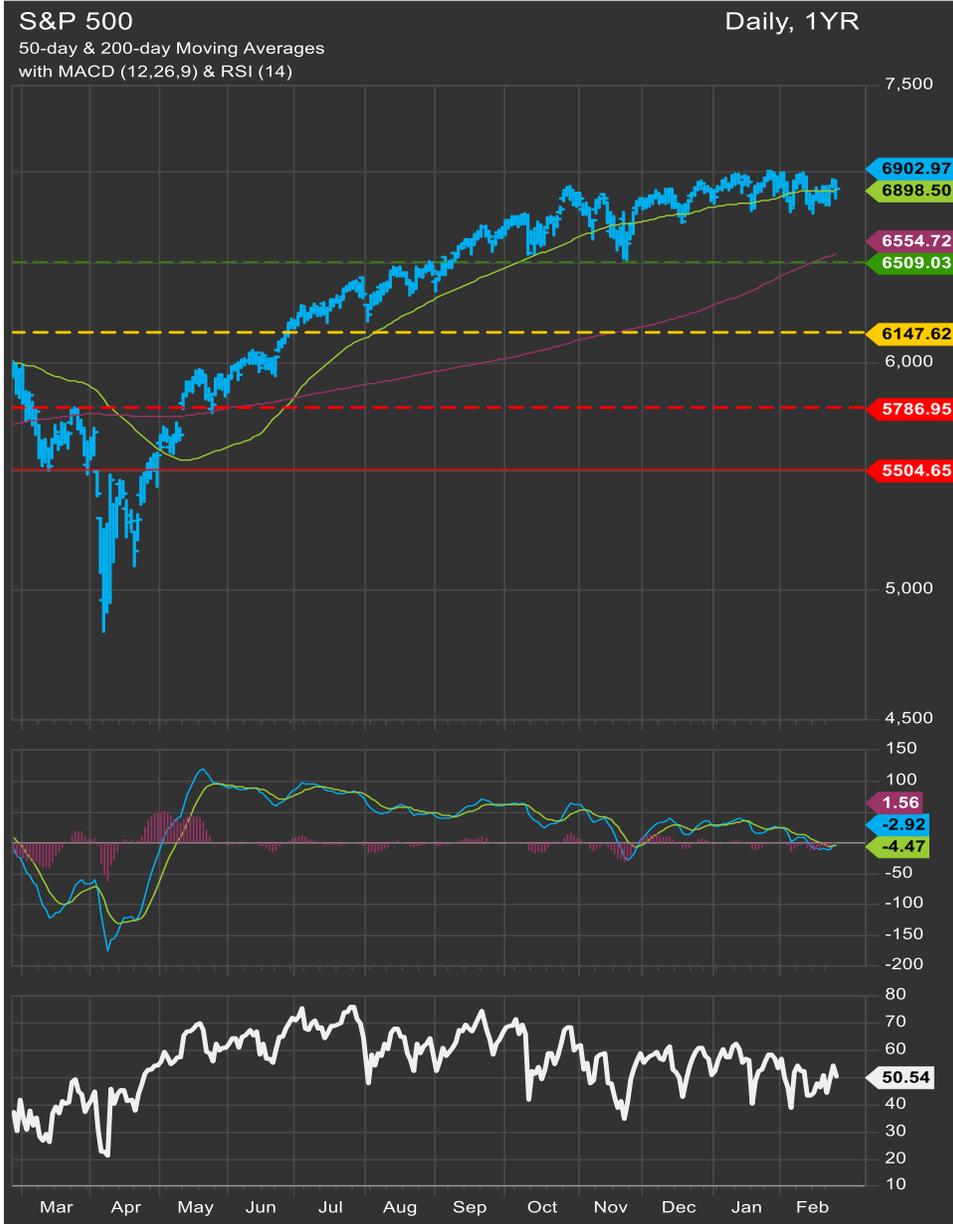


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Monthly Insights: March Outlook
S&P 500

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Sector Price Action & Performance Review: S&P 500



The S&P 500 finished February just off all-time highs, but the price action was notable for confirming a continued negative momentum divergence, setting up potential for a correction. We see near-term support at the 6509 level. 6147 is a likely downside target in the event of a deeper shake-out. Below that level, price structure becomes increasingly vulnerable.

