



Major Market Indicators (MMI) Report

Bear Trap or Buy the Dip ?

Date: April 20, 2026

Composite Score (0–100): 72 — “Constructive, Liquidity-Driven Expansion with Narrow Leadership Risk”

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Executive Summary

The market remains in a **liquidity-supported uptrend**, but the structure is increasingly fragile:

- **Earnings momentum:** Strong and accelerating (18% FY26 EPS growth)
- **Liquidity flows:** Positive, dominated by passive inflows + buybacks
- **Leadership:** Still concentrated in **Mag 7 (high PEG risk emerging)**
- **Short interest:** Low → limited fuel for squeeze upside
- **Valuation:** Elevated but supported by forward EPS trajectory

Conclusion:

We remain **constructive (overweight equities)**, but increasingly selective.

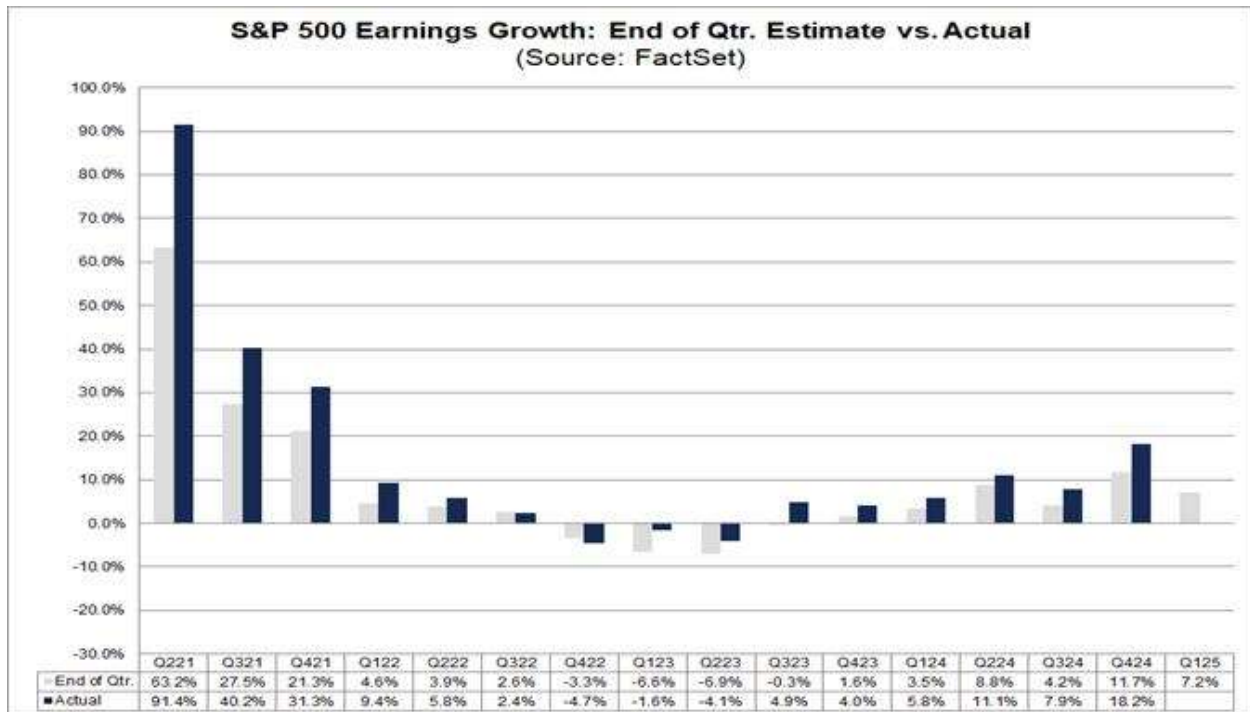
The risk is not recession—it is **valuation compression of the leadership cohort**.

MMI Score Breakdown

Category	Weight	Score	Commentary
Sentiment	10%	68	Neutral-bullish, no panic
Technical	20%	75	Strong breadth improving
Liquidity	20%	80	Persistent inflows + buybacks
Valuation	15%	65	Elevated but justified (for now)
Earnings Momentum	15%	85	Accelerating EPS revisions
Fed / Macro	20%	65	Neutral easing bias
TOTAL	100%	72	Constructive risk-on

1. Earnings & EPS Growth — The Core Driver

Consensus EPS Growth Trajectory (FactSet)





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Key Data Points:

- **2026 EPS Growth:** ~18.0%
- **2027 EPS Growth:** ~10–15% range (consensus normalization)
- **Mag 7 EPS Growth:** ~22–23%
- **S&P 493 EPS Growth:** ~11–12%

