

# Trend & Cycle Roadmap

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June 2, 2021



## Long- and short-term perspective of the S&P 500 – Technical outlook for WTI Oil

- S&P 500 – Testing the upper end of a 12+ year channel – Support begins near 4000.
- Key technical levels for the S&P 500 and Russell 2000 – Small-caps are again improving.
- WTI Oil is reversing its 2008 downtrend breaking above \$66-67 resistance, \$77 is next resistance.

In case you missed it, we published our monthly Trend & Cycle Long View chart book earlier this week to provide a long-term perspective of global equity markets, interest rates, currencies and commodities. One noteworthy chart not included in that publication is below, illustrating the S&P 500 challenging the upper end of the trend channel that has developed since the 2009 lows.

What does this chart suggest for investors? No one can know for certain whether the S&P will continue to trend higher within the uptrend, similar to what developed in 2014-2015, or whether a 2010, 2011 or 2018 type pullback will develop. Our view, however, is that the speed of the rally that developed from the 2020 lows is likely to slow in the coming quarters, so we suggest investors remain patient and prepare for opportunities during future pullbacks. First key support is around S&P 4000 followed by 3600 at 15-month moving average near the middle of the range. See next page for a closer look at the key trading levels for the S&P 500 and Russell 2000 Small-cap Index.



Source: RBC Wealth Management, Bloomberg, Optuma

RBC Capital Markets, LLC/Portfolio Advisory Group  
 All values in U.S. dollars and priced as of June 1, 2021 unless otherwise noted  
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Produced: June 2, 2021 10:19ET; Disseminated: June 2, 2021 10:28ET

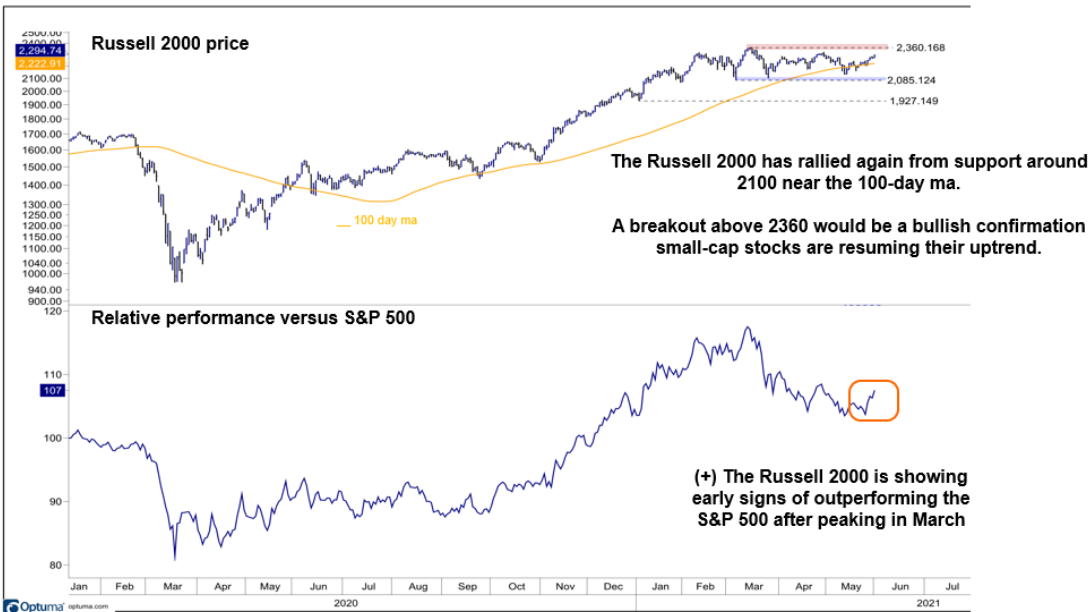
**What technical levels are important for the S&P 500 and Russell 2000 small-cap index?**

**S&P 500** – The recent high at 4236 remains an important short-term resistance level. The S&P 500 will need to rally above this high to signal a continuation of the uptrend that began in Q4 2020. Support levels begin at 4118, near the 50-day moving average, followed by 4056, then 3950-3983 near the 100-day ma.



Source: RBC Wealth Management, Bloomberg, Optuma

**Russell 2000 Small-cap Index** has been trapped in a trading range between 2085-2360 since March 2021. The recent bounce from support at the lower end of the range and near the 100-day moving average is encouraging, with a breakout above 2360 needed to confirm the Russell 2000 is resuming its uptrend – which is what we expect to develop. 2085 remains a key downside risk control level.



Source: RBC Wealth Management, Bloomberg, Optuma





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