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Nasdaq 100 and Technology (XLK) 4-Month Breakouts

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. We also remain bullish on Technology and A.I. areas (**XLK**, **SOXX**, **DRAM**), and we have Technology on watch for a potential upgrade to overweight. We have discussed for weeks how we have to be bullish if (1) the memory ETF (**DRAM**) remains above its bullish gap from August 12 at \$51-\$53, (2) the **XLK** remains above its bullish gap from August 4 at \$178, and (3) the semiconductor ETF (**SOXX**) remains above crucial \$464-\$478 support. The Nasdaq 100 (**QQQ**) and the XLK are both breaking out of their 4-month bases, a very bullish sign as long as \$745 and \$197 supports hold on any pullbacks. A significant "wall of worry" remains in place. Ultimately, these "worries" (crude oil, interest rates, bad breadth, interest rate volatility, U.S. dollar strength, etc.) will only become a problem for the SPX on a sustained break below 7507-7580. At the same time, the market could rip higher if conditions marginally improve -- which appears to be in process.

- **Nasdaq 100 (QQQ) and Technology (XLK) Breaking Out to All-Time Highs.** QQQ and XLK gapped-up on Friday and broke out above 4-month resistance to all-time highs. If the market is ignoring the laundry list of concerns, so should we; that is, until the market starts to take notice. This is extremely bullish as long as supports of \$745 on QQQ and \$197 on XLK hold on any pullbacks. Anything below those levels is when the market starts to "take notice," and we would get near-term cautious if those levels break, as it would mean bearish false breakouts are in place... *see chart below and page 3.*
- **Risk-On Signals.** Market dynamics continue to support our bullish outlook. Risk-on signals include: (1) The U.S. Dollar (DXY) remains below \$102.00 (though testing this level now). (2) High yield spreads are below 320bps (though testing this level now) and 355bps. (3) U.S. interest rate volatility (MOVE index) remains below the 140 level, though is breaking above the important 85-90 level. (4) Mag7 (**MAGS**) just broke out from its 11-month base. (5) Technology and A.I. areas are leading (**XLK**, **SMH**, **CHAT**). (6) Bitcoin and Ether have bottomed (we have been bullish since our 8/25/26 *Compass*). (7) RS on defensive Consumer Staples (**XLP**) is breaking to new all-time lows, and we are downgrading the Sector to underweight. This remains a bull market until proven otherwise... *see pages 2-4.*



In today's report we highlight attractive Groups and stocks within Manufacturing and Technology: MF-21 Instrumentation & Process Controls, MF-29 Industrial Products Distributors, and TE-13 Technology Product Distributors... *see pages 12-21.*

Nasdaq 100 (QQQ) is leading the way on this breakout above \$749. As long as \$745 holds on any pullback, we have every reason to be bullish on QQQ and Technology. However, a break below \$745 would mean a likely test of \$721-\$728 and potentially \$700.

Sector Relative Strength Rankings & Weighting Recommendations

Sector Relative Strength Rankings (RSR)

Technology (XLK) sits atop our relative strength rankings and we have the Sector on watch for a potential upgrade to overweight. Semiconductors (**SMH, SOXX**) remain a top area to buy, as discussed in this section over the past two weeks. We also continue to find many attractive software (**IGV**) and cyber security (**CIBR**) names. Buy/stay long. Favorite Technology names include: **NVDA, TSM, COHU, AMD, MXL, PENG, INTC, CRWD, NET, PANW, TENB, TWLO, SHOP, RBRK, FROG, MU, SNDK, and NTAP**.

RS is breaking below support on *cap-weighted Consumer Staples (XLP)*, and we are downgrading the Sector to underweight. We have discussed to be extremely selective as RS has remained within a 1.5-year downtrend. Price continues to deteriorate following the 5.5-month uptrend violation in early-September and subsequent break below the 200-day MA. \$80-\$81 remains important horizontal support (testing now).

Health Care (RSPH, XLV) continues to be another attractive Sector -- remain overweight/add exposure on pullbacks. Genomics (**ARKG**) and life science instruments remain top overweights, though many of our favorite names are extended and we would wait to buy on pullbacks. Attractive names include: **TXG, TWST, TEM, ILMN, CRL, PGEN, RVTY, WAT, TMO, AVTR, and BLFS**.

Downgrading Consumer Staples to Underweight

Downgrade: Consumer Staples to Underweight (from Market Weight)

Relative Strength Ranking: Sector Summary

Vermilion Sector	10/02	09/25	09/18	09/11	09/04	08/28	08/21	08/14	08/07	07/31
TE Technology(CAP)	3	3	4	6	7	7	8	6	5	8
EN Energy(CAP)	6	8	6	6	10	13	11	15	22	13
HC Health Care(CAP)	7	5	6	9	7	7	5	12	11	11
TE Technology(AVG)	10	14	16	18	19	16	16	9	9	16
FN Financials(CAP)	11	11	10	8	8	9	11	10	10	7
CO Communications(CAP)	12	10	12	16	20	20	23	22	21	20
FN Financials(AVG)	12	12	10	9	9	10	12	11	11	8
SV Services(CAP)	12	11	10	11	12	11	12	13	15	14
EN Energy(AVG)	13	15	10	9	13	16	15	19	23	19
TR Transportation(AVG)	13	17	13	14	14	15	15	15	15	13
HC Health Care(AVG)	15	13	10	11	7	7	6	10	10	14
MF Manufacturing(CAP)	17	18	20	21	22	21	21	17	16	18
MA Materials(CAP)	18	15	14	13	12	11	10	19	16	23
SV Services(AVG)	18	17	15	16	16	15	15	15	16	17
TR Transportation(CAP)	18	19	19	19	19	16	16	18	17	16
CO Communications(AVG)	19	18	17	17	18	17	20	19	18	19
CD Consumer Disc(AVG)	20	20	21	21	19	18	18	19	16	17
CD Consumer Disc(CAP)	20	19	20	20	21	21	22	21	20	20
CS Consumer Staples(CAP)	20	18	19	21	22	22	23	23	23	19
RE Real Estate(CAP)	20	18	16	16	17	13	12	15	14	10
UT Utilities(AVG)	20	22	21	21	22	23	25	23	24	22
CS Consumer Staples(AVG)	22	21	21	22	22	22	23	25	23	23
MA Materials(AVG)	22	19	19	19	17	17	16	20	21	27
MF Manufacturing(AVG)	22	21	23	24	23	24	23	19	19	24
RE Real Estate(AVG)	22	21	20	20	20	19	18	20	18	14
UT Utilities(CAP)	22	24	23	23	25	26	26	24	25	21

Sector Weighting Recommendations

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

See attached Sector commentary for Group and individual stock recommendations.

Technology (XLK) With a 4-Month Breakout; Downgrading Staples to Underweight

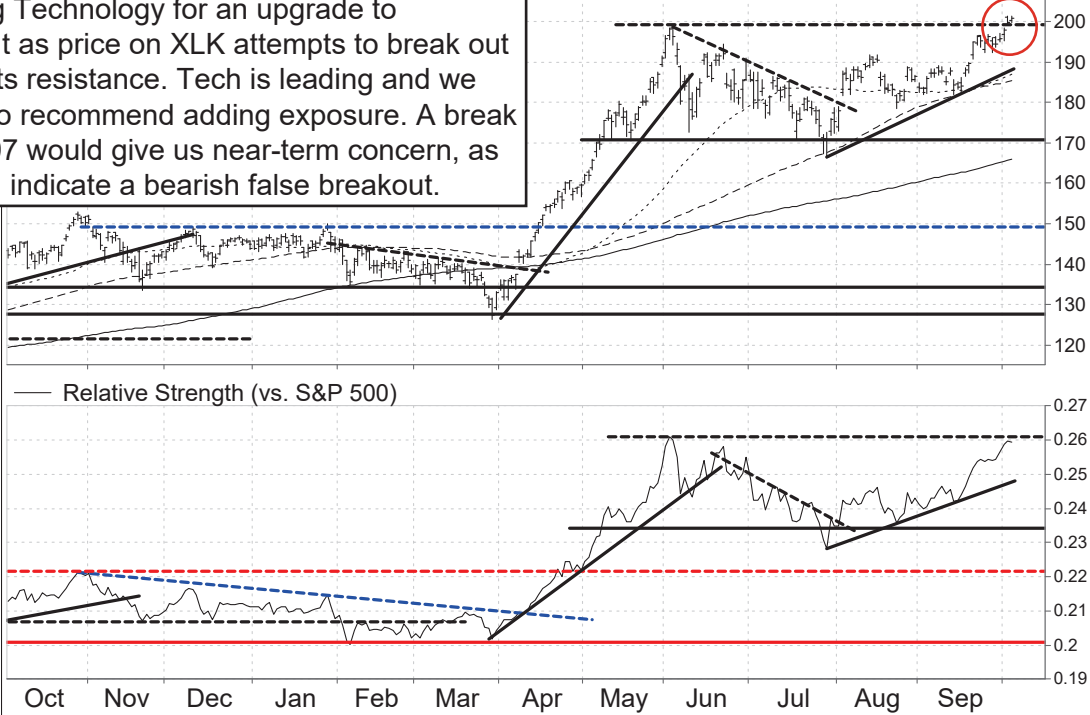
State Street Technology Select Sector SPDR ETF

XLK-USA 200.93 0.56%

EF-34 Technology

— State Street Technology Select Sector SPDR ETF - MA-200D -- State Street Technology Select Sector SPDR ETF - MA-100D
 State Street Technology Select Sector SPDR ETF - MA-50D

Monitoring Technology for an upgrade to overweight as price on XLK attempts to break out as RS tests resistance. Tech is leading and we continue to recommend adding exposure. A break below \$197 would give us near-term concern, as that would indicate a bearish false breakout.



State Street Consumer Staples Select Sector SPDR ETF

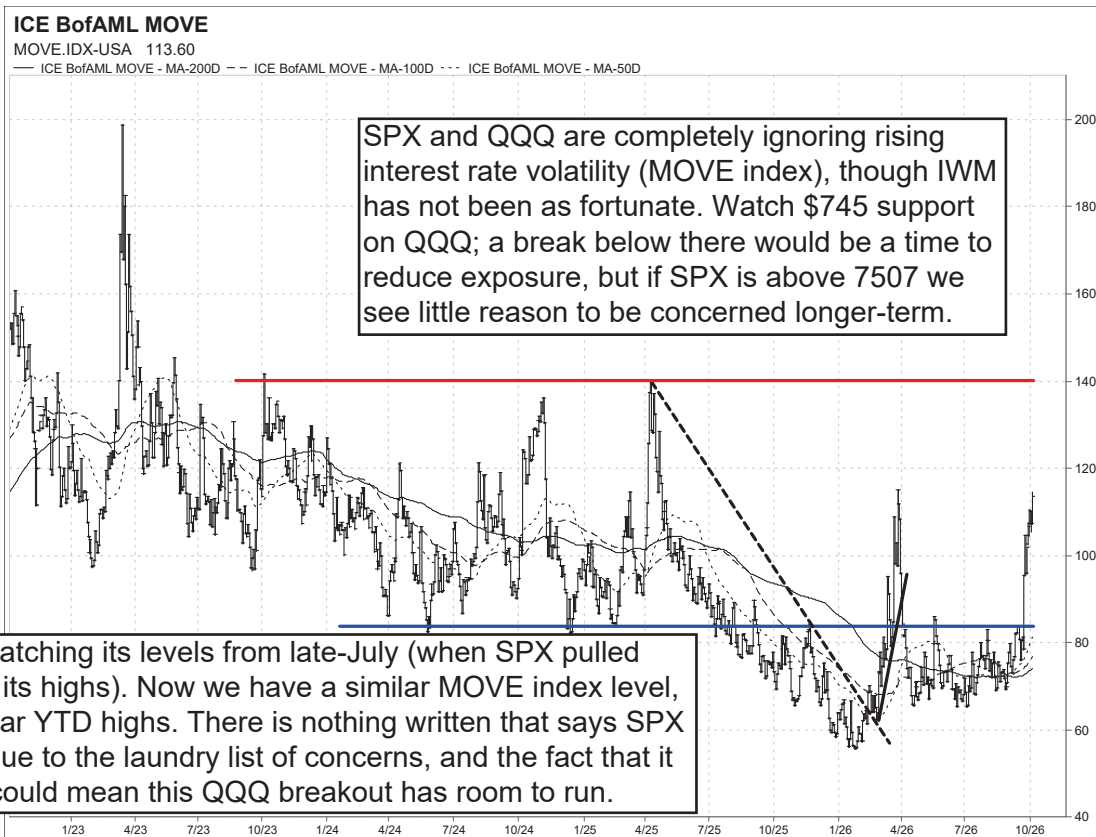
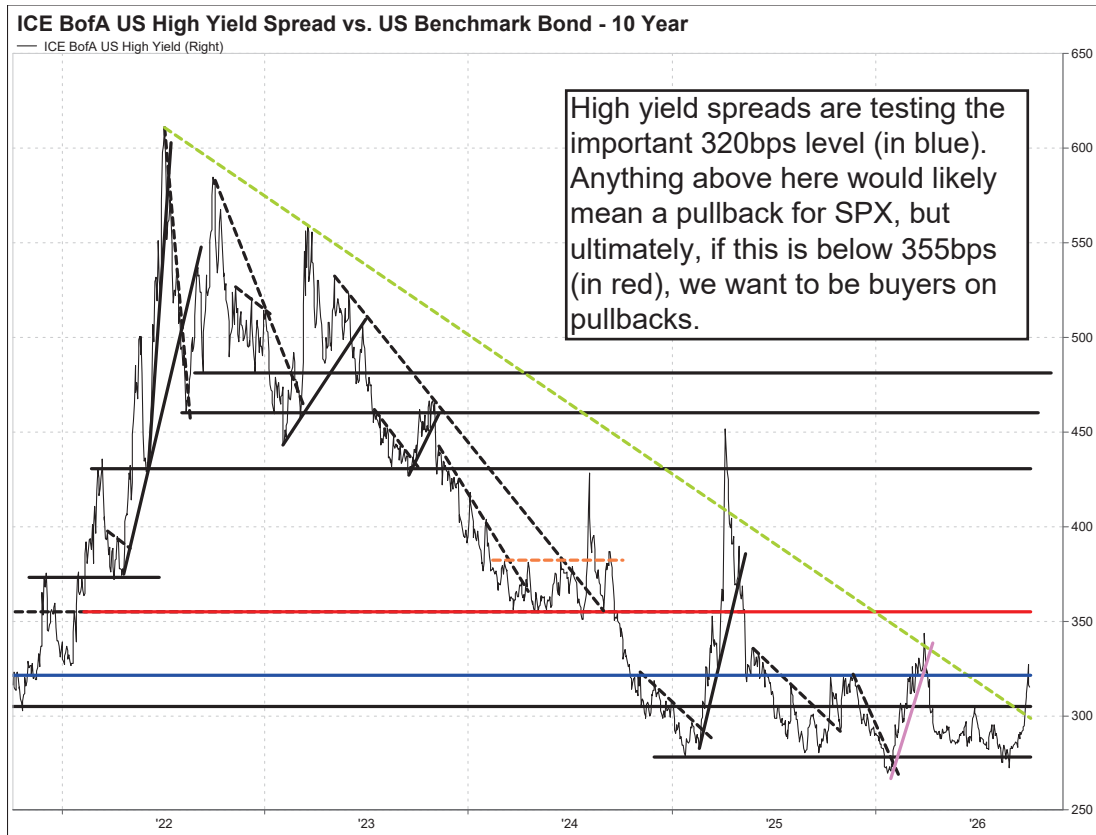
XLP-USA 81.04 0.63%

EF-25 Consumer Staples

— State Street Consumer Staples Select Sector SPDR ETF - MA-200D
 -- State Street Consumer Staples Select Sector SPDR ETF - MA-100D
 State Street Consumer Staples Select Sector SPDR ETF - MA-50D



High Yield Spreads and Interest Rate Volatility (MOVE index) Reasons for Concern?



