Martin Pring's
InterMarket Review

Publishing a synopsis of the world's Intermarket Analysis for 40 years.

April, 2026

11161 E State Road 70, Suite #110, PMB 344, Bradenton, FL 34202
941-356-7111

VOL. 41, NO. 11

Market Summary

1. Stock Barometer drops from 100% to 83%.
2. Numerous long term indicators are deteriorating, but an oversold short term condition, combined with bearish sentiment (Chart 12), suggests the potential for a near-term bounce.
3. The 2-year yield (leading indicator for Fed Funds) violates a key down trendline.
4. Dollar Index is poised to break above important resistance and signal a bull market.
5. Gold and silver look like they've peaked.
6. Commodity Barometer slips from 100% to 87%.

Contents

Markets Requiring Action

Markets approaching important benchmarks.
(These are not predictions, merely important chart points.)

Commodities: CRB Spot RM — Monthly close below 585 for a negative 12-month MA crossover; below 581.6 for a negative 65-week EMA cross.

Currencies: U.S. Dollar Index — Below 98.4 for a negative 12-month MA cross; Friday close below 99.95 for a negative 65-week EMA cross.

Credit Markets: iShares 20+ Year Treasury Bond ETF (TLT) — Above $88.17 for a positive 12-month MA cross; above $89.3 for a positive 65-week EMA cross.

Global Equities: iShares MSCI ACWI ETF — Month-end close above 135.3 for a positive 12-month MA crossover; and below $132.8 for a negative 65-week EMA cross.

Precious Metals: Gold — Month-end close below $3628 for a negative 12-month MA crossover; a Friday close below $3561 for a negative 65-week EMA crossover.

U.S. Equities: S&P Composite — Month-end close above 6491 for a positive 12-month MA crossover; above 6372 for a positive 65-week EMA cross.

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Chart of the Month:

Moody's Baa Corporate Bond Yield

This yield is now approaching its secular down trendline. At the end of March, the line stood near the 6.3% area, compared to a month end reading of 6.15%. The chart also reminds us that primary trend rallies—those signaled by the long term KST—tend to be far more powerful when they develop ***in the direction of the secular trend***. The green arrows highlight these pro secular buy signals, while the red ones identify the contra trend buy signals. The two major exceptions occurred in the early 1930s and in 2009, both of which were driven more by credit related fears than by a rise in the underlying level of interest rates.

The ***monthly KST remains in a bearish mode***, but its more sensitive weekly counterpart, shown in Chart 28, has flattened out. Meanwhile, the short and intermediate term KSTs are already advancing. That combination, long-term momentum stabilizing while the more responsive KSTs turn higher, suggests that a ***pro secular trend yield rally*** is likely to unfold and with it a secular down trendline upside violation. ■

Moody's Baa Corporate Bond Yield and a Long-term KST

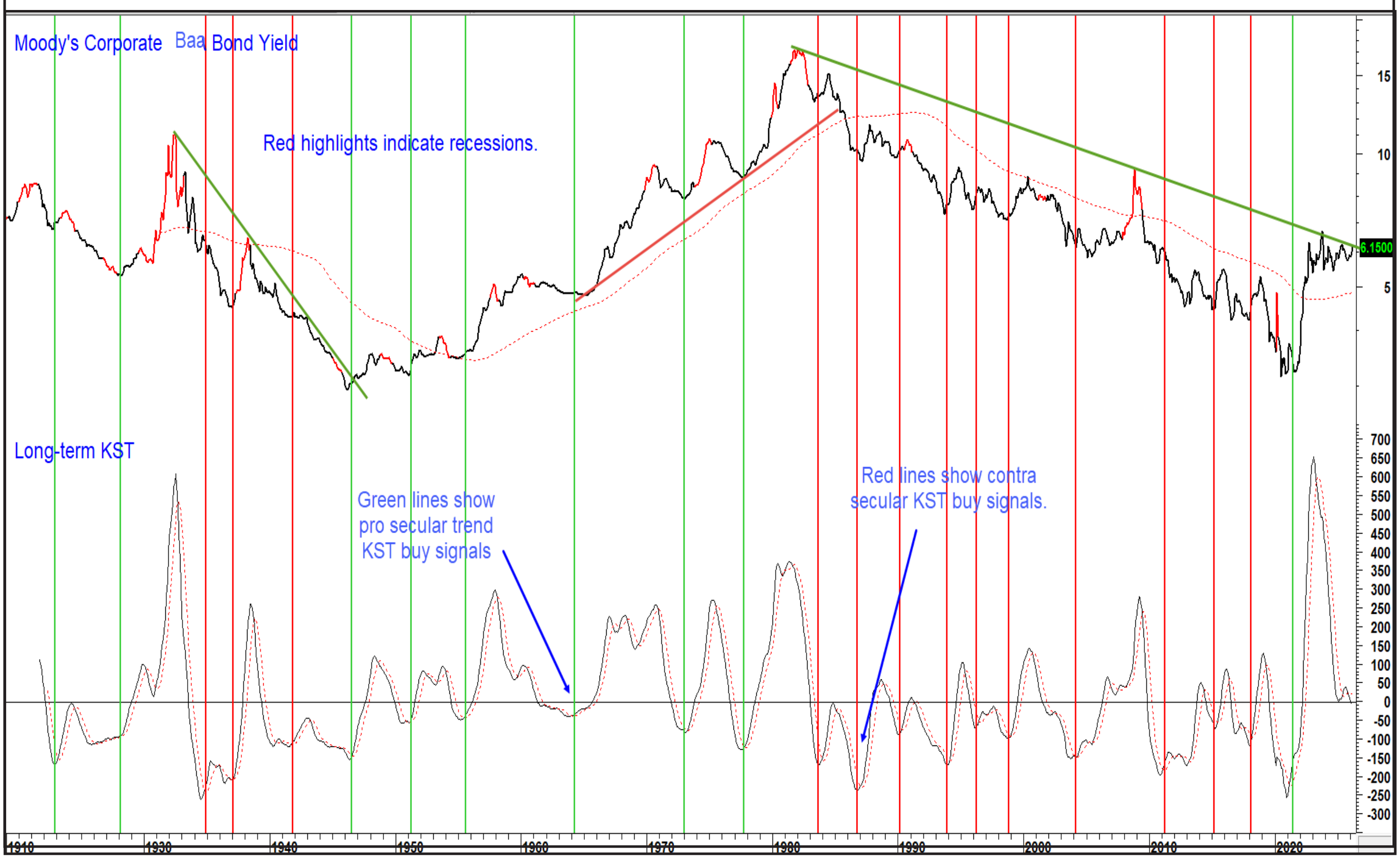


Chart 1

Guidelines for IMR Asset Allocations

The portfolio allocations presented on page 4 the Intermarket Review (IMR) have two functions. First, they are intended as a guide for a neutral investor; i.e., one who lies between conservative and aggressive. For example, we may recommend a 40% allocation to US stocks. An older more conservative subscriber looking for income and safety may conclude that such an allotment may be too aggressive. On the other hand, a younger investor, who has time and cash flow on their side, could find the 40% overly conservative. The basic point is that these allocations should only be taken at face value if you consider yourself to be a neutral investor. ETF recommendations are offered as a guide for those sectors we think will experience positive absolute and relative performance. They are in no way intended to represent complete portfolios, as that depends on an investor's investment objective and risk tolerance.

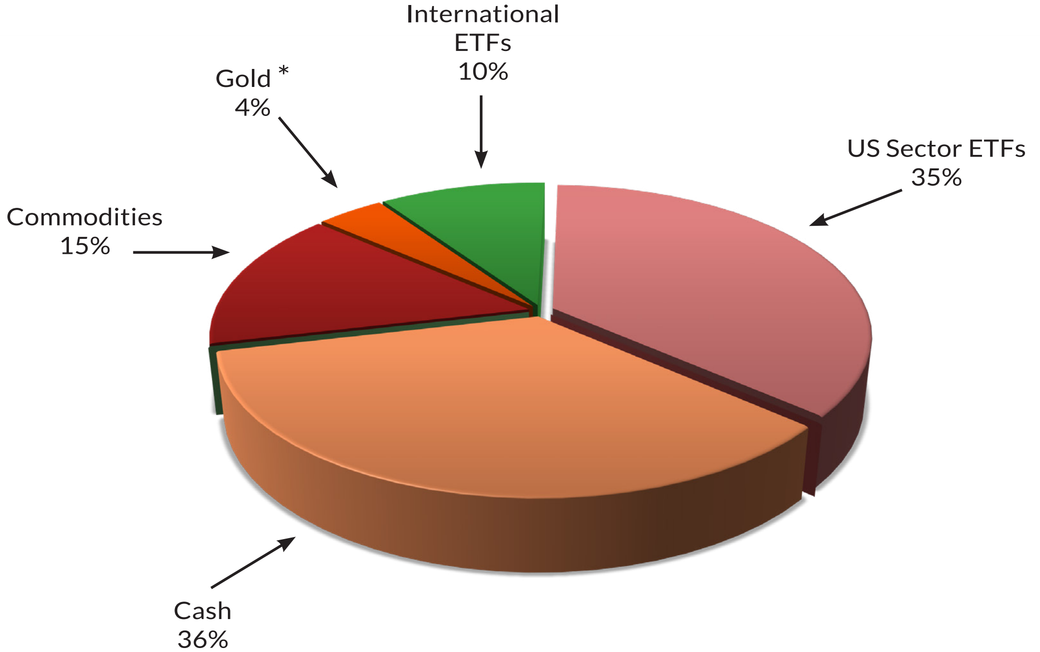
The second purpose of our allocations is to summarize our thinking about the markets in a practical, executable way. For example, we might conclude from the position of our indicators that inflation hedge stocks and commodities are headed higher. In that instance, the allocation page would be used to emphasize those views by recommending inflation driven sectors, resource based country ETFs, such as Canada and Australia, as well as commodity index ETFs or individual commodity ETFs. We might even include an inverse bond ETF to undermine our inflationary expectations. By the same token, if our indicators suggest a global bear market for equities, that portion of the portfolio would be greatly reduced. This equity exposure would most likely comprise defensive sectors such as utilities and consumer staples. Greater exposure to long-term bonds and cash would round out the picture.

Various asset classes and sectors perform differently in different parts of the business cycle. Our recommendations are usually consistent with the prevailing stage as flagged by our models. Technical factors that we take into consideration are long-term moving averages, such as the 12-month or 65-week time span, the absolute long-term KST, relative action and the long-term KST for relative action. Individual US equity sectors are compared to the S&P Composite and country ETFs to the MSCI World Stock ETF (ACWI).

Since there is always a bull market somewhere and some investors have an insatiable appetite to be constantly active, we do, from time-to-time, recommend spreads where it's possible to take advantage of a trend in a relationship that can benefit regardless of the market's direction. For example, transports tend to be an early cycle leader and energy a laggard. If the technicals were consistent, a long transports/short energy ETF trade might be appropriate.

In most instances, risk management stop losses are recommended. The stop will typically be placed below a previous short-term low or more commonly under a 65-week EMA. Each month the stop levels are reviewed and where possible are raised. When a market or sector is considered vulnerable, stops will be tightened aggressively. Because markets can move strongly between issues, new subscribers should always assess the risk between current prices and stop levels to make sure that the difference is manageable. If it is not, it probably means the security in question is overstretched and you are better advised to wait for a correction. ■

Asset Allocation Recommendations



Recommended US Sector ETFs

**** Stop is Based on Friday Close Below —**

Global X Copper Miners ETF (COPX)** $52

Global X Internet of Things ETF(SNSR)** $35

Invesco DB Energy Fund (DBE)** $19

Invesco S&P Global Water Index ETF (CGW)** $58

iShares Global Energy ETF (IXC)** $41

iShares US Aerospace & Defense ETF (ITA)** $183

iShares US Basic Materials ETF (IYM)** $144

iShares US Oil & Gas Exploration & Production ETF(IEO)** $91

iShares US Pharmaceuticals ETF (IHE)** $73

SPDR S&P Biotech ETF(XBI)** $94

VanEck Agribusiness ETF (MOO)** $69

International —

ishares Msci Austria ETF(EWO)** $28

iShares MSCI Brazil ETF(EWZ)** $28

iShares MSCI Canada ETF(EWC)** $48

iShares MSCI Malaysia ETF (EWM)** $24

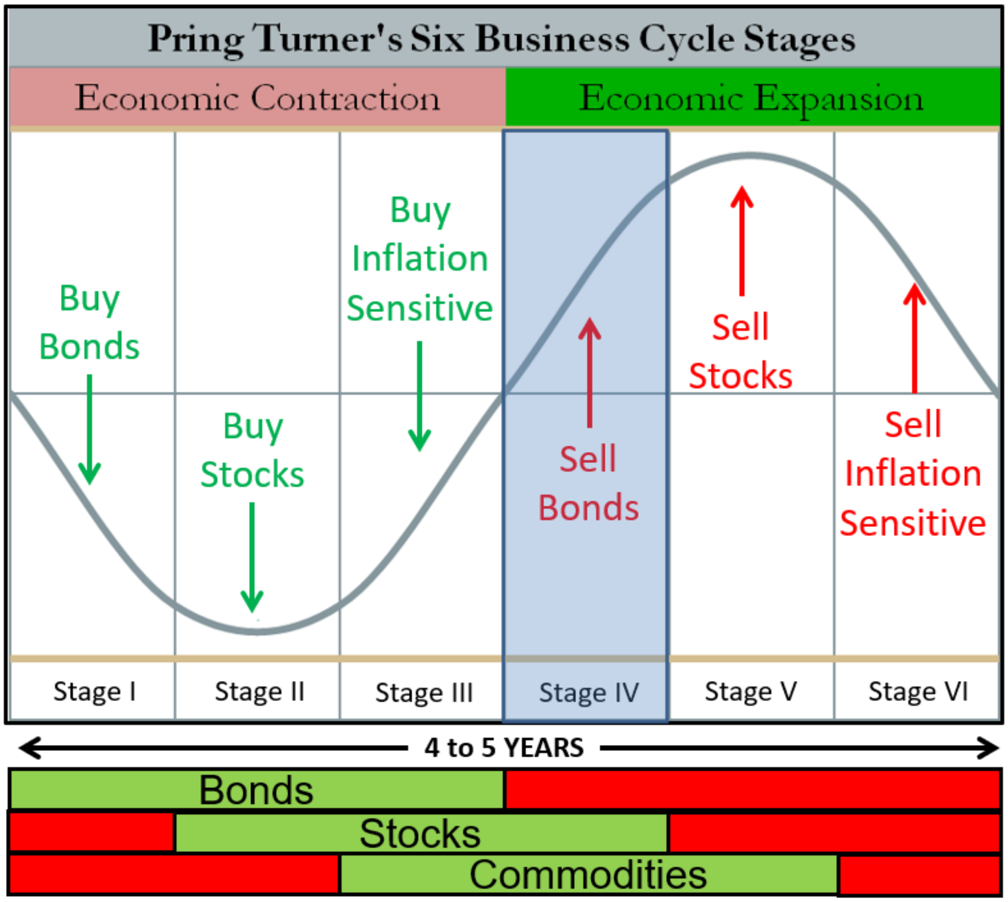
iShares MSCI Singapore ETF (EWS)**$26

iShares MSCI UAE ETF (UAE)**$17

iShares MSCI United Kingdom ETF (EWU)**$39

Vanguard Pacific Stock Index Fund ETF (VPL)**$82

Key — * Dependent on market action, ** Stop is based on Friday close, *** Buy on Friday close above.



STAGE 4 – SECTOR WINNERS

Stage 4 Commodity Winners	Annual*
Crude	16%
Platinum	15%
Silver	10%
Copper	24%
Gold	14%
Bloomberg Commodity ETN (DJP)	11%

Stage 4 Sector Winners	Annual*
Semi Conductors	15%
Utilities	14%
Health Care	11%
Aluminum	11%
Technology	13%
Oil and Gas	17%
Industrials	11%
Metals	18%

Stage 4 Summary 1955-2011

- Signals 32
- Average Duration 6.8 months
- % of total period 32.6%

Stage 4 Summary	Annual*
Bonds	-8%
Stocks	9%
Commodities (CRB Spot)	13%

* Monthly change annualized percent

- Stage 4 figures are monthly returns on an annualized basis. They represent averages of Stage 4 performance for the 32 signals since the mid-1950s. Individual Stage 4 performance may vary considerably from the average.
- This performance data only measures sectors/industry groups where a multi-decade price history exists. Thus, it does not include internet stocks, etc.
- Performance is based on price not total return.
- Click here for more information on the business cycle and the six stages.

US Dollar-Based Asset Allocation

The key development in March was the deterioration in the Stock Model, which slipped from 100% to 83%. This decline stemmed from the Stock/Commodity ratio and the long-term KST for the S&P Composite going bearish. The Bond Barometer held steady at a bearish 37%, while the Commodity Model softened to 87% thanks to the S&P negative 9-month MA crossover. With equities and commodities still positive and bonds negative, the business cycle remains anchored in Stage 4. This agrees with our "poor man" model where the three markets, bonds, stocks and commodities are ranked relative to their position against their 12-month averages.

Stage 4 is typically the most punishing phase for bond prices. March price action provided a clear illustration of why the current one is likely to be consistent with a weak performance, as government bond markets in the UK, Germany, and Japan all broke to the downside and our World Bond Index, expressed in local currencies, fell to a decisive new secular low. We expect US credit instruments to follow a similar path. It's worth recalling that several reliable indicators signaled the start of a new secular bull market in yields a few years ago. That backdrop matters because primary downtrends that run counter to the secular direction tend to be weak and short lived, while moves aligned with the secular trend are usually far more powerful. Chart 1, featuring Moody's Baa corporate yield demonstrates this characteristic well. Under that framework, the post 2023 consolidation in yields fits neatly as a counter trend phase within a broader secular advance. ***If*** yields break higher in the period ahead, which wouldn't take much, that would signal the end of the consolidation and the start of a new up leg.

In a logical business cycle progression, the next financial market turning point should be a stock market peak. It's possible we saw it last February, but the weight of the evidence from a consensus of our long-term indicators doesn't bear that out—yet. Nonetheless, last month's deterioration in the Stock Barometer raises an amber flag and tells us the clock's begun to tick. In that respect, Chart 10 demonstrates that most bull market peaks were preceded by some initial weakness in the Barometer's total.

Stock prices almost always move in anticipation of economic shifts. Heading into the Iran war, the limited data available pointed to a renewed recovery and the continuation of the equity bull market. If energy prices fail to advance meaningfully from current levels, we still believe that scenario remains possible—even if energy costs remain elevated. The challenge, of course, is that no one knows the magnitude or duration of the conflict.

At the same time, several long term indicators have recently deteriorated. Given that backdrop, we believe it's prudent to reduce equity exposure until either the indicators start to improve or the political and economic outlook becomes clearer. In the interim, our positioning remains significantly tilted toward ***taking advantage of a Stage 4 commodity bull market***.

Allocations

In view of a worsening long-term technical position, we're lowering our global equity allocation to 45%, split between a 35% allotment to the US and 10% abroad. With any luck, this reduction could gradually take place under the context of a relief rally, which would help cushion the transition.

We no longer recommend BOTZ, RSPG, XRT, and EIRL. RSPG is being liquidated merely because the portfolio is well exposed to energy, especially after the recent rally, and is a way of taking profits.

The 12% allotment to the iShares Core 1-5 Year USD Bond ETF (ISTB) is no longer recommended in view of the escalating risks of higher global interest rates. The proceeds will augment the cash position.

We're maintaining our commodity allocation at 15%. This is divided between a 10% allocation to the iPath Bloomberg Commodity Index Total Return(SM) ETN (DJP), a 3% allocation to the Invesco DB Base Metal Fund (DBB) and a 2% position in the Teucrium Agriculture Fund (TAGS) (grains and sugar). Protective Friday close stops are placed at $35.5, $20, and $22, respectively. A certain degree of caution is required with TAGS as it's not the most liquid of funds.

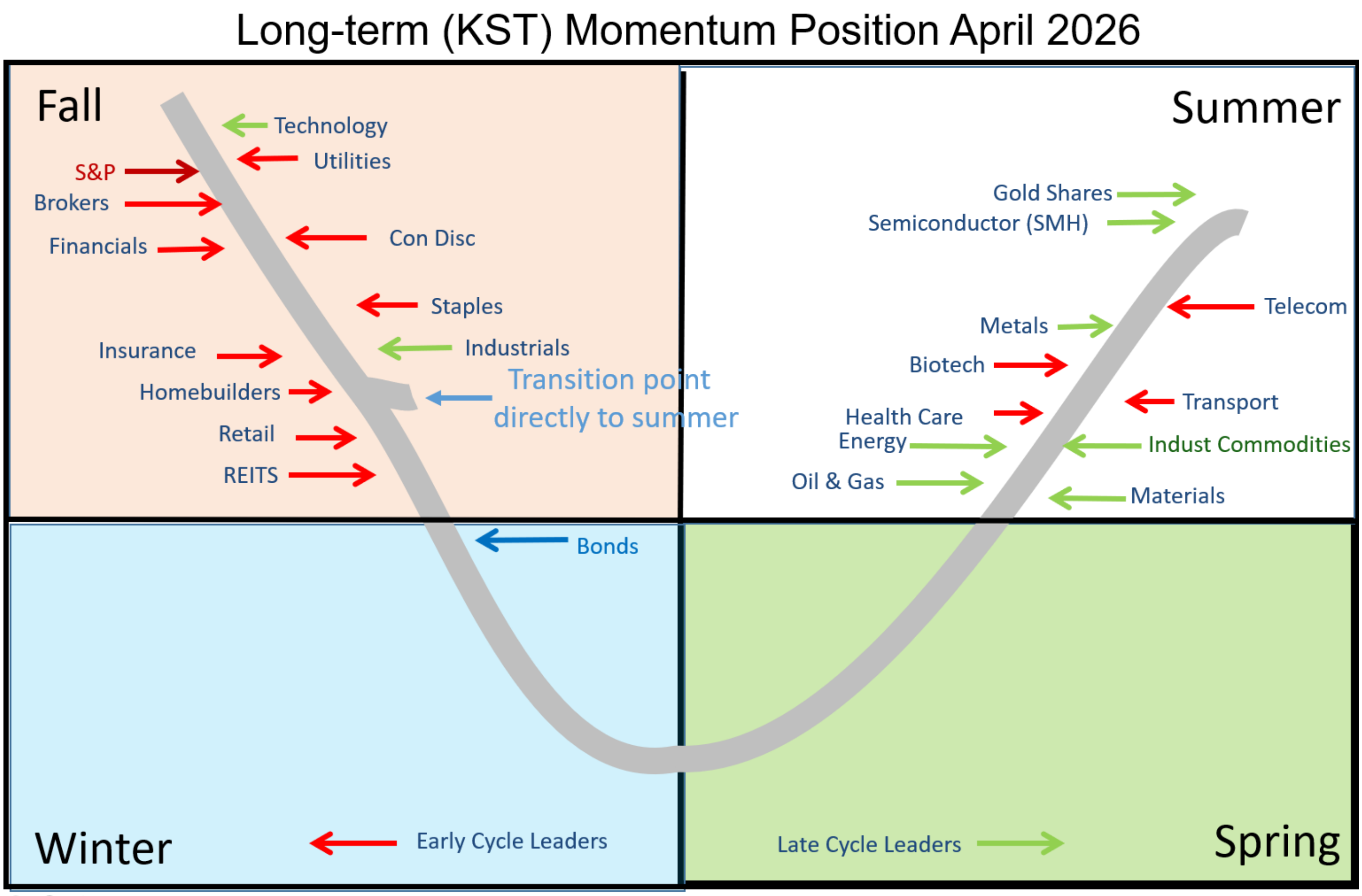


Figure 1

March brought several shifts out of the bullish ***summer*** quadrant into the more problematic ***fall*** position. Because many of these moves are somewhat anemic, the door remains open for a swing back into summer, an outcome that would imply a rally to new highs. Even so, based on the data at hand, the more likely path is for those sectors to register clearer, more decisive fall quadrant signals, with others—such as semiconductors and gold shares—potentially joining them.

