



## A POSITIVE OUTLOOK

### SUMMARY

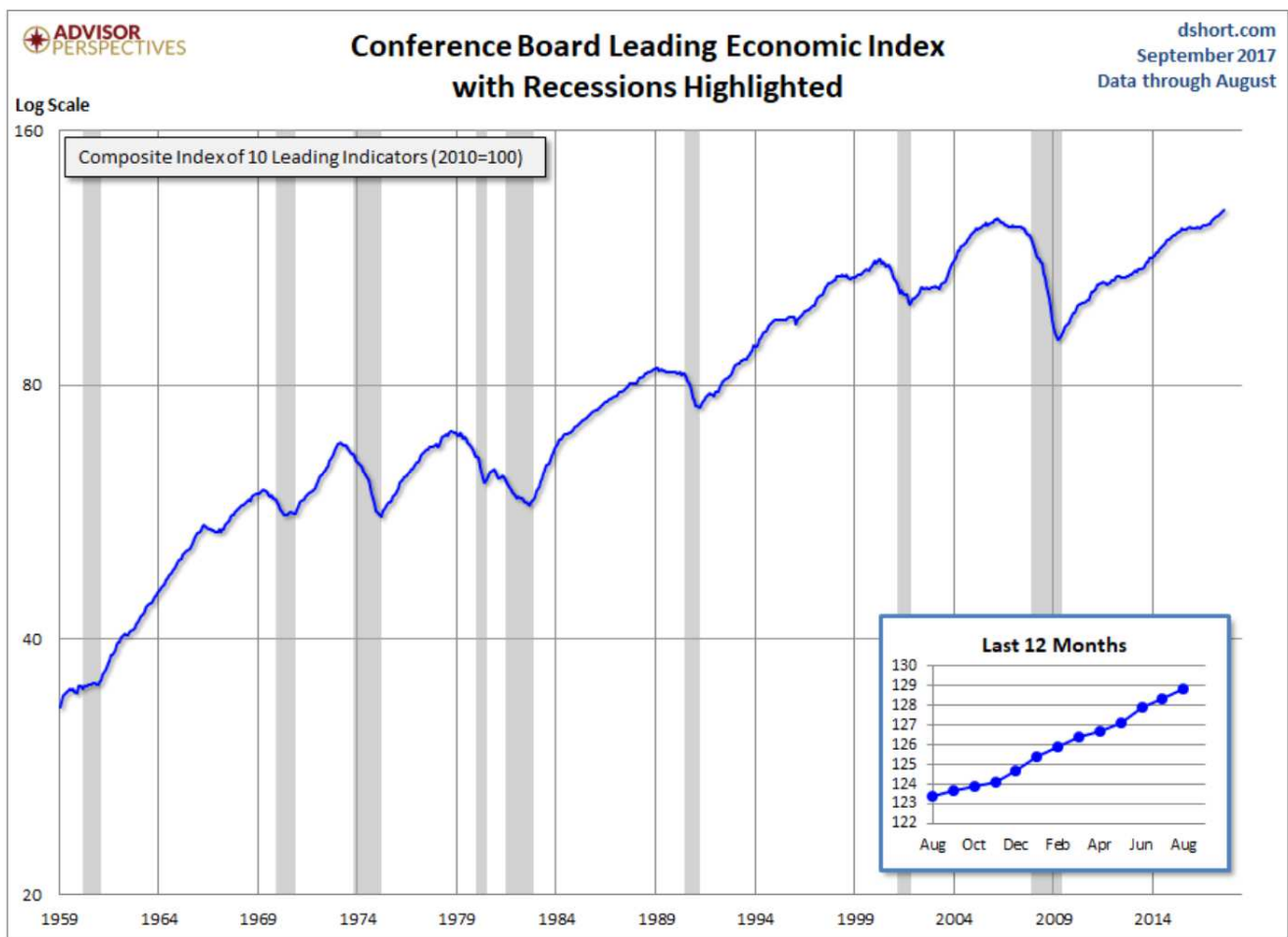
- The MACROCAST™ score registered a +8 this month, down five points from +13 in August. This is the lowest score since February 2016. However, one month's score does not constitute a trend. We would need to see continued weakness over the coming months before we became concerned. As it stands, nothing from MACROCAST™ is suggesting a major bear market is on the horizon.
- Other well-respected economic indexes are confirming the signal from MACROCAST™. The Conference Board Leading Economic Index® rose to another all-time high this month.
- A study of historical price action of the S&P 500 suggests a positive 4<sup>th</sup> quarter is likely and consistent with positive returns up to one year.



