ON THE EDGE – JULY 2026

Market Review

The June selloff in mega-cap technology and growth stocks fueled a rotation into value and defensive sectors, while semiconductors also outperformed, with the period ending with the DJIA, NYSE and small cap Russell 2000 closing at new record highs. The different indexes struggled out of the gate as flareups in the Middle East threatened to derail a cease-fire between the US and Iran and pushed crude oil prices back towards the $100-a-barrel level. As a result, the major averages experienced a short-term pullback as investors started rotating into value-oriented sectors. Adding to investor jitters was the May Consumer Price Index (CPI) rising 4.2% YoY, its highest reading in three years, while a hotter-than-expected Producer Price Index (PPI) pushed yields higher with the rate on the 10-year Treasury landing at 4.586%. From there, Wall Street stocks regained upside momentum after Trump called off new strikes on Iran. Semiconductors led the reversal with Intel (INTC) surging on news that Alphabet (GOOGL) would use the company to build its next generation of AI chips. The Philadelphia Semiconductor Index (SOX) climbed to a fresh all-time high and up +100% from its April low. As tensions in the Middle East eased and President Trump signaled that a peace deal could be reached in the near-term, oil prices declined to a three-month low. Equities were sold again after the Federal Reserve left rates unchanged at its mid-month meeting, as expected, but its statement was viewed as more hawkish than investors anticipated. Investors continued rotating into cyclical sectors and away from AI-related growth stocks with the DJIA benefiting from that rotation, advancing to fresh record highs, while the S&P 500 and NASDAQ fell below their respective 50-day MA.

Towards the end of the period, the announcement of a memorandum of understanding between the U.S. and Iran aimed at de-escalating the conflict sparked another global rally, with oil prices dipping to the $70 a barrel level. Airlines and cruise lines surged on the prospect of lower fuel costs, while semiconductor stocks rallied, led by strength in Marvel Technology (MRVL) and Micron Technology (MU). Healthcare (XLV), Industrial (XLI) and Financial (XLF) sectors each gained 4% or more during the period. Meanwhile, Communications Services (XLC), Energy (XLE) and Consumer Discretionary (XLY) finished the month in negative territory.

For the month, the DJIA gained 1286.74 points (2.52%) and settled at 52319.20. The DJIA finished off its best first half performance since 2021 and strongest quarter since Q4 2022. The S&P 500 fell by -80.70 points (-1.1%) for the month, closing at 7499.36. The NASDAQ tumbled by -758.90 points (-2.81%) and finished at 26972.62. Despite the June pullback, both the S&P 500 and NASDAQ posted their biggest quarterly gain since Q2 2020. Finally, the small cap Russell 2000 was higher by 105.03 points (3.6%) and settled at an all-time high of 3024.37. With a gain of better than 21%, the Russell 2000 finished off its best first half performance since 1991.

Market Outlook

The technical condition of the market remains mixed. While the Dow Jones, NYSE, Equal-weight S&P 500 (RSP), Philadelphia Semiconductor Index (SOX) and Russell 2000 reached new record highs during the period, the S&P 500, NASDAQ and NASDAQ 100 finished lower, snapping their two consecutive months win streak. The technical indicators reflect this divergence. MACD, a short-term trend gauge, remains in bullish ground for the DJIA, Russell 2000, and Equal Weight S&P 500, while Momentum, as measured by the 14-day RSI, continues to improve for those indexes. In contrast, both the S&P 500 and NASDAQ are exhibiting slowing momentum, and MACD bearish, but slightly improved as the month was closing. In addition, the NASDAQ briefly broke below its 50-day MA, a key support level, while the S&P 500 struggled to hold that level, but both indexes finished June above that key support level. The S&P 500 formed a triangle chart pattern in June which investors need to keep an eye on as the major averages roll into the summer. Whichever direction the bellwether index breaks out of that pattern will most likely determine whether we'll see a summer swoon.

