

ON THE EDGE – JUNE 2026

Market Review

The major indexes ignored the adage of ‘Sell in May and Go Away’ for the third consecutive year, finishing the period at new record highs, led by parabolic gains in semiconductor and AI-related companies. The different indexes initially pulled back as tensions between the U.S. and Iran escalated, but investors quickly bought the dip as a fragile cease fire held. As a result, the S&P 500, NASDAQ, NASDAQ-100 and Russell 2000 were all able to reach new record highs. A better-than-expected employment report reinforced confidence in the resilience of the labor market, prompting another leg higher in equities. Gains were led by the Technology (XLK), Consumer Discretionary (XLY), and Materials (XLB) sectors. From there, momentum began to fade as rising inflationary pressures and geopolitical concerns tempered enthusiasm surrounding the AI-driven rally. Hotter-than-expected inflation readings from both the Consumer Price Index (CPI) and The Produce Price Index (PPI), with the latter posting its largest monthly increase since March 2022, triggered a pullback toward short-term support levels amid weakening market breadth. Treasury yields surged on rising oil prices boosting the Energy (XLE) sector, which led to the NASDAQ snapping a six-week winning streak. Despite these headwinds, optimism surrounding President Trump’s trip to China combined with AI infrastructure announcements from Nvidia, helped lift the major averages to fresh highs again mid-month, with the DJIA reclaiming the 50,000 level.

The major indexes capped off the period with significant contributions after earnings from Snowflake (SNOW) and Dell Technologies (DELL), with the latter recording its best single day performance on record. The S&P 500 extended its winning streak to nine consecutive weeks—its longest stretch of weekly gains since 2023—while the DJIA closed above 51,000 for the first time in its history. The Technology (XLK) sector surpassed last month’s strong performance and was followed by Health Care (XLV) and Consumer Discretionary (XLY). Meanwhile, Energy (XLE), Utilities (XLU), Financial (XLF) and Consumer Staples (XLP) were the only market groups to finish the month in negative territory.



For the month, the DJIA gained 1380.32 points (2.78%) and settled at 51032.46. The S&P 500 rose by 371.05 points (5.15%) for the month, closing at 7580.06. The NASDAQ surged 2080.31 points (8.36%) and finished at 26972.62. Finally, the small cap Russell 2000 was higher by 119.43 points (4.27%) and settled at 2919.34, near its all-time high.

Market Outlook

The technical condition of the market remains positive, as the major averages continue to notch new record highs. The technical indicators are positive with MACD—a short-term trend gauge—in bullish ground, while Momentum, as measured by the 14-day RSI, is strong but in overbought territory for the S&P 500 and NASDAQ. Stochastics, which are in the low 90's, also indicate overbought conditions. The 50-day moving average continues to slope upward for the major averages, confirming the intermediate uptrend. The advance in equities has also been accompanied by low volatility, with the VIX, often referred to as the market's fear gauge, falling below 16 for the first time since January 22. Key secondary indexes, including the Philadelphia Semiconductor Index (SOX), DJ Transportation Index and small cap Russell 2000 outperformed the broader market which bodes well for the market going forward.

There are, however, several mixed signals that warrant a degree of caution. Despite the different indexes notching new highs, only the Technology (XLK) sector has managed to achieve a new high. In addition, only six sectors closed the period higher this month, highlighting the narrow rally. While the lagging market groups are primarily oil and interest-rate sensitive sectors, the lack of sector participation alongside record index levels suggests that we have yet to see a broadening out of the market that would lead to a summer rally. This negative divergence needs to be watched and could be a warning that tech's parabolic rally could be susceptible to a correction as the summer months unfold.

Cyclical Trend Index (CTI): Negative

The CTI is Negative at -3, down five notches from the previous month. The counts for Cycles A and B are bullish, while Cycles C, D and E are bearish. The negative CTI configuration is projected to remain in place into the summer months.

| Cycle | Average # Of Weeks In The Cycle | # Of Weeks Since Previous Bottom | Bullish Or Bearish Connotation |
|-------|---------------------------------|----------------------------------|--------------------------------|
| A | 6 + or -1 Week | 2 Weeks | Bullish |
| B | 18 + or -2 Weeks | 8 Weeks | Bullish |
| C | 36 + or -4 Weeks | 27 Weeks | Bearish |
| D | 72 + or -7 Weeks | 59 Weeks | Bearish |
| E | 216 + or -20 Weeks | 189 Weeks | Bearish |

The following are projected CTI readings through the week ending 6/26/26.

| Week Ending | CTI | Connotation |
|---------------------|-----|-------------|
| 5/29/26 (Actual) | -3 | Bearish |
| 6/05/26 (Projected) | -5 | Bearish |
| 6/12/26 (Projected) | -5 | Bearish |
| 6/18/26 (Projected) | -5 | Bearish |
| 6/26/26 (Projected) | -5 | 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 5/29/26, the Momentum Index is Neutral at 0, down 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.

