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Monthly Insights: April Outlook

S&P 500

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Sector Price Action & Performance Review: S&P 500

S&P 500 — Daily
50-day & 200-day Moving Averages
with MACD (12,26,9) & RSI (14)

Chart values: 6,400 | 6,200 | 6,092.12 | 6,000 | 5,892.60 | 5,783.44 | 5,759.96 | 5,600 | 5,559.66 | 5,400 | 5,200 | 5,000 | 4,800 | 4,600 | 4,400

MACD: 3.86 | -69.48 | -73.34
RSI: 36.78

Months axis: Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar

The S&P 500 finished February at a key support level for the bull trend. All we really need to know is price action spent the entirety or March at or below that level with the month poised to end near the month's worst levels. The 5783 level on the chart switches from support to resistance given the establishment of a downtrend to start 2025

Tariff policy has been front and center for the past 2 months with April 2nd the next important date in that ongoing development. Investors have become increasingly bearish near-term as any hopes of the Trump regime focusing on goosing returns in the stock market through deregulatory policy have been dashed. Instead tariff saber-rattling and outright threats have been the norm against a domestic backdrop of a slowing economy, a stalled housing market, and a flagging consumer.

Equity investors have noticed, and there has been clear rotation into legacy defensive sectors, assets and into ex-US equities which have outperformed domestic equities materially in 2025

We think the coming month will be spent evaluating the potential for recession, though we could see some volatility if the tough talk on trade is walked back. What we have to evaluate in the charts and the fundamental data is a vulnerable picture for the US economy and a dimming propect for relief from lower rates through Fed policy or through organic deflationary dynamics from slower spending

Our Elev8 Sector Rotation Model Portfolio starts March with the following sector allocations:

Elev8 Model Positions: April 2025

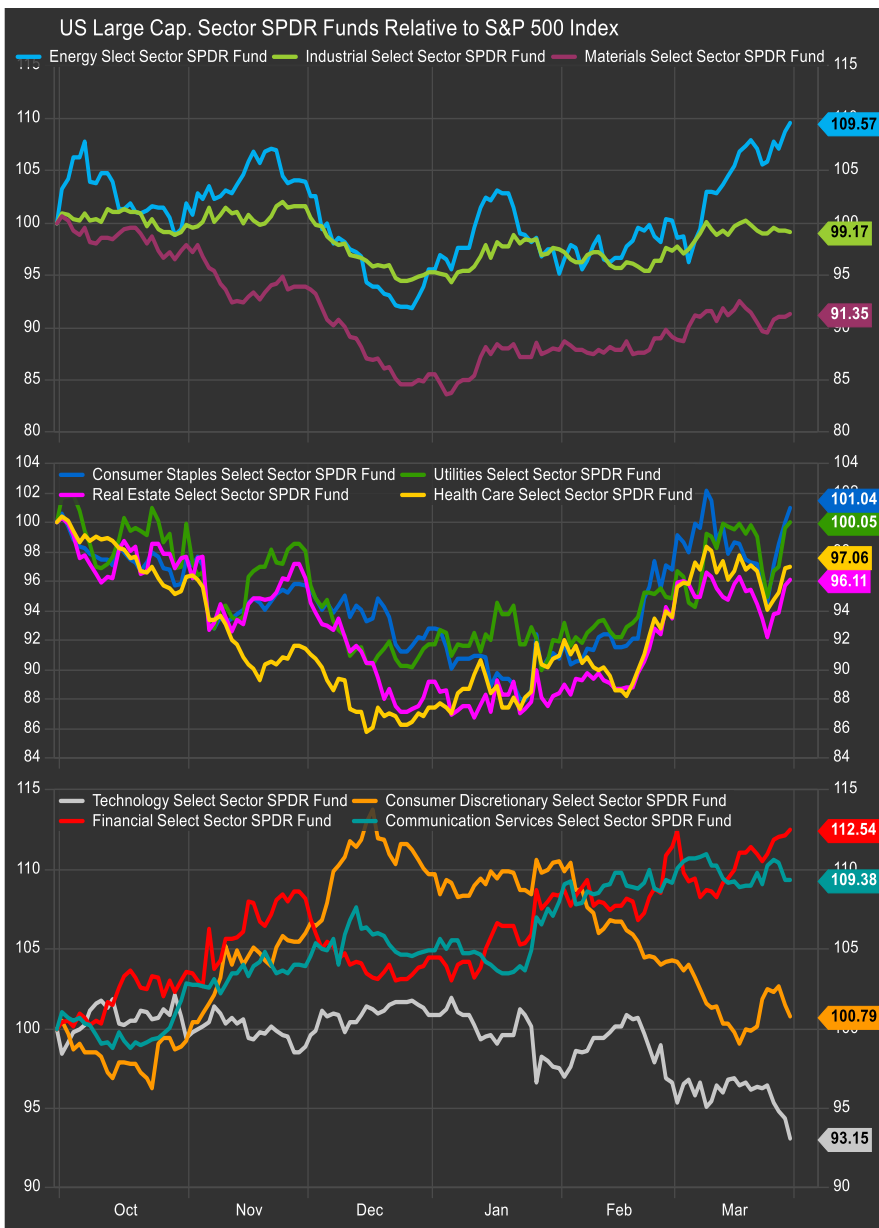|	BMK Weight	Elev8 Model	+/-
XLE	3.61%	9.82%	6.20%
XLU	2.51%	8.28%	5.78%
VNQ	2.25%	7.62%	5.37%
XLP	5.97%	11.10%	5.13%
XLF	14.54%	18.82%	4.28%
XLC	9.36%	13.22%	3.86%
XLV	11.10%	13.82%	2.72%
XLB	2.00%	0.00%	-2.00%
XLI	8.44%	0.00%	-8.44%
XLY	10.37%	0.00%	-10.37%
VGT	29.84%	17.31%	-12.53%

