

3/23/2026

**Ross LaDuke, CMT**  
Global Strategist  
612-482-8442  
Ross@vermilioncap.com

**David Nicoski, CMT**  
Chief Investment Officer  
612-682-1900  
Dave@vermilioncap.com

**Joseph Jasper, CFA**  
President  
612-712-1300  
Joe@vermilioncap.com

**Eric Anderson**  
Research Sales  
612-482-6622  
Eric@vermilioncap.com

**Sean Cusick**  
Director of Quant Systems  
612-712-1400  
Sean@vermilioncap.com

Vermilion Research LLC  
920 2nd Ave S, Ste. 1225  
Minneapolis, MN 55402

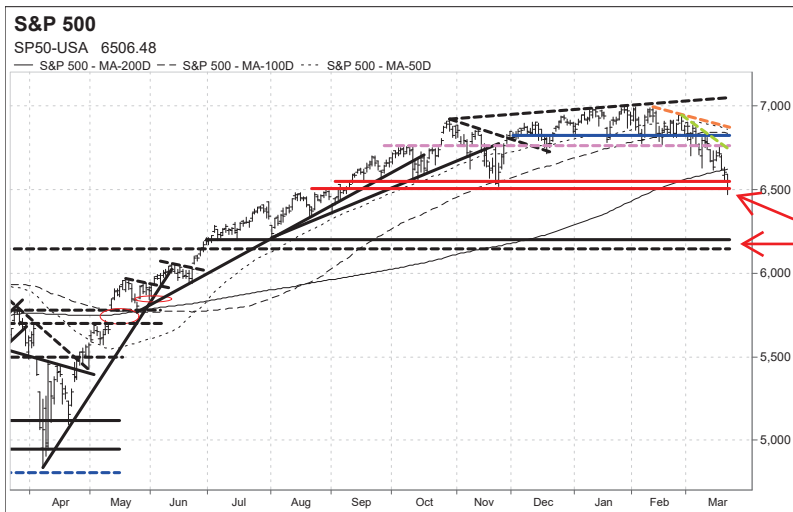
## Still Cautious; Significant Downside Air Pocket Risk

Our outlook (as of our 3/3/26 *Compass*) remains *near-term* neutral on the S&P 500 (SPX), after being bullish for all but one week since 4/22/25 (we went neutral 11/19/25-11/25/25). Our initial concerns that we discussed since early-February stemmed from deteriorating market dynamics, and ever since then we have been "concerned about a deeper pullback, likely to 6720-6776, 6690, or 6480-6520 on SPX." SPX hit 6480-6520 support on Friday; while we are monitoring for a potential bottom here, we are increasingly concerned about a breakdown below 6480. Crucial support at \$245 on the Russell 2000 (IWM) was broken on Friday (though we would not yet consider it a "decisive" break), while 6-month support at 24,000 on Nasdaq 100 futures (NQ) is being tested. These remain crucial supports going forward, and we will downgrade our outlook to bearish if SPX breaks below 6480. Resistance to watch is at the 200-day MA (currently 6622), but as we discussed in last week's *Compass* (3/18/26), we are concerned about a significant downside air pocket.

- **Risk-Off.** We *still* see reason for near-term caution: (1) U.S. interest rate volatility (MOVE index) surged to 11-month highs last week. (2) The U.S. dollar (DXY) is testing crucial resistance at \$100.25-\$100.80; an upside breakout would be bearish for global equities. (3) High yield spreads are at 9-month wides, and are widening above the crucial 320bps level. (4) Defensive Sectors (**XLP**, **XLU**, **XLRE**) and Energy (**XLE**) remain leadership, which is as unhealthy as it gets. (5) WTI crude oil is consolidating, but as long as it holds above \$88-\$90 it remains a risk-off signal... *see page 2*.
- **Actionable Industry ETFs: COAL, OIH, XOP, and IEO...** *see page 9*.
- **EM and Int'l Markets.** While we remain overweight MSCI EM (**EEM**), and market weight MSCI EAFE (**EFA**), price is breaking down -- reduce exposure... *see page 10*.
- **Actionable Int'l ETFs: EWY, EWT, ENOR, and EIS...** *see page 11*.

Sector Weighting Recommendations

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



Leadership from defensives and Energy has the market sick, and the SPX will likely need downside capitulation before finding a reliable bottom. Continue to sell rallies as we do not believe there will be a breakout above 7000 until we see downside capitulation. Resistance is at the 200-day MA (currently 6622). Now testing CRUCIAL 6480-6520 support; we would officially shift our outlook to bearish on a break with acceptance below 6480, as SPX would likely see 6150-6200 fast. We see significant risk for a major downside air pocket. Stay defensive.

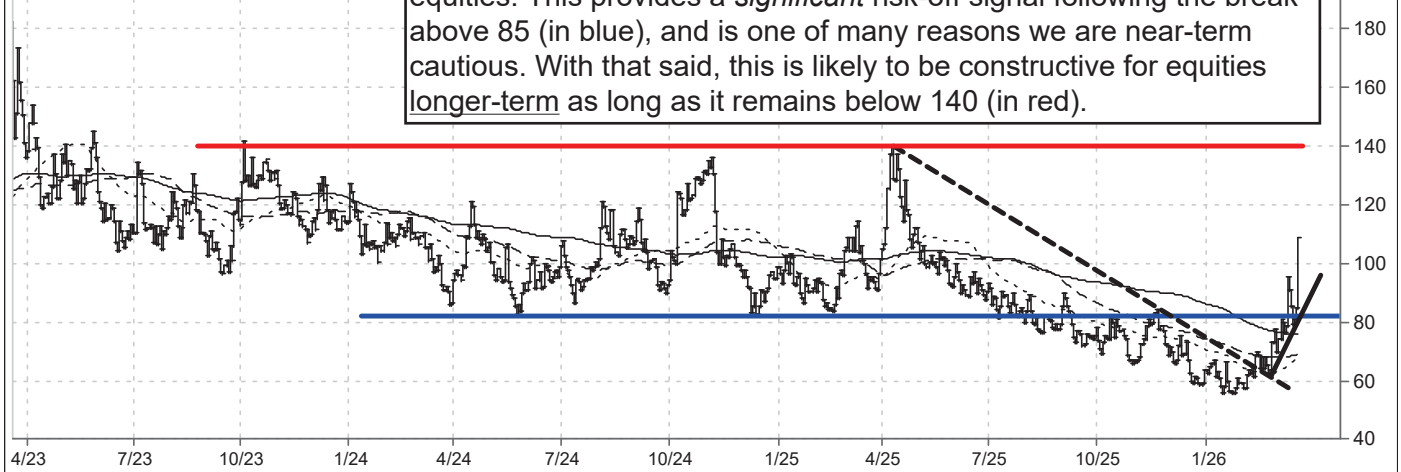
## Concerns: Interest Rate Vol (MOVE index), Crude Oil, and the U.S. Dollar (DXY)

### ICE BofAML MOVE

MOVE.IDX-USA 108.84

— ICE BofAML MOVE - MA-200D -- IC

Interest rate volatility (MOVE index) is hitting 11-month highs, and we discussed in early-March how this was becoming a problem for equities. This provides a *significant* risk-off signal following the break above 85 (in blue), and is one of many reasons we are near-term cautious. With that said, this is likely to be constructive for equities longer-term as long as it remains below 140 (in red).

