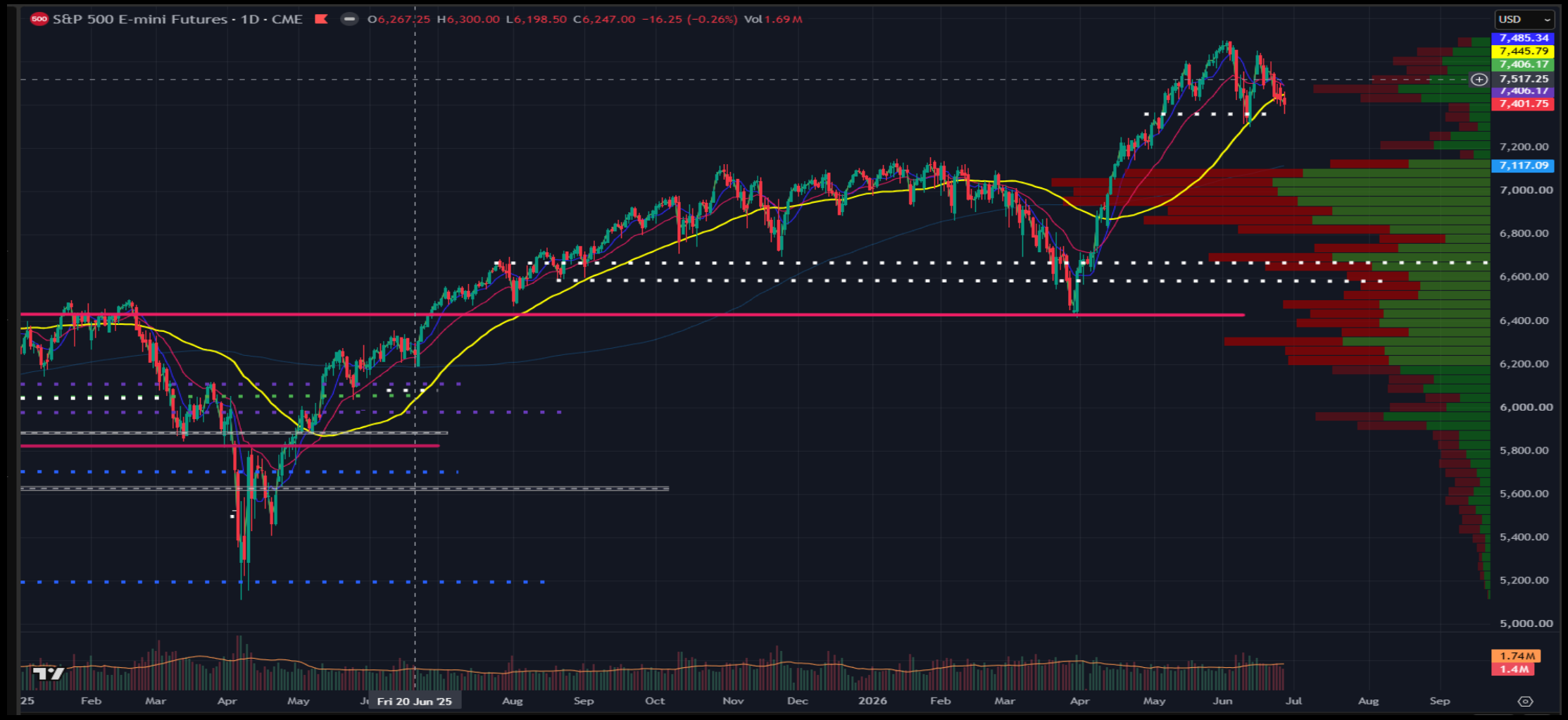
Technical View

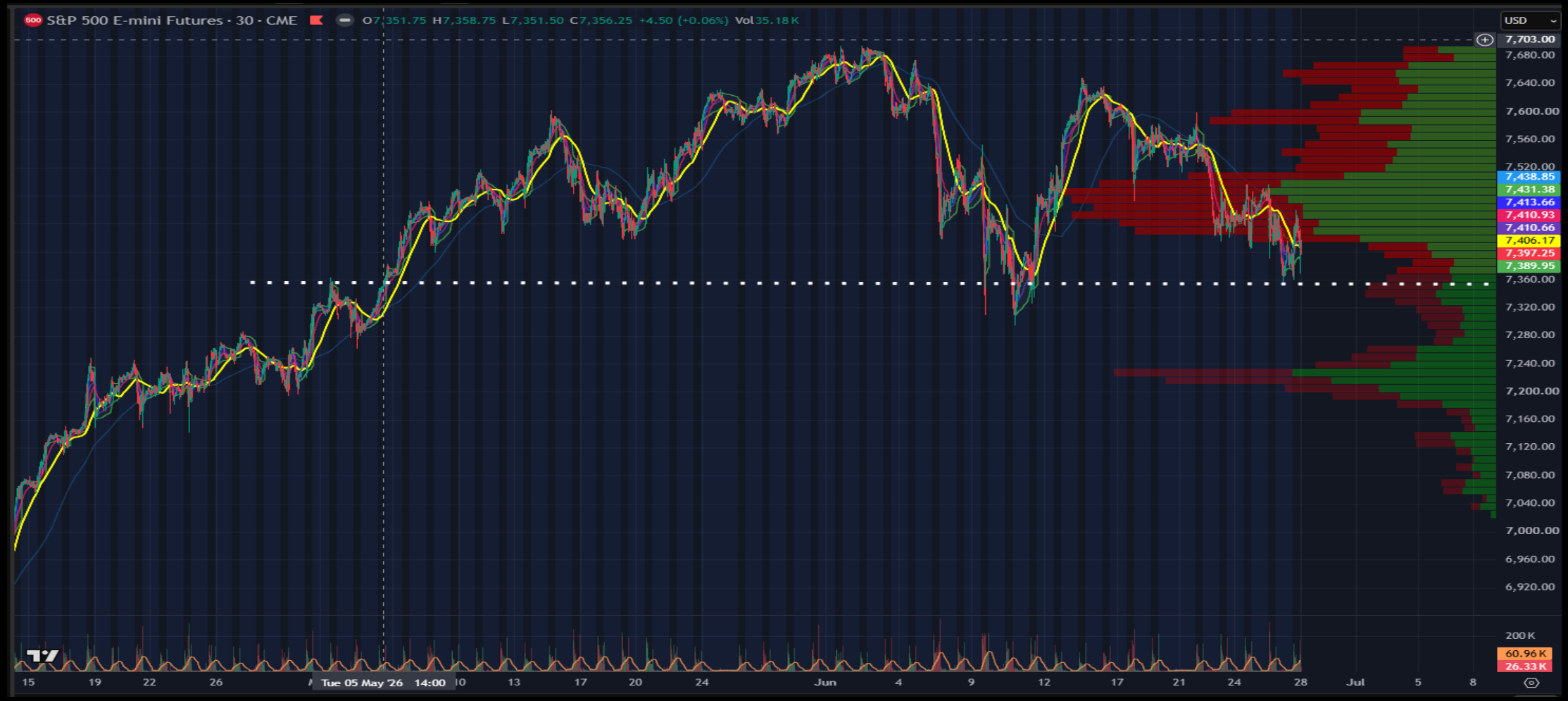
- 6/28/26
- Considerable rotation last week as MAG 7 was weak again, but Financials, Health Care, Industrials and Small Caps all held in well.
- There are potential top formation in primary indexes. This will be discussed in detail on tonight's call.

- Primary levels –
- ES – 7410 is first significant support/resistance with essential support lower at 7355. 7513 is now decent resistance. How will the index handle a potential open below support?