Fundamentals: S&P 500

The chart (left) shows S&P 500 Margins, Debt/EBITDA, Valuation and Earnings

Net Margin for the S&P 500 ticked higher as earnings season finished with a forecasted boost in out year earnings Growth also a new data point to consider. That said, the near-term path to meet those forward expectations seems to get murkier by the day. With the index currently priced at a bull market multiple (24x LTM earnings), there is likely more downside to the present scenario absent a material shift in the dialogue around tariff policy.

Industry/Sub-Industry Performance and Breadth: S&P 500

US Large Cap. Sector SPDR Funds Relative to S&P 500 Index

- Energy Slect Sector SPDR Fund
- Industrial Select Sector SPDR Fund
- Materials Select Sector SPDR Fund

109.57
99.17
91.35

- Consumer Staples Select Sector SPDR Fund
- Utilities Select Sector SPDR Fund
- Real Estate Select Sector SPDR Fund
- Health Care Select Sector SPDR Fund

101.04
100.05
97.06
96.11

- Technology Select Sector SPDR Fund
- Consumer Discretionary Select Sector SPDR Fund
- Financial Select Sector SPDR Fund
- Communication Services Select Sector SPDR Fund

112.54
109.38
100.79
93.15

Market Internals   Daily, 6M

- S&P 500 - Price
- S&P 500 - MA-50D
- S&P 500 - MA-200D

5894.95
5777.48
5559.65

- % of Stocks Above 200-day Moving Average
- % of Stocks Above 50-day Moving Average

37.77
34.19

- Advancers
- Decliners

18.09
-81.91

S&P 500 Sectors (chart, left):Defensive sectors and energy dominated in March resulting in a recessionary look to the sector leadership profile. Financials are the loan constructive area among historically bullish exposures (bottom panel) as Comm. Services stocks look heavy and Discretionary and Technology stocks continue lower vs. the benchmark

S&P 500 Internals (chart, right): Market internal trends deteriorated in March as corrective price action went hand in hand with the Trump administration's roll-out of global tariff proposals rattled markets

We aren't seeing contrarian capitulation signals yet in the internal data, but we're getting close and that's part of what we need to see to start anticipating a bottom in the current correction

