

MAJOR TREND INDEX

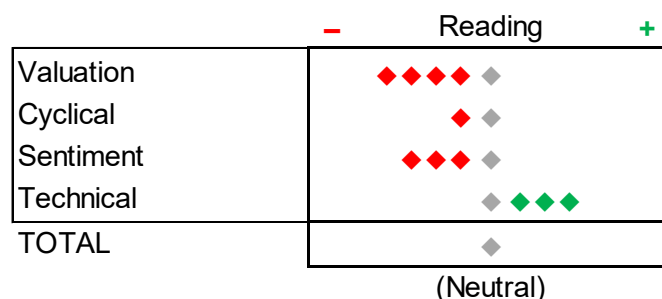
quant assessment of stock market health



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Data for the week ending June 19, 2026

Major Trend Index



Runaway Momentum

A decent chunk of the nascent broadening trend seen in the first two weeks of June was reversed out in the holiday-shortened week. The momentum darlings surrounding the AI buildout surged again while the average stock in the S&P 500 slipped 1%. The PHLX Semiconductor Index, up another 7% last week, has now doubled in the last 56 trading days, ending Thursday at a mind-boggling 72% above its 200-day moving average.

The selective nature of the rally continues to segregate our Chart Scores and dampen enthusiasm for the Technicals. The MTI remains at Neutral with net equity exposure in our tactical accounts at a moderate 54%.

Last week's Iran MOU and Fed meeting caused some gyrations in the yield curve. Near-term rates shot higher with the growing prospects of a rate hike this fall. The 10- and 30-year yields both eased and now sit roughly 25-bps below their recent highs of a month ago. In all, the flatter yield curve has mildly dented a few line items in our Liquidity factors—a subset of the Cyclical work that we'd describe, scientifically, as "meh."

Other market pressure points have diminished in the last month as well. Spot crude prices are now down roughly 30%. One-year inflation breakeven rates have fallen significantly over that time period from just over 3% to a little under 2%. Still, it's difficult to believe that the inertia of price pressures built up over the last four months will turn on a dime and recede.

In our Sentiment work, we've been keeping a closer eye on margin debt. Scores for that area of study have deteriorated from the start of the year and will be the focus of an upcoming Green Book piece.

With peace in Iran (maybe), Warsh's first Fed meeting out of the way, and earnings season several weeks out, near-term market catalysts seem scant. The market gods wouldn't let us have a few quiet weeks in June/July, would they?

The Major Trend Index is designed to recognize major market trends rather than intermediate moves, combining around 130 individual components to assess the overall health of the stock market. Revisions and weight adjustments are made from time to time.