

9/22/26

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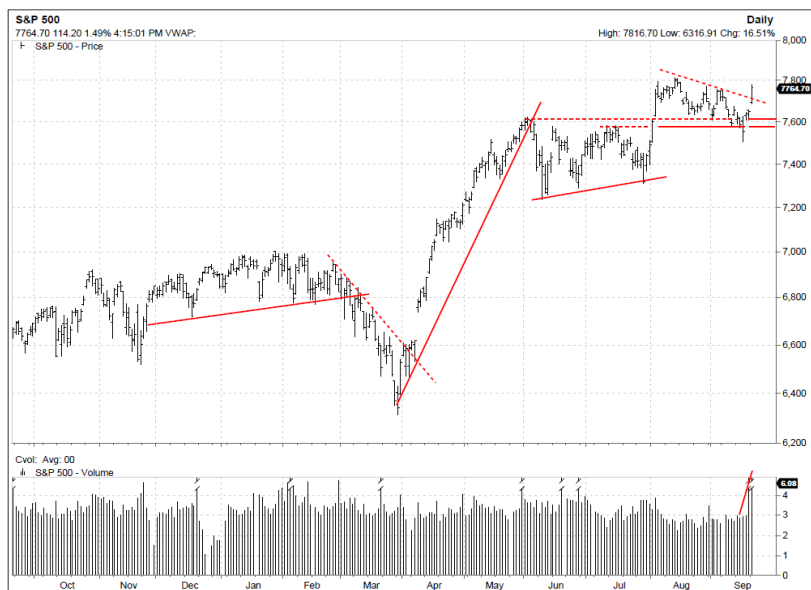
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Wall of Worry? The worry was not having enough exposure to Tech yesterday!

We remain bullish (as of our 4/21/26 *Compass*) on the S&P 500 (SPX), and we will stay that way as long as support at 7507-7580 holds. SPX briefly dipped below 7580 on Wednesday last week, only to see strong buying pressure and an immediate recovery the next day. We also believe Technology and A.I. areas (**XLK**, **SOXX**, **DRAM**) are ready to move higher, and we are buyers. While the S&P and the Nasdaq rallied higher on the back of tech there re-mains plenty of weakness in many other Sectors. The breadth deterioration underneath the market is not enough to offset the strength in the heavily weighted tech and Communications Sector.

- **Risk-On Signals.** Market dynamics continue to support our bullish outlook. Risk-on signals include: (1) The U.S. Dollar (DXY) remains below the crucial \$100.25-\$100.80 level. (2) High yield spreads are below 320bps and are near 19-year narrows albeit they are breaking a multi-month downtrend. (3) U.S. interest rate volatility (MOVE index) remains below the 85-90 level. (4) Mag7 (MAGS) is hitting an all-time price high and making a 11-month RS reversal. (5) Gold and silver prices have bottomed (we have been bullish since Aug. 11), and we would be prudent on pullbacks. (6) Bitcoin and Ether have bottomed as well (we have been bullish since our 8/25/26 *Compass*). This remains a bull market until proven otherwise... see page 4.
- Breadth remains weak in many Sectors such as Industrials (XLI), Materials (XLB), Transports (IYT), Staples (XLP), Consumer Discretionary (XLY) and Real Estate (XLRE). Financials appear to be developing a near-term top. See pages 5-8
- In today's report we highlight attractive Groups and stocks within Healthcare: HC-06 Bio-tech, Large-Cap, and HC-22 Life Science Instruments. see pages 9-22.



The S&P has broken to the topside of a bullish flag pattern. While there is significant weak-ness in many sectors and breadth has been less than stellar. The weighting in Technology and Communications are too dominant in the major indices. Thus far the lagging Sectors are Industrials, Staples, Transportation, Consumer Discretionary, and Consumer Staples. Financials are indicating near-term deterioration in its price and RS uptrends.

Sector Relative Strength Rankings & Weighting Recommendations

Sector Relative Strength Rankings (RSR)

Technology, semiconductors, and A.I. areas (**SOXX**, **DRAM**, **CHAT**) were resilient last week in spite of the "pacing the frontier" concerns. This is a bullish signal and we see evidence of a bottom in the semiconductor vs. software ratio (SOXX vs. IGV). Add exposure to select semiconductors and memory names. Favorites include: **MU**, **SNDK**, **NTAP**, **AMD**, **INTC**, and **NVDA**.

We upgraded **Energy** (**XLE**) to overweight in late August, and in the near-term is coming under pressure. We believe it is a good barbell with Technology as it is a very small Sector in terms of its weighting. It continues to be an attractive Sector to add exposure. Price on the *cap-* and *equal-weighted* Sectors (**XLE**, **RSPG**) display 4.5-month base breakouts, and RS is making higher lows and higher highs since bottoming in early-July. Refiners (**CRAK**, **PSX**, **VLO**, **MPC**) remain leadership and have been a big focus for nearly two months. Given their extended nature, we prefer adding to integrated/exploration and production names (**XOP**, **IEO**) at current levels. Oil equipment/services (**OIH**, **XES**, **HAL**, **SLB**, **BKR**) are starting to roll over and is an area we would avoid.

Financials (**RSPF**, **XLF**) are exhibiting uptrend violations and weakening RS.

Health Care (**RSPH**, **XLV**) is another attractive Sector to be buying now -- remain overweight/add exposure. Genomics (**ARKG**) and life science instruments remain top overweights.

No Weighting Changes

Recent changes:

9/1/26: Downgraded Utilities to Underweight (from Market Weight)

8/25/26: Downgraded Technology to Market Weight (from Overweight)

8/25/26: Upgraded Energy and Health Care to Overweight (from Market Weight)

Relative Strength Ranking: Sector Summary

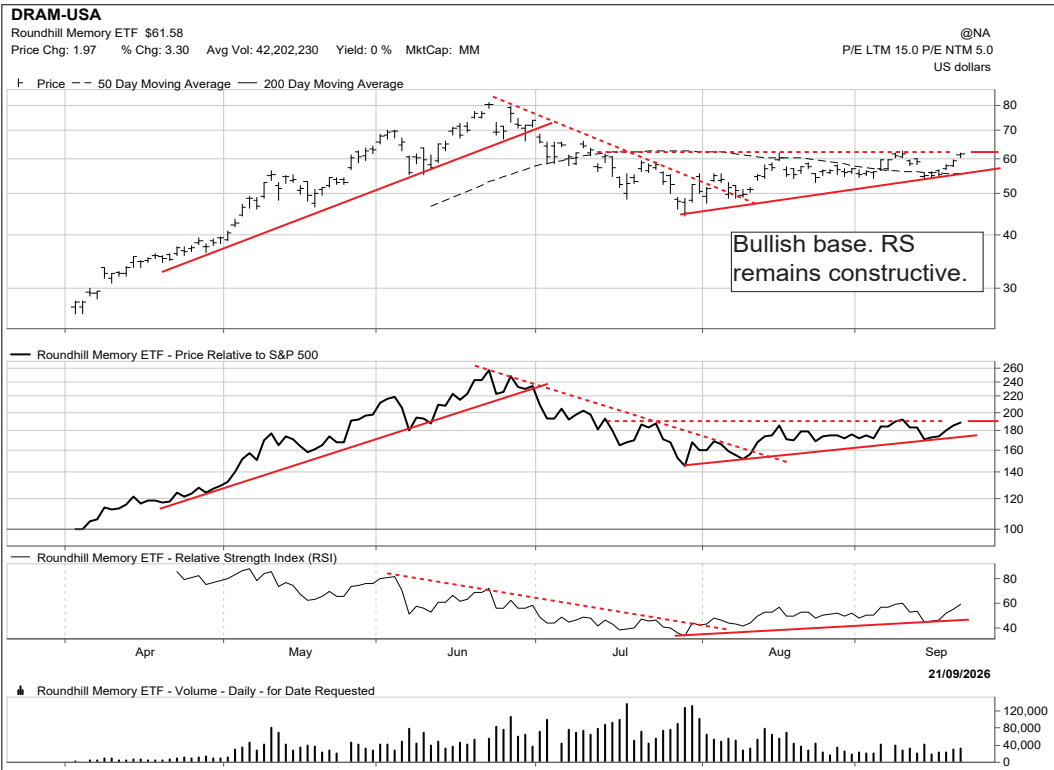
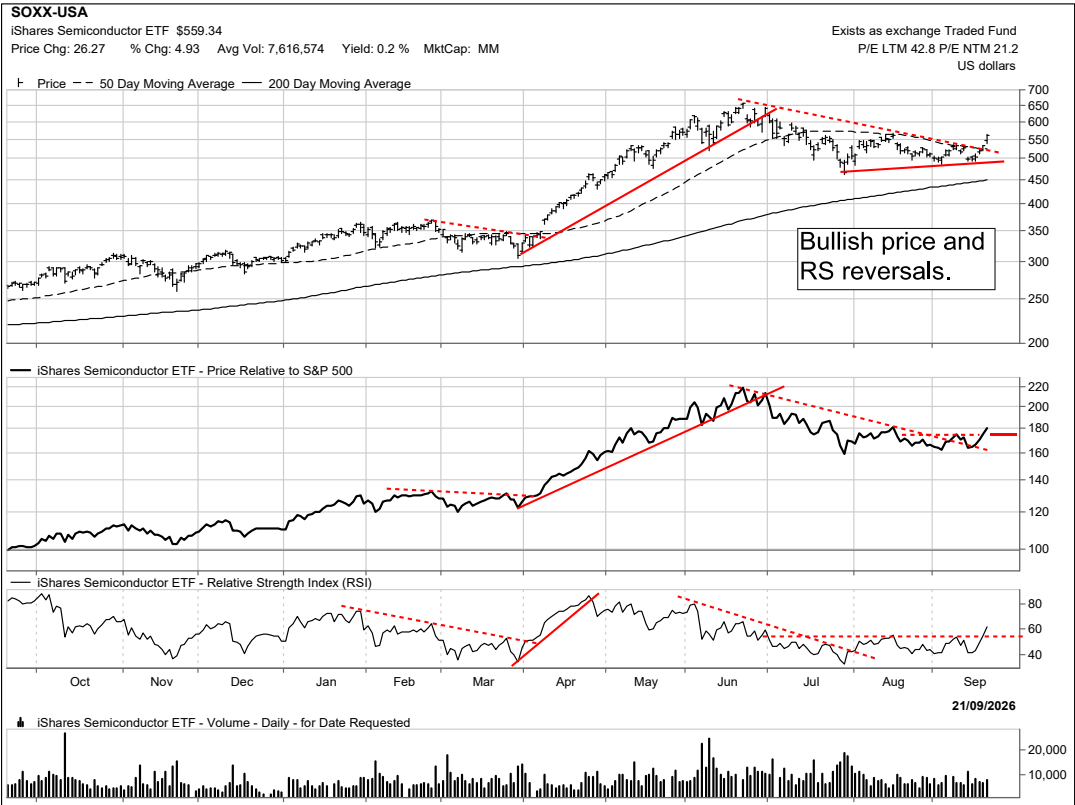
Vermilion Sector	09/1 8	09/11	09/04	09/28	08/28	08/21	08/14	08/07	07/31	07/24	07/17
TE Technology(CAP)	4	6	7	7	8	6	5	8	8	8	8
EN Energy(CAP)	6	6	10	13	11	15	22	13	11	16	16
HC Health Care(CAP)	6	9	7	7	5	12	11	11	11	12	12
FN Financials(CAP)	10	8	8	9	11	10	10	7	8	9	9
FN Financials(AVG)	10	9	9	10	12	11	11	8	9	9	9
EN Energy(AVG)	10	9	13	16	15	19	23	19	18	20	20
HC Health Care(AVG)	10	11	7	7	6	10	10	14	12	9	9
SV Services(CAP)	10	11	12	11	12	13	15	14	17	18	18
CO Communications(CAP)	12	16	20	20	23	22	21	20	24	20	20
TR Transportation(AVG)	13	14	14	15	15	15	15	13	10	12	12
MA Materials(CAP)	14	13	12	11	10	19	16	23	22	25	25
SV Services(AVG)	15	16	16	15	15	15	16	17	18	18	18
RE Real Estate(CAP)	16	16	17	13	12	15	14	10	7	9	9
TE Technology(AVG)	16	18	19	16	16	9	9	16	18	15	15
CO Communications(AVG)	17	17	18	17	20	19	18	19	21	20	20
MA Materials(AVG)	19	19	17	17	16	20	21	27	26	27	27
TR Transportation(CAP)	19	19	19	16	16	18	17	16	11	11	11
CS Consumer Staples(CAP)	19	21	22	22	23	23	23	19	21	20	20
RE Real Estate(AVG)	20	20	20	19	18	20	18	14	11	10	10
CD Consumer Disc(CAP)	20	20	21	21	22	21	20	20	26	23	23
MF Manufacturing(CAP)	20	21	22	21	21	17	16	18	16	20	20
CD Consumer Disc(AVG)	21	21	19	18	18	19	16	17	18	17	17
UT Utilities(AVG)	21	21	22	23	25	23	24	22	18	20	20
CS Consumer Staples(AVG)	21	22	22	22	23	25	23	23	23	23	23
UT Utilities(CAP)	23	23	25	26	26	24	25	21	16	18	18
MF Manufacturing(AVG)	23	24	23	24	23	19	19	24	23	24	24

Sector Weighting Recommendations

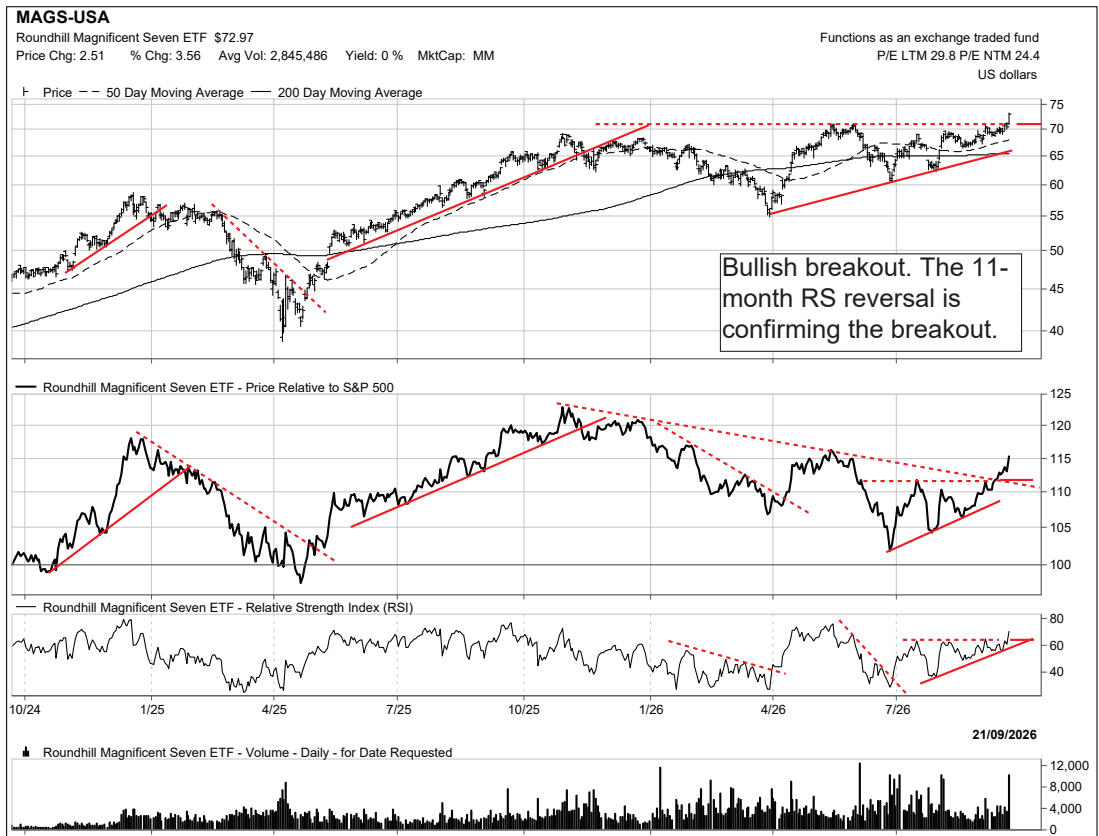
Vermilion Sector	Under-Weight	Market-Weight	Over-Weight
Communications		X	
Cons. Discretionary	X		
Consumer Staples		X	
Energy			X
Financials		X	
Health Care			X
Materials		X	
Manufacturing		X	
Real Estate	X		
Services		X	
Technology		X	
Transportation		X	
Utilities	X		

See attached Sector commentary for Group and individual stock recommendations.

