

IT'S TIME TO LOOK FOR OPPORTUNITIES IN THE MAG 7 FOLLOWING THE WEAKNESS



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Key Takeaways

- After the Mag 7 have fallen in relative terms since January, the recent weakness now looks like an opportunity, with weekly DeMark exhaustion present on the \$MAGS/\$QQQ ratio and \$MAGS itself pulling back to initial support.
- Today's minor weakness in \$SPX and \$QQQ is buyable technically, as breadth was only marginally negative and Technology, Energy, Utilities, and REITs all finished higher.
- A stabilization in the Mag 7 would be an important positive for the broader market, with the possibility of falling Crude, yields, and the US Dollar.



Near-term US Equity trends remain bullish, and today's minor weakness looks buyable, with breadth only marginally negative and Technology, Energy, Utilities, and REITs all finishing higher among the equal-weight sector ETFs. Across risk assets the backdrop stays constructive: Crude has continued lower, and while yields bounced a touch today, I expect that proves temporary before turning back down, which should pull the Dollar lower in time and keep the Consumer and rate-sensitive groups supported. The specific focus today is the Mag 7, which has been losing relative ground since January and saw four of the seven — \$MSFT, \$META, \$GOOGL, and \$AMZN — fall to roughly two-month lows. That underperformance now looks mature: weekly DeMark exhaustion is present on the \$MAGS/\$QQQ relative chart, and the pullback has carried \$MAGS into just above initial support. Thus, it's right to start looking for relative strength to reassert rather than chasing the weakness. Bottom line, it's right to lean bullish and use this dip to add exposure, with the June lows the line in the sand. (Key levels in this regard remain \$SPX 7,237 and \$QQQ 685.62.)

\$MAGS looks to be in the final stages of this pullback; time to start looking for a low

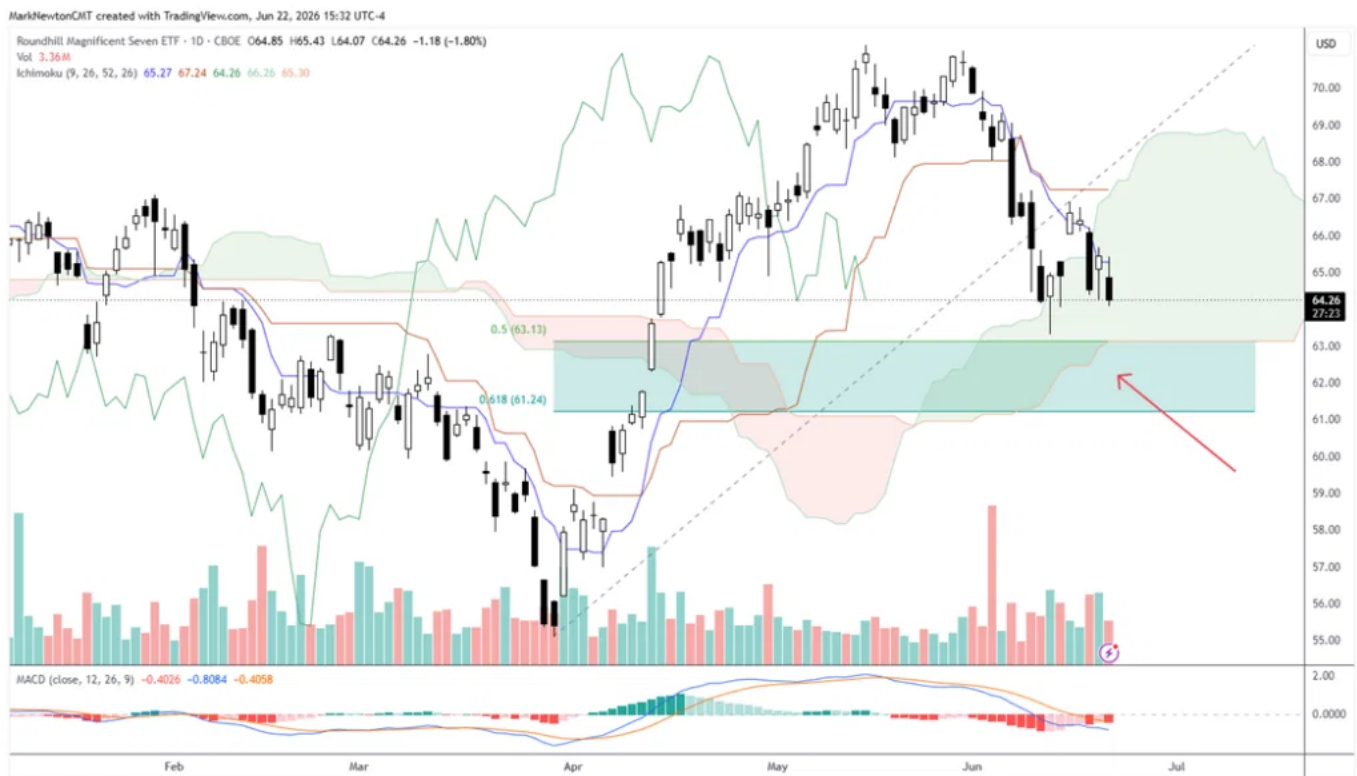
\$MAGS has slipped back through the Ichimoku cloud and was trading near 64.26 midday Monday, down close to 2%, but the last few days of weakness have now carried it down to right above June lows, which could prove to be initial support on this decline.