## CONFERENCE BOARD LEI: ANOTHER ALL TIME HIGH

While MACROCAST™ has remained constructive all year, it's worthwhile to review other econometric models for comparison.

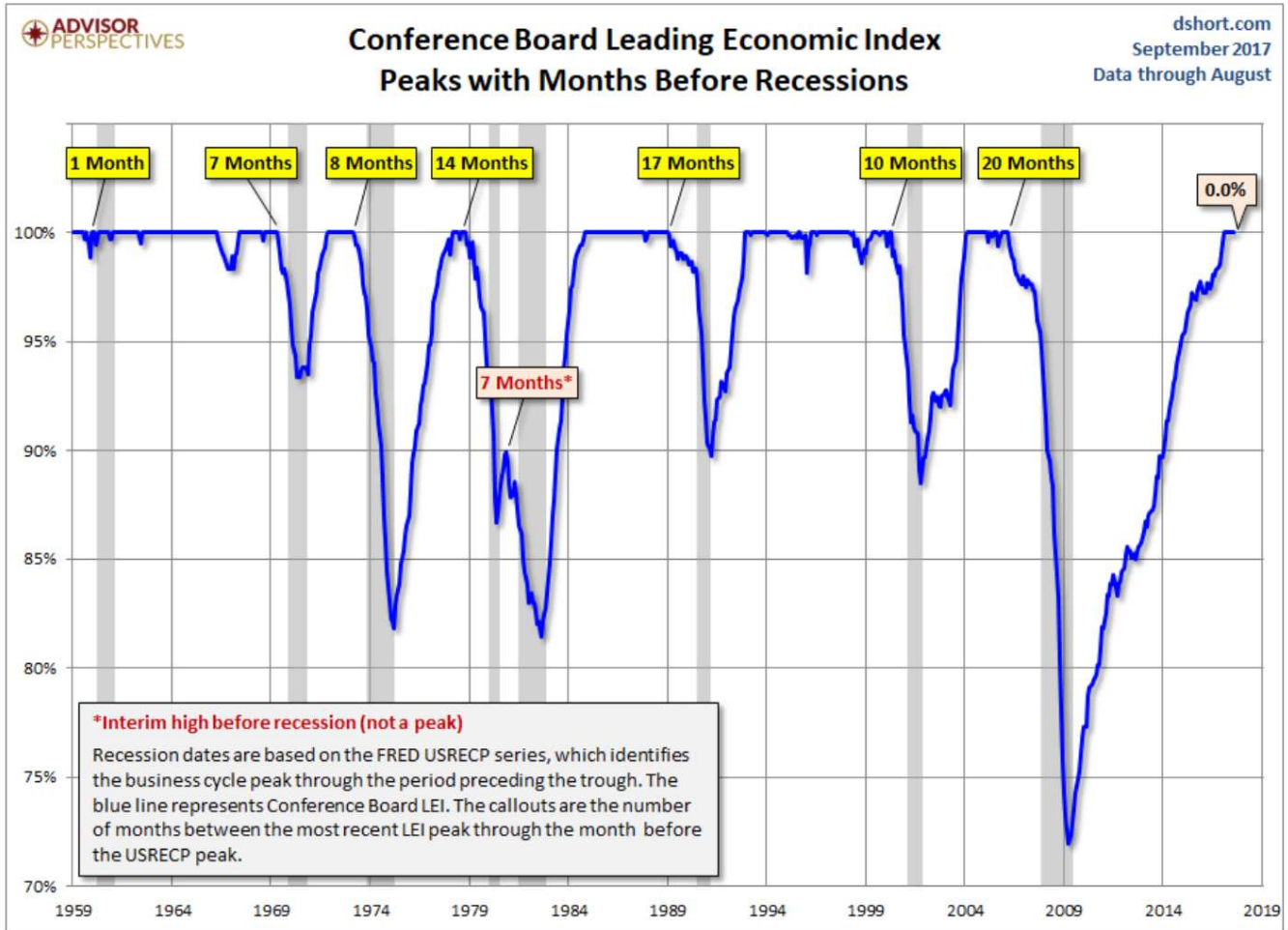
The Conference Board Leading Economic Index® (LEI) is highly respected and has a good long-term track record. The latest signal shows the LEI continues to make new all time highs:



