

ETFSector.com

Monthly Insights: June Outlook  
**S&P 500**

Patrick Torbert, CMT  
Editor & Chief Strategist

# Sector Price Action & Performance Review: S&P 500



The S&P 500 finished May in a bullish reversal pattern off the early April low. We see two important support levels as prices consolidate in the near-term. 5786 and 5504 were both important “necklines” at different phases of the decline. Given the pattern, we are expecting buyers to accumulate shares if prices move into that zone. A violation below 5504 is a tactical sell signal.

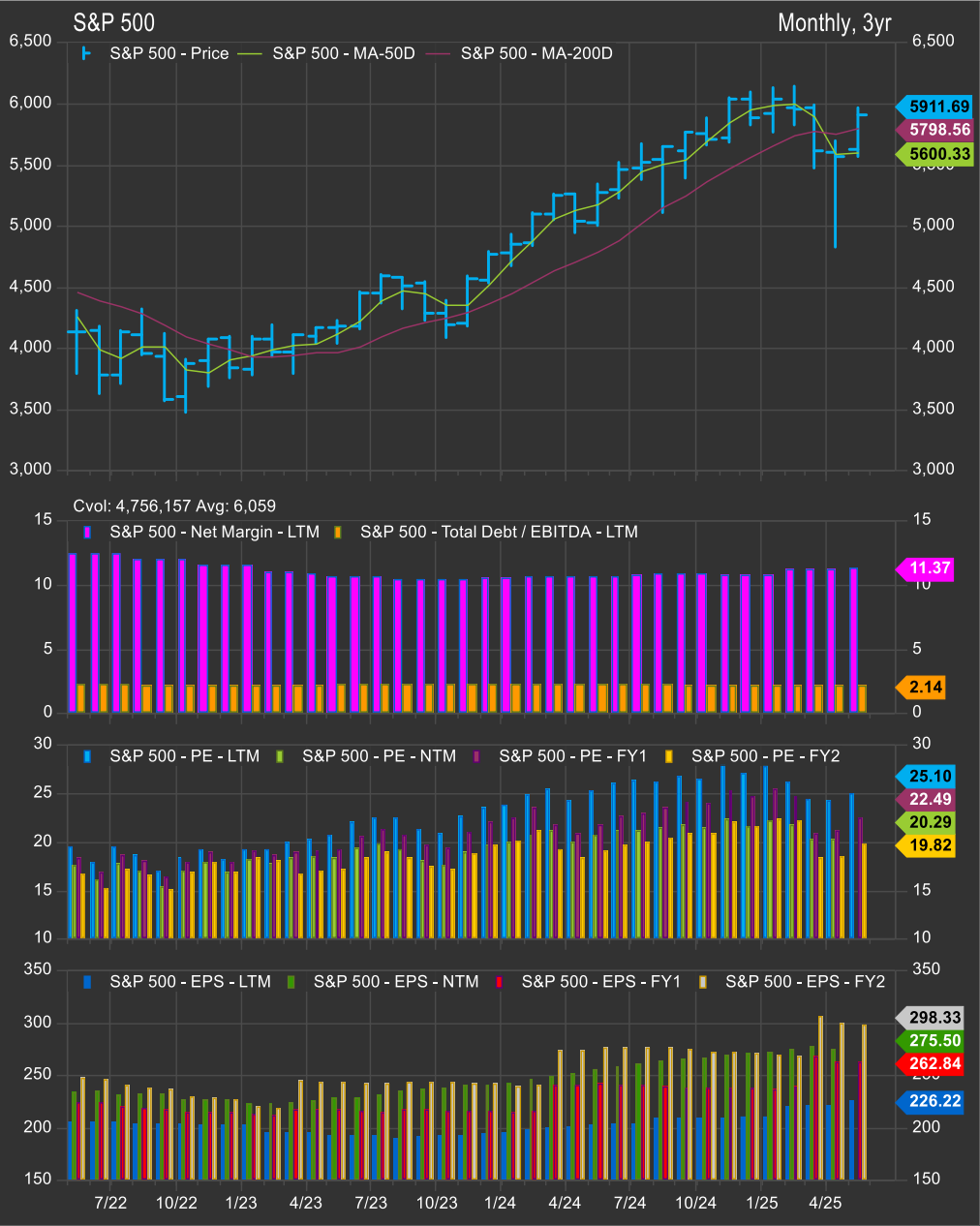
Oscillator studies are pulling back from overbought conditions as the S&P 500 enters June and cyclical sectors have pulled back over the last week as some near-term profit taking in the reflation trade has been evident. Crude prices remain near 52-wk lows and most Energy stocks are deeply oversold.

