BUSINESS CYCLE DEVELOPMENTS

There are five of eight **Business Cycle Peak Indicators** signaling, but not one **Interest Rate Peak Indicator**. This is very unusual, because for 80 years T-Note yield peaks with output. Maybe more **IRPI's** will surface, as we haven't seen the former peaking (i.e. output) without the later (i.e. yields) peaking. Five of eight **BCPI's** historically lead output by five months (+/- 4 mo.). The fifth **BCPI** signaled in Jun. '25, centering an expected peak in output in Nov. '25 (Jul. '25 thru Mar. '26). A few more **BCPI's** would more narrowly refocus this target. C*onclusion: output slows due to **BCPI's**, but yields rise as Fed eases, because there are no **IRPI's***!

There are three of seven **Interest Rate Trough Indicators** signaling – this is extremely unusual, as we should be seeing **IRPI's** not **IRTI's**. C*onclusion – same as above – GDP growth down and 10 year yields up.*

History of Six Attempts to Stop Inflation Over 20 Years
Fed Funds are monthly averages

Chairman	FF's Low	Pause & FF's Level	How Long FF's Climbed & Interlude
#1) Martin	7/61 @ 1.17%	11/66 @ 5.76%.	FF's up 64 mo. then FF's fell for 8 mo. to 3.79%.

Casualties: YCC began in 2/61 and ended in 8/65 (otherwise known today as Operation Twist); Coinage Act of 7/65

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#2) Martin	7/67 @ 3.79%	8/69 @ 9.19%	FF's up 24 mo. then FF's fell for 20 mo. to 3.71%.

Casualties: British & French devaluations (8/69); Penn Central bankruptcy (6/70).

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#3) Burns	3/71 @ 3.71%	8/71 @ 5.75%	FF's up 5 mo. then FF's fell for 6 mo. to 3.30%.

Casualties: Germany exits Bretton Woods; Nixon closes gold window, which reversed FF's hikes after a five month hike.

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#4) Burns	2/72 @ 3.30%	7/74 @ 12.92%	FF's up for 29 mo. then FF's fell 21 mo. to 4.61%.

Casualties: Yom Kippur War (10/73); Herstatt Bank (6/74) & Franklin National Bank (10/74).

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#5) Burns, ↳ Miller & Volcker	1/77 @ 4.61%	4/80 @ 17.61%	FF's up for 39 mo. then FF's fell 3 mo. to 9.03%.

Casualties: Credit Control Act of 3/80 – Fed reverses polcy in 4/80.

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➤ **Historical Avg**. FF's Up; **+32 mo.** (+/- 20 mo.)   Avg. FF's Down: **-12 mo**. (+/- 7 mo.)

#6) Volcker	7/80 @ 9.03%	1/81 @ 19.08%	FF's up for 6 mo. then FF's fell 25 mo. to 8.51%.

Casualty: Inflation.

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#1) Powell	5/21 @ .06%	8/23 @ 5.33%	FF's up for 39 mo. - falling to-date to 4.33%

Casuality: Silicon Valley Bank *et al* – all bailed out in 3/23! Now it's "the too-late Powell" pressure.

There's only one of 10 **Market Peak Indicators** signaling, so equities are expected to remain elevated and any S&P decline is considered a 'buy' on weakness that has prevailed since the April 3rd and 9th ***BCD*** Updates. Biden's stimmy's ($8T) have not lost their effect, due to less support for DOGE, and the current 'big beautiful bill' and the expected Fed's easing should buoy equity markets. To bolster confidence in this equity position see the 25 years of past equity recommendations here: https://www.bcdresearch.com/sample-reports

The five tightening periods above from 1961 thru 1980 were reversed to relieve pressure on the many 'casualties' – see yellow highlighting above. In comparison to past tightening policies, Powell raised FF's for 39 months, which is about the average of the first five tightening's of 32 months – see arrow **Historical Avg**. above. He eased the very month that Japan began unwinding its carry trade in July '24 – i.e. a more indirect tightening.

Stimulating consumption - via credit creation - before productive capacity has been established is inflationary. So, the tariff policy is positive for equities and negative for bond holders. Albeit, adding plant and production capacity is needed, but we've got the cart (i.e consumption/spending) before the horse (production)!