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TURNING POINT REPORT

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

By Dean Christians

October 30, 2026

Broad Market Thoughts

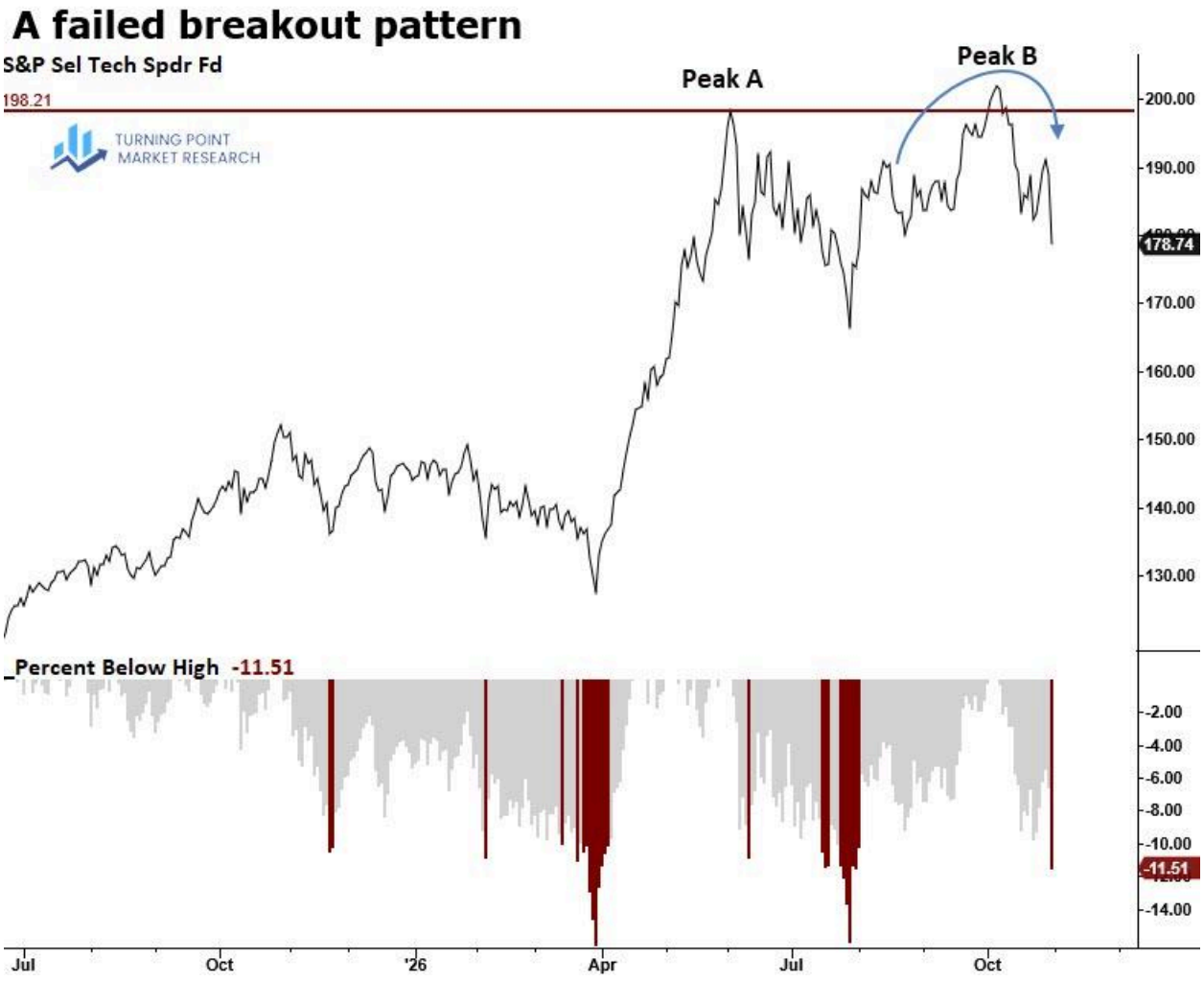
What initially looked like a rebound week for the AI trade has quickly unraveled. Several technology stocks suffered substantial gap-downs today following disappointing earnings, or at least disappointing investor reactions to the results. Selling pressure has pushed the S&P 500 Technology ETF (XLK) 10% below its October 6, 2026, closing high, creating what increasingly resembles a failed breakout or bull trap pattern, as illustrated in the chart below.

