

ON THE EDGE – MAY 2026

Market Review

The major averages staged a strong reversal in April as momentum towards the AI buildout sparked a rally led by semiconductors and the Magnificent Seven stocks, with the S&P 500 and NASDAQ settling at fresh all-time highs. Bulls came out aggressively at the start of the month, as an oversold bounce fueled by cease-fire negotiations between the US and Iran pushed the major averages sharply higher. The S&P 500 turned in a seven-day win streak, while the NASDAQ put in a 13-day, 3,673.84-point (+17.64%) spike that ended with a new record high. The Philadelphia Semiconductor Index (SOX) went on its own 18-day win streak that saw the index post a new high as it surged 47%! Better-than-expected economic data helped extend the rally as investors prepared for Q1 earnings. The DJIA recorded its biggest one-day advance since last year's 'Liberation Day', gaining 1325.46 (+2.8%).

During the second half of the month, global markets continued to advance, with the broader averages regaining most of their losses from the selloff following a cease-fire between Israel and Lebanon and Iran's temporary reopening of the Strait of Hormuz. The S&P 500 went on to close above 7,000 for the first time while the NASDAQ recorded its first new high since November. Towards the end of the period, the rally began to show signs of fatigue ahead of a Federal Reserve Meeting, a fresh round of key economic data, and a robust slate of earnings reports from Big Tech. The Federal Reserve and the European Central Bank left interest rates unchanged while Mag Seven earnings were mixed.

Treasury yields cooled somewhat but ended the month with a rise, as the ongoing Strait of Hormuz closure boosted energy prices and inflation worries. Despite the mixed picture, investors continued to bid up riskier AI-driven assets, led by outperformances from Intel (INTC +129%) and Western Digital (WDC +73%). The Technology (XLK) sector posted its best monthly performance since October 2002, as it gained 19.81%. Consumer Discretionary (XLY) and Real Estate (XLRE), advanced better than +8.5%. Financials (XLF) and Industrials (XLI) also outperformed. Healthcare (XLV) and Energy (XLE) were the only market groups to finish in the red.



For the month, the DJIA gained 3310.63 points (7.1%) and settled at 49652.14. The S&P 500 rose by 680.49 points (10.4%) for the month, closing at 7209.01. It was the strongest April for the S&P 500 since 2020, and the best monthly gain since November 2020. The NASDAQ soared 3301.68 points (15.3%) and finished at 24892.31. The tech heavy index

had its best performance since April 2020. Finally, the small cap Russell 2000 was higher by 303.54 points (12.2%) and settled at 2799.91, near its all-time high.

Market Outlook

The technical condition of the market remained strong throughout the period. New highs were recorded by the S&P 500, NASDAQ, NASDAQ 100, DJ Transportation Index, Russell 2000 and Philadelphia Semiconductor Index. The major averages are also trading above key MA levels confirming a bullish uptrend. The technical oscillators are in bullish ground with MACD, a short-term trend gauge, and Momentum, as measured by the 14-day RSI, positive and rising. The different indexes were somewhat overbought going into May with stochastics above 80.

The secondary indexes continued to outperform the major averages which bodes well for further gains in the broader market. One concern going forward, however, is that only the Technology (XLK) and REITs (XLRE) sectors have been able to break out to new highs, once again showing a lack of participation in the rally. Breadth was positive, with the NYSE Advance/Decline line hitting a new high in mid-month, confirming the market's steady uptrend. Finally, while it's likely that equities could get a fresh leg higher if we see a conclusion to the Middle East conflicts, the Market Edge Cyclical Trend Index (CTI) is projected to cross into negative ground in mid-May. That is due to the negative influence of two of the longer-term cycles which suggest that the major averages could be topping out over the next few weeks.

Cyclical Trend Index (CTI): Positive

The CTI is Positive at +2, up eight notches from the previous month. The counts for Cycles A, B and C are bullish, while Cycles D and E are bearish. The positive CTI configuration is projected to remain bullish into May as longer cycles with more influence are expected to return the CTI to negative.

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	3 Weeks	Bullish
C	36 + or -4 Weeks	22 Weeks	Bullish
D	72 + or -7 Weeks	54 Weeks	Bearish
E	216 + or -20 Weeks	184 Weeks	Bearish

The following are projected CTI readings through the week ending 5/29/26.

