

9/21/2026

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Tech/A.I. Areas Ready to Move Higher?

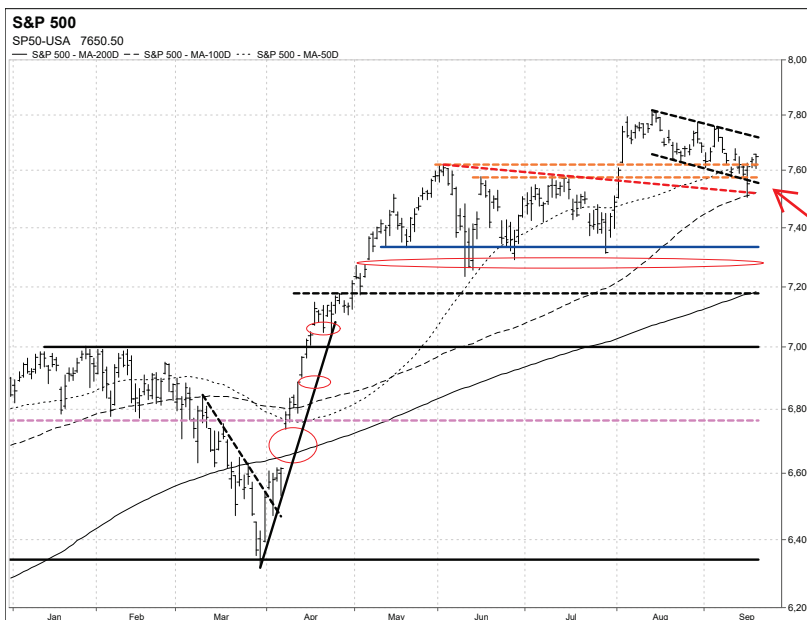
We remain bullish (as of our 4/20/26 *ETF Pathfinder*) on the S&P 500 (SPX), and we will stay that way as long as support at 7507-7580 holds. SPX briefly dipped below 7580 on Wednesday last week, only to see strong buying pressure and an immediate recovery the next day. We also believe Technology and A.I. areas (**XLK**, **SOXX**, **DRAM**) are ready to move higher, and we are buyers; despite last Monday's weakness on "pacing the frontier" concerns, **SOXX** and **DRAM** ended the week higher, which is a glaringly bullish sign of strength. It remains noteworthy that the memory ETF (DRAM) has not filled its bullish gap from August 12 at \$51-\$53, and the semiconductor ETF (SOXX) remains above crucial \$464-\$478 support; we have to be bullish if these supports hold. A significant "wall of worry" is being built, and it will only become a problem for the SPX on a sustained break below 7507-7580. At the same time, the market could rip higher if conditions marginally improve -- which is potentially in process.

- **Risk-On Signals.** Market dynamics continue to support our bullish outlook. Risk-on signals include: (1) The U.S. Dollar (DXY) remains below the crucial \$100.25-\$100.80 level. (2) High yield spreads are below 320bps and are near 19-year narrows. (3) U.S. interest rate volatility (MOVE index) remains below the 85-90 level. (4) Mag7 (**MAGS**) is hitting 3.5-month price and RS highs. (5) Gold and silver prices have bottomed (we have been bullish since Aug. 11), and we would buy on this recent pullback. (6) Bitcoin and Ether have bottomed as well (we have been bullish since our 8/25/26 *Compass*). This remains a bull market until proven otherwise... 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	
Energy (RSPG, XLE)			X
Financials (XLF)		X	
Health Care (RSPH, XLV)			X
Industrials (XLI)		X	
Materials (XLB)		X	
Real Estate (XLRE)	X		
Technology (XLK)		X	X
Utilities (XLU)	X	X	

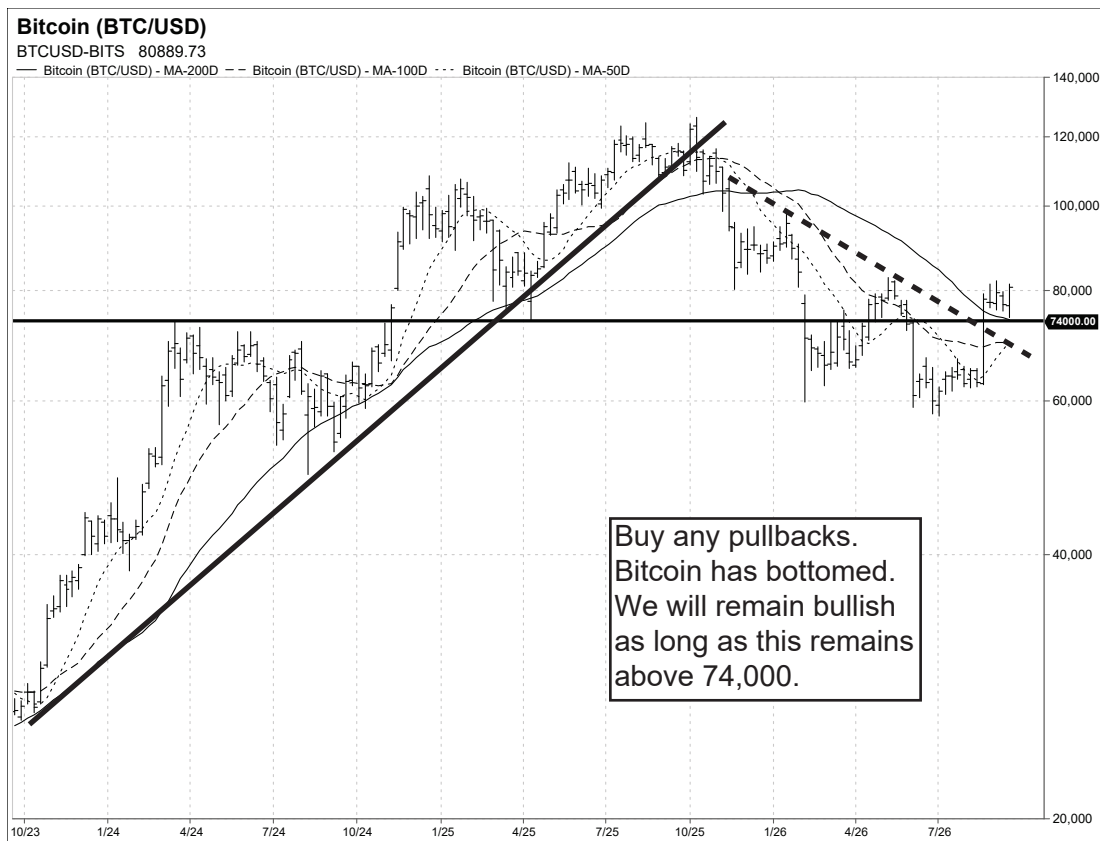
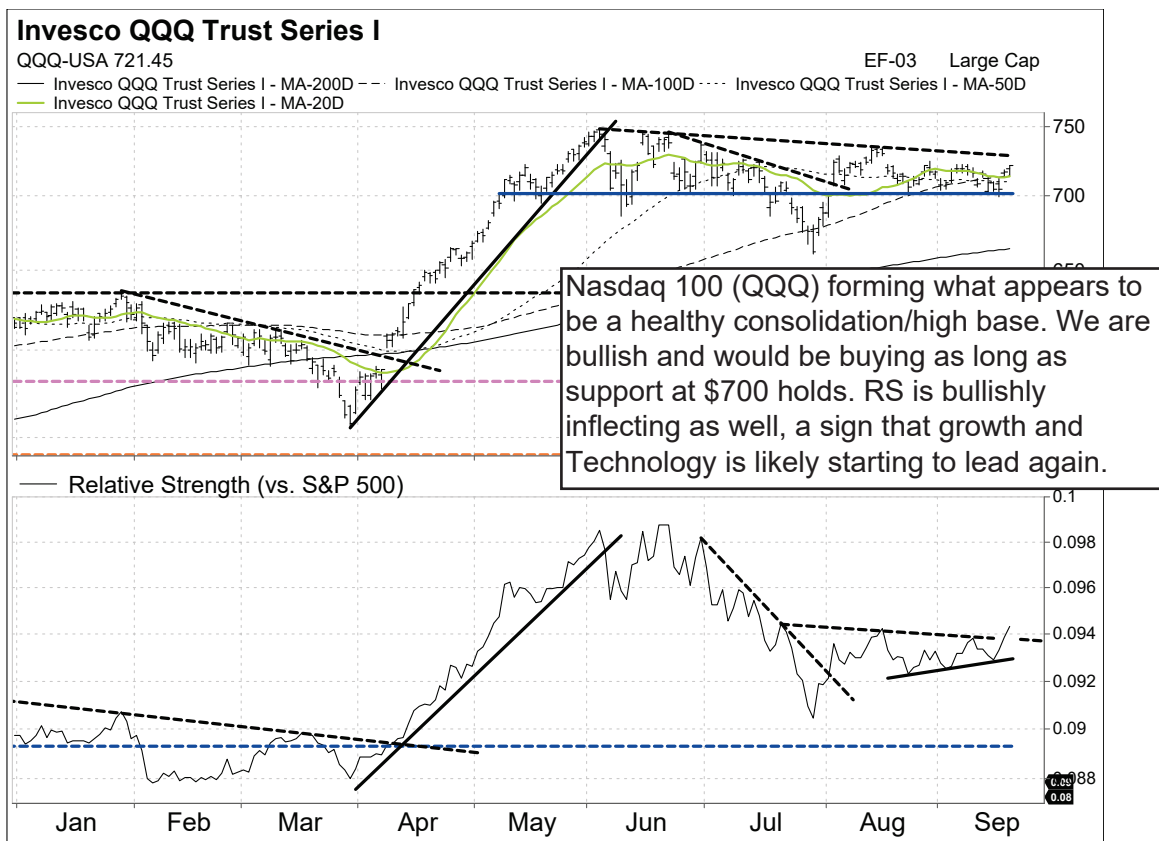
- **Actionable Industry ETFs:** **WGMI**, **SOXX**, **DRAM**, and **ARKG**... see page 9.



