

12/4/23

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Still Riding the Trend Higher; Upgrading Real Estate

After discussing our expectations for a bounce in our 10/30/23 *ETF Pathfinder* with the Russell 2000 (**IWM**) testing major support at \$162-\$163, we outlined in our 11/20/23 *ETF Pathfinder* that we were shifting our outlook to bullish. Market-generated information has continued to be of the risk-on variety, which has only reinforced our bullish outlook on the broad equity market. Therefore, we continue to expect a rally into year-end and beyond.

- **Lockout Rally Continues.** We would not be *surprised* to see a minor pullback of 2-5%, particularly with the SPX testing resistance at 4600-4607. With that said, even a minor pullback is far from a guarantee, considering recent breakaway gaps in the SPX, DJI, Russell 2000, and Nasdaq 100, and what appears to be an ongoing "lockout rally." It all points to a very strong market that is not likely to pull back.

- **Big Picture Trends.** We are bullish on gold and silver; gold is testing multi-year resistance at \$2088-2090, and we are monitoring for a potential breakout. Additionally, many market dynamics continue to support our overall bullish outlook, including (1) bullish seasonality, (2) a weak U.S. dollar (DXY), (3) Treasury yields with short-term tops, (4) high yield spreads at 19-month narrows, (5) defensive Sectors (**XLP**, **XLU**) underperforming, and (6) breadth improving... *see page 2.*

- **Actionable Industry ETFs:** **GDX**, **IGV**, **BITQ**, **BITO**, **ARKK**, **ARKW**, **BOTZ**, and **XRT**... *see pages 9-10.*

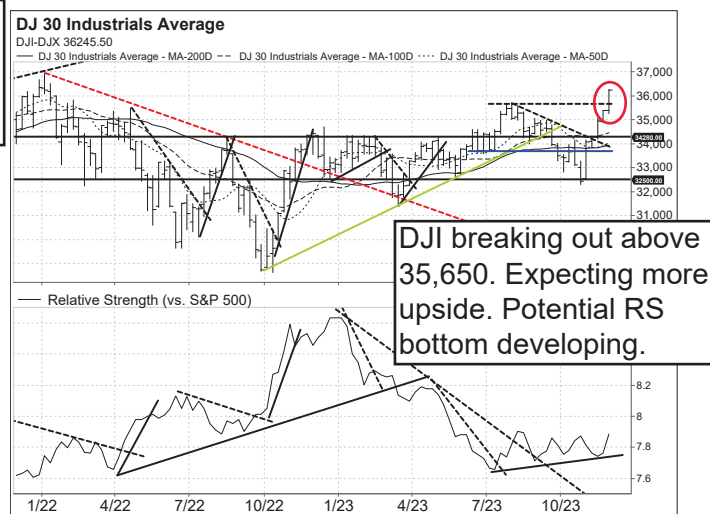
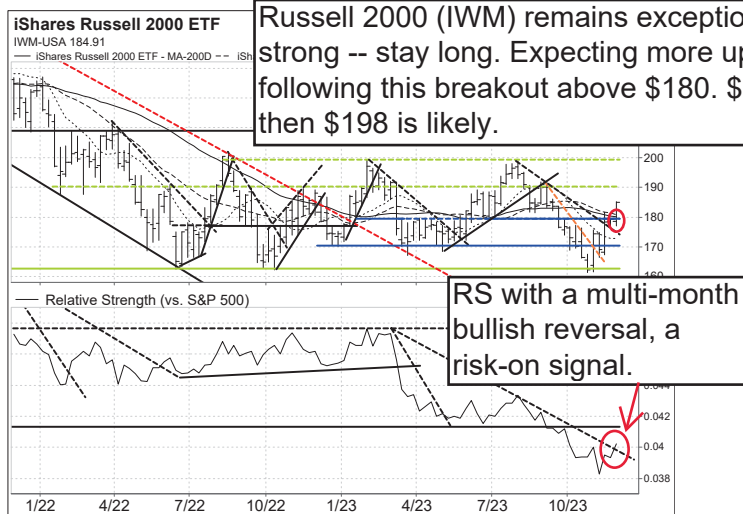
- **EM and Int'l Markets.** MSCI EM (**EEM**) and MSCI EAFE (**EFA**) continue to develop positively... *see page 11.*

- **Actionable Int'l ETFs:** **EWZ**, **INDA**, **FDD**, **EUFN**, **EUSC**, **EWD**, **EFNL**, and **EWO**... *see pages 12-13.*

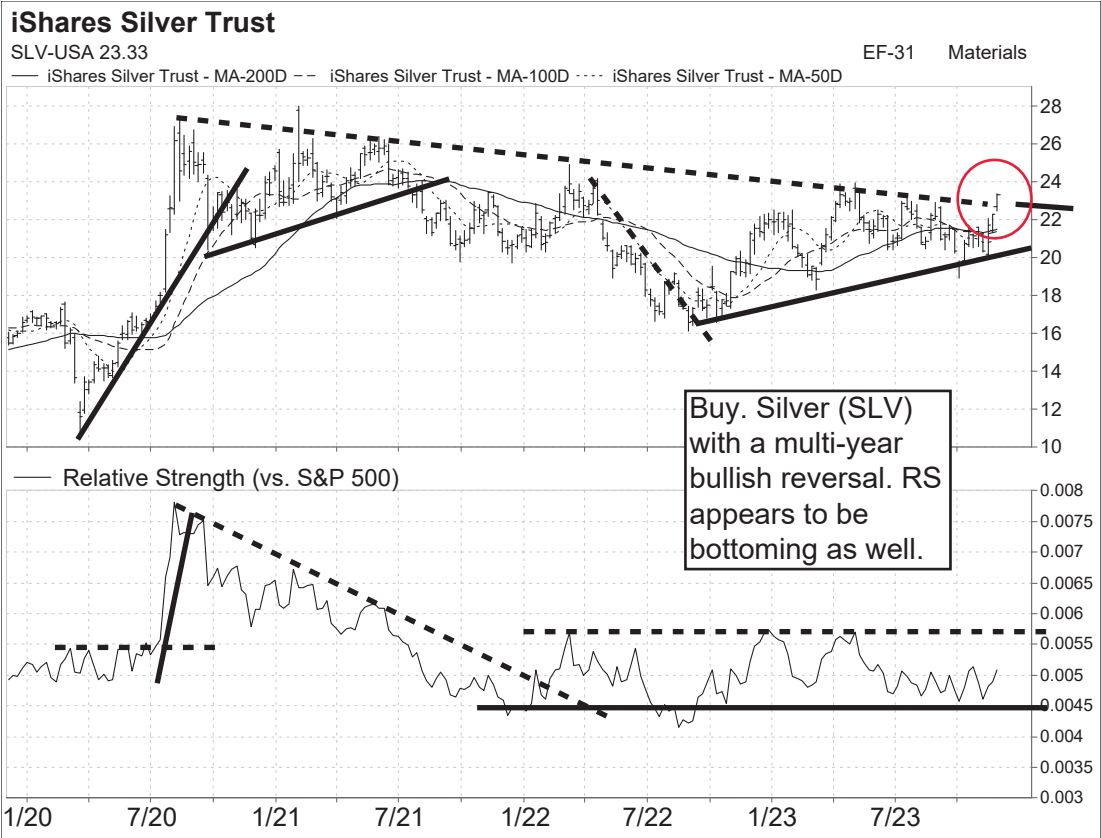
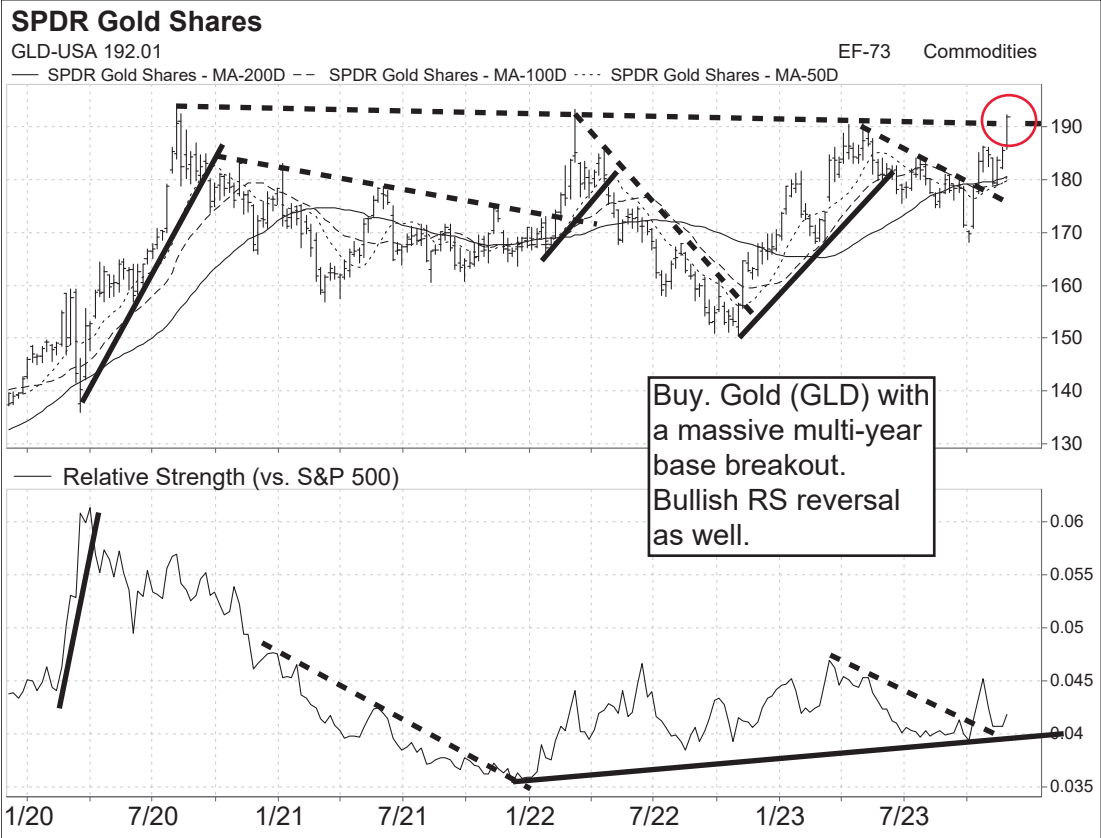
Sector Weighting Recommendations