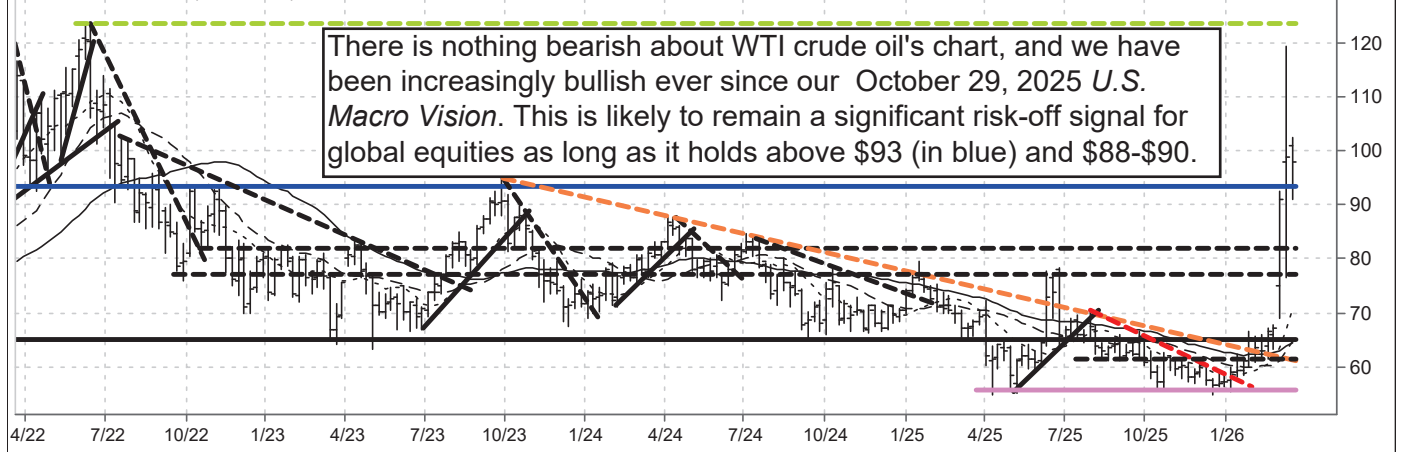


### Crude Oil WTI (NYM \$/bbl) Continuous

CL00-USA 98.09

— Crude Oil WTI (NYM \$/bbl) Continuous - MA-200D -- Crude Oil WTI (NYM \$/bbl) Continuous - MA-100D  
--- Crude Oil WTI (NYM \$/bbl) Continuous - MA-50D

There is nothing bearish about WTI crude oil's chart, and we have been increasingly bullish ever since our October 29, 2025 *U.S. Macro Vision*. This is likely to remain a significant risk-off signal for global equities as long as it holds above \$93 (in blue) and \$88-\$90.



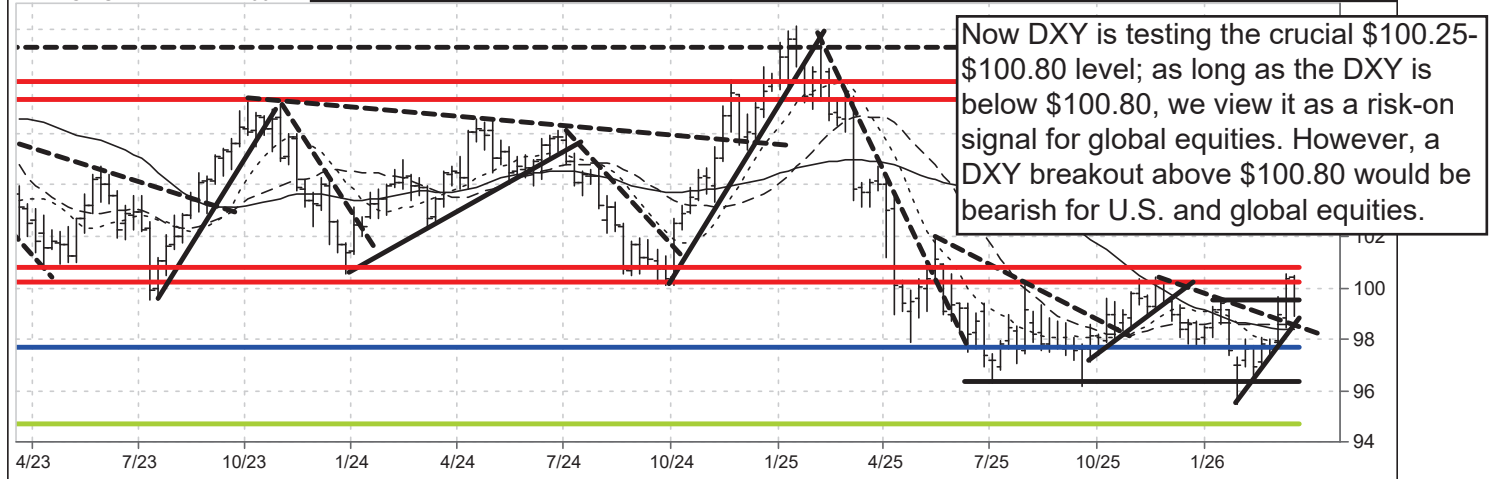
### ICE US Dollar

DX-IFUS 99.50

— ICE US Dollar - MA-200D --

In early-Feb. (2/2/26 *EM Strategy* and several reports after that) we discussed how the U.S. dollar's (DXY) undercut and rally at \$96.40 was likely to be a headwind for global equities, as we were targeting \$100 on DXY -- target achieved.

Now DXY is testing the crucial \$100.25-\$100.80 level; as long as the DXY is below \$100.80, we view it as a risk-on signal for global equities. However, a DXY breakout above \$100.80 would be bearish for U.S. and global equities.

