Shifting To Growth As 10-Yr Yield Breaks Key Support

We are beginning to see some mild deterioration in market dynamics, including a break below the key 1.45% support level on the 10-year Treasury yield which is coupled with underperformance from small-caps and value Sectors. Still, other indicators remain largely positive. As a result, we continue to see a mixed, but overall constructive market.

- **Sector Relative Strength Rankings & Weighting Recommendations.** We are shifting toward favoring growth Sectors with the 10-year yield violating the 1.45% support level; we expect yields to continue moving lower. We are upgrading Technology to market weight, and we are downgrading Financials, Materials, Manufacturing, and Transportation to market weight. Additionally, the break below 1.45% is a risk-off signal for the broad market as it indicates a flight to safety. This strongly suggests that the current mixed market environment is likely to continue... see chart below and pages 2-4.

- **S&P 500.** The S&P 500 remains bullish, recently hitting the lower end of our 4350-4400 near-term price target. As long as 4257-4270 support holds, we expect to see 4400 followed by 4460. Should 4257 fail to hold, our next support levels to watch would be 4164 followed by 4120; we are constructive as long as 4120 holds... see page 5.

- **Small-Caps.** The Russell 2000 (IWM) continues to fill out a 5-month bullish ascending triangle pattern; $234.50 is horizontal resistance and support is at the uptrend or $216. Until there is a breakout above $234.50, we expect more chop and mixed trading ahead. On the other hand, a break below $216 would be a major concern for small-caps and the broad market. Additionally, RS is testing YTD lows, a concerning sign for the broad market, indicative of deteriorating breadth... see page 5.

- **Positive Market Dynamics.** The majority of our technical indicators remain positive, including high yield spreads which are devoid of bullish inflections, defensive areas (Staples, Utilities, Gold) which continue to underperform, commodities which remain bullish, and a US dollar (DXY) that remains below 92.75 resistance.

In today’s report we highlight attractive Groups and stocks within Consumer Discretionary and Communications: CD-05 Retailers, Auto Parts, CD-37 Retailers, Footwear, CD-38 Retailers, Teenagers, and CO-07 Investment Research & Ratings... see pages 12-22.
Sector Relative Strength Rankings (RSR)

The 10-year Treasury yield broke below key 1.45% support, and we expect yields to continue moving lower. This raises the possibility that the market becomes bifurcated between the haves (growth Sectors and large-caps) and the have-nots (value Sectors and small-caps). This would be problematic as it would mean a select few mega-caps are propping up the entire market; any time there are few stocks participating it is a sign of underlying market weakness.

In light of the 10-year yield breaking down and RS uptrend violations, we are downgrading Financials, Materials, Manufacturing, and Transportation to market weight -- reduce exposure. Additionally, we are upgrading Technology to market weight -- add exposure. Actionable buy ideas within Technology include Salesforce.com (CRM), Shopify (SHOP), and Paycom Software (PAYC)... see page 4.

Cap-weighted Consumer Discretionary has improved substantially in our relative strength rankings, mainly due to improvement from Amazon.com (AMZN). We recommend buying AMZN as it displays a major breakout and bullish RS reversal... see page 4.

Upgrading Technology; Downgrading Financials, Materials, Manufacturing, and Transportation

Upgrade: Technology (from underweight to market weight)

Downgrades: Financials, Materials, Manufacturing, and Transportation (from overweight to market weight)

Other recent changes:

6/29/21: Downgraded Consumer Staples from market weight to underweight

### Relative Strength Ranking: Sector Summary

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Watching Energy closely; it could be the next value Sector to fall.

### Sector Weighting Recommendations

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See attached Sector commentary for Group and individual stock recommendations.
Downgrading Financials, Materials, Manufacturing, and Transportation

**Financial Select Sector SPDR Fund**
XLF-USA 36.36 -1.57%
- Financial Select Sector SPDR Fund - MA-200D
- Financial Select Sector SPDR Fund - MA-100D
- Financial Select Sector SPDR Fund - MA-50D

Downgrading Financials to market weight. Price and RS uptrend breaks -- reduce exposure.

**Materials Select Sector SPDR Fund**
XLB-USA 81.65 -1.48%
- Materials Select Sector SPDR Fund - MA-200D
- Materials Select Sector SPDR Fund - MA-100D
- Materials Select Sector SPDR Fund - MA-50D

Downgrading Materials to market weight. RS uptrend violation -- reduce exposure. Price is testing key support.