Communications: *Market Weight*

- RS on the cap weighted Sector ETFs (**XLC**) is holding above its low and is range bound. **The XLC is currently indicating 16% of names above the 50-day. We would like to see breadth expansion in oversold sectors to aid in breadth improvement. Over the last several years breadth has bounced at these levels.** The equal-weighted (**RSPC**) is breaking to a new RS low.
- Group CO-01 Broadcasting is not a leadership Group, however there are many names that are leadership within the Group. Attractive names include: **SPOT, NMAX, and GTN.**
- Group CO-06 Movies, Entertainment, Programming, Small-Cap is developing into a leadership Group. Attractive names include: **NWS, and AMCX.**
- Group CO-07 Investment Research & Ratings is developing into a leadership Group. Attractive names include: **MCO, VALU, MKTW, and MORN.**
- Group CO-09 Publishing, Small-Cap is a leadership Group. Attractive names include: **NWSA, PSO, DJCO, and WLY.**
- Group CO-16 Telecomm. Svcs., U.S. Mid/Small-Cap is a leadership Group. Attractive names include: **IDT, BAND, OOMA, and ATNI.**
- Group CO-20 Movie Theaters is developing into a leadership Group. Attractive names include: **CNK, IMAX, RDI, AMC, and MCS.**
- Group CO-24 Internet Content/Commerce has a number of individual names that are leadership. Attractive names include: **MELI, ROKU, EBAY, ATHM, RUM, CARS, and GRPN.**
- Group CO-25 Social Networking has several leadership names including: **META, MTCH, SNAP, GRND, JOYY, DJT, and NXDR.**

Consumer Discretionary: *Underweight*

- RS on cap-weighted Discretionary (**XLY**) remains in a gradual 1.5+ year downtrend, and more recently has formed a YTD RS downtrend. We would likely upgrade the Sector to market weight on a reversal of the YTD RS downtrend. Price on XLY remains rangebound with support at \$110 and resistance at \$121.50. \$105 would be next support if \$110 fails to hold. Be selective.
- Group CD-10 Household Appliances/Tools displays early signs of price and RS bottoms – add selective exposure. Attractive names include: **SN, HBB, and HELE** (bottom-fishing candidate).
- Group CD-13 Sporting Goods/Leisure Products displays price and RS consolidation – be selective. Attractive names include: **AOUT, FWDI, CRCT, and bottom-fishing candidates CLAR and SWIM.**
- Equal-weighted retail (ETF: **XRT**) was unable to sustain a breakout above \$89, which raises the potential for another test of \$77-\$78 support – be selective. Attractive retail names include: **TGT, AMZN, VSXY, W, ANF, GLBE, NWL, TLYS, JAKK, FIVE, GCT, TTC, BBY, HVT, JILL, and bottom-fishing candidates HAS, ARHS, and PRTS.**
- Group CD-20 Hotels & Resorts, Large-Mid-Cap remains long-term leadership, but displays a short-term pullback. As long as 200-day MA supports hold, we suspect this pullback will be a buying opportunity. Price and RS are bullishly inflecting, and we would be buying these names (discussed in our 9/29/26 *Compass*). Small-caps (CD-21) are attractive as well. Attractive names include: **IHG, HST, XHR, MCS, VAC, PK, MAR, and HLT.**
- Group CD-26 Leisure Facilities displays early signs of price and RS bottoms – add exposure. Attractive names include: **MSGS, RHP, and ESCA.**
- Many restaurant Groups are starting to bottom – add exposure. Attractive restaurant stocks include: **CAKE, EAT, NDLS, CBRL, BJRI, and SG** (bottom-fishing candidate).
- Group CD-48 Online Travel Services displays 1.5-year bullish price and RS inflections – add exposure. Attractive names include: **LIND, ABNB, and SABR** (bottom-fishing candidate).
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **SGAMY, GRMN, ROKU, HMC, FLXS, MHK, MOV, FOSL, and bottom-fishing candidates NTDOY, ULTA, SONY, GPRO, and TRMB.**

Consumer Staples: *Underweight (downgrading today from Market Weight)*

- RS is breaking below support on the cap-weighted **XLP**, and we are downgrading Consumer Staples to underweight. We have discussed to be extremely selective as RS has remained within a 1.5-year downtrend. Price continues to deteriorate following the 5.5-month uptrend violation in early-September and subsequent break below the 200-day MA. \$80-\$81 remains important horizontal support (testing now).
- Group CS-08 Processor, Produce displays a major price bottom, and RS displays a bullish 1-year downtrend reversal – add exposure. Attractive names include: **SENEA** and **SENEB**.
- Group CS-23 Cosmetics & Toiletries displays bullish 1+ year price and RS reversals – add exposure. Attractive names include: **HNST**, **IPAR**, **ELF**, **ODD**, and bottom-fishing candidates **COTY**, **EL**, and **EPC**.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. Attractive names from a bottoms-up perspective include: **CHEF**, **KO**, **ADM**, **BOF**, **COKE**, **IFF**, **SXT**, and bottom-fishing candidates **ENR** and **GO**.

Energy: *Overweight*

- RS on the cap-weighted **XLE** and equal-weighted **RSPG** have been declining recently but the trends from the lows remain intact but are near the uptrend. Any further weakness and we will break the 4-month uptrends. Both remain well above their 200-day moving averages. Many Energy names pulled back to major bases over the last several weeks and bounced near their respective 200-day moving averages. With the war having ended 42 times over the last 4 months and the likelihood of it ending any time soon is just likely noise. RS is improving and continues to develop positively. We emphasize to buy on weakness and not chase green candles.
- Group EN-01 Oil & Gas, Global, Mega-Cap continue to develop positively, and RS continues to move up. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **XOM**, **CVX**, **COP**, **SSL**, **OXY**, **SSL**, **SHEL**, and **BP**.
- Group EN-02 Oil & Gas, Global, Large-Cap has many names that are developing improving RS. We would prefer to buy these on pullbacks. Attractive names on pullbacks are: **CNQ**, **EQNR**, **APA**, **EOG**, **PBR**, **PBR.A**, **DVN**, and **REPLY**.
- Group EN-04 Oil & Gas, South America has many names that are developing improving RS. We would prefer to buy these on pullbacks. Attractive names on pullbacks: **PBR**, **PBR.A**, **EC**, **YPF**, **GPRK**, **UGP**, **GTE**, and **REPLY**.
- Group EN-05 Oil & Gas E&P, Canadian has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **CNQ**, **SU**, **CVE**, **OVV**, and **IMO**.
- Group EN-08 Oil & Gas E&P, Domestic, Large-Cap has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **COP**, **EOG**, **OXY**, **DVN**, and **APA**.
- Group EN-10 Oil & Gas E&P, Domestic Small-Cap has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **MTDR**, **DMLP**, **SM**, and **TALO**.
- Group EN-12 Energy Trusts has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **BTE**, **KRP**, **NRT**, **PBT**, **CHKR**, and **OBE**.
- Group EN-16 Oilfield Services, Offshore has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **FTI**, **SUBCY**, **TDW**, **OIL**, **INVX**, **VTOL**, **OIS**, and **HLX**.
- Group EN-18 Oil & Gas Drilling, land has many names that are pulling back the last 2 weeks and are nearing their respective 200-day moving averages. We would prefer to buy these on pullbacks. Attractive names on pullbacks include: **HP** and **PTEN**.
- Group EN-20 Refining is one of the better Groups in Energy. Attractive names on pullbacks include: **PSX**, **VLO**, **PBF**, **MPC**, **MUSA**, **PBF**, **CLMT**, **DINO**, **DK**, and **PARR**.

Energy (cont.): Overweight

- Group EN-27 Propane/LNG has many names that inflecting bullishly in price and RS. We would prefer to buy these on pullbacks to their respective pre-war breakouts. Attractive names on pullbacks include: **LNG**, **NGL**, **CQP**, **VG**, **NGL**, and **GASS**.

Financials: Market Weight

- The XLF is breaking down. Many names continue to weaken, we pointed this out over the last few weeks in many names including: **BAC**, **GS**, **MS**, and **JPM** are increasingly looking like descending triangles and have broken decisively through support. **Currently there are only 3.85% above their respective 50-day moving average and are very oversold. We continue to watch for breadth expansion at these oversold levels. Over the past 3 years we have seen this before and each time the market lifted these back up. If breadth continues to decline from here we would become more bearish on the overall market as weakness in Financials would likely indicate a larger issue.** A break of the horizontal supports would indicate top pattern. Please look through the Russell 1000 and Russell 2000 grids at the back of today's Compass for individual names. Many Regional banks are succumbing to the flattening of the yield curve. Insurance names are coming under severe pressure.
- Group FN-01 European Banks are reflecting extreme weakness and are pulling back to their 200-day moving averages. If these break their respective 200-day moving averages we would be sellers. Names include: **HSBC**, **SAN**, **UBS**, **DB**, and **BBVA**.
- Group FN-03 Canadian Banks are reflecting RS weakness and is losing leadership. Names include: **RY**, **TD**, **BNS**, and **BMO**.
- Group FN-11 Banks, Puerto Rico are reflecting RS weakness and is losing leadership. Names include: **BPOP**, **FBP**, and **OFG**.

Health Care: Overweight

- RS continues to make higher lows on the *equal-weighted* **RSPH** and the *cap-weighted* **XLV** after reversing their 3+ year RS downtrends in July. Price on both the XLV and RSPH has continued to improve and remains above their respective multi-year bases. **Our favorite areas within Health Care include life science instruments, genomics (ARKG), and services/providers (XHS).**
- Group HC-01 and HC-02 Pharmaceuticals, Mega-Cap and Large-Cap displays price and RS consolidation – be selective. Attractive names include: **LLY**, **JNJ**, **MRK**, **ABBV**, and **PFE** (bottom-fishing candidate).
- **JAZZ** and **HRMY** are attractive names within HC-03 Pharmaceuticals, Mid-Cap.
- Group HC-04 Pharmaceuticals, Small-Cap shows price and RS bottom potential. This Group often performs alongside biotechnology. Attractive names include: **ETON**, **CORT**, **AMLX**, **TARS**, **PRGO**, **ZYME**, and **EOLS**.
- Biotechnology (ETFs: **IBB**, **XBI**, Groups HC-06, -07, -08, and -09) displays RS consolidation, but price remains bullish. Favor large-caps (**IBB**) which are starting to emerge as leadership. Attractive names include: **MRNA**, **TXG**, **ADPT**, **GRAL**, **IOVA**, **ABCL**, **NVAX**, **GILD**, **RPRX**, **VRTX**, **BIIB**, **VIR**, **RLAY**, **TNGX**, **DFTX**, **ORKA**, **SYRE**, **PBYI**, **SEPN**, **PTGX**, **ROIV**, **EWTX**, **URGN**, **XURE**, **DRTS**, **EXEL**, **LGND**, **TVTX**, **PVLA**, **MRVI**, **MBX**, **HALO**, **FATE**, and **DSGN**.
- Group HC-18 Bioscience Research & Development displays YTD price and RS uptrends – add exposure on pullbacks. Attractive names include: **IQV**, **MEDP**, **ICLR**, **SDGR**, and **OABI**.
- HC-22 Life Science Instruments displays price and RS bottoms – overweight/add exposure. Attractive names include: **TWST**, **ILMN**, **BRKR**, **CRL**, **PGEN**, **RVTY**, **WAT**, **TMO**, **AVTR**, **BIO**, **CAI**, **QGEN** (bottom-fishing candidate), **BLFS**, **MLAB**, **TKNO**, **CTKB**, and **MASS**.
- Group HC-23 Health Care Distributors displays a RS bottom while price has improved – add exposure. Attractive names include: **CAH** and bottom-fishing candidates **MCK** and **COR**.
- Group HC-24 Health Care Services, Other displays price and RS bottoms – add exposure. Attractive names include: **HNGE**, **LFST**, **STLN**, **TEM**, **CON**, **HIMS**, and **PGNY**.
- Group HC-26 HMOs shows early signs of price and RS bottoms, though is now consolidating. Attractive names include: **UNH**, **CNC**, **ELV**, and **HUM**.

Health Care (cont.): Overweight

- Group HC-33 Nursing Homes & Assisted Living displays price and RS pullbacks – be selective. Attractive names include: **NHC**, **PACS**, **SNDA**, and **PNTG**.
- Health care services and providers (**XHS**, **IHF**) display price and RS bottoms – add exposure. We have been suggesting to add exposure throughout April and May. Attractive names (in addition to HC-23, HC-24, HC-26, and HC-33 above) include: **VEEV**, **CERT**, **OSCR**, **BFLY**, **CRVL**, **CLOV**, **GH**, **FTRE**, **NTRA**, **AMN**, **AMWL**, **HTFL**, **NUTX**, **CBLL**, **CYRX**, **PSNL**, **GRDN**, **BTSG**, **CDNA**, **RDNT**, **MOH**, **NEO**, **HSTM**, **ACHC**, **BDSX**, **NEOG**, **CHE**, **AVAH**, **ADUS**, **DGX**, **LH**, and bottom-fishing candidates **LMRI**, **UHS**, **WGS**, and **DOCS**.
- Group HC-12 Medical Equipment, Specialty displays price and RS bottoms – add exposure. Attractive names include: **HAE**, **MMED**, **STIM**, **ECOR**, and bottom-fishing candidates **BBNX** and **INSP**.
- Medical devices/equipment (**IHI**) Groups display price and RS bottoms. Attractive names (in addition to HC-12 above) include: **BAX**, **MMSI**, **LIVN**, **SOLV**, **ATRC**, **DCTH**, **ACU**, **BVS**, and **ISRG** (bottom-fishing candidate).

Manufacturing: Market Weight

- RS is absolutely abysmal on the cap-weighted XLI and the equal-weighted RSPN ETFs. **On September 18th only 9.41% of the names were above their respective 50-day moving average. As of yesterday, that has expanded to 28.24%, and we currently view this as a buying opportunity. We highlighted this on Friday in our Vital Signs as likely to see breadth expansion.** Without a reprieve from these oversold levels one could surmise that crashes often come from oversold levels. We would like to see a reversal at these levels.
- Group MF-01 Industrial, Diversified, Large-Cap does have some strength on a RS basis but the Group is very mixed. Attractive names on a RS basis include: **JCI**, **SIEGY**, **MMM**, and **EMR**.
- Group MF-06 Aerospace, Components & Products, Small-Cap is a leadership Group. Attractive names include: **ATRO**, **BETA**, **EMBJ**, **DCO**, **CVU**, and **SIF**.
- Group MF-09 Aerospace, Controls/Simulation is emerging as a leadership Group. Attractive names include: **MOG.A**, and **MOG.B**.
- Group MF-17 Agricultural Equipment is a leadership Group. Attractive names include: **DE**, **KUBTY**, **CNH**, **AGCO**, **TITN**, and **ARTW**.
- Group MF-27 Roller and Ball Bearings is a leadership Group. Attractive names include: **SKFRY** and **NNBR**.
- Group MF-29 Industrial Products Distributors is a leadership Group. **This Group is highlighted in today's Compass.** Attractive names include: **WCC**, **AIT**, **MSM**, **DNOW**, and **DXPE**.
- **Group MF-30 Industrial Rental Equipment is developing in a leadership Group. Attractive names include: **URI**, **SUNB**, **HRI**, and **ALTG**.**
- Group MF-37 Engineered Metals/Materials is a leadership Group. Attractive names include: **COHR**, **LECO**, **CXT**, **EML**, and **PKOH**.

Materials: Market Weight

- RS on the XLB has broken through multi-month support and is developing bearishly, **though RS remains above support from 2025.**
- Group MA-01 Metals, Steel, Integrated, is reflecting some weakness in many names. Breadth is narrowing and the Group is losing leadership. The Group has developed a bullish base and is at 52-week highs and RS is also near a 52-week high. Attractive names include: **NUE**, **STLD**, **RS**, and **WOR**.
- Group MA-02 Metals, Steel, Integrated, Non-U.S. is a leadership Group. Attractive names include: **TX**, **SID**, and **GGB**.
- Group MA-03 Specialty Metals remains in a price and RS uptrend. Attractive names include: **ATI** and **KRO**.
- Group MA-05 Engineered Metals & Materials is a leadership Group. Attractive names include: **MTRN**, **EAF**, and **LXFR**.
- Group MA-12 Construction Materials is bottoming. Attractive names include: **JHX**, **ACA**, and **CSTE**.

Materials (cont.): Market Weight

- MA-13 Adhesives and Coatings is a leadership Group. Attractive names include: **MMM**, **AVY**, and **AXTA**.
- Group MA-17 Forest Products, Paper & Packaging is a leadership Group. Attractive names include: **UFPT**, **MATV**, and **CLW**.
- Group MA-19 Containers, Metal, Glass and Plastic is developing into a leadership Group. Attractive names include: **AMCR**, **CCK**, **AMBP**, **KRT**, **GEF**, and **MYE**.
- Group MA-20 Diversified Mining is developing into a leadership Group. Attractive names include: **BHP**, **NGLOY**, **TECK**, and **ANGPY**.
- Group MA-23 is a leadership Group. Attractive names include: **SCCO**, **FCX**, **TECK**, **LUNMF**, **ERO**, and **TGB**.
- Group MA-26 Gold, Western Hemisphere, Large-Cap is developing as a leadership Group. Gold is pulling back to levels of its nearest low and has developed a near-term H&S top. However with the current geopolitical tension, global debt, we believe this pattern at this point should be ignored as a reversal of such a bearish pattern is extremely bullish. We see \$4100 and \$4000 as very important levels in order to negate the top pattern. We would be buyers on any weakness. Attractive names include: **NEM**, **AEM**, **B**, and **FNV**.
- Group MA-26 Gold, Western Hemisphere, Small-Cap is developing as a leadership Group. Gold is pulling back to levels of its nearest low and has developed a near-term H&S top. However with the current geopolitical tension, global debt, we believe this pattern at this point should be ignored as a reversal of such a bearish pattern is extremely bullish. We see \$4100 and \$4000 as very important levels in order to negate the top pattern. We would be buyers on any weakness. Attractive names include: **KGC**, **RGLD**, **AGI**, **IAG**, **EGO**, **BVN**, **BTG**, **AUGO**, **SA**, **NG**, **PPTA**, **EXK**, **VZLA**, **GDRZF**, **THM**, **JAGGF**, **VGZ**, and **USAU**. We would keep a close on the silver names as well.

