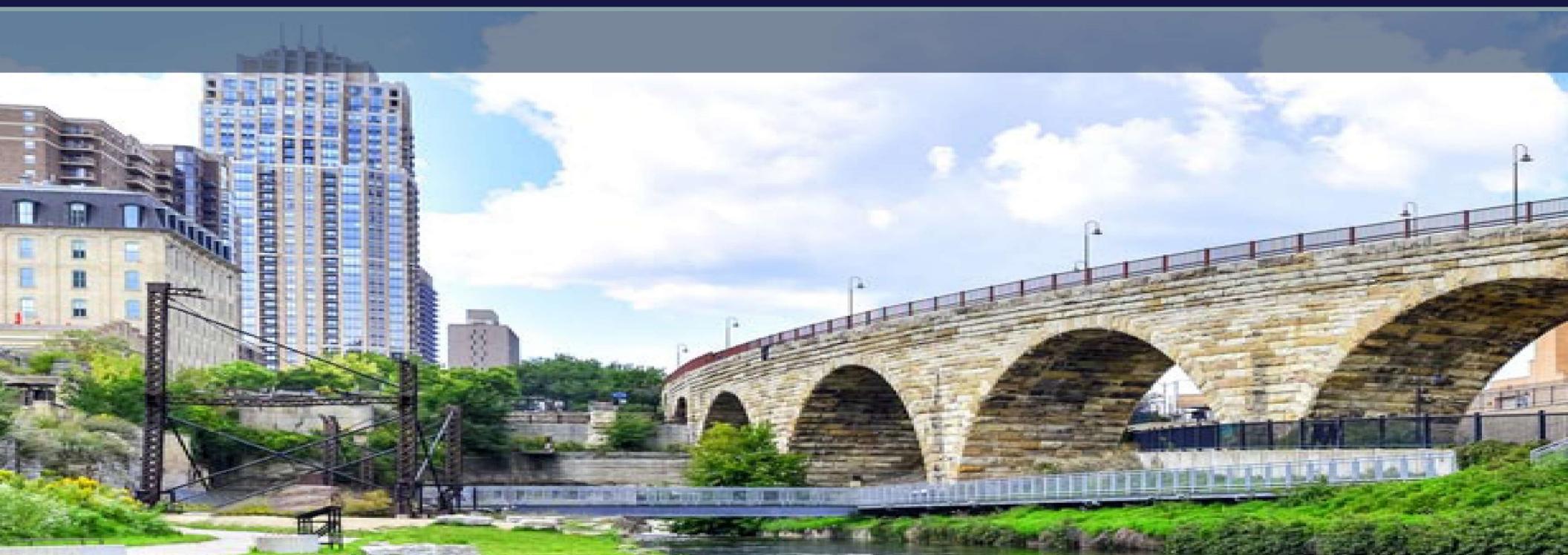


The Leuthold Group

A New Policy Paradigm?

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May 18, 2024



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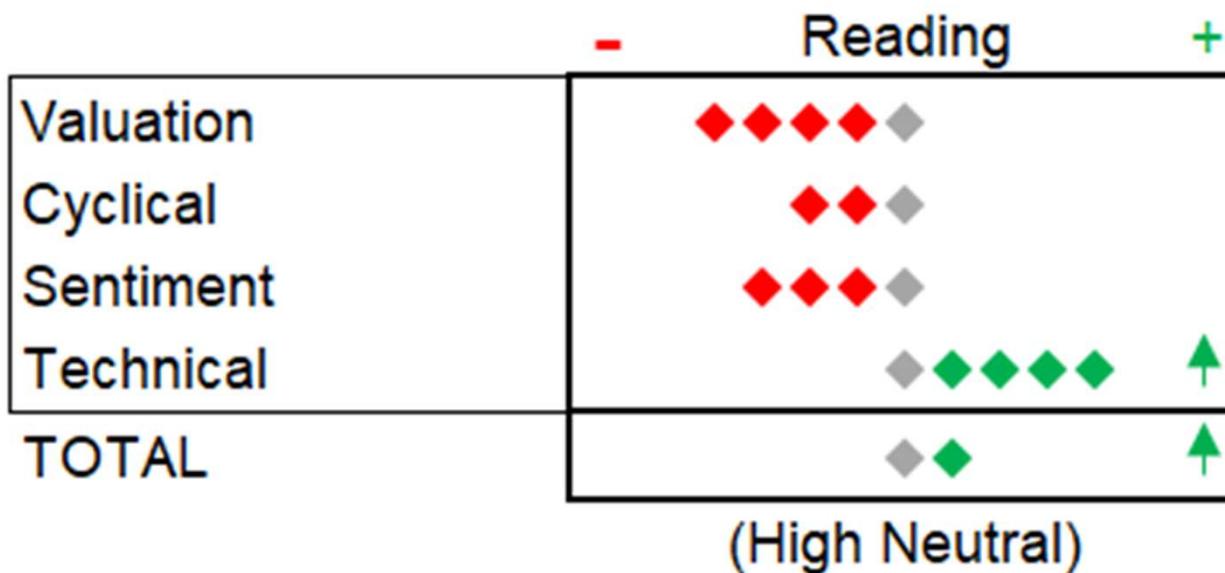
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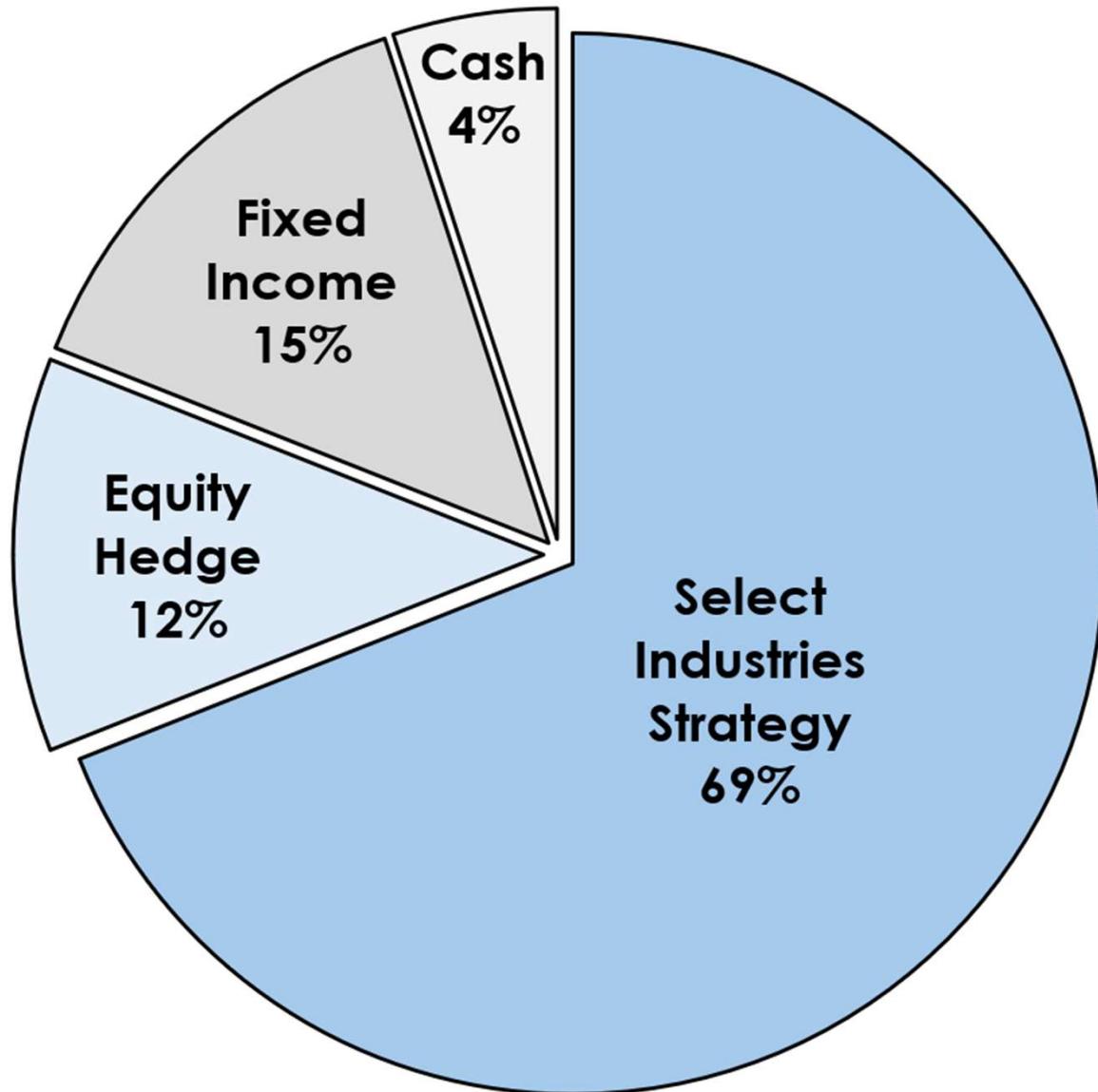
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Major Trend Index

