

4/29/24

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Pullback Complete?

While the market remains in consolidation/pullback mode and we are not out of the woods, it is quite possible that the lows are in for this pullback on the S&P 500. Since late-February, we have discussed important gap support from 2/22/24 at 4983-5050 on the S&P 500, and that as long as the S&P 500 is above 4983 the bulls remain in control; so far, this pullback has been limited to filling this gap. 4920-4950 is now support; in order to get a larger pullback to 4800, the 4920-4950 level would need to break. And, to reiterate, as long as the S&P 500 remains above 4800, we view pullbacks as buying opportunities.

- **Upgrades & Downgrades.** We are upgrading Industrials (XLI) to overweight, and also upgrading Utilities (XLU) to market weight -- add exposure. Additionally, we are downgrading Technology (XLK) to market weight with RS entering a period of consolidation. This is all part of a larger shift from growth to value across the market cap spectrum... *see pages 3-4.*

- **Big Picture Trends.** Most market dynamics continue to lean bullish, including high yield spreads at 2+ year narrows, RS for defensive Sectors still below their October 2023 lows for Staples (XLP), Health Care (XLV), and Utilities (XLU), and several key commodities below critical resistances (WTI crude oil, gasoline, Bloomberg Commodity index). Treasury yields and the U.S. dollar (DXY) are testing important resistances from October/November 2023. We also continue to see far more *constructive* long-term price patterns (RSP, IWM, ACWI, ACWX, EFA, EEM, FM, KBE, IAI, ITB, ARKF, ARKW, XLE, IGV) than *bearish* ones (XBI)... *see page 2.*

- **Actionable Industry ETFs:** COPX, GDX, SMH, and BITQ... *see page 9.*

- **EM and Int'l Markets.** MSCI EAFE (EFA) and MSCI EM (EEM) are holding above key supports -- add exposure... *see page 10.*

- **Actionable Int'l ETFs:** DXJ, HEDJ, EIRL, EWU, EWJ, KWEB, MCHI, and EPU... *see pages 11-12.*

Sector Weighting Recommendations

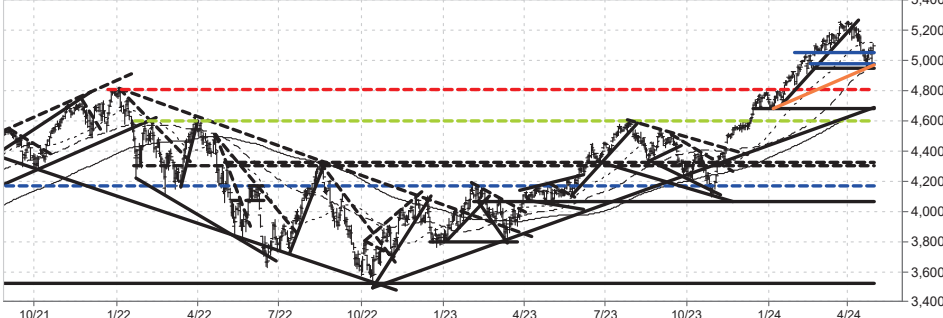
Sector	Under-Weight	Market-Weight	Over-Weight
Comm. Services (XLC)		X	
Cons. Discretionary (XLY, RSPD)		X	
Cons. Staples (XLP)	X		
Energy (XLE)		X	
Financials (XLF)		X	
Health Care (RSPH, XLV)		X	
Industrials (RSPN, XLI)		X	X
Materials (XLB)		X	
Real Estate (XLRE)	X		
Technology (XLK, RSPT)		X	X
Utilities (XLU)	X	X	

Several weighting changes.

S&P 500

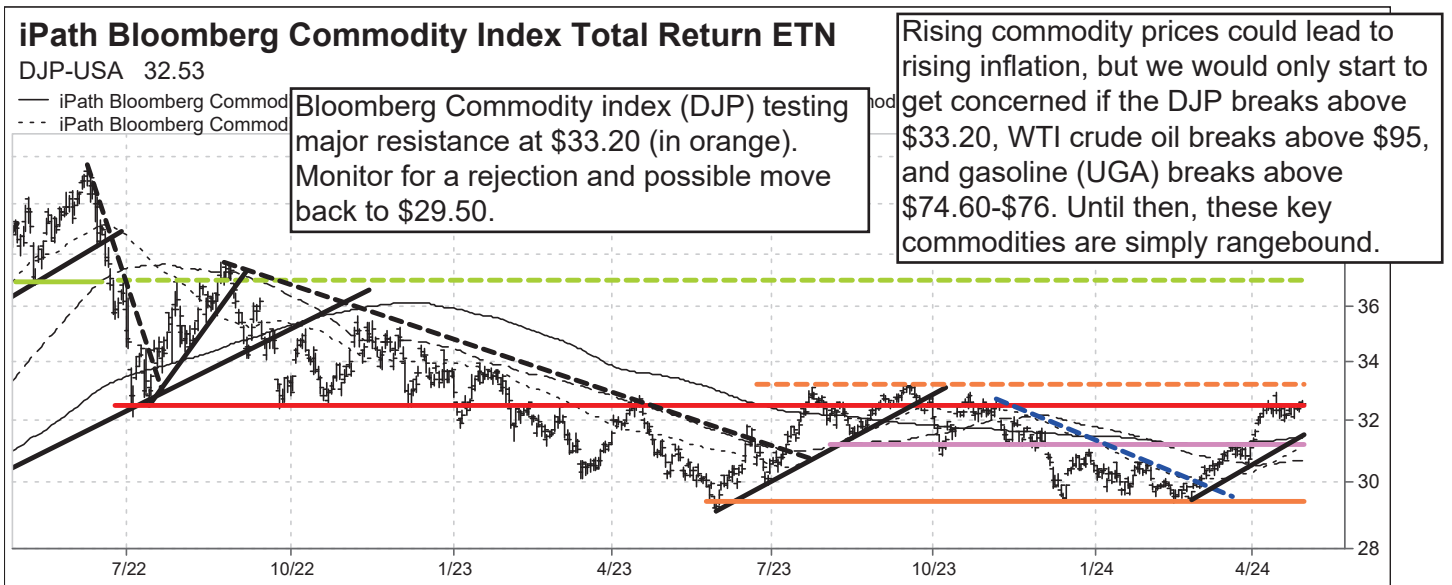
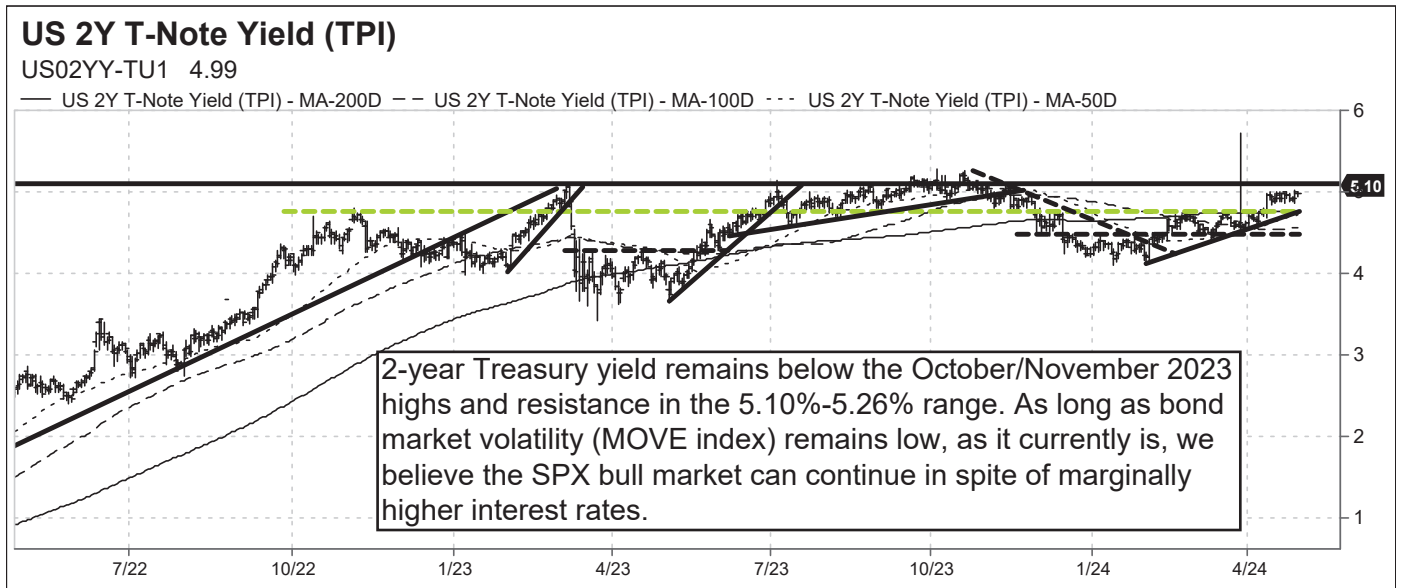
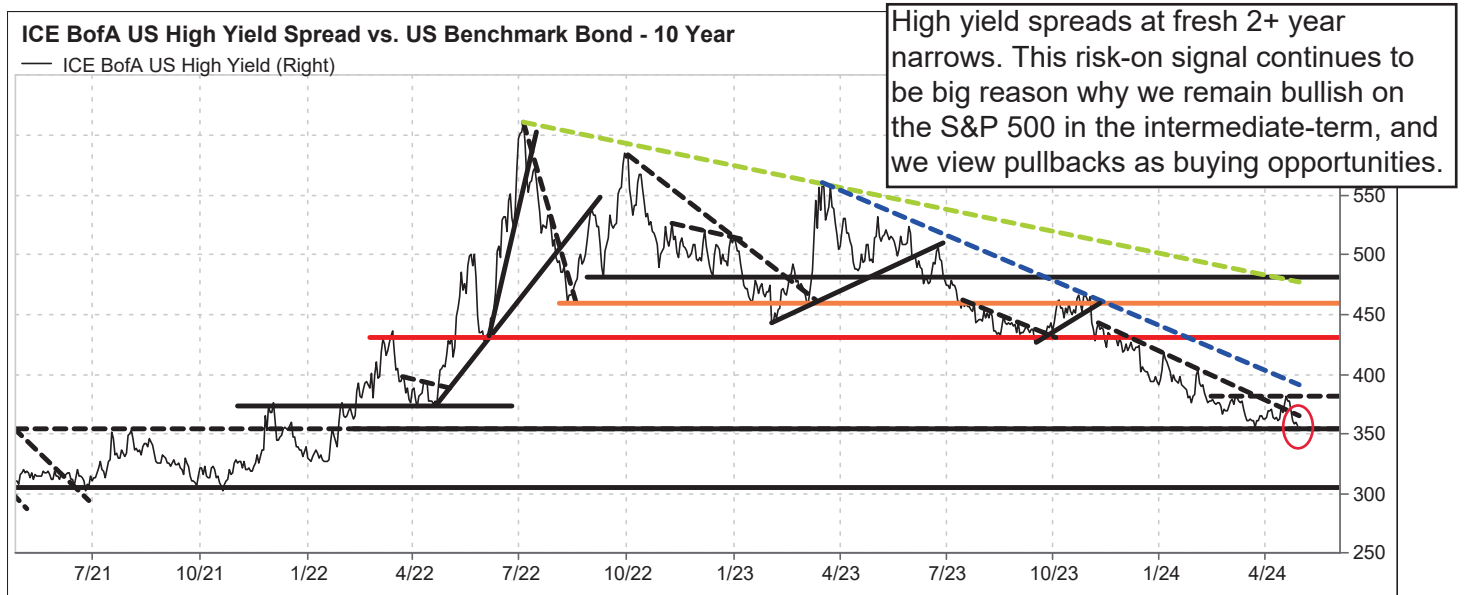
SP50-USA 5099.96