AI spenders were hammered during the month, while the beneficiaries of that spending moved higher. Microsoft (MSFT), Meta Platforms (META), Amazon (AMZN), Netflix (NFLX) and Tesla (TSLA) all traded below their respective 50,100 and 200-day MA's in June. Meanwhile, Apple (AAPL), Nvidia (NVDA) and Alphabet (GOOGL) fell below their 50 and 100-day MA's before bouncing as the month ended. The Roundhill Big Tech ETF (MAGS) was down –13.8% from its May high to June low. These overweighted stocks have retraced between 61.8% and some, including Microsoft and Meta Platforms, 100% of the rally off the March/April lows. The fact that the major averages are holding close to record highs, however, is a testament to the strength of the ongoing rotation into cyclical sectors. However, upside potential for the major averages will be limited without renewed participation from the technology heavyweights. Margin debt rose for a second consecutive month in May, reaching a record of $1.4T. While this reflects continued investor confidence, it may also signal elevated speculation and increase the risk of mark instability. Finally, the Market Edge Cyclical Trend Index (CTI) is in a negative configuration due to longer term cycles prevalent in the market having more of an influence on prices. The negative setup is projected to last through July and could forewarn that equities could experience trouble as the summer heats up.

Cyclical Trend Index (CTI): Negative

The CTI is Negative at -12, down nine notches from the previous month. The counts for Cycles A is bullish while Cycles B, C, D and E are bearish. The negative CTI configuration is projected to remain in place into July.

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	12 Weeks	Bearish
C	36 + or -4 Weeks	31 Weeks	Bearish
D	72 + or -7 Weeks	93 Weeks	Bearish
E	216 + or -20 Weeks	163 Weeks	Bearish

The following are projected CTI readings through the week ending 7/31/26.

Week Ending	CTI	Connotation
6/26/26 (Actual)	-12	Bearish
7/02/26 (Projected)	-13	Bearish
7/10/26 (Projected)	-13	Bearish
7/17/26 (Projected)	-15	Bearish
7/24/26 (Projected)	-15	Bearish
7/31/26 (Projected)	-15	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.'

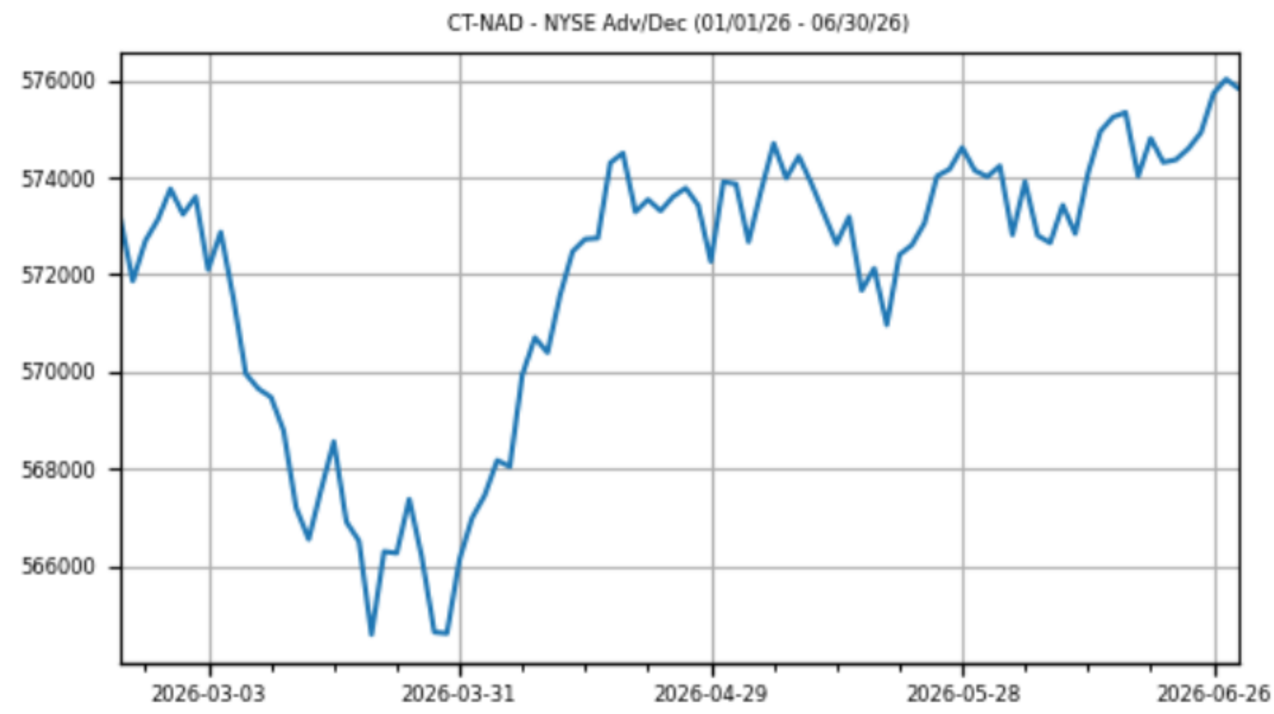
Momentum Index: Negative

As of the close on 6/26/26, the Momentum Index is Negative at -4, 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.

