Weekly Market Analysis #617 — 5 June 2026
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This Week

What Happened to SMH?

One of the biggest reasons I trade sector ETFs instead of individual sector stocks is that ETFs provide a good amount of protection from a decline in any one stock. However, Murphy was working overtime this week. Even though Broadcom (AVGO) posted good earnings numbers, their forward guidance worried the big investment houses. Wall Street was hoping Broadcom would forecast around $16.36 billion in AI semiconductor revenue for the third quarter. Management's guidance for the current third quarter (which will end in early August) suggests AI revenue was expected to come in at $16 billion.

That 4% difference between Wall Street's "expectations" (read that "guesswork") and Broadcom's guidance was enough to cause the big investment banks to sell large more of their AVGO holdings. AVGO's disappointing AI chip outlook didn't just hurt AVGO. It sent a sector-wide message that AI chip demand might be plateauing, which triggered selling of other major SMH holdings:

AVGO, which only accounts for 7.3% of SMH holdings dropped 19.5% on Thursday and Friday. This wouldn't have had much effect on the price of SMH, but it set off a domino effect. Other semiconductors, NVDA, MU, AMD, and INTC sold off, too. NVDA only went down 4.5%, but MU dropped 19.9%, AMD fell 14.0%, and INTC declined 12.0%.

Taken together, AMD, AVGO, INTC, MU, and NVDA account for more than 45% of SMH's holdings. The sudden decline in AVGO triggered a cascade of selling.

[It's worth noting that SMH only lost 10 days of progress. It closed at $567.88 on May 21st and $569.69 on Friday.]

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On Friday Don Kaufman said:

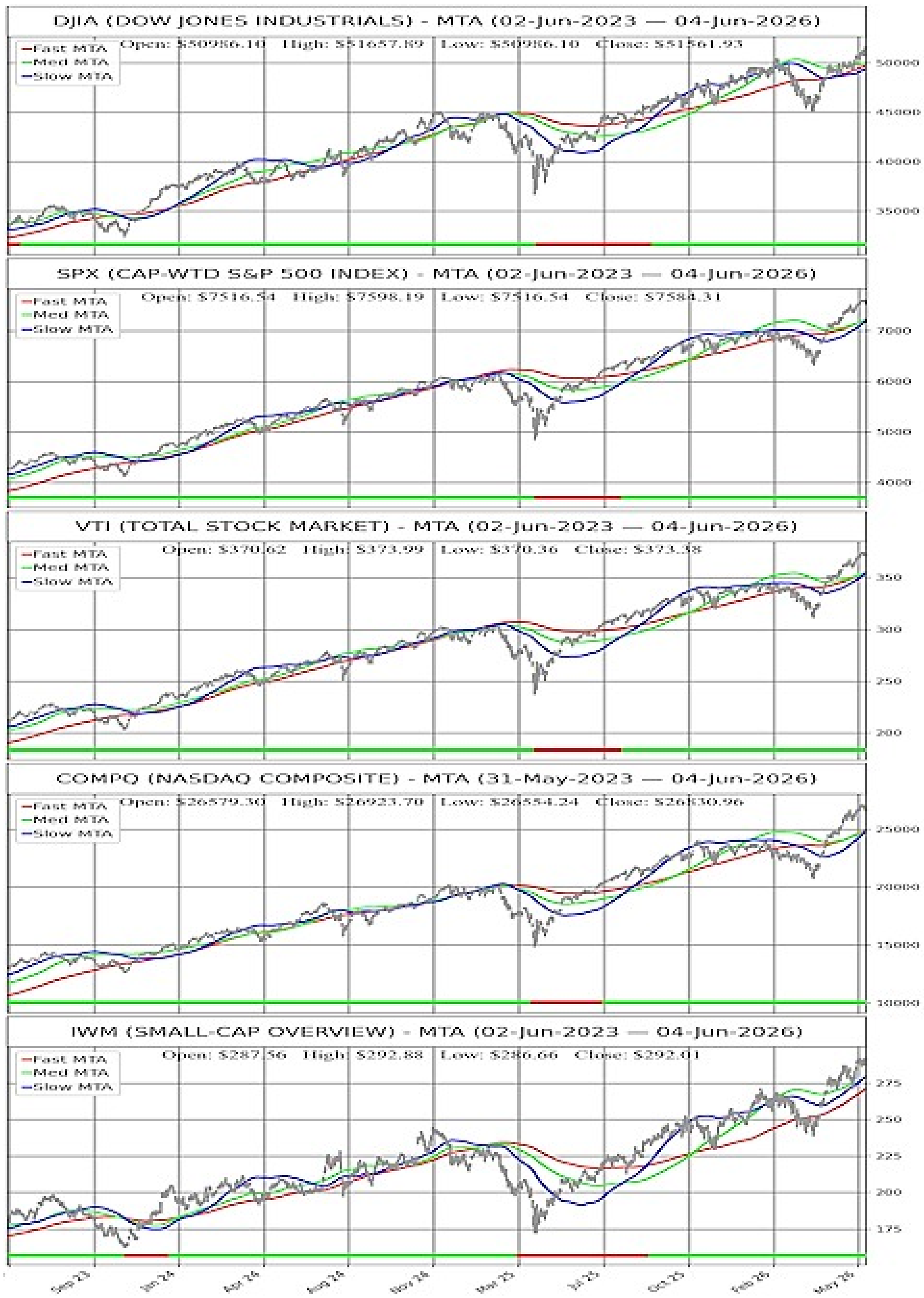
The S&P 500 fell roughly 3% in one session. That equals a two standard deviation move against a market positioned to travel just $101. The advance decline line sat at 50/50 while the index dropped. Half the names held or climbed straight through the selling. Total volume finished near 2.1 million contracts. Genuine down days push well past 3 million as firms offload risk.

