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The market has confirmed an uptrend
This report summarizes future stock picks
within emerging industries groups.

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The short-term S&P 500 rally I was looking for this week has led to a follow-through day yesterday. With the market in a confirmed uptrend, leadership stocks will set up for buying opportunities. The market is back, and it is time to make money again. The market gave a lot of information amid this rally. I would like to share some of what I observed.

The most important takeaway is that I am seeing a drastic rotation in industry group leadership. Let's start with a favorite of mine this year, the solar stocks. For most of the day yesterday, solar stocks looked like they were going to give an official sell signal after 2 weeks of persistent declines. The industry group clawed back by the end of the day to avoid a sell signal, but the technical damage in stocks like SEDG could keep a lid on this group. I would avoid solar stocks for now.

Most of the other industry groups in the top ten of IBD's 197 industry groups have given sell signals over the past two weeks. They include groups like retail /wholesale automotive, retail home furnishings, and transportation air freight.

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The notable standout industry group in the top ten is auto manufacturers. This group was one of the few groups yesterday to make a new high on enormous volume. Auto manufacturers have been basing since August and have officially broken out once again. Electronic vehicle (EV) makers seem to be the companies that are offering the most promise. My favorites are Xpeng Inc. (XPEV), Nio Inc. (NIO), Li Auto Inc. (LI), and Kandi Technologies (KNDI). These stocks are short term extended, and I will advise when they can be bought. I find it interesting that all these companies are Chinese. The market could give a bid to Chinese stocks under a Biden presidency.

The EV maker to avoid in this group is Tesla (TSLA). It was negative yesterday as the group was breaking out. This does not surprise me as TSLA made a 20-day closing low sell signal on Friday. The first since March 18 of this year. This is incredibly significant when a 20-day closing has not occurred in over six months.

The final stock I must mention in the group is not an EV stock but looks very impressive as it broke out yesterday. Look at Ferrari (RACE). The technical's and fundamentals are coming together on RACE with a consensus estimated EPS increase next year of 45%. I will advise when I will buy this leader.

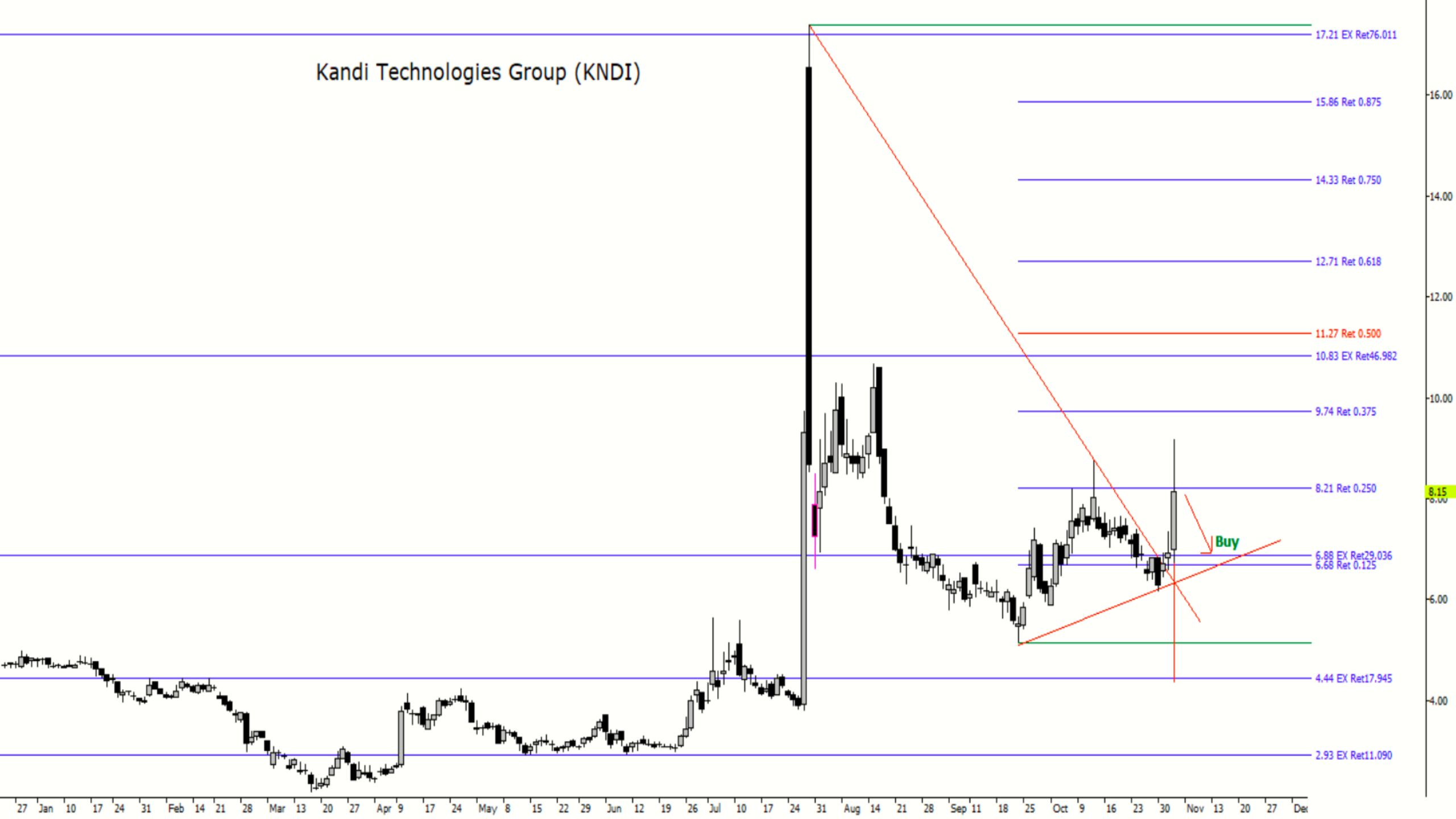
Li Auto Inc. (LI)