Top 10/Bottom 10 Stock Level Performers: S&P 500

Symbol	Name	GICS Sector Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	1-Month Excess Return vs. BMK	Near-term OB/OS
HII	Huntington Ingalls Industries, Inc.	Industrials	Consolidation	8,055.8	0.57	-7.8	1.4	23.1	NT OVERBOUGHT
DG	Dollar General Corporation	Consumer Staples	Consolidation	18,937.4	0.62	-1.0	1.8	22.2	NT OVERBOUGHT
MOS	Mosaic Company	Materials	Bullish Reversal	8,636.6	0.47	6.2	2.1	21.1	
WRB	W. R. Berkley Corporation	Financials	Bullish Reversal	27,027.4	0.64	25.2	0.7	19.3	NT OVERBOUGHT
NEM	Newmont Corporation	Materials	Bullish Reversal	54,198.5	0.55	15.0	1.4	19.1	
EXE	Expand Energy Corporation	Energy	Bullish Reversal	25,815.7	0.55	27.8	1.4	19.0	
MKTX	MarketAxess Holdings Inc.	Financials	Downtrend	8,170.0	1.12	-4.2	0.9	18.6	
HCA	HCA Healthcare Inc	Health Care	Bullish Reversal	84,240.9	0.54	1.8	0.5	18.1	
CCI	Crown Castle Inc.	Real Estate	Bullish Reversal	45,110.7	2.91	5.3	3.2	17.9	NT OVERBOUGHT
EA	Electronic Arts Inc.	Communication Services	Consolidation	37,594.1	0.77	4.1	0.4	17.9	

Symbol	Name	GICS Sector Name	CHART_PATTERN	MktVal Co	Valuation Multiple Rel to Index	Momentum Score	Div Yld Multiple rel to Index	1-Month Excess Return vs. BMK	Near-term OB/OS
DAL	Delta Air Lines, Inc.	Industrials	Support	28,319.0	0.24	-16.7	0.8	-20.9	NT OVERSOLD
UAL	United Airlines Holdings, Inc.	Industrials	Retracement	22,989.1	0.22	8.2	0.0	-19.0	NT OVERSOLD
TER	Teradyne, Inc.	Information Technology	Support	13,387.1	0.89	-32.0	0.4	-18.5	NT OVERSOLD
DXCM	DexCom, Inc.	Health Care	Downtrend	26,470.9	1.28	-15.2	0.0	-17.2	NT OVERSOLD
CZR	Caesars Entertainment Inc	Consumer Discretionary	Downtrend	5,442.4	0.89	-30.8	0.0	-16.6	NT OVERSOLD
RL	Ralph Lauren Corporation Class A	Consumer Discretionary	Uptrend	8,602.0	0.63	5.6	1.0	-14.0	NT OVERSOLD
DECK	Deckers Outdoor Corporation	Consumer Discretionary	Retracement	16,931.9	0.67	-31.8	0.0	-13.8	NT OVERSOLD
NKE	NIKE, Inc. Class B	Consumer Discretionary	Downtrend	74,760.6	1.22	-22.9	1.5	-13.7	NT OVERSOLD
LULU	lululemon athletica inc.	Consumer Discretionary	Distributional	33,854.7	0.77	-10.6	0.0	-13.7	NT OVERSOLD
HPE	Hewlett Packard Enterprise Co.	Information Technology	Downtrend	20,741.4	0.33	-18.0	2.2	-13.5	NT OVERSOLD

The stock level leaderboard for March shows another month where defensive stocks and laggards outperformed by large margins vs. the Index

On the flip side, the bottom of the barrel was low quality names in historically higher beta sectors

The performance tails shouldn't occlude the fact that big Growth players from the Mag7 through the AI complex and beyond spend the month correcting

Metrics:

(Formulas are in the appendix at the end of the report)

Valuation Multiple Relative to Index

Premium (or discount) to benchmark valueation

Momentum

Long higher scores, short lower scores

Dividend Yield Relative to Index

Higher scores preferred when rates and equities are moving lower

Near-term Overbought/Oversold

Price is >10% away from the 50-day moving average Above/Below

GREEN|RED

Company scores positively|negatively for Elev8 Sector Rotation Model for April

Economic & Policy Drivers: S&P 500

1. Trade Policy & Tariff Uncertainty

The market's focus was dominated by President Trump's planned **April 2 "Liberation Day" tariff announcement**, with escalating concerns that reciprocal tariffs could be more **punitive and widespread** than initially hoped.

