MAJOR TREND INDEX

quant assessment of stock market health

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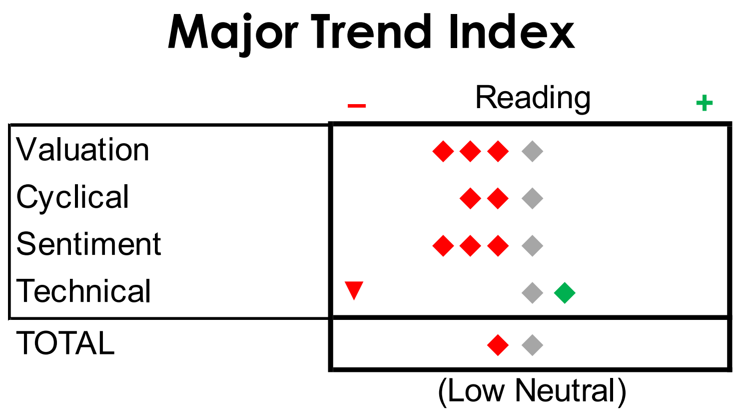
Report date: September 21, 2026
Data for the week ending September 18, 2026

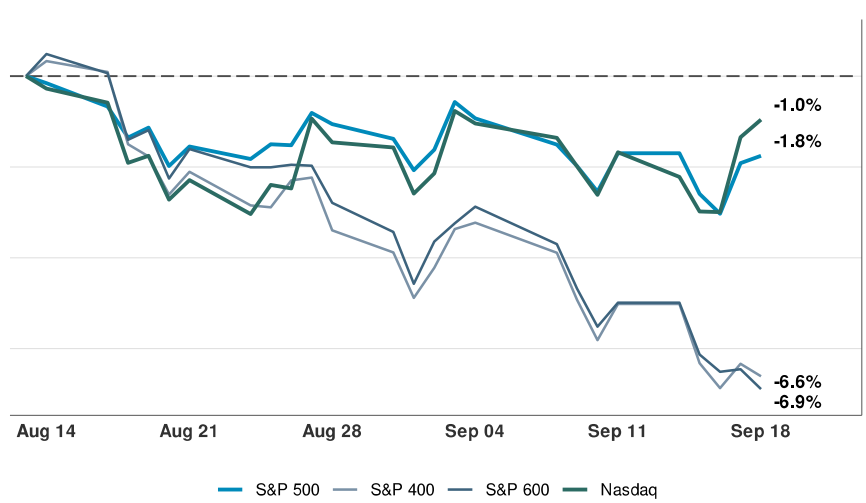


Technical Difficulties

Market returns followed a familiar pattern last week. The S&P 500 was flat, while the 400 and 600 each lost roughly 2%. As rates and oil have climbed this month, the 500 has meandered down 1.8%, and the Nasdaq Composite is pretty much unchanged. Small and Mid-Cap indices, meanwhile, have headed straight South and are within spitting distance of correction territory.

Echoing that divergence, our Chart Scores for non-tech-heavy indices are drifting lower and seem to be coasting on gains accrued earlier this year. In aggregate, however, that important subcategory still scores quite well and remains the MTI's strongest argument for staying in this market.

