

The Waiting Game

From Friday, February 27, the day before the attack on Iran, through Friday, March 20, the West Texas Intermediate (WTI) oil price jumped more than 46% and now trades above \$98/bbl. Along the way, the February Producer Price Index showed an increase of 0.7% versus the 0.3% anticipated gain. What's more, at the conclusion of the March Federal Open Market Committee (FOMC) meeting, the Federal Reserve left interest rates unchanged, as expected. In addition, the FOMC's Survey of Economic Projections showed increases in median 2026 and 2027 Real GDP forecasts, while raising projections to year-over-year Core Personal Consumption Expenditures. As a result, the S&P 500 finally slipped into pullback territory and has now fallen by almost 7% since the recent market peak on January 27. Now, investors are forced to play a waiting game since the war is far from over, Q1 2026 earnings reporting season doesn't (unofficially) start until April 14, and the next FOMC meeting won't occur until the end of April. Not surprisingly, investors are now wondering if they should buy, bail, or just bide their time, since all sizes, styles, and 10 of 11 sectors have fallen in price, along with 91% of the 155 sub-industries in the S&P 1500. Despite the thickening fog of war and adverse potential impact from a prolonged spike in oil prices, investors may benefit in the long run by taking advantage of groups that now trade at attractive discounts to their 10-year average next-12-month (NTM) P/E ratios.

At recent peaks, the S&P 500 traded at a 21% premium to its 10-year average NTM P/E ratio, while the S&P 500 Information Technology (IT) sector traded at a near-40% premium. As of March 20, the S&P 500's premium has been trimmed to 4.4%, while the IT sector's NTM P/E is at a 7.6% discount (on a five-year average, IT now trades at a 19% discount). Therefore, due to the recent price declines, valuations are looking increasingly attractive.

Finally, last week saw a further slide in the week-ending percentages of the S&P 1500 sub-industries trading above their 10- and 40-week moving averages, as well as above both averages. All three readings are now well below their long-term averages, and the reading for both has fallen to 15% from 66%.

Representative companies from sub-industries with the deepest NTM P/E discounts to their 10-year averages are: Baker Hughes Company (BKR 60 *****), Salesforce Inc. (CRM 195 *****), Unilever PLC (UL 61 *****), Constellation Brands Inc. (STZ 150 ****), American Airlines Group Inc. (AAL 10 ****), Aptiv PLC (APT 68 *****), Newmont Corporation (NEM 96 *****), Wynn Resorts Limited (WYNN 100 *****), and The Cooper Companies Inc. (COO 70 ***).

Current Next-12-Month P/E Estimate Versus 10-Year Actual Average

Regions/Sizes/Sectors	P/(D)	Highest S&P 500 Sub-Industries	P/(D)
Industrials	24.5	Commodity Chemicals	493.2
Communication Services	18.7	Automobile Manufacturers	119.4
S&P 500 Value	13.0	Semiconductor Materials & Equip.	89.6
S&P Emerging BMI	8.4	Construction & Engineering	82.4
Consumer Staples	7.9	Agricultural & Farm Machinery	61.2
S&P GI 1200	5.3	Const. Mach. & Heavy Trans. Equip.	55.7
Health Care	4.8	Aerospace & Defense	52.6
Utilities	4.6	Electronic Components	46.8
S&P 500	4.4	Communications Equipment	45.0
Materials	3.6	Lowest S&P 500 Sub-Industries	P/(D)
S&P Developed Ex-U.S.	2.2	Oil & Gas Equipment & Services	(34.2)
Financials	1.9	Application Software	(34.8)
Consumer Discretionary	1.2	Personal Care Products	(36.9)
S&P MidCap 400	(4.4)	Distillers & Vintners	(41.5)
Energy	(4.6)	Passenger Airlines	(43.7)
S&P 500 Growth	(5.2)	Automotive Parts & Equipment	(45.4)
Information Technology	(7.6)	Gold	(47.0)
Real Estate	(10.5)	Casinos & Gaming	(48.5)
S&P SmallCap 600	(13.1)	Health Care Supplies	(49.5)
Premium Sectors	91%	Premium Sub-Industries	48%

Source: CFRA, S&P Capital IQ. P/(D): Premium/(Discount). Data as of 3/20/26.

Percent of S&P 1500 Sub-Industries Above Moving Averages

% Above Indicator	S&P 1500 Sub-Industry Participation Rate			
	Now	Average	Overbought	Oversold
10-Week	17%	58%	80%	10%
40-Week	42%	63%	80%	10%
Both	15%	47%	75%	5%

Source: CFRA, S&P Global. Data as of 3/20/26.

