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SPX Breakout Reinforces Our Bullish Outlook

We remain bullish (as of our 4/20/26 *ETF Pathfinder*) on the S&P 500 (SPX), Nasdaq 100 (QQQ), and Russell 2000 (IWM). Additionally, we are starting to see signs that lead us to believe the bottom is in for SPX, IWM, QQQ, and A.I./Technology areas (**XLK**, **SOXX**, **CHAT**). The equal-weighted S&P 500 (**RSP**) has been leadership with support at the 20-day MA, but we are watching for SPX and QQQ to start leading again. We maintained all along that the SPX consolidation was constructive as long as support at 7259-7294 held -- and hold it did.

- **Bottom in Place for A.I./Technology Names?** The steep July pullback in A.I. and momentum appears to have reset positioning and has likely cleared the way for a bottom in A.I. names. Importantly, we are seeing the Generative A.I. ETF (**CHAT**) reverse its 1.5-month downtrend, **XLK** displays a major bullish false breakdown at \$171, and semiconductors (**SOXX**) held at \$464 support. We are buyers of Technology here. Additionally, SPX is breaking out from its 2-month consolidation, while IWM is breaking out from its 1-month consolidation.

- **Risk-On Signals.** Our list of risk-on signals is finally expanding. In addition to bullish inflections on **SPX**, **QQQ**, **IWM**, **CHAT**, **XLK**, and **SOXX**, other new risk-on developments include: (1) The U.S. Dollar (DXY) displays a bearish false breakout at \$100.25-\$100.80. (2) RS is deteriorating on defensive Sectors including Staples (**XLP**) and Utilities (**XLU**). Additional risk-on signals that have been in place the entire consolidation include: (3) High yield spreads are below 320bps. (4) U.S. interest rate volatility (MOVE index) remains below the 85-90 level. (5) Breadth has remained healthy (A/D lines on SPX and IWM at new highs). (6) The 10-year Treasury yield remains below crucial resistance at 4.70-4.80% and we believe a top in yields here is likely... see page 2.

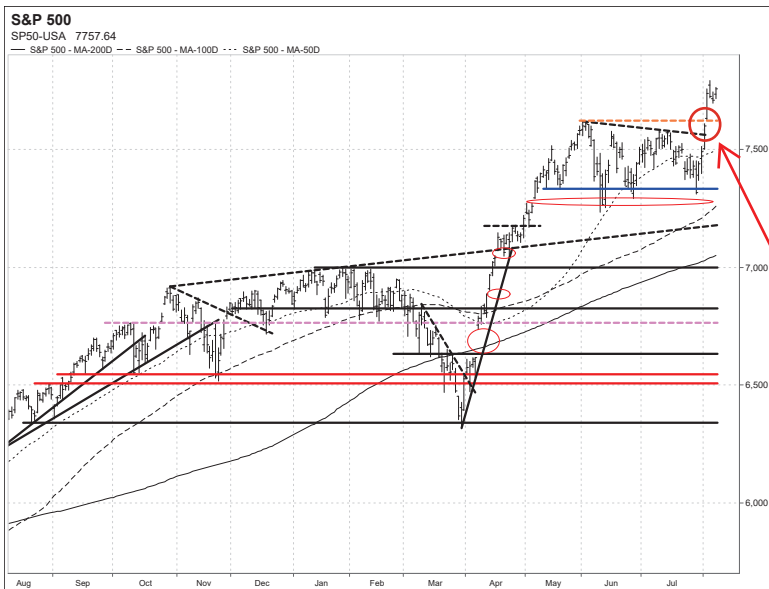
Sector Weighting Recommendations

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

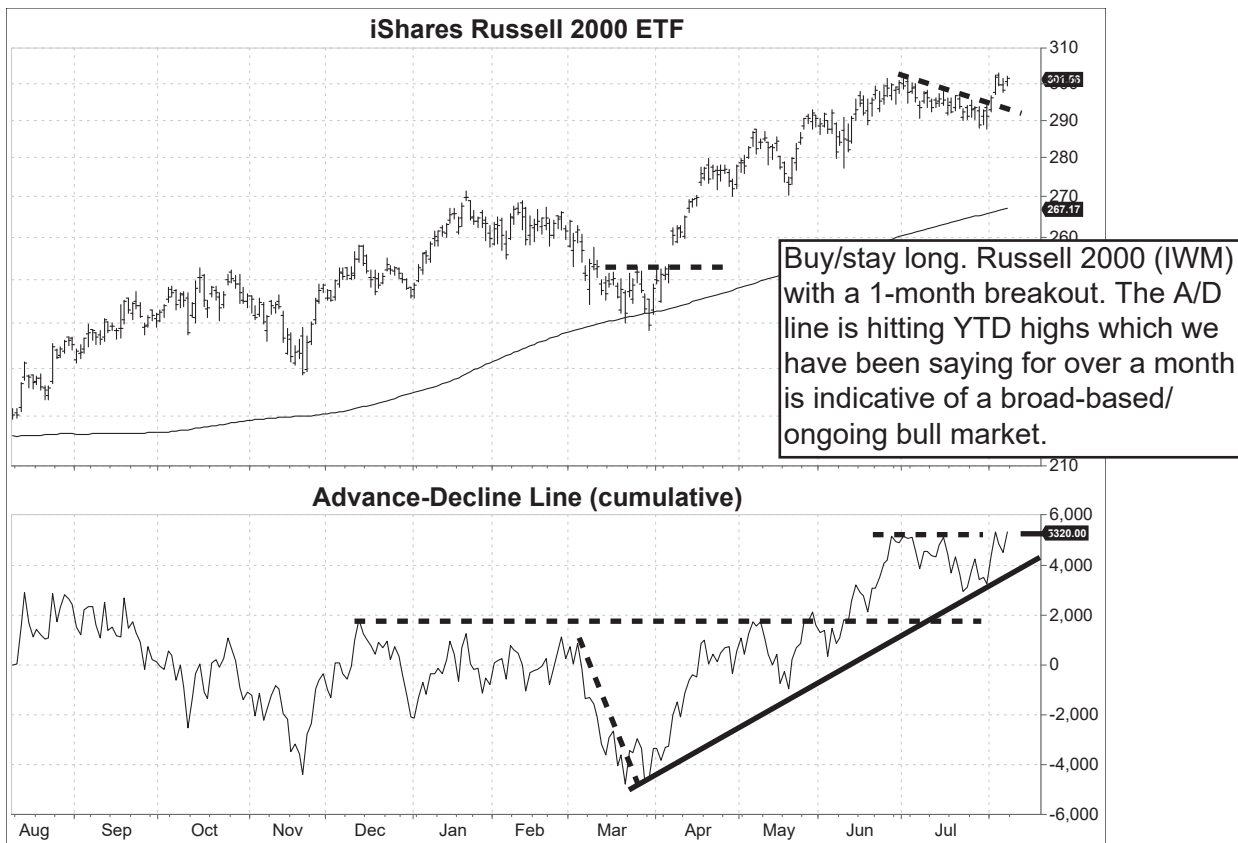
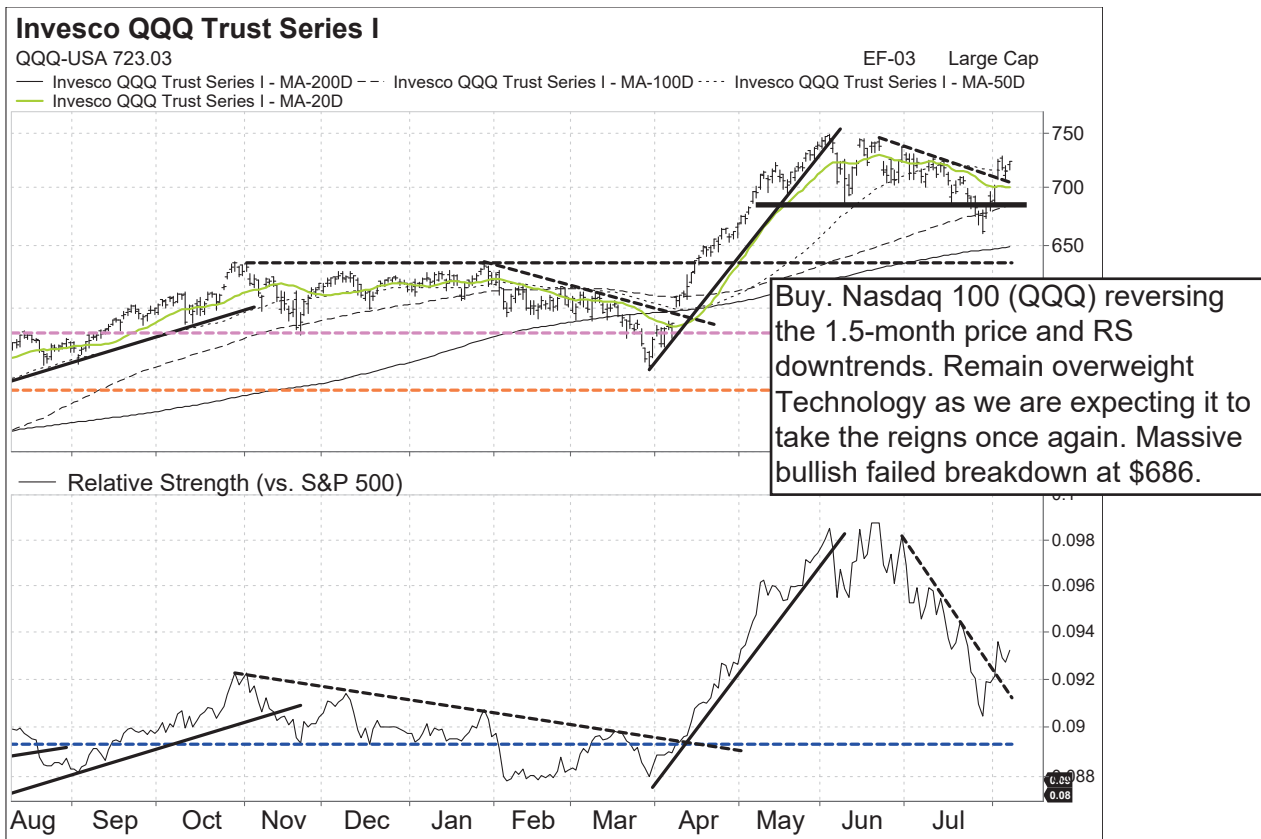
- **Actionable Industry ETFs: GDX, UFO, SOXX, and IGV...** see page 9.

