

Coming Up for Air

The S&P 500 declined 18.9% from February 19 through April 8. Since then, the S&P 500 jumped 13.6% through May 9, along with all sizes, styles, sectors, and 94% of the 155 sub-industries in the S&P 1500. What's more, the S&P 500 regained nearly 60% of the point decline and is now only 1.5% below its 200-day moving average. Does this near resurfacing signal the beginning of a complete recovery, or does history tell us that the risk of reversal remains? Unfortunately, like a whale coming up for air, nearly two-thirds of all bear markets since WWII started with double-digit declines that recovered to within 2% or higher of the 200-day moving average only to reverse course and dive once again to set an even lower low. Even though a reversal remains a possibility, it is not CFRA's current outlook. Indeed, from a fundamental perspective, the backward-looking "hard" data continue to contradict the more forward-looking "soft" data, indicating that a recession is not imminent. What's more, recent news of thawing global trade relations offers encouragement that this "manufactured correction" may have run its course. Finally, based on a multitude of proprietary indicators by **Lowry Research**, CFRA's technical analysis arm, while a digestion of gains is always possible, the recent return of robust demand is likely to persist and push the market higher in the months ahead.

For the week ending May 9, the S&P 500 slipped 0.5%, along with both styles and five of 11 sectors. Consumer discretionary, energy, and industrials were the strongest, while communication services, consumer staples, and health care were the weakest. Finally, 54% of the S&P 1500's sub-industries were higher, with auto parts, fertilizers, and passenger airlines on top, vs. diversified chemicals, diversified metals & mining, and paper products on the bottom.

In the week ahead, investors will focus on inflation reports, where three of the four readings for the Consumer Price Index (CPI) and Producer Price Index (PPI) should

come in hotter than the March reports, thanks to tariffs, though with a gasoline price headwind. In addition, retail sales are projected to be positive, but below last month's revised results. Finally, housing data and the preliminary reading for the Michigan Sentiment survey should show upticks in results.

Representative U.S.-listed companies from the sub-industries with the highest WTD returns are: United Airlines Holdings Inc. (UAL 77 ****), CF Industries Holdings Inc. (CF 82 ****), Aptiv PLC (APT 62 *****), TAL Education Group (TAL 9 ***), Lumen Technologies Inc. (LUMN 4 ***), Valero Energy Corporation (VLO 123 *****), Vertiv Holdings Co. (VRT 94 *****), Newmont Corporation (NEM 54 *****), TD SYNEX Corporation (SNX 118 *****), and lululemon athletica inc. (LULU 280 *****).

Benchmark, Sector, and Sub-Industry Price Returns*

Regions/Sizes/Sectors	% Chg.	Best S&P 1500 Sub-Industries	% Chg.
WTI Oil	3.9	Passenger Airlines	6.5
Industrials	1.1	Fertilizers & Agric. Chemicals	6.0
10-Yr Note Yield	0.9	Automotive Parts & Equipment	5.4
Consumer Discretionary	0.9	Education Services	5.2
Energy	0.6	Alternative Carriers	4.9
S&P SmallCap 600	0.5	Oil & Gas Refining & Marketing	4.9
S&P MidCap 400	0.5	Electrical Components & Equipment	4.9
Utilities	0.4	Gold	4.7
S&P Emerging BMI Index	0.4	Technology Distributors	4.6
Info. Technology	0.3	Apparel, Acc. & Luxury Goods	4.1
Financials	0.1	Worst S&P 1500 Sub-Industries	% Chg.
S&P Developed Ex-U.S. BMI	0.0	Interactive Media & Services	(4.2)
Nasdaq-100	(0.2)	Multi Sector Holdings	(4.8)
S&P 500 Value	(0.4)	Marine Transportation	(6.1)
Materials	(0.4)	Pharmaceuticals	(7.1)
S&P 500	(0.5)	Biotechnology	(8.2)
S&P 500 Growth	(0.6)	Security & Alarm Services	(8.7)
Real Estate	(0.6)	Real Estate Operating Companies	(9.3)
Consumer Staples	(1.1)	Diversified Metals & Mining	(10.7)
Communication Services	(2.3)	Diversified Chemicals	(11.5)
Health Care	(4.2)	Paper Products	(12.5)
Positive Sectors:	55%	Positive Sub-Industries:	54%

Source: CFRA, S&P DJ Indices. *5/2/25-5/9/25.

