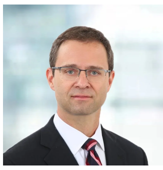
Daily Technical Strategy

July 29, 2026

QQQ SUPPORT VIOLATION NOT BEING FOLLOWED BY EQUAL-WEIGHTED SPX WHICH JUST HIT NEW ALL-TIME HIGHS ON TUESDAY



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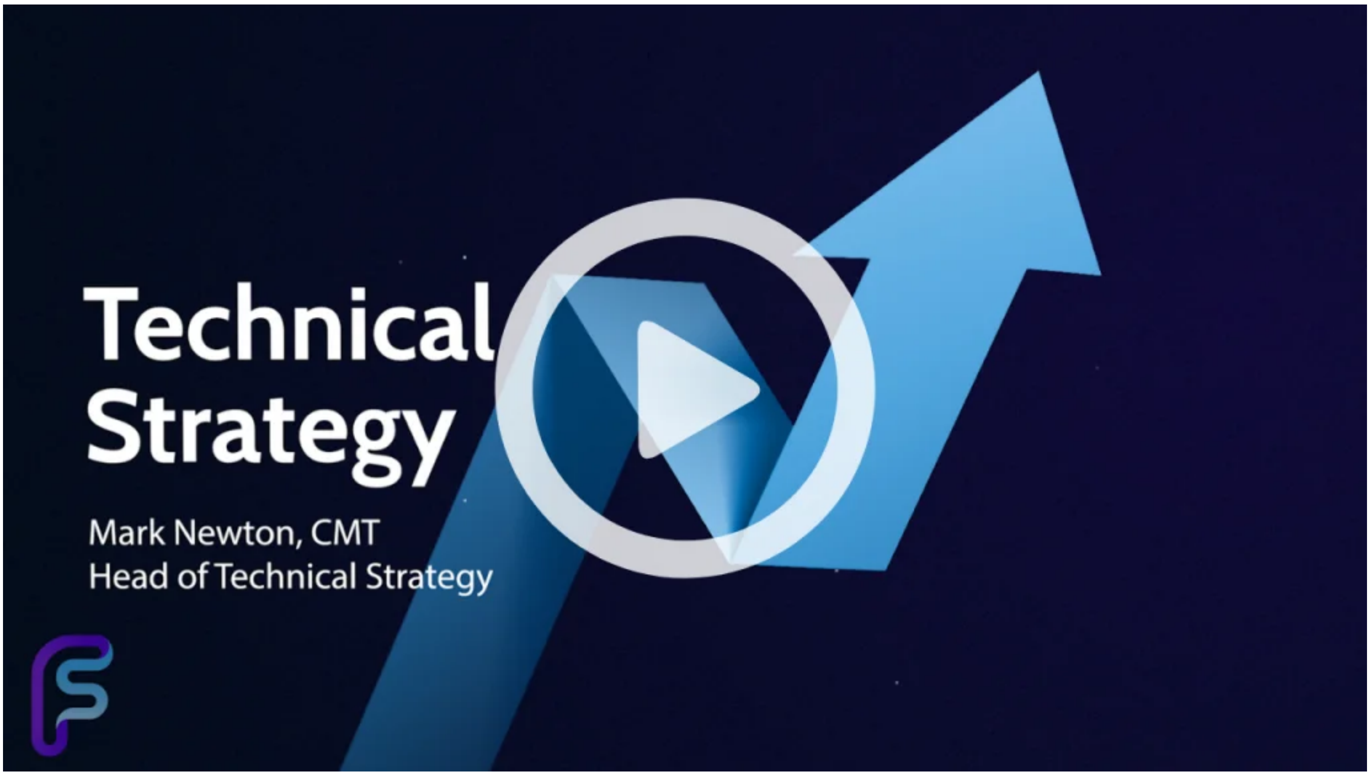
HEAD OF TECHNICAL STRATEGY

Key Takeaways

- $QQQ's break of 686.76 turned near-term trends bearish, but an attractive zone of support lies at 651–653 into end of week ahead of an expected cyclical bottom in Technology by mid-August.
- Equal-weighted $SPX pressed to new all-time highs Tuesday despite $SPX and $QQQ breaking down, but with $RSP vs. $SPY approaching former peaks alongside DeMark exhaustion, this extreme divergence likely starts to narrow by end of week.
- ^TYX broke out to its highest daily close since 2007 following Wednesday's FOMC meeting, and near-term, this rise in long-end yields shows little sign of being complete.