- **EM and Int'l Markets.** We remain overweight MSCI EM (**EEM**) and market weight MSCI EAFE (**EFA**)... see page 10. Actionable Int'l ETFs highlighted include **EWT**, **EPOL**, **GREK**, **EZA**, **EWA**, **EWI**, **EWO**, and **EIRL**... see pages 11-12.

Buy. SPX 2-month breakout signals a resumption of the uptrend. 7600-7629 is buyable support.



Nasdaq 100 (QQQ) and IWM Bullishly Inflecting; IWM A/D Line Hitting YTD Highs

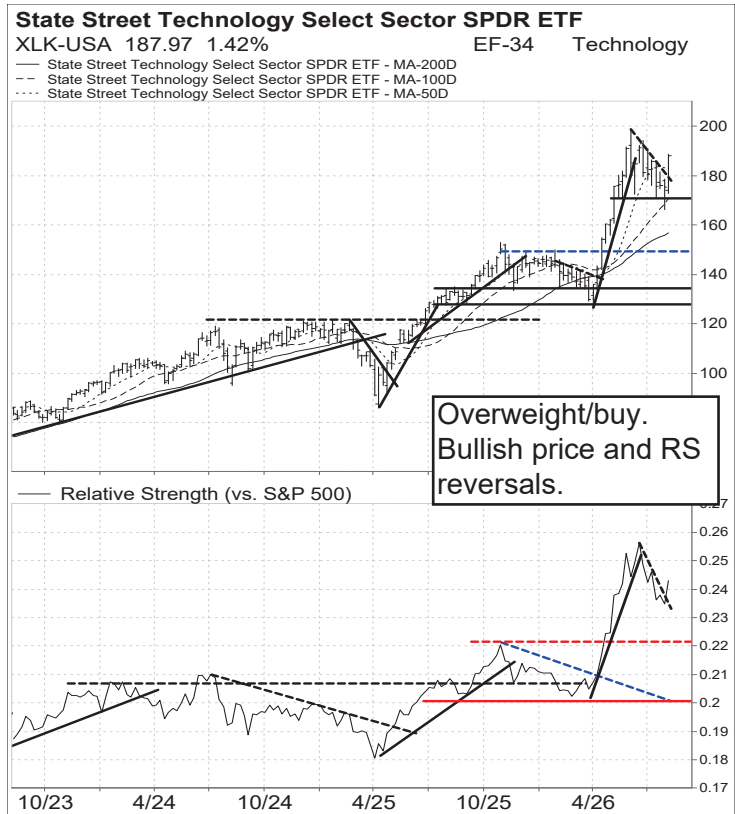


Technology (XLK): Overweight

- Technology (XLK, RSPT) displays bullish 2-month base breakouts and appears ready to start new price and RS uptrends -- remain overweight/add exposure. The XLK made a bullish false breakdown at the \$171 support level that we have discussed in recent months. Software (CIBR, IGV) continues to offer the best buy opportunities within Technology, while semiconductors are buys as well (SOXX, SMH). Attractive software buys include: PLTR, CRWD, DDOG, FTNT, GEN, MSFT, PANW, ANET, CSCO, FFIV, and bottom-fishing candidates ADBE, ADSK, CRM, INTU, NOW, PTC, ROP, and WDAY. Also attractive: NVDA, AVGO, ADI, AMAT, AMD, INTC, KLAC, LRCX, MCHP, MPWR, MU, TER, TXN, MSI, APH, JBL, KEYS, TDY, ZBRA, AAPL, DELL, HPE, HPQ, NTAP, and bottom-fishing candidates ACN, CTSH, IT, and SWKS.

Top 10 Holdings (XLK)

Ticker	Weight (%)	Ticker	Weight (%)
NVDA	15.1	AMD	4.9
AAPL	12.1	INTC	3.8
MSFT	8.3	CSCO	2.7
MU	6.1	LRCX	2.5
AVGO	5.4	AMAT	2.3

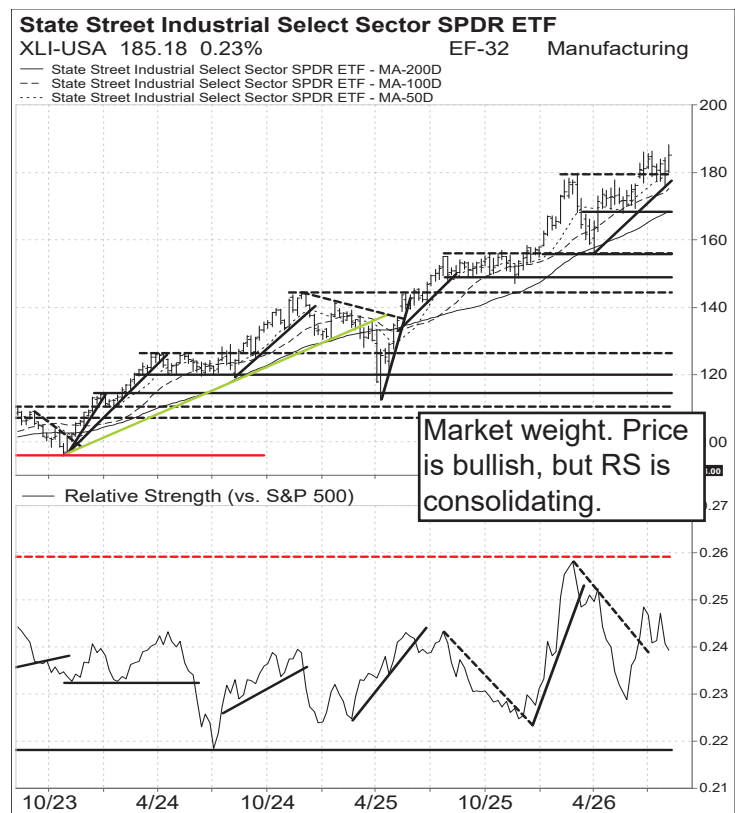


Industrials (XLI): Market Weight

- RS on the XLI remains within a 6+ year horizontal range -- stay at market weight. We remain bullish on price, and base support at \$177-\$179.50 held strong. Any break below \$177 would raise concerns as it would signal a near-term bearish failed breakout.
- Services names are leading. Buy/stay long: ADP, J, PAYC, PAYX, and bottom-fishing candidates BR and LDOS.
- Additional attractive names include: GD, GE, HWM, LMT, RTX, ALLE, JCI, CTAS, AME, EMR, ETN, GEV, MMM, DE, IEX, NDSN, PCAR, PH, SWK, WAB, FAST, URI, and bottom-fishing candidates AXON and VLTO.