There is no universally accepted definition of a failed breakout, so I developed a set of criteria based on the XLK pattern:

1. Peak A: An all-time closing high.
2. Pause: The next all-time high occurs 60–130 trading sessions later, representing roughly 3–6 months of consolidation. For XLK, this interval was approximately 85 sessions.
3. Breakout run: At least two new all-time closing highs occur, with the final high (Peak B) coming within 10 trading sessions of the first.
4. Shallow breakout: Peak B closes no more than 3% above Peak A. In XLK's case, the breakout extended just 1.9% above its June 2 high.
5. Failure: The ETF closes at least 10% below Peak B within 30 trading sessions, without establishing another closing high in between.

The danger of bull traps extends beyond the initial decline. Investors who bought in anticipation of another leg higher are left holding losing positions. That creates a potential source of overhead selling pressure as those investors use future rallies to get out, potentially limiting the market's ability to regain momentum.

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Using the pattern described above, I applied it across all sectors and sub-industry groups dating back to the 1950s, which identified 84 signals. While the results were not overwhelmingly negative, performance consistently lagged baseline returns across every interval. When viewed alongside the late-cycle characteristics highlighted over the past few months, including the TCTM Risk-Off signal, this adds another reason for caution.

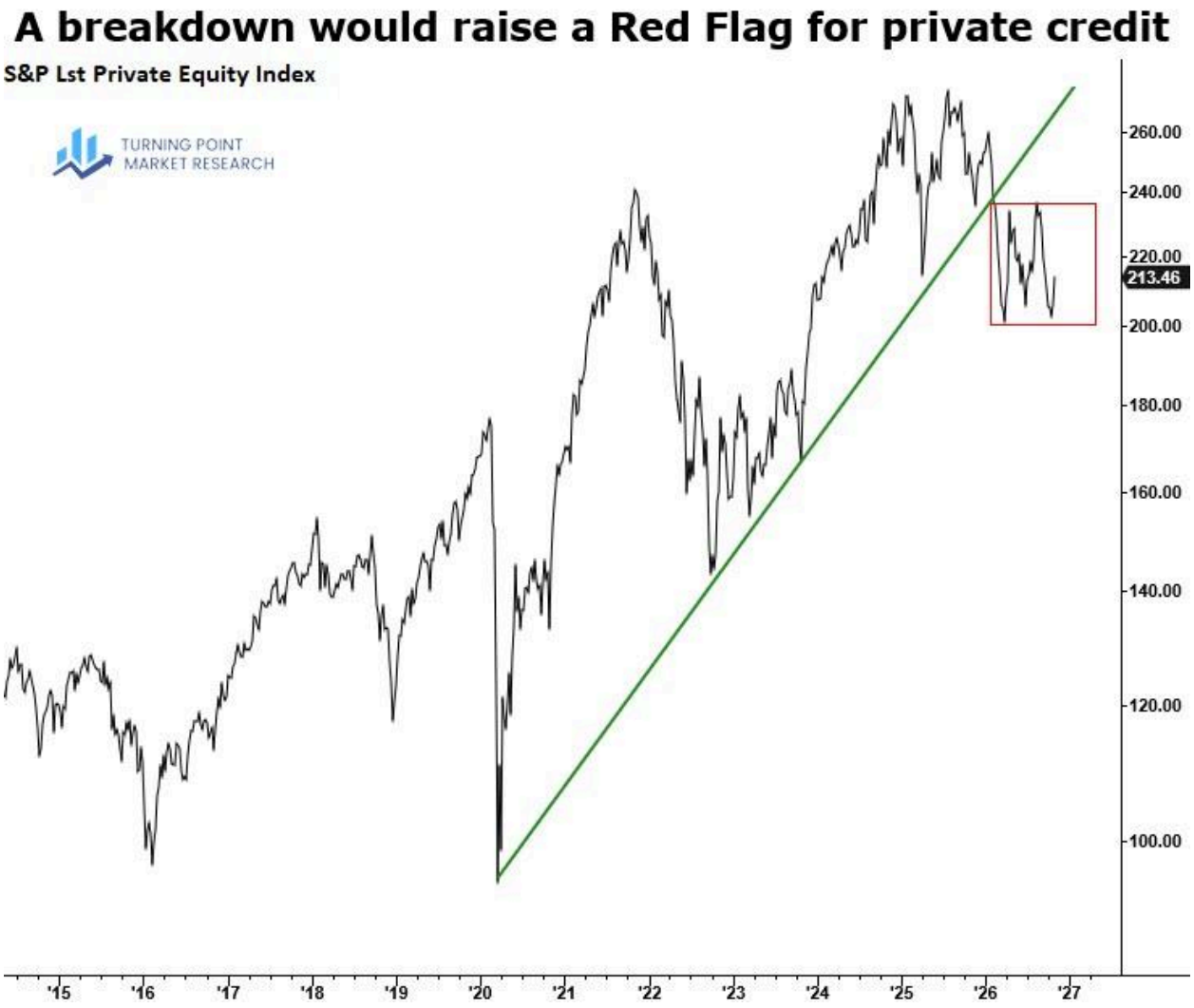
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Cyclical sector and sub-industry outlook after failed breakout signals						
	21 Days	42 Days	63 Days	84 Days	105 Days	126 Days
Average	-0.3%	2.1%	2.2%	2.5%	2.1%	3.9%
% Positive	53%	61%	46%	55%	50%	51%
Baseline average	1.1%	2.2%	3.4%	4.5%	5.7%	6.8%
Baseline % positive	57%	59%	61%	62%	63%	64%
Average minus baseline	-1.4%	-0.1%	-1.1%	-2.0%	-3.6%	-2.8%
% Positive minus baseline	-4.0%	+1.5%	-14.4%	-6.5%	-12.7%	-12.9%
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Watching for cracks in private credit