- NQ – 29080 is key support with 28870 and 28600 as smaller levels slightly lower. 30050 is now resistance. Like ES – this shows a potential top formation that can be completed with acceptance below 29070.
- RTY – Slight resistance at recent highs above 3040. A cluster of small support levels near 2996, 2970 and 2960.

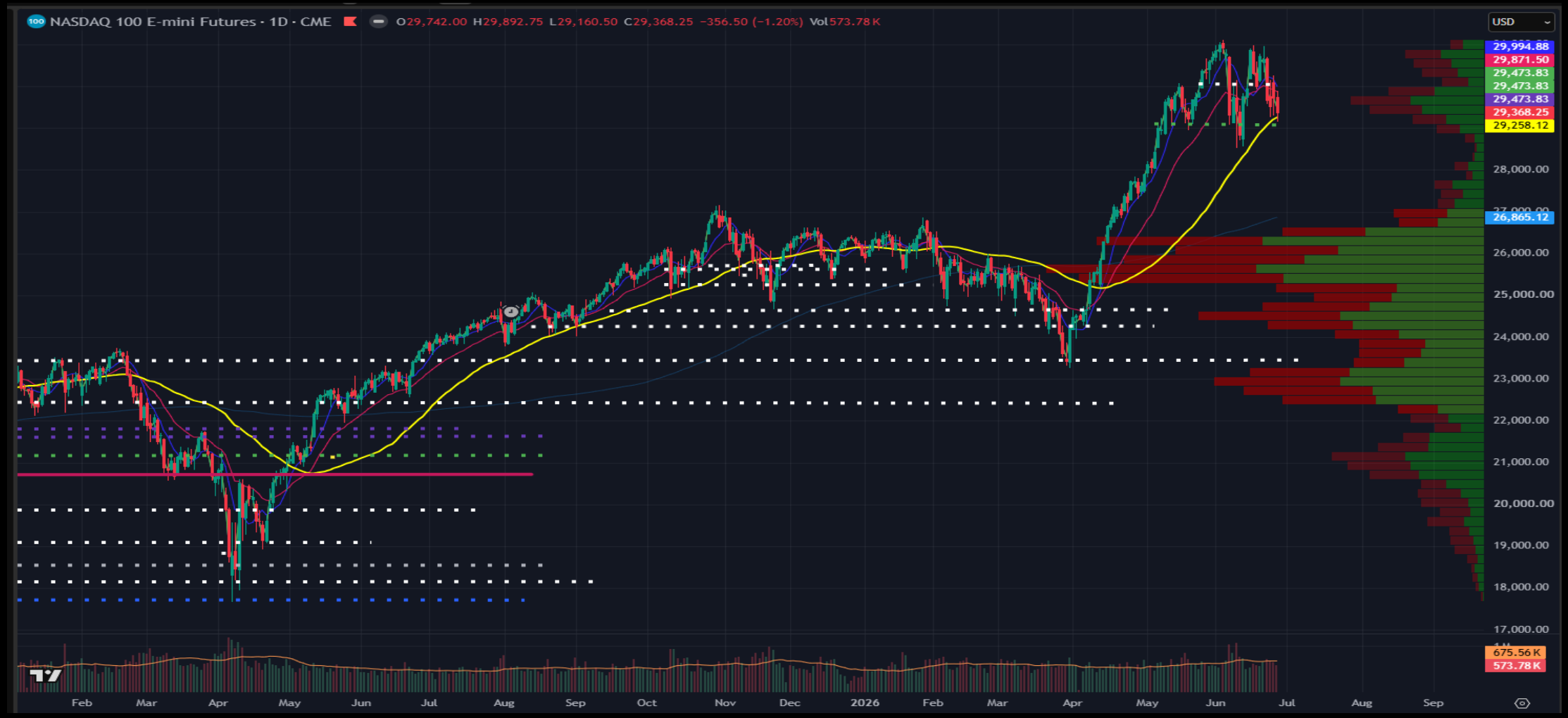
ES daily – The high-level consolidation continues with yet another test near the key support level at ~7350 later Friday afternoon. This level has proven to be very important.



