

# VERMILION MACRO VISION

DECEMBER 2025

*INTELLIGENT RESEARCH FOR PROFESSIONAL INVESTORS*



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**VERMILION**

VERMILION RESEARCH

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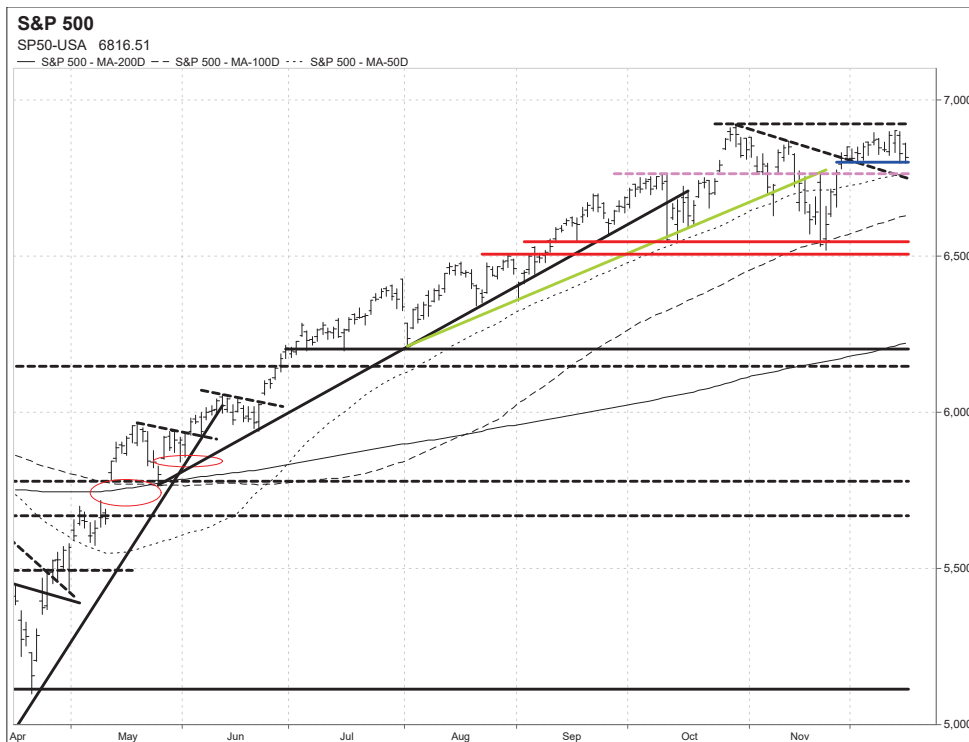
## STRATEGY

We maintain our *near-term* bullish outlook on the S&P 500 (SPX), Nasdaq 100 (QQQ), and Russell 2000 (IWM), which has remained in place since 4/22/25, aside from one week (11/19/25-11/25/25) when we flipped to neutral. Our *intermediate-term* bullish outlook has been in place since our 5/14/25 *Compass*. We will stay *near-term* bullish as long as crucial support levels of 6480-6520 on SPX, \$580-\$583 on QQQ, and \$245 on IWM continue to hold. We will maintain our bullish *intermediate-term* view as long as market dynamics remain constructive and the SPX is above 6200. Supports to watch on SPX include 6800 (testing now), 6770-6775, 6480-6520, 6450, 6400-6410, 6340-6360, 6290, and 6200.

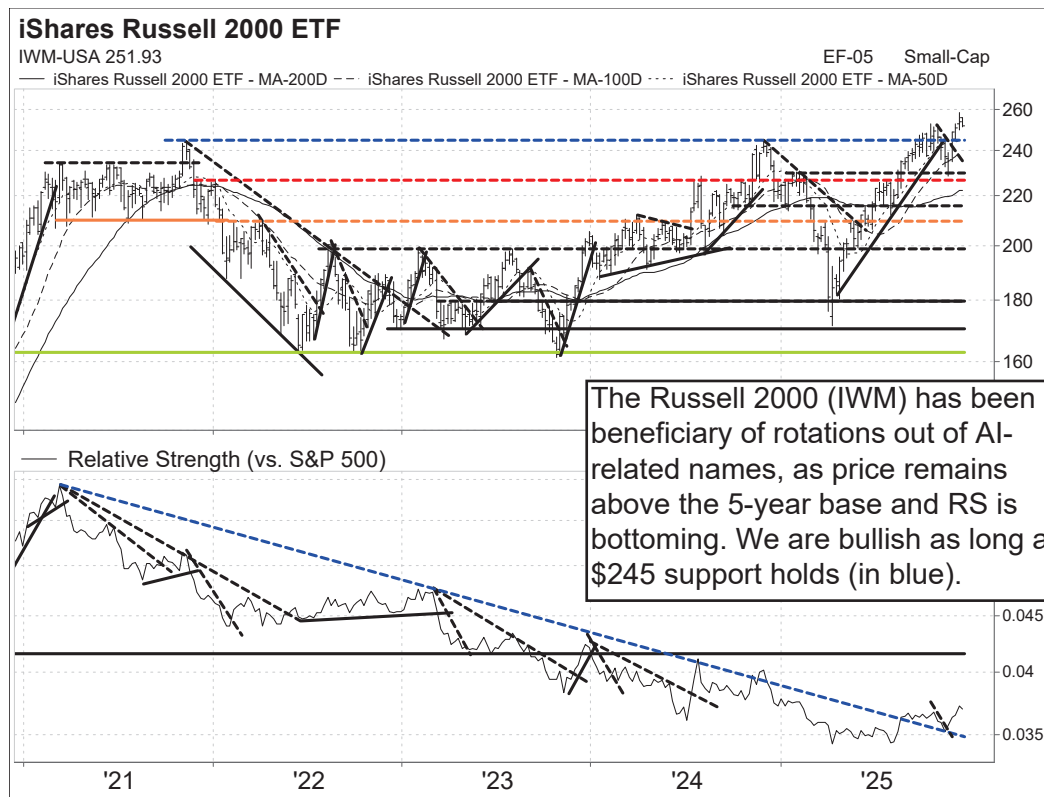
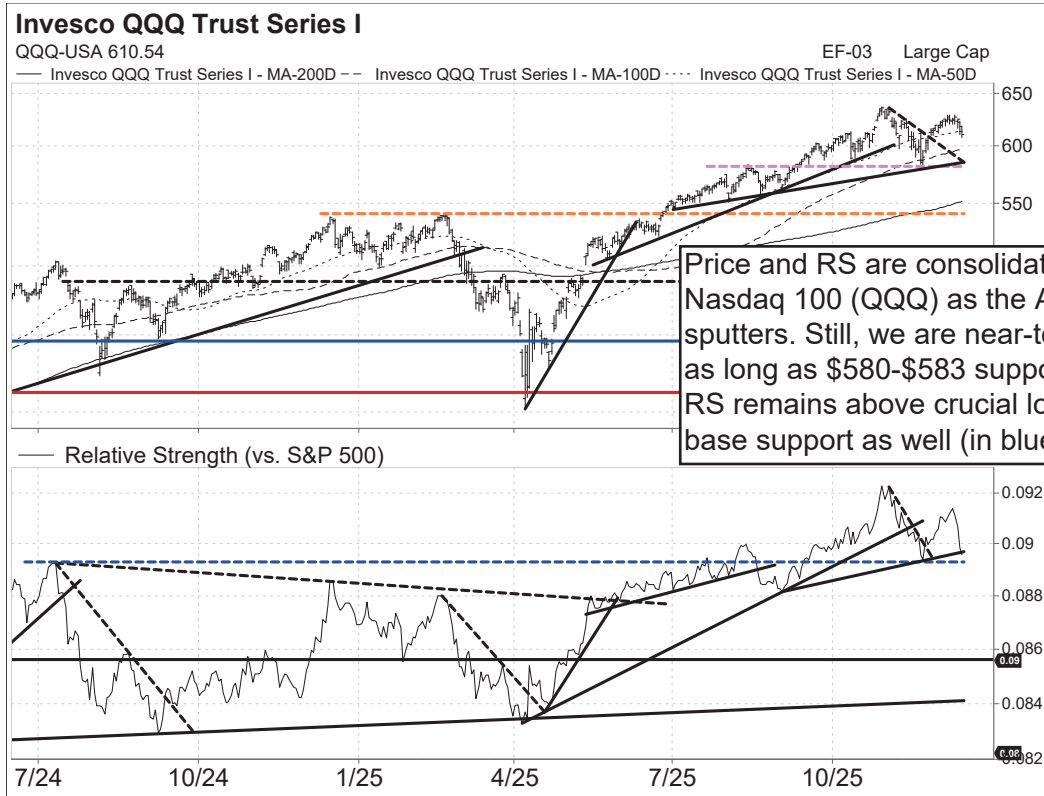
We are starting to see evidence of rotations out of Technology/speculative growth and into value areas of the market, and we are upgrading Financials (**XLF**) and Transportation (**IYT**) to market weight. Consumer Discretionary (**XLY**) and Industrials (**XLI**) are also seeing notable improvement. This is a broadening-out that is bullish for the broad market, and reminds us of the adage “rotation is the lifeblood of a bull market.” We remain overweight Technology (**XLK**), but we are monitoring the 6.5-month RS uptrend on XLK closely.

In addition to bullish technicals on SPX, QQQ, and IWM, additional risk-on market dynamics that support our bullish outlook include: (1) High yield spreads are near 18+ year narrows and have not widened above 320bps, let alone 355bps. (2) The 10-year Treasury yield has not been able to break above 4.20%, let alone 4.355, 4.50%, or 4.70%-4.80%. (3) The U.S. dollar (DXY) remains below \$100.25-\$100.80 resistance. (4) Defensive Staples (**XLP**) remain in a 7-month RS downtrend, while RS for Health Care (**XLV**) remains in a long-term downtrend. (5) U.S. interest rate volatility (MOVE index) is at 4-year lows. (6) Technology (**XLK**), semiconductors (**SMH**), biotechnology (**XBI**, **IBB**), gold miners (**GDX**), and steel (**SLX**) remain in RS uptrends, while (7) prior speculative leaders have quite likely bottomed after normal/healthy pullbacks in November (**QTUM**, **DTCR**, **ARKG**, **ARKQ**, **ARKK**, **IPO**, though new lows would be a problem). (8) Gold and silver remain bullish. (9) Silver is outperforming relative to gold, and we continue to favor silver over gold since our 7/23/25 *Compass*. (10) Flows remain bullish into early-2026. Until this risk-on list takes a turn for the worse (i.e., 10-year Treasury yield breaks above 4.20%, DXY above \$100.80, XLP outperforming, etc.), it strongly supports our bullish outlook, and leads us to believe there is every reason to expect the rally to continue into year-end and early-2026.

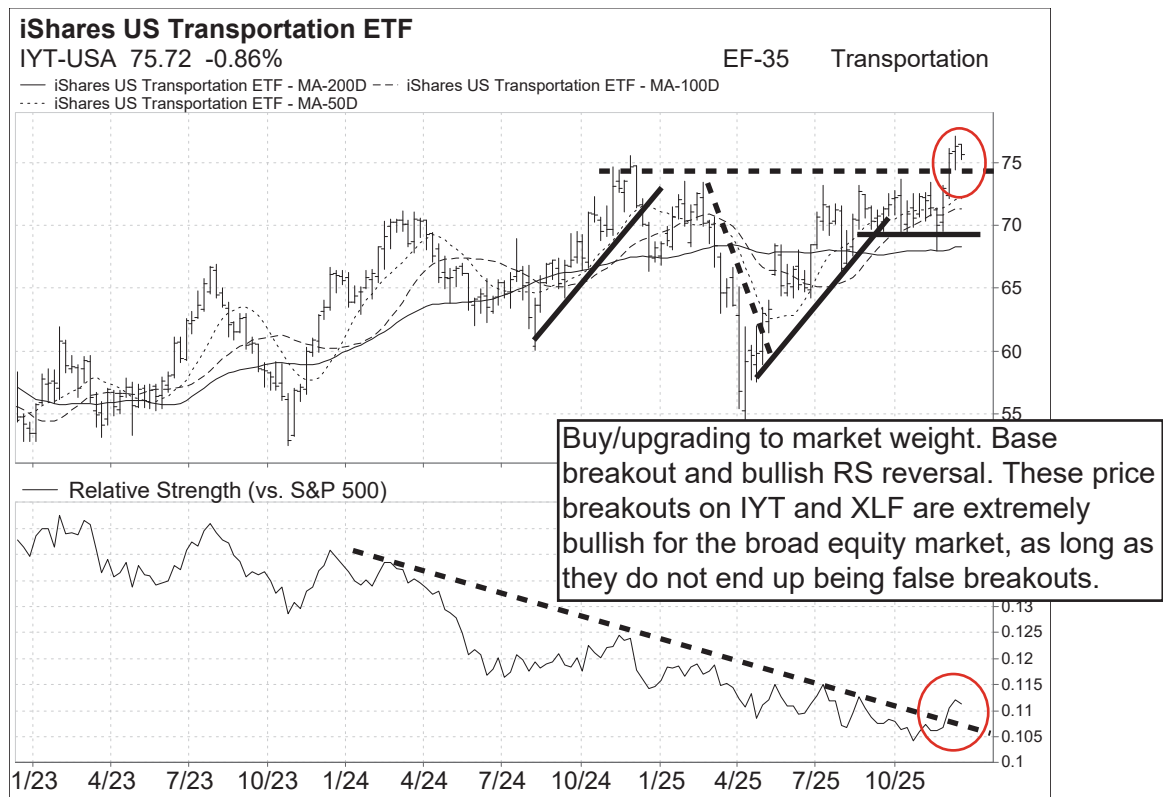
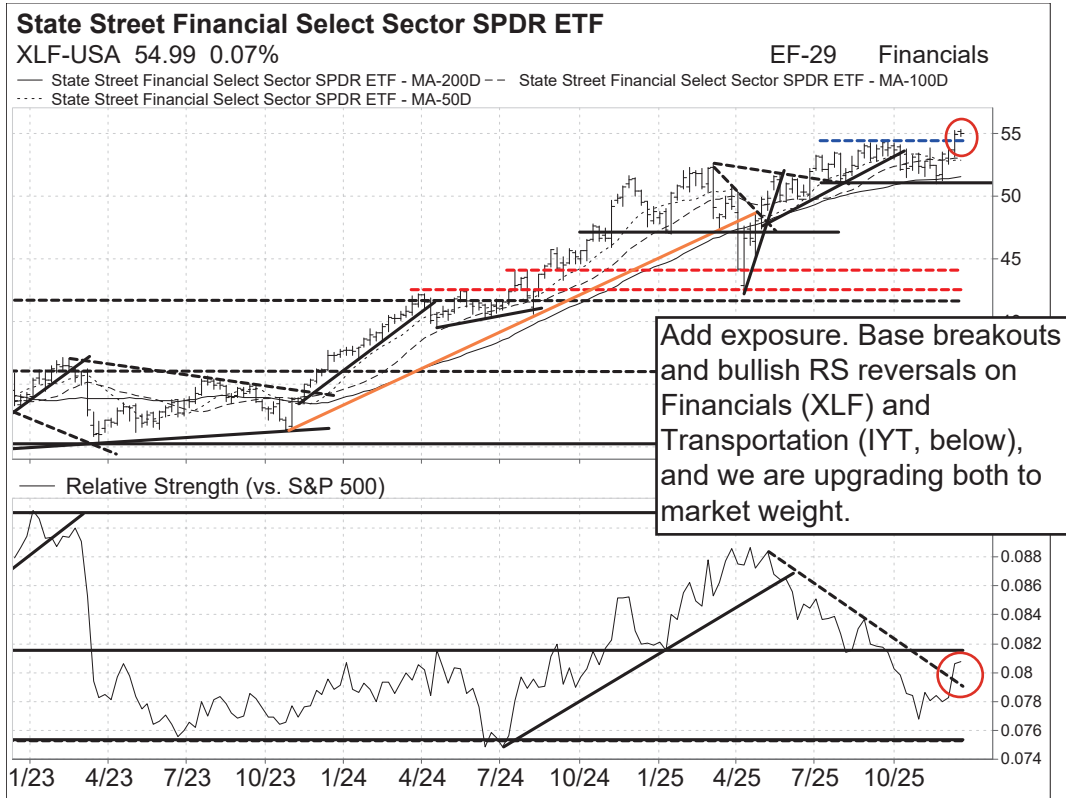
On the following pages we detail the basis for our bullish outlook.



S&P 500 flagging tight with immediate support at 6800 (testing now, in blue). If 6800 and 6770-6775 (in purple) break, we would look for another test of the 6520-6480 area, which we expect would be a great buying opportunity. We will remain near-term bullish as long as 6480 support holds (in red).







## STRATEGY

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The following synopsis provides additional details of our current investment outlook:

- **Interest Rates and Interest Rate Volatility:** We discussed over the first half of January in our *Compass* reports how we expected the 10-year Treasury yield and U.S. Dollar (DXY, see below bullet point) to roll over, noting that the local top could very well turn into a major top following the false breakout at 4.70%-4.75% and we discussed the subsequent break below 4.50% confirmed a major top was in place on the 10-year yield in mid-January. While the YTD path of least resistance remains lower on the 10-year yield, the important 4.20% resistance level is being tested; a break above the 4.20% level would likely bring further consolidation/indigestion for SPX, including another potential test of 6480-6520 support. It is important to note that the 10-year yield has not been able to break above 4.20%, 4.35%, or 4.50%, let alone the major 4.70%-4.80% resistance level. As long as the 10-year yield is below 4.80%, we view it as a constructive signal for U.S. equities longer-term. Interest rate volatility (MOVE index) remains at 4-year lows, a clear risk-on signal. As long as the MOVE index remains below 140, we view it as a constructive signal for U.S. equities longer-term. Additionally, as long as the MOVE index remains subdued, the SPX bull market can continue even if the 10-year yield breaks out above 4.80%.
- **U.S. Dollar:** We have been discussing our expectations for a topping U.S. dollar (DXY) throughout January/February 2025, and in February the top was confirmed after the DXY broke below \$108 and \$107. In April, the DXY hit our \$100 target from late-February 2025. If the DXY is below \$100, we expect a continued move lower and we are targeting \$94-\$95. A falling DXY continues to be a risk-on signal for global equities.
- **High Yield Spreads:** We discussed in our 4/1/25 *Compass* how U.S. high yield spreads were widening above our crucial 355bps level, which was a big reason we got bearish/defensive at that time. High yield spreads subsequently began to narrow, leading us to turn near-term bullish in our 4/22/25 *Compass*, and medium-term bullish in our 5/14/25 *Compass* as we believed the evidence strongly pointed to a major low in place on the S&P 500 and MSCI ACWI at that time. As long as high yield spreads are below 355bps, we see it as a significant risk-on signal for U.S. equities longer-term. Spreads also remain below the 320bps resistance level, which is a short-term risk-on signal.
- **Value Sectors Improving as Speculative Growth Sputters, Defensive and Commodity Sectors Still Generally Underperforming:** Longer-term Sector leaders continue to be Technology (XLK) and Communications (XLC), though Technology and speculative growth (ARKK) are showing some signs of stalling. Value Sectors including Financials (XLF), Industrials (XLI), and Transportation (IYT) are all breaking out and beginning to lead. Defensive and commodity Sectors continue to underperform over longer timeframes; this includes Consumer Staples (XLP), Real Estate (XLRE), Health Care (XLV), Energy (XLE), and Materials (XLB). This Sector rotation continues to point to a risk-on environment as long as Consumer Staples continue to underperform.
- **Small-Caps vs. Large-Caps:** The small-cap vs. large-cap ratio (Russell 2000 vs. S&P 500) shows early signs of bottoming, as it is breaking above the July 2024 lows, and we are market weight small-caps. More importantly, price remains bullish on the Russell 2000 (IWM) as it breaks to all-time highs and remains above crucial \$245 support on the IWM. We view this as a very bullish signal for small-caps and the broad equity market.
- **Breadth Remains Healthy:** Breadth metrics remain bullish, with the advance/decline (A/D) line on the S&P 500, NYSE Composite, and Nasdaq 100 all at new YTD highs. This broadening participation clearly points to a risk-on environment.
- **Commodities, Bitcoin, and Ether:** The Bloomberg Commodity index (DJP) continues to form a multi-year bullish base, and we remain bullish from a price perspective. Despite the constructive pattern on DJP, WTI crude oil remains weak and we discussed in September how it is likely to continue moving lower following yet another breakdown below \$65; \$65 is now resistance, and only a break above it would get us bullish on crude oil. Our short WTI crude oil recommendation below \$66 played out well, but \$55-\$56 support continues to hold firm, and we now see bottom potential if \$55 support holds. Elsewhere, the 3.5-year downtrend continues to cap upside on gasoline prices (ETF: UGA). We remain bullish on both gold (since our March 5, 2024 *Compass*) and silver long-term, and we discussed in our January 22, 2025 *Int'l Macro Vision* how we were buyers with both appearing to be breaking out to the upside following short-term consolidation phases; <cont'd on next page>

## STRATEGY

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- **Commodities, Bitcoin, and Ether (cont.):** Both have continued to climb significantly. Silver broke out yet again in late-November, and we believe gold is likely to follow. We continue to prefer silver over gold since our 7/23/25 Compass. In terms of Bitcoin, we have discussed extensively how we needed to see \$98,000-\$100,000 support hold to remain constructive longer-term; this level broke, so we are no longer bullish long-term. \$100,000 needs to get reclaimed or we would stay on the sidelines. This comes after we downgraded our intermediate-term outlook following the break below \$110,000. \$93,000-\$94,000 is short-term resistance; a break above this level would be a short-term buy signal and could mark the low for the pullback in Bitcoin (first target would be \$98,000-\$100,000). We are no longer bullish on Ether either, considering its break below \$3,950; with that said, a decisive break above \$3,370 would be a buy signal and would likely indicate the low is in for this pullback on Ether.
  - **Foreign/Global Equities Remain Bullish:** Virtually all major indexes are near all-time or multi-year highs and remain constructive (S&P 500, Korea's KOSPI, Taiwan's TAIEX, Europe's EURO STOXX 50, and Japan's TOPIX are especially bullish, while Hong Kong's Hang Seng and China's Shanghai Composite are slightly less attractive as they consolidate). Global indexes including MSCI ACWI (ACWI), ACWI ex-US (ACWX), EAFE (EFA), Emerging Markets (EEM), and ACWI ex-US Small-Caps (local currency) also remain constructive. We remain overweight the U.S. (S&P 500), Korea (KOSPI), Taiwan (TAEIX), and Japan (TOPIX) in terms of global stock allocation. In all, global equities continue to paint a clear picture that points to a risk-on environment.
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In the remainder of our December Strategy, we highlight areas of the market where we see actionable opportunities:

- **Technology.** The 6.5+ month RS uptrend remains intact on cap-weighted Technology (**XLK**), and price and RS display major base breakouts on the Vermilion equal-weighted Sector as well. The Sector has sputtered recently as some AI-related names have stalled, but it is too early to call it anything other than healthy consolidation. Favorite Groups that we are spotlighting within Technology include TE-04 Semiconductor Equip., Large/Mid-Cap (buy/stay long **ASML**, **AMAT**, **LRCX**, **KLAC**, and **TER**) and TE-05 Semiconductor Equip., Small-Cap (buy pullbacks/stay long **AEIS**, **KLIC**, **ACMR**, **AXTI**, and **ASYS**).
- **Financials.** RS on cap-weighted Financials (**XLF**) displays a bullish 7.5-month RS downtrend reversal, and price is breaking out from its 3+ month base; we are upgrading the Sector to market weight – add exposure. Favorite Groups that we are spotlighting within include FN-01 European Banks (buy pullbacks/stay long **SAN** and **BBVA**), FN-02 U.K. Banks (buy pullbacks/stay long **BCS** and **LYG**), FN-06 Banks, Mid-Atlantic, Large-Cap (buy pullbacks/stay long **BK** and **VLY**), FN-15 Banks, Super-Regional (buy/stay long **BAC** and **WFC**), and FN-30 Investment Banking & Brokerage, Large-Cap (buy pullbacks/stay long **MS** and **GS**).
- **Transportation.** RS displays bullish 2-year RS downtrend reversals and price displays multi-year base breakouts on both cap-weighted Transportation (**IYT**) and the Vermilion equal-weighted Transportation Sector; we are upgrading the Sector to market weight – add exposure. Favorite Groups that we are spotlighting within include TR-05 Air Freight & Logistics, Large-Cap (buy **CHRW** and **EXPD**) and TR-12 Trucking, Large-Cap (buy **JBHT** and **SAIA**).
- **Materials.** Despite the long-term RS downtrends on the cap- and equal-weighted Sector ETFs (**XLB** and **RSPM**) which lead us to remain underweight, the Sector has one of our favorite areas to overweight in the entire market: precious metals miners. Favorite Groups that we are spotlighting include MA-11 Cement/Aggregates (buy pullbacks/stay long **CX** and **USLM**), MA-26 Gold, Western Hemisphere, Large-Cap (buy pullbacks/stay long **B** and **NEM**), MA-27 Gold, Western Hemisphere, Small-Cap (buy pullbacks/stay long **KGC** and **IAG**), MA-29 Gold, South Africa (buy **GFI** and **SBSW**), and MA-30 Silver, Platinum (buy/stay long **PAAS** and **HL**).
- **Consumer Discretionary.** RS on cap-weighted Consumer Discretionary (**XLY**) is testing the YTD downtrend, while price is breaking out to all-time highs, above \$121.50 resistance. Our equal-weighted Sector is also on the cusp of a major bullish RS reversal. We have the Sector on watch for an upgrade to market weight, and there are plenty of attractive names to be buying now. Favorite Groups that we are spotlighting include CD-36 Retailers, Off-Price (buy/stay long **TJX** and **ROST**) and CD-38 Retailers, Teenagers (buy/stay long **ANF** and **AEO**).