**Invesco S&P 500 Equal Weight Industrials ETF**
RGI-USA 185.99 -0.93%
- Invesco S&P 500 Equal Weight Industrials ETF - MA-200D
- Invesco S&P 500 Equal Weight Industrials ETF - MA-100D
- Invesco S&P 500 Equal Weight Industrials ETF - MA-50D

Downgrading Manufacturing to market weight. RS uptrend violation – reduce exposure. Price is testing uptrend support.

**SPDR S&P Transportation ETF**
XTN-USA 84.47 -1.47%
- SPDR S&P Transportation ETF - MA-200D
- SPDR S&P Transportation ETF - MA-100D
- SPDR S&P Transportation ETF - MA-50D

Downgrading Transportation to market weight. RS uptrend violation. Reduce exposure.
Upgrading Technology -- Buy CRM, SHOP, and PAYC. AMZN Breaking Out -- Buy

**salesforce.com, inc.**

- **TE-52 Software, Customer Relationship Mgt.**
- Relative Strength (vs. S&P 500)
- 7/19 10/19 1/20 4/20 7/20 10/20 1/21 4/21 7/21

**Shopify, Inc. Class A**

- **TE-42 Software, Enterprise Applications, Large-Cap**
- Relative Strength (vs. S&P 500)
- 7/19 10/19 1/20 4/20 7/20 10/20 1/21 4/21 7/21

**Paycom Software, Inc.**

- **TE-53 Software, Employee Mgt.**
- Relative Strength (vs. S&P 500)
- 7/19 10/19 1/20 4/20 7/20 10/20 1/21 4/21 7/21

**Amazon.com, Inc.**

- **CD-50 Internet Retailers**
- Relative Strength (vs. S&P 500)
- 7/19 10/19 1/20 4/20 7/20 10/20 1/21 4/21 7/21
The S&P 500 hit our 4350 price target last week. As long as 4257-4270 support holds, we expect to see 4400 (blue dashed line) followed by 4460 (black dashed line). Should 4257 fail to hold, our next support levels to watch would be 4164 followed by 4120; we are constructive as long as 4120 holds.

Russell 2000 (IWM) continues to fill-out a bullish ascending triangle pattern with resistance at $234.50 and support at the uptrend or $216. Shorter-term support is at $220. We expect an eventual breakout, though a break below $216 would be bearish for the broad market.

RS is testing logical support at the YTD lows. New RS lows would be a concerning risk-off signal.
Communications: **Overweight**
- Group CO-01 Broadcasting has a several stocks breaking out. Attractive names are: **NXST, CJREF, TV, GTN, TSQ, LEE, EVC, IMBI, SLM, PEGX, UONEK**, and **EMMS**.
- Group CO-06 Movies, Entertainment, Programming, Small-Cap is inflecting bullishly. Attractive charts include: **NWS, LGFA**, and **AMCX**.
- Group CO-08 Publishing, and CO-09 Publishing, Small-Cap are leadership Groups, Attractive names include: **SPGI, TRI, PSO, GHC, JWA, MDP, GCI, SCHL, LEE, EMMS**, and **HMHC**.
- Group CO-11 Telecomm Services, North America is at RS highs. Technically attractive names include: **BCE, AMX, TU**, and **GSAT**.
- Group CO-19 Cellular Towers is breaking to new highs. Attractive names are: **AMT, CCI**, and **SBAC**.
- Group CO-25 is once again a leadership Group. Attractive names include: **FB, SNAP, TWTR, MOXC**, and **RENN**.