Real Estate: Underweight

- RS on the XLRE is back near all-time lows – remain underweight and be selective.
- Group RE-01 REITs Real Estate Developers has several names that reflect good RS. Attractive names include: **CTO**, **HHH**, and **CHCI**.
- Group RE-10 REITs, Hotels is a leadership Group. Attractive names include: **HST**, **APLE**, **DRH**, **PEB**, **SHO**, **XHR**, **RLJ**, **CLDT**, and **INN**.

Services: Market Weight

- RS on the Vermilion Services Sector has reversed above its 6+ month downtrend, and RS is breaking to 4+ month highs -- add exposure.
- Data Processing & Outsourcing Svcs. Groups (SV-01, SV-02, and SV-03) display decisive RS bottoms – add exposure. This comes after months of us discussing how RS appeared to be curling sharply higher off of the lows. Attractive names include: **CPAY**, **TOST**, **V**, **MA**, **ADP**, **WEX**, **BFH**, **FLYW**, **CASS**, **IBEX**, **PYPL**, and **EXLS**.
- Group SV-04 Consulting, Gov't/Global, Large-Cap displays price and RS bottoms; this comes after months of us discussing that we saw early signs of bottoming – add exposure. Attractive bottom-fishing candidates include: **ACN**, **CTSH**, and **IT**.
- Group SV-05 IT Consulting, Gov't/Global, Small-Cap displays price and RS bottoms – add exposure. Attractive names include: **FORR**, **SAIC**, **CACI**, **RCMT**, and **GDYN** (bottom-fishing candidate).
- Group SV-06 Research & Consulting Services displays price and RS bottoms; this comes after months of us discussing that we saw early signs of bottoming – add exposure. Attractive bottom-fishing candidates include: **HURN**, **FDS**, **ICFI**, and **CRAI**.
- Group SV-07 and SV-08 Large- and Small-Cap Human Resources & Employment Svcs. **display price and RS pull-backs after being** some of the most improved Groups in the entire market. They may still be emerging as leadership. Attractive names include: **DHX**, **KFRC**, **KELYA**, **TBI**, **MAN**, **TNET**, and **NSP**.
- Group SV-10 Advertising Agencies, Small-Cap displays early signs of potential price and RS bottoms – add selective exposure. Attractive names include: **STGW** and **PUBM**.

Services (cont.): Market Weight

- Group SV-12 Office Services & Supplies displays bullish price and RS inflections – add exposure. Attractive names include: **PBI, HNI, TILE, MLKN, and ACCO**.
- Group SV-17 Uniforms/Facilities Mgt. displays a RS breakout following 1.5+ years of consolidation – overweight/add exposure. Attractive names include: **CTAS, VSTS, ARMK, ABM, and ECL**.
- Group SV-26 Crypto: Mining/Trading & Data Svcs. and the **WGMI** ETF have been weaker recently, a concerning development. WGMI will need to break back above the crucial \$49-\$50 level in order for us to get more broadly bullish. Stocks that are attractive include **HUT** and **NBIS**. BTC and ETH treasury companies are bottoming **and are much more attractive**. Attractive bottom-fishing candidates include **MSTR, BMNR, SBET, ASST, and DFDV**. **PURR** and **CRCL** are also attractive. In terms of bitcoin, since June we have discussed how “it is still possible – likely, even – that Bitcoin is still going through a bottoming process”. The bottom appears to be in as long as support at \$74,000 holds. ETH has bottomed as well.
- A bottoms-up approach to stock selection uncovers additional opportunities within the Sector. With this in mind, attractive names include: **PAYS, GEO, PWR, CXW, QUAD, WPP, and CLH**.

Technology: Market Weight

- Longer-term price and RS trends remain bullish for the Technology Sector. With that said, RS is consolidating on *cap-weighted* and *equal-weighted* Technology (**XLK, RSPT**), **and RS is currently testing resistance; we would upgrade back to overweight on RS breakouts**. The **XLK** is **already breaking above** resistance at \$199; a sustained breakout would be very bullish. **\$197-\$199 is now support, followed by \$189 and \$179-\$182**. Additionally, **RSPT** is **breaking above** resistance at \$67-\$67.50. **We remain very bullish on Technology**.
- **We are shifting back to overweight on semiconductors and semi-suppliers (SMH, SOXX) – add exposure. Throughout this consolidation** we have maintained that there is nothing wrong with price and RS trends longer-term, and as of 8/4/26 we have been of the belief that semiconductors (and semi-suppliers below) have bottomed following short-term consolidations. We wanted to see \$464-\$478 support hold on **SOXX** to keep the intermediate-term bullish trend intact, and that is precisely where this pullback held. This level must continue to hold. Attractive semiconductor names (TE-01, TE-02, and TE-03) include: **MU, TSM, ASX, NVDA, PI, QRVO, UMC, SIMO, SMT, ADI, SITM, IFNNY, AMD, MRVL, INTC, DIOD, KOPN, MXL, SWKS, ALAB, MPWR, and ON**.
- Semiconductor equipment/supplies names (TE-04 and TE-05) remain bullish longer-term, **and we are shifting back to overweight**. Attractive names include: **TER, LRCX, AMAT, ASML, PDFS, AXTI, COHU, ACR, FORM, KLAC, and Q** (bottom-fishing candidate).
- Group TE-06 Computer Systems remains in price and RS uptrends – overweight. Attractive names include: **AAPL, DELL, HPE, and HPQ**.
- Group TE-08 Data Storage Solutions & Devices, Large-Cap (**DRAM**) remains long-term leadership, and we discussed in our 8/4/26 *Compass* our belief that “odds have increased that this pullback is over” – remain overweight/hold. That has been the bottom, but we will need to see the August price and RS lows to hold on **DRAM**, or we would be sellers. Really, we want to see gap support from August 12th at \$50.90-\$53.00 hold, or a renewed downtrend is likely. We have been recommending most of these since mid-2025. Attractive names include: **MU, STX, WDC, SNDK, SKHY, NTAP, and P**.
- **Group TE-11 Electronic Manufacturing Services displays bullish price and RS inflections – add exposure. Attractive names include: CLS, FLEX, SANM, PLXS, BHE, and KE**.
- Group TE-13 Technology Product Distributors displays price and RS bottoms – add exposure. Attractive names include **AVT, SNX, ARW, NSIT, CNXN, and SCSC**.
- **Group TE-21 Optical Equipment displays bullish price and RS inflections – add exposure. Attractive names include: LITE, VIAV, GLW, OCC, CIEN, AAOI, and COHR**.
- Group TE-17 Network Security Services & Software has emerged as leadership – overweight/add exposure. This also easily remains our favorite software Group, as noted since our 5/19/26 *Compass*. Attractive names include: **CRWD, FTNT, OKTA, OSPN, TENB, QLYS, NET, and NTSK**.
- Group TE-49 Software, Network Solutions displays major price and RS base breakouts – overweight/add exposure. Attractive names include: **PANW, FFIV, and NTCT**.

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

Technology (cont.): Market Weight

- Software Groups (ETF: IGV) continue to go through a bottoming process, and we have discussed since late-July how this is where we want to be buying within Technology – overweight/add exposure. This comes after we discussed throughout and since April 2026, that the IGV may be bottoming at 2+ year support at \$76-\$77. There is no doubt that the bottom is in. Attractive software stocks (in addition to TE-17 and TE-49 above) include: **MSFT, PLTR, CRM, PRCH, DDOG, TWLO, APPS, FROG, RDVT, VEEV, RBRK, NOW, SNOW, NTNX, BOX, SAIL, APPE, SSNC, U, ZETA, PAYC, PCTY, MGNI, VRNS, CVLT, FSLY, FIVN, VRSN, MANH, PD, DT, SHOP, GTLB, APPN, ESTC, SMWB, FRSH, TEAM, WDAY**, and bottom-fishing candidates **DUOL, RPD, IOT, WK, ASAN, SPSC, SPT, CERT, DOCU, NCNO, PTC** (acquired; can sell), **CCC, ALRM, INTA, OCTV**, and **AVPT**.
- Group TE-33 Testing Instruments & Equipment displays price and RS pullbacks – be selective. Attractive names include: **KEYS, A, and COHU**.
- Group TE-18 Network Infrastructure, Large-Cap is breaking out to new price and RS highs – overweight/add exposure. Attractive names include **CSCO** and **ANET**.
- A bottoms-up approach to stock selection uncovers additional opportunities. With this in mind, attractive names include: **BE, PRLB, ZD, ZBRA, SMCI, MSI, DDD, RNG, AUOTY**, and **VUZI** (bottom-fishing candidate).

Transportation: Market Weight

- RS on the cap-weighted IYT and equal-weighted XTN ETFs continue to show weakness and many of the Truckers have broken their 6-8 month uptrends.
- Group TR-08 Shipping, Dry-Bulk has many names that remain in uptrends. Attractive names include: **MATX, SBLK, DAC, EDRY, NMM, SB, GNK, and HSHP**.
- Group TR-09 Shipping, Energy remains a leadership Group. Attractive names include: **FRO, GLNG, CMBT, STNG, INSW, DHT, TNK, LPG, SFL, FLNG, NAT, TK, SMHI, and TEN**.
- Group TR-10 Railroads, Large-Cap is a leadership Group. Historically this has been one of the better performing Groups when energy prices move up. Attractive names include: **UNP, CSX, NSC, and CNI**.

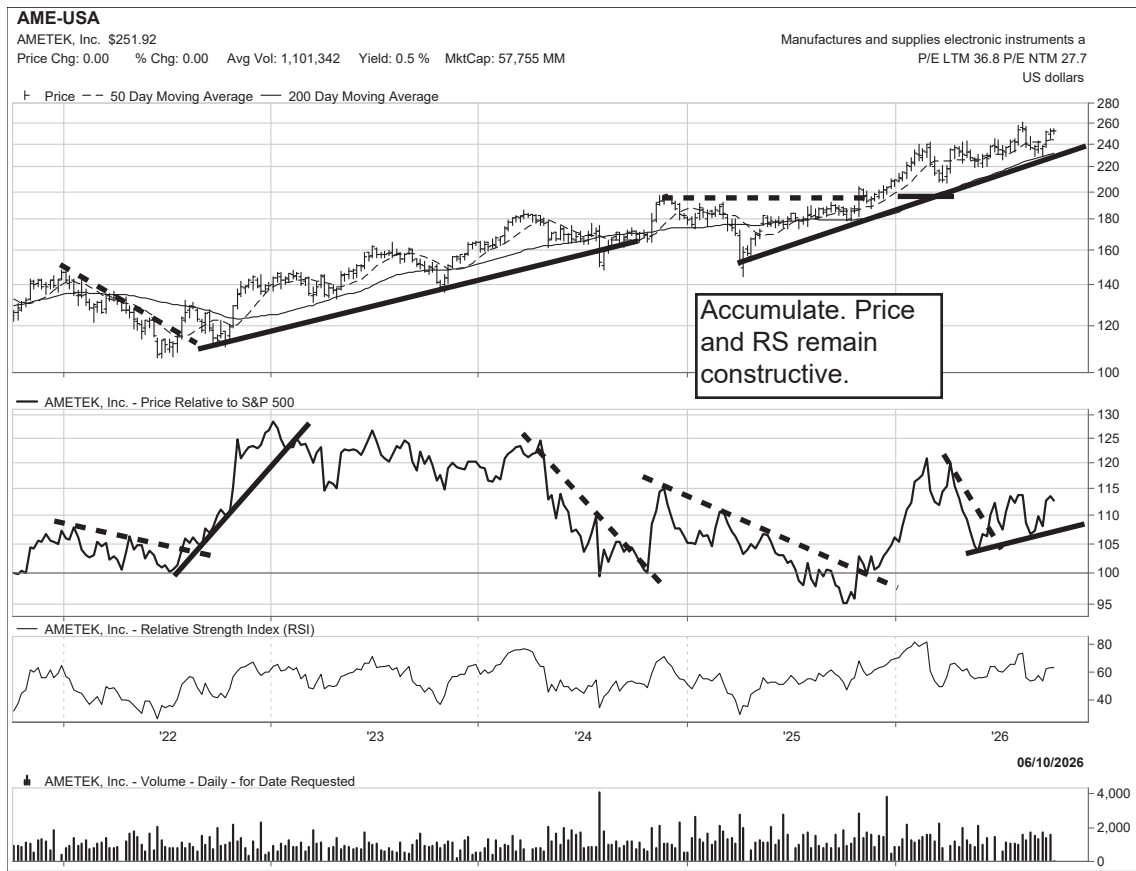
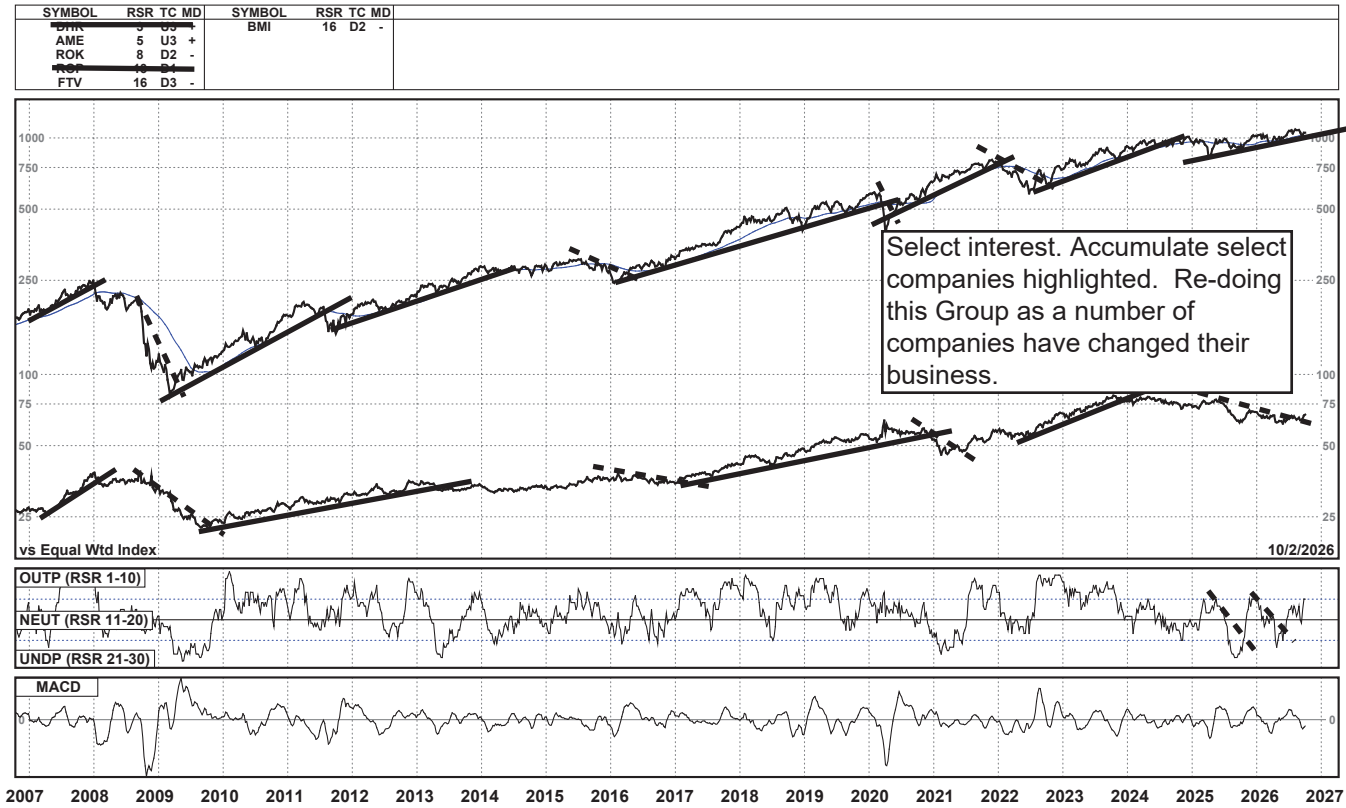
Utilities: Underweight

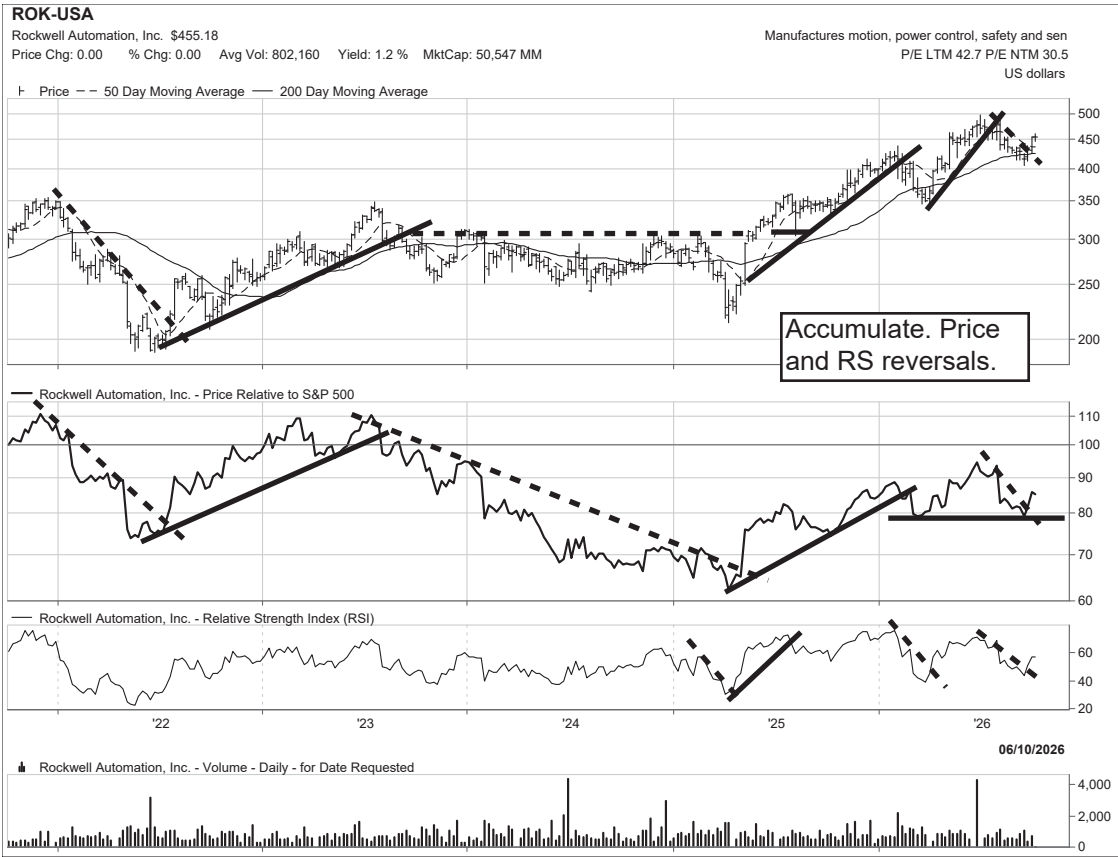
- RS on the XLU is violating multi-year support. Price on the XLU continues to decline following the multi-year uptrend violation. Avoid.
- Most other Groups within Utilities look virtually identical to the XLU and RSPU ETFs. Therefore, we prefer to evaluate the Sector from a bottoms-up perspective. Attractive names include: **RWEOY, OKE, EGY**, and bottom-fishing candidates **TLN, VST, and CEG**.