The red and green arrows denote sectors that do well at the early and late stages of the cycle, respectively. Note there's a confluence of early cycle "reds" in the fall quadrant, whereas green predominates the bullish summer phase. This combination indicates a late cycle environment consistent with a Stage 4. ■

Continued from page 6 . . .

We no longer recommend the SPDR Gold Shares (GLD) since we believe it's peaked for the cycle. Nonetheless, the price is currently in a deeply oversold condition, so our inclination is to wait for a possible retracement rally and liquidate in the $430-450 area. In the meantime, the Friday close stop is being raised to $335. A 36 % cash position rounds out the portfolio. ■

Martin J. Pring

March 31, 2026

World Overview & Global Financial Markets

Our dollar based World Bond Index has just produced a false upside breakout. These kinds of failed moves often lead to above-average declines, as traders caught on the wrong side of the market are forced to unwind positions. The breakout was also mirrored by a similar failure in the short term KST in Chart 2. Meanwhile, its intermediate counterpart barely managed to rise above its equilibrium line even as the Index itself was making a multi month high and has now turned down, another sign of underlying weakness. Chart 3 shows that the World Bond Index, when measured in local currencies, has now slipped to a new secular bear market low. With its long term KST beginning to roll over, the outlook for global bonds is decidedly unattractive.

Chart 4 points to the underlying driver: our Global Commodity Index, based on the CRB Composite, has broken above a 19-year resistance trendline. That breakout signals meaningful underlying strength and should help both momentum indicators move toward more decisive buy signals. More importantly, the sheer length of the 2004–2026 consolidation implies that commodity prices are likely setting up for a substantial advance over the next several business cycles.

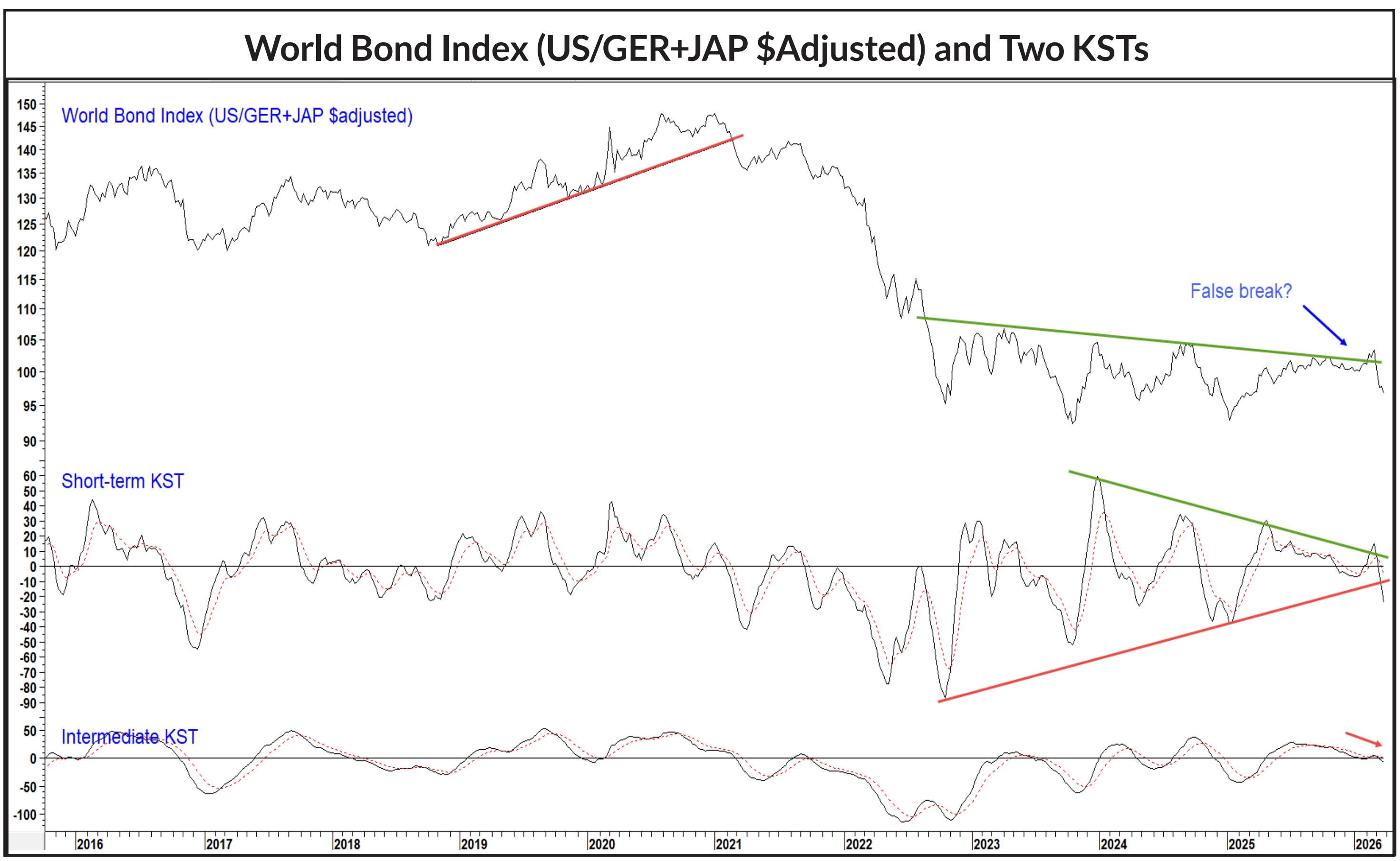


Chart 2

World Bond Index (US/GER+JAP Local Currencies) and a Long-term KST

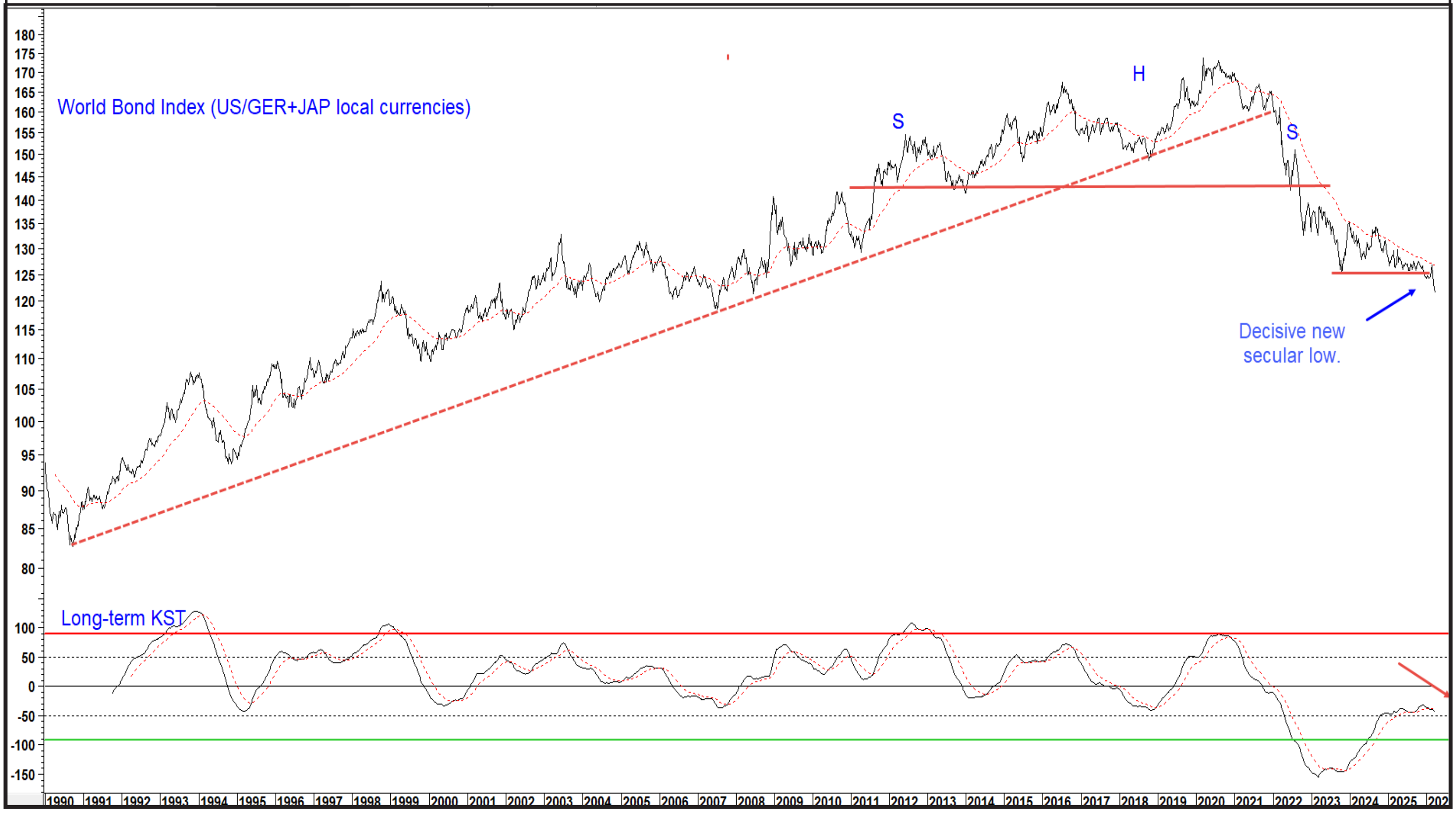


Chart 3

Global (CRB Composite) Commodity Index and Two Indicators

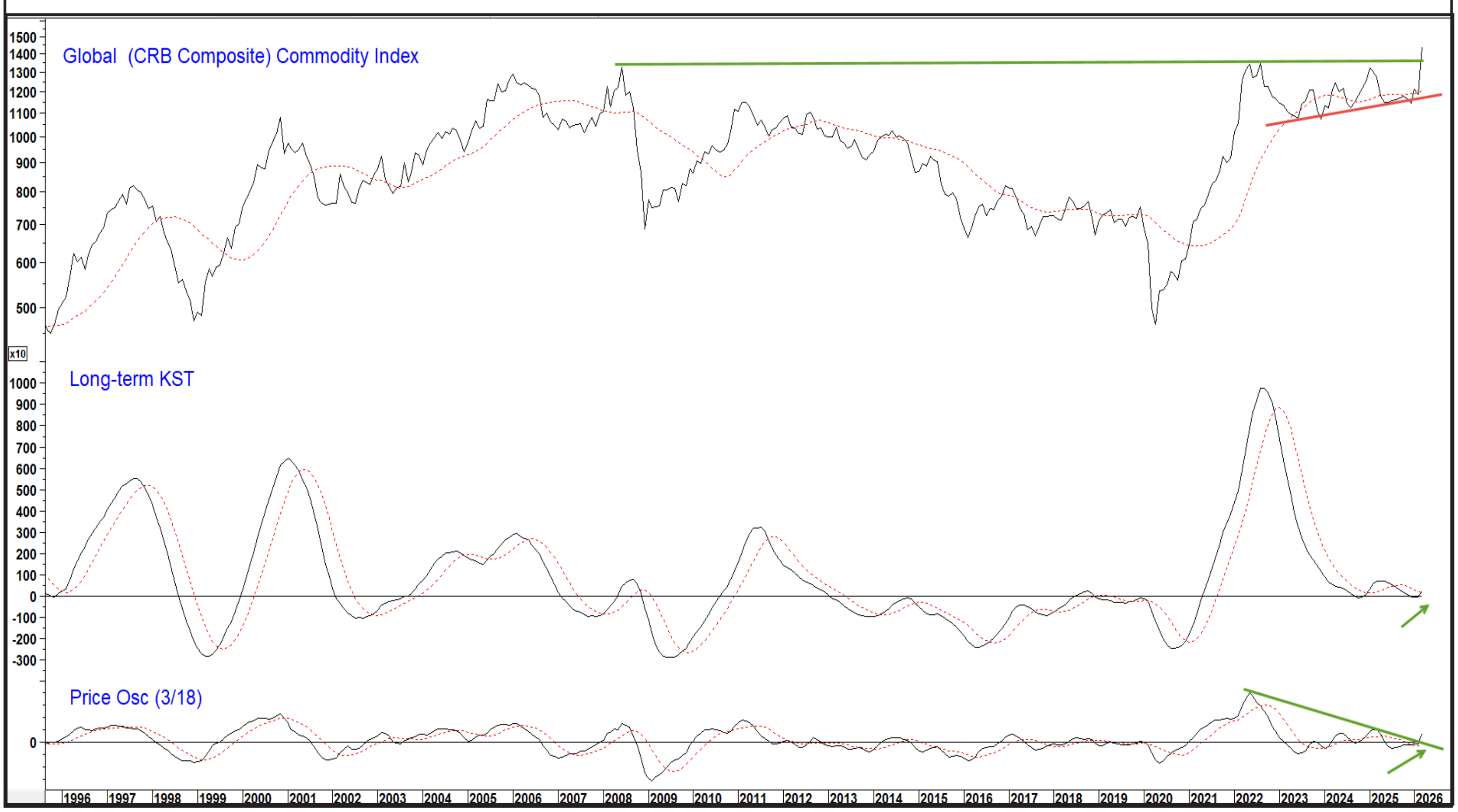


Chart 4

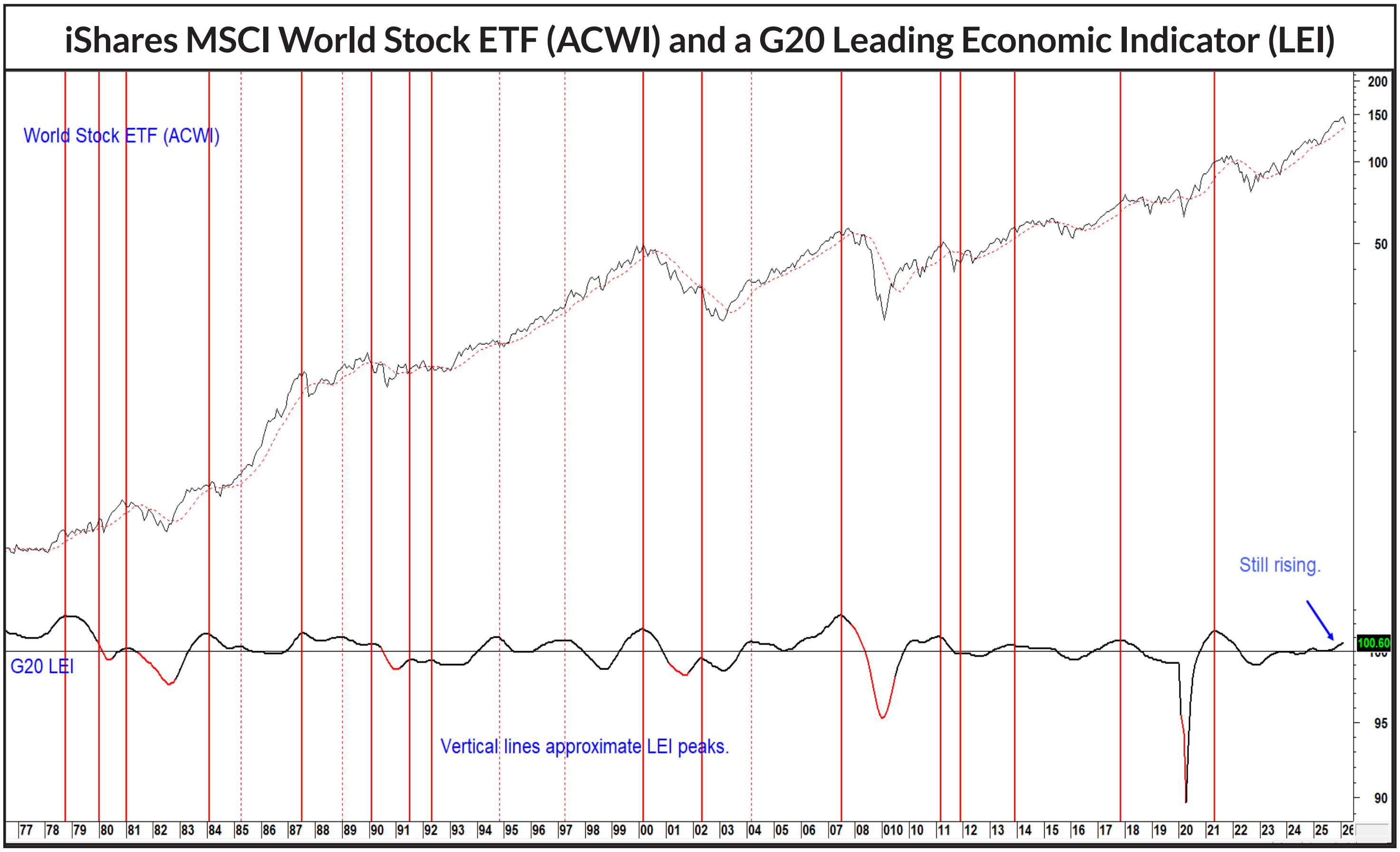


Chart 5

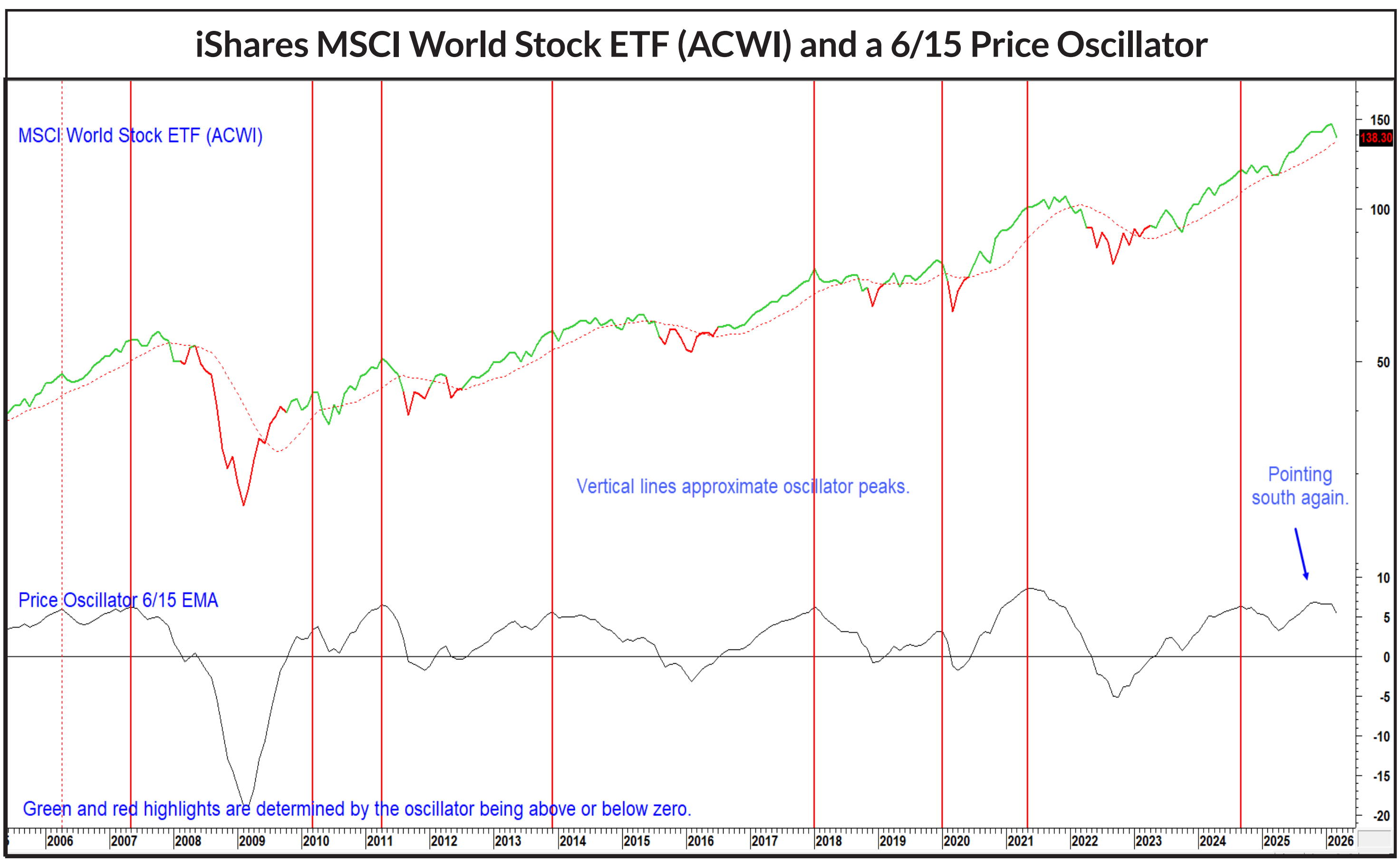


Chart 6

iShares MSCI World Stock ETF (ACWI) and a Global 6/12 EMA Model

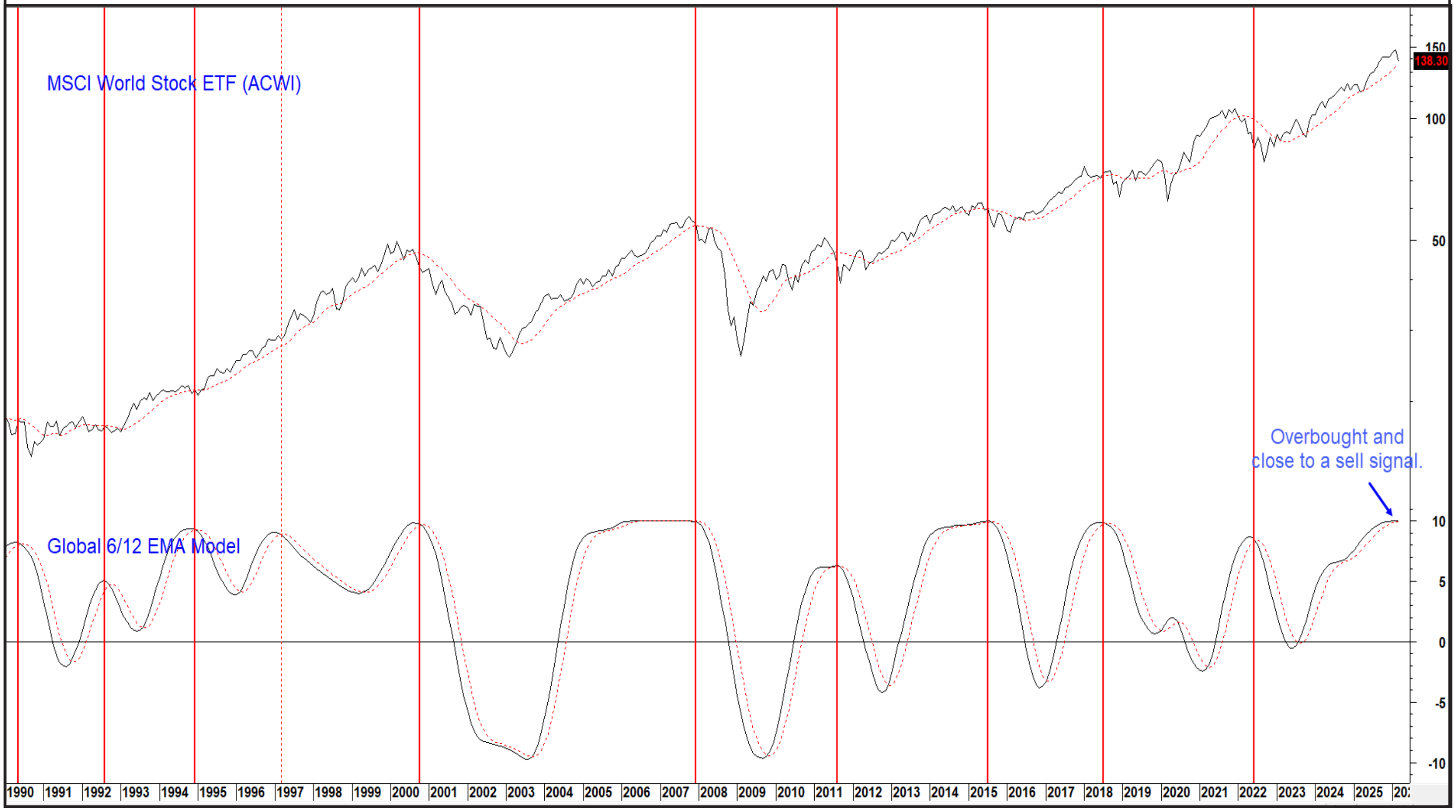


Chart 7

Global commodities often strengthen when the world economy is gaining traction, and that's exactly what Chart 4 illustrates. A firming global economy also tends to be a constructive signal for equities. The vertical lines in Chart 5 mark periods when the G20 LEI has peaked. The solid ones typically preceded stretches of heightened volatility or outright price weakness, while their dashed counterparts represent peaks that had little or no negative impact on equity performance. With the indicator still trending higher, it continues to signal an "all clear" for equities. Normally, economies turn around slowly but global hostilities in the Middle East have the potential to accelerate this process.