- **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**, **EWZ**, **EPU**, **COLO**, **EPOL**, **GREK**, **DXJ**, and **EFNL**... see pages 11-12.

S&P 500 held at the prior downtrend (in red) and 7507-7580 support area. Also appears to be a failed breakdown from the flag pattern. We are expecting a test of YTD highs and we will remain bullish as long as 7507-7580 support holds.

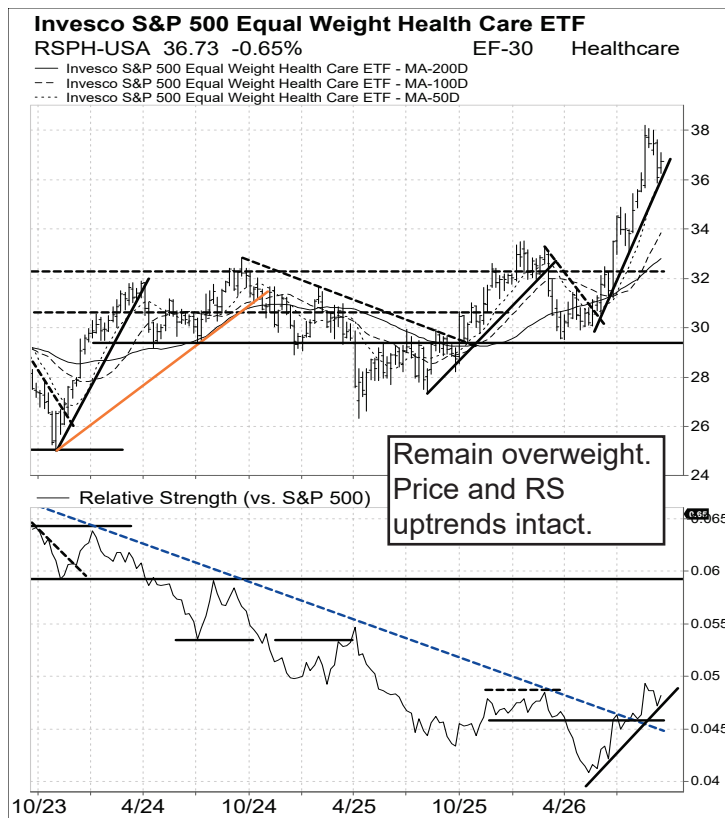
Nasdaq 100 (QQQ) Holding Above \$700 Support; Bitcoin Has Bottomed -- Buy



Health Care (XLV, RSPH): Overweight (upgraded 8/24/26 from Market Weight)

- RS remains in a 3.5+ month uptrend after reversing its long-term RS downtrend on the *equal-weighted RSPH*. Price on RSPH remains in a general uptrend as well. Remain overweight/add exposure.
- Life science instruments names remain leadership. Buy pullbacks/stay long: **A, CRL, IQV, RVTY, TMO, and WAT**.
- Also attractive: **DXCM, WST, ABBV, BIIB, GILD, INCY, MRNA, REGN, VRTX, JNJ, LLY, MRK, VTRS**, and bottom-fishing candidates **ISRG, MDT, RMD, MOH, and UHS**.

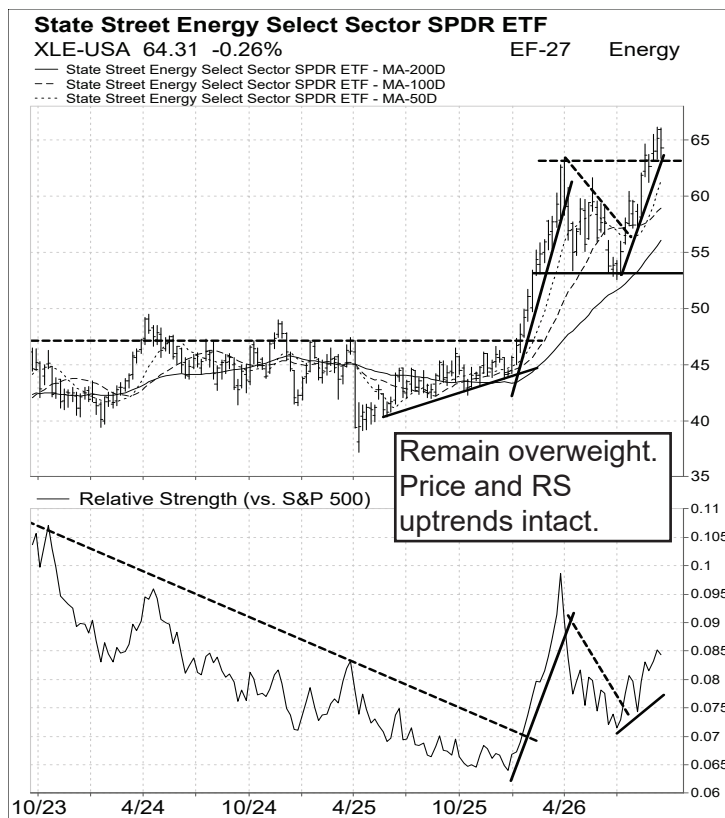
Top 10 Holdings (XLV)			
Ticker	Weight (%)	Ticker	Weight (%)
LLY	15.8	AMGN	3.8
JNJ	10.3	TMO	3.7
ABBV	7.4	ABT	3.2
MRK	6.0	GILD	2.9
UNH	5.6	PFE	2.5



Energy (XLE, RSPG): Overweight (upgraded 8/24/26 from Market Weight)

- Price on the cap- and equal-weighted Sectors (**XLE, RSPG**) display 4.5-month base breakouts, and RS is making higher lows and higher highs since bottoming in early-July. Remain overweight/add exposure. \$60.50-\$61.50 is support on **XLE** and it remains a great spot to buy.
- Refiners (**CRAK**) remain leadership. Buy pullbacks/stay long: **MPC, PSX, and VLO**.
- Exploration & production names (**XOP, IEO**) are emerging as leadership -- add exposure. Attractive names include: **APA, COP, CVX, DVN, OXY, and XOM**.
- Also attractive: **TRGP**.

