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TURNING POINT REPORT



Weekly Market Brief: Insights, Research Highlights, and
Portfolio Positioning

By Dean Christians

October 16, 2026



Broad Market Thoughts

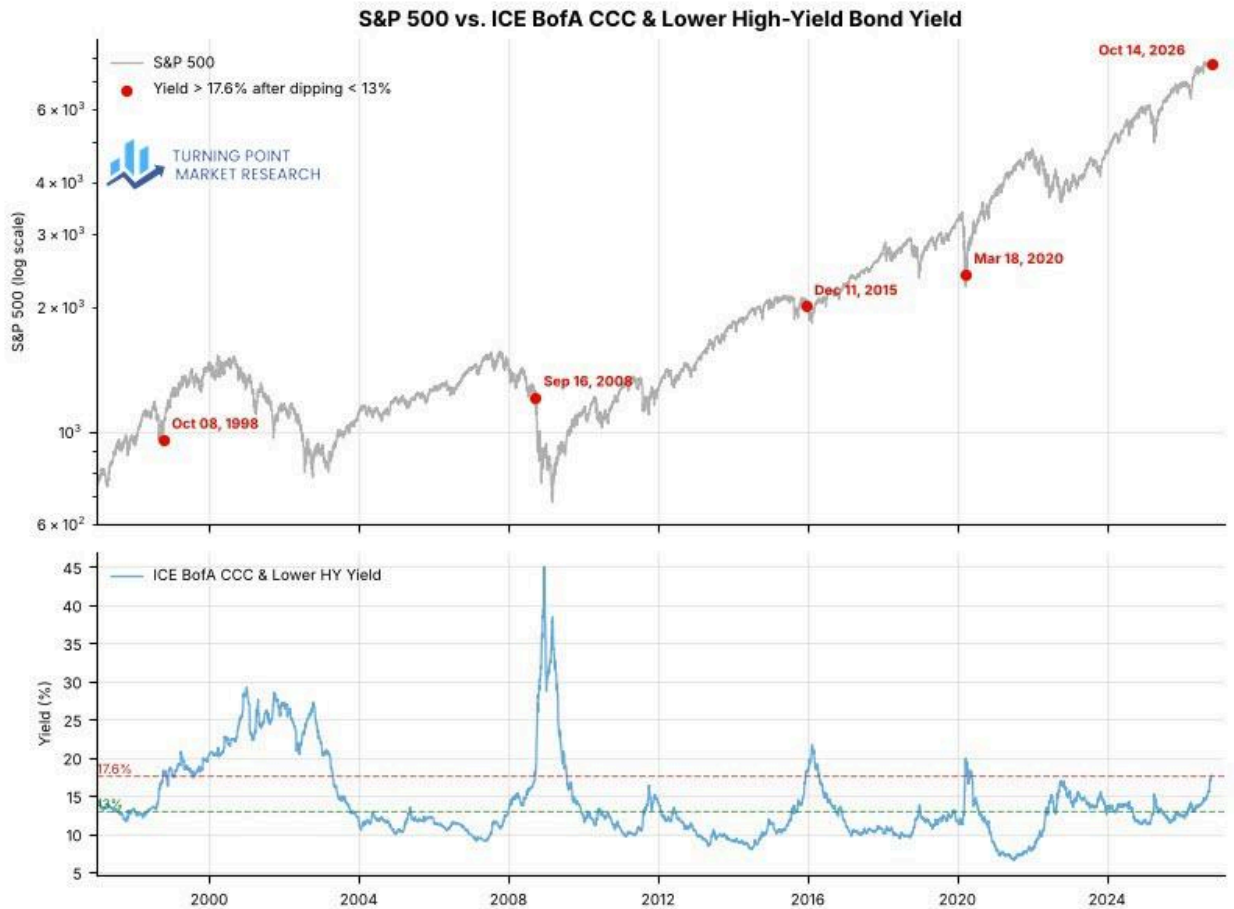
I've spent considerable time highlighting the deterioration in market breadth, so today's focus shifts to credit, particularly its riskier segments. Credit often acts as a leading indicator, foreshadowing financial stress that can eventually spill over into equities.

The first warning comes from CCC-rated and lower high-yield bonds, where yields surged to 17.61% this week, the highest level since the COVID crisis in 2020. Looking back at instances when CCC yields first crossed above 17.6% after previously falling below 13%, uncovered four historical precedents. All occurred during periods of significant market stress, with the S&P 500 caught in a correction or bear market. Notably, following a similar development in 1998, CCC yields continued climbing toward 30% as stocks approached their 2000 peak.

This is highly unusual, given where the S&P 500 stands today.