Sentiment on global trade has improved and earnings season is allaying fears on demand. We remain constructive on US equities for June and we expect the present consolidation to resolve higher. We think the biggest source of risk for the index is the level of interest rates and access to credit. While the US 10yr yield stays below 4.7% we remain constructive, but we would take off risk if the yield moves above that level.

**Our Elev8 Sector Rotation Model Portfolio starts May with the following sector allocations:**

Elev8 Model Positions: June 2025			
	BMK Weight	Elev8 Model	+/-
VGT	29.84%	36.57%	6.73%
XLI	8.44%	11.48%	3.04%
XLY	10.37%	12.99%	2.62%
XLP	5.97%	7.47%	1.49%
XLC	9.36%	10.13%	0.77%
XLE	3.61%	4.11%	0.50%
XLF	14.54%	14.80%	0.26%
XLU	2.51%	2.45%	-0.06%
XLB	2.00%	0.00%	-2.00%
VNQ	2.25%	0.00%	-2.25%
XLV	11.10%	0.00%	-11.10%

# Fundamentals: S&P 500

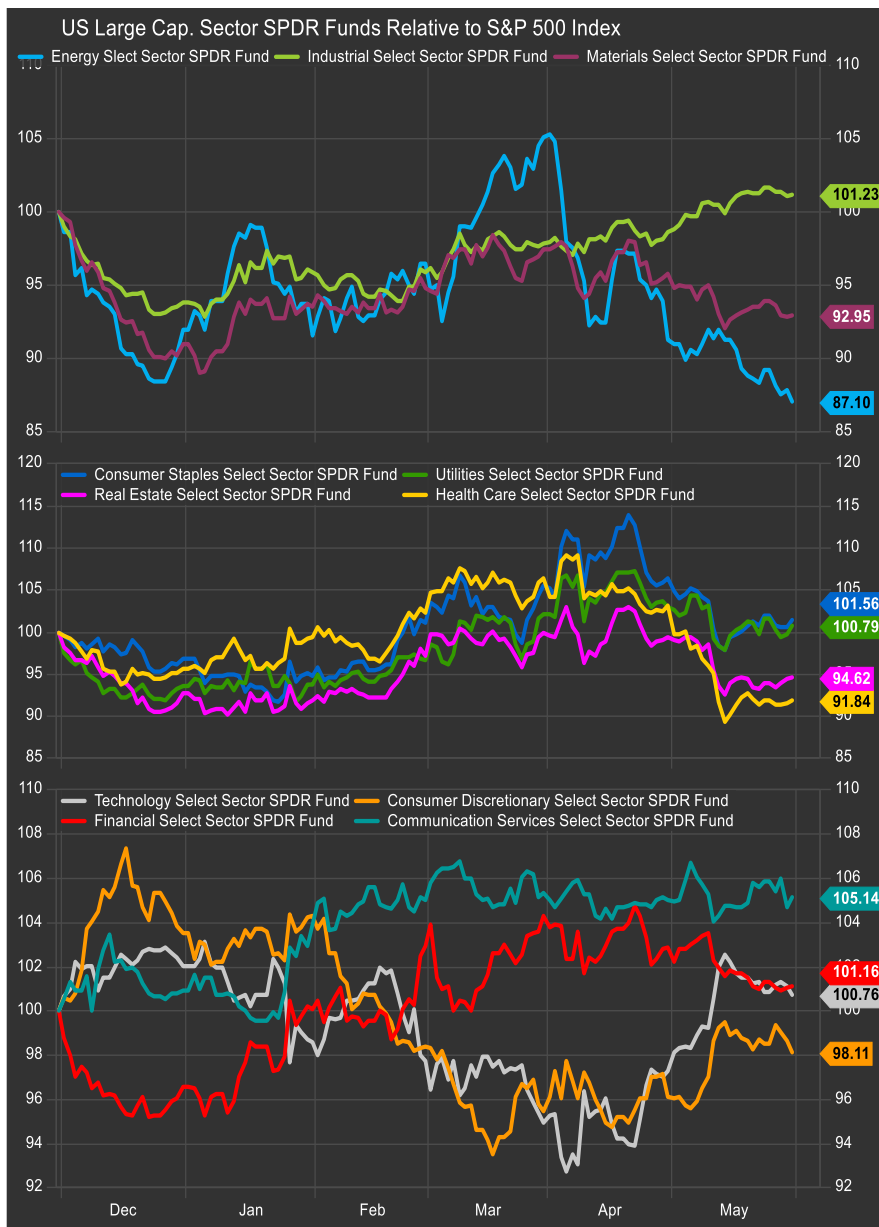


The chart (left) shows S&P 500 Margins, Debt/EBITDA, Valuation and Earnings

Net Margin for the S&P 500 ticked higher as earnings season has been better than feared. Valuations have also firmed marginally as a result