Relative Strength Ranking - RSR : Sector Summary

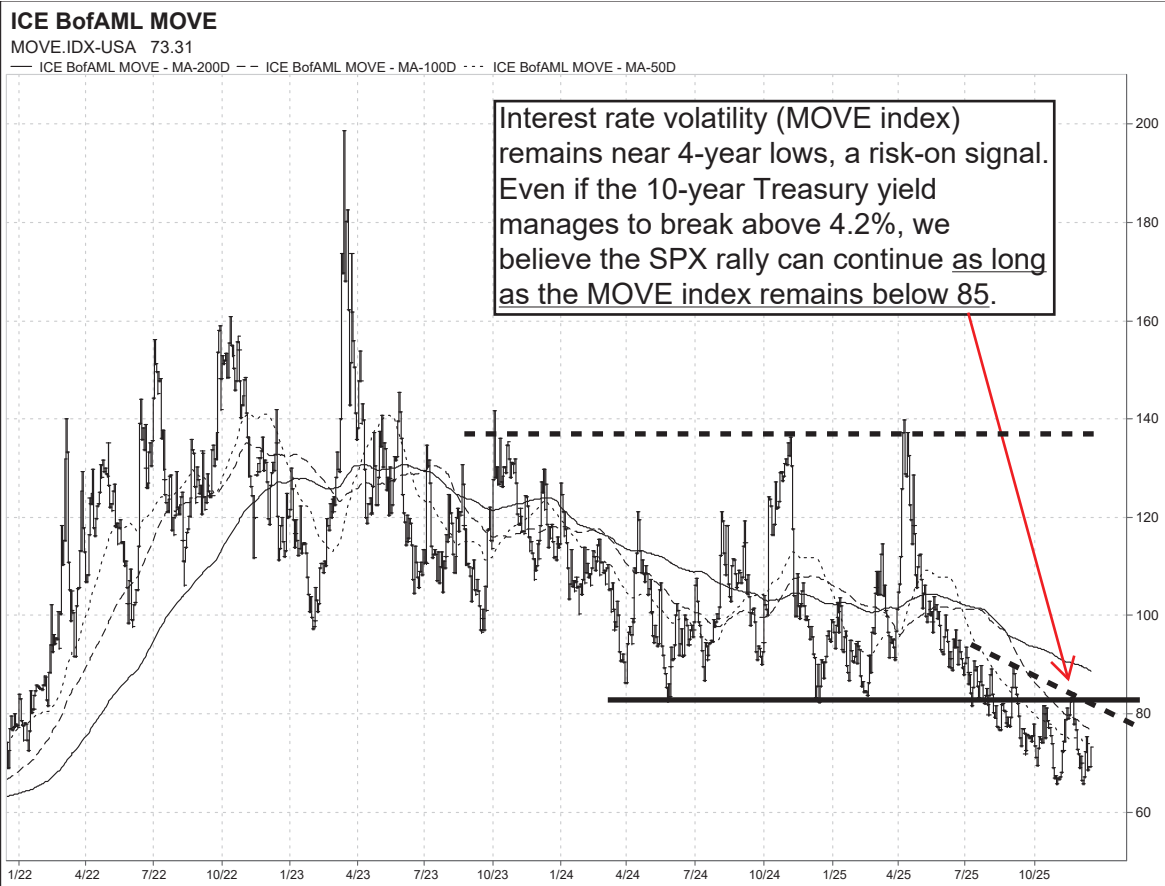
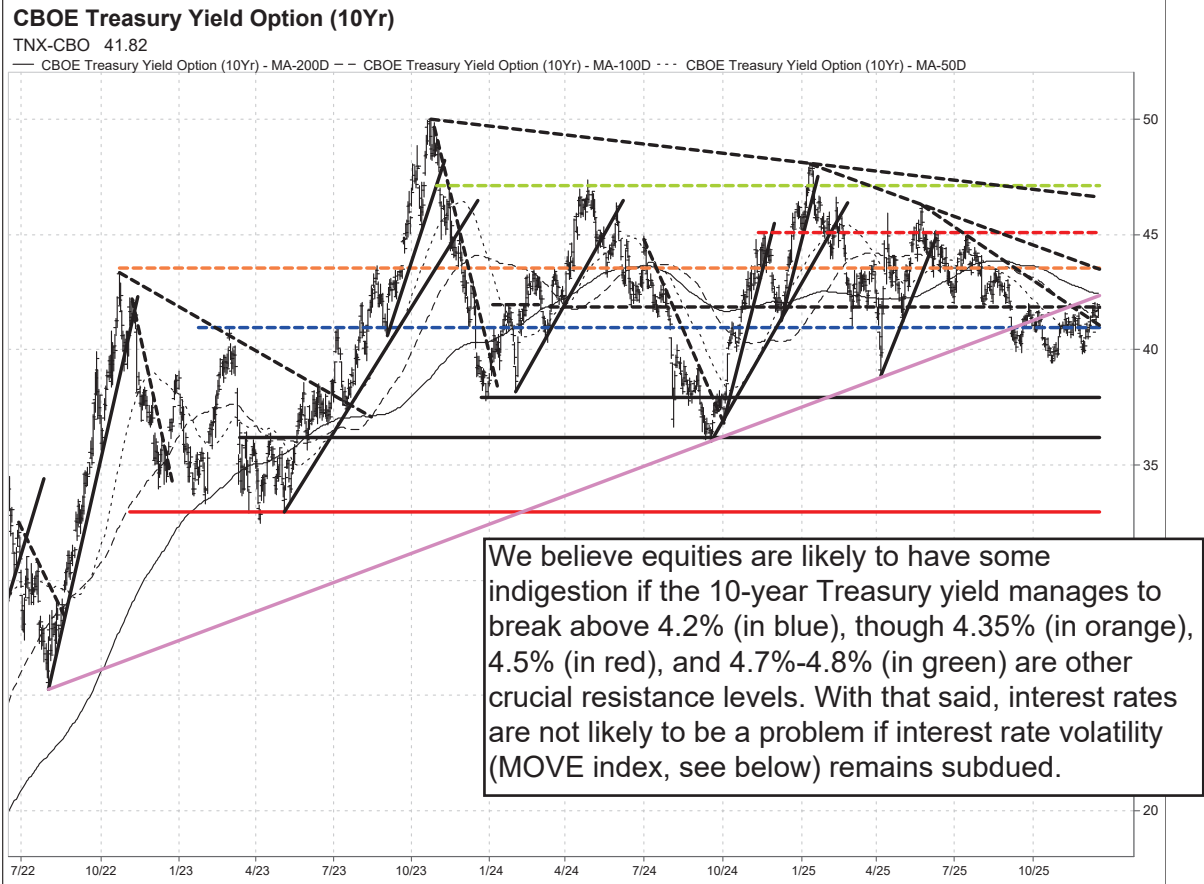
Vermilion Sector	12/12	12/05	11/28	11/21	11/14	11/07	10/31	10/24	10/17	10/10	10/03	09/26	09/19	09/12	09/05	08/29	08/22	08/15	TRIPLE CYCLE	50 DAY	200 DAY	
HC <a href="#">Health Care(AVG)</a>	6	6	4	5	6	8	7	7	6	6	8	10	12	12	10	13	12	12	U3	20	AR	AR
MA <a href="#">Materials(AVG)</a>	8	9	8	13	12	13	11	9	7	8	9	11	12	12	11	11	10	11	U3	2	AR	AR
HC Health Care(CAP)	9	8	5	5	6	10	12	14	13	11	16	25	24	24	26	26	26	25	U3	13	AR	AR
MA Materials(CAP)	9	11	10	13	11	12	11	11	9	9	11	13	13	14	15	16	16	14	U3	2	AR	AR
TR <a href="#">Transportation(AVG)</a>	10	9	13	12	12	12	13	18	14	17	17	15	14	13	13	13	12	13	U3	5	AR	AR
CO Communications(CAP)	11	7	6	8	11	10	10	10	9	10	9	10	8	9	9	12	12	8	U3	3	AR	AR
TR Transportation(CAP)	11	11	13	15	13	14	13	19	15	15	18	18	20	20	21	19	17	16	U3	6	AR	AR
EN <a href="#">Energy(AVG)</a>	12	9	11	10	7	8	10	10	14	11	11	10	15	16	16	14	17	19	U3	21	AR	AR
FN <a href="#">Financials(AVG)</a>	12	14	15	15	15	16	19	20	20	19	19	17	16	15	16	15	15	14	U3	2	AR	AR
FN Financials(CAP)	12	13	14	15	13	14	16	18	17	15	16	15	15	15	17	16	16	14	U3	2	AR	AR
TE <a href="#">Technology(AVG)</a>	12	11	13	16	10	7	6	6	6	6	5	7	6	8	10	10	11	11	D1	4	AF	AR
CD Consumer Disc(CAP)	13	13	13	15	13	11	10	14	12	12	13	12	12	13	14	15	16	13	U3	1	AR	AR
TE Technology(CAP)	13	9	9	9	6	6	5	7	6	6	7	7	7	8	10	9	9	5	D1	3	BF	AR
MF <a href="#">Manufacturing(AVG)</a>	14	14	15	17	16	12	10	8	8	8	9	10	9	9	8	7	6	7	D1	5	AF	AR
MF Manufacturing(CAP)	14	15	15	15	13	12	10	12	12	11	13	15	15	15	15	15	13	11	D1	3	AR	AR
CO <a href="#">Communications(AVG)</a>	15	17	16	15	15	14	12	13	13	11	11	11	10	11	11	12	12	10	D1	7	AF	AR
UT <a href="#">Utilities(AVG)</a>	15	13	9	8	9	9	11	12	10	10	18	19	21	20	22	21	19	15	U3	33	BR	AR
UT Utilities(CAP)	18	16	11	11	10	10	12	12	9	9	15	17	20	19	21	19	17	13	D1	1	BF	AR
CD <a href="#">Consumer Disc(AVG)</a>	19	20	21	22	22	23	20	17	16	19	13	14	14	13	12	15	14	14	D3	2	AF	AR
EN Energy(CAP)	19	16	16	13	12	15	18	20	21	21	22	17	22	23	26	22	22	22	U3	5	AR	AR
RE Real Estate(CAP)	19	16	13	12	14	14	17	16	15	19	19	20	20	17	18	19	21	20	U3	3	BF	AR
CS Consumer Staples(CAP)	20	20	19	18	21	22	24	24	19	24	27	26	26	26	27	27	26	24	U1	2	AR	AF
RE <a href="#">Real Estate(AVG)</a>	20	19	16	15	16	16	19	18	17	19	19	19	18	16	16	18	19	20	U3	1	AF	AR
SV <a href="#">Services(AVG)</a>	22	22	22	23	23	20	17	14	14	12	14	15	14	14	17	15	15	14	D3	1	AF	AR
CS <a href="#">Consumer Staples(AVG)</a>	24	24	23	22	23	25	25	26	24	26	27	27	26	26	26	25	25	25	D3	10	AF	BF
SV Services(CAP)	25	25	26	25	25	25	24	24	25	23	24	26	26	27	28	26	26	25	D3	11	AF	BF

ICE US Dollar

DXY-IFUS 98.25

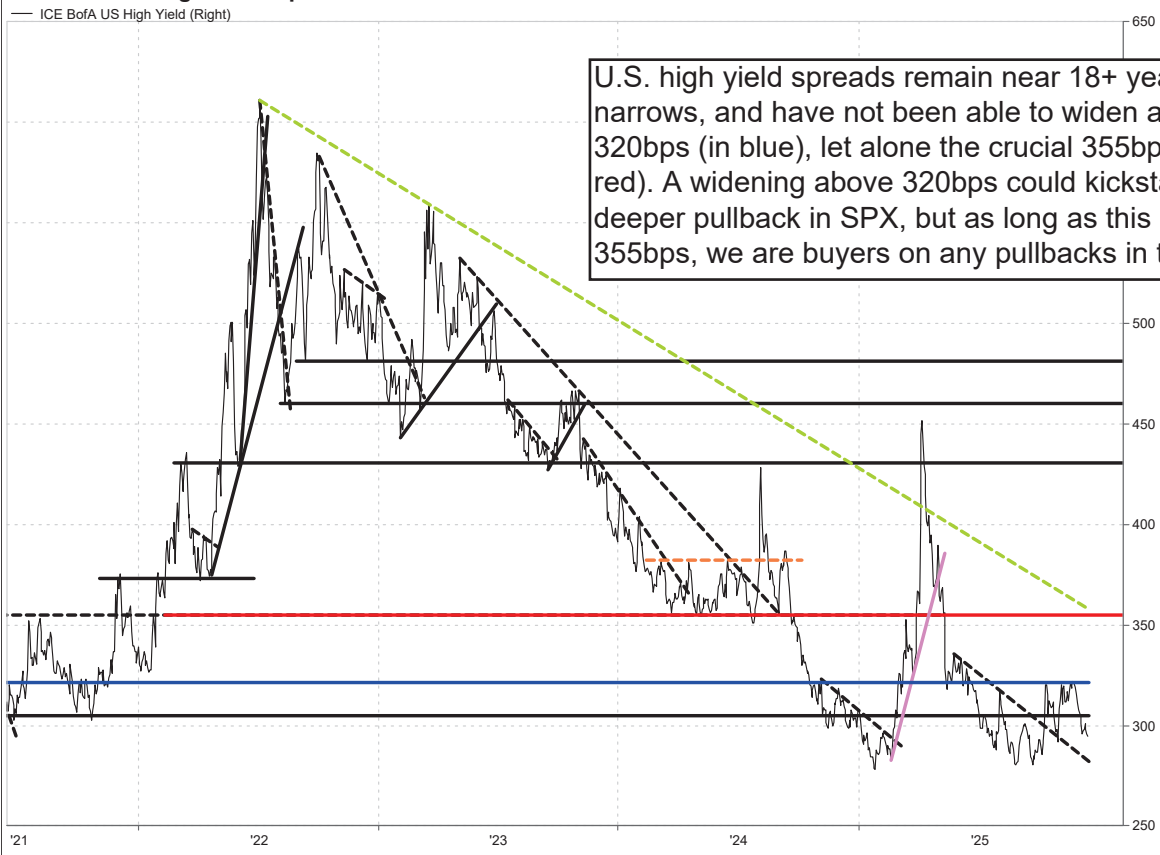
— ICE US Dollar - MA-200D — ICE US Dollar - MA-100D - - - ICE US Dollar - MA-50D



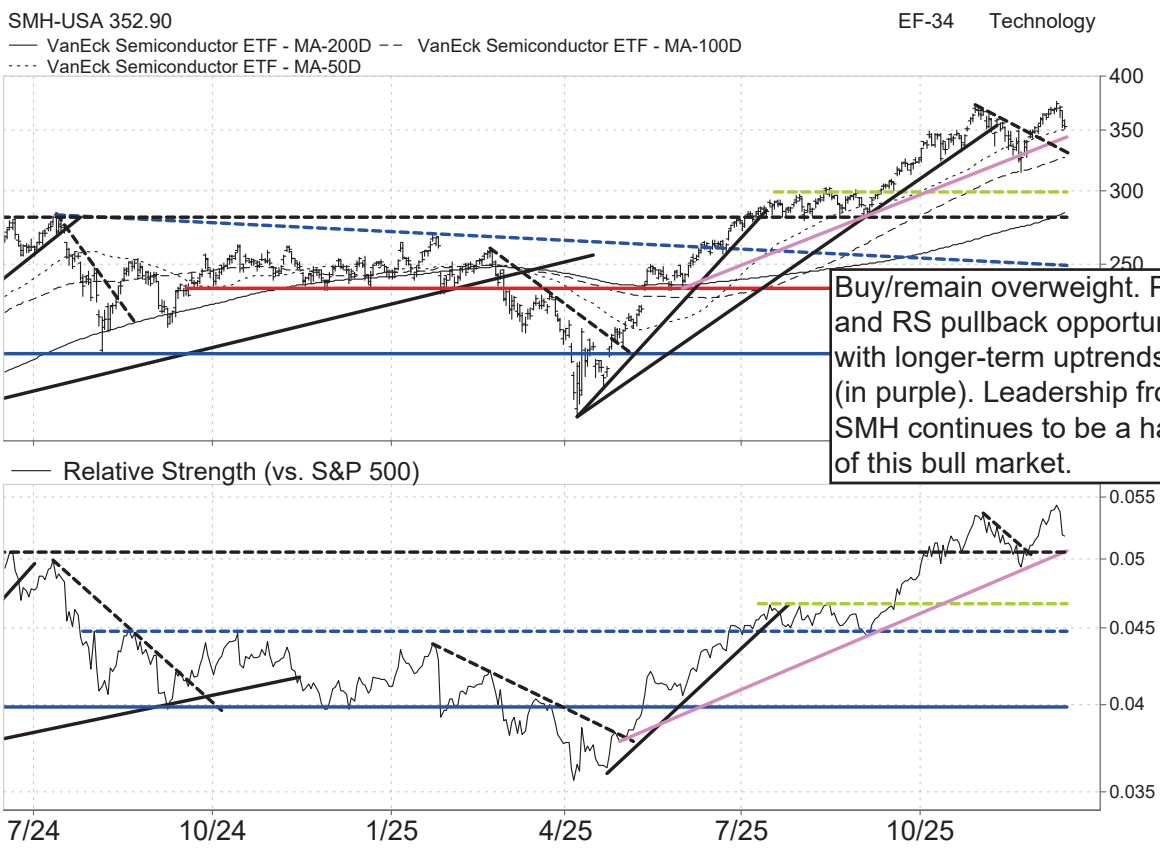




### ICE BofA US High Yield Spread vs. US Benchmark Bond - 10 Year



### VanEck Semiconductor ETF



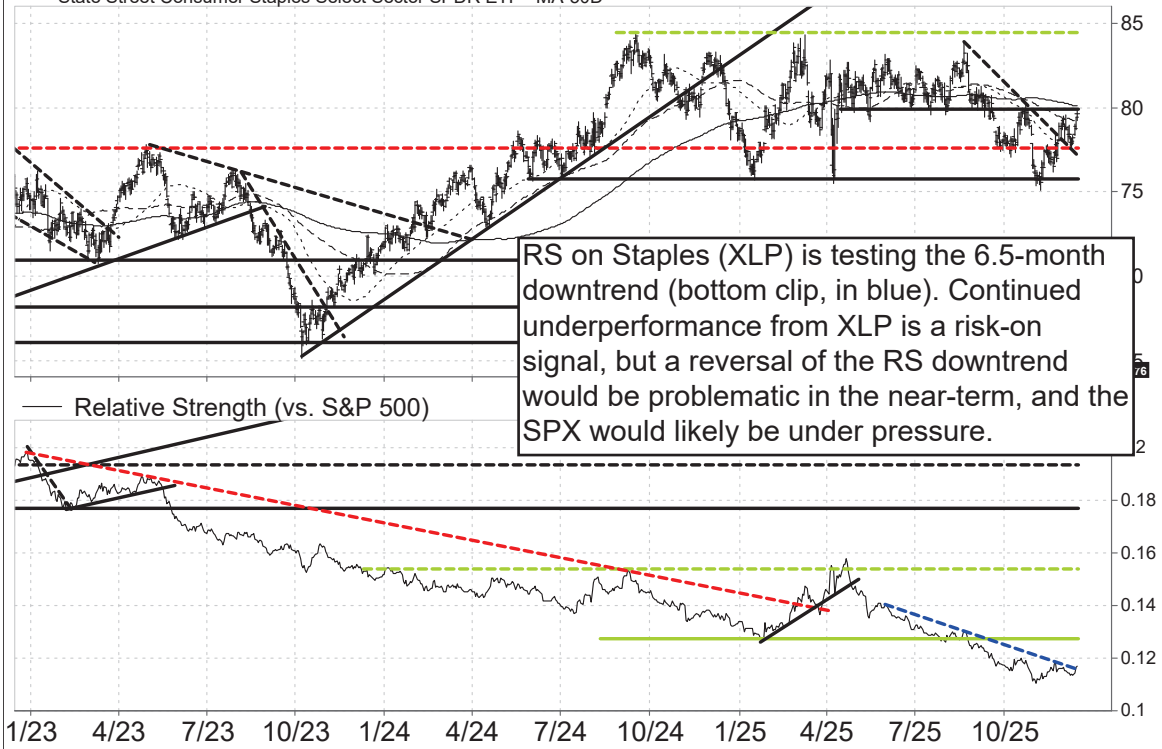


**State Street Consumer Staples Select Sector SPDR ETF**

XLP-USA 79.64 0.28%

EF-25 Consumer Staples

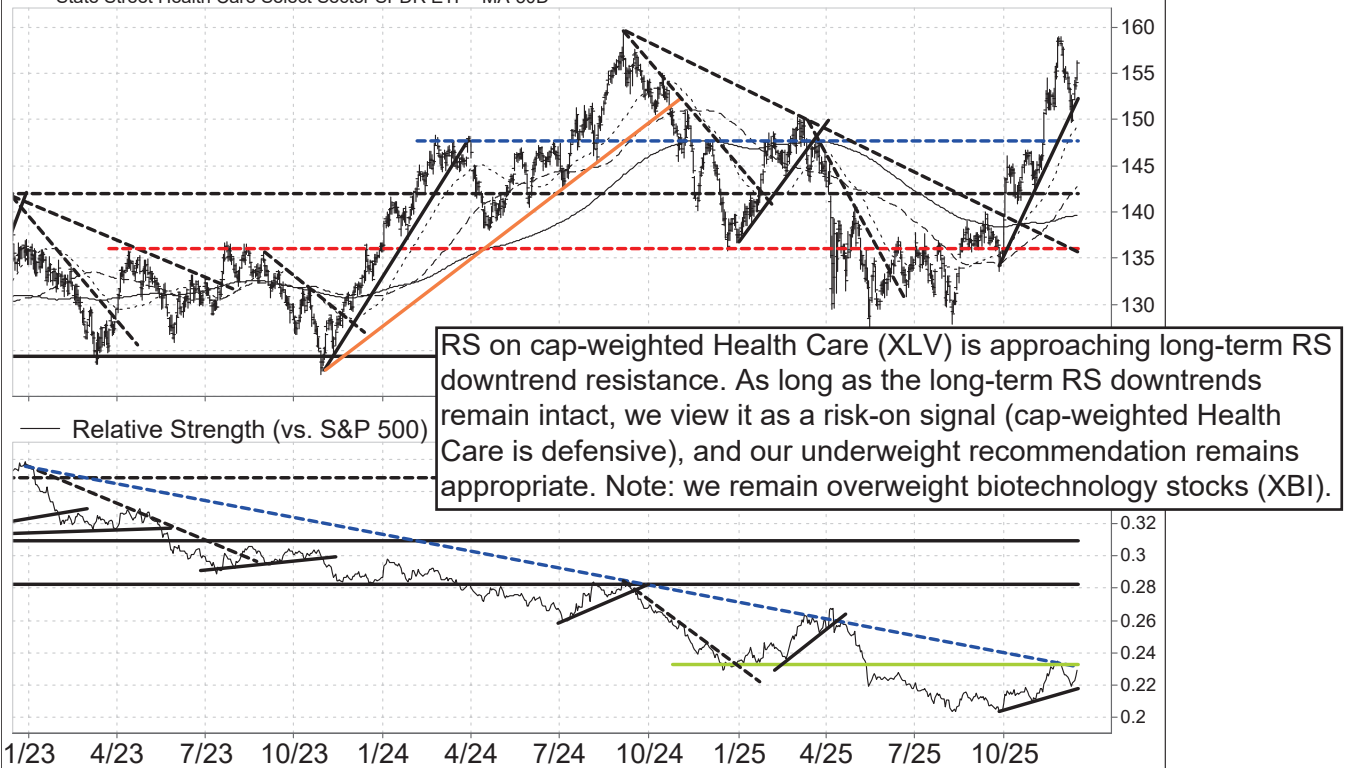
— State Street Consumer Staples Select Sector SPDR ETF - MA-200D  
 - - State Street Consumer Staples Select Sector SPDR ETF - MA-100D  
 ... State Street Consumer Staples Select Sector SPDR ETF - MA-50D

**State Street Health Care Select Sector SPDR ETF**

XLV-USA 156.10 1.32%

EF-30 Healthcare

— State Street Health Care Select Sector SPDR ETF - MA-200D - - State Street Health Care Select Sector SPDR ETF - MA-100D  
 ... State Street Health Care Select Sector SPDR ETF - MA-50D



### SPDR Gold Shares

GLD-USA 395.80

— SPDR Gold Shares - MA-200D -- SPDR Gold Shares - MA-100D --- SPDR Gold Shares - MA-50D

Buy pullbacks/stay long both gold and silver.  
We have been bullish since these breakouts,  
providing several additional buy opportunities  
along the way -- the latest buy was in our  
10/29/25 *U.S. Macro Vision*.



