

5/14/25

Lockout Rally Continues

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

As discussed for the past two weeks, 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. We have been short-term bullish since our 4/22/25 *Compass* -- when the SPX was testing 5100-5120 support -- but now we are upgrading our intermediate-term outlook to bullish as well. We titled last week's 5/6/25 *Compass* "Lockout Rally in Full Swing," and that very much remains the case. We are monitoring for potential resistance at 5860-5910 on the SPX as a spot where it *could* pull back. However, we would view any pullbacks as buying opportunities, and our short- and intermediate-term outlook will remain bullish as long as the SPX is above 5500.

- **Three Sector Weighting Changes.** We are upgrading Technology to market weight, downgrading Consumer Staples to market weight, and downgrading Health Care to underweight... *see pages 2-4 for more details.*
- **Upgrading Intermediate-Term Outlook to Bullish.** While we have been short-term bullish for three weeks on the SPX, there are a few things that held us back from shifting to an intermediate-term bullish outlook -- until now. The 2.5-month uptrend on high yield spreads was violated last week as discussed in our 5/6/25 *Compass*, but now spreads are also decisively narrowing below the crucial 355bps level. Additionally, the steep 3.5-month RS uptrends on defensive Sectors Staples (XLP) and Utilities (XLU) are officially breaking, something we discussed to look for last week. When combined with the other ingredients for a major bottom (see below), this all suggests a bullish longer-term outlook is appropriate... *see chart below and page 4.*
- **Ingredients for a Major Bottom.** 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 DJIA 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, nine straight days of gains on SPX, several gap-ups). The Discretionary vs. Staples ratio bottomed. Semiconductors (SMH) reclaimed \$200. Bitcoin held above long-term support at \$74,000 and remains bullish following the breakout above \$91,000. This is why we have been and remain bullish.

In today's report we highlight attractive Groups and stocks within Materials, Technology, and Services: MA-14 Fertilizer, TE-43 Software, Enterprise Applications, Small-Cap, and SV-14 Construction & Engineering, Small-Cap... *see pages 12-28.*

ICE BofA US High Yield Spread vs. US Benchmark Bond - 10 Year



High yield spreads have narrowed substantially, violated the 2.5-month uptrend, and are now narrowing below the crucial 355bps level (in red). This is a significant risk-on signal, and a big reason we are upgrading our intermediate-term outlook to bullish on the SPX.

Sector Relative Strength Rankings & Weighting Recommendations

Sector Relative Strength Rankings (RSR)

We are upgrading **Technology** to market weight – add exposure. The *cap-weighted XLK* is reversing topside its 10-month RS downtrend, and the *equal-weighted RSPT* displays a bullish 1+ year RS downtrend reversal. We discussed here just last week in our 5/6/25 *Compass* how we wanted to be selectively buying software (**IGV**) and semiconductors (**SMH**), both of which appear to be forming price and RS bottoms, while RS appeared to be staging a bullish false breakdowns at 3-year support on both the XLK and RSPT. Software and semiconductors remain leadership. Some favorite names are **ALAB**, **AVGO**, **NVDA**, **KLAC**, **ASML**, **PLTR**, **SAP**, **FTNT**, **ZS**, **CRWV**, **APP**, and **CRWD**.

We are downgrading **Consumer Staples** to market weight – reduce exposure. We already discussed last week how “the RS base breakout on the (**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.” Now, the 3-month RS uptrend is decisively breaking down on the XLP, prompting our downgrade. Much of the RS deterioration came on Monday, which will not show up in the relative strength ranking since that is as of 5/9/25. Of course, this RS breakdown for the primary defensive Sector is very bullish for the broad equity market.

We are also downgrading **Health Care** to underweight – reduce exposure. RS is breaking to new YTD lows on the *cap-weighted XLV* and *equal-weighted RSPH*.

Several Weighting Changes

Upgrading Technology to Market Weight (from Underweight)

Downgrading Consumer Staples to Market Weight (from Overweight)

Downgrading Health Care to Underweight (from Market Weight)

Relative Strength Ranking: Sector Summary

Vermilion Sector	05/09	05/02	04/25	04/18	04/11	04/04	03/28	03/21	03/14	03/07
UT Utilities(CAP)	4	5	4	4	4	4	7	8	7	11
CS Consumer Staples(CAP)	5	3	3	2	2	3	6	7	6	5
UT Utilities(AVG)	5	5	4	3	4	3	6	7	6	8
CO Communications(AVG)	7	7	6	7	8	7	7	6	6	6
FN Financials(CAP)	7	6	6	2	7	9	6	6	7	7
MA Materials(CAP)	8	7	7							
CS Consumer Staples(AVG)	9	7	6							
MF Manufacturing(CAP)	9	9	10							
SV Services(CAP)	9	10	10							
FN Financials(AVG)	10	9	10							
RE Real Estate(CAP)	11	11	11							
CO Communications(CAP)	12	9	9							
CD Consumer Disc(CAP)	13	12	11							
MA Materials(AVG)	14	15	13							
MF Manufacturing(AVG)	14	16	18							
RE Real Estate(AVG)	15	15	15							
TE Technology(CAP)	15	14	16							
TR Transportation(AVG)	17	20	20							
TR Transportation(CAP)	17	18	19	13	15	18	19	18	17	13
EN Energy(CAP)	19	19	15	2	13	11	6	7	9	14
SV Services(AVG)	19	22	21	22	21	22	24	25	26	24
TE Technology(AVG)	19	20	20	23	22	23	21	18	18	19
HC Health Care(CAP)	20	14	12	7	9	8	10	9	9	8
CD Consumer Disc(AVG)	22	22	23	22	22	21	23	24	25	22
EN Energy(AVG)	23	23	21	17	21	21	12	13	14	21
HC Health Care(AVG)	23	16	18	20	22	22	22	21	21	23

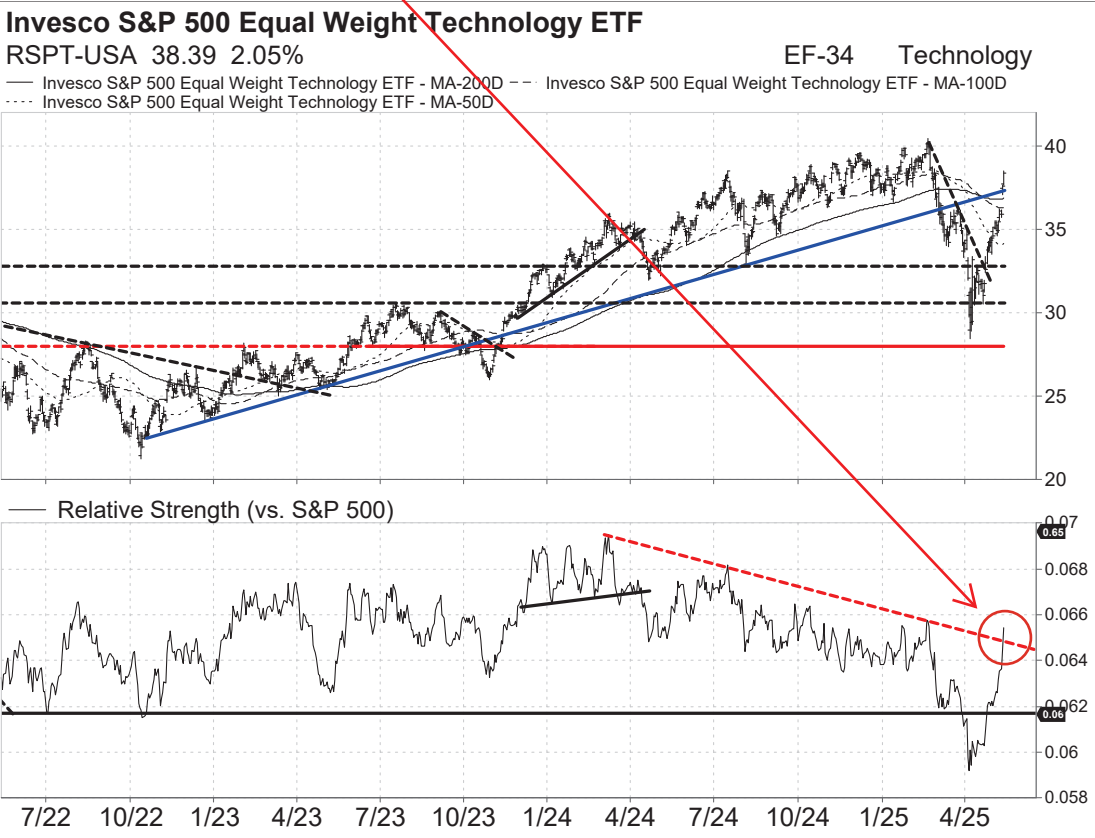
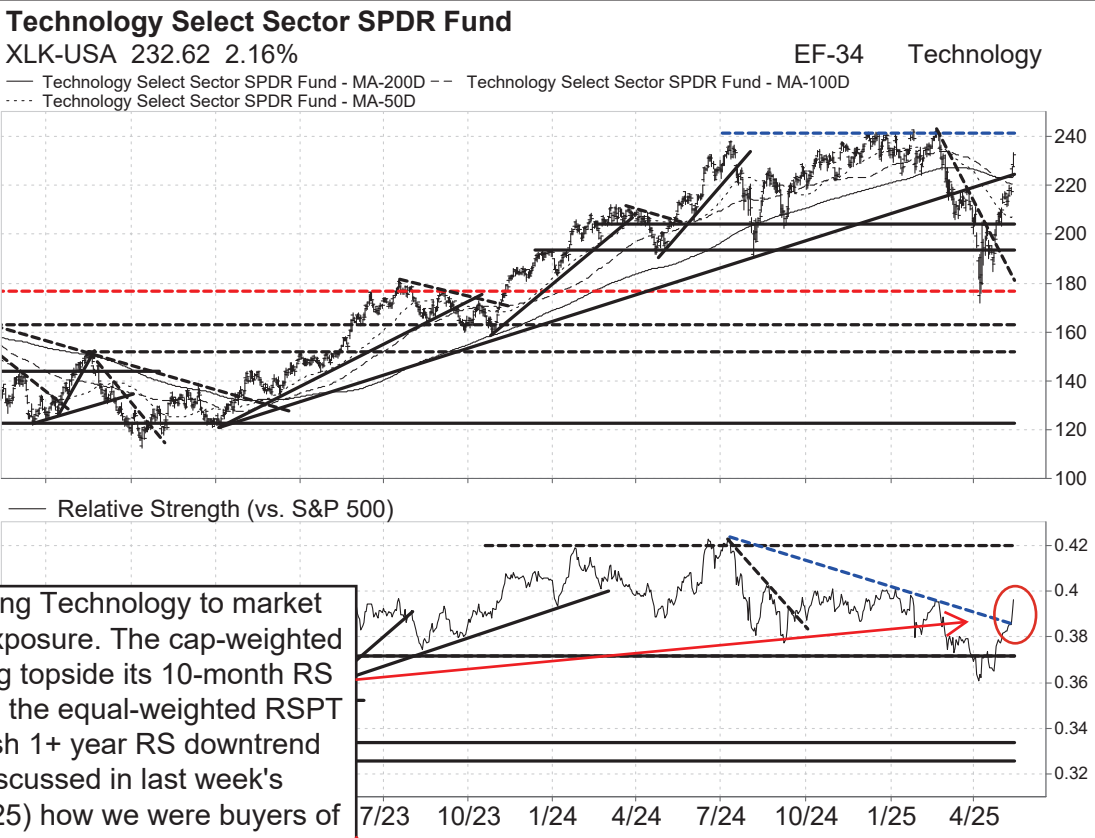
Upgrading Technology and Downgrading Staples and Health Care. Much of the weakness for Utilities and Staples came this week on Monday and Tuesday which will not show up in this chart since it is as of 5/9/25.

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 ←	X	
Materials	X		
Manufacturing		X	
Real Estate		X	
Services			X
Technology	X →	X	
Transportation	X		
Utilities			X

See attached Sector commentary for Group and individual stock recommendations.

Upgrading Technology to Market Weight



Risk-On: Downgrading Consumer Staples and Health Care; Utilities Deteriorating

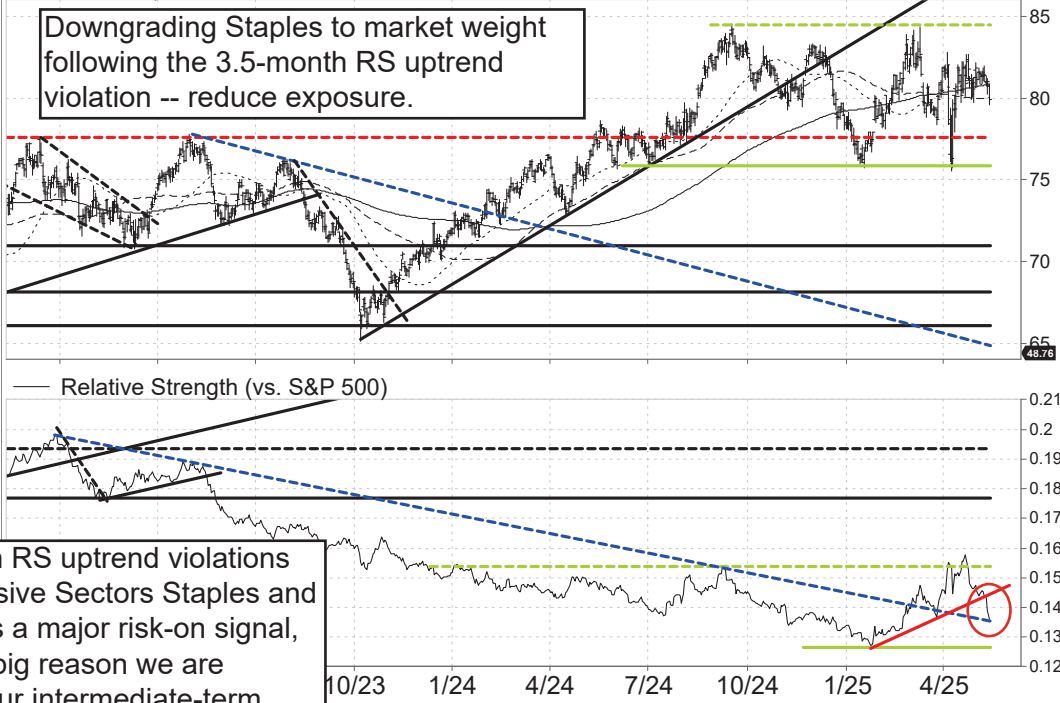
Consumer Staples Select Sector SPDR Fund

XLP-USA 79.94 -1.35%

EF-25 Consumer Staples

— Consumer Staples Select Sector SPDR Fund - MA-200D -- Consumer Staples Select Sector SPDR Fund - MA-100D
 Consumer Staples Select Sector SPDR Fund - MA-50D

Downgrading Staples to market weight following the 3.5-month RS uptrend violation -- reduce exposure.



3+ month RS uptrend violations on defensive Sectors Staples and Utilities is a major risk-on signal, and is a big reason we are shifting our intermediate-term outlook to bullish on SPX.

Health Care Select Sector SPDR Fund

XLV-USA 131.87 -3.01%

EF-30 Healthcare

— Health Care Select Sector SPDR Fund - MA-200D
 -- Health Care Select Sector SPDR Fund - MA-100D
 Health Care Select Sector SPDR Fund - MA-50D

Downgrading Health Care to underweight with RS breaking below support -- avoid.



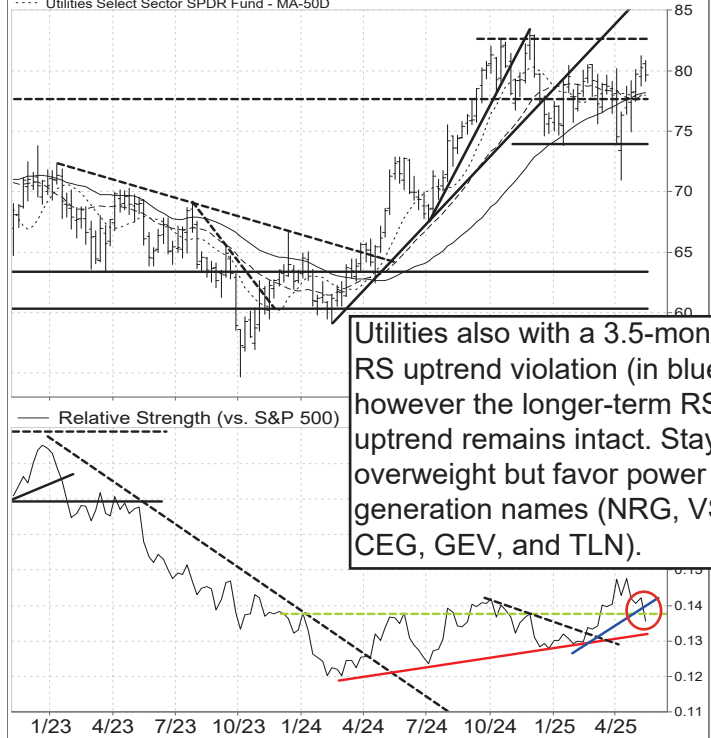
Utilities Select Sector SPDR Fund

XLU-USA 79.65 -0.14%

EF-36 Utilities

— Utilities Select Sector SPDR Fund - MA-200D -- Utilities Select Sector SPDR Fund - MA-100D
 Utilities Select Sector SPDR Fund - MA-50D

Utilities also with a 3.5-month RS uptrend violation (in blue), however the longer-term RS uptrend remains intact. Stay overweight but favor power generation names (NRG, VST, CEG, GEV, and TLN).



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**, **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**, **ATUS**, and **VSAT**.
- Group CO-05 Movies, Entertainment, Programming, Large/Mid-Cap is developing as leadership. Attractive names include: **DIS**, **PARA** and **LYV**.
- Group CO-06 Movies, Entertainment, Programming, Small-Cap has many leadership names including: **LYV**, **WWE**, **NWS**, and **LGFA**.
- 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**, **TIIAY**, **TELNY**, **MYTAY**, **VEON**, and **TIAIY**.
- Group CO-13 Telecomm Svcs., Asia/Pacific Rim has a number of technically attractive stocks including: **NTTTY**, **CHT**, **KT**, **TLK**, **PHI**, **HKTVY**, 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: **TMUS**, **SPOK**, 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**, **FVRR**, **RDFN**, **GRPN**, **BZUN**, **TGLO**, and **XNET**.

Consumer Discretionary: Market Weight

- Price on the cap-weighted **XLY** has reversed the 3-month downtrend, **is breaking above its 200-day MA, and RS is reversing above the 5-month downtrend – buy. We have discussed for weeks how we will need to see XLY, TSLA, and AMZN reclaim their 200-day MAs in order to believe a bottom is in, and this is happening.**
- Group CD-01 Major Auto Manufacturers displays price and RS pullbacks – be selective. Attractive names include: **RYCEY**, **TSLA** (recommended buying **TSLA** in our 4/29/25 *U.S. Macro Vision*), **XPEV**, and **HMC** (bottom-fishing candidate).
- Group CD-05 Retailers, Auto Parts displays bullish RS inflections – overweight/add exposure. Attractive names include: **ORLY**, **AZO**, and **DRVN**.
- Group CD-36 Retailers, Off-Price is emerging as leadership – add exposure. Attractive names include: **TJX** and **ROST**.
- Group CD-45 Retailers, Discount/Variety is emerging as leadership – add exposure. Attractive names include: **OLLI** and bottom-fishing candidates **DG** and **DLTR**.
- Group CD-50 Internet Retailers (**IBUY**) reclaimed the crucial \$59 level – add exposure. Attractive names include: **AMZN**, **NFLX**, **EBAY**, **CHWY**, **TDUP**, and **REAL**.
- Equal-weighted retail (ETF: **XRT**) remains in a RS downtrend – 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), **EYE**, **WSM**, and **GAP** (bottom-fishing candidate).

