

ETFSector.com

Sector Dashboard:

Information Technology Sector

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Industry Level Dashboard

ETFSECTOR.COM | INDUSTRY LEVEL DASHBOARD | INFORMATION TECHNOLOGY SECTOR

Sector/Industry	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM
45 Information Technology	1.42	1.09	0.55	0.67
451020 IT Services	0.16	0.44	0.71	23.79
451030 Software	1.08	1.07	0.16	37.39
452010 Communications Equipment	0.25	1.45	1.38	37.98
452020 Technology Hardware Storage & Peripherals	0.62	1.97	0.97	-34.63
452030 Electronic Equipment Instruments & Components	0.16	0.91	0.46	29.97
453010 Semiconductors & Semiconductor Equipment	3.56	1.04	0.54	-56.56

Software, Equipment and IT Services industries have positive intermediate-term momentum, while Semiconductors and Hardware have been negative over that time frame

Semiconductors continue to project strong growth, but our valuation adjusted metric indicates that growth has mainly been priced in and is now reflected in the multiple accorded the industry

Hardware, with AAPL an obvious and notable exception, has historically been a value play and the discount to earnings there reflects that

Metrics:

(Formulas are in the appendix at the end of the report)

Cap. Weighted Earnings Growth

Higher score preferred when Large/Mega Cap stocks outperforming

Valuation Adjusted Earnings Growth

Higher scores preferred absent high momentum

Volatility Adjusted Income

Higher score preferred when equities and yields are moving lower

Momentum

Long higher scores, short lower scores

IT Services Industry

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TICKER	Sector/Industry	PROJECTED EARNINGS GROWTH	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM	PRICE STRUCTURE	Distance from 200 Day EMA (%)	Distance from 200 Day EMA (%)	OB/OS?	Near-term OB/OS?
451020 IT Services											
GDDY		0.04	0.01	0.1	0.00	23.9	Uptrend	7.5	3.6		
IBM		0.67	1.00	2.6	2.93	21.8	Bullish Reversal	12.1	9.9		
VRSN		0.09	0.01	0.3	0.00	12.6	Consolidation	11.9	7.8		
EPAM		0.53	0.05	2.2	0.00	6.6	Bullish Reversal	11.7	8.7		
CTSH		0.11	0.03	0.6	1.05	5.6	Consolidation	11.5	10.1		
ACN		0.12	0.19	0.4	0.95	2.4	Consolidation	6.7	5.6		
IT		-0.22	-0.06	-0.5	0.00	-6.7	Bullish Reversal	0.3	0.8		
AKAM		0.80	0.07	5.2	0.00	-11.4	Consolidation	2.7	2.5		

NT OVERBOUGHT

Most of the earnings growth and income in this industry is with IBM

GDDY has momentum, and clearly is driven by a Growth story

EPAM has acted weill in the near-term and its earnings are discounted

Software Industry

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TICKER	Sector/Industry	PROJECTED EARNINGS GROWTH	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM	PRICE STRUCTURE	Distance from 200 Day EMA (%)	Distance from 200 Day EMA (%)	OB/OS?	Near-term OB/OS?
451030 Software											
PLTR	Software	182%	2.93	0.8	0.00	218.3	Uptrend	53.2	35.4	OVERBOUGHT	NT OVERBOUGHT
CRWD		925%	6.16	8.5	0.00	42.1	Bullish Reversal	23.7	18.1		NT OVERBOUGHT
FTNT		8%	0.04	0.2	0.00	27.1	Bullish Reversal	14.7	10.2		NT OVERBOUGHT
ORCL		66%	2.00	2.4	0.46	10.3	Uptrend	1.9	2.6		
TYL		80%	0.14	1.3	#N/A	6.0	Bullish Reversal	8.1	8.7		
CRM		139%	2.75	4.5	0.16	3.3	Bullish Reversal	0.9	-1.1		
ADSK		98%	0.40	2.9	0.00	1.4	Consolidation	2.3	1.3		
PANW		-13%	-0.11	-0.2	0.00	0.9	Consolidation	8.5	8.5		
NOW		140%	1.78	2.2	0.00	0.5	Consolidation	-4.5	-6.2		
GEN		131%	0.14	10.7	1.04	-1.2	Consolidation	0.5	1.9		
ROP		39%	0.15	1.3	0.41	-4.8	Consolidation	5.0	5.5		
WDAY		38%	0.13	1.2	0.00	-7.2	Consolidation	0.6	-0.6		
ANSS		80%	0.15	2.5	0.00	-8.6	Consolidation	-0.6	-1.4		
CDNS		55%	0.28	1.2	0.00	-8.7	Consolidation	-0.8	-2.2		
FICO		41%	0.11	0.7	0.00	-10.1	Retracement	-8.3	-5.7		
MSFT		11%	2.18	0.4	0.64	-12.5	Consolidation	-3.3	-3.0		
SNPS		3%	0.01	0.1	0.00	-13.1	Retracement	1.7	2.9		
PTC		83%	0.11	2.9	0.00	-18.4	Consolidation	-9.2	-8.0		
INTU		85%	0.87	2.9	0.41	-22.5	Consolidation	-5.5	-4.2		
ADBE		65%	0.82	2.8	0.00	-24.9	Downtrend	-0.2	4.5		