### iShares Silver Trust

SLV-USA 58.11

— iShares Silver Trust - MA-200D -- iShares Silver Trust - MA-100D --- iShares Silver Trust - MA-50D

We continue to favor  
silver over gold since  
our 7/23/25 *Compass*.

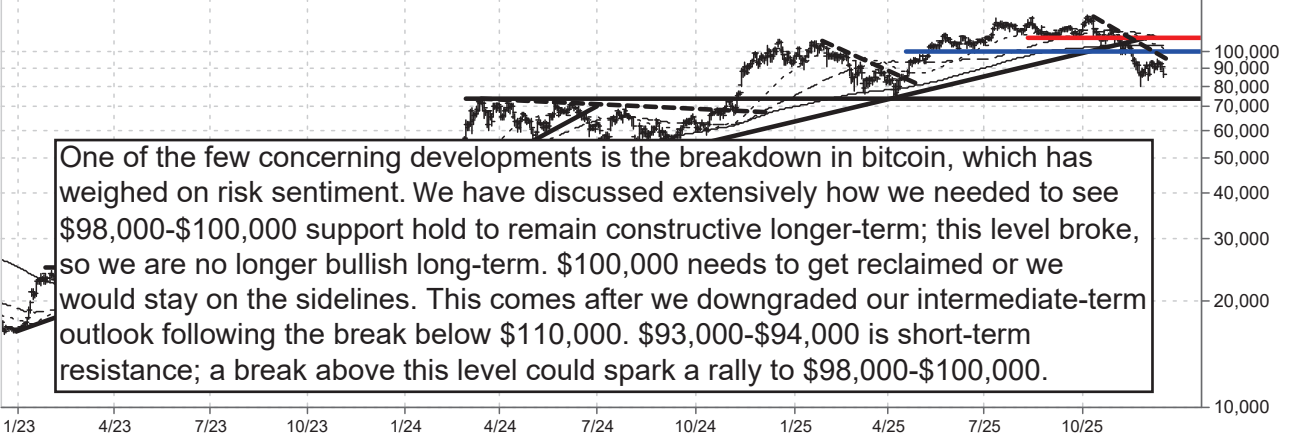


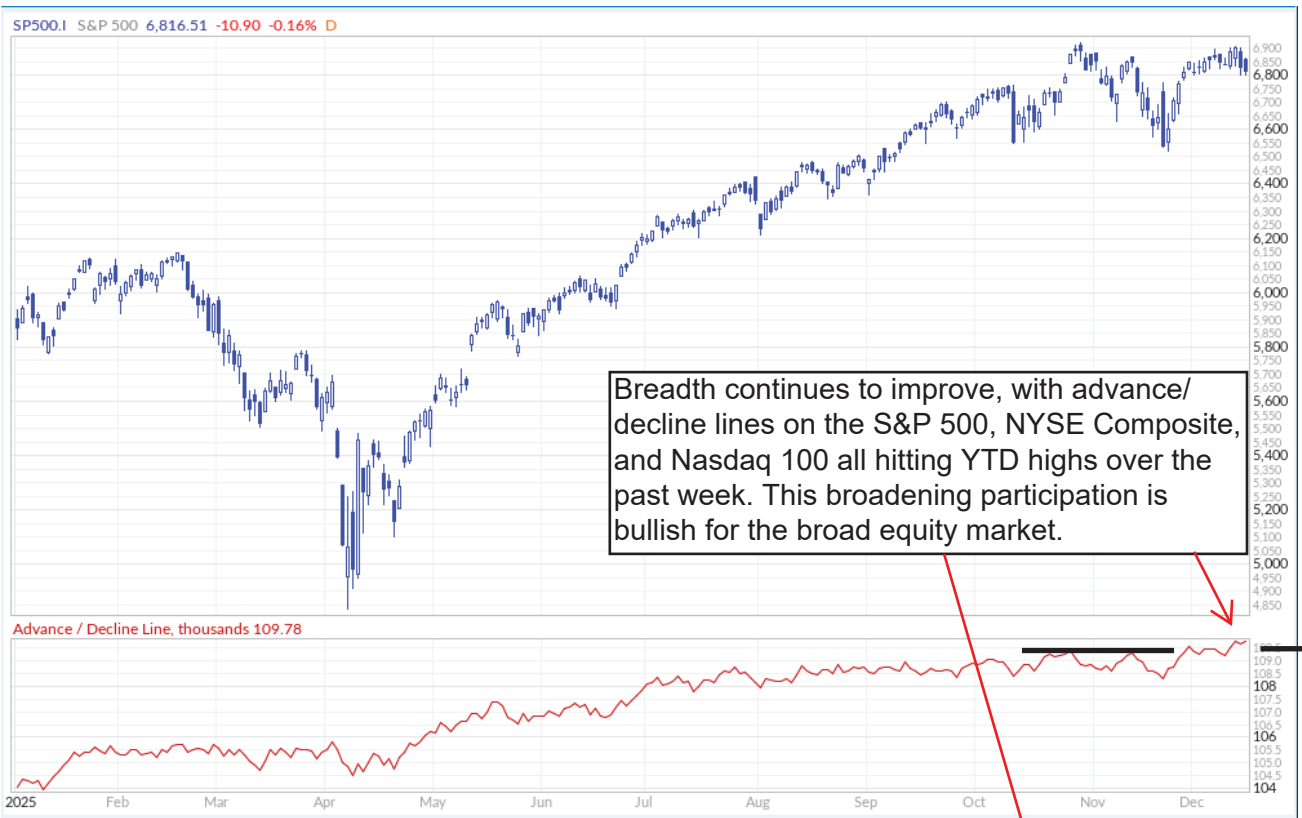
### Bitcoin (BTC/USD)

BTCUSD-BITS 86208.00

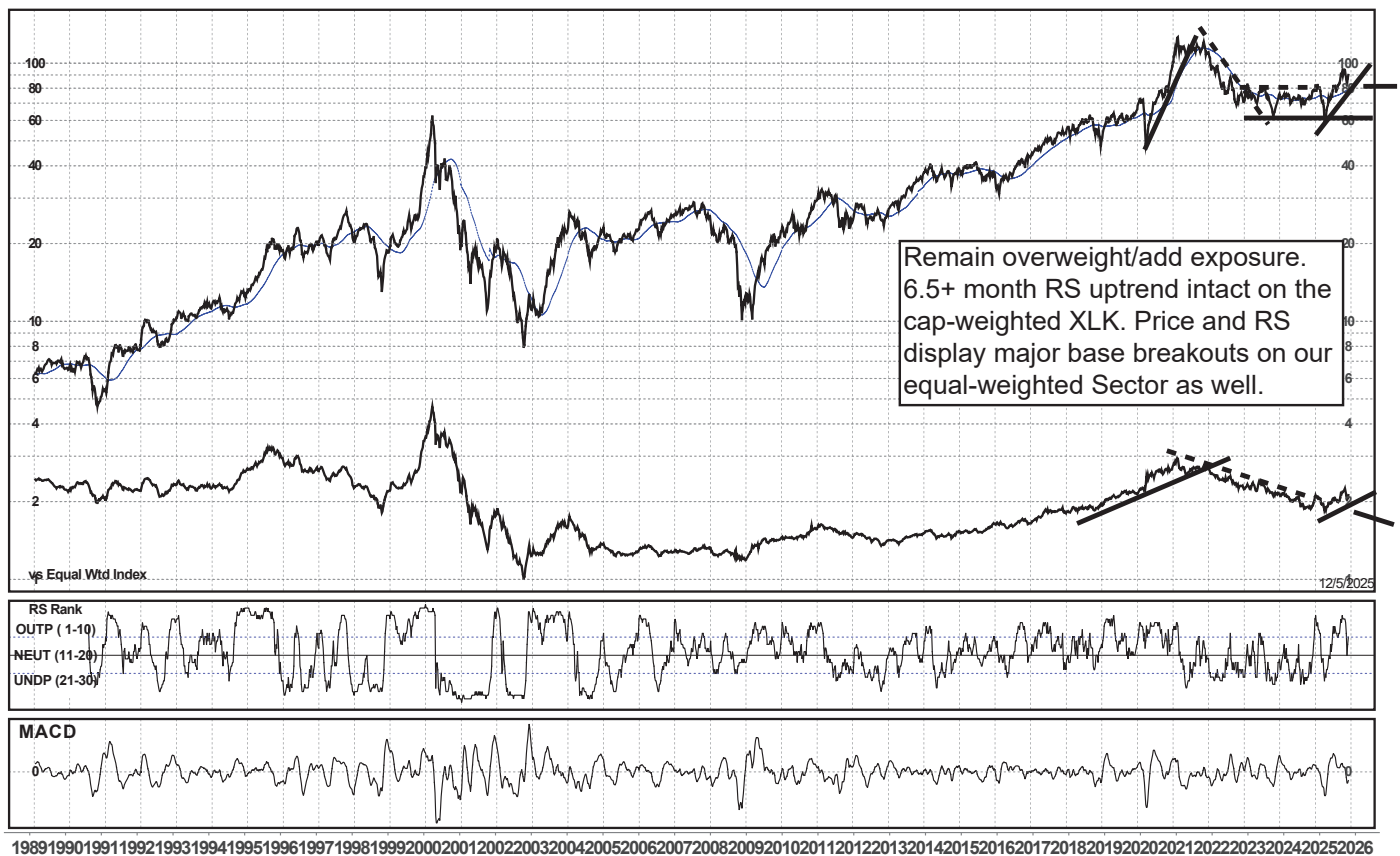
— Bitcoin (BTC/USD) - MA-200D -- Bitcoin (BTC/USD) - MA-100D --- Bitcoin (BTC/USD) - MA-50D

One of the few concerning developments is the breakdown in bitcoin, which has weighed on risk sentiment. We have discussed extensively how we needed to see \$98,000-\$100,000 support hold to remain constructive longer-term; this level broke, so we are no longer bullish long-term. \$100,000 needs to get reclaimed or we would stay on the sidelines. This comes after we downgraded our intermediate-term outlook following the break below \$110,000. \$93,000-\$94,000 is short-term resistance; a break above this level could spark a rally to \$98,000-\$100,000.





### TE-Technology (AVG)



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

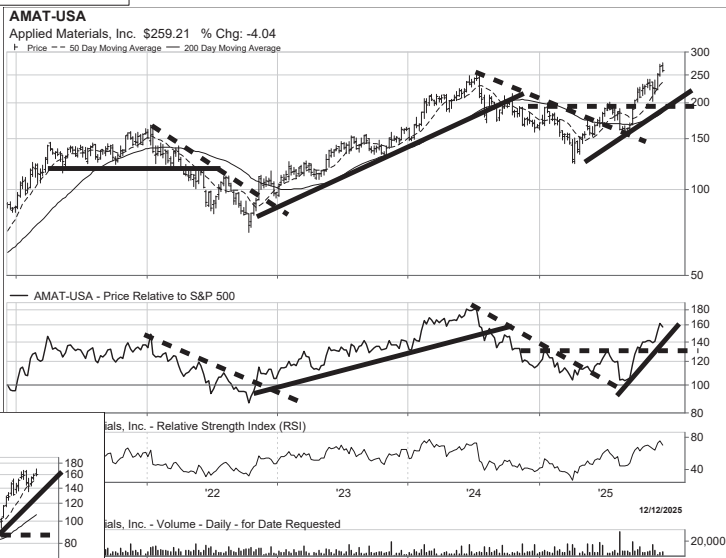
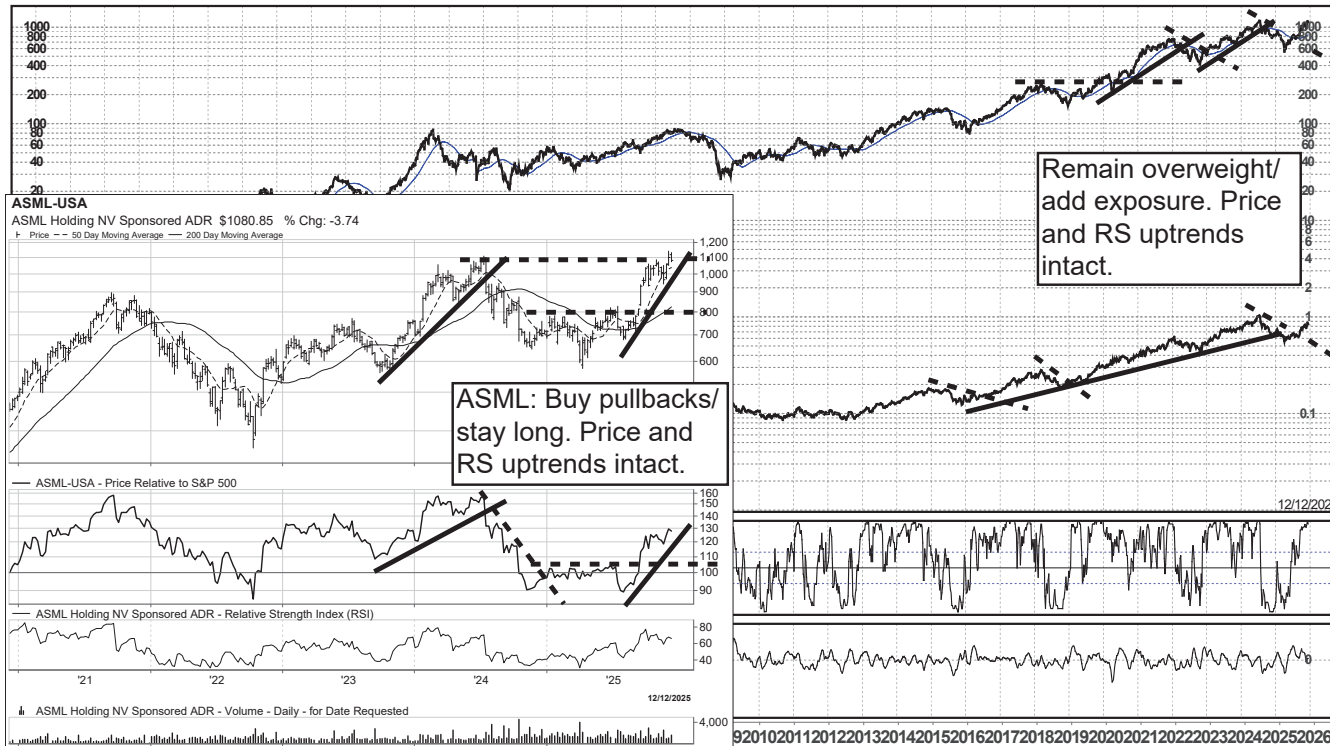
### TE-Technology Stocks - Weekly Advance/Decline Line

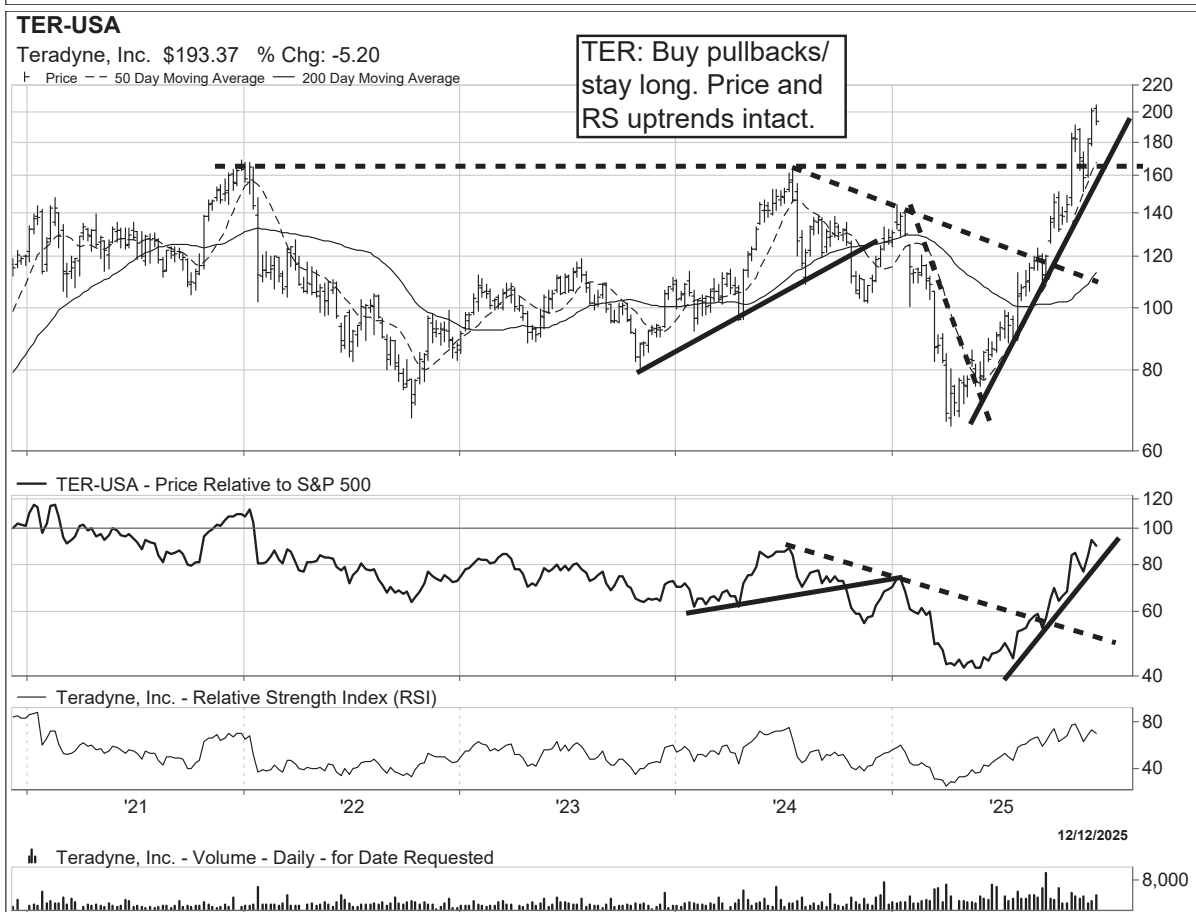
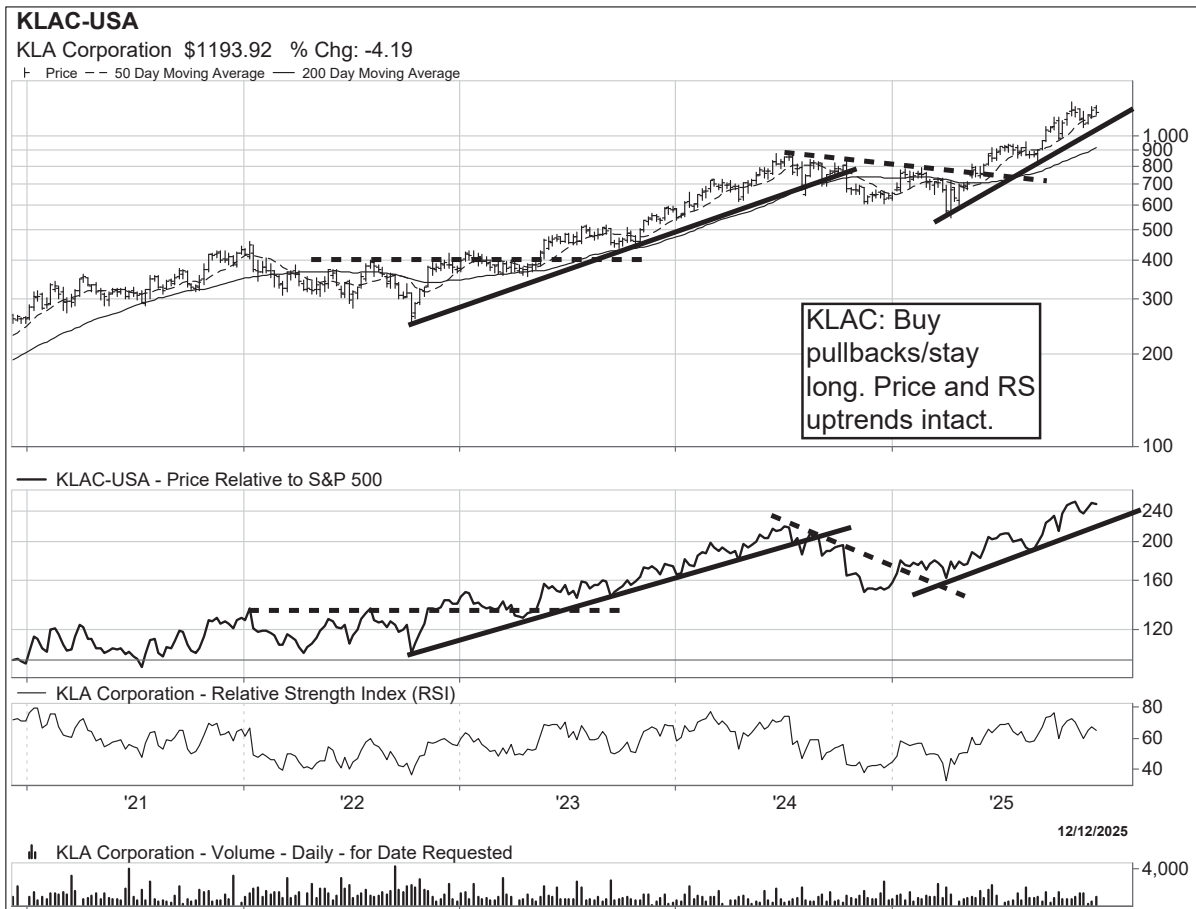


# STRATEGY: Technology (XLK) Remains Leadership -- Remain Overweight/Add Exposure

## TE-04 Semiconductor Equip., Large/Mid-Cap

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
ASML	3	U3	-	ASMIY	11	D1	-	ONTO	1	U3	+
AMAT	2	U3	-	ENTG	9	D2	-	ACLS	11	D1	-
LRCX	1	U3	-	BESIY	13	D1	-				
KLAC	3	U3	-	AMKR	1	U3	-				
TER	1	U3	-	MKSI	1	U3	-				