Consumer Discretionary (cont.): Market Weight

- 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, VIK**, and **CCL**.
- Restaurant names are mixed – be selective. Attractive restaurant stocks include: **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, GT, BSET, OSW, RL, HLT, BKNG**, and **SGHC**.

Consumer Staples: Market Weight (downgrading today from Overweight)

- We are downgrading Consumer Staples to market weight – reduce exposure. We already discussed in our 5/6/25 *Compass* how “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.” Now, the 3-month RS uptrend is decisively breaking down on the **XLP**, prompting our downgrade. Of course, this RS breakdown is very bullish for the broad equity market.
- 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 price and RS deterioration, and is no longer leadership. Attractive names include: **KR, ADRNY**, and **ACI**.
- Group CS-06 Food Distributors continues to outperform – overweight/add exposure. Attractive names include: **USFD, UNFI, PFGC**, 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, CVGW**.
- 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 price and RS deterioration – be selective. 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: **IMB, 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, BROS, TPB, CASH, VLGEA, TR, LRLCY, CART**, and bottom-fishing candidates **CELH** 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, SHL, BP**, and **TTE**.
- Group EN-02 Oil & Gas, Global, Large-Cap is emerging is reflecting improving RS. Attractive names on a RS basis are: **EQNR, CNQ**, and **REPY**.
- Group EN-04 Oil & Gas, South America is a leadership Group. Attractive names: **EC, REPY, TGS**, and **UGP**.
- Group EN-05 Oil & Gas E&P, Canadian. This Group is reflecting strong RS. Attractive names include: **CNQ**, and **IMO**.

Energy (cont.): Market Weight

- 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 **EE**.
- Group EN-20 Refining has several names that appear to be bottoming and staging reversals in price and RS or have hit major support levels. Attractive names include: **MPC**, **VLO**, **DINO**, **PBF**, **CVI**, and **CAPL**.
- 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**, and **GEL**.
- 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**, **MPLX**, **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 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**, **NABZY**, **MFG**, **ANZGY**, **KB**, **SHG**, and **WF**.
- Group FN-05 Latin/South American Banks does have several technically attractive names including: **ITUB**, **BSBR**, **BAP**, **BCH**, **BBD**, **BBDO**, **BSAC**, **BBAR**, and **BLX**.
- Group FN-20 Mortgage Insurance is a leadership Group. Attractive names include: **MTG**, **ESNT**, **RDN**, **NMIH**.
- Group FN-28 Education Finance is a leadership Group. Attractive names include: **SLM**, **NNI**, and **NAVI**.
- Group FN-29 Pawn Shops/Cash Advance is a leadership Group. Attractive names include: **FCFS**, **ELA**, and **EZPW**.
- 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: **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**, and **L**.
- Group FN-39 Multi-Line Insurance, Mid/Small-Cap is a leadership Group. Attractive names include: **AIG**, **HIG**, **L**, **GNW**, **PKIN**, 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**.
- 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**.
- Group FN-43 Reinsurance is a leadership Group. Attractive names include: **ACGL**, **RGa**, **RNR**, **ESGR**, **SPNT**, **FIHL**, **JRVR**, and **MHLD**.

Sector Highlights -- new comments in green

Health Care: *Underweight (downgrading today from Market Weight)*

- RS for Health Care is breaking to new YTD lows on the *cap-weighted XLV* and *equal-weighted RSPH*. We are downgrading the Sector to underweight – reduce exposure.
- 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: **GRAL, VRNA, GILD, TGTX, SMMT, PCRX, ADPT, EXEL, XERS, ARQT, RYTM, TRVI**, and bottom-fishing candidates **UPB, RVMD, ZBIO, TSHA, MLYS, ZYBT, and SION**.
- Group HC-15 Diagnostic & Test Services *displays price and RS deterioration as this is a defensive Group – be selective*. 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) display price and RS uptrend violations – be very selective*. Attractive names (in addition to those mentioned above) include: **TEM, HIMS, GRAL, BTSG, BKD, NUTX, NAGE, CRVL, CLPT**, and *bottom-fishing candidates ARDT, CYH, PNTG, and RDNT*.
- Medical devices/equipment (**IHI**) Groups displays price *improvement*, and RS is consolidating – be selective. Attractive names include: **BSX, PEN, and IDXX**.

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, 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, DCO, 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, AGCO, LNN, and TITN**.
- Group MF-34 Climate Controls & Systems is a leadership Group. Attractive names include: **TT, FIX, LMB, HDSN, and MCCCK**.

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, and STLD**.
- 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**.
- 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, SMG, UAN, and IPI**.

Materials (cont.): Underweight

- 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 a RS pullback, but the longer-term RS trend** continues to indicate this is leadership – remain overweight/add exposure. 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: **PAY**, **STNE**, **PAGS**, **SEZL**, and **GDS**.
- Group SV-03 Data Processing & Outsourcing Svcs., Small-Cap remains leadership – remain overweight/add exposure. Attractive names include: **EXLS**, **CSGS**, and **III**.
- Group SV-06 Research & Consulting Services **displays improving price and RS – add exposure**. Attractive names include: **FICO**, **HURN**, **VRSK**, **STN**, 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-21 Auctions remains in price and RS uptrends – overweight/add exposure. Attractive names include: **RBA** and **CPRT**.
- **We are getting bullish on crypto-related stocks (ETFs: **WGMI**, **BITQ**) -- buy**. 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**, and **COIN** are our favorite longer-term crypto-related stocks. **Additional attractive names include: BTDR, and bottom-fishing candidates WULF, IREN, HUT, MARA, RIOT, CORZ, CIFR, CLSK, BTBT, BITF, and APLD**. 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 remain near-term bullish after bitcoin was above to get back above \$92,000.

Services (cont.): *Overweight*

- 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, CSV, ADT, CTAS, FIX, SOFI, AFRM, OPFI, LDOS, LMB, ULS, NBIS, LZMH, and KVYO.**

Technology: *Market Weight (upgrading today from Underweight)*

- We are upgrading Technology to market weight – add exposure. Cap-weighted Technology (**XLK**) is reversing topside its 10-month RS downtrend, and the equal-weighted Sector (**RSPT**) displays a bullish 1+ year RS downtrend reversal – add exposure. We discussed in our 5/6/25 Compass how “RS appeared to be staging a bullish false breakdown at 3-year support on both the **XLK** and **RSPT**,” noting we would upgrade the Sector to market weight on bullish RS reversals. We also discussed last week how we wanted to be selectively buying software (**IGV**) and semiconductors (**SMH**), both of which are forming price and RS bottoms. **Both continue to outperform – buy.**
- We discussed last week (5/6/25 Compass) how Semiconductors and semi-suppliers are starting to show signs of price and RS bottoms with the **SMH** reclaiming the crucial \$200 level. **The SOXX ETF is also reclaiming the crucial \$194 level.** Add exposure to semiconductors and semi-suppliers (see below). Attractive semiconductor names (**TE-01, TE-02, and TE-03**) include: **AEVA, AVGO, CIEN,** and bottom-fishing candidates **ALAB, SITM, ARM, UMC, NVDA, MPWR, TSM, AMD, MCHP, NXPI, and TXN.**
- Attractive semiconductor equipment/supplies names (**TE-04 and TE-05**) include: **AEIS** and bottom-fishing candidates **KLAC, ASML, AMAT, LRCX, BESIX, and MKSI.**
- 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, NN, GWRE, CLBT, FFIV, RDVT, TTAN, PAY, MGIC, CRWD, CDNS, WAY, MSFT, SAIL, NOW, NTNX, PAYC, TWLO, CRWV, KC, APPS, TEM, and BBAL.**
- We are getting bullish on crypto-related stocks (ETFs: **WGMI, BITQ**) -- buy. 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, and COIN** are our favorite longer-term crypto-related stocks. Additional attractive names include: **BTDR,** and bottom-fishing candidates **WULF, IREN, HUT, MARA, RIOT, CORZ, CIFS, CLSK, BTBT, BITE, and APLD.** 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 remain 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, VNET, NTGR, NBIS, FSLR, DELL, GDDY, SOUN, TTMI, and JBL.**

Transportation: *Underweight*

- 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. **With that said, recent steep 3.5-month RS uptrend violations on the XLU and RSPU could be an early warning sign of more underperformance ahead; at the same time, it is a bullish risk-on signal for the broad equity market.**

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

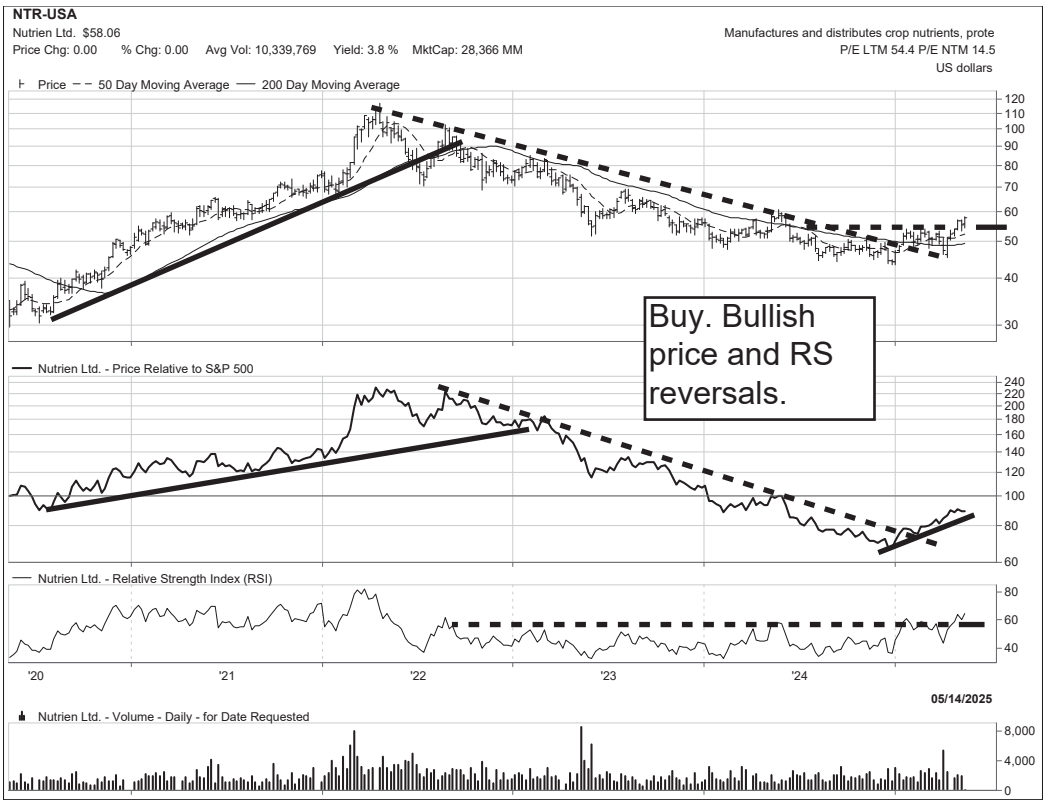
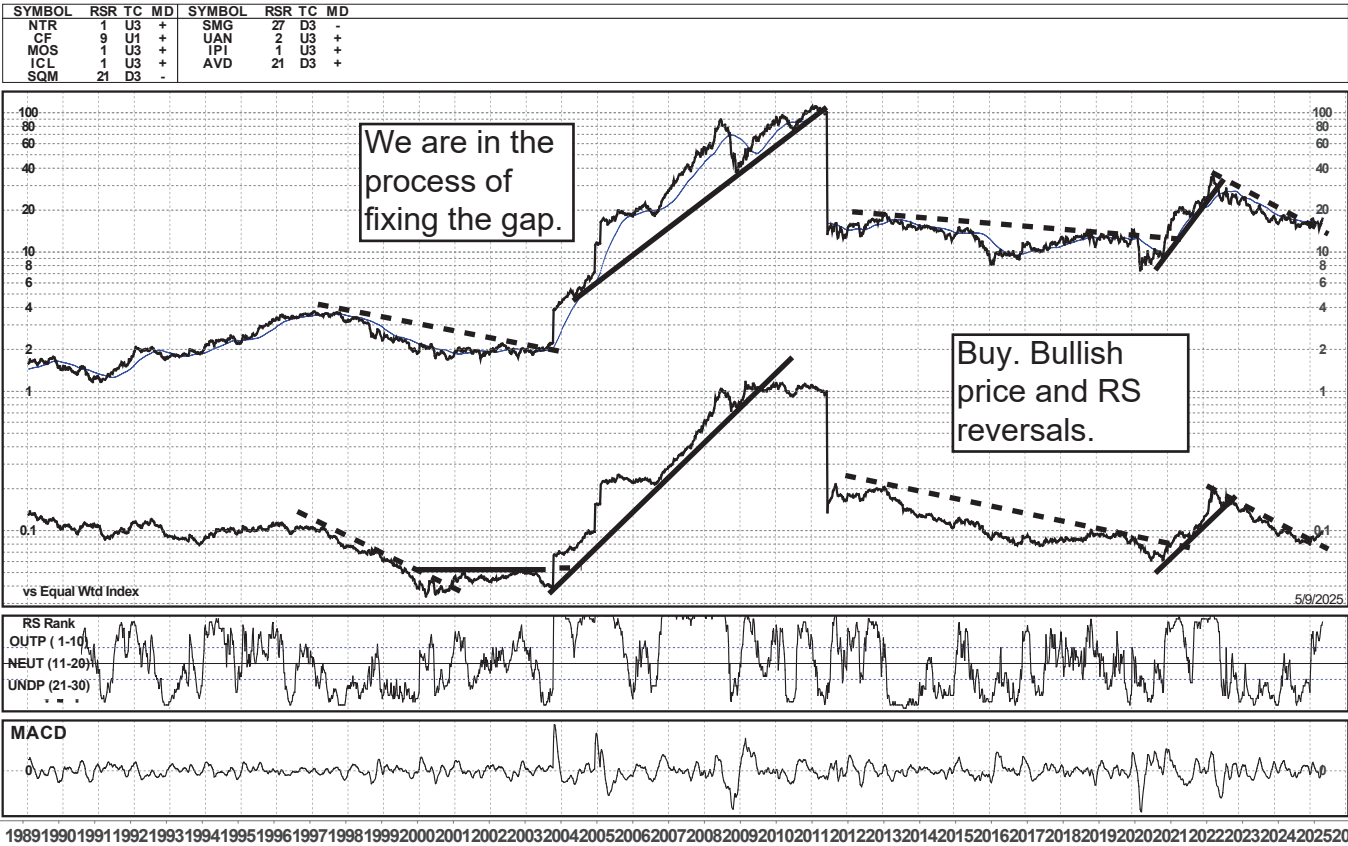
Utilities (cont.): *Overweight*

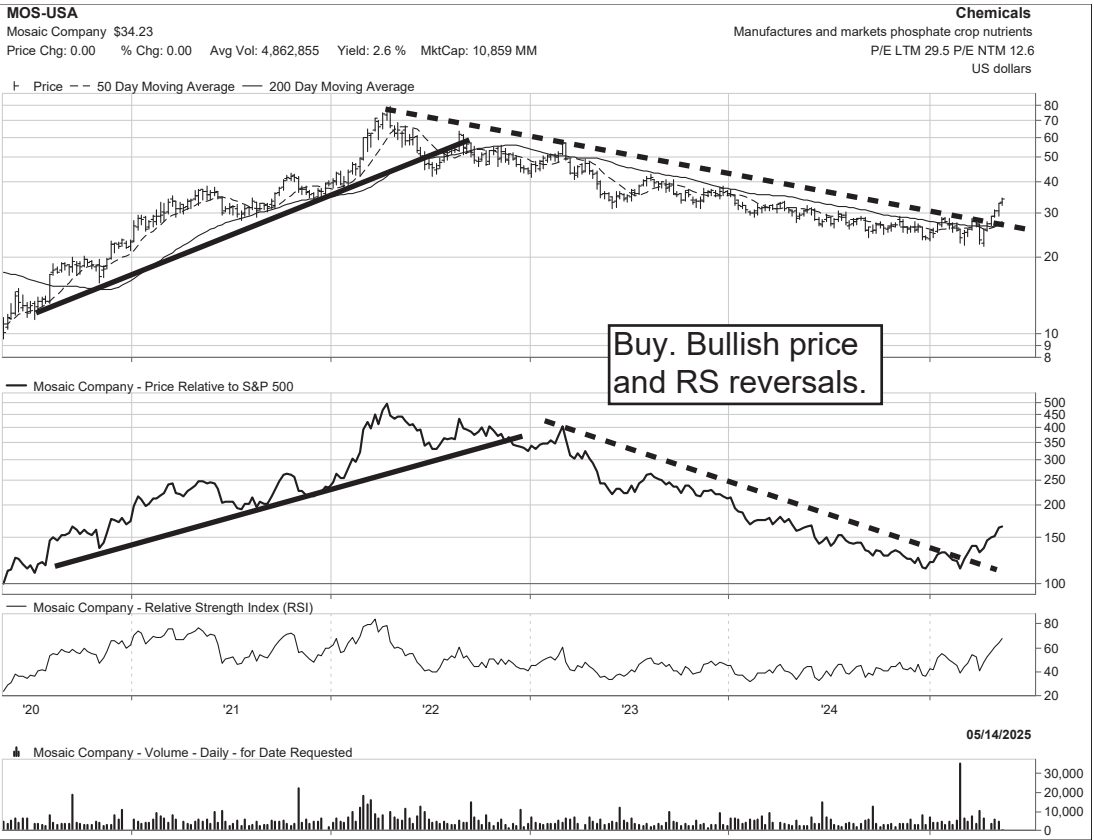
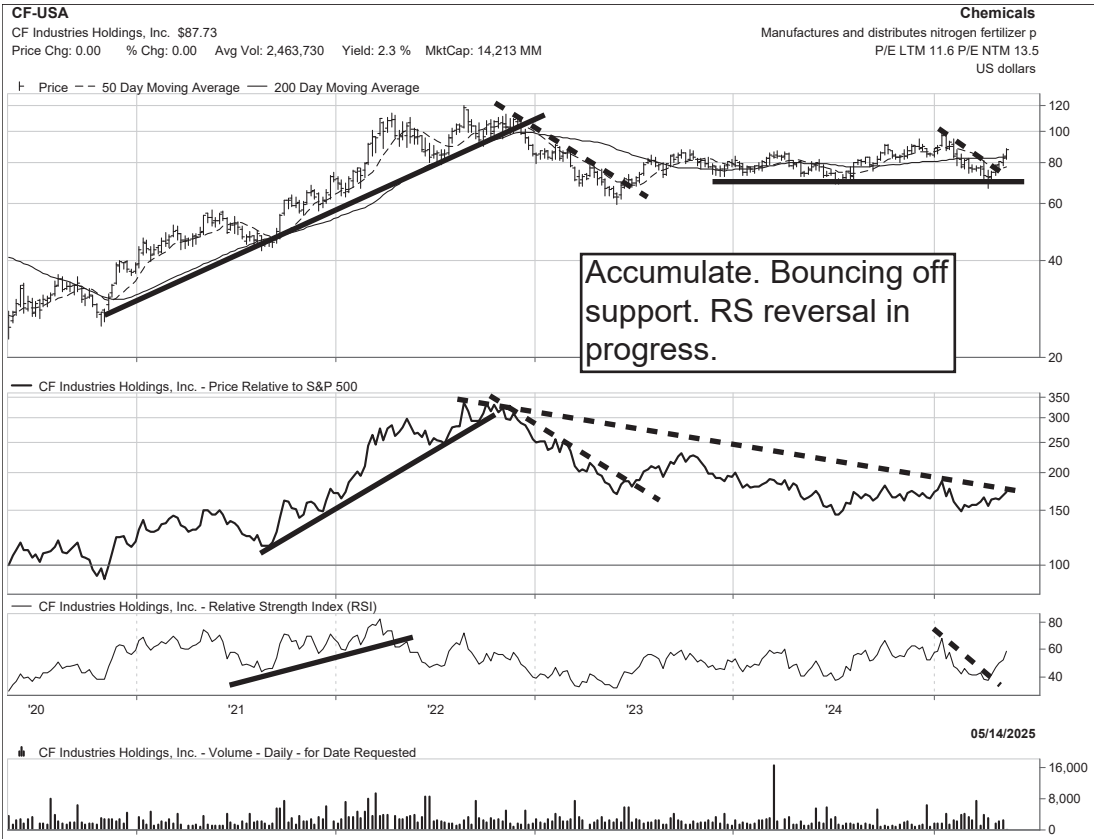
- Group UT-18 Independent Power Production displays bullish price and RS inflections – **overweight**/add exposure. These names tend to outperform during risk-on environments. Attractive names include: **GEV, CEG, NRG, TLN,** and **VST**.
 - Most other Groups within Utilities look virtually identical to the XLU and RSPU ETFs. Therefore, we prefer to evaluate the Sector from a bottoms-up perspective. Attractive names include: **AEE, NFG, WEC, NI, EQT, CNP, ETR, IDA, UGI, KEN, TXNM, EVRG, ATO, DTE, XEL, SBS, EBR, ELP, HOKCY,** and **ENIC**.
-

