

TECHNOLOGY'S BREAKOUT IS BROADENING, AND EQUAL-WEIGHTED S&P 500 HITTING MULTI- DAY HIGHS LOOKS IMPORTANT



Mark L. Newton, CMT^{AC}

HEAD OF TECHNICAL STRATEGY

Key Takeaways

- \$SPX and \$QQQ held their early breakouts, and while breadth failed to finish at a robust level, the breakout in Technology, with the equal-weighted S&P 500 also turning up sharply, was a positive.
- \$NVDA made an intraday breakout, and while it failed to hold into Friday's close, the stock still made an official all-time high close on a weekly basis.
- Both the equal-weighted \$SPX and the Transports are turning up from important areas of price and time support — further evidence that the broader market's stealth correction is nearing completion.



Friday brought exactly what the market wanted to see: the breakouts discussed in last night's note, "Here's what the bears are missing," gained traction as both \$SPX and \$QQQ pushed higher while the US dollar, Treasury yields, and WTI crude all receded for much of the session. The equal-weighted S&P 500 turning up to multi-day highs proved to be a meaningful improvement from the narrow participation which has characterized recent weeks, and importantly, the laggards which have been mired in a stealth correction are beginning to show evidence of bottoming at logical areas of combined price and time support. Overall, the view is unchanged: it remains right to stay bullish and to use any early-week backing and filling next week as a buying opportunity for higher prices this month. While \$QQQ officially closed at new record highs, \$SPX still has some work to do. However, it was the constructive move in the equal-weighted \$SPX that helps to strengthen conviction that the recent stealth correction in the broader market likely could be nearing conclusion.

Bottom line, it's important to continue emphasizing the large-cap Technology strength, as this continues to lift markets right now. Both \$XLK and \$RSPT made

encouraging breakouts this week, and given their percentages within \$SPX and \$QQQ, stocks like \$AAPL, \$NVDA, \$MSFT, and \$META remain disproportionately important to index-level direction. As long as this group continues to act well, pullbacks elsewhere should remain contained. There proved to be an interesting but unsurprising pullback in WTI crude oil along with the US dollar and US Treasury yields early in the session that coincided with the equity rise, and while rates pushed back higher throughout the day, the cross-asset volatility should continue to be something investors watch carefully into next week.

\$SPX's move above 7,722 should drive price up to 7,778–7,782, the next important resistance zone

Friday brought a very encouraging breakout in \$QQQ along with a minor breakout in \$SPX, following through on the Technology strength discussed in last night's report. Technology's move to all-time high territory is particularly encouraging as a positive force to lift markets, and sectors like Financials, Industrials, and Discretionary all lifted as well, albeit to a lesser extent than Technology.

\$SPX made its initial move above trendline resistance at 7,722 and should now drive price up to 7,778–7,782, an overhead resistance zone which could prove important early next week. For \$QQQ, that level lies at 755, which was nearly hit today and might continue to act as short-term resistance from Monday to Wednesday of next week.

As shown below, the ability to lift above September peaks at 7,782 would be quite bullish and likely helps \$SPX push up to 7,850–7,900 in the weeks ahead. Such a move would help \$SPX join \$QQQ in breaking this entire consolidation which has been present for recent months. Any minor backing and filling should present an opportunity into next week, and my expectation is that the rise to 7,850–7,900 has likely gotten underway.

S&P 500 Index (\$SPX, daily) — Friday's breakout above 7,722 targets 7,778–7,782 initially

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TradingView

Source: TradingView

Equal-weighted \$SPX has retraced exactly 38.2% in both price and time, arguing the broader market's low is near

The Invesco S&P 500 Equal Weight ETF (\$RSP) bounced from a textbook area of confluence. As shown below, **the pullback from the September peak has retraced 38.2% of the entire 136-day rally off the April lows — and it has done so in 52 trading days, exactly 38.2% of the time the rally took to build**. Price and time symmetry of this kind is normally what can make Fibonacci retracement levels important to pay attention to, and indeed, utilizing time helps to add validity to these levels when it lines up specifically with price.

While the downtrend was not officially broken on Friday's gains, this could happen on a daily close above \$210.52 early next week, which should help lift \$RSP up to \$215.

The fact that \$RSP closed at the highest levels in over four days was helpful in making the case that the broader market might be starting to turn higher to join the move in Technology.

Overall, while the momentum deterioration of the "broader market" (in this case represented by \$RSP vs. the Tech-heavy \$SPX) will likely delay a quick move back to new highs, Friday was an important turn in my view, and it happened to line up at a time when time studies suggested this could be likely.

Invesco S&P 500 Equal Weight ETF (\$RSP, daily) — Pullback has retraced 38.2% of the April–September rally in 38.2% of the time, a price and time confluence arguing a low is near



Source: TradingView

\$NVDA's official breakout above 236 intraday failed to hold, but the stock did make a new all-time high close on a weekly basis

Given its 8% weighting in \$SPX, \$NVDA continues to be one of the more important stocks to monitor in the entire S&P 500. Friday's breakout to new all-time highs on an intraday basis failed to hold, yet \$NVDA still achieved a new all-time high weekly close as of today.

Given the broader Technology breakout this week (which wasn't concentrated but rather did prove broad-based given \$RSPT's advance), I do not suspect this pattern represents a false breakout, either for Technology or for \$NVDA.

However, one can make the case for minor backing and filling next week, and any pullbacks to near 230 would likely prove to be the maximum area of support before this starts to turn up more sharply in October.

NVIDIA Corporation (\$NVDA, daily) — Friday's push above 236 marks an official breakout, and backing and filling toward 230 would be buyable



Source: TradingView

Transports' sharp rebound marks a meaningful turn from an important area in price and time

The Dow Jones Transportation Average rose to its highest level in nearly two weeks on Friday — a very sharp rebound which helped this week close positive, recovering much of last week's loss following six straight down weeks.

The significance lies in where this turn happened. As shown below, the area for Transports near 19,330 was right near the 50% retracement of the entire rally off the 2025 lows. Second, this marked an exact area of intermediate-term trendline support stretching back 18 months. Third, this area represented nearly exact Ichimoku cloud support. And fourth, DeMark TD Buy Setups were present and were confirmed on Thursday (a close above the close from four days prior), which directly preceded Friday's steep rise.

I expect a short-term pop to 20,679, with additional resistance thereafter at 20,877, though any gains early next week might require consolidation following Friday's big push higher. Overall, this is a meaningful turn for Transports, with numerous factors supporting this being near an important area in both price and time.

Dow Jones Transportation Average (\$DJT, weekly) — Sharp rebound following six straight weeks lower to test 18-month trendline and Ichimoku support

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TradingView

Source: TradingView

Overall, Friday strengthened the bullish case on nearly every technical front: Technology's breakout gained traction with \$NVDA pushing to new all-time high territory, breadth expanded meaningfully, and the laggards — from the equal-weighted \$SPX to the Transports — are turning up from precisely the kind of price-and-time confluence zones where meaningful lows form. Some near-term backing and filling would be normal and buyable after a move of this sort, and it remains right to stay bullish while using any early-week consolidation to add exposure ahead of a push higher through October. Stay tuned.

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