The 50% retracement at 63.13 and the 61.8% at 61.24 line up with the cloud to form a support shelf in the low-\$60s, and with the relative \$MAGS/\$QQQ chart below now showing weekly exhaustion, this is the area to start looking for a low rather than to press the weakness.

My view is that following the underperformance from earlier this year coupled with the recent weakness since May, this recent selloff likely should represent an interesting opportunity for those looking.

As long as that 61.24 to 63.13 zone holds on a closing basis, the pullback won't do much technical damage. Furthermore, I expect an eventual rotation back into "Mag 7" while some of the other stretched parts of Technology start to consolidate.

Roundhill Magnificent Seven ETF (\$MAGS, daily) - Pulling back to the 61.24–63.13 Fibonacci and cloud support shelf



TradingView

Source: TradingView

\$MAGS relative to \$QQQ has fallen since January, but weekly exhaustion now argues the underperformance is getting stretched

The \$MAGS/\$QQQ weekly ratio has been falling since January and has now broken to its lowest since early 2024, so the Mag 7's relative leadership has been gone for months, which is old news rather than today's story. **Stocks like \$MSFT, \$META, \$AMZN, and \$GOOGL all fell to close at the lowest levels on a daily basis since at least mid-April as of today, and even stocks like \$NFLX (part of the old "FANG" labeling) finished at the lowest levels since mid-2024.**

What is new is that weekly DeMark exhaustion is now present on this relative chart of Roundhill Magnificent 7 ETF (\$MAGS) vs. Invesco QQQ, the first real evidence that the underperformance is getting long in the tooth.

While this might take another week before it can properly stabilize and begin to turn back higher, I feel it's worthwhile to give the "Mag 7" a second look for those

investors who might be eyeing an area within Technology outside of the high-flying Semiconductor stocks.

Evidence of this ratio (\$MAGS/\$QQQ) turning higher in a way that helps to confirm this relative weekly TD Sequential exhaustion signal would have huge implications for this part of Technology along with the broader stock market. (Thus far, this is premature, as the signal was just triggered.)

Roundhill Magnificent Seven ETF vs. Invesco QQQ (\$MAGS/\$QQQ, weekly) - Down since January, but weekly exhaustion is now present



Source: Symbolik

\$MSFT is testing its multi-year rising trendline, and several of the Mag 7 are nearing support alongside it

\$MSFT has been the conspicuous mega-cap laggard, sliding from the 2025 highs near 550 back to 367.34 as of Monday's close, one of four of the seven — with \$META, \$GOOGL, and \$AMZN — to fall to roughly two-month lows today.