On the following pages we highlight attractive Groups and stocks within Manufacturing and Technology:

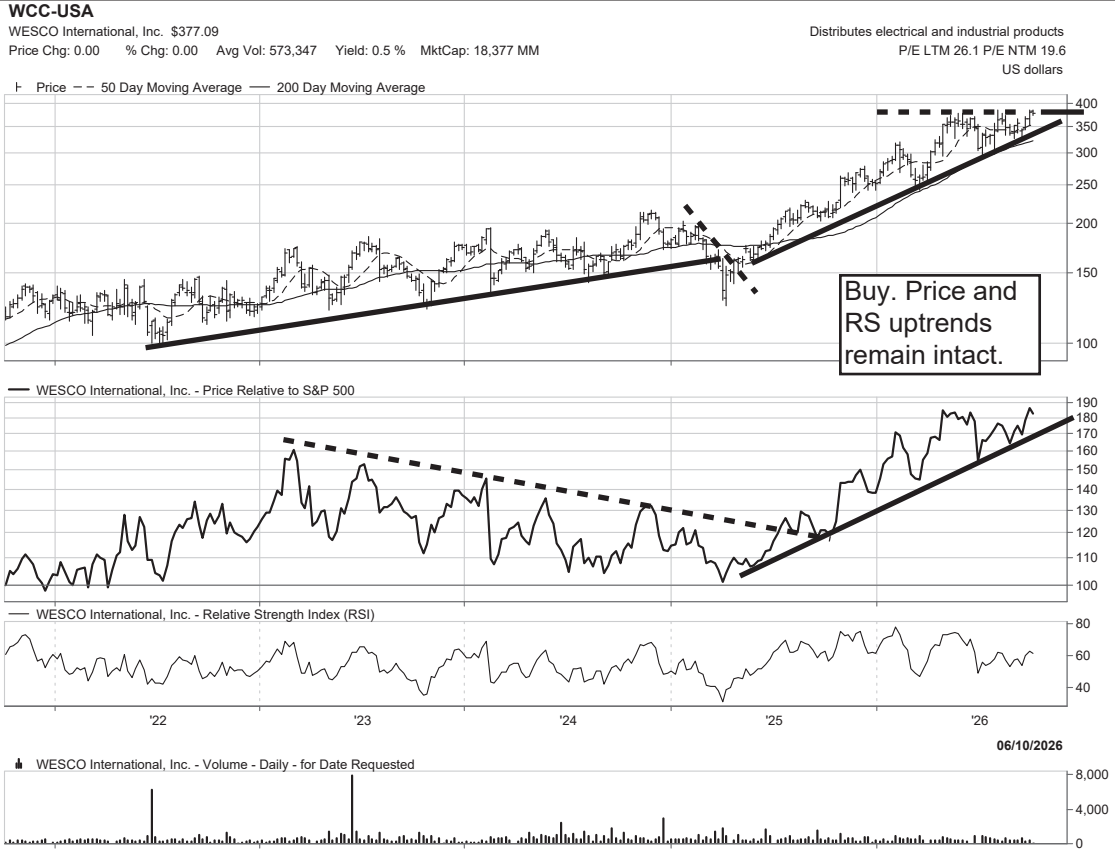
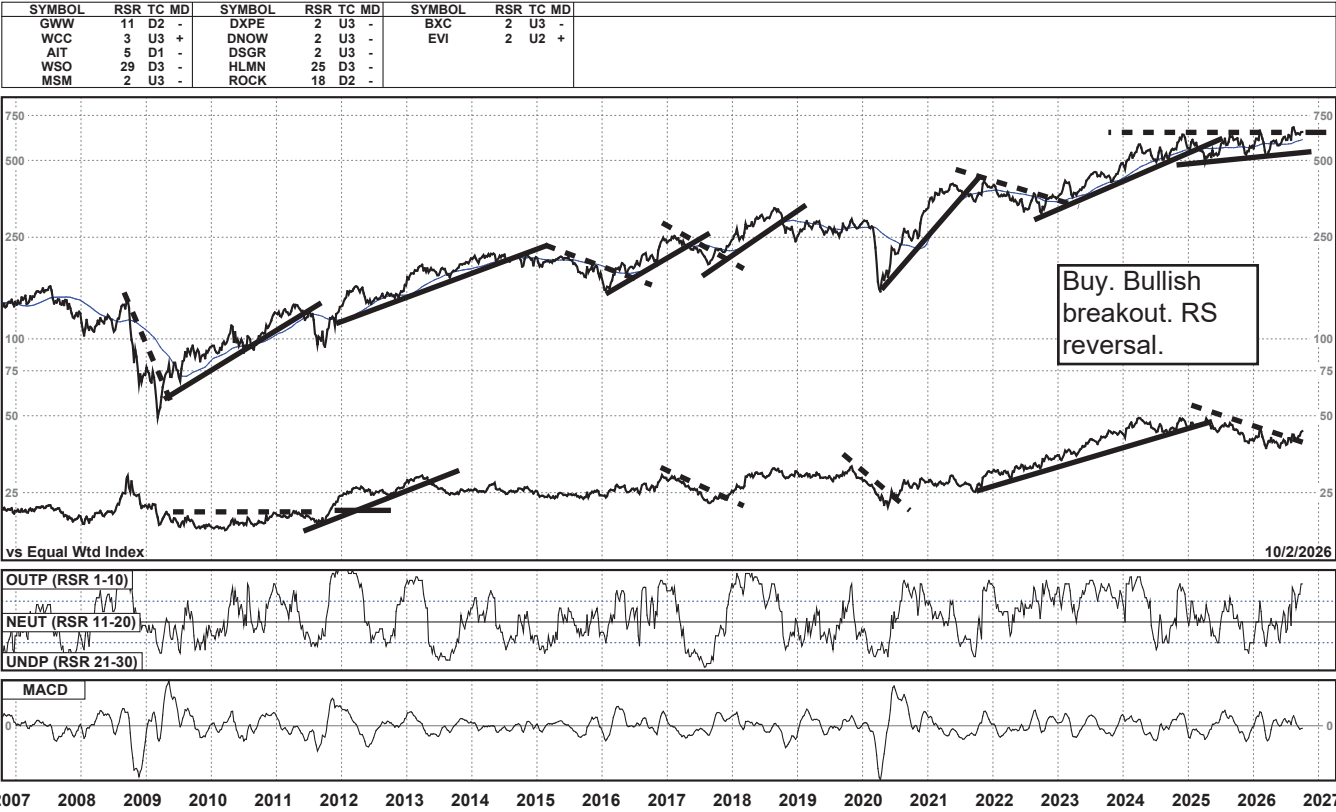
- **MF-21 Instrumentation & Process Controls** – Stocks highlighted: **AME and ROK**
- **MF-29 Industrial Products Distributors** – Stocks highlighted: **WCC, AIT, MSM, DXPE, and DNOW**
- **TE-13 Technology Product Distributors** – Stocks highlighted: **SNX, CDW, ARW, AVT, NSIT, PLUS, CNXN, SCSC, and RELL**

MF-21 - Instrumentation & Process Controls

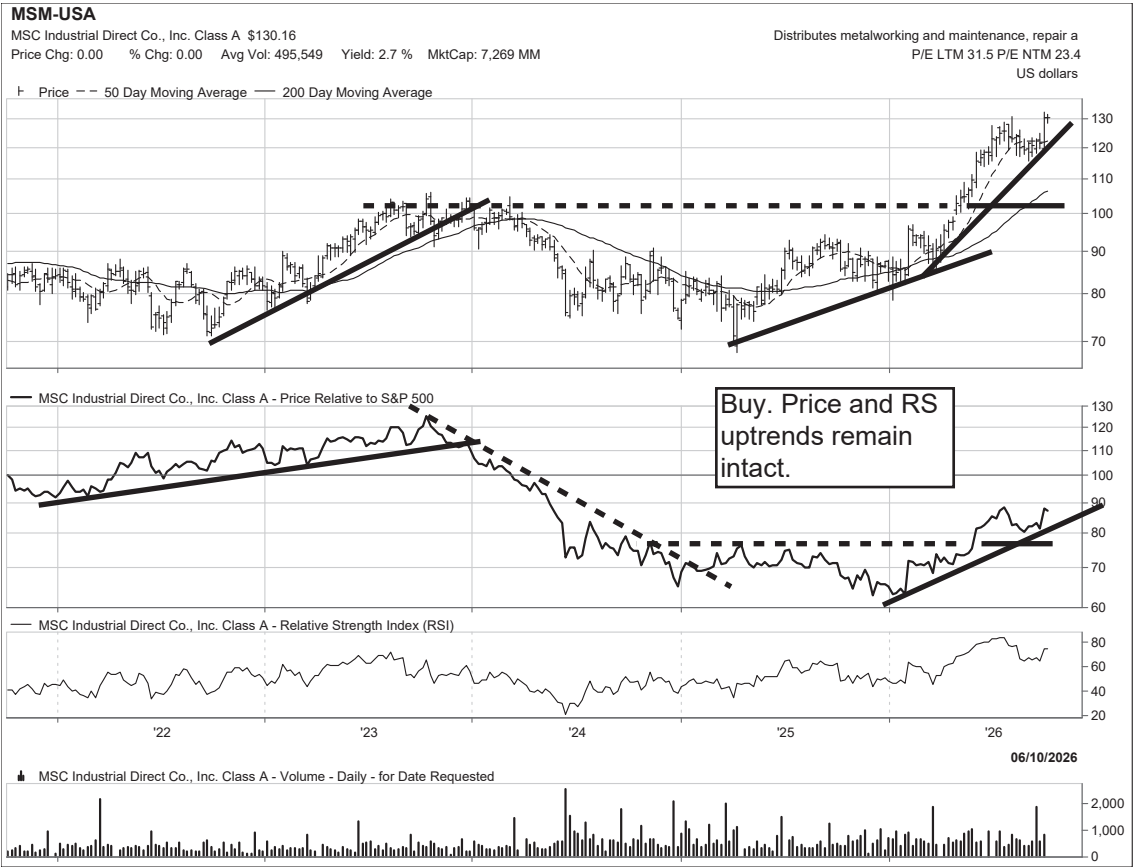
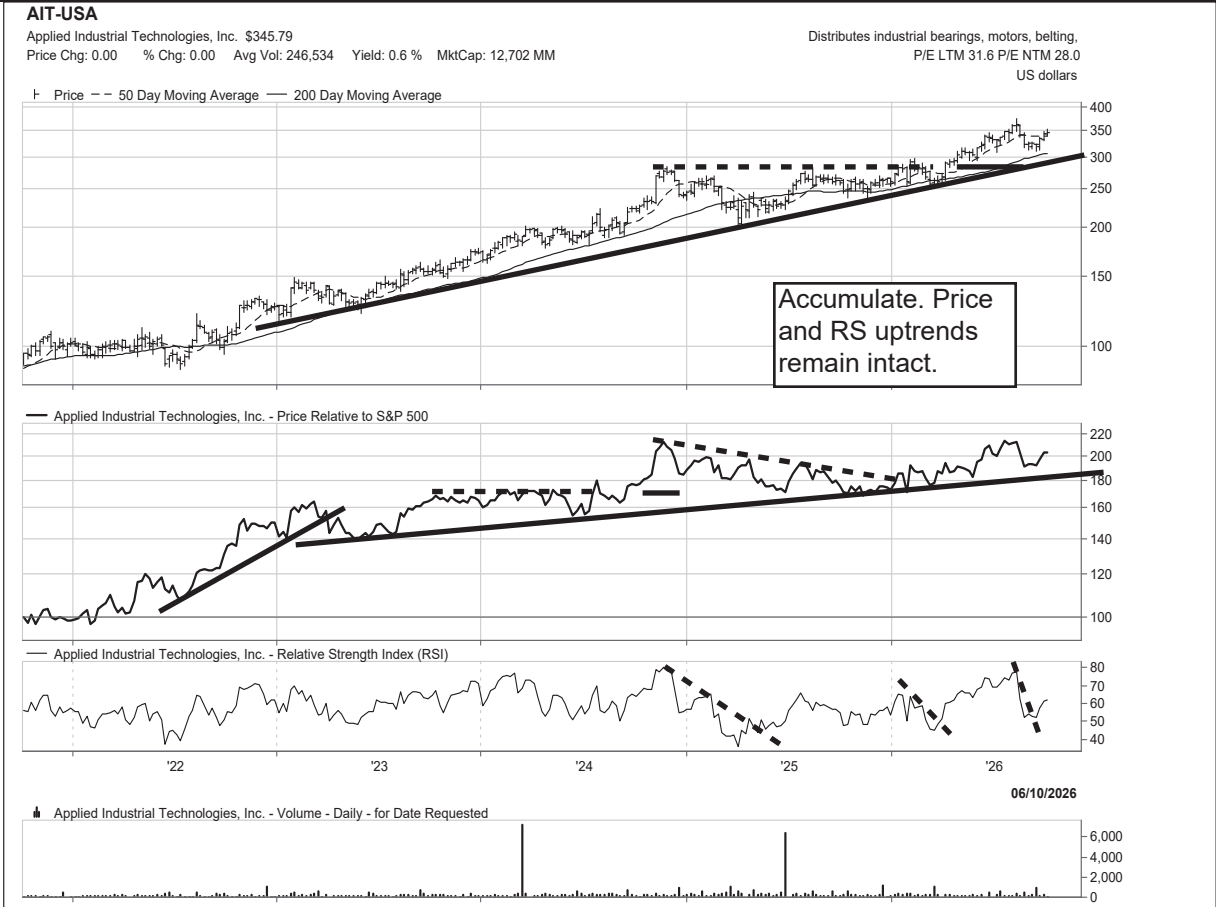