I'm keeping a close eye on the S&P Listed Private Equity Index, which includes publicly traded companies at the epicenter of private credit, an important source of funding for data center development. A decisive breakdown from its current consolidation could serve as an early warning that trouble is brewing beneath the surface.

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Research this week

Monday's S&P 1500 rankings reinforced the market's defensive character. Health care, energy, and consumer staples held the top three positions for a second straight week, while utilities moved up four spots to sixth place.

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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	Health Care	164	60.4	73	28	13	50	HALO	1	0
2	Energy	72	57.7	36	6	6	24	OVV	2	0
3	Consumer Staples	76	47.1	20	7	10	39	GO	3	0
4	Information Technology	196	45	70	19	17	90	BOX	4	0
5	Financials	260	39.6	39	39	16	166	HCI	6	1
6	Utilities	59	38.8	3	2	19	35	NWE	10	4
7	Communication Services	46	34.4	8	2	4	32	CNK	5	-2
8	Consumer Discretionary	190	33.6	27	16	31	116	BBY	7	-1
9	Materials	77	32.4	9	7	9	52	IOSP	8	-1
10	Industrials	260	31.6	42	24	16	178	PAYC	9	-1
11	Real Estate	99	30.4	11	4	5	79	SHO	11	0
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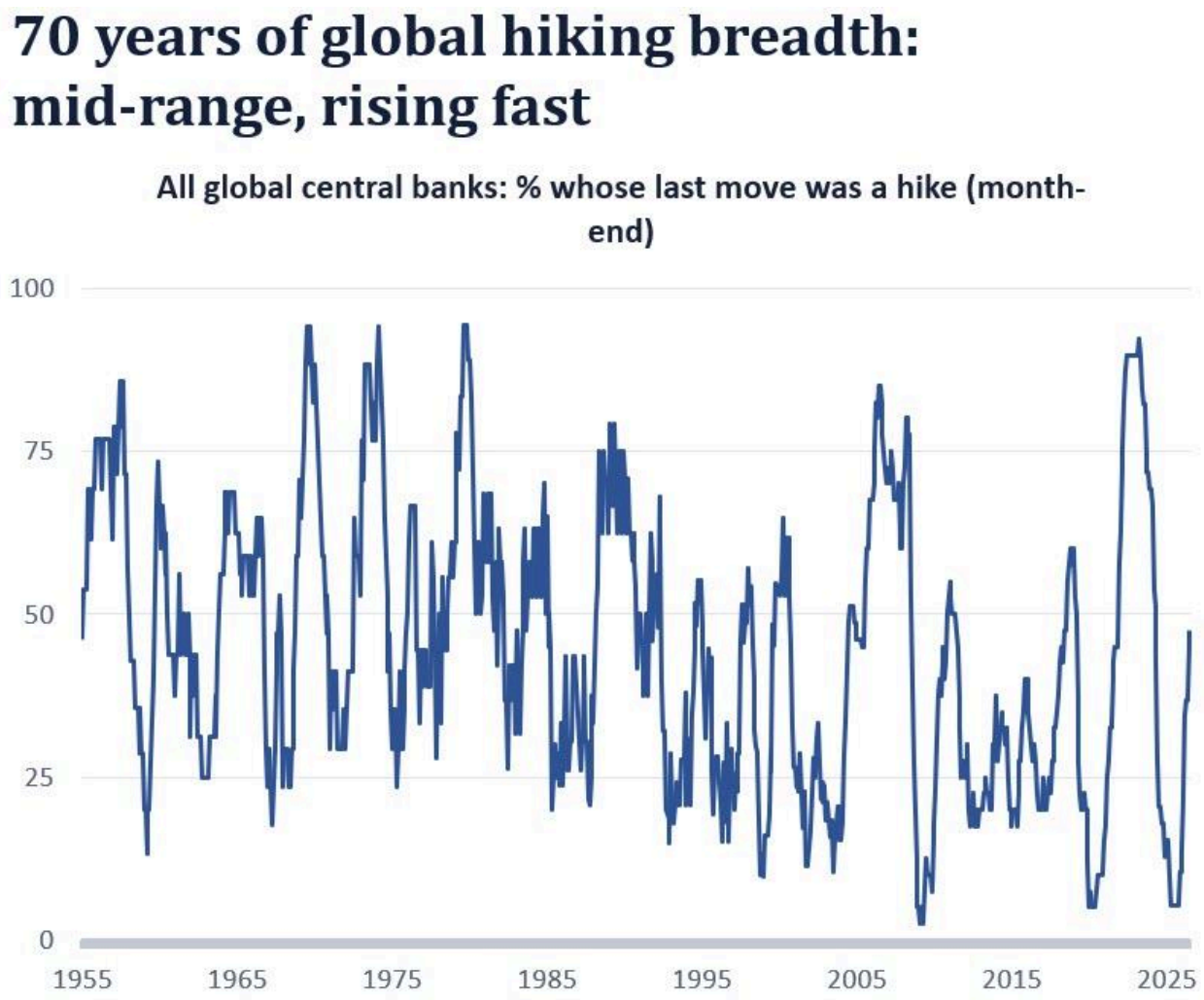
Tuesday's webinar provided a broad overview of the key indicators and systems I'm watching. One is a late-cycle model that compares current conditions with historical periods to identify environments typically associated with the latter stages of bull market advances. While the model is not perfect and remains a work in progress, 9 of its 14 indicators are currently flashing warning signals.

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Thursday's report examined the global tightening cycle, with 47% of central banks having a rate hike as their most recent policy move. History suggests this backdrop is unfavorable for equities, with S&P 500 returns falling below average and deteriorating further when the Federal Reserve also raised rates.

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Dual trend analysis

Net gains across Dual Trend signals were positive in every sector except technology and communication services. Industrials led by a wide margin, generating twice the gains of the next-best sector, health care.