Sector	Under-Weight	Market-Weight	Over-Weight
Comm. Services (XLC)			X
Cons. Discretionary (XLY)		X	
Cons. Staples (XLP)	X		
Energy (XLE)		X	
Financials (XLF)		X	
Health Care (XLV)	X		
Industrials (RSPN, XLI)		X	
Materials (XLB)	X		
Real Estate (XLRE)	X	X	
Technology (XLK)			X
Utilities (RSPU, XLU)	X		

Upgrading Real Estate.



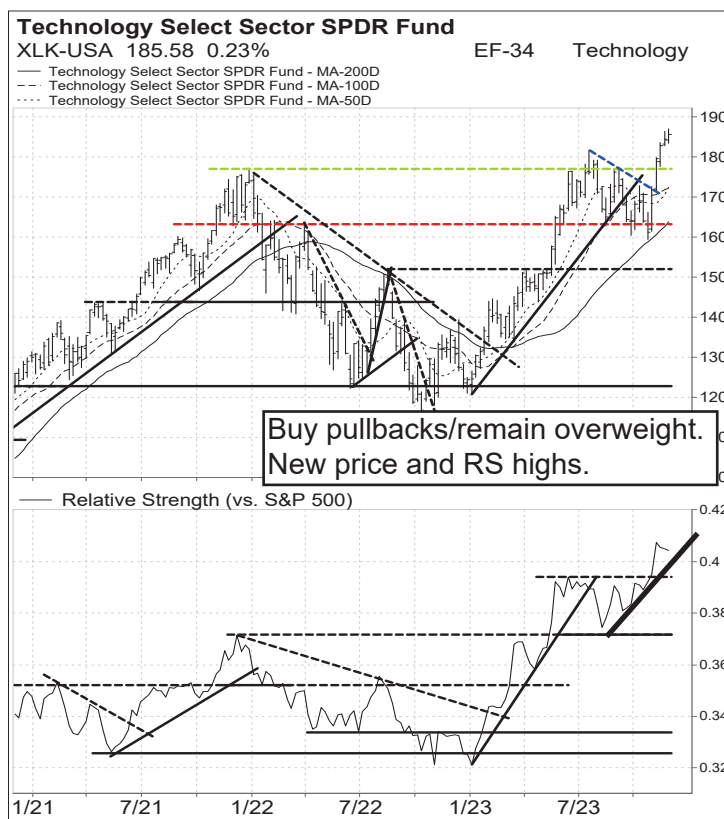
Gold and Silver With Long-Term Breakouts -- Buy



Technology (XLK): Overweight (upgraded 11/20/23 from Market Weight)

- Price on *cap-weighted* Technology (XLK) remains above major 2-year support at \$177 for a long-term cup-and-handle breakout -- buy pullbacks. RS remains in an uptrend as well -- stay overweight.
- Software (IGV) remains leadership -- remain overweight. Attractive names to buy/stay long include: **ADBE, ADSK, CDNS, CRM, FICO, GEN, INTU, MSFT, NOW, PTC, ROP, and SNPS.**
- Additional attractive names include: **AAPL, NTAP, STX, WDC, ACN, AKAM, VRSN, ANET, FFIV, MSI, APH, IBM, IT, AMAT, AMD, AVGO, INTC, KLAC, LRCX, MCHP, MPWR, MU, NVDA, NXPI,** and bottom-fishing candidates **QCOM** and **JNPR.**

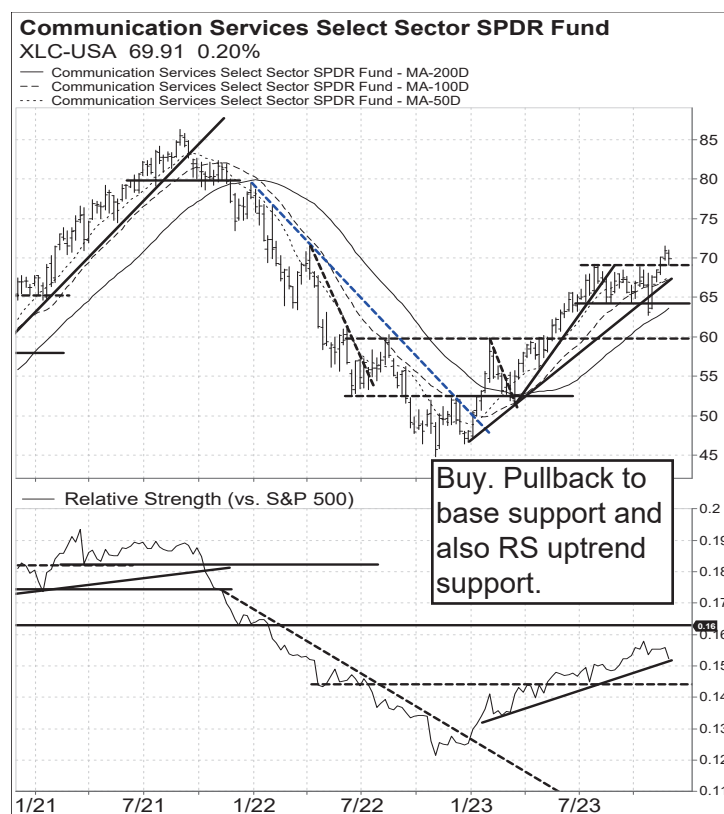
Top 10 Holdings (XLK)			
Ticker	Weight (%)	Ticker	Weight (%)
MSFT	24.3	CSCO	2.7
AAPL	23.2	CRM	2.4
AVGO	4.4	ACN	2.3
NVDA	4.3	ORCL	2.0
ADBE	3.0	AMD	2.0



Communication Svcs (XLC): Overweight (upgraded 11/20/23 from Market Weight)

- Cap-weighted* Communications (XLC) has pulled back to base support at \$68-\$69 -- add exposure. RS has also pulled back to uptrend support. Our overweight recommendation remains appropriate as long as the RS uptrend continues, though we would downgrade on a RS uptrend violation.
- Attractive names include: **NFLX, TTWO, META, VZ, EA, NWSA, TMUS,** and bottom-fishing candidates **T, DIS, IPG, OMC, and PARA.**