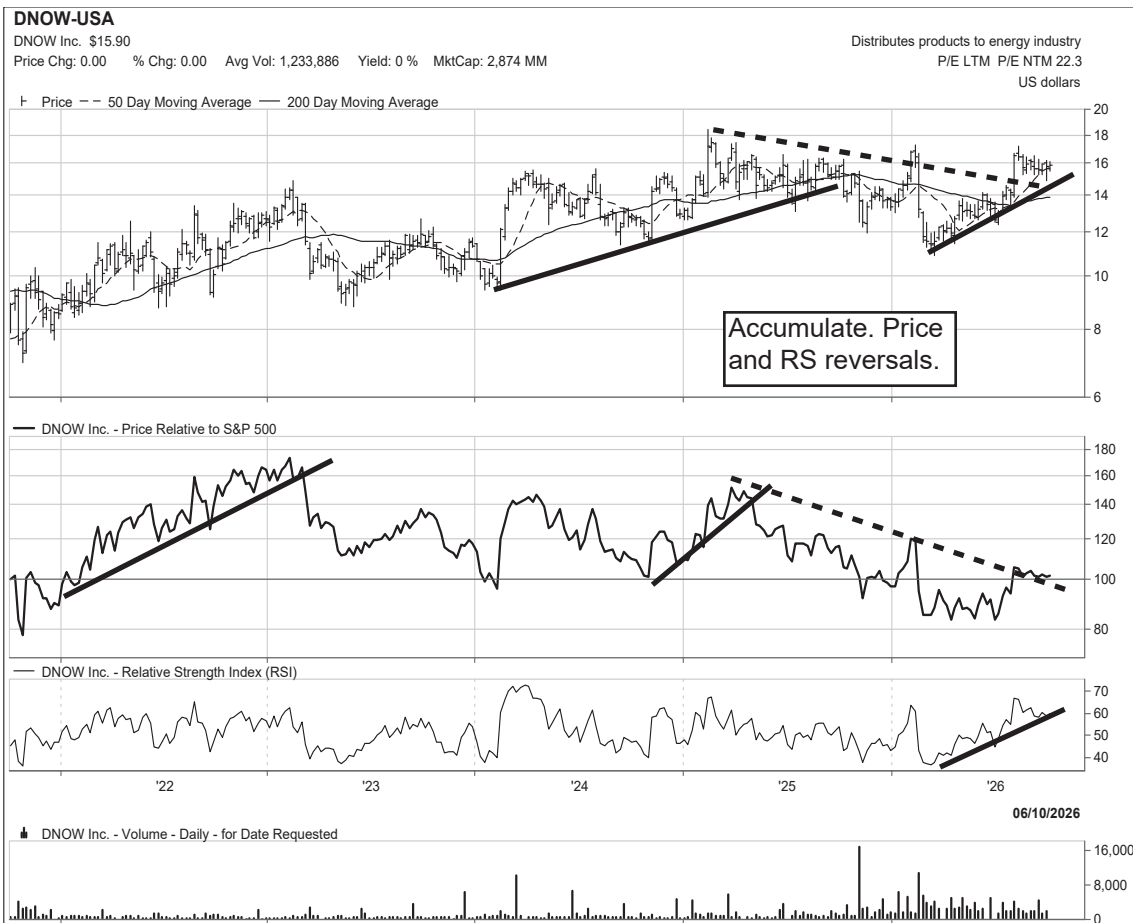
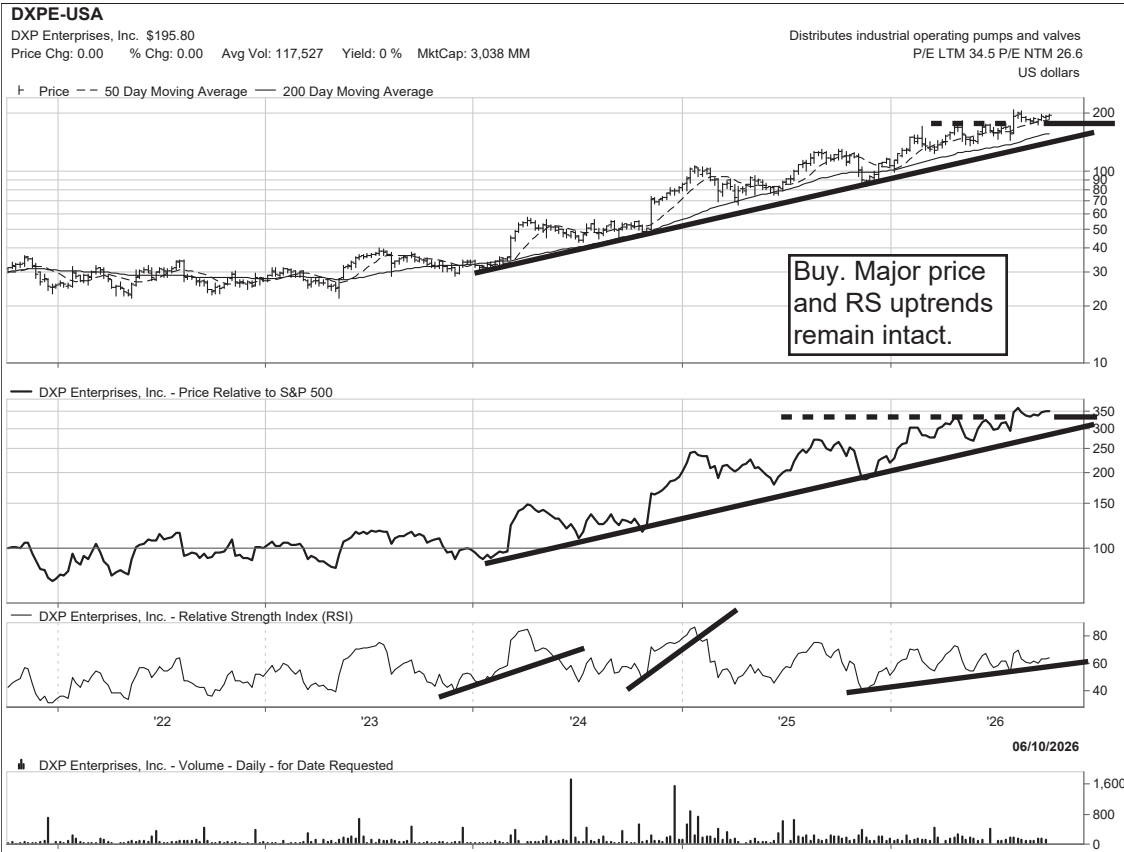


MF-29 - Industrial Products Distributors

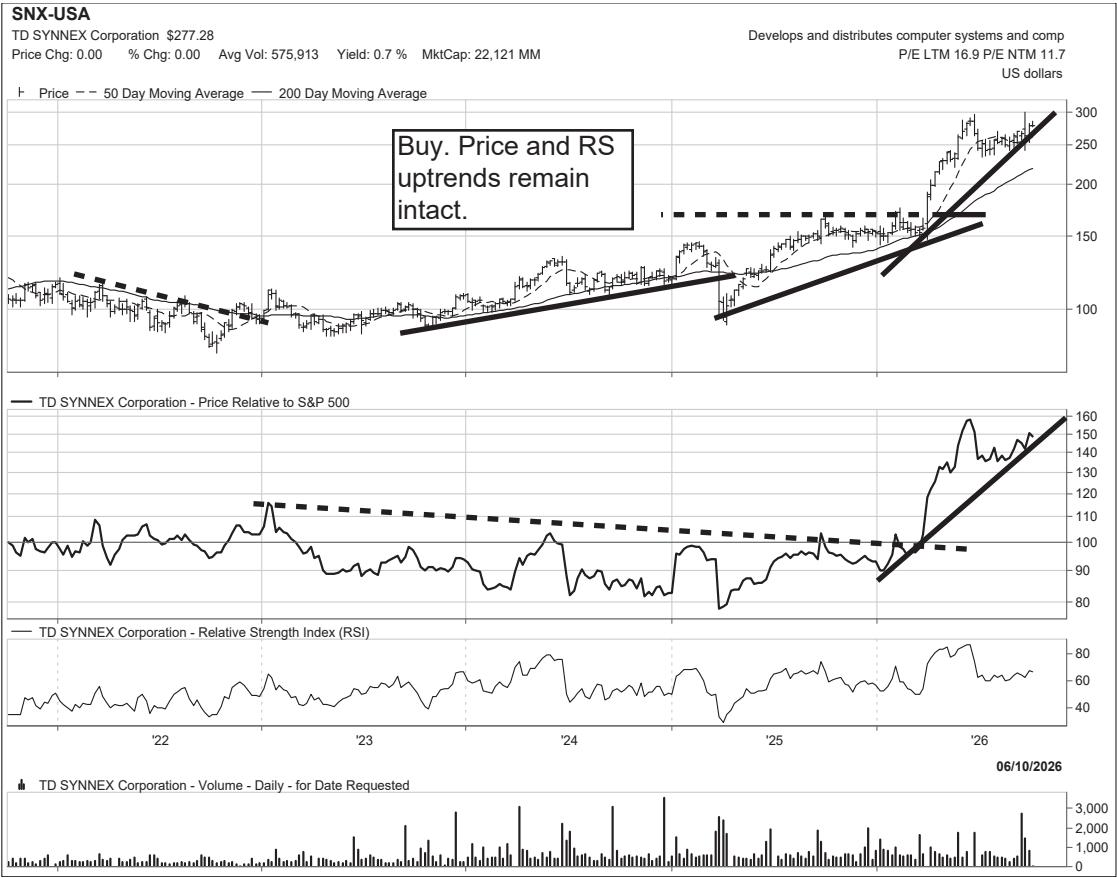
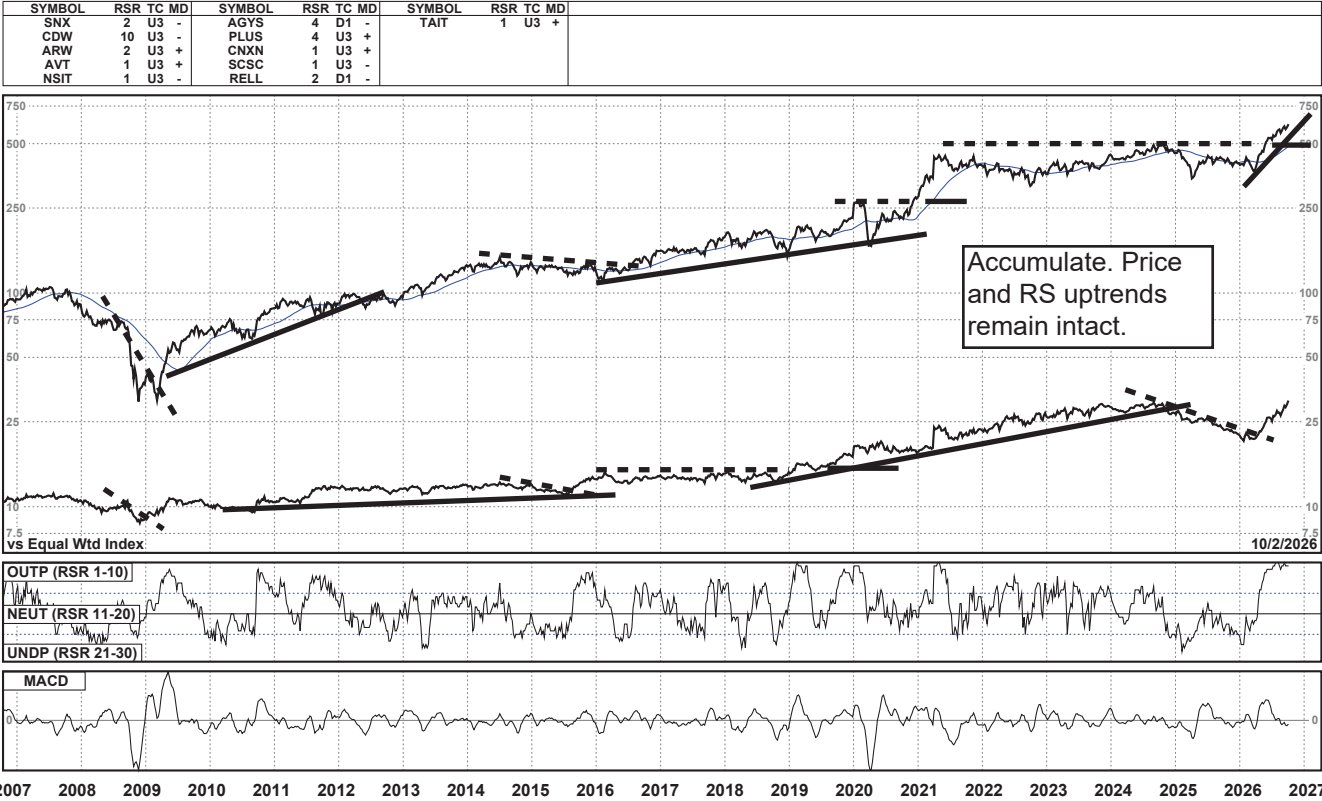


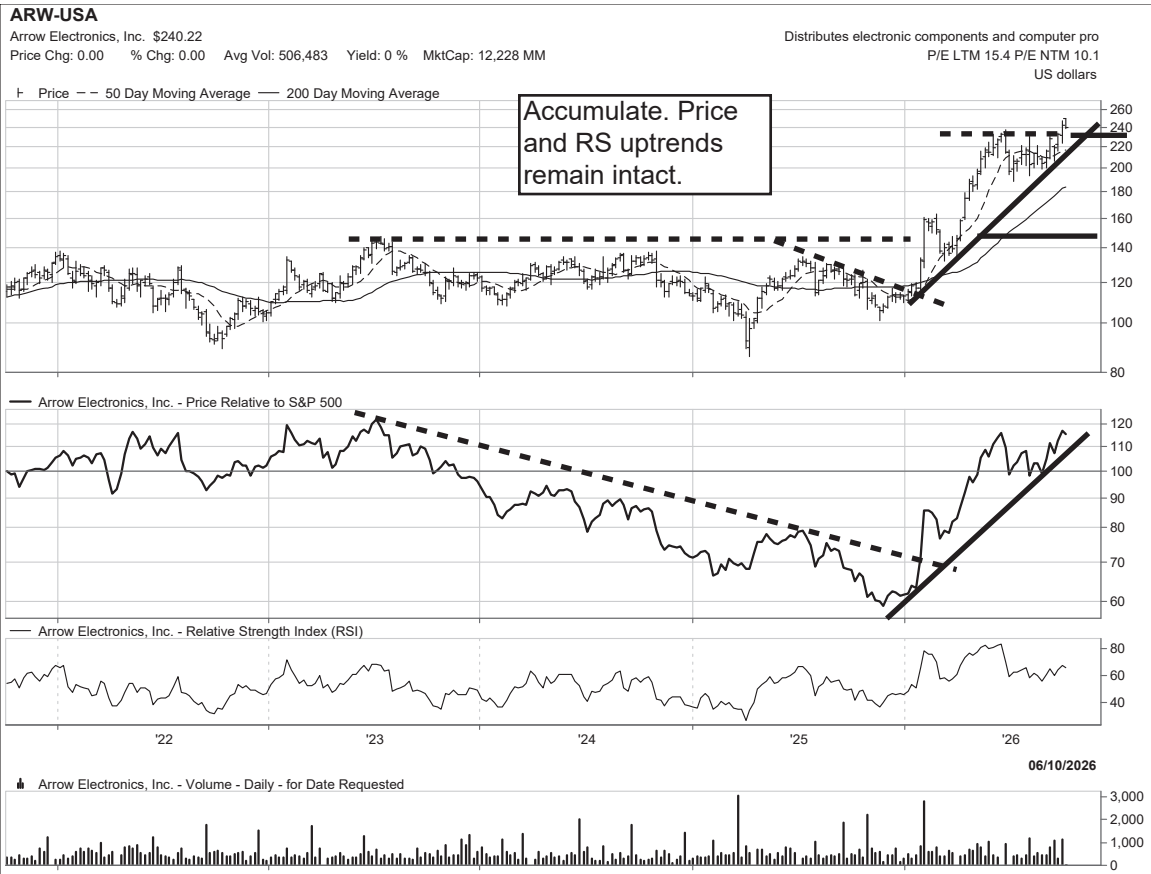
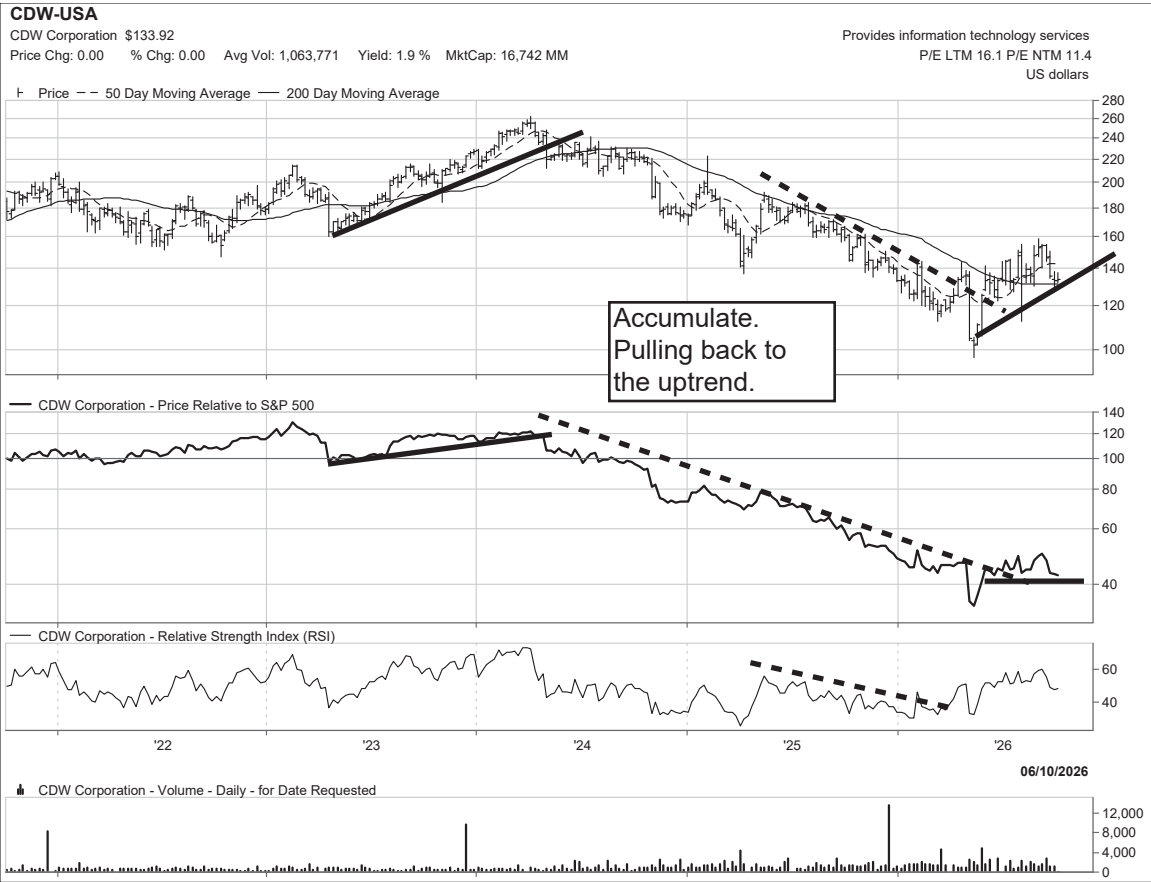
Attractive Groups: MF-29 Industrial Products Distributors