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

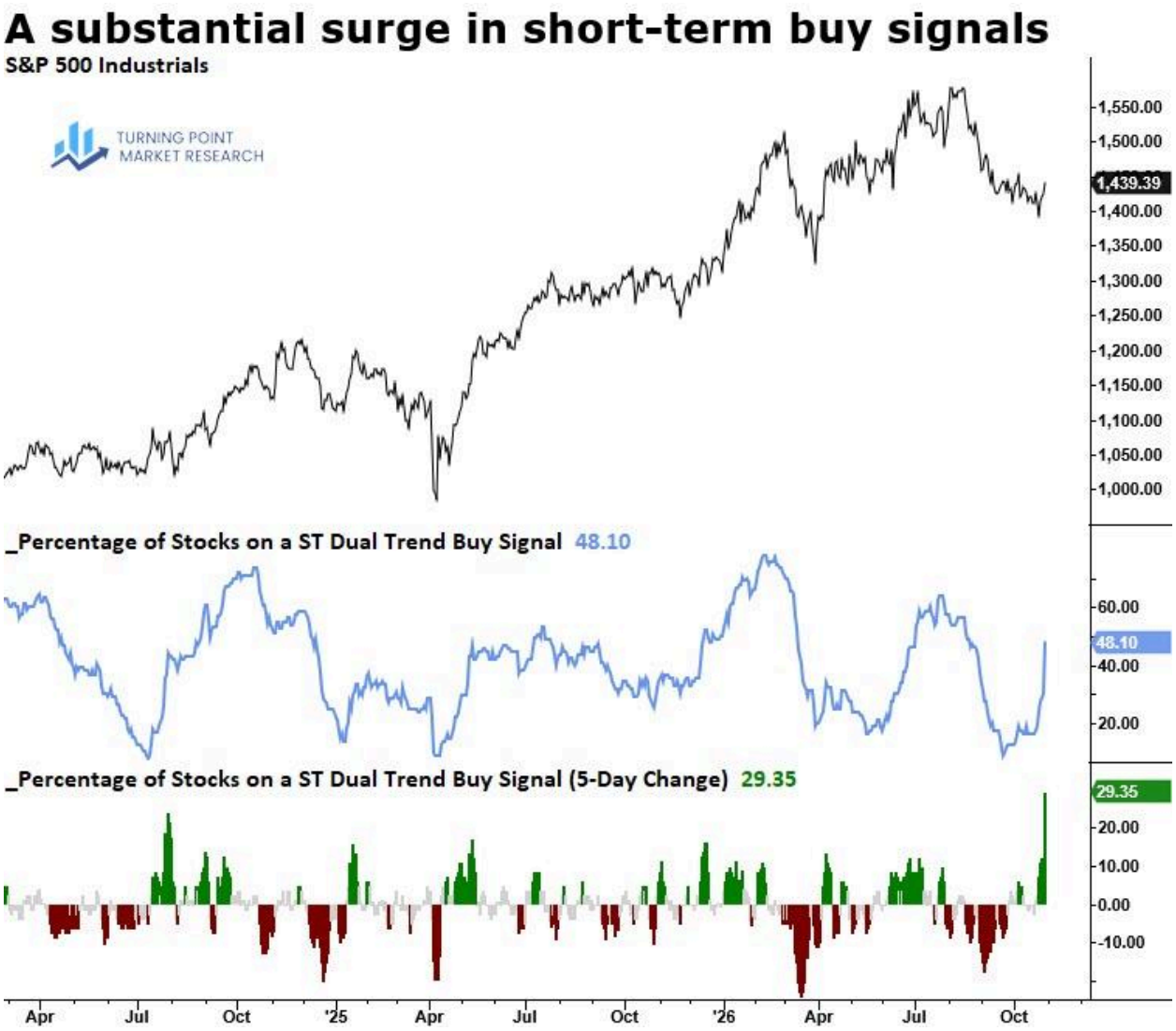
Relative to the S&P 500

	S&P 500				S&P 400				S&P 600				
Sector	% 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	Net Gain/loss
Communication	12.50%	-	12.50%	-2	16.7%	-	50.0%	1	23.5%	-	29.4%	-	-1
Discretionary	19%	-1	39.60%	3	21.1%	2	43.9%	7	27.1%	2	29.4%	2	15
Staples	31%	-	47.20%	-	35.7%	-	35.7%	-	31.0%	-	31.0%	-	0
Energy	59.10%	-	77.30%	4	70.6%	4	70.6%	1	54.5%	1	45.5%	3	13
Financials	26.00%	-	29.90%	2	26.2%	1	16.9%	-	37.1%	3	20.7%	5	11
Health Care	70.50%	2	68.90%	4	57.1%	-	54.3%	7	59.4%	2	62.3%	10	25
Industrials	30%	3	48.10%	25	17.4%	1	32.6%	15	27.8%	-	25.8%	7	51
Technology	46.70%	-1	48.00%	-2	38.8%	-1	34.7%	-2	43.8%	-	42.5%	-	-6
Materials	33.30%	2	55.60%	8	22.2%	-	22.2%	2	25.0%	-	32.1%	2	14
Real Estate	9.40%	1	21.90%	3	6.9%	-	13.8%	3	26.2%	1	26.2%	2	10
Utilities	3.10%	-	50.00%	5	26.7%	1	60.0%	1	7.7%	-	15.4%	2	9

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The five-day net change in the percentage of industrial stocks on short-term Dual Trend buy signals surged more than 29%, marking the largest increase since July 2022.

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Within industrials, the largest increase in buy signals came from industrial machinery & supplies & components stocks. Notably, most companies on this list have little direct exposure to the data center investment theme. Aerospace and defense stocks are what caught my attention, as the group has given back significant ground since its Iran conflict highs and is beginning to establish a base.

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S&P 1500 Industrials that Shifted SHORT-TERM Bullish Over the Last Week

