

## ROTATION INTO EQUAL-WEIGHT AND RATE-SENSITIVE VALUE BROADENS, WHILE TECH STILL LOOKS TO BE IN NEED OF CONSOLIDATION



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HEAD OF TECHNICAL STRATEGY

### Key Takeaways

- Despite QQQ's intra-day reversal, price still looks vulnerable to weakness into next week given a lack of downside exhaustion signals; Meanwhile, the rotation into non-Technology sectors has continued.
- Equal-weight Technology's parabolic run versus the broad market is now showing weekly DeMark exhaustion, and it continues to pay to favor the equal-weighted RSP over the cap-weighted, Tech-heavy SPX.
- Both Real Estate and Homebuilders look like areas to favor in the short run given long-term interest rates on the verge of a rollover. REITS remains a technical overweight.



Near-term US Equity trends remain choppy but bearish when eyeing \$SPX and \$QQQ, and continue to show bifurcation vs. \$DJIA and Equal-weighted \$SPX as the rotation toward non-Technology-related sectors continues. I would not yet sound the all-clear, as near-term trends, Elliott-wave structure, and momentum still favor additional selling pressure, and the market still needs to recalibrate its rate expectations with Warsh's discipline, which very well might take time. Furthermore, DeMark signals show evidence that Technology weakness might need to continue, which gels with the bearish cycle composites pointing lower into at least late July. The positives revolve around WTI Crude oil and long-term interest rates starting to weaken, which I expect will likely continue in the months ahead, and CPI and/or a change in FOMC interest-rate policy might serve as a catalyst in this regard. Overall, it continues to pay to favor the equal-weighted \$RSP and rate-sensitive Value over stretched momentum, and there's no evidence that this intraday snapback translates into any kind of technical positive for many Growth stocks.

\$QQQ reversed sharply off its intraday lows, tempering the immediate breakdown risk while the broader caution holds

\$QQQ traded down as much as 3% intraday, undercutting recent lows near 694, before rallying back to close off just 1.15% at 707.83, an intraday reversal which might seem bullish to some investors. However, the daily high-to-low range still proved to be quite negative, and the downtrend from early June remains very much intact.

Near-term strength should be tempered at 713–715, making \$QQQ a poor risk/reward given the lack of DeMark-related buy signals (in the form of TD 13 Countdown signals on 60-, 120-, 240-minute, or daily charts).

My expectation is that weakness should still happen in the short run, which might bring \$QQQ down to more meaningful areas of support near 675–679. While 651 is also quite important as the 50% retracement zone, I'm skeptical that prices dip down that far right away in June.

**Invesco QQQ Trust (\$QQQ, daily) - Sharp reversal off the intraday lows fails to turn trends bullish and creates a poor technical risk/reward heading into Wednesday's CPI**



Source: TradingView

**Equal-weight Technology's leadership versus the broad market is exhausting after a parabolic run**

The weekly ratio of Invesco S&P 500 Equal-Weight Technology (\$RSPT) versus Invesco S&P 500 Equal-Weight (\$RSP) has finally produced the same weekly exhaustion signal (TD 13 Countdown Sell) that was present toward the end of 2025. **This is a cautionary signal for Technology, and when this ratio chart confirms this signal, it would represent a likely start of some much-needed consolidation for Technology as a sector.**

As shown below, this ratio has pushed up in a near-vertical fashion, and both TD Combo and TD Sequential sell signals are now present but not confirmed. Last week's bearish engulfing pattern looked important and negative for Technology, and reinforces my thinking as to the rotation into Value from Growth.

As Tech leadership unwinds, the next leg of relative gains should favor the laggards and the equal-weighted market rather than the crowded momentum trade.

**Equal-Weight Technology vs. Equal-Weight S&P 500 (\$RSPT/\$RSP) - Parabolic relative leadership rolling over with weekly exhaustion signals present**



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JUN 09, 2026 11:19:50 UTC -04:00

