

5/6/25

## Lockout Rally in Full Swing

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

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

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

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

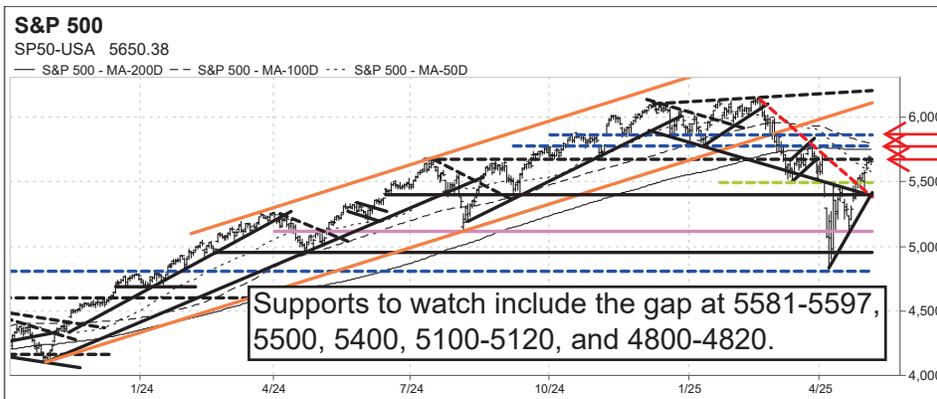
**Sean Cusick**  
Director of Quant Systems  
612-712-1400  
Sean@vermillioncap.com

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

Continuing the trend from last week's *U.S. Macro Vision* (4/29/25), we are seeing more and more signs that lead us to believe the S&P 500 (SPX) made a *major* bottom at 4800-4820, which is where we initially discussed in our 4/8/25 *Compass* to look for a *local* bottom to develop. As a result, we have been short-term bullish since our 4/22/25 *Compass*, when we noted that the SPX was testing 5100-5120 support, a potential bounce spot and a level to trade long against. With that said, the SPX is approaching some important resistance levels where it is possible it could roll over, including 5670-5700, 200-day MA (currently 5746), 5785, and 5860-5910; these are areas where it is prudent to reduce risk, particularly for short-term traders that bought near the April 7-8 and/or April 21-22 lows. Ultimately, we will let price be our guide and we maintain our short-term bullish view as long as dynamics remain healthy and the SPX remains above support at its 20-day MA (currently 5396) and 21-day EMA (currently 5500).

- **Major SPX Bottom at 4800-4820.** After capitulatory selling in early-April (90% NYSE downside volume and % of Russell 2000 stocks above their 200-day MAs reached 10.5%), the S&P 500, Nasdaq 100 (QQQ), and Dow Jones Industrial Average all held above crucial 3.5-year supports. Then, significant buying demand stepped-in (98.5% NYSE upside volume on April 9th, Zweig Breadth Thrust, IBD follow-through day, and nine straight days of gains on SPX), including several bullish gap-ups. High yield spreads are narrowing below their 2.5-month uptrend. The 10-year Treasury yield has not been able to break above 4.50%, let alone the major 4.70%-4.80% resistance level. Discretionary vs. Staples ratios (XLY vs. XLP, RSPD vs. RSPS) display bullish 2.5-month downtrend reversals. Financials (XLF) and Communications (XLC) reclaimed the important \$47 and \$95 levels. Semiconductors (SMH) and software (IGV) reclaimed the crucial \$200 and \$89-\$90 levels. Bitcoin held above long-term support at \$69,400-\$74,000 and remains near-term bullish following the breakout above \$91,000-\$93,000. Interest rate volatility (MOVE index) has fallen substantially from recent highs. These are all reasons we remain near-term bullish... see *chart below and pages 3-6*.
- **Staples and Utilities.** We continue to watch the steep 3-month uptrends on RS for Staples (XLP) and Utilities (XLU); we are not yet out of the woods if these uptrends are intact. With that said, we had also been watching the 2.5-month uptrend on high yields spreads, which is now breaking; RS on XLP and XLU could be next to break... see *below and pages 6-7*.

In today's report we highlight attractive Groups and stocks within Discretionary, Health Care, and Consumer Staples: CD-18 and CD-19 Large- and Small-Cap Education Services, HC-33 Nursing Homes & Assisted Living, and CS-27 Flavors & Fragrances... see *pages 15-24*.



After a significant rally off the lows, the S&P 500 is approaching some important resistance levels where it is possible it could roll over, including 5670-5700 (i.e., current levels), the 200-day MA (currently 5746), 5785, and 5860-5910; these are areas where it is prudent to reduce risk. With that said, we remain near-term bullish as long as there is not two closes below the 20-day MA or 21-day EMA.

## Sector Relative Strength Rankings & Weighting Recommendations

### Sector Relative Strength Rankings (RSR)

The RS base breakout on *cap-weighted Consumer Staples (XLP)* that led us to upgrade the Sector to overweight on 4/22/25 is starting to look like a failed breakout as the Sector has underperformed recently. Still, our overweight recommendation remains appropriate as long as the 3-month RS uptrend remains intact. Of course, a RS breakdown would be very bullish for the broad equity market. RS on the *equal-weighted Sector (RSPS)* is already violating its 2.5-month uptrend, so we have the Sector on watch for a downgrade back to market weight. Other defensive Sectors including **Utilities (XLU)** and cap-weighted **Health Care (XLV)** have also underperformed in recent weeks, providing further risk-on signals for the broad equity market.

At the other end of the spectrum, *cap-weighted Technology (XLK)* has been outperforming since the early-April lows, and RS appears to be staging a bullish false breakdown. The 10-month RS downtrend remains intact for now, but we would upgrade the Sector to market weight on a bullish RS reversal. Additionally, we want to be selectively buying software (**IGV**) and semiconductors (**SMH**), both of which appear to be forming price and RS bottoms. Within software, **PLTR** remains the leader, and we have maintained our buy recommendation since our 4/30/2024 *Compass*. Look for potential support at \$98-\$100 on PLTR following yesterdays negative earnings reaction. Other favorite names to buy on pullbacks include **SAP**, **CYBR**, **FTNT**, **ZS**, **GWRE**, **MSFT**, **CRWV**, and **CRWD**.

### No Weighting Changes

Recent changes:

4/22/25: Upgraded Consumer Staples to Overweight (from Market Weight)

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

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

### Relative Strength Ranking: Sector Summary

Vermilion Sector	05/02	04/25	04/18	04/11	04/04	03/28	03/21	03/14	03/07	02/28
UT Utilities(CAP)	4	3	3	3	3	4	4	4	5	6
CS Consumer Staples(CAP)	5	4	3	3	3	7	9	7	4	5
UT Utilities(AVG)	6	5	4	4	4	6	7	6	8	11
FN Financials(CAP)	7	8	8	8	10	8	8	8	8	5
SV Services(CAP)	7	9	9	8	11	11	11	11	9	10
MA Materials(CAP)	8	6	7	6	10	8	8	7	8	11
RE Real Estate(CAP)	8	9	8	10	9	9	9	8	7	7
CO Communications(CAP)	9	12	12	9	12	12	10	8	6	7
MF Manufacturing(CAP)	9	11	11	10	14	13	12	11	13	15
CS Consumer Staples(AVG)	10	9	8	7	7	10	11	10	7	14
FN Financials(AVG)	10	11	11	12	11	9	10	9	11	9
HC Health Care(CAP)	11	9	8	8	7	8	8	8	7	10
TE Technology(CAP)	13	16	19	15	22	21	18	17	18	16
CO Communications(AVG)	13	11	10	10	9	9	7	8	9	11
CD Consumer Disc(CAP)	15	13	17	12	16	19	19	19	17	12
HC Health Care(AVG)	15	17	19	21	20	21	18	19	21	22
MF Manufacturing(AVG)	15	17	17	15	17	18	17	15	17	17
RE Real Estate(AVG)	15	14	11	14	10	10	11	10	9	13
MA Materials(AVG)	16	15	14	14	19	17	17	14	19	22
EN Energy(CAP)	18	13	10	12	11	6	7	8	13	13
TR Transportation(CAP)	18	19	16	16	19	19	18	18	14	15
SV Services(AVG)	19	19	19	18	19	21	22	22	21	20
TE Technology(AVG)	19	19	21	21	23	21	17	18	18	16
TR Transportation(AVG)	22	22	19	19	22	21	22	23	21	22
CD Consumer Disc(AVG)	24	24	23	23	21	23	25	26	22	20
EN Energy(AVG)	24	21	18	22	21	12	13	15	21	17

### Sector Weighting Recommendations

Vermilion Sector	Under-Weight	Market-Weight	Over-Weight
Communications			X
Cons. Discretionary		X	
Consumer Staples			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.

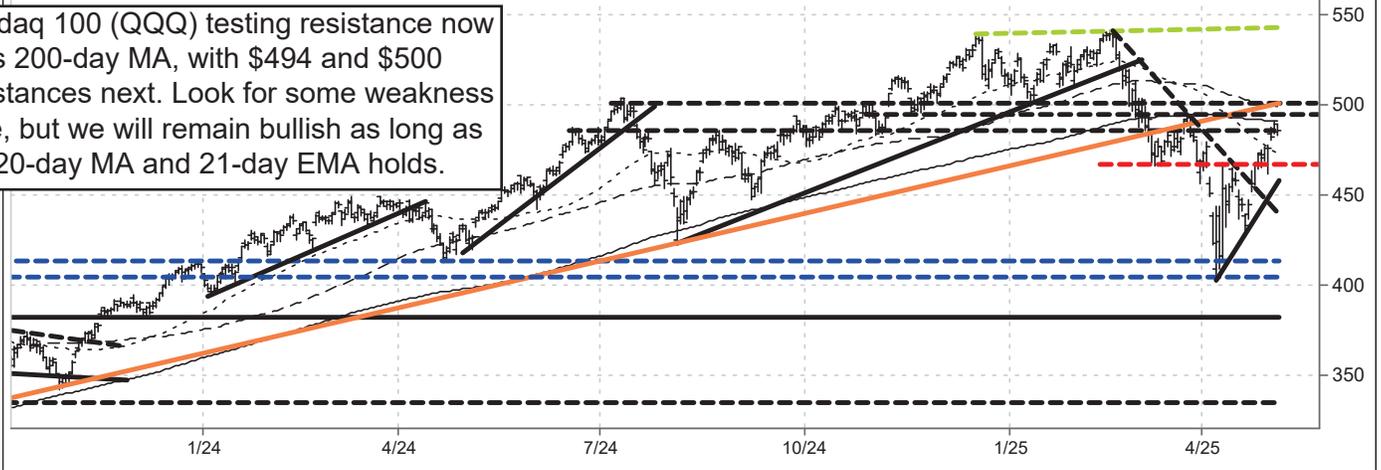
# Nasdaq 100 (QQQ) Key Levels; Discretionary vs. Staples Ratios Bottoming

## Invesco QQQ Trust Series I

QQQ-USA 485.93

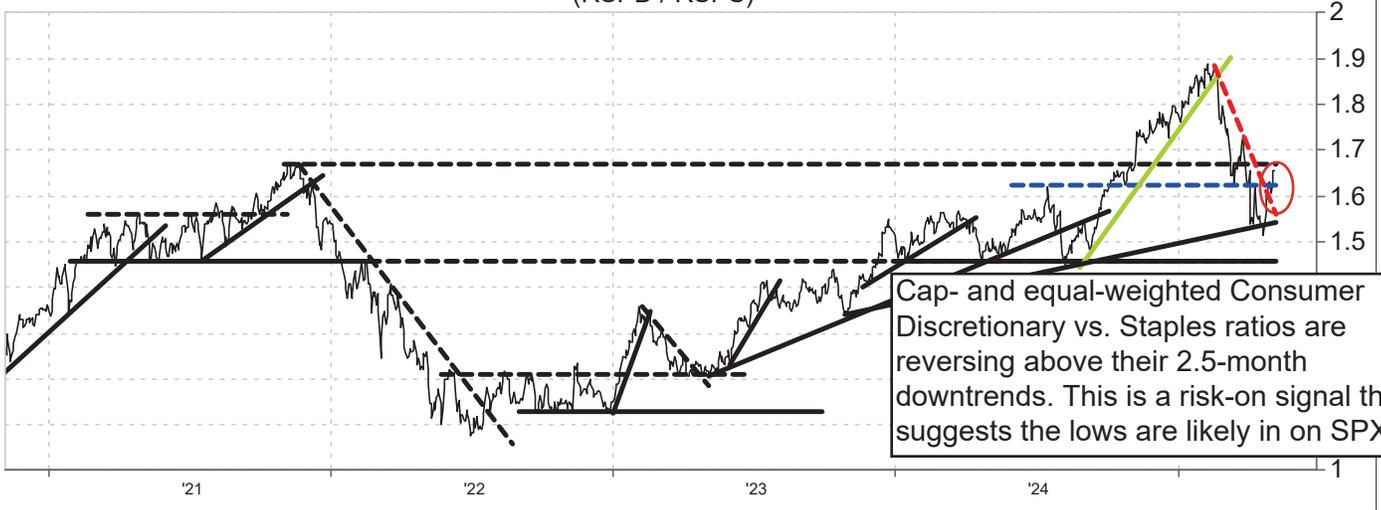
— Invesco QQQ Trust Series I - MA-200D - - Invesco QQQ Trust Series I - MA-100D - - - Invesco QQQ Trust Series I - MA-50D

Nasdaq 100 (QQQ) testing resistance now at its 200-day MA, with \$494 and \$500 resistances next. Look for some weakness here, but we will remain bullish as long as the 20-day MA and 21-day EMA holds.



## Equal-Weighted Consumer Discretionary vs. Staples

(RSPD / RSPS)



