Weekly Market Analysis #636 — 16 October 2026
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This Week

The following is an informative and timely excerpt from John Mauldin's Thoughts from the FrontLine "AI in the Future" — [Note: Global Crossing was launched in 1997 and financed by heavy debt, just like some present day companies...] — Here's John:

"...Global Crossing (for those of us who remember) was clearly correct in their forecast of the enormous demand for global Internet fiber. And they built it. But the demand was in the future and much of that fiber network went dark. In the bankruptcy, prices dropped and the demand showed up, just later than the optimistic forecasts projected.

I think AI is going to be like that. The demand is going to be huge. But not tomorrow, and the current construction and investment boom is built around tomorrow, not the next decade. The pricing of various AI companies is currently based on all that demand showing up "tomorrow." Or in the next year or two. It will disappoint investors.

The examples above are just two of many. And while we can point to Oracle and CoreWeave, and perhaps Open AI, there is more under the hood that we don't know about. At some point, those cracks are going to expand and the markets will react. Many of the AI stocks dropped over 30% this summer. They are now back to close to their highs. Investors saw that dip as a buying opportunity. And they might see the next one in the same way. But at some point, the hype has to live up to the cash flow reality.

Here's what I expect to happen. The numbers for a few hyper-scalers at some point will show a clear stumble. At some point, investors throw the baby out with the bathwater. Currently, 48% of the S&P 500 is below their 200-day moving average. A large proportion of the earnings growth in the S&P 500 comes from the magnificent seven stocks, especially Nvidia. Which has a 70% gross profit margin. How sustainable is that over time? Answer: not very. They are not a software company, and they have significant competition coming on their heels. They can still be massive and the market leader for some time, just not with 70% margins.

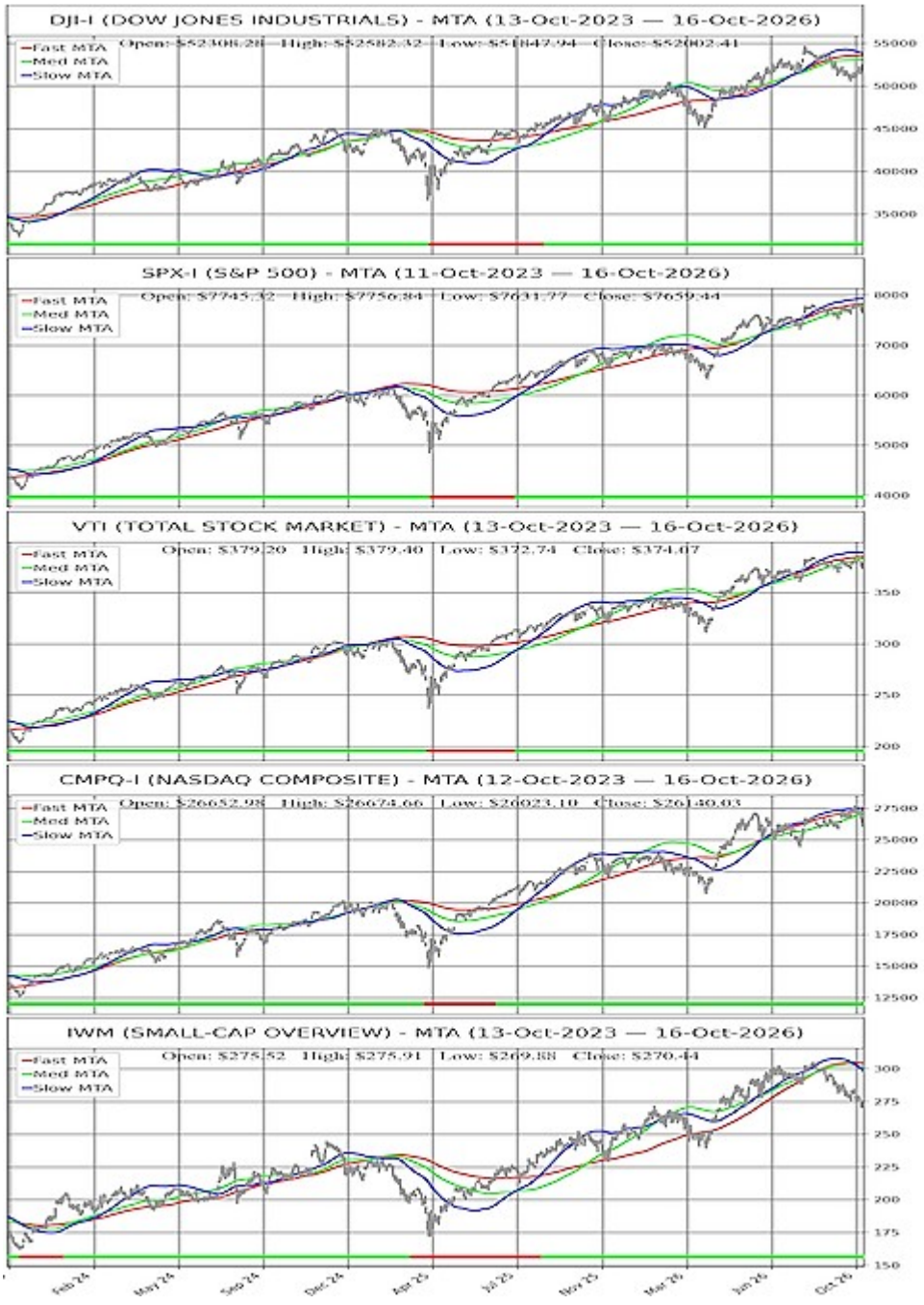
When, not if, the technology stocks finally succumb to real-world cash and profit analysis, the S&P 500 index is going to take a significant hit. The NASDAQ will take an even larger hit. Yes, it will recover over time, but that will likely take years. The NASDAQ investor might be lucky to see 2% compound returns over the following 10 years from the eventual bottom.

