

# Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

March 2026

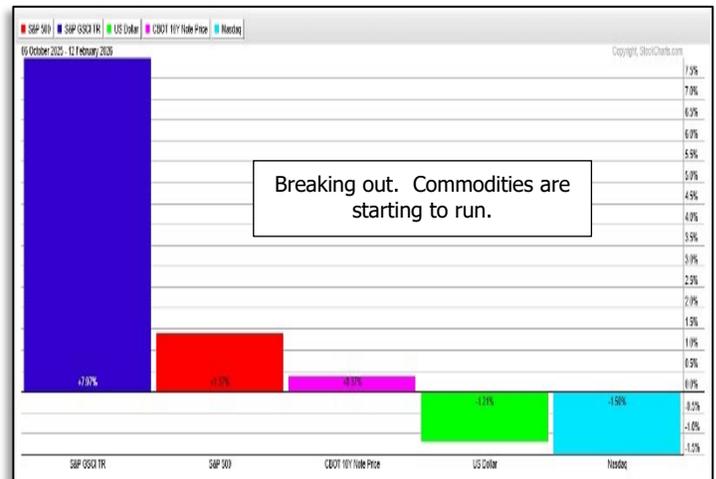
## Commodities

### Materials rule the other assets groups

**Key Points:**

- **Commodity phase of the bull market has begun.**
- **The GTX now outperforming stocks (SPX & NASDAQ) since mid-2025.**
- **The Precious Metals sector holds on to the top in 90-day performance, once again.**
- **WTI prices remain contained.**
- **NatGas rebounds on geopolitical concerns. New upside target for gold is \$5950.**
- **Silver's new target is \$125.**
- **Industrial Metals ETF (GYX) stalling after breakout. Higher levels coming in Q2.**
- **More price strength for metals companies.**
- **Copper prices stall, short-term, at \$6.40.**
- **US dollar weakness continues into Q2.**

market cycle when commodities outperform the other major asset groups (S&P 500, Nasdaq, US 30-year T-bonds, US dollar). Over the past 90-days, the S&P Commodity Index has outperformed all the other asset groups (**Chart 1**). This growing performance has developed over the last six months. **Chart 1a** of the Business Cycle illustrates the



**Chart 1**

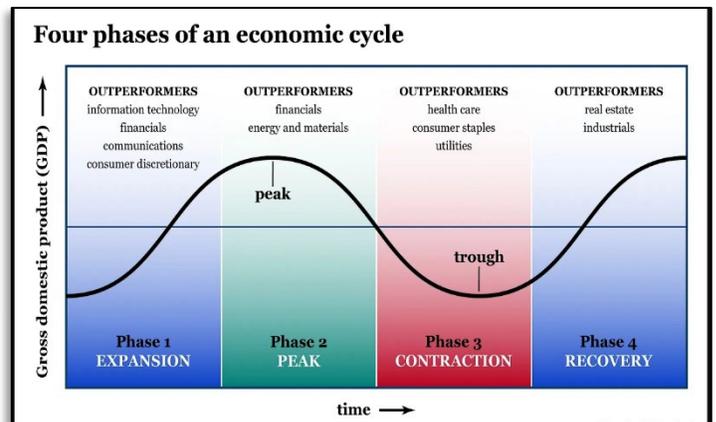
	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception mid-2003</i>
<b>TS Model Portfolio</b>	4.41%	7.64%	<b>1,340.16%</b>
S&P 500	-0.82%	0.49%	587.89%

The 19-year average for the TS Model Portfolio – 12.46%  
 The 19-year average for the S&P 500 8.86%

**Five-Year Performance**

2021-16.25%	2022-(-15.88%)
2023-23.29%	2024-19.14%
2025-15.51%	

TS Model Income Portfolio – 9.31% average div. yield



**Chart 1a**

**GTX: Leading in Performance**

**Outlook Positive:** Bull market peaks are associated with strong performance in materials. This is the only time in the

standard securities that outperform at different phases. The Peak Phase is the only stage when energy and materials outperform. As a sideline, financials are also a top-performing security group now.

Phase 2 (Peak) can last two to three years.

The S&P GSCI Commodity Index (GTX) continues to break out (**Chart 2**). Buying momentum (RSI) is positive, and there is a narrow positive 'Green Cloud' in Q1 with more expansion in Q2. Both suggest higher levels should be expected in the weeks ahead. US 10-year T-bond yields are still trending in lockstep with the GTX.



**Chart 2**

The long-term 10-year monthly data view supports higher levels for the GTX going forward into 2026. The S&P Commodity Index remains in a bullish pattern of higher highs and higher lows. There was a clean breakout in January of the GTX. Positive momentum confirms. A broad expanding 'Green Cloud' plus an accommodating uptick in bond yields, adds to the expectation of higher commodity levels this year (**Chart 2a**).

**What does it mean?** **Charts 1 and 1a** suggest that the economic and market cycles are at the peak phase. After over 16 years of the bull market, these are clear indications that the market is in the cresting stage. **Charts 2 and 2a** show the breakout of the S&P Commodity Index.

The target for the GTX remains at 4500

As US T-bond yields are moving in tandem with the GTX, higher yields should also be expected in 2026.



**Chart 2a**

## Inflation vs Deflation: A Solid Win

**Outlook: Positive:** The declining levels in the US dollar (down 12.00% over the last 12 months), and the ongoing geopolitical uncertainty, have continued to drive relative performance for inflationary assets over deflationary assets since Q3. Buying momentum trends are near overbought levels (still confirming additional upward strength). There is a positive 'Green Cloud' in Q1 and Q2 (**Chart 3**).



**Chart 3**

**What does it mean?** A dominant trend shift where inflationary assets (commodities-inflation) are outperforming deflationary assets (Dow-deflation) began in mid-2025. We anticipate a continued dominant performance from inflationary assets in 2026.

### Commodity Performance: Metals Win

**Outlook: Positive:** Precious metals soared up 34.49%, and the Industrial metals rose 17.51% (**Chart 4**). The US dollar remains under selling pressure with a -0.94% dip over the last 90 days. The energy sector is firming with 5.60%. Energy strength is expected to increase in Q2.

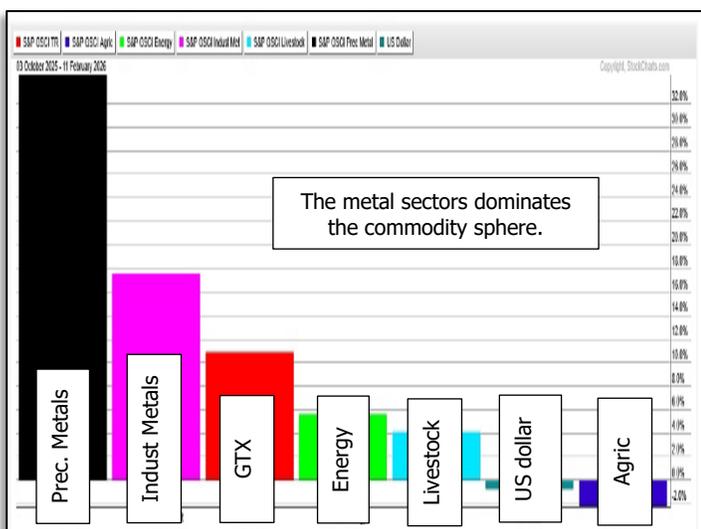


Chart 4

### WTIC: Continued Weakness

**Outlook: Negative:** Oil prices climbed off the base of \$56.00 but remained under pressure by persistent oversupply. The IEA said global oil inventories rose at the fastest pace since 2020.

**The 1-year trend is down.** The major trend is lower. Buying momentum (RSI) trend has recovered, now positive (confirming additional upward strength). A broadening negative 'Red Cloud' extends into Q2, suggesting prices will remain depressed over the next few months. The first price support is \$61.00. 1<sup>st</sup> resistance is at \$73.20 (**Chart 5**).

**What does it mean?** Oil prices are expected to remain depressed, remaining under \$73.20 in Q2. There is an oversupply of global supply and weak world demand.

### Natural Gas: On Lower Support Level

**Outlook: Neutral:** US natural gas inventories declined under heavy storage withdrawals. The prolonged Arctic cold boosted heating demand. However, forecasts point to



Chart 5

mostly warmer weather conditions into March, which will limit further price gains.

**The 1-year trend is flat.** Natural gas prices remain in a broad upward sloping channel. Recent price action shows a retest of the major support line. A narrow negative 'Red Cloud' in Q1 and Q2 suggests short-term price weakness. Buying momentum (RSI) is negative (not confirming additional upward strength).

**What does it mean?** NatGas prices are expected to remain under selling pressure in Q2. A meaningful price rally is not expected. The target is \$4.00. Wait for a bounce before reducing position size (**Chart 6**).



Chart 6

### Gasoline: Short-term Pop

**Outlook: Neutral/Negative:** US gasoline futures rebounded sharply in January, breaking through the 50-week ma. US gasoline inventories posted a sizable late January build-up of roughly 6.4m barrels. OPEC+'s decision to keep output steady in March and expectations of a global surplus going into Q2 should cap any upside potential. The wild card on gas prices is the attack on Iran.

