

# The Leuthold Group

## Risky, But Not Yet “Tippy”

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February 27, 2025



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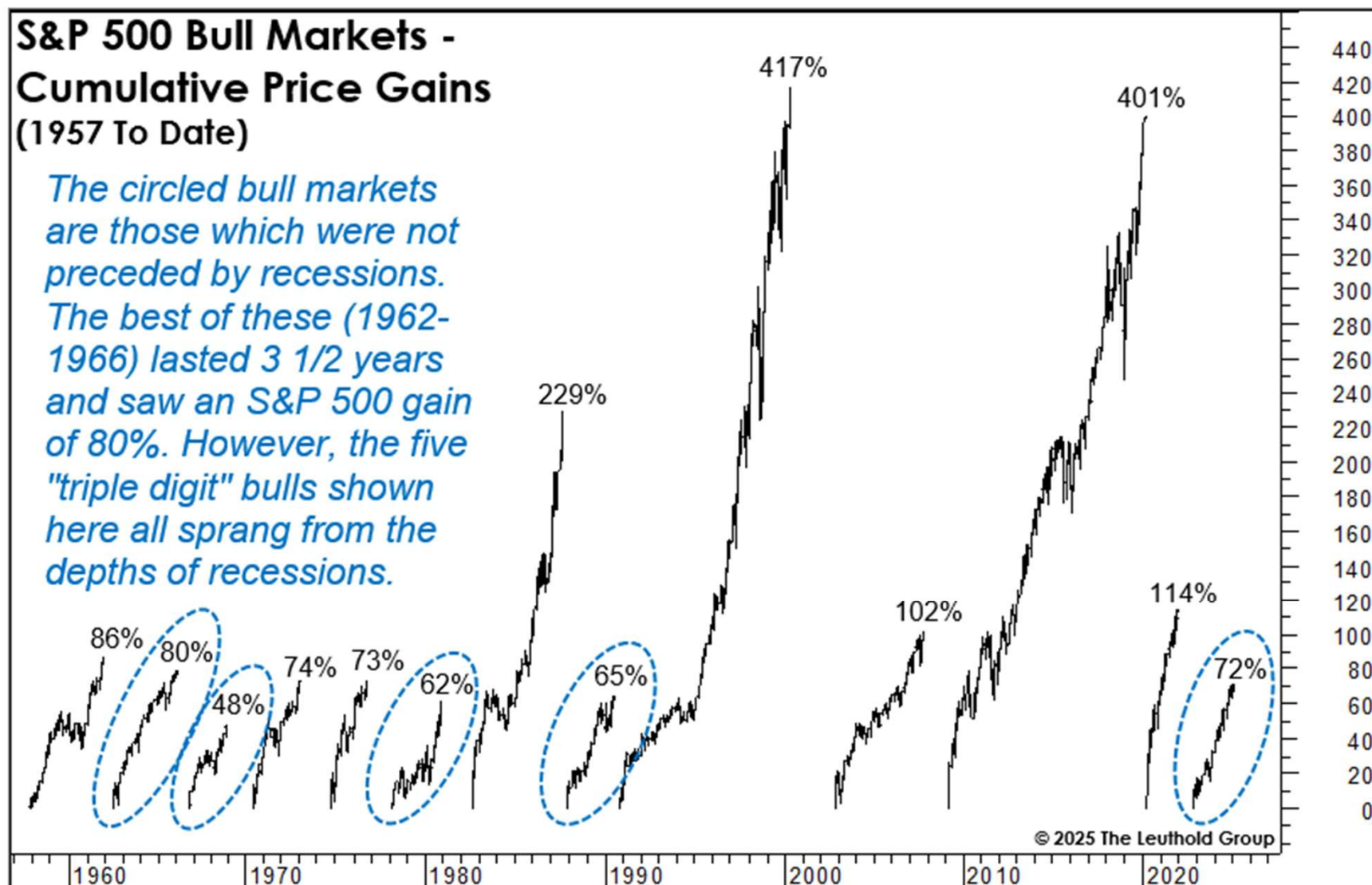


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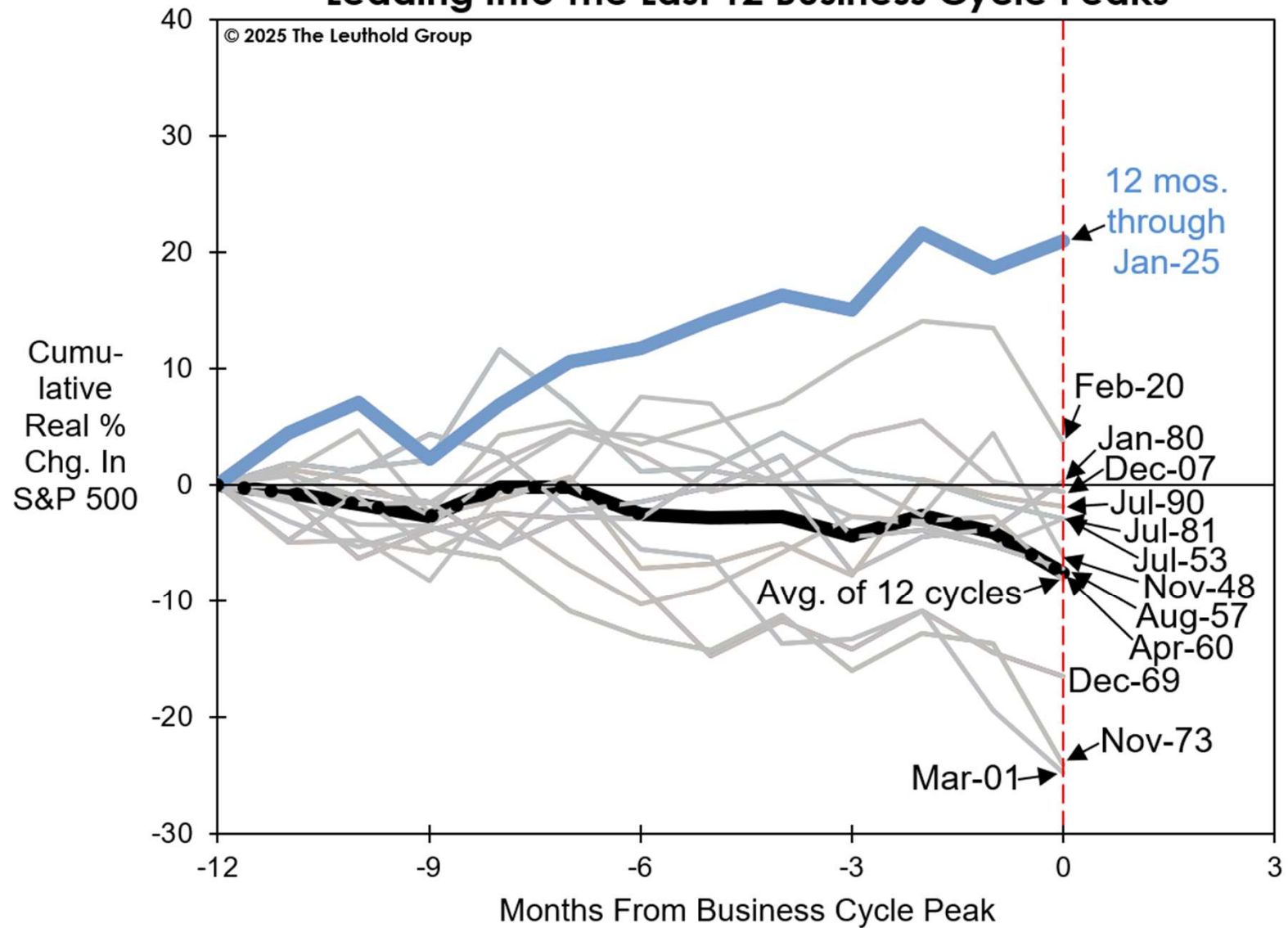
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## S&P 500 Bull Markets - Cumulative Price Gains (1957 To Date)