The March 27 announcement of **25% auto tariffs** (effective April 3) rattled markets, especially cyclicals, autos, and multinational manufacturers. Trump warned tariffs on **pharma, lumber, and copper** may follow.

Trade partners including the **EU, Mexico, and Canada** signaled they may respond in kind. Reports noted **EU preparing concessions**, but retaliation risks remain high.

2. Inflation Data & Fed Policy Outlook

The **February Core PCE** reading came in hot at **+0.4% m/m**, pushing the y/y figure to **2.8%**, while **University of Michigan inflation expectations** surged to their highest in years (1Y at 5.0%, 5Y at 4.1%).

Several Fed officials (Kashkari, Musalem, Daly) expressed concern that **tariffs could stall disinflation**, with the **risk of inflation re-accelerating** becoming more prominent in commentary.

The market walked back expectations for aggressive Fed rate cuts in 2025. Fed funds futures now price **~50 bps of easing for the year**, mostly starting in **mid-to-late summer**.

3. Macro Growth Signals & Consumer Health

Soft survey data—**Empire Manufacturing, Richmond Fed, consumer confidence**, and **ISM previews**—pointed to **slowing business and consumer momentum**.

Conversely, hard data like **Q4 GDP (final +2.4%)**, **February personal spending (+0.4%)**, and **new home sales** beat expectations.

Jobless claims remained low, but signs of **consumer fatigue** emerged in commentary from Lululemon, Oxford Industries, and Dollar Tree, which noted **spending caution and trade-down behavior**.

4. Positioning, Flows & Technical Headwinds

Despite weakness, March saw the **largest weekly inflow into U.S. equities YTD** at mid-month, driven by **systematic rebalancing and passive flows**.

Clean positioning, CTA net short reversals, and quarter-end buying created **supportive flow dynamics**, though they weren't strong enough to offset macro headwinds.

The **Mag 7 tech stocks** broke a 6-week losing streak mid-month but ended March down again. Tech underperformance contributed significantly to index-level declines.

Technical levels: The S&P 500 briefly retook its **200-DMA**, but failure to hold above it raised concerns of a deeper **trend reversal**.

Appendix: Metric Interpretation/Descriptions

Valuation Multiple Relative to Index
> Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

Valuation Multiple Relative to Index

(Company Price/NTM EPS) / (Index Price/NTM EPS)

Dividend Yield Relative to Index
> Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

Dividend Yield Relative to Index

Company FY1 Rolling Dividend Yield / Index FY1 Rolling Dividend Yield

Momentum
> Long higher scores, short lower scores

Momentum (simple mean)

1-Month Excess Total Return (vs. S&P 500) * 0.1

Plus

3-Month Excess Total Return (vs. S&P 500) * 0.3

Plus

6-Month Excess Total Return (vs. S&P 500) * 0.4

Plus

12-month Excess Total Return (vs. S&P 500) * 0.2

Metric Interpretation/Descriptions

Price Structure

We categorize stock chart patterns into 7 categories

Uptrend—Stock exhibits sustained outperformance

Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark

Consolidation—Sideways price action, generally a bearish pattern in a bull market

Retracement—A sharp move lower in a previously strong chart

Distributional—A topping pattern

Downtrend—Sustained underperformance, lagging the benchmark by >15% per year

Support—Price has reached a level where major bottom formations or basing has occurred in the past

Basing—A protracted consolidation at long-term support

Deviation from Trend

Intermediate-term: Price % Above/Below 200-day moving average

Near-term: Price % Above/Below 50-day moving average

Overbought/Oversold (We want to sell overbought charts with declining momentum)

Overbought = Stock price > 25% above 200-day m.a.

Oversold = Stock price > 20% below 200-day m.a.

Near-term Overbought/Oversold (Signals depend on trend context)

Overbought = Stock price > 15% above 50-day m.a.

Oversold = Stock price > 15% below 50-day m.a.