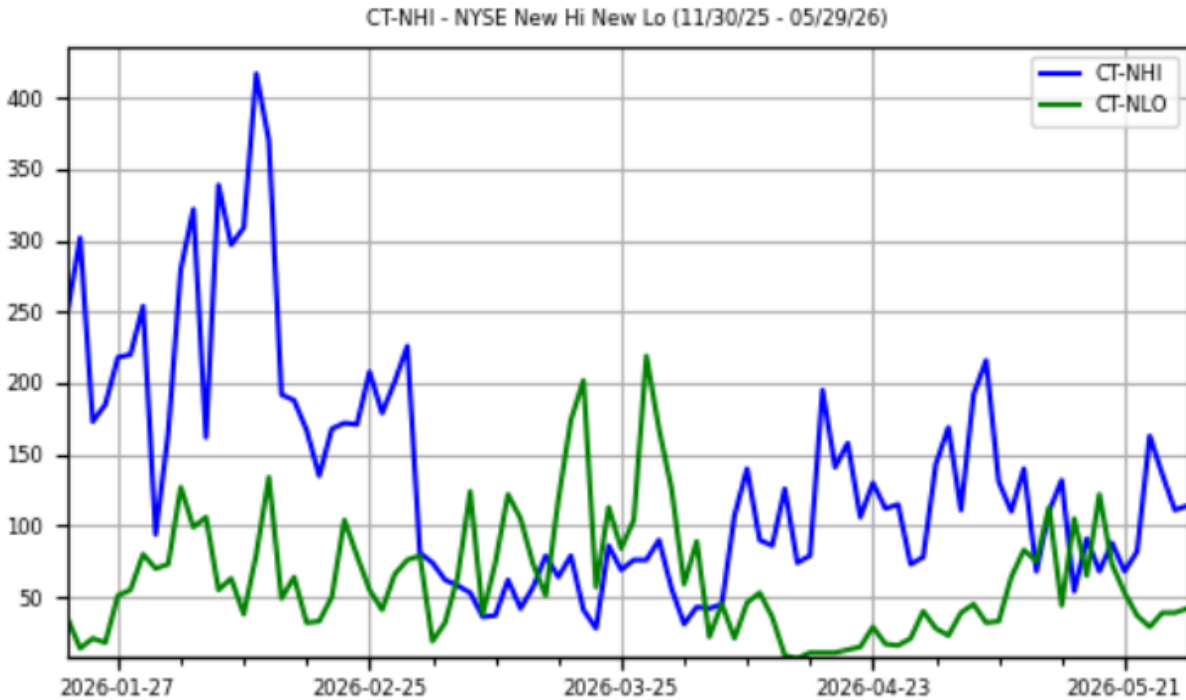
| Prev Highs | DJIA | DJTA | S&P 500 | NYSE | R-2000 | NASDAQ | UTIL | A/D LINE |
|------------|----------|----------|---------|----------|---------|----------|---------|----------|
| May. 2026 | 49910.59 | 23933.14 | 7398.93 | 23284.39 | 2886.77 | 26247.08 | 1170.70 | 583223 |
| 5/29/2026 | 51032.46 | 21410.31 | 7580.06 | 23292.17 | 2919.34 | 26972.62 | 1109.57 | 582653 |
| %Change | 2.2% | -10.5% | 2.4% | 0.0% | 1.1% | 2.8% | -5.2% | -0.1% |

Average % Change of the Broad Market Indices: -0.7%

The broader market indexes are down on average -0.7% from their May 2026 closing highs vs. +2.2% gain for the DJIA resulting in a Neutral 0 reading. Breadth was positive for the month at the NYSE as the Advance/Decline Line gained 221 units vs. a gain of 7764 units in April while the number of new 52-week highs exceeded the number of new lows on 16 of 20 sessions. Breadth was also positive at the NASDAQ as the A/D line gained 3259 units vs. a gain of 9796 units in April.