— S&P 500 - MA-200D -- S&P 500 - MA-100D ... S&P 500 - MA-50D



Since late-February we have discussed gap support from 2/22/24 at 4983-5050 as a critical support level (in blue). So far it has held and this looks like a normal/healthy pullback within the ongoing bull market. We believe this could be forming a new uptrend (in orange). 4920-4950 is support; only a break below 4920 would open the door for a potential visit to 4800.

Market Dynamics Continue to Lean Bullish

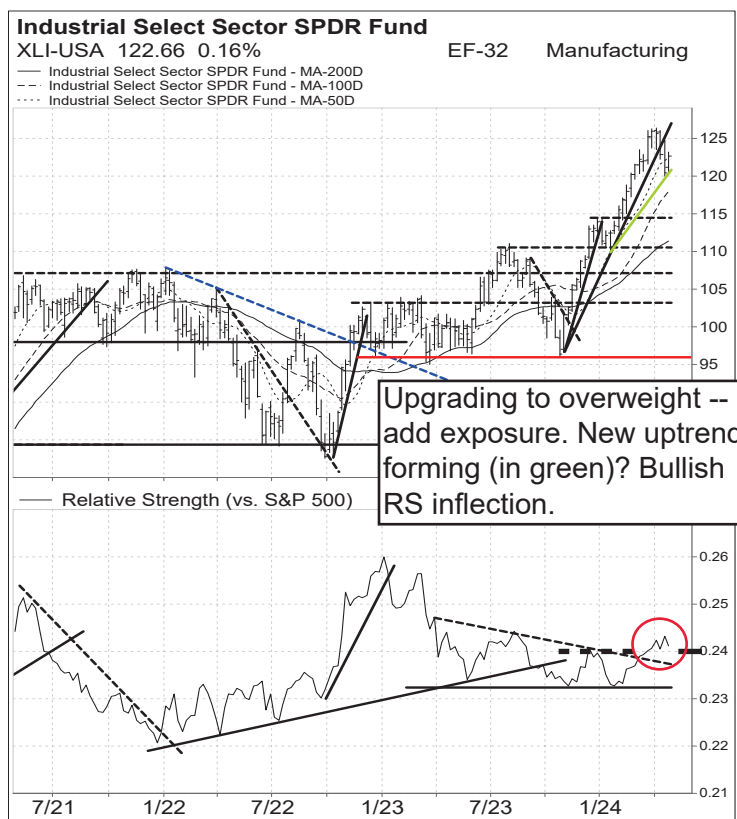


Industrials (XLI & RSPN): Overweight (upgrading today from Market Weight)

- **UPGRADE.** We are upgrading Industrials to overweight; RS on *cap-* and *equal-weighted* Industrials (**XLI**, **RSPN**) displays bullish inflections -- add exposure. We expect price on the **XLI** to form a new, less-steep uptrend following its steep 5.5-month uptrend violation. Major support is at \$110-\$114.
- Aerospace/defense stocks remain bullish. Buy/stay long: **AXON**, **GD**, **GE**, **HWM**, **LHX**, **RTX**, **TDG**, & **TXT**.
- Additional attractive names include: **RSG**, **WM**, **PWR**, **UBER**, **URI**, **BLDR**, **CARR**, **JCI**, **TT**, **CPRT**, **CTAS**, **VLTO**, **AME**, **ETN**, **GEV**, **GNRC**, **HUBB**, **CAT**, **CMI**, **DOV**, **IR**, **PCAR**, **PH**, **PNR**, **WAB**, **XYL**, **DAL**, **UAL**, **LDOS**, and **MMM** (bottom-fishing candidate).