*The circled bull markets are those which were not preceded by recessions. The best of these (1962-1966) lasted 3 1/2 years and saw an S&P 500 gain of 80%. However, the five "triple digit" bulls shown here all sprang from the depths of recessions.*



## Real 12-Mo. Performance Of The S&P 500 Leading Into The Last 12 Business Cycle Peaks





## S&P 500 Performance After Gaining More Than 35% In The Last 12 Months\*

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Date 12-Mo. Gain First Exceeds 35%	S&P 500 12-Mo. Gain	S&P 500 Forward Performance		
		3-Mo %	6-Mo %	12-Mo %
March 30, 1928	37.3	0.3	11.7	33.5
April 30, 1933	42.7	19.6	7.7	25.7
October 31, 1935	41.4	14.8	10.5	38.1
March 31, 1943	44.6	6.6	4.3	3.8
January 31, 1946	37.9	1.0	-3.3	-15.7
September 30, 1954	38.4	11.4	13.2	35.2
December 31, 1958	38.1	0.4	5.9	8.5
June 30, 1971	37.1	-1.4	2.4	7.5
March 31, 1983	36.6	9.9	8.6	4.1
September 30, 1987	39.1	-23.2	-19.6	-15.5
January 30, 1996	35.2	2.9	0.6	23.6
July 31, 1997	49.1	-4.2	2.7	17.4
August 31, 1999	37.9	5.2	3.5	14.9
February 27, 2004	36.1	-2.1	-3.6	5.1
February 26, 2010	50.3	-1.4	-5.0	20.2
March 31, 2021	53.7	8.2	8.4	14.0
October 31, 2024	36.0	?	?	?
<b>Average</b>	41.0	3.0	3.0	➔ 13.8
<b>Avg., All Periods</b>	8.4	2.0	4.1	➔ 8.4

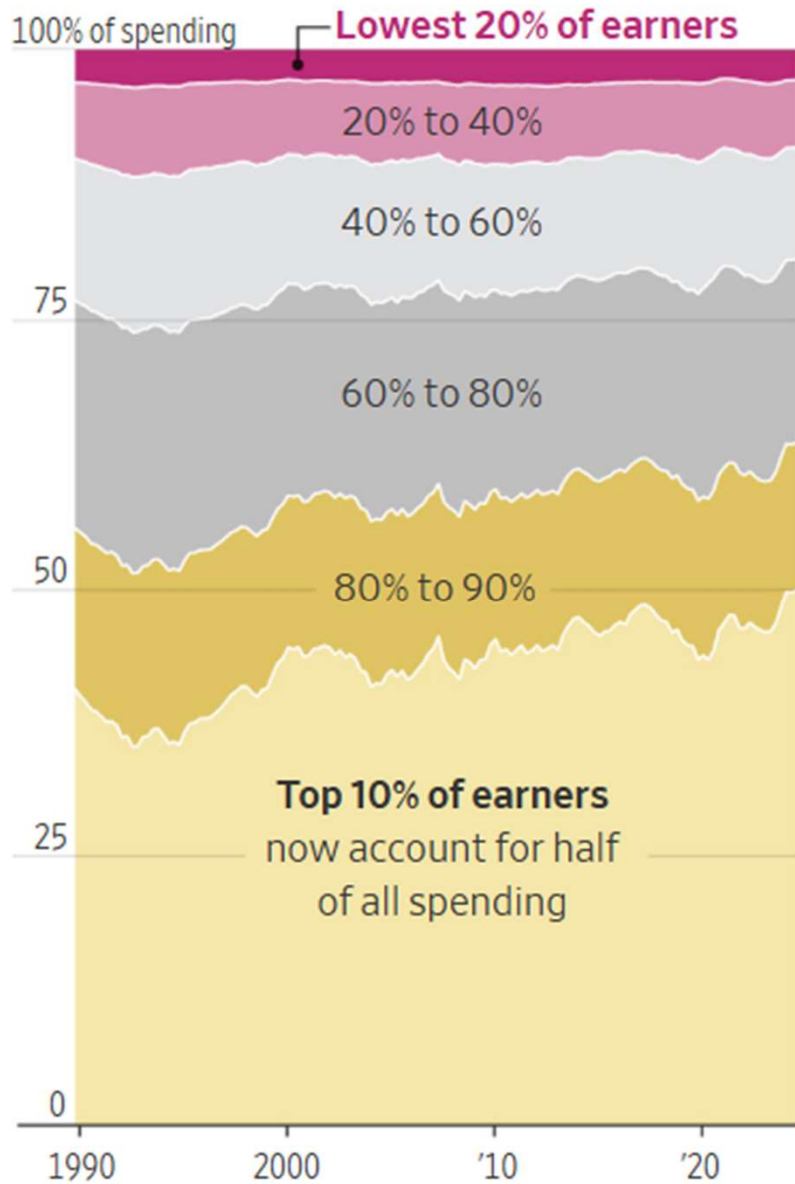
\*12-month gain must have been below 35% for each of the previous 12 months.

