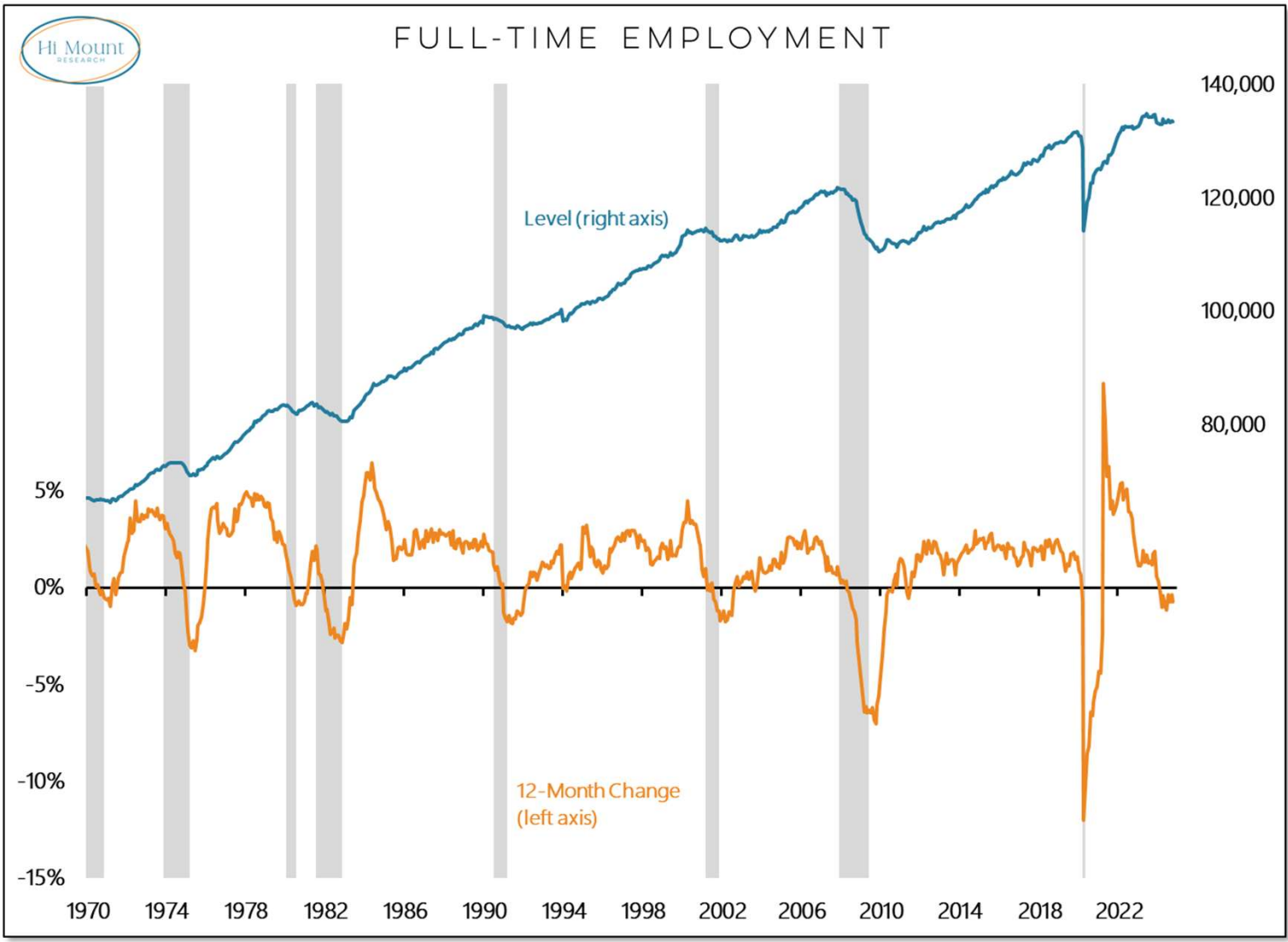


The logo features a blue oval with a thin orange border. The text "Hi Mount" is written in a white serif font, and "RESEARCH" is written in a white sans-serif font below it.

