Weekly Market Analysis #615 — 22 May 2026
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This Week

On Friday, Marc Chaikin and Jonathan Rose wrote:

> For most of the past 15 years, the market has been almost embarrassingly forgiving. Buy the dip. Own the biggest technology names. Stay invested. Ignore the noise.
>
> That strategy worked because the broader environment supported it. Interest rates stayed historically low. Liquidity flooded the financial system. Mega-cap growth stocks dominated index performance. And nearly every major pullback eventually gave way to another rally higher.
>
> That era is over. Today, we're navigating a market shaped by wild sentiment swings, geopolitical instability, commodity shocks, and a stock index that's been propped up by a handful of names.
>
> According to Goldman Sachs and Bloomberg, the S&P 500's concentration recently hit levels not seen in decades. In other words, a small group of stocks is doing the heavy lifting for the entire index. At the same time, the volatility that was largely absent during the post-2009 bull run — the kind tied to rates, energy prices, geopolitics, and AI speculation — has come roaring back.
>
> Even the big firms — JPMorgan, BlackRock, Morgan Stanley — are saying the era of effortless passive investing is ending. They've all noted that higher dispersion, more violent sector rotations, and structurally elevated volatility are likely to define the next phase of the market cycle.
>
> This shift won't be temporary. The defining feature of what's coming is volatility. Not just chaos during crises — but recurring volatility across sectors, commodities, currencies, and macro themes.
>
> One week, investors are chasing AI names higher. The next, capital rotates aggressively into energy, precious metals, defense, or other "risk-off" trades. Sharp reversals are the new normal. Stories that dominate one week are forgotten the next. And investors who haven't adjusted are getting caught flat-footed.

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What does the word "concentration" mean in this context? Steve Blumenthal explains it in one sentence: "43% of the SPX sits in just two sectors: Information Technology and Communication Services."

This week's [On My Radar by Steve Blumenthal] is long...but it's important. What I do with a big newsletter like this is print it out, study it in sections, and highlight the important passages.

Here's a summary of Steve Blumenthal's May 15, 2026 **On My Radar**. I don’t use AI to produce any of my weekly analysis, but I had this prepared for everyone by Claude.AI because it’s so important:

Title: "U.S. vs. China — Energy, Control, and the Global Order"

- **The thesis:** Blumenthal summarizes a presentation by Dr. Ram Charan (Harvard Business School, author of *China's 90% Model*) at the Mauldin Economics Strategic Investment Conference, timed to coincide with Trump's meeting with Xi in China that same week.
- **The 90% Model:** Xi Jinping has directed Chinese industry to build capacity equal to 90% of estimated world demand in 30 strategic sectors — solar panels (~97% global share), EVs (~95% of global capacity), and others — using hyperscale production, government-directed below-cost pricing, and a ~25% RMB devaluation to eliminate all foreign competition.
- **The trade surplus war chest:** China ran a $1.25 trillion trade surplus last year; Charan projects $1.8 trillion in 2026. Combined with $7.4 trillion in reserves and 250+ tons of gold, this funds military expansion, technology acquisition, and the next round of industrial dominance. Blumenthal frames it plainly: China is the shop owner; America is the customer — and customers accumulate dependency.
- **Rare earths as a choke point:** China controls ~69% of global rare earth mining and ~90% of processing. It is now restricting magnet exports and blocking technical personnel from traveling. On a positive note, Charan cited a U.S. government-led $12 billion "Project Vault" to stockpile critical minerals as a meaningful counter-move.
- **Blumenthal's bottom line:** This has been visible since at least 2019 (when he first wrote about Jonathan Ward's *China's Vision of Victory* after Camp Kotok). Charan's message is that it is not too late — the engineers and knowledge to rebuild American industrial capacity exist — but urgency is required.

