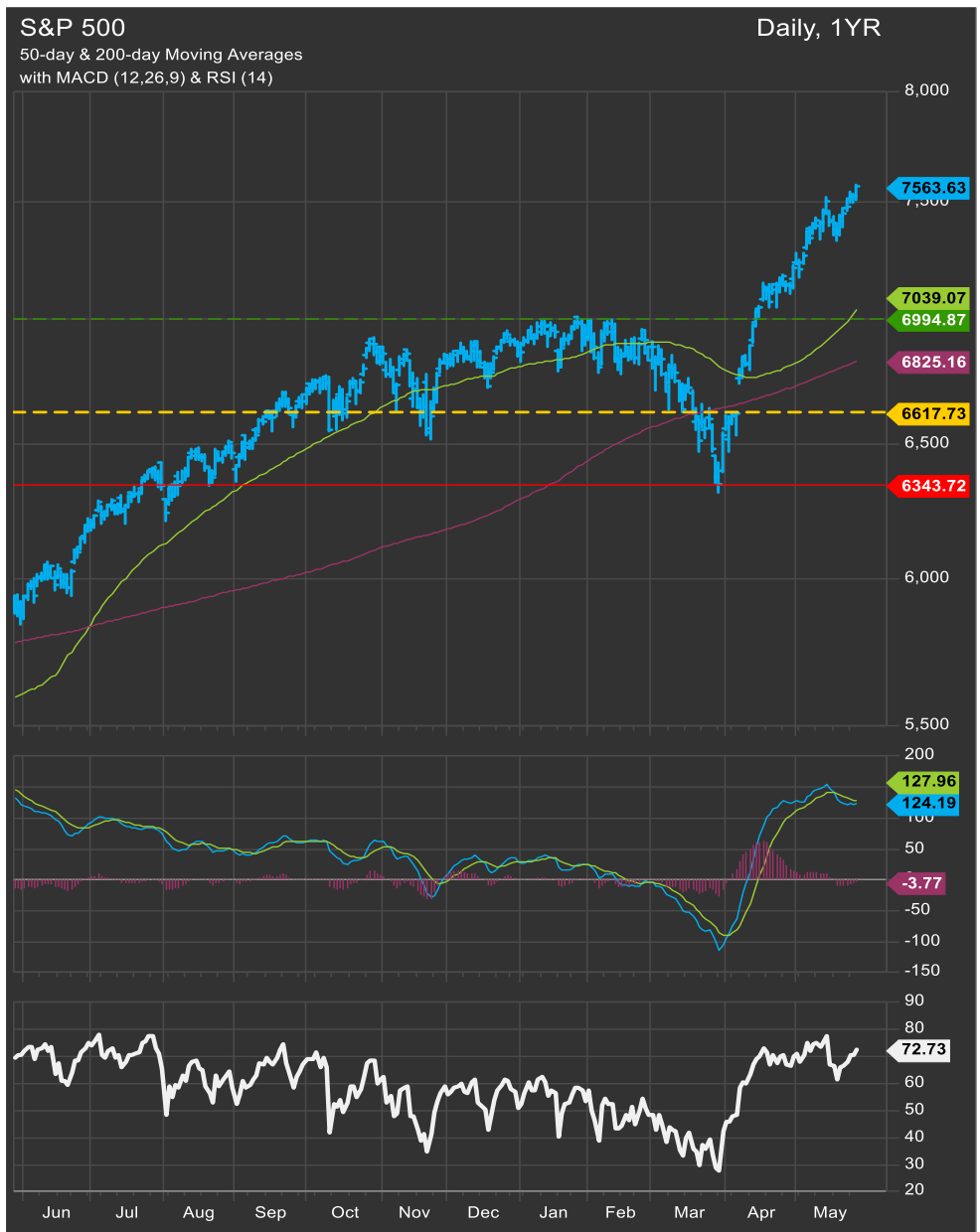


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Monthly Insights: June Outlook  
**S&P 500**

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



The S&P 500 enters June with a constructive but more demanding setup. The market is no longer climbing a wall of skepticism; it is now being asked to justify record-high index levels, elevated valuations and very strong recent momentum with continued earnings delivery. The late-May tape confirms that investors remain willing to own U.S. large-cap risk: the S&P 500 closed at a record **7,520.36 on May 27**, while the Dow and Nasdaq also set records. The market's message is clear: investors are looking through slower real growth and sticky inflation because earnings revisions, AI capital spending and resilient nominal demand remain strong enough to support risk appetite.