Markets don't suffer such a lag and can respond immediately. In that respect, several technical indicators have already begun to deteriorate. Chart 6, for example, shows our 6/15 EMA model for the MSCI World Index (ACWI). The red highlights mark periods when the oscillator drops below zero (green when above). In several instances, these signals occur well after the final price peak, which limits their usefulness. However, when negative moving average crossovers are substituted as the signaling mechanism, the sell indications become far timelier. These crossover signals are marked with the vertical red lines, where it's evident that one was triggered in March.

Chart 7 tackles the issue from a different angle by tracking the percentage of individual country indexes whose 6 month is trading above its 12-month EMA. The vertical lines mark periods when this oscillator drops below its 9-month moving average, shown by the dashed red line. Historically, such breakdowns are often followed either by a market decline or an extended bout of volatility in the World Index. The indicator has begun to flatten and is now uncomfortably close to triggering a sell signal.

World Index Deflated G20 CPI and an 18-month RSI

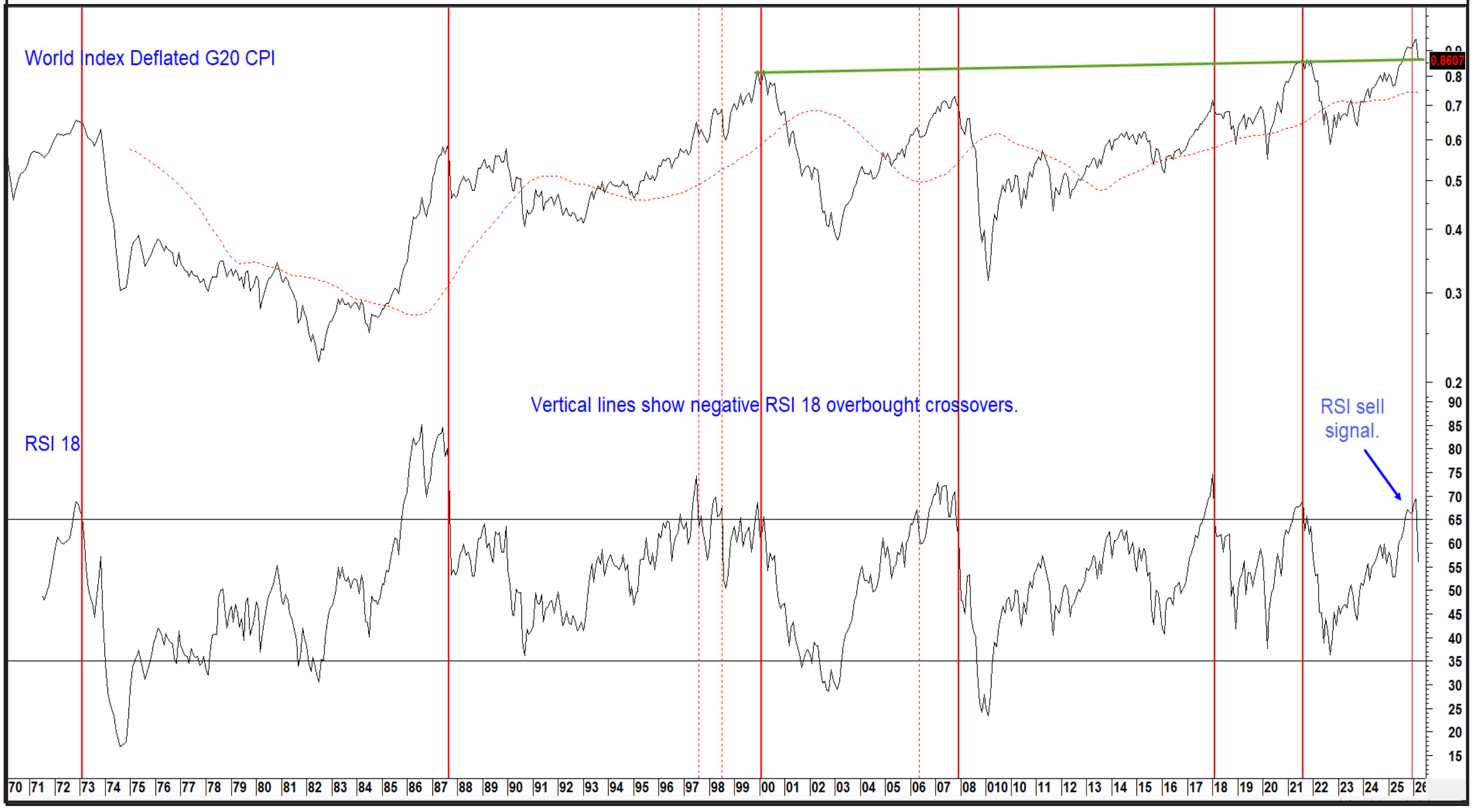


Chart 8

Last month, we compared the inflation adjusted World Index with its 18-month RSI in Chart 8 and noted that when the RSI moves above its overbought zone and then falls back through it, the pattern is typically followed by lower real equity prices. That setup produced a fresh signal in March.

iShares MSCI World Stock ETF (ACWI) and a Special K

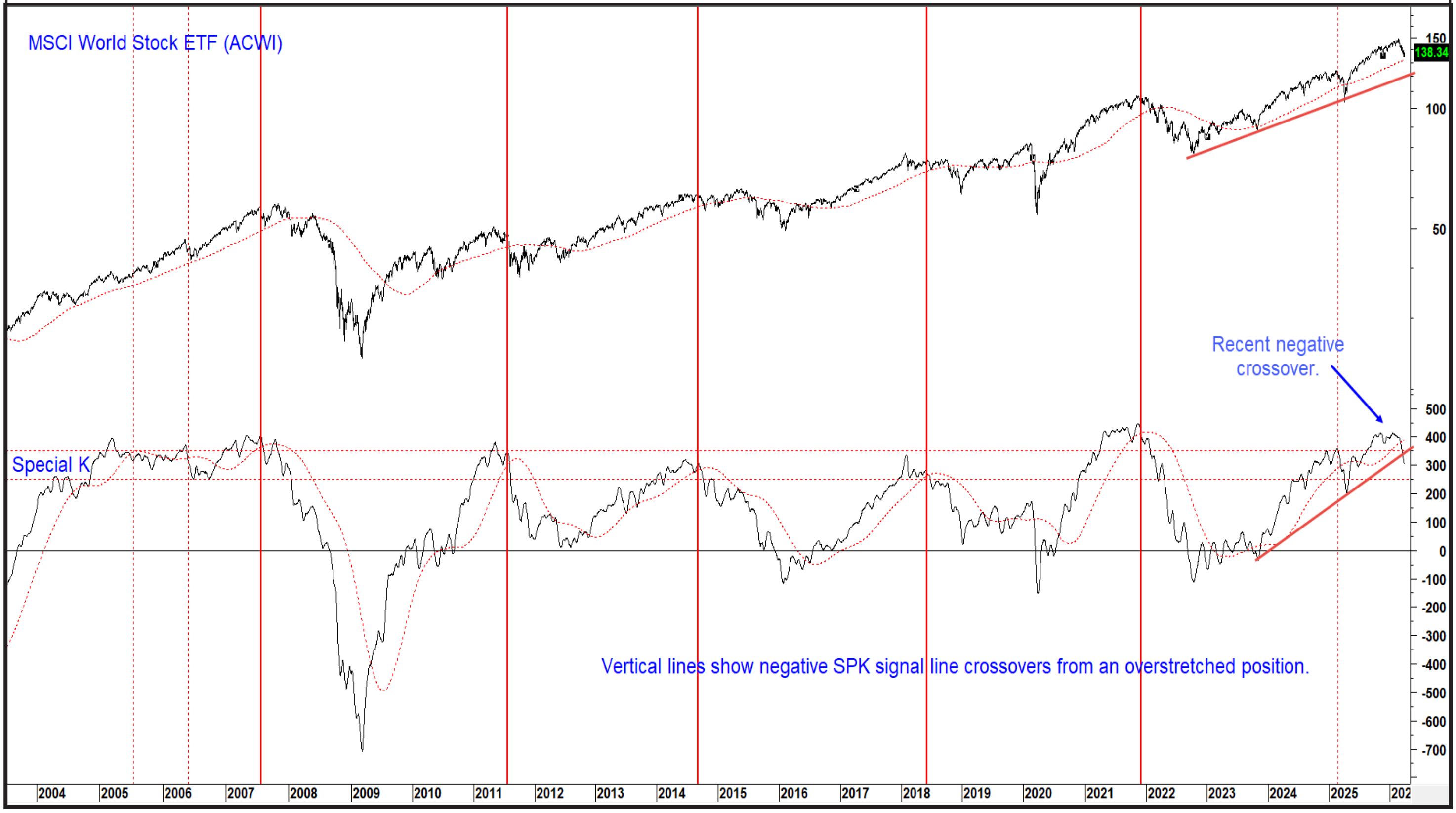


Chart 9

We've been monitoring the Special K in Chart 9 for global equities for some time. This indicator has a strong track record of issuing reliable sell indications when it crosses below its signal line from an extended level. Not every signal is dependable, however, as the false negatives in 2005 and 2006 demonstrate. A similar whipsaw occurred in 2025. These exceptions remind us to be cautious about adopting an outright bearish stance solely based on these kinds of setups.

Conclusion

A number of long term indicators with historically reliable performances have now turned bearish, suggesting a more cautious, risk aware posture is appropriate. Even so, the ACWI remains above key trend measures such as the 12-month and 200-day moving averages. As long as that support holds, and the G20 LEI continues to strengthen, the odds still lean toward a constructive outcome. ■

US Stock Market

Our Stock Barometer began to soften in March as the stock/commodity ratio slipped below its 12-month moving average, the long term KST for the S&P Composite (Chart 11) fell beneath its signal line. As a result, the Barometer eased to 83%. Since the S&P avoided a negative 12-month MA crossover, our stock/money market model is still bullish.

From a contrarian standpoint, a late March drop in the 12-month ROC for (inverted) bearish newsletter writers is encouraging. It's currently negative because it's still declining in Chart 12. Historically, as the vertical lines show, upside reversals from an overstretched reading have typically been followed by favorable equity performance, except when the primary trend has been negative.

