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.

$SPX S&P 500 Large Cap Index INDX   © StockCharts.com
26-Feb-2018 1:24pm   **Open** 2757.37 **High** 2773.02 **Low** 2753.78 **Last** 2772.41 **Chg** +25.11 (+0.91%) ▲

S&P 500 – Four Years

The market can trade in a range for quite some time after it has completed a strong uptrend, and also trade with some higher volatility, as it did in the 2015-2016 period.

12%

14%

Chart courtesy StockCharts.com and RBC Wealth Management

Disclosure

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