AI and Cyber security plays drive near-term performance

As the story is currently told, consensus earnings expectations haven't been priced in at the market multiple for stocks like CRWD, CRM and PLTR

Based on our fundamental metrics, MSFT may be getting more attractive after 6- months of price consolidation

Communications Equipment Industry

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452010 Communications Equipment											
FFIV		51%	0.06	2.3	0.00	37.0	Bullish Reversal	16.9	11.7		NT OVERBOUGHT
CSCO		46%	0.73	2.6	2.60	15.5	Bullish Reversal	7.7	5.1		
ANET		33%	0.29	0.7	0.00	15.3	Uptrend	-0.8	-4.8		
MSI		59%	0.29	1.8	0.59	1.8	Uptrend	-0.5	-0.5		
JNPR		143%	0.11	7.9	2.41	-15.5	Consolidation	-2.5	-2.0		

FFIV and CSCO have momentum behind them

ANET is at a potential pivot point sitting just below its 200-day exponential moving average

Tech Hardware Storage & Peripherals Industry

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TICKER	Sector/Industry	PROJECTED EARNINGS GROWTH	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM	PRICE STRUCTURE	Distance from 200 Day EMA (%)	Distance from 200 Day EMA (%)	OB/OS?	Near-term OB/OS?
452020 Technology Hardware Storage & Peripherals											
SMCI		32%	0.05	2.3	#N/A	4.9	Support	20.6	27.4		NT OVERBOUGHT
HPE		11%	0.02	1.1	1.45	4.6	Consolidation	-1.7	-2.9		
AAPL		20%	4.64	0.6	0.26	0.9	Consolidation	2.6	1.0		
WDC		-321%	-0.47	-29.5	0.01	-0.1	Consolidation	3.3	5.2		
STX		369%	0.50	30.8	1.52	-3.1	Consolidation	4.4	7.2		
DELL		79%	0.20	6.4	1.29	-5.7	Support	-4.0	-1.1		
NTAP		58%	0.09	3.6	0.91	-6.5	Consolidation	-2.8	-1.8		
HPQ		27%	0.05	2.8	2.10	-10.6	Consolidation	-1.5	1.2		

SMCI is attempting a bullish reversal out of its longer-term correction

AAPL still projecting strong forward growth

Electronic Instruments & Components Industry

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TICKER	Sector/Industry	PROJECTED EARNINGS GROWTH	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM	PRICE STRUCTURE	Distance from 200 Day EMA (%)	Distance from 200 Day EMA (%)	OB/OS?	Near-term OB/OS?
452030 Electronic Equipment Instruments & Components											
JBL		-22%	-0.03	-1.1	0.14	27.2	Bullish Reversal	12.6	6.4		
GLW		303%	0.85	13.2	1.40	20.3	Bullish Reversal	5.7	3.6		
KEYS		98%	0.19	3.8	0.00	13.3	Consolidation	7.4	5.7		
TRMB		127%	0.14	4.8	0.00	11.6	Bullish Reversal	2.8	0.3		
TDY		25%	0.04	1.1	0.00	2.4	Bullish Reversal	3.6	1.9		
APH		20%	0.11	0.6	0.60	-2.4	Consolidation	-1.7	-2.0		
TEL		-22%	-0.06	-1.1	1.06	-6.5	Downtrend	3.6	4.3		
ZBRA		58%	0.06	2.7	0.00	-13.6	Bullish Reversal	-16.1	-15.9		
CDW		23%	0.04	1.2	1.03	-19.9	Consolidation	-1.8	0.1		