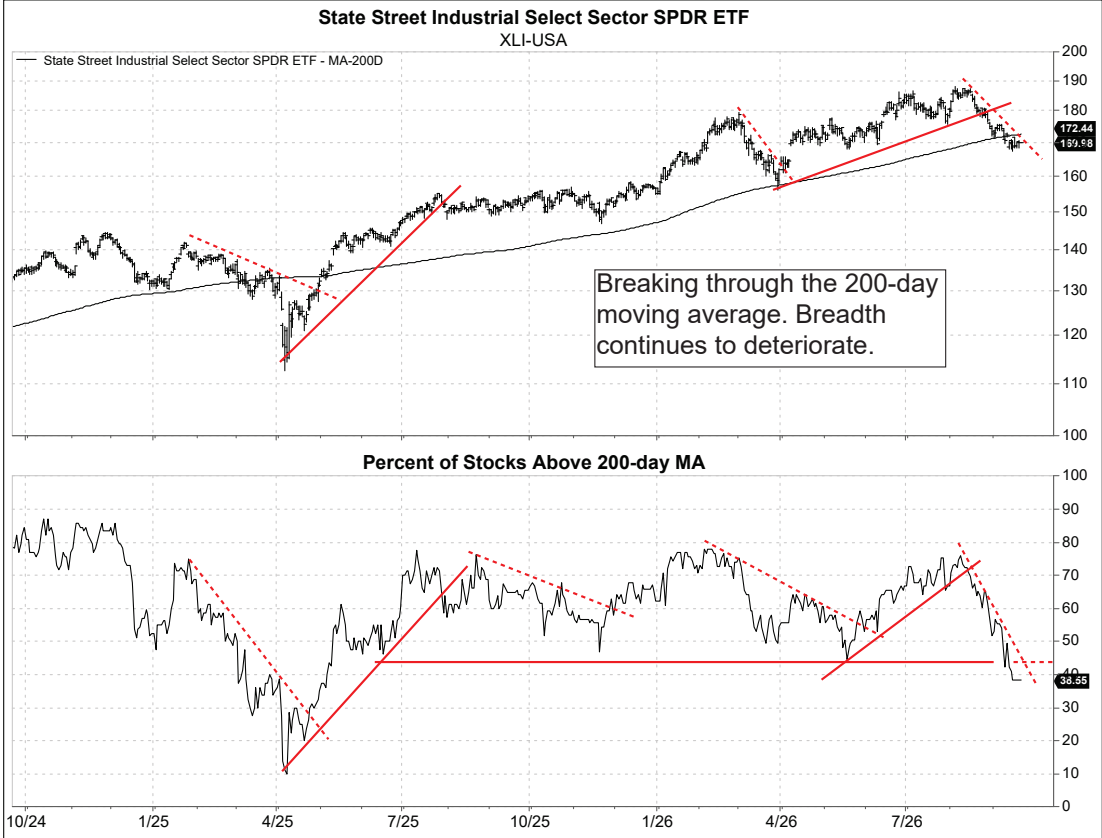
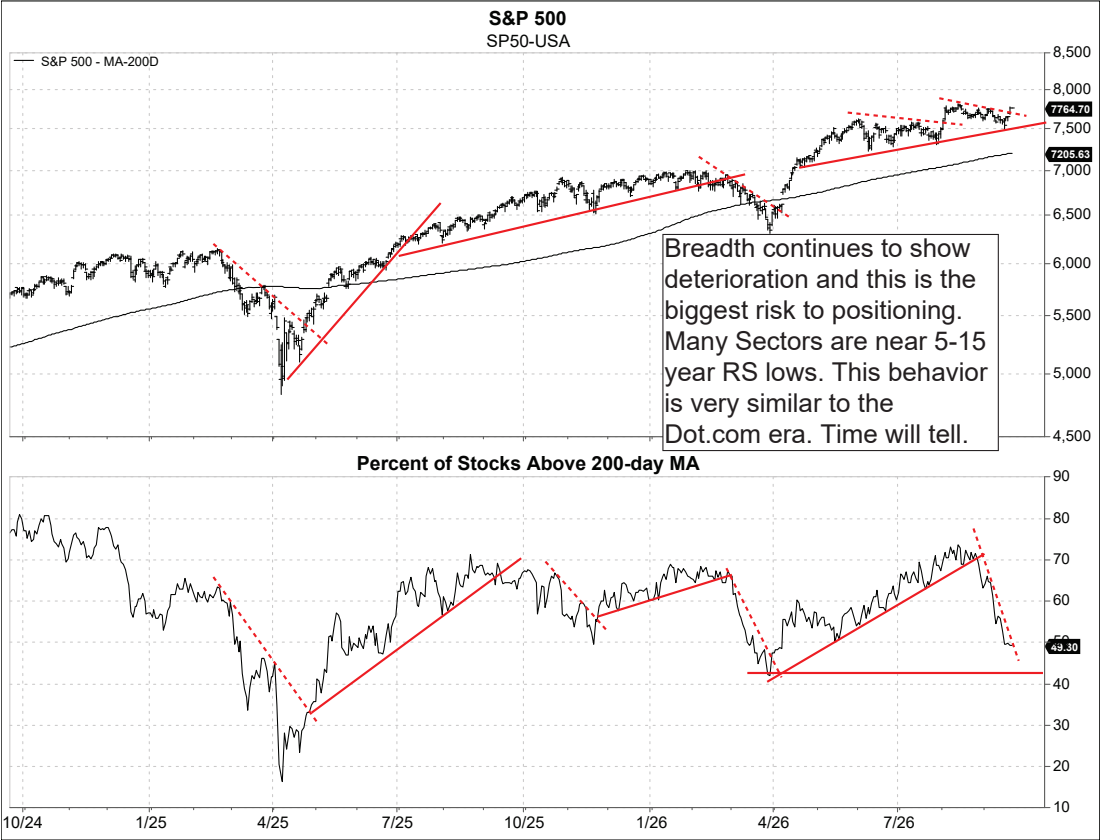
Consolidation Continues for Semiconductors (SOXX) and Memory (DRAM)



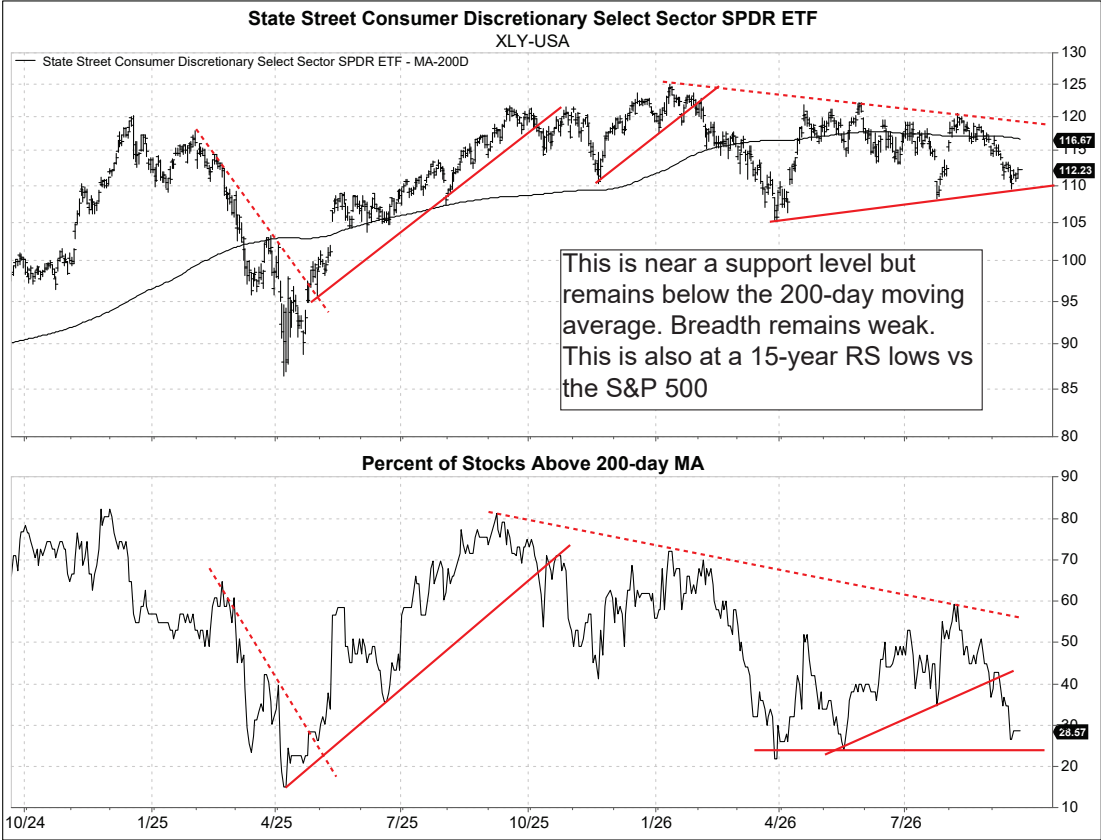
MOVE Index Approaching Crucial Level; Mag7 (MAGS) Bullish?



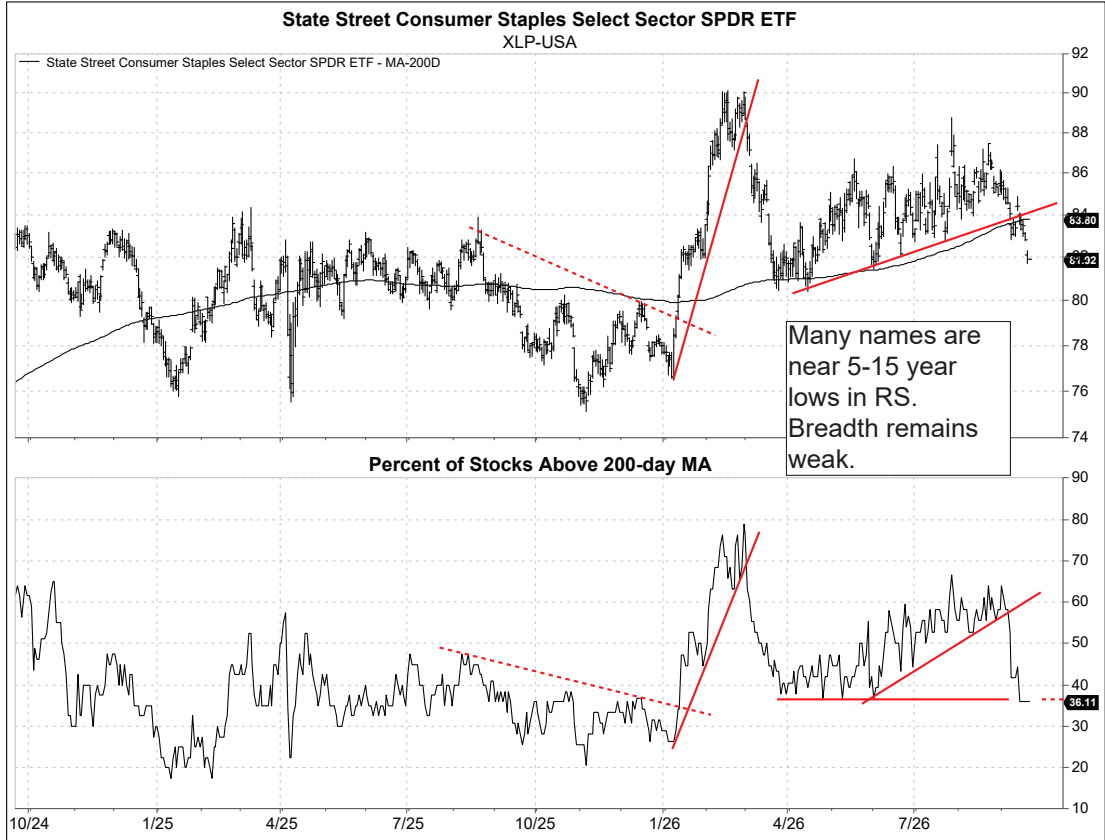
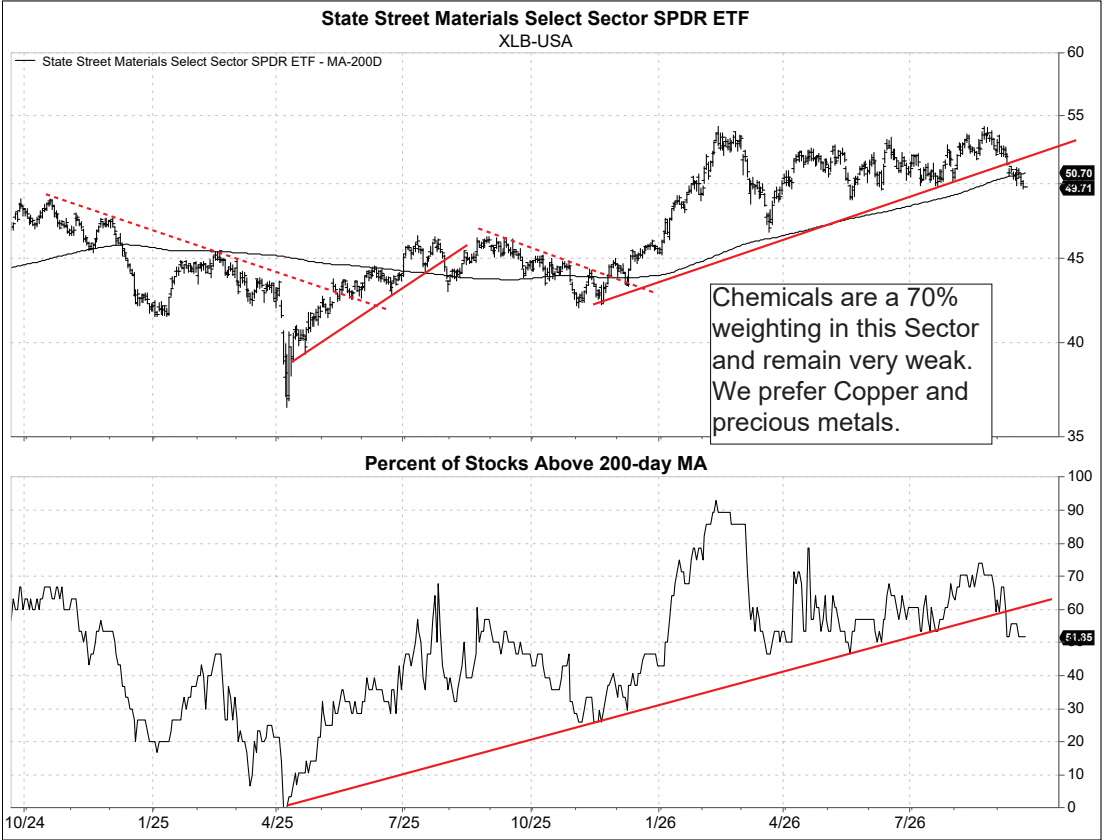
Breadth remains weak in many Sectors and overall market: S&P 500, XLI