Index Performance Since Aug 13, 2026

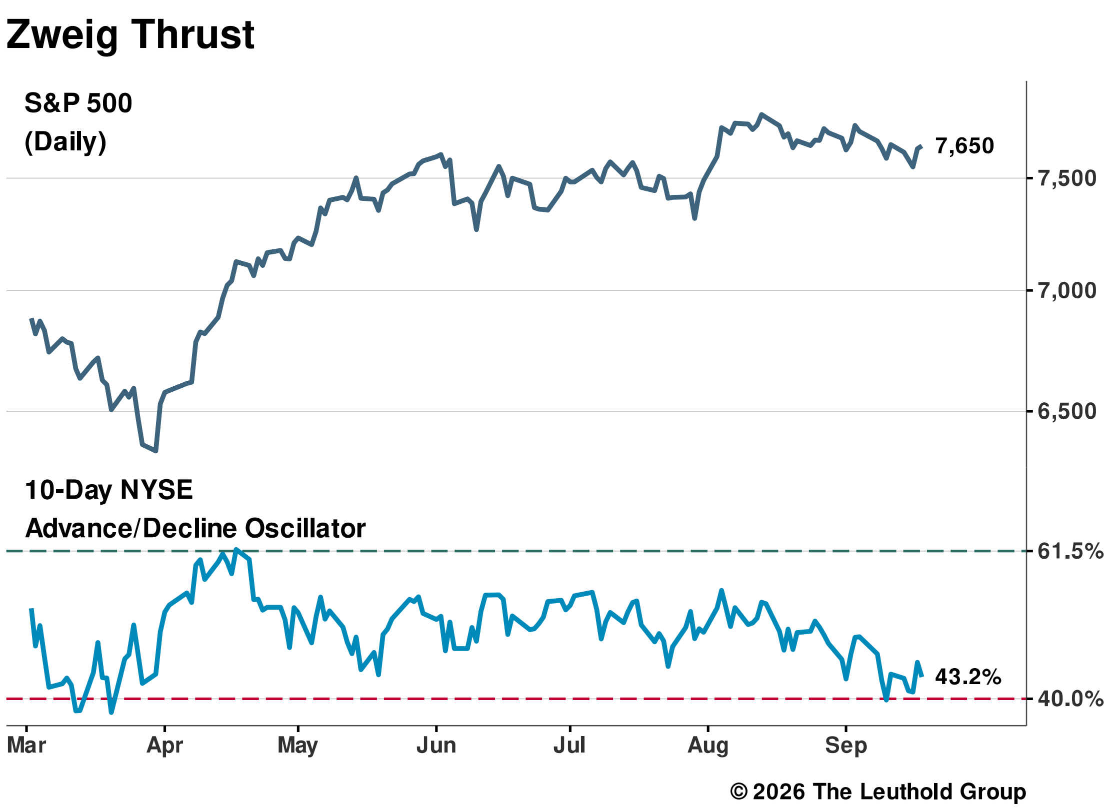


Technical Difficulties

In our Momentum work, we compare 52-week rates of change in the DJIA, S&P 500, Russell 2000, and NASDAQ Composite to their respective 52-week moving averages, and all four are now below their moving averages, a condition consistent with lower returns. This was the largest factor in the latest one-notch downgrade of the Technical category. Given the whipsaw nature of that model, we didn't feel it necessary just yet to move the overall MTI off its Low Neutral status or adjust equity exposure in Leuthold tactical accounts from the current target of 51-52%.

The FOMC was center-stage last week, delivering its first rate hike since July 2023 in a unanimous decision. The accompanying dot plot signaled one more rate hike this year, matching expectations in the fed funds futures market. A brief decline in rates on Thursday, which halted an impressive and consistent 15-day, 40bps rise in the 10-year yield, was mostly reversed on Friday. A quick resolution in the Middle East seems to be the only near-term catalyst that could improve our ailing Liquidity measures… we're not holding our breath.

We've noted the poor market breadth in the last several MTI updates. While our attention was focused on a handful of wobbling parts in the Technical factors, short-term action was bad enough in the Advance/Decline figures to trigger an "oversold" reading in the 10-Day A/D Oscillator on September 10th. This is the study we use to identify "ZweigThrusts"—those rare times when breadth data suddenly switches from awful to very good.



Since fulfilling the prerequisite for a potential Thrust, the rebound in the 10-Day Oscillator has been uninspiring. This follows the typical pattern of this vignette where most initial signals (roughly 9 out of 10) never make it to "Thrust" status. Barring a super-human rally over the next few days, this signal will just be another signpost of the last few weeks' pathetic market breadth.

The Major Trend Index is designed to recognize major market trends rather than intermediate moves, combining around 130 individual components to assess the overall health of the stock market. The index is revised and weights are adjusted periodically.