

PHASES & CYCLES®

What is the Outlook for 2024?

Let's start with some definitions. Elections in the USA occur every four years. 2023 was a "Pre-Election Year"; 2024 will be an "Election Year". *Presidential Election Cycle Theory* proposes that markets follow a pattern each time a U.S. president is elected. Generally speaking, the pre-election year is the best year (see 2023), and the second best is the election year.

The next President will either be the "Incumbent President" (Mr. Biden), a previous President seeking a second term (Mr. Trump - if he stays out of jail) or a new President altogether (if Mr. Trump goes to jail or doesn't get the nomination, or if Mr. Biden steps down). Election years, when a new President is elected, have been positive years since 1950.

Let's start with the common "old man's prognostication".

1, The "Santa Claus Rally" starts late in December and it ends on the first market-day in January. A negative result by these days precedes a bear market.

Outcome for 2024: Of the seven days of the rally, there were three up

days, three down days and one neutral day, giving a flat result.

2, "As the First Five Days of the year go, so goes the year".

Outcome for 2024: three down days, one flat day and one up day.

Conclusion: leaning towards a negative year.

3, "As January goes, so will the year": I will report the outcome in early February.

OUTLOOK

On December 8th the Market Comment reported the SPX at 4604, the percentage of stocks above their 10dMA at 69% and the AAI bulls at 49%. At the end of December, the same statistics showed SPX at 4775, stocks at 81% and AAI at 57%. Yesterday's results are SPX at 4757, the stocks at 70% and the AAI at 49%. These statistics suggest that the SPX is still obviously overbought.

Therefore, some minor corrections could occur until mid-January, towards either a 1/3 correction to SPX 4550, or a 1/2 correction to 4450, before the bulls pick up again and reach for new all-time highs.



Capitalight Research · 130 King Street West, Exchange Tower Suite 1940, Toronto, Ontario M5X 2A2
subscriptions@capitalightresearch.com · Capitalightresearch.com

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