

MAJOR TREND INDEX

quant assessment of stock market health

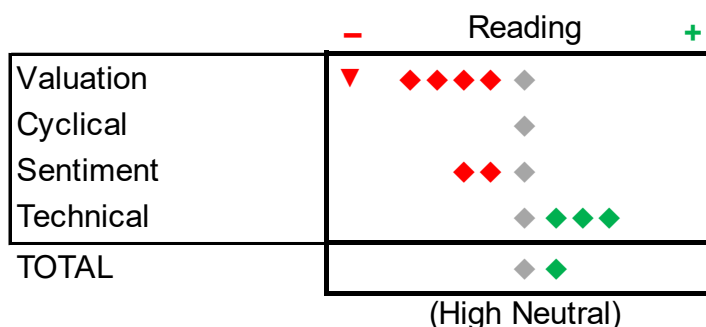


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Data for week ending May 1, 2026

Major Trend Index



For the third Friday in a row, the S&P 500 cruised into the weekend with another all-time high. The Russell 2000 joined the “World’s Reserve Index” with a new high-water mark of its own. In all, four of our eight bellwether indexes have posted all-time highs in the last month—the tepid endorsement from that study continues. The Dow Transports, which had gained an eye-popping 33% off the market low, has cooled almost as dramatically in the last nine sessions. Another bellwether concern is the S&P Financials, which is nearly four months removed from its peak.

Despite the new highs, scores in the majority of our categories weakened. The lightly weighted Valuation subset was downgraded, and the Cyclical work narrowly avoided a demotion to negative territory. Still, the MTI remains at High Neutral, with net equity exposure in Leuthold tactical accounts at 51%.

Earnings reports and subsequent revisions were last week’s bright spot. Analysts are still playing catch-up to surging bottom lines. This action has helped keep a lid on the S&P 500’s forward P/E multiple. That line item looks much more reasonable than other cap-weighted metrics, which now score at, or near, max negative following the market updraft.

Higher bond yields and inflation pressure from commodities are dragging down scores for the Cyclical factors. After last week’s Fed meeting, we’re not holding our breath for a resumption of monetary easing anytime soon. Futures markets see an unchanged fed funds rate as far as the eye can see, with the probability of hikes greater than cuts for most of 2027.

Following the best monthly gain in the S&P 500 since the pandemic, the MTI doesn’t warrant an aggressive stance toward the stock market.

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. Revisions and weight adjustments are made from time to time.