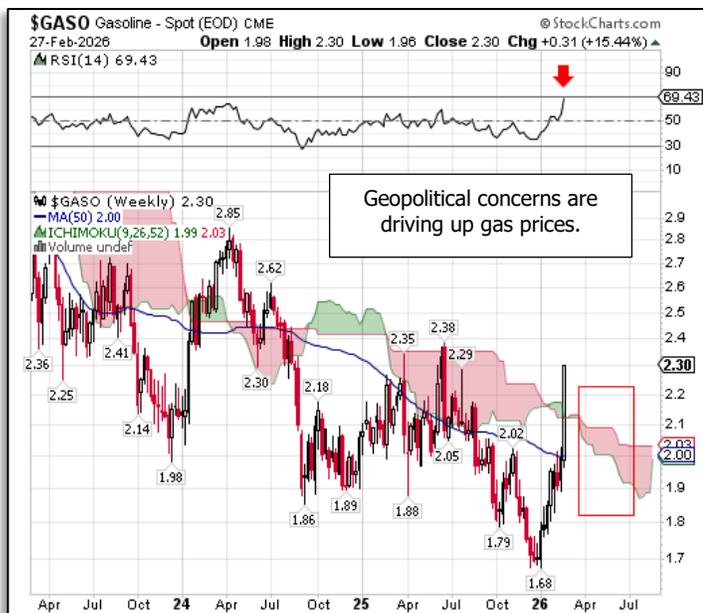


Chart 7

**The 1-year trend is flat.** The major trend continues lower. Still in a pattern of lower highs and lows. Momentum is overbought (not confirming additional upward strength). An expanding negative 'Red Cloud' carries into Q2, suggesting more price weakness in the months ahead. 1<sup>st</sup> resistance is at \$2.30 (Chart 7).

**What does it mean?** GASO has rallied due to geopolitical concerns on supply. GASO is expected to remain in a downward trend in Q2 pressured by abundant supply. The target of \$1.79 is met. The new target is \$2.30. Sell on any strength now.

### Gold: Remaining Overbought

**Outlook: Positive:** The major trend for the yellow metal continues to point higher. Data showed annual inflation slowed to 2.4% in January, below forecasts, while core inflation eased to 2.5%, reinforcing dovish arguments at the Federal Reserve after strong jobs data had pushed rate-cut expectations toward July. Yields edged lower and the dollar weakened following the release, offering near-term support to bullion.

**The 1-year trend is up.** Buying momentum (RSI) is overbought, again (still confirming additional upside pressure). Past overbought readings have produced a stall and a short-term consolidation. Well above the rising 50-week m/a. The first support level is \$4570. A positive 'Green Cloud' remains in Q1 and Q2 (Chart 8).

**What does it all mean?** The fundamental elements that have driven gold to a record high level remain in play. Continue to hold. The target of \$5025 has been met. Use caution, nothing goes up forever. The new target is \$5950.

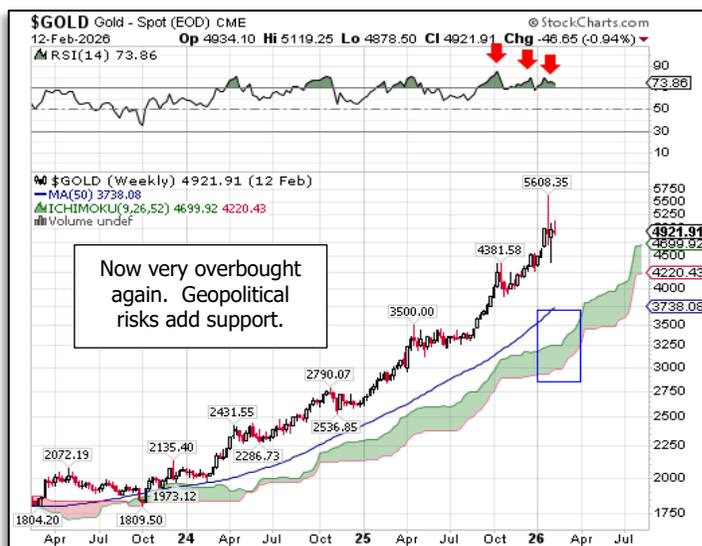


Chart 8

### Silver: Rebounding Off Support

**Outlook: Positive:** Pulling back on softer-than-expected US inflation data (Chart 9). Annual inflation slower to 2.4%



Chart 9

while core inflation eased to 2.5%, reinforcing expectations that any Fed rate cuts will be later in the year. US dollar weakness offering near-term support. Still, lingering market volatility and US policy uncertainty may limit gains.

The US Department of the Interior recently added silver, copper and metallurgical coal to its list of "critical minerals" list. Supply deficits also made silver a critical asset.

**The 1-year trend is up.** The roaring advance over the past year pulled back to the 1<sup>st</sup> support. Buying momentum is positive (confirming additional upward strength). Silver prices are well above the rising 50-week m/a. A positive but stretched 'Green Cloud' is developing into Q1 and Q2, suggesting short-term weakness. Any pullback should be brief. \$70.00 is the 1<sup>st</sup> support level. Use caution.

**What does it mean?** The target of \$97.00 has been met. The next target is \$125.00. Continue to hold the position.

### Industrial Metals: Overbought

**Outlook: Positive:** Aluminum, tin, zinc, nickel, cobalt, and iron ore prices are all rising. China's demand for the metals is the main reason for the escalation of value. Tight supply continues for most base metals (**Chart 10**).



**Chart 10**

**The 1-year trend is up.** After advancing over 25% since mid-2025, the GYX stalled. Buying momentum trend is overbought (still confirming additional upward strength). There is a positive 'Green Cloud' in Q1 and Q2, suggesting renewed strength (**Chart 10**).

The Dow Jones US Industrial Metals Index (**Chart 10a**) posted a new high in February. The buying momentum trend (RSI) is overbought (still confirming additional upward

strength). The index is well above the 50-week m/a. There is a positive 'Green Cloud' in Q1 and Q2. This suggests price strength going into mid-year. 1<sup>st</sup> support is at 640.

**What does it mean?** Strength in most industrial metals, is a sign on growing economic growth in China, the main driver for industrial metals prices.

We expect the index (GYX and DJUSIM) to ease short-term and then move higher in the months ahead.



**Chart 10a**

### Copper: Retesting the High Mark

**Outlook: Positive:** Attention is being turned to inflation data which will shape Fed policy on rates (**Chart 11**).



**Chart 11**



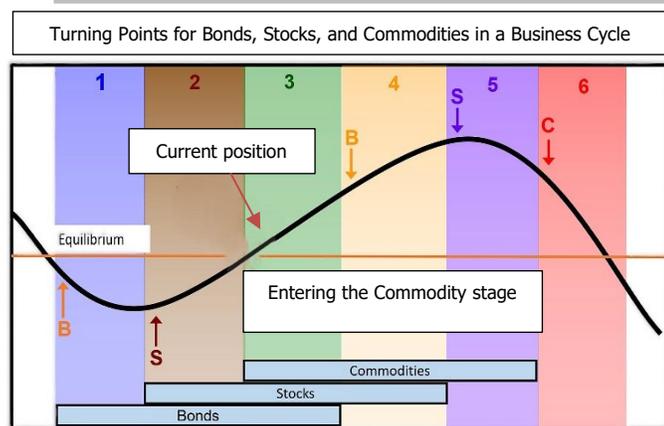


Chart 14

With the new performance strength of the GTX over the last six to seven months, this action would reinforce the idea that the Commodity phase of the business cycle has begun. This phase suggests dominance in performance over stocks in 2026 and beyond.

Note where Nasdaq is in **Chart 1**. This index has the lowest performance. The technology sector had the highest performance in the first half of 2025 (Magnificent 7, AI), but not now.

### What should investors do?

Suggested trading for commodities

- **GTX**- Slow rise into Q1. Add to positions on any weakness. Higher levels are coming. Use DBC as an ETF for commodities.
- **WTI**- Weakness continues in Q2. Hold. Add to the position only at or above \$67.00.
- **Natural Gas**- Weakness into Q2 expected. Buy at or above \$3.70. Target is \$4.00. Use caution.
- **Gasoline**- Weakness. Do not add to positions. Lower levels in Q2. Stay on the sidelines.
- **Gold**- \$5950 new target. Continue holding.
- **Silver**- Pull back. Add to the position only on a retracement. Support at \$70. \$125.00 target.
- **Industrial Metals**- Breakout! More strength in Q2. Wait for a pullback to buy.
- **Copper**- Stalling short-term in late Q1. Target is \$7.60. Add to positions on weakness.
- **Livestock**- Add to position on weakness. Higher levels in Q2 expected.
- **US dollar**- Down. 94 new targets. Sell on strength.