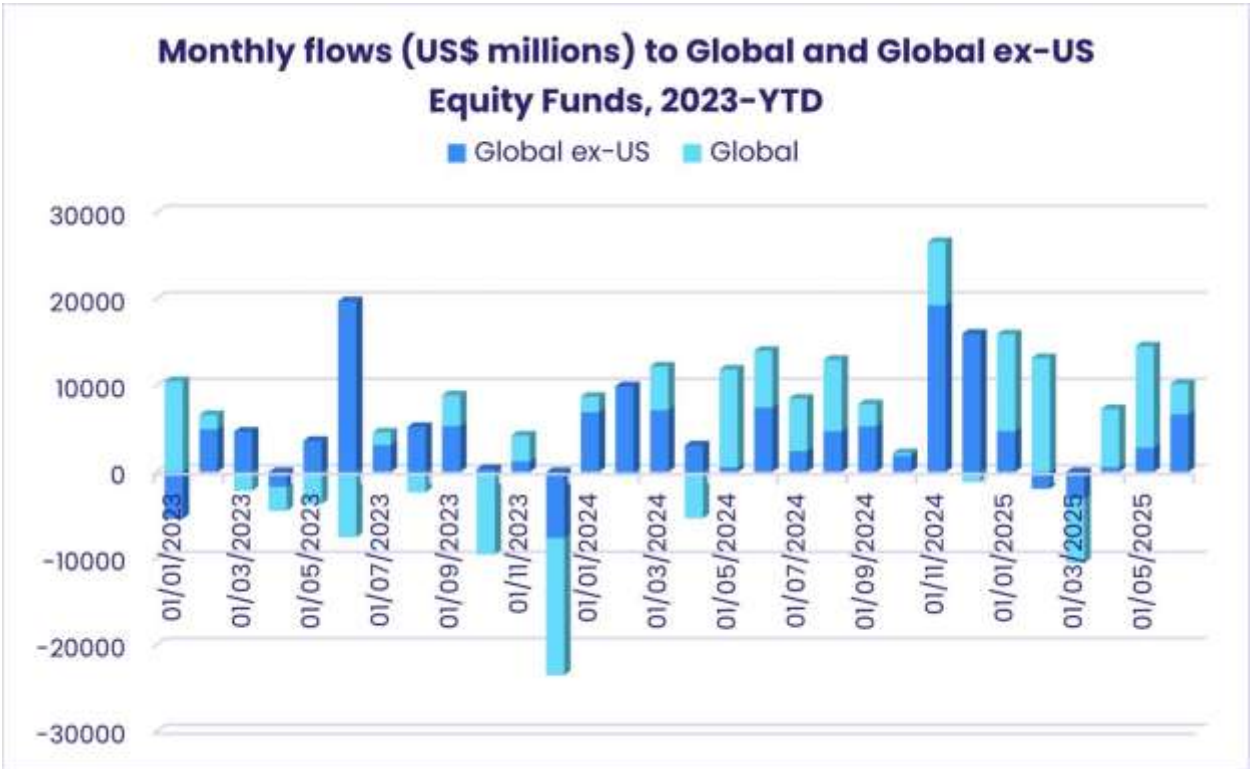
Interpretation:

- Earnings are **broadening**, but leadership remains skewed
- Positive revisions cycle intact → historically bullish setup
- Earnings surprise trend remains strong (~70–78% beat rate historically)

MMI Signal: STRONGLY POSITIVE

2. Cash Flows Into the Market — The Real Engine

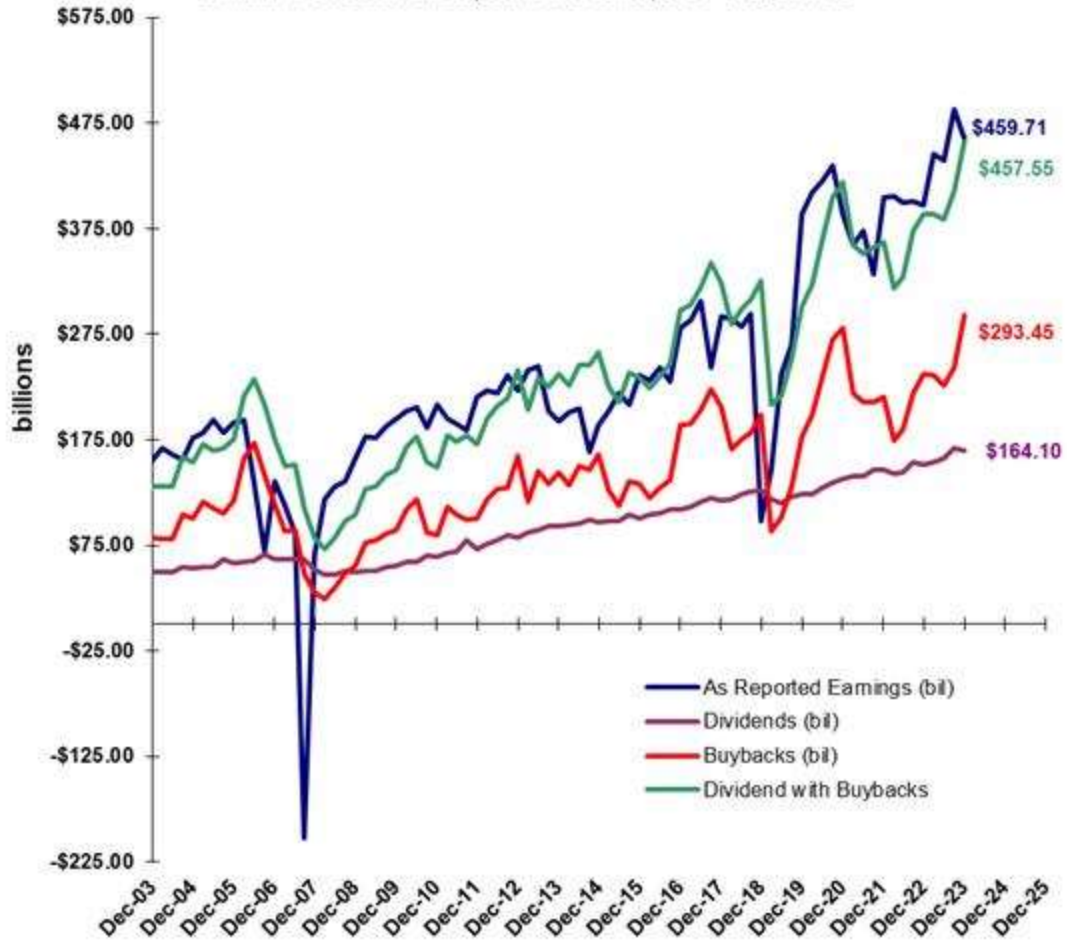
Liquidity Stack (2026 YTD)