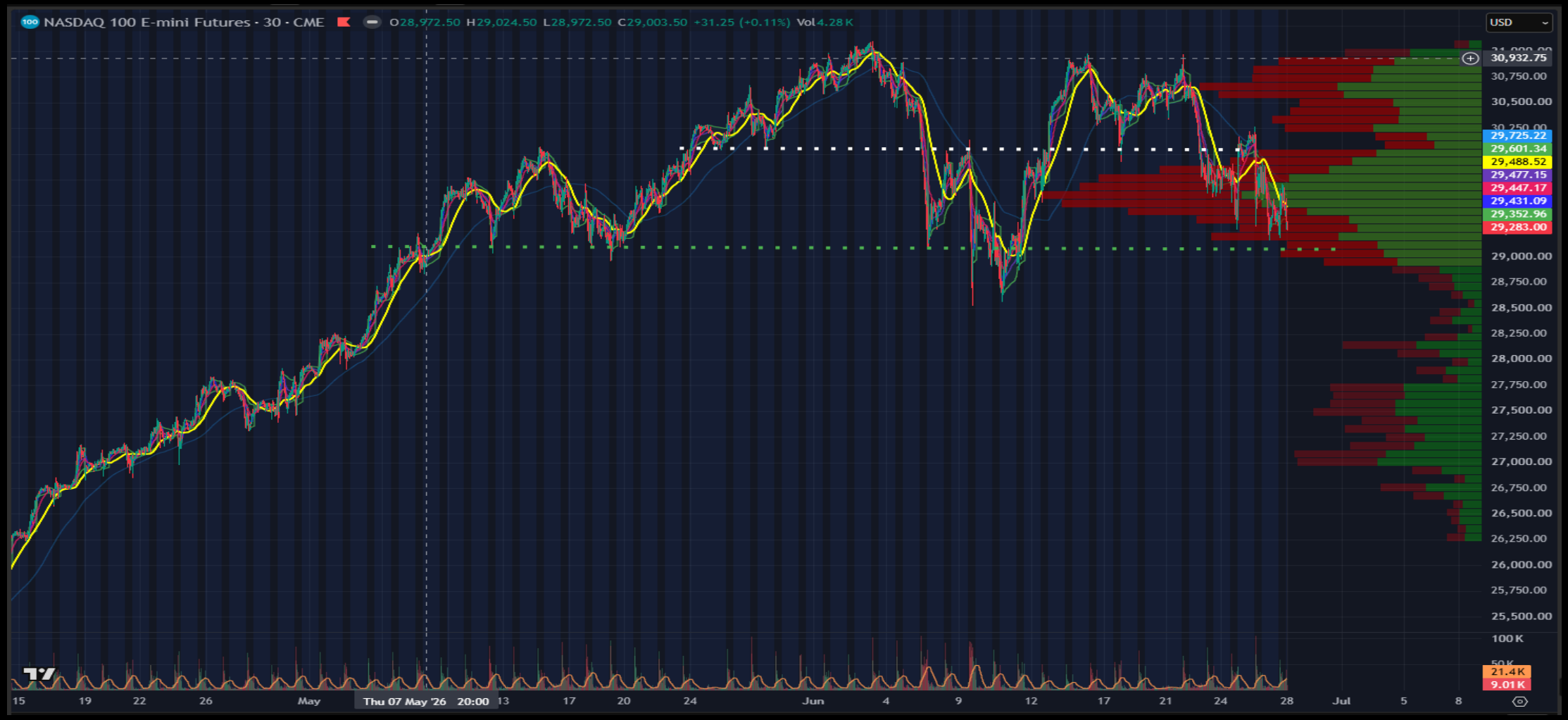
ES – Short term – 30-minute – This does look a LOT like a potential Head and Shoulders top, but the emphasis is – this is a consolidation until it proves otherwise.