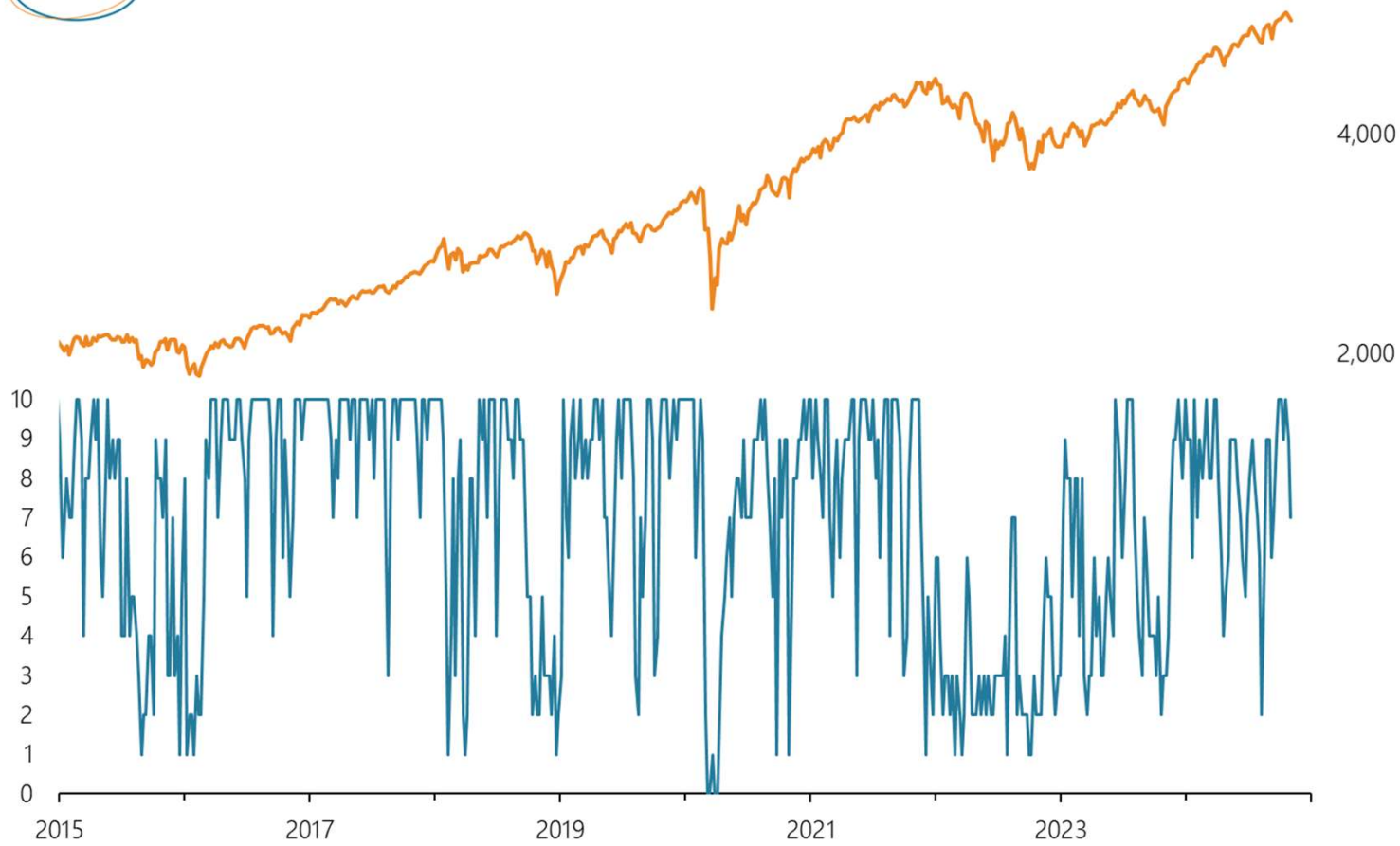
Hi Mount
RESEARCH



The October employment report was undoubtedly distorted by hurricanes and labor strikes. But at the same time, it showed a continuation of recent weakness in full-time employment. Full-time jobs peaked in mid-2023.



BULL MARKETS FEATURE QUIET STRENGTH



Note: The quiet strength indicator is the sum of the number of days in the past week with a less than 1% swing on the S&P 500 and the number of days with new highs > new lows.

— Quiet Strength Indicator
— S&P 500 (right)

A remarkable run of quiet strength was interrupted last week. Not only did the market experience its first 1% swing in 30 days, but there were also multiple days with more new lows than new highs.



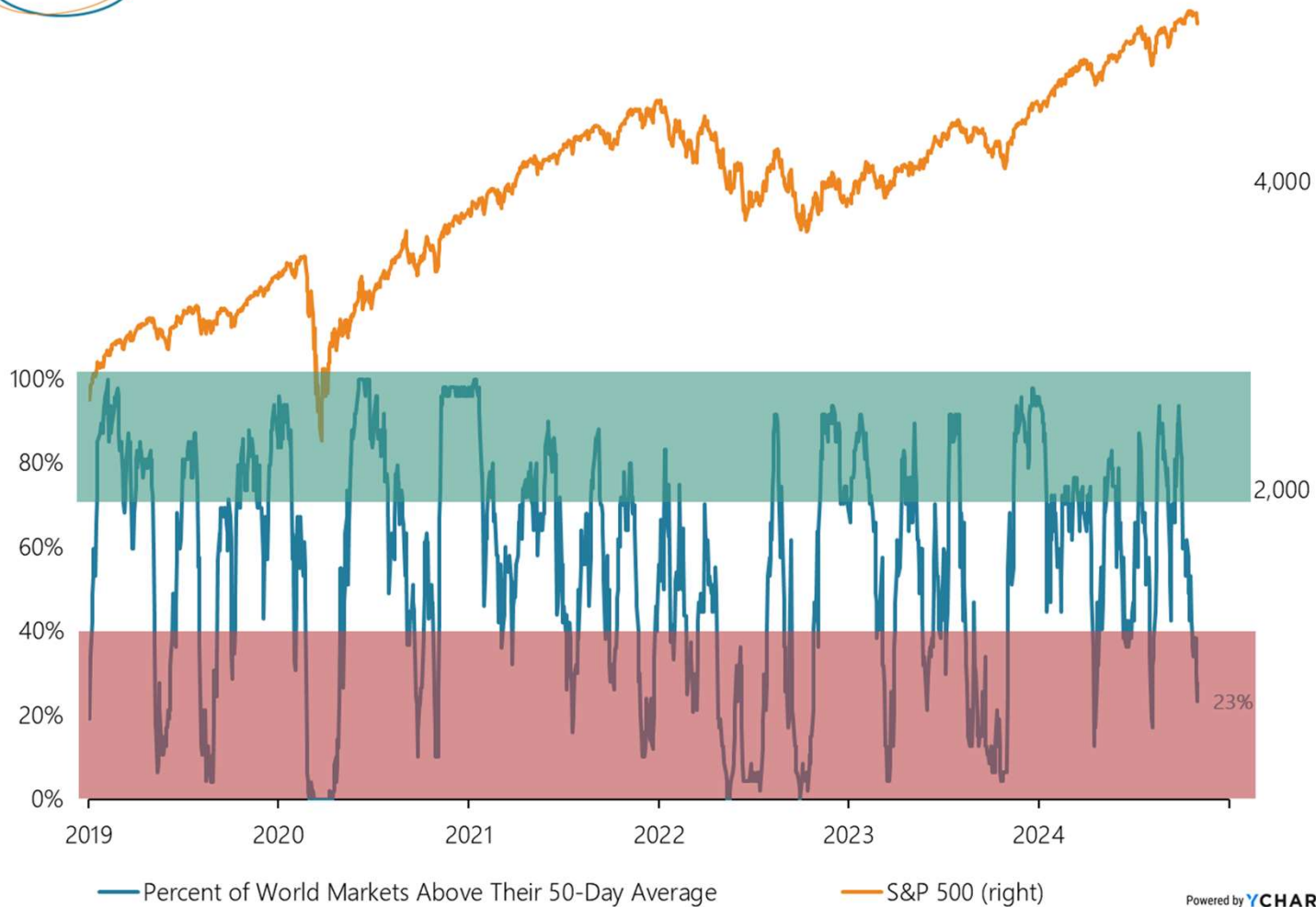
	Momentum		Price		Breadth		Sector Trend Score (-6 to +6)
	Current vs. Trend	Trend Direction	Current vs. Trend	Trend Direction	Current vs. Trend	Trend Direction	
Energy	Neg	Neg	Neg	Neg	Neg	Neg	-6
Materials	Neg	Neg	Neg	Pos	Pos	Neg	-2
Industrials	Neg	Neg	Pos	Pos	Neg	Neg	-2
Consumer Discretionary	Neg	Pos	Pos	Pos	Neg	Neg	0
Consumer Staples	Neg	Neg	Neg	Pos	Neg	Neg	-4
Health Care	Neg	Neg	Neg	Neg	Neg	Neg	-6
Financials	Neg	Neg	Pos	Pos	Neg	Neg	-2
Information Technology	Neg	Neg	Pos	Pos	Neg	Neg	-2
Communication Services	Pos	Pos	Pos	Pos	Pos	Pos	6
Utilities	Neg	Neg	Pos	Pos	Neg	Neg	-2
Real Estate	Neg	Neg	Neg	Pos	Neg	Neg	-4
Indicator Summary (-22 to +22)	-16		8		-16		-24

Data as of: 11/1/2024

Outside of the Communication Services sector (which managed a new high last week), short-term sector-level trends have shown marked deterioration in recent weeks.



GLOBAL BREADTH AND US STOCKS



After faltering in early October, the percentage of ACWI markets above their 50-day averages has accelerated its decline as we have entered November. Global equity market trends are becoming more challenging.

