

HOT OR NOT

3 COLD SECTORS

To Avoid at All Costs, and

3 HOT SECTORS

About to Lead the Next
Bull Run

By
Louise Bedford





So you think you're a trading hotshot? Well... not if you're trading these cold sectors, and trying to swim against the tide...

Hi, I'm Louise Bedford. I'm the host of the Talking Trading podcast at www.talkingtrading.com.au. I'm also the co-founder of www.tradinggame.com.au.

As a best-selling author of five books on the stockmarket, I know you're going to love this Special Report. Plus, because I'm a behavioural finance expert with degrees in Psychology and Business, I'll be able to help you avoid stepping on the landmines that so many traders accidentally stumble onto.

I'm so glad you've picked up a copy of my Special Report – Hot or Not. I'm about to share with you the 3 hottest sectors in the Australian market, as well as the 3 coldest sectors. This report will stay current only for the next few weeks.

In the past, I've charged large amounts of money for this type of analysis, so please do treat this with the respect it deserves (even though I'm giving it to you as a gift).

Play your cards right, and only buy shares in these Hot sectors that I've identified for you, and you'll be trading with a solid foundation. Plus, if you avoid those cold sectors I'm about to tell you about – you'll save yourself the pain of trading shares that have a low probability of trending up.

This will shave years off your scanning time, and if you're new to the markets, it will help you to refine your skills.

So, let's get into it now.

Here's a super-quick summary of the story so far...

- There are two broad approaches to searching the market for opportunities – Top Down analysis and Bottom Up analysis.
- Top Down analysis compares each sector index with the All Ordinaries to see which sectors are outperforming the overall market average. Sectors that are outperforming the All Ordinaries are more likely to contain shares that have a higher probability of increasing in value in the future.
- Bottom up analysis involves searching for shares that have a series of bullish indications, regardless of which sector they are associated with. This can be an effective way to identify trading opportunities.

So... how do you go about searching to find the best opportunities in the market? It can be so confusing. There are two broad approaches that consistently locate shares with a high probability of trending upward - Top Down and Bottom Up analysis. We're going to focus on Top Down Analysis, and how to use Sector Analysis to identify hot little trades that will light up your portfolio. Let's just define something that will help you first...

The Relative Strength Comparison Indicator

The RSC is a concept that is often confused with the Relative Strength Indicator (RSI). The RSI is a momentum indicator. The RSC is a technique of comparing shares, sectors and indices. It is shown as an indicator in many charting packages.

A share may be trending upwards, but in comparison to the All Ordinaries Index it may not have been performing as well as the other shares represented. This would suggest that a different share might represent a more appropriate instrument to purchase. However, if the share in question displayed a

positive relative strength in comparison to the All Ordinaries Index, this would be a bullish sign. This share would have, in effect, been outperforming the index.

When I run my scans on the weekend, I aim to identify shares that have been outperforming their sector, in sectors that have been outperforming the All Ordinaries Index. Once I isolate these types of shares, I will enter a long position based on a favourable combination of bullish indicators.

Searches for 'hot' and 'cold' sectors can often be programmed into your search routines of your charting software, so your computer can crunch the numbers for you. I tend to search for these sectors showing positive and negative relative strength once a week to assist my decision-making for long and short positions in the market.

Top Down Analysis

Top down analysis involves using the RSC to relatively compare each sector index with the overall market average, e.g. the All Ordinaries Index. This will lead the investor to the sectors that have the most positive market sentiment. When the RSC line on the chart is located above its moving average, it is an indication that the sector is outperforming the All Ordinaries Index. Once these sectors have been identified, the next step is to find the stocks in those sectors that are outperforming their respective sector index. Let me do half that work for you in this Special Report. I'll tell you the sectors that are hot... and which are not.

A mechanical method of using this indicator is to ensure that the RSC has been trading above a medium-term moving average for a set number of weeks. This will lessen the chances of a sector performing well for only a limited period of time, prior to collapsing back into underperforming the All Ordinaries. For example, if the sector has been trading positively in comparison to the All Ordinaries Index for the past five weeks, this is a bullish sign. That's my rule. You can borrow it if you like.