The NASDAQ took about a 4.5% hit. The semiconductors finally flinched after leading this entire rally. Look closer at the SMH. It only reached the lower edge of its expected move. The semiconductors closed exactly where they sat two weeks ago. The epitome of the rally barely scraped its knee.

Everything else rotated. Financials, healthcare, consumer staples, and utilities all caught a bid. Tech bled alone. JP Morgan finished up on the day. Wells Fargo finished up. Eli Lilly ran higher. This looked like rotation, not the broad panic the headlines will scream about.

Market Barometers

All indexes made new highs except IWM, and all 5 MTAs are still up. Only DJIA, SPX, and VTI are up MoM, but the declines in COMPQ and IWM are negligible.



Month-over-Month: DJIA: 2.6%, SPX: 0.6%, VTI: 0.9%, COMPQ: -0.4%, IWM: -0.2%

A Closer Look

After making a new high on Tuesday, the SPX ended at $7384, down 2.6% from last week's $7580. The BPSPX presaged the drop in price, and the NYAD stair-stepped down. The SPXA50R and SPXA200R ran against price, implying that the drop on Friday was very concentrated and not a market-wide move.

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 13-Mar-2026 to 05-Jun-2026

13 Mar	20 Mar	27 Mar	02 Apr	10 Apr	17 Apr	24 Apr	01 May	08 May	15 May	22 May	29 May	05 Jun
ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	ENRGY	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS	SEMIS
GOLD	GOLD	GOLD	GOLD	BIOTC	SEMIS	ENRGY	ENRGY	ENRGY	TECHS	TECHS	TECHS	TECHS
SEMIS	SEMIS	SEMIS	BIOTC	SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	ENRGY	ENRGY	ENRGY
MATER	DFEND	BIOTC	SEMIS	GOLD	MATER	MATER	INFRA	TECHS	ENRGY	BIOTC	BIOTC	SP500
DFEND	MATER	DFEND	MATER	MATER	INFRA	INFRA	NUCLR	INFRA	INFRA	INFRA	INFRA	INFRA
BIOTC	BIOTC	MATER	UTILS	UTILS	UTILS	NUCLR	MATER	NUCLR	NUCLR	SP500	SP500	TRANS
INFRA	INDUS	UTILS	DFEND	INFRA	GOLD	INDUS	TECHS	MATER	SP500	TRANS	TRANS	BIOTC
INDUS	UTILS	INDUS	INDUS	INDUS	INDUS	TRANS	TRANS	TRANS	MATER	REALE	REALE	REALE
STAPL	INFRA	INFRA	INFRA	DFEND	DFEND	UTILS	INDUS	INDUS	TRANS	MATER	INDUS	INDUS
NUCLR	STAPL	STAPL	STAPL	STAPL	NUCLR	GOLD	REALE	SP500	INDUS	INDUS	MATER	MATER