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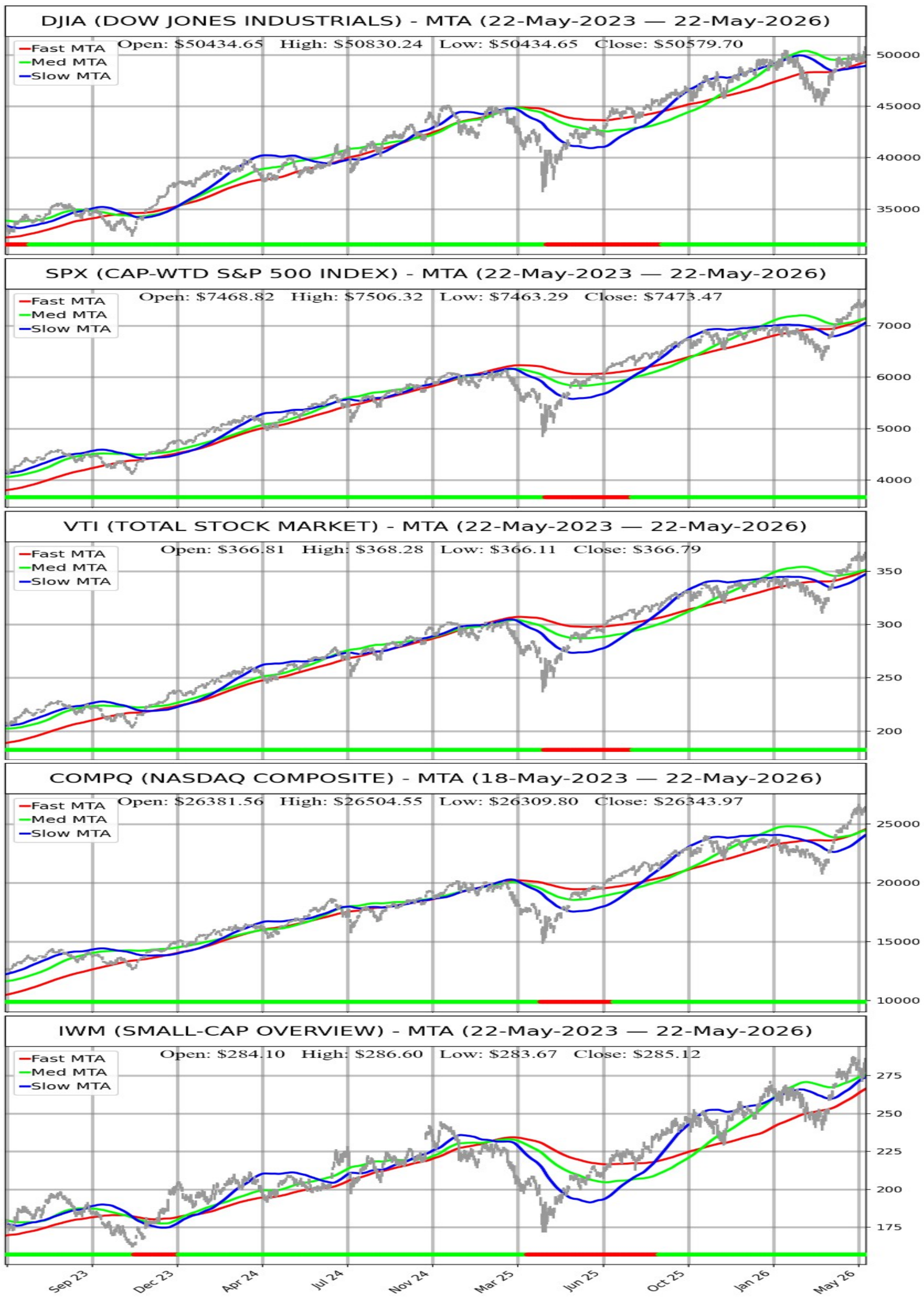
Keith Fitz-Gerald is fond of expressing what’s coming at us by saying:

> “The Dragon is coming to dinner next Tuesday. The only decision you need to make as an investor is whether to be at the table or on the menu.”

[Market Barometers]

All MTAs are still green and all indexes are still up MoM, but DJIA was the only one to make a new high.



Month-over-Month: DJIA: 2.7%, SPX: 4.3%, VTI: 4.2%, COMPQ: 6.1%, IWM: 3.1%

A Closer Look

The SPX ended the week up slightly at $7473.47, but less than last week's all-time high. The BPSPX largely followed price, ending slightly up at 51.8%. The NYAD also followed price, but finished significantly lower than the high 3 weeks ago. The SPXA50R and the SPXA200R did better than the SPX, closing at 58% and 50.4%, respectively.