Consumer Discretionary: **Market Weight**
- RS the cap-weighted Sector (**XLY**) is on the cusp of a bullish reversal, while RS for the equal-weighted Sector (**RCD**) is moving sideways to slightly lower. We now prefer exposure to the **cap-weighted Sector**.
- Group CD-34 Retailers, Family Apparel remains in price and RS uptrends; remain overweight/add exposure. Attractive names include: **LB, GPS, URBN, SFX**, and **DLTH**.
- Group CD-37 Retailers, Footwear remains in price and RS uptrends – remain overweight/add exposure. Attractive names include: **BOOT, CAL, GCO**, and **SCVL**.
- Group CD-54 Retailers, Sporting Goods is leadership with price and RS uptrends intact – overweight/add exposure. Attractive names include: **DKS, BGFV, HIBB, HZO**, and **ASO**.
- Outside of the above retail (**XRT**), additional names that we find attractive from both a price and RS perspective include: **AMZN** (buy, major breakout), **RH, AEO, TLYS, FL, CPRI, TGT, M, BURL, ANF, BIG, CONN, BBW, VRA, CATO, LQDT, TTS, RVLG, GLBE, CHS, ODP, PLCE, SIG, WISH, ORLY, AZO, PRTS, SSTK, LOVE, AAP, CVNA, AN, and FND**.
- Group CD-13 Sporting Goods/Leisure Products has several attractive names, including **YETI, VSTO, AOUT, POOL, SWBI, RGR, ELY, GOLF, CLAR, PTON**, and **HAYW**.
- Group CD-01 Major Auto Manufacturers displays price and RS deterioration – be selective. **Still, many EV-car-makers are bottoming and taking over as leadership within the Group – add exposure.** Attractive names include: **NIO, TSLA, LI, XPEV, CCIV, FUV, FSR, F, GM, VWAGY, POAHY**, and **STLA**. Attractive bottom-fishing candidates include: **NKLA** and **LEV**.
- Group CD-22 Cruises continue to show signs of bottoming, but are currently testing key price and RS support. Attractive names include: **CCL, RCL**, and **NCLH**.
- Group CD-27 Restaurants, Fast-Food, Large-Cap displays improving price and RS – add selective exposure. Attractive names include: **DPZ** and **CMG**.
- Several other Restaurant Groups (CD-28 Small-Cap Fast-Food Restaurants, CD-29 Family Restaurants, CD-30 Casual Dining Restaurants, and CD-31 Micro-Cap Casual Dining Restaurants) exhibit deteriorating RS – be selective. Attractive names include: **DRI, SHAK, PBPP, BBQ, BH, JAX**, and **NDLS**.
- Group CD-25 Gaming Equipment remains in price and RS uptrends – overweight/add exposure. Attractive names include: **SGMS** and **AGS**.
- Group CD-58 Real Estate Developers remains leadership – remain overweight/add exposure. Attractive names include: **INVH, BAM, AHH**, and **VICI**.
Sector Highlights -- new comments in green

Consumer Discretionary (cont): Market Weight

- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names from both a price and RS perspective include: LULU, FIGS, NKE, RRR, GDEN, MGM, GIL, HOG, CROX, CARS, LKQ, GPC, DECK, SKX, ULTA, TPX, FLXS, BNED, SHOO, and MIDD.

Consumer Staples: Underweight (downgraded 6/29/21 from Market Weight)

- RS is breaking down to new 2021 lows on the cap- and equal-weighted Sectors (XLP and RHS) – remain underweight and be extremely selective.
- Cannabis stocks (ETFs: YOLO, MJ) appear to be going through a price and RS bottoming process – add selective exposure. Attractive names include: GRWG, TLRY, VFF, SNDL, GTBIF, and PLNHF.
- Group CS-26 Vitamins & Dietary Supplements displays a bullish RS reversal and price remains bullish – add exposure. Attractive names include: HLF, MED, and NATR.
- A bottom-up approach to stock selection uncovers some of our favorite opportunities within the Sector. With this in mind, attractive names include: UNFI, MDLZ, CELH, COKE, SKIN, EL, COTY, NSRGY, SBUX, COST, ACI, CORE, PM, CCEP, DEO, MGPI, CWGL, PBH, FMX, SXT, SMPL, and BYND (bottom-fishing candidate).

Energy: Overweight

- Group EN-02 Oil & Gas, Global, Large-Cap has many names that are breaking their 9-month price and RS downtrends. Attractive names include: COP, LUKOY, EOG, CNQ, PBR, OXY, HES, REPYY, DVN, SSL, and MRO.
- Group EN-03 Oil & Gas, Global, Small-Cap has a number of interesting names technically. Attractive names include: MUR, KOS, VET, and TGA.
- Group EN-05 Oil & Gas, Canadian is a leadership Group in this Sector and is reversing its price and RS downtrends. Attractive names include: CNQ, SU, IMO, CVE, and OVV.
- Group EN-08 Oil & Gas, Domestic Large-Cap has developed a bottom and is reversing a 6-year downtrend. Attractive names include: COP, EOG, PXD, HES, OXY, CLR, and DVN.
- Group EN-09 Oil & Gas E&P, Domestic, is staging a price and RS reversal. Attractive names include: FANG, MRO, MUR, XEC, and AR.
- Group EN-10 Oil & Gas, Domestic, Small-Cap is a leadership Group and exhibiting bullish price and RS bases. Attractive charts technically include: SWN, PDCE, RRC, MTD, SM, VNM, BRY, CPE, WTI, and LPI.
- Group EN-11 Oil and Gas E&P, Domestic, Micro-Cap is a leadership Group and has many names outperforming. Attractive names include: MCF, CRK, TALO, NOG, BRN, BCEI, ESOA, EPM, and ESTE.
- Group EN-12 Energy Trusts is developing bullishly with many names are hitting multi-month price and RS highs. Attractive names include: TPL, ERF, PBFX, BTGEF, AAVF, SBR, KRP, SJT, KRP, OBELF, VOC, NTG, MVO, PVL, and NRT.
- Group EN-18 Oil and Gas Drilling, Land has several leadership stocks. Attractive names include: HP, PTEN, NBR, and PDS.
- Group EN-22 Coal and EN-23 Coal Small and Micro-Cap has a number of names emerging as leadership. Attractive names include: YZCAY, CDEV, ARCH, BTU, PVC, REI, METC, SD, AMPY, METC, SBOW, and HNRG.
- Group EN-25 Gas Transmission & Delivery is a leadership Group. Attractive charts include: ENB, TRP, KMI, PBA, PSXP, HEP, PAA, GEL, GLP, USD, PAGP, REPX, USD, and BKEP.