NQ Daily – NQ looks similar and has the key support level just below the Friday close.



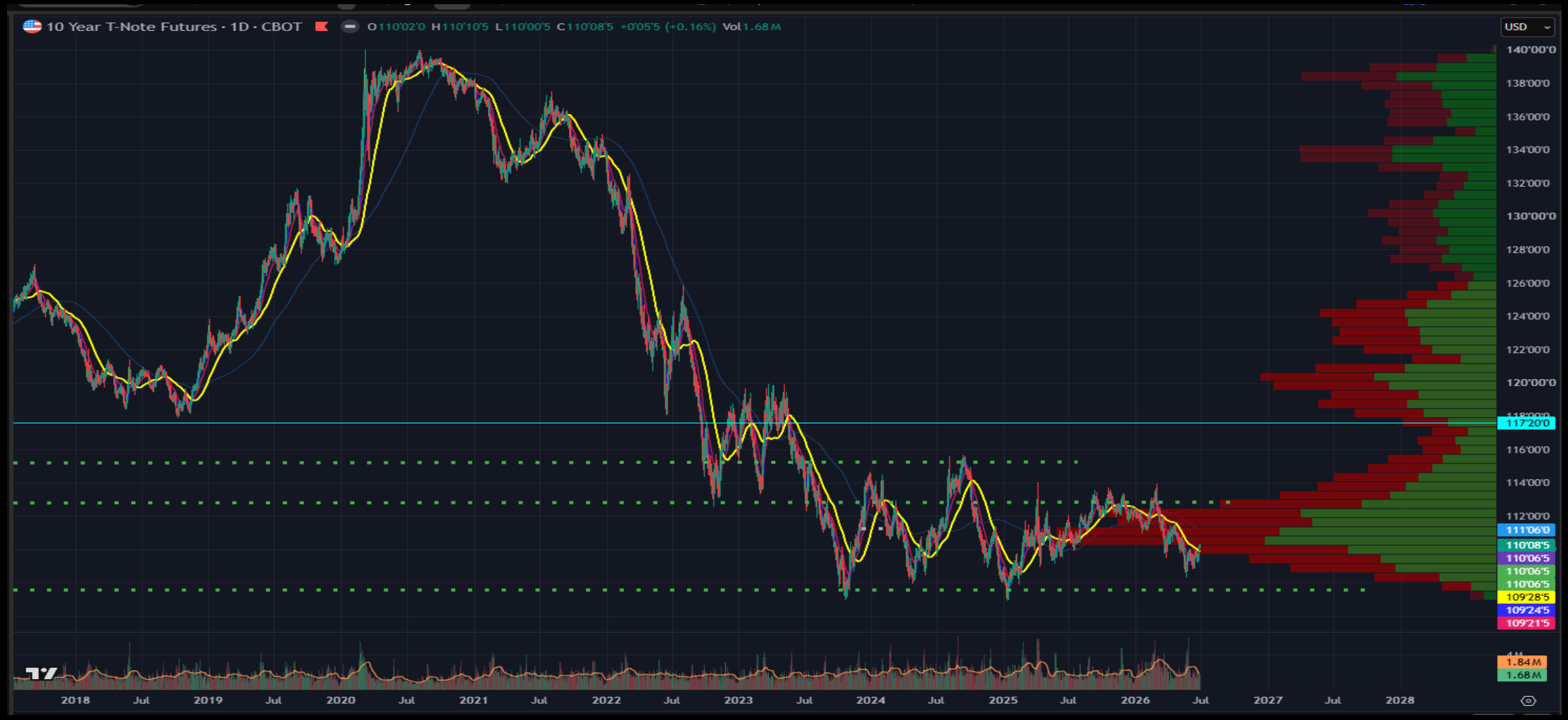
NQ – short term – 30 minute. The significance of these levels is apparent and again – pay close attention to the profile at the right of the screen. Acceptance below the high-volume range would change the outlook.



RTY – Holding in well, just below all time highs as rotation continues to be the primary driver recently.

