ALL STAR CHARTS INSTITUTIONAL

Top 10 Charts of The Week (05-01-2019)

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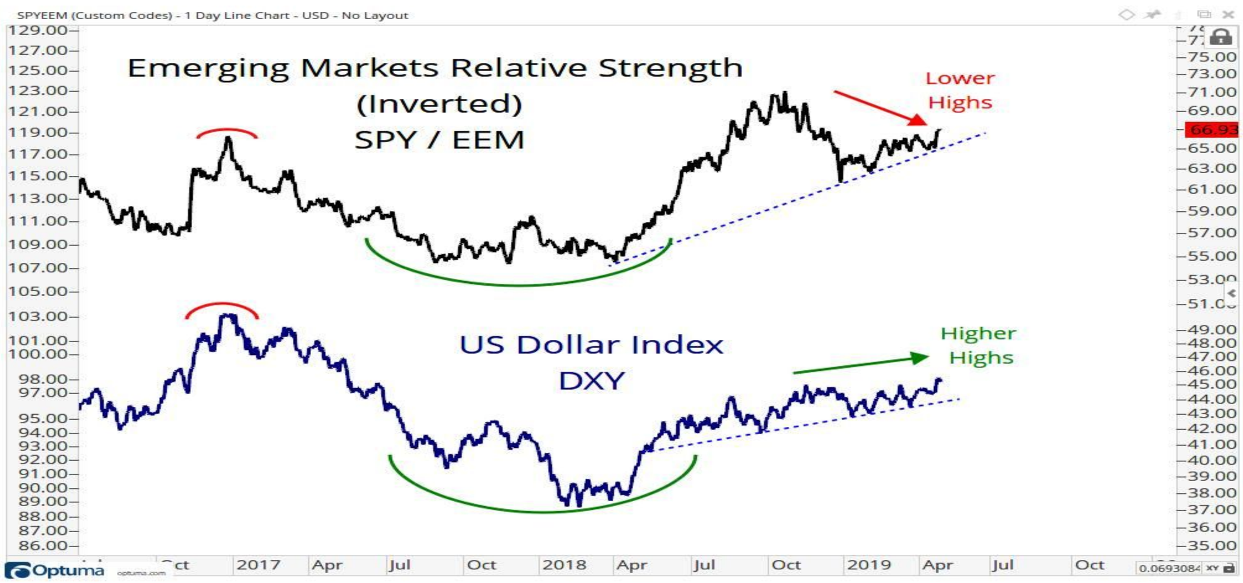
1. Won Of The Most Attractive Dollar Longs

The US Dollar has been getting a lot of attention this week as it hit new multi-year highs. One currency it is performing particularly well against is the Korean Wan. $USD/$KRW continues to grind higher after breaking out of a multi-year base last week to levels not seen since January of 2017. We want to be long above 1,145 with a long-term target of 1,245.

2. Dollar's Divergence With Emerging Markets Remains Intact

This chart illustrates the positive relationship between the US Dollar and the performance of the S&P 500 relative to Emerging Markets. The ratio typically moves in tandem with $DXY as a stronger Dollar is consistent with the outperformance of US Equities. We are seeing a negative divergence in this relationship in 2019 as the ratio has failed to make new highs with the Dollar. Considering this in the context of the textbook failed breakout in $DXY this week makes this something we want to keep a close eye on. A violation of this trendline could be an early indication that the recent Dollar strength is not sustainable.

