

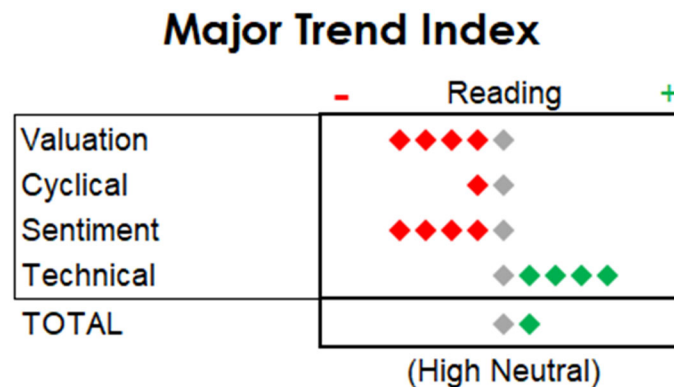
MAJOR TREND INDEX

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Data for Week Ending: November 14, 2025



The Major Trend Index continues to offer a lukewarm affirmation of the bull market, remaining at a High Neutral reading of +1 for the week ended November 14th. That's enough of an endorsement for us to keep tactical asset allocation portfolios positioned with moderate net equity exposure of 55%.

Although last week felt rocky, the Dow Jones Industrial Average still managed to crank out a new all-time high. The other "Big Four" indexes are now almost three weeks removed from their all-time highs set at the end of October, with the Nasdaq and Russell 2000 each 5% below their highwater marks (the S&P 500 is only 2% below). The size and duration of the drawdowns haven't materially affected our Technical work, but, at these valuation levels, any pullbacks will be scrutinized to a higher degree.

Thousands of furloughed government employees have filed back into their brutalist office buildings—with record high morale, no doubt. Those of us in the private sector running large econometric models that depend on those workers' output are eagerly asking, "Dude, where's my data?" Joining our chorus are a handful of Fed officials who are somewhat reluctant to cut rates without their usual smorgasbord of statistics. A month ago, a rate cut for the last meeting of 2025 was a virtual lock. Now it looks more like a coin flip.

Despite recent market turbulence, we're still giving the bull market the benefit of the doubt. For now we're comfortable with an asset allocation that is mindful of stretched equity valuations and a wildly asymmetric economic backdrop.

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The first two weeks of November have featured a momentum unwind, with outsized pressure on AI, heavily shorted names, and quantum computing. Selling among those segments intensified on Thursday and continued pre-market Friday before the “buy-the-dippers” once again dutifully stepped in. Who can blame them? The strategy has worked very well in the recent run-up.

But what happens when it doesn't? Consider this public service announcement from one of the maximum-negative line items in our Valuation work: Equity values ended October at 220% of U.S. GDP—up from 162% at the April lows. This fresh record of stock market valuation as a percentage of GDP is also a little more than double the “New Era” median. All that paper wealth is keeping the upper branch of the K-shaped economy afloat. It's hard to stress how much is on the line—a garden-variety market correction of 10% now translates to a paper loss of 22% of GDP.

