MAJOR TREND INDEX

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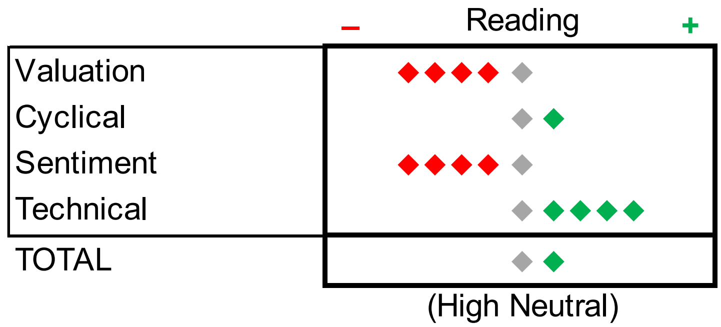
Report Date: February 2, 2026
Data for Week Ending: January 30, 2026

Major Trend Index



The Major Trend Index closed out the month of January at High Neutral. Last week featured fresh all-time highs in the S&P 500 and our S&P Cyclical Index (Cons. Discretionary, Materials, and Industrials). A decent capstone to a month of impressive Technical gains, especially within our Breadth/Leadership subcategory. Net equity exposure in Leuthold tactical accounts was unchanged at 58%.

Shiny metals ended January in a rout. Last Friday's decline in silver (-31%) was the largest daily nosedive since 1980. The "entry-level" precious metal still finished the month with an 11% gain. Is this the canary in the risk-taking coal mine or a needed correction in an overheated market? We'll be monitoring a handful of MTI components with a little more scrutiny to see what, if any, follow-through materializes.

In our Sentiment work, The Conference Board's Consumer Confidence Index fell to its lowest level since 2014. Consumer Expectations also dropped; for a year now, it has remained below the level The Conference Board associates with a pending recession. Subdued readings in these surveys have generally been analogous with down markets that were, in hindsight, favorable buying opportunities (2022 being a fine example). With the robust trailing return profile for stocks, these depressed figures feel different. The decoupling of Main Street and Wall Street has us rethinking how "contrarian" these readings should be viewed.

Our Valuation category remains perpetually negative—especially the cap-weighted line items. Also, our "Estimating the Downside" vignette seems to be less relevant each month. Several years ago, we introduced the "New-Era" valuation metrics (data from 1995-present) to give better perspective. We wonder if it's not time for a "New-New-Era" of valuation benchmarks, using contemporary market data. We understand that a *printed* postulation like this has its pitfalls and usually means a market top is nigh. Still, look for our analysis in the upcoming Green Book.