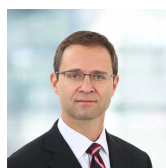


## INSURANCE BREAKS OUT ABOVE A TWO-YEAR BASE, WARRANTING AN OVERWEIGHT WITHIN THE FINANCIAL SECTOR



**Mark L. Newton, CMT<sup>AC</sup>**

HEAD OF TECHNICAL STRATEGY

### Key Takeaways

- \$KIE has broken out above a tight two-year consolidation to new all-time highs and is now turning up versus \$IAI to the highest levels of the year, so technically Insurance warrants an Overweight within Financials.
- Tuesday's minor gains left \$SPX and \$QQQ still coiled within their triangles with breadth mixed (barely more advancing than declining issues and NYSE volume again heavier in decliners), so the range stays unresolved with 7,550 the upside trigger and 7,300 the line in the sand on \$SPX.
- Gold's daily cycle is set to potentially bottom in July, but given the strong negative momentum, it pays to wait for trend improvement vs. buying aggressively here.



US Equity trends remain range-bound rather than broken as the first half of 2026 comes to a close, and Tuesday's minor gains do little to change a tape that has gone largely trendless over the past few weeks. However, the quarter was certainly something to celebrate, proving to be the best quarter in nearly six years. Near-term, while the two-day jump in Semiconductor issues might seem like slightly more risk-on type price action, market breadth proved flat with more volume again being seen in declining issues than advancing on the NYSE. Sector-wise, it's arguably right to favor Healthcare, Discretionary, Financials, and Utilities, and within Financials, the Insurance group now stands out given its breakout of the meaningful two-year tight base consolidation. Overall, it's hard expecting an imminent breakout in \$SPX and \$QQQ with flat market breadth, and I expect this choppy range resolves into mid-July. Until \$SPX can clear 7,550 or break 7,300, it pays to respect the consolidation rather than press a directional bet inside it.

\$QQQ posted minor gains Tuesday but stayed locked within its triangle, with no breakout yet

\$QQQ pushed higher Tuesday but remains coiled within the symmetrical triangle that has taken shape since the early-June highs, rallying back toward the 736 area without clearing it. The upper triangle resistance now sits near 744, and a push above there is what's needed to expect upside follow-through, while rising trendline support off the June 9 lows comes in near 712. Breadth did the move no favors, and outside of the 1.96% gains in Equal-weighted Technology, eight sectors finished negative out of 11 major sectors when examining Equal-weighted ETFs. Until \$QQQ clears 744 and \$SPX recaptures 7,550, the range stays in control, and dips toward trendline support remain the more sensible spot to engage rather than chasing strength inside the triangle.

**Invesco QQQ Trust (\$QQQ, 60-minute) - Minor Tuesday gains keep price coiled within the triangle**



Source: TradingView

**Insurance has broken out above a two-year base, and \$KIE warrants an Overweight within the Financial sector**

The SPDR S&P Insurance ETF (\$KIE) broke out last week above the tight two-year consolidation that had capped the group near 60 since late 2024, and Tuesday's

60.99 keeps price in new all-time-high territory.

This is quite positive for this part of Financials, and former resistance near 60 should now cushion any pullback as support on the first test. The tight two-year base followed a 4.5-year rally off the March 2020 lows, so the act of exceeding \$60 is considered quite bullish for Insurance stocks and likely drives \$KIE toward the high \$60s.

**Insurance names such as \$ALL, \$TRV, \$CB, \$CINF, \$AIV, \$AFL, \$CNO, and even heavyweight conglomerates like \$BRK/B are right to position long in technically, expecting resolution higher in the months ahead.**

While some might consider Insurance overly defensive (and there were some notable periods from 2020, 2021, and 2018 where this group showed sharp gains), it's also proper to remember the period from 2009 into 2012, which brought about sharp gains in Insurance names. Bottom line, it's right to overweight Insurance on an absolute and relative basis given this breakout.

**State Street SPDR S&P Insurance ETF (\$KIE, weekly) - Breakout above the two-year consolidation to new all-time highs**



Source: TradingView

## **\$KIE is breaking out versus Broker-Dealers to the highest levels of the year, confirming the leadership**

The relative breakout is just as encouraging as the absolute one. The weekly ratio of \$KIE to the iShares US Broker-Dealers & Securities Exchanges ETF (\$IAI) has turned up sharply to exceed the descending trendline off its 2025 highs and has pushed to the highest levels of the year, arguing that Insurance is now taking the leadership baton within one of the more risk-on areas within the Financials space.

