

# PHASES & CYCLES®

## NAVIGATING SEPTEMBER: STRENGTH, CYCLES, AND TRIPLE WITCHING AHEAD.

North American equity markets closed August on a strong note, with the DJI, S&P 500, NYSE, and S&P/TSX advancing 3.2%, 1.9%, 3.4%, and 4.9%, respectively. Notably, the DJI has now joined the “new 52-week high club,” though the Dow

Transports have yet to confirm this move. As September gets underway, the major indices remain near their recent peaks, with the S&P/TSX continuing to set the pace – already up 2.2% in the first eight trading days of the month (see table).

Index	July close	August close	Sept. 10 close	July to August	August to Sept.10
DJI	44,130.98	45,544.88	45,490.92	+3.2%	-0.1%
S&P 500	6,339.39	6,460.26	6,532.04	+1.9%	+1.1%
NYSE	20,458.44	21,151.47	21,294.57	+3.4%	+0.7%
S&P/TSX	27,259.78	28,564.45	29,179.39	+4.8%	+2.2%

Financials – which make up nearly one-third of the S&P/TSX – have been the leading driver of recent gains, supported by strength in select Energy names such as Enbridge (ENB), Imperial Oil (IMO), and Cameco (CCO). Like the broader index, these stocks are currently trading well above both their 50-day and 200-day moving averages. While this momentum underscores strong underlying demand, it also suggests that a period of consolidation or a healthy pullback would be constructive in sustaining the longer-term uptrend.

While U.S. indices remain in an uptrend, they continue to trail the S&P/TSX. September is often cited as the weakest month of the year, but history shows it is not consistently negative: since 1928, the month has delivered 44 positive outcomes against 53 negative, with an average return of -1.12% on the S&P 500. Statistically, the odds lean toward a correction, though nothing is guaranteed. For now, the bull market continues to scale the proverbial “wall of worry,” undeterred

by ongoing conflicts, softening labor data, and rising recession concerns.

Next week could prove pivotal as the 39-week cycle matures alongside triple witching – when stock options, stock index options, and stock index futures all expire simultaneously. This confluence often fuels elevated volatility and, at times, erratic short-term moves. A modest pullback would help relieve the overbought conditions, particularly acute in the S&P/TSX, while leaving the broader bull trend intact.

Crucially, this advance remains underpinned by strong internal dynamics, including a recent “breadth thrust” (explained in MKT-574 on May 14, 2025). Historically, every breadth thrust has led to meaningfully higher equity markets over the following 12 months – a rare 100% success rate. While selectivity and caution are still warranted, the weight of evidence continues to tilt toward higher markets in the months ahead.

*Charts courtesy of LSEG*

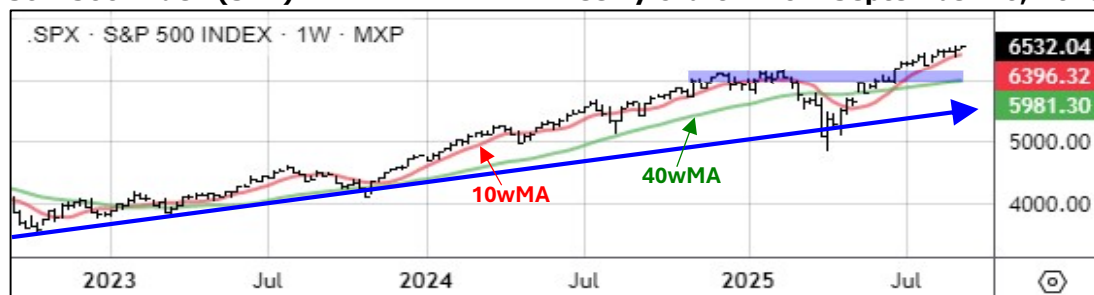
Technically, the DJI has edged only marginally above resistance at 45,000, with the DJT still lacking confirmation. The index remains near its highs and comfortably above its 10-week moving average, with the 40-week MA around 43,000 (about 5.5% lower) serving as the next significant support. In contrast, the S&P 500, NYSE, and S&P/TSX

have all broken decisively through resistance. The S&P 500 and NYSE are consolidating near their 10-week MAs, while the S&P/TSX sits roughly 4% above its 10-week MA. A pullback toward their respective 40-week MAs would imply declines of 8.4% for the S&P 500, 6.8% for the NYSE, and 11.1% for the S&P/TSX.

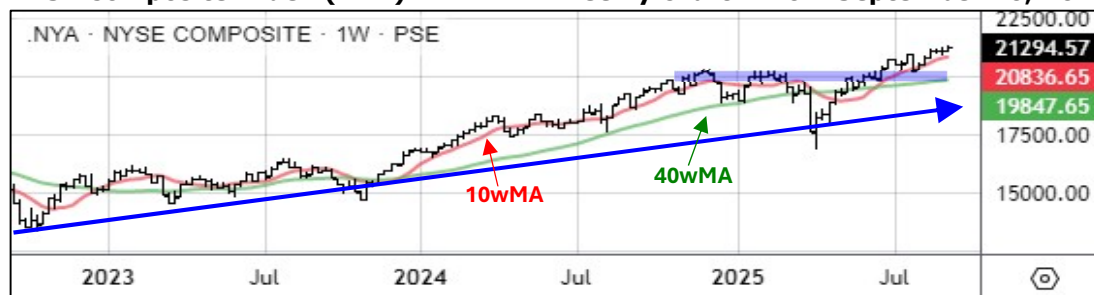
**Dow Jones Industrial Average (D)** Weekly chart – from September 10, 2023



**S&P 500 Index (SPX)** Weekly chart – from September 10, 2023



**NYSE Composite Index (NYA)** Weekly chart – from September 10, 2023



**S&P/TSX Composite Index (GSPTSE)** Weekly chart – from September 10, 2023



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