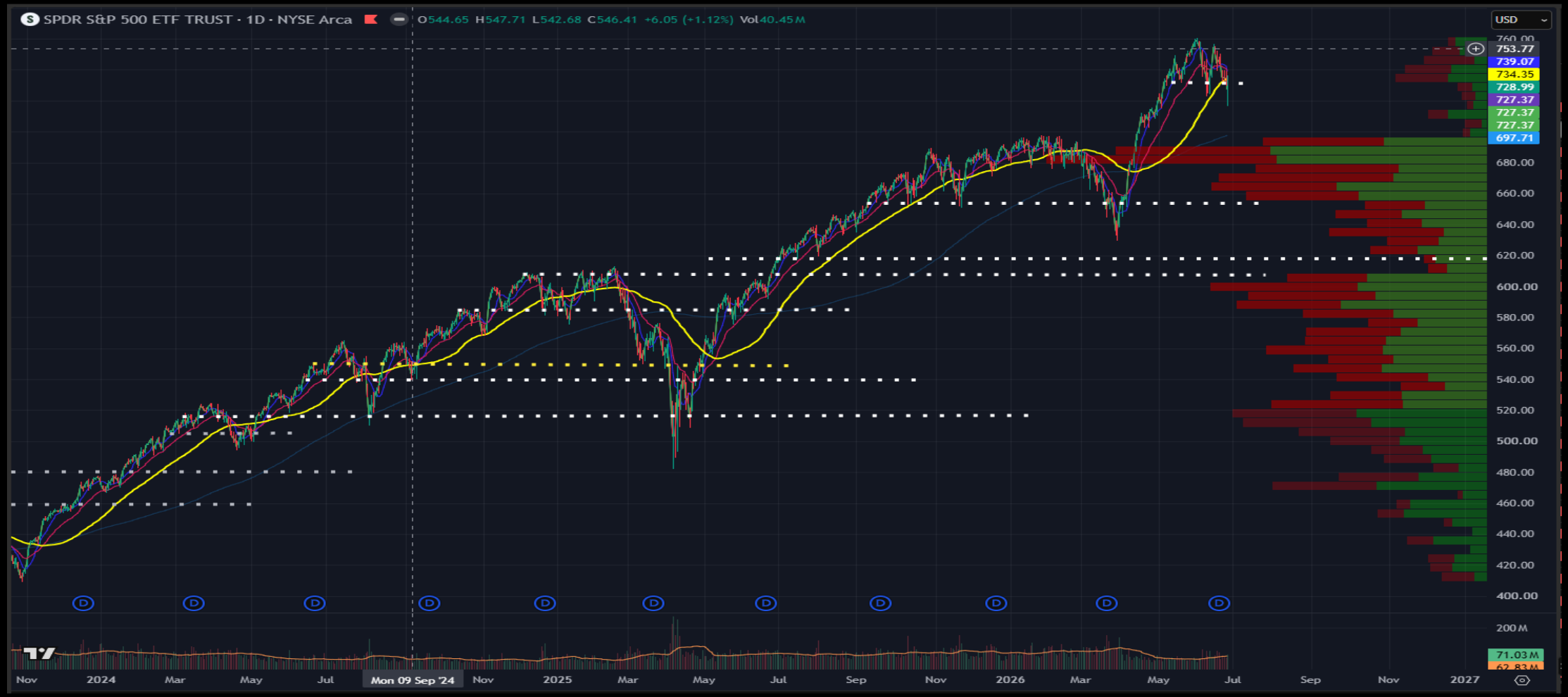
Dollar Index – Coming much closer to a breakout. This still hasn't 'accepted' higher, but it is harder to make a bearish interpretation here.

10 year treasury (prices) – Still consolidating in the tight range.



10-year yields – Continue to monitor. Arguably the biggest potential threat to equity markets.

Overall view – This chart shows the included the aftermarket dump when the US released news of the latest bombing of Iran. The Cease Fire agreement looks to be at risk.

