

4/22/25

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

Upgrading Consumer Staples to Overweight

Our intermediate-term outlook remains bearish/cautious, and we continue to believe a prolonged downturn is likely, which has been the case since our 4/1/25 *Compass*. We will remain cautious and we will continue to favor defensives as long as the S&P 500 is below its 200-day MA (currently 5750) or 5785 level. There have been substantial trading opportunities in both directions, and we expect that to continue; we discussed in our 4/8/25 *Compass* that a logical spot for a *local* bottom to develop was at then-current levels of 4800-4820 on SPX and \$402-\$412 on QQQ. After a historic rally, we then discussed last week (4/15/25 *Compass*) how we were looking for the SPX rally to fizzle, "either *here* at 5490-5500 and the 20-day MA, the 200-day MA, or 5785 level." The SPX is now 4.5%-5.0% lower, and is testing 5100-5120 support, which has been a key level several times dating back to early 2024, and is a level to trade against. If the SPX breaks below 5100, a test of the YTD lows would be likely in the 4800-4820 range, and we could easily see a break to new lows.

- **Big Picture Trends.** Market dynamics continue to suggest more pain is likely. Nothing makes that more clear than RS for Consumer Staples (XLP) breaking to new YTD highs above crucial 1.5-year resistance -- and we are upgrading Staples to overweight. We continue to watch the steep 2-3-month uptrends on high yield spreads and RS for Staples (XLP) and Utilities (XLU); it is a clear risk-off environment if these uptrends are intact. U.S. interest rate volatility (MOVE index) remains at 2-year highs. The U.S. dollar (DXY) is breaking below \$100 support as investors price-in higher political risk. 10- and 30-year Treasury yields are rising, but are still below crucial resistance levels... *see below and pages 2-3*.
- **S&P 500 and Nasdaq 100.** The S&P 500 and Nasdaq 100 (QQQ) remain above long-term support at prior highs from 2021, 2022, and 2023, and the lows from 2024, at 4800-4820 and \$402-\$412. It cannot be overstated how crucial this support is (bottom potential), all while knowing a breakdown would be very concerning. Resistance remains at 5490-5500, the 20-day MA, the 200-day MA (currently 5750), and 5785. If 4800 fails to hold on SPX, the next logical support area would be the 200-week MA (currently 4690) followed by 4600-4605; the 200-week MA has provided ideal buy opportunities since 2011 (it held as support during other 15-30% pullbacks in 2011, 2016, 2018, 2020, and 2022). Of course, we will want to see other market dynamics (discussed above) also line-up when attempting to pinpoint a major bottom... *see page 4*.

In today's report we highlight attractive Groups and stocks within Consumer Discretionary, Consumer Staples, and Materials: CD-45 Retailers, Discount/Variety, CS-03 Hypermarkets & Super Centers, CS-15 Soft Drinks & Bottlers, Foreign and MA-14 Fertilizer... *see pages 11-24*.



Upgrading Consumer Staples (XLP) to overweight. Add exposure. RS is breaking to YTD highs above crucial 1.5-year resistance, which is also a key level going all the way back in 2021. We will need to see the blue uptrend break in order to have confidence that the broad equity market is bottoming.

Sector Relative Strength Rankings & Weighting Recommendations

Sector Relative Strength Rankings (RSR)

We are upgrading **Consumer Staples** to overweight; RS is breaking above crucial horizontal resistance on the *cap-weighted XLP*, as shown on the cover page. Add exposure. Of course, this follows the 2+ year RS downtrend reversals in March on the *cap-weighted XLP* and *equal-weighted RSPS*. Two attractive and actionable smaller-cap names include Fresh Del Monte Produce (**FDP**) and Calavo Growers (**CVGW**) -- buy.

Utilities (XLU, RSPU) is atop our relative strength rankings, alongside Consumer Staples. Remain overweight. This clear defensive leadership is a risk-off signal for the broad equity market, and there will be no reliable bottom in the S&P 500 for as long as these defensive Sectors continue to outperform.

In addition to Consumer Staples and Utilities, we continue to focus on defensive areas throughout all other Sectors, as discussed in this section over the past several weeks. This includes large-cap auto parts retailers, off-price/discount retailers, telecommunication names, waste services stocks, aerospace/defense, health care distributors, and gold miners (though the miners are extended at this point). These are some of the only attractive areas within the market, and it all points to a risk-off environment.

Upgrading Consumer Staples to Overweight

Upgrade: Consumer Staples to Overweight (from Market Weight)

Other recent changes:

4/8/25: Upgraded Health Care to Market Weight (from Underweight)

4/8/25: Downgraded Transportation to Underweight (from Market Weight)

4/1/25: Upgraded Energy to Market Weight (from Underweight)

4/1/25: Downgraded Technology to Underweight (from Market Weight)

Relative Strength Ranking: Sector Summary

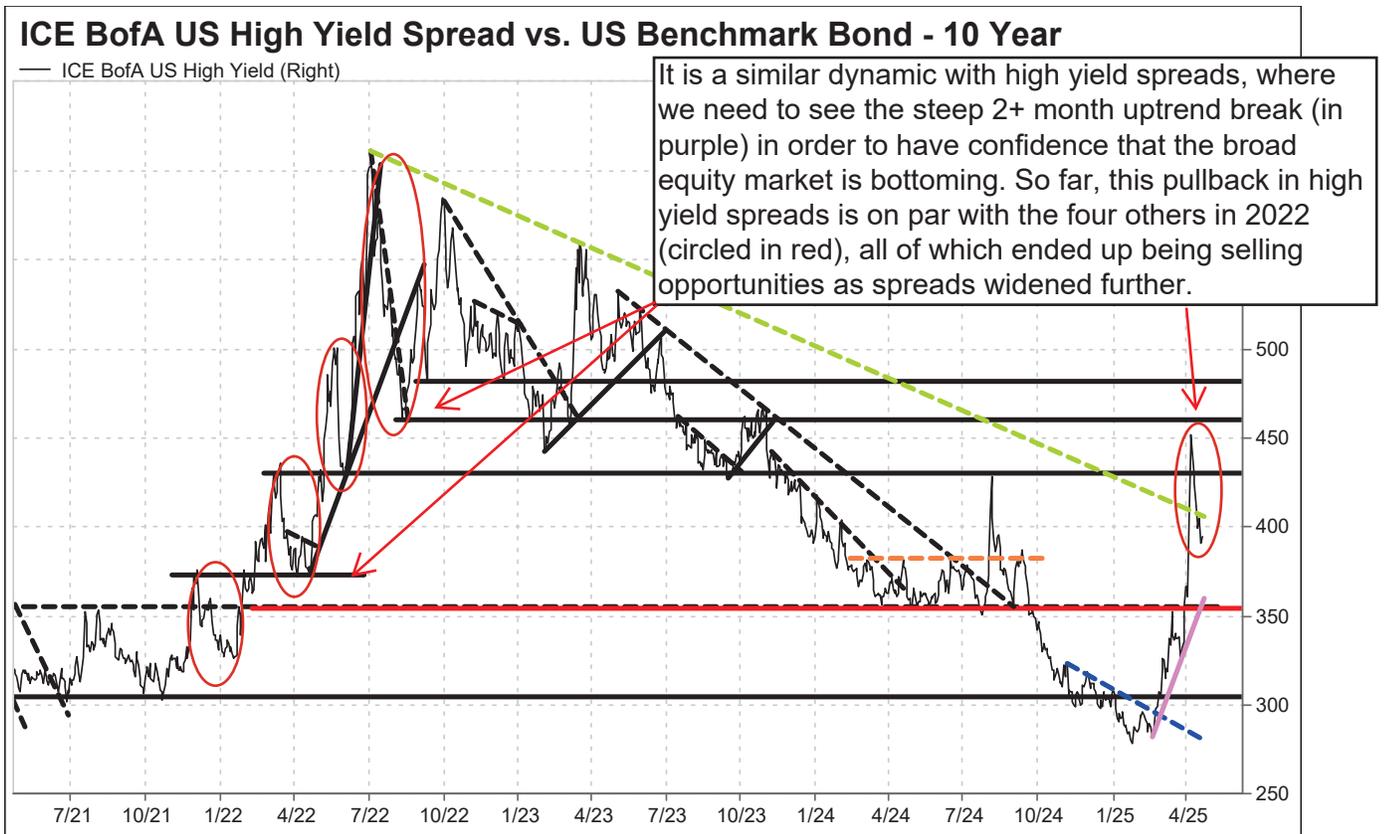
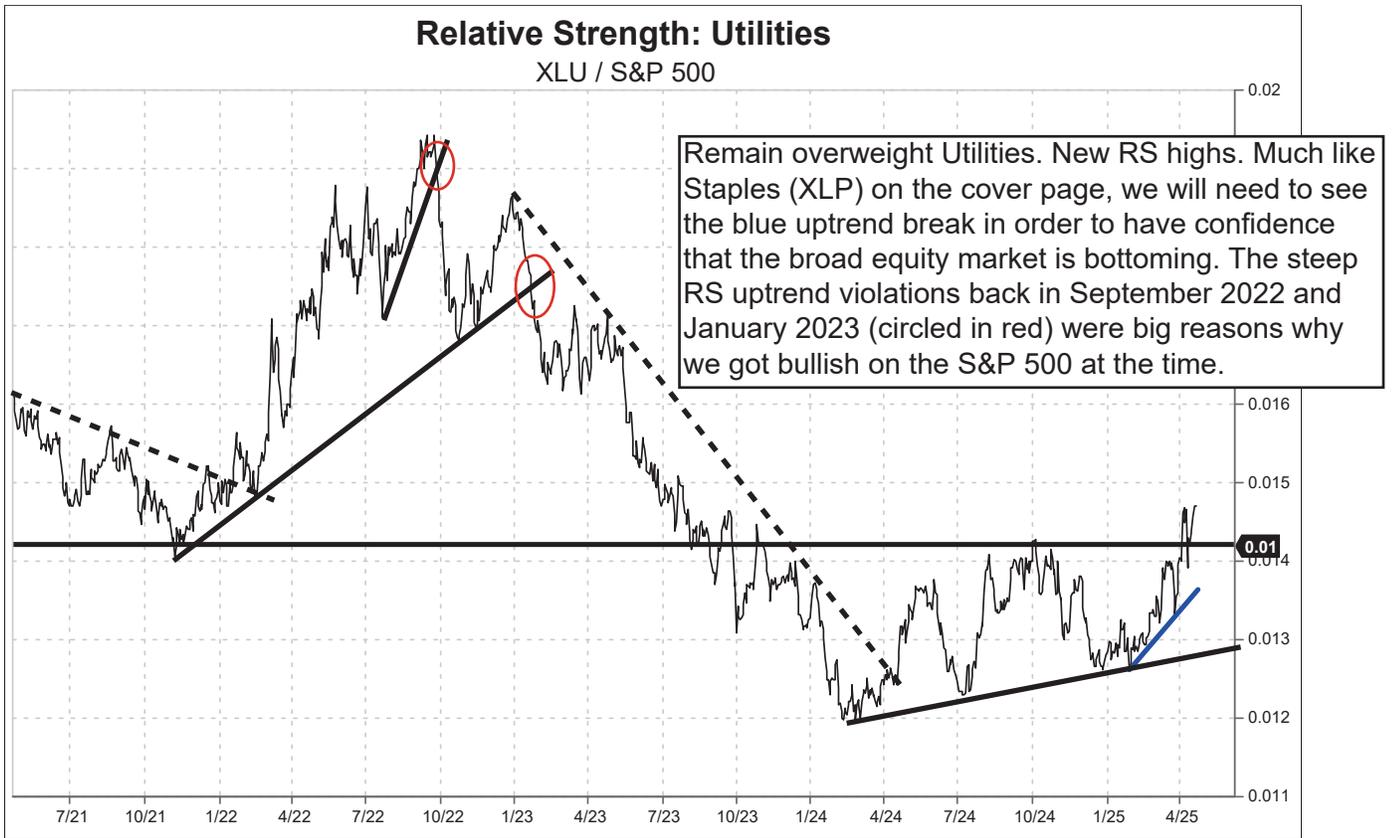
Vermilion Sector	04/18	04/11	04/04	03/28	03/21	03/14	03/07	02/28	02/21	02/14
	CS Consumer Staples(CAP)	3	3	3	7	9	7	4	5	8
UT Utilities(CAP)	3	3	3	4	4	4	5	6	6	10
UT Utilities(AVG)	4	4	4	6	7	6	8	11	11	17
MA Materials(CAP)	7	6	10	8	8	7	8	11	13	13
CS Consumer Staples(AVG)	8	7	7	10	11	10	7	14	12	18
FN Financials(CAP)	8	8	10	8	8	8	8	5	9	9
HC Health Care(CAP)	8	8	7	8	8	8	7	10	14	19
RE Real Estate(CAP)	8	10	9	9	9	8	7	7	11	15
SV Services(CAP)	9	8	11	11	11	11	9	10	11	10
CO Communications(AVG)	10	10	9	9	7	8	9	11	9	9
EN Energy(CAP)	10	12	11	6	7	8	13	13	12	16
FN Financials(AVG)	11	12	11	9	10	9	11	9	11	11
MF Manufacturing(CAP)	11	10	14	13	12	11	13	15	18	18
RE Real Estate(AVG)	11	14	10	10	11	10	9	13	18	21
CO Communications(CAP)	12	9	12	12	10	8	6	7	6	6
MA Materials(AVG)	14	14	19	17	17	14	19	22	21	21
TR Transportation(CAP)	16	16	19	19	18	18	14	15	16	15
CD Consumer Disc(CAP)	17	12	16	19	19	19	17	12	10	7
MF Manufacturing(AVG)	17	15	17	18	17	15	17	17	18	17
EN Energy(AVG)	18	22	21	12	13	15	21	17	14	16
HC Health Care(AVG)	19	21	20	21	18	19	21	22	20	21
SV Services(AVG)	19	18	19	21	22	22	21	20	20	16
TE Technology(CAP)	19	15	22	21	18	17	18	16	12	12
TR Transportation(AVG)	19	19	22	21	22	23	21	22	21	20
TE Technology(AVG)	21	21	23	21	17	18	18	16	10	10
CD Consumer Disc(AVG)	23	23	21	23	25	26	22	20	19	17

Sector Weighting Recommendations

Vermilion Sector	Under-Weight	Market-Weight	Over-Weight
Communications			X
Cons. Discretionary		X	
Consumer Staples		X →	X
Energy		X	
Financials			X
Health Care		X	
Materials	X		
Manufacturing		X	
Real Estate		X	
Services			X
Technology	X		
Transportation	X		
Utilities			X

See attached Sector commentary for Group and individual stock recommendations.

Watching 2-3-Month Uptrends on High Yield Spreads and RS on XLP and XLU



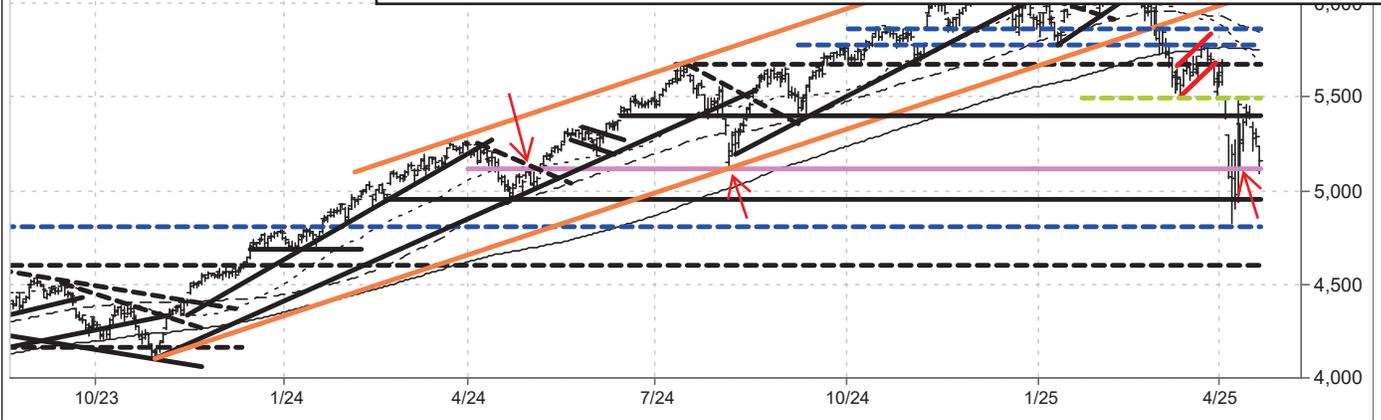
S&P 500, Nasdaq 100 (QQQ), and Dow Testing Crucial Long-Term Supports

S&P 500

SP50-USA 5158.20

— S&P 500 - MA-200D - - S&P 500 -

S&P 500 held long-term support at prior 2021-2023 highs and 2024 lows of 4800-4820 (in blue). After calling for resistance at 5490-5500 and the 20-day MA last week, SPX is now testing 5110-5120 support (in purple), a potential bounce spot. Many are calling for a test of the lows now, but that may not come until later. 5490-5500, the 200-day MA, and 5785 remain resistance.



S&P 500

Here is a long-term chart of SPX with its 200-WEEK moving average, currently 4690. It has provided ideal buy opportunities since 2011 (it held as support during other 15-30% pullbacks in 2011, 2016, 2018, 2020, and 2022, circled in red). This is in case 4800 does not hold, with 4600-4605 also a level to watch if there is an undercut of the 200-week MA.



