

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES

October 2024

Strategy Rates are falling



Key Observations

- **Q4 is expected to provide market strength.** S&P 500 is expected to retest 5670 by year-end. A resumption in the bull market in 2025.
- The Fed is starting to pivot on rates. One year after the first rate cut, the average market advance is a 5% return (**Chart 1**).
- **2023/24 US Yield curve inversion flattens.** The positive spread between the 10y-1y is expected in Q1/25. An inverted curve has predicted the last 7 recessions.
- We recommend investors stay long in the deflationary sectors and industries that benefit from lower rates (industrials, financials, consumer staples, healthcare, utilities, and real estate) and underweight inflationary groups (materials, energy, and precious metals).
- We believe the bull market is mature, nearing the crest. Currently 15 years old.
- We reiterate our year-end 2024 price objective of 5768 for the S&P 500.

- **Commodities: Negative** – The market (GTX) continues to be under pressure and follows the 10-year bond yields. Headwinds are declining oil prices and weak demand for industrial metals. Price support and target is at 3300.

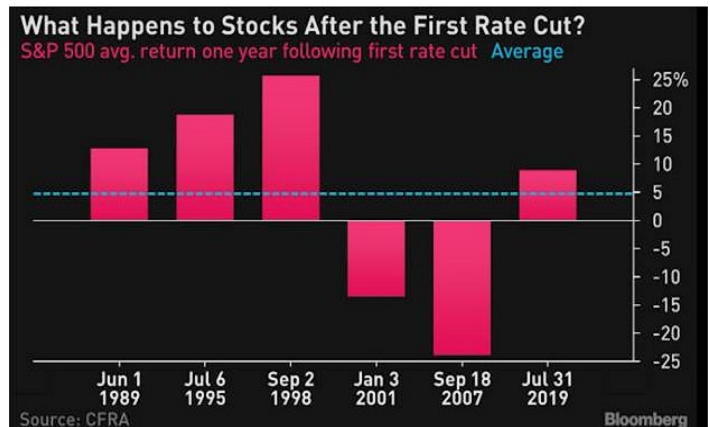


Chart 1

Micro Thoughts

- **U.S. Economy: Weakening**—Unemployment is rising, the labour market is slowing, and industrial production is negative. Inflation continues to ease. The target is 2.3% by year-end. All indicators point to a business cycle peak. The US slowdown is in progress.
- **10-year Bond Yields: Easing lower** – Interest rate cuts are adding to the reduction in bond yields. The expected movement is a measured pullback to 3.70% by year-end.
- **U.S. dollar: Bear bounce**—The U.S. dollar index (DXY) continues to slide as rate cuts diminish the bullish tone. It is finding measured support at 101. A bounce to 102.00 by year-end is expected.

Market Commentary: Bull market continues

The Fed's pivoting on interest rates is positive for the markets in the short term. Our concern lies with two factors. The first is the track record of inverted yield curves and the following recessions. Once a curve flattens and becomes positive, a recession occurs within a year.

The 2nd concern is the apparent near-term peak in the business cycle. Elements that are part of that process are rising unemployment, easing monetary policy, declining economic output, and low consumer confidence. All of these are present now.

Models point to 5670 for the S&P 500 by year-end, 43,900 for the Dow, and 18,500 for NASDAQ.

Donald W. Dony, FCSI, MFTA – September 25, 2024

Commodities

More down than up

Key Points:

- **Weaker patch for S&P Commodity Index GTX as index heads to 3300**
- **Lower levels for the US 10yy spells downward pressure for the GTX in Q4**
- **The precious metals sector holds on to the top in 90-day performance, again**
- **WTI retesting base at \$65 in Q4**
- **Another disappointing rally for Natural gas**
- **Another breakout for gold as the precious metal starts to run to \$2790 target**
- **Silver prices rest before Q4 run starts**
- **Industrial metals ETF (GYX) slumps back**
- **Rapid decline for copper prices in Q3 lands on key \$4.00 support level, and sticks**
- **Parallel dance between the US dollar and US 10YY continues. New lower target**

prices (GTX) are expected to follow. The GTX has broken downward from the two-year consolidation.



Chart 1

The GTX shows negative buying momentum (RSI) (not confirming additional upward strength). There is an expansion of the positive 'Green Cloud' in Q4 suggesting some measured support. A sudden decline of GTX is unlikely. With the Fed now expected to start pivoting, 3300 is the new downward target (**Chart 1**).

US 10-yy is expected to hold around 3.70% to 3.80% in Q4.

The long-term view is slightly more promising for both the GTX and US 10-year yields next year. The GTX is still in multi-year consolidation. The positive 'Green Cloud' stretches into 2025. 10-year T-bond yields are nearing a very solid price support level at 3.25%. This level dates back to late 2013 (**Chart 1a on page 3**).

What does it mean? The weakness in both assets displayed over the last couple of months due to the Fed finally (we hope) pulling the trigger on rates has changed our view for Q4. Both assets are expected to continue easing off over the next few months.

	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception mid-2003</i>
TS Model Portfolio	0.88%	20.00%	1,066.54%
S&P 500	2.02%	20.81%	476.25%

The 19-yr average for the TS Model Portfolio – 12.21%
The 19-yr average for the S&P 500 – 8.56%

TS Model Income Portfolio – 9.93% average div. yield

GTX: New downward trend 📉

Outlook Neutral/Negative: The S&P GSCI Commodity Index (GTX) and the US 10-year T-bond yields continue to trade in lock-step. The Fed has suggested that September will start the rate pullback. At the time of this writing (September 15), the first rate reduction date had not been announced. Recent US inflation data continues to soften. The latest US inflation rate is 2.50%. One of the Fed's favorite inflation gauges (the US PCE Price Index), is also at 2.50%. These two key measures indicate that the inflation battle is almost over.

As rates come down they will affect both assets in the same fashion. Pushing bond yields lower, and commodity



Chart 1a

Deflation vs. Inflation: Deflation wins

Outlook Negative: The 5-year performance between deflationary assets and inflationary assets shows an ongoing higher performance and dominance from deflationary assets (Dow) over inflationary assets (commodities) (Chart 2).

What does it mean? A continually stronger-performing deflationary equity market is normally more bullish for the stock market than an inflationary-driven market. We anticipated a more even performance between the two asset groups in early 2025.

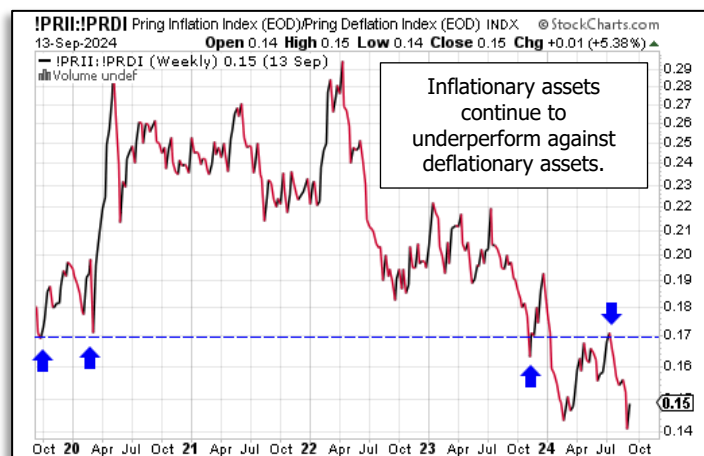


Chart 2

Commodity performance: Gold wins

Outlook: Negative: Only one commodity groups posted a positive return over the last 90 days – precious metals. All the other commodity groups were negative (Chart 3).

What does it mean? We expect ongoing performance from the precious metals because of safe haven accumulation, China buying, and a weak US dollar. The Fed's rate pivot should ease the dollar even more and aid most natural resource prices. Ongoing strength in precious metals normally occurs near the end of a market cycle.

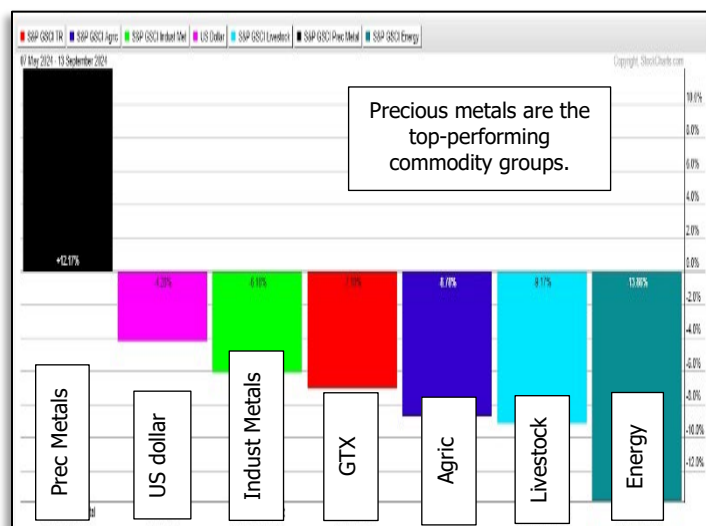


Chart 3

WTIC: Range-bound

Outlook: Neutral: Light crude oil moved above \$70 driven by ongoing disruptions to US gulf infrastructure (Hurricane Francine) and the US interest rate cut. (Chart 4) However, concerns continue over slowing demand from



Chart 4

China. Data showed the longest stretch of industrial slowdown since 2021.

The 1yr trend is flat. WTIC remains contained between \$65.00 and \$87.00. Buying momentum (RSI) is negative (not confirming additional upward strength). There is a negative 'Red Cloud' in Q4 which suggests prices will remain below \$75 over the next few months. A breakout would need a move over \$87.00. An unlikely event at this junction.

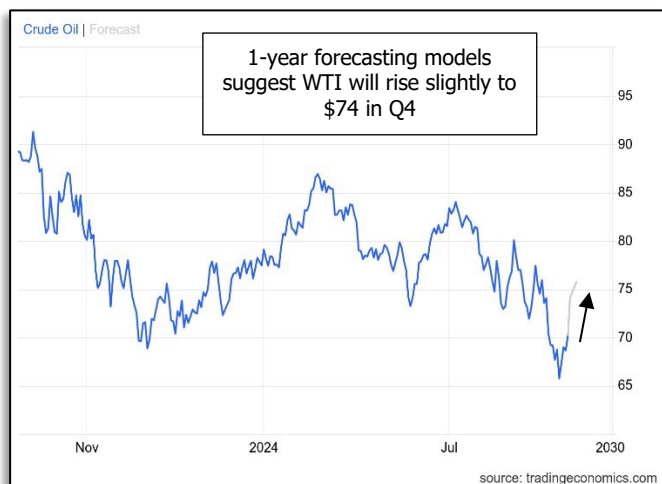


Chart 4a

1-year forecasting models suggest WTI will trade around \$74.00 in Q4 (**Chart 4a**).

What does it mean? Oil prices are expected to remain around the current level. No major advance is expected. Lots of supply, and weak demand for China.

Natural gas: Weakness persists

Outlook: Negative: US natural gas futures rose above \$2.30/MMBtu for the first time in two months, driven by forecasts for higher demand and production cuts. EIA reported a 40 bcf increase in storage ending in mid-September, falling short of forecasts and the five-year average of 67 bcf. Looking ahead, producers are expected to cut output further in late 2024.

The 1yr trend is flat. Recent price action shows a measured rebound from \$2.00. Natural gas prices have remained in a basing range-bound trend over the last 10 months. (**Chart 5**).

There is an expanding negative 'Red Cloud' in Q4 suggesting continued price weakness ahead. Buying momentum (RSI) has improved slightly, now neutral (still not confirming additional upward strength). 1st support at \$2.00.