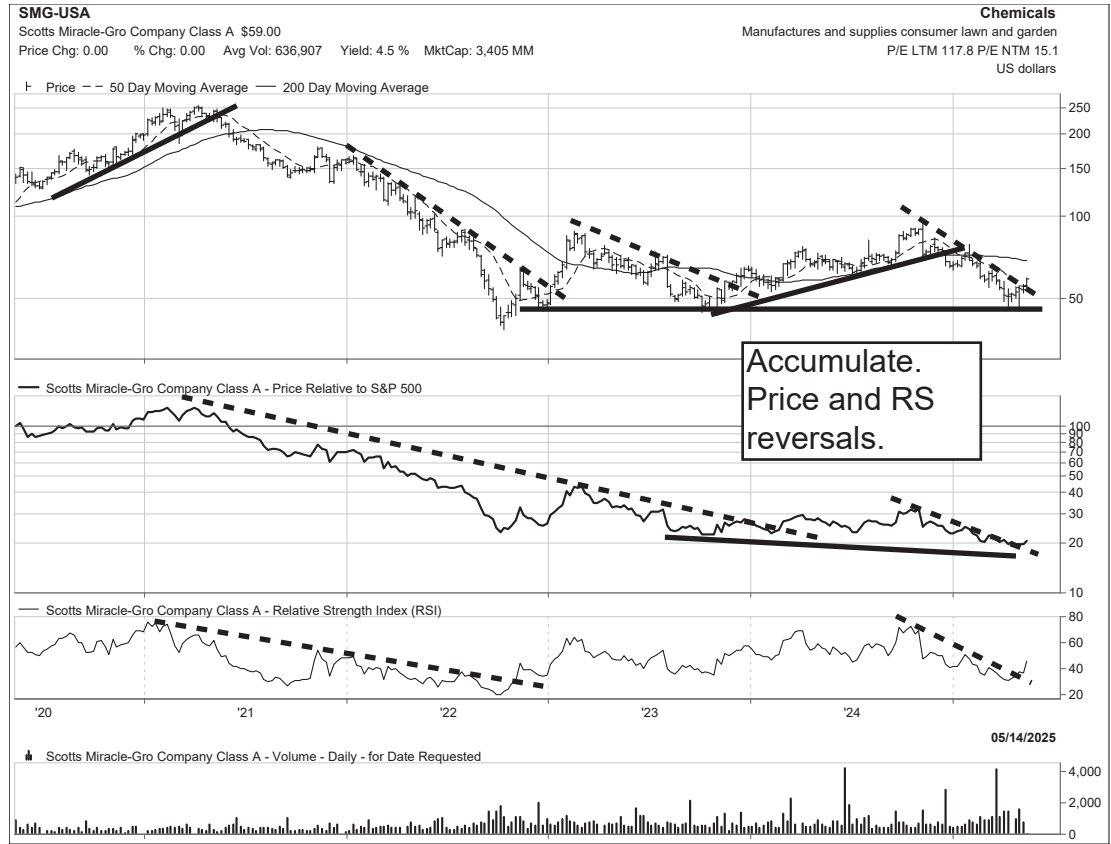
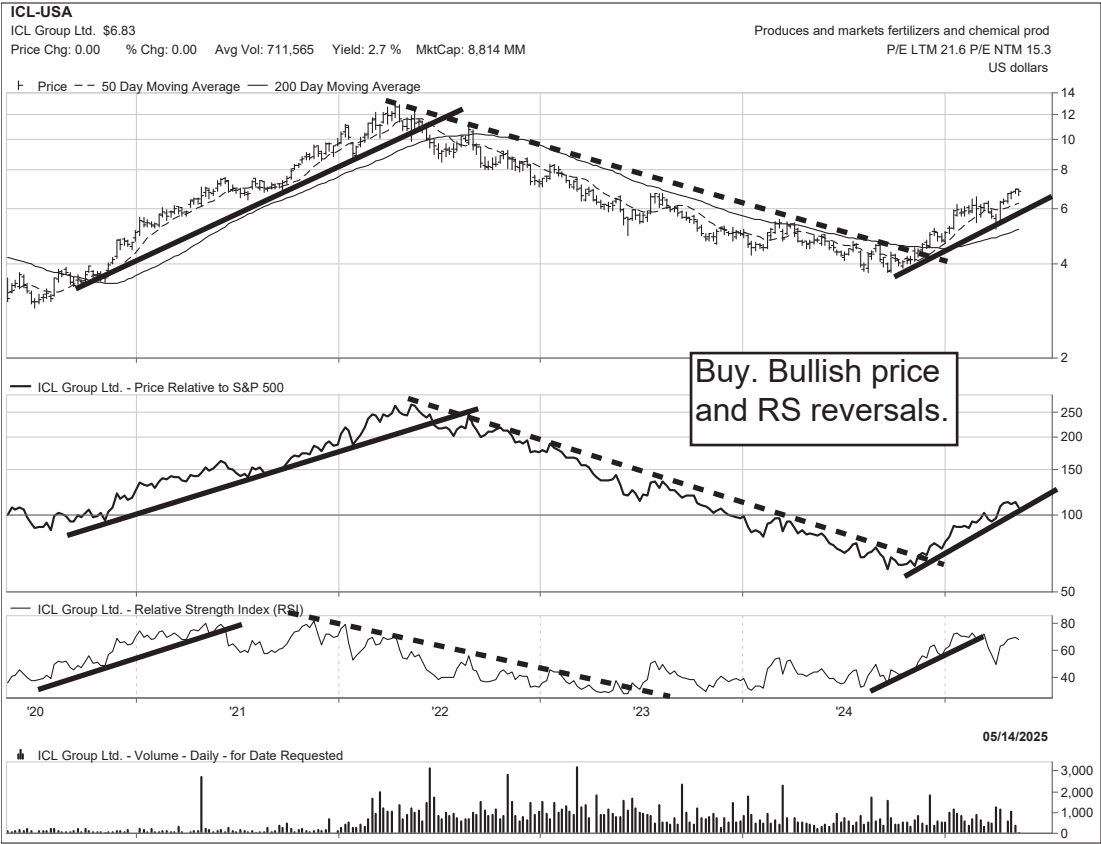
On the following pages we highlight attractive Groups and stocks within Materials, Technology, and Services:

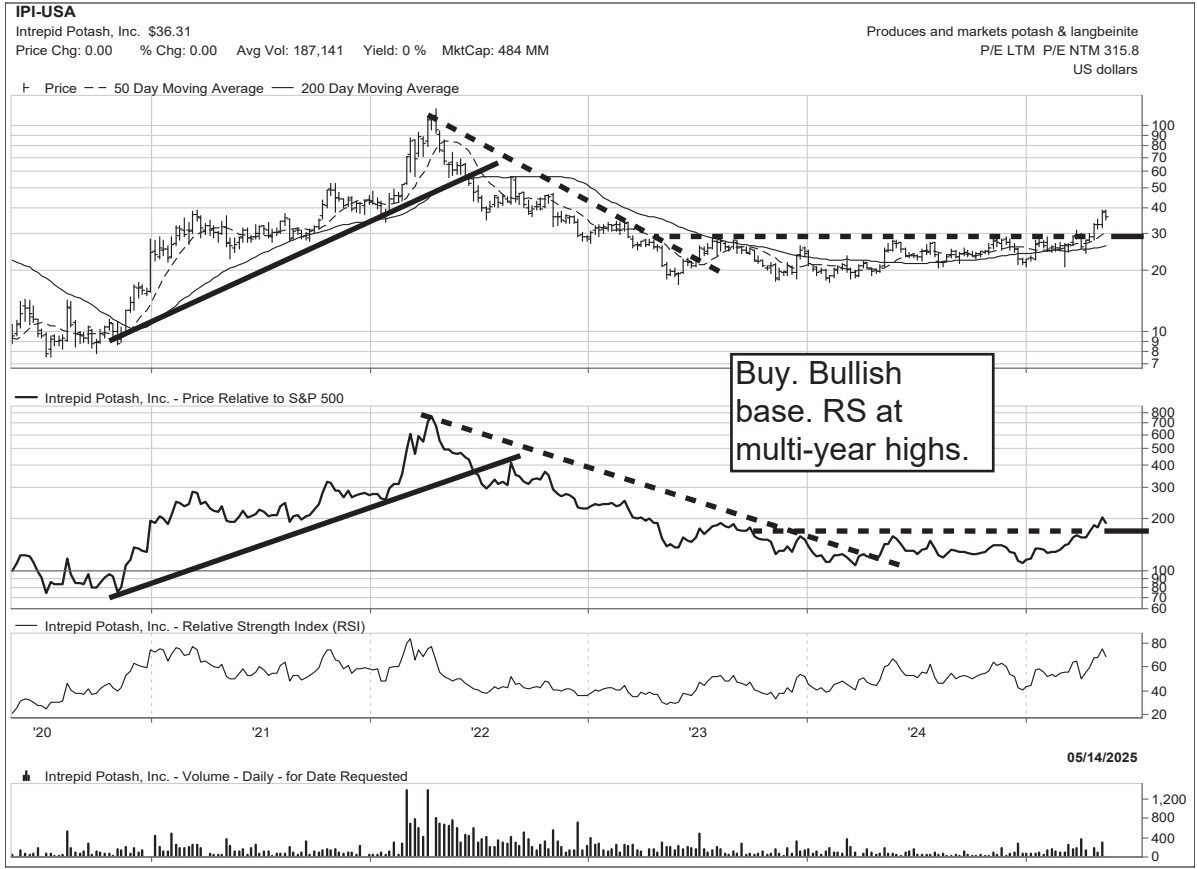
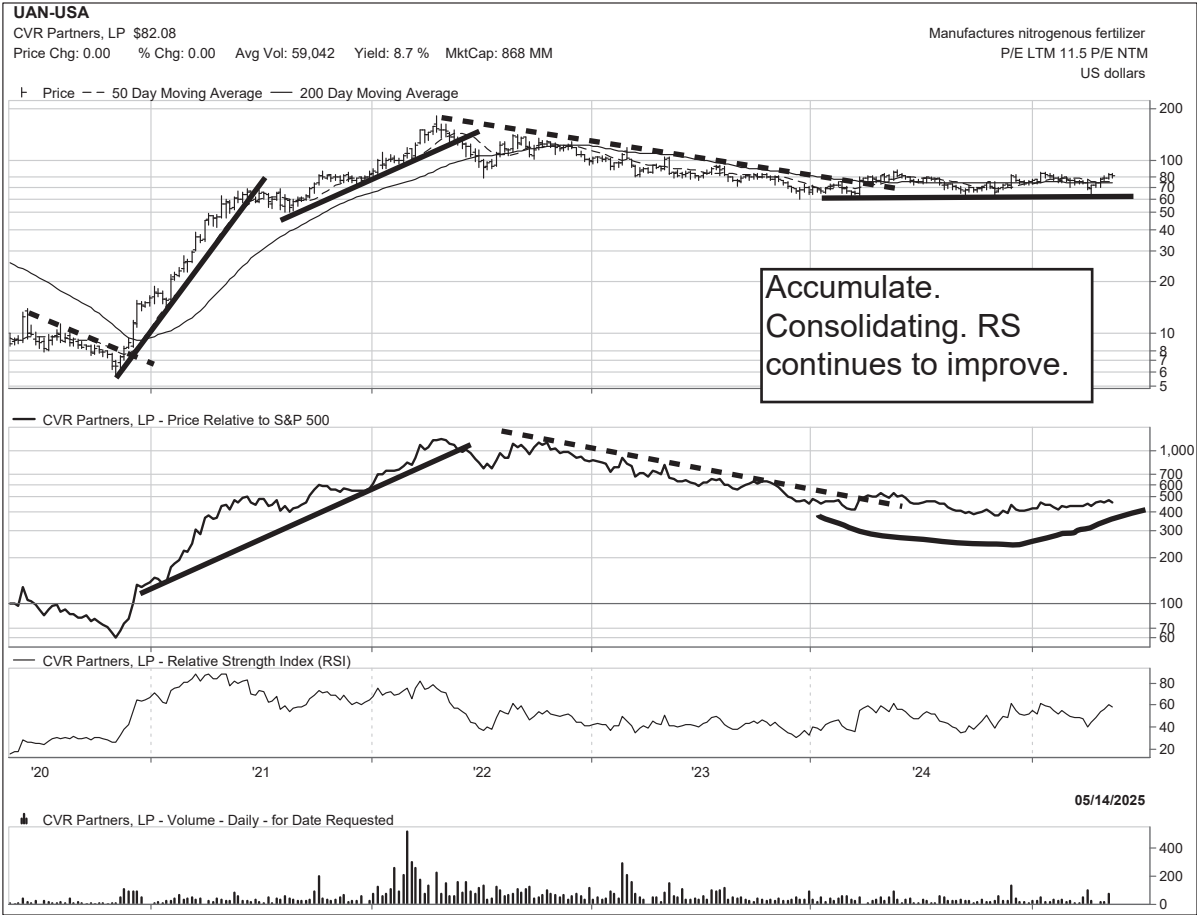
- **MA-14 Fertilizer** – Stocks highlighted: **NTR, CF, MOS, ICL, SMG, UAN, and IPI**
- **TE-43 Software, Enterprise Applications, Small-Cap** – Stocks highlighted: **NOW, GWRE, PEGA, ALRM, MGIC, and DOMO**
- **SV-14 Construction & Engineering, Small-Cap** – Stocks highlighted: **FLR, DY, STRL, IESC, ARCA, ROAD, PRIM, GVA, MYRG, AGX, TPC, BV, NVEE, GLDD, WLDN, and ORN**