The Materials/Energy sector appears to be the best growth opportunity now. We like AltaGas (**ALA**), Enbridge (**ENB**), Global Mining Enterprises (**GMX**), Black Stone Minerals (**BSM**), Genesis Energy (**GEL**), MPLX LP (**MPLX**), Northwest Natural Gas (**NWN**), Solaris Energy Infrastructure (**SEI**), and Southwest Gas Corp. (**SWX**).

# International Equities

## Upward trend, but overbought

### KEY POINTS:

- **Another month of advancement drives most world markets into overbought status**
- **The Dow Jones Global Index has reached a key junction mark**
- **Down goes the US dollar, up goes the emerging markets EEM**
- **Broad breadth for world markets, all are trending up, except Russia**
- **Most world markets have outperformed the SPX over the past 90-days**
- **Q2 appears promising for global markets**
- **Brazil's Bovespa leads in 90-day performance**
- **Spain, Italy, and the UK markets are charging higher**
- **India's BSE stalls at resistance level, breakout expected in late Q2**
- **France's CAC breakout starts**

- **Overbought momentum builds for Mexico**

### Overview: Upward Trend into Q2

**Outlook Positive:** The major trend going into Q2 has not changed. Models suggest higher levels are coming in the months ahead. After a 38% run from the April 2025 low, the benchmark world equity index shows no evidence of weakness. Buying momentum trend (RSI) is overbought (still confirming additional upward strength). 1<sup>st</sup> price support is at 760. There is a rising positive 'Green Cloud' in Q1 and Q2, suggesting higher levels—no storm clouds on the horizon. The target of 785 has been met. The new target is 830 (**Chart 15 on page 8**).

The long-term (LT) 16-year primary trend remains upward (**Chart 15a on page 8**). Buying momentum trends (RSI) are overbought (still confirming additional upward strength). Now, retesting the top channel line. A retracement occurs

every time the DJW reaches that line. This action has developed four times in the past 16 years. The lower primary channel line acts as an effective guard rail, halting further declines. We believe the same time-tested line will provide the same support with any future declines.

### All-World (ex-USA) ETF: Up in Q2

**Outlook: Positive:** The major upward trend continues, having just posted a new all-time high at year-end of \$81.31. Buying momentum trends (RSI) is overbought (still confirming additional upward strength) (**Chart 16**).



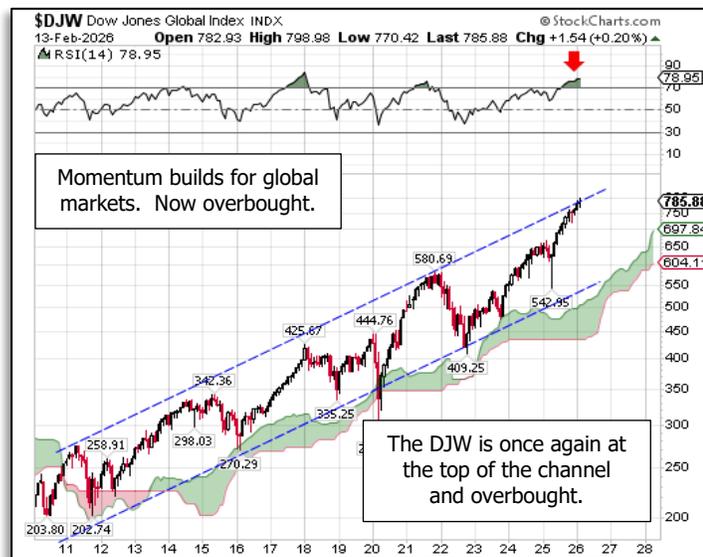
**Chart 15**



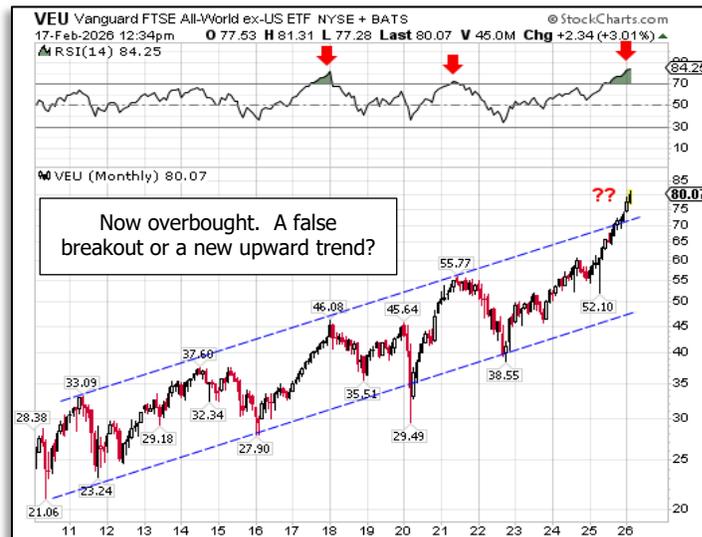
**Chart 16**

The positive 'Green Cloud' expands in Q2, suggesting higher levels in the months ahead. The first key support level is at \$75.50.

Long-term monthly data shows the All-World (ex USA) ETF has broken above channel line in late Q4. Buying momentum trend is very overbought (still confirming additional upward strength) (**Chart 16a**).



**Chart 15a**



**Chart 16a**

**What does it mean?** Weekly data for the DJW suggests an upward trend into Q2. First support at 760 should catch any short-term pullback.

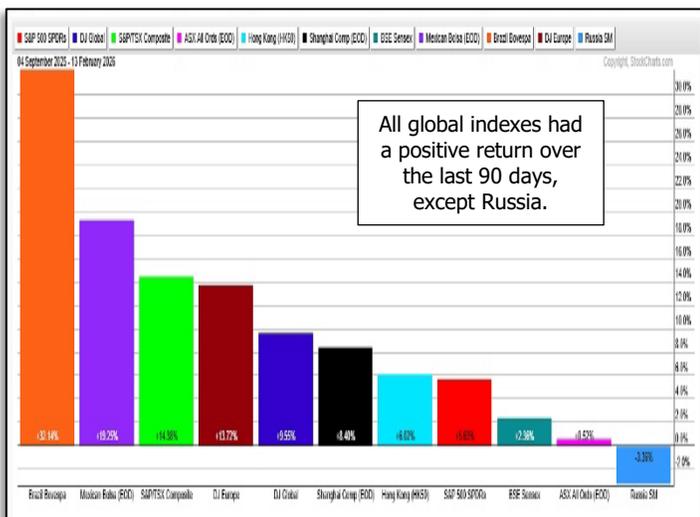
The long-term 16-year monthly is at the top primary channel line with an overbought reading. Corrections typically develop within 12 months. Overall, still positive.

**What does it mean?** Weekly data suggests a stall is likely, with the VEU overbought, followed by higher levels in mid-year. Long-term monthly data points to a critical junction. The ETF always pulls back from the upper channel line. We expect the same action to develop in 2026.

The target of \$81.00 has been met. The new target is \$90.00.

### Global Performance: Strength

**Outlook Positive:** 11 of 12 world equity indexes posted positive returns over the last 90 days (**Chart 17**).



**Chart 17**

Brazil's Bovespa led the global charge, with an impressive 32.14% increase, followed by Mexico's Bolsa with a 19.25% advance. The TSX came in at third place with 14.38%. The benchmark Dow Jones Global Index (DJW) rose by over 9.55%. Russia's stock index posted a negative print again (-3.36%).

Note how strong world markets are compared to the SPX. This is the third month of outperformance.

**What does it mean?** Overall market breadth and strength are still impressive. Almost everything is going up. Investors should remember that this constant advance is not normal. There has been no meaningful retracement in over nine months. Use caution.

### Emerging Markets: Overbought

**Outlook Positive:** The weakening of the US dollar (now down 12% from the Q1 2025 high) has boosted the upward movement of EEM (up 51%+ from the April low). Buying momentum (RSI) is overbought (still confirming additional upward strength). There is an expanding positive 'Green Cloud' in Q1 and Q2. 1<sup>st</sup> support is at \$55.50.



**Chart 18**

**What does it mean?** The movement of the US dollar provides general guidance on the direction of the EEM. The dollar's strength faded in Q4 after several attempts to reach par (**Chart 18**). The \$61.75 target has been met. The new target is \$68.00. Continue holding and add to the EEM position on any weakness.

### China: Trending Higher in Q2

**Outlook: Positive:** The Chinese economy recorded a 4.5% yoy expansion in Q4. This is the third decrease in 2025. Retail sales grew at the slowest rate in three years. The unemployment rate stabilized in December at 5.10%. Inflation rate in January is at 0.2%.

**Economics is stalling.**

**The 1-year trend is up.** The Shanghai Index leaped upward in Q3 and Q4 with the news of a significant economic stimulus package. Buying momentum trend is positive (confirming additional upward strength). A positive 'Green Cloud' rises in Q1 and Q2, suggesting higher levels should be expected.

**What does it mean?** Though China's economy is stalling, its stock market is not. Add to the position on any pullback. Nearing the target of 4200. Next target is 4295 (**Chart 19 on page 10**).