Top 10 Holdings (XLI)

Ticker	Weight (%)	Ticker	Weight (%)
CAT	4.9	HON	3.4
GE	4.5	ETN	3.4
UBER	4.1	UPS	2.8
UNP	3.8	DE	2.7
RTX	3.5	ADP	2.7

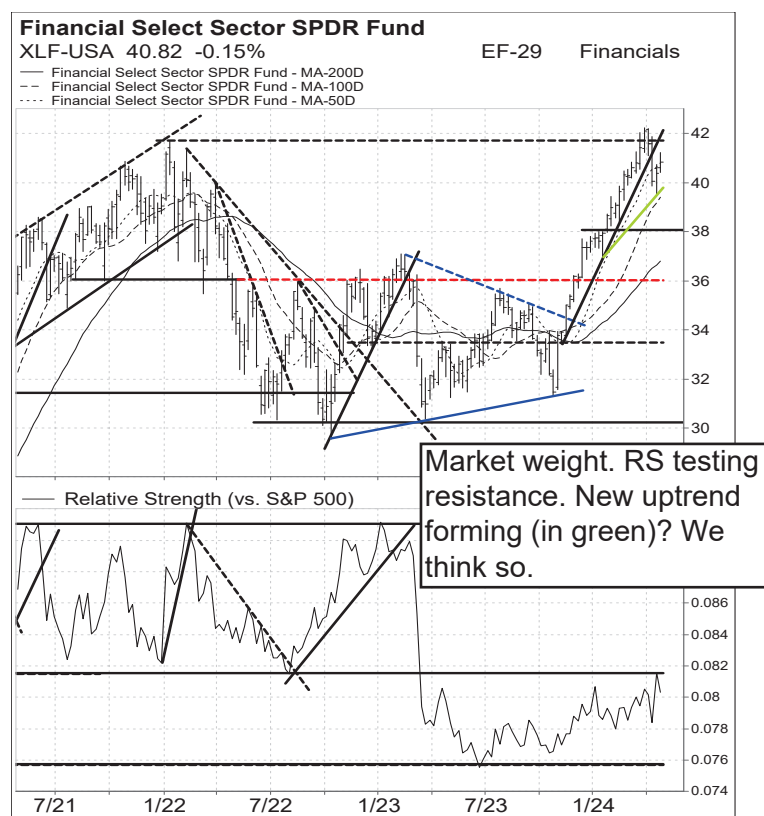


Financials (XLF): Market Weight

- In our previous *ETF Pathfinder* (4/15/24) we discussed how we would not be surprised if a new, less-steep, uptrend forms on *cap-weighted* Financials (**XLF**). This new uptrend already appears to be taking shape -- buy. Supports to watch include \$40.50 followed by \$39.30, \$38, and \$37. RS is testing resistance, and we would upgrade the Sector to overweight on a RS breakout.
- Credit card issuers remain internal leadership -- buy/remain overweight: **AXP**, **COF**, **DFS**, and **SYF**.
- Additional attractive names include: **BAC**, **C**, **JPM**, **WFC**, **GS**, **SCHW**, **FI**, **FIS**, **MA**, **V**, **AMP**, **BK**, **BX**, **CBOE**, **RJF**, **AIG**, **ALL**, **PGR**, **PRU**, and **PYPL** (bottom-fishing candidate).

Top 10 Holdings (XLF)

Ticker	Weight (%)	Ticker	Weight (%)
BRK.B	13.3	WFC	3.7
JPM	9.6	SPGI	2.4
V	7.9	GS	2.3
MA	7.0	AXP	2.3
BAC	4.5	PGR	2.2



Technology (XLK): Market Weight (downgrading today from Overweight)

- **DOWNGRADE.** We are downgrading Technology to market weight; RS on the *cap-weighted XLK* is breaking below the January 2024 lows, while RS on the *equal-weighted RSPT* is violating major support. We are still bullish on XLK and RSPT from a price perspective, but they are no longer leadership. \$193.50 is support to watch on the XLK.
- Semiconductors (**SMH, SOXX**) remain leadership -- remain overweight/buy. Attractive names: **NVDA, AMAT, AMD, AVGO, KLAC, LRCX, MCHP, ADI, MPWR, MU, NXPI, QCOM, QRVO**, and bottom-fishing candidates **FSLR, TER, and TXN**.
- Also attractive: **SMCI, ANET, MSI, APH, CDW, TRMB, ZBRA, IT, NTAP, WDC, CDNS, CRM, INTU, MSFT, NOW, ORCL, PANW, PTC, SNPS, and TYL**.

Top 10 Holdings (XLK)			
Ticker	Weight (%)	Ticker	Weight (%)
MSFT	23.4	AMD	2.8
AAPL	20.2	ADBE	2.3
AVGO	4.7	ACN	2.1
NVDA	4.5	CSCO	2.1
CRM	3.1	ORCL	2.1



Utilities (RSPU, XLU): Market Weight (upgrading today from Underweight)

- **UPGRADE.** We are upgrading Utilities to market weight; RS on the *cap-weighted XLU* and *equal-weighted RSPU* display bullish 1+ year RS downtrend reversals -- add exposure. Price on the XLU remains bullish following the 1+ year downtrend reversal discussed in our previous *ETF Pathfinder* (4/15/24).
- Utility stocks that we continue to like within the S&P 500 include: **CEG, NRG, NEE, D, and PEG**. Four new recommendations that we view as attractive bottom-fishing candidates include **AEP, ETR, SO, and NI**.

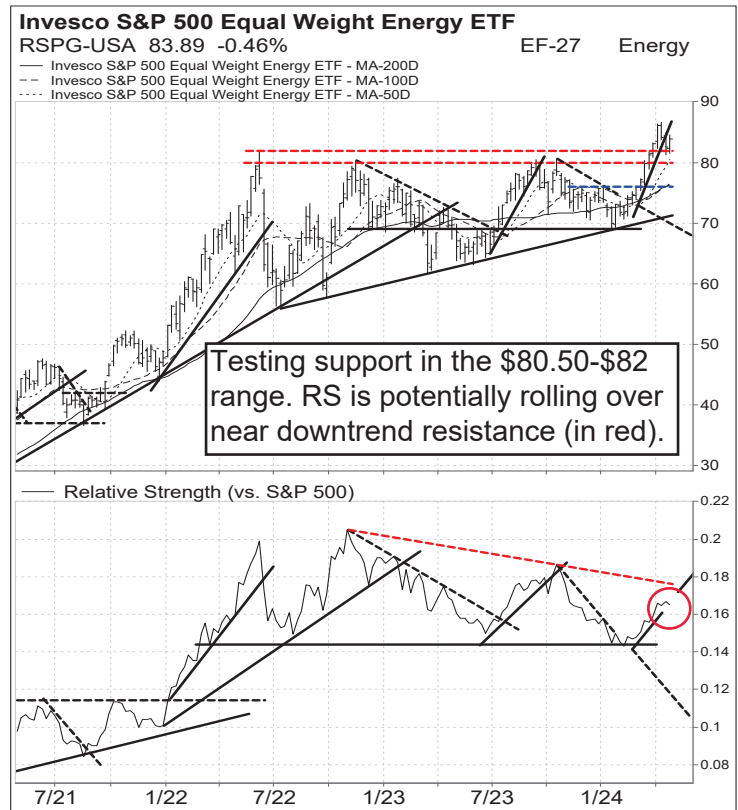
Top 10 Holdings (XLU)			
Ticker	Weight (%)	Ticker	Weight (%)
NEE	13.6	AEP	4.5
SO	7.9	D	4.3
DUK	7.7	EXC	3.8
CEG	6.4	PCG	3.7
SRE	4.6	PEG	3.5



Energy (XLE, RSPG): Market Weight

- We remain bullish on *cap-* and *equal-weighted* Energy (XLE, RSPG) as they hold above major 2-year supports of \$80.50 and \$94, respectively. Just know that a breakdown below these support levels would be bearish, and we would sell. RS continues to improve following the bullish reversal in February 2024, but remains within a long-term downtrend/consolidation -- stay at market weight.
- Avoid the large-cap oil services/equipment names (ETF: OIH), as they are laggards.
- Attractive names include: **COP, EOG, FANG, HES, MPC, OKE, PSX, PXD, TRGP, VLO, WMB**, and bottom-fishing candidates **EQT, CTRA, CVX, DVN, MRO, and OXY**.