I'm not telling you to get out of the market. I am telling you to seriously consider not being an index investor, but to carefully choose which stocks you want to be in. There are hundreds of companies that have positive cash flow, great prospects and solid management. They just don't have AI in their name. But in 10 years, they will be winners. Along with a few AI companies that outperform their competitors. We just don't know which ones yet.

Further, as I am usually early in these calls, the market and AI stocks could continue to go up for some time. But not forever. This is not the time to be a buy-and-hold investor in index funds. It is not the time to be a hero. Structure your portfolio to be steady. We will look back in 10 years and realize that compounding at 10% a year is a big win..."

Market Barometers

DJI-I turned up a bit while IWM is losing ground. All 5 MTAs remain up.



Month-over-Month: DJI-I: 1.1%, SPX-I: 1.4%, VTI: 0.8%, CMPQ-I: 0.6%, IWM: -4.7%

A Closer Look

The SPX declined on 4 out of 5 days this week, but the BPSPX did much better. The NYAD made a lower low and a lower high this week. Meanwhile, the SPXA50R and the SPXA200R also did better than price, and the SPXA200R remained above 50%.



[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 24-Jul-2026 to 16-Oct-2026

24 Jul	31 Jul	07 Aug	14 Aug	21 Aug	28 Aug	04 Sep	11 Sep	18 Sep	25 Sep	02 Oct	09 Oct	16 Oct
SEMIS	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	BIOTC	ENRGY	ENRGY	ENRGY	ITECH	ENRGY
BIOTC	SEMIS	SEMIS	SEMIS	HLTHY	HLTHY	ENRGY	ENRGY	BIOTC	BIOTC	BIOTC	SEMIS	ITECH
ITECH	INSUR	INSUR	INSUR	ENRGY	ENRGY	HLTHY	HLTHY	HLTHY	HLTHY	ITECH	ENRGY	SEMIS
TRANS	BANKS	BANKS	BANKS	INSUR	FINAN	FINAN	ITECH	ITECH	ITECH	SEMIS	BIOTC	HLTHY
BANKS	TRANS	ITECH	ITECH	SEMIS	INSUR	ITECH	FINAN	FINAN	SEMIS	HLTHY	HLTHY	SP500
INSUR	ITECH	FINAN	FINAN	BANKS	ITECH	INSUR	INSUR	INSUR	SP500	SP500	SP500	BIOTC
HLTHY	HLTHY	TRANS	HLTHY	ITECH	SEMIS	BANKS	SEMIS	SP500	FINAN	FINAN	FINAN	FINAN
FINAN	FINAN	HLTHY	TRANS	FINAN	BANKS	SEMIS	SP500	SEMIS	INSUR	INSUR	INSUR	INSUR
INDUS	INDUS	INDUS	ENRGY	TRANS	SP500	SP500	BANKS	BANKS	EUROP	EUROP	COMMS	COMMS
