

S&P500: CYCLES FROM 1974 ARE A CLUE ABOUT 2025

Bruno Estier Strategic Technicals—<http://bruno.estier.net/>—bruno.estier@bluewin.ch

Approximating the ebbs and flows of financial data like the S&P500 index with cycles is a delicate endeavor as we were once told by a Central Bank former director that cycles don't exist (anymore) in economic theory. I concluded that Man had become almighty in smoothing the business cycles of Mr. Schumpeter and noted that such belief is still percolating in climatology as a young student told me recently that cycles don't exist in this field anymore but are replaced by systems driven by AI.

Even if my first thought was "E pur si muove" (and yet it turns), be aware that it could be an outdated, invalid, and unrecognized approach to dare display fixed cycles on the quarterly chart of the S&P500, all based to the very important low of December 1974. As "business cycles" were still taught at Swiss universities at that time, 50 years later allows me to display some cycles, even though they may not exist, they may help!

Displaying cycles as circles focuses only on the time window of the lows, not on the location of the high

between the lows. Further, it neglects any left or right skew. However, it conveniently reveals some harmonic relationship between cycles. Basing all cycles in December 1974, it also highlights past coincident time windows for lows like 2002, 2011, and the next one in 2030.

The bottom line of these cycles: no lows expected in 2025! Wait until the mid-term election for the next low in 2026. However, a top is due soon: the Real Estate 18.6-year Cycle (red dashed line) is the one between 2025-2026 (+14 years after the 2011 previous low). Note last century, the top occurred at +13.5-years in 1968 and at +12.5 years in 1987. This was a tad faster than in the past cycle at +14 years in 2007.

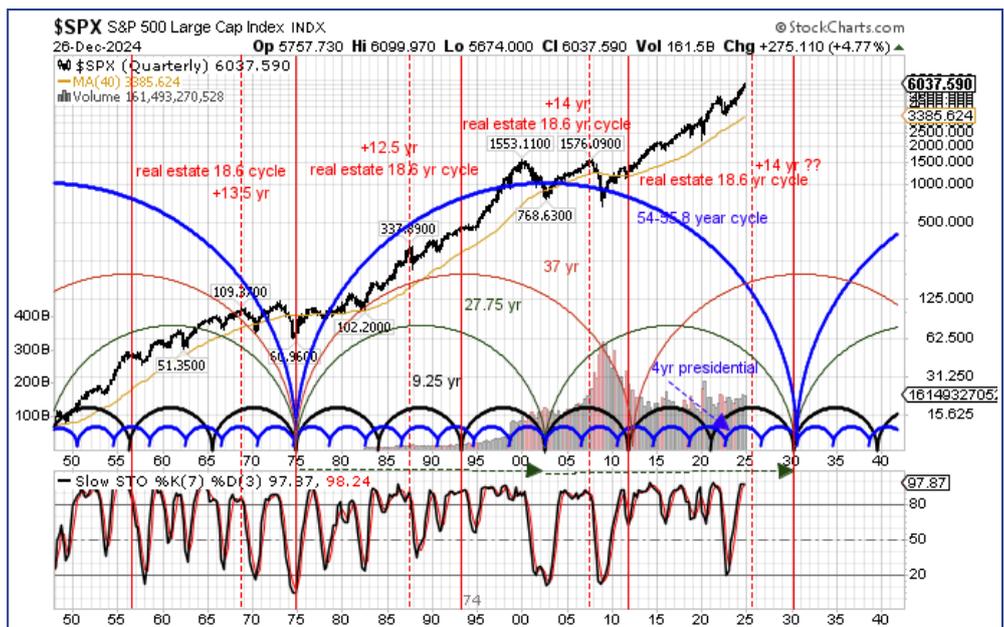
So is it time to wake up? Quoting the infamous market analyst Bob Farrell: "Exponential rapidly rising or falling markets usually go further than you think, but they do not correct by going sideways". Sound familiar?

Wishing you all a Prosperous and Happy 2025.

Chart: S&P500: Quarterly Candles
(1950-December 26, 2024) with 40-Quarter Moving Average (orange solid line).

S&P500 volume displayed since 1982 at the bottom of chart. A big volume spike appears during the Global Financial Crisis (GFC) of 2007-2009. The fixed cycles represented are all based at the December 1974 low (S&P500 at 60.96).

- 4-Year US Presidential Cycle (blue) making its low during the 2nd year in office ("mid-term election"). The theoretical low of this cycle is due in 2026.
- 9.25-Year Cycle (black) often called the Juglar, or Investment Cycle or 10-Year Cycle. This is NOT the Decennial Cycle, which averages all years in 0, 1, 2 ... 7, 8, 9 over about the last 100 years or so. For example, on average the year ending in 5 shows an above-average return, while years ending in 0, 1 or 2 show a below-average return.
- 27.75-Year Cycle (green) is 3x the 9.25 year and is about coincident every 28 years with the 4-year cycle. The last time was in October 2002. The next time will be in 2030.
- 37-Year Cycle (brown) is linear combination of the 4-Year Presidential Cycle and the 9.25-Year Cycle. Sometimes it is viewed as an Asymmetric Cycle going up 32 years and down 5 years as a way to represent the right skew of the 37-Year Cycle and the longer-term rising uptrend of the S&P500. Note also it is twice the 18.6 Real Estate Cycle.
- 18.6-Year Cycle (vertical red solid line) is a Real Estate Cycle in the US (Akhlil Patel) also based in December 1974. It is an asymmetric complex cycle going up 12-14 years (top of cycle near vertical red dashed line) followed by a sharp decline & repair phase within next 4-5 years.
- 54-55.8-Year Cycle (large blue cycle) is 3x the 18.6-year cycle and both cycles will make their next low together in 2030. Further avenue for research, as 55.8 year nears the 54-year famous Kondratieff Cycle, hence we called it "54-55.8-year cycle" and should do some inquiries in that direction.



This information is being provided to you solely for your information, as an example of theoretical technical analysis and coaching. It does not constitute a recommendation to purchase or sell any security. Neither this document and its contents, nor any copy of it, may be altered in any way. This document is not directed to, or intended for distribution to, or use by any person or entity of any jurisdiction where such distribution, publication or use would be unlawful.