Top 10 Holdings (XLE)			
Ticker	Weight (%)	Ticker	Weight (%)
XOM	20.6	VLO	5.0
CVX	15.0	SLB	4.4
COP	6.4	EOG	4.4
PSX	5.3	TRGP	3.8
MPC	5.3	BKR	3.6



Technology (XLK): Market Weight (downgrading today from Overweight)

- **DOWNGRADE.** We are downgrading Technology (XLK, RSPT) to market weight with price and RS consolidating for the past three months. With that said, we view this consolidation as healthy and we would likely upgrade back to overweight if XLK and RSPT break out to new 2026 price highs. Short-term support continues to be at \$179-\$182.25 followed by \$171. Memory (DRAM) and semiconductors (SOXX) are our top buys within the Sector. Favorite names to buy/stay long include: **MU, SNDK, NTAP, AMD, INTC, and NVDA**. Also attractive: **ADI, AMAT, KLAC, LRCX, SWKS, TER, TXN, STX, and WDC**.
- Also attractive: **AAPL, DELL, HPE, HPQ, CRWD, FTNT, GEN, PANW, ANET, CSCO, FFIV, MSI, APH, KEYS, ZBRA, VRSN, MSFT, NOW, PLTR, WDAY**, and bottom-fishing candidates **GDDY, IT, CRM, and SMCI**.

Top 10 Holdings (XLK)

Ticker	Weight (%)	Ticker	Weight (%)
NVDA	14.2	AMD	4.0
AAPL	12.4	INTC	3.0
MSFT	9.8	CSCO	2.9
AVGO	4.8	PLTR	2.8
MU	4.1	LRCX	2.6

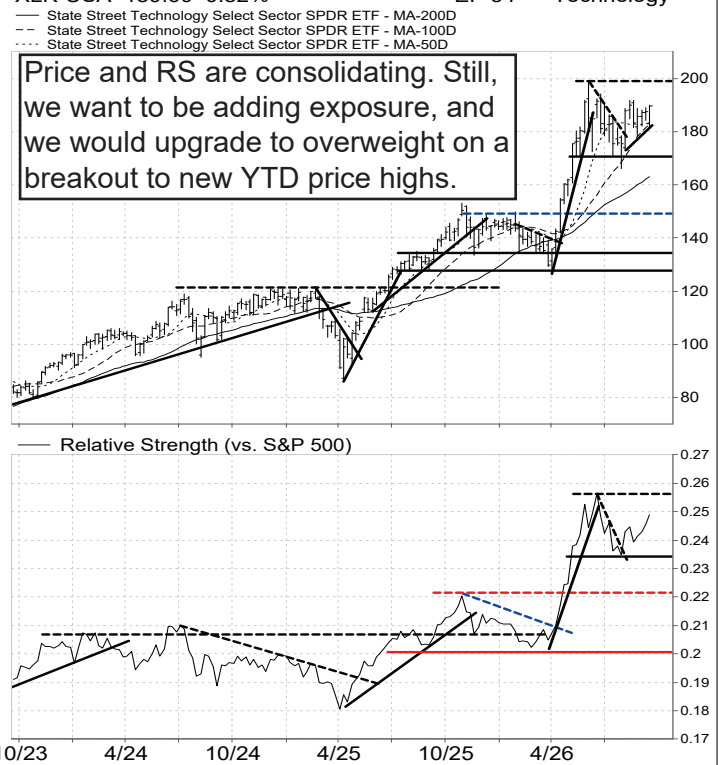
Industrials (XLI): Market Weight

- RS on the **XLI** is near multi-year lows, but RS remains within a 6+ year horizontal range and is approaching support. This is where we would expect the Sector to start outperforming again. The break below base support at \$177-\$179.50 was a bearish sign, but next support at \$168.50 has held for now.
- Attractive names include: **JCI, PWR, AME, EMR, ETN, GEV, CAT, DE, NDSN, WAB, ADP, PAYC, PAYX, EXPD, FDX, DAL, and CTAS** (bottom-fishing candidate).

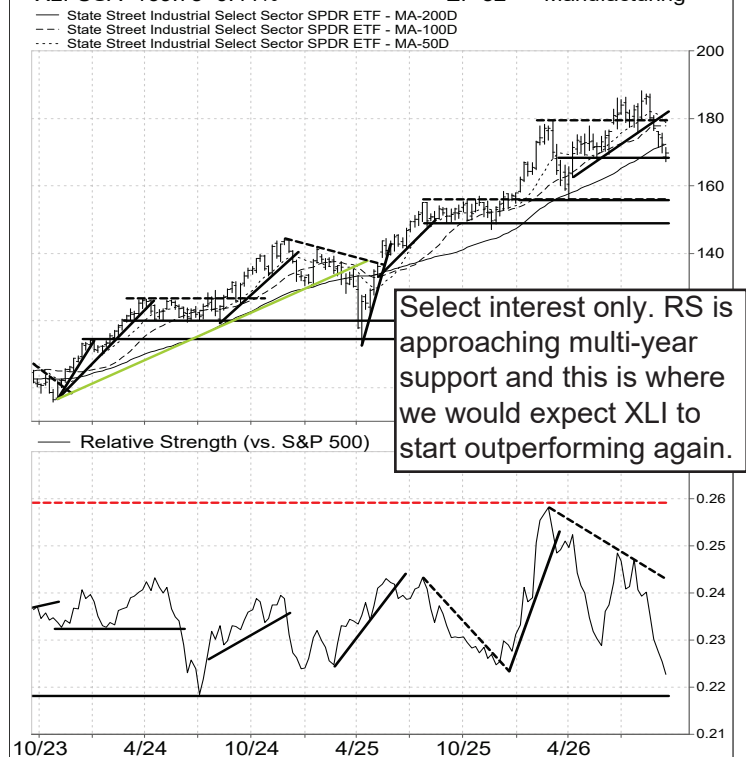
Top 10 Holdings (XLI)

Ticker	Weight (%)	Ticker	Weight (%)
CAT	6.7	BA	3.0
GE	6.4	ETN	2.9
RTX	5.0	DE	2.9
GEV	4.5	UBER	2.8
UNP	3.2	PH	2.2

State Street Technology Select Sector SPDR ETF
XLK-USA 189.60 0.82% EF-34 Technology



State Street Industrial Select Sector SPDR ETF
XLI-USA 169.75 0.44% EF-32 Manufacturing



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-to-lower. Be selective. Price on the XLB remains rangebound, but is holding above \$49-\$50 support.
- Gold and copper mining stocks (GDX, COPX) remain leadership. Buy pullbacks/stay long: **FCX** and **NEM**.
- Nothing else is particularly attractive within the Sector.