Technically, the S&P 500 enters June in an established uptrend, but with a less favorable entry point than it had earlier in the quarter. VOO's **4.84% one-month return** and **8.47% three-month return** show persistent price strength, while the **72.1 RSI** indicates the index is overbought on a tactical basis. In institutional terms, this is not a sell signal; it is a signal that forward returns are likely to become more dependent on earnings confirmation and less dependent on multiple expansion.

The recommended June posture is to remain constructive on the S&P 500, but to be precise about implementation. Maintain VOO as the diversified large-cap core. Overweight Technology because it remains the highest-quality earnings-growth exposure. Overweight Industrials because it offers the best broadening trade tied to AI physical infrastructure, power, defense, automation and reshoring. Maintain modest overweights in Discretionary, Real Estate, Energy and Materials because the macro backdrop is still

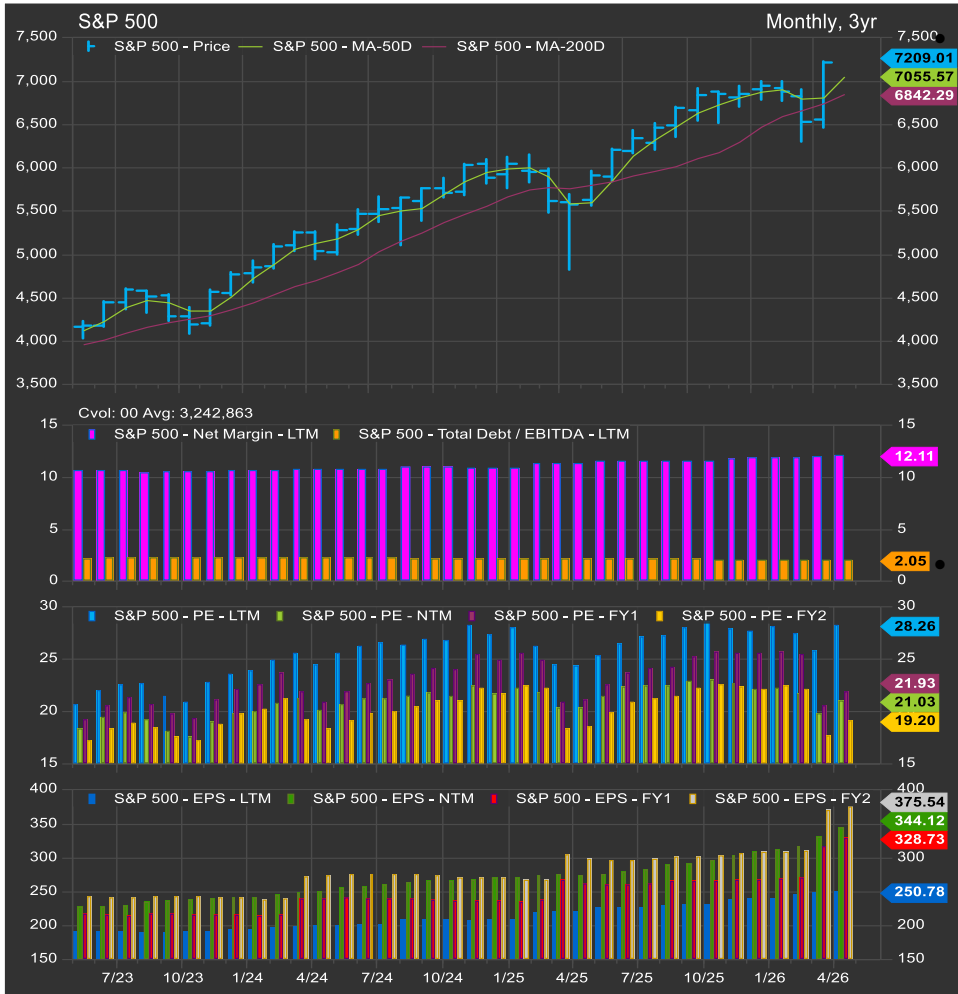
pro-risk and inflationary. Treat Utilities, Health Care and Staples as selective exposures rather than broad defensive overweights, because strong investor risk appetite and commodity-led inflation reduce the relative appeal of traditional defensives.