If your software cannot run this type of search, please don't panic! The majority of charting software available cannot delve into this level of detail. Let me assure you that before I used this method to search the market, I was able to still trade profitably – and so can you.

These types of searches are a macro approach to identifying high probability trades. You will still need to observe whether the share fulfils your other criteria before making a decision to buy. If the RSC line is located above its own 30-week moving average, this is a sign that the share has been generally outperforming the All Ordinaries Index on a consistent basis

Keep in mind that some traders prefer Bottom Up Analysis.

Bottom Up Analysis

Bottom up analysis involves searching for shares that have a series of bullish indicators, regardless of which sector they are associated with. Some shares represent an outstanding opportunity, even though the sector of which they are a part is not performing well. The majority of traditional technical analysts seek out opportunities using this method.

So if you want to use Bottom Up Analysis, you can narrow down a list of possible trades. Then, you can use my Hot or Not Special Report to help you choose between a few shares that look similar, but where you've only got money to invest in one. You'd lean towards a share that is in a hot sector in this case. As a minimum, don't buy a share in a cold sector, because the weight of evidence isn't in your favour.

Plus, if you like to short-sell, then your opportunity is to favour choosing shares in cold sectors. Let's cut to the chase now. Keep reading and you'll discover the hot sectors and the sectors that are cold right now.

List of Australian Stock Exchange (ASX) Sectors

The ASX uses Global Industry Classification (GICS) to categorise companies.

It's broken up into 11 Sectors, 24 Industry Groups, 69 Industries and 158 Sub-industries.

Here are the key Indices we'll look at together:

Energy (XEJ)

Consumer Discretionary (XDJ)

Financials (XFJ)

Utilities (XUJ)

Materials (XMJ)

Information Technology (XIJ)

Real Estate (XPJ)

Communication Services (XTJ)

Consumer Staples (XSJ)

Industrials (XNJ)

Health Care (XHJ)

Drumroll please... here are the current Hot and Cold Sectors... as well as the ones in limbo.

Spoiler alert – I know I promised you 3 hot and 3 cold sectors... but I have over-delivered here. I'm giving you specific analysis that will cover all of the hot and colds, not just the top 3 sectors that are hot, and the top 3 that are cold. (You can thank me later!)