1-year forecasting models suggest that natural gas prices will remain around \$2.40/MMBtu for the next few months (**Chart 5a**).



Chart 5

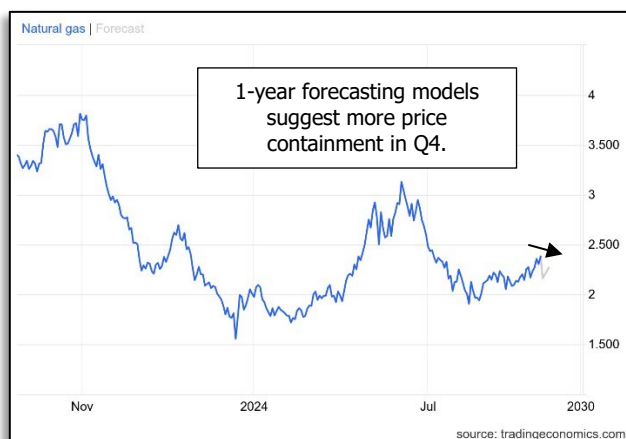


Chart 5a

What does it mean? Abundant supply versus demand from colder weather suggests very limited increases. Natural gas prices are expected to remain around current levels. The target has been reduced to \$2.20/MMBtu.

Gasoline: Breaking key support

Outlook: Neutral/Negative: Gasoline futures climbed above \$1.90 per gallon in mid-September, rebounding from the February low of \$1.88. The EIA recently reported a slowdown in global oil demand growth, particularly due to China's economic slowdown. Data shows that China's oil imports dropped by 3.1% from Q1 to Q3. Global oil surplus is expected in 2024, one of the first in many years, even with OPEC+ keeping its production cuts. Hampering any major run in WTI prices.

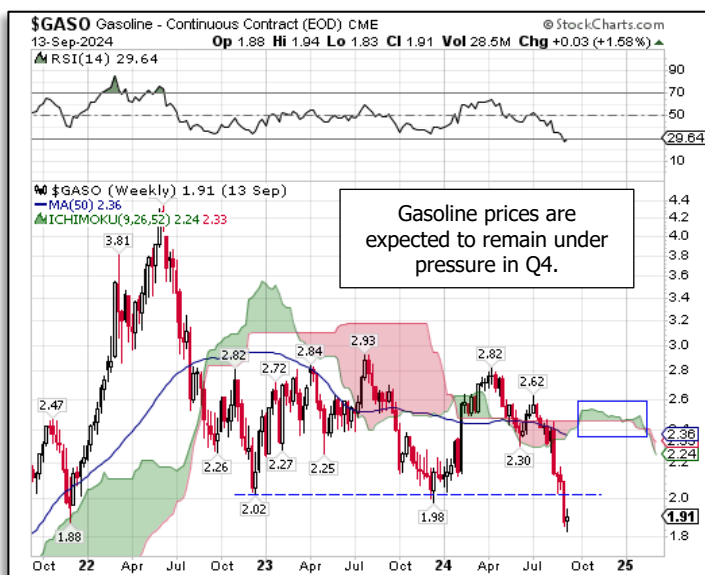


Chart 6

Above \$2.60 per gallon in June only to retreat due to an unexpected drop in demand and abundant supply. Summer travel season was not strong enough to compensate for the weak global demand and abundant supply.

The 1yr trend is down. Breaking below key price support at \$2.00 in early September. Gas prices are now on the declining 50-week m/a. There is a narrow 'Green Cloud' in Q4 suggesting a marginal demand increase, likely no higher than \$2.00. More consolidation or price weakness ahead in early 2025 (**Chart 6**). Buying momentum (RSI) is negative and oversold (not confirming additional strength).

1-year forecasting models suggest that gas prices will rise slightly and reach \$2.10 in Q4 (**Chart 6a**).

What does it mean? Expect a minor bounce. The target is only \$2.10 in Q4.

Gold: Another new high 🍀

Outlook: Positive Gold's advance stalled briefly in mid-year as rising US dollar pressure prompted investors to back off from buying. That timid feeling did not last long. The yellow metal started to advance again in August and posted a new all-time high in mid-September, supported by a weak US dollar, lower bond yields, and expectations of interest rate cuts in Q4. This follows a weekly jobs report that signaled a softening labour market. US inflation is trending lower. All supportive data for higher gold prices by year-end (**Chart 7**).

The 1yr trend is up. Gold prices stalled briefly in Q2 after rocketing up over 15% in Q1. Now advancing again. Buying momentum (RSI) is positive (confirming additional upward strength). The positive 'Green Cloud' expands in Q4 and Q1.

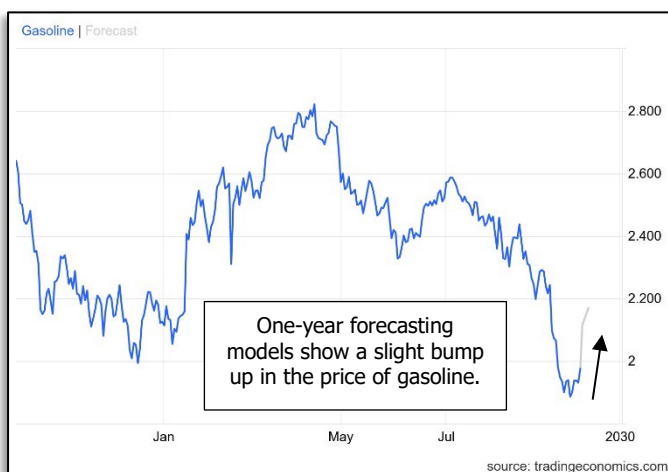


Chart 6a

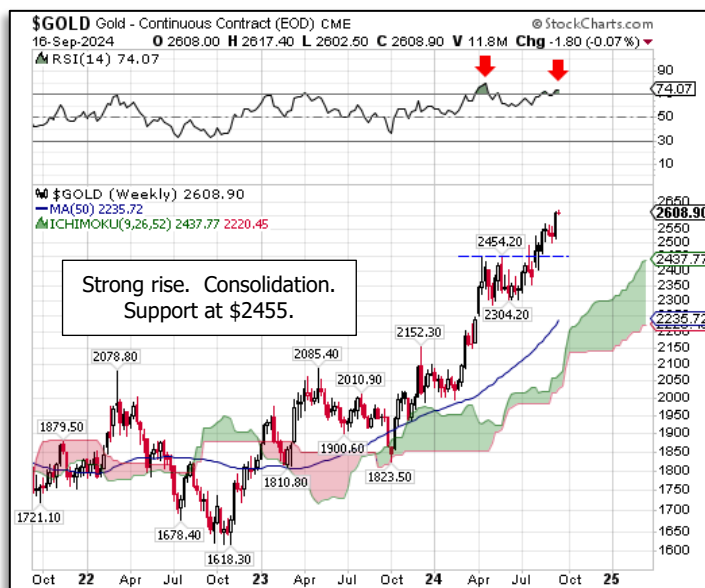


Chart 7

This suggests more upward trending in the months to come.

The 1-year forecasting model indicates that the support at \$2455 will hold and rebound to \$2670 in Q4/Q1 (**Chart 7a on page 6**).

What does it mean? The elements that drove gold up from \$2150 to the present \$2608.90 are still present. Add to the position. Still more upside. \$2790 is the new target.

Silver: More consolidation coming

Outlook: Neutral/Positive: Silver prices hit a two-month high amid rising expectations that the Fed will begin a series of rate reductions. However, disappointing economic data from China raises demand concerns from the world's top metal consumer.

T e c h n i c a l S p e c u l a t o r

MARKETS - COMMODITIES - CURRENCIES - SECTORS

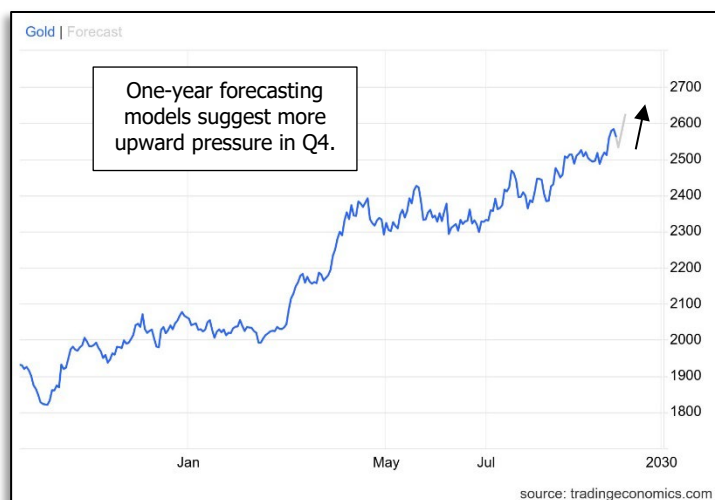


Chart 7a

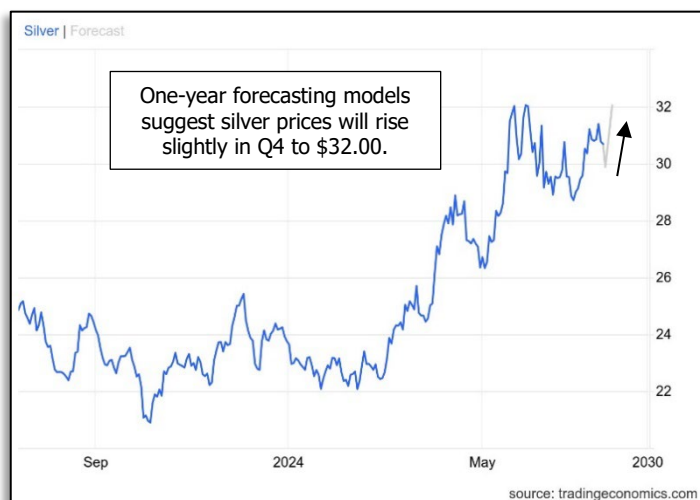


Chart 8a



Chart 8

The 1yr trend is up. Broke out of a 24-month consolidation in Q2, now a second consolidation is developing. Buying momentum (RSI) is positive (confirming additional upward strength). Well above the rising 50-week m/a (**Chart 8**). A positive narrow 'Green Cloud' is developing in Q4. Suggesting some degree of consolidation or slowing of the upward movement. Key price support is at \$26.40.

1-year forecasting models suggest that silver prices will retest the level of \$32.00 in Q4 (**Chart 8a**).

What does it mean? We expect silver to consolidate in the months to come under \$32.00. Once the metal breaks above \$32.00, the target is \$34.00. Continue to hold the position.

Industrial metals: More weakness

Outlook: Neutral/Negative: The prices for most industrial metals have changed little over the last few months. Most remain weak into year-end. Aluminum, Steel, Iron Ore, Nickel, Lead, Zinc, and Nickel are all trending flat to down. Gains on the metals are limited to China's industrial output. A contraction in industrial demand in PMI continues for the world's top consumer (**Chart 9**).



Chart 9

The 1yr trend is flat. GYX continues to base. The recent bounce to 500 has run out of steam quickly and selling pressure returned. Buying momentum is neutral (not confirming additional upward strength). A negative 'Red

Cloud' continues into Q3 and then becomes a narrow 'Green Cloud' in Q4. This suggests more base-building lies ahead.

