Weekly Market Outlook

Research Edition · Week of November 16, 2026

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Data through the S&P 500 close of Friday, November 13, 2026 · Published November 16, 2026. Free to read and share.

39 indicators, each classified by a stated rule and a stated reference. November 13, 2026.

REGIME	VELOCITY	BULL HEALTH	SIGNALS FIRING	COMPOSITE
BULL	**STEADY** 6-month reading	**71.8** of 90	**0 of 4**	**67.1** of 100 · OFFENSE

The read. A bull regime, steady on the six-month reading of bull velocity, with none of the four validated classifiers firing. Of the 39 indicators scored across earnings, macro, technicals, valuation and the model itself, **21 read positive, 12 neutral and 6 negative**.

Where the strength is. Earnings, overwhelmingly: 9 of 10 earnings indicators read positive, with blended growth at +31.9% against a five-year average of +13.3% and 84% of companies beating. **Where the weakness is.** Valuation and the exogenous overlay: concentration in the top ten names, crude up +47% on the year, and an exogenous risk reading of 8.43 of 10.

The velocity reading deserves a sentence of its own. Bull health is 71.8 of 90, a six-month reading of -0.21 against lines at plus and minus 0.40; the word has held since May 6. Computed 2026-11-16.

The Fed. Held at 3.75% to 4.00% on October 28, 10 to 2, after a quarter-point hike on September 16. Rate futures moved to about a 90% chance of a December hike after the decision, from 73% before it. What changed, and what the S&P has done after pauses like this one, is on the Fed page.

New this week: the safety trade. Investors now pay more for consumer staples than for tech on forward earnings (21.6x against 21.2x), and stocks offer only about 2.2 points of yield over inflation-protected Treasuries. What that has meant since 1950 is on the valuation pages.

BY CATEGORY, SHARE POSITIVE, LARGEST FIRST

CATEGORY	SCORED	POSITIVE	NEUTRAL	NEGATIVE	SHARE POSITIVE
Earnings	10	9	1	0	90%
Technicals	6	4	2	0	67%
Model	10	5	3	2	50%
Macro	10	3	4	3	30%
Valuation	3	0	2	1	0%
All indicators	**39**	**21**	**12**	**6**	**54%**

EVERY NEGATIVE READING, NAMED IN FULL

INDICATOR	READING	MEASURED AGAINST	RULE APPLIED
Crude oil	$85.71	+47.2% year over year	supply and conflict driven, not demand
Headline CPI	4.08%	2% policy target	more than 1 pt above target
10-year Treasury	5.15%	equity earnings yield 3.94% · FRED DGS10 daily close, 2026-11-13	equities yield less than the risk-free rate
Concentration, top ten names	40.2%	-2.6 pts over 1 year	leadership is narrow
Factor tally	4 bullish · 5 neutral · 8 bearish	balance at even	counted from the macro grid
Exogenous Risk Index	8.43 / 10	elevated above 5	three-model consensus on live conflict

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What happened this week

Week of November 7, 2026 – November 13, 2026. Written from dated headlines and checked against the platform's live data before it published (no figure failed the check). Model figures follow on the pages after.

MEASURE	LAST WEEK	THIS WEEK	CHANGE
S&P 500 close	7,376.86	7,561.67	+2.51%
VIX	25.64	19.30	-6.34

S&P 500 closes Nov 6 and Nov 13, five sessions apart. VIX from the Market Monitor series.

Equity markets rallied this week on chip strength and broadening sector leadership, even as monetary policy grew visibly tighter and inflation remained elevated. The S&P 500 rose 2.51 percent through November 13, with technology rebounding after five weeks of declines and healthcare, consumer staples, and energy all outperforming, a shift that reduced concentrated mega-cap positioning and signaled genuine rotational demand rather than index-wide risk-on. Yet the week's dominant macro story—hotter-than-expected October inflation and hawkish Fed rhetoric—overwhelmed the equity mood and reset the near-term policy outlook. The two-year Treasury yield climbed to 4.73 percent and the ten-year to 5.10 percent, while the 2s10s spread flattened 8 basis points to plus-27, narrowing the curve as markets fully priced a December rate hike of 25 basis points and weighed the tail risk of a larger move if core inflation held around 0.30 percent. This tightening of financial conditions—10-year yields at 5.10 percent, the real fed funds rate still negative at minus-20 basis points—created genuine headwinds for rate-sensitive equities and valuation multiples, even as risk appetite returned.

Within equities, the week split sharply on leadership. Nvidia fell roughly 13 percent amid CEO transition uncertainty, triggering a rotation away from concentrated AI-infrastructure bets toward AMD, Apple, and Broadcom, while Cisco and Applied Materials beat earnings but sold off as investors demanded stronger guidance in a crowded sector. Earnings surprises proved selective: AI-infrastructure names stumbled despite beating, while CoreWeave, Rocket Lab, and Constellation Energy gained, reflecting skepticism toward incremental upside when valuations already price in significant deployment growth. High-yield credit spreads tightened 28 basis points to 320 basis points, and WTI crude fell 17.4 percent year-over-year as energy prices eased, buoying consumer-facing sectors and broadening the beneficiaries of the week's rally. European equities hit record highs as the STOXX 600 posted its strongest week since June, with energy and non-AI-dependent sectors outperforming and draining some concentration from US mega-cap technology.

Beneath the index, market breadth showed pronounced divergence rather than broad strength. The median S&P 500 member returned minus-0.43 percent over three months while the index fell minus-2.48 percent, and 55.4 percent of members beat the index itself; Consumer Staples, Utilities, and Energy were the sectors most often moving against the broad benchmark, signaling that individual stock selection and defensive rotation matter more than index-level conviction. The Magnificent 7 average correlation with the S&P 500 hit a 29.8 percentile, lowest since October 2025, as mega-cap concentration loosened and individual names moved to their own rhythms.

Equity markets face the dual headwind of higher real rates and a narrowed policy path, leaving near-term momentum vulnerable to further inflation surprises or Fed hawkishness.