Trade Talk Update

CFRA's political strategy group, **Washington Analysis** (WA), thinks the decision to approve the U.K. deal was meant to serve as leverage ahead of China negotiations. In addition, WA wrote "The administration appears to favor piecemeal deals that function as tactical ceasefires, often with promises of further negotiations rather than comprehensive settlements. These mini deals are designed to keep countries engaged under the ongoing threat of tariff escalation and provide flexibility for follow-up agreements as circumstances change."

WA goes on to say "It ultimately shows that the President is most interested in getting as many possible concessions from each country rather than to some stable end state. Even in successful deal scenarios, we expect the global baseline tariff of 10% to remain in place for most countries. Reductions below that level are likely to be limited and targeted, or involve considerations beyond trade." Steel, aluminum, autos, semiconductors, and pharmaceuticals largely remain subject to Section 232 tariffs. WA writes that the U.K.'s deal illustrates a preferred U.S. model: exemptions granted in exchange for enforceable quotas or other commitments that preserve U.S. protectionist goals in these sectors; at best a quota will replace a tariff.

Testing the 200-Day Moving Average

The optimist likes to say, "the trend is your friend." The pessimist, however, prefers to wonder, "what could go wrong?" With the S&P 500 on the verge of overtaking its 200-day moving average, both have a point. More times than not (58% of the time) corrections, or declines of 10.0% to 19.9%, did not suffer reversals and peaked an average of 38 calendar days after the low. Yet, 64% of the time, bear markets laid well camouflaged traps for the bulls, which were later confirmed by recession overlays for nine of these 14 bear markets, in the form of a post-correction recovery that peaked at an average of 58 calendar days after the primary low. May 2 – which saw the S&P 500 move closest to its 200-day moving average – was the 24th day after the current low. CFRA will continue to monitor Lowry's technical signals to see if the current advance has further to run or falls victim to yet another bull trap.

Frequencies of Major Declines Testing 200-Day Moving Average Before Closing Even Lower

Decline		Initial Selloff		Within 2% of 200D		Ultimate Decline		Recession Overlap?
Type	Start	% Drop	Date	% Away	Date	% Drop	End	
Corrections	02/05/46	(10.2)	2/26/46	--	--	(10.2)	2/26/46	
Bear Markets	05/29/46	(26.7)	10/9/46	(2.0)	2/11/47	(28.5)	5/19/47	
Bear Markets	06/15/48	(13.5)	11/29/48	(1.8)	1/8/49	(20.6)	6/13/49	Y
Corrections	06/12/50	(14.0)	7/17/50	--	--	(14.0)	7/17/50	
Corrections	01/05/53	(11.7)	6/10/53	(1.1)	8/3/53	(14.8)	9/14/53	Y
Corrections	09/23/55	(10.6)	10/11/55	--	--	(10.6)	10/11/55	
Bear Markets	08/02/56	(10.8)	11/29/56	(1.0)	1/4/57	(21.6)	10/22/57	Y
Corrections	08/03/59	(11.9)	3/8/60	2.2	6/9/60	(13.9)	10/25/60	Y
Bear Markets	12/12/61	(28.0)	6/26/62	--	--	(28.0)	6/26/62	
Bear Markets	02/09/66	(22.2)	10/7/66	--	--	(22.2)	10/7/66	
Corrections	09/25/67	(10.1)	3/5/68	--	--	(10.1)	3/5/68	
Bear Markets	11/29/68	(17.4)	7/29/69	(0.0)	11/10/69	(36.1)	5/26/70	Y
Corrections	04/28/71	(13.9)	11/23/71	--	--	(13.9)	11/23/71	
Bear Markets	01/11/73	(16.4)	8/22/73	(0.5)	9/27/73	(48.2)	10/3/74	Y
Corrections	11/07/74	(13.6)	12/6/74	--	--	(13.6)	12/6/74	
Corrections	07/15/75	(14.1)	9/16/75	--	--	(14.1)	9/16/75	
Corrections	09/21/76	(10.9)	5/31/77	0.7	7/19/77	(19.4)	3/6/78	
Corrections	10/05/79	(10.1)	10/25/79	(0.0)	11/7/79	(10.2)	11/7/79	
Corrections	02/13/80	(10.1)	3/10/80	0.9	3/11/80	(17.1)	3/27/80	Y
Bear Markets	11/28/80	(20.3)	9/25/81	(1.3)	11/30/81	(27.1)	8/12/82	Y
Corrections	10/10/83	(10.6)	2/22/84	(0.7)	5/2/84	(14.4)	7/24/84	
Bear Markets	08/25/87	(33.5)	12/4/87	--	--	(33.5)	12/4/87	
Corrections	10/09/89	(10.2)	1/30/90	--	--	(10.2)	1/30/90	
Bear Markets	07/16/90	(19.9)	10/11/90	--	--	(19.9)	10/11/90	Y
Corrections	10/07/97	(10.8)	10/27/97	--	--	(10.8)	10/27/97	
Corrections	07/17/98	(19.3)	8/31/98	--	--	(19.3)	8/31/98	
Corrections	07/16/99	(10.6)	9/29/99	2.1	10/8/99	(12.1)	10/15/99	
Bear Markets	03/24/00	(12.9)	10/12/00	(0.9)	11/2/00	(49.1)	10/9/02	Y
Corrections	11/27/02	(14.7)	3/11/03	--	--	(14.7)	3/11/03	
Bear Markets	10/09/07	(18.6)	3/10/08	(0.1)	5/20/08	(56.8)	3/9/09	Y
Corrections	04/23/10	(12.3)	5/26/10	(0.1)	5/27/10	(16.0)	7/2/10	
Corrections	04/29/11	(19.4)	10/3/11	--	--	(19.4)	10/3/11	
Corrections	05/21/15	(12.4)	8/25/15	2.3	11/13/15	(14.2)	2/11/16	
Corrections	01/26/18	(10.2)	2/8/18	--	--	(10.2)	2/8/18	
Corrections	09/20/18	(10.2)	11/23/18	1.0	12/3/18	(19.8)	12/24/18	
Bear Markets	02/19/20	(33.9)	3/23/20	--	--	(33.9)	3/23/20	Y
Bear Markets	01/03/22	(13.0)	3/8/22	3.4	3/29/22	(25.4)	10/12/22	
Corrections	07/31/23	(10.3)	10/27/23	--	--	(10.3)	10/27/23	
Corrections	02/19/25	(18.9)	4/8/25	(1.0)	5/2/25	?	?	?
Corrections				42%				5
Bear Markets				64%				9