Ticker	Company Name	Sector	Sub-Industry	LT Sig	LT Days	LT Trend	LT Rel	ST Sig	ST Days	ST Trend	ST Rel
HII	Huntington Ingalls Indu	S&P 500	Aerospace & Defense	Bearish	124	40	40	Bullish	1	70	70
LHX	L3Harris	S&P 500	Aerospace & Defense	Bearish	125	30	30	Bullish	1	70	70
TDG	TransDigm Group	S&P 500	Aerospace & Defense	Bearish	312	10	10	Bullish	1	70	70
VVX	V2X	S&P 600	Aerospace & Defense	Bearish	22	60	50	Bullish	1	70	70
NOC	Northrop Grumman	S&P 500	Aerospace & Defense	Bearish	134	30	20	Bullish	4	80	80
PSN	Parsons Corporation	S&P 400	Aerospace & Defense	Bearish	226	40	30	Bullish	4	90	90
UPS	United Parcel Service	S&P 500	Air Freight & Logistics	Bearish	60	50	30	Bullish	1	70	70
AOS	A. O. Smith	S&P 500	Building Products	Bearish	159	40	30	Bullish	1	90	90
JCI	Johnson Controls	S&P 500	Building Products	Bullish	436	100	70	Bullish	1	100	100
CSL	Carlisle Companies	S&P 400	Building Products	Bearish	81	60	40	Bullish	1	70	70
FBIN	Fortune Brands Innovati	S&P 400	Building Products	Bearish	179	20	20	Bullish	1	70	70
WTS	Watts Water Technologi	S&P 400	Building Products	Bullish	201	60	50	Bearish	2	20	10
SSD	Simpson Manufacturing	S&P 400	Building Products	Bearish	52	70	40	Bullish	3	70	70
GFF	GRIFFON	S&P 600	Building Products	Bullish	137	100	70	Bullish	3	80	70
ACA	ARCOSA	S&P 600	Construction & Engineering	Bullish	218	100	100	Bullish	1	100	80
J	Jacobs Solutions	S&P 500	Construction & Engineering	Bullish	48	100	80	Bullish	2	80	80
APG	APi Group	S&P 400	Construction & Engineering	Bearish	114	70	60	Bullish	2	90	90
GATX	GATX	S&P 400	Construction Machinery & Heavy Transportati	Bearish	117	60	40	Bullish	1	70	70
LDOS	Leidos	S&P 500	Diversified Support Services	Bearish	181	50	50	Bullish	1	80	80
RBA	RB Global	S&P 400	Diversified Support Services	Bearish	278	20	20	Bullish	1	80	80
AMTM	AMENTUM HOLDINGS	S&P 600	Diversified Support Services	Bearish	132	30	30	Bullish	4	80	70
AME	Ametek	S&P 500	Electrical Components & Equipment	Bullish	68	100	70	Bullish	1	80	80
ROK	Rockwell Automation	S&P 500	Electrical Components & Equipment	Bearish	43	70	40	Bullish	1	80	70
CLH	Clean Harbors	S&P 400	Environmental & Facilities Services	Bullish	199	70	50	Bearish	1	40	30
MMM	3M	S&P 500	Industrial Conglomerates	Bearish	15	90	50	Bullish	1	70	70
IEX	IDEX Corporation	S&P 500	Industrial Machinery & Supplies & Componei	Bullish	200	100	80	Bullish	1	90	90
IR	Ingersoll Rand	S&P 500	Industrial Machinery & Supplies & Componei	Bearish	149	30	30	Bullish	1	70	70