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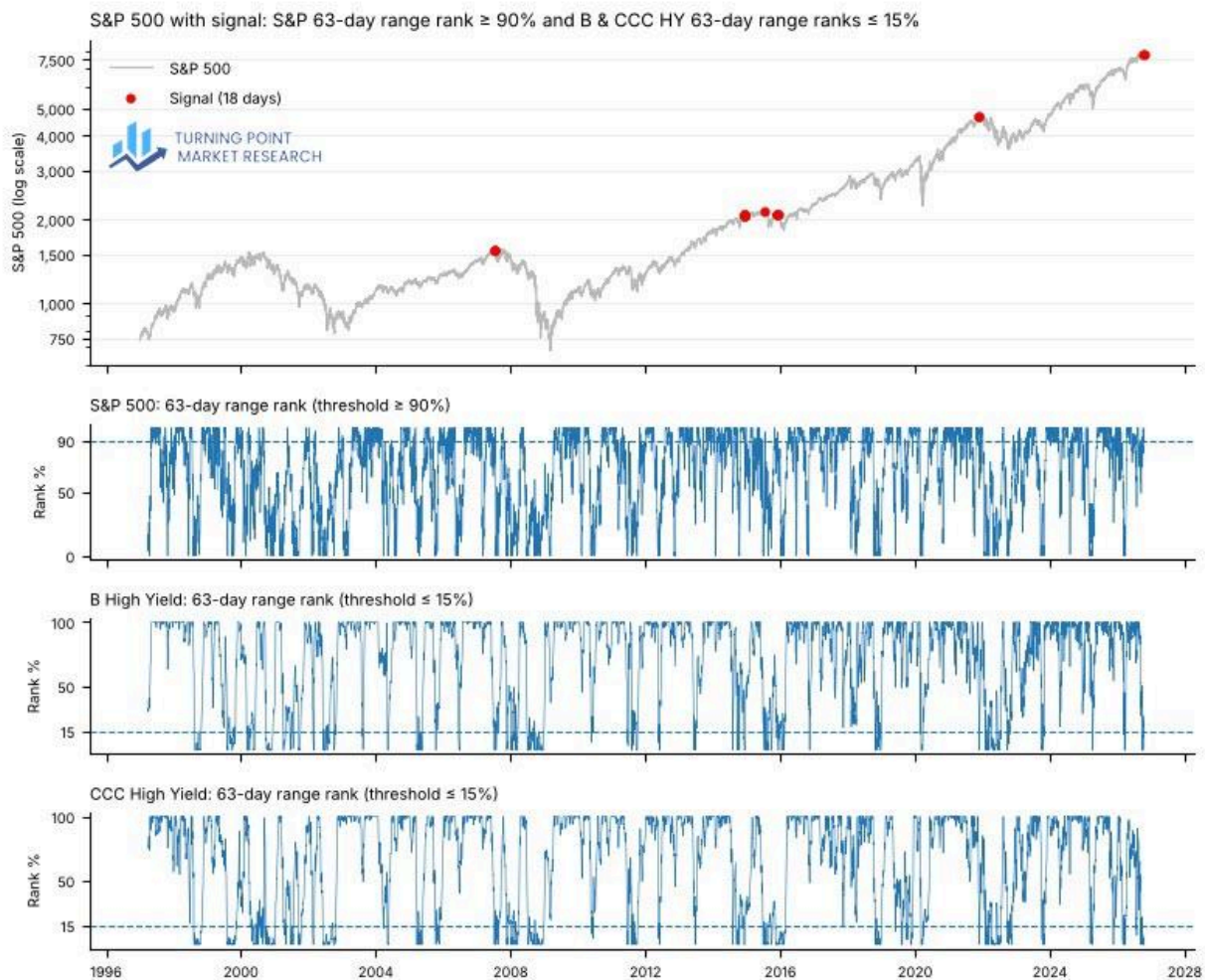
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The following chart highlights instances when CCC- and B-rated high-yield bonds fell to the bottom 15th percentile of their respective 63-day ranges while the S&P 500 remained in the top 10th percentile. Although rare, this divergence between credit and equities has occurred near major stock market peaks. Notably, even higher-rated BB high-yield bonds are trading below the 15th percentile of their range.

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If you're active on social media, you've probably seen this chart circulating. CoreWeave has become a poster child for the highly leveraged, high-yield debt financing fueling the AI boom. I have no special insight into how things ultimately play out for CoreWeave or similar companies, and I'm not going to pretend otherwise. The dot-com era produced plenty of bankruptcies, reminding investors that companies with too much debt can quickly run into trouble when market conditions turn.

