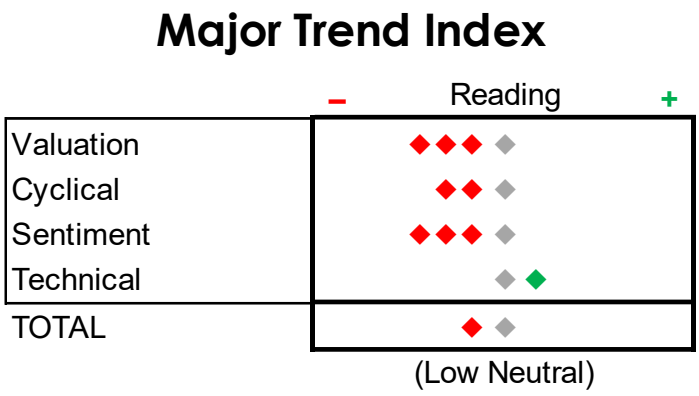
MAJOR TREND INDEX

quant assessment of stock market health

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Data for the week ending November 6, 2026



Seasonal Winds Shift

A blue wave washed over the country on Tuesday, even reaching some of the most ruby-red real estate. Markets, it seemed, needed two days to digest the results. An initial move higher on Wednesday was met on Thursday with the worst session for equities since April 2025's Liberation Day. Pain for AI beneficiaries, mostly localized over the past month, spread to all corners of the stock market as correlations finally spiked.

The S&P 500's 4.4% daily loss brought the index down to its 200-day moving average for the first time since the start of the Iran War. The Nasdaq Composite's 5.5% decline took the index, a month removed from its all-time high, into correction territory. Although the October-November AI/Momentum shakeout has been much swifter than the June-July iteration, it is thus far similar in magnitude.

An underwhelming bounce on Friday locked in a few downgrades in our Chart Scores, which continue their recent shuffle but still score quite well overall. Offsetting those demotions was a big upgrade from the Equal-Weight S&P 500 Relative Strength, which now sits at neutral. Thanks to an 8% outperformance gap for the average stock over the last month, that series has decisively broken through its longer-term downward trend. Tallying up the scores, the MTI was unmoved by last week's gyrations, remaining at Low Neutral for the first week of November. Net equity exposure in Leuthold tactical accounts fell a tick to 51% alongside the market decline.

Two-thirds of the way through Q3 earnings season, our EPS Estimate Revisions line item is no longer at max positive. Earnings projections still show excellent YOY growth but have lost the upward acceleration enjoyed in the past few quarters—a narrative we highlighted in the November "Earnings Almanac" report. If we have finally "grown into" forward estimates, this will negatively affect our most optimistic valuation estimates and provide some evidence that we may be on the downslope of a peak EPS scenario.

Last week's air pocket led to a handful of improvements in the Sentiment segment. Investor Surveys and Volatility Indexes pointed to heightened anxiety about the market's near-term prospects, which is scored as a positive for those contrarian measures. Points were also gained with a simple flip of the calendar in our Seasonality components.

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Seasonal Winds Shift

With both the "Sell in May" phenomenon and the midterms behind us, we shift from the weakest period of the Seasonality/Presidential Cycle to the strongest. While the seasonal effect has been less pronounced this century, the S&P 500 has maintained an unblemished record of positive returns during the November–April period subsequent to midterm elections, a streak dating back to 1942 (unannualized figures in the table). Positive returns in the preceding May through October window, like we saw this year, haven't seemed to drag on potential gains in the favorable window, either.

Mid-Term Seasonality

© 2026 The Leuthold Group Mid-Term Year	S&P 500 May. - Oct. Total Ret.	S&P 500 Nov. - Apr. Total Ret.
1942	27.4 %	26.6 %
1946	-19.3	0.7
1950	12.2	19.5
1954	14.8	22.7
1958	20.3	14.1
1962	-11.8	25.7
1966	-10.4	19.3
1970	4.2	26.9
1974	-16.2	21.0
1978	-1.2	12.2
1982	18.3	25.7
1986	5.3	20.1
1990	-6.6	25.6
1994	6.4	10.4
1998	-0.4	22.3
2002	-17.0	4.5
2006	6.1	8.6
2010	0.7	16.4
2014	8.2	4.4
2018	3.4	9.8
2022	-5.5	8.6
*2026**	5.7	?
	2.0 %	**16.4 %**
Std. Deviation	**12.5 %**	**8.2 %**
No. Positive	**13**	**19**
No. Negative	**9**	**0**
Performance if May-Oct < 0		**15.5 %**
Performance if May-Oct > 0		**17.1 %**

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