INFRA	SP500	SP500	INDUS	SP500	TRANS	EUROP	EUROP	EUROP	BANKS	COMMS	EUROP	STAPL
SP500	REALE	DFEND	DFEND	DFEND	EUROP	MATER	MATER	MATER	MATER	BANKS	STAPL	SALES
REALE	INFRA	ENRGY	SP500	INDUS	INDUS	TRANS	TRANS	STAPL	COMMS	MATER	BANKS	EUROP
DFEND	ENRGY	INFRA	INFRA	EUROP	DFEND	INDUS	STAPL	TRANS	STAPL	STAPL	MATER	MATER
ENRGY	DFEND	REALE	EUROP	INFRA	MATER	STAPL	INDUS	REALE	GOLD	SALES	SALES	BANKS
EUROP	EUROP	EUROP	REALE	REALE	INFRA	REALE	REALE	GOLD	TRANS	GOLD	INDUS	DISCR
MATER	STAPL	MATER	MATER	MATER	REALE	SALES	SALES	SALES	SALES	TRANS	TRANS	INDUS
BLDRS	MATER	STAPL	SALES	SALES	STAPL	DFEND	INFRA	COMMS	REALE	INDUS	INFRA	TRANS
STAPL	BLDRS	SALES	STAPL	STAPL	SALES	INFRA	GOLD	INDUS	INDUS	REALE	GOLD	INFRA
UTILS	UTILS	BLDRS	BLDRS	BLDRS	BLDRS	DISCR	DFEND	DISCR	DISCR	INFRA	DISCR	REALE
SALES	SALES	UTILS	DISCR	DISCR	DISCR	GOLD	DISCR	INFRA	INFRA	DISCR	REALE	GOLD
DISCR	DISCR	DISCR	UTILS	UTILS	GOLD	BLDRS	COMMS	BONDS	BONDS	BONDS	BONDS	UTILS
BONDS	BONDS	BONDS	COMMS	COMMS	COMMS	COMMS	BLDRS	DFEND	DFEND	BLDRS	UTILS	BONDS
COMMS	COMMS	COMMS	BONDS	BONDS	UTILS	BONDS	BONDS	BLDRS	BLDRS	DFEND	BLDRS	BLDRS
GOLD	GOLD	GOLD	GOLD	GOLD	BONDS	UTILS	UTILS	UTILS	UTILS	UTILS	DFEND	DFEND
NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR	NUCLR

Details

Symbol	Slope	Synonym	Sector Name
1. XLE	2.98	ENRGY	ENERGY
2. IGM	2.77	ITECH	INFO TECHNOLOGY
3. SMH	2.35	SEMIS	SEMICONDUCTORS
4. XLV	1.93	HLTHY	HEALTH CARE
5. SPX-I	1.13	SP500	S&P 500
6. XBI	0.99	BIOTC	BIOTECH
7. XLF	-0.22	FINAN	FINANCIALS
8. KIE	-0.25	INSUR	INSURANCE
9. XLC	-0.35	COMMS	COMMUNICATION SRVCS
10. XLP	-0.41	STAPL	CONSUMER STAPLES
11. RTH	-0.61	SALES	RETAIL SALES
12. VGK	-0.79	EUROP	EUROPE
13. XLB	-1.00	MATER	MATERIALS

Symbol	Slope	Synonym	Sector Name
14. KBE	-1.24	BANKS	BANKS
15. XLY	-1.40	DISCR	CONSUMER DISCR
16. XLI	-1.40	INDUS	INDUSTRIALS
17. IYT	-1.47	TRANS	TRANSPORTATION
18. PAVE	-1.49	INFRA	INFRASTRUCTURE
19. XLRE	-1.70	REALE	REAL ESTATE
20. GLD	-1.76	GOLD	GOLD
21. XLU	-2.54	UTILS	UTILITIES
22. PTY	-2.64	BONDS	CASH EQUIVALENT
23. ITB	-3.23	BLDRS	HOMEBUILDERS
24. ITA	-3.44	DFEND	AEROSPACE & DEFENSE
25. URA	-4.78	NUCLR	NUCLEAR ENERGY

Energy jumped back ahead of Information Technology and Semiconductors as Biotechnology moved down from 4th to 6th.