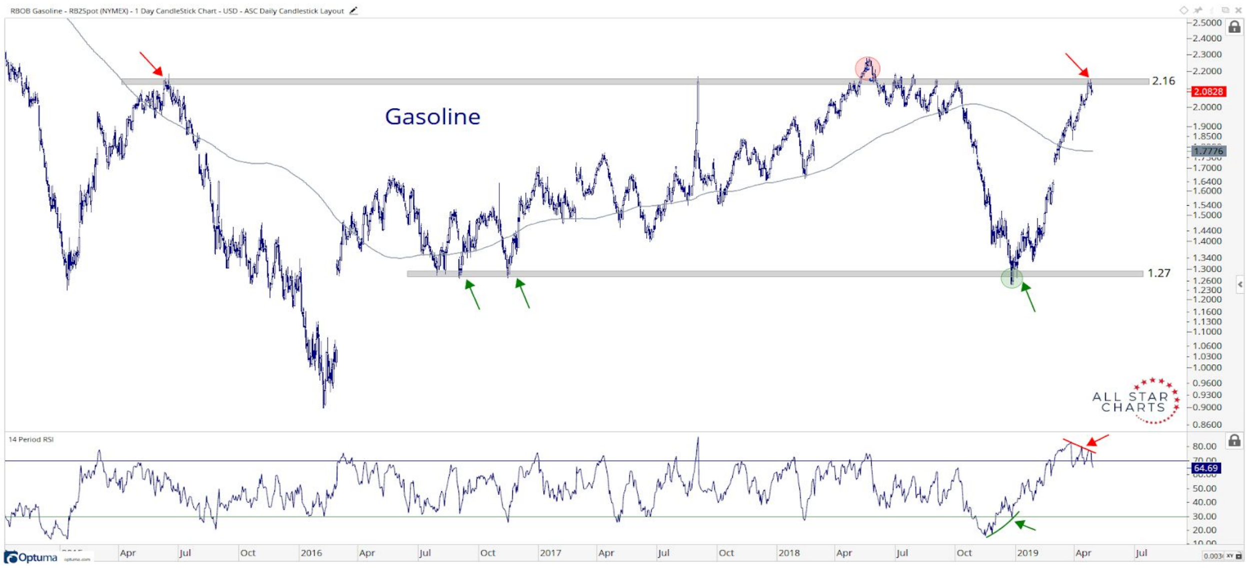


3. We Oat To Pay Attention To This Relative Strength

The bigger the base, the higher in space. Oats have been making higher highs and higher lows and consolidating in a healthy base since 2016. This week prices broke out to fresh 4-year highs. This may require some backing and filling but we want to be long above support near 299 and are encouraged by the relative strength here compared to the rest of the Agriculture space.

4. Energy Leader Running Out Of Gas

Despite RBOB Gasoline futures rallying roughly 70% in just 4-months, prices are still trapped below significant overhead supply at the 2015 and 2018 highs. Prices are extended from a flat 200-day moving average and momentum continues diverging lower with each new high. We would be taking profits at this level and waiting to see how price reacts at this resistance. Given this has led on the way up, any weakness here will likely be accompanied by selling in Crude and Heating Oil. Weakness in Energy stocks also remains a concern for all three.



