



# Technical Update

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**China breakout.** The Chinese stock market has had a bear market of its own with the broader Chinese stock indexes losing some 35% during 2018. The past six months has seen the index go through a bottom and testing period and more recently a breakout from the bottoming range. It appears to us that the Chinese market is turning the corner to the bullish side on the charts with some good upside potential that could carry for a year or two or longer. Typically, advances are slower than declines and take longer to develop and move higher, but from our technical view, the downside risk now appears to be less, and we expect a more constructive pattern in the future. The Chinese markets are also a large component of many emerging market indexes, but so far the Chinese portion of those indexes is outperforming most of the rest of the emerging areas which may continue to lag the Chinese market for several months. All of this may have just a minor short-term influence on other world markets, but could imply better long-term trends overall.



Chart courtesy StockCharts.com and RBC Wealth Management

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