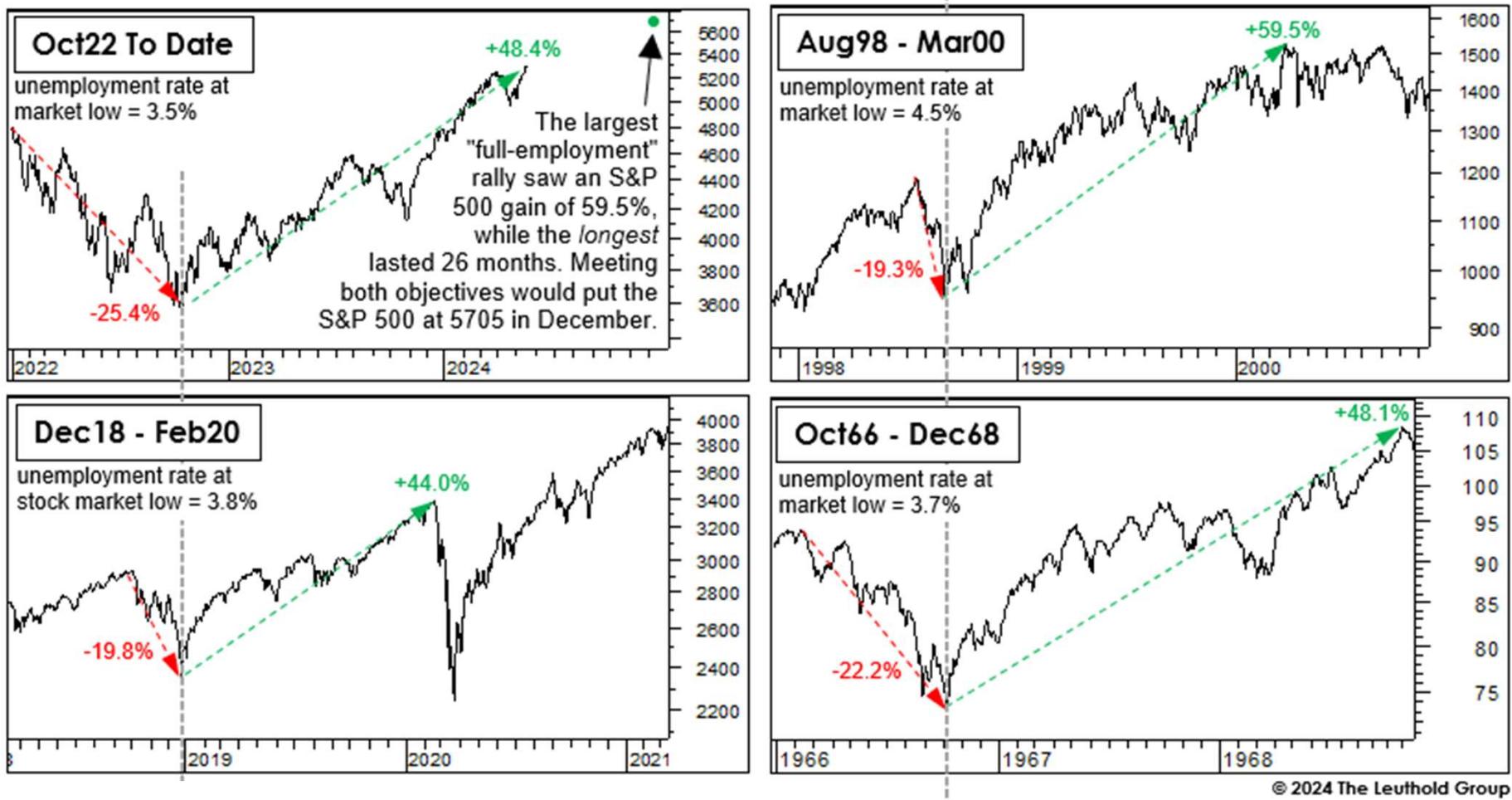


Core Portfolio Asset Allocation

May 14, 2024

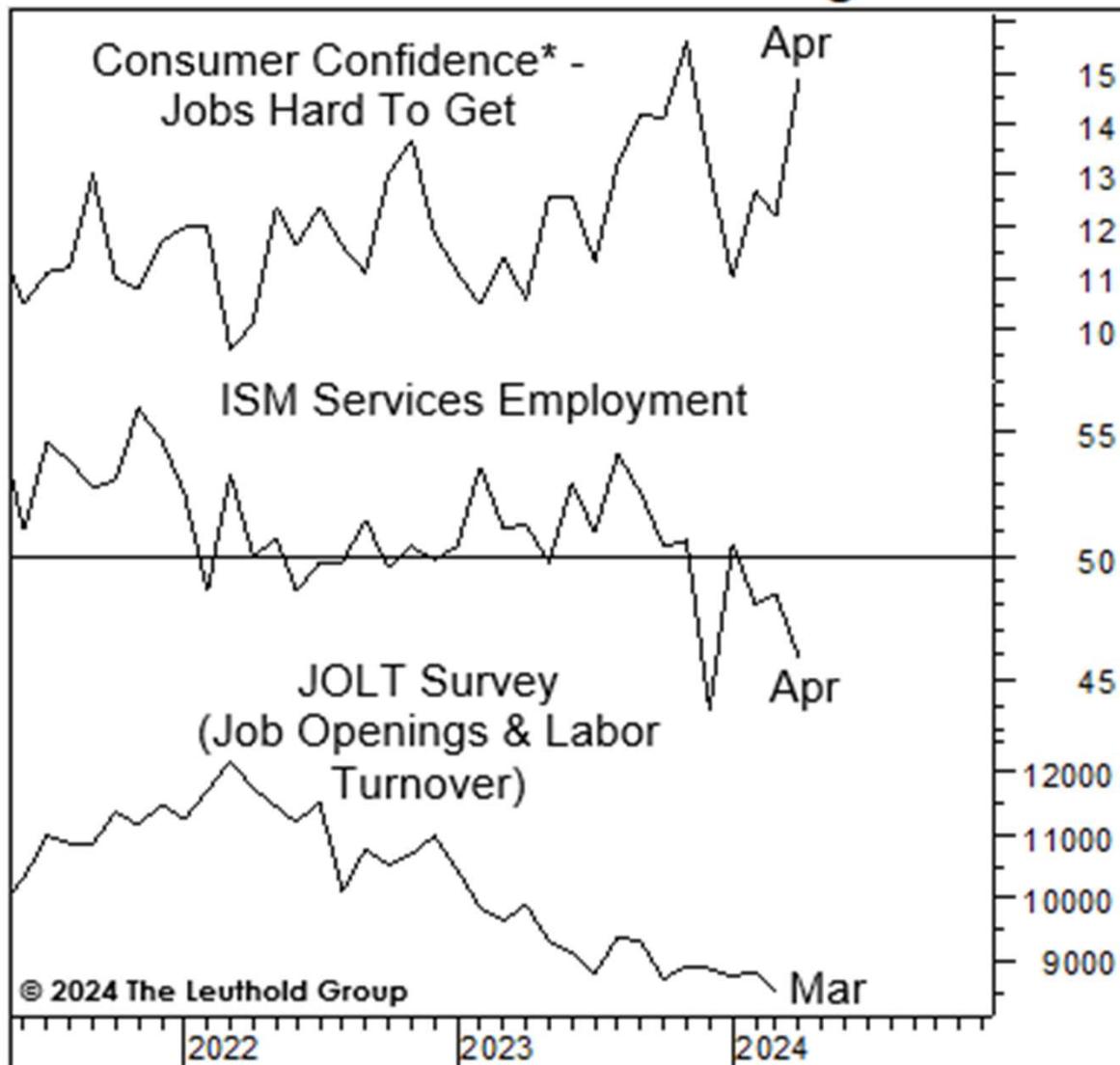


Major Upswings Which Began With The Economy At Or Near Full Employment

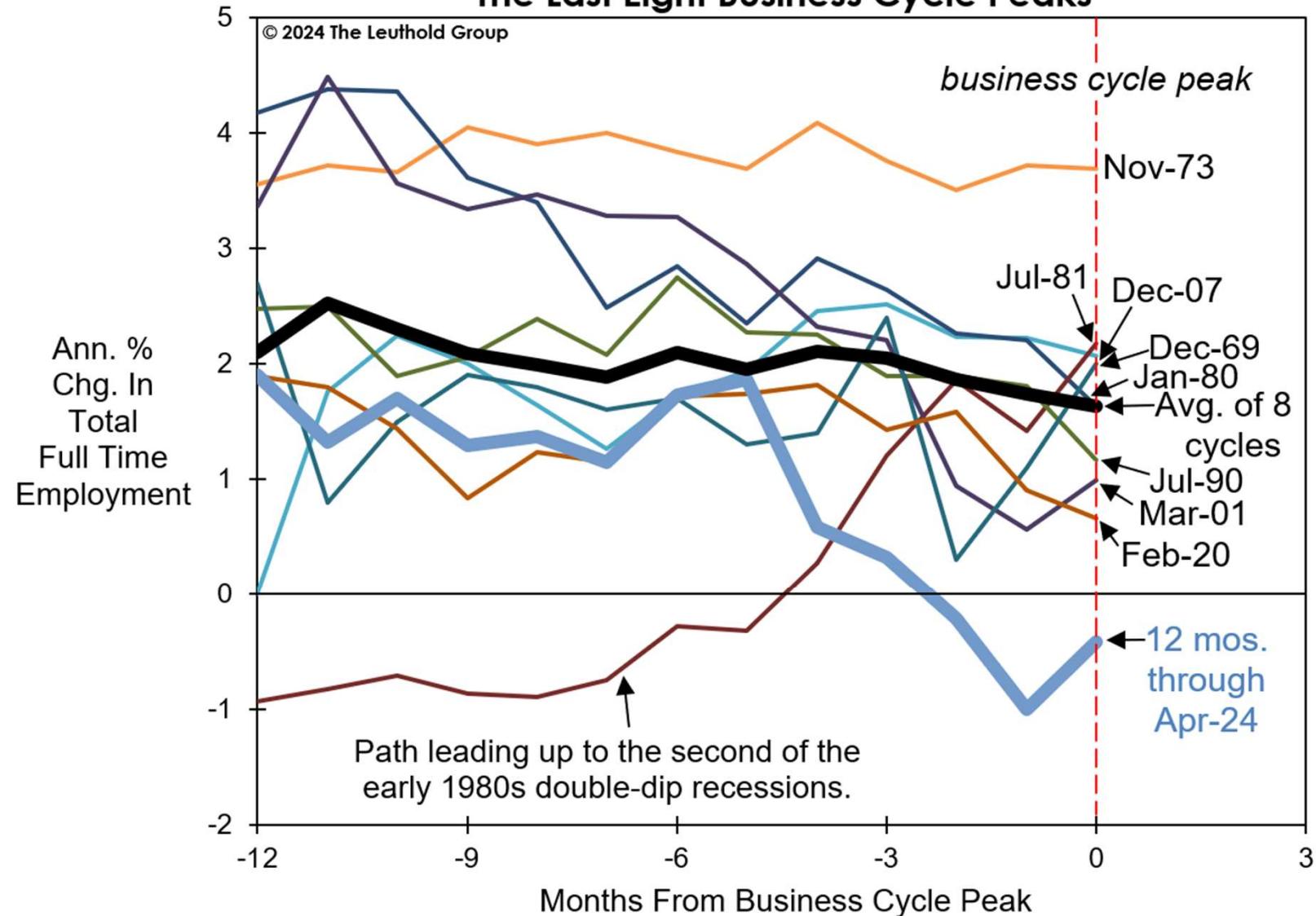


All four of these lows occurred in the second half of a mid-term election year--a zone that's contained a wildly disproportionate share of major U.S. stock market lows.

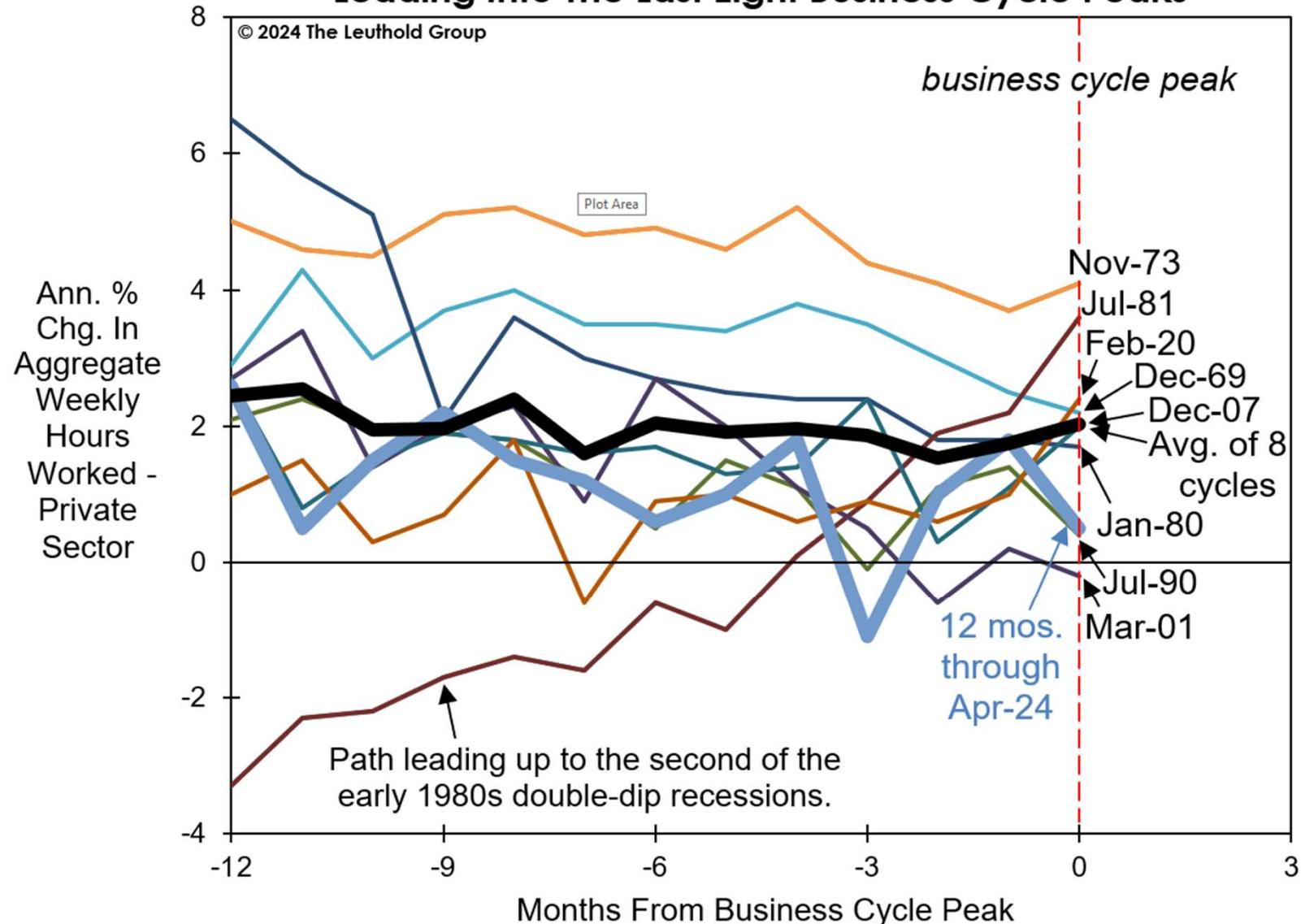
Job Market "Normalizing?"