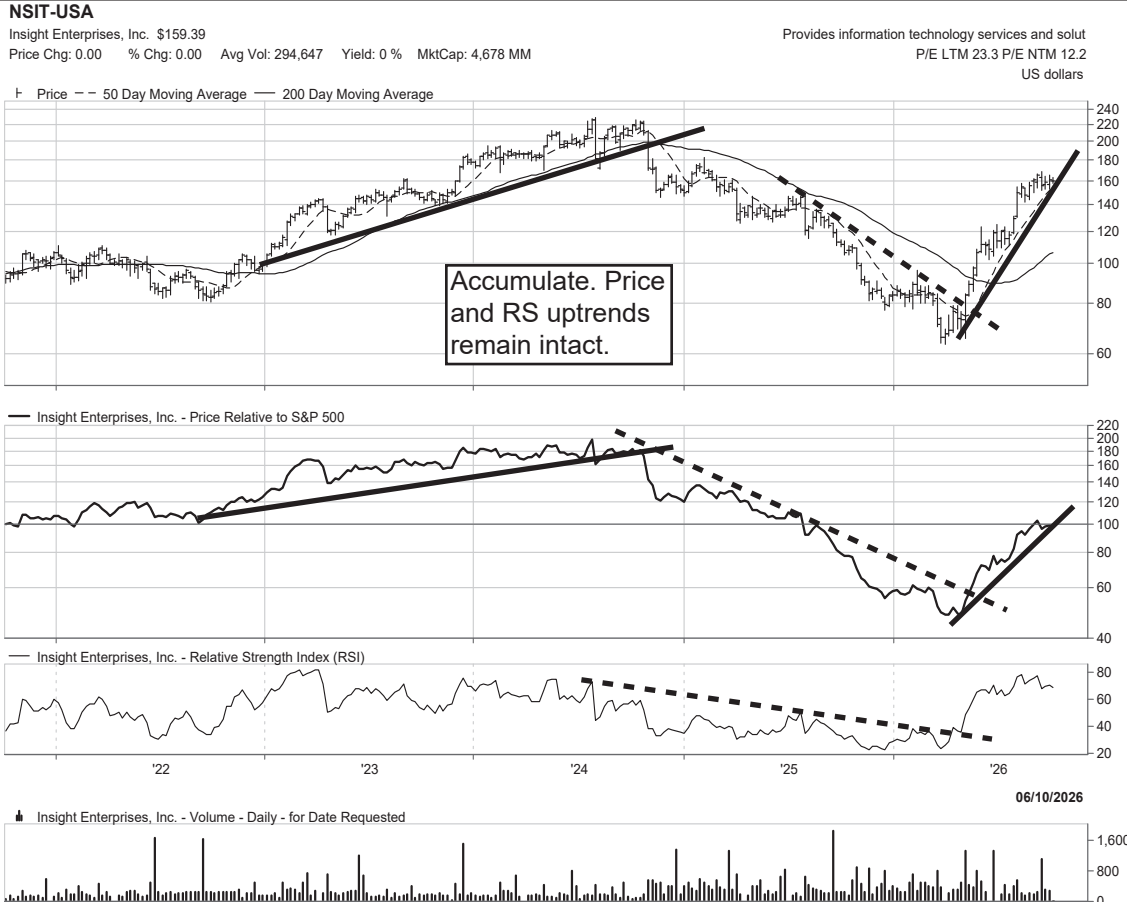
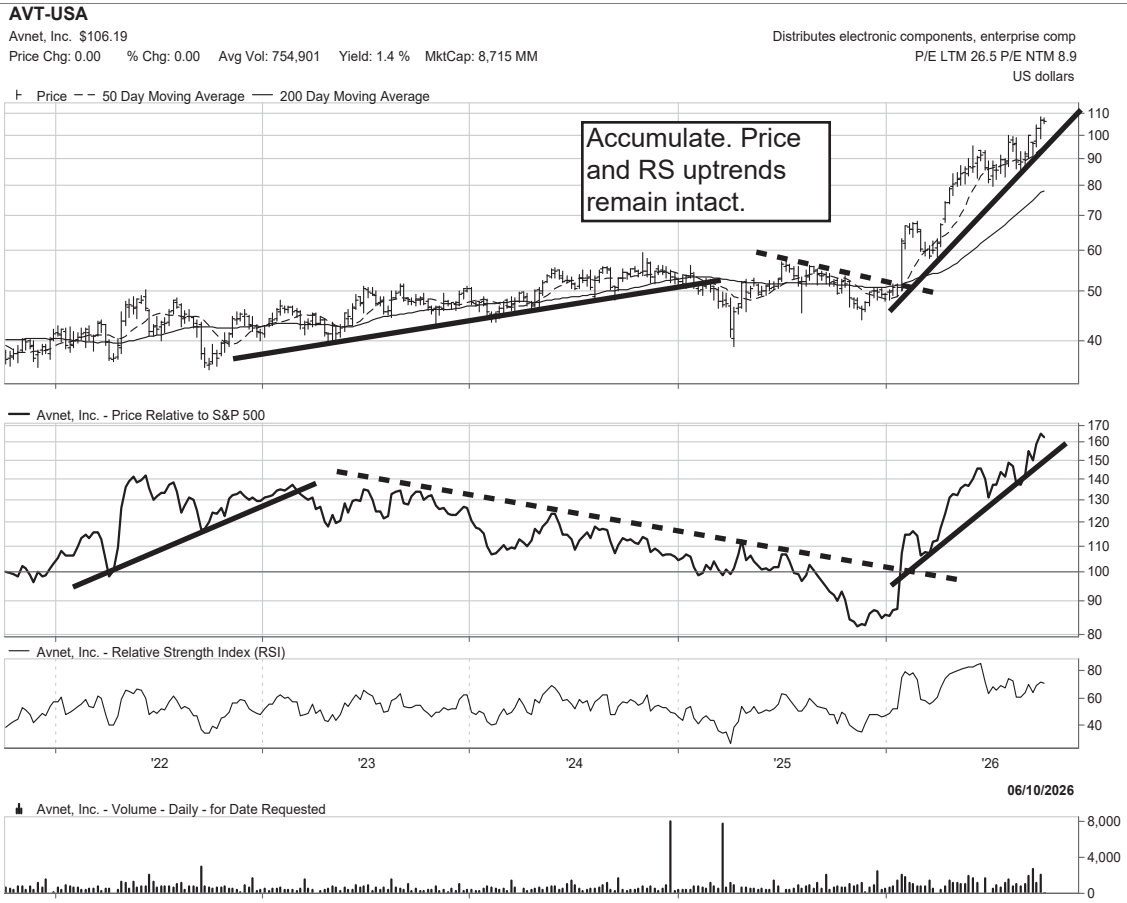


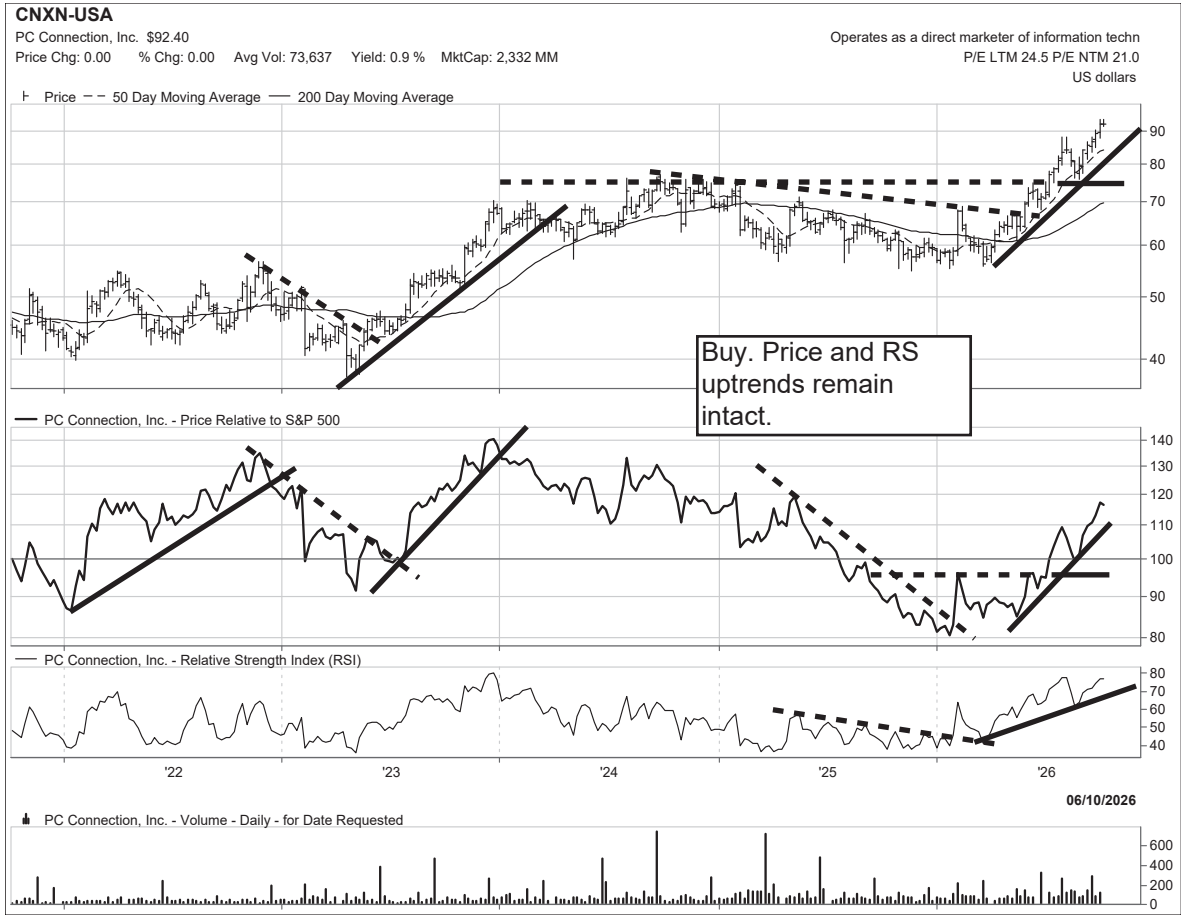
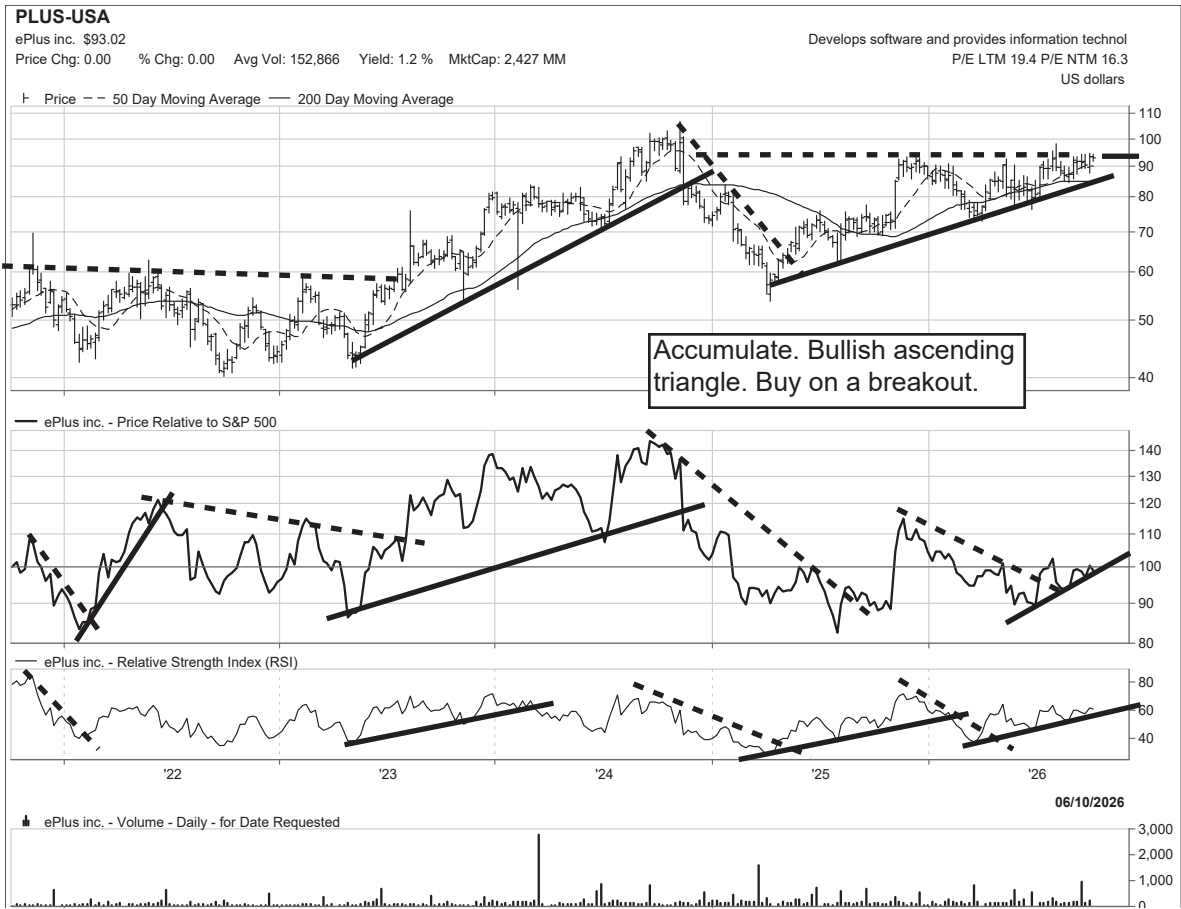