Bottom line: the S&P 500 is extended, but not exhausted. The June playbook is to stay invested, avoid chasing overbought index strength, use pullbacks to add exposure, and emphasize sectors where earnings revisions and macro conditions reinforce each other.

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

Elev8 Model Positions: June 2026			
	BMK Weight	Elev8 Model	+/-
VGT	39.70%	47.78%	8.08%
VIS	8.16%	14.10%	5.93%
VAW	1.84%	3.82%	1.98%
VNQ	1.82%	3.20%	1.38%
VDE	3.22%	3.98%	0.77%
VOX	9.32%	9.86%	0.54%
VCR	9.52%	9.99%	0.47%
VPU	2.12%	0.00%	-2.12%
VFH	11.25%	7.27%	-3.98%
VDC	4.65%	0.00%	-4.65%
VHT	8.40%	0.00%	-8.40%

# Fundamentals: S&P 500

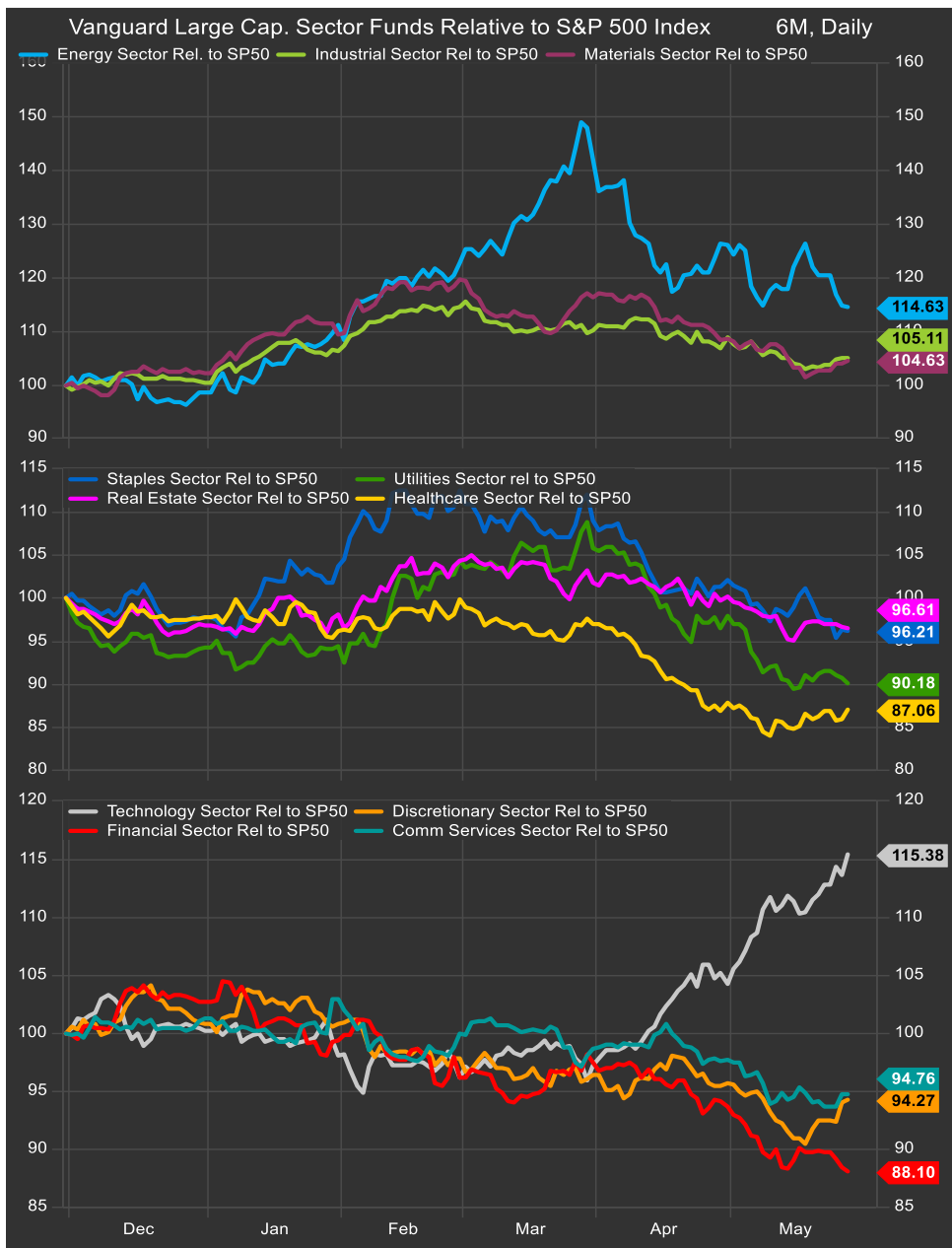


Q1 reporting season was the decisive reason the index was able to absorb hotter inflation, weaker real income data and Fed uncertainty. FactSet’s latest Earnings Insight showed that 94% of S&P 500 companies had reported Q1 results, 84% had beaten EPS estimates, 81% had beaten revenue estimates, and blended year-over-year earnings growth was running at **28.4%**, the strongest pace since Q4 2021 if sustained. Revenue growth was also strong at **11.6%**, and the blended net profit margin improved to **14.8%**, above the prior quarter, above the year-ago level and above the five-year average.

The quality of the earnings beat mattered as much as the headline beat rate. The market rewarded the fact that earnings upside was concentrated in areas with secular support: AI infrastructure, semiconductors, mega-cap platforms, select industrial capex beneficiaries and companies with strong pricing power. FactSet noted that the Magnificent 7 posted **63.2%** Q1 earnings growth, while the other 493 companies still delivered **17.4%** growth. That is a critical distinction. The rally is concentrated, but it is not exclusively a narrow mega-cap story; the non-Mag-7 portion of the index is also growing earnings at a healthy rate.

Ticker	Price	1D	1W	1M	3M	6M	RSI	1M Flow	YTD Flow	1Y Flow
VOO	\$685.55	+0.40%	+0.98%	+4.84%	+8.47%	+13.82%	72.1	\$16.08B	\$59.20B	\$131.33B