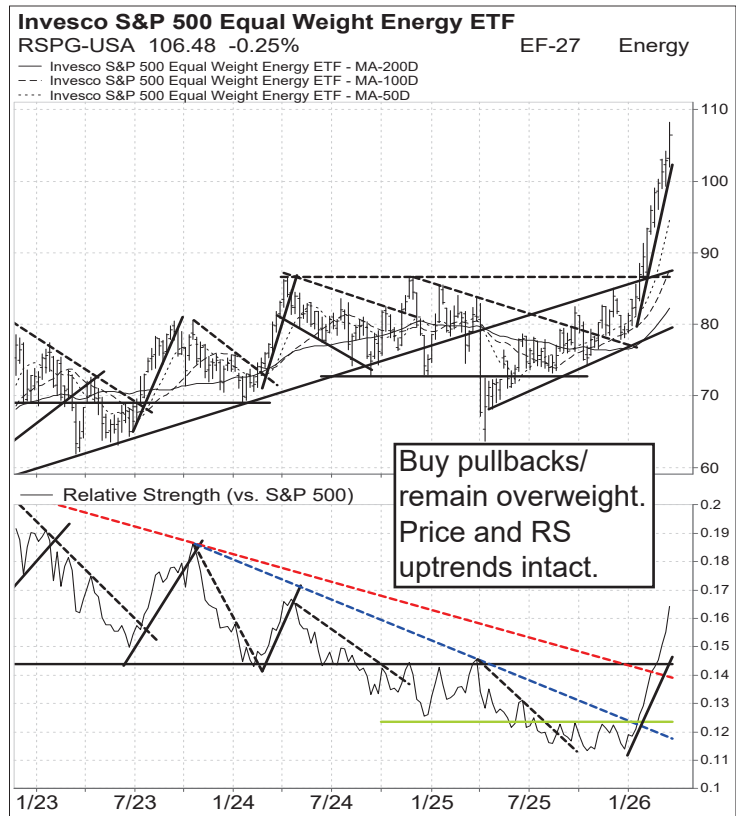


## Energy (XLE, RSPG): Overweight

- The Energy Sector is showing no signs of letting up following 3.5-year (and 18-year) base breakouts above \$86.50 on the *equal-weighted* **RSPG** ETF and \$47-\$47.50 on the *cap-weighted* **XLE**. RS similarly remains relentlessly strong on both the RSPG and XLE after reversing above their 3+ year RS downtrends. We expect outperformance to continue, which would not be a good sign for the broad market.
- Exploration & production (**XOP**, **IEO**) is now leadership, taking the baton from services (though both remain attractive). Buy/stay long: **APA**, **COP**, **CTRA**, **CVX**, **DVN**, **EOG**, **FANG**, **OXY**, and **XOM**.
- Additional attractive names: **MPC**, **PSX**, **VLO**, **BKR**, **HAL**, **SLB**, **EQT**, **KMI**, **OKE**, **TPL**, **TRGP**, and **WMB**.

**Top 10 Holdings (XLE)**

Ticker	Weight (%)	Ticker	Weight (%)
XOM	24.2	EOG	3.9
CVX	17.4	KMI	3.7
COP	6.9	BKR	3.7
WMB	4.6	VLO	3.6
SLB	4.4	PSX	3.6

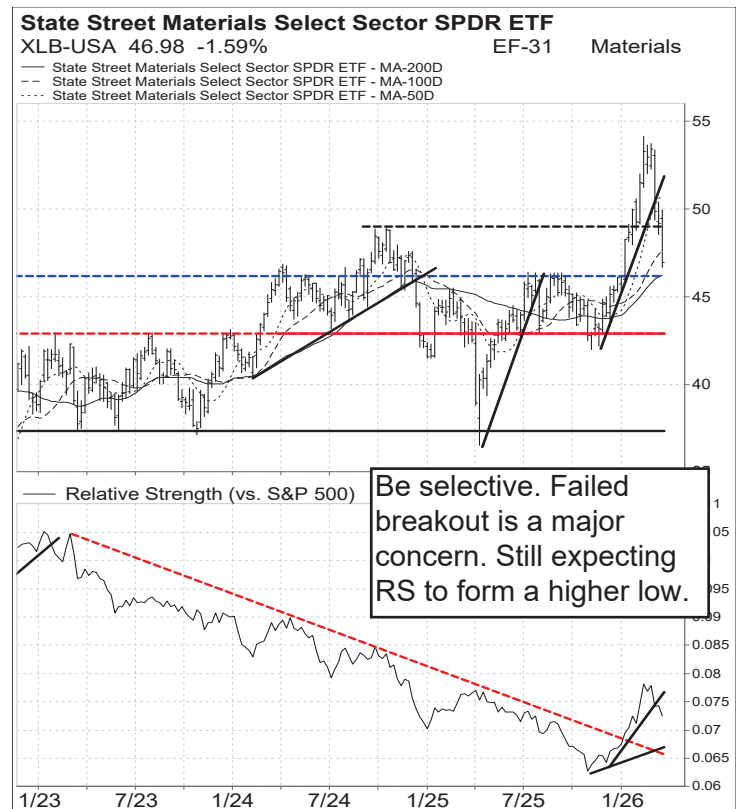


## Materials (XLB): Overweight

- RS on *cap-weighted* Materials (**XLB**) violated the steep 3-month uptrend, but we are on the lookout for a higher low to form. Price on the XLB is very concerning as it displays a bearish failed breakout at \$49 support. Reduce broad exposure and be very selective as this is an ominous sign. Support at \$46-\$46.20 (which happens to coincide with the 200-day MA) must hold or we would be sellers.
- Metals & Mining stocks (**XME**, **GDX**, **SIL**, **SLX**, **REMX**, **EMET**) are violating long-term uptrends and we would stand aside until we see signs of bottoming.
- Attractive names include: **CF**, **CTVA**, **ALB**, **DOW**, **LIN**, **LYB**, and **APD** (bottom-fishing candidate).

**Top 10 Holdings (XLB)**

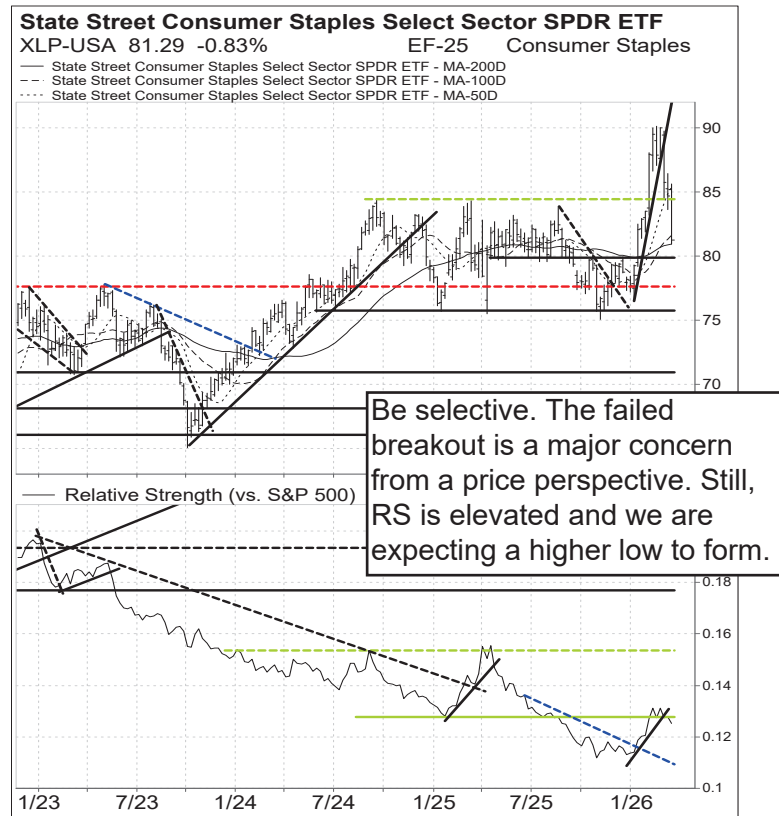
Ticker	Weight (%)	Ticker	Weight (%)
LIN	14.0	ECL	4.6
NEM	8.4	CTVA	4.6
FCX	5.8	APD	4.3
SHW	4.9	MLM	4.0
CRH	4.8	NUE	4.0