5. Energy Stocks' Path To Downside Remains Slick

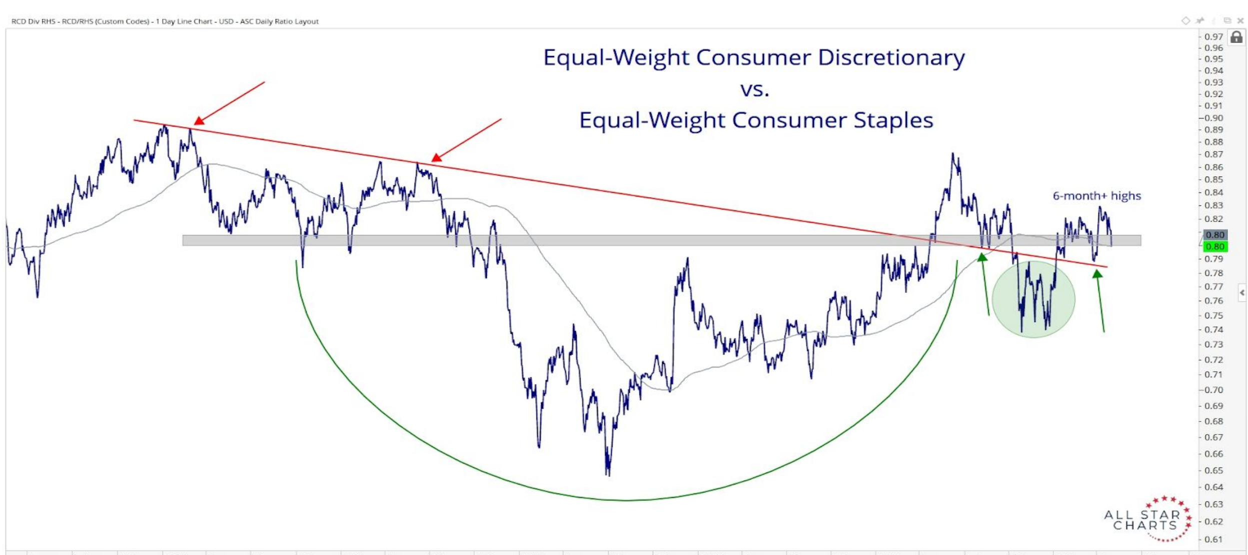
The slow rotation into this sector has quickly been halted, with strong selling in Energy Commodities and stocks across the board over the last week. Oil Services remains the weakest and most well-defined on an absolute basis, but we're seeing new relative lows in XLE, XOP, and OIH (with the exception of Refiners). This last week's action reiterates the long-term downtrend in the space and suggests that selling strength remains the best course of action.

6. Biotech Subsector Health In Decline

Within a weak Healthcare sector we see the Equal-Weight Biotech ETF breaking down, signaling the end of the counter-trend rally that began in the fourth quarter. We want to be underweight this subsector as a retest of its 2018 lows looks likely over the next 3-6 months.

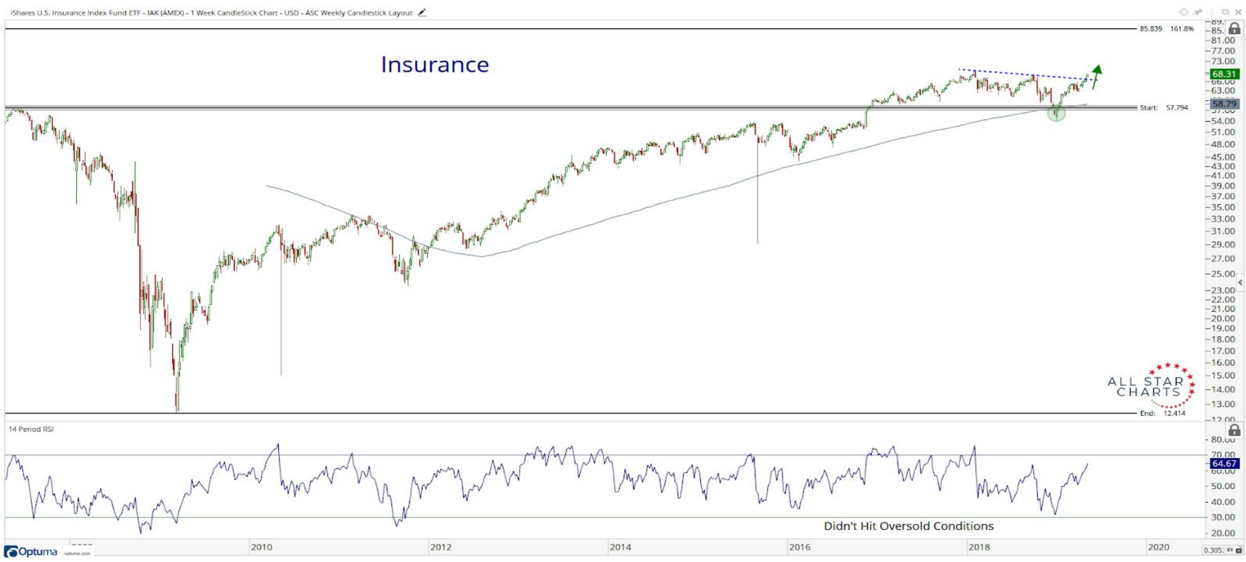
7. Risk-On Signals Remain Mixed

Near-Term gauges of risk appetite like the ratio of Consumer Discretionary vs Consumer Staples continue to chop around and remain rangebound after attempting to break higher earlier in the month. We're watching this relationship and others like High Beta vs Low Volatility, the S&P 500 vs Utilities and Staples, etc. for confirmation of a more risk-on environment for Equities. So far, the evidence has been mixed at best.