12-Mo. % Chg. In Full-Time Employment Leading Into The Last Eight Business Cycle Peaks



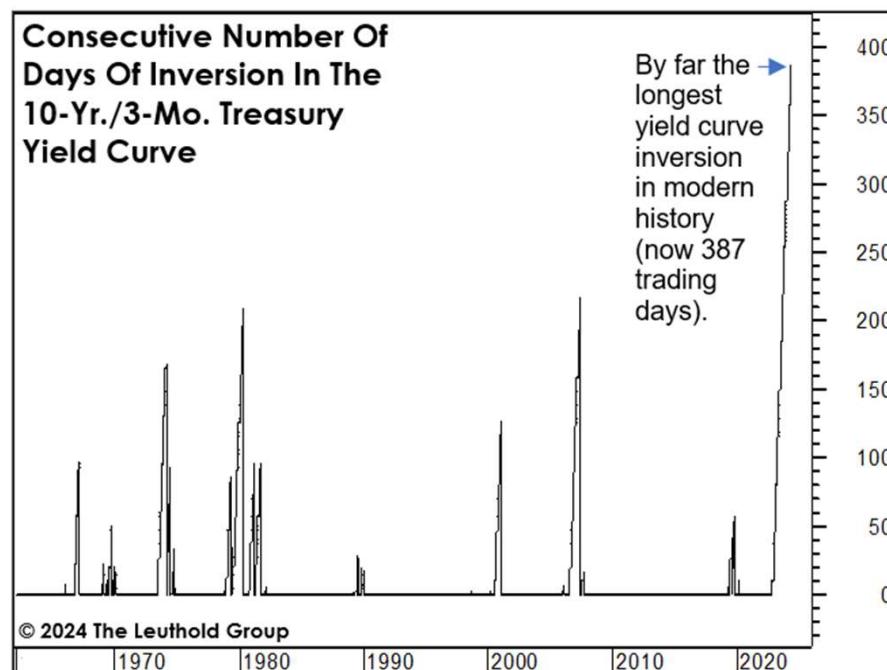
12-Mo. % Chg. In Agg. Weekly Hours Leading Into The Last Eight Business Cycle Peaks



Yield Curve Inversions & U.S. Recessions

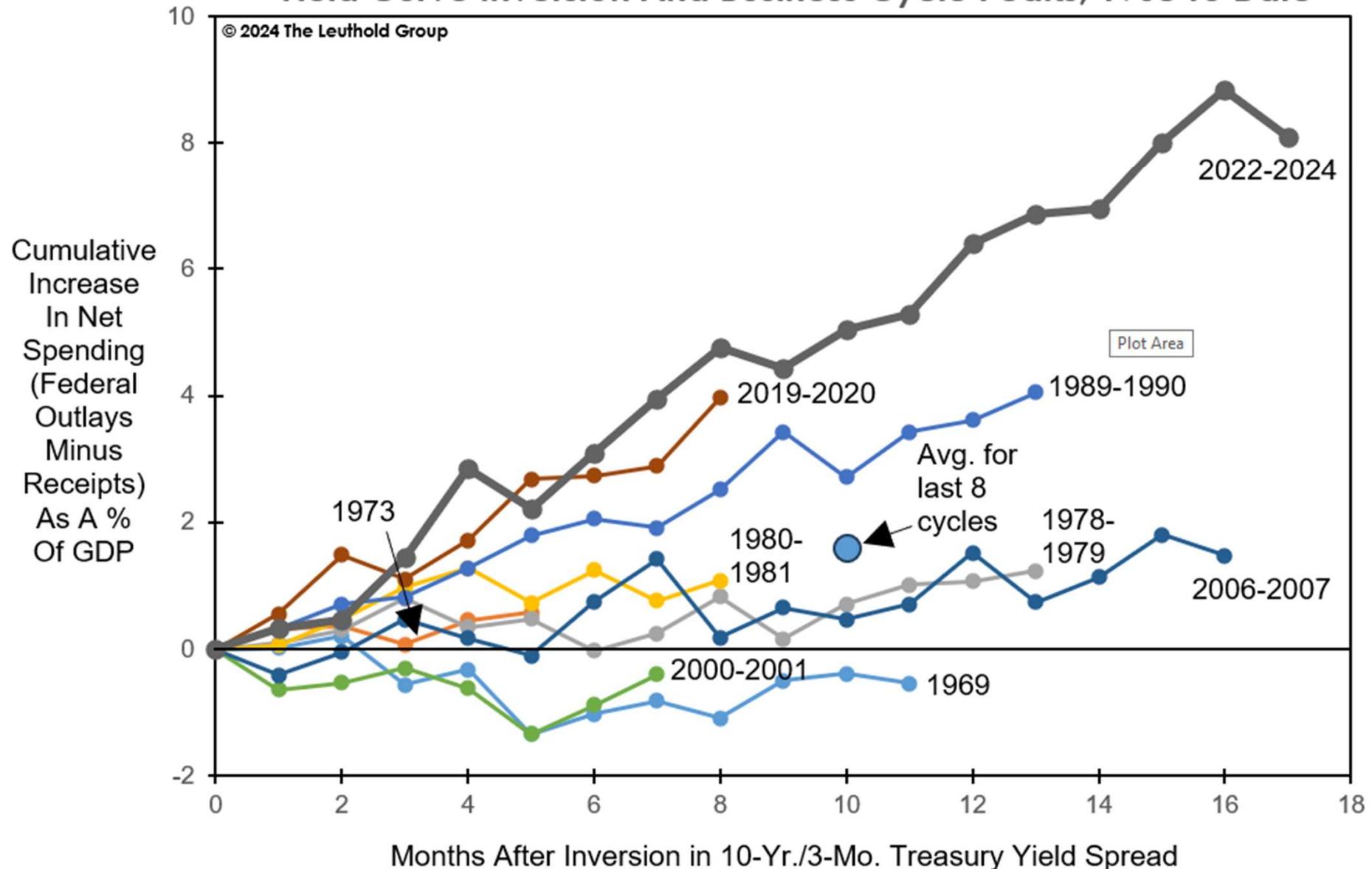
First Month In Which 10-Yr./3-Mo. Spread Inverts For Ten Consecutive Days	Months To Business Cycle Peak
January 1969	11
June 1973	5
December 1978	13
November 1980	8
June 1989	13
August 2000	7
August 2006	16
June 2019	8
November 2022	17 months and counting
Average Lead Time	10

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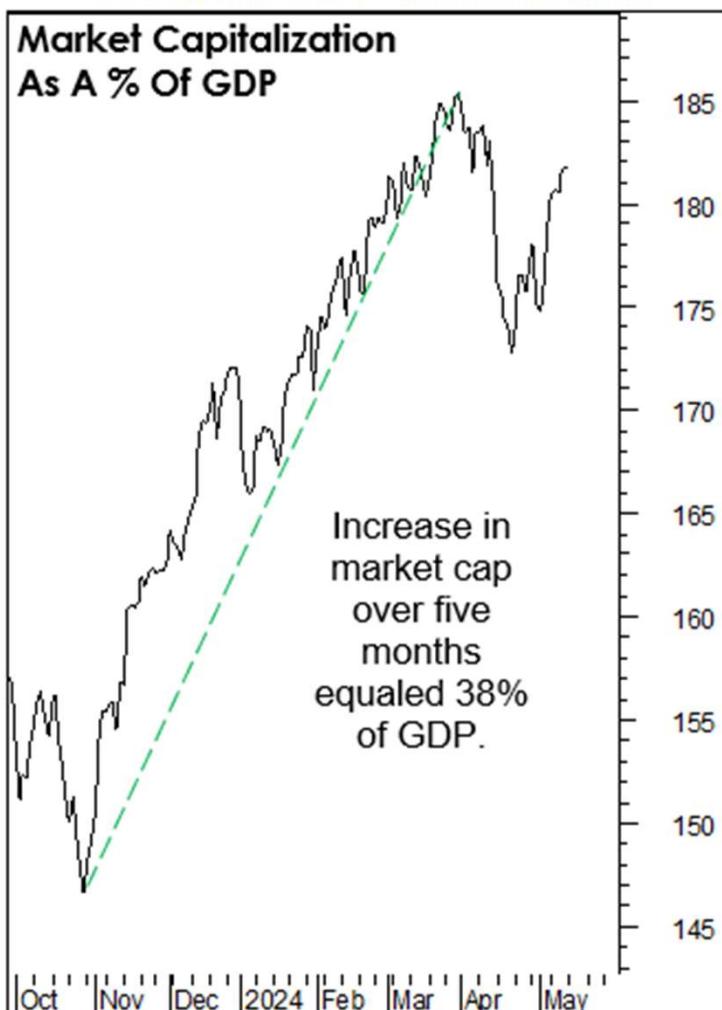


*Secondary-market 3-mo. bill rate used until January 1982;
constant-maturity rate used thereafter.