MA-14 Fertilizer



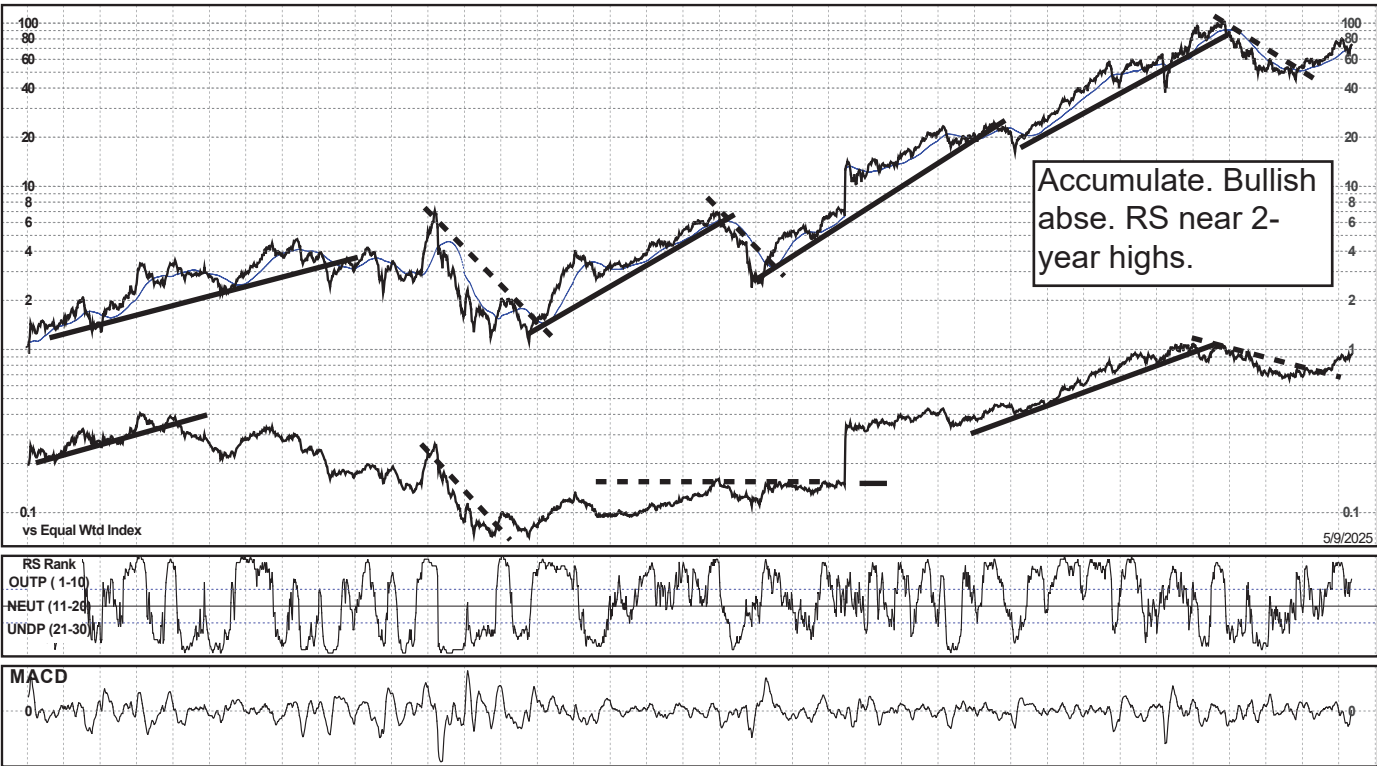




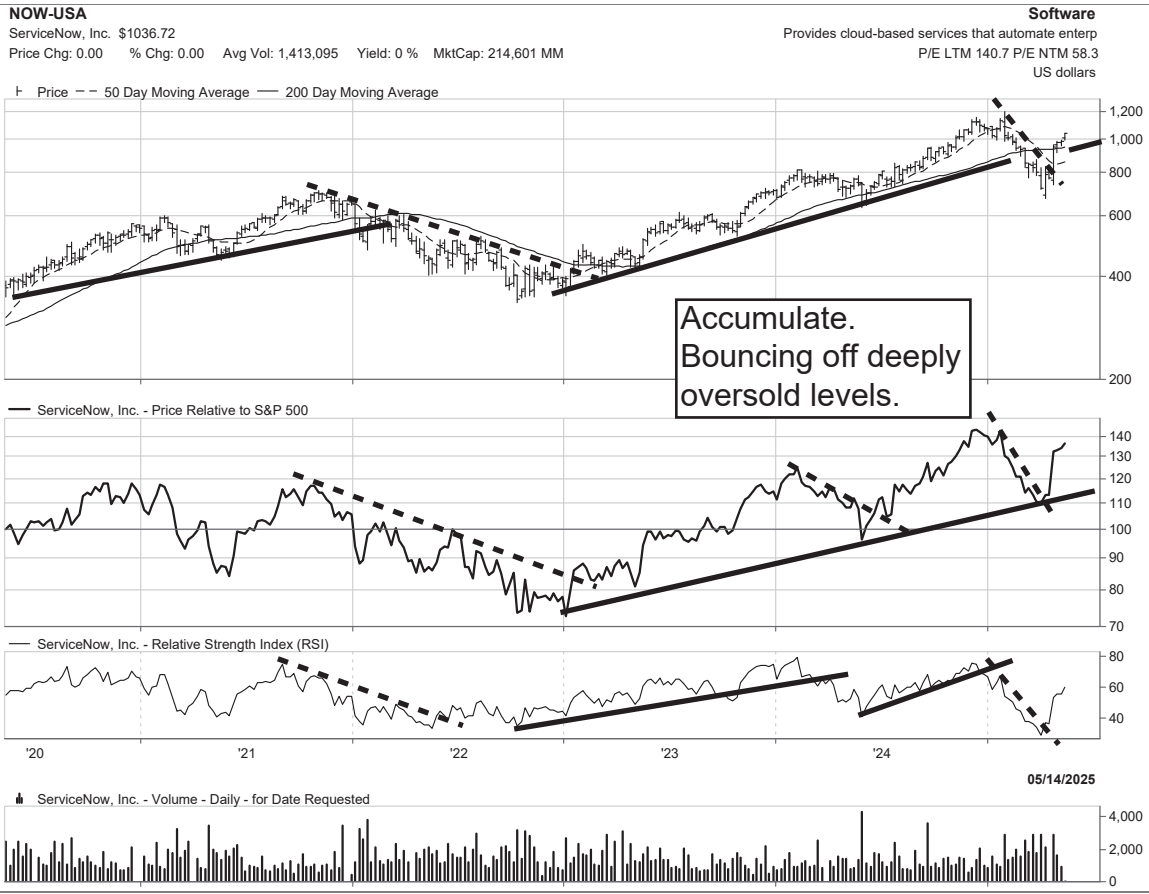


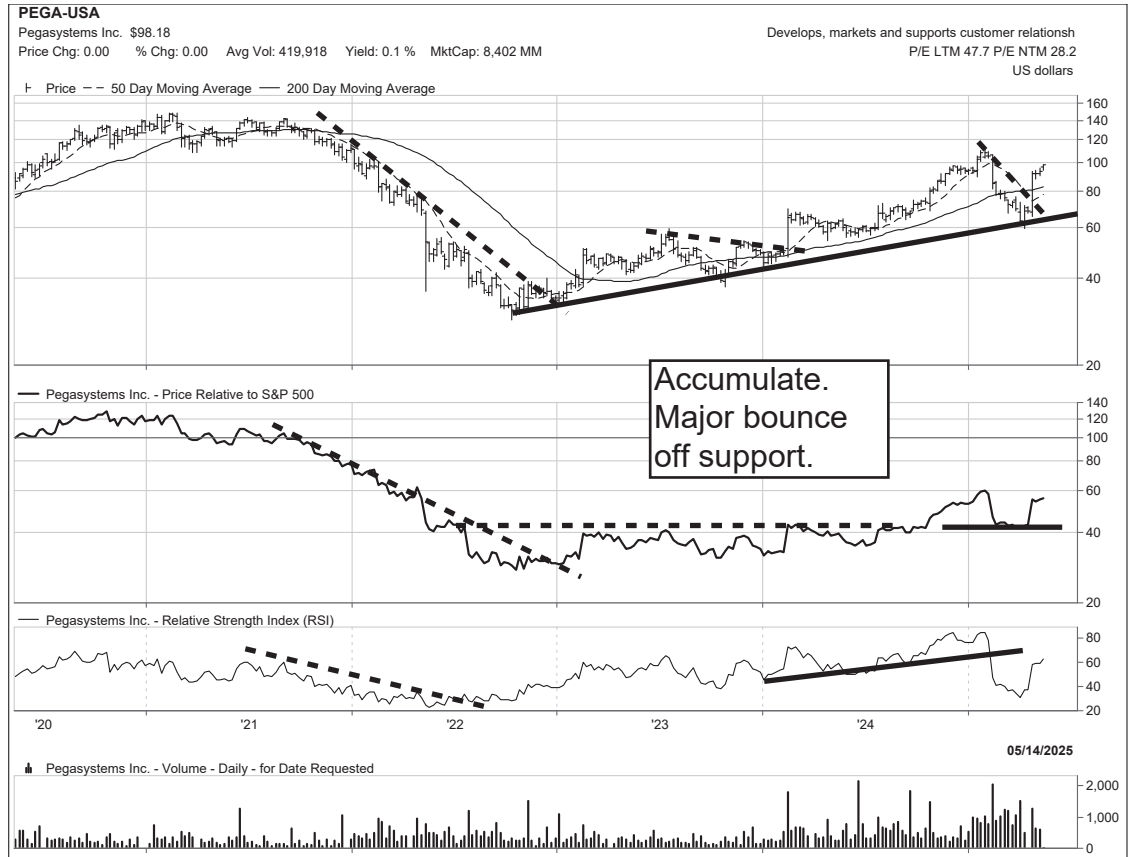
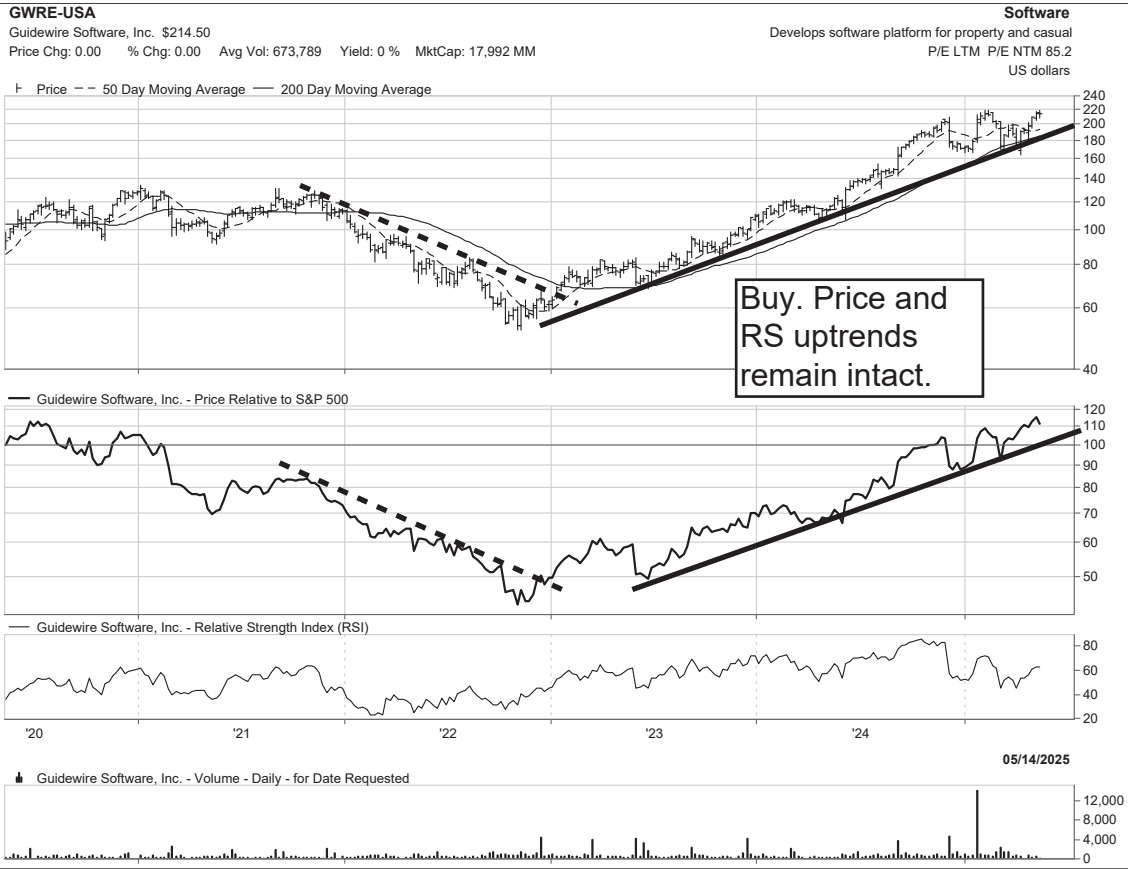
TE-43 Software, Enterprise Applications, Small-Cap

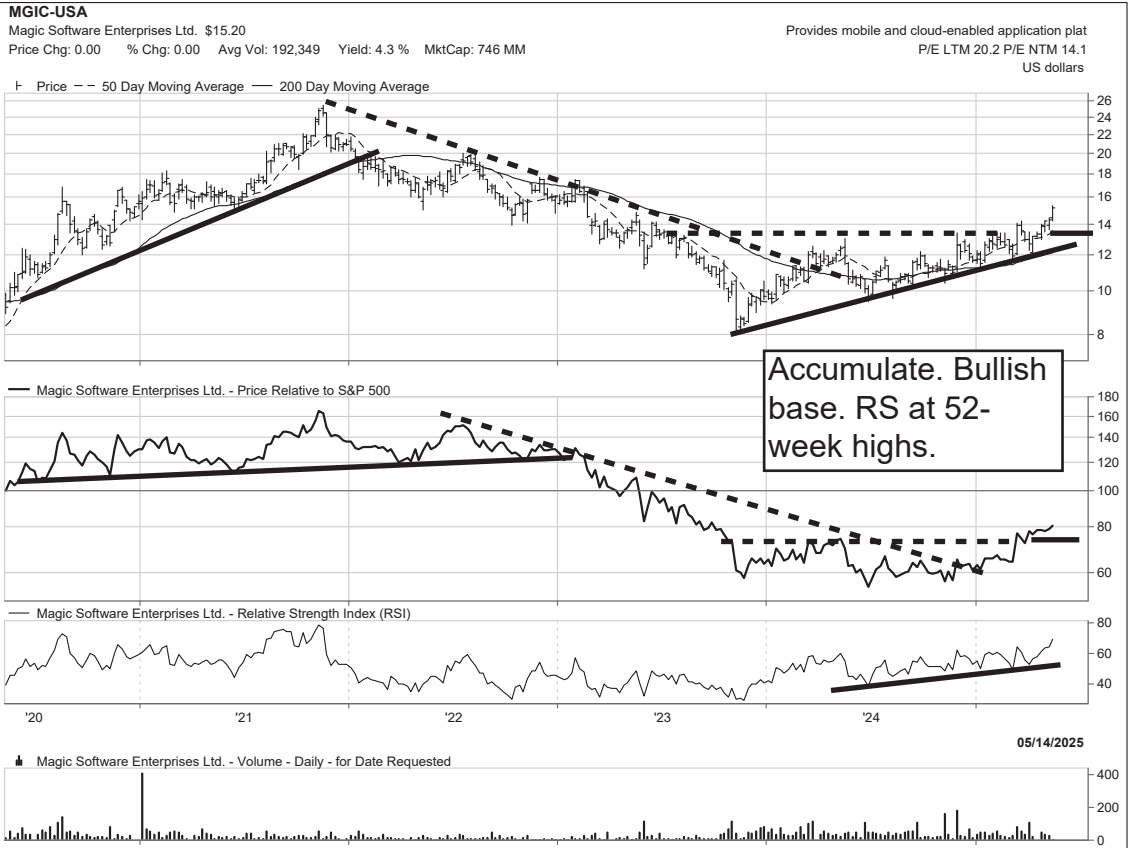
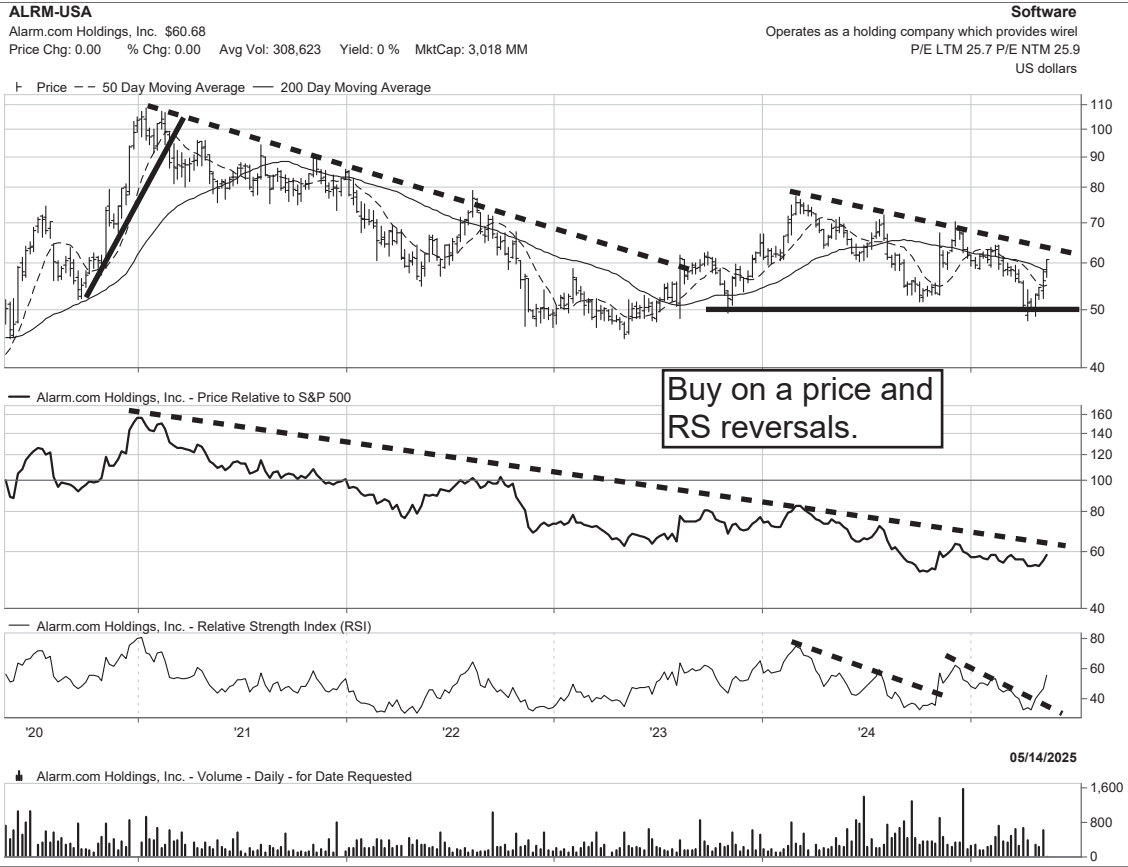
SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
NOW	7	U1	+	MGIC	1	U3	+
GWRE	2	U3	+	AMSWA	1	U3	+
PEGA	3	U1	+	DOMO	4	D3	-
APPF	19	D3	-	UPLD	30	D3	-
ALRM	17	D3	-				

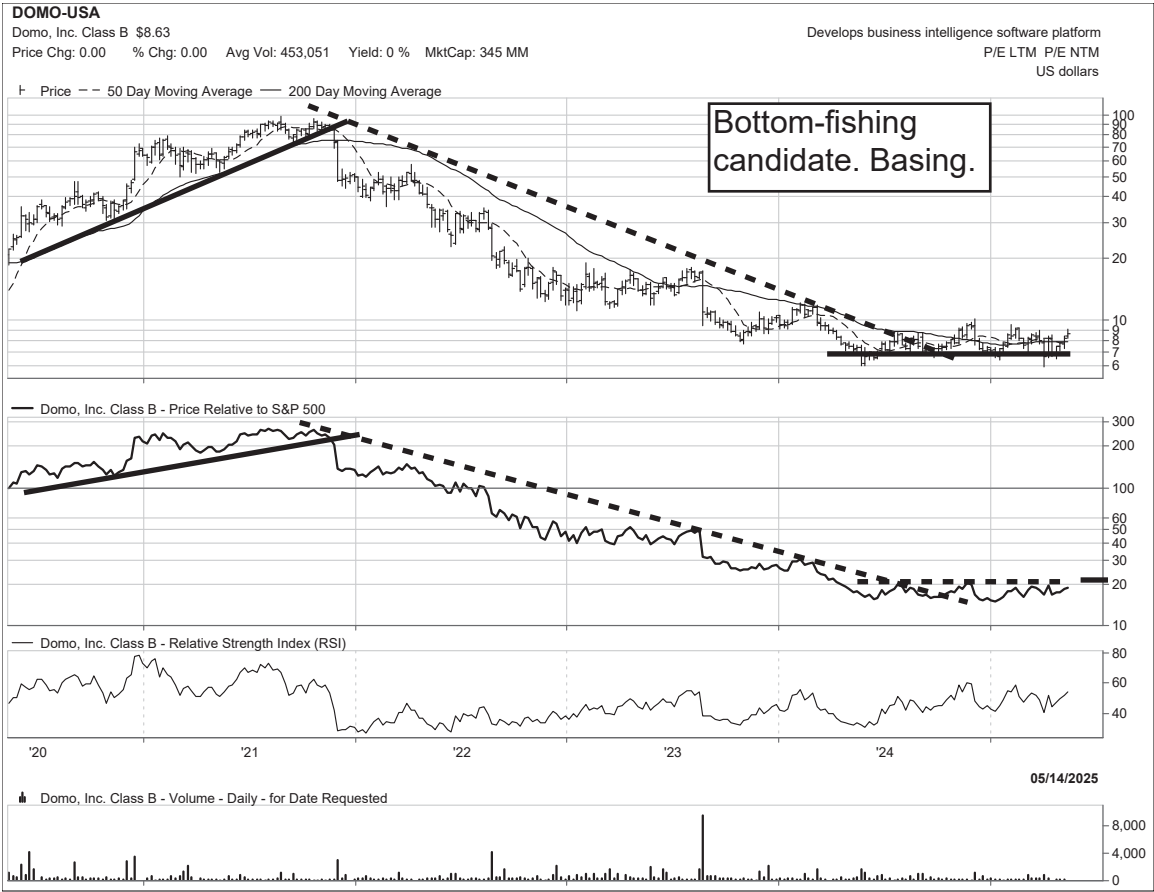


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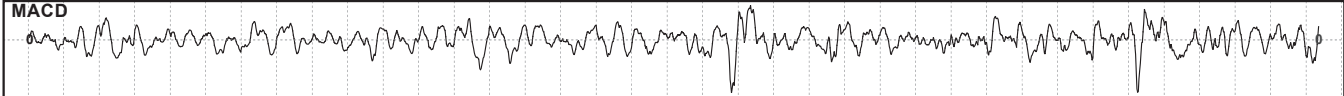
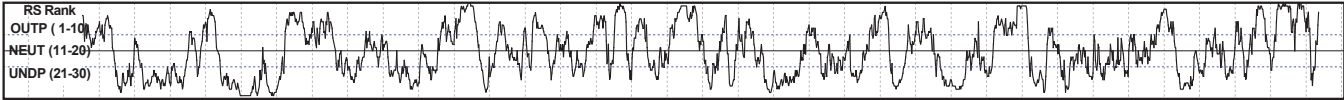