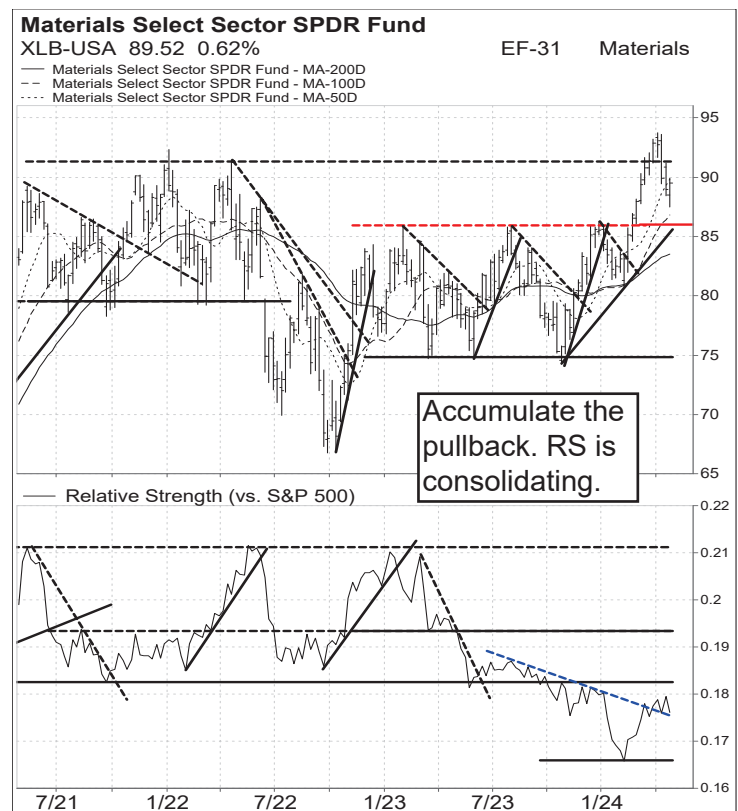
Top 10 Holdings (XLE)			
Ticker	Weight (%)	Ticker	Weight (%)
XOM	23.2	SLB	4.4
CVX	16.3	PSX	4.1
COP	9.1	PXD	3.7
EOG	4.7	VLO	3.5
MPC	4.5	WMB	2.7



Materials (XLB): Market Weight

- Cap-weighted* Materials (XLB) displays a buyable pullback after failing at multi-year resistance of \$92. It is still possible the XLB could revisit the \$86 area, which remains key support. We would be buyers at \$85-\$86.
- Cement/aggregates remain bullish. Buy/stay long **MLM** and **VMC**.
- Additional attractive names: **FCX, STLD, ECL, EMN, AVY, BALL, WRK**, and bottom-fishing candidates **NEM, DOW, and IFF**.

Top 10 Holdings (XLB)			
Ticker	Weight (%)	Ticker	Weight (%)
LIN	21.4	NUE	4.7
SHW	7.4	NEM	4.4
FCX	7.0	DOW	4.0
ECL	5.6	CTVA	3.7
APD	5.1	MLM	3.7

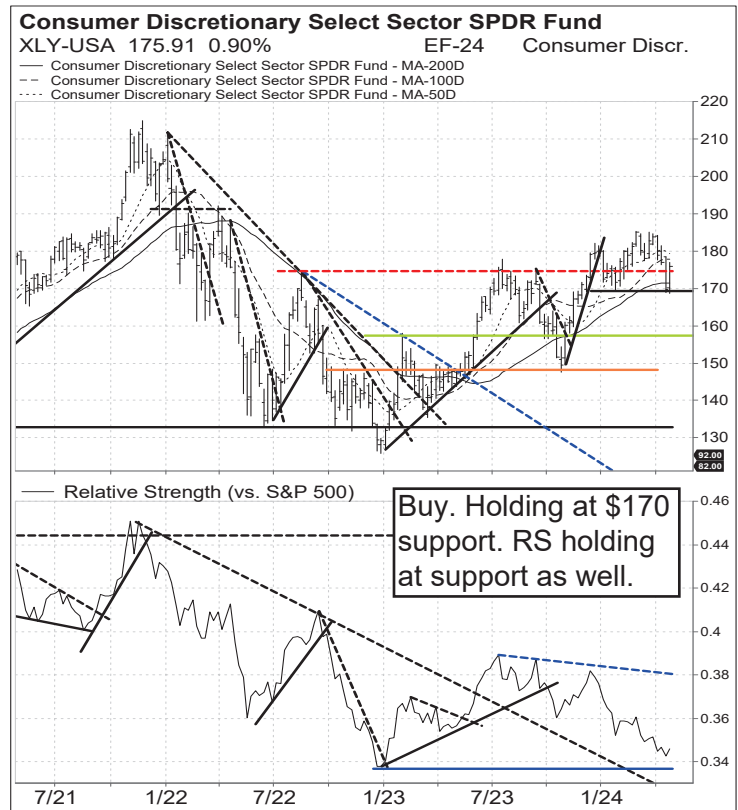


Consumer Discretionary (XLY, RSPD): Market Weight

- *Cap-weighted* Consumer Discretionary (**XLY**) fell back below 1.5+ year base support at \$175, but is now testing support at \$170 -- add exposure. The *equal-weighted* Sector (**RSPD**) remains above major support at \$46.50-47.50. RS is testing support both the XLY and RSPD, and we expect RS support to hold.
- Restaurant stocks remain attractive. Buy/stay long: **CMG**, **DPZ**, and **YUM**.
- Additional attractive names include: **AMZN**, **EBAY**, **ABNB**, **BKNG**, **EXPE**, **HLT**, **MAR**, **RCL**, **TSCO**, **DECK**, **RL**, **GRMN**, **NVR**, **PHM**, **DHI**, **LEN**, **MHK**, **GM**, **GPC**, **HAS**, **AZO**, and **TSLA** (bottom-fishing candidate).

Top 10 Holdings (XLY)

Ticker	Weight (%)	Ticker	Weight (%)
AMZN	24.8	BKNG	3.5
TSLA	13.0	NKE	3.2
HD	9.4	TJX	3.0
MCD	4.2	SBUX	2.7
LOW	3.8	CMG	2.3