Our read of the week

Three things we measured ourselves this week, each with what history says it has meant. None of them is one of the four validated signals and none is a call; they are context for the model pages that follow.

1. UNDER THE SURFACE

Breadth moved with the index this week. The advance/decline line changed +383 as the S&P 500 moved +2.51%.

BREADTH, S&P 500 MEMBERS	NOV 6	NOV 13	CHANGE
Cumulative advance/decline line	2,397	2,780	+383
Members above their 200-day average	55.8%	63.6%	+7.8 pts
New 52-week highs / lows (that day)	7 / 4	23 / 3	–

Sector moves on Nov 13, the week's last session: Consumer staples +1.42%, Communication services +1.05%, Energy +0.98% at the top; Industrials -0.39%, Consumer discretionary -0.40%, Technology -2.01% at the bottom (sector ETF closes).

2. WHERE THE INDEX STANDS

LEVEL	VALUE	WHAT IT MEANS
S&P 500 close	7,561.67	Nov 13
200-day average	7,340.32	Index +3.0% above it. A close below would end the primary uptrend reading.
52-week closing high	7,818.93	Index 3.3% below it.
Support (Market Monitor)	7,354	The level the monitor watches first on a further dip.
Resistance (Market Monitor)	7,819	A close above it would take the index back toward its high.

What this position has meant. Since 1950 the S&P 500 has spent 2,098 sessions in this same spot (3% to 8% above its 200-day average and 1% to 3% below its 52-week high). Over the next 20 sessions it averaged +0.6%, rose 60% of the time and fell 5% or more at some point 10% of the time, against +0.6%, 60% and 18% across all 24,564 sessions. A modestly lower risk of a deeper drop, not a better return.

3. THE CALENDAR

FROM NOV 14, EACH YEAR SINCE 1927	YEARS	NEXT 20 SESSIONS	UP	TO DEC 31	UP
All years	98	+0.3%	56%	+1.4%	67%
Midterm election years	24	-0.2%	58%	+1.3%	62%

This is a midterm election year. Late October into year-end has been one of the better stretches of the calendar: higher by December 31 in 67% of the years since 1927. Seasonality is a base rate, not a forecast; it describes the average year, and the model pages that follow describe this one.

Source: S&P 500 daily closes from 1950 and the platform's own breadth capture of all members. Breadth history covers one year, too short to test the divergence on its own; the trend and calendar tests use 76 years of closes.

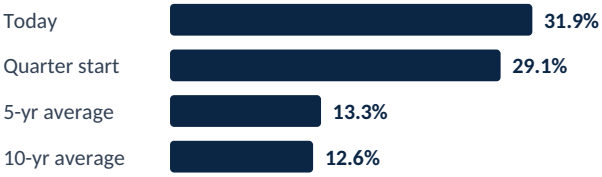
Earnings

Source: FactSet Earnings Insight, edition of November 13, 2026, season as published: Q3 2026, 91% reported. Every figure on this page is that edition's; where a comparison norm is not published, the row says so rather than borrowing one.

Start with earnings, because everything else in this report is downstream of them. A market can be expensive and still work if profits are growing into the price. It cannot work for long if they are not.

Blended growth is +31.9%, against a five-year average of +13.3% and a ten-year average of +12.6%. Estimates were revised up through the season rather than down: the figure at the quarter start was +29.1%. 84% of companies beat against a five-year norm of 78%, and the average surprise is +13.8% against a ten-year norm of +8%.

BLENDED EARNINGS GROWTH



Revised up 2.8 points through the season.

BREADTH OF THE BEAT



The 10-year norm published by FactSet is for EPS beats. No revenue-beat norm is published, so the revenue row is scored neutral rather than against a borrowed reference.

TODAY AGAINST ITS OWN HISTORY

MEASURE	TODAY	FIVE-YEAR	TEN-YEAR	READ
Blended earnings growth	+31.9%	+13.3%	+12.6%	Well above both
Revenue growth	+14.4%	+8.3%	+7%	Top line growing too
Net margin	15%	12.6%	—	13% a year ago
Forward estimate, CY2026	+33.3%	—	—	Largely banked rather than forecast
Forward estimate, CY2027	+16.2%	—	+12.6%	The figure that still has to survive
Consecutive double-digit quarters	8	—	—	What the market is paying for

What would break it

The streak ending; margin compression from wages, tariffs or a $85.71 oil price; or the CY2027 estimate of +16.2% being cut. Watch revisions rather than levels. Estimates falling while the price holds is how a market becomes expensive without anyone deciding to pay more, and it is the earliest warning this report can give.

Rates, inflation, employment and the real economy

The macro block is the most evenly split category in this report, and that is the honest picture: 3 positive, 4 neutral and 3 negative. The economy is neither accelerating nor rolling over.

The constructive side is the labor market and the curve. Unemployment is 4.1% with the Sahm recession rule at +0.00 against a +0.50 trigger. The 2s10s curve is positively sloped at +27 basis points, so the inversion that preceded the last several recessions has resolved. Capital spending is running +10.39% year over year.

The difficult side is inflation and energy, and they are the same problem. Headline CPI at 4.08% sits above the 2% objective while core runs 2.87%. The gap between them is largely energy, and crude at $85.71 is up +47% on conflict rather than demand. That combination lifts costs and headline inflation without signaling economic strength.

THE MACRO DASHBOARD

READING	TODAY	REFERENCE
Fed funds rate	3.88%	Policy rate, daily effective
10-year Treasury	5.15%	2s10s +27 bp · FRED DGS10 daily close, 2026-11-13
Headline CPI	4.08%	2% policy target
Core CPI	2.87%	Year over year
Unemployment	4.1%	Sahm rule +0.00
Capital spending	+10.39%	Year over year
Building permits	-3.19%	Year over year
Crude oil	$85.71	+47.2% year over year
Copper / gold trend	+7.7%	Growth-versus-fear proxy
Earnings yield	3.94%	vs 10-year 5.15%

What the model does with it

The macro factor grid carries 10 of the composite's 100 points and scores 35.3. The tally behind it is **4 bullish · 5 neutral · 8 bearish**, as of 2026-11-16: each factor is judged against its own ten-year history, bullish counts 100, neutral 50, bearish 0. Macro rarely decides the regime on its own; it conditions how much the other pillars can be trusted.