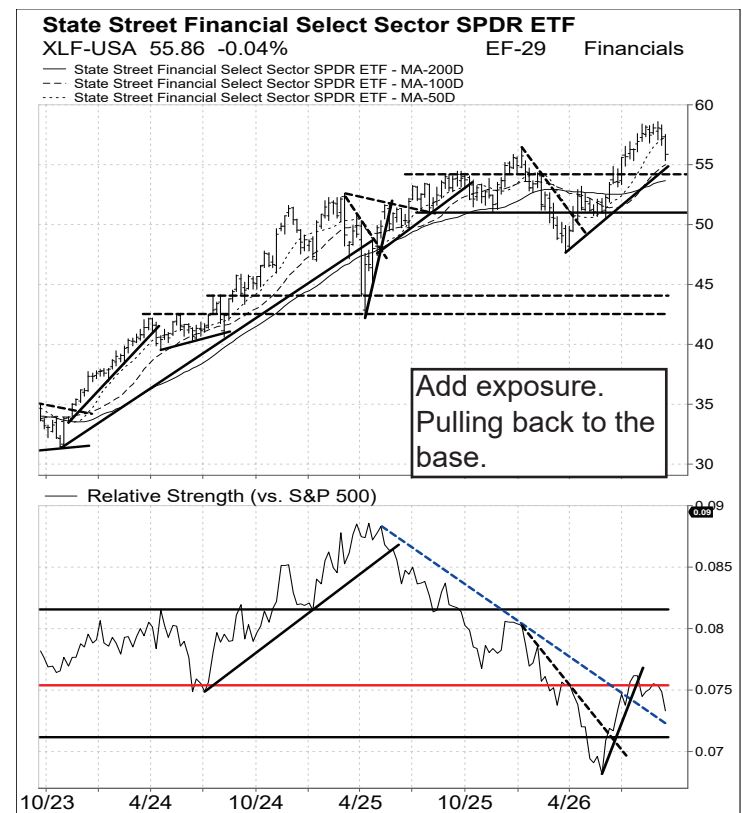
Top 10 Holdings (XLB)			
Ticker	Weight (%)	Ticker	Weight (%)
LIN	12.9	CTVA	4.7
NEM	8.0	ECL	4.7
FCX	6.3	VMC	4.3
SHW	4.9	NUE	4.1
APD	4.7	MLM	4.1



Financials (XLF): Market Weight

- We discussed in our 8/24/26 *ETF Pathfinder* how RS on *cap-weighted* Financials (XLF) displayed waning upside momentum. RS appears to be rolling over at resistance. Stay at market weight but be very selective. Price on the XLF remains in an uptrend off of the March lows. \$54 remains support.
- Online trading platforms have emerged as leadership -- overweight/add exposure. Buy/stay long: **HOOD**, **IBKR**, and bottom-fishing candidates **COIN** and **CME**.
- Also attractive: **AMP**, **BEN**, **IVZ**, **NTRS**, **SCHW**, **STT**, **CPAY**, **V**, **BNY**, **BAC**, **C**, **CFG**, **JPM**, **WFC**, **MS**, **AIZ**, **ALL**, **GL**, **MET**, **PFG**, **PRU**, **TRV**, and bottom-fishing candidates **FDS**, **BRK.B**, and **PGR**.

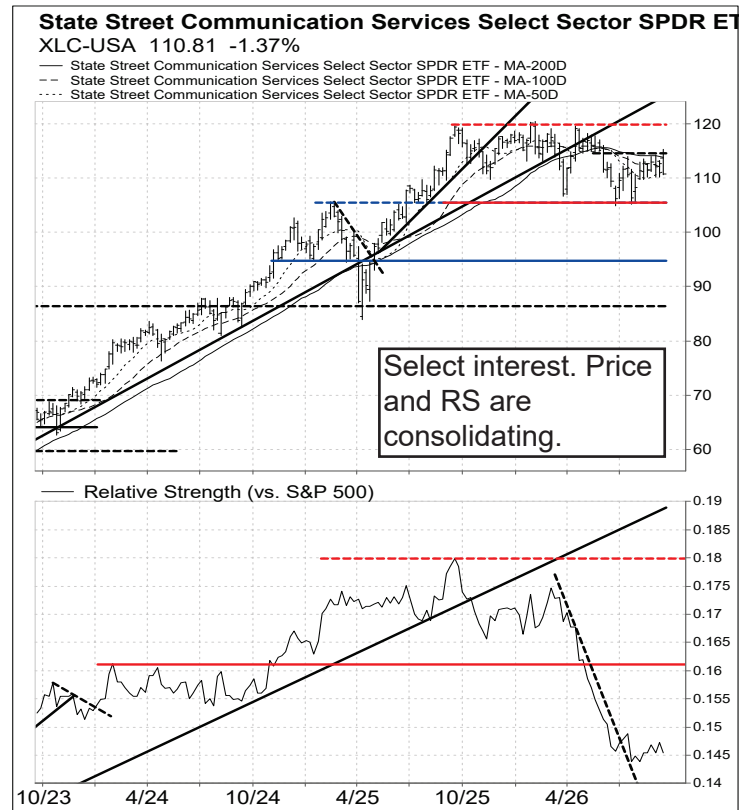
Top 10 Holdings (XLF)			
Ticker	Weight (%)	Ticker	Weight (%)
JPM	11.6	GS	3.8
BRK.B	11.2	MS	3.2
V	7.6	WFC	3.2
MA	5.8	C	2.8
BAC	5.0	SCHW	2.3



Comm. Services (XLC): Market Weight

- RS on *cap-weighted* Communications (XLC) has stabilized after reversing above its 4-month downtrend -- add selective exposure. Support at \$105.50 held and price appears to be bottoming. Resistance is at \$114 followed by \$120.
- Attractive names include **GOOGL**, **MTCH**, **NWSA**, and bottom-fishing candidates **META**, **T**, and **FOXA**.

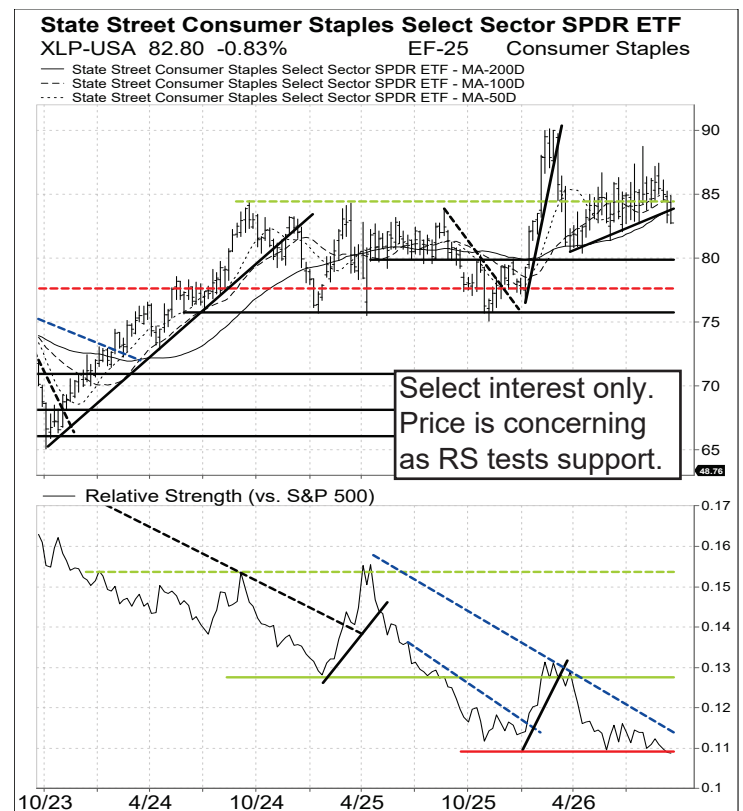
Top 10 Holdings (XLC)			
Ticker	Weight (%)	Ticker	Weight (%)
META	16.1	CMCSA	4.9
GOOGL	10.5	DIS	4.9
GOOG	8.4	NFLX	4.8
T	5.1	WBD	4.7
VZ	5.0	TMUS	4.7



Consumer Staples (XLP): Market Weight

- RS has stabilized and remains above support on the *cap-weighted* XLP. Still, be extremely selective as RS remains in a 1.5-year downtrend. Price is getting concerning following the 5.5-month uptrend violation and break below the 200-day MA. \$80-\$81 remains important horizontal support.
- Attractive names include: **TGT**, **ADM**, **KO**, **MNST**, and **SJM**.