US equity trends continue to show an extraordinary amount of bifurcation as near-term bearish trends for $SPX and $QQQ are diametrically opposite the bullish trend for equal-weighted $SPX, which just pushed back to new all-time highs on Tuesday. The US stock market's uptick in volatility into Wednesday's close given the spike in long-term yields following the FOMC's inaction is a minor concern only, but price appears to be nearing support for both $SPX and $QQQ, which could be reached by end of week. Despite a lack of help from hyperscaler earnings on Wednesday afternoon, I don't feel that today's close necessitates much action, and this still looks short-term in nature given how strong the equal-weighted $SPX has been in recent trading sessions. Overall, it's right to stay patient over the next few days, and my expectation is that this month's churning proves to be rotation rather than the start of anything more serious. Despite the lack of resistance for mid-to-long-term Treasury yields, there does look to be resistance drawing near for WTI crude oil, which should be close to turning back down to the low $70s.

$QQQ's violation of last Friday's lows postpones the bottom, but attractive support lies at 651–653

$QQQ fell -2.04% Wednesday to close at 661.73, and the breakdown under 686.76 from July did in fact turn near-term trends bearish, postponing the trading low discussed in last Friday's note. However, this decline likely finds support at a zone of 651–653 between now and end of week, with additional support at 636.60, the area which marked peaks from October 2025 into January of this year. RSI has not yet reached oversold levels (finishing Wednesday at 32.40 on daily charts) and DeMark signals remain premature for exhaustion on daily charts, so a bit more weakness can't be ruled out before this move is complete. However, given that $NVDA is nearing support while earnings from companies like $AAPL and $AMZN lie directly ahead, I'm hesitant to expect Wednesday's weakness to lead much further to the downside. Overall, $QQQ looks to be nearing an attractive area of risk/reward support, and my expectation is a cyclical bottoming out in Technology by mid-August.

Invesco QQQ Trust ($QQQ, daily) — Break of last Friday's lows postpones the low, with support at 651–653 and then 636.60

Source: TradingView

Equal-weighted $SPX pushed to new all-time highs Tuesday and remains extraordinarily resilient

$RSP, Invesco's equal-weighted S&P 500 ETF, remains extraordinarily resilient and clearly illustrates the bifurcation underway in US equities, having pressed into new all-time high territory Tuesday despite $SPX and $QQQ having broken down. Healthcare and Financials are continuing to do the heavy lifting, yet Technology has grown worse, not better, as the minor stabilization in parts of Software and the hyperscalers failed to lead to any meaningful bottom in Technology. $RSP remains near-term healthier and less volatile than the Tech-heavy $SPX, but I don't anticipate that $RSP can continue pushing higher if $SPX is going lower. This divergence has gotten extreme, and it's right to favor $SPX starting to snap back sometime in August; this is less about fading the move in $RSP and more about expecting that $SPX should not remain weak too much longer. For now, trends in the equal-weighted $SPX ETF are quite bullish.

Invesco S&P 500 Equal Weight ETF ($RSP, daily) — New all-time high territory Tuesday despite $SPX and $QQQ breaking down

Source: TradingView

$RSP vs. $SPY nears former peaks with DeMark exhaustion suggesting equal-weight outperformance stalls by end of week

