotate into strong sectors (buy)
- Rotate out of weak sectors (sell short)
- Learn reciprocal relationships

The Realm of Sectors We Trade

TECH STOCKS (MOSTLY NASDAQ)								
BIOTECHS	COMPUTER HARDWARE	COMPUTER SOFTWARE	COMPUTER STORAGE	INTERNETS	NETWORKERS	SEMIS	SMALL CAPS	WIRELESS
\$BTK.X	\$HWL.X	\$GSO.X		\$IX.X	\$NWX.X	\$SOX.X	\$RLX.X	\$WSH
BBH		SWH		HHH		SMH		WMH
Top-tier Bio Sector	PC Hardware OEM's	Productivity	Fiber-Channel (FC) Equip't:	Mega ISP's	Enterprise Networking Equip (Switches/Routers)	CPU's	Always check the intraday volume and spread	Cellular Voice Service Providers
Heavyweights	AAPL	ADBE	BRCD ***	AOL	CSCO	INTC	CVAS	AWE
AMGN	CPQ	INTU	EMLX ***	ELNK	CSCO	TMTA	CVAS	NXTL
BGEN	DELL	PSFT	FNSR	eCommerce	CS	Graphics-Video	FSII	PCS
DNA	GTW	SYMC	JNIC	AMZN	EXTR **	ATVI	IDCC	VZ
HGSI **	Unix Workstations	eBusiness Apps	MCDT	EBAY **	FDRY	ELBO	IO	Wireless Local Area Networks (LANs)
IDPH	HWP	BEAS	QLGC	Online Advertising	Backbone Routers	NVDA ****	MGL	
IMNX	SUNW	BVSN	Storage Hardware	CNET	AVCI	PXLW	OIL	AETH
MLNM	Conglomerates	IWOV	EMC	DCLK	JNPR ***	RMBS	SCOR	PROX
Genetic Mapping Research	IBM	SEBL	NTAP	YHOO	Next-Gen Packet Switching & Mux'ing Equip't	THQI	XOMA	SBL
AFFX	Manufacturing	EDA - Electronic Design Automation	SNDK	Infrastructure (Web Hosting, Portals, Multimedia)	Mixed-Signal Datacomm Plavs	XCAR		
CRA	FLEX	CDN	STK		AMCC **			
GENE	SANM	SNPS	Storage	EXDS	ONIS	BRCM ***		
GENZ	JBL	MENT	Networking	RNWK	SCMR	CNXT		
IVGN	CLS	Development Tools	Software	CMGI ***	RBK	IDTI		
MEDX	Handheld	CPWR	LGTO		Optical WAN/Telco Plays (OC-12+)	PMCS ***		
MLNM *	Computing	RATL	VRTS	B2B		RFMD		
Cancer	(PDA's)	Application Management	Storage	FMKT		VTSS		
ABGX	HAND		Peripherals	INKT	ALA	STM		
CELG	PALM	NETA	ADPT	ITWO	PCLN	TXCC		
CEPH	RIMM	CTXS			GLW **			
DNA	Test Hardware	MERQ			JDSU	Mixed-Signal		
IMCL	A	MUSE			LU	CRUS		
MYGN	TER	PRGN			NT *	IRF		
VRTX	TEK	QSFT			SONS	LLTC		
Diabetes					Cellular Telephone HW/SW	MXIM		
INHL		Entertainment				NSM		
Heart Disease		ERTS			CMVT	Mixed-Signal + DSP	Semis - Continued	
CORR		Security			ERICY	Conglomerates	Superconductors	
CHIR		CHKP ***			MOT	ADI	SCON	
Neurology		RSAS			NOK	TXN	CDTS	
ELN		VRSN ***			OPWV	Semcustom Logic	ISCO	
Infectious		Enterprise Database			QCOM ***	ALTR		
ENZN		Apps			Cable Modem Hardware	LSI		
GILD		ORCL				MCHP		
MEDI		CA			SFA	XLNX		
PDLI		Manufacturing Support				LSCC		
Pharmaceutical Processing		PMTIC				MEMORY		
SEPR *						ATML		
						CY		
						MU		
						Semi Equipment		
						AMAT *		
						ASML		
						CREE		
						KLAC		
						LRCX		
						NVLS		

NOTE 7-8-01: The Biotech Sector is tricky to subclassify (segment). This is a preliminary grouping, and we will refine as we research each Company. If you are a Biotech expert, please report for duty on the Biotech sector team!