[S&P Price]   [Bullish Percent]   [Advance-Decline Line]   [Stocks Above Averages]

[Bullish Universe](#) ⟵ Use this link to get to the live summary table

[Bearish Universe](#) ⟵ Use this link to get to the live summary table

[Inflation Universe](#) ⟵ Use this link to get to the live summary table

[Auxiliary Universe](#) ⟵ Use this link to get to the live summary table

[Dividend Universe](#) ⟵ Use this link to get to the live summary table

The Relative Strength History table shows the sector with the highest slope at the top and the sector with the lowest slope at the bottom. The lower table shows the corresponding ETFs and their slopes for the current week.

Relative Strength History 27-Feb-2026 to 22-May-2026

27 Feb	06 Mar	13 Mar	20 Mar	27 Mar	02 Apr	10 Apr	17 Apr	24 Apr	01 May	08 May	15 May	22 May
GOLD	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
ENRGY	GOLD	GOLD	GOLD	GOLD	GOLD	BIOTC	SEMIS	ENRGY	ENRGY	ENRGY	TECHS	TECHS
SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	BIOTC	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	ENRGY
MATER	MATER	MATER	DFEND	BIOTC	SEMIS	GOLD	MATER	MATER	INFRA	TECHS	ENRGY	BIOTC
NUCLR	NUCLR	DFEND	MATER	DFEND	MATER	MATER	INFRA	INFRA	NUCLR	INFRA	INFRA	INFRA
BIOTC	DFEND	BIOTC	BIOTC	MATER	UTILS	UTILS	UTILS	NUCLR	MATER	NUCLR	NUCLR	SP500
INFRA	INFRA	INFRA	INDUS	UTILS	DFEND	INFRA	GOLD	INDUS	TECHS	MATER	SP500	TRANS
DFEND	BIOTC	INDUS	UTILS	INDUS	INDUS	INDUS	INDUS	TRANS	TRANS	TRANS	MATER	REALE
INDUS	INDUS	STAPL	INFRA	INFRA	INFRA	DFEND	DFEND	UTILS	INDUS	INDUS	TRANS	MATER
STAPL	STAPL	NUCLR	STAPL	STAPL	STAPL	STAPL	NUCLR	GOLD	REALE	SP500	INDUS	INDUS
TRANS	TRANS	TRANS	NUCLR	NUCLR	NUCLR	REALE	TRANS	TECHS	BANKS	REALE	REALE	NUCLR
EUROP	EUROP	UTILS	TRANS	TRANS	TRANS	TRANS	REALE	REALE	UTILS	BANKS	BANKS	EUROP