BULL MARKET BEHAVIOR CHECKLIST

	Bull Market Criteria	Current Reading	Bull Market Behavior?
Weekly New High - New Lows (As % of NYSE + NASDAQ Issues Traded)	Greater Than 0	Greater Than 0 (12 Consecutive Weeks)	Yes
Net New High A/D Line NYSE + NASDAQ	Rising	Rising (53 Days in a Row)	Yes
% of Global Markets Above Their 50-Day Average	More Than 70%	Less Than 70% (22 Days in a Row)	No
ACWI Long-Term Trend	Rising	Rising (80 Consecutive Weeks)	Yes
S&P 500 200-Day Average (Level vs 10-Days Ago)	Rising	Rising (335 Days in a Row)	Yes
Value Line Geometric Index Long-Term Trend	Rising	Rising (7 Consecutive Weeks)	Yes

(data as of 11/1/2024)

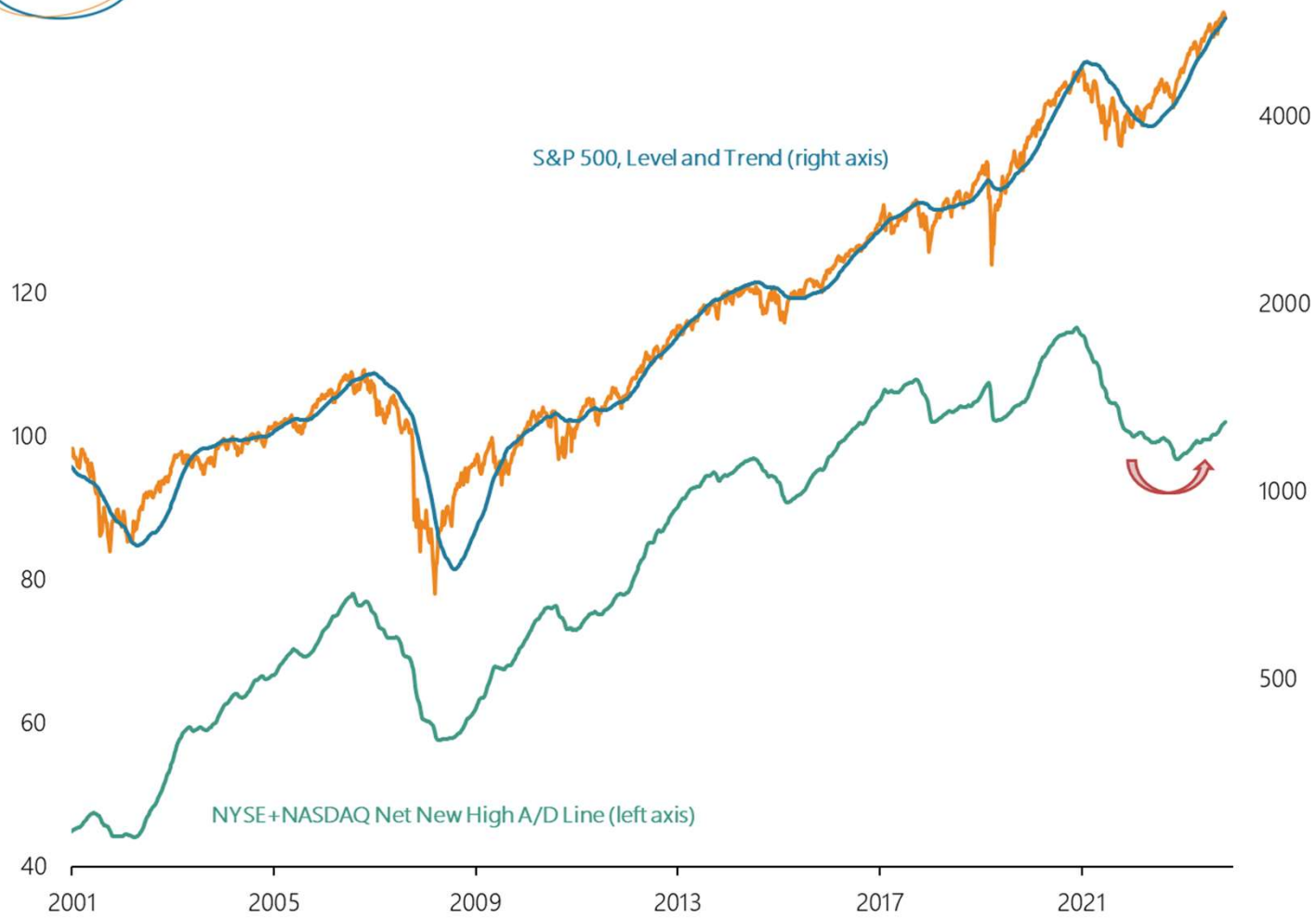
Total:

5/6

Overall, however, breadth and trend deterioration on our Bull Market Behavior Checklist has been minimal.



DON'T FIGHT THE TAPE!



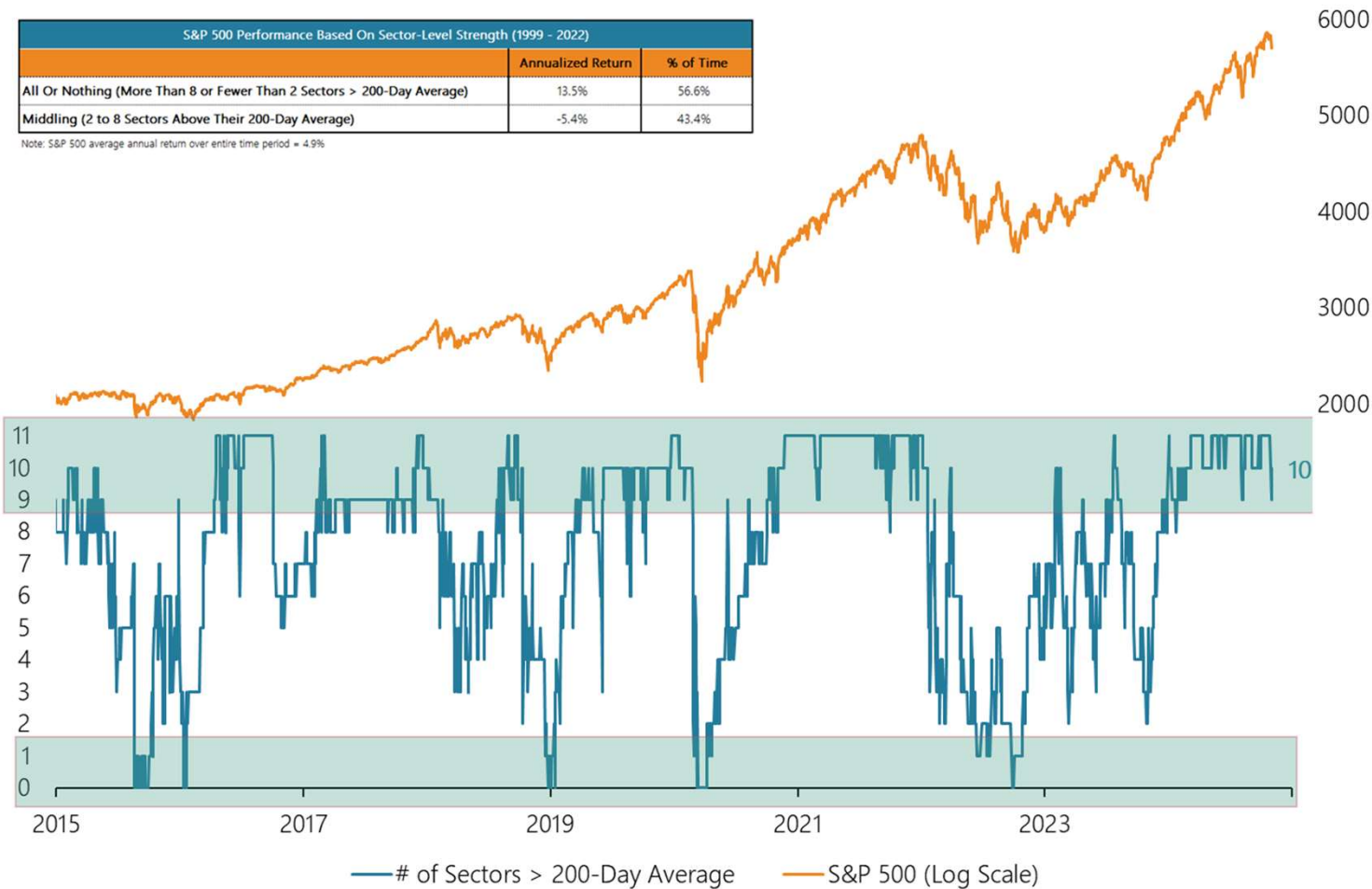
Both the tape and the S&P 500 price trend continue to rise.