Week Ending	CTI	Connotation
5/01/26 (Actual)	+2	Bullish
5/08/26 (Projected)	+2	Bullish
5/15/26 (Projected)	-3	Bearish
5/22/26 (Projected)	-3	Bearish
5/29/26 (Projected)	-3	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: Bullish

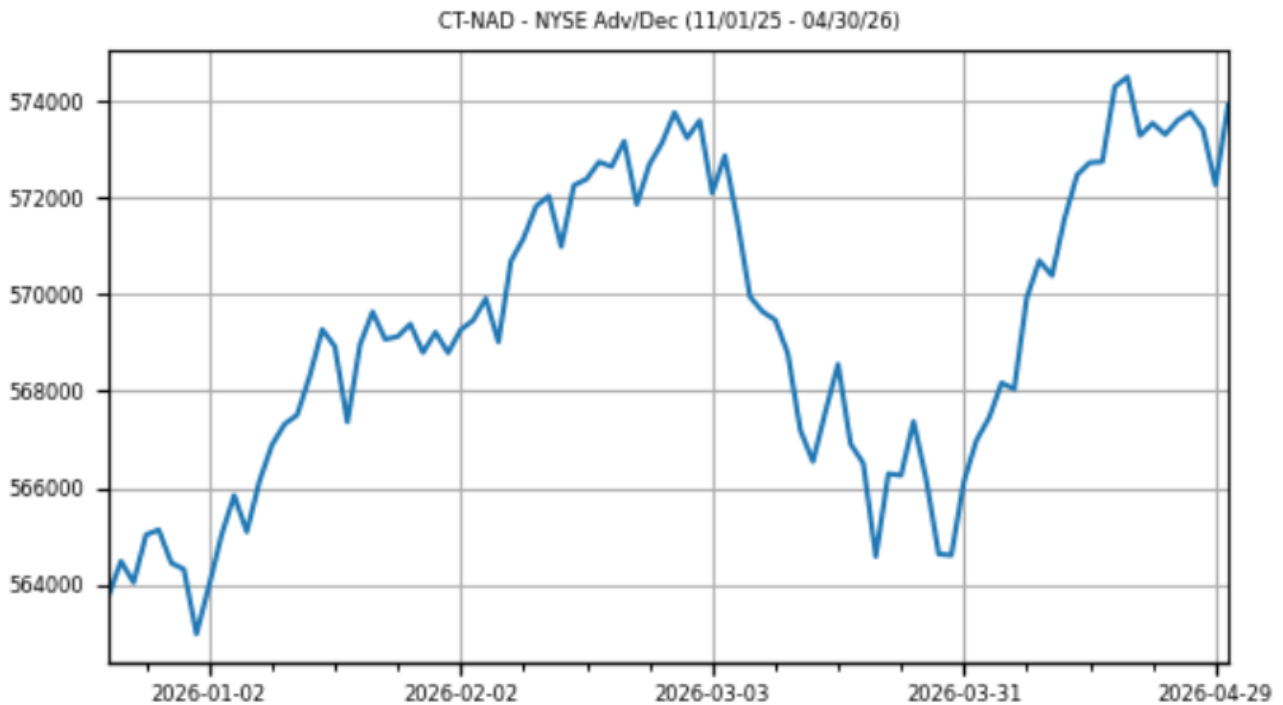
As of the close on 4/24/26, the Momentum Index is Bullish at +4, up four notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes 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.

