

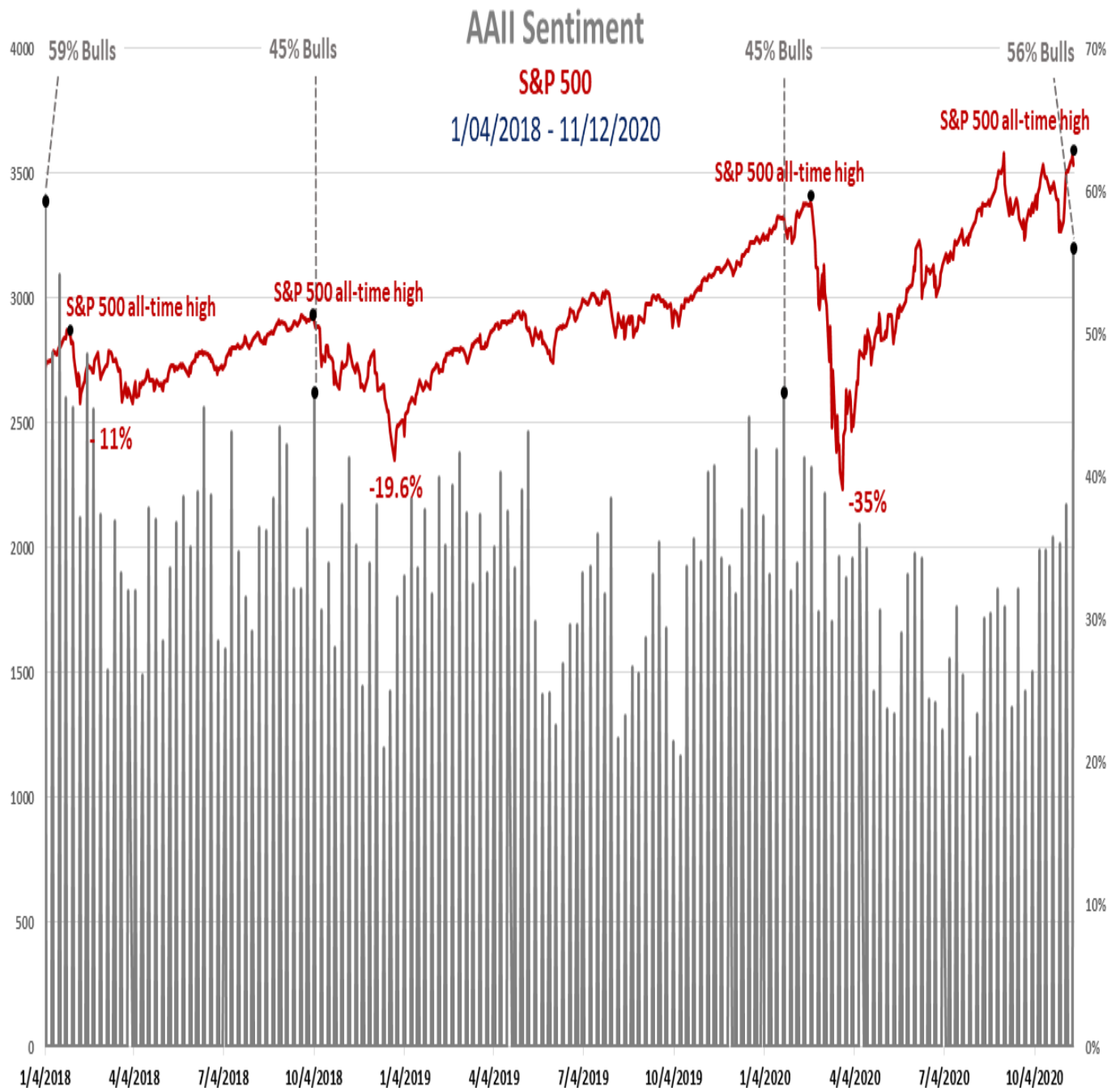


Market Sentiment Anomalies And Historical Market Downturns.

The two stock market sentiment anomalies have increased the probability of a correction near term. The two anomalies are:

- **Thanksgiving Melt Up Anomaly.** *The average S&P 500 gain for 12 of the past 14 ten-day periods concluding November, was 3.5%. The only two exceptions, 2015 and 2018, were preceded by significant market corrections.*
- **Bullish Sentiment Anomaly.** *Currently, there is a high probability for the S&P 500 to decline by 12.7%. Such would be from its recent 2020 high and would conclude by December 20, 2020. Based on the previous behavior, there is a 66% probability the S&P 500 could continue its decline in 2021.*

The **Thanksgiving Melt Up Anomaly** is now driving the S&P 500 to a higher November all-time high. The **Bullish Sentiment Anomaly** is the cause of a violent correction for the S&P 500 to begin in early December 2020. The chart below depicts the four 45% to 59% Bullish sentiment readings which occurred near the all-time highs for the S&P 500. (2018 to November 13, 2020)



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Looking For A Short-Term Decline

Within five weeks of the three prior *Bullish Sentiment Anomalies* occurring, the **S&P 500 declined by a minimum of 9.7%**. Two of the three total declines depicted in the table below were more than 100% greater than the five-week drops.

S&P 500 five week and total declines after Bullish Sentiment Anomaly occurrences

Bullish Sentiment Anomaly start date	5-weeks period end date	S&P 500 % decline @ 5 weeks low	Total decline @ bottom
1/4/18	2/8/18	-11.0%	-11.0%

There exists a risk of decline from November 13, 2020, through Christmas Day. Such is likely to occur precisely because no one expects it to. Trade accordingly.

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