

Beware of the industrial sector

With a + 16% during the summer, the industrial sector outperforms the market. But the first signs of consolidation appear, at least in the short term.

However, this sector is very large and each stock path differs from one another.

We chose to highlight Amadeus and Teleperformance, since both stocks outperformed the market, and Alstom, which has a complex technical outlook.

For large caps, such as ABB, Siemens or Philips, we can answer your specific question if you have.

■ **INDUSTRIAL GOODS AND SERVICES (STXE600), Weekly**



Let's have a look at the industrial sector in a weekly timeframe. Closing prices are forming a Head-and-Shoulders reversal pattern, with a neckline at 437.98, now being tested.

A weekly close below this level would damage the actual trend, with a potential drawdown to 422.40 at least.

■ **INDUSTRIAL GOODS AND SERVICES (STXE600), Daily**



On a daily basis, a bearish gap was opened within the second bearish leg : as this gap remains open, the current downward short-term trend can be seen as impulsive.

Below this level (447.01), an acceleration is possible towards the 423.76-417.34 support area.

The bearish signal would be activated by a close below 436.62.

if not, the consolidation will be more complex and less directional.

■ **INDUSTRIAL GOODS AND SERVICES vs. STOXX600, Weekly**



The Industrials sector vs. Stoxx 600 ratio on a weekly basis is bullish since October 2015. Maybe too bullish ? Indicators are showing bearish divergences (RSI on the chart, but also MACD).

A consolidation may occur for the weeks to come, towards 1.2690 or even 1.2330, last ascending bottom reinforced by the 38.2% ratio.

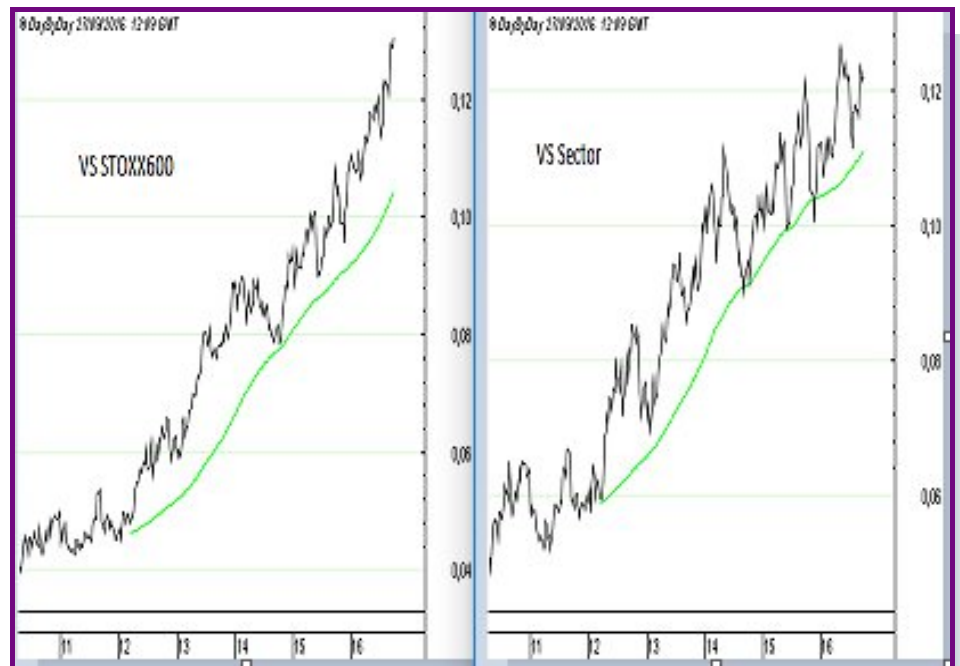
■ **AMADEUS IT HOLDING SA-A SHS, Weekly**



The bullish breakout of the rectangle gives AMADEUS a strong upside towards €46.40 or even €50.66.

Any pull back close to €41.44-42.50 will be a new opportunity to be long.

■ **AMADEUS IT HOLDING S vs. INDUSTRIALS, Weekly**



Both relative strength ratios (vs. Stoxx600 and industrial sector) are bullish. They do not show any sign of reversal.

■ **TELEPERFORMANCE, Weekly**



Teleperformance is one of the strongest stock of the industrial sector.

Every test of the 50-week MA is an opportunity to buy: this indicator has also merged with the €78.29 support area, a previous resistance turned support.

First entry point on the weekly gap at €84.40.

■ **TELEPERFORMANCE vs. INDUSTRIAL ; vs STOXX600, Weekly**



With skyrocketing relative strengths, TELEPERFORMANCE should be overweight on any correction, especially if the 100-Week MA is approached

■ **ALSTOM, Weekly**



Alstom currently has a complicated news flow. Technically, the situation is not better : a descending 100-Week MA close to a strong €24.71 resistance, merged with a 50% retracement ratio.

Below this level, one should underweight Alstom.

■ **ALSTOM vs. INDUSTRIALS, Weekly**



These two relative strength ratios show a significant underperformance in the long term. Below the 200-Week MA, one should underweight Alstom on any bounce.

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