State of the Market

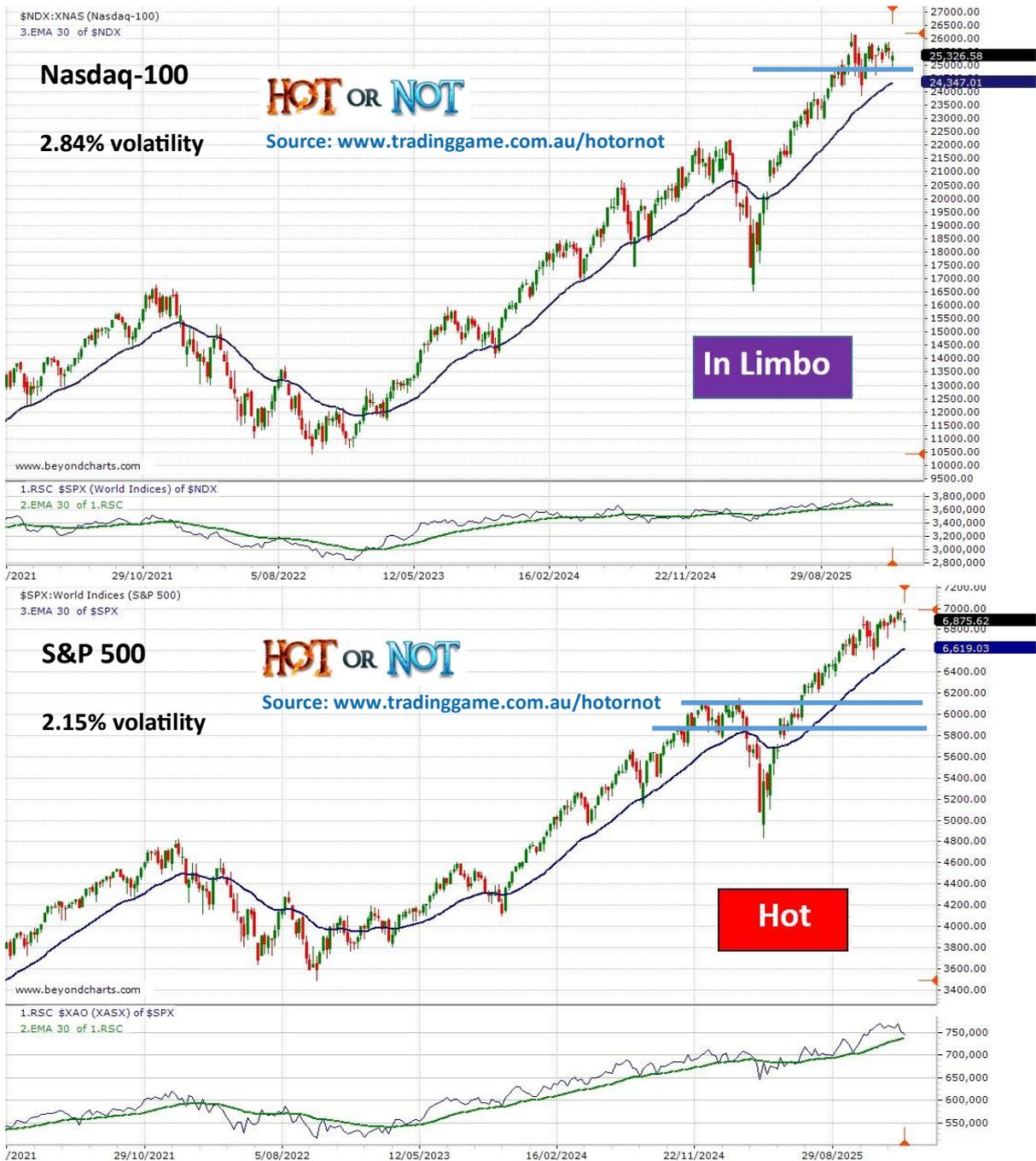
Currently, the All-Ords is **trading above its 30-week moving average**, which is a bullish sign. You can see the volatility percentage on the chart below (which isn't considered to be at a significantly high level).

From a technical perspective, the **volatility is low**, and because the Index action is currently above the moving average – this means that **the macro is on**. (As a quick refresher, it's best to trade in the direction of the overall market – so ideally you would be entering into new positions when the macro is on. If the macro is off, you're trading with the trend by not buying new positions in this market).

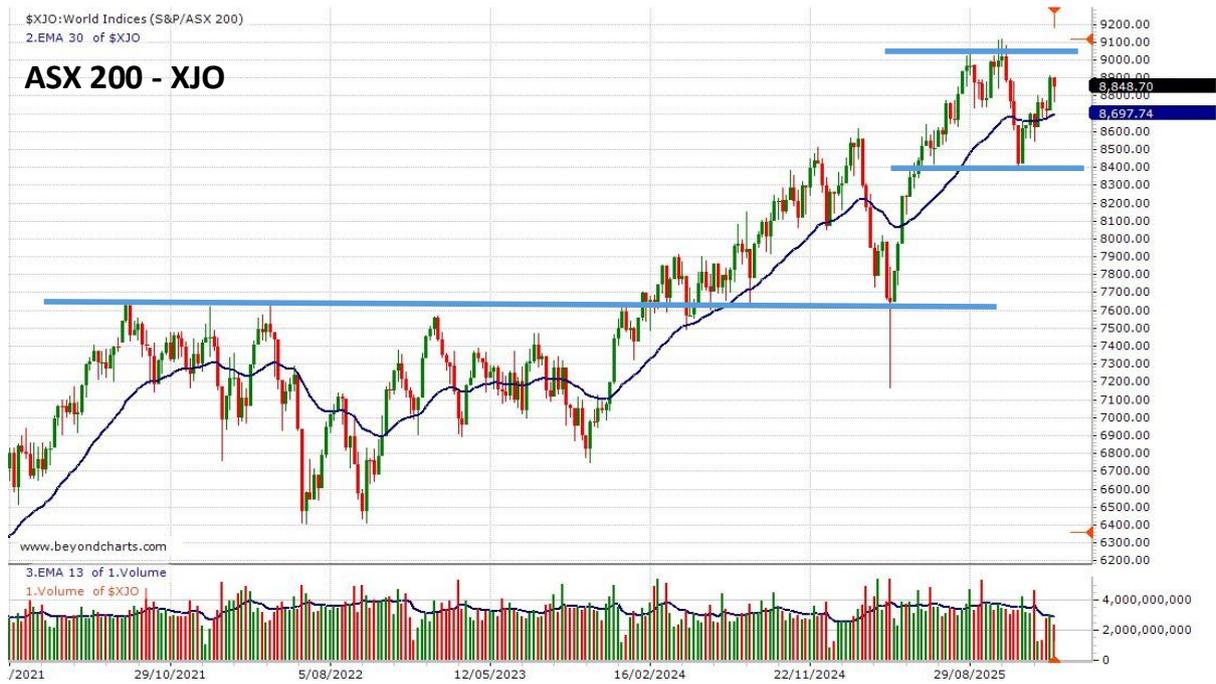
When the market is trending in a sideways band, the macro has the tendency to turn on, then off, then on again – even if a significant primary trend isn't in place at all. However, we are bullish – because the index is **above a significant resistance line**.