Top 10 Holdings (XLI)

Ticker	Weight (%)	Ticker	Weight (%)
CAT	7.8	ETN	2.9
GE	5.7	UNP	2.9
GEV	5.3	UBER	2.8
RTX	4.4	DE	2.7
BA	3.5	VRT	2.6

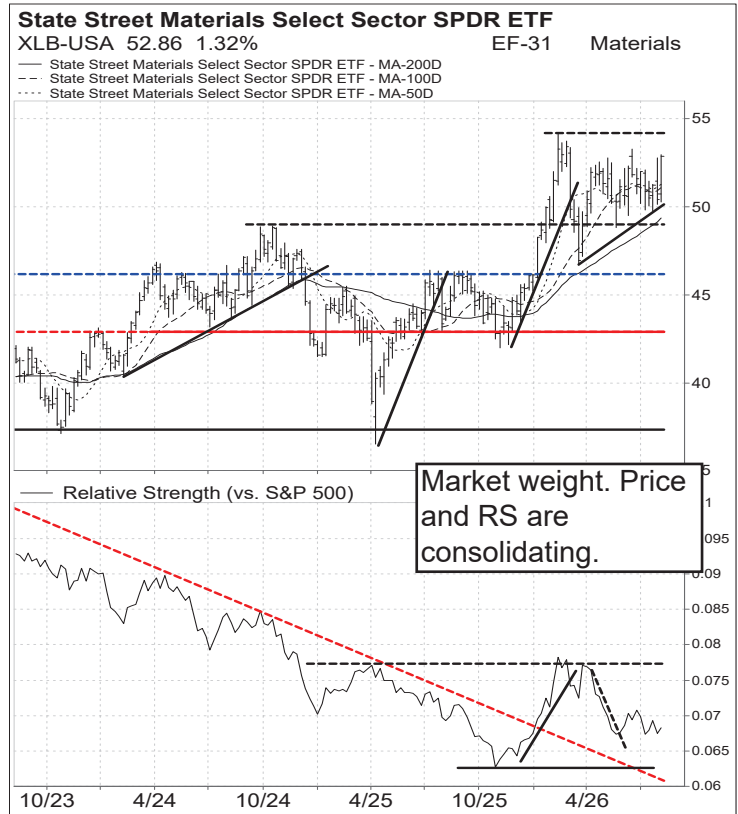


Materials (XLB): Market Weight

- We remain market weight Materials; RS on *cap-weighted* Materials (XLB) violated the steep 3-month uptrend in March, and RS is consolidating sideways. Be selective. Price on the XLB remains rangebound, but is holding above \$49-\$50 support.
- Metals and mining stocks (GDX, XME) are bullishly inflecting -- add exposure. Buy: FCX, NEM, NUE, and STLD.
- Additional attractive names include: SHW, PKG, SW, and bottom-fishing candidates ALB, APD, AMCR, BALL, and IP.

Top 10 Holdings (XLB)

Ticker	Weight (%)	Ticker	Weight (%)
LIN	14.3	CTVA	4.6
NEM	7.8	CRH	4.5
NUE	5.8	VMC	4.4
FCX	5.8	SHW	4.2
APD	4.7	MLM	4.1

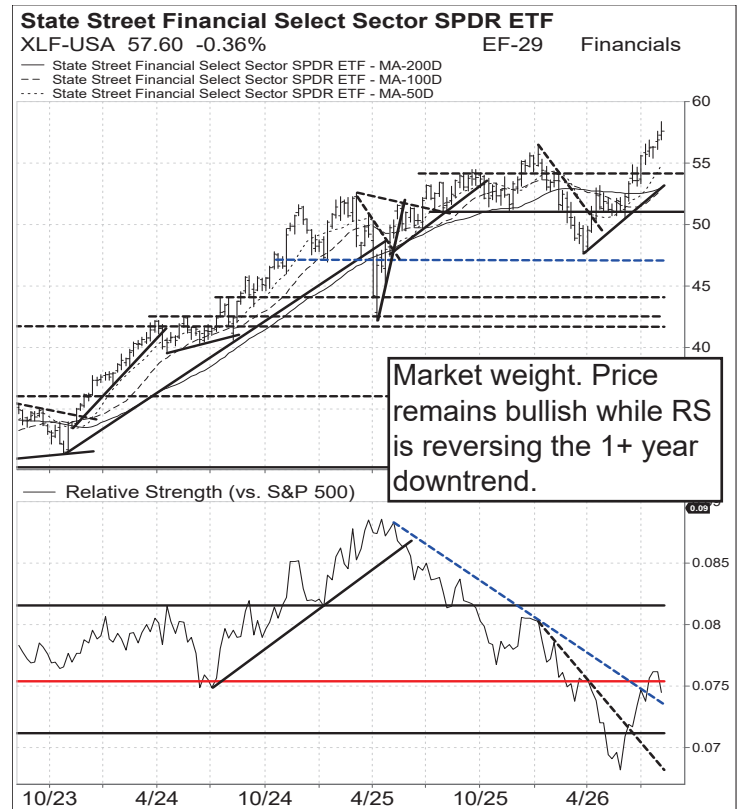


Financials (XLF): Market Weight

- RS on *cap-weighted* Financials (XLF) continues to move higher after reversing above the YTD downtrend, and RS is now reversing above the 1+ year downtrend -- add exposure. Price on the XLF remains in an uptrend off of the March lows. \$54 remains support.
- Financial services/payments (IPAY) names are attractive. Buy/stay long: CPAY, GPN, MA, PYPL, V, XYZ, and FDS.
- Additional attractive names include: BAC, C, CFG, FITB, JPM, MTB, USB, BNY, GS, MS, AMP, BEN, IBKR, IVZ, NTRS, RJF, SCHW, STT, BRK.B, AIZ, ALL, GL, MET, PFG, PRU, TRV, WTW, and bottom-fishing candidates ARES, BLK, BX, HOOD, COF, BRO, ERIE, and MRSH.

Top 10 Holdings (XLF)

Ticker	Weight (%)	Ticker	Weight (%)
BRK.B	12.2	GS	3.9
JPM	11.1	MS	3.2
V	7.4	WFC	3.1
MA	5.5	C	3.0
BAC	4.6	AXP	2.3

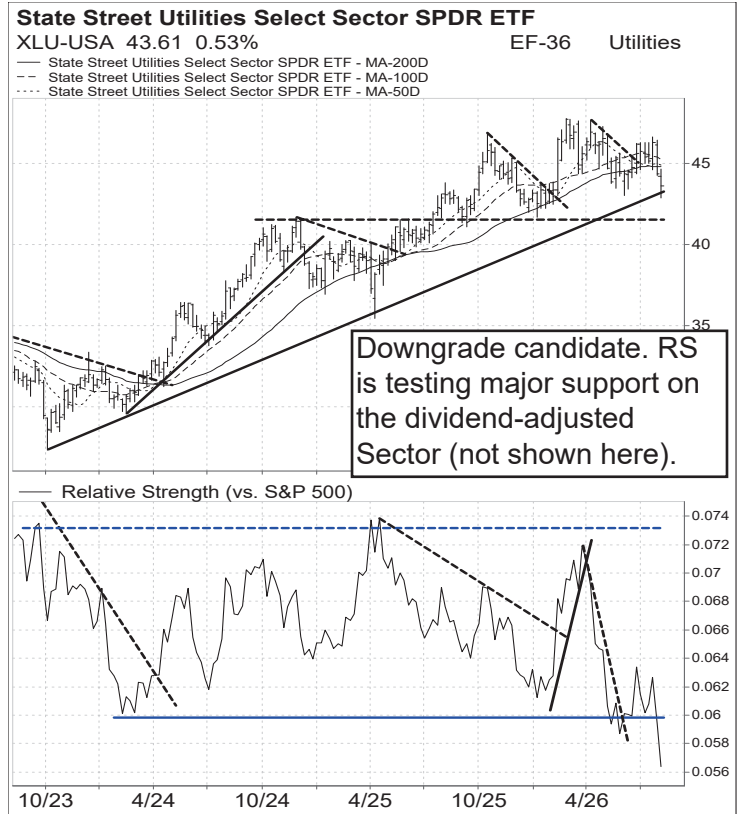


Utilities (XLU): Market Weight

- RS on the *cap-weighted* XLU is back to test 2026 lows, and we are monitoring the Sector for a downgrade to underweight. The XLU's general price uptrend from the 2023 lows remains intact, but the uptrend is being tested now. Be extremely selective.
- Attractive names include: **EVERG**, **PCG**, and **CEG** (bottom-fishing candidate).