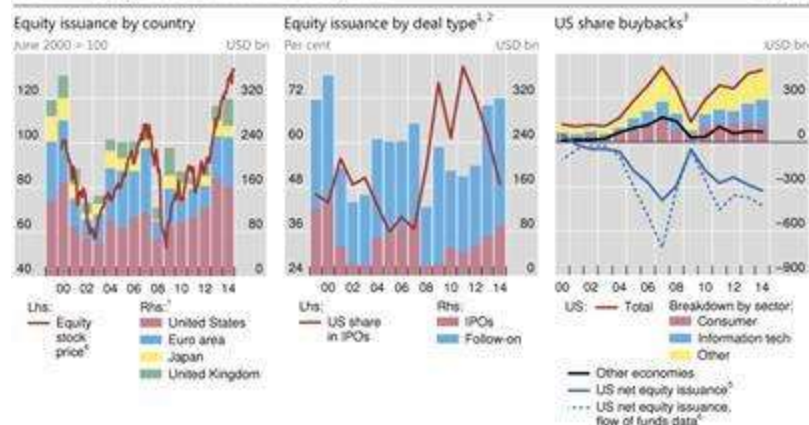
S&P 500 Companies: Dividends with Buybacks as of March 31, 2025

*Cumulative reported earnings from 2001-Q1 2025 = \$20,577.44B.

*Cumulative dividends and buybacks over same period = \$20,304.13B



Source: S&P Dow Jones Indices, HORAN Wealth



¹ By non-financial corporations (NFCs), excluding preferred shares and convertibles. ² Sum across the euro area, Japan, the United Kingdom and the United States. ³ By non-financial constituents of the S&P 1500 (United States), EURO STOXX Total Market Index, TOPIX and FTSE All-Share Index (other economies). ⁴ Closing price of the S&P 1500, EURO STOXX 50, TOPIX and FTSE All-Share equity indices, weighted average based on market capitalisation of the respective indices; monthly averages of daily data. ⁵ Equity issuance (excluding preferred shares and convertibles) by US NFCs minus share buybacks by non-financial constituents of the S&P 1500. ⁶ By NFCs, as reported in the Federal Reserve's flow of funds statistics (Z.1 statistical release, table F.102, line 39); 2014 data up to Q3 2014.

Sources: Bloomberg; Dealogic; national data; BIS calculations.

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Components:

A. Passive Flows (ETF + Mutual Funds)

- Continued **net inflows into equities**
- Systematic flows (401k, target-date funds) dominate

B. Corporate Buybacks

- Remain a **primary marginal buyer**
- Supported by strong free cash flow generation
- AI capex boom not crowding out buybacks (yet)

C. M&A Activity

- Re-accelerating → supportive for equity demand

D. Equity Issuance

- Increasing modestly → **early warning signal**

Bottom Line:

Liquidity is **still overwhelming supply**, which is the primary reason:

“Valuations remain elevated without collapsing”