## Economic Cycle After The S&P 500 Gains More Than 35% In Last 12 Mos.\*

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<b>Date 12-Mo. Gain First Exceeds 35%</b>	<b>S&amp;P 500 12-Mo. Gain</b>	<b>Business Cycle Peak In Next 12 Mos.?</b>
March 30, 1928	37.3	No
April 30, 1933	42.7	No
October 31, 1935	41.4	No
March 31, 1943	44.6	No
January 31, 1946	37.9	No
September 30, 1954	38.4	No
December 31, 1958	38.1	No
June 30, 1971	37.1	No
March 31, 1983	36.6	No
September 30, 1987	39.1	No
January 30, 1996	35.2	No
July 31, 1997	49.1	No
August 31, 1999	37.9	No
February 27, 2004	36.1	No
February 26, 2010	50.3	No
March 31, 2021	53.7	No
October 31, 2024	36.0	?
<b>Average</b>	<b>40.7</b>	<b>No peaks within next 12 months.</b>
<b>Avg., All Periods</b>	<b>8.4</b>	

\*12-month gain must have been below 35% for each of the previous 12 months.

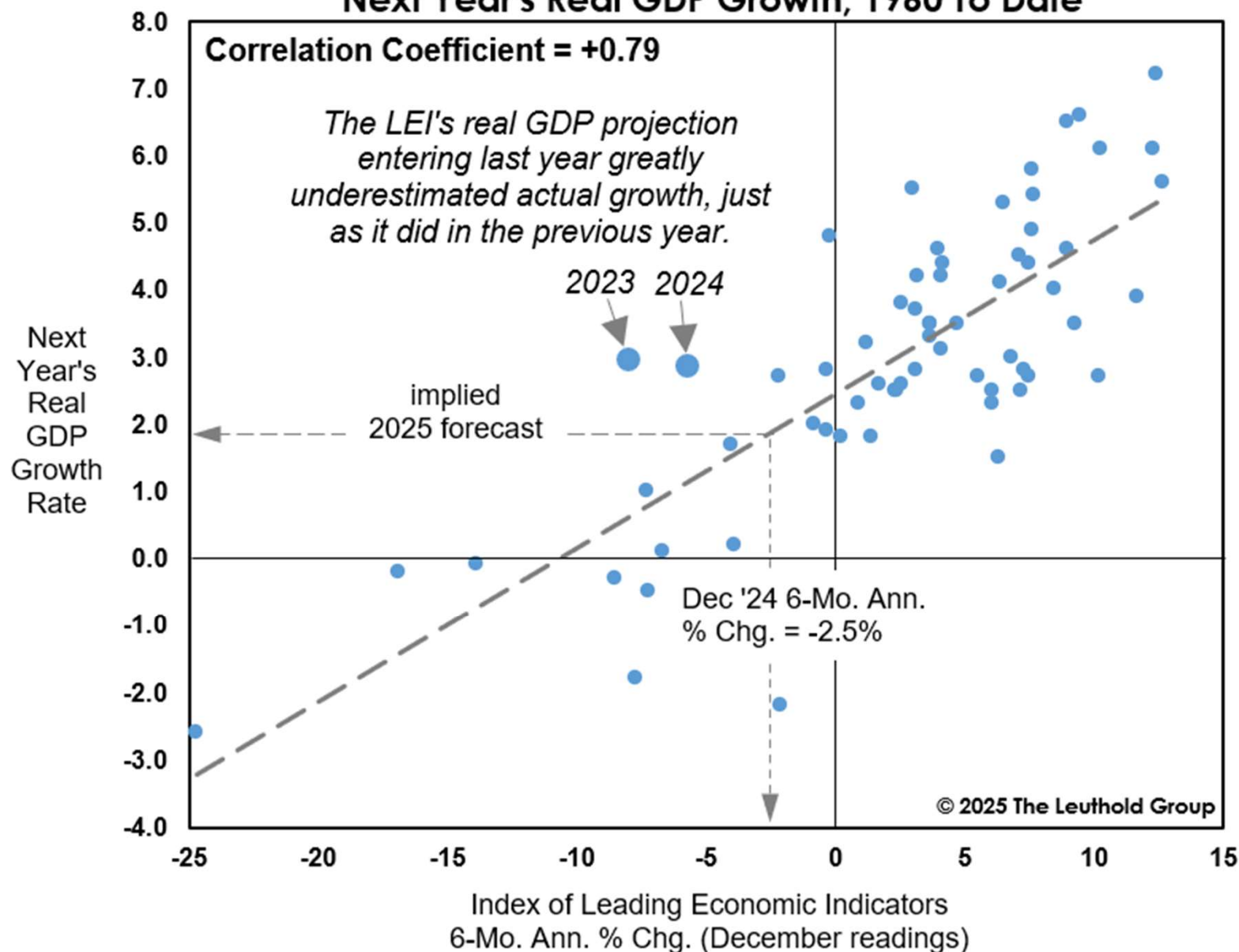
## Share of spending, by income group



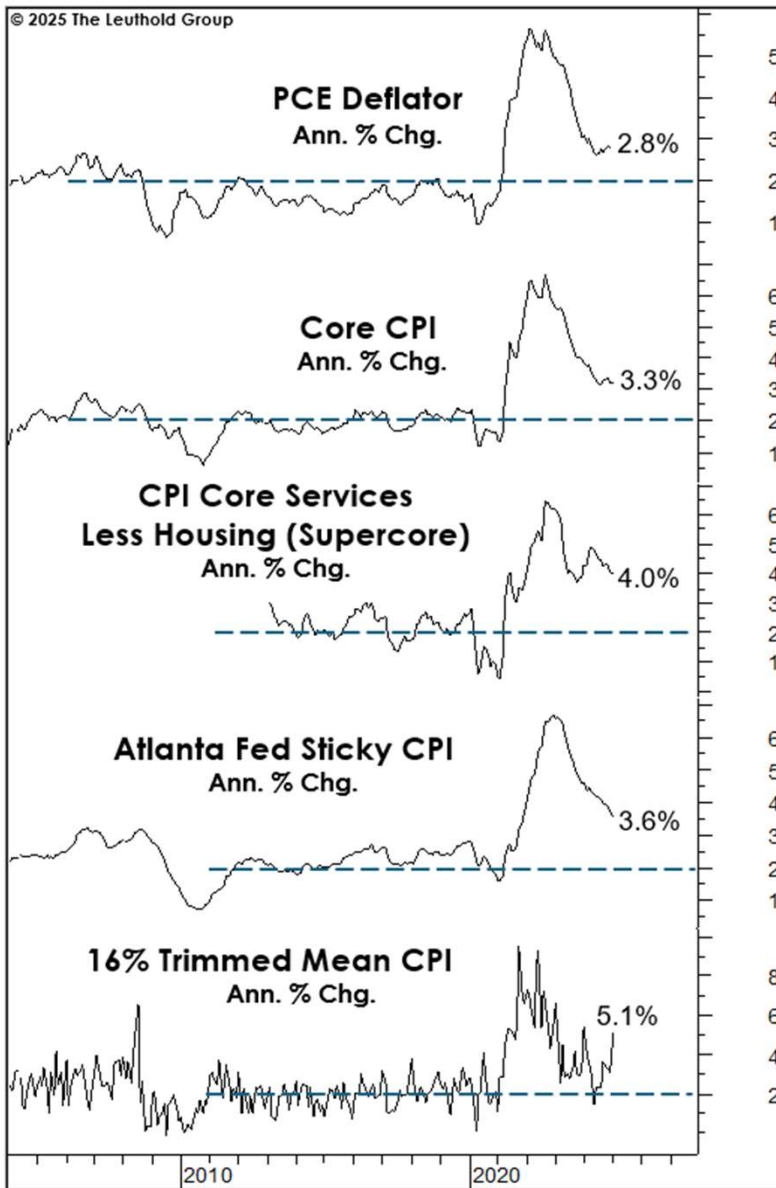
Source: Moody's Analytics



## 6-Mo. Ann. Growth In Leading Economic Indicators Vs. Next Year's Real GDP Growth, 1960 To Date



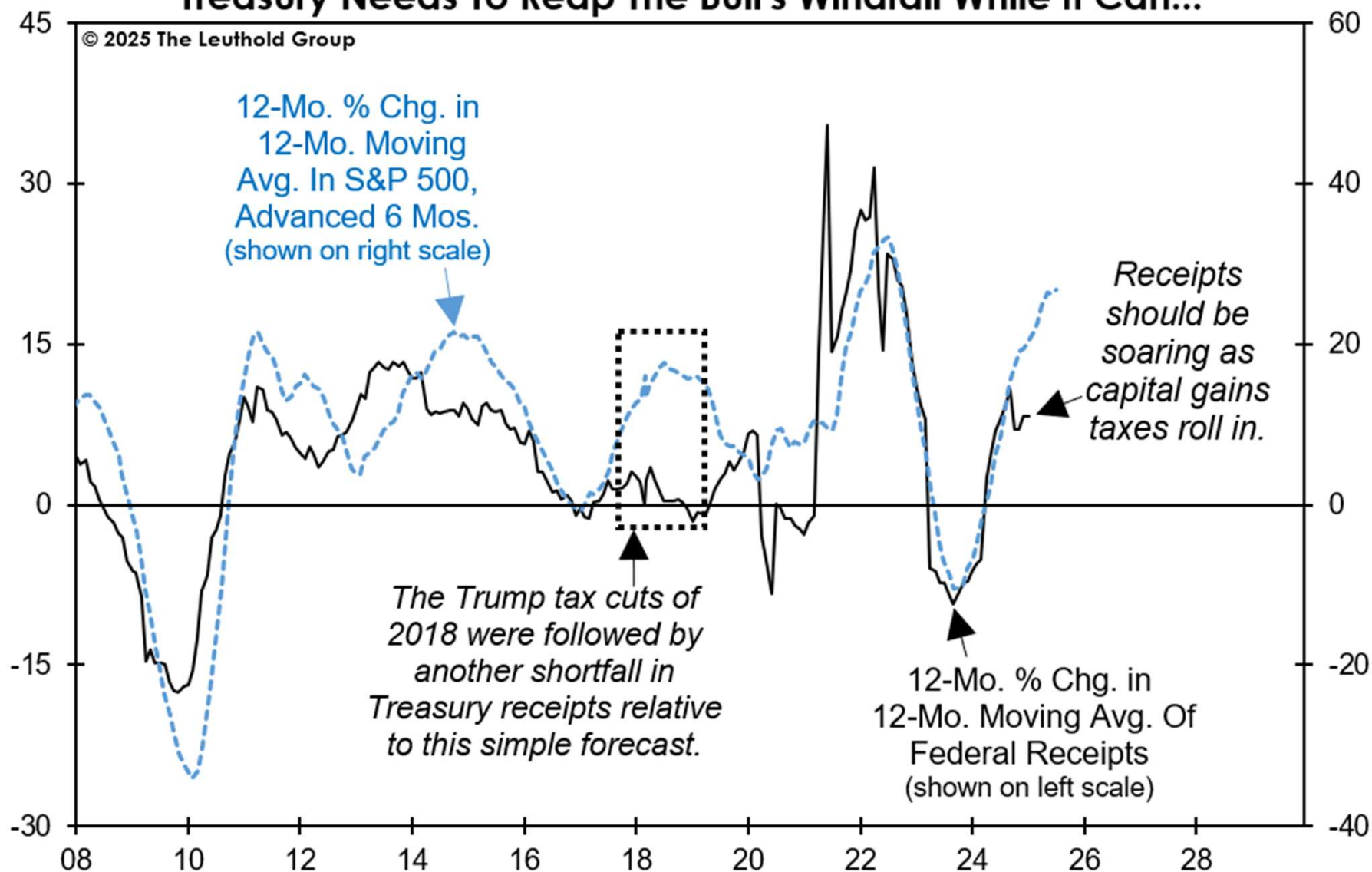




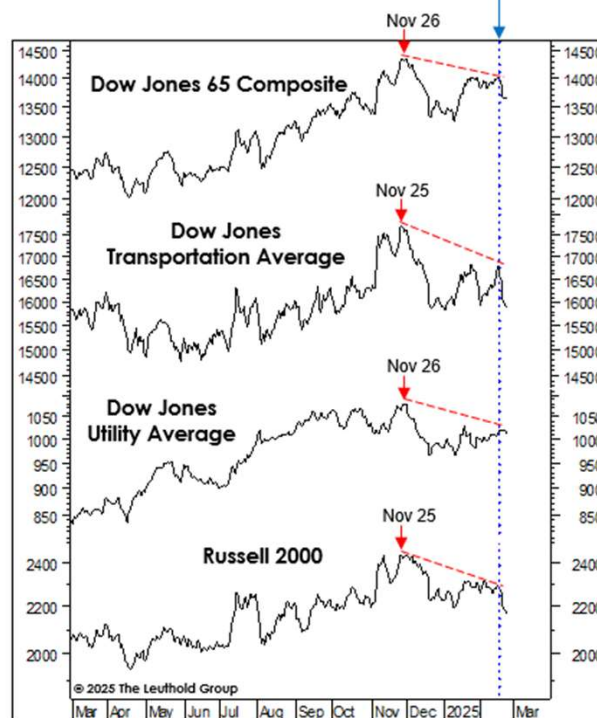
## Fed Rate Cuts & Inflation Expectations



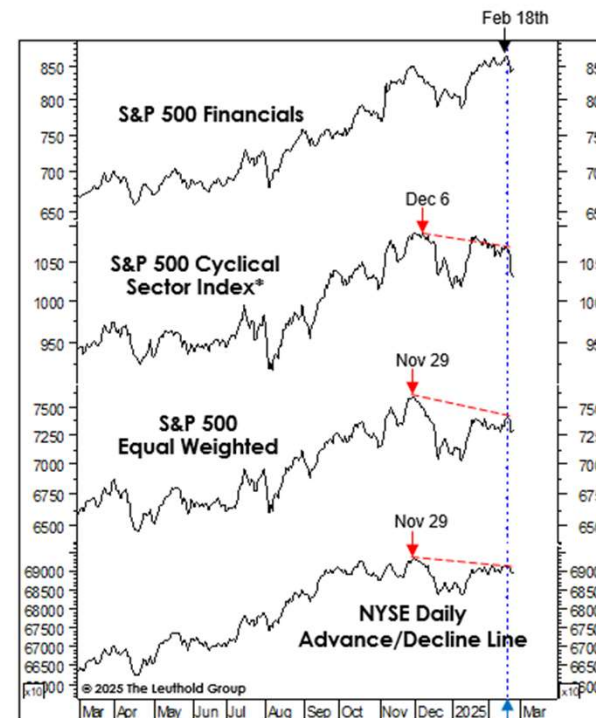
## Treasury Needs To Reap The Bull's Windfall While It Can...



latest S&P 500 bull market high -  
February 19, 2025



Daily data through February 25, 2025.



\*Equal-weighted composite of Consumer Discretionary, Industrials & Materials sectors.

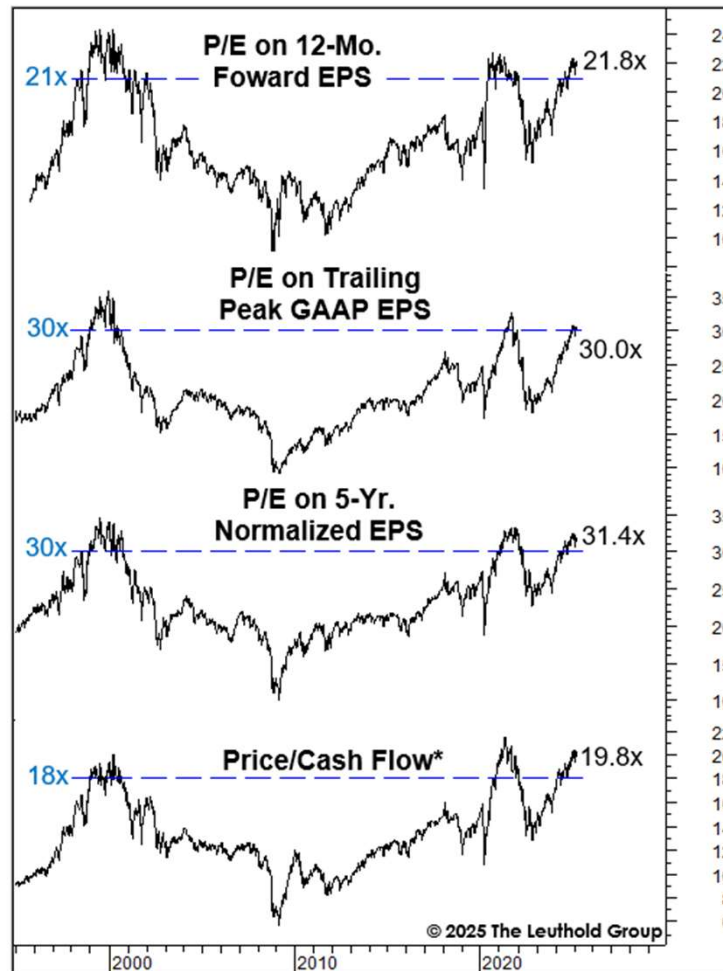


### The Bellwethers: Past Bull Market Peaks Vs. Latest High

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Date of S&P 500 Bull Market High	Subsequent Decline	Dow 65 Comp Warning?	Dow Transports Warning?	Dow Utilities Warning?	Russell 2000 Warning?	S&P 500 Financials Warning?	S&P 500 Cyclical Warning?	S&P 500 Equal Wt. Warning?	NYSE A/D Line Warning?	Total Number of Warnings
July 16, 1990	-19.9	1	1	1	1	1	1	1	1	8
March 24, 2000	-49.1	1	1	1	0	1	1	1	1	7
October 9, 2007	-56.8	1	1	1	1	1	1	1	1	8
February 19, 2020	-33.9	0	1	0	1	1	0	0	0	3
January 3, 2022	-25.4	0	1	0	1	1	1	0	1	5
February 19, 2025	NA	1	1	1	1	0	1	1	1	7

\*A bellwether issues a warning when it fails to confirm a new S&P 500 bull market high during the preceding 21 trading days (one month).



\*Data for the MSCI USA Index.  
Weekly data through February 21, 2025.