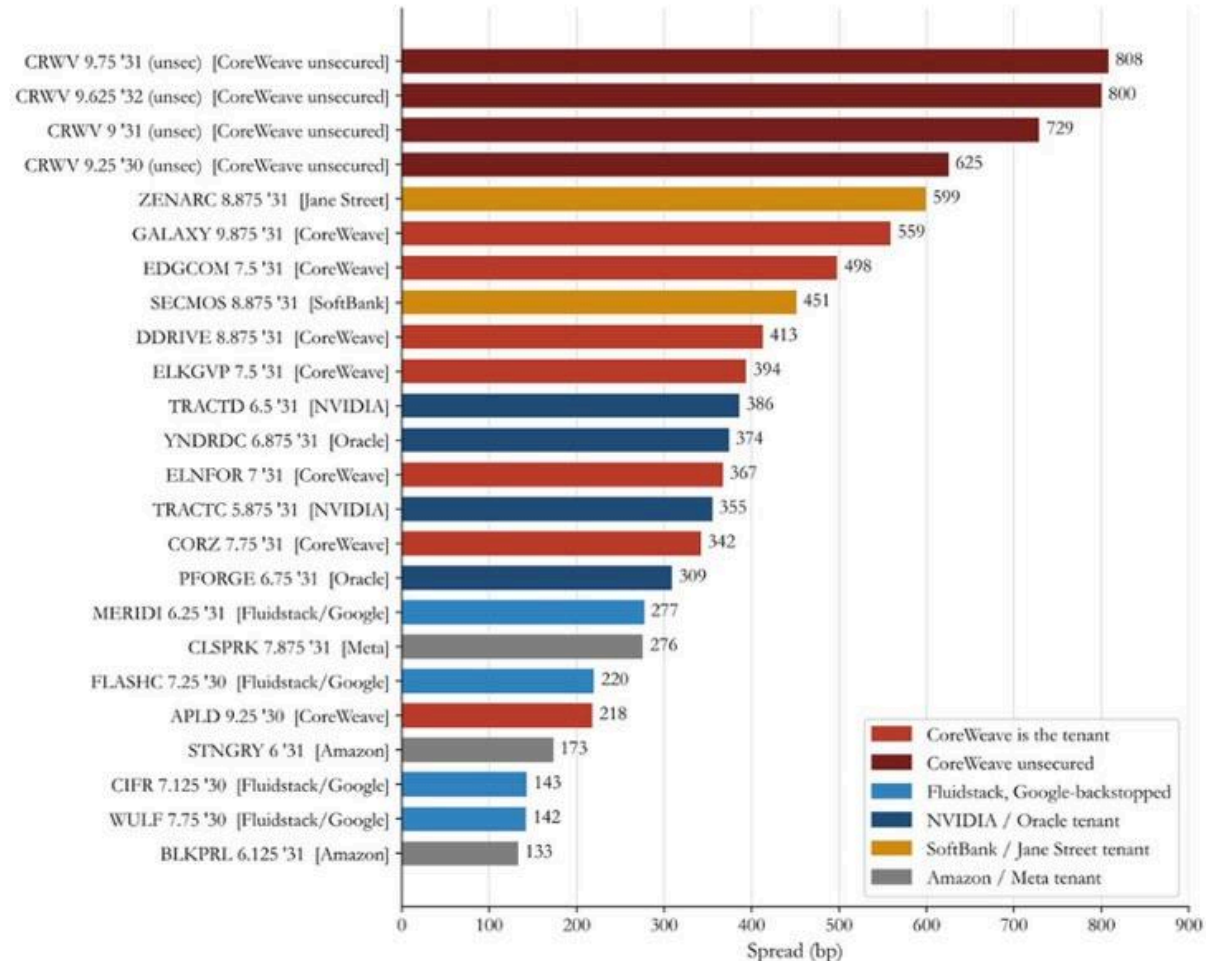
One lesson from market history is clear: Early in a cycle, junk can be an opportunity. Late in the cycle, it's best to avoid it like the plague.

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Priced By The Tenant: HY Data Center Bond Spreads vs. CoreWeave's Own Paper

