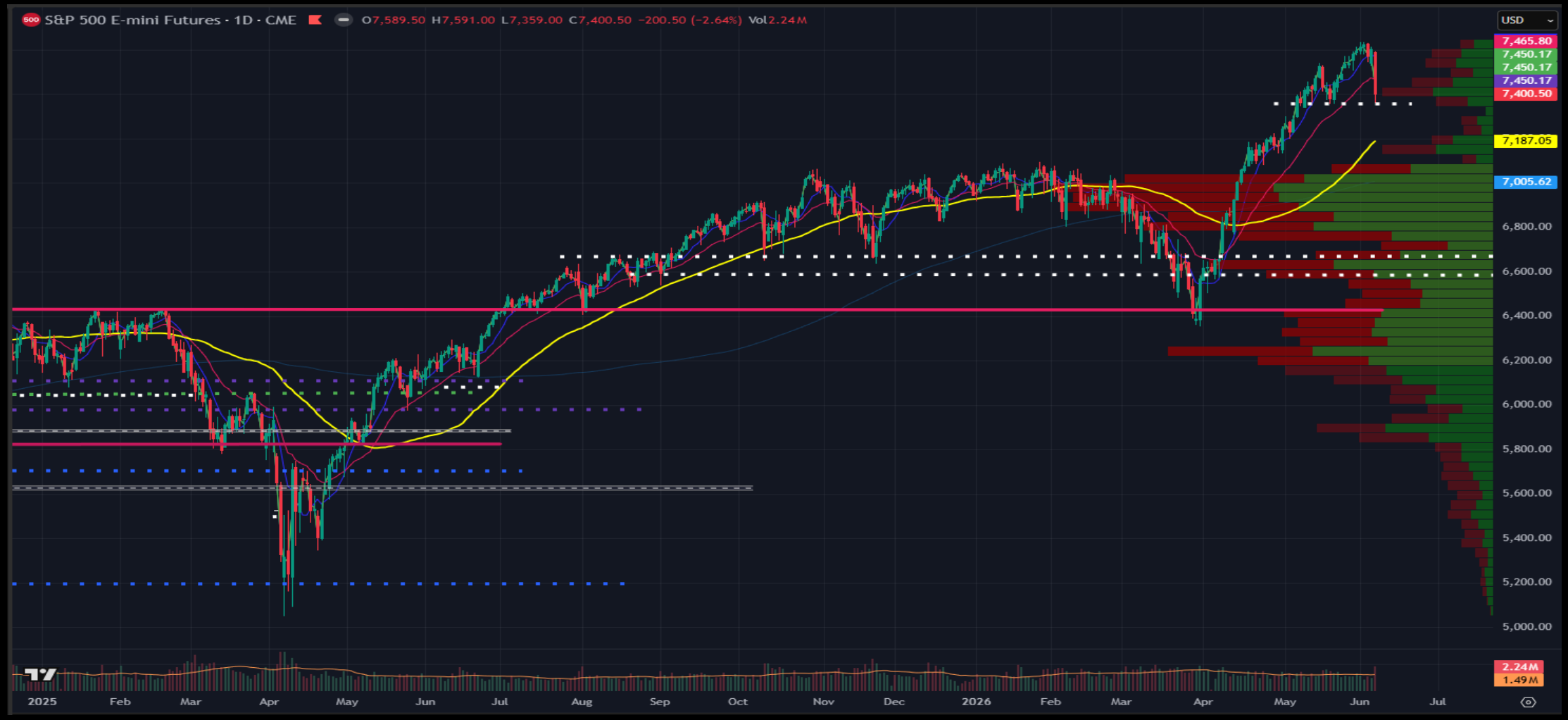
Technical View

@toglesby27

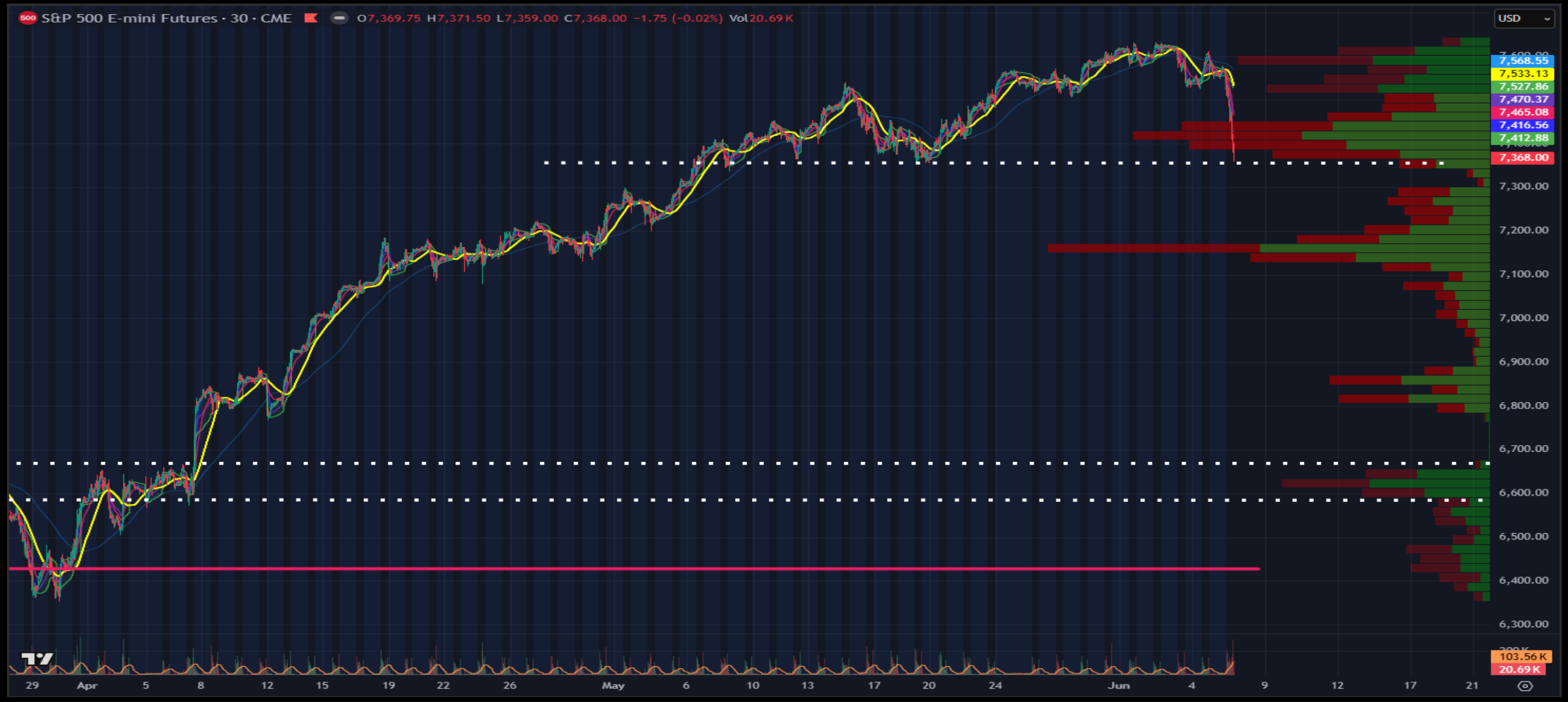
- 6/7/26 – Following a sharp selloff on Friday, the view here is less sanguine than in our report following the 5/15 selloff. To be precise – this 'has our attention'. The bias has not yet changed and there is a decent possibility that the market opens the week with a healthy bounce. Accepting below 7350 ES/28775 NQ will change the picture and open the door for a sustained move lower.

- Primary levels –
- ES – 7350 looks to be very important support at this point. Accepting below this level is a change in character for the market and opens the door to a sustained move lower. 7460 looks to be first resistance, then 7520.
- NQ – NQ likewise held key support near 28775. This level is not as 'clean' as in ES, but is as important. Holding this level keeps the bull bias alive, but there has been consolidation/distribution since 5/15 and the potential for a tradable move lower seems more likely. First resistance is near 29420.
- RTY lagged on the way up, and is lagging on the way down. 2810 is small support with larger support at 2725. There is little real resistance below recent highs over 2920.