S&P Composite and the Stock Barometer

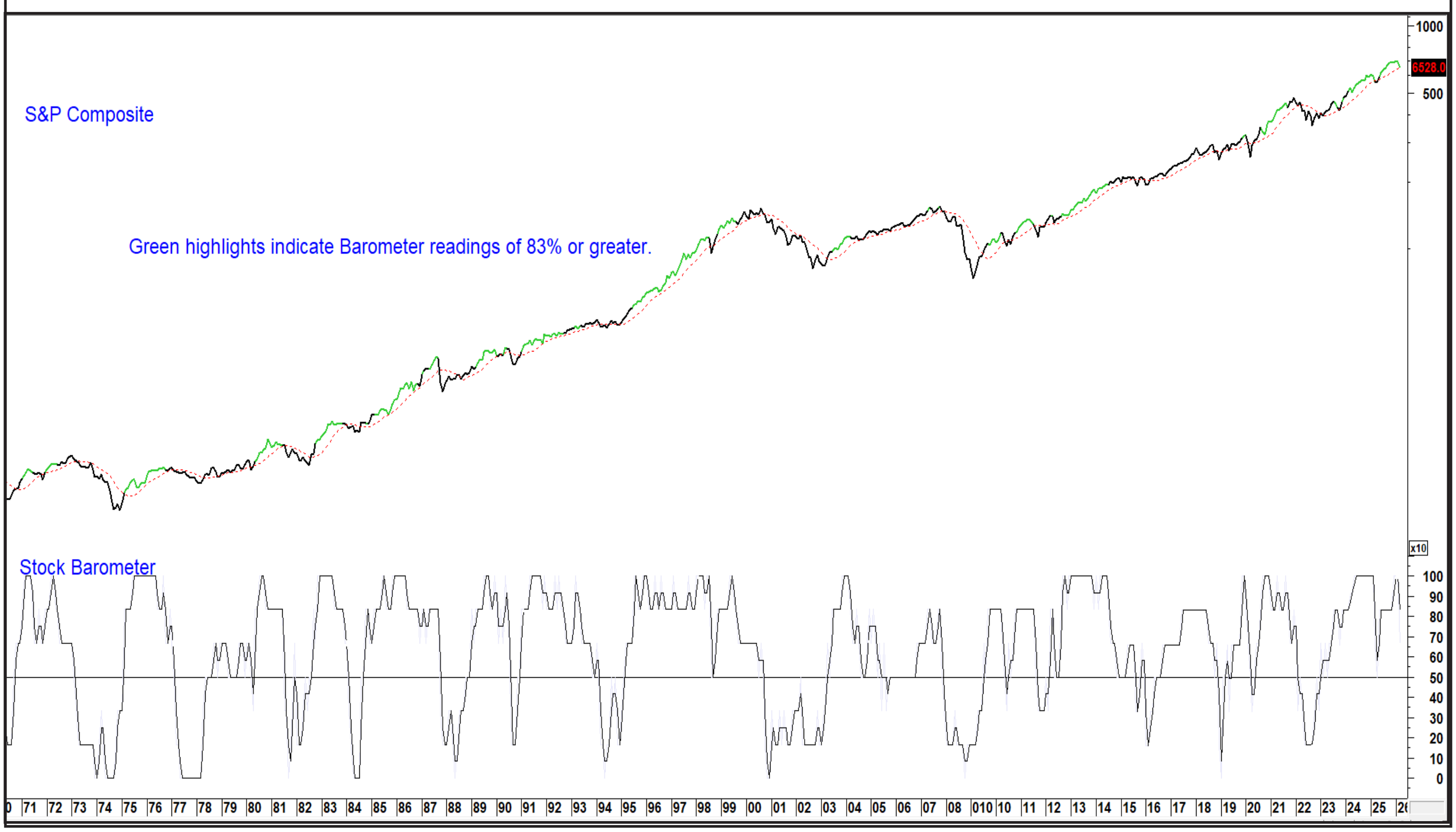


Chart 10

CPI Adjusted Stocks and a Long-term KST

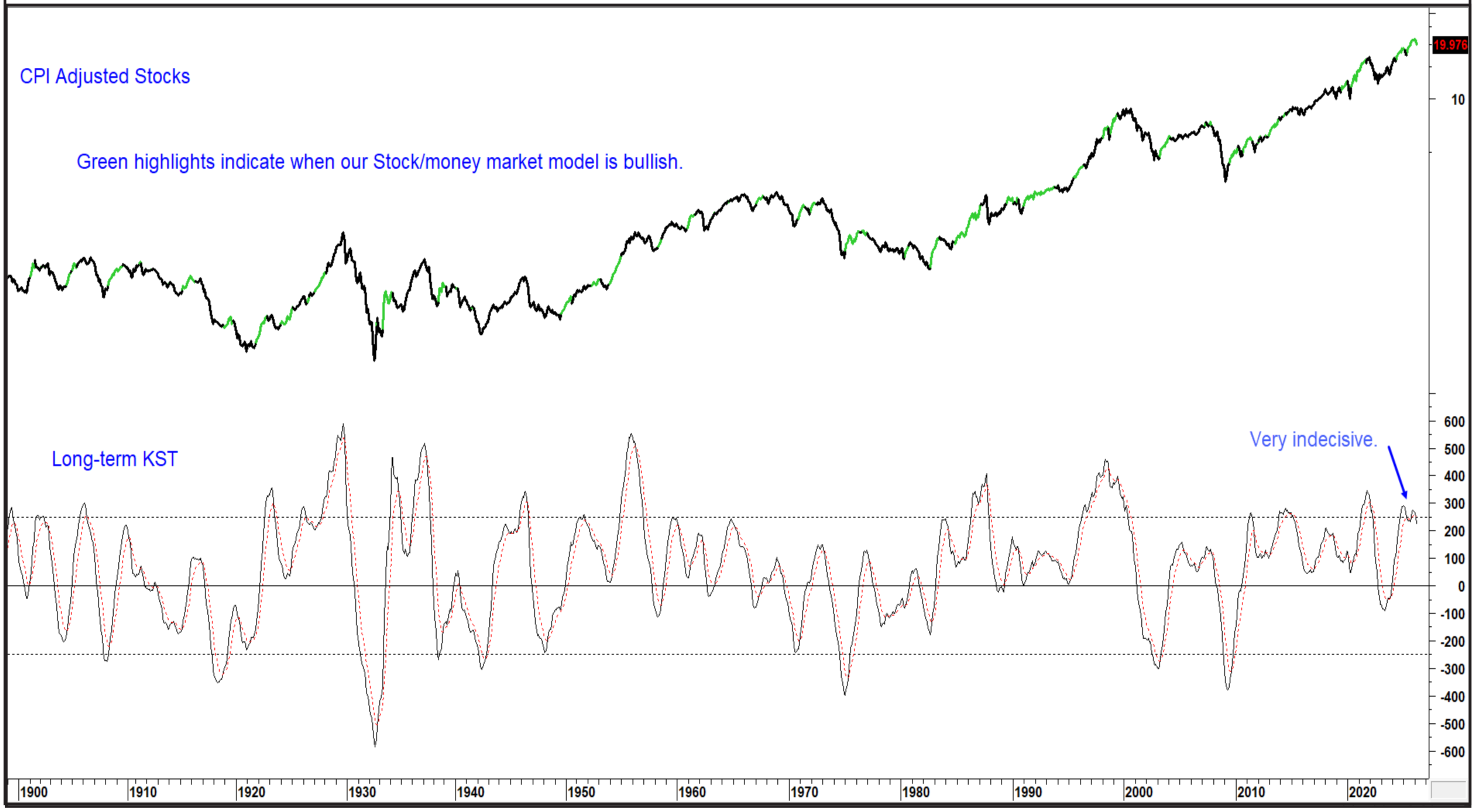


Chart 11

S&P Composite and an Inverted Bears 10-week ROC

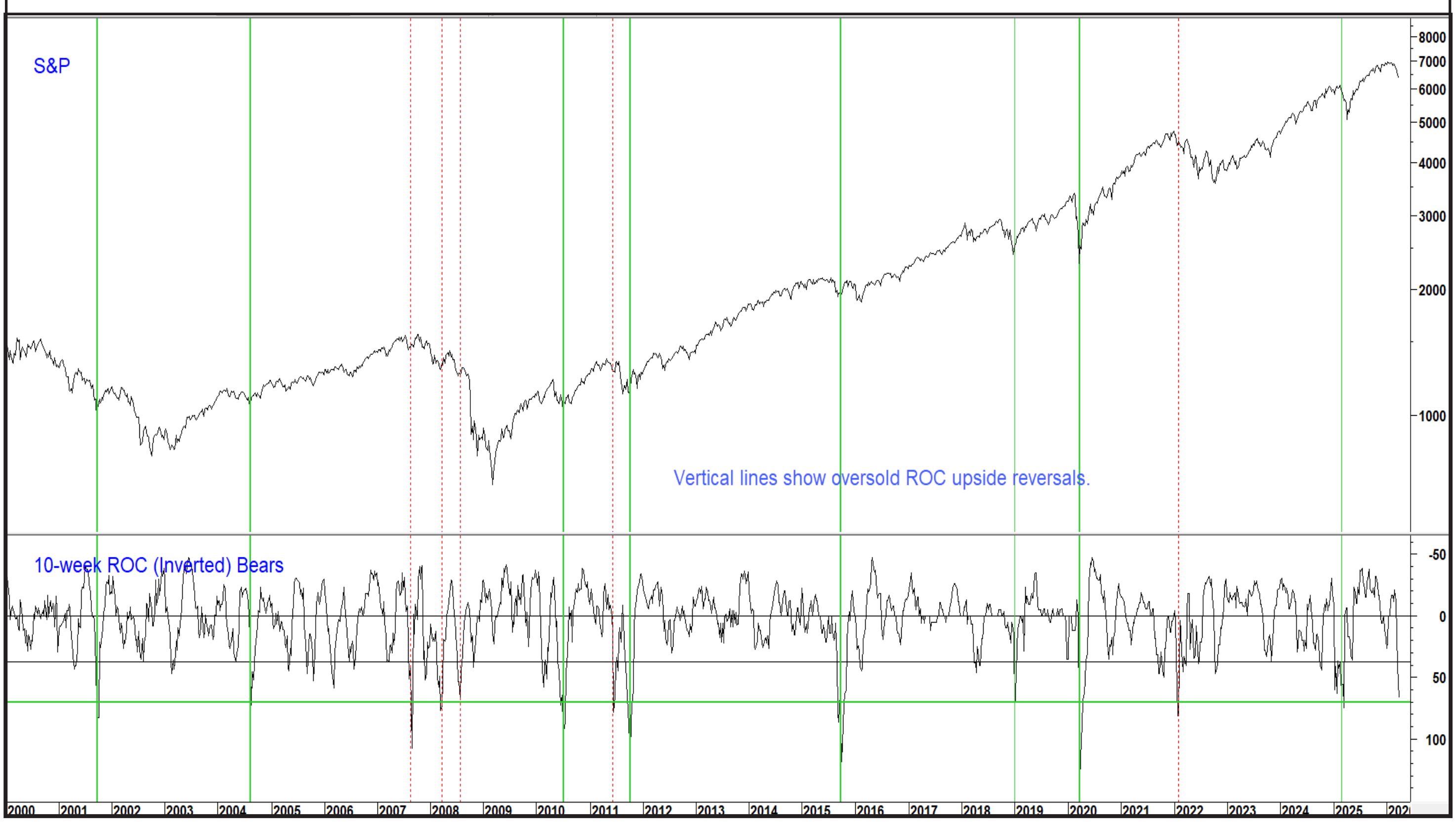


Chart 12

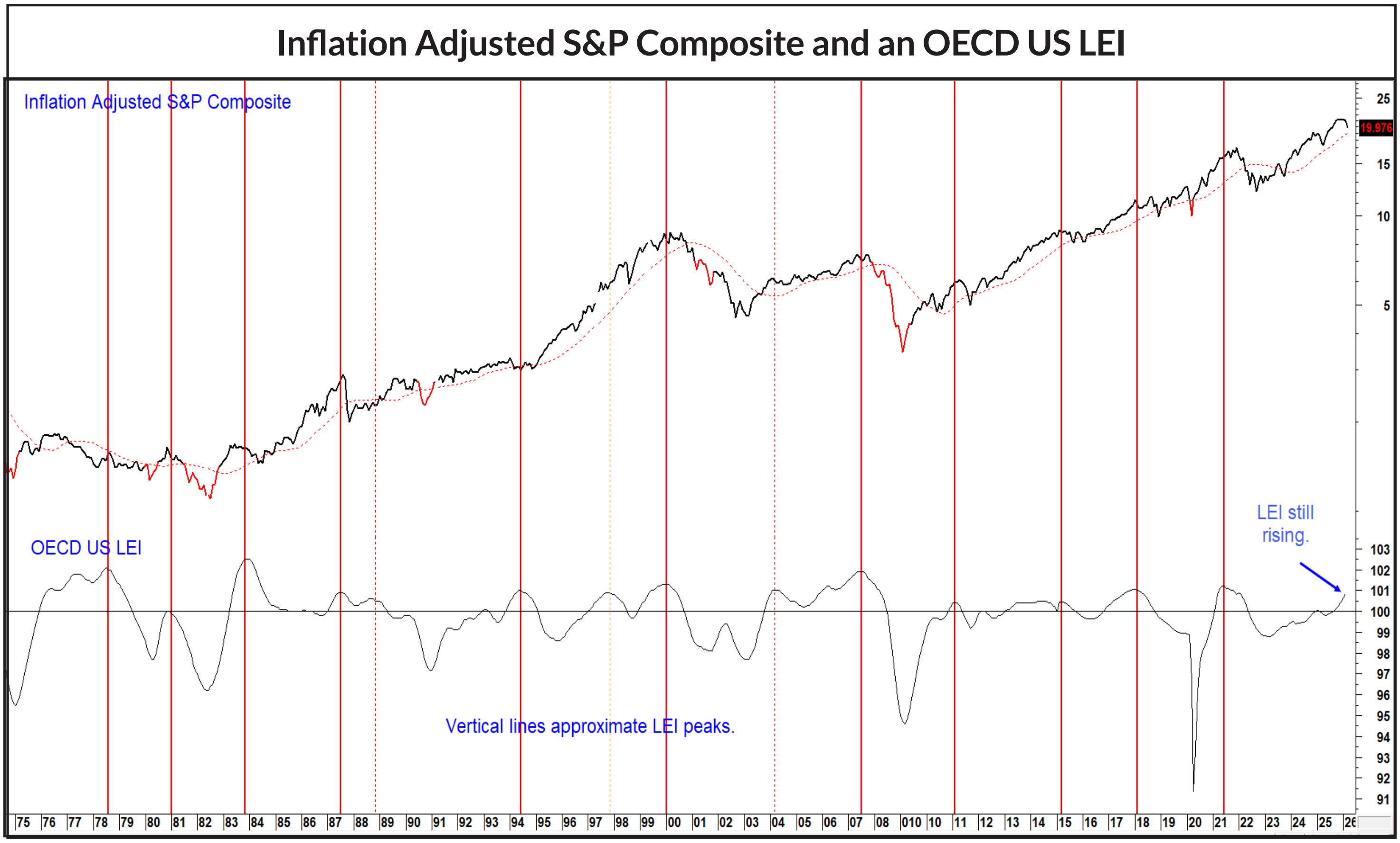


Chart 13

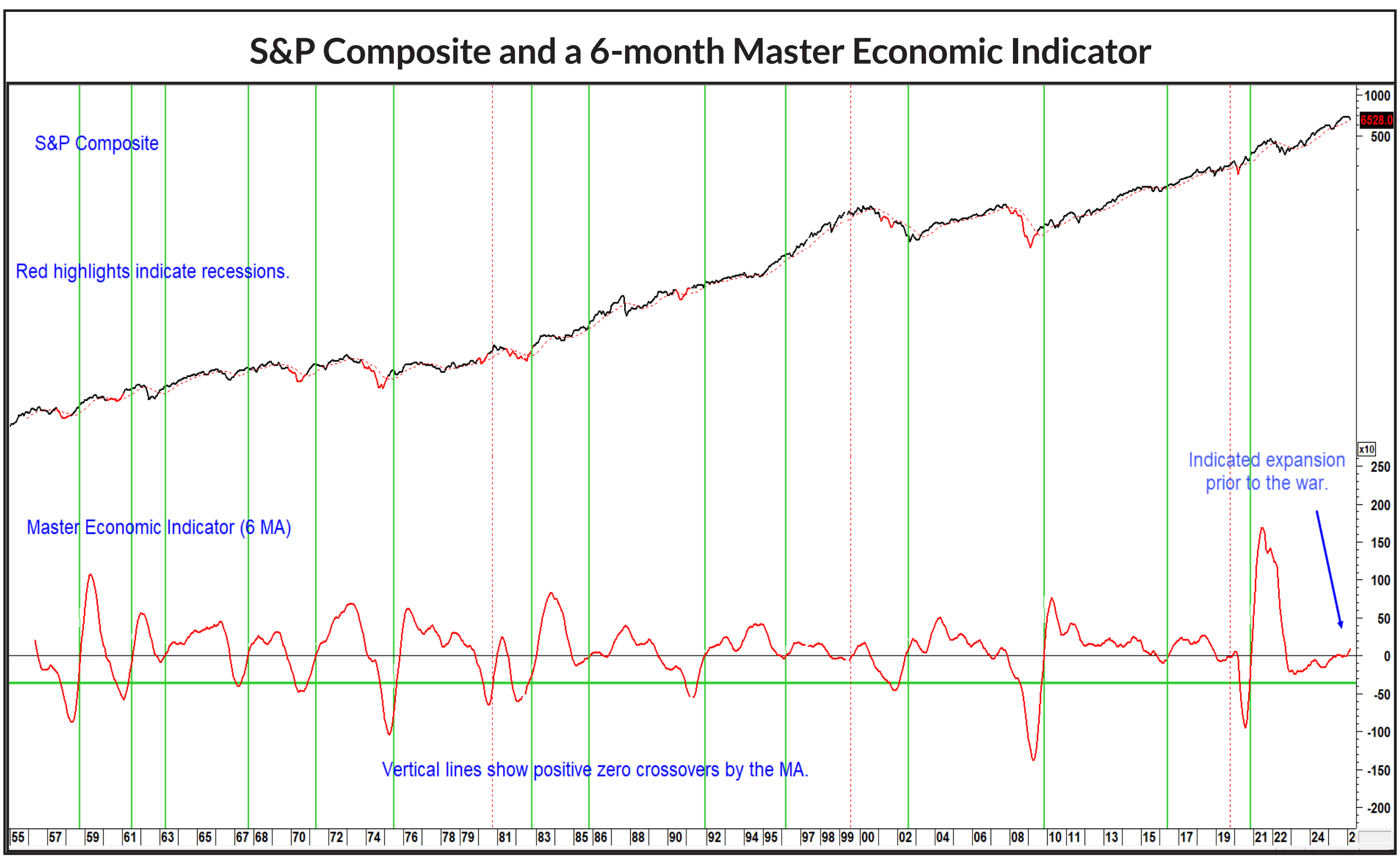


Chart 14

S&P Composite and a 24-month RSI

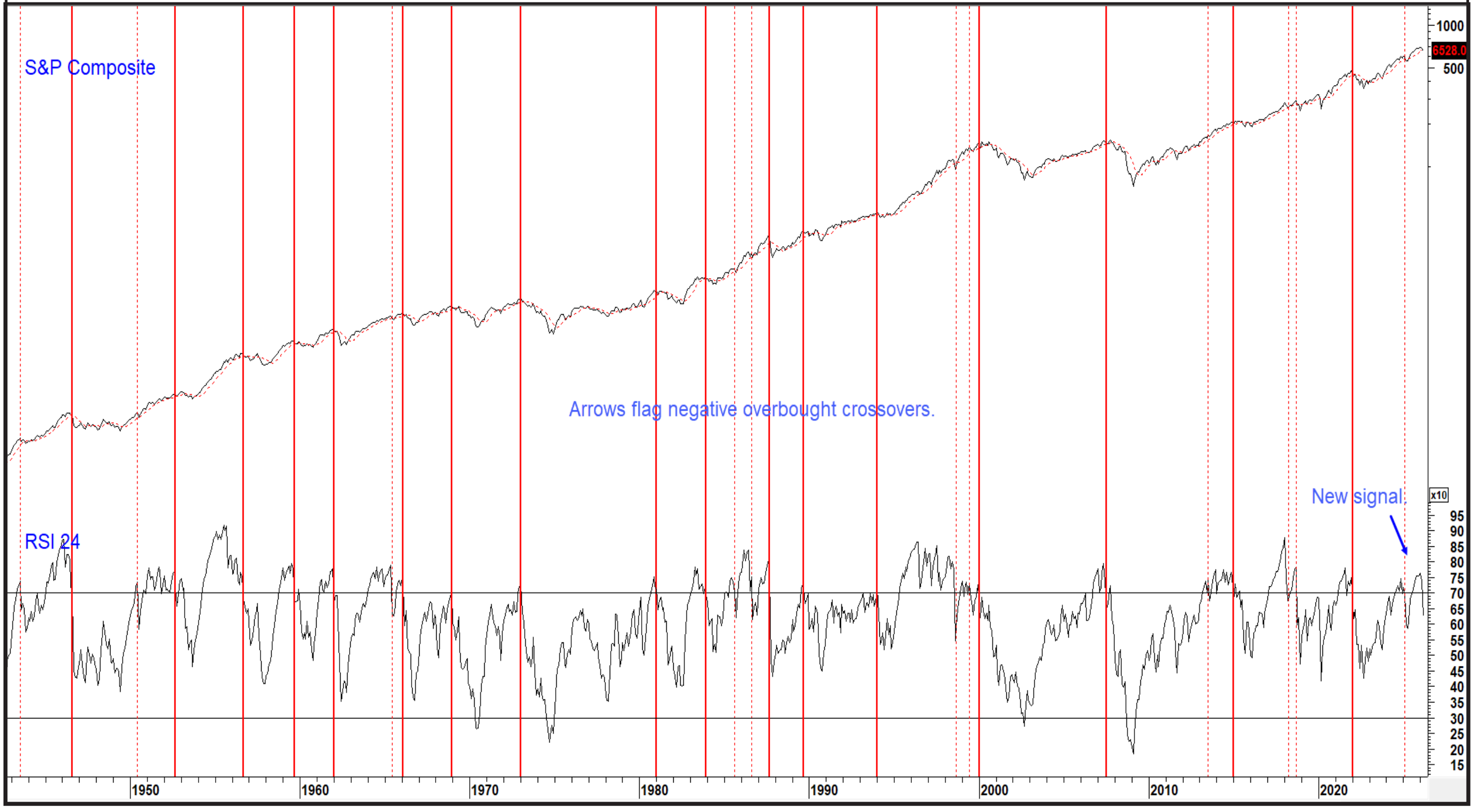


Chart 15

Two Positive Economic Indicators

Before the outbreak of hostilities in the Middle East, the U.S. economy was pointing toward improvement. One sign was the OECDs US Leading Economic Indicator, which had reached a new cyclical high. Chart 13 shows that this indicator has turned down ahead of every recession since the mid 1950s—including the unusual, policy driven downturn of 2020, a rare accomplishment among leading indicators. A downturn from here would therefore raise our level of concern. On the positive side, the 6-month moving average of our Master Economic Indicator, a broad momentum composite, has just crossed above its equilibrium line. As the solid vertical lines in Chart 14 illustrate, most positive zero crossovers have been followed by strong equity markets. The exceptions—1980, 1999, and 2019 were characterized by brief, weak rallies in the indicator and subsequent bear markets in the S&P Composite. Given the uncertain implications of the conflict in the Middle East, this is an area we will be watching closely.

Indicators that Look Vulnerable

Overall, the indicators discussed above continue to paint a generally constructive backdrop. Beneath the surface, however, the number of measures beginning to deteriorate is gradually increasing. One example is the 24-month RSI for the S&P Composite, shown in Chart 15, which recently slipped back below its overbought 70 level after having moved above it. As the vertical lines indicate, similar reversals have typically been followed by some form of market weakness.

S&P Composite and Two Indicators

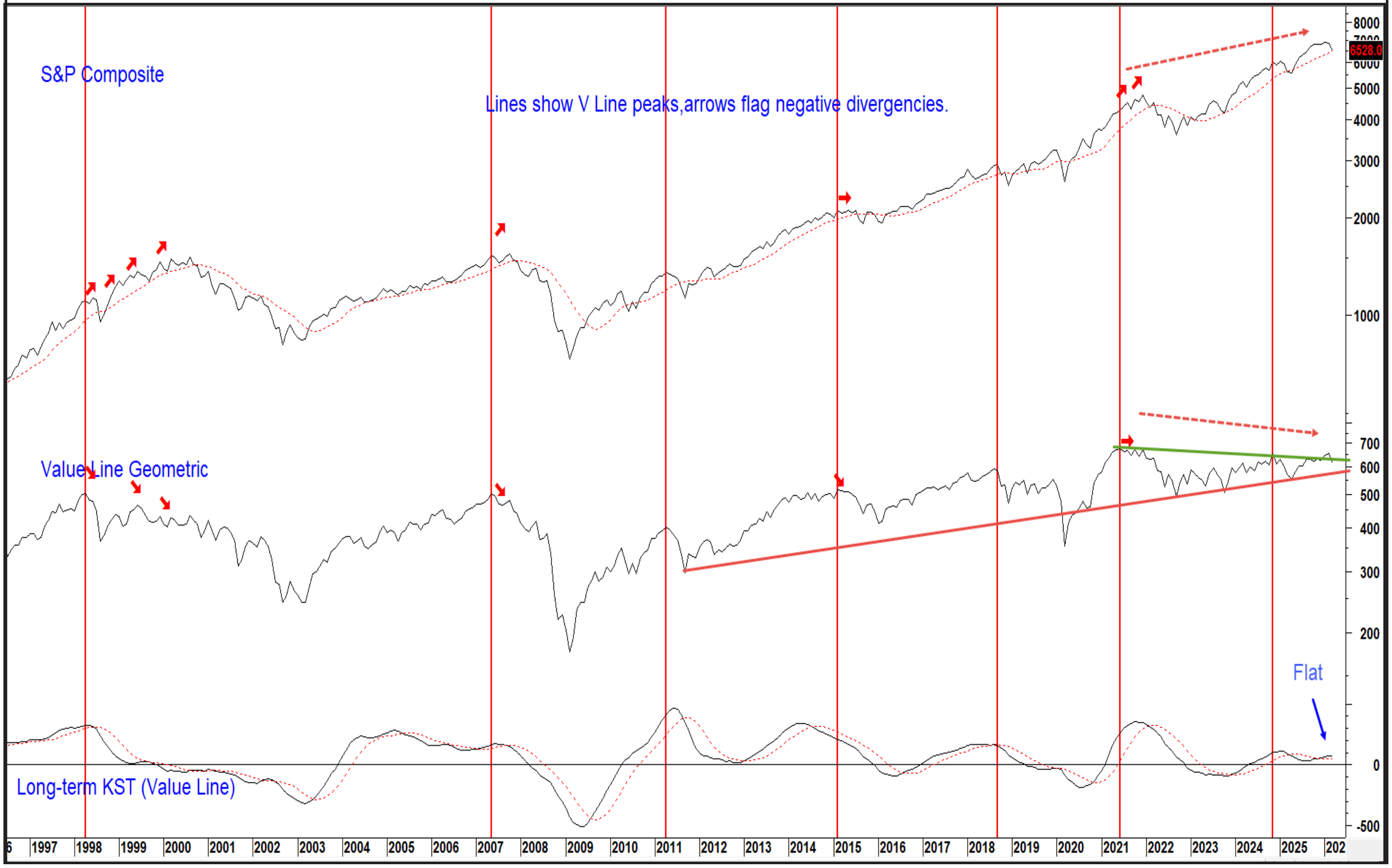


Chart 16

The small arrows in Chart 16 highlight instances where the broadly based Value Line Geometric Average peaked ahead of the S&P Composite, an early warning signal that's preceded every bear market since 1996. The Value Line recently broke briefly above a 4-year resistance trendline, only to fall back below it, leaving the average in a precarious technical position. A decisive move back above the line would revive the KST, which is currently on the verge of a sell signal. Conversely, if the breakout proves false and prices drop below the 2011–2026 uptrend, the KST would confirm a sell signal. More importantly, such a breakdown would also validate a major negative divergence between the 2021 and 2026 peaks.

Some other long term momentum indicators are also flashing caution. The Coppock indicator, constructed from a 10-month weighted moving average of an 11- and 14-month ROC, is shown in red in Chart 17, with the underlying raw data plotted in black. Although the Coppock was originally designed to identify major lows when turning up from below zero, the chart demonstrates that violations of trendlines drawn on the jagged raw data have consistently signaled important trend reversals in both directions. The post 2022 uptrend was broken in March. A similar trendline for the S&P itself has yet to be ruptured. If it is, it would confirm the weak Value Line action.

The Special K (SPK) for the NYSE Composite adds to the concern. When the SPK breaks an uptrend and falls below its signal line from an extended position, the Index has almost always followed with either a decline or a prolonged trading range. While the magnitude and duration of these corrections vary, Chart 18 shows that both the Index and the SPK have experienced such breaks—suggesting a more cautious stance is appropriate.

S&P Composite and a Coppock Curve

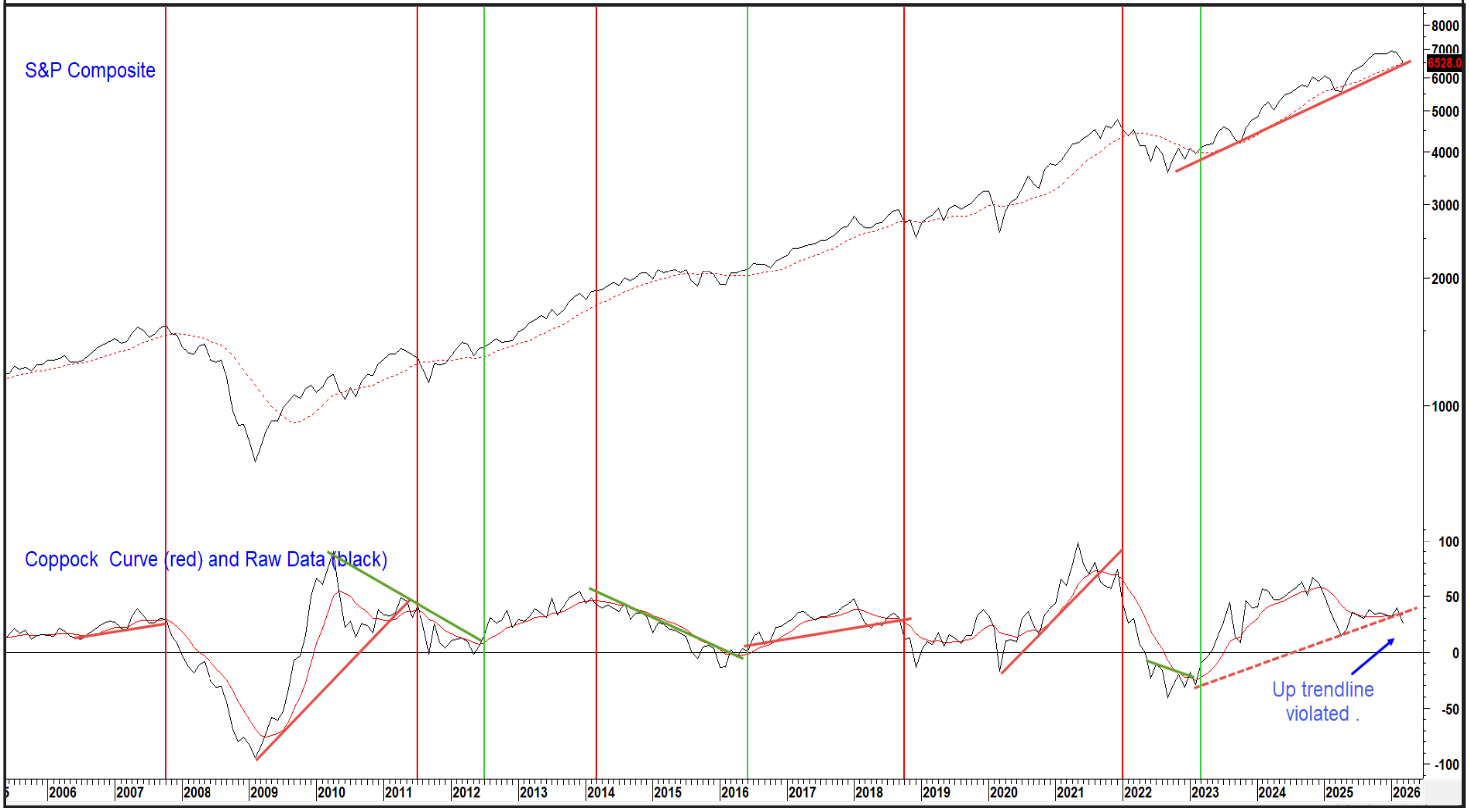


Chart 17

NYSE Composite and Two Indicators

Chart 18

Inflation Adjusted S&P Composite and Two Indicators

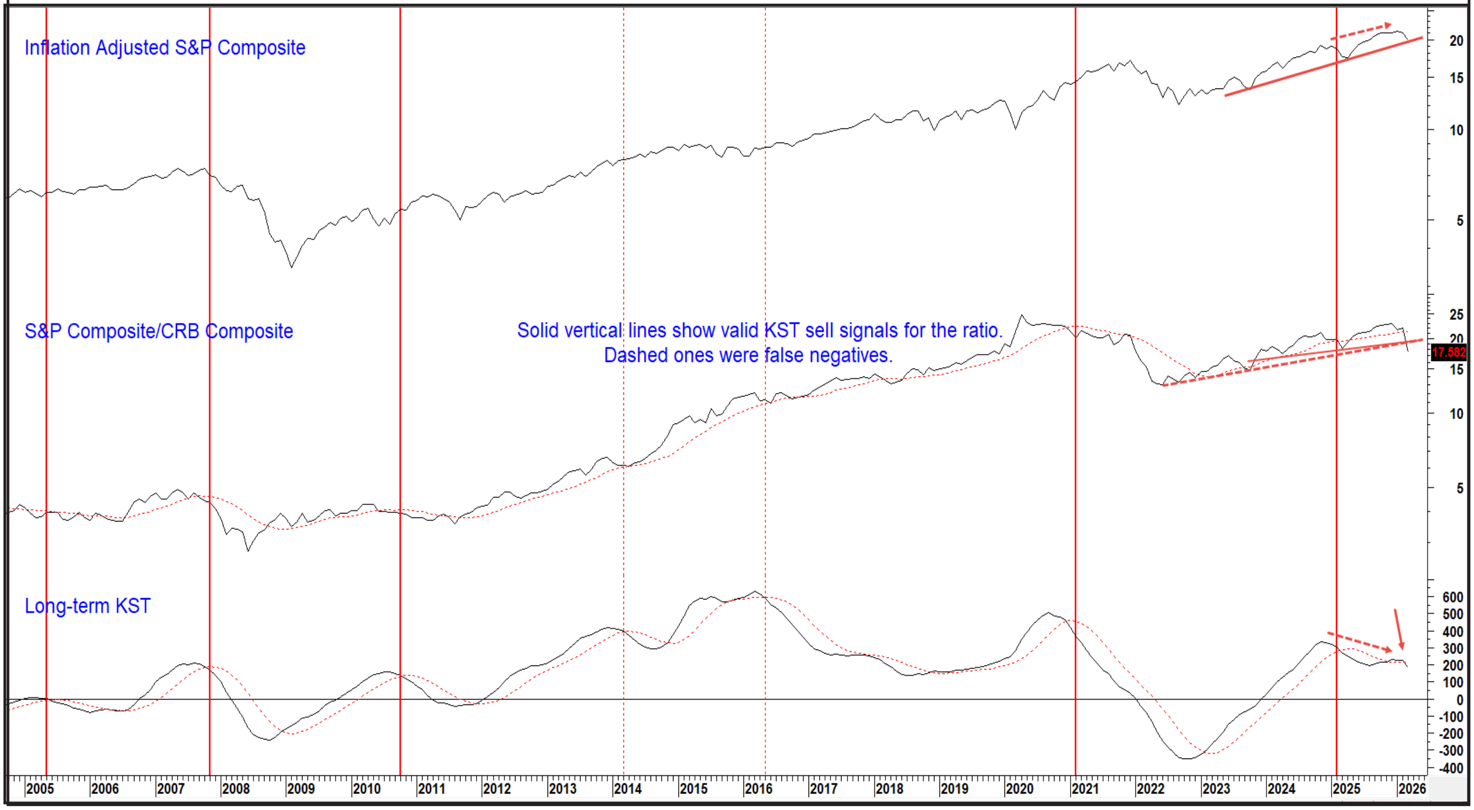


Chart 19

Stocks versus Commodities and Bonds

We're monitoring these two relationships very closely because both appear to be in the early stages of turning against equities. Chart 19, shows the S&P/CRB Composite ratio slipping beneath two converging trendlines and joining the long term KST in the bearish column. The chart also illustrates that a declining ratio is typically associated with a downtrend in inflation adjusted equities.

Chart 20 compares the S&P to the iShares 20+ Year Treasury Bond ETF (TLT). This relationship has tentatively broken its 2023–2026 uptrend and fallen below its 200-day moving average. During this period, the Special K has been locked in a trading range but has now broken to the downside.