BANKS	UTILS	EUROP	REALE	REALE	REALE	NUCLR	EUROP	EUROP	SP500	EUROP	EUROP	BANKS
BLDRS	HLTHY	HLTHY	EUROP	HLTHY	EUROP	EUROP	STAPL	BANKS	EUROP	UTILS	STAPL	STAPL
HLTHY	BANKS	REALE	HLTHY	EUROP	HLTHY	HLTHY	BANKS	SP500	GOLD	GOLD	UTILS	DISCR
UTILS	BLDRS	BANKS	COMMS	COMMS	COMMS	SP500	TECHS	DFEND	STAPL	STAPL	DISCR	COMMS
SALES	REALE	COMMS	SP500	SP500	SP500	BANKS	SP500	STAPL	COMMS	DISCR	GOLD	UTILS
REALE	SALES	SP500	BANKS	BANKS	BANKS	COMMS	COMMS	COMMS	SALES	COMMS	COMMS	GOLD
SP500	SP500	BLDRS	TECHS	TECHS	TECHS	TECHS	HLTHY	SALES	DFEND	SALES	SALES	INSUR
COMMS	COMMS	SALES	SALES	SALES	SALES	SALES	SALES	DISCR	DISCR	DFEND	DFEND	FINAN
DISCR	TECHS	TECHS	BLDRS	INSUR	INSUR	INSUR	INSUR	HLTHY	INSUR	FINAN	FINAN	DFEND
TECHS	DISCR	DISCR	DISCR	DISCR	DISCR	FINAN	DISCR	INSUR	FINAN	INSUR	INSUR	SALES
INSUR	INSUR	INSUR	INSUR	FINAN	FINAN	DISCR	FINAN	FINAN	HLTHY	HLTHY	HLTHY	HLTHY
FINAN	FINAN	FINAN	FINAN	BLDRS	BONDS	BONDS	BONDS	BLDRS	BLDRS	BLDRS	BONDS	BONDS
BONDS	BONDS	BONDS	BONDS	BONDS	BLDRS	BLDRS	BLDRS	BONDS	BONDS	BONDS	BLDRS	BLDRS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. SMH	11.14	SEMIS	SEMICONDUCTORS	14. XLP	0.67	STAPL	CONSUMER STAPLES
2. IGM	5.35	TECHS	TECHNOLOGY	15. XLY	0.41	DISCR	CONSUMER DISCR
3. XLE	3.50	ENRGY	ENERGY	16. XLC	0.20	COMMS	COMMUNICATION SRVCS
4. XBI	2.75	BIOTC	BIOTECH	17. XLU	0.09	UTILS	UTILITIES
5. PAVE	2.68	INFRA	INFRASTRUCTURE	18. GLD	-0.12	GOLD	GOLD
6. SPX	2.34	SP500	S&P 500	19. KIE	-0.36	INSUR	INSURANCE
7. IYT	1.70	TRANS	TRANSPORTATION	20. XLF	-0.40	FINAN	FINANCIALS
8. XLRE	1.61	REALE	REAL ESTATE	21. ITA	-0.52	DFEND	AEROSPACE & DEFENSE
9. XLB	1.50	MATER	MATERIALS	22. XRT	-0.77	SALES	RETAIL SALES
10. XLI	1.43	INDUS	INDUSTRIALS	23. XLV	-0.89	HLTHY	HEALTH CARE
11. URA	1.42	NUCLR	NUCLEAR ENERGY	24. PTY	-1.94	BONDS	CASH EQUIVALENT
12. VGK	1.00	EUROP	EUROPE	25. ITB	-2.48	BLDRS	HOMEBUILDERS
13. KBE	0.94	BANKS	BANKS				