XPeng Inc. ADS (XPEV)



Kandi Technologies Group (KNDI)



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I just ran through some industry groups that I see rotating out of leadership in this market. Let's finish this report by looking at some groups that are emerging leaders.

The healthcare sector has been a leadership area of the market all year. Mostly because of biotechs. Biotechs still continue to lead, but new healthcare industry groups are emerging.

One of those emerging healthcare industry groups is medical managed care. This industry group has been basing the entire year. Yesterday the medical healthcare stocks gave a massive 100-day closing high. Finishing 7.2% higher on the day with massive volume. Stocks I am watching in the group are Anthem Inc. (ANTM) and United Health (UNH). I will advise when these stocks set up properly.

Other Healthcare groups emerging are medical-ethical drugs, medical systems equipment, and medical products. **I will have many stocks coming from these groups in the weeks and months to follow.**



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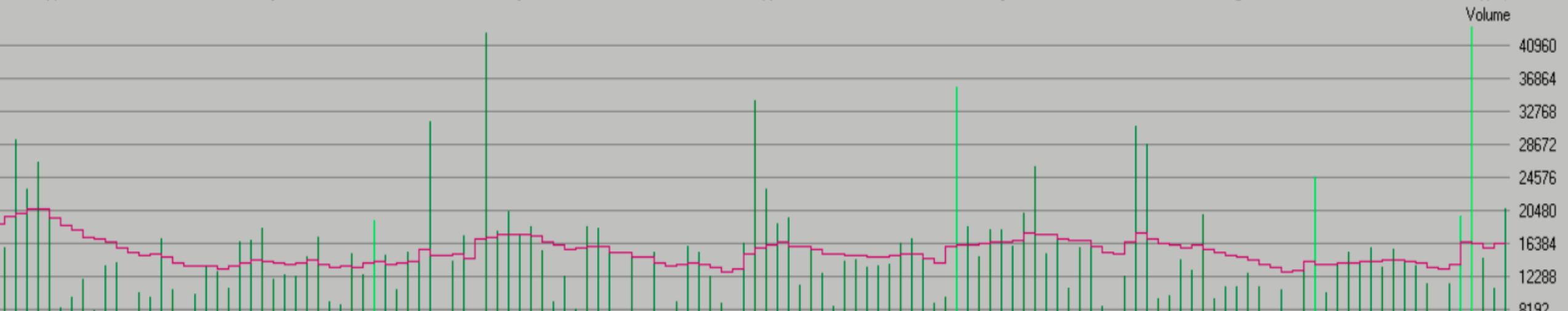
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Internet content is an industry group that has gone sideways since August. This industry group has been under massive institutional accumulation through much of October. Yesterday the group busted out of its base with massive volume. The leading stock that caused the breakout is Alphabet Inc. (GOOG). One of my favorites in the group is Snap Inc. (SNAP). I will advise when both stocks properly setup.

The final industry groups I will mention are regional bank stocks. So far the individual stocks getting bids are very selective, but their price persistence can't be ignored. One I absolutely love is Silvergate Cap Corp. (SI). I will offer buy prices on this one once it has gone sideways a bit longer.

Yesterday felt like the first risk-on day in the market in about a month. That gives me confidence that we could buy stock again real soon. As long as we don't see distribution in a market pullback.





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Watch your e-mail closely. With the market in confirmed uptrend, new buying ideas are on the way.



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