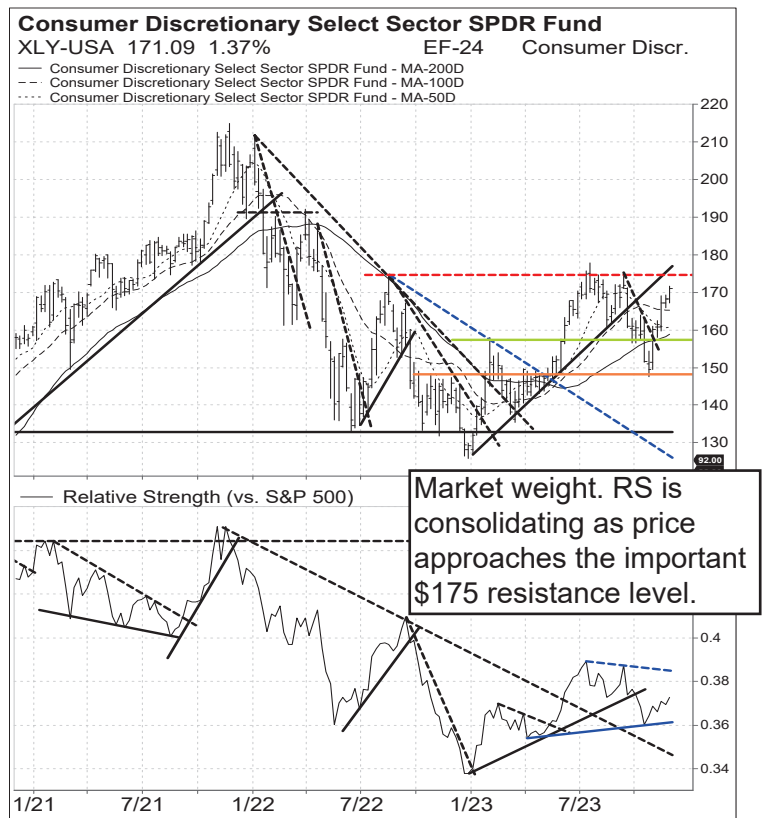
Top 10 Holdings (XLC)			
Ticker	Weight (%)	Ticker	Weight (%)
META	25.4	VZ	5.0
GOOGL	12.3	DIS	4.9
GOOG	10.6	NFLX	4.5
T	5.1	CHTR	4.4
TMUS	5.1	CMCSA	4.4



Cons. Discretionary (XLY): Market Weight

- Price held at \$148-\$150 support on the *cap-weighted* Consumer Discretionary Sector (XLY), as discussed in our 10/30/23 *ETF Pathfinder*. Additionally, the XLY has reclaimed the \$157-\$161 area; this signals a major false breakdown, which is bullish -- add exposure on pullbacks. \$157-\$161 remains support to watch, while resistance is at \$175.
- Retail (XRT) is moving into a leadership position -- add exposure. Attractive names to buy/stay long include **AMZN, ROST, ULTA, NKE, RL, HD**, and bottom-fishing candidates **ETSY, BBWI**, and **BBY**.
- Also attractive: **GRMN, BKNG, EXPE, HLT, MAR, CCL, RCL, PHM, DHI, LEN, NVR, CMG, DPZ, DRI, MCD**, and **NCLH** (bottom-fishing candidate).

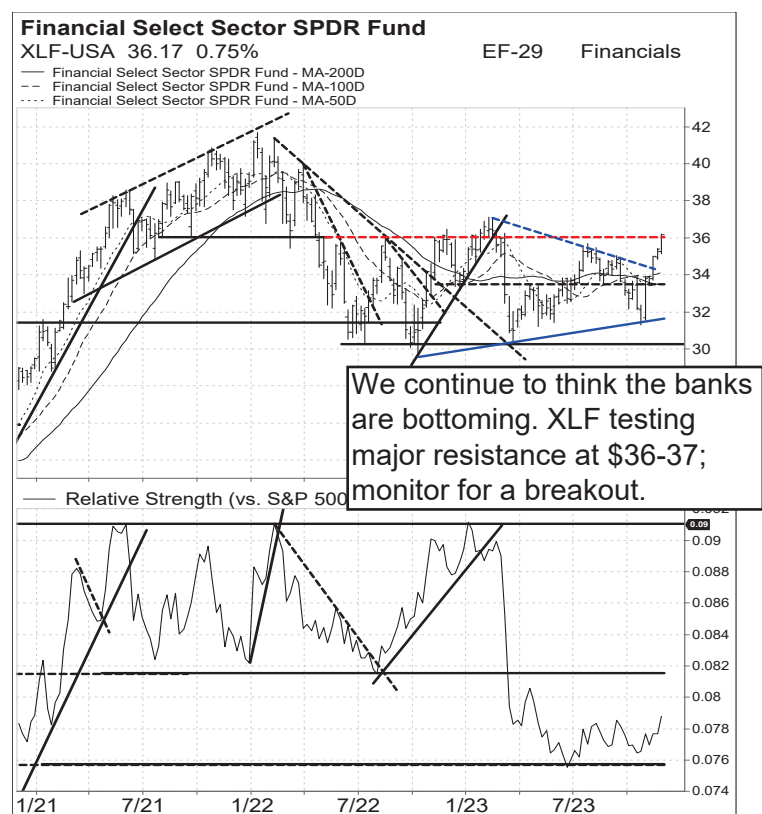
Top 10 Holdings (XLY)			
Ticker	Weight (%)	Ticker	Weight (%)
AMZN	23.7	LOW	3.8
TSLA	17.6	SBUX	3.7
MCD	4.6	TJX	3.5
HD	4.2	BKNG	3.4
NKE	4.2	ORLY	2.0



Financials (XLF): Market Weight

- We continue to believe a new horizontal RS range is developing on the **XLF**, which supports our market weight recommendation. Price has continued higher after we recommended buying the triangle breakout in our 11/20/23 *ETF Pathfinder*. We are getting the expected test of major 1+ year resistance in the \$36-\$37 range; monitor for a breakout.
- Banks (**KRE, KBE**) continue to bottom following our buy recommendation in our 11/20/23 *ETF Pathfinder*. Attractive names to buy/stay long: **FITB, JPM, ZION, BK**, and bottom-fishing candidates: **BAC, C, CFG, CMA, HBAN, KEY, MTB, PNC, RF, TFC, USB, & WFC**.
- Also attractive: **CBOE, CME, V, AMP, BLK, GS, MCO, RJF, SCHW, SPGI, AXP, COF, FI, GPN, JKHY, & MA**.

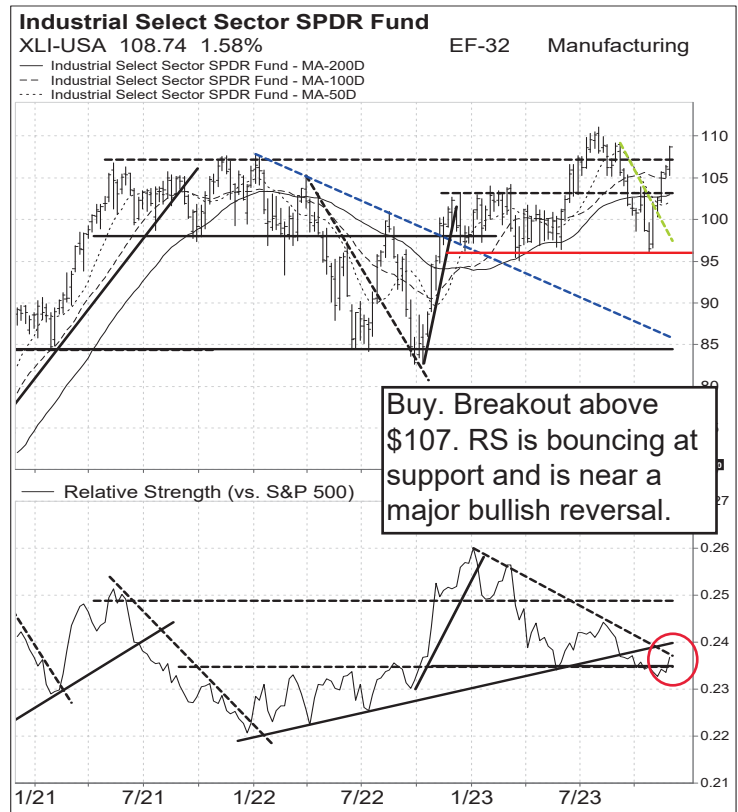
Top 10 Holdings (XLF)			
Ticker	Weight (%)	Ticker	Weight (%)
BRK.B	13.8	WFC	3.3
JPM	9.0	SPGI	2.6
V	8.4	GS	2.2
MA	6.9	MMC	2.1
BAC	4.0	MS	2.1



