RIVERSIDE ANALYTICS INC

DATE: January 31, 2024

RIVERSIDE ANALYTICS INC
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MONTH END STRATEGY UPDATE

RIVERSIDE'S LIVE WEEKLY BROADCAST

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- All charts shown in this broadcast have been referenced from stockcharts.com, Amibroker or eSignal unless otherwise noted.

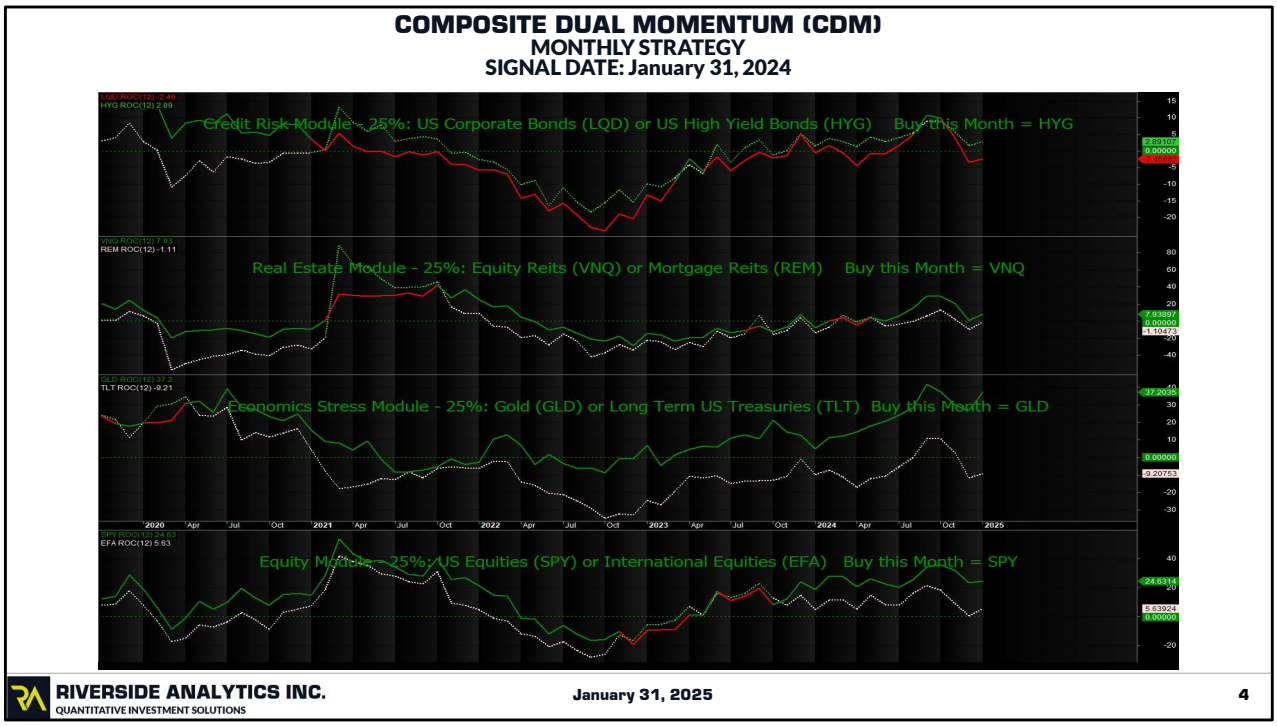
Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors

VARIOUS STRATEGIES

MECHANICAL SIGNALS

February 2025 ALLOCATION
COMPOSITE DUAL MOMENTUM
DUAL MOMENTUM SECTOR ROTATION
LEWIS GLENN'S PAIR SWITCHING
DUAL MOMENTUM PAIR SWITCHING

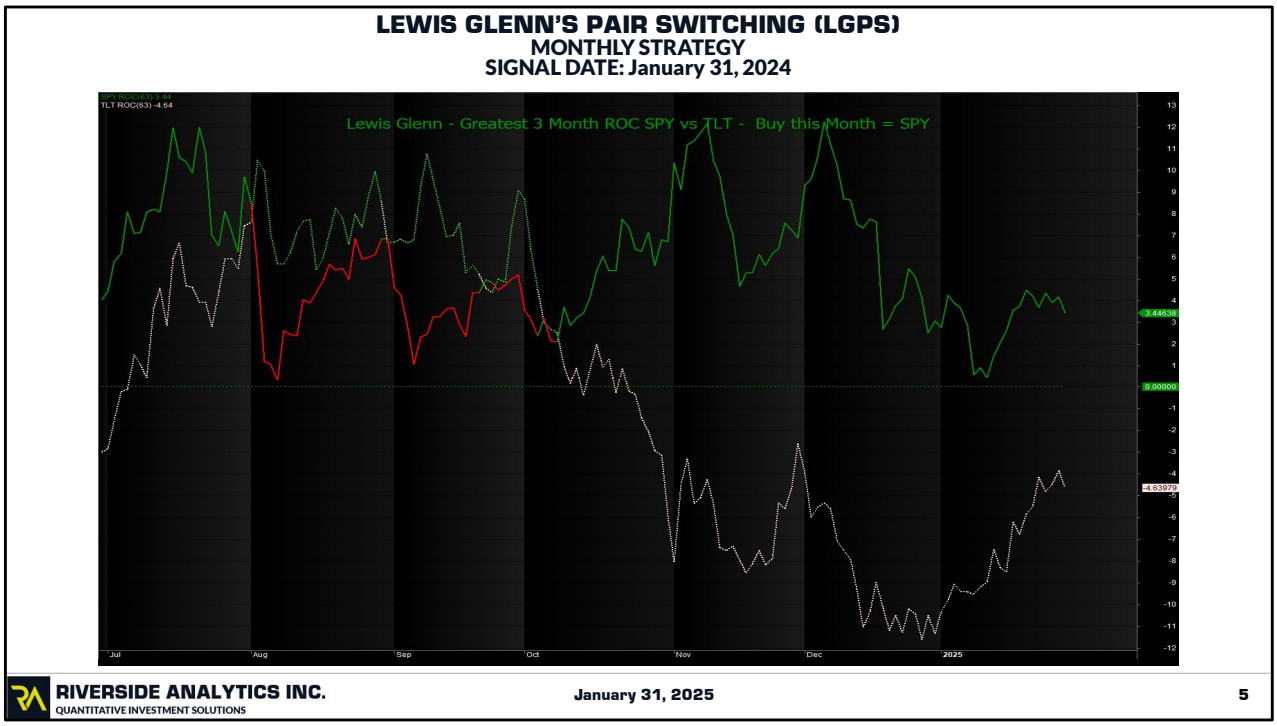


January 31 – No changes from last month either !

Use the monthly ROC

- Choose which ever one is higher for each category
- ROC (12) - Percent change SPY vs EFA
- ROC (12) - Percent change LQD vs HYG
- ROC (12) - Percent change VNQ vs REM

- ROC (12) - Percent change GLD vs TLT



January 31 – No change from last month **SPY has the greatest 3 month ROC**
Strategy Rules
This strategy trades once per month.

1) On the last trading day of the month, calculate the 3-month return of the two assets above (SPY & TLT). I chose 69
2) Invest 100% of the portfolio in the asset with the highest 3-month return.
3) Hold the position until the final trading day of the following month.

In doing this chart, I have noticed times in the past where both SPY and TLT produced negative ROCS at the same time. This is part of the reason I chose to display this as a chart, rather than a table. I am thinking about modifying the algorithm slightly and going to cash or T-Bills if that condition arises.

DUAL MOMENTUM SECTOR ROTATION (DMSR)

MONTHLY STRATEGY

SIGNAL DATE: January 31, 2024 → STRATEGY ALLOCATION FOR February 2025

Ticker	Data/Time	Full name	ETF Group	ETF Sub-Group	GAA_ETF	Preferred_ETF_List	GTAA_13	GEM	DMFI	Beta Rotation	DMSR	Beta(1-yr)	Yield	YTD %	10MthTF	ROC_1_M	ROC_3_M	ROC_6_M	ROC_12_M	GAA_RS
XLY	2025/01/31	Consumer Discretionary Select Sector SPDR ETF	Sector	Consumer Discretionary	✓	✓					✓	1.2		3.5	✓	3.49	17.9	23.8	35.8	20.27
XLC	2025/01/31	Communication Services Select Sector SPDR ETF	Sector	Communication Services	✓	✓					✓	0.88		5.8	✓	5.75	11.2	19.3	34.9	17.81
XLF	2025/01/31	Financial Select Sector SPDR ETF	Sector	Financial	✓	✓					✓	0.73	$	6.5	✓	6.5	10.7	17.7	32.8	16.93
XLU	2025/01/31	Utilities Select Sector SPDR ETF	Sector	Utilities	✓	✓			✓		✓	0.3	$$	2.9	✓	2.89	-2.54	6.99	26.7	8.52
XLI	2025/01/31	Industrial Select Sector SPDR ETF	Sector	Industrial	✓	✓					✓	0.85	$	5.0	✓	5	3.38	8.2	22.6	9.78
XLK	2025/01/31	Technology Select Sector SPDR ETF	Sector	Technology	✓	✓					✓	1.52		-0.7	✓	-0.74	3.86	5.49	16.8	6.34
XLP	2025/01/31	Consumer Staples Select Sector SPDR ETF	Sector	Consumer Staples	✓	✓					✓	0.21	$$	0.5	✗	0.47	-1.42	1.45	8.31	2.20
XLB	2025/01/31	Materials Select Sector SPDR ETF	Sector	Materials	✓	✓					✓	0.69	$	5.5	✗	5.53	-4.93	-3.64	8	1.24
VNQ	2025/01/31	Vanguard Real Estate Index ETF	Sector	Real Estate	✓	✓			✓		✓	0.6	$$$	1.7	✓	1.65	-3.82	0.15	7.94	1.48
XLE	2025/01/31	Energy Select Sector SPDR ETF	Sector	Energy	✓	✓					✓	0.46	$$$	2.3	✗	2.31	-1.07	-5.98	5.07	0.08
XLV	2025/01/31	Health Care Select Sector SPDR ETF	Sector	Health Care	✓	✓					✓	0.43	$	6.8	✗	6.76	0	-1.84	4.62	2.39

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

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January 31 – **No changes.** The order shifted from XLC, XLF, XLY to XLY, XLC, XLF

US-ETF-GAA tab - Filter on DMSR, then Sort Largest to smallest ROC_12_M

SAMPLE STRATEGY REVIEW

MECHANICAL SIGNALS

February 2025 ALLOCATION
GLOBAL EQUITY MOMENTUM (GEM)
GTAA_AGG_6
DUAL MOMENTUM FIXED INCOME (DMFI)

STRATEGY #1 - GLOBAL EQUITY MOMENTUM (GEM)

MECHANICAL ALLOCATION

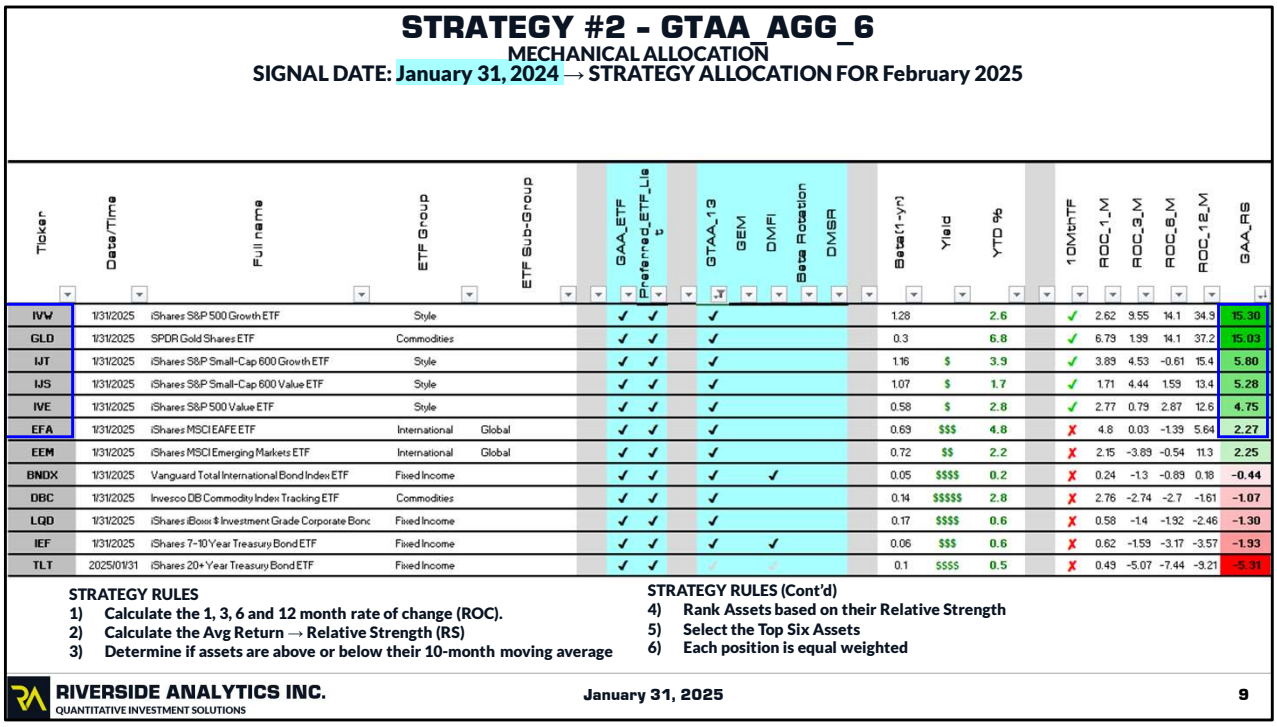
SIGNAL DATE: January 31, 2024 → STRATEGY ALLOCATION FOR February 2025

Monthly Strategy consisting of 3 ETF's (SPY, ACWX and BIL). Calculate the Monthly ROC (12) of each ETF . Select the strongest ETF. Go long the strongest ETF's if it's Monthly ROC (12) is > Monthly ROC (12) of BIL. Rebalance.

Ticker	Date/Time	Full name	ETF Group	ETF Sub-Group	GAA_ETF	Preferred_ETF_List	GTAA_13	GEM	DMFI	Beta Rotation	DMSR	Beta (1-yr)	Yield	YTD %	10MthTF	ROC_1_M	ROC_3_M	ROC_6_M	ROC_12_M	GAA_RS
SPY	2025/01/31	SPDR S&P 500 Trust ETF	Broad Index	Benchmark	✓	✓		✓		✓		0.97	$	2.7	✓	2.69	5.83	9.26	24.6	10.60
ACWX	1/31/2025	iShares MSCI ACWI ex US ETF	International	Global	✓	✓		✓				0.7	$$	3.5	✗	3.49	-1.06	-0.55	7.62	2.38
BIL	1/31/2025	SPDR Bloomberg 1-3 Month T-Bill ETF	Fixed Income		✓	✓		✓	✓			0.01	$$$$$	0.4	✗	0.35	-0.05	-0.05	-0.03	0.06

January 31– **No change,** SPY remains largest 12 month ROC.

HM > US-ETF-GAA tab > Filter on GEM then Sort Largest to smallest ROC_12_M



STRATEGY #2 - GTAA_AGG_6

MECHANICAL ALLOCATION

SIGNAL DATE: January 31, 2024 → STRATEGY ALLOCATION FOR February 2025

Ticker	Data/Time	Full name	ETF Group	ETF Sub-Group	GAA_ETF	Preferred_ETF_List	GTAA_13	GEM	DMFI	Beta Rotation	DMSR	Beta(1-yr)	Yield	YTD %	10MthTF	ROC_1_M	ROC_3_M	ROC_6_M	ROC_12_M	GAA_RS
IVW	1/31/2025	iShares S&P 500 Growth ETF	Style		✓	✓	✓					1.28		2.6	✓	2.62	9.55	14.1	34.9	15.30
GLD	1/31/2025	SPDR Gold Shares ETF	Commodities		✓	✓	✓					0.3		6.8	✓	6.79	1.99	14.1	37.2	15.03
IJT	1/31/2025	iShares S&P Small-Cap 600 Growth ETF	Style		✓	✓	✓					1.16	$	3.9	✓	3.89	4.53	-0.61	15.4	5.80
IJS	1/31/2025	iShares S&P Small-Cap 600 Value ETF	Style		✓	✓	✓					1.07	$	1.7	✓	1.71	4.44	1.59	13.4	5.28
IVE	1/31/2025	iShares S&P 500 Value ETF	Style		✓	✓	✓					0.58	$	2.8	✓	2.77	0.79	2.87	12.6	4.75
EFA	1/31/2025	iShares MSCI EAFE ETF	International	Global	✓	✓	✓					0.69	$$$	4.8	✗	4.8	0.03	-1.39	5.64	2.27
EEM	1/31/2025	iShares MSCI Emerging Markets ETF	International	Global	✓	✓	✓					0.72	$$	2.2	✗	2.15	-3.89	-0.54	11.3	2.25
BNDX	1/31/2025	Vanguard Total International Bond Index ETF	Fixed Income		✓	✓	✓		✓			0.05	$$$$	0.2	✗	0.24	-1.3	-0.89	0.18	-0.44
DBC	1/31/2025	Invesco DB Commodity Index Tracking ETF	Commodities		✓	✓	✓					0.14	$$$$$	2.8	✗	2.76	-2.74	-2.7	-1.61	-1.07
LQD	1/31/2025	iShares iBoxx $ Investment Grade Corporate Bond	Fixed Income		✓	✓	✓					0.17	$$$$	0.6	✗	0.58	-1.4	-1.92	-2.46	-1.30
IEF	1/31/2025	iShares 7-10 Year Treasury Bond ETF	Fixed Income		✓	✓	✓		✓			0.06	$$$	0.6	✗	0.62	-1.59	-3.17	-3.57	-1.93
TLT	2025/01/31	iShares 20+ Year Treasury Bond ETF	Fixed Income		✓	✓						0.1	$$$$	0.5	✗	0.49	-5.07	-7.44	-9.21	-5.31

STRATEGY RULES

1) **Calculate the 1, 3, 6 and 12 month rate of change (ROC).**
2) **Calculate the Avg Return → Relative Strength (RS)**
3) **Determine if assets are above or below their 10-month moving average**

STRATEGY RULES (Cont'd)

4) **Rank Assets based on their Relative Strength**
5) **Select the Top Six Assets**
6) **Each position is equal weighted**

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

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January 31 – **ONE Change** – BNDX is out, replaced by EFA
Last month was IVW, GLD, IJS, IVE, IJT, and BNDX

US-ETF-GAA tab - filter on GTAA_13 – Sort GAA_R5 largest to smallest

STRATEGY #3 - DUAL MOMENTUM FIXED INCOME (DMFI)

