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RS Inflection Report: February 2026

By Brandon Beylo

March 04, 2026



It's time for our February 2026 RS Inflection Report! At the end of each month, I present the top five-performing Industry Thematics based on the **RS Composite** and **RS Inflection Scores**. Then, I share the best charts / actionable setups across the top three themes for collective research.

The goal is simple. I want to say:

1. Here are the strongest thematics over the past year, and here are the best/most actionable setups within those thematics (**RS Composite**).
2. Here are the strongest thematics over the past 1-3 months; maybe they'll become the next Relative Strength leaders, and here are the best setups within those thematics (**RS Inflection**).

This week, we review our RS Inflection Leaders heading into March.

I improved these Trifecta Lens Pulse Reports in December and shared my logic on the changes [here](#). But I've added another layer since then: Claude.

Two weeks ago, I [described my relationship with AI tools](#), the dark path I found myself going down, and actionable steps I could take to get the most out of them *without* offloading the critical thinking part of my job.

Improving our Trifecta Lens Pulse Reports is a perfect use case for Claude/AI tools, and I'm excited to share the results with you.

Here's a quick portfolio update before we dive into the report (as of 02.28.2026):

- **February 2026:** +12.87%
- **Q1 2026 (to-date):** +39.89%
- **YTD 2026:** +39.89%

Top Five RS Inflection Leaders Heading Into March

Here are the top five Thematic Leaders as of 02.28.2026:

1. Global Shipping (BOAT)
2. Oil Services (OIH)
3. Silver Junior Miners (SILJ)
4. Energy Producers/Explorers (XLE/XOP)
5. Gold Miners (GDX)

You can see the full top-ten list below.

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Ticker	Name	1-Day %	Total Return (1W)	Total Return (1M)	Total Return (3M)	Total Return (6M)	Total Return (1Y)	RS Infection Score
• BOAT	SonicShares Global Shipping ETF	1.04%	4.38%	20.11%	34.68%	37.87%	68.54%	18.42
• OIH	VanEck Oil ETF	0.37%	1.90%	13.00%	41.28%	59.31%	52.87%	13.61
• SILJ	Amplify Junior Silver ETF	2.23%	11.51%	4.38%	67.24%	134.75%	287.71%	12.09
• XLE	Energy SPDR ETF	1.58%	1.90%	12.58%	26.34%	27.50%	28.98%	11.82
• XOP	SPDR S&P Oil & Gas ETF	2.62%	1.22%	13.53%	17.59%	18.64%	21.69%	11.48
• GDV	VanEck Gold Miners ETF	1.71%	9.02%	5.99%	43.08%	89.79%	195.70%	10.31
• IYK	iShares U.S. Staples ETF	1.20%	2.90%	9.69%	13.31%	12.69%	13.99%	8.70
• REMX	VanEck Rare Earth ETF	2.36%	12.20%	2.31%	38.29%	64.19%	152.13%	7.88
• IDGT	iShares U.S. Digital Infra ETF	1.10%	0.27%	9.20%	12.40%	16.88%	25.67%	7.73
• VPU	Vanguard Utilities ETF	1.03%	2.78%	9.13%	6.36%	12.96%	25.24%	7.58

The only thing that matters on this list is **oil**. Oil has inflected sharply over the last two months and is **finally** flashing the technicals “green light” in our Trifecta Lens Criteria. Funny enough, all that inflecting happened before any of the Iran war news... maybe price is king?

Speaking of price is king, I can't believe I missed this BOAT trade. Look at the weekly chart below.



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That's as clean a setup as you could ask for ... breaking out from an inverse H&S to new ATHs on a strong weekly bar. The market never stops throwing me “*don't overcomplicate this game*” reminders.

Anyways, here's our current portfolio positioning relative to our thematics (rounded):

- **Metals & Mining:** 22%
- **Oil & Gas:** 36%
- Aerospace & Defense: 11%
- Other: 19%

We own the stuff that's working *and* inflecting, but I want more oil exposure going forward (I'm thinking 50%+ notional). Check out some of these oil thematic monthly charts.

Here's OIH.



It's breaking out of a 7-year ascending triangle bottoming pattern. Then there's XOP (see below).



TradingView

It's forming an 11YR inverse H&S reversal pattern (with a four-ish-year rectangle-launching pattern). Again, we don't need to overcomplicate things. Buy inflections with charts that look like XOP and OIH.