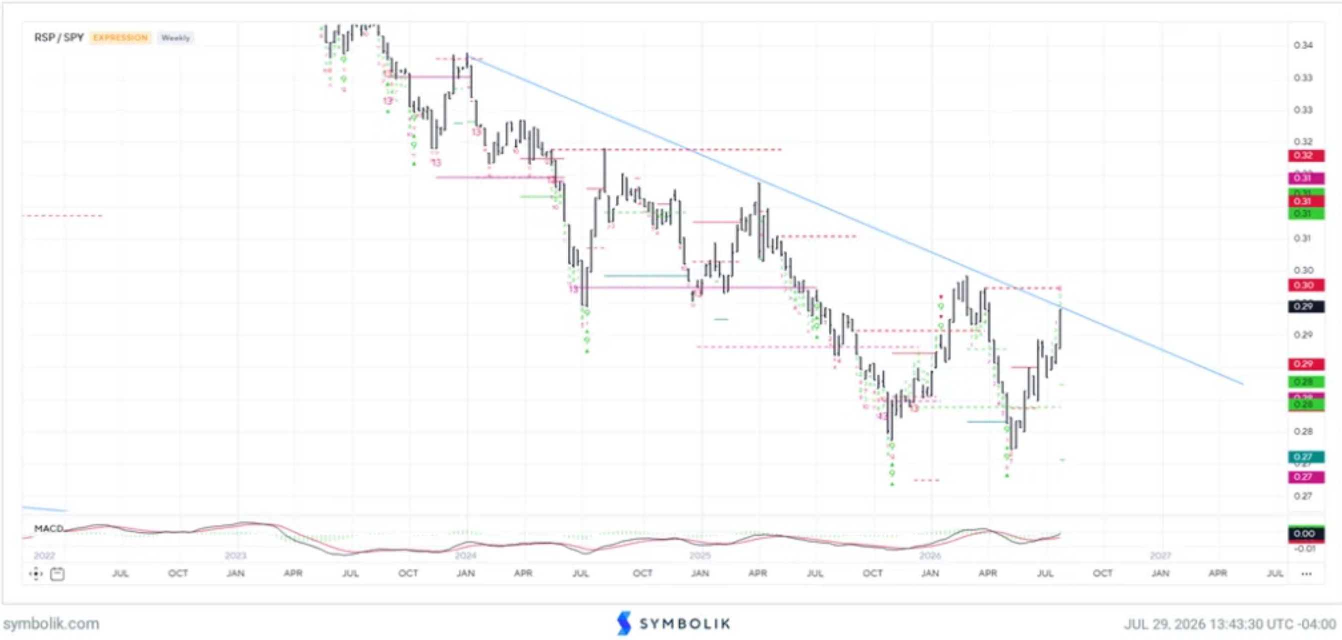
The issue with attempting to be bullish on $RSP while bearish on $SPY concerns the relative chart between this pair, as shown below.

As illustrated, the ratio of $RSP vs. $SPY is now approaching former peaks and is showing two distinctive DeMark-based exhaustion signals on daily charts, with TD Sell Setups likely reaching conclusion within three days (not shown). Meanwhile, the weekly chart shows a very pronounced intermediate-term downtrend between $RSP and $SPY, which in my view should result in strong resistance between now and early next week.

Overall, this suggests the dramatic outperformance in $RSP vs. $SPY could be nearing its end in the near term, given that Technology's pullback, and specifically $QQQ, is nearing a more meaningful area of support. While Healthcare and Financials both look attractive as near-term outperforming sectors, it might be a poor risk/reward to expect this relationship to continue indefinitely as Tech has pulled back significantly in recent weeks, relatively speaking.

Technology overall is growing more attractive to buy dips, and I don't anticipate intermediate-term underperformance in $SPX; said another way, $RSP vs. $SPY likely could stall out as August gets underway.

$RSP vs. $SPY (weekly) — Approaching former 2026 peaks with the long-term downtrend serving as resistance



Source: Symbolik

^TYX breaks out to the highest daily close since 2007 as the bond market delivers its own 'synthetic hike'

^TYX has broken out to the highest levels since 2007 on a daily closing basis, and the FOMC's reluctance to hike should be viewed less as inaction and more as acknowledgment that the bond market has accomplished a 'synthetic hike' of its own given the rise in long-term borrowing costs lately.

Near-term, this bond market selloff looks to be ongoing, and there is no immediate resistance for yields; while ^TNX initially held at 4.70% (not shown), the 10-year could join in pushing up in the days ahead while the front end of the curve stays steady. The 10s-2s curve steepened pretty dramatically Wednesday, but at this point it still lies within a downtrend for 2026 given the flattening that had been underway since early this year, so this steepening can't be called 'over' just yet and will be something to watch carefully in the days ahead.

