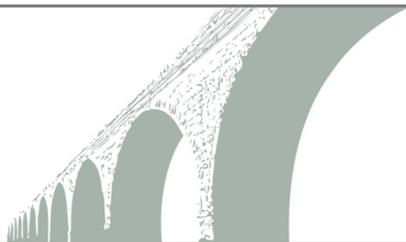


MAJOR TREND INDEX

By: Doug Ramsey, CFA, CMT



REPORT DATE: July 11, 2017

Status: **POSITIVE**

DATA FOR WEEK ENDING: July 7, 2017

Ratio: **1.16...Up 0.01**

S&P 500 P/E on Normalized EPS = 23.9x
(93rd percentile, 1926 To Date)

POTENTIAL

<u>WEIGHT</u>			<u>LATEST NET READING</u>			
+	-		+	-	Net	
1200	1200	Intrinsic Value	Gain 7	45	610	-565
1100	1100	Economic/Interest Rates/Inflation	Gain 2	396	193	203
1200	1200	Attitudinal	Gain 17	124	459	-335
600	600	Supply/Demand	Loss 4	66	137	-71
1800	1800	Momentum/Breadth/Divergence	Loss 15	1060	61	999
				<u>1691</u>	<u>1460</u>	<u>231</u>

BALANCE : +231 (+224 Last Week)
*RATIO: 1.16 (1.15 Last Week)

*Total Positive Points : Total Negative Points. (0.95 to 1.05 is a "Neutral" reading.)

The Major Trend Index ticked up 0.01 to a ratio of 1.16 in the week ended July 7th. There were no major changes across the five categories, but we were encouraged to see the Attitudinal work continue to improve from the optimistic extreme it reached in early June. With the MTI (and the market, for that matter) remaining in a low-volatility holding pattern, we are content to maintain net equity exposure in our tactical portfolios at a relatively aggressive 66%.

- While we would still portray the overall sentiment backdrop surrounding stocks as one of complacency, the Attitudinal category has nonetheless improved to -335 in the latest week, from a recovery low of -398 on June 2nd. Insider Big Block Selling in recent weeks has pulled back from elevated levels, several option-premium indicators have improved, and bullishness among market newsletter writers has pulled back — a contrary positive.
- The Momentum/Breadth/Divergence category finally dipped below the +1,000 threshold, but there's little within this body of work that's cause for immediate worry. The quantitative Chart Scores across 13 major indexes currently have a weighted-average score of 97% bullish, with the Dow Jones Utilities' current reading of 85% bullish, the *worst* among the lot.
- The Economic category gained two points to a net +203, another post-election high. The inflation and earnings measures remain moderately bullish, and there are a couple of significant models that could flip to the bullish side in the weeks ahead, including the Commodity Diffusion Index and the Lumber/Gold Oscillator.

Clients who have questions regarding any of the components or indicators should contact Doug Ramsey at 612-332-1567 or dramsey@LWCM.com

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