February 2026 marked a decisive change in market leadership. While aggregate earnings growth remained solid and the economic expansion showed no clear signs of ending, sector performance reflected a broad de-risking and rotation away from Growth, Technology, and Financials and toward lower-volatility equities and commodities-linked exposures.

Geo-political dynamics continue to play a central role in 2026. Tariff concerns are again present as the Trump Administration spars with the Supreme Court. Tensions with Iran are also mounting. This could add heat to the recent momentum behind the natural resources trade.

From a fundamental standpoint, Q4 earnings growth tracked toward ~14% y/y, with over 90% of S&P 500 companies reported. Q4 GDP printed 1.4% vs. 1.9% consensus, signaling moderation. Core PCE rose 0.4% m/m, keeping y/y inflation near 3.0%. February consumer confidence improved to 91.2, up from 89.0. The 10-year yield remained range-bound between 4.03–4.08%, while the 2-year held near 3.44–3.48%. The macro backdrop did not deteriorate meaningfully, but it was not supportive of multiple expansion. In that environment, investors increasingly rotated toward defensiveness and real-asset exposure.

When we put the pieces together, we see a classic late cycle setup where inflation potential is a broad concern. Low vol. stocks have been inconsistent in offering downside protection but as GDP softened in February amidst slight uptick in unemployment, interest in lower vol. exposures has been evident. Our Elev8 model has picked up that change and we are taking risk off the table for March, adding materially to low vol. sector allocations.

As the larger sectors come under pressure and rotate out of our model, the active weights vs. the benchmark become much bigger. We are preparing for the event of an ad hoc rebalance if our assumptions turn out to be astray, and we will look forward to bringing you our convictions in that eventuality.

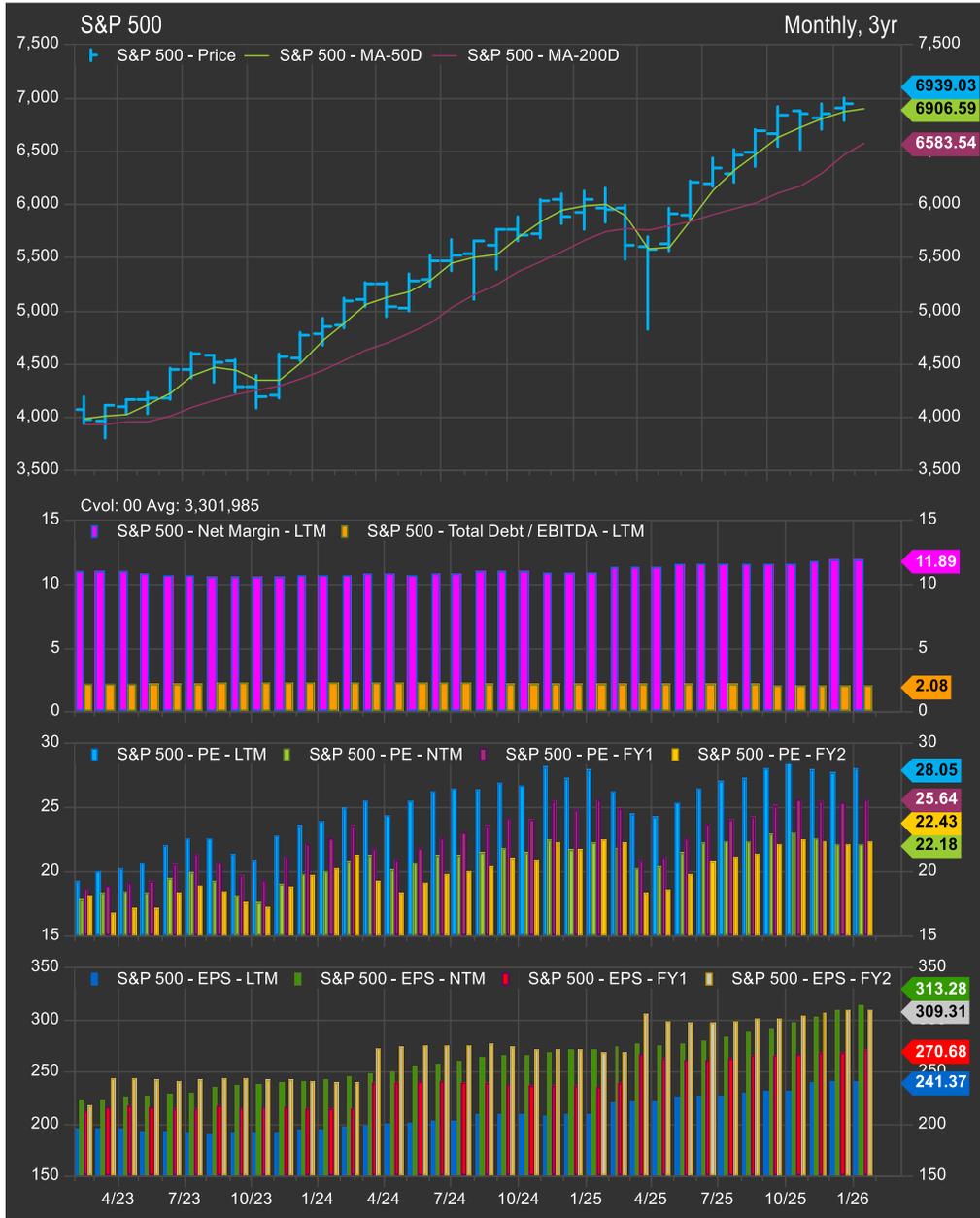
We went into last month positioned for inflationary growth, but price action and the slowing macro cadence have us moving to a more Value oriented portfolio with clear overweight exposures in low volatility and commodities-linked sectors.

