

MAJOR TREND INDEX

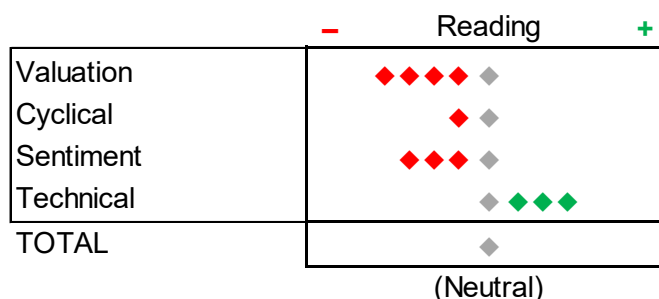
quant assessment of stock market health



Prepared by Phil Segner

Report date: July 6, 2026
Data for the week ending July 2, 2026

Major Trend Index



Bellwether Boom

We hope you had a lovely, long holiday weekend. Kudos to all of the tired, sun-kissed faces at their desks today.

Large Caps were the big winner last week as the Nasdaq Composite, S&P 500, and DJ Industrials all turned in a very uniform 2% gain. Mid and Small Cap indices posted modest losses, reversing some of the recent SMID outperformance over Large Caps. Momentum continued to swing wildly, ending the week with two of the worst days in that factor's contemporary history.

The MTI remains at Neutral for the week ended July 2nd; upgrades within the Technical, Cyclical, and Sentiment work continue to be tempered by a similar number of downgrades. We'd prefer a less "fence-sitting" message from the model but we're also mindful to let the evidence point the way and keep emotions at a minimum. Equity exposure in Leuthold tactical accounts stands at a moderate 54%.

The lightly-weighted Sentiment category has slipped two notches since the market bounced off the Iran "lows" (from -1 to -3). Over that time, the growth of margin debt has been the most interesting development and now scores as "max negative." Attitudinal surveys are still on the bullish side, indicating there is room for disappointment if the market encounters a shaky spell. Options activity is sending a neutral message, with most gauges positioned in their normal, unremarkable ranges.

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.

Bellwether Boom

A cluster of new all-time highs among our bellwether indexes caught our attention before jetting out the door last Thursday. The Dow Jones Composite and S&P Cyclical, along with two breadth measures (Equal Weighted S&P 500 and NYSE Advance/Decline Line), all made new highwater marks before the long weekend. This action is coupled with a new high in the Russell 2000 last Monday. Also, the S&P Financials, up more than 8% in the last month, is on the cusp of setting its first new high since early January.

With six of the eight bellwether cylinders firing, this study paints a compelling technical picture. A traditional, narrow market top is probably not in the cards this summer. We'd be shocked if the S&P 500—a month removed but only one percent away from its previous peak—doesn't join in with a new high of its own in the very near future.



*Equal-weighted composite of S&P 500 Consumer Discretionary, Industrials, and Materials sub-indices. Daily data through July 2nd.
©2026 The Leuthold Group