\$KIE is also making good progress versus both \$XLF and \$KBE, so this is a broad-based shift rather than an isolated move. As long as the ratio holds this breakout on a weekly close, it's right to favor Insurance names over Broker-Dealers and Banks in the weeks to come.

## **SPDR S&P Insurance ETF vs. iShares US Broker-Dealers ETF (\$KIE/\$IAI, weekly) - Ratio breaks out to the highest levels of the year**



Source: Symbolik

## Gold may try to bottom in July on seasonal strength, but the strong downtrend and weakening momentum argue for patience

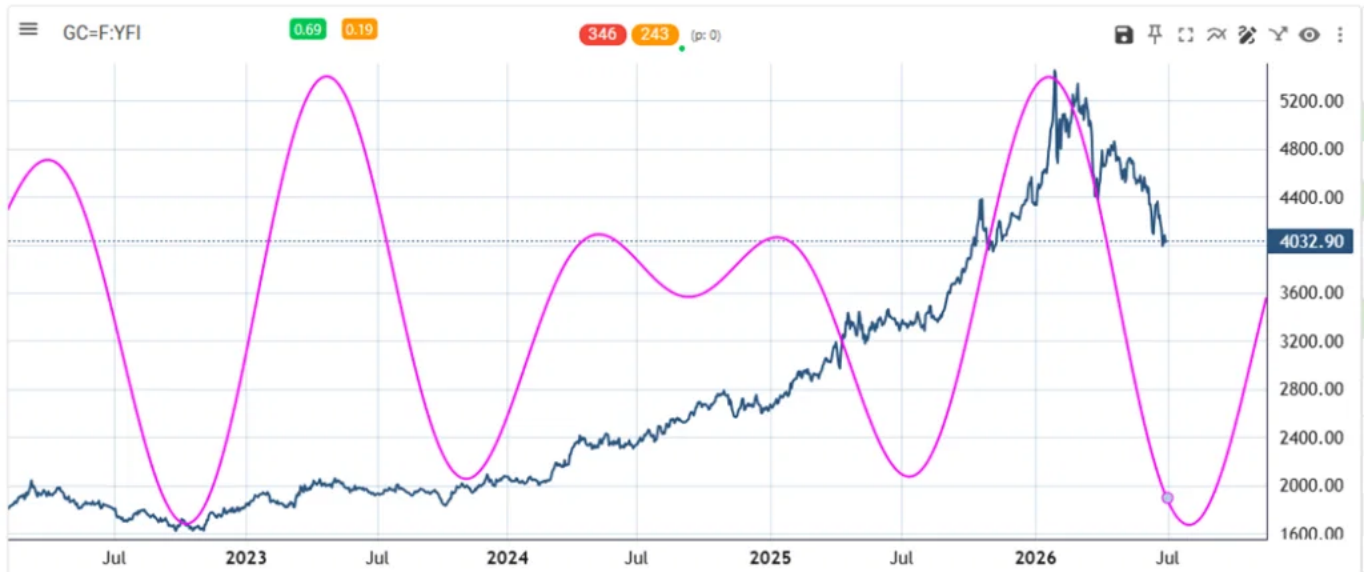
Gold has worked off its spring run to the 5,238 peak and now sits near 4,033, and my daily cycle composite is set to potentially bottom into July, right as the metal's traditional period of seasonal strength approaches, which is reason enough to watch for Gold trying to bottom out here.

The weekly cycle, however, points to weakness for much of 2026, and the downtrends are very strong while momentum has gotten quite a bit weaker, with monthly MACD having just made a bearish crossover and TD exhaustion signals for spot Gold confirmed last month. Furthermore, the Elliott pattern seems to suggest a move down to the mid-\$3,000s can't yet be ruled out before an intermediate-term bottom is in place.

Additionally, rates have also started to push higher across the globe on the long end and very well could do the same in the US in the months ahead, which, along with inflation attempting to temporarily rise, would be negative factors for Gold in my view.

For now, I'm inclined to watch for a bottom given the approaching seasonal tailwind rather than press the long side until price and momentum can stabilize.

**Gold Continuous Futures (GC, daily) with cycle composite - Daily cycle may bottom in July, but the weekly cycle and weakening momentum argue for patience**



Source: Foundation for the Study of Cycles

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