Now, about the Claude-assisted RS Inflection Analysis. Let's explore "under the hood" with our RS Inflection Thematics.

Under The Hood: RS Inflection Screener Analysis

One of the improvements I made in December was adding RS Inflection & Composite Screener Analysis. Now, powered by Claude Cowork.

Here's how it works.

I screen for stocks based on the same RS Inflection and Composite criteria as above. The result is a detailed breakdown of which industries, sectors, and stocks meet that criteria, and **most importantly**, the changing distribution of industries, sectors, and thematics over time (MoM).

Warning, this will get “data-heavy” real quick. If you’re a data nerd, you’ll love this. If you’re a visual, chart-based Operator, don’t worry, I’ll get you later.

Sector Distribution & MoM Change

Sector	Jan #	Jan %	Feb #	Feb %	Chg (pp)	Signal	Net Δ
Materials	179	16.9%	158	17.0%	+0.1%	● Steady	-21
Industrials	154	14.6%	145	15.6%	+1.0%	▲ Rising	-9
Financials	178	16.8%	138	14.8%	-2.0%	▼ Fading	-40
Consumer Discretionary	118	11.2%	106	11.4%	+0.2%	● Steady	-12
Information Technology	125	11.8%	105	11.3%	-0.5%	● Steady	-20
Health Care	104	9.8%	87	9.3%	-0.5%	● Steady	-17
Consumer Staples	55	5.2%	74	7.9%	+2.7%	▲ Rising	19
Energy	45	4.3%	62	6.7%	+2.4%	▲ Rising	17
Real Estate	36	3.4%	25	2.7%	-0.7%	● Steady	-11
Communication Services	45	4.3%	17	1.8%	-2.4%	▼ Fading	-28
Utilities	19	1.8%	14	1.5%	-0.3%	● Steady	-5

Consumer Staples gained the most share (+2.7%), followed by Energy (+2.4%) and Industrials (+1.0pp). Communication Services (-2.4%) and Financials (-2.0%) saw the largest declines. **Materials held steady as the largest sector at ~17%.**

Remember, it’s all about energy.

February 2026 Top Industry Rankings

A few notes from this ranking:

1. Oil & Gas Consumables gained **twelve spots** from January and ranked fourth in February’s Top 10 (was 16th).
2. Machinery stocks climbed eleven spots to sixth on this month’s list (was 17th).
3. Semiconductor & Semiconductor Equipment stocks doubled their share in February, jumping 13 spots from 21st to 8th.

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Industry	Feb #	Feb %	Jan #	Jan %	Feb Rk	Jan Rk	Rk Δ	New?
Metals and Mining	144	15.5%	165	15.6%	1	1	● 0	Holdover
Banks	57	6.1%	88	8.3%	2	2	● 0	Holdover
Capital Markets	51	5.5%	52	4.9%	3	3	● 0	Holdover
Oil Gas and Consumable Fuels	40	4.3%	22	2.1%	4	16	▲ +12	NEW
Pharmaceuticals	40	4.3%	47	4.4%	5	4	▼ -1	Holdover
Machinery	35	3.8%	21	2.0%	6	17	▲ +11	NEW
Electronic Equipment Instruments and Components	30	3.2%	27	2.6%	7	9	▲ +2	Holdover
Semiconductors and Semiconductor Equipment	30	3.2%	17	1.6%	8	21	▲ +13	NEW

Software, Specialty Retail, and Construction & Engineering exited the Top 10 in February.

Industry Share Movers (% of Screened Results)

We can also view the biggest industry movers as a percentage of their share of the screener results (see below).

Industry	Jan %	Feb %	Change (pp)	Magnitude
Oil Gas and Consumable Fuels	2.1%	4.3%	+2.2pp	Strong
Machinery	2.0%	3.8%	+1.8pp	Strong
Semiconductors and Semiconductor Equipment	1.6%	3.2%	+1.6pp	Strong
Marine Transportation	0.5%	1.8%	+1.4pp	Moderate
Electronic Equipment Instruments and Components	2.6%	3.2%	+0.7pp	Moderate
Diversified Consumer Services	0.4%	1.0%	+0.6pp	Moderate
Capital Markets	4.9%	5.5%	+0.6pp	Moderate
Household Durables	0.8%	1.3%	+0.5pp	Moderate

Oil and gas, machinery, and semiconductors showed the strongest MoM share growth, with oil and gas doubling its share from January.