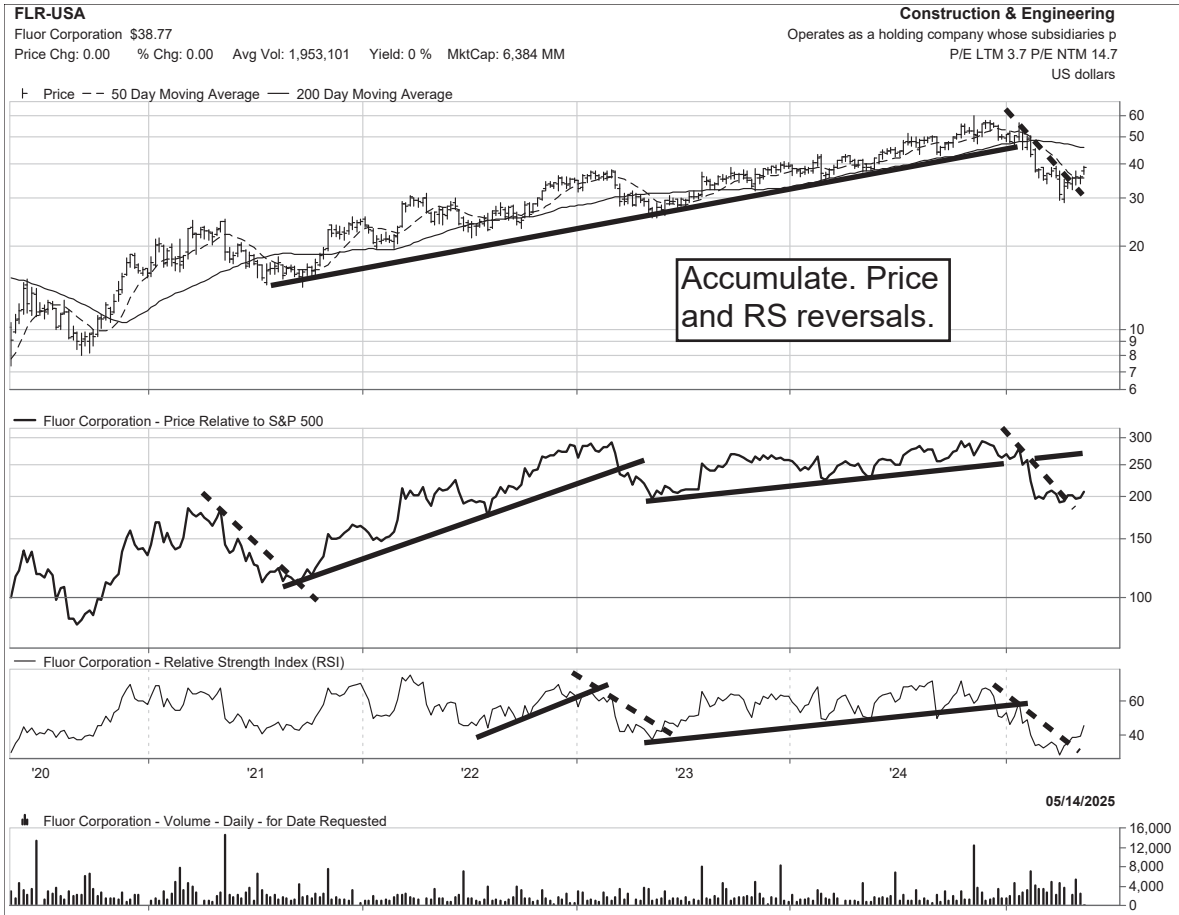
Attractive Groups: SV-14 Construction & Engineering, Small-Cap

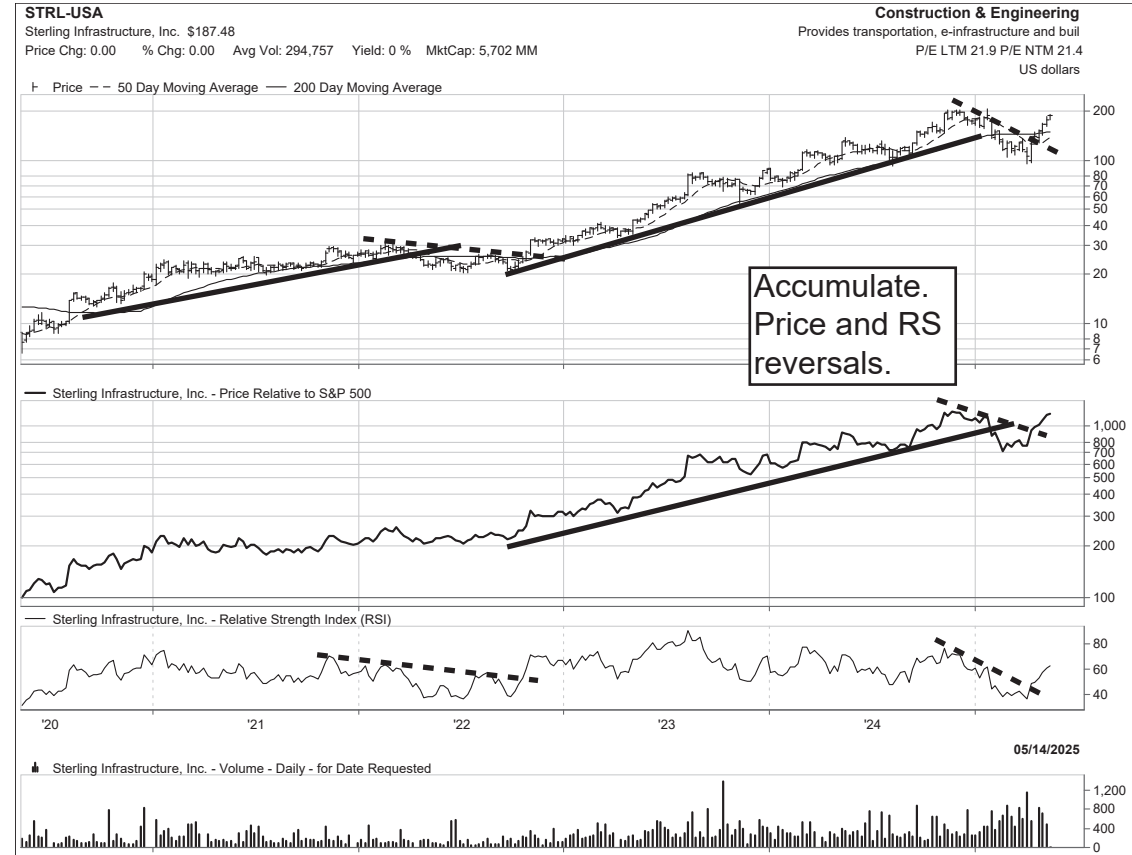
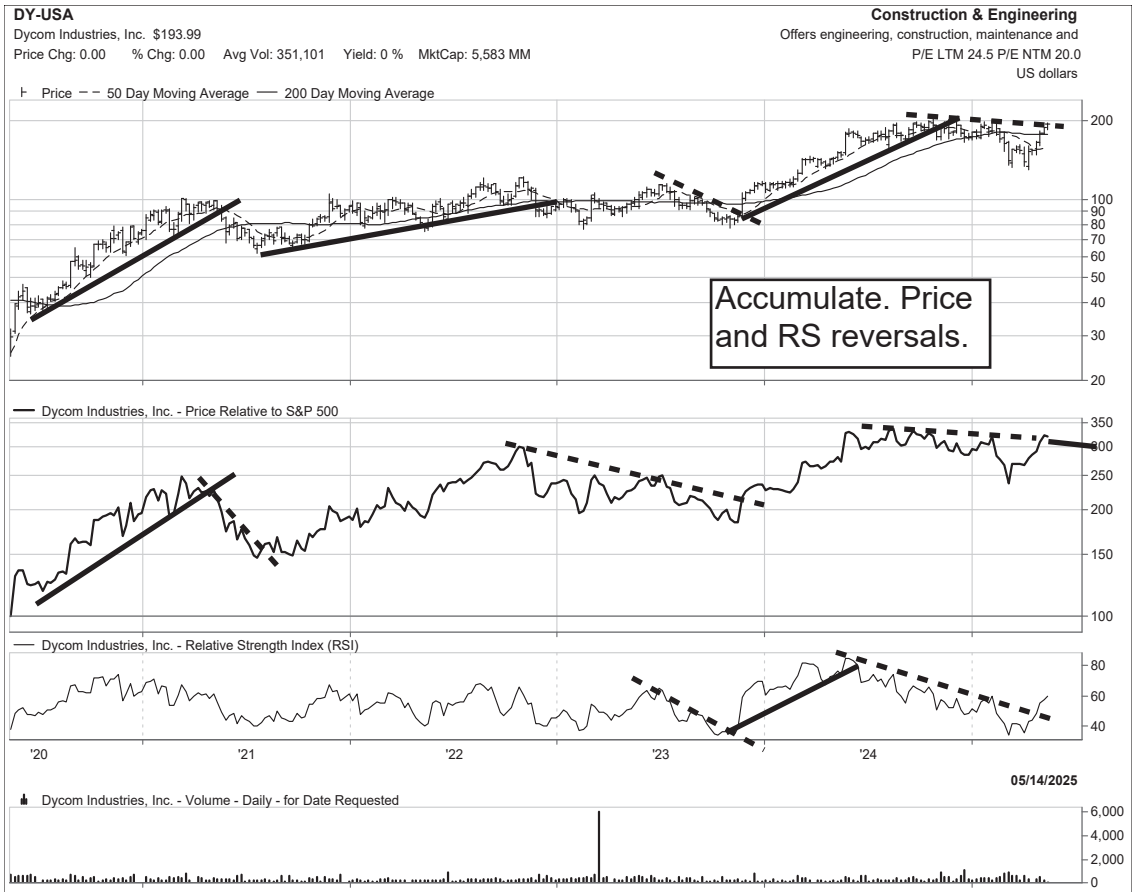
SV-14 Construction & Engineering, Small-Cap

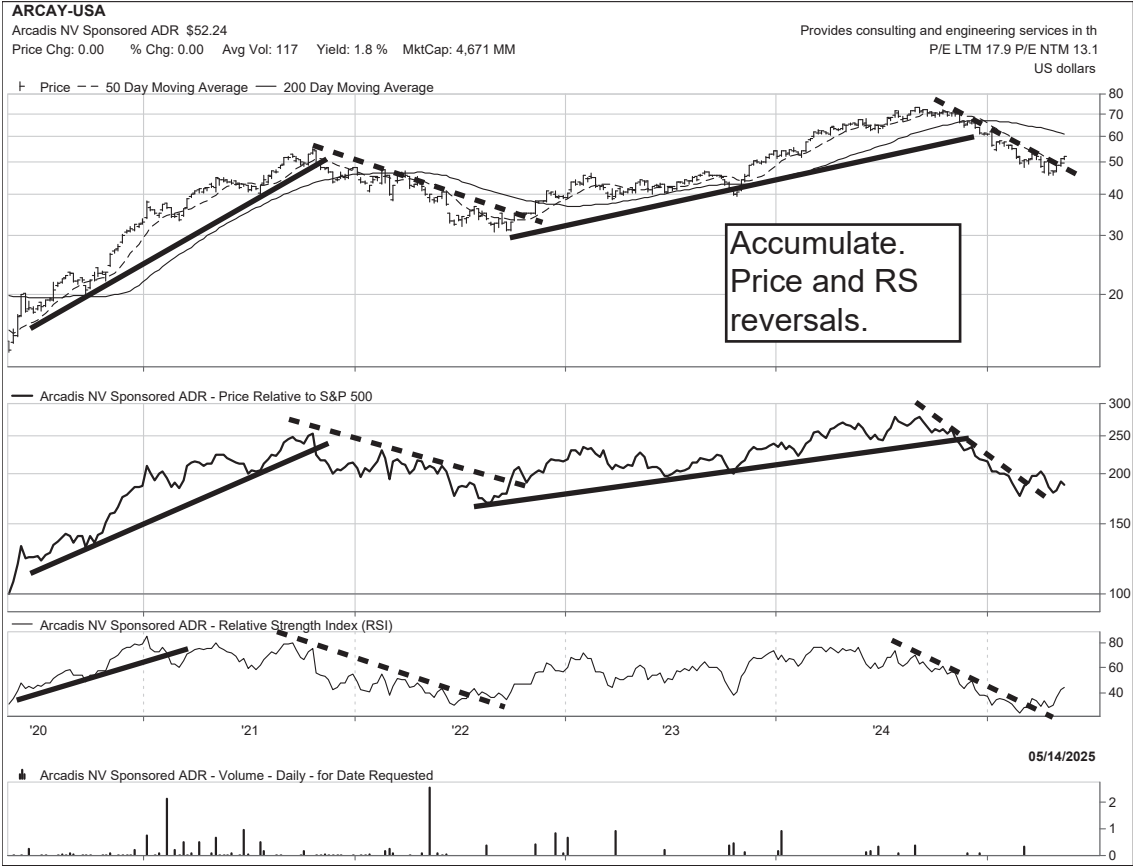
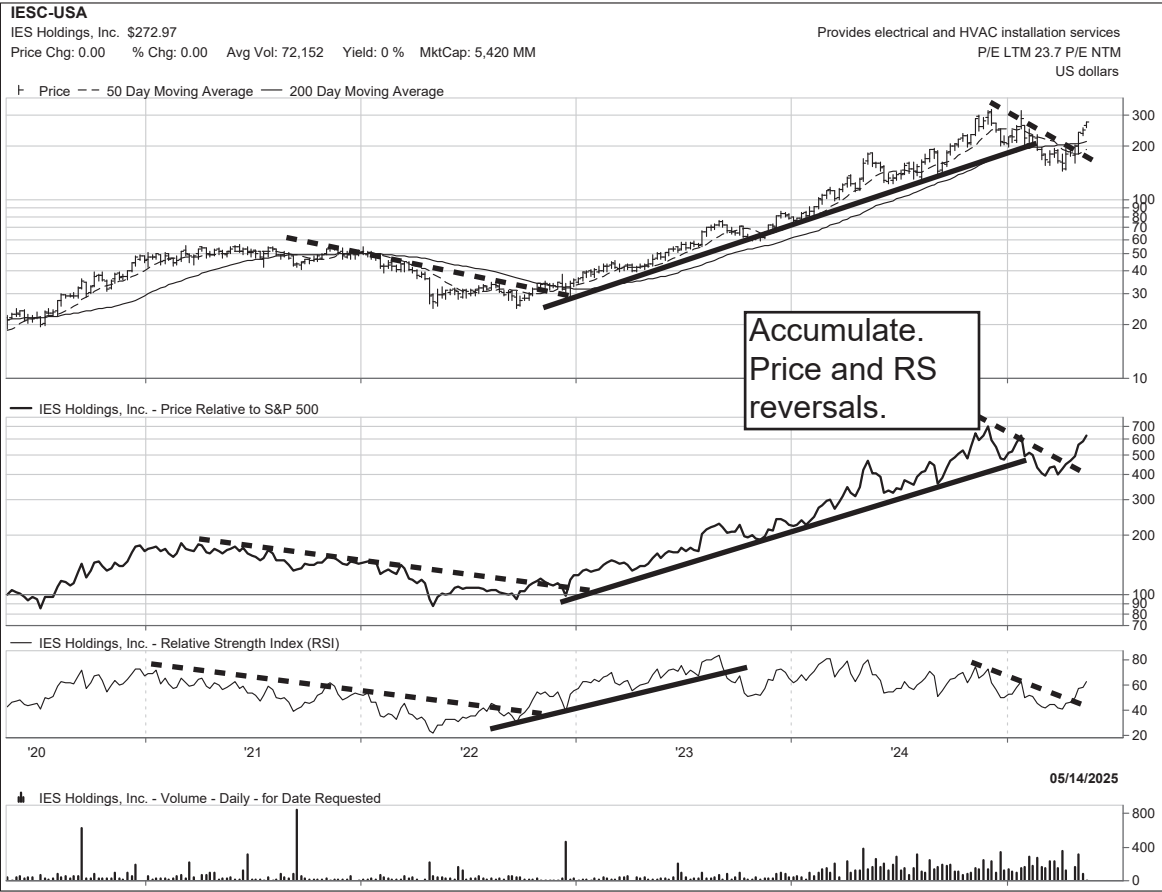
SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
BWXT	13	U1	+	ARCAY	20	D3	+	AGX	1	U2	+	WLDN	2	U3	+	TISI	1	U3	+
FLR	28	D3	+	ROAD	1	U2	+	TPC	1	U1	+	NWPX	28	D3	-	BW	30	D3	-
DY	2	U1	+	PRIM	16	U1	+	BV	3	U1	+	MTRX	11	U1	-	ENG	30	D3	-
STRL	1	U2	+	GVA	14	U1	+	NVEE	6	D3	+	ORN	2	U1	+				
IESC	1	U1	+	MYRG	1	U1	+	GLDD	6	U1	+	VATE	6	D2	-				

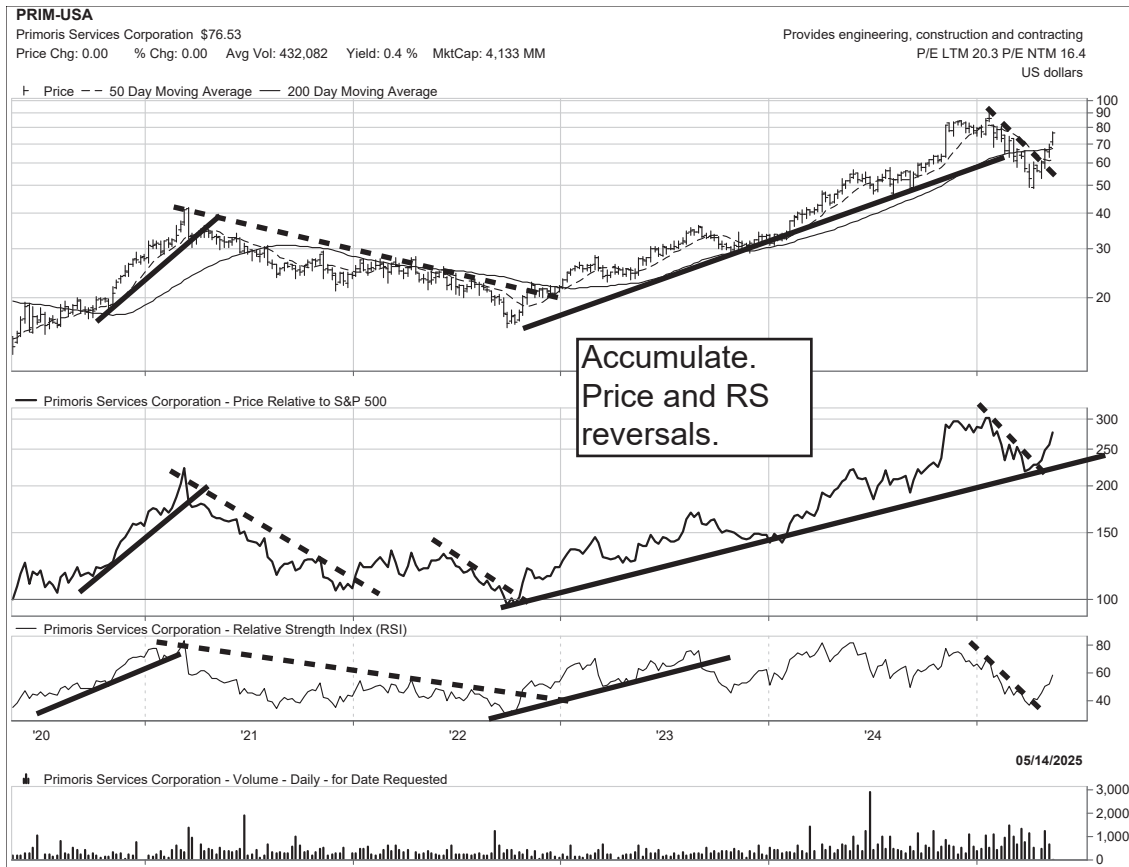
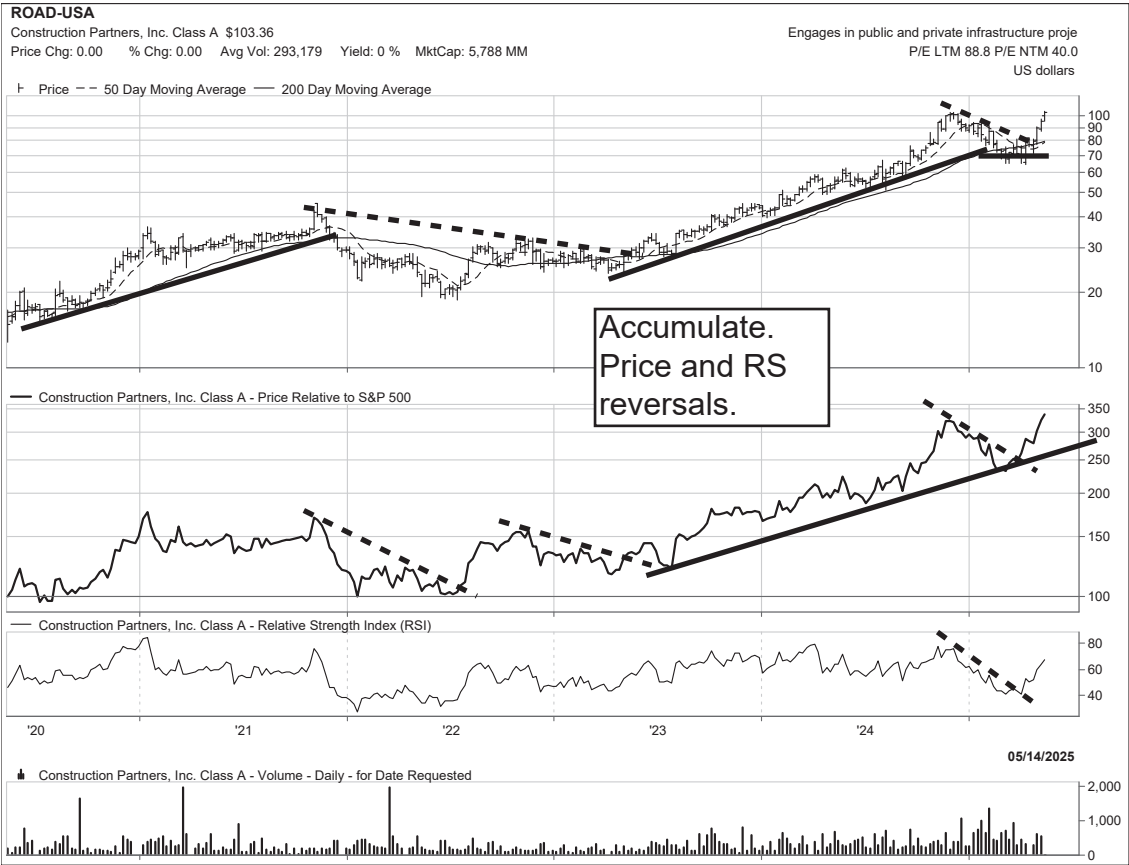