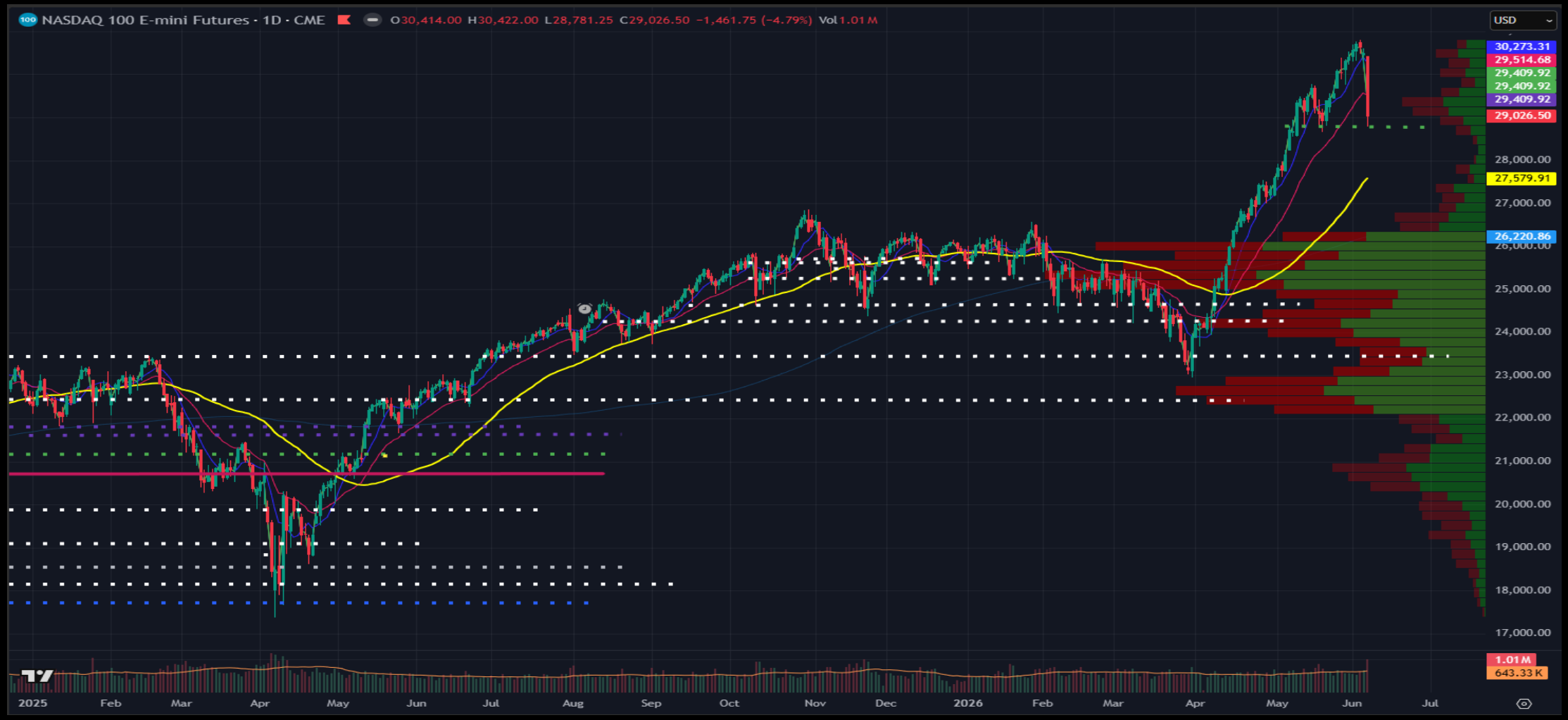
ES daily – Friday got my attention. The identified support level at 7350 served as a target and then held strong, but this is a change in action and there has been some time for distribution.



ES – Short term – 30 minute. While still not of ‘line in the sand’ status, it is easy to see how important this 7350 support level has become.



NQ Daily – The NQ level is not as clean at ‘around’ 28760, but it is also becoming quite important.



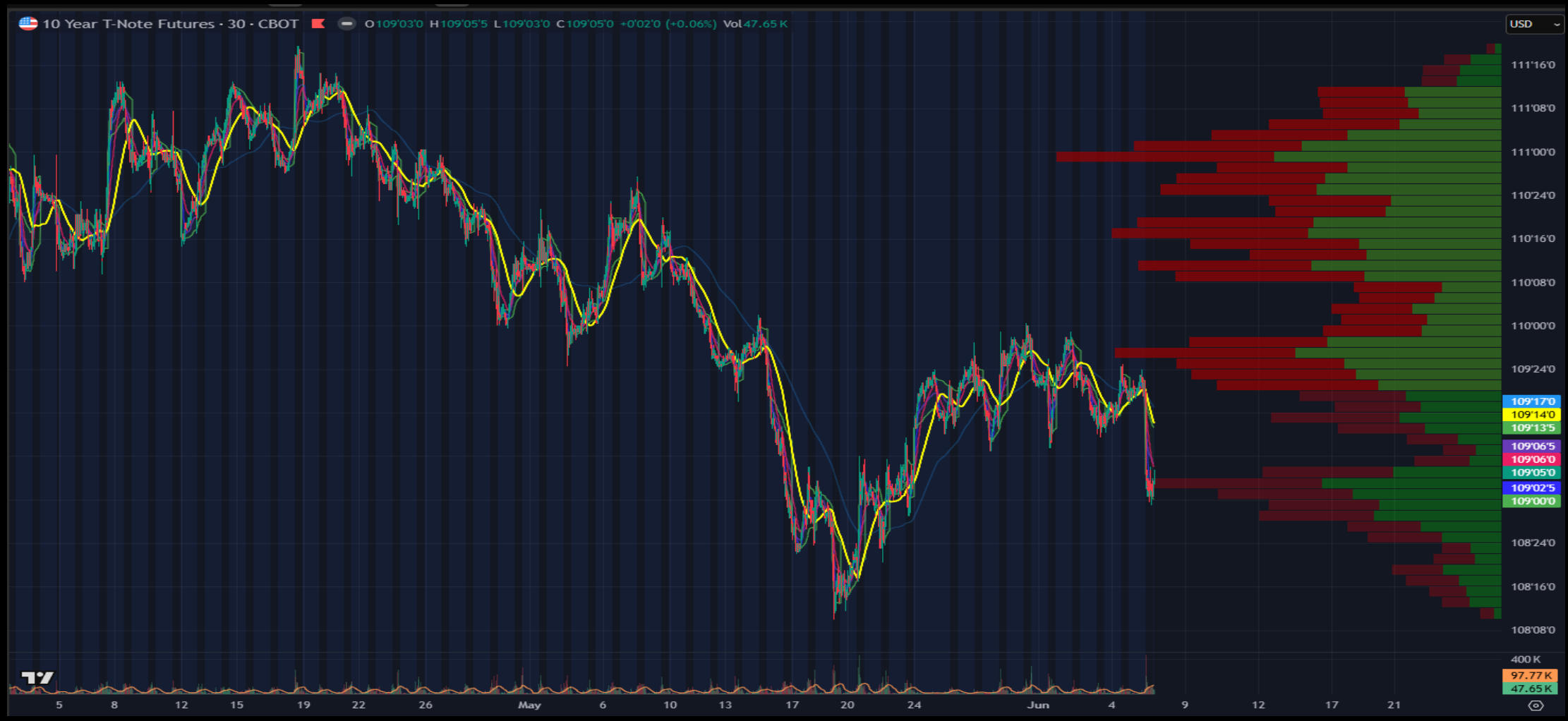
NQ – short term – 30 minute – This gives a very clear idea of the level. Holding here could actually be healthy.