The Fed held at 3.75% to 4.00%, and left a December hike on the table

The Federal Open Market Committee voted **10 to 2** to hold, after a quarter-point hike on September 16. Lisa Cook and Beth Hammack dissented, preferring another quarter-point hike. Rate futures moved to about a 90% chance of a December hike after the decision, from 73% before it. The next decision is **December 9**.

WHAT CHANGED IN THE STATEMENT

- Economic activity upgraded from "solid" to "strong"
- Inflation "remains elevated"; the Committee will "gather more information" before deciding the stance needed to return inflation to 2%
- "The Committee will deliver price stability"

WHAT CHANGED IN THE APPROACH

Chair Kevin Warsh said the Fed will set rates at seven meetings in 2027 and six in 2028, down from eight; the remaining meetings become strategy sessions with no rate vote and no statement. Fewer scheduled decisions means fewer dates on which policy can move without a surprise, so each one carries more weight. Warsh said the September CPI reading did not fit the inflation mandate, but the Committee will not act on a single data point, and said politics played no role ahead of the midterm elections.

WHY THE FED IS LEANING TOWARD TIGHTENING

Headline CPI is 4.08% and core 2.87% against a 2% goal, with unemployment at 4.1%. The gap between headline and core is largely energy, with crude at $85.71. The daily effective fed funds rate is 3.88%, and the 10-year Treasury is at 5.15%.

HOW THE MARKET TOOK IT

The S&P 500 rose 0.28% on decision day to 7,743.98. A hold that leaves the next hike priced is close to what was expected, and the reaction says so.

OUR TEST: WHAT THE S&P DID AFTER THE FED PAUSED RIGHT AFTER A HIKE

Every FOMC decision since 1994 that held rates immediately after a hike: 20 of them, from July 1994 to September 2023. S&P 500 change from the decision-day close, median, with the share that were higher, against every trading day since 1994.

HORIZON	AFTER A PAUSE	ANY DAY SINCE 1994
Six months later	+8.9% · up 85% · n 20	+6.2% · up 74%
Three months later	+4.7% · up 80% · n 20	+3.4% · up 70%
One month later	+2.0% · up 75% · n 20	+1.3% · up 64%
Fell 10% or more within three months · adverse	1 of 20	15% of days

When the pause turned out to end the hiking cycle (6 cases), the median three-month change was +8.4%; when hikes resumed later (14 cases), it was +3.7%. Nobody knows today which kind this is.

What it says, and what it does not

Pauses after a hike have leaned slightly better than an average day, but not by enough to count: twenty random days beat this median about one time in five. The one sharp loss followed the November 2018 pause, when the S&P fell about 16% within three months and the Fed reversed course. Treat the Fed decision as context. It is not one of the four validated signals, none of which is firing, and it does not change today's call.

Sources: Federal Reserve FOMC statement, October 28, 2026; TD Economics, U.S. FOMC Meeting (October 27-28, 2026); Portfolio Adviser, Warsh sticks to the script; Bloomberg, Bond traders price in 90% chance of December hike; Kiplinger, October Fed meeting live (CME FedWatch 73% before). Index levels and the history test: S&P 500 daily closes, RegimeSignal calculation.

We are now in the strongest stretch of the presidential cycle

From midterm election day to June 30 of year three, the S&P 500 rose an average of +12.6% and was higher in 21 of 24 cycles since 1930. Any period of the same length averaged +5.2% and was higher 69% of the time. The three losses were 1930, 1938 and 1946; none in the 80 years since. The window opened on November 3, 2026 and runs to June 30, 2027. It uses no hindsight, since election day is known in advance. Significance is borderline (z +1.90, about a 3% chance result): a tendency, not a signal.

Inside the window, two months stand out in year three since 1928: January (+3.52%, higher 83% of the time) and April (+2.51%, higher 83%). February and March do not.

After the November 5 drop: what a 4% fall near a record has meant

The S&P 500 fell 4.36% on November 5, 2026 with the index near its record. Since 1928 it has fallen 4% or more in a day within 5% of a record 6 other times (1929, 1955, 1986, 1989, 1997, 2018). Three months later the index was higher 6 of 6 times, a median +6.4%, and a bear market followed within a year only once, in 1929.

Under the surface the damage is wider than the index shows: on November 6, 163 of 498 S&P 500 members (32.7%) closed 20% or more below their 52-week high, including 68.9% of technology stocks. The full study: cronusmarketintelligence.com/is-a-bear-market-coming.html

December, and December after a down November

December has been the S&P 500's most reliable month: higher in 72% of the 98 years since 1928, the best hit rate of any month, with an average gain of +1.27%. Almost all of it has come late. From December 1 to 15 the average is +0.03%; from December 16 to 31 it is +1.25%, higher 74% of the time.

A down November has tilted the odds further. After a November loss, December rose in 30 of 37 years (81%), averaging +1.82%, against 67% and +0.93% after an up November. When the November loss was modest, between 0.5% and 3%, December rose in all 13 cases. A deeper November loss has not helped: after a fall of more than 3%, December was higher only 65% of the time. Through the November 13 close the S&P 500 is down 0.24% for the month (7,561.67 against 7,580.07 on October 30), so this year's November is still open.

S&P 500, 1928–2025	YEARS	DECEMBER AVG	DECEMBER UP	DEC 16–31 AVG	DEC 16–31 UP
November down 0.5% to 3%	13	+2.61%	13 of 13	+1.64%	13 of 13
November down, any amount	37	+1.82%	81%	+1.57%	84%
All years	98	+1.27%	72%	+1.25%	74%
November up	61	+0.93%	67%	+1.06%	69%
November down more than 3% (weakest)	20	+0.49%	65%	+1.19%	70%

All three are history, not forecasts. The cycle window and the down-November split are conditions tested among many calendar cells: the split is not statistically significant (z +1.49, short of the 1.96 bar), and the 0.5%-to-3% band rests on 13 cases. The drop study rests on 6 cases. None is one of the four warning signals. Source: S&P 500 daily closes from 1928 (price returns); rows ordered by December average, largest first, with the weakest case last.