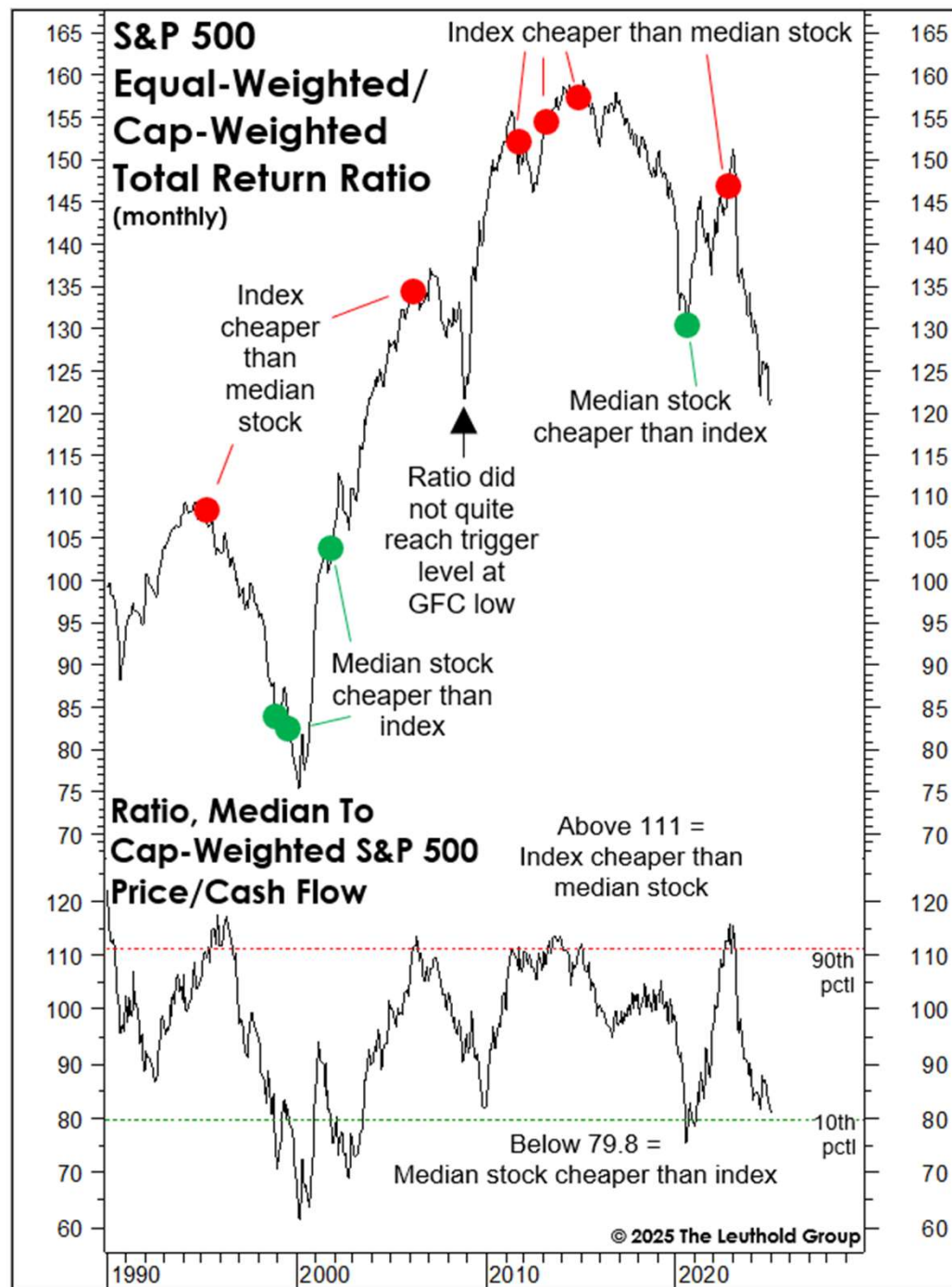
### Latest S&P 500 High Versus March 24, 2000 Technology Bubble Peak

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Dates	Forward P/E	Normalized P/E	Peak P/E	Price/Cash Flow*	Average
February 19, 2025	22.3 x	32.0 x	30.7 x	20.3 x	
March 24, 2000	24.2 x	33.7 x	34.7 x	20.0 x	
<b>Pct. From March 24, 2000 Level</b>	<b>-8 %</b>	<b>-5 %</b>	<b>-12 %</b>	<b>2 %</b>	<b>-5 %</b>