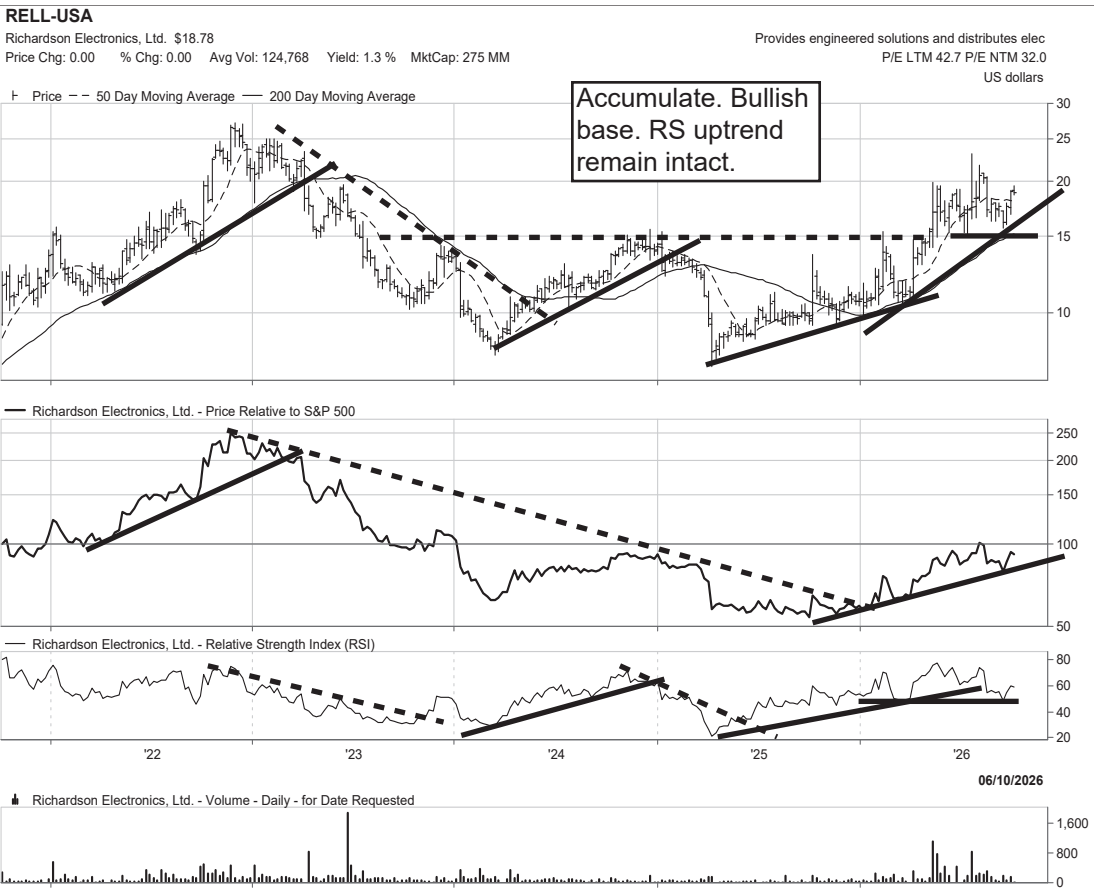
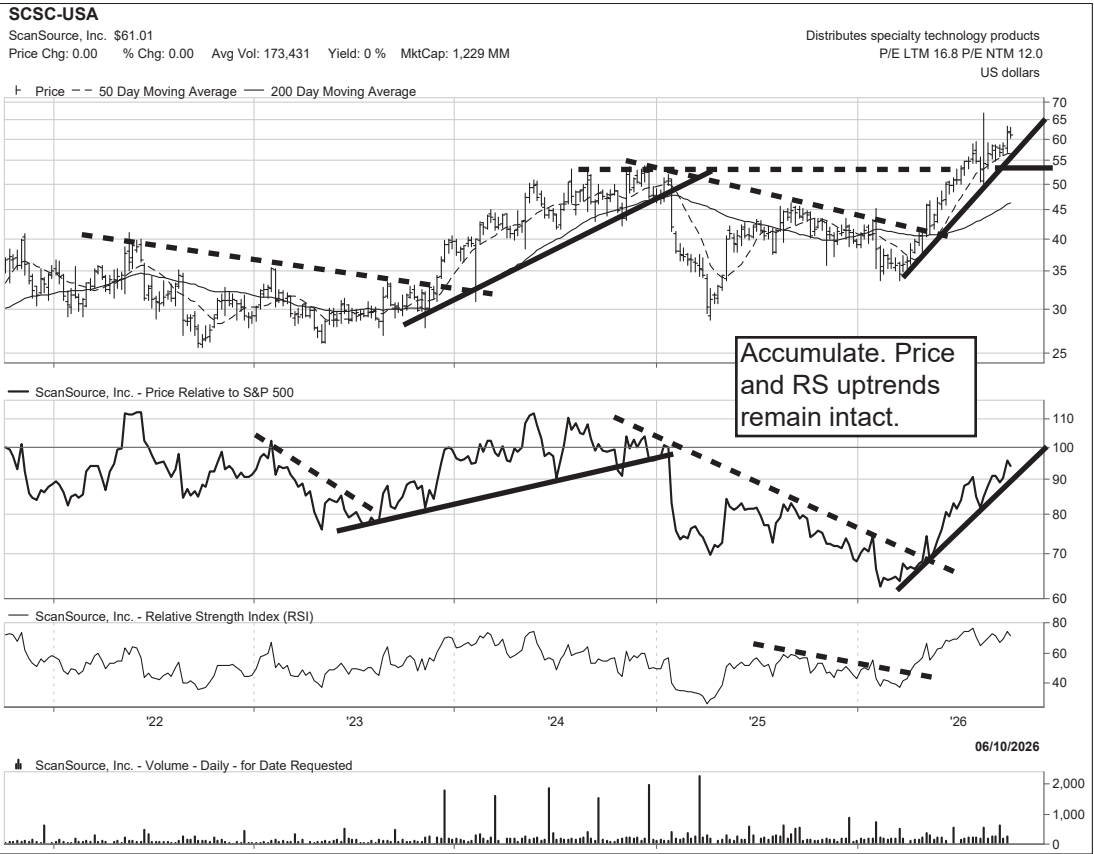
TE-13 - Technology Product Distributors







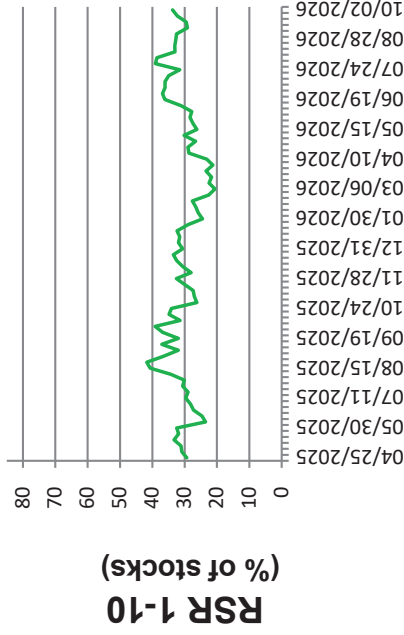




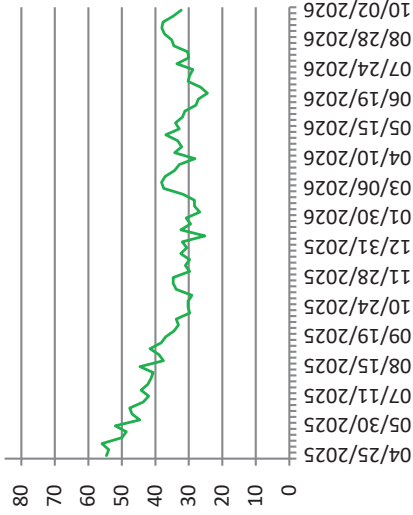
Compass 23

10/5/2026	Bottom-fishing	Positive Infection	Uptrends	Pullback to Support	Negative Infection	Downtrends	Toppy
Consumer Discretionary	KSS	LAUR PRSU	LEGH RCKY	LOCO	SPHR	KRLS	MBU
	NATH	LUND RGR	LND RGR	RICK		KTB	MBU
	SG	LDDT TLE	LDDT TLE			LE	MBU
	SWDO	MCRI WEYS	MCRI WEYS			LINC	MBU
	URBN	OPLN	OPLN			LZB	MBU
Consumer Staples	MED	NGVC	NGVC		SPB	NGVC	MBU
		SH	SH			MAMA	MBU
		WEST	WEST			MGPI	MBU
		WMK	WMK			MZTI	MBU
						NATR	MBU
Energy	MTX	SRIL	SRIL			MTX	MBU
	OIS	SEI	SEI			MTX	MBU
	RES	SM	SM			MTX	MBU
		WKC	WKC			MTX	MBU
		WKC	WKC			MTX	MBU
Financial	NAV	LONE	LONE			NAV	MBU
	PAX	NETB	NETB			NAV	MBU
	SAMS	PAGS	PAGS			NAV	MBU
	STNE	RVSR	RVSR			NAV	MBU
		SIEB	SIEB			NAV	MBU
Health Care	LAS	GRX	GRX			LAS	MBU
	MAE	GRX	GRX			LAS	MBU
	OM	MAE	MAE			LAS	MBU
	OMCL	MAE	MAE			LAS	MBU
	OMCL	MAE	MAE			LAS	MBU
Manufacturing	QSI	QSI	QSI			QSI	MBU
	PSX	PSX	PSX			QSI	MBU
	VRG	VRG	VRG			QSI	MBU
		VRG	VRG			QSI	MBU
		VRG	VRG			QSI	MBU
Materials	KRO	TRS	TRS			KRO	MBU
	MAGN	UPPT	UPPT			KRO	MBU
	MTUS	WS	WS			KRO	MBU
	ROG	WS	WS			KRO	MBU
	SCL	WS	WS			KRO	MBU
Real Estate	LAND	SHO	SHO			LAND	MBU
	RZ	SHO	SHO			LAND	MBU
	SITC	SHO	SHO			LAND	MBU
		SHO	SHO			LAND	MBU
		SHO	SHO			LAND	MBU
Services	MYRG	NSP	NSP			MYRG	MBU
	PRIM	NSP	NSP			MYRG	MBU
	RPAY	NSP	NSP			MYRG	MBU
	STRL	NSP	NSP			MYRG	MBU
		NSP	NSP			MYRG	MBU
Technology	KULR	SVCO	SVCO			KULR	MBU
	NABL	SVCO	SVCO			KULR	MBU
	PLAB	SVCO	SVCO			KULR	MBU
	POWI	SVCO	SVCO			KULR	MBU
	QTIW	SVCO	SVCO			KULR	MBU
Communications	NMAX	SVCO	SVCO			NMAX	MBU
	SPOK	SVCO	SVCO			NMAX	MBU
	SPSC	SVCO	SVCO			NMAX	MBU
		SVCO	SVCO			NMAX	MBU
		SVCO	SVCO			NMAX	MBU
Transports	PAMT	SVCO	SVCO			PAMT	MBU
	RLGT	SVCO	SVCO			PAMT	MBU
	RKO	SVCO	SVCO			PAMT	MBU
		SVCO	SVCO			PAMT	MBU
		SVCO	SVCO			PAMT	MBU
Utilities							MBU
							MBU
							MBU
							MBU
							MBU

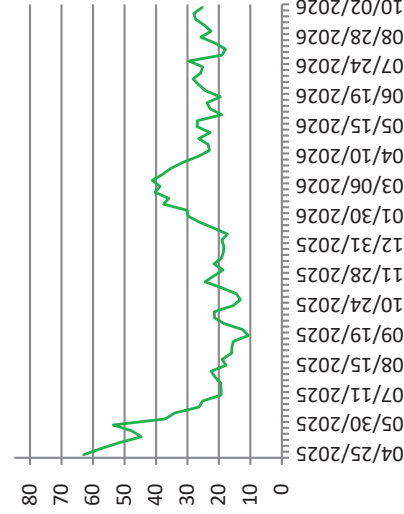
Consumer Discretionary



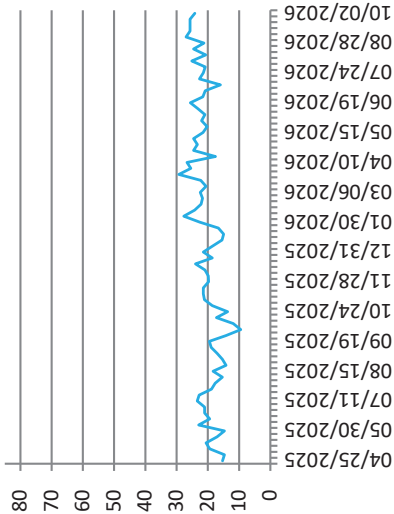
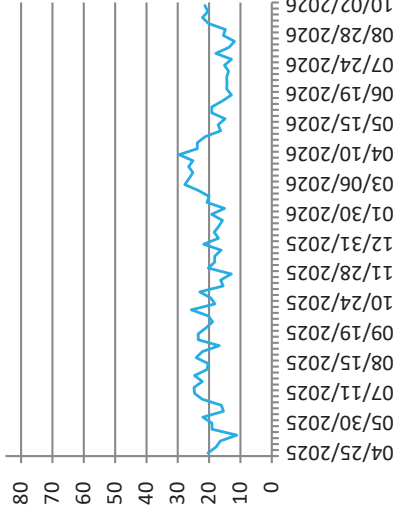
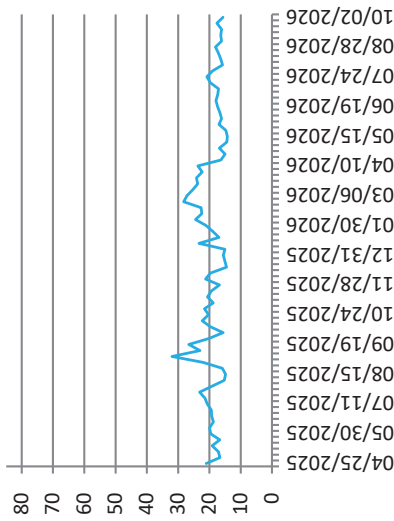
Communications



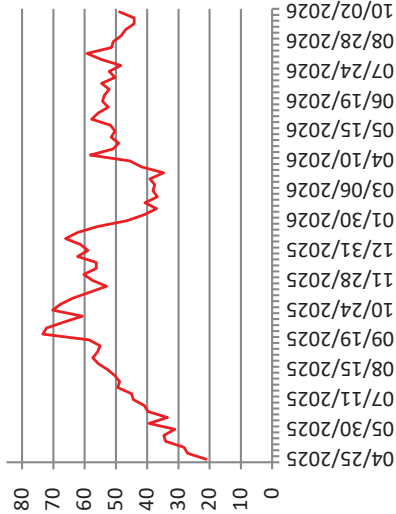
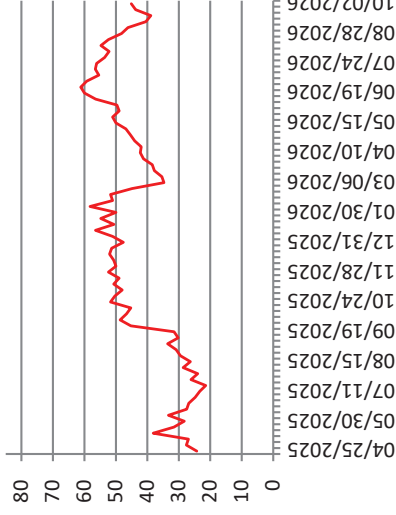
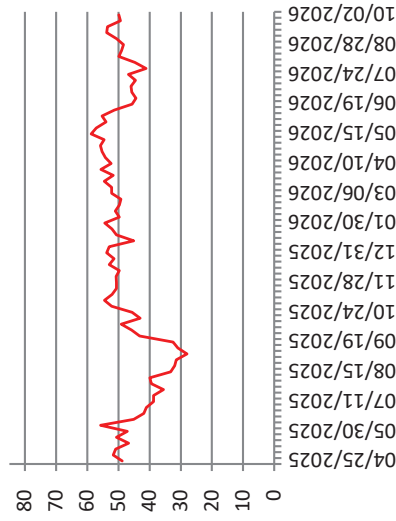
Consumer Staples



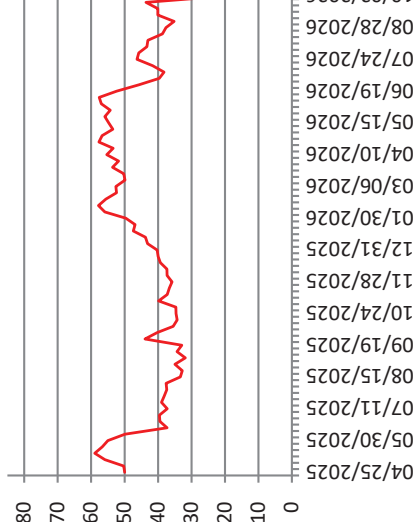
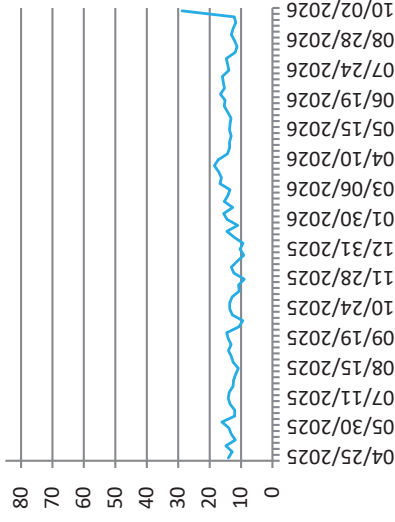
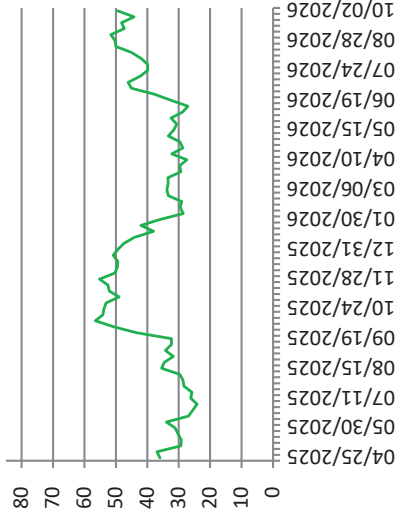
RSR 11-20 (% of stocks)



