

## Alt-Energy & Fin-Tech starting to strengthen while Mid-Caps have broken out to new highs

Technical Strategy Video (Recorded Monday, October 25th):

<https://vimeo.com/638834318/6bfec851b2>

### Key Takeaways

- Monday's follow-through in New high territory for S&P, DJIA occurred on better market breadth than last week, while NASDAQ now just 1% away from new all-time highs
- Mid-Cap 400 breakout back to new highs to join Large-Caps is constructive technically, while Small-caps have begun to outperform; IWM breakout should follow
- Alt-Energy has begun to pick up strength lately after months of lagging the broader Energy move; Meanwhile, Fin-Tech breakout back to new highs should drive outperformance

Tech earnings got kicked off with Facebook post-close Monday. Despite posting slower sales growth, the stock jumped after-hours to fill last week's gap and traded over \$342 before settling a bit (Trading \$333 as of 5:30pmEST vs 10/25 close of \$328.69) The recent stabilization is thought to be a technical positive in the short-run. Thus, after its recent underperformance since September, this ability to hold and turn higher looks to be a short-term bullish factor.



Source: Optuma

### Global X FinTech ETF breaking out bodes well for further outperformance

- The FinTech group looks to be quickly coming back to life, following a lengthy 6-8 month consolidation in many of these names. The Global X FinTech ETF (\$FINX) looks to be one to overweight as this has just broken out of an eight-month Cup and Handle pattern after consolidating since February.
- \$FINX looks more bullish than the Ark Innovation FinTech ETF (\$ARKF) as the FINX holdings of UPST, AFRM, BILL look more bullish technically than ARKF's holdings of more than 10% in TWLO, PYPL and Z, which all have been laggards in recent months and not as strong technically

- Upside targets for FINX lie near \$57.85-\$60 which represents a confluence of several different Fibonacci extensions



Source: TradingView

### Alternative Energy ETF's also beginning to play Catch-up

- Energy's 21.19% gains over the last three months ( \$XLE data through 10/25/21) and 55.15% gains Year-to-Date through 10/25/21 have outpaced many stocks within the Alternative Energy space
- \$ICLN , the Ishares S&P Global Clean-Energy index fund, (displayed below) showed some strength on Monday that indicates this group might be ready to play catch-up, as this rose to the highest levels since April 2021 following lengthy consolidation. This breakout from Monday argues for near-term acceleration to \$25-\$25.50 with medium-term targets at 27.35.



Source: TradingView

**VanEck Low Carbon Energy ETF, \$SMOG**, also looks quite bullish technically after breaking out of its consolidation since February. Additional upside gains look likely which should reach the low \$180's. Overall, an increasing number of alternative Energy stocks starting to break out to new weekly/monthly highs makes it seem likely that a rotation back into this group is starting.



Source: Trading View

### Finally, Mid-Caps have just broken back out to new all-time high territory (See below)

This \$MDY Breakout (SPDR Mid-Cap Trust Series 1) looks important, as this area had lagged in absolute terms since the Spring and had not moved back to new all-time highs like the large-cap SPX, nor NDX. This recent outperformance is constructive towards thinking market breadth and participation is improving.

Small-cap outperformance also looks to be picking up lately and IWM is now within striking distance of its own Channel resistance that intersects near \$233.64-\$234. It's expected that IWM likely does break back out to new high territory into mid-November, and that this entire trading pattern since February/March is just a temporary consolidation for IWM.



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