CoreWeave-tenant bonds averaged ~400bp vs. ~195bp for Google-backed Fluidstack deals (as of Sep 28)



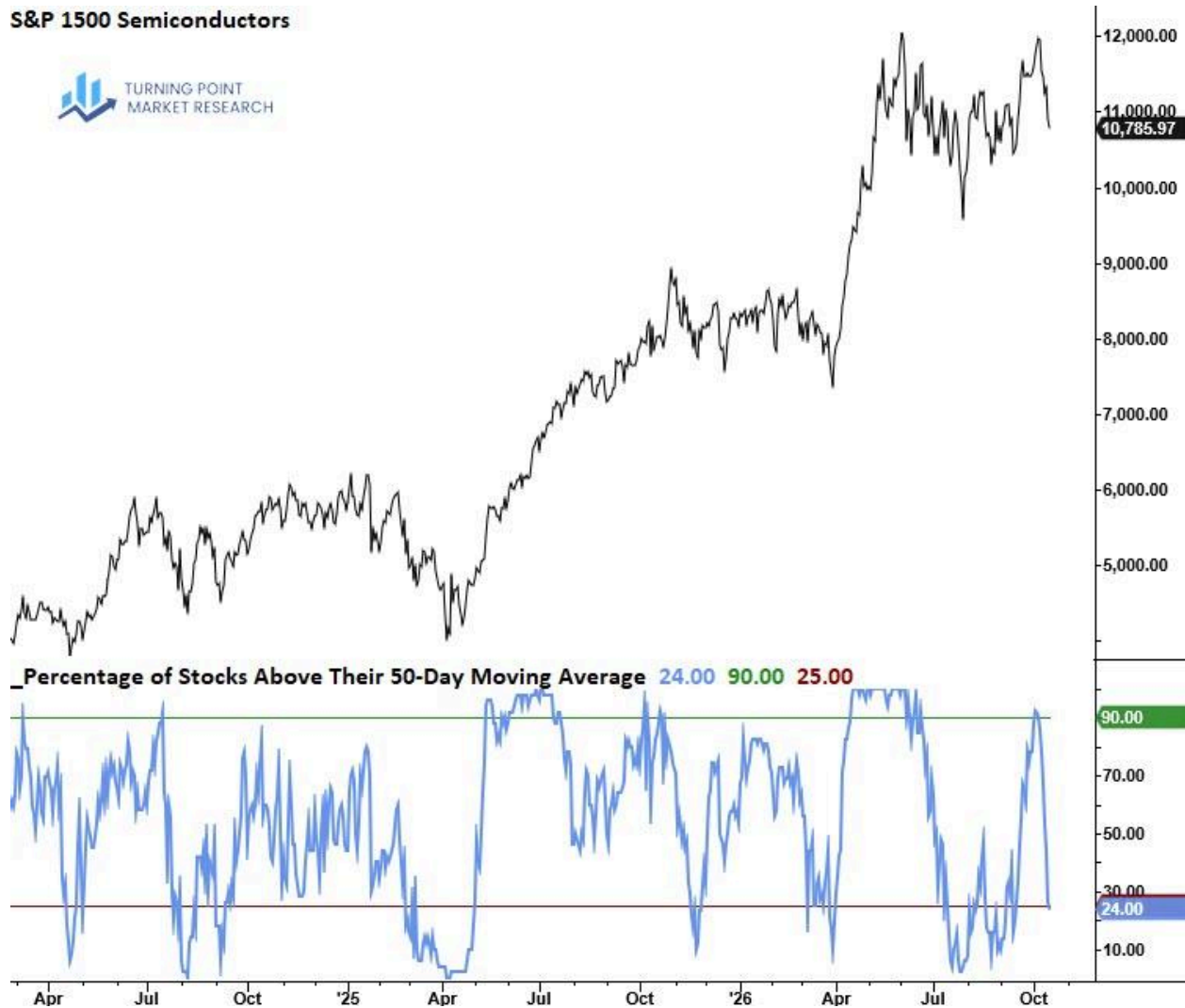
Source: ZeroHedge, Morgan Stanley Research (Exhibits 59, 66), Bloomberg; spreads as of 9/28/2026, before this week's CoreWeave selloff