Breadth remains weak in many Sectors: XLY, IYT



Breadth remains weak in many Sectors: XLB, XLP

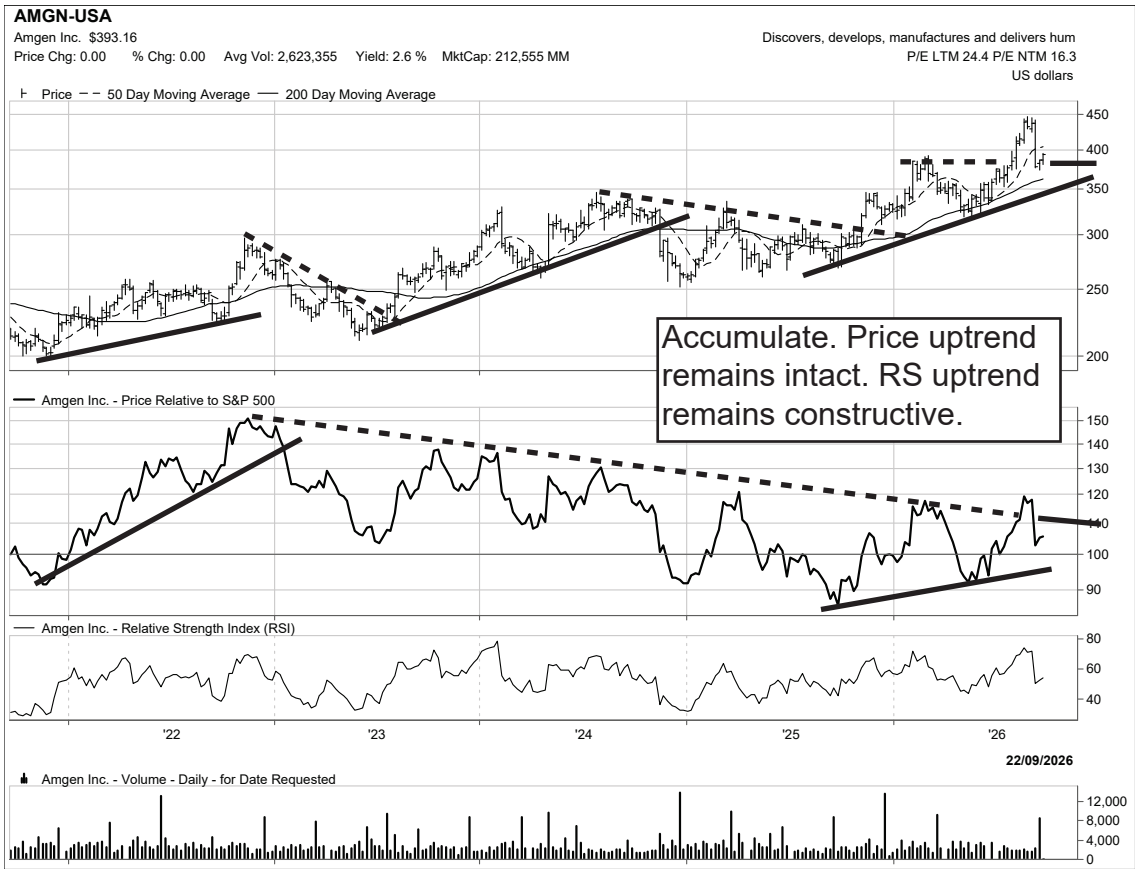
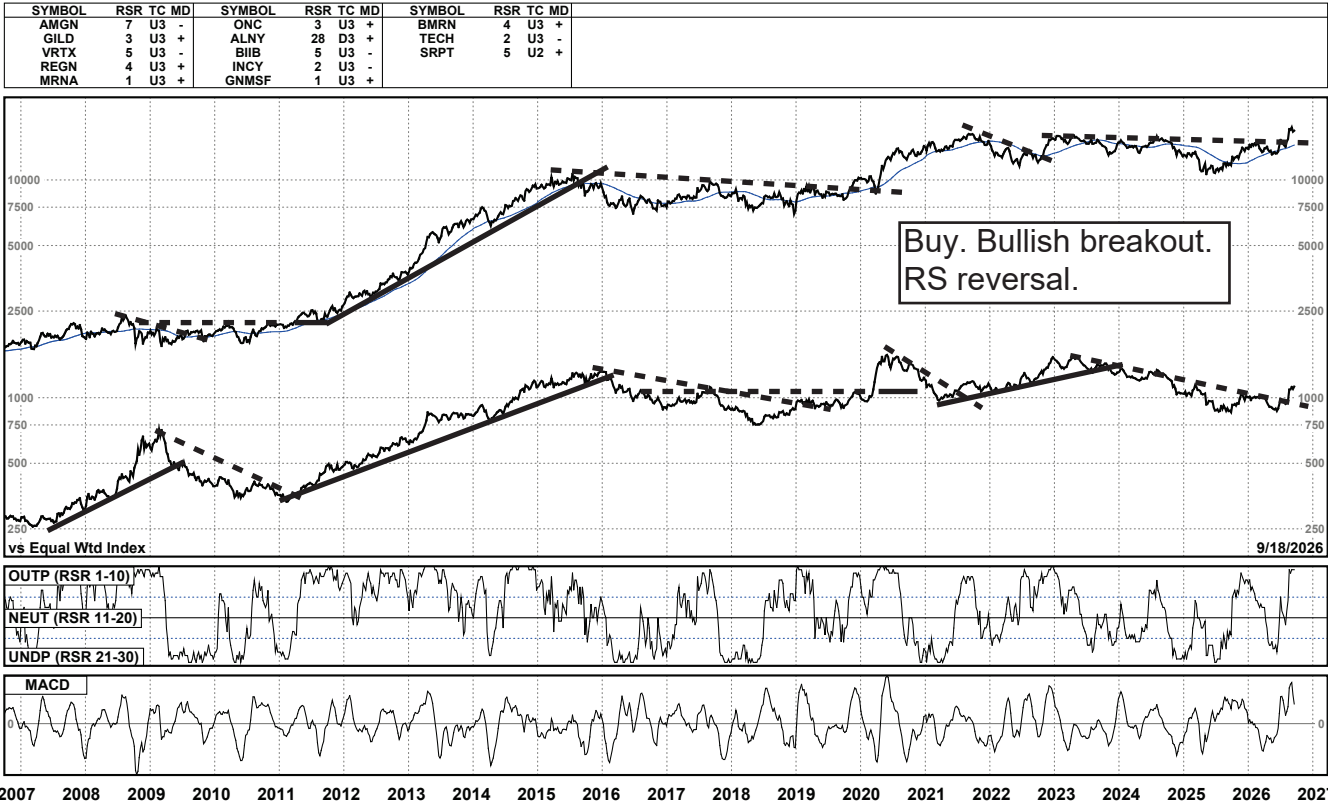


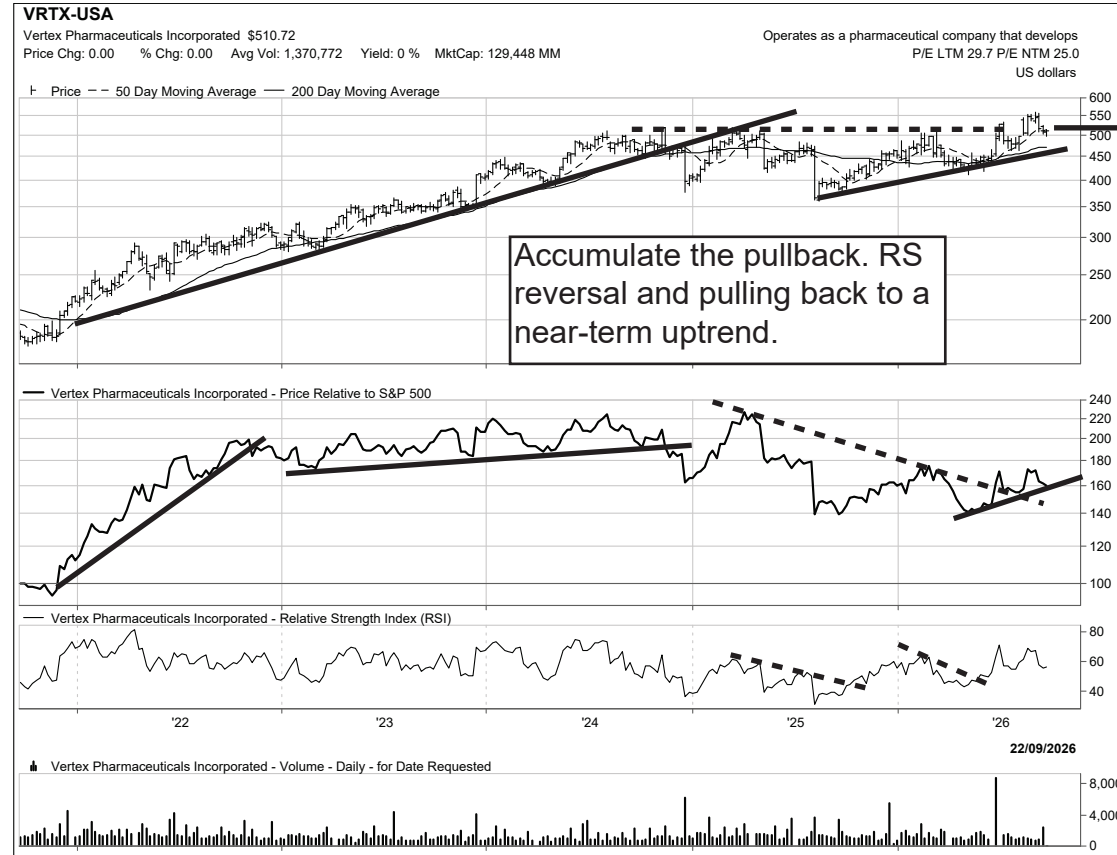
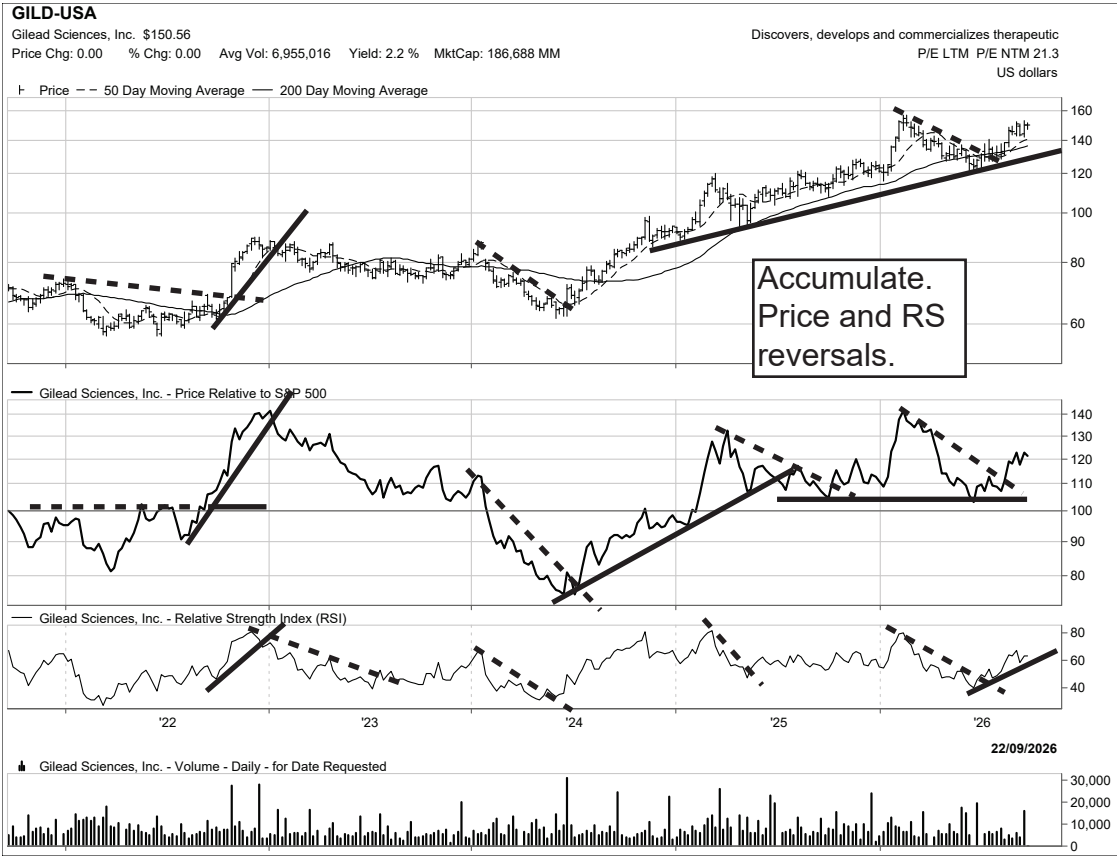
Breadth remains weak in many Sectors: XLF

