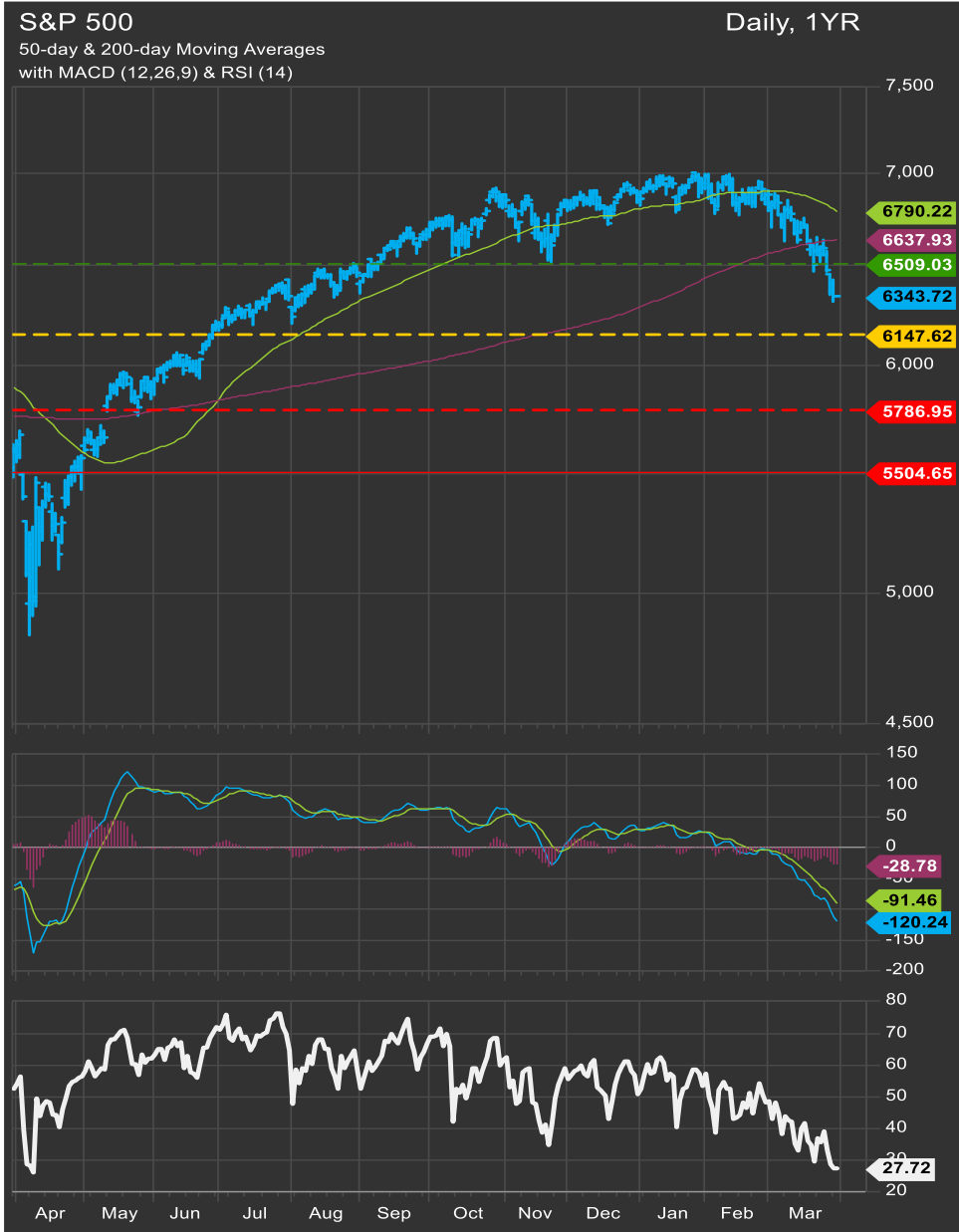


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Monthly Insights: April Outlook  
**S&P 500**

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



March 2026 proved to be a turbulent month for U.S. equities. The S&P 500 (SPX) shed significant ground, closing the month near 6,340 — levels last seen in September 2025 — as a confluence of macro headwinds, policy uncertainty, and technical breakdowns overwhelmed the support of otherwise solid corporate fundamentals. The Dow and Nasdaq have already entered formal correction territory, and the SPX is approaching its own 10% correction threshold.