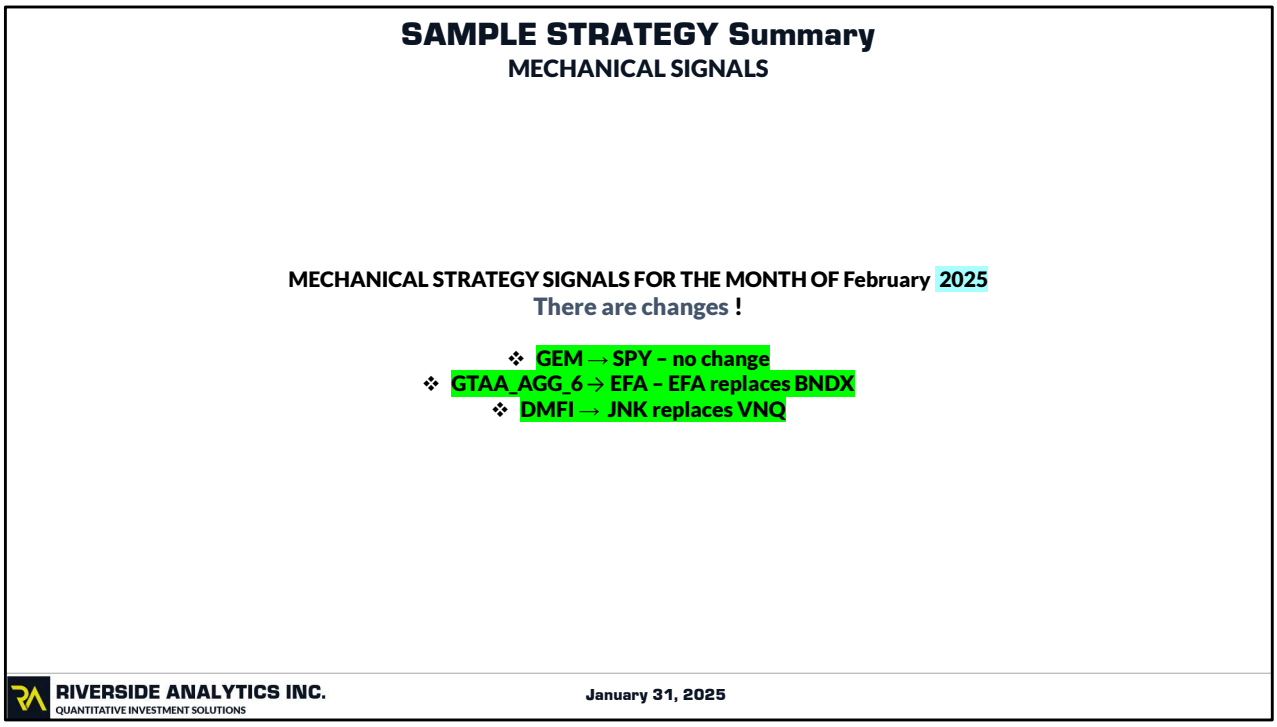
MECHANICAL ALLOCATION

SIGNAL DATE: January 31, 2024 → STRATEGY ALLOCATION FOR February 2025

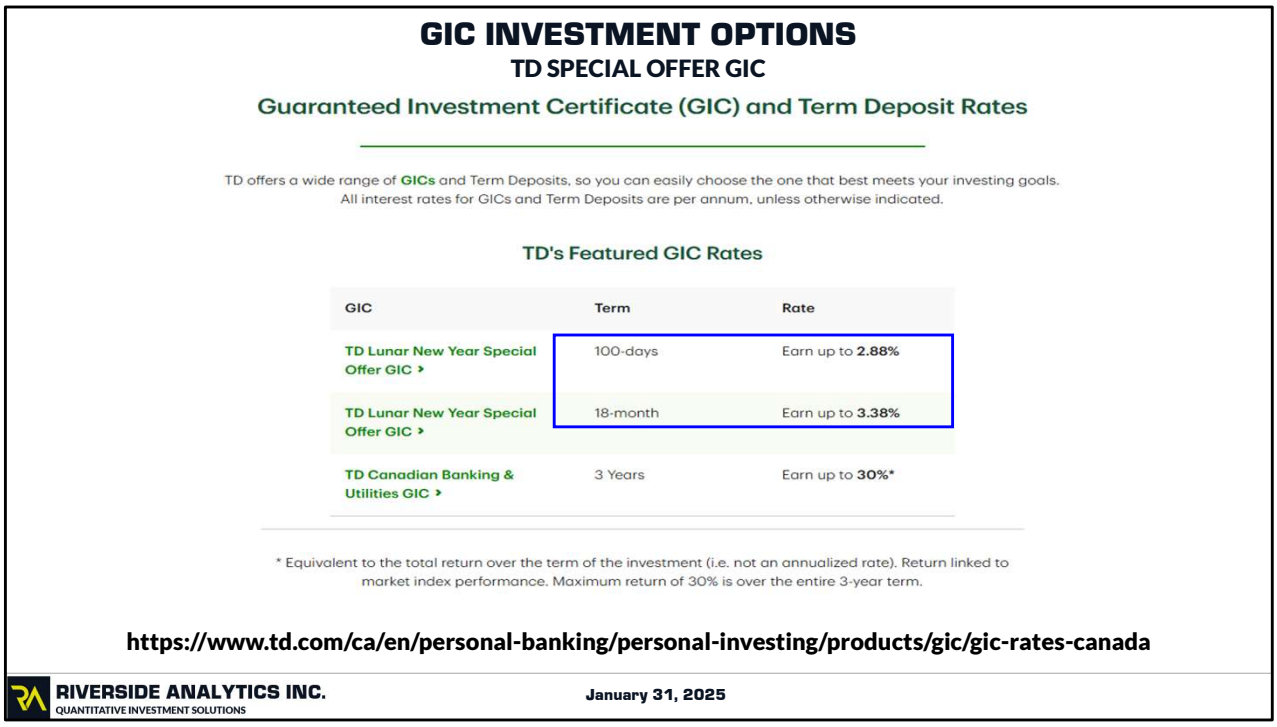
Calculate the Monthly ROC (6) of each ETF. Select the strongest three ETF's. Go long the strongest three ETF's if their Monthly ROC (6) is > Monthly ROC (6) of BIL.

Ticker	Data/Time	Full name	ETF Group	ETF Sub-Group	GAA_ETF	Preferred_ETF_List	GTAA_13	GEM	DMFI	Beta Rotation	DMSR	Beta(1-yr)	Yield	YTD %	1 OMthTF	ROC_1_M	ROC_3_M	ROC_6_M	ROC_12_M	GAA_RS
GLTR	1/31/2025	abrdn Physical Precious Metals Basket Shares ET	Commodities		✓	✓			✓			0.44		7.5	✓	7.46	-0.53	11.8	33.6	13.07
XLU	2025/01/31	Utilities Select Sector SPDR ETF	Sector	Utilities	✓	✓					✓	0.3	$$	2.9	✓	2.89	-2.54	6.93	26.7	8.52
JNK	1/31/2025	SPDR Bloomberg High Yield Bond ETF	Fixed Income		✓	✓			✓			0.23	$$$$$	1.4	✓	1.35	0.48	0.96	1.99	1.20
VNQ	2025/01/31	Vanguard Real Estate Index ETF	Sector	Real Estate	✓	✓					✓	0.6	$$$	1.7	✓	1.65	-3.82	0.15	7.94	1.48
EMB	1/31/2025	iShares JPMorgan USD Emerging Markets Bond E	Fixed Income		✓	✓			✓			0.31	$$$$	1.7	✓	1.7	-0.41	0.11	2.92	1.08
BIL	1/31/2025	SPDR Bloomberg 1-3 Month T-Bill ETF	Fixed Income		✓	✓		✓	✓			0.01	$$$$$	0.4	✗	0.35	-0.05	-0.05	-0.03	0.06
FLOT	1/31/2025	iShares Floating Rate Bond ETF	Fixed Income		✓	✓			✓			0.03	$$$$$	0.4	✓	0.39	0.1	-0.06	0.27	0.18
TIP	2025/01/31	iShares TIPS Bond ETF	Fixed Income		✓	✓						0.07	$$	1.4	✓	1.37	-0.28	-0.16	0.15	0.27
BNDX	1/31/2025	Vanguard Total International Bond Index ETF	Fixed Income		✓	✓	✓		✓			0.05	$$$$	0.2	✗	0.24	-1.3	-0.89	0.18	-0.44
VMBS	2025/01/31	Vanguard Mortgage-Backed Securities Index ETF	Fixed Income		✓	✓						0.09	$$$	0.6	✗	0.57	-0.46	-1.66	-1.28	-0.71
IEF	1/31/2025	iShares 7-10 Year Treasury Bond ETF	Fixed Income		✓	✓	✓		✓			0.06	$$$	0.6	✗	0.62	-1.59	-3.17	-3.57	-1.93
TLT	2025/01/31	iShares 20+ Year Treasury Bond ETF	Fixed Income		✓	✓						0.1	$$$$	0.5	✗	0.49	-5.07	-7.44	-9.21	-5.31

January 31 – **ONE Change** – VNQ is out, and JNK is in
- last month was XLU, GLTR and VNQ



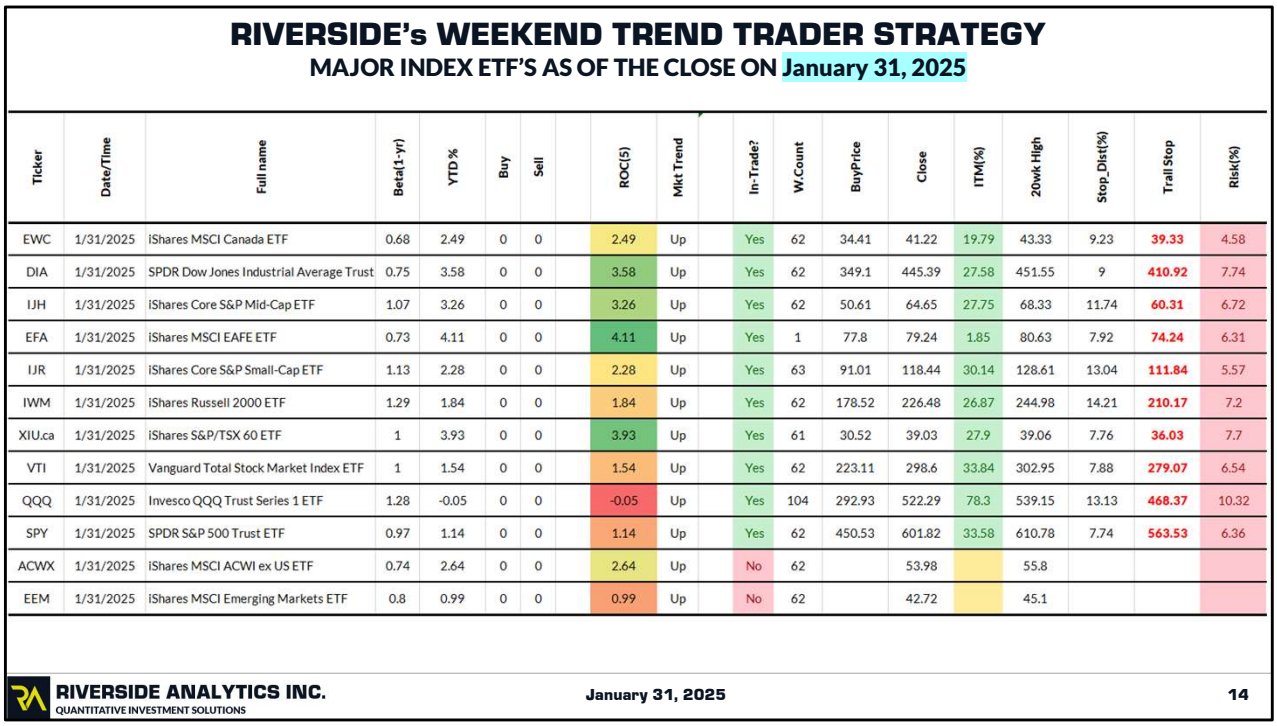
November 30 – One change.



January 31 – **Very minor changes.** 100 day GIC INCREASES from 2.75% to 2.88. The 18 month INCREASES 3 points from 3.35% to 3.38%

WEEKEND TREND TRADER

CURRENT POSITIONS/SIGNALS



RIVERSIDE's WEEKEND TREND TRADER STRATEGY

MAJOR INDEX ETF'S AS OF THE CLOSE ON January 31, 2025

Ticker	Date/Time	Full name	Beta(1-yr)	YTD %	Buy	Sell	ROC(5)	Mkt Trend	In-Trade?	W.Count	BuyPrice	Close	ITM(%)	20wk High	Stop_Dist(%)	Trail Stop	Risk(%)
EWC	1/31/2025	iShares MSCI Canada ETF	0.68	2.49	0	0	2.49	Up	Yes	62	34.41	41.22	19.79	43.33	9.23	39.33	4.58
DIA	1/31/2025	SPDR Dow Jones Industrial Average Trust	0.75	3.58	0	0	3.58	Up	Yes	62	349.1	445.39	27.58	451.55	9	410.92	7.74
IJH	1/31/2025	iShares Core S&P Mid-Cap ETF	1.07	3.26	0	0	3.26	Up	Yes	62	50.61	64.65	27.75	68.33	11.74	60.31	6.72
EFA	1/31/2025	iShares MSCI EAFE ETF	0.73	4.11	0	0	4.11	Up	Yes	1	77.8	79.24	1.85	80.63	7.92	74.24	6.31
IJR	1/31/2025	iShares Core S&P Small-Cap ETF	1.13	2.28	0	0	2.28	Up	Yes	63	91.01	118.44	30.14	128.61	13.04	111.84	5.57
IWM	1/31/2025	iShares Russell 2000 ETF	1.29	1.84	0	0	1.84	Up	Yes	62	178.52	226.48	26.87	244.98	14.21	210.17	7.2
XIU.ca	1/31/2025	iShares S&P/TSX 60 ETF	1	3.93	0	0	3.93	Up	Yes	61	30.52	39.03	27.9	39.06	7.76	36.03	7.7
VTI	1/31/2025	Vanguard Total Stock Market Index ETF	1	1.54	0	0	1.54	Up	Yes	62	223.11	298.6	33.84	302.95	7.88	279.07	6.54
QQQ	1/31/2025	Invesco QQQ Trust Series 1 ETF	1.28	-0.05	0	0	-0.05	Up	Yes	104	292.93	522.29	78.3	539.15	13.13	468.37	10.32
SPY	1/31/2025	SPDR S&P 500 Trust ETF	0.97	1.14	0	0	1.14	Up	Yes	62	450.53	601.82	33.58	610.78	7.74	563.53	6.36
ACWX	1/31/2025	iShares MSCI ACWI ex US ETF	0.74	2.64	0	0	2.64	Up	No	62		53.98		55.8			
EEM	1/31/2025	iShares MSCI Emerging Markets ETF	0.8	0.99	0	0	0.99	Up	No	62		42.72		45.1			

January 31 – Weekend Trend Trader Major Index ETFs.

RIVERSIDE's WEEKEND TREND TRADER STRATEGY

US SECTOR ETF'S AS OF THE CLOSE ON January 31, 2025

Ticker	Date/Time	Full name	Beta(1-yr)	YTD %	Buy	Sell	ROC(5)	Mkt Trend	In-Trade?	D.Count	BuyPrice	Close	ITM(%)	20wk High	Stop_Dist(%)	Trail Stop	Risk(%)
XLV	1/31/2025	Health Care Select Sector SPDR ETF	0.52	5.7	1	0	5.7	Up	Yes	0	145.1	146.87	1.22	147.79	7.48	136.73	6.9
XLC	1/31/2025	Communication Services Select Sector SPI	0.65	4.3	0	0	4.3	Up	Yes	104	54.74	102.38	87.03	102.67	11.08	91.29	10.83
SPY	1/31/2025	SPDR S&P 500 Trust ETF	0.97	1.14	0	0	1.14	Up	Yes	62	450.53	601.82	33.58	610.78	7.74	563.53	6.36
XLU	1/31/2025	Utilities Select Sector SPDR ETF	0.39	2.37	0	0	2.37	Up	Yes	63	60.19	77.88	29.39	83.41	11.94	73.45	5.68
XLI	1/31/2025	Industrial Select Sector SPDR ETF	0.93	3.82	0	0	3.82	Up	Yes	62	105.5	138.35	31.14	144.51	9.85	130.27	5.84
XLE	1/31/2025	Energy Select Sector SPDR ETF	0.61	3.64	0	0	3.64	Up	Yes	2	88.79	87.64	-1.3	97.92	15.49	82.75	5.58
XLF	1/31/2025	Financial Select Sector SPDR ETF	0.72	5.58	0	0	5.58	Up	Yes	63	33.79	51.47	52.32	51.62	10.42	46.24	10.16
XLK	1/31/2025	Technology Select Sector SPDR ETF	1.57	-2.81	0	0	-2.81	Up	Yes	104	135.13	230.81	70.81	242.58	13.92	208.82	9.53
XLY	1/31/2025	Consumer Discretionary Select Sector SPI	1.13	1.06	0	0	1.06	Up	Yes	63	160.69	232.17	44.48	240.28	13.97	206.71	10.97
VNQ	1/31/2025	Vanguard Real Estate Index ETF	0.73	2.03	0	0	2.03	Up	No	62		90.55		99.2			
XLP	1/31/2025	Consumer Staples Select Sector SPDR ETF	0.28	-0.4	0	0	-0.4	Up	No	61		78.98		83.3			
XLB	1/31/2025	Materials Select Sector SPDR ETF	0.78	4.53	0	0	4.53	Up	No	62		88.79		95.2			