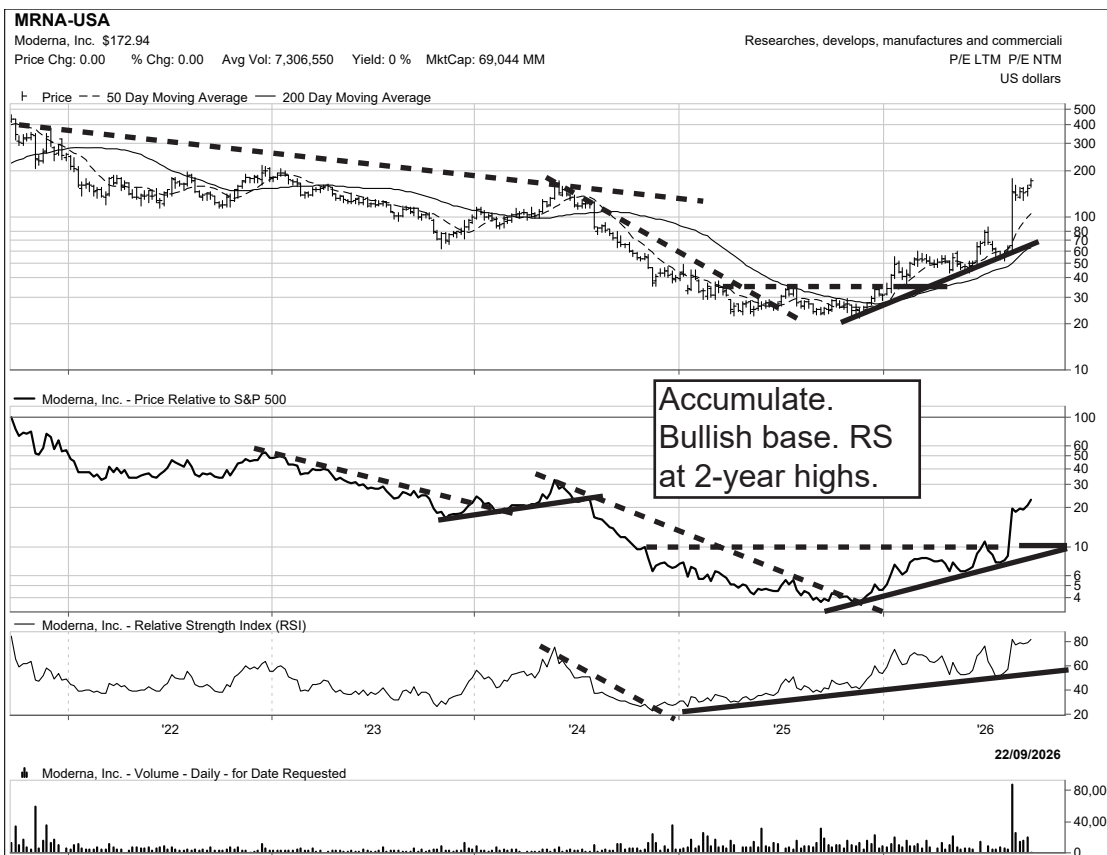
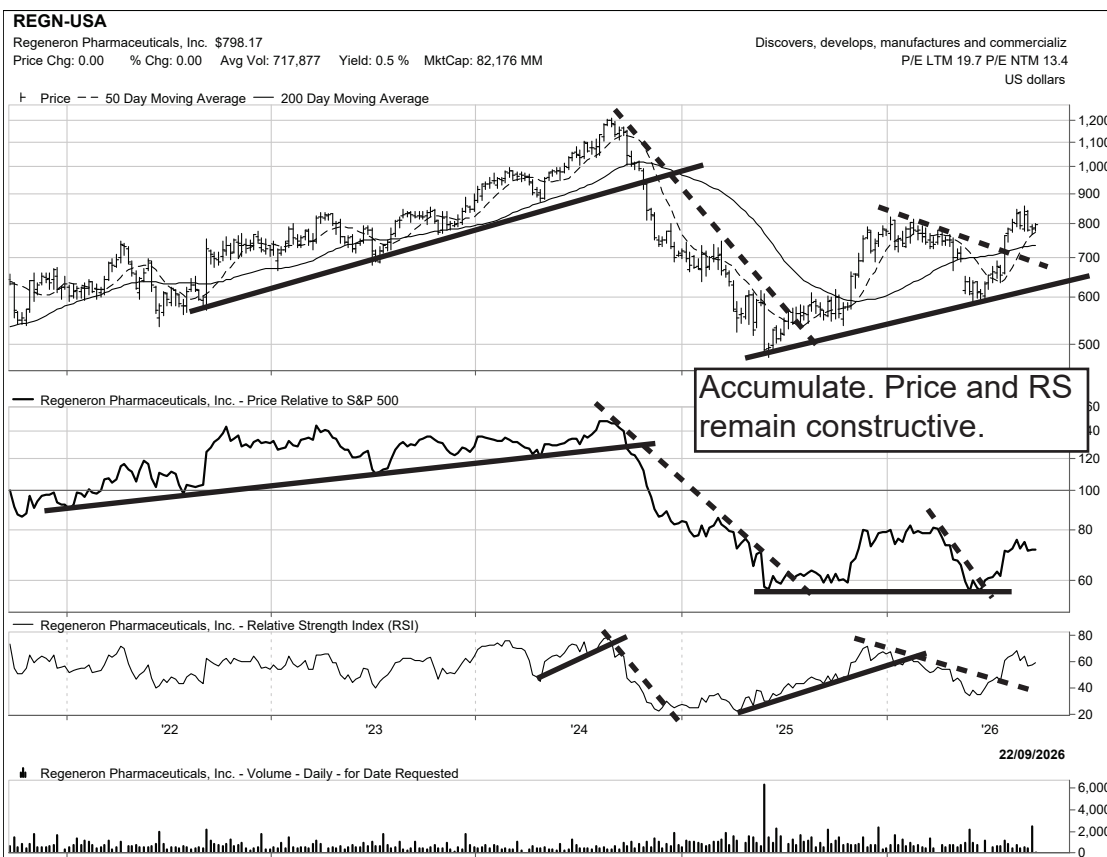


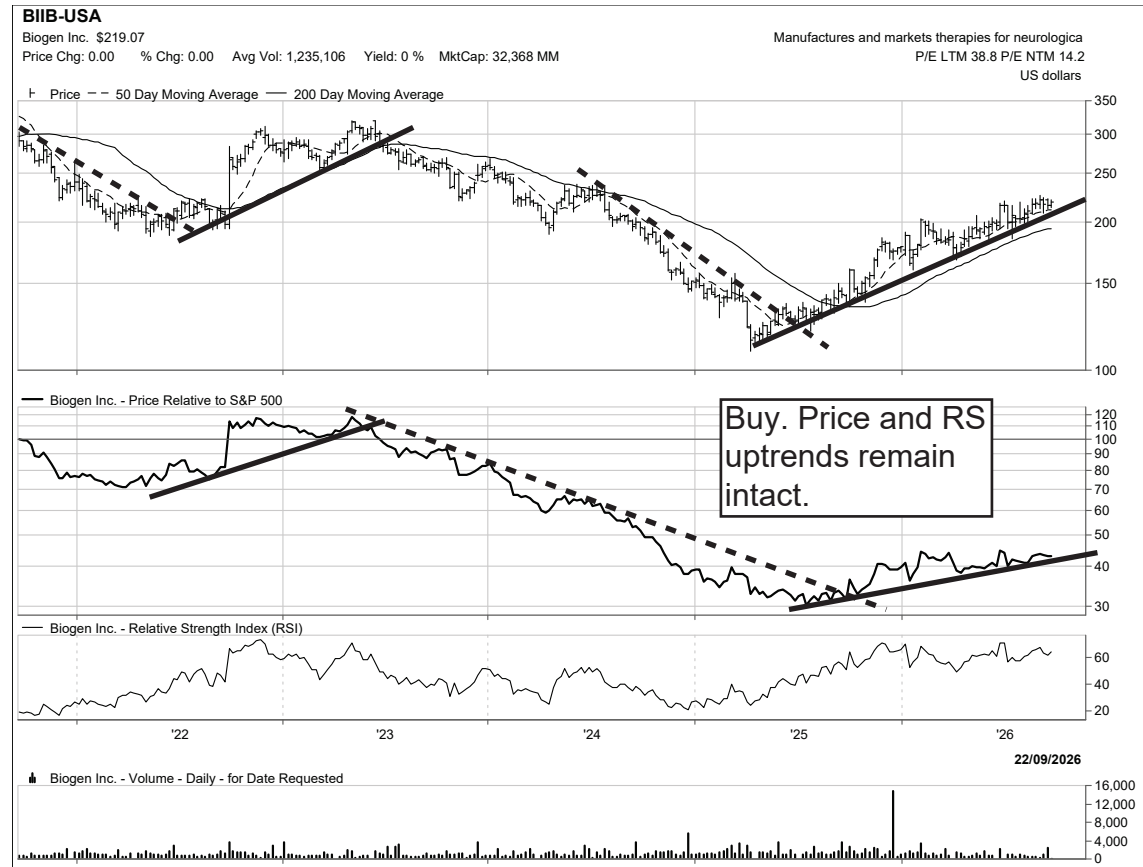
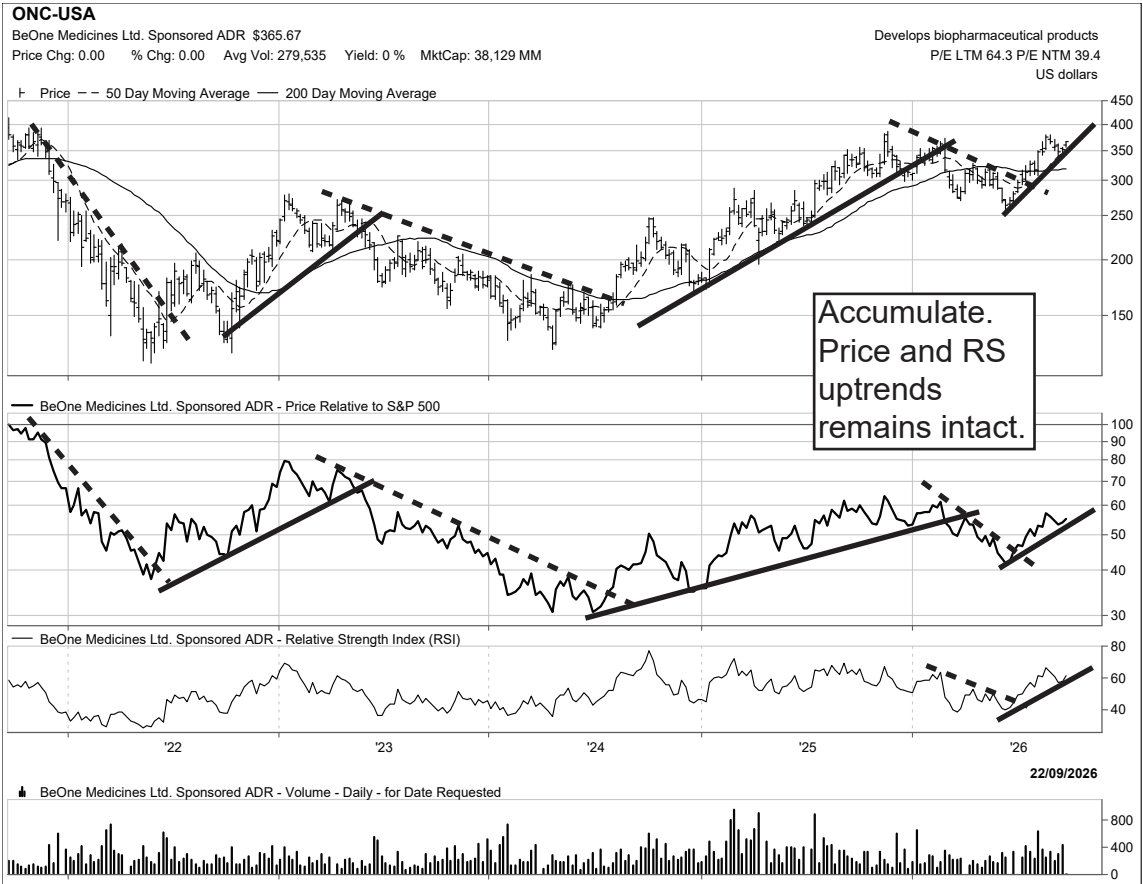
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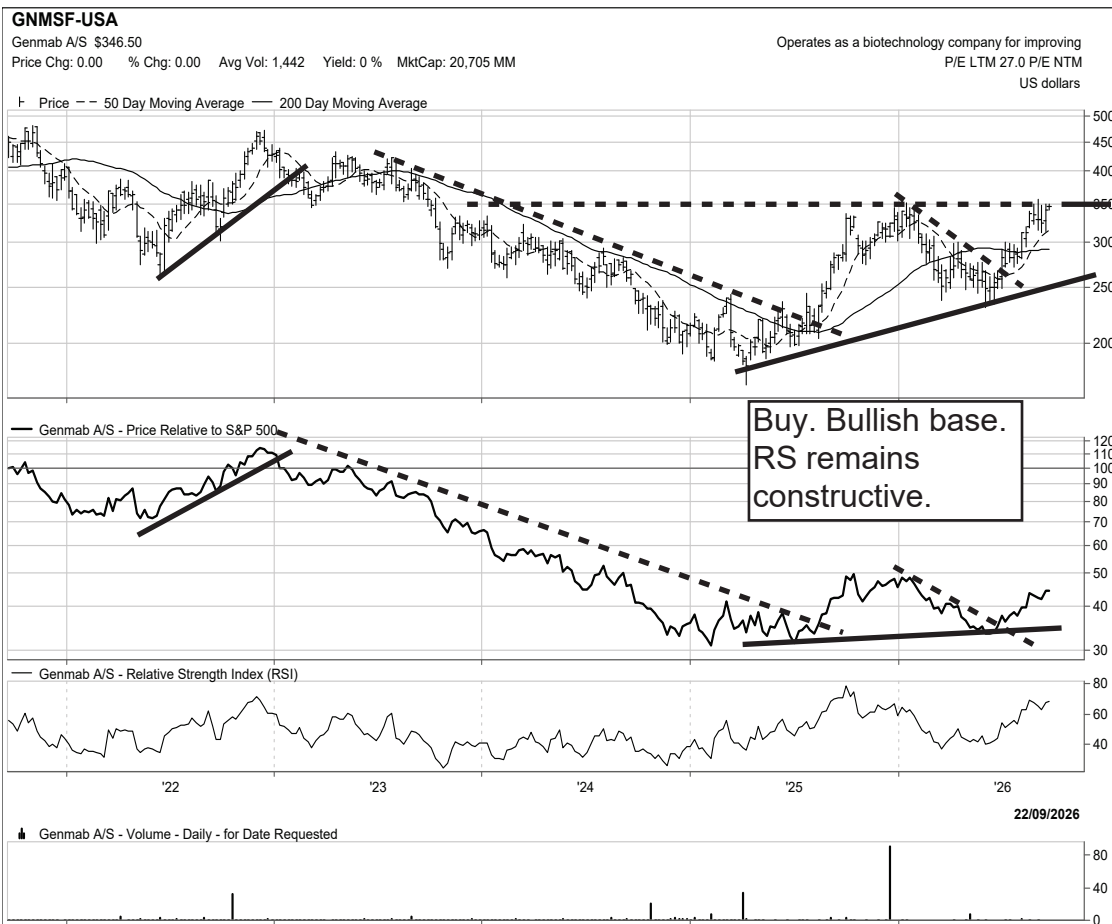
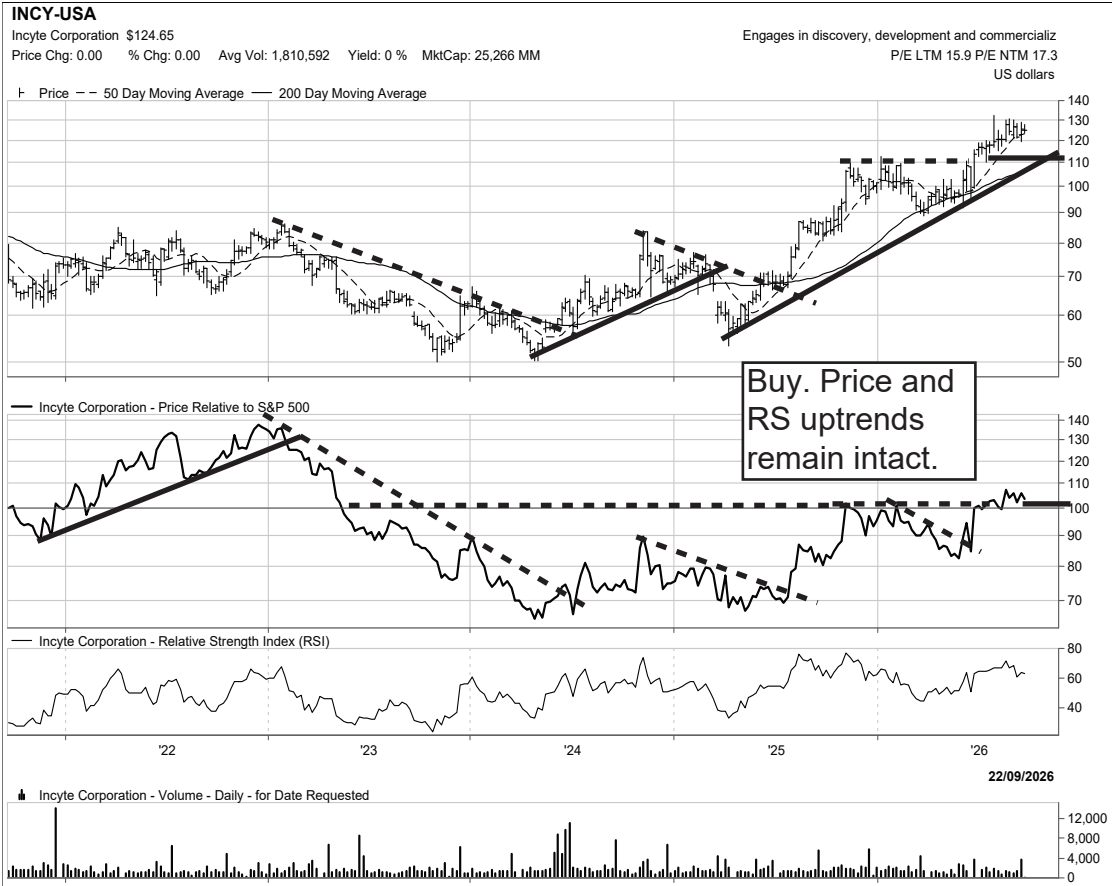
HC-06 - Biotech, Large-Cap

