# MAJOR TREND INDEX

quant assessment of stock market health

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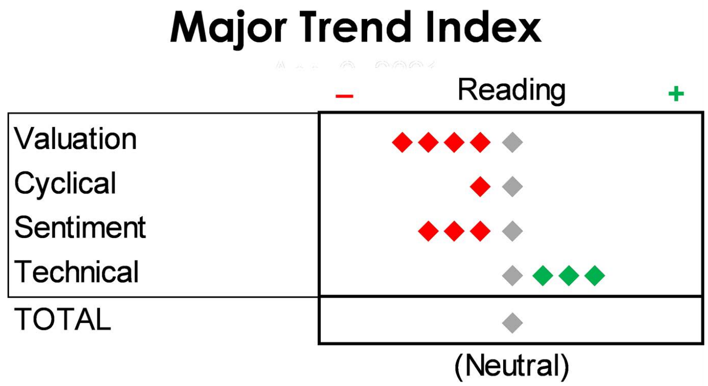
Report date: July 13, 2026
Data for the week ending July 10, 2026




## Higher Rates Hinder

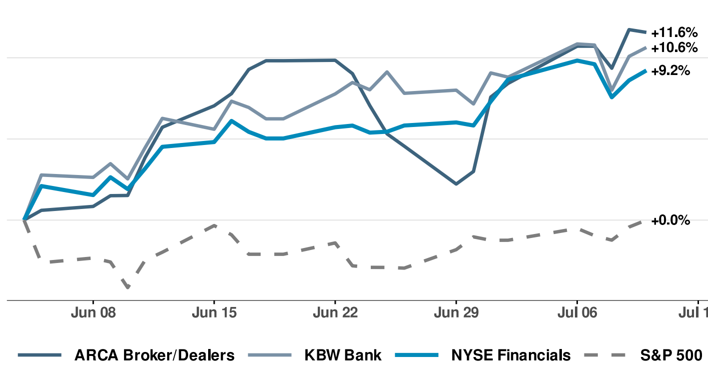
As the momentum trade steadied, the S&P 500 (+1.2%) and Nasdaq Composite (+1.7%) were the standout performers of last week. The former ended Friday a whisker below its all-time high set five weeks ago; the latter still sat 3% below its high-water mark. The average stock in the S&P 500 lost 30 bps for the week, in line with declines in the SMID indexes.

Net scores have marginally improved in a few MTI categories over the last month. Slightly better upstream inflation has benefited Cyclicals, and certain areas of the Technical work have perked up. Still, this action hasn't been enough to upgrade either category, and the overall MTI remains at Neutral. Leuthold tactical accounts carry net equity exposure of 54%.

Bank stocks kick off another earnings season tomorrow, although the market might have already made up its mind on the quality of those reports. Since the S&P 500's June 4th high, the financial line items within our Trend factors have swung from the weakest to maybe the strongest in that subset (all three indices made new all-time highs last week). As a whole, chart scores have certainly broadened out compared to five weeks ago: The once-bulletproof tech-heavy indexes have gone sideways.

**Sector Growth: Financials**

Indexed to 0 on June 4th, 2026






The higher-rate environment will certainly be a topic on those upcoming bank calls. Since the end of June, rates have marched north once again, especially at the long end of the curve. Two-, ten-, and 30-year yields are all back to tickling their contemporary highs. This tightening is cutting two ways: crimping the Liquidity work in the MTI Cyclical category and hurting the yield-adjusted measures in the Valuation segment.

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.

## Higher Rates Hinder

Higher rates (and subsequent lower bond prices) are the only thing currently holding back our Quattro Model—one of our favorite technical indicators. The model's goal is similar to that of the Bellwether study: to look for a market that's "in gear." If Cyclicals (proxied by the Dow Transports), Defensives (Dow Utilities), Breadth (NYSE Weekly Advance/Decline Line), and Bonds (Dow Jones Corporate Bond Index) are all above their 40-week moving average, contemporaneous conditions have been much more favorable for the stocks. The current "three-for-four" setup has produced roughly "average" market returns.

**Quattro Model Performance**

| Market Status | S&P 500 Ann. Gain | Pct. Of Time |
|---|---|---|
| Transports, Utilities, NYSE Breadth & Bonds above 40-wk moving avg. | 14.2% | 34.7% |
| Three of four series above 40-wk moving average | 10.3% | 22.9% |
| Two of four series above 40-wk moving average | 7.0% | 16.4% |
| One of four series above 40-wk moving average | -5.3% | 11.2% |
| None of four series above 40-wk moving average | 3.5% | 14.8% |

### Quattro Model