ITW	Illinois Tool Works	S&P 500	Industrial Machinery & Supplies & Componei	Bearish	127	70	30	Bullish	1	70	70
PNR	Pentair	S&P 500	Industrial Machinery & Supplies & Componei	Bearish	255	30	30	Bullish	1	70	70
FLS	Flowserve	S&P 400	Industrial Machinery & Supplies & Componei	Bearish	126	60	40	Bullish	1	70	70
LECO	Lincoln Electric	S&P 400	Industrial Machinery & Supplies & Componei	Bullish	46	100	70	Bullish	1	70	70
MIDD	Middleby	S&P 400	Industrial Machinery & Supplies & Componei	Bearish	56	30	20	Bullish	1	70	70
EPAC	ENERPAC TOOL GROUP CL	S&P 600	Industrial Machinery & Supplies & Componei	Bearish	396	70	60	Bullish	1	70	70
PRLB	PROTO LABS	S&P 600	Industrial Machinery & Supplies & Componei	Bullish	310	70	60	Bearish	1	20	20
ZWS	ZURN ELKAY WATER SOLU	S&P 600	Industrial Machinery & Supplies & Componei	Bearish	118	0	0	Bearish	2	10	10
DOV	Dover Corporation	S&P 500	Industrial Machinery & Supplies & Componei	Bearish	70	50	30	Bullish	4	80	90
KEX	Kirby Corporation	S&P 400	Marine Transportation	Bearish	63	90	60	Bullish	2	90	80
LUV	Southwest Airlines	S&P 500	Passenger Airlines	Bearish	50	60	30	Bullish	4	70	70
NSC	Norfolk Southern	S&P 500	Rail Transportation	Bearish	35	70	50	Bullish	1	90	80
UNP	Union Pacific Corporatio	S&P 500	Rail Transportation	Bullish	84	100	70	Bullish	1	90	90
CSX	CSX Corporation	S&P 500	Rail Transportation	Bullish	188	90	80	Bullish	3	90	90
ULS	UL Solutions	S&P 400	Research & Consulting Services	Bearish	62	10	10	Bullish	1	80	80
FCN	FTI Consulting	S&P 400	Research & Consulting Services	Bearish	123	70	60	Bullish	4	90	90
FERG	Ferguson Enterprises	S&P 500	Trading Companies & Distributors	Bearish	121	40	30	Bullish	1	70	70
WCC	WESCO International	S&P 400	Trading Companies & Distributors	Bearish	6	100	70	Bullish	1	70	70
HRI	HERC HOLDINGS	S&P 600	Trading Companies & Distributors	Bullish	1	90	70	Bullish	1	70	70

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Portfolio update

The Dual-Trend portfolio initiated a position in the biotech ETF (IBB) after its short-term Dual Trend signal turned bullish, aligning it with the long-term model. Hinge Health

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(HNGE), Charles River Laboratories (CRL), and Waters Corporation (WAT) were sold to reduce single-stock exposure and shift capital toward diversified ETFs, which carry less company-specific earnings risk.

