

BROADENING OUT HAS BEGUN BUT MIGHT TAKE TIME; TECH SHOULD STILL LEAD INTO LATE OCTOBER



Mark L. Newton, CMT^{AC}

HEAD OF TECHNICAL STRATEGY

Key Takeaways

- \$RSP's close at the highest levels since mid-September adds conviction that US indices push higher into next Friday's expiration.
- \$QQQ's minor relative underperformance this week isn't a sell signal, and a move over 753 should drive \$QQQ up to near 763, then 771.
- Financials have held key support near \$53, and a push up to \$55.65 looks likely heading into bank earnings next week.



US equity trends remain bullish, and this week has coincided with some encouraging broadening out in the S&P 500, which is certainly a positive given how dismal breadth figures were heading into October. As discussed in yesterday's note, broader participation has been the missing ingredient for this rally, and this week's rebound in several formerly lagging sectors is a constructive start. The equal-weighted S&P 500 ETF (\$RSP) actually outperformed \$SPX this past week. Meanwhile, Technology's minor relative underperformance this week doesn't look like the start of anything more serious, and I expect Tech to resume its leadership into late October as Q3 earnings season gets underway next week, led by the large-cap banks. Further weakness in Treasury yields and WTI crude would go a long way toward helping this broadening process continue. Overall, I continue to favor Technology, Financials, and Industrials technically, and \$SPX remains on track for 7,900 in the weeks ahead. It's right to maintain long positioning and use dips as an opportunity to add exposure. I'll discuss more with charts and commentary in today's report.

Equal-weighted \$SPX has closed at the highest levels since mid-September, adding conviction that US indices push higher into October expiration

This week's price action helps to give more conviction that the direction between now and next Friday's expiration should be higher for US indices, as not only have \$SPX and \$QQQ held where they've needed to and started higher, but the equal-weighted S&P 500 ETF (\$RSP) has closed at the highest levels since mid-September. This is hugely helpful for the thinking that formerly lagging sectors like Financials, Utilities, and Healthcare (only lagging a bit as of the last week compared to other sectors) have all started to push back higher and begin a bounce after a difficult stretch in the last two months. Industrials remains the sector that has yet to rally as aggressively.

Near term, as daily \$RSP charts show, the act of exceeding early-October highs should help to boost price up to 215, which is my first upside target into mid-to-late October for \$RSP.

Invesco S&P 500 Equal Weight ETF (\$RSP, daily) — Highest close since mid-September; having exceeded early-October highs should lead to 215 into mid-to-late October



Source: TradingView

Thus, while it's correct to say Technology has outperformed all other sectors in the last month and is the only sector positive on a one-month basis, the past week has brought some bullish mean reversion in some of the hardest-hit sectors (like Financials) since this most recent market bottom occurred.

\$QQQ bounced from former highs near 745, and a move over 753 should lead to a breakout back above 762.85 in October

\$QQQ has some work to do next week, but the sharp bounce from Thursday's lows was helpful given that it managed to bounce from an exact area of prior former highs from 9/22–9/30, which largely occurred right near 745. \$QQQ broke this intraday on Thursday to fill the gap from 10/1 to 10/2 (which can be quite common in technical analysis, but not essential), and the close on Thursday was 747.58, above the 9/22 close as well as the 6/3 high and close.

This hourly chart shows Friday's opening gap pushing up to challenge the area near Wednesday's two different swing lows on hourly charts, and the area at 753 is the first meaningful resistance \$QQQ will have to contend with early next week.

The good news is that both crude oil and long-term interest rates have begun to show evidence of wobbling of late, and any break in the trend for crude in particular next week, along with better-than-expected bank earnings, could serve as the catalyst for some upside follow-through for US equities.

Invesco QQQ Trust (\$QQQ, 30-minute) — Bounce from former highs near 745; 753 is the first meaningful resistance early next week

MarkNewtonCMT created with TradingView.com, Oct 09, 2026 15:31 UTC-4



TradingView

Source: TradingView

Given Technology's outperformance all September, it wouldn't take much for a move above 753 to lead to a test and breakout back above 762.85 for \$QQQ, which is what I expect in October.

\$QQQ's minor relative underperformance this week isn't a sell signal, and Technology should outperform into late October

The relative ratio of \$QQQ to \$RSP has underperformed this week following six straight weeks of relative outperformance. This isn't a sell signal for \$QQQ, despite fears of a data center slowdown if/when Democrats start to gain more traction into the midterms. Based on the counter-trend systems I employ, which have correctly given "sells" on \$QQQ's relative performance given exhaustion, the next such signal seems to be three weeks away.

Thus, I'm actually expecting Technology to start to turn higher and outperform the broader market between now and late October.

Near-term resistance lies at 753 for \$QQQ, and the act of getting over this should drive \$QQQ up to near 762.85, then 771, which likely would be fueled by \$NVDA, \$AAPL, and \$MSFT gains given that these are all at/near all-time highs. Overall, it's right to favor Technology and to favor \$QQQ outperformance this month, despite some minor relative underperformance this week out of \$QQQ.

