

PHASES & CYCLES®

BULL MARKET CHECK-UP: GAINS, CYCLES & SEASONAL TRENDS

The July Market Comment noted how markets often “climb a wall of worry,” a pattern that has persisted despite weak job data, additional tariffs, and ongoing global conflicts. While the Dow Jones Industrial Average (DJI) has yet to break decisively above its prior highs, the S&P 500, NYSE, and S&P TSX indices had already surpassed their respective resistance levels at the time of the last report and remain in solid uptrends. Since their April lows, the S&P 500, DJI, NYSE, and S&P TSX have gained 32.9%, 23.0%, 24.6%, and 25.9%, respectively. Throughout this rally, the 50-day moving average has consistently provided support for all four indices. That support was briefly tested on August 1, when a new wave of global tariffs was set to take effect, but markets have since continued their climb.

From a broader perspective, we place the start of the current bull market in October 2022. If it follows a typical four-year cycle, we are now entering its fourth year. Several technical and sentiment indicators suggest the rally could extend through year-end and into the first quarter of 2026. These include the 100% historical success rate of the Breadth Thrust signal discussed in our May 14 report, and the S&P 500's tendency to gain an average of 22% in years ending in “5”—having already advanced 9.3% this year (see table below). Investor sentiment remains well below the excessive optimism often seen before major market peaks: last week, Investors Intelligence reported 47.1% bulls versus a five-week stretch above 60% late in 2024, while the AAI survey showed bullish sentiment at 34.9%, below its historical average of 37.5%. Together, these factors point to further upside potential for the S&P 500, possibly extending into the first half of 2026.

In the near term, markets may continue to rally into late August, but the combination of typically weak seasonality from September to early

October and several technical signals suggests a brief pause before year-end. Specifically:

1. Only 54.8% of NYSE stocks are trading above their 50-day moving averages, down from 71.5% last month, indicating reduced breadth as the market rises.
2. Fewer NYSE stocks are making new 52-week highs, pointing to a weakening trend.
3. The NYSE daily advance/decline line is showing early signs of softening.
4. The S&P 500 is now significantly extended above its 200-day moving average.

Given these factors, a pullback in September or early October would not be unexpected. However, such weakness is likely to be followed by a strong year-end rally. It's also worth noting that market corrections can take the form of either a price decline or a horizontal trading range. The charts on the next page highlight potential support levels.

Index	2025 start	Recent high	Change
S&P 500	5,881.63	6,427.02	9.3%
DJI	42,544.22	45,016.71	5.8%
NYSE	19,097.10	20,959.27	9.8%
S&P TSX	24,727.94	27,977.80	13.1%

In summary, the bull market's push to new all-time highs reaffirms our long-standing bullish outlook. The adage “the uptrend is your friend” remains as relevant as ever. While minor corrections are inevitable, the prevailing trend should be respected unless clear price action signals otherwise. Investors are best served by staying engaged in the bull market while considering profit-taking in overextended positions, guided by their individual investment horizon. A balanced stance—maintaining long-term optimism while exercising short-term caution—remains the most prudent approach.

Charts courtesy of LSEG

PAC-25-121; MKT-577; August 12, 2025

Monica Rizk

Capitalight Research · 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario M5X 2A2
subscriptions@capitalightresearch.com · [Capitalightresearch.com](https://capitalightresearch.com)

The contents of this report may NOT be copied, reproduced or distributed without the explicit written consent of Capitalight Research Inc. ©2025, Capitalight Research Inc. All rights reserved

The opinions and projections contained herein are those of Capitalight Research Inc., its principals, associates and employees (collectively “the researchers”) and are subject to change without notice. The information contained herein has been obtained from sources that we believe to be reliable but cannot guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that “the researchers” are to be under no responsibility or liability whatsoever in respect thereof. “The researchers” may, from time to time, buy, own or sell securities mentioned herein. “Capitalight Research Inc” is a division of Capitalight Cor

The charts below highlight the strength of the recent rally from April to the present, with all major indices posting higher highs and trading well above their respective 50-day Moving Averages (50dMAs). A sustained break below these averages could signal the start of a correction.

Key support lies at the 50dMA levels:

- S&P 500: 6,185
- NYSE Composite: 20,360
- S&P/TSX: 26,955
- DJI: 43,690

The next key support lies at the 200-day Moving Averages (200dMAs):

- S&P 500: 5,915
- NYSE Composite: 19,700
- S&P/TSX: 25,500
- DJI: 42,900

For the DJI (bottom chart), a decisive break and close above 45,100 (shaded area) would place the index in new all-time-high territory, turning that level into initial support, with the 200-day moving average serving as the next major floor. Conversely, failure to hold above 45,100 could invite renewed selling pressure.

S&P 500 Index (SPX)

Daily chart – from August 2024



NYSE Composite Index (NYA)

Daily chart – from August 2024



S&P/TSX Composite Index (GSPTSE)

Daily chart – from August 2024



Dow Jones Industrial Average (DJI)

Daily chart – from August 2024