## Consumer Staples (XLP): Overweight

- RS on *cap-weighted* Staples (XLP) has violated its 2-month uptrend, but we are monitoring and expecting RS to form a higher low. Price is concerning following the bearish failed breakout at 1.5-year support at \$84.50 -- reduce exposure/be selective. \$80 is next support, followed by \$75-\$76.
- Staples retailers remain our favorite area within the Sector. Buy/stay long: **COST, KR, TGT, WMT, and DG.**
- Additional attractive names include: **SY, ADM, BG, HSY, MO,** and bottom-fishing candidates **STZ, CHD, CL,** and **KVUE.**

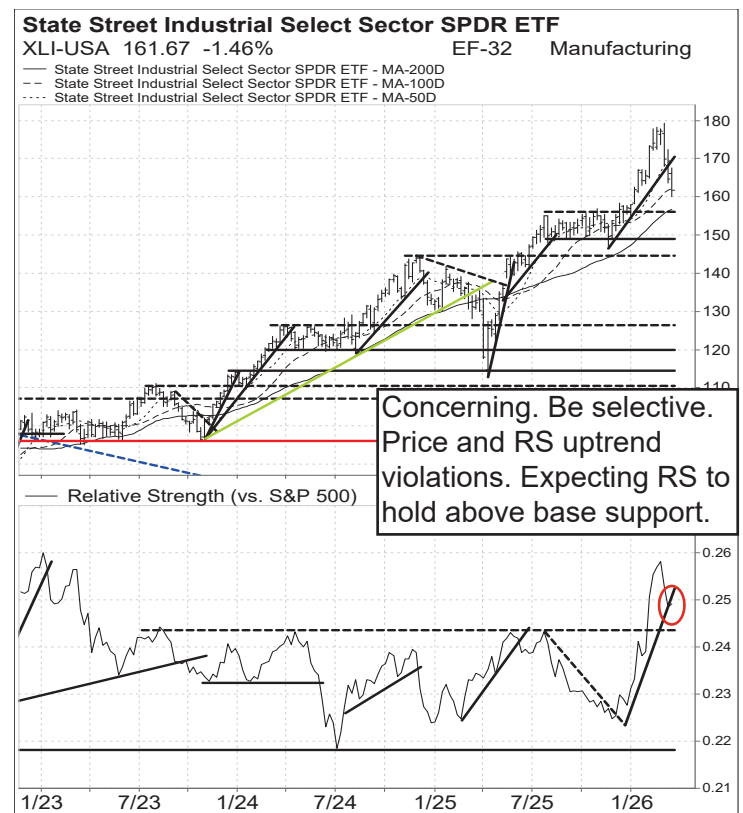
Top 10 Holdings (XLP)			
Ticker	Weight (%)	Ticker	Weight (%)
WMT	11.4	CL	4.8
COST	9.1	PEP	4.7
PG	7.9	MO	4.6
KO	6.4	MDLZ	4.5
PM	5.9	MNST	3.6



## Industrials (XLI): Overweight

- RS on the **XLI** is violating its steep 2+ month uptrend, however, as long as RS remains above its 3-year base, our overweight recommendation remains appropriate. Price is concerning following the 3.5-month uptrend violation. \$156-\$159 is must hold support; we would get bearish on a break below \$156.
- Aerospace/defense (**ITA, PPA**) remains leadership. Buy/stay long: **GD, HII, HWM, LHX, LMT, NOC, RTX,** and **TXT.**
- Also attractive: **EME, PWR, CAT, CMI, DE, DOV, FTV, NDSN, PH, SNA, WAB, JCI, GEV, GNRC, HUBB, CHRW, EXPD, FDX, CSX, ODFL, WM,** and **RSG** (bottom-fishing candidate).

Top 10 Holdings (XLI)			
Ticker	Weight (%)	Ticker	Weight (%)
GE	6.7	DE	2.9
CAT	6.4	UNP	2.9
RTX	5.0	UBER	2.9
GEV	4.4	HON	2.9
BA	3.3	ETN	2.7





## Utilities (XLU): Market Weight

- RS on *cap-weighted* Utilities (XLU) held at long-term support and remains attractive after reversing above its 10-month RS downtrend. Still, stay at market weight as RS is consolidating within a horizontal range for two years; we would upgrade the Sector to overweight if RS breaks above the 2025 highs. Base support at \$41-\$41.50 held strong on the XLU, and the general uptrend from the 2023 lows remains intact.
- Attractive names include: **AEP, EIX, ETR, EVRG, FE, NEE, PNW, ATO, AEE, CNP, ED, NI, and AWK** (bottom-fishing candidate).

Top 10 Holdings (XLU)

Ticker	Weight (%)	Ticker	Weight (%)
NEE	13.3	SRE	4.3
SO	7.3	VST	3.8
CEG	7.0	D	3.7
DUK	6.9	EXC	3.4
AEP	4.9	XEL	3.4

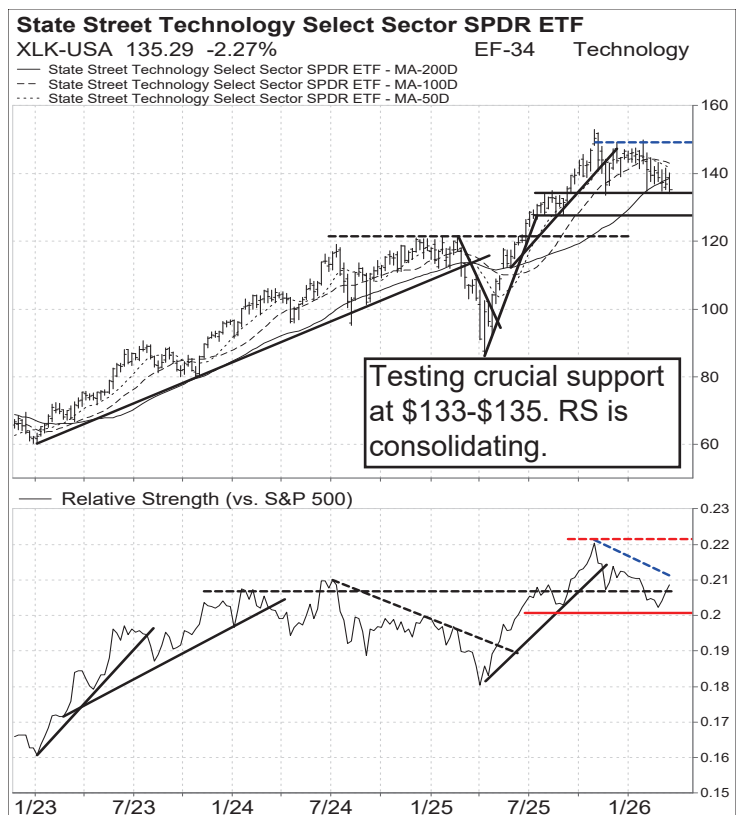


## Technology (XLK): Market Weight

- RS continues to consolidate on *cap-weighted* Technology (XLK) after violating the 8-month uptrend in late-January 2026. RS is testing the 4.5-month downtrend and it would be a time to buy on a bullish RS reversal. Price is currently testing crucial support at \$133-\$135, with \$128 the next potential support level below, if \$133 breaks.
- Data storage/memory names remain leadership. Buy/stay long: **MU, SNDK, STX, and WDC**.
- Semiconductor equipment stocks also remain leadership. Buy/stay long: **AMAT, KLAC, LRCX, and TER**.
- Also attractive: **CSCO, FFIV, MSI, APH, GLW, JBL, KEYS, AKAM, DELL, ADI, AMD, INTC, and MPWR**.