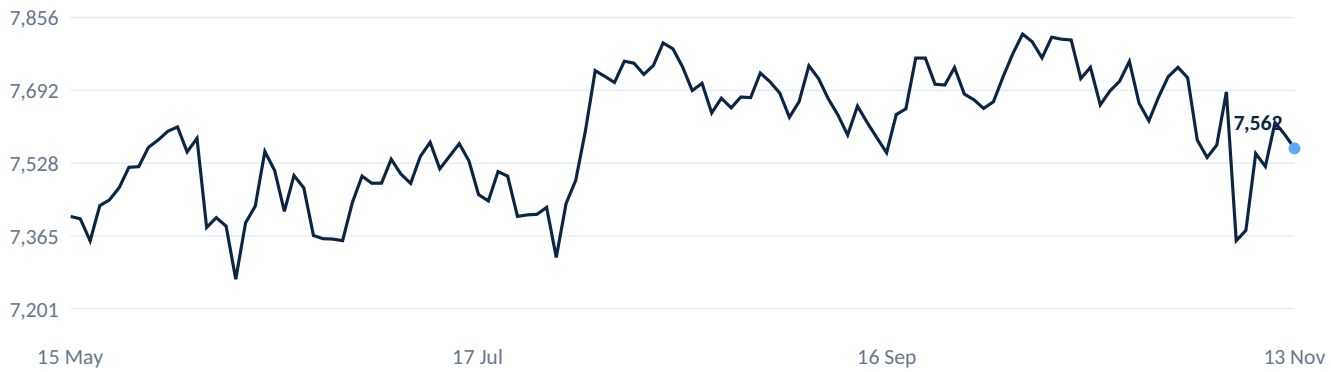
Trend, participation and credit stress

The trend is intact and the advance is narrow. Both are true, and the tension between them is the whole of this page.

The index closed at 7,562, +0.96% against its 200-day average and -5.19% from its recent peak, up 8.31% year to date and 10.1% over twelve months. Participation is a different story: 63.6% of members sit above their own 200-day average, and the ten largest constituents carry 40.2% of the index. Price is stronger than participation, which is characteristic of a late-cycle advance.

Credit is the reassuring part, and credit usually moves first. High yield at 323 basis points and investment grade at 89 are tight. Bond markets are generally faster than equity markets at pricing trouble; they are not pricing any.

S&P 500, DAILY CLOSES, SIX MONTHS TO 13 NOV 2026



TECHNICALS AND MARKET STRESS

MEASURE	TODAY	READ
Index vs 200-day average	+0.96%	Primary trend intact
Distance from the recent peak	-5.19%	Effectively at the high
Year to date · twelve months	+8.31% · +10.1%	A strong, largely uninterrupted advance
Breadth above the 200-day	63.6%	Positive but thin
High-yield spread	323 bp	Credit is not signaling stress
Investment-grade spread	89 bp	Tight
Volatility, VIX	22.68	Complacent rather than fearful

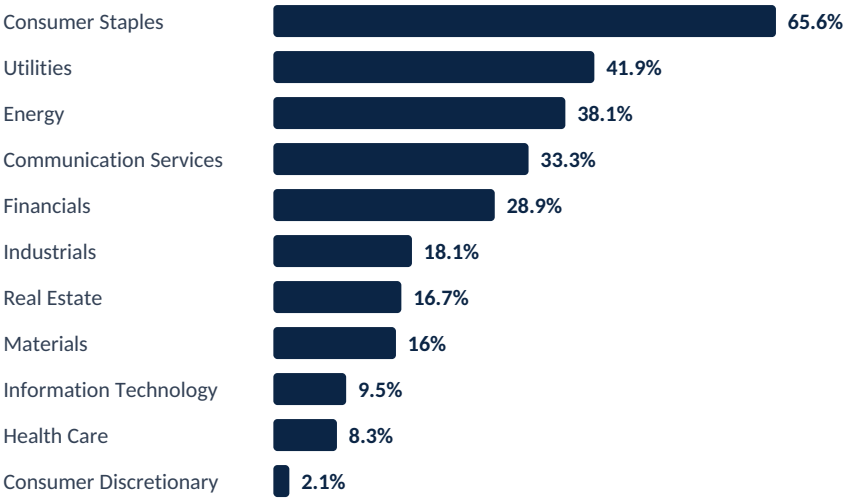
How many stocks are moving against the market

Measured by RegimeSignal across 500 of 503 current S&P 500 members, as of 2026-11-13. Daily adjusted closes (Yahoo), 63 sessions to the as-of close; weekly figures use Friday closes. Current S&P 500 members only (survivorship: names that left are absent from history).

21.6% of S&P 500 stocks have a negative three-month beta — over the last 63 sessions they tended to fall when the index rose and rise when it fell. On weekly returns, the basis the sell-side quotes, the share is 42.8%; over a full year it is 20.5%. That is the highest reading in the 25 years we measured; the 2001–2025 median is 0.54% and the prior record 17.23%. The peak of this episode was 42% on 2026-08-10.

The median stock's correlation with the index is 0.23. Over the same three months the index returned -2.37% while the median member returned +0.70%, and 61.6% of members beat the index. The index is being carried by a narrow group while much of the rest trades on its own drivers.

SHARE OF EACH SECTOR WITH A NEGATIVE THREE-MONTH BETA, LARGEST FIRST



Where the negative betas sit tells you what is driving them. Energy, staples and utilities moving against a technology-led index is rotation between groups, not a market coming apart.