MASTER STALK LIST (Sector Model)

NOTES:
Hot List
* = Degree of Demonic possession;
Devil Stocks

OTHER MARKET SECTORS (MOSTLY LISTED)

OTHER MARKET SECTORS (MOSTLY LISTED)								
FINANCIALS			DRUGS & HEALTHCARE		ENERGY COMPLEX			
BANKS & FINANCIALS	BROKERS	CHEMICALS & PRECIOUS METALS	DRUGS	HEALTHCARE	POWER, UTILITIES	OIL COMPANIES	RETAIL	TELCO SERVICE PROVIDERS
\$BKX.X	\$XBD.X	\$CEX.X	\$DRG.X	\$HCX.X		\$XOI.X	\$RLX.X	\$XTC.X
		PPH					TTH	
Consumer Financial Services	Traditional Brokers	Chemical Manufacturing	Major Drug Companies	Healthcare Equipment and Supplies	Power Sector (High Beta)	Oil Producers	Department / Discount Stores	ILEC's (Incumbent)
AXP	AGE	APD	BMJ	ETR	AHC	MAY	AT	BLS
FNM	GS	PX	JNJ	BAX	CHV	KMG	MAY	SBC
FMC	LEH	Plastic & Rubber	LLY	BSX	CPN	MRO	FD	Q
Money Center Banks	MWD	MMM	MRK	GDT	Alternative Energy	OXY	WMT	VZ
BAC	SCH	DD	PFE	MDT	FCEL	P	TGT	Major IXC's (Inter-Exchange Carriers)
BK	MER	ROH	Second Tier	STJ	PLUG	RD	S	JCP
C	Discount Brokers	DOW	ABT	Healthcare Facilities	BLDP	SUN	KSS	KSS
FBF	NITE	Precious Metals	AHP	HCA	HPOW	TX	Grocery Stores	FON
FTU	AMTD	ABX	PHA	THC	BCON	UCL	ABS	T
JPM		ECO	TTP		IMCO	XOM	KR	TMX
ONE		HM	SGP				SWY	WCOM
Regional Banks		PDG			Traditional Utilities	\$OSX.X	Drug Stores	CLEC's (Competitive Local Exchange Carriers)
PNC		NEM			EPG		RAD	BRW
PVN					WMB		CVS	GX
STI					SO		WAG	LVT
USB					DUK		HAL	Wireless Svc Providers
WFC					AEP		KMG	CC
FITB					DUK		NE	RIG
KEY					Note: We are just starting to build out the ENERGY sector, a lot of changes pending in the next release of this spreadsheet. Input welcome from knowledgeable Intraday members.		PTEN	Apparel Stores
MEL							RIG	ROST
NCC							SII	GPS
NTRS							SLB	LTD
Insurance Companies							TDW	ANF
\$IUX.X								TLB
HUM								Specialty Stores
UNH								BBBY
WLP								SPLS
ALL								COST
AIG								TOY
AFL								Home Improvement
CNC								LOW
SPC								HD
UNM								Consumer (non-cyclical)
AET								KKD
CB								MCD
CI								KO
HIG								SBUX
LNC								
PGC								
AOC								
PGR								
SAFC								



intradayinvestments

managing capital intraday, sleeping well at night.

MASTER STALK LIST (Sector Model)

NOTES:
Hot List

A few examples of Typical Sector Rotation

OUT OF

Technology sectors
Oil
Broader market

INTO

Drugs
Transports
Gold/Utilities

Obviously, the inverse of these relationships is also true.