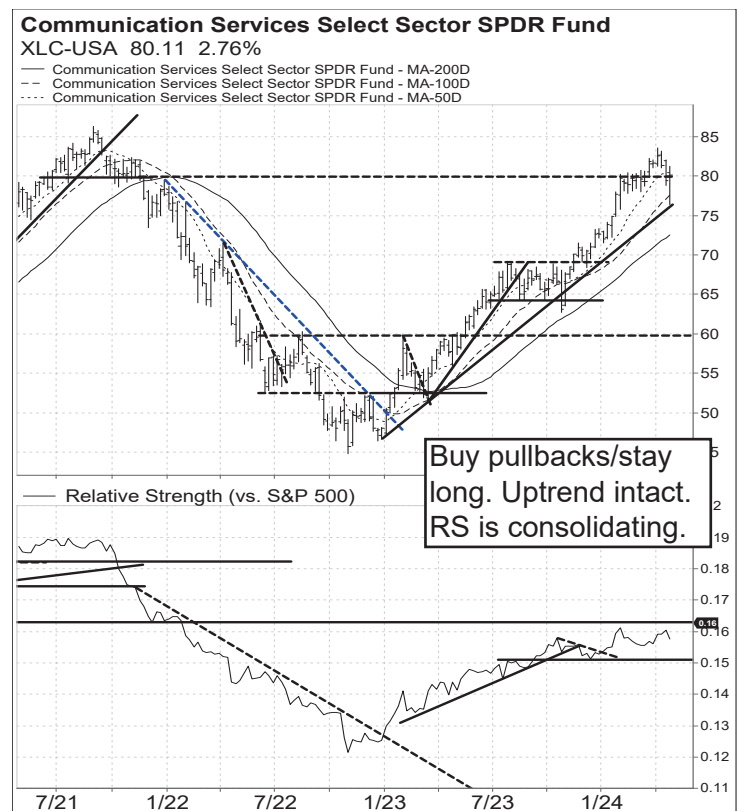


Communication Svcs (XLC): Market Weight

- Price on *cap-weighted* Communications (**XLC**) remains bullish with the uptrend intact, and we are buyers on the latest pullback. RS on the XLC has become increasingly choppy, and appears to be settling-in to a horizontal range. On the other hand, RS on the *equal-weighted* Sector (**RSPC**) remains in a 1+ year downtrend, with RS also hitting multi-year lows. Continue to favor the cap-weighted Sector (XLC).
- Attractive names include: **NFLX**, **GOOGL**, **META**, **DIS**, and **OMC**.

Top 10 Holdings (XLC)

Ticker	Weight (%)	Ticker	Weight (%)
META	24.0	EA	4.4
GOOGL	13.1	VZ	4.3
GOOG	11.1	DIS	4.3
NFLX	4.6	T	4.2
TMUS	4.5	CMCSA	4.1



Health Care (RSPH, XLV): Market Weight

- Price remains weak on *equal*- and *cap-weighted* Health Care (**RSPH, XLV**), after both fell *below* their respective 2-year base supports at \$30.50 and \$141-142 -- be selective. RS on the RSPH is testing major support, while RS on the XLV remains in a downtrend. Continue to favor the equal-weighted Sector (RSPH), though we would downgrade the Sector to underweight on a decisive RS breakdown.
- Health Care Distributors remain bullish long-term. Buy/ stay long: **COR** and **MCK**.
- Additional attractive names include: **LLY, MRK, CI, DVA, ELV, BSX, GEHC, ISRG, RMD, A, DHR, VRTX**, and bottom-fishing candidates **MRNA** and **TMO**.

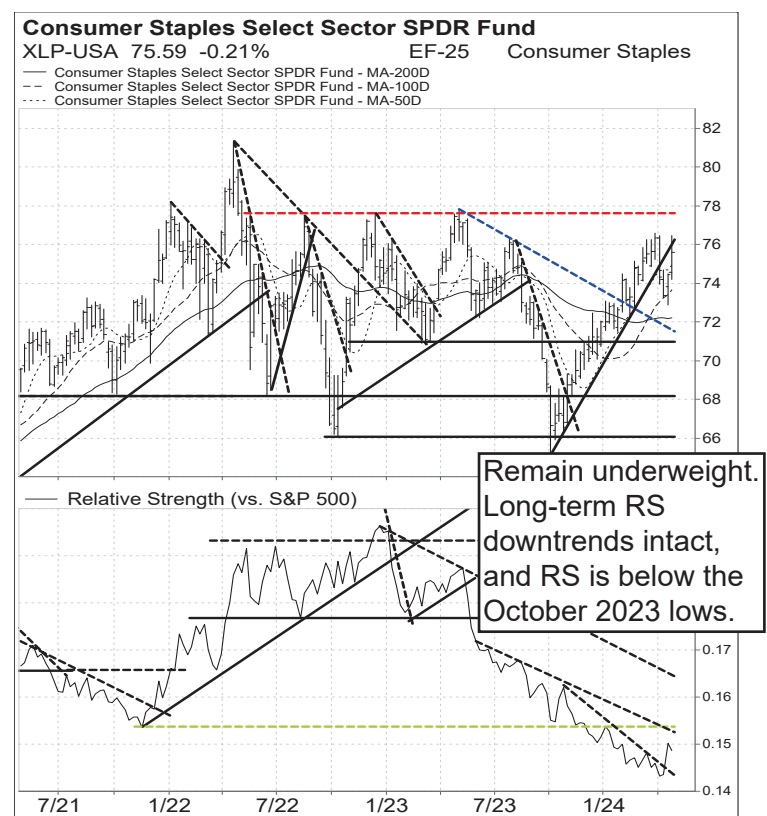
Top 10 Holdings (XLV)			
Ticker	Weight (%)	Ticker	Weight (%)
LLY	11.7	TMO	4.2
UNH	7.9	ABT	3.7
JNJ	6.9	DHR	3.1
MRK	6.2	PFE	2.8
ABBV	5.6	AMGN	2.8



Consumer Staples (XLP): Underweight

- 11-month and 1.5-year RS downtrends remain intact on the **XLP** -- remain underweight. RS has improved recently, but similar minor RS improvement has happened several times over the past year, only for RS to eventually break to new lows. We would need to see RS break above the October 2023 lows in order to upgrade the Sector, and that would also be a risk-off signal for the broad equity market if it comes to pass. Price on the XLP has recovered to test short-term resistance at \$76.50, while major resistance is at \$77.50.
- Attractive names include: **COST, KR, TGT, WMT, TSN, CHD, CL, KMB**, and bottom-fishing candidates **KDP, KO, PEP, CAG, GIS**, and **MKC**.

Top 10 Holdings (XLP)			
Ticker	Weight (%)	Ticker	Weight (%)
PG	14.5	PM	4.4
COST	12.8	MDLZ	4.0
WMT	10.2	TGT	3.4
KO	9.0	MO	3.3
PEP	4.7	CL	3.2

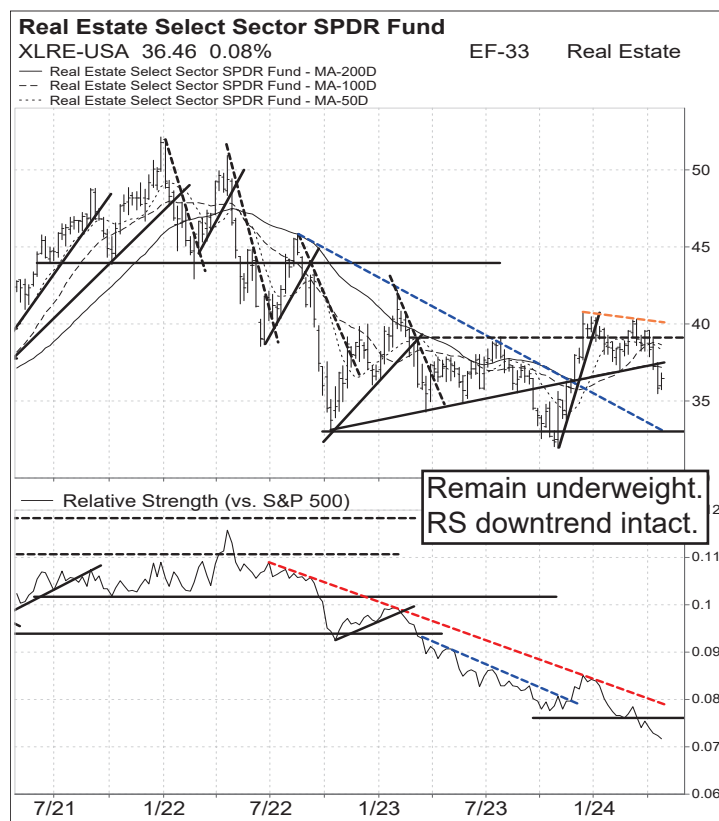


Real Estate (XLRE): Underweight (downgraded 4/15/24 from Market Weight)

- Price on the Real Estate Sector (**XLRE**) remains bearish following the break below \$36.80-\$37 and 200-day MA support. Additionally, RS remains in a downtrend -- remain underweight and be selective.
- Attractive names include: **IRM**, **WELL**, **CSGP**, **DLR**, and bottom-fishing candidates **AVB** and **EQR**.