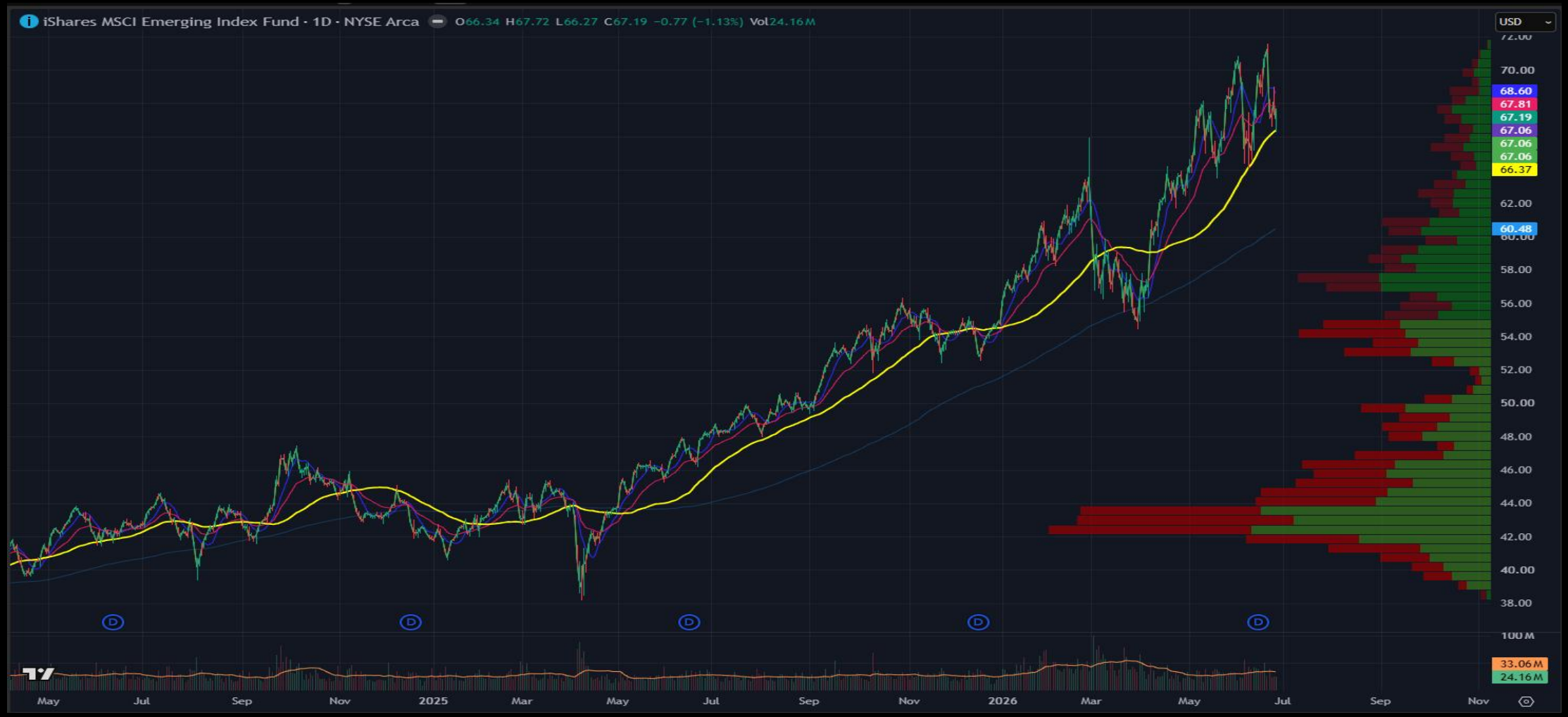


Russell 1000 Value – Slightly zoomed in to show detail of the latest action, which still looks healthy.

Russell 1000 Growth. Clearly suffering as funds rotate out of the MAG 7/tech leadership but other groups continue to rally.

China (FXI) – Following through lower. Is this a canary in the coal mine? The guess here is – not likely.

EEM – Intact.


iShares MSCI Emerging Index Fund · 1D · NYSE Arca
O66.34 H67.72 L66.27 C67.19 −0.77 (−1.13%) Vol24.16M
USD
70.00
68.60
67.81
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67.06
67.06
66.37
62.00
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Breadth - % of stocks above 200 MA – Interesting push higher Friday that supports the rotation view.

SPX 1 Week Performance – This also suggests rotation.

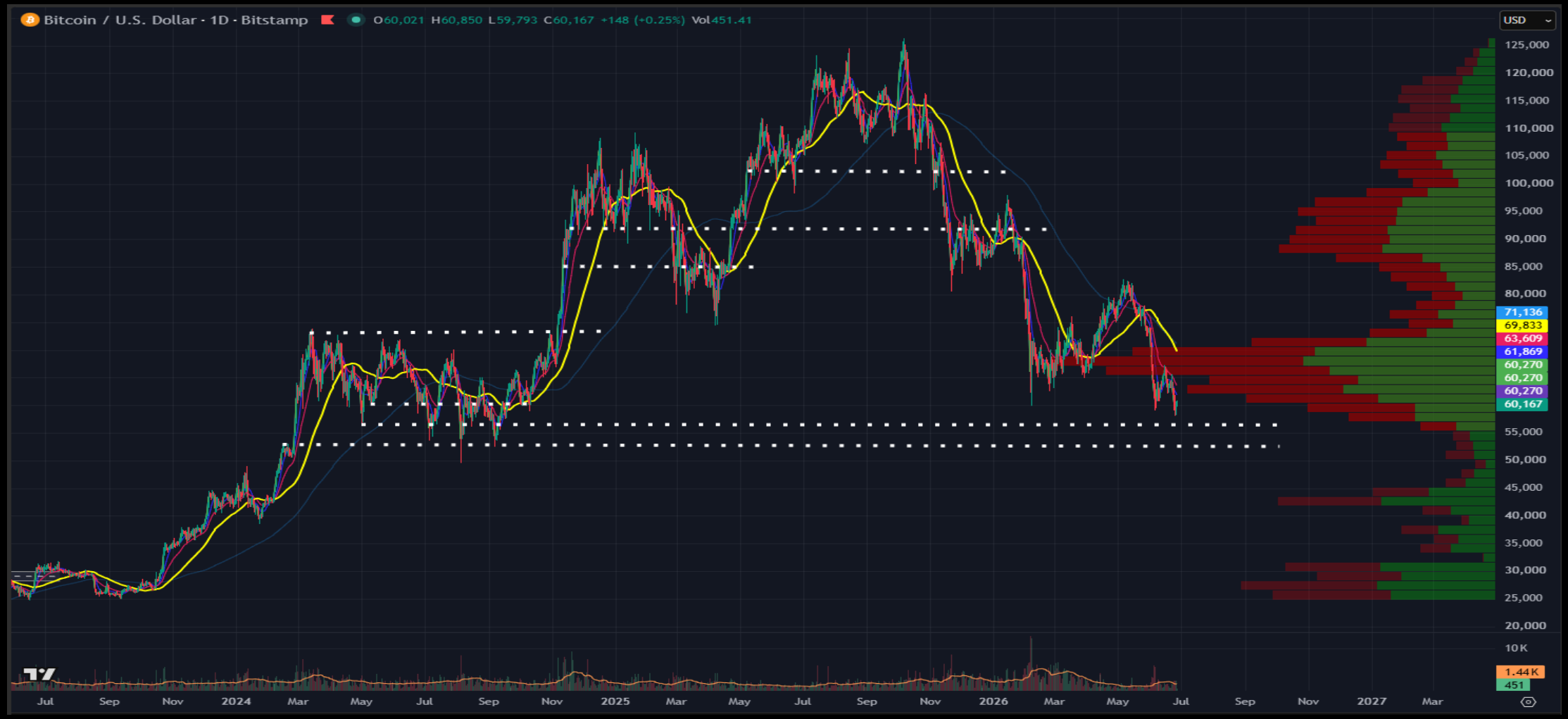
Crude – A zoomed out view to show relevant context. Acceptance below 76 leads to follow through towards another significant level at 68.