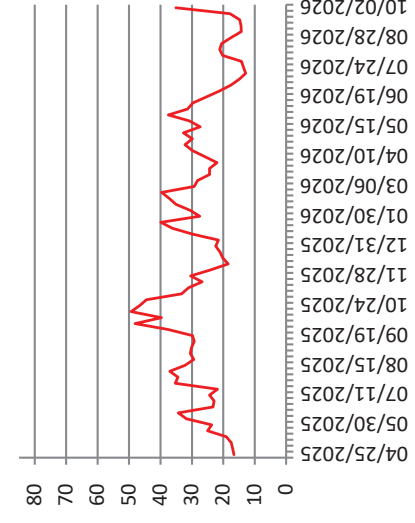
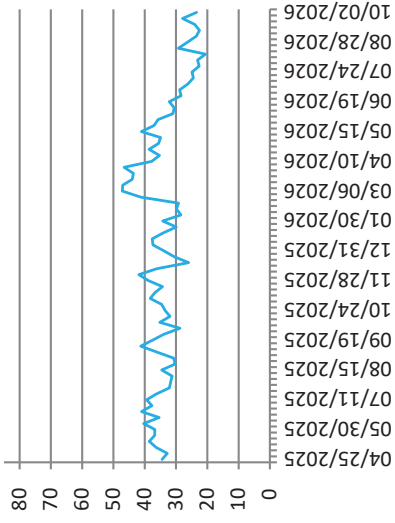
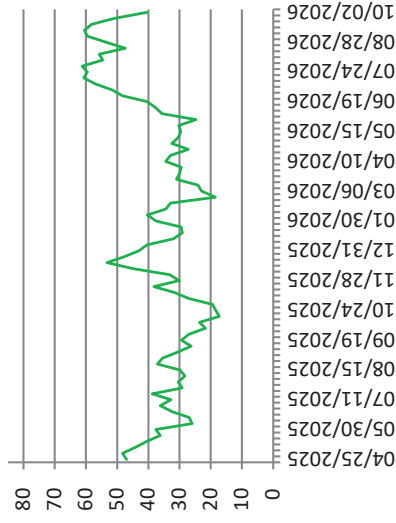
RSR 21-30 (% of stocks)



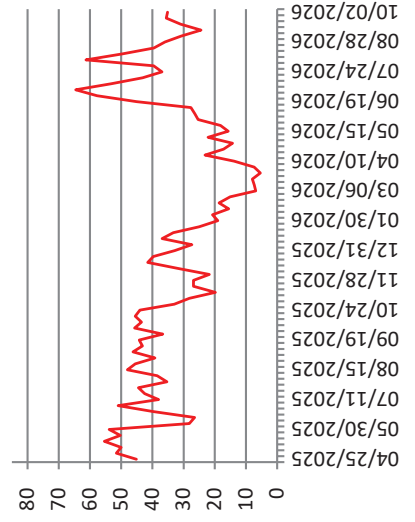
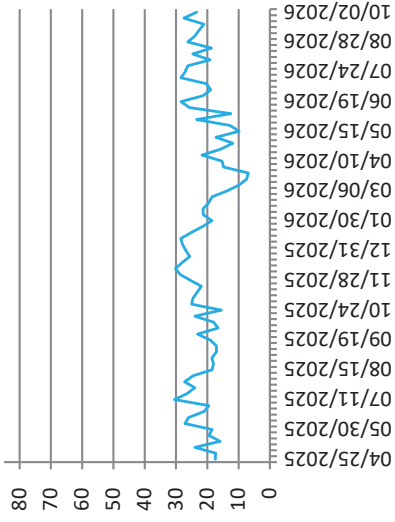
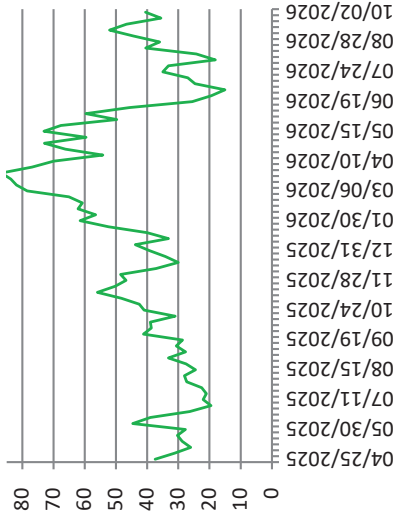
Health Care



Financials



Energy

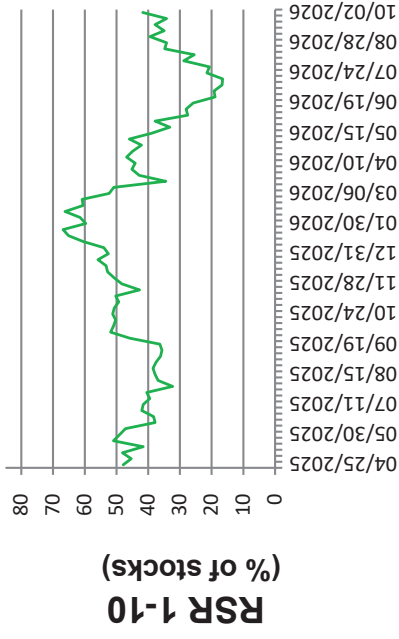


RSR 1-10
(% of stocks)

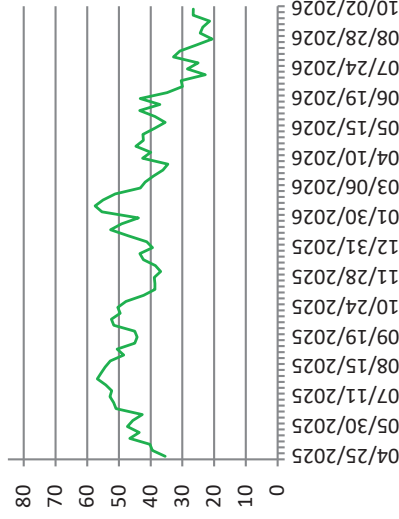
RSR 11-20
(% of stocks)

RSR 21-30
(% of stocks)

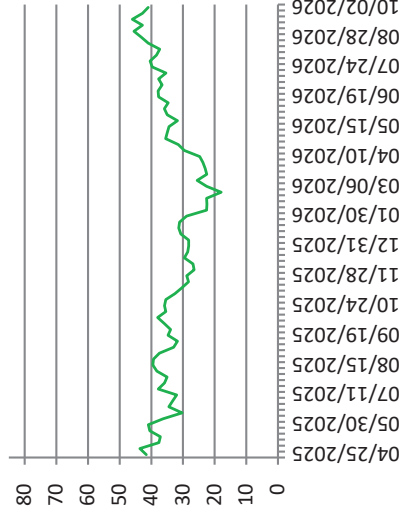
Materials



Manufacturing

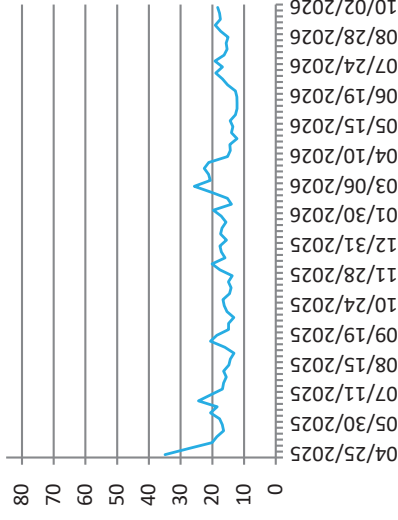
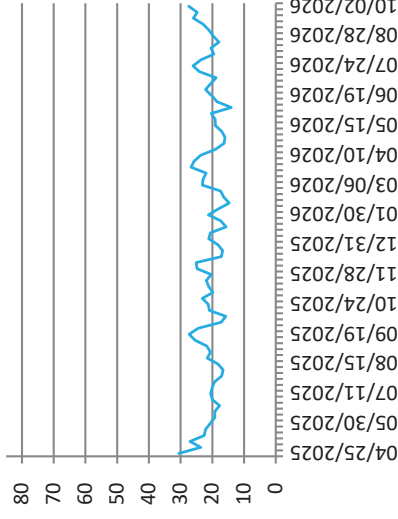
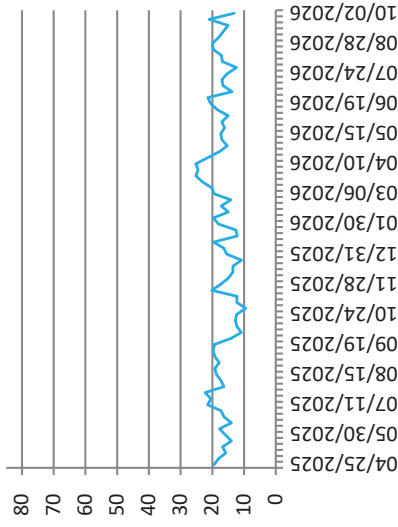


Services



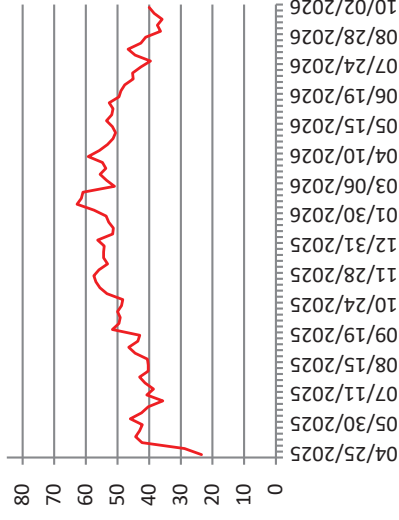
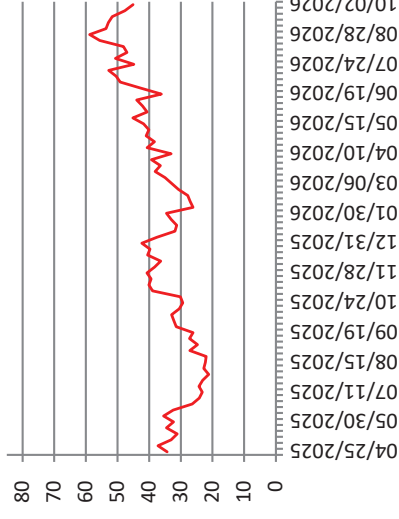
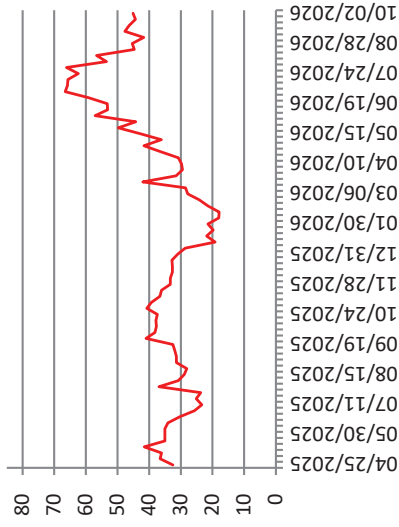
RSR 11-20

(% of stocks)

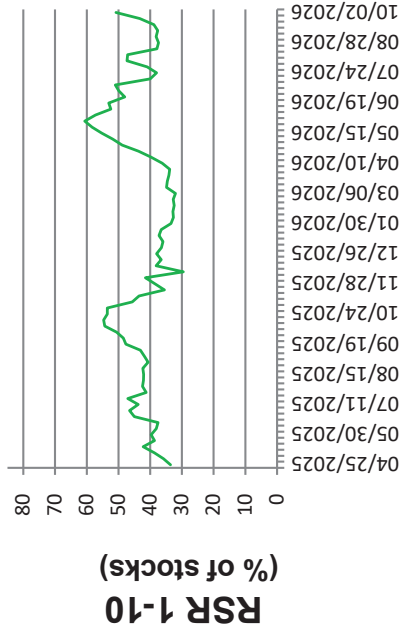


RSR 21-30

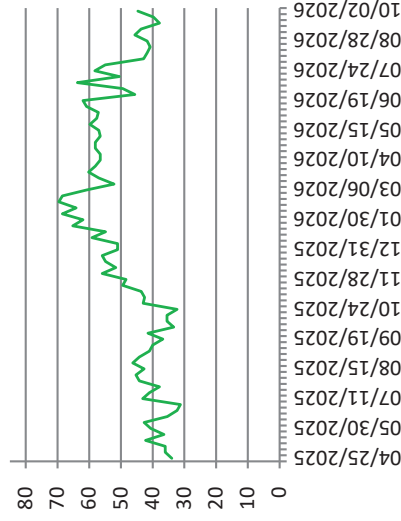
(% of stocks)



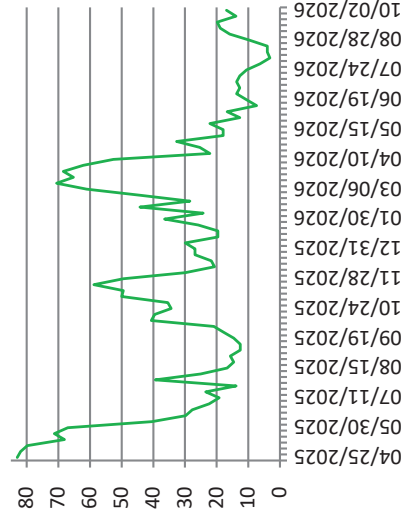
Technology



Transports

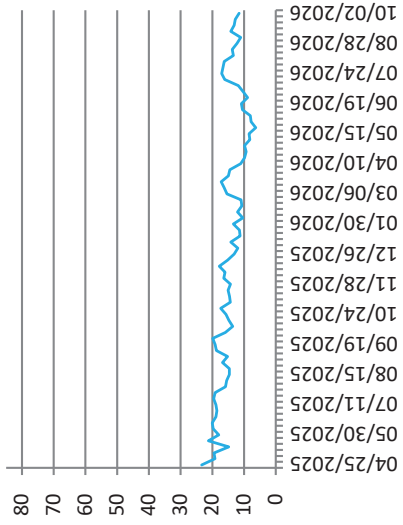


Utilities



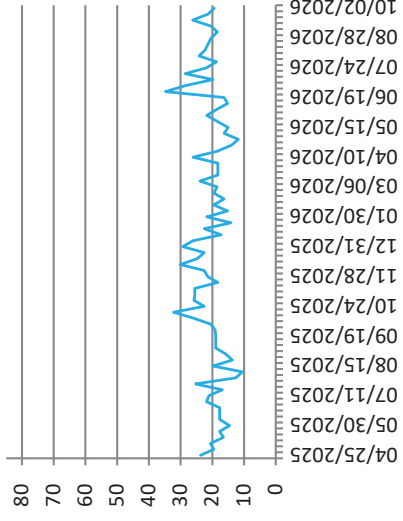
RSR 11-20

(% of stocks)



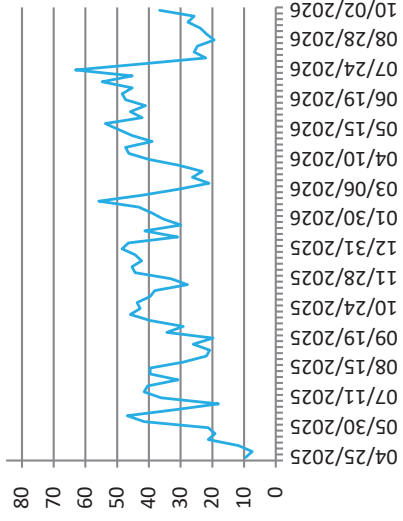
RSR 11-20

(% of stocks)



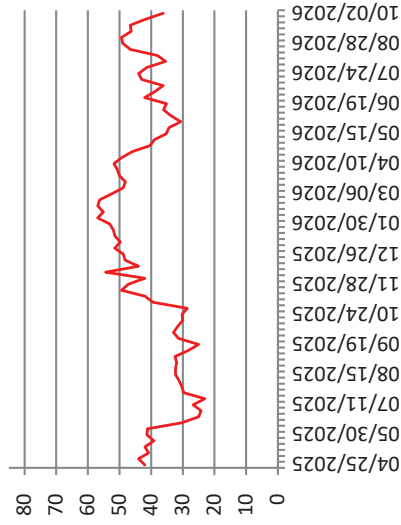
RSR 11-20

(% of stocks)



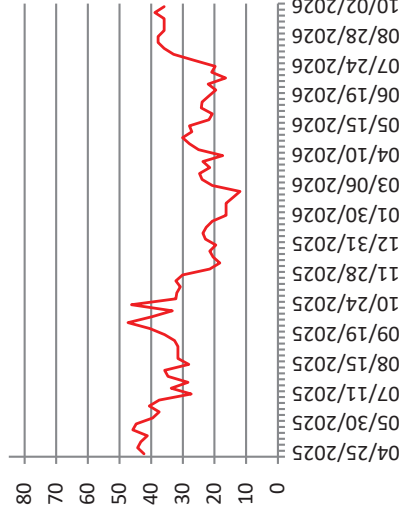
RSR 21-30

(% of stocks)



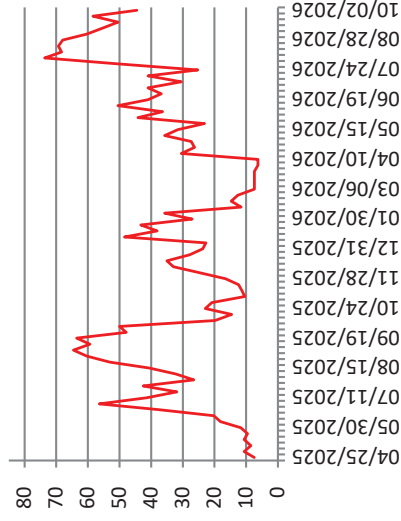
RSR 21-30

(% of stocks)



RSR 21-30

(% of stocks)



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