Top 10 Holdings (XLP)			
Ticker	Weight (%)	Ticker	Weight (%)
WMT	9.6	TGT	4.7
COST	8.9	CL	4.5
KO	7.5	MDLZ	4.5
PG	7.1	PEP	4.5
PM	6.2	MNST	4.3

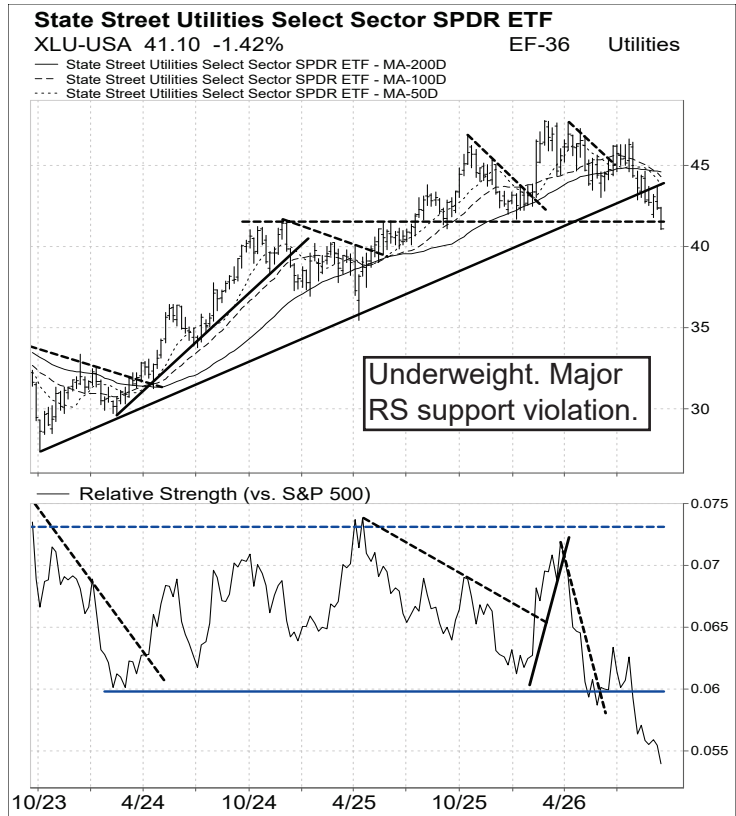


Utilities (XLU): Underweight (downgrading today from Market Weight)

- **DOWNGRADE.** RS on the *cap-weighted XLU* is violating multi-year support, and we are downgrading the Sector to underweight. We discussed in our 8/24/26 *ETF Pathfinder* how the XLU's price uptrend from the 2023 lows is being violated, a concerning development. Be extremely selective.
- We would generally avoid the Sector entirely. The one attractive bottom-fishing candidate is: **AWK**.

Top 10 Holdings (XLU)

Ticker	Weight (%)	Ticker	Weight (%)
NEE	13.1	D	4.4
SO	7.5	SRE	4.1
DUK	7.0	ETR	3.6
CEG	6.6	XEL	3.6
AEP	5.0	EXC	3.4

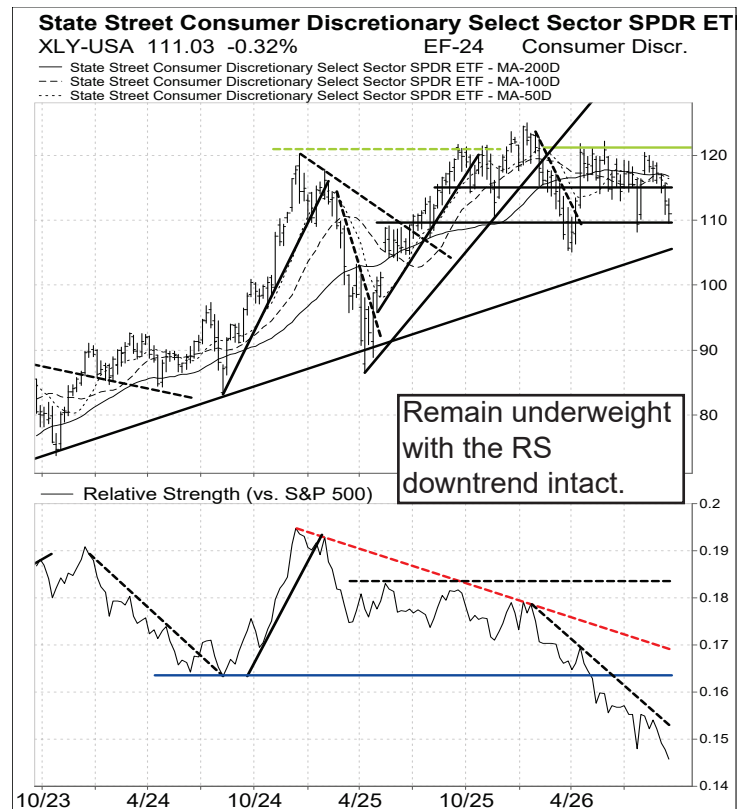


Consumer Discretionary (XLY): Underweight

- RS on *cap-weighted Discretionary (XLY)* remains in a YTD downtrend -- remain underweight. We would need to see RS reverse this YTD downtrend in order to upgrade the Sector to market weight. Price is back to test \$110 support. Be selective.
- Attractive names include: **ABNB, EBAY, GRMN, BBY, ROST, WSM**, and bottom-fishing candidates **DASH, MHK**, and **ULTA**.

Top 10 Holdings (XLY)

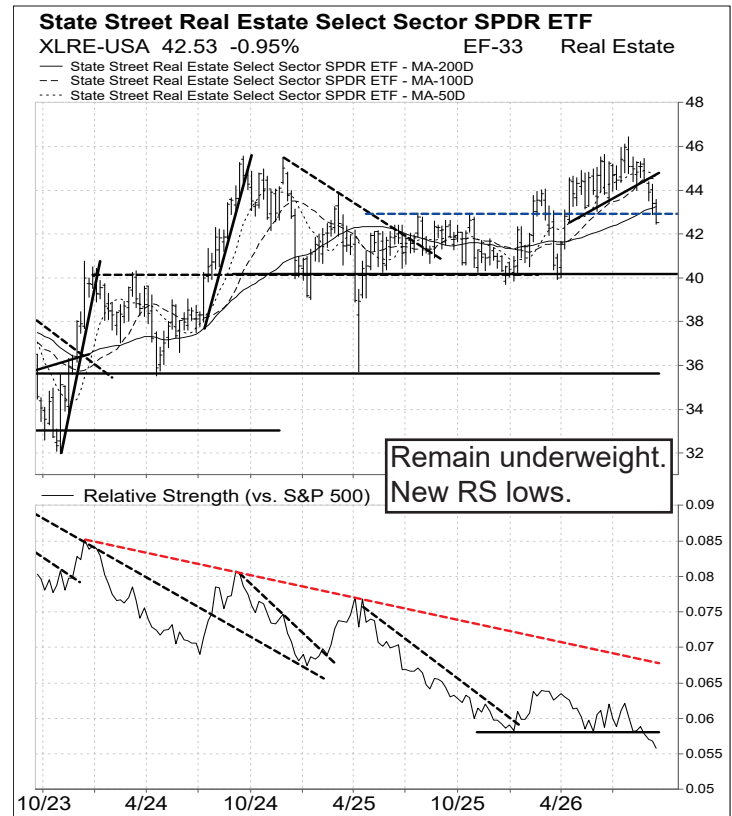
Ticker	Weight (%)	Ticker	Weight (%)
AMZN	24.0	TJX	3.6
TSLA	16.9	SBUX	3.0
HD	5.5	LOW	3.0
MCD	4.1	DASH	2.1
BKNG	4.0	GM	2.0



Real Estate (XLRE): Underweight

- The long-term RS downtrend remains intact on Real Estate (**XLRE**) -- remain underweight. RS is now breaking to all-time lows. Price is also breaking down below \$43 support, a bearish development. XLRE could be poised to test crucial support at \$40-\$40.50. Be very selective.
- Health Care REITs remain internal leadership. Buy/ stay long: **DOC**, **VTR**, and **WELL**.
- Also attractive: **ARE** (bottom-fishing candidate).