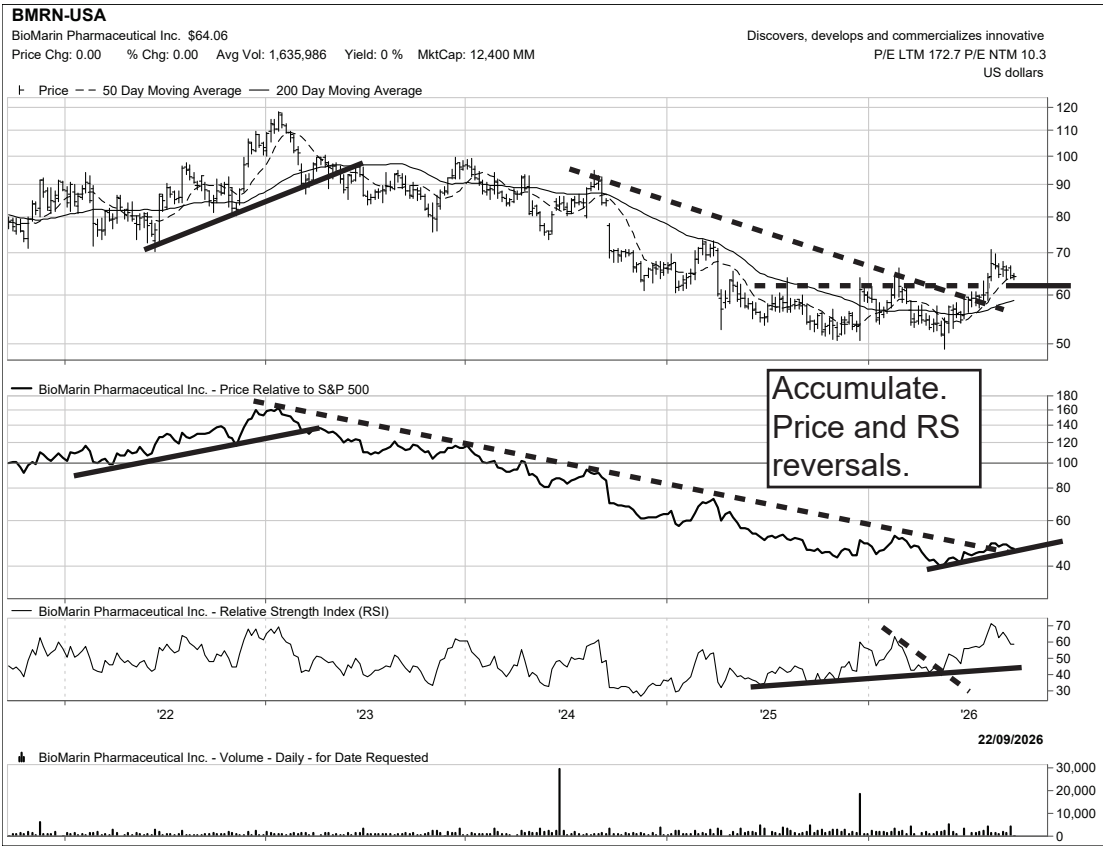




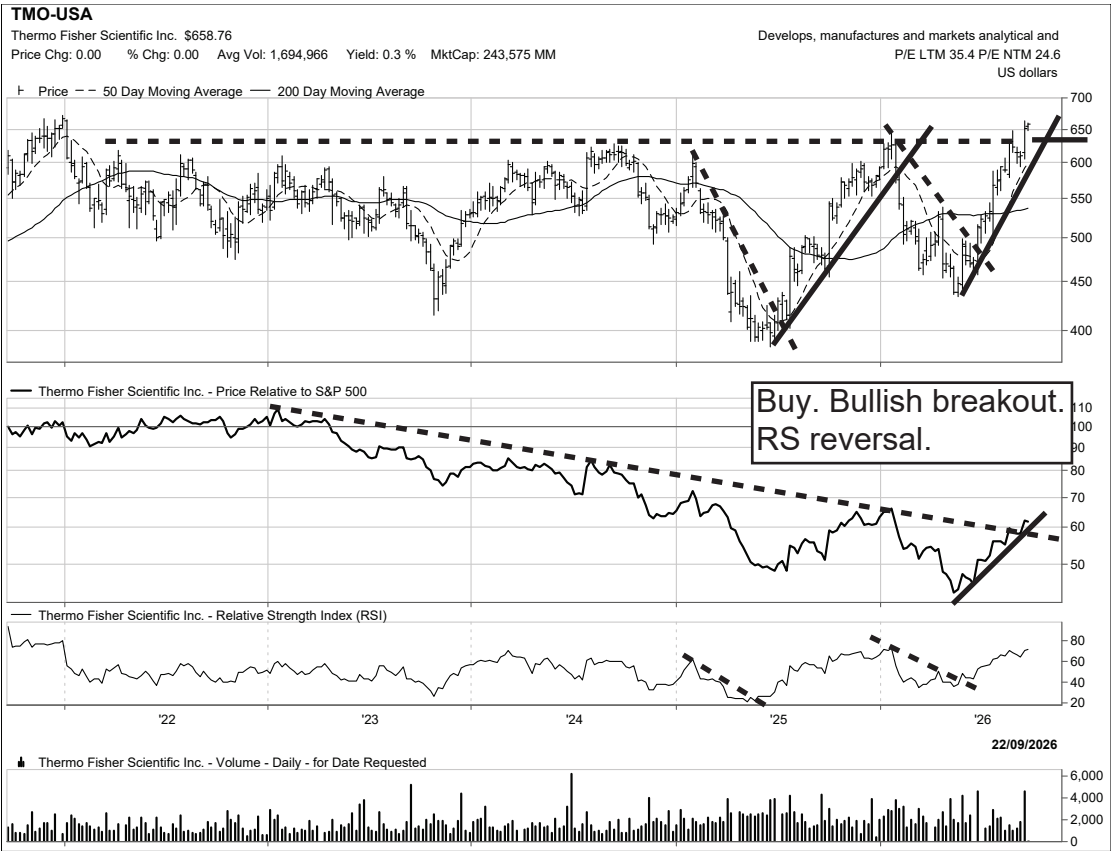
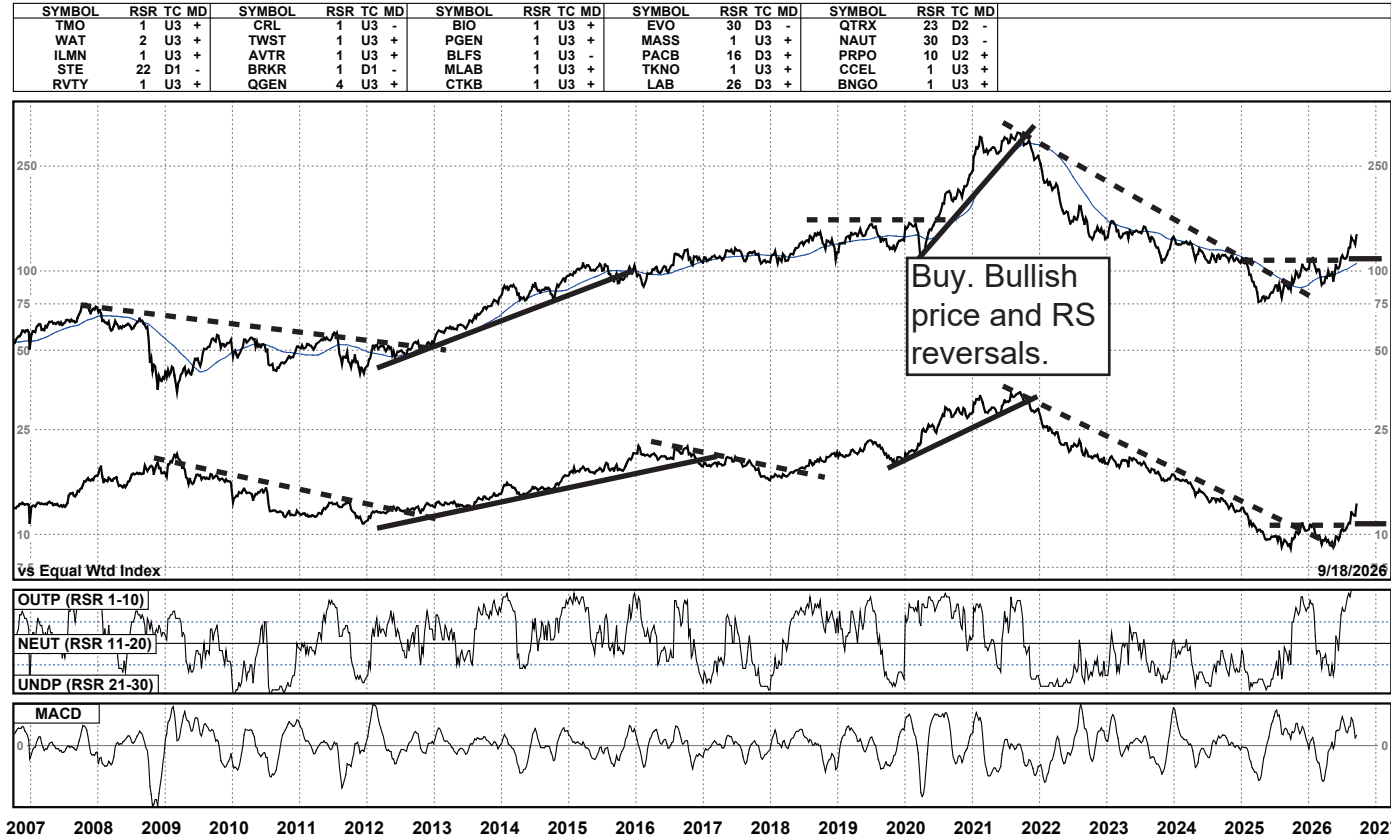