Source: CFRA, S&P Global, NBER. Past performance is no guarantee of future results. Data through 5/9/25.

Contact CFRA

977 Seminole Trail, PMB 230
Charlottesville, VA 22901-2824
USA

P: +1-800-220-0502
cservices@cfraresearch.com
www.cfraresearch.com

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports

The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the "Research Reports") reflect different criteria, assumptions and analytical methods and may have differing recommendations. The methodologies and data used to generate the different types of Research Reports are believed by the author and distributor reasonable and appropriate. Generally, CFRA does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. CFRA reserves the right to alter, replace or vary models, methodologies, or assumptions from time to time and without notice to clients.

Analyst Certification

STARS Stock Reports are prepared by the equity research analysts of CFRA and its affiliates and subsidiaries. All of the views expressed in STARS Stock Reports accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year. No part of analyst, CFRA, or its affiliates or subsidiaries compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in a STARS Stock Report.

About CFRA Equity Research's Distributors

This Research Report is published and originally distributed by Accounting Research & Analytics, LLC d/b/a CFRA ("CFRA US"), with the following exceptions: In the UK/EU/EEA, it is published and originally distributed by CFRA UK Limited ("CFRA UK"), which is regulated by the Financial Conduct Authority (No. 775151), and in Malaysia by CFRA MY Sdn Bhd (Company No. 683377-A). These parties and their subsidiaries maintain no responsibility for reports redistributed by third parties such as brokers or financial advisors.

General Disclosure

Notice to all jurisdictions:

Where Research Reports are made available in a language other than English and in the case of inconsistencies between the English and translated versions of a Research Report, the English version will control and supersede any ambiguities associated with any part or section of a Research Report that has been issued in a foreign language. Neither CFRA nor its affiliates guarantee the accuracy of the translation. The content of this report and the opinions expressed herein are those of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or

any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. The Content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees, or agents do not guarantee the accuracy, completeness, timeliness or availability of the Content.

Past performance is not necessarily indicative of future results.

This document may contain forward-looking statements or forecasts; such forecasts are not a reliable indicator of future performance. This report is not intended to, and does not, constitute an offer or solicitation to buy and sell securities or engage in any investment activity. This report is for informational purposes only. Recommendations in this report are not made with respect to any particular investor or type of investor. Securities, financial instruments, or strategies mentioned herein may not be suitable for all investors and this material is not intended for any specific investor and does not take into account an investor's particular investment objectives, financial situations or needs. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

CFRA may license certain intellectual property or provide services to, or otherwise have a business relationship with, certain issuers of securities that are the subject of CFRA research reports, including exchange-traded investments whose investment objective is to substantially replicate the returns of a proprietary index of CFRA. In cases where CFRA is paid fees that are tied to the amount of assets invested in a fund or the volume of trading activity in a fund, investment in the fund may result in CFRA receiving compensation in addition to the subscription fees or other compensation for services rendered by CFRA, however, no part of CFRA's compensation for services is tied to any recommendation or rating. Additional information on a subject company may be available upon request.