The key takeaway is that yields have begun to press higher on the long end after Wednesday's meeting, and we've seen a breakout in US 30-year yields to the highest levels in 19 years.

30-Year US Treasury Yield (weekly) — Breakout above the 2023 peaks to the highest daily close since 2007

Source: Bloomberg

Equal-weight Healthcare is on the verge of exceeding its multi-year downtrend vs. the S&P 500

Healthcare remains quite bullish near-term and is in the process of possibly exceeding a multi-year downtrend vs. the S&P 500 this week. This would put Healthcare on better footing relatively for the intermediate term.

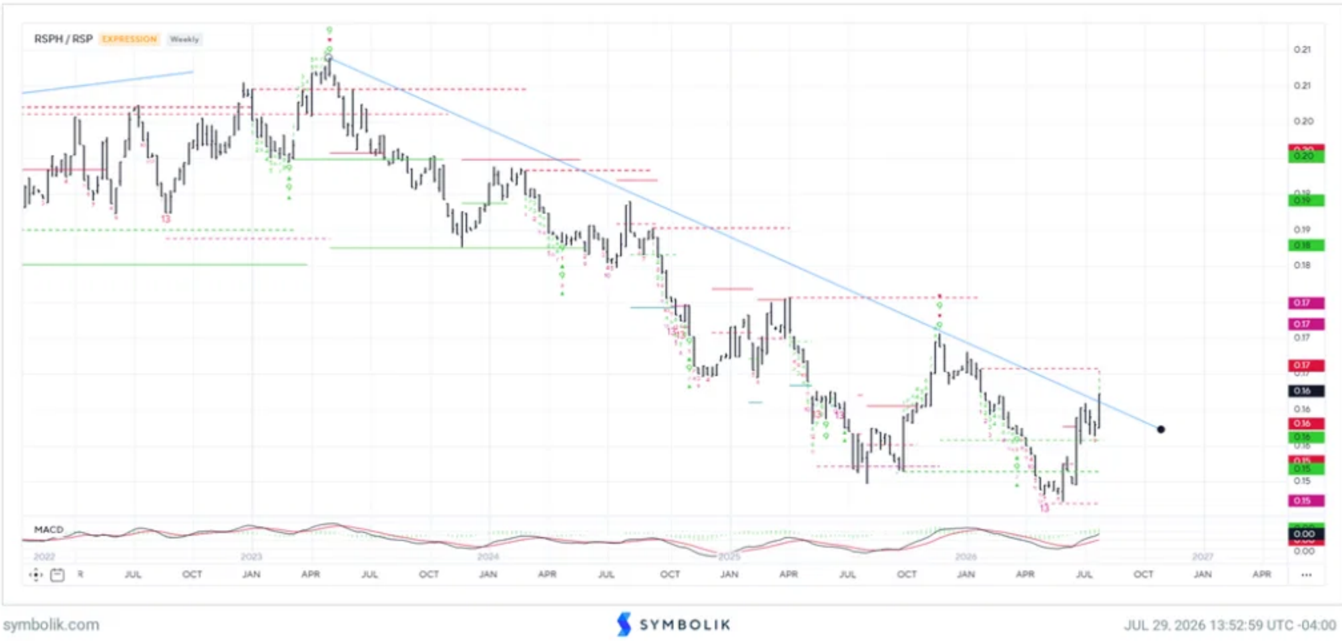
Yet, the sector is likely to stall sometime in August while Technology starts to act relatively better, so this developing relative breakout carries more weight for intermediate-term positioning than as a reason to chase the group near term.

Healthcare is nearing the end of the seasonal outperformance that normally provides a tailwind in the summer months. Moreover, sub-sectors like Medical Devices have come under pressure and remain relative laggards within this sector.

For now, Healthcare still looks quite attractive technically, and I expect a possible further push higher over the next 1–2 weeks before this sector stalls

on a relative basis vs. the S&P 500. This might happen less because of Healthcare weakness and more because Technology is starting to bottom out.

Equal-weight Healthcare vs. equal-weight S&P 500 ($RSPH vs. $RSP, weekly) — On the verge of exceeding a multi-year relative downtrend



Source: Symbolik

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