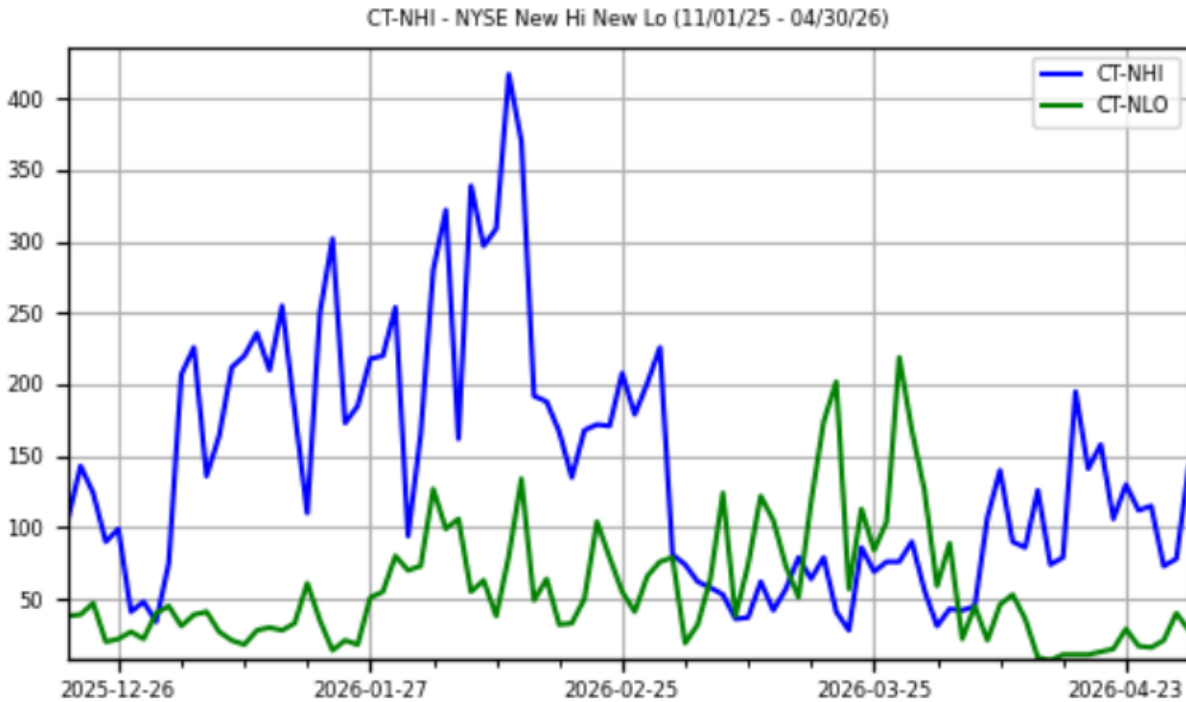
Prev Lows	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
Mar. 2026	45166.64	17710.92	6343.72	21581.65	2414.01	20794.64	1121.89	573145
4/29/2026	49652.14	20793.52	7209.01	23144.64	2799.91	24892.31	1165.16	582840
%Change	9.9%	17.4%	13.6%	7.2%	16.0%	19.7%	3.9%	1.7%

Average % Change of the Broad Market Indices: 12.4%

The broader market indexes are up on average 12.4% from their March 2026 closing lows vs. 9.9% for the DJIA resulting in a Bullish +4 reading. Breadth was positive for the month at the NYSE as the Advance/Decline Line gained 7764 units vs. a loss of 7407 units in March while the number of new 52-week highs exceeded the number of new lows on 18 of 20 sessions, with one session being even. Breadth was also positive at the NASDAQ as the A/D line gained 9796 units vs. a decline of 12961 units in March.