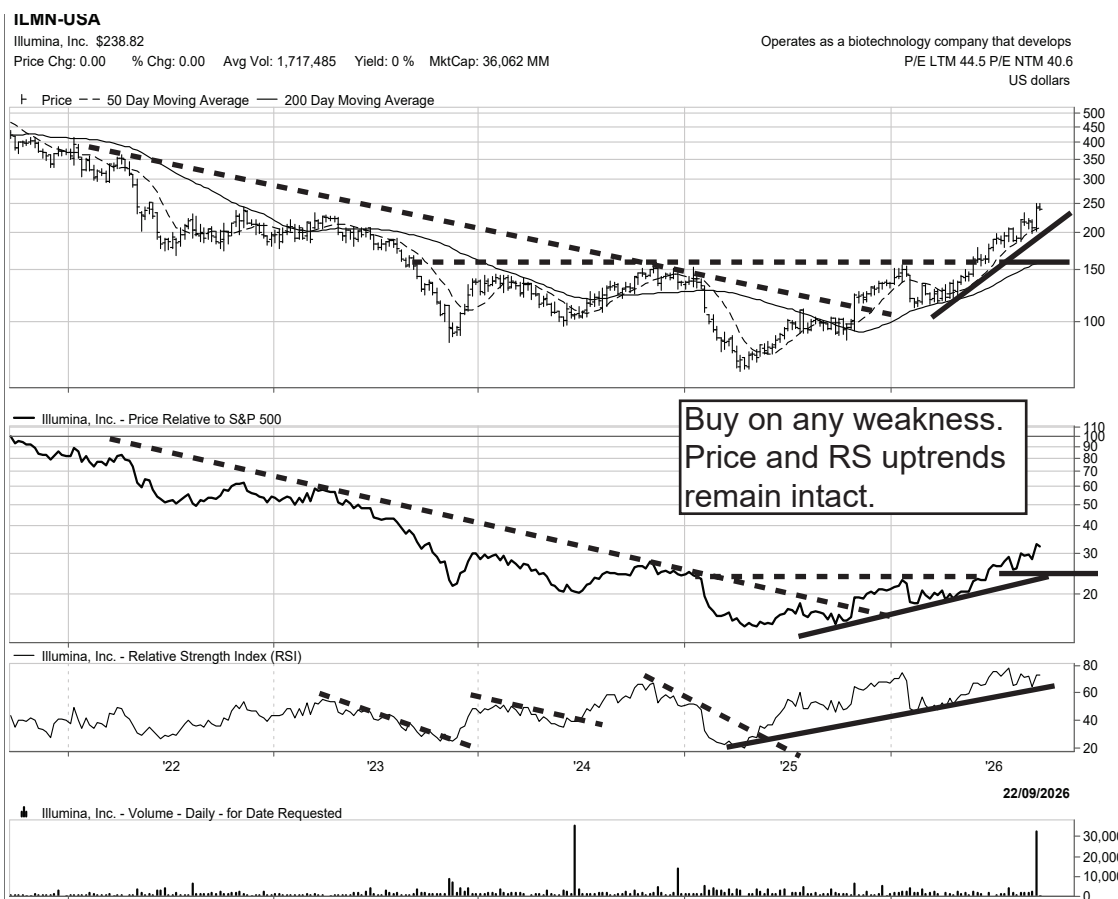
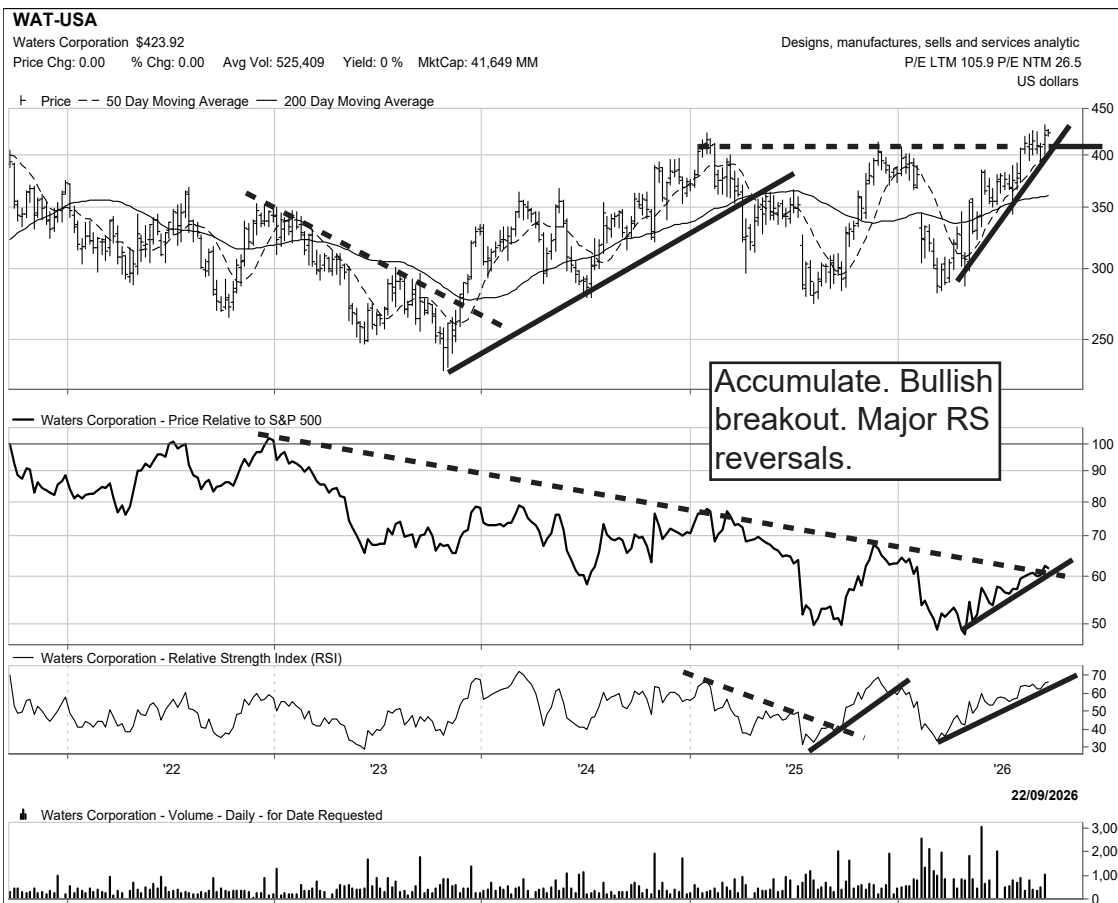


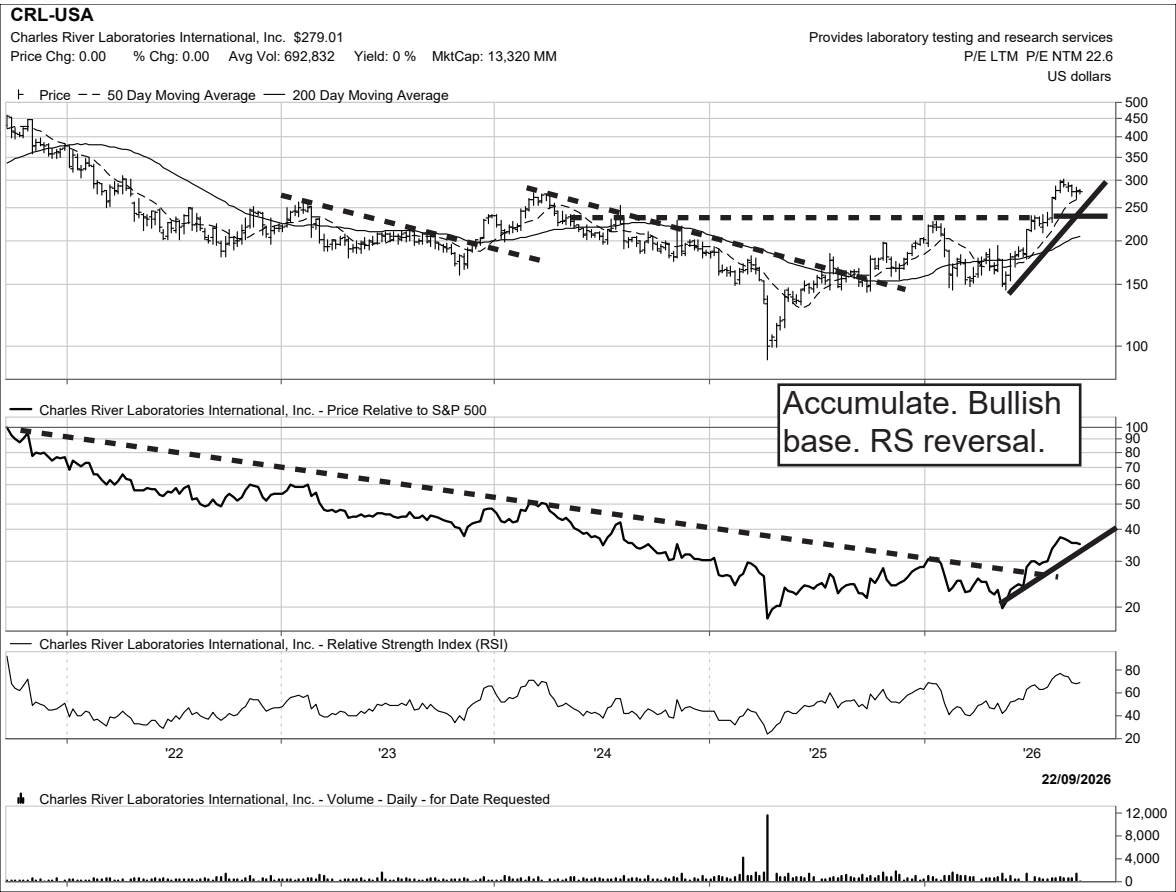
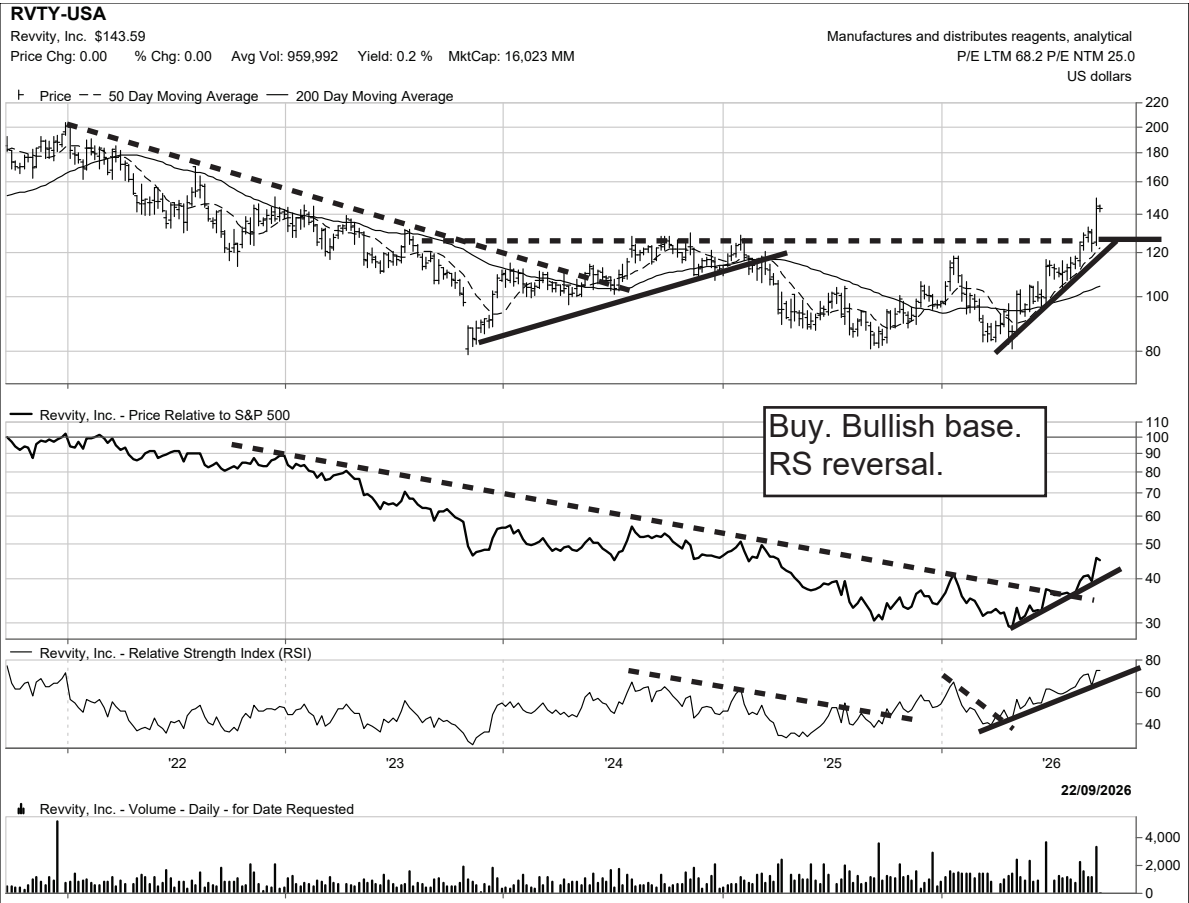


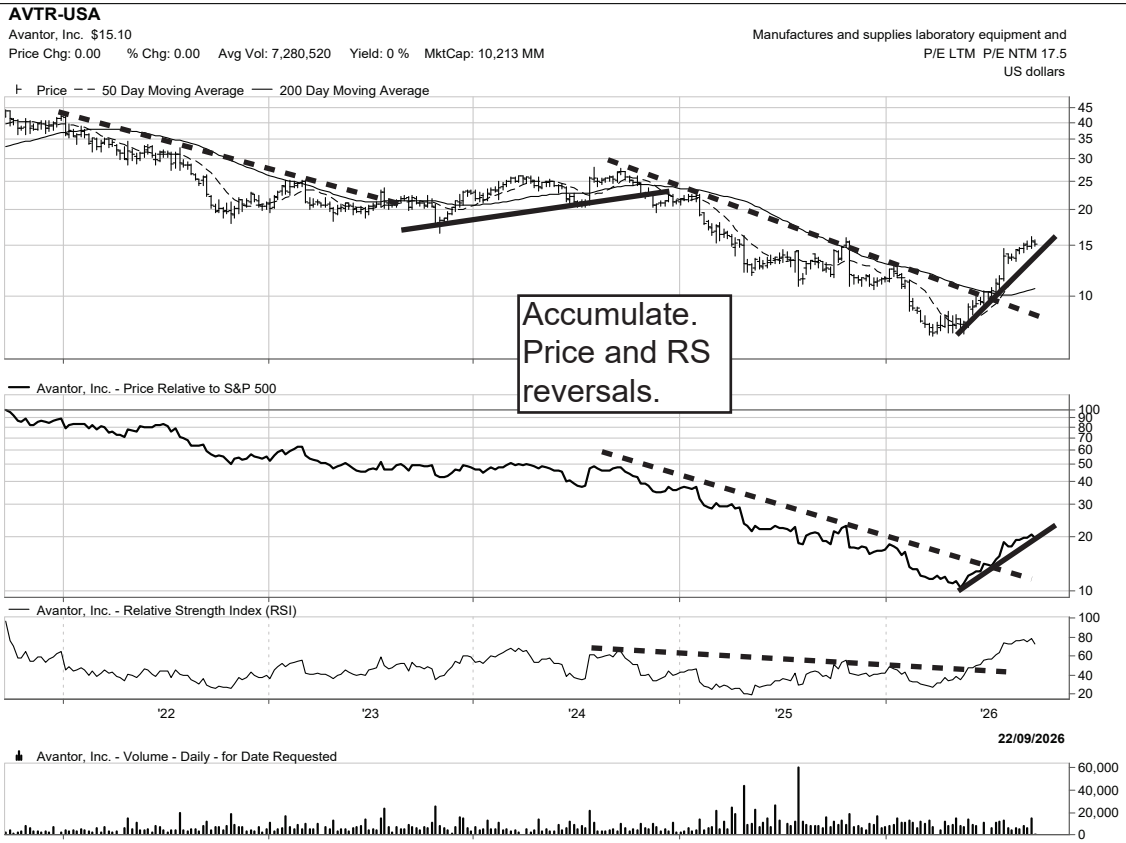
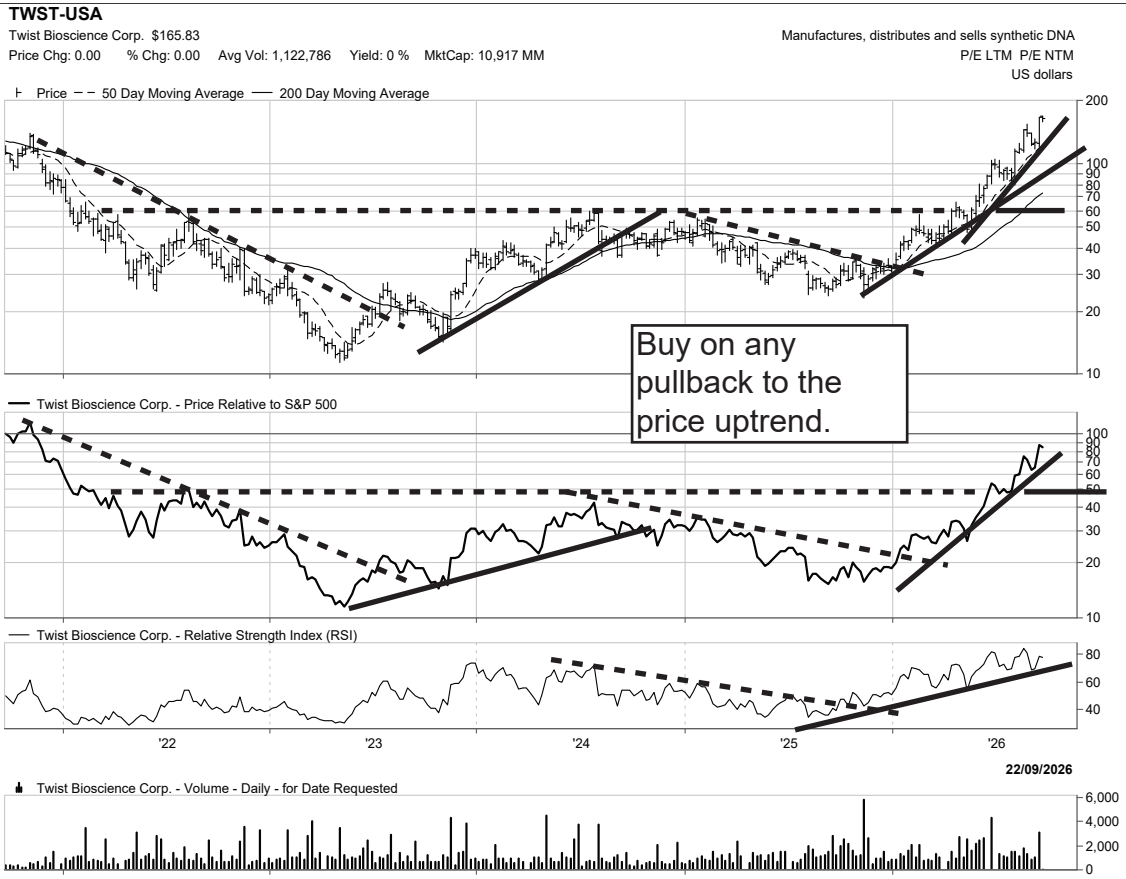