WHAT IT HAS MEANT BEFORE

WHEN THE SHARE STOOD IN ITS	WEEKS	S&P 500, NEXT 3 MONTHS	FINISHED HIGHER	FELL 10% OR MORE
bottom half	625	+3.31%	72.5%	13.9%
50th-75th percentile	309	+2.22%	71.5%	13.3%
top 10% of readings	112	+1.63%	69.6%	15.2%
75th-90th percentile	187	-0.61%	57.2%	24.1%

The honest read. Over 25 years the share has shown no forecasting value: its correlation with the S&P 500 over the next three months is -0.05. It describes how the market is moving; it is not a signal and it is not one of the four validated classifiers. Weekly readings 2001–2025, current members, rows ordered by the three-month return. Nothing before 2026 came close to this level, so history cannot say what an episode this extreme leads to.

29% of S&P 500 stocks are in a bear market. The index is not.

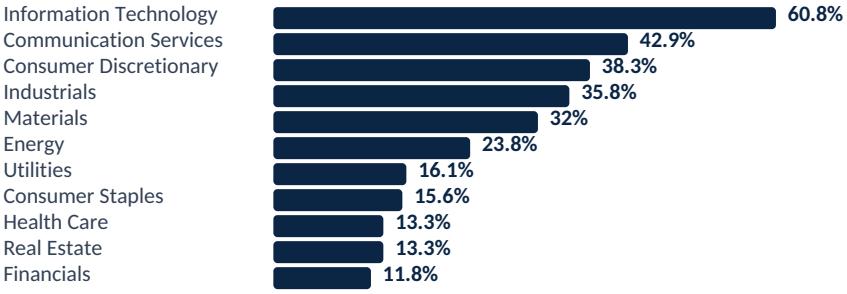
Measured by RegimeSignal across 498 current S&P 500 members, as of 2026-11-13. Each current member against its own 52-week closing high, daily adjusted closes (Yahoo), as of the as-of close; members need 200+ sessions. History 1997-2025 weekly, current members only (survivorship: names that left are absent, which understates past readings). Near-high = S&P 500 within 5% of its 52-week closing high.

29.1% of S&P 500 stocks (145 of 498) are 20% or more below their own 52-week high — the usual definition of a bear market, applied stock by stock. The index itself is 3.3% below its high. 52.2% of members are at least 10% below their highs, and the median member is 10.5% off its peak. The average stock has had a much rougher year than the index.

Is it really "nearly 60%", as reported? Not on the bear-market definition. That figure matches a looser test — stocks at least 10% off their highs (52.2%), or below all-time rather than 52-week highs. The divergence is real; its size depends on the ruler.

How unusual is it? With the index within 5% of its high, the median share since 1997 is 11.1%; today's reading is higher than 92% of those weeks. It has happened before, but not often.

SHARE OF EACH SECTOR'S MEMBERS 20% OR MORE BELOW THEIR 52-WEEK HIGH, LARGEST FIRST



The index's weight sits in a handful of giants, so the typical member can fall a long way before the index notices.

WHAT IT HAS MEANT BEFORE

INDEX WITHIN 5% OF ITS HIGH, AND THE SHARE STOOD IN THE	WEEKS	S&P 500, NEXT 3 MONTHS	FINISHED HIGHER	NEXT 6 MONTHS	FELL 10% OR MORE
top tenth of near-high readings (27% or more)	93	+2.51%	67%	+3.91%	11.8%
every week, any index level	1471	+2.05%	68%	+4.14%	16.8%
all other near-high weeks	837	+1.85%	70%	+4.30%	9.2%

EVERY EARLIER EPISODE: THE INDEX NEAR ITS HIGH WITH 27% OR MORE OF MEMBERS IN BEAR TERRITORY

EPISODE	PEAK SHARE	S&P 500, 6 MONTHS LATER	12 MONTHS LATER
Nov 2023	30.7%	+18.8%	+35.5%
Jul 2020 – Nov 2020	36.6%	+16.9%	+32.1%
May 2023	29.9%	+5.4%	+25.4%
May 2025 – Aug 2025	33.8%	+13.0%	+23.4%
Nov 1998 – Jun 1999	41.5%	+18.8%	+20.7%
Oct 2025 – Nov 2025	30.6%	+6.3%	+19.1%
Feb 2025	28.6%	+7.5%	+14.6%
Aug 2006	28.9%	+14.0%	+12.6%
Aug 1999 – Sep 2000	69.8%	+0.0%	+11.7%

The honest read. Not a forecasting signal: with the index within 5% of its high, the top tenth of readings was followed by +2.5% over three months (67% up, 11.8% saw a 10% drop) against +1.9% (70%, 9.2%) in other near-high weeks; correlation with the next three and six months +0.02. All nine earlier episodes saw the index higher a year after they began, but 1999-2000 is the warning even so: the share passed 50%, the index made its dot-com top in March 2000, seven months in, and a bear market followed. It describes how the market is moving; it is not one of the four validated classifiers. Returns from each episode's first week; weekly windows overlap.

What the market costs, and what investors have committed

The forward multiple is 18.3x against a five-year average of 19.8x. The trailing multiple is 25.4x against a ten-year median of 23.7x. Both are correct and they answer different questions: the trailing figure divides today's price by earnings already reported, the forward figure by what companies are earning now. The gap between them is the earnings growth on the previous pages.

