

# PHASES & CYCLES®

## A NEW FOUR-YEAR CYCLE HAS BEGUN.

The North American stock Exchanges are entering the worst month of the year. Is this true?

October has a bad reputation. Black Thursday on October 24<sup>th</sup> 1929 started the "Crash". Black Monday happened in 1987 on October 19<sup>th</sup>. The Lehman Brothers collapse occurred in October 2008. Shall we go on?

However, October is not the worst month of the year, that distinction goes to September. Since 2003 (for 20 years, with the exception of 2018), September had larger declines than October. In fact, September gets the top prize for over-all negative performance. For example, just this year, the S&P 500 Index (SPX) rose from 3,800 in March until 4,600 in late July, and then, suddenly, turned down and lost 300 points. In September!

### **HISTORY**

A Bull market consists of several four-year cycles, each in turn consists of an up-leg and a down-leg (often called a correction). Each cycle starts and ends higher than the previous one and the cycles don't exactly end in 208 months.

Let's look at the history of the S&P 500 (SPX). The upper chart starts just as the second four-year cycle (2015-2019) was ending and the third (2019-2023) was just starting.

The third four-year cycle had very little corrective action (with the exception of COVID in 2020). The SPX rose from 2,200 to 4,800, a 120% appreciation and ended early in October 2022 (see arrow) after a decline to 3,500. The shortened down-leg gave an early start to the fourth four-year cycle of the current Bull market.

### **OUTLOOK**

The new up-leg (see second chart) has already had numerous zig-zag movements and the current decline has, once again, reached the bottom of the rising trend-line.

This should complete the last zig-zag and start the next rise of the current up-leg.

Could this happen in October??

# S&P 500 (SPX)

8-Oct-2018 to 28-September 2023



29-September-22 to 28-September-2023



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