Consumer Cyclicals vs. Consumer Staples

Our final stock market chart examines the long term trend of inflation adjusted equities relative to the ratio of the State Street Consumer Discretionary Select Sector SPDR ETF (XLY) to State Street Consumer Staples Select Sector SPDR ETF (XLP). This ratio serves two important functions. First, it helps determine which consumer sector is likely to outperform. Second, because it compares a more speculative group (cyclicals) with a more defensive one (staples), it acts as a barometer of investor confidence. A rising ratio signals increasing risk appetite and typically aligns with a bull market in equities, while a declining ratio reflects the opposite. In this context, the vertical lines mark KST sell signals for the ratio, which have generally been followed by weakness in inflation adjusted equities.

It's noteworthy that the ratio recently failed in its attempt to break above both the 1972–2026 resistance trendline and the extended secular uptrend that began in 2009. That failed breakout, combined with a tentatively negative long term KST, suggests the implied loss in confidence required for a primary bear market may well be developing. ■

Stock/Bond Ratio and Two Indicators

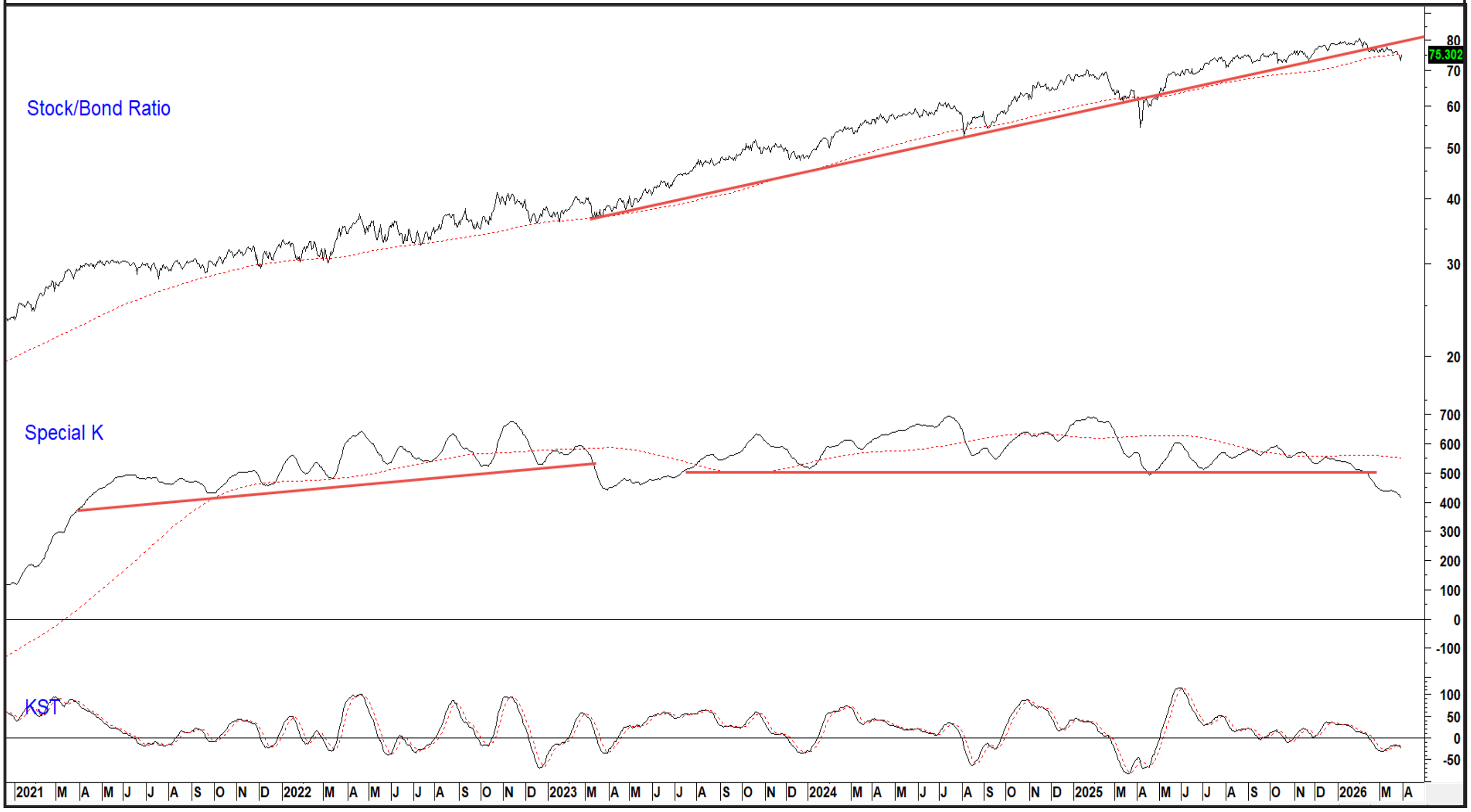


Chart 20

Inflation Adjusted S&P Composite and Two Indicators

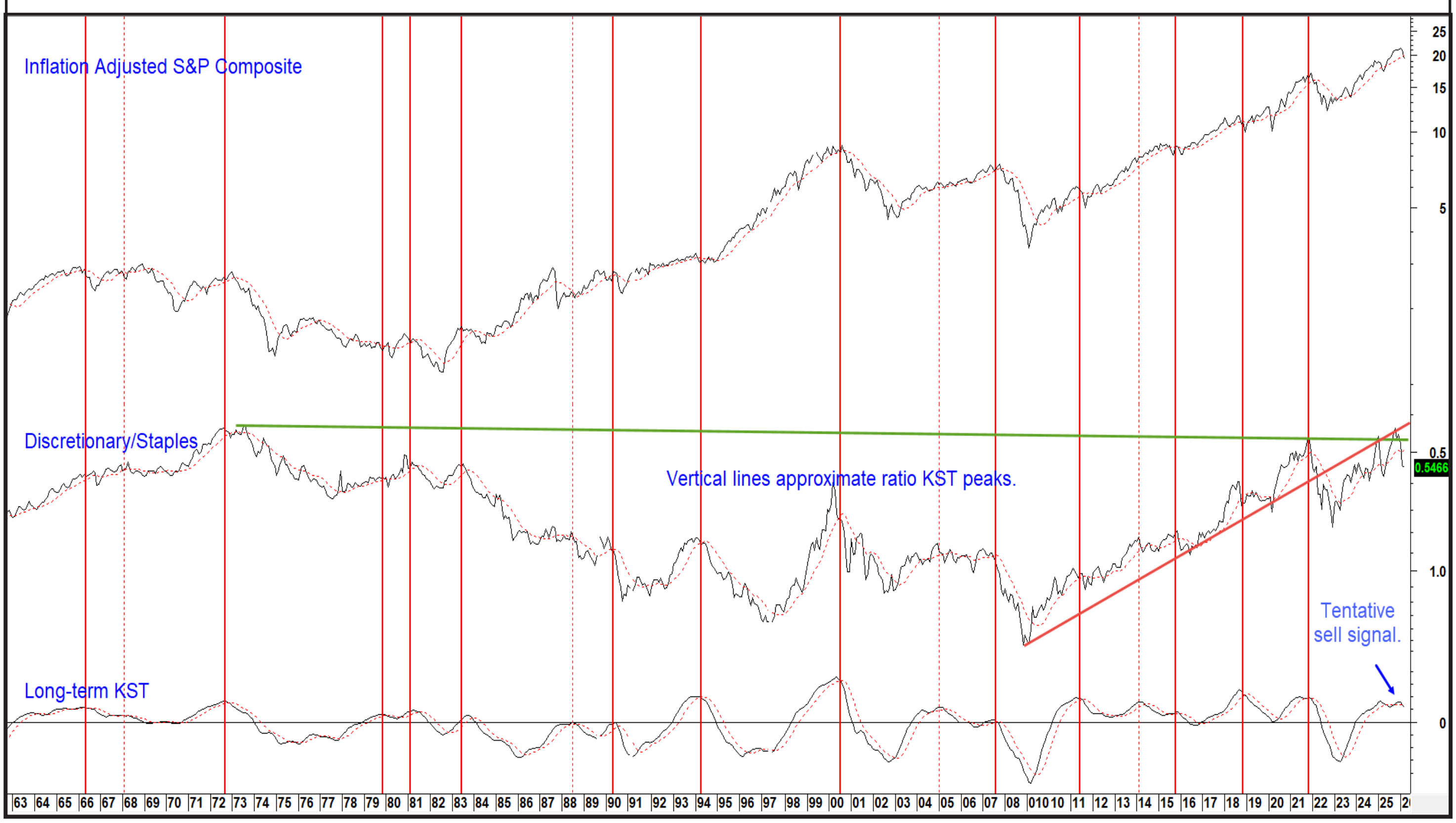


Chart 21

US Credit Markets

Money Market

The yield on 3 month commercial paper continues to trend lower, as it remains beneath its 12-month moving average. Chart 22 suggests an upside reversal may be developing because the KST for government securities held at commercial banks began to flatten. Since this series is plotted inversely, a rising KST indicates banks are becoming less enthusiastic about holding low yielding government securities. The implication is they've enough confidence in economic conditions to shift their balance sheets toward riskier, higher yielding loans. Historically, when this flattening KST evolves into a sustained uptrend, money market rates tend to rally.

The 2 year yield often leads the Federal Funds rate, and Chart 23 shows that it recently broke above its 2025–2026 downtrend, supported by both the short and intermediate term KSTs. Taken alone, the breakout may not appear dramatic. However, Chart 24 provides a longer term perspective suggesting this could be the first "reverse domino" capable of pushing the broader interest rate structure into a primary bull market. The 2 year yield has already edged slightly above its 12-month moving average and decisively violated its 2023–2026 downtrend, setting the stage for the price oscillator to build on its recent upside reversal by generating a long term buy signal via a positive zero cross.

3 Month Comm Paper Yield and an Inverted Long-term KST for Govt Securites at Banks

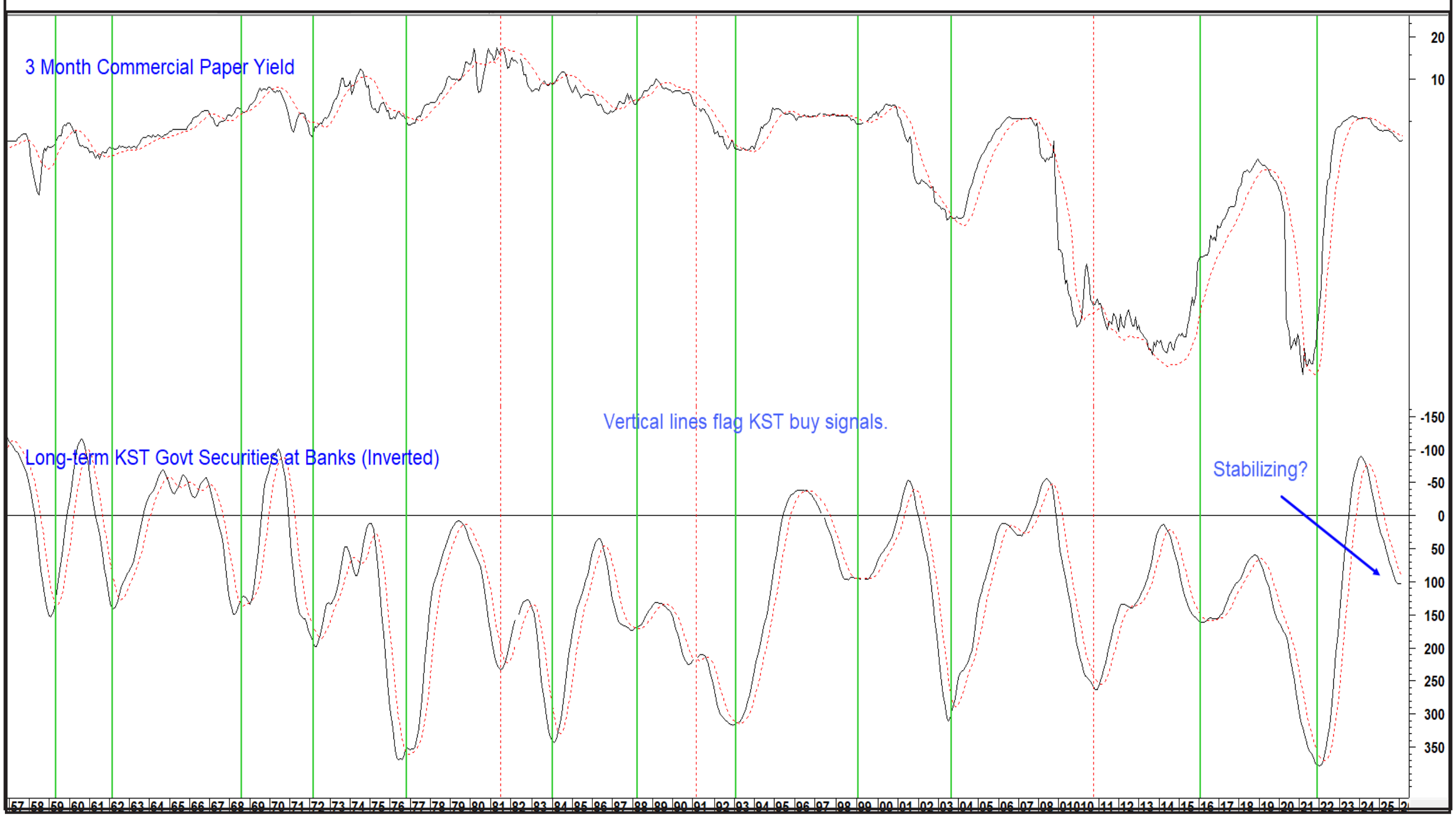


Chart 22

2 Year Yield and Two KSTs

Chart 23

2 Year Treasuries and a 6/15 EMA Price Oscillator

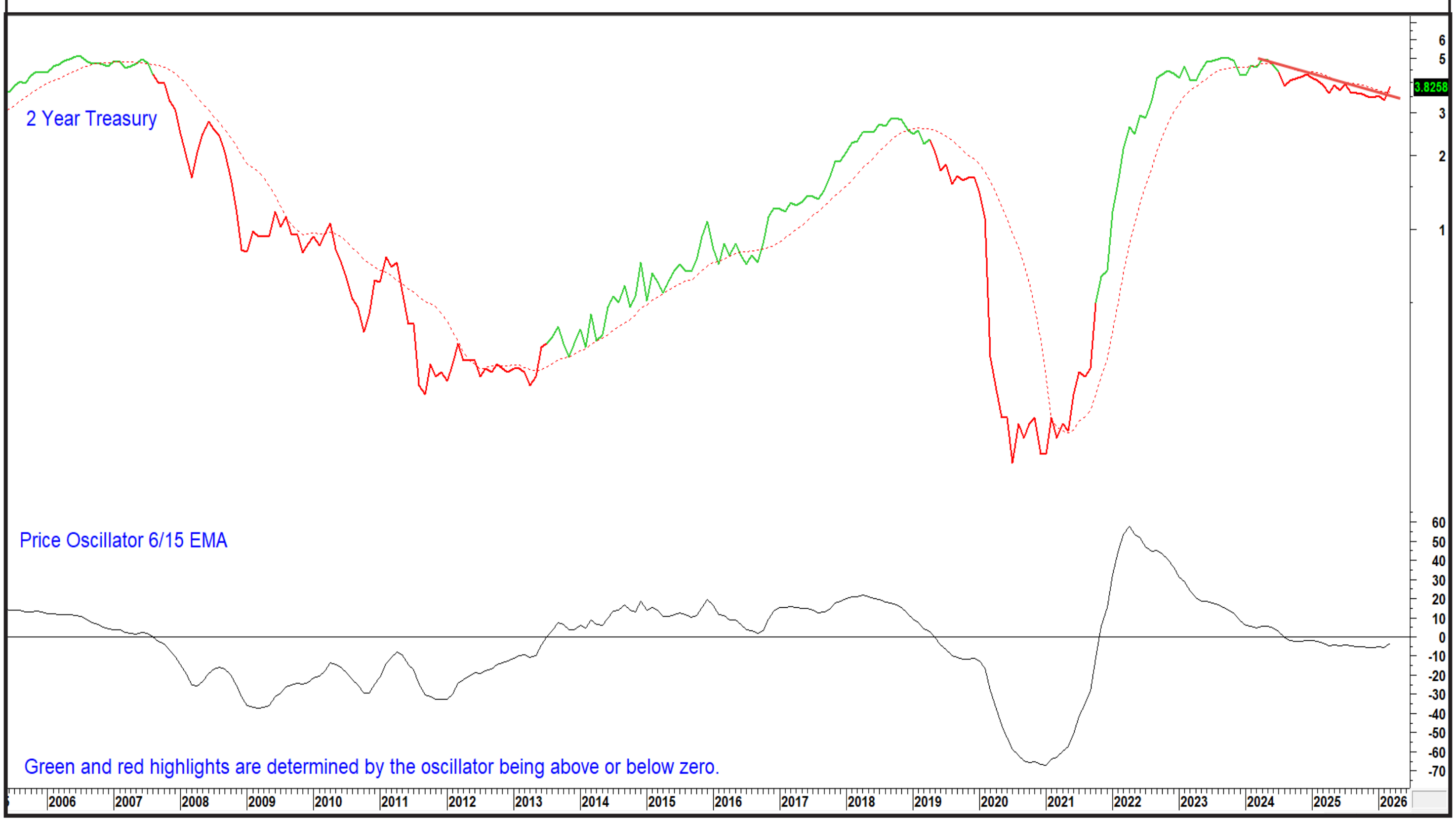


Chart 24

iShares 20+ Year Treasury Bond ETF (TLT) and the Bond Barometer

Chart 25

Longer-dated Maturities

Our Bond Barometer remains at a bearish 25% and seems likely to remain in negative territory. A key reason is that credit spreads and related indicators haven't begun to price in a weaker economy, something that would normally point to lower yields and higher bond prices. In that regard, Chart 26 shows two confidence measures that typically move in tandem with the 10 year yield. Both broke important uptrend lines, yet they remain close to their cyclical highs.

Chart 27 extends the analysis to the 30 year maturity, where the yield is pressing against the critical 5% resistance level. All three momentum indicators have been locked in tight ranges over the past year, reflecting a delicate technical balance. Eventually, the short and intermediate term KSTs will break decisively in one direction. Both are currently trending higher, suggesting the near term odds favor a breakout above the 5% threshold.

10 Year Yield and Two Ratios

Chart 26

30 Year Yield and Three KSTs

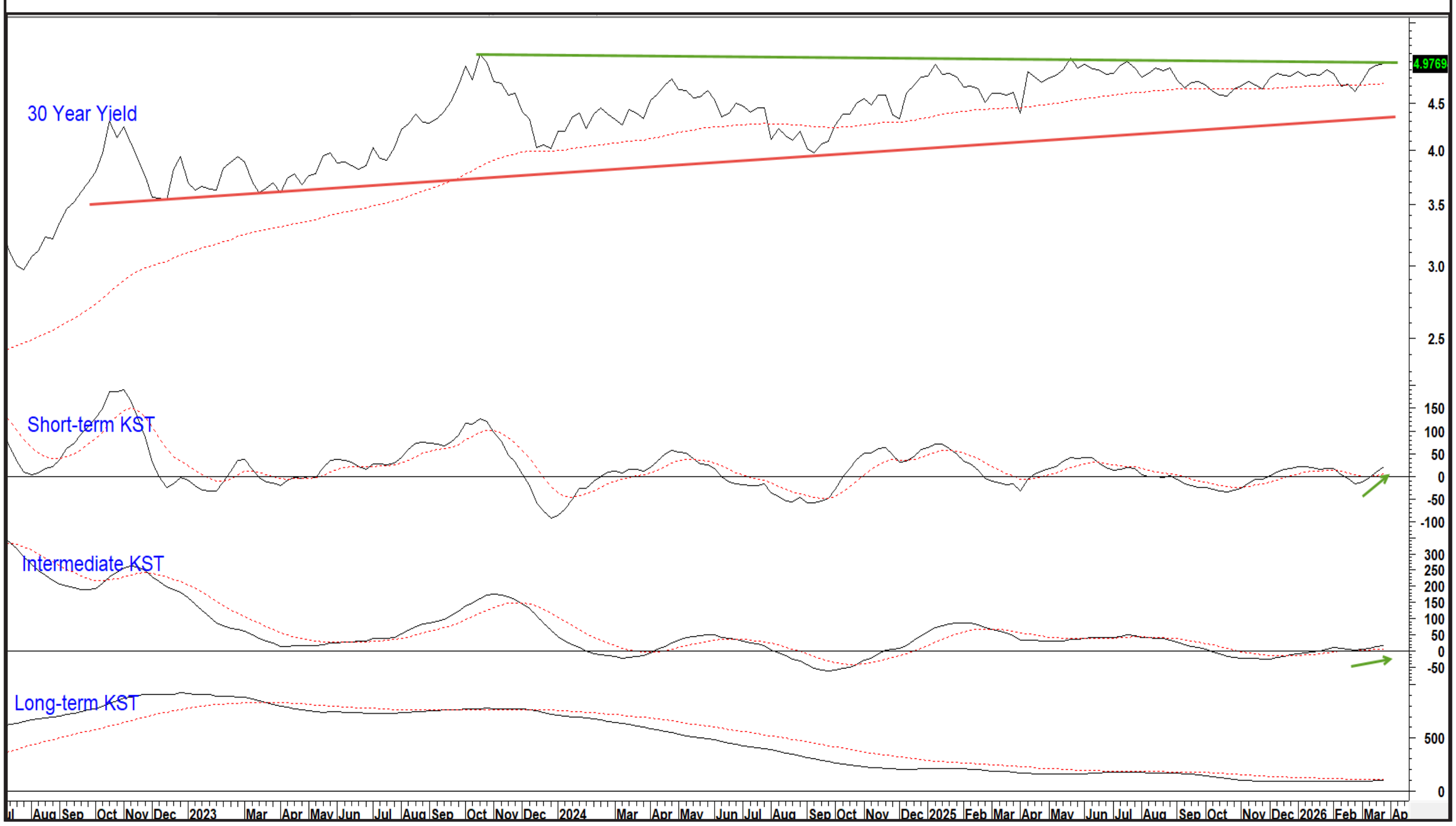


Chart 27

Moody's Baa Corporate Bond Yield and Three KSTs

Chart 28

Moody's Baa Yield

This investment grade corporate yield has been in a trading range since late 2022. Notably, the short and intermediate term KSTs are breaking to the upside as they violate 4-year downtrend lines. That may seem similar to other bond yield patterns, but Chart 1 adds important context: the Baa yield is now approaching its secular downtrend line. Historically, primary trend rallies, those signaled by the long term KST, tend to be far more powerful when they move in the same direction as the secular trend. In Chart 1, the green arrows mark pro secular trend buy signals, while the red arrows denote counter trend ones. We believe the secular bear market ended in 2020 and that a new secular uptrend began at that point. A decisive break above the secular downtrend line would provide additional confirmation and strengthen the case for a developing secular bull market.

The monthly KST remains in a bearish configuration, but the weekly long-term KST in Chart 28 is completely flat. This combination suggests that a break above the green downtrend line could serve as an early warning of an impending violation of the secular downtrend line in Chart 1. ■

Commodities

The Secular Trend

March marked an important development with the CRB Composite confirming a new advance within its secular bull market. Our secular model, based on the relationship between the price oscillator in Chart 29 and its 48-month moving average, remains firmly positive. Equally significant is the fact that Index itself broke decisively above two converging trendlines, one of which forms the neckline of an inverse head and shoulders pattern.

