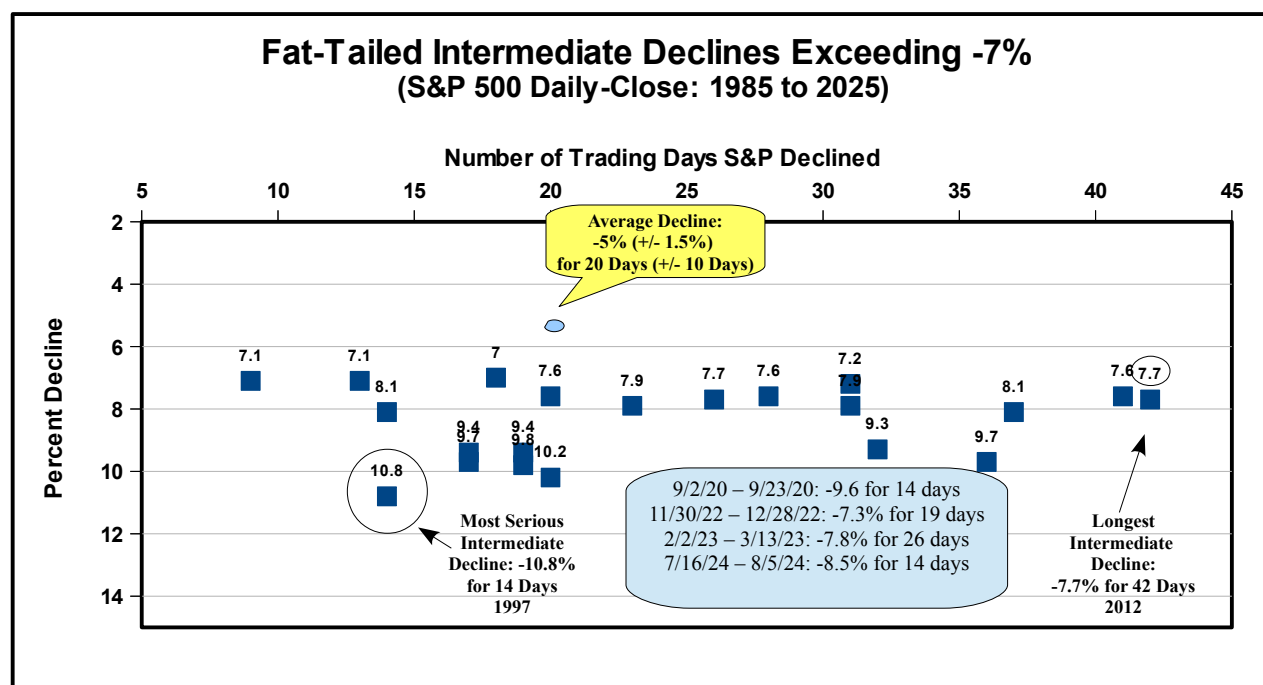


BUSINESS CYCLE DEVELOPMENTS

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 seven 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 90 fat-tailed intermediate declines within bull markets and they average -5% (+/- 1.5%) and extend for 20 trading days (+/- 10 days). The 25 most significant intermediate declines are those that exceed the mean-absolute-deviation of the intermediate declines in bull markets, which is -7% – shown below – (the *most recent are in the blue callout below, because adding them would crowd the updated chart*). These intermediate corrections below over the past 40 years do not include 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 declines below are only the sizable corrections (>7%) within bull markets over the past 40 years.



For 2024 there were three average intermediate corrections of -5% (+/- 1.5%) and only one exceeded -7% - see dates in the blue callout above. So far in 2025, nothing yet exceeds the fat-tailed category of -7%. It wouldn't be a surprise to see continued volatility, given the new political/economic circumstances. There has been at least eight of 10 **MPI's** signaling prior to a bear market and there are only seven of 10 **MPI's** signaling currently. However, **shocks** have twice triggered market declines with only 6 of 10 **MPI's** signaling – see the February 10, 2025 **BCD** Update for details. Continue to invest; however, new money should focus only on short-term payback horizons.

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