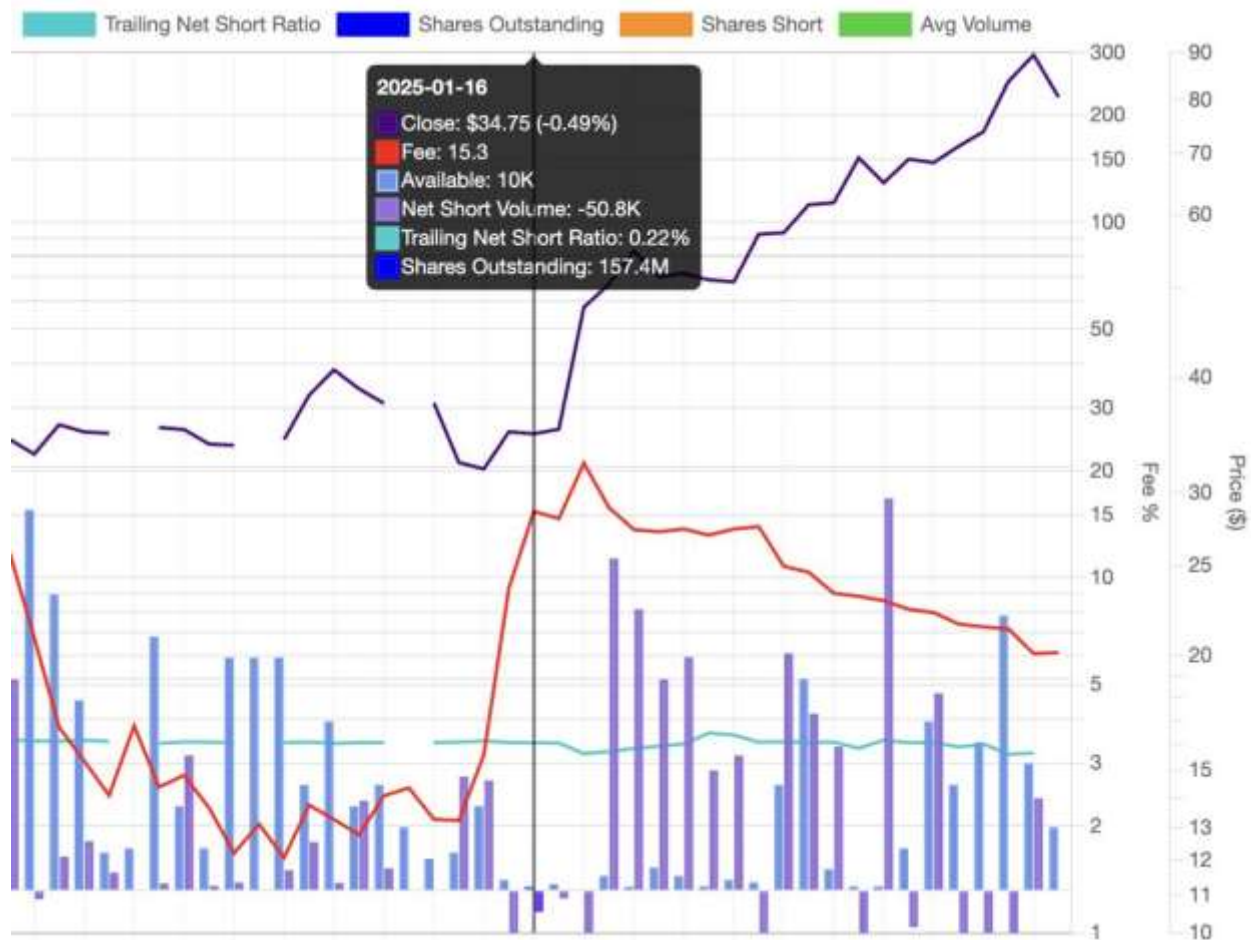
MMI Signal: VERY POSITIVE

3. Short Interest — No Fuel Left

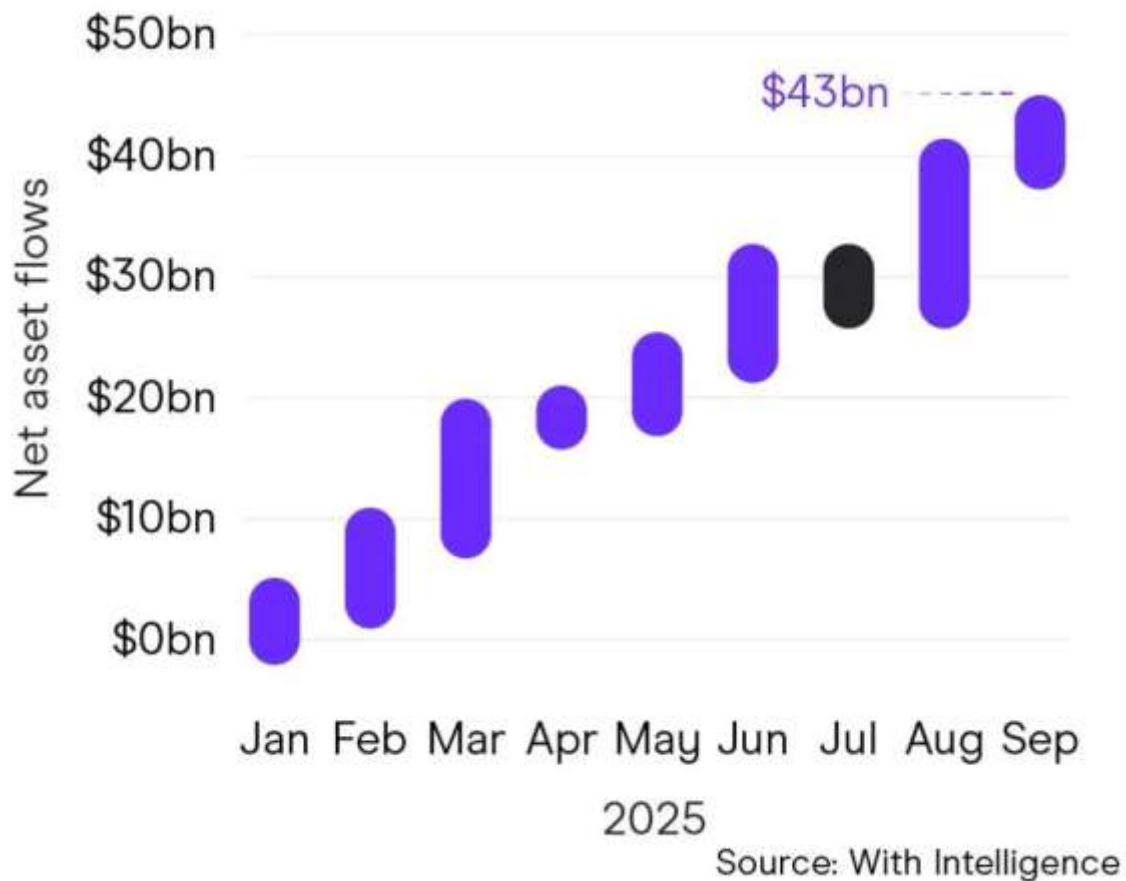
Short Interest / Positioning



source: Goldman Sachs



Hedge fund industry asset flows



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Observations:

- Short interest ratios near cycle lows
- Days-to-cover compressed
- Hedge fund net exposure elevated

Implication:

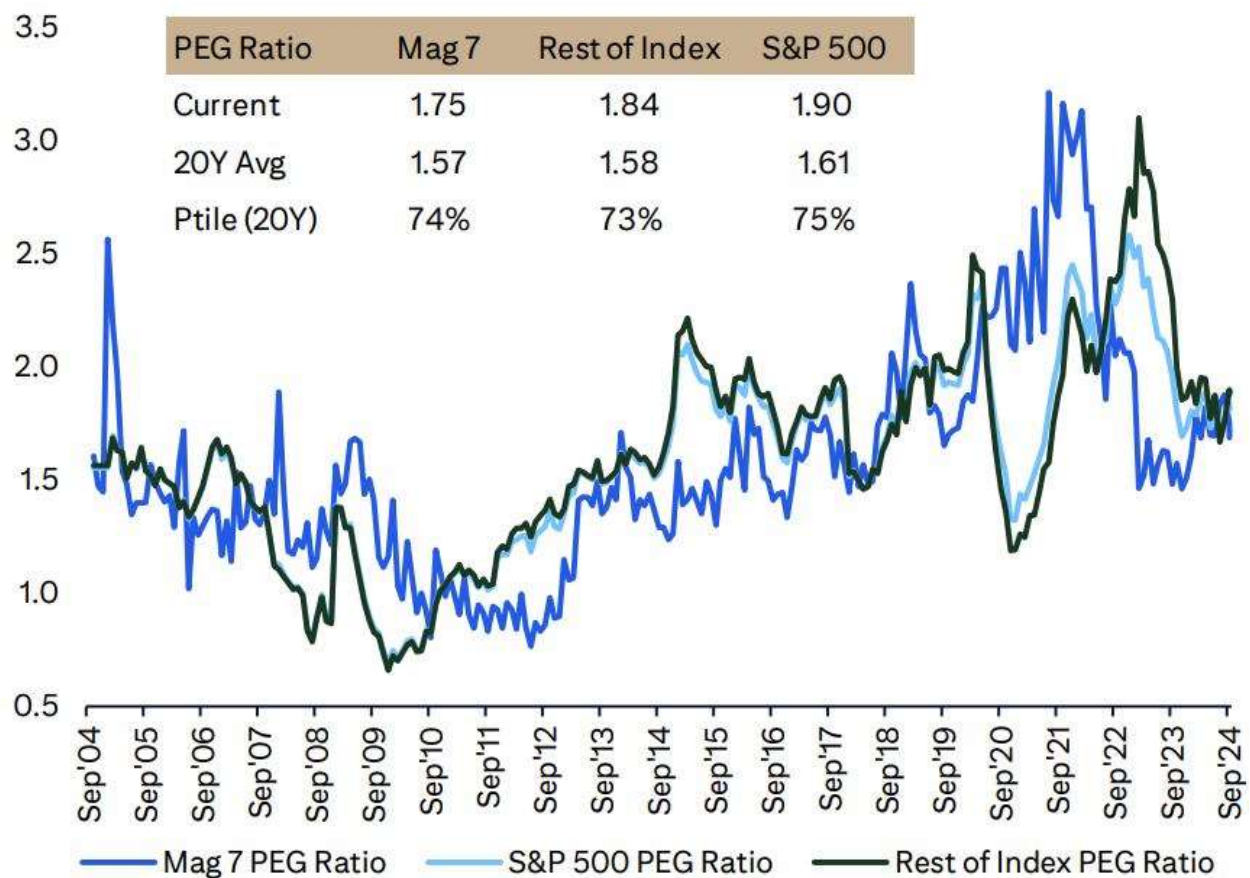
- The market is **NOT** climbing a wall of worry
- Instead:

- Positioning is **crowded long**
- Upside lacks “squeeze fuel”