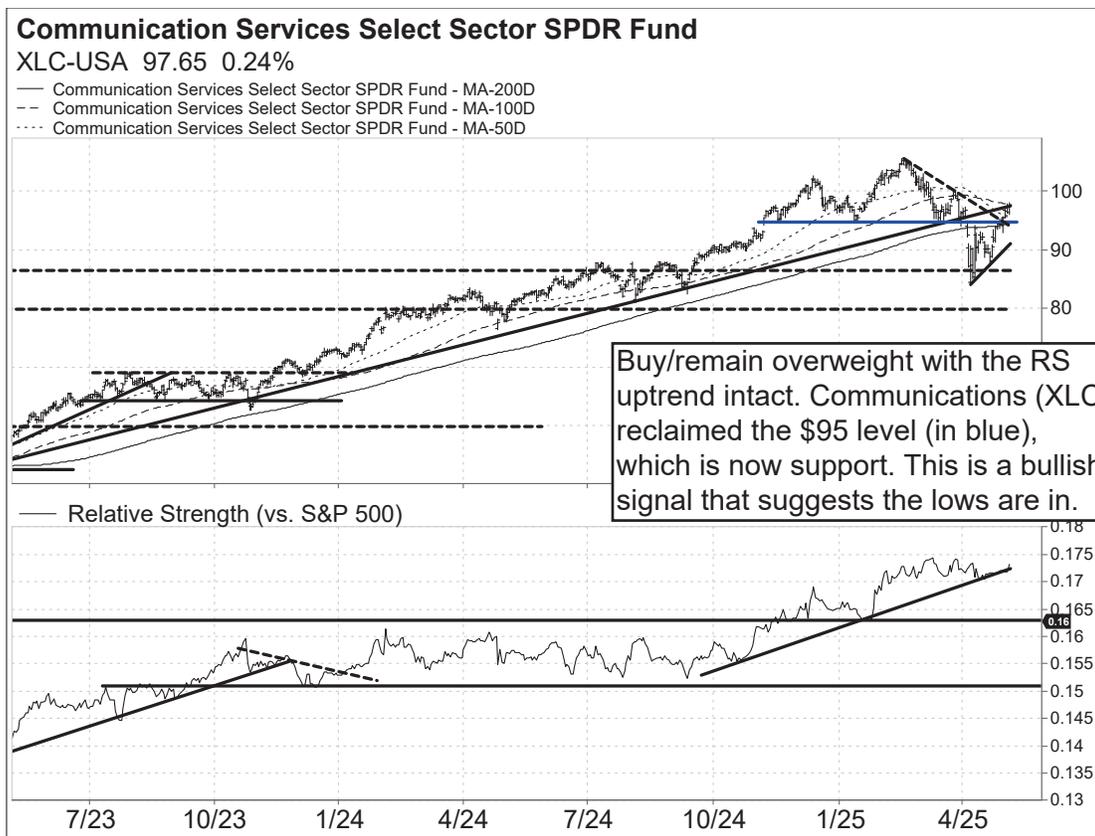
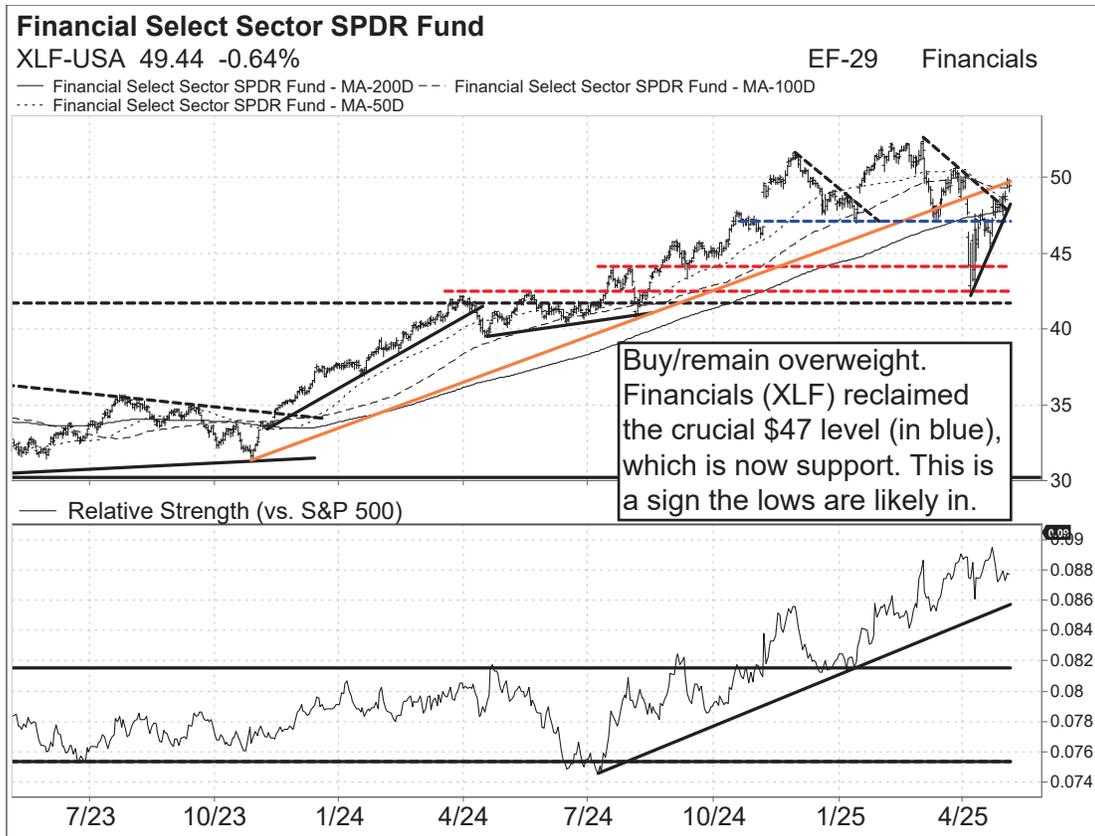
Cap- and equal-weighted Consumer Discretionary vs. Staples ratios are reversing above their 2.5-month downtrends. This is a risk-on signal that suggests the lows are likely in on SPX.

## Cap-Weighted Consumer Discretionary vs. Staples

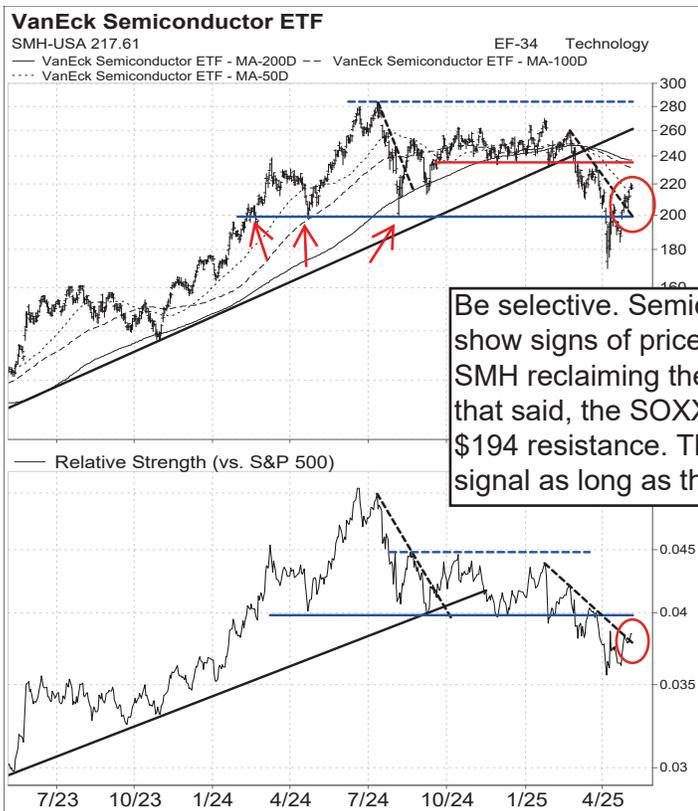
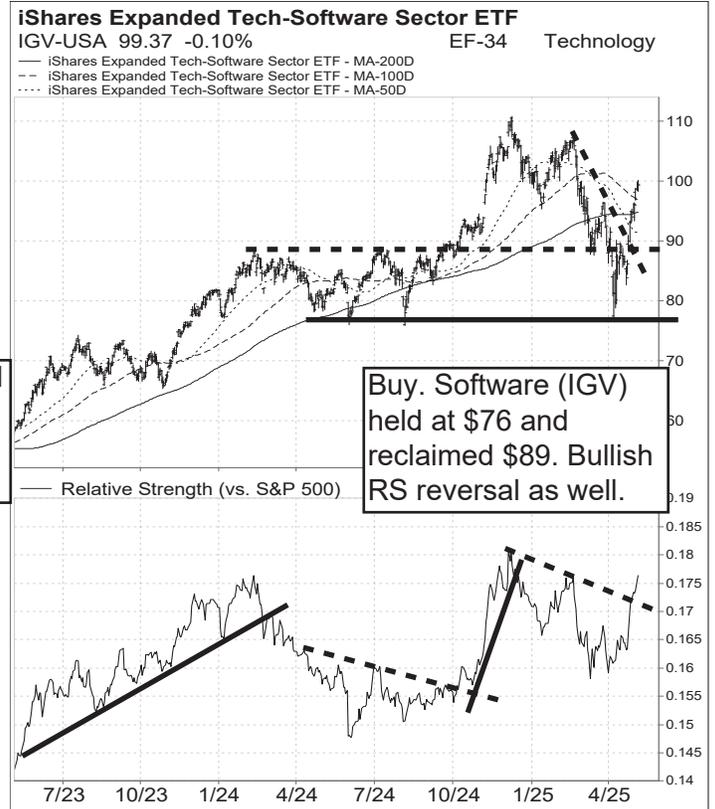
(XLY / XLP)



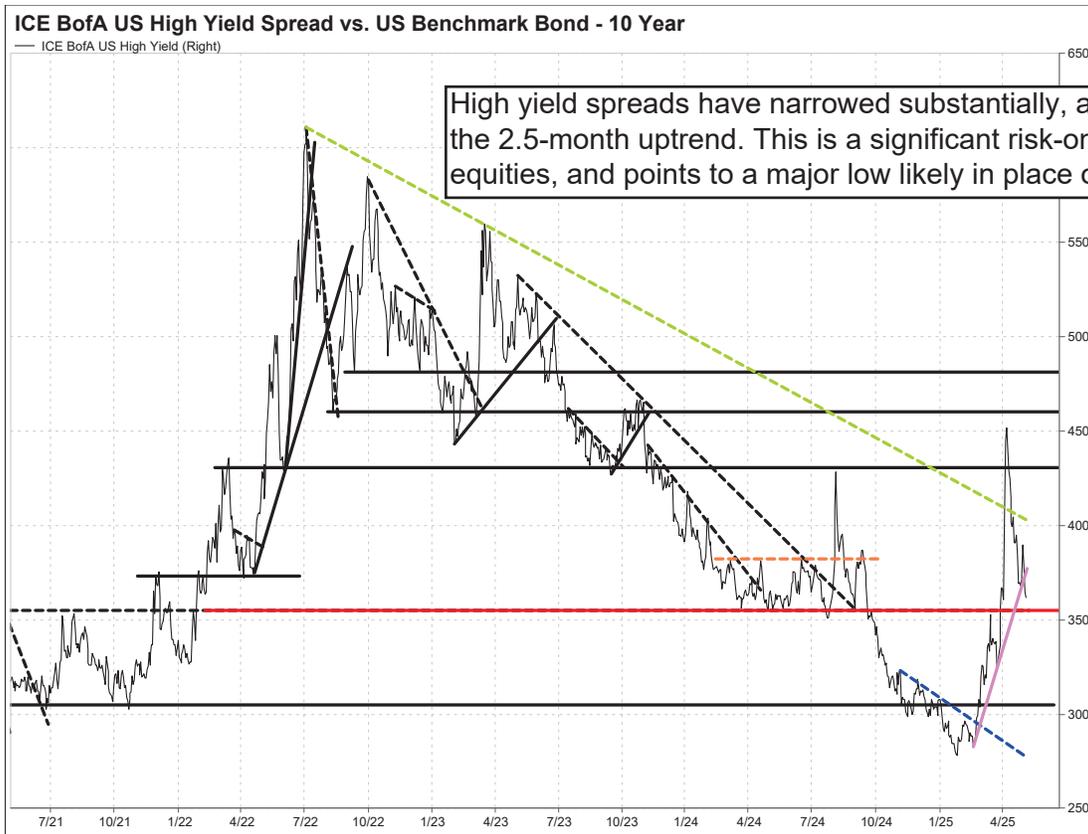
# Financials (XLF) and Communications (XLC) Reclaim Crucial Levels



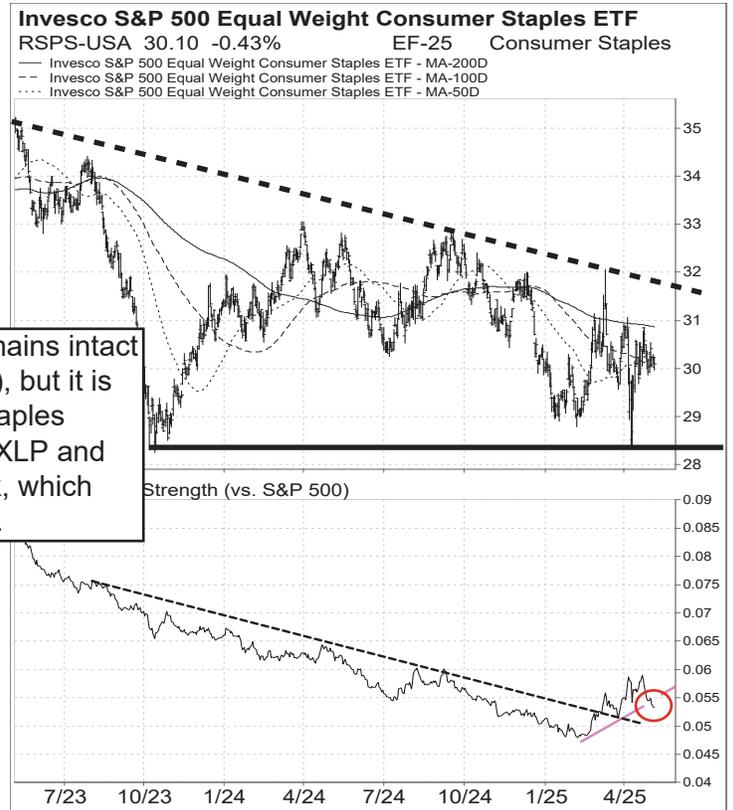
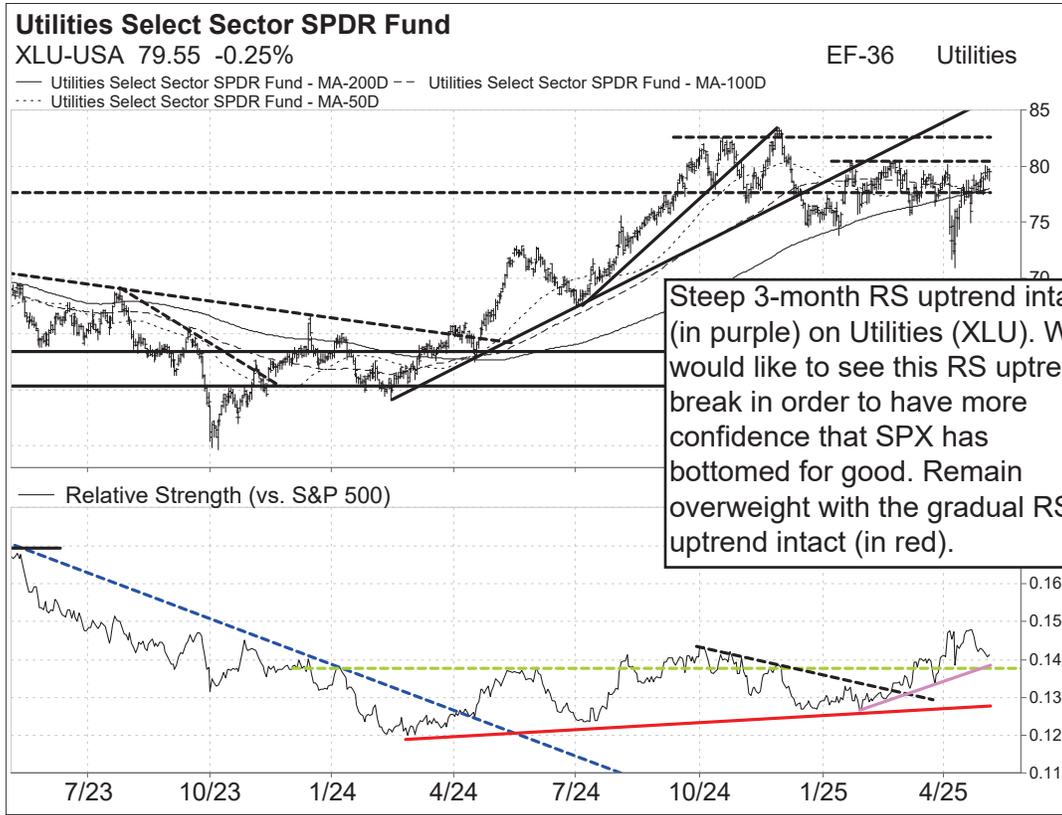
# Technology Improving, Led by Software (IGV); Semiconductors are Mixed



# High Yield Spreads Narrowing Below 2.5-Month Uptrends



# Monitoring RS for Defensives -- Utilities (XLU) and Staples (XLP, RSPS)



### 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**, **PARA**, **SBGI**, **SGA**, **SALM**, 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**, and **VSAT**.
- 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**, and **TIMB**.
- Group CO-11 Telecomm Services, North America is developing into a leadership Group. Attractive names include: **AMX**, and **TU**.
- 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**, and **TDS**.
- Group CO-19 Cellular Towers is a Relative Strength leadership Group. Attractive names include: **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**, **TGLO**, and **XNET**.

### Consumer Discretionary: *Market Weight (downgraded 3/11/25 from Overweight)*

- Price on the cap-weighted **XLY** has reversed the 3-month downtrend, but remains below its 200-day MA and the 5-month RS downtrend remains intact. We will need to see XLY, TSLA, and AMZN reclaim their 200-day MAs in order to believe a **bottom is in**. Be extremely selective.
- Group CD-01 Major Auto Manufacturers displays price and RS pullbacks – be selective. Attractive names include: **RYCEY**, **XPEV**, and **HMC** (bottom-fishing candidate).
- 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**, and **DRVN**.
- 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**) reclaimed the crucial \$59 level – add selective exposure. Attractive names include: **NFLX**, **EBAY**, **CHWY**, **LQDT**, **TDUP**, and **REAL**.
- 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**, **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), and **GAP** (bottom-fishing candidate).

