

# ON THE EDGE – MARCH 2026

## Market Review

Concerns of AI-driven disruption to certain industries, rising geopolitical tensions with Iran, and a Supreme Court ruling against President Trump's tariffs contributed to a second consecutive mixed month for the major averages. A selloff in software stocks at the start of the period triggered further rotation into more cyclical areas of the market as the tech heavy NASDAQ dropped below its December and January lows. Capital flowing out of technology and into value-oriented sectors countered the move, sending the DJIA, Dow Transportation and NYSE to new all-time highs. At the same time, growing concerns over potential AI-related disruptions in certain industries pressured brokerage firms, wealth management, commercial real estate and transportation logistics stocks. A softer-than-expected CPI reading mid-month pushed Treasury yields lower but provided little support for equities overall, as investors remained defensive. Utilities (XLU) advanced to a new high, as Materials (XLB), REITs (XLRE) and Consumer Staples (XLP) also outperformed.

During the second half of the month, investors stepped in to buy the dips, keeping the S&P 500 range bound. The major averages were whipsawed again after a warmer-than-expected December PCE, the Fed's preferred inflation gauge, briefly pushed Treasury yields higher. However, a Supreme Court ruling against the Trump administration's tariffs subsequently eased rates, prompting a rally in equities. High volatility persisted as the DJIA recovered from a one-day 821-point drop (-1.66%), aided by renewed buying in semiconductors that pushed the Philadelphia Semiconductor Index (SOX) to a new record high. As the month came to a close, a hot inflation report with the core-PPI jumping +0.8% MoM and +3.6 YoY, triggered renewed selling pressure. At the same time, escalating tensions between the U.S. and Iran sent crude oil prices and defense stocks higher. Sector rotation favored defensive and cyclical groups, with Energy (XLE), Utilities (XLU), Consumer Staples (XLP) and Industrials (XLI) outperforming. In contrast, Technology (XLK), Consumer Discretionary (XLY) and Financial (XLF) finished the month in negative territory.



For the month, the DJIA added 85.45 points (0.17%) and settled at 48977.92. The S&P 500 was lower by 60.15 points (-0.87%) for the month and closed out at 6878.88. The NASDAQ dropped by 793.61 points (-3.38%) and finished at 22668.21. The small cap Russell 2000 was higher by 18.62 points (0.71%) and settled at 2632.36.

## Market Outlook

The technical condition of the market closed the month mixed. Some indexes were flirting with new highs, while others were struggling to hold key support levels or failing at resistance. The NYSE Composite, Philadelphia Semiconductor Index (SOX), Equal-Weight S&P 500 (RSP), and Dow Utilities (DJU) Index all posted new highs the last week of February. In contrast, every rebound in the tech-heavy NASDAQ and NASDAQ 100 stalled at their respective 100-day moving averages, with both indexes forming a bearish chart pattern of lower highs and lower lows dating back to January. Additionally, the NASDAQ is trading below its December low—a negative technical signal.

The S&P 500 has been confined to a trading range between 6,800 and 7,000 since December and is currently wedged between its 50-day and 100-day moving averages. Technical indicators were mostly negative as the month ended, with MACD, a short-term trend gauge, firmly in bearish territory across most major indexes, while momentum, as measured by the 14-day RSI, ranges from neutral to negative. On a constructive note, underlying breadth on the NYSE remained positive with the NYSE Advance/Decline Line hitting a new high as February closed. This supports the view that investors are rotating into more defensive areas rather than exiting the market entirely. Energy (XLE), Consumer Staples (XLP), Utilities (XLU), and Real Estate (XLRE) each recorded new record highs during the month. In contrast, growth-oriented sectors, including Financials (XLF), Technology (XLK), and Consumer Discretionary (XLY), continue to lag and remain negative for the year. Without renewed leadership from technology and banking stocks, it may be difficult for the major averages to gain meaningful traction as the market rolls into March. Finally, the Market Edge Cyclical Trend Index (CTI) has shifted into a bearish configuration, suggesting continued near-term downside pressure and should remain negative throughout the month. Current downside targets stand at 47,500 for the DJIA, 6,700 for the S&P 500, and 22,000 for the NASDAQ.

## Cyclical Trend Index (CTI): Negative

The CTI is Negative at -4, down seven notches from the previous month. The counts for Cycles A, C and D are bullish, while Cycles B and E are bearish. It should be noted that the CTI is projected to remain in a negative configuration through March.