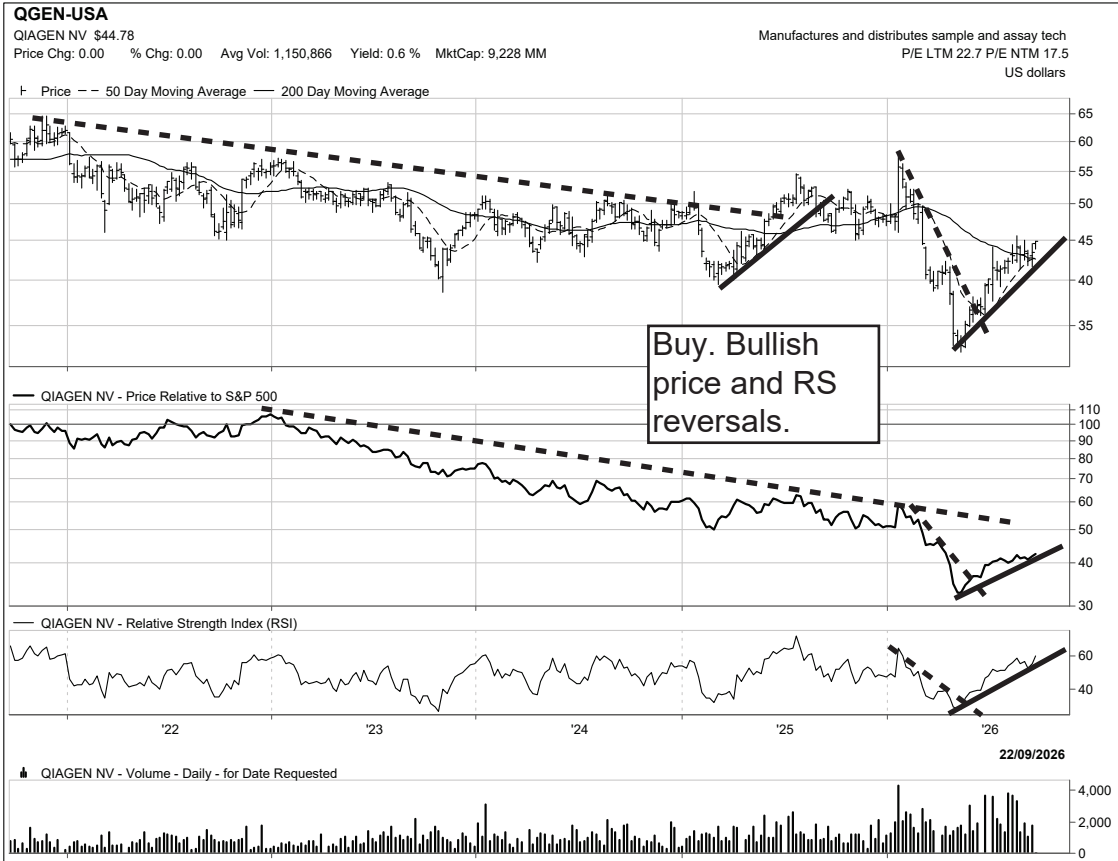
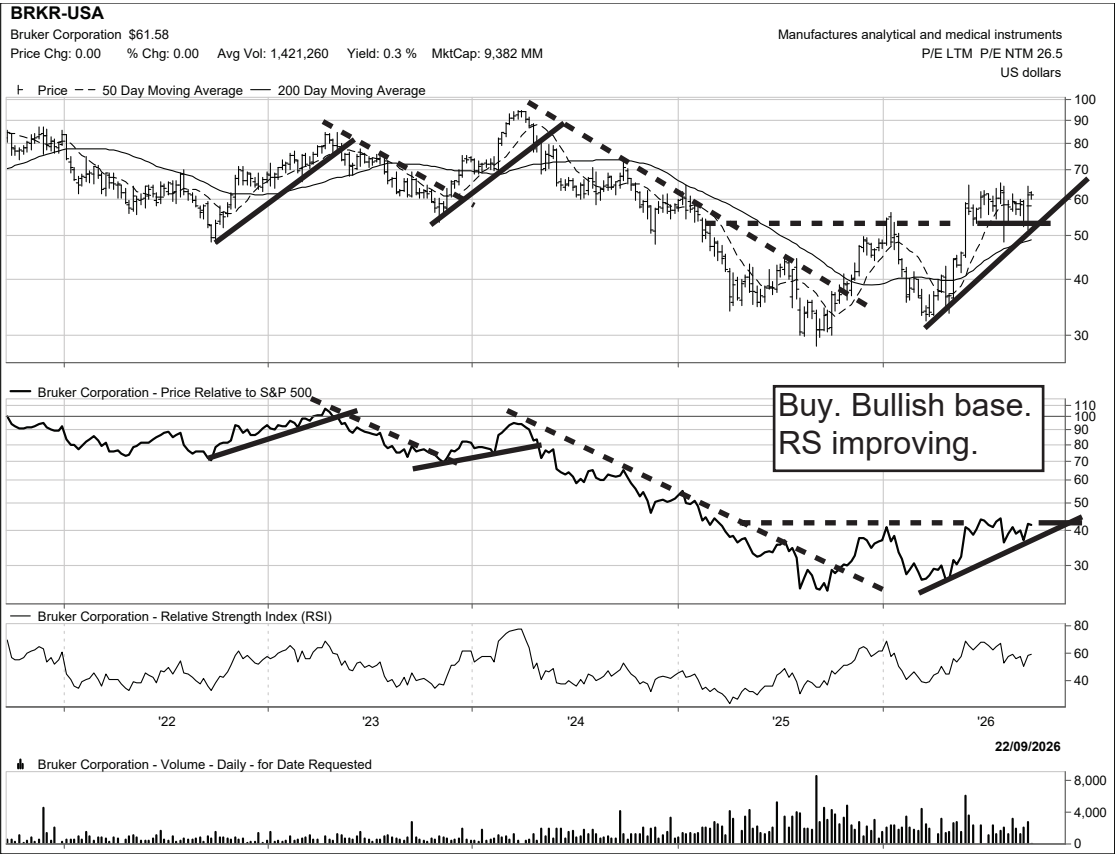
HC-22 - Life Science Instruments

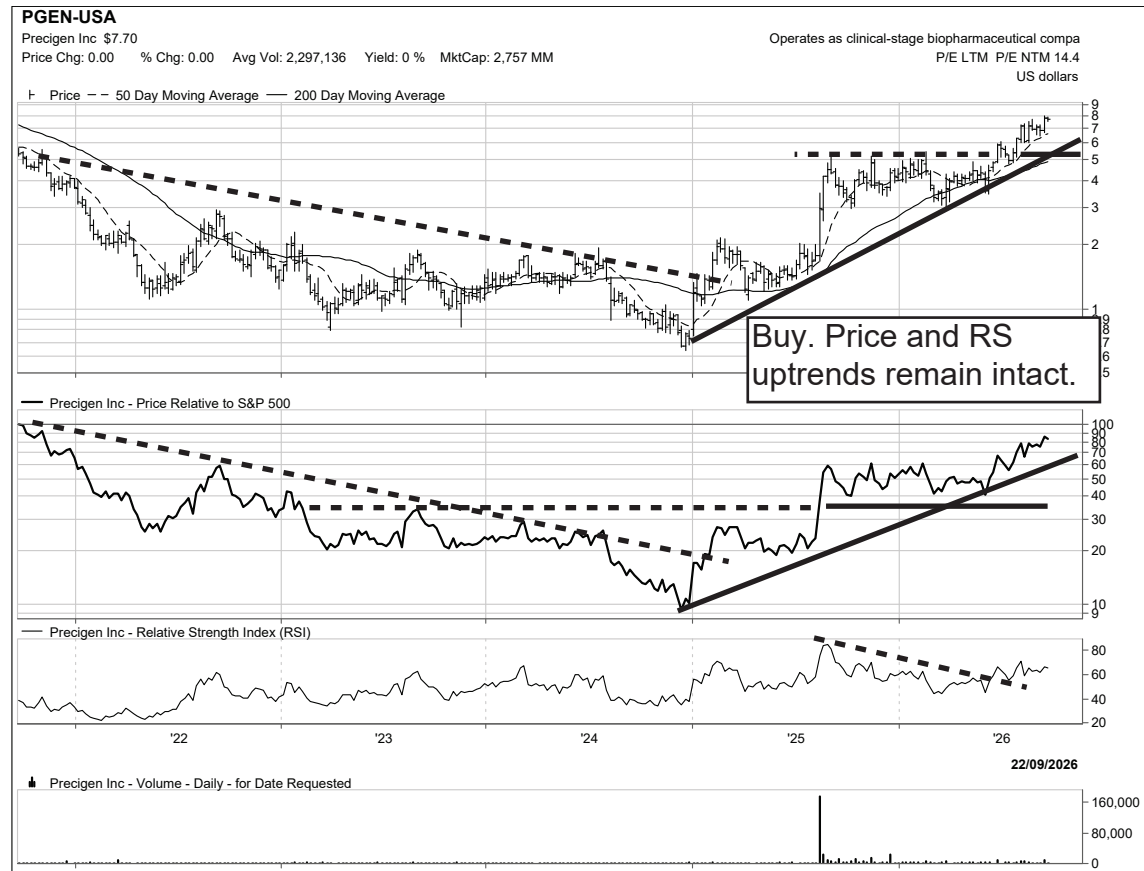
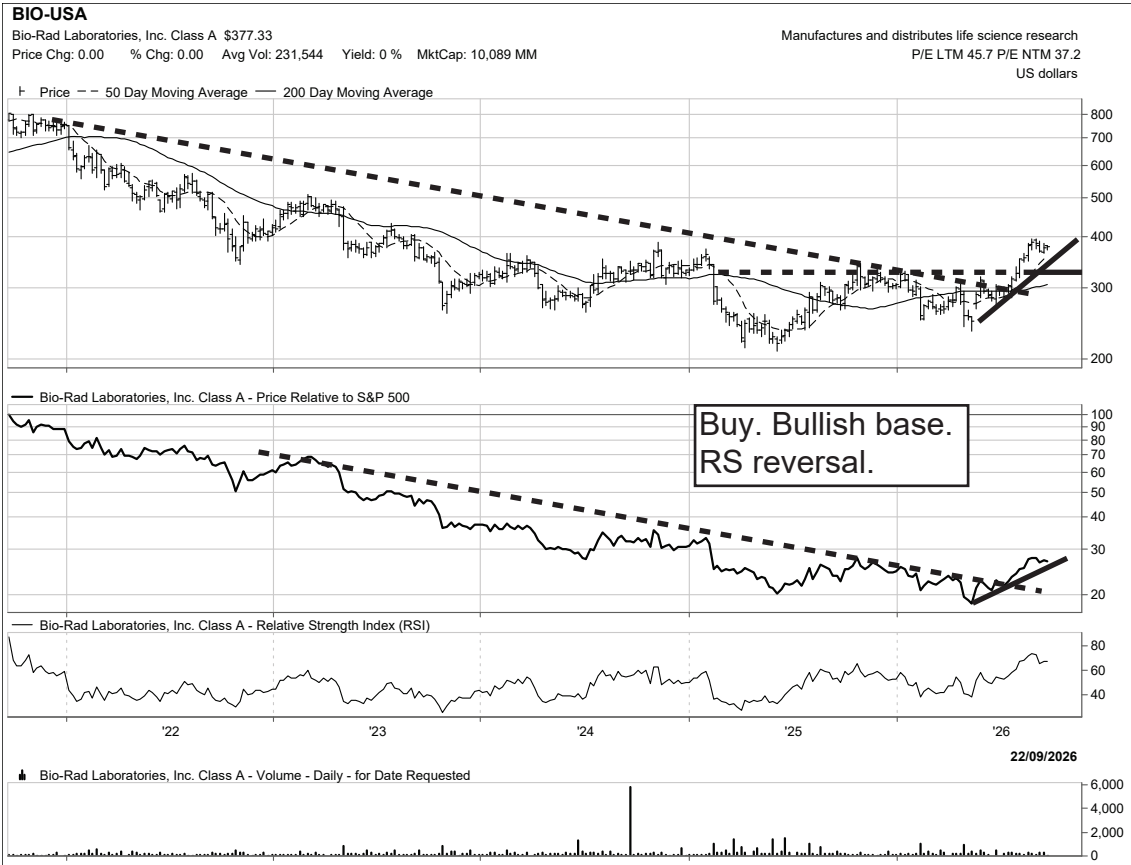