Financials: Market Weight (downgraded today from Overweight)

- Banks and thrifts are losing momentum with many pulling back to their respective 200-day moving average or breaking below this level.
- Group FN-03 Canadian Banks continues to develop positively. Technically attractive names include: RY, TD, BNS, and BMO.
- Group FN-24 Asset Management & Custody Banks, Large-Cap, Mid-Cap and Small-Cap each have several technically attractive names which are reversing price and RS downtrends. Attractive names include: BLK, BX, TROW, STT, AMP, NTRS, LPLA, IVZ, AMG, CLNY, VRTS, SCU, VCTR, FDUS, PZN, WHG, and MN.
- Group FN-27 Credit Card Issuers is a leadership Group. Attractive names include: AXP, COF, DFS, and SYF.
Sector Highlights -- new comments in green

Financials (cont.): Market Weight (downgraded today from Overweight)
- Group FN-29 Pawn Shops/Cash advance is hitting a 6-month price and RS highs. Attractive names include: FCFS, ENVA, and EZPW.
- Group FN-32 Investment Banking & Brokerage, Small-Cap remains constructive. Attractive names include: PIPR, COWN, JMP, GHL, and OPY.
- Group FN-49 REITs, Retail, Large-Cap is a leadership Group. Attractive names include: SPG, REG, KIM, FRT, WRI, and RPAI.

Health Care: Underweight
- RS remains in a downtrend and is below key resistance on the cap- and equal-weighted Health Care Sectors (XLV and RYH). At the same time, it is worth noting that RS on the XLV and RTH is testing key resistance and we would upgrade the Sector on RS breakouts.
- Mega-Cap, Large-Cap, Mid-Cap, and Small-Cap Pharmaceutical Groups (HC-01, HC-02, HC-03, and HC-04) display early signs of RS bottoms – add selective exposure. Attractive names include: NVO, LLY, AZN, RDY, PRGO, RHHBY, SAVA, SUPN, EOLS, and CPRX.
- Biotechnology Groups (HC-07, -08, and -09) display early signs of price and RS bottoms – add exposure. Attractive names include: PRTA, DNLI, VCEL, ZLAB, BGNE, NVCR, WXXWY, FATE, NTLA (now extended; hold/buy pullbacks), TECH, MRNA, CDMO, HZNP, MNKD, CLDX, SWTX, BCRX, BEAM, CRSP, RGNX, BNTX, REGN, DRNA, LGND, Vnda, ALKS, BLI (bottom-fishing candidate), KYMR, INBX, PTGX, APLS, and CRNX.
- Group HC-22 Life Science Instruments displays price and RS improvement following several weeks of consolidation – add exposure. Attractive names include: CRL, BRKR, WAT, ILMN, BIO, and TMO.
- Group HC-13 Surgical Devices & Equipment remains in price and RS uptrends – overweight/add exposure. Attractive names include: LMAT, APYX, ATRC, and MSON.
- Outside of the above medical devices/equipment (XHE, IHI) Groups (HC-13, and -22), additional names that we find attractive from both a price and RS perspective include: FLGT, INGN, STAA, CUTR, MMSI, PGNY, SPNE, AXNX, IDXX, DMTK, LIVN, STXS, GMED, EW, INMD, BSX, ISRG, PKI, SMLR, ANGO, CRY, STIM, MASi, RMD, and DxcM.
- Health Care services and providers (Xhs) remains a steady outperformer within Health Care (HC-18 is an attractive Group highlighted below). Attractive names from a bottom-up perspective include: NTRA, JYNT, ACHC, CDNA, SEM, SGRY, AMN, HCA, CCRN, Bkd, THc, CYH, Lnth, MOH, WST, DVA, UHS, TMDX, MDRX, MODV, OMl, RDNT, TVTY, and Vrx.
- Group HC-18 Bioscience Research & Development remains in price and RS uptrends – overweight/add exposure. Attractive names include: IQV, SYNH, NOTV, MEDP, and HBIO.
- Group HC-19 Dental shows a bullish RS base as price breaks above major resistance – add exposure. Attractive names include: ALGN and NVST.
- RS for Group HC-42 Pet Health remains in a multi-year RS uptrend and price is at new highs – overweight/add exposure. Attractive names to buy include: HSKA, ZTS, PAHC, and FRPT.