STOCKS SHINE WHEN SECTOR STRENGTH IS ALL OR NOTHING

S&P 500 Performance Based On Sector-Level Strength (1999 - 2022)		
	Annualized Return	% of Time
All Or Nothing (More Than 8 or Fewer Than 2 Sectors > 200-Day Average)	13.5%	56.6%
Middling (2 to 8 Sectors Above Their 200-Day Average)	-5.4%	43.4%

Note: S&P 500 average annual return over entire time period = 4.9%



Cracks are emerging when it comes the number of sectors above their 200-day averages. When these cracks widen, risks in the market increase.

STRONG MARKET SUGGESTS INCUMBENT PARTY WINS				
Ending Date of 2nd Convention	Day Prior to Election	Dow Industrials Performance	Incumbent Party	Incumbent Party Win/Loss
7/6/1900	11/5/1900	8.4%	R	W
7/9/1904	11/7/1904	30.2%	R	W
7/10/1908	11/2/1908	9.6%	R	W
7/2/1912	11/4/1912	-1.5%	R	L
7/16/1916	11/6/1916	15.9%	D	W
7/6/1920	11/1/1920	-8.1%	D	L
6/9/1924	11/3/1924	6.7%	R	W
7/29/1928	11/5/1928	22.4%	R	W
7/2/1932	11/7/1932	48.6%	R	L
6/27/1936	11/2/1936	11.5%	D	W
7/18/1940	11/4/1940	9.9%	D	W
7/21/1944	11/6/1944	0.8%	D	W
7/14/1948	11/1/1948	-0.5%	D	W
7/26/1952	11/3/1952	-2.8%	D	L
8/23/1956	11/5/1956	-2.3%	R	W
7/28/1960	11/7/1960	-1.3%	R	L
8/27/1964	11/2/1964	4.8%	D	W
8/29/1968	11/4/1968	5.8%	D	L
8/23/1972	11/6/1972	1.5%	R	W
8/19/1976	11/1/1976	-1.8%	R	L
8/14/1980	11/3/1980	-2.6%	D	L
8/23/1984	11/5/1984	-0.3%	R	W
8/18/1988	11/7/1988	4.8%	R	W
8/20/1992	11/2/1992	-1.3%	R	L
8/30/1996	11/4/1996	7.6%	D	W
8/3/2000	11/6/2000	2.5%	D	L
9/2/2004	11/1/2004	-2.3%	R	W
9/4/2008	11/3/2008	-16.7%	R	L
9/6/2012	11/5/2012	-1.4%	D	W
7/28/2016	11/7/2016	-1.1%	D	L
8/27/2020	11/2/2020	-5.5%	R	L
8/22/2024	11/1/2024	2.7%	D	?

2nd Convention thru pre-Election Day return	All Elections	Incumbent Party Wins	Incumbent Party Losses
Median	1.2%	5.8%	-1.5%
Average	4.5%	7.1%	1.1%

In 2020 the Dow Industrials lost ground between the 2nd convention and election day and the incumbent party lost the election. The same thing happened in 2016.

This year the Dow gained 2.7% during that time period. You need to go back to 1968 to see a gain that large in a year when the incumbent party lost.

Going back to 1900, the Dow has posted a median gain of 5.8% between the 2nd convention and election day in years when the incumbent party won, versus a median loss of 1.5% in years when the incumbent party lost.

S&P 500 FOLLOWING DEGRAAF BREADTH THRUSTS						
Date	% of Stocks at 20-Day Highs	Subsequent S&P 500 Returns:				
		1-Month	2-Month	3-Month	6-Month	12-Month
1/5/1979	59%	-1.0%	-0.7%	4.2%	4.5%	7.5%
8/23/1982	55%	6.8%	19.8%	18.0%	27.5%	41.2%
10/11/1982	63%	6.4%	4.1%	9.2%	15.4%	27.0%
8/2/1984	55%	5.5%	3.5%	5.1%	13.7%	21.6%
2/11/1991	63%	1.6%	3.2%	2.2%	5.3%	12.3%
12/30/1991	61%	-1.2%	-0.6%	-2.9%	-1.5%	5.8%
5/5/1997	69%	1.2%	10.4%	14.5%	10.2%	34.4%
3/4/2002	57%	-2.5%	-6.0%	-9.8%	-20.6%	-28.8%
3/21/2003	66%	1.7%	3.1%	11.2%	15.7%	22.3%
6/4/2003	59%	-0.1%	-0.3%	4.1%	8.2%	13.2%
9/2/2003	58%	-0.4%	2.4%	4.7%	12.6%	8.2%
11/4/2004	62%	2.5%	1.9%	3.6%	0.8%	5.0%
3/23/2009	64%	2.5%	7.9%	8.5%	29.4%	42.7%
7/23/2009	67%	5.1%	9.8%	10.8%	11.8%	12.9%
9/16/2009	90%	2.6%	2.3%	3.7%	9.1%	5.2%
3/5/2010	66%	4.5%	2.4%	-6.5%	-4.3%	16.0%
7/26/2010	59%	-5.7%	0.9%	6.1%	15.8%	19.9%
9/20/2010	66%	2.0%	3.1%	8.9%	13.6%	5.4%
7/1/2011	76%	-6.4%	-9.0%	-15.5%	-6.1%	1.9%
10/21/2011	56%	-3.7%	0.4%	6.2%	10.8%	15.8%
9/13/2012	56%	-2.2%	-7.2%	-3.2%	6.1%	16.8%
12/18/2012	58%	2.7%	4.5%	6.8%	9.8%	25.1%
7/11/2013	57%	1.0%	0.5%	-1.1%	9.7%	17.5%
9/18/2013	67%	0.4%	4.2%	3.2%	8.5%	16.6%
10/31/2014	57%	2.4%	2.0%	1.6%	3.5%	4.3%
1/18/2019	73%	4.3%	6.9%	8.9%	11.8%	24.3%
6/3/2020	69%	0.2%	5.5%	12.9%	17.3%	34.3%
7/28/2022	56%	-0.4%	-10.4%	-5.9%	0.0%	12.5%
10/28/2022	59%	1.5%	-1.3%	4.5%	5.6%	7.5%
12/1/2023	60%	2.4%	7.9%	10.5%	15.2%	