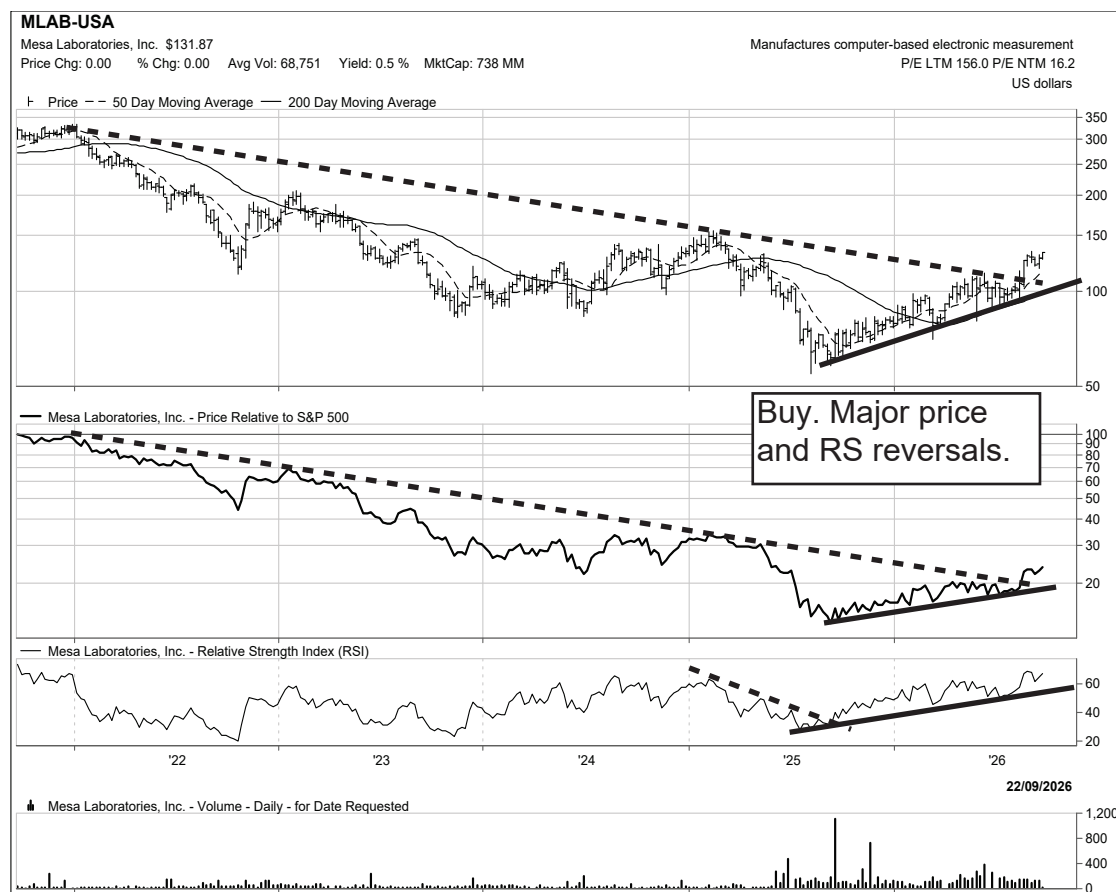












	Bottom-fishing	Positive Inflection	Uptrends				Pullback to Support	Negative Inflection	Downtrends				Tippy						
Consumer Discretionary		BBY	ROST TGT				ABNB AMZN DASH DG DRI EXPE GM	WSM CVNA DLTR RL	AZO BKNG CCL COST DECK DHI DPZ HAS HD	HLT INVH LEN LOW LULU LVS MAR MCD MGM	NCLH NKE NVR ORLY PHM RCL TJX TPR TSCO	WMT WYNN YUM							
Consumer Staples	KHC KR	SJM ULTA	ADM IFF KO MNST MO	PM				BG CTVA CVG SLB	CHD MDLZ SBUX SY	BF.B CASY CL CLX CMG HSY	KMB MKC PEP PG STZ TAP	TSN							
Energy			APA CVX DVN EOG MPC OXY	TRGP VLO WMB XOM					FANG KMI SLB	HAL	EQT EXE								
Financial	PGR	BRK.B EG HOOD PRU WFC	AIZ ALL BNY CB C GL IBKR IVZ JNJ	JPM MET NTRS PFG STT TRV V					ACGL AFL AMP BAC BLK CFG CME FITB ICE	MS MTB NDAQ PNC RJF SCHW USB	BRO TFC CINF COF GS HIG KEY MA RF SYF	AIG AON APO ARES AXP BR BX CBOE CBRE	CI ERIE FIS HBAN KKR MCO MRSH MSCI TROW	WRB					
Health Care	HCA ISRG RMD UHS	A DHR DXCM ELV MDT PFE REGN	TMO ZBH	ABBV BIIB CAH CRL DGX EW GILD	HUM INCY IGV LH LLY MCK MRK	MRNA RVTY SOKLV VTRS WAT WST					ABT AMGN BDX BMY DVA UNH VRTX	VTR CNC COR HSIC	ALGN BSX COO GEHC HII IDXX KVUE	STE SYK ZTS PODD					
Manufacturing	GNRC HONA HONA LDOS	ETN MMM MTB	DE FAST FIX GWW IEX JCI NDSN SWK				WAB					ALLE BALL CAT EMR GEV RTX URI	ECL ROK SNA TDY	AOS APT AVY AXON BA BLDR CARR CMI	CPRT DOV HUBB IR LHX LI LMT MAS	NOC OTIS PCAR PH PNR SHW TDG TT			
Materials	MOS	NEM	CF FCX NUE PKG STLD								AMCR VLTO	APD DD LYB	ALB CRH FERG IP LIN MLM	PPG Q VMC WY					
Real Estate	ARE		WELL								BXP DLR EQIX HST SPG WTW	FRT	CPT CSGP ESS EXR KIM MAA	O PLD PSA REG UDR VICI	UMRK				
Services	ACN FDS IT	ADP J PAYX	CPAY PWR								GPN RSG	EME JKHY	FISV FTV ROL WM						
Technology	CDW CIEN COHR COIN KLAC MPWR ORCL	CRM MRVL MSFT MSI NOW PLTR QCOM	SMCI SWKS VEEV VRSN WDAY ZBRA	AAPL AMD ANET CRWD CSCO DDOG DELL	FFIV FTNT GEN HPE HPQ INTC JBL	KEYS LITE MU NTAP NVDA PANW SNDK	STX TER	ADBE ADI AMAT AME APH FLEX GRMN	LRCX PYPL TXN TYL	AVGO	ADSK AKAM APP CDNS FSLR GLW IBM	INTU MCHP NXPI ON PTC ROP SNPS	TEL TRMB TTWO VRSK						
Communications	DIS GDDY	FOX.A GOOGL GOOGL META	EPAY NWS								LYV	OMC VZ	AMT CCI NFLX CHTR CMCSA	FICO SBAC SPGI PSKY TTD					
Transports	LUV	T WBD	CSX DAL EXPD								UAL	CHRW FDX JBHT	NSC UNP	FDXF ODFL UBER	UPS				
Utilities		AWK	OKE									ATO ETR EVRG	AEE AEP CEG CMS	CNP DTE DUK D FE	EIX ES EXC FE	LNT NEE NRG	PCG PEG PNW PPL	SO SRE VRT VST	WEC XEL

	Bottom-fishing	Positive Inflection		Uptrends		Pullback to Support		Negative Inflection		Downtrends				Tippy	
Consumer Discretionary	BURL CPRI GAP GME LOPE MTN OLLI	ANF CROX HOG		FIVE GHC SN		CART LAD M TTC				AMH AN BBWI BC BYD CAVA CHDN CHH CHWY	COLM DKS FND HGV KBH MAT PII PLNT	PVH RBA RH SGI THO TOL TXRH VFC VVV	WHR WHR WING		
Consumer Staples		ELF		COKE DAR VAL		USFD				ACI BJ BROS CELH INGR MZTI	PPGC POST PPC SAM SFM				
Energy		MUR		ASH CHRD DINO FTI NOV OVV	PBF PR	AM MUSA		CNX DTM MTDR RRC WFRD		AR CNX NFG VNOM					
Financial	KNSL RYAN	AFG CBSH CRBG HOMB		AMG CFR CNO EQH FCFS HWC RGA RNR SEIC	THG UBSI UNM	ASB EWBC FAF FFIN FHI MTG ONB PRI RLI	SLM UMBF VLY ZION	COLB FHN FLG FNB OZK PB PNFP SIGI SSB	WTFC	CYTK ENSG GMED KD NBIX NVST SCI UTHR XRAY					
Health Care	HIMS	BIO BMRN BRKR CHE EHC HQY MEDP	MOH OPCH RGEN THC	AVTR BTSG EXEL HAE HALO ILMN JAZZ	KRYS LIVN ROIV SHC			ARWR ELAN		AAON AYI BDC BWXT CNM CSL CW	DCI ENS ESAB GGG GNTX HXL KTOS	MIDD NOVT OSK RPM SPXC SSD VC	WMS WWD		
Manufacturing	AVAV VICR WSO	AGCO CNH GATX		AIT ARMK BWA IESC ITT MSM NVT ST	WCC WTS	ALSN CR LECO LFUS MOG.A MSA		ALV CXT FLS LEA TEX TKR VMI		AAON AYI BDC BWXT CNM CSL CW DCI	ENS ESAB GGG GNTX HXL KTOS MIDD NOVT	OCK RPM SPXC SSD VC WMS WWD			
Materials	TREX	CDE CLF GEF HL RGLD		ATI NEU		AVNT AXTA CCK		CMC CRS SON		AAON ATR CBT EXP GPK KNF	LPX MLI MP OC OLN RBC	SLGN SMG SOLS UFPI WLK			
Real Estate		CUBE REXR		AHR PK		CDP CUZ EGP EPR FR JLL	VNO	CTRE OHI SBRA		BRX ELS GLPI HR IRT KRC	KRG NNN RYN STWD SUI ULS	WPC			
Services	BAH BSY EXLS EXPO	BILL CACI FLR		ARW AVT CGNX DBX DT SAIC SITM	SMTC SNX TWLO	HRB		DY EEFT STRL		APG ACM BCO FCN FOUR KBR	MMS MTZ PSN TNL ULS				
Technology	CRUS DOCS MTSI PEGA RMBS	APPF CVLT DOCN DOCU DUOL ENTG IDCC	MANH NTNX PCTY QLYS TTMI WEX	ROKU SIRI		GWRE ONTO PATH SANM TOST				AEIS ALGM AMKR DLB FN IPGP WCC	MKSI NXT VIAV				
Communications	NVT	MORN				LAMR				NXST PINS					
Transports	AAL	NWE				KEX KNX R				ALK CAR GXD	LSTR SAIA SARO	XPO			
Utilities								SWX		IDA NJR OGE OGS	ORA POR SR TLN				

	Bottom-fishing	Positive Inflection			Uptrends				Pullback to Support		Negative Inflection	Downtrends						Tippy			
Consumer Discretionary	CLSK MARA WWW	HNI KMX KSS MCRI SIG			BJRI CAKE CHEF CVSA EAT LAUR LQDT OPLN	PRSU SPHR TILE URBN VAC VSXY				CENTA MLKN SHOO SKY	CALY CBR; LGIH RSI	ABG AEO AWI BKE BOOT CARG CCS CRI CVCO	DFH EYE FUN OLLI GOLF GPI GRBK GT HAYW	KTB LRN LZB MBC MHO MTH PENN POOL PRDO	PRKS PTON PZZA RRR SAH SHAK STRA TRIP UAA	UA UPBD UTI WEN WGO WINA WRBY	LTH				
Consumer Staples	CAG ENR	DMC IPHR SBH			GO PSMT ST				LW NWL UNFI			CALM COCO COTY CPB FIZZ FLO	JBSS JJSF PBH REYN SMPL TR	UVV							
Energy		AESI ANDE CRGY NE			CVI HP INVX OII PARR PTEN	REX SEI SM TALO TDW WHD	WKC				CNR NOG		AROC CRC CRK GPOR HOS KGS	LBRT MGY RES VTOL							
Financial	NAVI	HCI LNC NMIH PLMR			AAMI ACT BANR BFH BGC CACCC CATY CFFN CHCO	CPF CUBI CVBF DAVE DCOM EBC ECPG EGBN EZPW	FA FBNC FBP FCF FFBC FIBK FULT GNW HAFC	HOPE JXN MBIN NBTD NIC NWBI OFG PFBC PFS	SFNC SNEX SPNT STBA TRST UCB UFCS VCTR	VIRT WABC WSFS WT	CNS GSHD HMN PRK SEZL SFBS	AGO AMSF APAM AX BANC BANF BKU CASH CBU	EFC FBK FBRT FG FHB KMPR LAZ LKFN MC	PIPR PJT PROG RDN STC STEP TBBK TFIN TRUP	VRTS WAFD WU						
Health Care	ADMA ANIP CNMD PRGO WAY	ACAD ACHC ADUS AMN AMPH AZTA CERT	CRVL FTRE INSP ITGR MMSI MEOG PGNY	RDNT SRPT TMDX USPH	AMRX LFS CON CORT GKOS HCSG HRMY	HSTM LFST LGND LQDA MD NEO NHC	PTGX SDGR TGTX VIR XNCR				IART ICUI TFX VCEL		AHCO ALHC AORT ASTH BFAM COLL ENOV	INDV INVA LMAT MATW ONCL PAHC PRVA	PTCT QDEL STAA SUPN TNDM						
Manufacturing	AIN MIR POWL	ABM ALG DAN NX			CTS DXPE GFF NPK ROG VGNT VSTS								AIR NPO RAL RUSHA THRM UNF VVX		ADNT AMTM APOG ASTE ATMU BRC CSW DCH	DORM EPAC ESE FELE GBX IBP JBTM KAI	KMT LCII LKQ LNN MHK PATK PHIN REZI	SMP TNC TRN WDFC WSC			
Materials	BCC CE WOR	KWR			KOP MTRN SXT								BCPC UFPT		CCS CENX EMN ESI FMC FUL	HWKN LEU MTX OI ROCK SLVM	WS				
Real Estate	IIPR	SHO			APLE DRH LTC PEB				AAT ADAM CURB MAC MMI TRNO				XHR		AKR ARR BFS BNL BXMT CSR	CWK DEI EPRT FCPT GNL NHI NTST	HIW IVT JBGS MPT NHT SAFE	NXRT OUT PECO PMT RITM	SKT UE WD		
Services		NSIT NSP SABR SLG			CXW FTDR GEO MAN NATL PAYC PBI				RHI PPC	KFY RELY					AGX CWST DBD DLX DXC ECG GVA	LZ MYRG ROAD VYX					
Technology	ATEN QTWO VSH	FIVN FORM MXL PDFS PENG PI PLUS	PRGS QRVO SONO SPSC TENB		BOX CNXN COHU CRSR DGII DIOD KN	NTCT PRLB				ACIW ACMR ADEA AGYS BHE BLKB EXTR	ICHR KLIC PLXS UCTT		ACLS ADT AGNT AOSL CALX CNXC OXM	ENPH GTM HLIT KRMN LIF MBGL NABL	NSSC OIS PLAB POWI RUN SEDG UPWK	VECO YOU					
Communications	TDS	CNK			IRDM MSGS MTCH RNG	VSAT ZD				QNST					CCOI LUMN PPLI SHEN	VSNT YELP					
Transports	ALGT SKYW				MATX				ARCB RXO SNDR					HUBG JBLU MRTN							
Utilities		CPK			AWR HTO INSW LPG				CWT				MSEX OTTR UTL	AVA CWEN HE MDU	MGEE MWA NWN						

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