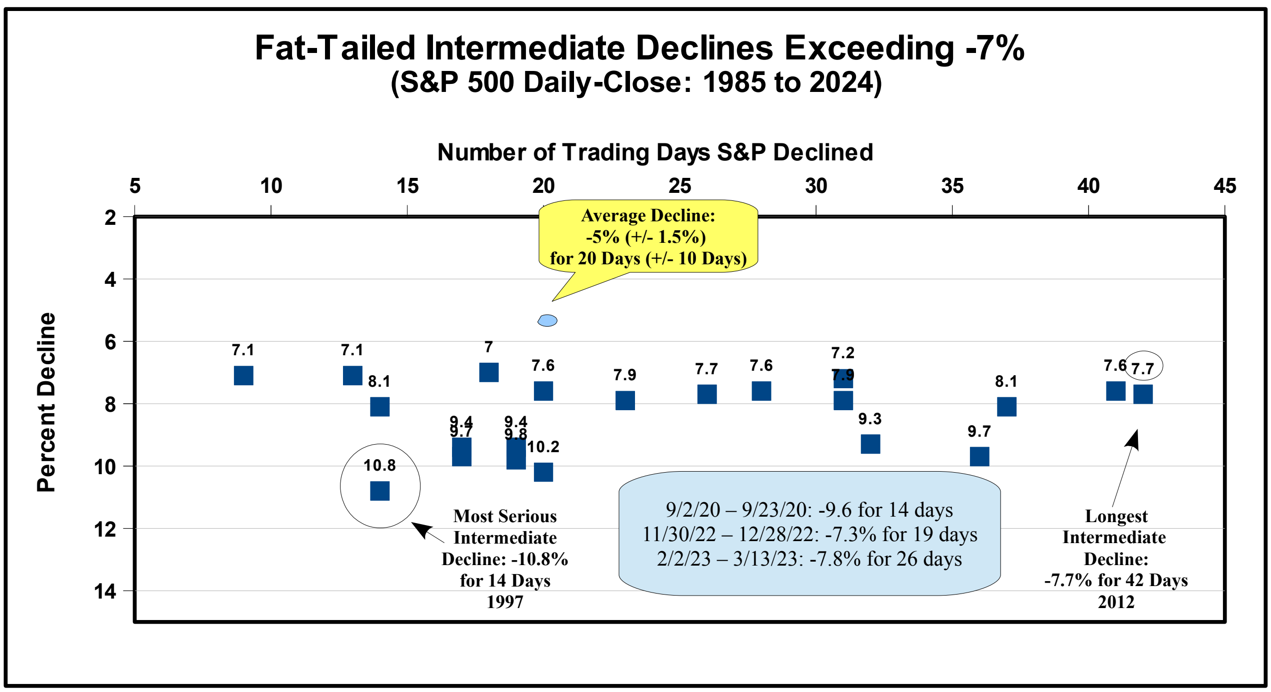
BUSINESS CYCLE DEVELOPMENTS

It's still believed that we're in a bull market – that made a double bottom in both June and October 2022 – because there are only six of 10 **Market Peak Indicators** signaling. See the website recommendation to buy stocks on weakness in October 2022 here: http://www.bcdresearch.com/wp-content/uploads/2024/05/BCD-102522.pdf

Since 1985 there have been 89 fat-tailed intermediate declines's within bull markets and they average -5% (+/- 1.5%) and extend for 20 trading days (+/- 10 days). The 24 most significant intermediate declines are those that exceed the mean-absolute-deviation of intermediate declines in bull markets, which is -7% – shown below (*the most recent are in the blue callout, because adding them would crowd the updated chart*). These intermediate corrections over the past 40 years do not include the 14 bear markets identified by the **Market Peak Indicators**, or the exogenous shocks like the 1990 Gulf War (-20% for 62 days) the Triple Crises* in 2011 (-19% for 108 days) or the two Chinese devaluations in 2015-16 (-14% for 183 days). These are only the sizable corrections (>7%) within bull markets.



* The EU Crisis; the failure of the Budget Control Act; and GDP downward revisions for seven prior quarters.

For 2024 we've had three average intermediate corrections of -5% (+/- 1.5%) and nothing that exceeds the fat-tailed category of -7%. It wouldn't be a surprise to see volatility given political circumstances – and if so – it would again be a short term trading opportunity to buy stocks on weakness with only six of 10 **MPI's** signaling. Equities are claims on real assets and they thrive with spendthrift governments (i.e. banana republics), until some serious austerity and/or spending discipline surfaces. Continue to invest, but new money should focus only on short term payback horizons.