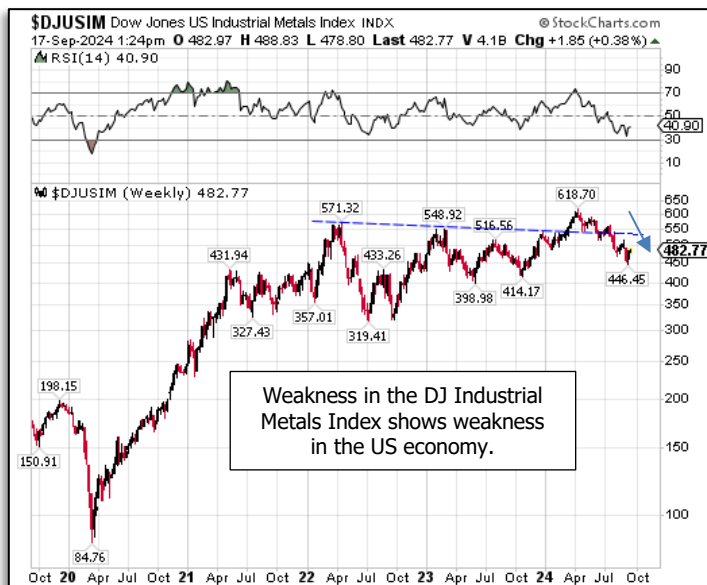


Chart 9a

The DJ US Industrial Metals Index is a good proxy for the US manufactory strength (**Chart 9a**). After consolidating in 2022-2023, there was a short-term breakout which quickly faded. Now trending down.

What does it mean? The S&P Industrial Metals Index is still base-building. Look for a continued weakness. Add to the position **only** on a breakout over the 500 level. For now, we suggest staying on the sidelines.

Copper: Retracement continues

Outlook: Neutral: Copper futures held the key support level of \$4.00 per pound after the elevator drop mid-year. The expectations of the Fed delivering multiple rate cuts are driving down the US dollar and propping up the red metal. Meanwhile, disappointing economic data from the top consumer (China) is diminishing any healthy rebound.

The 1yr trend is up. Copper prices are pulling back from the highs in April and May. The price dropped 15% in one month (**Chart 10**). Now on the 1st support level of \$4.00. This level should hold. Buying momentum (RSI) is neutral (not confirming additional upward strength). There is a narrow 'Green Cloud' in Q4 suggesting some additional measured strength.

1-year forecasting models suggest that the upward movement is still in play. The current price action does suggest more consolidation in Q4 between \$4.20 and \$4.55 should be expected (**Chart 10a**).

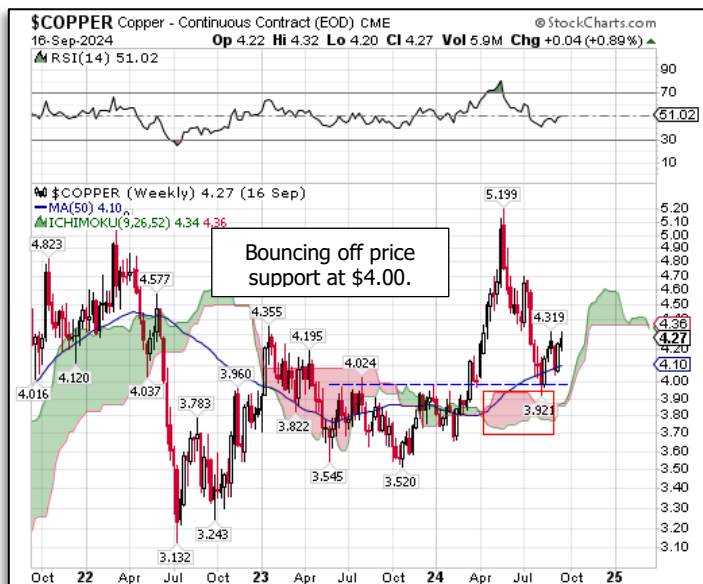


Chart 10



Chart 10a

What does it mean? The outlook for copper prices over the next few months is for more consolidation. Prices are anticipated to remain under \$4.55 in Q4. Add to positions on weakness. Major copper-producing companies we favour are BHP Group (**BHP**), First Quantum Minerals (**FM**), Freeport-McMoRan (**FCX**), Teck Resources Ltd (**TECK/B**), and Southern Copper (**SCCO**).

Livestock: Easing prices

Outlook: Neutral/Negative: Of the six main components in the S&P Livestock Index (**GVX**) (feeder cattle, live cattle, lean hogs, beef, poultry, and salmon), only Beef prices are advancing.



Chart 11

The 1yr trend is up. The index is still in a pattern of higher highs and higher lows. GVX is pulling back from an all-time high in Q1, now below the 50-week m/a. Buying momentum (RSI) is negative (not confirming additional upward strength). A negative 'Red Cloud' in mid-year suggests some consolidation or price weakness. A positive 'Green Cloud' is set for Q4 which should provide upward strength (**Chart 11**).

What does it mean? A pullback/consolidation should be expected over the next month or two. Wait until there is confirmation of support before adding to the position.

US dollar: Breaking down 🗨️

Outlook: Negative: The US dollar continues to decline as traders digest cooling inflation data, soft import and export prices, and a weakening labour market. The Big Dollar is expected to decline further as the Fed is starting to pivot on rates.

The 1yr trend for the DXY is down. The US dollar has violated a multi-month consolidation in Q3. It closely tracks the movement of the US 10-year T-bond yields, which is also trending lower. This security provides additional guidance to the direction of the dollar. Forecast models for 10-year T-bond suggest yields will hold around 3.70% by year-end.

Buying momentum (RSI) for the DXY is negative (not confirming additional upward strength). The greenback is moving into a shallow positive 'Green Cloud' in Q4. This suggests more consolidation for the dollar in the months ahead. Now on the 1st support of 100, below this is 99.44.

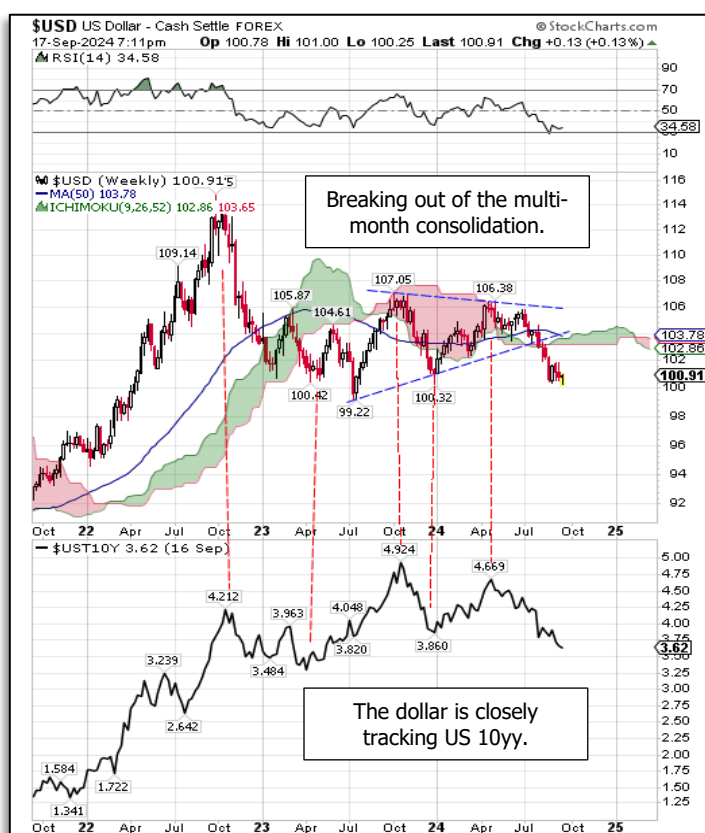


Chart 12

1-year forecasting models suggest a measured upward bounce in Q4. 102.00 is the target (**Chart 12a**).

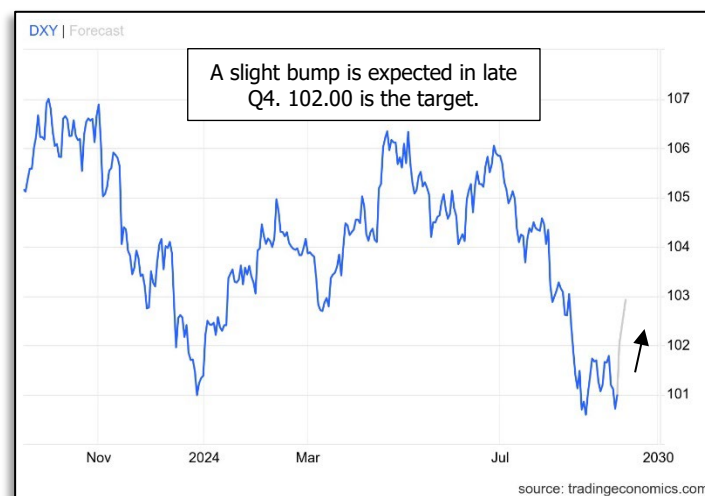


Chart 12a

What does it mean? The US dollar is expected to have minor movements over the next few months. This price action will largely depend on the Fed's rate policy in Q4.

What does it mean? The US dollar is expected to have minor movements over the next few months. Much will depend on how hard the Fed pushes for lower interest rates. The US economy is slowing down. The FOMC goal is for the often difficult-to-achieve soft landing. One indication of the near-term movement of the greenback is to look at the Euro. The collective currency still has a tailwind and projection models point to 122, an 8% rise from current levels. A similar percentage decline in the Dollar would be 93-94.

What does it all mean?

Chart 1 shows that the GTX has violated its multi-year consolidation pattern in Q3. The downward move matches the same downward trend in US 10-year yields. Headwinds

for the GTX is going to be strong as Chairman Powell starts to drop rates. A lower \$USD should be beneficial and aid most commodity prices. Precious metals in particular.

What should investors do?

The leaders of the pack are gold, silver, and copper. In that order. We would suggest staying with precious metal in Q4. The red metal needs China's buying pressure to shine. It is not there right now. These are the gold companies that we feel are attractive. Barrick Gold Corp. (**ABX**), iShares S&P/TSX Global gold ETF (**XGD**), VanEck Gold Miners ETF (**GDX**), Endeavour Silver Corp. (**EDR**), Galiano Gold (**GAU**), Harmony Gold Mining (**HMY**), OceanGold Corp (OGC) and Newmont Corp. (**NEM**).

International Equities

top of the channel signals caution

KEY POINTS:

- **Another new high, another overbought reading for the Dow Jones Global Index**
- **After 15 years, the primary trend remains up DJW, but at a critical junction**
- **19 world economies still have inverted yield curves.**
- **Emerging markets ETF breakout continues on \$USD decline**
- **Broad breadth on World indexes performance with seven out of 10 up**
- **Most Asian equity markets feel a downdraft**
- **China's Shanghai plunges lower, now oversold**
- **More consolidation expected for the Nikkie**
- **Stepping higher continues for India's Sensex**
- **New YTD high Dow Jones Europe Index**
- **New high of 8,456.00 for FTSE 100 Index**
- **ASX breakout continues into Q4. 8890 target**

Overview: Another all-time high 🍀

Outlook Positive: The Dow Jones Global Index has posted yet another new all-time high at 627.45, with no signs of major weakness or trend reversal. Buying momentum is positive (confirming additional upward strength). A positive 'Green Cloud' is expanding in Q3 and Q4. The DJW is well above the rising 50-week m/a. Lots of positives going to year-end (**Chart 13**).

The long-term 15-year primary trend is still rising. Price



Chart 13

Action is at the top of the channel. Every past price action at that level has created a pullback or correction. Buying momentum (RSI) is positive (still confirming additional upward strength). Reached and met the next resistance level and target of 625 (**Chart 13a on page 10**).

