

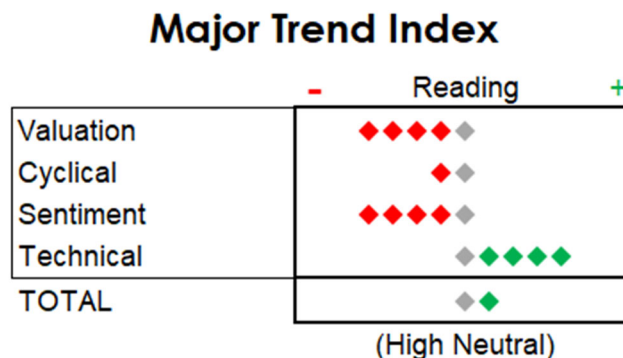
MAJOR TREND INDEX

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Report Date: November 3, 2025

Data for Week Ending: October 31, 2025



The Major Trend Index was unchanged at a high neutral reading of +1 in the week ended October 31st.

In Chairman Powell's press conference following the Fed's rate cut last Wednesday, he shared the same frustration that we have about the delayed data coming from the partially shuttered federal government. Powell equated the new limitations to driving in the fog and hinted several times that a December rate cut is not a foregone conclusion. Futures markets now peg what was a guaranteed cut at 65%, and see that rate level holding for the first half of 2026. As Captain Powell navigates the S.S. Fed through said fog, discord is growing in his crew. For only the third time since 1990, two policymakers dissented (and in competing directions) with the ultimate decision.

Liquidity concerns in short-term lending markets have prompted the Fed to end its three-year, \$2.5 trillion dollar balance sheet wind down starting December 1st. Fed officials have also telegraphed that a resumption of net treasury purchases is probably coming soon. A positive development for the handful of liquidity line items that, as a group, currently rate negative in our Cyclical category. The secondary effect on other parts of the MTI remain uncertain.

We received earnings reports from five of the Mag 7 firms last week. The 8-9% gains from Nvidia, Amazon, and Google contributed +1.39% to the overall return of the S&P 500 and offset weakness in Meta. These results were good enough for the market to validate its driving narrative: Spending on AI will continue to accelerate and the eventual results will be transformative for the economy.

The Nasdaq, S&P 500, and Dow Industrials all managed to end the week higher—keeping the pedal floored in the trend-based section of our Technical work. However, there was a tremendous weekly performance differential between the cap weighted S&P 500 (+0.7%) and the Equal Weighted S&P 500 (-1.7%), making it the third worst week of relative performance for the average stock in the index of the past five years.

Clients who have questions regarding any of the components or indicators should contact Doug Ramsey at 612-332-1567 or dramsey@LWCM.com

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