Industrials (XLI & RSPN): Market Weight

- RS on the **XLI** continues to hold above key support, and appears to be inflecting higher. Price held at critical support in the \$95.50-\$97 range, where we discussed we would be buying in our 10/30/23 *ETF Pathfinder*. The XLI is now breaking above \$103-\$104 and \$107 resistances, and is rather bullish.
- Transportation names (**IYT, XTN, JETS**) display bullish price and RS inflections. Buy: **FDX, CSX, NSC, ODFL, UNP**, and bottom-fishing candidates **AAL, ALK, DAL**, and **LUV**.
- Also attractive: **PCAR, PH, PNR, SNA, SWK, WAB, XYL, GWW, PAYX, RHI, CPRT, CTAS, RSG, WM, BR, CSGP, EFX, LDOS, AOS, MAS, TT, ETN, GE, IR, OTIS, PWR, URI, BA, GD, HII, HWM, TDG, LHX, NOC, GNRC**, and **HON**.

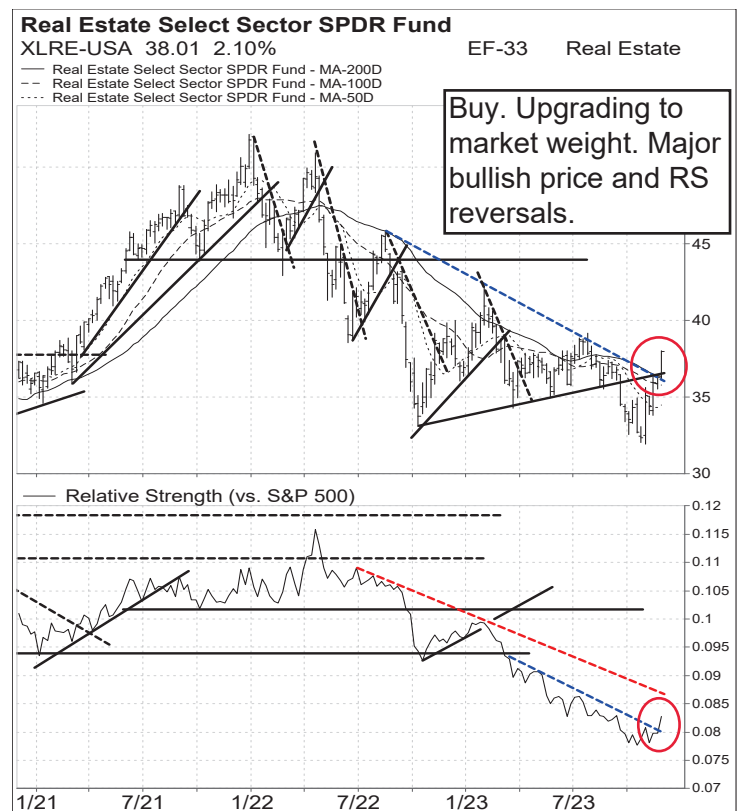
Top 10 Holdings (XLI)			
Ticker	Weight (%)	Ticker	Weight (%)
UNP	4.3	BA	3.6
CAT	4.2	LMT	3.5
HON	4.1	DE	3.4
GE	4.0	UPS	3.4
RTX	4.0	ADP	3.1



Real Estate (XLRE): Market Weight (upgrading today from Underweight)

- **UPGRADE.** We are upgrading Real Estate (**XLRE**) to market weight. We discussed in our 11/20/23 *ETF Pathfinder* the bullish implications of price reclaiming the \$33 level on XLRE, and price is now breaking above a confluence of resistance at the prior uptrend, the 200-day MA, and the 1+ year downtrend -- add exposure. RS is also reversing topside a 9.5-month downtrend.
- Attractive names to buy/stay long include: **SPG, AMT, CCI, SBAC, DLR, EQIX, WELL, IRM**, and bottom-fishing candidates **VTR, HST, PLD, ARE, BXP, CBRE, AVB, FRT, KIM, REG, EXR**, and **VICI**.

Top 10 Holdings (XLRE)			
Ticker	Weight (%)	Ticker	Weight (%)
PLD	11.1	PSA	4.7
AMT	9.9	DLR	4.6
EQIX	8.2	O	4.3
WELL	5.2	SPG	4.2
CCI	4.8	CSGP	3.6

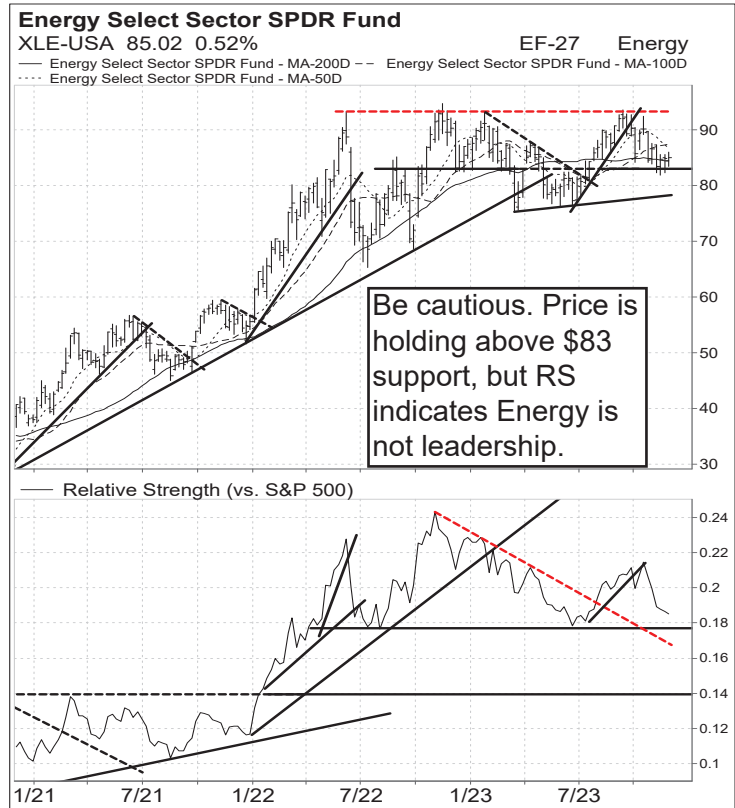


Energy (XLE, RSPG): Market Weight

- Since our 9/25/23 *ETF Pathfinder* we have discussed our bearish expectations for the XLE to back-and-fill toward \$83 following the 3-month uptrend violations on the *cap-* and *equal-weighted* Energy Sector ETFs (**XLE, RSPG**). This has played out perfectly, with \$83 now being tested. If \$83 support breaks, it would mean a test of \$76-\$79. Additionally, RS is testing key support, and we would downgrade the Sector to underweight on a RS breakdown. We would not be surprised to see continued underperformance.
- Many names remain above their November lows but have not been participating in the current broad market rally, which is concerning. Attractive names include: **BKR, MPC, PSX, WMB, TRGP, COP, EOG, EQT, FANG, MRO, PXD, OKE, and KMI.**

Top 10 Holdings (XLE)

Ticker	Weight (%)	Ticker	Weight (%)
XOM	22.5	MPC	4.4
CVX	17.0	PXD	4.2
EOG	4.9	PSX	3.7
COP	4.6	VLO	3.3
SLB	4.5	WMB	3.1



Materials (XLB): Underweight

- RS on *cap-weighted* Materials (**XLB**) remains below the critical 3.5-year resistance near the 0.18 area (see chart at right, bottom clip). Remain underweight. Price remains in a broad consolidation between resistance at \$85 and major support at \$75-\$76. This support level recently held yet again, and price displays a bullish reversal topside the 3.5-month downtrend. We expect another test of \$85 resistance. Be selective.
- Metals & mining (**XME, GDX, GDXJ**) display bullish price and RS inflections -- add exposure. Attractive names include: **NUE, STLD, FCX, and NEM.**
- Also attractive: **CE, ECL, LIN, PPG, SHW, AVY, IP, PKG, WRK, MLM, VMC,** and bottom-fishing candidates **DOW, EMN, AMCR, and BALL.**