\$QQQ / \$RSP (weekly) — Minor pullback after six straight weeks of outperformance; counter-trend exhaustion still looks about three weeks away



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OCT 09, 2026 12:44:17 UTC -04:00

Source: Symbolik

Financials have stabilized at key support near \$53, and a push up to \$55.65 looks likely heading into bank earnings

Financials have definitely started to stabilize in recent days, owing partly to the pullback in high-yield spreads this past week, as a thawing of tension with Iran has successfully caused a flight back into some of the hardest-hit sectors of late.

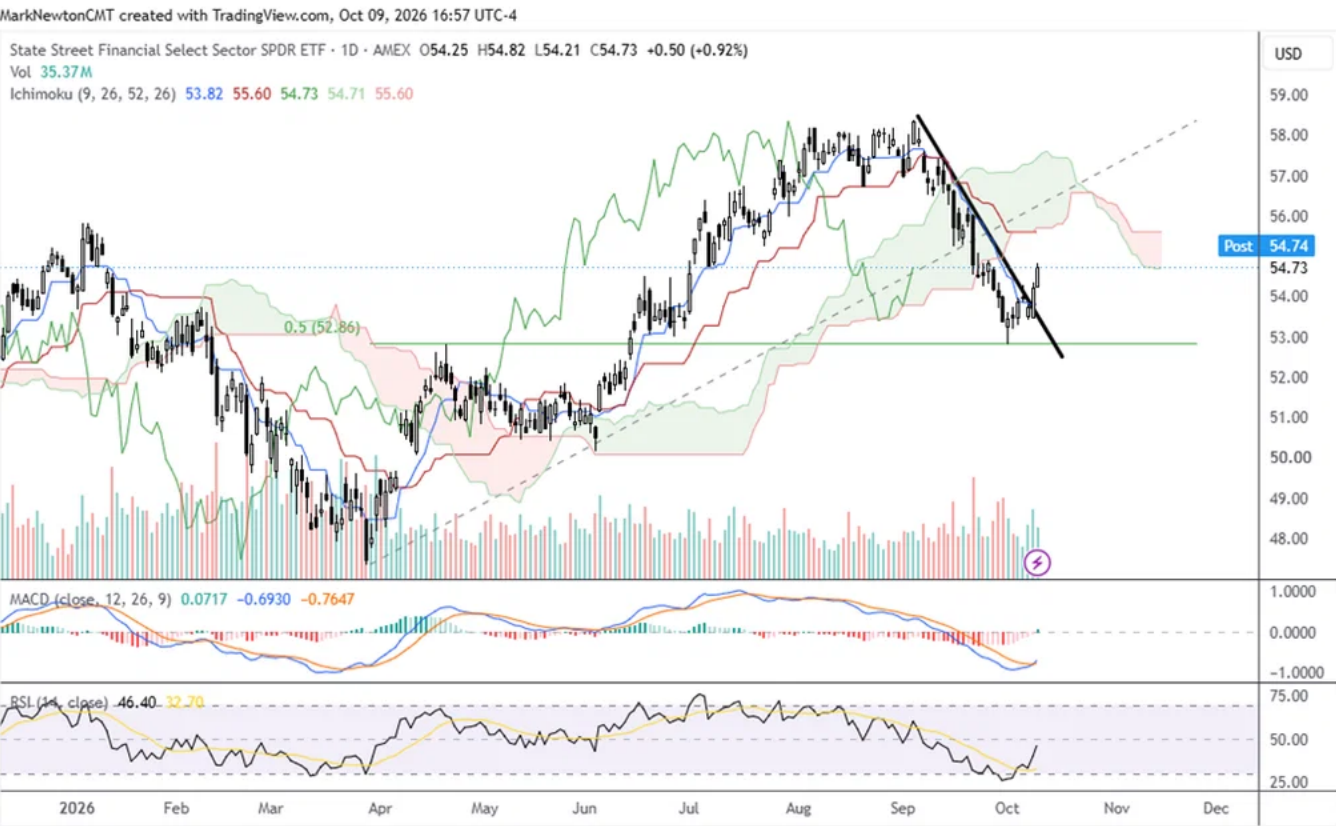
As shown below, \$XLF, as a benchmark for Financials, managed to break out of the downtrend since August this week, which has some near-term technical significance

as a positive.

Further review shows \$XLF having held the exact area of key support near its 50% retracement of the prior rally from March into August, which also represented key Ichimoku support based on the Chikou span (lagging span) finding support at the bottom of the cloud. Additionally, the area near \$53 also appears to be right near former peaks from April of this year, and this area is certainly important, with multiple methods coming together to suggest its significance. In plain English, this week's recovery in Financials looks like a welcome start to the recovery and should lead to at least some minor follow-through early next week as earnings get underway for the major banks.

I anticipate a push higher in \$XLF up to \$55.65, which is the first major area of resistance which could have importance on the upside as resistance heading into next week. Above that level would be even more encouraging to help weekly momentum start to improve, but this could possibly take time.

State Street Financial Select Sector SPDR ETF (\$XLF, daily) — Held key support near \$53 at the 50% retracement; \$55.65 is the first major resistance



TradingView

Source: TradingView

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