Cumulative Deficit Spending Occurring Between Yield Curve Inversion And Business Cycle Peaks, 1968 To Date



October 2023 - March 2024



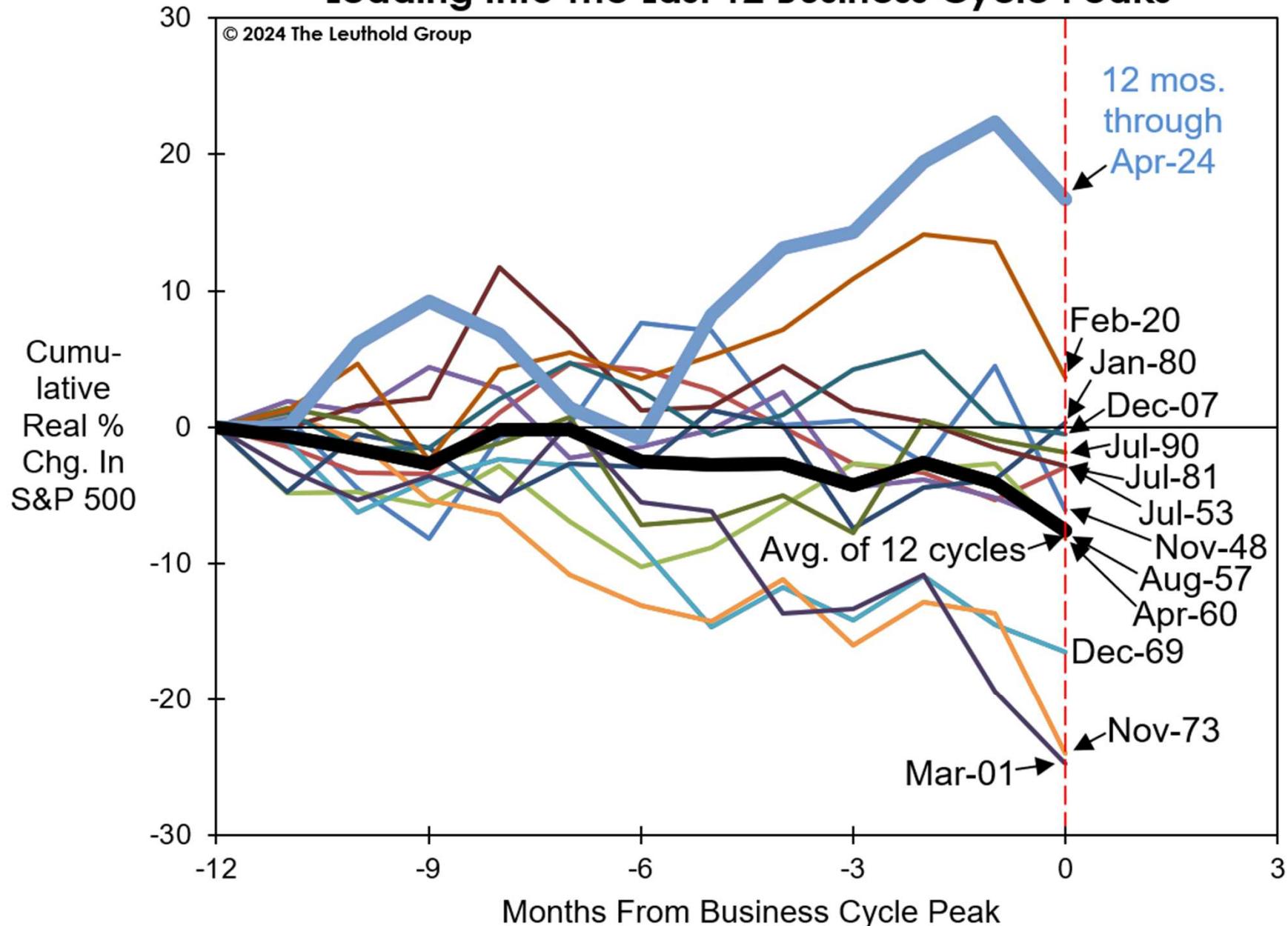
*FT Wilshire 5000 Full Cap index as a pct. of prior quarter's GDP.

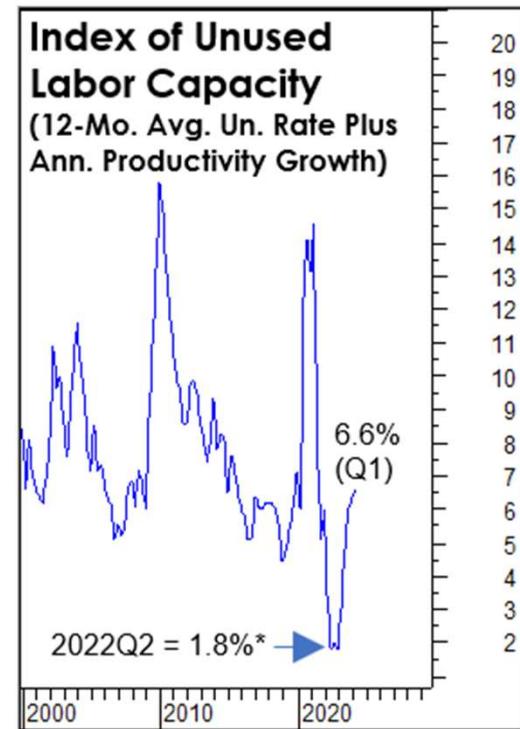
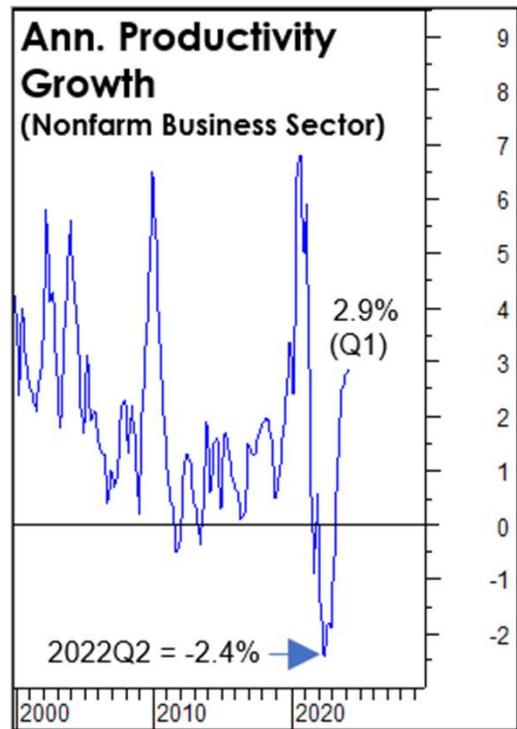
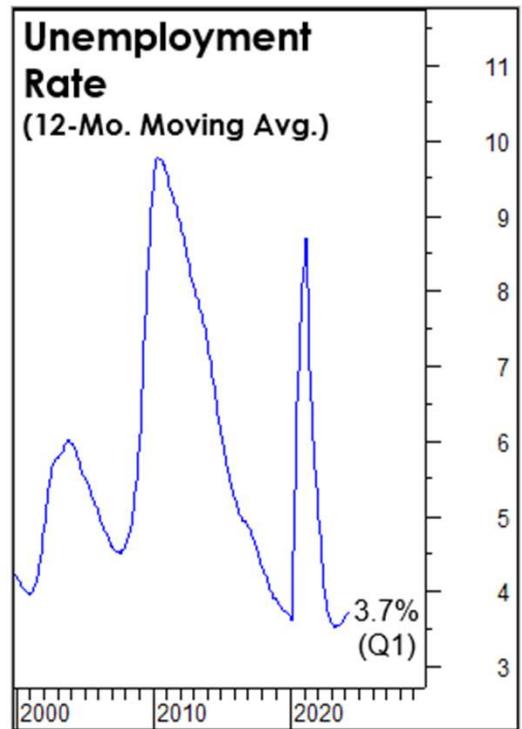
August 1982 - August 1987



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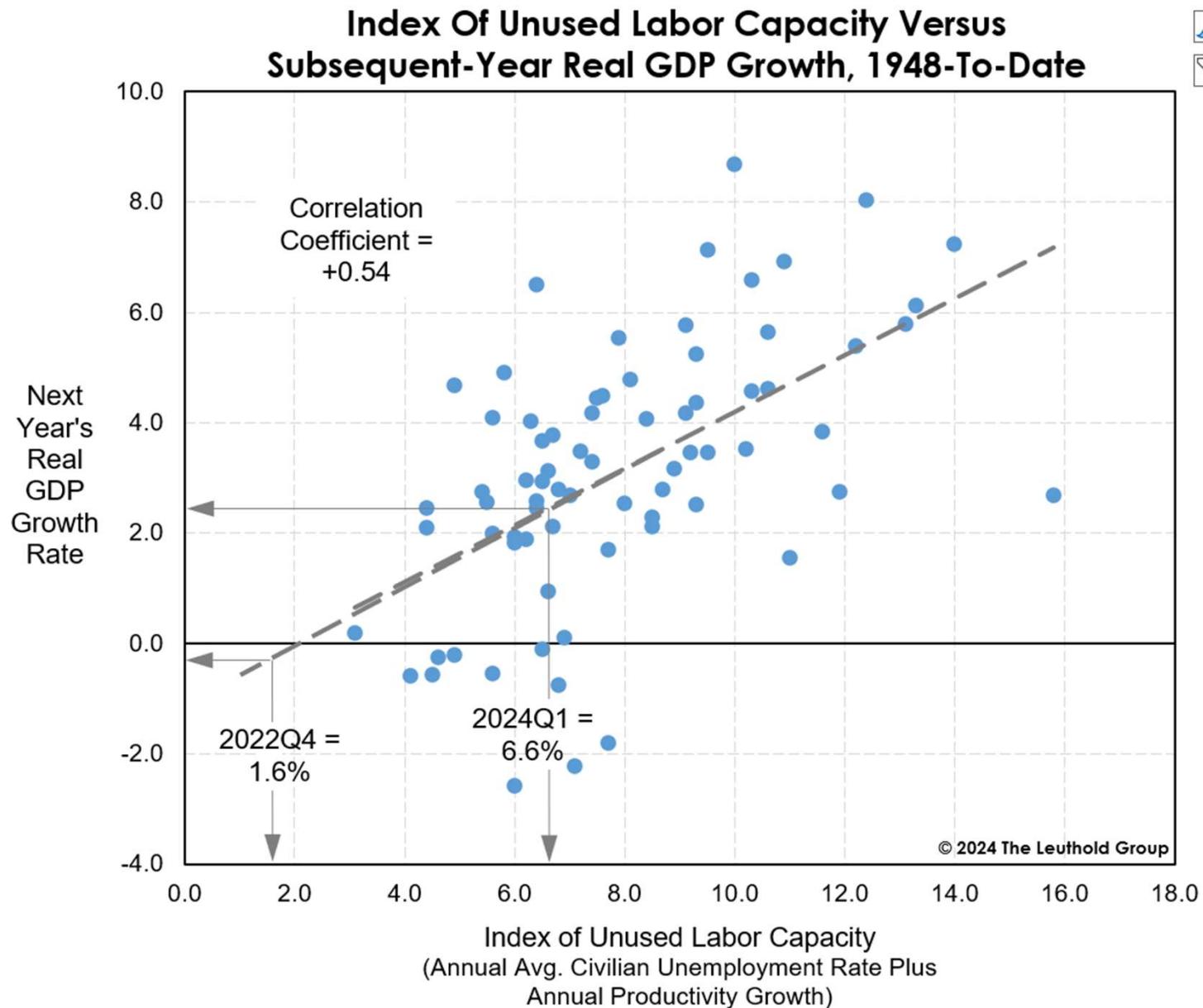
Real 12-Mo. Performance Of The S&P 500 Leading Into The Last 12 Business Cycle Peaks