CRB Composite and a 60/360 Price Oscillator

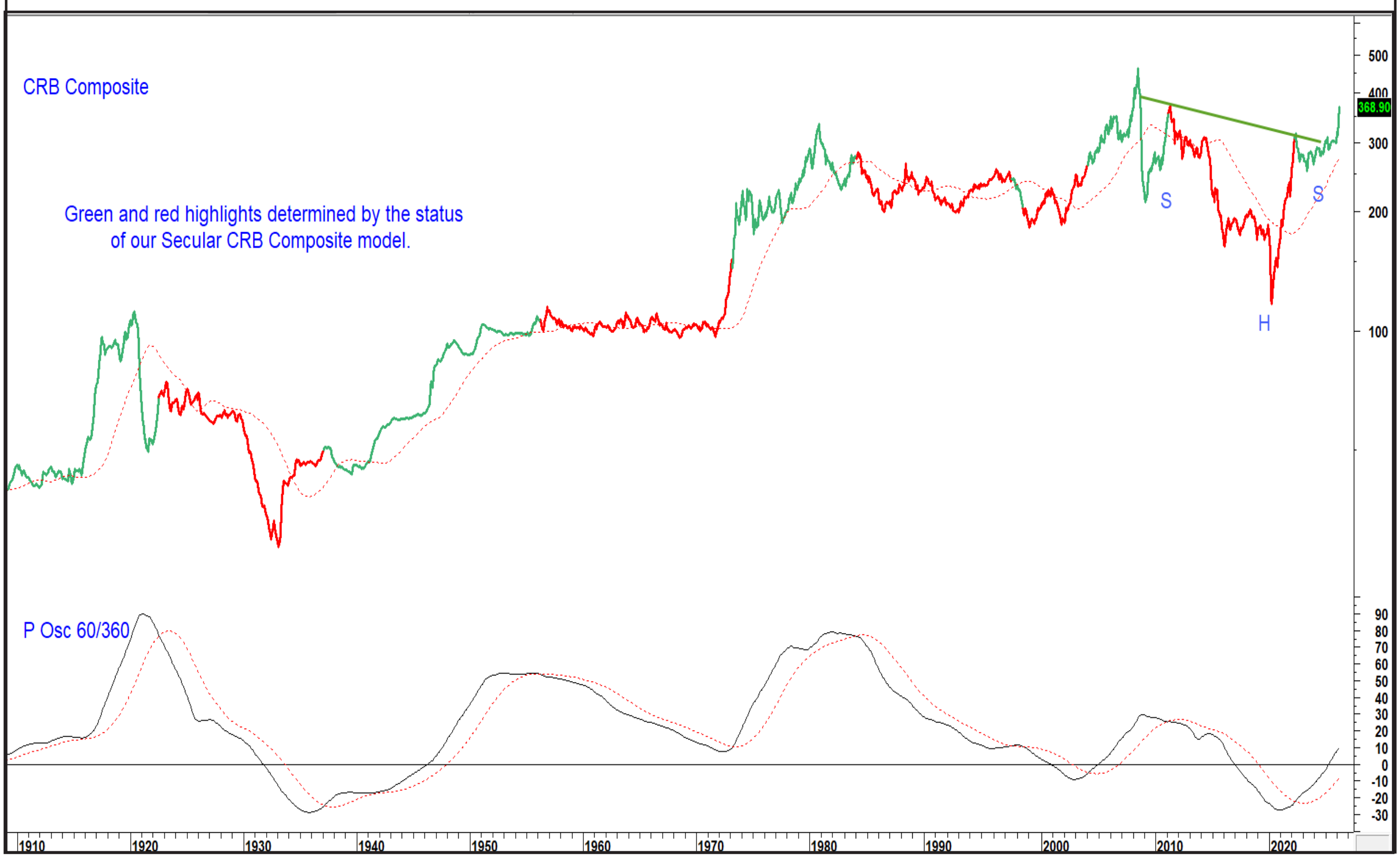


Chart 29

CRB Spot Raw Industrials and the Commodity (Inflation) Barometer

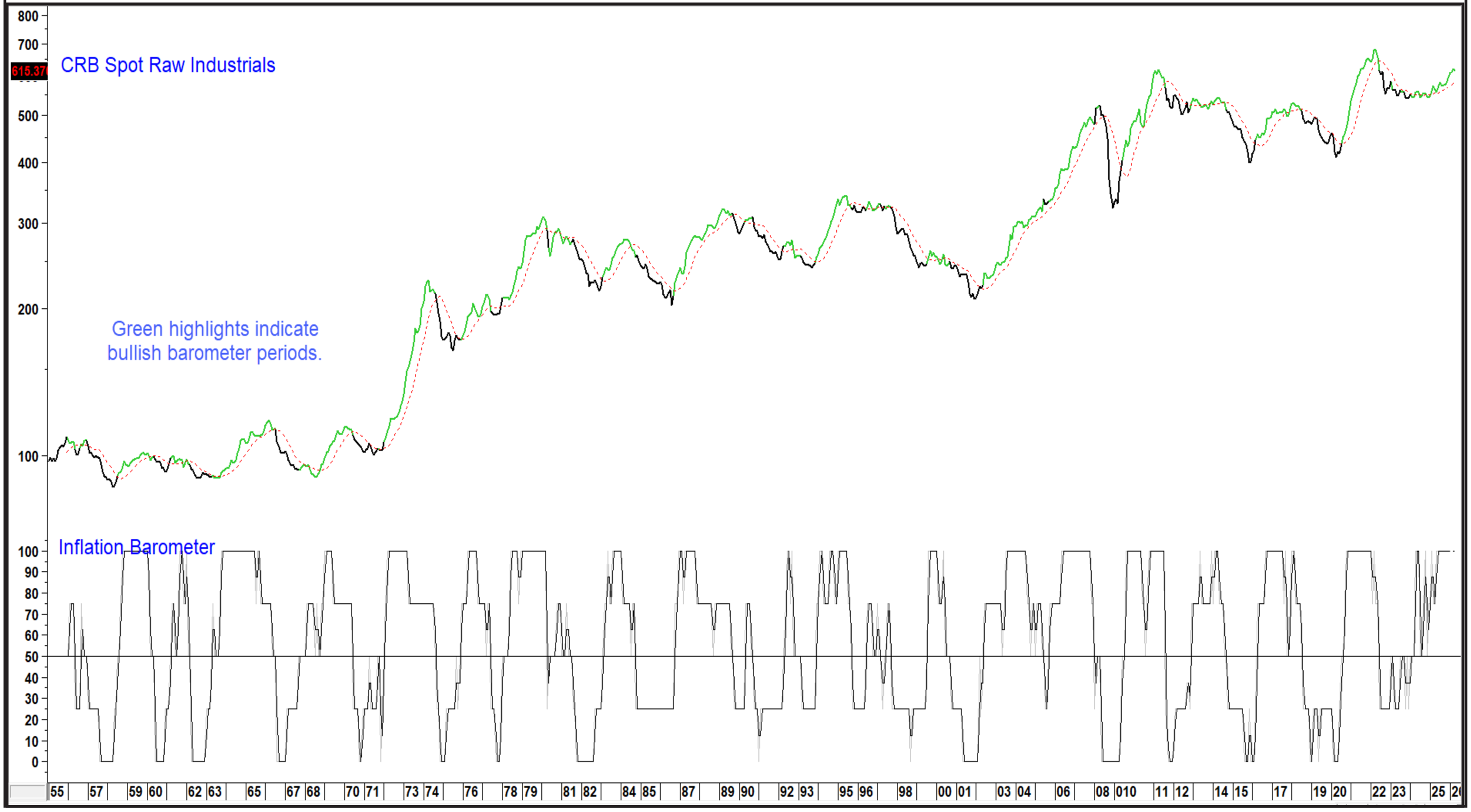


Chart 30

CRB Composite and a Gold/CRB Composite 12-month ROC

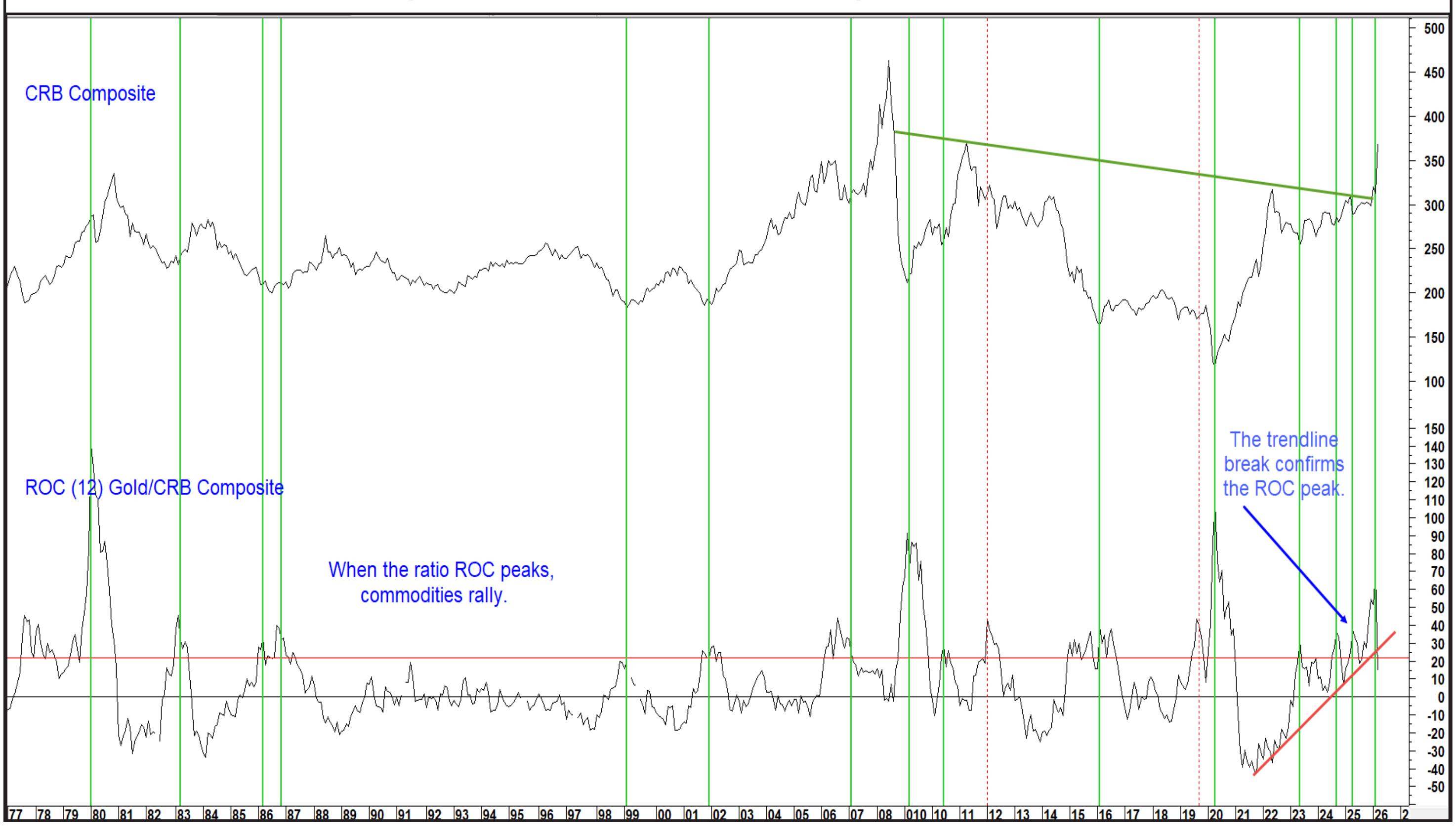


Chart 31

Goldman Energy/Non-Energy Ratio and a Long-term KST

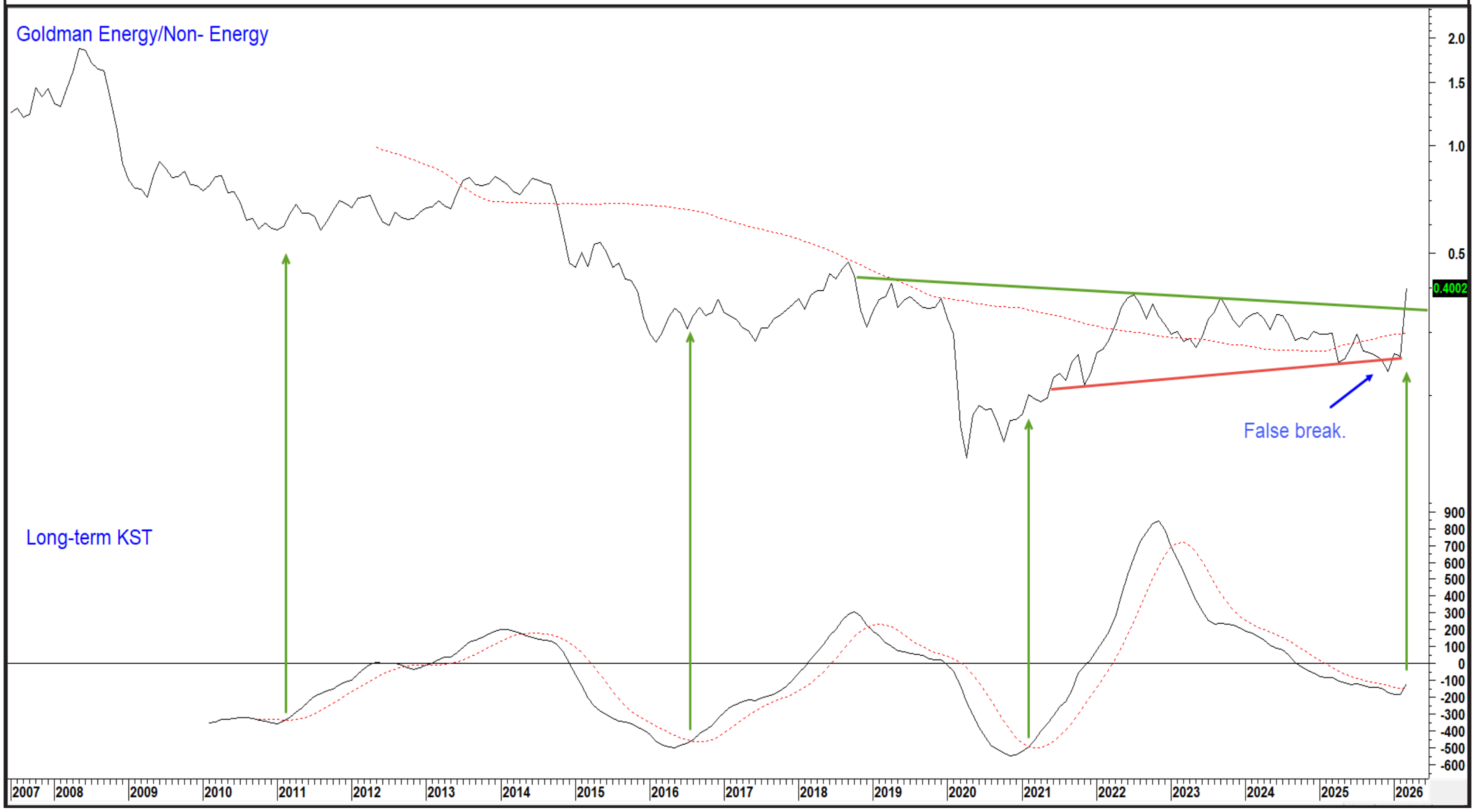


Chart 32

Chart 30 reinforces the primary trend message with a firmly bullish Commodity (Inflation) Barometer. at 100%. However, the S&P Composite has slipped below its 9-month MA, reducing the total reading from a maximum 100% to 87%. This component isn't included in the Barometer itself because it's directly negative for commodities. Instead, it serves as a benchmark that helps identify where we are in the broader cycle. Its current deterioration suggests the cycle has moved into a more mature phase.

Furthermore, an historically reliable inter commodity relationship also turned bullish in March—the one between gold and the CRB composite. Gold has a well documented tendency to lead broad commodity price movements. As shown by the vertical lines in Chart 31, peaks in the 12-month ROC of the gold/CRB ratio have typically preceded major commodity bull markets. Several small reversals have occurred since 2023; each followed by a slightly higher CRB reading. However, the most recent one carries far more weight. That's because it emerged from a higher, less sustainable level, was larger in magnitude, and reached an extreme surpassed only three times before. Each instance preceded an exceptionally powerful commodity bull market.

Chart 32 compares the Goldman Sachs Energy Index with its Non-Energy counterpart. This ratio has been locked in a trading range since 2019 but broke out to the upside, favoring energy based commodities. Two additional points stand out. First, the downside break in early 2025 proved to be a whipsaw, and the subsequent upside breakout confirms that failure. Since false moves are often followed by stronger than average moves in the opposite direction, continued energy leadership is a distinct possibility. Second, the long term KST for this relationship has just generated a buy signal, adding further support to a rising ratio.

Crude Oil West Texas Sour and Two KSTs

Chart 33

Energy

Chart 33 provides a clear example of the market delivering an above average move following a false breakout in the opposite direction. Its five year history also suggests that oil is now extremely overbought. That's certainly true from the perspective of the short term KST. However, when we step back and evaluate the price from a longer term standpoint, as in Chart 34, two important takeaways emerge.

First, the Moving Average Volatility Indicator (MAVI) has crossed above its moving average from an oversold position. Second, this reversal points to a strong possibility that prices will challenge—and potentially exceed—the major resistance trendline dating back to 2007. This is significant because that trendline also serves as the neckline of a potential multi year inverse head and shoulders pattern. A decisive breakout would carry bullish implications for oil prices over the next several business cycles. A similar breakout occurred around the turn of the century and provides useful perspective on both the potential magnitude and the likely duration of a price advance emerging from the current setup — ***provided it's completed***.

The weekly gasoline price was featured as our Chart of the Month on page 2 in the March IMR because it appeared poised for a breakout. Chart 35 updates the chart using monthly data. It shows the breakout took place from an even larger consolidation pattern emanating in 2008. The long term KST also triggered a buy signal, reinforcing the bullish message.

Crude Oil and a Moving Average Volatility Indicator (MAVI)

Chart 34

United States Gasoline Fund LP (UGA) and a Long-term KST

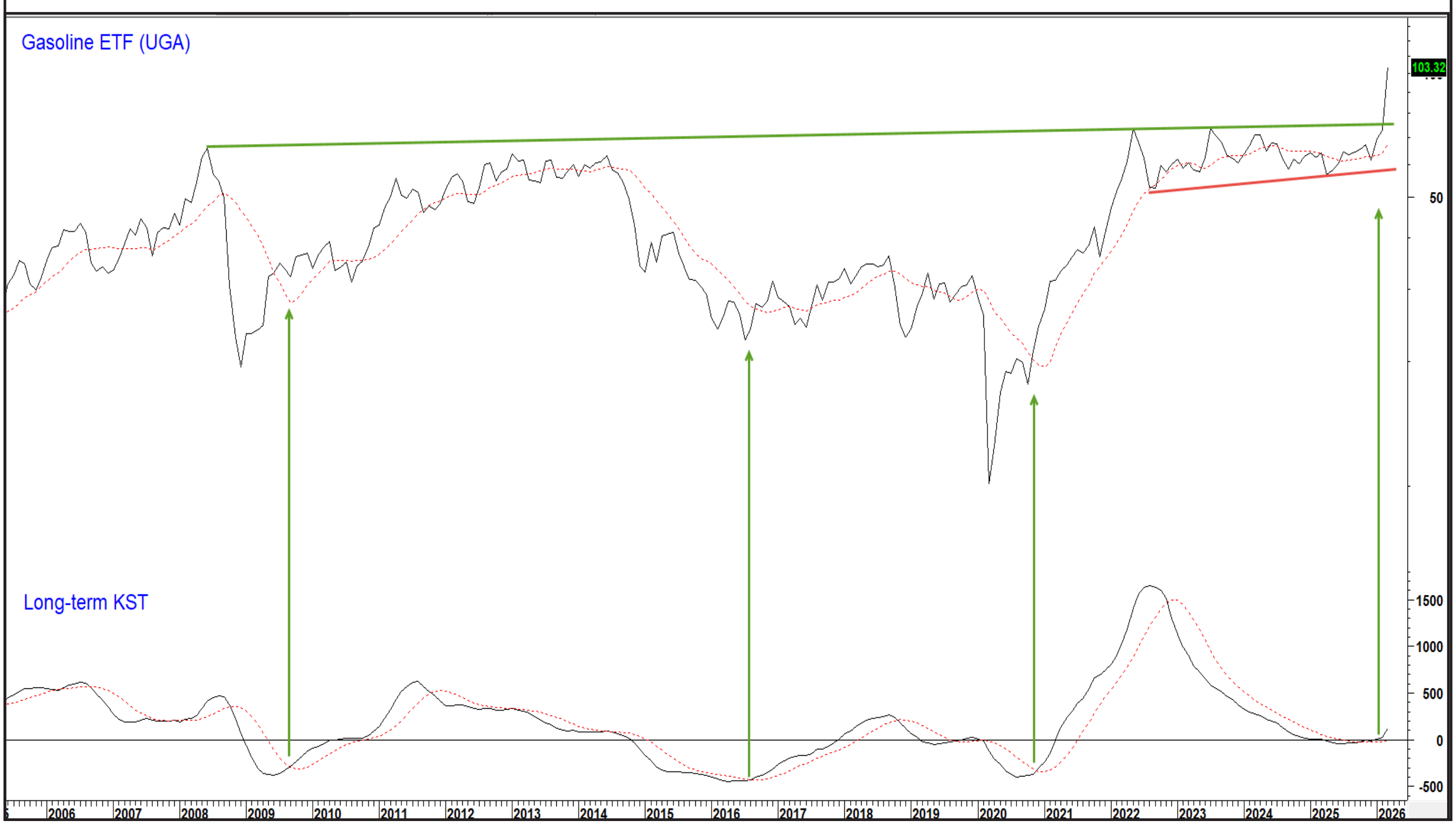


Chart 35

S&P GSCI Non-Energy Commodity Index and a Long-term KST

Chart 36

While energy may be leading the commodity complex, Chart 36 shows that the Goldman Sachs Non-Energy Index is also positioned to move higher. It recently broke above its 2022 high, is trading above its 12-month moving average, and is supported by a positive KST. ■

International Markets

US vs the Rest of the World (SPY/EFA)

The ratio between the SPDR S&P 500 ETF Trust (SPY) and the iShares MSCI EAFE ETF (Europe, Australia, Far East ETF (EFA)) violated its secular uptrend line earlier this year, implying the potential for either a prolonged multi year trading range or a meaningful period of relative underperformance for US equities. Our 6/15 EMA model in Chart 38 also turned bearish and now sits decisively below its zero signaling point.