Top 10 Holdings (XLB)

Ticker	Weight (%)	Ticker	Weight (%)
LIN	21.5	NUE	4.4
APD	7.3	CTVA	4.0
SHW	6.6	DOW	4.0
FCX	5.7	DD	3.9
ECL	4.8	NEM	3.7

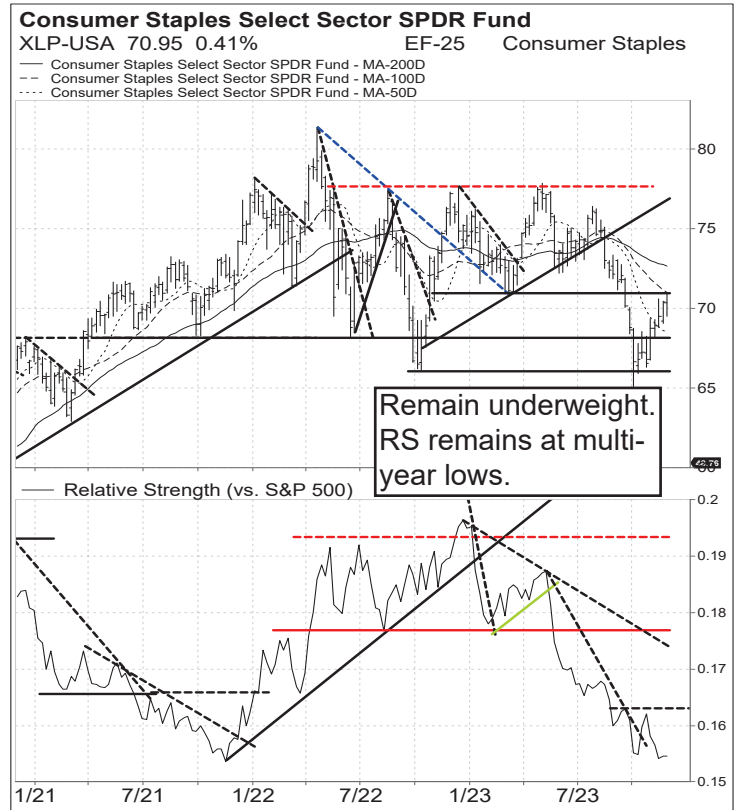


Consumer Staples (XLP): Underweight

- We discussed in our 10/30/23 *ETF Pathfinder* that RS displayed some short-term improvement on the **XLP**, but that we have seen short-term RS improvements a number of times this year for defensives, and every time it was short-lived, only for RS to break to new lows. We suggested that this time could be no different, and that appears to be playing out with RS back at multi-year lows. Remain underweight. \$71 is resistance to watch on the XLP, while support remains at \$68 and \$66.
- Super Center Retailers remain a top overweight within Consumer Staples. Buy/stay long **COST** and **TGT**.
- Additional attractive names: **BG**, **CL**, and bottom-fishing candidates **DG**, **KO**, **SY**, **KHC**, and **CHD**.

Top 10 Holdings (XLP)

Ticker	Weight (%)	Ticker	Weight (%)
PG	15.2	PM	4.5
COST	10.6	MDLZ	4.5
WMT	10.1	MO	3.5
PEP	9.6	CL	3.0
KO	4.6	TGT	2.5



Utilities (RSPU, XLU): Underweight

- 1+ year RS downtrends remain intact on *cap-* and *equal-weighted* Utilities (**XLU**, **RSPU**) -- remain underweight. \$63.50 continues to be important resistance to watch on the **XLU**. Several names are starting to display price and RS bottoms, which is an encouraging sign. Add selective exposure.
- Names that we continue to find attractive include: **CEG**, **NRG**, and **PCG**.
- New buy recommendations include several bottom-fishing candidates: **AEP**, **ETR**, **PPL**, **SO**, **XEL**, **AES**, and **CNP**.

Top 10 Holdings (XLU)

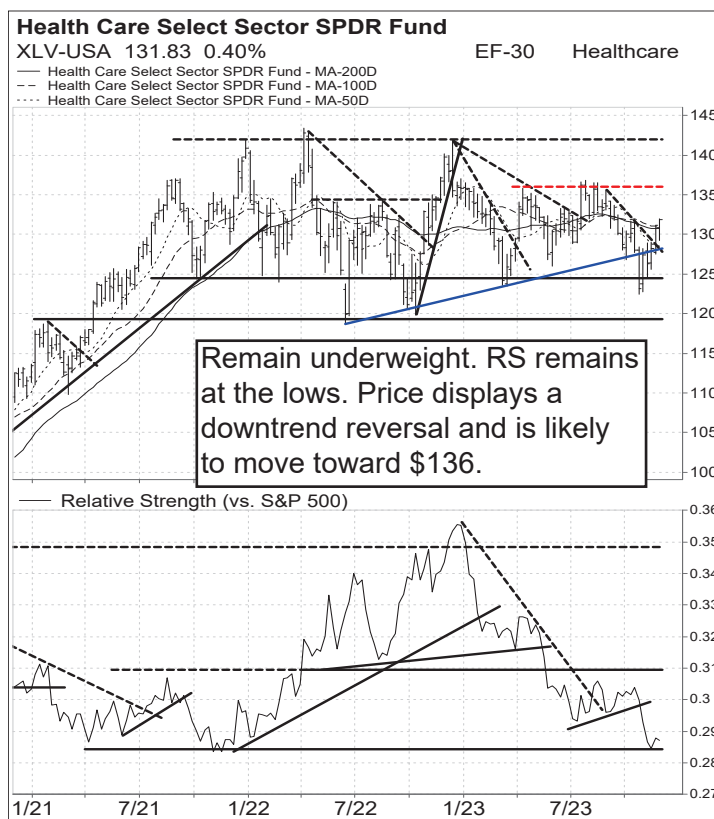
Ticker	Weight (%)	Ticker	Weight (%)
NEE	13.1	EXC	4.4
SO	8.4	CEG	4.1
DUK	7.8	D	3.9
SRE	5.1	PCG	3.8
AEP	4.5	XEL	3.7



Health Care (XLV): Underweight (downgraded 11/20/23 from Market Weight)

- RS on the *cap-weighted XLV* remains at YTD lows while RS on the *equal-weighted RSPH* remains in a YTD downtrend -- remain underweight. Price on the XLV has been consolidating for over two years, between support at \$124-125/\$120 and resistance at \$142. \$124-\$125 support recently held. Shorter-term resistance is at \$136. Be very selective.
- Medical devices/equipment (**IHI**, **XHE**) display early signs of price and RS bottoms -- add exposure. Attractive names include: **BSX**, **IDXX**, **ISRG**, and bottom-fishing candidates **ABT**, **DXCM**, **TFX**, **XRAY**, **ZBH**, **A**, and **WAT**.
- Additional attractive names: **LLY**, **COR**, **CAH**, **CNC**, **MCK**, **MOH**, **DVA**, **LH**, **UNH**, **ELV**, and **UHS**.

