MAJOR TREND INDEX

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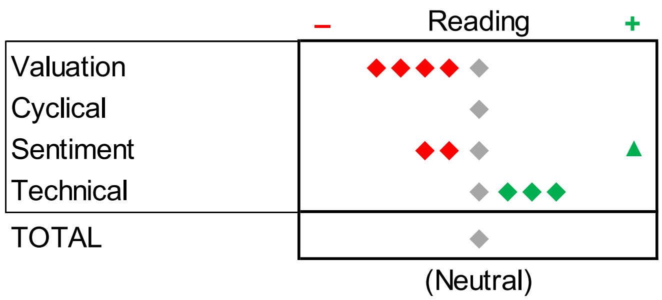
Data for Week Ending: March 13, 2026

Major Trend Index



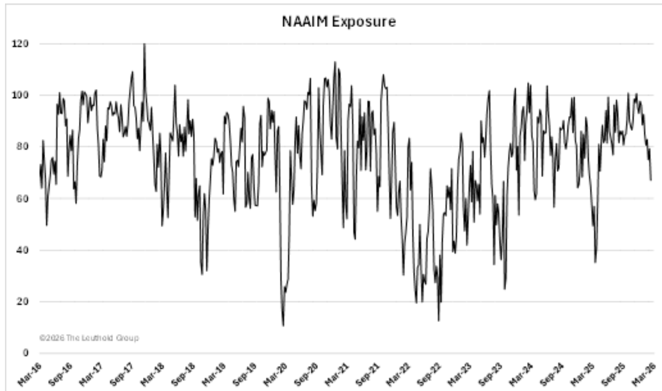
The S&P 500 posted its third consecutive weekly decline last Friday—something we haven't seen since the tariff debacle last spring. Still, with all the hand-wringing about a war that doesn't seem to be going as planned and a severely kinked flow of energy, the blue chips ended last week down only 5% from their all-time high at the end of January. The market's confidence in this administration whipping up a TACO that avoids an ugly energy shock remains high.

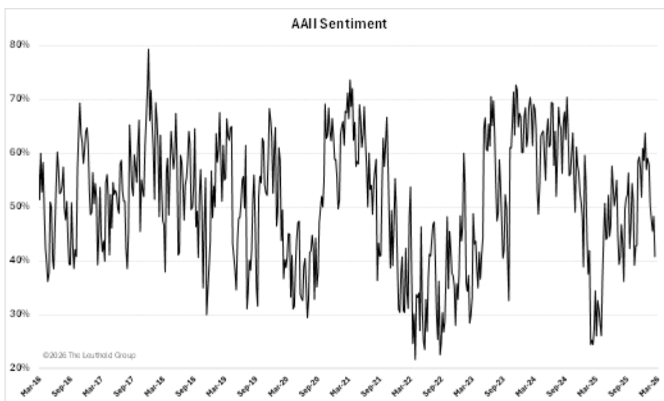
While stocks haven't taken much of a beating, our measures for investor sentiment have. This action has led to the second upgrade in the last three weeks for the contrarian, and lightly-weighted, Sentiment category (more on this below). The overall MTI remained at Neutral and net equity exposure in Leuthold tactical accounts registered 50-51% - right in the middle of our prescribed range of 30-70%.

The jump in energy prices, missed by the scope of last week's CPI report, is certainly showing up in our Cyclical category's Cash Commodity Diffusion Index. That leading inflation measure, which compares spot prices of 70 commodities to levels a year-ago, has spiked to its highest weekly reading since the end of 2022. For now, Energy and Metals, which make up about 40% of the study, are the driving forces behind the overall increase. The other 60% are agricultural commodities which, on balance, are still pointing to a disinflationary trend.

This week's MTI update registered nine different sentiment signals signifying lower enthusiasm for stocks, several of which fell multiple spots in our +/-5 scoring framework. Waning optimism emerged across the board, with options-based signals such as put/call ratios and metrics related to the Cboe VIX® and SKEW℠ indexes pointing toward lower bullishness. These were joined by investor sentiment surveys and volume/liquidity ratios that suggested an increasing tilt away from the confidently aggressive outlook that has powered the market higher since 2022.

The accompanying charts plot the 10-year history of the National Association of Active Investment Managers Exposure Index and the American Association of Individual Investors bull/bear survey, two weekly metrics that contribute to the MTI. Both show a sharp decline during the last month, but neither has quite reached the point of being washed out. Pulling back from recent highs around year-end is encouraging, therefore meriting an upgrade in our category score, but “less high” is not the same as “low” and we are not ready to move Sentiment onto the positive side of the scorecard.





We are also mindful that Sentiment is not always a contrarian signal. There are certain market conditions under which sentiment is a confirming rather than contrary notion. Several of these exceptions describe the U.S. equity market over the past few years: ***(a) strong momentum or trend-following markets where FOMO and “buy the dip” carry the day; (b) markets dominated by a new-era theme such as AI; and (c) overbought markets that carry historically high valuations.*** Equities checked all of these boxes heading into 2026, meaning that while we welcome a less high-spirited and more balanced view of risk and return, we aren’t at the point of ringing the contrarian bell just yet.