## Sector Highlights -- new comments in green

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### Consumer Discretionary (cont.): Market Weight (downgraded 3/11/25 from Overweight)

- 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, DUOL, DAO, ATGE, LAUR, PRDO, LINC, APEI, LOPE, and AFYA.**
- Group CD-22 Cruises displays bullish price and RS inflections – add exposure. Attractive names include **RCL and VIK.**
- 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, CAKE, NATH, and bottom-fishing candidates WING and SHAK.**
- 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, WACLY, GT, BSET, OSW, RL, HLT, and BKNG.**

### Consumer Staples: Overweight (upgraded 4/22/25 from Market Weight)

- The RS base breakout on cap-weighted Consumer Staples (**XLP**) that led us to upgrade the Sector to overweight on 4/22/25 is starting to look like a failed breakout as the Sector has underperformed recently – be selective. Still, our overweight recommendation remains appropriate as long as the 3-month RS uptrend remains intact on the XLP. Of course, a RS breakdown would be very bullish for the broad equity market. RS on the equal-weighted Sector (RSPS) is already violating its 2.5-month uptrend, so we have the Sector on watch for a downgrade to market weight.
- Group CS-03 Hypermarkets & Super Centers remains in price and RS uptrends – overweight/add exposure on pull-backs. Attractive names include: **COST** (still a favorite large-cap Staples name), **WMT, BJ, and PSMT.**
- 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: **USFD, 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-11 Brewers displays a bullish RS inflection. Attractive names include: **CCU, KNBWY, and bottom-fishing candidates BUD, HEINY, and ABEV.**
- Group CS-14 Soft Drinks Bottlers, Small-Cap remains in price and RS uptrends – overweight/add exposure. Attractive names include: **PRMB and COCO.**
- Group CS-15 Soft Drinks & Bottlers, Foreign displays major bullish price and RS inflections – overweight/add exposure. Attractive names include: **FMX, CCHGY, KOF, AKO, and AKO.B.**
- 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, DANNOY, VLGEA, TR, LRLCY, CART,** and bottom-fishing candidates **CELH, MDLZ, CVS, KDP, and KVUE.**

### Energy: Market Weight

- 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, SHELL, and TTE**
- Group EN-02 Oil & Gas, Global, Large-Cap is emerging is reflecting improving RS. Attractive names on a RS basis are: **EQRN, CNQ, HES, PBR.A, and REPLY.**

### Energy (cont.): Market Weight

- Group EN-04 Oil & Gas, South America is a leadership Group. Attractive names include: **EC**, **REPY**, and **UGP**.
- 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**, **NRT**, **ECTM**, and **PRT**.
- 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**, and **CTRA**.
- 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**, **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: **WES**, **AM**, **HESM**, and **SUN**.
- 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 in an 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: **HSBC**, **SAN**, **UBS**, **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**, **ANZGY**, **KB**, **SHG**, **WF**, and **IX**.
- Group FN-05 Latin/South American Banks does have several technically attractive names including: **ITUB**, **BSBR**, **BAP**, **BCH**, **BBD**, **BBDO**, **GGAL**, **BCH**, **BSAC**, **BBAR**, and **BLX**.
- **Group FN-20 Mortgage Insurance is a leadership Group. Attractive names include: **MTG**, **ESNT**, **RDN**, **NMIH**.**
- 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**, **AJG**, **BRO**, and **WTW**.
- Group FN-36 Life & Health Insurance, Large-Cap is a leadership Group. Attractive names include: **AFL**, **MFC**, **SLF**, **PUK**, **EQH**, **UNM**, **AEG**, 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**, **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**, **FNF**, and **CNA**.

## Sector Highlights -- new comments in green

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### Financials (cont.): *Overweight*

- Group FN-41 Property & Casualty Insurance, Mid-Cap is a leadership Group. Attractive names include: **PGR**, **WRB**, **ORI**, **AXS**, **FAF**, **AGO**, **HTH**, **PRA**, and **THG**.

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

- **RS for Health Care is consolidating on the cap-weighted XLV and equal-weighted RSPH. Stay at market weight.**
- **Mega-cap, Large-Cap, and Mid-Cap Pharmaceuticals (Groups HC-01, HC-02, and HC-03) display RS deterioration – be selective.** Attractive names from a RS perspective include: **ABT** and **NVS**.
- 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**, **ETON**, and **DBVT**.
- 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**, **ZYBT**, **TGTX**, **SMMT**, **PCRX**, **ADMA**, **ADPT**, **EXEL**, **XERS**, **ARQT**, **BBIO**, **RYTM**, **MDGL**, **TRVI**, **HALO**, and bottom-fishing candidates **UPB**, **RVMD**, **OCUL**, **ZBIO**, **TSHA**, **MLYS**, **ZYBT**, and **SION**.
- Group HC-15 Diagnostic & Test Services displays price and RS bottoms – overweight/add exposure. Attractive names include: **FMS**, **DGX**, **GH**, and **NTRA**.
- Group HC-23 Health Care Distributors displays a 1-year bullish RS reversal – add exposure. 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**, **AXGN**, **NAGE**, **ALHC**, **CI**, **CRVL**, **AGL**, **GRDN**, and **CLPT**.
- Medical devices/equipment (**IHI**) Groups displays price deterioration, and RS is consolidating – be selective. Attractive names include: **BSX**, **PEN**, and **IDXX** (bottom-fishing candidate).

### 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**, **TT**, **MMM**, **JCI**, **PHG**, 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**, **CW**, **SPR**, **TGI**, **ATRO**, and **TATT**.
- Group MF-07 Aerospace, Comm/Electronics, Large-Cap is leadership. Attractive names: **TDY**, **LHX**, and **ESLT**.
- Group MF-17 Agricultural equipment is a leadership group. Attractive names include: **DE**, **CNHI**, **KUBTY**, **AGCO**, **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-03 Metals, Specialty has several attractive names including. CRS, and ATI.**
- 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**, **MLM**, **CX**, and **CPAC**.

## Sector Highlights -- new comments in green

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### Materials (cont.): *Underweight*

- Group MA-14 Fertilizer is emerging as a leadership Group. 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 pull-back and would use the 200-day as support on the GDXJ as a guide at \$43.28. Many names are reversing price and 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-01 REITs Real Estate Developers has several names that reflect good RS. Attractive names include: **BN, CBRE, INVH, CKHUY, and FPAFY.**
- Group RE-06 REIT's Residential is a leadership Group. Attractive names include: **AVB, EQR, MAA, ESS, SUI, AMH, UDR, ELS, IRT, AIV, and FPH.**
- Group RE-09 REITs, Healthcare displays major price and RS bottoms and has emerged as leadership. Attractive names include: **WELL, VTR, OHI, 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: **MA, V, ADP, BR, EXPGY, and PAYX.**
- Group SV-02 Data Processing & Outsourcing Svcs., Mid-Cap displays consolidating price and RS – be selective. Attractive names include: **G, PAY, STNE, PAGES, SEZL, and GDS.**
- 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: **FICO, HURN, VRSK, and VSEC.**
- Group SV-13 Construction & Engineering, Large-Cap displays bullish price and RS reversals within longer-term uptrends – overweight/add exposure. Attractive names include: **PWR, EME, ACM, and MTZ.**
- Group SV-14 Construction & Engineering, Small-Cap displays bullish price and RS reversals within longer-term uptrends – overweight/add exposure. Attractive names include: **IHS, PRIM, IESC, ECG, STRL, BWXT, DY, ROAD, and MYRG.**
- 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 discussed in our 4/22/25 *Compass* how we were 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). The reversals came that day, and they appear to be going through a**

## Sector Highlights -- new comments in green

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**bottoming process.** **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 7<sup>th</sup>, 2025, as BTC touched \$74,384. **We are now near-term bullish after bitcoin was above to get back above \$92,000.**

- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **APP, DAVE, LB, GEO, PBI, ARIS, CSV, HRB, ADT, CTAS, FIX, SOFI, AFRM, OPFI, and LDOS.**

### Technology: *Underweight*

- Cap-weighted Technology (**XLK**) has been outperforming since the early-April lows, and RS appears to be staging a bullish false breakdown at 3-year support on both the **XLK** and equal-weighted **RSPT**. The 10-month RS downtrend remains intact for now on **XLK**, but we would upgrade the Sector to market weight on a bullish RS reversal. Additionally, we want to be selectively buying software (**IGV**) and semiconductors (**SMH**), both of which appear to be forming price and RS bottoms.
- Semiconductors and semi-suppliers are starting to show signs of price and RS bottoms with the **SMH** reclaiming the crucial \$200 level. With that said, the **SOXX** ETF is still testing major \$194 resistance. Add selective exposure to semiconductors and semi-suppliers. Attractive names include: **AEVA, AVGO, CIEN**, and bottom-fishing candidates **ALAB, SITM, ARM, UMC, NVDA, MPWR, and KLAC.**
- Group TE-17 Network Security Services & Software displays bullish price and RS bases – overweight/add exposure. **This is our favorite Group within Technology.** Attractive names include: **VRSN, CHKP, CYBR, FTNT, NET, OKTA, ZS, and TMICY.**
- Software Groups (ETF: **IGV**) display significant price and RS improvement as the **IGV** reclaims the crucial \$88-\$90 level – overweight/add exposure. 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, EA, MGIC, FARO, CRWD, CDNS, WAY, MSFT, SAIL, NOW, NTNX, PAYC, TWLO, CRWV, and KC.**
- 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 discussed in our 4/22/25 Compass how we were 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). The reversals came that day, and they appear to be going through a bottoming process.** **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 7<sup>th</sup>, 2025, as BTC touched \$74,384. **We are now near-term bullish after bitcoin was above to get back above \$92,000.**
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: **MVST, IDCC, SATL, OSIS, IBM, MRCY, CLS, APH, WEDXF, FEIM, VRT, ANET, CRDO, UI, and VNET.**

### 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, NAT, TNP, 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.
- Group UT-18 Independent Power Production displays bullish price and RS inflections – add exposure. These names tend to outperform during risk-on environments. Attractive names include: **GEV, CEG, NRG, TLN, and VST.**

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

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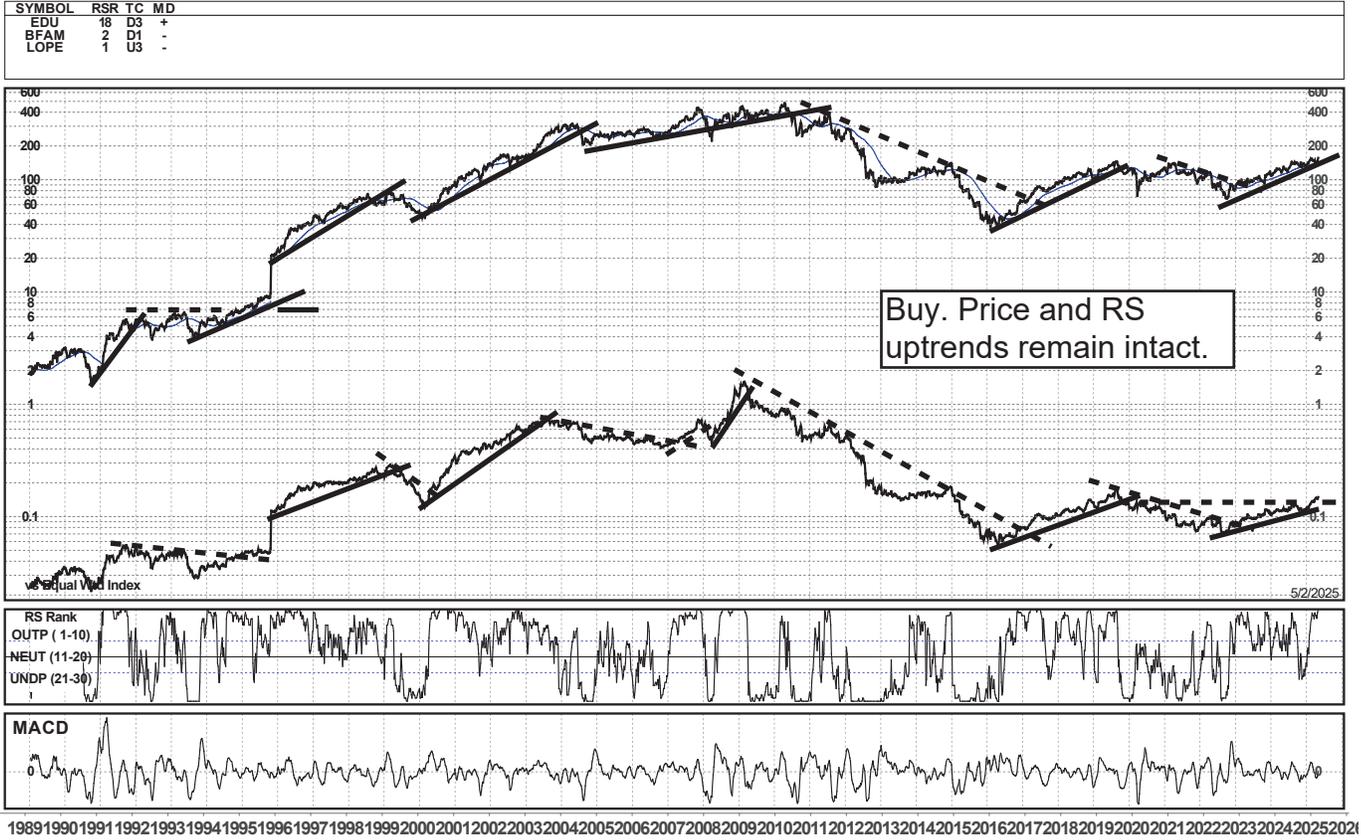
### **Utilities (cont.): *Overweight***