Currently, the Nasdaq is underperforming the S&P 500 and underperforming the All-Ords. So out of the three sectors – the All-Ords, the Nasdaq and the S&P 500 – the S&P500 is considered 'Hot'.



For those that prefer to use the ASX200 – XJO as their benchmark, because it is recalculated every quarter, compared to every year in terms of its constituents, here’s a chart. As you can see, the exact same conclusions can be drawn from this chart as when we look at the All-Ords. The All-Ords covers the top 500 shares in Australia by market capitalisation. The ASX200 covers the top 200 shares by market capitalisation.



To see the shares listed in the XJO, have a look at this link: <https://www.marketindex.com.au/asx200>

Shall we go for a deeper dive into exactly what has been happening with each of the sectors?
 C'mon... you know you want to. Keep reading to see the current hot and cold sectors on the
 Australian market...

The Facts at a Glance

The Current Hot Sectors

ASX 200 Materials – XMJ
ASX Small Resources – XSR
ASX Small Ordinaries - XSO

3 Hot

The Current Cold Sectors

ASX 200 Financials – XFJ
Utilities – XUJ
ASX 100, 200, 300 Industrials – XNJ
Consumer Staples – XSJ
ASX Small Industrials - XSI
Consumer Discretionary – XDJ
Information Technology – XIJ
Communication Services – XTJ
ASX 200 A-REIT – XPJ
ASX 300 – XKO
ASX 100 - XTO
ASX 20 - XTL
Health Care – XHJ

13 Cold

The Current In Limbo Sectors

ASX 200 Energy – XEJ

1 in Limbo

Some sectors in the Australian market won't be either hot or cold, because they don't correspond to my proprietary rules – so if you don't see a sector listed here, then it's because they don't qualify. I consider these sectors to be in limbo.

I'll take you through how I read the sector charts, so you can see more about how this type of analysis works, and duplicate the way I think. Keep in mind, I've thrown in some analysis of some of the other key indices as an extra little bonus for you. (Ahhh... an early birthday present for you. Don't say I never give you anything!)

The Current Hot Sectors

ASX 200 Materials – XMJ
ASX Small Resources – XSR
ASX Small Ordinaries - XSO

3 Hot

Sector Analysis

ASX 200 Materials XMJ

There are 803 companies in the Materials industry group listed on the Australian Stock Exchange (ASX). This is a huge industry group because currently there are 2198 companies listed on the ASX (<https://www.listcorp.com/asx>).

Shares included in this sector <https://www.listcorp.com/asx/sectors/materials/materials> or <https://www.marketindex.com.au/asx/sectors/materials>

Analysis

This sector is performing above the level of the All-Ords and it's now more firmly established in the previous weeks. It previously fulfilled multiple weeks below the moving average of the RSC so it qualified as Cold. However, it in boom times at the moment.



ASX Small Resources - XSR

The S&P/ASX Small Resources (XSR) is the benchmark for Australian small resource companies.