Brent Crude (BNO) The same time frame as WTI, but a different chart structure. Will the long consolidation area serve as support, or will price accept back down into that range?

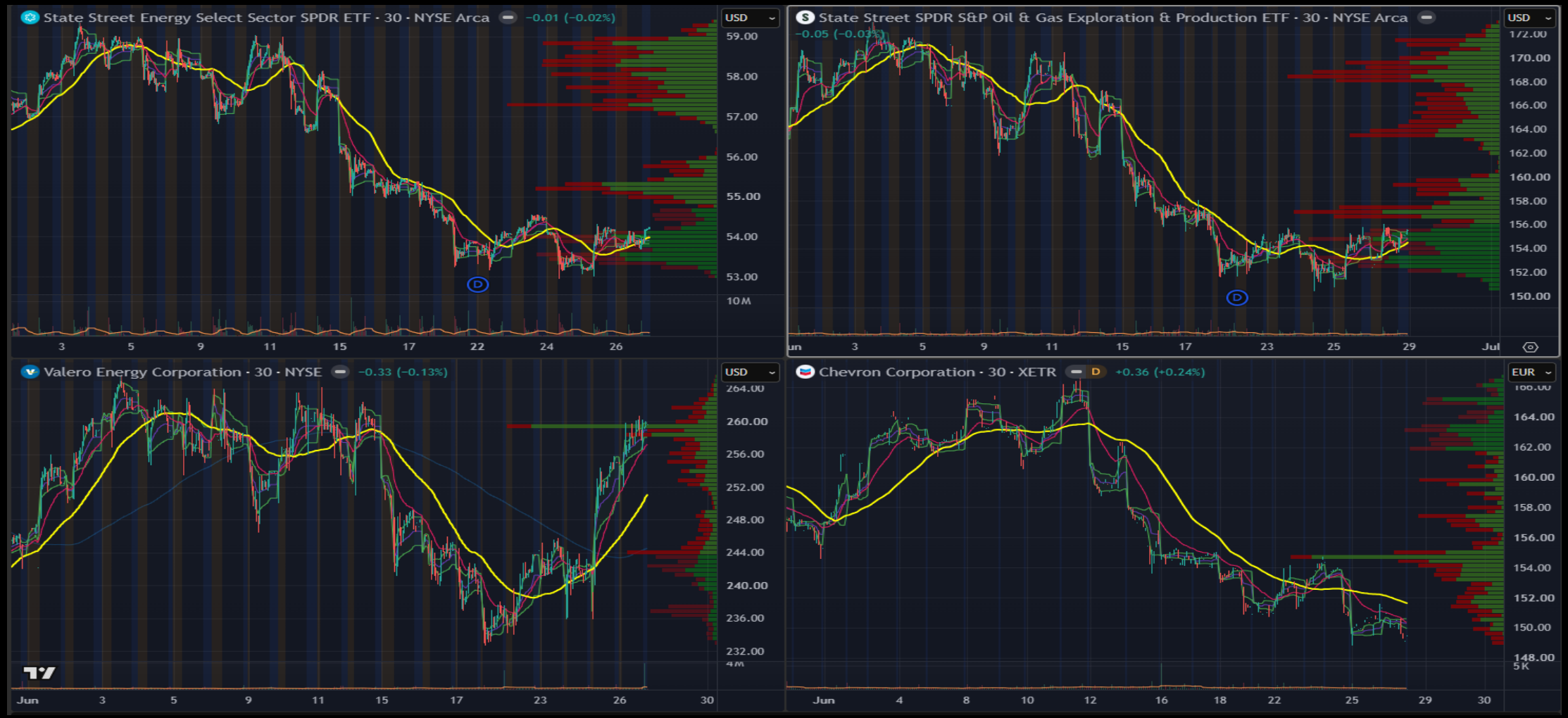
Natural Gas – No real change, but this looks to be setting up for higher prices eventually.