**Chart 19**

### Japan: Overbought

**Outlook: Positive:** Annual GDP dropped sharply in Q4 with 0.1%. The unemployment rate is holding steady in December at 2.6% and five-year high. This is the fifth month with 2.60%. The inflation rate in December has stabilized at 2.10% after declining for 10 consecutive months.

**Economic growth is improving.**

**The 1-year trend is up.** The Nikkei continues to advance. (Chart 20). The first support level is 51,960.



**Chart 20**

Buying momentum trend (RSI) is overbought (still confirming additional upward strength). There is a positive 'Green Cloud' in Q1 and Q2, suggesting higher levels into mid-year. The 1<sup>st</sup> target of 58,000 has been met. The next target is 65,500.

**What does it mean?** Japan's economy has stalled. Annual GDP is only 0.1%. No growth. The index is expected to pull back modestly from the overbought reading. We suggest adding to the position on any pullback. Remain invested.

### Hong Kong: Short-Term Stall

**Outlook: Positive:** Annual GDP growth appears to be slowly improving. Q4 came in at 3.8%, the 12th quarter of positive expansion. In December, the unemployment rate stabilized at 3.8%, the highest level in 24 months. The inflation rate remains well-controlled, holding under 2.0%. 1.4% was the print in December.



**Chart 21**

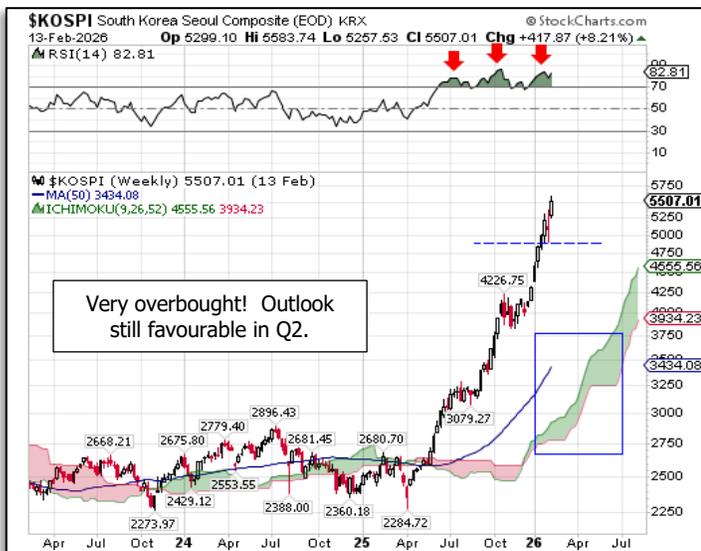
**Economics is improving.**

**The 1-year trend is up.** The HSI continues to slowly advance. Buying momentum trend (RSI) is positive (confirming additional upside strength). The positive 'Green Cloud' rises in Q1 and Q2, suggesting more upside lies ahead (Chart 21).

**What does it all mean?** Improving economics and technicals. Expect a short-term stalling above the first support level of 25,000, followed by a move to higher levels. 27,900 target has been met, the new target is 29,500. Continue to hold the position.

### South Korea: Very Overbought

**Outlook: Positive:** The Annual growth rate (GDP) is rebounding. The last three quarters were higher. The Q3 number is 1.8% up from 0.0% in Q1. The unemployment rate suddenly skyrocketed in December to 4.0%. The highest level since Q1 2021. The inflation rate remains well-maintained, with a 2.3% print in December, marking the twelve months at similar levels.



**Chart 22**

#### Economics is improving

**The 1-year trend is up.** The Seoul Composite rocketed, climbing over 100% since the April low! Now very overbought. A positive 'Green Cloud' is expanding into Q1, suggesting higher levels are expected (**Chart 22**).

**What does it mean?** Look for a pullback. The 1<sup>st</sup> support level is 4825. Wait until there is confirmation of support before adding to the position. The 4400 target has been met. The new target is 5695.

### India: Stalling at 86,000

**Outlook: Neutral/Positive:** Economic expansion has started to recover with the last four quarters at higher levels. The Q3 print is 8.2%. The unemployment rate continues to remain low. The January print is 5.0%. The inflation rate jumped in January to 2.75%.

#### Economics is improving.

**The 1-year trend is flat.** The Bombay Stock Exchange (BSE) has stalled at the solid resistance level of 86,000. Buying momentum trend (RSI) is neutral (not confirming additional upward strength). There is an expanding positive 'Green Cloud' in Q2 suggesting more upward strength in mid-year (**Chart 23**).

**What does it all mean?** The BSE has failed to advance over the resistance level of 86,000, pulling back in early Q1. We expect higher levels to be a challenge in this quarter. Look for additional price stalling in Q1. Wait for confirmation of support before adding to the position. Higher levels are expected to start in Q2. 88,300 is the target, followed by 90,225.



**Chart 23**

### Europe: Overbought

**Outlook: Positive:** Economic expansion has steadily improved. Now at 1.4% in Q4. The unemployment rate decreased in December to 6.2%. Slowly declining over the past 12 months. Inflation continues to decline slowly and is well contained, now around 1.7% in January (**Chart 24**).



**Chart 24**

## The economy is slowly improving.

### The 1-year trend is up.

Index is at an all-time high and continues to make a series of higher highs and higher lows. Buying momentum is overbought (still confirming additional strength). There is an expanding positive 'Green Cloud' in Q1 and Q2.

**What does it mean?** Europe's economic picture is improving. 480 is the first support level. Near the target of 555, followed by 610. Continue to hold.

## Germany: Slow Rise in Q2

**Outlook: Positive:** Economic expansion for Germany has finally turned a corner in 2025 (**Chart 25**). Positive GDP in Q4 of 0.4%. Fourth quarter of growth. A bright spot is the inflation rate. Holding at 2.1% in January. The unemployment rate is a concern. The rate has been holding steady at 6.3% for 12 months.



**Chart 25**

### The economy is improving.

**The 1-year trend is up.** The DAX is at an all-time high of 25,500. Buying momentum (RSI) is positive (confirming additional upward strength). A positive expanding 'Green Cloud' continues into Q1 and Q2, suggesting more strength.

**What does it all mean?** A short-term pause is expected, followed by higher levels in the months to come. Continue to hold. The target of 25,200 has been met. The new target is 26,500.

## France: Slowly Breaking Out

**Outlook: Positive** The annual economic expansion (GDP) appears to have bottomed out and starting to expand. Q4 growth was 1.1%.

The unemployment rate remains elevated, reaching 7.9% in Q4. Inflation in France is the bright spot, with a rate of only 0.3% in January, holding under 1.0% since Q1 2025.

### Economics is weak.



**Chart 26**

### The 1-year trend is turning up.

The CAC appears to be starting to finally breakout of the almost two-year consolidation. Moving through the resistance cap at 8260. Buying momentum trends (RSI) is positive (confirming additional upward strength). There is a narrow positive 'Green Cloud' in Q1 that expands in Q2, suggesting more upward strength (**Chart 26**).

**What does it mean?** Expect higher levels in Q2. Add to the position. 8715 is the target.

## UK: Another New High

**Outlook: Positive.** four quarters of positive, but declining economic growth. The Q4 GDP is an example at 1.0%. A very challenging year for the UK. The inflation rate has been slowly decreasing since Q3. Now at 3.0% in Q1. Six months of 3.4%+. The unemployment rate has been steadily rising. The latest print is 5.20% in December. Ten months of steady increases.

### Economics is weak.

**The 1-year trend is up.** The major trend is higher. The market is now well above the rising 50-week m/a (**Chart 27 on page 13**). A positive 'Green Cloud' expands in Q1 and Q2. Constructive sign. Buying momentum trends (RSI) is overbought (still confirming additional upward strength).

**What does it all mean?** The uptrend remains intact. The target of 10,000 has been met. The new target is 11,100. Continue to hold.



**Chart 27**

### Spain: Another New All-Time High 🍀

**Outlook: Positive:** The Annual Growth Rate expanded at 2.6% in Q4. The unemployment rate is still alarmingly high. 9.93% in Q4. Gradually declining over the past five years. Inflation rate is trending down. Now at 2.3% in January.

**The economy is improving.**



**Chart 28**

**The 1-year trend is up.**

Strong upward trend continues. Well above the 50-week m/a. Buying momentum (RSI) is overbought (still

confirming additional upward strength. A positive 'Green Cloud' is expanding in Q1 and Q2, suggesting more upward strength. No technical evidence of weakness developing.

**What does it all mean?** A new all-time high confirms the upward trend. Add to the position on any retracement. The target is 18,750. Stay invested (**Chart 28**).

### Italy: New High 🍀

**Outlook: Positive:** The Annual GDP growth Rate has remained flat and low over the last eleven quarters. Q4 expansion is only 0.80%. The previous 20 months have yielded weak growth, ranging from 0.03% to 0.80%. Dismal growth. The unemployment rate in December is 5.6%. Inflationary pressures are well controlled. The January rate is only 1.0%.