Top 10 Holdings (XLRE)

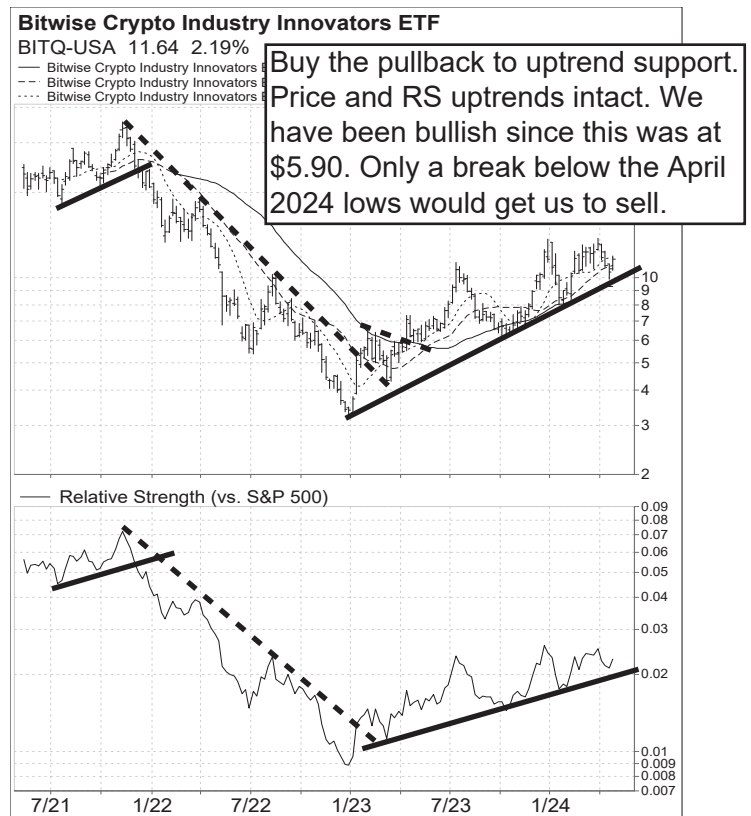
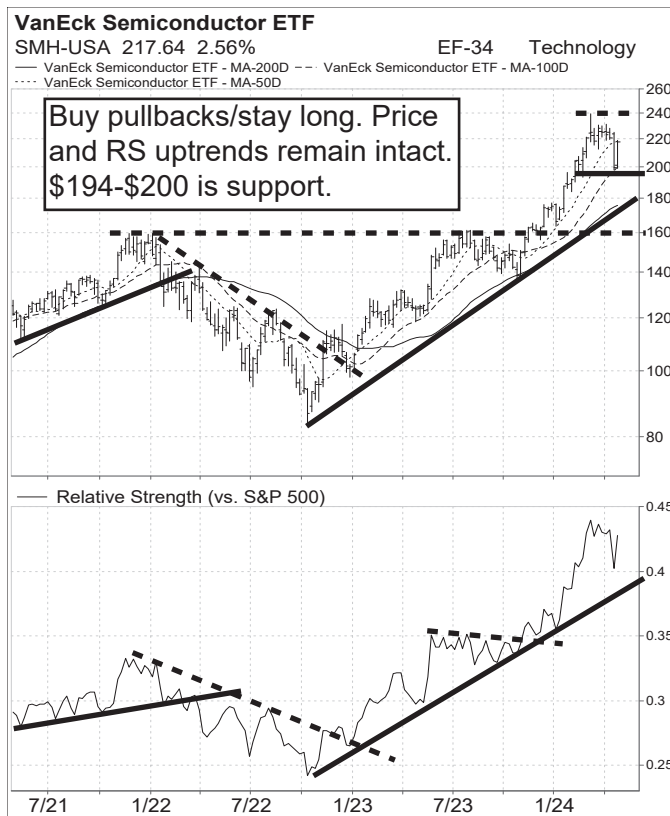
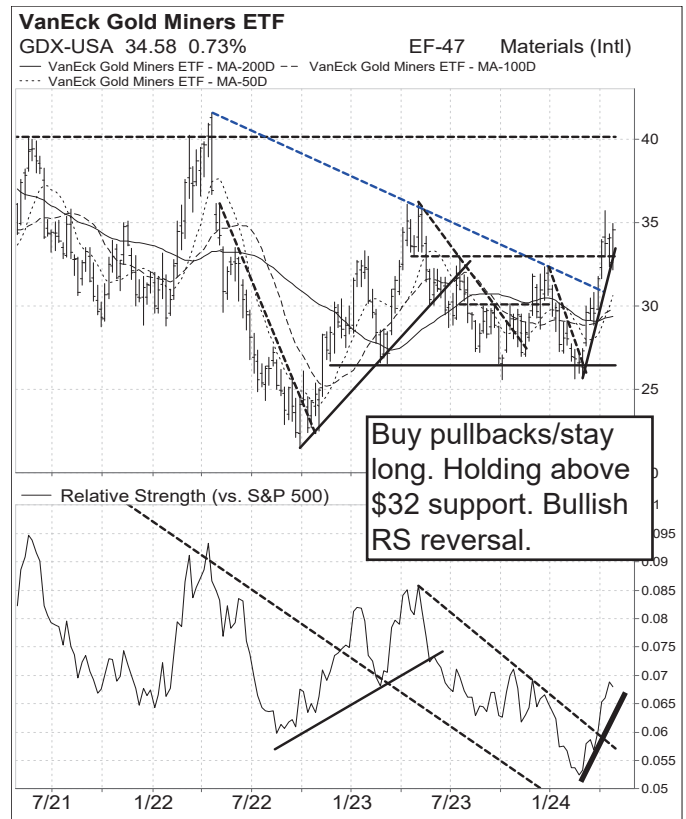
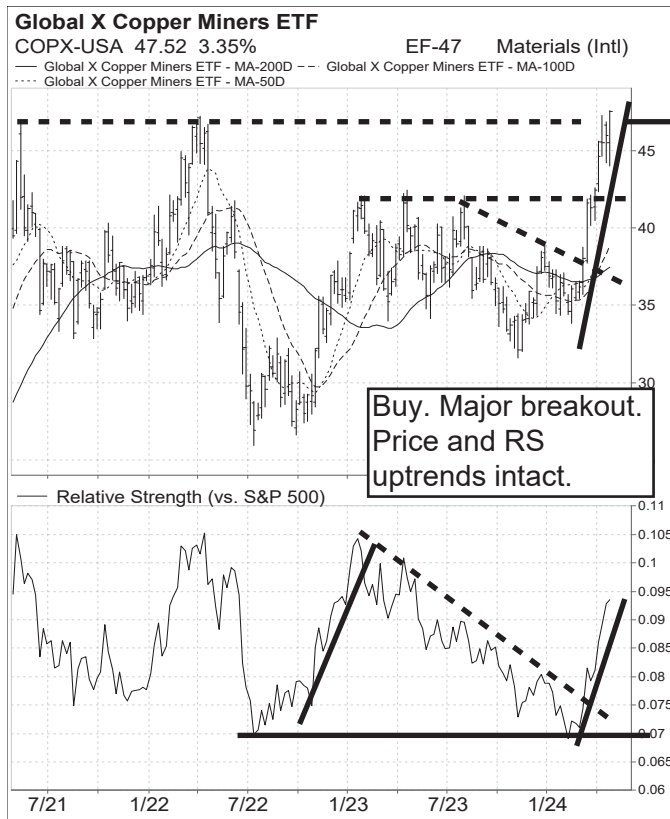
Ticker	Weight (%)	Ticker	Weight (%)
PLD	11.6	O	4.6
AMT	8.8	DLR	4.6
EQIX	7.6	PSA	4.6
WELL	5.3	CCI	4.4
SPG	5.0	CSGP	3.9