Top 10 Holdings (XLK)

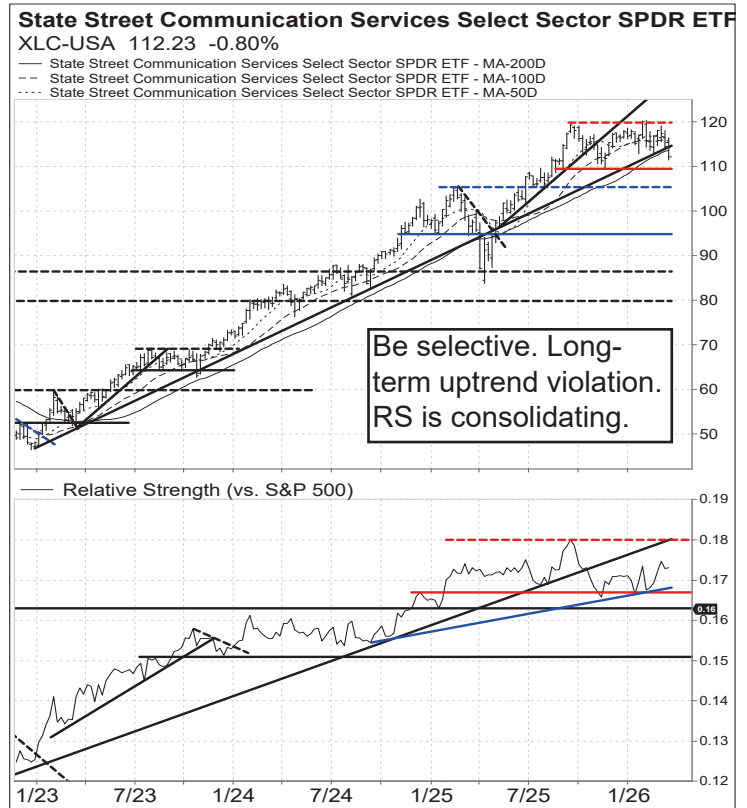
Ticker	Weight (%)	Ticker	Weight (%)
NVDA	14.7	AMD	2.9
AAPL	13.3	PLTR	2.8
MSFT	10.0	CSCO	2.8
AVGO	5.1	AMAT	2.6
MU	4.1	LRCX	2.6



## Communication Svcs (XLC): Market Weight

- RS continues to consolidate on *cap-weighted* Communications (**XLC**); stay at market weight. Price is also consolidating on the XLC, but is on the cusp of violating the long-term uptrend. \$113.18 short-term support also appears to be breaking, while crucial support remains at \$110. Be selective.
- Telecommunications (**IYZ**) is leadership, though a lot of the outperformance from this particular ETF is due to strength from names such as LITE and CIEN, which are more Technology stocks. Attractive names include: **T** and **VZ**.
- Additional attractive names include: **GOOGL** and **NFLX** (bottom-fishing candidate).

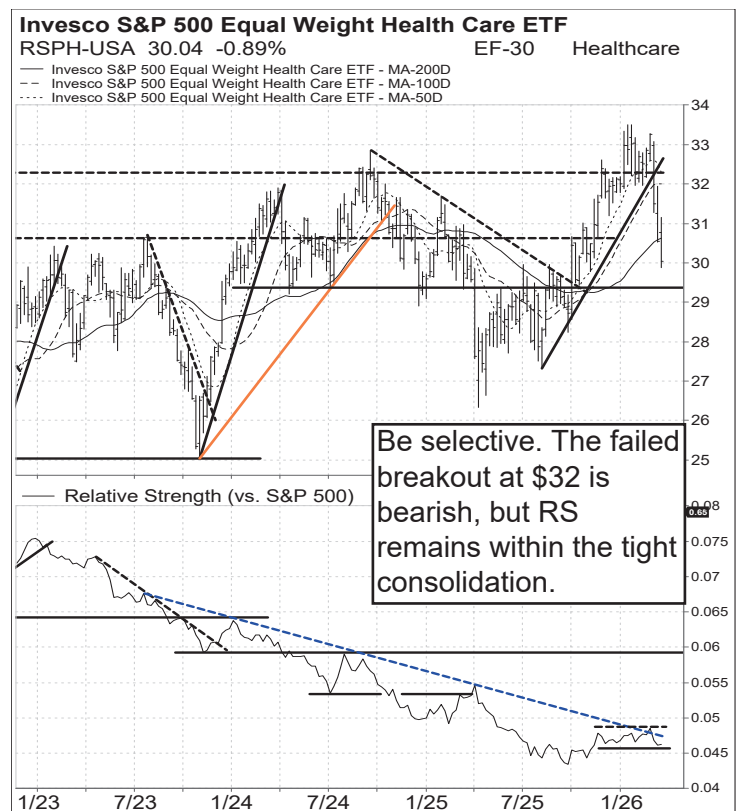
Top 10 Holdings (XLC)			
Ticker	Weight (%)	Ticker	Weight (%)
META	19.4	T	5.1
GOOGL	10.6	CMCSA	5.0
GOOG	8.5	TMUS	4.9
NFLX	5.6	EA	4.4
VZ	5.6	DIS	4.3



## Health Care (XLV, RSPH): Underweight

- Long-term RS downtrends remain intact on the **XLV** and **RSPH**. With that said, multi-year RS downtrends are currently being tested as RS consolidates in a tight range for four months on both the XLV and RSPH. Our underweight recommendation is appropriate, but we would likely do a double-upgrade to overweight if RS breaks above their long-term downtrends. Price on RSPH remains bearish ever since the failed breakout at \$32. Be extremely selective.
- Health care distributors are an attractive theme. Overweight/buy/stay long: **CAH**, **COR**, and **MCK**.
- Additional attractive names include: **HCA**, **DGX**, **DVA**, **AMGN**, **BIIB**, **GILD**, **MRNA**, **REGN**, **VRTX**, **BMJ**, **JNJ**, **MRK**, **PFE**, and **ALGN** (bottom-fishing candidate).

Top 10 Holdings (XLV)			
Ticker	Weight (%)	Ticker	Weight (%)
LLY	14.4	AMGN	3.6
JNJ	10.3	ABT	3.5
ABBV	7.1	TMO	3.4
MRK	5.3	GILD	3.2
UNH	4.6	ISRG	3.1



## Cons. Discretionary (XLY): Underweight (downgraded 3/2/26 from Market Weight)

- RS on *cap-weighted* Discretionary (XLY) violated support from 2025, and is now hitting 1.5-year lows. Price remains bearish ever since the failed breakout at \$121. Support at \$115 and the 200-day MA was violated, and is now also breaking below last-chance support at \$110 – remain underweight and be extremely selective.
- Off-price retailers are leadership. This is one of the few areas within the Sector that is more defensive. Overweight/buy/stay long: **ROST** and **TJX**.
- Additional attractive names include: **RL**, **TPR**, **HLT**, **MAR**, **GRMN**, **HAS**, **GM**, **DRI**, **MCD**, **SBUX**, and **YUM**.