RTY – There is something of a level here near 2810, but not nearly as significant as the level on ES and NQ. The larger level is lower near 2725. As RTY has lagged on the way up, it is offering lower vol on the way down as well.

Dollar Index – A small rally on Friday that led to a selloff in weak dollar plays. This highlights the sensitivity of these names to even small moves in the dollar index.

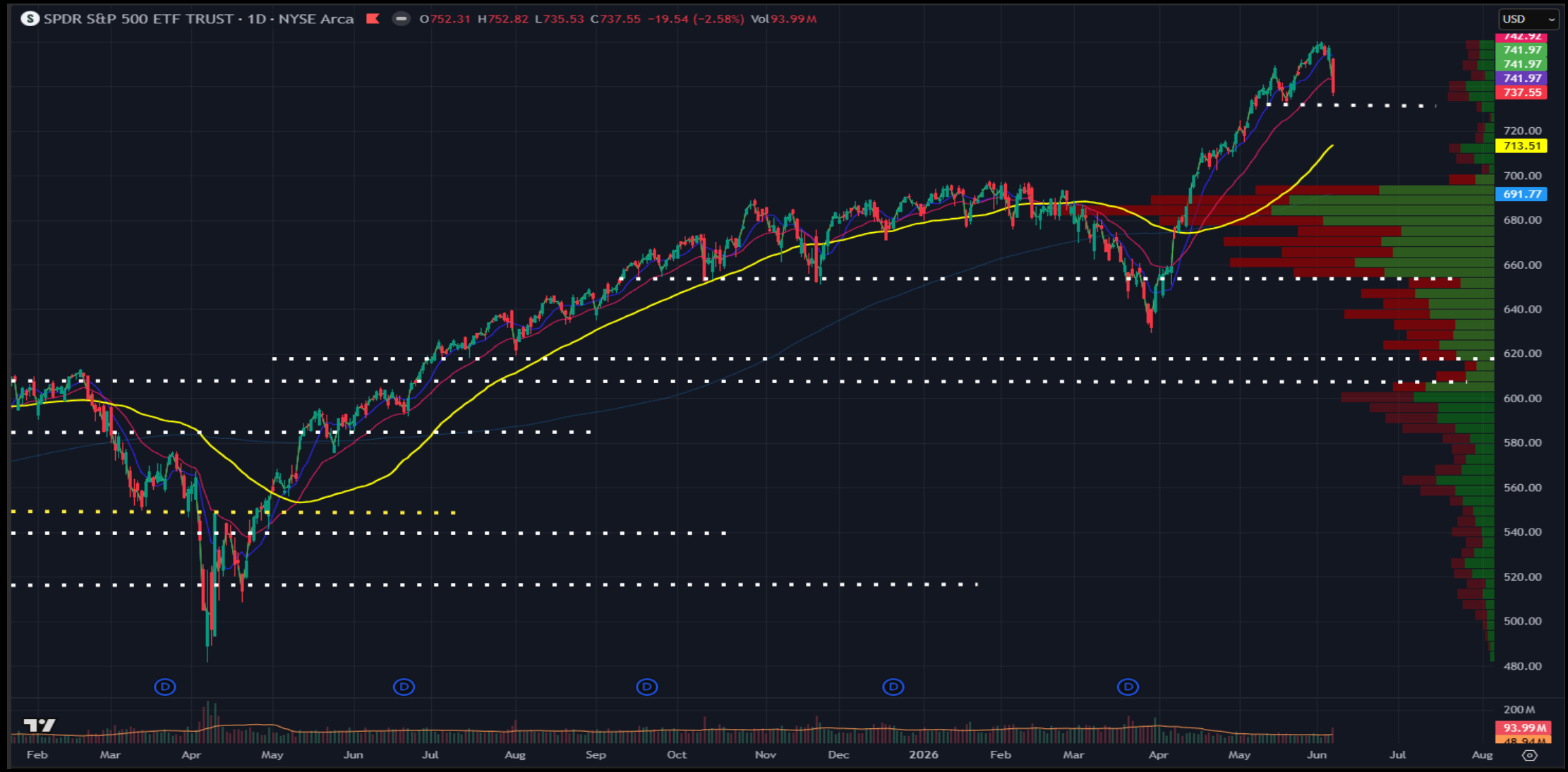
10 year treasury (prices) – The rally here is holding so far, but not able to break back above short term supply. A case could be made that this looks a lot like Bitcoin from last week.

