

February 20, 2024

Rumours

Summary

From “Mag 7” to “Lag 7?” Not completely, yet. But the number of technology stocks exhibiting relative outperformance is slowly declining, especially when compared to alternative equity market proxies. Also, while still underperforming the S&P 500 YTD, other sectors—Energy, Health Care, Financial, Consumer Discretionary, and Industrial—are slowly moving up the relative strength scale.

Go Your Own Way

It seems most of Wall Street continues to exhibit obsessive love for most everything Technology. But if we look behind the curtain at some of the changes taking place within NASDAQ and the technology universe (Figures 1-3), I believe some of Fleetwood Mac’s 1977 song “Go Your Own Way,” released on their *Rumours* album, better describes how the space should be viewed, at least on a short-term basis.

Loving you isn't the right thing to do
How can I ever change things that I feel?

You can go your own way, go your own way
You can call it another lonely day
You can go your own way, go your own way

Figure 1: S&P NASDAQ and New 52-Week High. | Considering the waning number of new highs, please respect support (green & blue lines, price labels) and resistance (red line) shown below. Also, please identify stop-loss points (trading and non-trading) for stock-specific Technology positions.



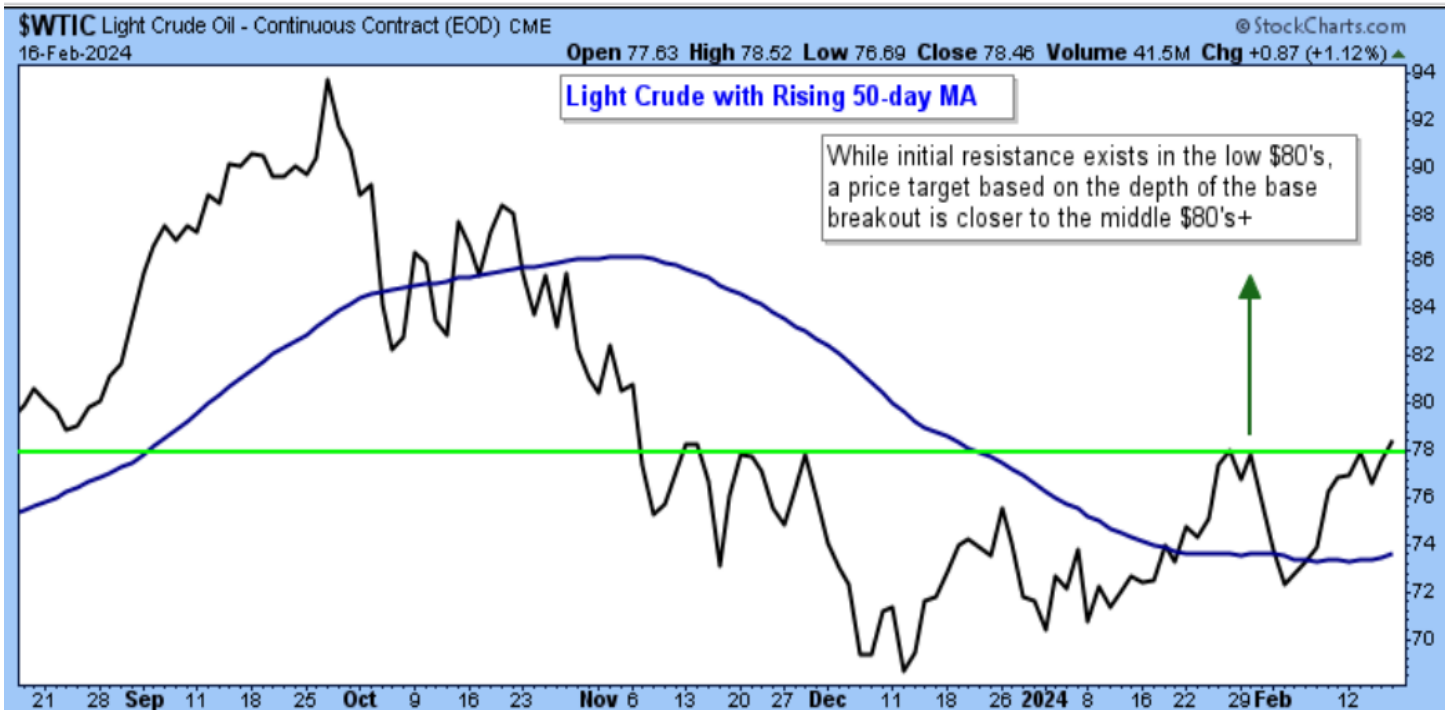
Figure 2: Various Relative Strength Ratios. | Select areas of and select stocks within the Technology complex are losing their relative strength dominance versus various market cap areas of the equity market. Please review your risk management tactics and reach out for charts of interest.



Figure 3: Energy Correlation to Technology. | Considering the observations above (and Figure 4 below), this chart is especially intriguing.



Figure 4: Light Crude Oil (continuous contract) with Rising 50-day MA (blue line). | While the near-term intraday price peaks haven't been violated (\$79.29, \$79.60, \$79.77), if viewed through the lens of closing prices, Crude Oil is breaking out to the upside and looks higher short-term.



Please let me know if you would like to schedule a call to go over the process and discipline underpinning our **Smart Sector with Catastrophic Stop**, **Smart Sector International**, and/or **Smart Sector Fixed Income** strategies. Disclosures and Fact Sheet information can be found here: <https://dhfunds.com/literature>.

Day Hagan Asset Management appreciates being part of your business, either through our research efforts or investment strategies. Please let us know how we can further support you.

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—Written 02.18-19.2024. Chart source: Stockcharts.com unless otherwise noted.

Upcoming Events

[Day Hagan/Ned Davis Research Smart Sector® with Catastrophic Stop, hosted by Art Day, on February 21, 2024, at 1:15 p.m. EDT](#)

[Day Hagan/Ned Davis Research Smart Sector® with Catastrophic Stop, hosted by Art Day, on February 21, 2024, at 4:15 p.m. EDT](#)

[Day Hagan Technical Analysis, hosted by Art Huprich, CMT, on March 26, 2024, at 4:15 p.m. EDT](#)

Disclosure

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