January 31 – Weekend Trend Trader

RIVERSIDE's WEEKEND TREND TRADER STRATEGY

TSX SECTOR ETF'S AS OF THE CLOSE ON January 31, 2025

Ticker	Date/Time	Full name	Beta(1-yr)	YTD %	Buy	Sell		ROC(5)	Mkt Trend		In-Trade?	D.Count	BuyPrice	Close	ITM(%)	20wk High	Stop_Dist(%)	Trail Stop	Risk(%)
XEG.ca	1/31/2025	iShares S&P/TSX Capped Energy ETF	1.13	6.86	0	0		6.86	Up		Yes	16	17.47	17.16	-1.78	18.49	16.62	15.42	10.15
XGD.ca	1/31/2025	iShares S&P/TSX Global Gold ETF	1.57	14.11	0	0		14.11	Up		Yes	1	22.97	24.51	6.7	23.66	12	20.82	15.06
XFN.ca	1/31/2025	iShares S&P/TSX Capped Financials ETF	0.98	2.01	0	0		2.01	Up		Yes	61	44.05	61.33	39.23	61.5	7.26	57.04	7
XIC.ca	1/31/2025	iShares Core S&P/TSX Capped Composite	1	2.64	0	0		2.64	Up		Yes	61	32.04	40.77	27.25	41.32	8.13	37.96	6.89
XIT.ca	1/31/2025	iShares S&P/TSX Capped Information Tecl	1.3	7.88	0	0		7.88	Up		Yes	30	51.84	74.82	44.32	72.48	14.38	62.06	17.05
XMA.ca	1/31/2025	iShares S&P/TSX Capped Materials ETF	1.58	9.34	0	0		9.34	Up		Yes	46	17.23	23.19	34.59	23.13	12.48	20.24	12.71
XST.ca	1/31/2025	iShares S&P/TSX Capped Consumer Staple	0.58	-3.3	0	0		-3.3	Up		Yes	54	44.39	53.08	19.58	56.54	9.47	51.19	3.56
ZIN.ca	1/31/2025	BMO Equal Weight Indsustrials ETF	0.93	-3.84	0	0		-3.84	Up		Yes	61	34.52	41.04	18.89	44.65	8.38	40.91	0.32
ZUT.ca	1/31/2025	BMO Equal Weight Utilities Index Series U	0.75	-5.46	0	0		-5.46	Up		Yes	38	19.46	21.1	8.44	23.13	11.16	20.55	2.62
ZRE.ca	1/31/2025	BMO Equal Weight REITs Index Series Un	0.85	-0.9	0	0		-0.9	Up		No	28		20.46		22.14			

January 31 – Weekend Trend Trader

DISCRETIONARY COMMENTARY

A SYSTEMATIC APPROACH

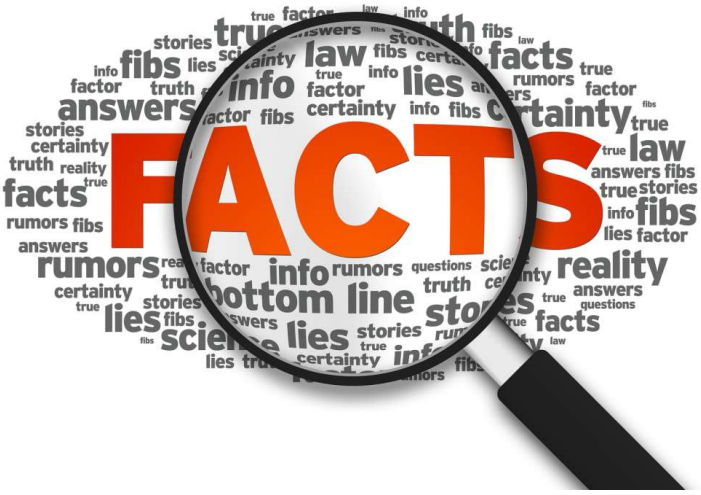


Image by: https://vocal.media/fyi/50-useless-facts

DIRECTIONAL THESIS

ASSESSING THE FACTS IN HAND

WE REVIEW THE FACTS TO DEVELOP A THESIS ON MARKET DIRECTION

WE USE THIS THESIS TO NAVIGATE THE MARKET FOR THE WEEK AHEAD

AT ANY POINT THE FACTS CAN CHANGE

WHEN WE REVIEW THE FACTS…..

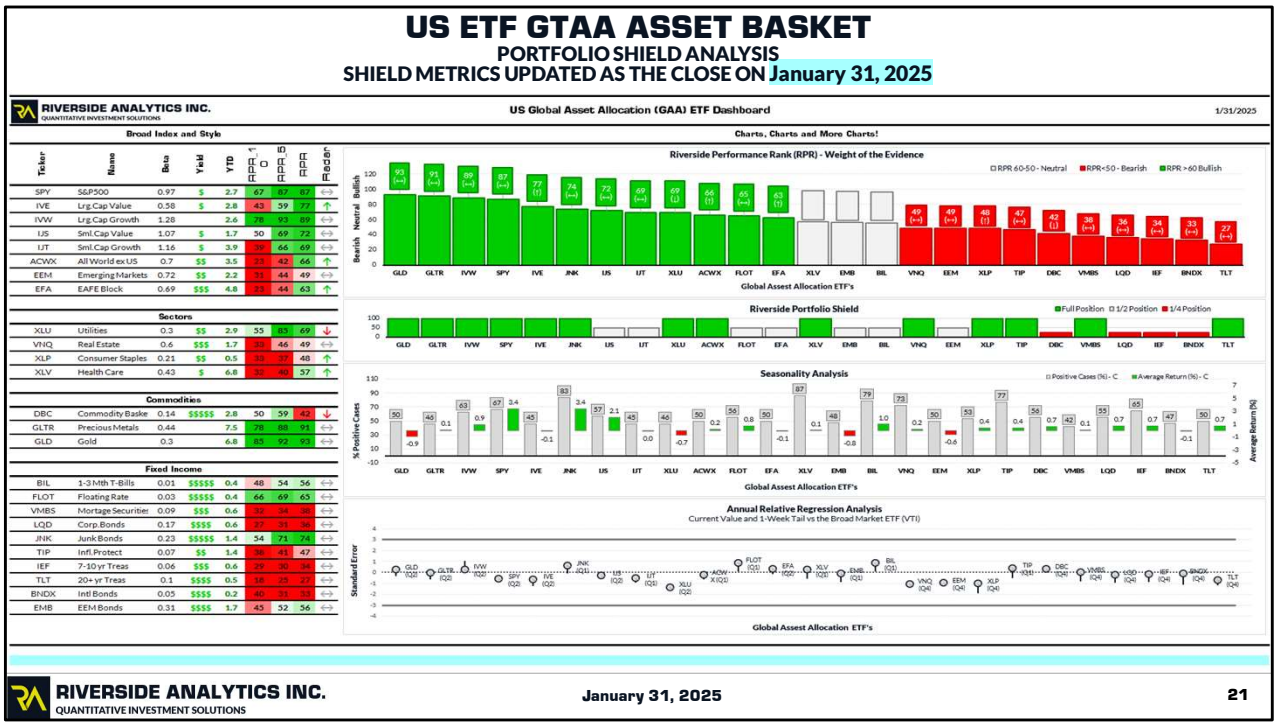
DO THE FACTS SUPPORT OUR CURRENT MARKET THESIS??

DO THE FACTS REFUTE OUR CURRENT MARKET THESIS??

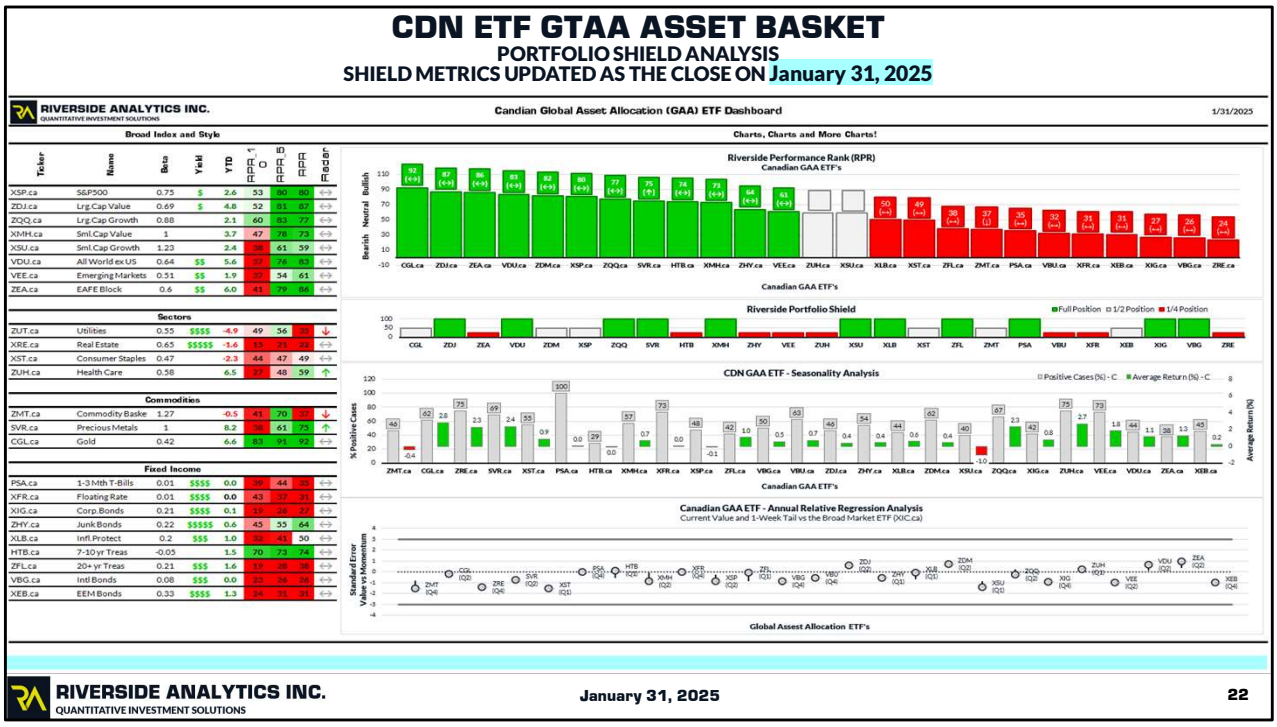
WHEN THE FACTS CHANGE…..SO MUST THE THESIS

HEAT MAP METRICS

AND A FEW THINGS TO KEEP IN MIND



January 31 – The US Performance Rankings has recovered nicely from last month. Greens are up from 4 to 12, Neutrals decreased from 7 to 3, and bears decreased from 14 to 10 The top 5 last month were IVW, SPY, GLD, IJS, and GLTR



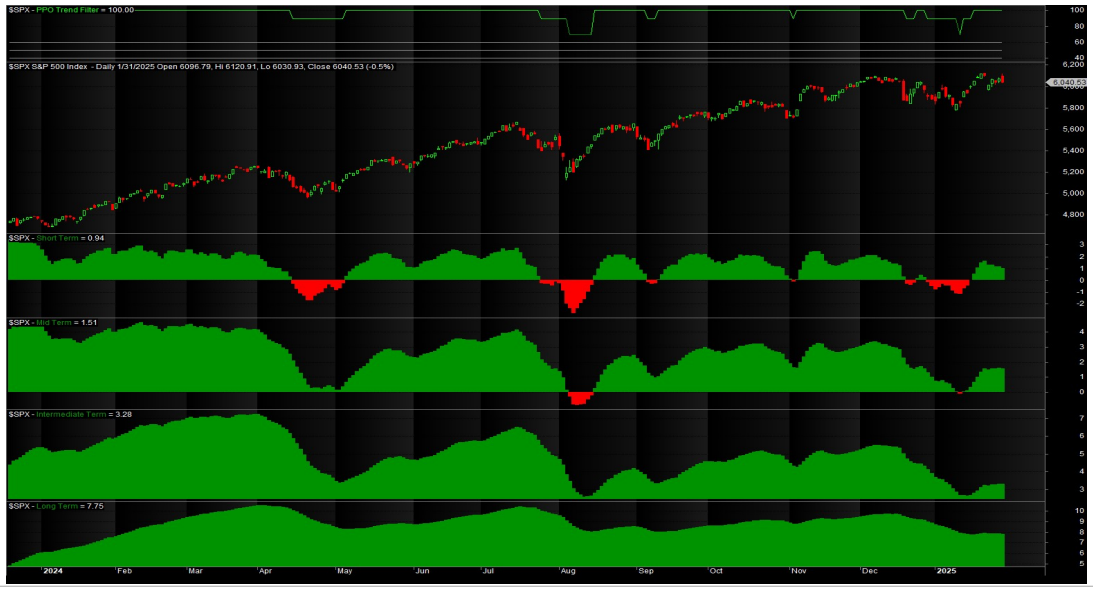
January 31 – The Canadian Performance Rank has also improved this month.
Last month top 5 were – ZQQ, XST, HTB, VEE, and XSP. Bulls are up from 6 to 12. Neutrals dropped from 6 to 2, and Bears dropped from 13 to 11.

PORTFOLIO SHIELD

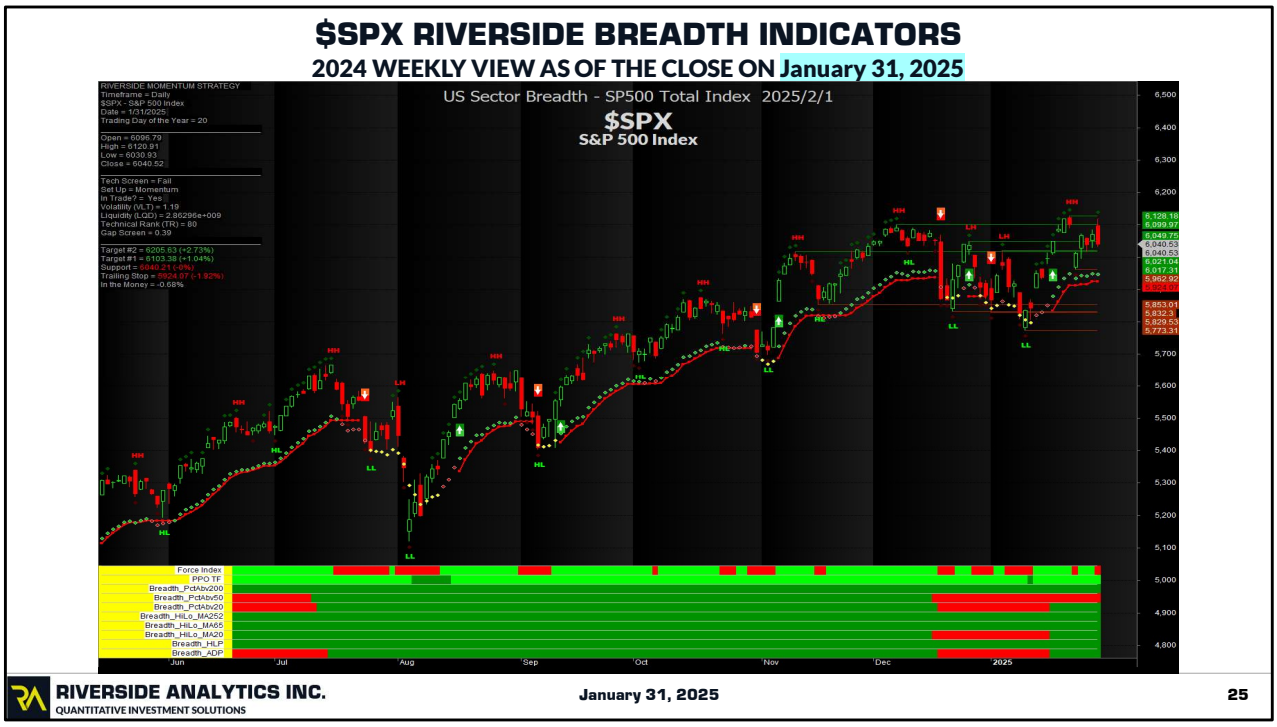
BASIC CONCEPTS AND APPLICATION
SYSTEMATIC DISCRETIONARY APPROACH

S&P 500 TREND

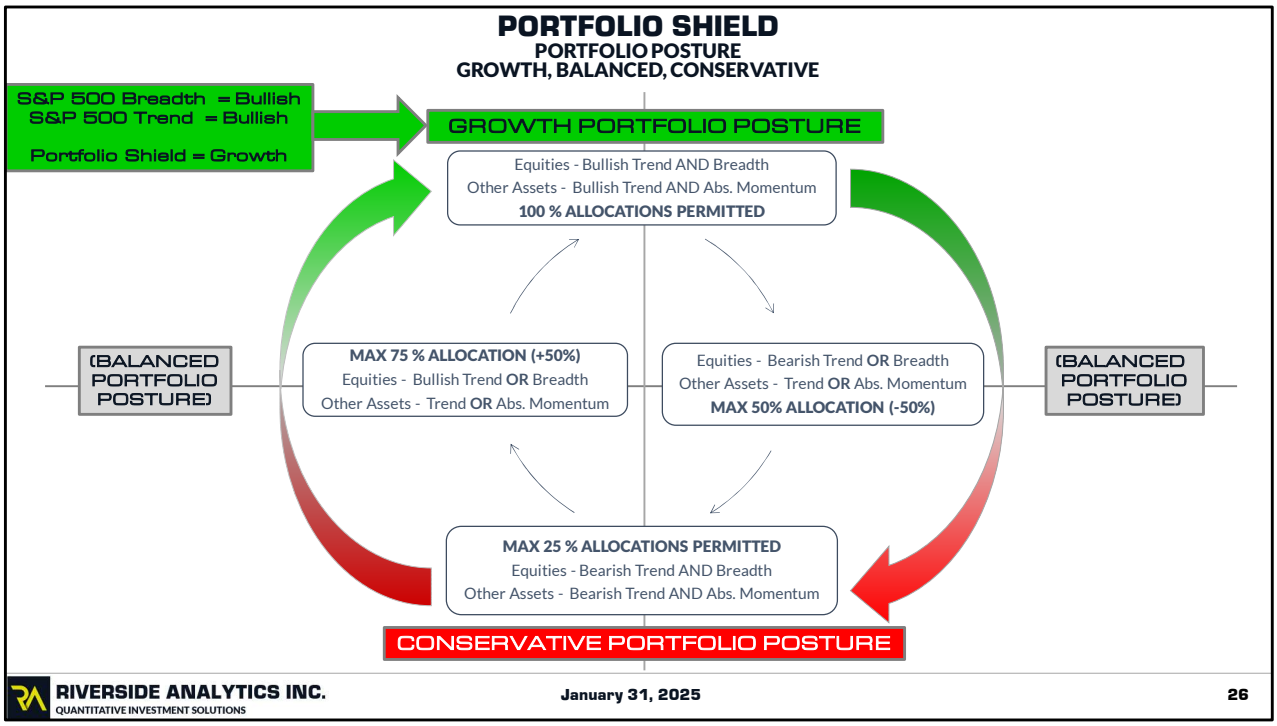
PPO TREND FILTER – LONG TERM TIMEFRAME AS OF THE CLOSE ON January 31, 2025



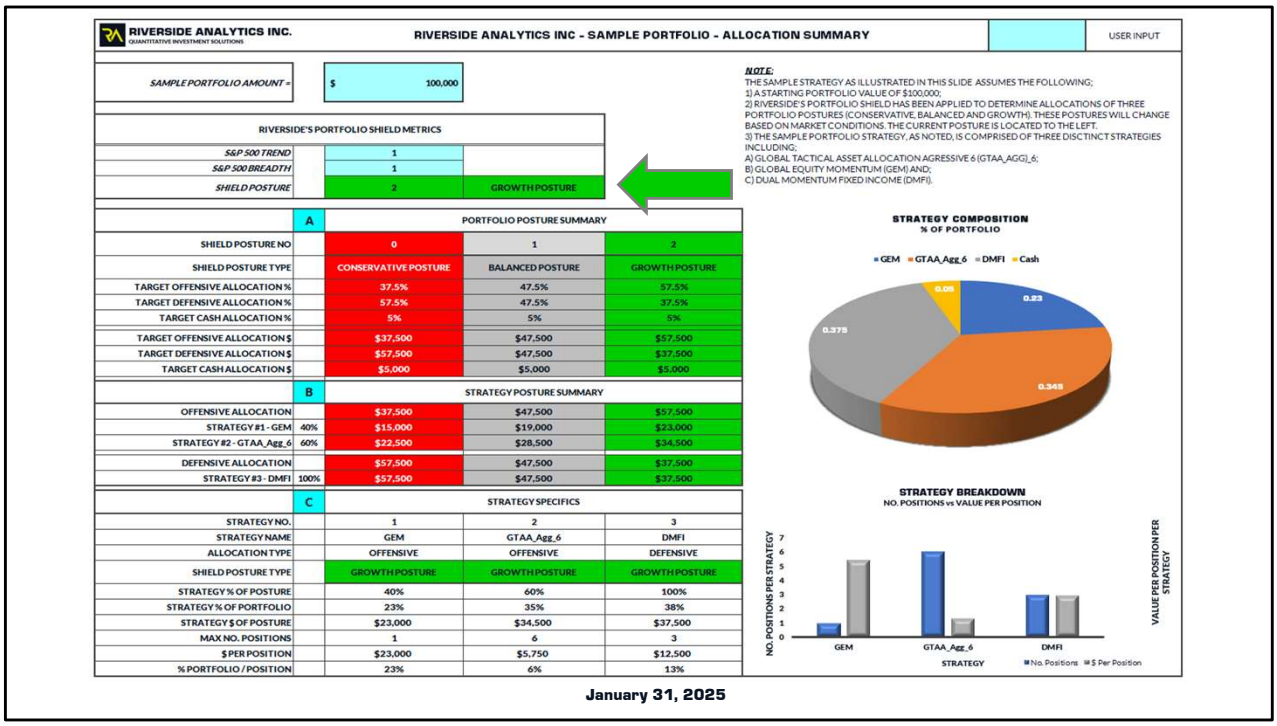
January 31 – PPOs have all held steady or improved this month.



