Technical Update

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Still the same. The stock market continues to be in the position we see of being extended on the upside for the near term within a longer-term bullish trend we believe will continue for the next several years. The optimism that has increased due to the prospects of a vaccine solution to the pandemic and the reopening of more of the economy has taken some of the short-term sentiment indicators to the kind of high levels that have often coincided with a rally peak and suggest to us that a general market pullback may occur before the long-term uptrend reasserts itself. We would not be surprised if the indexes pulled back 10%–15% over the next few weeks and would regard such a move as a good general entry point for stocks with a pullback like that likely removing some of the excessive bullishness the recent rally has generated.

Chart courtesy of Stockcharts.com and RBC Wealth Management

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