Top 10 Holdings (XLU)

Ticker	Weight (%)	Ticker	Weight (%)
NEE	14.3	SRE	4.3
SO	7.4	D	3.9
DUK	7.0	ETR	3.7
CEG	6.2	XEL	3.4
AEP	5.0	VST	3.3

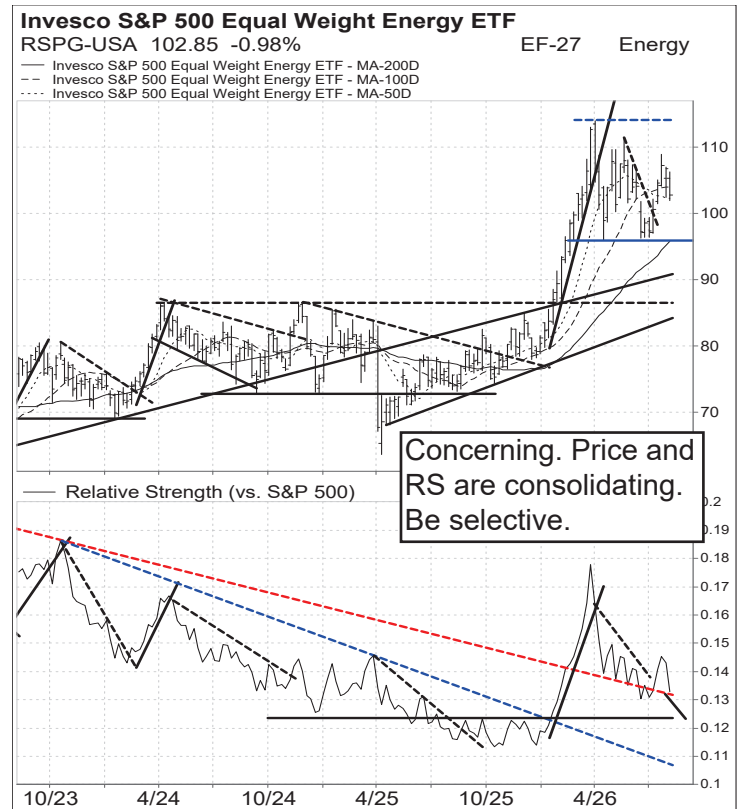


Energy (XLE, RSPG): Market Weight

- Broader consolidation continues between support at \$96 and resistance at \$114 on equal-weighted Energy (**RSPG**). RS is consolidating as well; stay at market weight.
- Refiners remain leadership. Buy pullbacks/stay long: **MPC**, **PSX**, and **VLO**.
- Additional attractive names include: **COP** and **APA**.

Top 10 Holdings (XLE)

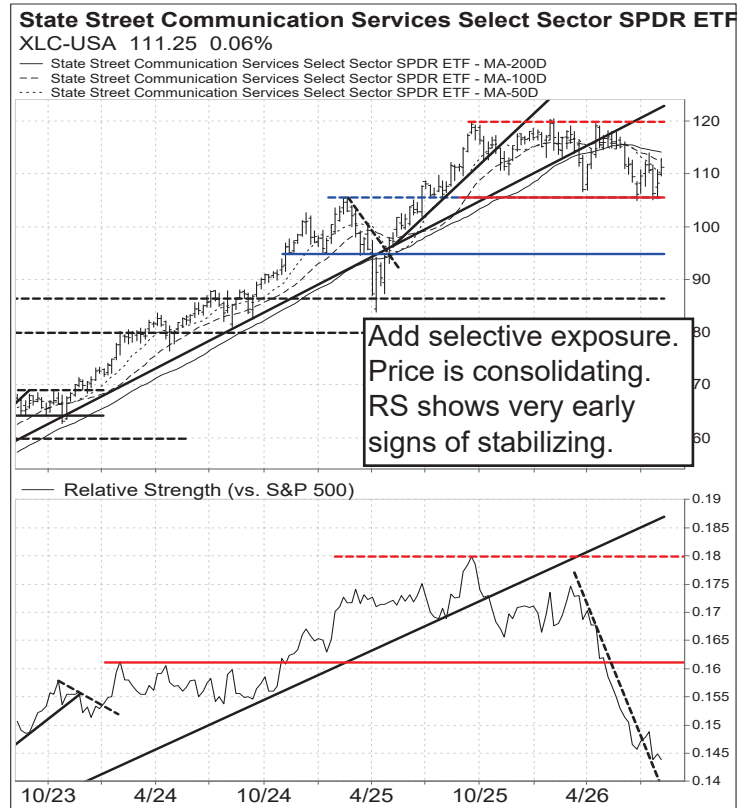
Ticker	Weight (%)	Ticker	Weight (%)
XOM	22.6	VLO	4.2
CVX	16.6	MPC	4.2
COP	6.8	EOG	4.1
SLB	4.7	PSX	3.9
WMB	4.5	BKR	3.7



Comm. Services (XLC): Market Weight (upgraded 7/17/26 from Underweight)

- RS on *cap-weighted* Communications (**XLC**) is reversing above its 4-month downtrend, and is stabilizing -- add selective exposure. Support at \$105.50 held and price appears to be bottoming. Resistance remains at \$120.
- Attractive names include **LYV**, **GOOGL**, **NWSA**, and bottom-fishing candidates **T**, **DIS**, **TTWO**, **FOXA**, and **OMC**.

Top 10 Holdings (XLC)			
Ticker	Weight (%)	Ticker	Weight (%)
META	13.6	LYV	4.7
GOOGL	10.3	DIS	4.6
GOOG	8.2	WBD	4.2
TTWO	4.9	EA	4.1
SATS	4.7	OMC	4.1



Consumer Staples (XLP): Market Weight (upgrading today from Underweight)

- **UPGRADE.** We are upgrading Staples to market weight; RS has stabilized and remains above support on the *cap-weighted* XLP. Still, be extremely selective as RS remains in a 1+ year downtrend. Price is constructive as long as it holds above \$80-\$81 support and the 200-day MA.
- Attractive names include: **TGT**, **KO**, **MNST**, **ADM**, **SJM**, **PM**, **DLTR**, and bottom-fishing candidates **TAP**, **DG**, and **LW**.

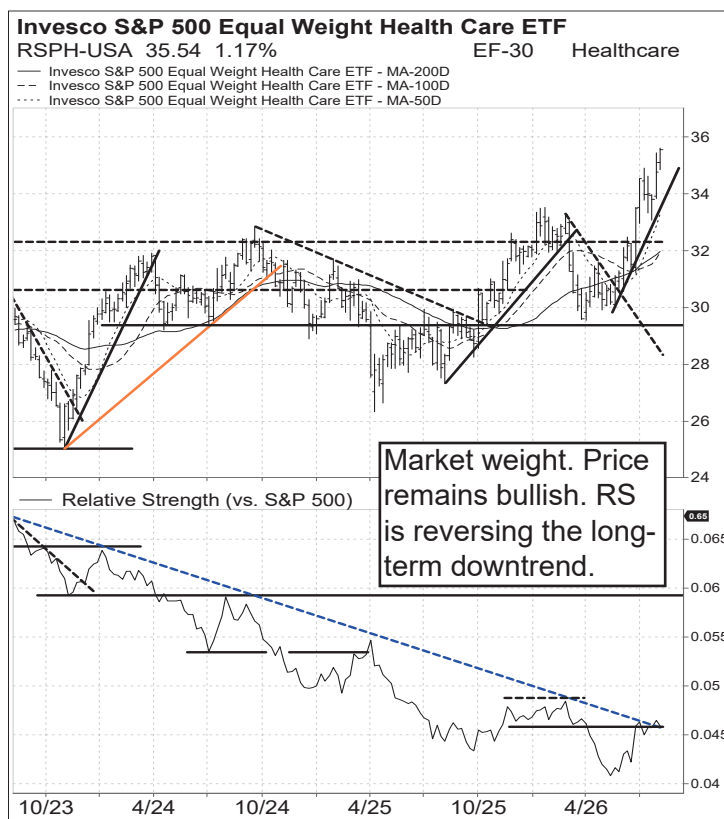
Top 10 Holdings (XLP)			
Ticker	Weight (%)	Ticker	Weight (%)
WMT	12.1	MDLZ	4.9
COST	9.6	MO	4.8
PG	6.9	CL	4.4
KO	6.5	PEP	4.3
PM	6.1	MNST	4.0