The **VIX surged 52% in a single week** at one point in mid-March, jumping from ~19 to above 27. Elevated volatility-targeting funds and systematic strategies have added mechanical selling pressure on top of fundamental repositioning. The VIX reading is consistent with historically elevated put-buying on SPX components — bearish bets relative to calls are running at levels on par with the **June 2025 sentiment low**.

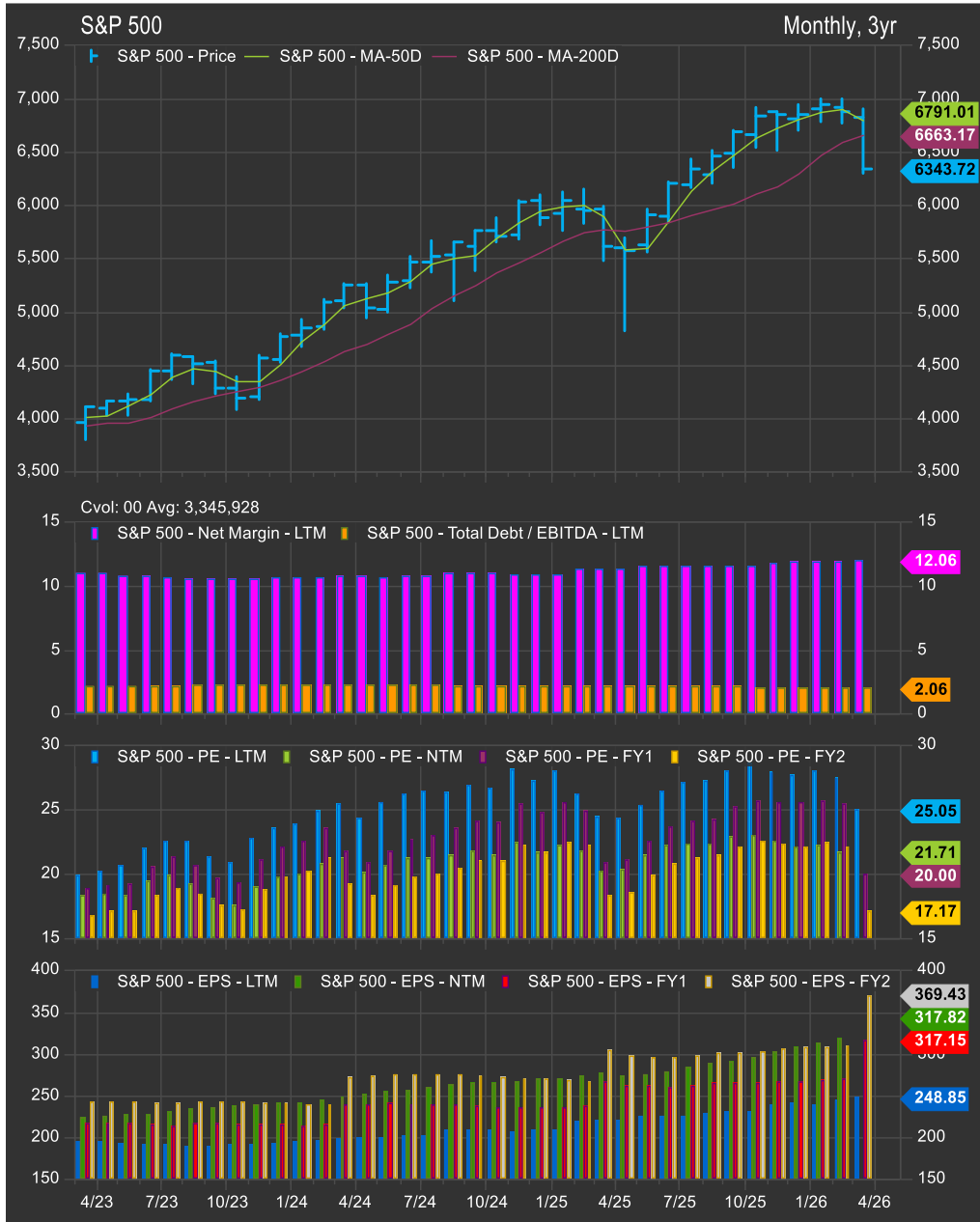
The key question for investors is whether a credible Middle East exit strategy will materialize. So far, optimistic pronouncements from the Trump Administration have not been corroborated, leaving the conflict open ended. If Crude prices retreat, we have the ingredients for an equity market bottom as interest rate pressure would likely come off as well which would free up the Fed. to take a renewed role in supporting the economy.