SPX has been rising for 9 weeks and now it's above 80% of the sectors, with just XLE, IGM, SMH, and XLV ahead of it

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 16-Oct-2026

Symbol	Synonym	Description	Instr	MTA 3	RelStr	CMF	NH/NL	MCHist
XLE	ENRGY	ENERGY	ETF	UP	2.98:0.94	UP	999/0	0.3
IGM	ITECH	EXPANDED TECH SECTOR	ETF	UP	2.77:0.94	«up»	0/6	-0.1
SMH	SEMIS	SEMICONDUCTORS	ETF	UP	2.35:0.94	«DN»	0/11	-1.8
XLV	HLTHY	HEALTH CARE	ETF	UP	1.93:0.94	«up»	999/0	0.1
SPX-I	SP500	S&P 500	INDEX	UP	1.13:0.95	«up»	0/2	-0.4
XBI	BIOTC	BIOTECHNOLOGY	ETF	UP	0.99:0.93	«DN»	0/17	-2.0
XLF	FINAN	FINANCIALS	ETF	UP	-0.22:0.94	UP	4/0	-0.7
KIE	INSUR	INSURANCE SECTOR	ETF	UP	-0.25:0.94	=UP=	4/0	-0.8
XLC	COMMS	COMMUNICATION SRVCS	ETF	DN	-0.35:0.94	-dn-	3/2	0.1
XLP	STAPL	CONSUMER STAPLES	ETF	UP	-0.41:0.94	-up-	32/0	-0.4
RTH	SALES	RETAIL	ETF	UP	-0.61:0.93	«up»	8/0	-0.3
VGK	EUROP	FTSE EUROPE	ETF	UP	-0.79:0.93	-UP-	3/0	-1.0
XLB	MATER	MATERIALS	ETF	UP	-1.00:0.94	UP	5/0	-1.2
KBE	BANKS	S&P BANK SECTOR	ETF	DN	-1.24:0.94	«dn»	2/18	-1.4
XLY	DISCR	CONSUMER DISCR	ETF	DN	-1.40:0.94	«up»	5/1	-0.6
XLI	INDUS	SPX INDUSTRIALS	ETF	DN	-1.40:0.94	UP	0/2	-1.5
IYT	TRANS	TRANSPORT NDX	ETF	UP	-1.47:0.94	«up»	4/1	-1.6
PAVE	INFRA	INFRASTRUCTURE	ETF	DN	-1.49:0.94	UP	1/2	-1.9
XLRE	REALE	REAL ESTATE	ETF	DN	-1.70:0.94	dn	4/0	-1.2
GLD	GOLD	SPDR GOLD SHARES	ETF	DN	-1.76:0.94	UP	0/1	-0.2
XLU	UTILS	UTILITIES	ETF	DN	-2.54:0.94	UP	5/0	-1.3
PTY	BONDS	PIMCO CORP & INCOME OPPTY	CEF	DN	-2.64:0.93	-up-	0/330	-1.2
ITB	BLDRS	HOME CONSTRUCTION	ETF	DN	-3.23:0.94	«up»	1/147	-1.0
ITA	DFEND	SPACE & DEFENSE	ETF	DN	-3.44:0.94	«dn»	3/0	-2.3
URA	NUCLR	NUCLEAR ENERGY	ETF	DN	-4.78:0.94	-dn-	0/68	-1.1

MoM price changes for the top 5 sectors: XLE: 6.6%, IGM: -0.4%, SMH: -1.1%, XLV: 5.3%, SPX-I: 1.4%%

MoM price changes for the Big 8 (the Mag 7 plus AVGO): AAPL: 3.3%, AMZN: 1.6%, AVGO: -3.2%, GOOGL: -0.7%, META: 5.3%, MSFT: 7.9%, NFLX: -7.7%, TSLA: -0.9%

This Week's Selections

Last week my sector choices were: IGM (10%), XLE (10%), XLV (10%), and PTY (70%).