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



Sector	VOO Sector Weight	June Stance	Fundamental Read	Macro / Policy Sensitivity
Information Technology	32.9%	<b>Overweight</b>	Best earnings-growth and AI infrastructure exposure.	AI capex, export controls, rates, U.S.-China, hyperscaler spend, valuation.
Financials	12.6%	Market Weight	Valuation support; credit and curve uncertainty remain.	Fed path, credit quality, CRE, capital rules, consumer credit.
Communication Services	10.3%	Market Weight	Quality platforms, but AI capex and regulation need validation.	Digital ads, antitrust, AI policy, streaming economics, telecom capex.
Consumer Discretionary	9.9%	<b>Modest Overweight</b>	Selective bull-market exposure through platforms, travel and quality retail.	Rates, fuel, consumer income, tariffs, credit, housing turnover.
Health Care	9.5%	Complicated / Selective	Quality and innovation offset by policy and utilization risk.	CMS, drug pricing, FDA, managed care, rates.
Industrials	9.0%	<b>Overweight</b>	Best non-Tech broadening exposure: power, defense, automation, infrastructure.	Manufacturing, tariffs, defense budgets, capex, oil, rates.
Consumer Staples	5.3%	Complicated / Selective	Defensive but limited growth; commodity inflation pressures margins.	Food inflation, private label, freight, tariffs, wages.
Energy	4.0%	<b>Modest Overweight</b>	Inflation and geopolitical hedge with strong commodity leverage.	Oil, OPEC+, Hormuz, sanctions, fuel inflation, LNG.
Utilities	2.5%	Complicated / Selective	Long-term load growth, but rates and affordability constrain near-term upside.	Treasury yields, rate cases, FERC, data-center load, grid capex.
Materials	2.1%	<b>Modest Overweight</b>	Select inflation/cyclical exposure: construction materials, copper, gold.	Tariffs, China, dollar, energy, infrastructure, metals.
Real Estate	2.0%	<b>Modest Overweight</b>	Data centers, towers, senior housing and quality retail offset office risk.	Rates, credit spreads, refinancing, property values, power access.