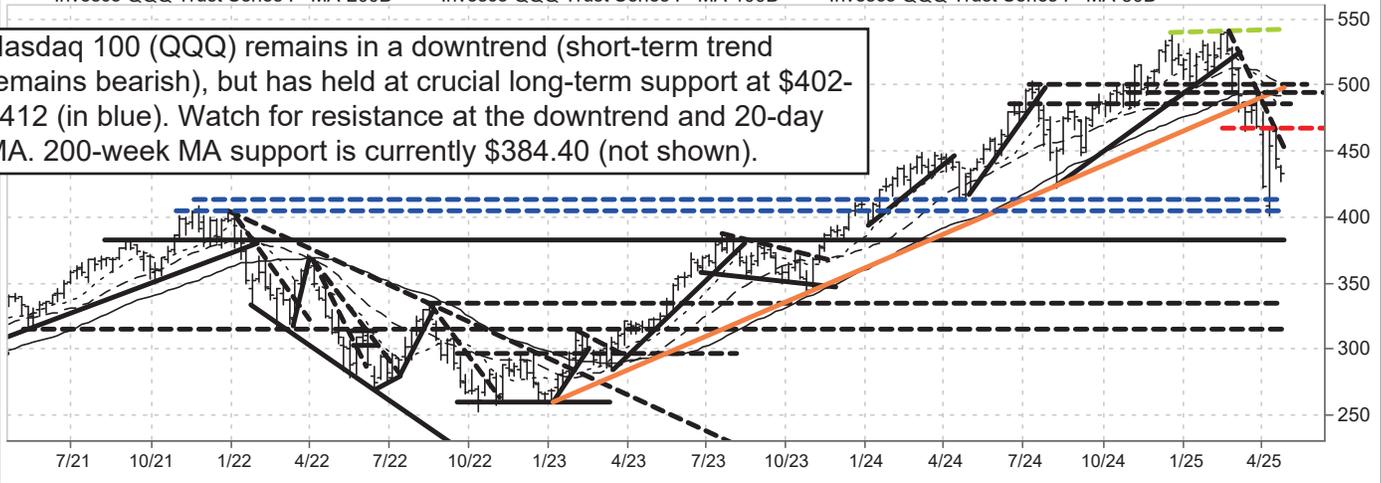
The 200-week MA test in early October 2022 was one of several reasons why we got bullish at the time.

Invesco QQQ Trust Series I

QQQ-USA 433.11

— Invesco QQQ Trust Series I - MA-200D - - Invesco QQQ Trust Series I - MA-100D - - - Invesco QQQ Trust Series I - MA-50D

Nasdaq 100 (QQQ) remains in a downtrend (short-term trend remains bearish), but has held at crucial long-term support at \$402-\$412 (in blue). Watch for resistance at the downtrend and 20-day MA. 200-week MA support is currently \$384.40 (not shown).



Communications: *Overweight*

- Group CO-01 Broadcasting has several bullish names that have built bases and some that are moving up and to the right. Attractive names include: **SPOT, NXST, PARA, SGA, and TGNA.**
- Group CO-03 Cable & Satellite, Mid/Small-Cap is developing positively. Several names are reversing downtrends in price and RS. Attractive names include: **CHTR, LBRDA, VSAT, WOW, LBTYA, and ATUS.**
- Group CO-05 Movies, Entertainment, Programming, Large/Mid-Cap is developing as leadership. Attractive names include: **PARA** and **LYV.**
- Group CO-08 Publishing is developing bullishly. Attractive names include: **SPGI, RELX, TRI, and NPSNY.**
- Group CO-10 Telecomm Services, South America is developing as a leadership Group. Attractive names include: **TEF, VIV, TEO, and TIMB.**
- Group CO-11 Telecomm Services, North America is developing into a leadership Group. Attractive names include: **AMX, TU, and BCE.**
- Group CO-12 Telecomm Svcs., Europe/U.K. has many issues that are bullish, but it is not across the group. Attractive names include: **DTEGY, ORAN, SCMWY, TLGPY, TEF, VOD, TIGO, THAY, TELNY, MYTAY, VEON, and TIAIY.**
- Group CO-13 Telecomm Svcs., Asia/Pacific Rim has a number of technically attractive stocks including: **NTTY, CHT, KT, TLK, SKM, PHI, and PCCWY.**
- Group CO-14 Telecomm, Svcs. U.S. Large-Cap is a leadership group. Attractive names include: **T, and VZ.**
- Group CO-16 Telecomm Svcs. U.S. Mid/Small-Cap is a leadership Group. Attractive names include: **IDT, and NUVR.**
- Group CO-17 Telecomm Svcs., U.S. Wireless contains several names that are inflecting bullishly and showing improving RS. Attractive names include: **USM, TMUS, SPOK, SHEN, ATEX, and TDS.**
- Group CO-19 Cellular Towers is a Relative Strength leadership Group. Attractive names: **AMT, CCI, and SBAC.**
- Group CO-20 Movie Theaters is a leadership Group. Attractive names include: **EPR, CNK, and IMAX.**
- Group CO-24 Internet Content/Commerce has many names showing good technical improvement. Attractive names include: **MELI, EBAY, ATHM, RDFN, GRPN, TCX, TGLO, and XNET.**

Consumer Discretionary: *Market Weight*

- Price and RS downtrends remain intact on the cap-weighted XLY. We will need to see XLY, TSLA, and AMZN reclaim their 200-day MAs in order to believe a short-term rally is possible. Be extremely selective.
- Group CD-01 Major Auto Manufacturers displays price and RS pullbacks – be selective. Attractive names include: **RYCEY** and **XPEV.**
- Group CD-05 Retailers, Auto Parts displays bullish RS inflections – overweight/add exposure. This is a classic defensive area within Consumer Discretionary, with ORLY and AZO our top picks. Attractive names include: **ORLY, AZO, DRVN, and LKQ** (bottom-fishing candidate).
- Group CD-36 Retailers, Off-Price is emerging as leadership – add exposure. This is a defensive Group. Attractive names include: **TJX** and **ROST** (bottom-fishing candidate).
- Group CD-45 Retailers, Discount/Variety is emerging as leadership – add exposure. This is a defensive Group. Attractive names include: **OLLI** and bottom-fishing candidates **DG** and **DLTR.**
- Group CD-50 Internet Retailers (**IBUY**) displays significant price and RS deterioration and is breaking below \$59 base support – be very selective. Attractive names include: **NFLX, AMZN, EBAY, CHWY, LQDT, and TDUP.**
- Equal-weighted retail (ETF: **XRT**) is breaking down and remains in price and RS downtrends – be very selective. Attractive retail names (in addition to those listed above) include: **URBN** and **CVNA** (we remain bullish on this massive winner that we started recommending in May of 2023, but we need to see \$155 (worst case) support hold on this pullback).
- Group CD-19 Education Services, Small-Cap remains at new RS highs and price remains constructive; remain overweight/add exposure. Attractive names include: **UTI, LRN, DAO, ATGE, LAUR, PRDO, LINC, APEI** and **LOPE.**

Consumer Discretionary (cont.): *Market Weight*

- Restaurant names are mixed – be selective. Despite recent price deterioration, these are all outperforming relative to the S&P 500. Attractive restaurant stocks include: **MCD, EAT, DRI, DPZ, and CAKE**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **DASH, GENI, AS, PLNT, TOST, SRAD, TPR, SONY, NTDOY, SGI, LTH, CVCO, and WACLY**.

Consumer Staples: *Overweight (upgrading today from Market Weight)*

- We are upgrading Staples to overweight; RS is breaking above crucial horizontal resistance on the *cap-weighted XLP*. Add exposure. Of course, this follows the 2+ year RS downtrend reversals on the *cap-weighted XLP* and *equal-weighted RSPS*. Considering this RS downtrend has been in place this entire bull market, the long-term RS reversal is a significant risk-off signal for the broad equity market.
- Group CS-03 Hypermarkets & Super Centers remains in price and RS uptrends – overweight/add exposure on pullbacks. Attractive names include: **COST** (still a favorite large-cap Staples name), **WMT, BJ, and PSMT**. We will need to see both COST and WMT hold above their 3/13-3/14 lows in order to remain constructive on them from a price perspective. Still, RS indicates they remain leadership.
- Group CS-04 Grocery Retailers, Large-Cap displays major bullish price and RS inflections – overweight/add exposure. Attractive names include: **KR, ADRNY, and ACI**.
- Group CS-06 Food Distributors continues to outperform, but price is deteriorating; be more selective. Attractive names include: **UNFI and CHEF**.
- Group CS-08 Processor, Produce displays a 4-year RS base breakout, and price is bottoming – overweight/add exposure. Attractive names include: **FDP, SENE, SENE, and CVGW**.
- Group CS-14 Soft Drinks Bottlers, Small-Cap remains in price and RS uptrends – overweight/add exposure. Attractive names include: **PRMB and COKE**.
- Group CS-18 Organic & Natural displays price and RS bottoms – overweight/add exposure. Attractive names include: **SFM, NGVC, and UNFI**.
- Group CS-21 Tobacco, Large-Cap remains leadership – overweight/add exposure. Attractive names include: **IM-BBY, PM, MO, and BTI**.
- A bottoms-up approach to stock selection uncovers some of our favorite opportunities within the Sector. With this in mind, attractive names include: **MNST, WMK, BROS, BRBR, TPB, CASY, KO, PPC, POST, CL, FMX, DANOY**, and bottom-fishing candidates **CELH, MDLZ, CVS, KDP, KVUE, and TSN**.

Energy: *Market Weight (upgraded 4/1/25 from Underweight)*

- We upgraded this Sector due to many of the large-caps breaking RS downtrends vs the S&P 500. We believe that barring an emerging market debt crisis this provides an opportunity to enter this Sector on extreme weakness as lower prices typically drive demand.
- Group EN-01 Oil & Gas Global, Mega-Cap is reflecting strong RS. It appears investors are willing to diversify despite the recent bounce. Attractive names include: **XOM, CVX, SHEL, TTE, COP, BP, and OXY**.
- Group EN-02 Oil & Gas, Global, Large-Cap is emerging is reflecting improving RS. Attractive names on a RS basis are: **EQNR, EOG, CNQ, HES, PBR.A, and REPLY**.
- Group EN-04 Oil & Gas, South America is a leadership Group. Attractive names include: **PBR, PBR.A, EC, REPLY, YPF, UGP, and TGS**.
- Group EN-05 Oil & Gas E&P, Canadian. This Group is reflecting strong RS. Attractive names include: **CNQ, SU, and IMO**.
- Group EN-10 Oil & Gas E&P, Domestic, Small-Cap is constructive. The more attractive names include: **RRC, BSM, and CRK**.
- Group EN-12 Energy Trusts has many leadership names in terms of RS. Attractive names include: **TPL, AAVVF, SBR, BCX, SJT, PVL, and PRT**.

Sector Highlights -- new comments in green

Energy (cont.): Market Weight (upgraded 4/1/25 from Underweight)

- Group EN-13 Natural Gas Integrated/Diversified has a few names that are technically attractive. Natural gas prices continue to develop positively and indicate RS leadership in the Energy patch. Attractive names include: **WMB, EQT, CTRA, TXO, and EE.**
- Group EN-25 Gas transmission & Delivery has several compelling names technically. This is a much less volatile group in the Energy Sector. Attractive names include: **ENB, KMI, TRP, PBA, PAGP, PAA, DKL, GEL, and GLP.**
- Group EN-26 Gas Processing/Storage/Distribution – Midstream is a leadership Group. This Group often represents a safety trade in the Sector. Attractive names include: **EPD, ET, WES, AM, HESM, TRGP, MMLP, and MPLX.**
- Group EN-27 Propane/LNG is a leadership Group. Attractive names include: **LNG, CQP, and SPH.**

Financials: Overweight

- This Sector was one of the last Sectors that was offensive position to break down. Many of these were extremely extended on RS like the Insurance equities. Regional banks remain the weakest area in this Sector. It will take some time to repair the damage. If high-yield spreads do blow out and move higher it will greatly affect this Sector.
- Group FN-01 European Banks is a leadership Group. Attractive names include: **HSBC, SAN, BBVA, and DB.**
- Group FN-02 U.K. Banks is a leadership Group. Attractive names include: **BCS, LYG, and NWG.**
- Group FN-03 Canadian Banks is a leadership Group. Attractive names include: **RY, BNS, BMO and TD.**
- Group FN-04 Asian Banks is a leadership Group. Attractive names include: **MUFG, HDB, IBN, SMFG, MFG, ANZGY, KB, SHG, WF, and IX.**
- Group FN-05 Latin/South American Banks does have several technically attractive names including: **ITUB, BSBR, BAP, BBD, BBDO, GGAL, BCH, BSAC, BBAR, and BLX.**
- Group FN-29 Pawn Shops/Cash Advance is a leadership Group. Attractive names include: **FCFS, ENVA, ELA, and EZPW.**
- Group FN-34 Electronic Exchanges/Markets is a leadership Group. Attractive names include: **CME, ICE, NDAQ, CBOE, TW, MKTX, SNEX, and VIRT.**
- Group FN-35 Insurance Brokers is emerging as a leadership Group. Attractive names include: **MMC, AON, AJG, BRO, WTW, SLQT, and CRD.B,**
- Group FN-36 Life & Health Insurance, Large-Cap is a leadership Group. Attractive names include: **AFL, MFC, SLF, PFG, PUK, EQH, UNM, and GL.**
- Group FN-37 Life & Health Insurance, Small-Cap is a leadership Group. Attractive names include: **LNC, CNO, and BHF.**
- Group FN-38 Multi-Line Insurance, Large-Cap is a leadership Group. Attractive names include: **ZURVY, AXA-HY, TKOMY, ING, AIG, FRFHF, HIG, L, and AFG.**
- Group FN-39 Multi-Line Insurance, Mid/Small-Cap is a leadership Group. Attractive names include: **AIG, HIG, L, AIZ, BWIN, GNW, and HMN.**
- Group FN-40 Property & Casualty Insurance, Large-Cap is a leadership Group. Many of these are short-term extended and we would buy only on pullbacks. Attractive names include: **BRK.B, BRK.A, PGR, CB, TRV, ALL, MKL, CINF, ERIE, FNF, and CNA.**
- Group FN-41 Property & Casualty Insurance, Mid-Cap is a leadership Group. Attractive names include: **PGR, WRB, ORI, AXS, FAF, and THG.**

Health Care: Market Weight (upgraded 4/8/25 from Underweight)

- We recently upgraded Health Care to market weight following long-term 2+ year bullish RS downtrend reversals on the *cap-weighted* **XLV** and *equal-weighted* **RSPH.**
- Mega-cap, Large-Cap, and Mid-Cap Pharmaceuticals (Groups HC-01, HC-02, and HC-03) display significant RS improvement, and we want to be overweight these defensive names. With that said, price is concerning. Attractive names from a RS perspective include: **ABT, JNJ, and NVS.**

Health Care (cont.): *Market Weight (upgraded 4/8/25 from Underweight)*

- Group HC-04 Pharmaceuticals, Small-Cap displays bullish short-term price and RS reversals within a longer-term bottoming process – add exposure. Attractive names include: **CPRX**, **CORT**, and **ETON**.
- Biotechnology (ETFs: **IBB**, **XBI**, Groups HC-06, -07, -08, and -09) continues to underperform (and are significant laggards) as determined by the XBI ETF. Be extremely selective. Attractive names include: **VRNA**, **GILD**, **VRTX**, **RPRX**, **TGTX**, **SMMT**, **PCRX**, **ADMA**, **ADPT**, **EXEL**, **XERS**, **ARQT**, **BBIO**, **RYTM**, **MDGL**, **TRVI**, **HALO**, and **UPB** (bottom-fishing candidate).
- Group HC-15 Diagnostic & Test Services displays price and RS bottoms – overweight/add exposure. Attractive names include: **FMS**, **DGX**, and **GH**.
- Group HC-23 Health Care Distributors displays a 1-year bullish RS reversal – add exposure. These are typically defensive and outperform amid S&P 500 weakness. Attractive names include: **COR**, **MCK**, and **CAH**.
- Health care services and providers (**XHS**, **IHF**) made bullish 5-month RS downtrend reversals in January, and have continued to outperform – add exposure. These are often more defensive names. Attractive names (in addition to those mentioned above) include: **BKD**, **NUTX**, **WGS**, **AXGN**, **NAGE**, **ALHC**, **CI**, **CRVL**, **AGL**, and **GRDN**.
- Medical devices/equipment (**IHI**) Groups displays price deterioration, and RS is consolidating – be selective. These names typically outperform during healthy bull markets, so there are not many attractive names right now, and it may be wise to avoid the space altogether. Attractive names include: **BSX**, **KMTS**, and **PEN**.

Manufacturing: *Market Weight*

- Group MF-01 Industrial, Diversified, Large-Cap is a leadership Group. Many of these are at RS highs. Attractive names include: **GE**, **SIEGY**, **ABB**, **RTX**, **MMM**, **JCI**, and **MITSY**.
- **Group MF-03 Aero-Defense, Large-Cap has many names with strong RS. We would be buyers on pullbacks only. Attractive names include: BA, LMT, NOC, and GD.**
- Group MF-05 This Group is showing stronger RS and appears to be bottoming near-term. Attractive companies are: **BA**, **TDG**, **TDY**, and **HEI**.
- Group MF-06 Aerospace, Components & Products, Small-Cap is a leadership Group. Attractive names include: **TDY**, **ERJ**, **SPR**, **TGI**, **ATRO**, and **TATT**.
- Group MF-07 Aerospace, Comm/Electronics, Large-Cap is a leadership Group. Attractive names include: **TDY**, **LHX**, and **ESLT**.
- Group MF-17 Agricultural equipment is a leadership group. Attractive names include: **DE**, **CNHI**, **KUBTY**, **LNN**, and **TITN**.