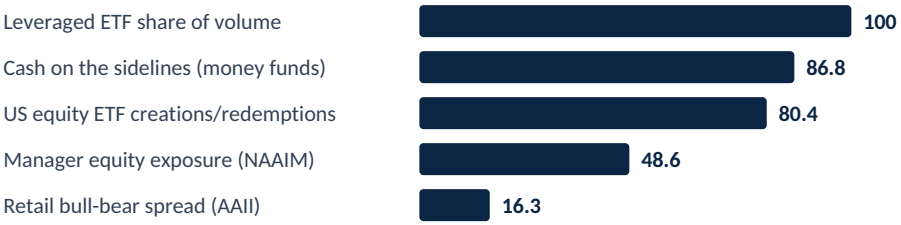
VALUATION	TODAY	REFERENCE	READ
Forward P/E	18.3x	5-yr 19.8x · 10-yr 19.1x	Priced where it has been for five years
Trailing P/E	25.4x	10-yr median 23.7x	7.2% above its own median
Earnings yield	3.94%	10-year Treasury 5.15%	Equity yields less than the risk-free rate
Concentration, top ten	40.2%	-2.6 pts over 1 year	Leadership is narrow

Market Confidence Index

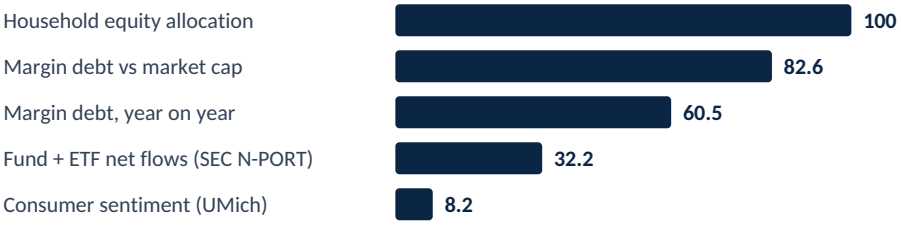
Two readings, published separately and never averaged into one number. They run on different clocks: the monthly Level series and the weekly Pulse series. A single blended headline would hide the 168-day lag on the Level series, so none is published.

READING	SCORE	MEMBERS	AS OF	LAG
Confidence Pulse · weekly	67.7	5 of 5	2026-10-05	41 days
Confidence Level · monthly	68.2	5 of 5	2026-05-31	168 days

PULSE MEMBERS, EACH SCORED 0–100 AGAINST ITS OWN HISTORY



LEVEL MEMBERS



A measure of what investors have committed, not whether they are right. No hit rate is published for this gauge and none should be quoted.

Investors now pay more for grocery stocks than for tech

On forward earnings, the consumer staples fund now costs more than the technology fund: **21.6x against 21.2x**, with the whole S&P 500 at 19.9x. Two years ago the gap ran the other way by about seven points. This is the defensive rotation in one number: buyers are paying a premium for steady earnings and taking growth at a discount.

FORWARD P/E (NEXT FISCAL YEAR)	DEC 2023	DEC 2024	DEC 2025	NOW
Technology	25.8x	27.7x	25.6x	21.2x
Consumer staples	19.0x	20.8x	20.5x	21.6x
Tech premium over staples	+6.9	+6.9	+5.1	−0.5

Now: State Street Select Sector SPDR fund pages (XLK, XLP, SPY), Price/Earnings Ratio FY1, as of November 12, 2026. Year-ends: Siblis Research, U.S. large-cap technology and consumer staples indexes (siblisresearch.com). The two sources weight stocks differently, so the year-end rows show the trend; the fund figures show today.

How much extra stocks pay you over safe bonds

At 19.9x forward earnings the S&P 500 offers an earnings yield of about 5.0%. Against the 10-year inflation-protected Treasury at 2.86% (November 12), that leaves stocks about **2.2 points** of extra yield over a safe, inflation-proof bond. Against the ordinary 10-year Treasury at 5.15%, there is no premium at all. October CPI rose 0.4% on the month and 0.3% excluding food and energy, and rate futures price a December 9 hike, so the bond side of this comparison is not getting cheaper.

What a thin premium has meant before. We measured the premium every month since 1950 (trailing earnings yield minus the 10-year yield after inflation, Shiller data) and what stocks returned afterward, after inflation. On that basis today reads about 2.9%, lower than 64% of months.

PREMIUM AT THE START	MONTHS	NEXT 10 YEARS, A YEAR	NEXT 5 YEARS, A YEAR	10 YEARS LOST MONEY
Over 5%	256	+9.9%	+9.4%	2%
Under 1%	115	+8.4%	+7.1%	19%
4% to 5%	104	+7.6%	+7.6%	28%
1% to 2%	96	+6.7%	+10.8%	8%
3% to 4%	110	+5.7%	+9.2%	22%
2% to 3% (today)	120	**+4.9%**	+7.6%	31%

Median real total return a year (dividends included, after inflation). Months overlap, so the counts overstate independent evidence. Correlation of the premium with the next 5 years: 0.14; next 10 years: 0.31.

Our read. A thin premium is not a sell signal: it has said almost nothing about the next year or two, and very thin premiums were followed by good decades as often as bad ones. What history does show is that the best decades started with a fat premium, over 5%, and we are well below that. Valuation sets the long-run backdrop; timing is the job of the four signals, and none of them is firing.

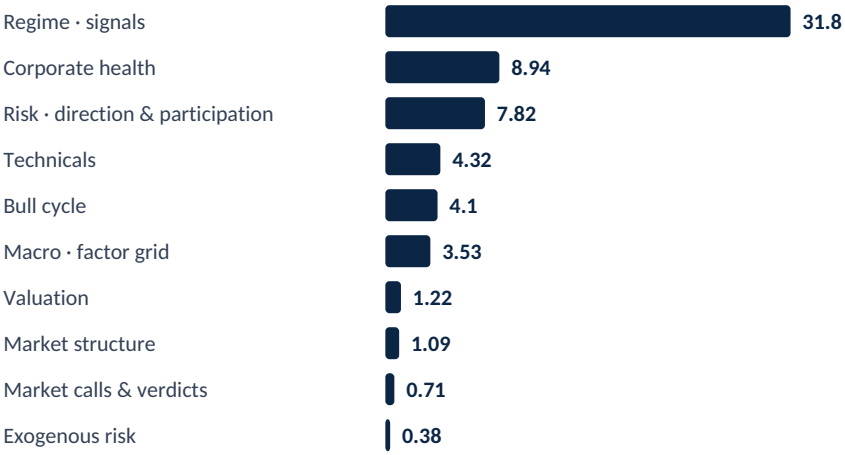
10 pillars, one number, and what it is for

PILLAR	WEIGHT	SCORE, 0–100	CONTRIBUTION
Regime · signals	40%	79.5	31.80
Corporate health	13%	68.8	8.94
Risk · direction & participation	12%	65.2	7.82
Technicals	7%	61.7	4.32
Bull cycle	10%	41	4.10
Macro · factor grid	10%	35.3	3.53
Valuation	3%	40.7	1.22
Market structure	2%	54.7	1.09
Market calls & verdicts	1%	71.5	0.71
Exogenous risk	2%	19	0.38

COMPOSITE MARKET SCORE	RAW	ACHIEVABLE MAXIMUM	PUBLISHED	BAND
All pillars	63.9	95.3	67.1 / 100	**OFFENSE**

Contribution is the pillar's weight multiplied by its score. The contributions sum to the raw score, which is then expressed against the highest score the construction can actually reach, to give the published figure out of 100. 27 of 32 inputs scored; 5 shown as context and not counted. Pillar weights are published; the construction inside each pillar is proprietary.