5/28/2026

# 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
MU	Micron Technology, Inc.	Information Technology	Uptrend	1,046,999.5	0.49	137.9	0.04	2.52	72.0
DDOG	Datadog, Inc. Class A	Information Technology	Bullish Reversal	73,380.5	4.06	68.7	0.00	1.94	62.3
QCOM	QUALCOMM Incorporated	Information Technology	Bullish Reversal	246,003.6	1.04	49.2	1.05	1.90	50.4
AKAM	Akamai Technologies, Inc.	Information Technology	Bullish Reversal	20,998.0	1.00	42.3	0.00	-0.44	45.6
FTNT	Fortinet, Inc.	Information Technology	Bullish Reversal	93,727.7	1.86	49.0	0.00	0.72	44.4
SNDK	Sandisk Corporation	Information Technology	Uptrend	235,453.8	0.45	209.1	0.00	4.82	43.6
AMD	Advanced Micro Devices, Inc.	Information Technology	Uptrend	808,027.8	2.42	105.9	0.00	2.73	43.1
STX	Seagate Technology Holdings PLC	Information Technology	Uptrend	195,227.2	1.61	106.5	0.24	2.79	41.2
INTC	Intel Corporation	Information Technology	Uptrend	612,016.0	4.63	134.1	0.03	3.37	38.3
CRWD	CrowdStrike Holdings, Inc. Class A	Information Technology	Bullish Reversal	164,267.7	5.80	46.6	0.00	1.40	37.0

It's all Tech on the leader board as anything remotely associated with the AI eco-system is taking off like a rocket ship.

On the downside are healthcare names, disrupted Tech and machinery names outside of the AI halo.

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
ZTS	Zoetis, Inc. Class A	Health Care	Downtrend	33,320.3	0.53	-45.3	1.97	0.89	-37.5
PODD	Insulet Corporation	Health Care	Downtrend	10,113.3	0.97	-46.7	0.00	1.72	-27.4
PNR	Pentair plc	Industrials	Retracement	11,708.3	0.62	-34.6	1.10	1.23	-26.4
INTU	Intuit Inc.	Information Technology	Downtrend	84,175.5	0.55	-37.3	1.07	0.64	-26.0
TRMB	Trimble Inc.	Information Technology	Downtrend	12,793.2	0.69	-29.5	#N/A	1.21	-23.2
POOL	Pool Corporation	Consumer Discretionary	Downtrend	6,720.5	0.76	-27.3	1.59	1.31	-22.5
BSX	Boston Scientific Corporation	Health Care	Retracement	75,001.5	0.68	-40.4	0.00	0.61	-20.8
CHTR	Charter Communications, Inc. Class A	Communication Services	Downtrend	18,100.9	0.16	-37.1	0.00	0.04	-20.7
REGN	Regeneron Pharmaceuticals, Inc.	Health Care	Retracement	64,671.0	0.60	-26.9	0.46	0.17	-20.5
IR	Ingersoll Rand Inc.	Industrials	Retracement	27,769.3	0.92	-27.7	0.05	1.25	-20.5

## 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

## What Shaped the Market Narrative in May

The major narrative was AI. In May, the market increasingly framed AI not as a speculative theme but as a measurable earnings and capital-spending cycle. FactSet showed Information Technology earnings growth at **53.4%**, with Semiconductors & Semiconductor Equipment earnings growth of **107%**; it also identified NVIDIA and Micron as major contributors to sector earnings growth. That is why Technology leadership has persisted even as valuations have expanded. Reuters also reported that Goldman Sachs raised its 2026 year-end S&P 500 target to 8,000, citing strong earnings, higher S&P 500 EPS forecasts and the expectation that AI infrastructure beneficiaries could drive about half of this year's index earnings growth.