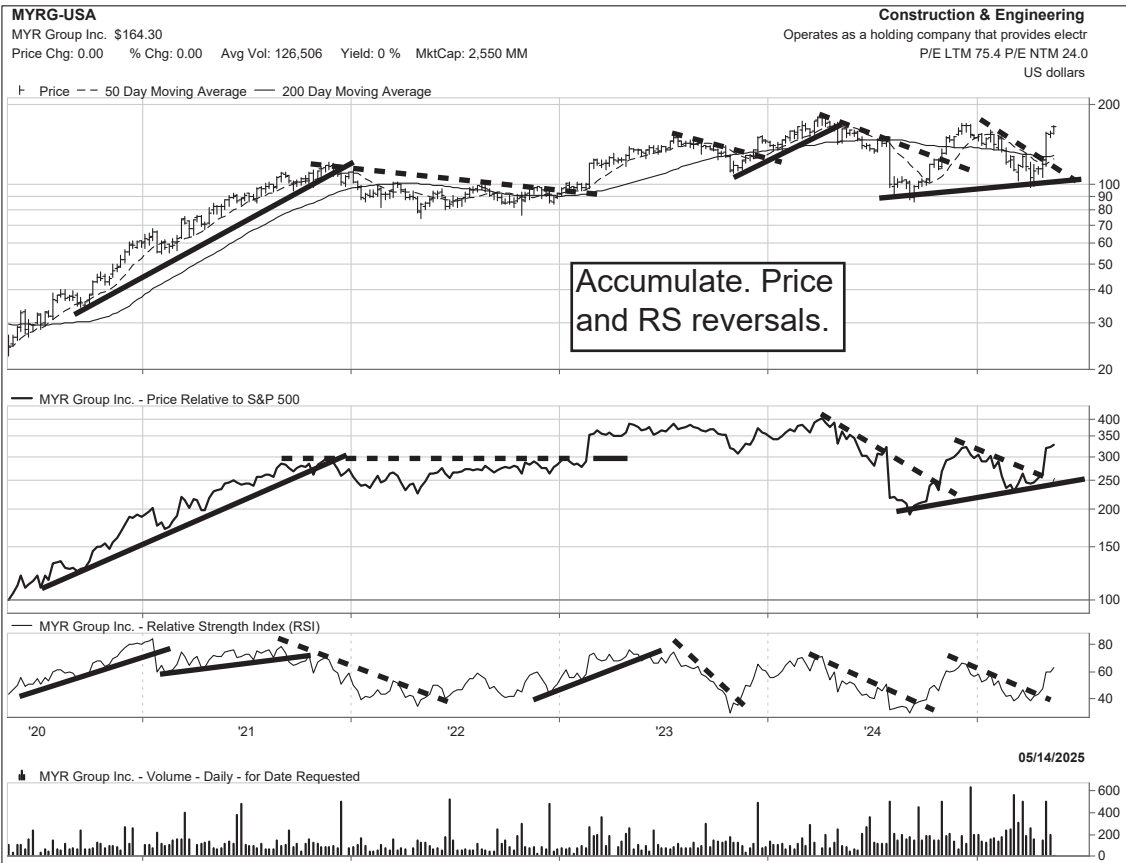
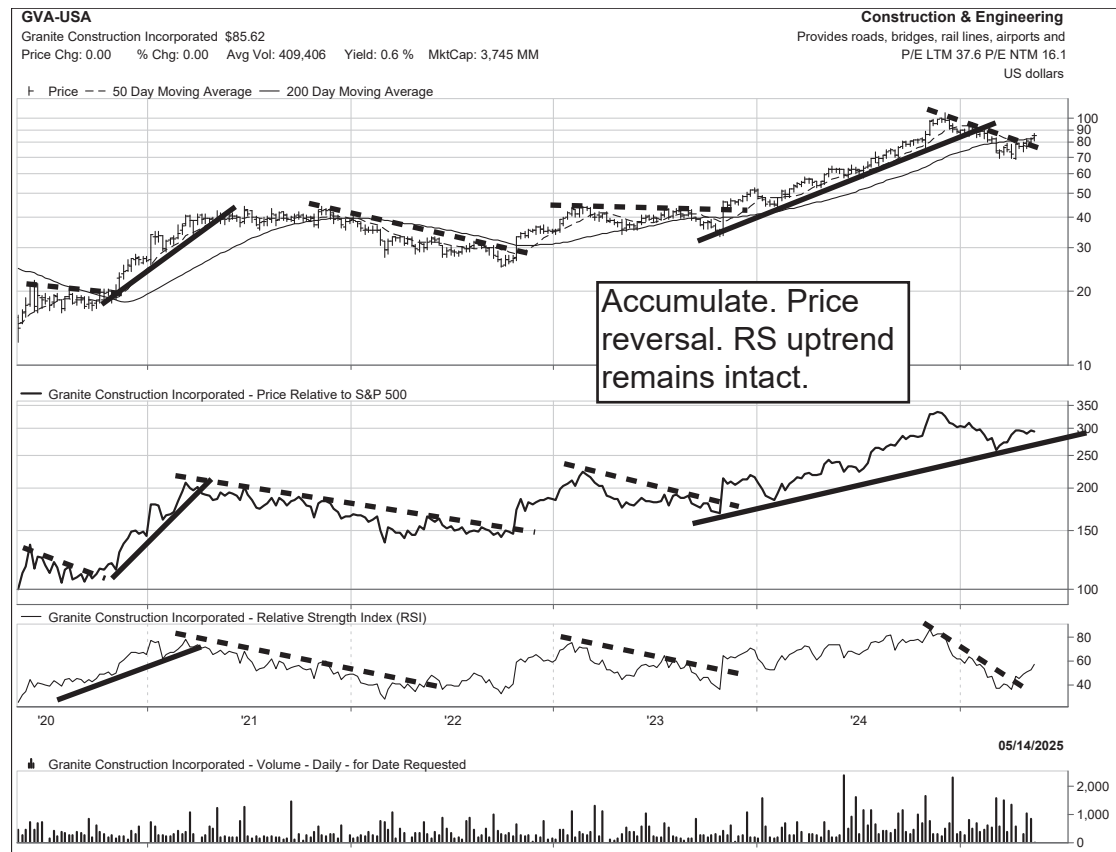
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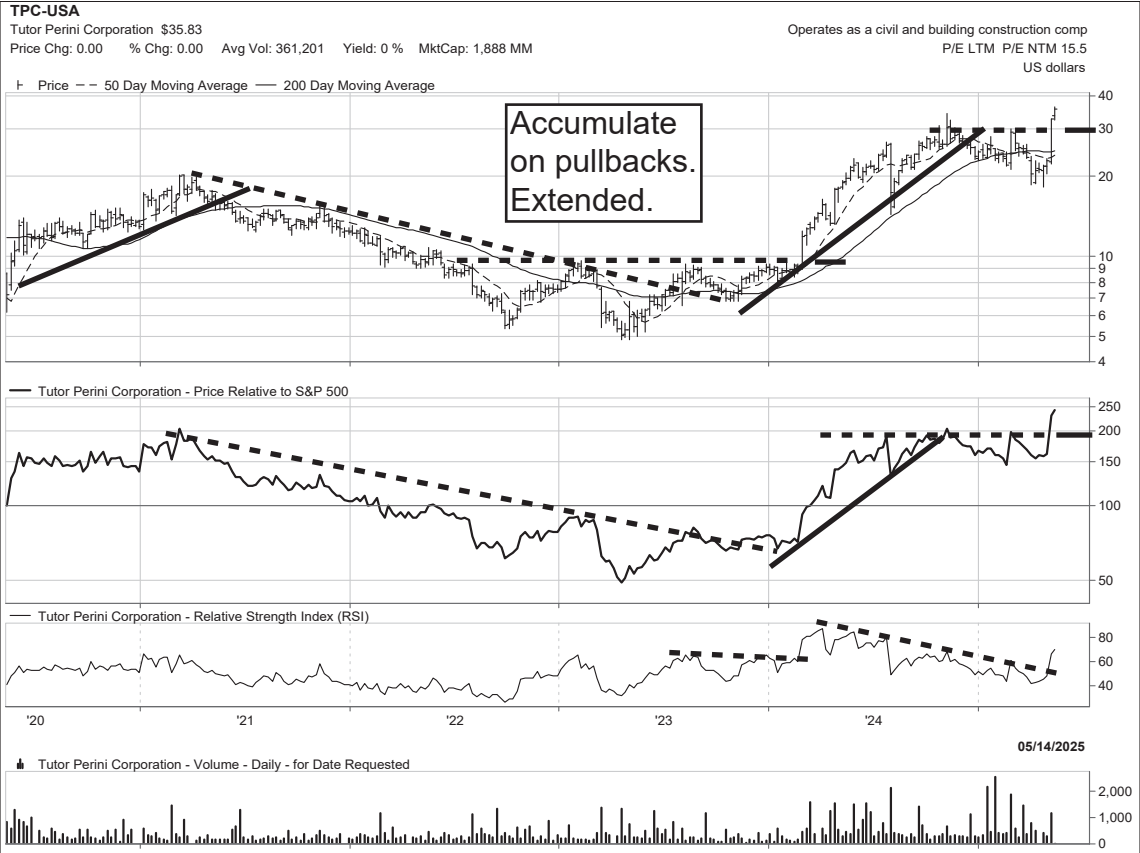
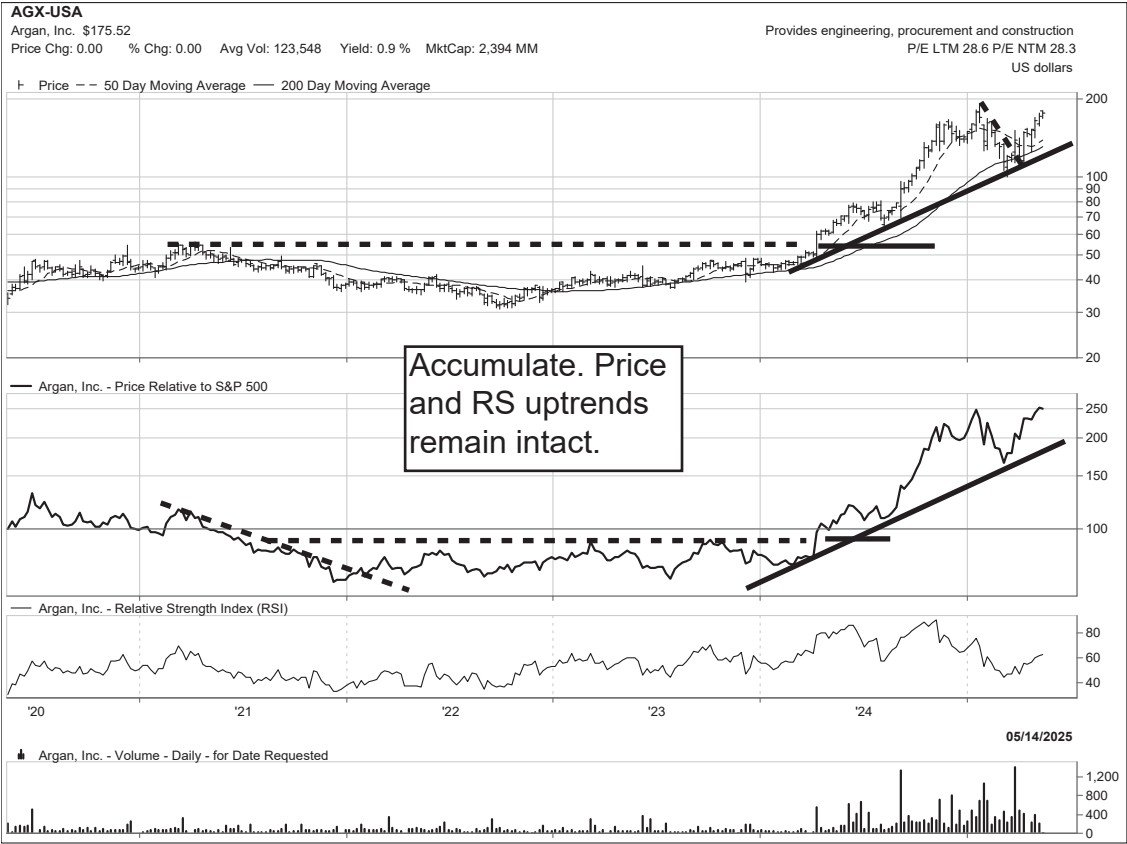


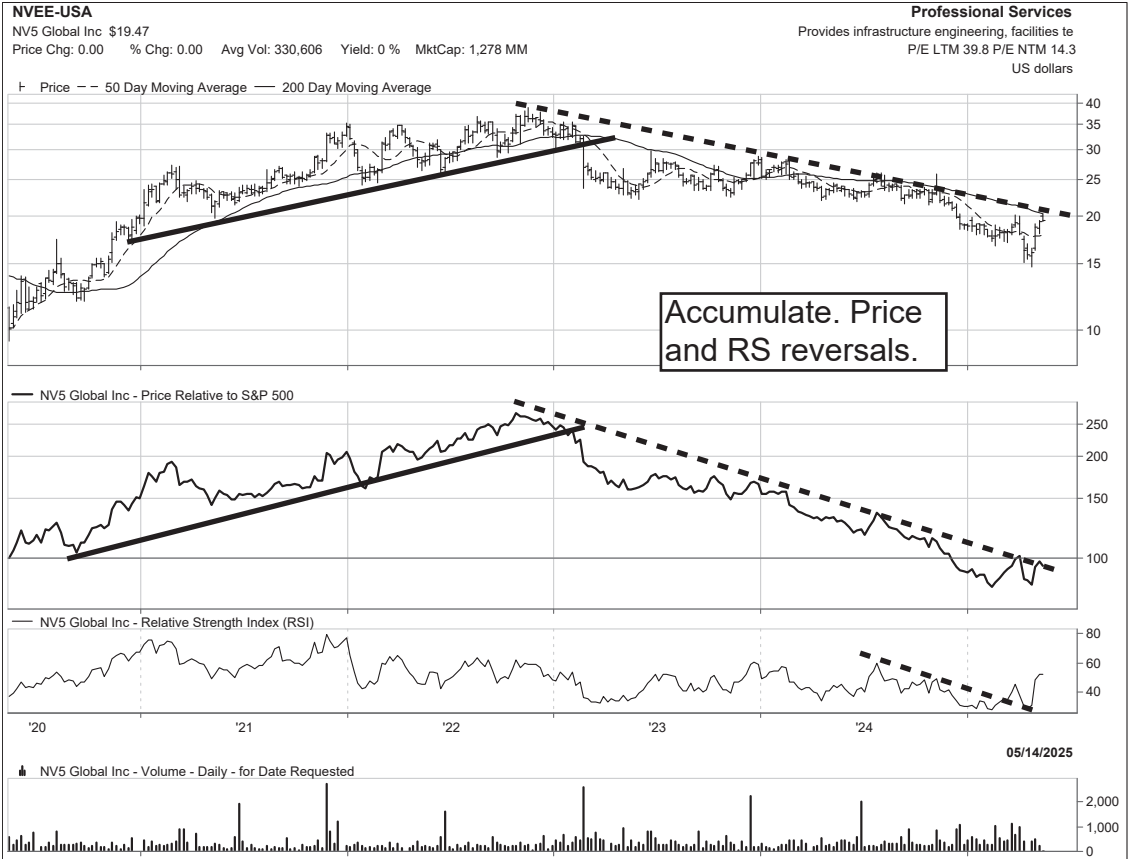
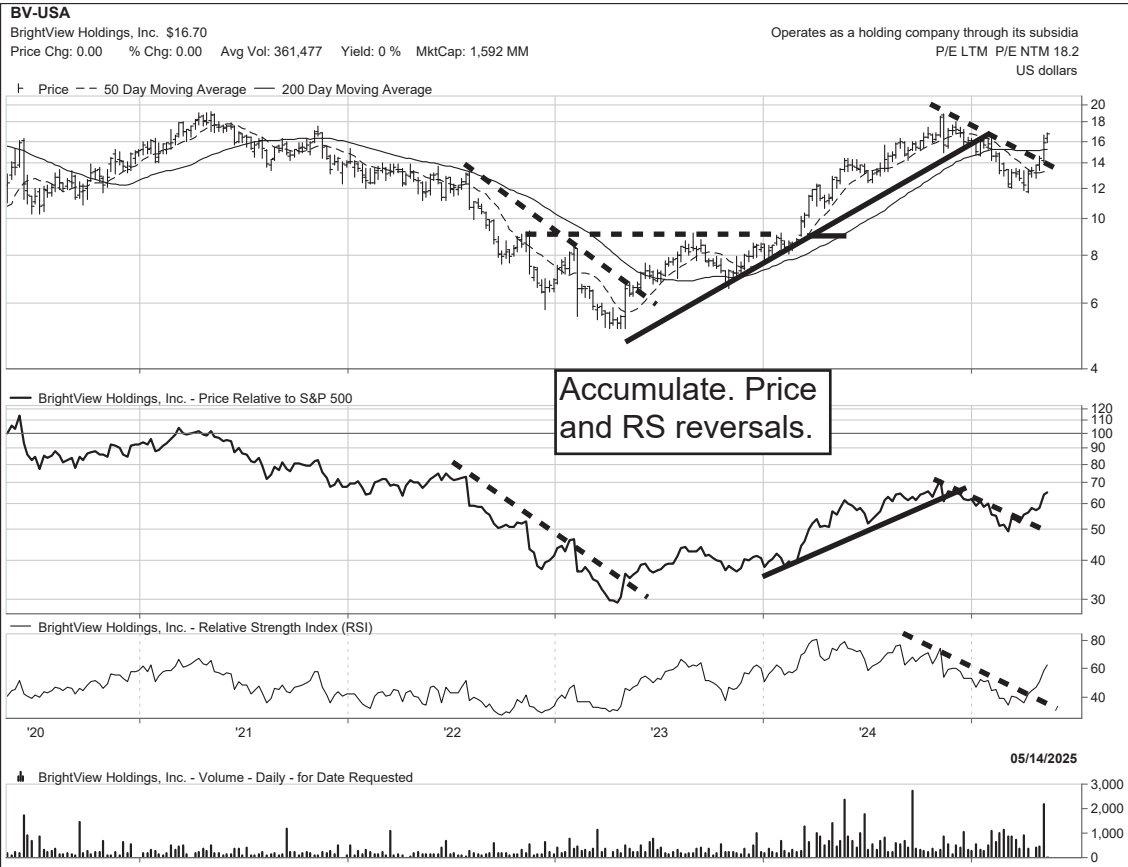