Heads Above Water

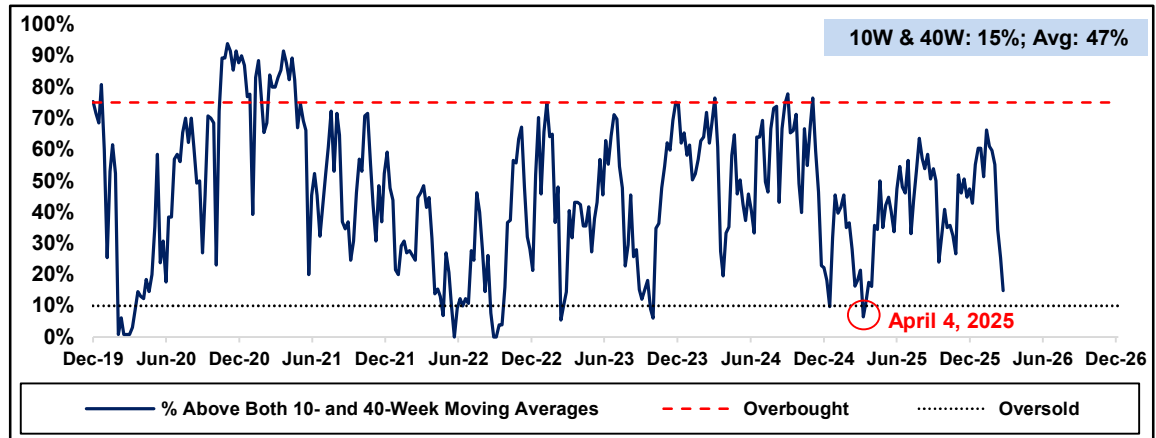
Even though the percentage of S&P 1500 sub-industries currently trading above both moving averages has slipped swiftly in the past month, it has not

fallen below the 10% level, which typically indicates that the market is beginning to get washed out. A reading of 5% or below implies that investors have thrown the baby out with the bath water. This percentage fell to 1% on April 4, 2025, a few days before the eventual bottom of the -19% “Liberation-Day” correction.

Indeed, Lowry Research, CFRA’s technical analysis division, poses that the market may not have reacted sufficiently to today’s heightened geopolitical and economic uncertainty, advising “While it may be tempting to “shoot first and ask questions later,” we encourage investors to take a step back from the news flow and remain anchored to the forces of Demand and Supply. Given that our indicators are largely neutral, particularly over the long term, we suggest investors bide their time rather than buying or bailing until the weight of evidence suggests otherwise.”

Despite this shrinking percentage, nine of 11 sectors still have at least one sub-industry trading above both moving averages. In Energy, all groups trade above both averages. In Info. Technology, while the remaining sectors have one or two members. The accompanying table identifies

Percentage of S&P 1500 Sub-Industries Above Both 10- and 40-Week Moving Averages



Source: CFRA, S&P Global. Past performance is no guarantee of future results. Data as of 3/20/25.

Highest-Ranked Stocks in Sub-Industries Above Both Moving Averages

S&P 500 Sector	S&P 500 Sub-Industry	Company Name	Ticker, Price, CFRA STARS
Communication Svcs.	Integrated Telecom. Services	AT&T Inc.	T 28 ***
	Publishing & Printing	News Corporation	NWSA 24 ****
Cons. Discretionary	Consumer Electronics	Sony Group Corporation	SONY 21 ****
Consumer Staples	Food Retail	Albertsons Companies Inc.	ACI 17 ****
Energy	Coal & Consumable Fuels	Core Natural Resources Inc.	CNR 107 NR
	Integrated Oil & Gas	Exxon Mobil Corporation	XOM 158 **
	Oil & Gas Drilling	Patterson-UTI Energy Inc.	PTEN 11 **
	Oil & Gas Equipment & Services	Baker Hughes Company	BKR 61 ****
	Oil & Gas Exploration & Production	EOG Resources Inc.	EOG 139 ****
	Oil & Gas Refining & Marketing	Valero Energy Corporation	VLO 242 ****
	Oil & Gas Storage & Transportation	Cheniere Energy Inc.	LNG 282 ****
	Industrials	Construction & Engineering	Quanta Services Inc.
Heavy Electrical Equipment		GE Vernova Inc.	GEV 877 ****
Marine Transportation		Kirby Corporation	KEX 131 NR
Info. Technology	Communications Equipment	Arista Networks Inc.	ANET 136 ****
	Semiconductor Materials & Equipment	ASML Holding N.V.	ASML 1,366 ****
Materials	Commodity Chemicals	Olin Corporation	OLN 26 **
	Diversified Chemicals	The Chemours Company	CC 19 **
	Fertilizers & Agricultural Chemicals	Corteva Inc.	CTVA 78 ****
	Industrial Gases	Air Products and Chemicals Inc.	APD 284 ****
REITs	Data Center REITs	Equinix Inc.	EQIX 975 **
	Real Estate Operating Companies	Kennedy-Wilson Holdings Inc.	KW 11 NR
Utilities	Water Utilities	American Water Works Company	AWK 137 **

Source: CFRA’s MarketScope Advisor, S&P Global. NR: Not Ranked. Data as of 3/20/26.

stocks within each sub-industry with the highest CFRA STARS (the tie goes to the stock with the highest market capitalization).