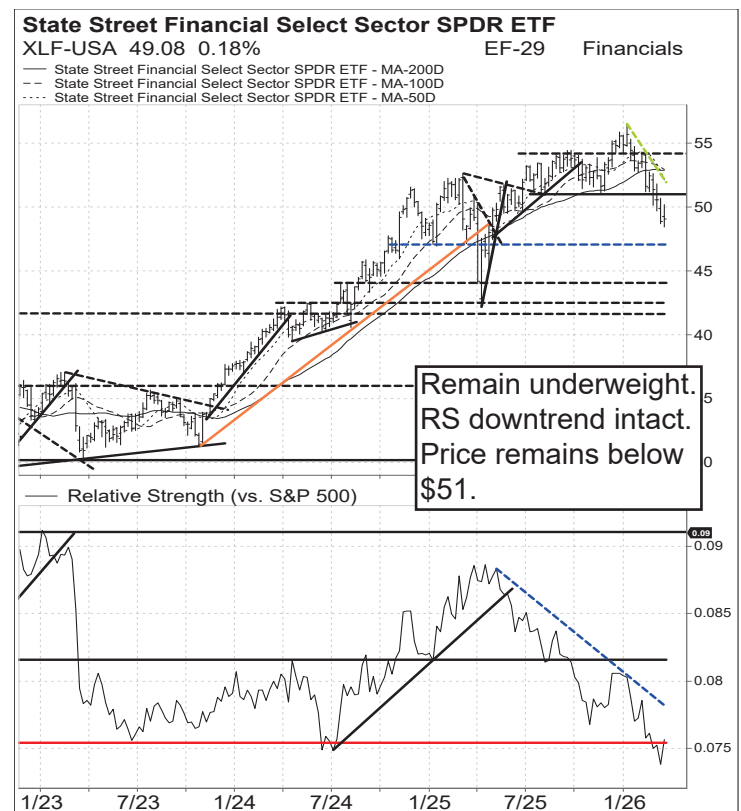
Top 10 Holdings (XLY)			
Ticker	Weight (%)	Ticker	Weight (%)
AMZN	21.3	LOW	3.5
TSLA	19.0	BKNG	3.2
HD	6.4	SBUX	2.6
MCD	5.1	ORLY	1.9
TJX	4.2	RCL	1.9



## Financials (XLF): Underweight (downgraded 3/2/26 from Market Weight)

- RS on *cap-weighted* Financials (XLF) broke below the 2025 lows and remains in a general downtrend. Price on the XLF is also in a downtrend and recently violated crucial 8-month support at \$51 -- remain underweight and be extremely selective.
- Insurance (**IAK**) remains one of the more attractive areas within Financials, though strength is not widespread -- be selective. Attractive names include: **CB**, **HIG**, **L**, **TRV**, and bottom-fishing candidates **ACGL**, **ALL**, and **PGR**.
- Additional attractive names include: **CBOE**, **CME**, **NTRS**, **STT**, **C**, **CFG**, **USB**, and **BK**.

Top 10 Holdings (XLF)			
Ticker	Weight (%)	Ticker	Weight (%)
BRK.B	12.6	GS	3.5
JPM	11.1	WFC	3.5
V	7.3	MS	2.7
MA	5.8	C	2.7
BAC	4.5	AXP	2.3



## Real Estate (XLRE): Underweight

- The long-term RS downtrend remains intact on Real Estate (**XLRE**) (in red). The shorter-term (9-month) RS downtrend was reversed, suggesting more near-term outperformance is likely. Price is near-term bearish following the failed breakout at \$43 -- be selective. \$40-\$40.50 is crucial support that must hold, or else we would turn bearish from a longer-term price perspective.
- Attractive names include: **VTR**, **WELL**, **HST**, **PLD**, **FRT**, **KIM**, **O**, **REG**, and **EQIX**.

Top 10 Holdings (XLRE)			
Ticker	Weight (%)	Ticker	Weight (%)
WELL	10.3	SPG	4.8
PLD	9.6	PSA	4.8
EQIX	6.9	DLR	4.6
AMT	6.5	VTR	4.1
O	4.9	CCI	4.0