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

Elev8 Model Positions: March 2026

	BMK Weight	Elev8 Model	+/-
XLB	2.09%	13.09%	11.00%
XLE	3.39%	14.02%	10.63%
XLI	9.03%	18.57%	9.53%
VNQ	1.94%	9.19%	7.26%
XLP	5.34%	12.55%	7.20%
XLU	2.44%	7.51%	5.07%
XLV	9.61%	5.56%	-4.05%
XLY	10.04%	0.00%	-10.04%
XLC	10.19%	0.00%	-10.19%
XLF	12.45%	0.00%	-12.45%
VGT	33.48%	19.51%	-13.97%

Fundamentals: S&P 500



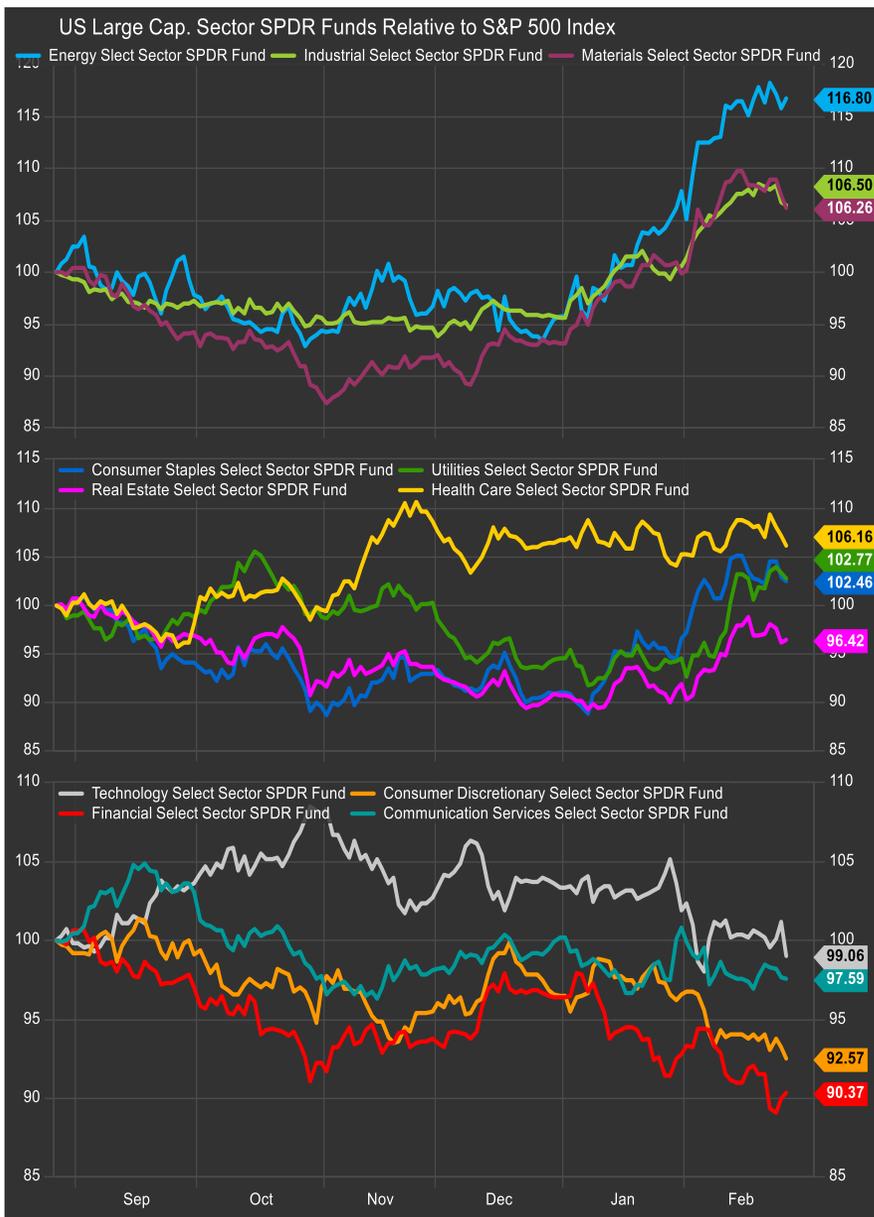
The chart (left) shows S&P 500 Margins, Debt/EBITDA, Valuation and Earnings