Now the top 5 sectors are the same as last week but Biotech and Energy switched places. As the SPX rises to #6, now only 5 out of 24 sectors are driving this rally, and 19 out of the 24 – nearly 80% of the sectors – are lagging behind the index.

[Sector Universe](#) ← **Use this link to get to the live summary table**

The order of the sector ETFs and their synonyms in this SPX Sector Universe Summary table should match the order of the synonyms in the rightmost column of the Relative Strength History Table above. This table provides a quick look at sector MTA status, Relative-Strength, Chaikin Money Flow, the number of weeks since price made a New High and New Low, and the MACD Histogram score.

SPX Sector Universe Summary for 22-May-2026

Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	11.14:2.30	up	1/2	4.5
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	5.35:2.30	up	999/2	1.7
XLE	ENRGY	ENERGY	ETF	UP	3.50:2.30	=up=	7/1	-0.6
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	2.75:2.30	=UP=	1/7	-1.4
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	2.68:2.30	–UP–	1/6	0.3
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	2.34:2.30	up	1/2	0.7
IYT	TRANS	TRANSPORT NDX	ETF	UP	1.70:2.30	UP	2/0	0.0
XLRE	REALE	REAL ESTATE	ETF	UP	1.61:2.30	≡UP≡	2/0	0.7
XLB	MATER	MATERIALS	ETF	UP	1.50:2.30	=dn=	1/7	-0.4
XLI	INDUS	SPX INDUSTRIALS	ETF	UP	1.43:2.30	UP	1/6	-0.3
URA	NUCLR	NUCLEAR ENERGY	ETF	UP	1.42:2.30	«DN»	1/7	-1.3
VGK	EUROP	FTSE EUROPE	ETF	UP	1.00:2.30	=UP=	2/0	-0.2
KBE	BANKS	S&P BANK SECTOR	ETF	UP	0.94:2.30	dn	2/0	-0.0
XLP	STAPL	CONSUMER STAPLES	ETF	UP	0.67:2.30	UP	11/0	-0.1
XLY	DISCR	CONSUMER DISCR	ETF	DN	0.41:2.30	–UP–	2/5	0.3
XLC	COMMS	COMMUNICATION SRVCS	ETF	UP	0.20:2.30	«DN»	0/3	-0.1
XLU	UTILS	UTILITIES	ETF	UP	0.09:2.30	–UP–	2/0	-0.5
GLD	GOLD	SPDR GOLD SHARES	ETF	UP	-0.12:2.30	=UP=	0/7	-3.1
KIE	INSUR	INSURANCE SECTOR	ETF	DN	-0.36:2.30	«dn»	3/0	0.1
XLF	FINAN	FINANCIALS	ETF	DN	-0.40:2.30	dn	3/0	0.1
ITA	DFEND	SPACE & DEFENSE	ETF	UP	-0.52:2.30	=UP=	1/0	-2.0
XRT	SALES	RETAIL	ETF	UP	-0.77:2.30	–UP–	2/0	-0.6
XLV	HLTHY	HEALTH CARE	ETF	UP	-0.89:2.30	≡UP≡	10/0	-1.1
PTY	BONDS	PIMCO CORP & INCOME OPPTY	CEF	DN	-1.94:2.30	DN	0/182	-0.2
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	-2.48:2.30	«UP»	2/56	-1.0

MoM price changes for the top 5 sectors: SMH: 13.8%, IGM: 10.1%, XBI: -1.2%, XLE: 4.6%, PAVE: -2.1%

MoM price changes for the Big 8 (the Mag 7 plus AVGO) are: AAPL: 13.9%, AMZN: 0.9%, AVGO: -2.0%, GOOGL: 11.2%, META: -9.6%, MSFT: -1.4%, NFLX: -4.2%, TSLA: 13.2%

The Big 8 are split evenly between rising and falling.

This Week's Selections

Last week my sector choices were: IGM (10%), PAVE (10%), SMH (10%), XBI (10%), and PTY (60%).

Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
SMH	UP	Up	11.1362%	$532.07	$576.32	Hold 10%
IGM	UP	Up	5.3470%	$144.61	$157.19	Hold 10%
XLE	UP	Up	3.4983%	$56.39	$59.49	Hold 10%
XBI	UP	Up	2.7464%	$127.58	$131.66	no
PAVE	UP	Up	2.6833%	$53.68	$54.94	**Watch —**
SPX	UP	Up	2.3389%	$6901.14	$7473.47	INDEX
IYT	UP	Up	1.7005%	$75.82	$81.45	no
XLRE	UP	Up	1.6146%	$41.16	$44.56	no
XLB	UP	Up	1.5023%	$48.22	$50.29	no
XLI	UP	Up	1.4325%	$162.72	$171.77	no

Analysis

SMH — the 5 week rally has given way to a 12-day consolidation. It closed below $545 on thr 19th, but open up the next morning so I didn't sell. IGM remained above its 8% stop and made a new high. XLE — Last week I said "if it closes below $50". That was a typo. Should have been "$55". Sorry. Now the stop is up to $56.39. XBI's money flow is still neutral and it's making lower highs and lower lows. PAVE's neutral CMF says nobody cares about it and its OBV is even worse. Its price closed just 9 cents above its stop on Tuesday.

IYT still can't escape the gravity around $80 and it's liquidity is mediocre. Low liquidity increases the frequency and size of gaps in price between sessions. Gaps reduce the effectiveness of many technical indicators and cause serious trouble for stop orders. XLRE is bumping up against a 129-week, confirmed trendline at $45.35. It needs to break that in order to become interesting. XLB's money flow is negative and its 12-week MACD has been negative since the end of March. XLI is in a 12-week converging, horizontal channel. XLI's 12-week MACD just gave a downward continuation signal. When the blue line approaches the trailer and then pulls away again – like it did in the second week of May – that's a continuation signal.