Analysis

The chart action wasn't decisive and is showing movement in a sideways band with small candle lengths. However, now there's movement above that heavy line of resistance, so your scans will be showing up a lot of shares in this particular sector. It's showing gaps, and an exponential trend, so let's hope it goes sideways for a little while as it could be overheated.



ASX Small Ordinaries - XSO

The S&P/ASX Small Ordinaries (XSO) is the benchmark for Australian small-cap companies.

The index consists of the 200 companies in the S&P/ASX 300 index, but not in the S&P/ASX 100 index.

Shares included in this sector

<https://www2.asx.com.au/investors/learn-about-our-investment-solutions/indices/types/capitalisation-indices> or <https://www.marketindex.com.au/asx/xso?src=search-all> or <https://au.investing.com/indices/s-p-asx-small-ordinaries-resources>

Analysis

This sector is outperforming like a champion. This is where you should look for outstanding opportunities for investment.



The Current Cold Sectors

ASX 200 Financials – XFJ
 Utilities – XUJ
 ASX 100, 200, 300 Industrials – XNJ
 Consumer Staples – XSJ
 ASX Small Industrials - XSI
 Consumer Discretionary – XDJ
 Information Technology – XIJ
 Communication Services – XTJ
 ASX 200 A-REIT – XPJ
 ASX 300 – XKO
 ASX 100 - XTO
 ASX 20 - XTL
 Health Care – XHJ

13 Cold

Sector Analysis

ASX 200 Financials - XFJ

There are 314 companies in the Financials sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/).
 The financials sector is made up of three industry groups:

- Diversified Financials industry group covering capital markets like asset management, diversified financial services, consumer finance and mortgage REITs.
- Insurance industry group for companies involved in life and health, multi-line, property and casualty, reinsurance and insurance brokers.
- Banks industry group for regional and diversified banks, thrifts and mortgage finance companies.

Shares included in this sector

<https://www.listcorp.com/asx/sectors/financials> or
<https://www.marketindex.com.au/asx/sectors/financials>

Analysis

Because some of the largest shares by market capitalisation are in this category eg CBA, NAB, WBC and ANZ – the relative performance of this sector is very similar to the All Ordinaries index. Trading shows we have Index points above their own moving average. It is showing strength is coming into this sector.



ASX Utilities - XUJ

There are 22 companies in the Utilities sector listed on the [Australian Stock Exchange \(ASX\)](#). The utilities sector is made up of five industries:

- Electric utilities industry includes electricity generator, retailer and metering providers.
- Gas utilities industry includes gas transmission, storage, processing, compression and gas-powered generation companies.
- Multi-utilities industry includes companies offering a wide range of utility services.
- Water utilities industry includes companies involved in water supply and water and wastewater technology.

Independent power and renewable energy producers industry includes independent companies that energy through renewable and non-renewable sources.

Shares included in this sector

<https://www.listcorp.com/asx/sectors/utilities> or <https://www.marketindex.com.au/asx/sectors/utilities>

Analysis

The length of some of the candles show how volatile this sector can be. It's below it's moving average, but with mixed performance in terms of Relative Strength, compared to the All-Ords.



ASX 100, 200 and 300 Industrials - XNJ

There are 167 companies in the Industrials sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/). The industrials sector is made up of three industry groups:

- Capital Goods industry covering construction & engineering, machinery, aerospace, building products, electrical engineering & industrial conglomerates.
- Commercial & Professional Services industry for companies offering commercial services & supplies and professional services.
- Transportation industry covering airlines, road, rail, marine, air freight, logistics and transportation infrastructure companies.

Shares included in this sector

<https://www.listcorp.com/asx/sectors/industrials> or <https://www.marketindex.com.au/asx/sectors/industrials>

Analysis

This is showing mixed bullish and bearish behaviour, so look for opportunities in this sector down the track. There are more exciting sectors to immerse yourself in before you consider this sector.



Consumer Staples - XSJ

There are 78 companies in the Consumer Staples sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/)

The consumer staples sector is made up of three industry groups:

- Food, Beverage & Tobacco industry contains packaged foods, agricultural products, brewers, distillers, soft drinks and tobacco companies.
- Household & Personal Products industry contains companies producing products like toiletries, vitamins, supplements and other health and household products.
- Food & Staples Retailing industry contains companies involved in food and drug distribution and retail.