Speaking of the AI trade, semiconductor breadth just experienced one of the swiftest reversals on record. The percentage of semiconductor stocks trading above their 50-day moving average plunged from above 90% to below 25% in just eight sessions. This has happened only three other times: July 2024, May 2010 during the Flash Crash, and November 1973 during the 1973–74 bear market.

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S&P 1500 Semiconductors

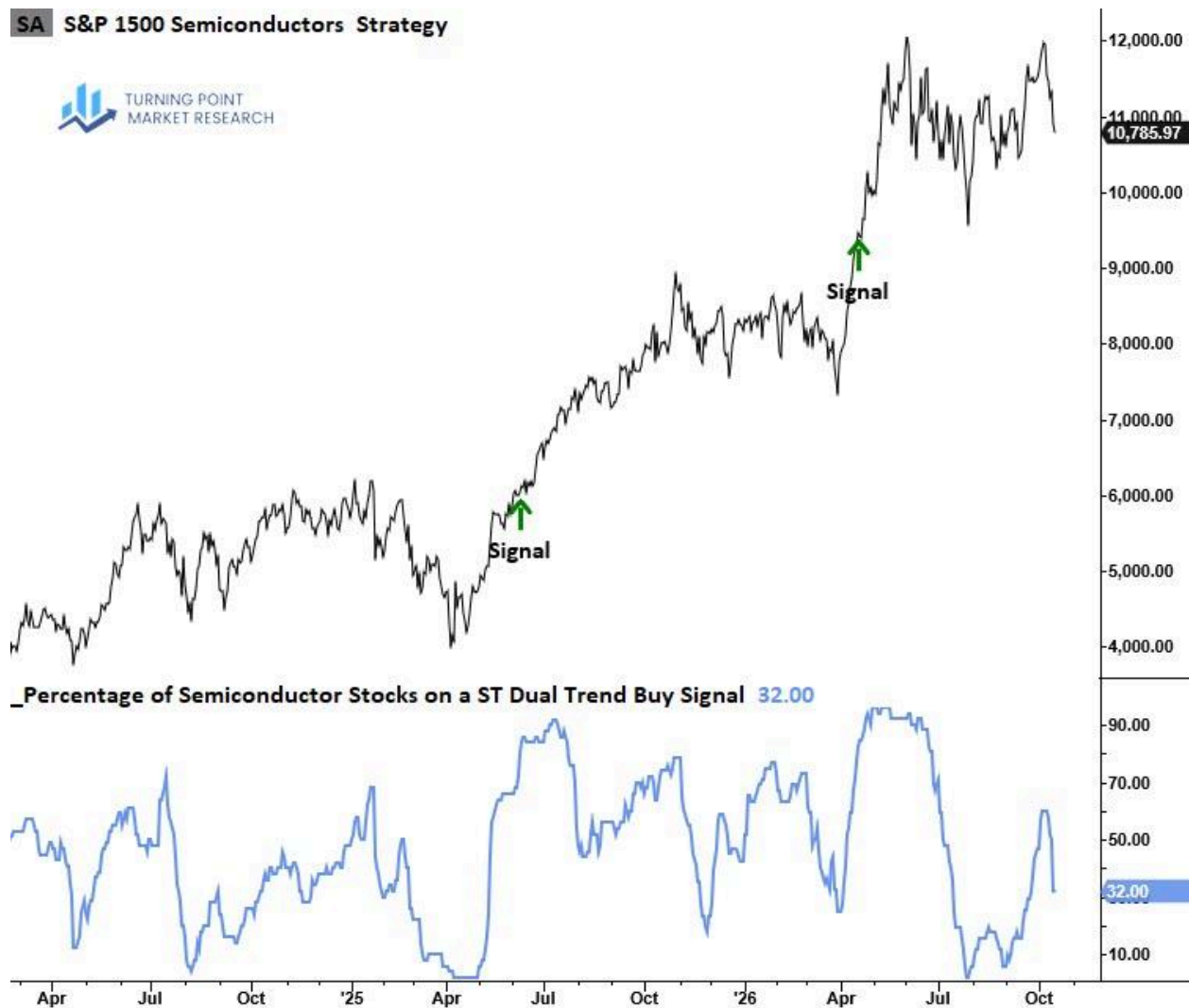


The percentage of semiconductor stocks with short-term Dual Trend buy signals has reversed sharply, falling from 60% to 32%. The initial plan was to use the indicator's buy signal as an opportunity to increase exposure to the group. Instead, deteriorating participation shifted the focus from adding exposure to reducing risk, resulting in the elimination of all semiconductor positions from the Dual Trend Portfolio.

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SA S&P 1500 Semiconductors Strategy



Research this week

Monday's S&P 1500 rankings report showed Technology moving to the top, with health care and energy once again occupying two of the top three spots. However, given this week's price action, I suspect technology will slip in the rankings while health care and energy move higher. Consumer staples also climbed in the latest report and could advance further after a strong week.

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S&P 1500 SECTOR RANKINGS										
Rank	Sector Name	# Stocks	Avg Score	Bull/Bull	Bull/Bear	Bear/Bull	Bear/Bear	Top Name	Last Wk Rank	Rank Change
1	Information Technology	196	50.8	81	18	21	76	DT	1	0
2	Health Care	164	47.9	49	35	14	66	HSTM	2	0
3	Energy	72	45.1	20	17	2	33	CVI	3	0
4	Communication Services	46	28.7	5	6	3	32	DV	4	0
5	Industrials	260	25.4	27	36	7	190	RUSHB	5	0
6	Consumer Staples	76	25.3	4	10	5	57	CHEF	9	3
7	Financials	260	25.1	15	56	6	183	AMG	6	-1
8	Materials	77	24.2	5	13	3	56	MTRN	7	-1
9	Consumer Discretionary	190	24.2	14	25	13	138	KSS	8	-1
10	Real Estate	99	17.4	2	11	1	85	PEB	10	0
11	Utilities	59	17.2	0	1	5	53	NWE	11	0
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Wednesday's report examined several market factors at day 188, the seasonal low in midterm election years, comparing 2026 with the historical composite since 1954. The differences were striking, especially when evaluating years when the S&P 500 was near a record high. Across most measures, 2026 ranked among the most extreme observations, suggesting investors should temper expectations for the average 17% rally in year three of the presidential cycle.

Day 188 scorecard: hot momentum and inflation, weakest breadth

Midterm Election Year Seasonality — Trade Day 188: 2026 vs. Prior Midterm Years Within 3% of a Record High