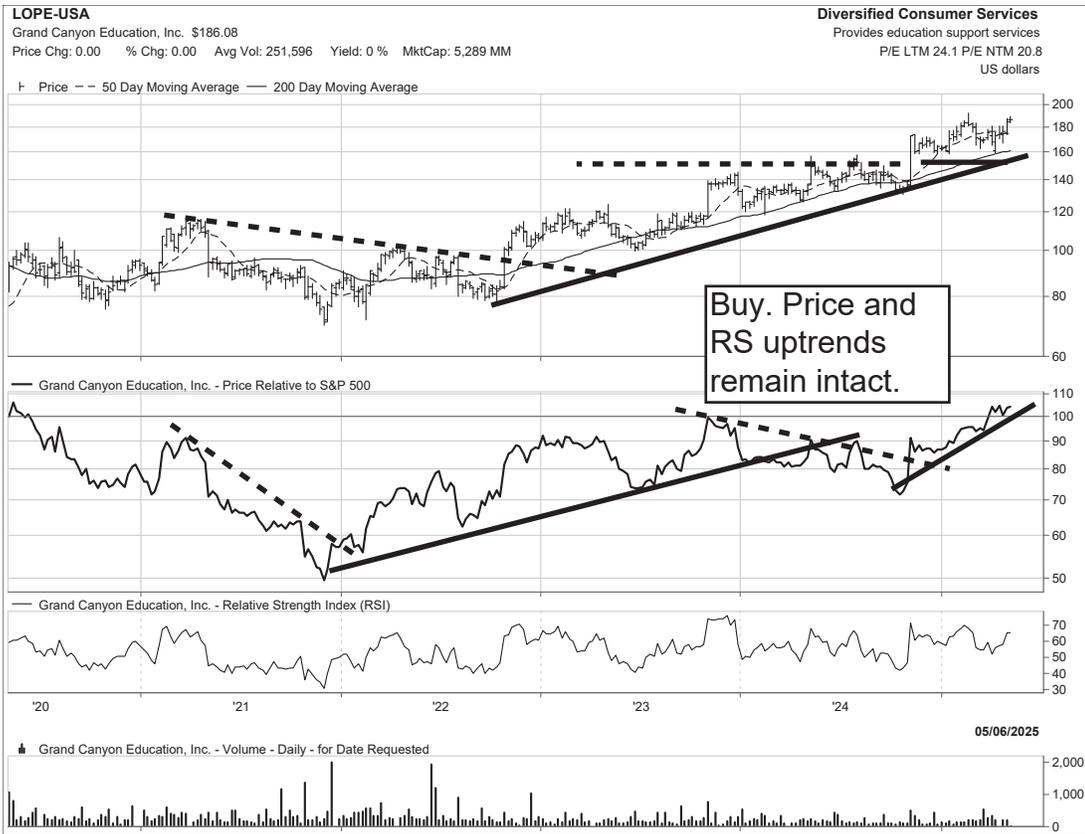
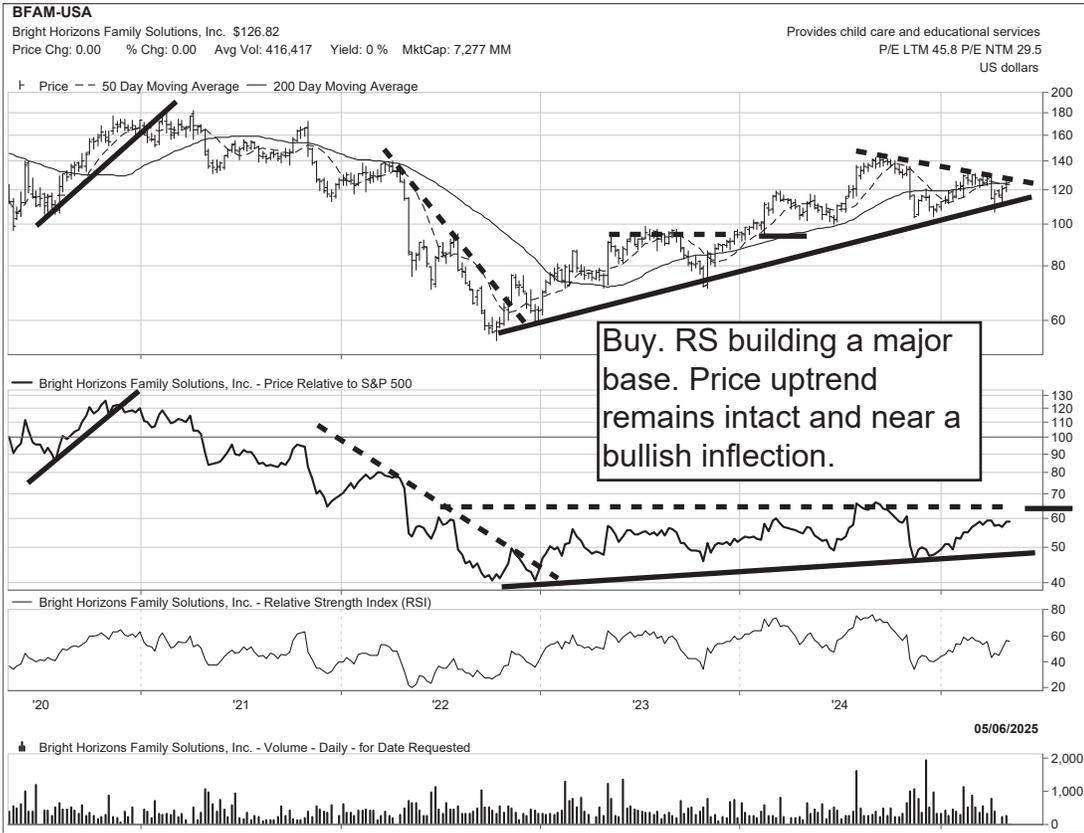
- Most other Groups within Utilities look virtually identical to the XLU and RSPU ETFs. Therefore, we prefer to evaluate the Sector from a bottoms-up perspective. Attractive names include: **EXC, AEE, AEP, NFG, WEC, NI, EQT, CNP, ETR, IDA, UGI, KEN, TXNM, ED, EVRG, ATO, CMS, DTE, OGE, PNW, PPL, XEL, AWK, SO, WTRG, SBS, EBR, ELP, FE, HOKCY, and ENIC.**
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**On the following pages we highlight attractive Groups and stocks within Consumer Discretionary, Health Care, and Consumer Staples:**

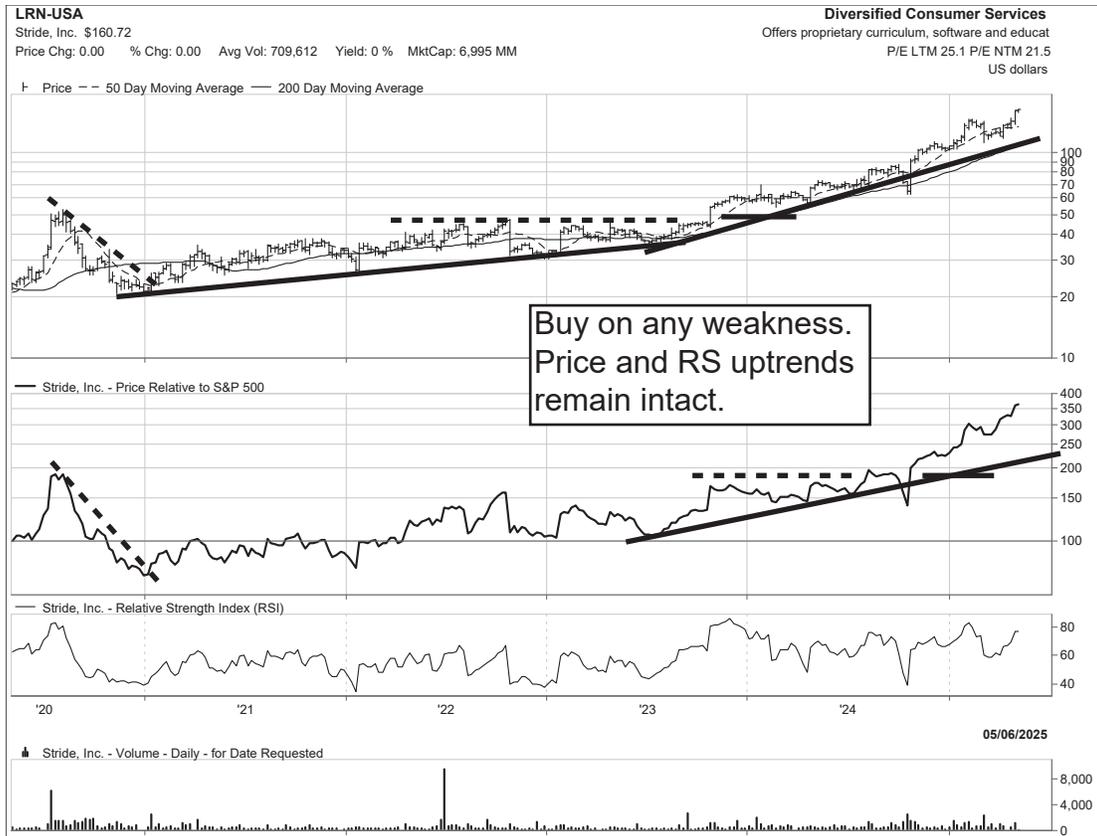
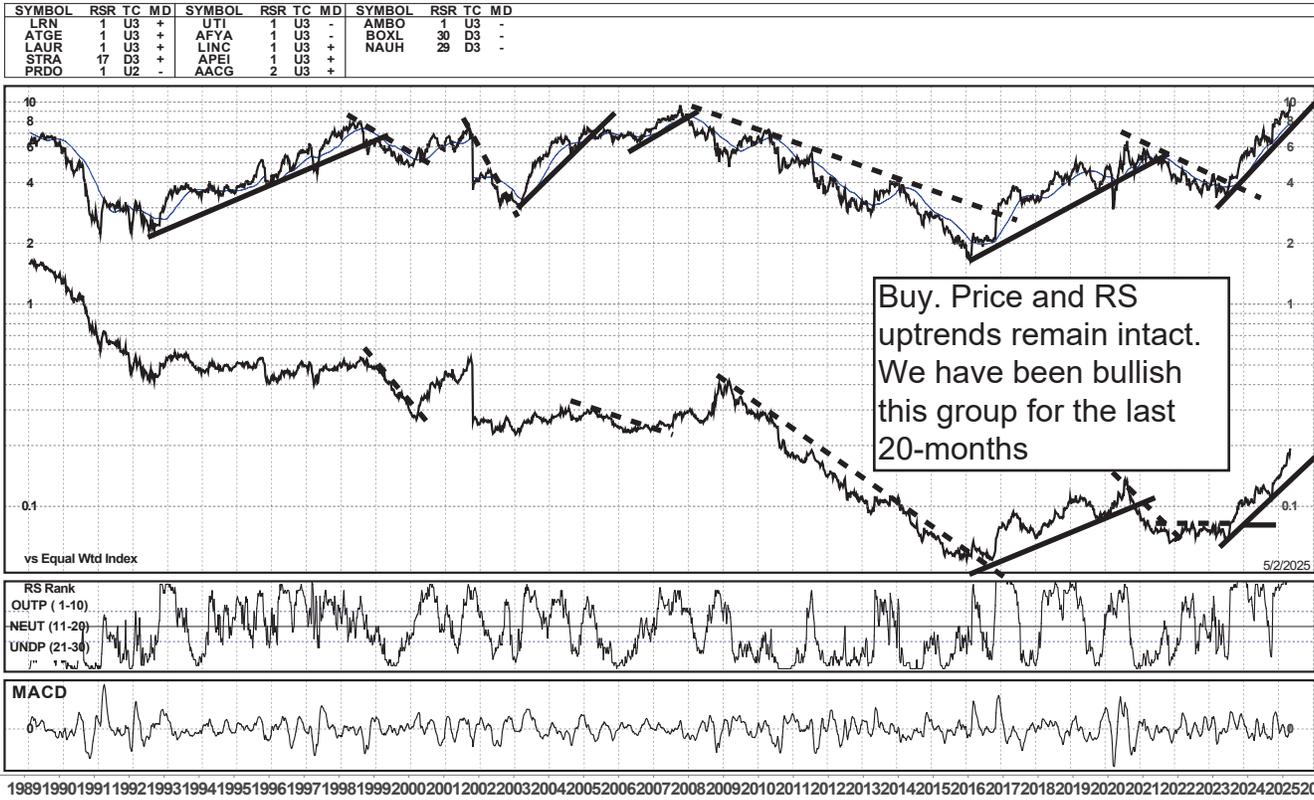
- **CD-18 Education Services. Large-Cap- Stocks highlighted: DUOL, BFAM, and LOPE**
- **CD-19 Education Services, Small-Cap - Stocks highlighted: LRN, ATGE, LAUR, PRDO, UTI, AFYA, LINC, and APEI**
- **HC-33 Nursing Homes & Assisted Living - Stocks highlighted: ENSG, BKD, and SNDA**
- **CS-27 Flavors & Fragrances - Stocks highlighted: SXT**

CD-18 Education Services, Large-Cap

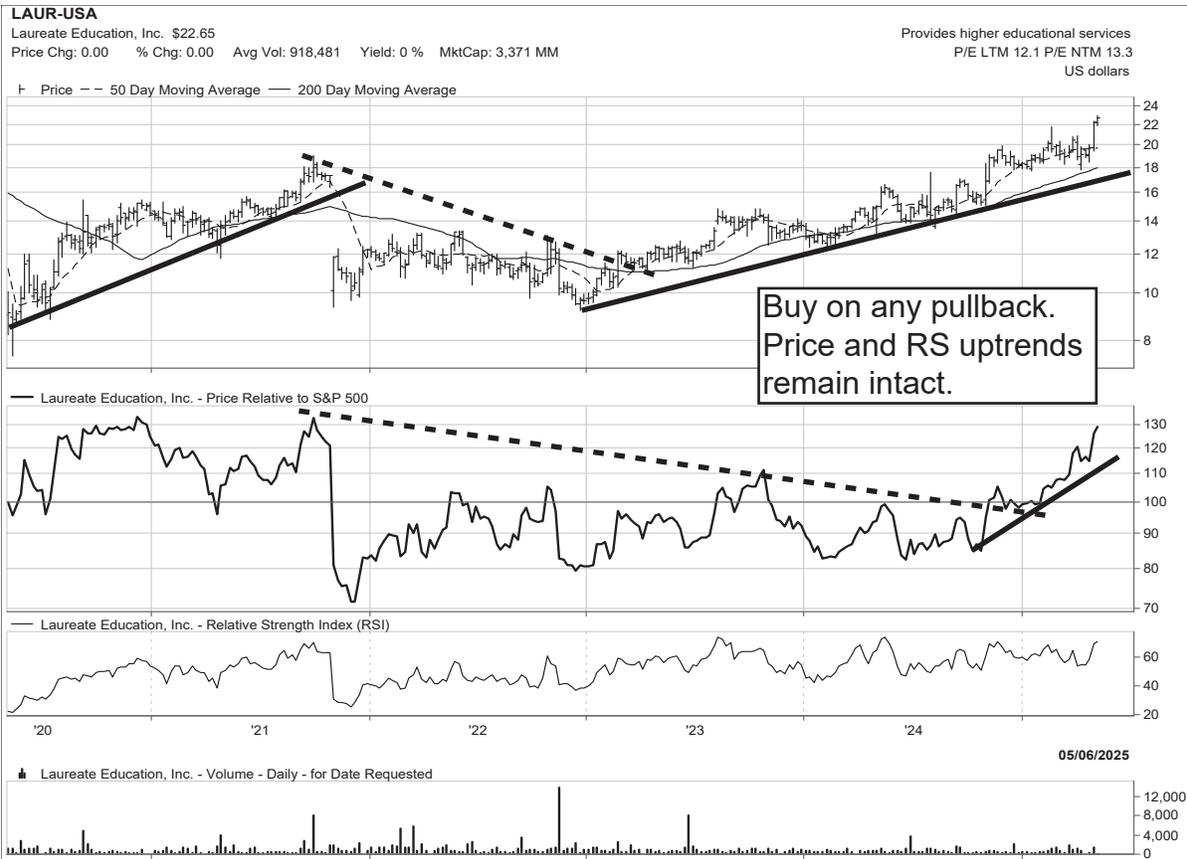
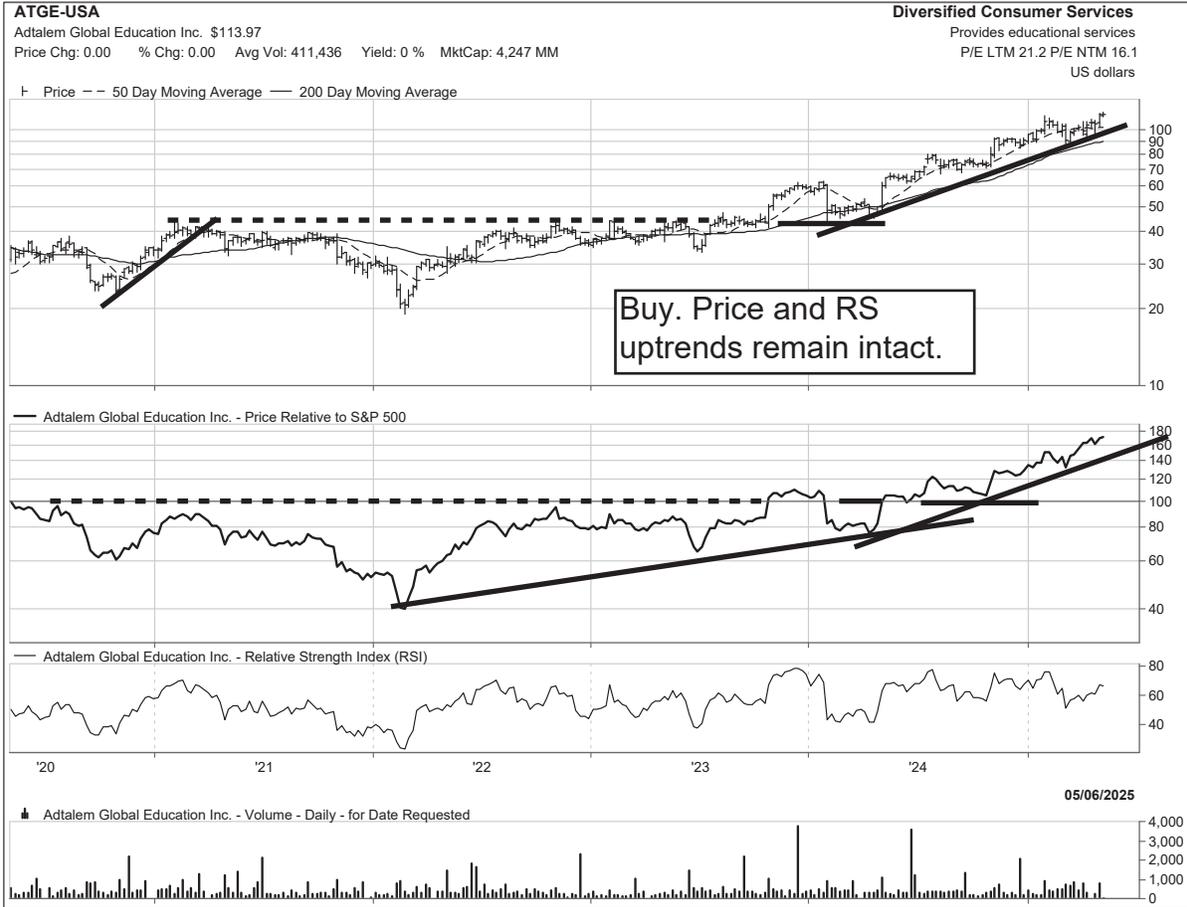