Health Care (XLV, RSPH): Market Weight (upgrading today from Underweight)

- **UPGRADE.** RS is reversing the long-term downtrend on the *equal-weighted* **RSPH**, and we are upgrading Health Care to market weight. Support on RSPH is at \$34.50 followed by \$33-\$33.30.
- Health care devices/equipment (**IHI, XHE**) and life science instruments are where we want to be focused now. Buy/stay long: **BAX, BDX, DXCM, SOLV, A, CRL, IQV, MTD, RVTY, TMO, WAT, WST**, and **STE** (bottom-fishing candidate).
- Also attractive: **CAH, CNC, DGX, ELV, HSIC, HUM, LH, MCK, AMGN, INCY, REGN, BMY, JNJ**, and bottom-fishing candidates **ABT** and **UHS**.

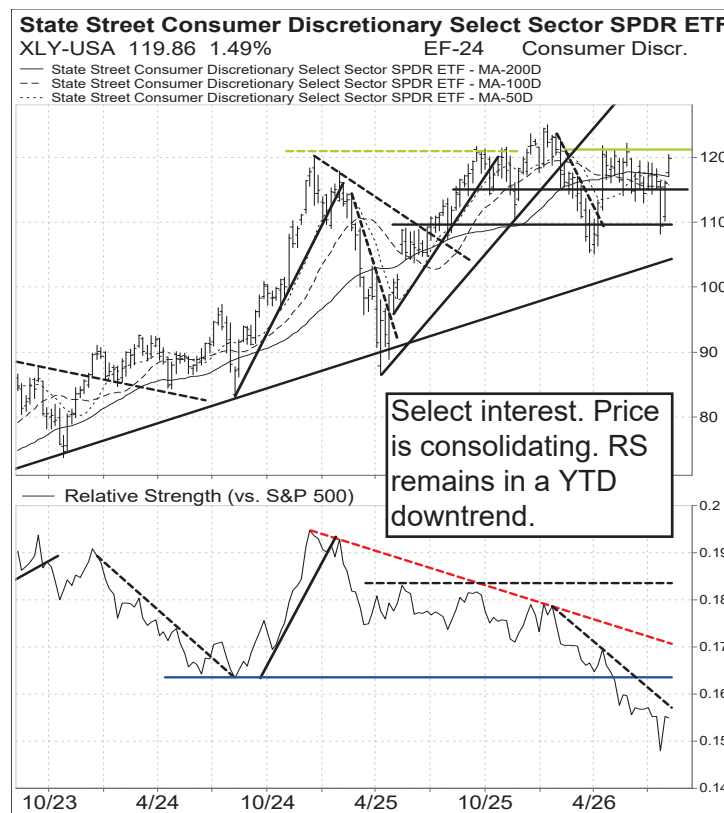
Top 10 Holdings (XLV)			
Ticker	Weight (%)	Ticker	Weight (%)
LLY	15.2	AMGN	3.4
JNJ	10.5	TMO	3.2
ABBV	7.0	GILD	3.1
UNH	6.9	ISRG	2.9
MRK	5.3	PFE	2.8



Consumer Discretionary (XLY): Underweight

- RS on *cap-weighted* Discretionary (**XLY**) remains in a YTD downtrend -- remain underweight, though we would likely upgrade the Sector if RS reverses this downtrend. Price has held above \$113-\$115 support. \$110 is the next support level below \$113.
- Online travel names are leadership. Buy/stay long: **ABNB, BKNG**, and **EXPE**.
- Additional attractive names include: **AMZN, EBAY, GPC, DASH, GRMN, MHK, HAS, ROST, WSM, RL, TPR**, and bottom-fishing candidates **DRI, RCL, PHM, TSCO, ULTA**, and **LULU**.

Top 10 Holdings (XLY)			
Ticker	Weight (%)	Ticker	Weight (%)
AMZN	28.0	BKNG	2.9
TSLA	20.9	LOW	2.8
HD	5.0	SBUX	2.8
TJX	3.7	MAR	1.8
MCD	3.7	ORLY	1.7

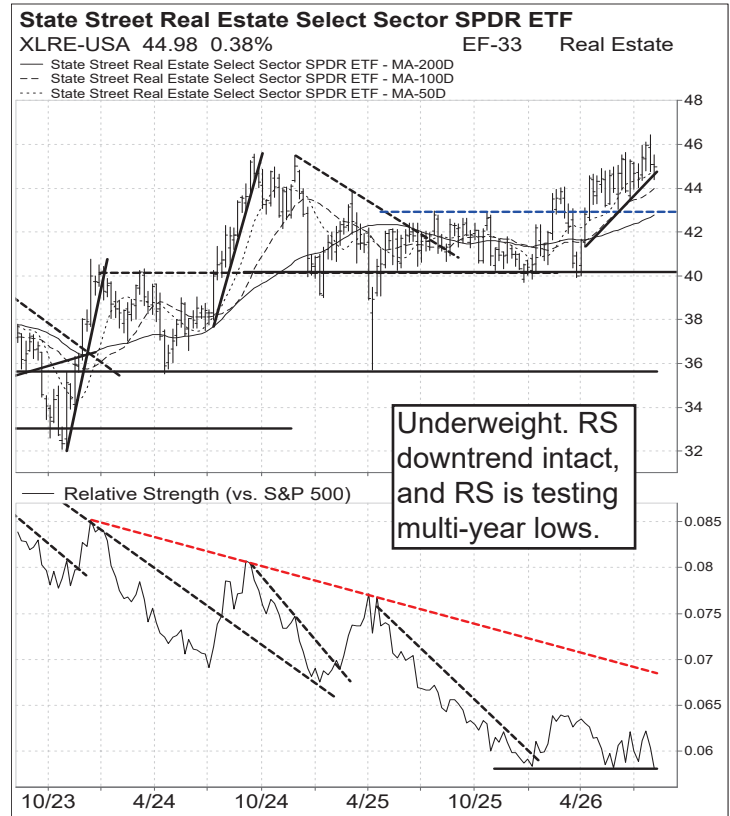


Real Estate (XLRE): Underweight

- The long-term RS downtrend remains intact on Real Estate (**XLRE**) -- remain underweight. With that said, price reclaimed the \$43 level after holding at crucial \$40-\$40.50 "must hold" support. Be selective.
- Health Care REITs remain leadership. Buy/stay long: **DOC**, **VTR**, and **WELL**.
- Additional attractive names include: **HST**, **BXP**, **SPG**, and bottom-fishing candidates **CBRE**, **INVH**, and **PSA**.