Materials: *Underweight*

- Group MA-01 Metals, Steel, Integrated is showing signs of bottoming and reflects improving RS. Attractive names include: **X**, **RS**, **WOR**, **SMSY**, **SCHN**, **STLD**, and **RYI**.
- Group MA-02 Metals, Steel, Integrated, Non-U.S. is emerging as a leadership Group on a RS basis. Attractive names include: **RIO**, **MT**, **PKX**, **TX**, **SIM**, and **SID**.
- Group MA-04 Aluminum is showing an increase in RS. Attractive names include: **RIO** and **HWM**.
- Group MA-11 Cement/Aggregates remains a leadership Group. We have been very bullish in the Engineering and Construction area of the market due to onshoring. We believe this is a secular trend to establish control over the supply chains. This Group is continuing to benefit from this move. Attractive names include: **VMC**, **CX**, and **CPAC**.
- Group MA-14 Fertilizer is emerging as a leadership Group. **This Group is highlighted in today's Compass.** Attractive names include: **NTR**, **CF**, **MOS**, **ICL**, **UAN**, and **IPI**.
- Group MA-26 Gold, Western Hemisphere, Large-Cap is a leadership Group. We would like to see it hold above the 200-day moving average on GDX at the \$35.15 level. Many names are reversing multi-year price and RS downtrends. Attractive names include: **NEM**, **AEM**, **GOLD**, and **FNV**.
- Group MA-27 Gold, Western Hemisphere has broken the uptrend. We continue to believe that this is a normal pullback and would use the 200-day as support on the GDXJ as a guide at \$43.28. Many names are reversing price and

Sector Highlights -- new comments in green

RS uptrends near-term. Attractive names include: **KGC, AGI, RGLD, IAG, BTG, EGO, BVN, REEMF, USAU, VGZ, and NGD.**

- Group MA-30 Silver/Platinum is a leadership Group. Attractive names include: **WPM, PAAS, AG, SSRM, FSM, and USAS.**

Real Estate: *Market Weight*

- Group RE-02 REITs diversified is reversing a multi-year price and RS downtrend. Attractive names include: **CUZ, ELME, ALEX, JBGS, IRS, WSR, and TCI.**
- Group RE-09 REITs, Healthcare displays major price and RS bottoms and has emerged as leadership. Attractive names include: **WELL, VTR, OHI, HR, SBRA, MPW, NHI, LTC, and UHT.**

Services: *Overweight*

- RS on the Vermilion equal-weighted Services Sector remains topside a 4-year base and remains in a multi-year uptrend – remain overweight.
- Group SV-01 Data Processing & Outsourcing Svcs., Large-Cap displays concerning price pullbacks, but RS continues to indicate this is leadership – remain overweight/add exposure. Favor the large-caps. Attractive names include: **FI, MA, V, ADP, BR, and PAYX.**
- Group SV-02 Data Processing & Outsourcing Svcs., Mid-Cap displays consolidating price and RS – be selective. Attractive names include: **G, PAY, and STNE.**
- Group SV-03 Data Processing & Outsourcing Svcs., Small-Cap displays price pullbacks, but RS continues to indicate leadership – remain overweight/add exposure. Attractive names include: **EXLS, CSGS, III, and WNS.**
- Group SV-06 Research & Consulting Services displays waning price and RS upside momentum, and we are no longer overweight (as of our 12/17/24 *Compass*). Be selective. Attractive names include: **HURN, VRSK, and VSEC.**
- Group SV-15 Waste Services, Large-Cap displays major bullish price and RS inflections – overweight/add exposure. Attractive names include: **RSG, WM, ROL, and WCN.** Attractive small-cap names (SV-16) include: **CWST.**
- Group SV-21 Auctions remains in price and RS uptrends – overweight/add exposure. Attractive names include: **RBA and CPRT.**
- We are getting very selective on crypto-related stocks (ETFs: **WGMI, BITQ**). We were looking for a potential buying opportunity recently if WGMI and BITQ were able to hold above their March 10-11 lows, but they both broke below those levels. **We are now watching for WGMI and BITQ to reverse above their 2-month downtrends that began in late-February (testing now), and we would be buyers on bullish reversals (for an aggressive entry point).** **MSTR, HOOD, EXOD, and DGNX** are the crypto-related stocks that we remain bullish on. In terms of bitcoin, we are constructive long-term as long as it is above \$69,400-\$74,000. We noted a test of this area was likely – and we essentially got it April 7th, 2025, as BTC touched \$74,384. **We are starting to see signs that bitcoin is bottoming, though** we need to see bitcoin get back above \$92,000 in order to really get bullish again.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **APP, DAVE, IHS, LB, GEO, PBI, ARIS, CSV, HRB, ADT, and CTAS.**

Technology: *Underweight (downgraded 4/1/25 from Market Weight)*

- We downgraded Technology to underweight in our 4/1/25 *Compass* – reduce exposure. **The Sector, especially semi-conductors, collapsed shortly thereafter.** RS on the *cap-weighted* **XLK** is violating 2-year support while RS on the *equal-weighted* **RSPT** is violating 3-year support. Semiconductors (**SOXX**) are breaking 1+ year support at \$194, while software (**IGV**) appears to be putting-in a top as well after breaking below \$90. Price is not attractive on **XLK** or **RSPT**, as the Sector has more work to do in order to bottom; be extremely selective.
- Semiconductors and semi-suppliers have deteriorated with the **SMH** back below its 200-day MA and breaking below \$235 support. As discussed above, **SOXX** is breaking critical \$194 multi-year support, **and now the SMH is also breaking below major 2-year support at \$200; we previously discussed that it seems like a matter of time before it breaks down as well – and it has.** We would avoid exposure entirely to semiconductors and semi-suppliers (we discussed all of this in our 4/1/25 *Compass*).

Sector Highlights -- new comments in green; Attractive Groups & Stocks Highlighted

Technology (cont.): Underweight (downgraded 4/1/25 from Market Weight)

- Group TE-17 Network Security Services & Software displays a bullish price and RS bases – overweight/add exposure. With that said, some names are breaking down and we are getting more selective. Attractive names include: **VRSN, CHKP, CYBR, and FTNT**.
- Software Groups (ETF: **IGV**) display significant price deterioration as the IGV breaks below \$88-\$90 – avoid/be very selective. Attractive software stocks (in addition to Group TE-17 listed above) include: **PLTR, SAP, SE, TTWO, RBLX, COMP, NN, GWRE, CLBT, FFIV, RDVT, TTAN, PAY, and EA**.
- We are getting very selective on crypto-related stocks (ETFs: **WGMI, BITQ**). We were looking for a potential buying opportunity recently if WGMI and BITQ were able to hold above their March 10-11 lows, but they both broke below those levels. **We are now watching for WGMI and BITQ to reverse above their 2-month downtrends that began in late-February (testing now), and we would be buyers on bullish reversals (for an aggressive entry point).** **MSTR, HOOD, EXOD, and DGNX** are the crypto-related stocks that we remain bullish on. In terms of bitcoin, we are constructive long-term as long as it is above \$69,400-\$74,000. We noted a test of this area was likely – and we essentially got it April 7th, 2025, as BTC touched \$74,384. **We are starting to see signs that bitcoin is bottoming, though** we need to see bitcoin get back above \$92,000 in order to really get bullish again.
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: **MVST, IDCC, SATL, OSIS, IBM, MRCY, and CLS**.

Transportation: Underweight (downgraded 4/8/25 from Market Weight)

- Group TR-09 Shipping, Energy is staging a reversal due to the recent sanctions on tankers that have hauled Russian crude; there are plenty of reversals in the group. Attractive names include: **GLNG, FRO, TNK, DHT, CPLP, TK, and KNOP**.

Utilities: Overweight

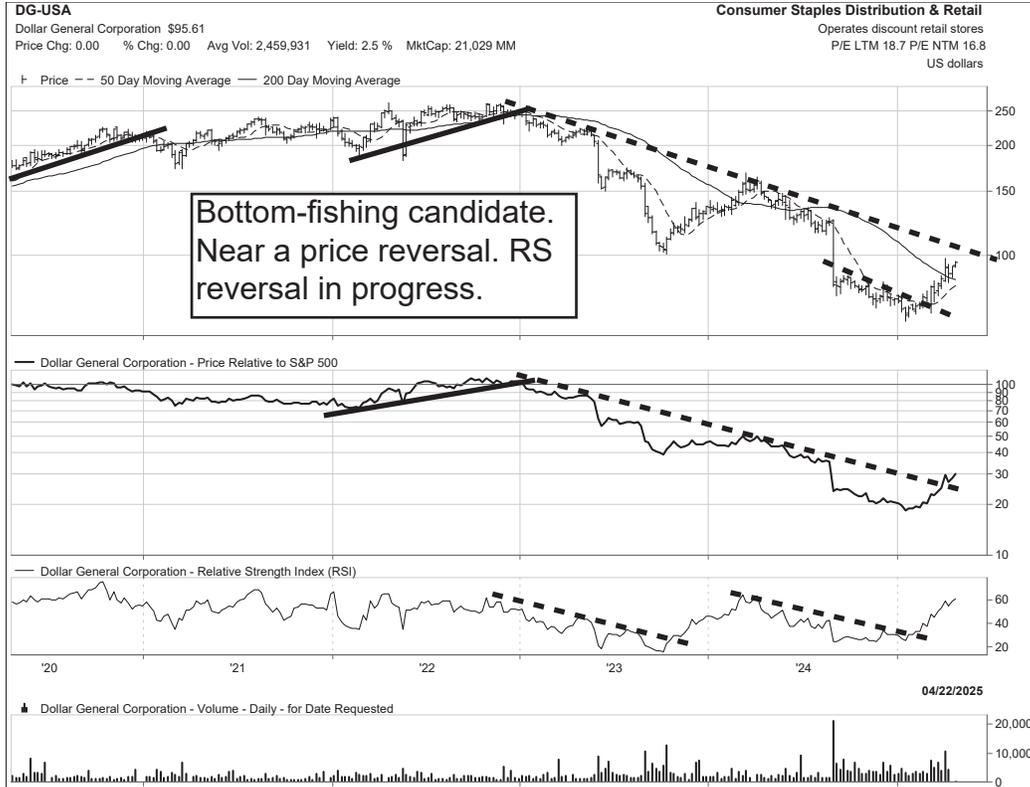
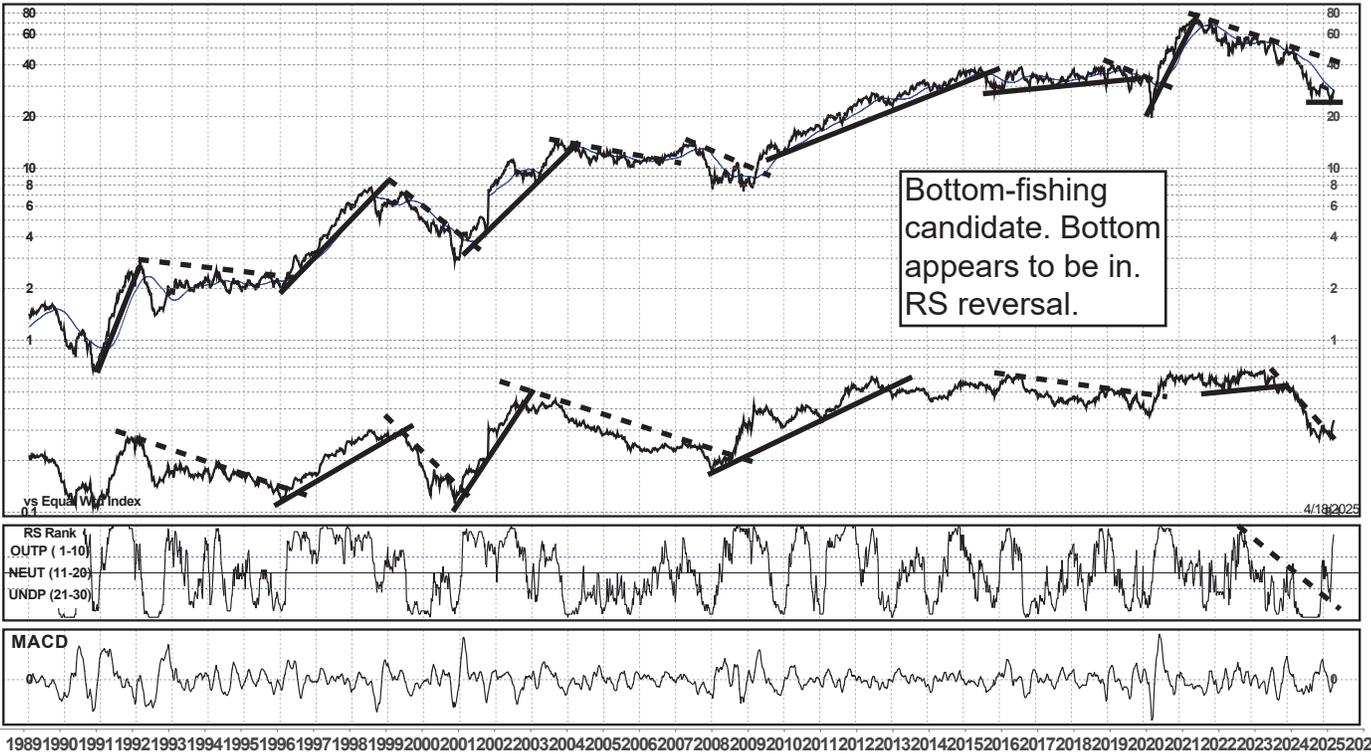
- As long as the gradual RS uptrends from the February 2024 lows remain intact on *cap-* and *equal-weighted* Utilities (**XLU, RSPU**), our overweight recommendation is appropriate. RS is also breaking above the October 2024 highs on the XLU and RSPU, a sign that outperformance is likely to continue.
- Most other Groups within Utilities look virtually identical to the XLU and RSPU ETFs. Therefore, we prefer to evaluate the Sector from a bottoms-up perspective. Attractive names include: **EXC, AEE, AEP, NFG, WEC, NI, EQT, CNP, ETR, IDA, UGI, KEN, TXNM, ED, CWEN, EVRG, ATO, CMS, DTE, OGE, PNW, PPL, XEL, AWK, MSEX, SO, WTRG, SBS, EBR, ELP, and FE**.

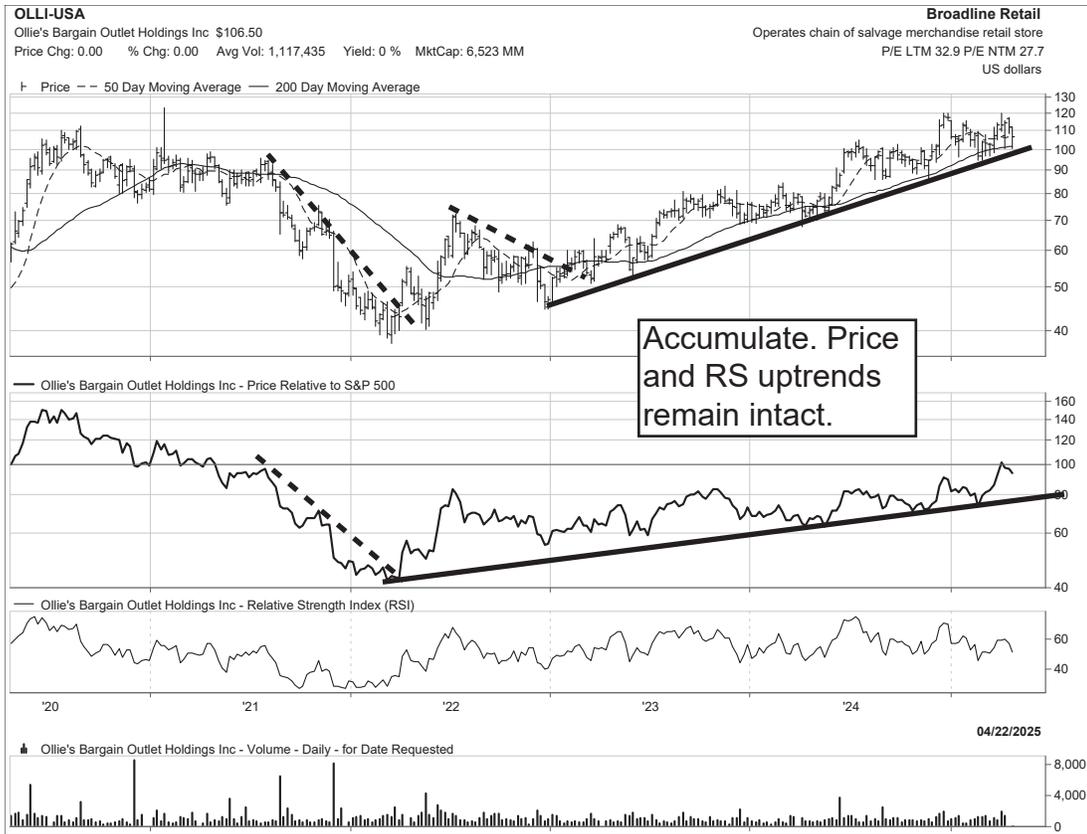
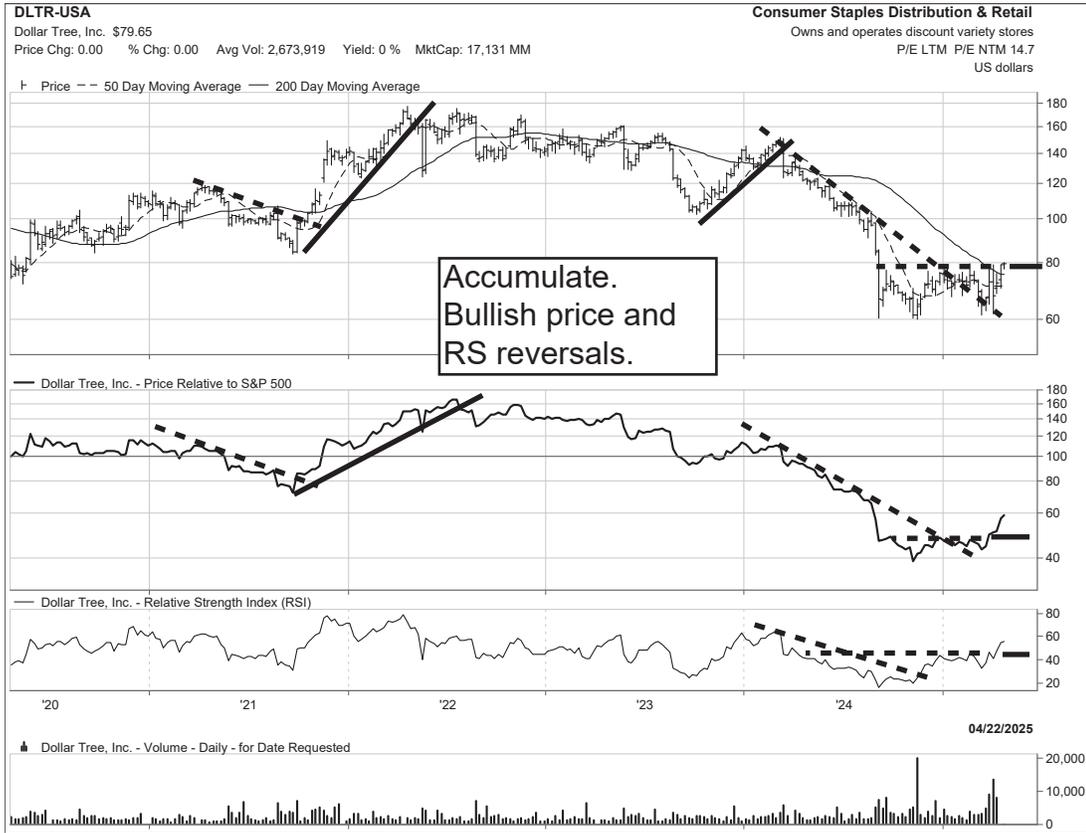
On the following pages we highlight attractive Groups and stocks within Consumer Discretionary, Consumer Staples, and Materials:

- **CD-45 Retailers, Discount/Variety – Stocks highlighted: DG, DLTR, OLLI, SVV, and WINA**
- **CS-03 Hypermarkets & Super Centers – Stocks highlighted: WMT, COST, BJ, and PSMT**
- **CS-15 Soft Drinks & Bottlers, Foreign – Stocks highlighted: CBD, FMX, CCHGY, KOF, AKO, and AKO.B**
- **MA-14 Fertilizer – Stocks highlighted: NTR, CF, MOS, ICL, UAN, and IPI**

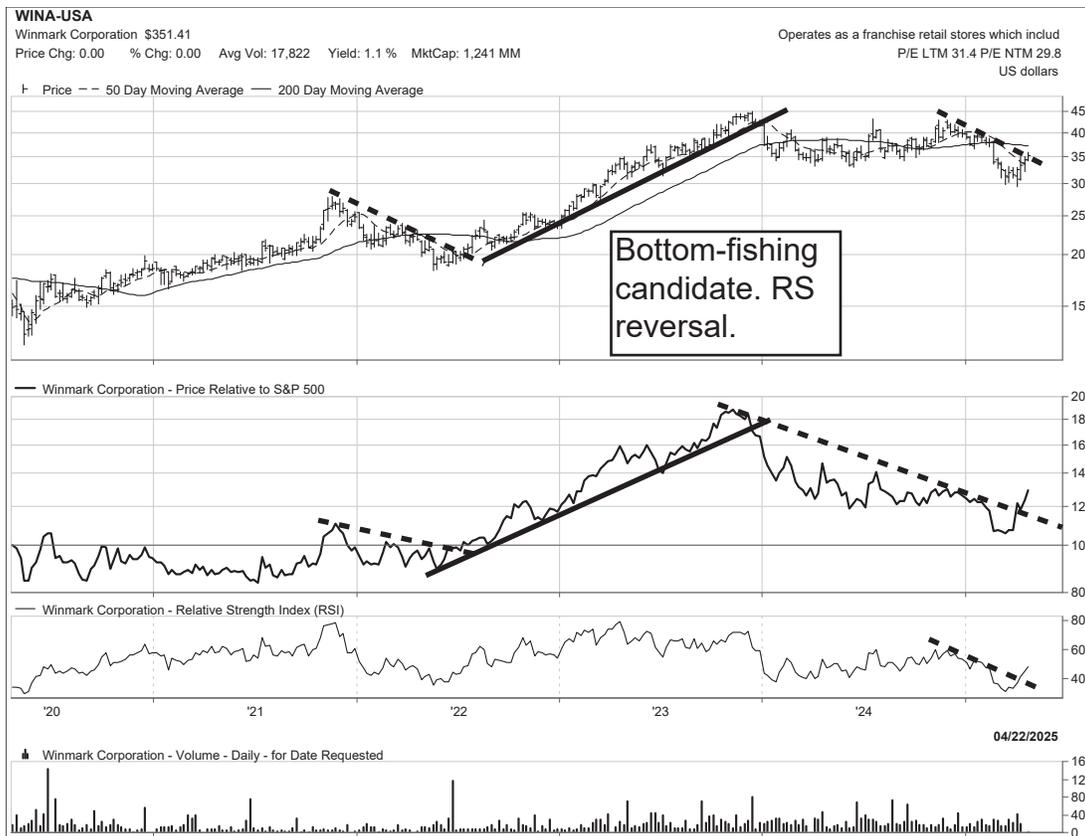
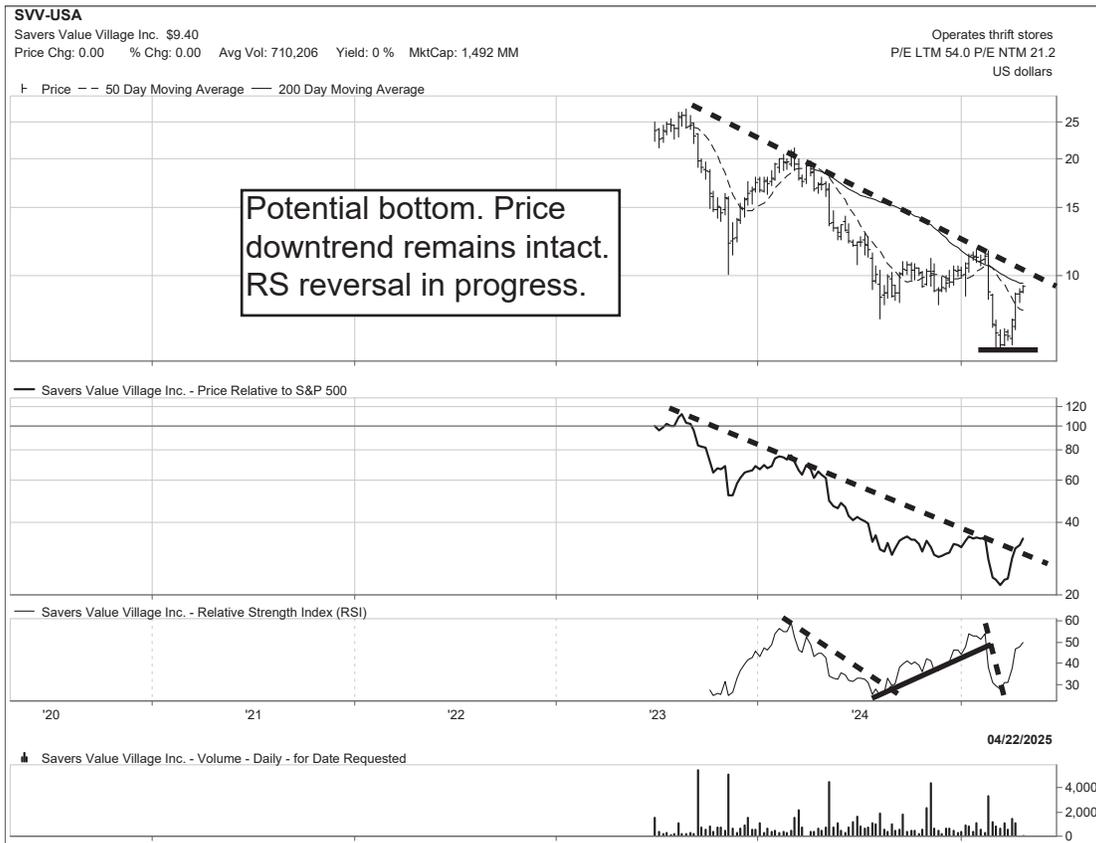
CD-45 Retailers, Discount/Variety

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
DG	1	U3	+	WINA	9	D3	-
DLTR	1	U3	+	BIG	30	D3	-
OLLI	2	U3	+				
FIVE	27	D3	-				
SVV	5	D3	+				



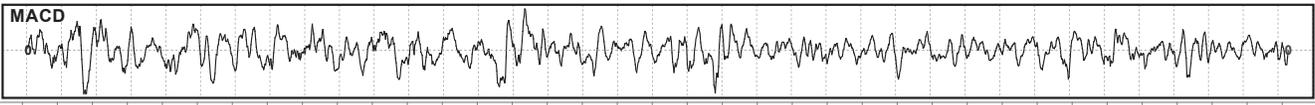
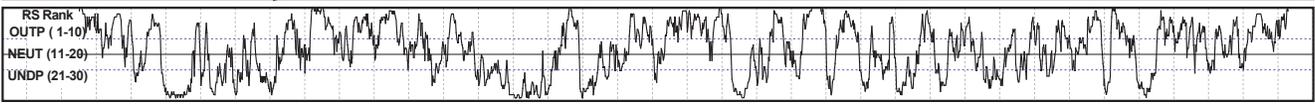
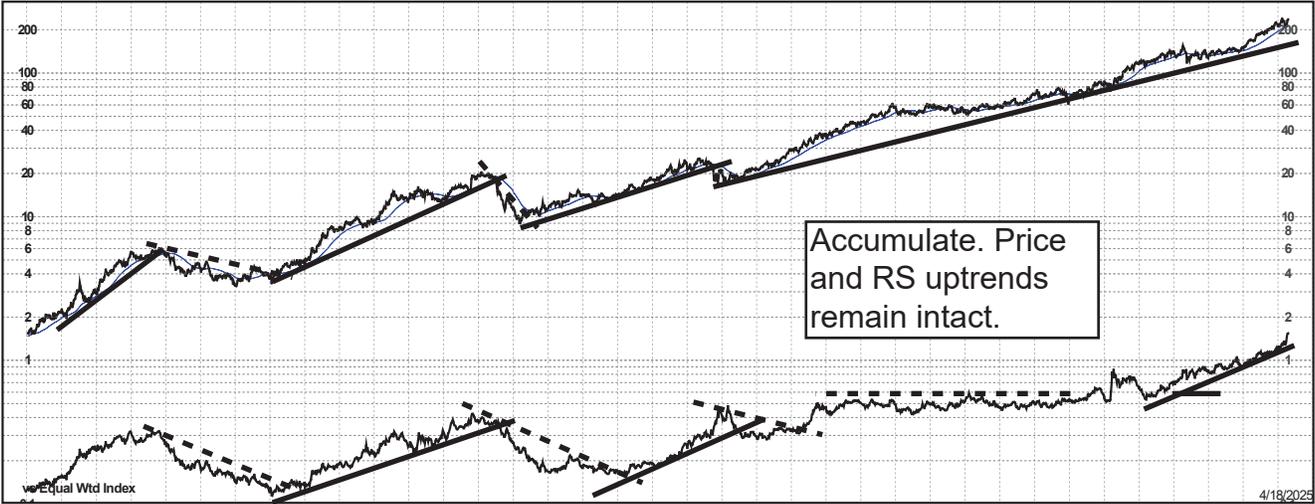


Attractive Groups: CD-45 Retailers, Discount/Variety

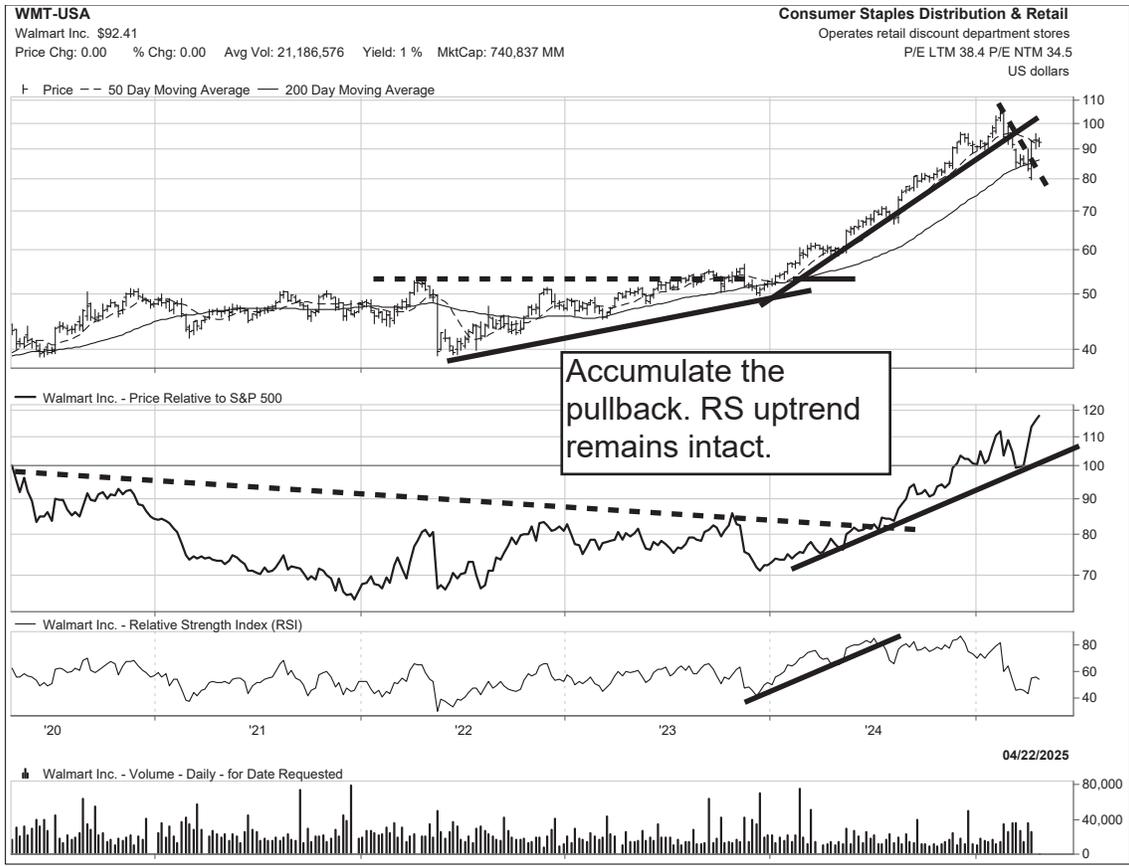


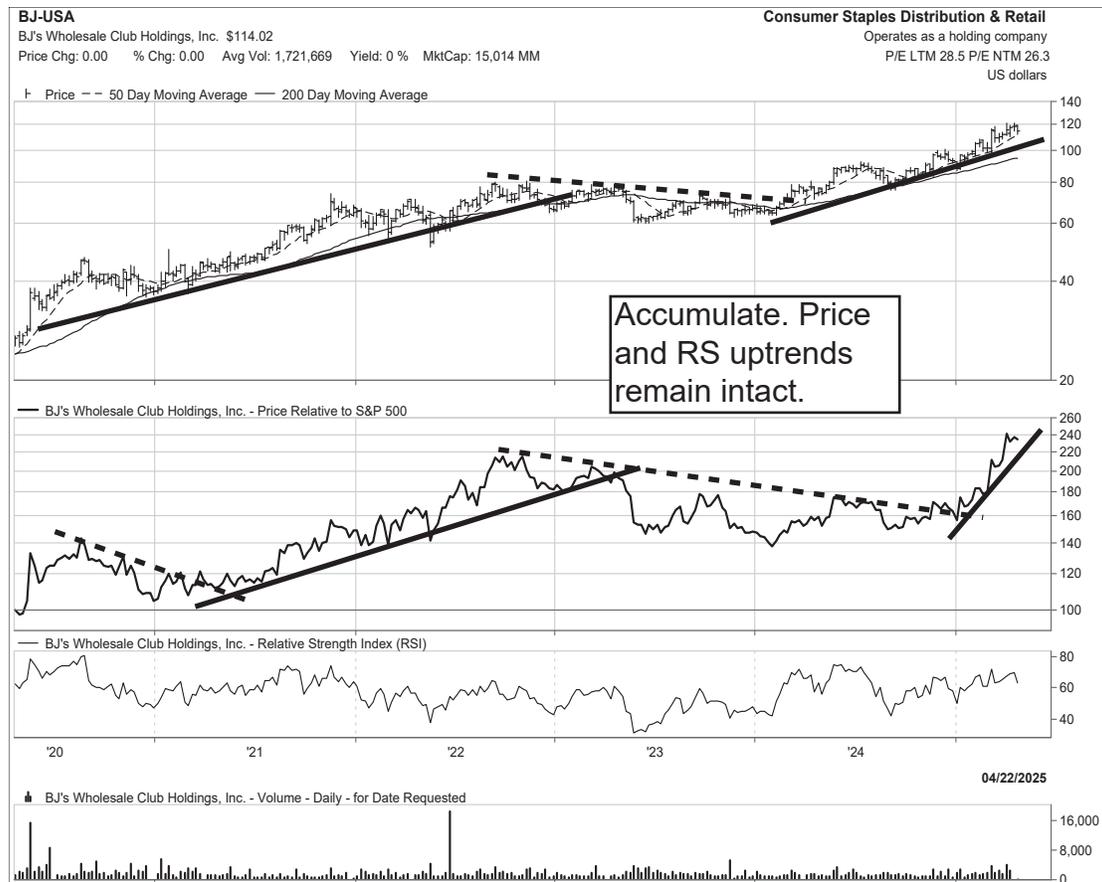
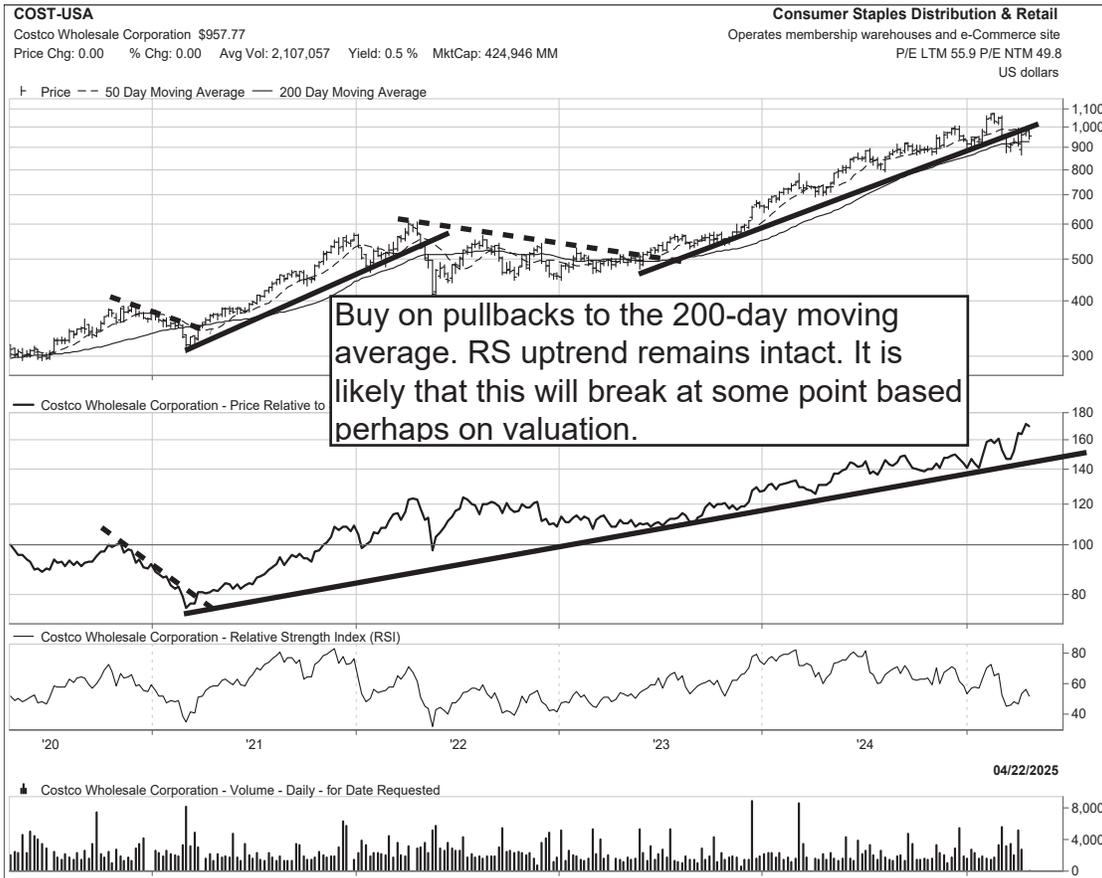
CS-03 Hypermarkets & Super Centers