Shares included in the sector

<https://www.listcorp.com/asx/sectors/consumer-staples>

Analysis

There would have been some signs of bullish strength if it could break through that firm resistance layer. So let's see if it can hurdle the resistance line that it's previously been bumping its head on in the past before we get too excited about bullish opportunities. It's underperforming the All-Ords, so it's a cold sector.



ASX Small Industrials - XSI

The S&P/ASX Small Industrials (XSI) is the benchmark for Australian small-cap companies.

The index consists of the 200 companies in the S&P/ASX 300 index, but not in the S&P/ASX 100 index.

Shares included in this sector

<https://www2.asx.com.au/investors/learn-about-our-investment-solutions/indices/types/capitalisation-indices>

Analysis

This sector has burst through its resistance line showing a big push of bullish behaviour.



Consumer Discretionary - XDJ

There are 139 companies in the Consumer Discretionary sector listed on the [Australian Stock Exchange \(ASX\)](#)

The consumer discretionary sector is made up of four industry groups:

- Retailing industry for speciality and multiline retailing companies, internet and direct marketing retailers and distributors.
- Consumer Services industry covering hotels, restaurants and leisure companies as well as other diversified consumer services companies.
- Consumer Durables & Apparel industry for companies related to household durables, leisure products, textiles, apparel and luxury goods
- Automobiles & Components industry for companies manufacturing and supplying automobiles and their components.

Shares included in the sector

<https://www.listcorp.com/asx/sectors/consumer-discretionary> or
<https://www.marketindex.com.au/asx/sectors/consumer-discretionary>

Analysis

Chart activity has just seen data above the medium-term moving average up until recently, and in relative strength terms, it's below its own moving average. This is now a cold sector.



ASX 200 Information Technology - XIJ

There are 191 companies in the Information Technology sector listed on the Australian Stock Exchange (ASX).

The information technology sector is made up of three industry groups:

- Software & services industry group includes companies that offer it consulting, data processing, internet services, application and systems software.
- Technology hardware & equipment industry group covers companies that create and distribute electronic equipment and instruments, technology hardware, storage, peripherals and communications equipment
- Semiconductors & semiconductor equipment industry group is made up of technology companies that manufacture and supply semiconductors and semiconductor equipment.

Shares included in this sector

<https://www.listcorp.com/asx/sectors/information-technology> or
<https://www.marketindex.com.au/asx/sectors/information-technology>

Analysis

This sector is very much lead by NASDAQ price action – and currently, the NASDAQ isn't performing very well, so this Index is mirroring the action in that Index. It's currently cold, so there are better opportunities elsewhere.



ASX 200 Telecommunication Services - XTJ

There are 18 companies in the Telecommunication Services industry group listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/)

Shares included in this sector

<https://www.listcorp.com/asx/sectors/communication-services/telecommunication-services> or
<https://www.marketindex.com.au/asx/sectors/communication-services>

Analysis

This sector has begun underperforming in terms of Relative Strength in comparison to the All-Ords.



ASX 200 A-REIT - XPJ

This sector is designed to capture the performance of the property sector of the Australian economy. The Index tracks the performance of the largest and most liquid ASX-listed Real Estate Investment Trusts (A-REITs).

There are 78 companies in the Real Estate sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/). The real estate sector is made up of two industries:

- Equity Real Estate Investment Trusts (REITs) industry covering companies or trusts engaged in the acquisition, development, ownership, leasing, management and operation of property.
- Real Estate Management & Development industry covering companies engaged in activities including development & sales, management or real estate services.

Shares included in this sector

<https://www.listcorp.com/asx/sectors/real-estate> or
<https://www.marketindex.com.au/asx/xpj?src=search-all>

Analysis

This sector has a bit of a mixed bag. It's just under resistance currently, though, so take this into account. A break above resistance would create a more compelling bullish story. It looks like it's bounced off support, forming a change of polarity.



ASX 300 – XKO

The ASX 300 (XKO) contains the 300 largest ASX listed stocks by market capitalisation.