Top 10 Holdings (XLRE)

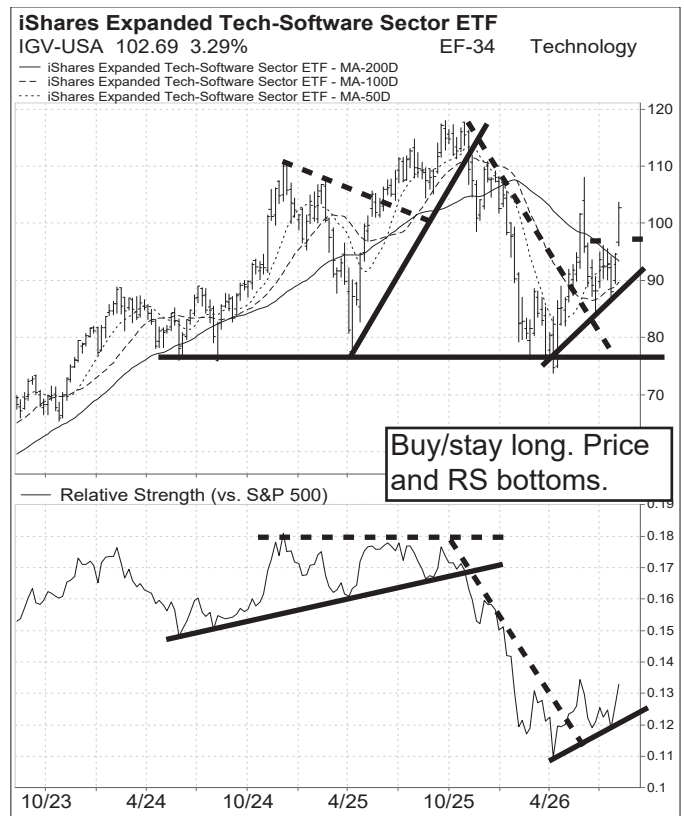
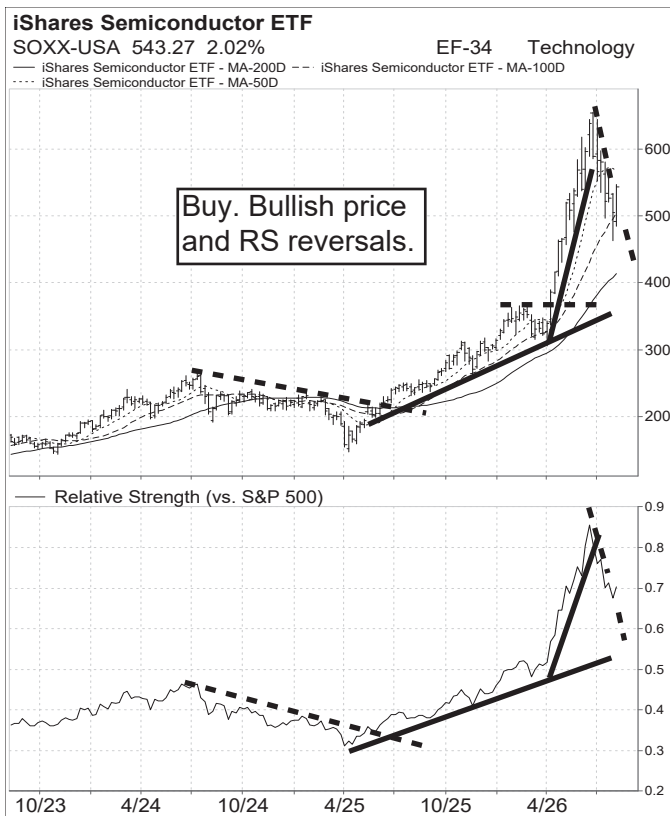
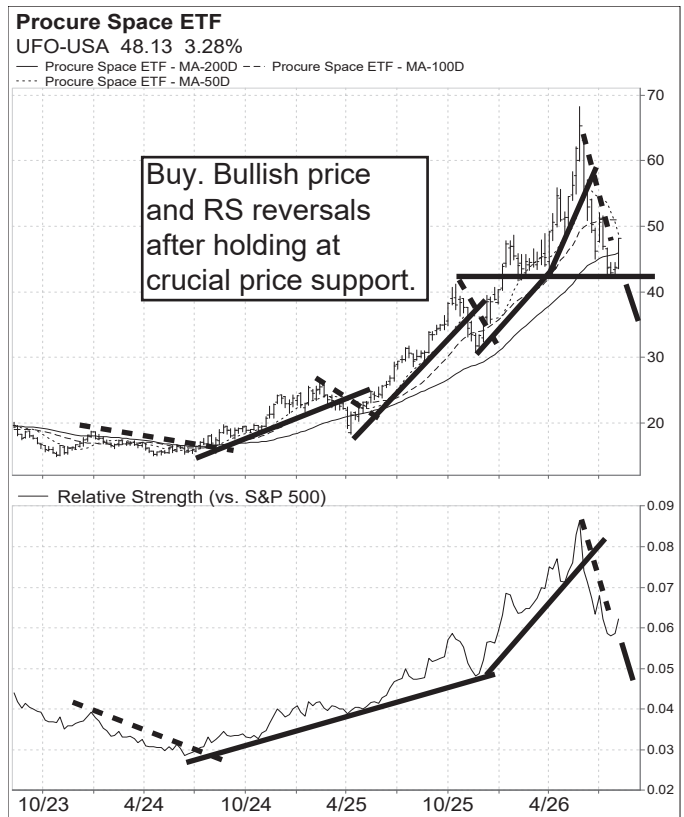
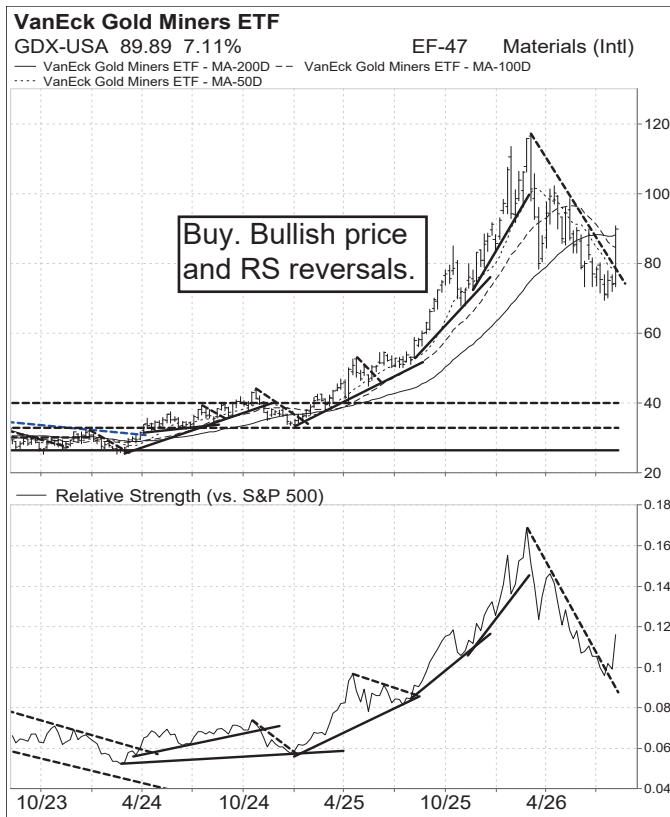
Ticker	Weight (%)	Ticker	Weight (%)
WELL	10.5	SPG	4.6
PLD	9.1	VTR	4.5
EQIX	7.3	PSA	4.4
AMT	5.6	CBRE	4.3
DLR	4.6	CCI	4.1



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Actionable Industry ETFs

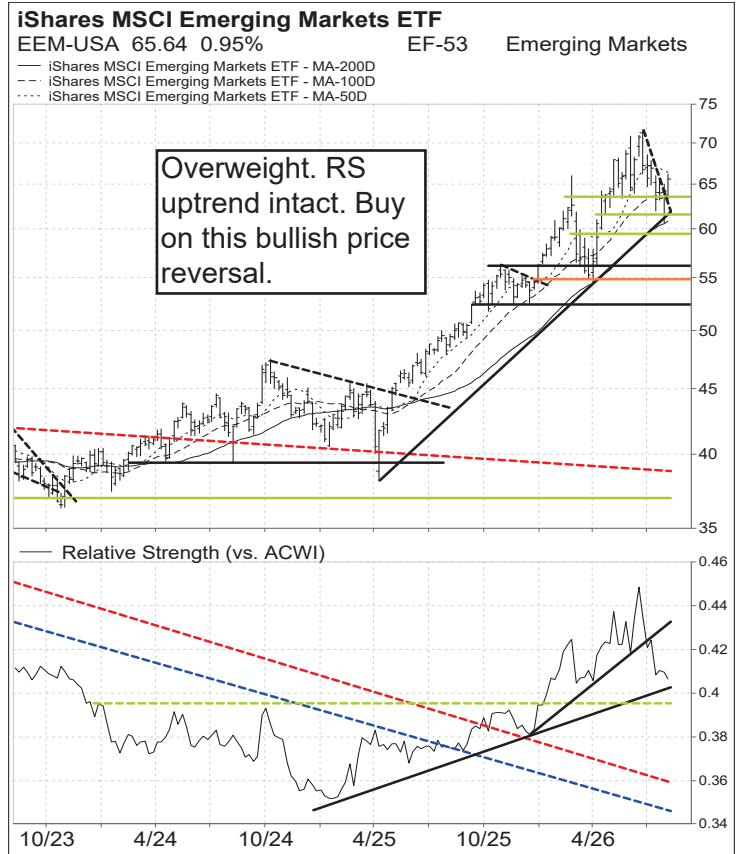
- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: GDX, UFO, SOXX, and IGV



Emerging Markets

RS on MSCI EM (**EEM**) violated the YTD uptrend, but our overweight recommendation remains appropriate as long as the 1.5+ year RS uptrend remains intact (testing now). Price remains bullish with the uptrend intact. Support is at \$63.00 followed by \$61.60 and \$59.50. \$61.60 support held nicely on this pullback, and now price displays a bullish 1.5-month downtrend reversal. Buy/stay long and remain overweight with the RS uptrend intact.