Net Margin for the S&P 500 ticked higher as earnings season has been better than feared. Valuations ticked higher as well after beginning to contract in November/December.

Multiples have begun to plateau as FY1 earnings are seen as a speedbump.

Growth de-rating hasn't put a big dent in valuation yet.

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



S&P 500 Sectors (chart, left): Rotation away from Mega Cap. Growth and Consumer exposures has accelerated with low vol. sectors the most recent beneficiaries. The bid for commodities adjacent sectors and industrials has also remained firm through February

S&P 500 Internals (chart, right): As investors took profits from Tech sector outperformance the % of stocks above their 50-day moving average and 200-day moving average firmed. However, we're getting some pushback on the bullish commodities trade in the very near-term as breadth measures have contracted again.

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

Symbol	Name	GICS Sector 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
GLW	Corning Inc	Information Technology	Uptrend	137,640.6	2.01	93.3	0.53	1.37	71.4
CIEN	Ciena Corporation	Information Technology	Uptrend	49,983.3	2.43	110.8	0.00	1.17	53.6
TER	Teradyne, Inc.	Information Technology	Bullish Reversal	53,670.5	2.06	102.5	0.11	1.97	49.1
TPL	Texas Pacific Land Corporation	Energy	Bullish Reversal	35,180.9	2.41	63.6	0.20	0.51	46.5
KEYS	Keysight Technologies Inc	Information Technology	Bullish Reversal	51,829.2	1.32	53.1	0.00	1.36	41.4
DVA	DaVita Inc.	Health Care	Consolidation	9,987.3	0.42	21.5	0.73	1.75	37.7
GNRC	Generac Holdings Inc.	Industrials	Bullish Reversal	13,881.5	1.09	41.8	0.00	2.53	36.2
SNDK	Sandisk Corporation	Information Technology	Uptrend	93,339.9	0.38	350.4	0.00	4.80	32.9
GEV	GE Vernova Inc.	Industrials	Uptrend	236,110.5	2.26	42.3	0.14	1.30	32.6
FIX	Comfort Systems USA, Inc.	Industrials	Uptrend	51,024.8	1.54	53.2	0.13	1.73	28.8

Despite rotation away from growth stocks, the AI infrastructure theme continued to cook beneath the surface as well as key industrials

The weak got weaker in February as investors continued to pressure software stocks, interactive media and healthcare name.

Symbol	Name	GICS Sector 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
EPAM	EPAM Systems, Inc.	Information Technology	Downtrend	7,241.2	0.41	-34.9	0.00	1.49	-40.5
IT	Gartner, Inc.	Information Technology	Downtrend	10,521.0	0.45	-39.9	0.00	1.38	-36.1
HUM	Humana Inc.	Health Care	Downtrend	21,232.1	0.67	-34.5	1.43	0.33	-34.5
INTU	Intuit Inc.	Information Technology	Downtrend	106,086.4	0.61	-42.0	0.75	1.12	-33.0
ACN	Accenture Plc Class A	Information Technology	Downtrend	117,831.2	0.53	-29.1	2.04	0.98	-32.4
CSGP	CoStar Group, Inc.	Real Estate	Downtrend	18,978.8	1.31	-40.6	0.00	0.96	-32.3
IQV	IQVIA Holdings Inc	Health Care	Downtrend	27,476.1	0.50	-30.6	0.00	1.49	-31.7
TTD	Trade Desk, Inc. Class A	Communication Services	Downtrend	11,078.4	0.89	-40.9	0.00	2.14	-31.7
WDAY	Workday, Inc. Class A	Information Technology	Downtrend	28,360.9	0.50	-41.8	0.00	1.18	-30.2
CVNA	Carvana Co. Class A	Consumer Discretionary	Retracement	47,800.9	1.72	-16.0	0.00	4.42	-29.8