Cycle	Average # Of Weeks In The Cycle	# Of Weeks Since Previous Bottom	Bullish Or Bearish Connotation
A	6 + or -1 Week	3 Weeks	Bullish
B	18 + or -2 Weeks	14 Weeks	Bearish
C	36 + or -4 Weeks	14 Weeks	Bullish
D	72 + or -7 Weeks	46 Weeks	Bullish
E	216 + or -20 Weeks	176 Weeks	Bearish

The following are projected CTI readings through the week ending 3/27/26.

Week Ending	CTI	Connotation
2/27/26 (Actual)	-4	Bearish
3/06/26 (Projected)	-6	Bearish
3/13/26 (Projected)	-6	Bearish
3/20/26 (Projected)	-6	Bearish
3/27/26 (Projected)	-6	Bearish

\*\* The CTI is the total of the plus and minus values assigned to each cycle based on the number of weeks that have passed since their previous cyclical bottom. For a detailed explanation of the market timing models, click "Market Letter Help" at the top of the 'Market Letter'.

## Momentum Index: Neutral

As of the close on 2/27/26, the Momentum Index is Neutral at +2, up two notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes vs. the DJIA. Conversely, readings of -4 or lower are regarded as bearish. Below is a chart of the performance of seven of the major broad market indexes included in the Momentum Index vs. the DJIA since the last major cyclical highs.

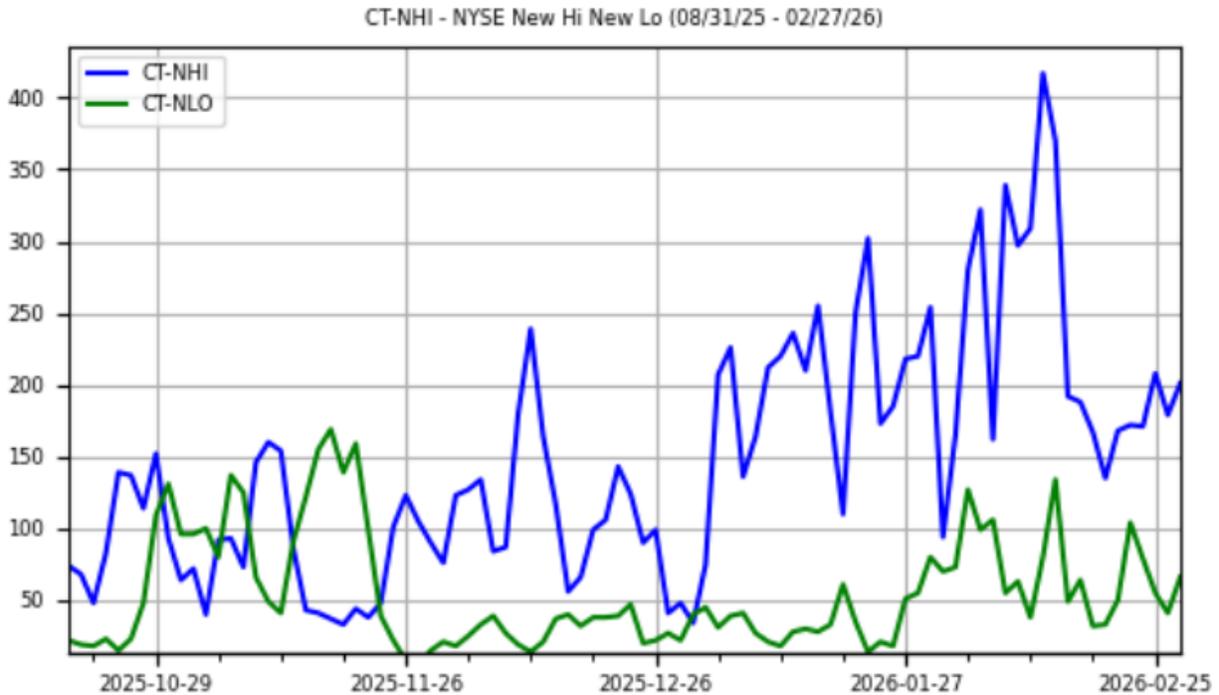
Prev Highs	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
Feb. 2026	50188.14	19892.36	6978.60	23479.73	2718.77	23857.45	1171.18	580577
2/27/2026	48977.92	19689.19	6878.88	23494.44	2632.36	22668.21	1190.23	581781
%Change	-2.4%	-1.0%	-1.4%	0.1%	-3.2%	-5.0%	1.6%	0.2%

## Average % Change of the Broad Market Indices: -1.6%

The broader market indexes are down on average -1.6% from their February 2026 closing highs vs. -2.4% for the DJIA resulting in a Neutral +2 reading. Breadth was positive for the month at the NYSE as the Advance/Decline Line added 4449 units vs. a gain of 5816 units in January while the number of new 52-week highs exceeded the number of new lows on all 19 sessions. Breadth was negative at the NASDAQ as the A/D line declined by 1095 units vs. a gain of 3710 units in January.