January 31 - The SP500 back into the bull camp after being neutral last month



January 31 - **SP500 breadth is Bullish,** PPO is bullish, therefore Growth Portfolio Posture, and 100 % allocations are permitted.

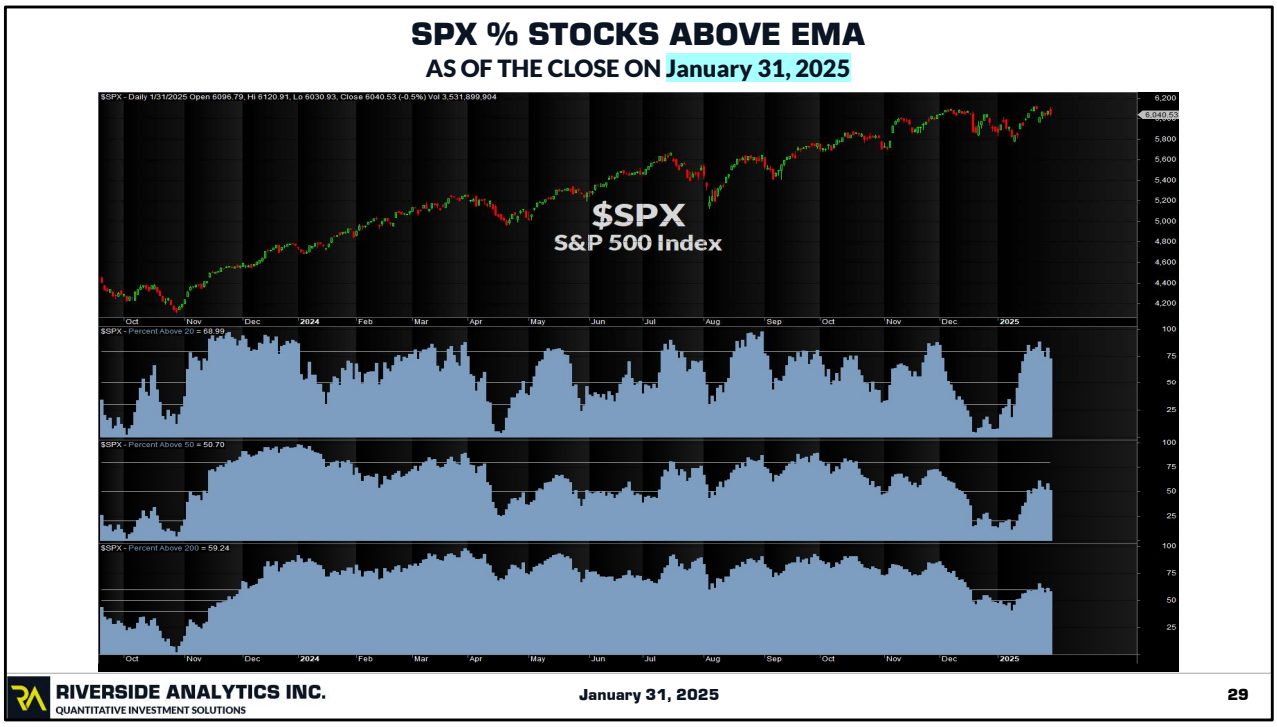


January 31 - SP500 breadth is bullish and trend are bullish, so no change.

February tends to bring some trouble the first year of a Republican President, it will be a good idea to keep a close eye on weekly breadth reports as we move through February.

MARKET BREADTH

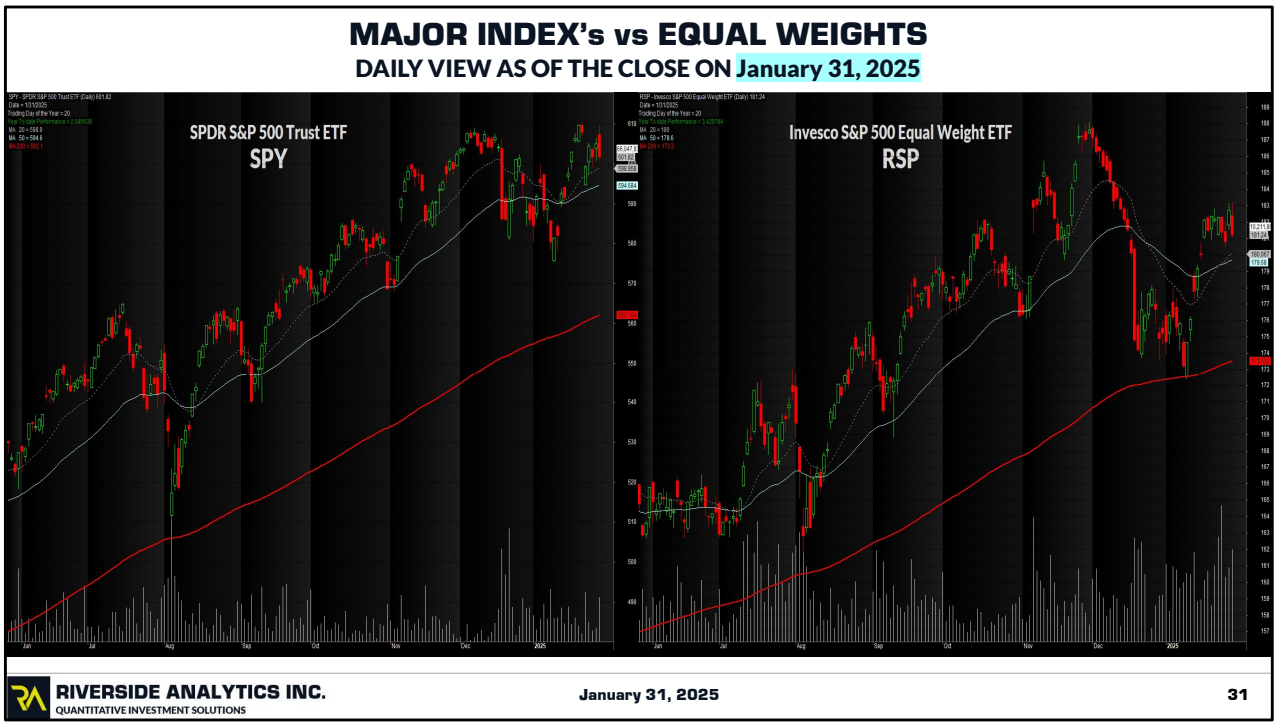
CURRENT VIEW



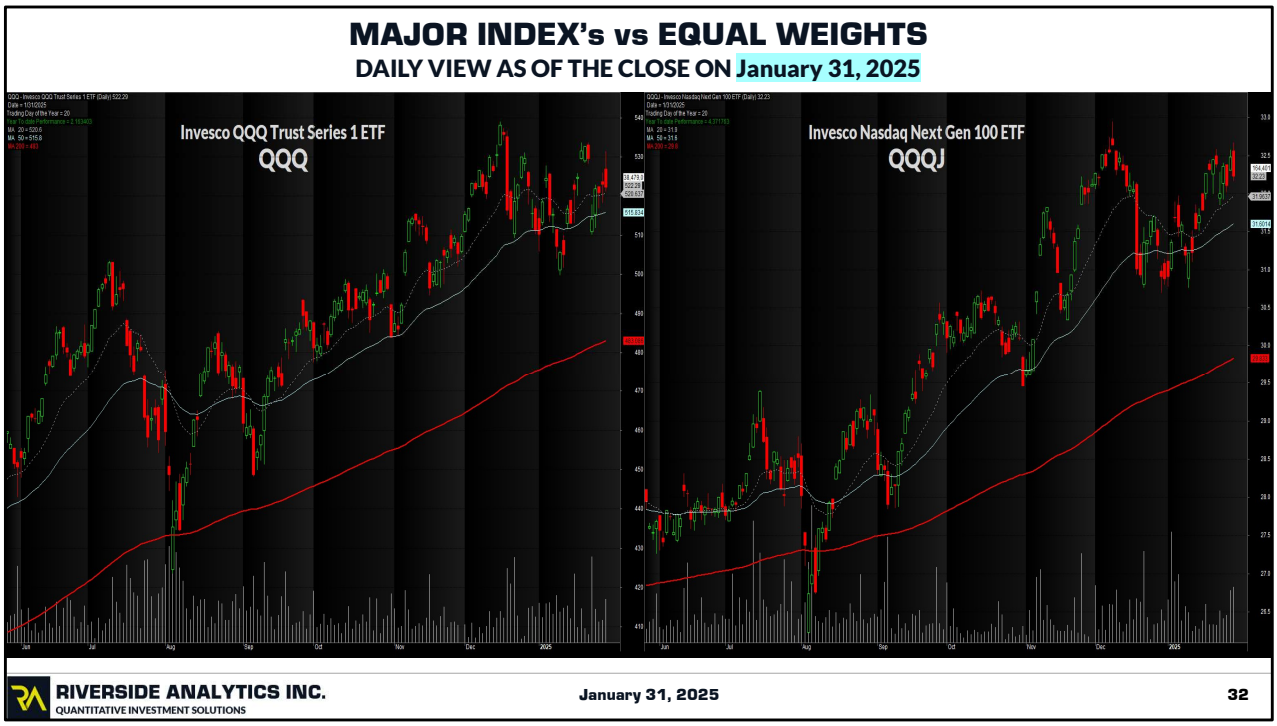
January 31 – The percent above metrics all improved this month.

RISK APPETITE

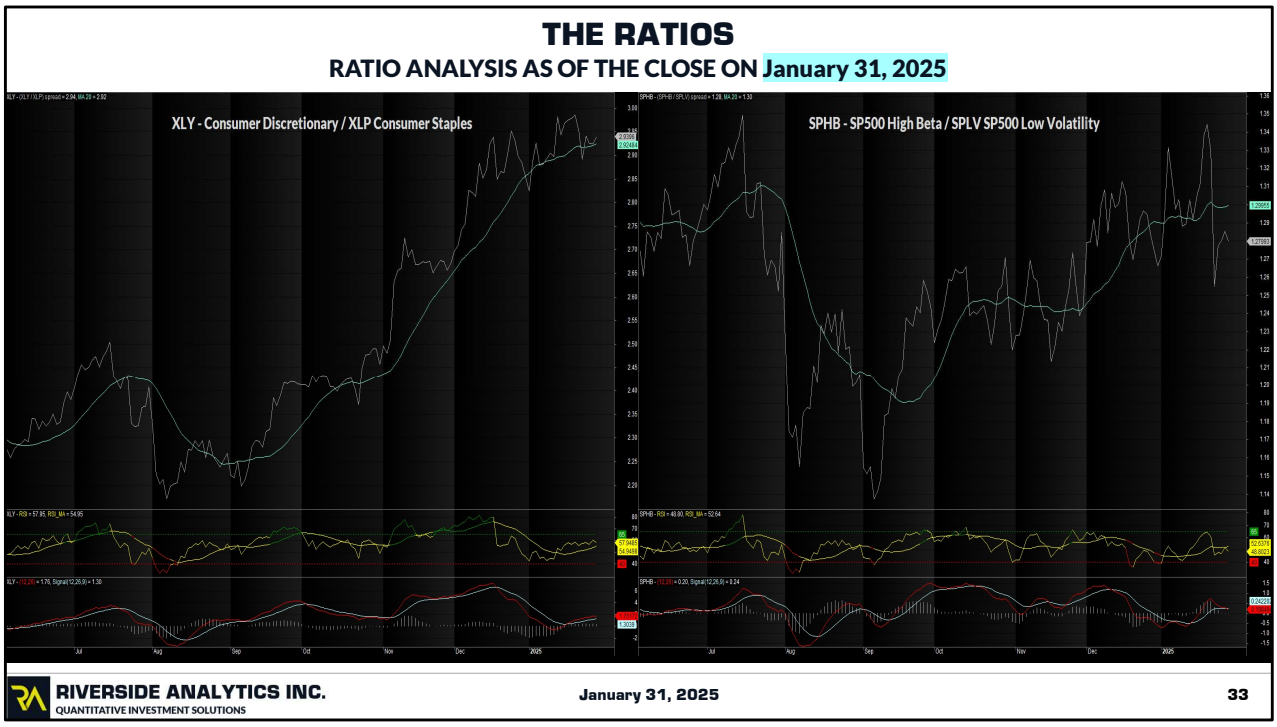
RATIO REVIEW



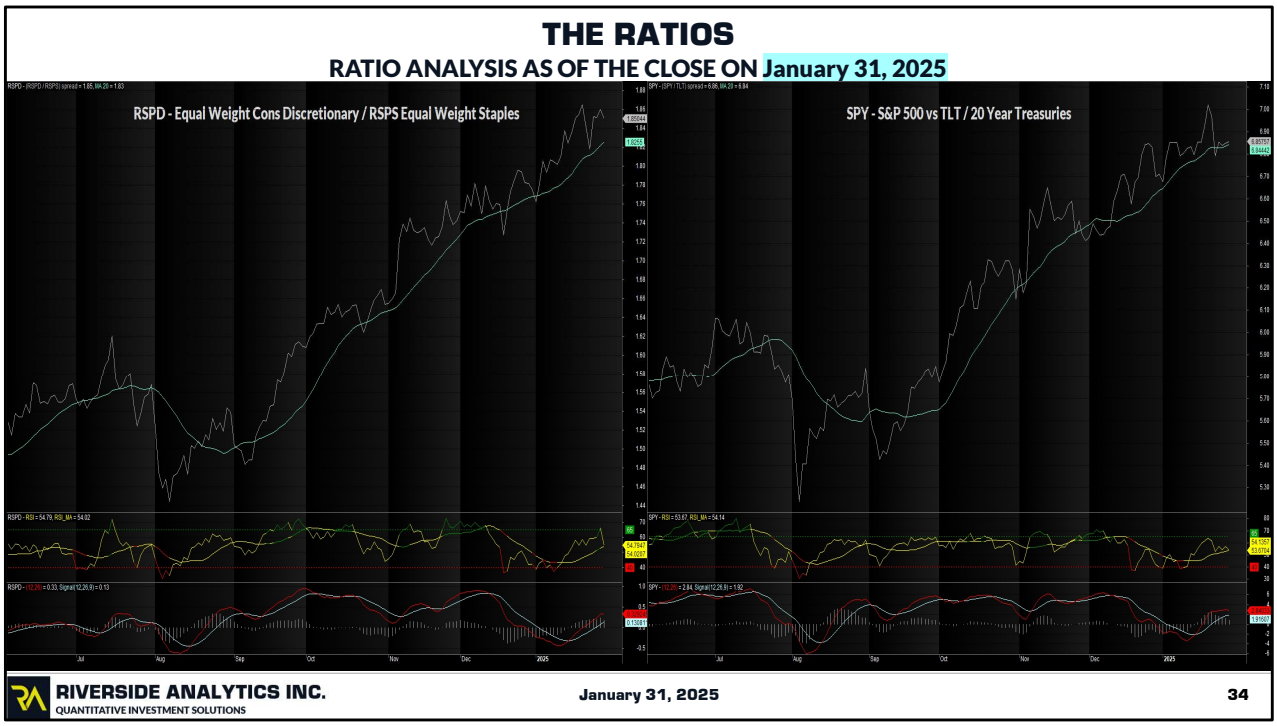
January 31
SPY YTD return = 2.7
RSP YTD return = 3.4



January 31 –
QQQ YTD = 2.2
QQQJ YTD = 4.4



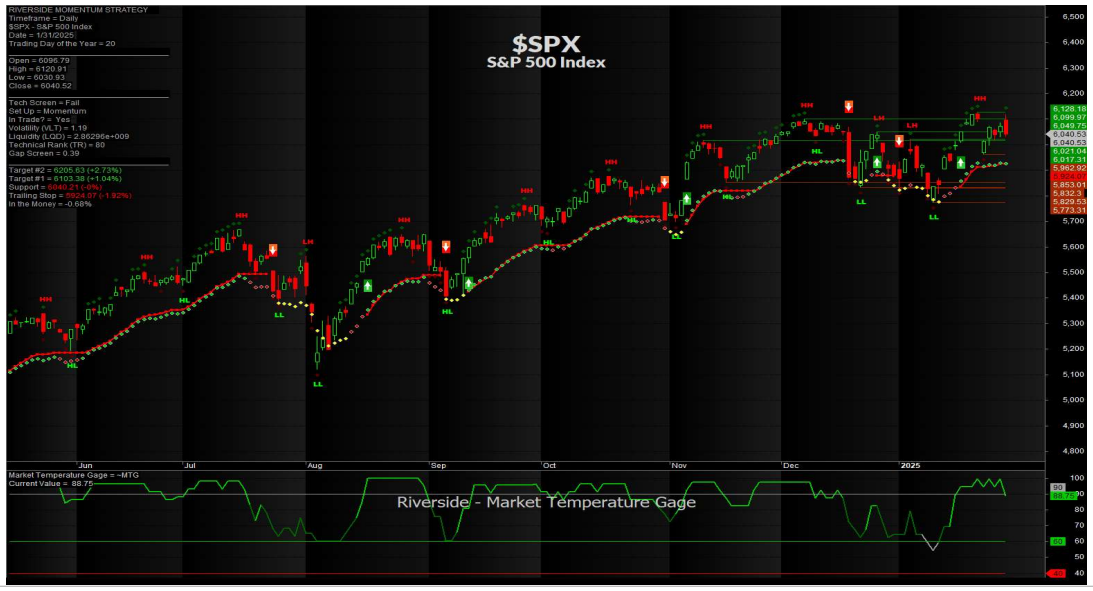
If you are like me, ratios bother my brain a whole bunch. The chart moving up means the numerator is winning the race. Note, that can happen a couple ways, so if you are playing with these, always check the source charts to see what is going on. A down trend with the numerator falling slower can produce a similar result to an up trend with the numerator rising quicker !