Cash increased to 45%, with exposure concentrated in the only two sectors carrying bullish signals across both short- and long-term models.

TOTAL HOLDINGS - 4	TOTAL SECTORS - 2	S&P 500 WEIGHT - 47.55%	CASH WEIGHT - 45.04%

▼ Energy			Portfolio: 3.27%	Benchmark: 3.35%	Neutral -0.1%
SYMBOL	NAME	WEIGHT	SUB-INDUSTRY	LT STATUS	ST STATUS
XLE	STATE STREET ENERGY SELECT SECTOR SPDR ETF	3.27%	Large-Cap Energy	Bullish	Bullish

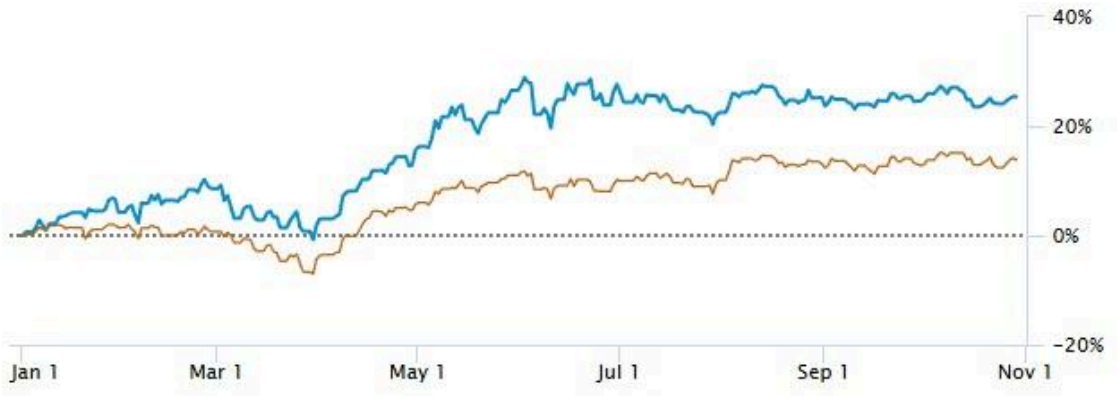
▼ Health Care			Portfolio: 4.15%	Benchmark: 0.00%	Neutral +4.2%
SYMBOL	NAME	WEIGHT	SUB-INDUSTRY	LT STATUS	ST STATUS
IBB	ISHARES BIOTECHNOLOGY ETF	2.04%	Biotech	Bullish	Bullish
XLV	STATE STREET HEALTH CARESELECT SECTOR SPDR ETF	2.11%	Large-Cap Health Care	Bullish	Bullish

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Through Thursday's close, the Dual-Trend portfolio had gained 25.40%, outperforming the S&P 500's 13.82% 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%	0.64%			25.40%
2026 S&P 500	1.45%	-0.76%	-4.98%	10.49%	5.26%	-0.95%	-0.22%	2.89%	-0.35%	0.96%			13.82%



DAILY OUTPERFORMANCE ANALYSIS

Market Condition	# of Days	% DT Outperformed
All Trading Days	208	56.7%
S&P 500 Up Days	108	62.0%
S&P 500 Down Days	100	51.0%

Portfolio/Index	Rate of Return
	25.40%
S&P 500®	13.82%

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Final thoughts

The weight of the evidence has been shifting from favorable to unfavorable for some time, as warning signs continue to accumulate. Deteriorating breadth came first, followed by concerns in credit markets. Now, earnings disappointments are adding another layer of uncertainty, with several stocks suffering massive gap-downs and potentially trapping investors who bought in anticipation of another rally in the technology sector. After an extraordinary four-year run, and with more late-cycle indicators flashing warnings, it's becoming increasingly difficult to be excited about stocks at this juncture. Still, a deteriorating market can eventually create attractive opportunities. Should selling pressure produce an oversold condition, investors should be ready to take advantage. Until the evidence improves, however, caution is warranted.

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