**Economics is stalling.**

**The 1-year trend is up.** The Dow Jones Italy Index has steadily climbed higher, posting another new all-time high of 355.37. Buying momentum trend (RSI) is positive, (confirming additional upward strength). A positive 'Green Cloud' widens in Q2, suggesting more upward strength.

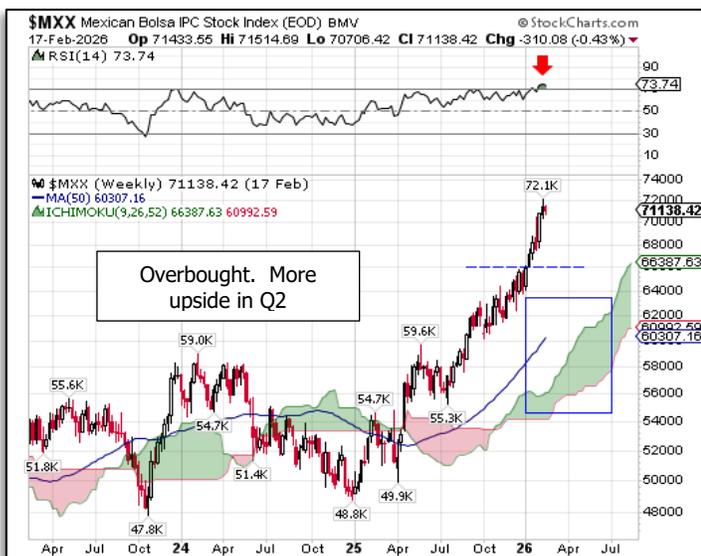
**What does it mean?** Higher levels are coming. Continue to hold. The target is 365 (**Chart 29**).



**Chart 29**

### Mexico: Overbought 🍀

**Outlook: Positive:** Mexico's annual growth rate remains weak with a 1.6% print in Q4, which is 13 quarters of low growth levels. The unemployment rate continues to remain stable, at a healthy 2.4% in December. The inflation rate appears well contained, with a 3.79% print in January.



**Chart 30**

**Economics is stable.**

**The 1-year trend is up.** Directionally higher into Q2. (Chart 30). Buying momentum trend (RSI) is overbought (still confirming additional upward strength). There is an expanding positive 'Green Cloud' in Q1 and Q2, suggesting more upside for Mexico's Bolsa Index.

**What does it all mean?** Expect a short-term retracement. 1<sup>st</sup> support is at 66,400. Add to the position on any weakness. The target level of 70,100 has been met. The new target is 76,000.

### Brazil: Overbought

**Outlook: Positive:** The annual GDP softened, again, to



**Chart 31**

1.8% in Q3. 4<sup>th</sup> quarter in a row to decline. The December unemployment rate dipped to 5.1%, the seventh straight month of decline. Inflation is being slowly tamed, with a 4.44% reading in January.

**Economics is improving.**

**The 1-year trend is up.** The Bovespa is directionally higher with a new all-time high in February (Chart 31). Buying momentum trend (RSI) is overbought (still confirming additional upward strength). A positive 'Green Cloud' starts expanding in Q1 and continues in Q2. This suggests that more upside strength can be expected in the months ahead. The first support level is 178,850.

**What does it mean?** The major trend for the BVSP is higher. The target is 195,000. Continue to hold the position.

### Australia: Consolidating

**Outlook: Positive:** Australia's economy is expanding again. Four-quarters of positive expansion have developed. The Q3 print was 2.1%. A positive trend. The unemployment rate dropped January to 4.10%. Inflation rate is beginning to advance. The December rate is 3.8%, six months of increases (Chart 32).

**Economics is stable.**

**The 1-year trend is up.** The ASX reached a new high in October, now consolidating between 8675 and 9400. The momentum trend (RSI) is positive (confirming additional upward strength). An expanding positive 'Green Cloud' is developing in Q1 and Q2, suggesting upward pressure in mid-year. 1<sup>st</sup> price support is at 8800.

**What does it mean?** The ASX is expected to stall in Q1, similar to price action in Q2, 2024. Continue to hold. Higher levels are expected after Q2. Target is 9450.



**Chart 32**

## What does it all mean?

Global market strength continues to be broad-based, month after month (refer to **Chart 17**). The number of global equity indexes that are overbought should give investors an idea of the strength of the market, and that a minor retracement is probable over the next few weeks.

The one concern that holds for 2026 is illustrated in **Chart 15a** and **Chart 16a**. In the Commodity section of this month's newsletter, we established that the business cycle was in the Peak phase (**Chart 1a**). This matches the price action of **Charts 15a** and **16a**. Both the Dow Jones Global Index (DJW) and the Vanguard FTSE All-World ex-USA (VEU) are at, or above, the top primary channel line. From the action over the past 16 years, when reaching this line, there is now a greater probability of a correction over the next year or two.

We expect most markets to remain positive in Q2.

From **the** action over the past 16 years, when reaching this line, there is now a greater probability of a correction over the next year or two.

We expect most markets to remain positive in Q2.

## What Should Investors Do?

As always, look for the leaders. You want to be with the strongest. Most world indexes are overbought. Don't chase them. Wait for a pullback. We like China's Shanghai (FXI), Japan's Nikkei (EWJ), South Korea (EWY), the United Kingdom (EWU), Spain's Bolsa (EWP), Italy's Stock Market (EWI), Mexico's Bolsa (EWW), Brazil's Bovespa (EWZ), and Australia's ASX (EWA)

# U.S. & Canadian Equities

## Investor concerns build

### KEY POINTS

- **Breadth Barometer keeps rising, now with 71.5% going up.**
- **The Fear & Greed Index moves to fear.**
- **US GDP keeps declining.**
- **GDP growth in Canada remains elusive.**
- **Growth over value is losing, a bearish indicator for Q2.**
- **Markets are overbought on monthly data.**
- **Volatility rises. Investor concern increases.**
- **Transportation Index takes over the top position in 90-day index performance.**
- **The TSX has advanced over 50%, now overbought on weekly and monthly data. S&P 500 stalls on rate cut delay.**
- **Sector strength points to economic peak phase for the US and Canada**

- Canadian Annual GDP – 1.40% ↓
- Canadian Interest rate – 2.25% ↓
- Canadian Inflation rate – 2.30% ↓
- Canadian Jobless rate – 6.50% ↓
- Canadian Gov. Budget – (-1.20%) →
- Canadian Debt/GDP – 110.00% →
- Canadian Current Account to GDP – (-1.00) →
- Canadian Currency (USD/CAD) – \$1.37 ↑
- Canadian Consumer Confidence – 49.30% ↑
- Canadian Business Confidence – 50.90% ↓

### KEY ECONOMIC NUMBERS

- US Annual GDP – 2.30% ↓
- US Interest rate – 3.75% →
- US Inflation rate – 2.70% ↓
- US Jobless rate – 4.30% →
- US Gov. Budget – (-6.40%) ↑
- US Debt/GDP – 124.30% ↑
- US Current Account to GDP – (-3.90) ↑
- US Consumer Confidence – 56.60% →
- US Business Confidence – 52.6% ↑
- US Currency – \$97.88 ↓

### Growth in the US Economy Remains Flat.

The U.S. Annual GDP rate edges slightly lower at 2.30%. Marginal growth. The unemployment rate in the US is holding at 4.30%. Business confidence levels are low.

Measured improvement in consumer confidence continues. The US dollar remains in a decline as global confidence in the reserve currency falters, below par. No growth expected in Q2.

### Growth in the Canadian Economy Remains Weak Overall.

Annual GDP declined sharply to 1.40%. Canada's unemployment rate is 6.50%. Inflation is down slightly to 2.30%. Interest rates are holding at 2.25%. Consumer confidence remains below 50%, now at 46.30%. Business confidence is 51.90%. Very little improvement in Canada's economy.

## Suggested Portfolio Weighting – Q2/2026

**Sector Overweight:** *Industrials, Communication Services, Financials, Materials, Discretionary, Energy*

**Sector Market Weight:** *Gold, Utilities, Real Estate*

**Sector Underweight:** *Healthcare, Technology*

## Suggested Market Percentage Weighting – 2026

**U.S. market: 35% (S&P 500, Dow, Nasdaq)** ▼

**International markets: 5% (Europe, Asia, etc.)**

**Canadian market: 50% (TSX)** ▲

**Cash: 10%**

**What does it mean?** The overall average percentage of rising stocks is still above 2/3rds. This is bullish. All three indexes have strong percentages. The commodity heavy TSX consistently has the highest percentage.

## US GDP Growth Rate: Decreasing

**Outlook: Negative:** The annualized expansion was 1.4% in Q4. The average GDP over the past three years has been 2.5%. Consumer spending slowed weighted down by a decline in goods purchases. Exports and imports fell. Government spending and investment contracted dropped sharply by over 5% (**Chart 34**).