A secondary narrative was the macro pivot from "goldilocks" to "inflationary expansion." The economy is slowing, but not collapsing. Q1 real GDP was revised down to **1.6% annualized** from the advance estimate of 2.0%, but real final sales to private domestic purchasers rose **2.4%**, which suggests underlying domestic demand remains positive. Corporate profits from current production still increased in Q1, though the gain was much smaller than in Q4. The market took this as confirmation that growth is decelerating, but not enough to derail earnings.

The problem is inflation. April PCE data showed current-dollar consumer spending up **0.5%**, but real PCE up only **0.1%**; real disposable personal income fell **0.5%**, and the personal saving rate dropped to **2.6%**. The PCE price index rose **3.8% year over year**, while core PCE rose **3.3%**. This is the heart of the June debate: nominal spending is still supporting revenue, but household purchasing power is being squeezed.

CPI data reinforce the same conclusion. April CPI rose **3.8% year over year**, energy prices rose **17.9%**, gasoline rose **28.4%**, electricity rose **6.1%**, and core CPI rose **2.8%** year over year. The equity market can live with inflation when it supports nominal revenue and pricing power; it has a harder time living with inflation when it pressures margins, household real income and the Fed's policy flexibility. That is why Energy and Materials have better strategic relevance in June than they would in a disinflationary slowdown, while Staples, Utilities and Health Care face a more complicated risk/reward.

Another key dynamic, the labor market is stable but no longer accelerating. April payrolls rose **115,000**, and the unemployment rate held at **4.3%**. Job creation was concentrated in health care, transportation and warehousing, and retail trade, while federal government employment continued to decline. For equities, this is a mixed signal. The labor market is not weak enough to

force a defensive rotation, but it is not strong enough to remove concerns about consumer durability.

Consumer data also cut both ways. April retail and food services sales rose **0.5% month over month** and **4.9% year over year**, while nonstore retailers rose **11.1% year over year**. Those numbers support the case for continued nominal spending and help explain why Consumer Discretionary can warrant a modest overweight in a bull-market environment. However, because these figures are not adjusted for inflation, they should not be interpreted as a clean real-volume acceleration.

Supply chain inflation was also notable. ISM manufacturing remained in expansion at **52.7** in April, new orders expanded at **54.1**, and the economy expanded for an 18th straight month by ISM's historical framework. But the Prices Index jumped to **84.6**, its highest reading since April 2022, with ISM citing steel, aluminum, tariffs and petroleum-based products linked to the Middle East conflict as key drivers. This is central to the sector view: it supports Industrials, Energy and Materials where companies have backlog, scarcity value or pricing power, but it also raises margin risk for lower-quality cyclical and consumer businesses.

Services were still expansionary as well. The ISM Services PMI was **53.6** in April, above its 12-month average, with 14 industries reporting growth. But ISM also noted that services prices remained above 70 amid sustained higher oil and fuel costs. That is why the S&P 500 is not simply in a benign growth regime; it is in a nominal-growth regime with an inflation tax attached.

# Economic & Policy Drivers: S&P 500 (Cont'd)

The final major narrative was the Fed. The April FOMC minutes showed that policymakers viewed inflation as elevated, partly due to higher global energy prices, and that developments in the Middle East were creating unusually high uncertainty. The Committee maintained the target range for the federal funds rate at **3.50%–3.75%**, but the minutes also showed a more two-sided policy debate: rate cuts could be warranted if disinflation resumes or labor weakens, while policy firming could become appropriate if inflation remains persistently above target.