SPDR S&P 500 ETF Trust (SPY)/iShares MSCI EAFE ETF (EFA) and a 6/15 EMA Price Oscillator

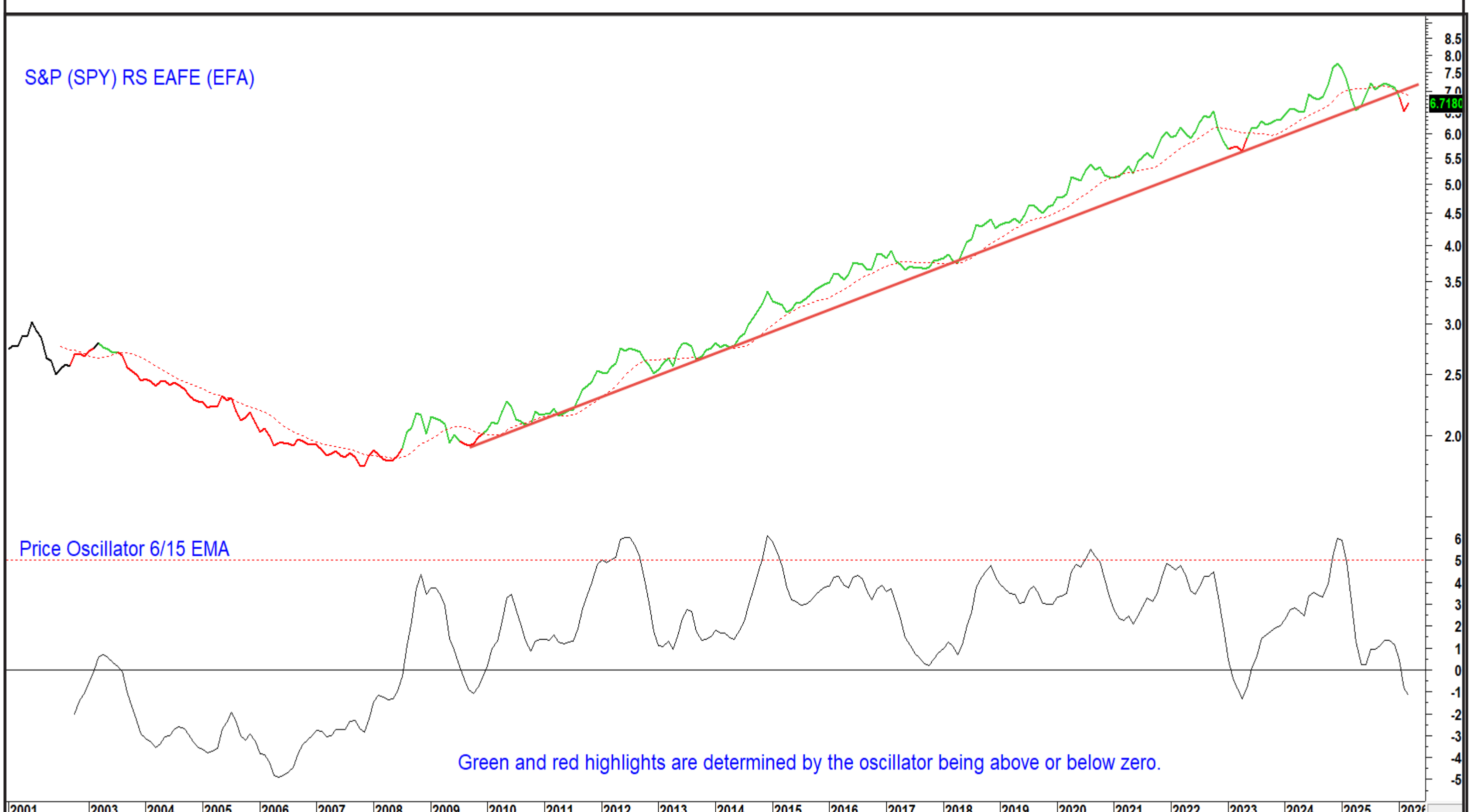


Chart 37

SPDR S&P 500 ETF Trust (SPY)/iShares MSCI EAFE ETF (EFA) and Three KSTs

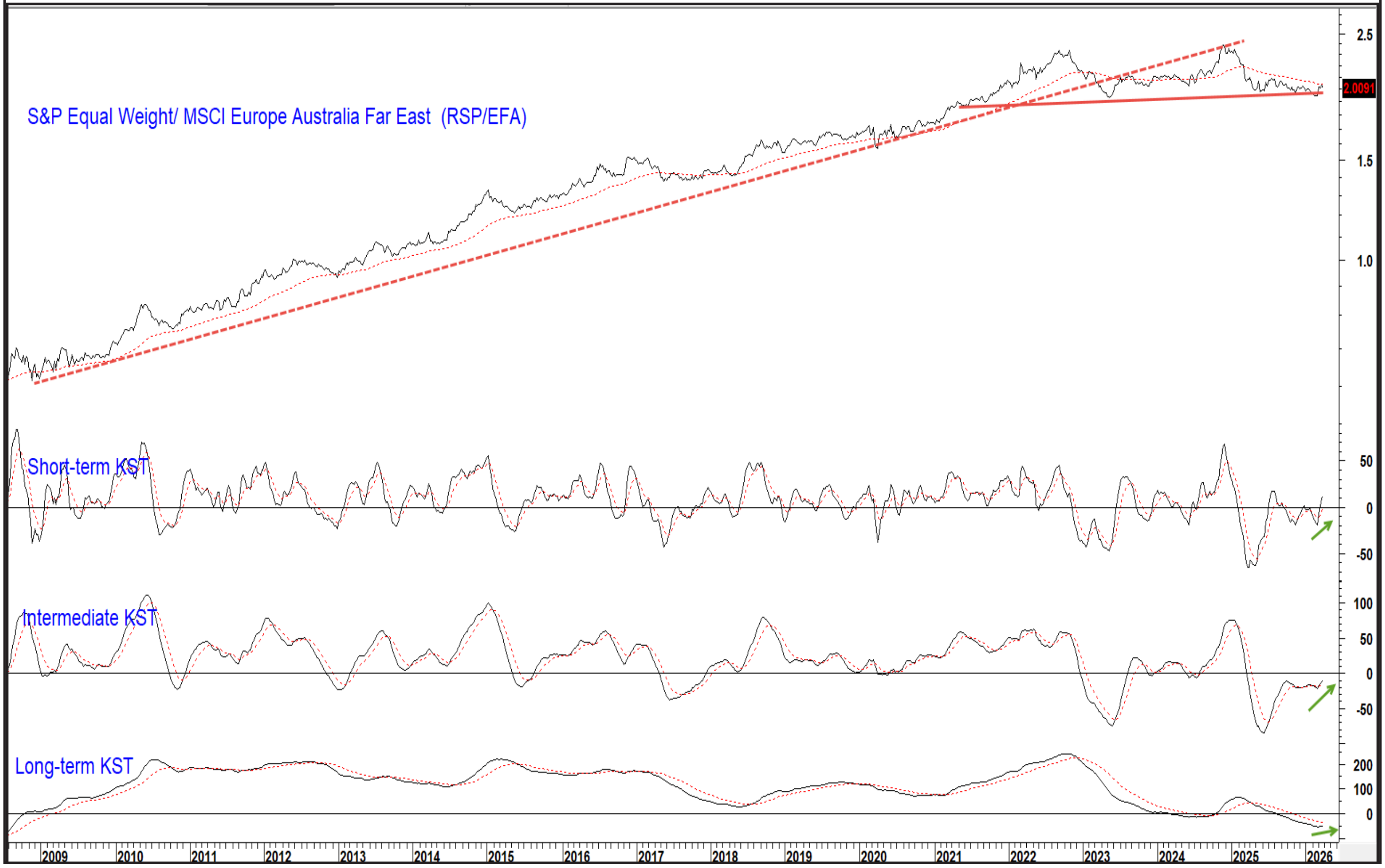


Chart 38

Chart 38 compares the unweighted S&P Composite to the EFA. This relationship has been range bound since 2021 and is trading just above support at the lower boundary of that range. A near term rally is certainly possible, as both the short- and intermediate term KSTs are in a bullish mode. Even the long term KST has begun to edge higher, suggesting a test of the 2022 or 2024 highs is a reasonable expectation.

iShares MSCI EAFE ETF (EFA) and a Special K

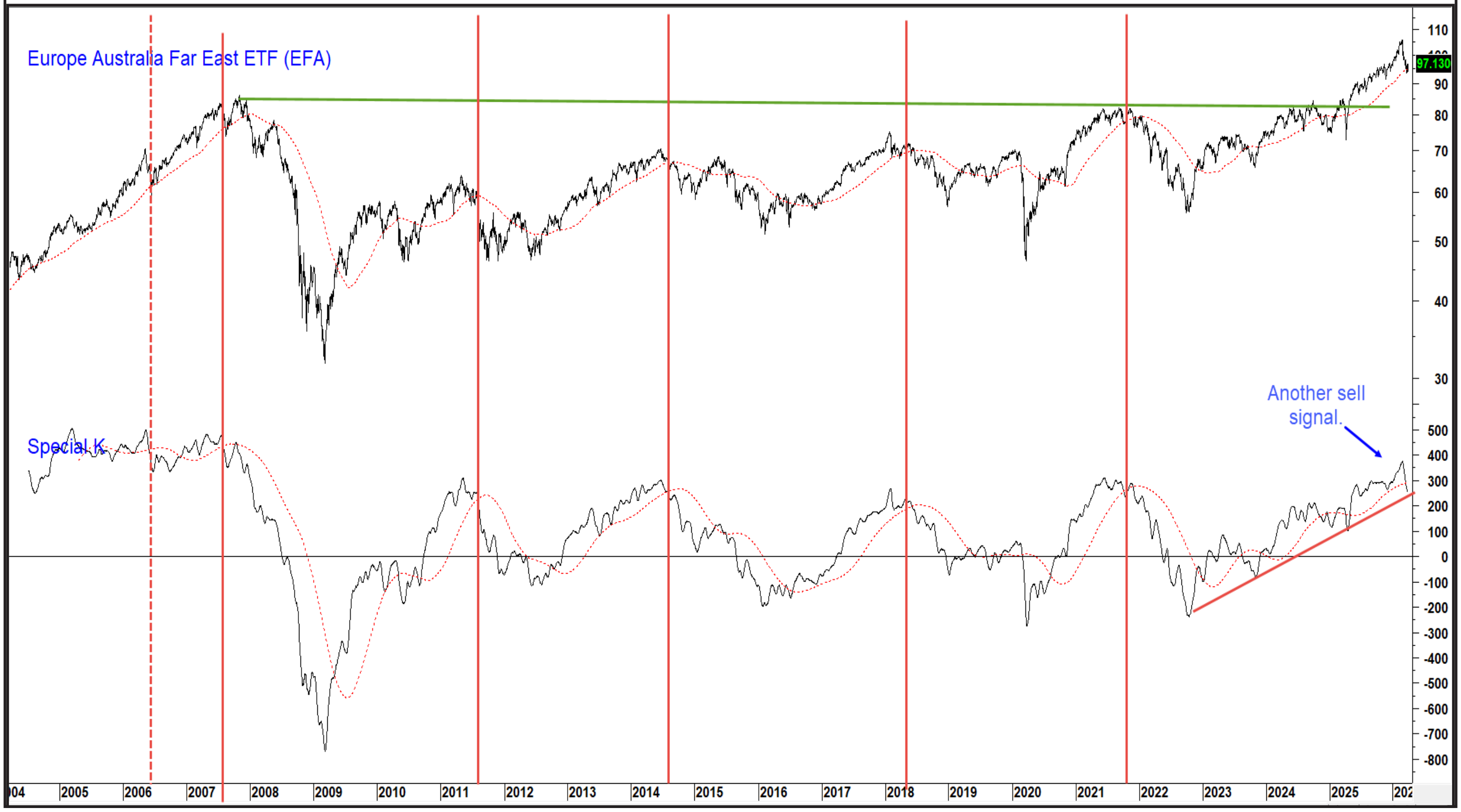


Chart 39

Europe, Australia, Far East ETF (EFA)

The EFA recently broke out of a multi year consolidation pattern dating back to 2007, a move that argues for substantially higher prices over the next several business cycles. At the same time, the Special K Chart 39 has reached an elevated reading above 300. As the vertical lines indicate, when the SPK rolls over and crosses below its signal line from such elevated levels, some form of correction has typically followed. ■

Currencies

US Dollar Index

The Index continues to find the 100 area to be a significant obstacle. That's not surprising as both the extended post 1985 secular resistance downtrend line and the extended post 2011 secular uptrend line converge in this zone. The price oscillator remains bearishly positioned below its equilibrium level, yet its recent rebound appears to qualify as a reversal from an oversold condition. If that interpretation proves correct, the solid vertical lines indicate a strong rally in the Index is likely to follow. The dashed lines, however, remind us this setup doesn't carry a flawless record.

Chart 41 reinforces the importance of the 100–101 area as a major resistance band. This level connects with nearly all the weekly lows formed between 2022 and late 2025, later reversing its role to become resistance and capping upside progress on several occasions. It's also noteworthy that the 65-week EMA is trading close to par. With both KSTs in a positive mode, a near term upside breakout appears likely. ***A decisive month end close above 100*** would be particularly meaningful as it ***would likely shift the consensus of our primary trend models back into the bullish camp.***

Euro

The euro is encountering major resistance in the form of two converging trendlines in Chart 42. The relationship between the price and the 12-month moving average underscores the current state of deli-