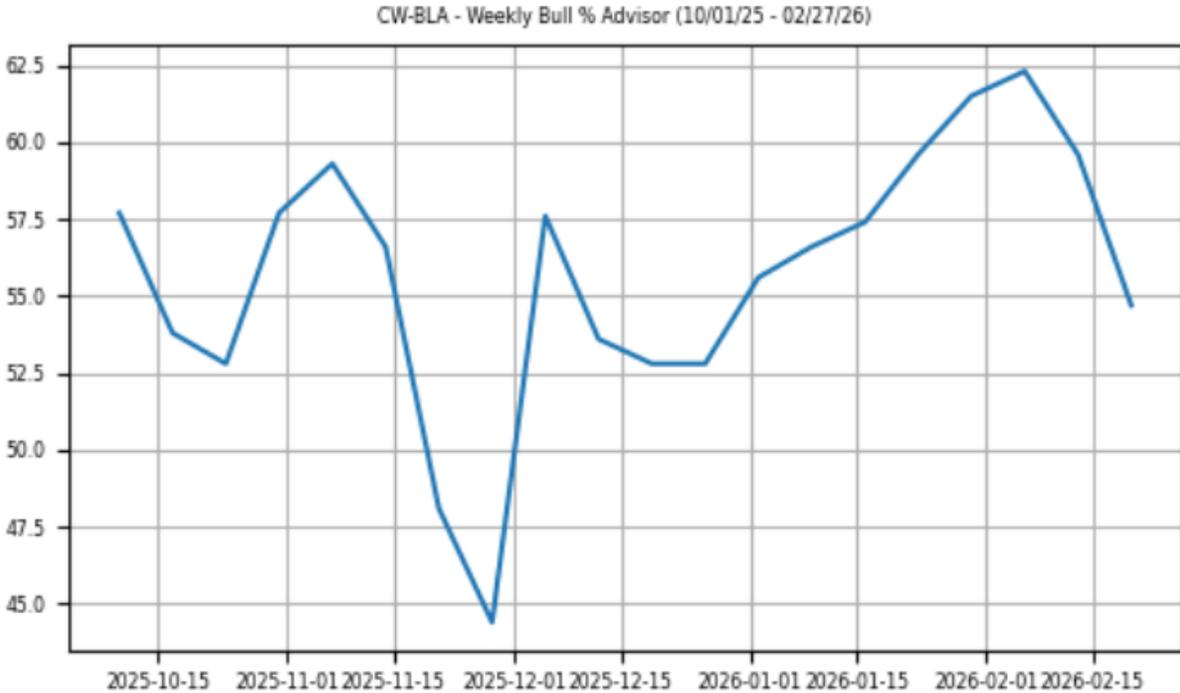
The number of new 52-week lows exceeded the number of new highs at the NASDAQ on 13 of 19 sessions. Finally, the percentage of stocks above their 50-day moving average fell to 63.3% vs. 67.3% from the previous month while those above their 200-day moving average decreased to 67.2% vs. 68.7%. Readings above 70.0% denote an overbought condition.



**Sentiment Index: Negative**

The Sentiment Index ended the period at a Negative -3, up three notches from the previous month. The Sentiment Index tracks thirteen market indicators that measure excessive bullish or bearish conditions prevalent in the market. Whenever the crowd becomes overly optimistic (a bearish condition), the readings from the Sentiment Index will drop into negative ground. Conversely, when fear is rampant (a bullish condition), the index will be in the +3 to +8 area.