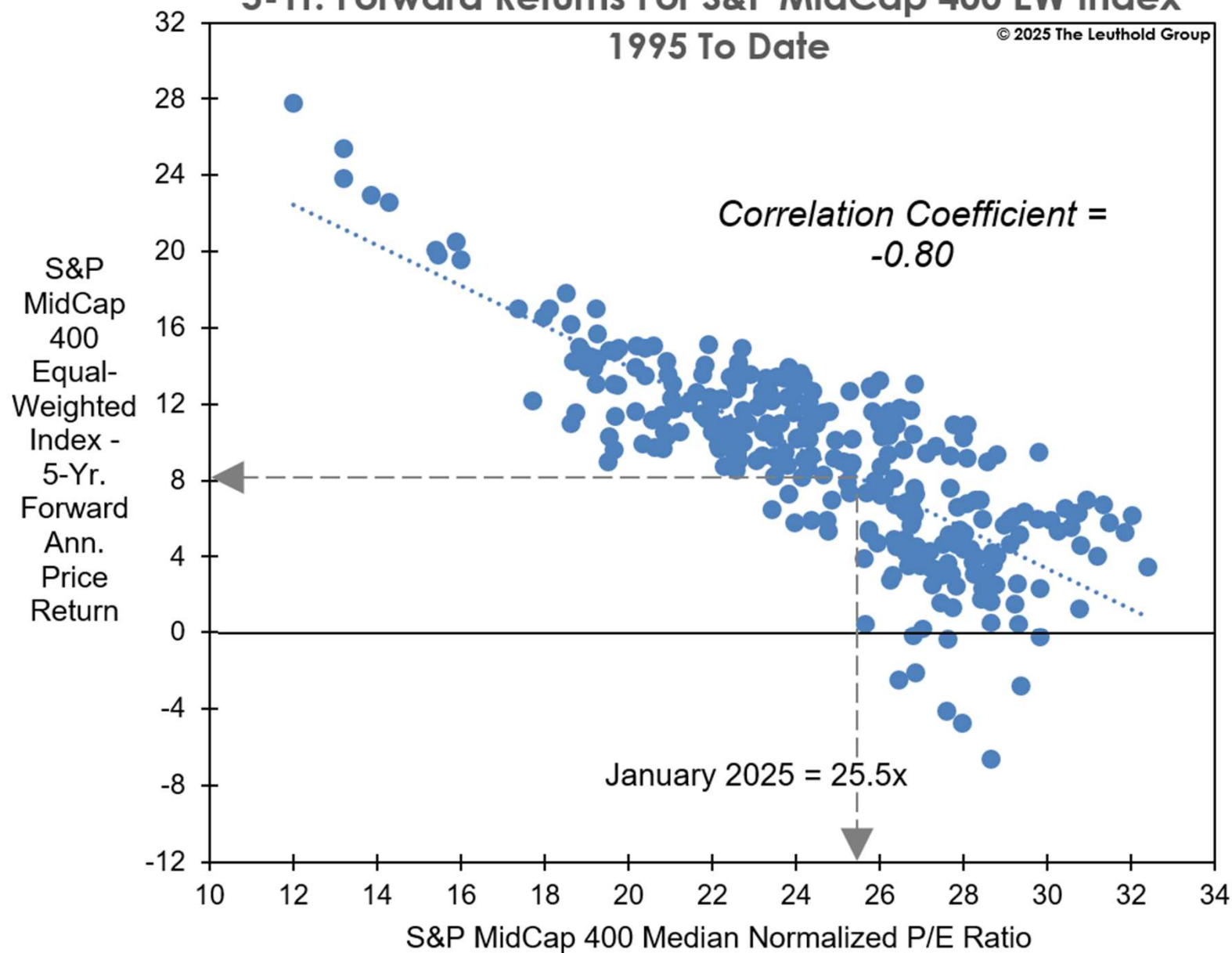
\*Data for the MSCI USA Index

↑  
A rally in the S&P 500 above 6468 would leave the market more expensive than at the March 2000 Tech bubble peak.





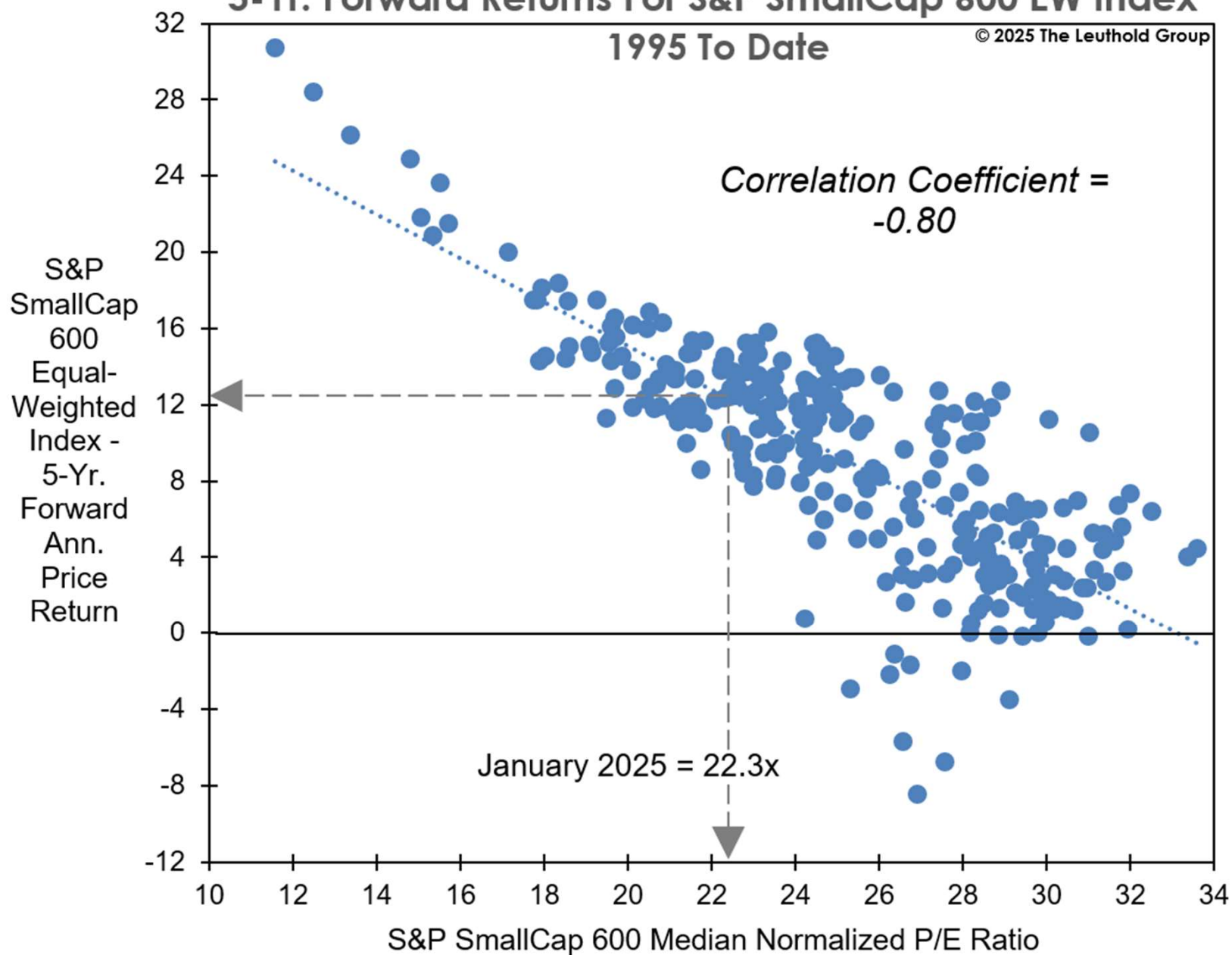
# S&P MidCap 400 Median Normalized P/E Vs. 5-Yr. Forward Returns For S&P MidCap 400 EW Index