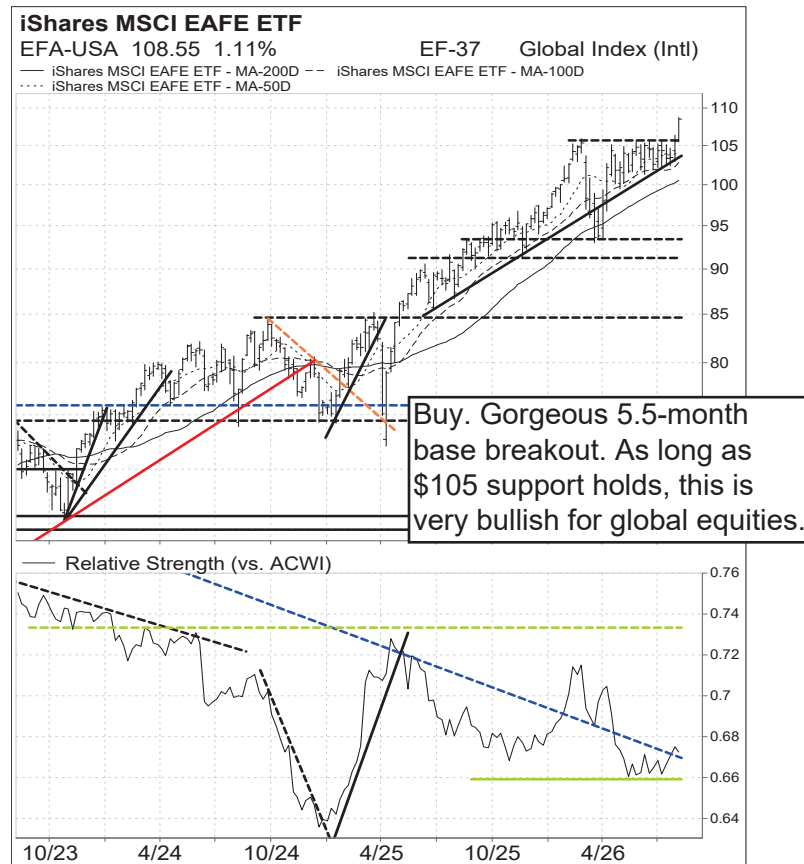
Attractive EM countries/regions highlighted include: Taiwan (**EWT**), Poland (**EPOL**), Greece (**GREK**), and South Africa (**EZA**)... see charts on page 11.



Developed Int'l Markets

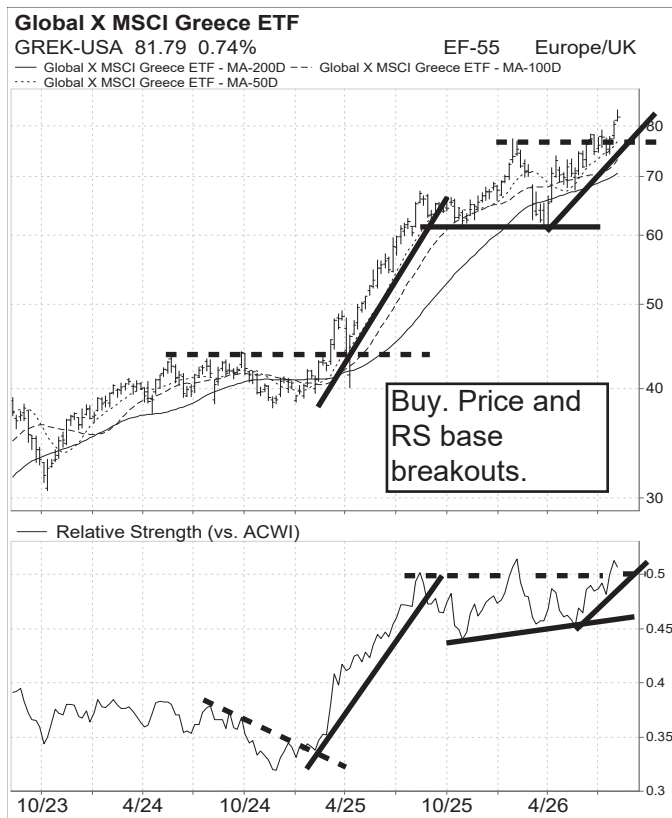
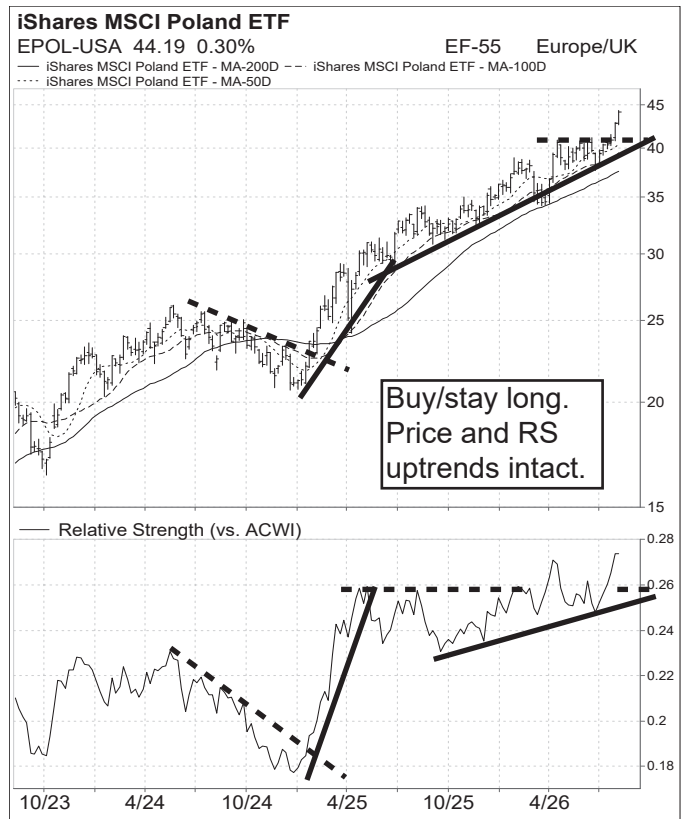
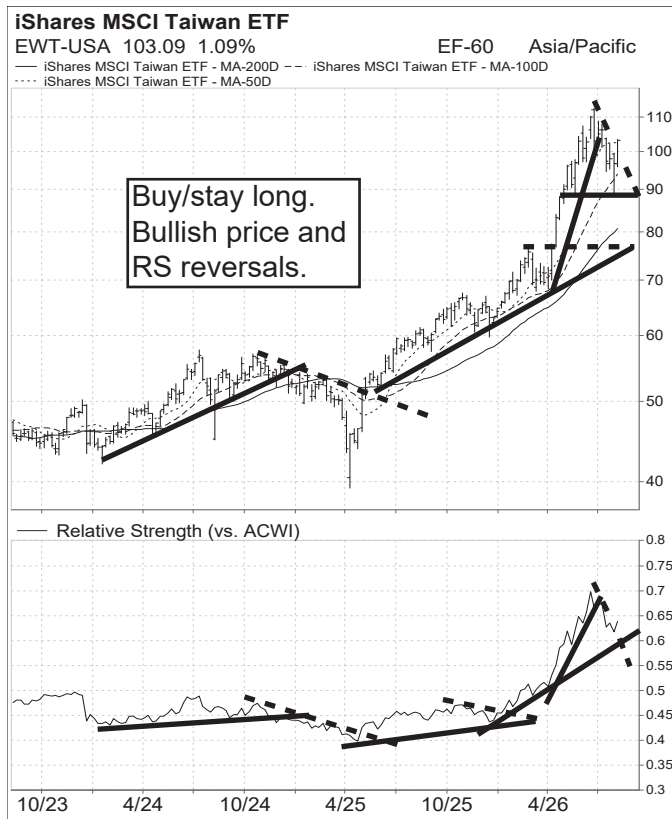
RS is consolidating for MSCI EAFE (**EFA**) and is testing support; stay at market weight. Price on EFA displays a gorgeous 5.5-month base breakout above \$105-\$106 resistance, as we have been expecting -- buy. Support is at \$105 and \$101.50-\$102. We continue to recommend adding exposure to many European countries.