Shares included in this list

<https://www2.asx.com.au/investors/learn-about-our-investment-solutions/indices/types/capitalisation-indices> or <https://www.marketindex.com.au/asx300>

Analysis

The shares in these segments of the market are performing at roughly the same as the base index. However, there are enough mixed signs to consider them cold at the moment.



ASX 100 - XTO

The ASX 100 (XTO) contains the 100 largest ASX listed stocks by market capitalisation.

Shares included in this list

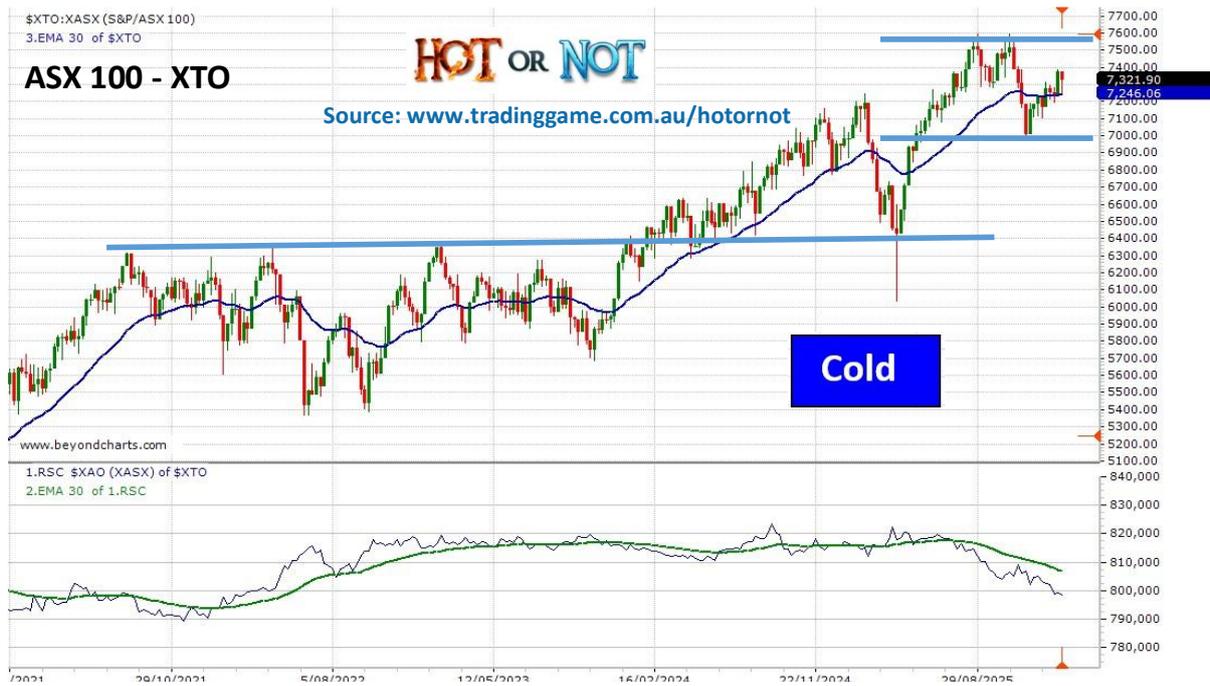
<https://www2.asx.com.au/investors/learn-about-our-investment-solutions/indices/types/capitalisation-indices>

If that link doesn't show the shares listed, here is an alternative link:

<https://www.marketindex.com.au/asx100>

Analysis

Often the top shares by market capitalisation often hold their ground when there is a broad market downturn. People flee to 'safety' and also the fund managers are mandated to keep up certain percentages of high mkt cap shares to fulfil their promises to their investors. The ASX 100 has lost ground recently, and is a cold sector. It has underperformed the overall market.



ASX 20 - XTL

The S&P/ASX 20 (XTL) is Australia's narrowest stock market index. The index contains the 20 largest ASX listed stocks. The index is highly liquid and accounts for ~46% of Australia's equity market. These are considered "blue-chip" shares.

