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150 East 52nd St, 3rd Floor New York, NY 10022

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TECHNOLOGY'S BIFURCATION ISN'T BEARISH, AS MAG 7 SNAPS BACK TO LIFE

Mark L. Newton, CMT AC

HEAD OF TECHNICAL STRATEGY

Key Takeaways

- Mag 7 has snapped back to life after holding intermediate-term support, and with one day left in this holiday-shortened week, MAGS very well could register its highest weekly close in four weeks while also breaking out vs. $RSP.
- Wednesday proved to be the mirror opposite of recent sessions, with Financials and Healthcare both higher by more than +1.4% as the broader market comes back while Tech's sub-sectors consolidate one by one without any major market decline, a big positive overall.
- South Korea's $EWY declined nearly -7% Wednesday and has broken the uptrend from its April lows, and it pays to let this stabilize before re-engaging one of 2026's strongest country ETFs.

US equity trends remain range-bound as the second half of 2026 gets underway, and Wednesday's session did little to resolve the recent consolidation in $SPX and $QQQ. However, an important character change is happening beneath the surface: after a couple of days of negative breadth, Wednesday's breadth finished slightly positive, with much of that improvement coming from outside of Technology as the broader market comes back while Tech consolidates. The consolidation in Tech I had been expecting is underway, but it's happening one by one, sub-sector by sub-sector, while the market holds up without any real technical deterioration, a big positive overall. Within Technology itself, real bifurcation is underway that isn't necessarily a negative: Mag 7 and Software have snapped back to life this week, helping to offset weakness in Memory, Optical, and Semiconductor names, though the high-flying Semis very well could stay weak in the short run. Furthermore, WTI crude has slipped below $70 and should be en route to $60 which remains quite supportive for risk assets. Overall, with one day remaining in this first holiday-shortened week of July, the key takeaways seem to be the broadening

out across sectors along with the bifurcation of Technology continuing albeit in a way that hasn't proved detrimental to technical trends.

Mag 7 has snapped back to life after successfully testing multi-month trendline support

Roundhill's Magnificent 7 ETF (MAGS) has come back to life at exactly the right time. Following a difficult period of underperformance since mid-May, MAGS has rebounded sharply in recent days after having held intermediate-term support. With one day left in this holiday-shortened week, MAGS very well could finish at its best weekly close since early June, which would go a long way toward confirming the six-week correction in Mag 7 has run its course. Stocks like $AAPL, $TSLA, and $AMZN have achieved minor trend breakouts this week, while others like $MSFT, $META, and $NFLX have consolidated and are beginning to show momentum and trend improvement.

While this will certainly take time given the technical deterioration that occurred in the last two months, it goes a long way toward suggesting that "Mag-7" should be bottoming and appears in much better technical shape than it appeared last month.

It looks right to trust the stocks within Mag-7 which are breaking downtrends from May highs, and this area of Tech looks more attractive than the Semiconductor space in the short run.

Roundhill Magnificent Seven ETF (MAGS, weekly) – Sharp rebound to exceed downtrend is helpful toward thinking "Mag-7" could be bottoming out

Source: TradingView

Mag 7's relative leadership vs. Equal-weight S&P 500 has turned back higher after recouping spring 2026 lows and surpassing the minor downtrend

The relative story confirms the absolute one, as the weekly MAGS vs. $RSP ratio is turning up sharply out of its recent consolidation after successfully testing the multi-year rising trendline from its early-2024 lows (not shown), and as can be seen below, MAGS has achieved a meaningful snapback which has successfully exceeded its one-month downtrend which has caused MACD to turn back positive on daily charts. Additionally, given Mag 7's dominance within US benchmarks, this relative turn is also helpful for US outperformance vs. other countries. Overall, given that various parts of Technology have now shown underperformance and are now starting to stabilize and claw back higher, it makes sense to have a better technical view of MAGS here, even if the Semiconductor weakness causes more absolute weakness in Memory/Optical names over the next couple of weeks.

MAGS vs. $RSP (Weekly ratio) – Ratio turns higher after successful test of the uptrend from early-2024 lows

Source: Symbolik

$AAPL's push back above its June downtrend is an encouraging development for Technology

$AAPL rallied Wednesday to climb above the downtrend from its mid-June peak following last week's heavy-volume rebound off the late-June lows. The larger structure remains quite constructive, as this spring's breakout of the six-month symmetrical triangle in place since last November was not damaged at all by the recent pullback. (In other words, former resistance became support on a retest.)

A daily close above the downtrend, which happened today on $AAPL's close above $292, should allow for a run back toward $318, and given $AAPL's weight within $SPX and $QQQ, its recovery is doing some of the heavy lifting in offsetting the drawdown in Memory and Optical names.

Apple Inc ($AAPL, daily) – Exceeding the downtrend from the mid-June peak after a heavy-volume rebound from last Friday

Source: TradingView

The parabolic run in Memory vs. Mag 7 is beginning to cool, and rotation is flowing back toward Mag 7

The other side of Technology's bifurcation shows why Mag 7's snapback matters. The weekly ratio of DRAM makers vs. MAGS surged in near-vertical fashion from March into late June, nearly tripling in four months as Memory dominated Technology performance, and that parabolic advance has now pulled back for two consecutive weeks in the first meaningful counter-trend move since the run began.

The larger relative uptrend is finally showing evidence of consolidation and last week's peak was marked by a TD Sell Setup exhaustion signal on this ratio of $DRAM vs. MAGS which indicates the possibility of consolidation following nine straight weeks of rising.

While weekly MACD remains positive, this drawdown in Semiconductor and Memory names looks to be happening this week and specifically vs. MAGS — the DRAM ETF very well could show weakness over the next 1–2 weeks as this Memory space starts to show minor consolidation.

Bottom line, I expect Memory's relative dominance to consolidate further in the weeks ahead as leadership within Technology shifts back to "Mag-7" and, to a lesser extent, to Software.

DRAM vs. MAGS (Weekly ratio) – Parabolic Memory outperformance beginning to consolidate

Source: Symbolik

South Korea's $EWY has broken its uptrend from April, and it's right to let this stabilize before buying dips

The rally in the "Mag-7" and Software names is coming at the expense of many Semiconductor stocks and the underperformance is even more pronounced in South

Korea's $EWY which has pulled back to violate its uptrend and move down to new weekly lows, and lowest since 6/11.

SK, SK Hynix, Samsung, and various LG stocks (Display, Energy Solution, Electronics) all fell more than 3% today. I expect this should lead $EWY to show further near-term deterioration which very well could also spread to US Semiconductor names (much of today's US Technology underperformance happened in similar-type names — $MU, $WDC, $LRCX, $AMAT, $SNDK).

For now, $EWY is actually weaker than $SMH (also much more concentrated) and I expect $EWY to weaken down to $181 initially but potentially $171, or $164 before bottoming. This looks to be a clear area of weakness today, so one should hold off on buying dips in many Semiconductor and Memory names, and specifically with $EWY, I anticipate further technical weakness in the coming week(s).

iShares MSCI South Korea ETF ($EWY, daily) – Break of the April uptrend with downside projections near $181, then $171 potentially

Source: TradingView

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