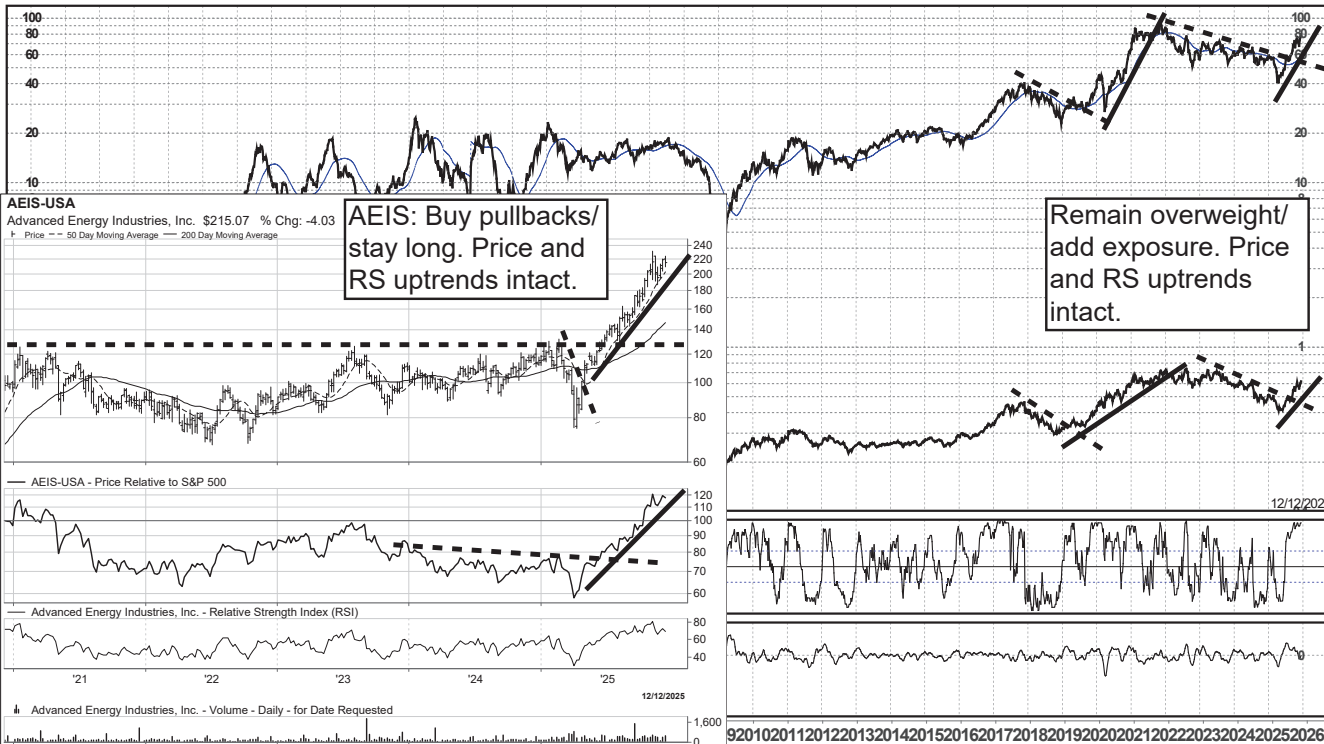




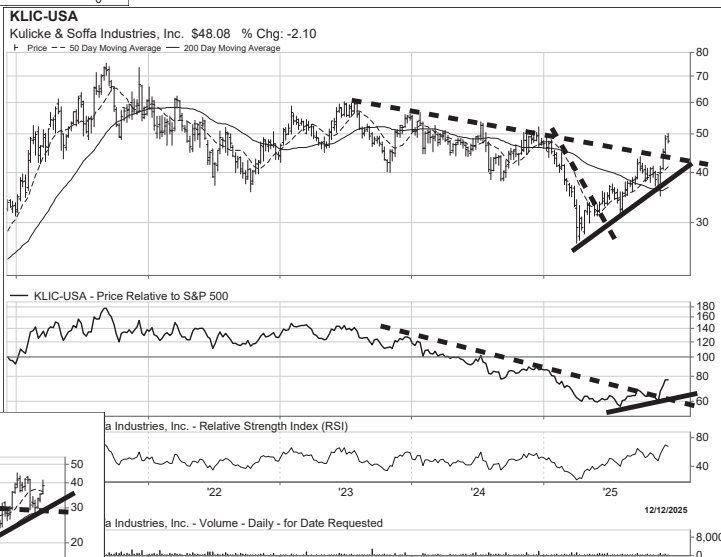
# STRATEGY: Technology (XLK) Remains Leadership -- Remain Overweight/Add Exposure

## TE-05 Semiconductor Equip., Small-Cap

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
TER	1	U3	-	ACMR	3	D1	-	ADEA	29	D2	-	AEHR	3	D1	-	INTT	20	D1	-
NVMI	9	D1	-	DQ	1	U3	-	PDFS	2	U3	+	AXTI	1	U3	+	DAIO	16	D3	-
AEIS	2	U3	-	PLAB	1	U3	+	UCTT	13	D2	-	ICHR	25	D3	-	CVV	20	D2	-
FORM	1	U3	+	VECO	3	U3	-	COHU	6	U3	+	ASYS	1	U3	+	RLBY	30	D3	-
KLIC	2	U3	+	AZTA	7	U3	+	IMOS	1	U3	+	SOL	14	D3	-	RBCN	30	D2	-

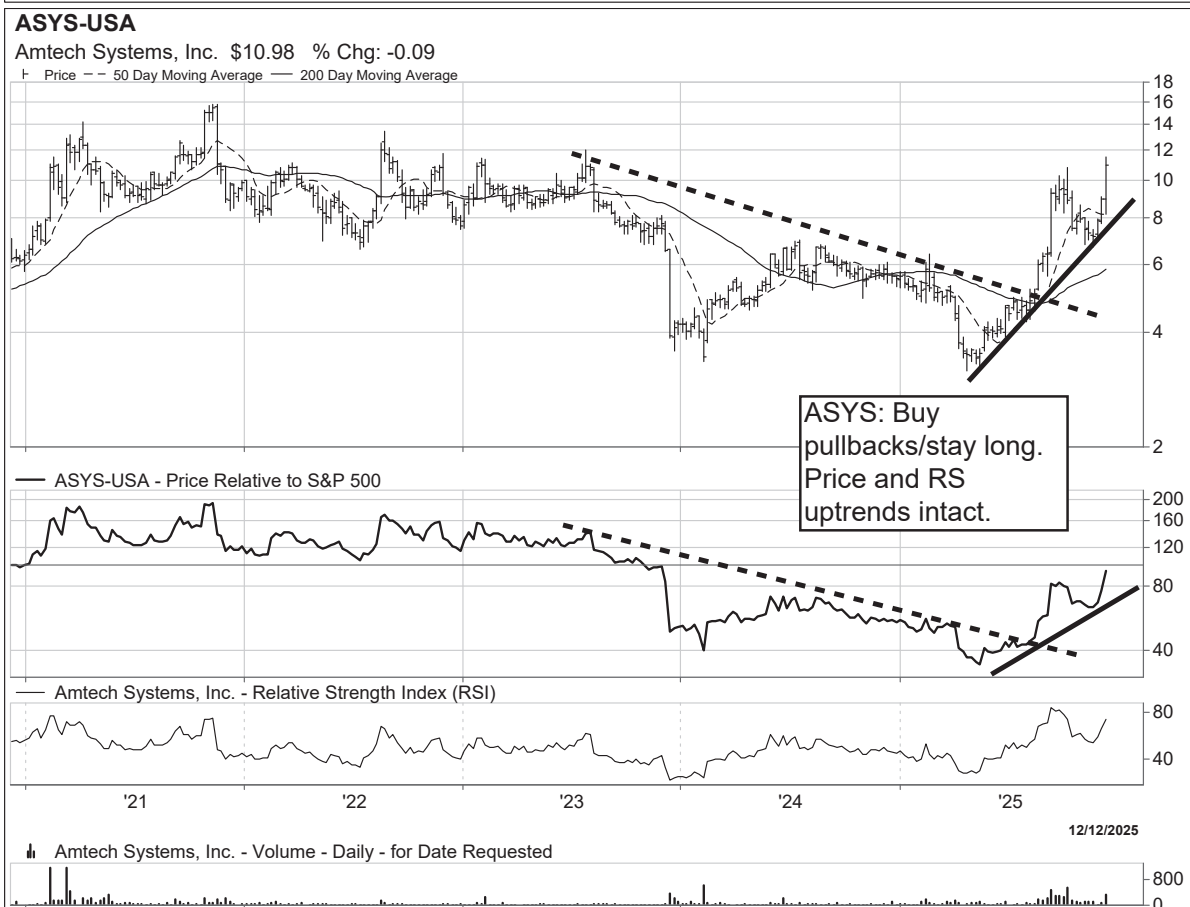
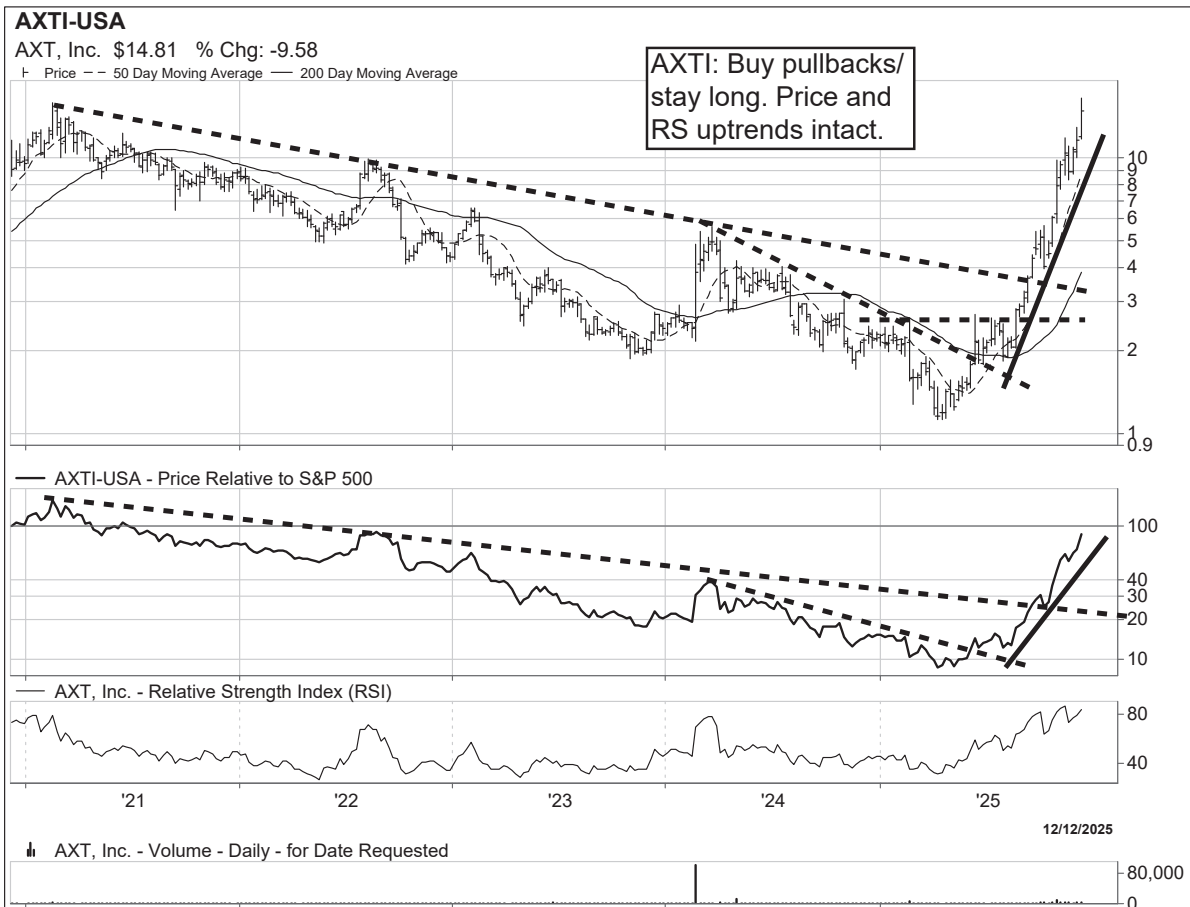


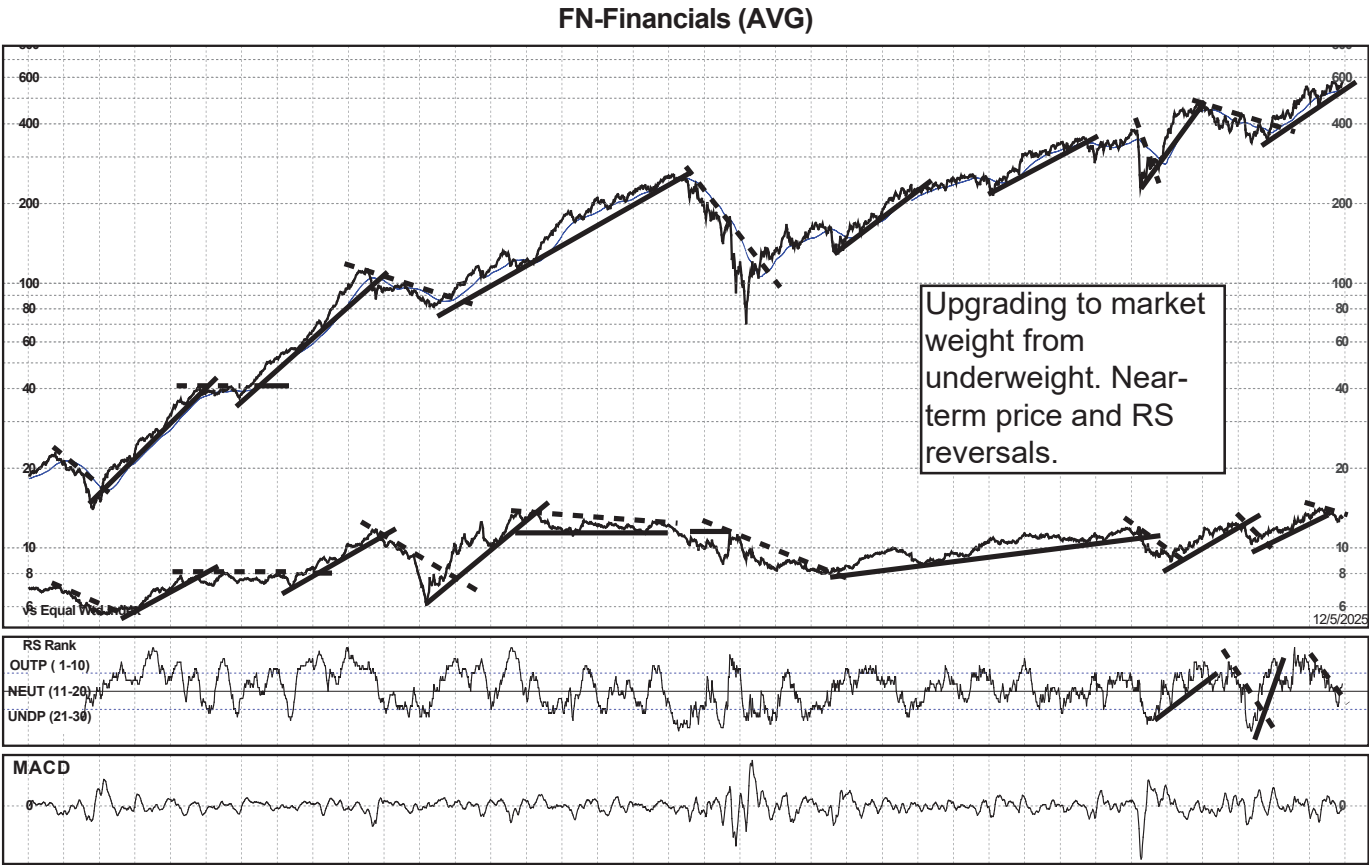
**KLIC: Buy/stay long. Bottoming. Bullish price and RS inflections.**



**ACMR: Buy pullbacks/stay long. Price and RS uptrends intact.**







19891990199119921993199419951996199719981999200020012002200320042005200620072008200920102011201220132014201520162017201820192020202120222023202420252026

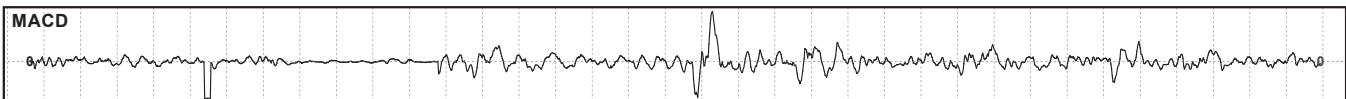
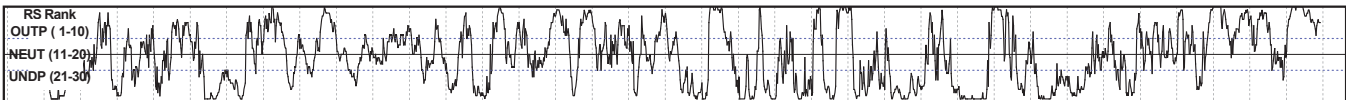
FN-Financials Stocks - Weekly Advance/Decline Line



STRATEGY: *Upgrading Financials (XLF) to Market Weight -- Add Exposure*

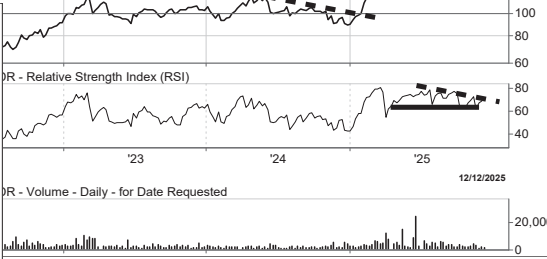
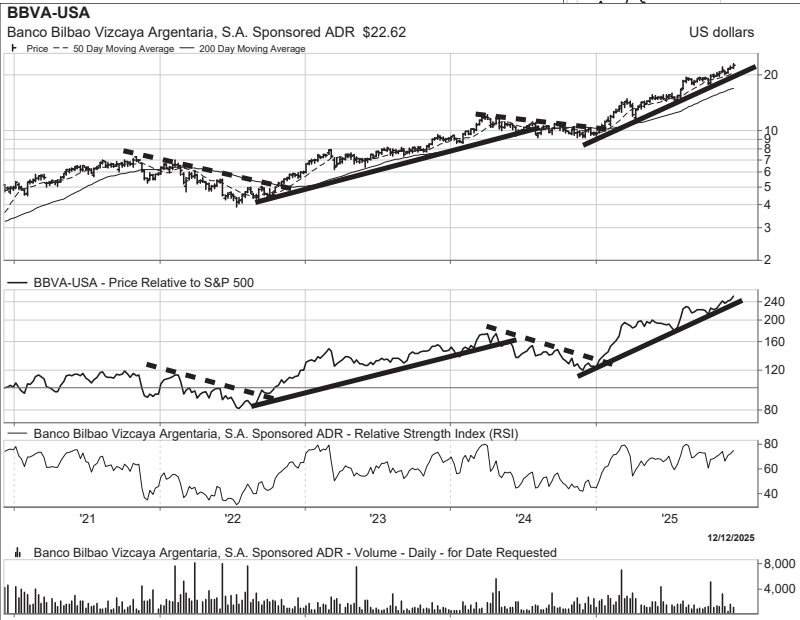
FN-01 European Banks

SYMBOL	RSR	TC	MD
HSBC	9	U3	-
SAN	4	U3	-
UES	10	D1	-
BBVA	3	U3	-
DB	9	U3	-



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

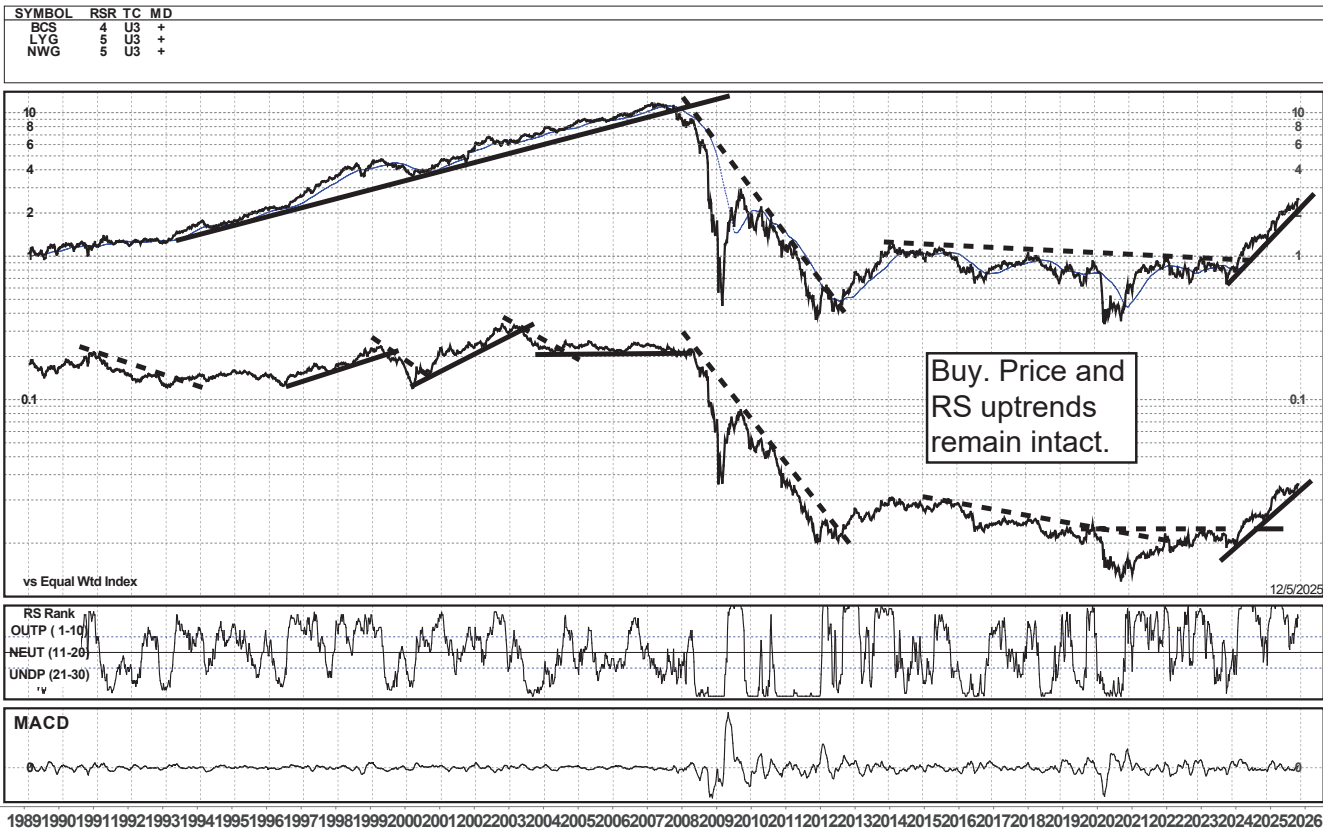
SAN: Buy. Price and RS uptrends remain intact.



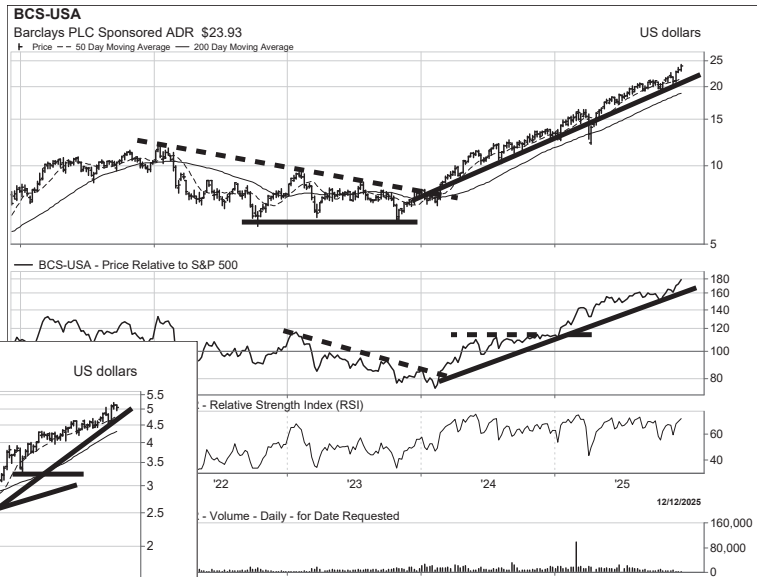
BBVA: Buy. Price and RS uptrends remain intact.

