



Technical Update

Bob Dickey – Technical Strategist

February 27, 2018

Wait for it. The momentum of the stock markets continues to be positive when viewed on a one-year or longer basis, and in order for that momentum to change, the technical chart would have to develop a pattern of at least one series of lower highs and lower lows, which is so far not evident. That makes the recent readings of the high on the S&P at 2872 and the pullback low of 2532 as the resistance and support levels that are the numbers that we see as the levels that would need to be broken in order to get the trend back into a meaningful move in either direction. The problem is that those numbers are wide apart at about a 12% window in which the market could trade for a surprisingly long time. The equivalent numbers for the support and resistance on the Dow Jones Industrials are 23,400 for support and 26,600 on the high end. The recent sentiment numbers are also swinging within the range, where investors and the media are tending to become overly optimistic at the high end of the range, and then bearish low in the range, which has the tendency to reinforce those areas as a decent floor and ceiling for now. What goes on in between the high and low numbers, even with the higher daily volatility is still in-between and carries less meaning to us, as this type of range-trading can last a lot longer than people may expect.



Chart courtesy StockCharts.com and RBC Wealth Management

Disclosure

The information contained in this communication has been compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made by RBC Wealth Management, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this communication constitute the author's judgment as of the date of this communication, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this communication may not be suitable for you and it is recommended that you consult your Financial Advisor if you are in doubt about the suitability of such investments or services. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. This communication is not, and under no circumstances should be construed as, a solicitation to act as a Financial Advisor. To the fullest extent permitted by law neither RBC Wealth Management nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein. No matter contained in this communication may be reproduced or copied by any means without prior consent of RBC Wealth Management. This communication is not a research report or a product of RBC Capital Markets' Research Department. As such, this communication may not be independent of RBC Capital Markets' proprietary interests. RBC Capital Markets may trade the securities discussed in this communication for its own account and on a discretionary basis on behalf of certain clients. Unless otherwise specified, the views expressed herein are the author's and may differ from the views of RBC Capital Markets' / RBC Wealth Management's Research Department and from the views of others within RBC Capital Markets and RBC Wealth Management. The information in the body of this communication is intended to provide general company and/or market commentary, is not intended to provide a sufficient basis for an investment decision.

RBC Wealth Management, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC. © 2018 All rights reserved.



Wealth Management