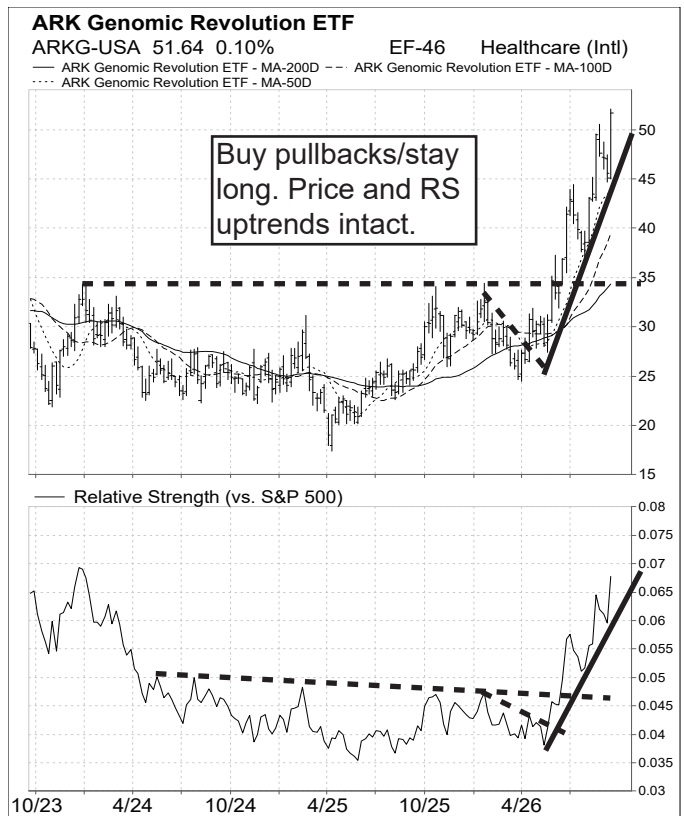
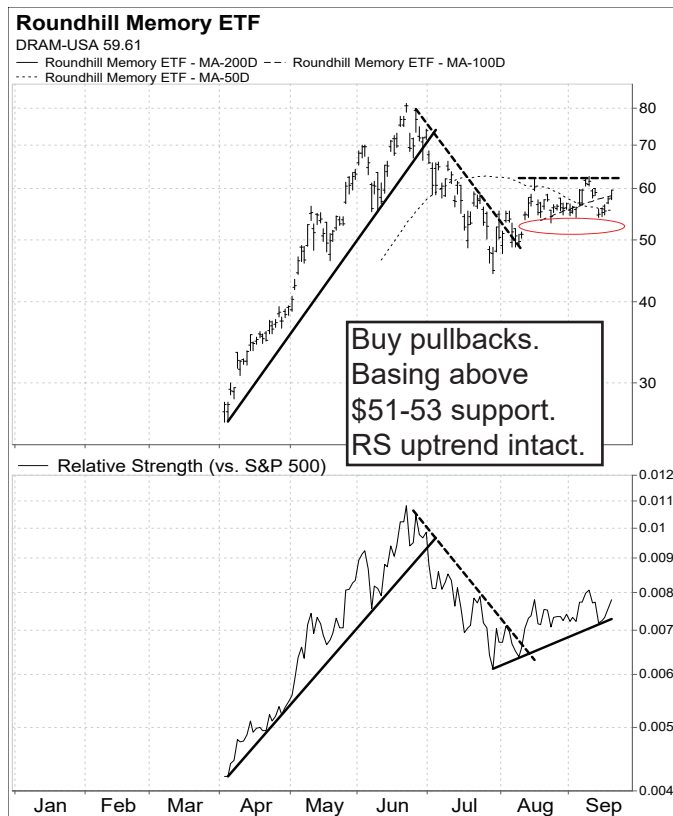
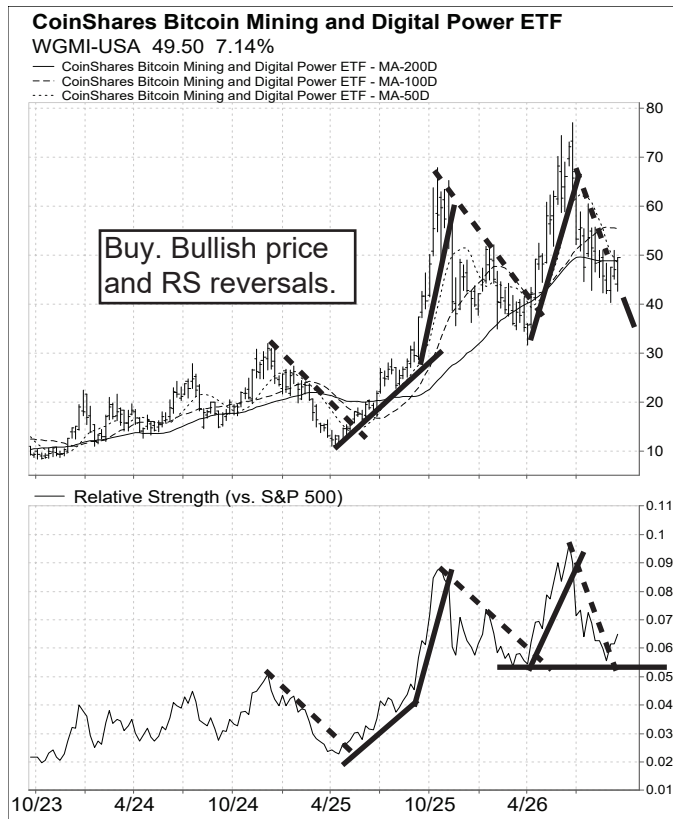
Top 10 Holdings (XLRE)			
Ticker	Weight (%)	Ticker	Weight (%)
WELL	11.3	DLR	5.0
PLD	9.0	SPG	4.8
EQIX	7.1	PSA	4.7
AMT	5.5	VTR	4.6
VMRK	5.0	CBRE	4.5



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Actionable Industry ETFs

- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: WGMI, SOXX, DRAM, and ARKG

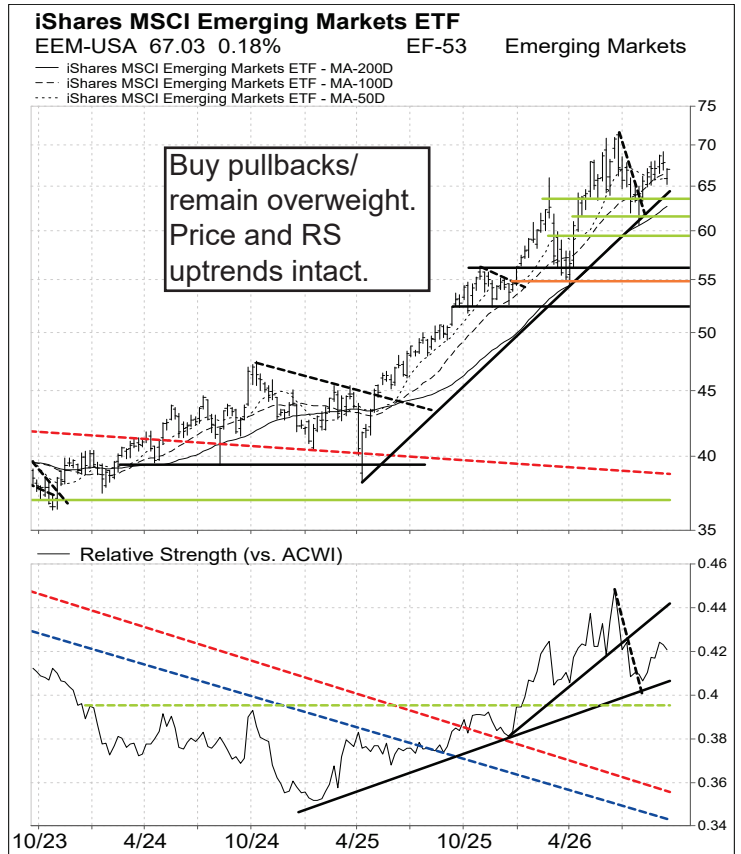


International Equities

Emerging Markets

RS on MSCI EM (**EEM**) continues to hold at the 1.5+ year uptrend, which continues to support our overweight recommendation. Price remains bullish with the 1.5-year uptrend intact, and price and RS also reversed above 1.5-month downtrends in early-August. Support is at \$65.50 followed by \$63.00 and \$61.60.