SYMBOL	RSR	TC	MD
WMT	3	D2	-
COST	2	D2	+
BJ	1	U3	+
PSMT	2	U1	-
CBD	1	U3	+

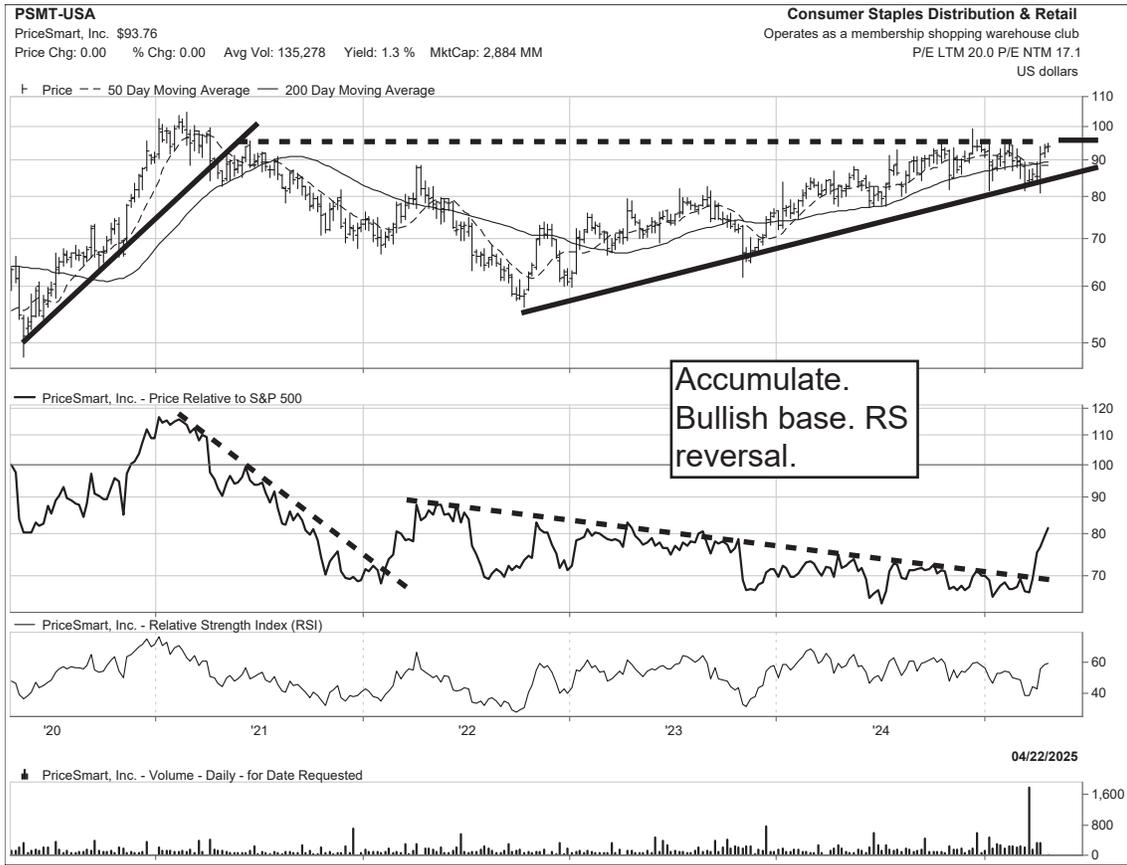


1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026



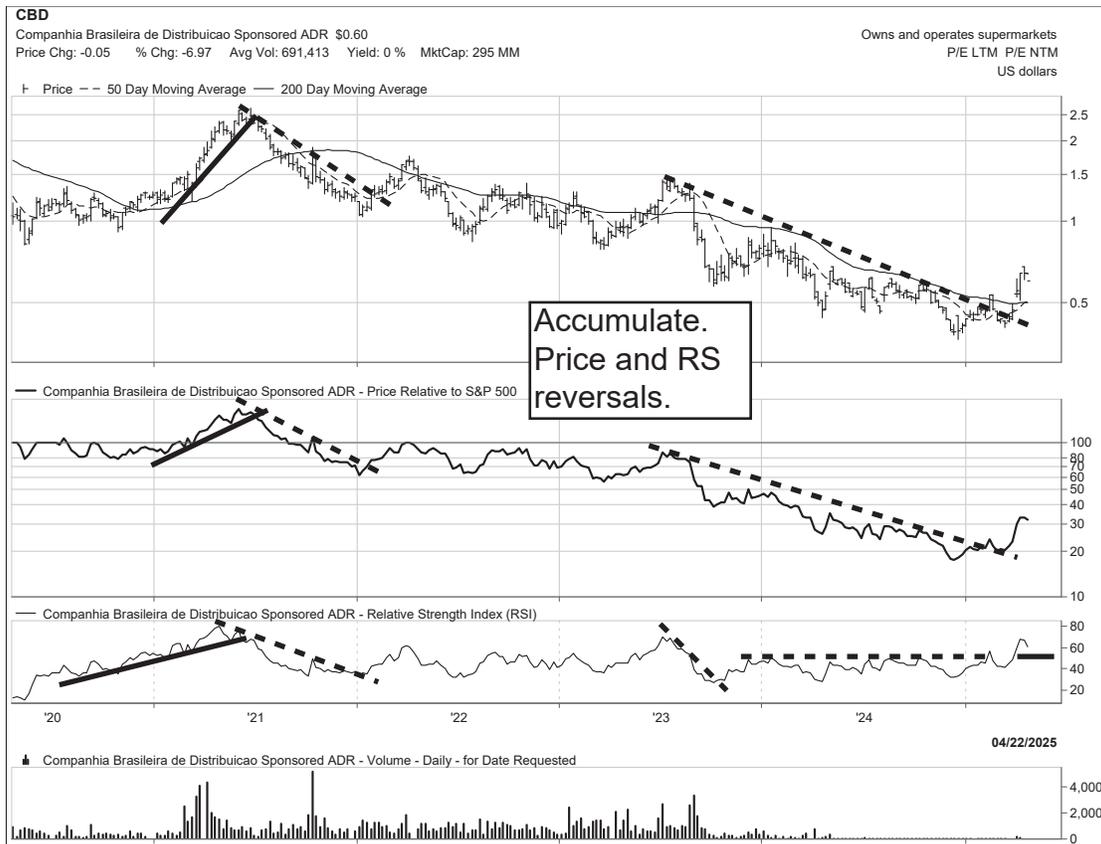
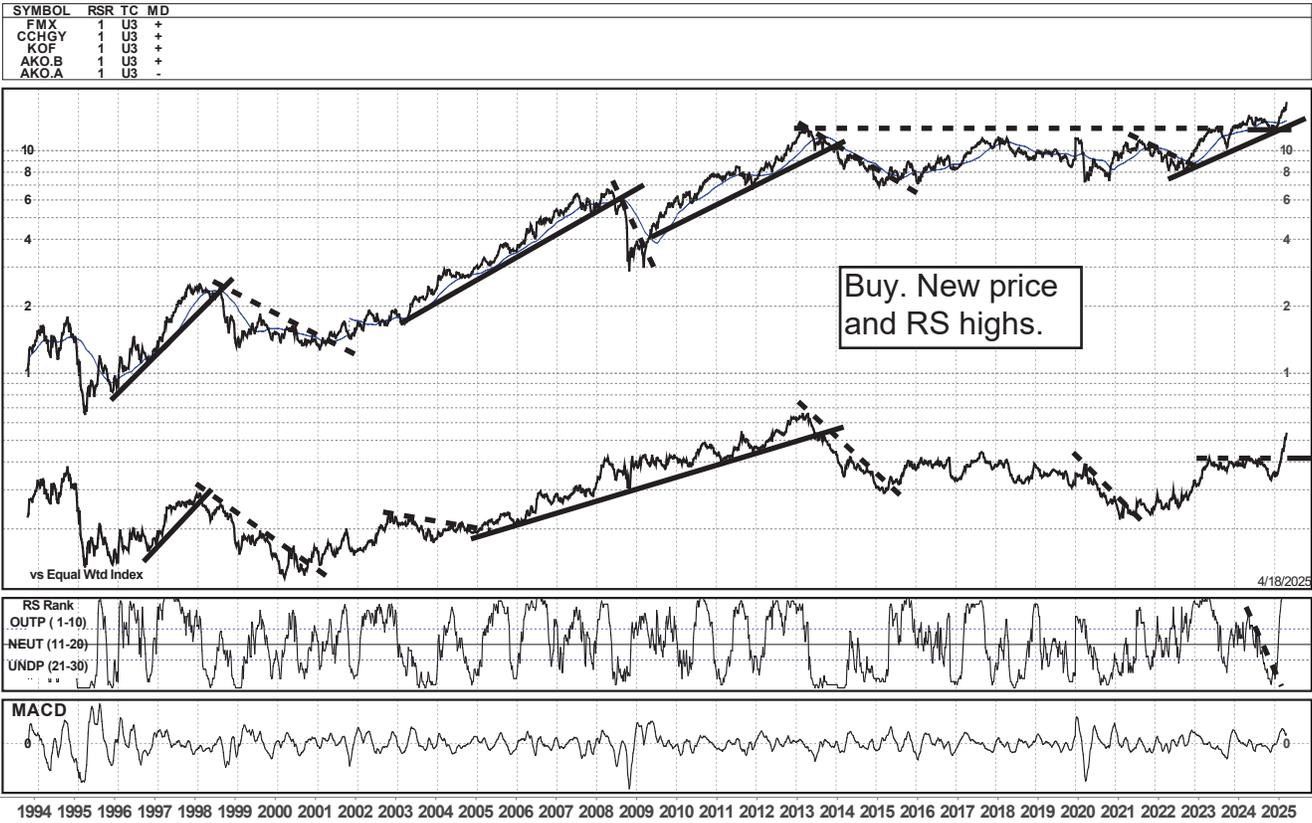


Attractive Groups: CS-03 Hypermarkets & Super Centers

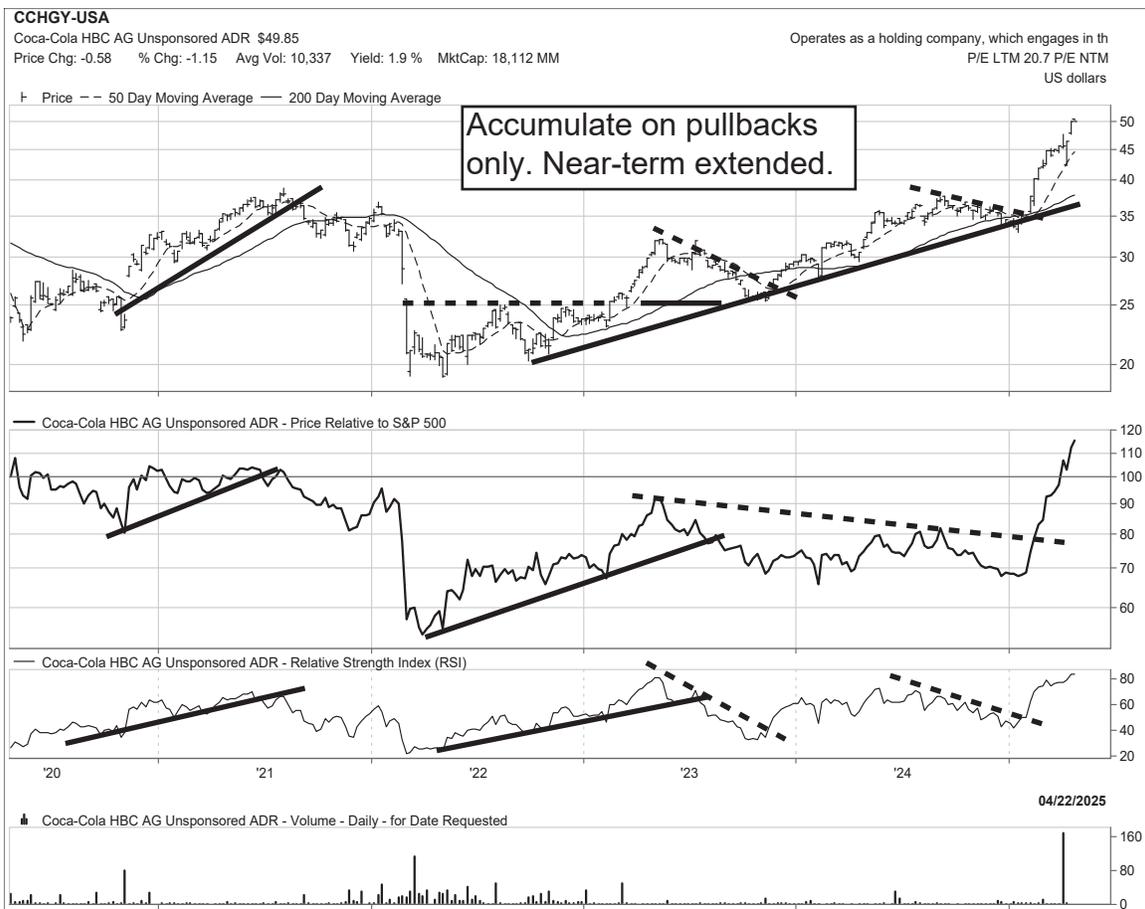
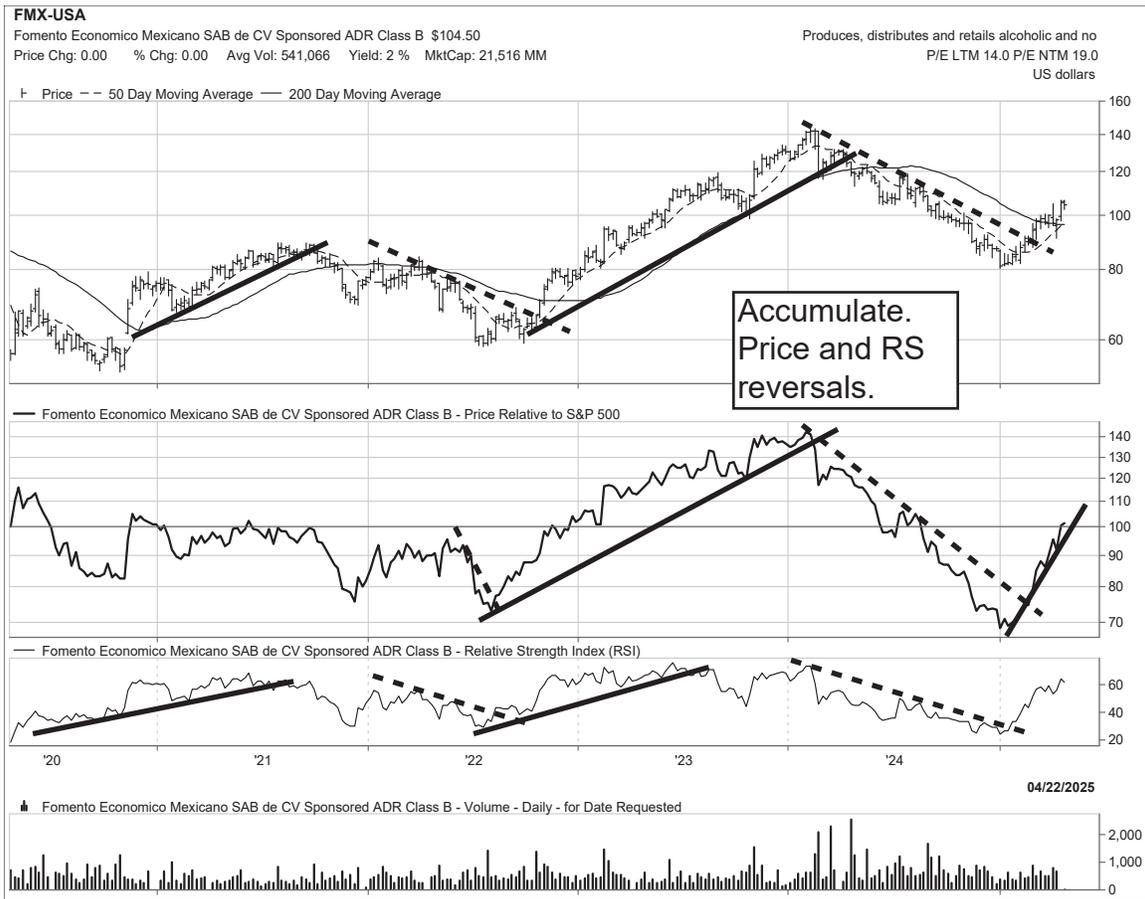