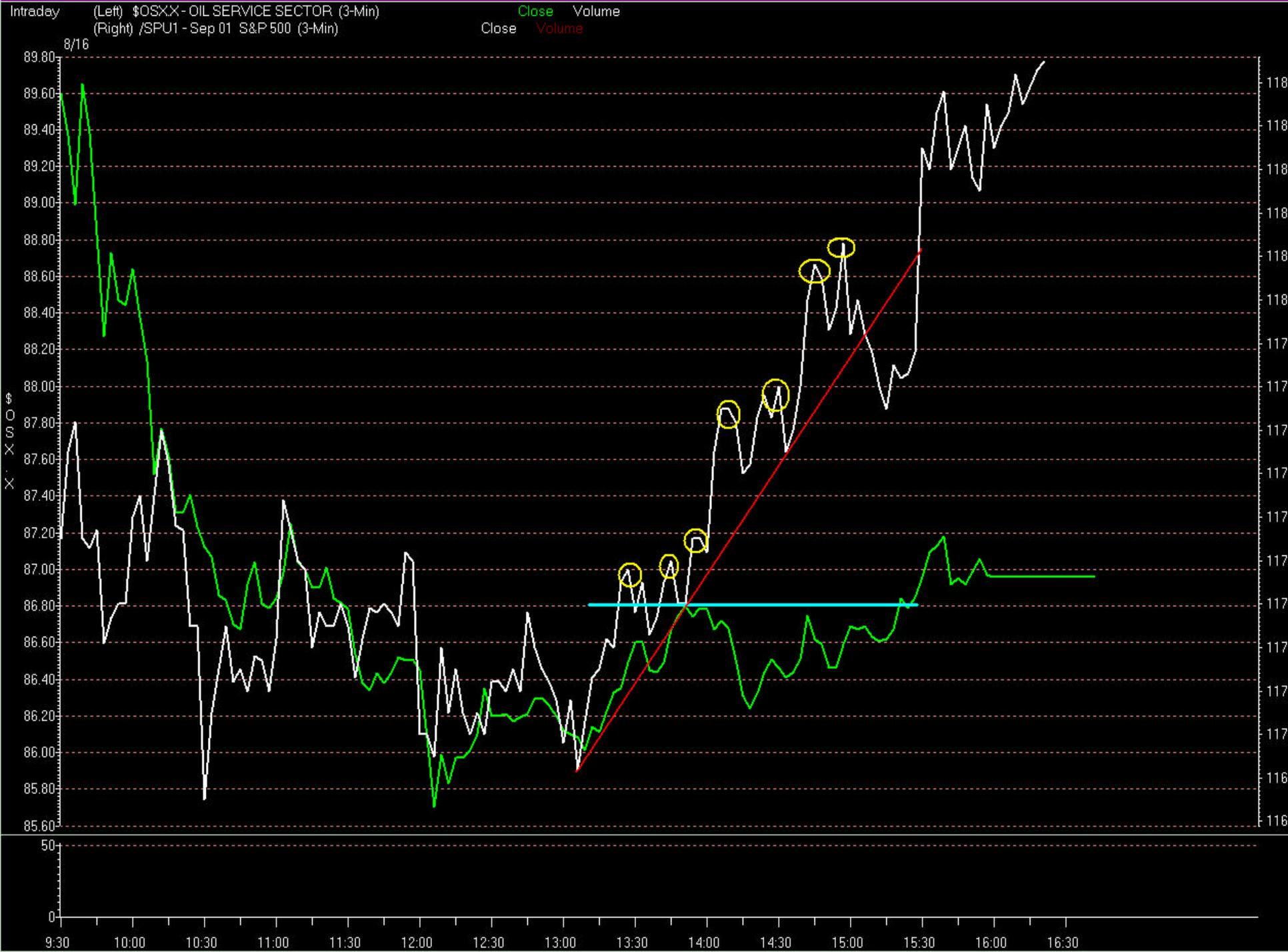
The sector tracking stocks (holders):

QQQ (Nasdaq 100)
SPY (Spyder/S&P 500)
DIA (Diamonds/DJIA)
BBH (Biotech)
PPH (Drugs)
SMH (Semis)
SWH (Software)
TTH (Telecom)
WMH (Wireless)
HHH (Internets)
OIH (Oil Service)

Four keys to sector trading

- Always trade with the trend of the markets
- Trade sectors showing the most relative strength or weakness to the markets
- Trade the leaders, not the laggards
- Remember that volume speaks volumes!