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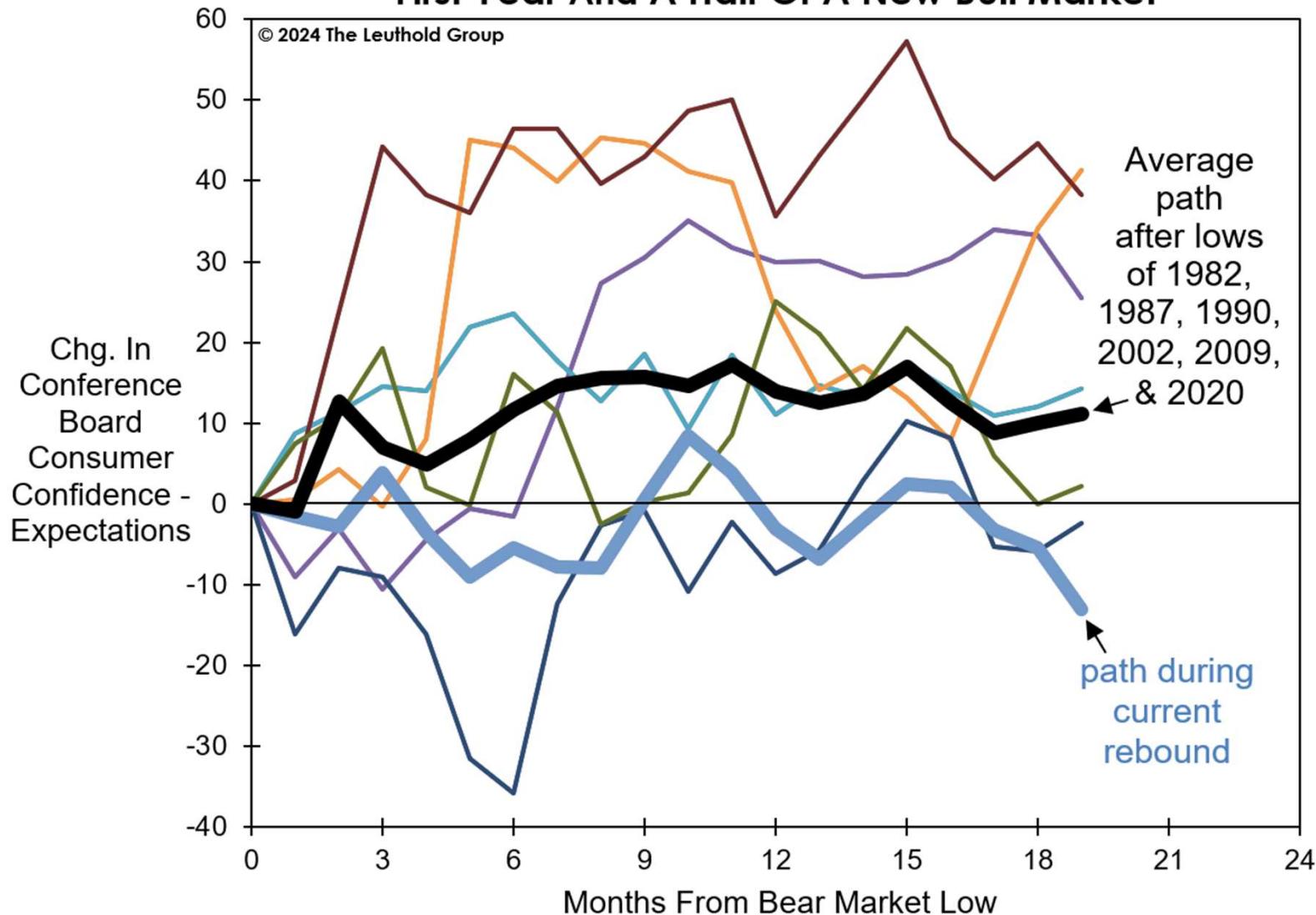
Index Of Unused Labor Capacity Versus Subsequent-Year Real GDP Growth, 1948-To-Date



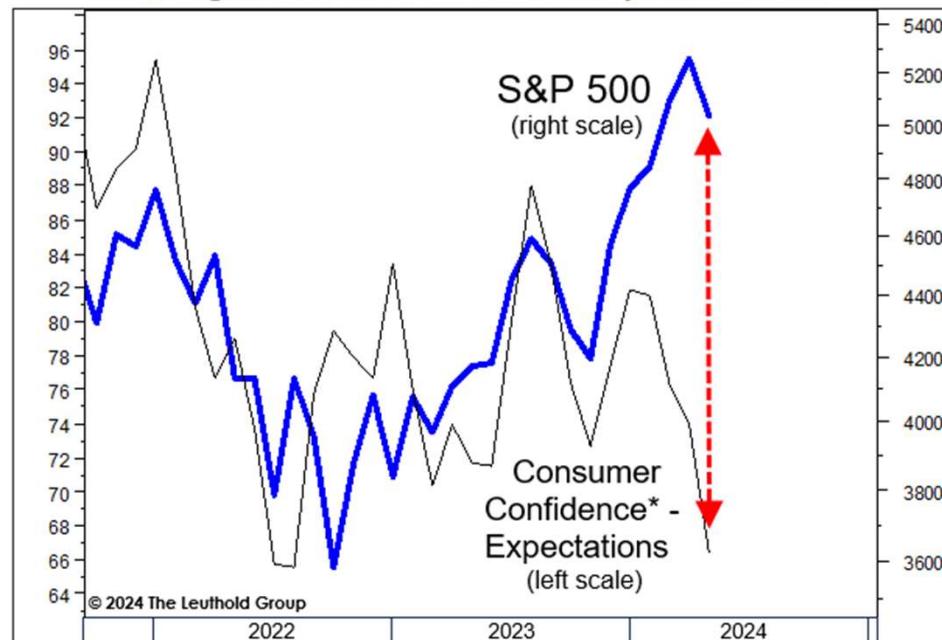


These confidence measures have been in a "late cycle" configuration from almost the start of the COVID rebound.

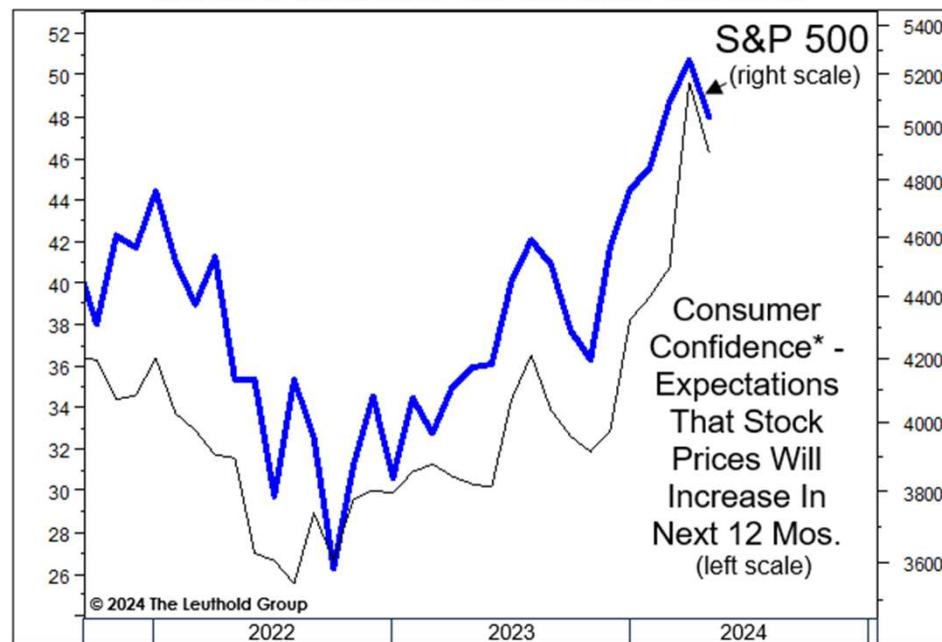
Change In Consumer Expectations During The First Year And A Half Of A New Bull Market



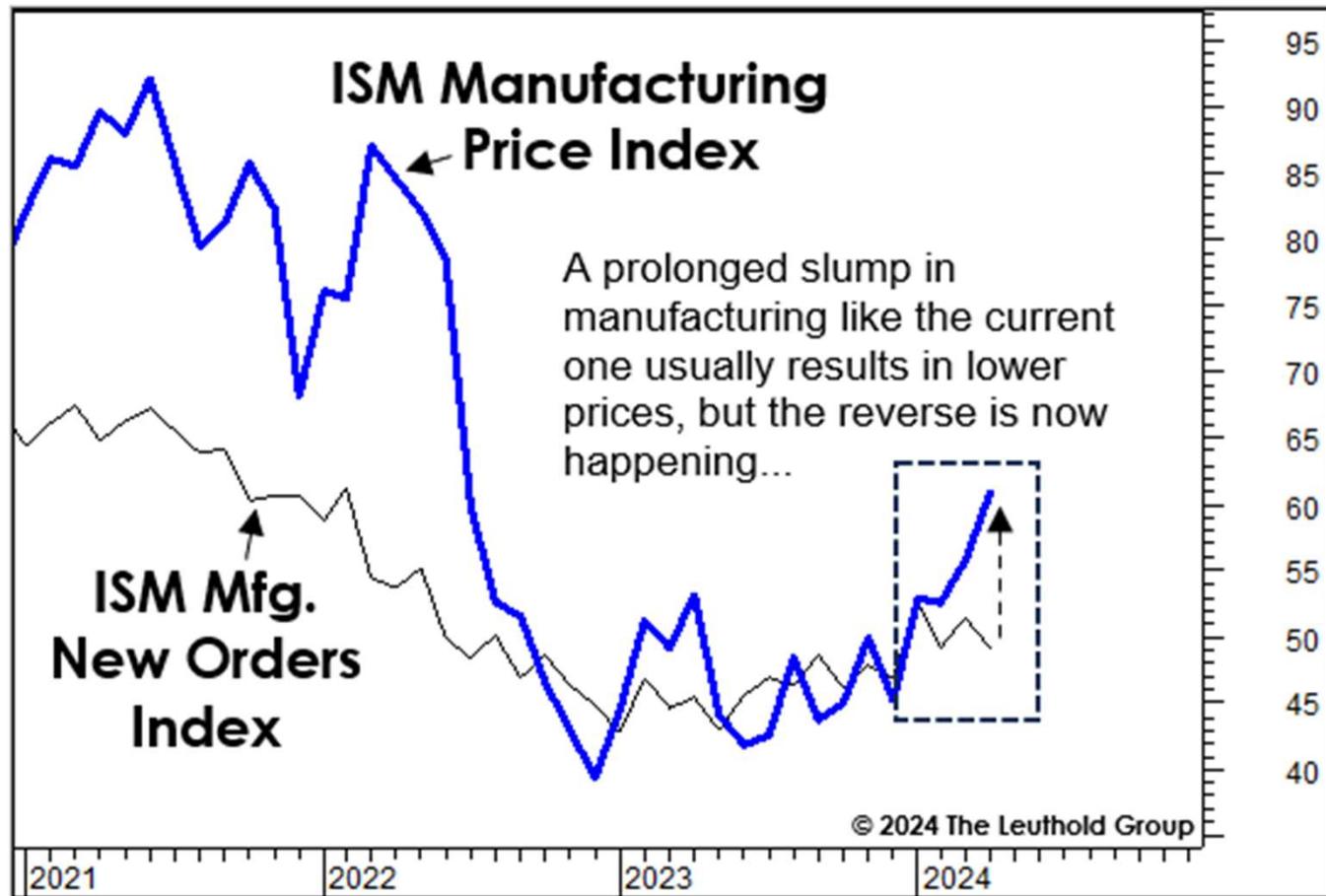
Rising Stocks Haven't Lifted Expectations...