Shares included in this list

<https://www2.asx.com.au/investors/learn-about-our-investment-solutions/indices/types/capitalisationindices>

If that link doesn't show the shares listed, here is an alternative link:

<https://www.marketindex.com.au/asx20>

Analysis

The top shares by market capitalisation often hold their ground when there is a broad market downturn. People flee to 'safety' and also the fund managers are mandated to keep up certain percentages of high mkt cap shares to fulfil their promises to their investors. That's why the ASX 20 has performed comparatively well compared to the rest of the market in usual times. However, the highest market capitalisation stocks have lost ground, and this group is now cold. The top end of the market has been trending downwards.



Healthcare – XHJ

There are 186 companies in the Health Care sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/). The health care sector is made up of two industry groups:

- Health Care Equipment & Services industry for health care equipment, supplies, providers, services and technology companies.
- Pharmaceuticals, Biotechnology & Life Science industry for companies that produce and supply pharmaceuticals, biotechnology products, and life science services and tools.

Shares in this sector

<https://www.listcorp.com/asx/sectors/health-care> or
<https://www.marketindex.com.au/asx/sectors/health-care>

Analysis

The relative performance of this sector shows that it is now Cold. It has an RSC that is below its own moving average in comparison to the All-Ords.



The Current In Limbo Sectors

ASX 200 Energy – XEJ

1 in Limbo

Sector Analysis

ASX 200 Energy - XEJ

There are 141 companies in the Energy sector listed on the [Australian Stock Exchange \(ASX\)](https://www.asx.com.au/). The energy sector is made up of two industries:

- Energy Equipment & Services industry covering oil & gas drilling, equipment & services companies.
- Oil, Gas & Consumable Fuel industry covering companies engaged in exploration, production, refining, marketing, storage and transportation.

Shares included in this sector

[Click here](https://www.marketindex.com.au/asx/sectors/energy) for the full list or here: <https://www.marketindex.com.au/asx/sectors/energy>

Analysis

This sector is underperforming the rest All-Ords, as you can see from the RSC line being positioned below its moving average. However, recently, it has shown a minor, lacklustre sign of strength – so we will need to see if this holds before entering into positions in this sector.



About Louise Bedford



Louise Bedford is a best-selling author of six books on the stockmarket. She is a behavioural finance expert and has degrees in Psychology and Business. She's been the 6-month repeat-for-free www.tradinggame.com.au Mentor Program since the year 2000, and she's also the founder of www.talkingtrading.com.au, a free weekly trading podcast.

Known as 'the corporate executive who lost the use of her arms and achieved financial freedom by trading with a pen in her mouth' – she will inspire you to achieve your trading best.

When she's not hanging out with her traders, she is spending time with her two children and husband, lifting weights at the gym, and enjoying yoga... and catching up with her traders for a cuppa in the middle of the day.



Your Next Step

If this Special Report sparked something in you... if it made you think, question, or feel just a little more excited about your trading future... then we're on the same page.

Reading through this tells me something important: you're growth-focused. You're willing to invest time in developing your mindset. And that's exactly what sets excellent traders apart.

You may not realise this, but I run an intensive six-week course called the *Mentor Program Pro*. It's designed for traders who want lasting results - not quick fixes.



Since the year 2000, my original Mentor Program has sold out every time it opened. And now, after decades of experience, I've streamlined the process into a repeat-for-free, fast-tracked version that delivers what traders actually need: a step-by-step plan, structured support, and real-world strategies that work across all markets and timeframes.

Did you know you can book a free 30-minute call with me to discuss your current trading strategies? Just click the link below to take the quick survey, and then you'll be able to choose a time to talk to me.

<https://survey.tradinggame.com.au>

Why am I giving you this Hot or Not report for free?

I'll tell you why. So I can begin a relationship with you.

I want you to use my free resources, test what works, and experience firsthand how much easier trading becomes when you've got the right structure in place. And when you're ready to take it further, I'd love you join my elite inner circle of traders who have completed the Mentor Program Pro.

Even if you've only got 30 minutes a day, and limited experience, I'll show you how to get serious results. That's my mission... to put money into the pockets of everyday traders.

Curious? Send me an email now and tell me about yourself and your trading. I'd love to hear more about you.

My personal email is: louise@tradinggame.com.au.