US Dollar Index and a 6/15 EMA Price Oscillator

Chart 40

Dollar Index and Two KSTs

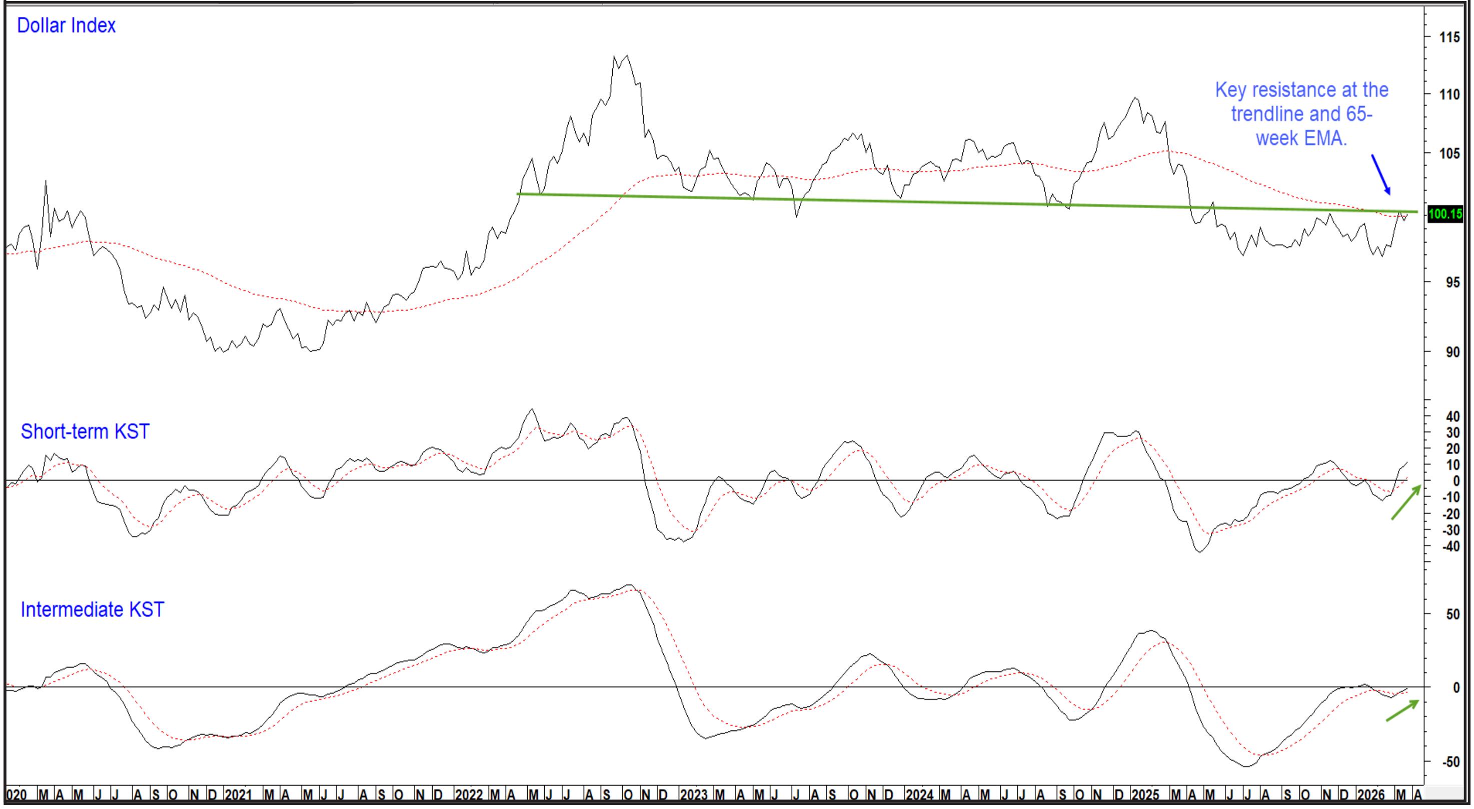


Chart 41

Euro and a Long-term KST

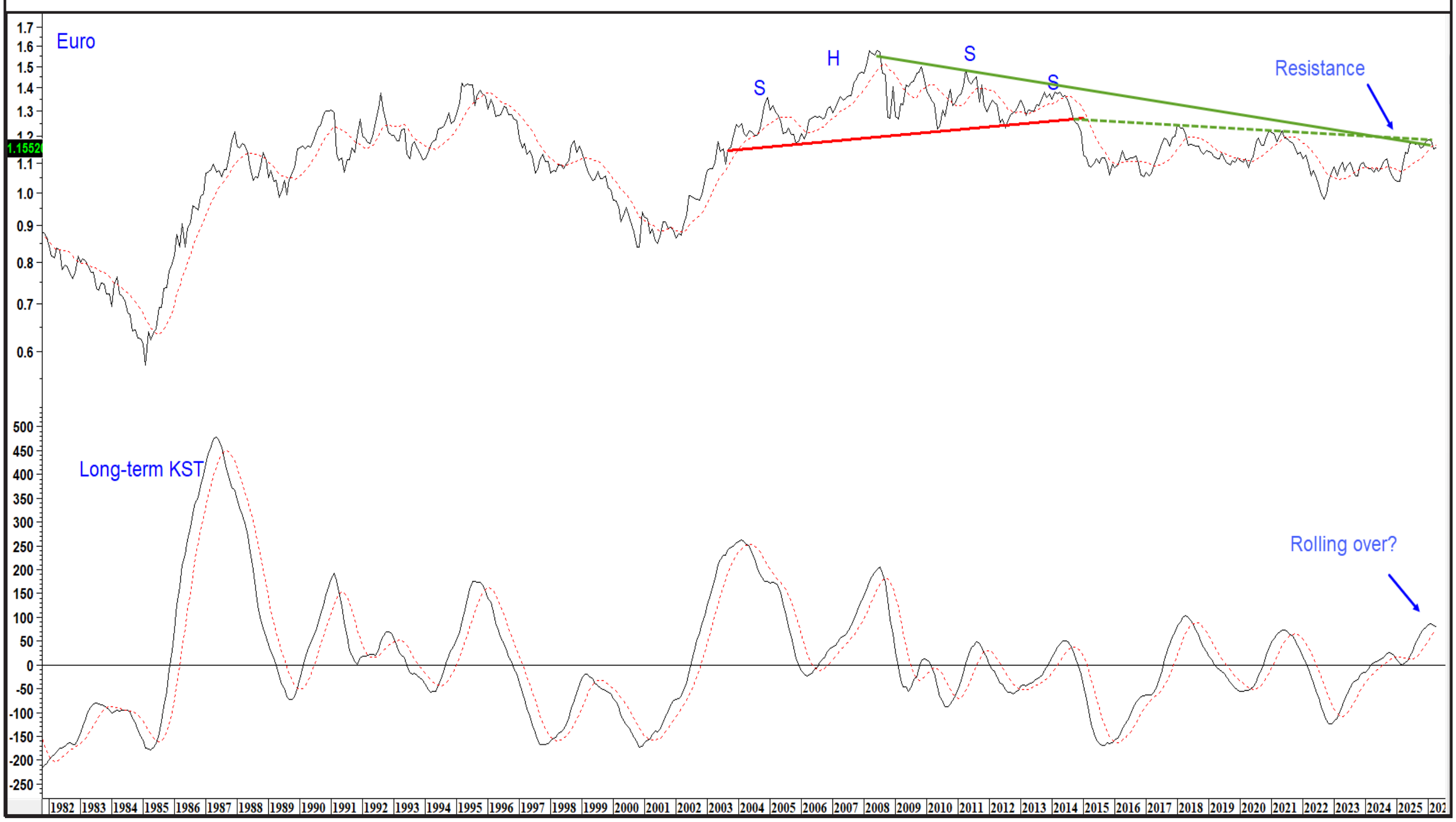


Chart 42

Pound/Dollar Ratio and a Special K

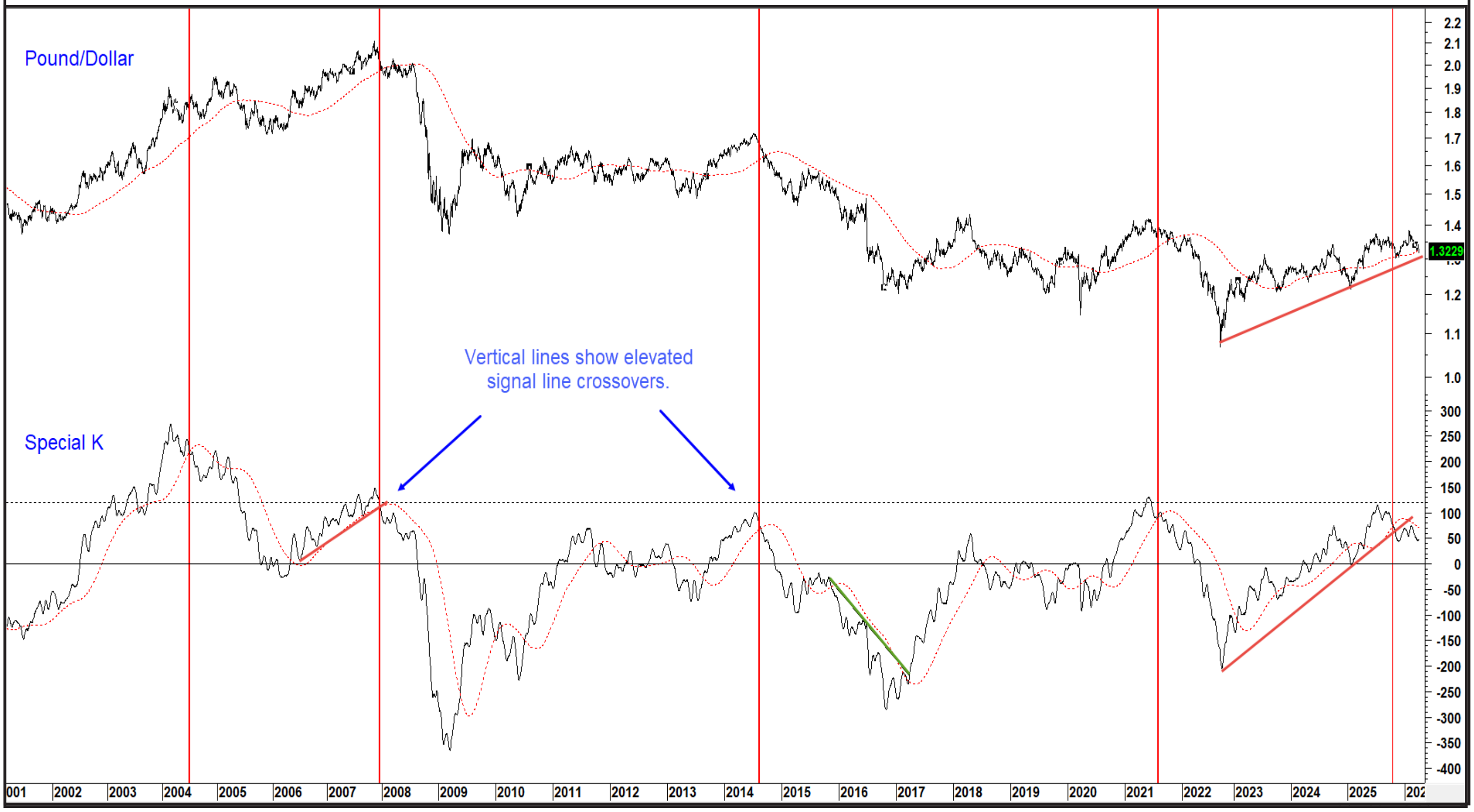


Chart 43

Japanese Yen and Three KSTs

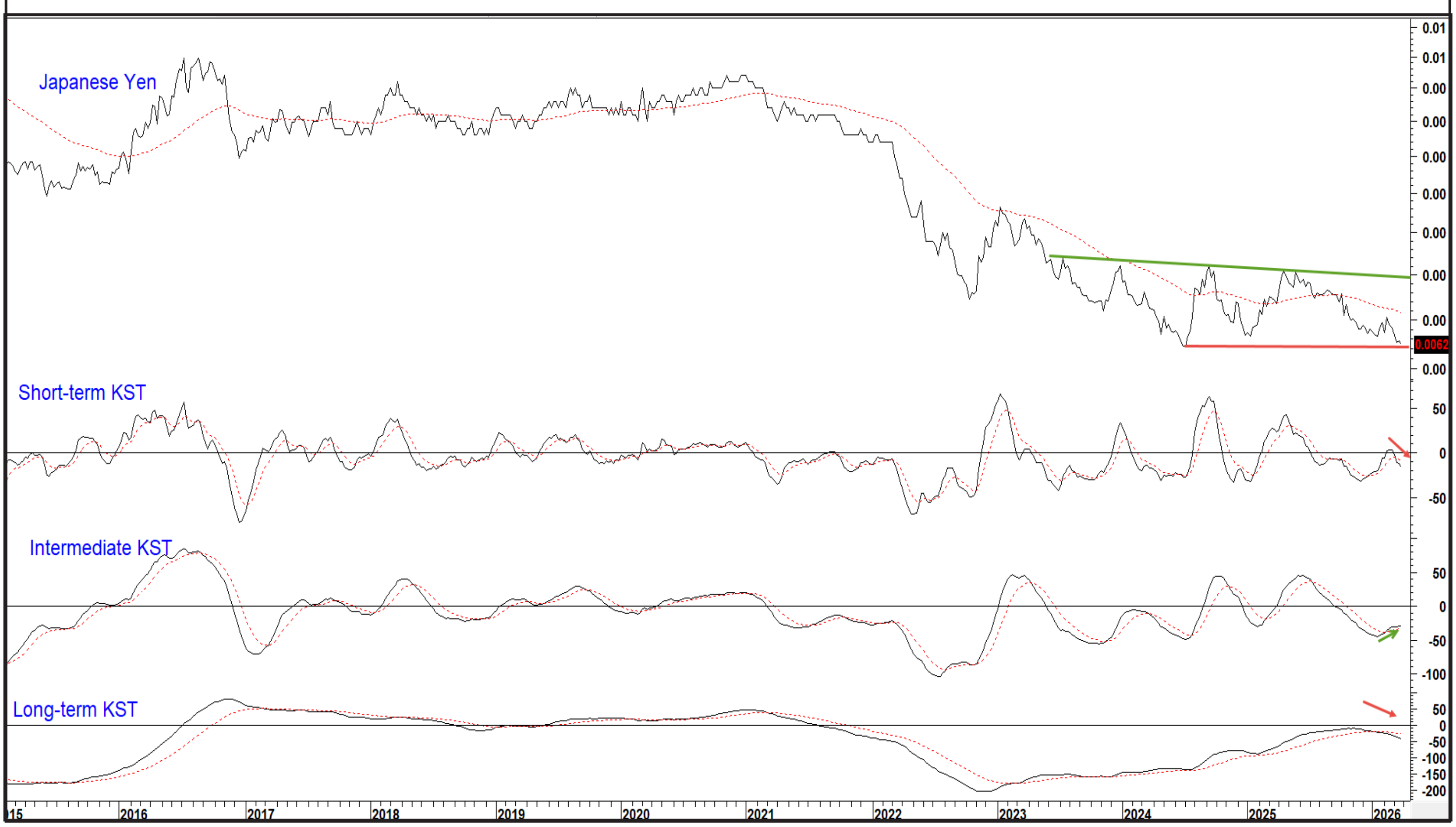


Chart 44

CRB Composite, the Australian Dollar, and a Long-term KST

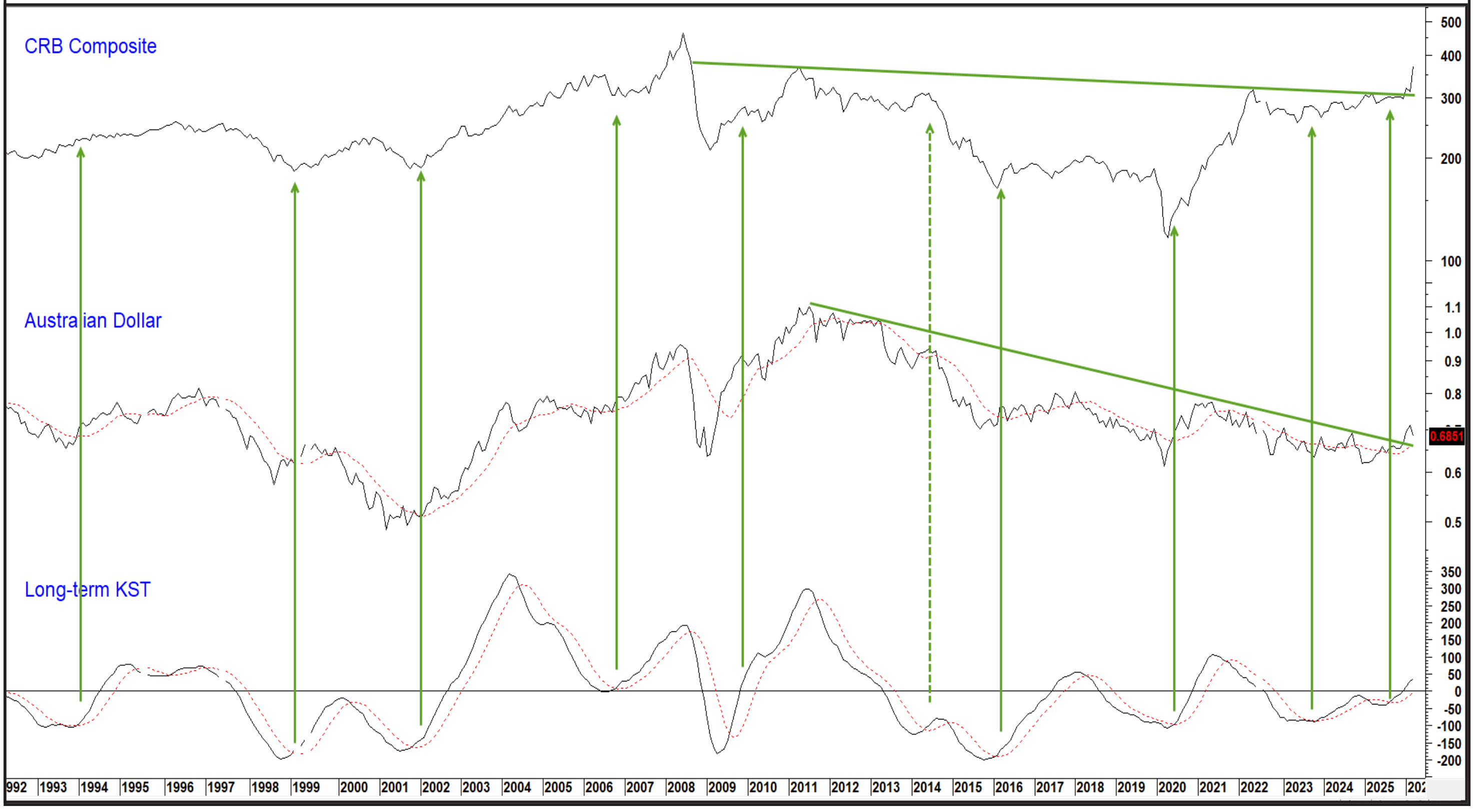


Chart 45

cate technical balance, as they're virtually touching. With the long term KST tentatively crossing below its moving average, the weight of evidence favors the likelihood of additional re accumulation before any sustained advance can develop.

Pound

The pound zigzagged its way lower from 2007 through 2022. The latest rally hasn't been able to break that pattern, as it failed to exceed the 2021 high. Having stalled at that resistance, the currency is now vulnerable to a violation of its 3-year uptrend line. The Special K in the lower window of Chart 43 recently crossed below its signal line from an elevated level, generating another sell signal, so a cyclical decline appears likely. The larger question is whether it will continue the post 2007 pattern of progressively lower lows.

Japanese Yen

The yen remains in the lower portion of its 2023-2026 trading range. The long-term KST has gone bearish again, suggesting a downside break is likely. However, the contradictory and anemic action of the short- and intermediate series in Chart 44 renders the outcome too close to call. We hold to the old adage, "When in doubt, stay the heck out"!

Australian Dollar

The Australian dollar has been able to build on its recent breakout and appears poised for further gains.

Canadian Dollar and a 6/15 EMA Price Oscillator

Chart 46

Canadian Dollar

Its Canadian counterpart , by contrast, continues to hold up but remains capped beneath the dashed green resistance trendline marking the upper boundary of its 2022–2026 trading range. Even so, we expect an eventual upside penetration, as our 6/15 EMA model remains in bullish mode. ■

Precious Metals

Gold

Gold experienced a bearish outside week in late January, as the price completely engulfed the prior week's range. The subsequent rebound retraced part of that decline in Chart 47, but the previous high remained intact. Late March brought a violation of the 8-month red uptrend line. All three KSTs have rolled over to varying degrees, supporting probable additional weakness.

SPDR Gold Trust (GLD) and Three KSTs

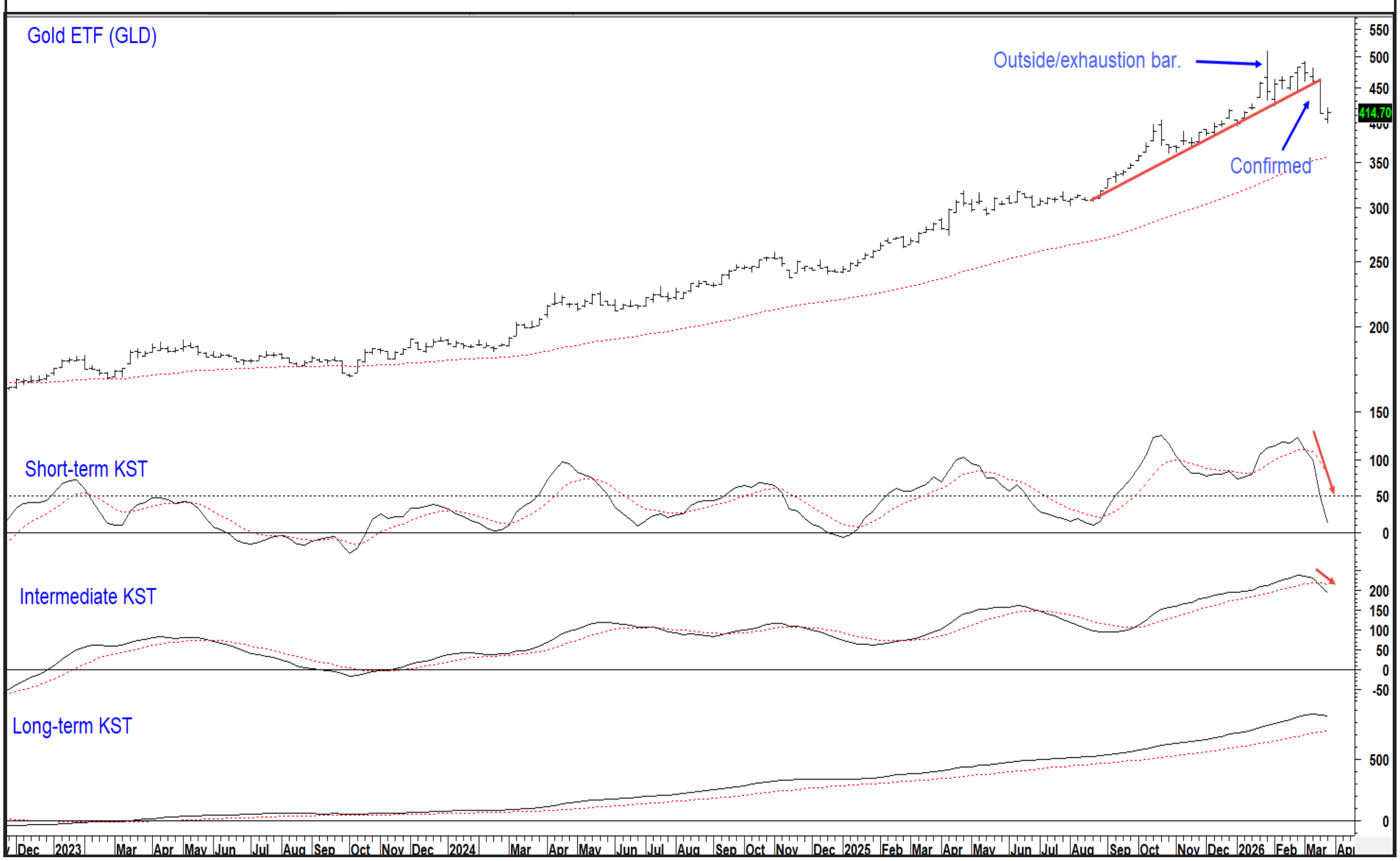


Chart 47

Gold and a 6/15 EMA Price Oscillator

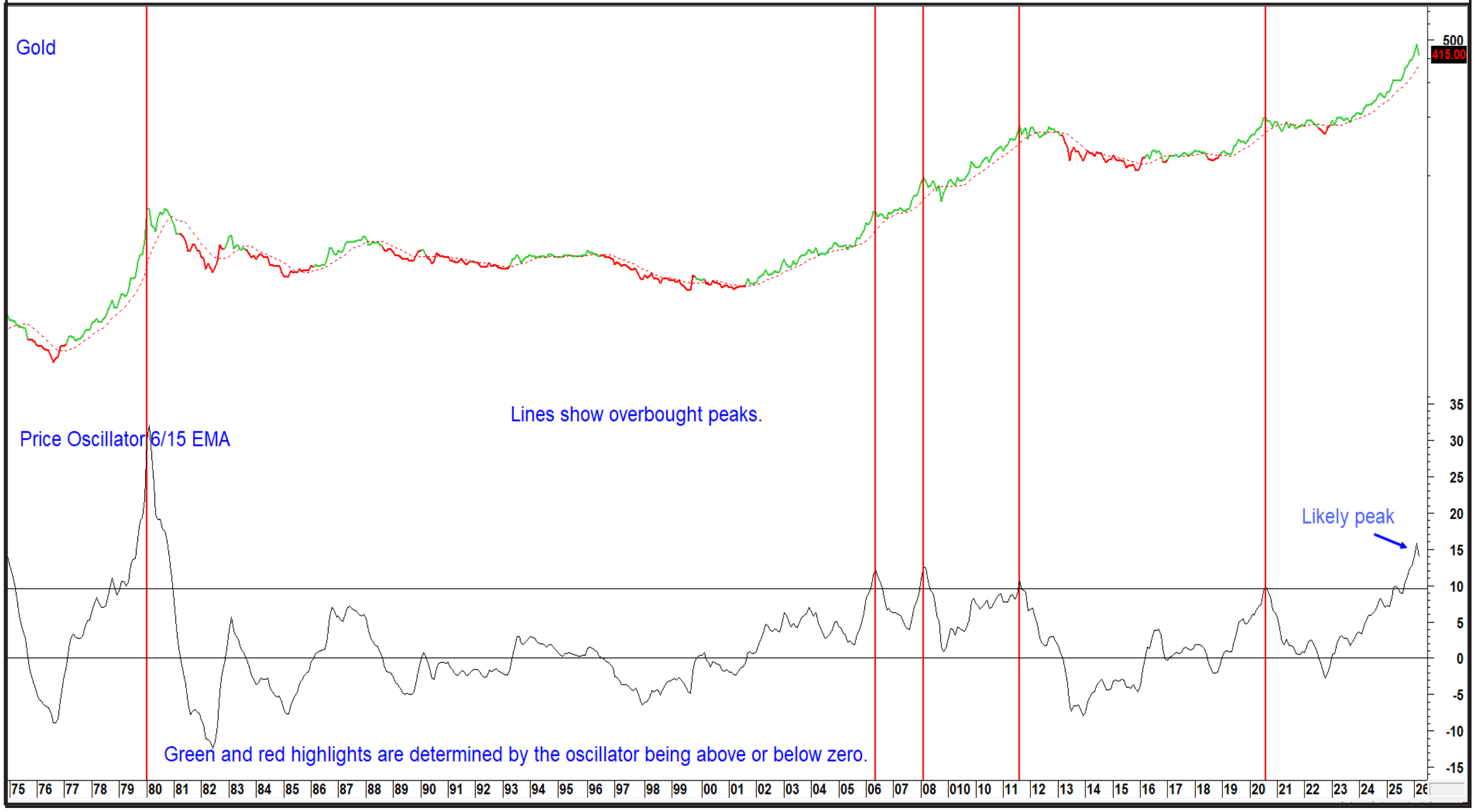


Chart 48

Spot Gold and a Special K

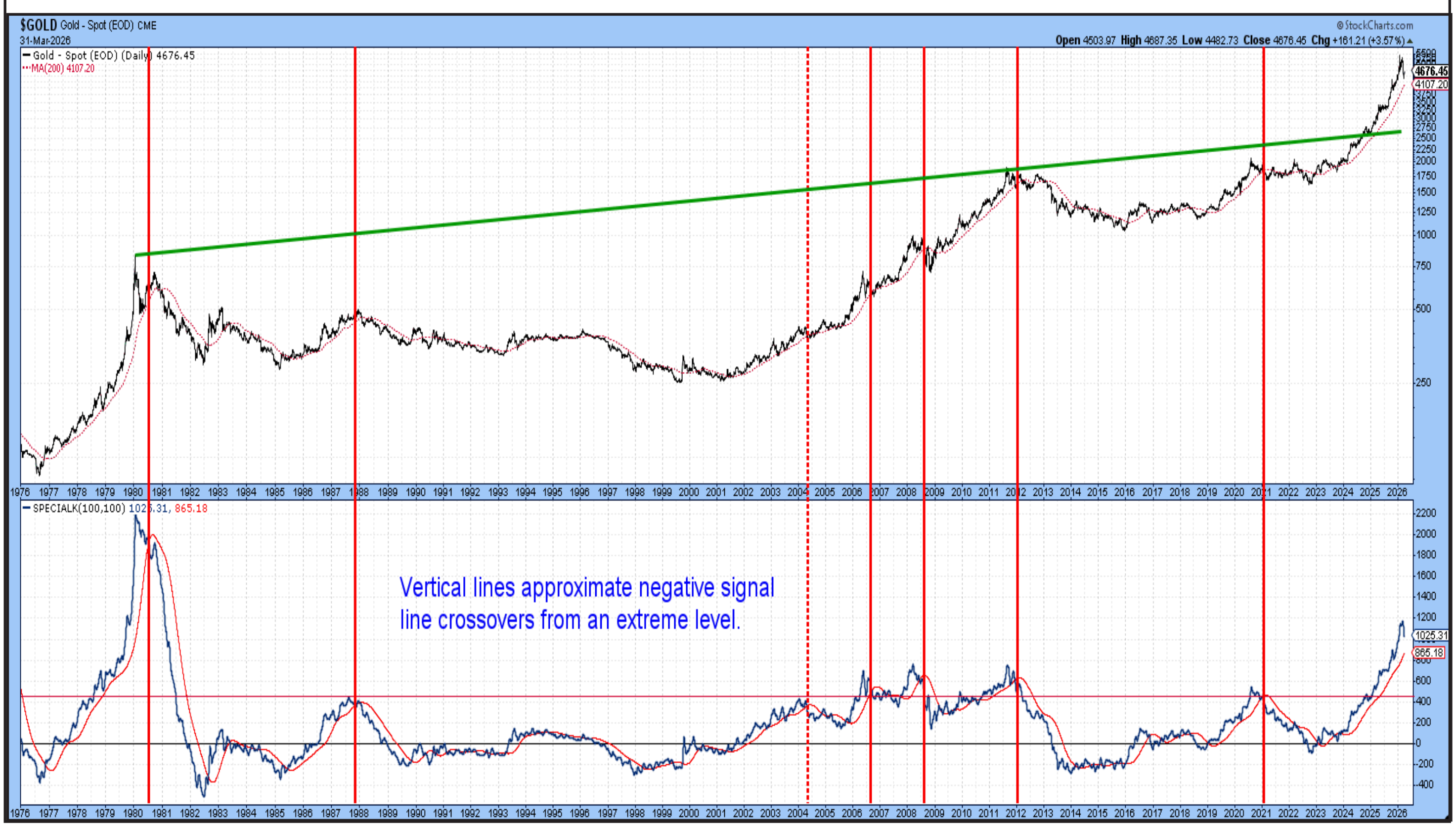


Chart 49

Courtesy of StockCharts.com

Silver and an 18-month ROC

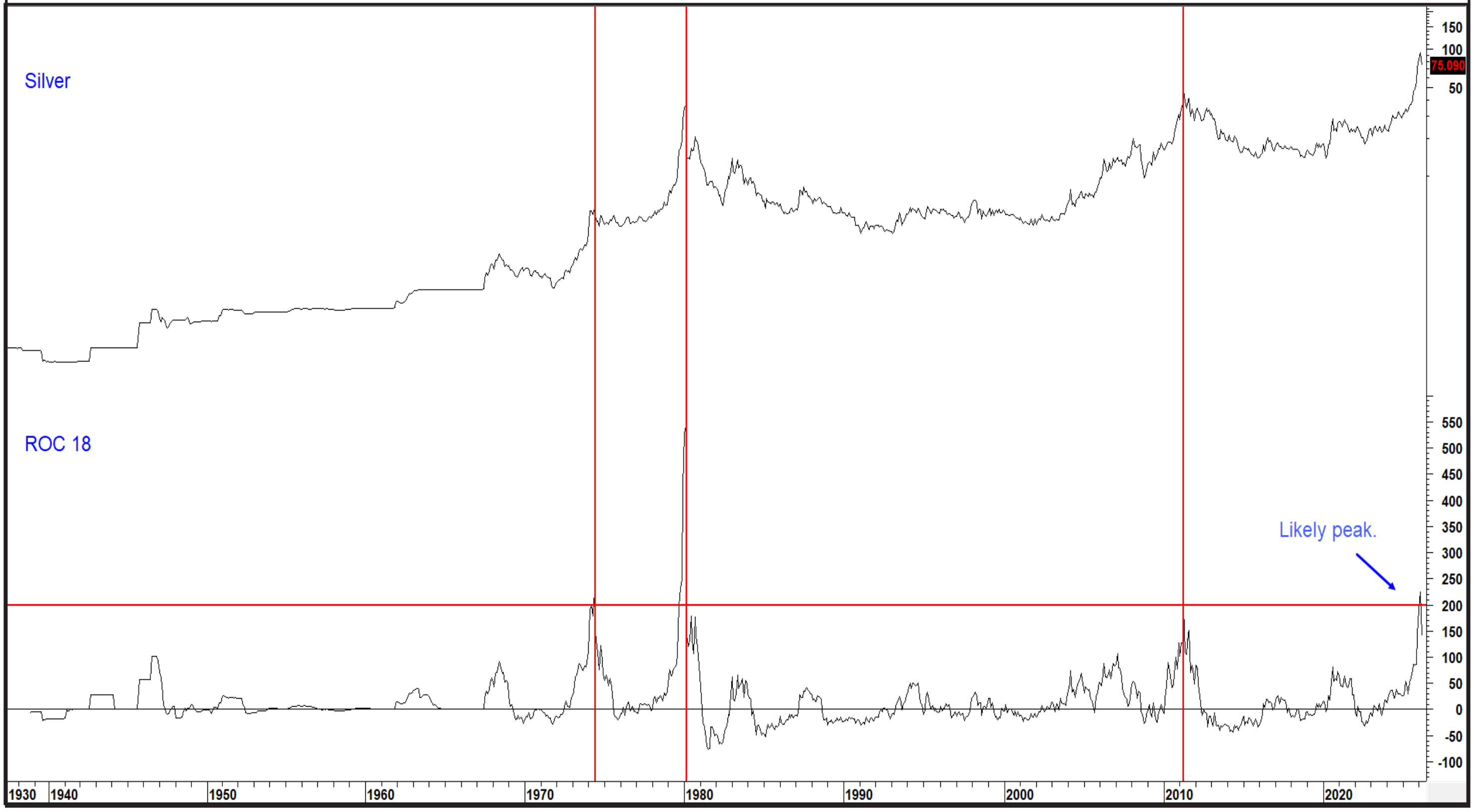


Chart 50

Chart 48 features the 6/15 EMA price oscillator. The vertical lines highlight instances when this momentum indicator reversed to the downside from a position at or above its overbought line. Declines of differing magnitude and duration have followed such reversals. In 1980, the signal preceded a secular bear market; in 2006, it marked an intermediate correction. While the full extent of the tentative 2026 reversal isn't yet known, the March downturn nonetheless serves as a warning.

Chart 49 uses negative Special K signal line crossovers from elevated readings to identify important reversals. The SPK has only exceeded its current level once before—during the 1979–80 rally. Although it's still rising, the evidence from the previous two charts suggests this strength is unlikely to persist. Chart 48 reinforces this message.

Silver

Our final chart features silver, a metal that often moves closely with gold. Its 18-month ROC has reached an extreme level for the fourth time since the 1930s. Each of the prior reversals from such elevated momentum readings was followed by a major correction or bear market. There's little reason to expect the current sharp reversal to behave differently. Given the close historical linkage between gold and silver, this deterioration in silver's momentum should be viewed as an additional warning for gold. ■