Attractive developed int'l countries/regions highlighted include: Australia (**EWA**), Italy (**EWI**), Austria (**EWO**), and Ireland (**EIRL**)... see charts on page 12.



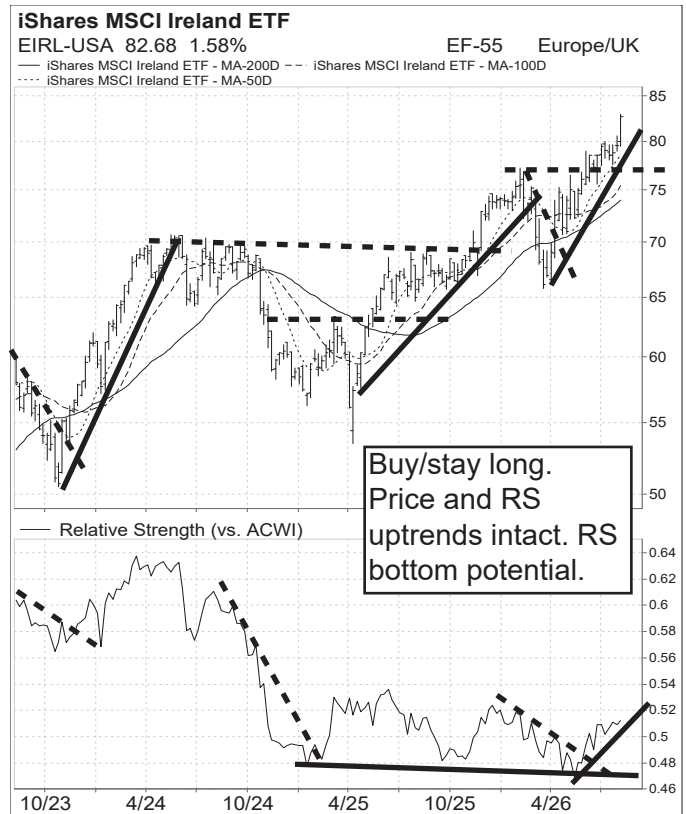
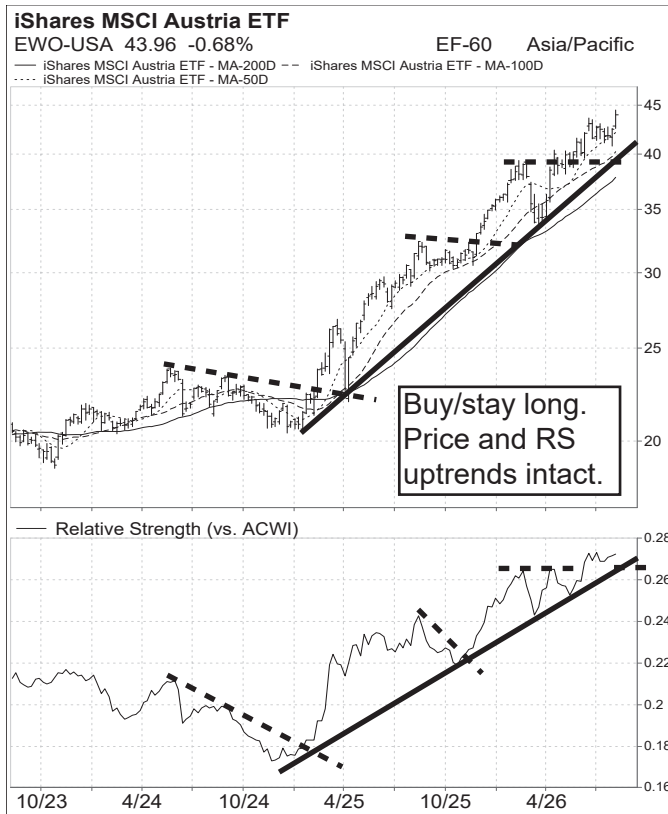
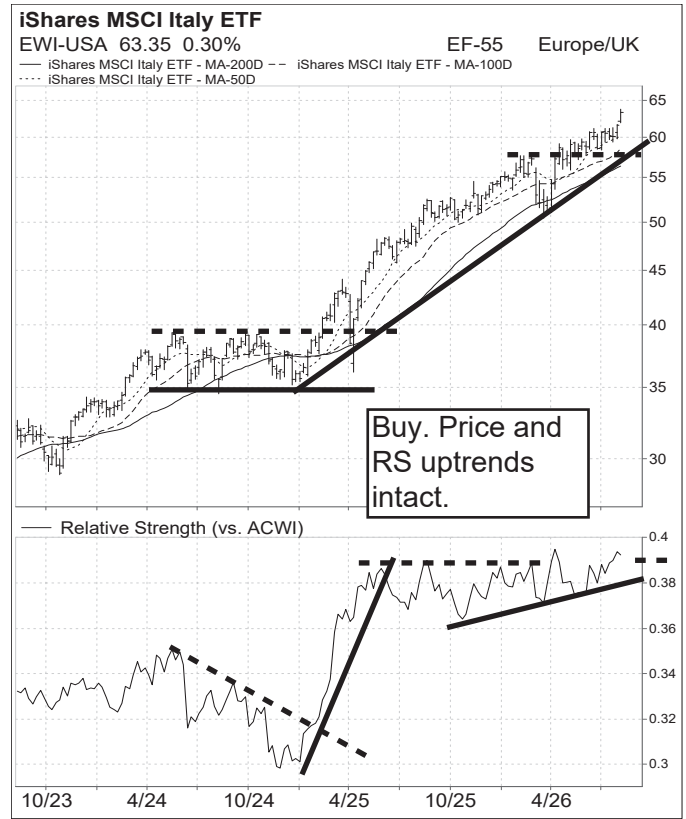
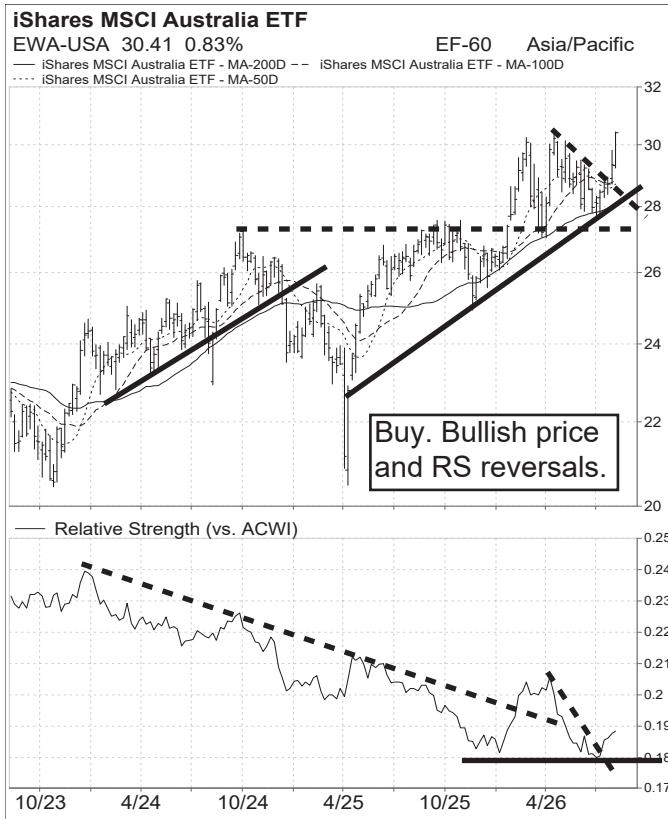
Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: EWT, EPOL, GREK, EZA, EWA, EWI, EWO, and EIRL



Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: EWT, EPOL, GREK, EZA, EWA, EWI, EWO, and EIRL



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