Bonds – Short term – 30 minute. This shows better detail. The setup of a short term selloff followed by a rally back to support does look a LOT like Bitcoin did very recently.



10-year yields – Monitor.

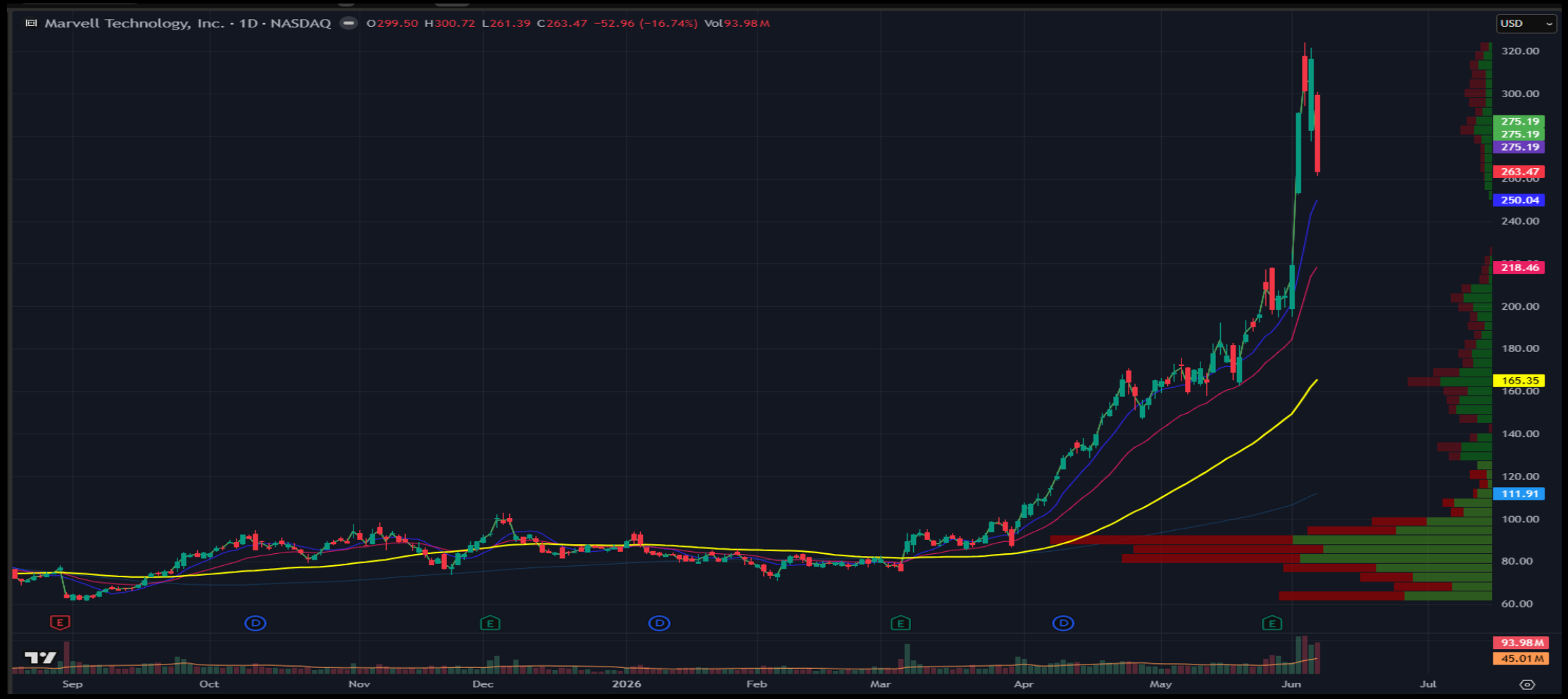
Overall view – The outlook is evolving, but not completely changed. For most of the rally the watchword was ‘Don’t fight’ Two weeks ago it changed to ‘Raise stops and protect profits’ We still are not at ‘Put shorts on’ but we are at – ‘Pay close attention’. Accepting below 7350 ES constitutes a ‘change in character’ for markets.



