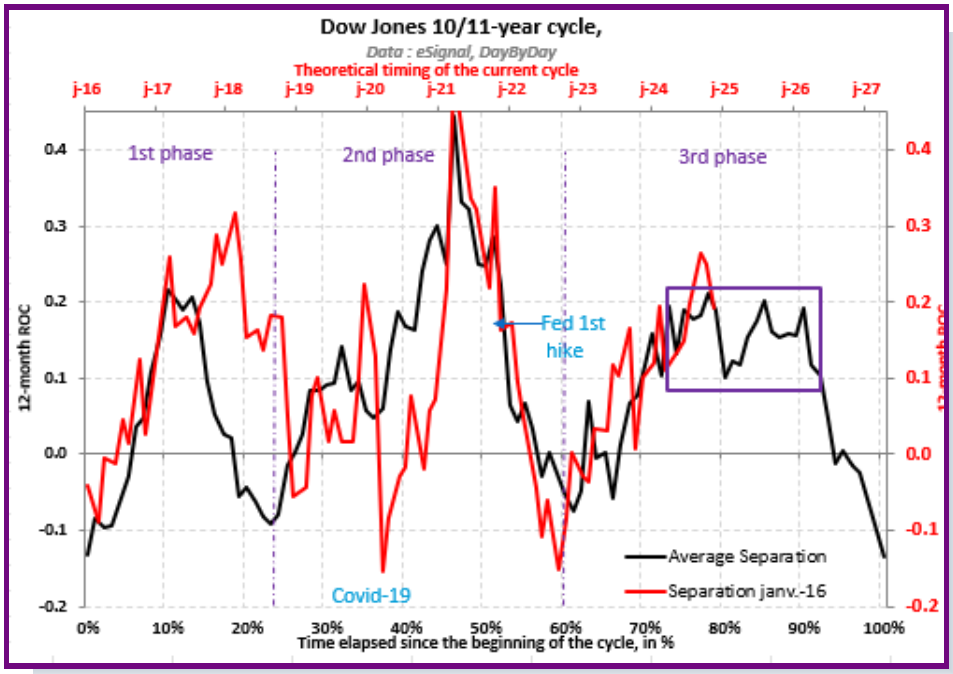
The Dow Jones cycle is bearish for Q1

The Dow Jones rose fast in the Autumn but peaked ahead of the S&P 500. That November peak will probably not be passed in 2025Q1. Indeed, our cycles point downward for the coming months. Cycles are analysed on speed, not on prices. It is always difficult to translate them into price evolution. We cannot rule out that the top will be revisited next year in H2, or even passed, briefly. We need a little more time to update our other cycles : CPI and industrial production and yields. They are not yet catching up on their ideal path, but they will, eventually. Patience. The consequence is that we are at pain describing what the macro scenario explaining that evolution will be, but lower growth and higher inflation fears should be at the core of problems.

Find our previous cycle update here.

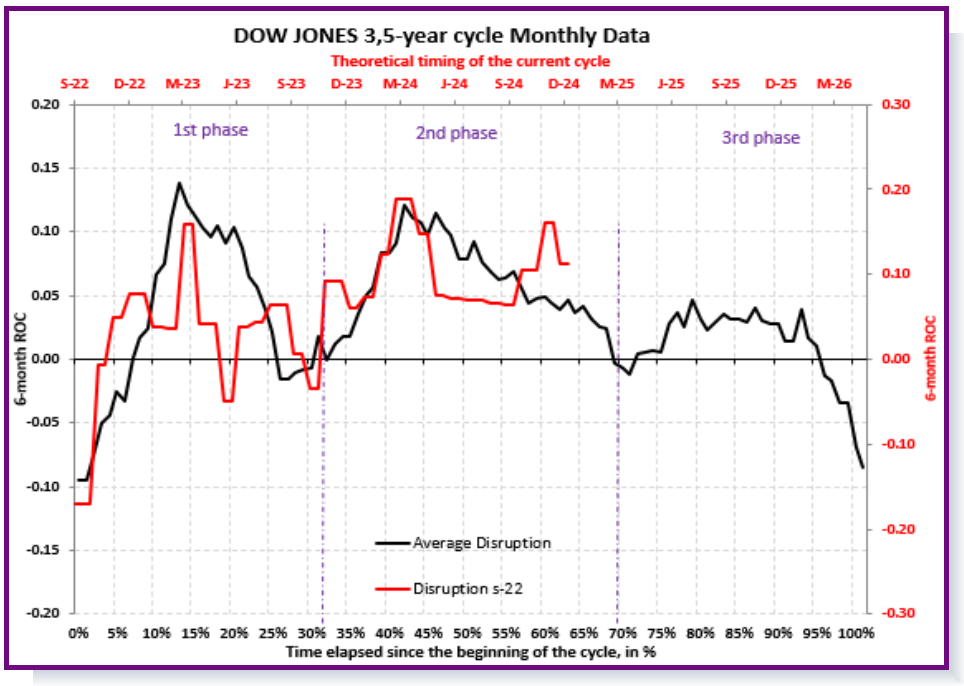
DOW JONES 11-year cycle, Monthly



The chart above displays the average 11-year Dow Jones cycles in black, as identified by our research. The red line is the current cycle.

The Dow Jones 11-year cycle has been a little stronger than the average, but it has peaked on time. Overall, in 2025, the Dow Jones speed will be volatile, but it may be able to recover a large part of whatever losses it incurs. The year that will be very bad for US indices is probably 2026. 2025 is about building a topping pattern. We cannot say whether the ultimate high is already in place, or whether it will fall into place in the early Summer. We know that **our plan for next year will be to sell strength on US indices,** and that we expect a weak start to the year.

DOW JONES 3.5-year cycle, Monthly



The shortest cycle we analyse lasts for 3.5 years. It is based on a 6-month rate-of-change, rather than 12-months for the 11-year cycle.

According to the rhythm of that chart, the 6-month speed should regularly fall until around March 2025. It does not always translate immediately to falling prices, but eventually, it will. **We will feel bearish pressures in the first quarter, with difficulties to recover from corrections.**

Cette recherche a été menée par :



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Valerie graduated from ESSEC, she has held her international technical analysis degree for 20 years. Her carreer started as an options market maker, and then evolved as a proprietary trader. She co-founded DayByDay. She is now in charge of all international indices, and she manages the global asset allocation from an alternative and a long-only perspective. Valerie also takes part to the tactical Equity allocation, and co-animates DayByDay *Training Program*.

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