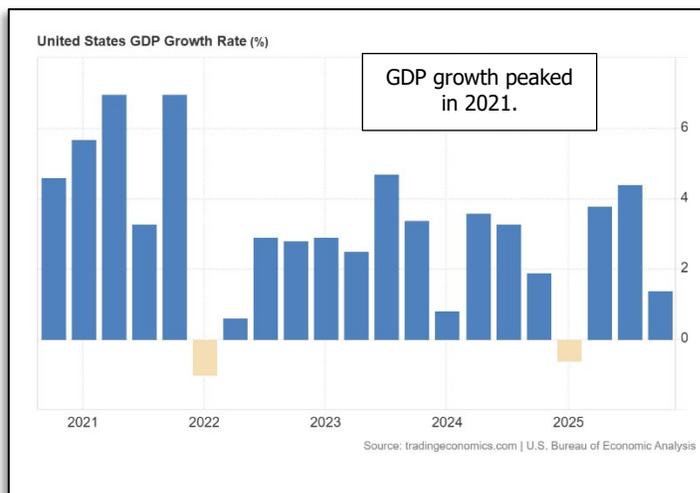


Chart 34

**What does it mean?** GDP expansion that is weak, but still positive, is part of part of the late business cycle. We expect growth to remain 2% or lower in 2026.

## US Business Activity: Slowing

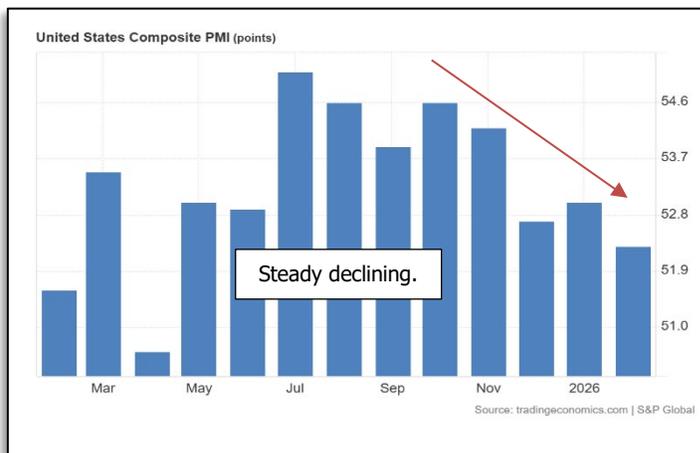


Chart 35

## Breadth Barometer: 71.5% Rising

**Outlook: Positive:** At the end of February, the average percentage of advancing stocks (above their 200dma) on the NYSE, S&P 500, and TSX was **71.54%**. This is bullish. More than 2/3rds are rising. In January, it was **74.13%**. Note that there is consistent bullish advancing strength from the S&P 500, with a percentage between 60% and 70% since July (**Chart 33**).



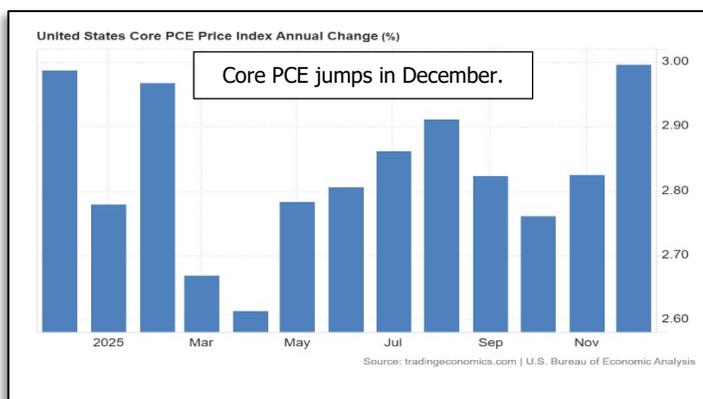
Chart 33

The Purchasing Managers Index fell, again, to a 10-month low, signalling the slowest pace of private sector expansion since early 2025 (**Chart 35 on page 16**). Employment increased only marginally, marking the weakest job growth since April. Prices climbed due to tariffs and rising labour costs.

**What does it mean?** More signs of a late business cycle. This trend of weak PMI numbers is expected to continue in 2026.

### Inflationary Pressures

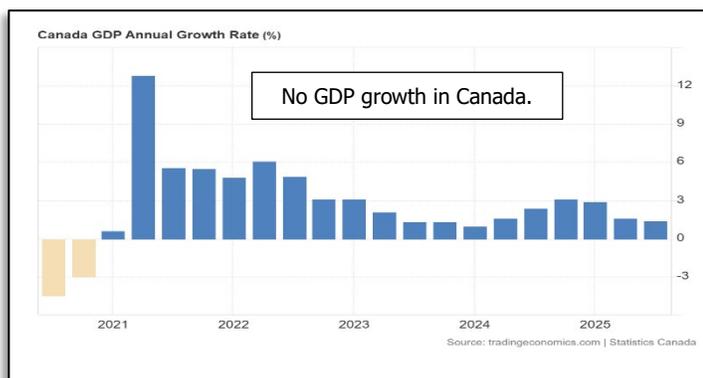
**Outlook: Neutral:** The Fed's favourite measure of inflation just moved to a new 12-month high. The Core PCE (personal Consumption Expenditures) rose to 2.997% in December (**Chart 36**). What it means for the economy is that stubbornly high inflation squeezes household budgets, making the Federal Reserve more reluctant to cut borrowing costs to stimulate the economy.



**Chart 36**

### Growth in Canada: Not Yet

**Outlook: Negative:** Canada's economy expanded by only 1.4% in Q3, slowing from 1.6% growth in the previous period. GDP Annual Growth Rate averaged 3.05% from 1962 to 2025 (**Chart 37**).



**Chart 37**

### Sentiment: Put/Call Ratio+ SPX

**Outlook: Rising Concerns:** The relationship between the CBOE Options Total Put/Call Ratio and the S&P 500 shows that the daily ratio has risen to the top channel line. Has been slowly advancing since October 2025. This indicates that investors are becoming more concerned about market conditions (**Chart 38**).



**Chart 38**

A move above the 1.00 level is bearish for the S&P 500. The current number is 0.93.

The longer-term weekly equity Put/Call options ratio shows a base is forming in the Put/Call data, meaning traders are cautious about market conditions (**Chart 38a**).

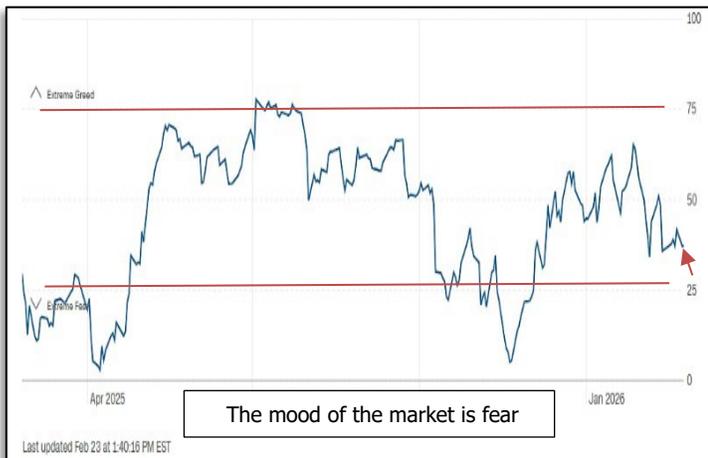


**Chart 38a**

**What does it mean?** The current daily short-term Put/Call ratio levels in **Chart 38** show investors are becoming more concerned. Longer-term optimism is waning. Put and call buys are about even. A move above 0.60 is negative for the SPX.

## Sentiment: The Mood of the Market

**Outlook: Fear:** The Fear & Greed Index comprises seven market gauges. Currently, two are at extreme greed, two are at fear, and three are at extreme fear. The index is at a fear level of 37 (**Chart 39**).

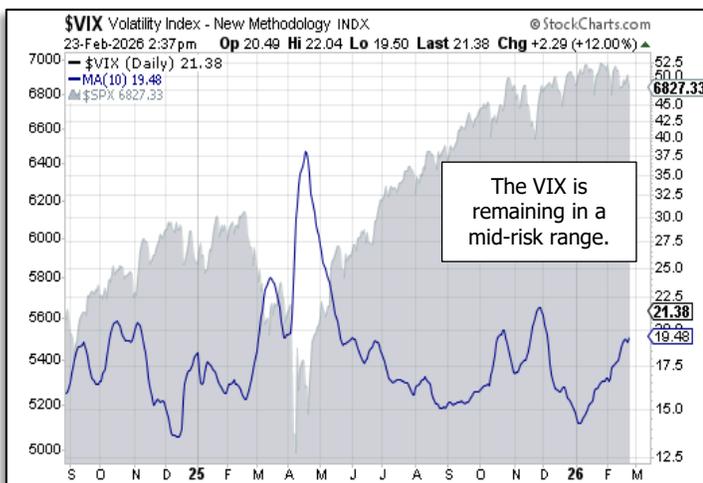


**Chart 39**

**What does it mean?** The market has gone from greed in January to fear. Concerns about the weakening economy and the tariff chaos are the main issues for investors.

## Sentiment: VIX: Remaining Low

**Outlook: Low Risk:** The Volatility Index is steadily edging higher. The VIX is in the mid-risk range of 18 to 25 (**Chart 40**). Currently at 21.38.