Overall View – Last week – “Consolidation at the highs would be healthy.” IF this support level holds, a case could be made that this is consolidation at the highs. Friday was painful, but FIRST real support held. The size of the selloff was primarily a function of how far markets had run.

SMH – correction from extremely extended condition.

A quick look at some of the most recent darlings… MRVL



Another darling…SNDK - The 21 day MA held and even caught a bid late in the day.

Russell 1000 Value – Intact. And contrast with IWF.

Russell 1000 Growth. The contrast shown here suggests that it is the names that have done the best, that were hit hardest on Friday. I.e. Profit taking.

China (FXI) – Hmmm. Again.

EEM – The 50 day MA and lateral support are holding - so far.

Breadth - % of stocks above 200 MA – The action on Friday is interesting.

SPX 1 Week Performance – This looks very telling after last week's action.

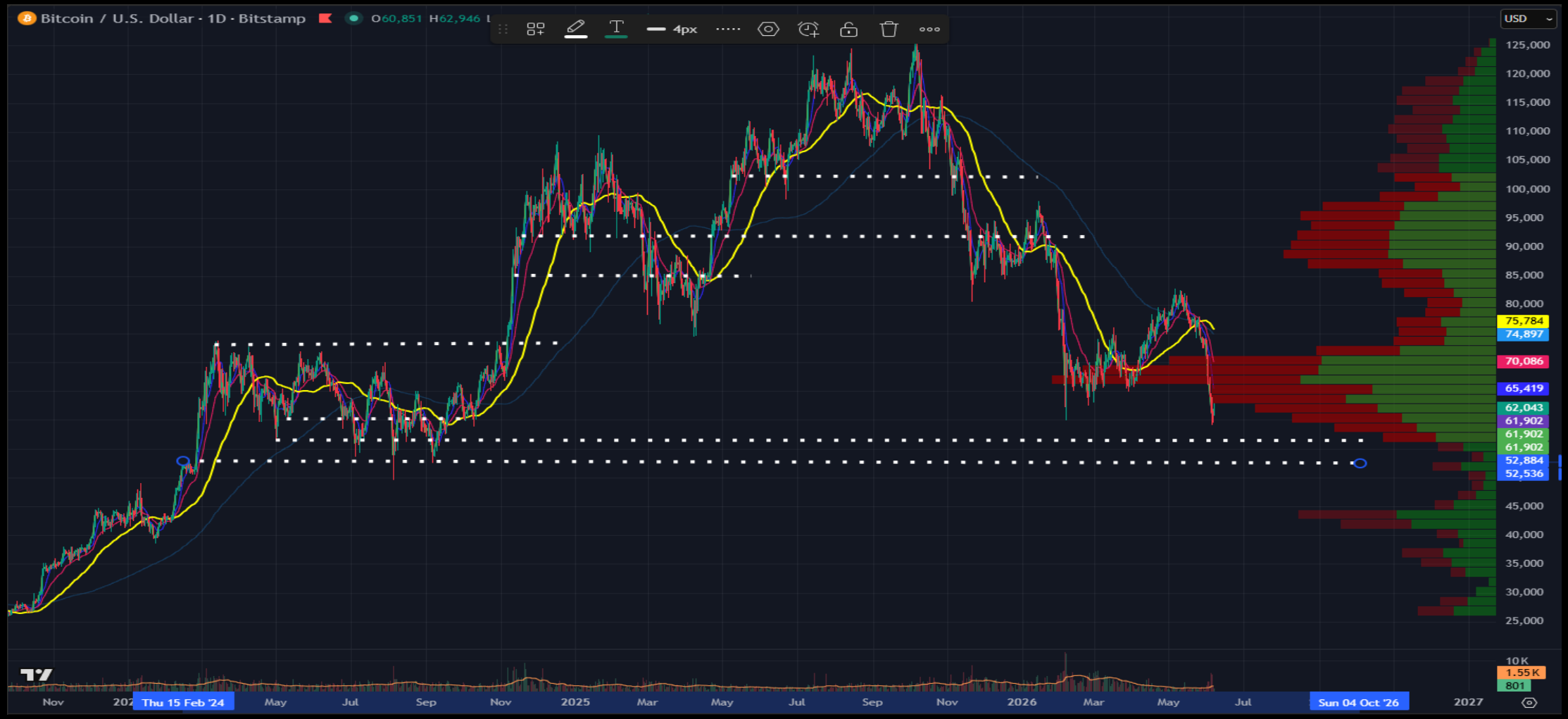
Crude – In the face of a lot of news that should be driving Oil lower – it isn't. Choppy in a very wide range, but still intact.