The cadence of trade negotiations has swung from a headwind to a tailwind for US equities in the near-term. Company guidance is firming through the current reporting season as tariffs have been delayed and negotiated deals have been less onerous than feared.

# Industry/Sub-Industry Performance and Breadth: S&P 500



**S&P 500 Sectors** (chart, left): Industrials (top panel) are improving while Energy and Materials sectors have traded off in May along with defensive sectors (panel 2). Discretionary and Info Tech gained the most ground relative to the S&P 500 as investors quickly rotated to risk on exposures

Financials lost ground in May after a strong start to the year.

**S&P 500 Internals** (chart, right): The % of stocks above their 50-day moving average line (panel 2) expanded above the 80% level as the index hit near-term highs...we're looking for a confirmation signal >90% on that series to confirm the bull trend from here

Top 10/Bottom 10 Stock Level Performers: S&P 500

Symbol	Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	3y BETA Rel to Loc Idx	1-Month Excess Return vs. BMK
STX	Seagate Technology Holdings PLC	Bullish Reversal	25,071.4	0.50	20.0	1.6	1.52	38.3
NRG	NRG Energy, Inc.	Uptrend	30,200.5	0.78	54.4	0.8	1.12	35.1
CEG	Constellation Energy Corporation	Bullish Reversal	95,081.4	1.22	22.2	0.3	1.06	27.7
WDC	Western Digital Corporation	Consolidation	18,333.6	0.39	-1.5	0.1	1.98	22.9
PODD	Insulet Corporation	Bullish Reversal	22,790.9	2.72	32.0	0.0	1.53	22.4
ROK	Rockwell Automation, Inc.	Bullish Reversal	35,497.8	1.16	11.2	1.1	1.43	21.2
NVDA	NVIDIA Corporation	Bullish Reversal	3,396,236.1	1.17	8.0	0.0	2.23	21.2
MCHP	Microchip Technology Incorporated	Consolidation	31,344.5	1.50	-13.0	2.1	1.49	21.1
GEV	GE Vernova Inc.	Uptrend	128,598.7	2.19	61.9	0.1	1.22	20.5
AVGO	Broadcom Inc.	Uptrend	1,137,730.5	1.33	41.7	0.7	1.04	20.1

Symbol	Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	3y BETA Rel to Loc Idx	1-Month Excess Return vs. BMK
UNH	UnitedHealth Group Incorporated	Downtrend	270,482.1	0.50	-44.3	1.9	0.31	-33.6
LLY	Eli Lilly and Company	Support	684,805.3	1.17	-16.6	0.6	0.38	-24.7
ENPH	Enphase Energy, Inc.	Downtrend	5,148.6	0.57	-45.7	0.0	1.36	-24.2
BDX	Becton, Dickinson and Company	Downtrend	49,818.1	0.48	-23.8	1.5	0.44	-22.3
CPRT	Copart, Inc.	Support	49,676.5	1.22	-13.9	0.0	1.19	-21.5
FCO	Fair Isaac Corporation	Support	41,015.7	2.01	-14.1	0.0	1.50	-20.6
FI	Fiserv, Inc.	Retracement	88,498.7	0.59	-23.3	0.0	1.14	-20.3
HUM	Humana Inc.	Downtrend	27,769.2	0.59	-23.5	1.1	0.34	-17.7
VRTX	Vertex Pharmaceuticals Incorporated	Consolidation	114,811.5	0.94	-7.4	0.0	0.47	-17.7
TRGP	Targa Resources Corp.	Retracement	34,381.5	0.77	-10.6	1.7	1.29	-17.0

Semiconductors re-emerged on the leaderboard with NVDA and AVGO showing strength and MCHP reflating

We’re encouraged by the broad mix of stocks that significantly outperformed the index over the past month

