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Daily Technical Strategy

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BROADENING CONTINUES AND TECH LEADERSHIP HAS NOT YET OFFICIALLY CRACKED

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HEAD OF TECHNICAL STRATEGY

Key Takeaways

- Minor Tech weakness hasn't been sufficient yet to break trends for Technology; however, the broader rotation from Growth into Value has been gaining traction since last fall.
- Utilities are beginning to turn up on a relative basis, confirming Monday's absolute breakout and showing relative charts very close to starting to strengthen at a time that Tech is stretched.
- Bitcoin's bounce has proven fragile and it remains difficult to say technically that lows are in for the year; a minor one-month rally is ongoing from early June before a possible 3Q setback.

Near-term US Equity trends remain bullish, and the constructive framework set up by Monday's interim-deal reaction is still intact, with WTI Crude, Treasury yields, and the US Dollar all working lower and breadth slowly improving beneath the surface. This week's FOMC under incoming Chair Warsh is arguably the one event that could stall things briefly, but could result in a minor "Fed Drift" rally into the meeting temporarily. Furthermore, the past week's developments argue for postponing any larger setback until late summer, so technically dips remain buyable rather than expecting a larger selloff to get underway. What's increasingly interesting is what's happening under the index. Leadership is rotating, not narrowing. The Growth/Value ratio has rolled over from its highs late last year. Value and the broadening sectors are picking up the baton, and even Utilities are beginning to turn up on a relative basis. Technology still screens quite strongly and is difficult to break in the short run; however, the risk/reward isn't ideal in Tech between now and the mid-term Election. This Tech bounce is stretched and late-stage. Thus, I respect the rotation into other sectors as having some staying power vs. thinking Tech will

continue to lead indefinitely. Overall, near-term US Equity trends are intact, and I'm skeptical that June lows will be violated right away.

Equal-weight Technology keeps pushing to new relative highs, but the move is stretched and late-stage

The weekly ratio of equal-weight Technology versus equal-weight S&P 500 ($RSPT/$RSP) showed just a couple of weeks of stalling out, but has not yet rolled over sufficiently to suggest that Technology should underperform.

But this is a stretched, late-stage move, the kind of parabolic run that eventually mean-reverts hard, and I've been flagging for a while now how overbought Semis and Tech have gotten. I'm not fading it while price keeps making new highs; I'd just rather add to the broadening groups than chase this leg. **The trend stays up until the recent acceleration line breaks and weekly DeMark exhaustion signals on relative charts of Technology vs. Equal-weighted $SPX are confirmed.** Bottom line, that's the first thing I'm watching.

Equal-Weight Technology vs. Equal-Weight S&P 500 ($RSPT/$RSP, weekly) - Relative leadership still pressing to new highs in a stretched, near-vertical advance

Source: Symbolik

Growth versus Value is rolling over from its highs, the clearest sign yet that rotation is underway

The weekly ratio of Russell 1000 Growth versus Value ($IWF/$IWD) stalled at the highs last October and rolled over into 2026, which has caused some definite weakening in Large-Cap Growth vs. Value over the last eight months. After leading for most of the past two years, Growth is ceding ground to Value, and despite the deal-driven drop in Crude, rates, and the Dollar that might favor Growth, it's still difficult to suggest that Value is not gaining ground.

Thus, while it's difficult to call a top in Tech, I expect this rotation to have legs into the back half of the year, and it reinforces favoring equal-weight over cap-weight exposure. A push back to new highs in the ratio would call it into question, but the early evidence points the other way.

Note, both Small-cap and Mid-cap Growth vs. Value have seen improvement and are acting better than Large-cap Growth vs. Value ratios (not shown).

For now, I suspect this is only important if a true break in the large basing pattern in this ratio since 2024 happens, which would be far more negative to Growth. At present, that hasn't happened, but it remains something to keep a close eye on into the mid-term Election if/when Technology finally starts to consolidate in a more meaningful fashion.

Russell 1000 Growth vs. Russell 1000 Value ($IWF/$IWD, weekly) - Rolling over from the highs as the rotation into Value gets underway despite the interim Iran deal

Source: Symbolik

Utilities are beginning to turn up on a relative basis, confirming Monday's absolute breakout

On a relative basis, Utilities versus the $SPX ($RSPU/$RSP) is trying to curl higher off its recent lows after a three-month stretch of underperformance, a fresh change worth noting given the absolute breakout in Utilities I flagged Monday.

Weekly momentum indicators like MACD on $RSPU/$RSP have begun to turn positive at a time the ratio looks to have made a stand right near January 2026 lows.

It's still a bit early, relatively speaking, and one week of relative strength doesn't make a trend, so I'd call this a turn that needs another week or two of follow-through to trust. But it fits the broadening theme and the falling-rate backdrop, which historically lends a tailwind to the more bond-proxy, defensive groups. **If the absolute breakout in $XLU and $RSPU leads the relative chart to push back to new monthly highs and exceed the peaks from early June, Utilities would deserve a spot among the broadening leaders,** and I'd expect continuing relative strength into the mid-term elections.

Utilities vs. S&P 500 ($RSPU/$RSP, daily) - Relative downtrend trying to curl higher off the recent lows

Source: Symbolik

Bitcoin rally likely won't persist past July without turning down into fall 2026, which I suspect creates the intermediate-term lows of this decline from last October

Bitcoin's rally remains tentative and fragile in my view technically, and as I discussed on Tuesday's Crypto webinar with Sean Farrell, Bitcoin might have a window of about one month of possible gains to $71–$73k before rolling over to test and break lows into this fall.

A few technical concerns are looming, and I'll name a few of these below. For those who wish a deeper dive from both a fundamental and technical point of view, I would suggest viewing the replay of the monthly call from today, 6/16/26.

What's a concern:

The advance off the early June lows has proven minor over the last couple of weeks and has barely recouped 25% of the selloff, which lasted one month from early May into early June. That's not encouraging, as the Equity rally has proven quite strong. One would have hoped that Crypto would have engineered a larger push off the lows.

Bitcoin and many other cryptocurrencies maintain strongly bearish momentum, with the monthly MACD still well under the signal line. Until this can change, it could make dip-buying difficult. Cycles for Bitcoin call for a peak in July and then weakness into the September–November timeframe. This fits with the idea that the Technology sector itself might require some consolidation and might line up in this same window.

Overall, I suspect that in Q3, both cryptocurrencies and Equities might experience some correction in unison (which Equities at present have largely avoided). **My downside targets for $BTCUSD under June lows of $59.1k likely would occur near $52k or $40k.**

The good news is that in the bigger scheme of things, Elliott-wave analysis, cycle studies, and sentiment are all growing closer toward suggesting that cryptocurrencies might experience 3–4 more months of weakness at a maximum before meaningful intermediate-term lows are in as part of this Crypto winter.

Again, I would suggest reviewing today's webinar for more details, but I suspect this minor rally in Crypto likely won't carry too much higher and potentially would make a peak in July. Bottom line, on a long-term perspective, price and time are growing closer toward a meaningful low, but for now, in June, it still looks a bit premature to "wave the victory flag" on this bearish decline from last October.

Bitcoin ($BTCUSD) — Minor bounce ongoing but thought to prove short-lived into July before a "final" selloff to test and undercut the lows into fall 2026, which could mark a low to Bitcoin

Source: TradingView

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