The weight of evidence points to continued near-term pressure, with the 6,280–6,150 zone as the key downside zone to monitor. However, the depth of pessimism now embedded in sentiment indicators means any positive surprise — from earnings, the Fed, or inflation data — could produce a sharp and fast recovery. Positioning defensively while watching for a confirmation of a bottom remains the prudent April posture.

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

Elev8 Model Positions: April 2026			
	BMK Weight	Elev8 Model	+/-
XLE	4.20%	17.40%	13.20%
XLB	2.10%	11.79%	9.69%
XLU	2.55%	10.57%	8.02%
XLP	5.33%	12.13%	6.80%
XLI	8.90%	14.76%	5.86%
VNQ	1.94%	6.45%	4.51%
XLV	9.47%	7.97%	-1.51%
VGT	33.04%	18.94%	-14.10%
XLF	12.47%	0.00%	-12.47%
XLC	10.17%	0.00%	-10.17%
XLY	9.84%	0.00%	-9.84%

# Fundamentals: S&P 500

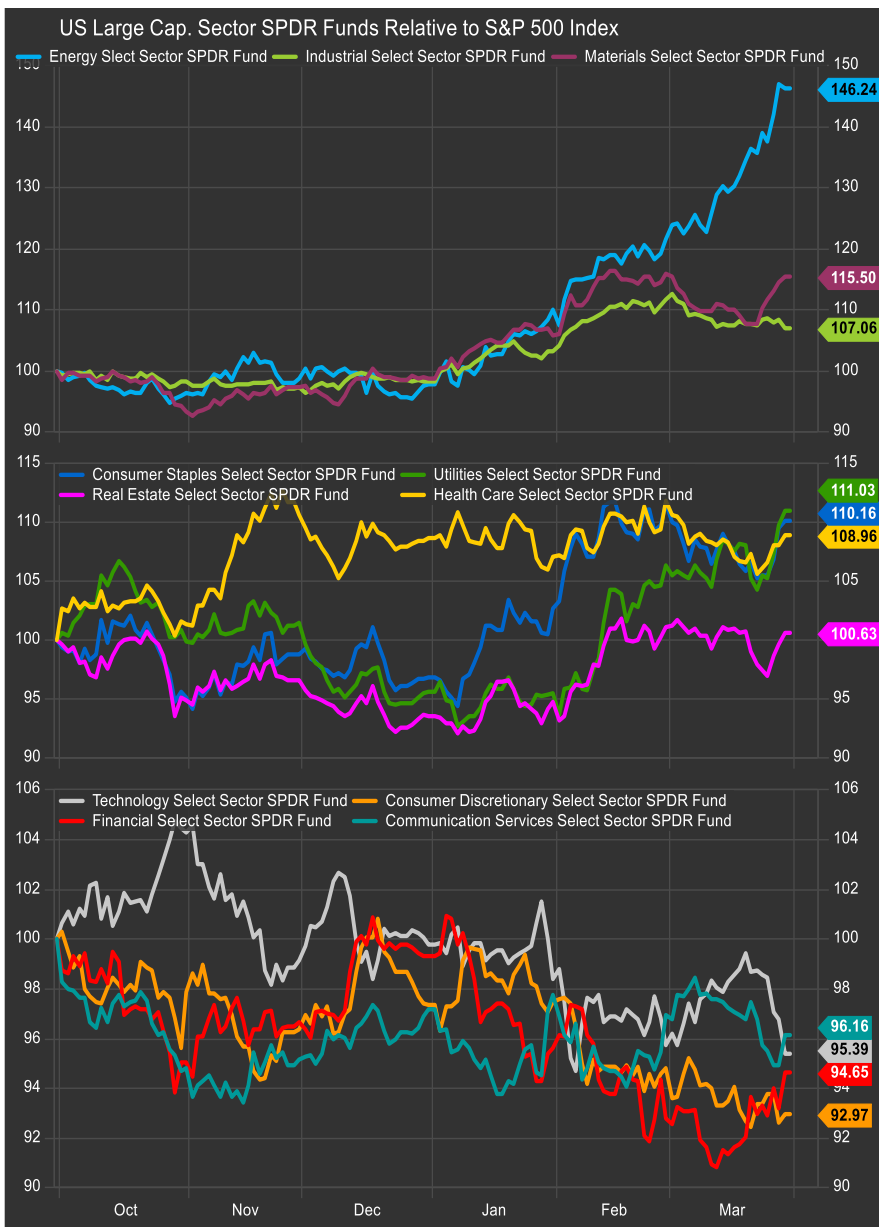


The chart (left) shows S&P 500 Margins, Debt/EBITDA, Valuation and Earnings

Net Margin for the S&P 500 ticked higher as earnings season has been better than feared. Valuations have begun to contract noticeably as the index level price corrects.

Out year earnings consensus remains quite bullish and points to an eventual buying opportunity if the bear gets ahead of itself.

