

The Technical Tape

Chart structure, market breadth, leadership and next-session decision levels

MARKET POSTURE: CAUTIOUS, IMPROVING

Bottom Line

Monday's rebound was constructive, but it has not yet established a durable change in market character. Buyers returned to technology and semiconductor shares, and the major indexes recovered some recent losses. However, participation remained uneven, with the largest growth stocks outperforming the broader market.

The important question is whether this develops into a sustained recovery with expanding leadership or proves to be another rally within the correction.

The immediate test is follow-through. The market needs to hold Monday's gains, overcome nearby resistance, and demonstrate that buying interest extends beyond a relatively narrow group of leaders.

1) The Index Tape

October 26, 2026 closing prices

Index	Close	Daily Change
S&P 500	7,676.77	+0.70%
Nasdaq Composite	26,169.38	+0.82%
Dow Jones	52,361.58	+0.28%
Russell 2000	2,786.42	+0.38%
QQQ	\$712.20	+1.11%

The Nasdaq 100, represented by QQQ, outperformed while small caps and the Dow lagged. That is an encouraging rebound in growth leadership, but not yet a broad-market advance.

2) Support, Resistance and Trend Structure

Instrument	Support to Watch	Resistance to Reclaim
S&P 500	7,640, then 7,610–7,625	7,698–7,702, then 7,727
QQQ	\$705, then \$700	\$715, then \$725–\$734
SMH	\$530, then \$516–\$517	\$545, then \$574
IWM	\$273–\$275	\$279–\$280

Price-derived zones and moving-average reference levels; not guaranteed turning points.

S&P 500: The 50-day average remains the first obstacle

The S&P 500 reached approximately 7,702 intraday, briefly exceeding its 50-day moving average near 7,698. Buyers could not hold the breakout. Its 20-day average near 7,727 adds another resistance layer. The 200-day average remains much lower, near 7,295.

The primary uptrend has not broken, but the intermediate trend remains under pressure. Reclaiming 7,700 would improve the picture; sustaining a move above 7,727 would carry considerably more technical weight.

Nasdaq 100: A bounce from support, not yet a repaired trend

QQQ defended the important \$700 area and recovered to \$712.20. Its 50-day average near \$725 and 20-day average near \$734 remain overhead. Momentum has begun recovering from oversold conditions, although the daily RSI around 42 and negative MACD still reflect weakened intermediate momentum.

Semiconductors: The most important recovery candidate

SMH finished at \$541.62, up 2.74%, after rebounding above its 200-day moving average near \$516. Its 50-day average near \$574 remains approximately 6% overhead. The sector is holding long-term support, but the intermediate downtrend has not been repaired.

The immediate objective is to establish a higher low and then demonstrate sustained strength above short-term resistance. One strong session cannot erase the prior decline.

3) Market Breadth: Positive Participation, Incomplete Confirmation

Breadth Measure	Reading	Implication
S&P 500 stocks advancing	59% (294 up / 205 down)	A positive session, not overwhelming breadth
Above 200-day moving average	56% of S&P 500	Long-term participation remains mixed
Nasdaq new 52-week highs / lows	82 / 349	New lows substantially outnumbered highs
RSP / SPY daily change	+0.35% / +0.71%	Equal weight lagged capitalization weight
Total exchange volume	16.7 billion shares	Below 20-day average of 17.2 billion

There were enough advancing stocks to call Monday's session broadly positive. The problem is that advancing issues did not translate into especially convincing underlying strength. The indexes rose, but substantial numbers of Nasdaq stocks were still registering new lows and the recovery lacked convincing volume expansion.

The favorable interpretation is that breadth stabilized while buyers revisited beaten-down growth stocks. The less favorable interpretation is that Monday was driven more by relief buying in selected leaders than by broad accumulation.

Breadth improved enough to reduce immediate downside pressure, but not enough to confirm a new advancing phase.

4) Leadership and Sector Rotation

The strongest technical evidence came from semiconductors, technology, industrials and cybersecurity. However, the quality of individual charts varies considerably.

