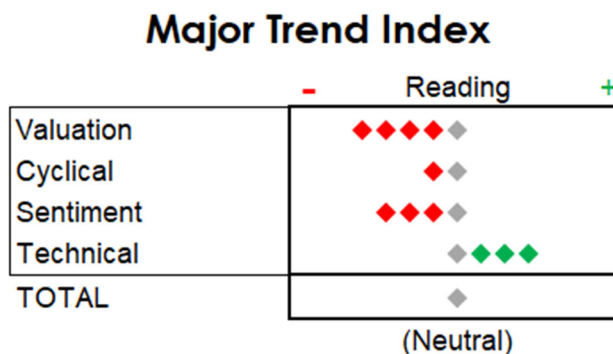


# MAJOR TREND INDEX

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Data for Week Ending: January 31, 2025



The Major Trend Index was unchanged at a Neutral reading of zero in the week ended January 31st. The leading Technology stocks have so far managed to shrug off the sudden emergence of an ultra low-cost competitor to existing AI models. In fact, our weekly Chart Scores for both the NASDAQ Composite and NYSE FANG+ Indexes remain at maximum bullish levels. That keeps the Technical category at a supportive +3. Readings for the other three factor groupings have been stable over the last several weeks, leaving the Technical category as the key swing factor.

With the MTI and other supporting market disciplines not committing to either side of the fence, we are keeping existing allocations in place across our tactical strategies. Net equity exposure in the Leuthold Core Fund is currently 59%; in the Core ETF, Core private accounts, and Global Fund, it is 58%.

The economic and monetary evidence continues to be mixed. As reported this morning, the ISM Manufacturing Composite broke above the 50 threshold for the first time since October 2022 (the very month of the last bear market low). Remember, though, this is a diffusion index: January's reading of 50.9 simply means that the month's factory activity was a bit stronger than it was during the final month of a string of 26-consecutive monthly declines.

Prior to the QE era, the 50 level on the ISM Composite tended to be a good barometer of the Fed's policy bias: Readings below 50 were usually characteristic of a rate-cutting cycle, while sustained readings above 50 would put pressure on the Fed to hike. That's no longer a useful guideline. Shortly after the ISM release, however, Atlanta Fed President Raphael Bostic suggested the Fed wait for a while before another rate cut. Did someone slip him a Green Book from the 1990s?

While the market awaits Tuesday's JOLTS report (Job Openings and Labor Turnover Survey) for the month of December, last week's Consumer Confidence report provided a sneak peek of the *January* JOLTS, which will be released a month from now. Specifically, the "Jobs Plentiful" index dropped sharply, while "Jobs Hard To Get" rose sharply. While many analysts believe a strong U.S. job report is the best thing the economy has going for it, a couple of key employment figures are in violation of their historical recession thresholds: December's annual nonfarm payroll growth was *below 1.4%* and the year-over-year increase in unemployed workers was *above 10%*. This weakness has trimmed the growth rate in real personal income nearly in half over the last year (to 2.4% in December, vs. 4.7% a year earlier), which has forced the personal savings rate down to 3.8% from a cycle high of 5.5% in early 2024.

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**Clients who have questions regarding any of the components or indicators should contact Doug Ramsey at 612-332-1567 or [dramsey@LWCM.com](mailto:dramsey@LWCM.com)**

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**January Vs. Any Other Month As A Predictor Of  
The Stock Market's Next Eleven Months, 1915 To Date**

- January's stock market gain is a mild bullish portent for the remainder of the year, based on the last 110 years of market action. In years when the DJIA rose in January, that index saw an average gain of 8.5% compared to just +5.0% for years in which the DJIA suffered a January loss. Historically, we find January to be a more accurate harbinger of the subsequent 11 months' action than any other month, with a 77% "hit ratio" for bullish forecasts and a total hit ratio of 64% (Chart 1).