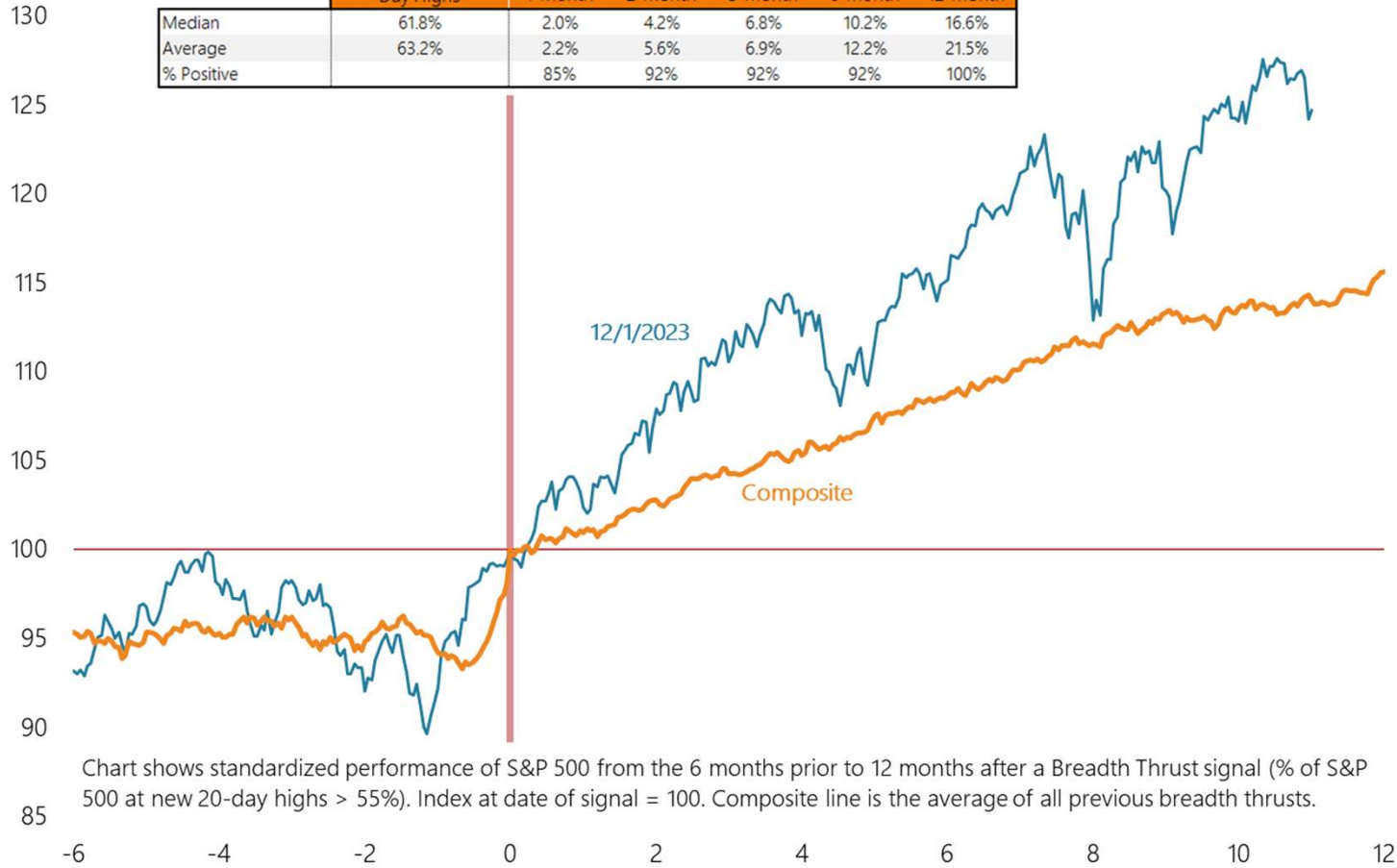
The market continues to enjoy a tailwind provided by last December's surge in new 20-day highs. This has been a reliable signal of persistent strength going back 40+ years. But without a near-term surge, this tailwind expires in less than a month.

	% of Stocks at 20-Day Highs	Subsequent S&P 500 Returns:				
		1-Month	2-Month	3-Month	6-Month	12-Month
 Median	61.2%	1.5%	2.4%	4.5%	9.7%	15.8%
Average	62.8%	1.1%	2.2%	3.9%	8.4%	15.5%
% Positive		66%	72%	76%	83%	97%