Manufacturing: Market Weight (downgraded today from Overweight)
- Group MF-10 Ammunition/Personal Weapons is a leadership Group. Attractive names include: AXON, RGR, and SWBI.
- Group MF-18 Tooling, Supplies & Products is a leadership Group. Attractive names include: NDSN, KMT, AIN, NPO, and SCX.
- Group MF-34 Climate, Controls & System is at new price highs and RS is confirming. Attractive names include: LII, WSO, FIX, and HDSN.
- Group MF-36 Tubing/Piping is a leadership Group. Attractive names include: MRC, SPLP, WEBC, and FRD.

Materials: Market Weight (downgraded today from Overweight)
- The Materials Sector has violated RS uptrend support – be selective.
Materials (cont.): *Market Weight (downgraded today from Overweight)*

- Group MA-01 Metals, Steel, Integrated, U.S. has pulled back significantly. Attractive names include: **NUE, STLD, RS, X, CMC, SMSMY, SCHN, RYI, TMST**, and **ZEUS**.
- Group MA-02 Metals, Steel, Integrated, Non-U.S. continues to be a leadership Group in the Sector. Attractive names include: **PKX, MT, SID, GGB, SIM**, and **TX**.
- Group MA-03 Metals, Specialty is a leadership Group. Technically attractive names include: **ATI, CRS, GSM, and USAP**.
- Group MA-04 Aluminum remains in an uptrend but is experiencing a significant pullback to its 200-day moving average. Attractive names include: **HWM, KALU, CSTM, ACH**, and **AA**.
- Group MA-09 is a leadership Group. Attractive names include: **UNVR, BCPC, NGVT, TROX, ASIX, VHI, VNTR, ASPN, LXU, VNTR**, and **NANX**.
- Group MA-18 Forest Products, Paper and Packaging, Non-U.S. is a leadership Group. Attractive names include: **VRS** and **HAIPF**.
- Group MA-22 Iron Ore Mining is breaking to multi-year highs and is above a major base. Attractive names technically are: **CLF, MSB, PLM**, and **MTL**.
- Group MA-23 Copper is experiencing a pullback but remains above its respective 200-day moving average. Attractive names include: **FCX, TECK, LUNMF, TRQ, TGB, TMQ**, and **WRN**.
- Group MA-31 Mining, Uranium is a leadership Group. Attractive names include: **CCJ, UUUU, DNN, PALAF, UECK**, and **LEU**.

Services: *Market Weight*

- Group SV-01 Data Processing & Outsourcing Svcs., Large-Cap is breaking out to new price highs while RS displays early signs of bottoming – add exposure. Attractive names include: **DXC, ADP, V, PYPL, SQ**, and **PAYX**.
- Group SV-02 Data Processing & Outsourcing Svcs., Mid-Cap remains attractive in terms of price, however RS is in a 2-year downtrend – be very selective. Attractive names include: **FVRR, UPWK, JKHY** (bottom-fishing candidate), **BKI** (bottom-fishing candidate), and **PSFE** (bottom-fishing candidate).
- Group SV-03 Data Processing & Outsourcing Svcs., Small-Cap displays major price and RS base breakouts – overweight/add exposure. Attractive names include: **EXLS, TTEC, DFIN, INOD, EVRI, DAVA, FOUR**, and **NEWT**.
- Group SV-04 IT Consulting, Gov’t/Global, Large-Cap displays a bullish RS reversal – overweight/add exposure. Attractive names include: **WIT, ACN, IT, INFY**, and **EQIX**.
- Group SV-05 IT Consulting, Gov’t/Global, Small-Cap displays a bullish RS reversal and price remains bullish – add exposure. Attractive names include: **EPAM, SWCH, UIS**, and **CTG**.
- Group SV-06 Research & Consulting Services displays early signs of a RS bottom – add exposure. Attractive names include: **TRU, MSCI, STN, CRAL, EFX**, and **VSEC**.
- Group SV-08 Small-Cap Human Resources & Employment Svcs. shows bottoming price and RS and many names are outperforming as part of the reopening theme – overweight/add exposure. Attractive names include: **KFY, VOLT, HSON, HHR, TBI**, and **KFRC**.
- Group SV-10 Advertising Agencies, Small-Cap displays major bullish price and RS reversals – overweight/add exposure. Attractive names include: **LAMR, OUT, CCO**, and **MDCA**.
- Group SV-11 Commercial Printing displays major price and RS bottoms – add exposure. Attractive names include: **RRD** and **DLX**.
- Group SV-25 Marketing/Merchandising/Digital is hitting new price highs and RS displays a major base breakout – overweight/add exposure. Attractive names include: **TTD, MGNI, PRFT, CRTO, VVI, PMTS**, and **ACTG**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **REZI, LSPD, NCR, CLH, IRM, MAN, CIGI, CPRT, ARCA, GVA, MYRG, IESC, CNXC, MLHR, TILE, CTAS, RSG**, and **WM**.
Technology: Market Weight (upgraded today from Underweight)