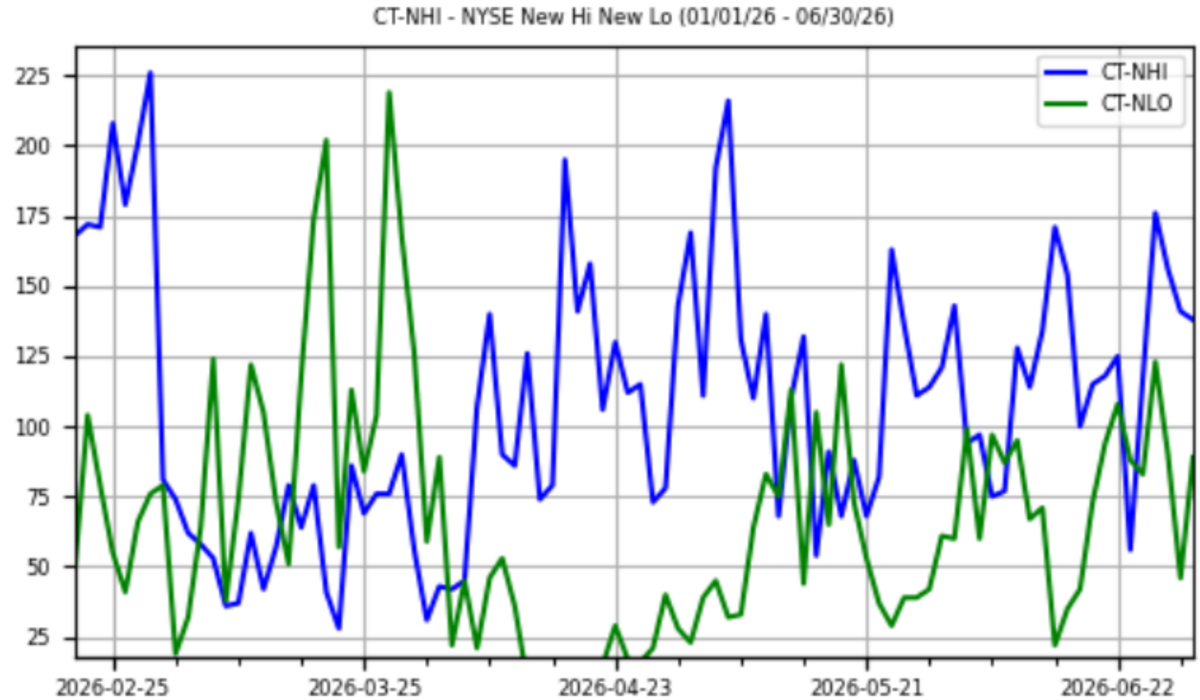
Prev Highs	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
May. 2026	49910.59	23933.14	7398.93	23284.39	2886.77	26247.08	1170.70	583223
6/30/2026	52319.20	21749.79	7499.36	23834.23	3024.37	26213.72	1146.08	582653
%Change	**4.8%**	**-9.1%**	**1.4%**	**2.4%**	**4.8%**	**-0.1%**	**-2.1%**	**-0.1%**

Average % Change of the Broad Market Indices: 0.1%

The broader market indexes are up on average 0.1% from their May 2026 closing highs vs. +4.8% gain for the DJIA resulting in a Negative -4 reading. Breadth was positive for the month at the NYSE as the Advance/Decline Line gained 1679 units vs. a gain of 221 units in May while the number of new 52-week highs exceeded the number of new lows on 17 of 21 sessions. Breadth was also positive at the NASDAQ as the A/D line gained 178 units vs. a gain of 3259 units in May.