Thoughts and Decisions

So far, SMH appears to be in a run of the mill consolidation, so I don't think it needs to be watched every day. The same goes for IGM. XLE is making higher highs and higher lows, and its money flow is positive, so it doesn't need to be watched, either. PAVE is another matter. It's close to the stop and its OBV appears to be headed to zero, so it remains on a WATCH status.

My sector choices for this week remain: IGM (10%), PAVE (10%), SMH (10%), XBI (10%), and PTY (60%).

New Highs and Lows

6 all-time highs but only 2 are stocks. That implies the indexes are doing better than the individual stocks are.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 22-May-2026					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
AAPL	APPLE	STOCK	UP	3.31215	999
DJIA	DOW JONES INDUSTRIALS	INDEX	UP	1.09793	999
IGM	EXPANDED TECH SECTOR	ETF	UP	5.34703	999
RSP	EQU-WTD S&P 500 INDEX	ETF	UP	1.13993	999
SOXX	PHLX SEMICONDUCTORS	ETF	UP	13.77311	999
WMT	WALMART STORES	STOCK	UP	2.36245	999
VIG	DIVIDEND APPRECIATION	ETF	UP	1.04916	473
IVE	S&P 500 VALUE	ETF	UP	1.36993	472
EPD	ENTERPRISE PRODUCTS PRTNRS	STOCK	UP	3.02862	461
BMO	BANK OF MONTREAL (DS 1829)	STOCK	UP	3.60324	427
BNS	BANK OF NOVA SCOTIA (DS 1833)	STOCK	UP	2.49599	427
USO	UNITED STATES OIL FUTURES	ETF	UP	15.07923	418
STK	SELIGMAN PREMIUM TECHNOLOGY	CEF	UP	8.46291	408
ASML	ADVANCED SEMICONDUCTOR MANU.	STOCK	UP	5.37439	366
AMD	ADVANCED MICRO DEVICES	STOCK	UP	24.08356	344
COST	COSTCO WHOLESALE	STOCK	UP	1.84297	344
CM	CANADIAN IMPERIAL BANK (DS 1868)	STOCK	UP	5.23732	328
RY	ROYAL BANK OF CANADA (DS 1870)	STOCK	UP	3.26012	328
TD	TORONTO-DOMINION BANK (DS 1857)	STOCK	UP	4.60992	328
KO	COCA COLA (DK)	STOCK	UP	2.05831	327
SPYV	S&P 500 (VALUE)	ETF	UP	1.35955	327
VTV	US LARGE CAP VALUE	ETF	UP	1.53362	327
GS	GOLDMAN SACHS GROUP	STOCK	UP	2.58246	323
NJR	NEW JERSEY RESOURCES	STOCK	UP	3.20898	315
CRWD	CROWDSTRIKE	STOCK	UP	6.42418	305
FRT	FEDERAL REALTY INVT (DK)	STOCK	UP	3.32950	204
ARM	ARM HOLDINGS	STOCK	UP	18.86692	135
GUT	GABELLI UTILITY TRUST	CEF	UP	0.80989	134
QLTY	GMO U.S. QUALITY	ETF	UP	1.79005	126
ALAB	ASTERA LABS	STOCK	UP	14.29589	109
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 22-May-2026					
CPB	CAMPBELL SOUP	STOCK	DN	-7.03876	999
CAG	CONAGRA FOODS	STOCK	DN	-6.03998	323
FLO	FLOWERS FOODS	STOCK	DN	-7.50447	315
GPC	GENUINE PARTS (DK)	STOCK	DN	-5.25635	279
RWAY	RUNWAY GROWTH FINANCE	CEF	DN	-6.98516	230
PTY	PIMCO CORP & INCOME OPPTY	CEF	DN	-1.93914	182
TLT	U.S. 20+ YEAR T-BOND	ETF	DN	-0.95468	130
TLH	10-20 YEAR T-BOND INDEX	ETF	DN	-0.80545	128
IEI	3-7 YEAR TREASURY BOND	ETF	DN	-0.41291	62
ITB	HOME CONSTRUCTION	ETF	UP	-2.48448	56