MAJOR TREND INDEX

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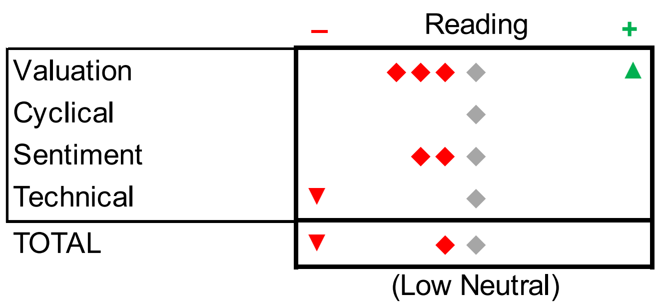
Data for Week Ending: March 27, 2026

Major Trend Index



Optimism faded, once again, as last week came to a close. The pattern of reassurances, continued hostilities, and increased off-ramp skepticism is becoming way too predicable. The Technical work, now further removed from the robust readings seen at the end of February, continues to deteriorate. A new "sell signal" from our S&P 500 Stop-and-Reverse Model was the highlight of last week's action, which took the category down to Neutral for the first time since last spring's tariff tantrum. Subsequently, the overall MTI was downgraded to Low Neutral for the week ended March 27th.

Noting the risks of a full-fledged TACO (if a scenario exists), net equity exposure in Leuthold tactical accounts was lowered 3% to a target of 46%, via a reduction in the long stock allocation.

We saw a wider dispersion of equity returns last week, as the Russell 2000 and S&P 400 posted modest gains, breaking their four-week losing streaks, while larger-cap indexes continued to slide, with the S&P 500 and Nasdaq Composite losing 2% and 3%, respectively. The Nasdaq (down 13% from its closing high at the end of October) is the only "major" index currently in correction territory. The others mentioned, along with the bulk of our bellwether indices, are all down a fairly uniform 8-9% from their all-time highs.

Line items that had been screaming "bubble" in our Valuation segment have quieted with the recent downdraft—warranting an upgrade for that category. The Cap-Weighted subcategory has experienced the most improvement of late, but is still glaringly negative. In contrast, the Unweighted section continues to see the average stock as neither cheap nor expensive.

Spring has not been a lovely time for equities the last two years. Until the S&P 500 dipped last Thursday and Friday, this year's experience had been relatively tame compared to the tariff rollout a year ago. Now, a month into this year's saga, the decline in the index is strikingly similar to the first month of 2025's panic.

We present this data as a possible gauge of where the seemingly dented Trump "Put" might ultimately occur. Both vintages are very different but, if 2025 is any guide, the S&P 500 is about half-way through its decline.