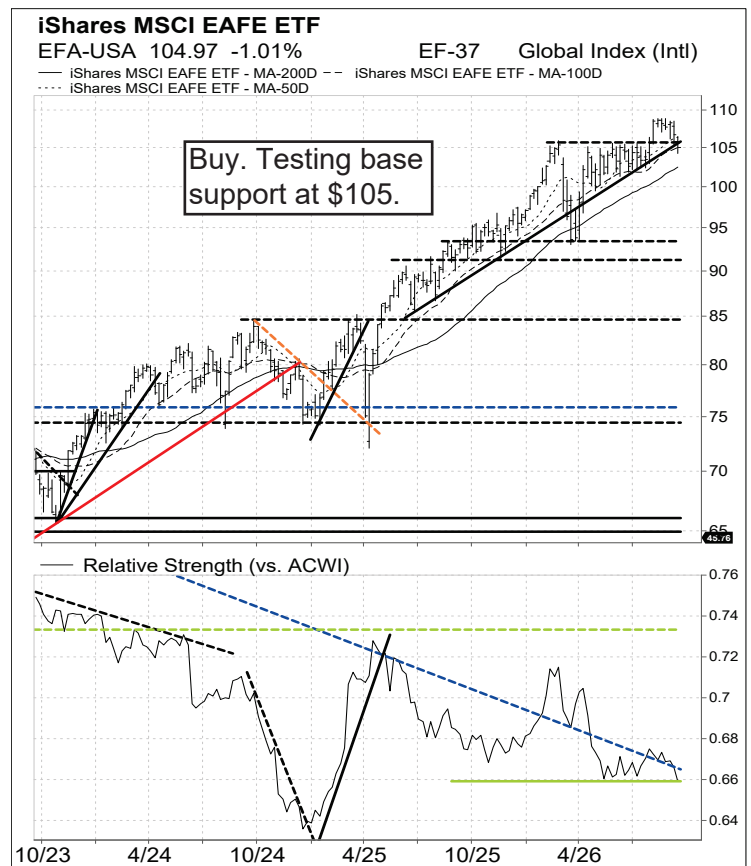
Attractive EM countries/regions highlighted include: Taiwan (**EWT**), Brazil (**EWZ**), Peru (**EPU**), Colombia (**COLO**), Poland (**EPOL**), and Greece (**GREK**)... see charts on pages 11-12.



Developed Int'l Markets

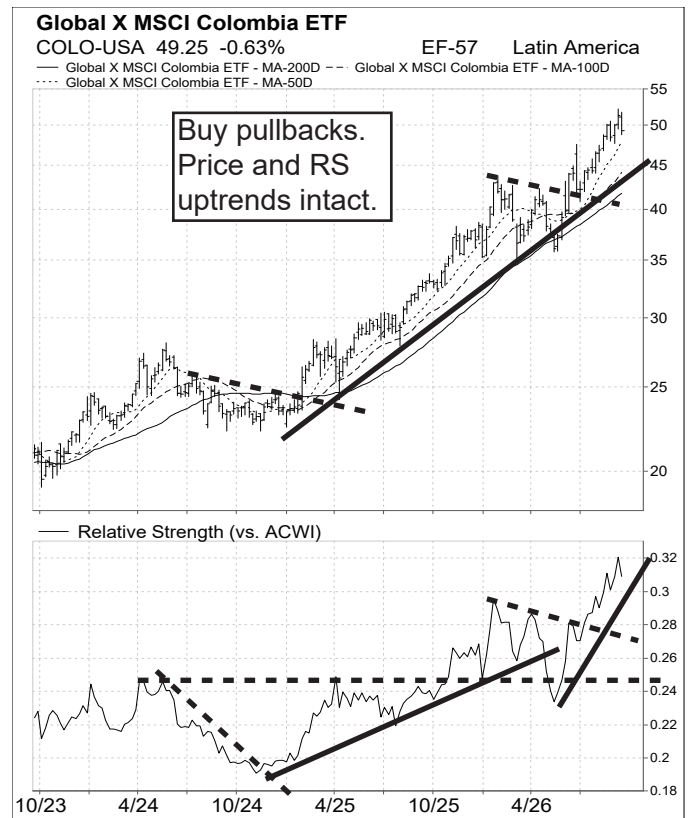
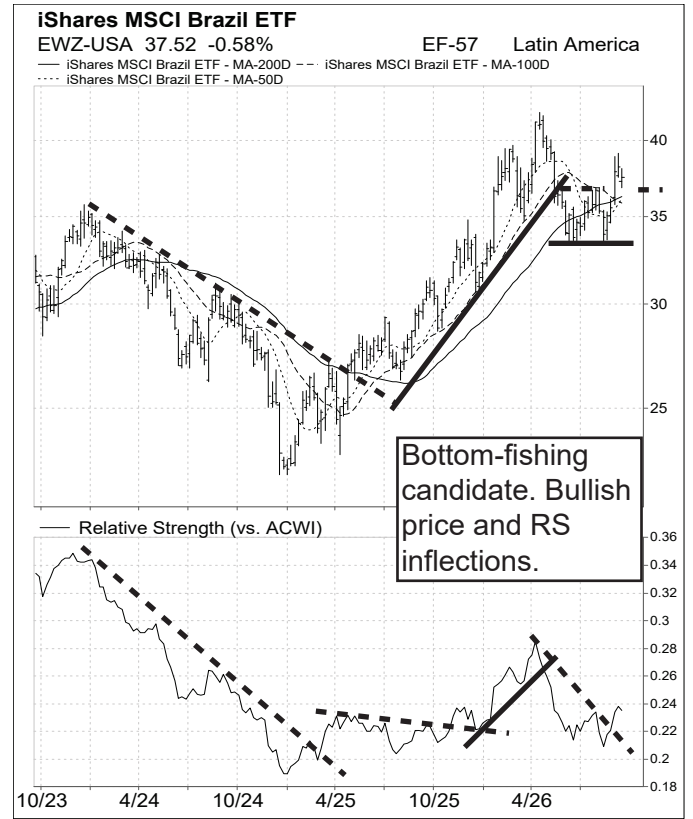
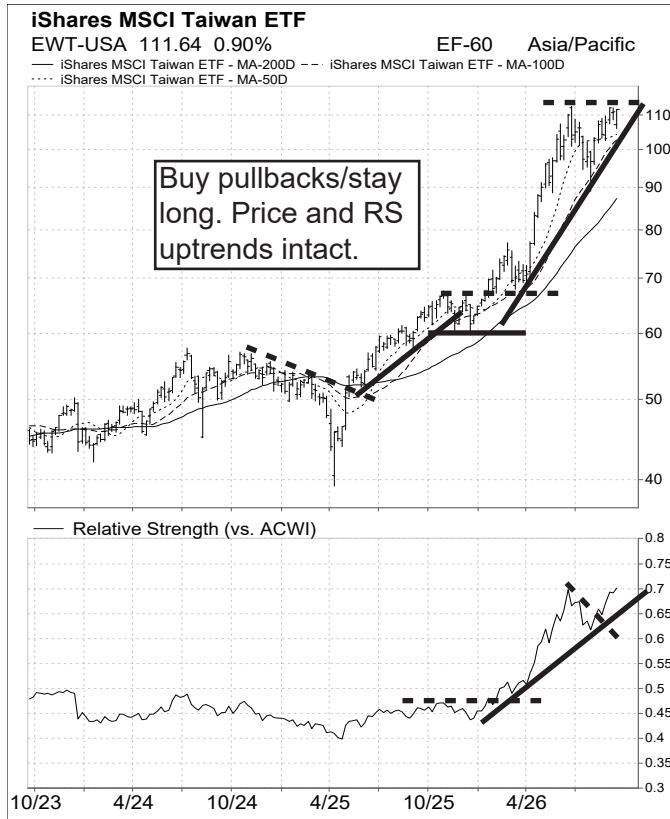
RS is consolidating for MSCI EAFE (**EFA**) and is testing support; stay at market weight. Price on EFA is pulling back to test 7-month base support at \$105 -- buy. Support is at \$105 and \$101.50-\$102.50.