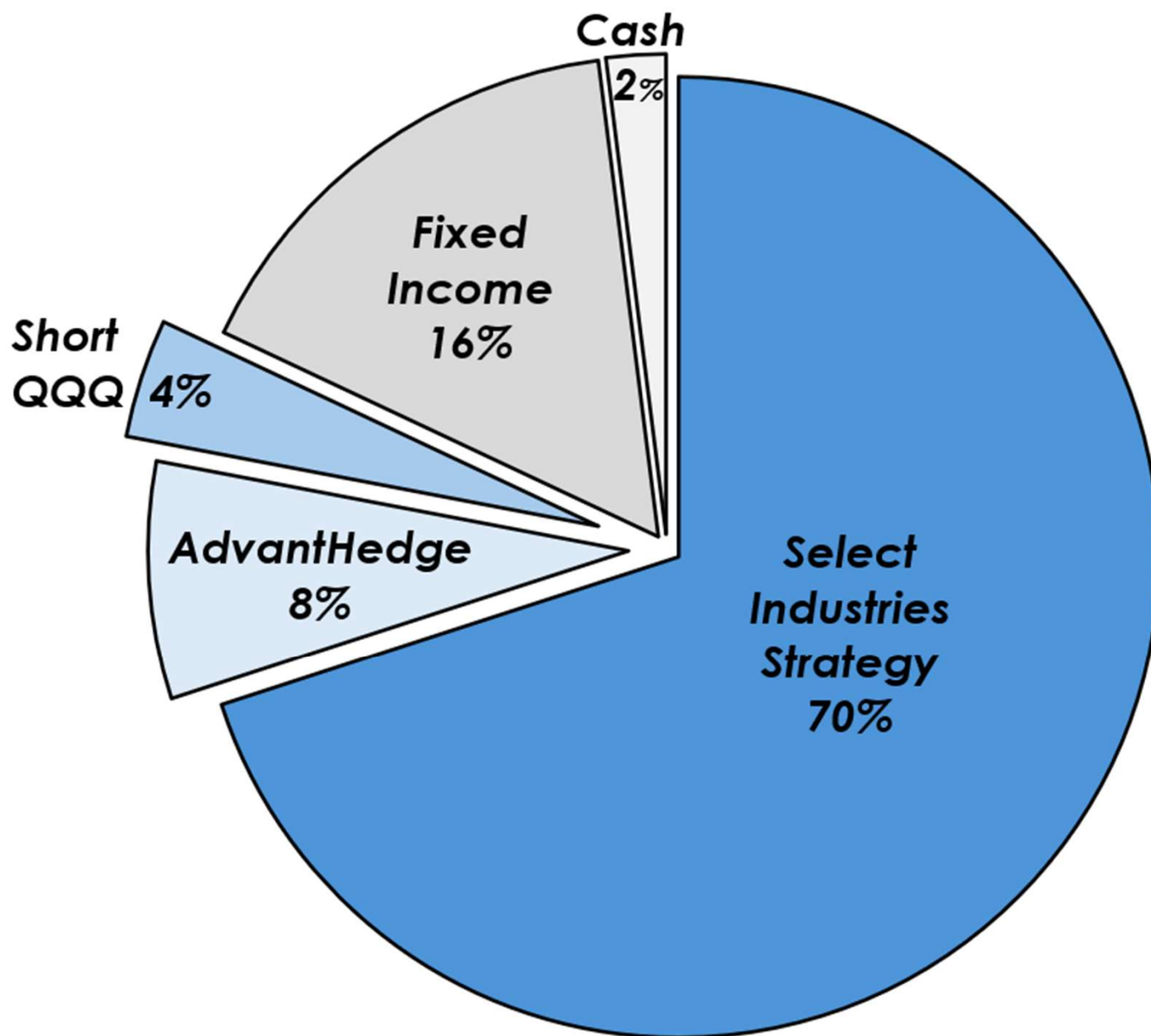
# S&P SmallCap 600 Median Normalized P/E Vs. 5-Yr. Forward Returns For S&P SmallCap 600 EW Index

1995 To Date

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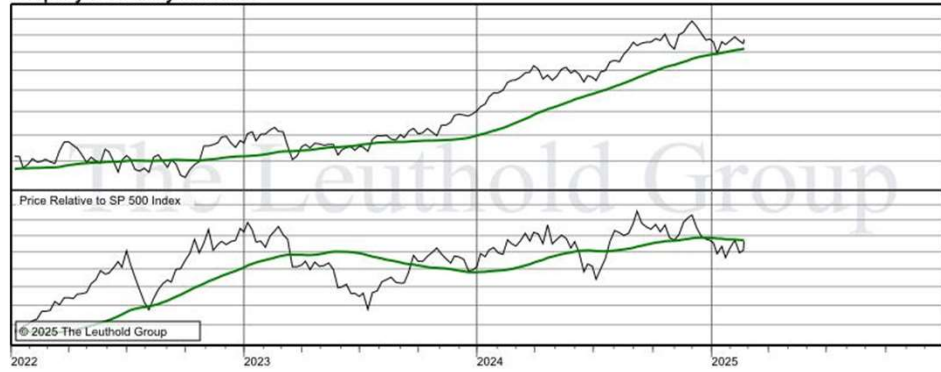


**Leuthold Core Portfolio Asset Allocation**  
**February 26, 2025**

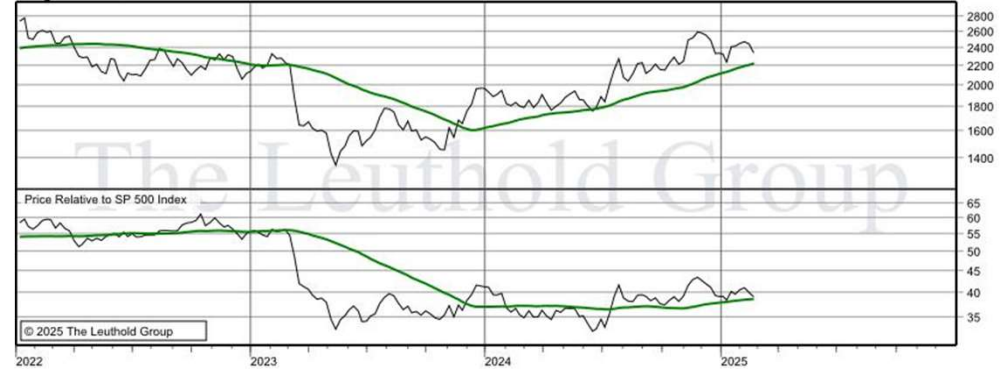




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### Regional Banks



### Investment Banking & Brokerage



### Developed Diversified Banks



### Transaction & Payment Processing Services