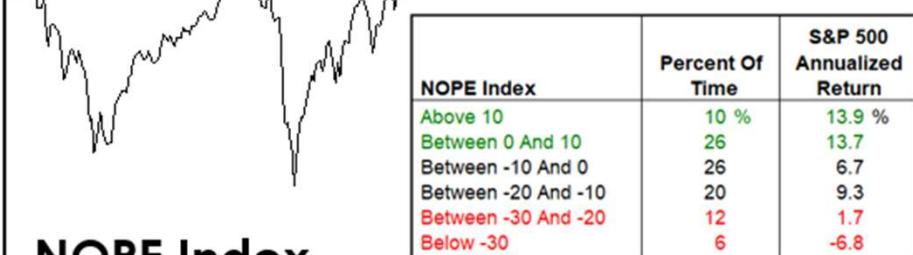
...Other Than That Stock Prices Will Rise!



*Source: Conference Board



S&P 500 & ISM "NOPE" Index (ISM New Orders Minus Price Index)



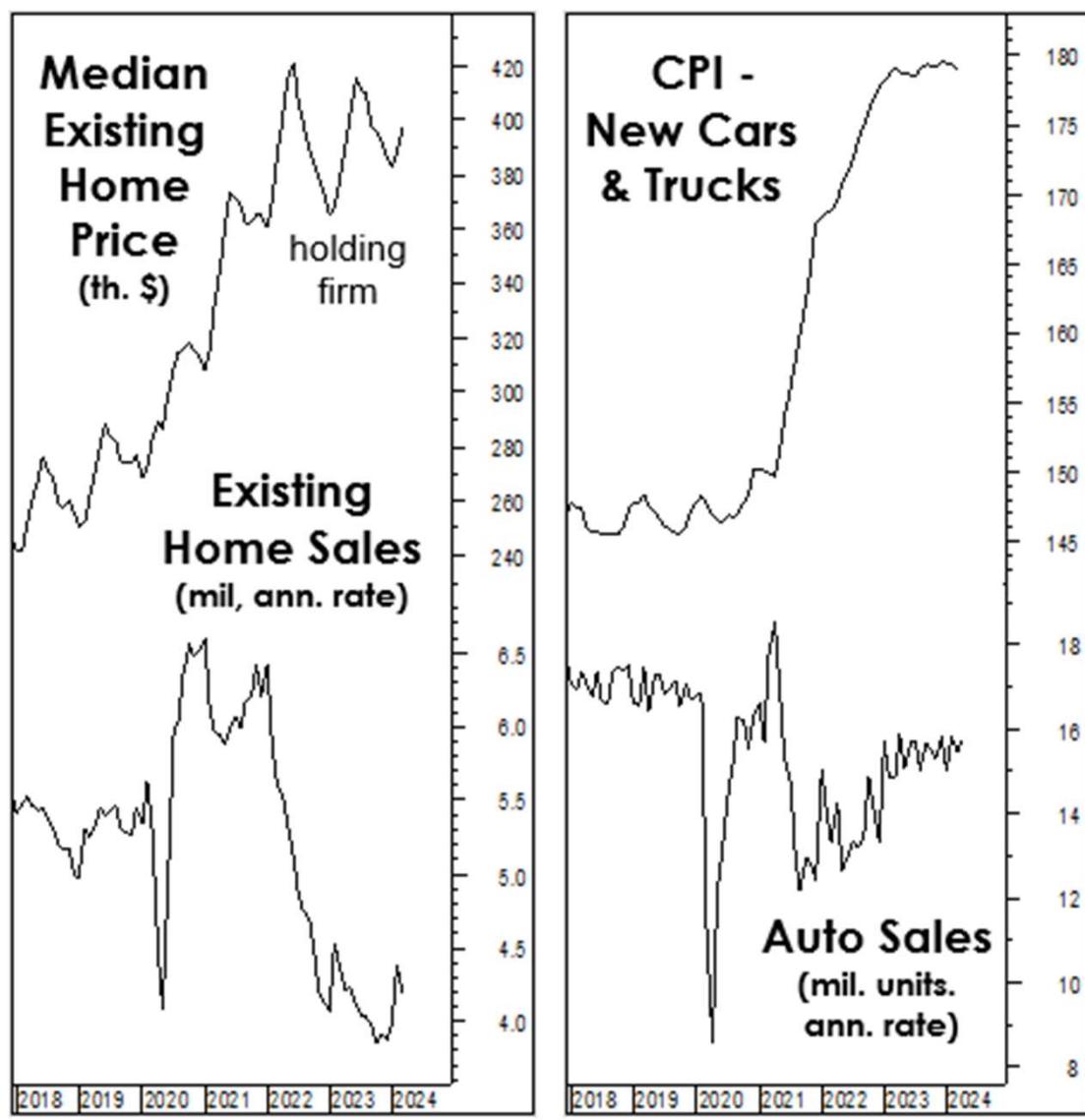
Analysis for February 1948 to date.

High readings bullish for stocks

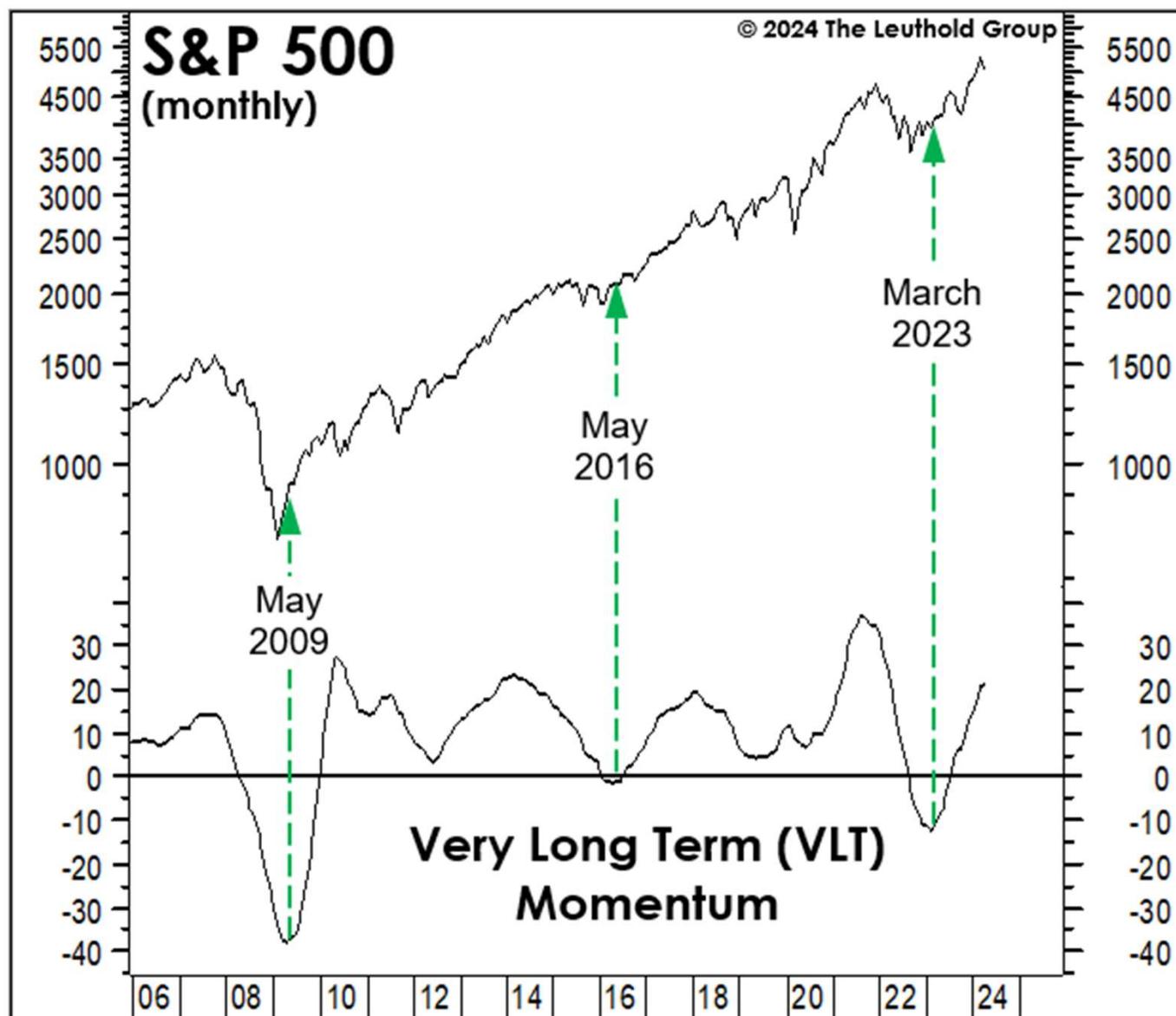
Low readings bearish for stocks

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2000 2010 2020

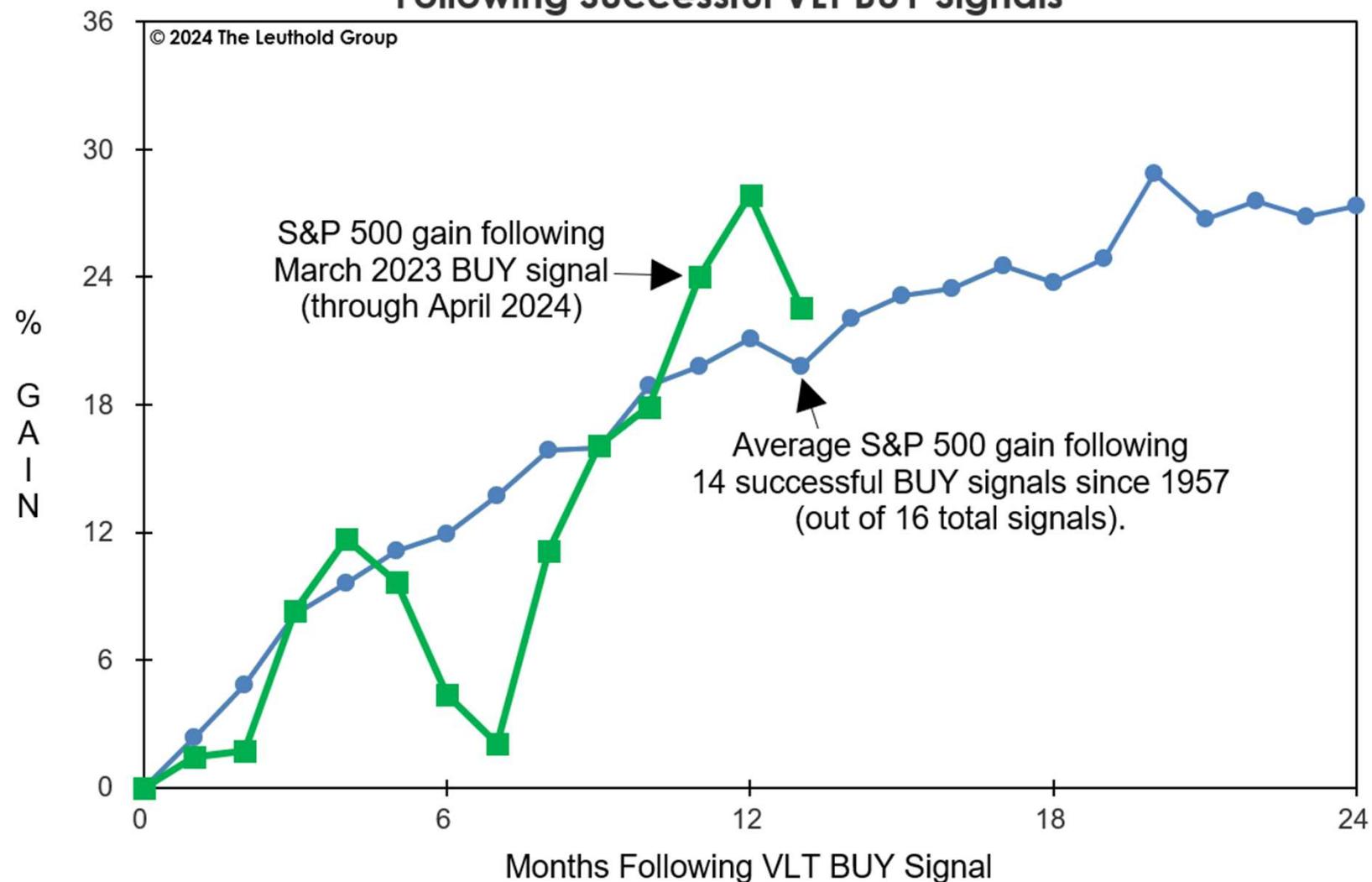


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Arrows denote long-term, low-risk BUY signals occurring when VLT Momentum turns up from below zero.