WHERE THE SCORE COMES FROM, LARGEST CONTRIBUTION FIRST



What the composite is, and what it is not

It forces every input to compete for the same 100 points, with weights set in advance rather than fitted after the fact, and it makes disagreement visible instead of averaging it away. It is not one of the four validated classifiers: no historical hit rate is published for it and none should be quoted. If one of the four fires, that is the event that matters; the composite would follow, not lead.

Out-of-sample precision and today's readings

SIGNAL	HORIZON	PRECISION	FALSE POSITIVES	CURRENT READING	STATE
Bear signal Regime-level bear onset	3-6 mo	85.7%	2.5%	composite 99.75 against a 22 alert level · 3 of 8 guardrails breached, 2 required	**Quiet**
Correction signal Deeper correction, >=10%	1-3 mo	84.4%	4.1%	0.021 against a 0.5 fire threshold	**Quiet**
Pullback signal Shallow drawdown, -5%	1-3 mo	83.3%	6.5%	0.026 against a 0.66 fire threshold	**Quiet**
Recovery signal Recovery / re-entry	1-2 mo	81.8%	1.5%	0.059 against a 0.75 fire threshold	**Quiet**
Average across the four	—	**83.8%**	**3.6%**	None firing	**0 of 4**

Precision answers one question: when a signal fires, how often does the event it detects actually follow, measured out of sample. It is not the probability that the market falls, and it says nothing about magnitude or timing inside the horizon. The average is an arithmetic mean of four signals with different horizons and sample sizes; it is a summary convenience, not itself a validated statistic.

DIRECTIONAL ENGINES · CONTEXT, NOT SIGNALS

ENGINE	READING	NOTE
Bull health · 7 factors scored	71.8 / 90	Stage method of Oct 8, 2026, revised Oct 18, 2026, six-month reading. The six-month reading is -0.21 against lines at plus and minus 0.40 (a call returns to STEADY only inside plus or minus 0.24), averaged over 30 trading days, and the word has held since May 6 (133 trading days). Computed 2026-11-16
Exogenous Risk Index	8.43 / 10	Three-model consensus on live geopolitical conflict
Factor tally	4 bullish · 5 neutral · 8 bearish	The macro grid, as of 2026-11-16

These carry no validated precision statistics. Only the four classifiers above are the validated layer. The Bull Weakening Score that earlier issues printed here has not been recalculated since the 2 June 2026 calibration and is therefore not published as a reading.

Why the silence is the finding

Four independent classifiers, built on different horizons and different failure modes, all quiet at once. At an average false-positive rate of 3.6%, these models do not stay quiet through deteriorating conditions. When all four are silent, the reasonable inference is that the conditions each was built to detect are absent today. It says nothing about tomorrow.

How far into the cycle, and what the range implies

One basis throughout this page: the 12 October 2022 closing low of 3,577.03. Where a second convention is used, it is named in the row.



The current bull has run **49 months**, 86% of the historical average of 57 months and 43% of the longest on record. Measured from the same low, the advance is **+111.4%**.

Age is not a sell signal, and this is the part most commentary gets wrong. Bull markets do not die of old age; they end when something breaks. What age does change is how much of the advance is already in the price, which is a statement about the distribution of what is left, not about direction.

CYCLE POSITION	READING	WHAT IT SAYS
Full cycle from the 12 October 2022 low	49 months	86% of the 57-month historical average
Advance from that same low	+111.4%	Measured on the same basis as the age above
Confirmed-BULL run, from September 2024	26 months	The month the model confirmed the state; a second convention, named
Advance since September 2024	+36.8%	On the confirmed-BULL basis, not the cycle basis
Trailing earnings multiple	25.4x	Against a 23.7x ten-year median
Concentration, top ten names	40.2%	-2.6 pts over 1 year

The year-end range

Struck from the S&P 500 close of 7,737 on 4 August 2026. A fixed range, never re-based.

IF THE INDEX FINISHES AT	FROM HERE	IMPLIED FORWARD P/E
8,542 — high end	+12.96%	20.7x
8,365 — median of the seventeen	+10.62%	20.2x
7,892 — low end	+4.37%	19.1x
S&P 500 today, 7,562	—	18.3x

12 of the 17 analog years since 1928 finished inside the band. It is a probability range, never a price target, and it is not part of the validated signal layer. Seventeen observations is a small sample and the three selection conditions were chosen after examining the data, so no untouched holdout confirms them. On the same seventeen years an ordinary unconditional band held more often, at 88%: the range is not more accurate than doing nothing, it is narrower at a stated confidence.

How the figures in this report are made

The four validated signals. The Bear, Pullback (5% decline), Correction (10% decline) and Recovery signals are classifiers built on macroeconomic, market and fundamental data families. The Bear signal descends from a hierarchical multi-factor regime model first developed by the author in 1993 at the Peter F. Drucker School of Management, grounded in arbitrage pricing theory (Ross, 1976) and the macroeconomic factor work of Chen, Roll and Ross (1986). Precision, false-positive rates and fire counts are measured out of sample, walk-forward: the Bear signal over 304 months (false-positive rate 2.5%), the other three over 154 months (Pullback 6.5%, Correction 4.1%, Recovery 1.5%). The validation was reviewed by two independent PhD statisticians, one of whom returned "validated with qualifications." Inputs, weights and construction are proprietary and are not disclosed.