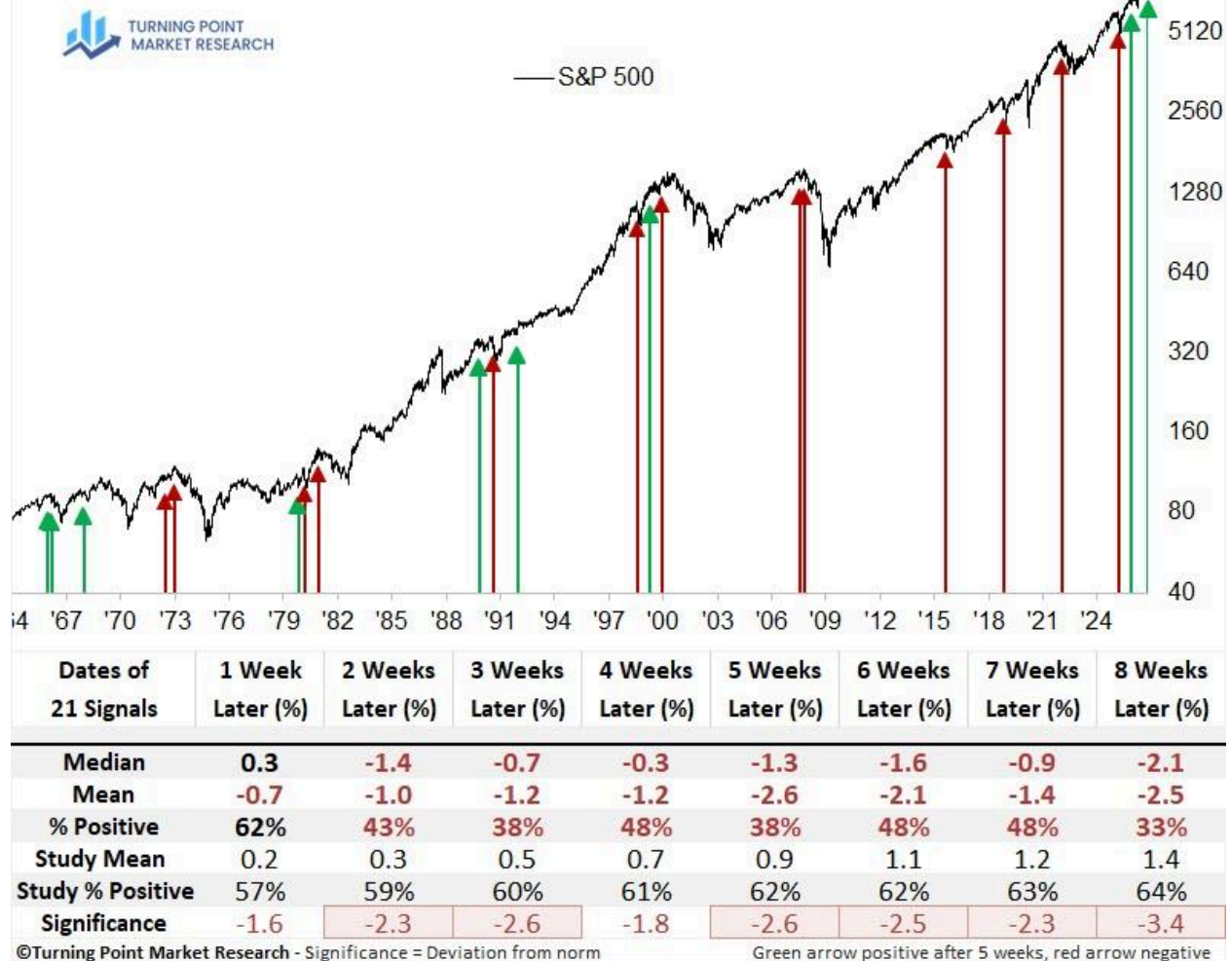
Indicator	2026	Median (comp yrs)	Average (comp yrs)	Min	Max	N	2026 Pct Rank vs comp yrs
Market Position							
S&P 500	7,666.69	1,010.98	1,242.11	32.50	2,913.98	4	100%
% Below Record High	-1.7%	-0.6%	-0.8%	-1.9%	-0.2%	4	6%
% Below 252-Day High	-1.7%	-0.6%	-0.8%	-1.9%	-0.2%	4	6%
Price Momentum (3-Year Rate of Change)							
S&P 500 Index	79.4%	54.7%	45.5%	14.0%	67.8%	3	100%
Information Technology	155.2%	103.8%	92.5%	66.5%	107.4%	3	100%
Bloomberg Spot Commodity Index	44.4%	4.3%	4.3%	-13.3%	21.9%	2	100%
Rates & Fed							
10-Year Treasury Yield Range Rank	97.0	82.1	82.1	67.7	96.6	2	100%
Fed Tightening or Easing Cycle Count	1	1	0	-10	8	3	50%
Breadth							
% of S&P 500 Stocks Above the 200-Day Average	40.5	62.9	73.9	62.2	96.6	3	0%
% of S&P 500 Stocks With a Rising 200-Day Slope	52.2	79.6	72.8	57.6	81.4	3	0%
% of S&P 500 Stocks Down 20% from a 252-Day High	40.5	8.4	10.8	4.8	19.2	3	100%
Sentiment							
Investors Intelligence % Bulls	57.7	54.3	54.3	48.0	60.6	2	77%
Inflation & ISM (monthly, Aug print)							
ISM Manufacturing Prices Paid (Raw)	71.1	61.1	59.0	41.7	72.1	4	95%
ISM Services Prices Paid (Raw)	72.6	60.0	60.0	57.7	62.3	2	100%
CPI YoY (Raw %)	3.4	1.9	1.6	0.0	2.7	4	100%
PPI YoY (Raw %)	5.4	2.1	2.0	0.0	3.7	4	100%
ISM Manufacturing Index	54.6	56.8	57.1	54.4	60.5	4	4%
ISM Manufacturing New Orders Index	53.7	62.0	61.4	56.6	65.2	4	0%

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For only the 30th time since 1929, the TCTM Risk-Off Composite has triggered a warning, signaling narrowing market participation and increased vulnerability to a countertrend pullback in the S&P 500.

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S&P 500 after a TCTM Risk-Off Composite signal



Broad Dual trend analysis

For the second consecutive week, net gains in dual trend signals were distributed across most sectors, likely reflecting the retreat in the 10-year Treasury yield. Technology and industrials were the only sectors to post net losses as the AI trade reversed to the downside.

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Dual Trend System Buy Signals - One-Week Change Summary for Sectors