Brent Crude (BNO) – At a little bit more of an inflection point than WTI, but still intact as well.

Natural Gas – ‘Change in character’ has been the watchword here since the spike, and now it is starting to resolve higher. This looks very intact.

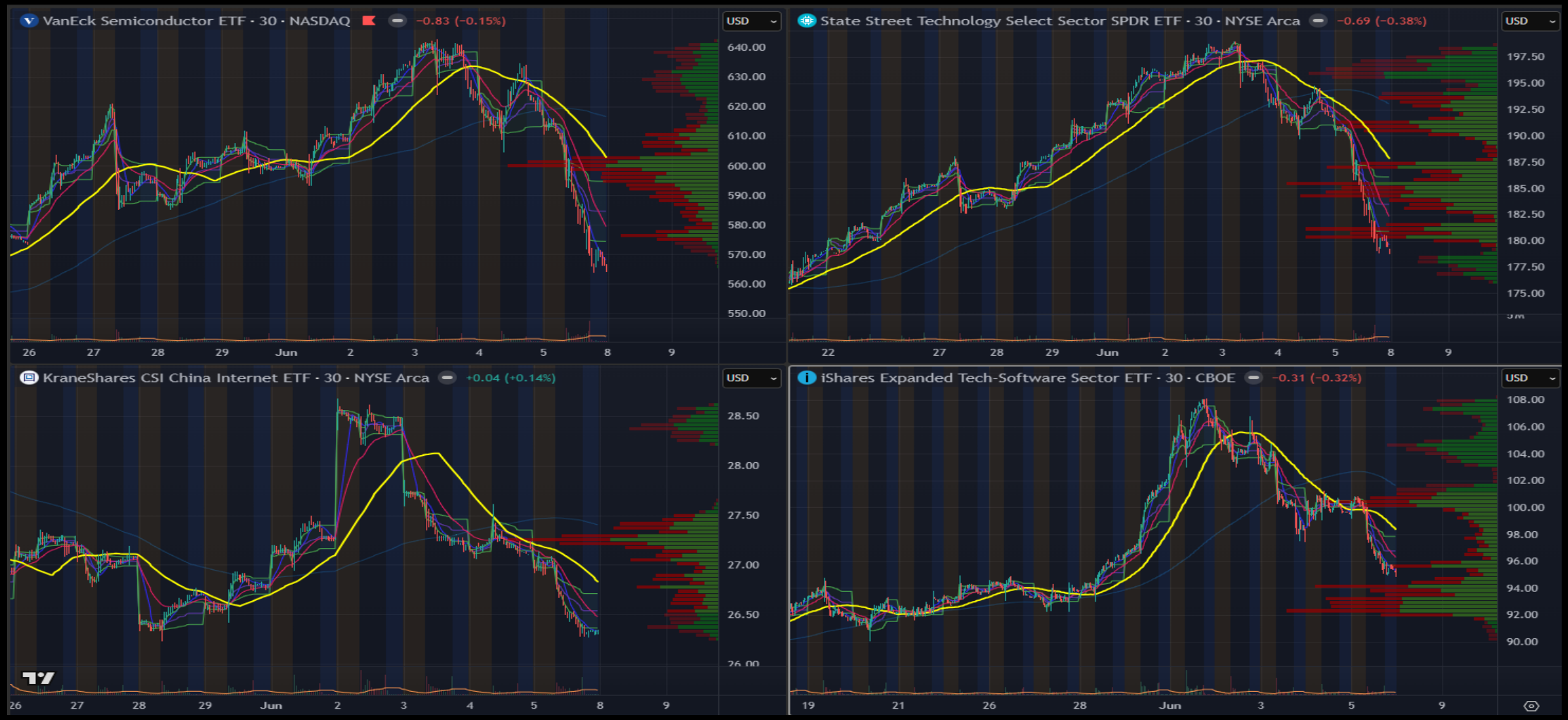
Gold. (GLD) – A new low on Friday and a change in the action takes any bullish bias off the table for now.

Bitcoin – Last week – “this roll over right from the bottom of the previous range is not what bulls want to see.” BTC promptly followed through lower. What is most concerning about this is ZN now has the same setup as BTC last week.