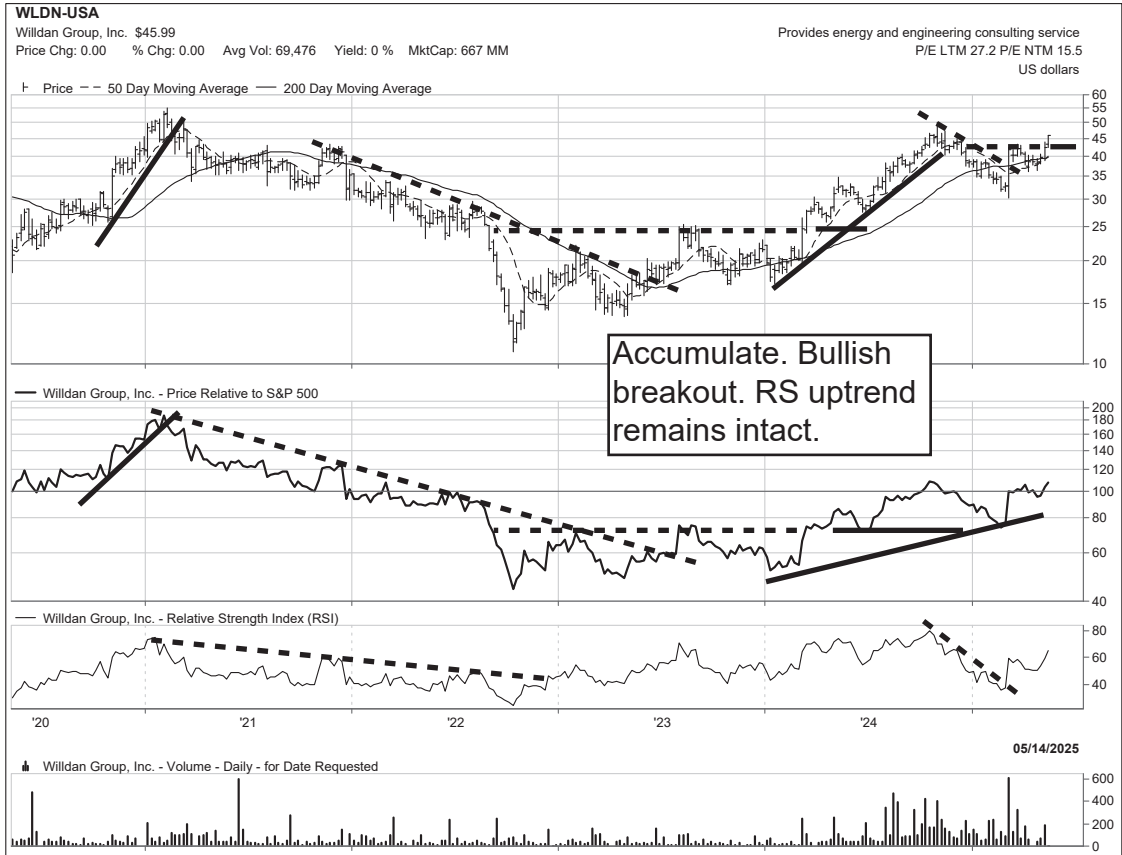
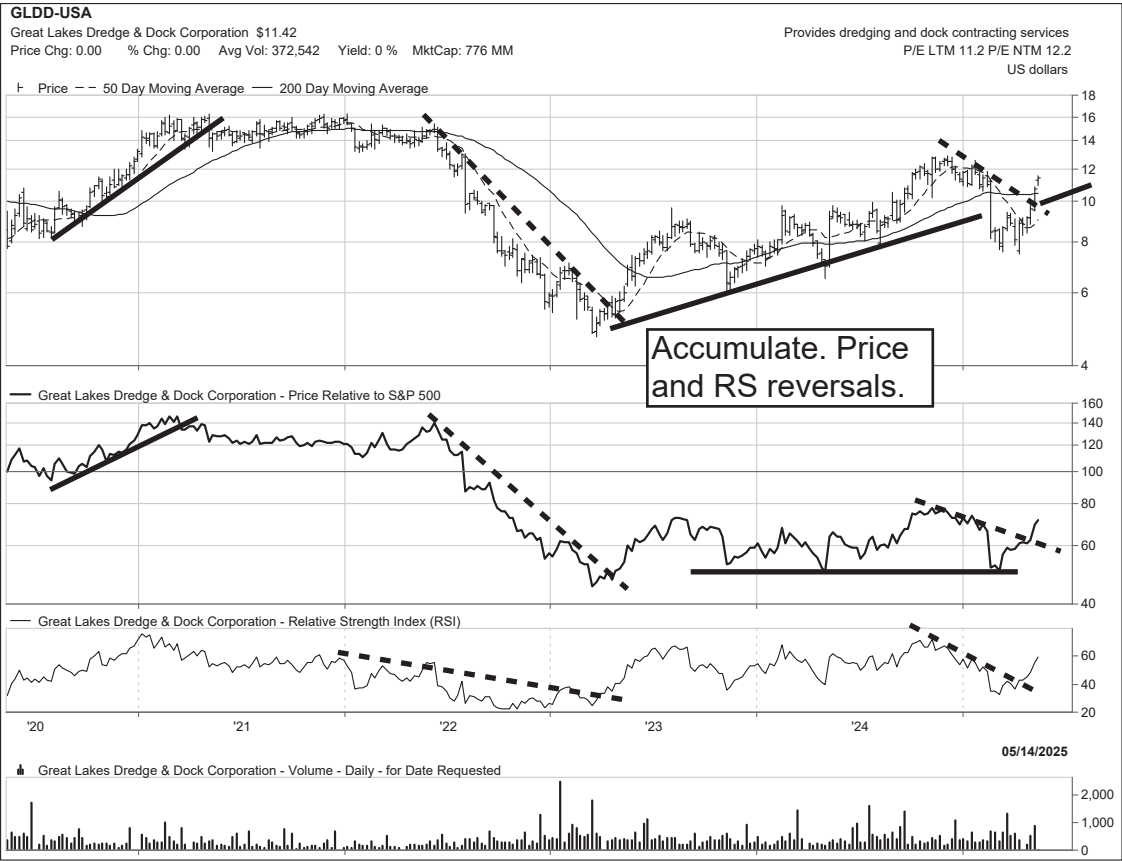


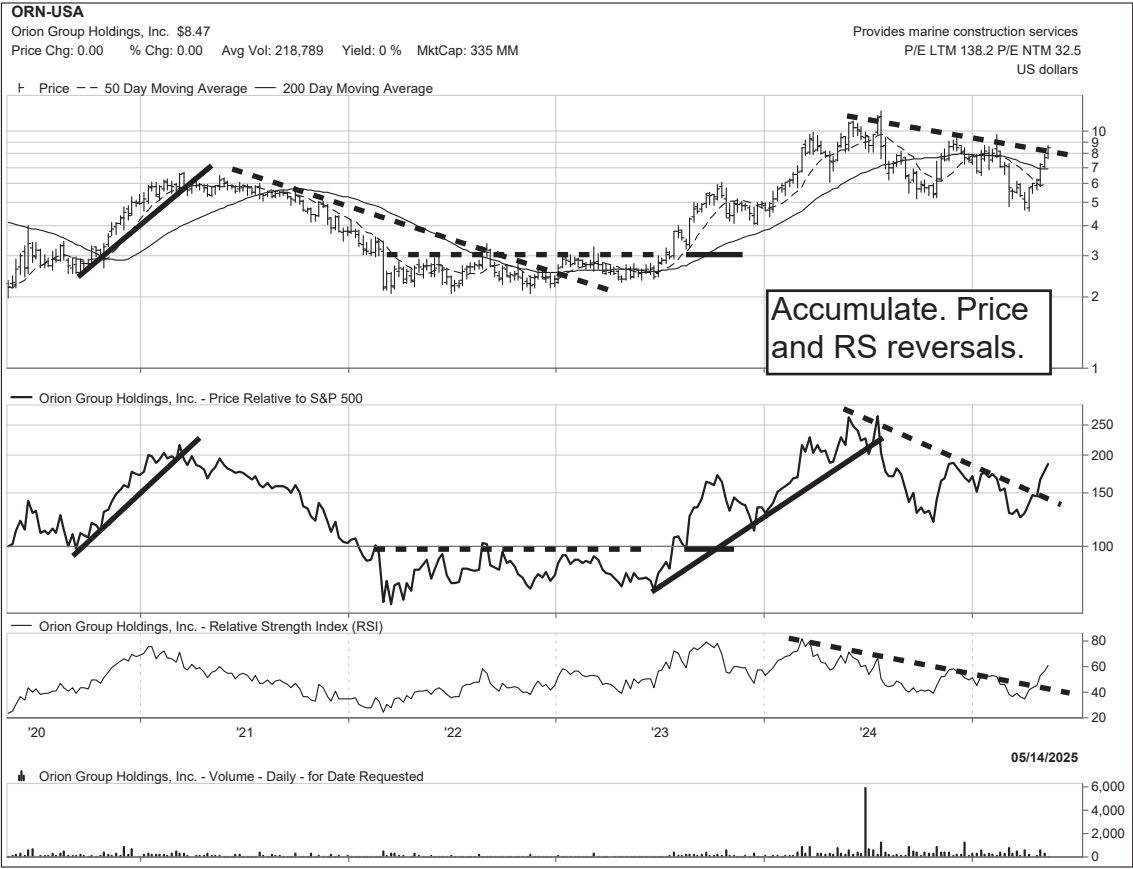








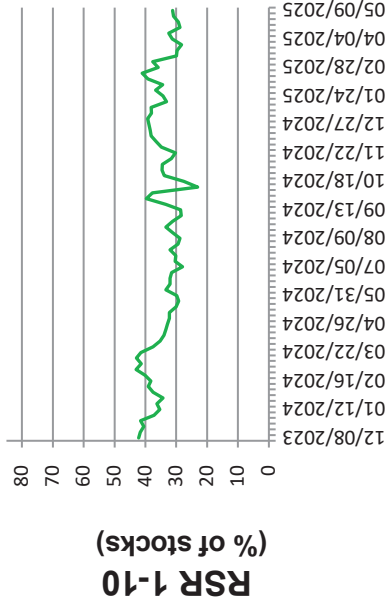




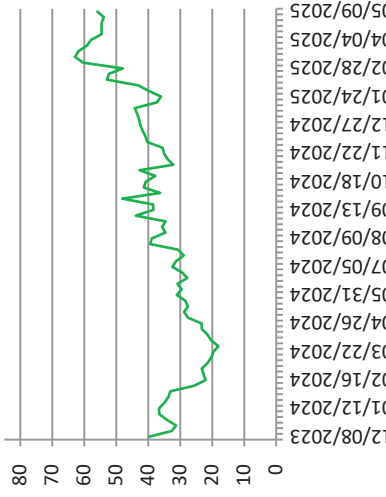
	Bottom-fishing	Positive Inflection	Uptrends	Pullback to Support	Negative Inflection	Downtrends	Tippy	
Consumer Discretionary	ABNB DLTR F GPC HLM MGM PHM	AMZN CCL DG DPZ GM HAS HLT LQV MAR	MCD RCL ROST TRMB TSLA ULTA WSM WYNN	AZO BKNG DASH DRI EBAY NFLX ORLY RL	TJX TPR WMT YUM	BBY CMG LULU TGT TSCO		
	ADM BF B BG HSY MDLZ	KVUE		COST K KR MNST MO	KMB MKC	EL LW TAP TSN		
	MPC PSX VLO XOM			EQT EXE TPL WMB	TRGP	CHD GIS HRL PG CLX IFF SBUX SYX KHC		
	ACGL BEN IMKTX	AMP APO ATKQ BAC BLK CB CINF GS HBAN MET	MS MTB NDAQ NTRS PGR RUF STT SYF WFC	AIG AIG BK BRK.B C SCHW TRV WRB DFS	HIG ICE JPM PGR SCHW TRV WRB	EG ERIE FITB IVZ PNC PRU TFC TROW USB		
	BAX CI CNC DXCM ELV EW UHS	HCA IDXX IMH RMD SOLV STE SYK	ISRG ABT BSX CAH COR GSK GILD	MDT	MDT	ALGN AMGN GEHC HOLX MRK MRNA PFE REGN RVYT ZBH		
Manufacturing	AOS APT GD HII IR LHX LMT	AME BA CARR EMR ETN GEV GWW HON	PH PNR ROK ROP TDG TT URI	TDY	CMH OTIS	BLDR CAT DHR DOV NDSN NOC PCAR HUBB		
	AVY BALL MOS PPG	CF MLM HWM MMM	CTVA HWM MMM	IP	IP	ALB EMN LYB WY		
Real Estate	EXR O	CBRE CPT DOR INVH MAA	REG SPG	WELL	EQR ESS KWR UDR VICI	ARE HST PLD		
Services		GPAY CPRT CTAS CTSH LDOS ECL EFC	FDS FICO JKHY LDOS PWR	ADP BR MA PAYX ROL RSG	EQIX FI MSCI PYPL	ACN IT J OMC EPAM GPN IPG		
Technology	AMAT AMD CDW DELL FSLR JNPR LRCX MCHP MPWR MU	ADI ADSK ALLE ANSS CDNS CSX ENPH GLW INTU KEYS KLAC	MSFT NOW NDA PANW STX WDAY	APH AVGO CRWD CSCO FFIV FNV IBM JBL PAYC PLTR TEL	TTWO VRSN	ANET CRM TYL	A QCOM SMCI SWKS TER WDC ZBRA	
Communications	CCI	CHTR DIS MCO NWSA	PARA SBAC SPGI	FOXA TKO META T	AMT	CMCSA GOOGL MTCH		
Transports	EXPD NSC ODFL	LUV UAL	UBER		CHRW	CSX JBHT UNP UPS		
Utilities	AES PCG	CEG ES FE VST	ATO CNP CMS EVS NRG	AEE NI XEL	AWK SO D DUK EPC LNT SRE	EIX NEE PFE REG SRE		Compass 29

	Bottom-fishing			Positive Inflection		Uptrends		Pullback to Support		Negative Inflection		Downtrends			Toppy
Consumer Discretionary	ABG	GEI	SCVL	BLRI	MCW	ATGE						AAP	KSS		
	AEO	GIII	SHOO	BOOT	SAH	AWI					LQDT	BLAN	LEG		
	AMWD	HBI	UPED	CERL	SHAK	CAKE						CARS	LGIH		
	AMZN	MDG	VSCO	CHOC	SIG	CHOC						CHOC	MBC		
	BAL	MODG		GREK	URBN	EAT						CENTA	MRO		
Consumer Staples	CAL	NWL		HAYW		GPI						CRI	RGR		
	CARG	NWL		HNI		PRGO						DFH	STRA		
	FL	MB		KBI		PRGO						BGS	JSF		
	GDEN	PLAY		FDP		CALM						ENR	SPTN		
				TR		PSMT						EPC			
Energy						UNFI						GO			
												HELE			
												JBSS			
						AROC						AMR	HLX	RES	
						CRK						ANDE	LBRT	SXC	
Financial												CLB	PTEN	TALO	
												HCC	PUMP		
	APAM	CPI	MC	SAFT		UFCS						AMSF			
	BANC	EVTC	NAVI	CVBF	TRUP	ACT						CHLB			
	BANR	FBK	NWBI	UCB	WRLD	CASH						CBU			
Health Care	BH	FBNC	PFS	BGC	NBTB	ENVA						EGEN			
	BRKL	FBP	VRXS	ENVA	ENVA	ENVA						PRAA			
	BREN	FBFC	PRK	CHCO	RDN	CHCO						STC			
	CNS	HOPE		CLUB	RNST	HNI						WD			
				DFIN	STEP	PLMR									
Manufacturing															
	ACAD	QDEL		ADUS		ADMA						AHCO	CERT	IOSP	
	CNMD	RDLT		ALKS		CORT						AMN	CTKB	KRYS	
	COLL	STAA		ACRT		QPRX						AMPH	DVAX	LMAT	
	ENOV	USPH		HRMY		MD						AMR	PRER	MYGN	
Materials	ICUI			PAHC		PBH						ASTH	GKOS	MYGN	
	MLAB			PINC		TGTX						AVNS	HSTM	NEOG	
				EPAC								AZTA	IART	NEO	
	ADNT	MOG-A	WSC	PRVA		BNI						BP	INSP	OSN	
	AVAV	AX		FSS		DXPE						BP			
Real Estate	AXL	SMP		ALG	IIN	ESE						BCC	SLVM		
	FELE	SPXC		ASTE	ITRI	KTOS						CC	CENX		
	FOXF	THRM		REZ		KTOS						PMC			
	GMS	TRN		DAN		KTOS						MTN			
	KMT	UFTT		REZ		MWA						MTUS			
Services	LCHI	VRRM		EPAC		AZZ						AAT	DEI		
	ASIX	WMT		WOR								ABR	RC		
	CE	SCL										APLE	SAFE		
	FUL	SEE										CSL	WSR		
	KALU	WS										CSR			
Technology	KOR											EXPI			
	AMTM			ACA		CSGS						PRSU			
	ANMI			EGG		WV						VSTS			
	DLX			PBI		STRL									
	NVEE			GVA											
Communications				MYRG											
	ACLS	FORM	SMTC	ADAE	SITM	IDCC						BHE	BOX		
	AGYS	GDYN	SONO	AEIS	OSIS	OSIS						CEVA			
	ALRM	HLIT	UCTT	ARLO	SANM	TTMI						CHEN			
	BL	VECO	VSH	CALX	ITMI							NSIT			
Transports	CLSK	PI		CNXX								WOLF			
	COHU	PLAB		DCII											
	CTIS	RAMP		NTCT											
	DIOD	RUN		PRLS											
	ETSY	SEDG		GOGO											
Utilities															
	SSTK														
	TRIP														
	VSAT														
	ALGT	SNCR		AL											
Utilities	ARCB	LRG		HTZ											
	HUBG	SNDR													
	INSW	ROG													