- We are upgrading Technology to market weight. The 10-year Treasury yield is breaking below key support at 1.45%, helping growth Sectors and hurting value Sectors. Additionally, RS on the cap-weighted XLK is bullishly inflecting, and RS on the equal-weighted RTY is approaching YTD highs – add exposure.
- Group TE-54 Software, Data Storage displays early signs of price and RS bottoms. Attractive names include: NTAP, NTNX, CVLT, BOX, VRNS, and DBX.
- Software Groups display RS bottoms virtually across the board. For this reason, we use a bottoms-up approach. Add exposure. Attractive software stocks include: FTNT, MCFE, RBLX, SE, NET, PERI, BSY, CDAY, MSFT, PAYC, PCTY, TYL, ZM, PLTR, SNOW, BILI, UPWK, VRSN, CRWD, ZS, BILL, SHOP, INTU, MANH, ORCL, HUBS, FIVN, NLOK, FEYE, PANW, BLKB, APPN, MSTR, DOCU, CRM, DDOG, SMAR, ADBE, AVLR, DT, ESTC, MDB, PEGA, SNPS, STNE, TEAM, SAIL, APPS, ADSK, and bottom-fishing candidates U, MSP, DCT, FROG, and SPLK.
- Large-, Mid- and Small-Cap Semiconductor Groups (TE-01, TE-02, and TE-03) display improving RS – add selective exposure. Attractive semiconductor names include: MXL, NVDA, AMD, XLNX, TSM, MXIM, HIMX, MRVL, NXPI, TXN, UMC, LSCC, CRUS, and RMBS.
- Semiconductor Equipment Groups (TE-04 and TE-05) remain long-term leadership. Attractive semi equipment stocks include: ASML, AMAT, LRCX, ENTG, BRKS, ASMIY, INTT, KILC, IMOS, TER, and NVMI.
- Group TE-39 Solar Energy has pulled back substantially, and price and RS are now bottoming and making bullish inflections – add exposure. Attractive names include: SPWR, ENPH, RUN, JKS, SUNW, NOVA, SHLS, HASS, SEDG, FSLR, CSIQ, and SOL.
- Group TE-40 Fuel Cells/Lithium Batteries has pulled back substantially, and displays signs of bottoming – add exposure. Attractive names include: PLUG, FCEL, and BE.
- Group TE-66 3D Printing Systems has pulled back substantially and displays signs of bottoming. Attractive names include: NNDM, DDD, SSYS, XONE, and VJET.
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: AAPL, IIVI, CDW, MBI, ZBRA, ANET, A, DELL, JBL, MVIS, ADTN, AVID, NVT, COMM, EXTR, JCOM, KEYS, UI, ALLE, ADT, SYNA, CCOI, BLNK, STEM, BEEM, and CHPT.

Transportation: Market Weight (downgraded today from Overweight)

- Group TR-05 Air Freight & Logistics, Large-Cap is a leadership Group. Attractive names technically are: UPS, FDX, EXPD, and XPO.
- Group TR-08 Shipping, Dry-Bulk appears to be reversing a secular downtrend. Attractive names include: ATCO, MATX, SBLK, DAC, GKN, ELEG, DSX, SB, and ESEA.
- Group TR-13 Trucking Small-Cap is a leadership Group. Attractive names include: SAIA, ARCB, YELL, USX, CVLG, RRTS, and USAK.
- Group TR-14 Vehicle Rentals/Leasing is a leadership Group. Attractive names include: CAR, FTAI, TGH, and CAI.