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Furthermore, in the last 30 years, recessions have not begun until 10-20 months after the LEI peaks. Even if you assume the index peaked this month (which we do not believe), recession is at least a year away.



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## HISTORICAL PRICE TRENDS SUGGESTS A POSITIVE OUTLOOK FOR THE MARKET

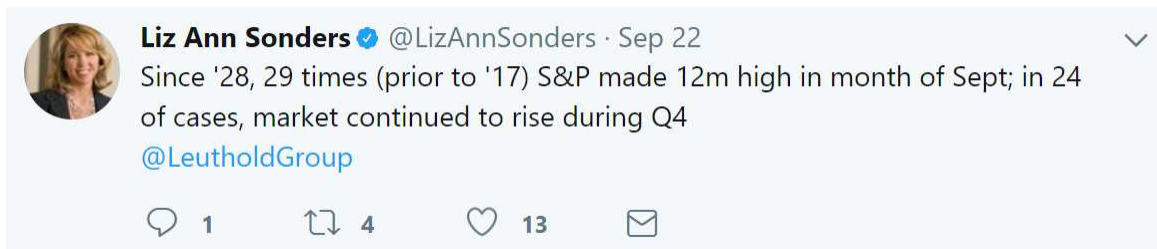
Several price studies in recent weeks have given us an optimistic outlook for stocks for the rest of the year and into 2018. These are just some of the analyses we've come across:

1. The S&P 500 is up 5 months in a row. Twenty-four of the 25 times this has happened, the market was higher a year later (data from Schaffer's Investment Research):

**S&P 500 After 5-Month Winning Streak**

	1-Month Return	3-Month Return	6-Month Return	1-Year Return
No. of Returns	25	25	25	25
Average Return	1.39%	3.15%	6.30%	13.63%
Median Return	1.34%	2.91%	6.48%	11.56%
Percent Positive	80%	64%	84%	96%
Std. Deviation	2.18%	4.80%	6.82%	9.73%

2. The S&P 500 hit a 12-month high in September. In the 29 previous instances, the market continued to rise in the 4<sup>th</sup> quarter 83% of the time (info from Liz Ann Sonders, data from the Leuthold Group).



3. The market has been positive every month from May through September only six times in history, but with a few days left in the month, there is a good chance it will occur again. In all six previous occurrences, the market was positive in the 4<sup>th</sup> quarter every time (source: Ryan Detrick of LPL).



## DON'T OVERTHINK IT

At Corbett Road, our process always begins with MACROCAST™. When MACROCAST™ is positive, as it has been since January 2012, we remain fully invested in risky assets in our tactical strategies. Other indicators, like the Conference Board LEI, are confirming what we see with MACROCAST™. Although future returns will vary and corrections will always occur, we remain confident that a major bear market is unlikely in the near future.

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