



Technical Update

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Karate chops. The volatility in the markets continues to be high with the direction of the markets changing daily and weekly to create a pattern that is very difficult to get a handle on as to the overall direction of the trend. And maybe that’s because there is no overall direction to the trend. It is interesting that despite the Dow Industrials and S&P being little changed for the year that the expectations are still running high for a bigger move one way or the other. We are encouraged by the negative tone in the news that is keeping investor concerns high, as we believe that is an indication the downside risk may be lower in this environment than when the backdrop is one of higher optimism. On the other hand, we also are still seeing a good amount of the “buy the dip” mentality that has not been working so well this year, which tells us that some investors are optimistic at least for the shorter term. These two opposing forces have helped to continue the overall volatile trading range of the market indexes that are near unchanged for the year in a trend that could continue for several more months.



Chart courtesy StockCharts.com and RBC Wealth Management

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