Utilities: Underweight

- RS just made new 2021 lows and the RS downtrends that began in March 2020 remain intact on both the cap- and equal-weighted SPDR Utility Sectors (XLU and RYU, respectively). Remain underweight/avoid.
- Group UT-18 Independent Power Production is where we want to be invested when the broad Sector is underperforming, and the Group shows early signs of bottoming RS. Attractive names include: AES, NRG, AY, TAC, and AZRE.
- While much of the Sector remains unattractive, a bottoms-up approach to stock selection uncovers a select number of opportunities. Attractive names from both a price and RS perspective include: UGI, OKE, NFG, FE, OTTR, AWK, AWR, CPK, and UTL.
On the following pages we highlight attractive Groups and stocks within Consumer Discretionary and Communications:

- **CD-05 Retailers, Auto Parts** – Stocks highlighted: ORLY, AZO, GPC, LKQ, and AAP
- **CD-37 Retailers, Footwear** – Stocks highlighted: BOOT, CAL, SCVL, and GCO
- **CD-38 Retailers, Teenagers** – Stocks highlighted: GPS, AEO, ANF, BKE, and TLYS
- **CO-07 Investment Research & Ratings** – Stocks highlighted: SPGI, MCO, and MORN
Attractive Groups: CD-05 Retailers, Auto Parts

O'Reilly Automotive, Inc. - Price Relative to S&P 500

Accumulate. New highs. RS near new highs.

Accumulate. Price and RS uptrends remain intact.

Vermilion Technical Research

Compass 12
Attractive Groups: CD-05 Retailers, Auto Parts

**AutoZone, Inc.**
- Current Price: $154.25
- Price Change: -7.20
- % Change: -0.46
- Avg Vol: 233,444
- Yield: 0%
- MktCap: 33,227 MM
- P/E LTM: 17.0
- P/E NTM: 17.0

**Genuine Parts Company**
- Current Price: $127.44
- Price Change: -1.62
- % Change: -1.26
- Avg Vol: 798,179
- Yield: 2.5%
- MktCap: 18,412 MM
- P/E LTM: 71.4
- P/E NTM: 20.7

**Accumulate.**
- New price highs.
- RS reversals.

**Accumulate.**
- Price and RS uptrends remain intact.
Attractive Groups:  CD-05 Retailers, Auto Parts

AAP-USA Specialty Retail
Advance Auto Parts, Inc.  $208.70
Operates automotive parts and accessories stores
Price Chg: -2.35       % Chg: -1.11     Avg Vol: 958,916     Yield: 1.9 %    MktCap: 13,657 MM P/E LTM 22.6 P/E NTM 18.3

Accumulate. Price and RS uptrends remain intact.

LKQ-USA Distributors
LKQ Corporation  $49.46
Provides recycled and remanufactured mechanical pa
Price Chg: -0.93       % Chg: -1.85     Avg Vol: 2,244,049     Yield: 0 %    MktCap: 14,945 MM P/E LTM 20.2 P/E NTM 15.4

Accumulate. Price and RS uptrends remain intact.
Buy. New price and RS highs.

Buy./ Price and RS uptrends remain intact.
Buy. Price and RS uptrends remain intact.

Buy. Price and RS uptrends remain intact.
Buy. Price and RS uptrends remain intact.
Attractive Groups: CD-38 Retailers, Teenagers

CD-38 Retailers, Teenagers

Buy. Price and RS uptrends remain intact.

Accumulate. Near support. RS uptrend remains intact.
Attractive Groups: CD-38 Retailers, Teenagers

**ANF-USA**
American Eagle Outfitters, Inc. $37.06
Price Chg: -0.38 % Chg: -1.01 Avg Vol: 2,196,790 Yield: 1.9 % MktCap: 6,216 MM

- Price — 50 Day Moving Average — 200 Day Moving Average

Buy. Price and RS uptrends remain intact.

**AEO-USA**
American Eagle Outfitters, Inc. $37.06
Price Chg: -0.38 % Chg: -1.01 Avg Vol: 2,196,790 Yield: 1.9 % MktCap: 6,216 MM

- Price — 50 Day Moving Average — 200 Day Moving Average

Buy. Price and RS uptrends remain intact.