If you are like me, ratios bother my brain a whole bunch. The chart moving up means the numerator is winning the race. Note, that can happen a couple ways, so if you are playing with these, always check the source charts to see what is going on. A down trend with the numerator falling slower can produce a similar result to an up trend with the numerator rising quicker !

MARKET TEMPERATURE GAGE (MTG)

MTG vs $SPX – CURRENT DAY AS THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

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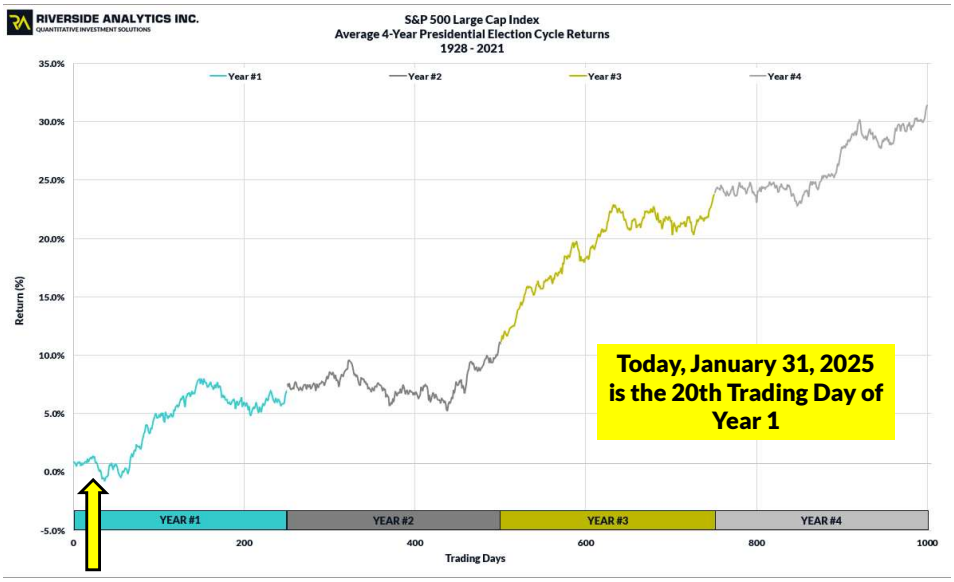
January 31 - MTG – bounced back nicely.

SEASONAL TENDENCIES

1ST YEAR OF THE PRESIDENTIAL CYCLE

S&P 500 YEARLY RETURNS – SLIDE HIDDEN

AVERAGE US PRESIDENTIAL CYCLE



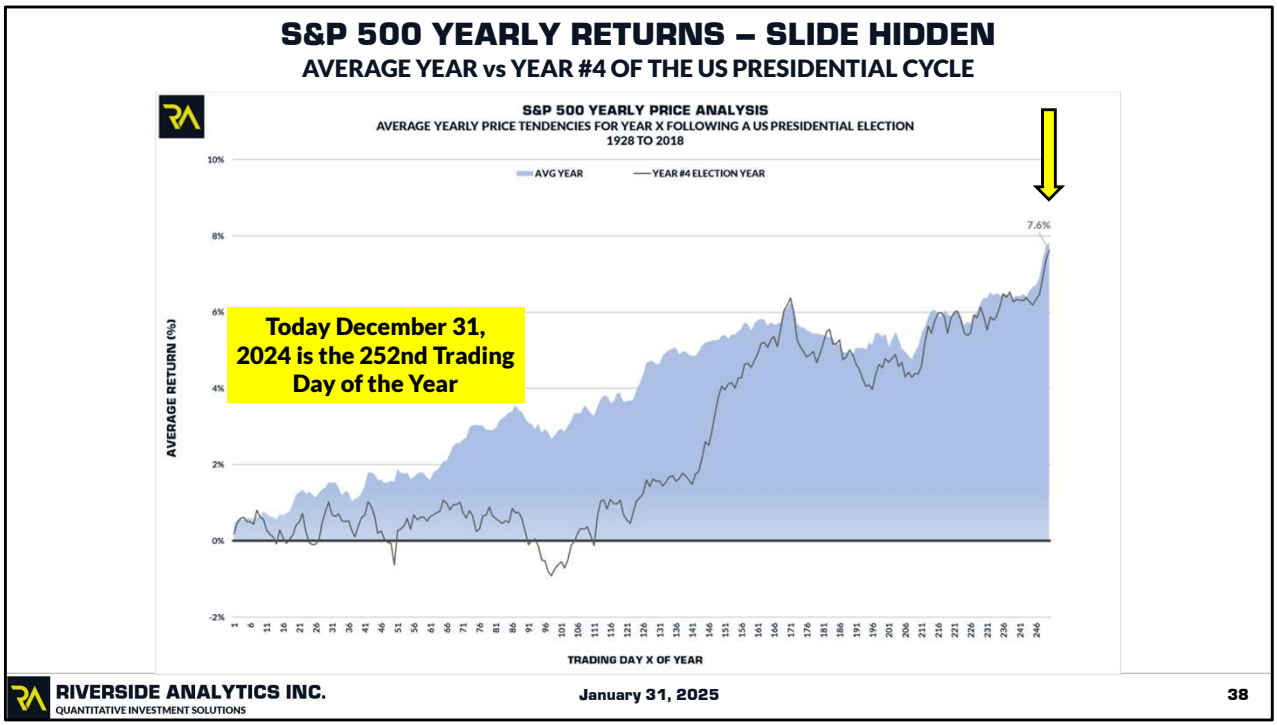
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

37

January 31 – Slide hidden. I need to figure out what this is supposed to be for 2025. Tim was the one that created this one.

December 31 – The year did not end with the average as noted on Slide 35 !
Due note, that this is the average, and anything can happen !



January 31 – Slide hidden. I do not have years 1, 2, and 3 annual charts. I need to figure out what this is supposed to be for 2025. Tim was the one that created this one.

December 31 – It's been a good year for the 500 !

S&P 500 YEARLY RETURNS

AVERAGE YEAR vs YEAR #1 OF THE US PRESIDENTIAL CYCLE

US Presidential Election Cycle - S&P 500 Performance Analysis

	Jan%	Feb%	Mar%	Apr%	May%	Jun%	Jul%	Aug%	Sep%	Oct%	Nov%	Dec%	Yr. Profit%
Average Year 1	0.76	-1.66	0.61	2.45	1.90	0.56	2.28	-0.04	-1.52	-0.59	0.68	0.54	6.63
Average Year 2	0.47	0.01	0.11	0.26	-0.76	-1.32	1.01	-0.45	-1.48	2.16	2.03	1.19	3.11
Average Year 3	3.40	1.58	0.57	2.55	-0.17	2.07	1.24	-0.02	-1.08	0.84	-0.50	2.24	13.51
Average Year 4	0.05	-0.25	0.36	-0.12	-1.23	1.69	2.19	2.90	-0.50	-0.34	1.14	1.51	6.56
Democrats Avg Year 1	0.56	-1.64	1.14	3.79	2.72	1.06	2.71	1.04	-0.92	-0.70	1.25	0.71	12.89
Democrats Avg Year 2	0.46	-0.08	-1.38	1.29	-1.57	-0.25	1.80	-1.52	-0.46	1.85	1.61	2.72	3.29
Democrats Avg Year 3	2.25	0.52	0.28	2.46	0.23	1.08	2.53	-0.71	0.99	2.07	-0.18	2.60	14.68
Democrats Avg Year 4	0.32	-0.55	2.48	0.00	-0.23	2.72	0.78	1.08	0.64	1.64	0.64	0.27	9.77
Republicans Avg Year 1	1.00	-1.68	-0.03	0.86	0.95	-0.02	1.76	-1.33	-2.23	-0.45	0.00	0.33	-0.76
Republicans Avg Year 2	0.47	0.12	1.88	-0.96	0.19	-2.59	0.07	0.81	-2.67	2.50	2.48	-0.47	2.89
Republicans Avg Year 3	4.66	2.72	0.89	2.65	-0.61	3.16	-0.16	0.73	-3.34	-0.51	-0.85	1.84	12.23
Republicans Avg Year 4	-0.25	0.07	-1.96	-0.26	-2.33	0.57	3.73	4.88	-1.65	-2.32	1.63	2.75	3.35

What does year 1 of Republican Presidency tend to bring ?

January 31 – Republican Year 1, February tends to take back January's gift and then some !

MAJOR ASSET ETF's

Seasonal Tendencies

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

US ETF Seasonality Summary

Avg Return >0.5%
Avg Return <0.5% and >0%
Avg Return <0%

ETF Information					Seasonal Average % Return											
ETF Main Category	ETF Sub Category	Symbol	Description	ETF Group	January	February	March	April	May	June	July	August	September	October	November	December
1	1100	SPY	SPDR S&P 500 Trust ETF	Broad Index	0.10	-0.21	0.07	1.87	0.47	-0.68	0.94	0.04	-0.78	0.78	1.79	0.19
9	9100	UUP	Invesco DB US Dollar Index Bullish ETF	Currencies	0.26	0.31	-0.33	-0.87	1.25	-0.73	-0.71	0.45	0.03	0.56	0.86	-0.95
8	8100	GLD	SPDR Gold Shares ETF	Commodities	3.65	1.39	-0.86	1.73	-0.83	0.43	1.20	1.90	-0.11	0.07	0.67	0.57
8	8100	DBC	Invesco DB Commodity Index Tracking ETF	Commodities	0.95	1.48	-0.79	2.25	-0.39	0.97	-0.19	-0.68	-1.21	-0.48	0.93	-0.21
6	6100	IEF	iShares 7-10 Year Treasury Bond ETF	Fixed Income	0.75	0.13	0.27	-0.23	0.39	-0.10	0.13	1.18	0.29	-0.54	0.20	-0.29
3	3200	ACWX	iShares MSCI ACWI ex US ETF	International	-0.63	-0.12	0.99	3.65	-1.00	-1.86	2.41	-1.55	-0.28	-0.58	0.52	0.73

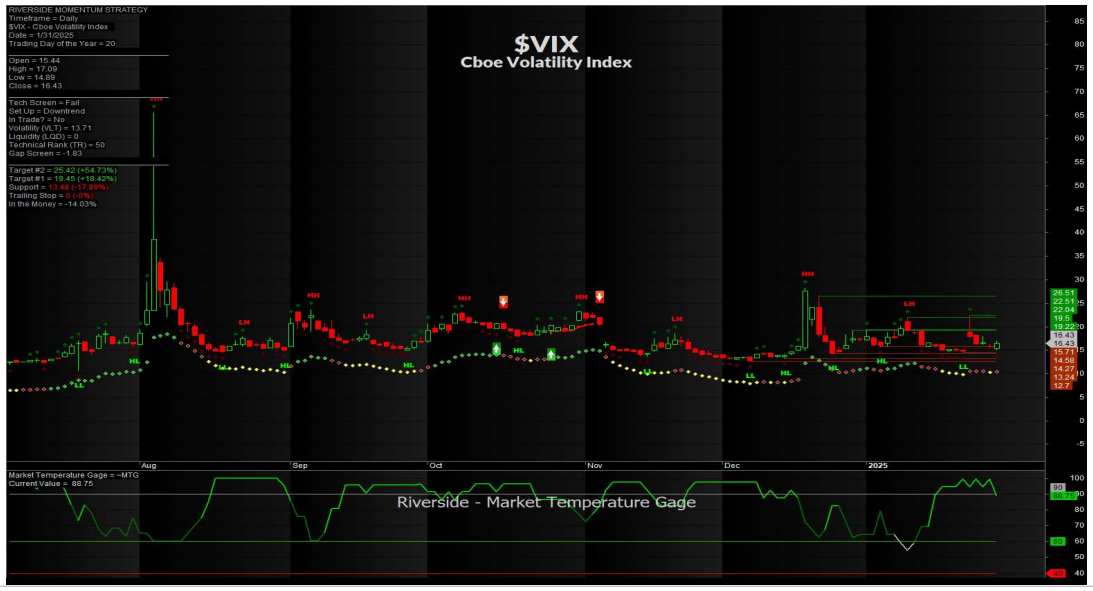
January 31 – for February, GLD and DBC tend to be good.

VOLATILITY

$VIX ANALYSIS

CBOE VOLATILITY INDEX ($VIX)

CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

42

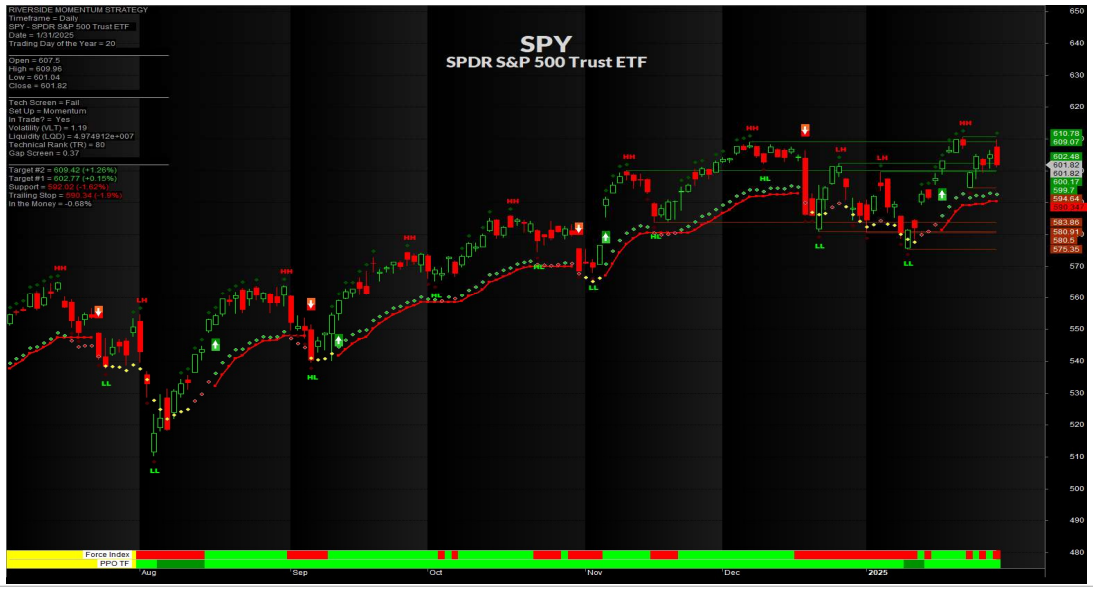
January 31 – a quiet month on the VIX front

MAJOR INDEX ETF's

MAJOR NORTH AMERICAN ETF's - TECHNICAL ANALYSIS
MAJOR GLOBAL ETF's – TECHNICAL ANALYSIS

MAJOR NORTH AMERICAN INDEX ETF's

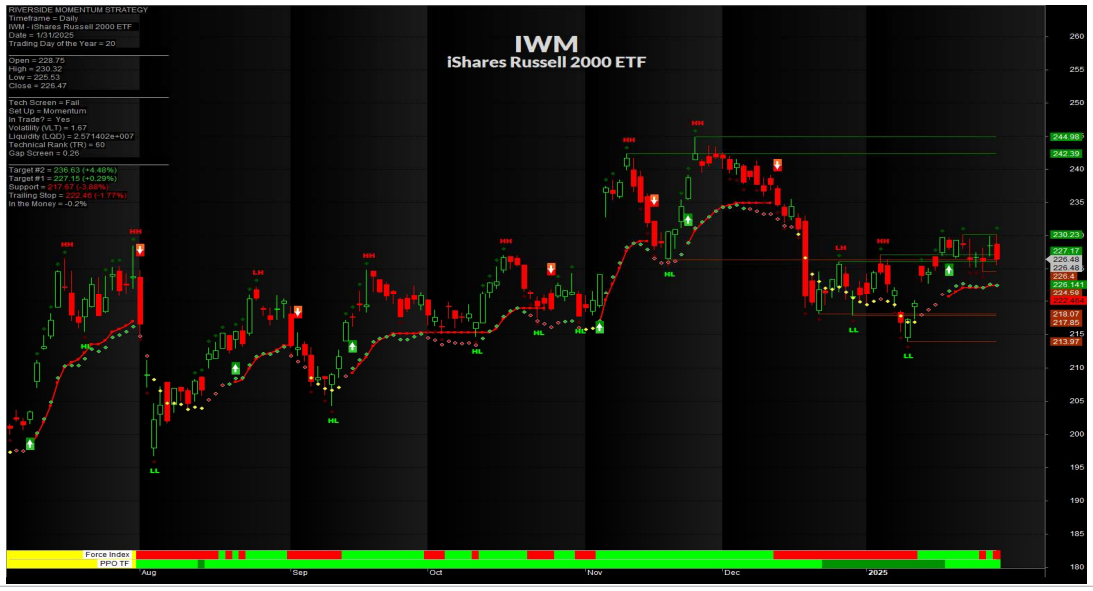
TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR NORTH AMERICAN INDEX ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2024



This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR NORTH AMERICAN INDEX ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