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	BANKS
EUROP	REALE	REALE	REALE	NUCLR	EUROP	EUROP	SP500	EUROP	EUROP	BANKS	NUCLR	STAPL
HLTHY	EUROP	HLTHY	EUROP	EUROP	STAPL	BANKS	EUROP	UTILS	STAPL	STAPL	STAPL	DISCR
REALE	HLTHY	EUROP	HLTHY	HLTHY	BANKS	SP500	GOLD	GOLD	UTILS	DISCR	DISCR	NUCLR
BANKS	COMMS	COMMS	COMMS	SP500	TECHS	DFEND	STAPL	STAPL	DISCR	COMMS	COMMS	DFEND
COMMS	SP500	SP500	SP500	BANKS	SP500	STAPL	COMMS	DISCR	GOLD	UTILS	UTILS	COMMS
SP500	BANKS	BANKS	BANKS	COMMS	COMMS	COMMS	SALES	COMMS	COMMS	GOLD	DFEND	UTILS
BLDRS	TECHS	TECHS	TECHS	TECHS	HLTHY	SALES	DFEND	SALES	SALES	INSUR	FINAN	FINAN
SALES	SALES	SALES	SALES	SALES	SALES	DISCR	DISCR	DFEND	DFEND	FINAN	INSUR	HLTHY
TECHS	BLDRS	INSUR	INSUR	INSUR	INSUR	HLTHY	INSUR	FINAN	FINAN	DFEND	GOLD	SALES
DISCR	DISCR	DISCR	DISCR	FINAN	DISCR	INSUR	FINAN	INSUR	INSUR	SALES	SALES	INSUR
INSUR	INSUR	FINAN	FINAN	DISCR	FINAN	FINAN	HLTHY	HLTHY	HLTHY	HLTHY	HLTHY	GOLD
FINAN	FINAN	BLDRS	BONDS	BONDS	BONDS	BLDRS	BLDRS	BLDRS	BONDS	BONDS	BONDS	BONDS
BONDS	BONDS	BONDS	BLDRS	BLDRS	BLDRS	BONDS	BONDS	BONDS	BLDRS	BLDRS	BLDRS	BLDRS

Details

Symbol	Slope	Synonym	Sector Name	Symbol	Slope	Synonym	Sector Name
1. SMH	12.72	SEMIS	SEMICONDUCTORS	14. XLY	0.43	DISCR	CONSUMER DISCR
2. IGM	6.84	TECHS	TECHNOLOGY	15. URA	0.03	NUCLR	NUCLEAR ENERGY
3. XLE	2.95	ENRGY	ENERGY	16. ITA	-0.01	DFEND	AEROSPACE & DEFENSE
4. SPX	2.70	SP500	S&P 500	17. XLC	-0.18	COMMS	COMMUNICATION SRVCS
5. PAVE	2.50	INFRA	INFRASTRUCTURE	18. XLU	-0.40	UTILS	UTILITIES
6. IYT	2.15	TRANS	TRANSPORTATION	19. XLF	-0.43	FINAN	FINANCIALS
7. XBI	2.14	BIOTC	BIOTECH	20. XLV	-0.44	HLTHY	HEALTH CARE
8. XLRE	1.42	REALE	REAL ESTATE	21. XRT	-0.68	SALES	RETAIL SALES
9. XLI	1.32	INDUS	INDUSTRIALS	22. KIE	-0.77	INSUR	INSURANCE
10. XLB	1.20	MATER	MATERIALS	23. GLD	-0.86	GOLD	GOLD
11. VGK	1.08	EUROP	EUROPE	24. PTY	-2.00	BONDS	CASH EQUIVALENT
12. KBE	0.74	BANKS	BANKS	25. ITB	-2.34	BLDRS	HOMEBUILDERS
13. XLP	0.47	STAPL	CONSUMER STAPLES				

The top 3 sectors are exactly the same as last week. Biotech dropped to 7th, and now 20 out of the 24 sectors are lagging behind the index. 8th through 12th remained the same.