Contact CFRA

977 Seminole Trail, PMB 230
Charlottesville, VA 22901-2824
USA
P: +1-800-220-0502
cservices@cfraresearch.com
www.cfraresearch.com

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies, or assumptions from time to time and without notice to clients.

Analyst Certification

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year. No part of analyst, CFRA, or its affiliates or subsidiaries compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in a STARS Stock Report.

About CFRA Equity Research's Distributors

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A). These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language. Neither CFRA nor its affiliates guarantee the accuracy of the translation. The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. The Content shall not be used for any unlawful or

unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees, or agents do not guarantee the accuracy, completeness, timeliness or availability of the Content.

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance. This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Recommendations in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments, or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any recommendation or rating. Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notice

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2026, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

Certain information in this report may be provided by Securities Evaluations, Inc. ("SE"), a wholly owned subsidiary of Intercontinental Exchange. SE is a registered investment adviser with the United States Securities and Exchange Commission (SEC). SE's advisory services include evaluated pricing and model valuation of fixed income securities, derivative valuations and Odd-Lot Pricing that consists of bid- and ask-side evaluated prices for U.S. Municipal and U.S. Corporate Securities (together called valuation services). Such information is subject to the following disclaimers and notices: "No content (including credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SE. The Content shall not be used for any unlawful or unauthorized purposes. SE and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively SE Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. SE Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. SE PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall SE Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. Credit-related and other analyses and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. SE assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. SE's opinions and

analyses do not address the suitability of any security. SE does not act as a fiduciary or an investment advisor. While SE has obtained information from sources it believes to be reliable, SE does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Valuations services are opinions and not statements of fact or recommendations to purchase, hold or sell any security or instrument, or to make any investment decisions. The information provided as part of valuations services should not be intended as an offer, promotion or solicitation for the purchase or sale of any security or other financial instrument nor should it be considered investment advice. Valuations services do not address the suitability of any security or instrument, and securities, financial instruments or strategies mentioned by SE may not be suitable for all investors. SE does not provide legal, accounting or tax advice, and clients and potential clients of valuation services should consult with an attorney and/or a tax or accounting professional regarding any specific legal, tax or accounting provision(s) applicable to their particular situations and in the countries and jurisdictions where they do business. SE has redistribution relationships that reflect evaluated pricing, derivative valuation and/or equity pricing services of other unaffiliated firms with which SE has contracted to distribute to its client base.

Pricing and data provided by these third-party firms are the responsibilities of those firms, and not SE, and are produced under those firms' methodologies, policies and procedures. Valuations services provided by SE and products containing valuations services may not be available in all countries or jurisdictions. Copyright © 2026 by Intercontinental Exchange Inc. All rights reserved."

For residents of the European Union/European Economic Area

Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia

Research reports are originally produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A).

For Residents of Singapore

This Research Report is distributed by CFRA UK Limited to its clients in Singapore who hold a financial advisers licence or is a person exempt from holding such licence ("SG Intermediary"). Recipients of this Research Report in Singapore should contact the SG Intermediary in respect to any matters arising from, or in connection with, the analysis in this report. Where the recipient is not an accredited, expert or institutional investor as defined by the Securities and Futures Act, the SG Intermediary accepts legal responsibility for the contents of this Research Report in accordance with applicable law. When reports are distributed by SG Intermediaries in Singapore, the SG Intermediary, and not CFRA, is solely responsible for ensuring that the recipients of the Research Reports understand the information contained in the Research Reports and that such information is suitable based on the customer's profile and investment objectives. This Research Report is intended for general circulation and no advice or recommendation is made herein or by CFRA to any particular person. CFRA does not assume any responsibility to advise on whether any particular product is suitable for any person, and the analysis herein does not take into account the specific investment objectives, financial situation or particular needs of any particular person, and should not be relied upon for any investment decision.

For residents of all other countries

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.

Copyright © 2026 CFRA. All rights reserved. CFRA and STARS are registered trademarks of CFRA.