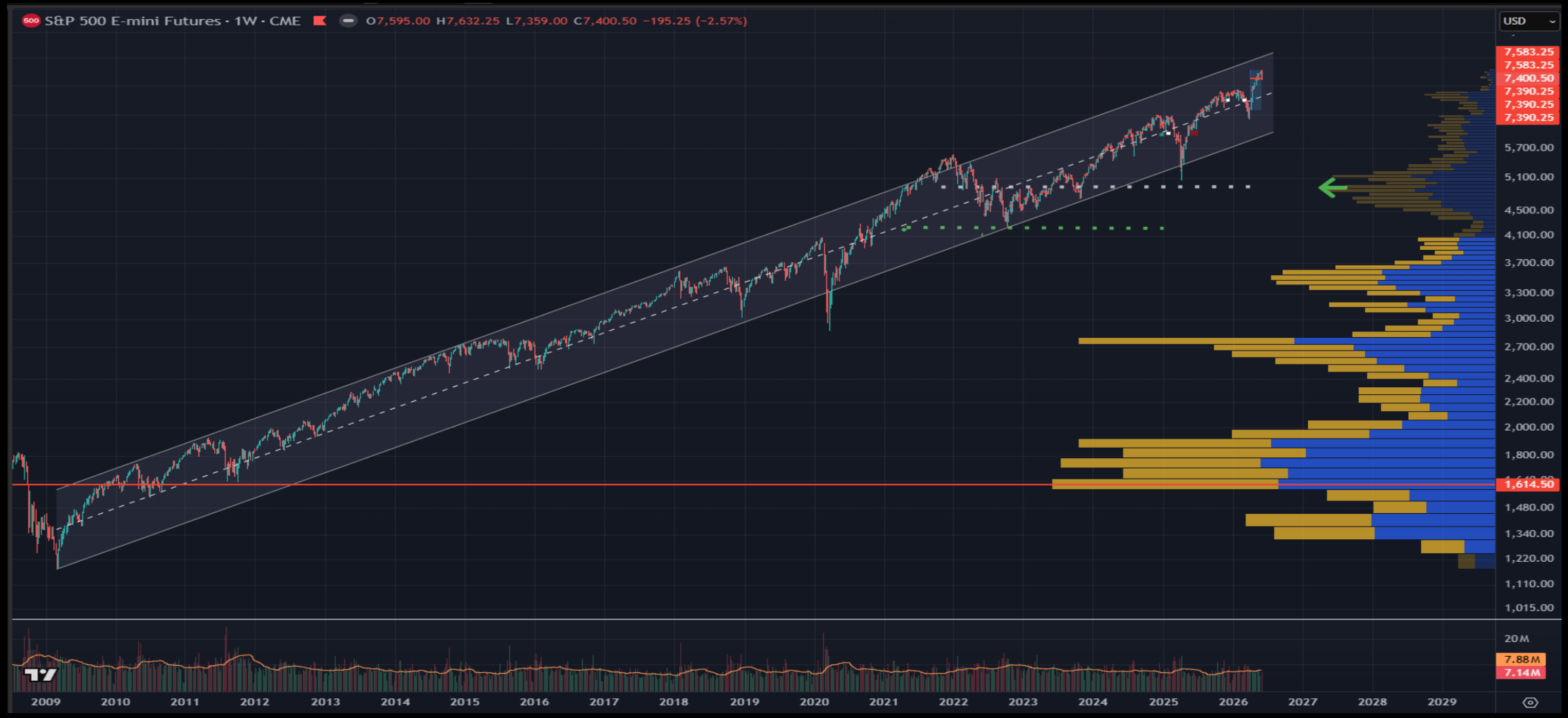
Energy equities - A slight pullback late last week, but unquestionably intact. Compare this with the tech charts on the next page.

Technology ETFs – Leaders getting punished while other sectors look very intact suggests profit taking.



Key Sectors. Consumer did get hit last week, but the other three look quite intact. Again – supporting the view that this is primarily profit taking.

Long term – IF/WHEN indexes break – there is ample room to the downside, just to test the low end of the trend channel that has been in place since the 09 bottom.



Long term – NQ is breaking out of the redrawn long-term trend channel exceeding even the highs of the 2021 bull market on a trend basis.

Small caps – (IWM) Also with plenty of room to the downside.

Summary

- A strong selloff in equities is generating much more attention than the first sale on 5/15. First real support held in ES and NQ and is now very important.
- Most of the selling Friday was concentrated in tech and AI related names. Financials, Health Care, Energy and Industrials all looking healthy suggest that this was primarily profit taking in a very extended segment of the market.
- Oil continues to consolidate in a wide range. It is far from technically broken despite many headlines advertising the end of hostilities. The charts suggest there is still a very good chance that the consolidation resolves higher. Bias is bullish oil.
- Bitcoin rolled over directly from resistance and pushed to the lows of the last two years. The biggest concern with this is – there are similar setups elsewhere, most notably in ten year bonds.