

Chart Blast

Bullish Jan-Feb Barometer for 2024

Market Analysis

January-February Barometer bullish for 2024

A 1.6% rally for the S&P 500 (SPX) in January generated a bullish January Barometer signal for 2024 (see our report, [Bullish January Barometer supports 5000+ for the S&P 500 in 2024](#)). The SPX continued to rally in February with a 5.2% gain for the month. This triggers a bullish January-February Barometer for 2024.

SPX up YTD through February suggests 5420-5490

The SPX has rallied 6.8% YTD. Data back to 1928 suggest that when the SPX is positive YTD through February, the year is up 80% of the time on an average return of 13.8% (SPX 5420) and the rest of the year (March-December) is up 78% of the time on an average return of 7.8% (SPX 5490). When this has happened in Presidential election years, the SPX has been up 10 out of 11 times for the both the year and March-December on average returns of 14.1% (SPX 5440) and 8.2% (SPX 5510), respectively.

SPX up in both Jan and Feb suggests 5490-5510

In years when the SPX has traded higher in both January and February, which is the 2024 scenario, the year is up 89% of the time on an average return of 15.6% (SPX 5510) and March-December is up 86% of the time on an average return of 7.8% (SPX 5490). When this has happened in Presidential election years, the SPX has been up 100% of the time (7 out of 7 times) for both the year and March-December on average returns of 15.9% (SPX 5530) and 9.6% (SPX 5580), respectively.

SPX cup and handle favors upside to 5200 and 5600

The late 2023 breakout from a bullish cup and handle big base pattern projects a measured move to SPX 5200 and provides a pattern count at SPX 5600 (see our 20 Nov 2023 report, [Big bases + bullish trends = more upside potential](#)). Prior highs and bullish pattern breakout points offer supports near SPX 4800 and SPX 4600 on pullbacks.

SPDR S&P Retail ETF (XRT) attempts a bullish breakout

The SPDR S&P Retail ETF (XRT) is coming out of a base from its 2022 and 2023 lows. Holding the 75.77-73.32 area would support this bullish pattern with upside potential to 81.93 (April 2022 peak) and 94 (pattern count). Fibonacci retracement levels also suggest a bullish setup. Holding 74.50-74.00 (key 38.2% retracement levels) would favor upside to 79.80 (50% retracement of the November 2021-September 2022 decline) and 85.60 (61.8% retracement). In addition, the XRT shows signs of a May 2023 into March 2024 head and shoulders bottom versus the SPX that could signal leadership for XRT.

29 February 2024

Market Analysis
United States

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Acronyms

MA: moving average
SPX: S&P 500
XRT: SPDR S&P Retail ETF

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Bullish Jan-Feb Barometer for 2024

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Table 1: January-February Barometer: The S&P 500 is much stronger for the year and March-December when it is up YTD through February

S&P 500 annual and March-December returns for when the index is up YTD through February, down YTD through February and for all years back to 1928.

Criteria	# of years	# of years with positive returns	Average annual return (%)	Chance of up year (%)	Average Mar-Dec return (%)	Chance of an up Mar-Dec
YTD through Feb positive	55	44	13.80%	80.00%	7.80%	78.18%
YTD through Feb negative	41	20	-0.13%	48.78%	5.78%	53.66%
overall	96	64	7.85%	66.67%	6.94%	67.71%

Source: BofA Global Research, Bloomberg

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SPX up in both Jan and Feb suggests 5490-5510

In years when the SPX has traded higher in both January and February, which is the 2024 scenario, the year is up 89% of the time on an average return of 15.6% (SPX 5510) and March-December is up 86% of the time on an average return of 7.8% (SPX 5490). When this has happened in Presidential election years, the SPX has been up 100% of the time (7 out of 7 times) for both the year and March-December on average returns of 15.9% (SPX 5530) and 9.6% (SPX 5580), respectively.

