The waiting. The markets have been pulling back modestly this week with the Dow industrials and the S&P 500 within 1% of their all-time highs. Such a stalling at a resistance level is normal and may go on for several more days or longer, but for the bullish case to develop, we would not want to see the indexes dip back more than about 2% in the process. The first support levels for the Dow and S&P are around 26,000 and 2800, respectively, in our opinion, and a break below those areas would be a signal to us that a breakout to new highs is being delayed again for a period that could amount to a few more months. These more neutral trading range periods are difficult for investors to wait through because few get what they want in terms of a breakout into a bullish trend, or much of a pullback if they are looking for an entry zone, so it’s a summer-time waiting period for now.

Chart courtesy Stockcharts.com and RBC Wealth Management

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