

MAJOR TREND INDEX

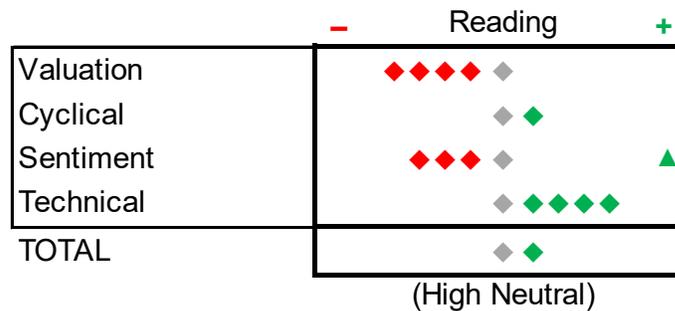
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Data for Week Ending: February 27, 2026

Major Trend Index



The AI doomsday debate consumed the market last week. The near-future possibility of rampant white-collar unemployment, private credit and mortgage defaults, a cratering of consumer spending, and rapid obsolescence of established business models will now have to share the stage with a very real war in Iran. Markets have traditionally shrugged off geopolitical events after an initial burst of volatility—especially recently. However, a widespread, protracted conflict in the Middle East may upend that convention. Net equity exposure in Leuthold tactical accounts ended the month at 58-59%.

We are upgrading the Sentiment category from -4 to -3. However, this is not enough to move the overall MTI off of High Neutral. Our month-to-month tally shows eight Sentiment signals improving and only two declining. Make no mistake though, the bulk of the category's readings are still unfavorable.

One area where we are seeing better sentiment is the options activity sub-category. The CBOE VIX[®] Index has crept a bit higher since December, indicating that investors are a little more risk aware; a positive sign in this contrarian category. Meanwhile the CBOE SKEWSM Index has retreated from its December highs, which means investors are a little less worried about downside tail risk. These combined dynamics benefited several of our options-based metrics. There was also improvement in the NASDAQ/NYSE Volume Oscillator. The NASDAQ's recent underperformance has taken some froth out of that more aggressive index relative to the blue chips, signaling a more balanced view of risk and return. This change in perspective has also appeared in several investor outlook surveys, which have become less bullish, buffing some of the aggressive edge off these subjective sentiment measures.

In our Technical work, it was a tale of two S&P 500's for February. On a total return basis, the cap-weighted S&P 500 (-0.8%) posted its first monthly loss *since last April*. However, the equal-weighted S&P 500 advanced 3.5%. The resulting performance gap, in favor of the average stock, is the largest since April 2009 when the market blasted off the GFC lows. The S&P 400 (+4%) and S&P 600 (+2%) also extended their recent streak of outperformance over their big brother. Modest declines in the trend work for tech-heavy and financial indexes have been offset by excellent breadth. A combination that, as an all-cap manager, we're perfectly fine with!

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