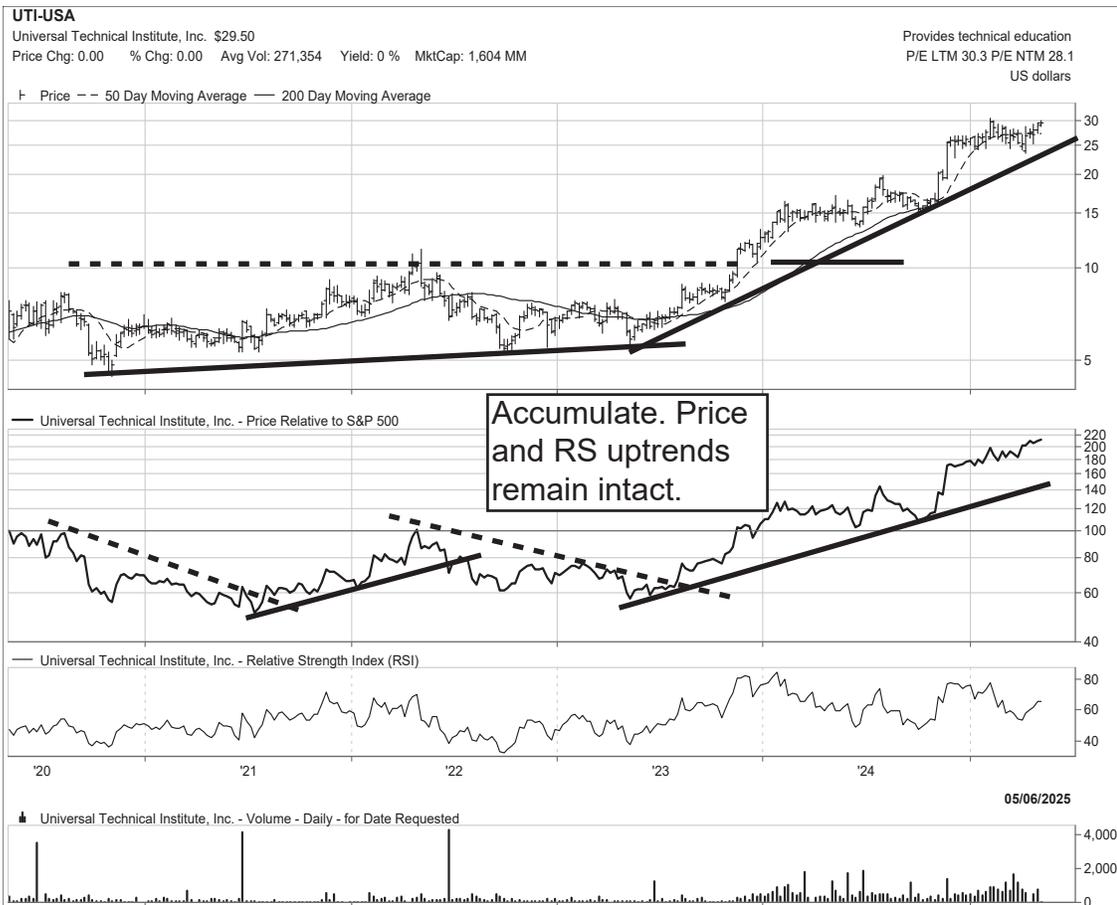
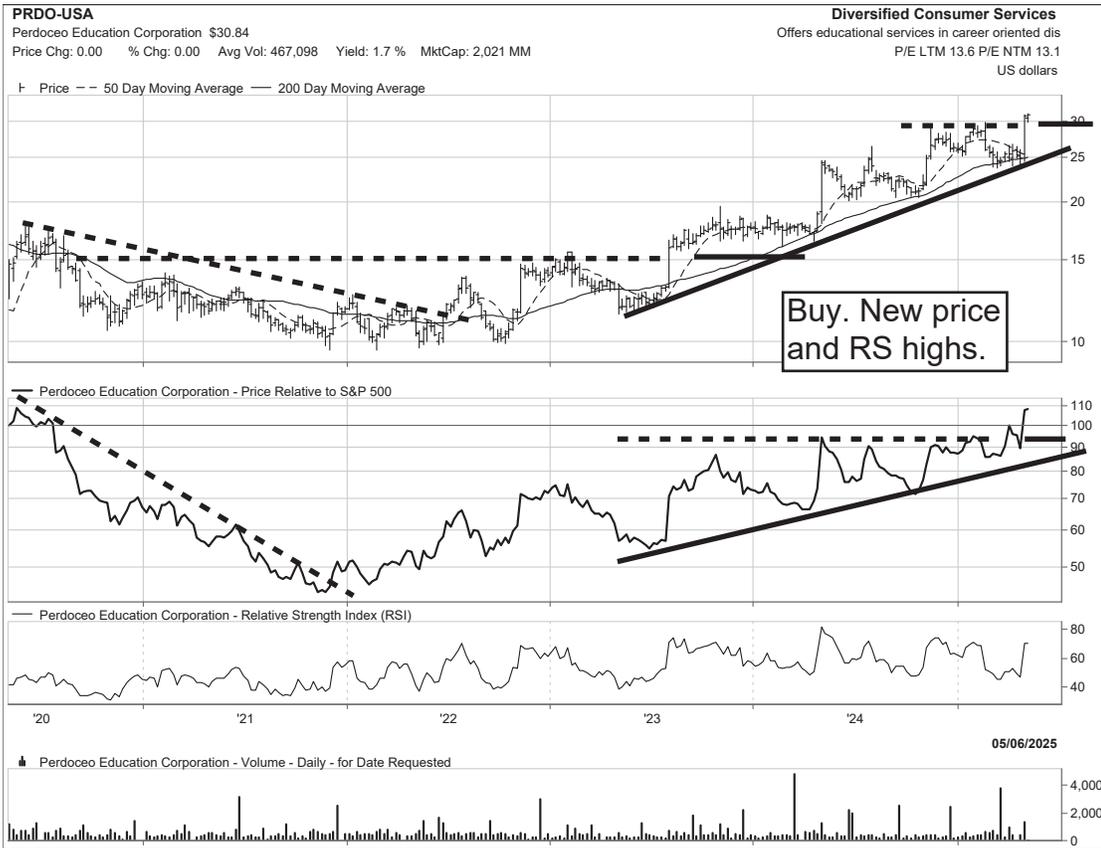
CD-19 Education Services, Small-Cap



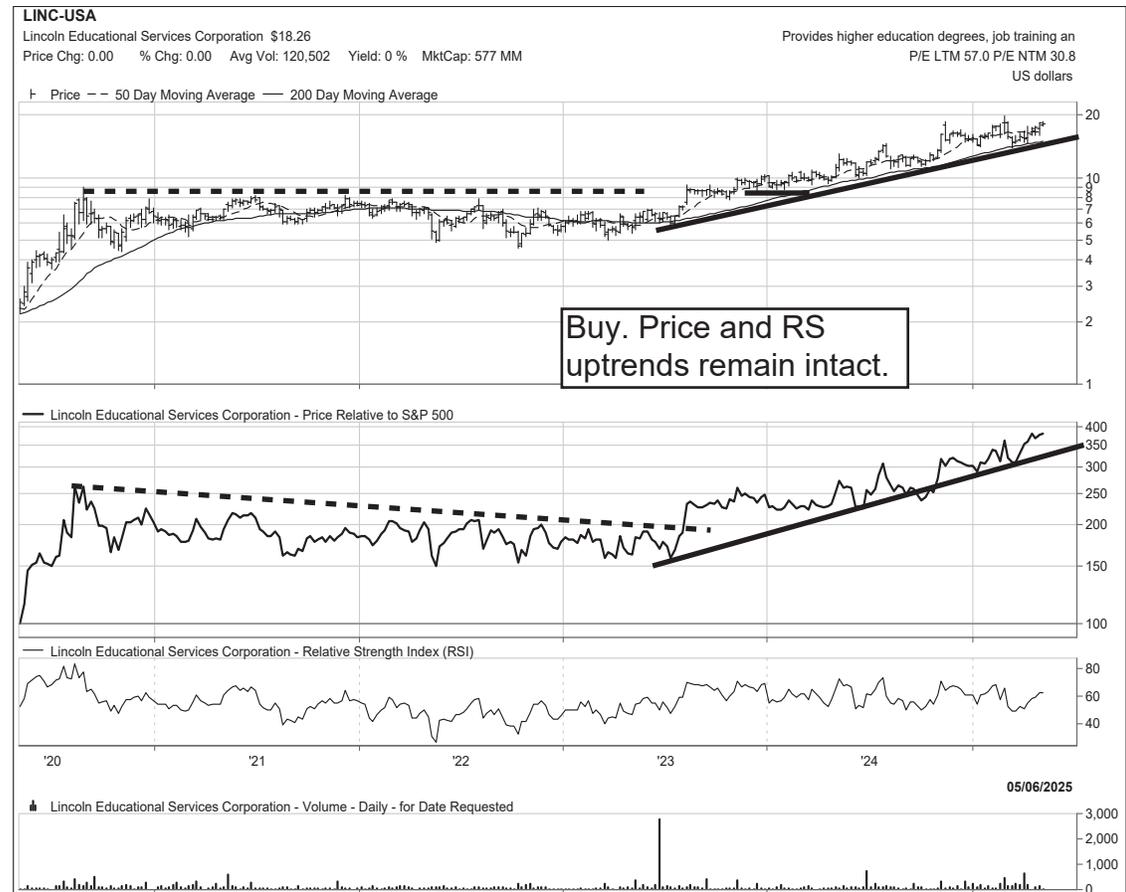
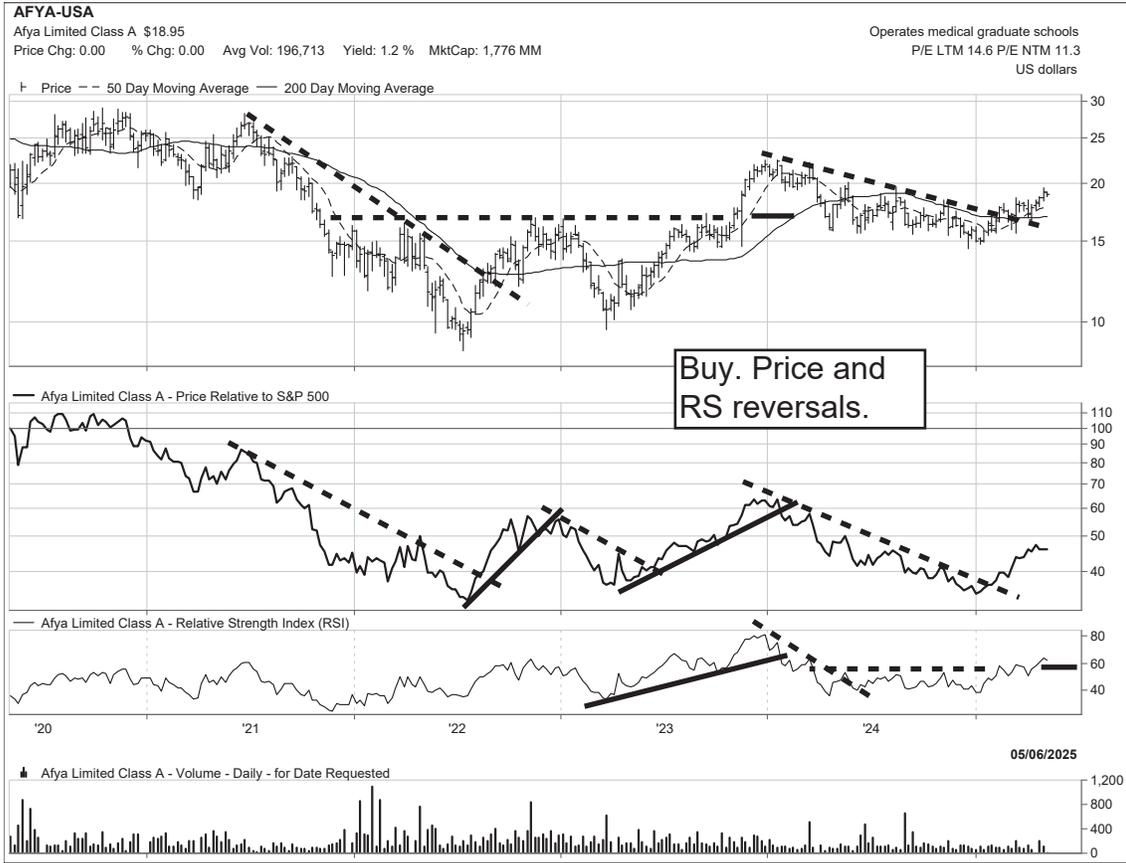
# Attractive Groups: CD-19 Education Services, Small-Cap



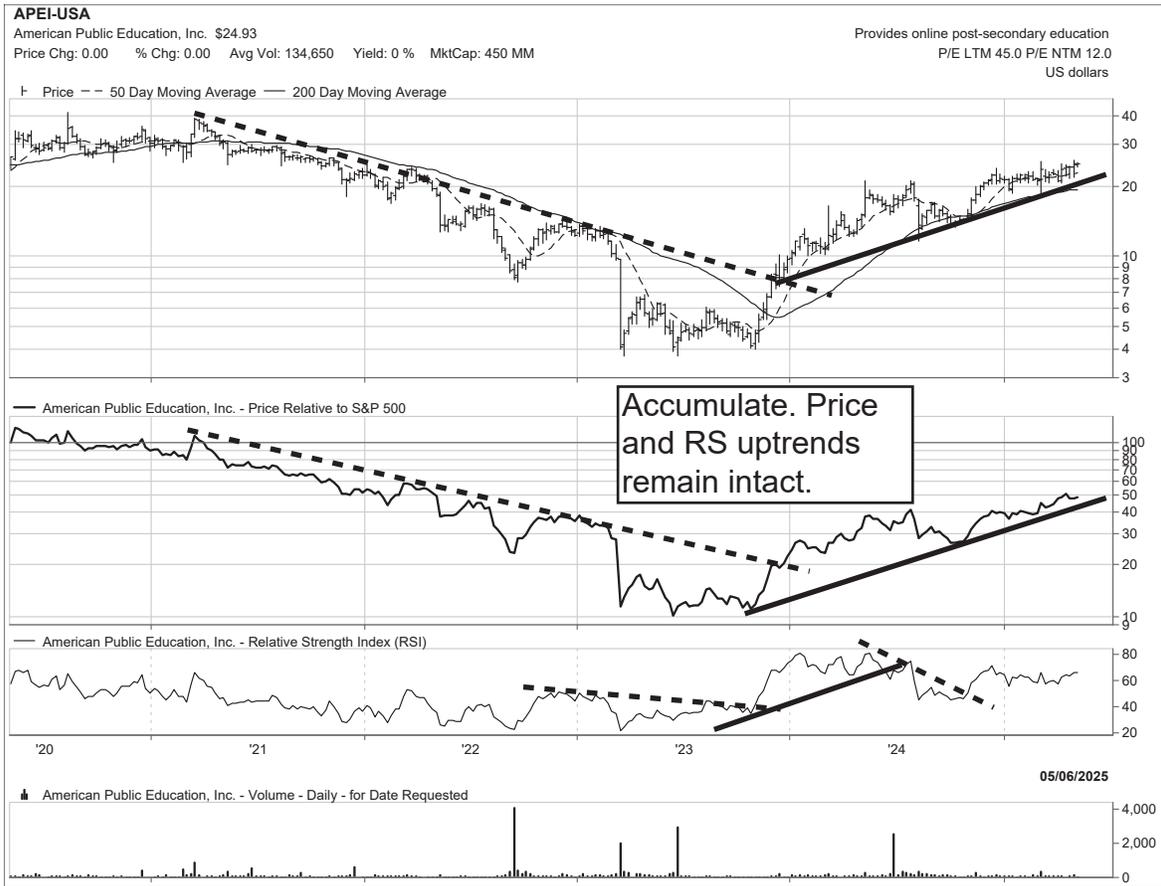
# Attractive Groups: CD-19 Education Services, Small-Cap