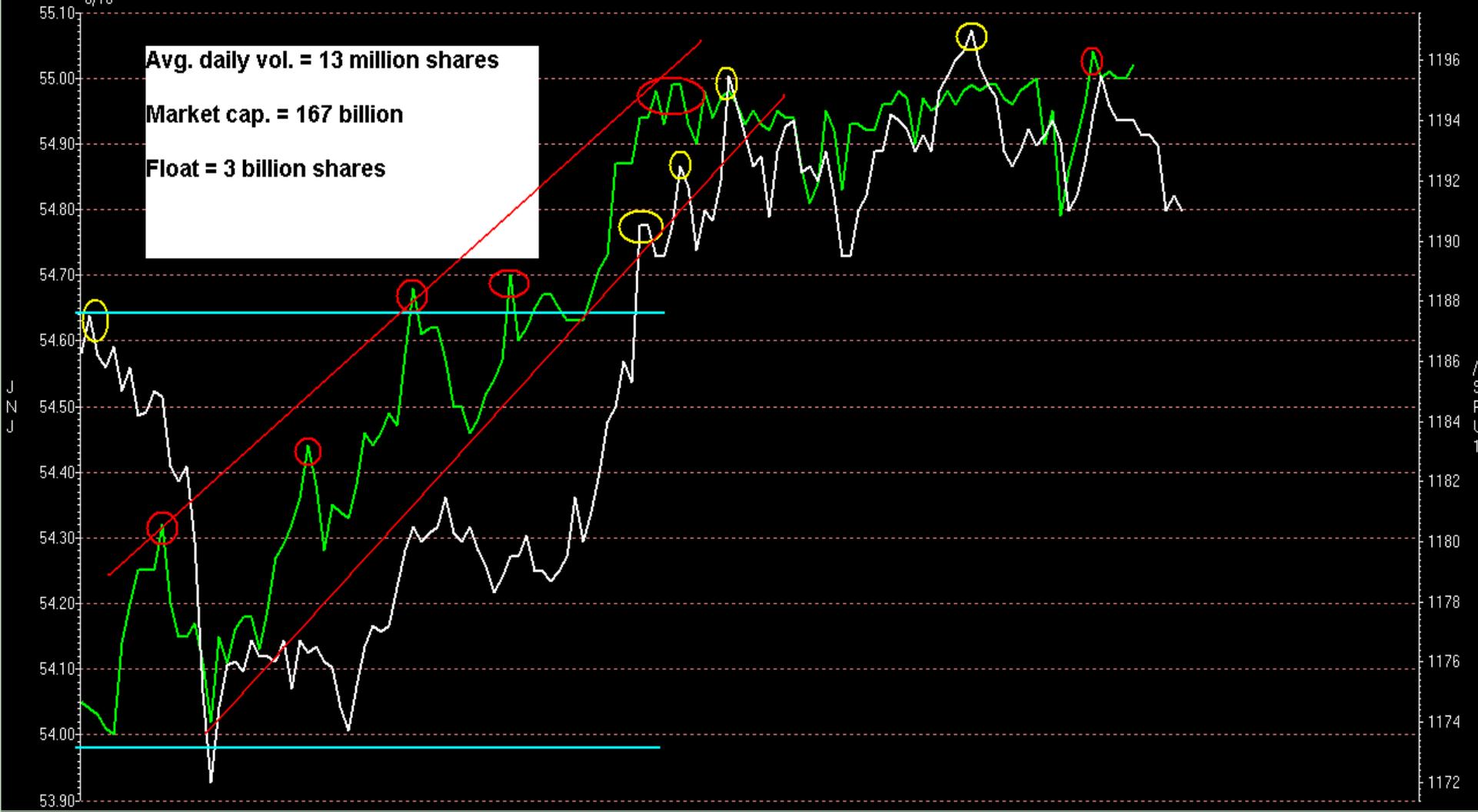


SECTOR INDICES



	Symbol	Last	Chg. %	Low	High	Change
↑	\$CEX.X	404.76S	-1.19	403.06	406.51	-.78
↑	\$DJU	338.77S	-.50	337.56	340.74	-1.69
↑	\$DRG.X	391.9 S	-.94	389.0	392.5	-3.7
↑	\$XNG.X	211.11S	-1.01	210.79	212.66	-2.16
↓	\$OSX.X	85.92 S	-1.20	85.35	86.86	-1.04
↓	\$IUX.X	723.13S	-1.33	719.32	729.18	-9.77
↑	\$DJT	2824.65S	-1.38	2816.48	2864.91	-39.57
↓	\$BKX.X	888.53S	-1.41	884.98	895.95	-12.73
↑	\$XOI.X	551.27S	-1.50	550.15	555.31	-8.37
↑	\$RLX.X	869.35S	-1.52	862.74	870.64	-13.38
↑	\$XTC.X	863.77S	-2.20	860.57	868.72	-19.42