Relative Strength Profile: Detecting Inflection Levels

Another interesting analysis exercise is determining the “Inflection Strength” of each thematic or industry. We can find this by measuring the spread between long-term relative strength (1YR) and short-term relative strength (1M/3M). The larger the spread, the stronger the inflection.

Here are February’s results.

Industry	3M RS	1Y RS	Spread	Category
Health Care Equipment and Supplies	92.0	49.6	+42.3	Strong inflection
Real Estate Management and Development	89.6	65.8	+23.9	Strong inflection
Oil Gas and Consumable Fuels	92.3	70.4	+21.9	Strong inflection
Banks	88.6	69.4	+19.3	Inflecting
Machinery	87.1	69.0	+18.1	Inflecting
Capital Markets	90.4	73.1	+17.3	Inflecting
Semiconductors and Semiconductor Equipment	91.0	80.4	+10.6	Inflecting
Pharmaceuticals	90.7	81.3	+9.4	Mild / Established
Metals and Mining	92.1	84.7	+7.4	Mild / Established
Electronic Equipment Instruments and Components	89.2	82.7	+6.5	Mild / Established

This is the RS Inflection Report in one picture: **show me the industries/thematics that have the strongest inflections over the prior month.**

Also, the spread doesn’t discriminate against past success. Oil and Gas has a 70 1YR RS score, that’s great. But it still shows up in the top three because its 3M RS score is so high (93). It reminds me of what Druckenmiller always says about conviction (and I’m paraphrasing):

*“Sometimes conviction means that **the opportunity set is actually a lot bigger (and more profitable) than consensus.** So even though I may be with the crowd, I can have conviction that the future will look even better than what everyone else thinks.”*

From Data Gathering To Idea Generation

All of this data is nice, but it's worthless if we don't turn it into an actionable pipeline for idea generation.

I know I just gave you a lot of information, so here's how I would use this report to plan your monthly investment research:

1. Focus most of your time on the thematic/industries that **frequently appear in the top three inflection rankings** (Oil and Gas, Metals and Miners, and Machinery stocks this month).
2. After that, spend the rest of your time on the Strongest Inflection thematic/industry (i.e., the highest spread). This could be the next RS Composite leader. This month, that's Health Care Equipment and Supplies.
3. Download the RS Inflection Watchlist ([here](#)) and use Koyfin's *Lots of Charts* function to find the best-looking charts (long-term bases, deep pullbacks finding support, potential breakouts, etc.).

Let's head to the charts to find this month's setups.

Oil & Gas/Services: This Month's Big Thematic

Oil and gas is our biggest thematic focus this month. As such, we're spending most of the month looking for Trifecta Lens setups to add to our portfolio (and get O&G weighting to 50%+).

Here are a few ideas that warrant further attention.

Tourmaline Oil (TOU.TSX)

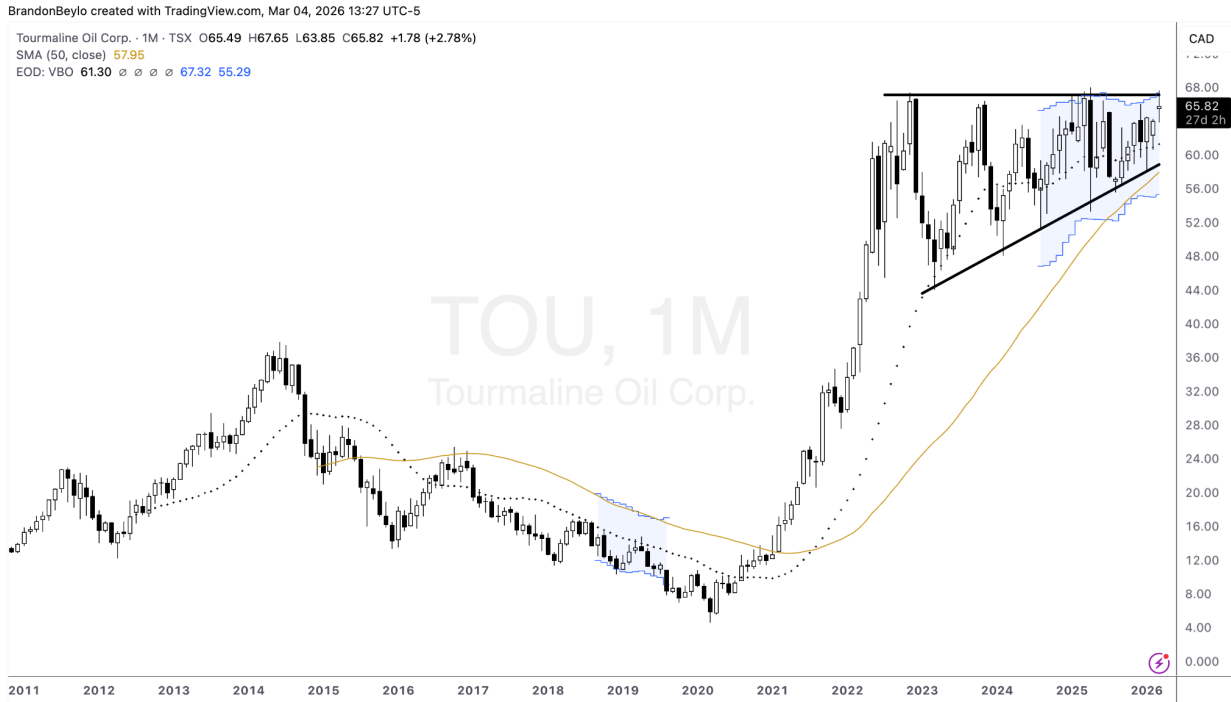
TOU is Canada's largest natural gas producer operating from three main areas: Alberta Deep Basin, NEBC Montney, and Peace River. The stock trades at 7x NTM EBITDA with a 5% dividend yield. There are two things I love about this setup:

1. TOU's monthly chart
2. Natural Gas chart

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Check out TOU's monthly chart below.



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The stock is compressing within a four-year ascending triangle (hugging the 50D). But check out natural gas futures, too (see below).



TradingView

Natural gas is bouncing off 1YR+ support around \$3. TOU reports earnings in a week. We'll see if we get an entry bar ex-earnings to get long.

Diversified Energy Company (DEC.NYSE)

DEC is a \$1B market cap company that produces, transports, and markets primarily natural gas and natural gas liquids from existing assets in the U.S. Appalachian and Central regions.

It's one of the cheapest companies in the Energy space, trading at ~1x TBV and 4x LTM FCF.

	Current	Percentile Rank		
		vs. 10-Year History	vs. Global Energy	vs. Global
Valuation Multiples				
Price / Earnings - P/E (NTM)		13	4	4
Price / Earnings - P/E (LTM)	3.2x	36	4	2
Price / Sales - P/S (NTM)	0.6x	16	23	21
Price / Sales - P/S (LTM)	0.7x	15	27	23
Price / Book - P/B (LTM)	1.1x	26	33	32
Price / Tangible Book Value - P/TBV (LTM)	1.1x	25	15	10
Price / Free Cash Flow (LTM)	3.9x	23	15	10

The stock trades in the middle of a ~2YR rectangle base with increasingly compressed volatility (see below).



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Parkmead Group (PMG.LSE)

PMG is for those who love London-based, left-for-dead, micro-cap companies (does that person actually exist?).

The company trades for a \$33M market cap with \$16M in net cash (50% of MC) and no debt. Historically, the company had a mix of exploration, development, and renewables assets in the UK and the Netherlands.

At today's price, you're getting the operating company for \$16M in cash and 0.9x book value. Who knows how much book value is actually worth? But the stock is bouncing around support as energy/natural gas enters an upcycle.

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Parkmead Group PLC · 1W · LSE O21.6 H23.0 L21.0 C21.2 +0.2 (+0.95%)
SMA (50, close) 15.2



TradingView

Healthcare: Strongest MoM Inflection

Healthcare is eighth in our RS Inflection Sector Ranking *and* had the strongest inflection within its sub-industry (Equipment and Supplies).

This is another reason I love the RS Inflection Report. I haven't touched healthcare this year. The only connection I have with healthcare stocks is hearing [Druckenmiller call](#) healthcare and biotech *"the best use case out there of AI."*

Stan Druckenmiller: Thank God the answer is an emphatic no. But I've got to have an expert at Duquesne who is, and trust his judgment. And then I've got to have a feel for how the market will embrace the change he's describing. We did make a big move into biotech. I could sense that there was a potential leadership change just because of the phobia around AI. And I knew, because I've been on the board of Memorial Sloan Kettering for 30 years, that probably the best use case out there of AI is biotech through drug discovery, diagnostics, monitoring, everything. So biotech had been on its butt for about four years. I also grew up with technical analysis, and you could see the momentum changing. So that was the theory behind biotech.