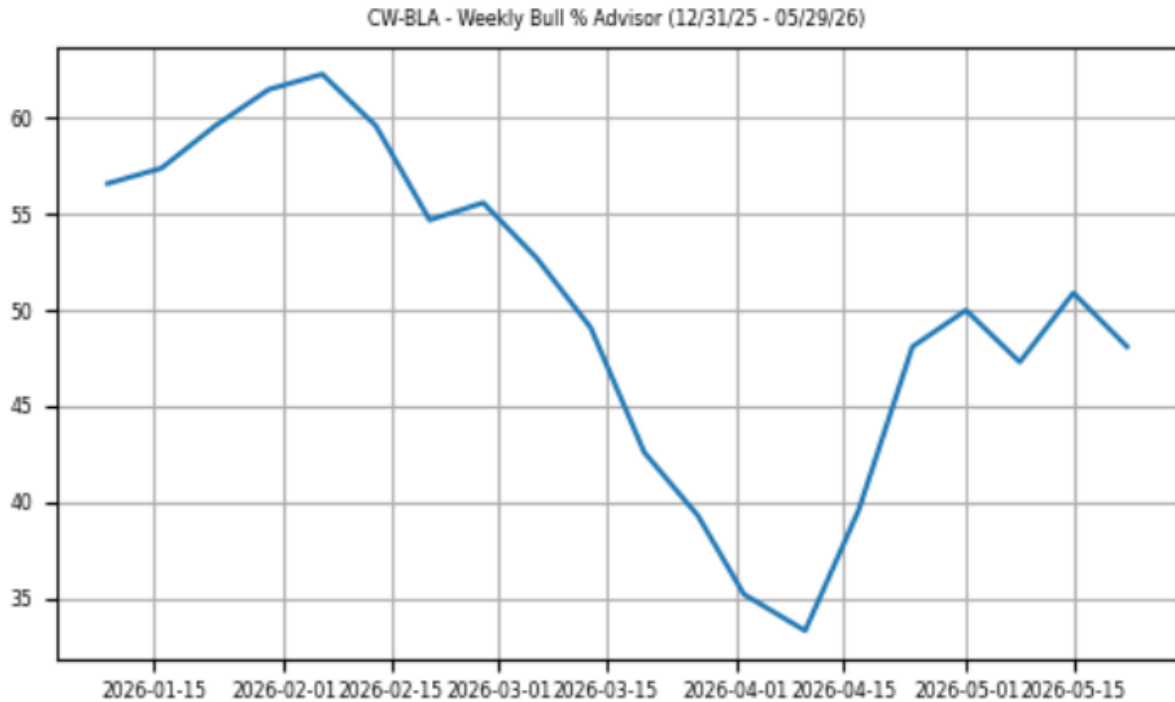
The number of new 52-week highs exceeded the number of new lows at the NASDAQ on 15 of 20 sessions. Finally, the percentage of stocks above their 50-day moving average rose to 65.4% vs. 63.1% from the previous month while those above their 200-day moving average eased to 59.7% vs. 59.8%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Negative

The Sentiment Index ended the period at a Negative -1, up one notch 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 +1.73% and 3.5 days of average volume for the period ending 4/30/26 vs. being down -1.5% and 2.9 days of average volume to cover mid-April. Short interest at the NASDAQ was up +2.0% and 2.3 days of average volume to cover mid-May vs. a +3.2% increase and 2.4 days average volume to cover on 4/30/26. The AAI Bull-Bear Ratio (0.8 vs. 1.0) is bullish. The Percentage of Bullish Investment Advisors (45.3% vs. 50.0%), the VIX, a measurement of fear in the market (15.32 vs. 17.71), the Percentage of Bearish Investment Advisors (22.6% vs. 21.1%), the Bullish-Bearish Investment Advisors Ratio (2.0 vs. 2.4), and the Fear and Greed Index (59.80 vs. 65.6) are Neutral. The Dividend Yield Spread (-3.09 vs. -2.75), the National Association of Active Investment Advisors (NAAIM) Exposure Index (98.4 vs. 94.2) and the Total Put/Call Ratio (0.89 vs. 0.96) 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: Bearish

Based on the status of the Market Edge, market timing models, the 'Market Posture' is Bearish as of the week ending 05/15/2026 (DJIA – 49526.17).

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 – 49526.17) | DJIA Gain/Loss | +1609.60 |

| 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 |
| 05/15/26 - ??? (49526.17 – ???) | 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).

ETF Center:

The top performing ETF categories for the period ending 5/28/26 were Sector-Alternative Energy, Specialty-Technology, Blend-Small Cap and . The weakest categories were Shorts, Commodity-Energy, Sector-Energy, Commodity-Blend and Commodity-Agriculture To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Rankings: What's Hot (8) – What's Not (22)

Of the 30 Industry Groups that we track, 8 are rated as either Strong or Improving while 22 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 5/28/26. Strongest: Technology Hardware, Conglomerates, Industrial Goods and Telecommunications. The weakest categories were Paper & Forest Products, Infrastructure, Agriculture and . To review all the Industry Group rankings, click on the Industries tab.