**Chart 40**

**What does it mean?** The current level of the VIX suggests that the market is expected to have moderate volatility over the next 30 days.

## Growth vs Value: Growth Declines

**Outlook: Neutral/Negative:** The relative performance between the Value ETF (IVE) and the growth ETF (IVW) shows that safety (IVE) is outperforming growth and risk (**Chart 41**).

**What does it mean?** Continued weakness in growth (IVW) relative to safety and value (IVE) is negative for the S&P 500.

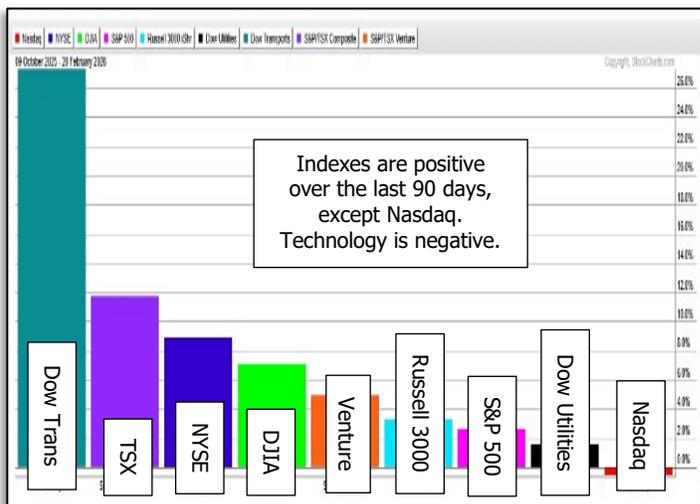


**Chart 41**

## Market Performance: A Major Shift

**Outlook: Positive:** There has been a shift over the last 90-days. The transportation indexes (TRANS) and the Industrial (DJIA), are starting to outperform. The materials (commodities) weighted indexes (Venture and TSX) are still holding nearing the top of the group. The transports are up 27.31% while NYSE (up 8.84%) and the Dow (up 7.05%) are outperforming the S&P 500 (up 2.59%).

Note Nasdaq (down -0.60%). (**Chart 42**).



**Chart 42**

**What does it mean?** Commodities, transportation and industrials sectors are all part of a late business cycle. The performance from these asset groups is expected to remain at the top in performance.

### The AAI Bull: Caution Remains

**Outlook: Neutral/Negative:** The American Association of Individual Investors (AAII) Bulls Index is a sentiment indicator that typically precedes the S&P 500. Weakness continues into early Q2 (**Chart 43**).

**What does it mean?** The AAI Bull Index is one of several sentiment indicators that we monitor. The persistent stall in 2024 and declining levels in 2025 illustrate that investors are remaining cautious about market conditions. Conditions appear more favourable in mid-year.



**Chart 43**

### Stocks vs Bonds: Stocks Still Win 🍀

**Outlook: Positive:** Stocks are outperforming bonds going into Q2—a positive sign. There is an expanding positive 'Green Cloud' going into Q2, suggesting investors are still favouring growth and risk over safety (**Chart 44**).

**What does it mean?** Greater performance from stocks versus bonds means investment funds are still moving toward growth and risk and away from safety. This shows that most investors are optimistic about the economy. This action is positive for the S&P 500 in Q2.

### NYSE: Overbought 🍀

**Outlook: Positive:** NYSE is trending sharply higher. Posting to another new all-time high in February (**Chart 45**). Outperforming the S&P 500 and Nasdaq. The combination of commodities, industry, technology, and



**Chart 44**

financials are keeping the Big Board out front in performance. Buying momentum trends (RSI) is overbought (still confirming additional upward pressure).

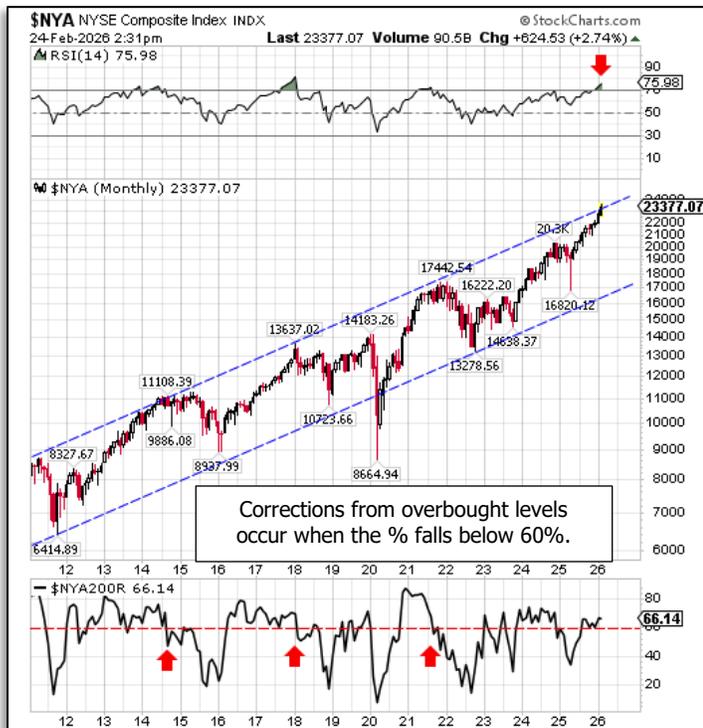


**Chart 45**

There is an expanding positive 'Green Cloud' in Q2, suggesting higher levels in the months ahead. The percentage of rising stocks is a bullish 65.92%, 2/3rds are advancing. 1<sup>st</sup> support is at 22,500.

Long-term monthly chart shows the NYSE is retesting the top of primary channel. Buying momentum trend (RSI) is

overbought (still confirming additional upward strength). Reversals of trend, when momentum is overbought, can occur rapidly (i.e. 2018) or slowly (ie 2014/15, 2021). (Chart 45a).



**Chart 45a**

**What does it mean?** Weekly data shows that the NYSE has formed a new high, confirming the upward trend. There is a positive "Green Cloud" in Q2. Over 2/3rds of the holdings in the NYSE are rising. Bullish. The target is 23,800. Continue to hold.

### S&P 500: Higher levels in Q2

**Outlook: Positive:** The benchmark index continues to trend higher, posting a new all-time high in January, briefly touching the 7000 mark. Buying momentum trend (RSI) is positive (confirming additional upward strength). Above the 50-week ma. Price resistance at 7000 expected to hold.

There is an expanding positive 'Green Cloud' in Q2, suggesting the upward trend should be expected over the next few months. The percentage of rising stocks is a bullish 66.00%, 2/3rds are advancing (Chart 46). The 1<sup>st</sup> support level is 6500.

The long-term 16-year view of the S&P 500 shows that the primary trend is still advancing (Chart 46a). Buying momentum trend (RSI) is overbought, again (still confirming additional upward strength). Previous overbought readings have produced corrections in the S&P 500 within 12 months.



**Chart 46**



**Chart 46a**

**What does it mean?** Higher levels are expected for the S&P 500. The target of 7000 has been met. The new target is 7510. Continue to hold.

### Dow: Higher levels in Q2

**Outlook: Positive.** Major upward trend remains constructive. Buying momentum trend is positive

(confirming additional upward strength). Well above the rising 50-week ma. 1<sup>st</sup> support is at 48,500. An expanding positive 'Green Cloud' in Q1 and Q2 indicates a strong probability of higher levels.



**Chart 47**

**What does it mean?** Higher levels in Q2 are expected. The target of 50,000 has been met; the next target is 52,200. Continue to hold.

### Nasdaq: Short-term Stall into Q2

**Outlook: Neutral/Positive.** Nasdaq is retesting the resistance level of 24,000, again. This action is expected to continue into Q2. Refer to Chart 1. Late market conditions favour commodities, financials, and industrials, not technology. Momentum trends are neutral (not confirming additional upward pressure) (Chart 48)



**Chart 48**

**The 1-year trend is up.** A positive 'Green Cloud' develops in Q2. This suggests a measured upward movement for the Nasdaq in the months to come. The first support level is 22,000. The target of 24,000 has been met; the new target is 25,900. Continue to hold.

### TSX: Overbought since September

**Outlook: Positive:** The TSX has been on an extraordinary run, advancing 52% from the April low! Now overbought, again (no surprise). The overbought reading has held since September. Six months. Very unusual. The late market sectors of materials, energy and financials are the drivers.



**Chart 49**

The 1<sup>st</sup> support is 32,000. The percentage of rising stocks is a very bullish 78.80%. This high percentage of rising stocks has been around 80%+ since late June. A positive 'Green Cloud' narrows slightly in Q1 and then widens in Q2 (Chart 49).

**The 1-year trend is up.** The TSX, based on monthly data, has overshoot its primary channel. The equity index is alarmingly stretched. Momentum (RSI) is now at the highest level in 16 years, indicating a higher likelihood of a retracement by mid-year. Nothing goes up forever (Chart 46a on page 22). 1<sup>st</sup> monthly support level is 28,675.