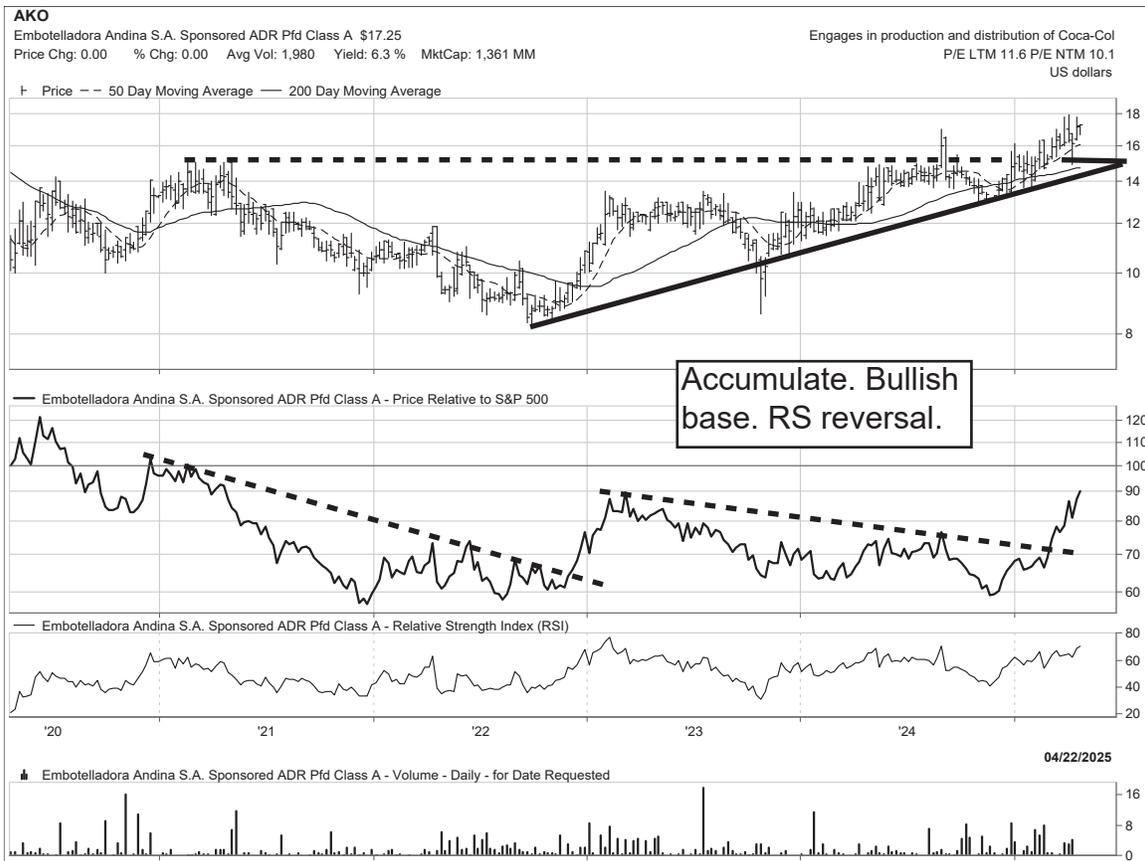
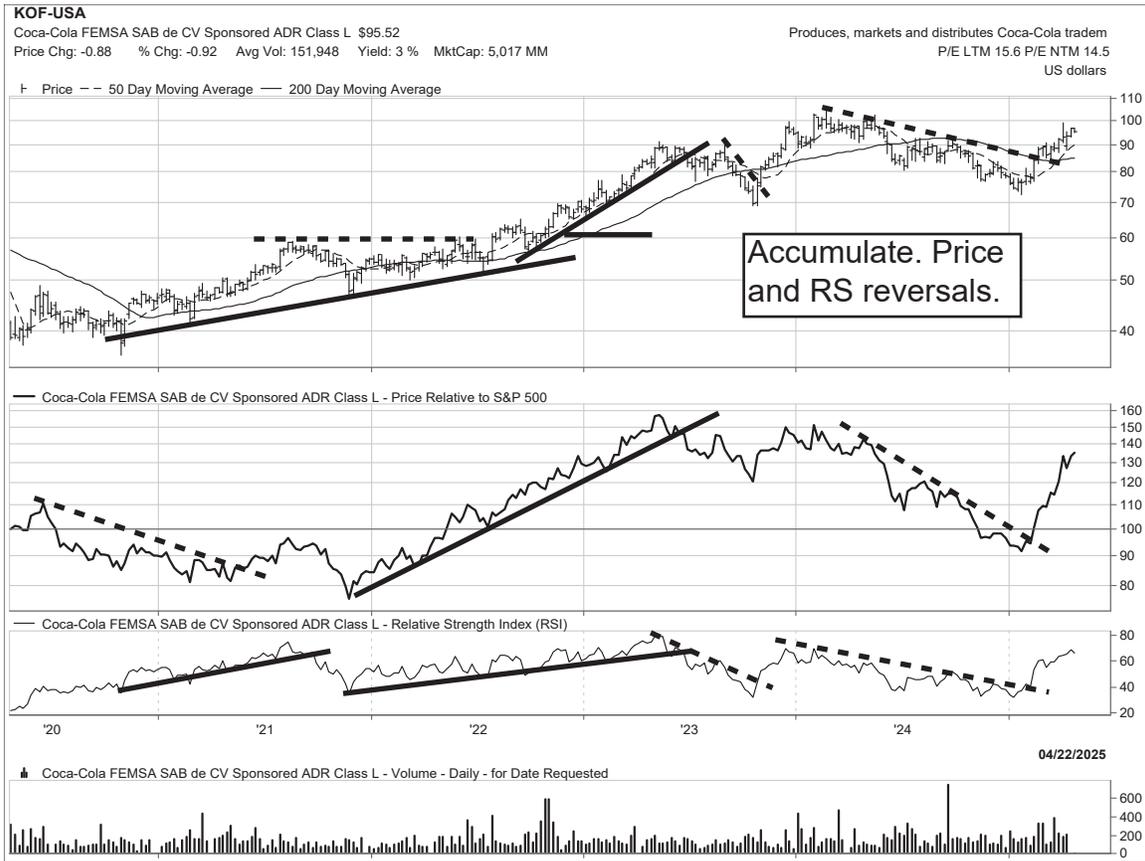
Attractive Groups: CS-15 Soft Drinks & Bottlers, Foreign

CS-15 Soft Drinks & Bottlers, Foreign

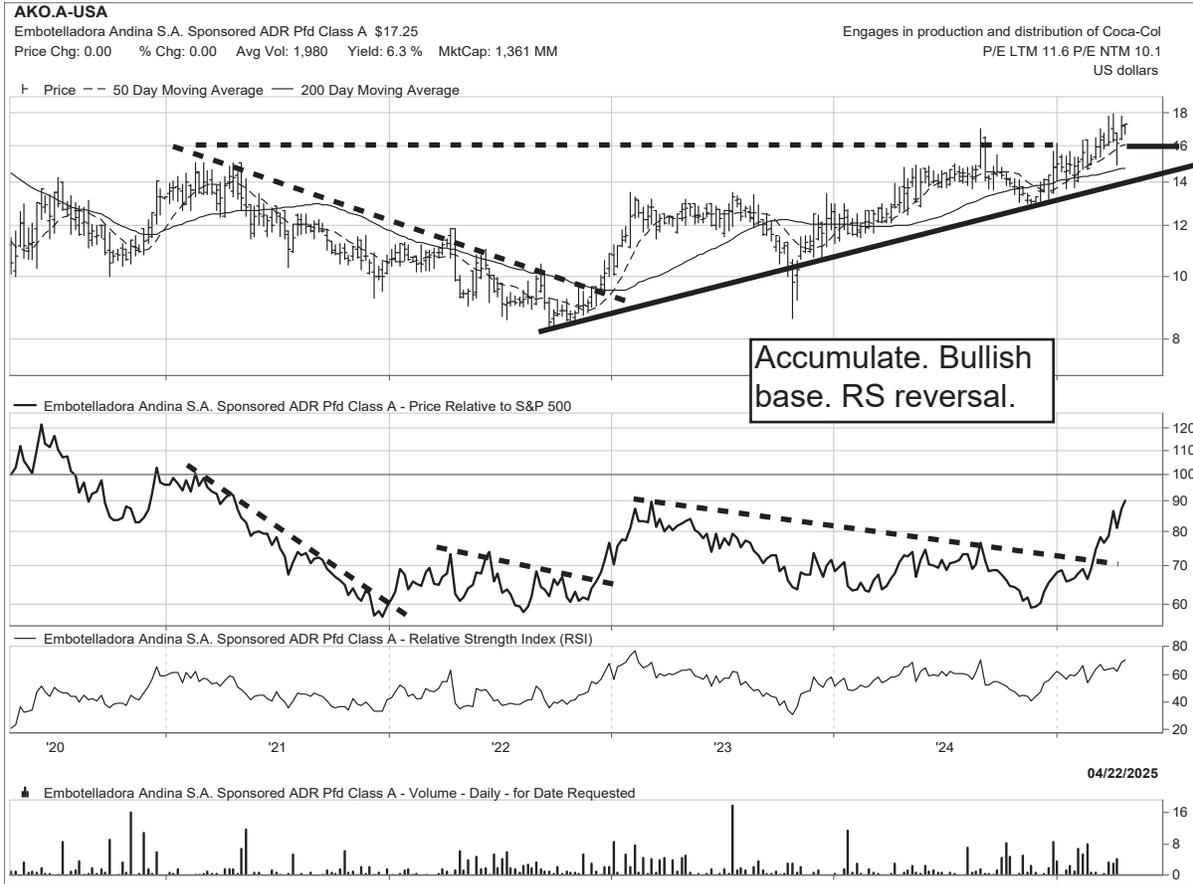


Attractive Groups: CS-15 Soft Drinks & Bottlers, Foreign



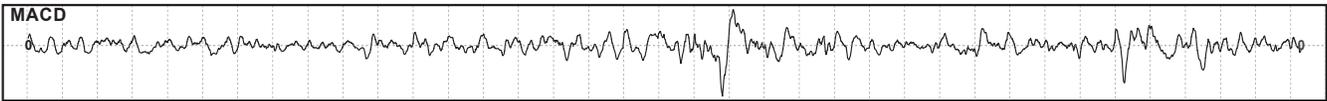
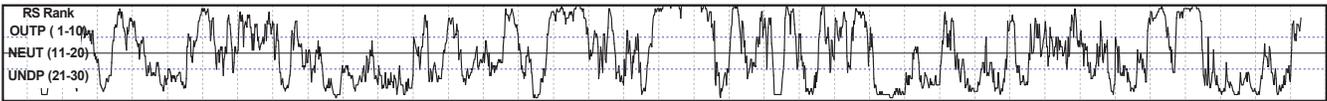
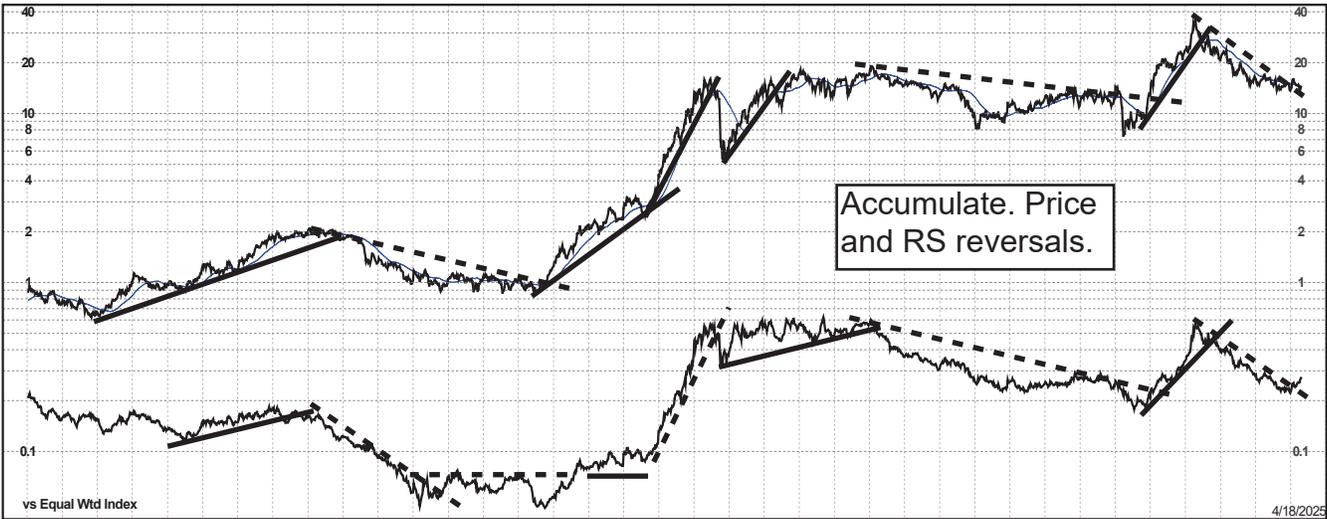


Attractive Groups: CS-15 Soft Drinks & Bottlers, Foreign

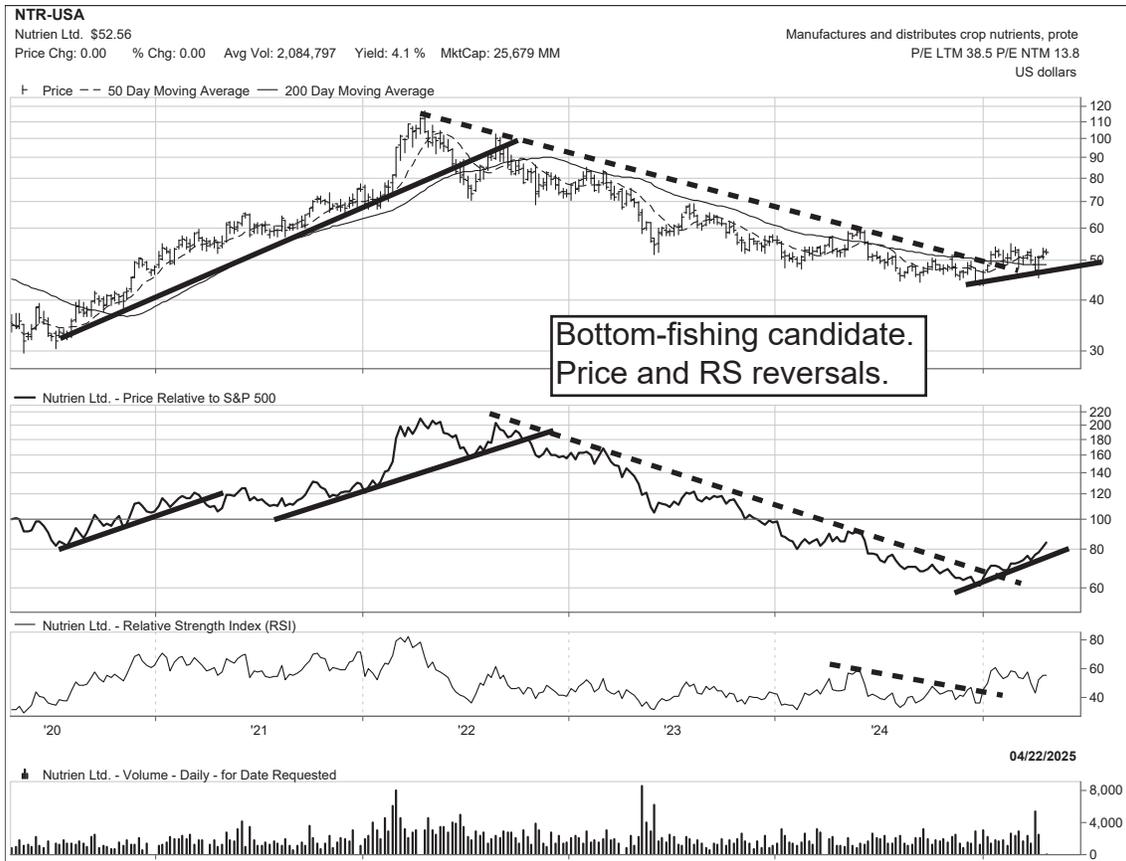


MA-14 Fertilizer

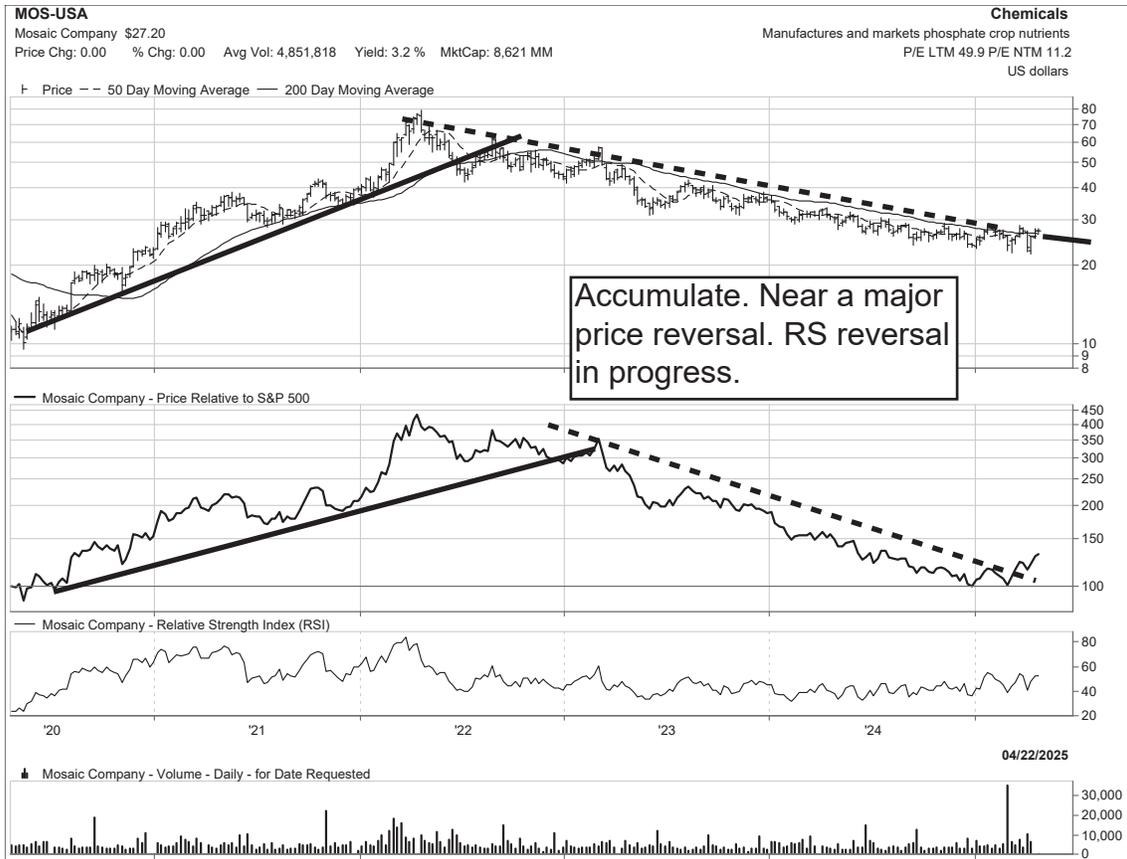
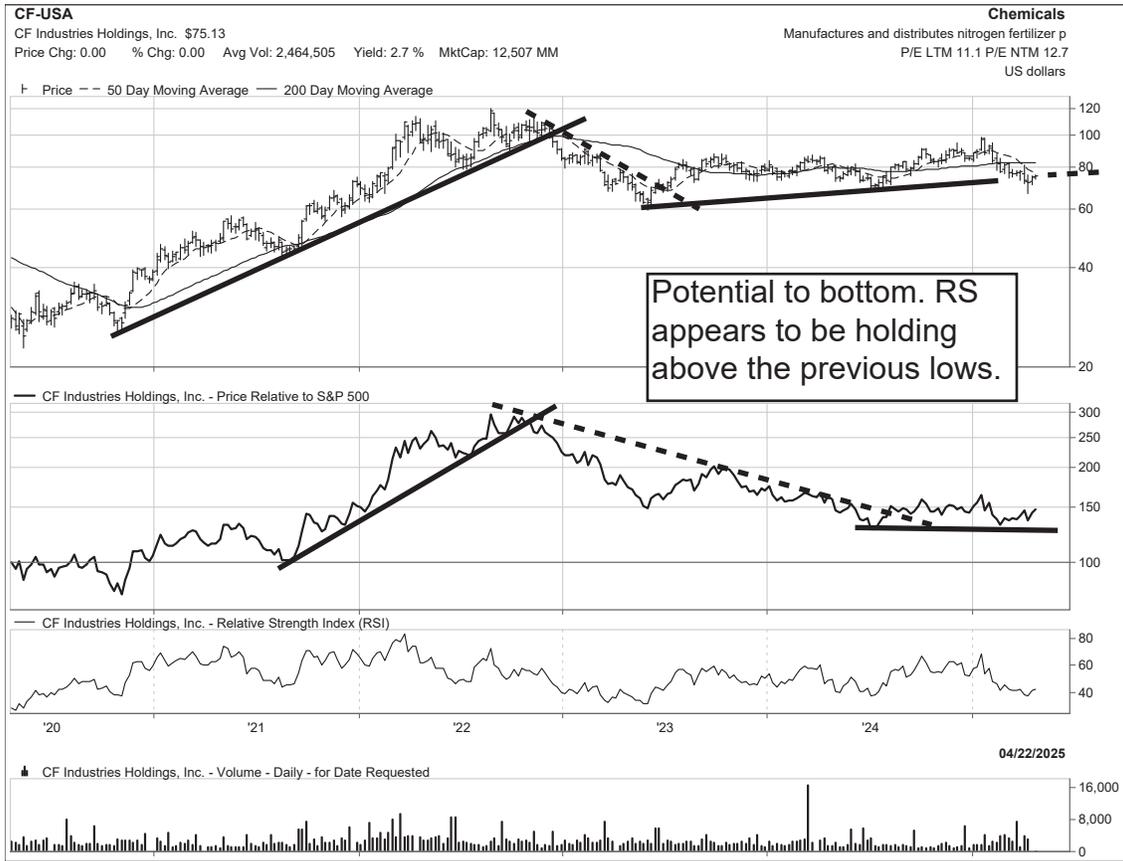
SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
NTR	1	D1	-	SMG	26	D3	+
CF	12	D3	-	UAN	4	D2	-
MOS	2	D1	+	IP1	1	U3	+
ICL	1	D1	-	AVD	28	D3	-
SQM	11	D2	-				