STOCK MARKET AROUND BREADTH THRUSTS

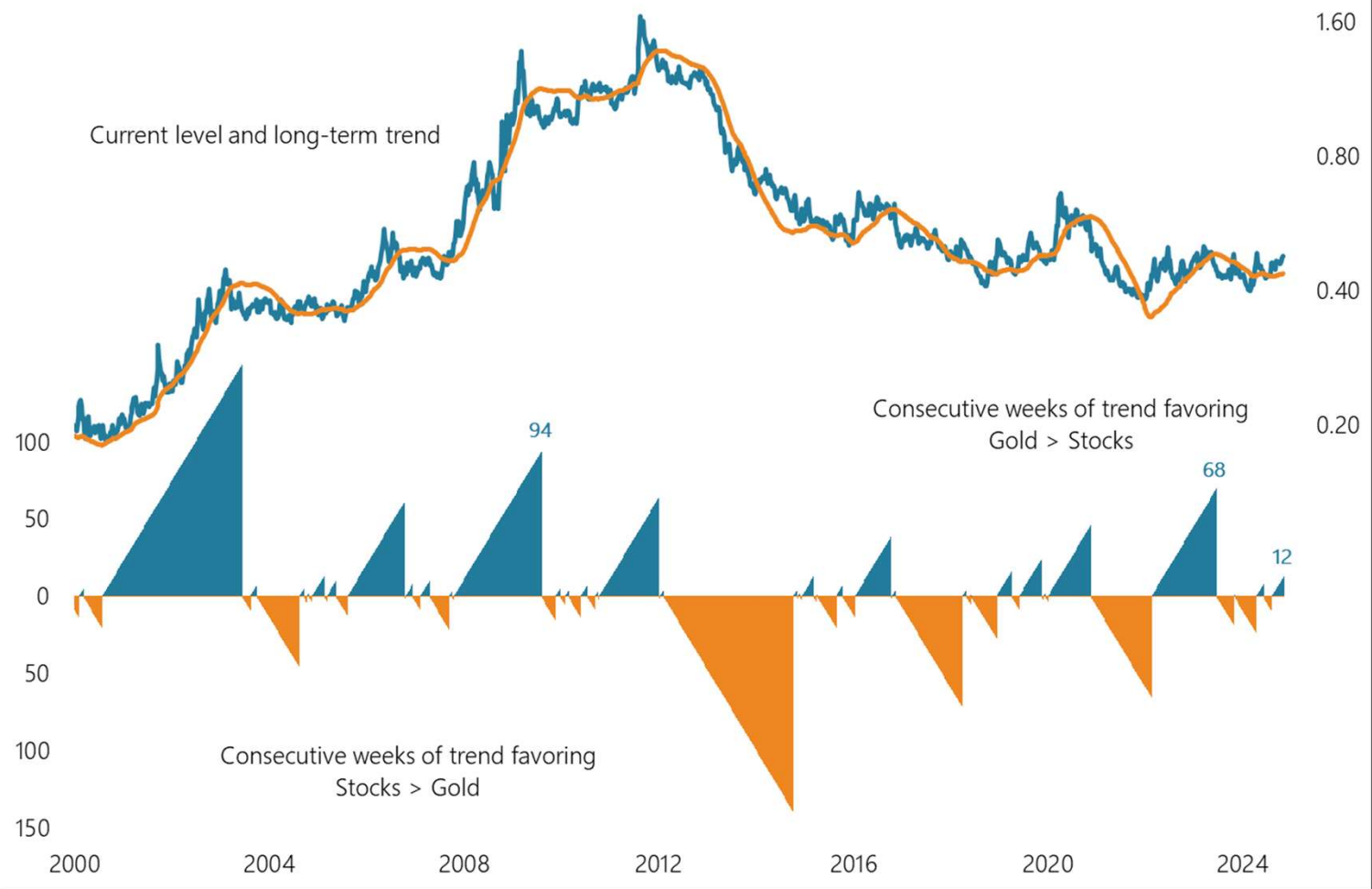
	% of Stocks at 20-Day Highs	Subsequent S&P 500 Returns:				
		1-Month	2-Month	3-Month	6-Month	12-Month
Median	61.8%	2.0%	4.2%	6.8%	10.2%	16.6%
Average	63.2%	2.2%	5.6%	6.9%	12.2%	21.5%
% Positive		85%	92%	92%	92%	100%



The lesson from Breadth Thrusts is that strength begets strength. The corollary is that the market has tended to struggle in the absence of breadth thrust regimes.



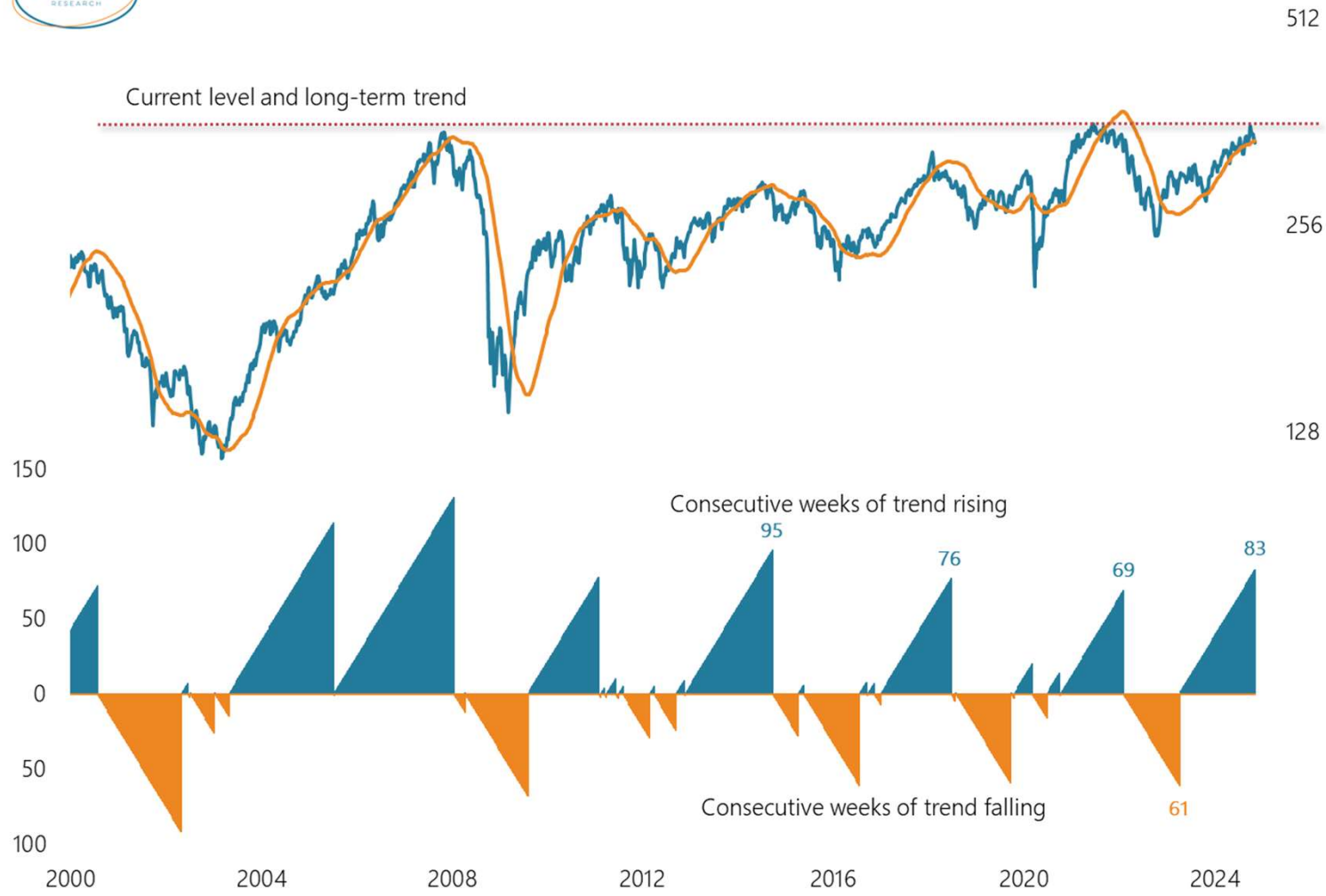
GOLD / S&P 500 RATIO



As strong as US stocks have been over the past year, Gold has been even stronger. While both stocks and gold have made new highs recently, the relative trend has been favoring gold > stocks.