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 05-Jun-2026

Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	12.72:2.66	«up»	999/2	5.5
IGM	TECHS	EXPANDED TECH SECTOR	ETF	UP	6.84:2.66	=up=	999/2	2.6
XLE	ENRGY	ENERGY	ETF	UP	2.95:2.66	«DN»	2/0	-1.1
SPX	SP500	CAP-WTD S&P 500 INDEX	INDEX	UP	2.70:2.66	=up=	999/2	0.8
PAVE	INFRA	INFRASTRUCTURE	ETF	UP	2.50:2.66	UP	4/1	0.1
IYT	TRANS	TRANSPORT NDX	ETF	UP	2.15:2.66	=up=	999/1	0.5
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	2.14:2.66	«DN»	0/2	-1.9
XLRE	REALE	REAL ESTATE	ETF	UP	1.42:2.66	-UP-	2/2	0.5
XLI	INDUS	SPX INDUSTRIALS	ETF	UP	1.32:2.66	«up»	4/1	-0.3
XLB	MATER	MATERIALS	ETF	UP	1.20:2.66	«up»	3/2	-0.5
VGK	EUROP	FTSE EUROPE	ETF	UP	1.08:2.66	up	0/2	0.0
KBE	BANKS	S&P BANK SECTOR	ETF	UP	0.74:2.66	-UP-	2/2	-0.0
XLP	STAPL	CONSUMER STAPLES	ETF	UP	0.47:2.66	DN	1/6	-0.1
XLY	DISCR	CONSUMER DISCR	ETF	DN	0.43:2.66	DN	0/8	0.4
URA	NUCLR	NUCLEAR ENERGY	ETF	UP	0.03:2.66	«up»	3/9	-2.1
ITA	DFEND	SPACE & DEFENSE	ETF	UP	-0.01:2.66	=up=	0/2	-1.3
XLC	COMMS	COMMUNICATION SRVCS	ETF	UP	-0.18:2.66	≡DN≡	0/9	-0.3
XLU	UTILS	UTILITIES	ETF	UP	-0.40:2.66	«dn»	1/16	-0.7
XLF	FINAN	FINANCIALS	ETF	DN	-0.43:2.66	=UP=	7/7	0.2
XLV	HLTHY	HEALTH CARE	ETF	UP	-0.44:2.66	«DN»	12/2	-0.7
XRT	SALES	RETAIL	ETF	UP	-0.68:2.66	«up»	0/2	-0.3
KIE	INSUR	INSURANCE SECTOR	ETF	DN	-0.77:2.66	«dn»	2/9	-0.1
GLD	GOLD	SPDR GOLD SHARES	ETF	UP	-0.86:2.66	«DN»	0/23	-3.3
PTY	BONDS	PIMCO CORP & INCOME OPPTY	CEF	DN	-2.00:2.66	dn	2/1	-0.2
ITB	BLDRS	HOME CONSTRUCTION	ETF	UP	-2.34:2.66	«up»	1/1	-0.6

MoM price changes for the top 5 sectors: SMH: 5.5%, IGM: 4.1%, XLE: 3.1%, PAVE: -0.2%, IYT: 4.8%

MoM price changes for the Big 8 (the Mag 7 plus AVGO) are: AAPL: 6.9%, AMZN: -9.3%, AVGO: -6.5%, GOOGL: -7.4%, META: -3.9%, MSFT: -1.0%, NFLX: -6.9%, TSLA: -5.0%

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	7.4437	12.7178%	$586.87	$569.69	**SELL**
IGM	UP	3.7416	6.8395%	$157.31	$156.63	**Watch —**
XLE	UP	4.9861	2.9475%	$56.39	$57.67	Hold 10%
SPX	UP	2.4096	2.6973%	$7001.00	$7383.74	INDEX
PAVE	UP	1.9338	2.5025%	$53.68	$56.68	Hold 10%
IYT	UP	0.3628	2.1527%	$78.04	$84.61	no
XBI	UP	1.6414	2.1383%	$127.58	$128.67	no
XLRE	UP	4.6488	1.4179%	$41.16	$44.70	no
XLI	UP	-0.3652	1.3182%	$162.72	$174.18	no

Analysis

SMH **—** despite making an all-time high, it ended the week well below its 8% stop. IGM also made all-time high, but ended the week just below its stop. XLE opened up on Monday, rose through the week, and declined some on Friday. SPX made an all-time high on Tuesday, then stair-stepped down. PAVE formed a bullish spinning top on Monday, rose through the week, but fell on Friday.