CFRA's financial data provider is S&P Global Market Intelligence. THIS DOCUMENT CONTAINS COPYRIGHTED AND TRADE SECRET MATERIAL DISTRIBUTED UNDER LICENSE FROM S&P GLOBAL MARKET INTELLIGENCE. FOR RECIPIENT'S INTERNAL USE ONLY.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence. GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by CFRA.

Other Disclaimers and Notice

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2025, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice."

Certain information in this report may be provided by Securities Evaluations, Inc. ("SE"), a wholly owned subsidiary of Intercontinental Exchange. SE is a registered investment adviser with the United States Securities and Exchange Commission (SEC). SE's advisory services include evaluated pricing and model valuation of fixed income securities, derivative valuations and Odd-Lot Pricing that consists of bid- and ask-side evaluated prices for U.S. Municipal and U.S. Corporate Securities (together called valuation services). Such information is subject to the following disclaimers and notices: "No content (including credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SE. The Content shall not be used for any unlawful or unauthorized purposes. SE and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively SE Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. SE Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. SE PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall SE Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. Credit-related and other analyses and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. SE assumes no obligation to update the Content following

publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. SE's opinions and analyses do not address the suitability of any security. SE does not act as a fiduciary or an investment advisor. While SE has obtained information from sources it believes to be reliable, SE does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Valuations services are opinions and not statements of fact or recommendations to purchase, hold or sell any security or instrument, or to make any investment decisions. The information provided as part of valuations services should not be intended as an offer, promotion or solicitation for the purchase or sale of any security or other financial instrument nor should it be considered investment advice. Valuations services do not address the suitability of any security or instrument, and securities, financial instruments or strategies mentioned by SE may not be suitable for all investors. SE does not provide legal, accounting or tax advice, and clients and potential clients of valuation services should consult with an attorney and/or a tax or accounting professional regarding any specific legal, tax or accounting provision(s) applicable to their particular situations and in the countries and jurisdictions where they do business. SE has redistribution relationships that reflect evaluated pricing, derivative valuation and/or equity pricing services of other unaffiliated firms with which SE has contracted to distribute to its client base.

Pricing and data provided by these third-party firms are the responsibilities of those firms, and not SE, and are produced under those firms' methodologies, policies and procedures. Valuations services provided by SE and products containing valuations services may not be available in all countries or jurisdictions. Copyright © 2025 by Intercontinental Exchange Inc. All rights reserved."

For residents of the European Union/European Economic Area

Research reports are originally distributed by CFRA UK Limited (company number 08456139 registered in England & Wales with its registered office address at New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA). CFRA UK Limited is regulated by the UK Financial Conduct Authority (No. 775151).

For residents of Malaysia

Research reports are originally produced and distributed by CFRA MY Sdn Bhd (Company No. 683377-A).

For Residents of Singapore

This Research Report is distributed by CFRA UK Limited to its clients in Singapore who hold a financial advisers licence or is a person exempt from holding such licence ("SG Intermediary"). Recipients of this Research Report in Singapore should contact the SG Intermediary in respect to any matters arising from, or in connection with, the analysis in this report. Where the recipient is not an accredited, expert or institutional investor as defined by the Securities and Futures Act, the SG Intermediary accepts legal responsibility for the contents of this Research Report in accordance with applicable law. When reports are distributed by SG Intermediaries in Singapore, the SG Intermediary, and not CFRA, is solely responsible for ensuring that the recipients of the Research Reports understand the information contained in the Research Reports and that such information is suitable based on the customer's profile and investment objectives. This Research Report is intended for general circulation and no advice or recommendation is made herein or by CFRA to any particular person. CFRA does not assume any responsibility to advise on whether any particular product is suitable for any person, and the analysis herein does not take into account the specific investment objectives, financial situation or particular needs of any particular person, and should not be relied upon for any investment decision.

For residents of all other countries

Research reports are originally distributed Accounting Research & Analytics, LLC d/b/a CFRA.

Copyright © 2025 CFRA. All rights reserved. CFRA and STARS are registered trademarks of CFRA.