

Markets

How to Tell a New Bull From a Bear Market Fakeout: Toss a Coin

- Price alone offers little help in separating good, bad rallies
- P/E-inflation formula contradicts 50% retracement indicator

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... that breaks out in the middle of a bear market, guess.

That sobering view is from data compiled by Leuthold Group, which sought ways to distinguish real rallies from fake ones by plotting prices in two dozen lookalike stock runups going back 65 years. The answer is that it remains next to impossible to say in real time which ones will last. Methods people claim work often fall apart when looked at rigorously.

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