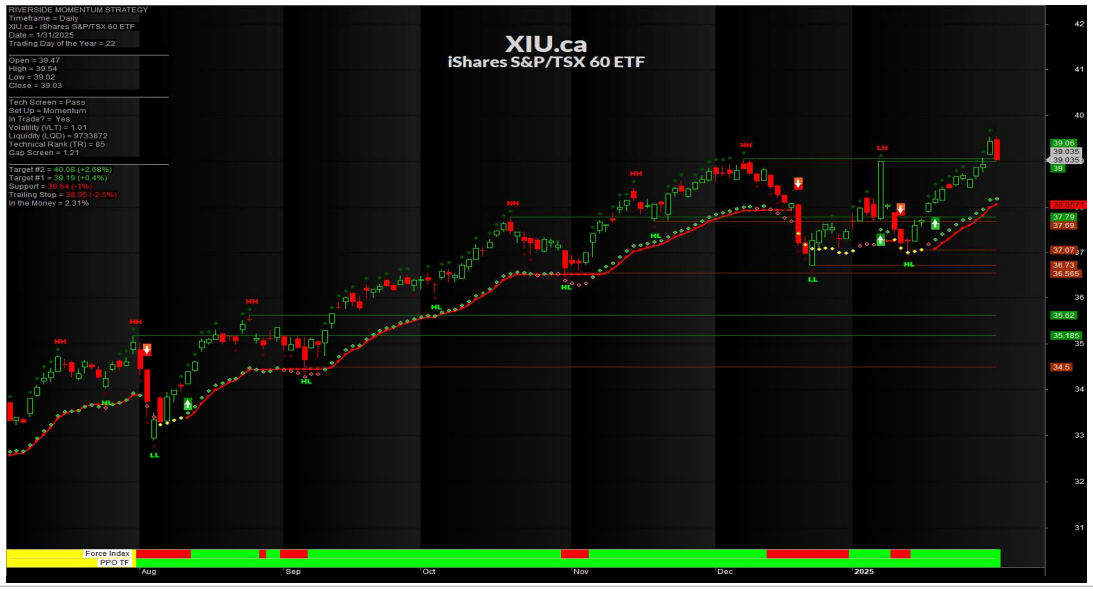
January 31, 2025

46

This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR NORTH AMERICAN INDEX ETF's

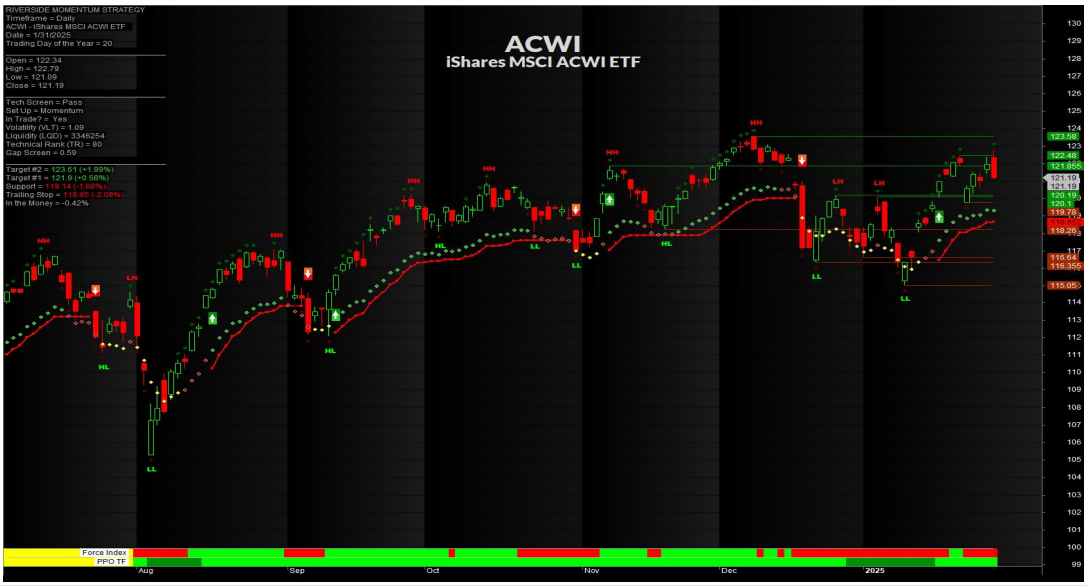
TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR GLOBAL INDEX ETF's

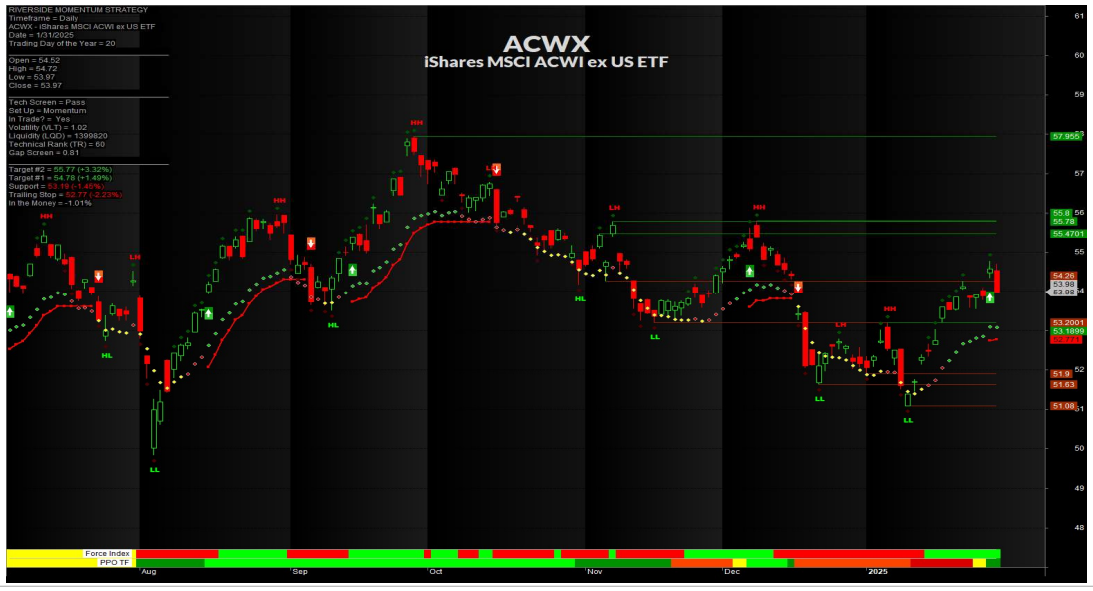
TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR GLOBAL INDEX ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

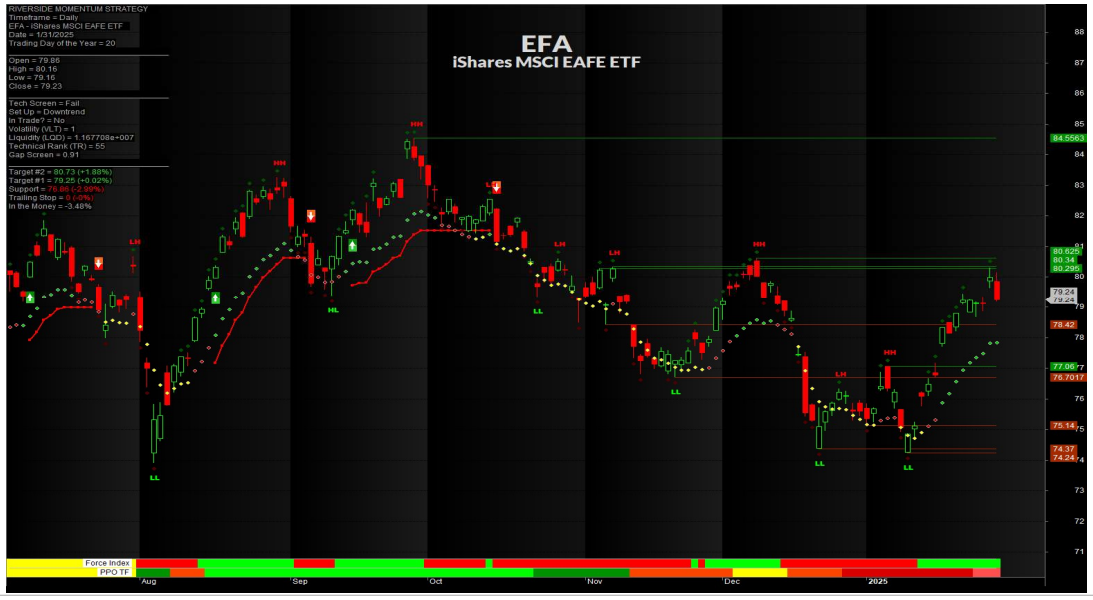
January 31, 2025

49

This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR GLOBAL INDEX ETF's

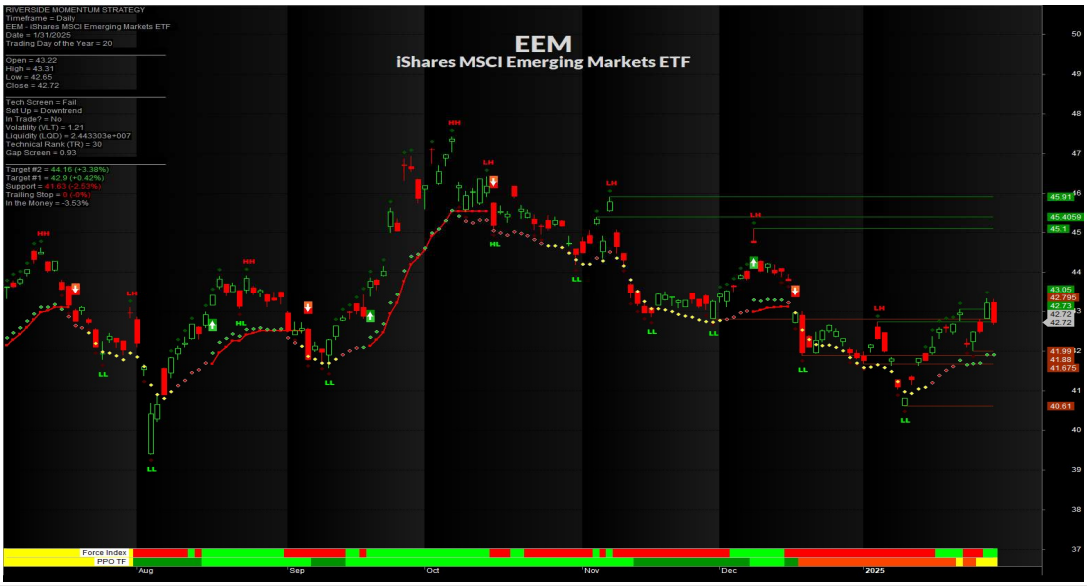
TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



This was part of a quad chart set on one slide. It has been separated to single slides.

MAJOR GLOBAL INDEX ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



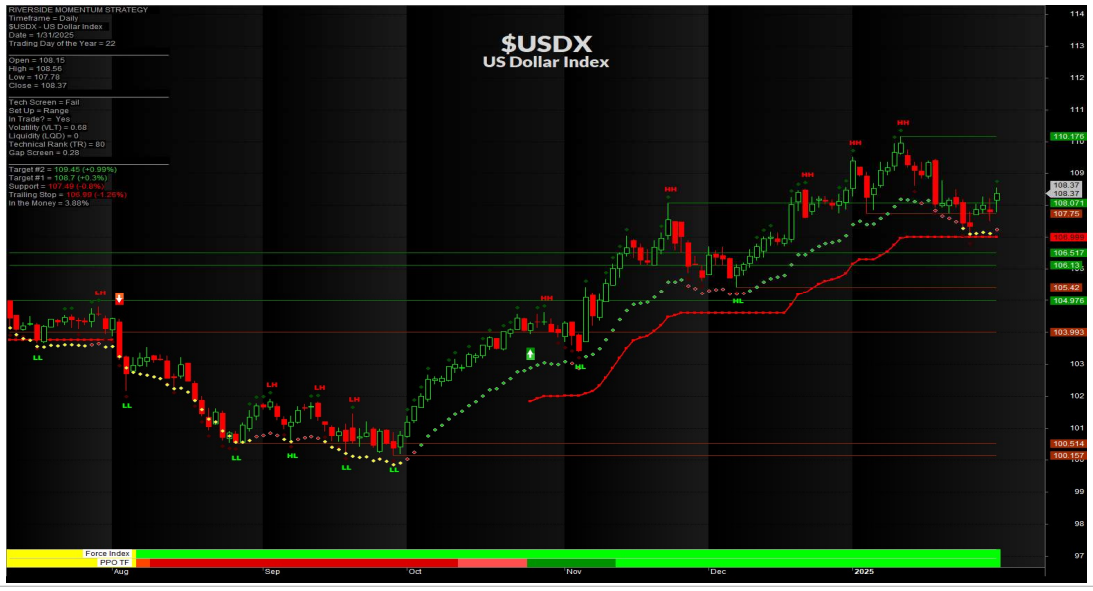
This was part of a quad chart set on one slide. It has been separated to single slides.

CURRENCY MARKET

CURRENT MARKET ETF's – TECHNICAL ANALYSIS

US DOLLAR ($USDX)

DAILY VIEW AS OF THE CLOSE ON January 31, 2025



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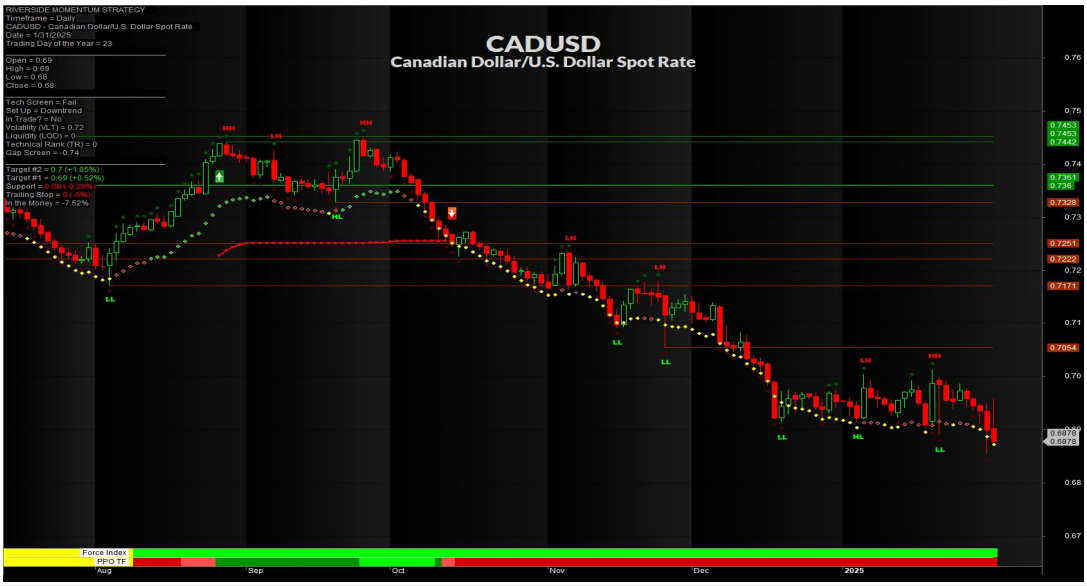
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Slide is hidden

USD/CAD PAIR (CADUSD)

AS OF THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

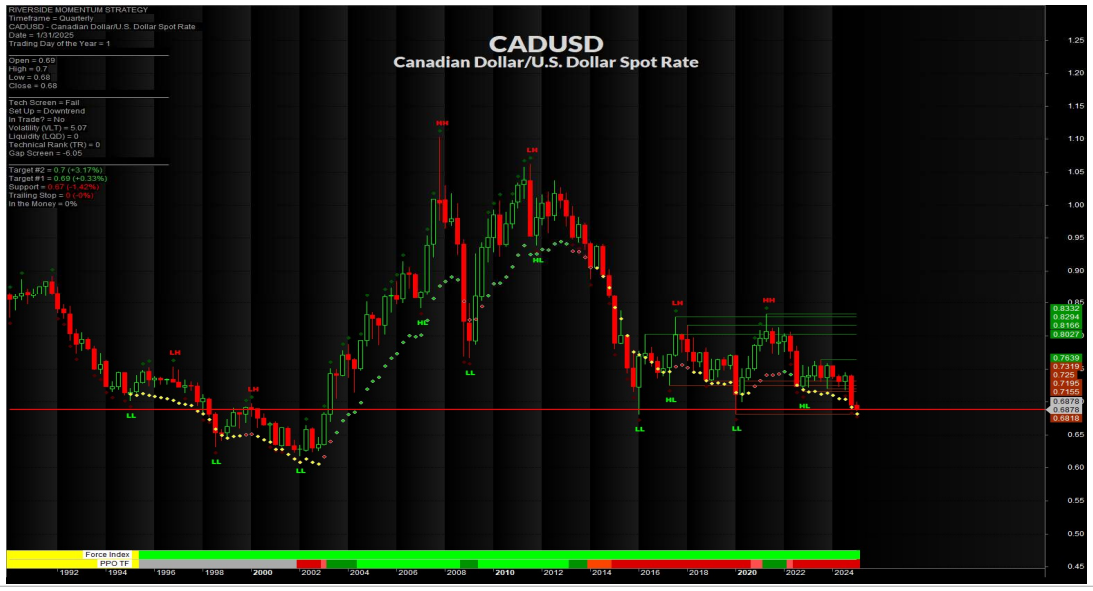
January 31, 2025

55

January 31 – CAD was hanging in there around 69.5 cent level since mid December. It has since broken through support. It was briefly this low in March of 2020, and January of 2016, but did not close the month this low. You have to go all the way back to June 1998 for the beginning of closes below this level.

USD/CAD PAIR (CADUSD) – Long View - Quarterly Candles

AS OF THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

56

January 31 – **Long term view.** You have to go all the way back to June 2003 for close this low

CAD / Mexican Peso PAIR

AS OF THE CLOSE ON January 31, 2025

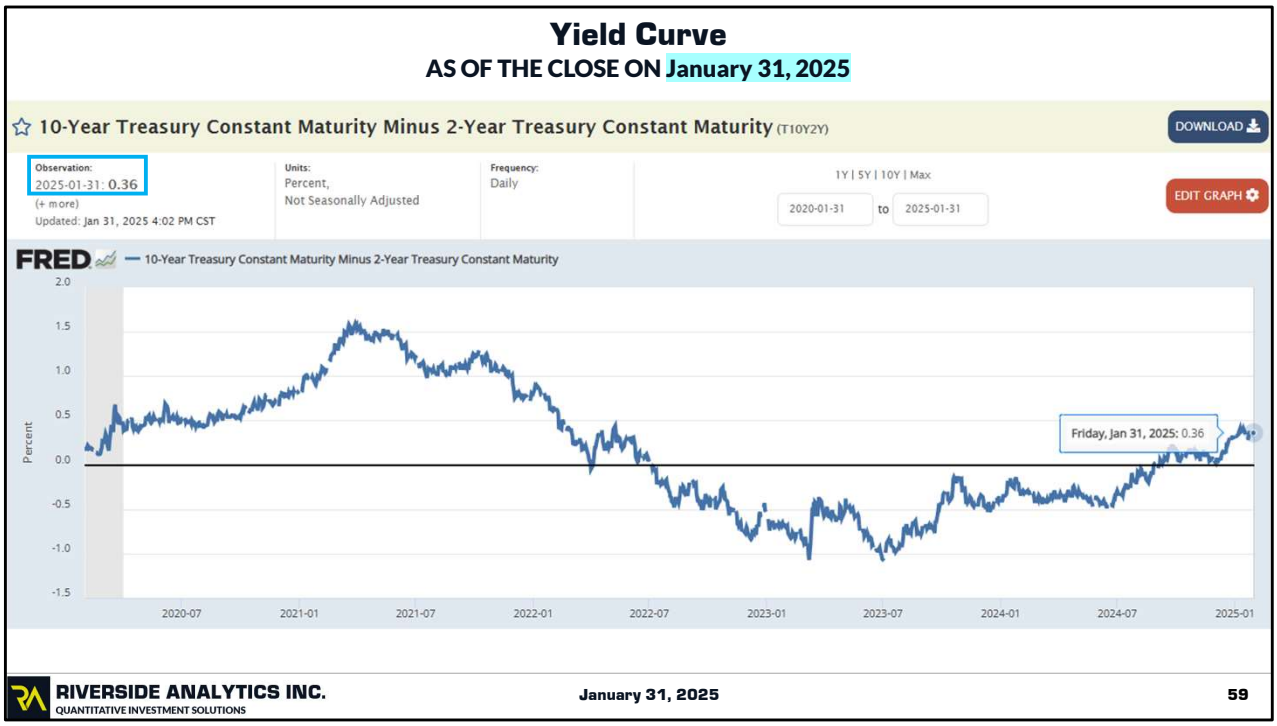


January 31 – The pair has been range bound for the past 5 months.