NT OVERSOLD

JBL retains positive momentum despite a negative consensus earnings outlook

GLW and TRMB show improving funda mentals and Technicals

ZBRA pooched its earnings and is headed for a downgrade in our work

Semiconductors & Semiconductor Equipment Industry

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TICKER	Sector/Industry	PROJECTED EARNINGS GROWTH	CAP WTD EARNINGS GROWTH	VALUATION ADJUSTED EARNINGS GROWTH	VOLATILITY ADJUSTED INCOME	MOMENTUM	PRICE STRUCTURE	Distance from 200 Day EMA (%)	Distance from 200 Day EMA (%)	OB/OS?	Near-term OB/OS?
453010 Semiconductors & Semiconductor Equipment											
AVGO		416%	28.84	11.3	0.75	38.7	Uptrend	10.7	1.6		
NVDA		147%	30.58	4.6	0.02	10.5	Consolidation	1.3	1.3		
KLAC		56%	0.36	2.2	0.41	-2.1	Bullish Reversal	7.9	7.4		
QCOM		30%	0.36	2.0	1.07	-3.8	Consolidation	4.2	4.2		
LRCX		29%	0.19	1.3	0.44	-7.7	Support	6.7	6.5		
MU		913%	6.10	80.4	0.25	-9.8	Support	-1.7	1.6		
ADI		116%	0.76	4.0	1.16	-10.3	Consolidation	-2.8	-1.9		
INTC		-112%	-0.73	-2.6	0.21	-11.5	Downtrend	14.1	18.2		NT OVERBOUGHT
MPWR		-54%	-0.12	-1.3	0.45	-12.5	Support	5.0	8.8		
TER		19%	0.02	0.7	0.23	-12.8	Consolidation	-7.7	-9.0		
AMAT		8%	0.08	0.4	0.41	-13.0	Consolidation	2.6	4.1		
TXN		3%	0.03	0.1	1.97	-14.6	Downtrend	-5.3	-3.3		
NXPI		21%	0.07	1.1	0.91	-16.3	Support	0.8	3.2		
FSLR		70%	0.08	9.0	0.00	-27.5	Support	-12.8	-8.5		
AMD		367%	4.16	15.2	0.00	-33.2	Downtrend	-10.9	-5.7		
MCHP		-63%	-0.11	-1.4	1.67	-35.7	Downtrend	-9.7	-3.0		
ENPH		343%	0.18	17.8	0.00	-38.7	Downtrend	-11.9	-5.6		
ON		-30%	-0.04	-1.5	0.00	-39.3	Downtrend	-15.0	-10.1		NT OVERSOLD
SWKS		31%	0.02	2.0	2.35	-41.9	Support	-24.0	-21.5	OVERSOLD	NT OVERSOLD

Depending on what you believe, there are some deals here, particularly MU, AMD, ENPH and FSLR...most of those are down and out stocks so we'd want to see some positive price action develop ahead of an entry

Metric Interpretation/Description

Valuation Adjusted Earnings Growth

Higher scores with positive momentum preferred

Valuation Adjusted Earnings Growth (simple mean)

Relative Earnings Growth Multiple (vs. Benchmark)

Divided by

Rel. Valuation Multiple (vs. Benchmark)

Relative Earnings Growth Multiple:

Company Earnings Growth:

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) /
Restated LTM Annual Earnings

Divided by

Benchmark Earnings Growth:

Benchmark consensus mean EPS NTM / Restated Annual Benchmark
EPS

Relative Valuation Multiple

Company NTM P/E / Index NTM P/E

Volatility Adjusted Income

Higher score preferred when equities and yields are moving
lower

Volatility Adjusted Income (simple mean)

Dividend Yield Multiple

Divided by

3yr Beta Vs. S&P 500

Dividend Yield Multiple

Stock Dividend Yield (Consensus NTM)

Divided by

S&P 500 Dividend Yield (Consensus NTM)

Metric Interpretation/Descriptions

Cap. Weighted Earnings Growth

Higher score preferred when Large/Mega Cap stocks outperforming

Cap. Weighted Earnings Growth

Consensus EPS Estimates for the next 4 Unreported Qtrs (FY1) / Restated LTM Annual Earnings * weight of each company in the universe 1-n

Momentum

Long higher scores, short lower scores

Momentum (simple mean)

1-Month Excess Total Return (vs. S&P 500) * 0.1

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.3

Plus

6-Month Excess Total Return (vs. S&P 500) * 0.4

Plus

12-month Excess Total Return (vs. S&P 500) * 0.2

Metric Interpretation/Descriptions

Price Structure

We categorize stock chart patterns into 7 categories

Uptrend—Stock exhibits sustained outperformance

Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

Consolidation—Sideways price action, generally a bearish pattern in a bull market

Retracement—A sharp move lower in a previously strong chart

Distributional—A topping pattern

Downtrend—Sustained underperformance, lagging the benchmark by >15% per year

Support—Price has reached a level where major bottom formations or basing has occurred in the past

Basing—A protracted consolidation at long-term support

Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.