What does it mean? Weekly data for the DJW shows a new high, confirming the upward trend. There is positive momentum. The long-term primary trend remains up.



Chart 13a

However, the DJW is at the top of the primary channel list. This increases the probability of a pullback or correction in the months ahead. Long-term investors should wait for a pullback before adding to the position. Shorter-term investors may wish to take profits and buy back at the 595 support level. The 625 target has been met. The next target is 666.

World (ex-USA): New high 🍀

Outlook Positive: The MS World (ex-USA) Index recently posted a new all-time high of 2483.75 in August after slowly breaking out of a Q2 consolidation (**Chart 14**).

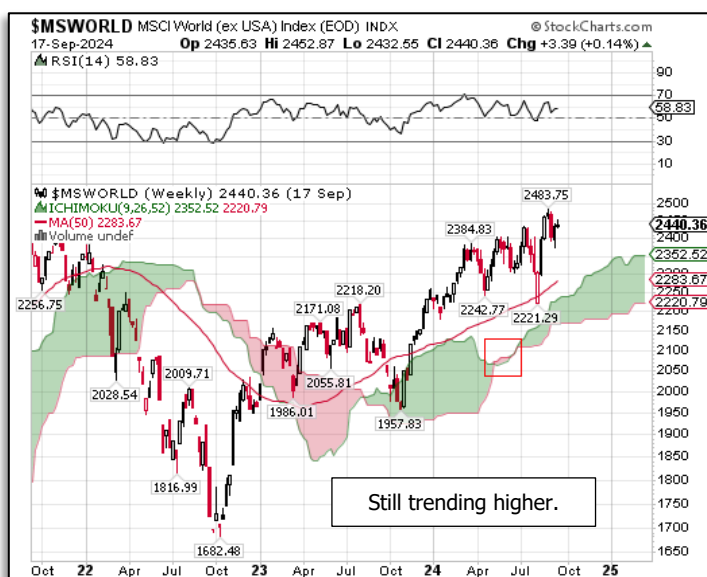


Chart 14

Support is at 2400 (**Chart 14**). Buying momentum (RSI) is positive (confirming additional upward strength). There was a narrow negative 'Red Cloud' in Q2 which expands and turns to a positive 'Green Cloud' in Q3 and Q4, still above the rising 50-week m/a.



Chart 14a

The long-term 15-year view captures an equal bullish view. The MSCI World (ex-USA) Index is at the upper channel line of a rising 15-year trend (**Chart 14a**). This suggests some degree of pullback as this action has occurred every time the upper channel line has been met. Buying momentum (RSI) is positive (confirming additional upward strength).

What does it mean? A new all-time high for the MS World (ex-USA) Index has been posted. Meeting the upper channel line strongly suggests a correction should develop as it has numerous times over the past 15 years. Wait for weakness before accumulating positions. The target is 2455 has been met.

Global performance: Positive 🍀

Outlook: Positive: Seven-out-of-10 world equity indexes posted a positive return. India's BSE leads with a 10.47% increase over the last 90 days. The S&P 500 came in second with a solid 8.21%. The benchmark DJW had 6.32%. Mexico's Bolsa, Brazil's Bovespa, and Japan's Nikkei were the only negatives.

Note the constant strength of the S&P 500. Always in the top three or four in performance (**Chart 15 on page 11**).

What does it mean? World markets are still in a positive upward trend. As the global markets move into year-end, we expect a continuation of the current pattern.

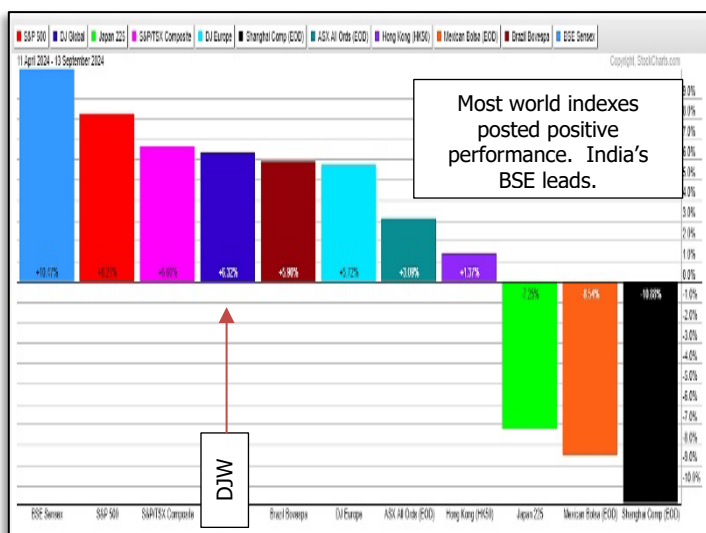


Chart 15

Emerging Markets: Higher levels

Outlook Positive: The easing downward of the US dollar has been the fuel that the emerging markets needed. After 28 months of consolidation from EEM, the emerging markets ETF has advanced through the resistance level of \$41.00.

The 1yr trend is up. Buying momentum (RSI) is positive (confirming additional upward strength) (Chart 16).

What does it mean? Additional upward strength is seen in the recent Fed's half-point rate cut. 1st support is at \$41.00. Add to EEM on any weakness. \$45.00 is the first target followed by \$47.75.



Chart 16

China: Weakness continues

Outlook: Negative: The Chinese economy expanded by only 4.7% in Q2—the weakest level since Q1 2021. The persistent property downturn is largely the cause. The unemployment rate jumped up with a 5.3% print in August. The highest level YTD. The inflation rate, or lack of it, is still a problem. The August rate was 0.6%. **Economics remains stagnant.**



Chart 16

The 1yr trend is down. The Shanghai Index continues to slide lower. Buying momentum is now oversold (not confirming additional upward strength). A negative 'Red Cloud' expands in Q3. A very narrow downward-sloping 'Cloud' continues into Q4 and Q1. This suggests more downside bias over the next few months.

What does it mean? China's economy is stalling. A short-term reaction bounce should be expected in Q4. Stay on the sidelines for now (Chart 16).

Japan: Consolidation

Outlook: Neutral: Annual GDP posted a -0.1% in Q2. The economic strengthening trend in 2023 appears to be easing. Now with two negative quarters back-to-back. The inflation rate has stabilized at 2.8%. Unemployment in July moved up to 2.7%. **Economic growth has stalled.**

The 1yr trend is up. The upward trend has stalled. Now in a multi-month consolidation with 41,100 as the ceiling. Buying momentum (RSI) is negative (not confirming additional upward strength). The positive 'Green Cloud' is expanding into Q4 suggesting more upward movement is still coming (Chart 17 on page 12).



Chart 17

What does it all mean? Japan's economy has stalled. Annual GDP has posted two negative quarters in a row. The Nikkei, in response, has also stalled. The index is expected to continue advancing in Q4. A positive 'Green Cloud' widens into Q4. We suggest remaining invested. Our target of 42,000 has been met. The new target is 44,200. Wait for confirmation of support before adding to the position.

Hong Kong: More weakness in Q4

Outlook: Neutral/Negative: Annual GDP growth appears to be slowly improving. Q2 came in at 3.3%,



Chart 18

showing the country is starting to turn the corner and recover. Inflationary pressure jumped in Q2. The reading in July was 2.5%. The July print for Hong Kong's unemployment is 3.0% (**Chart 18**). **Economics is slowly improving.**

The 1yr trend is down. The Hang Seng bounced upward in May only to reach headwinds at 19,760. Now back down to support at 16,500. Buying momentum is neutral (not confirming additional upward strength). A narrow positive 'Green Cloud' in Q4 suggests some measured returning strength.

What does it all mean? More time is needed before HSI can turn around. We suspect more ase-building action is coming. Stay on the sidelines for now.

South Korea: Short-term decline

Outlook: Neutral/Negative: The Annual growth rate (GDP) is slowly improving. The Q2 number is 2.3%. The unemployment rate in August dropped again, now at 2.5%. The inflation rate is dropping. The rate in August is 2.0%. **Economics is improving.**

The 1yr trend is flat. The Seoul Composite has pulled back, now on support at 2500. Buying momentum (RSI) is negative (not confirming additional upside strength). The KOSPI is below the rising 50-week m/a. A positive 'Green Cloud' expands into Q4 (**Chart 19**).



Chart 19

What does it all mean? The pullback in Q3 appears to have found support at 2500. Wait for confirmation of a reversal of trend before adding to the position. The 2,800 target has been met, the next target is 3,000.

India: Still going strong 🍀

Outlook: Positive: Economic expansion remains strong, with a 6.7% print in Q2. This followed four-quarters of +8% expansion. The latest number for the unemployment rate in August is 8.5%. Inflation appears to be controlled, with a 3.6% mark in August. **Economics is improving.**

The 1yr trend is up. Bombay Stock Exchange (BSE) has a strong upward trend with higher highs and higher lows. Buying momentum (RSI) is overbought (still confirming additional upward strength). Also, the BSE is well above the 'Cloud,' which is good news. The 1st support is at 77,500. The index is well above the rising 50-week m/a (**Chart 20**).



Chart 20

What does it all mean? The primary trend is up. Add to the position on any weakness. The target is 82,250 has been met. The new target is 87,200.

Europe: Upward trend continues 🍀

Outlook: Positive: Economic expansion continues to slowly improve from 0.0% in Q3 2023 to 0.6% in Q1 2024. The unemployment rate is 6.4% in July. The lowest level in over the last 28 months. The inflation in August is 2.2%. The lowest level in three years **Economics is weak, but slowly improving.**

The 1yr trend is up. The Dow Jones Europe Index is continuing to trend with higher highs and higher lows. (**Chart 21**). Buying momentum (RSI) is positive (confirming additional upward strength). The positive 'Green Cloud' expands into Q4.

What does it mean? The economic picture improving for Europe. Add to positions on any weakness. Nearing the next target is 433.



Chart 21

Germany: Higher levels coming 🍀

Outlook: Positive: Economic expansion for Germany continues to decline. The last four quarters were -0.3%, -0.2%, -0.01, and 0.0%. No growth. Dismal. A bright spot is the inflation rate. Now at 1.9%. The unemployment rate is holding at 6.0% in June-August (**Chart 22**). **Economics is weak. No signs of improvement.**

The 1yr trend is up. A topside constructive breakout continues. Buying momentum (RSI) is positive (confirming additional upside strength). 1st price support is at 18,000. A positive 'Green Cloud' widens in Q4. Good sign.



Chart 22

What does it all mean? Regardless of the dismal economics, investors continue to favour the DAX. A new high in September confirms additional upward strength. Continue to hold. The target of 19,000 is met. The new target is 20,200.

France: Short-term weakness

Outlook: Neutral/Positive: The annual economic expansion (GDP) remains flat. Q2 growth was 1.0%—the same level since Q4, 2022. No growth. The unemployment rate is remaining stubbornly high holding at 7.3% in Q2. The inflation in France is a bright spot with 1.8% in August **(Chart 23). Economics is weak.**



Chart 23

The 1yr trend is flat. The CAC recently posted a new all-time high of 8,259.19 in May. Since then, the index has pulled back to the support level of 7455. Buying momentum (RSI) is neutral (not confirming additional upward strength). A positive 'Green Cloud' extends and widens in Q4, suggesting more strength to year-end.

What does it mean? The current weakness is a buying opportunity. Wait for confirmation of support before adding to the positions. Adjusting the target to 8,200.

