



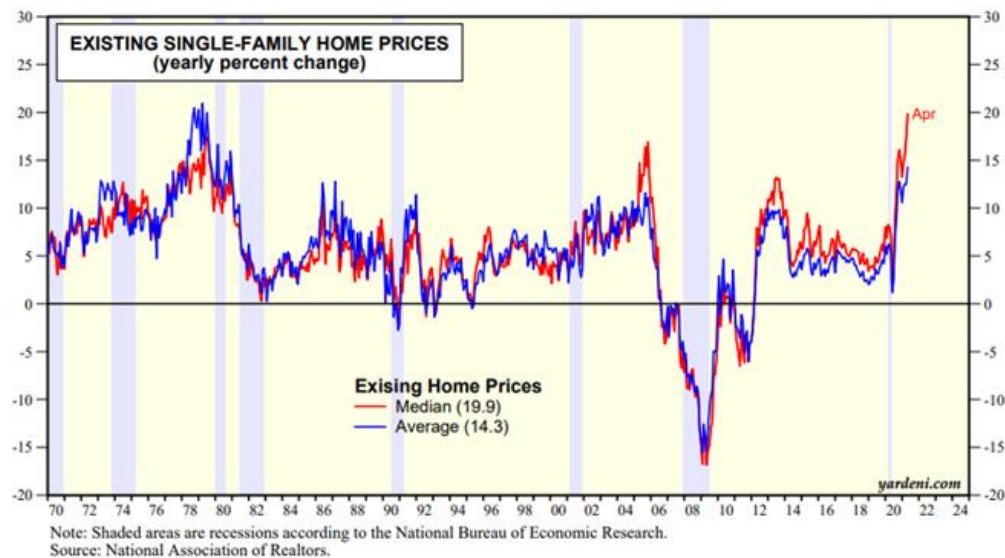
## Unprecedented Precedents Ahead?