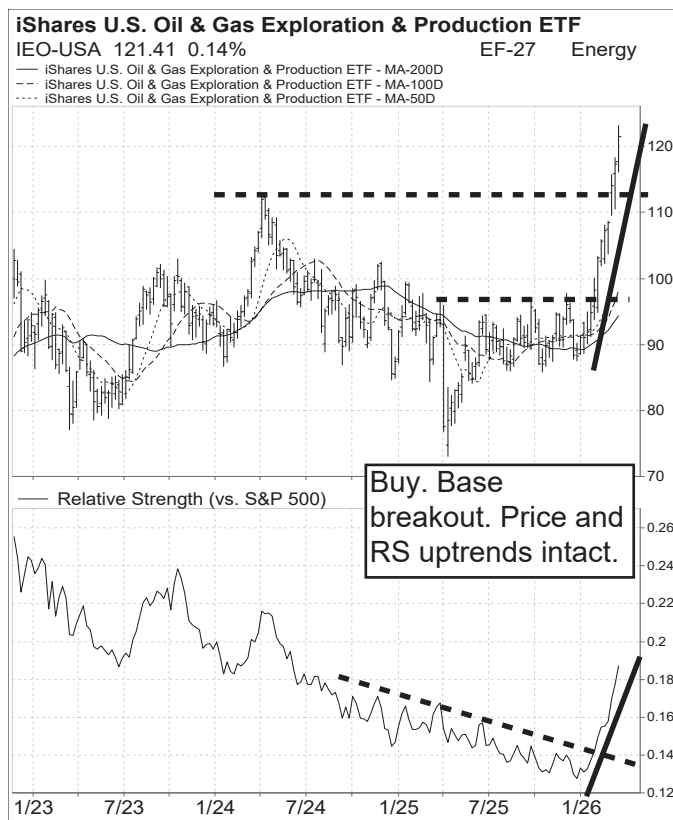
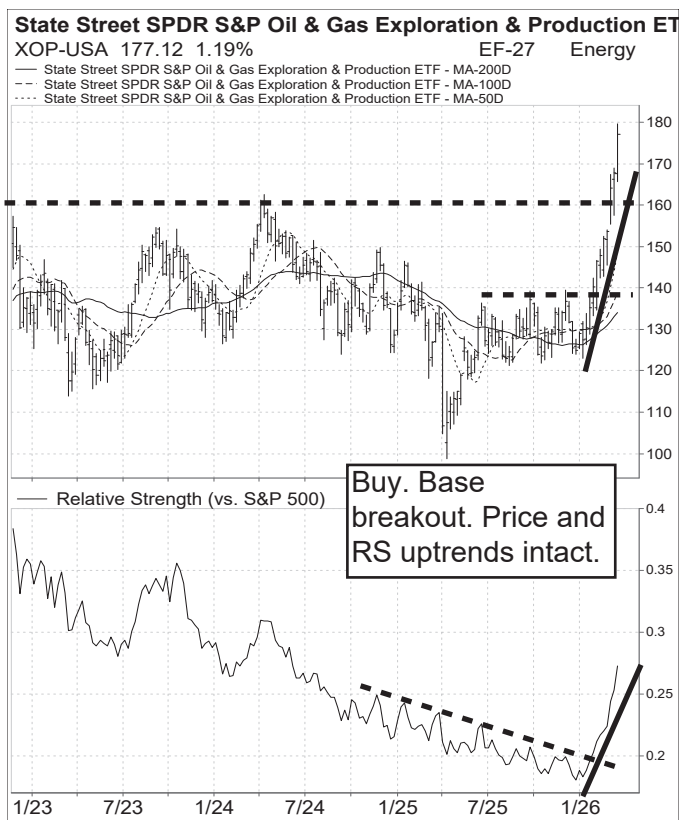
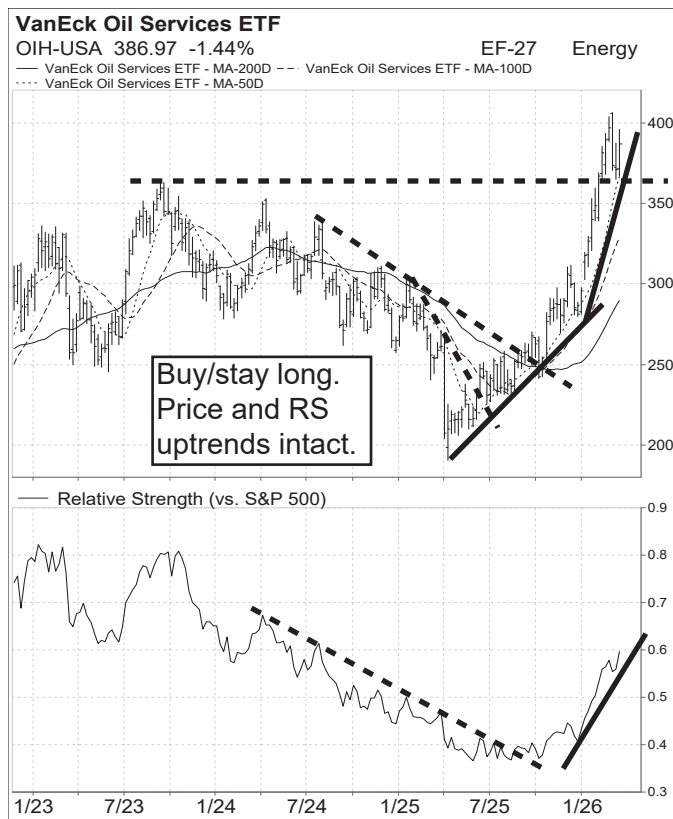
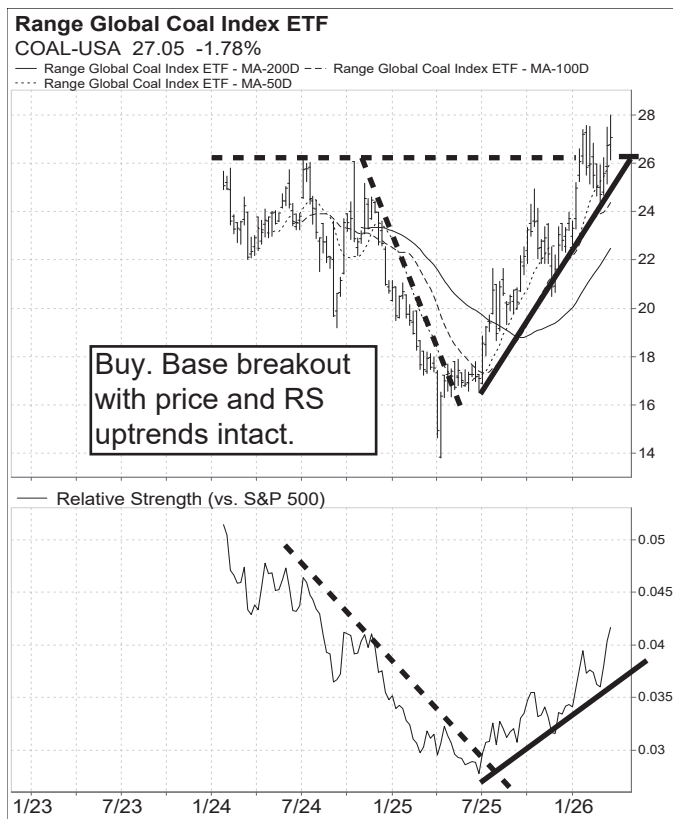


This space intentionally left blank.



## Actionable Industry ETFs

- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: COAL, OIH, XOP, and IEO



## Emerging Markets

We upgraded EM to overweight in our 1/26/26 *ETF Pathfinder*, as RS on MSCI EM (vs. MSCI ACWI) broke above 2-year horizontal resistance (see bottom clip at right, in green). While our overweight recommendation remains appropriate with the RS uptrend intact on the EEM, the 10.5-month uptrend and \$56-\$56.50 level are breaking, and we would be reducing some exposure. \$55 and \$52-\$52.50 are additional supports to watch.

Attractive EM countries/regions highlighted include: Korea (**EWY**) and Taiwan (**EWT**)... see charts on page 11.