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

Economic & Policy Drivers: S&P 500

1. Trade Policy & Tariff Uncertainty Elevated Risk Premia

The Supreme Court ruling limiting tariff authority under IEEPA was one of the most consequential developments of the month. While the initial reaction appeared market-friendly, the administration's swift pivot toward alternative statutory authorities — and signaling of tariff levels near or above 15% for certain jurisdictions — reinforced policy uncertainty.

Rather than eliminating tariff risk, February reshaped it. Implementation mechanics, retaliatory risk, and sector-specific exposure became central investor concerns. Trade-sensitive sectors experienced volatility, and multinational earnings visibility became more complicated.

The net result was a higher equity risk premium — not outright contraction, but increased selectivity.

2. Growth Moderation & Sticky Inflation Complicate the Fed Path

February macro data reinforced a mixed environment. Q4 GDP at 1.4% undershot expectations, PMIs softened, and core PCE rose 0.4% m/m — the strongest monthly increase since early 2025. While consumer confidence improved modestly and labor conditions remained stable, inflation progress appeared to stall.

This “slowdown without relief” dynamic — moderating growth alongside persistent services inflation — constrained Federal Reserve flexibility. Fed officials emphasized patience, and markets continued to price roughly 50–55 bp of easing in 2026, but near-term cuts appeared unlikely.

With Treasury yields holding near 4% on the 10-year and not meaningfully declining, long-duration Growth assets lacked valuation support. At the same time, curve dynamics did not decisively benefit banks, leaving Financials without a clear macro catalyst.

3. Earnings Strong, But Leadership Narrow

Earnings season provided headline support. With nearly all companies reported, Q4 growth approached +14% y/y. However, performance dispersion widened significantly.

AI infrastructure remained fundamentally strong, highlighted by another meaningful beat-and-raise from NVIDIA and continued strength in semiconductors and memory. Yet despite solid results, Technology underperformed on a relative basis as investors questioned valuation resilience amid sticky inflation and macro moderation.

Software volatility early in the month — driven by concerns around AI-driven margin compression

— contributed to broader Growth weakness. Financials also struggled. Banks, private credit vehicles, and asset managers saw pressure amid:

Flattening curve dynamics

AI-related disruption spillover into enterprise spending concerns

Increased scrutiny of private credit underwriting

In short, neither Growth nor Financials were positioned to benefit from February's macro mix.

4. Rotation Toward Low Volatility & Commodities

Against that backdrop, investors rotated toward lower-volatility equities and real-asset exposure.

Precious metals rallied strongly, with gold trading above \$5,100–\$5,200 during the month and silver posting multiple outsized gains. Commodities-linked equities benefited from geopolitical tension, trade uncertainty, and persistent inflation risk. Utilities and Consumer Staples outperformed on risk-off sessions, reflecting demand for earnings stability.

Market breadth data reinforced this defensive rotation, with multiple sessions showing weak participation in Growth while defensive and real-asset segments absorbed capital.

This was not a broad Value rally led by cyclicals — it was a selective rotation toward stability and tangible assets.

Outlook for March 2026

March will likely hinge on whether macro data stabilize enough to support broader participation or whether the current defensive rotation persists. ISM readings, PPI (expected at +0.3% m/m headline and core), retail sales, and the employment report will shape rate expectations and valuation support. If inflation moderates and growth stabilizes, Growth and Financials could regain footing. However, if growth continues to cool while inflation remains sticky, the relative bid for low-volatility equities and commodities exposure may persist. With policy uncertainty elevated and yields holding firm, the path of least resistance into March appears to favor continued sector dispersion and defensive positioning rather than a sustained resurgence in Growth leadership.

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) * 0.2

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.5

Plus

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

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.