UK: Upward trend holds

Outlook: Positive: Economic expansion has slowed down considerably over the last 24 months in the UK. The Q2 growth rate was only 0.9%. This is the 6th quarter of near-zero growth. Dismal. The inflation rate continues to be a bright light with 2.2% as the August print. Inflation has been declining steadily for 20 consecutive months. The

Unemployment rate eased slightly lower to 4.10% in August. **Economics is weak (Chart 24).**

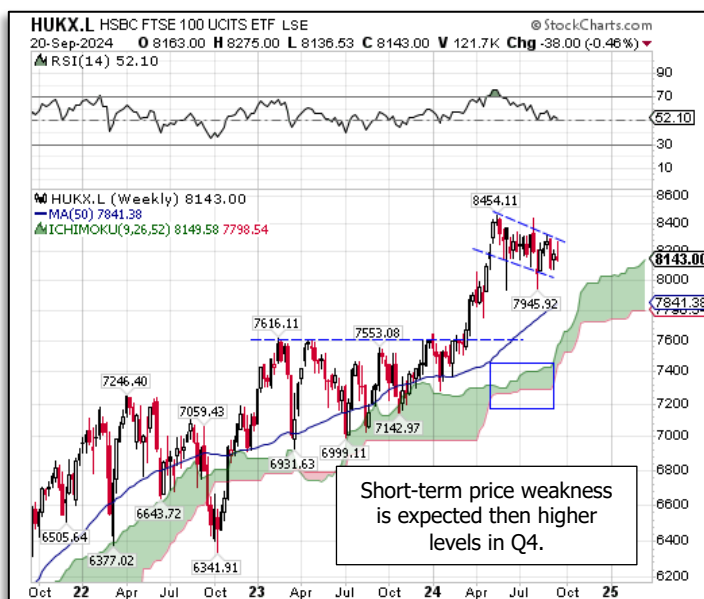


Chart 24

The 1yr trend is up. The FTSE 100 ETF broke out in early Q2, now pausing and forming a bullish consolidation pattern in Q3. The positive 'Green Cloud' narrowed in mid-year suggesting some possible short-term stalling. The positive 'Green Cloud' continues and widens in Q4. Buying momentum (RSI) is neutral (not confirming additional upward strength). 1st support is at 8030.

What does it all mean? Wait for a breakout above 8375 before adding to the position. 8,750 is the new target.

Spain: New high

Outlook: Positive: The Annual Growth Rate is slowly expanding. There have been four quarters of slightly higher levels, with Q2 at 2.9%. Improving. Inflationary pressures are dropping. The latest print is 2.3% in August. The unemployment rate is the highest in Europe. The current rate is 11.27% in Q2. **Economics is improving. Unemployment is still high.**

The 1yr trend is up. Constructive topside breakout continues. New all-time of 11,778.10. Well above the 50-week m/a. Buying momentum (RSI) is positive (confirming additional upward strength). A positive 'Green Cloud' is expanding into Q4. 1st support is at 1,470 **(Chart 25 on page 16).**

What does it all mean? A new all-time high confirms the upward trend. The target of 11,500 has been met. Nearing the 12,000 target. Add to the position on any weakness.



Chart 25

Italy: Short-term pause

Outlook: Positive: The Annual Growth Rate for GDP has finally stabilized over the last five quarters. The last 15 months have produced only a weak 0.06% to 0.90%. Weak growth. Unemployment dipped down to 6.5% in July. The lowest level in 3 years. Inflationary pressures are well controlled. Since Q3, 2023, the rate has been below 1.70%. The August rate is 1.1%. **Economics is improving.**

The 1yr trend is up. The Dow Jones Italy Index has steadily climbed higher and posted a new all-time high of 269.78 in Q2. Buying momentum (RSI) is neutral (not confirming additional upward strength). Still above the 50-week m/a (Chart 26).



Chart 26

An expanding positive 'Green Cloud' is progressing in Q4.

What does it mean? The Dow Jones Italy Index is holding up better than most of Europe's equity indexes. Short-term consolidation only. Add to the position on confirmation of support. The target is 295.

Mexico: Breakdown

Outlook: Neutral/Negative: Mexico's Annual Growth Rate continues to remain weak with a 2.1% print in Q2. Seven months of declining growth levels. The unemployment rate continues to roll upward. From a low of 2.3% in March to 2.90% in August (Chart 27). **Economics is stable. Still no growth.**



Chart 27

The 1yr trend is down. The MXX Index stalled after achieving a new high in Q1/Q2 and then plunged lower. The index breached the support level of 55,000 in late Q2. On support at 52,000. Buying momentum (RSI) is neutral (not confirming additional upward strength). A positive 'Green Cloud' widens in Q4.

What does it all mean? We expect a short-term pullback in mid-year and then a measured rebound through 52,000 in Q4. 55,000 is the new lower target. Do not add to the position. There are better global alternatives with better alpha.

Brazil: Another breakout

Outlook: Positive: The Annual GDP for Q2 expanded at 3.3%. This follows eight quarters of economic expansion at 2.5%+. The latest unemployment rate is at 6.8%. Five months of steady declines. Inflation is steadily dropping.

Nine consecutive months of lower levels. Now at 4.24% in August. **Economics is improving.**



Chart 28

The 1yr trend is up. The current price action is breaking out again—a new all-time high in September. Buying momentum (RSI) is positive (confirming upward strength). The positive 'Green Cloud' is narrowing at year-end, suggesting the current pullback could extend into late Q4.

What does it mean? The BVSP is retracing after posting a new high. The support level is 130,000. RSI is positive, but fading. Add to the position near the support level. 136,150 has been met. The new target is 144,4975.

Australia: Breakout to new high

Outlook: Positive: Australia's economic expansion is steadily drifting lower. The Annual GDP Growth Rate in Q2 is just 1.0%. This follows 13 quarters of descending expansion levels. Inflationary pressure has seen a steady decline since 2023. The latest print is 3.8%. The unemployment rate remains stable, with August reading at 4.20%. **Economics is improving.**

The ASX reached a new high of 8437.20. Well above the rising 50-week m/a. Buying momentum (RSI) is positive and rising. There was a negative 'Red Cloud' in Q2. This suggested some short-term retracement or consolidation. A broadening positive 'Green Cloud' starts in Q3 and extends to Q4 (**Chart 29**).

What does it mean? After an extended consolidation in 2022 and 2023, the ASX is on a run. The target of 8440 has been reached. The new target is 8890. Add to the position on any weakness.



Chart 29

What does it all mean?

Outlook: Positive: **Chart 13** illustrates that the global stock market is still trending up. The 15-year view in **Chart 13a** shows a series of higher highs and higher lows. However, the DJW is at the top of the long-term channel line. The four previous peaks have **always** created a correction. There is no reason that this recent crest will respond differently. Without the S&P 500 (**Chart 14**), there is a similar picture. The MS World (ex USA) Index is at the top of the long-term channel line also. A correction is expected, likely starting in early 2025.

Shorter term, the markets still want to push higher. **Chart 15** shows that the majority of world equity indexes over the last 90 days were posting positive numbers

What should investors do?

The world indexes that we favour this month are the pick of the pack. They are S&P 500, India's BSE, Germany's DAX, Spain's IBEX, Italy's Stock Market, the UK's FTSE 100, and Australia's ASX. We would also suggest keeping a tight trailing stop. As **Charts 13a** and **14** illustrate, global equity indexes are at the top of their channels. This suggests an increased probability of a correction in the months ahead.

U.S. & Canadian Equities

Mostly good news into Q4

KEY POINTS

- **U.S. Inflation rate eases down to 2.50%**
- **U.S. Unemployment Rate starts to rise**
- **Breadth Barometer continues to be bullish, with 75.23% going up**
- **Put/Call ratio shifts back to calls over puts as investors push the SPX higher**
- **The Fear & Greed Index turns to greed**
- **Sharp increase in VIX as worry comes back**
- **Growth over value still winning**
- **US Home Index posts another weak month**
- **Nasdaq takes over pole position in 90-day index performance, again**
- **AAII bulls keep stalling. Bad sign for the SPX**
- **Collective breakout to an all-time high**
- **Major equity indexes set to advance in Q4**
- **Consolidation pause for SPX complete, higher levels expected by year-end**

KEY ECONOMIC NUMBERS

- US Annual GDP – 3.10% ▲
- US Interest rate – 5.00% ▼
- US Inflation rate – 2.50% ▼
- US Jobless rate – 4.20% ▲
- US Gov. Budget – (-6.30%) ▲
- US Debt/GDP – 122.00% ➔
- US Current Account to GDP – (-3.00) ▼
- US Consumer Confidence – 69.00% ➔
- US Business Confidence – 47.20% ➔
- US Currency – \$1.01 ▼
- Canadian Annual GDP – 0.50% ▼
- Canadian Interest rate – 4.25% ▼
- Canadian Inflation rate – 2.00 % ▼
- Canadian Jobless rate – 6.60% ▲
- Canadian Gov. Budget – (-1.40%) ▼
- Canadian Debt/GDP – 107.00% ➔
- Canadian Current Account to GDP – (-0.60) ➔
- Canadian Currency (USD/CAD) – \$1.35 ▼
- Canadian Consumer Confidence – 50.10% ▲
- Canadian Business Confidence – 48.20% ▼
- Canadian currency – \$1.35 ➔

US inflation continues to ease. Now at 2.50%. U.S. Annual GDP rate shows signs of moderate strength stability with a print of 3.10%. The unemployment

rate in the U.S. is slowly advancing, now at 4.20%. Higher levels in Q4 are expected. U.S. business confidence continues to waver with 47.20% approval. US consumer confidence holds at 69.00% for the 3rd month. The advance of the US dollar has ended. Now at 101.

Canada's economy is stalling. Annual GDP dipped to a disappointing 0.50% in Q2. GDP has trended lower since Q3/2021. Canada's unemployment rate is edging up slightly to 6.60%. Inflation is declining at 2.00%. The BoC is starting to pivot. Interest rates have dropped to 4.25%. Business confidence is edging downward. Overall, weakness continues.

Suggested portfolio weighting – Q4/2024

Sector Overweight: *Industrials, Healthcare, Financials, Utilities, Consumer Staples, Real Estate*

Sector Market Weight: *Materials, Gold, Communication Services,*

Sector Underweight: *Energy, Technology, Discretionary*

Suggested market percentage weighting – 2024

U.S. market: 55% (S&P 500, Dow, Nasdaq)

International markets: 10% (Europe, Asia, etc.) ▼

Canadian market: 25% (TSX) ▲

Cash: 10%

What does it mean? The US economy is showing signs of measured growth. With the Fed finally pivoting on rates, consumers are still feeling positive about the economy. The US dollar is easing to 101 as investors search other currencies for yield. The biggest concern is the steady rise in the US unemployment rate. Now at 4.20%. A steady advance in 2024.

Canada's economy still has the brakes on with a dismal 0.50% Annual GDP expansion print. Business confidence levels are declining and consumer confidence is holding firm, at the moment. Inflation remains low at 2.00%—some positive points. The Canadian dollar is holding steady at USD 1.35/CND. Hard to fight against the Big Dollar's strength.

A recession indicator?

Outlook: Negative: Over the past 50 years, whenever the US yield curve is inverted and then reinverted (10-year rates are higher than 1-year), a recession develops within 12 months of the reinversion. That reinversion has not occurred, but very close. 1-year rates are 3.95% and 10-year rates are 3.74% (**Chart 30**).