BOND MARKET

YIELD CURVE

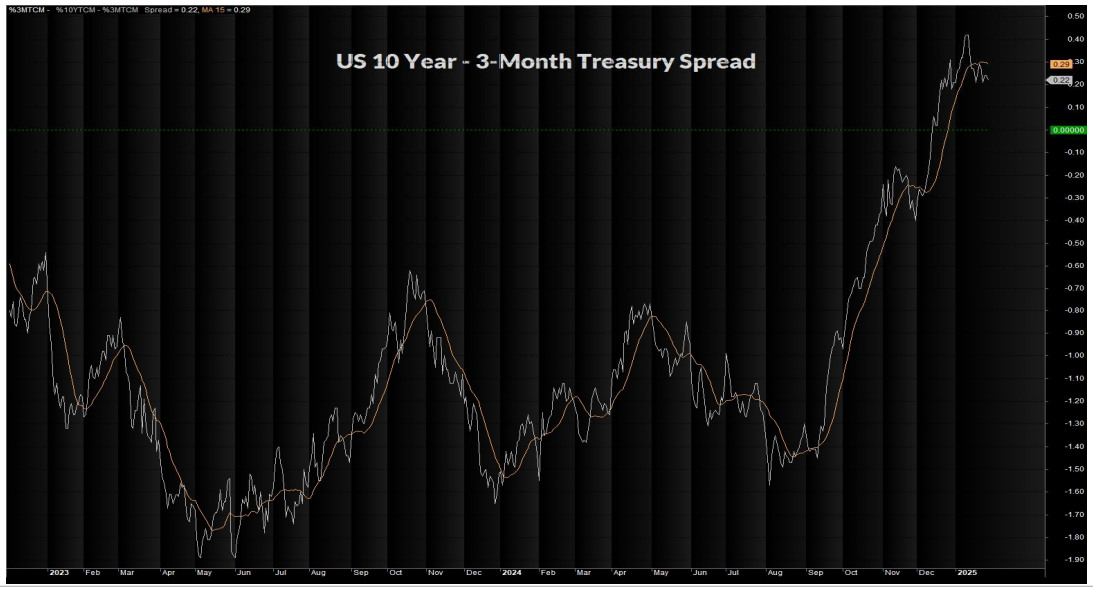
BOND MARKET ETF's – TECHNICAL ANALYSIS



January 31 – I suspect the current level likely will produce a range bound chart for a few months. Fed interest rates are going nowhere for awhile.
https://fred.stlouisfed.org/series/T10Y2Y

Yield Curve

AS OF THE CLOSE ON January 31, 2025



RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

60

January 31 – this start seems to be producing a bound range. Time will tell ! It is early yet.

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF December 31, 2024

FED FUND FUTURES											
ZQF5	ZQG5	ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6
95.6713	95.6975	95.8925	95.8075	95.8550	95.8800	95.9600	96.0000	96.1650	96.0575	96.0700	96.6300	96.1075

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	200-225	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450
1/29/2025					0.0%	0.0%	0.0%	0.0%	11.2%	88.8%
3/19/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	45.3%	49.7%
5/7/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	8.2%	45.7%	45.7%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	4.5%	27.9%	45.7%	21.7%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	8.3%	30.8%	41.7%	18.2%
9/17/2025	0.0%	0.0%	0.0%	0.0%	0.2%	2.6%	13.4%	33.3%	36.4%	14.0%
10/29/2025	0.0%	0.0%	0.0%	0.0%	0.4%	3.2%	14.5%	33.5%	35.2%	13.3%
12/10/2025	0.1%	1.2%	6.6%	20.3%	34.0%	28.5%	9.2%	0.0%	0.0%	0.0%

https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html

December 31 – rates more or less static for the year, at least until fog lifts on potential US inflation pressure.

CME FedWatch Tool

Aggregated Meeting PROBABILITIES AS OF December 31, 2024

FED FUND FUTURES												
ZQF5	ZQG5	ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6
95.6713	95.6975	95.8925	95.8075	95.8550	95.8800	95.9600	96.0000	96.1650	96.0575	96.0700	96.6300	96.1075

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	300-325	325-350	375-400	400-425	425-450
1/29/2025	0.00 %	0.00 %	0.00 %	11.22 %	88.78 %
3/19/2025	0.00 %	0.00 %	0.00 %	55.22 %	44.78 %
5/7/2025	0.00 %	0.00 %	0.00 %	63.25 %	36.75 %
6/18/2025	0.00 %	0.00 %	15.69 %	84.31 %	0.00 %
7/30/2025	0.00 %	0.00 %	32.22 %	67.78 %	0.00 %
9/17/2025	0.00 %	0.00 %	54.88 %	45.12 %	0.00 %
10/29/2025	0.00 %	0.00 %	60.22 %	39.78 %	0.00 %
12/10/2025	90.89 %	9.11 %	0.00 %	0.00 %	0.00 %

The Fedwatch tool's "Aggregated" view compares the rates implied by CME's Fed Funds futures with the current target rate range as set by the Federal Reserve. As such, it provides a view into the cumulative number of hikes or cuts that the market is pricing by a certain point in the future. This is provided in addition to the traditional "Conditional" view of probabilities, familiar to long-term users of the FedWatch tool.

December 31 – Unlikely anything happens in January, and then nothing much going on until early summer. By then the Fed will have better read on what impacts the new administration will have on the economy.

The 300 to 325 in December is quite the prediction ! There is lots of time between now and then for that to change!

CME FedWatch Tool

TARGET RATE PROBABILITIES AS OF January 31, 2025

FED FUND FUTURES											
ZQG5	ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6
95.6725	95.6900	95.7150	95.7800	95.8450	95.9200	95.9750	96.0100	96.0600	96.1050	96.1350	96.1550	96.1700

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	225-250	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500
3/19/2025				0.0%	0.0%	0.0%	0.0%	17.0%	83.0%	0.0%	0.0%
5/7/2025	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.5%	38.4%	56.0%	0.0%	0.0%
6/18/2025	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	21.6%	47.0%	28.7%	0.0%	0.0%
7/30/2025	0.0%	0.0%	0.0%	0.0%	0.6%	7.0%	27.4%	42.9%	22.2%	0.0%	0.0%
9/17/2025	0.0%	0.0%	0.0%	0.2%	2.7%	13.7%	32.4%	36.1%	14.9%	0.0%	0.0%
10/29/2025	0.0%	0.0%	0.0%	0.7%	4.8%	17.3%	33.1%	32.0%	12.0%	0.0%	0.0%
12/10/2025	0.0%	0.0%	0.2%	1.5%	7.2%	20.3%	32.9%	28.1%	9.7%	0.0%	0.0%
1/28/2026	0.0%	0.0%	0.3%	1.9%	8.1%	21.2%	32.6%	26.9%	9.1%	0.0%	0.0%
3/18/2026	0.0%	0.0%	0.2%	1.7%	7.6%	20.1%	31.6%	27.4%	10.6%	0.8%	0.0%
4/29/2026	0.0%	0.1%	0.5%	2.7%	9.6%	22.0%	30.9%	24.6%	9.0%	0.6%	0.0%
6/17/2026	0.0%	0.1%	0.5%	2.9%	9.9%	22.2%	30.8%	24.2%	8.8%	0.6%	0.0%
7/29/2026	0.0%	0.1%	0.5%	2.7%	9.3%	21.2%	30.0%	24.8%	10.1%	1.3%	0.1%
9/16/2026	0.0%	0.1%	0.6%	2.9%	9.7%	21.4%	29.9%	24.4%	9.8%	1.3%	0.1%
10/28/2026	0.0%	0.1%	0.5%	2.7%	9.1%	20.4%	29.1%	24.9%	11.1%	2.0%	0.2%
12/9/2026	0.2%	1.0%	4.2%	11.8%	22.5%	28.1%	21.6%	8.9%	1.6%	0.1%	0.0%

https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

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January 31 – There is nothing here that instills any confidence interest rates get lowered this year.

CME FedWatch Tool

Aggregated Meeting PROBABILITIES AS OF January 31, 2025

FED FUND FUTURES												
ZQG5	ZQH5	ZQJ5	ZQK5	ZQM5	ZQN5	ZQQ5	ZQU5	ZQV5	ZQX5	ZQZ5	ZQF6	ZQG6
95.6725	95.6900	95.7150	95.7800	95.8450	95.9200	95.9750	96.0100	96.0600	96.1050	96.1350	96.1550	96.1700

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES				
MEETING DATE	325-350	350-375	375-400	400-425	425-450
3/19/2025	0.00 %	0.00 %	0.00 %	17.00 %	83.00 %
5/7/2025	0.00 %	0.00 %	0.00 %	49.49 %	50.51 %
6/18/2025	0.00 %	0.00 %	0.00 %	98.27 %	1.73 %
7/30/2025	0.00 %	0.00 %	21.00 %	79.00 %	0.00 %
9/17/2025	0.00 %	0.00 %	53.76 %	46.24 %	0.00 %
10/29/2025	0.00 %	0.00 %	73.00 %	27.00 %	0.00 %
12/10/2025	0.00 %	0.00 %	92.36 %	7.64 %	0.00 %
1/28/2026	0.00 %	0.00 %	99.00 %	1.00 %	0.00 %
3/18/2026	0.00 %	0.00 %	90.45 %	9.55 %	0.00 %
4/29/2026	0.00 %	7.00 %	93.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	9.55 %	90.45 %	0.00 %	0.00 %
7/29/2026	0.00 %	1.00 %	99.00 %	0.00 %	0.00 %
9/16/2026	0.00 %	3.86 %	96.14 %	0.00 %	0.00 %
10/28/2026	0.00 %	0.00 %	95.00 %	5.00 %	0.00 %
12/9/2026	19.00 %	81.00 %	0.00 %	0.00 %	0.00 %

RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS

January 31, 2025

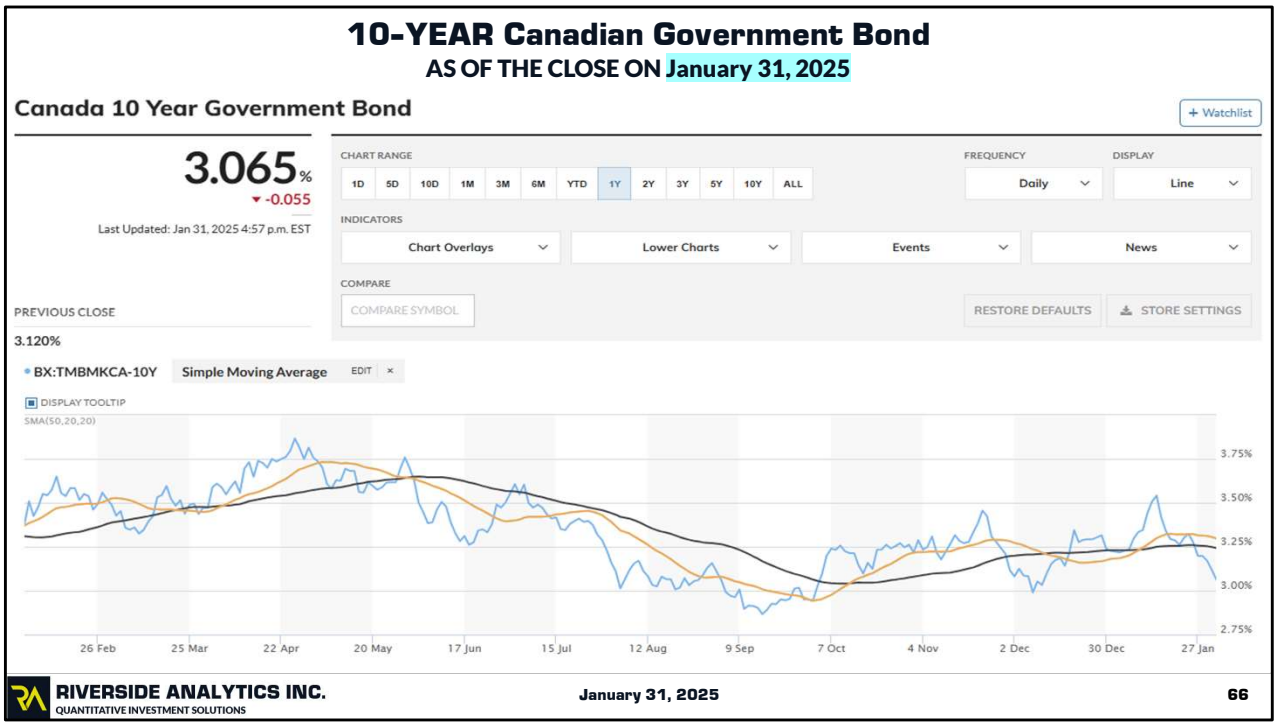
64

January 31 – Maybe we get a rate cut in the summer, and another one in December. This is the same prediction as last month. This infers CAD is likely to stay weak all year !

I can see Snowbirds having second thoughts about going south in the fall of 2025, especially if they are renters.



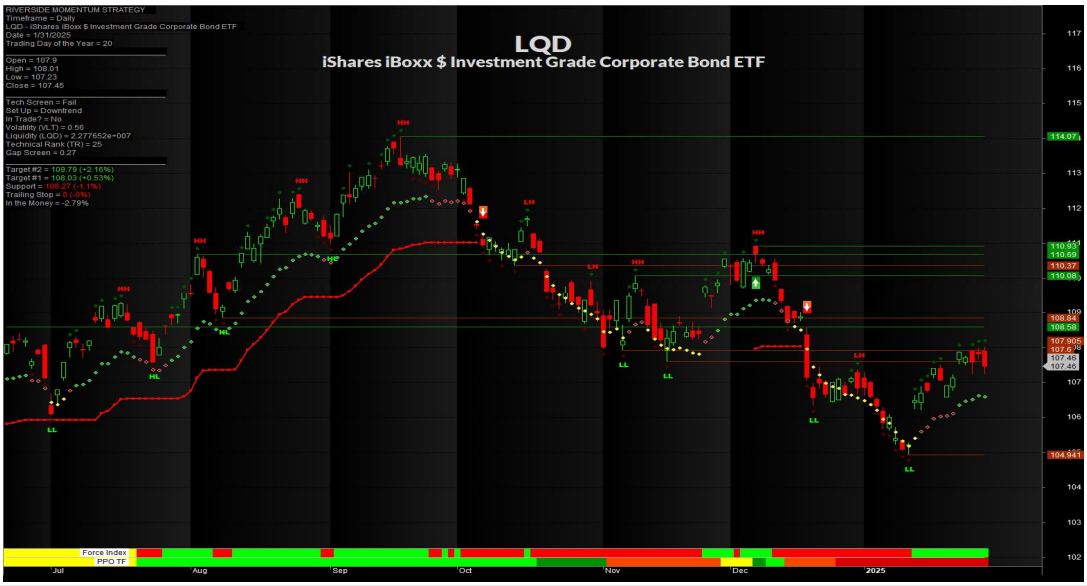
January 31, - was 4.576, so 4.544, pretend the tiny drop never happened !
Chart Credit – Market Watch.



January 31 – Last month this closed 3.23, this month it is 3.065 –down 0.16 month over month. Note that at one point it was over 3.5% mid month !
Chart Credit – Market Watch.

BOND MARKET ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



January 31 – Is this the very early stages of a range bound trade? Time will tell.
With the Fed Watch tool predicting more or less stability for the foreseeable future, bonds likely stay in a channel until some event pushes them out of it.