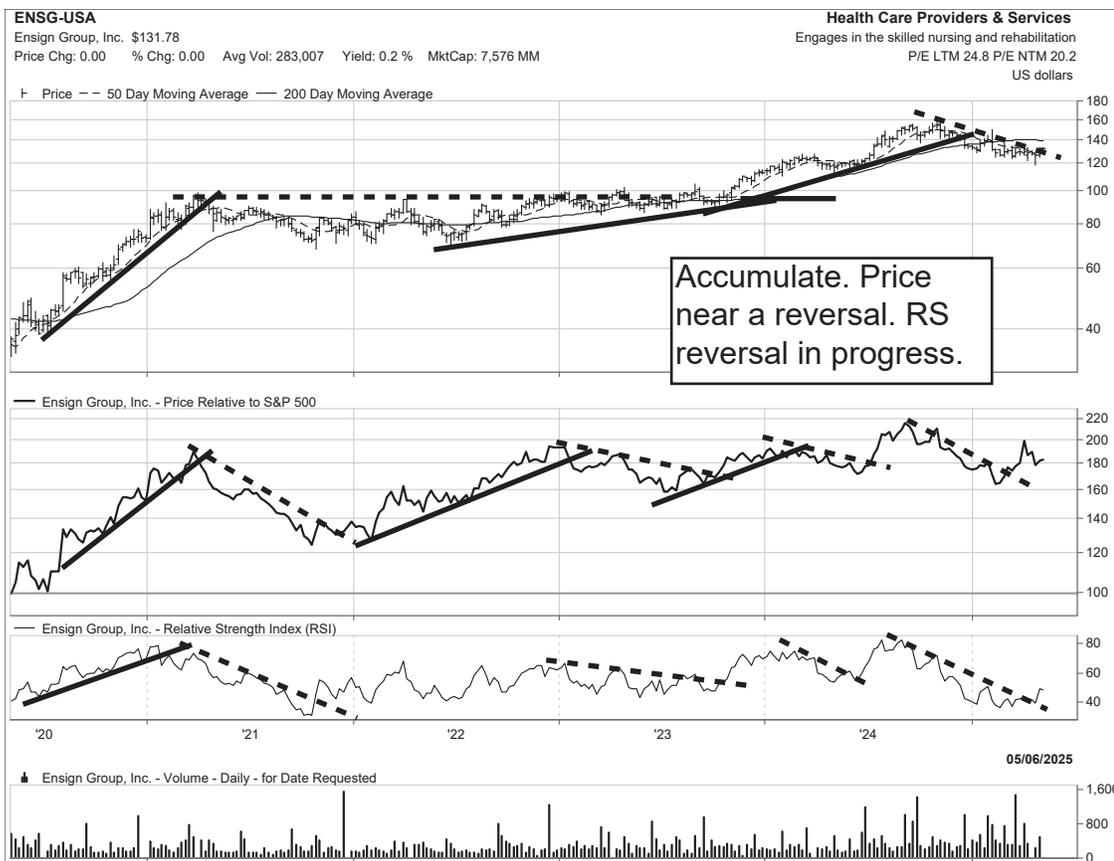
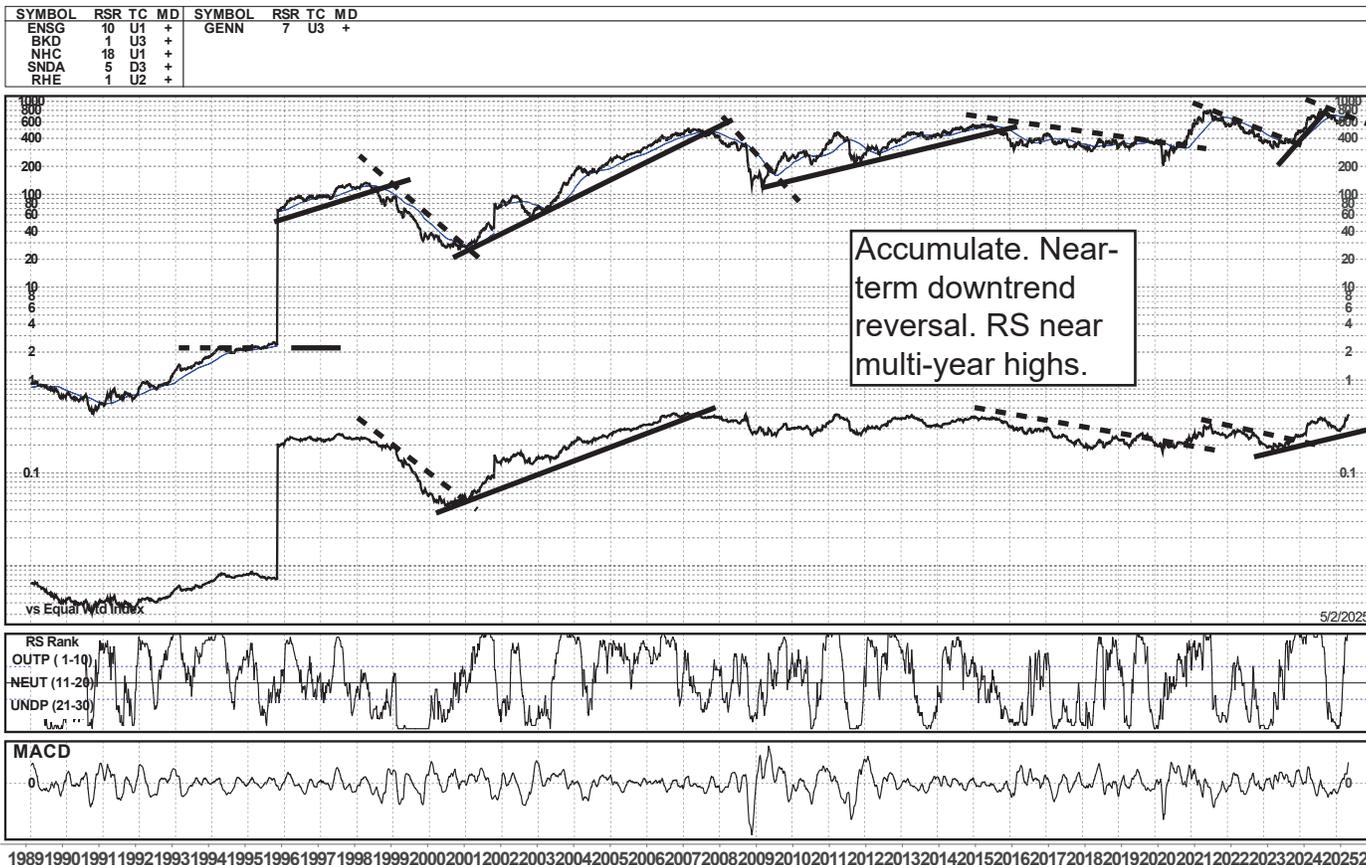
# Attractive Groups: CD-19 Education Services, Small-Cap



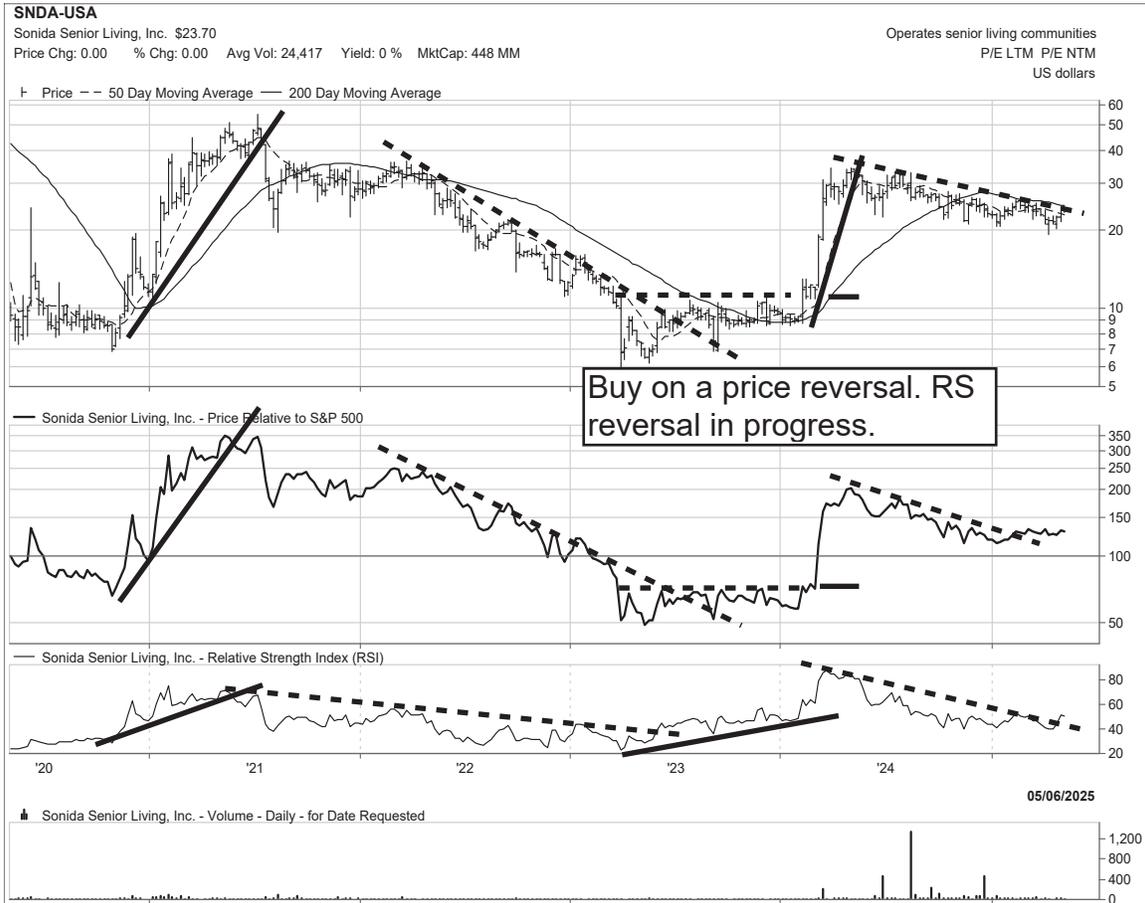
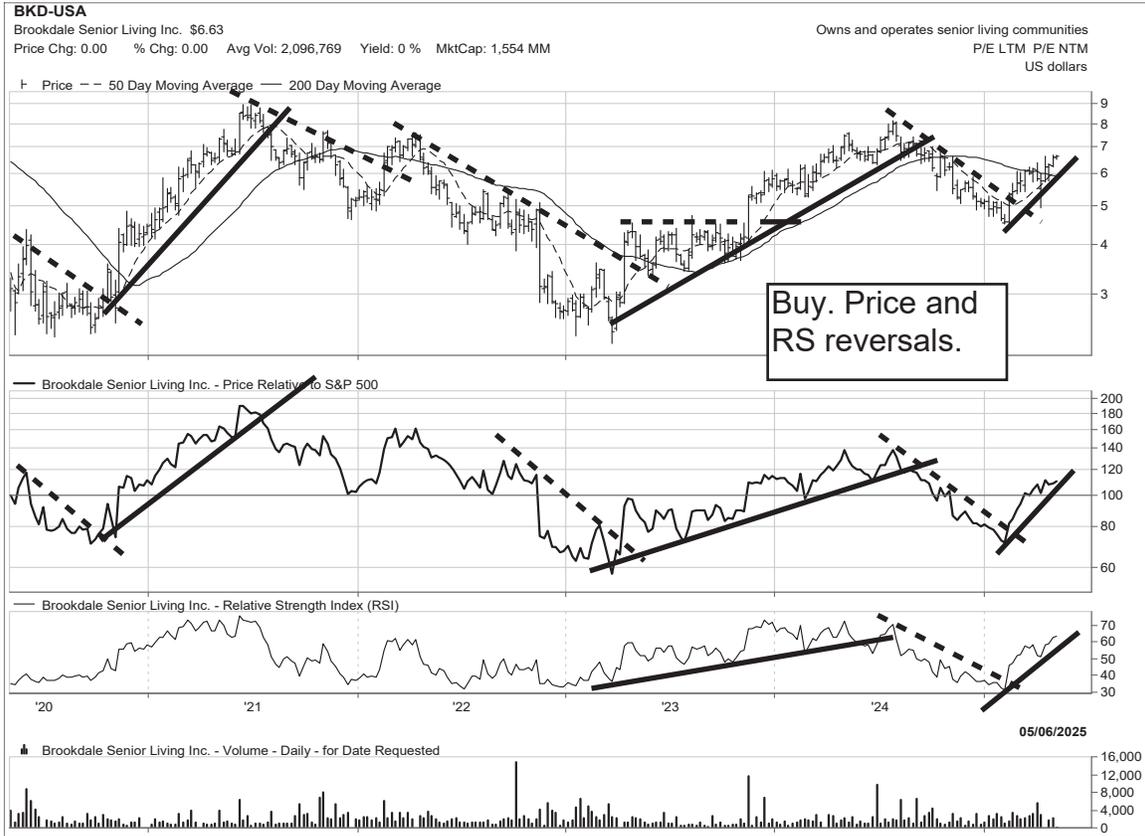
# Attractive Groups: CD-19 Education Services, Small-Cap