The laggard group is heavy with Healthcare names as UNH, LLY, BDX and VRTX stumbled in the previous quarter

Metrics:

(Formulas are in the appendix at the end of the report)

Valuation Multiple Relative to Index

Premium (or discount) to benchmark valuation

Momentum

Long higher scores, short lower scores

Dividend Yield Relative to Index

Higher scores preferred when rates and equities are moving lower

Near-term Overbought/Oversold

Price is >10% away from the 50-day moving average  
Above/Below

GREEN|RED

Company scores positively|negatively for Elev8 Sector Rotation Model for April

# Economic & Policy Drivers: S&P 500

- **Federal Reserve & Inflation Outlook:**  
May featured a notable shift in tone from the Fed. The **FOMC minutes** reiterated a cautious and patient stance, emphasizing uncertainty in both the inflation path and labor markets. Officials indicated they are prepared to hold rates steady longer if inflation remains sticky, but also acknowledged potential rate cuts if trade risks or economic growth deteriorate. **Initial jobless claims rose**, and **Q1 GDP growth** was revised slightly higher but reflected weaker consumer spending.
- **Inflation data** showed **core PCE up just 0.1% m/m** in April, cooling from March and pushing the annual rate down to **2.5%**. This provided the Fed some breathing room. Fed officials, including Goolsbee and Powell, stressed that upcoming data would dictate the timing and magnitude of any policy adjustments.
- **Treasury Auctions & Fiscal Concerns:**  
Treasury auctions were closely watched amid deficit-related concerns. The **\$70B 5-year** and **\$44B 7-year** auctions saw strong demand, especially from indirect (foreign) buyers. While this helped stabilize yields late in May, investor worries around U.S. debt sustainability and future auction coverage remain a theme to watch into June.
- **Global Trade & Regulation:**  
Trade was a major market mover in May. Early in the month, sentiment improved on hopes of de-escalation between the **US and China** and temporary **tariff delays** on the EU. However, headlines reversed later in the month when the **US Court of International Trade struck down key Trump-era tariffs**, only for a **federal appeals court to stay the decision**, allowing the tariffs to remain in place pending further legal proceedings.
- The **Biden administration** was reportedly exploring alternative legal paths (e.g., **Section 301 and 122**) to sustain or modify tariffs, while broader negotiations with China were said to be "stalled." EU-US trade talks are ongoing, with digital taxes and aerospace cooperation among the topics.
- **Non-Tariff Measures:**  
Section 899 in the reconciliation bill drew attention as a potential non-tariff barrier that could raise taxes on companies from countries with "discriminatory" tax regimes. This could shape digital trade and cross-border investment going forward.
- **Corporate Earnings Trends:**  
Q1 earnings season wrapped up with a generally better-than-expected tone. **Tech earnings** (especially AI-related) delivered, while **consumer sectors** were bifurcated: discount and value retailers outperformed, while premium/luxury names flagged demand softness. Several companies lowered guidance for FY2025 due to **tariff headwinds**, macro uncertainty, or **elongated deal cycles** in enterprise tech.

# Appendix: Metric Interpretation/Descriptions

## Valuation Multiple Relative to Index

Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

### Valuation Multiple Relative to Index

(Company Price/NTM EPS) / (Index Price/NTM EPS)

## Dividend Yield Relative to Index

Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

### Dividend Yield Relative to Index

Company FY1 Rolling Dividend Yield / Index FY1 Rolling Dividend Yield

## Momentum

Long higher scores, short lower scores

### Momentum (simple mean)

**1-Month Excess Total Return (vs. S&P 500) \* 0.1**

*Plus*

**3-Month Excess Total Return (vs. S&P 500) \* 0.3**

*Plus*

**6-Month Excess Total Return (vs. S&P 500) \* 0.4**

*Plus*

**12-month Excess Total Return (vs. S&P 500) \* 0.2**

# Metric Interpretation/Descriptions

## Price Structure

We categorize stock chart patterns into 7 categories

**Uptrend**—Stock exhibits sustained outperformance

**Bullish Reversal**—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

**Consolidation**—Sideways price action, generally a bearish pattern in a bull market

**Retracement**—A sharp move lower in a previously strong chart

**Distributional**—A topping pattern

**Downtrend**—Sustained underperformance, lagging the benchmark by >15% per year

**Support**—Price has reached a level where major bottom formations or basing has occurred in the past

**Basing**—A protracted consolidation at long-term support

## Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

## Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

## Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.