STRATEGY: *Upgrading Financials (XLF) to Market Weight -- Add Exposure*

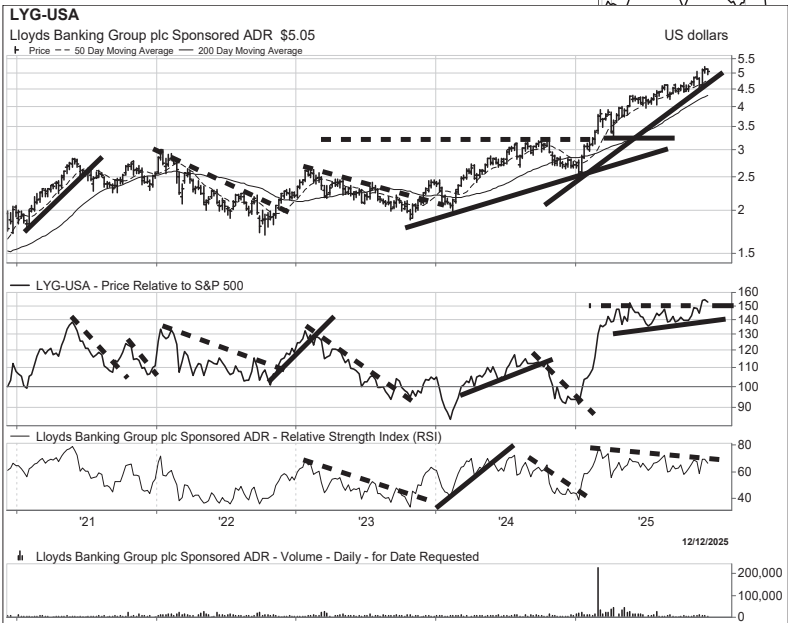
FN-02 U.K. Banks



BCS: Buy. Price and RS uptrends remain intact.



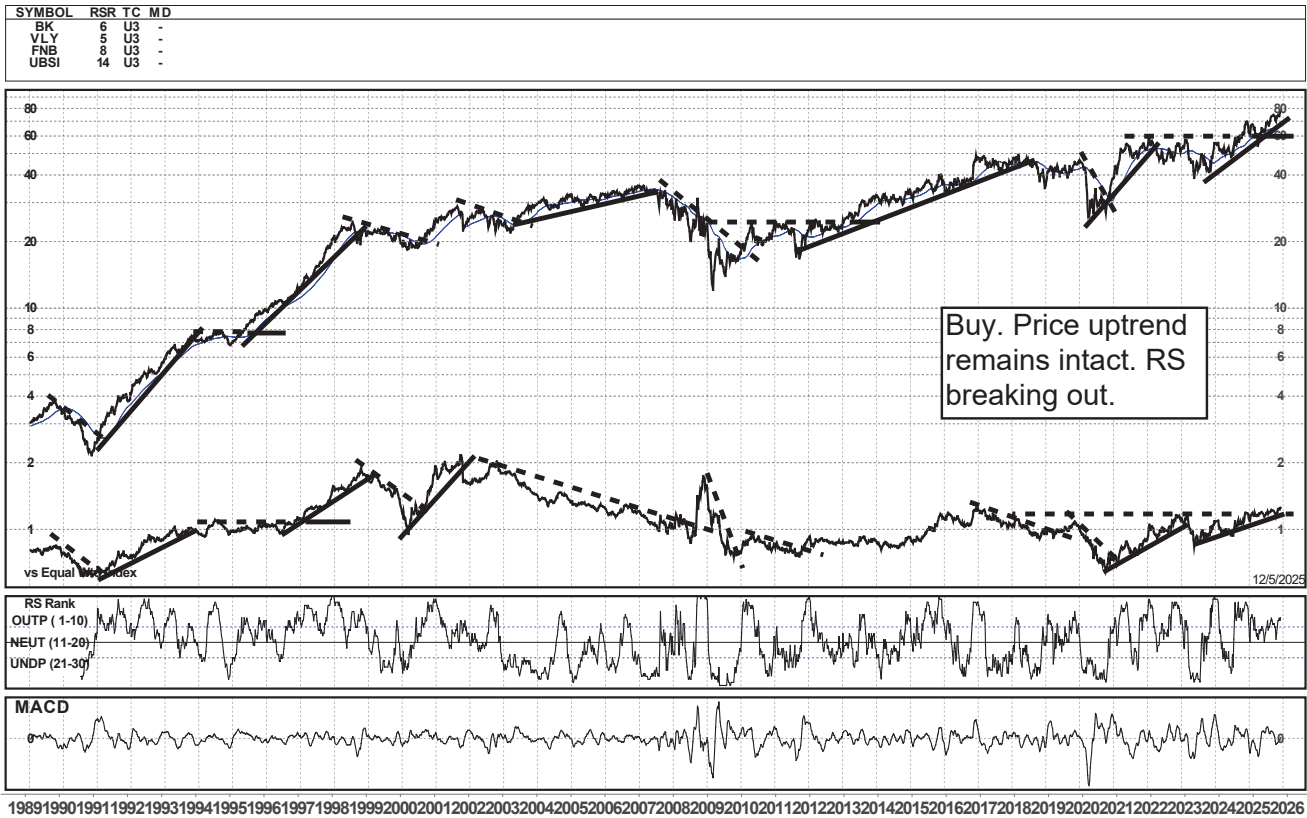
LYG: Buy. Price and RS uptrends remain intact.



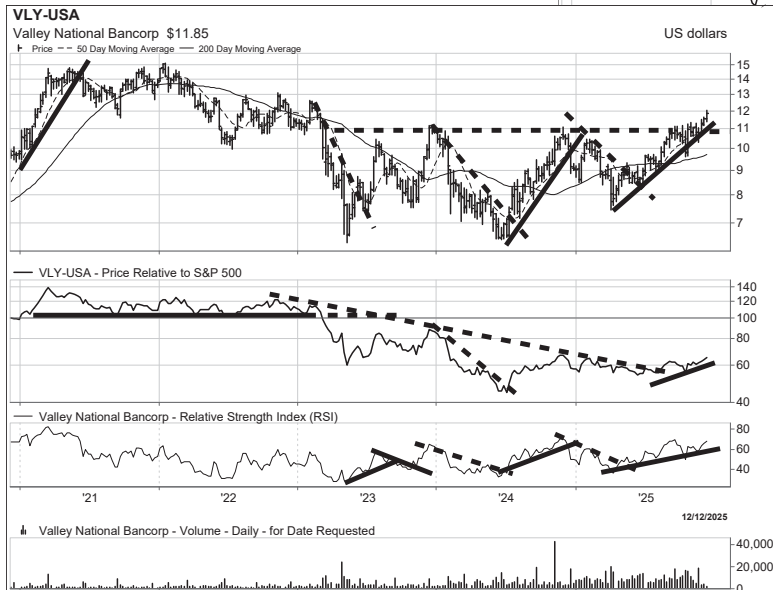
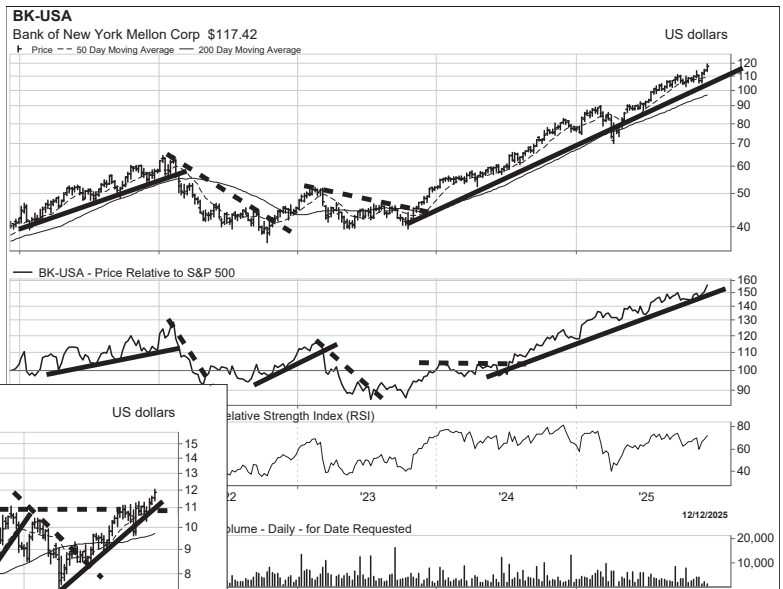


STRATEGY: *Upgrading Financials (XLF) to Market Weight -- Add Exposure*

FN-06 Banks, Mid-Atlantic, Large-Cap



BK: Buy. Price and RS uptrends remain intact.



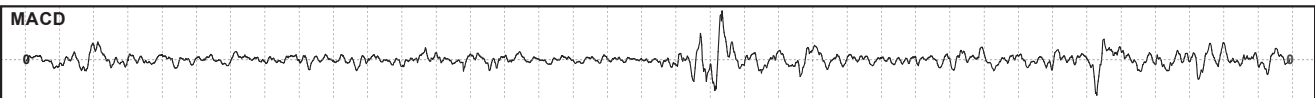
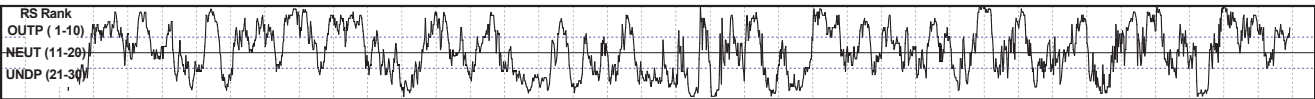
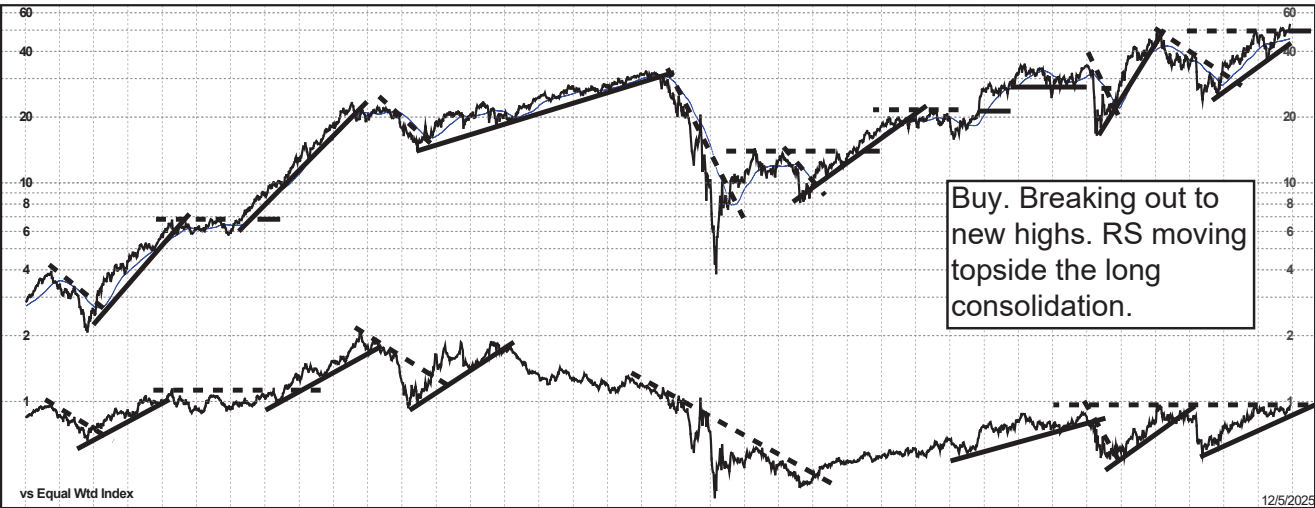
VLY: Buy. Bullish base. RS reversal.



STRATEGY: *Upgrading Financials (XLF) to Market Weight -- Add Exposure*

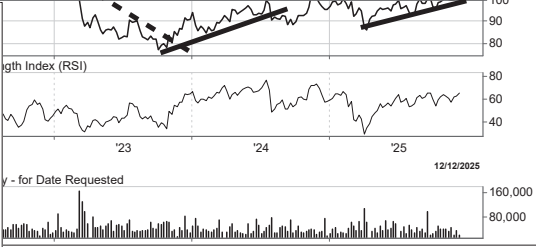
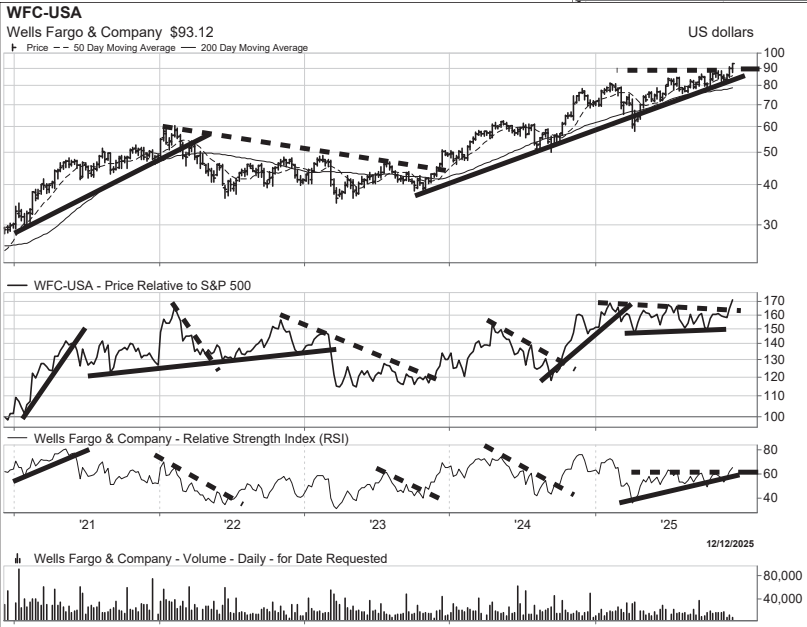
FN-15 Banks, Super-Regional

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
BAC	8	U3	-	FITB	11	U3	-
WFC	7	U3	-	RF	11	U3	-
USB	8	U3	-	KEY	9	U3	-
PNC	14	U1	-	CMA	3	U3	-
TFC	9	U3	-				



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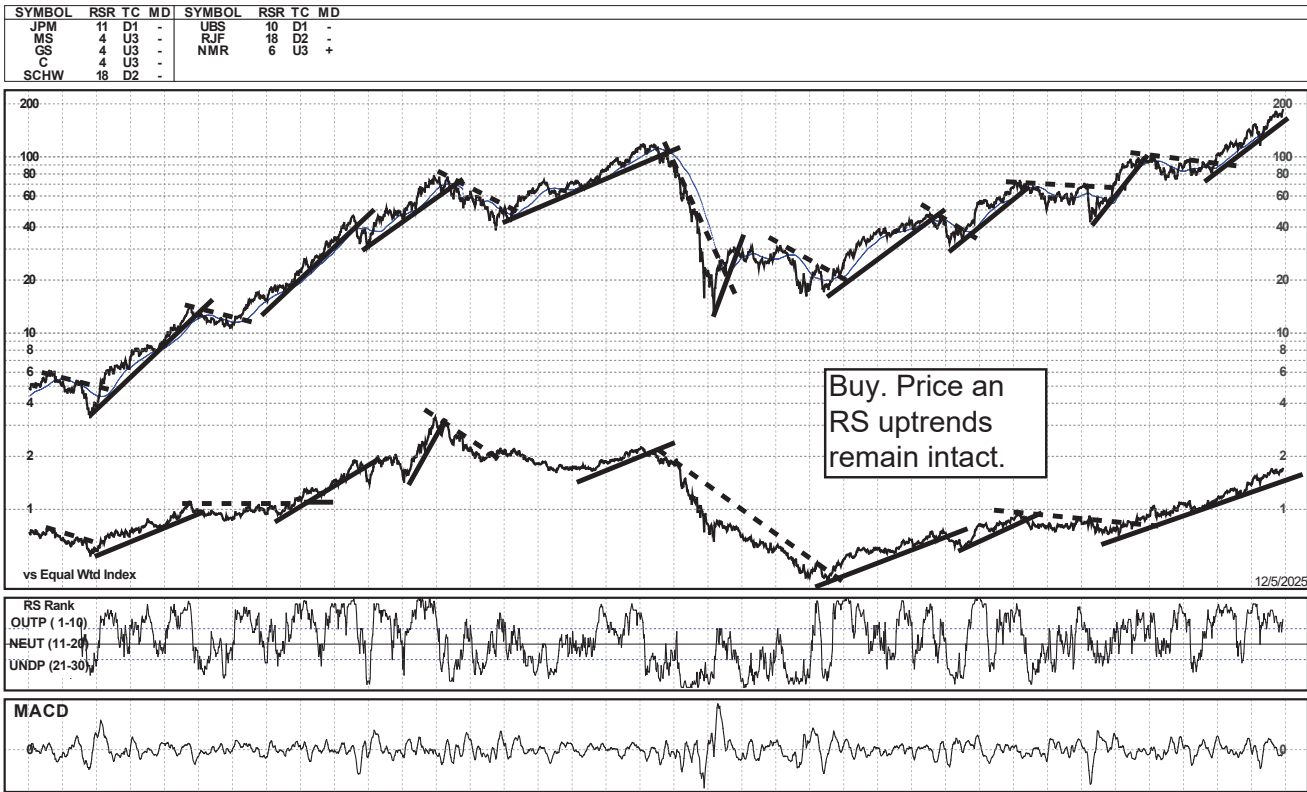
BAC: Buy. Price and RS uptrends remain intact.



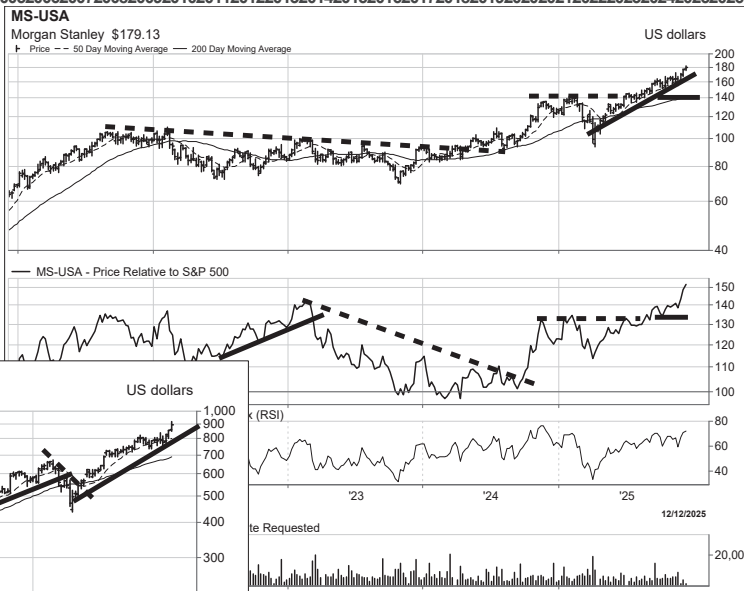
WFC: Buy. New price highs. RS breaking out.

STRATEGY: *Upgrading Financials (XLF) to Market Weight -- Add Exposure*

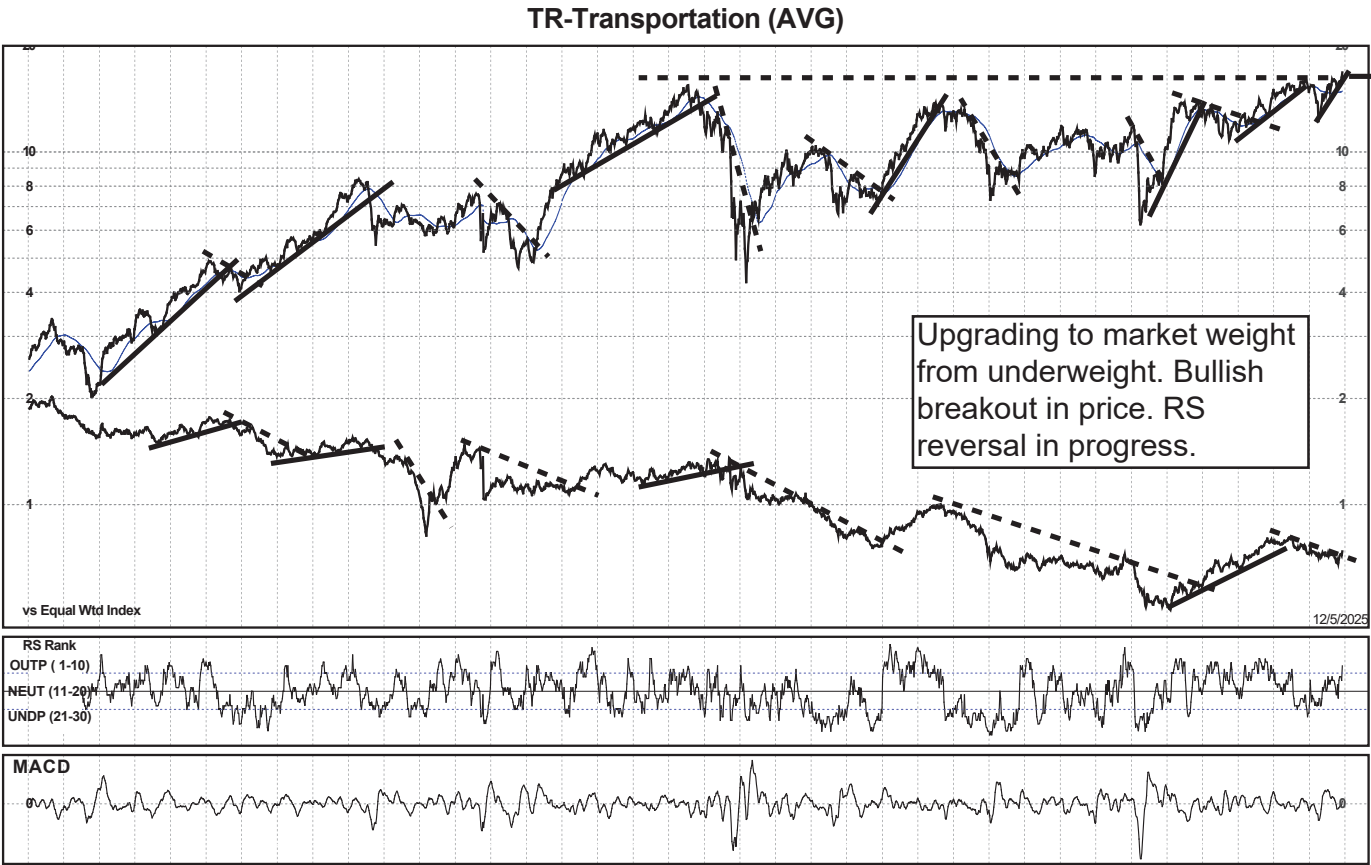
FN-30 Investment Banking & Brokerage, Large-Cap



MS: Buy. Price uptrend remains intact. RS at new cycle highs.



GS: Buy. New price and RS highs.