	Up Market Hit Ratio (%)	Down Market Hit Ratio (%)	Total Hit Ratio (%)
January	77 ←	41	64 ←
February	75	33	57
March	68	30	52
April	72	38	59
May	73	33	55
June	74	38	56
July	66	37	56
August	69	32	54
September	67	33	48
October	63	22	46
November	71	43 ←	61
December	65	37	57
<b>Average</b>	<b>70</b>	<b>35</b>	<b>55</b>

\*Hit Ratio = pct. of time DJIA moved in same direction as latest month over the following 11 months.

**January's Style Leader Tends To  
Outperform For Rest Of Year**

- January's action has also provided a potential tipoff to the year's leadership. Here, we consider the last 30 years for the "Four Corners" of the size/style grid: Large Growth, Large Value, Small Growth, and Small Value. Since 1994, the top January performer among these options generated an average February-December return of +12.1% versus just +8.5% for January's laggard during those same eleven months (Table 1).
- The Russell 1000 Value Index was January's winner at +4.6%, providing some rather flimsy support of our belief that Value is set to wrest market leadership from Large Cap Growth.

Year	Best*			Worst*		
	January Index	Jan. %	Rest of Yr. %	January Index	Jan. %	Rest of Yr. %
1994	Large Value	3.8	-5.5	Large Growth	2.3	0.3
1995	Large Value	3.1	34.2	Small Growth	-2.0	33.8
1996	Large Growth	3.3	19.1	Small Growth	-0.8	12.2
1997	Large Growth	7.0	21.9	Small Value	1.5	29.8
1998	Large Growth	3.0	34.7	Small Value	-1.8	-4.7
1999	Large Growth	5.9	25.8	Small Value	-2.3	0.8
2000	Small Growth	-0.9	-21.7	Large Growth	-4.7	-18.6
2001	Small Growth	8.1	-16.0	Large Value	0.4	-6.0
2002	Small Value	1.3	-12.6	Small Growth	-3.6	-27.7
2003	Large Value	-2.4	33.3	Small Value	-2.8	50.3
2004	Small Growth	5.3	8.6	Large Value	1.8	14.5
2005	Large Value	-1.8	9.0	Small Growth	-4.5	9.1
2006	Small Growth	9.6	3.4	Large Growth	1.8	7.2
2007	Large Growth	2.6	9.0	Large Value	1.3	-1.4
2008	Large Value	-4.0	-34.2	Small Growth	-9.2	-32.3
2009	Large Growth	-4.8	44.1	Small Value	-14.3	40.7
2010	Large Value	-2.8	18.8	Small Growth	-4.5	35.1
2011	Large Growth	2.5	0.1	Small Growth	-0.6	-2.4
2012	Small Growth	7.5	6.6	Large Value	3.8	13.2
2013	Small Growth	6.6	34.5	Large Growth	4.3	28.0
2014	Small Growth	-1.7	7.5	Small Value	-3.9	8.4
2015	Large Growth	-1.5	7.3	Small Value	-4.2	-3.5
2016	Large Value	-5.2	23.7	Small Growth	-10.8	24.8
2017	Large Growth	3.4	26.0	Small Value	-0.7	8.6
2018	Large Growth	7.1	-8.0	Small Value	1.2	-13.9
2019	Small Growth	11.5	15.2	Large Value	7.8	17.4
2020	Large Growth	2.2	35.5	Small Value	-5.4	10.6
2021	Small Value	5.3	21.9	Large Value	-0.9	26.3
2022	Large Value	-2.3	-5.3	Small Growth	-13.4	-15.0
2023	Small Growth	9.9	7.9	Large Value	5.2	6.0
2024	Large Growth	2.5	30.1	Small Value	-4.5	13.2
→ 2025	Large Value	4.6	?	Large Growth	2.0	?
	Avg. For #1 Jan. Index: 12.1 % Median: 9.0 %			Avg. For #4 Jan. Index: 8.5 % Median: 8.6 %		
	% of Time #1 Jan. Index Outperforms #4 Jan. Index During Rest Of Yr.: 51.6 %			Avg. For #2 Jan. Index: 11.4 % Avg. For #3 Jan. Index: 11.1 %		

\*Best and worst among Russell 1000 Growth, Russell 1000 Value, Russell 2000 Growth & Russell 2000 Value indexes.

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