Group / ETF	Daily Change	Technical Interpretation
Semiconductors (SMH)	+2.74%	Strong rebound; trend repair incomplete
Technology (XLK)	+1.69%	Relative strength improving
Industrials (XLI)	+1.42%	Constructive participation
Financials (XLF)	+0.21%	Lagging the S&P 500
Communication (XLC)	-1.57%	Persistent relative weakness

LITE and COHR: Lumentum advanced 8.2%, reclaiming its 200-day average, while Coherent gained 5.8% but remained below its major moving averages. This distinction helps separate a potential technical recovery from an oversold rebound.

Cybersecurity: RBRK, OKTA and CRWD continue to demonstrate notable relative strength. Unlike much of the semiconductor complex, this group has been advancing even during broader-market weakness, making it an important source of potential leadership.

Tesla: TSLA gained 5.2% and reclaimed its 200-day average. Follow-through and the ability to hold that line will determine whether the move develops into something more durable.

Genuine leaders are differentiating themselves from stocks that are simply bouncing after steep declines.

5) Momentum and Volatility

Indicator	Closing / Approx. Reading	Technical Meaning
VIX	18.39 (-5.45%)	Fear eased but did not disappear
S&P 500 RSI (14)	≈47	Neutral, recovering
QQQ RSI (14)	≈42	Weak, recovering

The VIX declined sharply but recovered from an intraday low of 17.79 and finished above its 200-day moving average near 18.20. That suggests fear eased without disappearing. Index momentum has also improved from oversold conditions, but remains short of a confirmed bullish reversal.

Together, the readings suggest an improving tactical environment, not yet a strong trending environment.

6) Technical Dashboard

Indicator	Assessment
S&P 500 primary trend	Positive above 200-day moving average
S&P 500 intermediate trend	Under pressure below 20/50-day averages
Nasdaq 100 trend	Weak; attempting recovery
Semiconductor leadership	Rebounding; unconfirmed
Broad-market participation	Mixed
Equal-weight relative strength	Weakened Monday
Cybersecurity relative strength	Constructive
Volatility	Improving, but caution warranted
Overall technical posture	CAUTIOUS, IMPROVING

Compared with Saturday's cautious assessment, Monday improved the near-term setup without producing sufficient confirmation to upgrade the overall posture.

7) Investor Decision Map

Bullish Repair Scenario

SPX reclaims 7,700 and sustains a move through 7,727. QQQ clears \$715 and progresses toward \$725. Semiconductors continue building higher lows, while equal-weight participation improves and Nasdaq new lows contract.

Posture: Gradually increase exposure to confirmed leaders rather than buying everything indiscriminately.

Base Case: Consolidation and Retesting

SPX remains trapped around 7,610–7,727. Rebounds meet moving-average resistance, while leaders and laggards continue diverging.

Posture: Maintain selective exposure, protect gains and let individual charts prove themselves.

Bearish Continuation Scenario

SPX fails near 7,700 and breaks through 7,610. QQQ loses \$700, semiconductor weakness resumes and Nasdaq new lows expand. Renewed VIX strength above approximately 19.5–20 would add confirmation.

Posture: Reduce risk, avoid averaging into breakdowns and wait for stabilization.

8) Watchlist for Tuesday

- SPX holds above 7,700 and begins reclaiming its moving averages.
- QQQ clears \$715, with \$725 the next meaningful test.
- SMH holds \$530–\$540 and works through \$545.
- RSP/SPY and Nasdaq advance/decline readings improve.
- Nasdaq new 52-week lows contract materially.
- Cybersecurity and stronger AI infrastructure names continue outperforming.
- VIX remains below 19.5 and retreats beneath its 200-day average.

These are conditional watch items. Mark them confirmed only when subsequent price action supports them.

Closing Read

Monday was a step in the right direction. Buyers defended important levels, semiconductors recovered sharply and volatility declined.

But there is a difference between a market that has stopped declining and one that has established a new advance.

The next opportunity is not simply identifying the stocks that bounced most. It is identifying those that continue advancing after the rebound encounters resistance.

For now, patience remains the appropriate default. The price action is improving. Confirmation is still required.

Price gets the final vote.

Go beyond the headlines. Find research, practical lessons, and new opportunities.



Kirk's Opportunities

Opportunities To Learn, Grow, & Prosper

<https://kirksopportunities.com>