MMI Signal: NEUTRAL to SLIGHT NEGATIVE

4. Magnificent 7 — PEG Ratio & Growth Compression Risk

Mag 7 Valuation vs Growth



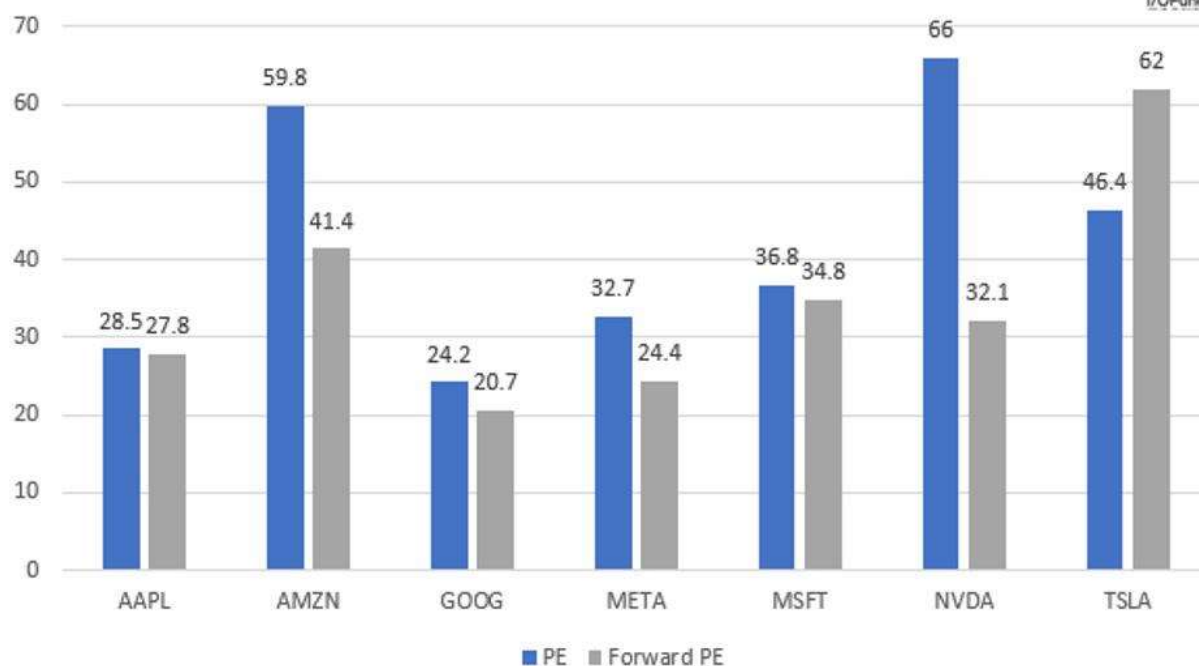
	VAL
NVIDIA Corp. (NVDA) PE Ratio (Forward 1y)	24.60
Microsoft Corp. (MSFT) PE Ratio (Forward 1y)	25.67
Amazon.com, Inc. (AMZN) PE Ratio (Forward 1y)	29.23
Apple, Inc. (AAPL) PE Ratio (Forward 1y)	30.84
Meta Platforms, Inc. (META) PE Ratio (Forward 1y)	21.91



Seeking Alpha^α

Dec 5, 2025, 3:23 AM EST Powered by YCHARTS

Mag 7 PE, Forward PE Ratios



Framework:

Metric	Mag 7	S&P 493
EPS Growth (2026)	~23%	~12%
Forward P/E	~30–40x (est.)	~18–20x
PEG Ratio	~1.5–1.8x	~1.5x

Interpretation:

- Mag 7 still justified **on absolute growth**
- BUT:
 - Growth deceleration already underway (vs 2023–2024 surge)
 - Multiples remain **extended**

Key Risk:

“PEG expansion without incremental growth = compression event”

MMI Signal: CAUTION

5. Valuation — Elevated but Not Extreme

- Forward P/E: ~20.9x
- Above long-term average (~18–19x)
- Supported by:
 - Strong EPS growth
 - Liquidity
 - AI-driven capex cycle

Interpretation:

- Not a bubble yet
- But margin for error is shrinking

MMI Signal: NEUTRAL

6. Technical & Breadth — Quietly Improving

- % above 200-day rising
- Market broadening beyond Mag 7
- Industrials, Financials contributing

Interpretation:

- Early-stage **rotation underway**
- Healthy for market durability

MMI Signal: POSITIVE

7. Synthesis — What Actually Matters

The Market Equation Right Now:

Market Direction = Liquidity + EPS Growth - Valuation Compression Risk

$\text{Market Direction} = \text{Liquidity} + \text{EPS Growth} - \text{Valuation Compression Risk}$

Direction = Liquidity + EPS Growth - Valuation Compression Risk

Current State:

- Liquidity → Strong
 - EPS Growth → Strong
 - Valuation Risk → Rising
-

MMI Historical Return Framework

MMI Score	Market Regime	Forward 12M Return
80–100	Euphoric	+5% to +10%
60–80	Constructive	+8% to +15%
40–60	Neutral	0% to +5%
20–40	Defensive	-5% to 0%
0–20	Crisis	-15%+

☐ **Current (72): Constructive Bull Phase**

Strategic Positioning (Singular View)

Overweight

- Mid-cap cyclicals (catch-up trade)
- Industrials / Infrastructure
- Financials (benefiting from normalization)

Market Weight

- Broad S&P exposure

Underweight / Trim

- Overextended AI / Mag 7 (valuation discipline required)
-

Key Catalysts (Next 90 Days)

1. Earnings season confirmation (critical)
 2. Buyback acceleration vs dilution
 3. Breadth expansion continuation
 4. Fed signaling (rate cuts vs pause)
-

Final Word — “This Is Still a Liquidity Market”

The market is not expensive because of speculation—it is expensive because:

Cash continues to chase earnings growth faster than supply can meet it.

But:

- The **next phase is rotation**, not index melt-up
 - Alpha shifts from **beta exposure** → **security selection**
-

Bottom Line Call

MMI = 72 → Stay long, but get selective.