## Developed Int'l Markets

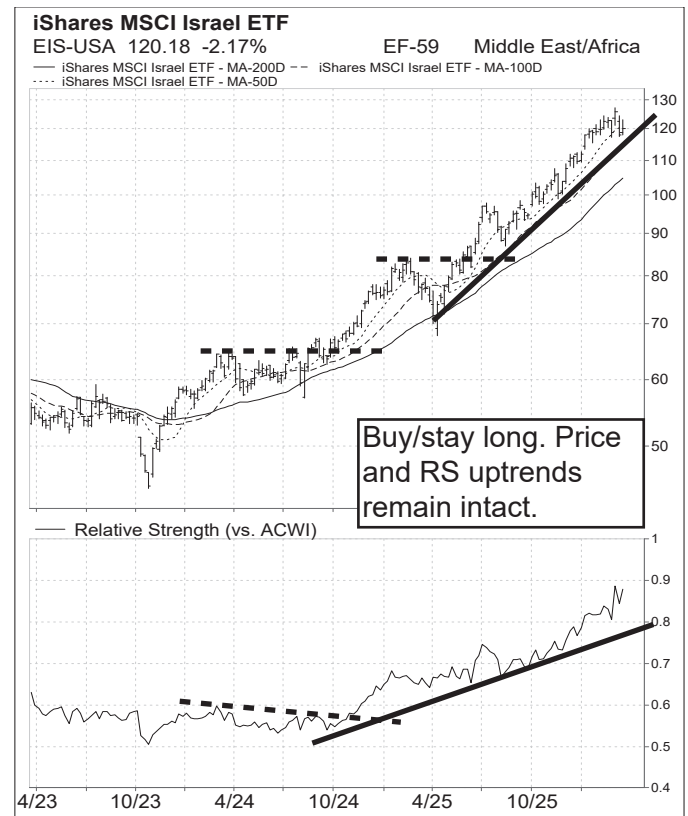
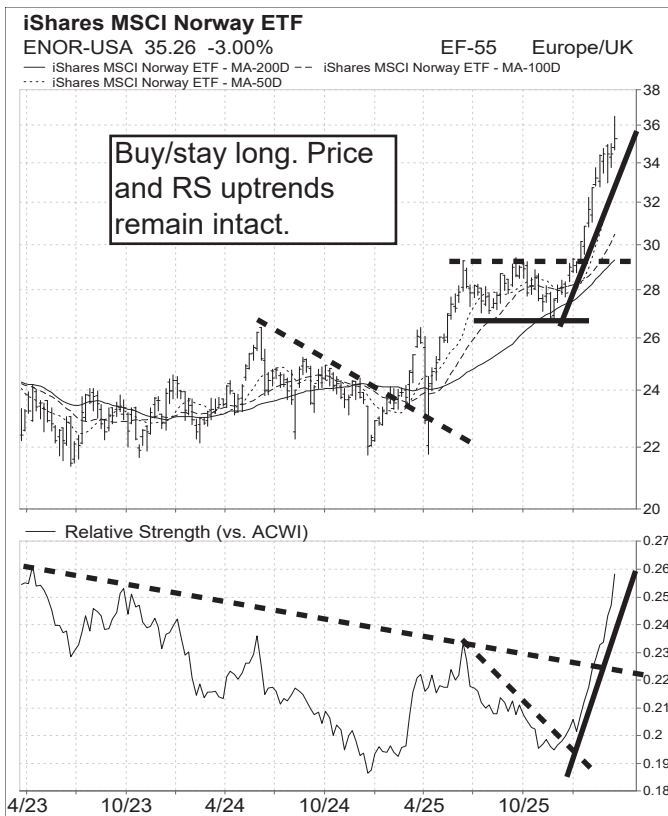
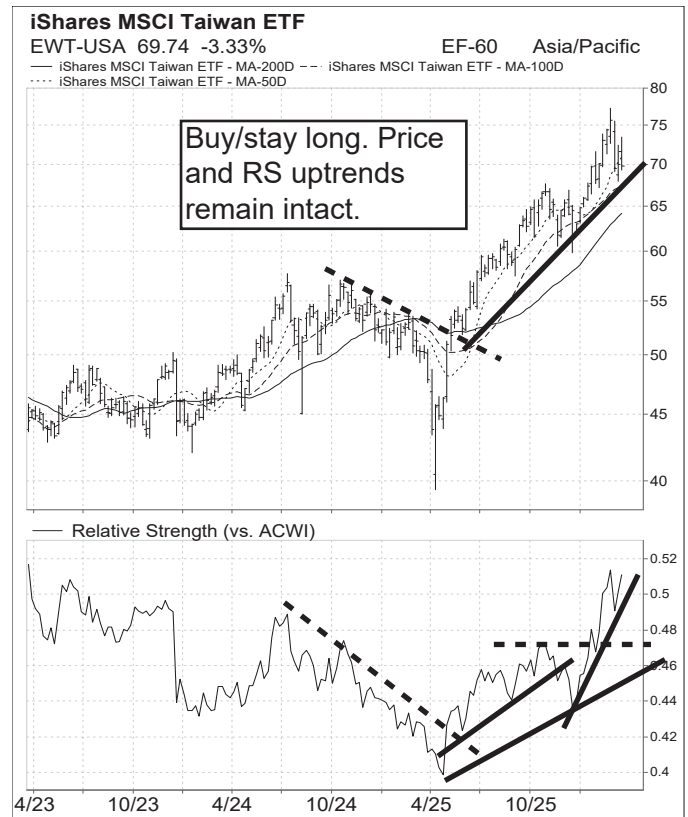
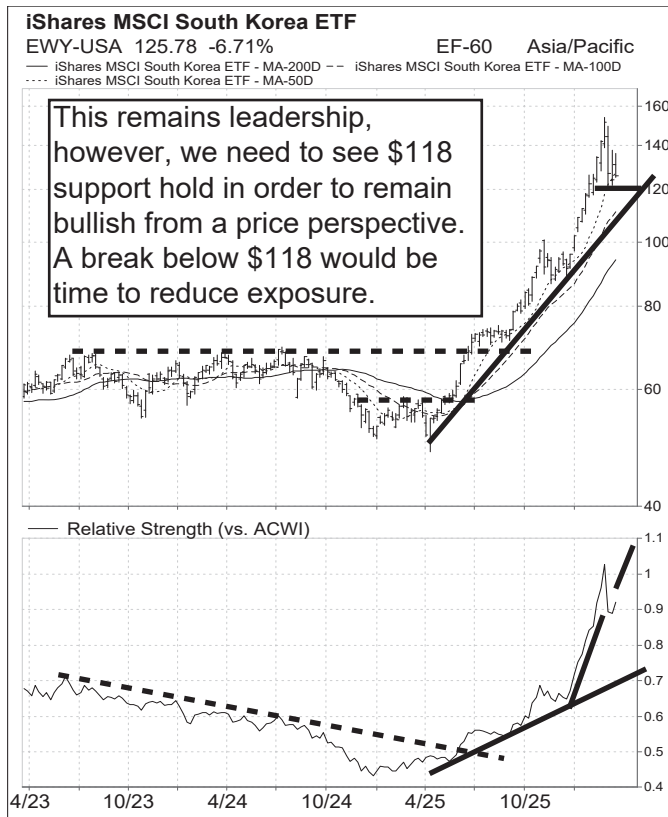
We also upgraded MSCI EAFE (**EFA**) to market weight in our 1/26/26 *ETF Pathfinder*, as RS displayed a 7-month downtrend reversal. RS is now consolidating, and we would upgrade EAFE to overweight if RS breaks above 2-year horizontal resistance (see bottom clip at right, in green). With that said, EFA is violating the 10.5-month uptrend and is also breaking below the 200-day MA (\$94.60). Sell/reduce exposure.

Attractive developed int'l countries/regions highlighted include: Norway (**ENOR**) and Israel (**EIS**)... see charts on page 11.



## Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: EWY, EWT, ENOR, and EIS



This page intentionally left blank.

David P. Nicoski, CMT  
612-682-1900  
dave@vermilioncap.com

Joe W. Jasper, CFA  
612-712-1300  
joe@vermilioncap.com

Ross W. LaDuke, CMT  
612-482-8442  
ross@vermilioncap.com

---

920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • [www.vermilioncap.com](http://www.vermilioncap.com)

Disclaimer: The information contained herein is privileged, confidential and protected from disclosure. Any unauthorized disclosure, distribution, dissemination or copying of this material or any attachment is strictly prohibited; such information, whether derived from Vermilion Research or from any oral or written communication by way of opinion, advice, or otherwise with a principal of the company is not warranted in any manner whatsoever, is for the use of our customers only and may be obtained from internal and external research sources considered to be reliable. It is not necessarily complete and its accuracy is not guaranteed by Vermilion Research, its operating entity or the principals therein. Neither the information nor any opinion expressed constitutes a solicitation for the purchase of any future or security referred to in Vermilion research publications. Principals of Vermilion Research may or may not hold, or be short of, securities discussed herein, or of any other securities, at any time. The foregoing also expressly applies to any trial subscription. EU disclaimer: The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research.