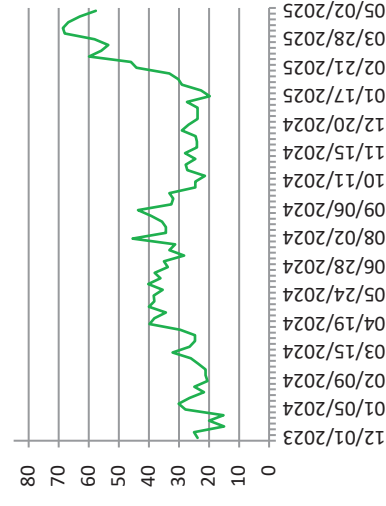
Consumer Discretionary



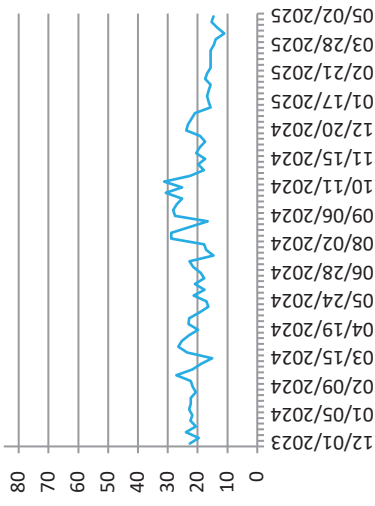
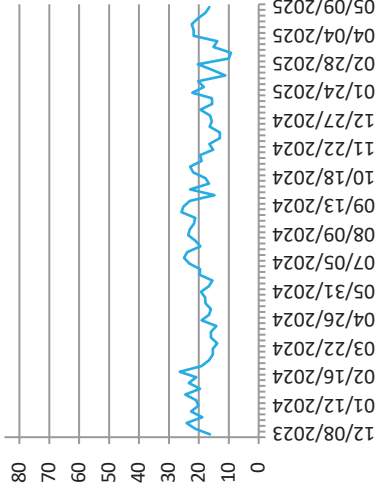
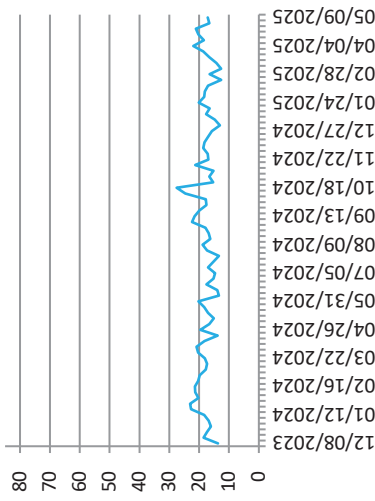
Communications



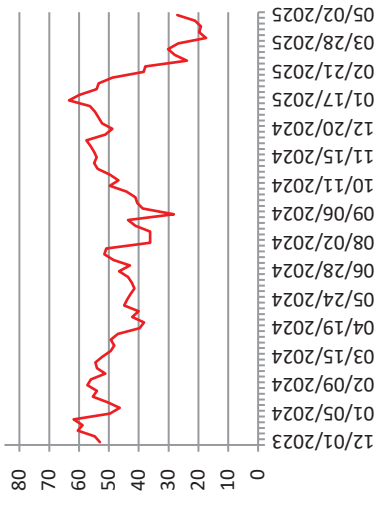
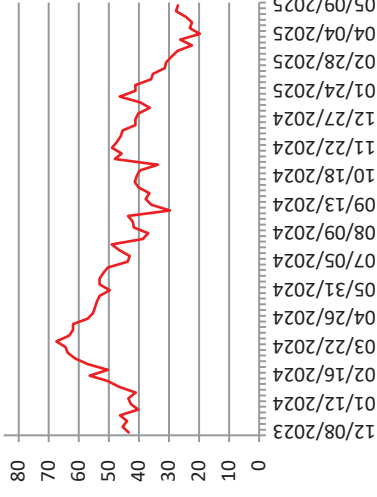
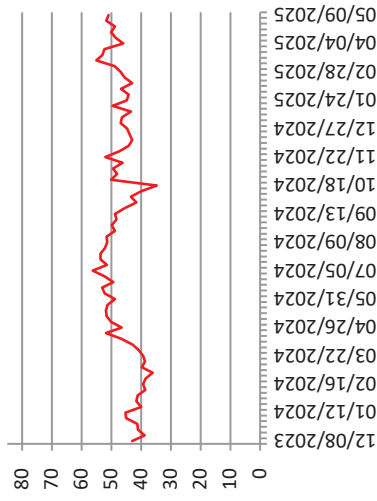
Consumer Staples



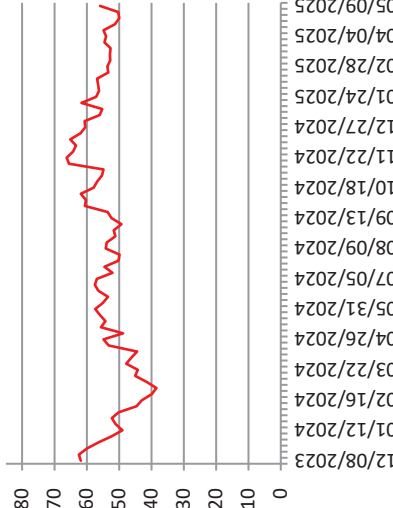
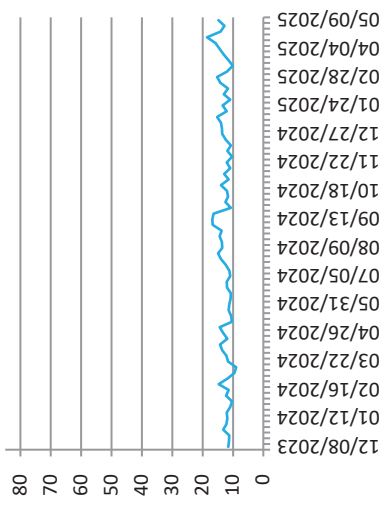
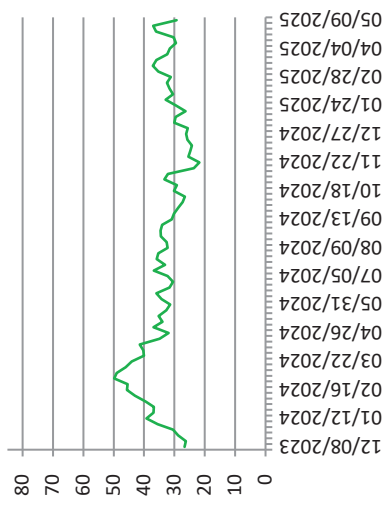
RSR 11-20 (% of stocks)



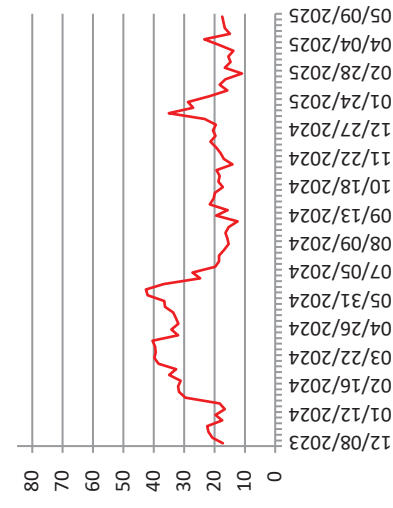
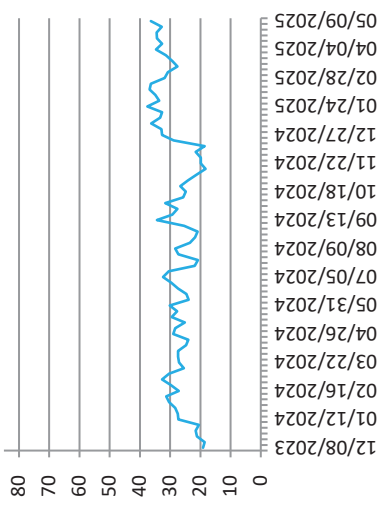
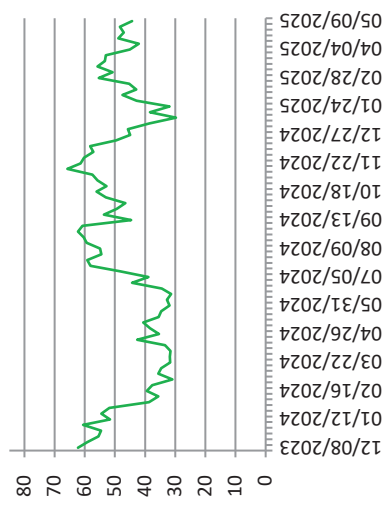
RSR 21-30 (% of stocks)



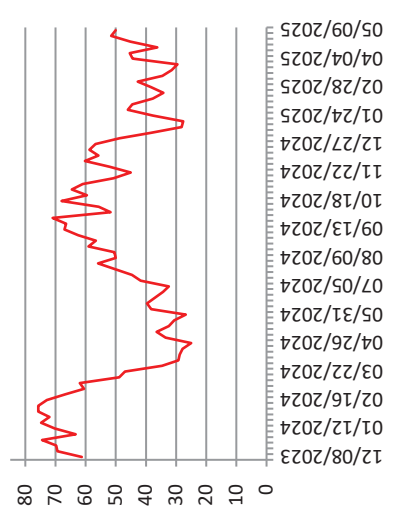
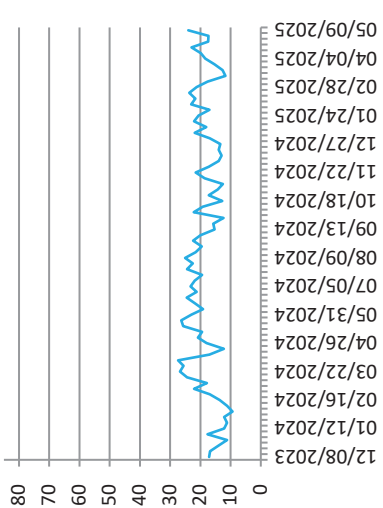
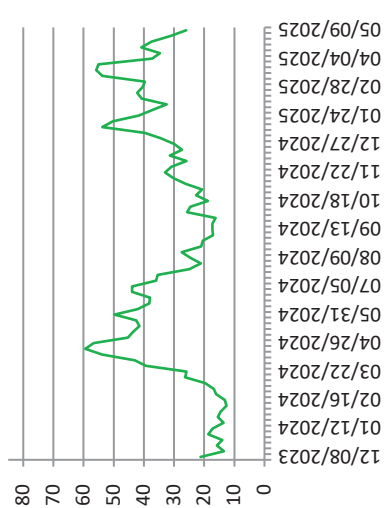
Health Care



Financials



Energy

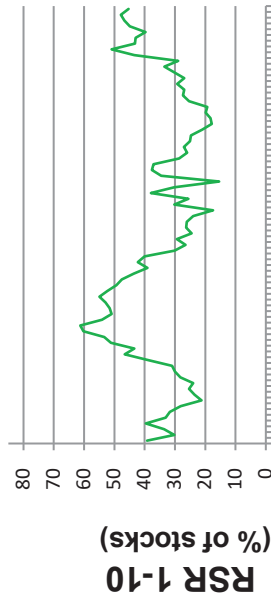


RSR 1-10
(% of stocks)

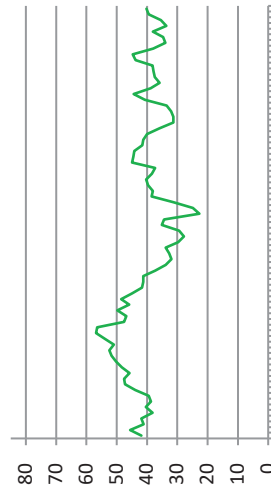
RSR 11-20
(% of stocks)

RSR 21-30
(% of stocks)

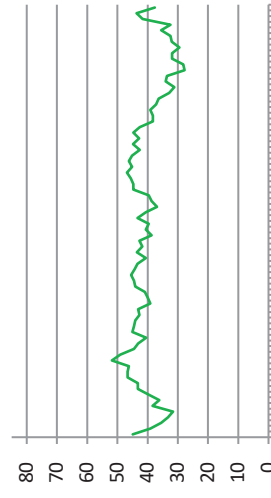
Materials



Manufacturing

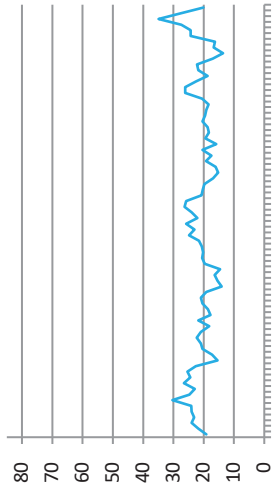
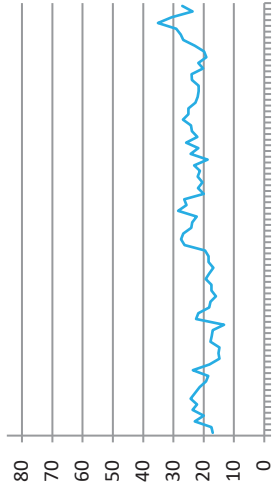
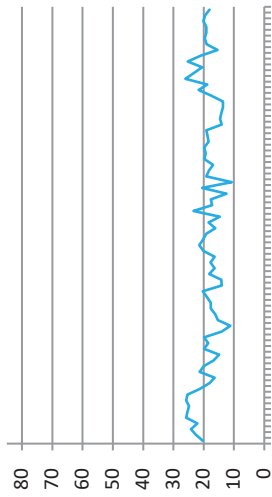


Services



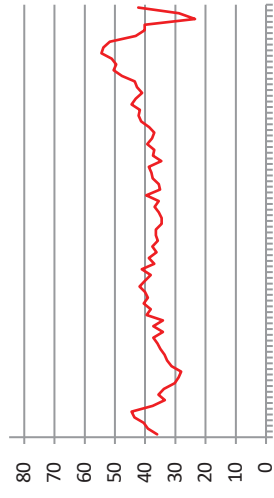
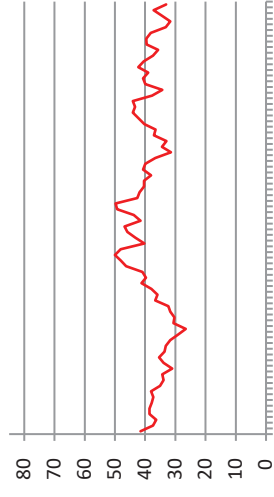
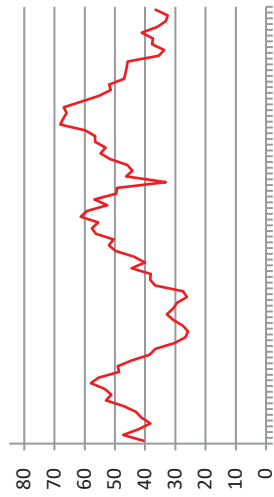
RSR 11-20

(% of stocks)

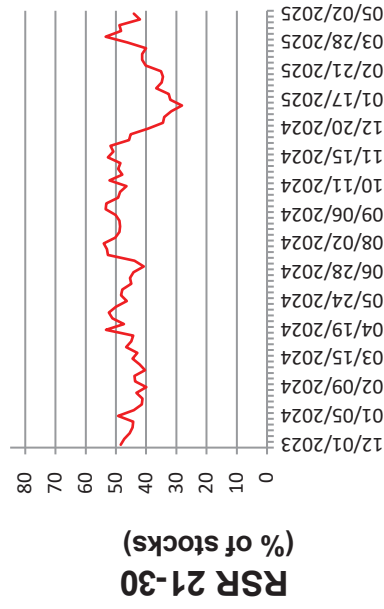
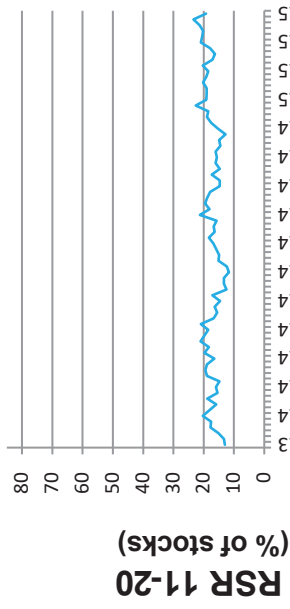
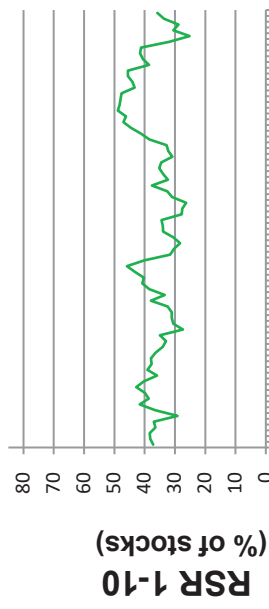


RSR 21-30

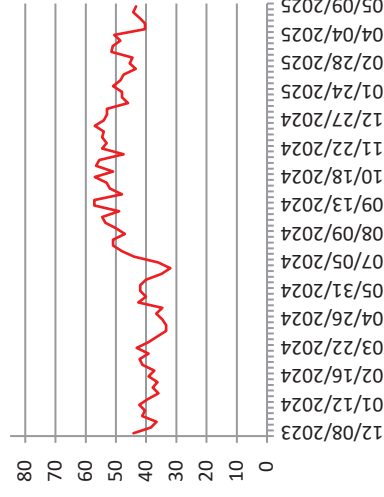
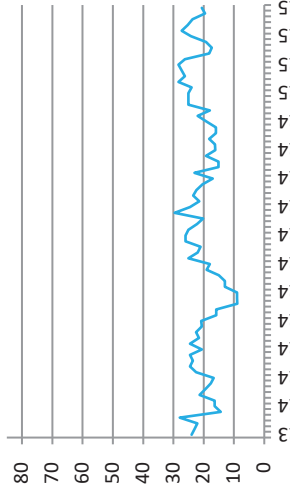
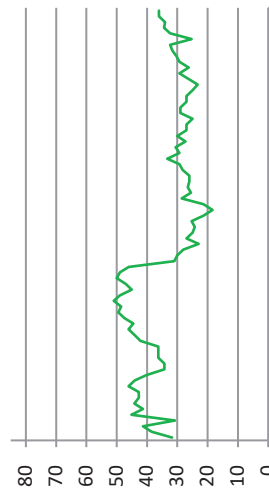
(% of stocks)



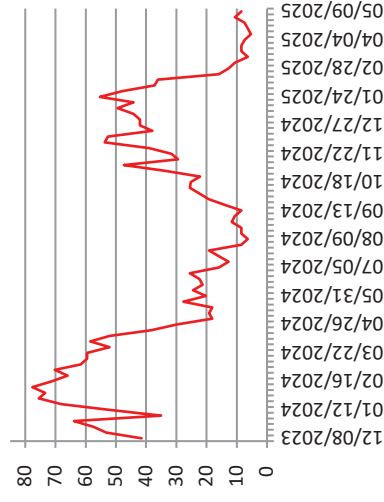
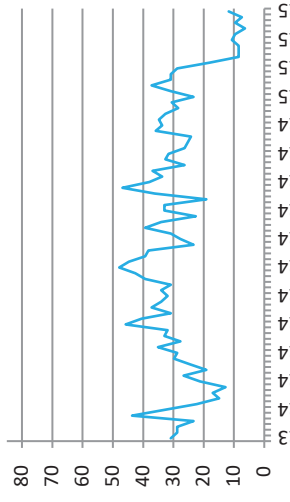
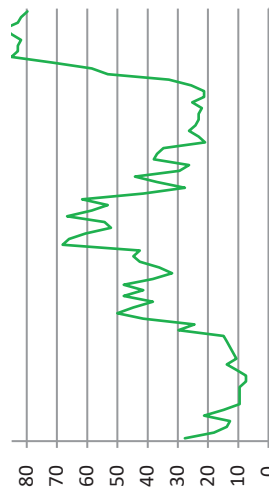
Technology



Transports



Utilities



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

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

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

920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • www.vermillioncap.com

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