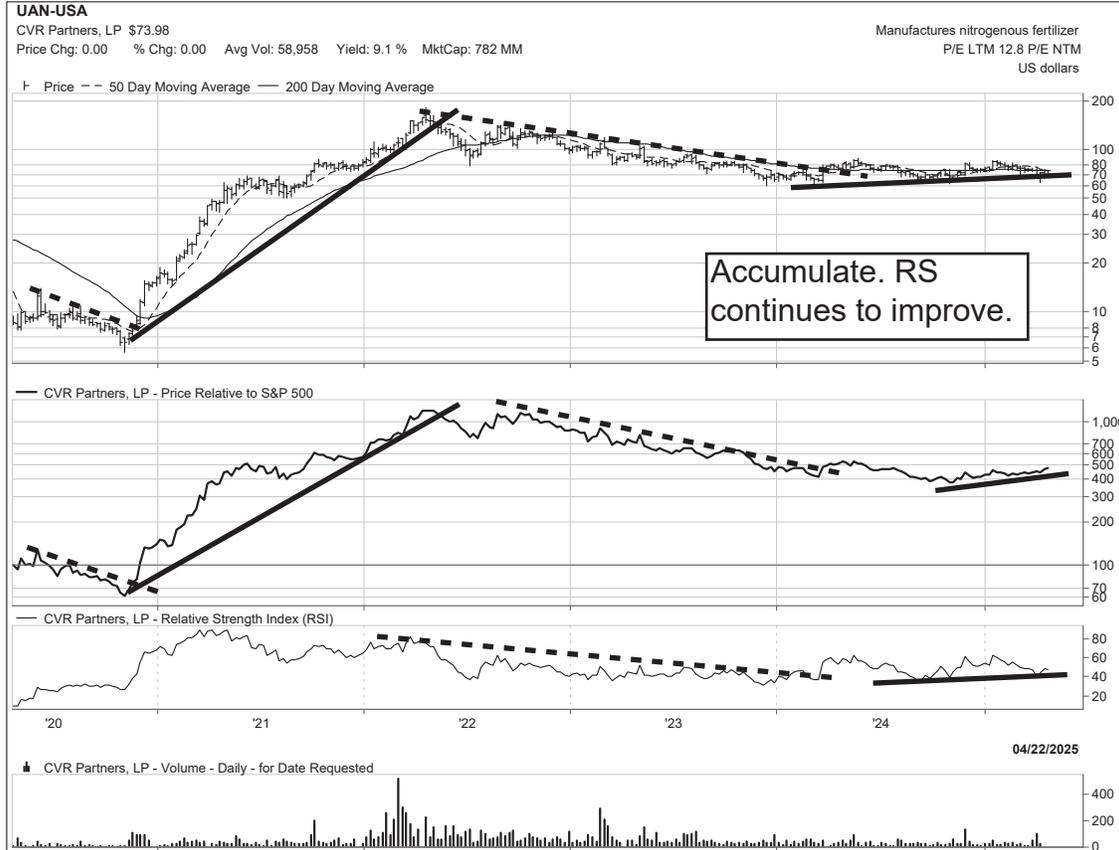
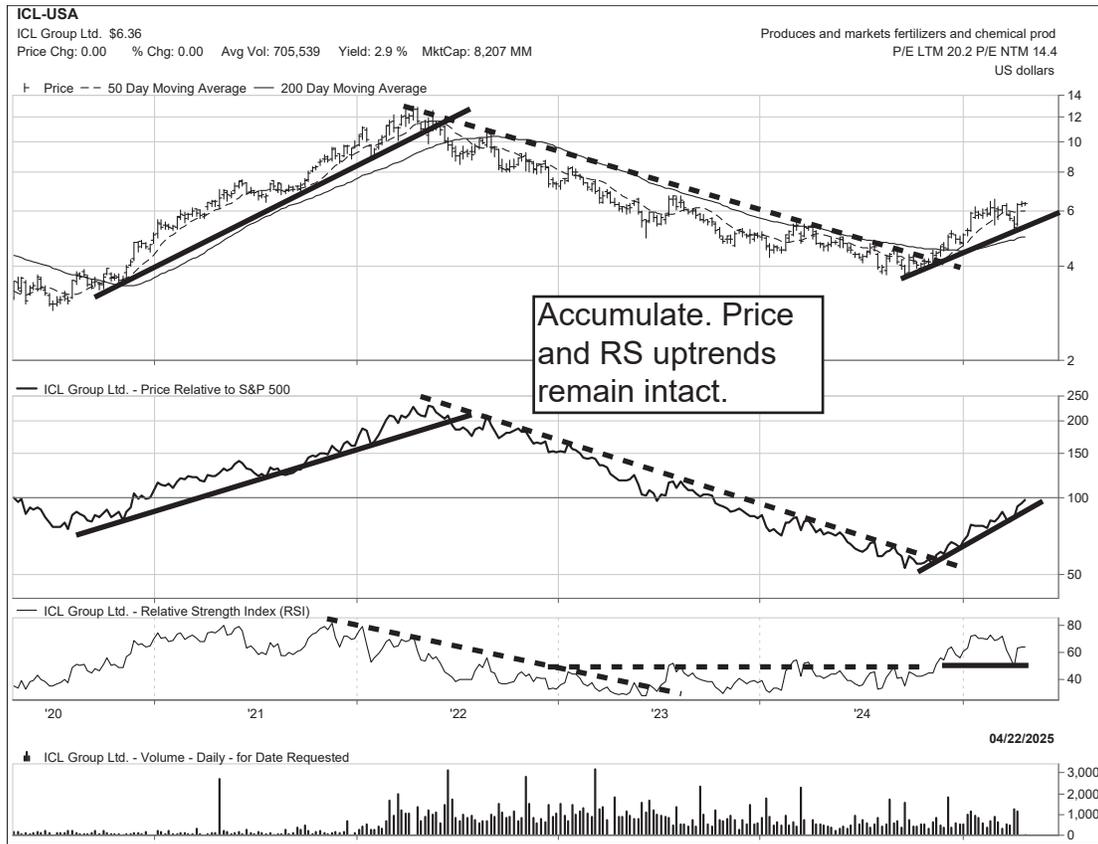


1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2025

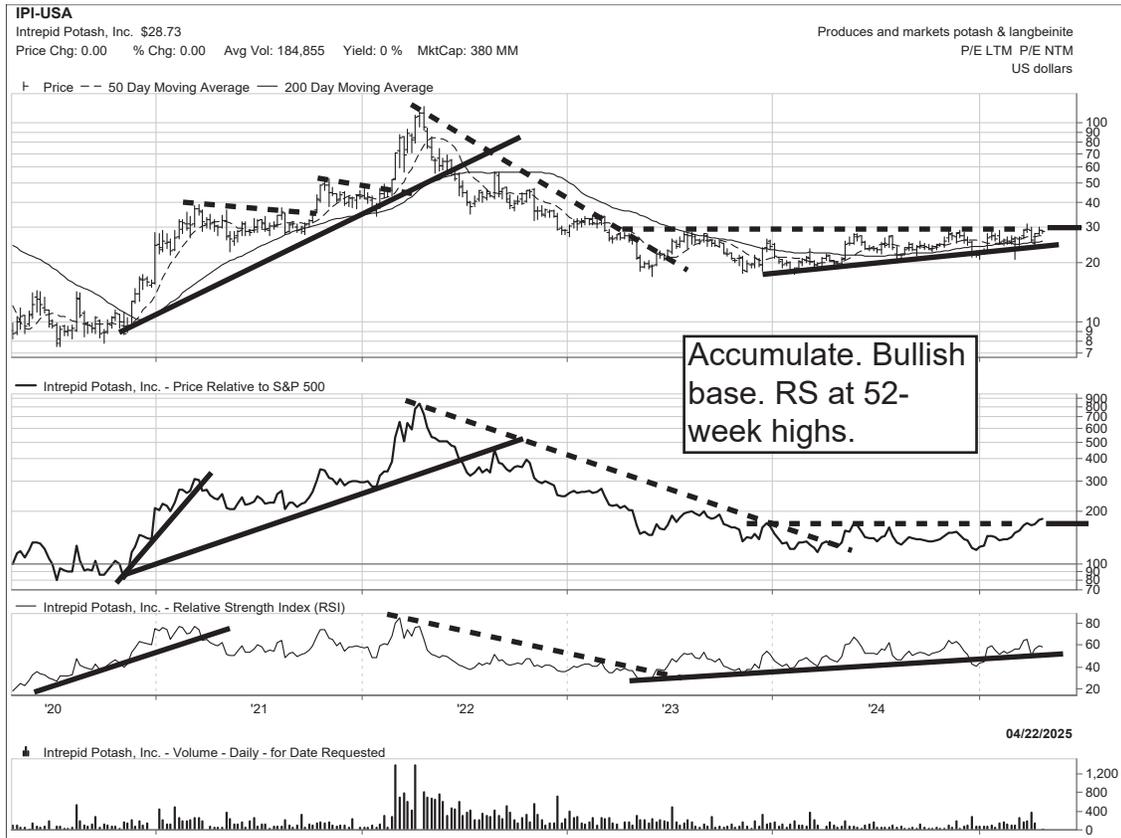


Attractive Groups: MA-14 Fertilizer

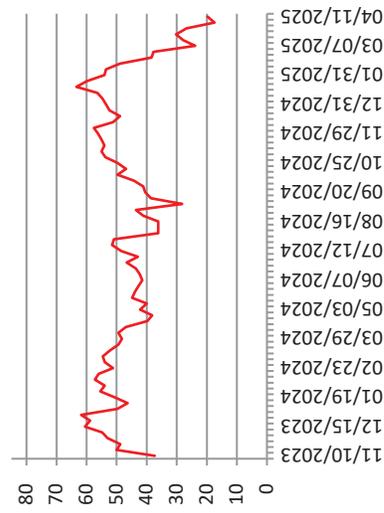
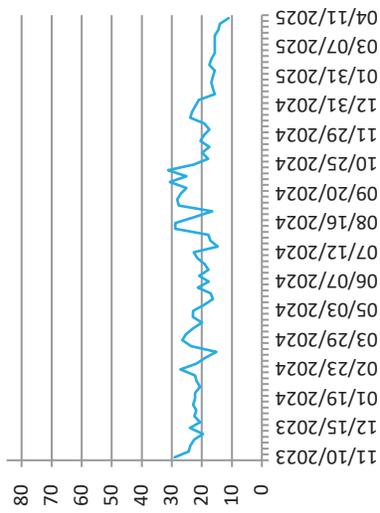
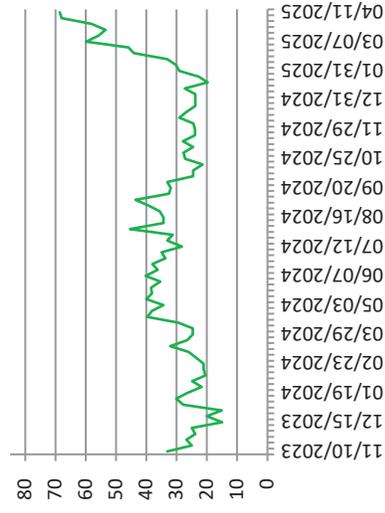




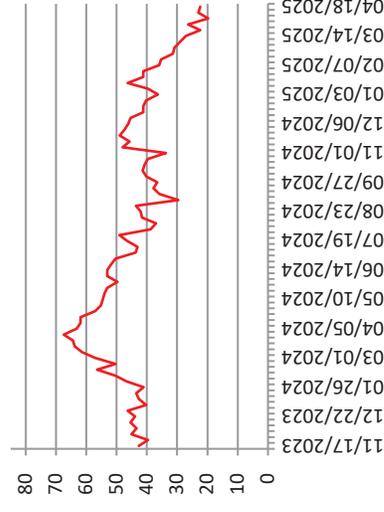
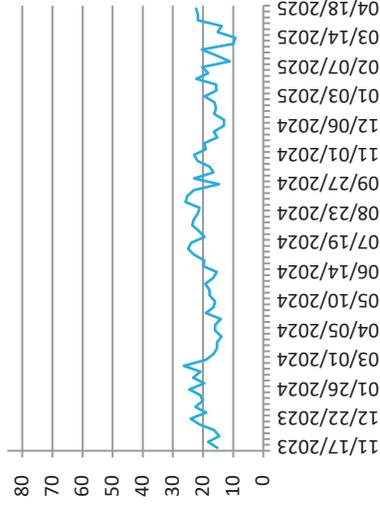
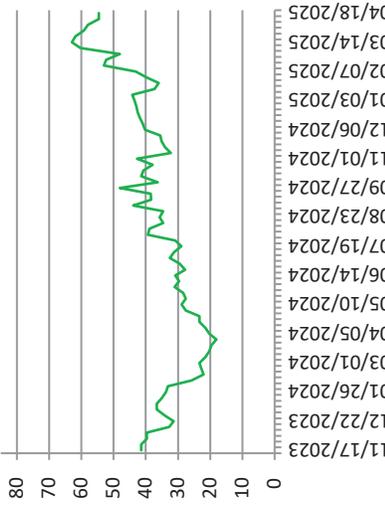
Attractive Groups: MA-14 Fertilizer



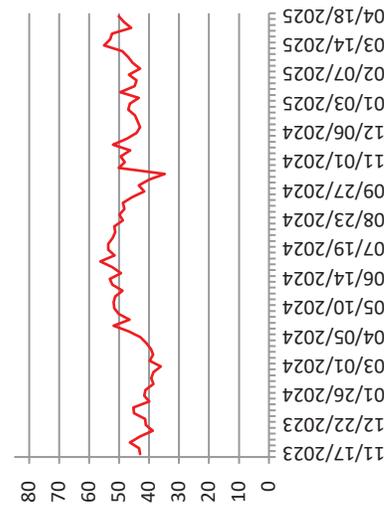
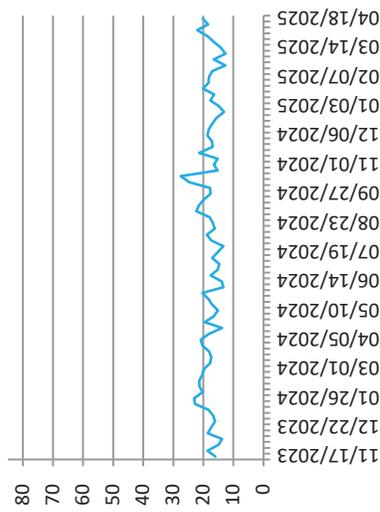
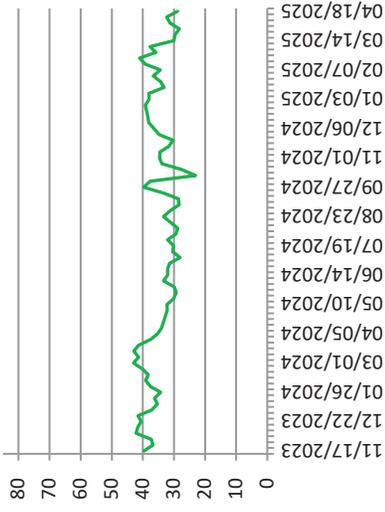
Consumer Staples