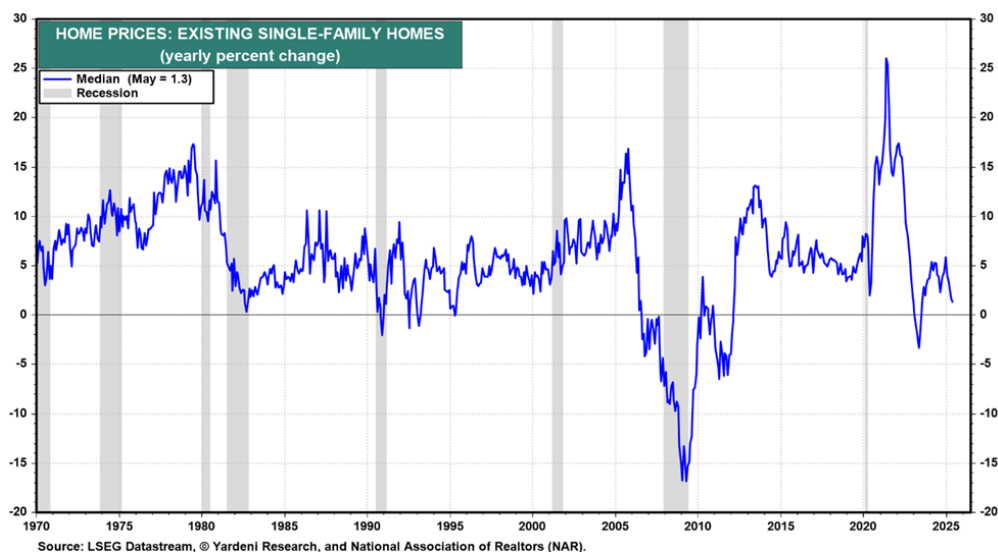
From Pullan's Pieces #215

Trevor Thompson

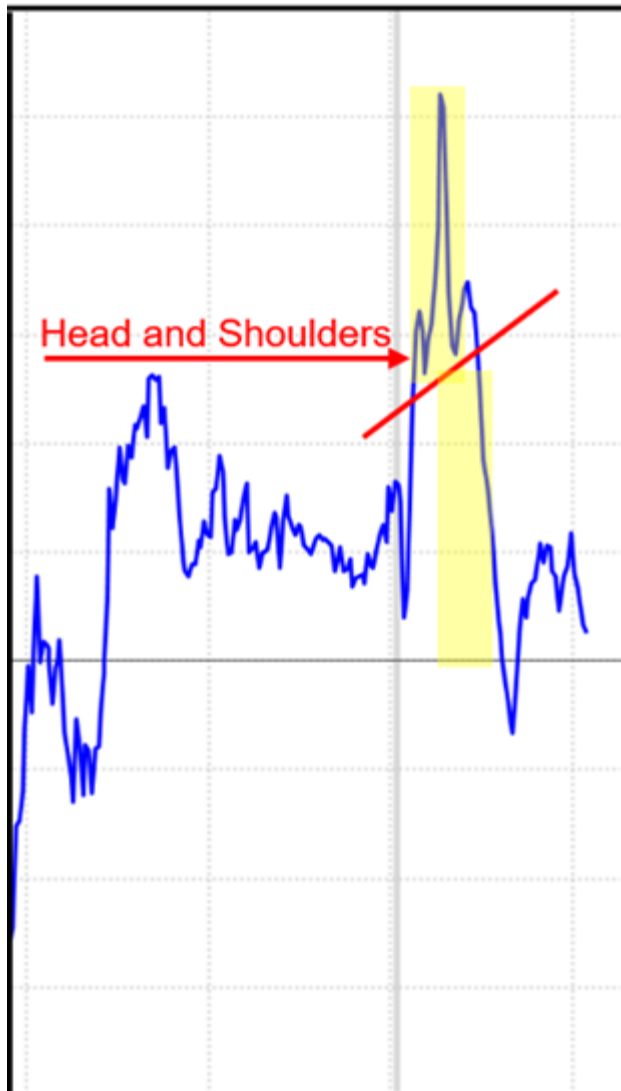
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The last time I posted the chart on the annual rate of change for prices of existing single-family homes was 4 years ago in June of 2021 when the world was awash with COVID stimulus. Remember way back then when home prices felt like we were watching the price of Bitcoin as it cleared the earth's atmosphere on its way to the moon?!





But clearly that rate of change was unsustainable and the yearly increases in being “house rich” quickly nosedived. In fact, we briefly tread rare terroir again in 2023, when median home prices turned negative, meaning, our homes started to lose value which has happened, really, in only three other “moments” over the last 50 years. And for those long-time readers of this Corner on Market Sentiment, you’ll perhaps appreciate this vivid example of what happens when a head and shoulders pattern decides to become a head, with shoulders... and a torso.



The yellow boxes take the measurement of the top of the head to the neckline which then becomes the forecasted potential downward move in that chart. That projection from the head and shoulders pattern in the annual home price increase (and decrease) chart, fit to a, well... like a tailored tee-shirt 😊 .

We have several times over the past couple years considered the potential of a massive 5-year long head and shoulders pattern in the XBI; here again is the chart most recently posted in April of this year:



Were the XBI truly to be in the process of forming this beast and the green projections become a reality, the losses in this leveraged ETF would be huge. And while the XBI is, any event, unlikely to trade to zero for a host of reasons, were it to move down to, say, the 40 handle ([from where we currently sit in the 80s](#)) which it previously visited in 2016, the damage to investor psychology would be significant.

However, several recent missives from this Corner have referenced observations from different and varied fundamentals and sources which have been hinting at a significant move *up* in the stock indices, including the XBI. This author is not making any recommendations and the Corner does not provide trading advice and, in truth, there are multiple indicators I am watching to confirm either a breakout or a breakdown. But this period in time is certainly shaping up to be a very important inflection point.

In closing, I'm going to leave you with a chart from a legendary chartist (and philosopher), Jason Haver, who is affectionately referred to as Pretzel Logic. I **do** highly recommend reading this chart in detail – and while you're at it, I'd suggest you click through to [the website where he updates](#) his market analysis several times per week and I'd also follow him on [his recently launched Substack](#). For now, though, I hope you'll

find this chart to be extraordinarily illuminating and presciently insightful as it succinctly describes the precipice from which the market(s) may fall, or the ledge from which they may fly to new heights. Enjoy...