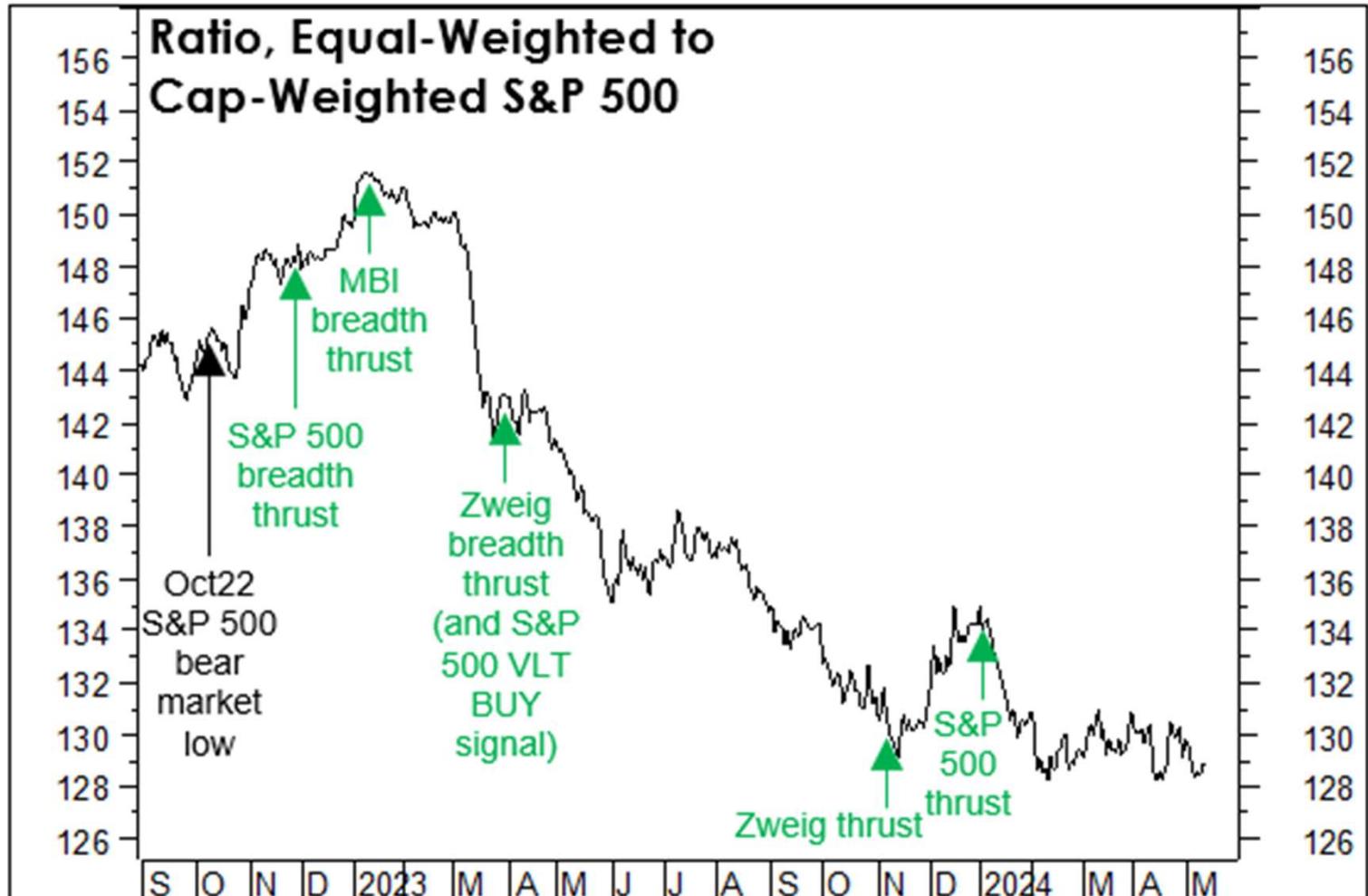
Performance Of S&P 500 Following Successful VLT BUY Signals

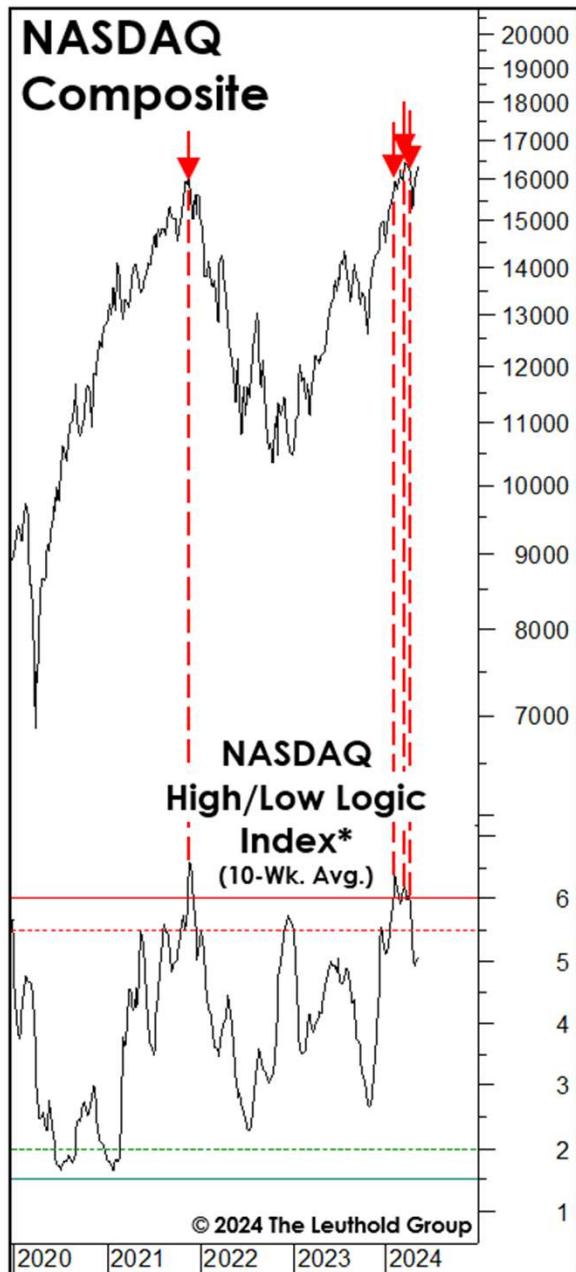


**Pct. Of S&P 500 Stocks Above 50-Day MA Tops 90%
Within 50 Days Of A Reading Below 15%, 1957 To Date**

© 2024 The Leuthold Group Date Pct. Of S&P 500 Stocks > 90%	S&P 500 Performance			
	21 Days Later	63 Days Later	126 Days Later	252 Days Later
November 23, 1962	1.8	6.4	13.8	13.1
September 4, 1970	4.9	8.0	20.0	21.6
December 29, 1971	1.3	4.9	5.0	14.4
January 27, 1975	6.6	14.4	17.7	32.3
May 23, 1980	4.1	13.9	25.8	20.0
August 26, 1982	4.3	12.9	26.2	36.0
November 22, 1985	2.8	11.1	21.5	22.0
January 7, 1988	-3.9	1.9	4.1	7.3
January 18, 1989	2.9	7.2	17.2	17.8
June 9, 1997	5.2	7.9	14.0	29.6
November 5, 1998	4.7	9.7	18.2	20.8
May 5, 2003	6.4	6.1	13.4	20.8
May 4, 2009	2.7	10.5	14.2	29.4
October 24, 2011	-5.3	5.7	10.9	12.7
March 16, 2016	2.6	2.2	4.9	17.5
February 15, 2019	2.1	3.0	4.1	21.4
May 26, 2020	2.0	14.7	18.9	40.0
August 12, 2022	-8.1	-7.6	-3.3	3.7
→ November 30, 2022	-5.9	-0.8	5.0	12.6
→ January 2, 2024	3.4	9.9	?	?
Average for signals	1.7	7.1	13.2	20.7
Average for all periods, 1957 to date	0.7	2.1	4.2	8.5

→ Arrows highlight signals occurring with inverted 10-Yr./3-Mo. spread.





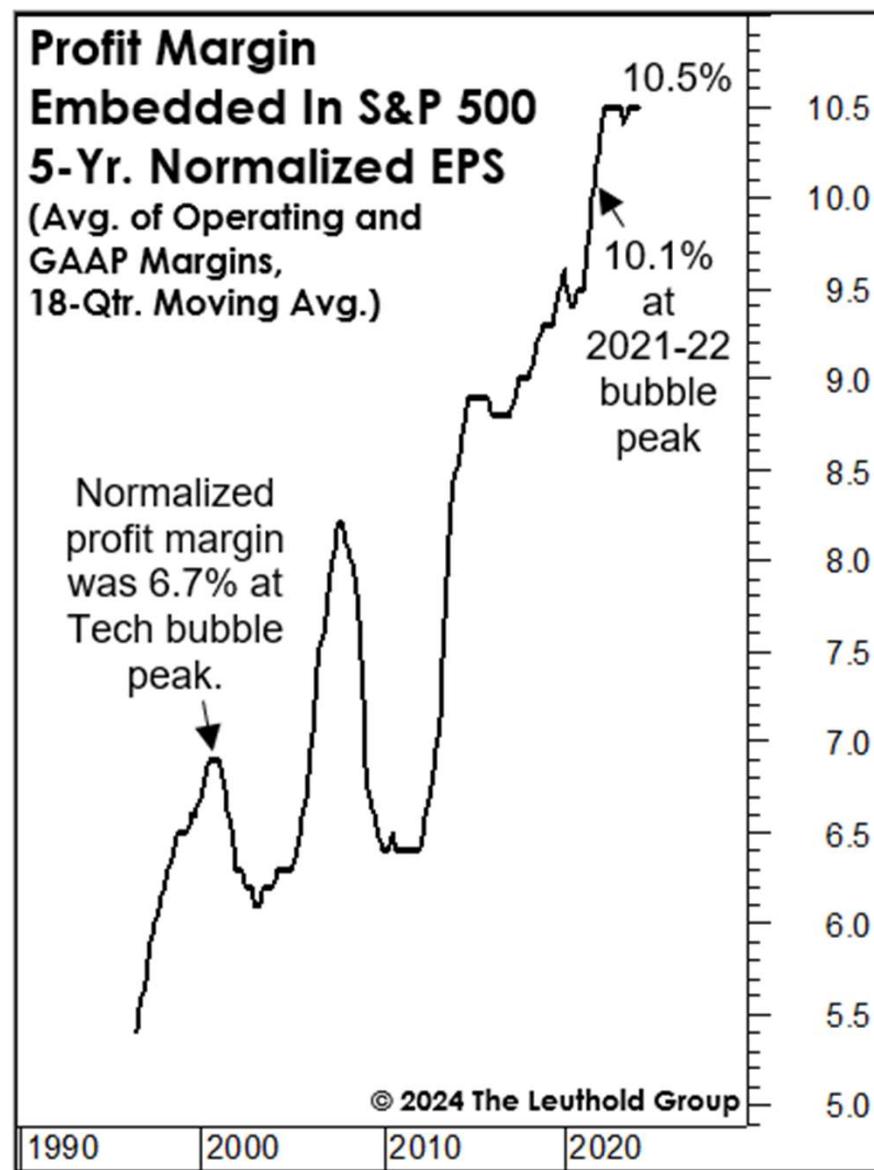
Major SELL Signals From The NASDAQ 10-Wk. High/Low Logic Index