# 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 ex-Energy waived a bit in March, but those sectors remain strong over the intermediate-term

**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, the status of the index has deteriorated in the near-term as investors are now discounting a more drawn-out conflict in the Middle East with potential for inflation and even recession.

# 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
APA	APA Corporation	Energy	Bullish Reversal	15,680.8	0.60	79.7	1.51	0.34	53.5
LYB	LyondellBasell Industries NV	Materials	Bullish Reversal	25,918.6	0.96	77.0	3.44	0.65	48.8
CF	CF Industries Holdings, Inc.	Materials	Bullish Reversal	20,968.1	0.68	66.6	0.96	0.75	44.4
DOW	Dow, Inc.	Materials	Bullish Reversal	29,289.7	4.22	71.6	2.19	0.60	40.1
MPC	Marathon Petroleum Corporation	Energy	Bullish Reversal	74,248.0	0.74	48.1	1.06	0.91	34.4
VLO	Valero Energy Corporation	Energy	Bullish Reversal	76,048.3	0.79	51.1	1.25	0.81	31.6
OXY	Occidental Petroleum Corporation	Energy	Bullish Reversal	64,422.9	1.09	52.5	0.99	0.07	31.0
PSX	Phillips 66	Energy	Bullish Reversal	75,452.1	0.72	44.9	1.73	1.14	29.3
EOG	EOG Resources, Inc.	Energy	Bullish Reversal	80,237.7	0.64	41.9	1.86	0.34	27.8
DVN	Devon Energy Corporation	Energy	Bullish Reversal	32,283.4	0.59	44.8	1.39	0.31	27.6
CTRA	Coterra Energy Inc.	Energy	Bullish Reversal	27,569.2	0.71	43.5	1.62	0.28	26.8

Energy and chemicals names dominated the outperform list.

Software, Media and Travel stocks were well-represented on the laggard list as cash flows and income become more sought after with volatility rising in the near-term