For the S&P 500, that Fed setup matters because the market is no longer priced for easy disinflation. Higher-for-longer rates are tolerable if earnings revisions remain strong, but they are not tolerable if revenue slows, margins compress or AI guidance disappoints. The Fed is unlikely to be a major upside catalyst in June unless inflation data soften materially. More likely, the Fed is a source of volatility control: as long as policymakers hold steady and do not validate a near-term hiking path, the equity market can continue to focus on earnings.

## **June Outlook**

The base case for June is **constructive but choppy upside**. The market has enough earnings support to remain in an uptrend, but the combination of record highs, elevated RSI, sticky inflation and a less dovish Fed argues against a straight-line advance. The S&P 500 should be treated as a core holding, not as a risk asset to abandon. However, new capital should be deployed more selectively, preferably on pullbacks or through sectors with the strongest earnings and macro alignment.

The primary upside case is continued earnings revision momentum. If AI infrastructure demand remains strong, if semiconductor and hyperscaler guidance continues to support 2026 earnings estimates, and if Industrials show stronger backlog conversion tied to power, data centers, defense and reshoring, the S&P 500 can extend its rally despite elevated valuations. In this scenario, Technology continues to lead, Industrials broaden, and modest overweights in Discretionary, Real Estate, Energy and Materials add useful cyclical and inflation-sensitive participation.

The second upside case is a stabilization in oil and inflation. The market does not need inflation to

fall rapidly; it needs inflation to stop accelerating. If June CPI and PCE data show that energy-price pass-through is contained, the Fed can remain on hold without sounding more hawkish. That would allow investors to refocus on earnings, margins and capex. A stable Fed plus strong earnings is the cleanest path to additional S&P 500 upside.

The downside case is a negative interaction between commodities, inflation and rates. If oil rises again, gasoline pressure intensifies, real disposable income weakens further, and the Fed signals that policy may need to firm, the index could see a valuation reset. Technology would be vulnerable because it is both the largest earnings-growth engine and the most crowded leadership group. Consumer-facing sectors would also become more fragile if nominal spending remains positive but real spending weakens.

The second downside risk is earnings concentration. Vanguard's VOO profile shows the top ten holdings at **37.8%** of assets, with Information Technology at **32.9%** of the fund, followed by Financials, Communication Services, Consumer Discretionary, Health Care and Industrials. The index also trades at **26.1x earnings**, with **29.0% return on equity** and a **23.5% earnings growth rate**. Those are high-quality attributes, but they also mean the index depends heavily on a relatively narrow set of mega-cap and AI-linked companies continuing to justify premium multiples.

## Appendix: Sources (all chart sourced from FactSet Research Systems Inc.)

- **FactSet Earnings Insight, May 21, 2026** — S&P 500 earnings scorecard, sector earnings and revenue growth, earnings revisions, margins, valuation and Magnificent 7 / ex-Mag 7 analysis.
- **BEA GDP, Second Estimate, Q1 2026** — real GDP, domestic-demand and corporate-profit framework.
- **BEA Personal Income and Outlays, April 2026** — PCE, real PCE, disposable income, savings rate and PCE inflation.
- **BLS CPI, April 2026** — headline CPI, core CPI, energy, gasoline, electricity, food and category-level inflation.
- **BLS Employment Situation, April 2026** — payrolls, unemployment and sector hiring trends.
- **U.S. Census Monthly Retail Trade Report** — retail sales, food services, nonstore retail and consumer-spending indicators.
- **ISM Manufacturing PMI, April 2026** — manufacturing activity, new orders, production and input prices.
- **ISM Services PMI, April 2026** — services activity, business activity, prices and service-sector breadth.
- **Federal Reserve FOMC Minutes, April 2026 meeting** — policy-rate backdrop, inflation uncertainty, labor-market risk and Middle East energy implications.
- **Federal Reserve Financial Stability Report, May 2026** — bank resilience, credit conditions, CRE risk and broader financial stability framework.
- **Reuters: Goldman Sachs raises S&P 500 year-end target to 8,000** — market narrative around earnings-driven upside and AI infrastructure contribution.
- **Reuters: Wall Street indexes post record highs, May 27, 2026** — market-event source for record S&P 500 / Nasdaq / Dow close narrative.

# 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.