Source: Symbolik

**Equal-weight versus cap-weight (\$RSP/\$SPY) is trying to bottom at the lows, favoring a broadening of leadership**

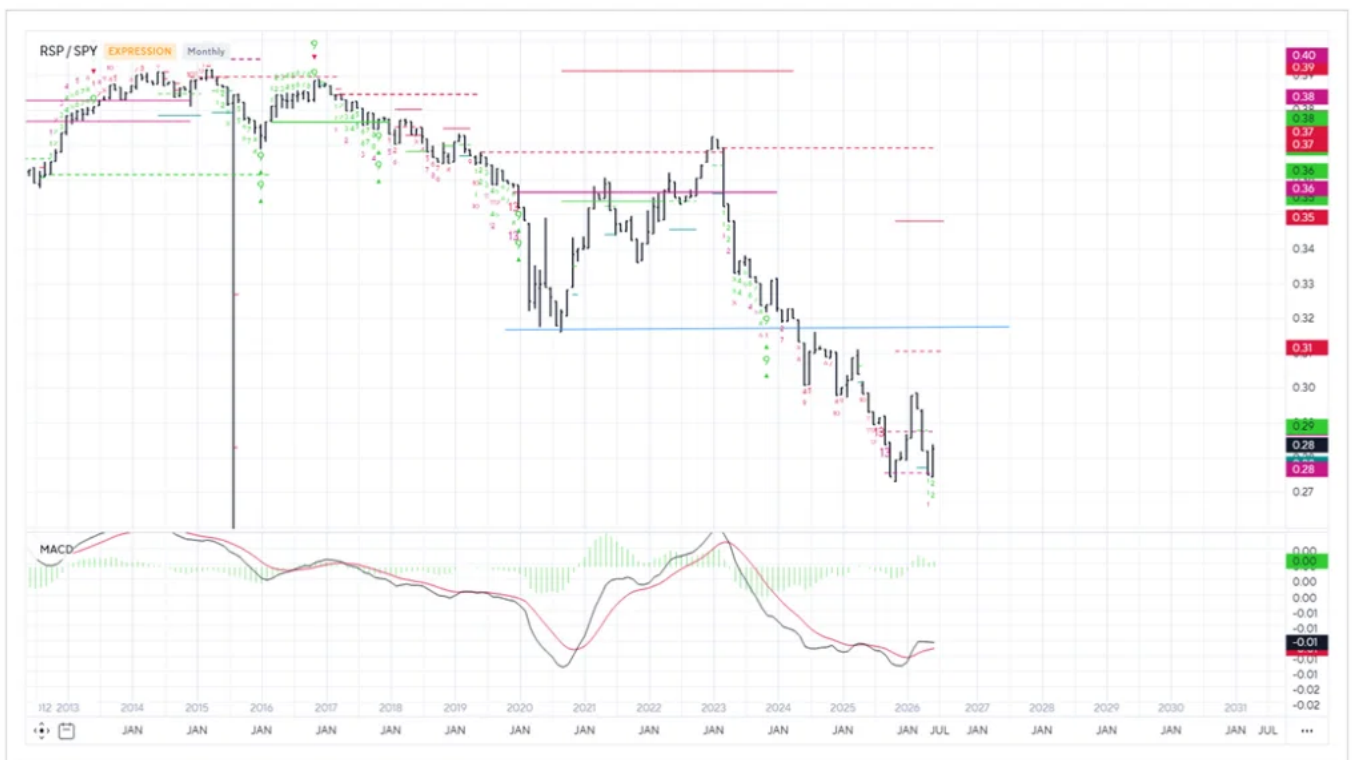
The \$RSP/\$SPY weekly ratio is showing increasing amounts of near-term stabilization that have helped MACD to turn positive on a weekly basis.

As seen below, this ratio has spent the past several years grinding lower as cap-weighted, Tech-driven leadership dominated, but it is now attempting to stabilize and turn higher off its lows just as that Tech leadership begins to exhaust.

TD weekly exhaustion signals occurred on this ratio into late 2025 and have been confirmed, and momentum indicators like MACD have turned higher despite this ratio testing its former late-2025 lows into last week.

My view is that \$RSP is bottoming vs. \$SPY, and it should be right to favor the market continuing to broaden out, despite some understandable underperformance out of Technology.

**Equal-Weight S&P 500 vs. Cap-Weight S&P 500 (\$RSP/\$SPY) - Multi-year relative downtrend attempting to bottom as cap-weight leadership exhausts**



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JUN 09, 2026 15:11:47 UTC -04:00

Source: Symbolik

## Real Estate remains a sector Overweight, with equal-weight REITs pressing against multi-year resistance as rates roll over

The Invesco S&P 500 Equal-Weight Real Estate ETF (\$RSPR) is looking more and more bullish following its rally back to test the resistance trendline drawn off its 2022 highs. This represents a multi-year symmetrical triangle now nearing resolution.

This is a very bullish intermediate-term pattern that favors a coming breakout, and could happen if/when long-term rates start to turn lower on either a more sustainable Persian Gulf ceasefire or some change in FOMC direction communicated by Warsh next week.

A weekly close above the \$38 area would complete the pattern and argue for a meaningful upside resolution to the mid-\$40s. While not shown below, REITs have begun to strengthen sharply vs. \$RSP and are at multi-month highs. I continue to view Real Estate as a technical Overweight within my sector allocation, and it's right to use any pullbacks as an opportunity to add exposure ahead of the breakout.

## Invesco S&P 500 Equal-Weight Real Estate ETF (\$RSPR, weekly) - Multi-year symmetrical triangle nearing resolution against the \$38 resistance



Source: TradingView

## **Homebuilders achieved a minor breakout above their multi-month downtrend on Tuesday, a near-term buy**

The SPDR S&P Homebuilders ETF (\$XHB) jumped 3.43% on Tuesday to 106.83, achieving a minor four-month trend breakout above the descending trendline drawn off its February 2026 highs near \$122.

This is encouraging for this sub-sector of Consumer Discretionary at a time when interest rates might be starting to turn back lower on a ceasefire.

Follow-through above \$109.15 on a weekly close would open the door to a push back toward the spring highs near \$112, and eventually back to test February's peak just below \$123.

The group is leveraged to the same decline in long-term rates, which the market seems to be sniffing out might be a possibility on a ceasefire. Moreover, the breakout makes \$XHB a near-term buy, with dips back toward the trendline it just cleared an opportunity to add exposure.

## **SPDR S&P Homebuilders ETF (\$XHB, daily) - Minor breakout above the descending trendline from the February 2026 highs**



TradingView

Source: TradingView

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