I don't know ... if it's good enough for Druck, it's good enough for me. Here are a few interesting names in the healthcare/biotech thematic.

Legend Biotech Corporation (LEGN)

LEGN is a \$3.4B market cap company that discovers, develops, manufactures, and commercializes novel cell therapies mainly for oncology. According to Koyfin, its lead product candidate is ciltacabtagene autoleucel (cilta-cel), a chimeric antigen receptor (CAR-T) therapy for the treatment of multiple myeloma (MM).

The company also has a portfolio of earlier-stage autologous CAR-T product candidates targeting various cancers, including Non-Hodgkin Lymphoma (NHL), acute lymphoblastic leukemia, gastric cancer, esophageal cancer, pancreatic cancer, colorectal cancer, hepatocellular carcinoma, small cell lung cancer, and non-small cell lung cancer.

The stock is down ~50% since its 2021 IPO. Bombed-out biotech trading near its lows, what's to like? A lot, actually.

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LEGN trades at the cheapest level in its 10-year history at 2.5x NTM Sales and 54x earnings (at least it has earnings!).

	Current	vs. 10-Year History
Valuation Multiples		
Price / Earnings - P/E (NTM)	53.5x	0
Price / Earnings - P/E (LTM)		
Price / Sales - P/S (NTM)	2.5x	1
Price / Sales - P/S (LTM)	3.7x	1
Price / Book - P/B (LTM)	3.3x	1
Price / Tangible Book Value - P/TBV (LTM)	3.3x	1

Now look under the hood. Since 2021, LEGN has grown revenue from \$69M to \$909M, increased gross profit from -\$245M to +\$133M, and reduced net losses from ~\$400M to \$240M.

Everything about the business has improved except the share price (see below).



The company reports earnings in six days. I have an alert set for a breakout above its January 2026 highs, signaling a mean-reversion long setup.

OrthoPediatrics Corp (KIDS)

Going back to Druck's comments on AI-winners within healthcare/biotech, I wonder if orthopediatrics would fall into that category. My high-level thesis is that AI will enable better, cheaper, and more anatomically aligned prosthetics and deformity correction products (KIDS's core market).

Additionally, there could be an element of "brand trust" within this orthopedic segment. Take bike helmets, for example. Does everyone wear MIPS helmets because they're the best product on the market? Probably. But could the reason also be *simply that everyone else wears MIPS helmets?*

I wrote about MIPS's economic moat [here](#).

Who knows. Maybe parents feel more comfortable with a "KIDS-specific prosthetic or deformity device" than other products.

That said, the company appears to be inflecting as it bounces off all-time lows. Here's a snippet from the latest earnings report.

We closed out 2025 strong with 17% fourth quarter revenue growth, representing growth across the entire business, improved adjusted EBITDA over the prior period, and generated \$10 million of fourth-quarter free cash flow, which is **our first quarter of positive free cash flow in the company's history**. Full year performance for 2025 was highlighted by 15% revenue growth, nearly 75% increase in adjusted EBITDA, and a drastic improvement in cash usage, down to \$15 million from \$41 million in the previous year. Our track record of execution is a strong indication that we can sustain meaningful top-line revenue growth while generating increasing profitability and delivering cash flow breakeven in 2026.

We are uniquely positioned among peers of our scale with the ability to drive both top and bottom line growth. To that end, **we are the clear market leader in pediatric orthopedics, and we have now demonstrated that our self-sustaining business model can grow the top line, generate positive adjusted EBITDA, and deliver positive FCF**. We feel that the investment community is underappreciating the strength of our position, and we intend to keep exploring all options at our disposal to improve shareholder value while advancing our mission to help 1 million kids every year.

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The business is inflecting positively while the stock stays at all-time lows and has never been cheaper on a fundamental basis. KIDS trades at 2x NTM EV/Sales and 3x gross profits. This is the same company that grew revenue by 15% YoY while generating positive FCF for the first time in the company's history.

Since inception, KIDS has traded at an average of ~6x EV/Sales. The stock is a double if it trades within a 1st range around 3.5x sales on **current sales only**.

Check out the monthly chart.



TradingView

This is a stock that's been left for dead at the exact moment its fundamentals are inflecting higher ... not to mention the potential AI benefits along the way. You have a clear R/R setup buying above this consolidation, with a stop below all-time lows.

That's all for this week!

Your Value Operator,

Brandon