19891990199119921993199419951996199719981999200020012002200320042005200620072008200920102011201220132014201520162017201820192020202120222023202420252026

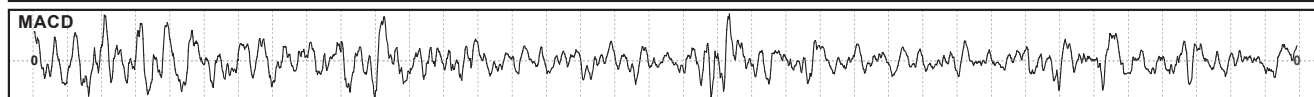
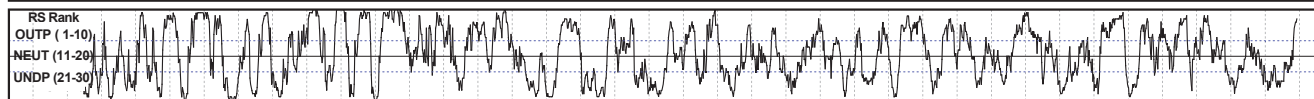
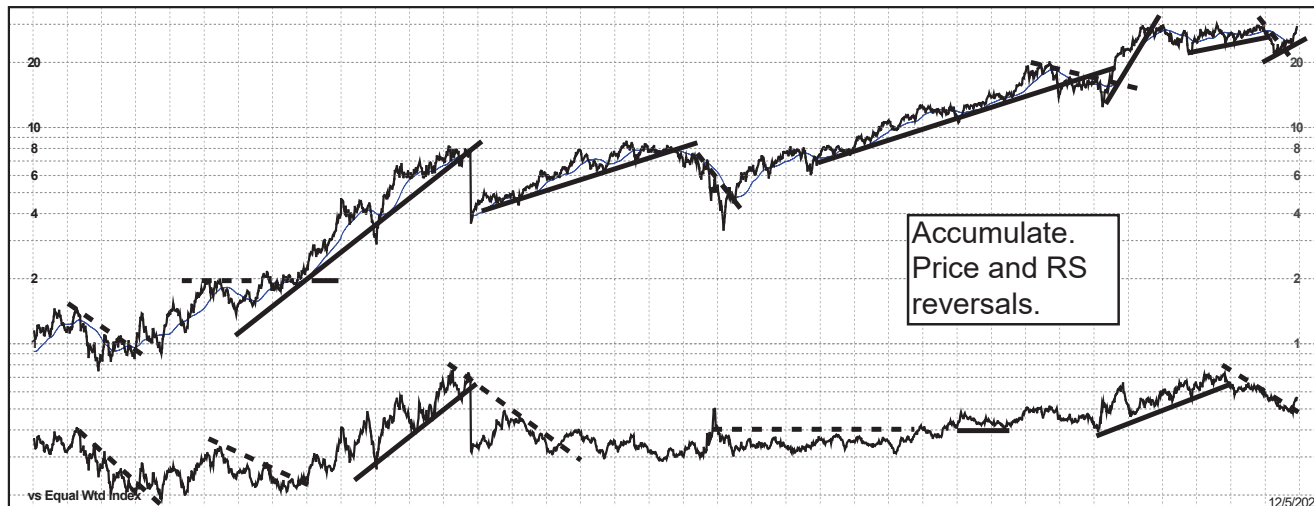
TR-Transportation Stocks - Weekly Advance/Decline Line



# STRATEGY: Upgrading Transportation (IYT) to Market Weight -- Add Exposure

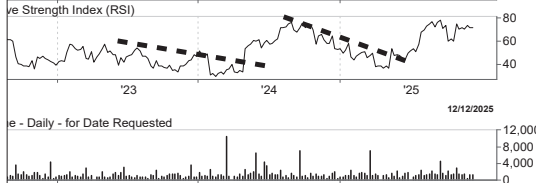
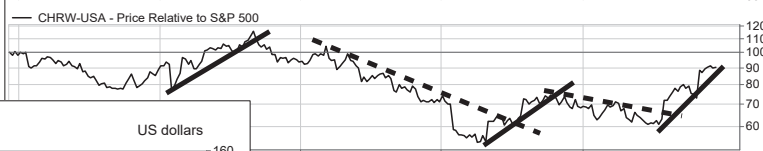
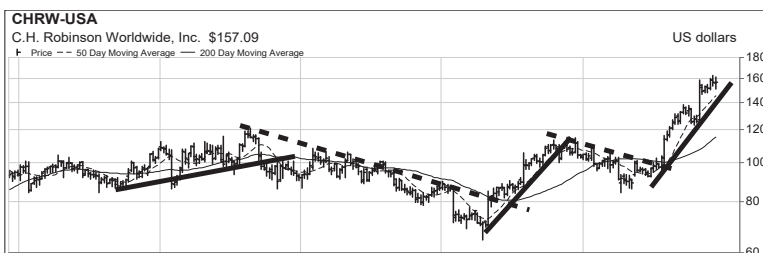
## TR-05 Air Freight & Logistics, Large-Cap

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
UPS	12	U2	+	TFII	9	D3	+
FDX	5	U3	+				
EXPD	2	U3	-				
CHRW	1	U3	-				
ZTO	5	U3	+				



19891990199119921993199419951996199719981999200020012002200320042005200620072008200920102011201220132014201520162017201820192020202120222023202420252026

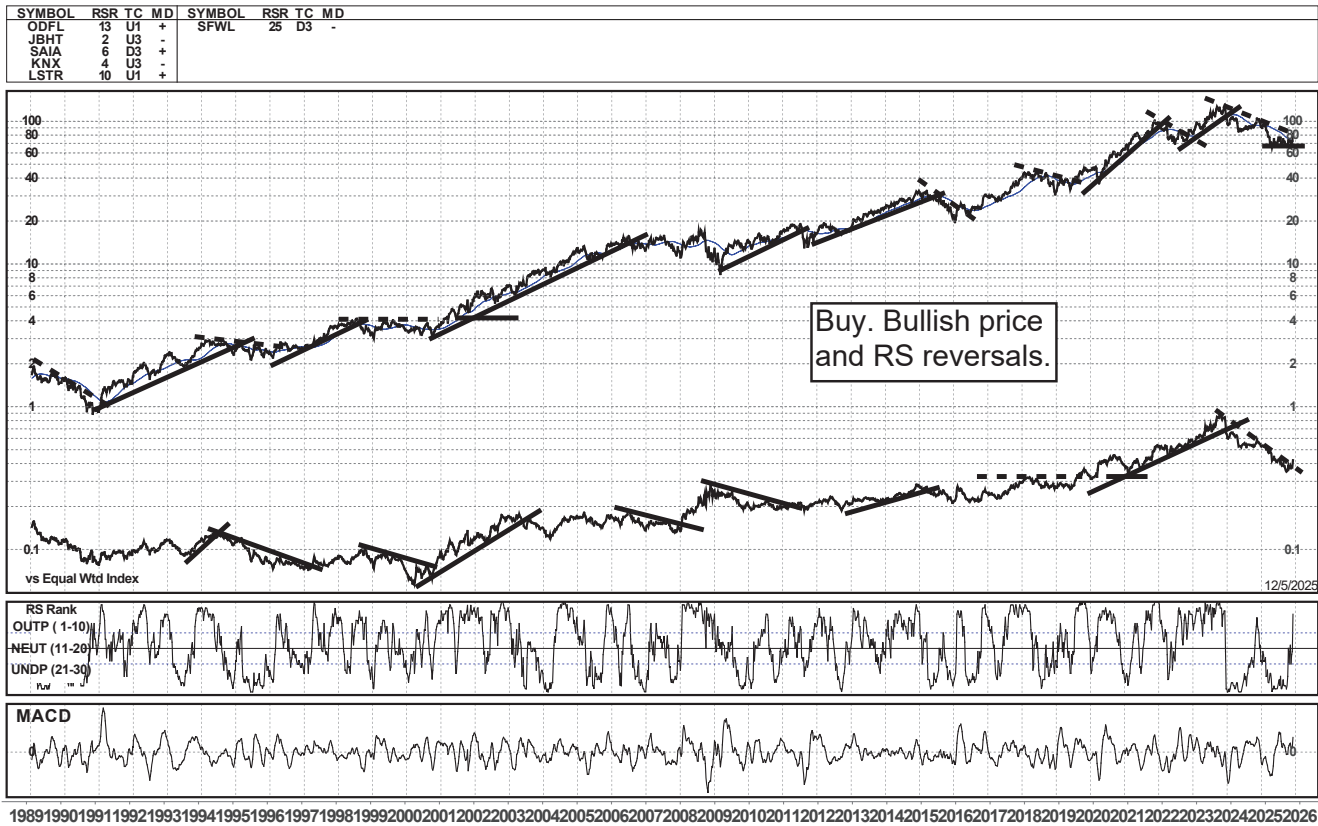
CHRW: Accumulate.  
Price and RS uptrends  
remain intact.



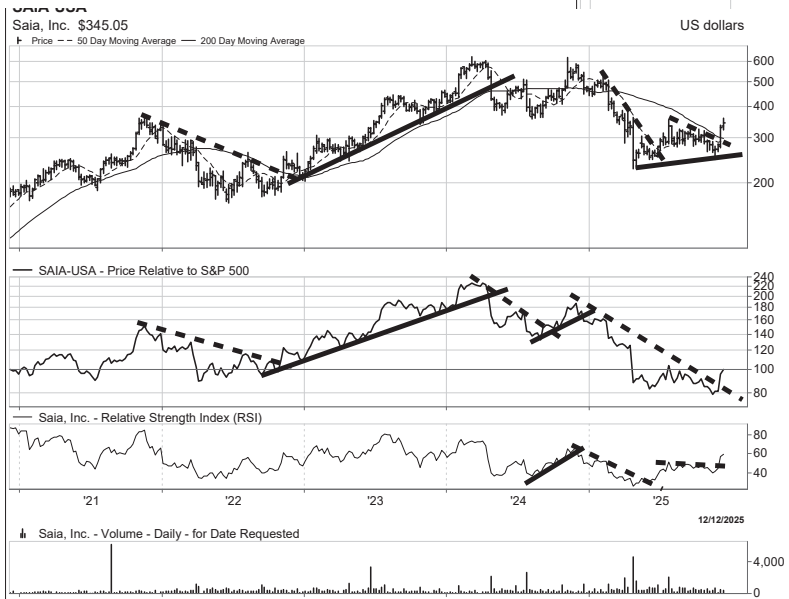
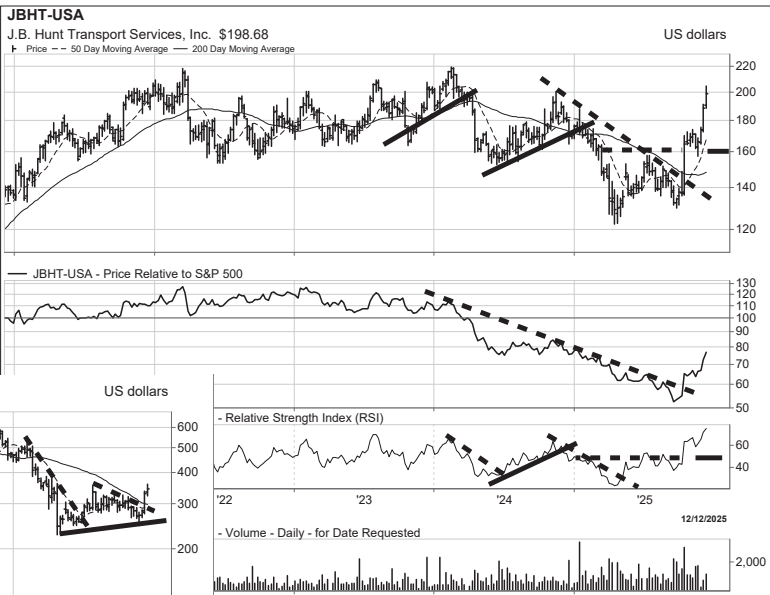
EXPD: Buy on pullbacks.  
Near-term extended. RSI is  
well above historical  
overbought levels.

STRATEGY: *Upgrading Transportation (IYT) to Market Weight -- Add Exposure*

TR-12 Trucking, Large-Cap



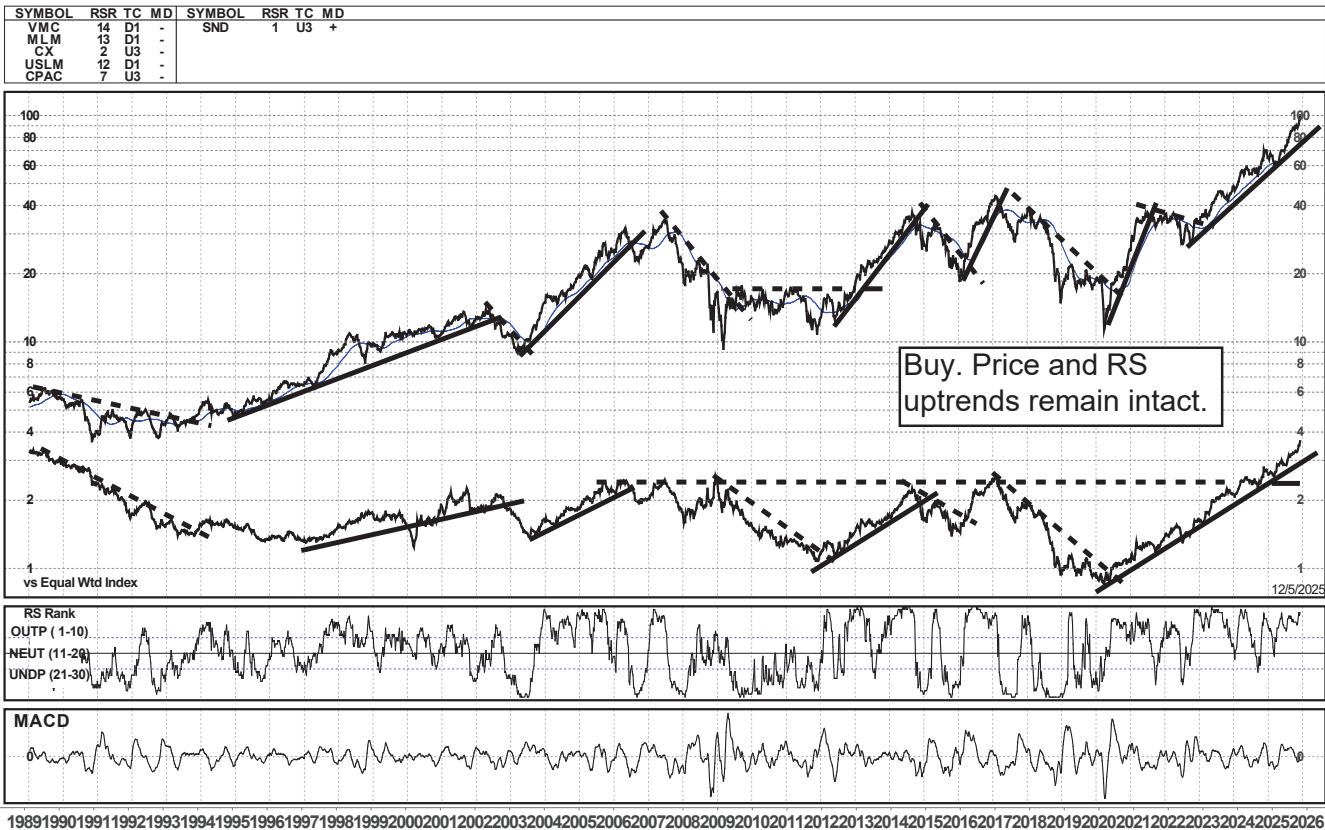
JBHT: Accumulate only on pullbacks. This is extended. RS reflects a clear reversal to this leadership name.



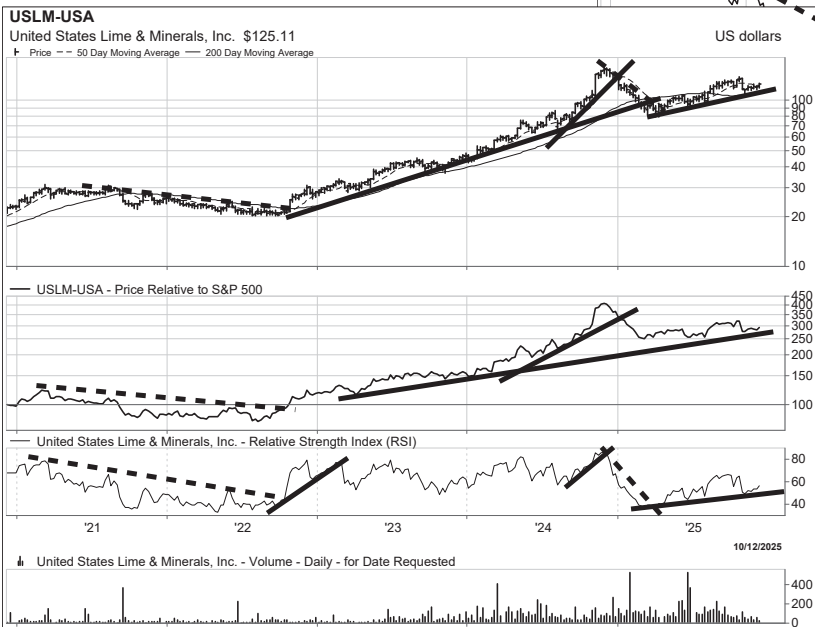
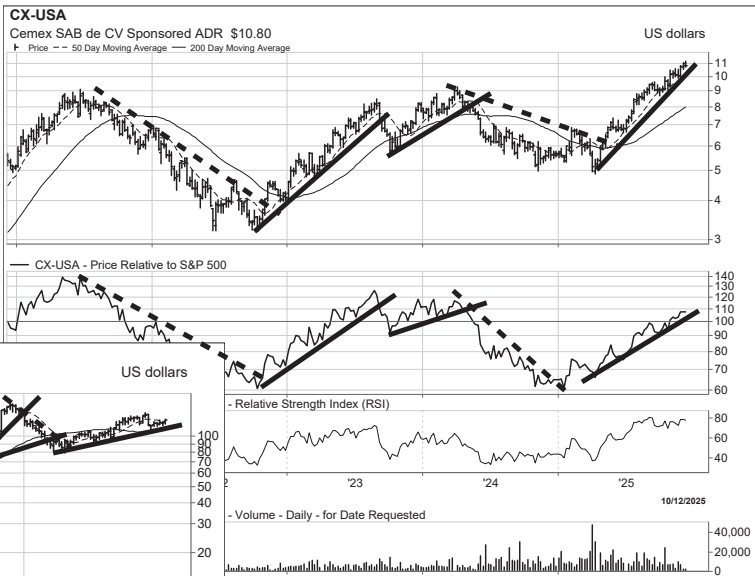
SAIA: Buy. Bullish reversal. This is likely going to follow the leader.



MA-11 Cement/Aggregates

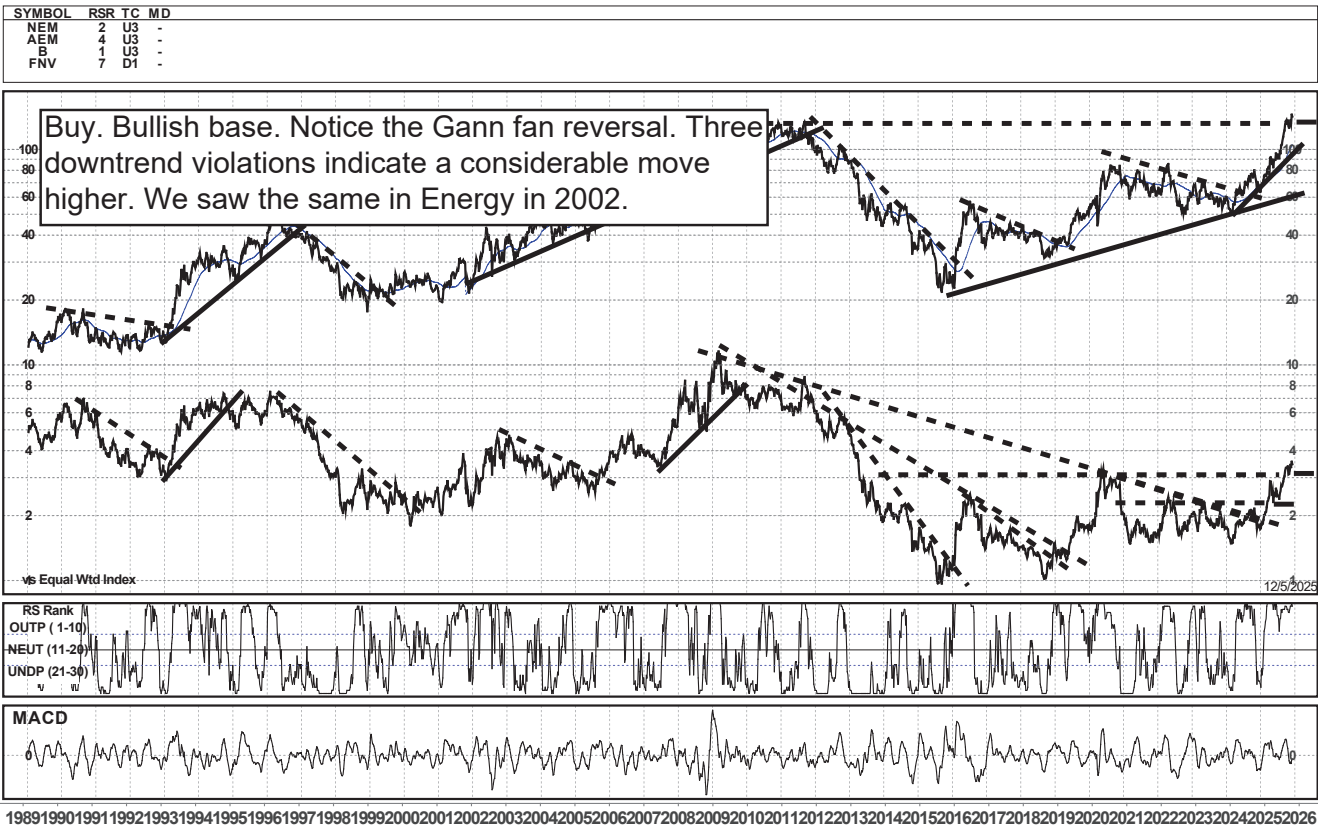


CX: Buy. Price and RS uptrends remain intact.

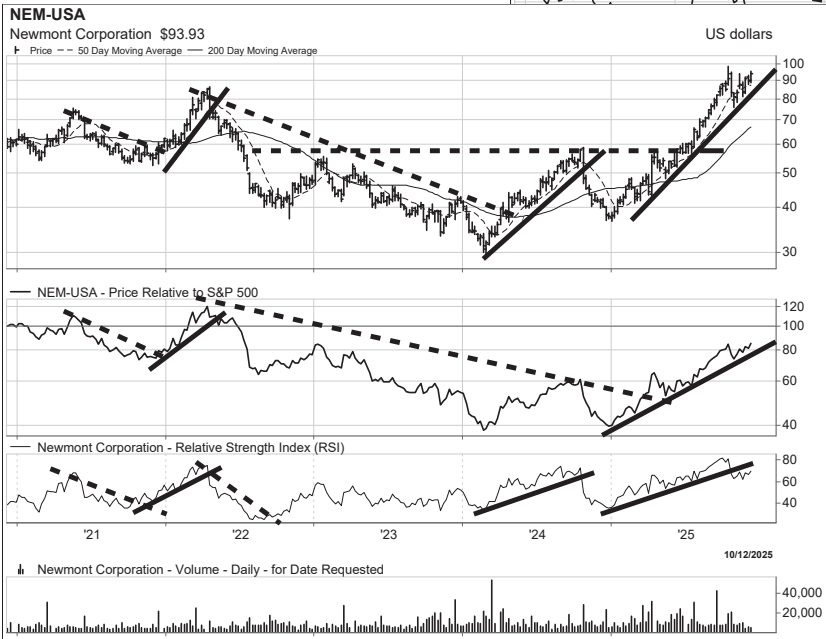
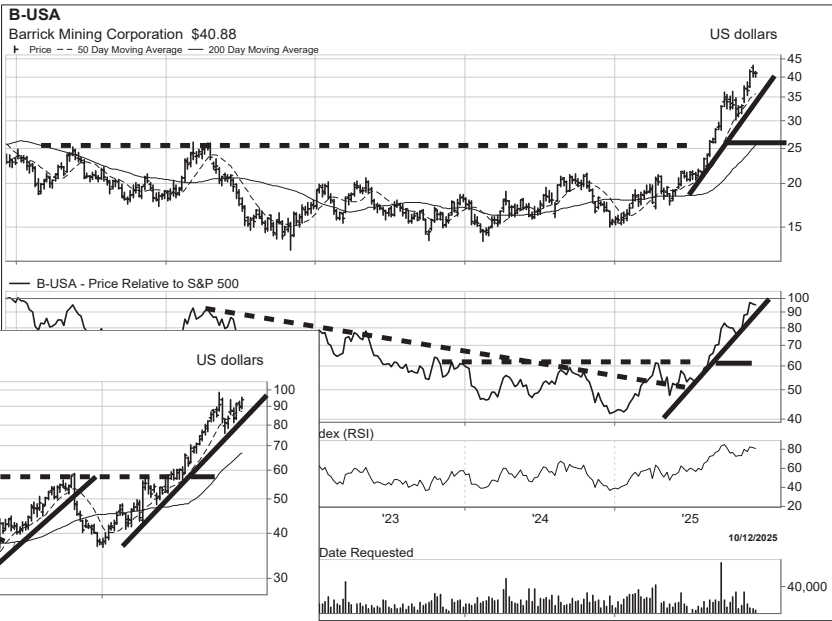


USLM: Buy. Price and RS uptrends remain intact.

MA-26 Gold, Western Hemisphere, Large-Cap



B: Buy. Price an RS uptrends remain intact.