Relative to the S&P 500

Sector	S&P 500				S&P 400				S&P 600				Net Gain/loss
	% LT Bullish	5-Day Chg	% ST Bullish	5-Day Chg	% LT Bullish	5-Day Chg	% ST Bullish	5-Day Chg	% LT Bullish	5-Day Chg	% ST Bullish	5-Day Chg	
Communication	8.30%	-1	12.50%	2	16.7%	-	16.7%	-	29.4%	-1	35.3%	2	2
Discretionary	19%	1	18.80%	7	17.5%	2	26.3%	6	25.0%	-	21.4%	4	20
Staples	19%	1	38.90%	11	28.6%	1	35.7%	3	25.0%	2	14.3%	1	19
Energy	54.50%	-	50.00%	3	41.2%	-	52.9%	4	51.6%	-	35.5%	3	10
Financials	18.20%	-4	14.30%	7	21.5%	-	10.8%	3	31.0%	-3	12.1%	3	6
Health Care	62.30%	6	52.50%	9	48.6%	1	34.3%	1	52.2%	1	40.6%	2	20
Industrials	25%	-	14.80%	-1	19.8%	1	12.8%	-2	26.8%	-1	9.3%	-	-3
Technology	48.00%	-1	48.00%	-7	42.9%	-4	44.9%	-1	41.1%	-3	32.9%	-7	-23
Materials	25.90%	-	11.10%	2	18.5%	-	7.4%	-	32.1%	1	21.4%	1	4
Real Estate	6.30%	-	6.30%	2	6.9%	-	3.4%	-	22.0%	-	12.2%	3	5
Utilities	0.00%	-	6.30%	-	0.0%	-	20.0%	-	7.7%	-	0.0%	-	0

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Sector buy signals over the past week emerged in health care, energy, and consumer staples, suggesting defensive groups were exhibiting bullish trend and relative strength characteristics.

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Dual Trend System Signals for Sectors - Relative to the S&P 500										
Sector	LT Signal	Signal Days	Trend Score	Rel Score	ST Signal	Signal Days	Trend Score	Rel Score	# 2-Month Rel Highs	# 2-Month Rel Lows
S&P 500 Energy	Bullish	60	100	90	Bullish	60	100	100	1	0
S&P 500 Health Care	Bullish	41	100	90	Bullish	2	90	80	1	0
S&P 500 Information Technology	Bullish	126	100	90	Bullish	50	60	60	0	0
S&P 500 EW Energy	Bullish	186	100	90	Bullish	4	90	90	0	0
S&P 500 EW Health Care	Bullish	56	100	100	Bullish	79	100	90	2	0
S&P 500 EW Information Technology	Bullish	213	90	90	Bullish	52	60	60	0	0
S&P 400 Energy	Bullish	186	100	90	Bullish	4	70	50	0	0
S&P 400 Health Care	Bullish	78	100	100	Bullish	1	70	70	0	1
S&P 400 Information Technology	Bullish	280	80	70	Bullish	17	50	50	0	0
S&P 600 Energy	Bullish	43	70	40	Bearish	18	20	20	0	0
S&P 600 Health Care	Bullish	81	70	60	Bearish	25	20	10	0	0
S&P 600 Information Technology	Bullish	276	40	30	Bearish	2	20	20	0	0
S&P 500 Communication Services	Bearish	82	70	30	Bullish	19	90	80	0	0
S&P 500 Consumer Staples	Bearish	111	70	30	Bullish	2	70	70	1	0
S&P 500 Consumer Discretionary	Bearish	228	0	0	Bearish	175	50	30	0	0
S&P 500 Financials	Bearish	379	50	20	Bearish	22	30	30	0	0
S&P 500 Industrials	Bearish	34	30	0	Bearish	41	10	0	0	0
S&P 500 Materials	Bearish	104	60	0	Bearish	24	40	30	0	0
S&P 500 Real Estate	Bearish	49	30	0	Bearish	52	20	10	0	0
S&P 500 Utilities	Bearish	113	0	0	Bearish	54	40	30	0	0
S&P 500 EW Communication Services	Bearish	254	0	0	Bearish	151	10	10	0	1
S&P 500 EW Consumer Discretionary	Bearish	269	10	0	Bearish	32	40	40	0	0
S&P 500 EW Consumer Staples	Bearish	134	50	10	Bearish	28	50	40	0	0
S&P 500 EW Financials	Bearish	401	60	20	Bearish	27	30	30	0	0
S&P 500 EW Industrials	Bearish	112	20	0	Bearish	42	20	20	0	0
S&P 500 EW Materials	Bearish	70	50	0	Bearish	27	30	30	0	0
S&P 500 EW Real Estate	Bearish	467	20	0	Bearish	52	30	30	0	0
S&P 500 EW Utilities	Bearish	111	0	0	Bearish	54	40	30	0	0
S&P 400 Communication Services	Bearish	131	50	20	Bearish	46	60	50	0	0
S&P 400 Consumer Discretionary	Bearish	552	10	0	Bearish	43	40	40	0	0
S&P 400 Consumer Staples	Bearish	436	90	40	Bearish	28	60	50	0	0
S&P 400 Financials	Bearish	33	40	0	Bearish	35	10	10	0	0
S&P 400 Industrials	Bearish	41	20	0	Bearish	63	0	0	0	1
S&P 400 Materials	Bearish	465	10	0	Bearish	20	0	0	0	2
S&P 400 Real Estate	Bearish	467	20	0	Bearish	50	10	10	0	0
S&P 400 Utilities	Bearish	327	10	0	Bearish	145	50	40	0	0
S&P 600 Communication Services	Bearish	67	30	0	Bearish	82	10	10	0	1
S&P 600 Consumer Discretionary	Bearish	27	40	10	Bearish	35	30	30	0	0
S&P 600 Consumer Staples	Bearish	30	60	20	Bearish	30	40	40	0	0
S&P 600 Financials	Bearish	21	50	0	Bearish	32	10	10	0	0
S&P 600 Industrials	Bearish	27	30	0	Bearish	45	0	0	0	1
S&P 600 Materials	Bearish	72	20	0	Bearish	73	0	0	0	1
S&P 600 Real Estate	Bearish	30	30	0	Bearish	50	10	10	0	0
S&P 600 Utilities	Bearish	382	0	0	Bearish	117	20	20	0	0