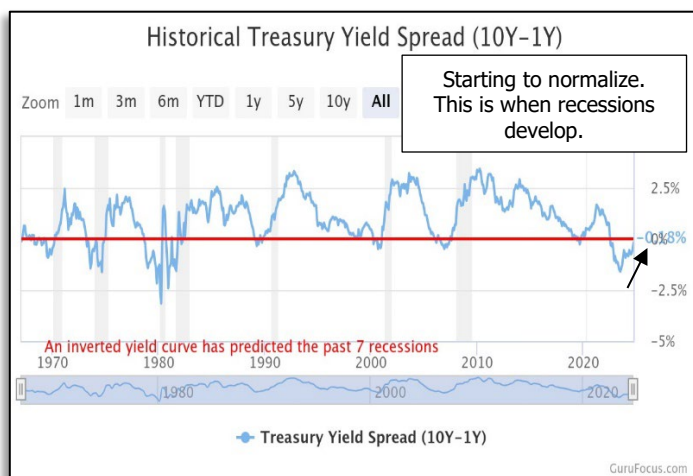


Chart 30

What does it mean? Since the 1970s, whenever the US yield curve normalizes after a prolonged inversion, a recession develops within 12 months.

Breadth Barometer: 75% going up

Outlook: Positive: The average percentage of advancing stocks (above their 200dma) on the NYSE, S&P 500, and the TSX at the end of September is **75.23%**. This percentage is a strong indicator for the markets. Equalling the high of late August when the number was **76.23%**.

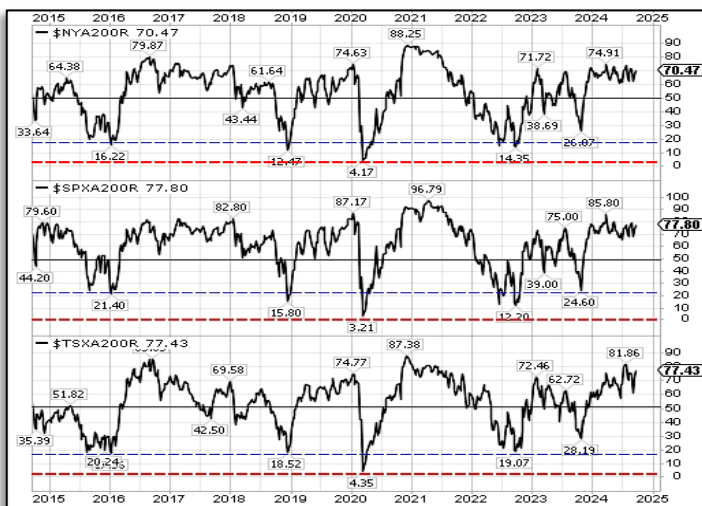


Chart 31

What does it mean? This high percentage means that far more stocks going up than down. This balance means the markets will likely keep advancing into Q4 (**Chart 31**).

Sentiment: Put/Call Ratio+ SPX

Outlook: Positive: The relationship between the CBOE Options Equity Total Put/Call Ratio and the S&P 500 is showing an ongoing decrease in put buying compared to calls. The decline in the ratio from Q3 illustrates a growing shift to calls options. This is bullish for the S&P 500 in Q4.

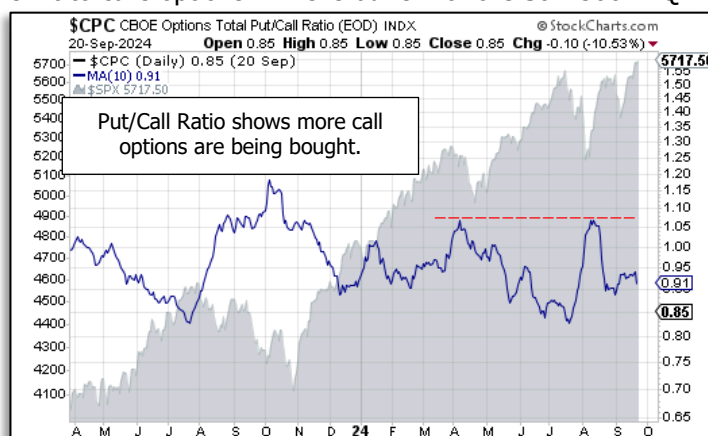


Chart 32

This leading indicator suggests that investors are no longer hedging against an expected downturn (**Chart 32**). Longer-term weekly data shows a decline in the Put/Call Ratio, meaning traders are still leaning toward calls, and a steady advance in the S&P 500 (**Chart 33**).

What does it mean? The current level of the Put/Call Ratio in **Charts 32 and 33** is providing an optimistic signal for the S&P 500 over the next 30 days. **Chart 33** illustrates traders still have a longer-term bullish perspective on the market. A movement above 0.65 would change that view.



Chart 33

Sentiment: The Mood of the Market 🤝

Outlook: Positive: The Fear & Greed Index comprises 7 different market gauges, including the Put/Call Ratio. Currently, three are at extreme greed, one is at extreme fear, two is at neutral and one is at greed.

100 represents maximum greed and 0 signals maximum fear. The index is at **greed** (64) (Chart 34).

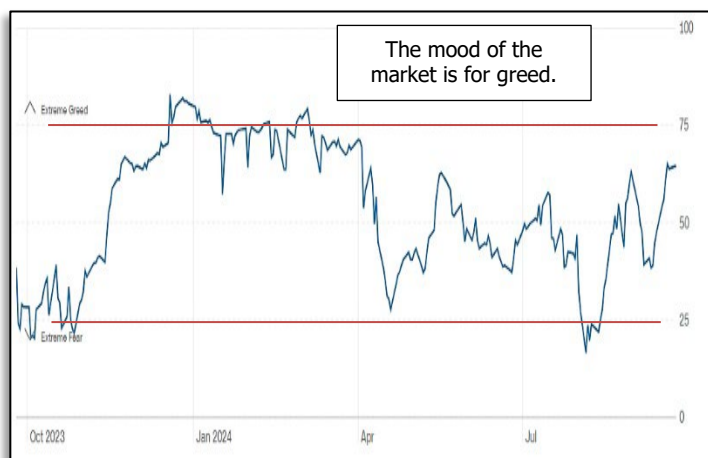


Chart 34

Sentiment: VIX: Rise rolling over

Outlook: Neutral: The Volatility Index is rising, still representing a low-risk level (Chart 35).

What does it mean? When the VIX is between 10-15 it represents low risk. 15-20 illustrates a heightened concern from investors. 24+ equals more extreme fear.

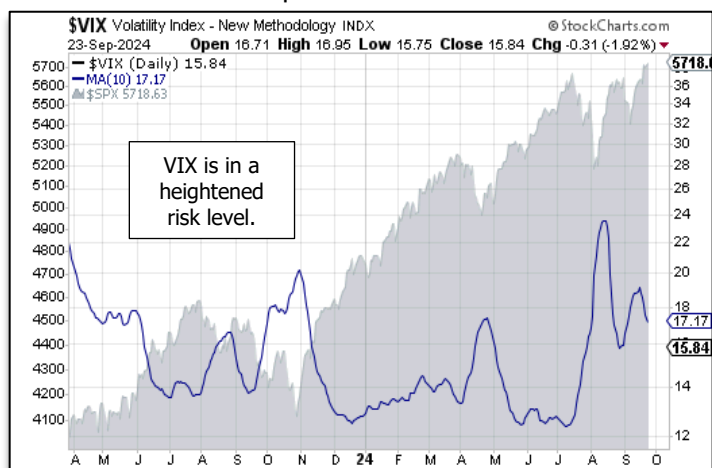


Chart 35

Growth/Value: Growth wins 🤝

Outlook: Positive: The relative performance between the Russell 2000 Growth ETF versus the Russell 2000 Value ETF shows growth is still dominant (Chart 36).



Chart 36

What does it mean? The greater performance from the growth ETF (IWO) over the value ETF (IWN) is a positive note to the S&P 500. It signals higher levels are expected for the SPX in Q4.

US Home Price Index: Still declining

Outlook: Neutral/Negative: House prices increased at the end of 2023 only to start declining in Q2 2024. The impact of higher interest rates on home demand. Forecast models suggest that, even with a rate decrease, home prices will still decline in 2025 as demand wavers (Chart 37).

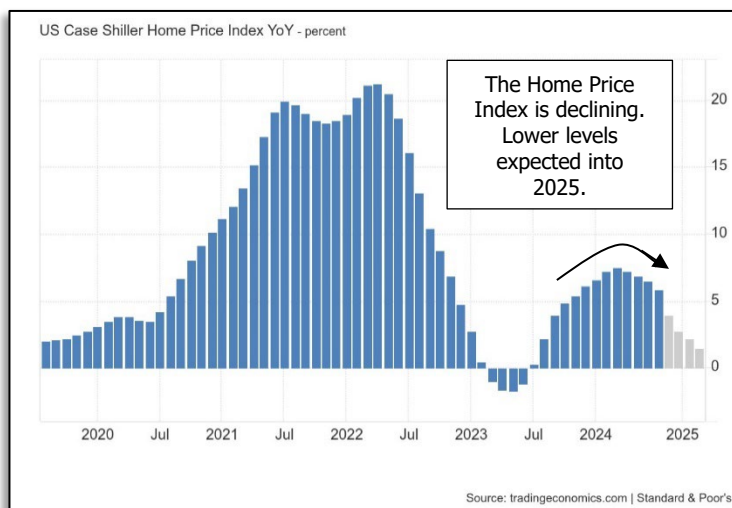


Chart 37

What does it mean? Buying a home is the largest purchase most individuals will undertake. The decline in the broad US Home Price Index is normally the leading indicator of the US consumer. Weakness in the housing sector generally coincides with the market.

CDN Unemployment Rate: Going up

Outlook: Negative: The Unemployment Rate rose to 6.60% in August marking a steady rise from the low in Q1 2023. The main increase in unemployment was in the core working age and the older population (**Chart 38**).

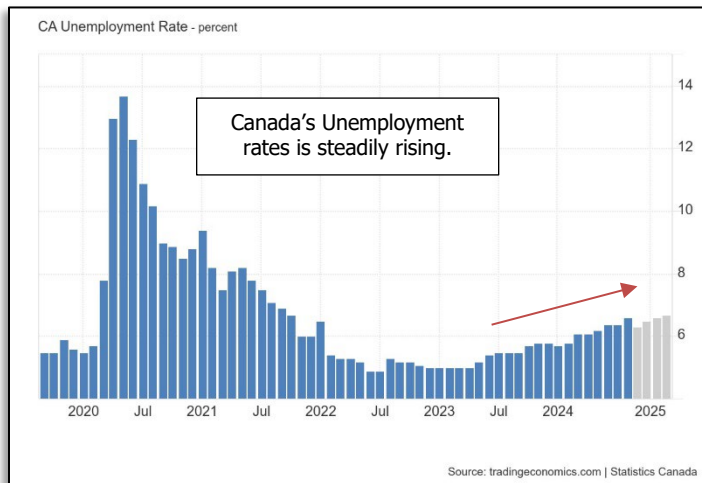


Chart 38

What does it mean? A weak economy with near zero growth (Annual GDP was 0.5) indicates a lower demand for workers. Forecast models suggest that the unemployment rate will reach 7.0% in early 2025.

CDN GDP Growth: Declining

Outlook: Negative: The Gross Annual Domestic Product (GDP) expanded in Q1 at 0.5%, the lowest rate in three years (**Chart 39**).