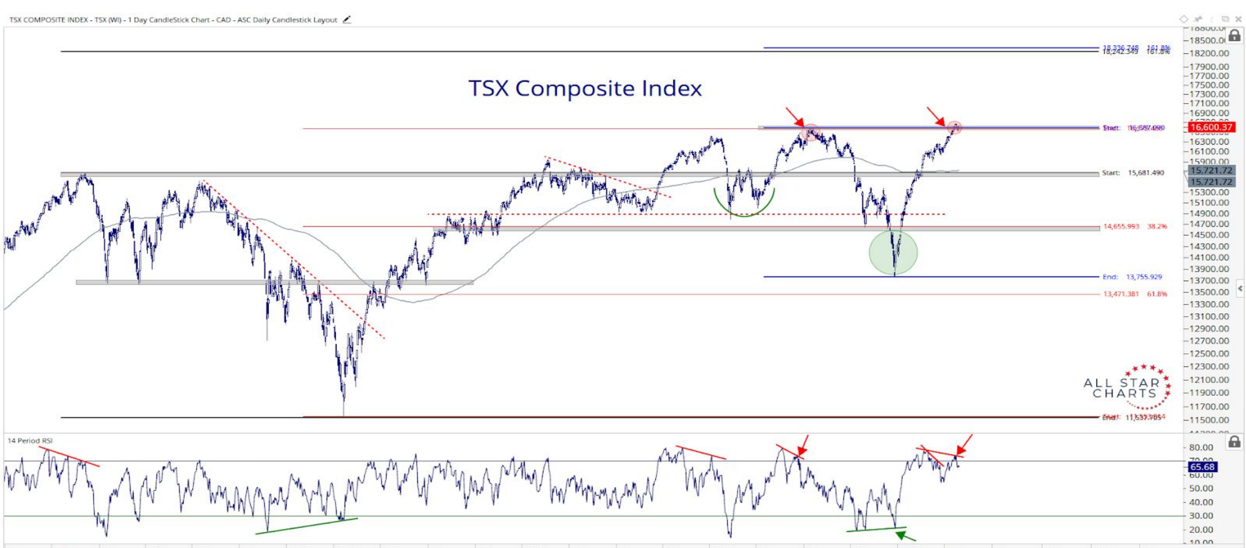
8. Price Action Of Insurers Continues To Improve

Rotation into Financials continues and the subsector that stands out to us is Insurance. If we look at the weekly chart below, we can see a successful retest of its 2007 highs late last year with momentum staying out of oversold conditions. This is in contrast to other Financials subsectors that struggled with their 2007 highs and are just now beginning to accelerate to the upside. The Insurance space remains an area we're focused on for opportunities on the long side.



9. Canada or Cant-ada?

Canada, like the US and several other countries, is struggling to exceed its highs from last year as momentum and breadth diverge. Given these divergences and the presence of a flat 200-day moving average, some consolidation would be extremely healthy before attempting a breakout to new highs. Despite our bullish outlook from a structural perspective, tactically if we're below those former highs then risk is elevated and a more neutral approach towards the indexes is best.



10. An Emerging Leader In Emerging Markets

In the Emerging Markets space we've been eyeing this pullback in the Philippines on a relative basis. Prices have stabilized above support, momentum has remained in a bullish range, and the 200-day is rising, offering an attractive entry on the long side. If prices are above their year-to-date lows, the bias remains to the upside with an initial target of its 2019 highs.

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