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Portfolio update

This week, I took decisive action to reduce portfolio exposure, selling Semtech, the semiconductor ETF (SOXX), Marvell Technology, Dell Technologies, the S&P 500 equal-weighted and cap-weighted technology ETFs, and the cybersecurity ETF. Earlier in

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the week, I increased the position in Dynatrace as the stock continued to show solid relative strength. Dynatrace remains the portfolio's only technology holding, but that position could also be on the chopping block if the sector's unraveling continues.

Cash now stands at 40%, reflecting a more defensive posture.

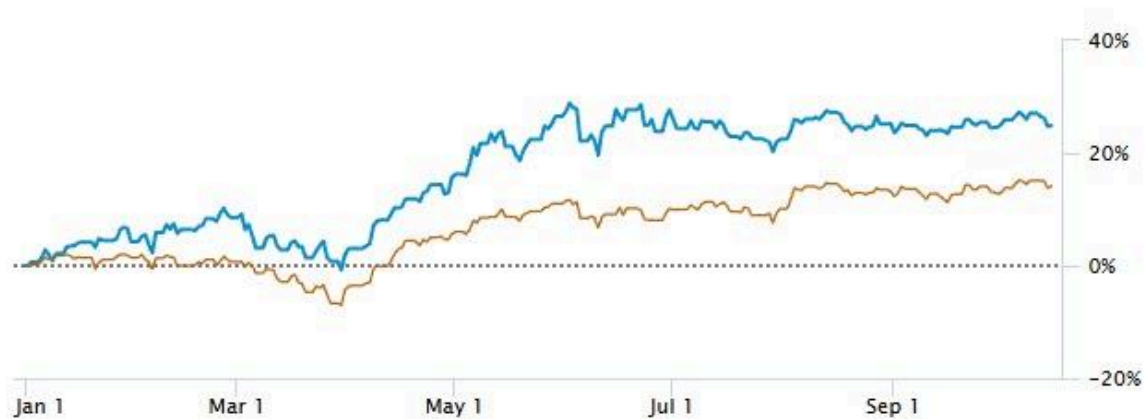
TOTAL HOLDINGS - 7		TOTAL SECTORS - 3		S&P 500 WEIGHT - 48.23%		CASH WEIGHT - 40.25%	
▼ Energy		Portfolio: 3.21%		Benchmark: 3.35%		Neutral -0.1%	
SYMBOL NAME		WEIGHT	SUB-INDUSTRY		LT STATUS	ST STATUS	
XLE	STATE STREET ENERGY SELECT SECTOR SPDR ETF	3.21%	Large-Cap Energy		Bullish	Bullish	
▼ Health Care		Portfolio: 6.45%		Benchmark: 8.43%		Underweight -2.0%	
SYMBOL NAME		WEIGHT	SUB-INDUSTRY		LT STATUS	ST STATUS	
CRL	CHARLES RIV LABORATORIES	1.03%	Life Sciences Tools & Services		Bullish	Bullish	
HNGE	HINGE HEALTH INC CLASS A	2.41%	Health Care Services		Bullish	Bullish	
WAT	WATERS CORP	0.99%	Life Sciences Tools & Services		Bullish	Bullish	
XLV	STATE STREET HEALTH CARESELECT SECTOR SPDR ETF	2.02%	Large-Cap Health Care		Bullish	Bearish	
▼ Information Technology		Portfolio: 1.85%		Benchmark: 0.00%		Neutral +1.8%	
SYMBOL NAME		WEIGHT	SUB-INDUSTRY		LT STATUS	ST STATUS	
DT	DYNATRACE INC	1.85%	Application Software		Bullish	Bullish	

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Through Thursday's close, the Dual Trend portfolio had gained 24.88%, outperforming the S&P 500's 14.16% return.

Dual Trend Portfolio vs. S&P 500 — Monthly Returns													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2026 DT Portfolio	4.27%	4.15%	-6.20%	13.59%	9.38%	0.92%	-4.09%	2.29%	-0.54%	0.22%			24.88%
2026 S&P 500	1.45%	-0.76%	-4.98%	10.49%	5.26%	-0.95%	-0.22%	2.89%	-0.35%	1.25%			14.16%



DAILY OUTPERFORMANCE ANALYSIS		
Market Condition	# of Days	% DT Outperformed
All Trading Days	198	56.6%
S&P 500 Up Days	102	63.7%
S&P 500 Down Days	96	49.0%

Portfolio/Index	Rate of Return
● DT Portfolio	24.88%
● S&P 500®	14.16%

Final thoughts

Optimism has historically paid off for stock investors, with the S&P 500 rising in 70% of rolling one-year periods. However, maintaining a constructive outlook is becoming increasingly difficult as the weight of the evidence favors caution over risk-taking. With the Fed's next meeting not scheduled until the end of the month and the election just three weeks away, volatility is likely to remain elevated in the near term. Manage risk accordingly.