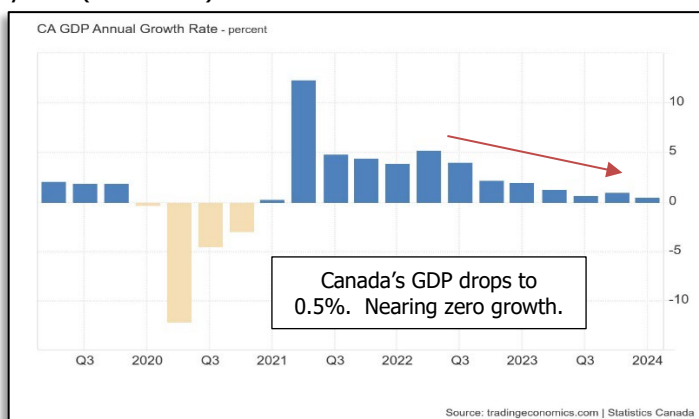


Chart 39

What does it mean? Declining growth and rising unemployment are linked. Growth is not expected to increase substantially in 2025 and remain about 1.00%-1.50% next year.

Market performance: Solid growth

Outlook: Positive: Five equity indexes posted solid performances over the last 90 days. Nasdaq leads again with up 10.00% and the S&P 500 is up 9.49%. The TSX Venture Index continues to slump with a -1.53% reading. The TSX advanced by 7.11% (**Chart 40**).

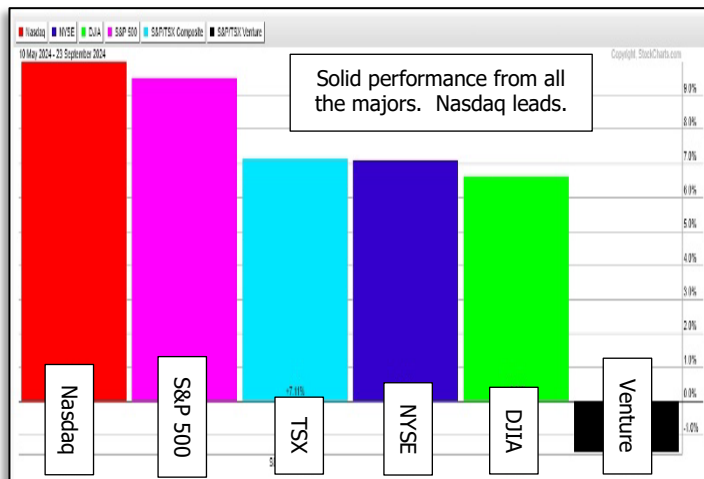


Chart 40

What does it mean? The bull market continues. This positive reading of the markets is the 6th consecutive month with all the majors posting positive numbers. The breadth is encouraging for Q4.

The AAI Bull Bulls are losing.

Outlook: Neutral/Negative: The American Association of Individual Investors (AAII) Bulls Index is a sentiment indicator that leads the S&P 500 (**Chart 41**). The index hit a wall starting in July 2023. Five multiple tests failed.

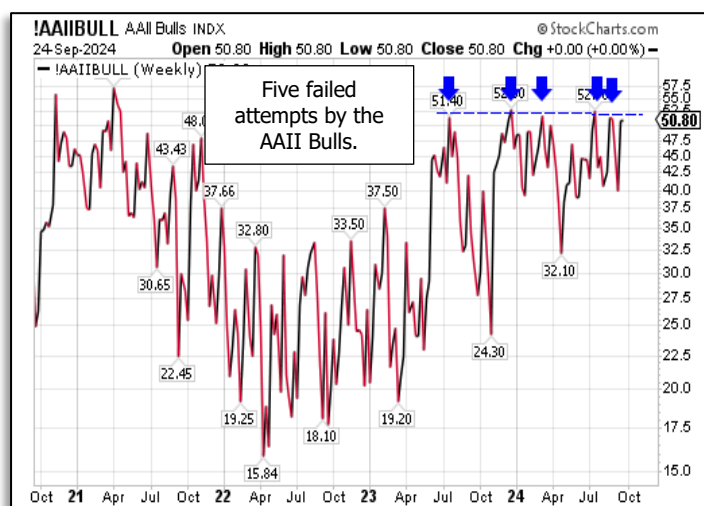


Chart 41

What does it mean? The AAI Bull Index is one of several sentiment indicators that we monitor. There is a strong correlation between the AAI Bull and the S&P 500. The persistent stall in the index is a negative sign for the S&P 500.

Stocks vs Bonds: Bonds win

Outlook: Positive: The market continues to favour bonds (10-year note) and safety over stocks (SPX) and risk. The performance ratio between risk (S&P 500) and safety (US 10y bond) has been heavily favouring risk (**Chart 42**) until recently.



Chart 42

What does it mean? There is an increased probability of a pause or a pullback in the S&P 500 similar to Q3/23 to develop as money flows out of risk and into safety.

NYSE: Another new high 🍀

Outlook: Positive: Recent price action continues to ramp up and reach another new all-time high of 19,503.08. Buying momentum (RSI) is positive (confirming additional upward strength). The positive 'Green Cloud' is rapidly expanding in Q4 suggesting more upside. 71.17% of the stocks are rising, only 28.83% are going down (**Chart 43**). **The 1-year trend is up.**

The long-term monthly outlook continues to hold to the upward trend. A new all-time high in September. Buying momentum (RSI) is positive (**Chart 43a**).

What does it mean? Weekly data shows that the NYSE is surging higher. Now at a new all-time high. Positive 'Green Cloud' is expanding in Q4. Everything points to higher levels.

The 18,875 target has been met. 20,125 is the next target. Continue to hold the position.



Chart 43

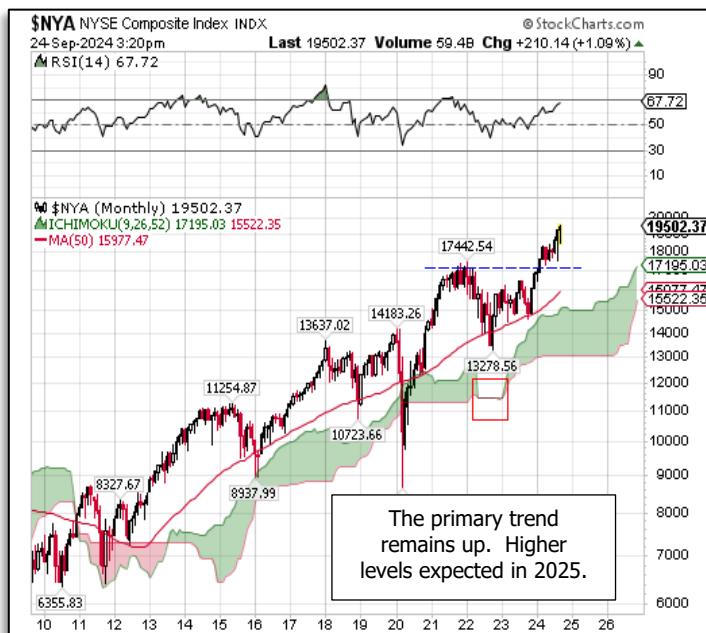


Chart 43a

S&P 500: New high posted

Outlook: Positive: Breaking out of a short-term consolidation in mid-year with a new high of 5728.89. Buying momentum (RSI) remains positive (confirming additional upward strength). Well above the 50-week m/a. The positive 'Green Cloud' extends into Q4. The first support level is 5350 (**Chart 44**).



Chart 44

The 1-year trend is up.

There is 77.00% of the stocks in the S&P 500 that are trending up and only 23.00% trending down. Over 3/4th are going up! A strong lean to the bulls.

The long-term 15-year view of the S&P 500 shows the primary trend is still advancing (**Chart 44a**). Buying momentum (RSI) is positive and overbought (still confirming additional upward strength). The positive 'Green Cloud' continues into year-end and 2025. A short-term stall or pullback appears probable in early 2025.

S&P 500 & US dollar has a strong opposite correlation. 1-year forecast models (**Chart 12a**) indicate that the Big dollar is expected to bounce up slightly to 102 by year-end. This analysis would add to the belief that the level of the SPX will ease by year-end (**Chart 44b**).

What does it all mean? From a weekly perspective, the index has just posted a new all-time high. There is a strong majority (77%) of stocks driving the SPX upward.

The target of 5,450 has been met. Add to the position on weakness. Higher levels are coming. The new target is 5768.



Chart 44a



Chart 44b

Dow: Another breakout 🍀

Outlook: Positive: The Dow is breaking out of a Q2 consolidation, now posting a new all-time high of 41,960.02. The major trend is still higher. Buying momentum (RSI) is positive (confirming additional upside strength) well above the rising 50-week m/a (**Chart 45**).



Chart 45

The 1yr trend is up. The positive 'Green Cloud' narrowed in Q2, then expands again to a positive 'Green Cloud' in Q3 and Q4. This action continues into early 2025. This suggests rising price strength in the months ahead.

What does it mean? We expect the Dow to continue advancing in Q4. Add to the position on weakness. Higher levels are coming, nearing the 43,000 target, followed by 43,900.

Nasdaq: More upside to come 🍀

Outlook: Positive: The index is consolidating after posting a new all-time high of 18,671.07 in July. Buying momentum (RSI) is still positive (confirming additional upward strength). Still above the rising 50-week m/a. 1st support level is 16,550.

The 1yr trend is up. A positive 'Green Cloud' continues into Q4, suggesting the index is expected to continue advancing and breakout of the consolidation (**Chart 46**).

What does it mean? Nasdaq has broken to a new all-time high in July. Now consolidating. Buying momentum is positive (confirming additional upward strength). A positive 'Green Cloud' into Q4 suggests more upward movement is expected. The 18,300 target has been met. The new target is 19,100. Add to positions and any weakness.

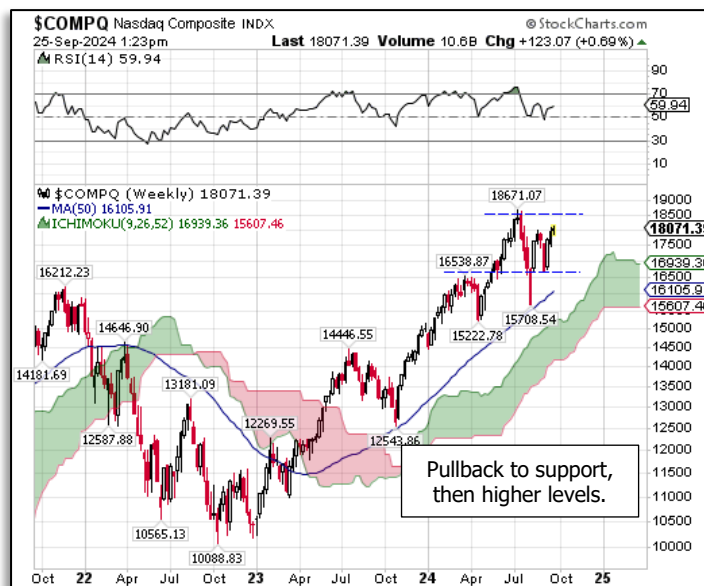


Chart 46

TSX: Breakout continues 🍀

Outlook: Positive: Stalling in Q2, now breaking above that consolidation. A new all-time high of 23,907.27. Buying momentum is positive (confirming additional upward strength). The positive 'Green Cloud' expands in Q4. This suggests rising price strength. 76.99% of the holdings are trending up. Very bullish. Only 23% are trending down.