NYSE short interest was up +2.0% and 3.1 days of average volume for the period ending 2/15/26 vs. being up +0.8% and 2.9 days of average volume to cover at the end of January. Short interest at the NASDAQ was up +1.9% and 2.0 days of average volume to cover mid-February vs. a +1.9% increase and 2.1 days average volume to cover on 1/31/26. The AAI Bull-Bear Ratio (0.8 vs. 1.4) is Bullish. The Fear and Greed Index (60.4 vs. 60.4), the NAAIM Exposure Index (74.9 vs. 92.6) and VIX, a measurement of fear in the market (19.86 vs. 17.44) are Neutral. The Percentage of Bullish Investment Advisors (55.6% vs. 61.5%), the Bullish-Bearish Investment Advisors Ratio (3.8 vs. 4.0), the Dividend Yield Spread (-2.49 vs. -2.66), the Percentage of Bearish Investment Advisors (14.8% vs. 15.4%) and the Total Put/Call Ratio (0.94 vs. 0.84) are Bearish.



\*\*To view the charts and graphs of the major market indexes and pertinent technical indicators that are incorporated in the Momentum and Sentiment indexes, go to the Market-At-A-Glance section located under Market Recap on the Market Edge home page.

**Market Posture: Bearish**

Based on the status of the Market Edge, market timing models, the 'Market Posture' is Bearish as of the week ending 02/27/2026 (DJIA – 48977.92).

**Market Posture Performance 2023-2026**

The following is the performance record of the Market Edge 'Market Posture' for 2023 - 2026.

Projected Strong Periods:		Actual Results – DJIA
03/24/23 - 05/05/23 (32237.53 – 33674.38)	DJIA Gain/Loss	+1436.85
07/21/23 - 08/18/23 (35227.69 – 34500.66)	DJIA Gain/Loss	-727.03
10/13/23 - 12/01/23 (33670.29 – 36245.50)	DJIA Gain/Loss	+2575.21
05/03/24 - 07/12/24 (38675.68 – 40000.90)	DJIA Gain/Loss	+1325.22
08/23/24 - 11/01/24 (41175.08 – 42052.19)	DJIA Gain/Loss	+877.11
12/06/24 - 02/28/25 (44642.52 – 43840.91)	DJIA Gain/Loss	-801.61
04/18/25 - 07/11/25 (39142.23 – 44371.51)	DJIA Gain/Loss	+5229.28
08/22/25 - 10/10/25 (45631.74 – 45479.60)	DJIA Gain/Loss	+152.14
11/28/25 - 02/13/26 (47716.42 – 49500.93)	DJIA Gain/Loss	+1784.51

Projected Weak Periods:		Actual Results – DJIA
05/26/23 - 07/14/23 (33093.34 – 34509.03)	DJIA Gain/Loss	+1415.69
08/18/23 - 10/13/23 (34500.66 – 33670.29)	DJIA Gain/Loss	-830.37
01/05/24 - 03/28/24 (37466.11 – 39475.90)	DJIA Gain/Loss	+2009.79

07/19/24 - 08/23/24 (40287.53 – 41175.08)	DJIA Gain/Loss	+887.55
11/01/24 - 12/06/24 (42052.19 – 44642.52)	DJIA Gain/Loss	+2590.33
02/28/25 - 04/18/25 (43840.91 – 39142.23)	DJIA Gain/Loss	-4698.68
08/01/25 - 08/22/25 (43588.58 – 45631.74)	DJIA Gain/Loss	+2043.16
10/24/25 - 11/28/25 (47207.12 – 47716.42)	DJIA Gain/Loss	+509.30
02/27/26 - ??? (48977.92 – ??? )	DJIA Gain/Loss	???

While the CTI is typically regarded as either a Bullish or Bearish connotation, at times mixed readings from several indicators related to the CTI will result in a Neutral - Market Posture. The dates not presented in the above tables were periods where the Market Posture was Neutral. For a closer look at the technical indicators and studies that make up the market timing models, check out the 'Market Letter (Weekly)' located on the Market Edge home page. ([www.marketedge.com](http://www.marketedge.com)).

#### ETF Center:

The top performing ETF categories for the period ending 2/26/26 were Commodity-Precious Metals, Sector-Basic Materials, Specialty Natural Resources, Commodity-Base Metals and Specialty Utilities. The weakest categories were Shorts, Commodity-Energy and Value-Small Cap To review all the categories in the Market Edge universe, click on the ETFs tab.

#### Industry Group Rankings: What's Hot (23) – What's Not (7)

Of the 30 Industry Groups that we track, 23 are rated as either Strong or Improving while 7 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 2/26/26. Strongest: Metals & Mining, Agriculture, Transportation and Conglomerates. The weakest categories were Technology Services, Insurance, Financial Services and Media. To review all the Industry Group rankings, click on the Industries tab.