Composite, velocity and confidence. The Composite Market Score is a weighted average of ten pillars, each scored 0–100 against its own history. Velocity (Bull Health) scores seven market and macro factors by their six-month change against their normal six-month change, with valuation as a constant headwind, averaged over 30 trading days. The Market Confidence Index scores ten measures of investor commitment against their own histories. None of these three is a validated classifier.

History tests. Index tests use S&P 500 daily closes from January 1950 (price returns) unless a page states otherwise; highs and averages are on closes. Event studies require a 20-session gap between cases. Significance is judged against random samples of the same size drawn from the same record. Breadth, beta, correlation and bear-territory measures use daily adjusted closes for current members only, so they carry survivorship bias that understates past readings. Earnings and valuation figures are FactSet's as published on the date shown. News facts are attributed to the outlet that reported them.

References. Ross, S. (1976), "The Arbitrage Theory of Capital Asset Pricing," *Journal of Economic Theory* 13. Chen, N., R. Roll and S. Ross (1986), "Economic Forces and the Stock Market," *Journal of Business* 59. FactSet, *Earnings Insight*, edition of November 13, 2026. Board of Governors of the Federal Reserve System, FOMC statement, October 28, 2026. Shiller, R., *U.S. Stock Markets 1871–Present*. State Street Select Sector SPDR fund data. Siblis Research, global valuation data.

About the author

Kip Lytel, CFA is the founder of Montecito Capital Management, a fee-only Registered Investment Advisory firm headquartered in Santa Barbara, California, where he has served as founder, Chief Investment Officer and head portfolio manager since 2004. The firm was built to bring institutional-grade investment oversight to individuals and families without the conflicts of product sales or commissions, and has been recognized by Goldline Research, Corp Today and others among the leading wealth managers in Southern California.

He is also the founder of Cronus Market Intelligence, LLC and the developer of RegimeSignal™. His quantitative work on market regimes began in 1993 at the Peter F. Drucker School of Management, Claremont Graduate University, where he earned his MBA as a distinguished Fellowship Scholar; the Bear Regime Signal that anchors RegimeSignal grew out of that research and was used and refined at his own firm for more than two decades. He holds a BA in Economics from the Claremont Colleges and is a CFA charterholder with more than 30 years in the capital markets.

He has been featured in or quoted by The Wall Street Journal, Barron's, Forbes, Bloomberg News, CNN, BusinessWeek, InvestmentNews and Advisor Perspectives, has published more than 60 articles on markets and investing, and is a frequent lecturer, speaker and panelist. Montecito Capital Management is legally and operationally separate from Cronus Market Intelligence, LLC; this report is published by Cronus and is not a communication of the advisory firm.

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4 · No forecast, and no price target. RegimeSignal publishes regime states and conditional readings measured against stated references. It does not publish price targets or return forecasts for any individual security. The year-end range is a probability range, not a price target; it is not part of the validated signal layer, nothing is positioned against it, and it may be wrong in either direction.

5 · Forward-looking statements. Statements about what could happen, what would break a streak, or what the model would do next are forward-looking and inherently uncertain. They rest on assumptions that may prove incorrect. No obligation is undertaken to update any statement in this report after its stated date.

6 · Model risk. Every figure here is produced by quantitative models. Models can be wrong, can stay wrong, and can fail precisely when they matter most. Relationships between variables break down without warning, and a model that has performed well out of sample can still fail on the next observation. The construction inside each pillar and each signal is proprietary and is not disclosed, so a reader cannot independently reproduce these figures.

7 · What the signal statistics mean, and what they do not. Precision answers one question: when a signal fires, how often did the event it detects actually follow, measured out of sample. It is not the probability that the market falls, it says nothing about magnitude or about timing inside the stated horizon, and it does not describe what any portfolio would have returned. The false-positive rate is the other half of the same measurement.

8 · The average precision figure. The average quoted is the arithmetic mean of the four signals' individual precisions. It is not itself a validated statistic: the four signals have different horizons, different sample sizes and different definitions of the event they detect. The individual precisions, false-positive rates and horizons are printed beside it so the average never has to be taken on its own.

9 · The Market Confidence Index. The MCI is published as two separate readings, a weekly Pulse and a monthly Level, each scored against its own history on a 0-100 scale and each carrying its own as-of date. The two are never averaged into a single headline, because they run on different clocks and a blended number would hide the lag on the slower series. The MCI measures what investors have committed, not whether they are right. No hit rate is published for this gauge and none should be quoted.

10 · Bull velocity and how the word is set. From October 8, 2026 the velocity word comes from the stage method adopted that day, revised October 18, 2026 on 40 years of real data: each of seven factors scored by its six-month change against its normal six-month change, weighted, with valuation as a constant headwind, averaged over 30 trading days; STRENGTHENING above plus 0.40, FADING below minus 0.40, and a call returns to STEADY only when the average comes back inside plus or minus 0.24, changing at most once in ten trading days. It replaced the June 2, 2026 sign method. It describes the last six months; it is not one of the four validated classifiers and is not a forecast.

11 · Readings that are not recalculated are not published as readings. Where a figure on the platform has not been recomputed since an earlier calibration, it is not printed in this report as a current reading. The Bull Weakening Score is in that state as of this issue and is named here rather than shown.

12 · The year-end range, in full. The range rests on seventeen observations, and its three selection conditions were chosen after examining the data. No untouched holdout confirms them. On the same seventeen years an ordinary unconditional band held more often, at 88%: the range is not more accurate than doing nothing, it is narrower at a stated confidence. Five of seventeen finished outside the band, three of those five on the upside.

13 · No performance record, and no hypothetical results shown. This report contains no track record of realized investment results. No account, composite or fund is managed to these figures, and none of the statistics here should be read as a return any investor received or could have received. Model measurements are not performance. Past performance does not indicate future results.

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