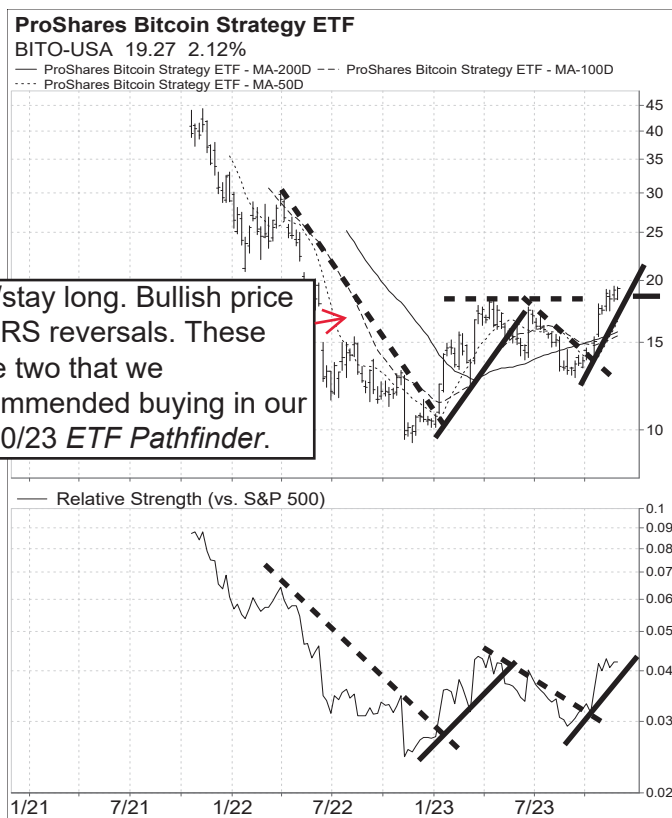
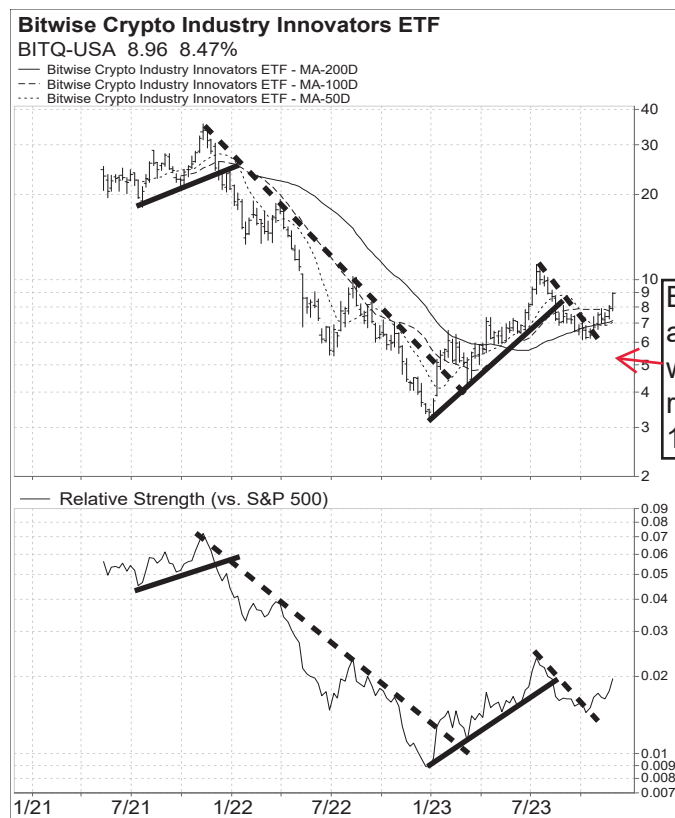
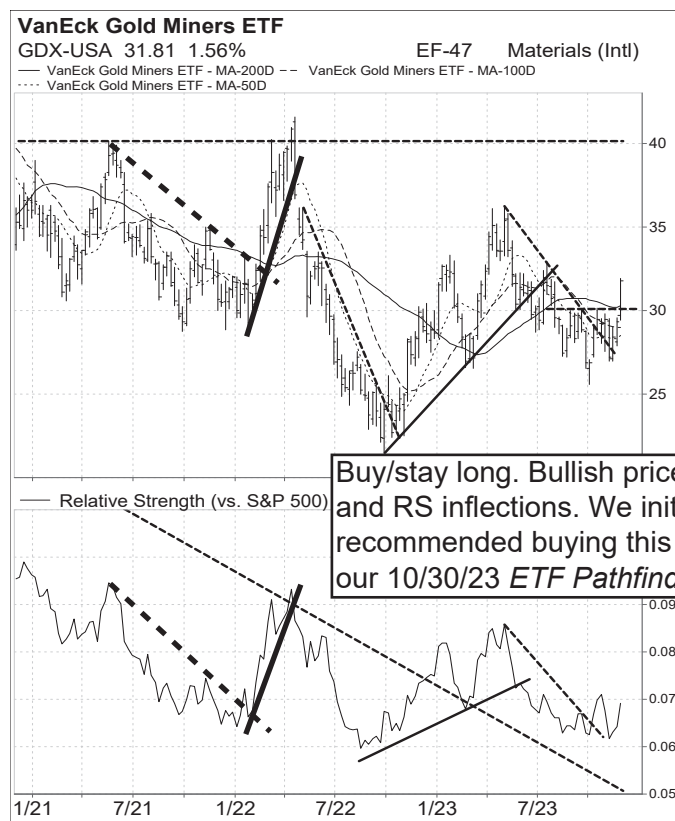
Top 10 Holdings (XLV)			
Ticker	Weight (%)	Ticker	Weight (%)
UNH	10.6	PFE	3.7
LLY	9.8	TMO	3.6
JNJ	7.7	ABT	3.5
MRK	5.7	AMGN	3.1
ABBV	5.4	DHR	2.7



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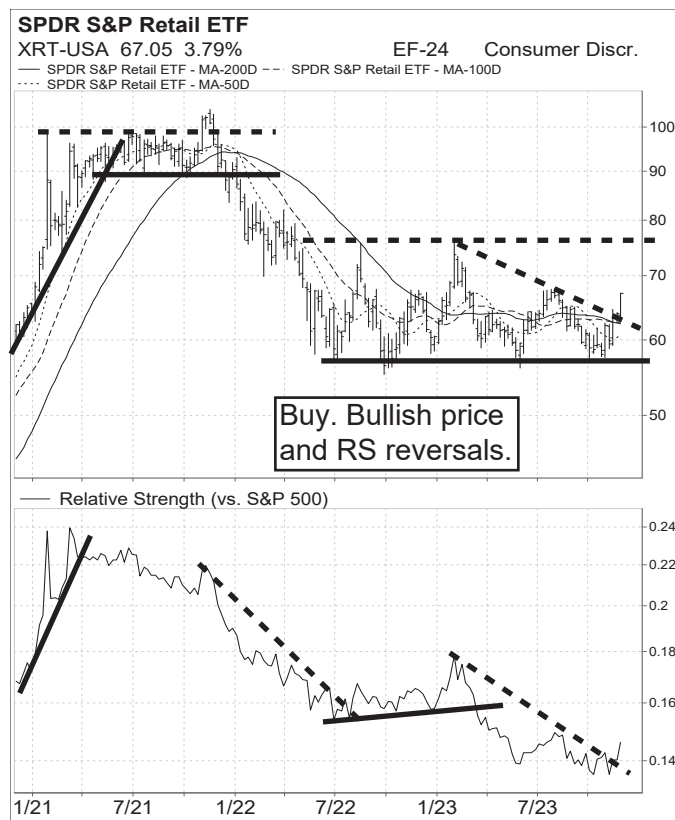
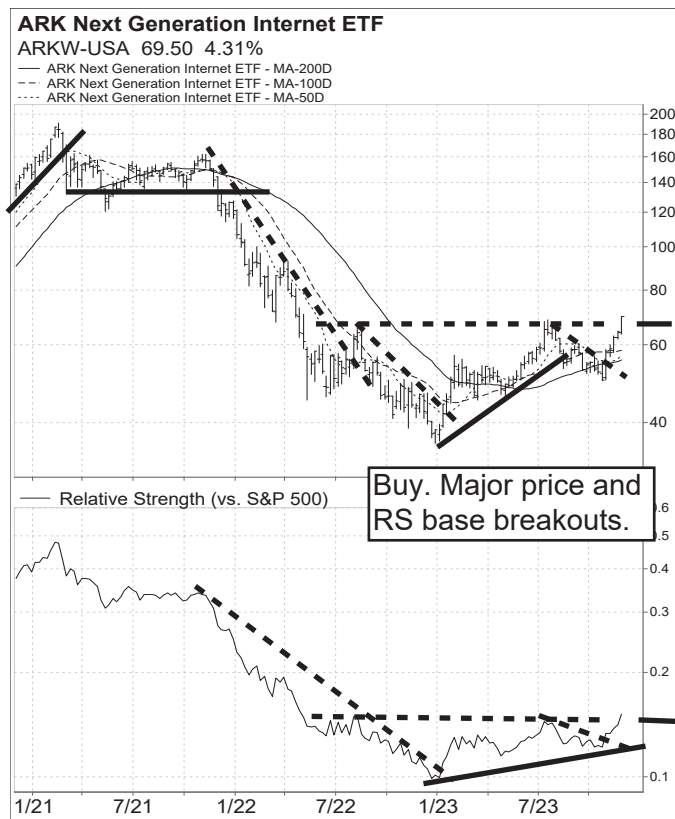
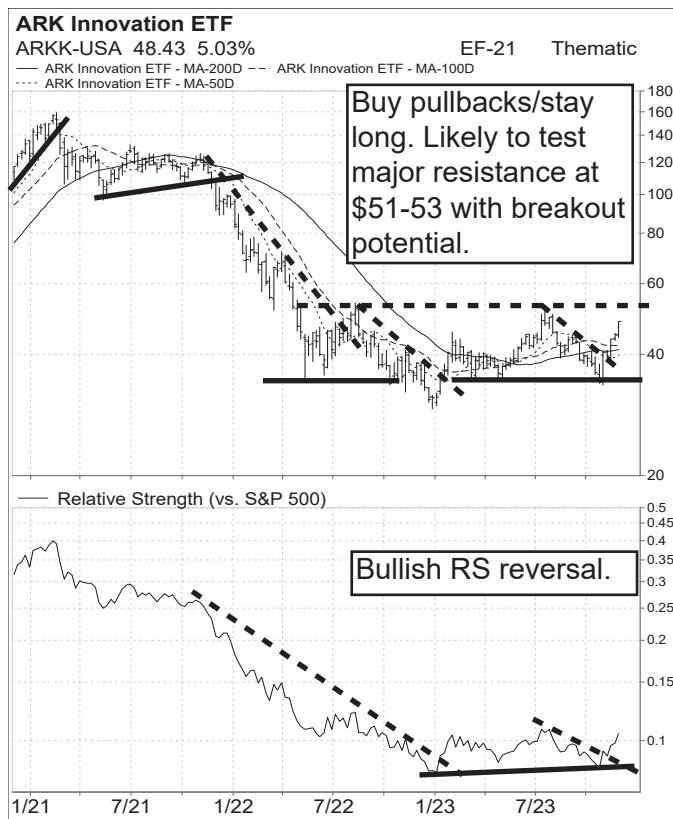
Actionable Industry ETFs

- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: GDX, IGV, BITQ, and BITO



Actionable Industry ETFs

- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: ARKK, ARKW, BOTZ, and XRT



Emerging Markets

Since March of 2023 we have discussed how we are constructive from a price perspective on emerging market equities (**EEM**) as long as \$37-\$37.50 support continues to hold. \$37 support held and was offered a strong buy point yet again in late-October. Additionally, the EEM continues to develop positively following the bullish 3-month downtrend reversal. We continue to expect the EEM to test 1+ year horizontal resistance at \$42. RS is still testing key support; stay at market weight (vs. MSCI ACWI) as long as there is no decisive RS breakdown.

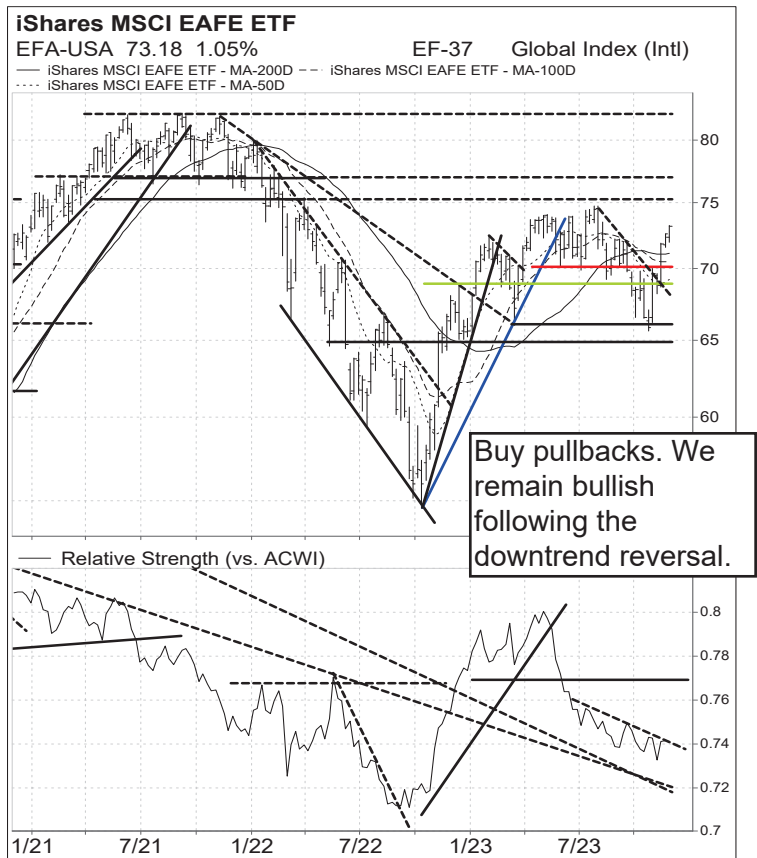
Actionable EM countries/regions highlighted: Brazil (**EWZ**) and India (**INDA**)... see charts on page 12.



Developed Int'l Markets

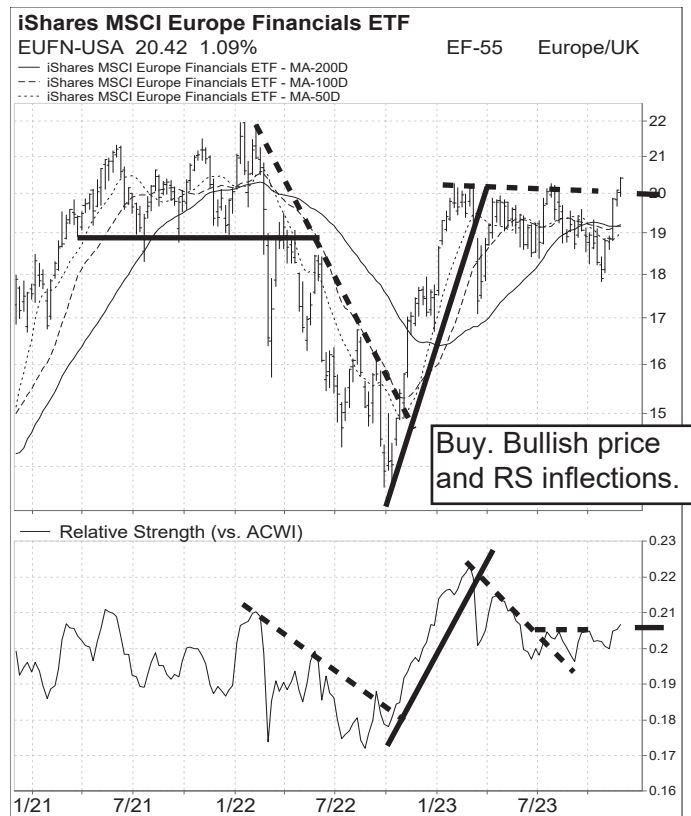
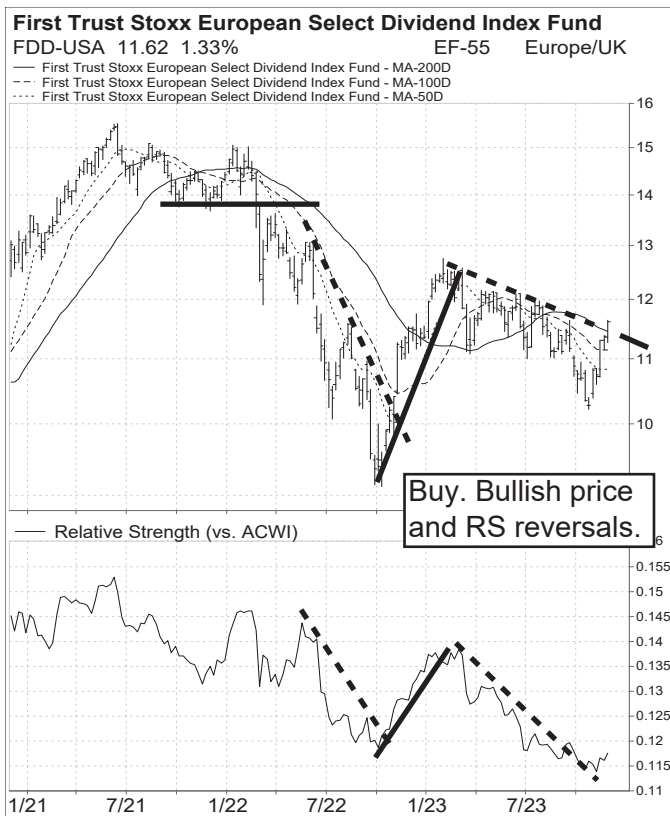
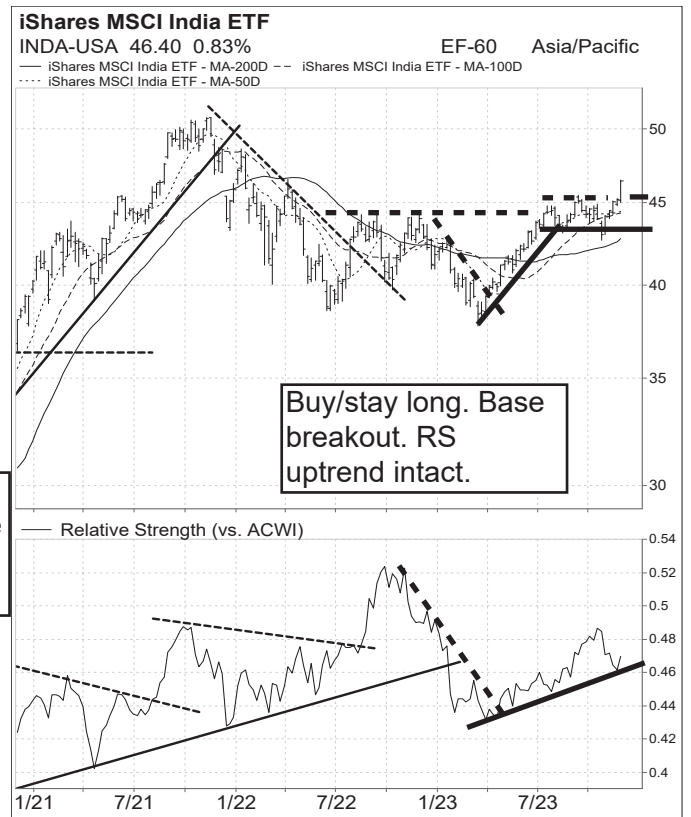
The critical \$65-\$66 support level held on the MSCI EAFE (**EFA**), as discussed in our 10/30/23 *ETF Pathfinder*. Additionally, EFA continues to develop positively following its bullish 3-month downtrend reversal and reclaim of critical resistance at \$69-\$70, all bullish developments. Add exposure on pullbacks. RS (vs. MSCI ACWI) continues to stabilize, which supports our market weight recommendation.