Attractive developed int'l countries/regions highlighted include: Hedged Japan (**DXJ**, **HEWJ**) and Finland (**EFNL**)... see charts on page 13.



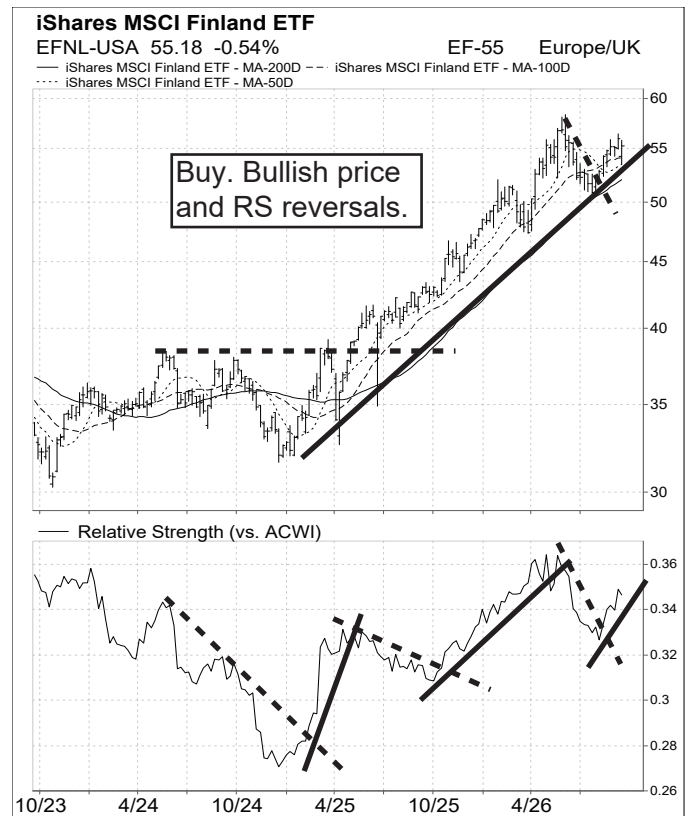
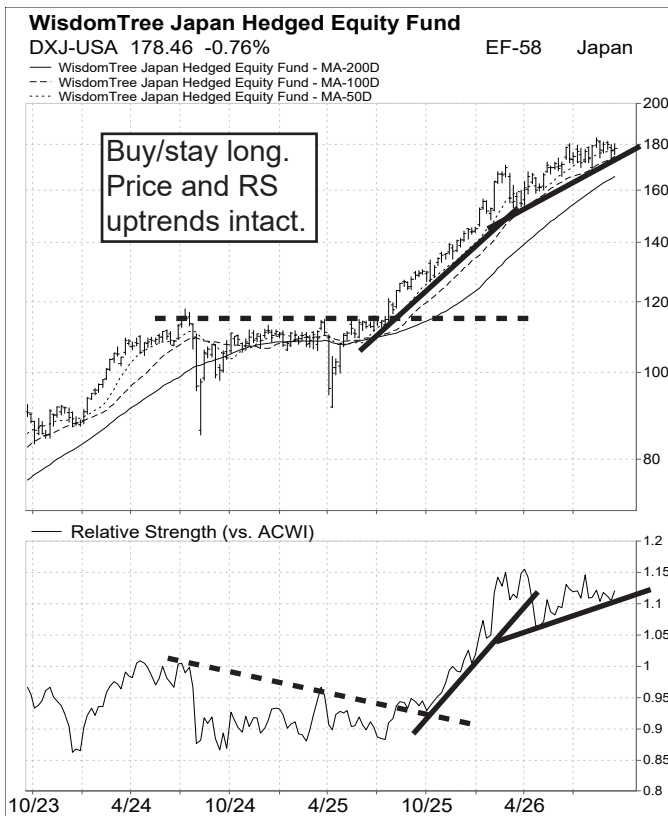
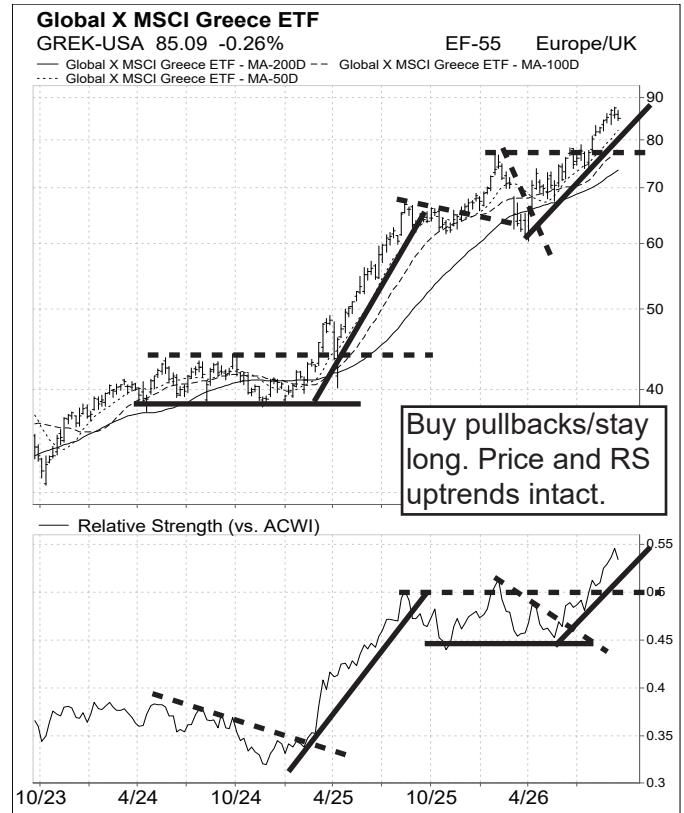
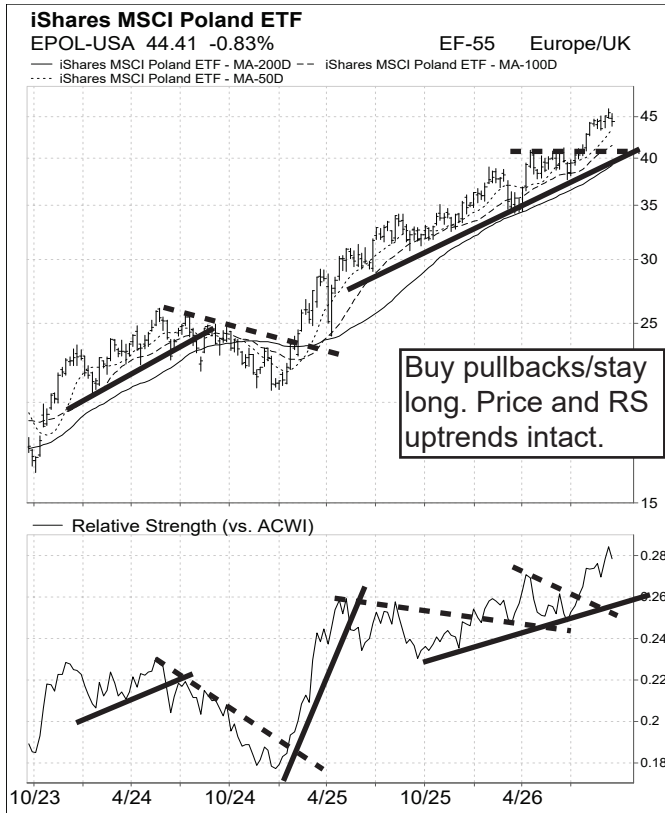
Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: EWT, EWZ, EPU, COLO, EPOL, GREK, DXJ, and EFNL



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