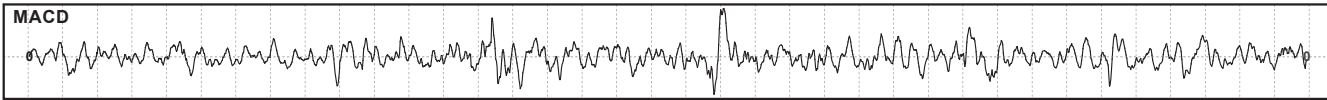
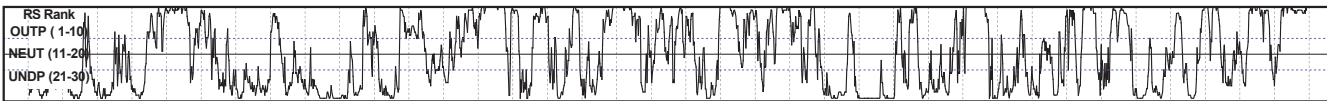
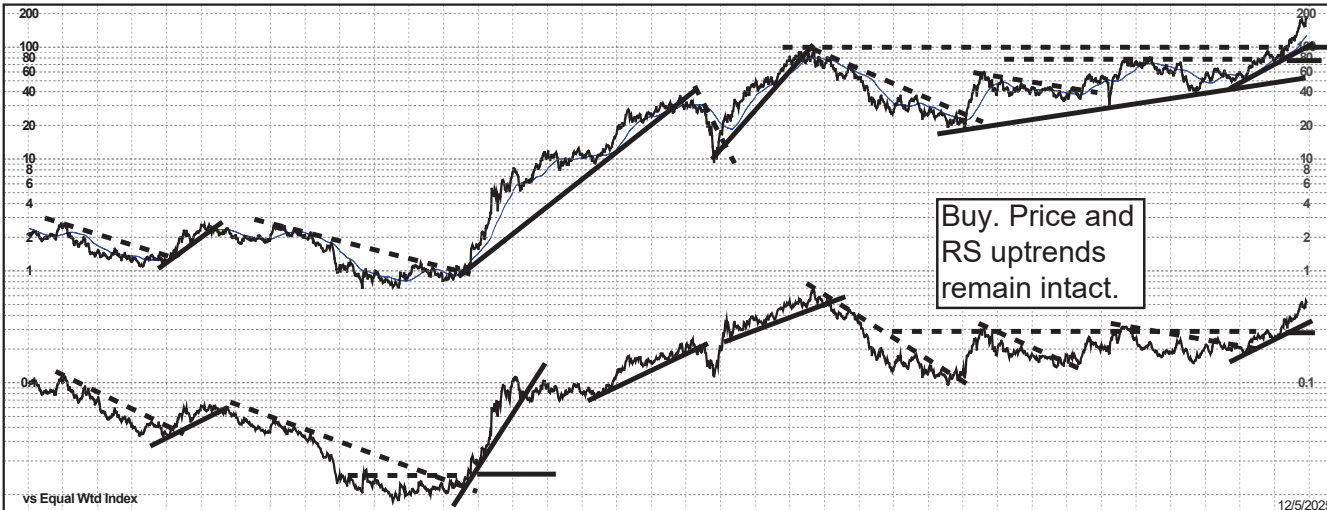


NEM: Buy. Price and RS uptrends remain intact.

STRATEGY: *Overweight Precious Metals Miners within Materials*

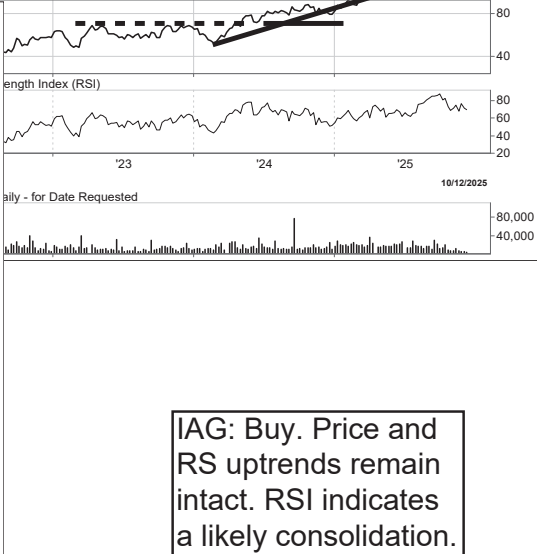
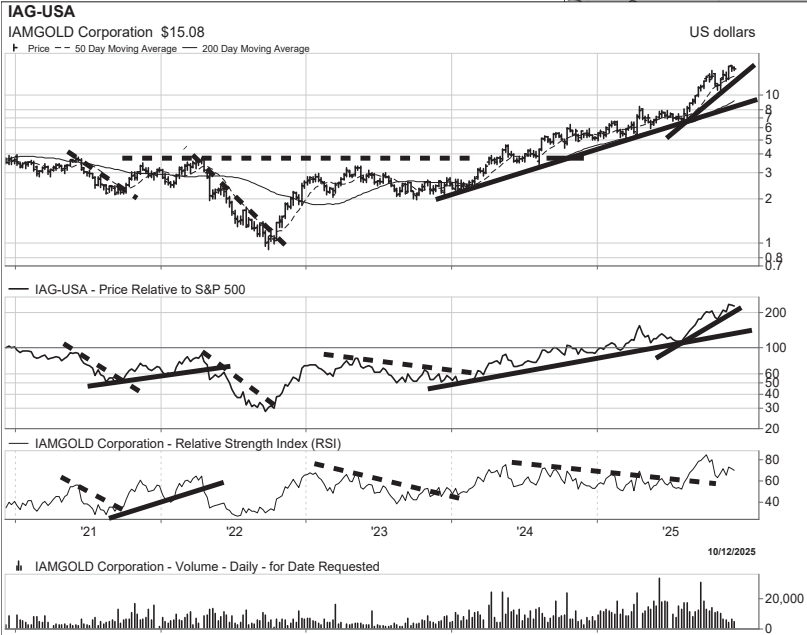
MA-27 Gold, Western Hemisphere, Small-Cap

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
KGC	1	U3	-	EGO	2	U3	+	EXK	1	U3	-	THM	2	D1	-	GORO	6	D1	-
RGLD	6	U3	-	BTD	6	D1	-	TGB	1	U3	+	VGZ	1	D1	-	AAUAF	30	D3	-
AGI	3	U3	-	NGD	1	U3	-	MUX	1	D1	-	USAU	3	D1	-				
IAG	1	U3	+	NG	1	U3	-	REEMF	12	D2	-	GDRZF	30	D3	-				
BVN	2	U3	-	SA	1	U3	+	JAGGF	1	U3	-	USGO	12	D2	-				

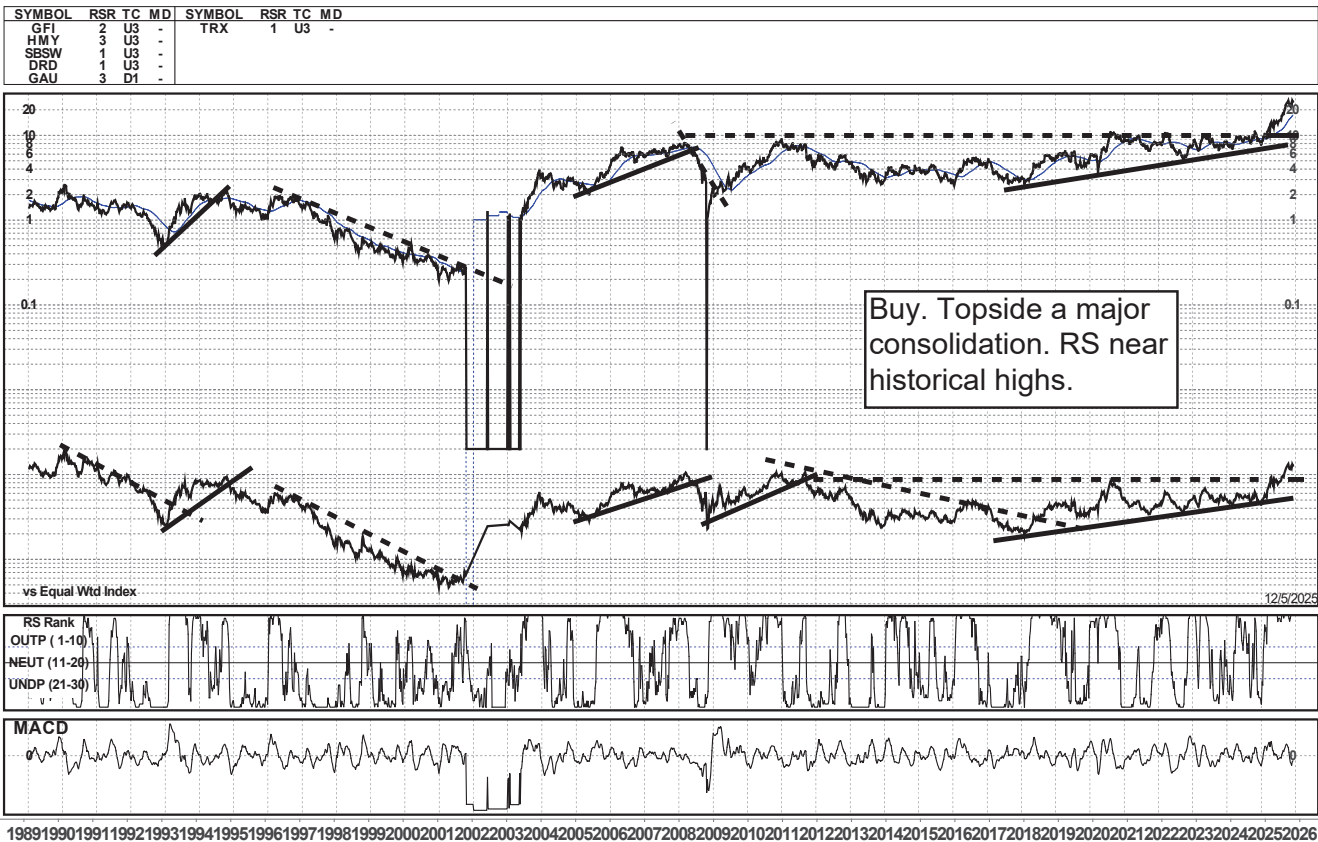


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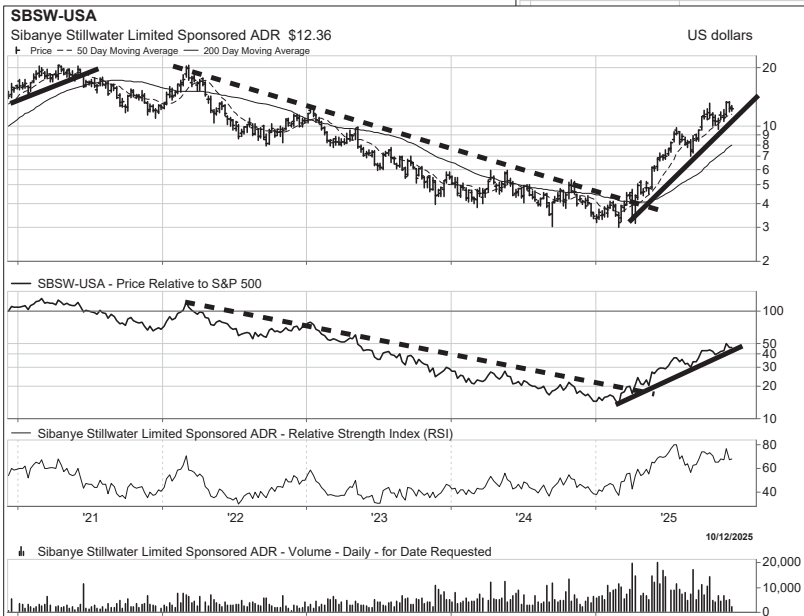
KGC: Buy. Price and RS uptrends remain intact.



MA-29 Gold, South Africa



GFI: Buy. Price  
an RS uptrends  
remain intact.

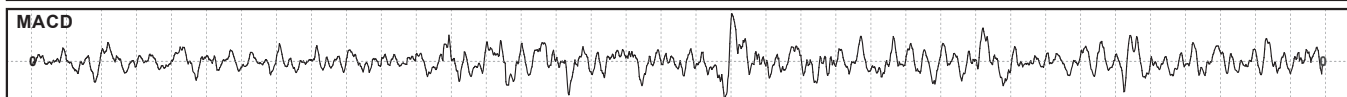
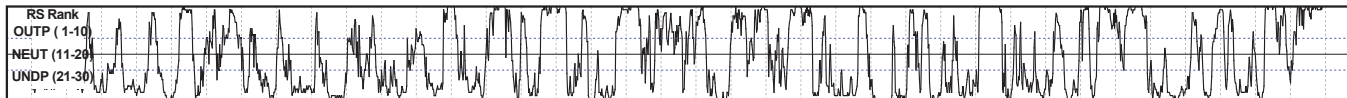
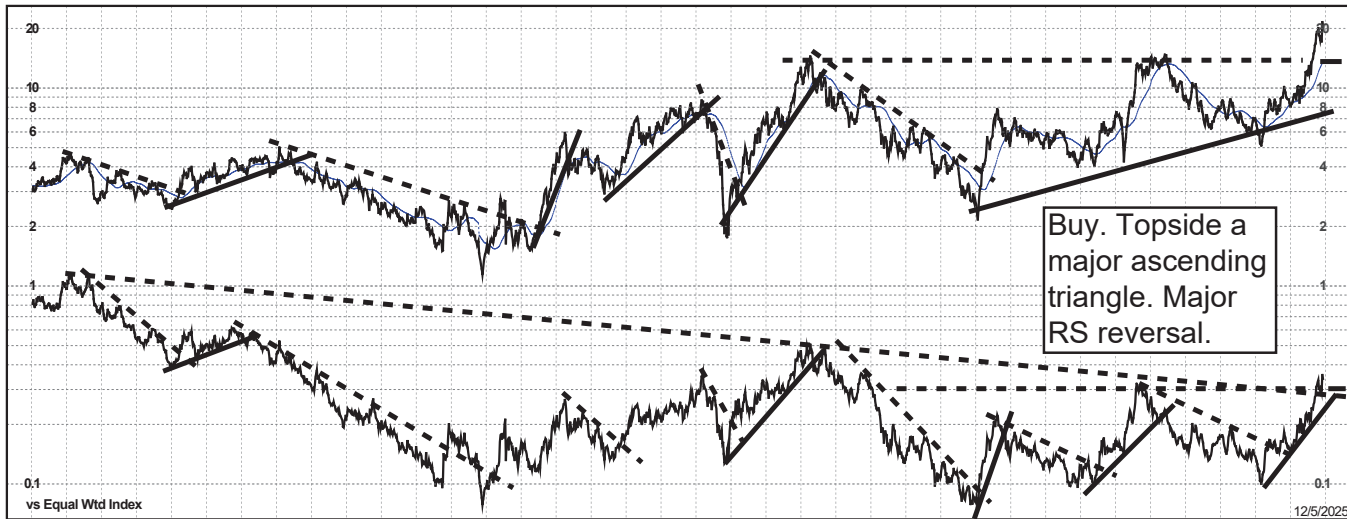


SBSW: Buy. Price  
and RS uptrends  
remain intact.

STRATEGY: *Overweight Precious Metals Miners within Materials*

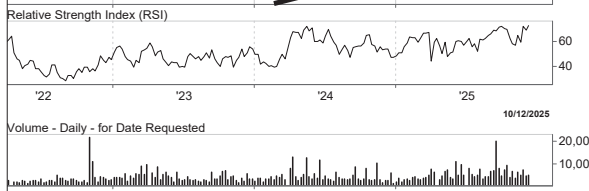
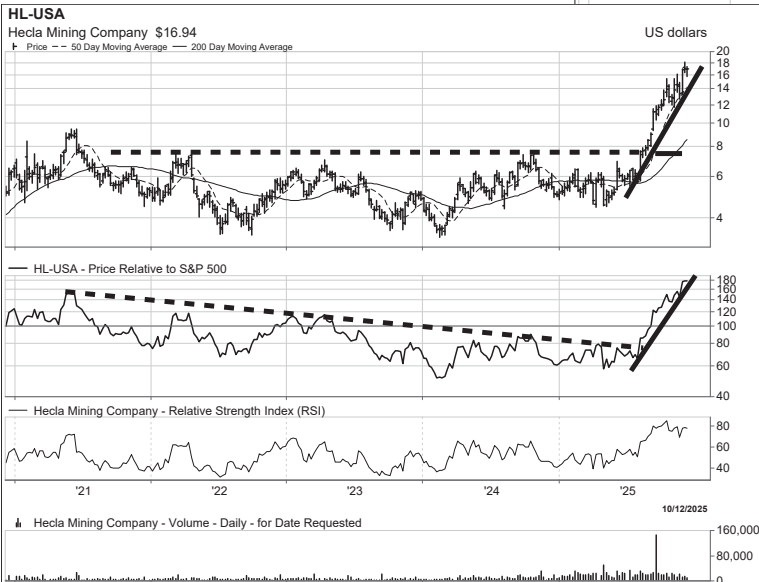
MA-30 Silver, Platinum

SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD	SYMBOL	RSR	TC	MD
WPM	8	U3	-	SSRM	3	D1	-	PLG	1	D1	-
PAAS	1	U3	-	FSM	3	U3	+				
HL	1	U3	-	EKK	1	U3	-				
CDE	3	D1	-	SVM	1	U3	-				
AG	1	U3	-	USAS	1	U3	-				



19891990199119921993199419951996199719981999200020012002200320042005200620072008200920102011201220132014201520162017201820192020202120222023202420252026

PAAS: Buy on any weakness. Bullish breakout. RS confirming the move.

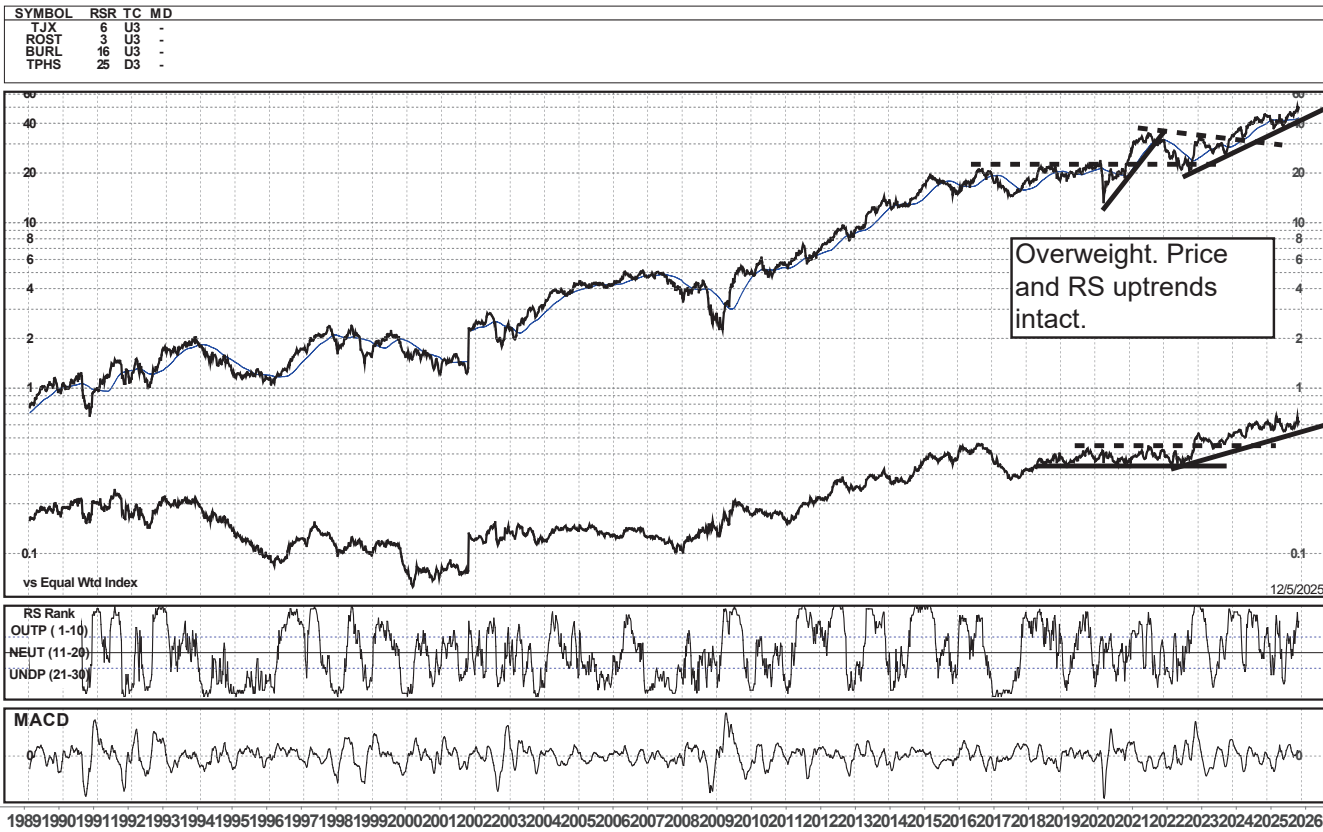


HL: Buy on any weakness. Price an RS uptrends remain intact.

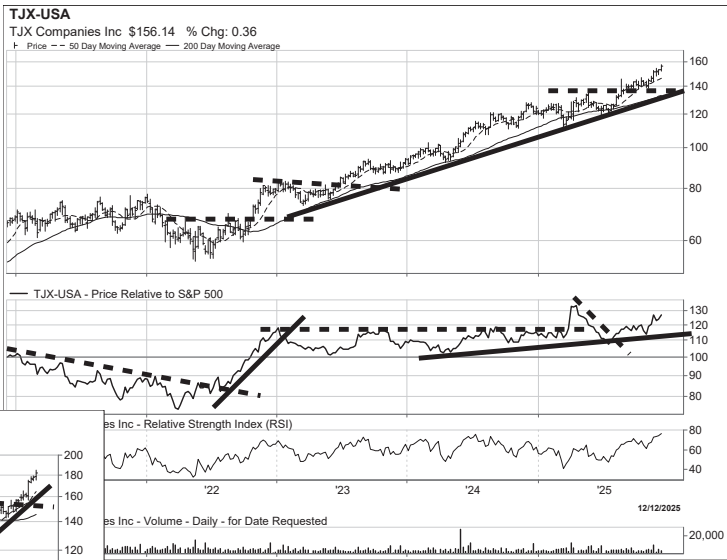


STRATEGY: Consumer Discretionary (XLY) is Improving -- Add Exposure

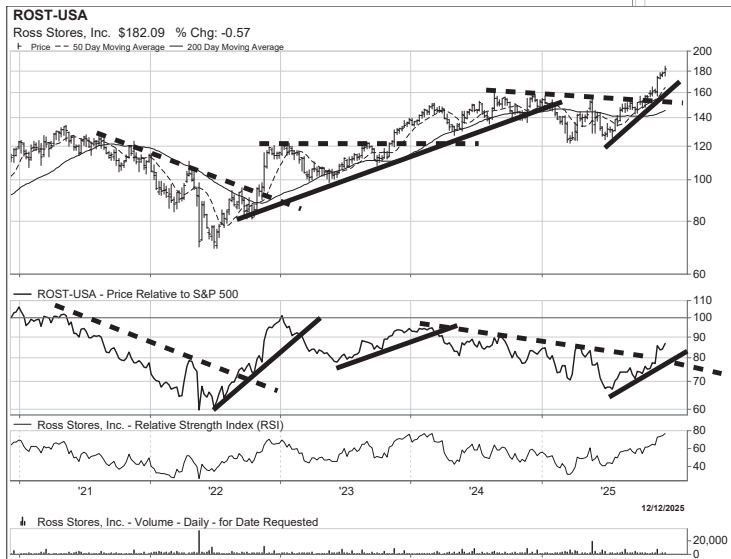
CD-36 Retailers, Off-Price



TJX: Buy/stay long.  
Price and RS  
uptrends intact.