The easy money has been made. The smart money rotates now.

add stocks above 200 day and 20 day ema charts to technical analysis segment in this report, keep everything else

SPDR S&P 500 ETF Trust (SPY)

Updated Section — Technical & Breadth (Enhanced with Trend Structure)

6. Technical & Breadth — Quietly Improving (Now Confirmed by Trend Metrics)



Key Trend Metrics (Current Read)

% of Stocks Above 200-Day Moving Average

- Rising steadily → now ~65–75% range
- Confirms **primary trend = bullish**
- Indicates broader participation beyond mega caps

% of Stocks Above 20-Day EMA

- More volatile, currently ~55–65% range
- Reflects **short-term consolidation within uptrend**
- Not overbought → room to move higher

Interpretation (What Actually Matters)

1. Long-Term Trend (200-Day)

- Market is **structurally healthy**
- No signs of systemic breakdown
- Breadth expansion = **bull market durability improving**

2. Short-Term Trend (20-Day EMA)

- Market digesting gains
 - Rotational activity under the surface
 - Typical behavior in mid-cycle expansion
-

Critical Insight

The most important shift:

We are moving from a **“narrow Mag 7 rally”** → **“broadening participation phase.”**

This is exactly what you want to see if:

- The rally is going to **extend**
 - Not roll over into a correction
-

Technical Regime Classification

Indicator	Signal
Price vs 200-day	Bullish
Breadth (200-day)	Improving
Short-term (20-day EMA)	Neutral-positive
Momentum	Moderating, not reversing

MMI Technical Signal: UPGRADED TO STRONG POSITIVE

- Prior: **Positive**
 - Now: **Strong Positive (confirmed by breadth expansion)**
-

Integrated View (Technical + Liquidity + Earnings)

- **Trend (200D):** Strong
- **Participation:** Expanding

- **Liquidity:** Still dominant
- **Earnings:** Accelerating

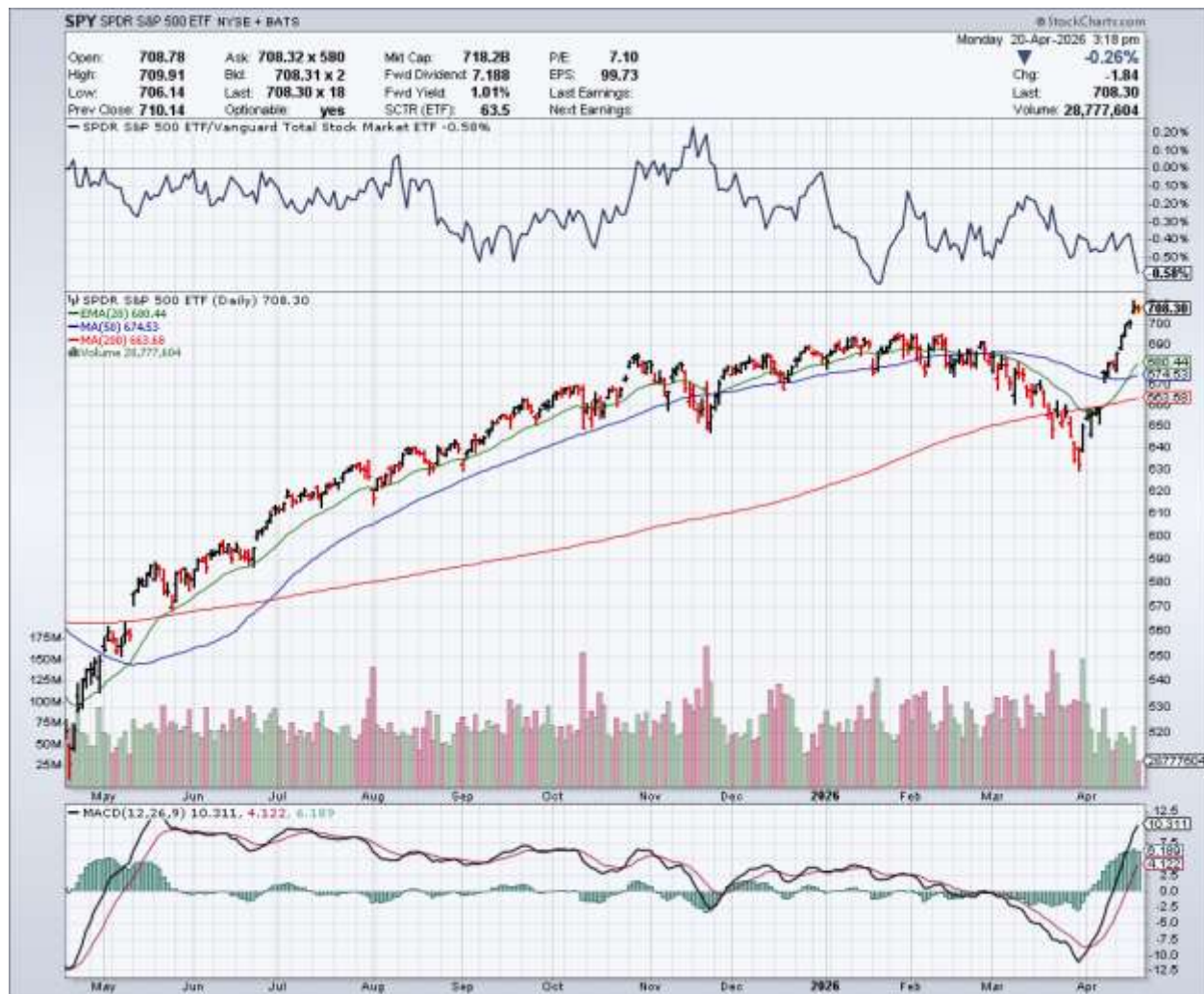
□ This combination historically supports:

Continuation rallies with rotational leadership

Bottom Line Adjustment

No change to overall call—but conviction increases:

MMI remains 72 → but technicals now reinforce upside durability.