© 2024 The Leuthold Group Date of initial reading in NASDAQ 10-Wk. HLLI above 6.0%	NASDAQ Composite Performance...			
	4 Wks. Later	13 Wks. Later	26 Wks. Later	52-Wks. Later
November 15, 1996	1.8	8.4	6.3	25.5
December 17, 1999	8.3	27.8	2.9	-29.3
March 3, 2000	-7.0	-22.4	-13.8	-56.9
July 20, 2007	-6.8	1.4	-12.9	-15.1
November 2, 2007	-5.3	-14.1	-11.9	-38.8
December 5, 2014	-1.1	3.1	6.0	7.6
January 16, 2015	5.6	6.4	12.4	-3.1
July 24, 2015	-7.5	-1.1	-9.8	0.2
August 7, 2015	-7.1	2.1	-13.5	3.5
December 4, 2015	-2.6	-8.3	-3.9	2.2
August 17, 2018	2.5	-7.3	-4.4	1.0
September 14, 2018	-6.4	-13.7	-4.0	2.1
August 2, 2019	-0.5	4.8	14.3	34.2
November 15, 2019	2.3	13.9	5.5	38.5
November 19, 2021	-5.5	-15.6	-29.3	-30.6
February 9, 2024	0.6	2.2	?	?
March 15, 2024	1.3	?	?	?
April 5, 2024	-0.6	?	?	?
Average after signals	-1.6	-0.8	-3.7	-3.9
Average - all periods	0.9	3.1	6.3	13.1

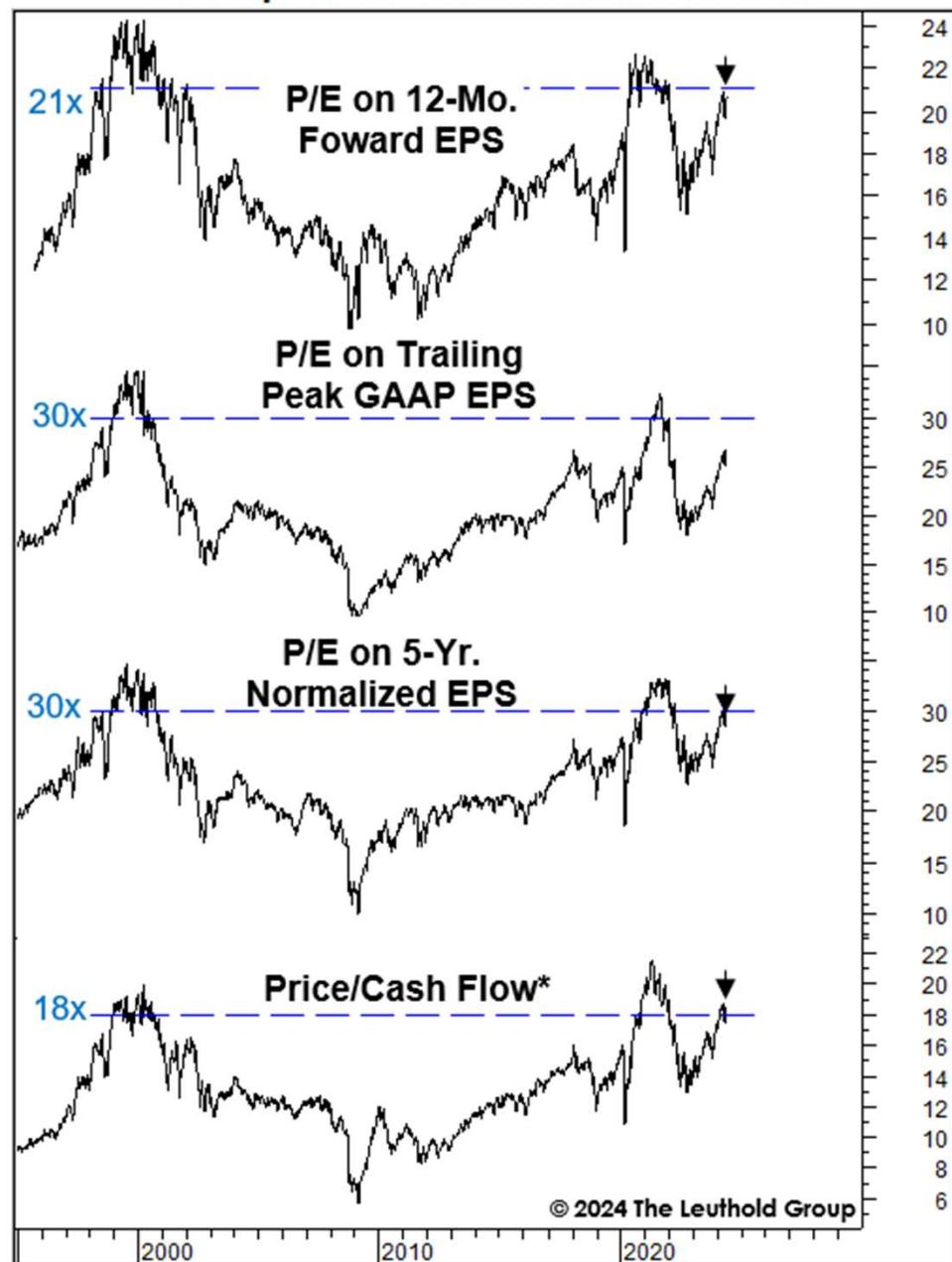
*Calculated as the lesser of NASDAQ Weekly New Highs and New Lows as a percentage of issues traded.

Return To Bubble Zone?





Stock Market Rebuffed In First Attempt At Bubble Valuation Levels

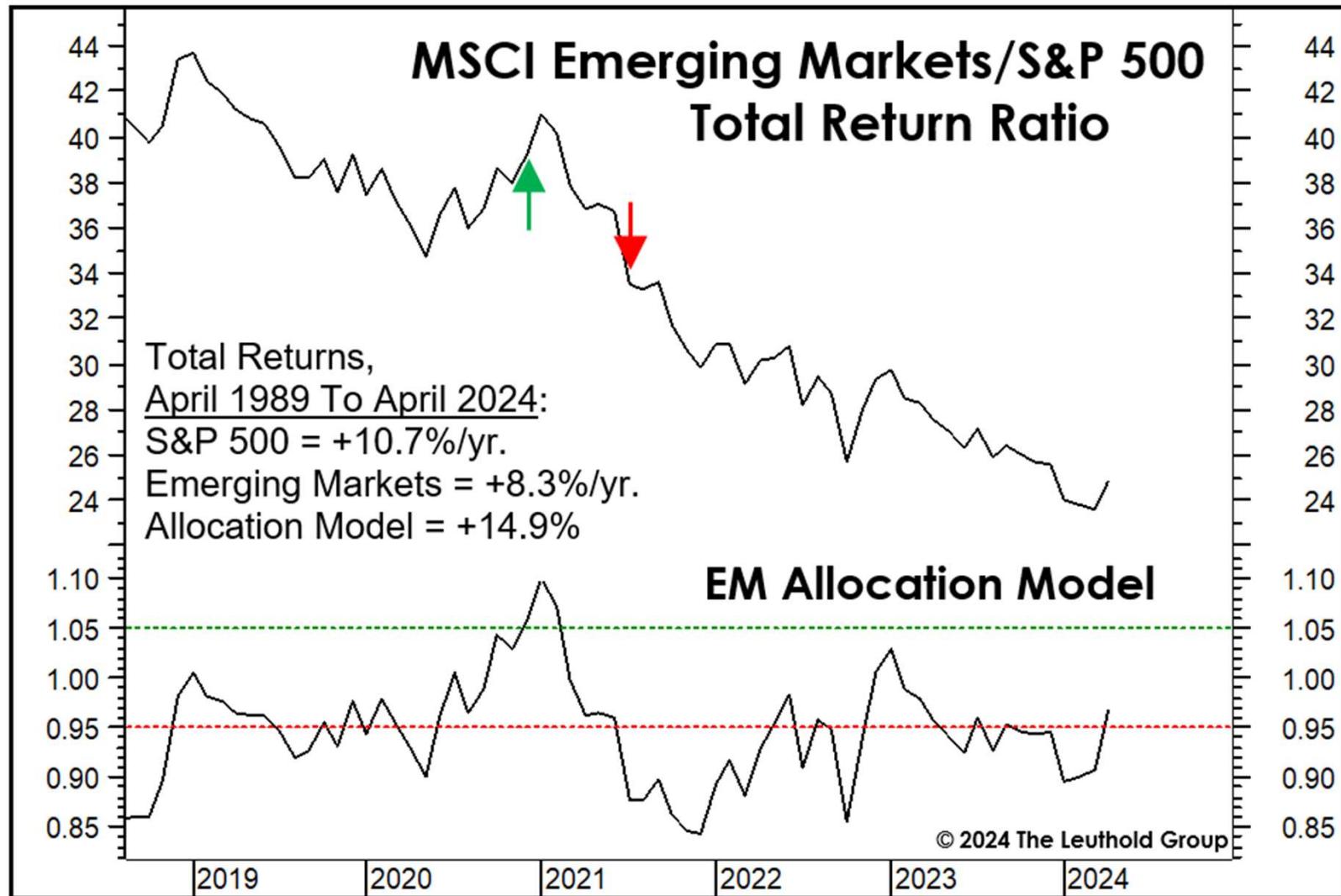


*Data for the MSCI USA Index.
Weekly data through May 10th



S&P SmallCap 600 Median Stock Valuations

© 2024 The Leuthold Group	Trailing P/E	Normalized P/E	Price/Cash Flow	Price/Sales	Price-to-Book	Average
April 30, 2024	17.7 x	20.9 x	9.0 x	1.47 x	1.72 x	
1994-To-Date Percentile	29	16	11	74	20	30



*Buy EM when Model breaks above upper band, and switch into S&P 500 when it drops below lower band.