Actionable developed int'l countries/regions highlighted: European Dividend, Financials, and Small-Caps (**FDD**, **EUFN**, **EUSC**), Sweden (**EWD**), Finland (**EFNL**), and Austria (**EWO**)... see charts on pages 12-13.



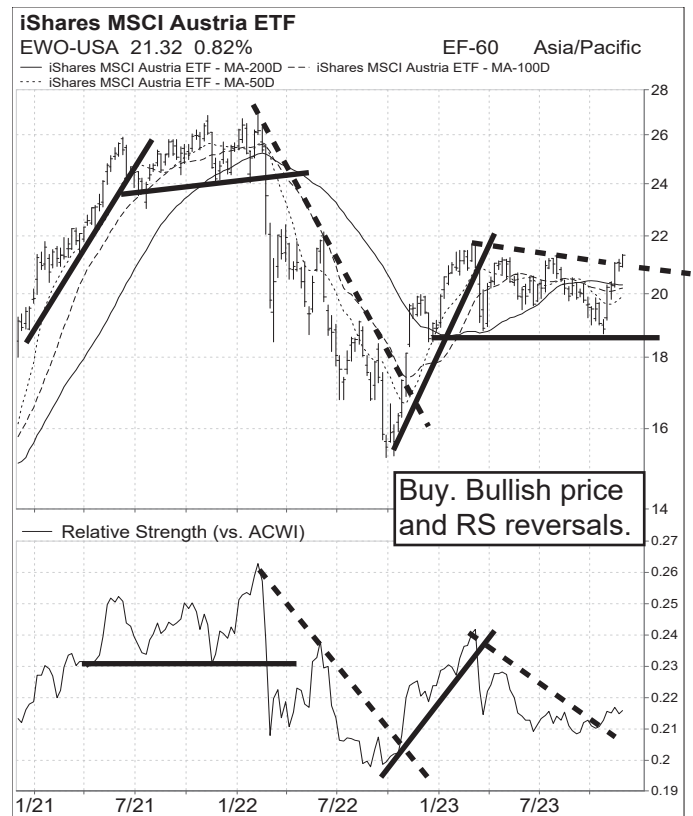
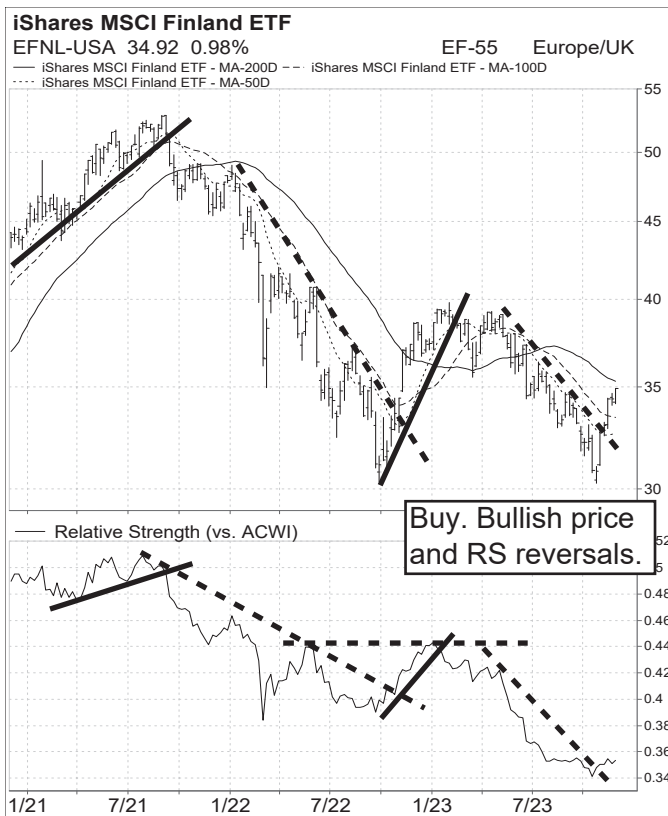
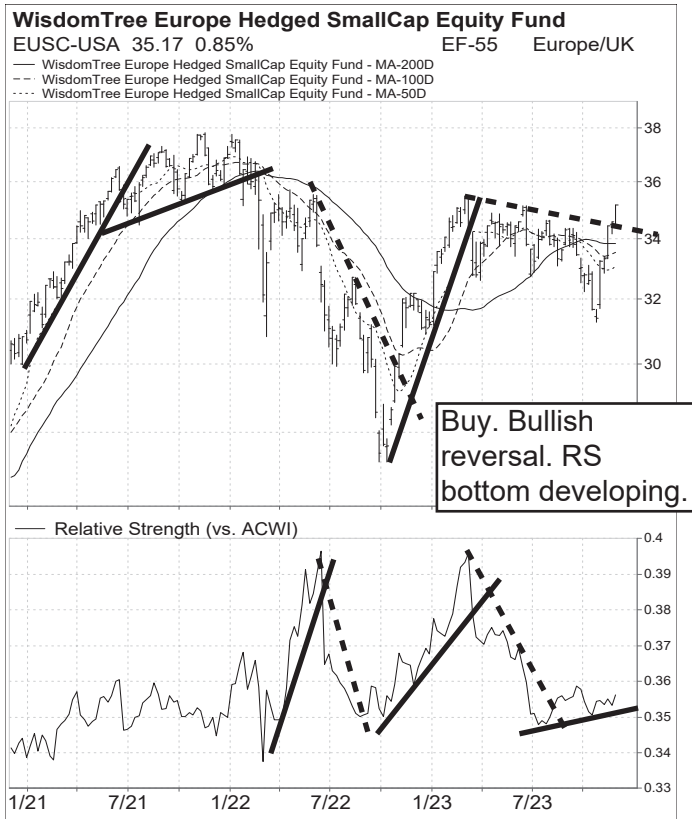
Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: EWZ, INDIA, FDD, EUFN, EUSC, EWD, EFNL, and EWO



Actionable International ETFs

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