



Technical Update

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Bottom signs. Wednesday’s market action was promising even though the major market indexes were down 5% or more on the day. The indexes hit new pullback lows during the day but then closed higher than the low points while the number of new individual stock lows was much less than in previous down days, which we believe is an indication of less selling pressure on many stocks. The level of negativity among investors remains high but also may have peaked with a surge in the amount of speculative option positioning to record levels. But in order to more clearly identify a bottom, the market will need to tack on a few days of firming and rallying and testing of the low levels to establish some measurable support levels. We think it is very likely the markets will bottom well before the number of virus cases peaks and that by the time the pandemic appears to be under control stock prices could be significantly higher.



Chart courtesy StockCharts.com and RBC Wealth Management

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