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
EL	Estee Lauder Companies Inc. Class A	Consumer Staples	Downtrend	16,620.6	1.22	-28.1	1.40	1.52	-31.3
PSKY	Paramount Skydance Corporation Class B	Communication Services	Downtrend	9,495.3	0.60	-31.9	1.47	1.14	-27.3
SMCI	Super Micro Computer, Inc.	Information Technology	Retracement	13,159.8	0.40	-27.0	0.00	2.41	-24.9
CNC	Centene Corporation	Health Care	Downtrend	15,736.7	0.50	-14.5	0.00	0.12	-21.4
FCO	Fair Isaac Corporation	Information Technology	Retracement	23,984.5	1.10	-30.0	0.00	1.30	-20.9
ULTA	Ulta Beauty Inc.	Consumer Discretionary	Consolidation	22,320.6	0.90	-10.3	0.00	1.32	-18.2
NCLH	Norwegian Cruise Line Holdings Ltd.	Consumer Discretionary	Consolidation	8,423.0	0.39	-14.7	0.00	2.34	-18.1
MKC	McCormick & Company, Incorporated	Consumer Staples	Downtrend	14,244.5	0.85	-16.4	2.33	0.43	-18.0
DG	Dollar General Corporation	Consumer Staples	Bullish Reversal	25,801.7	0.81	-5.0	1.29	0.22	-17.7
LUV	Southwest Airlines Co.	Industrials	Consolidation	18,355.6	0.47	-1.8	1.42	1.37	-16.5
CCL	Carnival Corporation	Consumer Discretionary	Consolidation	29,971.4	0.52	-14.2	1.61	3.33	-16.0

## 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

## Stagflation Fears Return

The dominant macro theme of March was the re-emergence of **stagflationary concerns** — a combination of sticky inflation and slowing job creation that has rattled investor confidence. Heading into 2026, markets had priced in a relatively benign Fed pivot narrative, expecting rate cuts to support employment and growth. That optimism has been systematically unwound.

**Inflation** remains elevated and is not declining fast enough to justify near-term easing.

**Job creation** data has underperformed, undermining the "soft landing" consensus.

**February CPI** came in at 2.4% YoY — meeting expectations but offering no positive catalyst for rate-cut bets.

## Federal Reserve Policy Paralysis

The Fed held rates at **3.50–3.75%** following its January meeting and maintained that stance through March. With the March 18–19 FOMC meeting pricing in a **92%+ probability of a hold**, the central bank finds itself in a self-described quandary: cutting risks re-igniting inflation, while holding risks choking employment growth. This policy paralysis has been a persistent drag on sentiment throughout the month.

## Corporate Earnings: Strong but Not Enough

Q4 2025 earnings results were objectively impressive — **14.2% blended earnings growth**, the fifth consecutive quarter of double-digit expansion, with revenue growth of 8.8–9.1%. However, the market has shifted into a **"beat and sell" regime** — investors are no longer rewarding historical results and are instead demanding confident forward guidance, which has been in short supply given the macro backdrop.

## The "Great Rotation"

Beneath the headline index moves, a significant capital rotation has been underway. Money is **fleeing AI and technology hyperscalers** — still digesting the "Capex fatigue" narrative that emerged in early 2026 — and rotating into **energy, commodities, and defensive value sectors**. This internal restructuring has created a market that appears more stable at the index level than it truly is for active sector participants.

## Base Case — Choppy Stabilization

The most likely near-term path is **volatile, range-bound trading** as the market searches for a floor. Key support levels to watch:

**6,280** — The 10% correction level from the all-time high. The Dow and Nasdaq have already crossed this threshold; the SPX approaching it would likely attract value buyers and generate significant media attention.

**6,144–6,150** — The February 2025 all-time high, which acted as resistance for four months before being broken in June 2025. This zone represents a meaningful longer-term support level and a likely target if selling accelerates.

For a recovery to take hold, the SPX needs a **sustained close back above 6,620–6,650** (the 200-day MA zone). Any dovish signal from the Fed, a cooling inflation print, or strong forward guidance from Q1 earnings could provide the catalyst.

## Bull Case — Sentiment Reversal

Sentiment indicators are approaching contrarian extremes: CNN Fear & Greed at **21 (Extreme Fear)**, AAll bears at **46%** vs. 32% bulls. Historically, such readings have preceded sharp counter-trend rallies. A VIX mean-reversion from elevated levels, combined with Q1 earnings beats in mid-April, could trigger a swift snap-back toward the 6,746–6,850 resistance zone.

## Bear Case — Breakdown Continuation

If **6,280 fails to hold**, systematic selling from volatility-targeting funds could accelerate a move toward the **6,144–6,150** area. A hotter-than-expected inflation print, a hawkish Fed surprise, or a deterioration in Q1 earnings guidance would raise the probability of this scenario materially.

# 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.