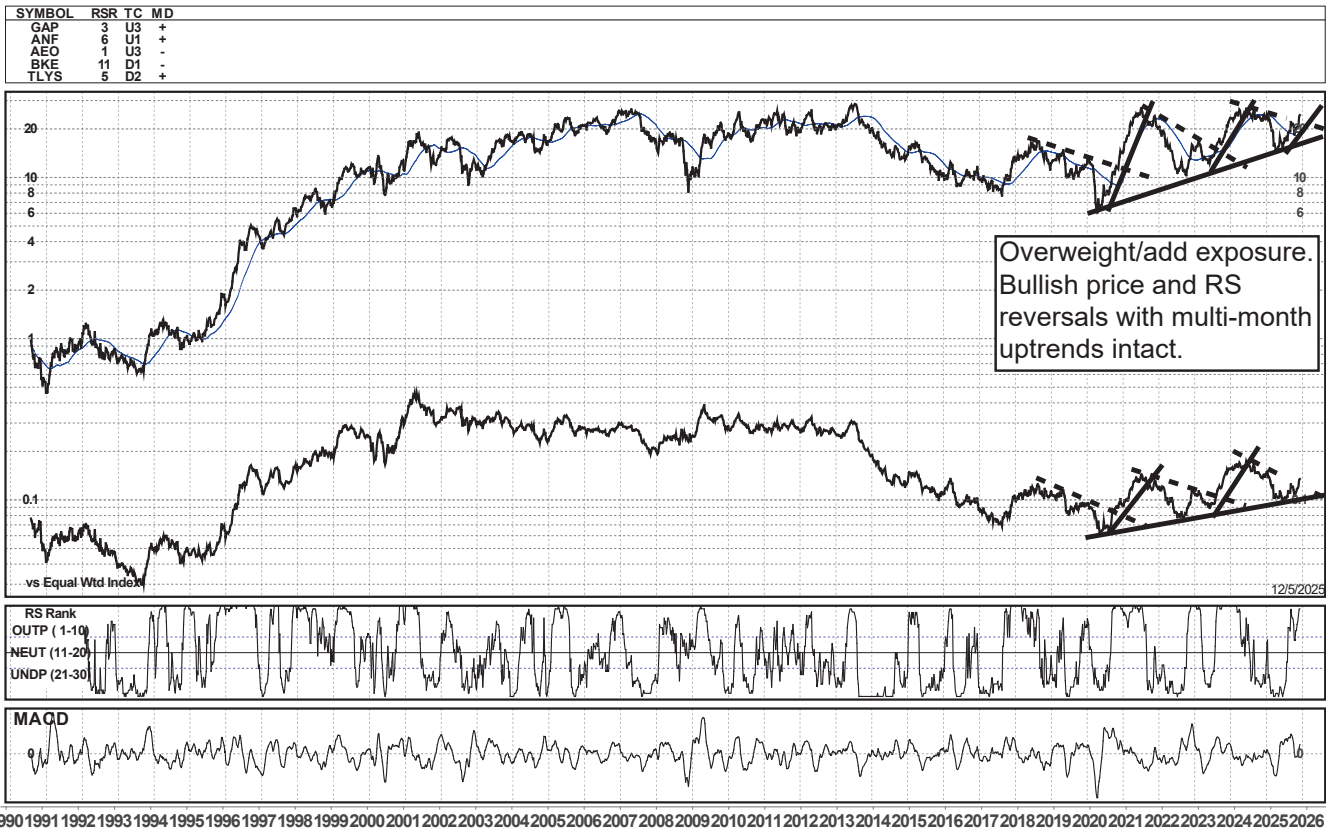
ROST: Buy/stay  
long. Price and RS  
uptrends intact.



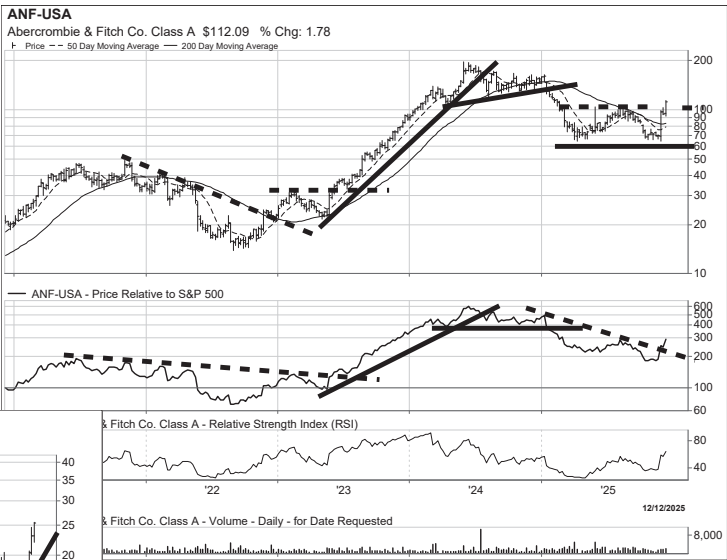


STRATEGY: Consumer Discretionary (XLY) is Improving -- Add Exposure

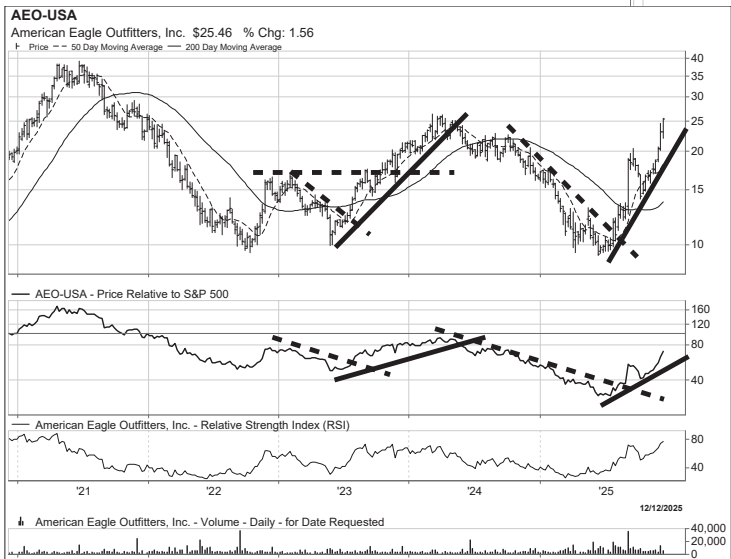
CD-38 Retailers, Teenagers



ANF: Buy. Price and RS base breakouts.



AEO: Buy pullbacks/ stay long. Price and RS uptrends intact.



**Technology: Overweight.** The 6.5+ month RS uptrend remains intact on cap-weighted Technology (**XLK**), and price and RS display major base breakouts on the Vermilion equal-weighted Sector as well. The Sector has sputtered recently as some AI-related names have stalled, but it is too early to call it anything other than healthy consolidation. Semiconductors and semiconductor-related Groups remain top picks. Our favorite Groups to overweight include TE-01 Semiconductors, Large-Cap (buy/stay long **TSM**, **MU**, and **ADI**), TE-04 Semiconductor Equip., Large/Mid-Cap (buy/stay long **ASML**, **AMAT**, **LRCX**, **KLAC**, and **TER**), TE-05 Semiconductor Equip., Small-Cap (buy pullbacks/stay long **AEIS**, **KLIC**, **ACMR**, **AXTI**, and **ASYS**), TE-08 Data Storage Solutions & Devices, Large-Cap (buy/stay long **STX** and **WDC**), TE-11 Electronic Manufacturing Services (buy pullbacks/stay long **CLS**, **FLEX**, and **FN**), TE-21 Optical Equipment (buy pullbacks/stay long **CIEN**, **LITE**, and **VIAV**), TE-36 Satellite Technology (buy pullbacks/stay long **SATS**, **GSAT**, and **GILT**), TE-40 Fuel Cells/Lithium Batteries (buy pullbacks/stay long **PLUG** and **FCEL**), and TE-50 Software, Operating Systems (buy/stay long **AAPL** and **PLTR**). Additional attractive Groups to be bought includes TE-03 Semiconductors, Small-Cap (buy/stay long **MTSI**, **TSEM**, and **SITM**).

**Communications: Overweight.** This Sector has formed a bullish base and is at multi-year highs and is pulling back and RS is showing near-term decay. Group CO-01 Broadcasting is breaking a price and RS downtrend and has a few attractive names in it including: **SATS**, **VSAT**, **EVC**, and **TV**. Group CO-09 Publishing, Small-Cap has several attractive names including. **NYT**, **GHC**, **TDAY**, **SCHL**, **DJCO**, **SSP**, and **PLBY**. CO-11 Telecomm Services, North America is reversing a 4-year downtrend in price and a 2-year RS downtrend. Attractive names include: **AMX**, **RCI**, and **GSAT**. Group CO-18 Telecomm Svcs., Israel has a couple of bullish names in it. Attractive names include: **CELJF** and **BCOMF**. Group CO-23 On-Line Search Engines has many attractive names in it including: **GOOGL** and **GOOG**.

**Financials: Upgrading today to market weight from underweight.** Small-Cap/Regional banks appeared to be breaking down a couple of months ago and reversed from their top formation. The cap-weighted **XLF** is nearing the former highs, and RS appears to have bottomed out. If you look at the RSR rankings in the top 30% of the market you will notice that much of the strength is relegated to foreign banks/ADRs. Group FN-01 European Banks is a leadership Group, and is at 8-year price and RS highs. Attractive names include: **HSBC**, **UBS**, **SAN**, **BBVA**, and **DB**. Group FN-02 U.K. Banks remain in a well-defined price and RS uptrend. Attractive names in this Group are: **BCS**, **LYG**, and **NWG**. Group FN-03 Canadian Banks is breaking to historical highs and RS is confirming the breakout. While these names remain bullish, they are very extended near-term. Attractive names include: **RY**, **TD**, **BMO**, and **BNS**. Group FN-04 Asian Banks is a leadership Group. Attractive names include: **MUFG**, **SMFB**, **MFG**, **ANZGY**, **IX**, **KB**, **SHG**, and **WF**. Group FN-05 Latin/South American Banks is a leadership Group and is hitting historical price highs and the RS uptrend remains intact. Attractive names include: **ITUB**, **BSBR**, **BAP**, **BCH**, **BBD**, **BBDO**, **BSAC**, **GGAL**, **BMA**, **BBAR**, and **BLX**. Group FN-06 Banks, Mid-Atlantic, Large-Cap is breaking to historical price highs and RS is breaking to 8-year highs. Attractive names include: **BK**, **VLY**, and **FNB**. Group FN-15 Banks, Super-Regional is breaking to historical price highs and RS is breaking topside of a major base that spans back to the 2009 levels, Attractive names include: **BAC**, **WFC**, **USB**, **TFC**, **FITB**, **RF**, **KEY**, and **CMA**. Group FN-27 Credit Card Issuers is a leadership Group. Attractive names include: **AXP** and **SYF**. Group FN-29 Pawn Shops/Cash Advances is a leadership Group. Attractive names include: **FCFS**, **ENVA**, **EZPW**, and **ELA**. Group FN-30 Investment Banking & Brokerage, Large-Cap is a leadership Group and has broken to all time price highs and RS is at highs not seen since 2009. Attractive names include: **JPM**, **MS**, **GS**, **NMR**, and **C**.

**Manufacturing: Market Weight.** The Price uptrend remains intact and RS remains in a well-defined uptrend on the Vermilion equal-weighted Sector. Many names are extended and we would be buyers on pullbacks only. With that said, the cap-weighted **XLI** displays broad consolidation and is emerging out to new highs, RS is reversing above the downtrend with a “V” reversal. Group MF-01 Industrial, Diversified, Large-Cap remains a leadership Group. Price and RS remain in a 3-year uptrend. Attractive names include: **MMM**, **MITSY**, **RTX**, **JCI**, and **DOV**. Group MF-02 Industrial, Diversified, Small-Cap reflects weaker RS, however a few names remain as leadership including: **ITT**, **FSS**, **CXT**, **SXI**, and **NVRI**. Group MF-04 Aero Defense, Small-Cap has several strong components reflecting good RS. Attractive names include: **SPXC**, **ITT**, **ST**, **BRC**, **SXI**, **NVRI**, and **AP**. Group MF-04 Aero Defense, Small-Cap is at all-time price and RS highs. Attractive names include: **COHR**, **AVAV**, **HII**, and **ORBT**. Group MF-06 Aerospace, Components, & Products, Small-Cap has several names that are leadership. Attractive names

include: **CW, HXL, EMBJ, AIR, ATRO, TATT, ATROB, and SIF**. Group MF-09 Aerospace, Controls/Simulation remains in a price and RS uptrend. This Group is very extended, and we would wait for pullbacks. Attractive names include: **KTOS, MOG.A, and ETCC**. Group MF-27 Roller & Ball Bearings is a leadership Group. Price is hitting historical highs and RS is confirming. Attractive names include: **RBC, SKFRY, TKR, and NNBR**. MF-32 Lighting Products/Systems is a leadership Group. Attractive names include: **AYI and OESX**. Group MF-37 Engineered Metals/Materials has many leadership names in it including: **COHR, LECO, MLI, VMI, NVRI, PKOH, FSTR, and MUEL**. Group MF-39 Batteries is a leadership Group as price and RS uptrends remain intact. Attractive names include: **ENS, SLDP, SES, TE, and ABAT**. Group MF-40 Energy Storage is a leadership Group and is breaking to 3-year price and RS highs. Attractive names include: **QS, ENS, EOSE, FLNC, and AMPX**.

**Transportation: Upgrading to market weight from underweight today.** This Sector is breaking to new highs and RS is staging a 2-year reversal. rebounded off the April lows and has a few areas of interest. Group TR-01 Airlines, Major is developing a major base and RS is reflecting improvement. Attractive names include: **DAL, UAL, and AAL**. Group TR-03 Airlines, South America, is a leadership Group and is breaking a 2-year price and RS downtrend. Attractive names include: **VLRS**. Group TR-05 Air Freight & Logistics is reversing a 1-year price downtrend and a 2-year RS downtrend. Attractive names include: **CHRW, EXPD, FDX, ZTO, and TFII**. Group TR-06 Air Freight & Logistics Mid/Small-Cap has several names that are inflecting bullishly. Attractive names include: **XPO, HUBG, and FWRD**. Group TR-08 Shipping, Dry-Bulk has several attractive companies in it including: **KEX, MATX, SBLK, DAC, NMM, CMRE, GNK, ASC, SB, DSX, HSHP, and ESEA**. Group TR-09 Shipping, Energy appears to be attempting a bottom. Attractive names include: **FRO, STNG, CMBT, INSW, NVGS, DHT, TNK, TEN, TK, NAT, SMHI, and KNOP**. Group TR-12 Trucking, Large-Cap is emerging as a leadership Group and is breaking a 2-year price and RS downtrend. Attractive names include: **ODFL, JBHT, SAIA, KNX, and LSTR**.

**Services: Market Weight.** Price and RS for equal-weighted Services remains in a period of consolidation – stay at market weight. Services Groups that are worthy of an overweight include SV-13 Construction & Engineering, Large-Cap (buy pullbacks/stay long **PWR and MTZ**) and SV-14 Construction & Engineering, Small-Cap (buy pullbacks/stay long **DY, IESC, PRIM, GVA, ECG, and ORN**). Additional attractive names from a bottoms-up perspective include: **G, BFH, SEZL, CTSH, EPAM, VSEC, HURN, OUT, CCO, FIX, FIGS, HCSG, CIFR, WULF, and HUT**.

**Utilities: Market Weight.** RS on the cap-weighted **XLU** is simply consolidating within a horizontal range and is testing support within the range; stay at market weight, but we would downgrade to underweight on a RS support violation. We continue to prefer power generation names (UT-18) as opposed to traditional electric utilities (which are much more defensive). Remain overweight Group UT-18 Independent Power Production (buy/stay long **GEV, CEG, NRG, TLN, and ORA**). We also want to overweight Group UT-15 Foreign, Asia (buy/stay long **KEP and KEN**). We want to be selective outside of the aforementioned Groups; additional attractive names highlighted today include: **BKH, NEW, AXIA, PAM, CDZI, and PCYO**.

**Consumer Discretionary: Underweight.** RS on cap-weighted Consumer Discretionary (**XLY**) is testing the YTD downtrend, while price is breaking out to all-time highs, above \$121.50 resistance. Our equal-weighted Sector is also on the cusp of a major bullish RS reversal. We have the Sector on watch for an upgrade, and there are plenty of attractive names to be bought now. Our favorite Groups to overweight include CD-36 Retailers, Off-Price (buy/stay long **TJX and ROST**), CD-38 Retailers, Teenagers (buy/stay long **ANF and AEO**), CD-42 Retailers, Major Department Stores (buy pullbacks/stay long **M and KSS**), CD-45 Retailers, Discount/Variety (buy **DG, DLTR, and FIVE**). Additional attractive Groups include CD-01 Major Auto Manufacturers (buy/stay long **TSLA, GM, and F**), CD-14 Apparel, Accessory & Luxury Goods, Large-Cap (buy/stay long **LVMUY, TPR, and RL**), CD-20 Hotels & Resorts, Large/Mid-Cap (buy/stay long **MAR, IHG, HTHT, and TNL**), CD-32 Retailers, Athletic Wear (buy pullbacks/stay long **ZUMZ**), CD-34 Retailers, Family Apparel (buy **URBN and CTRN**), CD-39 Retailers, Women's Apparel (buy/stay long **VSCO**), and CD-61 Online Car Sales (buy/stay long **CVNA and CARG**).

**Materials: Underweight.** Precious metals continue their climb and have built a base. The U.S. dollar is rolling over an unable to take out the 100 level on the **DXY** index. Base metals remain attractive with copper building a large base, aluminum breaking out, zinc developing a major base, and other non-ferrous metals related names



continue to accelerate. Chemicals and packaging/paper/lumber related names remain weak. It is important to know that Chemicals make up 70% of the XLB sector ETF and thus far the only reason we have an underweight in the Sector. Group MA-01 Metals, Steel, Integrated, U.S is breaking out to new highs and RS is near 52-week highs. Attractive names include: **NUE, STLD, CMC, SMSMY, RYI, ZEUS, and MTUS**. Group MA-02 Metals, Steel, Integrated, Non-U.S. is reversing a 2-year downtrend in price and RS. Attractive names include: **RIO, MT, TX, SID, and GGB**. Group MA-04 is breaking above a 17-year base and is making historical highs and 13-year RS highs. Aluminum has several attractive names such as: **RIO, NHYDY, AA, CENX, CSTM, and KALU**. Group MA-05 Engineered Metals & Materials is reversing a 3-year price and RS downtrends. Attractive names include: **MTRN, and EAF**. Group MA-11 Cement/Aggregates is at all-time high, Attractive names include: **VMC, MLM, USLM, CX, and CPAC**. Group MA-20 Diversified Mining is reversing a 4-year price and RS downtrend. Attractive names include: **BHP, RIO, NGLOY, TECK, ANGPY, and NEXA**. Group MA-23 Copper remains bullish and is hitting a historical price high and a 13-year RS high. Attractive names include: **SCCO, FCX, TECK, LUNMF, TGB, TMQ, and WRN**. Group MA-24 Mining, Non-Ferrous metals displays 5-year bullish price and RS downtrend reversals. Attractive names include: **LUNMF, HBM, IE, NAK, OMEX, and AVLNF**. Group MA-26 Gold, Western Hemisphere, Large-Cap is breaking to all-time historical highs and RS is breaking 12-year highs. Despite the amazing run in Gold, the equities remain underperformers and may likely move higher even if gold stays flat. Group MA-27 Gold, Western Hemisphere Small-Cap became extended and is now suffering a pullback. We would like to see the constituents pull back to the longer-term uptrends. This will likely take time to stabilize. Attractive names include: **KGC, RGLD, AGI, BTG, BVN, IAG, EXK, SMSTF, USGO, USAU, GORO, and AAU**. Group MA-30 Silver Platinum is very extended and is suffering a pullback. Longer-term this remains very bullish, and it will take time to correct back to its uptrend. Patience is key. Attractive names include: **WPM, PAAS, CDE, AG, SSRM, MAG, FSM, SVM, USAS, and PLG**. Group MA-31 Mining, Uranium is a leadership Group. Attractive names include: **CCJ, LEU, and UUUU**.

**Health Care: Underweight.** Remain underweight, but continue to overweight biotechnology. Long-term RS downtrends remain intact on the cap-weighted **XLV** and equal-weighted **RSPH**. However, price and RS display multi-year bullish price and RS reversals on our equal-weighted Sector, which is heavily skewed to mid-cap biotechnology stocks. Our favorite Groups to overweight include HC-05 Pharmaceuticals, Generic (buy/stay long **TEVA, VTRS, and AMRX**), HC-07 Biotech, Mid-Cap (buy/stay long **UTHR, IONS, and MDGL**), HC-08 Biotech, Small-Cap (buy pullbacks/stay long **BBIO, KRYS, PTGX, and CRNX**), HC-33 Nursing Homes & Assisted Living (buy/stay long **BKD, NHC, and PNTG**), and HC-35 PBMs (buy pullbacks/stay long **BTSG and OPCH**). Additional attractive Groups to be buying include HC-01 Pharmaceuticals, Mega-Cap (buy/stay long **LLY, JNJ, and MRK**), HC-02 Pharmaceuticals, Large-Cap (buy/stay long **GSK and BAYRY**), HC-04 Pharmaceuticals, Small-Cap (buy/stay long **CORT and DBVT**), HC-06 Biotech, Large-Cap (buy/stay long **REGN and BIIB**), HC-09 Biotech, Micro-Cap (buy pullbacks/stay long **SYRE, TRVI, and GOSS**), HC-14 Diagnostic & Test Products (buy/stay long **IDXX and CSTL**), and HC-15 Diagnostic & Test Services (buy/stay long **NTRA and GH**).

**Energy: Underweight.** Offshore Drillers and Services names are the more interesting areas in this Sector. Crude is once again breaking down and it appears that \$55 is the support level we should see soon. The cap-weighted Sector (**XLE**) was unable to break above the resistance level of \$46 and stay above that level. The price uptrend is intact, but RS remains confined to a downtrend. A move above this would be constructive. Group EN-01 is also near an important resistance level, but RS is attempting a reversal with many names reflecting a turn in RS. It appears that **SHEL, BP, XOM, and SSL** are attempting to bottom. Group EN-05 Oil & Gas E&P, Canadian is inflecting a downtrend and RS is turning up at support. Attractive names include: **CNQ, SU, IMO, CVE, and OVV**. Group EN-14 Oil & Gas Equip/Services has a couple of interesting names technically including. **SLB, HAL, and BKR**. Group EN-15 Oil & Gas Equip/Svcs., Small-Cap remain in a multi-year price uptrend and RS remain constructive. Attractive names include: **GTLS, NOV, WFRD, WHD, LBRT, CLB, NGS, SEI, WTTR, PUMP, NPKI, TTI, FTK, and FET**. Group EN-16 Oilfield Services, Offshore has pulled back to major support from the 2022 breakout. There are many names that are bottoming in this Group. Attractive names include: **FTI, SUBCY, OIL, INVX, HLX, OIS, GIFL, KLNG, and TDW**. Group EN-17 Oil & Gas Drilling, Offshore is bottoming. Attractive names include: **VAL, NE, RIG, BORR, and SDRL**. Group EN-18 Oil & Gas Drilling, Land is reversing a 3-year price and RS downtrend. Attractive names include: **HP, PTEN, BORR, PDS, and NBR**. Group EN-20 Refining remains

in a price and RS uptrend. Attractive names include: **MPC, PSX, DINO, CVI, PBF, CLMT, PARR, and DK**. Group EN-22 Coal is a leadership Group and is nearing 10-year RS highs. Attractive names include: **YZCAY, BTU, METC, HNRG, and HCC**. Group EN-24 Ethanol remains in a price and RS uptrend. Attractive names include: **ANDE, REX, GPRE, and ALTO**.

**Real Estate: Underweight.** RS on the equal-weighted Vermilion Sector continues to decline and recently broke to new lows. Group RE-01 Real Estate Developers has a few attractive names in it including: **CBRE, CKHUY, BN, JLL, JOE, NDVLY, PINE, CTO, and GZTGF**. Group RE-04 REITs, Mortgage also has a few interesting names including: **NLY, DX, ARR, ORC, ADAM, IVR, MITT, and ACR**. Group RE-09 REIT's, Healthcare is developing a base and is near 3-year highs. RS remains in a 2-year uptrend but the Group overall is spotty with some underperforming and a few that are interesting technically. The more attractive names include: **WELL, VTR, OHI, and MPW**.

**Consumer Staples: Underweight.** The 7-month RS downtrends remain intact on both our equal-weighted Sector and the cap-weighted **XLP**, though RS is approaching downtrend resistance on the XLP. Continued underperformance remains a crucial risk-on signal for the S&P 500. One Group to remain overweight is CS-06 Food Distributors (buy/stay long **USFD and WILC**). Additional attractive names from a bottoms-up perspective include: **WMT, PSMT, MNST, COKE, COCO, FMX, KOF, CASY, CAAP, TPB, EL, NUS, CVS, HLF, and NATR**.

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*December 16, 2025*

*Charts courtesy of FactSet Data Systems and Vermilion Technical Research*