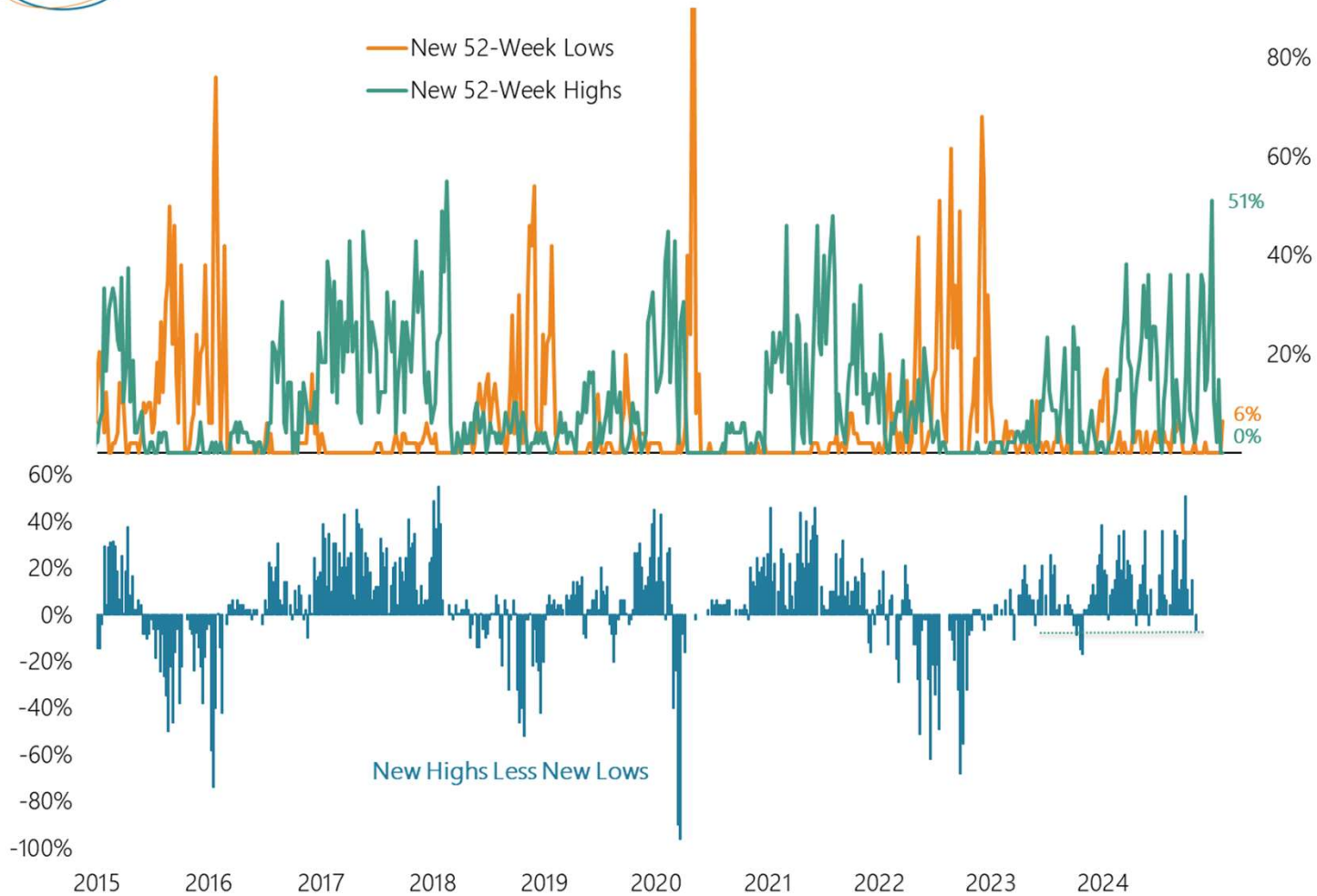
ACWI EX US



Stocks outside of the US are in a long-term uptrend but are also struggling after having run into resistance.



% OF ACWI MARKETS AT NEW HIGHS & NEW LOWS



On a global basis, last week saw more 52-week lows than highs for first time since May and most new lows since last October.

For the first time this year, 12-month new lows exceeded 12-month highs in October.

T-NOTE YIELD: LEVEL & LONG-TERM TREND



Bond yields have moved higher since the Fed cut rates in September and now the long-term trend has moved higher. I continue to believe that a break above 5% is more likely than a break below 3.25%. The pattern of lower highs is a thing of the past. We have entered a new paradigm when it comes to bond yields.