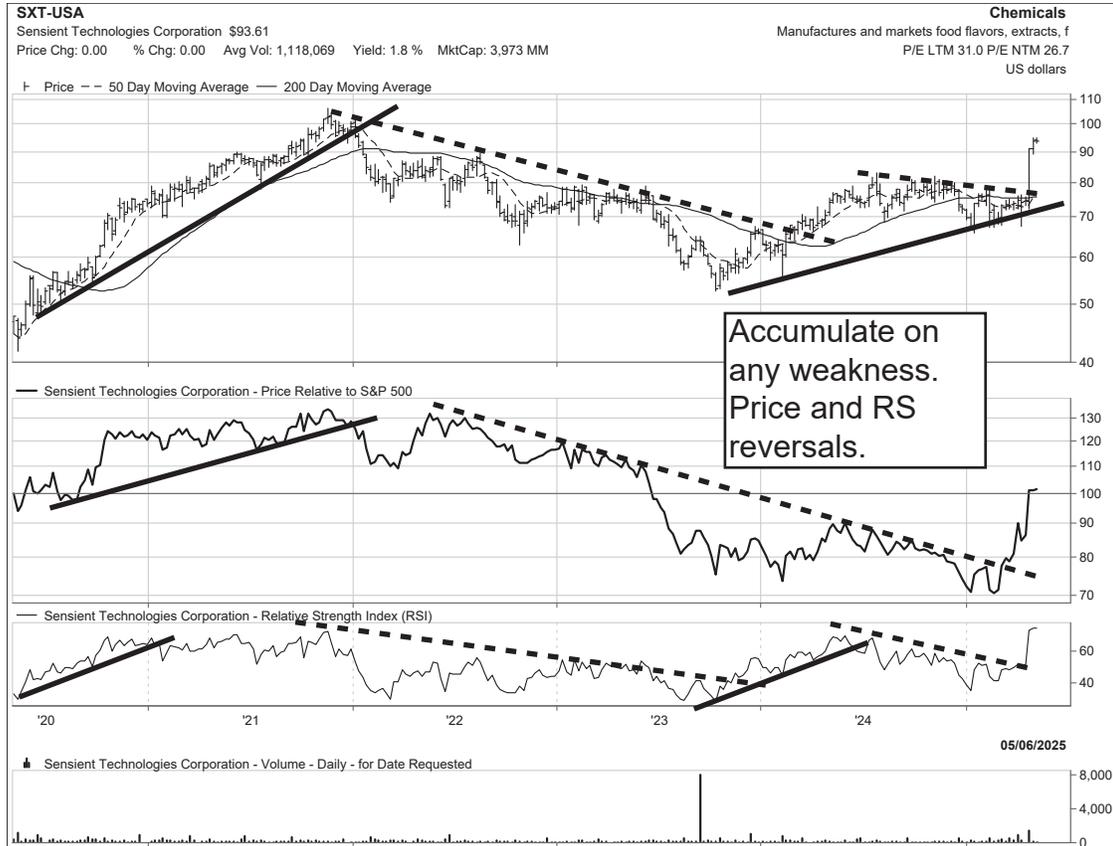
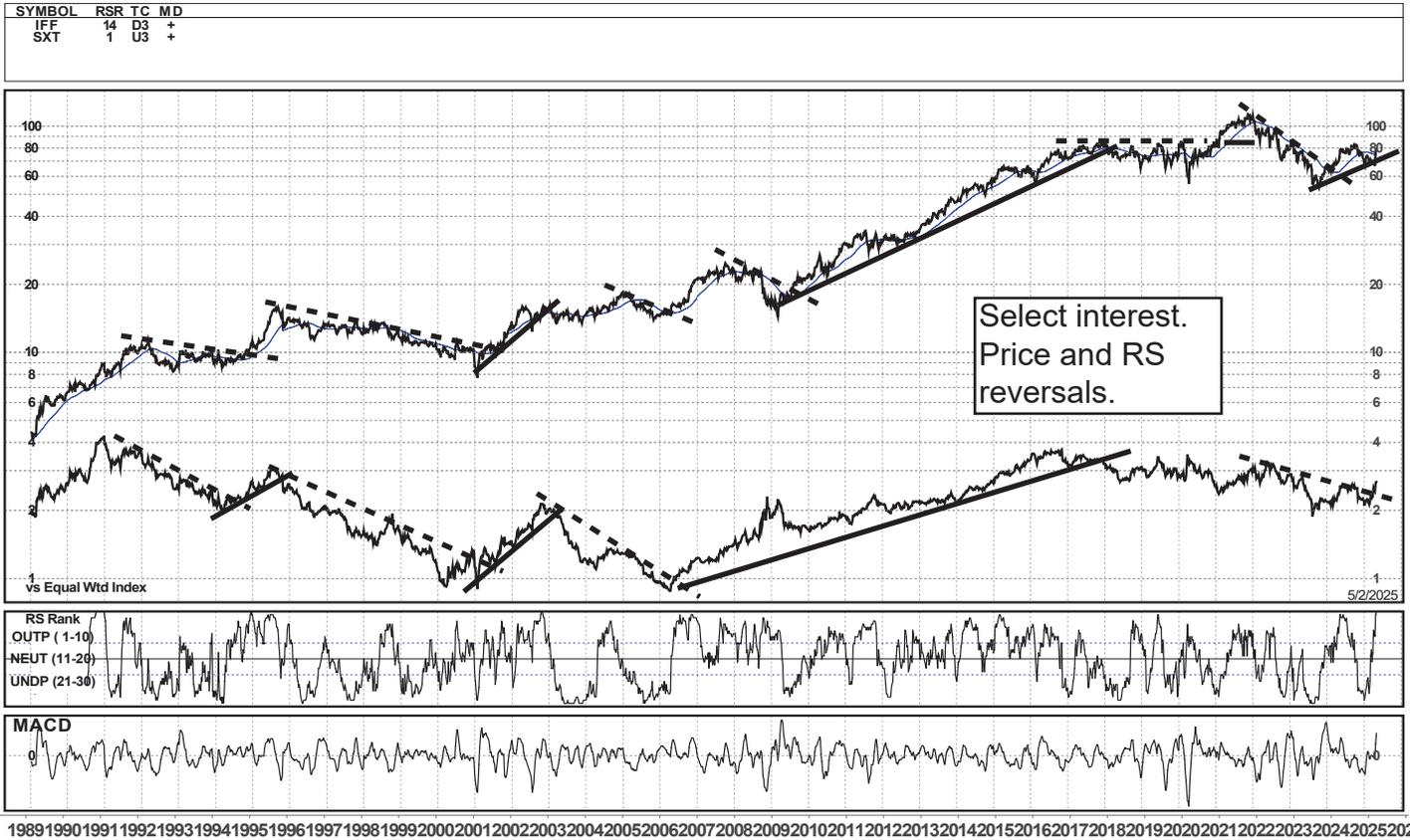
HC-33 Nursing Homes & Assisted Living



# Attractive Groups: HC-33 Nursing Homes & Assisted Living



CS-27 Flavors & Fragrances

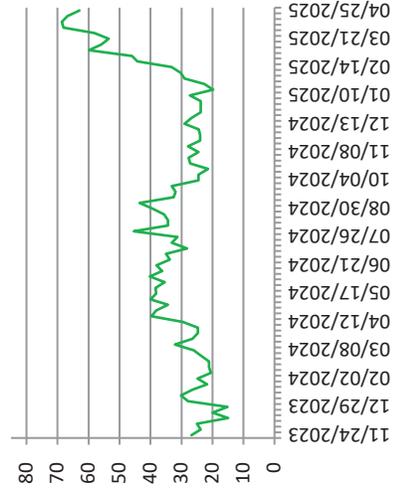




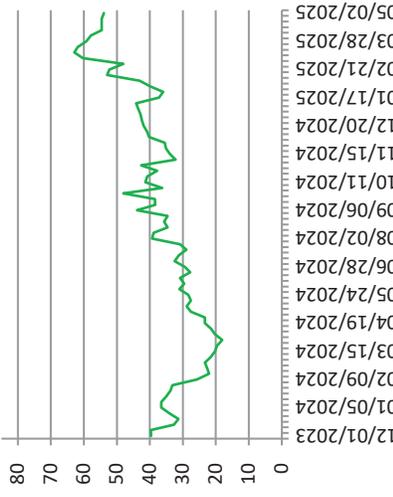
5/5/2025	Bottom-fishing	Positive Inflection	Upstrends	Pullback to Support	Negative Inflection	Downstrends	Toppy	
<b>Consumer Discretionary</b>	BOOT JORY BIH CTRN DXLG EYE GAMB HEV	ACHR ATGE CHEE CIVD GHC	AFEI ATGE CHEE CIVD GHC	EAT HNST		ABG BALK BZJ ACCO BARK CAL ACVA BICG CARS AEO BKE CBRK AMWD BLMN CENK ARFS BTBT CENTA ASD BYON CDFG AVO HAN BGS HBE BNW HLE CNK CRK BOORR BRY ALTI AMAL AMBE BANC BOOP BEFH ABSI ALCH ACXL ACRV ADOM ALHO ALDX ABM DRS DAN IESE YRI CMCL CZG DC IIN EPI AHR	CHFT DENN FNKO DHI FUN HOV DNR HWT JOUT DNI GCO HZD DNUT GCT IGT FL GDEB HZS FLWS GMGI JAKK FLXS HBI JILL	
<b>Consumer Staples</b>	SRWG HEF	ALGO COCO CVGW DQLE HFFS	SLMI FDP			AMBE AVO BGS BNW CNK CRK BOORR BRY		
<b>Energy</b>	BTU DVI GENE GTLS	DNOW GPOR	ARIS HNRG		AROC CNK IE	ACDC AESI AMR BRY ALTI AMAL AMBE BANC BOOP BEFH ABSI ALCH ACXL ACRV ADOM ALHO ALDX ABM		
<b>Financial</b>	BRVN AMBC ASMI ATLO AUB AUB AX	ESNV EVER FBP FAM FED HBT HCP HNE HMST	ESNV EVER FBP FAM FED HBT HCP HNE HMST		ENVA FRME	ACDC AESI AMR BRY ALTI AMAL AMBE BANC BOOP BEFH ABSI ALCH ACXL ACRV ADOM ALHO ALDX ABM		
<b>Health Care</b>	ADJG AGEN AGEN ARS BBO BBO AMAB ASTH ATOS ATSP FSS	AVOB BOLD BPMC DYN DYN EVM EVA FATE FATE FATE	AGL AKRO ALKS ALNY ALPH BBO BBO AMAB ASTH ATOS ATSP FSS	ADPT CPXK CRVL DYN GH HALO HSTN HSTN		ATRC	ABSI ALCH ACXL ACRV ADOM ALHO ALDX ABM DRS DAN IESE YRI CMCL CZG DC IIN EPI AHR	
<b>Manufacturing</b>	AVAV GSS BLRD CECO ONIT YRI EVEX	AVAV GSS BLRD CECO ONIT YRI EVEX	AVAV GSS BLRD CECO ONIT YRI EVEX			ATRC	ABSI ALCH ACXL ACRV ADOM ALHO ALDX ABM DRS DAN IESE YRI CMCL CZG DC IIN EPI AHR	
<b>Materials</b>	AMBP AMQ CZUS CLW ALX	AMBP AMQ CZUS CLW ALX	AMBP AMQ CZUS CLW ALX			AMBP AMQ CZUS CLW ALX		
<b>Real Estate</b>								
<b>Services</b>	SCA CWC EEX EEX GLDD GLDD	SCA ATPC BBUC CIX CWBST EALS DRY GEO	SCA ATPC BBUC CIX CWBST EALS DRY GEO	SCS INGD			SCA ATPC BBUC CIX CWBST EALS DRY GEO	
<b>Technology</b>	ALIS AMBA APPN BASE BBAI CDXL CNAN ENVO BKSY	ALIS AMBA APPN BASE BBAI CDXL CNAN ENVO BKSY	ALIS AMBA APPN BASE BBAI CDXL CNAN ENVO BKSY	AMR AMN AMN ATEN CRNC IONQ			ALIS AMBA APPN BASE BBAI CDXL CNAN ENVO BKSY	
<b>Communications</b>	BKSY CCOI	ASTS BOC CNK CDUR ASLE	GRND IDT			AMCK APPS ATEX AVNW HARB CARE CVLG FWRD GWSR		
<b>Transports</b>	ALGT ASC FLNG DNK CZDI	ALGT INSW JBLU DHT GLNG HTZ AVR	ALGT INSW JBLU DHT GLNG HTZ AVR	FTN		AMCK APPS ATEX AVNW HARB CARE CVLG FWRD GWSR		
<b>Utilities</b>								



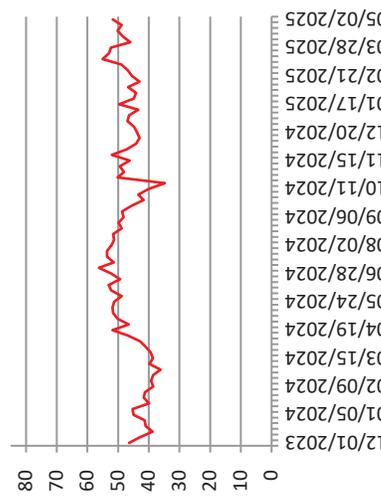
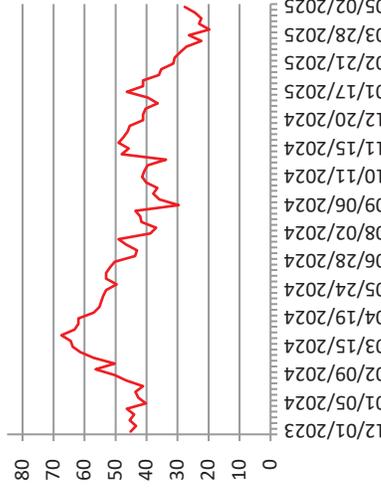
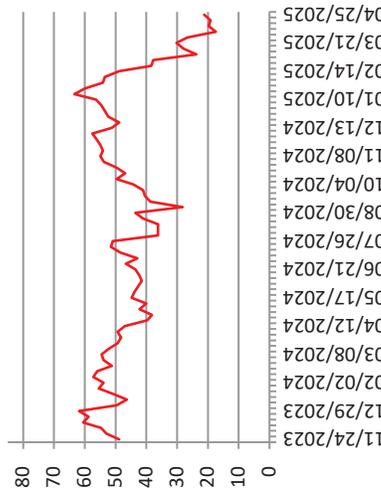
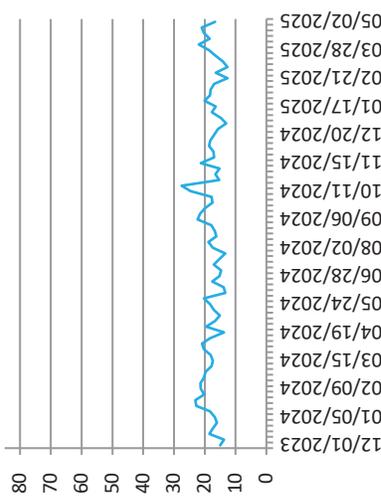
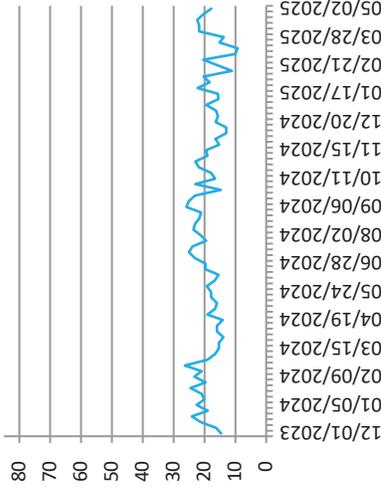
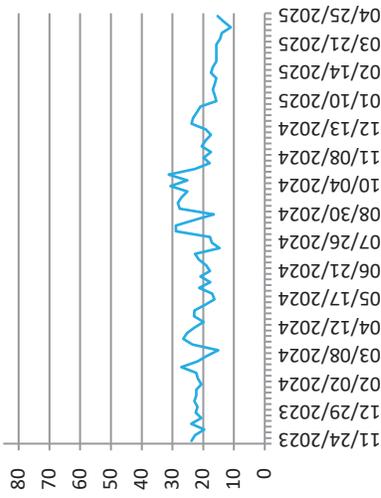
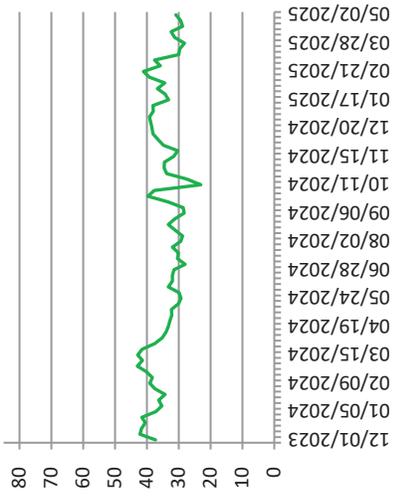
### Consumer Staples



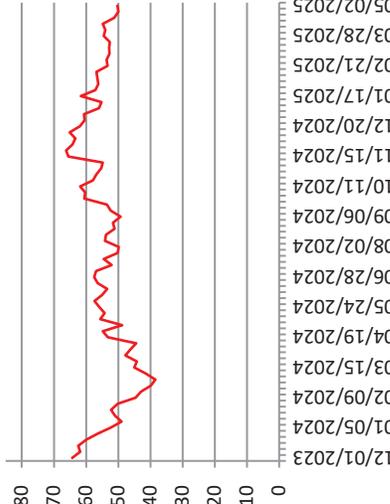
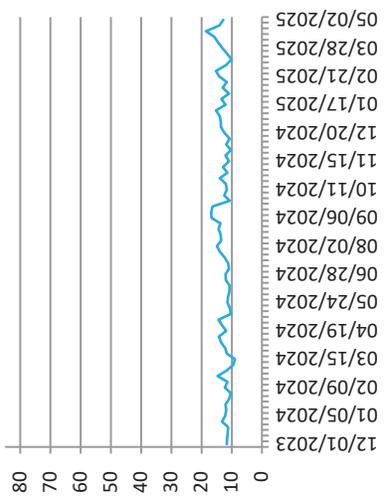
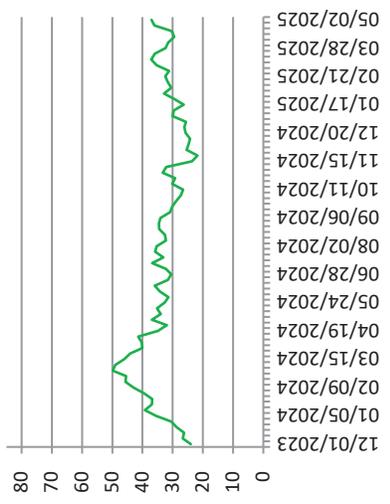
### Communications