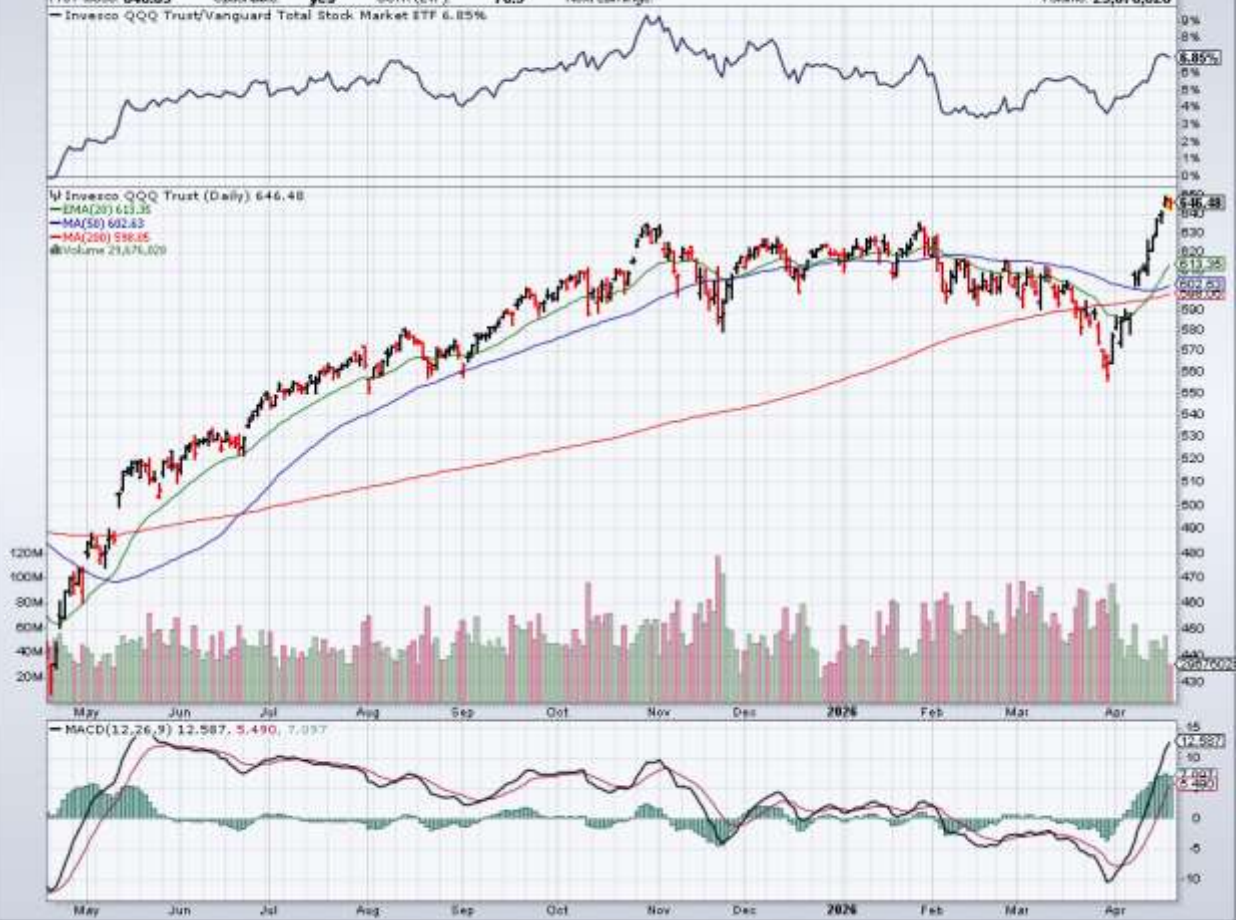
QQQ Invesco QQQ Trust Nasdaq GM+ BATS

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Open: **648.04** Ask: **646.52 x 486** Mkt Cap: **424.1B** P/E: **5.77**
 High: **648.76** Bid: **646.49 x 4** Fwd Dividend: **2.93128** EPS: **112.06**
 Low: **642.52** Last: **646.48 x 5** Fwd Yield: **0.45%** Last Earnings:
 Prev Close: **648.85** Optionable: **yes** SCTR (ETF): **70.9** Next Earnings:

Monday 20-Apr-2020 3:19 pm
 ▼ **-0.37%**
 Chg:
 Last: **646.48**
 Volume: **29,676,028**

— Invesco QQQ Trust/Vanguard Total Stock Market ETF 6.85%





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