**Compass**

Buy. Price and RS uptrends remain intact.
### BKE-USA
Buckle, Inc. $46.87
- Price Chg: -2.57
- % Chg: -5.20
- Avg Vol: 553,666
- Yield: 2.5%
- MktCap: 2,334 MM

**Specially Retail**
- Operates as a retailer of casual apparel, footwear
- P/E LTM 12.1, P/E NTM 13.3
- US dollars

Buy. Bullish breakout.
RS near new highs.

### TLYS-USA
Tilly's, Inc. Class A $15.90
- Price Chg: -0.20
- % Chg: -1.24
- Avg Vol: 292,603
- Yield: 0%
- MktCap: 480 MM

**Specially Retail**
- Operates a chain of specialty retail stores
- P/E LTM 17.6, P/E NTM 12.7
- US dollars

Buy. Price and RS uptrends remain intact.
Accumulate. Price uptrend remains intact. RS reversal in progress.

Buy. Price and RS uptrends remain intact.
Buy. Price and RS uptrends remain intact.

Accumulate. Bullish consolidation. RS bounced near support.
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Compass 24
## Russell 2000 Part 2: KELYA-Z

### Bottom-fishing

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<tr>
<th>LOCO</th>
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<td>&quot;SNBR&quot;, &quot;LAD&quot;, &quot;LL&quot;, &quot;LS&quot;, &quot;NLS&quot;, &quot;PAA&quot;, &quot;WWA&quot;, &quot;WBWI&quot;, &quot;FFN&quot;, &quot;FWI&quot;</td>
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### Consumer Discretionary

- REV | SNEA | TRNB | VVW |
- NOS | RSG | NER | TALO |
- NEX | WTI |
- NEAR | SM |
- NFR |
- JNI |
- PWAC |

### Consumer Staples

- LAND |
- MED |
- MNGA |
- SNFL |
- SNPL |
- TANP |
- UNFI |

### Energy

- LNTR | PCO | RRC |
- LOBO | MDY | RNC |
- MDR | MTD | SCL |
- NEX | PTN |
- PWAC |

### Financial

- NW | MM | WIG |
- LAND | OUP | RVI |
- LBC | OPY | SAFE |
- LC | PDB | SL | VRTS |
- MC | PBR | SCU |
- MCBS | PLBC | SF |
- MKR | PLYM | SFGS |
- MNB | PSTRS | SGI |
- MNB | PVB | SIC |
- MHPW | PZ | SGT |
- NAV | RBB |
- NEB | RPRC | SMBC |
- NFBK | RC | SMBC |
- NSA | RLY |
- TCF | TQ |
- TGI |
- UOA |

### Health Care

- LCON | MINS | TMX |
- PCX | MSGN | TWST |
- LENTS | MINS | MRSC |
- TRC |
- LANE | NTLA | PRTA |
- LYN | NTRA | PTOX |
- TL |
- UM | OCK | RONT |
- VCEL |
- UNTH | OMCL | SAVA |
- VM |
- M | OM | SEM |
- VBAY |
- MD |
- MVC | ORPK | SORY |
- VRX |
- MEDIC | PACB | SNR |
- MMSE | PAYM | STAA |
- MNKD | PBH | STXK |
- MDRF | PONY | SWAV |

### Manufacturing

- NWES | SIA | XFLW |
- NW | TSE |
- TEN |
- WM | VRM |

### Materials

- NC |
- WKS |
- LDA | MX | SUM |
- DPA |
- DZB5 |
- LTHM | NOVT | SXT |
- USCR |
- MRL | TM | USTU |
- MMUL |
- MNTR | SCHN | TROX |
- VRTV |
- NTV | NG |
- TQ |

### Services

- MCI | SOR |
- LGNT | MIM | STRL |
- WMS |
- MEC | NVRE | TIE |
- MGI | PACK | TTEC |
- MTZ |
- PRFT | VSEC |
- TPC |
- RAMP |
- RMX |
- VEC |

### Technology

- MXT | RIN | PPM |
- LQMN | PWY |
- MIE | ONTO | SCH |
- VECO |
- MITX |
- CIBS | STHM |
- VAV |
- MSTR | QANDA | SLAB |
- VRS |
- MTSI | RAVN | SONO |
- WK |
- ML | RMBS | SYNA |
- VHC |
- NSB | ROG | UCTT |

### Communications

- YLGA | MUCS | SOHL |
- LULAK | MDP | SHEN |
- LORL | OCMIA | VORX |
- LSPY | YVPA |
- TGGF | ZUO |
- YOKA |

### Transports

- LMM | TSGN | TELL |
- LJTN | TOP | SHL |
- MESA |

### Utilities

- RCGD | OTRR | SPKE |
- ULT |

### Compass 25