Communications



Consumer Discretionary

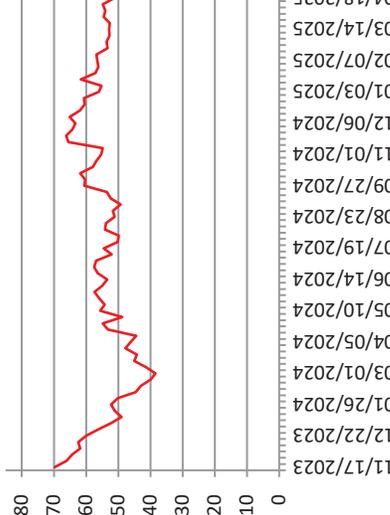
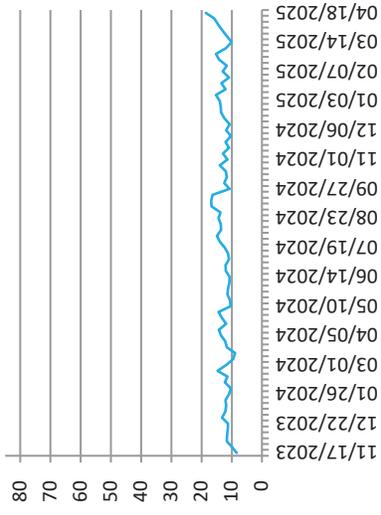
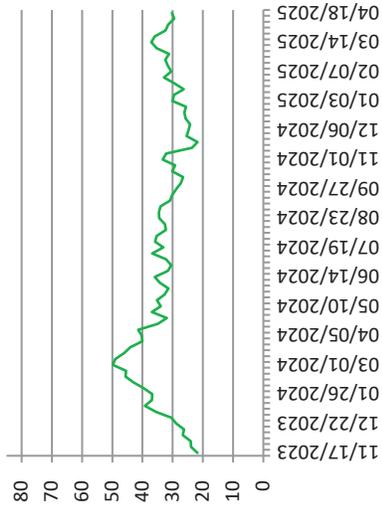


RSR 1-10
(% of stocks)

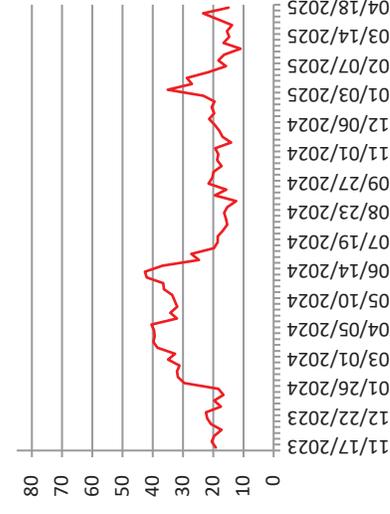
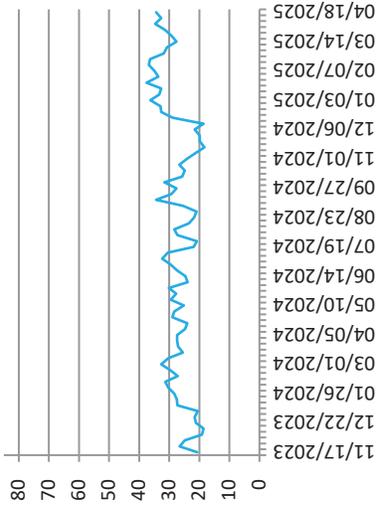
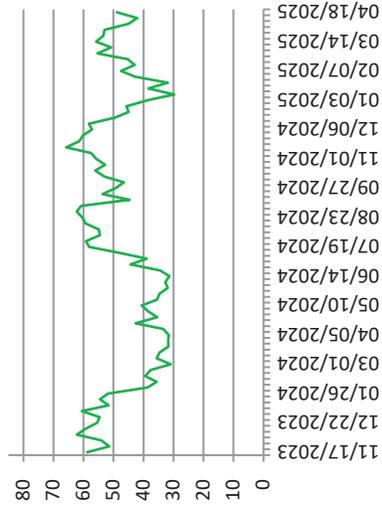
RSR 11-20
(% of stocks)

RSR 21-30
(% of stocks)

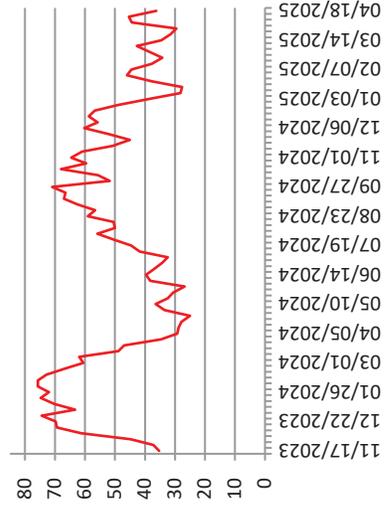
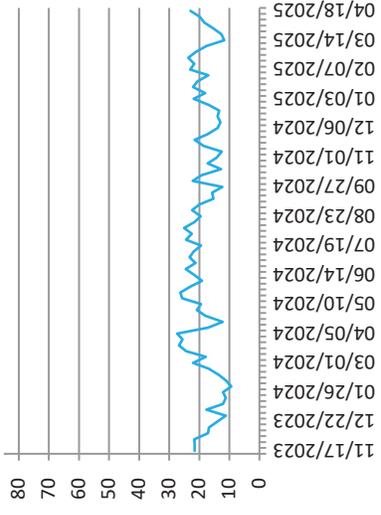
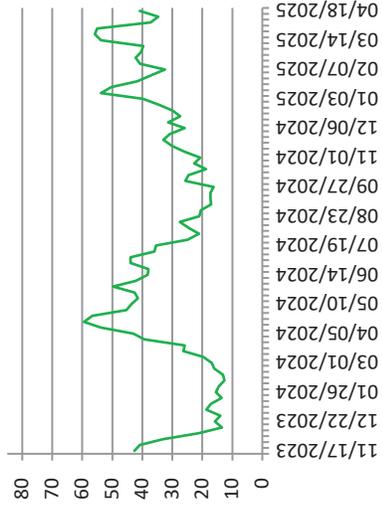
Health Care



Financials



Energy

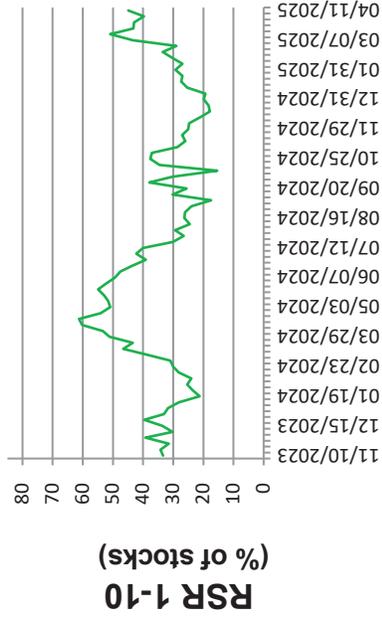


RSR 1-10 (% of stocks)

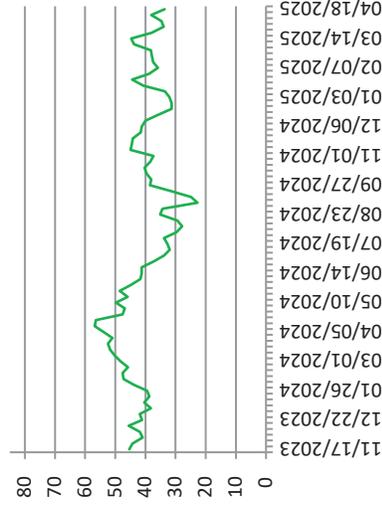
RSR 11-20 (% of stocks)

RSR 21-30 (% of stocks)

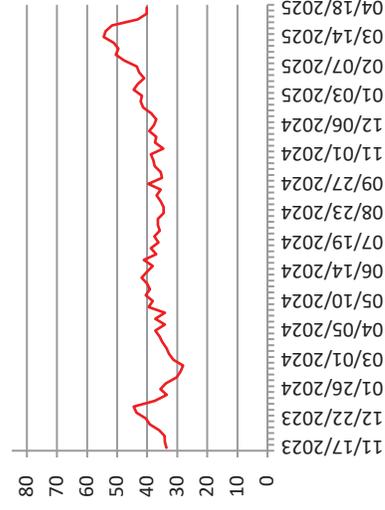
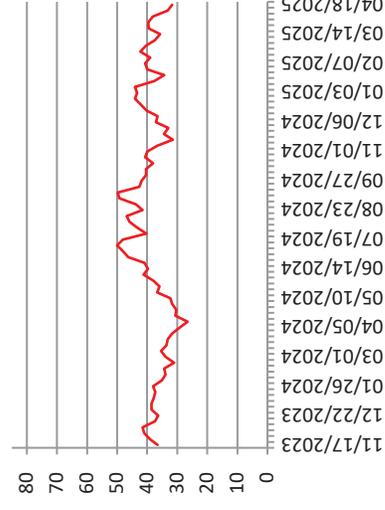
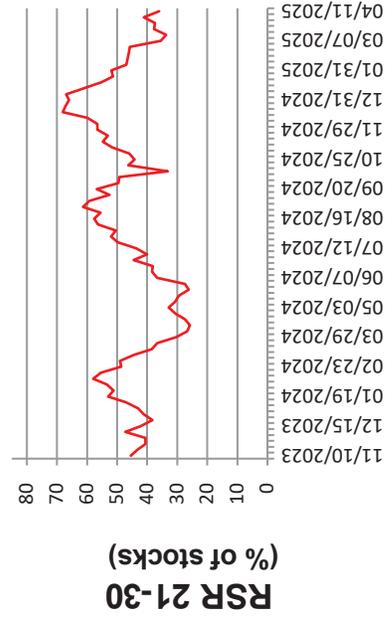
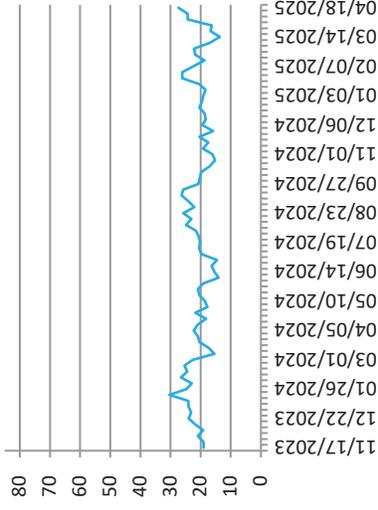
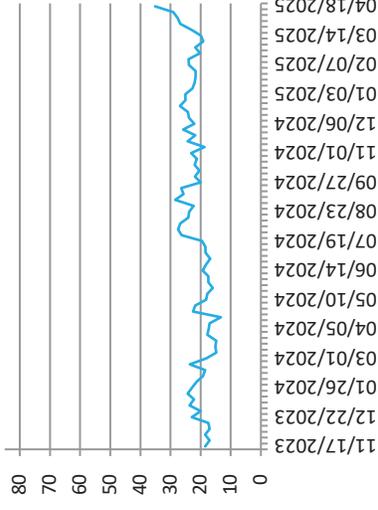
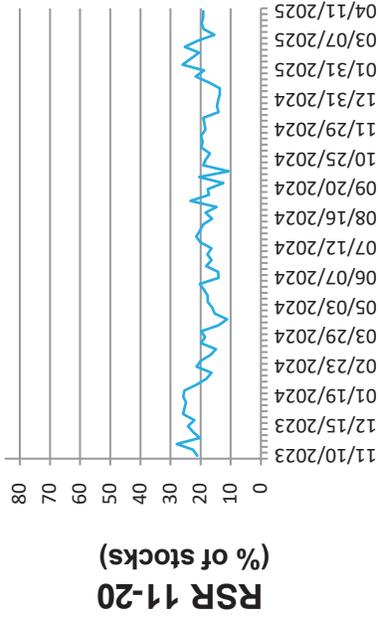
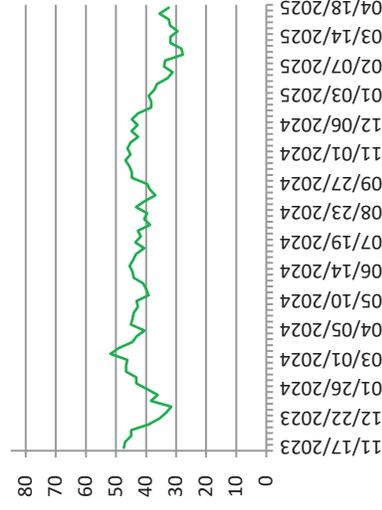
Materials



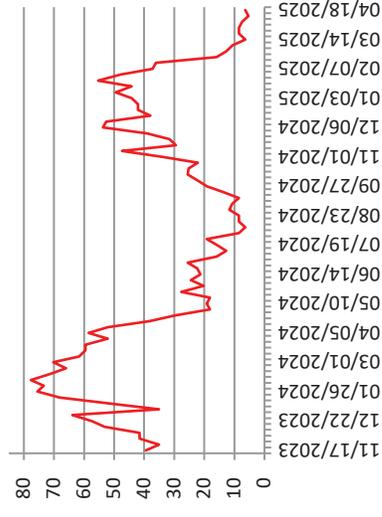
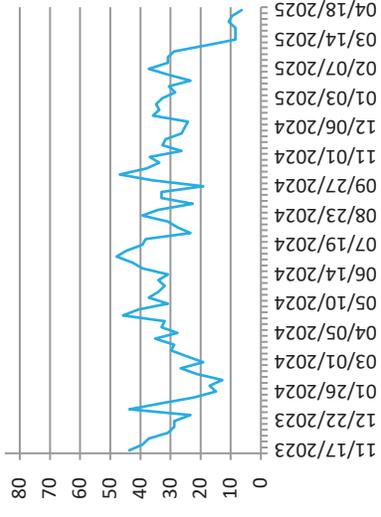
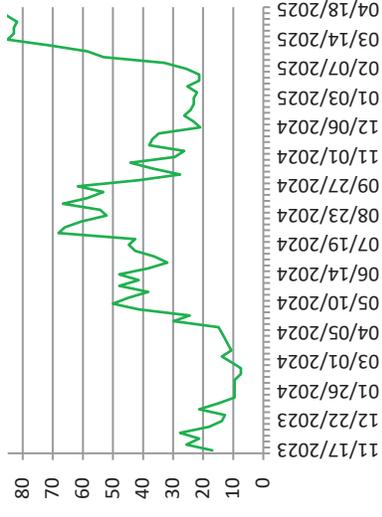
Manufacturing



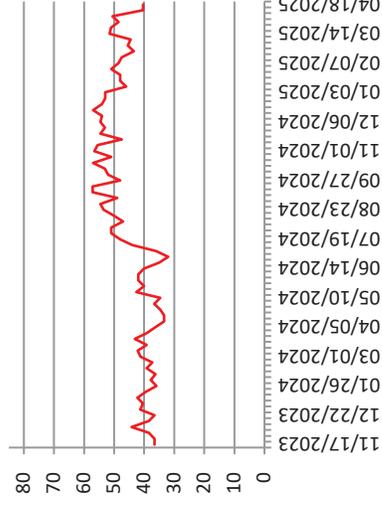
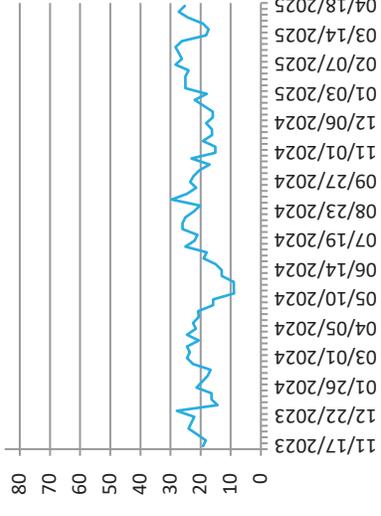
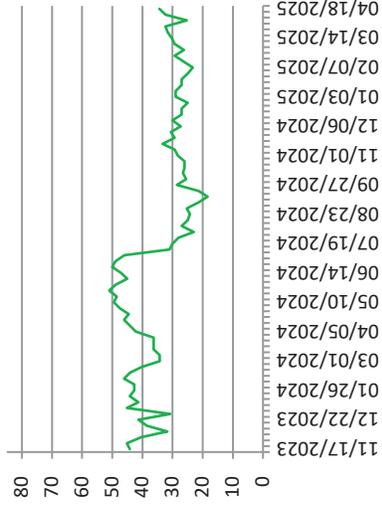
Services



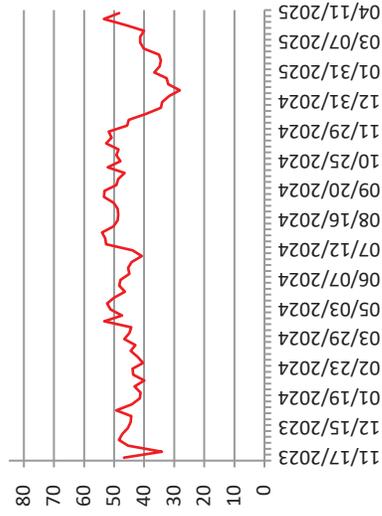
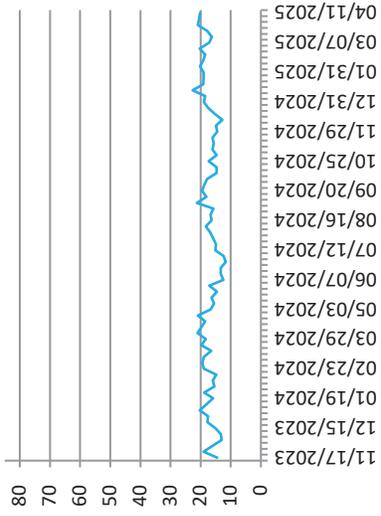
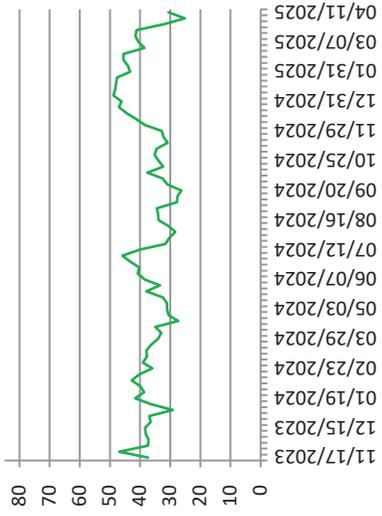
Utilities



Transports



Technology



RSR 1-10
(% of stocks)

RSR 11-20
(% of stocks)

RSR 21-30
(% of stocks)

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

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.