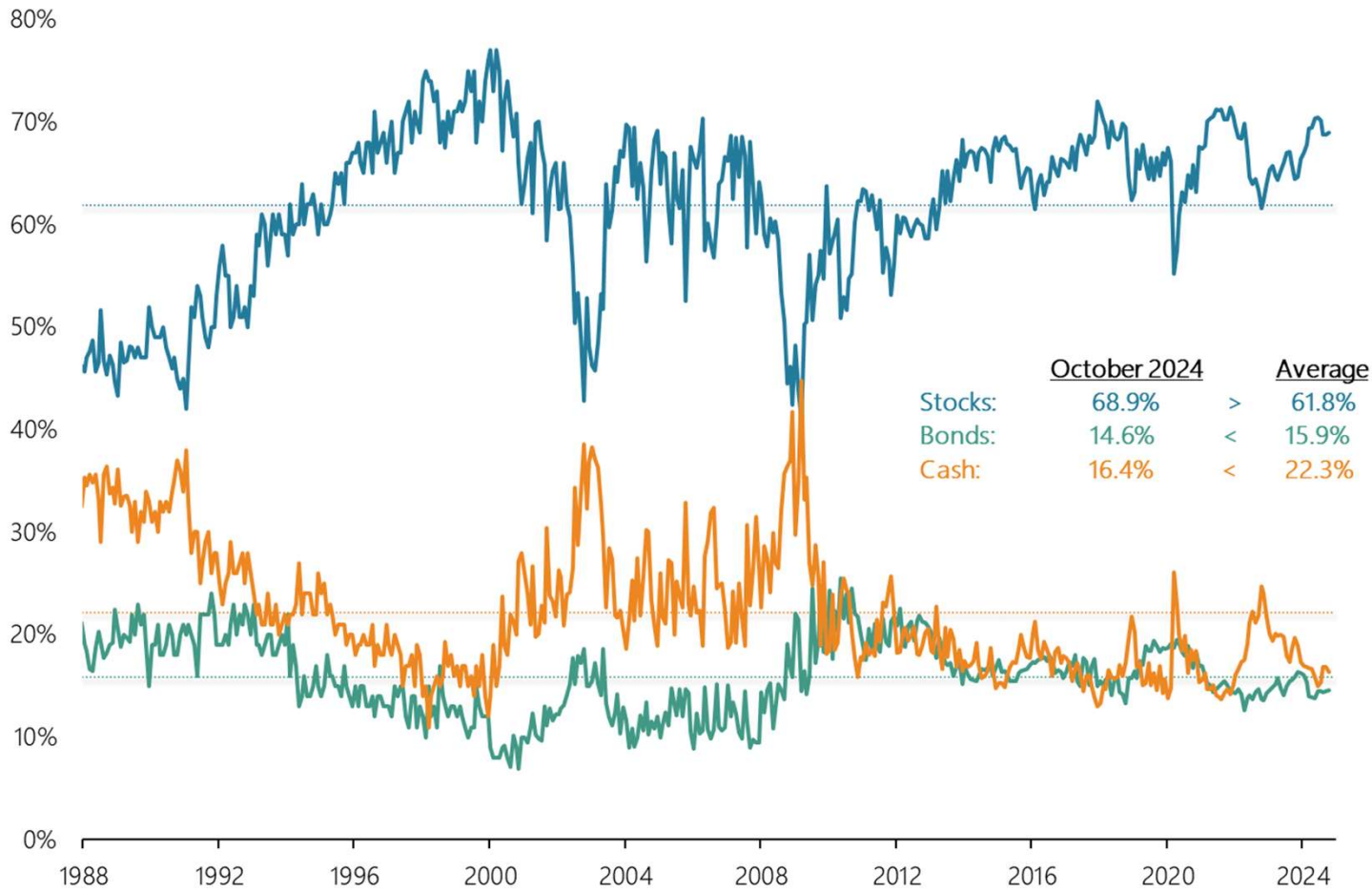
STOCKS VS BONDS, RELATIVE VALUATIONS




Stocks are dealing with as unfavorable a relative valuation backdrop as they have seen in 20+ years. Stocks are no longer cheap relative to bonds.



AAII ASSET ALLOCATION SURVEY



Stocks remain the most loved asset class. While we need bulls to sustain cyclical bull markets, overexposure to equities can signal secular peaks. Exposure to bonds and cash is historically low.

	BLUE HERON MODELS	BLUE HERON MODELS WITH STATIC ASSET ALLOCATION						BLUE HERON MODELS WITH SYSTEMATIC ALLOCATION
Equities	Current Weight	100%	80%	60%	40%	20%	0%	63%
US Large-Cap Growth	16.0%	16.0%	12.8%	9.6%	6.4%	3.2%	0.0%	10.1%
US Large-Cap Value	12.2%	12.2%	9.8%	7.3%	4.9%	2.4%	0.0%	7.7%
Mid-Caps	16.0%	16.0%	12.8%	9.6%	6.4%	3.2%	0.0%	10.1%
Small-Caps	11.3%	11.3%	9.0%	6.8%	4.5%	2.3%	0.0%	7.1%
Canada	7.9%	7.9%	6.3%	4.8%	3.2%	1.6%	0.0%	5.0%
Emerging Markets	11.9%	11.9%	9.5%	7.1%	4.8%	2.4%	0.0%	7.5%
Europe ex-UK	13.4%	13.4%	10.7%	8.0%	5.3%	2.7%	0.0%	8.4%
United Kingdom	5.4%	5.4%	4.4%	3.3%	2.2%	1.1%	0.0%	3.4%
Pacific ex-Japan	5.9%	5.9%	4.8%	3.6%	2.4%	1.2%	0.0%	3.8%
Japan	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed Income	Current Weight	0%	20%	40%	60%	80%	100%	26%
T-Bills	13.2%	0.0%	2.6%	5.3%	7.9%	10.5%	13.2%	3.5%
ST Govt/Credit	15.4%	0.0%	3.1%	6.2%	9.2%	12.3%	15.4%	4.0%
LT Govt/Credit	14.3%	0.0%	2.9%	5.7%	8.6%	11.4%	14.3%	3.8%
Credit	16.5%	0.0%	3.3%	6.6%	9.9%	13.2%	16.5%	4.3%
High Yield	17.6%	0.0%	3.5%	7.0%	10.5%	14.1%	17.6%	4.6%
Munis	11.0%	0.0%	2.2%	4.4%	6.6%	8.8%	11.0%	2.9%
Global ex USD	12.1%	0.0%	2.4%	4.8%	7.3%	9.7%	12.1%	3.2%
Commodities		0%	0%	0%	0%	0%	0%	11%

as of: 11/1/2024



RANKINGS & TRENDS: MACRO (ETF)

November 1, 2024

		Heat Map		Relative Strength Rankings				Trend Indicators				Highs & Lows	
		Direction	Level	Overall	Short	Medium	Long	10-Wk Avg	40-Wk Avg	Close vs 10	10 vs 40	13-Week	52-Week
US LC Growth	IVW		Top	2	8	2	2	+	+	+	+		
US LC Value	IVE	Deteriorating		6	10	8	6	+	+	-	+		
US MC	IJH		Top	3	5	4	4	+	+	+	+		
US SC	IJR			8	8	10	8	-	+	-	+		
Canada	EWC		Top	5	16	5	5	+	+	-	+		
Emerging Markets	IEMG		Top	4	15	3	7	+	+	-	+		
Europe ex-UK	EZU			10	11	11	11	-	+	-	+		
United Kingdom	EWU	Deteriorating		15	17	17	10	-	+	-	+		
Pacific Ex-Japan	EPP			7	20	7	8	+	+	-	+		
Japan	EWJ			14	11	12	15	-	+	-	+		
Long-Term Treasuries	TLT		Bottom	20	18	20	17	-	-	-	+	New Low	
Short-Term Treasuries	SHY		Bottom	17	3	15	16	-	-	-	+	New Low	
Munis	MUB		Bottom	19	4	16	17	-	-	-	+	New Low	
Corporate	VCIT		Bottom	18	14	19	13	-	+	-	+	New Low	
Global ex USD	BNDX	Improving		13	6	13	14	-	+	-	+	New Low	
High-Yield	HYG	Improving		11	7	13	11	-	+	-	+		
Real Estate	IYR	Deteriorating		9	19	18	3	-	+	-	+		
Commodities	PDBC	Improving		12	13	6	19	+	-	+	-		
Gold	GLD		Top	1	1	1	1	+	+	+	+		
T-Bills	BIL		Bottom	16	2	9	20	-	-	-	+	New Low	



SECTOR RELATIVE STRENGTH RANKINGS

	S&P 500	S&P 500 EW	S&P 400	S&P 600
Energy	10	9	10	11
Materials	7	8	4	6
Industrials	5	1	2	2
Consumer Discretionary	4	6	11	5
Consumer Staples	9	11	6	10
Health Care	11	10	9	8
Financials	2	2	1	3
Information Technology	3	5	5	7
Communication Services	1	3	3	1
Utilities	6	4	7	9
Real Estate	8	7	8	4

Rankings Key: 1 =strongest sector; 11=weakest sector

11/1/24