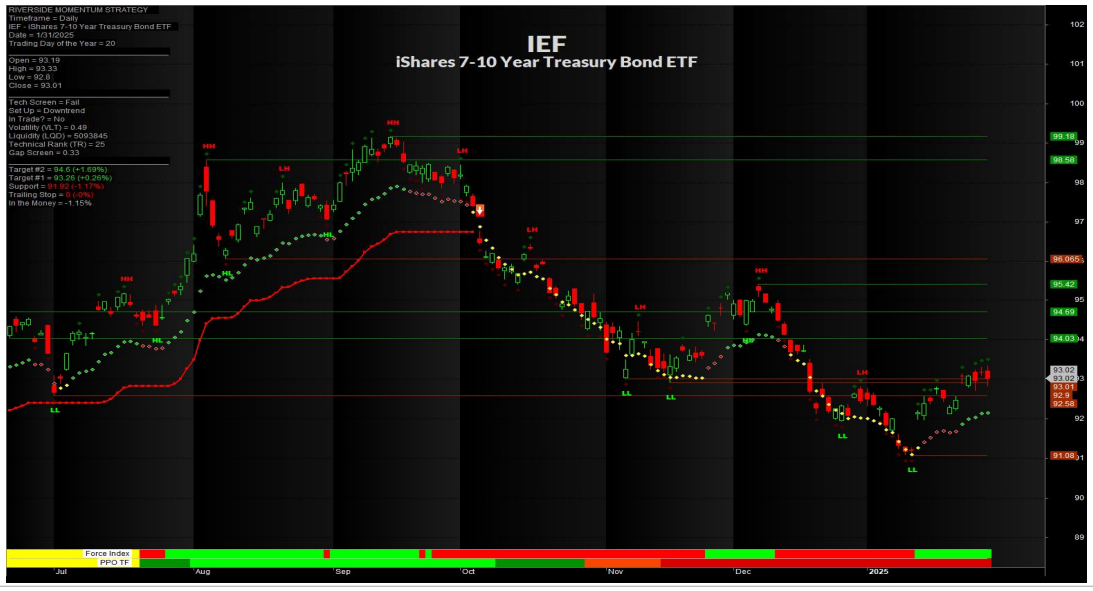
BOND MARKET ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



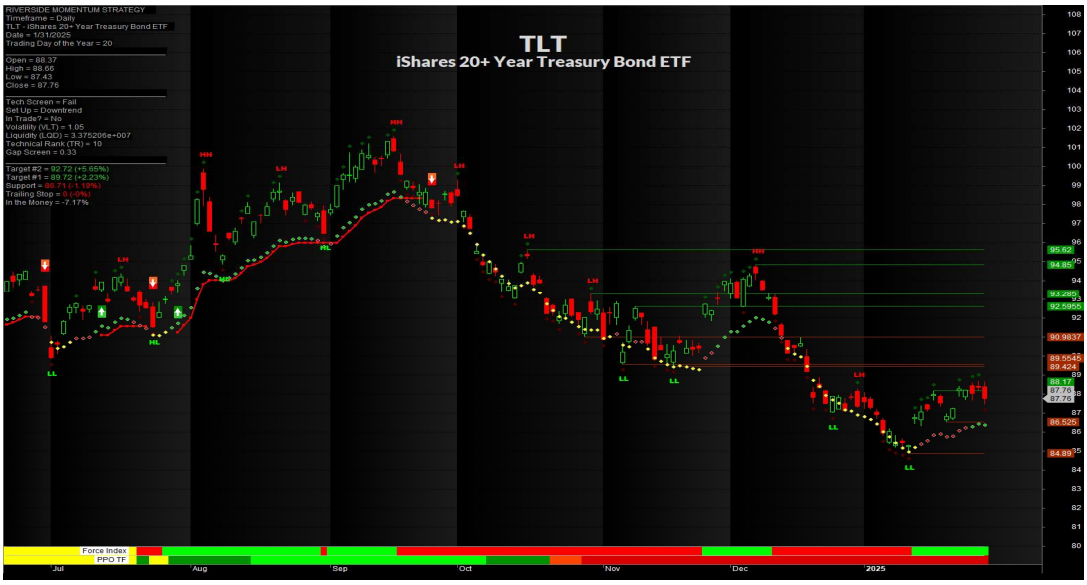
BOND MARKET ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2025



BOND MARKET ETF's

TECHNICAL ANALYSIS AS OF THE CLOSE ON January 31, 2024

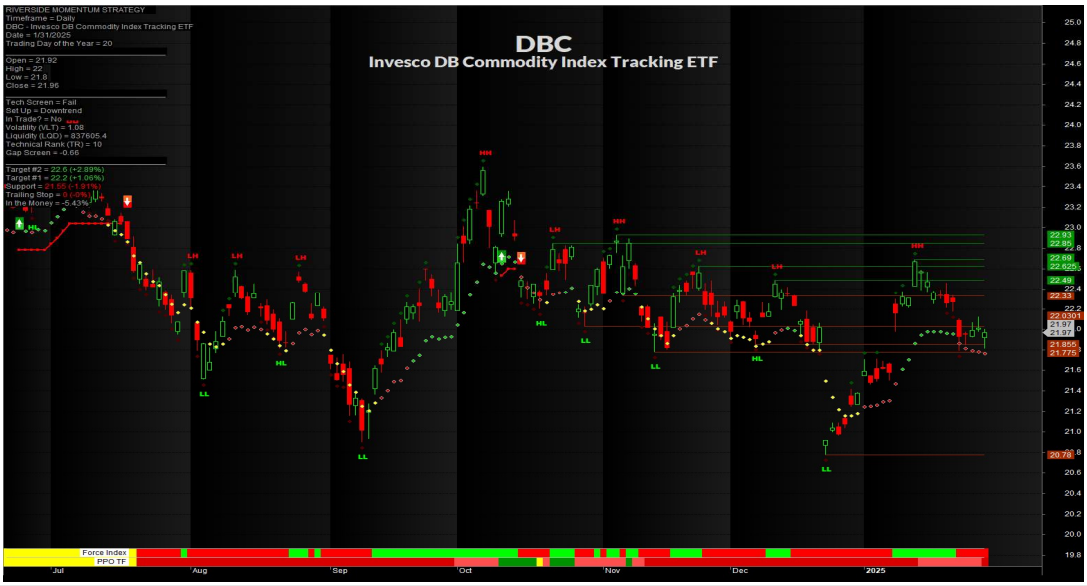


COMMODITY MARKET

DBC TECHNICAL ANALYSIS
GLD TECHNICAL ANALYSIS
BOND MARKET ETF's – TECHNICAL ANALYSIS

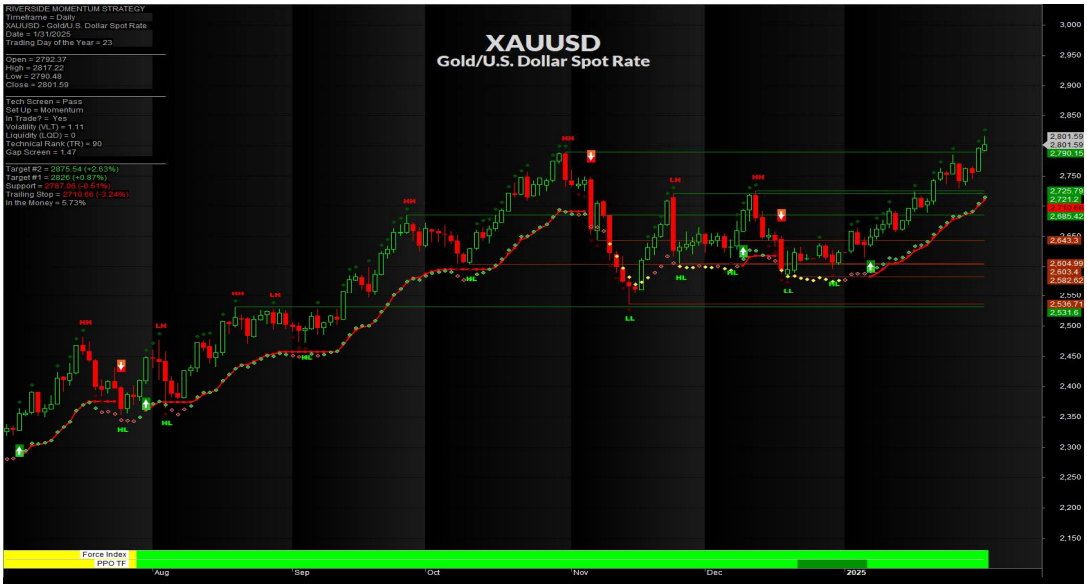
COMMODITY BASKET ETF (DBC)

AS OF THE CLOSE ON January 31, 2025



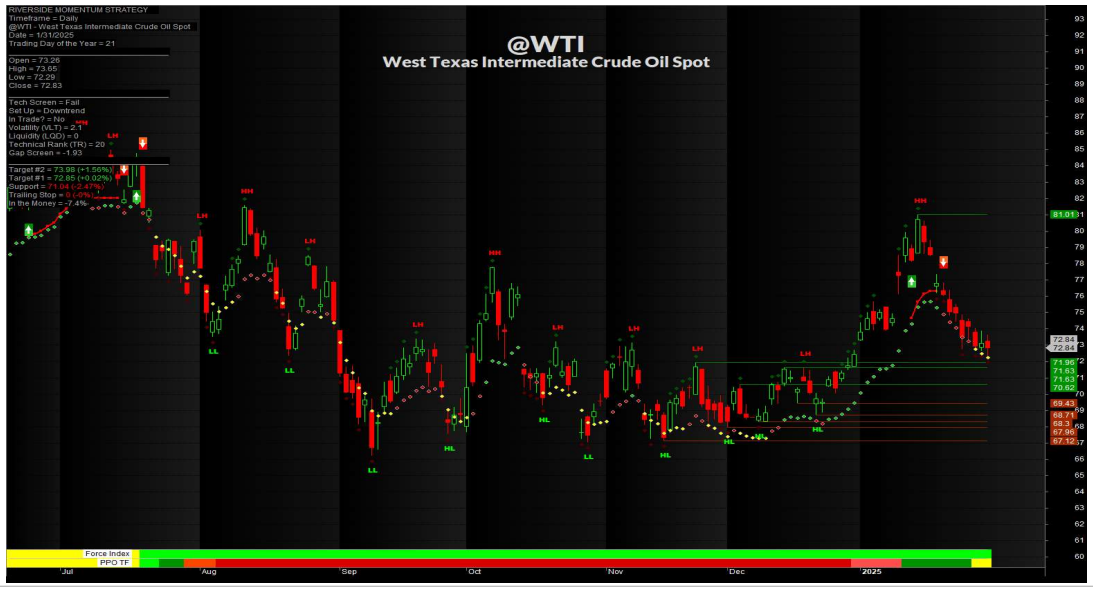
GOLD

AS OF THE CLOSE ON January 31, 2025



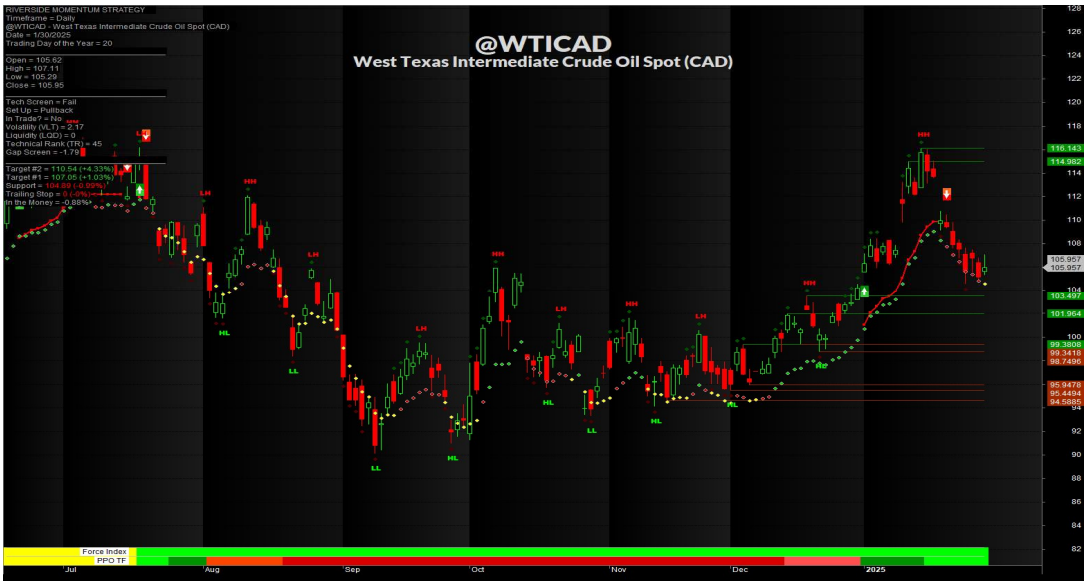
LIGHT CRUDE OIL

AS OF THE CLOSE ON January 31, 2025



West Texas Intermediate in CAD

AS OF THE CLOSE ON January 31, 2025



Gasoline – New York Harbour – USD / Gallon

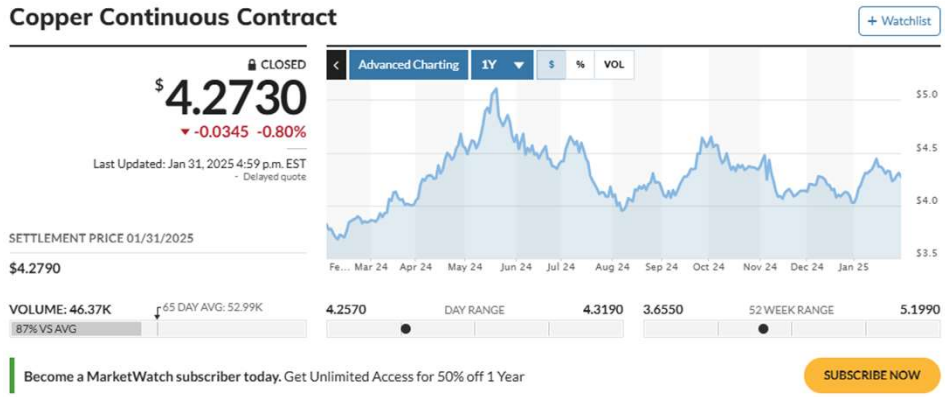
AS OF THE CLOSE ON January 31, 2025



January 31 – December was 2.01. More or less steady.

Copper

AS OF THE CLOSE ON January 31, 2025

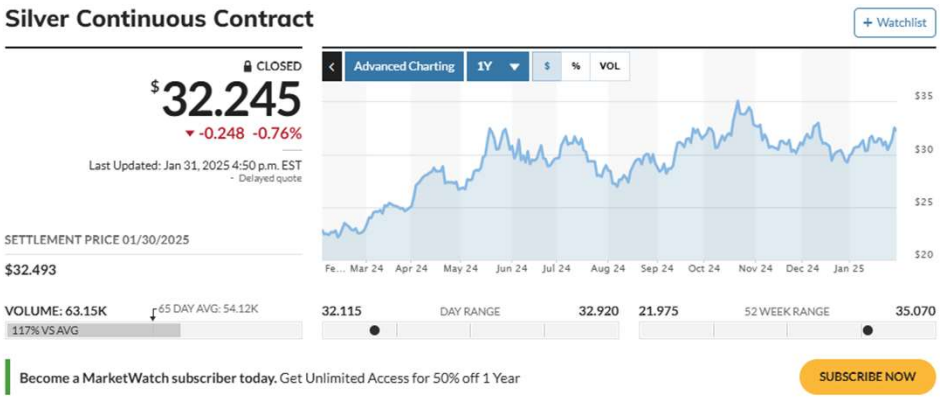


January 31 – December was 4.03

Credit: Market Watch

Silver

AS OF THE CLOSE ON January 31, 2025

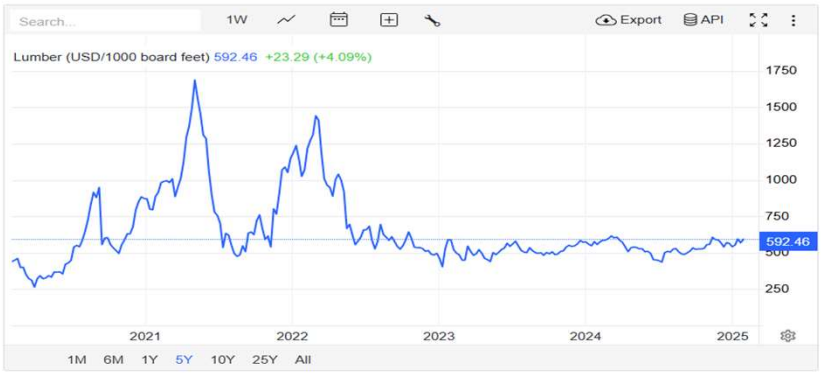


January 31 - December 31 close was 29.34

Lumber – 5 YEARS - Weekly Candles

AS OF THE CLOSE ON January 31, 2025

Lumber prices climbed toward $580 per thousand board feet, approaching eight-week highs of $600 on January 16th, driven primarily by the impending 25% US tariff on Canadian exports, set to take effect on February 1st. Canada, the largest supplier of U.S. lumber, accounts for about a quarter of the nation's needs, and this tariff will significantly impact U.S. housing construction, where lumber is a key input. The ongoing trade dispute has already reduced Canada's share of the U.S. market from 33% in 2016 to 24% in 2024, further tightening supply. Meanwhile, U.S. mills are operating at near full capacity, and efforts to ramp up domestic production are constrained by environmental restrictions on public forests and opposition to expanded logging. Compounding these issues, severe weather has disrupted Southern Pine production, exacerbating the supply strain. In anticipation of price increases, U.S. buyers are maintaining lean inventories, adding to market volatility.

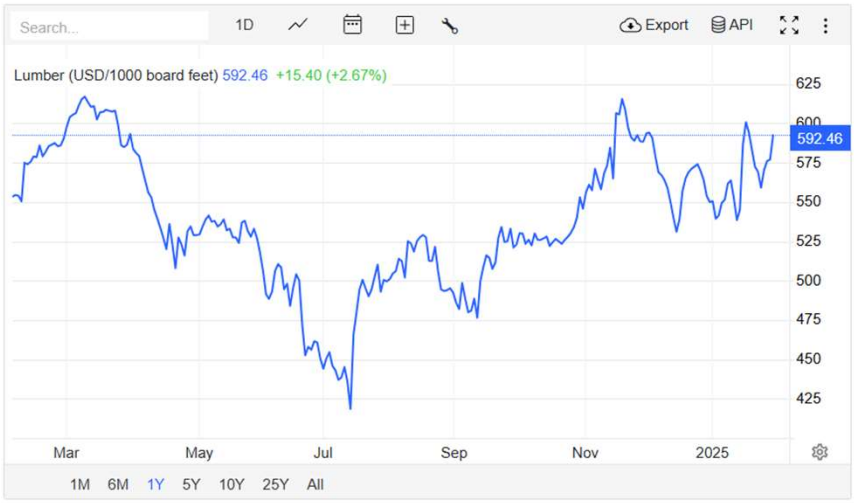


Source : https://tradingeconomics.com/commodity/lumber

January 31 – New homes are selling at a decent clip because new home builders are adding sweetners to the deal. That keeps the lumber sales moving along. If tariffs on lumber kicks in, things get interesting. That would increase the price of a new home about 10k. Annoying, but not a deal breaker.

Lumber – 1 YEAR - Daily Candles

AS OF THE CLOSE ON January 31, 2025



Source : https://tradingeconomics.com/commodity/lumber

January 31 – The coming months will be interesting.


THAT'S IT FOR TODAY!
The End
RIVERSIDE ANALYTICS INC.
QUANTITATIVE INVESTMENT SOLUTIONS
January 31, 2025
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RIVERSIDE'S Monthly Strategy Update

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- All trading / investing comes with risk.
- The insights contained in this presentation do not constitute advice, rather are meant for educational purposes from which you may make more educated decisions taking into account your individual risk profile and needs for return.
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- Riverside is about helping active and affluent investors learn how to make better decisions in financial markets.
- All charts shown in this broadcast have been referenced from stockcharts.com, Amibroker or eSignal unless otherwise noted.

Good investing is <u>not</u> an "event" like finding the next growth opportunity or catching the next market turn. Rather, good investing is a disciplined process that converts research and training into a well-tested methodology, and then makes a habit of following that approach day after day.

John P. Hussman, Ph.D
President, Hussman Strategic Advisors