

PHASES & CYCLES®

THE BREADTH THRUST.

Our last Market Comment detailed the "First five days of January" indicator and mentioned that "going back to 1950, a positive First Five Days has resulted in a full-year positive equity market 85% of the time". Could this occur again in 2023?

During the first five days of 2022 the S&P 500 Index (SPX) lost 88 points or 1.8%. and by October the loss grew to 23%. During the first five days of 2023 the SPX gained 2.8%; could the SPX gain 23% in 2023?

Not only have the markets gained during the first five days, but they triggered an extremely important indicator. One of the most reliable technical indicators is called the "Breadth Thrust". This occurs when the Advancing stocks outnumber the Declining stocks by a 2:1 ratio during a 10-day period. This happened not only in New York, but also in Toronto. During the last 10 times this occurred since 1962, the market gained between 12.3 and 30.0 percent.

Date	SPX			VIX	TSX		
	Close	Advancing Issues	Declining Issues		Close	Advancing Issues	Declining Issues
3/1	3824	2469	1733	22.90	19444	1634	977
4/1	3853	3407	792	22.01	19589	1002	434
5/1	3808	1592	2513	22.46	19507	508	862
6/1	3895	3619	541	21.01	19815	1184	246
9/1	3892	2694	1453	21.97	19858	905	545
10/1	3919	2847	1224	20.58	19899	942	461
11/1	3970	3270	865	21.09	20025	1060	352
12/1	3983	3275	873	18.83	20211	1100	319
13/1	3999	2631	1466	18.35	20360	976	421

As the chart below indicates, the SPX's downtrend line has touched the rally highs six times. Therefore, it became an important technical signal. A move above SPX 4,000 would (together with the Breadth Thrust) indicate the resumption of the bull market that started in 2009. Note, that the TSX

already moved above its downtrend line in November.

A move above SPX 4,000 and a high closing level at the end of January ("as January goes so does the market"), would then be the final nail in the coffin for the "super bears".

S&P 500 (SPX)



S&P/TSX (TSX)



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