IYT made another all-time high but is flirting with $84. XBI is now in a 7-week converging channel with upward bias, but it's approaching its lower channel bound. XLRE looks range-bound between $43 and $45. XLI's 12-week MACD and OBV Oscillator continue to decline.

Thoughts and Decisions

SMH might support near $565, but it could just as easily go to $550.

My sector choices for this week are: IGM (10%), PAVE (10%), XBI (10%), and PTY (70%).

New Highs and Lows

6 all-time highs this week and no all-time lows.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 05-Jun-2026					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
AAPL	APPLE	STOCK	UP	4.55902	999
IGM	EXPANDED TECH SECTOR	ETF	UP	6.83948	999
IYT	TRANSPORT NDX	ETF	UP	2.15271	999
SMH	SEMICONDUCTORS	ETF	UP	12.71775	999
SOXX	PHLX SEMICONDUCTORS	ETF	UP	16.06573	999
SPX	CAP-WTD S&P 500 INDEX	INDEX	UP	2.69728	999
AVGO	BROADCOM	STOCK	UP	6.28377	847
VIG	DIVIDEND APPRECIATION	ETF	UP	1.35748	475
IVE	S&P 500 VALUE	ETF	UP	1.55785	473
IBM	INTERNATIONAL BUSINESS MACHINES (DK)	STOCK	DN	-0.61100	454
BNS	BANK OF NOVA SCOTIA (DS 1833)	STOCK	UP	2.82584	429
BMO	BANK OF MONTREAL (DS 1829)	STOCK	UP	4.23109	428
CSQ	CALAMOS STRATEGIC	CEF	UP	2.44522	428
STK	SELIGMAN PREMIUM TECHNOLOGY	CEF	UP	9.88516	409
NVEC	NVE CORP	STOCK	UP	11.09951	389
AMD	ADVANCED MICRO DEVICES	STOCK	UP	28.77533	346
RY	ROYAL BANK OF CANADA (DS 1870)	STOCK	UP	3.74410	329
SPYV	S&P 500 (VALUE)	ETF	UP	1.54966	329
TD	TORONTO-DOMINION BANK (DS 1857)	STOCK	UP	4.85330	329
VTV	US LARGE CAP VALUE	ETF	UP	1.84680	329
CAT	CATERPILLAR	STOCK	UP	8.38912	325
GS	GOLDMAN SACHS GROUP	STOCK	UP	3.89902	325
ADX	ADAMS DIVERSIFIED EQUITY	CEF	UP	2.52324	310
CRWD	CROWDSTRIKE	STOCK	UP	12.95452	306
ECF	GROWTH AND INCOME	CEF	UP	3.13070	227
SPXX	S&P 500 DYNAMIC OVERWRITE	CEF	DN	1.12897	220
DBB	BASE METALS	ETF	UP	3.07647	213
FRT	FEDERAL REALTY INVT (DK)	STOCK	UP	3.91372	208
ETV	TAX-MANAGED BUY-WRITE	CEF	DN	0.85142	187
ADM	ARCHER DANIELS MIDLAND (DK)	STOCK	UP	5.92654	141
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 05-Jun-2026					
CAG	CONAGRA FOODS	STOCK	DN	-6.49892	324
GIS	GENERAL MILLS	STOCK	DN	-6.52900	324
RWAY	RUNWAY GROWTH FINANCE	CEF	DN	-6.60689	232
MDT	MEDTRONIC (DK)	STOCK	DN	-5.05760	128
TMUS	T-MOBILE US	STOCK	DN	-2.93555	93
T	A T & T (DA)	STOCK	DN	-2.49586	69