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Actionable Industry ETFs

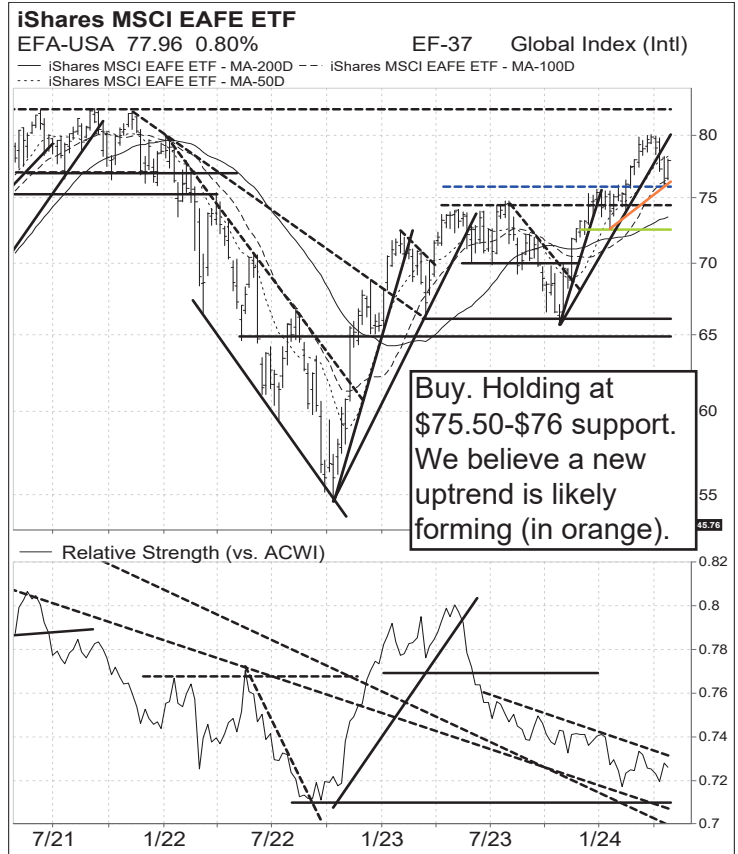
- Below we highlight industry-specific ETFs with timely technical patterns.
- Highlighted charts: COPX, GDX, SMH, and BITQ



Developed Int'l Markets

MSCI EAFE (**EFA**) appears to be forming a new, less-steep uptrend after finding support at \$75.50-\$76; we discussed this as being our expectation in our 4/15/24 *ETF Pathfinder*, following the 5.5-month uptrend violation in early April. Buy pullbacks. If \$75.50 support breaks, next supports include \$74-\$74.50 and \$72.50. RS (vs. MSCI ACWI) remains in a slight downtrend, but is also holding above support from the 2022 lows; stay at market weight.

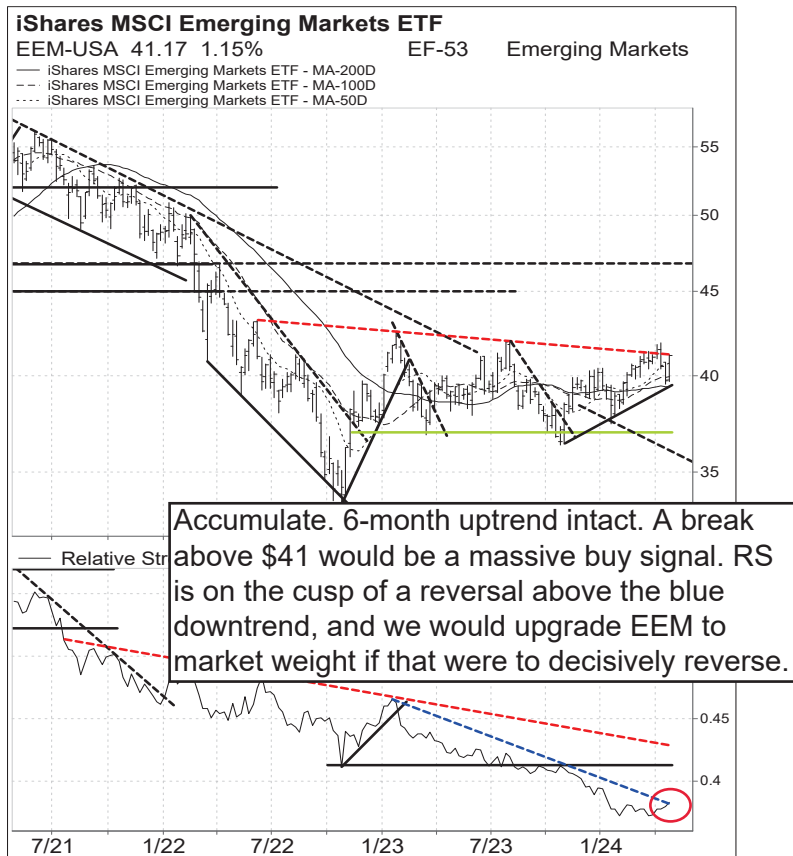
Developed int'l countries/regions highlighted to buy/stay long: Japan Hedged (**DXJ**), Europe Hedged (**HEDJ**), Ireland (**EIRL**), United Kingdom (**EWU**), and Italy (**EWI**)... see charts on pages 11-12.