Gold. (GLD) A test of the low end of the high volume range. Its holding – so far.

Bitcoin. Key support is near 56k. Will that get tested and can this potential top follow through lower?



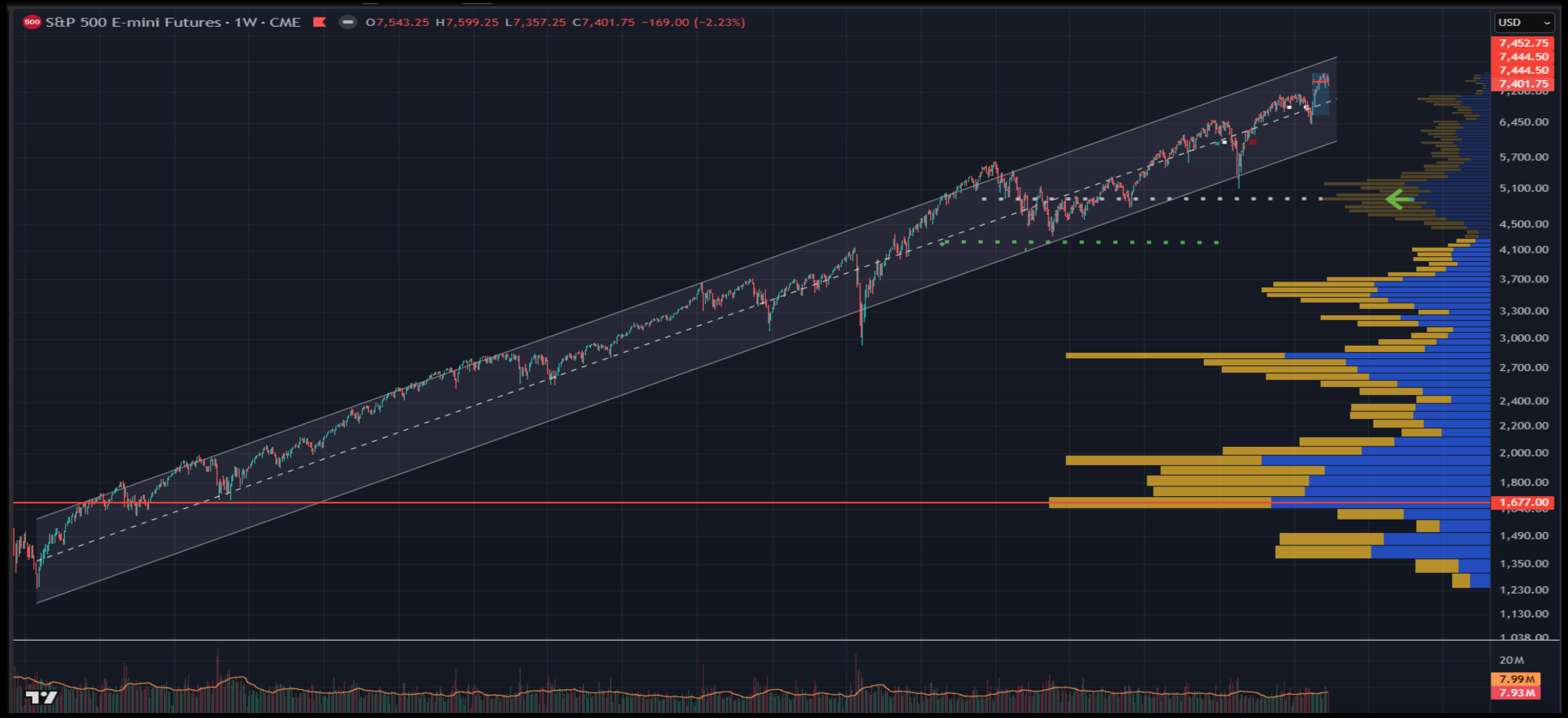
Energy equities - Wow – look at refiners. Are XLE and XOP trying to bottom?



Technology ETFs – Rotation showing up here and some pullback in Semi's. Software still looks challenged.

Key Sectors. Health Care rights itself following last week's speculation on its underperformance. Industrials and Financials still look good, reinforcing the "rotation" theme.

Long term - ES – The medium-term outlook is changing. There has been a very strong run in equities and ES since November 2023, but that now looks to be finished. Sideways consolidation, or a pull all the way back to the support level noted – 5000, is quite possible.



Long term – At down over 10% from recent highs, and still above the long-term channel, the medium-term outlook for the market has changed. A reversion back into the channel, and potentially all the way to the mid point is entirely possible.

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

Summary

- Rotation is the watchword this week, and – one week late – switching “Don’t fight” to “Two-way Trading”
- The dollar is severely testing the upper boundary of the wedge that has been forming for over 1 year. Any follow through higher will have to be viewed as ‘acceptance’ and a breakout.
- The support levels are very clear and look likely to be tested early this week. Will this lead to sharp follow through lower, or will the pattern morph towards more of a downward sloping ‘flag’ consolidation. There is a strong case to be made for the latter.