Top Sector ETFs By Slope

Symbol	MTA	ARI	SSlope	8% Stop	Close	Position
XLE	UP	Up	2.9839%	$62.78	$68.24	HOLD
IGM	UP	Up	2.7738%	$160.25	$159.10	**WATCH –**
SMH	UP	Up	2.3503%	was $583.19	$539.79	no
XLV	UP	Up	1.9277%	$163.01	$176.71	HOLD
SPX-I	UP	Up	1.1270%	$7193.42	$7659.44	INDEX
XBI	UP	Up	0.9928%	Off	$144.32	no

Analysis

XLE broke up through $68 and made an all-time high. IGM closed below $160 and its 8% stop on Friday. SMH peaked on Oct 5th and then declined relentlessly for 9 days in a row, losing almost 15%, and apparently causing an almost 8.7% decline in IGM. XLV gapped up to an all-time high on Thursday. SPX-I went from an all-time high on Oct 6th to $7659.44 on Friday. That 2% decline looks like it's mostly due to the SMH stocks. XBI is continuing its decline since a mid-August peak

Thoughts and Decisions

If IGM makes an open and a close below $160, I will sell it. Sector choices for this week remain: IGM (10%), XLE (10%), XLV (10%), and PTY (70%).

New Highs and Lows

4 all-time highs and 1 all-time low.

SECURITIES MAKING NEW HIGHS DURING THE WEEK OF 16-Oct-2026					
SYMBOL	COMPANY	INSTR	MTA	SLOPE	WEEKS
AAPL	APPLE	STOCK	UP	3.30170	999
MSFT	MICROSOFT	STOCK	UP	5.68890	999
XLE	ENERGY	ETF	UP	2.98393	999
XLV	HEALTH CARE	ETF	UP	1.92774	999
DBC	DB COMMODITY INDEX	ETF	UP	3.67708	909
XOP	OIL & GAS EXP & PROD	ETF	UP	3.30900	606
PM	PHILIP MORRIS INTL	STOCK	UP	1.97370	481
MO	ALTRIA GROUP (DK)	HLD	UP	0.44604	462
ABBV	ABBVIE INC	STOCK	UP	3.64457	364
CVX	CHEVRON (DK)	STOCK	UP	3.16950	364
KO	COCA COLA (DK)	STOCK	UP	1.89131	348
XOM	EXXON MOBIL (DK)	STOCK	UP	2.83949	348
PDBC	DIVERSIFIED COMMODITY STRATEGY	ETF	UP	3.68047	218
QLTY	GMO U.S. QUALITY	ETF	UP	1.47352	146
BIIB	BIOGEN IDEC	STOCK	UP	3.54969	114
PFE	PFIZER	STOCK	UP	2.36216	101
UUP	DB US DOLLAR INDEX	ETF	UP	0.96634	81
DXY	US DOLLAR INDEX	INDEX	DN	0.64572	76
BRK-A	BERKSHIRE HATHAWAY	STOCK	UP	0.91215	73
SECURITIES MAKING NEW LOWS DURING THE WEEK OF 16-Oct-2026					
VALUG	VALUELINE GEOMETRIC INDEX	INDEX	UP	-2.01746	999
LEG	LEGGETT AND PLATT (DK)	STOCK	DN	-34.66066	462
DUAVF	DASSAULT AVIATION	STOCK	DN	-3.97922	330
PTY	PIMCO CORP & INCOME OPPTY	CEF	DN	-2.64249	330
CRBU	CARIBOU BIOSCIENCES	STOCK	DN	-15.62658	263
DLY	DOUBLELINE YIELD OPPTY	CEF	DN	-1.71304	199
PFF	PREFERRED AND INCOME SECURITIES	ETF	DN	-1.25681	149
ITB	HOME CONSTRUCTION	ETF	DN	-3.23319	147
PSF	SELECT PREFERRED & INCOME	CEF	DN	-2.29046	147
FPF	Inter. Duration Pref/Income	CEF	DN	-3.40194	145
JGH	GLOBAL HIGH INCOME	CEF	DN	-2.36011	144
ANGL	FALLEN ANGEL HIGH YIELD BOND	ETF	DN	-1.28967	77
FFC	F&C PREFERRED AND INCOME	CEF	DN	-2.25126	77
LDP	C&S LOW DURATION PREFERRED	CEF	DN	-2.30039	76
XHB	EQU-WTD HOMEBUILDERS	ETF	DN	-2.96905	74
URA	NUCLEAR ENERGY	ETF	DN	-4.78436	68
PFXF	PREF SECURITIES EX FINANCIALS	ETF	DN	-0.79411	66
REMX	RARE EARTH METALS	ETF	DN	-7.74742	60
SBGI	SINCLAIR	STOCK	DN	-2.92644	59

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