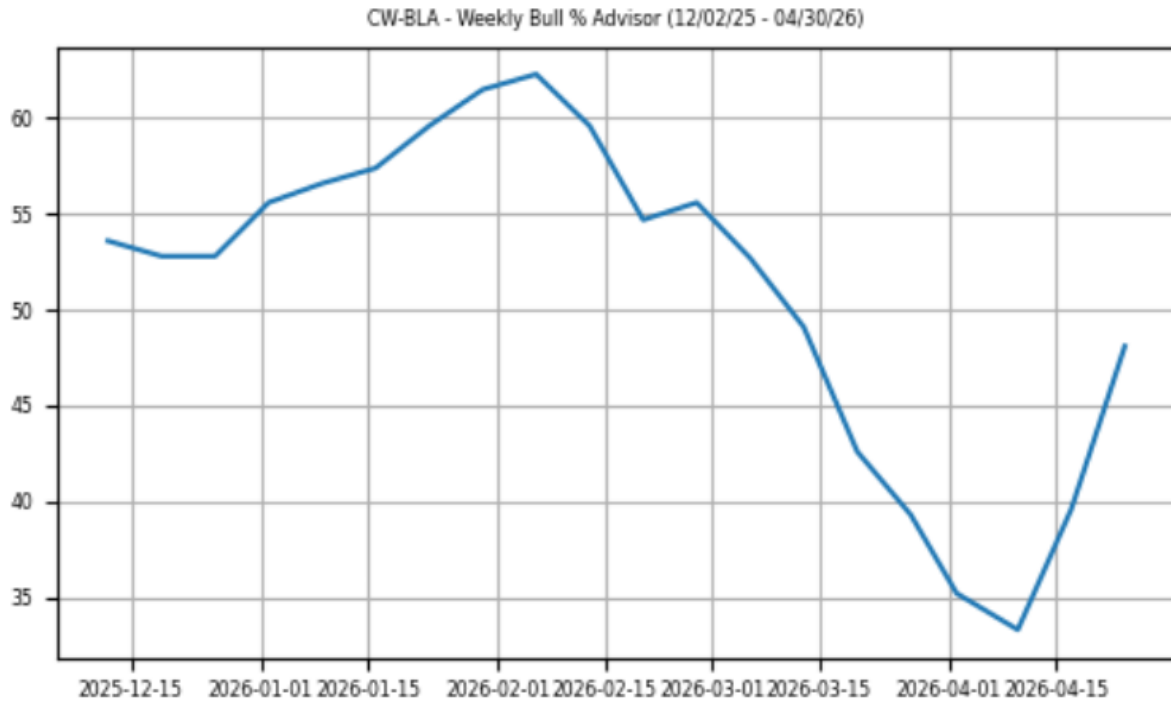
The number of new 52-week highs exceeded the number of new lows at the NASDAQ on 17 of 21 sessions. Finally, the percentage of stocks above their 50-day moving average rose to 63.1% vs. 21.4% from the previous month while those above their 200-day moving average increased to 59.8% vs. 42.3%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Negative

The Sentiment Index ended the period at a Negative -2, down five 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 down -1.5% and 2.9 days of average volume for the period ending 4/15/26 vs. being up +1.5% and 3.3 days of average volume to cover at the end of March. Short interest at the NASDAQ was up +0.5% and 2.2 days of average volume to cover mid-April vs. a +2.1% increase and 2.3 days average volume to cover on 3/31/26. The AAI Bull-Bear Ratio (1.0 vs. 0.6), the Percentage of Bullish Investment Advisors (50.0% vs. 39.3%), the VIX, a measurement of fear in the market (17.71 vs. 31.08), the Percentage of Bearish Investment Advisors (21.1% vs. 25.0%), the Bullish-Bearish Investment Advisors Ratio (2.4 vs. 1.6), and the Fear and Greed Index (65.6 vs. 15.40), are Neutral. The Dividend Yield Spread (-2.75 vs. -2.68), the National Association of Active Investment Advisors (NAAIM) Exposure Index (94.2 vs. 68.4) and the Total Put/Call Ratio (0.96 vs. 0.97) are Bearish. VIX readings under 13.00 are regarded as bearish while those above 30.0 are bullish.



**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: Bullish

Based on the status of the Market Edge, market timing models, the 'Market Posture' is Bullish as of the week ending 04/10/2026 (DJIA – 47916.57).

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
04/10/26 - ??? (47916.57 – ???)	DJIA Gain/Loss	???

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 - 04/10/26 (48977.92 – 47916.57)	DJIA Gain/Loss	-1061.35

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).

ETF Center:

The top performing ETF categories for the period ending 4/30/26 were Commodity-Energy, Sector-Energy, Specialty-Technology, Commodity-Blend and Sector-Alternative Energy. The weakest categories were Shorts, Commodity-Precious Metals, Commodity-Base Metals, Sector-Basic Materials and Bond-Government Long Term. To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Rankings: What's Hot (12) – What's Not (18)

Of the 30 Industry Groups that we track, 12 are rated as either Strong or Improving while 18 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 4/30/26. Strongest: Technology Hardware, Conglomerates, Agricultural and Energy. The weakest categories were Paper & Forest Products, Building Materials, Consumer Goods and Automotive. To review all the Industry Group rankings, click on the Industries tab.