Emerging Markets

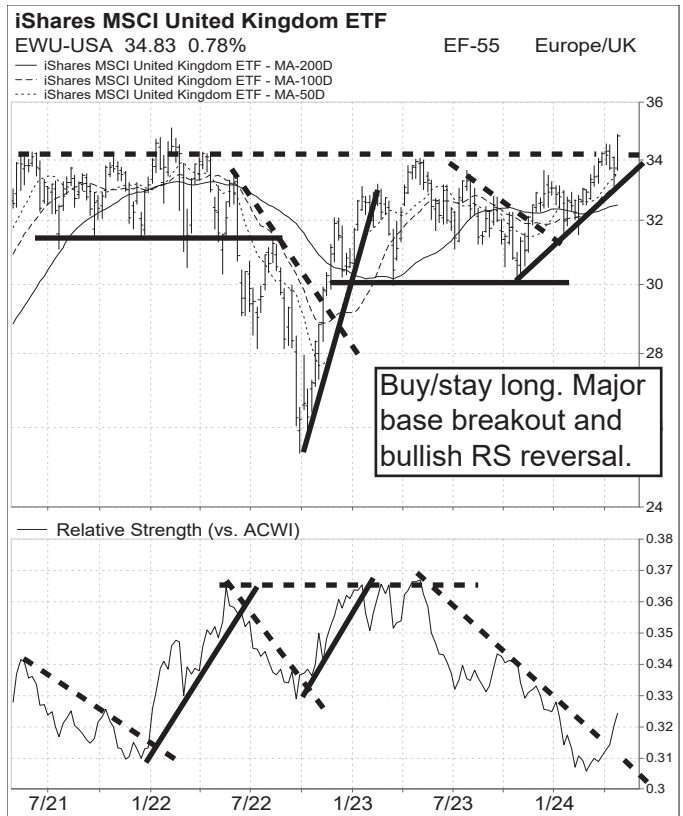
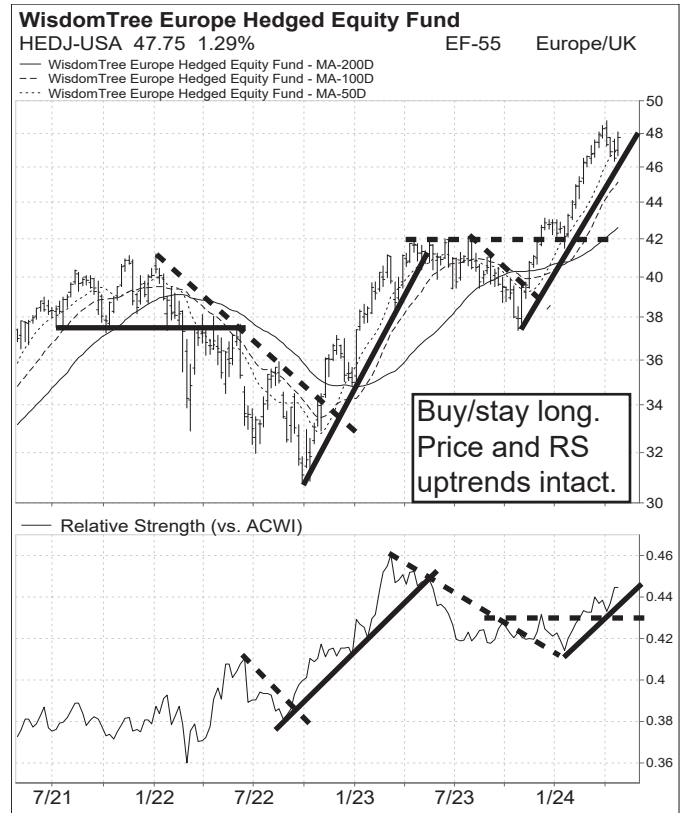
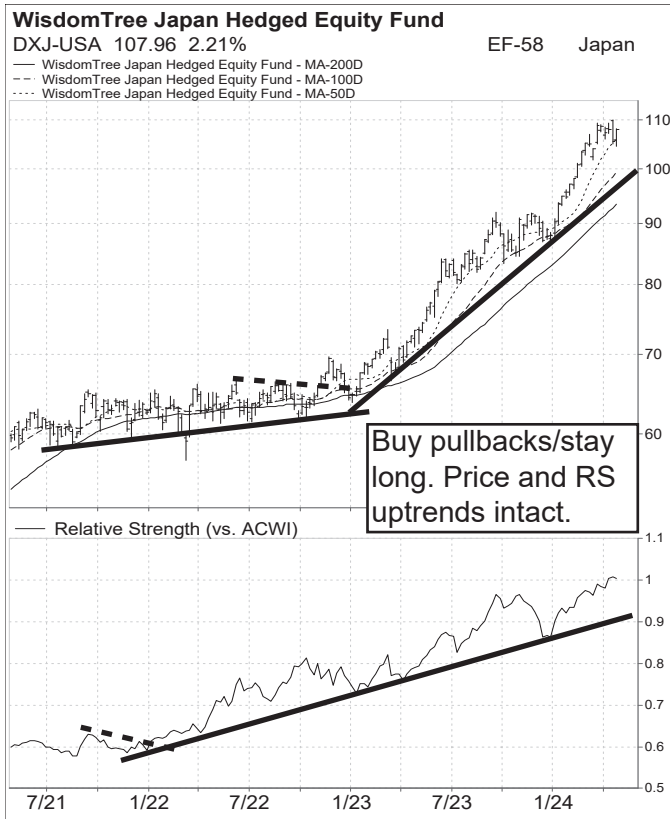
MSCI EM (**EEM**) is holding at 6-month uptrend support -- add exposure. Major 2-year resistance continues to be at \$41, and we are monitoring for a breakout, which would be extremely bullish for global equities. RS (vs. MSCI ACWI) remains in a downtrend, but is currently testing resistance at the 1.2-year RS downtrend (in blue) -- remain underweight for now, however, we would upgrade to market weight on a reversal of the blue RS downtrend (see bottom clip at right).

EM countries/regions highlighted to buy/stay long: China Internet (**KWEB**), China (**MCHI**), and Peru (**EPU**)... see charts on page 12.



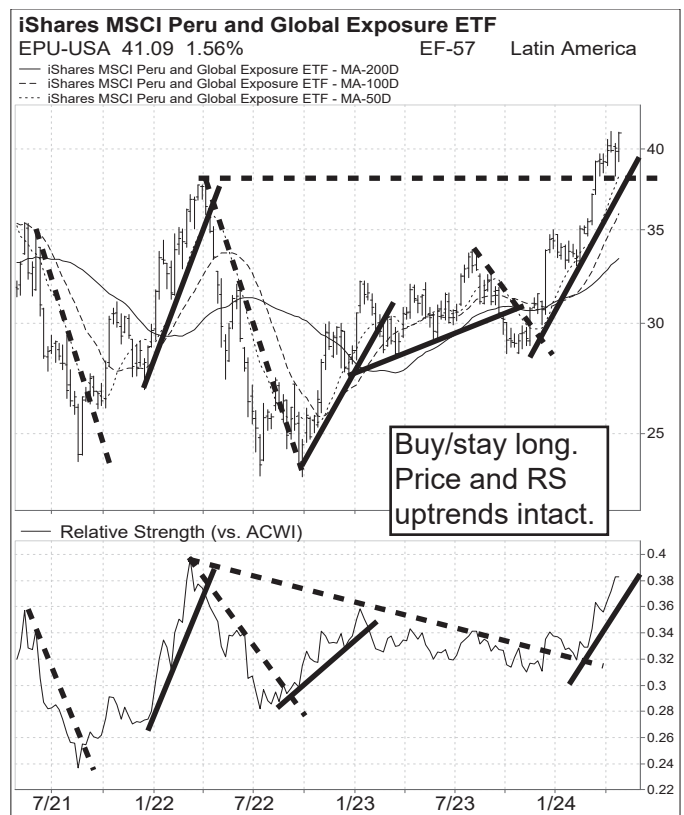
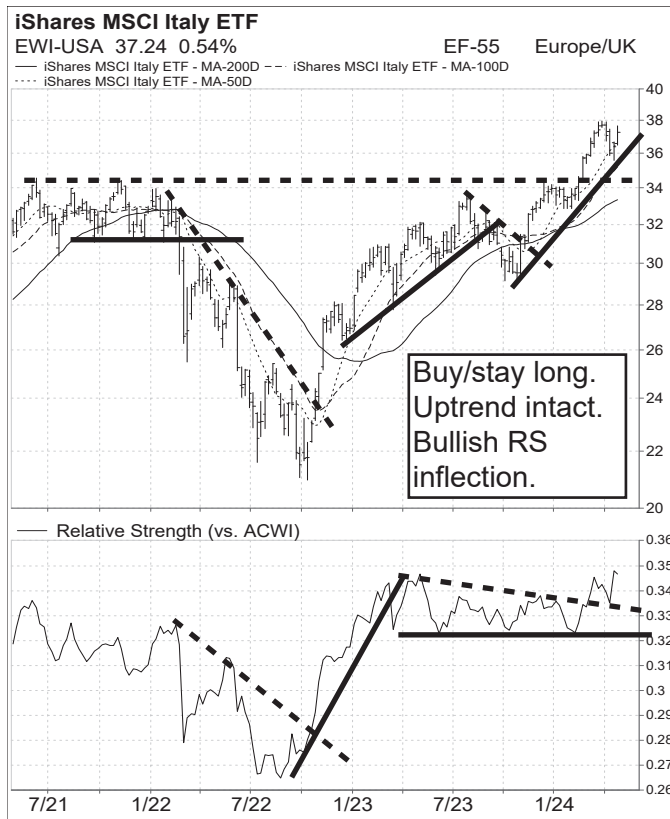
Actionable International ETFs

- Below we highlight international-focused ETFs with timely technical patterns.
- Highlighted charts: DXJ, HEDJ, EIRL, EWU, EWI, KWEB, MCHI, and EPU



Actionable International ETFs

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