Chart 47

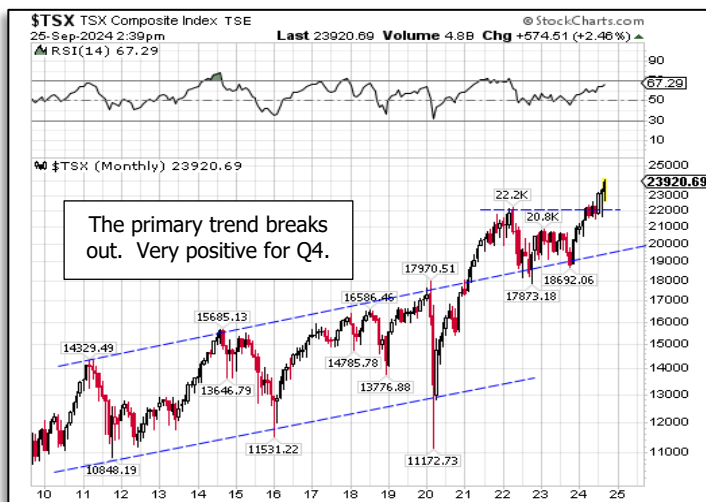


Chart 47a

The long-term 15-year primary trend is still up. The TSX is broken to a new high. Buying momentum (RSI) is positive. The first support level is at 22,200 (**Chart 47a**)

What does it mean? The TSX has broken out to a new all-time high cementing the primary upward trend. The latest target of 22,750 has been met. The next target is 24,450. Add to the position on any weakness. Higher levels are coming.

TSX Venture: Stalling. Base building

Outlook: Neutral: The Venture Index fell back to the base support at 533 in Q3. Still struggling to rise. Q4 looks no different. Buying momentum is neutral (not confirming additional upward strength). A thin positive 'Green Cloud' continues to form in Q4 (**Chart 48**).

What does it mean? The Venture is continuing to form a base. Look for a measured bounce to 625 in Q4. Not expected to advance beyond that mark. Avoid.



Chart 48

Where is the money going?

Outlook: Positive: Funds are continuing to flow into growth which is bullish for the S&P 500. The top four performing areas are the S&P 500 Growth, the SPX 500, the S&P 600 Small Cap growth, and the S&P 600 Small Cap. (**Chart 49**). The S&P value indexes (SLYV, MDYV, and SPYV) are underperforming.

Chart 49a backs this outlook up. The iShares S&P 500 Growth (IVW) has been outperforming the iShares S&P 500 Value since early 2023.

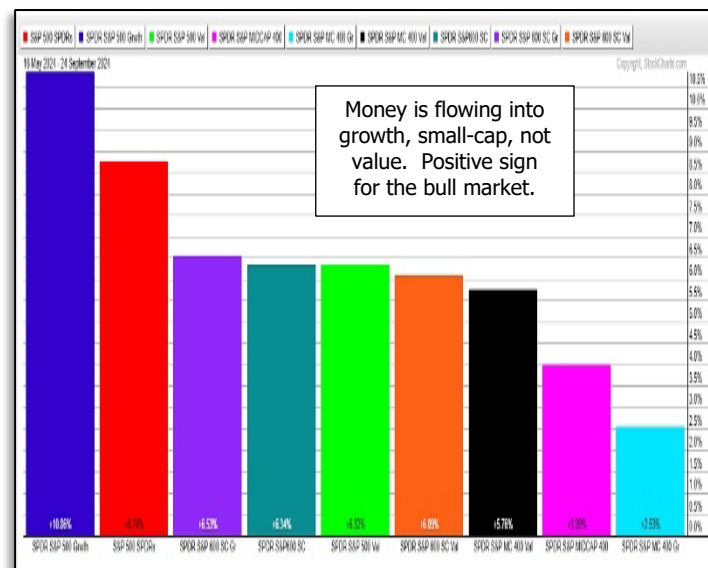


Chart 49



Chart 49a

What does it mean? The steady flow of funds into growth securities is bullish for the stock market. In 2022, money moved into value assets. During this time, the SPX trended lower.

Sector rotation: SPX 90 days

Outlook: Positive: An even spread of sectors' strength. No important significances. This shows that investors are broadening their selection. Commodities (Energy and Materials) are at the bottom. Natural resources are underperforming despite the declining US dollar (**Chart 50**).

What does it mean? A broadening sector demand is a positive sign for the bull market going into Q4.

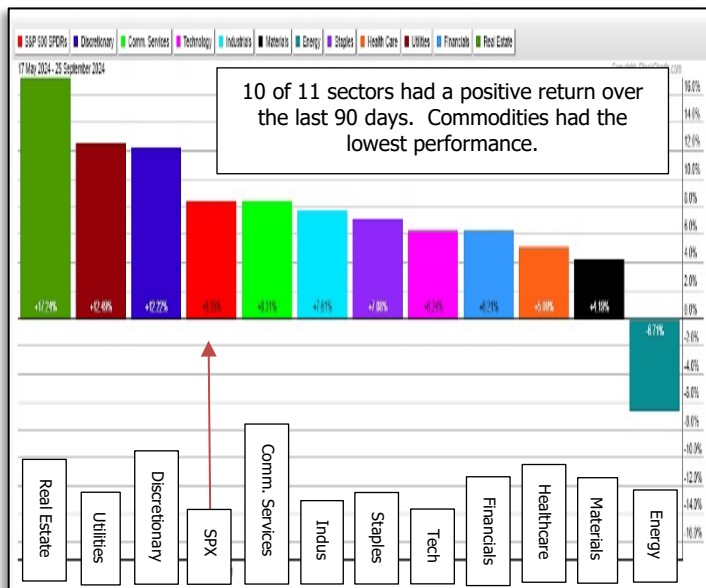


Chart 50

Sector rotation: TSX: 90 days

Outlook: Positive: Breadth has remained constant over the last few months with 10 out of 11 sectors posting a positive return over the last 90 days. Real Estate and Info Tech take the top two spots with 18.111% and 14.73% respectively. Energy has a performance of -10.78%.

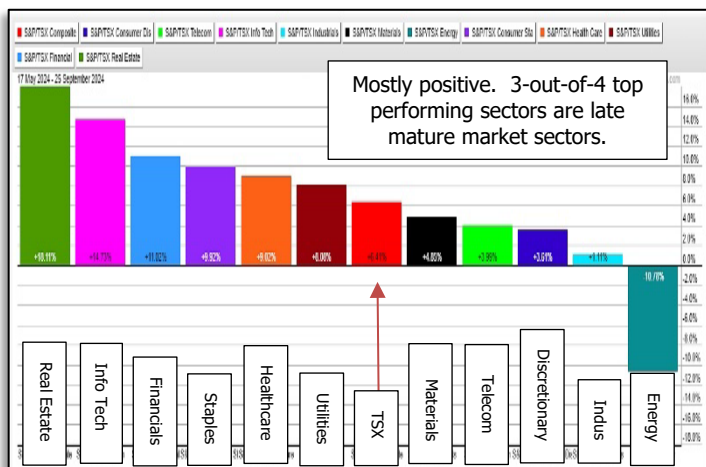


Chart 51

What does it mean? The broadening sector strength is similar to the S&P industry groups. The real estate sector is number one and energy has the lowest performance. Six sectors outperformed the TSX over the last 90 days.

What does this all mean? The overall outlook going into year-end continues to look favourable. Many of the positive elements of the economy and the bull market we reported in the last newsletter are present, but they are balanced with items that are a concern. They are worth repeating.

THE GOOD NEWS

- (1) Global markets (DJW) are posting new all-time highs, confirming the primary trend (**Chart 13a**)
- (2) The US market breadth is overwhelmingly positive.
- (3) The Dow, Nasdaq, NYSE, SPX, and TSX have recently made new all-time highs. This cements the trend of the bull market. No signs of a correction.
- (4) Growth assets are outperforming value assets (**Chart 49a**).
- (5) Sector performance on both the S&P and TSX is broad and inclusive.

THE BAD NEWS

- (1) The US Unemployment Rate is rising. Negative correlation with the SPX.
- (2) There are 19 countries with inverted yield curves. The US and Canada are included.
- (3) The US yield curve spread is almost normalized now. Since the 1970s, every time the curve normalizes from being inverted, a recession develops (**Chart 30**).
- (4) CDN consumer confidence is still drifting lower.
- (5) AAIL Bull's advance has stalled. Long-term indicator for the SPX (**Chart 41**).

Number one, in our opinion, is the most important elements of the GOOD NEWS. World stock indexes generally move together. Having the Dow Jones Global Index hit all-time highs is very promising. We would caution the news with the index reaching the top of the 15-year channel and its historic impact (**Chart 13a**).

Number one in the BAD NEWS category is the biggest concern for 2025. The track record of the rising US Unemployment Rate to the S&P 500 should give investors reasons for increased caution. Unemployment numbers always increase at the end of a bull market. Number three is also a concern for us, though so far, the historical corrections that occur with an inverted yield curve have not developed, yet.

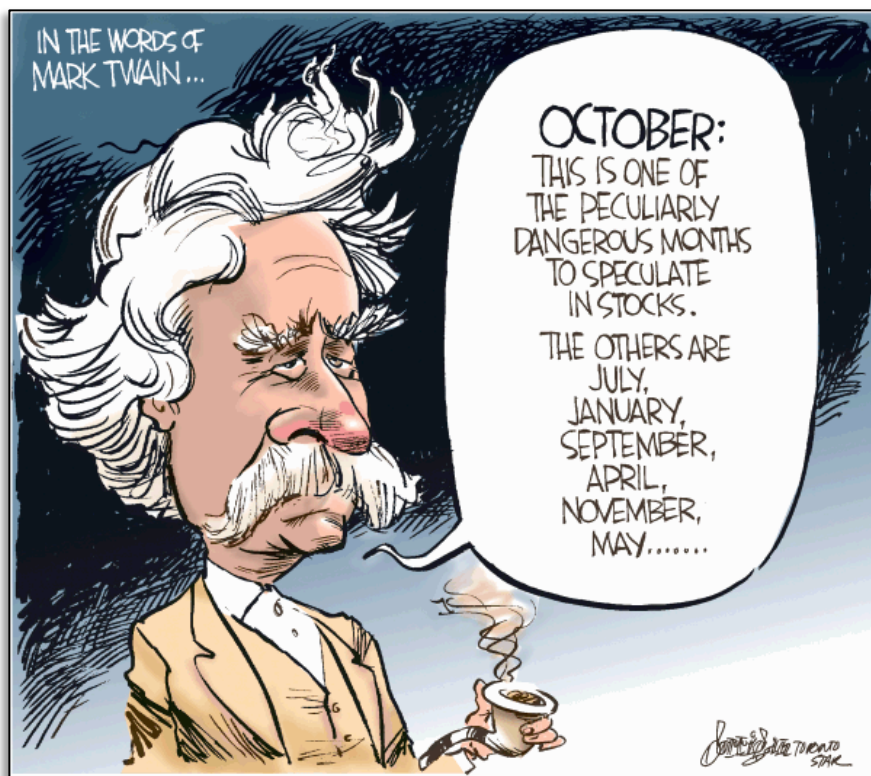
What should investors do?

The markets uniformly made new all-time highs. This cements the major trend (weekly) which is still rising. The longer-term primary trend (monthly) is nearing the top of a 15-year channel line. Past price action at that level results in either a correction or stalling. If the current trend continues, the NYSE, SPX, and Dow will reach that important mark in mid-to-late 2025.

Investors may want to keep invested in Q4 which is normally one of the strongest periods of the year. Another positive is the Fed is starting to pivot on rates. Historical data shows that the S&P 500 advances, on average, 5% in the 12 months after the FOMC starts easing rates (**Chart 1**). That 12 month would also line up with data from the yield curve (**Chart 30**) and our trend projection of the key markets reaching the top of the 15-year channel line.

For now, the green light is on. Take advantage of it.

Final bell



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