**What does it mean?** The TSX has reached a new all-time high, again and again. As long as the percentage of rising holdings stays in the 66% to 85% range, the TSX will continue to charge forward. The target is 34,820. Continue to hold. Use a tight stop. The TSX will pull back sharply.



Chart 49a

## S&P/TSX Venture: Right Asset

**Outlook: Positive:** The Venture Index is heavily weighted in commodities. This asset group comes to life at the end of a bull market. Natural resources are the top-performing asset class (see Chart 1). Momentum is positive (confirming additional upward strength). There is a positive 'Green Cloud' in Q1 and Q2, suggesting some retracement or pullback should be expected for the Venture in Q1, then higher levels in Q2 (Chart 50).



Chart 50

**What does it mean?** The Venture has broken out of the base with a thundering upward run. 1040 is the 1<sup>st</sup> support level. The 1040 target has been met. The expected pullback appears to be complete. Add to the position on confirmation of support. The new target is 1350.

## Sector Rotation: SPX 90 days

**Outlook: Late Stage Performers:** There has been a big shift in sector performance since mid-2025. Commodities are becoming more dominant. The energy and materials sectors have come alive. The energy sector is up 28.75%, and material has advanced by 20.92%. Behind the two commodities are three safe-haven sectors. Staples, healthcare and real estate. (Chart 51).

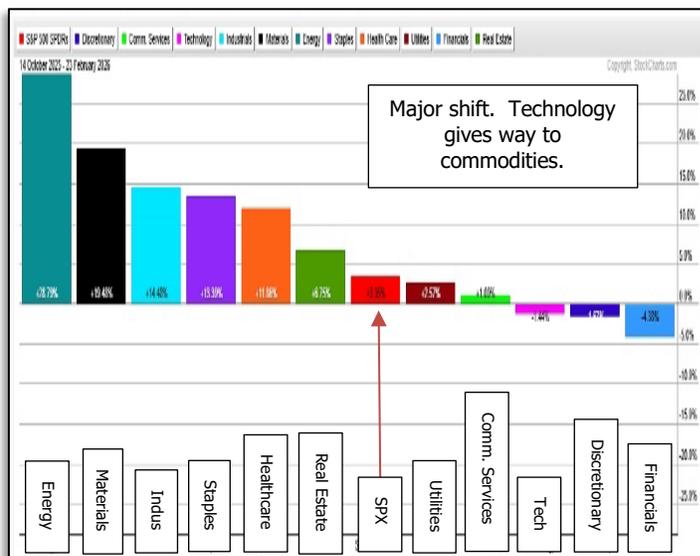
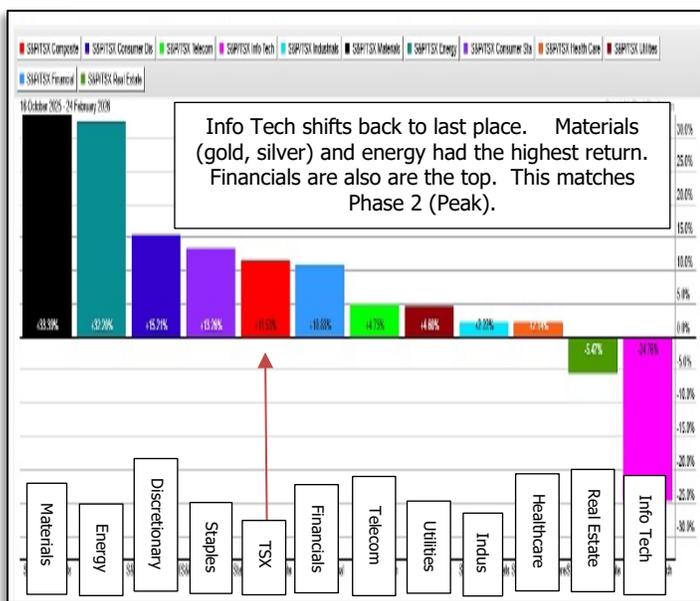


Chart 51

**What does it mean?** In Phase 2 (called the peak), of the business cycle, financials, materials and energy are the normal outperformers during this phase. The sectors that outperform during the expansion phase (technology and communication services). Those industry groups have largely been the leaders in performance in 2025. This shift from tech to commodities adds more evidence that the market is entering the final stage of the bull market.

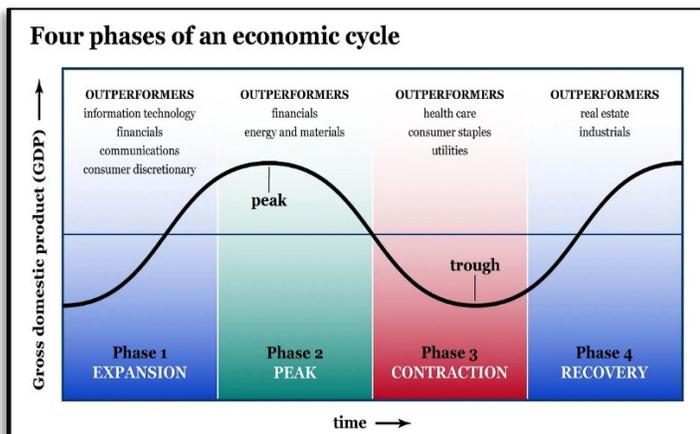
## Sector Rotation: TSX: 90 days

**Outlook: Late Stage Performers:** The top two industry groups are the same as in the S&P 500 – Energy and Materials. These two sectors equal about 30% of the TSX. The financial sector equals about 31%. Together, these three dominant industry groups are about 61% of the total TSX. Industries are also considered a late cycle sector.



**Chart 52**

According to the standard model for the economic business cycle (**Chart 52a**), the Canadian economy is at a peak.



**Chart 52a**

Commodities are outperforming. Financials are also steadily advancing. This suggests that the Canadian market is in the later stage of the business cycle.

**What does it mean?** Both the US economy and the Canadian economy appear to be at the same stage (peak) in the business cycle. Energy and materials are leading

sectors in both economies. One clear difference is the safe-haven push in the US market. Consumer Staples, healthcare, real estate and utilities, all rate high in performance. Each phase of the cycle can last several years. The Peak phase can last into 2027.

### **What Does This All Mean?**

Evidence continues to suggest that markets are in the peak phase of the business cycle. If this stage resembles late market stages in the past, commodities and commodity-dominant indexes (TSX, CDNX) will prove to be top performers. The NYSE, with its small percentage of material holdings, should continue to outperform the S&P 500. All the equity indexes from the NYSE, S&P 500, Dow, Nasdaq, and TSX point higher into Q2.

#### **THE GOOD NEWS**

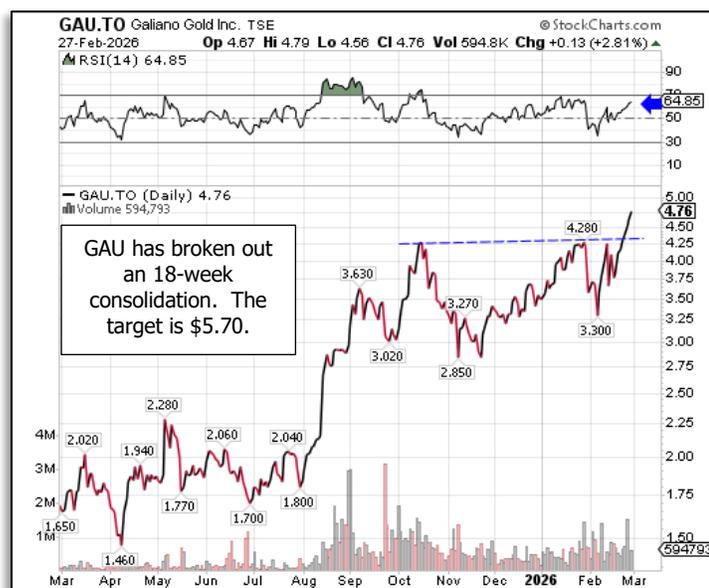
1. Market breadth is expanding, now at 71% and rising.
2. Yield curve is back to a normal slope.
3. NYSE, Dow, SPX and TSX looks bullish in Q2.
4. Stocks (risk) are outperforming bonds (safety)
5. NYSE, Dow, SPX, Nasdaq and TSX are at all-time highs.

#### **THE BAD NEWS**

1. The US and Canadian economies are slowing.
2. US business activity is declining.
3. Put/Call ratio edges higher. Investors concern increases.
4. The AAI Bull's advance has stalled after eleven failed attempts, a long-term indicator for the SPX.
5. Market sentiment is now fearful.
6. The bull market will enter its 16th year in 2026, making it a mature market.
7. Value is outperforming growth.
8. Markets are overbought on monthly data.
9. Sector rotation out of technology to late market industries and commodities.

The outlook going into 2026 still appears positive. No signs of a market crest, yet. We suggest investors remain invested, but not over extend. Pay attention to the markets. This is not the time to invest and forget.

# Breakouts!



## Final bell



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