↓	\$BTK.X	492.78S	-2.68	492.67	503.33	-13.57
↓	\$NWX.X	296.92S	-2.85	294.28	299.89	-8.70
↓	\$HWI.X	153.92S	-3.18	152.88	155.14	-5.05
↑	\$GSO.X	165.60S	-3.27	165.22	167.90	-5.60
↑	\$TXX.X	528.44S	-3.27	526.82	534.91	-17.89
↓	\$IIX.X	144.21S	-4.43	143.98	148.14	-6.69
↓	\$SOX.X	555.54S	-4.72	552.41	564.31	-27.49





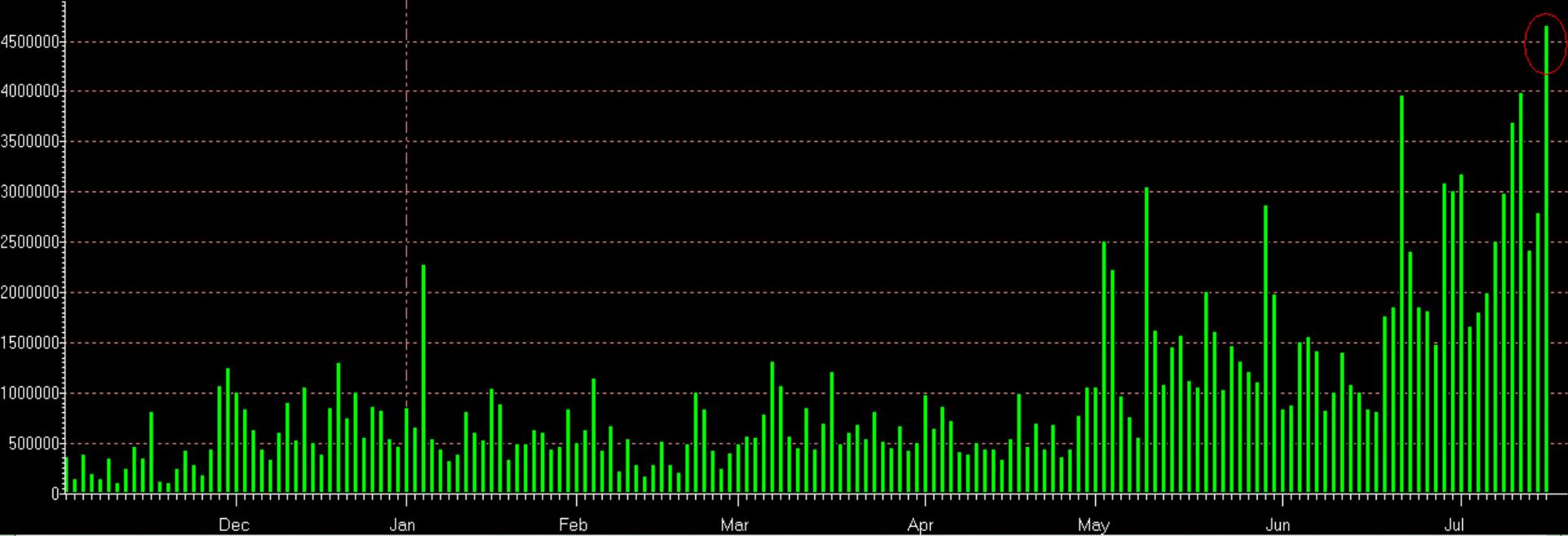




Daily (Left) PTEN - PATTERSON-UTI ENERGY INC

Bar Volume

2001



Summary

- Determine trend of markets
- Find sectors with relative strength or weakness
- Trade the high-volume leaders in each sector