It is now sitting right on the rising trendline off the early-2025 lows near 340, which currently intersects in the high-\$360s, so this is a coming test of intermediate-term support. Given that \$GOOGL, \$AMZN, and \$META are also nearing respective areas

of possible support, I suspect that there is a good likelihood that \$MSFT holds \$355 from March and doesn't break down right away.

Momentum is in serious need of help, however, with MACD having broken the signal line and turned negative on both a weekly and monthly basis. Thus, while I personally believe \$MSFT should hold on this first retest, I'm less confident about its immediate prospects of regaining early June peaks right away, as this would require a very strong snapback.

On an intermediate-term basis, \$355 could be broken into the fall without disturbing \$MSFT's larger bullish technical pattern. At present, I suspect that a coming stabilization and reversal of trend can happen on a short-term basis which might carry \$MSFT up to \$415–\$430 into this fall.

Bottom line, near-term stabilization looks likely. However, any bounce that fails to recapture June peaks and then starts to turn back down in Q3 could be problematic. At present the area at \$355 is the so-called "line in the sand" for those investors who care about \$MSFT's near-term technical attractiveness. Above this level can allow for possible stabilization, while below \$355 would invite more selling pressure down to \$341 or lower.

Microsoft Corp. (\$MSFT, weekly) - Testing the multi-year rising trendline off the early-2025 lows



Source: TradingView

\$SPY relative to the rest of the world has rolled over and is testing its long-term uptrend

The \$SPY/\$ACWX weekly ratio is still not sufficiently strong to claim that the US stock market is in good position to outperform the ACWX (All-Country World Index ex-US).

Much of this directly ties into the Magnificent 7 underperformance and shows the drop in US relative strength starting last fall when many "High Growth" names began to turn lower.

Following the breakdown of the long-term trend in early 2026, the bounce from March has not yet been sufficient to regain the uptrend line, and the ratio of \$SPY to \$ACWX looks to have gotten repelled in recent weeks from the intermediate-term downtrend from last fall's highs.

In my view, two things need to happen to reassert US dominance:

First, the ratio would have to reclaim the shorter downtrend before there's any case the US is starting to show minor outperformance vs. ACWX, and that hasn't

happened yet. A stabilization in the Mag 7 is the most likely thing to firm this ratio back up, which is one more reason the group's behavior over the next week matters.

The second important development requires the longer-term uptrend to be recouped, which involves a push back over May relative peaks in \$SPY/\$ACWX.

Overall, seeing "Mag 7" start to strengthen would help the US outperformance start to come back. At present this remains premature.

S&P 500 SPDR vs. MSCI All-Country World ex-US (\$SPY/\$ACWX, weekly) - Rolling over and testing the long-term uptrend



symbolik.com

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JUN 22, 2026 11:30:55 UTC -04:00

Source: Symbolik

Speculators are getting shorter in Equities, a contrarian-bullish backdrop that argues against fading this market

Commodity Traders Futures Positioning (CFTC) data from Bloomberg shows "Speculator" net positioning across S&P, Nasdaq, Dow, and S&P Midcap futures having dropped back to net-short as of last week.

This is down near -10% of open interest and falling toward the washed-out extreme last seen at the 2022 and 2025 lows. That is the opposite of the crowded,

euphoric positioning that accompanies important tops, and it lines up with the still-muted retail sentiment flagged in recent notes.

When the speculative crowd is this offside, the broad trend is intact, and the Mag 7 are reaching exhaustion near support, the higher-probability path is that this dip gets bought. While Commercial exposure positioning falling to net-short levels can often be translated as being important as a negative, I'm inclined to view "Speculator" positioning (as per Bloomberg's data) as being constructive for stock market "Bulls," and this also directly coincides with lower NAAIM readings in recent weeks and an ongoing AAll sentiment that shows more Percentage Bears than Percentage Bulls as of last Thursday (39.40% vs. 36.60%).

Bottom line, the weakness is an opportunity, the tape is not broken, and it's right to lean bullish and use it to add exposure.

Speculator Net Positioning, S&P / Nasdaq / Dow / S&P Midcap Futures (% of open interest) - Back to net-short



Source: Bloomberg

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