Table 2: January-February Barometer: The S&P 500 is much stronger for the year and March-December when it is up in both January and February

S&P 500 annual and March-December returns for January and February up and downside scenarios and for all years back to 1928.

Criteria	# of years	# of years with positive returns	average annual return (%)	chance of up year (%)	average Mar-Dec return (%)	chance of an up Mar-Dec (%)
January and February up	35	31	15.55%	88.57%	7.78%	85.71%
January and February down	22	10	-0.96%	45.45%	6.52%	50.00%
January up and February down	24	16	9.85%	66.67%	9.71%	66.67%
January down and February up	15	7	-0.37%	46.67%	1.16%	53.33%
overall	96	64	7.85%	66.67%	6.94%	67.71%

Source: BofA Global Research, Bloomberg

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Table 3: When the January-February Barometer is bullish in Presidential election years, the S&P 500 is stronger for the year and for March-December

S&P 500 annual and March-December returns for bullish January-February Barometer signals and for all Presidential election years back to 1928.

Criteria	# of years	# of years with positive returns	Average annual return (%)	Chance of up year (%)	Average Mar-Dec return (%)	Chance of an up Mar-Dec
YTD through Feb positive	11	10	14.14%	90.91%	8.19%	90.91%
January and February up	7	7	15.94%	100.00%	9.57%	100.00%
overall	24	18	7.49%	75.00%	7.67%	83.33%

Source: BofA Global Research, Bloomberg

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A lovely cup and handle

SPX cup and handle favors upside to 5200 and 5600

The late 2023 breakout from a bullish cup and handle big base pattern projects a measured move to SPX 5200 and provides a pattern count at SPX 5600 (see our 20 Nov 2023 report, [Big bases + bullish trends = more upside potential](#)). Prior highs and bullish pattern breakout points offer supports near SPX 4800 and SPX 4600 on pullbacks.

Chart 1: S&P 500: Weekly chart with moving averages

The late 2023 breakout from a bullish cup and handle big base pattern projects a measured move to SPX 5200 and provides a pattern count at SPX 5600. Prior highs and bullish pattern breakout points offer supports near SPX 4800 and SPX 4600 on pullbacks.



Source: BofA Global Research, Bloomberg

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Big base breakout potential for XRT

SPDR S&P Retail ETF (XRT) attempts a bullish breakout

The SPDR S&P Retail ETF (XRT) is coming out of a base from its 2022 and 2023 lows. Holding the 75.77-73.32 area would support this bullish pattern with upside potential to 81.93 (April 2022 peak) and 94 (pattern count).

Chart 2: SPDR S&P Retail ETF (XRT): Weekly chart with moving averages

The XRT is coming out of a base from its 2022 and 2023 lows. Holding the 75.77-73.32 area would support this bullish pattern with upside potential to 81.93 (April 2022 peak) and 94 (pattern count).



Source: BofA Global Research, Bloomberg

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Fibonacci retracement levels also suggest a bullish setup. Holding 74.50-74.00 (key 38.2% retracement levels) would favor upside to 79.80 (50% retracement of the November 2021-September 2022 decline) and 85.60 (61.8% retracement).

Chart 3: SPDR S&P Retail ETF (XRT): Weekly chart with moving averages and key retracement levels

Fibonacci retracement levels suggest a bullish setup above 74.50-74.00 (key 38.2% retracement levels) with upside potential to 79.80 (50% retracement of the November 2021 into September 2022 decline) and 85.60 (61.8% retracement).



Source: BofA Global Research, Bloomberg

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In addition, the XRT shows signs of a May 2023 into March 2024 head and shoulders bottom relative to the SPX that could signal leadership for this ETF.

Chart 4: SPDR S&P Retail ETF (XRT) relative to the S&P 500: Weekly chart with moving averages

The XRT shows signs of a May 2023 into March 2024 head and shoulders bottom relative to the SPX that could signal leadership for this ETF.



Source: BofA Global Research, Bloomberg

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