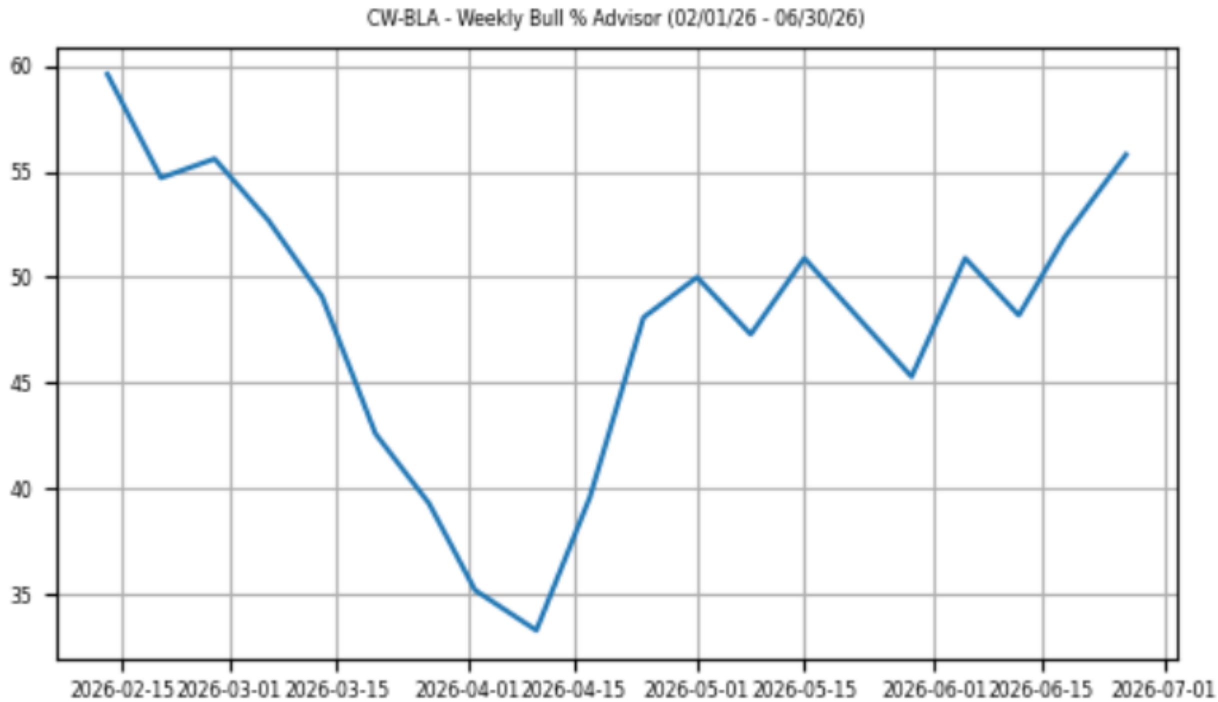
The number of new 52-week highs exceeded the number of new lows at the NASDAQ on 14 of 21 sessions. Finally, the percentage of stocks above their 50-day moving average fell to 54.0% vs. 65.4% from the previous month while those above their 200-day moving average eased to 57.7% vs. 59.7%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Negative

The Sentiment Index ended the period at a Negative -5, down four 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 +3.4% and 2.8 days of average volume for the period ending 6/15/26 vs. being up +5.8% and 3.0 days of average volume to cover at the end of May. Short interest at the NASDAQ was up +3.4% and 2.1 days of average volume to cover mid-June vs. a +1.5% increase and 2.2 days average volume to cover on 5/31/26. The AAII Bull-Bear Ratio (1.2 vs. 0.8), the Fear and Greed Index (27.8 vs. 59.8), the VIX, a measurement of fear in the market (18.41 vs. 15.32) and the Total Put/Call Ratio (0.99 vs. 0.89) are Neutral. The Percentage of Bullish Investment Advisors (55.8% vs. 45.3%), the Percentage of Bearish Investment Advisors (17.3% vs. 22.6%), the Bullish-Bearish Investment Advisors Ratio (3.2 vs. 2.0), the Dividend Yield Spread (-3.02 vs. -3.09) and the National Association of Active Investment Advisors (NAAIM) Exposure Index (98.6 vs. 98.4) 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 6/25/26 were: Specialty-Health, Specialty Real Estate, Blend-Small Cap, Specialty Utilities and Growth-Small Cap. The weakest categories were: Commodity-Precious Metals, Sector-Basic Materials, Sector-Internet, Commodity-Base Metals and Specialty Natural Resources. To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Rankings: What's Hot (16) – What's Not (14)

Of the 30 Industry Groups that we track, 16 are rated as either Strong or Improving while 14 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 6/25/26. Strongest: Technology Hardware, Healthcare Services, Construction and Conglomerates. The weakest categories were Paper & Forest Products, Agriculture, Metals & Mining, and Telecommunications. To review all the Industry Group rankings, click on the Industries tab.