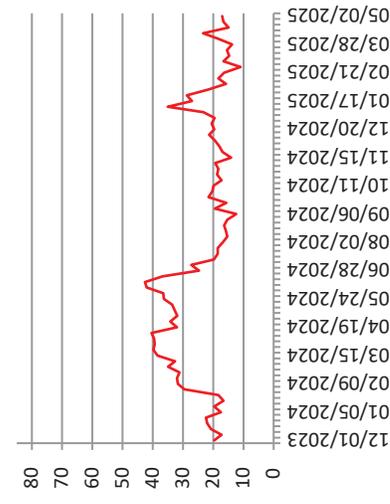
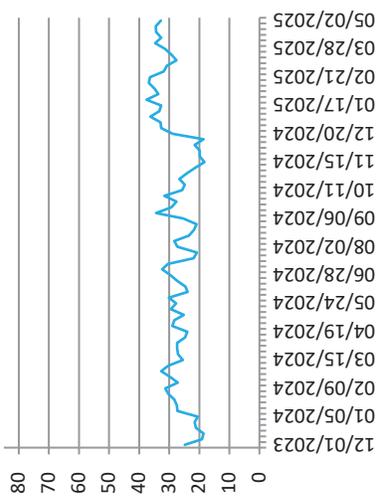
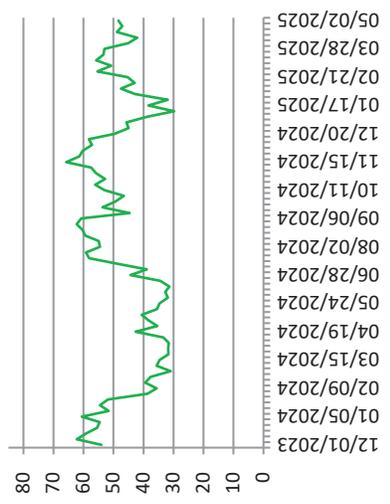
### Consumer Discretionary



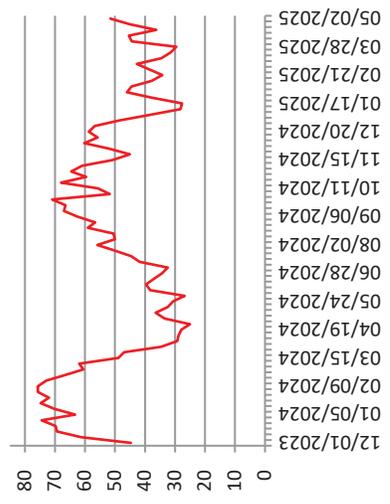
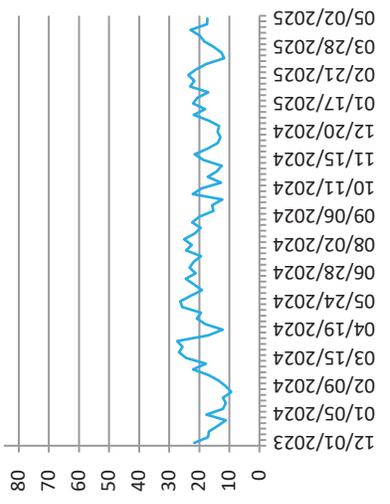
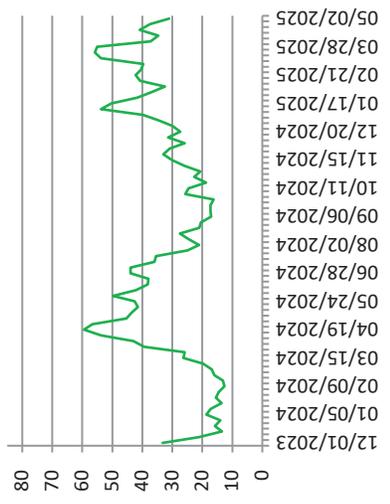
### Health Care



### Financials



### Energy

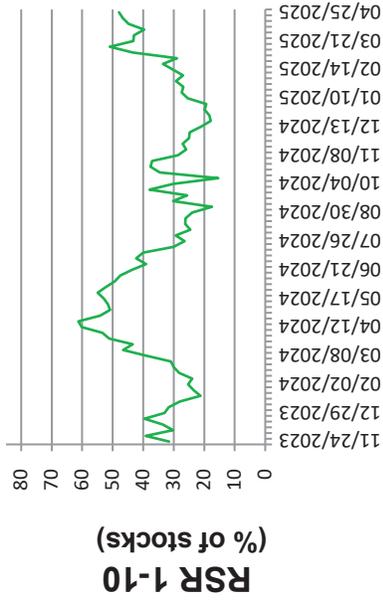


RSR 1-10 (% of stocks)

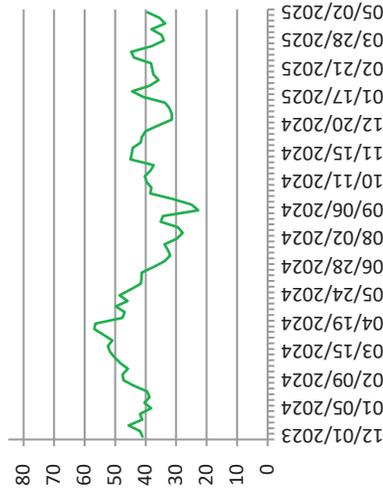
RSR 11-20 (% of stocks)

RSR 21-30 (% of stocks)

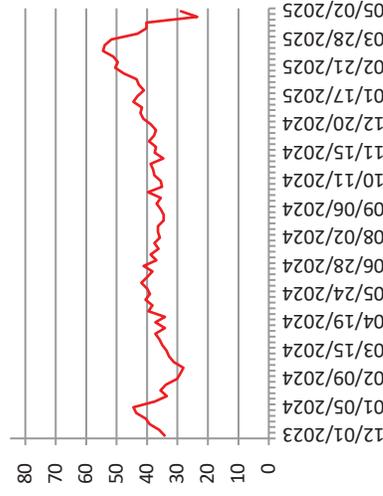
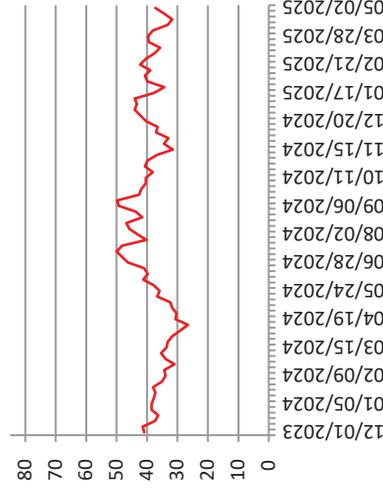
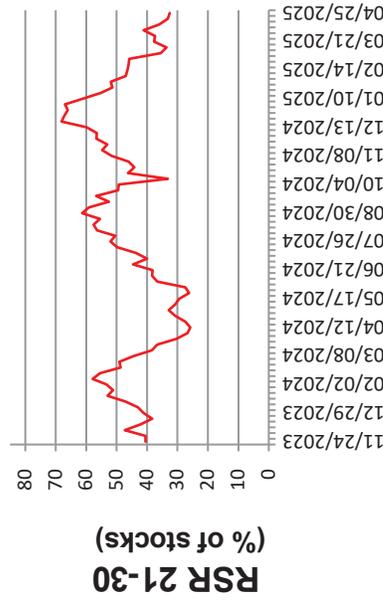
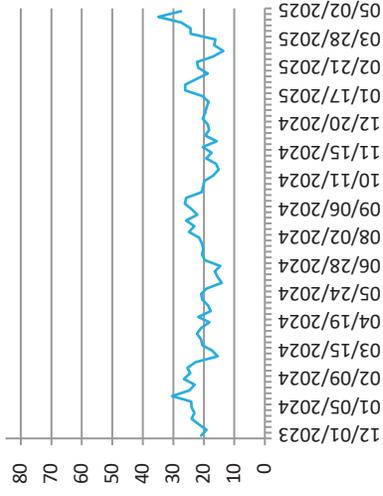
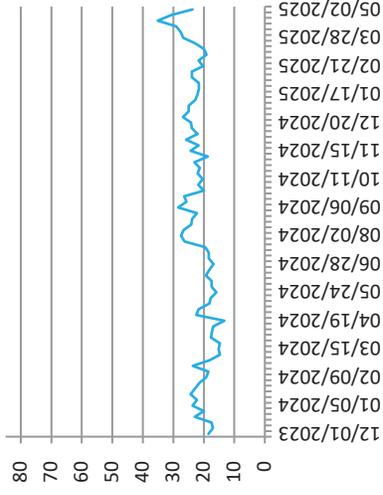
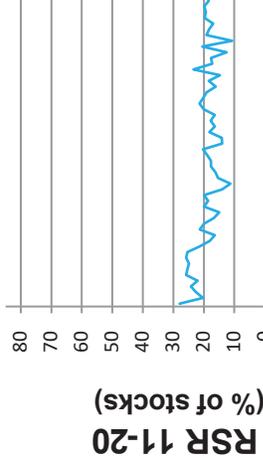
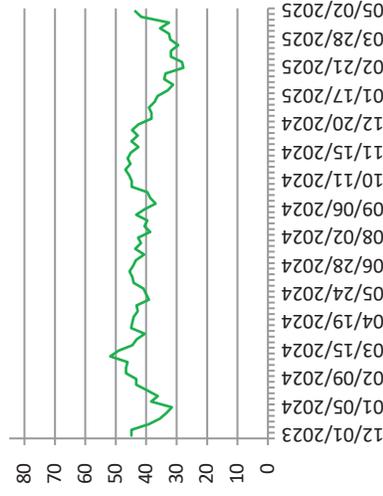
### Materials



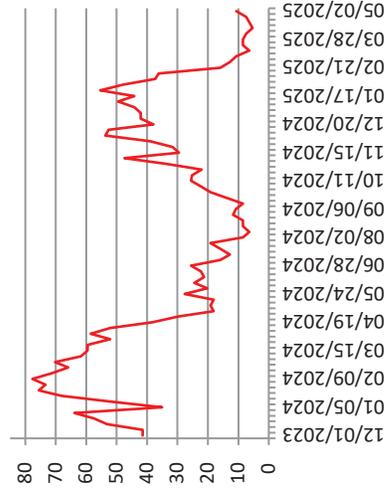
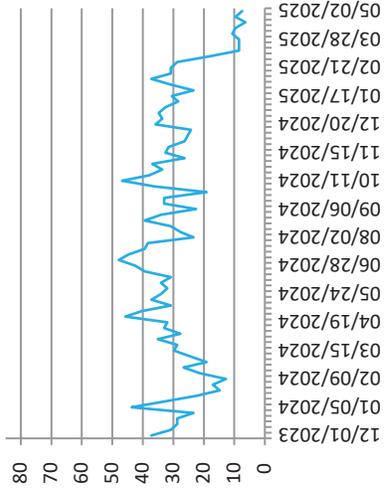
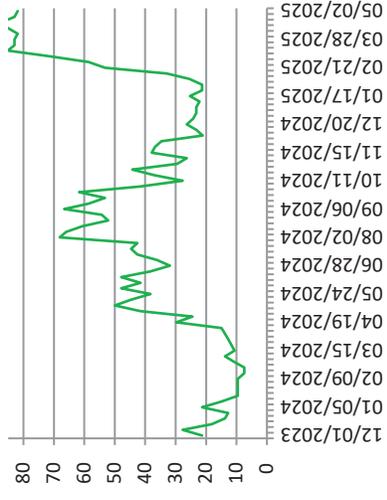
### Manufacturing



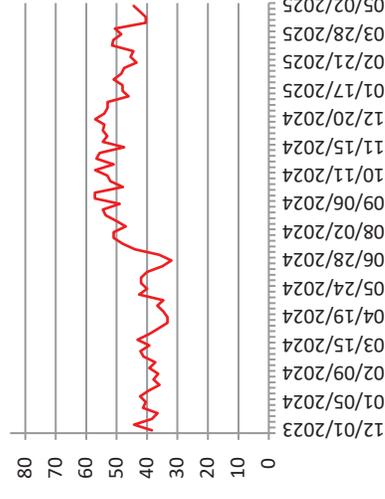
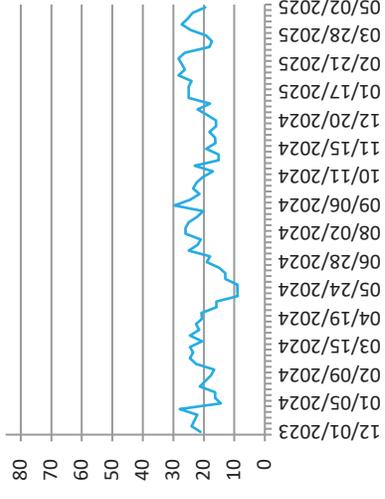
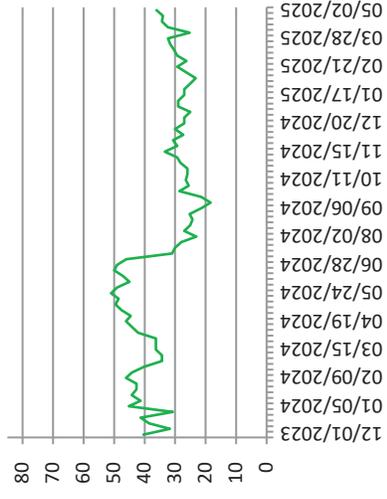
### Services



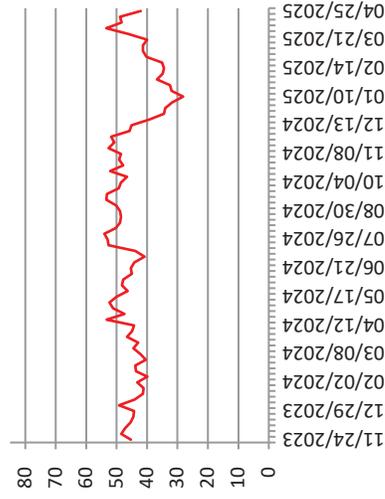
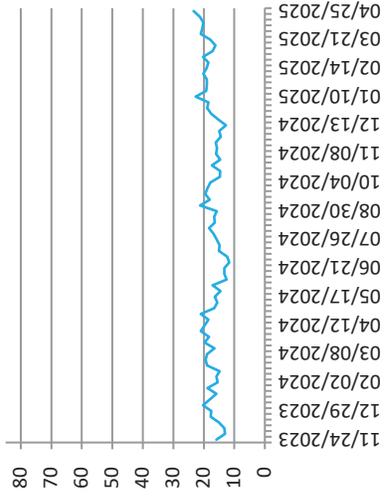
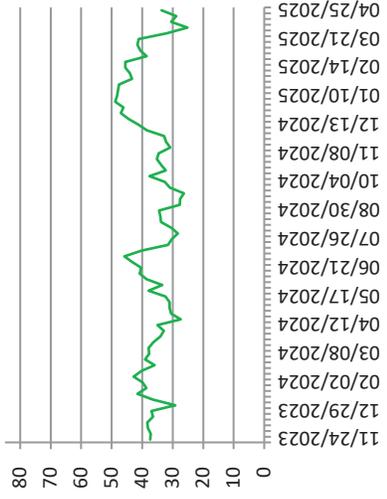
### Utilities



### Transports



### Technology



RSR 1-10  
(% of stocks)

RSR 11-20  
(% of stocks)

RSR 21-30  
(% of stocks)

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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

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

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